

Mixed Performance, Outlook Confirmed

Joe Kaeser, President and Chief Executive Officer of Siemens AG



“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.”

Financial Highlights:

- Second-quarter revenue was 2% lower year-over-year. On an organic basis, excluding currency translation and portfolio effects, revenue rose 1%.
- Orders declined 13% compared to the prior-year period which included a substantially higher volume from large orders. On an organic basis, orders were 10% lower year-over-year. The book-to-bill ratio was 1.06 for the quarter, and Siemens' order backlog reached a new high at €103 billion.
- Total Sectors profit rose 16%, to €1.566 billion, highlighted by a strong profit increase in Infrastructure & Cities, and income from continuing operations climbed 19%.
- Net income for the second quarter rose 12% year-over-year, to €1.153 billion, and basic earnings per share (EPS) increased to €1.33.
- Free cash flow from continuing operations was €1.390 billion, up slightly from €1.360 billion in the second quarter a year earlier.

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SIEMENS

Orders and Revenue

Record backlog, currency translation headwinds continue

Second-quarter revenue came in 2% lower year-over-year, and orders declined 13% compared to the prior-year period due mainly to a lower volume from large orders. The euro remained strong against nearly all other major currencies compared to a year earlier, which took four percentage points from order development and revenue growth. On a comparable basis, excluding currency and portfolio effects, revenue rose 1% year-over-year and orders declined 10%. The book-to-bill ratio for Siemens overall was 1.06. The order backlog (defined as the sum of the order backlogs of the Sectors) increased to a new high of €103 billion.

Lower volume from large orders in Europe/CAME

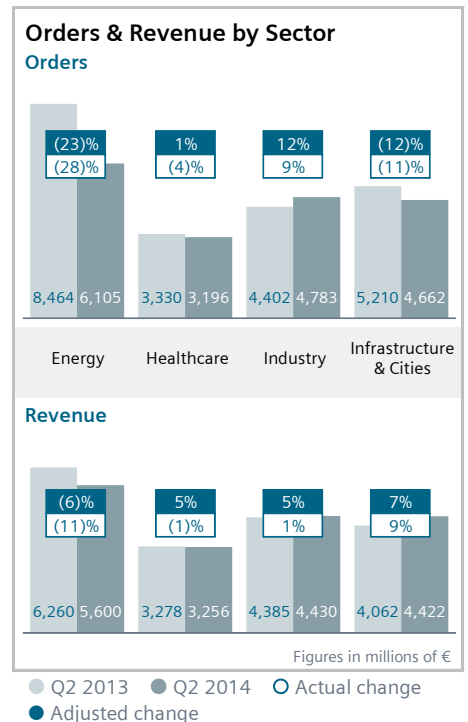
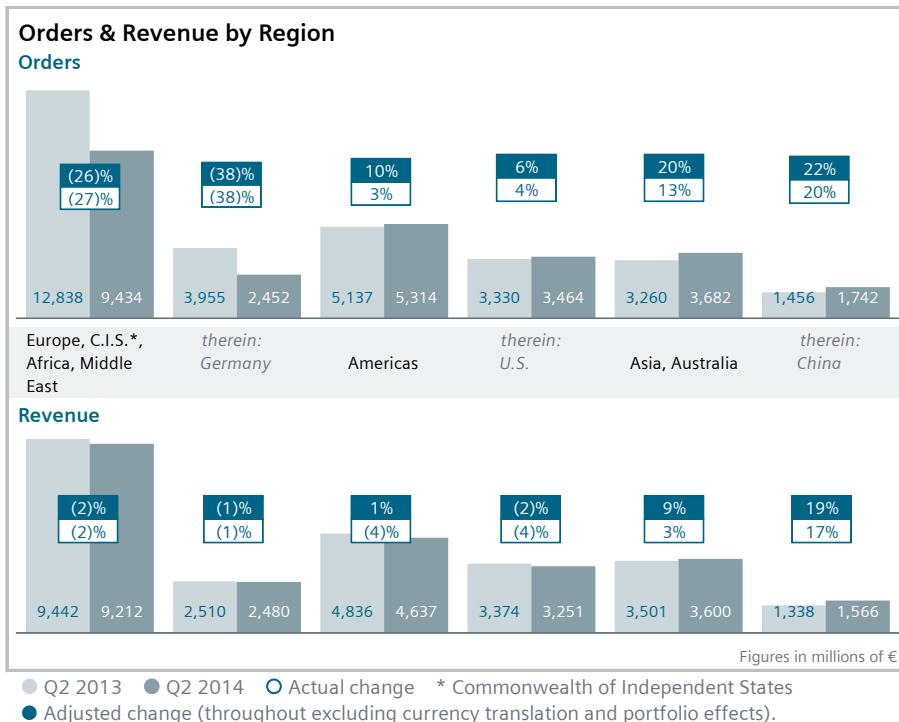
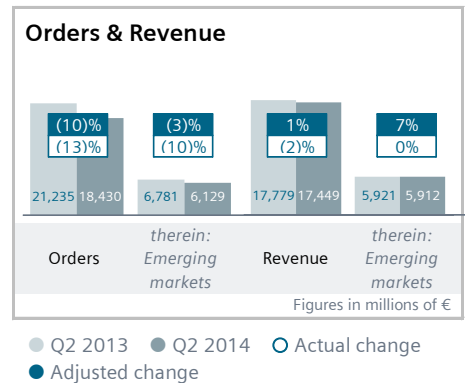
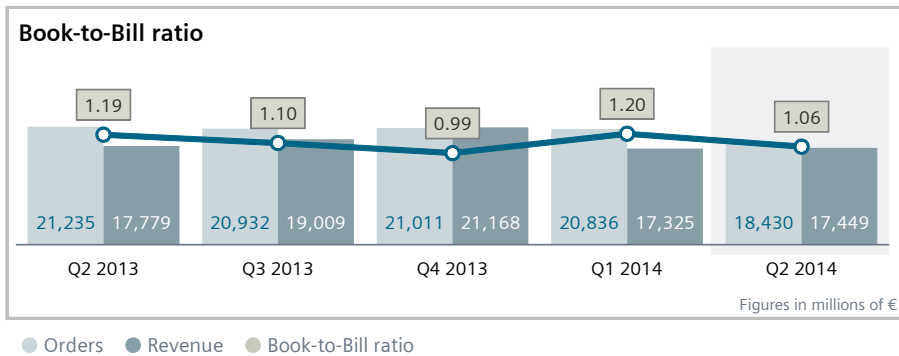
Orders declined compared to the second quarter a year ago, when Energy won two large offshore wind-farm orders and Infrastructure & Cities took in two major rolling stock orders, all in the region comprising Europe, the Commonwealth of Independent States, Africa and the Middle East (Europe/CAME). Industry delivered solid order growth year-over-year, and Healthcare orders rose slightly on a comparable basis.

