SIEMENS AKTIENGESELLSCHAFT
Form 6-K
May 03, 2013
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 6-K

Report of Foreign Private Issuer

Pursuant to Rule 13a-16 or 15d-16

of the Securities Exchange Act of 1934

May 3, 2013

Commission File Number: 1-15174

Siemens Aktiengesellschaft

(Translation of registrant s name into English)

Wittelsbacherplatz 2

80333 Munich

Federal Republic of Germany

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F x Form 40-F ¨

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Yes ¨ No x

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Yes ¨ No x

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes ¨ No x

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-

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Introduction

Siemens AG s Interim Report for the Siemens Group complies with the applicable legal requirements of the German Securities Trading Act (Wertpapierhandelsgesetz WpHG) regarding half-year financial reports, and comprises Condensed Interim Consolidated Financial Statements, an Interim group management report and a Responsibility statement in accordance with section 37w WpHG. The Condensed Interim Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations issued by the International Accounting Standards Board (IASB), as adopted by the European Union (EU). The Condensed Interim Consolidated Financial Statements also comply with IFRS as issued by the IASB. This Interim Report should be read in conjunction with our Annual Report for fiscal 2012, which includes a detailed analysis of our operations and activities.

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.

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KEY FIGURES Q2 AND FIRST SIX MONTHS OF FISCAL 2013[1,2]

unaudited; in millions of , except where otherwise stated

VOLUME								
			% Change		1st six months		% Change	
	Q2 2013	Q2 2012	Actual	Adjusted[3]	**2013**	2012	Actual	Adjusted[3]
Continuing operations								
Orders	**21,451**	17,880	20%	20%	**40,843**	37,689	8%	7%
Revenue	**18,011**	19,297	(7)%	(6)%	**36,157**	37,199	(3)%	(4)%

EARNINGS						
	Q2 2013	Q2 2012	% Change	**1st six months**		% Change
				2013	2012	
Total Sectors						
Adjusted EBITDA	**1,881**	2,412	(22)%	**4,032**	4,436	(9)%
Total Sectors profit	**1,374**	1,929	(29)%	**2,915**	3,530	(17)%
in % of revenue (Total Sectors)	**7.5%**	9.9%		**8.0%**	9.4%	
Continuing operations						
Adjusted EBITDA	**1,970**	2,635	(25)%	**4,213**	4,743	(11)%
Income from continuing operations	**982**	979	0%	**2,127**	2,265	(6)%
Basic earnings per share (in [4])	**1.14**	1.08	6%	**2.48**	2.53	(2)%
Continuing and discontinued operations						
Net income	**1,030**	938	10%	**2,243**	2,322	(3)%
Basic earnings per share (in [4])	**1.20**	1.03	16%	**2.61**	2.59	1%

CAPITAL EFFICIENCY				
	Q2 2013	Q2 2012	**1st six months 2013**	1st six months 2012
Continuing operations				
Return on capital employed (ROCE) (adjusted)	**12.7%**	13.3%	**13.9%**	15.7%

CASH PERFORMANCE				
	Q2 2013	Q2 2012	**1st six months 2013**	1st six months 2012
Continuing operations				
Free cash flow	**1,375**	532	**(58)**	(482)
Cash conversion rate	**1.40**	0.54	**(0.03)**	(0.21)
Continuing and discontinued operations				
Free cash flow	**1,335**	528	**(61)**	(676)
Cash conversion rate	**1.30**	0.56	**(0.03)**	(0.29)

LIQUIDITY AND CAPITAL STRUCTURE		
	March 31, 2013	September 30, 2012
Cash and cash equivalents	**7,892**	10,891
Total equity (Shareholders of Siemens AG)	**26,071**	30,855
Net debt	**14,509**	9,292
Adjusted industrial net debt	**7,728**	2,271

EMPLOYEES (IN THOUSANDS)				
	March 31, 2013		September 30, 2012	
	Continuing operations	**Total[6]**	Continuing operations	Total[6]
Employees	**366**	**405**	370	410
Germany	**119**	**129**	119	130
Outside Germany	**247**	**275**	251	280

1 Orders; Adjusted or organic growth rates of revenue and orders; Total Sectors profit; ROCE (adjusted); Free cash flow and cash conversion rate; Adjusted EBITDA; Net debt and adjusted industrial net debt are or may be non-GAAP financial measures. 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 our Investor Relations website under **WWW.SIEMENS.COM/NONGAAP**

2 January 1 March 31, 2013 and October 1, 2012 March 31, 2013.

3 Adjusted for portfolio and currency translation effects.

4 Basic earnings per share attributable to shareholders of Siemens AG. For fiscal 2013 and 2012 weighted average shares outstanding (basic) (in thousands) for the second quarter amounted to 843,504 and 877,749 and for the first six months to 844,516 and 876,585 shares, respectively.

5 Calculated by dividing adjusted industrial net debt as of March 31, 2013 and 2012 by annualized adjusted EBITDA.

6 Continuing and discontinued operations.

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INTERIM GROUP MANAGEMENT REPORT

OVERVIEW OF FINANCIAL RESULTS FOR THE SECOND QUARTER OF FISCAL 2013

(THREE MONTHS ENDED MARCH 31, 2013)

Orders for the second quarter rose 20% year-over-year, to 21.451 billion, due primarily to large orders. The book-to-bill ratio was 1.19, and Siemens order backlog increased to 101 billion at the end of the quarter.

Revenue for the second quarter was 18.011 billion, 7% below the prior-year level.

Total Sectors profit declined to 1.374 billion due primarily to lower profit in the Sectors Industry and Infrastructure & Cities.

Income from continuing operations increased slightly to 982 million. For comparison, the prior-year period included an equity investment loss of 640 million related to NSN.

Net income improved to 1.030 billion, including a positive contribution from discontinued operations. Corresponding basic earnings per share (EPS) was 1.20, up from 1.03 in the prior-year period, benefiting from share buybacks between the periods under review.

Free cash flow from continuing operations improved to 1.375 billion from 532 million in the second quarter a year ago.

At the end of the second quarter Siemens solar business no longer fulfilled the conditions to be classified as discontinued operations according to IFRS. It was therefore reclassified to continuing operations and its results are reported within the Energy Sector. Results for prior periods are presented on a comparable basis. Siemens still intends to exit the solar business.

Management s perspective on second-quarter results. Results for the second quarter showed a mixed picture. While we were able to clearly increase orders, we still have challenges regarding revenue and profit. Even more we are focusing on the factors that lie in our own hands: we are rigorously executing our company-wide productivity improvement program Siemens 2014.

Double-digit order growth, book to bill above 1. While macroeconomic conditions remained challenging in the second quarter, Siemens won major long-cycle contracts for wind power and trains that drove a 20% increase in orders year-over-year. In contrast, revenue came in 7% lower compared to the prior-year period. On a comparable basis, excluding currency translation and portfolio effects, revenue was 6% lower. The book-to-bill ratio for Siemens was 1.19, the order backlog (defined as the sum of the order backlogs of the Sectors) increased to 101 billion.

Broad-based revenue decline. Weaker investment sentiment in recent quarters was evident in second-quarter revenue, which declined in all Sectors and reporting regions. On a regional basis, revenue declined significantly in the Americas and moderately in the region comprising Europe, the Commonwealth of Independent States (C.I.S.), Africa and the Middle East and in the Asia, Australia region. Revenue in emerging markets (according to the International Monetary Fund s definition of Emerging Market and Developing Economies) on a global basis declined 4% year-over-year, and accounted for 5.938 billion, or 33%, of total revenue for the second quarter.

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Orders climb on large contract wins in Europe. The Sectors Energy and Infrastructure & Cities both won a pair of major orders in the region Europe, C.I.S., Africa, Middle East that drove their double-digit order increases compared to the prior-year period. Healthcare showed moderate order growth year-over-year, while orders fell at Industry on weaker demand for its short-cycle businesses and renewable energy offerings. On a geographic basis, Europe, C.I.S., Africa, Middle East and the Americas showed double-digit increases due to higher volumes from large orders. Emerging markets on a global basis grew faster than orders overall, at 24% year-over-year, and accounted for 6.795 billion, or 32%, of total orders for the quarter.

