SIEMENS AKTIENGESELLSCHAFT
Form 6-K
May 05, 2008

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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 5, 2008

Commission File Number: 1-15174

Siemens Aktiengesellschaft

(Translation of registrant s name into English)

Wittelsbacherplatz 2
D-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 þ Form 40-F o

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 o No þ

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 o No þ

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 o No þ

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 complies with the applicable legal requirements of the Securities Trading Act (Wertpapierhandelsgesetz WpHG) regarding the half-yearly financial report, and comprises interim consolidated financial statements, an interim group management report and a responsibility statement in accordance with § 37w (2) WpHG. The 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 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, which includes detailed analysis of our operations and activities.

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Key figures[1] Q2 and first half 2008[2]

(unaudited; in millions of , except where otherwise stated)

Profit and growth	Q2 2008	Q2 2007	% Change Actual	% Change Adjusted[3]	1st half 2008	1st half 2007	% Change Actual	% Change Adjusted[3]
Continuing operations								
New orders	23,371	20,850	12	15	47,613	43,094	10	11
Revenue	18,094	18,001	1	2	36,494	34,730	5	4
Total Operations Group								
Group profit from Operations	1,203	1,781	(32)		2,908	3,259	(11)	
in % of revenue (Total Op. Groups)	6.3%	9.4%			7.5%	8.9%		
EBITDA adjusted	1,691	2,222	(24)		3,925	4,058	(3)	
in % of revenue (Total Op. Groups)	8.8%	11.7%			10.2%	11.1%		
Continuing operations								
EBITDA adjusted	1,381	2,138	(35)		3,484	3,475	0	
Income from continuing operations	565	1,286	(56)		1,643	1,907	(14)	
Basic earnings per share (in euros)[5]	0.59	1.39	(58)		1.73	2.04	(15)	
Continuing and discontinued operations [4]								
Net income	412	1,259	(67)		6,887	2,047	>200	
Basic earnings per share (in euros)[5]	0.42	1.34	(69)		7.49	2.17	>200	

Return on capital employed	Q2 2008	Q2 2007	1st half 2008	1st half 2007
Continuing operations				
Return on capital employed (ROCE)	5.5%	17.6%	8.6%	13.6%
Continuing and discontinued operations [4]				
Return on capital employed (ROCE)	4.0%	14.1%	33.7%	12.0%

	Q2 2008	Q2 2007

Free cash flow **Cash conversion**			1st half 2008	1st half 2007
Total Operations Groups				
Free cash flow	1,811	2,229	2,471	2,219
Cash conversion	1.51	1.25	0.85	0.68
Continuing operations				
Free cash flow	1,623	2,619	1,406	2,259
Cash conversion	2.87	2.04	0.86	1.18
Continuing and discontinued operations [4]				
Free cash flow	1,497	2,070	696	735
Cash conversion	3.63	1.64	0.10	0.36

Employees (in thousands)	March 31, 2008		September 30, 2007	
	Cont. Op.	Total[6]	Cont. Op.	Total[6]
Employees	419	435	398	471
Germany	131	136	126	152
Outside Germany	288	299	272	319

(1) EBITDA (adjusted), Return on capital employed, Return on equity, Free cash flow and Cash conversion are non-GAAP financial measures. Information for a reconciliation of these amounts to the most directly comparable IFRS financial measures is available on our Investor Relations website under www.siemens.com/ir, Financial Publications, Quarterly Reports. Group profit from operations is reconciled to Income before

income taxes of Operations under Reconciliation to financial statements in the table Segment information.

(2) *January 1 March 31, 2008 and October 1, 2007 March 31, 2008.*

(3) *Adjusted for portfolio and currency translation effects.*

(4) *Discontinued operations consist of Siemens VDO Automotive activities as well as of carrier networks, enterprise networks and mobile devices activities.*

(5) *Earnings per share attributable to shareholders of Siemens AG.*

For fiscal 2008 and 2007 weighted average shares outstanding (basic) (in thousands) for the second quarter amounted to 906,316 and 893,929 respectively and for the 1st half to 910,207 and 892,619 shares respectively.

