

SIEMENS AKTIENGESELLSCHAFT

Form 6-K

January 26, 2006

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**FORM 6-K
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16
of the Securities Exchange Act of 1934
For January 26, 2006**

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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	1st quarter ⁽²⁾	
	2006	2005
Income from continuing operations <i>(in millions of euros)</i>	815	1,083
Loss from discontinued operations, net of income taxes <i>(in millions of euros)</i>	(2)	(82)
Net income <i>(in millions of euros)</i>	813	1,001
	_____	_____
Earnings per share from continuing operations ⁽³⁾ <i>(in euros)</i>	0.92	1.22
Loss per share from discontinued operations ⁽³⁾ <i>(in euros)</i>	(0.01)	(0.10)
Earnings per share ⁽³⁾ <i>(in euros)</i>	0.91	1.12
	_____	_____
Net cash from operating and investing activities ⁽⁴⁾ <i>(in millions of euros)</i>	(820)	(2,006)
<i>therein: Net cash used in operating activities</i>	<i>(17)</i>	<i>(974)</i>
<i>Net cash used in investing activities</i>	<i>(803)</i>	<i>(1,032)</i>
	_____	_____
Group profit from Operations ⁽⁴⁾ <i>(in millions of euros)</i>	1,402	1,565
	_____	_____
New orders ⁽⁴⁾ <i>(in millions of euros)</i>	26,788	20,412
	_____	_____
Sales ⁽⁴⁾ <i>(in millions of euros)</i>	20,719	17,030
	_____	_____

	December 31, 2005	September 30, 2005
	<hr/>	<hr/>
Employees ⁽⁴⁾ <i>(in thousands)</i>	468	461
Germany	165	165
International	303	296

(1) Unaudited, focused on continuing operations. (Discontinued operations consist of discontinued mobile devices activities).

(2) October 1, 2005 and 2004 December 31, 2005 and 2004, respectively.

(3) Earnings per share basic.

(4) Continuing 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 included in this release.

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Earnings Release

Munich, January 26, 2006

Siemens in the first quarter 2006 (October 1, 2005 to December 31, 2005)

Orders rose to 26.788 billion, up 31% compared to the first quarter a year earlier, and sales increased 22%, to 20.719 billion.

Group profit from Operations was 1.402 billion, including 351 million in severance charges in the Information and Communications business area. A year earlier, Group profit from Operations was 1.565 billion.

Net income was 813 million compared to 1.001 billion in the prior-year period.

On a continuing basis, net cash from operating and investing activities was a negative 820 million, reflecting a significant increase in net working capital in line with growth. A year earlier, net cash from operating and investing activities was a negative 2.006 billion, including 1.496 billion in supplemental cash pension contributions.

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The first quarter demonstrates that Siemens' business portfolio delivers strong growth on the combination of innovative solutions, strong presence in growth markets and acquisitions, said Siemens CEO Klaus Kleinfeld. Most Groups showed higher earnings, however, net income was affected by severance charges at Com and SBS. With 2006 off to a good start all our measures along with the Product Related Services disposal are directed towards our 2007 targets.

For the first quarter of fiscal 2006, ended December 31, 2005, Siemens reported net income of 813 million, basic earnings per share of 0.91, and diluted earnings per share of 0.87. In the first quarter a year earlier, net income was 1.001 billion and basic and diluted earnings per share were 1.12 and 1.08, respectively. Discontinued operations lost 2 million in the quarter, compared to 82 million in the same period a year earlier. Excluding discontinued operations, income from continuing operations in the first quarter was 815 million, and corresponding basic and diluted earnings per share were 0.92 and 0.87, respectively. A year earlier, income from continuing operations was 1.083 billion, and corresponding basic and diluted earnings per share were 1.22 and 1.16, respectively.

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Group profit from Operations was 1.402 billion compared to 1.565 billion a year earlier. The difference was due primarily to sharply higher severance charges in the Information and Communications Groups. Siemens Business Services (SBS) took 207 million in severance charges and posted a substantially higher loss compared to the first quarter a year earlier, and Communications (Com) took 144 million in severance charges. These combined charges offset a gain of 356 million at Com from sales of shares in Juniper Networks, Inc. (Juniper). A year earlier, Com recorded a 208 million gain in the first quarter from Juniper share sales. Aside from Com and SBS, all other Groups within Operations increased their earnings year-over-year except for Power Generation (PG), which sustained an adverse settlement in arbitration. PG nevertheless remained among Siemens earnings leaders, along with Automation and Drives (A&D), Medical Solutions (Med), Siemens VDO Automotive (SV) and Osram.