Profit declines at Industry, Infrastructure & Cities. Total Sectors profit declined to 1.374 billion from 1.929 billion in the second quarter a year earlier. Industry profit declined to 350 million from 662 million a year earlier, due mainly to more challenging market conditions for its short-cycle businesses. Profit in Infrastructure & Cities fell to 27 million from 270 million a year earlier, due largely to charges of 161 million related to high-speed rail projects. Energy delivered 551 million in profit, down 4% compared to the prior-year period. Charges related to grid connection projects totaled 84 million in the second quarter compared to 278 million a year earlier. Healthcare contributed 445 million in profit, up 5% year-over-year.

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Total Sectors profit included charges of 104 million for the Siemens 2014 program: 49 million in Industry, 23 million in Infrastructure & Cities, 20 million in Energy, and 13 million in Healthcare. The program is expected to generate substantially higher charges in the second half of the fiscal year.

Stable income from continuing operations. Income from continuing operations of 982 million was slightly above the prior-year level, as lower Total Sectors profit was offset by improvements outside the Sectors. Above all, Equity Investments posted a profit of 8 million in the current quarter compared to a loss of 594 million a year earlier. Basic EPS from continuing operations rose to 1.14 from 1.08 a year earlier, benefiting from share buybacks between the periods under review.

Discontinued operations turns positive. Second-quarter net income was up 10%, at 1.030 billion. Corresponding EPS rose 17%, to 1.20 from 1.03 in the prior-year period, due to share buybacks as mentioned above. The increase in net income was due primarily to discontinued operations, which contributed 48 million in the current period. A year earlier, discontinued operations posted a loss of 41 million, due mainly to a burden of 142 million (pretax) from a settlement related to Greece. Income from discontinued operations related to Siemens IT Solutions and Services in the current period was a negative 9 million compared to a positive 42 million a year earlier. Income from discontinued operations related to OSRAM rose to 57 million, up from 25 million a year ago. OSRAM reported a 3% decline in revenue compared to the second quarter a year ago (0% decline on an organic basis).

At the Annual Shareholders Meeting of Siemens AG on January 23, 2013, Siemens shareholders approved the previously proposed spin-off of OSRAM. Siemens plans to retain a 17.0% stake in OSRAM after the spin-off and will additionally contribute a 2.5% stake to the Siemens Pension Trust e.V. Based on the shareholders approval Siemens recognized a spin-off liability amounting to 2.6 billion. The spin-off liability reflects 80.5% of the fair value of OSRAM and reduces retained earnings at the same amount.

During the second quarter of fiscal 2013, an action for annulment and voidance was brought against the OSRAM spin-off resolution of the Annual Shareholders Meeting, blocking its registration into the German Commercial registers in Berlin and Munich. As part of a so-called judicial release procedure, Siemens filed a motion with the Munich Higher Regional Court to remove the blocking. After the end of the second quarter, the Court approved Siemens motion. Siemens is continuing to take appropriate steps to complete the spin-off as approved and expects a public listing of OSRAM Licht AG in July 2013. For further information on OSRAM, see Notes 2 and 17 in Notes to Condensed Interim Consolidated Financial Statements.

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Strong improvement in Free cash flow. Free cash flow from continuing operations was 1.375 billion, up strongly from 532 million in the same period a year ago, due primarily to an improved cash performance at the Sector level. The main component of Free cash flow from continuing operations in the second quarter was Income from continuing operations. Cash inflows related to the decrease in operating net working capital were 0.4 billion, including customer payments received particularly in Energy.

Siemens again took advantage of extraordinarily favorable conditions to raise new long-term debt. The total amount raised was 3.5 billion, denominated in both euros and the U.S. dollar, with maturities ranging from 2018 to 2028. The new debt raised was partly offset by the redemption of bonds totaling 2 billion. Another major cash outflow during the second quarter was 2.5 billion for dividend payments. All these cash flows were financing activities and therefore not part of Free cash flow.

ROCE declines on higher average capital employed. On a continuing basis, ROCE (adjusted) decreased to 12.7%, compared to 13.3% a year earlier. The difference was due to average capital employed, which increased compared to the prior-year period while income from continuing operations was nearly unchanged.

Pension plan underfunding remains largely unchanged. The estimated underfunding of Siemens pension plans as of March 31, 2013 amounted to 9.0 billion, compared to an underfunding of 8.9 billion at the end of the first quarter.

Solar business reclassified as continuing operations. At the end of the second quarter of fiscal 2013, Siemens solar business no longer fulfilled the conditions to be classified as discontinued operations according to IFRS. The business therefore was reclassified to continuing operations and is reported within the Energy Sector. Prior-period results are presented on a comparable basis.

In fiscal 2012, orders and revenue of the business were 50 million and 199 million, respectively; it posted a pretax loss of 259 million. In the first quarter of fiscal 2013, the business recorded a pretax loss of 157 million, which included an impairment charge of 115 million. In the second quarter of fiscal 2013, the pretax loss amounted to 21 million.

Siemens still intends to exit the solar business, and expects a total negative impact on income from continuing operations of approximately 0.3 billion from this portfolio matter in fiscal 2013.

RESULTS OF SIEMENS FOR THE SIX MONTHS ENDED MARCH 31, 2013

Orders and revenue

While macroeconomic conditions remained challenging in the first six months, Siemens won major long-cycle contracts for wind power and trains that drove an 8% increase in orders year-over-year. In contrast, revenue came in 3% lower compared to the prior-year period. On an adjusted basis, excluding currency translation and portfolio effects, first-half orders increased 7% and revenue came in 4% lower compared to the same period a year earlier. The book-to-bill ratio for Siemens was 1.13, and the order backlog increased to 101 billion.

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	Orders (location of customer)					
	Six months ended March 31,		% Change		therein	
	2013	2012	Actual	Adjusted[1]	Currency	Portfolio
	(in millions of)					
Europe, C.I.S.[2], Africa, Middle East	22,907	19,409	18%	17%	0%	1%
therein Germany	*6,787*	*5,128*	*32%*	*32%*	*0%*	*0%*
Americas	10,828	10,789	0%	(1)%	1%	1%
therein U.S.	*6,980*	*8,084*	*(14)%*	*(15)%*	*1%*	*0%*
Asia, Australia	7,108	7,490	(5)%	(6)%	0%	0%
therein China	*2,997*	*2,777*	*8%*	*6%*	*2%*	*0%*
Siemens	**40,843**	**37,689**	**8%**	**7%**	**0%**	**0%**

(1) Excluding currency translation and portfolio effects.

(2) Commonwealth of Independent States.

Orders related to external customers increased 8% compared to the prior-year period. The Sectors Energy and Infrastructure & Cities both won a number of major orders in the region Europe, C.I.S., Africa, Middle East that drove their double-digit order increases compared to the prior-year period. Healthcare showed slight order growth year-over-year, while orders fell in Industry on weaker demand for its short-cycle businesses and renewable energy offerings.

In the region **Europe, C.I.S., Africa, Middle East,** six-month orders increased significantly driven by double-digit increases at Energy and Infrastructure & Cities, due to higher volumes from large orders. Orders were stable year-over-year in the **Americas**, where a double-digit increase at Energy, primarily due to large orders, was nearly offset by declines in the other Sectors. In the region **Asia, Australia,** Infrastructure & Cities showed a double-digit increase and Healthcare orders increased clearly in the current six months. This growth was more than offset by double-digit order decline in Energy and a clear decline in Industry in the region. Emerging markets on a global basis grew faster than orders overall, at 9% year-over-year, and accounted for 13.829 billion, or 34%, of total orders for the first six months of fiscal 2013.

	Revenue (location of customer)					
	Six months ended March 31,		% Change		therein	
	2013	2012	Actual	Adjusted[1]	Currency	Portfolio
	(in millions of)					
Europe, C.I.S.[2], Africa, Middle East	18,937	19,388	(2)%	(3)%	0%	0%
therein Germany	*5,101*	*5,429*	*(6)%*	*(6)%*	*0%*	*0%*
Americas	10,283	10,645	(3)%	(4)%	1%	0%
therein U.S.	*7,227*	*7,821*	*(8)%*	*(9)%*	*1%*	*0%*
Asia, Australia	6,936	7,165	(3)%	(4)%	0%	0%
therein China	*2,678*	*2,801*	*(4)%*	*(6)%*	*1%*	*0%*
Siemens	**36,157**	**37,199**	**(3)%**	**(4)%**	**0%**	**0%**

(1) Excluding currency translation and portfolio effects.

(2) Commonwealth of Independent States.

Revenue related to external customers declined 3% compared to the prior-year period. Weaker investment sentiment in recent quarters was evident in six-month revenue, which declined in three of the four Sectors. Healthcare revenue was level compared to the prior-year period.

