Annual Report 2013

engineering for a better world

GEA Group: Key IFRS figures

The following table contains both the figures relating to continued operations and the pro forma figures for the group including GEA Heat Exchangers for comparison purposes.

	Continued operations			GEA Group [1]		
(EUR million)	2013	2012 [2]	Change in %	2013	2012 [3]	Change in %
Results of operations						
Order intake	4,627.9	4,425.4	4.6	6,092.7	5,901.1	3.2
Revenue	4,320.0	4,142.3	4.3	5,772.2	5,720.1	0.9
Order backlog	2,015.5	1,829.9	10.1	2,810.9	2,751.6	2.2
Operating EBITDA [4]	530.1	494.4	7.2	688.3	661.9	4.0
as % of revenue	12.3	11.9	–	11.9	11.6	–
EBITDA	515.2	420.1	22.6	659.8	597.0	10.5
Operating EBIT [4]	458.8	425.8	7.8	582.1	560.8	3.8
as % of revenue	10.6	10.3	–	10.1	9.8	–
EBIT	419.6	314.3	33.5	525.0	453.9	15.7
as % of revenue	9.7	7.6	–	9.1	7.9	–
EBT	352.1	227.1	55.0	457.1	364.8	25.3
Profit after tax from continued operations	282.0	214.3	31.6	335.8	315.1	6.6
Profit or loss after tax from discontinued operations	54.4	100.9	–46.2	0.6	0.1	> 100
Profit for the period	336.4	315.2	6.7	336.4	315.2	6.7
Net assets						
Total assets	6,464.6	6,429.3	0.6	6,464.6	6,429.3	0.6
Equity	2,315.7	2,166.9	6.9	2,315.7	2,166.9	6.9
as % of total assets	35.8	33.7	–	35.8	33.7	–
Working capital (reporting date)	363.3	355.7	2.1	531.1	533.2	–0.4
Working capital (average of the last 12 months)	506.4	525.5	–3.6	717.5	752.7	–4.7
as % of revenue (average of the last 12 months)	11.7	12.7	–	12.4	13.2	–
Net liquidity (+)/Net debt (-)	–	–	–	–178.6	–325.5	45.1
Gearing in % (net debt/equity)	–	–	–	7.7	15.0	–
Financial position						
Cash flow from operating activities	424.7	333.6	27.3	525.8	465.1	13.1
Cash flow driver [5]	413.8	207.2	99.7	543.8	368.1	47.7
as % of revenue (last 12 months)	9.6	5.0	–	9.4	6.4	–
Capital employed (reporting date)	2,550.2	2,545.2	0.2	3,552.6	3,559.5	–0.2
Capital employed (average of the last 12 months)	2,687.3	2,733.5	–1.7	3,722.4	3,836.5	–3.0
ROCE in % (EBIT/Capital employed) [6]	15.6	11.5	–	14.1	11.8	–
ROCE in % (goodwill adjusted) [7]	22.1	16.7	–	20.8	17.8	–
Capital expenditure on property, plant and equipment	120.5	125.2	–3.8	151.3	161.2	–6.2
Full-time equivalents (reporting date) excluding vocational trainees and inactive employment contracts	17,750	17,168	3.4	24,951	24,498	1.9
GEA shares						
Earnings per share pre purchase price allocation (EUR)	–	–	–	1.86	1.87	–0.9
Earnings per share (EUR)	–	–	–	1.75	1.68	3.6
Weighted average number of shares outstanding (million)	–	–	–	192.5	185.8	3.6

1) Including the disposal group and the discontinued operations GEA Heat Exchangers respectively
2) Amounts adjusted due to first time classification of an operation as discontinued operation (see page 147 f.) and due to change in accounting policy for employee benefits (see page 118 f.)
3) Amounts adjusted due to change in accounting policy for employee benefits (see page 118 f.)
4) Before effects of purchase price allocations from revalued assets and liabilities and before one-offs (see page 200 f.)
5) Cash flow driver = EBITDA - Capital expenditure - Change in Working Capital (average of the last 12 months)
6) Capital employed including goodwill from the acquisition of the former GEA AG by the former Metallgesellschaft AG in 1999 (average of the last 12 months)
7) Capital employed excluding goodwill from the acquisition of the former GEA AG by the former Metallgesellschaft AG in 1999 (average of the last 12 months)

The GEA Group: engineering for a better world

GEA Group is one of the largest suppliers to the food processing industry and a wide range of process industries. It generated consolidated revenues in excess of EUR 4.3 billion in 2013.

As an international technology group, the Company focuses on the development and production of process technology and components for sophisticated production methods in a variety of end markets. GEA generates more than 70 percent of its consolidated revenues from the food sector, which is a long-term growth industry.

The group employed around 18,000 people worldwide as of December 31, 2013. GEA Group is a market and technology leader in its business areas.

2013

Order intake
EUR 4,628 million

Revenue
EUR 4,320 million

Operating EBITDA
EUR 530.1 million

Operating EBITDA Margin
12.3 %

Earnings per share
1.75 EUR

Cover picture:

GEA powder handling and storage technology inside a dairy powder plant.

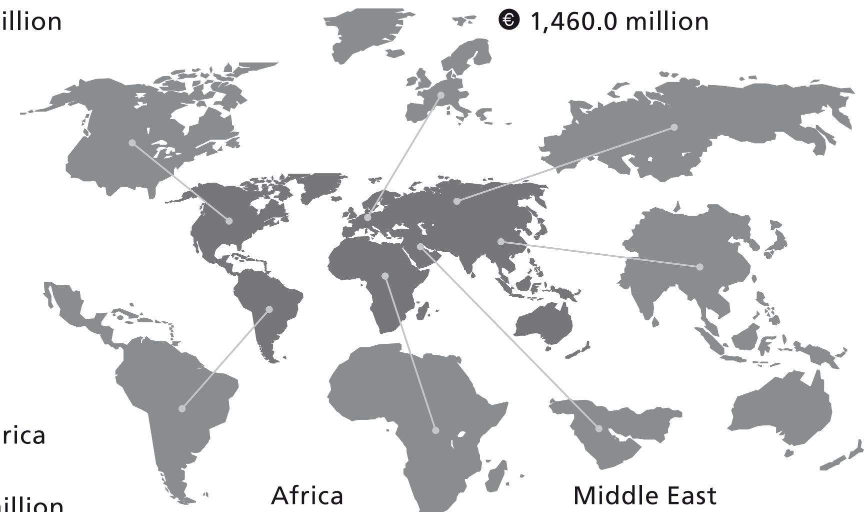
GEA Group 2013: Globally Active

North America
1,964
720.7 million

Western Europe
11,230
1,460.0 million

Eastern Europe
673
378.9 million

Asia/Pacific
3,069
1,096.2 million



Latin America
387
294.5 million

Africa
361
160.4 million

Middle East
66
209.3 million

=Employees (FTEs)
=Revenue

Contents

See inside back cover for index

Jürg Oleas,
CEO of GEA Group Aktiengesellschaft

Dear Shareholders,

2013 was another highly successful fiscal year for GEA Group. This is underlined by an increase in order intake to approximately EUR 6.1 billion and a further improvement in operating margin. Continued operations, i.e. operations excluding the GEA Heat Exchangers Segment that is about to be divested, have experienced around 7 percent year on year organic growth in order intake, which reflects the continued momentum in the food sector. Overall Group sales went up to nearly EUR 5.8 billion, which corresponds to organic growth of around 3 percent. In respect of continued operations, which are more significant to our future, organic growth even exceeded the level of 6 percent. With an operating EBITDA of EUR 701 million which adjusted for currency effects includes GEA Heat Exchangers, we have attained our envisaged target. And with a corresponding operating EBITDA margin of 12 percent, we have realized an excellent result by mechanical engineering standards. With regard to cash flow driver margin we most recently had announced a target of at least 9.0 percent. Ultimately, we were able to clearly exceed this target by attaining a level of 9.4 percent. These figures imply that we have achieved all our objectives set for the fiscal year. This is also mirrored in a 4 percent increase in earnings per share to EUR 1.75. It should be noted that strategic projects – in particular the envisaged separation from the GEA Heat Exchangers Segment and the one-time tax effects associated with it – adversely affected earnings per share. Adjusted for these expenses, earnings per share would have totaled EUR 1.99. This would correspond to an 18 percent increase.

Supported by the Group's even stronger focus on the food sector as communicated in June 2013 and the strong order intake experienced in the subsequent quarters, our share price climbed and closed at a new all-time high of EUR 34.89 on December 27. The closing price of EUR 34.60 on December 30 corresponds to a 41 percent increase in 2013. This means that, in the fiscal year just ended, our share outperformed both the DAX and the MDAX and clearly also surpassed the STOXX® Europe TMI Industrial Engineering, which is the most relevant benchmark for our Company. Due to this positive share price performance, GEA's market capitalization went up to approximately EUR 6.7 billion by the end of fiscal year 2013.

Nonetheless, the business environment in the fiscal year just ended was not exactly easygoing. For instance, the development of key regional sales markets proved less favorable than projected by independent sources in early 2013. This is why, amongst others, the International Monetary Fund was twice forced to revise its economic growth assumptions downwards in the course of the year. While the euro zone and China remained at previous year levels, the overall economic growth rates in the US, which is an important market to us, and emerging markets overall clearly remained below 2012 levels. The fact that GEA nonetheless attained its targets and was able to post a clear organic growth in order intake underlines the strength of GEA's product portfolio.

Broken down into segments, this development was subject to various dynamics. Although the profitability of our GEA Food Solutions Segment is still below Group average, the Segment achieved a positive EBITDA result in the fiscal year just ended. In this respect, we follow a clear roadmap aimed at successively increasing the Segment's earning power. In the previous fiscal year, the strongest growth in order intake was generated in the Segments with the highest return on investment. Thus, for the very first time, our GEA Mechanical Equipment Segment achieved an order intake in excess of EUR 1 billion on the basis of a nearly 7 percent organic growth rate, while GEA Process Engineering enjoyed even more dynamic growth. Based on organic growth that surpassed 14 percent and was mainly driven by the demand for dairy processing equipment, the Segment also succeeded in attaining a new all-time record high of more than EUR 2 billion in terms of order intake. With regard to revenue, the GEA Process Engineering and the GEA Refrigeration Technologies Segments performed above average with organic growth rates of 7.5 and 9.1 percent, respectively. In the GEA Process Engineering Segment, we one more time increased our operating EBITDA margin - which had already been extremely good in the two preceding years – by 90 basis points to currently 11.3 percent. This is a remarkable level of profitability for the engineering sector. The Segment achieved the highest return on capital employed amongst all Segments. Furthermore, the GEA Refrigeration Technologies Segment was also able to boost its operating EBITDA margin to a new record high of 9.6 percent.

In 2013, GEA once again received orders for important reference projects that rely on the application of our innovative solutions and technologies. Basically, this was a result of the rising global demand for dairy products. Thus, the largest individual orders placed with our Company embraced 7 dairy projects, each worth more than EUR 30 million, with a total value of approximately EUR 370 million that were awarded by leading international food groups in Europe and New Zealand. This development impressively underlines the trust our customers place in our process engineering know-how and capabilities.

Focus on the food industry

In recent years we have increasingly focused the activities of the Group. This included the divestment of the business activities chemistry and the risk exposed turnkey plant engineering. Subsequently, the remaining business portfolio was subsumed under a new, clearly aligned segment structure. The next logical step was taken in 2012, when we put our entire technology and business portfolio to the test to obtain a clearer picture of which activities and competences would enable us to compete successfully in the future.

In our opinion, GEA's best chances for further growth lie in aligning the business portfolio with products and services in the field of sophisticated process technology that are most promising in terms of mutual synergy potentials. As the demand for processed food will continue to climb due to the rising global population and the growing middle class, we regard the food industry as our key market.

Basically, the segment GEA Heat Exchangers serves other customer industries and only supplies a very small fraction of the products required for our projects in the food sector, while being subject to competitive factors which differ from those of our core segments. In the light of these circumstances, we took the decision to separate from this Segment. Nonetheless, I would like to emphasize that the GEA Heat Exchangers Segment retains a strong market position, has outstanding products and is economically successful. Our restructuring measures conducted in recent years have been instrumental in this development.

As a result of this focusing process, we intend to faster expand our leading position as system provider for the food industry. In the long run, the proportion of revenue generated in the food sector will account for about three quarters of our overall revenue. At the same time we will also systematically further develop our other technologically demanding process technologies by means of applications outside the food sector.

Liquidity management

As expected, the introduction of a new bonus system for our senior management in 2012 had a positive impact on cash generation in the fiscal year just ended. Since 2012, the cash flow driver margin has been a key metric in determining the amount of variable remuneration awarded to our managers. In 2013, the further improvement of the cash flow driver margin allowed us to create the necessary financial headroom for implementing our strategic growth targets.

As of December 31, 2013, our net debt – including the GEA Heat Exchangers Segment – was further down from EUR 325 million in the previous year to a level below EUR 180 million due to the fact that we continued to implement a policy of strict liquidity management. In this respect it must be taken into consideration that the dividends in the amount of EUR 106 million that were paid out in April 2013 for fiscal year 2012 again surpassed the record level of the previous year. These payments also included about EUR 59 million in cash-out for settling issues of formerly discontinued operations.

Moreover, we managed to reduce last year's average working capital as a ratio of revenue to a new record low of 12.4 percent, which is once again clearly below the sound level of 13.2 percent that had been reached in the previous year. Thus, in the fiscal year just ended, we were able to increase our cash flow from operating activities from EUR 465 million to EUR 526 million.

Change in the Executive Board

In the fiscal year just ended Niels Graugaard, my fellow Executive Board member, resigned from the Board due to retirement. Since 2007, Mr. Graugaard's remit had included the GEA Mechanical Equipment, GEA Process Engineering and GEA Refrigeration Technologies Segments. Before, he had been in charge of our former Process Engineering Division since 1999. On behalf of the Supervisory Board and my fellow Executive Board members, I would like to thank him for many years of extraordinarily successful service for the benefit of GEA. We wish him and his family all the best for the future.

The Supervisory Board appointed Markus Hüllmann as his successor. He joined GEA Group in 1995 and held various senior positions in sales and engineering at home and abroad, whereupon he became President of the GEA Mechanical Equipment Segment in 2010. Under his leadership, the Segment turned into a highly profitable and innovative business. For an interim period, he holds a dual role and continues to directly manage the Segment. As a member of the Executive Board, he is also responsible for the GEA Food Solutions and GEA Refrigeration Technologies Segments.

Employees

Investing in our highly engaged and committed staff remains our key priority. This also includes our talented young people. As in the previous year, we continued to take on more apprentices and trainees than we actually require for covering our own needs. In Germany, our apprentice-employee ratio remained unchanged at 6.2 percent. In addition, we promote various projects focused on acquainting children and young people with the fascination of technology to ensure that we will still find motivated employees willing to drive our innovations in the future.

In 2013 we conducted our first worldwide engagement survey amongst our current employees who dedicate themselves to GEA each and every day. Our objective was to measure employee commitment as well as satisfaction with various aspects of working life. Our survey response rate of 88 percent of all employees was outstanding. In 2014 we will derive targeted measures from our findings.

As in previous years, we have decided to reward our workforce for their outstanding performance by paying out a bonus to all our non-executive employees worldwide for fiscal year 2013. Once again, the amount awarded for the fiscal year just ended will amount to around EUR 5 million. On behalf of all members of the Executive Board, I would like to take this opportunity to thank all our staff for their commitment and excellent performance. I would also expressly include the employee representative bodies in my thanks.

Outlook

Our plans for the current fiscal year 2014 assume continued positive business progress and a favorable economic trend in all our key sales markets. Without taking into account acquisition and non-recurring effects, and provided that there is no unexpected global economic downturn and 2013 exchange rates remain unchanged, we strive to attain a moderate growth in revenue as well as an operating EBITDA of between EUR 550 million and EUR 590 million in 2014. Under the same conditions, the cash flow driver margin is to reach a level of between 9 and 9.5 percent.

Our strategy of acquiring companies that open up new markets or actively complement GEA's portfolio in existing markets remains unchanged and valid. This way, we want to offer to our customers an increasingly broader range of services out of one hand. However, in the light of the uncertainties in the global financial markets, we will pay particular attention to the financial feasibility of such undertakings while striving to maintain GEA's sound credit rating in the capital markets.

Dividend

For 2013, the Executive Board and the Supervisory Board will propose an increased dividend of EUR 0.60 per share to the Annual General Meeting. In terms of dividend payouts to our shareholders, this would be another record high of approximately EUR 115 million which is in line with our long-term target payout ratio of one third of the Group's earnings.

Sincerely,

Jürg Oleas
Chairman of the Executive Board

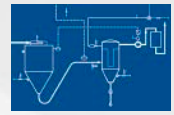
The GEA Group

GEA Group is structured into segments and headed by the listed company GEA Group Aktiengesellschaft (G1A, WKN 660 200). This company performs all essential management functions for the entire group. The units making up GEA Group specialize in their respective core technologies and are leaders in their sales markets worldwide. Further information is available on the Internet at: www.gea.com

GEA Food Solutions

GEA Farm Technologies

GEA Mechanical Equipment



GEA Process Engineering

GEA Refrigeration Technologies

GEA Food Solutions

- **Process technology for secondary food processing and packaging**

– Machinery for preparing, marinating, secondary processing, slicing, and packaging food: bowl cutters, spiral ovens, slicers, thermoformers

Thermoformers

Slicers

Bowl cutters

Spiral ovens

GEA Farm Technologies

- **Farm equipment**

– Milking equipment
– Milk-cooling equipment
– Automatic feeding systems
– Animal hygiene
– Milking parlor cleaning equipment and accessories
– Barn equipment
– Manure management systems
– Farm services

Milking equipment

Automatic feeding systems

Animal hygiene products

Barn equipment

GEA Group Structure


Separators


Homogenizers

GEA Mechanical Equipment

- **Special components**

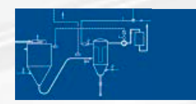
– Separators
– Decanters
– Membrane filters
– Homogenizers
– Pumps and valves


Decanters


Valves


Spray dryers


Beverage & dairy systems



GEA Process Engineering

- **Process technology**

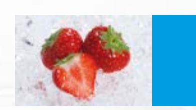
– Design and installation of process lines for the food and beverage, chemical, pharmaceutical, and cosmetics industries, and for gas cleaning plants


Aseptic filling


Pharma systems


Compressors


Packages and skids



GEA Refrigeration Technologies

- **Refrigeration technologies**

– Reciprocating and screw compressors
– Freezing systems
– Chillers
– Development and maintenance of industrial refrigeration systems


Ice machines


Freezers

engineering for a better world

Executive Board of GEA Group Aktiengesellschaft

Dr. Helmut Schmale Jürg Oleas Dr. Stephan Petri Markus Hüllmann

Jürg Oleas, Chairman of the Executive Board

Jürg Oleas, a Swiss national born on December 8, 1957, in Quito, Ecuador, was appointed as Chairman of the Executive Board effective November 1, 2004. His period of office runs until December 31, 2016. Jürg Oleas has been a member of the Company's Executive Board since May 1, 2001. He is responsible for the GEA Process Engineering Segment and for the GEA Heat Exchangers Segment, which is now reported under discontinued operations.

Dr. Helmut Schmale, Chief Financial Officer

Born on November 9, 1956, in Gelsenkirchen, Germany, Dr. Helmut Schmale became Chief Financial Officer on April 22, 2009, after joining the Executive Board on April 1, 2009. His period of office runs until March 31, 2015.

Markus Hüllmann, Member of the Executive Board (since April 1, 2013)

Markus Hüllmann, born on July 29, 1968, in Paderborn, Germany, has been a member of the Executive Board of GEA Group Aktiengesellschaft since April 1, 2013, and has headed the GEA Food Solutions, GEA Mechanical Equipment, and GEA Refrigeration Technologies segments since April 19, 2013. He succeeded Niels Graugaard who retired after the Annual General Meeting on April 18, 2013. Markus Hüllmann is also continuing in his position as Segment President for the GEA Mechanical Equipment Segment for a transitional period. His period of office runs until March 31, 2016.

Niels Graugaard, Member of the Executive Board (until April 18, 2013)

Niels Graugaard, born on February 4, 1947, in Copenhagen, Denmark, was a member of the Executive Board between August 1, 2007, and his retirement after the Annual General Meeting on April 18, 2013.

Dr. Stephan Petri, Member of the Executive Board and Labor Relations Director

Born on February 11, 1964, in Traben-Trarbach, Germany, Dr. Stephan Petri has been the Executive Board member responsible for Human Resources, Legal/Compliance, and the group's other companies since June 1, 2012. In addition, he is the Labor Relations Director. Dr. Stephan Petri has also headed operations in the GEA Farm Technologies Segment since April 19, 2013. His period of office runs until May 31, 2015.

Combined Group Management Report

The new German Accounting Standard 20 (GAS 20), “Group Management Report” has been employed for the first time in this Annual Report. This has led to various changes in the management report compared to the prior-year report. In particular, the structure of the report, the titles of certain chapters, and their sequence have changed. Furthermore, GAS 20 also requires additional information to be disclosed, which was provided accordingly. One major change is that a comparison is now made between the forecasts presented in the previous annual report and the actual business development with regard to the most important key performance indicators. In addition, the new requirements concerning the report on risks and opportunities were implemented in line with new standard.

Fundamental information about the group

Group business model

Combined Management Report of GEA Group Aktiengesellschaft and the GEA Group

GEA Group Aktiengesellschaft is the management company for the group. Profit and loss transfer agreements are in place with key domestic subsidiaries. In addition, GEA Group Aktiengesellschaft performs central financial and liquidity management. It also provides its subsidiaries with services on the basis of service agreements.

Since the course of business, the economic position, and the opportunities and risks associated with the future development of GEA Group Aktiengesellschaft do not differ from the course of business, the economic position, and the opportunities and risks associated with the future development of the group, the management report of GEA Group Aktiengesellschaft has been combined with that of the group in accordance with section 315(3) of the Handelsgesetzbuch (HGB – German Commercial Code). In contrast to the consolidated IFRS financial statements, the annual financial statements of GEA Group Aktiengesellschaft are based on the HGB, supplemented by the Aktiengesetz (AktG – German Stock Corporation Act).

Organization and Structure

GEA Group Aktiengesellschaft

At an organizational level, GEA Group is structured into segments and headed by the listed company GEA Group Aktiengesellschaft. This company performs all essential management functions for the entire group. These comprise the group-wide management of strategic, human resources, legal, and tax matters, mergers & acquisitions, central financial management, group financial control, group accounting, investor and public relations, and internal audit.

Segmentation of the group

As an international technology group, GEA Group focuses on the development and production of process technology and components for sophisticated and efficient production methods in a variety of end markets. GEA Group is one of the largest suppliers of systems and components for the food processing industry and a wide range of other processing industries.

The units making up GEA Group specialize in their respective core technologies and hold leading positions in their sales markets worldwide. GEA Group consistently promotes a pronounced innovation culture and, by doing so, continuously renews its technological edge. GEA Group considers profitability more important than volume and practices systematic portfolio management and strict cost control. Active risk management, stability through diversification, and a focus on the markets of the future are binding principles for all GEA Group business units.

At the end of fiscal year 2013, the group was organized into five segments, which are allocated to continued operations. GEA Process Engineering was headed by Jürg Oleas; GEA Food Solutions, GEA Mechanical Equipment, and GEA Refrigeration Technologies by Markus Hüllmann; and GEA Farm Technologies by Dr. Stephan Petri.

The GEA Heat Exchangers Segment, which was also headed by Jürg Oleas, no longer forms part of the group's core business (see page 15).

The "Other" reporting segment comprises GEA Group Aktiengesellschaft and those companies with business activities that do not form part of the core business. In the main, this means internal service companies. Given that this area has no material impact on the group as a whole, the management report only refers to it selectively.

The group's enduring success is founded on a number of major global trends:

1. The continuous growth in the global population,
2. The growing middle class,
3. The growing demand for high-quality foods, beverages, and pharmaceutical products,
4. The increasing demand for production methods that are efficient and conserve valuable resources.

The group segments classified under continued operations are described in detail below:

GEA Food Solutions Segment
GEA Food Solutions is a manufacturer of machinery for preparing, marinating, processing, cutting, and packaging meat, poultry, fish, cheese, and other foods. The segment's offering ranges from individual machines through to end-to-end production lines.

GEA Farm Technologies Segment
GEA Farm Technologies is one of the world's leading manufacturers of integrated product solutions for profitable milk production and livestock farming. The segment's combined expertise in the areas of milking and milk-cooling technology, automatic feeding systems, manure management systems, and barn equipment provides today's farmers with a complete range of products and solutions. Services and animal hygiene solutions round off its profile as a full-line systems provider for farms of all sizes. The segment's sales strategy is built upon a global network of specialist dealers and sales and service partners.

GEA Mechanical Equipment Segment
GEA Mechanical Equipment specializes in separators, decanters, valves, pumps, and homogenizers – high-quality process engineering components and their use in process technology systems that ensure seamless processes and cost-effective production in almost all major areas of industry worldwide. At the same time, such equipment helps reduce customer production costs and protect the environment in a sustainable manner.

GEA Process Engineering Segment

GEA Process Engineering specializes in the design and development of process solutions for the dairy, brewing, food, pharmaceutical, and chemical industries. The segment is an acknowledged market and technology leader in its business areas: liquid processing, concentration, industrial drying, powder processing and handling, and emission control.

GEA Refrigeration Technologies Segment

GEA Refrigeration Technologies is a market leader in the field of industrial refrigeration technology. The segment develops, manufactures, and installs innovative key components and technical solutions for its customers. To ensure complete customer satisfaction, GEA Refrigeration Technologies also offers a broad range of maintenance and other services. Its product range comprises the following core components: reciprocating and screw compressors, valves, chillers, ice generators, and freezing systems.

Discontinued operations

Segment GEA Heat Exchangers

On June 20, 2013, the Executive Board of GEA Group Aktiengesellschaft resolved, with the approval of the Supervisory Board, to withdraw from the GEA Heat Exchangers Segment. This is the result of an in-depth technological and strategic review of the portfolio initiated by GEA last year. The aim of the review was to identify which core business areas have the greatest synergy potential. These are to be systematically driven forward and will form the foundation for GEA Group's profitable long-term growth.

The GEA Heat Exchangers Segment provides products and systems for numerous areas of use, ranging from air conditioning systems to cooling towers. Boasting one of the largest portfolios of heat exchangers worldwide, the segment supplies optimal single-source solutions for a large number of applications and also offers customers professional support with project planning. The segment represents 25 percent of the group's revenue.

Due in particular to the fact that the selling process has been initiated, the segment has been reported under discontinued operations. This affects all key performance indicators in fiscal year 2013. In the interest of improved comparability, the data from fiscal year 2012 have been modified accordingly. The notes to the consolidated financial statements deviate from the procedure adopted in the management report and follow the IFRS accounting standards in not modifying balance sheet figures of the previous year.

Remaining companies

As in previous years, the remaining companies listed under discontinued operations cover the risks remaining from the sale of the plant engineering activities, the continued process of winding-up the business operations of Ruhr-Zink, and individual legal disputes.

Engineering, production, and investment

GEA Group companies develop and produce components, machines, systems, and plants primarily on a make-to-order basis for a broad range of industries. The focus is on the food and beverage sectors. With its global engineering and production network, the group is able to provide customers with solutions that are precisely tailored to their individual requirements. Customers also benefit from our flexible production concepts, which ensure fast throughput and low costs, and minimize the capital tied up.

The new production building of GEA Food Solutions at Biedenkopf-Wallau

Investment in construction at the production plant in Biedenkopf-Wallau/Germany marks another clear statement of intent by GEA to focus its strategy more closely on the food industry. All in all, GEA Group is investing around EUR 10 million in the extensive modifications. The first phase of construction started in April 2013 and will be finished at the end of 2014. The completion of all construction is scheduled for the spring of 2015. Several production buildings were demolished to make way for the new facility, which will enable GEA Food Solutions to significantly enhance the entire production process at the plant. Similarly, the construction of a new technology center offering individual product demonstrations, training courses, and seminars will help the segment to provide an even more customer-centered offering.

Following a two-year construction period, the world's most advanced separator plant has been completed in Oelde/Germany. This new plant for the GEA Mechanical Equipment Segment is the group's largest investment of recent years. The new facility is an exceptionally sustainable manufacturing operation, combining state-of-the-art engineering, optimized energy management, and an efficient infrastructure to produce separators for customers around the world. The project was implemented without interruption to normal operations and the new facility fully commissioned in the past fiscal year. The investment in the past fiscal year amounted to approximately EUR 10 million. Other major investments at GEA Mechanical Equipment included the creation of a new location in Wuqing/China and an expansion of capacity at the existing location in Bengaluru/India. Investment in these areas amounted to approximately EUR 11 million in 2013. In total, EUR 110 million were invested in connection with the Global Production Concept in recent years.

A major priority at the GEA Refrigeration Technologies Segment in 2013 was to synchronize and continuously improve business processes (lean production). This included a complete restructuring of the segment's reciprocating compressor plant in 's-Hertogenbosch/Netherlands.

Procurement

GEA is continuing to focus on strategic procurement and on pooling orders so as to ensure long-term price stability and reliability on the part of our main suppliers. These measures also extend to hedging and risk diversification, which have helped to reduce price fluctuations, particularly with regard to the procurement of raw materials and semifinished products.

Procurement at GEA Group is conducted on a cross-segment basis, with the purchase of raw materials, components, semifinished products, and services being pooled both by region and by commodity groups. To achieve this goal, the GEA Procurement Council was set up in 2012 with the aim of consolidating the strategic procurement operations by individual segments. Teams specializing in specific raw materials cooperate on a cross-segment basis in order to make the best possible use of procurement synergies within GEA Group.

The introduction of a new purchasing portal in 2013 has increased the availability of specific procurement data and improved the sharing of information on a group-wide basis. As a result, employees working in procurement, project managers, and engineers are now able to compile the data relevant to their respective projects much more quickly.

GEA is continuously expanding and intensifying its procurement activities in emerging economies. To this end, the group has built up a reliable supplier base in these countries and is now increasingly exploiting the cost benefits offered by these markets.

GEA Group's total purchasing volume for its continued operations amounted to approximately EUR 2.1 billion in 2013. Prices for raw materials remained relatively stable in 2013, although the price of stainless steel fell continuously.

A key focus was on providing further training for employees working in procurement. Staff from GEA's procurement divisions worldwide took part in "best-in-class" training programs.

The past year also saw the rollout of GEA Class across the group as a whole. First introduced in fiscal year 2012, this group-wide classification system is designed to provide more meaningful procurement data and to establish a unified procurement system for materials and services. It provides detailed cross-segment analyses of procurement prices and conditions. The system is based on eCl@ss, an international standard for electronic data interchange between suppliers and customers that is used in 77 countries to classify a wide range of products, materials, and services. GEA Class was developed on the basis of this standard system and supplemented by the addition of a number of extra categories, resulting in a custom solution that enables the transparent and uniform classification of products and suppliers.

Management system

Basis of information

Group reports are prepared with the aid of standard applications that are precisely tailored to the needs of GEA Group and subject to continuous enhancement. Standard reports prepared on the basis of unified data are used throughout the group to report net assets, financial position, and results of operations. These standard reports are supplemented by special analyses as well as analyses and reports related to specific businesses and strategic measures. Corporate planning – which covers the current budget plus further two planning years – and risk reporting are both based on the same reporting and consolidation system that is used for the reporting of actual figures.

Routine reporting procedures are supplemented by committee meetings that provide members of the group management with an opportunity to share information on strategic and operational issues. Meetings of the Executive Board of GEA Group Aktiengesellschaft and of the Extended Management Board, which comprises the Executive Board members and segment heads, are held once a month. The Executive Board meetings concentrate on issues of relevance to the group as a whole, whereas decisions with a direct impact on the segments are prepared in meetings of the Extended Management Board, before passing to the Executive Board for approval. Additionally, regular meetings are held with the individual segments. These are attended by the Executive Board member responsible for the relevant segment along with the CFO, segment managers, and selected heads of department from the group management company. Such meetings entail detailed discussions of the net assets, financial position, results of operations, and business development of the segment concerned. Separate meetings for each segment are also held to discuss earnings for the latest fiscal year and the business plan for the following years.

Key performance indicators

GEA's overriding goal is to secure a sustainable increase in enterprise value. The operational management is based on the key drivers that have an immediate influence on value creation. To this end, the company focuses (see page 88) on growth, operating efficiency, and liquidity management. The most important key performance indicators are therefore revenue, earnings, and the cash flow driver margin. In the process, GEA takes an organic view of revenue trends, i.e., before acquisition and currency effects. With respect to earnings, the company focuses on operating EBITDA. GEA defines "operating" as adjusted for effects resulting from the remeasurement of assets added due to acquisitions, and for expenses that are non-recurring in terms of their nature or magnitude. For the purposes of analyzing and managing earnings, this performance indicator is also adjusted for acquisition and currency effects. The cash flow driver margin is defined as the net amount of EBITDA, the change in average working capital, and capital expenditure on property, plant and equipment as well as intangible assets (all as reported), calculated as a ratio to revenue. GEA also regularly collate a range of other performance indicators in order to obtain a meaningful picture of the overall situation.

Revenue is analyzed by region and customer industry on a monthly basis in order to identify emerging market trends as early as possible. In this context, we also evaluate, as leading indicators, the GEA Demand Index (GDI – see page 77) and order intake.

To enable a rapid response to developments, the segments are also required to return regular forecasts – for the quarters and for the year as whole – for the key performance indicators revenue and operating EBITDA. In addition, these reports include forecasts with respect to other performance indicators such as order intake and EBIT.

In order to create the requisite financial scope to achieve strategic growth and to focus the group even more closely on cash flow generation, a new key performance indicator – the cash flow driver margin – was introduced in 2012 and also incorporated into the new bonus system for senior management.

The return on capital employed (ROCE) provides a further performance indicator for measuring the value added that is generated by the group's operating activities. It therefore figures in both the group's regular reporting activities and the calculation of variable, performance-related elements of management remuneration. In order to anchor ROCE even more strongly at an operational level, the ROCE drivers EBIT and EBIT margin, working capital, and the ratio of working capital to revenue are monitored continuously. When calculating capital employed, effects arising from the acquisition of the former GEA AG by the former Metallgesellschaft AG in 1999 are not taken into account. Furthermore, as of 2011, the key performance indicators are also presented after adjustment for purchase price allocation effects. As a component of capital employed, capital expenditure is managed using a multilevel approval process.

The difference between expected ROCE and the weighted average cost of capital (WACC) is a key criterion for investment and portfolio decisions. The group calculates WACC on the basis of the following factors: the cost of equity, based on the return yielded by an alternative, risk-free investment plus a market risk premium and the beta factor, actual borrowing costs, and the rate used to discount pension obligations.

Management of capital employed

Resources are allocated within the group primarily on the basis of strategic and medium-term planning. This provides the framework for preparing key decisions on core technologies, sales markets, and other strategically important variables.

Acquisitions and expansion investments are assessed not only on the basis of key performance indicators showing potential returns, but also in terms of their importance for achieving the group's strategic goals. The key economic criterion for evaluating rationalization and expansion investments is the net present value. The payback period is also calculated as an additional benchmark for assessing the risk arising from changing economic conditions.

Working capital is another key element of capital employed. Working capital management begins before an order is accepted with the payment terms that are offered or negotiated.

Project- and activity-based management

In addition to general management with the aid of the key performance indicators described above, the group has established individual assessment and approval procedures for customer and investment projects, utilizing specific thresholds for the different hierarchy levels. Customer projects are evaluated primarily on the basis of their expected margins (gross margin on a fully absorbed cost basis) and of their commercial and contractual risk profile, with a particular emphasis on cash flow. Project management is also backed up by extensive project control not only at operating unit level but also – depending on the size of the project involved – at segment or group level in the form of a separate reporting system for major contracts. In many cases, the findings gained from this analysis yield suggestions for improving internal processes, which can be used in subsequent projects. At group level, the analysis focuses on deviations between the calculated and the expected or realized contract margin.

