A Sound Start to Fiscal 2014

Joe Kaeser, President and Chief Executive Officer of Siemens AG

"We delivered a sound quarter to start our fiscal year. As expected, market conditions were not in our favor. We continue to focus on our productivity program for the year, and on the actions we will take beyond 2014."

Financial Highlights:

- Siemens delivered solid results in the first quarter, even though strong currency effects held back volume and income development.
- Orders for the first quarter rose 9% year-over-year, to €20.836 billion, while revenue came in 3% lower, at €17.325 billion. On an organic basis, excluding currency translation and portfolio effects, orders were up 12% and revenue was just 1% below the prior-period level.
- Total Sectors profit rose 15%, to €1.789 billion, highlighted by a strong performance in Infrastructure & Cities, and income from continuing operations climbed 21%.
- Net income and basic earnings per share (EPS) for the first quarter rose 20% year-over-year, to €1.457 billion and €1.70, respectively.

Table of Contents

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SIEMENS

Orders and Revenue

Large orders, strong headwinds from currency translation

Orders rose 9% compared to the first quarter a year ago, on a higher volume from large orders, while revenue came in 3% lower. The euro was stronger against all major currencies compared to a year earlier, which took five percentage points from order growth and four percentage points from revenue development. On a comparable basis, excluding currency and portfolio effects, orders rose 12% and revenue declined 1% year-over-year. The book-to-bill ratio for Siemens overall was 1.20. The order backlog (defined as the sum of the order backlogs of the Sectors) again reached the record level of €102 billion.

Rail and wind orders drive double-digit organic growth

Infrastructure & Cities led the Sectors in order growth with a €1.6 billion subway order. Industry orders also rose on major contract wins, while lower orders in Energy and Healthcare included negative currency effects.

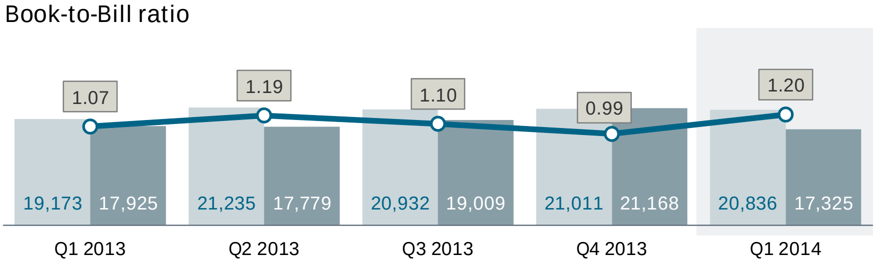
Orders rose strongly in the region comprising Europe, the Commonwealth of Independent States, Africa and the Middle East (Europe/CAME), including the subway order and two large wind farms. A large onshore wind order drove growth in the Americas, while orders in Asia, Australia included double-digit growth in China. Globally, emerging markets grew faster than orders overall, at 21%, and climbed to €8.486 billion, representing 41% of total orders for the quarter. Organic orders in emerging markets rose 27% year-over-year.

Organic revenue nearly level, strong currency effects

Infrastructure & Cities delivered 5% revenue growth year-over-year due in part to its acquisition of Invensys Rail between the periods under review. The other Sectors posted declines. On a comparable basis, excluding the currency effects mentioned above, first-quarter revenue rose 1% in Healthcare, was stable in Industry, and came in 4% lower in Energy.

First-quarter revenue declined in the Americas and Europe/CAME, while a double-digit increase in China kept revenue in Asia, Australia level with the prior-year period. Emerging markets reported a 4% decline year-over-year and accounted for €5.691 billion, or 33%, of total revenue for the quarter. Organic revenue growth in emerging markets was 1% for the quarter.