Revenue declined slightly in **Europe, C.I.S., Africa, Middle East** and moderately in the **Americas**, on declines in all Sectors. Revenue declined 3% in the **Asia, Australia** region, as clear growth at Healthcare was more than offset by declines in the other Sectors. Emerging markets on a global basis were level year-over-year, and accounted for 11.905 billion, or 33%, of total revenue for the first six months.

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Consolidated Statements of Income

	Six months ended March 31, 2013	2012	% Change
	(in millions of)		
Gross profit	10,285	10,636	(3)%
as percentage of revenue	*28.4%*	*28.6%*	
Research and development expenses	(2,042)	(2,054)	1%
as percentage of revenue	*5.6%*	*5.5%*	
Marketing, selling and general administrative expenses	(5,398)	(5,253)	(3)%
as percentage of revenue	*14.9%*	*14.1%*	
Other operating income	200	224	(11)%
Other operating expense	(192)	(130)	(48)%
Income (loss) from investments accounted for using the equity method, net	164	(366)	n/a
Interest income	458	469	(2)%
Interest expense	(375)	(386)	3%
Other financial income (expense), net	(70)	19	n/a
Income from continuing operations before income taxes	3,030	3,159	(4)%
Income taxes	(903)	(893)	(1)%
as percentage of income from continuing operations before income taxes	*30%*	*28%*	
Income from continuing operations	**2,127**	**2,265**	**(6)%**
Income from discontinued operations, net of income taxes	**116**	**56**	**106%**
Net income	**2,243**	**2,322**	**(3)%**
Net income attributable to non-controlling interests	37	52	
Net income attributable to shareholders of Siemens AG	2,207	2,270	(3)%

Income from continuing operations was 2.127 billion in the first six months of fiscal 2013, compared to 2.265 billion in the same period a year earlier. The Sectors Energy and Healthcare recorded substantially lower charges related to projects and Agenda 2013 year-over-year, partially offset by higher project charges in Infrastructure & Cities. These charges are mostly included in cost of goods sold and services rendered and, accordingly, in gross profit. Gross profit was held back by lower capacity utilization at Industry as well as pricing pressure and a less favorable business mix in a number of Siemens businesses. The current period also included effects in all Sectors totaling 152 million related to the Siemens 2014 program.

Income from investments accounted for using the equity method, net was 164 million in the first six months of fiscal 2013, compared to a loss of 366 million in the same period a year earlier. The major factor in the swing was Siemens equity investment result related to Nokia Siemens Networks B.V. (NSN), which was a loss of 11 million in the current six months compared to a loss of 641 million in the same period a year earlier. For comparison, the prior-year amount also benefited from a gain of 78 million on the sale of a portion of Financial Services (SFS) stake in Bangalore International Airport Limited.

In addition, the same period a year earlier included a gain of 87 million from the sale of Siemens 25% interest in OAO Power Machines, which was recognized in Other financial income (expense), net.

As a result of the developments described above, Income from continuing operations before income taxes decreased 4%. The effective tax rate was 30% in the current reporting period, compared to 28% in the same period a year earlier.

Income from discontinued operations, net of income taxes in the first six months of fiscal 2013 was 116 million, compared to 56 million in the first six months of fiscal 2012. The prior-year amount included a burden of 142 million (pretax) from a settlement related to Greece. Results for OSRAM were 136 million (after tax) in both periods. For additional information on discontinued operations, see Note 2 in Notes to Condensed Interim Consolidated Financial Statements.

As a result, **net income** for Siemens was 3% lower than in the same period a year earlier. Net income attributable to shareholders of Siemens AG decreased to 2.207 billion.

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Portfolio activities

At the beginning of January 2013, Siemens acquired all of the shares in LMS International NV, Belgium, a leading provider of mechatronic simulation solutions. With the acquisition, which will be integrated in the Industry Sector s Industry Automation Division, Siemens intends to expand and complement the Industry Sector s product lifecycle management portfolio with mechatronic simulation and testing software. The preliminary purchase price amounts to 702 million (including 32 million cash acquired).

At the beginning of May 2013, after the end of the second quarter of fiscal 2013, Siemens acquired all the shares of six entities constituting the rail automation business of Invensys plc., U.K. (Invensys). With the acquisition, which will be integrated in the Infrastructure & Cities Sector s Mobility and Logistics Division, Siemens intends to expand and complement the Infrastructure & Cities Sector s rail automation business. The preliminary purchase price amounts to 2.0 billion, including 0.5 billion paid to the Invensys Pension Trust.

For further information on portfolio activities, see Notes 2 and 17 in Notes to Condensed Interim Consolidated Financial Statements.

SEGMENT INFORMATION ANALYSIS FOR THE SIX MONTHS ENDED MARCH 31, 2013

Energy Sector

In fiscal 2012, the markets served by Energy declined significantly below the levels of fiscal 2011 due to a weaker economic environment in key regions, governmental austerity measures, and overcapacities within the renewable industry. The situation is expected to improve in fiscal 2013, particularly for fossil power, wind power and transmission, enabling the energy market to again approach the levels of fiscal 2011. Price pressure will remain fierce, and further consolidation is expected.

The market for gas-fired power plants is supported by the increasing use of shale gas in the U.S. and further growth from China, while European markets remain weak. The markets in the Middle East and Africa are expected to show a decline due to a high basis of comparison in Saudi Arabia from fiscal 2012 and ongoing turmoil in other countries. Oil & Gas markets remain strong particularly in the upstream segment (exploration and production), and with regard to liquefied natural gas infrastructure. Wind power markets are showing recovery, in particular due to offshore wind projects tendered in fiscal 2013. Extension of the production tax credit for renewable energy in the U.S. supports growth in the global onshore wind market. There is continued need for grid expansion particularly in emerging markets, for integration of offshore wind projects in Europe, and for modernization of aged infrastructure. These factors support growth in the transmission market in fiscal 2013 compared to fiscal 2012.

Sector	Six months ended March 31, 2013	2012	% Change Actual	Adjusted[1]	therein Currency	Portfolio
	(in millions of)					
Profit	961	1,054	(9)%			
Profit margin	7.7%	8.1%				
Orders	15,835	12,998	22%	21%	0%	1%
Revenue	12,562	13,064	(4)%	(5)%	1%	1%

(1) Excluding currency translation and portfolio effects.

Energy profit came in at 961 million for the first six months of fiscal 2013, down 9% year-over-year. Fossil Power Generation contributed lower earnings than a year earlier, but still accounted for most of the Sector s profit and was the highest profit performer among all Siemens Divisions. Profit at Oil & Gas declined due mainly to charges related to Iran, while Wind Power s profit was unchanged year-over-year. Power Transmission substantially narrowed its loss compared to the prior-year period, due to lower project charges year-over-year. The solar business, which was reclassified to continuing operations in the second quarter and is reported within Energy, posted a loss of 178 million compared to a loss of 47 million in the same period a year earlier. Energy recorded 40 million in charges under the previously announced Siemens 2014 program.

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Revenue declined 4% compared to the prior-year period on decreases in all Divisions and all three reporting regions. In contrast, orders came in 22% higher compared to the prior-year period. Order intake more than doubled at Wind Power compared to the prior-year period, due mainly to a higher volume from large orders, and Fossil Power Generation contributed 11% growth. Oil & Gas and Power Transmission saw their orders fall compared to the first six months a year earlier. The regional picture for orders was mixed. Order intake increased sharply in Europe, C.I.S., Africa, Middle East, due mainly to the higher volume from large orders at Wind Power mentioned above. Order intake was significantly higher in the Americas, while orders declined significantly in the Asia, Australia region. The book-to-bill ratio for Energy was 1.26, and its order backlog was 58 billion at the end of the period.

Businesses	**Orders**					
	Six months ended March 31,		**% Change**		**therein**	
	2013	**2012**	**Actual**	**Adjusted(1)**	**Currency**	**Portfolio**
	(in millions of)					
Fossil Power Generation	5,894	5,294	11%	10%	1%	0%
Wind Power	4,451	2,109	111%	111%	0%	0%
Oil & Gas	2,568	2,603	(1)%	(6)%	1%	4%
Power Transmission	2,807	3,113	(10)%	(10)%	0%	0%

(1) Excluding currency translation and portfolio effects.