Compliance

Compliance – which is defined as measures to ensure adherence to legal, statutory, and internal requirements, as well as their observance by group companies – is a key management and supervisory task at GEA Group. For this purpose, a group-wide compliance organization was established some years ago. This is headed by the Chief Compliance Officer, who reports in this function to the Supervisory Board's Audit Committee. The Chief Compliance Officer is assisted by the Corporate Compliance Officer. Furthermore, a Segment Compliance Officer has been appointed for each segment and a Company Compliance Manager for each operating company. A Compliance Committee was also established in 2010 to advise the Chief Compliance Officer. GEA Group's extensive compliance program is rounded off by classroom and web-based training sessions for the group employees responsible for compliance. Further information on the issue of compliance can be found in the Corporate Governance Report (see page 58 ff.).

Remuneration system and financial performance management

The performance of the key value drivers is also reflected in managers' remuneration. Variable salary components dependent on company performance are determined on the basis of the cash flow driver margin and ROCE. In addition, performance-related remuneration depends on the achievement of personal goals, of which at least one must be measurable in financial terms. A further component of management and Executive Board remuneration is based on the performance of GEA's share price in relation to the benchmark index, the STOXX® Europe TMI Industrial Engineering (TMI IE).

Research and development

In today's global markets, an engineering corporation such as GEA needs to show an enduring commitment to permanently enhancing its own processes and technologies. It is this culture of innovation that helps secure its continued commercial success. In addition to pursuing its own intensive research and development (R&D) activities, the group also encourages cooperative research projects with its customers and suppliers.

At GEA, R&D activities are conducted locally by the individual segments and business units. This also facilitates direct cooperation with customers. The potential drawbacks of a decentralized R&D structure are avoided by ensuring cooperation between individual segments and a global exchange of knowledge throughout the group. All in all, GEA Group companies including GEA Heat Exchangers, filed applications for 85 new patents in the past fiscal year.

The culture of innovation at GEA is embodied in a uniform global ideas and improvement management system and three cross-segment innovation competitions.

The GEA Innovation Contest, which has been running with great success for a number of years now, provides a showcase for development projects that are potentially less than twelve months away from market launch. The winners at the segment level get to present their projects during a day at the annual international meeting of the group's senior managers. The three segments that present the most promising developments in terms of market opportunities, earnings potential, chances of realization, and level of innovation are awarded with a total prize money of EUR 1.5 million to boost their development budgets.

The overall winner in 2013 was an entry from the GEA Process Engineering Segment: a compact piece of machinery for manufacturing tablets in the pharmaceutical industry. It features innovations in a total of four areas: precision dosing of powdered substances, their continuous and careful blending, online monitoring of the homogeneity and the concentration of active ingredients of the mix, and, finally, the compression of the tablets. The second prize was awarded to the GEA Food Solutions Segment for an entry featuring a new tool material that expedites thermoforming of plastic packaging for foodstuffs and improves the quality of this process. Third prize went to the GEA Mechanical Equipment Segment, which has made its separators even easier to use by enhancing the related IT systems. A notable feature of this year's competition was that three of the six winning entries were based on the use of smart measurement and control engineering, rather than further mechanical enhancements.

The GEA Development Contest is designed to promote promising new product ideas that are at an early stage of the development process and that still require up to three years until market launch. This competition, too, involves group-wide presentation events and offers prize money of varying amounts. In 2013, the first prize went to GEA Mechanical Equipment. The team from this segment has developed a technique to isolate the valuable proteins remaining in the rapeseed oil cake that is left over when rapeseed is pressed. Crucially, the new process is so gentle that the proteins can be used in animal feed and are even fit for human consumption. As such, this resolves a problem in rapeseed processing: without purification, the bitter principles in rapeseed oil cake mean that it has only a limited suitability as feed, even for cattle. The second prize was awarded to GEA Farm Technologies for a new, modular service package developed specifically for its fully automatic milking stall module, GEA Dairy ProQ. The concept is based on a sustainable business model featuring long-term service contracts that extend over the module's entire lifetime and include regular maintenance by GEA technicians. In a further benefit, an individual milking stall can be exchanged for a preassembled replacement module in a mere 20 minutes. Third prize went to GEA Refrigeration Technologies for its new compact screw compressor for use with ammonia. This new development comes in response to two key market trends: the choice of ammonia as a natural and therefore environmentally friendly refrigerant, and the growing use of compact screw compressors. There are two aspects to this landmark innovation: the development of a motor with copper components that are resistant to ammonia, and the integration of this motor within a compact screw compressor that operates with extreme efficiency at both full and part loads.

The GEA Investment Fund is the third group-wide innovation competition. It is aimed at product ideas that are still at an embryonic stage and which lead primarily to projects involving cooperation between individual group segments or with external companies and organizations. The 14-strong jury awarded the largest amount of funding to an idea submitted by GEA Process Engineering, followed by GEA Food Solutions and GEA Refrigeration Technologies. Most of these ideas are aimed at deepening our understanding of a customer's production process and thereby enhancing it. Such refinements might involve, for example, the addition of suitable sensors to improve the quality of the food produced or the efficient use by the process in its use of resources such as energy. The impetus for this can originate directly from the customer; or it might derive from new developments in the field of, for example, sensor technology, or from the hunt for new markets for existing GEA products.

In 2013, GEA also successfully took part once again in external competitions organized by industry associations, customers, and trade fairs.

At the World Dairy Expo, for example, which was held under the "Center of the Dairy Universe" banner in the U.S.A., both the Apollo Milking System and the MIone Automatic Milking System from GEA Farm Technologies won innovation awards.

In fiscal year 2013, direct expenses for research and development declined to EUR 73.9 million. This represents a fall of 10.6 percent on the previous year's expenditure of EUR 82.7 million. These figures also include refunded expenses (contract costs), which are reported in the production costs and which totaled EUR 11.4 million (previous year: EUR 11.8 million). The R&D expenses also comprise depreciation of EUR 8.5 million (previous year: EUR 7.5 million). The R&D ratio therefore amounted to a total of 1.7 percent of revenue (previous year: 2.0 percent). The capitalized development costs amounted to 0.5 percent of revenue (previous year: 0.6 percent).

Research and development (R&D) expenses (EUR million)	2013	2012 *	Change in %
Refunded expenses (contract costs)	11.4	11.8	–3.4
Non-refunded R&D expenses	62.5	70.9	–11.8
Total R&D expenses	**73.9**	**82.7**	**–10.6**
R&D ratio (as % of revenue)	**1.7**	**2.0**	**–**

*) Amounts adjusted due to first time classification of an operation as discontinued operation (see page 147 f.)

Report on Economic Position

GEA in fiscal year 2013

The forecast for fiscal year 2013 assumed that demand in GEA's sales markets would match the high levels seen in 2012. Contrary to this assumption, the performance of important regional sales markets was worse than forecast at the beginning of 2013. As a result, the International Monetary Fund (IMF) also had to revise its assumptions downward twice in the course of the year. Although the eurozone and China both remained roughly on a level with the previous year, macroeconomic growth rates in the United States, a key market for GEA, and in the emerging markets were significantly below the 2012 figures overall (see IMF, "World Economic Outlook", January 2014 update).

The outlook for business development in 2013 was based on GEA including the GEA Heat Exchangers Segment. Therefore, the indicators presented below also contain this segment in all cases.

GEA's forecast for fiscal year 2013 in the 2012 Annual Report assumed that there would be no slowdown in global economic growth. However, as the IMF's figures show, such easing did in fact take place in the course of the year. Despite this, the Company achieved the moderate organic revenue growth of 3.1 percent expected by the Executive Board.

The earnings (EBITDA) target given in the last Annual Report was around EUR 700 million. We were not anticipating any major non-recurring expenses at that time. In June 2013, the Supervisory Board approved the Executive Board's decision to withdraw from the GEA Heat Exchangers Segment over the medium term. As material non-recurring expenses in the low double-digit millions were therefore anticipated for this strategy and portfolio project, the EBITDA forecast was adjusted in line with this in the half-yearly financial report. After significant shifts in exchange rates over the course of the year, the financial report for the third quarter further specified that the forecast assumed constant currency exchange rates compared with 2012. The EBITDA amounted to EUR 660.1 million at the year-end; adjusted for non-recurring expenses of EUR 28.2 million, the figure for operating EBITDA was EUR 688.3 million. Adjusted for negative currency translation effects of EUR 12.9 million, operating EBITDA at constant exchange rates amounted to EUR 701.2 million in 2013. As a result, the adjusted forecast target for this performance indicator was also reached.

With respect to our cash flow drivers, we initially aimed for a ratio to revenue of at least 8.0 percent in 2013. We already raised our guidance for this to at least 9.0 percent in the financial report for the third quarter. Ultimately, this level was also clearly exceeded, at 9.4 percent.

In terms of trends for the individual segments, we were expecting a clear rise in revenue and an operational turnaround in the GEA Food Solutions Segment. Revenue in this segment increased by 5.3 percent in the fiscal year. A positive operating result was recorded at EBITDA level from the second quarter onwards; the figure for the year as a whole was EUR 3.8 million. We anticipated stable operating profit margins and moderate volume growth in all other core segments. The GEA Farm Technologies Segment fell short of the forecast, recording a slight 0.4 percent decline in organic revenue and an operating EBITDA margin that was down 21 basis points year-on-year. By contrast, organic revenue growth in the GEA Process Engineering and GEA Refrigeration Technologies segments was more than moderate, at 7.5 percent and 9.1 percent, respectively. The GEA Process Engineering Segment's operating EBITDA margin was significantly higher, up 90 basis points to 11.3 percent.

On April 18, 2013, GEA Group Aktiengesellschaft's Annual General Meeting approved the proposal by the Executive Board and Supervisory Board to pay an unchanged dividend of EUR 0.55 per share for fiscal year 2012. Due to the increase in the number of shares outstanding, the total dividend therefore increased by 4.7 percent to EUR 106 million. This means that the distribution to the shareholders for 2012 was once again in line with the long-term target of one-third of the group's earnings.

The individual indicators can be reconciled as follows:

Revenue (EUR million)	2013	2012	Outlook for 2013	
Continued Operations	4,320.0	4,142.3		
GEA Heat Exchangers	1,489.1	1,608.8		
Consolidation/Others	–36.8	–31.0		
GEA Group incl. GEA Heat Exchangers	**5,772.2**	**5,720.1**		
Exchange rate changes	148.0	–		
Acquisitions effects	–22.7	–		
GEA Group incl. GEA Heat Exchangers, adjusted	**5,897.5**	**5,720.1**		
organic growth	3.1%		moderate organic growth	✓

EBITDA (EUR million)	2013	2012	Outlook for 2013	
Continued Operations pre PPA	515.5	421.6		
GEA Heat Exchangers pre PPA	155.2	167.5		
Consolidation/Others	–10.6	9.4		
GEA Group incl. GEA Heat Exchangers	**660.1**	**598.5**		
One-offs	28.2	63.4		
Exchange rate changes	12.9	–		
GEA Group incl. GEA Heat Exchangers, adjusted	**701.2**	**661.9**	around EUR 700 million, adjusted *	✓

Cash flow driver margin (EUR million)	2013	2012	Outlook for 2013	
GEA Group incl. GEA Heat Exchangers	**543.8**	**368.1**		
as % of revenue	9.4	6.4	at least 9.0 %	✓

*) assuming constant currency exchange rates and before costs relating to portfolio and strategy projects

Macroeconomic environment

As a global engineering company, GEA considers growth in gross domestic product (GDP) and hence the IMF's associated assessments to be the key benchmark for its own development. GEA's objective is for its own growth to exceed that of the global economy.

In the past year, GDP was once again extremely weak across large parts of the world. In its January 2014 update to its World Economic Outlook for 2013, the IMF again predicted a slowdown in global economic growth. According to the IMF, the global economy grew by just 3.0 percent in 2013, after 5.2 percent in 2010, 3.9 percent in 2011, and 3.1 percent in 2012. Like a large number of economic researchers, both the IMF and GEA were still expecting higher growth as of the beginning of 2013. Thus a year ago, the IMF had projected 3.5 percent growth for the global economy, but then had to revise this expectation a number of times in the course of the year, as described. The main trigger for this was slower momentum in the emerging markets.

Specifically, the IMF forecasts a growth rate in industrialized countries of 1.3 percent in 2013 after 1.4 percent in the previous year. The eurozone only broke out of the longest recession in its history to date in the course of the year. Nevertheless, according to the IMF the economy in this region declined by 0.4 percent over the entire reporting period, after a decrease of 0.7 percent in 2012. The IMF's experts expect that economic growth in the emerging markets slowed to 4.7 percent in 2013 compared with 4.9 percent in the previous year.

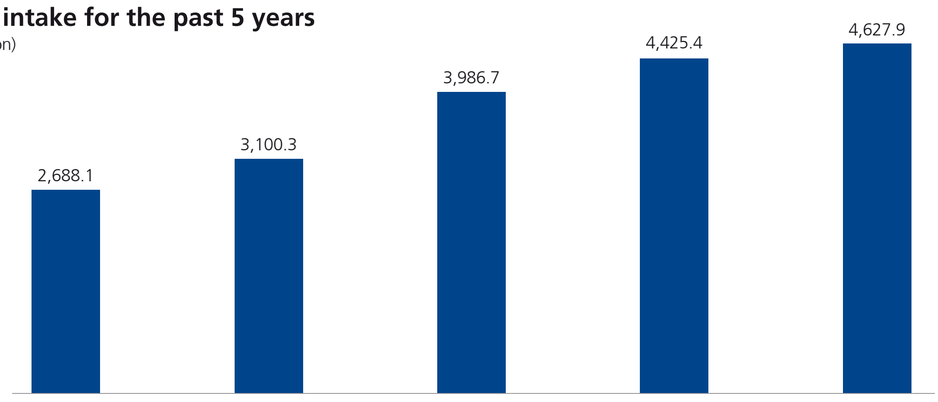
Course of business

The following explanation of the group's course of business relates initially to continued operations, i.e., to the group's five operating segments. As GEA no longer considers the GEA Heat Exchangers Segment to be part of its core business, the performance of this segment is presented separately in the section relating to discontinued operations (see page 45 ff.). The quarterly information contained in this management report is sourced from quarterly financial reports that were not audited or reviewed in accordance with the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act). All amounts have been rounded using standard rounding rules. Adding together individual amounts may therefore result in rounding differences in certain cases.

Order intake

In full-year 2013, order intake in the group increased by 4.6 percent to EUR 4,627.9 million (previous year: EUR 4,425.4 million). This growth of EUR 202.5 million resulted in particular from large orders of more than EUR 15 million each, which account for around 12 percent of total volume after some 7 percent in the previous year.

Order intake for the past 5 years
(EUR million)



Portfolio changes contributed 0.5 percent to the increase in order intake. Changes in exchange rates impacted this figure by –2.7 percent. Organic order intake thus grew significantly by 6.8 percent compared with 2012.

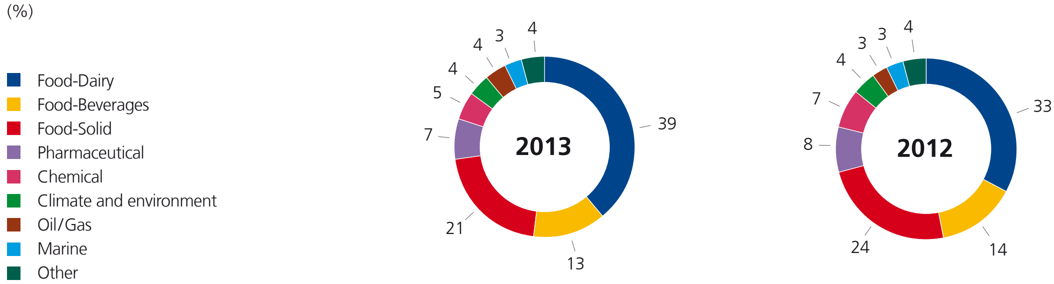
Particularly worth mentioning here is the performance of the GEA Mechanical Equipment and the GEA Process Engineering segments – the former exceeded the EUR 1 billion mark and the latter the EUR 2 billion mark for the first time.

Order intake (EUR million)	2013	2012 *	Change in %
GEA Food Solutions	349.7	375.9	–7.0
GEA Farm Technologies	596.7	583.9	2.2
GEA Mechanical Equipment	1,018.5	971.9	4.8
GEA Process Engineering	2,061.0	1,850.2	11.4
GEA Refrigeration Technologies	726.3	756.2	–4.0
Total	**4,752.2**	**4,538.1**	**4.7**
Consolidation	–124.3	–112.7	–10.3
GEA Group	**4,627.9**	**4,425.4**	**4.6**

*) Amounts adjusted due to first time classification of an operation as discontinued operation (see page 147 f.)

The food and beverage sector expanded by nearly 9 percent, increasing its share of GEA's business by 2.6 percentage points to 74 percent. If the GEA Heat Exchangers Segment is included, this end market has a share of 57 percent. The milk processing customer industry recorded above-average growth in the core segments. In regional terms, the Western Europe food and beverage end market in particular grew significantly, up 27 percent. The increase in this end market also accounts for the group's total increase in order intake in fiscal year 2013.

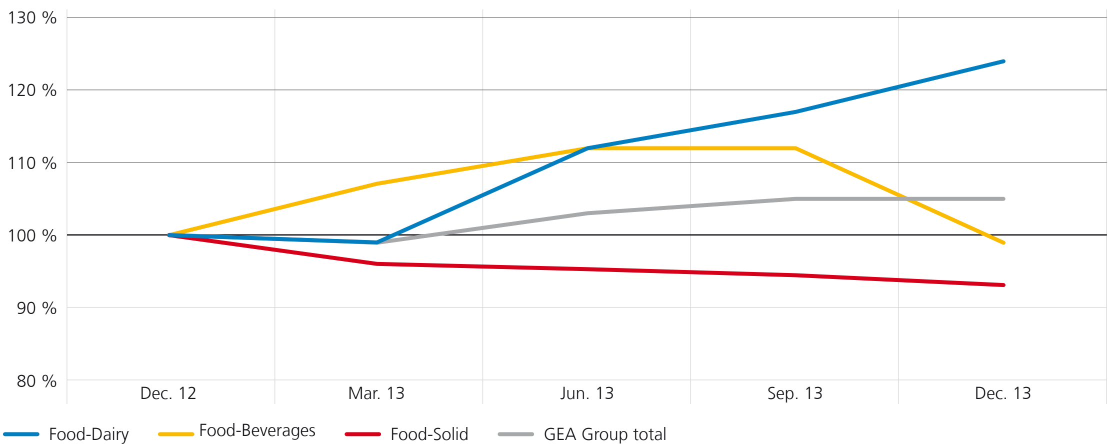
Order intake by customer industries
(%)



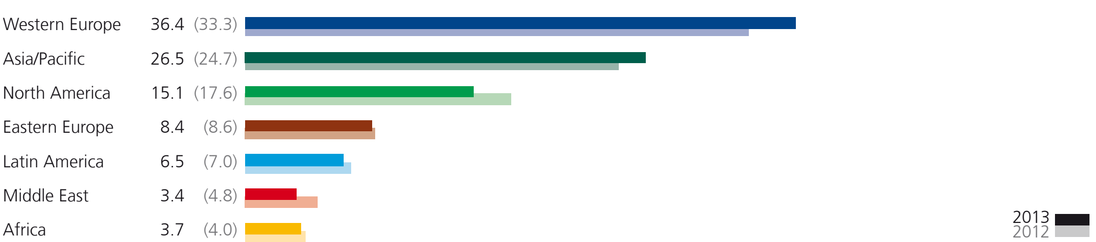
The largest major orders worth over EUR 30 million were won by the GEA Process Engineering Segment in fiscal 2013 in the form of seven dairy orders for customers in Germany, the Netherlands, Denmark, Ireland, and New Zealand with an aggregate value of EUR 368 million. In the prior-year period, two major orders were received for over EUR 115 million.

GEA Group order intake EUR 4,627.9 million (previous year EUR 4,425.4 million)

by sector (average last 12 months, 3 most important industries)



by region (%, average last 12 months)



Order backlog

The order backlog rose by a clear EUR 185.6 million or 10.1 percent compared with December 31, 2012 (EUR 1,829.9 million), to EUR 2,015.5 million. The effects of exchange rate movements amounted to EUR –63.0 million.

Expressed in terms of order intake for the fiscal year, the order backlog amounts to 5.2 months (previous year: 5.0 months). This figure increased in the GEA Process Engineering Segment in particular, as a result of the large number of major projects acquired. In line with the different types of business, the order backlog in the segments ranges from 1.7 months in the GEA Farm Technologies Segment up to 7.5 months in the GEA Process Engineering Segment.

Order backlog (EUR million)	12/31/2013	12/31/2012 *	Change in %	Change (absolute)
GEA Food Solutions	96.4	107.3	–10.2	–10.9
GEA Farm Technologies	85.6	79.9	7.2	5.7
GEA Mechanical Equipment	332.0	331.1	0.3	0.9
GEA Process Engineering	1,290.5	1,069.6	20.7	220.9
GEA Refrigeration Technologies	229.5	257.0	–10.7	–27.5
Total	**2,034.1**	**1,844.9**	**10.3**	**189.2**
Consolidation	–18.6	–15.0	–24.2	–3.6
GEA Group	**2,015.5**	**1,829.9**	**10.1**	**185.6**

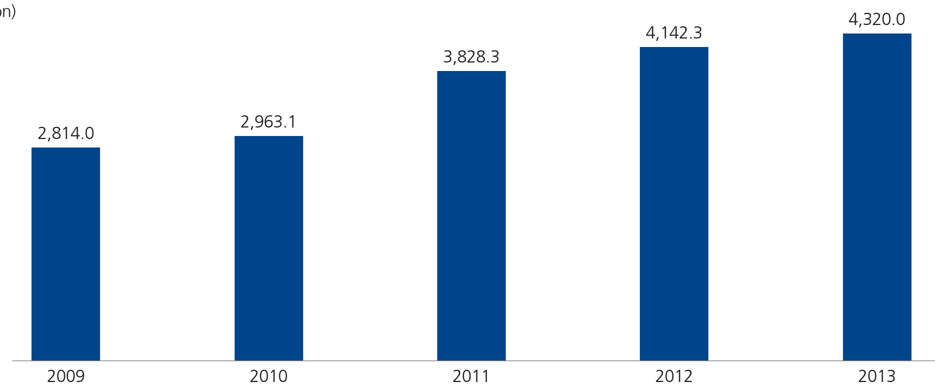
*) Amounts adjusted due to first time classification of an operation as discontinued operation (see page 147 f.)

Revenue

In general, the same regional and sector-specific trends apply to revenue as to order intake, although with different time lags. However, revenue is less volatile than order intake.

In full-year 2013, group revenue increased by 4.3 percent to EUR 4,320.0 million (previous year: EUR 4,142.3 million) – and was still 6.7 percent less than order intake. Portfolio changes contributed a total of 0.5 percent to this record revenue. The effects of exchange rate changes amounted to –2.7 percent. Organic revenue was thus up significantly by 6.5 percent year-on-year. Three segments – GEA Mechanical Equipment, GEA Process Engineering, and GEA Refrigeration Technologies – generated record revenue.

Revenue for the past 5 years
(EUR million)



The share contributed by the service business (which grew by 3.5 percent) declined slightly to 26.7 percent (previous year: 26.9 percent).

At 1.07, the book-to-bill ratio – i.e., the ratio of order intake to revenue – was up slightly year-on-year in 2013.

Revenue (EUR million)	2013	2012 *	Change in %
GEA Food Solutions	349.9	332.4	5.3
GEA Farm Technologies	577.7	580.9	–0.5
GEA Mechanical Equipment	977.8	933.9	4.7
GEA Process Engineering	1,798.0	1,716.3	4.8
GEA Refrigeration Technologies	736.6	694.8	6.0
Total	**4,440.0**	**4,258.3**	**4.3**
Consolidation	–120.0	–116.0	–3.5
GEA Group	**4,320.0**	**4,142.3**	**4.3**

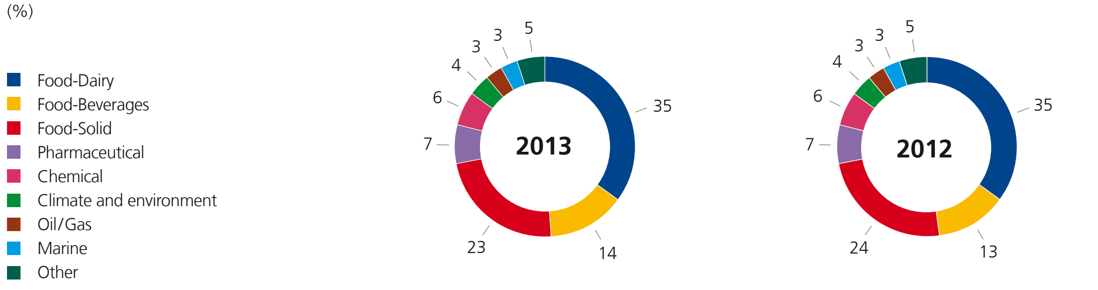
*) Amounts adjusted due to first time classification of an operation as discontinued operation (see page 147 f.)

The food and beverage sector expanded by almost 4 percent, maintaining its 72 percent share of GEA's business. If the GEA Heat Exchangers Segment is included, this end market has a share of 55 percent. The liquid food products customer industry recorded above-average growth in the core segments. In regional terms, Western Europe in particular grew significantly, up 14 percent in the food and beverage end market.

The following chart shows the year-on-year shifts in revenue from 2012 to 2013.

Revenue by customer industries

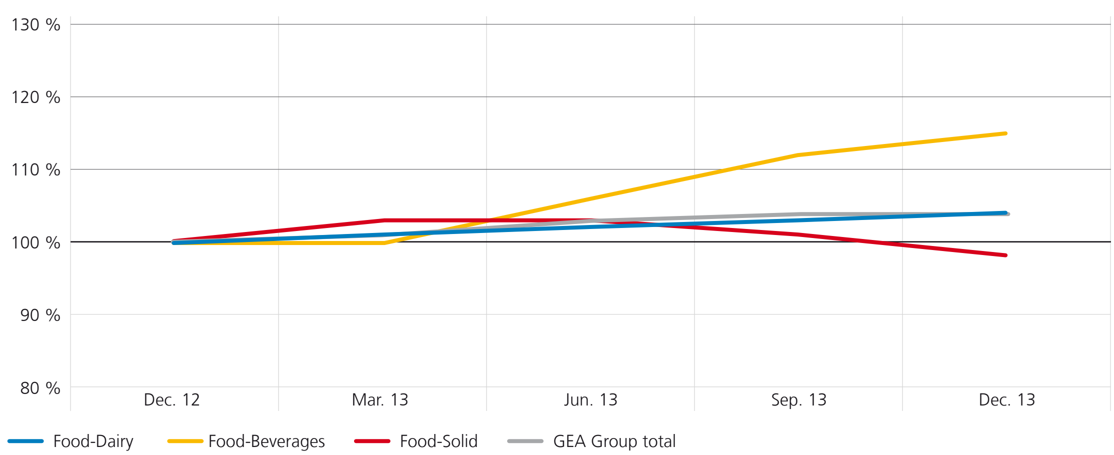
(%)



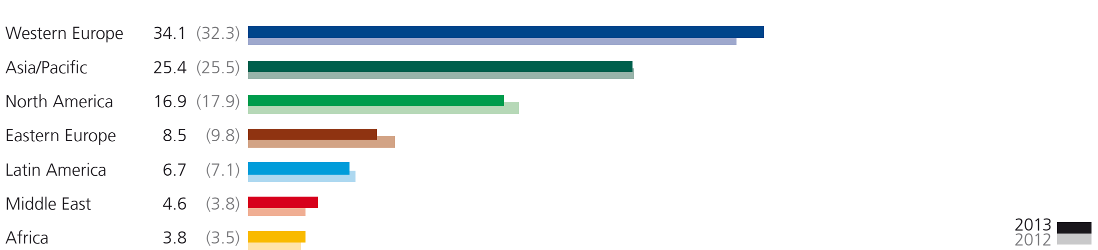
The growth regions in 2013 were Western Europe, the Middle East, and the Asia/Pacific region. Western Europe increased its share by 1.8 percentage points to approximately 34 percent, while the share accounted for by the Middle East rose by 0.8 percentage points to approximately 5 percent. By contrast, the share accounted for by North America and Eastern Europe declined by 1.0 and 1.3 percentage points to 17 and 9 percent, respectively. In the remaining regions, the positive or negative changes in revenue shares amounted to less than half a percentage point in each case. The share of revenue accounted for by German customers rose again slightly, from 8.2 percent to 8.6 percent. As in the previous year, the U.S.A. is the country with the strongest sales, accounting for 15.9 percent (previous year: 16.7 percent).

GEA Group revenue EUR 4,320.0 million (previous year EUR 4,142.3 million)

by sector (average last 12 months, 3 most important industries)



by region (%, average last 12 months)



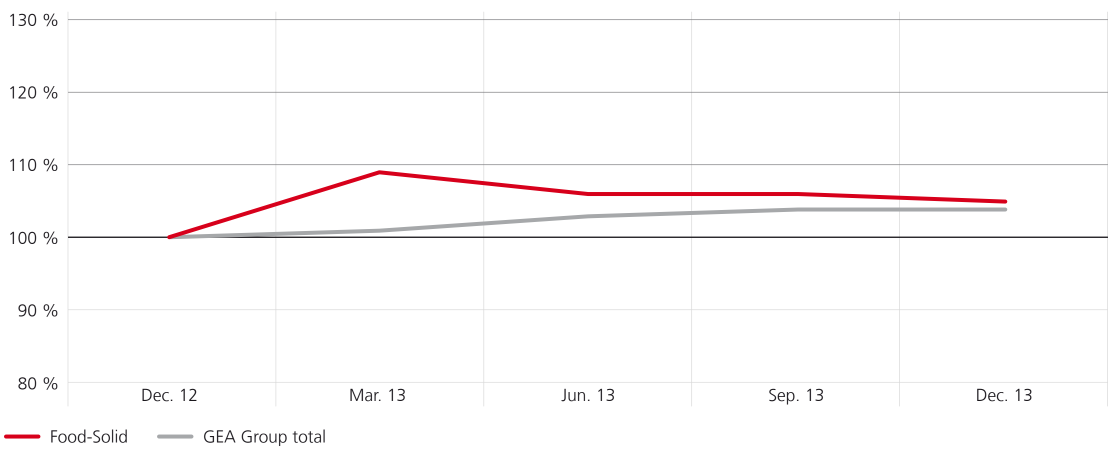
GEA Food Solutions Segment

Revenue in the GEA Food Solutions Segment amounted to EUR 349.9 million in 2013. This was 5.3 percent above the previous year (EUR 332.4 million). Adjusted for the effect of exchange rate changes of –1.2 percent, the segment's order intake grew organically by 6.5 percent in the period under review. The service business maintained the level it reached in the past fiscal year. It now accounts for a 40.2 percent share of the segment's revenue, after 37.6 percent in the previous year. The prior-year denominator was adjusted for the EUR 42.0 million change in estimates.

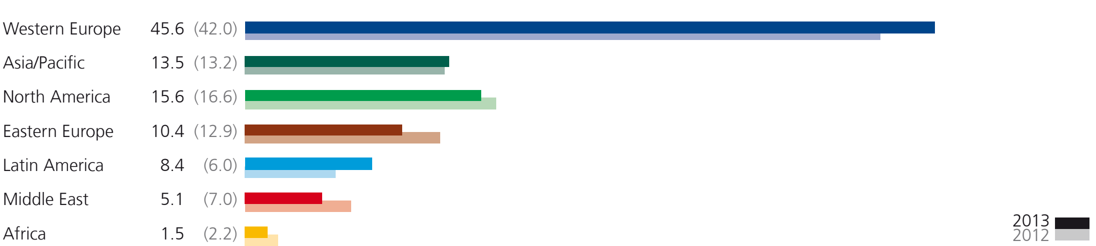
The segment operates in the food and beverage end market, with customers coming exclusively from the solid food industry. Its sales focuses in 2013 were on Western Europe (46 percent), as well as Eastern Europe, North America, and the Asia/Pacific region, which each have a share of between 10 percent and 16 percent.

GEA Food Solutions revenue EUR 349.9 million (previous year EUR 332.4 million)

by sector (average last 12 months, only external business)



by region (%, average last 12 months)



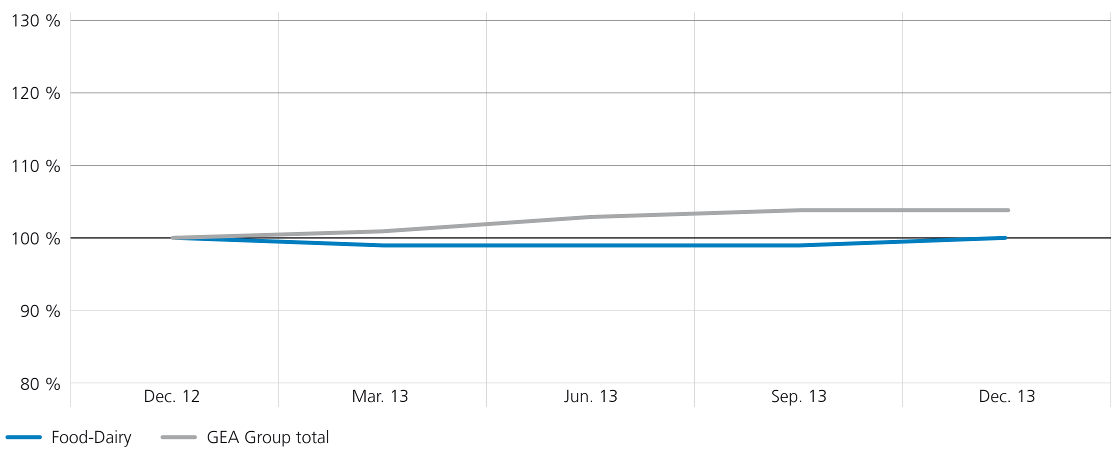
GEA Farm Technologies Segment

The trends affecting revenue in the GEA Farm Technologies Segment are largely the same as those governing order intake, as the order backlog usually amounts to only 6 to 8 weeks' revenues. Adjusted for the effect of exchange rate changes of –3.1 percent and of 3.0 percent for the acquisition of the Milfos International Group, New Zealand, organic growth amounted to –0.4 percent in the past fiscal year after a very good prior year. The service business remained its share of total revenue to 40.7 percent in the reporting period (previous year: 41.1 percent).

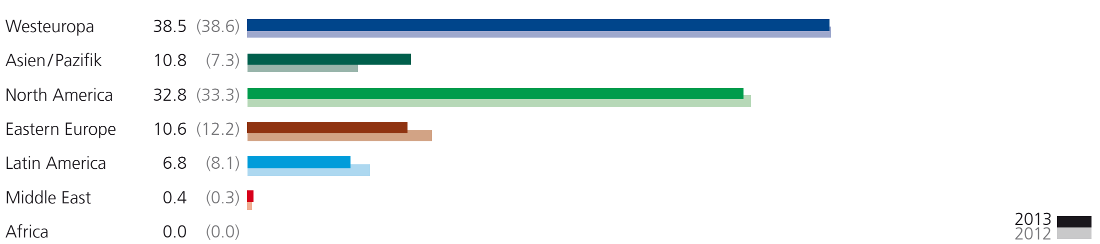
The segment operates almost exclusively in the dairy industry and revenue in 2013 was focused on Western Europe (38 percent) and North America (33 percent). Momentum came from the Asia/Pacific region, which increased its share by 3.5 percentage points to almost 11 percent.