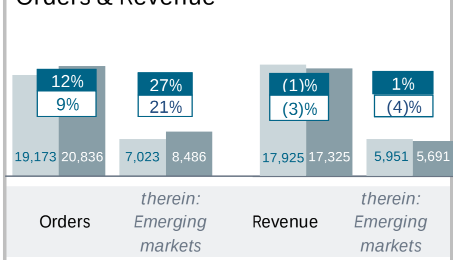
Book-to-Bill ratio



Figures in millions of €

Orders Revenue Book-to-Bill ratio

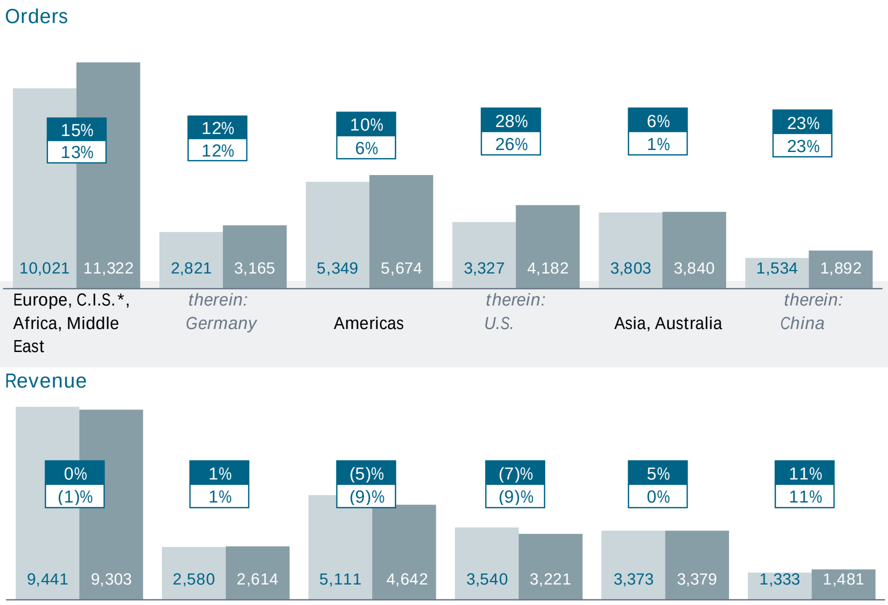
Orders & Revenue



Figures in millions of €

Q1 2013 Q1 2014 Actual change
Adjusted change

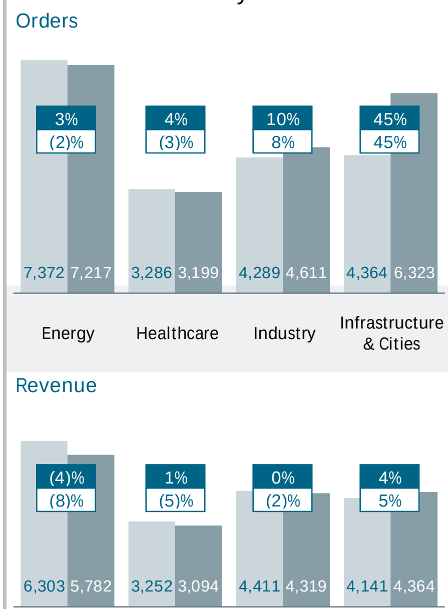
Orders & Revenue by Region



Figures in millions of €

Q1 2013 Q1 2014 Actual change * Commonwealth of Independent States
Adjusted change (throughout excluding currency translation and portfolio effects).

Orders & Revenue by Sector



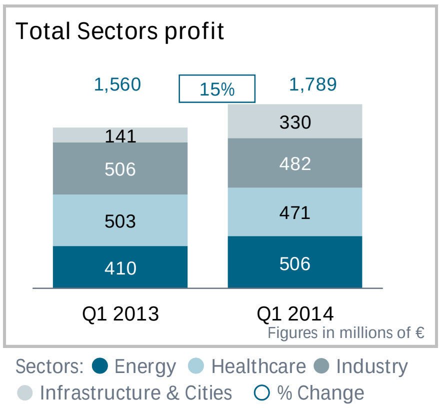
Figures in millions of €

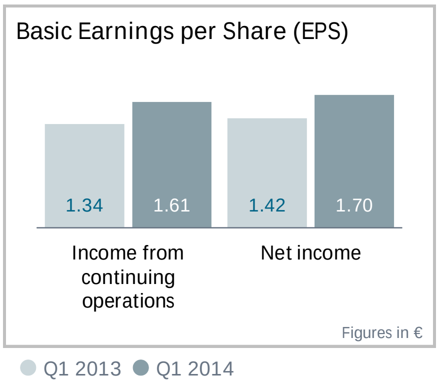
Q1 2013 Q1 2014 Actual change
Adjusted change

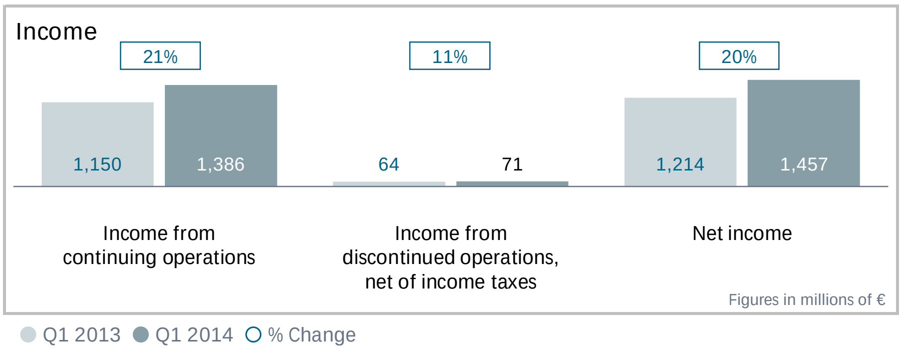
Income and Profit

Infrastructure & Cities drives Total Sectors profit improvement

First-quarter Total Sectors profit rose to €1.789 billion, up from €1.560 billion a year earlier, which included €50 million in charges associated with the "Siemens 2014" program. This improvement was due to the Infrastructure & Cities Sector, where profit climbed to €330 million from €141 million a year earlier on a solid performance across the Sector's Businesses. For comparison, profit in Infrastructure & Cities a year earlier was burdened by €116 million in project charges related mainly to high-speed trains. Profit in Energy also rose, to €506 million from €410 million in the prior-year period, which was burdened by a €157 million loss in the Sector's solar business and €46 million in charges related to compliance with sanctions on Iran. Charges related to grid connection projects were €67 million in the current period and €28 million a year earlier. Healthcare profit came in at €471 million compared to €503 million a year earlier. Profit at Industry was also lower year-over-year at €482 million, down from €506 million in the prior-year quarter. These decreases include burdens on profit from currency effects, which are expected to continue based on the strength of the euro compared to fiscal 2013.







Higher Total Sectors profit lifts net income

Income from continuing operations rose to €1.386 billion, up from €1.150 billion a year earlier. The increase year-over-year was driven primarily by higher Total Sectors profit and to a lesser extent was also supported by overall improvement outside the Sectors, particularly including considerably higher disposal gains at Siemens Real Estate (SRE) year-over-year. First-quarter net income increased to €1.457 billion, up from €1.214 billion a year earlier, and corresponding basic EPS rose 20% to €1.70 compared to €1.42 in the prior-year period.