Earnings from Financing and Real Estate activities were 132 million compared to 136 million in the first quarter a year ago. Earnings from Corporate Treasury activities were also lower year-over-year, at 65 million compared to 104 million. The difference is an outcome of the shift in Siemens net debt position associated with substantial cash outflows for acquisitions and a build-up of net working capital associated with growth. Net income was further reduced by higher centrally carried pension expense, which resulted from a reduction in the discount rate assumption at the end of fiscal 2005.

First-quarter orders of 26.788 billion were up 31% compared to the first quarter a year earlier, including an unusually high level of large orders. Sales increased 22% year-over-year, to 20.719 billion. Excluding currency and portfolio effects, first-quarter orders rose 13% and sales were up 7% year-over-year, with strong order contributions from Power Transmission and Distribution (PTD), Transportation Systems (TS), PG, Siemens Building Technologies and A&D. On a regional basis, growth was strongest in Asia-Pacific. In China, orders and sales rose 73% and 59%, while growth was even stronger in India, where orders more than tripled year-over-year. For Asia-Pacific as whole, orders increased 70% year-over-year and sales rose 44%.

On a continuing basis, Operations in the first quarter used 930 million in net cash from operating and investing activities, including outflows for investments and acquisitions, as well as a significant build-up of net working capital. In the prior-year period, operating and investing activities within Operations used net cash of 1.998 billion, including PG's acquisition of its wind power business and 1.496 billion in supplemental pension plan contributions. For Siemens on a continuing basis, operating and investing activities in the first quarter used net cash of 820 million, compared to net cash used of 2.006 billion a year earlier.

Table of Contents**Operations in the first quarter of fiscal 2006****Information and Communications****Communications (Com)**

(in millions)	First Quarter			
	2006	2005	% Change	
			Actual	Adjusted*
Group profit	323	372	(13)%	
Group profit margin	9.4%	12.0%		
Sales	3,420	3,104	10%	4%
New orders	3,894	3,544	10%	3%

* Excluding currency translation effects of 6% on sales and orders, and portfolio effects of 1% on orders.

Com recorded double-digit growth in the first quarter, increasing sales to 3.420 billion and orders to 3.894 billion. Volume growth came from Com's large carrier networks business, which also increased its earnings contribution year-over-year. While the enterprise networks business posted a modest increase in sales year-over-year, significant severance charges contributed to a loss compared to a positive contribution a year earlier. Com's devices business declined compared to the prior year. For Com overall, Group profit of 323 million included 356 million from the sale of its remaining Juniper shares, more than offsetting a total of 144 million in severance charges. For comparison, Group profit of 372 million in the first quarter a year earlier included 208 million in gains from Juniper share sales.

Siemens Business Services (SBS)

(in millions)	First Quarter			
	2006	2005	% Change	
			Actual	Adjusted*
Group profit	(229)	(25)		

Group profit margin	(16.3)%	(2.0)%		
Sales	1,406	1,256	12%	4%
New orders	1,505	1,850	(19)%	(23)%

* Excluding currency translation effects of 2% on sales and orders, and portfolio effects of 6% and 2% on sales and orders, respectively.

Orders at SBS in the first quarter reached 1.505 billion but came in below the high level of the prior-year period, which included a larger contribution from long-term outsourcing contracts partly involving acquisitions. Conversion of these earlier orders to current business contributed to SBS 12% rise in first-quarter sales year-over-year. Severance charges totaling 207 million contributed substantially to the Group's loss of 229 million for the quarter.

During the quarter, SBS reached an agreement to sell its Product Related Services business to a Siemens joint venture, Fujitsu Siemens Computers BV. The transaction is expected to close in the third quarter.