GEA Farm Technologies revenue EUR 577.7 million (previous year EUR 580.9 million)

by sector (average last 12 months, only external business)



by region (%, average last 12 months)



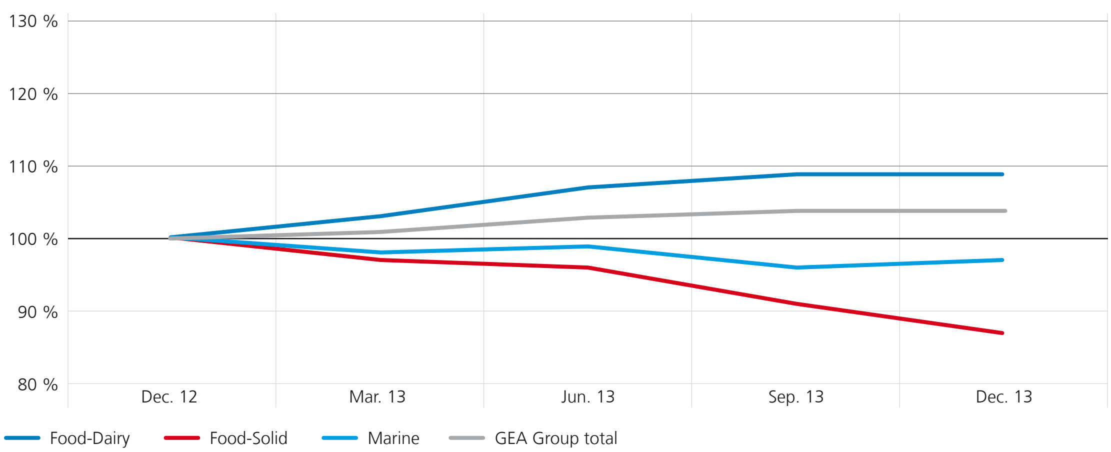
GEA Mechanical Equipment Segment

The GEA Mechanical Equipment Segment significantly exceeded its strong prior-year level by 4.7 percent, hitting a new record high of EUR 977.8 million. After adjustments for the effects of exchange rate changes of –2.4 percent and of acquisitions of 0.6 percent, organic revenue growth in the past fiscal year amounted to an encouraging 6.5 percent. The service business recorded growth of 5.5 percent, lifting its share of total revenue from 33.0 percent to 33.2 percent.

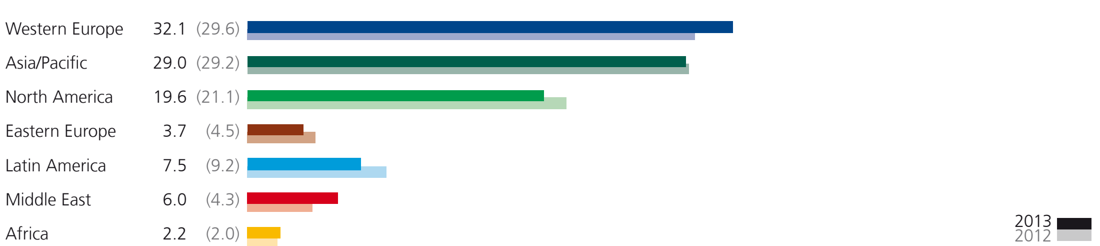
The segment's most important end market is the food and beverage sector, at 54 percent. The third-party customer business in this end market is stable. Intragroup deliveries to the GEA Process Engineering Segment provided significant momentum, as did the energy end market (+15 percent) and, within the other industries end market, the pharmaceutical (+46 percent) and chemical (plus 36 percent) customer industries. The key growth regions were Western Europe and the Middle East, which grew by 13 and 43 percent respectively, increasing their revenue shares by 2.5 and 1.7 percentage points.

GEA Mechanical Equipment revenue EUR 977.8 million (previous year EUR 933.9 million)

by sector (average last 12 months, 3 most important industries, only external business)



by region (%, average last 12 months)



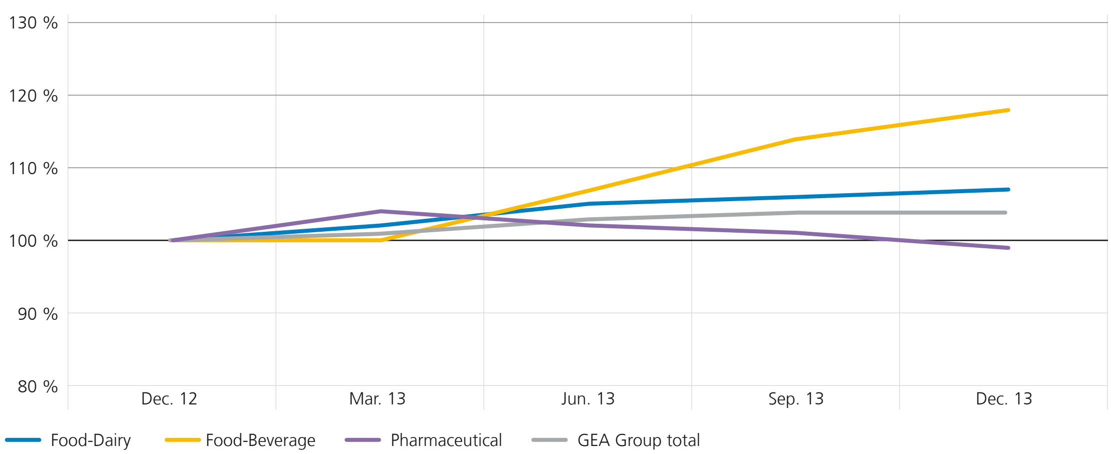
GEA Process Engineering Segment

The GEA Process Engineering Segment also hit a new record figure for revenue, at EUR 1,798.0 million. Adjusted for the effect of exchange rate changes (–2.8 percent), organic growth amounted to 7.5 percent in the past fiscal year, the second-highest result among all of the segments. The service business – which grew by a clear 7.9 percent – increased its share of total revenue to 14.0 percent (previous year: 13.6 percent).

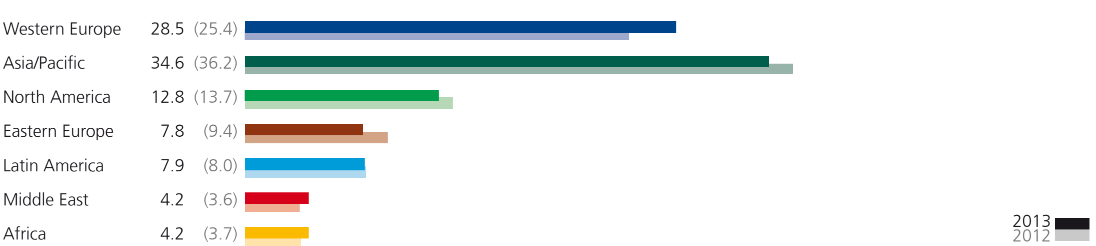
The food and beverage end market grew by over 8 percent, lifting its share by a further clear 2.2 percentage points to 71 percent. In regional terms, this growth was realized in Western Europe in particular. The strong growth recorded by the food and beverage end market in Western Europe has now lifted the region's share of total revenue by 3.1 percentage points to over 28 percent. The climate and environment customer industry also grew healthily, rising nearly 13 percent. At roughly 35 percent, the Asia/Pacific region once again accounted for the largest portion of revenue.

GEA Process Engineering revenue EUR 1,798.0 million **(previous year EUR 1,716.3 million)**

by sector (average last 12 months, 3 most important industries, only external business)



by region (%, average last 12 months)



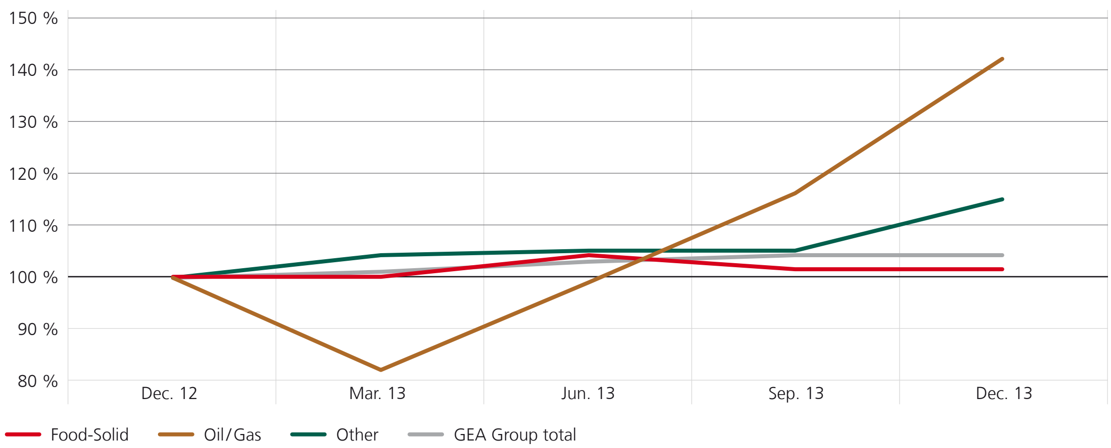
GEA Refrigeration Technologies Segment

At 9.1 percent, the GEA Refrigeration Technologies Segment saw the highest organic growth of all the segments, generating revenue of EUR 736.6 million. This exceeded the EUR 700 million mark for the first time, despite being impacted by negative exchange rate changes of 3.1 percent. Revenue in the service business grew by 3.6 percent. This corresponds to a 27.1 percent share of total revenue.

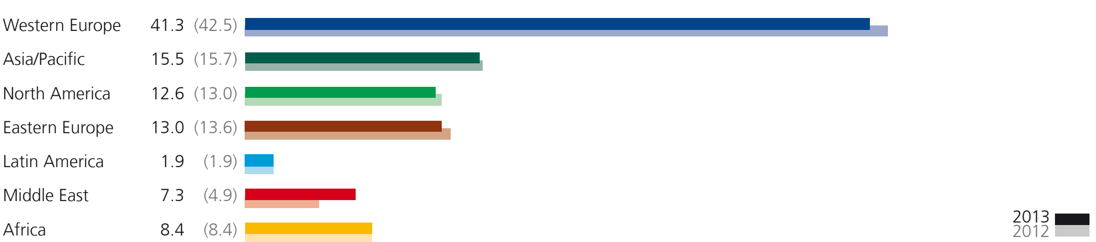
The strongest momentum was recorded by the oil and gas customer industry (+42 percent), the climate and environment customer industry (+28 percent), and the other industries (+15 percent). All regions contributed to the segment's revenue growth. Growth was strongest in the Middle East, lifting the share accounted for by the region by 2.4 percentage points to 7 percent.

GEA Refrigeration Technologies revenue EUR 736.6 million (previous year EUR 694.8 million)

by sector (average last 12 months, 3 most important industries, only external business)



by region (%, average last 12 months)



Net assets, financial position and results of operations

Results of operations

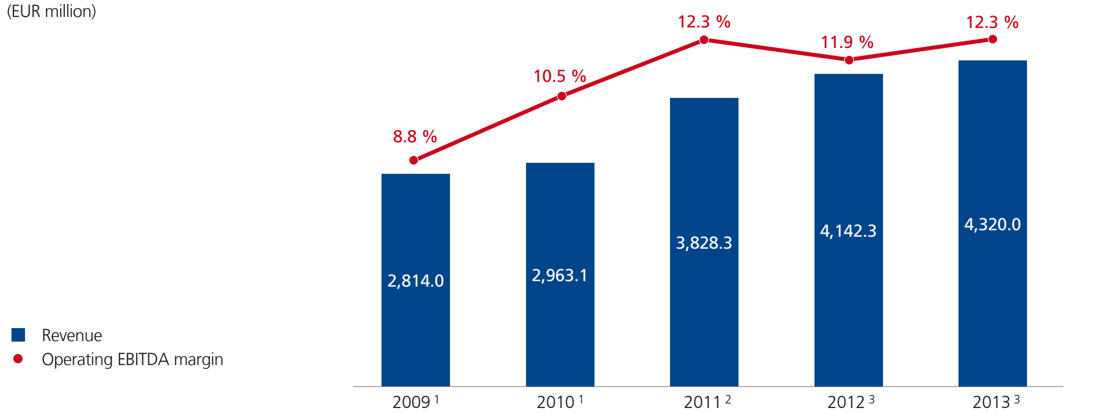
GEA remains committed to its policy of consciously selecting orders on the basis of their price quality and contract terms. This is reflected in the multi-stage approval process for major customer projects.

The key earnings figures for 2013 were adjusted for non-recurring expenses of EUR 14.6 million. These expenses are mainly attributable to consulting expenses incurred in relation to strategic projects (EUR 8.0 million), as well as the fact that the management fees and trademark fees previously allocated to GEA Heat Exchangers were also allocated to continued operations in the year under review, in accordance with IFRSs. In the year under review, these fees amounted to EUR 6.6 million (previous year: EUR 9.4 million; see page 200 f.). Other non-recurring expenses related to preparing for the separation of the GEA Heat Exchangers Segment were reported in profit from discontinued operations (see page 45 ff.). The significant non-recurring items in the previous year, were mainly attributable to the GEA Food Solutions Segment with an EBIT effect of EUR 66.5 million and an effect on EBITDA of EUR 63.4 million. The remaining effect was attributable to the allocation of the management and trademark fees mentioned above.

Whenever operating profit is referred to in the following, this relates on the one hand to the adjustment of the purchase price allocation effects, which were determined for all material past acquisitions, and on the other hand to the adjustment of expenses for strategic projects in the year under review, the non-recurring items in the GEA Food Solutions Segment in the previous year, and the allocation of the management fees and trademark fees required in accordance with IFRSs in both years.

Operating EBITDA margin and revenue development for the past 5 years

(EUR million)



1) before purchase price allocation and restructuring
2) before purchase price allocation
3) before purchase price allocation and non-recurring items

EBITDA in fiscal year 2013 amounted to EUR 515.2 million, up 22.6 percent on the prior-year figure of EUR 420.1 million. This corresponds to an EBITDA margin of 11.9 percent and a year-on-year rise of 178 basis points (previous year: 10.1 percent). Adjusted for the recognition of the revalued amount of inventories resulting from purchase price allocation, which slightly reduced earnings, and the non-recurring items mentioned in the amount of EUR 14.6 million, operating EBITDA amounted to EUR 530.1 million. This is EUR 35.6 million higher than the prior-year figure of EUR 494.4 million, which was adjusted for non-recurring items of EUR 72.8 million. As a result, the operating EBITDA margin improved by a further 33 basis points to 12.3 percent of revenue.

The following table shows operating EBITDA and the corresponding EBITDA margin per segment:

Operating EBITDA/operating EBITDA margin [1] (EUR million)	2013	2012 [2]	Change in %
GEA Food Solutions	3.8	–6.0	–
as % of revenue	1.1	–	–
GEA Farm Technologies	56.9	58.5	–2.6
as % of revenue	9.9	10.1	–
GEA Mechanical Equipment	210.9	205.3	2.7
as % of revenue	21.6	22.0	–
GEA Process Engineering	203.2	178.4	13.9
as % of revenue	11.3	10.4	–
GEA Refrigeration Technologies	71.0	65.2	8.8
as % of revenue	9.6	9.4	–
Total	**545.8**	**501.4**	**8.8**
as % of revenue	**12.3**	**11.8**	**–**
Other and consolidation	–15.7	–7.0	< -100
GEA Group	**530.1**	**494.4**	**7.2**
as % of revenue	**12.3**	**11.9**	**–**

1) Before effects of purchase price allocations from revalued assets and liabilities and before one-offs (see page 200 f.)
2) Amounts adjusted due to first time classification of an operation as discontinued operation (see page 147 f.) and due to change in accounting policy for employee benefits (see page 118 f.)

The following table shows the reconciliation of EBITDA before purchase price allocation and non-recurring items (operating EBITDA) through EBIT before purchase price allocation and non-recurring items (operating EBIT) to EBIT:

Reconciliation of Operating EBITDA over Operating EBIT to EBIT (EUR million)	2013	2012 [1]	Change in %
Operating EBITDA [2]	**530.1**	**494.4**	**7.2**
Depreciation of property, plant and equipment, investment property, and amortization of intangible assets	–71.0	–67.6	–5.0
Impairment losses on property, plant and equipment, investment property, intangible assets, and goodwill	–	–0.6	–
Other impairment losses and reversals of impairment losses	–0.3	–0.5	40.3
Operating EBIT [2]	**458.8**	**425.8**	**7.8**
Depreciation and amortization on capitalization of purchase price allocations	–23.9	–23.5	–1.8
Impairment losses on capitalization of purchase price allocations	–0.4	–10.5	96.1
Realization of step-up amounts on inventories	–0.3	–1.6	82.3
One-offs	–14.6	–75.9	80.7
EBIT	**419.6**	**314.3**	**33.5**

1) Amounts adjusted due to first time classification of an operation as discontinued operation (see page 147 f.) and due to change in accounting policy for employee benefits (see page 118 f.)
2) Before effects of purchase price allocations from revalued assets and liabilities and before one-offs (see page 200 f.)

The reconciliation of EBITDA to EBIT is as follows:

Reconciliation of EBITDA to EBIT (EUR million)	2013	2012 *	Change in %
EBITDA	**515.2**	**420.1**	**22.6**
Depreciation, amortization and impairment losses on property, plant, and equipment, impairment losses on intangible assets and goodwill, as reported in the statement of changes in non-current assets	–95.3	–105.3	9.5
Other impairment losses and reversals of impairment losses	–0.3	–0.5	40.3
EBIT	**419.6**	**314.3**	**33.5**

*) Amounts adjusted due to first time classification of a business area as discontinued operations (see page 147) and due to change in accounting policy for employee benefits (see page 118)

The following table shows operating EBIT and the corresponding EBIT margin per segment:

Operating EBIT/Operating EBIT margin [1] (EUR million)	2013	2012 [2]	Change in %
GEA Food Solutions	–3.7	–12.4	70.4
as % of revenue	–	–	–
GEA Farm Technologies	44.6	46.3	–3.8
as % of revenue	7.7	8.0	–
GEA Mechanical Equipment	191.3	187.9	1.8
as % of revenue	19.6	20.1	–
GEA Process Engineering	188.3	162.7	15.7
as % of revenue	10.5	9.5	–
GEA Refrigeration Technologies	61.5	56.2	9.4
as % of revenue	8.4	8.1	–
Total	**482.0**	**440.7**	**9.4**
as % of revenue	**10.9**	**10.3**	**–**
Other and consolidation	–23.2	–14.9	–55.3
GEA Group	**458.8**	**425.8**	**7.8**
as % of revenue	**10.6**	**10.3**	**–**

1) Before effects of purchase price allocations from revalued assets and liabilities and before one-offs (see page 200 f.)
2) Amounts adjusted due to first time classification of an operation as discontinued operation (see page 147 f.) and due to change in accounting policy for employee benefits (see page 118 f.)

Overall, EBIT rose by more than 30 percent in the past fiscal year to EUR 419.6 million (previous year: EUR 314.3 million). The EBIT margin improved accordingly by 213 basis points to 9.7 percent (previous year: 7.6 percent). Operating EBIT, which is adjusted for purchase price allocation effects of EUR 24.6 million (previous year: EUR 35.6 million) and non-recurring items of EUR 14.6 million (previous year: EUR 75.9 million), increased by 7.8 percent to EUR 458.8 million (previous year: 425.8 million). The operating EBIT margin improved accordingly by 34 basis points to 10.6 percent of revenue.

GEA Food Solutions Segment

The segment generated operating EBITDA of EUR 3.8 million or 1.1 percent of revenue in 2013, following EUR –6.0 million in the previous year. The segment thus generated a positive result in the second half of the year, following the already loss-free second quarter. The improved operating result compared with 2012 was achieved by cutting the number of employees and reducing indirect costs, together with efficiency gains in manufacturing and delivery processes.

GEA Farm Technologies Segment

In the GEA Farm Technologies Segment, operating EBITDA and the operating EBITDA margin decreased by EUR 1.5 million to EUR 56.9 million and by 21 basis points to 9.9 percent in fiscal year 2013. This is primarily due to the lower revenue in the first half of the year. In the second half of the year, operating EBITDA and the corresponding margin were once again above the prior-year level.

GEA Mechanical Equipment Segment

The GEA Mechanical Equipment Segment increased operating EBITDA to EUR 210.9 million (previous year: EUR 205.3 million). The slight 41 basis point decline in the margin to 21.6 percent is mainly due to the startup of the new production locations in Oelde/Germany and Wuqing/China in the year under review and the smaller proportion of business accounted for by the higher margin food industry.

GEA Process Engineering Segment

The GEA Process Engineering Segment increased operating EBITDA by EUR 24.8 million or around 14 percent to EUR 203.2 million (previous year: EUR 178.4 million). The already good operating EBITDA margin generated in the previous years improved by a further 90 basis points, reaching 11.3 percent, which is an impressive level for an engineering company. This earnings trend was driven in particular by the positive market environment, which made it possible to focus more strongly on high-margin products, and successful project management.

GEA Refrigeration Technologies Segment

In the GEA Refrigeration Technologies Segment, operating EBITDA rose by around 9 percent to EUR 71.0 million (previous year: EUR 65.2 million). The operating EBITDA margin also increased by 25 basis points to a record high of 9.6 percent. This further improvement in earnings was largely due to volume growth, cost reductions, and economies of scale in selling and administrative expenses.

Key figures: Results of operations (EUR million)	2013	2012 [1]	Change in %
Revenue	4,320.0	4,142.3	4.3
Operating EBITDA [2]	530.1	494.4	7.2
EBITDA pre purchase price allocation	515.5	421.6	22.3
EBITDA	515.2	420.1	22.6
Operating EBIT [2]	458.8	425.8	7.8
EBIT pre purchase price allocation	444.2	349.9	27.0
EBIT	419.6	314.3	33.5
Interest	67.5	87.2	–22.6
EBT	352.1	227.1	55.0
Income taxes	70.1	12.9	> 100
Profit after tax from continued operations	282.0	214.3	31.6
Profit/loss after tax from discontinued operations	54.4	100.9	–46.2
Profit for the period	336.4	315.2	6.7

1) Amounts adjusted due to first time classification of an operation as discontinued operation (see page 147 f.) and due to change in accounting policy for employee benefits (see page 118 f.)
2) Before effects of purchase price allocations from revalued assets and liabilities and before one-offs (see page 200 f.)

Full-year net interest income of EUR –67.5 million (previous year: EUR –87.2 million) includes EUR 26.6 million (previous year: EUR 45.0 million) of discount unwinding expenses relating to provisions, of which EUR 19.9 million (previous year: EUR 24.2 million) is attributable to obligations under pension plans and supplementary healthcare benefit plans. All other components of net interest income therefore resulted in a EUR 1.3 million reduction in the negative impact on earnings. This was attributable to the scheduled repayment of bank loans and the year-on-year decline in interest rates, among other things.

EBT in full-year 2013 amounted to EUR 352.1 million, EUR 125.0 million higher than the previous year's figure (EUR 227.1 million). The corresponding EBT margin improved by 267 basis points to 8.2 percent.

The income tax expense of EUR 70.1 million in fiscal year 2013 (previous year: EUR 12.9 million) comprised current taxes of EUR 70.4 million (previous year: EUR 58.1 million) and deferred taxes of EUR –0.3 million (previous year: EUR –45.2 million). Following a very low tax rate in 2012 (5.7 percent), in particular as a result of the recognition of deferred tax assets in respect of German tax loss carryforwards, the tax rate now stands at 19.9 percent. This low tax rate is largely attributable to the additional recognition of deferred tax assets in respect of tax loss carryforwards in the U.S.A., as it is assumed that higher use will be made of tax loss carryforwards there due to the extremely positive business performance.

As the IFRS criteria were met for the first time as of end-2013, the GEA Heat Exchangers Segment is now reported under discontinued operations. To enhance comparability, the income statement for the previous year has also been adjusted in accordance with IFRS requirements. Overall, discontinued operations generated a profit of EUR 54.4 million (previous year: EUR 100.9 million). Of this amount, EUR 53.8 million was attributable to the GEA Heat Exchangers Segment, compared with EUR 100.8 million in the previous year, and the remaining EUR 0.6 million to other discontinued operations (previous year: EUR 0.1 million). Further disclosures on the business performance of the GEA Heat Exchangers Segment can be found in the chapter entitled "Performance of Discontinued Operations" (see page 45 ff.).

Consolidated profit in the full year amounted to EUR 336.4 million (previous year: EUR 315.2 million), of which EUR 336.0 million (previous year: EUR 313.0 million) is attributable to GEA Group Aktiengesellschaft shareholders. Taking into account the 3.6 percent increase in the average number of shares compared with the previous year, this corresponds to earnings per share of EUR 1.75 (previous year: EUR 1.68).

In connection with the settlement of the award proceedings, the average number of GEA shares rose from 185,786,324 in fiscal year 2012 to 192,495,476 in 2013.

In addition to holding company costs in the narrower sense, the results of operations of GEA Group Aktiengesellschaft are primarily driven by net investment income and net interest income. Further details are presented in the section entitled "Net assets, financial position and results of operations of GEA Group Aktiengesellschaft" (see page 51 ff.).

The Executive Board and Supervisory Board are proposing to increase the dividend from EUR 0.55 to EUR 0.60 per share. This is in line with our ongoing goal of distributing around one-third of the group's earning to shareholders as a dividend.

Financial position

Safeguarding liquidity and centralized financial management have been even more of a top priority for GEA Group since the crisis on the financial markets began in 2008. GEA Group's financial position continues to be stable. GEA Group continues to have sufficient financing options for its future business development.

To ensure long-term group financing, GEA Group Aktiengesellschaft took out a new syndicated credit line in the form of a club deal amounting to EUR 650 million in August 2013. This replaces the line with the same volume falling due in June 2015. This further enhanced the financing structure through improved margins and the renewed extension of the maturity.

The cash credit lines of GEA Group (including discontinued operations) and their utilization were as follows at the reporting date:

GEA cash credit lines incl. discontinued operations (EUR million)	Maturity	12/31/2013 approved	12/31/2013 utilized
GEA Bond	April 2016	400	400
Kreditanstalt für Wiederaufbau (KfW) (2016/05)	May 2016	60	60
Kreditanstalt für Wiederaufbau (KfW) (2016/12)	December 2016	42	42
European Investment Bank	July 2017	150	150
Borrower's note loan (2017)	September 2017	300	300
Syndicated credit line („Club Deal")	August 2018	650	–
Various (bilateral) credit lines including accured interests	Maximum of 1 year or "until further notice"	138	22
Total		**1,740**	**974**

The group's financial management encompasses liquidity management, group financing, and the management of interest rate and exchange rate risks. As the group management company, GEA Group Aktiengesellschaft is responsible for GEA Group's central financial management, which aims to reduce financing costs as far as possible, to leverage economies of scale, to hedge interest rate and exchange rate risk exposures as effectively as possible, and to ensure that loan covenants are complied with. The goal of GEA Group's financing strategy is not only to be able to meet its payment obligations whenever they fall due, but also always to have sufficient cash reserves in the form of credit lines, in addition to maintaining a strategic cash position.

Cash flow from operating activities is the most important source of liquidity. Intragroup cash pooling aims to limit external cash investments and borrowings to as low a level as possible. To achieve this, GEA Group has established cash pooling groups in 13 countries that automatically balance the accounts of the participating group companies every day by crediting or debiting a target account at GEA Group Aktiengesellschaft. Any additional liquidity requirements are generally borrowed by group management, which also invests surplus liquidity. In a number of cases, however, liquidity peaks in individual countries cannot be reduced on a cross-border basis due to legal or tax-related reasons.

Net debt (including discontinued operations) as of December 31, 2012 (EUR 325.5 million) narrowed significantly by EUR 147.0 million to EUR 178.6 million as of December 31, 2013. This represents a EUR 337.3 million decline compared with September 30, 2013 (EUR 515.9 million).

Overview of net liquidity incl. discontinued operations (EUR million)	12/31/2013	12/31/2012
Cash and cash equivalents	795.8	743.5
Securities	–	–
Liabilities to banks	564.1	659.4
Bonds	410.2	409.6
Net liquidity (+)/Net debt (-)	**–178.6**	**–325.5**
Gearing (%)	7.7	15.0

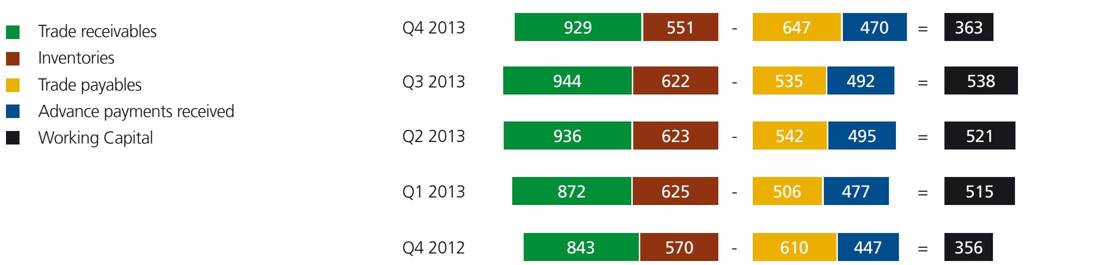
Including discontinued operations, cash and cash equivalents plus marketable securities increased to EUR 795.8 million as of December 31, 2013, compared with EUR 743.5 million as of the end of the previous year. Liabilities to banks (EUR 263.8 million), from the bond issue (EUR 410.2 million, including accrued interest), and the borrower's note loan (EUR 300.4 million, including accrued interest) amounted to a total of EUR 974.3 million at the reporting date (previous year: EUR 1,069.0 million).

Detailed information on the maturity, currency, and interest rate structure of debt financing can be found in the notes to the consolidated financial statements (see pages 140 ff. and 177 ff.).

Guarantee lines – which are mainly for contract performance, advance payments, and warranties – of EUR 1,886.4 million (December 31, 2012: EUR 1,898.3 million) were available to GEA Group (including the GEA Heat Exchangers Segment) as of the reporting date, of which EUR 707.9 million (December 31, 2012: EUR 749.8 million) had been utilized.

In addition to the assets recognized in its consolidated balance sheet, GEA also uses non-owned assets. These are mainly assets leased or rented under operating leases. GEA uses factoring programs as off-balance-sheet financing instruments. The obligations resulting from rental and leasing obligations are explained in section 8.2 to the consolidated financial statements (see page 194 f.).

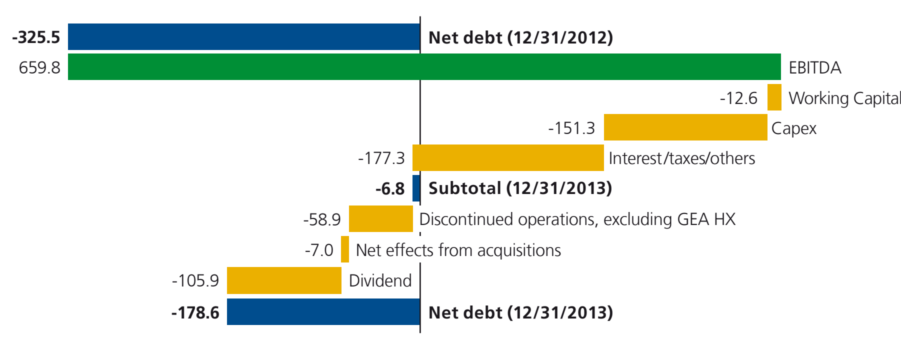
Change in Working Capital (continued operations)
(EUR million)



Working capital from continued operations amounted to EUR 363.3 million as of December 31, 2013, and thus remained on a level with the previous year (EUR 355.7 million). Trade receivables rose sharply, but this was almost fully offset by the lower inventories, higher trade payables, and higher advance payments received. The ratio of working capital to revenue was 8.4 percent at the end of the year (previous year: 8.6 percent). This indicator declined significantly from 12.7 percent to 11.7 percent on average during the year.

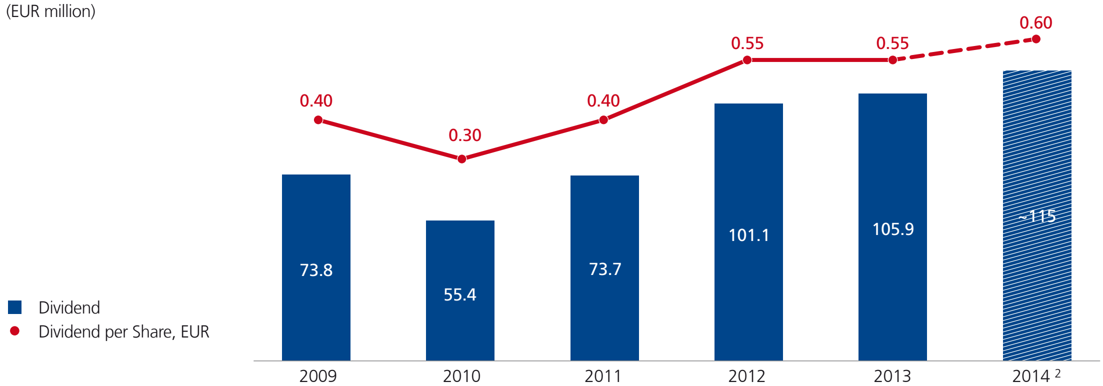
The key factors responsible for the change in net debt (including discontinued operations) are shown in the following chart:

Change in net liquidity/net debt, including discontinued operations
(EUR million)



GEA Group Aktiengesellschaft's dividend payout in fiscal year 2013 was the highest in the Company's history, at EUR 105.9 million (previous year: EUR 101.1 million). With the dividend per share unchanged at EUR 0.55, this four percent increase is attributable to the increase in the number of shares due to the settlement of the award proceedings.

Dividend payments [1] for the past 5 years
(EUR million)



1) Dividend payments respectively for the preceding fiscal year
2) On basis of dividend proposal

The consolidated cash flow statement can be summarized as follows:

Overview of cash flow statement (EUR million)	2013	2012	Change absolute
Cash flow from operating activities	424.7	333.6	91.0
Cash flow from investing activities	–116.9	–176.5	59.6
Free cash flow	**307.7**	**157.1**	**150.6**
Cash flow from financing activities	–246.3	102.4	–348.6
Net cash flow from disposal group GEA Heat Exchangers	79.3	95.9	–16.6
Net cash flow other discontinued operations	–58.9	–41.2	–17.7
Change in unrestricted cash and cash equivalents	58.3	309.3	–251.0

Cash flow from operating activities attributable to continued operations amounted to EUR 424.7 million in the year under review, up EUR 91.0 million up on the previous year (EUR 333.6 million). This was primarily attributable to the EUR 95.1 million increase in EBITDA and the EUR 57.5 million change in provisions. The change in working capital moved in the opposite direction (EUR –74.9 million). The revenue-related rise in working capital negatively impacted cash flow, compared with a reduction in the previous year.

Cash flow from investing activities attributable to continued operations improved by EUR 59.6 million in the year under review, from EUR –176.5 million to EUR –116.9 million. The main reason for this was the EUR 61.3 million decrease in payments for acquisitions.

Cash flow from financing activities attributable to continued operations amounted to EUR –246.3 million in 2013, compared with EUR 102.4 million in 2012. The EUR 348.6 million decline was largely attributable to the EUR 341.2 million decrease in net total loans and loan repayments. This change is due in particular to bank loans of EUR 283.0 million in the previous year and repayments of EUR 89.0 million in the year under review.

Cash flow from discontinued operations amounted to EUR 20.4 million, comprising EUR 101.2 million from operating activities, EUR –75.7 million from investing activities, and EUR –5.1 million from financing activities. Cash flow from discontinued operations was EUR 34.4 million lower than the prior-year figure of EUR 54.8 million. The change in cash flow was attributed to GEA Heat Exchanger (EUR –16.6 million) and other discontinued operations (EUR -17.7 million).

Cash flow driver

GEA Group's overriding goal is to sustainably increase its enterprise value by growing profitably. In order to create the requisite financial scope for this and to focus the group even more closely on cash flow generation, a new key performance indicator – the "cash flow driver margin" – was introduced in fiscal year 2012 and was also incorporated into the management bonus system.