(6) *Continuing and discontinued operations.*

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Interim group management report
Overview of financial results for the second quarter of fiscal 2008

Orders rose 12%, to 23.371 billion, and revenue increased 1% to 18.094 billion. On an organic basis, excluding the net effect of portfolio transactions and currency translation, orders climbed 15% year-over-year, and revenue rose 2%.

Siemens substantially completed reviews of projects primarily in fossil power plant solutions and rail transportation, aimed at identifying risks and taking corresponding measures. As a result, Group profit from Operations was 1.203 billion in the second quarter, including charges at Power Generation, Transportation Systems and Siemens IT Solutions and Services totaling 857 million.

These impacts also affected net income, which was 412 million for the quarter, and income from continuing operations, which came in at 565 million. Basic EPS for net income and income from continuing operations were 0.42 and 0.59, respectively.

Shortly after the close of the second quarter, Siemens completed the first tranche of its previously announced share buyback program, with purchases totaling approximately 2.0 billion of which purchases of approximately 1.6 billion were conducted during the second quarter.

Siemens order growth was robust on a global basis, and the industry and healthcare sectors combined strong growth with higher earnings. Our energy portfolio performed well in most areas, with strong overall order growth. We have now concluded our project review in the fossil power business and have a clear picture of the relevant risks.

Robust order growth generated a book-to-bill ratio of 1.3. On an organic basis, excluding the net effect of currency translation and portfolio transactions, orders rose 15% with good regional distribution. Strong demand in Germany included major contract wins at Power Generation (PG) and a large order at Medical Solutions (Med), while order growth in Asia-Pacific was more broad-based. High double-digit growth in the region comprising the Near and Middle East, Africa and Commonwealth of Independent States (C.I.S.) was driven by large energy infrastructure orders at Power Transmission and Distribution (PTD). Revenue for the quarter rose 2% organically compared to a strong prior-year period. Europe outside Germany, Siemens largest region, was on pace with 2% growth for the quarter. Revenue in the Asia-Pacific and Americas regions grew 6% and 3%, respectively, with particular strength at Automation and Drives (A&D). Excluding strong negative currency translation effects, the U.S. posted revenue growth of 7% year-over-year. Revised estimates of project completion, mainly at PG, reduced revenue by approximately 250 million.

Group profit from Operations was strongly affected by results of project reviews. The second quarter included strong profit performance at A&D, Med, PTD, and Industrial Solutions and Services (I&S). In contrast, PG, Transportation Systems (TS) and Siemens IT Solutions and Services posted losses in the second quarter due to charges totaling 857 million. As a result, Group Profit from Operations came in at 1.203 billion compared to 1.781 billion in the prior-year period.

Income and EPS reflect project review impacts. Net income was 412 million compared to 1.259 billion in the second quarter a year earlier, resulting in basic EPS of 0.42 compared to 1.34 in the prior-year period. Income from continuing operations was 565 million compared to 1.286 billion in the second quarter a year ago, with corresponding basic EPS of 0.59 compared to 1.39 in the prior-year period. The declines are due largely to Group profit from Operations. In addition, Corporate items were significantly higher year-over-

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year, at a negative 506 million compared to a negative 210 million. Major factors included increased expenses for compliance investigations and costs related to Siemens transformation programs.

Net income was also influenced by discontinued operations. In the second quarter, discontinued operations posted a loss of 153 million compared to a loss of 27 million in the same quarter a year earlier. The prior-year period included positive operating results at Siemens VDO Automotive (SV) and at telecommunications carrier activities, both of which were divested between the periods under review. The enterprise networks business took 109 million in severance charges and a 12 million asset impairment in the current period. A year earlier, this business took a goodwill impairment of 148 million.

Free cash flow and ROCE development includes project charges and reflect portfolio changes. Free cash flow from continuing operations was 1.623 billion in the second quarter. In the prior-year period, Free cash flow of 2.619 billion benefited from a positive effect related to receivables associated with the transfer of the carrier activities into Nokia Siemens Networks B.V. (NSN). In the current period, Operations generated 1.010 billion in Free cash flow while Financing & Real Estate and Corporate Treasury activities contributed 613 million. The cash conversion rate for continuing operations in the second quarter was 2.87, positively influenced by the charges within Operations. ROCE for the first half of fiscal 2008 was adversely affected by the project charges mentioned above, coming in at 8.6%. As expected, ROCE development was affected also by a substantial increase in capital employed year-over-year stemming from major acquisitions completed in fiscal 2007 and fiscal 2008. This effect will continue in coming quarters. A year earlier, ROCE in the first six months was 13.6%.

