

SIEMENS AKTIENGESELLSCHAFT

Form 6-K

February 01, 2007

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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
February 1, 2007**

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

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

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

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

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

Effective with the first quarter of fiscal 2007, Siemens prepares its primary financial reporting according to International Financial Reporting Standards (IFRS). For fiscal year end 2006, our primary financial reporting was still under United States Generally Accepted Accounting Principles (U.S. GAAP). In addition, we published our first IFRS Consolidated Financial Statements as supplemental information in December 2006. We generally prepare the Interim Report as an update of our Annual Report, with a focus on the current period. The supplemental IFRS Consolidated Financial Statements serve as a basis for our primary IFRS reporting beginning with the first quarter of fiscal 2007 and as such, the Interim Report should be read in conjunction with these IFRS Consolidated Financial Statements and our Annual Report.

Table of ContentsKey figures ⁽¹⁾

<i>(in millions of , except where otherwise stated)</i>	1st quarter ⁽²⁾	
	2007	2006
Income from continuing operations	714	607
<i>Income from discontinued operations, net of income taxes</i>	<i>74</i>	<i>332</i>
Net income	788	939
<i>attributable to:</i>		
<i>Minority interest</i>	<i>49</i>	<i>53</i>
<i>Shareholders of Siemens AG</i>	<i>739</i>	<i>886</i>
Earnings per share from continuing operations ⁽³⁾	0.75	0.64
<i>(in euros)</i>		
<i>Earnings per share from discontinued operations ⁽³⁾</i>	<i>0.08</i>	<i>0.35</i>
<i>(in euros)</i>		
Earnings per share ⁽³⁾	0.83	0.99
<i>(in euros)</i>		
Net cash from operating and investing activities ⁽⁴⁾	(1,160)	(724)
<i>therein: Net cash provided by operating activities</i>	<i>299</i>	<i>486</i>
<i>Net cash used in investing activities</i>	<i>(1,459)</i>	<i>(1,210)</i>
Group profit from Operations ⁽⁴⁾	1,631	1,077
New orders ⁽⁴⁾	24,582	23,667
Revenue ⁽⁴⁾	19,068	17,976

	December 31, 2006		September 30, 2006	
	<i>Continuing operations</i>	<i>Total ⁽⁵⁾</i>	<i>Continuing operations</i>	<i>Total ⁽⁵⁾</i>
Employees <i>(in thousands)</i>	428	480	424	475
Germany	144	162	143	161
International	284	318	281	314

- (1) Unaudited, focused on continuing operations. (Discontinued operations consist of carrier networks, enterprise networks and mobile devices activities).
- (2) October 1, 2006 and 2005 December 31, 2006 and 2005, respectively.
- (3) Earnings per share basic, attributable to shareholders of Siemens AG.
- (4) Continuing operations.
- (5) Continuing and discontinued operations.

Note: Group profit from Operations is reconciled to Income before income taxes of Operations under Reconciliation to financial statements on the table Segment information.

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Management's discussion and analysis

Overview of financial results for the first quarter of fiscal 2007

Group profit from Operations rose 51%, to 1.631 billion.

Strong operating profit growth was not evident in net income of 788 million, which included a 423 million negative impact from Siemens' share of European Commission sanctions on major suppliers of certain power transmission and distribution products.

Income from continuing operations also included the sanction effect, but still rose 18%, to 714 million.

Revenue increased 6% to 19.068 billion compared to the prior-year period, and orders rose 4%, to 24.582 billion. On a comparable basis, excluding currency translation effects and the net effect of acquisitions and dispositions, revenue and orders increased 10% and 8%, respectively.

On a continuing basis, net cash used in operating and investing activities was 1.160 billion compared to net cash used of 724 million in the first quarter a year earlier.

We believe that in terms of the underlying performance of Siemens' business, the first quarter got the fiscal year off to a strong start. Order growth was particularly satisfying, considering that the prior-year basis of comparison was already quite high. We also brought more of our revenue growth to the bottom line, with a substantial increase in Group profit from Operations. While it is disappointing to see net income growth reversed by an impact from events in the past, Siemens is moving on with its tremendously improved operations year-over-year. This shows that Fit4More is delivering a more profitable and growth-oriented portfolio for Siemens, and we are continuing in that direction by closing the deals we announced last year and initiating new ones. We look forward to maintaining this momentum.