The cash flow driver margin is defined as the net amount of EBITDA, the change in average working capital, and capital expenditure on property, plant and equipment as well as intangible assets (all as reported), calculated as a ratio to revenue.

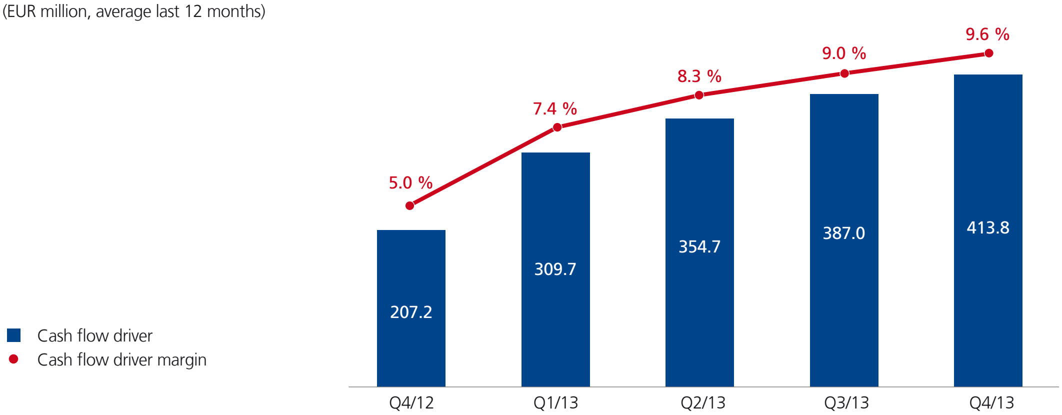
Cash flow driver/Cash flow driver margin (EUR million)	12/31/2013	12/31/2012 *	Change absolute
EBITDA (last 12 months)	515.2	420.1	95.1
Capital expenditure on property, plant and equipment (last 12 months)	120.5	125.2	–4.7
Change in Working Capital (average of the last 12 months)	–19.1	87.6	–106.7
Cash flow driver (EBITDA – Capex -/+Change in Working Capital)	**413.8**	**207.2**	**206.5**
as % of revenue (last 12 months)	**9.6**	**5.0**	**–**

*) Amounts adjusted due to first time classification of an operation as discontinued operation (see page 147 f.) and due to change in accounting policy for employee benefits (see page 118 f.)

The cash flow driver almost doubled in the year under review from EUR 207.2 million to EUR 413.8 million. The corresponding cash flow driver margin thus rose by 458 basis points from 5.0 percent to 9.6 percent. The main contributors to this improvement were the EUR 95.1 million increase in EBITDA and the reduction in average working capital achieved in the year under review, despite the higher revenue. Average working capital had significantly increased in 2012. The working capital effect contributed EUR 106.7 million to the improvement in the cash flow driver.

Cash flow driver / Cash flow driver margin

(EUR million, average last 12 months)



Net assets

Condensed balance sheet (EUR million)	12/31/2013	as % of total assets	12/31/2012 *	as % of total assets	Change in %
Assets					
Non-current assets	2,577.8	39.9	2,587.6	40.2	–0.4
of which goodwill	1,312.6	20.3	1,320.1	20.5	–0.6
of which deferred taxes	385.8	6.0	394.3	6.1	–2.1
Current assets	3,886.8	60.1	3,841.6	59.8	1.2
of which cash and cash equivalents	683.5	10.6	595.3	9.3	14.8
of which assets held for sale	1,605.8	24.8	1,696.6	26.4	–5.4
Total assets	**6,464.6**	**100.0**	**6,429.3**	**100.0**	**0.6**
Equity and liabilities					
Equity	2,315.7	35.8	2,166.9	33.7	6.9
Non-current liabilities	1,855.9	28.7	1,930.1	30.0	–3.8
of which financial liabilities	957.8	14.8	1,000.1	15.6	–4.2
of which deferred taxes	98.8	1.5	95.9	1.5	3.0
Current liabilities	2,293.0	35.5	2,332.3	36.3	–1.7
of which financial liabilities	67.9	1.0	124.7	1.9	–45.6
of which liabilities held for sale	619.9	9.6	668.6	10.4	–7.3
Total equity and liabilities	**6,464.6**	**100.0**	**6,429.3**	**100.0**	**0.6**

*) Amounts adjusted due to first time classification of an operation as discontinued operation (see page 147 f.) and due to change in accounting policy for employee benefits (see page 118 f.)

Total assets as of December 31, 2013, rose slightly by EUR 35.4 million or 0.6 percent as against December 31, 2012, to EUR 6,464.6 million. This increase in total assets is attributable to higher trade receivables and cash and cash equivalents. The change in assets held for sale, inventories, and intangible assets moved in the opposite direction. The structure of non-current and current assets shifted slightly towards current assets.

The EUR 148.8 million increase in equity represents the consolidated profit of EUR 336.4 million on one hand, and the dividend payment of EUR 105.9 million on the other. Currency translation effects reduced equity by EUR 83.7 million. The equity ratio therefore improved by 2.1 percentage points compared with the end of 2012 (33.7 percent) to 35.8 percent.

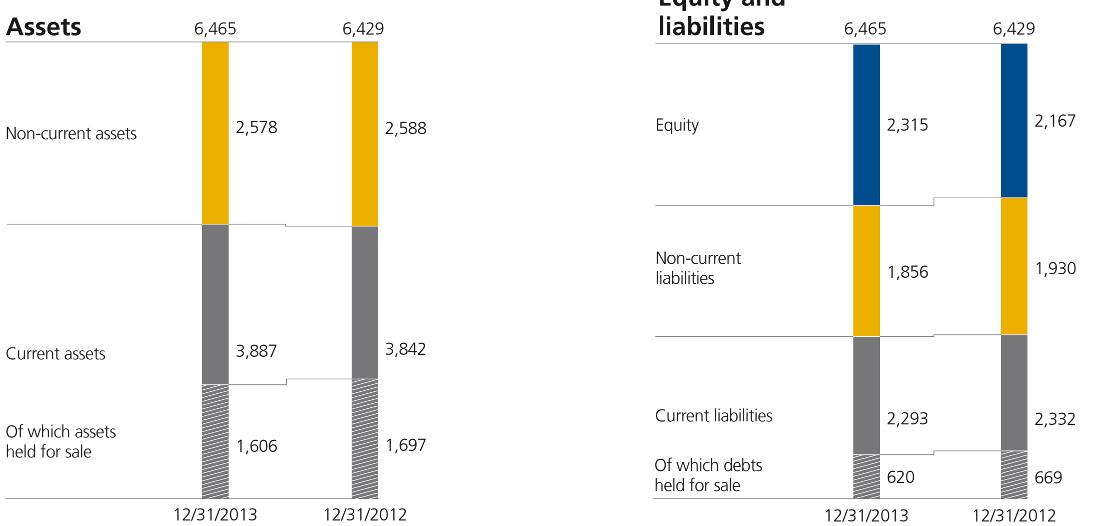
Non-current liabilities decreased by EUR 74.2 million to EUR 1,855.9 million. This is mainly attributable to the utilization of non-current provisions and to the reclassification of liabilities to banks to current liabilities for maturity reasons.

As of the reporting date, current liabilities excluding liabilities held for sale were up EUR 9.5 million on the figure for December 31, 2012, at EUR 1,673.2 million. This was largely attributable to the higher trade payables and advance payments for orders that are recognized using the percentage of completion method and was partly offset by the reduction in liabilities to banks in the year under review. Although current liabilities to banks were increased due to reclassifications carried out for maturity reasons (EUR 34.0 million), they were reduced by EUR 89.0 million due to the redemption of borrower's note loans and loans from Kreditanstalt für Wiederaufbau (KfW).

Liabilities held for sale declined by EUR 48.7 million as against the previous year to EUR 619.9 million.

Comparison of net assets (2013 v. 2012) *

(EUR million)



*) Amounts adjusted due to first time classification of a business area as discontinued operation (see page 147 f.) and due to change in accounting policy for employee benefits (see page 118 f.)

Performance of Discontinued Operations

GEA Heat Exchangers

(EUR million)	2013	2012
Order intake	1,500.3	1,509.8
Order backlog *	805.1	933.3
Revenue	1,489.1	1,608.8
Operating EBITDA	158.2	167.5
as % of revenue	10.6	10.4
Operating EBIT	123.3	135.0
as % of revenue	8.3	8.4
Employees *	7,201	7,329

*) As of reporting date

GEA Heat Exchangers in fiscal year 2013

At the beginning of the year, stagnating markets and a correspondingly weaker revenue and earnings trend were forecast for the GEA Heat Exchangers Segment. Although the markets developed as expected during the fiscal year, the implementation of extensive measures at an early stage meant that the EBITDA margin actually increased, despite the decline in revenue.

Order intake

In fiscal year 2013, order intake in the GEA Heat Exchangers Segment amounted to EUR 1,500.3 million, almost matching the prior-year level of EUR 1,509.8 million. However, adjusted for the effect of exchange rate changes of –2.1 percent, organic growth amounted to 1.4 percent.

The largest single order in 2013, an LPG plant in Russia, amounted to more than EUR 40 million. In addition, subsequent orders for two power plant projects in the Middle East worth a total of just under EUR 60 million were signed. In the prior-year period, a major order with a volume of nearly EUR 40 million was received.

Order backlog

The order backlog declined by EUR 128.2 million or 13.7 percent compared with December 31, 2012 (EUR 933.3 million), to EUR 805.1 million. Expressed in terms of order intake for the fiscal year, the order backlog amounts to 6.4 months (previous year: 7.4).

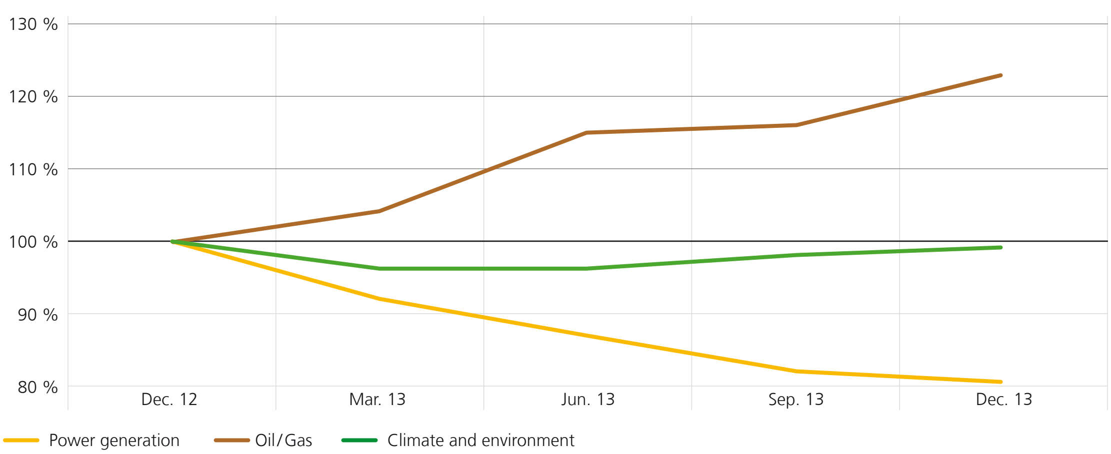
Revenue

The GEA Heat Exchangers Segment's revenue declined by 7.4 percent to EUR 1,489.1 million (previous year: EUR 1,608.8 million). Adjusted for the effect of exchange rate changes of -2.2 percent, the organic change amounted to –5.3 percent in the past fiscal year. This development is mainly attributable to the decline in revenue from major projects in South Africa.

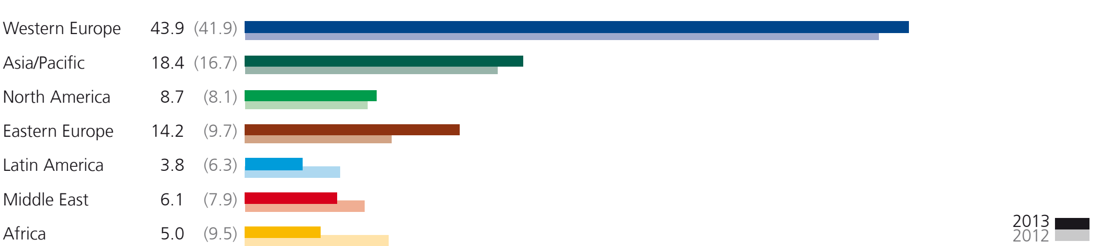
In the power plant area, the segment was impacted by the weak market overall and the postponement of major projects, with this industry's share declining to 30 percent. In contrast, the development of the oil and gas customer industry was positive and its share increased by 4.7 percentage points to nearly 19 percent. Climate and environment is now the biggest customer industry, representing a share of 33 percent. Revenue in Eastern Europe rose by a clear 35 percent. However, this was unable to compensate for the weaker trend in other regions, particularly Africa and Latin America.

GEA Heat Exchangers revenue EUR 1,489.1 million (previous year EUR 1,608.8 million)

by sector (average last 12 months, 3 most important industries, only external business)



by region (%, average last 12 months)



Results of operations

Operating EBITDA in the GEA Heat Exchangers Segment declined by 5.5 percent from EUR 167.5 million to EUR 158.2 million in the year under review. Thanks to the further improvement in structures and business processes, the operating EBITDA margin increased by 21 basis points to 10.6 percent, despite the lower revenue. Operating EBITDA does not include expenses of EUR 3.1 million, which mainly relate to preparations for the planned sale of the segment. Operating EBIT amounted to EUR 123.3 million in the year under review, compared with EUR 135.0 million in the previous year. The corresponding operating EBIT margin remained virtually unchanged at 8.3 percent of revenue. In particular due to one-off expenses related to the preparation of the planned sale of the segment and related increase of tax rate from 26.7 percent to 48.7 percent the profit after taxes declined to EUR 53.8 million from EUR 100.8 million in prior year.

Employees

The number of employees in the GEA Heat Exchangers Segment amounted to 7,201 as of December 31, 2013. This represents a decrease of 128 employees compared with December 31, 2012 (7,329 employees). Changes in the basis of consolidation increased the number of employees by 29. The reduction in the number of employees is due to capacity adjustments in Brazil, South Africa, and the UK.

Financial position and net assets

Net liquidity including intercompany receivables and liabilities rose by EUR 122.2 million to EUR 48.3 million at December 31, 2013 (previous year: EUR –73.9 million). This improvement was mainly driven by the EBITDA generated and by financial liabilities that are attributable to GEA Group in preparation for the planned sale.

Working capital amounted to EUR 173.2 million at year-end, EUR 9.7 million lower than the previous year's figure. The ratio of working capital to revenue was 11.6 percent at the end of the year (previous year: 11.4 percent). The average ratio during the year was 14.5 percent (previous year: 14.2 percent).

The cash flow driver declined in the year under review from EUR 150.6 million to EUR 137.3 million due to lower volumes. The corresponding cash flow driver margin remained virtually unchanged at 9.2 percent.

Total assets as of December 31, 2013, declined by EUR 227.8 million or 11.0 percent as against December 31, 2012, to EUR 1,838.3 million. This reduction in total assets is mainly due to the decline in receivables from affiliated companies, lower inventories, and lower cash and cash equivalents. The structure of non-current and current assets shifted very slightly towards non-current assets.

Equity increased by EUR 109.4 million to EUR 922.5 million as of December 31, 2013, which was due to the net income for the fiscal year, as well as shifts in net assets in the course of the legal restructuring measures to prepare for the planned sale. The equity ratio therefore improved significantly from 39.4 to 50.2 percent. The increase in affiliated company loans represents a further significant change in liabilities. Non-current liabilities thus represent a much smaller share of 4.9 percent as against 15.6 percent at December 31, 2012.

Other companies

Other companies classified as discontinued operations did not have a material impact overall on consolidated profit in fiscal year 2013.

In accordance with the agreement entered into with the purchaser of Lurgi in 2012, tax risks in particular associated with the transaction remained with the group. These risks were further reduced in fiscal year 2013, so the relevant provisions were able to be reversed to a large extent.

Of the Lentjes portfolio, for which risks remained with GEA Group after the sale, a number of plants are still under warranty, and two plants are still subject to legal disputes. In addition, one order that did not form part of the sale of Lentjes was still being executed. This was handed over the customer in fiscal 2013 and is now under warranty.

The contract under public law with the environmental authority (District of Recklinghausen) for the forthcoming rehabilitation of the former Ruhr-Zink site was finalized at the end of 2013. The rehabilitation is to begin in early 2014. According to the current schedule, the operational rehabilitation phase involving "cut-off wall construction and surface sealing " will be completed by the end of 2016.

Employees

The Executive Board of GEA Group Aktiengesellschaft would like to thank all of the group's employees for their excellent work and active commitment in fiscal 2013. Our particular thanks go to the employee representatives in Germany and abroad for their responsible and constructive contributions.

There were 17,750 employees as of December 31, 2013 (excluding the GEA Heat Exchangers Segment). This represents an increase of 582 employees compared with December 31, 2012 (17,168 employees), including 84 in Germany and 267 in the Asia/Pacific region. Changes in the basis of consolidation increased the number of employees by five. This increase in the group's workforce is mainly attributable to the strong growth in the GEA Mechanical Equipment and GEA Process Engineering segments.

Employees [1] by segment	12/31/2013	12/31/2012 [2]
GEA Food Solutions	1,739	1,787
GEA Farm Technologies	2,293	2,286
GEA Mechanical Equipment	4,139	3,961
GEA Process Engineering	5,949	5,566
GEA Refrigeration Technologies	3,325	3,267
Total	**17,445**	**16,867**
Other	305	301
GEA Group	**17,750**	**17,168**

1) Full-time equivalents (FTE) excluding vocational trainees and inactive employment contracts
2) Amounts adjusted due to first time classification of an operation as discontinued operation (see page 147 f.)

Overall, the share of the workforce in Germany decreased by 0.6 percentage points year-on-year, and by 0.4 percentage points in the rest of Western Europe, but increased in the Asia/Pacific growth region by 1.0 percentage points.

Employees [1] by region	12/31/2013		12/31/2012 [2]	
Western Europe	11,230	63.3%	11,035	64.3%
Asia/Pacific	3,069	17.3%	2,802	16.3%
North America	1,964	11.1%	1,893	11.0%
Eastern Europe	673	3.8%	631	3.7%
Latin America	387	2.2%	389	2.3%
Africa	361	2.0%	354	2.1%
Middle East	66	0.4%	65	0.4%
Total	**17,750**	**100.0%**	**17,168**	**100.0%**

1) Full-time equivalents (FTE) excluding vocational trainees and inactive employment contracts
2) Amounts adjusted due to first time classification of an operation as discontinued operation (see page 147 f.)

As of December 31, 2013, GEA Group employed 516 vocational trainees compared with 496 at the same date in the previous year. In Germany, the vocational trainee ratio was unchanged at a good 6.9 percent because providing first-rate training is very important to GEA, which considers it a key investment in the future of our employees and of our company. As in the past, the vocational training level exceeds GEA Group's own needs.

GEA Performance Share Plan

In July 2006, GEA Group Aktiengesellschaft launched a long-term remuneration program for first- and second-tier managers; this was extended to include third-tier management in 2008. As in previous years, all participants had to invest an amount equal to 20 percent of the issued performance shares. In July 2013, an eighth tranche was issued for these three management levels, with a participation rate of 66 percent. Each GEA Performance Share Plan runs for three years. The fifth tranche, which was issued in the summer of 2010, was paid out at a rate of 78.7 percent of the target value. This value was calculated by comparing GEA's relative share price performance in the relevant three-year reference period with that of MDAX companies.

Performance management

Performance assessments are carried out at regular intervals for managers worldwide. Standardized procedures are used to assess key attributes such as a performance- and results-driven approach, assertiveness, communication skills, leadership, commitment, use of management tools, and creativity, from the perspective of both their superiors and their employees. The results are used as a basis for drawing up individual development plans and long-term personnel and succession planning.

Talent management

A talent policy was developed in fiscal year 2013. In line with this, a process was implemented across the group to identify talent and to discuss it at talent management conferences. Individuals with confirmed talent are allocated to talent pools and receive specific support and training.

Talent management programs

The "Professionals on Stage" development assessment center, which is designed to identify future managers and is geared towards employees worldwide with at least seven years' professional experience, has been enhanced by a new module focused on peer consulting and networking. The "First Professional Program" Talent identification and development program for high-potential individuals was held for the third time in 2013. Its three modules give young managers who have been with GEA Group for at least two years special training to develop their skills in communication, conflict resolution, leadership, and managing change processes.

Absolventa GmbH, which operates a career portal designed specifically for young graduates and students, recognized GEA's cross-segment "Move – GEA Graduate Program" trainee program for university graduates as a fair, career-enhancing program. Trainees are prepared at a cross-segment level for future management tasks in both commercial and technical areas, over a period of 18 months in GEA companies in Germany and abroad.

GEA Academy

The GEA Academy offers a central professional development and training program for all employees. In fiscal year 2013, the GEA Academy offered training courses in a variety of management and leadership areas and expanded its offerings for onsite training sessions to include online support in the form of e-learning opportunities. As in previous years, these were organized in cooperation with an internationally recognized partner.

Global Business Consortium

GEA participates in the London Business School's Global Business Consortium, in which top managers from prominent international companies can hone their strategic skills using case studies, among other things. Board members of the participating companies are actively included in the program, where they give presentations and take part in discussion groups.

Part-time university studies

GEA aims to ensure its young talent receives first-class training, which is why it offers twin-track courses of study in cooperation with Osnabrück University of Applied Sciences. Lasting six semesters, these twin-track training courses lead to bachelor degrees in various specialist areas.

At GEA, managers have the option of studying for a part-time MBA in an international environment. Corresponding cooperative agreements have been established with Mannheim University, the London Business School, INSEAD, and Harvard University.

Additional information can be found under the Career area of our website at www.gea.com.

Personnel marketing

GEA's online career portal and the corporate HR blog were expanded with a view to increasing the Company's attractiveness as an employer and facilitating initial contact with potential candidates. The "Fair Company" employer quality seal, which stands for fair treatment of applicants for an internship, was updated in fiscal 2013. In addition, GEA continued to exhibit regularly at university career fairs and product shows in 2013 and to expand its cooperation with universities.

Employee survey

GEA conducted a worldwide employee survey for the first time in 2013 in order to capture employee commitment to and satisfaction with the different aspects of working life. The survey had an excellent overall response rate of 88 percent. Targeted measures will be derived from the results in fiscal year 2014.

Employee-driven ideas and improvement management scheme

GEA Group promotes and harnesses the creativity and innovative capacity of each and every employee with its group-wide "i²m" ideas and improvement management scheme. I²m helps increase the group's profitability, product quality, and quality of work, as well as customer satisfaction, in the long term. GEA Improvement Projects (GIPs) are systematically documented in addition to individual employee ideas. Acquired companies are included in the improvement system's structures promptly.

In fiscal year 2013, GEA was singled out by Deutsches Institut für Betriebswirtschaft (dib – German Institute for Business Management) as the winner of the 2013 "Deutscher IdeenPreis" (German idea award) in the engineering category among companies with more than 5,000 employees.

In 2013, a total of some 13,700 ideas were submitted via i²m by employees throughout the group, and around 310 GIPs were also documented, of which around 44 percent were successfully implemented in 2013. The net benefit for GEA Group from the improvement system in 2013 was approximately EUR 20 million.

In addition to its economic benefits, i²m also strengthens the corporate culture by actively including employees and motivating them to become involved in shaping their Company. Their commitment was honored in 2013 by EUR 1.1 million in bonuses paid for implemented ideas, as well as recognition bonuses and numerous noncash bonuses.

Net Assets, Financial Position, and Results of Operations of GEA Group Aktiengesellschaft

In addition to the reporting by the group, the following section describes the performance of GEA Group Aktiengesellschaft (group management). The annual financial statements are prepared in accordance with the Handelsgesetzbuch (HGB – German Commercial Code) and the Aktiengesetz (AktG – German Stock Corporation Act). They are presented here in condensed form.

Net assets of GEA Group AG (HGB) (EUR million)	31/12/2013	as % of total assets	31/12/2012	as % of total assets
Assets				
Intangible fixed assets	3.2	0.1	2.3	0.1
Tangible fixed assets	3.6	0.1	6.4	0.1
Long-term financial assets	2,994.5	63.9	3,048.8	65.5
Fixed assets	**3,001.3**	**64.1**	**3,057.5**	**65.7**
Receivables from affiliated companies	1,111.9	23.8	1,100.0	23.6
Other assets	27.7	0.6	30.4	0.7
Receivables and other assets	1,139.6	24.4	1,130.4	24.3
Cash	531.9	11.4	462.4	9.9
Current assets	**1,671.5**	**35.8**	**1,592.8**	**34.2**
Prepaid expenses	**5.1**	**0.1**	**5.9**	**0.1**
Total	**4,677.9**	**100.0**	**4,656.2**	**100.0**
Equity and liabilities				
Subscribed capital	520.4	11.1	520.4	11.2
Capital reserves	250.8	5.4	250.8	5.4
Revenue reserves	736.7	15.7	646.7	13.9
Net retained profits	116.4	2.5	109.0	2.3
Equity	**1,624.3**	**34.7**	**1,526.9**	**32.8**
Provisions	**191.1**	**4.1**	**188.1**	**4.0**
Bonds	400.0	8.6	400.0	8.6
Liabilities to banks	552.0	11.8	641.0	13.8
Liabilities to affiliated companies	1,889.5	40.4	1,879.7	40.4
Other liabilities	20.9	0.4	20.4	0.4
Liabilities	**2,862.4**	**61.2**	**2,941.1**	**63.2**
Deferred income	**0.1**	**–**	**0.1**	**–**
Total	**4,677.9**	**100.0**	**4,656.2**	**100.0**

Total assets increased by EUR 21.7 million year-on-year; this is primarily due to the increase in cash funds by EUR 69.5 million. By contrast, long-term financial assets decreased by EUR 54.3 million. Equity was up EUR 97.4 million, while liabilities declined by EUR 78.7 million.

In the long-term financial assets item, loans to affiliated companies declined due to repayments of EUR 69.3 million, while shares in affiliated companies rose by EUR 15.0 million, mainly a result of intragroup share acquisitions. The receivables from affiliated companies result in particular from short-term borrowings by subsidiaries participating in the group's cash pooling system. The EUR 69.5 million increase in cash funds and the EUR 89.0 million decrease in liabilities to banks were attributable to net income for the fiscal year and the associated cash inflows.

Net income for the fiscal year of EUR 203.2 million less the dividend of EUR 105.8 million paid out in fiscal year 2013 led to the EUR 97.4 million increase in equity to EUR 1,624.3 million. The ratio of equity to total assets therefore increased by 1.9 percentage points to 34.7 percent. By contrast, liabilities to banks decreased by EUR 89.0 million. This is due to the scheduled repayment of the borrower's note loan in the amount of EUR 55.0 million, and the partial repayments due to the Kreditanstalt für Wiederaufbau (KfW) in the amount of EUR 34.0 million.

There were only minor changes overall to the rest of the balance sheet items compared with the previous year.

The Executive Board and Supervisory Board transferred EUR 90.0 million to revenue reserves in fiscal year 2013.

Income statement of GEA Group AG (HGB) (EUR million)	31/12/2013	in %	31/12/2012	in %
Other operating income	120.7	54.9	116.3	49.7
Personnel expenses	–31.8	–14.5	–26.2	–11.2
Amortization amd writedowns of intangible fixed assets and depreciation and writedowns of tangible fixed assets	–1.6	–0.7	–1.6	–0.7
Other operating expenses	–143.6	–65.3	–116.0	–49.6
Investment income	267.4	121.5	256.2	109.6
Net interest income	8.9	4.0	5.2	2.2
Result from ordinary activities	**220.0**	**100.0**	**233.9**	**100.0**
Taxes on income	–16.8	–7.6	–17.2	–7.4
Net income for the fiscal year	**203.2**	**92.4**	**216.7**	**92.6**
Retained profits brought forward	3.2	1.5	0.3	0.1
Appropriation to other revenue reserves	–90.0	–40.9	–108.0	–46.2
Net retained profits	**116.4**	**52.9**	**109.0**	**46.6**

Personnel expenses increased by EUR 5.6 million year-on-year, primarily due to higher additions to other provisions for personnel expenses.

Exchange rate gains and losses from own hedges and hedges for affiliated companies are reported gross within other operating income and expenses, as in the previous year. Gains of EUR 78.0 million and losses of EUR 76.1 million resulted in net exchange rate gains of EUR 1.9 million (previous year: EUR 8.1 million).

In addition to exchange rate gains, other operating income primarily includes income from the recharging of the intercompany management fee and the trademark fee to subsidiaries, from ancillary operations, and from the reversal of provisions. In addition to exchange rate losses, other operating expenses mainly comprise the cost of expert opinions and consulting, as well as third-party services.

Investment income is primarily composed of income and expenses from profit and loss transfer agreements and income from reversals of impairment losses on financial assets. Income from profit transfer agreements mainly contains the profits transferred by GEA Mechanical Equipment GmbH, GEA Group Holding GmbH, GEA Refrigeration Germany GmbH, GEA Heat Exchangers GmbH, and GEA Brewery Systems GmbH. Cost of loss absorption contains in particular the assumed losses of mg Altersversorgung GmbH, ZiAG Plant Engineering GmbH, GEA Diessel GmbH, and GEA Refrigeration Technologies GmbH.

Net interest income rose by EUR 3.7 million to EUR 8.9 million (previous year: EUR 5.2 million). This is due among other things to the scheduled repayment of bank loans and to the decline in interest rates year-on-year. The discount unwinding costs on long-term other provisions were EUR 1.9 million, as in the previous year.

(EUR million)	2013	2012
Cash flow from operating activities	207.1	-140.4
Cash flow from investing activities	57.3	295.0
Cash flow from financing activities	-194.9	162.9
Liquid funds	531.9	462.4

GEA Group Aktiengesellschaft's business development is primarily subject to the same risks and opportunities as the group. These are presented in the report on risks and opportunities. Additionally, the relationships with subsidiaries may result in negative effects due to statutory and contractual contingent liabilities (in particular finance).

The most important key performance indicator for GEA Group Aktiengesellschaft is (HGB) net income for the fiscal year, which allows it to pay out a dividend of roughly one-third of the (IFRS) consolidated profit. The same level as in the previous year is expected for fiscal year 2014.

Due to its overlap with the group as a whole, further details on the future business development of GEA Group Aktiengesellschaft can be found in the chapter entitled “Outlook” (see page 86 ff.).

Proposal on the appropriation of profits

GEA Group Aktiengesellschaft’s annual financial statements in accordance with the HGB report net income for the fiscal year of EUR 203.2 million. The Executive Board and Supervisory Board appropriated EUR 90.0 million of this amount to other revenue reserves in accordance with section 58(2) sentence 1 of the AktG. The Executive Board and Supervisory Board will propose to the Annual General Meeting to pay a dividend of EUR 0.60 per share, up from EUR 0.55 year-on-year, to shareholders from the net retained profits of EUR 116.4 million for a total of 192,495,476 shares (previous year: 192,495,476 shares) and to carry forward the remaining net retained profits of EUR 0.9 million to new account.

The dividend will be paid from the contribution account for tax purposes (section 27 of the Körperschaftsteuergesetz (KStG – German Corporate Income Tax Act)) and therefore without deduction of investment income tax and the solidarity surcharge. In the case of shareholders in Germany, the dividend is not subject to current taxation in the year of payment. The opinion of the German tax authorities (see also the Federal Ministry of Finance (BMF) circular dated December 22, 2009, paragraph 92) is that the payment of dividends from the contribution account for tax purposes constitutes a repayment of shareholder contributions, which results in a retrospective reduction in the cost of the shares. This can lead to the imposition of higher capital gains taxes if the shares are sold at a later date.

Explanatory information in accordance with sections 289(4) and (5), and 315(2) no. 5 and 315(4) of the HGB

Composition of the subscribed capital and restrictions on rights

As of December 31, 2013, the subscribed capital of GEA Group Aktiengesellschaft was EUR 520,375,765.57 and was composed of 192,495,476 no-par value bearer shares. All the shares are ordinary shares. The rights and obligations arising from these shares are defined in the AktG. The Executive Board is not aware of any restrictions affecting the voting rights. Participation in the GEA Performance Share Plan requires a personal investment by participants in GEA shares, which are subject to a holding period of three years. Participants who infringe the holding period lose their right to participate in the plan.

Interests in the share capital exceeding 10 percent of the voting rights

There were no interests in the Company exceeding 10 percent of the voting rights as of December 31, 2013.

Provisions governing the appointment and dismissal of members of the Executive Board and amendments to the Articles of Association

The members of the Executive Board are appointed and dismissed in accordance with sections 84 and 85 of the AktG in conjunction with section 31 of the Mitbestimmungsgesetz (MitbestG – German Codetermination Act).

Under Article 20(1) of GEA Group Aktiengesellschaft’s Articles of Association, amendments to the Articles of Association may – where legally permissible – be adopted by a simple majority of the share capital represented at the vote. Under Article 21 of the Articles of Association, the Supervisory Board may resolve amendments and additions to the Articles of Association that only affect their wording. In other respects, section 179 of the AktG applies to amendments to the Articles of Association.

Powers of the Executive Board to issue and repurchase shares

In accordance with Article 4(3) of the Articles of Association, the Executive Board is authorized, with the approval of the Supervisory Board, to increase the share capital by up to EUR 77 million by issuing new no-par value shares against cash contributions on one or more occasions until April 23, 2017 (Authorized Capital I) and, in accordance with Article 5(4) of the Articles of Association, to define a starting date for profit rights in this case that differs from the date stipulated by law. The Executive Board is also entitled, with the approval of the Supervisory Board, to exclude fractions from shareholders' preemptive rights. The new shares may also be underwritten by banks with the obligation of offering them to the shareholders for subscription.

In accordance with Article 4(4) of the Articles of Association, the Executive Board is authorized, with the approval of the Supervisory Board, to increase the share capital by up to EUR 72 million by issuing new no-par value shares against cash or noncash contributions on one or more occasions until April 20, 2015 (Authorized Capital II) and, in accordance with Article 5(4) of the Articles of Association, to define a starting date for profit rights in this case that differs from the date stipulated by law. The Executive Board is also entitled, with the approval of the Supervisory Board, to exclude fractions from shareholders' preemptive rights. Furthermore, the Executive Board is authorized, with the approval of the Supervisory Board, to disapply shareholders' preemptive rights in a partial amount of EUR 50 million in the case of capital increases against noncash contributions for the purpose of business combinations or the acquisition of companies, parts of companies, or equity interests in companies. The new shares may also be underwritten by banks with the obligation of offering them to the shareholders for subscription.

In accordance with Article 4(5) of the Articles of Association, the Executive Board is authorized, with the approval of the Supervisory Board, to increase the share capital by up to EUR 99 million by issuing new no-par value shares against cash or noncash contributions on one or more occasions until April 21, 2014 (Authorized Capital III) and, in accordance with Article 5(4) of the Articles of Association, to define a starting date for profit rights in this case that differs from the date stipulated by law. The Executive Board is also authorized, with the approval of the Supervisory Board, to disapply shareholders' preemptive rights in the case of capital increases against noncash contributions for the purpose of business combinations or the acquisition of companies, parts of companies, or equity interests in companies. Furthermore, the Executive Board is authorized, with the approval of the Supervisory Board, to disapply shareholders' preemptive rights in the case of capital increases against cash contributions if the issue price of the new shares does not fall materially below the market price of the same class of shares of the Company at the time the issue price is set. This disapplication of preemptive rights in accordance with sections 203(1) and 186(3) sentence 4 of the AktG is limited to a maximum of 10 percent of the Company's share capital. The limit of 10 percent of the share capital is reduced by the proportion of the share capital attributable to the treasury shares of the Company that are sold during the term of Authorized Capital III while shareholders' preemptive rights are disapplied in accordance with sections 71(1) no. 8 sentence 5 and 186(3) sentence 4 of the AktG. The limit is also reduced by the proportion of the share capital attributable to those shares that are issued to settle bonds with warrants or convertible bonds with an option or conversion right or with an option or conversion obligation, provided that the bonds are issued during the term of Authorized Capital III and shareholders' preemptive rights are disapplied in accordance with section 186(3) sentence 4 of the AktG. Furthermore, the Executive Board is entitled, with the approval of the Supervisory Board, to exclude fractions from shareholders' preemptive rights. The new shares may also be underwritten by banks with the obligation of offering them to the shareholders for subscription.