Within these numbers, income from discontinued operations was €71 million, up from €64 million a year earlier. While income from discontinued operations in the current period benefited from a positive €65 million tax effect related to former Communications activities, the prior-year period included income from discontinued operations of €79 million related to OSRAM.

The sale of the Water Technologies Business Unit closed shortly after the end of the first quarter with a preliminary consideration of €0.6 billion. This transaction is not expected to result in significant effects on income from discontinued operations in coming quarters, but will result in a net cash inflow in the second quarter of fiscal 2014.

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

First-quarter Free cash flow improves year-over-year

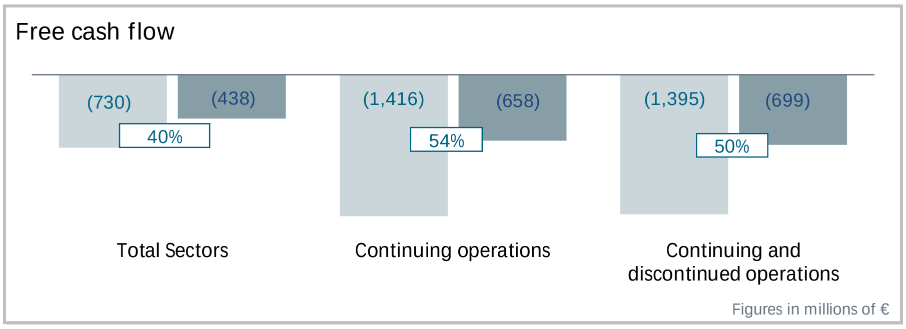
First-quarter Free cash flow from continuing operations improved to a negative €658 million compared to a negative €1.416 billion a year earlier. The current quarter included a build-up of operating net working capital totaling €1.4 billion, compared to €2.6 billion in the prior-year period. The main factors in the build-up were increased inventories and decreased trade payables. Within the Sectors, the largest build-up was in Energy.

ROCE (adjusted) back in target range

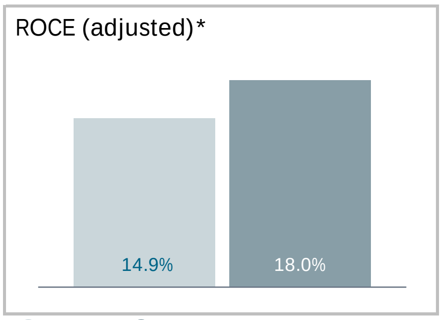
On a continuing basis, ROCE (adjusted) climbed to 18.0% in the current quarter, well within the target range of 15% to 20%. In the prior-year quarter, ROCE (adjusted) on a continuing basis was 14.9%.

Pension plan underfunding improves

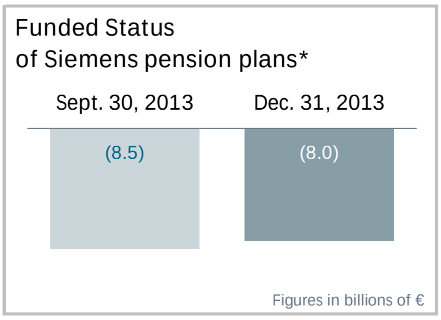
The underfunding of Siemens' pension plans as of December 31, 2013 amounted to €8.0 billion, compared to an underfunding of €8.5 billion at the end of fiscal 2013. Favorable factors including an increase in the discount rate assumption, a positive actual return on plan assets and employer contributions were only partly offset by accrued service and interest costs.



Q1 2013 Q1 2014 % Change



Q1 2013 Q1 2014
* Continuing operations



* Continuing operations

Energy

Higher profit on sharply reduced burdens year-over-year

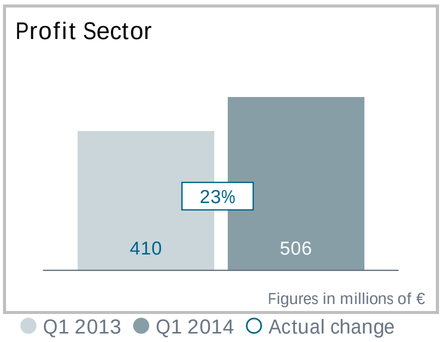
Energy generated first-quarter profit of €506 million in a market environment that remained highly competitive. Profit was held back by €67 million in charges related to grid connection projects. A year earlier, total burdens included €28 million in grid-connection charges, a loss of €157 million in the solar business, and €46 million in charges related to compliance with sanctions on Iran. In the current quarter, Power Generation and Wind Power increased their first-quarter profit year-over-year, while Power Transmission posted a higher loss due in part to continuing project execution challenges.

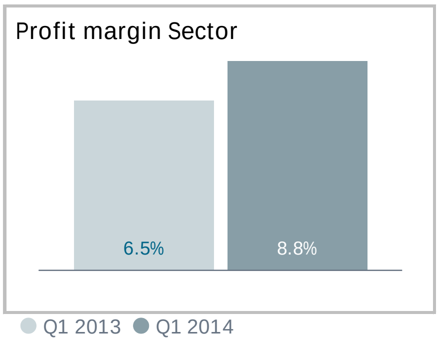
First-quarter revenue for the Sector came in 8% lower than a year ago, and orders were down 2%. On a comparable basis, revenue came in 4% lower and orders rose 3%. Power Generation and Power Transmission posted volume declines compared to the prior-year period. Wind Power increased revenue significantly, and its orders nearly doubled including a major order in the U.S. that is the Division's largest onshore order ever. This contract win lifted order intake in the Americas region, while Europe/CAME and Asia, Australia reported declines. Revenue declines in Europe/CAME and the Americas more than offset growth in Asia, Australia. The book-to-bill ratio for Energy was 1.25, and its order backlog was €55 billion at the end of the quarter.