Expenses for compliance investigations increase. Siemens incurred 175 million in expenses in the second quarter for outside advisors engaged in connection with investigations into alleged violations of anti-corruption laws and related matters as well as remediation activities. The total for continuing operations was 148 million, with the remaining 27 million related to discontinued operations.

In the first six months of fiscal 2008, the total amount of these expenses was 302 million, with the total for continuing operations amounting to 241 million and the remaining 61 million related to discontinued operations. For more information regarding these matters see Notes to Interim Consolidated Financial Statements.

Siemens completes the first tranche of its share buyback program. The tranche totalled approximately 2.0 billion in purchases for 24,854,541 shares, and was completed shortly after the close of the quarter on April 8, 2008. For further information see Liquidity, capital resources and capital requirements below.

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Results of Siemens

Results of Siemens Second quarter of fiscal 2008

The following discussion presents selected information for Siemens for the second quarter of fiscal 2008:

Orders were 23.371 billion, a 12% increase from the same quarter a year earlier. Revenue was 18.094 billion, up 1% compared to the prior-year period. On an organic basis, excluding currency translation and portfolio effects, orders rose 15% year-over-year and revenue increased 2%.

	New Orders (location of customer)					
	Second quarter		% Change vs. previous year		therein	
(in millions)	2008	2007	Actual	Adjusted*	Currency	Portfolio
Germany	3,786	3,085	23%	21%	0%	2%
Europe (other than Germany)	7,567	7,264	4%	6%	(3)%	1%
Americas	5,834	5,661	3%	10%	(13)%	6%
Asia-Pacific	3,630	3,092	17%	19%	(6)%	4%
Africa, Near and Middle East, C.I.S.**	2,554	1,748	46%	54%	(8)%	0%
Siemens	**23,371**	**20,850**	**12%**	**15%**	**(6)%**	**3%**

* Excluding currency translation and portfolio effects.

** Commonwealth of Independent States.

Order growth in the second quarter was well balanced, particularly from an organic perspective, with most regions showing double-digit growth compared to the prior-year period. Europe outside Germany, Siemens largest region, increased orders 4% year-over-year highlighted by healthy demand at A&D, Med and PG. In the Americas, the leaders were PG, TS, Med and A&D. New orders in Germany during the quarter included a number of major contract wins at PG and a large order at Med, as well as continued growth at A&D and PTD. Asia-Pacific again delivered broad-based, double-digit order growth for Siemens. The region comprising Africa, Near and Middle East and C.I.S. jumped 46% compared to the second quarter a year earlier, on the strength of large energy infrastructure orders at PTD.

	Revenue (location of customer)					
	Second quarter		% Change vs. previous year		therein	
(in millions)	2008	2007	Actual	Adjusted*	Currency	Portfolio
Germany	2,918	3,103	(6)%	(7)%	0%	1%
Europe (other than Germany)	5,795	5,692	2%	1%	(2)%	3%
Americas	4,921	4,756	3%	9%	(13)%	7%
Asia-Pacific	2,975	2,796	6%	5%	(4)%	5%
Africa, Near and Middle East, C.I.S.**	1,485	1,654	(10)%	(5)%	(4)%	(1)%
Siemens	**18,094**	**18,001**	**1%**	**2%**	**(5)%**	**4%**

* Excluding currency translation and portfolio effects.