Businesses	**Revenue**					
	Six months ended March 31,		**% Change**		**therein**	
	2013	**2012**	**Actual**	**Adjusted(1)**	**Currency**	**Portfolio**
	(in millions of)					
Fossil Power Generation	5,029	5,473	(8)%	(9)%	1%	0%
Wind Power	2,183	2,193	0%	(1)%	1%	0%
Oil & Gas	2,522	2,523	0%	(5)%	1%	4%
Power Transmission	2,891	2,944	(2)%	(2)%	0%	0%

(1) Excluding currency translation and portfolio effects.

Businesses	**Profit**			**Profit margin**	
	Six months ended March 31,			**Six months ended March 31,**	
	2013	**2012**	**% Change**	**2013**	**2012**
	(in millions of)				
Fossil Power Generation	937	1,082	(13)%	18.6%	19.8%
Wind Power	105	105	1%	4.8%	4.8%
Oil & Gas	149	221	(33)%	5.9%	8.8%
Power Transmission	(65)	(314)	79%	(2.2)%	(10.7)%

Fossil Power Generation generated profit of 937 million in the first six months of fiscal 2013, including a strong contribution from the service business. Reported profit of 1.082 billion in the same period a year earlier included an 87 million gain on the Division s divestment of its joint venture stake in OAO Power Machines, partly offset by 51 million in charges related to the Olkiluoto project in Finland. Revenue was 8% lower year-over-year, resulting mainly from declining order intake for turnkey projects in prior quarters. Double digit revenue declines in the Europe, C.I.S., Africa, Middle East region and Asia, Australia were only partly offset by an increase in the Americas. Order intake was up 11%, driven by a number of large orders including a combined-cycle power plant in Germany, which took orders up substantially in Europe, C.I.S., Africa, Middle East. Orders were up significantly in the Americas, while the Asia, Australia region posted a substantial decrease.

Profit at **Wind Power** of 105 million was unchanged year-over-year. Revenue was close to the prior-year level as a substantial decline in the Americas was almost offset by increases in Europe, C.I.S., Africa, Middle East and Asia, Australia. Order intake more than doubled year-over-year, due mainly to a much higher volume from large orders, which included several large offshore wind-farms in Europe, C.I.S., Africa, Middle East.

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Profit at **Oil & Gas** in the first six months of the fiscal year was down substantially from the prior-year period, due in part to 46 million in charges in the first quarter resulting from compliance with newly enacted sanctions on Iran, primarily on its oil and gas industries. Revenue, including its regional distribution, was almost unchanged from the same period a year earlier. In contrast, order intake was mixed as increases in Europe, C.I.S., Africa, Middle East and the Americas offset a decline in Asia, Australia.

Power Transmission sharply reduced its loss in the first six months of the fiscal year compared to a year earlier. The Division took 111 million in project charges related mainly to grid connections to offshore wind-farms, compared to 481 million in charges in the prior-year period. Profit development in the current period was held back by margin impacts related to these projects and by conversion of orders booked in prior periods with significant pricing pressure. The prior-year amount benefited from the release of a provision of 64 million related to successful project completion. Six-month revenue was down 2% year-over-year as a clear decline in Europe, C.I.S., Africa, Middle East was partly offset by a significant increase in the Americas. Orders came in 10% lower compared to the prior-year period, due in part to more selective order intake in Europe, C.I.S., Africa, Middle East. This was partly offset by a sharp order increase in the Americas. The Division expects continuing challenges in coming quarters, including the transport and installation of platforms for grid connections to certain offshore wind-farms.

Healthcare Sector

Emerging markets continue to be a growth driver, as they seek to build up healthcare infrastructure and to provide ubiquitous access to modern medical technology. Countries in the developed world seek to slow the growth of spending associated with providing high levels of care, for example through outcome-based models. On balance this is expected to keep markets for Healthcare level in the second half of fiscal 2013.

Sector	Six months ended March 31,		% Change		therein	
	2013	2012	Actual	Adjusted[1]	Currency	Portfolio
	(in millions of)					
Profit	948	788	20%			
Profit margin	14.5%	12.1%				
Orders	6,616	6,530	1%	1%	0%	0%
Revenue	6,530	6,513	0%	0%	0%	0%

(1) Excluding currency translation and portfolio effects.

For the first six months of fiscal 2013, profit in the **Healthcare** Sector rose to 948 million, led by earnings performances in its imaging and therapy systems businesses. Profit development benefited from lower charges associated with the Sector s ongoing Agenda 2013 initiative compared to the prior-year period, as well as improvements in cost position resulting from the initiative. The charges totaled 22 million in the current period, compared to 110 million in the first half a year earlier. Effective January 1, 2013, results for Healthcare include an excise tax on medical devices which was introduced in the U.S., and affects most businesses in the Sector.

Diagnostics contributed 195 million to Sector profit, up strongly from 134 million in the prior-year period. Profit development followed the pattern for the Sector overall, including lower charges and improvements in cost position associated with Agenda 2013. In particular, the charges fell to 12 million from 56 million in the prior-year period. Purchase price allocation (PPA) effects related to past acquisitions at Diagnostics remained unchanged compared to the first half a year earlier, at 85 million.

Healthcare revenue was nearly unchanged year-over-year, while orders increased slightly compared to the prior-year period. On a regional basis, clear revenue and order growth from Asia, Australia was nearly offset by lower revenue and orders in Europe, C.I.S., Africa, Middle East and the Americas. The book-to-bill ratio was 1.01, and Healthcare s order backlog was 7 billion at the end of the first six months.

The Diagnostics business increased its revenue slightly to 1.924 billion in the first half of fiscal 2013, up from 1.901 billion in the prior-year period, driven by growth in emerging markets.

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Industry Sector

Overall, Industry s customers have taken a cautious approach to capital expenditures in recent quarters due to slack demand in developed economies and slowing growth in emerging and developing economies. This is expected to continue throughout fiscal 2013, especially in the periphery of Europe and in China. Providers of renewable energy solutions are also retrenching due to governmental austerity measures and overcapacities within the renewable energy industry.

Sector	Six months ended March 31, 2013	2012	% Change Actual	Adjusted(1)	therein Currency	Portfolio
	(in millions of)					
Profit	849	1,218	(30)%			
Profit margin	9.2%	12.5%				
Orders	9,132	10,045	(9)%	(10)%	0%	1%
Revenue	9,252	9,772	(5)%	(6)%	0%	0%

(1) Excluding currency translation and portfolio effects.

In the first six months of fiscal 2013, the market environment for **Industry** was clearly more challenging than a year earlier. This was particularly evident for the Sector s short-cycle businesses and renewable energy offerings. Due mainly to lower capacity utilization and a less favorable business mix, profit at Industry declined to 849 million in the first half of fiscal 2013. Profit in the current quarter was also burdened by 57 million in charges under the Siemens 2014 program.

Revenue and orders for Industry in the first half were down 5% and 9%, respectively, including declines across its Divisions and metals technologies business. On a geographic basis, revenue and orders declined in all three reporting regions, including double-digit declines in orders in the Americas and in Europe, C.I.S., Africa, Middle East. The Sector s book-to-bill ratio was 0.99 and its order backlog at the end of the first half of fiscal 2013 was 11 billion.

Businesses	Orders					
	Six months ended March 31, 2013	2012	% Change Actual	Adjusted(1)	therein Currency	Portfolio
	(in millions of)					
Industry Automation	4,423	4,871	(9)%	(11)%	0%	1%
Drive Technologies	4,483	4,808	(7)%	(7)%	1%	0%

(1) Excluding currency translation and portfolio effects.

Businesses	Revenue					
	Six months ended March 31, 2013	2012	% Change Actual	Adjusted(1)	therein Currency	Portfolio
	(in millions of)					
Industry Automation	4,399	4,583	(4)%	(5)%	0%	1%
Drive Technologies	4,277	4,584	(7)%	(7)%	0%	0%

(1) Excluding currency translation and portfolio effects.

Businesses	**Profit**			**Profit margin**	
	Six months ended March 31,			**Six months ended March 31,**	
	2013	**2012**	**% Change**	**2013**	**2012**
	(in millions of)				
Industry Automation	508	658	(23)%	11.6%	14.4%
Drive Technologies	316	474	(33)%	7.4%	10.3%

In the first half of fiscal 2013, profit at **Industry Automation** fell to 508 million from 658 million a year earlier, as lower sales reduced capacity utilization and resulted in a less favorable revenue mix compared to the prior-year period. Revenue and orders were down 4% and 9%, respectively, including declines in all three reporting regions. PPA effects related to the acquisition of UGS Corp. in fiscal 2007 were 75 million in the

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current six months compared to 71 million a year earlier. PPA effects related to long-lived assets from the acquisition of LMS beginning in the second quarter of fiscal 2013 were 11 million. Effects from deferred revenue adjustments and inventory step-ups totaled an additional 14 million in the second quarter of fiscal 2013. Based on current assumptions, similar amounts per quarter are expected in the second half of fiscal 2013.

