SIEMENS

Press

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Major progress with portfolio optimization

- **Orders in the third quarter climb 19 percent**
- **Order backlog reaches a new high of €102 billion**
- **Revenue down two percent**
- **Total Sectors Profit declines due to charges for Siemens 2014**
- **Net income rises to €1.1 billion**

In the third quarter of fiscal 2013, Siemens made progress in strengthening its core business activities. Orders rose considerably on a major contract win. Total Sectors Profit declined due to charges related to the implementation of the Siemens 2014 program. Revenue declined slightly owing to a weak market environment.

In the third quarter of fiscal 2013, which ended on June 30, 2013, new orders soared 19 percent year-over-year to €21.1 billion primarily due to a major contract win for the company's train business in the UK in the Infrastructure & Cities Sector. Revenue was down two percent to €19.2 billion. Revenue increases at Infrastructure & Cities and Healthcare were more than offset by declines at the Energy and Industry Sectors. The ratio of new orders to revenue (book-to-bill ratio) was 1.10 in the third quarter. The order backlog for all Sectors totaled €102 billion at the end of the quarter.

In the Energy Sector, new orders totaled €5.4 billion, an increase of two percent. Uncertainties in the German and European energy markets resulted in a decline in new orders at the Fossil Power Generation Division. However, this was offset by double-digit increases at the other Divisions. Sector revenue declined in the third quarter five percent year-over-year to €6.6 billion due to strong, ongoing competitive pressure. New orders and revenue at the Healthcare Sector remained roughly at prior-year levels. Sector revenue increased one percent to €3.4 billion, while new orders were down one percent to €3.3 billion.

The third quarter saw the first signs of stabilization in the Industry Sector's market environment. As in the comparable period a year earlier, new orders at the Sector totaled €5.1 billion. Revenue declined two percent to €5 billion. The Infrastructure & Cities Sector profited in the third quarter primarily from the major Thameslink order at the Rail Systems Division. With a volume of €3 billion, the order, which encompasses the supply and maintenance of 1,140 regional trains for London, is the largest that Siemens has ever won in the UK. New orders at the Sector climbed 79 percent year-over-year to €7.5 billion. Revenue increased four percent to €4.5 billion.

Profit

In the third quarter, Total Sectors Profit was €1.3 billion – 31 percent below the comparable prior-year figure of €1.8 billion. This decline was due primarily to third-quarter charges of €436 million in connection with Siemens 2014, of which €180 million were taken at the Infrastructure & Cities Sector, €140 million at the Industry Sector, €102 million at the Energy Sector and €14 million at the Healthcare Sector.

Income from continuing operations fell 13 percent to €1 billion. This decline in Total Sectors Profit was partially offset, in particular, by a positive effect of €301 million related to the announced sale of Siemens' stake in Nokia Siemens Networks (NSN) and a smaller loss on the NSN investment. Net income improved 43 percent to €1.1 billion thanks to a positive profit contribution from discontinued operations. The primary factor in this improvement was a positive contribution of €42 million from Osram, which had reported a negative €354 million in the comparable prior-year quarter.

In the third quarter, the Energy Sector reported a profit of €430 million, compared to €683 million a year earlier. In addition to charges in connection with Siemens 2014, the Sector recorded a profit impact of €91 million related to the inspection and retrofitting of onshore wind turbines. The Sector's profit margin declined in the third quarter from 9.7 percent to 6.5 percent. Profit at the Healthcare Sector rose in the third quarter 26 percent to €499 million, while the margin climbed from 11.8 percent to 14.8 percent. This substantial increase in profit was due to cost improvements resulting from the Sector's Agenda 2013 program.

Industry Sector profit of €347 million was about one-third below the prior-year figure. This decline is primarily attributable to the above-mentioned charges related to Siemens 2014. The Sector's profit margin fell from 10.2 percent to 7.0 percent. The Infrastructure & Cities Sector reported a loss of €15 million, after a profit of €215 million in the comparable period a year earlier. This decline, too, was largely the effect of costs relating to Siemens 2014. The Sector's profit margin fell from 5.0 percent in the comparable prior-year quarter to a negative 0.3 percent in the third quarter of fiscal 2013.

Siemens 2014

With the announced sale of its NSN stake to Nokia and the successful spinoff of Osram, Siemens has now further strengthened its focus on its core business activities. At the beginning of July, Nokia and Siemens agreed that Nokia would acquire Siemens' 50 percent stake in the joint venture Nokia Siemens Networks. The transaction will probably be concluded in the third quarter of the current calendar year. The initial public offering of Osram Licht AG was recently implemented.

Outlook

For fiscal 2013, Siemens expects clear order growth and a moderate decline in revenue compared to the prior year, both on an organic basis. Charges associated with the Siemens 2014 program in the Sectors are expected to total approximately €1.0 billion for the full fiscal year.

Given these developments and financial results for the first nine months, the company expects income from continuing operations of €4.0 billion in fiscal 2013 including the solar business and NSN. This outlook excludes other significant portfolio effects and legal and regulatory matters in the fourth quarter.

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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; cash conversion rate, or CCR; 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 as alternatives to measures of Siemens' financial condition, results of operations or cash flows 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.

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