While orders fell in Europe/CAME for Energy and Infrastructure & Cities as mentioned above, these two Sectors led double-digit order growth in Asia, Australia. Orders rose moderately in the Americas despite strong negative currency translation effects. Orders in emerging markets declined 10% to €6.129 billion, representing 33% of total orders for the quarter.

Stable organic revenue supported by emerging markets

Infrastructure & Cities and Industry posted revenue growth for the second quarter, and Healthcare revenue rose on a comparable basis. Revenue in Energy in the current period fell due to a combination of soft demand and selective order intake in prior periods.

On a geographic basis, revenue rose 3% in Asia, Australia on double-digit growth in China that included all Sectors. Revenue rose in the Americas on a comparable basis. Europe/CAME posted a decline compared to the prior-year period, as a double-digit drop in Energy more than offset double-digit growth in Infrastructure & Cities. Revenue from emerging markets was nearly unchanged year-over-year, accounting for €5.912 billion, or 34%, of total revenue for the quarter. Organic revenue growth in emerging markets was 7%.



Income and Profit

Strong increase in Total Sectors profit

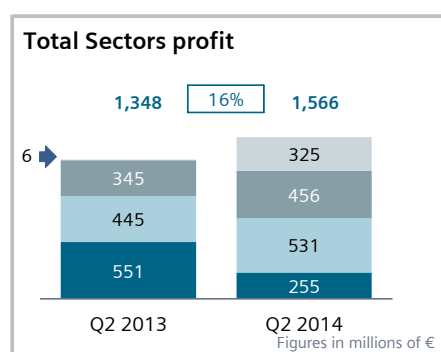
Total Sectors profit for the second quarter rose 16% year-over-year, to €1.566 billion, despite burdens on profit from currency effects, which are expected to continue based on the strength of the euro compared to fiscal 2013. Healthcare made the largest contribution to Total Sectors profit, €531 million, including a positive €66 million effect related to the expected sale of a particle therapy installation. Industry took its second-quarter profit up by nearly one-third year-over-year, to €456 million, despite €75 million in charges at a project in the metals technology business. The strongest increase in profit year-over-year came in Infrastructure & Cities, which delivered a solid operating performance. Profit for the Sector climbed to €325 million, up from €6 million a year earlier when the Sector took €161 million in charges related to high-speed rail projects. Profit in Energy fell to €255 million in the second quarter, due mainly to €310 million in project charges primarily including two power transmission projects in Canada. This was partly offset by a €73 million gain

from the sale of a business. For comparison, profit in Energy in the prior-year period was burdened by €84 million in charges related mainly to grid connections to offshore wind-farms in Germany.

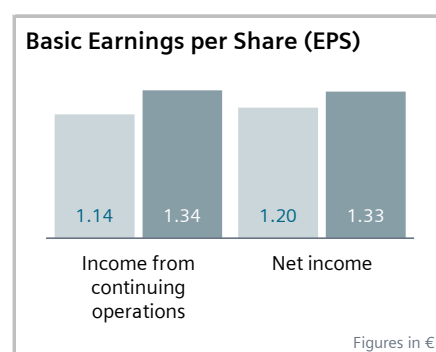
In the current period, Total Sectors profit was supported by productivity improvements resulting from the "Siemens 2014" program. In the second quarter a year earlier, Total Sectors profit was burdened by €106 million in "Siemens 2014" charges.

Higher net income driven by Total Sectors profit

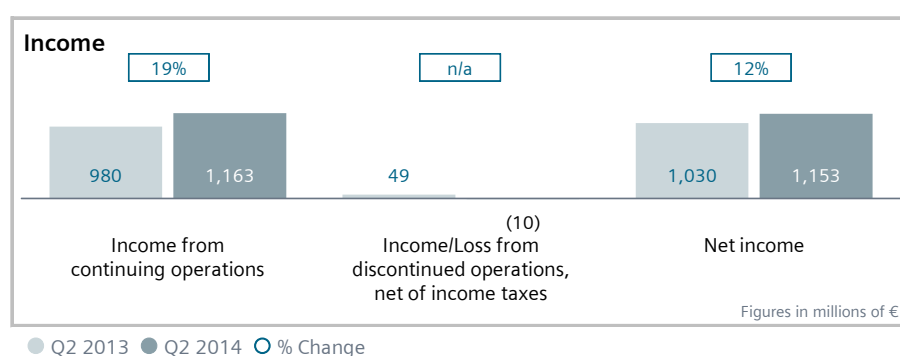
Income from continuing operations for the second quarter rose 19% year-over-year, to €1.163 billion. The increase was due predominantly to higher Total Sectors profit. In addition, income from continuing operations in the current period was supported by a positive contribution from outside the Sectors. Second-quarter net income increased to €1.153 billion, up from €1.030 billion in the same period a year earlier. Corresponding basic EPS rose to €1.33 compared to €1.20 in the prior-year period. Within these numbers, discontinued operations posted a loss of €10 million compared to income of €49 million in the prior-year period, which included €57 million in income from discontinued operations related to OSRAM.



