

Siemens off to solid start in fiscal 2013

- **Revenue slightly above prior-year level**
- **Book-to-bill ratio again above 1**
- **Total Sectors profit up four percent**
- **No economic tailwinds expected in fiscal 2013**

Siemens is starting fiscal 2013 with solid figures. Compared to the same period last year, revenue increased slightly in the first quarter due to the good order backlog. Although new orders declined moderately year-over-year, the book-to-bill ratio was again above 1, having been below 1 for the previous three quarters in a row. Total Sectors profit rose four percent. "In an uncertain economic environment, we got off to a solid start in fiscal 2013. For the rest of the year as well, we don't expect any tailwinds from the global economy to help us reach our ambitious goals. Our full attention is on implementing our Siemens 2014 program," said Siemens President and CEO Peter Löscher.

In the first quarter of fiscal 2013, which ended on December 31, 2012, new orders totaled €19.1 billion, three percent below the figure for the prior-year period. Revenue rose two percent to €18.1 billion. The book-to-bill ratio was 1.06 in the first quarter. At the end of the first quarter, the order backlog stood at €97 billion. Total Sectors profit increased four percent to €1.7 billion. The Sectors' profit margin rose from 9.0 percent to 9.3 percent. Income from continuing operations came in slightly lower at €1.3 billion. Net income declined year-over-year from €1.4 billion to €1.2 billion.

Sector overview

At €7.1 billion, new orders at the Energy Sector were roughly at the prior-year level. Here, declines above all at the Wind Power and Power Transmission Divisions were

nearly offset by the strong performance of the Fossil Power Generation Division, which posted an 18 percent increase. Sector revenue rose three percent to €6.3 billion due primarily to growth at the Wind Power Division, which posted a 27 percent revenue increase year-over-year. Thanks also to smaller burdens from offshore projects, Sector profit climbed from €507 million to €567 million. The profit margin increased from 8.3 percent to 9.0 percent.

Due, among other things, to improved cost positions resulting from progress in Agenda 2013, profit at the Healthcare Sector increased year-over-year from €364 million to €503 million. The profit margin rose from 11.6 percent to 15.5 percent. Sector revenue climbed three percent to €3.3 billion, and new orders were stable at €3.3 billion.

For the Industry Sector, the market environment has recently become more challenging. Due to subdued economic conditions, demand at the Sector's short-cycle businesses declined in the fourth quarter. At €4.6 billion, first-quarter Sector revenue was nearly at the prior-year level. New orders, on the other hand, were down eight percent year-over-year to €4.5 billion. Sector profit declined from €556 million to €500 million and the profit margin from 11.8 percent to 10.8 percent.

In the first quarter, the Infrastructure & Cities Sector posted revenue of €4.1 billion, an increase of two percent year-over-year. New orders declined seven percent to €4.4 billion. However, the second major order for the Sapsan high-speed train for Russia had been booked in the prior-year quarter. This basis effect was not completely offset even by an order for 58 driverless trains for Kuala Lumpur's rapid transit system. Profit at Infrastructure & Cities declined from €200 million in the comparable prior-year quarter to €128 million, largely due to project charges of €116 million particularly relating to high-speed trains. The profit margin dropped from 4.9 percent to 3.1 percent.

Outlook

The outlook remains unchanged. In fiscal 2013, Siemens begins implementation of Siemens 2014, a company-wide program supporting its One Siemens framework for sustainable value creation. The goal of the program is to raise its Total Sectors profit margin to at least 12 percent by fiscal 2014.

In the first year of the program, the company expects moderate order growth and revenue approaching the level of fiscal 2012, both on an organic basis. Siemens expects income from continuing operations in the range from €4.5 to €5.0 billion, including the effect of retrospective adoption of IAS 19R. This includes charges totaling approximately €1.0 billion for program-related productivity measures in the Sectors, with the productivity gains realized in our results for fiscal 2014.

This outlook is based on a number of conditions, notably that revenue develops as expected particularly for businesses that are sensitive to short-term changes in the economic environment. Furthermore, it excludes impacts related to legal and regulatory matters and significant portfolio effects.

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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

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