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

(in millions)	First Quarter			
	2006	2005	% Change	
			Actual	Adjusted*
Group profit	354	298	19%	
Group profit margin	12.1%	13.0%		
Sales	2,928	2,295	28%	8%
New orders	3,628	2,554	42%	15%

* Excluding currency translation effects of 4% and 5% on sales and orders, respectively, and portfolio effects of 16% and 22% on sales and orders, respectively.

In the first quarter, A&D increased Group profit 19% to 354 million, including positive contributions from Flender Holding GmbH and Robicon Corp., acquired in the fourth quarter of fiscal 2005. Sales and orders climbed to 2.928 billion and 3.628 billion, respectively, as A&D combined volume from its new activities with broad-based organic growth, particularly in China and India.

Beginning in fiscal 2006, A&D includes the Electronics Assembly Systems division on a retroactive basis, to provide a meaningful comparison with prior periods. The division was formerly part of the Logistics and Assembly Systems Group (L&A), which was dissolved as of the beginning of fiscal 2006.

Industrial Solutions and Services (I&S)

First Quarter	
% Change	

(in millions)	<u>2006</u>	<u>2005</u>	<u>Actual</u>	<u>Adjusted*</u>
Group profit	55	35	57%	
Group profit margin	2.8%	2.6%		
Sales	1,978	1,368	45%	11%
New orders	2,705	1,749	55%	(2)%

* Excluding currency translation effects of 6% and 5% on sales and orders, respectively, and portfolio effects of 28% and 52% on sales and orders, respectively.

Beginning in fiscal 2006, I&S includes the Airport Logistics and Postal Automation divisions, formerly of L&A, on a retroactive basis. Results for I&S also include significant portions of VA Technologie AG (VA Tech), which Siemens acquired between the periods under review.

I&S recorded a broad-based rise in first-quarter Group profit, to 55 million, including positive contributions from its new businesses. Sales rose to 1.978 billion, on double-digit organic growth combined with new revenues from the Group's expansion. Orders climbed to 2.705 billion, primarily due to new volume from the VA Tech business, particularly a large order in Poland.

Table of Contents**Siemens Building Technologies (SBT)**

(in millions)	First Quarter			
	2006	2005	% Change	
			Actual	Adjusted*
Group profit	50	49	2%	
Group profit margin	4.5%	4.9%		
Sales	1,102	1,010	9%	4%
New orders	1,373	1,088	26%	19%

* Excluding currency translation effects of 4% and 6% on sales and orders, respectively, and portfolio effects of 1% on sales and orders.

Group profit at SBT was 50 million in the first quarter. For comparison, Group profit of 49 million in the same period a year earlier included a gain on the sale of an investment. Sales of 1.102 billion in the first quarter were up 9% year-over-year, and orders climbed 26%, to 1.373 billion, including broad-based growth in SBT's security, safety, building comfort and building automation solutions.

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

(in millions)	First Quarter			
	2006	2005	% Change	
			Actual	Adjusted*
Group profit	177	214	(17)%	
Group profit margin	8.5%	13.6%		
Sales	2,074	1,578	31%	16%
New orders	4,060	2,485	63%	44%

* Excluding currency translation effects of 4% on sales and orders, and portfolio effects of 11% and 15% on sales and orders, respectively.

PG contributed Group profit of 177 million in the first quarter. The difference compared to the prior year is due to an adverse result in arbitration related to a turnkey project in the Philippines, which dates back to 1999 and for which the Group had previously taken some provisions. The decline in earnings margin also reflects the shift in the Group's sales mix toward faster growth in industrial turbine and alternative energy activities relative to fossil power generation. Sales climbed 31% compared to the prior-year period, to 2.074 billion, and orders jumped 63%, to 4.060 billion, on broad-based demand including major orders in Europe and Asia-Pacific.

Power Transmission and Distribution (PTD)

(in millions)	First Quarter			
	2006	2005	% Change	
			Actual	Adjusted*
Group profit	84	52	62%	
Group profit margin	5.8%	6.2%		

	_____	_____	_____	_____
Sales	1,456	834	75%	23%
New orders	2,473	1,093	126%	72%
	_____	_____	_____	_____

* Excluding currency translation effects of 9% and 13% on sales and orders, respectively, and portfolio effects of 43% and 41% on sales and orders, respectively.