In the first quarter of fiscal 2007, ending December 31, 2006, Siemens reported net income of 788 million, a decrease of 16% compared to 939 million in the prior-year period. Basic earnings per share were 0.83 and diluted earnings per share were 0.80. In the first quarter a year earlier, both basic and diluted earnings per share were 0.99. Discontinued operations, primarily the businesses formerly reported as the Communications (Com) segment, contributed 74 million to net income in the first quarter. In the same period a year earlier, earnings of discontinued operations of 332 million included a 356 million gain on the sale of shares in Juniper Networks, Inc. (Juniper) only partially offset by 142 million in severance charges. Excluding discontinued operations, income from continuing operations was 714 million in the first quarter, an increase of 18% compared to 607 million in the same period a year earlier. On a continuing basis, basic earnings per share were 0.75 and diluted earnings per share were 0.73. In the first quarter of the prior year, both basic and diluted earnings per share were 0.64.

The primary driver of growth in income from continuing operations was Group profit from Operations, which rose 51% year-over-year, to 1.631 billion. All Groups within Operations reported positive results, and the majority increased both Group profit and profit margin compared to the first quarter a year ago. Automation and Drives (A&D) led all Groups with 450 million in Group profit, followed by Medical Solutions (Med), Power Generation (PG) and Siemens VDO Automotive (SV). Siemens Business Services (SBS) posted a profit compared to a substantial loss in the first quarter a year earlier.

Net income in the first quarter included a penalty of 423 million arising from a previously disclosed European Commission antitrust investigation, involving providers of certain gas-isolated switchgear (GIS) in the power transmission and distribution industry between 1988 and 2004. The penalty, which is not tax-deductible, was taken within Corporate items. For additional information, see Corporate items and Note 12 to Consolidated Financial Statements. Net income was positively influenced by Corporate Treasury earnings, which under IFRS swung from a negative 312 million in the first quarter a year ago to a positive 46 million in the current quarter. The prior-year period included a 315 million negative effect related to the cash settlement option on a convertible bond. Earnings from Financing and Real Estate activities were 152 million compared to 182 million in the first quarter a year earlier.

First-quarter revenue increased 6% year-over-year, to 19.068 billion. Orders of 24.582 billion were 4% higher compared to the strong first quarter a year earlier. Excluding currency translation and portfolio effects, first-quarter revenue rose 10% and orders climbed 8% year-over-year. Revenue growth was balanced regionally, while order growth was concentrated in the Americas, the Middle East, and Europe including Germany. Double-digit contributions to revenue growth came from PG, Power Transmission and Distribution (PTD), A&D and Siemens Building Technologies (SBT), while order growth was driven by double-digit increases at PTD, PG and Industrial Solutions and Services (I&S).

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For Siemens on a continuing basis, net cash used in operating and investing activities was 1.160 billion compared to 724 million in the first quarter a year earlier. The difference is due primarily to the first payment of 0.4 billion for the acquisition of the diagnostics division of Bayer AG.

Results of Siemens**Results of Siemens First quarter of fiscal 2007 compared to first quarter of fiscal 2006**

The following discussion presents selected information for Siemens for the first quarter:

(in millions)	First Quarter	
	2007	2006
New orders	24,582	23,667
<i>New orders in Germany</i>	4,871	4,588
<i>New international orders</i>	19,711	19,079
Revenue	19,068	17,976
<i>Revenue in Germany</i>	3,900	3,808
<i>International revenue</i>	15,168	14,168

Revenue in the first quarter was 19.068 billion, a 6% increase from 17.976 billion in the prior-year period. Orders were 24.582 billion, 4% higher than 23.667 billion in the first quarter a year earlier. On an organic basis, excluding currency translation effects and the net effect of acquisitions and dispositions, revenue climbed 10% and orders rose 8%.