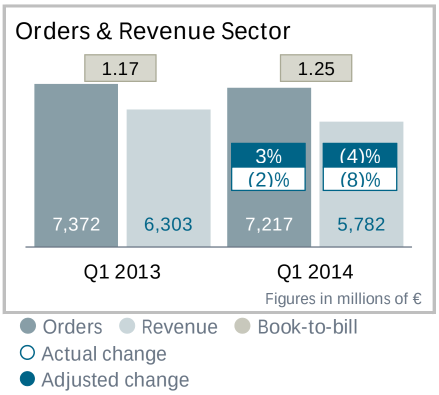
Profit stable as revenue and orders decline

Beginning in fiscal 2014, the former Fossil Power Generation and Oil & Gas Divisions are combined into a single Division under the name Power Generation.

First-quarter profit at Power Generation was stable year-over-year at €536 million. For comparison, profit in the prior-year period included €46 million in charges related to compliance with sanctions on Iran. The Division's service business was able to increase its earnings contribution compared to the prior-year period. In contrast, lower revenue took profit down in the fossil solutions and gas turbine businesses. Revenue for the Division as a whole decreased 15% from the first quarter a year ago, due to a number of factors including a global shift in the markets for gas turbines to low-price countries with fewer turnkey opportunities. On a regional basis, revenue declined in Europe/CAME and the Americas. Order intake was significantly below the level of the prior-year period on declines in all three reporting regions, including Europe/CAME where Power Generation took in a higher volume from large orders, particularly including a combined-cycle power plant in Germany.



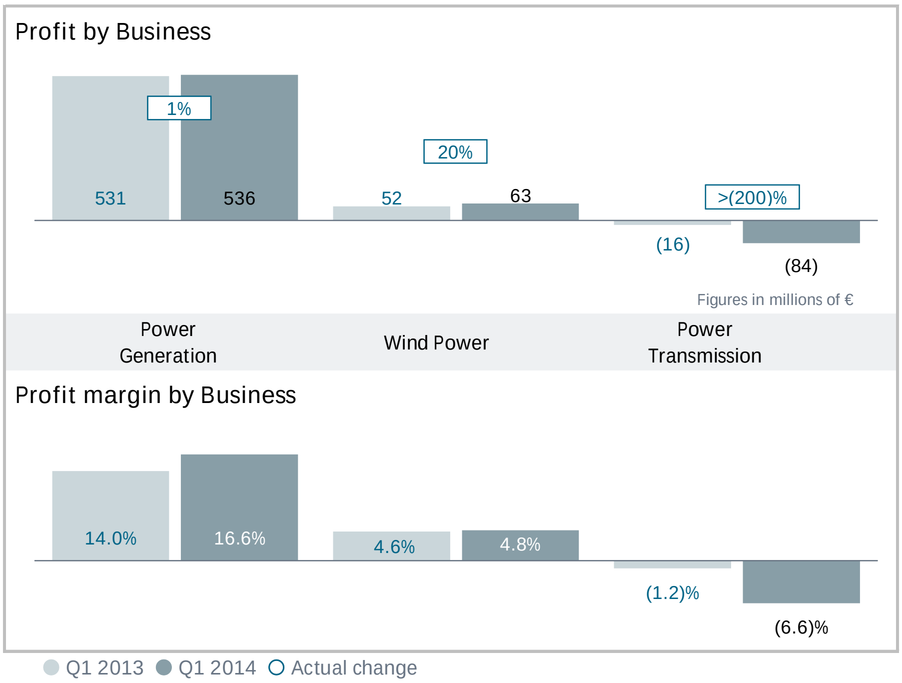


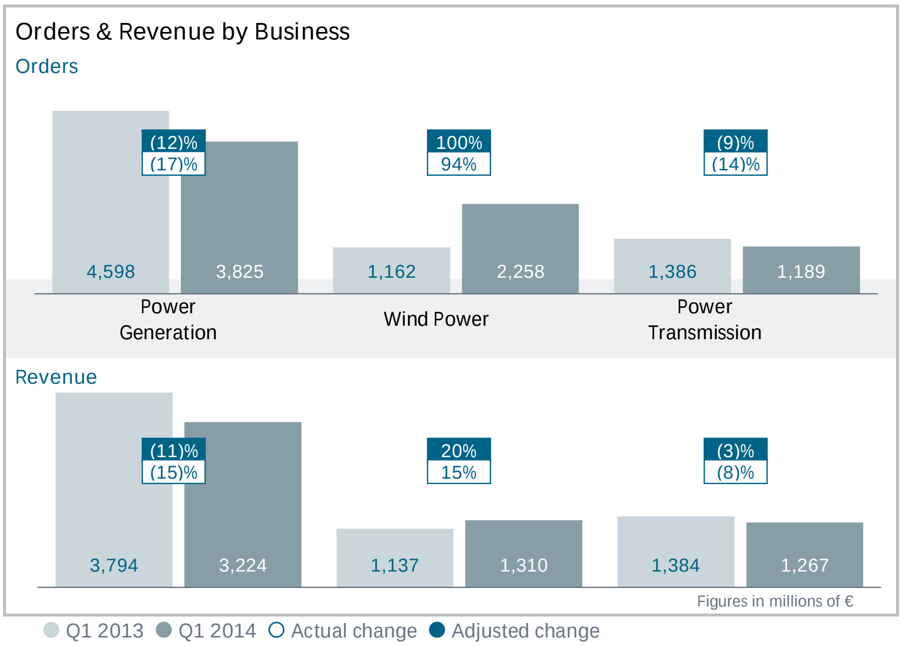


Profit, revenue and orders climb in strong first quarter

First-quarter profit at Wind Power increased to €63 million year-over-year, lifted by a 15% increase in revenue that included expansion of the Division's service business compared to a year earlier. For comparison, profit in the prior-year period benefited from positive effects related to project completions and the settlement of a claim related to an offshore wind-farm project.