** Commonwealth of Independent States.

Revenue in Europe outside Germany was on pace with 2% growth for the quarter. In the Americas, revenue in the U.S. edged up year-over-year despite strong currency translation effects, led by Med and A&D. On an organic basis, excluding currency translation effects of negative 16% and portfolio effects of positive 9%, U.S. revenues rose 7%. All Groups in Operations except PG reported higher revenue in Asia-Pacific year-over-year, with China contributing a 21% increase. Germany and the region comprising Africa, Near and Middle East and C.I.S. posted revenue below the prior-year level. From a Siemens Group perspective, the industrial Groups generated their strongest revenue growth in Asia-Pacific compared to the prior-year quarter, while revenue in the energy-related Groups grew fastest in the Americas and Europe outside Germany. Med s healthcare portfolio found revenue growth in all regions, including new volume from the acquisition of Dade Behring Holdings, Inc.

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(Dade Behring) between the periods under review. Revised estimates of project completion, mainly at PG, reduced revenue for Siemens as a whole by approximately 250 million.

	Second quarter		
(in millions)	2008	2007	% Change
Gross profit on revenue	4,916	5,263	(7)%
as percentage of revenue	*27.2%*	*29.2%*	

Gross profit for the second quarter of fiscal 2008 fell 7% year-over-year and gross profit margin decreased to 27.2% from 29.2% a year earlier, mainly due to the charges posted at PG, TS and Siemens IT Solutions and Services as noted above. Most of the remaining Groups increased their gross margins, led by PTD and A&D which benefited from higher revenue and associated economies of scale.

	Second quarter		
(in millions)	2008	2007	% Change
Research and development expenses	(918)	(814)	13%
as percentage of revenue	5.1%	4.5%	
Marketing, selling and general administrative expenses	(3,243)	(2,926)	11%
as percentage of revenue	17.9%	16.3%	
Other operating income	187	105	78%
Other operating expense	(257)	(161)	60%
Income from investments accounted for using the equity method, net	101	184	(45)%
Financial income (expense), net	3	30	(90)%

Research and development expenses increased to 918 million, up 13% from 814 million a year earlier. The primary factors in this increase were higher expenses at A&D and Med, mainly due to acquisitions. As A&D and Med gained a larger proportion of Siemens revenue, their higher-than-average R&D expense ratio relative to other Groups contributed to an increase in the R&D expense ratio for Siemens overall, which rose to 5.1% from 4.5% in the prior-year quarter.

Marketing, selling and general administrative (SG&A) expenses in the second quarter increased year-over-year, from 2.926 billion to 3.243 billion, primarily impacted by higher marketing and selling expenses due to an acquisition at A&D between the periods under review, as well as by higher expenses for Corporate items. Among these were a 32 million donation to the Siemens Foundation in the U.S and 64 million, including an impairment, relating to a regional sales organization in Germany.

Other operating income was 187 million in the second quarter of fiscal 2008, compared to 105 million a year earlier. The current period includes a gain of 30 million on the sale of the hydrocarbon service business at I&S.

Other operating expense increased year-over-year, to 257 million, from 161 million in the second quarter a year earlier. The difference was due primarily to higher expenses for compliance investigations in the current quarter, amounting to 148 million, compared to 13 million in the prior-year quarter. Other operating expense in the prior-year period also included a goodwill impairment of 52 million at a regional payphone unit included in Other Operations.

Income from investments accounted for using the equity method, net was 101 million compared to 184 million in the same period a year earlier. The change was due mainly to an equity investment loss of 45 million in the current period related to our equity stake in NSN, which was formed between the periods under review, and lower equity investment income related to BSH Bosch und Siemens Hausgeräte GmbH (BSH).

Financial income (expense), net decreased to 3 million, down from 30 million in the second quarter a year earlier, primarily impacted by higher expenses associated with asset retirement obligations.

	Second quarter		
(in millions)	**2008**	**2007**	**% Change**
Income from continuing operations before income taxes	789	1,681	(53)%
Income taxes	(224)	(395)	(43)%
as percentage of income from continuing operations before income taxes	*28%*	*23%*	
Income from continuing operations	565	1,286	(56)%
Loss from discontinued operations, net of income taxes	(153)	(27)	>200%
Net income	412	1,259	(67)%
Net income attributable to minority interest	28	63	
Net income attributable to shareholders of Siemens AG	384	1,196	(68)%

Income from continuing operations before income taxes decreased 53% from 1.681 billion in the prior-year quarter to 789 million in the current quarter. The change year-over-year is due primarily to the charges at PG, TS and Siemens IT Solutions and Services noted above. The effective tax rate was 28% in the current quarter compared to 23% in the prior-year period, which included beneficial tax effects. Income from continuing operations decreased to 565 million from 1.286 billion in the second quarter a year earlier.

