Mixed performance, outlook confirmed

- Net income climbs 12 percent to €1.2 billion
- Revenue rises one percent, new orders decline ten percent
  (on comparable basis)
- Book-to-bill at 1.06 – record order backlog of €103 billion
- Order and revenue growth weakened by strong euro

Siemens looks back on a mixed performance in the second quarter of fiscal 2014. Profit in the second quarter was considerably higher than in the comparable prior-year period. A strong euro took four percentage points from order development and revenue growth. On a comparable basis, excluding currency translation and portfolio effects, revenue rose one percent year-over-year, and orders declined ten percent. The ratio of new orders to revenue (book-to-bill) was 1.06, and Siemens’ order backlog reached a new high at €103 billion. With the publication of the quarterly figures, Siemens confirmed its outlook for fiscal 2014. “The second quarter showed that we still have a lot to do to improve our operating performance. Nevertheless we are on course to reach our targets for the fiscal year,” said Siemens President and CEO Joe Kaeser.

Income and profit
Net income increased in the second quarter to about €1.2 billion, which corresponds to basic earnings per share of €1.33. Free cash flow from continuing operations increased modestly year-over-year to €1.4 billion. Despite burdens from currency effects, Total Sectors profit rose 16 percent to €1.6 billion. Due to the strength of the euro, Siemens expects these currency effects to continue.
Sectors
Results in the Energy Sector were impacted by substantial project charges in the transmission business, charges related to wind turbines, and lower revenue due to challenging markets. Profit fell in the second quarter 54 percent to €255 million. The primary factor in the decline was the Power Transmission Division, which took €310 million in project charges related primarily to two high-voltage direct current (HVDC) transmission projects in Canada. At Energy, second-quarter revenue declined six percent on a comparable basis, reflecting weak order development at Power Generation and selective order intake at Power Transmission in prior quarters. On a comparable basis, orders came in 23 percent below the figure for the prior-year period, which included a substantially higher volume from new orders.

With profit of €531 million, Healthcare made the largest contribution to Total Sectors profit. On a comparable basis, Healthcare revenue rose five percent, while orders increased one percent.

At Industry, profit was €456 million, nearly a third above the prior-year figure. On a comparable basis, second-quarter revenue rose five percent and orders increased 12 percent year-over-year. Continuing stabilization in the Sector’s short-cycle businesses supported overall volume growth.

Due to a solid operating performance, Infrastructure & Cities achieved the strongest profit growth compared to the prior-year period. Profit at the Sector climbed to €325 million. Revenue for Infrastructure & Cities rose seven percent year-over-year on a comparable basis. Orders for the Sector came in 12 percent lower compared to the prior-year period, which included a substantially higher volume from major rail orders.

Siemens Financial Services made a solid contribution to profit in the second quarter, with €114 million in income before income taxes.

Outlook
Siemens expects its markets to remain challenging in fiscal 2014. The company’s short-cycle businesses are not anticipating a sustainable recovery until late in the fiscal year. Siemens expects orders to exceed revenue, for a book-to-bill ratio above 1. Assuming that revenue on an organic basis remains level year-over-year,
Siemens expects basic earnings per share (Net Income) for fiscal 2014 to grow by at least 15 percent from €5.08 in fiscal 2013.

This outlook is based on shares outstanding of 843 million as of September 30, 2013. Furthermore, it excludes impacts related to legal and regulatory matters.

Contact for journalists:
Siemens AG, Media Relations
Alexander Becker, Tel.: +49 89 636-36558
E-mail: becker.alexander@siemens.com

Find all financial data, information regarding Siemens' strategic realignment and regarding the combined press and analyst conference on May 7, 2014 at 8:45 AM CEST at www.siemens.com/pressconference

Follow us on Twitter at: www.twitter.com/siemens_press

Siemens AG (Berlin and Munich) is a global powerhouse in electronics and electrical engineering, operating in the fields of industry, energy and healthcare as well as providing infrastructure solutions, primarily for cities and metropolitan areas. For over 165 years, Siemens has stood for technological excellence, innovation, quality, reliability and internationality. The company is one of the world's largest providers of environmental technologies. Around 43 percent of its total revenue stems from green products and solutions. In fiscal 2013, which ended on September 30, 2013, revenue from continuing operations totaled €75.9 billion and income from continuing operations €4.2 billion. At the end of September 2013, Siemens had around 362,000 employees worldwide on the basis of continuing operations. Further information is available on the Internet at: www.siemens.com.

This document includes supplemental financial measures that are or may be non-GAAP financial measures. Orders and order backlog; adjusted or organic growth rates of revenue and orders; book-to-bill ratio; Total Sectors profit; return on equity (after tax), or ROE (after tax); return on capital employed (adjusted), or ROCE (adjusted); Free cash flow, or FCF; adjusted EBITDA; adjusted EBIT; adjusted EBITDA margins, earnings effects from purchase price allocation, or PPA effects; net debt and adjusted industrial net debt are or may be such non-GAAP financial measures. These supplemental financial measures should not be viewed in isolation or as alternatives to measures of Siemens’ net assets and financial positions or results of operations as presented in accordance with IFRS in its Consolidated Financial Statements. Other companies that report or describe similarly titled financial measures may calculate them differently. Definitions of these supplemental financial measures, a discussion of the most directly comparable IFRS financial measures, information regarding the usefulness of Siemens’ supplemental financial measures, the limitations associated with these measures and reconciliations to the most comparable IFRS financial
measures are available on Siemens' Investor Relations website at www.siemens.com/nonGAAP. For additional information, see supplemental financial measures and the related discussion in Siemens' most recent annual report on Form 20-F, which can be found on our Investor Relations website or via the EDGAR system on the website of the United States Securities and Exchange Commission.

This document contains statements related to our future business and financial performance and future events or developments involving Siemens that may constitute forward-looking statements. These statements may be identified by words such as “expect,” “look forward to,” “anticipate,” “intend,” “plan,” “believe,” “seek,” “estimate,” “will,” “project” or words of similar meaning. We may also make forward-looking statements in other reports, in presentations, in material delivered to shareholders and in press releases. In addition, our representatives may from time to time make oral forward-looking statements. Such statements are based on the current expectations and certain assumptions of Siemens’ management, and are, therefore, subject to certain risks and uncertainties. A variety of factors, many of which are beyond Siemens’ control, affect Siemens’ operations, performance, business strategy and results and could cause the actual results, performance or achievements of Siemens to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements or anticipated on the basis of historical trends. These factors include in particular, but are not limited to, the matters described in Item 3: Key information—Risk factors of our most recent annual report on Form 20-F filed with the SEC, in the chapter C.9.3 Risks of our most recent annual report prepared in accordance with the German Commercial Code, and in the chapter C.7 Risks and opportunities of our most recent interim report. Further information about risks and uncertainties affecting Siemens is included throughout our most recent annual and interim reports, as well as our most recent earnings release, which are available on the Siemens website, www.siemens.com, and throughout our most recent annual report on Form 20-F and in our other filings with the SEC, which are available on the Siemens website, www.siemens.com, and on the SEC’s website, www.sec.gov. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results, performance or achievements of Siemens may vary materially from those described in the relevant forward-looking statement as being expected, anticipated, intended, planned, believed, sought, estimated or projected. Siemens neither intends, nor assumes any obligation, to update or revise these forward-looking statements in light of developments which differ from those anticipated. Due to rounding, numbers presented throughout this and other documents may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.