Furthermore, the Executive Board is authorized, with the approval of the Supervisory Board, to stipulate the further details of the capital increase from Authorized Capital I, II, and III and the terms and conditions of the share issue.

Under a resolution adopted by the Annual General Meeting on April 21, 2010, the share capital was contingently increased by up to EUR 48,659,656.71, comprising up to 18 million bearer shares (Article 4(7) of the Articles of Association). The contingent capital increase will only be implemented to the extent that the holders or creditors of options or conversion rights or persons obliged to convert or exercise options under bonds with warrants or convertible bonds that are issued against cash contributions or guaranteed by the Company or a subordinate group company of the Company up to April 20, 2015, on the basis of the authorization of the Executive Board by the Annual General Meeting resolution dated April 21, 2010, exercise their options or conversion rights or, if they are obliged to convert or exercise options, satisfy their obligation to convert or exercise options, or if GEA Group Aktiengesellschaft exercises its option to grant shares of GEA Group Aktiengesellschaft in full or in part instead of payment of the monetary amount due, and if no cash settlement is granted or own shares or shares of another listed company are used in settlement. New shares will be issued at the option or conversion price to be determined in accordance with the authorizing resolution referred to above. The new shares carry dividend rights from the beginning of the fiscal year in which they are created. The Executive Board is authorized, with the approval of the Supervisory Board, to determine the further details of the implementation of the contingent capital increase.

Under Article 4(6) of the Articles of Association, the share capital was contingently increased by up to EUR 17,339,095.52, comprising up to 6,414,014 bearer shares. In accordance with the Articles of Association, the contingent capital increase serves to grant compensation in shares of the Company to the external shareholders of the former GEA AG, Bochum, in line with the settlement dated January 30, 2012, between the Company on the one hand, and on the other hand the applicants as well as the joint representatives of the award proceedings pending before the Dortmund Local Court with the case reference number 20 O 533/99, which will bring the award proceedings related to the control and profit transfer agreement dating from June 29, 1999, between the former Metallgesellschaft AG (now GEA Group AG) and the former GEA AG to a close and increase the previous exchange ratio. The issue of the last tranche of shares on December 3, 2012, in line with the settlement completed the implementation of the capital increase.

Under a resolution adopted by the Annual General Meeting dated April 21, 2010, GEA Group Aktiengesellschaft is authorized to purchase own shares up to a total of 10 percent of the share capital in accordance with section 71(1) no. 8 of the AktG. The authorization is valid until April 20, 2015. The shares may be purchased via the stock exchange or by means of a public purchase offer to all shareholders. The shares may subsequently be used for all purposes allowed by law. In particular they may be redeemed, used to service bonds with warrants or convertible bonds, transferred to third parties as part of business combinations or acquisitions, or disposed of in another manner. Further details on the resolutions on the share buyback adopted by the 2010 Annual General Meeting are available in the invitation to the Annual General Meeting, which was published in the electronic Federal Gazette on March 11, 2010.

Material agreements that take effect in the event of a change of control following a takeover bid

The individual lenders of the syndicated credit line (club deal) amounting to EUR 650 million may refuse new drawdowns in the event of a change of control. The lenders may call in any amounts already drawn down and terminate the respective credit line giving 20 days' notice.

In the case of the bond in the amount of EUR 400 million, each bondholder has the right to require the repayment by the issuer of the nominal amount of their bonds, including accrued interest, if there is a change of control and, as a result, the credit rating is revised downwards to non-investment grade within 90 days of the change of control taking effect. To exercise this right to early repayment, the bondholder has to submit an appropriate exercise notice within 45 days of publication of the event by the issuer.

In the event of a change of control, the lenders of borrower's note loans in the total amount of EUR 300 million are entitled to require early repayment of their loan receivable, including interest accrued up to the date of the early repayment. The borrower determines the repayment date, which may not be fewer than 60 days and more than 90 days after the date on which the borrower was informed of the change of control and notified the lenders of this via the paying agent.

In relation to the loan agreements with Kreditanstalt für Wiederaufbau (KfW) in the current amounts of EUR 60 million and EUR 42 million as of December 31, 2013, the borrower is obliged, on written request by KfW, to repay the loan including accrued interest by no later than the date on which the next interest payment is due.

In the case of the loan agreement with the European Investment Bank (EIB) amounting to EUR 150 million, the EIB is entitled to call in the loan and require early repayment including accrued interest in the event of a change of control. In this case, the borrower is obliged to repay the amount on the date specified by the Bank, which may not be earlier than 30 days after the repayment request.

Under a master loan agreement for EUR 265 million, which is primarily used to issue guarantees for subsidiaries, the lender has the right in the event of an imminent change of control to negotiate the continuation of the agreement under changed terms. If no agreement is reached, the master loan agreement will fall due with immediate effect. In this case, the lender must be released from its obligations under guarantees furnished within two months or, at the discretion of the borrower, the latter shall make a cash deposit in the amount of the outstanding obligations under the guarantees furnished.

All Performance Shares under the GEA Performance Share Plan expire in the event of a change of control. Managers who have participated in the plan then receive a compensation payment for the expired Performance Shares. This payment corresponds to the allocated target value in each case.

A change of control within the meaning of these agreements and the GEA Performance Share Plan is deemed to have occurred in particular if a majority of voting rights or shares of the Company are transferred to a single person or group of persons.

Compensation arrangements with members of the executive board or employees

Executive Board members' contracts include provisions on the calculation of bonuses in the event of a change of control. Additional details can be found in the remuneration report starting on page 65. Further compensation arrangements with employees have been agreed with regard to the Performance Shares under the GEA Performance Share Plan.

Key attributes of the internal control and risk management system relating to the financial reporting process

See the "Risk Management System" and "Internal Control System" sections starting on page 76 ff. of the management report.

Summary of Business Development

Demand from the customer markets of GEA Group's continued operations remained steady in fiscal year 2013. GEA achieved new records for both order intake and revenue at EUR 4.6 billion and EUR 4.3 billion, respectively. Almost all segments contributed to this development. At EUR 530.1 million, operating profit (EBITDA) from continued operations was up 7.2 percent on the prior-year figure. This corresponds to an operating EBITDA margin of 12.3 percent. GEA's profitability therefore remains very high compared with the rest of the industry. Debt was further reduced in the past fiscal year. With respect to our cash flow drivers, an excellent ratio to revenue of 9.6 percent was achieved. GEA therefore continues to be in robust economic shape.

The decision taken in June 2013 to withdraw from the GEA Heat Exchangers Segment represents a material change in the core business. Due to the progress made since then in this separation process, the segment was reclassified under discontinued operations in the fourth quarter. Nonrecurring expenses of EUR 28.2 million were incurred for the group's strategic projects and the planned discontinuation of GEA Heat Exchangers. As expected, there was no further negative impact on earnings attributable to discontinued operations.

Summing up, it can be said that all significant forecasts relating to revenue, profit, and cash flow drivers communicated at the beginning of fiscal year 2013 and refined in the course of the year were achieved and GEA Group Aktiengesellschaft's (HGB) net income for the fiscal year made it possible to propose a higher dividend. GEA's business development in 2013 is therefore considered to be favorable.

Report on Post-Balance Sheet Date Events

In January 2014, the Executive Board of GEA Group Aktiengesellschaft decided to combine its operating segments GEA Food Solutions and GEA Mechanical Equipment effective as of the beginning of fiscal year 2014.

There were no further significant events occurring in the period between the end of fiscal 2013 and the date the annual report was prepared that could have influenced the disclosures on the course of business and the expected development of the group.

Corporate Governance Report including the Corporate Governance Declaration

The Declaration of Corporate Governance issued in accordance with section 289a of the Handelsgesetzbuch (HGB – German Commercial Code) does not form part of the annual audit pursuant to section 317 para. 2 sentence 3 of the German Commercial Code.

Transparent, responsible corporate governance and control geared towards long-term value enhancement are given high priority at GEA Group Aktiengesellschaft. In doing so, we align our actions with the generally accepted principles of corporate governance while complying with the suggestions and recommendations of the German Corporate Governance Code as amended on May 13, 2013 (published in the Federal Gazette on June 10, 2013) to the greatest possible extent.

Declaration of Conformity

On December 19, 2013, the Executive Board and Supervisory Board of GEA Group Aktiengesellschaft issued the following Declaration of Conformity in accordance with section 161 of the Aktiengesetz (AktG – German Stock Corporation Act); this Declaration of Conformity has been made permanently accessible to the general public on the Company's website at www.gea.com:

GEA Group Aktiengesellschaft complies with the recommendations of the German Corporate Governance Code (GCGC) as amended on May 13, 2013, and published by the Federal Ministry of Justice in the official section of the Federal Gazette with the following exemption and will continue to comply with these recommendations in the future with such exemption:

Currently, the compensation of the members of the Executive Board is not capped according to amount both overall and for all variable compensation components (item 4.2.3 para. 2 sent. 6 GCGC).

Explanation:
If the services of the Executive Board members lead to an extraordinary increase of value for the shareholders of the company, the Supervisory Board may, subject to its dutiful discretion, grant a discretionary bonus in accordance with the service agreements. The Executive Board members are not entitled to receive this extraordinary bonus. The respective clause in the service agreements of the Executive Board members only authorizes the Supervisory Board to make an adequate discretionary decision based on statutory provisions and within the limits of the jurisdiction of the highest courts. Currently, this special bonus which is only available in exceptional situations is not expressly capped according to amount in the service agreements of the Executive Board members. We are of the opinion that an amendment of existing service agreements is not justified taking into consideration both the restrictive statutory rules and the limits defined by the highest courts. The service agreements of the Executive Board members will be amended respectively, if Executive Board members are reappointed or appointed for the first time.

Since the issuance of the last Declaration of Conformity on December 13, 2012, GEA Group Aktiengesellschaft has complied with the recommendations of the GCGC as amended on May 15, 2012, and published by the Federal Ministry of Justice in the official section of the Federal Gazette as well as, since their publication in the Federal Gazette, as amended on May 13, 2013 with the exception explained above relating to item 4.2.3 para. 2 sent. 6 GCGC and with the following exception which was limited in time and disclosed with the update of the aforementioned Declaration of Conformity on June 20, 2013:

For a transitional period until August 31, 2013, Prof. Dr. Werner J. Bauer held more than three supervisory board mandates in non-group listed companies or in supervisory bodies of non-group companies which make similar requirements (item 5.4.5 sent. 2 GCGC).

Explanation:
Temporary deviation from this recommendation followed from the fact that Prof. Dr. Bauer, Executive Vice President and member of the Executive Board of Nestlé AG until August 31, 2013, had assumed further mandates on the Administrative Board and the Supervisory Board of Lonza Group AG and Bertelsmann Management SE respectively in addition to his three mandates relevant in terms of item 5.4.5 sentence 2 GCGC which he already held within GEA Group Aktiengesellschaft, Bertelsmann SE & Co. KGaA and Galderma Pharma S.A. However, since Prof. Dr. Bauer retired from the Executive Board of Nestlé AG on August 31, 2013, the deviation was limited in time.

Executive Board and Supervisory Board did not deem such temporary deviation from the recommendation a risk compromising Prof. Dr. Bauer's ability to properly discharge his responsibilities as a Supervisory Board member of GEA Group Aktiengesellschaft.

Düsseldorf, December 19, 2013

For the Supervisory Board	For the Executive Board	
Dr. Jürgen Heraeus	Jürg Oleas	Dr. Stephan Petri

Code of Conduct

The Executive Board and Supervisory Board have drawn up a Code of Conduct that stipulates that the Group's business activities shall comply with all laws and with high ethical standards. This Code of Conduct applies to all employees and bodies of GEA Group worldwide. It is supplemented by guidelines on individual topics, in particular by the Anticorruption Guideline. Finally, the Company and the European Works Council have jointly agreed general principles of social corporate responsibility ("codes of conduct") laying down ethical, social and legal standards that are binding on all GEA Group employees. The Code of Conduct, the Anticorruption Guideline and further information are published on the website of GEA Group Aktiengesellschaft under Investor Relations/Corporate Governance.

Compliance organization

Compliance in the sense of measures designed to ensure adherence to legal, statutory and internal corporate policies, as well as compliance therewith by group companies, is considered to be a key management and supervisory responsibility at GEA Group. For this purpose, the Company established a compliance organization some years ago. The group-wide compliance organization is headed by the Chief Compliance Officer who reports to the Audit Committee of the Supervisory Board. The Chief Compliance Officer receives support from the Corporate Compliance Officer. In addition, a Compliance Committee advising the Chief Compliance Officer was established in 2010. Apart from that, a Segment Compliance Officer as well as a Company Compliance Manager were appointed for each segment and each operating company, respectively. In parallel, GEA set up a worldwide export control organization in 2011 that is also headed by the Chief Compliance Officer who is supported by the Corporate Export Control Officer and the Chief Foreign Trade Officer at group level. A Segment Export Manager for each segment and a Company Export Manager for each operational entity were appointed, respectively.

The members of the compliance organization meet regularly to discuss the latest developments and their potential impact and/or any need to supplement GEA Group's compliance program. At regular intervals, classroom and web-based training sessions are delivered to the group employees responsible for compliance; this training covers current issues and regulations relative to the law, the Code of Conduct and GEA Group's additional compliance guidelines. GEA Group's extensive compliance program is rounded off by computer-based IT tools (e.g. for the periodic identification of compliance risks) as well as direct talks held at a local level between representatives of the compliance organization and local managing directors for evaluating best practices within the Group.

Finally, the Company is in the process of setting up an environment, health and safety (EHS) organization, an undertaking initiated in 2010 and designed to develop and implement group-wide guidelines, programs and procedures in this field.

Responsible risk management

GEA Group Aktiengesellschaft has grown considerably in recent years. However, sustainable growth can only be achieved if both the opportunities and the risks of business activities are identified and adequately taken into account. For this reason, an effective control and risk management system represents one of the core elements of corporate governance at GEA Group Aktiengesellschaft. Further information is provided on pages 75 ff. of this Annual Report.

Transparency in accounting and audit transparency

GEA Group Aktiengesellschaft is committed to transparent reporting. The Company's consolidated financial statements and quarterly reports are prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union. The single entity financial statements of GEA Group Aktiengesellschaft that are legally required and determine dividend payout are governed by the German Handelsgesetzbuch (HGB – German Commercial Code). The Supervisory Board engages the external auditor elected by the Annual General Meeting. The Audit Committee gives particular attention to the surveillance of the accounting process, the effectiveness of the internal control, risk management and internal audit systems, the audit of the annual financial statements as well as compliance; moreover, it agrees the key audit areas and the audit fee with the auditor, while ensuring that the auditor's work is not compromised by any conflicts of interest and that the auditor immediately reports on any and all significant findings and events relevant to the Supervisory Board's discharge of duties that have come to the attention of the auditor in the course of the audit. In addition to the consolidated and annual financial statements, the Audit Committee also discusses the half-yearly and quarterly reports with the Executive Board.

Detailed reporting

GEA Group Aktiengesellschaft communicates openly, actively and in detail. It regularly and promptly informs shareholders, shareholders' associations, analysts, and interested members of the public on equal terms about the Company's situation as well as any material changes to its business. In this respect, the Company's website constitutes an important means of communication. It contains annual and interim reports, press releases, ad hoc disclosures as well as other notifications required under the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act), the financial calendar and other relevant information in German and English. Moreover, the Group also holds regular analyst meetings, press conferences and events for investors. All presentations delivered on these occasions can also be downloaded from our website under "Investor Relations".

Directors' Dealings and shareholdings of members of governing bodies

Under section 15a of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act), Executive Board and Supervisory Board members as well as their related parties are obliged to disclose reportable transactions in shares of GEA Group Aktiengesellschaft or related financial instruments if the transactions concluded in one calendar year reach or exceed the threshold of EUR 5,000. The four transactions reported to the Company in fiscal year 2013 were published on the Company's website.

The total number of GEA Group Aktiengesellschaft shares held by all Executive Board and Supervisory Board members amounts to less than 1 percent of the shares issued by the Company.

Securities-based remuneration program for company executives

With effect from July 1, 2006, GEA Group Aktiengesellschaft launched a long-term, share price-based remuneration program called "GEA Performance Share Plan" for managers on management levels one and two below Executive Board level. In fiscal year 2008, this scheme was extended to include level three managers. Details are available on page 49 and in note 6.3.3 (see page 174 f.) to the consolidated financial statements.

Corporate governance and control: Executive Board and Supervisory Board

The Executive Board of GEA Group Aktiengesellschaft comprises four members and constitutes the Group's management body. The Supervisory Board – which is composed of twelve members, half of whom are shareholder representatives, while the other half comprises employee representatives – appoints and advises the Executive Board while overseeing its work. The Executive Board and the Supervisory Board cooperate closely for the benefit of the Company; their common goal is a sustainable increase in enterprise value.

Executive Board

The Executive Board holds overall responsibility for the management of the Company in accordance with legal requirements, the Articles of Association as well as the rules of procedure and the corporate policies that are in place. In line with the rules of procedure of the Executive Board, each Executive Board member has overall responsibility for and independently manages the area of responsibility assigned to him under the schedule of responsibilities, while keeping the entire Executive Board informed of any and all essential business matters. Decisions on subject-matters of fundamental importance or particular magnitude must be taken by the entire Executive Board. Executive Board resolutions are adopted at regular meetings or, should no member of the Executive Board raise any objections, in writing, orally (also via telephone), via telefax or by referring to other common means of communication such as email. Each member of the Executive Board must immediately disclose conflicts of interests to the Supervisory Board and inform the other members of the Executive Board accordingly.

The Executive Board reports to the Supervisory Board regularly, promptly and comprehensively on all issues relating to strategy, planning, business development, risk exposure, the risk management system as well as compliance that are relevant to the Company. Should important issues or business matters that may considerably impact on the situation of the Company arise, the Executive Board notifies the Chairman of the Supervisory Board without undue delay. The Articles of Association and the rules of procedure specify key transactions that require the Supervisory Board's approval. Further information on the individual members of the Executive Board can be found on pages 12 and 220 of this Annual Report.

Supervisory Board

The Supervisory Board advises the Executive Board on the management of the Company and oversees its conduct of the Company's business. Between the Supervisory Board meetings, the Chairman of the Supervisory Board maintains regular contact with the Executive Board, in particular the Chairman of the Executive Board, with whom he discusses matters of strategy, planning, business development, risk exposure, risk management and compliance that are of relevance to the company. The Supervisory Board usually holds five meetings per calendar year that are attended by the Executive Board members unless the Chairman of the Supervisory Board determines otherwise. As a rule, the Supervisory Board's resolutions are adopted at these meetings. Unless the majority of Supervisory Board members immediately object, the Chairman of the Supervisory Board can instruct the members to adopt resolutions in the course of a conference call or a video conference or outside meetings by casting their votes in writing, text form or by telephone. Resolutions require a simple majority of the votes cast unless law stipulates a different majority. After notice of the meeting has been given to all members, the Supervisory Board has a quorum when a minimum of half of its members vote on a resolution by attending in person, by telephone or video conference or have casted their votes in writing or text form pursuant to Section 108 para. 3 of the Aktiengesetz (AktG – German Stock Corporation Act).

When appointing members to the Executive Board and proposing candidates for election to the Supervisory Board, the Supervisory Board and its committees take into account a balanced mix of specialist expertise and personal attributes as well as the criterion of diversity.

Pursuant to the recommendation under section 5.4.1 of the German Corporate Governance Code, the Supervisory Board had laid down concrete targets relating to its composition in December 2010 (see Corporate Governance Report for fiscal year 2010). During its meeting held on December 13, 2012, the Supervisory Board basically confirmed these targets, while adding a new target relative to the number of independent Supervisory Board members. The concrete targets that currently apply are outlined in the Corporate Governance Report for fiscal year 2012. Accordingly, the members of the Supervisory Board – while taking into account the specific situation of the Company – are to have the knowledge, skills and specialist expertise required to ensure the proper performance of their duties. In this context, the Supervisory Board also pays attention to industry knowledge, an adequate number of independent members, international experience as well as an appropriate consideration of women. With a view to the best interests of the Company, the decisive criterion for appointments shall always be the specialist expertise and personal suitability of the respective candidate.

Supervisory Board committees

The work of the Supervisory Board is supported by committees. These are primarily the Presiding Committee and the Audit Committee, as well as the statutory Mediation Committee and the Nomination Committee recommended by the German Corporate Governance Code. The Presiding Committee, the Audit Committee and the Mediation Committee each comprise four members and feature equal representation of shareholders and employees. The Nomination Committee consists of three members who are exclusively shareholder representatives in accordance with section 5.3.3 of the German Corporate Governance Code.

The Presiding Committee and the Audit Committee usually meet four times during a calendar year. During meetings, Presiding Committee and Audit Committee resolutions are adopted by a simple majority of the votes cast, while outside meetings they are passed by a simple majority of the members. Where there is a tied vote, the respective chairman has a casting vote on the same resolution if another vote is held. The Nomination Committee and the Mediation Committee only hold meetings when required.

The duties of the Presiding Committee, which is chaired by the Chairman of the Supervisory Board, include the preparation of the meetings of the Supervisory Board. Furthermore, the Presiding Committee's specific responsibility is to define the legal relationship between the Company and the individual Executive Board members, and to ensure succession planning for the Executive Board. Decisions on the Executive Board remuneration system, the total remuneration awarded to the individual Executive Board members, as well as their appointment and dismissal are to be taken by the full Supervisory Board.

The Audit Committee, whose chairman has special knowledge and experience in applying financial reporting standards and systems of internal control, is primarily responsible for overseeing the financial reporting process and dealing with matters regarding the efficiency of the internal control system, the risk management system, the internal audit process and the audit of the financial statements. In addition, it monitors compliance with key legislation and official regulations, as well as internal guidelines including GEA Group's Code of Conduct (compliance).

The Mediation Committee's duties are laid down in sections 27 and 31 of the Mitbestimmungsgesetz (MitbestG – German Co-determination Act). The task of the Nomination Committee is to propose suitable candidates to the Supervisory Board based upon which the latter submits its nominations to the Annual General Meeting.

Further information on the composition of the Supervisory Board and its committees can be found on the Company's website at www.gea.com and on pages 220 and 221 of this Annual Report. In addition, the Report of the Supervisory Board on pages 216 ff. of this Annual Report gives further details on the activities of the Supervisory Board and its committees in 2013, the year under review.

Remuneration Report

Executive Board remuneration

General remarks

Following the recommendation of the Presiding Committee, the Supervisory Board determines the total remuneration of the individual Executive Board members and resolves on the remuneration system applicable to the Executive Board. The Supervisory Board reviews the appropriateness of the remuneration at regular intervals. Criteria for determining the appropriateness of the remuneration include the responsibilities of the individual Executive Board members, their respective personal performance, the economic situation, the success and the future prospects of the Company as well as the customary rate of remuneration on the basis of benchmarking against peer companies.

Creating an incentive geared towards successful and sustainable corporate governance represents an essential element of any decision taken with regard to the remuneration system. The latter is to ensure that the Executive Board members strive for the long-term success of the Company and participate in a subsequent sustainable value enhancement. For this reason, a significant part of total remuneration is tied to GEA's share performance as well as key performance indicators, in particular a combination of cash flow aspects and the return on capital employed (ROCE), i.e. a ratio for measuring return on capital. This ensures that outstanding performance is adequately rewarded and non-accomplishment of set targets results in a reduction in remuneration.

The remuneration system that was approved by a large majority of the votes at the Annual General Meeting on April 24, 2012, comprises a non-performance-related and various performance-related and/or variable components. The variable remuneration system seeks to provide for a highly balanced risk and opportunity profile from the shareholders' and Executive Board's perspective and to further enhance the sustainability of the remuneration system by separating the short-term and long-term bonus elements. In addition, it is comparatively easy to transfer the system to the management levels below Executive Board level, thereby guaranteeing a better steering of business operations.

In fiscal year 2013, the remuneration of the Executive Board members was composed as follows:

Fixed components of remuneration and fringe benefits

The non-performance-related component of remuneration consists of a fixed annual salary that is paid in twelve equal amounts at the end of each calendar month, respectively.

The fixed annual salary paid to Jürg Oleas in the year under review amounted to EUR 1,250 thousand. Dr. Helmut Schmale's fixed annual salary was EUR 675 thousand. Niels Graugaard, who retired from the Executive Board in compliance with the age limit after the Annual General Meeting on April 18, 2013, received a fixed annual salary in the amount of EUR 642,735. In the year under review, the fixed annual salaries drawn by Dr. Stephan Petri and Markus Hüllmann, the latter having joined the Executive Board on April 1, 2013, amounted to EUR 550 thousand, respectively. During the year under review, the fixed annual salaries of Niels Graugaard and Markus Hüllmann were paid pro rata temporis.

In addition, the Executive Board members receive fringe benefits. In the year under review, they mainly comprised the value of the company car use in accordance with tax regulations, accident insurance premiums, and – for Niels Graugaard and Markus Hüllmann – the reimbursement of costs incurred for the maintenance of two households. Besides, Niels Graugaard was reimbursed for flights home to his place of residence.

Variable components of remuneration

In addition, each member of the Executive Board receives a variable annual remuneration (bonus) whose level depends on the achievement of specific targets determined by the Supervisory Board. In terms of a target achievement of 100 percent, the level of variable remuneration equals that of the fixed remuneration component (target bonus). To ensure that both positive and negative developments are taken into account, the proportion of variable remuneration increases or decreases in the event of over- or under-performance.

The bonus consists of three components. They comprise both one-year and multi-year criteria for evaluation. Each of the three components provides for a cap. Furthermore, all three bonus components applicable to a specific fiscal year are limited to 240 percent of the target bonus (overall cap). At its own discretion, the Supervisory Board takes into account extraordinary events and developments which indicate that a readjustment of the respective mathematically derived value is appropriate.

Individual component (weighting of 40 percent)
The individual component of variable remuneration is payable with the next regular salary payment following the date of the Supervisory Board meeting convened to adopt the financial statements for the preceding fiscal year. Its amount is calculated on the basis of 3 to 5 personal annual targets determined for the respective fiscal year by the Supervisory Board. When determining these individual targets, the Supervisory Board bases its decision on the sustainability of corporate governance, in particular. The Supervisory Board's definition of the individual targets also includes their respective weighting.

Under the variable remuneration component, the individual component has a weighting of 40 percent, i.e. 40 percent of the variable remuneration (target amount) are payable if 100 percent of the target set in relation to the individual component is achieved. The overall degree of target achievement and, thus, the amount paid out under the individual component, is limited to 200 percent of the target amount (cap).

After the end of the fiscal year, the Supervisory Board decides on the degree of target achievement. For 2013, the Supervisory Board has ascertained a 94.9 percent degree of target achievement for the members of the Executive Board.[1]

Multi-year component (weighting of 40 percent)
The multi-year component is payable with the next regular salary payment following the date of the Supervisory Board meeting convened to adopt the financial statements for the preceding fiscal year. Performance measurement under the multi-year component takes place retrospectively for the previous three fiscal years. The period of assessment covers the respective fiscal year just ended, as well as the two preceding fiscal years. The criteria for evaluation are tied to key performance indicators embracing a combination of cash flow aspects (the so-called "cash flow driver margin") and the return on capital employed (ROCE).

- The "cash flow driver margin" (CFDM) target is a simplified cash flow indicator (EBITDA minus capital expenditure in property, plant and equipment as well as intangible assets (capex) minus change in working capital on a 12-month average) calculated as a ratio of revenue. The CFDM actually generated is calculated on the basis of average values achieved over the previous three years. The degree of target achievement results from a comparison between the achieved cash flow driver margin and the target value or target achievement corridor defined by the Supervisory Board: As for 2013, 100 percent of the target is achieved if the Group's CFDM during the preceding three-year period averages 8 percent. If the CFDM is lower or higher, the degree of target achievement will go up or down, with a CFDM less than or equal to 4.5 percent being equivalent to a target achievement of zero percent, while a CFDM greater than or equal to 13.25 percent represents a maximum target achievement of 250 percent.
- The level of the ROCE component (ROCE: return on capital employed - excluding the effects of the acquisition of the former GEA AG by the former Metallgesellschaft AG in 1999), which is calculated on the basis of average values attained over the previous three years, corresponds to the ratio of

1) The degree of target achievement is a rounded figure.

earnings before interest and taxes (EBIT) to the capital employed. The degree of target achievement depends on the actual ROCE achieved compared with the target value or target achievement corridor of +/- 5 percentage points defined by the Supervisory Board. As for 2013, 100 percent of the target is achieved if the Group's ROCE averages 19 percent during the preceding three-year period. If the actual ROCE level is greater than or less than this percentage, but within the defined corridor of +/- 5 percentage points, the degree of target achievement is increased or reduced by up to 50 percentage points.

For calculating the overall degree of target achievement, the respective degrees of target achievement relevant to the individual key performance indicators CFDM and ROCE are multiplied. Under the variable remuneration component, the multi-year component has a weighting of 40 percent, i.e. 40 percent of variable remuneration are payable (target amount) if 100 percent of the target set in relation to the multi-year component are achieved. The overall degree of target achievement and, thus, the amount paid out under the multi-year component, is limited to 250 percent of this target amount (cap).

As to the variable remuneration awarded in 2013, the overall degree of target achievement under the multi-year component amounted to 84.0 percent, with CFDM totaling 78.6 percent and ROCE amounting to 106.8 percent for the year under review. [2]

Long-term share price component (weighting of 20 percent)

The long-term share price component is payable at the end of a three-year performance period with the next regular salary payment following the date of the Supervisory Board meeting convened to adopt the financial statements for the preceding fiscal year. Performance measurement relating to the long-term share price component is conducted by taking a forward-looking approach. The period of assessment covers a three-year performance period including the relevant fiscal year as well as the two subsequent fiscal years.

Under the variable remuneration component, the long-term share price component has a weighting of 20 percent, i.e. 20 percent of variable remuneration are payable (target amount) if 100 percent of the set target is achieved. The overall degree of target achievement and, thus, the amount paid out under the long-term share price component is limited to 300 percent of the target amount (cap).

Performance measurement for the relevant three-year period is conducted by means of a comparison between the performance of GEA shares (adjusted for dividends) and the performance of the STOXX® Europe TMI Industrial Engineering index (TMI IE), in which a large number of European industrial firms are listed. This comparison is computed on the basis of the respective arithmetic mean closing prices on the last 20 trading days preceding the start of the three-year performance period. 100 percent of the target is met if the evolution of the daily arithmetic mean closing prices of GEA's share fully (i.e. 100%) corresponds to the relevant TMI performance. In the event of outperformance of more than 100 percent, the amount paid out rises to a maximum of 300 percent of the target amount. If the increase in GEA's share price over the three-year period is less than 100 percent of the growth in the TMI IE, the amount payable is reduced accordingly down to a performance level of 75 percent: For each percentage point higher or lower than a 100 percent performance level, the degree of target achievement will rise or fall by 4 percent (subject to the 300 percent cap). Should GEA shares have dropped, the Supervisory Board may still award a payment if GEA shares have nonetheless outperformed the TMI IE.

In the year under review, no payment under the long-term share price component was made as the latter is measured over a three-year period. The amount paid out under the long-term share price component for the year under review is measured over the three-year period between 2013 and 2015; a payment is scheduled for fiscal year 2016. As of December 31, 2013, the computed degree of target achievement for the 2013 tranche amounted to 182.9 percent, while the 2012 tranche totaled 136.7 percent. [3]

2) The degree of overall target achievement and/or degrees of target achievement are rounded figures, respectively.

3) The degrees of target achievement are rounded figures, respectively.

The following table summarizes the respective weighting and assessment periods applicable to the variable components:

Variable remuneration component	Target	Weighting	Cap	Overall cap	Assessment period				
					2011	2012	2013	2014	2015
Individual component	Personal targets	40%	200%				One year		
Multi-year component	Combination of cash flow driver margin and ROCE	40%	250%	240%	Retrospective (3 years)				
Long-term share price component	Share price in relation to TMI IE	20%	300%				Forward-looking (3 years)		

In exceptional circumstances, the Supervisory Board may also grant a special bonus to the members of the Executive Board if their activities have resulted in an extraordinary value enhancement for the benefit of the Company's shareholders. Exercising its discretionary powers dutifully, the Supervisory Board decides to grant this special bonus and sets the respective amount. At present, the service agreements concluded with the Executive Board members do not provide for an express cap on this potential special bonus, which may only be awarded in exceptional circumstances. However, a corresponding amendment to the service agreements of the Executive Board members that is to cap the special bonus to 100 percent of the target bonus will be made in connection with the reappointment or new appointment of the Executive Board members.

Pension benefits and surviving dependents' benefits

Jürg Oleas

The contractual pension benefit of the Chairman of the Executive Board, Jürg Oleas, amounts to a maximum of EUR 360 thousand p.a., with full entitlement to the pension arising after 18 years of service (end of April 2019). Under this agreement, Mr. Oleas' pension is paid once his Executive Board service agreement ends when or after he reaches the age of 62 or if he becomes permanently unable to work. If Jürg Oleas' service agreement ends before he reaches 18 years of service, he will have vested rights to a pro rata annual pension payable once he reaches the age of 62. The respective amount is calculated based on the ratio of his actual years of service to the period of 18 years of service. If Jürg Oleas leaves after a minimum of 15 years of service, but before reaching the age of 62, he will receive a pension in the form of a transitional benefit of EUR 220 thousand p.a. until he reaches the age of 62. In the event of Mr. Oleas' premature departure, the agreed severance payment will be deducted from his transitional benefits. Any income from activities he engages in after leaving the Company, but prior to reaching the age of 62, will be fully deducted from the transitional benefits up to a maximum amount of half of the transitional payment awarded in the respective year. The ongoing pension is adjusted annually in line with the consumer price index.

The surviving dependents' benefits defined in Jürg Oleas' service agreement mainly provide for a lifelong widow's pension as well as an orphan's pension. The lifelong widow's pension amounts to 60 percent of the annual retirement pension. The orphan's pension is a specific percentage of the retirement pension and its amount depends on the number of children and on whether they are full or half orphans. In principle, entitlement to an orphan's pension expires on reaching the age of 18, or at the latest on reaching the age of 25 if the child in question is still at school or in vocational or professional training. Collectively, widow's and orphan's pensions must not exceed the amount of the retirement pension.

Dr. Helmut Schmale

The contractual pension benefits of the Chief Financial Officer, Dr. Helmut Schmale, amount to a maximum of EUR 200 thousand p.a. Under this arrangement, a pension will be paid once his service agreement ends when or after Dr. Schmale reaches the age of 62 or if he becomes permanently unable to work. Should Dr. Helmut Schmale's service agreement end before one of the above conditions for payment of his pension is met, he will have vested rights to a pro rata annual pension that becomes payable once he reaches the age of 62. The amount of this pension is calculated on the basis of the ratio of his actual term of service to the maximum possible term of service before reaching the age of 62. The ongoing pension is adjusted annually in line with the consumer price index.

Pension subsidies of up to half of the income threshold for contribution assessment under the statutory pension insurance scheme are granted to Dr. Helmut Schmale against evidence of the costs incurred.

In addition, Dr. Helmut Schmale is entitled to make a personal contribution to a deferred compensation pension scheme for Executive Board members for each fiscal year. No employer subsidy is paid.

The surviving dependents' benefits defined in Dr. Helmut Schmale's service agreement are in line with the provisions outlined above in relation to Jürg Oleas.