First-quarter orders nearly doubled compared to the low level of the prior-year period, when demand in the U.S. stalled due to potential expiration of tax incentives. Large orders for wind-farms in Europe/CAME included two major offshore contracts in Germany, while order growth in the Americas included the contract win in the U.S. for the Division's largest onshore wind order to date.





Continued challenges at Power Transmission

Power Transmission posted a first-quarter loss of €84 million, due in part to continuing project execution challenges. Charges of €67 million related mainly to grid connections to offshore wind-farms in Germany, resulting from revised estimates of required resources and personnel as well as delays associated with the projects' complex marine environment. In the same period a year earlier, the Division's loss of €16 million included grid-connection project charges of €28 million. Profit was also held back by a higher proportion of projects with low or negligible profit margins. As in prior quarters, orders declined year-over-year, due mainly to selective order intake primarily in the solutions business. This in turn held back revenue development compared to the prior-year quarter. On a regional basis, revenue and orders declined in all three reporting regions. The Division expects continuing challenges in coming quarters.

Healthcare

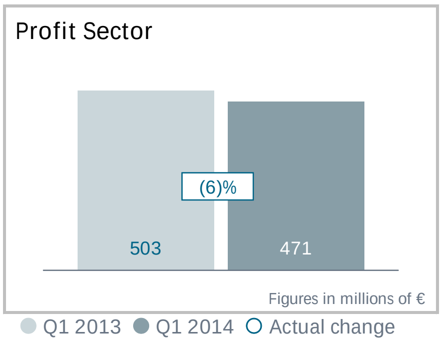
Solid quarter in tough markets

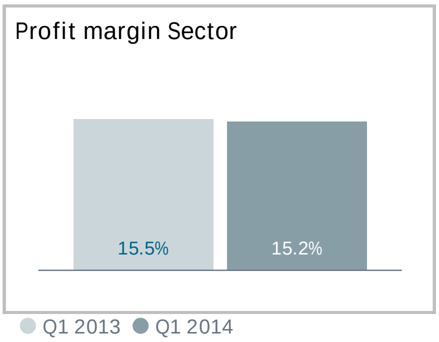
Healthcare delivered first-quarter profit of €471 million compared to €503 million a year earlier. The decrease includes burdens on profit from currency effects, which are expected to continue based on the strength of the euro compared to fiscal 2013. The Sector also faced ongoing market challenges, including weak economic conditions in Europe, uncertainty in the healthcare market and an excise tax on medical devices in the U.S., and slowing growth in China.

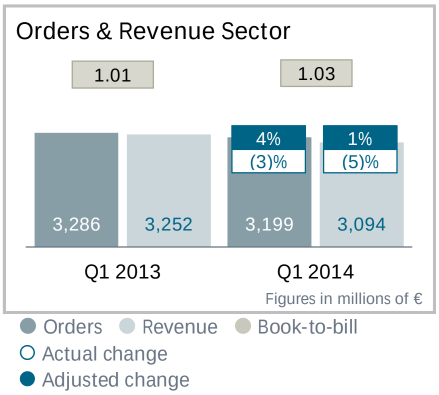
Profit at Diagnostics came in at €100 million compared to €111 million in the prior-year period. Purchase price allocation (PPA) effects related to past acquisitions at Diagnostics were €41 million in the first quarter. A year earlier, Diagnostics recorded €43 million in PPA effects.

Reported revenue and orders for Healthcare were moderately lower than in the prior-year period, with most businesses and all reporting regions posting declines. On a comparable basis, revenue rose 1% and orders were up 4% compared to the prior-year period. The book-to-bill ratio was 1.03, and Healthcare's order backlog was €7 billion at the end of the first quarter.

The Diagnostics business reported revenue of €909 million in the first-quarter, a 5% decrease from € 961 million a year earlier including declines in all regions. On a comparable basis, Diagnostics revenue was up 1% compared to the prior-year period.







Industry

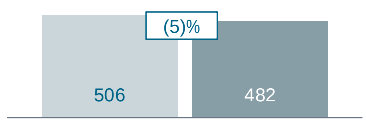
Orders rise, revenue and profit stabilizing

Industry delivered first-quarter profit of €482 million, down from €506 million in the prior-year period. The decrease includes burdens on profit from currency effects, which are expected to continue based on the strength of the euro compared to fiscal 2013. Higher profit at Industry Automation was more than offset by lower earnings at Drive Technologies, where continuing stagnation in its short-cycle businesses led to a less favorable business mix.

First-quarter revenue came in 2% below the prior-year level, including unfavorable currency translation effects. Order growth of 8% year-over-year was driven by a substantially higher volume from major orders in the Sector's long-cycle businesses compared to the prior-year period. On a comparable basis, first-quarter revenue was stable year-over-year and orders increased 10%.

On a geographic basis, revenue growth in Europe/CAME was more than offset by a decline in the Americas compared to the first quarter a year ago. Revenue was flat in Asia, Australia despite growth in China. In contrast, orders grew significantly in Asia, Australia, driven by China, and showed a clear increase in the Americas. This order growth was partly offset by a clear decline in Europe/CAME. The Sector's book-to-bill ratio was 1.07 and its order backlog at the end of the quarter was €10 billion.