Sectors: ● Energy ● Healthcare ● Industry
● Infrastructure & Cities ○ % Change



● Q2 2013 ● Q2 2014



● Q2 2013 ● Q2 2014 ○ % Change

Cash, Return on Capital Employed (ROCE) (adjusted), Pension Funded Status

Second-quarter Free cash flow higher year-over-year

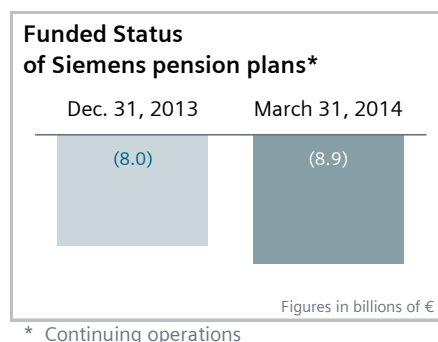
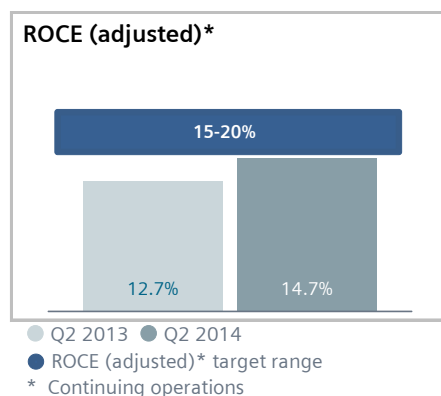
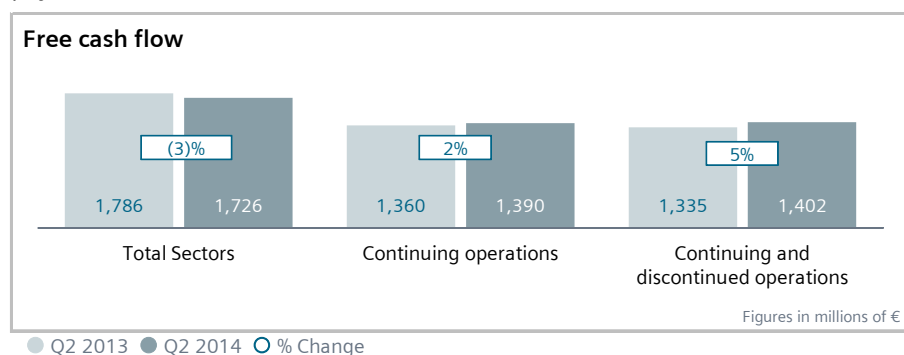
Free cash flow from continuing operations for the second quarter increased modestly to €1.390 billion compared to €1.360 billion a year earlier, even though the current period included cash outflows of €0.2 billion corresponding to charges to income taken for the "Siemens 2014" program. The current quarter included cash inflows totaling €0.5 billion from a decrease in operating net working capital, compared to inflows of €0.4 billion in the prior-year period. In the current period the decrease in operating net working capital was due mainly to Energy, which received significant advance payments.

Higher income lifts ROCE

On a continuing basis, ROCE (adjusted) for the second quarter increased to 14.7%, up from 12.7% in the same period a year earlier. This increase was due to higher income from continuing operations.

Pension plan underfunding increases

The underfunding of Siemens' pension plans as of March 31, 2014 amounted to €8.9 billion, compared to an underfunding of €8.0 billion as of December 31, 2013. A substantial decrease in the discount rate assumption and accrued service and interest costs were only partly offset by a positive actual return on plan assets and employer contributions.



Energy

Higher charges, lower revenue hold back profit

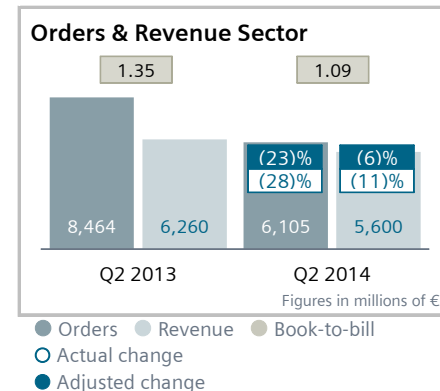
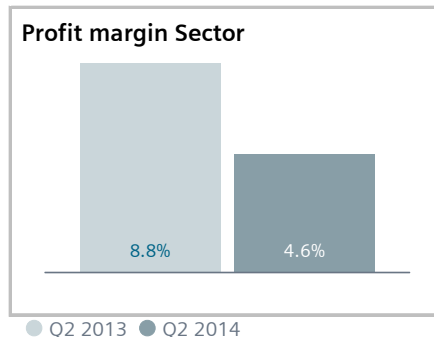
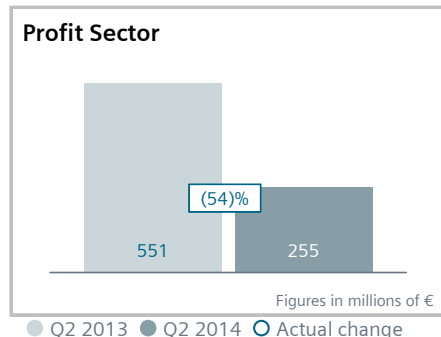
Results in **Energy** were impacted by substantial project charges in the transmission business, charges related to wind turbines, and lower revenue due to challenging markets. As a result, second-quarter profit fell 54%, to €255 million. The primary factor in the decline was the Power Transmission Division, which took €310 million in project charges related primarily to two high voltage direct current (HVDC) transmission projects in Canada. Wind Power also posted a loss for the quarter, including charges of €48 million for inspecting and replacing defective main bearings in onshore wind turbines. These burdens more than offset higher profit at Power Generation. The prior-year period was burdened by €24 million in charges for the "Siemens 2014" productivity improvement program.