Niels Graugaard

Niels Graugaard is not entitled to any pension benefits. Until the expiry of his service agreement in April 2013, the Company paid Niels Graugaard a monthly amount of 12.5 percent of his monthly fixed remuneration for the purpose of making provisions for old age. Furthermore, in the year under review, Niels Graugaard received a non-recurring payment in the amount of EUR 890 thousand in compensation for the absence of pension benefits. Moreover, Niels Graugaard was entitled to make a personal contribution per fiscal year to a deferred compensation pension scheme for Executive Board members. No employer subsidy was paid. Due to system-related reasons, he received the benefits under this pension scheme in the form of a non-recurring payment in the amount of EUR 219,301 at the date of his retirement.

Dr. Stephan Petri

The contractual pension benefits of Dr. Stephan Petri, member of the Executive Board, amount to a maximum of EUR 200 thousand p.a. Under this arrangement, a pension will be paid once the Executive Board service agreement ends when or after Dr. Petri reaches the age of 62 or if he becomes permanently unable to work. Should Dr. Stephan Petri's Executive Board service agreement end before one of the above conditions for payment of a pension is met, he will enjoy vested rights to a maximum annual pension of EUR 200 thousand that may be reduced subject to the ratio of his actual term of service as a member of the Executive Board to the term of service required for obtaining his full pension benefits and that becomes payable once he reaches the age of 62. The ongoing pension is adjusted annually in line with the consumer price index.

Pension subsidies of up to half of the income threshold for contribution assessment under the statutory pension insurance scheme or one of the pension schemes for the liberal professions are granted to Dr. Stephan Petri against evidence of the costs incurred. In addition, Dr. Stephan Petri is entitled to personal contributions under the deferred compensation pension scheme in connection with his participation in GEA's executive pension scheme prior to his appointment to the Executive Board.

In addition, Dr. Stephan Petri is entitled to make a personal contribution per fiscal year to a deferred compensation pension scheme for Executive Board members. No employer subsidy is paid.

The surviving dependents' benefits defined in Dr. Stephan Petri's service agreement are in line with the provisions outlined above in relation to Jürg Oleas.

Markus Hüllmann

The contractual pension benefits of Markus Hüllmann, member of the Executive Board, amount to a maximum of EUR 200 thousand p.a. Under this arrangement, a pension will be paid once the Executive Board service agreement ends when or after Markus Hüllmann reaches the age of 62 or if he becomes permanently unable to work. Should Markus Hüllmann's Executive Board service agreement end before one of the above conditions for payment of a pension is met, he will enjoy vested rights to a maximum annual pension of EUR 200 thousand that may be reduced subject to the ratio of his actual term of service as a member of the Executive Board to the term of service required for obtaining his full pension benefits and that becomes payable once he reaches the age of 62. The ongoing pension is adjusted annually in line with the consumer price index.

Pension subsidies of up to half of the income threshold for contribution assessment under the statutory pension insurance scheme are granted to Markus Hüllmann against evidence of the costs incurred. In addition, Markus Hüllmann is entitled to personal contributions under the deferred compensation pension scheme in connection with his participation in GEA's executive pension scheme prior to his appointment to the Executive Board.

In addition, Markus Hüllmann is entitled to make a personal contribution per fiscal year to a deferred compensation pension scheme for Executive Board members. No employer subsidy is paid.

The surviving dependents' benefits defined in Markus Hüllmann's service agreement are in line with the provisions outlined above in relation to Jürg Oleas.

Pension scheme contributions and provisions for pension obligations

The Company has set aside pension provisions for the future entitlements of Executive Board members. The amounts added to such pension provisions for active Executive Board members in accordance with IFRS are listed individually in the table below as of the end of fiscal year 2013. The corresponding amounts comprise service cost and interest cost.

(EUR)	Pension benefits p.a. (as of 12/31/2013) (annual entitlements at start of pension)	Annual pension entitlements earned as of 12/31/2013	Addition to pension provisions in fiscal year 2013	Present value of pension benefits as of 12/31/2013
Jürg Oleas	360,000	253,333	493,152	6,577,101
Dr. Helmut Schmale	200,000	162,460	250,199	4,239,419
Niels Graugaard *	–	–	89,812	0
Dr. Stephan Petri *	233,855	135,318	254,651	3,829,160
Markus Hüllmann *	213,082	146,213	1,454,177	3,232,471
Total	**1,006,937**	**697,324**	**2,541,991**	**17,878,151**

*) Niels Graugaard's pension benefits are based on his voluntary participation in a deferred compensation pension scheme and were paid out as a non-recurring payment upon his retirement. Along with their pension benefits as members of the Executive Board in the amount of EUR 200 thousand, each, Dr. Stephan Petri and Markus Hüllmann are entitled to benefits under the deferred compensation system in the amount of EUR 33,855 (Dr. Stephan Petri) and EUR 13,082 (Markus Hüllmann).

Remuneration of former Executive Board members and their surviving dependents

In fiscal year 2013, former members of the Executive Board and their surviving dependents received remunerations in the amount of EUR 5,129 thousand (previous year: EUR 5,039 thousand) from GEA Group. As of December 31, 2013, GEA Group had set up pension provisions totaling EUR 61,715 thousand (previous year: EUR 63,389 thousand) for former Executive Board members and their surviving dependents.

Termination rights, premature termination of an Executive Board member's appointment, change of control events and effects on remuneration

The Chairman of the Executive Board has a unilateral right of termination if the Supervisory Board revokes his appointment as Chairman of the Executive Board. Should he exercise his unilateral right of termination and leave the Executive Board, he is entitled to receive the corresponding fixed salary for the remaining months of his contractual term, but no longer than 8 months.

If the appointment of an Executive Board member is revoked for good cause with legal effect in accordance with section 84 para. 3 of the Aktiengesetz (AktG - German Stock Corporation Act) or an Executive Board member validly resigns from office in accordance with section 84 para. 3 of the AktG, the Executive Board member's service agreement ends on expiry of the statutory notice period under section 622 para.1, 2 of the Bürgerliches Gesetzbuch (BGB - German Civil Code).

In this event, the respective Executive Board member first of all receives the bonus he has earned and is entitled to up to the date of his departure. For calculating this bonus, an overall degree of target achievement in relation to the individual component is ascertained on the basis of the targets achieved by the Executive Board member up to the time of his departure. Subsequently, the corresponding pro rata bonus under the individual component is calculated by setting up the ratio of this overall degree of target achievement to the target amount set for the entire fiscal year. The pro rata bonus under the multi-year component for the relevant fiscal year is computed by applying the principle of pro rata temporis. As for annual tranches outstanding under the long-term share price component, a distinction is made between annual tranches in relation to which the first fiscal year (one-year vesting period) of the three-year performance period has not yet passed, and annual tranches in relation to which the first fiscal year has already passed. In the latter case, the pro rata bonus is fully vested and calculated without applying the principle of pro rata temporis, whereupon it will be paid out after the three-year performance period has elapsed. If the first fiscal year (one-year vesting period) has not yet passed, the pro rata bonus is ascertained by applying the principle of pro rata temporis (ratio of the actual period of service attained during the one-year vesting period to the full relevant one-year vesting period), whereupon it will be paid out after the three-year performance period.

In addition, the respective Executive Board member receives a severance payment amounting to the total remuneration agreed for the rest of the contractual term as a compensation for his premature departure from the Company. For calculating the corresponding bonus entitlement, an 85 percent degree of target achievement is assumed in relation to the respective target amounts set for bonus entitlements that have not yet vested and have been accrued over the course of the current year or further years, as the case may be. The total remuneration for the remaining term is limited to a maximum of two full years of remuneration (severance payment cap). In calculating the cap on severance payment, reference is made to the Executive Board member's respective total annual remuneration received during the two calendar years preceding the termination of the service agreement.

If the Executive Board service agreement is unilaterally terminated without good cause or terminated by the Company for good cause, any and all outstanding annual tranches not paid out under the long-term share price component will be forfeited. Moreover, there is no entitlement to any severance payment in the event of the Company exercising its right of lawful extraordinary termination of the Executive Board service agreement.

In the event of a change of control, the Executive Board can opt for an early payment at target value of any outstanding, fully vested tranches under the share price component. This option shall apply regardless of whether or not the respective Executive Board member leaves the Company in connection with the change of control event. A change of control is deemed to have occurred as soon as the Company is notified that a shareholder has reached or exceeded 50 percent or 75 percent of the voting rights in the Company in accordance with section 21 of the Wertpapierhandelsgesetz (WpHG – German

Securities Trading Act), that an intercompany agreement is entered into with the Company as a dependent company in accordance with sections 291 ff. of the AktG, or that absorption under section 319 of the AktG or a change of legal form of the Company in accordance with the Umwandlungsgesetz (UmwG - German Reorganization Act) is resolved with legal effect. In the event of a change of control, the Executive Board members have no right to unilaterally terminate their service agreements.

Remuneration of the members of the Executive Board

Total remunerations in 2013 and 2012

In the year under review, total remunerations paid to active Executive Board members of GEA Group Aktiengesellschaft amounted to EUR 5,877,650 and comprised both a fixed component of EUR 3,101,745 and a variable bonus of EUR 2,601,858. The bonus attributable to the long-term share price component is based on the fair value at grant date (January 1, 2013 and April 1, 2013, for Markus Hüllmann) and amounted to EUR 175,475 for Jürg Oleas, EUR 94,757 for Dr. Schmale, EUR 26,583 for Niels Graugaard, EUR 77,209 for Dr. Petri, and EUR 50,853 for Markus Hüllman, i.e. a total of EUR 424,877 in the year under review.

In fiscal year 2012, the total remuneration paid to active Executive Board members amounted to EUR 5,177,640 and comprised both a fixed component of EUR 2,863,389 and a variable bonus of EUR 2,078,764. The bonus accounted for by the long-term share price component was based on the fair value of the entitlement at grant date (March 8, 2012) and amounted to EUR 175,475 for Jürg Oleas, EUR 93,002 for Dr. Helmut Schmale, EUR 88,447 for Niels Graugaard as well as EUR 45,039 for Dr. Stefan Petri, i.e. a total of EUR 401,963 in fiscal year 2012.

The following table shows an individualized breakdown of the fixed remuneration, the variable component and other income:

(EUR)	Fixed remuneration	Variable components			Non-cash benefits	Pension subsidies	**Total**
		Individual component	Multi-year component	Long-term share price based component [1]			
Jürg Oleas	1,250,000	474,466	419,946	175,475	25,414	–	**2,345,301**
Previous year	1,250,000	375,000	357,000	175,475	29,658	–	**2,187,133**
Dr. Helmut Schmale	675,000	256,211	226,771	94,757	45,953	6,448	**1,305,140**
Previous year	662,500	198,750	189,210	93,002	37,573	6,448	**1,187,483**
Niels Graugaard	214,245	56,808	54,082	26,583	16,601	26,781	**395,100**
Previous year	630,056	189,017	179,944	88,447	73,096	78,757	**1,239,317**
Dr. Stephan Petri [2]	550,000	208,765	184,776	77,209	22,143	6,586	**1,049,479**
Previous year	320,833	96,250	91,630	45,039	6,113	3,842	**563,707**
Markus Hüllmann [2]	412,500	156,574	138,582	50,853	24,121	–	**782,630**
Previous year	–	–	–	–	–	–	**–**
Total	**3,101,745**	**1,152,824**	**1,024,157**	**424,877**	**134,232**	**39,815**	**5,877,650**
Previous year	**2,863,389**	**859,017**	**817,784**	**401,963**	**146,440**	**89,047**	**5,177,640**

1) In the year under review, no payment under the long-term share price component was made, as the latter is computed over a three-year period between 2013 and 2015. The bonus payable under the long-term share price component is based on the fair value at grant date (January 1, 2013 and April 1, 2013 for Markus Hüllmann).

2) Based on their participation in the GEA Performance Share Plan 2010 during the period prior to their appointment to the Executive Board, Dr. Stephan Petri and Markus Hüllmann received additional amounts of EUR 74,309 and EUR 35,566, respectively. Apart from that, Markus Hüllmann receives a bonus in the amount of EUR 63,824 for his term as President of the Mechanical Equipment Segment between January 1, 2013 and March 31, 2013.

Supplemental disclosures on share-based remuneration for 2013 and 2012

As in fiscal year 2012, share-based remuneration for the Executive Board was granted in the form of a long-term share price component in fiscal year 2013. Detailed information on existing entitlements of Executive Board members under these remuneration components is outlined in the table below.

Long-term share price component (EUR)	Fair value as of 12/31/2013	Fair value as of 12/31/2012
Jürg Oleas	798,775	121,225
Dr. Helmut Schmale	427,922	64,249
Niels Graugaard	241,448	61,103
Dr. Stephan Petri	288,830	31,114
Markus Hüllmann	150,860	
Total	**1,907,835**	**277,691**

Supplemental disclosures on share-based remuneration for 2010 and 2011

In fiscal years 2010 and 2011, the members of the Executive Board received their share-based remuneration in the form of phantom shares. The remuneration system applicable until the end of fiscal year 2011 provided for a performance-related remuneration component that was awarded as a bonus. Only half of this bonus was payable with the first salary payment following the date of the Company's Supervisory Board meeting convened to adopt the financial statements for the relevant fiscal year ("short-term bonus"), while the second half of the bonus was converted into phantom shares in the Company whose payout amount was determined upon expiry of a holding period of three years ("long-term bonus"). Detailed clarifications on the remuneration system applicable until the end of fiscal year 2011 are provided in the 2011 Annual Report (cf. ibid. page 65 ff.) that may be accessed on the Company's website (www.gea.com).

Detailed information on existing entitlements of Executive Board members from long-term bonuses awarded for fiscal years 2010 and 2011 may be inferred from the table below.

Phantom shares	Number of awarded shares	Fair value (EUR)	
	2010 and/or 2011	2013	2012
Jürg Oleas			
Tranche 2010 (granted in 2010)	26,589	943,766	675,892
Tranche 2011 (granted in 2011)	40,997	1,463,593	1,025,745
Dr. Helmut Schmale			
Tranche 2010 (granted in 2010)	16,120	572,173	409,770
Tranche 2011 (granted in 2011)	20,498	731,779	512,860
Niels Graugaard			
Tranche 2010 (granted in 2010)	15,178	538,737	385,825
Tranche 2011 (granted in 2011)	19,965	712,751	499,524
Total	**139,347**	**4,962,799**	**3,509,616**

In fiscal year 2013, the expenditure for share-based remuneration (i.e. the sum total of the fair value of share-based remuneration awarded in the fiscal year in question as of balance sheet date and the change in fair value in relation to entitlements under share-based remuneration in the fiscal year in question) recognized in the consolidated IFRS financial statements amounted to EUR 1,383 thousand for Jürg Oleas (previous year EUR 335 thousand), EUR 745 thousand for Dr. Schmale (previous year EUR 180 thousand), EUR 546 thousand for Niels Graugaard (previous year EUR 173 thousand), EUR 258 thousand for Dr. Petri (previous year EUR 31 thousand) and EUR 151 thousand for Markus Hüllmann.

Further information on the awarded phantom shares and the long-term share price component is outlined in note 6.3.3 (cf. page 175) to the consolidated financial statements.

Remuneration of the Supervisory Board members

The remuneration of the Supervisory Board members comprises solely a fixed compensation. It does not include any performance-related component.

In the year under review, the expenses incurred for the Supervisory Board amounted to EUR 1,168 thousand (previous year EUR 1,152 thousand). Under section 15 para. 1 of the Articles of Association, each member of the Supervisory Board receives a fixed annual fee of EUR 50 thousand payable after the end of each fiscal year, in addition to the reimbursement of expenses. The Chairman of the Supervisory Board receives two and a half times, his deputy one and a half times this amount. In accordance with section 15 para. 2 of the Articles of Association, members of the Presiding Committee and the Audit Committee each receive an additional EUR 35 thousand. The chairman of each of these committees receives twice the amount. No separate remuneration is paid to members of the Mediation Committee and the Nomination Committee. Members who join or leave the Supervisory Board or its committees during the year only receive a pro rata amount for the period of their membership. Under section 15 para. 3 of the Articles of Association, the Supervisory Board members also receive an attendance fee of EUR 1 thousand for each meeting of the Supervisory Board, the Presiding Committee and the Audit Committee that they have attended.

The following table shows the individual remuneration and its respective components for members of the Supervisory Board, the Presiding Committee and the Audit Committee for 2013 compared with the previous year:

(EUR)	Supervisory Board remuneration	Presiding Committee remuneration	Audit Committee remuneration	Attendance fees	**Totals**
Dr. Heraeus	125,000	70,000	35,000	15,000	**245,000**
Previous year	125,000	70,000	35,000	12,000	**242,000**
Siegers *	75,000	35,000	–	11,000	**121,000**
Previous year	75,000	35,000	–	10,000	**120,000**
Bastaki	50,000	–	–	6,000	**56,000**
Previous year	50,000	–	–	5,000	**55,000**
Prof. Dr. Bauer	50,000	–	–	8,000	**58,000**
Previous year	50,000	–	–	6,000	**56,000**
Eberlein	50,000	–	70,000	12,000	**132,000**
Previous year	50,000	–	70,000	10,000	**130,000**
Gröbel *	50,000	35,000	–	12,000	**97,000**
Previous year	50,000	35,000	–	10,000	**95,000**
Hunger *	50,000	–	35,000	12,000	**97,000**
Previous year	50,000	–	35,000	11,000	**96,000**
Kämpfert	50,000	–	–	7,000	**57,000**
Previous year	50,000	–	–	6,000	**56,000**
Kerkemeier *	50,000	–	–	6,000	**56,000**
Previous year	50,000	–	–	6,000	**56,000**
Löw *	50,000	–	35,000	12,000	**97,000**
Previous year	50,000	–	35,000	11,000	**96,000**
Dr. Perlet	50,000	35,000	–	10,000	**95,000**
Previous year	50,000	35,000	–	9,000	**94,000**
Spence	50,000	–	–	7,000	**57,000**
Previous year	50,000	–	–	6,000	**56,000**
Total	**700,000**	**175,000**	**175,000**	**118,000**	**1,168,000**
Previous year	**700,000**	**175,000**	**175,000**	**102,000**	**1,152,000**

*) The employee representatives from the Works Council and the Union remit their remuneration in accordance with the guidelines drawn up by the Hans Böckler Foundation

Report on Risks and Opportunities

Risk and opportunity management targets

GEA Group's ability to leverage its growth and earnings potential depends on it using the opportunities that arise, although this in turn is associated as a matter of principle with business risks. Taking calculated risks is therefore part of GEA Group's corporate strategy. To meet the objective of sustainably increasing enterprise value, it is necessary, as far as possible, to enter into only those risks that are calculable and matched by greater opportunities. This requires active risk and opportunity management, which avoids inappropriate risks, monitors and manages risks entered into, and ensures that opportunities are identified and utilized in good time.

GEA Group's strategic and medium-term planning are key components of the way in which it manages opportunities and risks. These processes are used to prepare decisions on core technologies and markets, along with the corresponding allocation of resources. The objective is to ensure stability by diversifying and by concentrating on markets of the future. At the same time, developments that may jeopardize GEA Group's continuing existence can be identified at an early stage.

Opportunities and risks arising from significant operating decisions – for example whether to take on orders or to implement capital expenditure projects – are assessed and hence actively managed by the relevant departments and decision-makers at all group levels in a decision-making process that takes materiality criteria into account.

Overall assessment of the risk position and changes compared with the previous year

The identified risks from operating activities and the negative impact on earnings that could result have not changed significantly as against the previous year. As in the previous year, the structure of GEA Group with its regional and industry diversification offers broad protection from individual risks clustering into a single risk that could threaten the group's continued existence as a going concern. In addition, GEA Group is not dependent on individual business partners, be they either suppliers or customers.

With regard to discontinued operations, the risks arising from the sale of the plant engineering business were reduced by the agreement reached with the purchaser of Lurgi and the further progress made in completing the Lentjes projects. Measurement uncertainties still exist in relation to individual legal disputes. These are described in greater detail in the "Legal risks" section below.

Overall, no risks to GEA Group or GEA Group Aktiengesellschaft were identified that, alone or in combination with other risks, could endanger the Company's continued existence as a going concern.

Risk and opportunity management system

Risk management system

All group companies are integrated into GEA Group's risk management system. Quarterly and size-related ad hoc risk reports ensure that segment and group management decision-makers are informed promptly about material existing risks and potential risks affecting future development.

The basic principles of an orderly risk management system and the related workflows are documented in group-wide risk guidelines, which are broken down and structured in greater detail regularly by the segments to meet their specific requirements. These guidelines also document mandatory risk reporting and management requirements. Compliance with these requirements is monitored regularly by the Internal Audit function.

Risk management instruments such as the Risk Assessment and Advisory Committees (RAACs) are supplemented by a reporting system encompassing evaluated risk reports, consolidated financial projections, monthly consolidated financial statements, and regular meetings between the Executive Board and the segment heads to enable the various risks to be identified and analyzed.

The specific requirements of the group's project business are addressed by risk boards at segment and group management level. Before a binding quotation is submitted or an agreement signed, the commercial and contractual terms of potential orders are examined in detail by specialists from various departments so that risks that cannot be controlled are avoided. The risk management system therefore already comes into play before risks arise, in the form of a critical examination of the opportunity and risk profile of quotations. No agreement may be signed if the profile is inappropriate.

The risk management system is not only designed to identify risks that endanger the group's continued existence at an early stage, as required by law; it also captures all risks that might have a material adverse effect on the operating result of a segment or the group. The application of the risk management system at all levels is reviewed regularly by the Internal Audit function.

Additional modules were added to GEA Group's risk management system in fiscal year 2013 in order to capture non-specific risks and opportunities not covered by the existing systems; these make it possible to assess risk on a holistic basis.

Information is gathered and consolidated in an iterative process across all organizational units in a "Risk & Chance Scorecard." To identify risks that could endanger the continued existence of GEA Group as a going concern, all issues are assessed for their financial materiality (on a gross basis, i.e., excluding any risk-mitigating measures) and probability of occurrence. In addition, the timing of each risk is individually assessed, with a distinction made between risks that could occur in less than or more than one year.

The following criteria are used to determine materiality:

Opportunities and risks

		Probability		
		< 40%	40 - 60%	> 60%
Low	Insignificant	L	L	M
Middle	Moderate	L	M	H
High	Considerable	M	H	H

Insignificant	No material impact on financial and earnings position
Moderate	Noticeable impact on financial and earnings position
Considerable	Material or even critical impact on financial and earnings position

This makes it possible to classify both risks and opportunities in accordance with their impact on GEA Group. Issues with short-term relevance that have a high ("H") materiality and probability rating are initially classified as a significant risk or significant opportunity.

In addition, the GEA Demand Index (GDI) is used to collate estimates by GEA Group's market experts on expected short- to medium-term market developments. The GDI makes it possible to obtain an early indication of positive or negative market developments in the industries and regions that are relevant for GEA Group.

The data gathered using the Risk & Chance Scorecard and the GDI is processed along with other internal and external information in a scenario and sensitivity analysis, which simulates the potential impact on the group's liquidity (see page 82).

Adequate provisions have been recognized for all identifiable risks arising from the group's operating activities provided that the recognition criteria for liabilities have been met. The following section provides details of existing risks. Risks that are not yet known or currently regarded as insignificant may also have an adverse effect on business activities.

Internal control system

GEA Group's internal control system (ICS) is based on the COSO framework and comprises the risk management system (RMS) as well as other principles, measures, and rules (other components of the ICS). While the RMS aims at identifying and classifying risks, the components comprising the rest of the ICS serve primarily to prevent or mitigate risk using control measures. The Internal Audit function is another component of the ICS.

The RMS comprises principles, measures, and rules relating to the early risk recognition system in accordance with section 91(2) of the Aktiengesetz (AktG – German Stock Corporation Act) as well as those relating to other components of the risk management system. In the other components of the ICS, a distinction is made between principles, measures, and rules that are related or unrelated to financial reporting.

GEA Group's ICS relevant for financial reporting encompasses all principles, measures, and rules that ensure the proper approval and recording of business transactions for monthly, quarterly, and annual financial statements. The goal of the implemented ICS is to ensure reliable financial reporting, compliance with the relevant laws and standards, and the cost-effectiveness of business workflows.

In addition to GEA Group Aktiengesellschaft, all Group companies are integrated into the ICS.

The following key principles of GEA Group's ICS must be applied in all business functions: clearly defined areas of responsibility, the separation of functions in all areas of activity, dual signature policies, compliance with guidelines, instructions, and procedural requirements (manuals), obligation to obtain comparative offers before awarding contracts, protection of data from unauthorized access, and the holding of training sessions to ensure uniform procedures within the group.

Key measures and rules that are relevant for financial reporting and are designed to ensure uniform accounting at all subsidiaries are: accounting and account allocation manuals, a uniform chart of accounts, consolidation and calculation manuals, the approval of entries using the dual control principle, and the fact that certain entries can only be made by selected persons. To prevent errors, standardized IT systems are used in GEA Group's accounting, financial control, and finance functions in all group companies. All guidelines and IT systems are updated on a continuous basis to reflect legal and business requirements.

Compliance with the principles, measures, and rules set out in the ICS as described above is monitored systematically; this takes the form of regular reviews by GEA Group's Internal Audit function, which reports directly to the Executive Board and regularly submits reports to the Audit Committee. The results enable the elimination of defects identified at the companies reviewed and the ongoing enhancement of the ICS in the group.

Overall, GEA Group's internal control system has been implemented in such a way as to ensure reliable financial reporting.

Legal risks

Since GEA's legal disputes relate to current litigation, legal risks are not quantified in detail, as disclosure of their probability of occurrence could have a material adverse effect on the group's position in the proceedings.

Dispute with a subcontractor

In connection with a major order, in South Africa, a subcontractor asserted substantial out-of-court claims in the previous year and in the current year against the GEA company that had been contracted. GEA's analysis that the alleged additional costs or claims should either be borne by the sub-contractor itself, or that the amounts are inflated or insufficiently specified remains unchanged. Furthermore, even if the amounts were to be substantiated, they could largely be passed through to GEA´s customer. During 2013 further delays arose at the construction site; however we do not believe that these are attributable to GEA Group.

Dörries Scharmann AG insolvency proceedings

An action brought by the insolvency administrator of Dörries Scharmann AG against GEA Group Aktiengesellschaft is pending at the Düsseldorf Regional Court. The former Metallgesellschaft AG, the legal predecessor to GEA Group Aktiengesellschaft, held an interest in Schiess AG, which later became Dörries Scharmann AG. On the basis of that interest, the insolvency administrator is asserting various claims under company law, in particular for equity substitution, which amount to approximately EUR 20 million including possible interest. GEA Group Aktiengesellschaft considers the claims that have been asserted to be unfounded. After the senior expert appointed by the court to decide matters relating to equity substitution fully confirmed GEA Group Aktiengesellschaft's opinion, the Higher Regional Court in Düsseldorf upheld a motion by the insolvency administrator to disqualify this expert in a ruling issued on November 27, 2012. How the Regional Court will proceed in this matter is currently unknown. GEA Group Aktiengesellschaft will continue to defend itself against all claims.

General

Further legal proceedings or official investigations have been or may be instituted against GEA Group companies as a result of earlier business disposals and operating activities.

Adequate provisions have been recognized for all risks arising from both the legal disputes described above and other legal disputes being pursued by GEA Group in the course of its ordinary operating activities. However, the outcome of these proceedings cannot be predicted with any degree of certainty. It is therefore possible that the conclusion of the proceedings may result in income or expenses if the amounts that have been set aside for them are higher or lower than required.

Performance risks

The performance risks presented below could take a wide variety of forms. The elements of the GEA risk management system are designed to help identify emerging risks before they materialize, so that appropriate measures can be implemented on a case-by-case basis to avoid negative effects on the group's financial position and results of operations. As a rule, potential business performance risks are minimized by avoiding significant dependencies and ensuring a balanced mix of fixed and flexible capacities.

GEA Group's sales markets have a diverse product and customer structure. This diversification moderates the impact on total demand of fluctuations in specific submarkets. However, the food industry is the main focus of the business. A significant decline in demand for food and beverages would have a material impact on GEA's financial position and results of operations. GEA considers the probability of a global decline in demand to be low. This risk is rated as medium overall.

A significant proportion of GEA's business consists of projects that depend on the financing available to GEA's customers. A general decline in demand or a shortage of credit could make it more difficult to implement such projects. For the same reason, existing orders could be deferred or even canceled. If such risks were to occur on a global level, they would have a material impact on GEA's financial position and results of operations. The probability of such risks occurring globally is considered to be low. This risk is rated as medium overall due to GEA's diversified positioning in particular.

Although country-specific conflict situations that may result in risks to the group are monitored continuously as part of the risk management process, the potential risks arising from such situations are difficult to quantify. However, no material impact on the group's results of operations is anticipated. This risk is rated as medium overall.

On the sales side, future prices will depend to a considerable extent on general economic trends. Any fall in capacity utilization in the industry could also have a significant negative impact on price levels and therefore on the financial position and results of operations of GEA Group. Thanks to the group's regional and industrial diversification, the probability of such a risk is considered to be low. This issue is rated as a medium risk overall.

GEA Group processes a number of materials, such as steel, copper, aluminum, and titanium. Purchase prices for these metals may fluctuate significantly depending on market conditions. Long-term supply agreements are entered into with selected suppliers in order to lock in the procurement prices used as the basis for costing orders. However, the potential risks arising from such situations are difficult to quantify. With respect to procurement, current expectations are that prices for key materials will not increase. This risk is rated as medium overall.

Long-term engineering orders are a significant element of GEA Group's business. Some of these contracts entail particular risks, as they involve assuming a significant portion of the risk associated with the project's completion. In addition, they may provide for warranty obligations that remain in force for several years after the project's acceptance. Technical problems, quality problems at subcontractors, and missed deadlines may lead to cost overruns. There is therefore an extensive risk management system in place at group management and segment level to closely monitor order-related risks. This comes into play before binding quotations are submitted. Adequate provisions have been recognized for all foreseeable risks in this area. This could give rise to both risks and opportunities in relation to the financial position and results of operations. As a whole, this issue is rated as a medium risk.

Furthermore, the Company sees risks in connection with macroeconomic trends. If a downturn in the economy leads to a reduction in order intake to below the level of the previous fiscal year, this could have a negative impact on earnings due to capacity underutilization and capacity adjustment measures. Thanks to the group's regional and industry diversification, and the fact that it is structured for flexibility, the probability of this significant risk occurring is considered to be low. This issue is rated as a medium risk overall.

As contractually agreed, defined risks relating to selected orders remained with the group following the sale of the former Lurgi and Lentjes divisions. The guarantee period for most of these Lentjes orders has already expired. The other orders have provisionally been handed over to the customers and are therefore under warranty. Under the final agreement entered into with the purchaser of Lurgi, the risks arising from the selected Lurgi orders have largely been eliminated for GEA Group. The remaining risks are rated as low overall.

Dedicated and qualified employees are a critical success factor for GEA Group. The group has various staff policy measures in place to counter the risk that it will be unable to fill vacant positions adequately or that it will lose skilled employees. The measures aim to position GEA as an attractive employer and foster employees' long-term loyalty to the group (see page 48 ff.). The probability of this significant risk occurring is considered to be low. This issue is rated as a medium risk overall.

Acquisition and integration risks

Acquisitions and internal company reorganizations entail risks resulting from the integration of employees, processes, technologies, and products. It is possible, therefore, that the aims of the measures in question will not be achieved at all or within the timeframe envisaged. Moreover, such transactions may give rise to substantial administrative and other expenses. Portfolio measures may also result in the need for additional finance and may impact negatively on financing requirements and the financing structure.

These risks are countered by a structured integration concept and close supervision by internal experts, as well as specific training measures.

These risks could have a significant impact on the financial position and results of operations. Their probability of occurrence is rated as moderate. Potential risks from acquisitions and integration are rated as high overall.

Environmental risk

Several properties in our portfolio entail risks relating to environmental contamination and mining damage, primarily as a result of earlier business activities. These risks are countered through appropriate measures and supervision by internal and external specialists. Adequate provisions were also recognized for the measures in 2013. This could give rise to both risks and opportunities in relation to the financial position and results of operations. As a whole, this issue is rated as a medium risk.

Financial risks

Principles of financial risk management

The Executive Board has put in place an effective set of guidelines to manage and hence largely limit or hedge financial risks throughout the group. The objectives with regard to protecting assets, eliminating gaps in security, and improving efficiency in identifying and analyzing risks are clearly defined, as are the relevant organizational structures, powers, and responsibilities. The guidelines are based on the principles of system security, the separation of functions, transparency, and immediate documentation.

Because it operates worldwide, GEA Group is exposed to currency, interest rate, commodity price, credit, and liquidity risk in the course of its ordinary activities. Financial risk management aims to reduce this risk through the appropriate use of derivative and nonderivative hedging instruments. The group's financial risks are quantified in section 3 of the notes to the consolidated financial statements (see pages 140 ff.).

Based on a gross assessment, the financial risks described below are considered in principle to be both significant and probable for GEA. These risks are therefore rated as high overall.

Currency risk

Because GEA Group operates internationally, its cash flows are denominated not only in euros, but also in a number of other currencies, particularly U.S. dollars. Hedging the resulting currency risk is a key element of risk management.

The uniform group guidelines for central currency management used within GEA Group require all group companies to hedge foreign-currency items as they arise in order to fix prices on the basis of hedging rates. Currency risks are hedged for recognized hedged items, unrecognized firm commitments, and highly probable forecast transactions. The hedging periods are determined by the maturity of the hedged items and are usually up to 12 months, but in exceptional cases may exceed that period significantly. Nevertheless, changes in exchange rates may affect sales opportunities outside the eurozone.

Affiliated group companies based in the eurozone are obliged to tender to GEA Group's central finance unit all outstanding exposures relating to transactions in goods and services in major transaction currencies. Most of these exposures are passed on directly to banks at matching maturities, depending on the hedging objective of the derivatives and the related accounting treatment; they may also be hedged as part of a portfolio. The hedging of financial transactions and transactions conducted by subsidiaries outside the eurozone is also closely coordinated with the central finance unit.

Interest rate risk

Because GEA Group operates worldwide, liquidity is raised and invested in the international money and capital markets in different currencies (but mainly in euros) and at different maturities. The resulting financial liabilities and investments are exposed to interest rate risk, which must be assessed and managed by central interest rate management. Derivative financial instruments may be used on a case-by-case basis to hedge interest rate risk and reduce the interest rate volatility and financing costs of the hedged items. Only the central finance unit is permitted to enter into such interest rate hedges.

Credit risk

Financial instruments are exposed to credit risk in that the other party to the contract may fail to fulfill its obligations. The counterparty limit system used by GEA Group's central finance unit aims to continuously assess and manage the counterparty default risk. A maximum risk limit has been defined for each counterparty, which in most cases is derived from the ratings from recognized credit rating agencies and credit default swaps (CDSs). Appropriate action is taken if the individual limit is exceeded.

The financial standing of potential customers is ascertained before orders are accepted using an internal risk board procedure. Active receivables management, including nonrecourse factoring, nonrecourse financing, and credit insurance, is also performed. In the case of export transactions, confirmed and unconfirmed letters of credit are used alongside sureties, guarantees, and cover notes, including from export credit agencies such as Euler Hermes. In addition to local monitoring by the subsidiary in question, GEA Group also oversees the main credit risks at group management level so that any accumulation of risk can be better managed.

Since trade receivables are usually due from a large number of customers in different sectors and regions, there is no concentration of risk. Valuation allowances take account of specific credit risks.

So as to reduce the credit risk involved, derivative financial instruments are only entered into with reputable financial institutions whose creditworthiness has been classified as reliable under the counterparty limit system described above; this is also continuously monitored.

The maximum exposure for the financial assets is limited to their carrying amount.

