

For the business and financial press
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Strong growth and sharp increase in earnings in second quarter

Siemens successfully concludes Fit4More program and intends to maintain operating momentum

Siemens continued on its course of growth in the second quarter of fiscal 2007 and substantially increased its business volume. Revenue rose 10% to €20.626 billion, and orders increased 9% to €23.469 billion. The company also achieved strong earnings, with net income growing 36% to €1.259 billion and Group profit from Operations climbing 49% to €1.964 billion. Siemens successfully concluded its Fit4More program by achieving the profitability, growth and portfolio goals planned for April 2007.

“Our financial performance in the second quarter is the result of great teamwork in successfully executing our Fit4More program,” said Siemens CEO Klaus Kleinfeld. “We significantly strengthened our strongest businesses, better aligned the company to take full advantage of global demographic and urbanization trends, and reached or exceeded our margin targets at all Groups. Together these accomplishments are enabling us to outgrow the economy at a higher level of profitability. We look forward to maintaining the operating momentum we have built up in the first half of the fiscal year.”

Especially strong growth in the Power business

In a favorable macroeconomic environment, Siemens’ strengthened business portfolio generated substantial volume growth compared to the prior-year quarter. Revenue increased 10% year-over-year, to €20.626 billion, and orders of €23.469 billion were up 9% compared to the prior-year quarter. Excluding currency translation and portfolio effects, second-quarter revenue rose 13% and orders climbed 11%. The Groups in the power business area showed especially strong growth: At Power Generation, revenue climbed 25% and orders soared 54%; at Power Transmission and Distribution, revenue grew 17% and orders jumped 38%.

Europe excluding Germany was the primary driver of revenue growth, with a 16% increase. Germany expanded by 6%. Order growth was more balanced regionally, with double-digit increases in Europe, Asia-Pacific and the Americas.

Operations are main driver of income

In the second quarter of fiscal 2007, ended March 31, 2007, Siemens' net income rose to €1.259 billion, an increase of 36% compared to €923 million in the second quarter a year earlier. Basic earnings per share rose to €1.34 from €0.98 in the prior-year quarter, and diluted earnings per share increased to €1.28 from €0.98 a year earlier. Income from continuing operations was €1.396 billion, an increase of 56% compared to €897 million in the same period a year earlier.

The dominant driver of income growth was Group profit from Operations, which rose 49% year-over-year, to €1.964 billion. Every Group in Operations reached or exceeded its target profit margin in the second quarter and a majority delivered strong double-digit profit growth compared to the same period a year earlier. Automation and Drives (A&D) and Power Transmission and Distribution (PTD) hit new highs in quarterly Group profit on an absolute basis. Other leading earnings contributors included Medical Solutions (Med), Power Generation (PG), Siemens VDO Automotive (SV) and Osram. Improvement in Group profit from Operations year-over-year also included a positive result at Siemens Business Services (SBS), which posted a significant loss in the prior-year period primarily due to substantial severance charges.

Successful implementation of Fit4More

As planned, Siemens brought its Fit4More strategic program to a successful close in the second quarter. In addition to reaching or exceeding target margins throughout Operations and at SFS, Siemens also achieved Fit4More's April 2007 growth and portfolio goals. To deliver top-line growth at twice the rate of global expansion in gross domestic product, Siemens continued to invest for organic growth while making major acquisitions at its largest and most profitable Groups. For example, A&D increased its capabilities in large drives, gears, and software, PG added wind power and other clean energy offerings, and Med acquired a world-class in vitro diagnostics business.

Fit4More further focused Siemens' business portfolio goal by reorienting the Information and Communications businesses and Logistics and Assembly Systems Group. Among the notable results is a telecommunications infrastructure joint venture with Nokia, called Nokia Siemens Networks (NSN). This joint venture launched its operations on April 1, 2007. Other businesses were divested or discontinued, including the enterprise networks business which is held for sale.

Note: Starting today at 9:00 a.m. CEST, we will provide a live video webcast on the Internet of the semi-annual press conference with CEO Dr. Klaus Kleinfeld and CFO Joe Kaeser. You can access the webcast at www.siemens.com/pressconference. You will also be able to download the presentation. A video of the speeches will be available after the live webcast. Starting at 16:00 a.m. CEST, Siemens CEO Dr. Klaus Kleinfeld and CFO Joe Kaeser will hold a conference with analysts and investors. You can follow the conference live on the Internet by going to www.siemens.com/analystcall.

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