First-quarter revenue in Germany rose 2%, to 3.900 billion, while orders increased 6% year-over-year, to 4.871 billion. International activities accounted for the remaining approximately 80% of revenue and orders in the first quarter. The fastest growth on a regional basis came in the Middle East/Africa/Commonwealth of Independent States (CIS) area, where revenue rose 16%, to 1.585 billion, and orders climbed 11%, to 2.429 billion. Asia-Pacific revenue grew 15%, to 2.697 billion, while orders of 3.092 billion came in below the prior-year period which included unusually high order volume, particularly in China and India. In the Americas, revenue of 4.948 billion and orders of 6.384 billion were 4% and 15% higher, respectively, than in the first quarter a year ago. Adjusting for currency translation and portfolio effects, revenue and orders in the region were up 13% and 25%. In Europe outside Germany, revenue rose 4%, to 5.938 billion, and orders were up 8%, at 7.806 billion.

(in millions)	First Quarter	
	2007	2006
Gross profit	4,805	4,522
<i>as percentage of revenue</i>	25.2%	25.2%

Gross profit increased 6% year-over-year to 4.805 billion, in line with 6% growth in revenue compared to the prior-year period. Gross profit margin remained stable at 25.2%.

(in millions)	First Quarter	
	2007	2006
Research and development expenses	(781)	(791)
<i>as percentage of sales</i>	4.1%	4.4%
Marketing, selling and general administrative expenses	(2,843)	(3,006)
<i>as percentage of sales</i>	14.9%	16.7%
Other operating income	228	200

Other operating expense	(499)	(34)
Income from investments accounted for using, the equity method, net	160	142
Financial income, net	(5)	(262)

Research and development expenses were 4.1% of revenue, down from 4.4% in the first quarter a year earlier. Marketing, selling and general administrative expenses also declined as a percent of revenue, to 14.9% from 16.7% in the prior-year period, primarily due to an improved cost position at SBS. Other operating income increased compared to the prior year. The first quarter of fiscal 2007 included substantial gains from portfolio activities, particularly a gain from the sale of the Transportation Systems (TS) locomotive leasing business. Both periods benefited from gains on sales of real estate, which were higher in the prior year. Other operating expense increased significantly compared to the prior year. The current quarter included a penalty of 423 million imposed by the European Commission antitrust investigation. For additional information, see Note 12 to Consolidated Financial Statements. Other operating expense also included 50 million primarily to fund job placement companies for former Siemens employees affected by the bankruptcy of BenQ Mobile GmbH & Co. OHG.

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Financial income, net was a negative 5 million compared to a negative 262 million in the first quarter a year earlier. The difference resulted primarily from a negative 315 million effect in the prior-year quarter, related to mark-to-market valuation of the cash settlement option associated with a 2.5 billion convertible bond issued by Siemens in 2003. This option was irrevocably waived in the third quarter of fiscal 2006, effectively eliminating subsequent earnings effects.

(in millions)	First Quarter	
	2007	2006
Income from continuing operations before income taxes	1,065	771
Income taxes	(351)	(164)
<i>as percentage of income from continuing operations before income taxes</i>	<i>33%</i>	<i>21%</i>
Income from continuing operations	714	607
Income from discontinued operations, net of income taxes	74	332
Net income	788	939
Net income attributable to Minority interest	49	53
Net income attributable to Shareholders of Siemens AG	739	886

In the first quarter, income from continuing operations before income taxes rose by 38% to 1.065 billion despite the penalty of 423 million mentioned above, due to improved Group profit from Operations, with significant improvements at SBS and A&D. The income tax rate increased from 21% to 33%, primarily due to the non-tax deductibility of the penalty. The effects described above resulted in an income from continuing operations in the first quarter of 714 million, 18% higher than in the prior-year period. Income from discontinued operations, net of income taxes was 74 million compared to 332 million in the prior-year, which included a gain of 356 million on sales of Juniper shares only partially offset by 142 million in severance charges. Net income came in at 788 million compared to 939 million in the same period a year earlier. In the first quarter, net income attributable to shareholders of Siemens AG was 739 million, after 886 million in the first quarter of fiscal 2006.