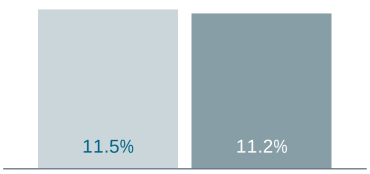
Profit Sector



Figures in millions of €

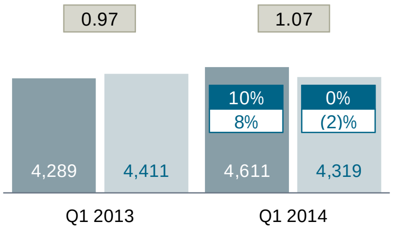
Q1 2013 Q1 2014 Actual change

Profit margin Sector



Q1 2013 Q1 2014

Orders & Revenue Sector



Figures in millions of €

Orders Revenue Book-to-bill
Actual change
Adjusted change

Strong profit performance on improved business mix

First-quarter profit for Industry Automation rose to €338 million on a more favorable business mix. The Division recorded PPA effects of €11 million related to LMS International NV (LMS), acquired in the second quarter of fiscal 2013. PPA effects related to the acquisition of UGS Corp. in fiscal 2007 were €35 million in the current quarter compared to €37 million a year earlier.

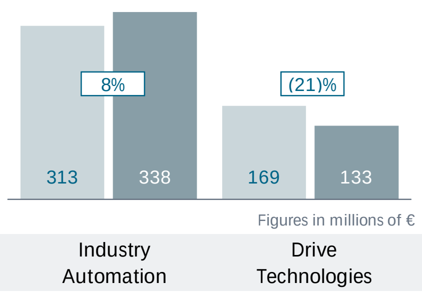
First-quarter revenue for Industry Automation came in slightly higher year-over-year, with increases in Asia, Australia and Europe/CAME partially offset by a decline in the Americas. Orders rose 7% compared to the prior-year period, on growth in Asia, Australia and the Americas.

Revenue mix holds back profit development

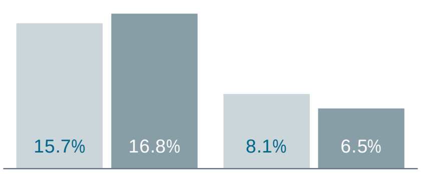
Profit at Drive Technologies came in at €133 million in the first quarter, substantially below the same period a year earlier, on declines in all businesses. The revenue mix was less favorable, as market conditions held back demand for higher-margin offerings in the Division's short-cycle businesses.

Revenue was down slightly, primarily including a decline in the Americas due in part to unfavorable currency translation effects. Orders for the Division increased moderately, due mainly to large internal orders. On an organic basis, first-quarter revenue was up 1% and orders grew 6% year-over-year.

Profit by Business



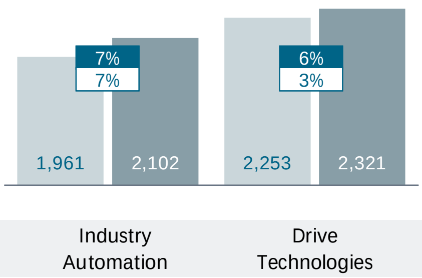
Profit margin by Business



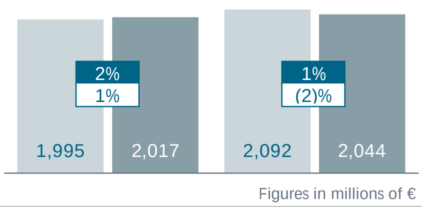
Q1 2013 Q1 2014
Actual change

Orders & Revenue by Business

Orders



Revenue



Q1 2013 Q1 2014
Actual change Adjusted change

Infrastructure & Cities

Strong start in fiscal 2014

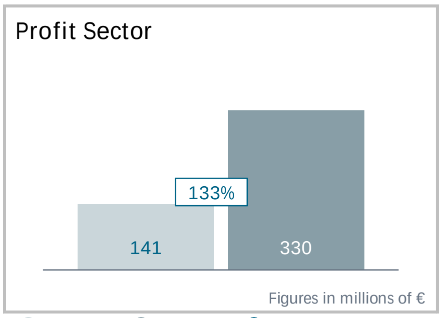
First-quarter profit for Infrastructure & Cities rose to €330 million, on improved results across the Sector. Key factors included improved project execution in the Transportation & Logistics Business, which delivered a profit in the current quarter compared to a loss in the prior-year quarter, when it recorded €116 million in project charges. Sector profit also rose on a more favorable business mix, particularly within Power Grid Solutions & Products. Positive results from the execution of the “Siemens 2014” program were most evident at the Building Technologies Division.

First-quarter orders rose 45% compared to the prior-year period. The increase was due mainly to a sharply higher volume from major orders, including an order worth €1.6 billion for two driverless subway lines in Saudi Arabia, which will be delivered by the Transportation & Logistics and the Power Grid Solutions & Products Businesses. First-quarter revenue rose 5% year-over-year, driven by a double-digit increase in Transportation & Logistics. On a geographic basis, Infrastructure & Cities achieved double-digit increases in orders in all three regions. Higher revenue year-over-year in Asia, Australia and Europe/CAME was slightly offset by a moderate decrease in the Americas. The Sector's book-to-bill ratio was 1.45 and its order backlog at the end of the quarter was €30 billion.