Profit at **Drive Technologies** declined to 316 million in the current period, down from 474 million a year earlier. This decline was due mainly to deteriorating market conditions for the Division s higher-margin short-cycle businesses and offerings for renewable energy year-over-year. First-half revenue and orders were down 7%. The decline in revenue was due mainly to the Asia, Australia and the Europe, C.I.S., Africa, Middle East regions while the decline in orders was due mainly to weak demand from the Americas and Europe, C.I.S., Africa, Middle East.

Infrastructure & Cities Sector

The markets for most of the Infrastructure & Cities Sector s businesses are growing slowly due in part to governmental austerity measures and weak or slowing macroeconomic growth, particularly in Europe. Large projects in the rolling stock market may have low margins. Markets for low and medium voltage products and smart grids are expected to remain depressed in large parts of Europe in coming quarters. The U.S. non-residential construction markets are expected to stabilize in the second half of fiscal 2013.

Sector	**Six months ended March 31,**		**% Change**		**therein**	
	2013	**2012**	**Actual**	**Adjusted(1)**	**Currency**	**Portfolio**
	(in millions of)					
Profit	155	470	(67)%			
Profit margin	1.9%	5.7%				
Orders	9,574	8,575	12%	11%	1%	0%
Revenue	8,202	8,312	(1)%	(2)%	0%	0%

(1) Excluding currency translation and portfolio effects.

First-half profit at **Infrastructure & Cities** was 155 million, down sharply from 470 million a year earlier. This was due mainly to the Transportation & Logistics Business, which recorded project charges of 277 million related mainly to high-speed trains. For comparison, a year earlier charges related to these matters in the first six months were sharply lower at 69 million. Profit development in the current period was also held back by 32 million in charges related to the Siemens 2014 program. Lower profit at Building Technologies was more than offset by an improvement at Power Grid Solutions & Products year-over-year.

Revenue came in slightly below the prior-year level as higher revenue at Power Grid Solutions & Products was more than offset by revenue declines at Transportation & Logistics and Building Technologies. Orders were driven by Transportation & Logistics with a sharply higher volume from major orders year-over-year. On a geographic basis, revenue declined in the Asia, Australia region while it remained nearly stable year-over-year in the other two reporting regions. Order growth was double-digit in the regions Asia, Australia and Europe, C.I.S., Africa, Middle East. The Sector s book-to-bill ratio was 1.17 and its order backlog at the end of the first half of fiscal 2013 was 25 billion.

Businesses	**Orders**					
	Six months ended March 31,		**% Change**		**therein**	
	2013	**2012**	**Actual**	**Adjusted(1)**	**Currency**	**Portfolio**
	(in millions of)					
Transportation & Logistics	3,713	2,891	28%	28%	0%	0%
Power Grid Solutions & Products	3,169	3,047	4%	3%	1%	0%
Building Technologies	2,823	2,805	1%	0%	1%	0%

(1) Excluding currency translation and portfolio effects.

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Businesses	Revenue					
	Six months ended March 31,		% Change		therein	
	2013	2012	Actual	Adjusted(1)	Currency	Portfolio
	(in millions of)					
Transportation & Logistics	2,686	2,808	(4)%	(5)%	0%	0%
Power Grid Solutions & Products	2,878	2,813	2%	2%	0%	0%
Building Technologies	2,777	2,812	(1)%	(2)%	1%	0%

(1) Excluding currency translation and portfolio effects.

Businesses	Profit			Profit margin	
	Six months ended March 31,			Six months ended March 31,	
	2013	2012	% Change	2013	2012
	(in millions of)				
Transportation & Logistics	(210)	102	n/a	(7.8)%	3.6%
Power Grid Solutions & Products	198	183	9%	6.9%	6.5%
Building Technologies	152	162	(6)%	5.5%	5.8%

The **Transportation & Logistics** Business posted a loss of 210 million in the first half of fiscal 2013 compared to a profit of 102 million a year earlier. The change was due mainly to higher project charges, particularly related to high-speed trains, which primarily involved delays related to receiving certification for new trains. The charges totaled 277 million in the current six months, compared to 69 million in the prior-year period. In addition, the revenue mix was less favorable due to lower margins associated with large long-term contracts from prior periods. Revenue declined moderately while orders rose substantially, benefiting from a sharply higher volume from major orders year-over-year. The Transportation & Logistics Business expects continuing challenges in coming quarters related to fulfillment of certain contracts for high-speed rail projects.

The **Power Grid Solutions & Products** Business increased its profit for the first six months of the fiscal year by 9% year-over-year, to 198 million. Major factors in the improvement included successful implementation of productivity measures. A revenue increase of 2% year-over-year included higher revenue in the Americas and Asia, Australia, only partly offset by a slight decline in Europe, C.I.S., Africa, Middle East. Order growth of 4% year-over-year was supported by higher demand in Europe, C.I.S., Africa, Middle East and Asia, Australia, which more than offset a slight decline in the Americas.

Profit at **Building Technologies** came in at 152 million, a 6% decrease compared to the prior-year period. Revenue was down 1% year-over-year, as growth in Asia, Australia was more than offset by declines in the other two reporting regions. Orders were up slightly on growth in all reporting regions.

Equity Investments

Equity Investments posted a profit of 143 million in the first half of fiscal 2013, compared to a loss of 519 million a year earlier. This improvement was due mainly to a substantially smaller loss related to Siemens share in NSN. The loss was 11 million in the first half of fiscal 2013 compared to a loss of 641 million in the prior-year period. NSN reported to Siemens that in the first six months of fiscal 2013 it took 386 million in restructuring charges and other associated items, including net charges related to country and contract exits. Restructuring charges and other associated items totaled 795 million in the same period a year earlier. Results from equity investments are expected to be volatile in coming quarters.

Financial Services (SFS)

	Six months ended March 31,		
	2013	2012	% Change
	(in millions of)		
Income before income taxes	230	274	(16)%

	March 31, 2013	September 30, 2012	
Total assets	17,872	17,405	3%

SFS continued to execute its growth strategy. Higher total assets year-over-year helped generate a higher interest result compared to the first half a year ago. For comparison the prior-year period included a 78 million

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gain on the sale of a portion of SFS s stake in Bangalore International Airport Limited. As a result, profit (defined as income before income taxes) came in at 230 million compared to 274 million in the prior-year period. Total assets rose to 17.872 billion, a moderate increase from the level at the beginning of the fiscal year.

Reconciliation to Consolidated Financial Statements

Reconciliation to Consolidated Financial Statements includes Centrally managed portfolio activities, Siemens Real Estate and various categories of items which are not allocated to the Sectors and to SFS because Management has determined that such items are not indicative of their respective performance.

Centrally managed portfolio activities

Centrally managed portfolio activities reported a profit of 23 million in the first six months of fiscal 2013, compared to 6 million in the same period a year earlier.

Siemens Real Estate

Income before income taxes at **Siemens Real Estate** was 43 million in the first six months of fiscal 2013, compared to 5 million in the same period a year earlier. This increase was attributable mainly to significantly higher income related to the disposal of real estate.

Corporate items and pensions

Corporate items and pensions reported a loss of 318 million in the first six months of fiscal 2013 compared to a loss of 154 million in the same period a year earlier. The loss at Corporate items was 114 million, compared to a positive 35 million in the same period a year earlier. The prior-year period included positive effects related to legal and regulatory matters. Centrally carried pension expense totaled 205 million in the first six months of fiscal 2013, compared to 189 million in the same period a year earlier.

Eliminations, Corporate Treasury and other reconciling items

Income before income taxes from **Eliminations, Corporate Treasury and other reconciling items** was a negative 5 million in the first six months of fiscal 2013, compared to a positive 17 million in the same period a year earlier. The decrease year-over-year included lower results from Corporate Treasury activities, due mainly to lower interest income from liquidity compared to the prior-year period.

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Reconciliation to adjusted EBITDA (continuing operations)

The following table gives additional information on topics included in Profit and Income before income taxes and provides a reconciliation to adjusted EBITDA based on continuing operations.