Second-quarter revenue declined 11%, reflecting weak order development at Power Generation and selective order intake at Power Transmission in prior quarters. On a geographic basis, the revenue decline came mainly from the Europe/CAME region.

Orders came in 28% below the prior-year period, when a substantially higher volume from large orders included two offshore wind-farm contracts in the Europe/CAME region. To a lesser extent, order development also reflected Energy's challenging market environment, particularly a decrease in demand for large gas turbines. Negative currency translation effects took four percentage points from both revenue and order development during the quarter. The book-to-bill ratio for Energy was 1.09, and its order backlog was €55 billion at the end of the quarter.

Positive effects lift profit as revenue and orders fall

Second-quarter profit at **Power Generation** came in at €592 million, benefiting from a €73 million gain on the sale of a turbo fan business and a €56 million effect from a successful project completion in the turnkey business. Second-quarter revenue was down 12% year-over-year on declines in all reporting regions, reflecting weak order development in prior periods due mainly to challenges in gas turbine markets. Orders were down in the current period as well, dropping 20% from the prior-year level, on decreases in Europe/CAME and the Americas.



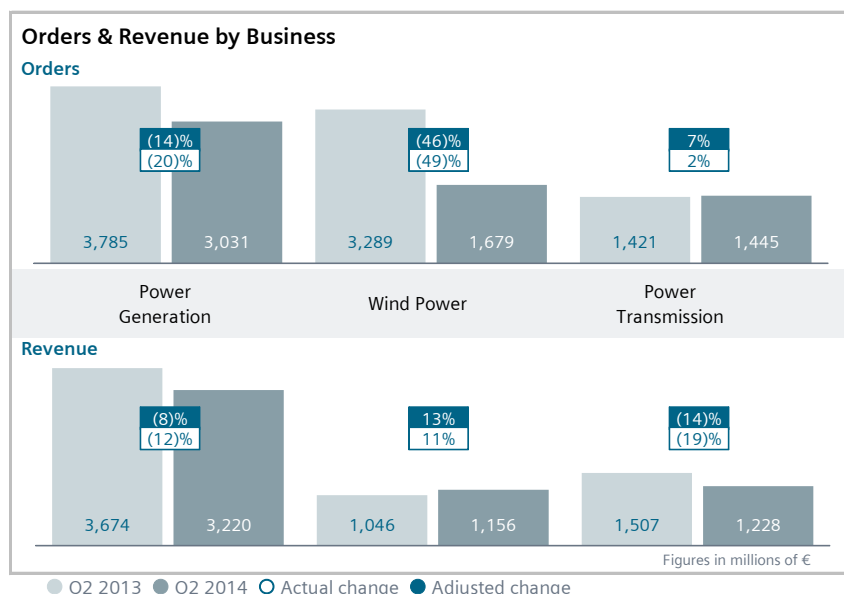
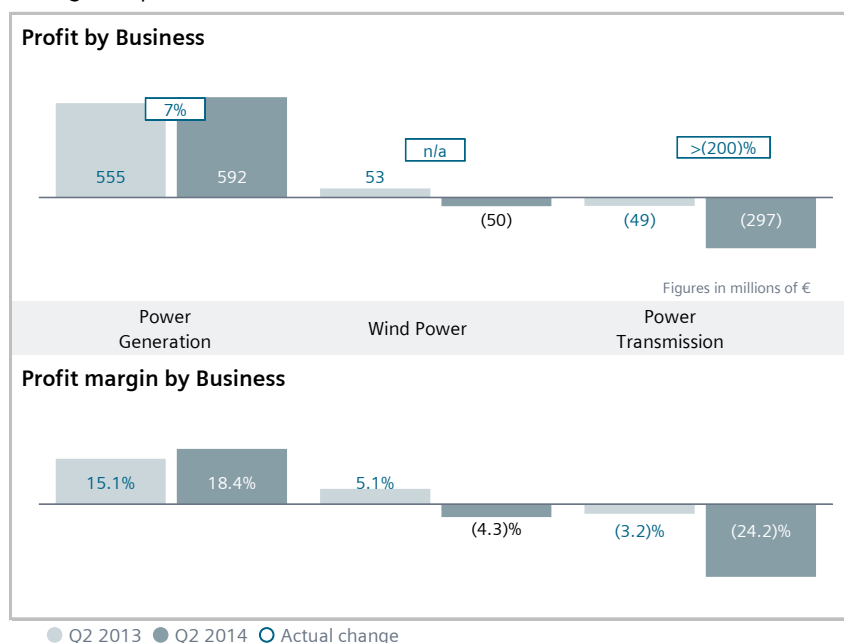
Charges, mix effects lead to loss

The **Wind Power** Division posted a loss of €50 million in the second quarter, due in part to the €48 million in charges mentioned above. Profit development was held back also by an unfavorable business mix that included an unusually low contribution from the higher-margin offshore business compared to the second quarter a year earlier. This was due to lower capacity utilization combined with production costs that were higher than average during the quarter.

Revenue increased 11% as surges in the Americas and Asia, Australia more than offset a decline in Europe/CAME. Order intake was down 49% due to a substantially lower volume from large orders compared to the second quarter a year earlier. That prior-year period included the two wind-farm orders mentioned above as well as a major service contract, all within Europe/CAME.

Substantial loss on higher project charges

Power Transmission reported a second-quarter loss of €297 million, compared to a loss of €49 million a year earlier. In the current period, the Division took charges totaling €287 million related to the two HVDC projects in Canada mentioned earlier, resulting from revised estimates for civil engineering and infrastructure provided by suppliers as well as penalties for associated project delays, among other factors. Both periods included charges related mainly to grid connections to offshore wind-farms in Germany, totaling €23 million in the current quarter and €84 million in the prior-year quarter. Results were also held back by a high proportion of projects with low or negligible profit margins. Revenue was down 19% year-over-year on declines in all reporting regions, due mainly to selective order intake in the solutions business in prior quarters. In contrast, orders for the second quarter came in higher year-over-year on order growth in Europe/CAME. Other reporting regions posted order declines. The Division expects continuing challenges in coming quarters.