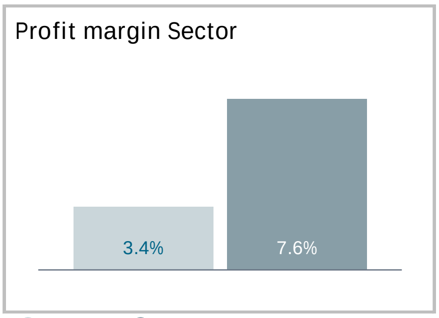
Profit turns positive, volume surges

Transportation & Logistics posted a profit of €83 million in the first quarter. For comparison, the loss of €54 million in the prior-year period included the €116 million in project charges mentioned above, related mainly to high-speed trains. Transportation & Logistics recorded PPA effects of €13 million related to its acquisition of Invensys Rail which closed in the third quarter of fiscal 2013.

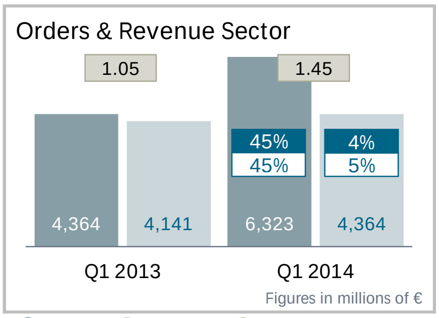
First-quarter orders rose sharply year-over-year, due mainly to a higher volume from major orders including a large share of the Saudi Arabia order mentioned above. Revenue was up 22% compared to the prior-year period. Progress in executing large rolling stock projects included regulatory approval for high-speed trains in Germany, four of which were delivered to Deutsche Bahn during the current quarter. Growth for both orders and revenue benefited from the acquisition of Invensys Rail between the periods under review.



Q1 2013 Q1 2014 Actual change



Q1 2013 Q1 2014

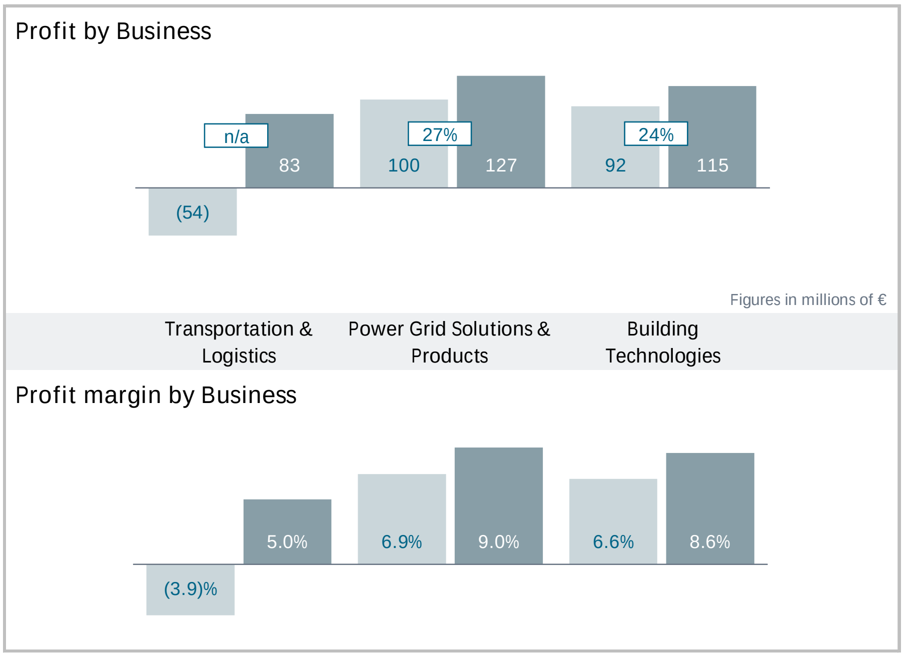


Orders Revenue Book-to-bill
Actual change
Adjusted change

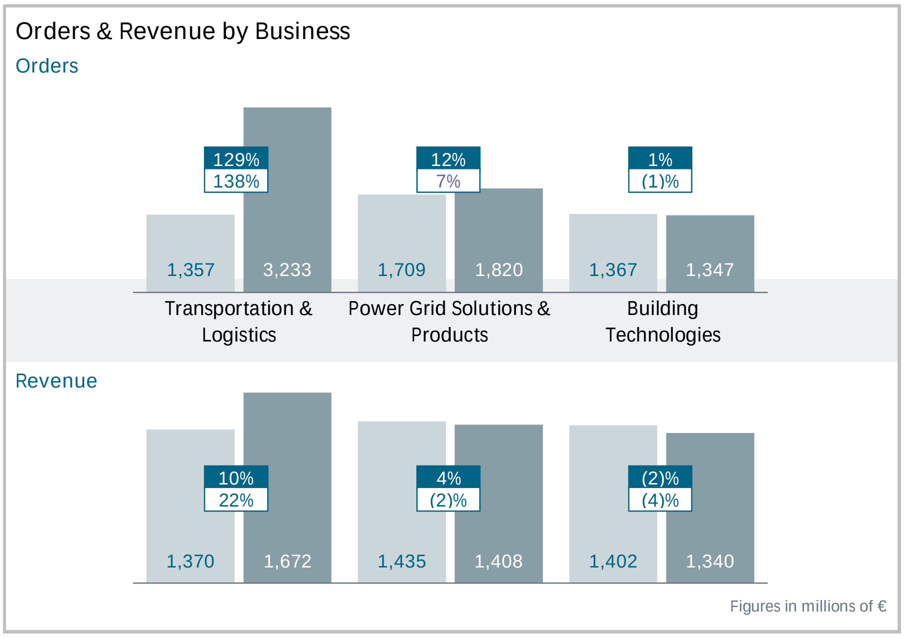
Improved business mix lifts profit

First-quarter profit at Power Grid Solutions & Products rose to €127 million from €100 million a year earlier. The improvement was due mainly to a more favorable business mix. Revenue was down slightly year-over-year, while order growth of 7% was driven by major orders for rail electrification, including a share in the Saudi Arabia order mentioned above. On a comparable basis, revenue was up 4% and orders rose 12%.