PTD posted higher Group profit of 84 million in the first quarter, combining a positive contribution from its portion of the VA Tech acquisition with broad-based earnings increases in its existing businesses. PTD also delivered significant organic growth to go along with new volume from VA Tech, particularly in its High Voltage division which won two large contracts in the Middle East. As a result, PTD's sales climbed 75% year-over-year, to 1.456 billion, and the Group's orders more than doubled, to a record 2.473 billion.

Table of Contents**Transportation****Transportation Systems (TS)**

(in millions)	First Quarter			
	2006	2005	% Change	
			Actual	Adjusted*
Group profit	21	20	5%	
Group profit margin	2.0%	2.0%		
Sales	1,064	1,014	5%	1%
New orders	2,077	1,230	69%	65%

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

First-quarter Group profit at TS was up year-over-year, at 21 million, and sales also rose compared to the same quarter a year earlier. Orders for TS overall surged 69% year-over-year, to 2.077 billion, on major new orders for trains in China, Spain and Austria, as well as rising demand for mass transit and rail automation solutions.

Siemens VDO Automotive (SV)

(in millions)	First Quarter			
	2006	2005	% Change	
			Actual	Adjusted*
Group profit	163	144	13%	
Group profit margin	6.7%	6.3%		
Sales	2,448	2,285	7%	2%

New orders	2,448	2,294	7%	2%
* Excluding currency translation effects of 5% on sales and orders.				

SV's first-quarter Group profit of 163 million includes higher R&D investments compared to the prior year and a gain on the sale of its portion of a joint venture in North America. Sales and orders were up 7% compared to the first quarter a year earlier, led by growth in the Powertrain division and Chassis and Carbody division.

Table of Contents**Medical****Medical Solutions (Med)**

(in millions)	First Quarter			
	2006	2005	% Change	
			Actual	Adjusted*
Group profit	246	215	14%	
Group profit margin	12.4%	13.0%		
Sales	1,984	1,656	20%	11%
New orders	2,156	2,030	6%	(1)%

* Excluding currency translation effects of 7% and 6% on sales and orders, respectively, and portfolio effects of 2% and 1% on sales and orders, respectively.

In the first quarter, Med increased Group profit 14% year-over-year, to 246 million. The Group's earnings margin reflects currency-related effects, as well as higher R&D investments compared to the prior-year period. Installations of Med's advanced diagnostics imaging solutions drove a double-digit increase in sales, which reached 1.984 billion, and took orders up to 2.156 billion for the quarter.

Lighting**Osram**

(in millions)	First Quarter			
	2006	2005	% Change	
			Actual	Adjusted*

Group profit	125	120	4%	
Group profit margin	10.8%	11.1%		
	<hr/>	<hr/>	<hr/>	<hr/>
Sales	1,158	1,083	7%	1%
New orders	1,158	1,083	7%	1%
	<hr/>	<hr/>	<hr/>	<hr/>

* Excluding
currency
translation
effects of 6% on
sales and orders.

Osram increased its first-quarter Group profit to 125 million and sales rose 7%, to 1.158 billion. Higher revenues, particularly including growth in the Americas, led to higher capacity utilization and improved earnings in the Group's largest division, General Lighting.

Other Operations

Other Operations consist of centrally held operating businesses not related to a Group. These businesses include joint ventures, equity investments, a small portion of the VA Tech acquisition, and the Dematic businesses which were carved out of the former Logistics and Assembly Systems Group. In the first quarter, Group profit from Other Operations was 33 million, down from 71 million a year earlier due largely to losses in the Dematic businesses. Sales for Other Operations totaled 997 million compared to 744 million a year earlier.

Table of Contents**Corporate items, pensions and eliminations**

Corporate items, pensions and eliminations totaled a negative 329 million in the first quarter, compared to a negative 270 million in the same period a year earlier. The primary difference year-over-year is an increase in centrally carried pension expense, resulting from a reduction in the discount rate assumption at September 30, 2005.