Discontinued operations include former Com activities as well as SV, which was sold to Continental AG in the first quarter of fiscal 2008. The former Com activities include the enterprise networks business, which is held for disposal, the telecommunications carrier activities transferred into NSN between the periods under review, and the mobile devices business sold to BenQ Corporation. In the second quarter, discontinued operations posted a loss of 153 million compared to a loss of 27 million in the same quarter a year earlier. The prior-year period included positive operating results at SV and at telecommunications carrier activities. The enterprise networks business took 109 million in severance charges and a 12 million asset impairment in the current period. A year earlier, this business took a goodwill impairment of 148 million.

Net income for Siemens in the second quarter was 412 million, compared to 1.259 billion in the same period a year earlier. Net income attributable to shareholders of Siemens AG was 384 million, down from 1.196 billion in the prior-year quarter.

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Results of Siemens First six months of fiscal 2008

The following discussion presents selected information for Siemens for the first six months of fiscal 2008:

In the first six months of fiscal 2008, Siemens orders and revenue expanded, with 10% growth in orders and 5% increase in revenue. On an organic basis, excluding the net effect of currency translation and portfolio transactions, orders rose 11% and revenue increased 4%. Europe outside Germany, Siemens largest regional market, contributed 10% order and revenue growth. In the Americas region, orders and revenue grew 4% and 5%, respectively. The Asia-Pacific region grew more rapidly from a smaller base, with 26% order growth and 10% revenue growth in the first six months compared to the same period a year earlier. The region comprised of Africa, Near and Middle East and C.I.S. saw a 24% surge in orders, while revenue remained stable year-over-year. Orders in Germany were level year-over-year, and revenue decreased 4%.

	New Orders (location of customer)					
	Six months ended March 31,		% Change vs. previous year		therein	
(in millions)	2008	2007	Actual	Adjusted*	Currency	Portfolio
Germany	7,291	7,307	0%	(3)%	0%	3%
Europe (other than Germany)	15,828	14,335	10%	10%	(2)%	2%
Americas	11,936	11,429	4%	8%	(11)%	7%
Asia-Pacific	7,454	5,896	26%	26%	(5)%	5%
Africa, Near and Middle East, C.I.S.**	5,104	4,127	24%	28%	(5)%	1%
Siemens	**47,613**	**43,094**	**10%**	**11%**	**(5)%**	**4%**

* Excluding currency translation and portfolio effects.

** Commonwealth of Independent States.

The Asia-Pacific region and Europe outside Germany as well as the Africa, Near and Middle East and C.I.S. region posted double-digit order growth compared to the first six months a year earlier. The strongest increases in Europe outside Germany came at PG, which won a number of major new contracts, along with A&D, Med and PTD. I&S and TS took in fewer major orders in the region compared to the prior-year period. Within Asia-Pacific, orders climbed 26% including 39% growth in China and a 17% increase in India. I&S, A&D, PG and TS reported the strongest expansion in Asia-Pacific. Orders in the Africa, Near and Middle East and C.I.S. region also rose at a double-digit rate, highlighted by major contracts for PG and I&S in Russia. In the Americas region, the U.S. was the pace-setter with 9% growth, again powered by substantial new orders at PG plus new volume from A&D s acquisition of UGS Corp. (UGS) and Med s acquisition of Dade Behring between the periods under review. Excluding portfolio effects of positive 8% and negative currency translation effects of 16%, orders in the U.S. for the first half were up 17% year-over-year. A&D s strong growth in Germany in the first six months was offset by order declines at TS and Siemens IT Solutions and Services in this region, compared to the prior-year period.

	Revenue (location of customer)					
	Six months ended March 31,		% Change vs. previous year		therein	
(in millions)	2008	2007	Actual	Adjusted*	Currency	Portfolio

Germany	6,073	6,343	(4)%	(6)%	0%	2%
Europe (other than Germany)	11,978	10,918	10%	8%		