Segment information analysis**Operations****Information and Communications****Siemens Business Services (SBS)**

(in millions)	First Quarter			
	2007	2006	% Change	
			Actual	Adjusted*
Group profit	24	(232)		
Group profit margin	2.0%	(16.5)%		
Revenue	1,180	1,406	(16)%	6%
New orders	1,217	1,505	(19)%	8%

* Excluding currency translation effects of (1)% on revenue and orders, and portfolio effects of (21)% and (26)% on revenue and orders, respectively.

SBS posted Group profit of 24 million in the first quarter of fiscal 2007. For comparison, the Group's loss in the

first quarter a year earlier included 207 million in severance charges. First-quarter revenue of 1.180 billion and orders of 1.217 billion were lower than a year earlier due to the Group's divestment of its Product Related Services division between the periods under review. On an adjusted basis, revenue and orders were up 6% and 8%, respectively.

Table of Contents**Automation and Control****Automation and Drives (A&D)**

(in millions)	First Quarter			
	2007	2006	% Change	
			Actual	Adjusted*
Group profit	450	359	25%	
Group profit margin	13.3%	12.1%		
Revenue	3,390	2,968	14%	15%
New orders	4,019	3,682	9%	11%

* Excluding currency translation effects of (3)% on revenue and orders, and portfolio effects of 2% and 1% on revenue and orders, respectively.

A&D increased first-quarter Group profit 25%, to a new high of 450 million, on 14% revenue growth. A&D continued to benefit from strong operating leverage, resulting in a broad-based increase in earnings and profitability year-over-year. A&D also posted broad-based growth in first-quarter revenue and orders, which reached 3.390 billion and 4.019 billion, respectively. Demand growth in Europe was highlighted by particularly strong order intake in Germany. Effective with the beginning of fiscal 2007, results for A&D include Siemens wireless module activities (formerly part of Com) on a retroactive basis.

After the close of the first quarter, Siemens announced an agreement to acquire U.S.-based UGS Corp., one of the leading providers of product lifecycle management (PLM) software and services for manufacturers. For additional information, see Subsequent events.

Industrial Solutions and Services (I&S)

(in millions)	First Quarter			
	2007	2006	% Change	
			Actual	Adjusted*
Group profit	90	64	41%	
Group profit margin	4.3%	3.2%		
Revenue	2,073	1,978	5%	7%
New orders	3,057	2,705	13%	14%

* Excluding currency translation effects of (4)% and (3)% on revenue and orders, respectively, and portfolio effects of 2% on revenue and orders.

First-quarter Group profit at I&S jumped 41% year-over-year, to 90 million, including higher earnings and profit margins at the Group's two largest divisions, Metal Technologies and Industrial Services. Broad-based customer demand increased first-quarter revenue 5% year-over-year, to 2.073 billion. I&S also won a number of large new contracts during the period, taking orders up to 3.057 billion, 13% above the high level recorded in the first quarter a

year earlier.

Siemens Building Technologies (SBT)

(in millions)	First Quarter			
	2007	2006	% Change	
			Actual	Adjusted*
Group profit	72	56	29%	
Group profit margin	5.9%	5.1%		
Revenue	1,213	1,102	10%	12%
New orders	1,386	1,373	1%	3%

* Excluding currency translation effects of (4)% on revenue and orders, and portfolio effects of 2% on revenue and orders.

Group profit at SBT increased to 72 million, 29% above the first quarter a year earlier, as all divisions posted higher earnings and profit margins. Revenue increased on a Group-wide basis as well, rising 10% year-over-year to 1.213 billion. Orders were up 1%, at 1.386 billion.

Table of Contents**Power****Power Generation (PG)**

(in millions)	First Quarter			
	2007	2006	% Change	
			Actual	Adjusted*
Group profit	169	178	(5)%	
Group profit margin	6.2%	8.6%		
Revenue	2,726	2,074	31%	30%
New orders	5,017	4,060	24%	26%

* Excluding currency translation effects of (4)% on revenue and orders, and portfolio effects of 5% and 2% on revenue and orders, respectively.