For the six months ended March 31, 2013 and 2012 (in millions of)

	Profit[1]		Income (loss) from investments accounted for using the equity method, net[2]		Financial income (expense), net[3]		Adjusted EBIT[4]		Amortization[5]		Depreciation and impairments of property, plant and equipment and goodwill[6]		Adjusted EBITDA		Adjusted EBITDA margin	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
Sectors																
Energy Sector	**961**	**1,054**	**(67)**	**28**	**(15)**	**70**	**1,043**	**956**	**56**	**41**	**218**	**183**	**1,317**	**1,180**	**10.5%**	**9.0%**
therein:																
Fossil Power Generation	937	1,082	20	17	(7)	75	925	989	10	10	68	65	1,002	1,064		
Wind Power	105	105	(7)	3	(3)	(4)	115	106	15	12	45	39	175	157		
Oil & Gas	149	221			(2)	(2)	151	224	25	14	39	32	215	270		
Power Transmission	(65)	(314)	10	15	(5)	(1)	(70)	(328)	7	5	50	43	(13)	(280)		
Healthcare Sector	**948**	**788**	**4**	**4**	**4**	**(11)**	**941**	**795**	**160**	**207**	**159**	**175**	**1,260**	**1,177**	**19.3%**	**18.1%**
therein:																
Diagnostics	195	134			6	2	190	132	99	129	106	112	395	372		
Industry Sector	**849**	**1,218**	**6**	**6**	**(4)**	**(7)**	**847**	**1,219**	**156**	**128**	**178**	**150**	**1,181**	**1,497**	**12.8%**	**15.3%**
therein:																
Industry Automation	508	658	1	1	(1)	(3)	509	660	121	99	69	62	698	822		
Drive Technologies	316	474	5	5	(2)	(3)	313	472	31	24	103	82	446	578		
Infrastructure & Cities Sector	**155**	**470**	**18**	**11**	**(2)**	**9**	**139**	**450**	**55**	**54**	**80**	**78**	**274**	**582**	**3.3%**	**7.0%**
therein:																
Transportation & Logistics	(210)	102	13	5	(4)	(8)	(219)	105	7	6	21	22	(191)	133		
Power Grid Solutions & Products	198	183	5	5	(5)	(2)	198	179	18	19	35	32	250	231		
Building Technologies	152	162			(1)	(2)	152	163	30	28	23	23	205	215		
Total Sectors	**2,915**	**3,530**	**(39)**	**49**	**(16)**	**62**	**2,970**	**3,420**	**428**	**430**	**634**	**586**	**4,032**	**4,436**		
Equity Investments	**143**	**(519)**	**139**	**(526)**	**4**	**4**		**3**						**3**		
Financial Services (SFS)	**230**	**274**	**44**	**115**	**214**	**194**	**(29)**	**(35)**	**3**	**3**	**117**	**135**	**90**	**103**		
Reconciliation to Consolidated Financial Statements																
Centrally managed portfolio activities	23	6	22	3		1	1	2	1	1	1	1	3	4		
Siemens Real Estate (SRE)	43	5			(56)	(60)	99	64	1	1	139	154	238	219		

Corporate items and pensions	(318)	(154)			(166)	(168)	(152)	14	9	7	46	24	(98)	45
Eliminations, Corporate Treasury and other reconciling items	(5)	17	(3)	(7)	34	70	(36)	(46)			(18)	(21)	(54)	(67)
Siemens	**3,030**	**3,159**	**164**	**(366)**	**13**	**102**	**2,853**	**3,422**	**441**	**442**	**919**	**878**	**4,213**	**4,743**

(1) Profit of the Sectors as well as of Equity Investments and Centrally managed portfolio activities is earnings before financing interest, certain pension costs and income taxes. Certain other items not considered performance indicative by Management may be excluded. Profit of SFS and SRE is Income before income taxes. Profit of Siemens is Income from continuing operations before income taxes. For a reconciliation of Income from continuing operations before income taxes to Net income see Consolidated Statements of Income.

(2) Includes impairments and reversals of impairments of investments accounted for using the equity method.

(3) Includes impairment of non-current available-for-sale financial assets. For Siemens, Financial income (expense), net comprises Interest income, Interest expense and Other financial income (expense), net as reported in the Consolidated Statements of Income.

(4) Adjusted EBIT is Income from continuing operations before income taxes less Financial income (expense), net and Income (loss) from investments accounted for using the equity method, net.

(5) Amortization and impairments, net of reversals, of intangible assets other than goodwill.

(6) Depreciation and impairments of property, plant and equipment, net of reversals. Includes impairments of goodwill of million and million for the six months ended March 31, 2013 and 2012, respectively.

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LIQUIDITY, CAPITAL RESOURCES AND REQUIREMENTS

Cash flows

The following discussion presents an analysis of our cash flows from operating, investing and financing activities for the first half of fiscal 2013 and 2012 for both continuing and discontinued operations.

Cash flows	**Continuing operations**		**Discontinued operations**		**Continuing and discontinued operations**	
	Six months ended March 31,					
	2013	**2012**	**2013**	**2012**	**2013**	**2012**
	(in millions of)					
Net cash provided by (used in):						
Operating activities	**681**	**452**	**76**	**(113)**	**757**	**339**
Investing activities	**(1,856)**	**(2,618)**	**(108)**	**(408)**	**(1,964)**	**(3,026)**
therein: Additions to intangible assets and property, plant and equipment	*(739)*	*(934)*	*(78)*	*(81)*	*(817)*	*(1,015)*
Free cash flow	**(58)**	**(482)**	**(3)**	**(194)**	**(61)**	**(676)**
Financing activities	**(1,849)**	**(1,937)**	**32**	**521**	**(1,817)**	**(1,416)**

Cash flows from operating activities Continuing operations provided net cash of 681 million in the first half of fiscal 2013, compared to net cash provided of 452 million in the same period a year earlier. In the current period, the major component of cash inflows was income from continuing operations of 2.127 billion. Included therein were amortization, depreciation and impairments of 1.359 billion. The major components of cash outflows from operating activities in the current period were a build-up of operating net working capital, and income taxes paid of 1.274 billion. The increase in operating net working capital led to cash outflows of 2.2 billion. These cash outflows were due mainly to payments of trade payables particularly in the Energy Sector. In the prior-year period, income from continuing operations was 2.265 billion. Included therein were amortization, depreciation and impairments of 1.320 billion. In the prior-year period the major components of cash outflows from operating activities were a build-up of operating net working capital, which led to cash outflows of 1.9 billion, and a decrease in liabilities including bonus payments to our employees. The prior-year period also included cash outflows of 0.3 billion related to Healthcare s particle therapy business.

Discontinued operations provided net cash of 76 million in the first half of fiscal 2013, compared to net cash used of 113 million in the prior-year period. The change was due largely to a strong operating cash flow performance at OSRAM.

Cash flows from investing activities Net cash used in investing activities for continuing operations amounted to 1.856 billion in the first half of fiscal 2013, compared to net cash used of 2.618 billion in the prior-year period. The decrease in cash outflows from investing activities was due to SFS, which added a smaller volume of new business in the first half compared to a year earlier and also had a higher run-off of leasing and loan receivables year-over-year. These factors contributed to lower cash outflows for SFS financing activities, which totaled 559 million in the current period, compared to 1.233 billion in the prior-year period. Acquisitions, net of cash acquired, of 718 million in the current period included the preliminary purchase price (excluding cash acquired) of 670 million related to Industry s acquisition of LMS International NV. Proceeds from sales of investments, intangibles and property, plant and equipment of 389 million included payments related to the sale of the AtoS convertible bonds of 0.3 billion. For comparison the prior-year period included acquisitions, net of cash acquired, of 741 million comprising several acquisitions within the Sectors to optimize our business portfolio. Proceeds from sales of investments, intangibles and property, plant and equipment were 401 million in the first half a year earlier, including proceeds from the sale of our 25% interest in OAO Power Machines.

Discontinued operations used net cash of 108 million in the first half of fiscal 2013, compared to net cash used of 408 million in the prior-year period. The change was primarily related to Siemens IT Solutions and Services, particularly including payments in the prior-year period for a cash purchase price adjustment related to net debt and net working capital of Siemens IT Solutions and Services.

Free cash flow from continuing operations amounted to a negative 58 million in the first half of fiscal 2013, compared to a negative 482 million a year earlier. The change was due primarily to cash flows from operating activities as discussed above. Additions to intangible assets and property, plant and equipment were lower in the current half-year, due mainly to lower investments within the Sectors.