Healthcare

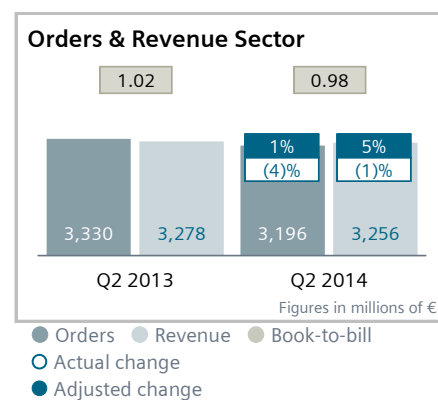
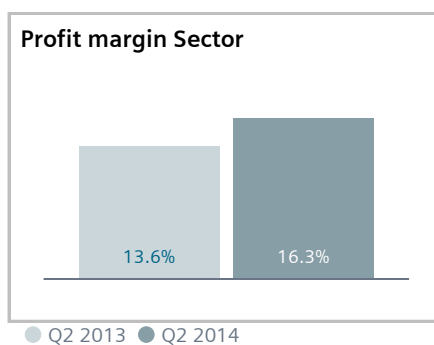
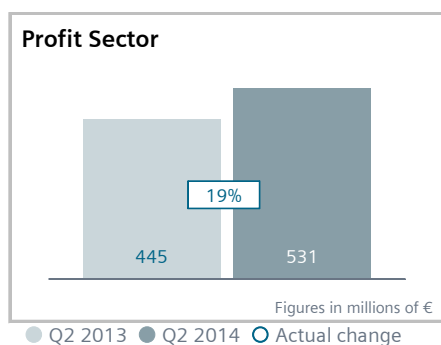
Organic revenue rises across all businesses

Healthcare reported second-quarter profit of €531 million, up 19% year-over-year due mainly to a €66 million positive effect related to the expected sale of a particle therapy installation. For comparison, profit in the prior-year period was held back by €13 million in charges for the Sector's "Agenda 2013" initiative.

Profit at Diagnostics was €101 million, up from €84 million in the prior-year period which included €8 million in "Agenda 2013" charges. Purchase price allocation (PPA) effects related to past acquisitions at Diagnostics were €41 million in the second quarter. A year earlier, Diagnostics recorded €42 million in PPA effects.

Reported revenue and orders came in below prior-year levels, on declines in the Americas region for both revenue and orders and in the Asia, Australia region for orders. On a comparable basis, primarily excluding negative currency translation effects in these regions, Healthcare revenue rose 5% on broad-based growth among its businesses, and orders increased 1%. The book-to-bill ratio for the Sector was 0.98, and Healthcare's order backlog was €7 billion at the end of the second quarter.

The Diagnostics business reported revenue of €937 million in the second quarter, a 3% decrease from €963 million in the prior-year period due to lower revenue in the Americas region. On a comparable basis, second-quarter revenue for Diagnostics was up 3% year-over-year.



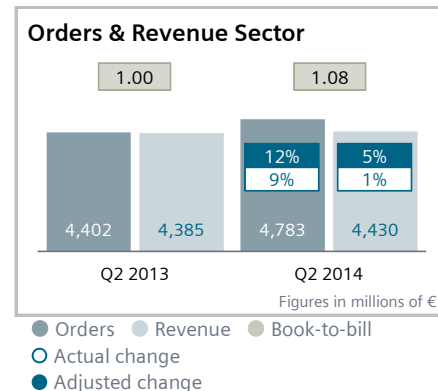
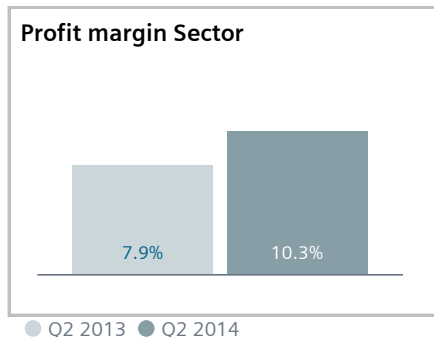
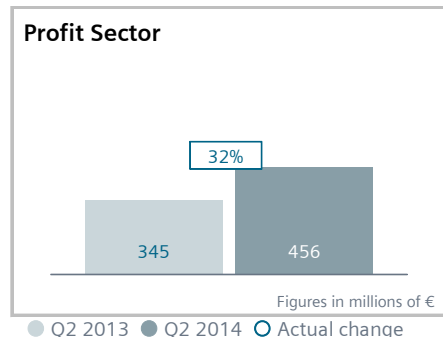
Industry

Profit higher, short-cycle businesses continue stabilizing

Second-quarter profit in **Industry** was €456 million, up from €345 million a year ago. For comparison, the prior-year period included €46 million in charges related to the "Siemens 2014" productivity improvement program. In the current period, profit development was held back by a loss at the metals technologies business which took €75 million in charges related to a project in the U.S.

Second-quarter revenue came in 1% above the prior-year level, and orders rose 9% year-over-year including a higher volume from large orders. Continuing stabilization in the Sector's short-cycle business supported overall volume growth. Negative currency translation effects took four percentage points from order growth and three percentage points from revenue growth.

On a geographic basis, revenue rose in Asia, Australia due mainly to restocking in China, and in Europe/CAME. Strong negative currency translation effects resulted in a reported decline in the Americas. Order growth came from Europe/CAME and Asia, Australia, driven mainly by Germany and China, respectively. Orders came in lower in the Americas. The Sector's book-to-bill ratio was 1.08 and its order backlog at the end of the quarter was €10 billion.