Financing and Real Estate**Siemens Financial Services (SFS)**

(in millions)	First Quarter		
	2006	2005	% Change
Income before income taxes	79	99	(20)%
	Dec. 31, 2005	Sept. 30, 2005	
Total assets	10,398	10,148	2%

Income before income taxes at SFS was 79 million in the first quarter. For comparison, the prior-year level included a gain on the sale of an investment. Total assets at the end of the current period were 2% higher compared to the end of fiscal 2005 due to expanded leasing activities.

Siemens Real Estate (SRE)

(in millions)	First Quarter		
	2006	2005	% Change
Income before income taxes	53	37	43%
Sales	411	383	7%
	Dec. 31, 2005	Sept. 30, 2005	
Total assets	3,361	3,496	(4)%

In the first quarter, SRE recorded income before income taxes of 53 million compared to 37 million in the prior-year period. The difference includes positive effects in the current year related to sales of real property.

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Eliminations, reclassifications and Corporate Treasury

Income before income taxes from Eliminations, reclassifications and Corporate Treasury was 65 million compared to 104 million a year earlier. The difference was due mainly to reduced interest rate hedging activities not qualifying for hedge accounting, as business growth, particularly involving substantial cash outflows for acquisitions and a build-up of net working capital, resulted in a shift in Siemens' net debt position.

Income statement highlights in the first quarter 2006

Siemens reported first-quarter net income of 813 million compared to 1.001 billion a year earlier. Excluding discontinued operations, income from continuing operations was 815 million compared to 1.083 billion in the first quarter a year earlier.

Gross profit increased 3% year-over-year, due to a significant increase in sales compared to the prior-year period. Gross profit margin declined, however, to 27.1% from 31.9%, reflecting substantial severance charges at Com and SBS, as well as a lower margin at PG resulting from the change in sales mix and adverse arbitration settlement mentioned above. Research and development expenses were 6.2% of sales, down from 6.6% in the first quarter a year earlier. Marketing, selling and general administrative expenses increased but declined as a percent of sales, from 19.5% to 18.0%.

Other operating income (expense), net rose to 69 million from 17 million in the first quarter of fiscal 2005, in part due to gains from real property sales. Income (expense) from financial assets and marketable securities, net was 340 million, up from 299 million in the first quarter a year earlier. Gains on sales of Juniper shares were 356 million in the current period and 208 million in the prior-year period.

Sales and order trends for the first quarter fiscal 2006

Sales for the first quarter of fiscal 2006 were 20.719 billion, a 22% increase from 17.030 billion in the prior-year period. Orders of 26.788 billion were up 31% from 20.412 billion a year earlier, including particularly strong demand in Asia-Pacific. Excluding currency translation effects and the net effect of acquisitions and dispositions, sales were up 7% and orders rose 13%. Large new contracts were numerous and well-distributed, both geographically and among the Groups.

International sales rose 27% year-over-year, to 16.641 billion, and orders rose 37% compared to the prior-year period, to 21.970 billion. In Germany, acquisitions pushed sales up 3%, to 4.078 billion, while orders rose 10%, to 4.818 billion, on a balance of both acquisitions and organic growth. In Europe outside Germany, sales for the first quarter of fiscal 2006 rose 17% year-over-year, to 6.673 billion, including organic growth and acquisitions. Orders in Europe outside Germany increased 28%, to 8.148 billion, with a strong contribution from acquisitions. The growth in U.S. sales and orders, up 14% at 3.835 billion and up 19% at 4.398 billion, respectively, was strongly influenced by currency translation effects. This factor also influenced growth in Asia-Pacific, where sales of 2.852 billion were 44% higher than in the prior-year period and orders climbed 70% year-over-year, to 4.864 billion. Within Asia-Pacific, sales in China were up 59%, at 999 million, and orders in China surged 73%, to 1.894 billion.

Table of Contents**Liquidity for the first quarter 2006**

On a continuing basis, operating and investing activities used net cash of 820 million in the first quarter of fiscal 2006 compared to net cash used of 2.006 billion in the first quarter of fiscal 2005.

Continuing operations	Operations		SFS, SRE and Corporate Treasury *		Siemens	
	First Quarter					
	2006	2005	2006	2005	2006	2005
(in millions)						
Net cash provided by (used in):						
Operating activities	(456)	(1,342)	439	368	(17)	(974)
Investing activities	(474)	(656)	(329)	(376)	(803)	(1,032)