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On a sequential basis, Free cash flow in the first and second quarter of fiscal 2013 and during fiscal 2012 was as follows:

Cash flows from financing activities Continuing operations used net cash of 1.849 billion in the first half of fiscal 2013, compared to net cash used of 1.937 billion in the same period a year earlier. As described in more detail below, the current period included proceeds from the issuance of long-term debt of 3.467 billion related to the bonds issued and term loans taken as well as cash inflows for short-term debt and other financing activities of 947 million, primarily related to net cash inflows from the issuance of commercial paper. These cash inflows were partly offset by the repayment of long-term debt of 2.032 billion related to redemption of the fixed-rate-instruments and by the cash outflows for the purchase of common stock totaling 1.320 billion primarily under Siemens share buy back program, completed in November 2012. For comparison, prior-year period proceeds from the issuance of long-term debt of 2.473 billion included the issuance of US$3.0 billion bonds with warrant units. Cash inflows from the change in short-term debt and other financing activities were 2.2 billion, which also included the net cash inflows from the issuance of commercial paper. These cash inflows were partly offset by the repayment of long-term debt of 3.189 billion in the prior-year period for the redemption of 1.55 billion in 5.25%-fixed-rate-instruments, 0.7 billion in floating rate assignable loans, US$0.5 billion in floating rate notes and US$0.75 billion in 5.5% notes. Both periods included cash outflows for dividends, which were 2.528 billion (for fiscal 2012) in the first half of fiscal 2013 compared to 2.629 billion in the prior-year period (for fiscal 2011).

Capital resources and requirements

We have a US$9.0 billion (7.0 billion) global multi-currency commercial paper program in place. As of March 31, 2013, we had commercial paper in several currencies with a corresponding amount of 0.9 billion outstanding.

Under the debt issuance program, in February 2009, we issued fixed rated instruments with an aggregate amount of 4.0 billion comprising two tranches. The first tranche, 2.0 billion in 4.125%-fixed-rate-instruments, matured in February 2013 and was redeemed at face value.

In March 2013, we issued the following fixed-rate instruments under our debt issuance program:

1.25 billion in 1.75% instruments due in March 2021;

1.0 billion in 2.875% instruments due in March 2028;

US$500 million in 1.5% instruments due in March 2018 and

US$100 million in 3.5% instruments due in March, 2028.

The nominal amount of these instruments outstanding as of March 31, 2013 was 2.7 billion.

In March 2013, we took two bilateral US$500 million floating rate term loans, bearing interest of 0.79% above the three months London Interbank Offered Rate (LIBOR). These loans are due in March 2018 and include options for two one-year extensions. The nominal amount outstanding as of March 31, 2013 was 0.8 billion.

In February 2013, the 4.0 billion syndicated multi-currency revolving credit facility with an original term of five years, signed in April 2012, was extended by one year until April 2018. There is one remaining one-year extension option associated with this facility.

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Capital structure

A key consideration for Siemens is maintenance of ready access to the capital markets through various debt products and preservation of our ability to repay and service our debt obligation over time. Siemens set a capital structure target range of 0.5-1.0. The capital structure ratio is defined as the item Adjusted industrial net debt divided by the item Adjusted EBITDA (continuing operations). As of March 31, 2013 and September 30, 2012 the ratios were as follows:

	March 31, 2013	September 30, 2012
	(in millions of)	
Short-term debt and current maturities of long-term debt[1]	2,752	3,826
Plus: Long-term debt[1]	20,182	16,880
Less: Cash and cash equivalents	(7,892)	(10,891)
Less: Current available-for-sale financial assets	(533)	(524)
Net debt	**14,509**	**9,292**
Less: SFS Debt[2]	(14,879)	(14,558)
Plus: Pension plans and similar commitments[3]	9,890	9,801
Plus: Credit guarantees	575	326
Less: 50% nominal amount hybrid bond[4]	(893)	(920)
Less: Fair value hedge accounting adjustment[5]	(1,473)	(1,670)
Adjusted industrial net debt	**7,728**	**2,271**
Adjusted EBITDA (continuing operations)	**4,213**	**9,669**
Adjusted industrial net debt / adjusted EBITDA (continuing operations)[6]	**0.92**	**0.23**

(1) The item Short-term debt and current maturities of long-term debt as well as the item Long-term debt included in total fair value hedge accounting adjustments of 1,473 million as of March 31, 2013 and 1,670 million as of September 30, 2012.

(2) The adjustment considers that both Moody s and S&P view SFS as a captive finance company. Both rating agencies generally recognize and accept higher levels of debt attributable to captive finance subsidiaries in determining credit ratings. Following this concept, we exclude SFS Debt in order to derive an adjusted industrial net debt which is not affected by SFS s financing activities.

(3) To reflect Siemens total pension liability, adjusted industrial net debt includes line item Pension plans and similar commitments as presented in Consolidated Statements of Financial Position.

(4) The adjustment for our hybrid bond considers the calculation of this financial ratio applied by rating agencies to classify 50% of our hybrid bond as equity and 50% as debt. This assignment reflects the characteristics of our hybrid bond such as a long maturity date and subordination to all senior and debt obligations.

(5) Debt is generally reported with a value representing approximately the amount to be repaid. However for debt designated in a hedging relationship (fair value hedges), this amount is adjusted by changes in market value mainly due to changes in interest rates. Accordingly we deduct these changes in market value in order to end up with an amount of debt that approximately will be repaid. We believe this is a

more meaningful figure for the calculation presented above. For further information on fair value hedges see Note 31 in D.6 Notes to Consolidated Financial Statements in our Annual Report for fiscal 2012.

(6) In order to calculate this ratio, adjusted EBITDA (continuing operations) needs to be annualized.

Funding of pension plans and similar commitments

At the end of the first six months of fiscal 2013, the combined funded status of Siemens pension plans showed an estimated underfunding of 9.0 billion, compared to an underfunding of 8.9 billion at the end of fiscal 2012. The increase in Siemens DBO was largely offset by an increase in the fair value of Siemens funded pension plan assets.

The estimated DBO of Siemens pension plans, which takes into account future compensation and pension increases, amounted to 33.8 billion on March 31, 2013, 0.8 billion higher than the DBO of 33.0 billion on September 30, 2012. The DBO increased due to a decrease in the discount rate assumption, an increase in the inflation rate assumption in the U.K., and accrued service and interest cost. These negative factors were partly offset by benefits paid during the six-month period.

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The fair value of Siemens funded pension plan assets as of March 31, 2013, was 24.9 billion compared to 24.1 billion on September 30, 2012. The actual return on plan assets for the current six months amounted to 1.429 billion, resulting from both fixed-income and equity investments. Employer contributions amounted to 339 million. These positive factors were partly offset by benefits paid during the six-month period.

The combined funded status of Siemens predominantly unfunded other post-employment benefit plans amounted to an underfunding of 0.7 billion, both at the end of the first six months of fiscal 2013 and as of September 30, 2012.

For more information on Siemens pension plans and similar commitments, see Note 7 in Notes to Condensed Interim Consolidated Financial Statements.

Report on risks and opportunities

Within the scope of its entrepreneurial activities and the variety of its operations, Siemens encounters numerous risks and opportunities which could negatively or positively affect business development. For the early recognition and successful management of relevant risks and opportunities we employ a number of coordinated risk management and control systems. Risk management facilitates the sustainable protection of our future corporate success and is an integral part of all our decisions and business processes.

In our Annual Report for fiscal 2012 we described certain risks which could have a material adverse effect on our financial condition, including effects on assets, liabilities and cash flows, and results of operations, certain opportunities as well as the design of our risk management system.

As previously disclosed, business with customers in Iran is subject to export control regulations, embargoes, sanctions or other forms of trade restrictions imposed by the U.S., the EU and other countries or organizations. The sanction regime against Iran was further tightened. Following the approval of Council Regulation (EU) No. 267/2012 on March 23, 2012 concerning restrictive measures against Iran and repealing Regulation (EU) No. 961/2010, the Implementing Regulations (EU) No. 945/2012 dated October 15, 2012 and No. 1264/2012 dated December 21, 2012, which were based on Council Regulation (EU) No. 267/2012, specify numerous additional companies and institutions as sanctions targets (primarily from the oil and gas industries). In addition, Amending Regulation (EU) No. 1263/2012 dated December 21, 2012, enhanced in particular the restrictions related to goods and products and sets time-limits for the execution of transactions under pre-existing contracts. Furthermore, the signing into law of the American Iran Threat Reduction and Syria Human Rights Act of 2012 on August 10, 2012 tightened the restrictions on the ability of non-U.S. companies to do business or trade with Iran and Syria and imposed additional disclosure obligations. As described in our Annual Report of fiscal 2012, we have issued, and regularly update, restrictive internal guidelines governing business with customers in Iran. We may, however, still conduct certain business activities and provide products and services to customers in Iran under limited circumstances. Although we believe that our business activities have not had a material negative impact on our reputation or share value, we cannot exclude any such impact in the future. New or tightened export control regulations, sanctions, embargoes or other forms of trade restrictions imposed on Iran, Syria or on other sanctioned countries in which we do business may result in a curtailment of our existing business in such countries and in an adaptation of our policies. In addition, the termination of our activities in Iran, Syria or other sanctioned countries may expose us to customer claims and other actions.