Strong demand continued across PG's entire range of power generation solutions, as first-quarter revenue rose 31% year-over-year, to 2.726 billion, and orders climbed 24%, to a new quarterly high of 5.017 billion. New fossil power generation contracts were well distributed geographically, including major orders in Africa, the Americas, Asia-Pacific, Europe and the Middle East. The Group's industrial and wind power businesses both posted sharply higher earnings and profit margins compared to the same quarter a year earlier. Group profit of 169 million for PG overall came in below the prior-year level, however, as the fossil power generation business took 92 million in charges related to cost overruns and delays on a major project in Finland. In addition, equity earnings from joint ventures were lower than in the first quarter a year earlier and are expected to remain volatile in coming quarters.

Power Transmission and Distribution (PTD)

(in millions)	First Quarter			
	2007	2006	% Change	
			Actual	Adjusted*
Group profit	130	82	59%	
Group profit margin	7.5%	5.6%		
Revenue	1,728	1,456	19%	23%
New orders	3,146	2,473	27%	33%

* Excluding currency translation effects of (4)% and (6)% on revenue and orders, respectively.

PTD delivered 130 million in Group profit in the first quarter, 59% higher than in the same period a year earlier. Profitability also rose substantially, as a majority of the Group's divisions posted higher earnings and profit margins. The 423 million penalty arising from a previously disclosed European Commission antitrust investigation is taken centrally in Corporate items. For additional information, see Corporate items and Note 12 to Consolidated Financial Statements. First-quarter revenue for the Group climbed 19% year-over-year, to 1.728 billion. Orders of 3.146 billion, fueled by an exceptionally large contract in the Middle East, were up 27% compared to a strong first quarter a year

ago.

Transportation*Transportation Systems (TS)*

(in millions)	First Quarter			
			<i>% Change</i>	
	2007	2006	<i>Actual</i>	<i>Adjusted*</i>
Group profit	47	17	176%	
Group profit margin	4.4%	1.6%		
Revenue	1,073	1,060	1%	5%
New orders	1,219	2,077	(41)%	(40)%

* Excluding currency translation effects of (1)% on revenue, and portfolio effects of (3)% and (1)% on revenue and orders, respectively.

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TS recorded Group profit of 47 million in the first quarter. A net gain of 76 million on the sale of the Group's locomotive leasing business was largely offset by charges related to major projects. First-quarter revenue of 1.073 billion came in above the prior-year level. Orders exceeded revenue but came in well below the level of the prior-year quarter, which included an exceptionally large order in China.

Siemens VDO Automotive (SV)

(in millions)	First Quarter			
	2007	2006	% Change	
			Actual	Adjusted*
Group profit	146	156	(6)%	
Group profit margin	6.0%	6.4%		
Revenue	2,418	2,448	(1)%	(1)%
New orders	2,414	2,448	(1)%	(1)%

* Excluding currency translation effects of (2)% on revenue and orders, and portfolio effects of 2% on revenue and orders.

Group profit was 146 million at SV in the first quarter compared to 156 million in the same period a year earlier. Both periods include positive effects from portfolio activities. First-quarter revenue of 2.418 billion was nearly level year-over-year.

Medical**Medical Solutions (Med)**

(in millions)	First Quarter			
	2007	2006	% Change	
			Actual	Adjusted*
Group profit	304	243	25%	
Group profit margin	14.5%	12.2%		
Revenue	2,102	1,984	6%	6%
New orders	2,211	2,156	3%	3%

* Excluding currency translation effects of (6)% on revenue and orders, and portfolio effects of 6% on revenue and orders.

Med contributed Group profit of 304 million in the first quarter, 25% higher than in the same period a year earlier. The Group's profit margin benefited from currency-related effects. Revenue rose 6% to 2.102 billion and orders increased 3% to 2.211 billion, including for the first time a full quarter of new volume from Med's Diagnostics division, formed following acquisition of Diagnostic Products Corp.

After the close of the current quarter, Med completed its acquisition of Bayer's diagnostics business and merged it into the Diagnostics division. The Group expects integration costs relating to the acquisition and merger in the second

quarter. For additional information on the acquisition, see Subsequent events.

Lighting
Osram

First Quarter

% Change