Revenue and product mix supports profit growth

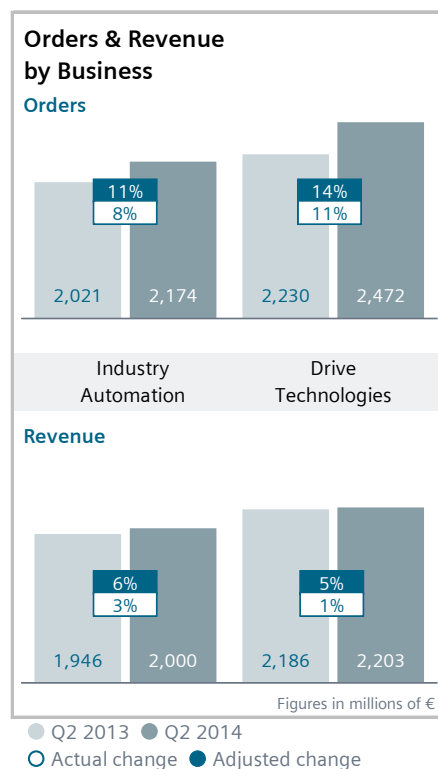
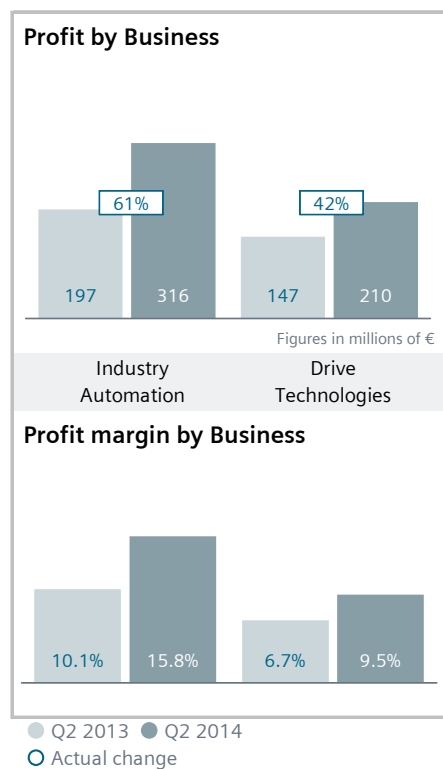
Second-quarter profit for **Industry Automation** rose to €316 million, due in part to higher capacity utilization on increased revenue and a more favorable product mix. PPA effects related to LMS International NV (LMS) were €11 million in both the current and prior-year quarter. For comparison, acquisition-related deferred revenue adjustments and inventory step-ups related to LMS totaled €14 million for the prior-year period. PPA effects related to UGS Corp. were €35 million in the current quarter compared to €38 million in the prior-year quarter.

Second-quarter revenue for Industry Automation rose 3% year-over-year on double-digit growth in Asia-Australia, including the restocking in China mentioned above. Orders increased 8% compared to the prior-year quarter, as double-digit growth in Asia, Australia and in Europe/CAME more than offset a decline in the Americas.

Profit rises, large orders support growth

Profit was €210 million at **Drive Technologies** in the second quarter. The increase year-over-year is due mainly to a low basis of comparison in the prior-year period, when the Division took the majority of the Sector's charges for the "Siemens 2014" program mentioned above. The program resulted in an improved cost position for the Division in the current quarter, and a stabilizing market environment supported volume growth.

Second-quarter revenue was up 1%, on growth in Europe/CAME. The other reporting regions reported declines, due to negative currency translation effects. Supported by large orders, Europe/CAME and Asia, Australia posted double-digit growth compared to the prior-year period, and orders came in 11% higher for the Division as a whole.



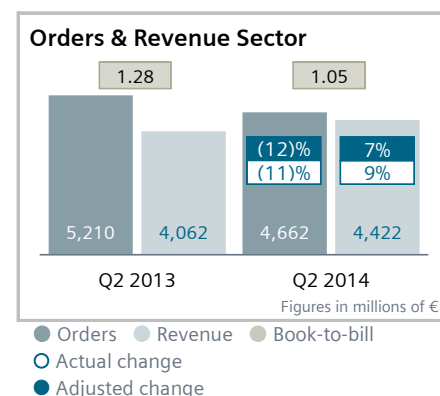
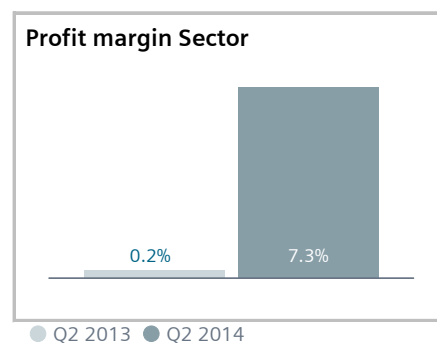
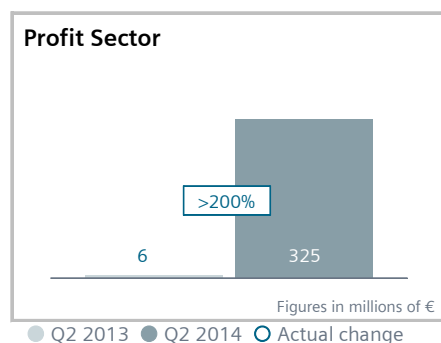
Infrastructure & Cities

Profit climbs on improvements in execution, mix and productivity

Infrastructure & Cities delivered another strong year-over-year profit improvement in the second quarter. Profit rose to €325 million, with all Businesses contributing to the increase. For comparison, profit of €6 million in the prior-year period included project charges of €161 million related to high-speed trains in the Transportation & Logistics Business. With improved project execution and higher revenue, this Business generated a profit of €126 million in the current quarter. Sector profit development also included a more favorable business mix and productivity improvements from executing the "Siemens 2014" program, particularly at Power Grid Solutions & Products and Building Technologies. Sector profit also benefited from a €30 million net effect due to the release of accruals related to "Siemens 2014," primarily at Transportation & Logistics. In contrast, the prior-year period was burdened by €23 million in "Siemens 2014" charges.