Liquidity risk

GEA Group is exposed to liquidity risk in that it may be unable to meet payment obligations because it has insufficient cash funds at its disposal. The central finance unit is responsible for managing this risk. Cash funds are arranged and credit lines managed on the basis of a multi-year financial plan and a rolling month-by-month cash forecast. The funds are then made available to the companies by group management. Cash pools have been established in a growing number of countries in order to optimize borrowing and the use of cash funds within GEA Group. To mitigate liquidity risk, GEA Group will continue to use various financing instruments in the future so as to diversify its sources of funding and stagger maturities.

The impact of potential risk scenarios on changes in liquidity is simulated on a quarterly basis. All internal risk management information and internal and external information on potential market and other external risks is taken into account. On the basis of this, the Executive Board and Supervisory Board have agreed strict rules regarding the level of cash and long-term credit lines to be held to cover potential liquidity risk.

Tax risks

The applicable national tax legislation may affect the use of loss carryforwards and thus the recoverability of the deferred taxes recognized in the consolidated financial statements and current taxation. Furthermore, future changes to the ownership structure could significantly reduce or even render impossible the use of German loss carryforwards (section 8c of the Körperschaftsteuergesetz (KStG – German Corporate Income Tax Act)). The ability to use U.S. loss carryforwards could also be restricted in the case of certain changes to the ownership structure of GEA Group Aktiengesellschaft under IRC section 382 (limitation on net operating loss carryforwards following an ownership change).

Moreover, in Germany and abroad, there is considerable uncertainty regarding future changes to, and the application of, tax legislation as a result of tighter public-sector finances, the resulting pressure for reform, and tangibly greater scrutiny by the tax authorities.

The tax risks presented could have a material effect on GEA's financial position and results of operations. The occurrence of material negative effects is considered to be relatively unlikely.

Opportunities

Overall assessment of opportunities and changes compared with the previous year

GEA Group's end markets offer a variety of opportunities for positive business performance over the long term. A key task of the opportunity and risk management system is to systematically evaluate internal and external information to identify opportunities at an early stage and appropriately assess the potential they offer (see page 76 f.). Specific measures are then developed to enable us to convert opportunities into actual economic success.

The identified opportunities from operating activities and the additional positive impact on earnings that could result have not changed significantly as against the previous year.

Planning of the group's economic development is based on certain assumptions regarding the development of the performance parameters described below. If these parameters develop more positively than expected overall, this could have a corresponding effect on GEA Group's financial position and results of operations.

Performance opportunities

GEA Group is entering fiscal year 2014 with a higher order backlog than in the previous year. Further growth is expected in the rapidly expanding Asian markets in the medium term. GEA Group will further expand its presence in these regions and thus participate in the growth of these markets.

If the expected moderate growth in the global economy materializes, GEA's continued focus on the food end market will allow it benefit more than average, especially in growth markets.

In the area of food process technology, GEA's growth will be driven not only by an increase in the standard of living and the trend toward high-quality foods, but also by the expected rise in production and quality standards as well as innovative process improvements and new product developments.

GEA's in-depth understanding of our customers' production processes is a cornerstone of its success. Increasing scarcity of resources means that ever more efficient use needs to be made of raw materials and energy. In addition, end consumers' rising demands require the implementation of higher quality standards in production processes. Growing awareness of our environmental impact means we must meet more stringent standards on CO_2 emissions, for example. This creates additional opportunities for GEA Group, which can focus research and development activities on environmentally friendly technologies and production processes and thus offer specialist solutions.

GEA considers the probability of the performance opportunities exceeding the planning assumptions and therefore having a material positive impact on net assets, financial position, and results of operations to be medium overall.

Opportunities arising from legal disputes

With regard to the proceedings against U.S. company Flex-N-Gate Corp., the court of arbitration in fiscal year 2010 ordered Flex-N-Gate to compensate GEA Group Aktiengesellschaft for losses incurred as a result of the collapse of the sale of the Dynamit Nobel plastics business to Flex-N-Gate in the fall of 2004. The award was overturned by the Higher Regional Court in Frankfurt in 2011. In its decision dated October 2, 2012, the German Federal Court of Justice dismissed GEA Group Aktiengesellschaft's appeal against the decision. The Company then decided to continue the arbitration proceedings against Flex-N-Gate and filed a corresponding application with the Deutsche Institution für Schiedsgerichtsbarkeit (DIS – German Institution of Arbitration) on December 21, 2012.

Report on Expected Developments

GEA Group's Report on Expected Developments takes into account relevant facts and events that were known at the date of preparation of these consolidated financial statements and that could influence the future development of its business.

It should be noted that the forecasts – particularly for revenue, earnings, and the cash flow driver margin – no longer include the GEA Heat Exchangers Segment. This is due to the planned disposal of this operation (see page 15). In addition, the forecast for operating EBITDA does not contain any earnings effects resulting from the planned disposal. The key performance indicators for the GEA Heat Exchangers Segment's in fiscal year 2014 are not expected to diverge significantly from those of the group.

Economic environment in 2014

Global economy

As described in the section on the macroeconomic environment in the report on the economic position (see page 25), GEA, as a global engineering company, considers global growth in gross domestic product (GDP) and the corresponding IMF forecasts to be key benchmarks for its own performance.

In its updated World Economic Outlook (January 2014), the IMF agreed with its sister organization, the World Bank, on the development of the global economy, drawing a highly optimistic picture for 2014. However, it also believes there are further risks. The IMF is predicting that global GDP growth, which was 3.0 percent in 2013, will rise to 3.7 percent. The industrialized nations and the emerging markets will continue to develop at different speeds. Whereas the former can expect a growth rate of 2.2 percent (up from 1.3 percent), the emerging markets and developing countries are now expected to grow by 5.1 percent after 4.7 percent in the past year. This largely confirms the IMF's expectations from its previous World Economic Outlook (October 2013). The economic experts see three reasons for this positive development: First, the pressure for budget consolidation is easing in many countries. Second, the financial system is gradually recovering. And finally, general uncertainty is on the decline.

According to the IMF, the recovery among the industrialized nations is more pronounced in the United States than in Europe. It says it is seeing increasingly sound growth, buoyant consumer demand, and a possible rise in the growth rate from 1.9 percent in 2013 to 2.8 percent in the current year. In turn, it says that this gives the Fed the requisite scope to exit its expansionary monetary policy. However, the IMF does not expect this to happen until 2015.

In Europe, the IMF is forecasting uneven development. The United Kingdom could grow by around 2.4 percent and Germany by 1.6 percent, while France can only expect to see around 0.9 percent growth. The economic experts are expecting bigger problems in southern Europe. Although they say that exports are growing in those regions, the need for budget consolidation, weak domestic demand, and struggling banks and companies continue to depress growth.

As mentioned, the IMF is anticipating continued strong growth for the emerging markets and developing countries, albeit not as dynamic as in years past. On the one hand, these countries are expected to benefit from the recovery of the industrialized nations, but on the other hand, they will also face more challenging financial markets once the Fed normalizes its monetary policy.

Food industry

The Organization for Economic Cooperation and Development (OECD) and the UN's Food and Agriculture Organization (FAO) anticipate in their "OECD-FAO Agricultural Outlook 2013" that the global production of the agricultural commodities covered in the Outlook will rise by an average of 1.5 percent a year over the next decade. Market researchers from Euromonitor are also predicting continuing growth in demand in the beverage industry – i.e. juices, soft drinks, and hot drinks such as coffee and tea.

According to the specialists at the OECD and the FAO, commodity prices are currently high in historical terms. Crop prices are expected to decline due to increased production, while meat prices are likely to remain high due to depleted inventories. Over the longer term, prices for both animal and plant products are expected to continue their upward trend, although sharper price increases are projected for meat, fish, and biofuels.

Consumption of all products covered by the Outlook is expected to increase in the emerging markets due to global population growth, higher incomes, urbanization, and changing dietary habits. Per capita consumption is expected to be greatest in Eastern Europe and central Asia, followed by Latin America and the other Asian regions.

Economic environment for GEA

GEA's planning for the current 2014 fiscal year assumes that demand in its sales markets will be moderately higher than the high levels seen in 2013.

The group's enduring success is founded on a number of major global trends:

1. The continuous growth in the global population,
2. The growing middle class,
3. The growing demand for high-quality foods, beverages, and pharmaceutical products,
4. The increasing demand for production methods that are efficient and conserve valuable resources.

The United Nations assume that the world's population, currently more than some seven billion people, will rise over the coming years by around 80 million people per year (see World Population Prospects, 2012). According to UN estimates, the population should increase to nearly 8.2 billion in the period up to 2025. Linked to this is an increasing degree of urbanization, as already seen in past decades. This means that, in future, significantly more food will have to be produced on more or less the same cultivation area. For this reason, the methods and production processes used must become much more efficient – this is why innovative process technology is needed.

In addition, more and more foods must be preserved for longer and easier transport in order to secure the necessary supplies for metropolitan areas and to maintain world trade. Here, as well, only the state-of-the-art technologies can provide the capacity needed to cope with rising demand.

Another factor is that, as the middle class grows, so will the number of people who will be able to afford processed foods, beverages, and dairy products. This is equally true for pharmaceutical products, which must meet the needs of an increasingly health-conscious population.

Against the backdrop of the trends in the global economy and the food industry, and the impact of the various megatrends presented in this chapter on its direct sales markets, GEA is expecting growing demand for high-quality foods and, linked to this, ongoing high levels of investment in the food industry. Additionally, GEA is anticipating sustained customer interest in process optimization for improving efficiency, productivity, energy usage, and plant availability, which its technologies are able to provide.

With respect to commodities price trends, GEA is assuming that these will largely depend on economic developments in the U.S.A., future growth in China, and global political developments.

The Company does not believe that customer project finance will be significantly affected by uncertainty in the capital markets.

The proportion of GEA's revenue accounted for by the food industry in 2014 is expected to remain at its current high level. From a regional perspective, too, GEA is not anticipating any significant change in the current breakdown of revenue in 2014 as against the past fiscal year.

Business outlook

Provided that there is no slowdown in global economic growth and that exchange rates remain the same as in 2013, and excluding the effect of acquisitions and nonrecurring items, we are aiming for our key performance indicators to develop as follows in the current fiscal year:

Revenue

We expect GEA Group's segments to register moderate revenue growth overall in fiscal year 2014, with the notable exception of GEA Process Engineering, which will grow more strongly than the other segments due to its very healthy order intake in the previous year.

Earnings

We expect operating EBITDA to reach EUR 550 million to EUR 590 million during the period, compared with EUR 530 million in fiscal year 2013. All of GEA Group's segments will contribute to this year-on-year increase. The term "operating" means that the earnings figures are adjusted for the effects of the remeasurement of assets added due to acquisitions, as well as expenses that are nonrecurring in terms of their type or amount.

Cash flow driver margin

With respect to our cash flow drivers, i.e., the net amount of EBITDA, the change in working capital, and capital expenditure, we are aiming for a ratio to revenue of between 9.0 percent and 9.5 percent in 2014, after 9.6 percent in the year under review.

Further expectations

Acquisitions

We are maintaining our strategy of acquiring companies that provide GEA with an entry into new markets or that selectively expand our range of offerings in existing markets. This will enable us to provide our customers with a single-source solution for an ever-broader range of products and services. However, given the uncertainties on the global financial markets, we shall focus closely on the financial feasibility of such projects with the aim of ensuring a stable credit rating for GEA in the debt markets.

Dividend

The Executive Board and Supervisory Board will propose a dividend of EUR 0.60 per share for 2013 to the Annual General Meeting. This represents an increase in the total dividend by 9.1 percent to EUR 115.5 million. Consequently, the distribution to our shareholders for 2013 is once again around one-third of the group's earnings.

Summary

Provided that there is no slowdown in the global economy, we expect the group to achieve moderate organic growth. The further increase in profitability together with the ongoing focus on liquidity generation should help ensure we have the financial leeway to successfully implement our strategic growth targets. In addition, we are maintaining our long-term target of distributing around one-third of the group's earnings to shareholders as a dividend.

Düsseldorf, February 26, 2014

The Executive Board

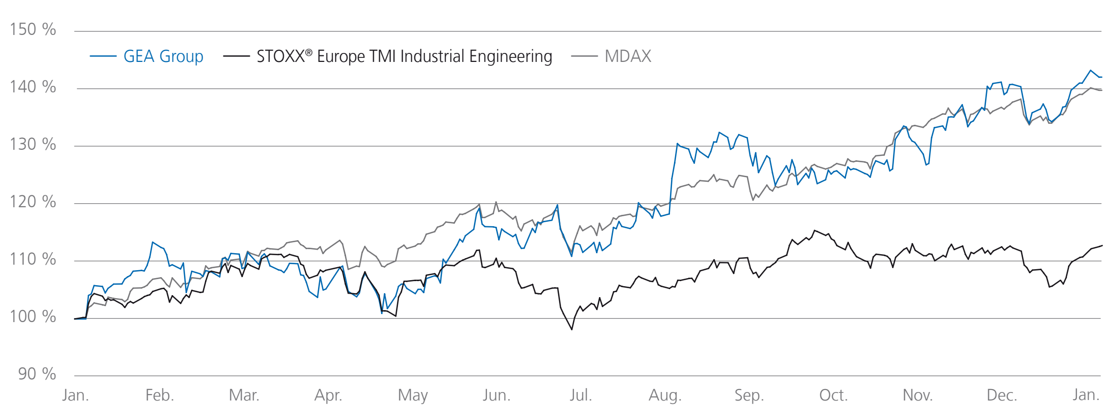
Jürg Oleas   Dr. Helmut Schmale   Markus Hüllmann   Dr. Stephan Petri

GEA Shares/Investor Relations

Performance of GEA Group shares on the capital markets

The international stock markets continued their positive performance at the beginning of 2013 and reached interim highs in the period up to the end of May, driven by the unchanged expansionary monetary policies adopted by central banks around the world and positive economic data. Initial indications that the U.S. Federal Reserve might end its expansionary monetary policy and emerging fears of a liquidity squeeze in the Chinese banking market then saw share prices decline around the world from May to the beginning of July, before the stock markets rallied to new record highs at the end of the fiscal year on the back of a further dynamic upswing. Key factors driving up share prices were the global recovery of various leading indicators, together with the European Central Bank's decision to keep its key interest rate at its current low level for some time, and the U.S. Federal Reserve's surprising decision to continue its large-scale bond-buying activities. The DAX reached an all-time high of 9,589 points on December 27. It closed on December 30 at 9,552 points, up 25.5 percent over the course of the year. The MDAX also reached its highest-ever level on December 27, at 16,626 points. It closed on December 30 at 16,574 points, a 39.1 percent gain. The STOXX® Europe TMI Industrial Engineering Index – the more relevant index for GEA – recorded a record high of 354.37 points on September 19 and closed the year at 345.86 points, an 11.9 percent increase during the year.

GEA shares also performed extremely well in 2013 in the wake of the general recovery in the global stock markets. The share price rose sharply at the beginning of the year in particular, before profit taking resulting from what was considered to be a conservative business outlook for 2013 led to a low for the year of EUR 24.66 on April 17. Better-than-expected results for the second quarter boosted the share price and hence led to strong gains, allowing GEA Group Aktiengesellschaft's shares to clearly break through their resistance level of EUR 30. The publication of further excellent order figures in the third quarter lifted GEA shares to a new high of EUR 34.89 on December 27. They closed at EUR 34.60 on December 30, an increase of 41.4 percent in 2013. After adjustment for the reinvestment of the dividend, GEA shares actually increased by 44.5 percent, significantly outperforming both the DAX and the MDAX by a considerable amount, as well as the even more important STOXX® Europe TMI Industrial Engineering benchmark index in the past fiscal year.



GEA Group shares compared to STOXX ® Europe TMI Industrial Engineering			
Balance sheet date (12/31/2013)	Share development	Market capitalization *	
Last 3 months	+13.5	+13.5	percentage points
Last 6 months	+16.1	+16.1	percentage points
Last 9 months	+31.0	+31.0	percentage points
Last 12 months	+29.5	+29.5	percentage points
Last 24 months	+21.5	+28.9	percentage points
Last 36 months	+47.1	+54.7	percentage points

> 10 percentage points; 3 to 10 percentage points; 3 to -3 percentage points; -3 to -10 percentage points; > -10 percentage points

*) Based on shares issued by GEA Group Aktiengesellschaft as of the particular reporting date

Shareholder structure

As of December 31, 2013, GEA Group Aktiengesellschaft did not hold any treasury shares, meaning that the number of outstanding shares was unchanged at the end of the year, at 192,495,476. This corresponded to a market capitalization of EUR 6.7 billion as of the end of December compared with EUR 4.7 billion in December 2012, a 41.4 percent increase. In the monthly index ranking of all listed German companies in the DAX, MDAX, SDAX, and TECDAX published by Deutsche Börse on December 30, GEA Group Aktiengesellschaft was ranked 32nd (previous year: 34th) in terms of market capitalization and 41st (previous year: 34th) in terms of trading volume. At 0.4 million shares, the average daily trading volume in official exchange trading in fiscal 2013 was below the prior-year figure of 0.5 million shares. The main reasons for this are the general decline in trading volumes on official stock exchanges and the growing importance of alternative trading platforms.

As in recent years, GEA Group Aktiengesellschaft once again performed detailed analyses of its shareholder structure in 2013. GEA Group Aktiengesellschaft has a stable shareholder structure, which has changed only slightly over time. The current analysis from the fourth quarter of 2013 identified 82 percent of the Company's shareholders. Institutional investors held 74 percent of the shares and Kuwait Investment Office accounted for an unchanged figure of around 7.9 percent. Institutional investors headquartered in the UK remained the largest investor group, holding 24 percent of all shares (previous year: 23 percent). Scandinavian investors now hold second place with nearly 14 percent of all GEA shares (previous year: 12 percent), followed by French investors, who hold around 11 percent of the shares (previous year: 15 percent). The share of American investors rose from 8 percent to nearly 11 percent, while that of institutional investors from Germany fell from 11 percent to 8 percent.

Regional breakdown of identified institutional investors

(%)

Based on 192,495,476 shares, which were issued by GEA Group Aktiengesellschaft at the date of the survey (October 2013)

Investment styles of identified institutional investors

(%)

* Growth At a Reasonable Price

Based on 192,495,476 shares, which were issued by GEA Group Aktiengesellschaft at the date of the survey (October 2013)

Sixty-four percent of all GEA Group Aktiengesellschaft shares were held by institutional investors with a long-term orientation (previous year: 65 percent). Less than 1 percent of shares were held by hedge funds.

Investor relations activities

GEA Group takes its task of maintaining close contact with capital market participants and correspondingly close relationships to its shareholders, investors, and analysts extremely seriously. In 2013, for example, GEA Group's investor relations activities again facilitated an ongoing, effective dialog with the capital markets. The Company used these to inform its shareholders and investors about developments within the group in a transparent manner above and beyond its quarterly, half-yearly, and annual reports. It also kept in close contact with investors by taking part in international conferences and roadshows, which were regularly attended by the CEO and the CFO. The Company held a total of 39 roadshows in 2013, communicating directly with shareholders, potential investors, and analysts. GEA representatives also took part in 22 conferences, as well as holding 509 one-on-one meetings. In addition, analysts and investors had the opportunity to experience the Company's capabilities for themselves at GEA Group Aktiengesellschaft's headquarters in Düsseldorf. Investor Relations activities in 2013 focused in particular on the planned separation of the GEA Heat Exchangers Segment as well as the transformation of GEA to an even stronger provider of process technology for the food industry, its most important customer industry. This attracted the attention of new investors in GEA shares, some of whom also became new shareholders. In addition, GEA held another Capital Markets Day in June 2013 featuring presentations to analysts and investors on the GEA Mechanical Equipment Segment's structure, business strategies, market environment, and products, as well as explanations of the strategic decision behind the planned separation of the GEA Heat Exchangers Segment.

Earnings per share

Earnings per share (EPS) amounted to EUR 1.75 in the past fiscal year. They are calculated by dividing consolidated profit for the period by the weighted average number of shares outstanding in the course of the fiscal year. An average of 192.5 million no-par value shares (previous year: 185.8 million) were outstanding in the reporting period.

Key performance indicators for GEA Group shares	2013	2012
Shares issued (December 31, million)	192.5	192.5
Average shares outstanding (million)	192.5	185.8
Share price (December 31, EUR) [1]	34.60	24.47
High (EUR)	34.89	26.27
Low (EUR)	24.66	19.69
Market capitalization (December 31, EUR billion) [2]	6.66	4.71
Average daily trading volume (million)	0.4	0.5
Earnings per share pre purchase price allocation (EUR)	1.85	1.87
Earnings per share (EUR)	1.75	1.68
Earnings per share from continued operations (EUR)	1.47	1.15
Earnings per share from discontinued operations (EUR)	0.28	0.53
Dividend per share (EUR) [3]	0.60	0.55
Total dividend (EUR million) [3]	115.5	105.9
Pay-out ratio [3] (%)	34.4	32.6

1) Or on the last trading day of reporting period
2) Based on shares issued
3) Based on dividend proposal
Prices: XETRA closing prices

Dividend proposal

The Executive Board and Supervisory Board of GEA Group Aktiengesellschaft will propose to the Annual General Meeting on April 16, 2014, that an increased dividend of EUR 0.60 per no-par value share be paid for fiscal year 2013 (2012: EUR 0.55). As a result, the distribution ratio is once again within the target range of one-third of the group's earnings. This represents a dividend yield of 1.7 percent on the share price of EUR 34.60 on December 30, 2013.

The dividend will be paid from the contribution account for tax purposes (section 27 of the Körperschaftsteuergesetz (KStG – German Corporate Income Tax Act)), meaning that investment income tax and the solidarity surcharge will not be deducted. In the case of shareholders in Germany, the dividend is not subject to current taxation in the year of payment. The opinion of the German tax authorities (see also the Federal Ministry of Finance (BMF) circular dated December 22, 2009, paragraph 92) is that the payment of dividends from the contribution account for tax purposes constitutes a repayment of shareholder contributions, which results in a subsequent reduction of the costs of the shares. This may lead to taxation of higher capital gains when shares are sold subsequently.

GEA Performance Share Plan

GEA Group Aktiengesellschaft offers a long-term share-based payment program for first-, second- and third-tier managers (see page 48 f.). In July 2013, the eighth tranche was issued for these three management levels, with a participation rate of 66 percent. Each GEA Performance Share Plan runs for three years. The fifth tranche, which was issued in the summer of 2010, ended in June 2013 with a payout rate of 79 percent.

Credit ratings/debt market

Two international agencies, Moody's and Fitch, have rated GEA Group Aktiengesellschaft's ability to meet its financial obligations. These ratings serve as evidence of the Company's creditworthiness to existing and potential debt capital providers. The two agencies gave the following unchanged ratings to GEA Group:

	2013		2012	
Agency	Rating	Outlook	Rating	Outlook
Moody's	Baa3	stable	Baa3	stable
Fitch	BBB-	stable	BBB-	stable

These ratings ensure that GEA Group has unlimited access to the international financial markets.

The bond issued in 2011 offered investors a yield of 1.23 percent as of December 31, 2013 (bond price: EUR 106.76) following an issue yield of 4.33 percent.

To further optimize its group financing structure in the long term, GEA Group Aktiengesellschaft took out a new syndicated credit line in the form of a club deal amounting to EUR 650 million in fiscal year 2013. This replaces the credit line with the same volume falling due in June 2015. In addition, it again allowed the financing structure to be enhanced ahead of schedule and in a forward-looking manner through improved margins and the renewed extension of the maturity. The loan has a five-year term and also includes two prolongation options for one year in each case until August 2020 overall. In total, GEA thus has credit lines (including bonds and borrower's note loans) in the amount of EUR 1,740 million, of which EUR 974 million had been utilized as of the balance sheet date. Further information on the credit lines and their utilization can be found in note 3 to the consolidated financial statements beginning on page 140.

Sustainability Report

Lasting success goes hand in hand with responsible corporate behavior. As an international technology group and one of the world's largest suppliers of process technology to the food industry, GEA is acutely aware of its responsibility with respect to the economy, society, and the environment. One of its prime enterprise goals is therefore to supply solutions that combine a high level of efficiency and social benefit with assisting our customers to protect the environment.

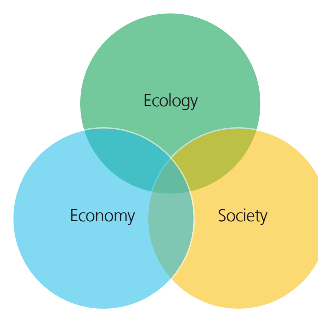
Sustainability for GEA means securing its future viability on the basis of a stable economic and social foundation and an intact environment. Sustainability management also serves to limit economic, social, and reputational risks to the group. Major global trends such as constant population growth, increasing urbanization, and advancing climate change present the world with mounting challenges. In the future, people will continue to require an adequate supply of food, energy, and pharmaceutical products, all of which will have to be produced in a manner that helps to conserve precious resources. GEA has its own companies and production sites in the world's growth regions and directly supplies local markets. Its product portfolio of technical components, machinery, and systems provides key solutions to these challenges. At the same time, the Company regards its commitment to corporate social responsibility (CSR) as an investment in the economy, society, and the environment, and hence in its own future – in line with the group motto "engineering for a better world."

Sustainability at GEA

Economy
- Code of conduct
- Compliance
- Corporate governance
- Leadership principles
- Safety management
- Shareholder value

Society
- Pension and healthcare provision
- Diversity
- Social commitment
- Company values
- Responsible employer

Ecology
- Climate protection
- Resource-efficient products
- Environmentally friendly production



GEA aims to safeguard the interests of its shareholders, customers, and employees for the long-term future, and to fulfill its responsibility toward society, by strengthening its international competitiveness and boosting its business performance. The group pursues this objective first and foremost by being a dependable partner for its customers with an attractive and sustainable product line, as an exemplary employer to its global workforce of, in future, approximately 18,000 employees, as a taxpayer, and as a supporter of charitable projects.

Although energy consumption and emissions during production are relatively low in the engineering sector, GEA regularly examines all areas for opportunities to improve efficiency in this sphere as well. The group's workforce provides a vital contribution to this process via the ideas and improvement management system.

The group not only ensures that its own processes along the value chain are based on ecological principles, but also helps its customers to protect the environment by providing efficient products and process solutions. As a rule, these customers employ very energy-intensive technologies and processes, with the result that potential energy savings and reductions in emissions and waste now play an increasingly significant role in their capital investment decisions. For many years now, GEA solutions have served as the benchmark for the successful combination of economic and ecological factors (see page 106 ff.).

Economically sustainable

The production of processed foods and beverages is one of the world's most stable growth markets, and one that can also be expected to see continuous growth over the coming decades. As a technology leader, GEA Group supplies this market with machinery, components, systems, and plant that guarantee safe process management and the highest standards of efficiency and hygiene.

Detailed information on GEA's basic principles, its segment structure, and its business orientation can be found in the chapter entitled "Organization and Structure" (see page 13 ff.).

Corporate governance

GEA places the highest priority on transparent and responsible corporate governance and management aimed at long-term value enhancement. Its activities are based on recognized corporate governance principles and comply fully with the recommendations of the German Corporate Governance Code. In addition, GEA Group has an extensive compliance organization.

A detailed presentation of the topic of corporate governance can be found in the Corporate Governance Report included in this Annual Report (see page 58 ff.).

Code of conduct

Together with its European Works Council, GEA Group Aktiengesellschaft issued a code of conduct in March 2006, which formulates a binding set of values, principles, and modes of behavior that govern corporate conduct at the GEA group. With these ethical and legal standards, GEA is making a clear commitment to free and open world trade as a vital precondition for continued global economic growth. Wherever possible, the group supports measures designed to combat underdevelopment in the countries of the Third World and fully accepts its corporate social responsibility. Likewise, GEA welcomes the principles of the UN Global Compact and, as part of the process of progressive internationalization, endorses all internal and external corporate social responsibility (CSR) initiatives. The group pledges to respect human rights and the core labor standards developed by the International Labour Organization (ILO). In addition, GEA fully complies with the OECD guidelines for multinational enterprises. In order to ensure the greatest possible transparency, GEA Group has also published its Global Business Conduct Policy on the company website (www.gea.com/en/investoren/corporate_governance.html).

Compliance

Compliance is accorded the highest priority at GEA. All managers and employees must comply with the law and the relevant guidelines. GEA has drawn up detailed guidelines with binding principles for conduct, including, in particular, an anticorruption guideline. Regular training measures and monitoring help to provide early warning of, or prevent, improper behavior.

Further information on the issue of compliance can be found in the Corporate Governance Report included in this Annual Report (see page 58 ff.).

Incorporation in the organizational structure

In addition to the compliance organization described in the separate Corporate Governance Report, there are areas within group management dedicated to diversity, company values, and crisis management. Moreover, an environment, health, and safety (EHS) organization has been established.

Leadership principles

At GEA, we are convinced that much more can be achieved by working with, rather than merely alongside, one another. In order to establish this kind of corporate culture, GEA has defined clear principles which managers must follow, and has created the core competencies necessary for this.

What GEA expects of its managers:

1. **The will to lead**
2. **Management capabilities**
3. **Personal integrity**
4. **Passion – not obsession**
5. **Creativity**

All our managers are committed to information exchange and cooperation, strengthening the GEA group as a whole. This, too, has been a key factor in cementing GEA's position as one of the most successful engineering companies worldwide – an achievement from which all segments and every single employee profits.

Leadership@GEA

To ensure optimal human resources' development, we have taken the five principal requirements for managers at GEA and broken them down into 12 qualities that, ideally, they should already possess when joining us. These qualities also serve as the basis for our management training and continuous professional development modules. They are: a down-to-earth mentality/respect for others, integrity/authenticity, vitality, drive, empathy, intuition, good communication skills, a sense of the big picture, an appreciation of the efforts of others, a commitment to sustainably developing our management culture, an ability to reason, and resilience. All 12 of these qualities have been defined in a detailed and intuitive manner that precisely conveys what the group expects with regard to each of them.

Safety management

Unexpected incidents such as natural disasters or terrorist attacks can also have extreme consequences for GEA. Such incidents can also endanger the safety, health, and even the lives of group employees. The topic of employee safety is presented in detail on page 100 f.

In order to prepare as effectively as possible for such material corporate risks, GEA Group has implemented a comprehensive safety management strategy at all levels of the company. The group's Major Incident Manual provides clearly defined criteria for all employees regarding the detection, evaluation, and reporting of critical incidents. This manual also contains measures and detailed contingency plans designed to ensure a rapid and appropriate response in an emergency, and names qualified contact persons within GEA Group.

Socially sustainable

GEA fully accepts its obligation to make a contribution towards the sustainable development of society, both within the Company as a responsible employer, and in the wider social context.

A responsible employer

With its large number of companies, some of them very small, GEA has a special structure. In addition, many of our employees are deployed on external construction sites or work on service contracts at our customers' production plants.

Detailed information on the topics of personnel marketing and human resources development at GEA can be found in the "Employees" chapter (see page 48 ff.).

Fair Company label: widely recognized seal of quality for GEA

Diversity

GEA operates in a challenging international market environment with a large number of players who influence the Company in many different ways – ranging from customers, competitors, and employees down to the government and society in general. Companies can rise to the many challenges associated with this culturally extremely diverse environment by being aware of diversity and by actively creating it within its own ranks. Diversity is defined as the composition of the workforce in terms of nationality, gender, age, and qualifications. GEA recognizes that diversity is a strategic success factor – that diversity is strength.

The Corporate Diversity Management function at group management level is responsible for making diversity a firmly established part of GEA's corporate culture and hence supporting the business activities of all its segments. A diversity organization in all segments helps to ensure diversity management. This international team of diversity managers, comprising women and men from a whole range of functions, represents the spirit of diversity throughout the Company.

In order to promote diversity on as many levels as possible and, for example, to create an attractive working environment, GEA also intends to introduce more flexible working hours and to increase mobility within the Company.

Diversity criteria are included as a matter of course when recruiting and appointing staff. One of the objectives is to recruit more women to GEA and to involve a greater number of talented female employees in internal employee development initiatives. Furthermore, diversity management is one of the key ways in which employee potential and talent can be reliably identified. In line with this, the entire pool of future executives is to receive training on the GEA diversity criteria, as described above.

A catalog of GEA diversity performance indicators is used to measure achievements and progress in the area of diversity management. Applied on the group management, segment, and company level, these determine the degree to which targets have been met and the success of diversity measures, which are evaluated in all cases on the basis of three criteria: performance, potential, and diversity.

The current proportion of women in the total workforce is 19 percent. At the management level, they account for a total of 13 percent. At the more narrowly defined level of the top 400 executives, however, the proportion of woman falls to around seven percent. With regard to the international composition of the workforce, there are over 90 different nationalities employed at GEA. Over 60 percent of employees come either from Germany (32 percent) or the rest of Western Europe, and around 16 percent from the Asia/Pacific region. At the level of the top 400 executives, over 45 percent are from Germany and, for example, 7 percent from the Asia/Pacific region.

In a further measure intended to institutionalize diversity management at the Company, an official diversity policy has been introduced, together with guidelines for managers. This policy describes the overriding aims and the progress made to date in diversity management at GEA. The guidelines provide managers with an instrument for implementing diversity management at all group levels.

On account of its importance to corporate culture at GEA, the topic of diversity is closely entwined with the group's company values. In this respect, diversity is a force for change, promoting greater pluralism in thought and action.

Company values

GEA's vision and its company values are the mainstays of its management philosophy. They are the key elements of a shared corporate identity. GEA has built on its values – "excellence", "responsibility", "integrity", "passion", and "GEA-versity" – to create an orientation system and frame of reference that provide managers and employees with a shared understanding of, and guidelines for, how to behave at an individual level. Translated into action, these values mean: We are committed to excellence in every respect; we are passionate about our work; we practice what we preach; we are responsible for the consequences of our actions; and we break down barriers.

GEA's company values give both managers and employees greater security in their dealings with one another. Ultimately, the company values are designed to boost efficiency and professionalism in all GEA segments and companies as well as to promote a constructive dialog within the Company and with the world at large.

Work and family

GEA has implemented a host of measures to help employees reconcile the demands of work and family life, such as company-organized childcare, flexible working hours, and opportunities to work while on the move.

As of March 1, 2013, for example, employees of GEA Farm Technologies have been able to place their young children in daycare at the "Merschzwerge" nursery on the Siemensstrasse in Bönen/Germany. This joint initiative is run by the nonprofit association GK Merschzwerge e.V., which was set up for the purpose by GEA and the other participating companies. Three child care workers provide daycare for children of under three years old from 6:30 a.m. to 6:30 p.m. The nursery's long opening hours and its proximity to the workplace help parents to accommodate the demands of work and home. In August of last year, the nursery started providing daycare for a second group of nine infants, allowing up to 18 children, divided into two groups of nine, to be cared for.

Employee safety

In order to work productively and develop their potential to the full, employees need a pleasant and safe working environment. The requirement to offer all employees safe conditions in the workplace is enshrined in GEA's code of conduct, which obligates our managers to guarantee the best possible health and safety conditions in every GEA Group workplace worldwide. Even in countries with less stringent safety requirements, locations are still subject to GEA Group's higher standards. In addition, group employees regularly receive first-aid training, thereby ensuring that competent help is rapidly available in an emergency.

GEA Safety Management also provides a comprehensive service for all employees traveling worldwide on behalf of the group. This includes detailed travel and safety information for every region of the world. Should a group employee become caught up in an emergency situation nonetheless, he or she can contact the 24-hour GEA Group Security and Support Hotline. If necessary, this service can also rapidly organize personal protection for any employee and at any location worldwide. The Medical Support Service Hotline provides assistance with health-related issues and, in the event of illness, provides appropriate medical care or even transport back home. Using a security app and a mobile device, GEA employees can also obtain medical and safety information on a group location at any time or directly contact, via an emergency button, the 24-hour hotline at the GEA Security Center. This fills a gap in the chain of communication, further enhancing the service provided to employees by the GEA Security Center.