On a geographic basis, double-digit order growth in Europe/CAME was partly offset by slight declines in the Americas and Asia, Australia, while revenue growth in Asia, Australia and Europe/CAME was more than offset by a decline in the Americas.



Q1 2013 Q1 2014 Actual change



Q1 2013 Q1 2014 Actual change Adjusted change

Improved productivity, favorable mix drive profit growth

Building Technologies contributed €115 million to Sector profit in the first quarter, up from €92 million in the same period a year ago. The increase was driven mainly by productivity improvements from successful implementation of the “Siemens 2014” program, and by a more favorable business mix resulting from Building Technologies’ strategy of selective order intake in prior periods. Due in part to this ongoing strategy, first-quarter revenue was 4% lower year-over-year and orders came in near the prior-year level.

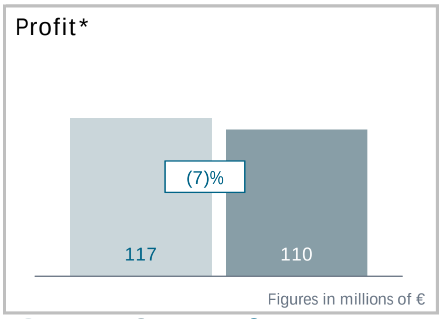
Equity Investments and Financial Services

Strong profit contribution from Equity Investments

Profit at Equity Investments was €81 million in the first quarter. For comparison, profit of €122 million a year earlier included €51 million related to Siemens' stake in NSN. This stake was sold between the periods under review.

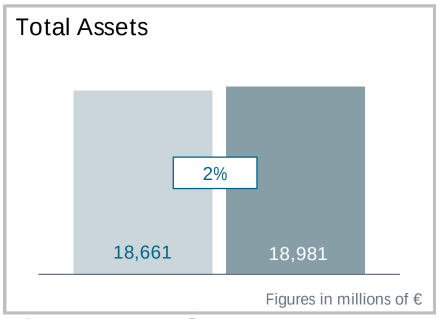
Growth strategy continues at Financial Services

SFS made a solid contribution to profit in the first quarter, with €110 million in income before income taxes compared to €117 million in the prior-year period. SFS also continued to successfully execute its growth strategy despite substantial early terminations of financings and negative currency translation effects. Total assets rose to €18.981 billion from €18.661 billion at the end of fiscal 2013.

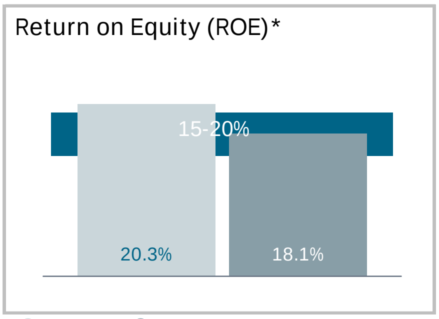


Q1 2013 Q1 2014 Actual change

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



Sept. 30, 2013 Dec. 31, 2013 Actual change



Q1 2013 Q1 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 €1.897 billion compared to €1.804 billion in the prior-year period

Corporate Activities

Corporate items and pensions

Corporate items and pensions reported a loss of €186 million in the first quarter compared to a loss of €166 million in the same period a year earlier. Within these figures, the loss at Corporate items was €88 million compared to a loss of €68 million the prior-year period. Centrally carried pension expense for the first quarter totaled €98 million, unchanged compared to the prior-year period.

Higher gains from real estate disposals

Income before income taxes at Siemens Real Estate (SRE) was €132 million in the first quarter compared to €45 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.

Higher results from Eliminations, Corporate Treasury and other reconciling items

Income before income taxes from Eliminations, Corporate Treasury and other reconciling items increased to €32 million from €20 million in the prior-year quarter. The improvement included higher interest income from liquidity at Corporate Treasury.

Outlook

We expect our markets to remain challenging in fiscal 2014. Our short-cycle businesses are not anticipating a 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 figures are 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.

Beginning today at 07:30 a.m. CET, the press conference at which CEO Joe Kaeser and CFO Dr. Ralf P. Thomas discuss the quarterly figures will be broadcast live at
www.siemens.com/pressconference.

Starting today at 08:30 a.m. CET, CEO Joe Kaeser and CFO Dr. Ralf P. Thomas will hold a telephone conference in English for analysts and investors, which can be followed live at
www.siemens.com/analystcall. Recordings of the press conference and the analysts and investors conference will subsequently be made available as well.

Starting today at 10:00 a.m. CET, we will also provide a live video webcast of Chairman of the Supervisory Board Dr. Gerhard Cromme's and CEO Joe Kaeser's speeches to the Annual Shareholders' Meeting at the Olympic Hall in Munich, Germany. You can access the webcast at www.siemens.com/press/agm. A video of the speeches will be available after the live webcast.

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 "expects," "looks forward to," "anticipates," "intends," "plans," "believes," "seeks," "estimates," "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 "Risks" of our most recent annual report prepared in accordance with the German Commercial Code, and in the chapter "Report on 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.