During the first half of fiscal 2013 we identified no further significant risks and opportunities besides those presented in our Annual Report for fiscal 2012 and in the sections of this Interim Report entitled Overview of financial results for the second quarter of fiscal 2013, Segment information analysis, and Legal proceedings. Additional risks not known to us or that we currently consider immaterial could also impair our business operations. We do not expect to incur any risks that alone or in combination would appear to jeopardize the continuity of our business.

We refer also to Notes and forward-looking statements at the end of this Interim group management report.

Legal proceedings

For information on legal proceedings, see Note 11 in Notes to Condensed Interim Consolidated Financial Statements.

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Subsequent events

In April 2013 the relevant court decided in the course of the judicial release procedure (initiated by Siemens) that Siemens can record the spin-off in the commercial registers despite the fact that an action has been brought against the approval at the Annual Shareholders Meeting to spin-off OSRAM. Thereby, the judicial release procedure is finalized.

At the beginning of May 2013, Siemens acquired all the shares of six entities constituting the rail automation business of Invensys. With the acquisition, which will be integrated in the Infrastructure & Cities Sector s Mobility and Logistics Division, Siemens intends to expand and complement the Infrastructure & Cities Sector s rail automation business. The preliminary purchase price amounts to 2.0 billion including 0.5 billion paid to the Invensys Pension Trust.

Outlook

In fiscal 2013, Siemens is implementing Siemens 2014, a company-wide program supporting our One Siemens framework for sustainable value creation. The goal of the program is to raise our Total Sectors profit margin to at least 12% by fiscal 2014. For fiscal 2013, we confirm our expectations of moderate organic order growth. With continuing challenges for our businesses whose results react strongly to short-term changes in the economic environment, we now anticipate a moderate decline in revenue on an organic basis compared to the prior year. Charges associated with the Siemens 2014 program in the Sectors are expected to total up to 0.9 billion for the full fiscal year. Given these developments and financial results for the first half, we expect income from continuing operations in fiscal 2013 to approach the low end of our original expectation, 4.5 billion, before impacts related to legal and regulatory matters and significant portfolio effects which we expect to burden income by up to 0.5 billion due primarily to the solar business.

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NOTES AND FORWARD-LOOKING STATEMENTS

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.

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-lookin in other reports, in presentations, in material delivered to stockholders 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.

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SIEMENS

CONSOLIDATED STATEMENTS OF INCOME (unaudited)

For the three and six months ended March 31, 2013 and 2012

(in millions of , per share amounts in)

	Note	Three months ended March 31, 2013	Three months ended March 31, 2012[1]	Six months ended March 31, 2013	Six months ended March 31, 2012[1]
Revenue		18,011	19,297	36,157	37,199
Cost of goods sold and services rendered		(12,950)	(13,734)	(25,872)	(26,563)
Gross profit		5,061	5,563	10,285	10,636
Research and development expenses		(1,042)	(1,067)	(2,042)	(2,054)
Marketing, selling and general administrative expenses		(2,758)	(2,614)	(5,398)	(5,253)
Other operating income	**3**	61	110	200	224
Other operating expense	**4**	(55)	(29)	(192)	(130)
Income (loss) from investments accounted for using the equity method, net		68	(563)	164	(366)
Interest income	**5**	225	227	458	469
Interest expense	**5**	(185)	(192)	(375)	(386)
Other financial income (expense), net		(37)	(29)	(70)	19
Income from continuing operations before income taxes		**1,336**	**1,405**	**3,030**	**3,159**
Income taxes		(354)	(426)	(903)	(893)
Income from continuing operations		**982**	**979**	**2,127**	**2,265**
Income (loss) from discontinued operations, net of income taxes	**2**	48	(41)	116	56
Net income		**1,030**	**938**	**2,243**	**2,322**
Attributable to:					
Non-controlling interests		20	34	37	52
Shareholders of Siemens AG		1,009	904	2,207	2,270
Basic earnings per share	**13**				
Income from continuing operations		1.14	1.08	2.48	2.53
Income (loss) from discontinued operations		0.05	(0.05)	0.13	0.06
Net income		**1.20**	**1.03**	**2.61**	**2.59**
Diluted earnings per share	**13**				
Income from continuing operations		1.13	1.07	2.46	2.51
Income (loss) from discontinued operations		0.05	(0.05)	0.13	0.06
Net income		**1.18**	**1.02**	**2.59**	**2.56**

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (unaudited)

For the three and six months ended March 31, 2013 and 2012

(in millions of)

	Three months ended March 31,		Six months ended March 31,	
	2013	**2012[(1)]**	**2013**	**2012[(1)]**
Net income	1,030	938	2,243	2,322
Items that will not be reclassified to profit or loss:				
Remeasurements of defined benefit plans	41	(471)	(55)	(69)
Items that may be reclassified subsequently to profit or loss:				
Currency translation differences	341	(111)	(35)	448
Available-for-sale financial assets	8	138	9	81
Derivative financial instruments	(32)	143	42	70
	316	169	16	600
Other comprehensive income, net of tax [(2)]	**357**	**(302)**	**(39)**	**531**
Total comprehensive income	**1,386**	**637**	**2,205**	**2,852**
Attributable to:				
Non-controlling interests	37	25	38	53
Shareholders of Siemens AG	1,349	612	2,166	2,800

(1) Adjusted for effects of adopting IAS 19R, see Note 1 Basis of presentation.

(2) Includes income (expense) resulting from investments accounted for using the equity method of (48) million and 55 million, respectively, for the three months ended March 31, 2013 and 2012, and (114) million and 23 million for the six months ended March 31, 2013 and 2012, respectively. Thereof (59) million and (6) million, respectively, for the three months ended March 31, 2013 and 2012, and (117) million and (49) million for the six months ended March 31, 2013 and 2012, respectively, are attributable to items that will not be reclassified to profit or loss.

The accompanying Notes are an integral part of these Interim Consolidated Financial Statements.

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SIEMENS

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of March 31, 2013 (unaudited) and September 30, 2012

(in millions of)

	Note	3/31/13	9/30/12[1]
ASSETS			
Current assets			
Cash and cash equivalents		7,892	10,891
Available-for-sale financial assets		533	524
Trade and other receivables		15,271	15,220
Other current financial assets		3,094	2,901
Inventories		16,381	15,679
Income tax receivables		749	836
Other current assets		1,375	1,277
Assets classified as held for disposal	**2**	4,701	4,799
Total current assets		**49,996**	**52,128**
Goodwill		17,396	17,069
Other intangible assets		4,688	4,595
Property, plant and equipment		10,502	10,763
Investments accounted for using the equity method		4,641	4,436
Other financial assets		14,369	14,666
Deferred tax assets		3,338	3,748
Other assets		964	846
Total assets		**105,894**	**108,251**
LIABILITIES AND EQUITY			
Current liabilities			
Short-term debt and current maturities of long-term debt	**6**	2,752	3,826
Trade payables		6,801	8,036
Other current financial liabilities		1,796	1,460
Current provisions		4,656	4,750
Income tax payables		1,741	2,204
Other current liabilities		21,846	20,302
Liabilities associated with assets classified as held for disposal	**2**	1,953	2,049
Total current liabilities		**41,544**	**42,627**
Long-term debt	**6**	20,182	16,880
Pension plans and similar commitments	**7**	9,890	9,801
Deferred tax liabilities		554	494
Provisions	**8**	3,853	3,908
Other financial liabilities		1,192	1,083
Other liabilities		2,059	2,034
Total liabilities		**79,274**	**76,827**

Equity	**9**		
Common stock, no par value (2)		2,643	2,643
Additional paid-in capital		5,428	6,173
Retained earnings		19,845	22,877
Other components of equity		1,072	1,058
Treasury shares, at cost			