Revenue for Infrastructure & Cities rose 9% year-over-year. The increase was due to the Transportation & Logistics Business, including execution of large rolling-stock projects and the acquisition of Invensys Rail between the periods under review. In contrast, second-quarter revenue for the Sector's other Businesses declined year-over-year, including negative currency translation effects which were particularly strong at Power Grid Solutions & Products. On a geographic basis, double-digit increases in revenue in Europe/CAME and Asia, Australia were partly offset by a decline in the Americas.

Orders for the Sector came in 11% lower compared to the prior-year period, which included a substantially higher volume from major rail orders in Europe/CAME. The order decline in this region more than offset higher orders in Asia, Australia and the Americas in the second quarter. The Sector's book-to-bill ratio was 1.05 and its order backlog at the end of the quarter was €30 billion.



Profitable growth on strong project execution

Transportation & Logistics contributed €126 million to Sector profit in the second quarter, compared to a loss of €156 million a year earlier when the Business took €161 million in project charges related to high-speed trains. PPA effects related to the acquisition of Invensys Rail, which closed in the third quarter of fiscal 2013, were €13 million.

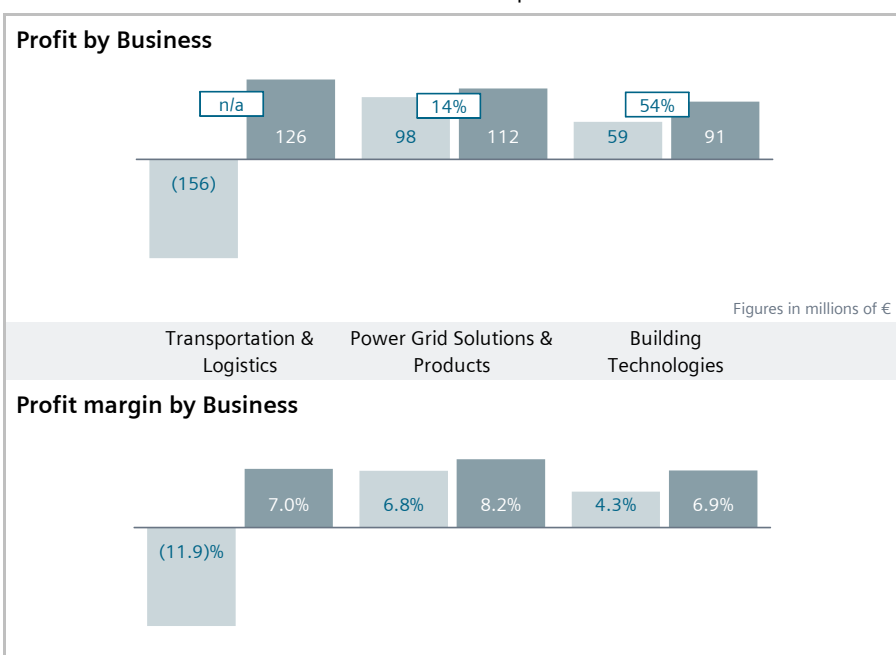
Second-quarter revenue grew more than a third year-over-year, as Transportation & Logistics continued to execute a number of large rolling-stock orders. Due to a substantially higher volume from major orders in the prior-year period, as noted above, orders in the current quarter came in 20% lower year-over-year. Both revenue and orders benefited from the acquisition of Invensys Rail between the periods under review.

Improved productivity and business mix lifts profit

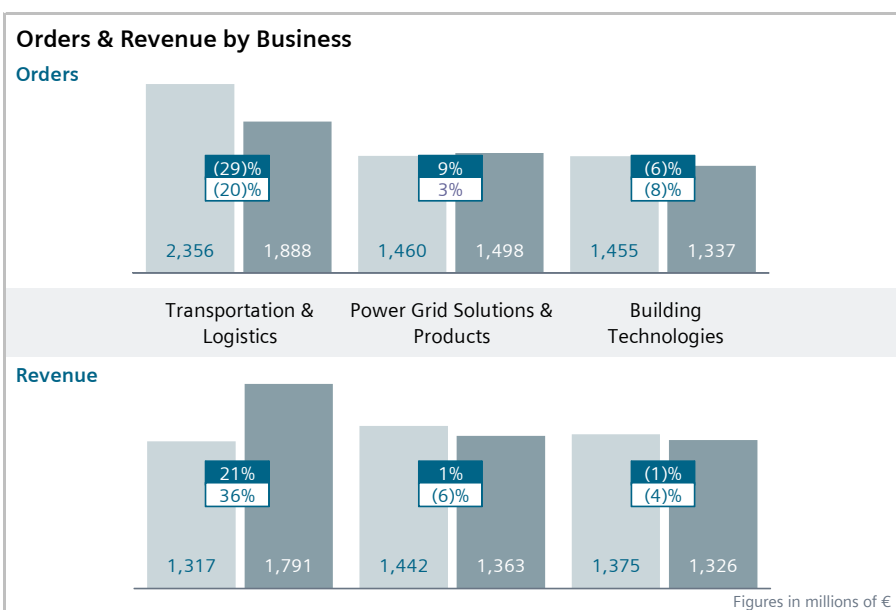
Profit at **Power Grid Solutions & Products** rose to €112 million despite lower revenue year-over-year. The increase was due mainly to a more favorable business mix and productivity improvements from executing the “Siemens 2014” program. Second-quarter revenue came in 6% lower year-over-year, due to declines in the Americas and Asia, Australia resulting predominately from strong negative currency translation effects. Europe/CAME reported a moderate revenue increase. Orders were up 3% compared to the prior-year period, driven by a double-digit increase in Europe/CAME. On a comparable basis, primarily excluding currency translation effects, revenue was up 1% and orders rose 9% year-over-year.

Profit climbs on higher productivity, improved mix

Profit at **Building Technologies** rose to €91 million compared to €59 million in the same period a year earlier. This increase was driven mainly by productivity improvements from successful implementation of the “Siemens 2014” program and a more favorable business mix. Revenue declined 4% year-over-year. Orders came in 8% below the prior-year period which included a large order for an energy efficiency project in the U.S. Both revenue and orders were influenced by negative currency translation effects.



● Q2 2013 ● Q2 2014 ○ Actual change



● Q2 2013 ● Q2 2014 ○ Actual change ● Adjusted change

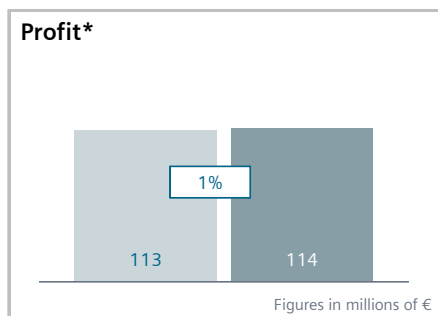
Equity Investments and Financial Services

Sharply higher profit contribution from Equity Investments

In the second quarter, profit at **Equity Investments** rose to €123 million, up from €29 million a year earlier, when profit was burdened by a loss of €62 million related to Siemens' stake in Nokia Siemens Networks B.V. This stake was sold between the periods under review. Beginning with the second quarter of fiscal 2014, we report results related to our stake in Bosch Siemens Hausgeräte GmbH (BSH) in phase with results of Siemens, rather than with the lag of one quarter. Therefore profit for this quarter includes results related to BSH from both the current and previous quarter.

Growth strategy continues at Financial Services

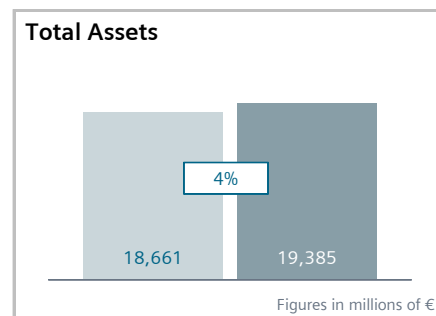
SFS made a solid contribution to profit in the second quarter, with €114 million in income before income taxes, a modest increase compared to the prior-year period. SFS continued to execute its growth strategy, with increases in total assets leading to higher interest income and associated expenses. In contrast, results related to the equity business came in below the level of the prior-year period. Despite substantial early terminations of financings and negative currency translation effects, total assets rose to €19.385 billion at the end of the quarter, compared to €18.661 billion at the end of fiscal 2013.



● Q2 2013 ● Q2 2014

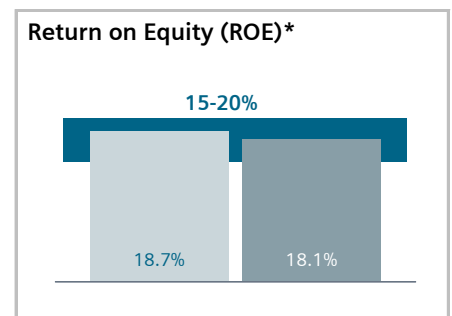
○ Actual change

* Financial Services profit as reported in the Segment Information is defined as Income before income taxes



● Sept. 30, 2013 ● March 31, 2014

○ Actual change



● Q2 2013 ● Q2 2014

● ROE (after tax) target range

* ROE (after tax) is calculated as profit after tax (annualized for purposes of interim reporting) divided by SFS average allocated equity, which was €1.879 billion compared to €1.865 billion in the prior-year period

Corporate Activities

Corporate items and pensions

Corporate items and pensions reported a loss of €249 million in the second quarter compared to a loss of €152 million in the same period a year earlier. Within these figures, the loss at Corporate items was €151 million, compared to a loss of €45 million in the same period a year earlier. Results for the current quarter included expenses resulting from changes in the fair value of warrants issued together with US\$3 billion in bonds in fiscal 2012, and negative effects related to legal and regulatory matters. Centrally carried pension expense totaled €97 million in the second quarter, compared to €106 million in the same period a year earlier.

Siemens Real Estate

Income before income taxes at **Siemens Real Estate (SRE)** was €18 million in the second quarter, compared to a loss of €2 million in the same period a year earlier. As in the past, income from SRE continues to be highly dependent on disposals of real estate.

Improved results from Eliminations, Corporate Treasury and other reconciling items

Income before income taxes from **Eliminations, Corporate Treasury and other reconciling items** was a positive €3 million in the second quarter compared to a negative €25 million in the same period a year earlier. The primary factor in the improvement was higher income from Corporate Treasury activities due mainly to changes in the fair value of interest rate derivatives not qualifying for hedge accounting.

Outlook

We expect our markets to remain challenging in fiscal 2014. Our short-cycle businesses are not anticipating a sustainable recovery until late in the fiscal year. We expect orders to exceed revenue, for a book-to-bill ratio above 1.

Assuming that revenue on an organic basis remains level year-over-year, we expect basic earnings per share (Net Income) for fiscal 2014 to grow by at least 15% 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.

Notes and Forward-Looking Statements

All information is preliminary and unaudited.

Financial Publications are available for download at:

www.siemens.com/ir → Publications & Calendar.

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.

Starting today at 8:45 a.m. CEST, the combined semiannual press and analyst conference with Siemens CEO Joe Kaeser and Siemens CFO Dr. Ralf P. Thomas will be broadcast live on the internet. Journalists can follow the conference and the presentation on the internet at

www.siemens.com/pressconference, analysts at

www.siemens.com/analystcall. A recording of the conference will subsequently be available under both links.

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.