GEA also maintains a continuously updated database with the locations of all employees on business trips worldwide. In the event of a regional crisis, this so-called Travel Tracker enables it to respond rapidly and provide employees with active assistance.

GEA Aid Commission

Employees who suddenly get into difficulties, following, for example, a severe accident or a sudden illness, require rapid and unbureaucratic financial assistance. In a group-wide agreement with the Works Council, GEA has pledged to provide this form of assistance in such cases. Employees affected in this way, and also the families of employees who suddenly die, can apply to the GEA Aid Commission.

Company pension plan

GEA wants all its employees to be able to enjoy their well-deserved retirement. This also includes the financial security to enjoy an appropriate standard of living. In many countries, however, the impact of demographic change, increased life expectancy, and high unemployment is placing a growing financial burden on the state pension system. Private and, especially, company pension plans are playing an increasingly significant role in making up the shortfall. The Company therefore provides an efficient pension plan for all employees.

The company pension plan for GEA managers is, like the remuneration system, based on a mixture of fixed components and performance-related parameters.

GEA Group also offers an attractive performance-related pension plan for employees below senior management level. In Germany, for example, this is based on an employee-financed deferred compensation plan. Employees can opt not to be paid out part of their salary, instead putting the money toward their pension. If an employee chooses this option, GEA Group tops up the basic employee contribution with an additional employer (company-financed, performance-related) contribution.

Comprehensive healthcare provision

A health-conscious workforce is important for the long-term, sustainable development of a company, because healthy employees are more productive, more reliable, and more motivated. GEA therefore supports its employees with a variety of active healthcare offerings.

GEA Care

This program to promote employee health comprises a broad range of measures to prevent illness. These include cancer screening, seminars on how to give up smoking, instruction on ergonomics in the workplace, and the provision of GEA Care menus in employee restaurants.

In the fall of 2013, the GEA Care healthcare program was awarded the "Dortmunder Personalmanagement Prädikat", a prize for excellence in the field of human resources. In addition to applauding the above measures, the jury also commended the fact that GEA takes into account the wishes and ideas of employees when designing its healthcare offerings. Jury members also saw GEA Care as an excellent instrument for attracting employees to the group and promoting their retention. The prize, which was awarded for the seventh time, is partly supported by funds from the European Regional Development Fund.

As part of GEA Care, a Health Day was held for the first time at GEA Food Solutions Germany GmbH in Wallau/Germany. The event, which drew an enthusiastic response from the workforce, was held under the banner "GEA – Gesundheit erleben am Arbeitsplatz" (GEA – Experiencing Healthcare in the Workplace). Two types of examination were offered: an ultrasound examination of the thyroid, and a cardiovascular risk assessment. Over 100 examinations were conducted in the course of the day. There are now plans for additional Health Days in the future.

There was also support for the initiative “Denk an mich – Dein Rücken” (Think of Me – Your Back): to mark the launch, there was a newsletter, followed by a period of over a month with one or two tips a day describing short exercises, for the workplace or at home, and relaxation techniques. Safety topics are also addressed. These include safe travel, on foot and by car, during the winter; information on the topic of noise; protective clothing to prevent cuts; and neatness and cleanliness in the workplace.

Healthcare coaching

Programs held in special development and assessment centers, and with the assistance of external coaches, provide employees with a range of information on the beneficial effects of exercise, greater fitness, and a healthy diet. Where possible, the theoretical information is supplemented by practical exercises. All preventive measures are based on the actual living and working environments of the employees concerned. In addition, the group offers individual coaching with fitness tests or health checks.

The GEAktiv Sport Forum

GEAktiv is an online portal established by GEA to help employees meet up for joint sporting activities. Hosted in the GEA intranet, it enables people to easily find training partners in their specific sporting activity or to post their own events. GEAktiv already covers more than 30 different sports and is growing all the time.

Socially committed

As a global enterprise, GEA is also involved in a host of projects outside its own companies, where support is given directly to local people.

GEA and its employees help people in many different ways. GEA Goedhart B.V. in Sint-Maartensdijk/Netherlands, for example, staged four fundraising cycle tours on its open day. The four-figure sum raised was donated the Duchenne Parent Project, which supports research into, and the treatment of, muscular dystrophy. Similarly, GEA Food Solutions in Wallau/Germany donated used carpentry tools and equipment for a training workshop in Korogwe/Tanzania, which provides young people with free training in a manual trade. In a further initiative, GEA employees collected donations at the summer festival in Bochum/Germany for the nonprofit organization St. Vinzenz e.V.. Elsewhere, Dutch and German employees of GEA Westfalia Separator collected donations to purchase special exercise machines for the pediatric oncology ward at the Radboud Hospital in Nijmegen/Netherlands. Last but not least, GEA Air Treatment in Wurzen/Germany ran a project employing school students in areas of administration and production for a day. The students then donated the money they had earned to a nationwide scheme that supports, among other causes, the construction of healthcare facilities in Africa and Latin America.

The fascinating world of engineering

GEA focuses particularly on projects with children and adolescents, including schemes to introduce them as early as possible to the fascinating world of engineering. For visitors to the “Stöbertage” (Exploration Days) at the GEA Mechanical Equipment Segment, this starts even before they reach school age. Groups of kindergarten children are invited along to learn about tools and machinery, and to discover the world of engineering. At the same time, GEA also supports a variety of establishments such as schools and kindergartens.

GEA's “Stöbertage” are a fun experience for kids

School-Business Cooperation Network

By easing the transition between school and the world of work, and by encouraging school students to think about their future vocation or program of study, cooperation between schools and industry helps ensure that companies – especially in technical fields – are able to recruit a sufficient supply of new labor. This is why GEA is involved in the School-Business Cooperation Network. This covers activities such as information events at participating schools, assistance for students with job applications, and joint projects between school students and the Company's vocational trainees. In addition, the cooperation network is involved in staging a special exhibition of works by students and in organizing the program to mark the opening of the art exhibition "Family and Friends" in Bochum.

"Technik ist Zukunft" ("Technology is the Future")

In future years, GEA Group will continue to need creative young people with a passion for science and engineering. In order to convince students of the variety and appeal of a career in engineering and to show them the career opportunities on offer, GEA has joined forces with other companies in a variety of projects, including the "Technik ist Zukunft" (Technology is the Future) initiative. In addition to the Company's financial support for the initiative, its employees go to meet potential recruits face to face at the various "Technik ist Zukunft" action days that are held at schools. Here, students can learn from their graphic accounts about the work of the group, the products and services it offers, and the career openings available. GEA also regularly invites groups of school students on tours of group locations, offering them a comprehensive overview of production operations and the daily working routine at GEA Group.

Girls' Day

All GEA Group segments participate in the German Girls' Day, an initiative designed to encourage girls from year five onward to think about their future career options. It provides them with an opportunity to find out more about a wide variety of professions in science and engineering. This mix of open day and detailed information event offers participants a hands-on encounter with technology and is intended to stimulate an interest in an engineering career at an early age.

Helping underprivileged young people

True to its principles of diversity management, GEA is also helping to improve the economic situation of disadvantaged members of society in South Africa. As part of this initiative, the group has been involved since 2009 in a program to provide work opportunities for young black people with disabilities.

Participants receive job training from specially trained instructors and also have the opportunity to earn money at the same time. The trainees, accompanied by a mentor, are employed for a one-year training period. Regular monitoring ensures that the program's quality standards are being met. Graduates of the program receive the national certificate in Business Administration Services and are regularly taken on by GEA Group.

Running against cancer

GEA employees in the U.S.A. support the American Cancer Society

The American Cancer Society provides support for cancer sufferers and their families. One of the society's regular fund-raising events is the Relay for Life. For many years now, a team from GEA has taken part in this run. GEA pays the entry fee and provides a donation to support the team. In addition, group employees also donate to this cause. The money is largely raised on so-called Blue Jeans Days, when normal dress code is suspended. Anyone wishing to come to work in jeans and sneakers donates five dollars.

"Kunst in der Rotunde"

GEA Group's "Kunst in der Rotunde" (Art in the Rotunda) exhibition program has been enlivening the art world in the Ruhr region since August 2000. The program derives its name from the glass rotunda at GEA's administrative building in Bochum. It offers an ideal forum for paintings, graphic art, sculpture, found objects, photography, and installations.

Even now that group management has relocated to Düsseldorf, GEA still organizes several exhibitions a year in the GEA Center Bochum. A major selection criterion is whether an artist has a connection to the Ruhr region. Each exhibition features, as a rule, two or three artists, and kicks off with a vernissage and an introductory presentation of the works. An accompanying booklet is also published.

Works of art purchased from previous exhibitions now adorn the corridors, offices, and conference rooms of a number of GEA locations. GEA also has a scheme enabling employees to rent out works from this collection and to buy them at the end of the rental period.

Closely connected to "Kunst in der Rotunde" is a special exhibition regularly held in the summer by the name of "Family and Friends." This program is intended to offer all GEA employees with a creative bent, along with their family and friends, a platform to present the fruits of their artistic labors. The "Family and Friends" exhibitions have also been held since the year 2000. Over the years, they have become increasingly popular among the global GEA family and are now a firm fixture in the events calendar.

Ecologically sustainable

Sustainability in the ecological sense is based on the principle of protecting nature and conserving its limited resources. GEA's innovative products make an important contribution to this cause. In the world of process technology and engineering, the days are long gone when economics and ecology were conflicting goals. Our customers can help promote climate protection by using machinery, components, systems, and plants produced by the group. Equally, environmental protection is accorded its proper status within the Company.

Environmental protection at GEA Group

GEA's main environmental objectives are saving energy, optimizing plant design, and conserving resources. At GEA, all key environmental parameters are monitored locally and their significance and impact on products and services analyzed to identify ways of improvement. Monitored environmental parameters include

- Emissions
- Energy consumption
- Hazardous goods handling, including water-polluting agents such as acids and alkalis
- Waste
- Noise
- Waste water/water consumption

Measures taken at the group's production operations to protect the environment frequently exceed the statutory requirements – as confirmed by the environmental certifications obtained in accordance with DIN EN ISO 14001. In-process environmental protection, resource conservation, and comprehensive health and safety measures are all standard practice throughout the group. Production waste is sorted and, wherever possible, recycled. Any further environmental impact is largely avoided through the use of exhaust gas filters and collecting vessels, and through the treatment and recycling of process liquids.

Selected initiatives

Carbon Disclosure Project

As in previous years, GEA Group took part in the Carbon Disclosure Project (CDP) survey in 2013. CDP is an independent, not-for-profit organization currently representing more than 700 institutional investors. Each year, it gathers information on the greenhouse gas emissions of major listed corporations and their strategies to combat climate change. The results are then made available to current and potential investors. In the survey, GEA Group also provided an assessment of the opportunities and risks related to climate change, and information on the measures it employs to protect the climate. From GEA's perspective, any potential risks arising from a shift in demand will at the very least be offset by equally large opportunities to supply customers with energy-efficient solutions for their production processes from our wide range of products.

As yet, there is no uniform system in place throughout the group to measure CO_2 emissions. However, CO_2 emissions are measured in the segments on the basis of national and international standards such as ISO 14001 or the CO_2 Saver Certificate.

The Blue Competence sustainability initiative

GEA Group is an alliance member of Blue Competence, an initiative of the German Engineering Federation (VDMA). The members of the initiative have pledged to develop and promote sustainable engineering solutions in accordance with economic, ecological, and societal demands. In this way, they are also assuming responsibility for prosperity, education, safety, and nature. The industry associations, organizations, and companies involved in this initiative – including GEA – are also factoring in the consequences of urbanization and globalization into their strategies.

The VDMA Blue Competence initiative

The COOL-SAVE energy conservation project

The IEE's COOL-SAVE energy conservation project

GEA Refrigeration Technologies is a member of the COOL-SAVE energy conservation project. Founded as part of the European-wide Intelligent Energy Europe (IEE) program, this project aims to increase the energy efficiency of refrigeration systems used in the food industry. This is being done by collecting data at the refrigeration plants of selected food producers that will serve as a benchmark in developing best-practice measures to improve the efficiency of refrigeration systems. Like the IEE program, the COOL-SAVE project is intended to boost the competitiveness of climate-friendly and sustainable energy technology. A total of nine companies from six EU member states are partners in the COOL-SAVE project.

Enhanced fleet efficiency

As of 2013, new fleet management software has meant that key data on parameters such as kilometers driven, fuel consumption, and the related CO_2 emissions for each vehicle can be recorded on a central basis. This system was introduced initially in Germany, where the largest share of the vehicle fleet is in operation, thereby creating the basis for ecological fleet management.

Sustainability – for climate and customer

Energy consumption is an increasingly important factor in the total cost of ownership of a machine or item of equipment. GEA believes that global climate change creates major potential for the use of its energy-efficient products.

Water is a key factor in the sustainability of GEA's products. A large part of consolidated revenue is generated by products that are related in some way to the careful management of this precious resource. These include bottling systems that require substantially less water for cleaning purposes, air-cooled condensers whose closed-circuit design prevents water loss, efficient generator coolers, and separators and decanters for drinking water production or for wastewater treatment plants.

The following examples show the savings potential for a variety of resources that is provided by machinery, components, systems, and plants from GEA Group.

GEA Food Solutions

Worldwide, GEA SmartPacker vertical baggers have already packed more than 130 million bags and sealed them using ultrasound. Now these machines are also available with continuous film transport for gauges of OPP film as thin as 30 microns. Demand for these extremely thin and more environmentally friendly films is on the increase because they not only cost less than thicker gauges but also lead to significantly less waste. The move to reduce the environmental impact of packaging is being led by various governments, supermarket chains, customers, and consumers.

The bagger's Zero Reject Sealing System guarantees an airtight seal even if contaminants like water or leaf are present in the seal area, thereby enabling automatic case packaging without the need for prior seal checking. Moreover, a narrower sealing zone is required – as a rule, a 70 percent reduction in width compared to conventional heat sealing. In combination with a reduction in the number of reject bags, this not only cuts waste by 2 to 8 percent but also lowers costs on account of reduced film usage. Altogether, this increases packaging output by as much as 10 percent. The narrower sealing zone also provides customers with more scope for an attractive packaging design. Given optimal production conditions, it is possible to recoup the necessary capital expenditure in less than 18 months.

GEA Farm Technologies

GEA Farm Technologies' IntelliBlend system is now providing farmers with a sustainable method for using teat dip products. Supplied to dairy farms in concentrated form, the dip is prepared – following an analysis of water quality – by the addition of electrolyzed water. With the IntelliBlend system, dairy farmers can individually adjust the concentration of dip product according to their precise needs.

This method brings a range of benefits both for the farmer and the environment. The use of concentrate as opposed to ready-to-use dip reduces the product volume by 86 percent. This cuts transportation requirements by a major factor, since a much greater amount of product can be supplied in a single delivery. At the same time, this saves on production and packaging materials, thereby reducing total costs by 15 percent. Individual adjustability of dip concentration enables a more targeted use of product with enhanced results. In turn, this improves milk quality, since the degree of teat disinfection can be precisely tailored to the current requirements. This form of fine tuning is not an option with ready-to-use products.

The combination of a diminished environmental impact – through savings in packaging material and transportation requirements and greater efficiency through a dip product dosage tailored to precise needs – marks another innovative contribution to sustainable dairy farming. GEA Farm Technologies is currently working on further initiatives as part of its sustainability strategy. These focus on the areas of energy, water, efficiency, and, in particular, animal health.

GEA Mechanical Equipment

The GEA Mechanical Equipment segment unveiled its new gMaster CF4000 decanter at the drinktec 2013 trade show. Suitable for a host of applications in the beverage industry, the gMaster CF4000 is a member of the ecoforce generation of decanters, which sets new standards in terms of performance, easy cleaning, product quality, gentle processing, and energy efficiency.

Equipped with a high-torque summationdrive, the decanter reliably delivers the ideal differential speed for the process in question, thereby ensuring optimal operation. Furthermore, the motors are only supplied with the power they actually require, with the result that the drive system operates in an extremely energy-efficient manner. Similarly, no additional electrical components are required for energy recovery or belt drives, which circulate power. With its compact dimensions, the decanter saves on installation space. At the same time, shaft loads are reduced and costs cut as a result of lower energy losses. Finally, the use of "energy jets" – specially shaped weir plates providing integrated flow deflection – along with enhanced rotor geometry (super-deep pond design) reduce the decanter's energy requirements even more. All in all, this means a reduction in specific energy consumption by ecoforce decanters of up to 30 percent.

GEA Process Engineering

Freeze concentration is a gentle process by which pure water is extracted from liquid foods in the form of ice crystals. It can be used to produce a liquid concentrate, which keeps longer than the original food and is also easier to transport due to the reduced volume. As a rule, this process is used for applications that require exceptionally gentle heat processing so as to avoid product damage through, for example, loss of aroma. The process runs as a completely closed system at subzero temperatures and therefore ensures that the quality, taste, and freshness of sensitive foods such as coffee or fruit juice are fully preserved.

Following a full revamp of the entire process, GEA Process Engineering has been able to substantially reduce the overall costs of freeze concentration by up to 50 percent. The operating costs have fallen by up to 40 percent. The lion's share of this saving has come from a reduction in energy consumption. At the same time, the space requirements for the process have been cut by 30 percent. As a result, the process is now a real option for customers who wish to provide a concentrated product of exceptional quality but who have faced difficulties in the past financing the additional expense. The revamped freeze concentration process, marketed as IceCon™, now has major growth potential for use in a whole range of niche sectors in a variety of industries.

GEA Refrigeration Technologies

A hydraulic combination of refrigeration system and heat pump offers big potential for energy savings in trade and industry. Using the waste heat from refrigeration systems – which, on account of its low temperature, generally remains unused in other setups – the systems from GEA Refrigeration Technologies can, in many instances, deliver useful heat for use as process heat, for heating buildings, or for producing hot water. This minimizes the consumption of resources and reduces CO_2 emissions. In the food industry, for example, heat pumps from GEA Refrigeration Technologies make a twofold contribution to sustainability. GEA Grasso compressors and chillers with natural refrigerants are the industry standard – even when it comes to managing large temperature differences at optimal energy efficiency. Using the waste heat, 1 kilowatt of additional electricity will generate over 35 kilowatts of hot water at +65 °C.

A comparison between a dairy with an old refrigeration system plus gas-fired boiler and a dairy with a new refrigeration system plus add-on heat pump has shown that, for the new configuration, power consumption for refrigeration is around 20 percent lower, gas consumption is reduced to one-fifth, and water consumption declines by over half. Additionally, configurations with heat pumps make it possible to dispense with the use of a gas-fired boiler altogether. Wherever there is a need for refrigeration and heat generated in an economic and sustainable manner, GEA Refrigeration Technologies is able to provide its customers with a true win-win situation.

Consolidated Financial Statements

Consolidated Balance Sheet
as of December 31, 2013

Assets (EUR thousand)	Section	12/31/2013	12/31/2012 *
Property, plant and equipment	5.1	490,420	738,479
Investment property	5.2	13,448	10,571
Goodwill	5.3	1,312,554	1,846,051
Other intangible assets	5.4	319,840	375,756
Equity-accounted investments	5.5	13,690	14,681
Other non-current financial assets	5.6	42,068	48,846
Deferred taxes	7.7	385,822	445,401
Non-current assets		**2,577,842**	**3,479,785**
Inventories	5.7	551,055	752,058
Trade receivables	5.8	929,156	1,249,863
Income tax receivables	5.9	8,332	19,350
Other current financial assets	5.6	108,939	166,234
Cash and cash equivalents	5.10	683,520	743,524
Assets held for sale	4.	1,605,786	18,447
Current assets		**3,886,788**	**2,949,476**
Total assets		**6,464,630**	**6,429,261**

*) Amounts adjusted due to change in accounting policy for employee benefits (see page 118 f.)

Equity and liabilities (EUR thousand)	Section	12/31/2013	12/31/2012 *
Subscribed capital		520,376	520,376
Capital reserve		1,218,073	1,217,864
Retained earnings		627,612	398,159
Accumulated other comprehensive income		–53,026	27,960
Non-controlling interests		2,667	2,552
Equity	6.1	**2,315,702**	**2,166,911**
Non-current provisions	6.2	123,777	165,824
Non-current employee benefit obligations	6.3	672,711	702,053
Non-current financial liabilities	6.4	957,785	1,005,445
Other non-current liabilities	6.7	2,834	5,214
Deferred taxes	7.7	98,779	124,039
Non-current liabilities		**1,855,886**	**2,002,575**
Current provisions	6.2	170,651	270,220
Current employee benefit obligations	6.3	152,644	180,370
Current financial liabilities	6.4	67,868	132,465
Trade payables	6.5	646,529	839,143
Income tax liabilities	6.6	32,038	39,912
Other current liabilities	6.7	603,446	797,665
Liabilities held for sale	4.	619,866	–
Current liabilities		**2,293,042**	**2,259,775**
Total equity and liabilities		**6,464,630**	**6,429,261**

*) Amounts adjusted due to change in accounting policy for employee benefits (see page 118 f.)

Consolidated Income Statement
for the period January 1 - December 31, 2013

(EUR thousand)	Section	01/01/2013 - 12/31/2013	01/01/2012 - 12/31/2012 *
Revenue	7.1	4,319,994	4,142,317
Cost of sales		2,957,551	2,869,167
Gross profit		**1,362,443**	**1,273,150**
Selling expenses		456,565	483,853
Research and development expenses		62,498	70,855
General and administrative expenses		455,721	433,755
Other income	7.2	194,915	188,139
Other expenses	7.3	169,169	162,999
Share of profit or loss of equity-accounted investments		1,942	1,455
Other financial income	7.5	5,202	3,977
Other financial expenses	7.6	958	953
Earnings before interest and tax (EBIT)		**419,591**	**314,306**
Interest income	7.5	8,935	8,015
Interest expense	7.6	76,390	95,188
Profit before tax from continued operations		**352,136**	**227,133**
Income taxes	7.7	70,097	12,876
of which current taxes		70,364	58,102
of which deferred taxes		–267	–45,226
Profit after tax from continued operations		**282,039**	**214,257**
Profit or loss after tax from discontinued operations	4.	**54,354**	**100,938**
Profit for the period		**336,393**	**315,195**
of which attributable to shareholders of GEA Group AG		336,042	313,018
of which attributable to non-controlling interests		351	2,177

(EUR)			
Basic and diluted earnings per share from continued operations		1.47	1.15
Basic and diluted earnings per share from discontinued operations		0.28	0.53
Basic and diluted earnings per share	7.8	**1.75**	**1.68**
Weighted average number of ordinary shares used to calculate basic and diluted earnings per share (million)		**192.5**	**185.8**

*) Amounts adjusted due to first time classification of an operation as discontinued operation (see page 147 f.) and due to change in accounting policy for employee benefits (see page 118 f.)

Consolidated Statement of Comprehensive Income
for the period January 1 - December 31, 2013

(EUR thousand)	Section	01/01/2013 - 12/31/2013	01/01/2012 - 12/31/2012 *
Profit for the period		**336,393**	**315,195**
Items that will not be reclassified to profit or loss in the future:			
Actuarial gains/losses on pension and other post-employment benefit obligations	6.3.1	–716	–103,380
of which changes in actuarial gains and losses		–875	–145,493
of which tax effect		159	42,113
Items that will be reclassified subsequently to profit or loss when specific conditions are met:			
Exchange differences on translating foreign operations		–83,503	–19,526
of which changes in unrealized gains and losses		–83,503	–19,526
Result of available-for-sale financial assets	6.8	–225	–272
of which changes in unrealized gains and losses		–325	–388
of which tax effect		100	116
Result of cash flow hedges		2,909	4,167
of which changes in unrealized gains and losses		7,436	2,348
of which realized gains and losses		–3,465	4,368
of which tax effect		–1,062	–2,549
Other comprehensive income		**–81,535**	**–119,011**
Total comprehensive income		**254,858**	**196,184**
of which attributable to GEA Group AG shareholders		254,340	193,945
of which attributable to non-controlling interests		518	2,239

*) Amounts adjusted due to first time classification of an operation as discontinued operations (see page 147) and due to change in accounting policy for employee benefits (see page 118)

Consolidated Cash Flow Statement
for the period January 1 - December 31, 2013

(EUR thousand)	Section	01/01/2013 - 12/31/2013	01/01/2012 - 12/31/2012 [1]
Profit for the period		336,393	315,195
plus income taxes		70,097	12,876
minus profit or loss after tax from discontinued operations		–54,354	–100,938
Profit before tax from continued operations		352,136	227,133
Net interest income	7.5/7.6	67,455	87,173
Earnings before interest and tax (EBIT)		**419,591**	**314,306**
Depreciation, amortization, impairment losses, and reversal of impairment losses on non-current assets		95,518	105,861
Other non-cash income and expenses		7,643	4,209
Employee benefit obligations		–38,759	–39,238
Change in provisions		26,553	–30,941
Losses and disposal of non-current assets		–882	–1,600
Change in inventories including unbilled construction contracts [2]		–2,600	38,780
Change in trade receivables		–91,631	25,665
Change in trade payables		72,074	–11,726
Change in other operating assets and liabilities		8,486	–621
Tax payments		–71,343	–71,080
Cash flow from operating activities of continued operations		**424,650**	**333,615**
Cash flow from operating activities of discontinued operations		101,167	131,437
Cash flow from operating activities		**525,817**	**465,052**
Proceeds from disposal of non-current assets		4,464	8,838
Payments to acquire property, plant and equipment, and intangible assets		–120,508	–124,996
Payments to acquire non-current financial assets		–5,006	–800
Interest income		5,176	4,897
Dividend income		4,420	2,298
Payments to acquire subsidiaries and other businesses		–5,465	–66,739
Cash flow from investing activities of continued operations		**–116,919**	**–176,502**
Cash flow from investing activities of discontinued operations		–75,672	–71,999
Cash flow from investing activities		**–192,591**	**–248,501**
Dividend payments		–105,873	–101,094
Payments from finance leases		–4,408	–4,980
Proceeds from finance loans		20,378	505,056
Repayments of borrower's note loans		–55,000	–
Repayments of finance loans		–56,882	–255,317
Interest payments		–44,495	–41,314
Cash flow from financing activities of continued operations		**–246,280**	**102,351**
Cash flow from financing activities of discontinued operations		–5,072	–4,655
Cash flow from financing activities		**–251,352**	**97,696**
Effect of exchange rate changes on cash and cash equivalents		–23,542	–4,940
Change in unrestricted cash and cash equivalents		**58,332**	**309,307**
Unrestricted cash and cash equivalents at beginning of period		735,981	426,674
Unrestricted cash and cash equivalents at end of period	5.10	**794,313**	**735,981**
Restricted cash and cash equivalents	5.10	**1,464**	**7,543**
Cash and cash equivalents total		**795,777**	**743,524**
minus cash and cash equivalents classified as held for sale		–112,257	–
Cash and cash equivalents reported in the balance sheet	5.10	**683,520**	**743,524**

1) Amounts adjusted due to first time classification of an operation as discontinued operation (see page 147 f.) and due to change in accounting policy for employee benefits (see page 118 f.)
2) Including advanced payments received

Consolidated Statement of Changes in Equity
as of December 31, 2013

				Accumulated other comprehensive income					
(EUR thousand)	Subscribed capital	Capital reserves	Retained earnings	Translation of foreign operations	Result of available-for-sale financial assets	Result of cash flow hedges	**Equity attributable to shareholders of GEA Group AG**	Non-controlling interests	**Total**
Balance at Jan. 1, 2012 (183,807,845 shares)	**496,890**	**1,333,359**	**288,660**	**49,585**	**759**	**–6,687**	**2,162,566**	**1,026**	**2,163,592**
Adjustments and corrections [1]	–	–	573	–4	–	–	**569**	–	**569**
Adjusted balance at Jan. 1, 2012	**496,890**	**1,333,359**	**289,233**	**49,581**	**759**	**–6,687**	**2,163,135**	**1,026**	**2,164,161**
Income	–	–	313,018	–	–	–	**313,018**	2,177	**315,195**
Other comprehensive income	–	–	–103,380	–19,588	–272	4,167	**–119,073**	62	**–119,011**
Total comprehensive income	–	–	209,638	–19,588	–272	4,167	**193,945**	2,239	**196,184**
Dividend payment by GEA Group Aktiengesellschaft	–	–	–101,094	–	–	–	**–101,094**	–	**–101,094**
Change in non-controlling interests	–	–	–	–	–	–	**–**	–713	**–713**
Share-based payments	–	64	–	–	–	–	**64**	–	**64**
Award proceedings [2]	23,486	–115,559	382	–	–	–	**–91,691**	–	**–91,691**
Balance at Dec. 31, 2012 (192,495,476 shares)	**520,376**	**1,217,864**	**398,159**	**29,993**	**487**	**–2,520**	**2,164,359**	**2,552**	**2,166,911**
Income	–	–	336,042	–	–	–	**336,042**	351	**336,393**
Other comprehensive income	–	–	–716	–83,670	–225	2,909	**–81,702**	167	**–81,535**
Total comprehensive income	–	–	335,326	–83,670	–225	2,909	**254,340**	518	**254,858**
Dividend payment by GEA Group Aktiengesellschaft	–	–	–105,873	–	–	–	**–105,873**	–	**–105,873**
Change in non-controlling interests	–	230	–	–	–	–	**230**	–403	**–173**
Share-based payments	–	–21	–	–	–	–	**–21**	–	**–21**
Award proceedings [2]	–	–	–	–	–	–	**–**	–	**–**
Balance at Dec. 31, 2013 (192,495,476 shares)	**520,376**	**1,218,073**	**627,612**	**–53,677**	**262**	**389**	**2,313,035**	**2,667**	**2,315,702**

1) Amounts adjusted due to change in accounting policy for employee benefits (see page 118 f.)
2) See section 6.1

Notes to the Consolidated Financial Statements

1. Reporting principles

1.1 Basis of presentation

The accompanying consolidated financial statements include GEA Group Aktiengesellschaft, Düsseldorf/Germany, and its subsidiaries, which together make up the GEA Group. GEA Group Aktiengesellschaft is a listed corporation. The consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRSs) and related Interpretations issued by the International Accounting Standards Board (IASB), as adopted by the EU in compliance with Regulation (EC) No. 1606/2002 of the European Parliament and the Council on the application of international accounting standards. The additional provisions of section 315a of the HGB were also complied with.

The accompanying consolidated financial statements have been prepared in euros (EUR). All amounts, including the prior-year figures, are presented in thousands of euros (EUR thousand), except for the segment information. All amounts have been rounded using standard rounding rules. Adding together individual amounts may therefore result in differences in the order of EUR 1 thousand in certain cases.

To improve the clarity of presentation, various items in the consolidated balance sheet and income statement have been aggregated and are explained accordingly in the notes. Assets and liabilities are classified into current and non-current items. The income statement is prepared using the cost of sales method.

The cash flow statement is prepared using the indirect method for cash flow from operating activities and the direct method for cash flow from investing and financing activities.

The Executive Board of GEA Group Aktiengesellschaft approved these consolidated financial statements for publication on February 26, 2014.

1.2 Accounting pronouncements applied for the first time

The accounting standards presented below were applied by GEA Group for the first time in the year under review: The accounting pronouncements to be applied for the first time in fiscal year 2013 did not – with the exception of the effects from the initial application of the revised IAS 19 presented below – have a material effect on the group's net assets, financial position and results of operation. The initial application of the revised IAS 1 only affected the presentation in the statement of comprehensive income. Additional disclosures were included in the notes to the consolidated financial statements as a result of the initial application of IFRS 13.

IAS 19 "Employee Benefits" – issued by the IASB in June 2011

The revised IAS 19 contains new requirements for the recognition of the effect of changes in actuarial assumptions. Under this standard, actuarial gains and losses must be recognized directly in other comprehensive income and must therefore be taken directly to equity. Immediate or deferred recognition in the income statement under the corridor approach, which was previously permitted, is no longer allowed. Following the change in accounting policy in fiscal year 2011, this amendment did not have an effect on GEA Group. In addition, the revised IAS 19 replaces the expected return on plan assets and the interest expense from discounting of the pension obligation by a single net interest component. Moreover, any past service cost is now recognized in full in the period in which the relevant changes to the plan are made. Finally, the revision to IAS 19 changes the requirements for recognizing termination benefits and extends the disclosure and explanation requirements to include, among other things, the presentation of the main characteristics of the pension plans and potential funding risks.

The changes are being applied retrospectively pursuant to the transition requirements of IAS 19, in accordance with IAS 8.

The effects of the change in accounting policy for employee benefit obligations on the balance sheets as of the respective 2012 reporting dates and on the 2012 earnings figures for the complete group can be seen in the following tables. The effect on diluted and basic earnings per share from discontinued operations amounted to EUR 0.00 for fiscal year 2012. Diluted and basic earnings per share from continuing operations declined by EUR -0.01 for fiscal year 2012.

(EUR thousand)	01/01/2012	12/31/2012
Deferred tax assets	–308	–242
Non-current employee benefit obligations	–877	–855
Retained earnings and net retained profits	573	605
Accumulated other comprehensive income	–4	11

(EUR thousand)	2012
Cost of sales	314
General and administrative expenses	508
EBIT	**–822**
Interest income	–6,103
Interest expenses	–4,755
EBT	**–2,170**
Income taxes	–788
Profit for the period	**–1,382**
Other comprehensive income	**1,427**

The tables below show what changes would have arisen for the complete group if the superseded version of IAS 19 had still been applied in fiscal year 2013. The effect on diluted and basic earnings per share from discontinued operations would have amounted to EUR 0.00 for fiscal year 2013. Diluted and basic earnings per share from continuing operations would have declined by EUR 0.01 for fiscal year 2013.

(EUR thousand)	12/31/2013
Deferred tax assets	–383
Non-current employee benefit obligations	–1,283
Retained earnings and net retained profits	–375

(EUR thousand)	2013
Cost of sales	530
General and administrative expenses	–603
EBIT	**73**
Interest income	7,060
Interest expenses	4,125
EBT	**3,008**
Income taxes	383
Profit for the period	**2,625**
Other comprehensive income	**–3,000**

IFRS 13 “Fair Value Measurement” – issued by the IASB in May 2011

The new standard sets out the methodology for determining fair value and increases fair value disclosures. With IFRS 13 a framework for measuring fair value is now contained in a single IFRS. The requirements do not apply to share-based payment transactions within the scope of IFRS 2 “Share-based Payment”, leasing transactions within the scope of IAS 17 “Leases”, or other measurements required by other standards that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 “Inventories”, or value in use in IAS 36 “Impairment of Assets.”

The standard was applied prospectively for the first time in fiscal year 2013 in accordance with the transitional provisions. Accordingly, comparative information for the previous year has not been disclosed.

IAS 1 “Presentation of Financial Statements” – issued by the IASB in June 2011

Under the revised IAS 1, other comprehensive income is classified into profit or loss that may be reclassified subsequently to profit or loss as income or expense or that will not be reclassified to profit or loss.

Amendments to IAS 32 “Financial Instruments: Presentation” and IFRS 7 “Financial Instruments: Disclosures” – offsetting financial assets and financial liabilities – issued by the IASB in December 2011

The additions to IAS 32 specify in more detail the conditions under which financial assets and financial liabilities must be offset. In addition, they clarify which gross settlement systems may be considered equivalent to net settlement within the meaning of the standard. The relevant disclosure requirements in IFRS 7 were also modified in line with these clarifications.

Amendments to IAS 36 “Impairment of Assets” – Recoverable Amount Disclosures for Nonfinancial Assets – issued by the IASB in May 2013

As part of the introduction of IFRS 13 “Fair Value Measurement”, a new mandatory disclosure requirement relating to the goodwill impairment test was introduced in IAS 36. Under this standard, the recoverable amount of a cash-generating unit had to be disclosed regardless of whether an impairment had actually been recognized. Since this disclosure had been introduced inadvertently, it was removed again with the May 2013 amendment.

On the other hand, the amendment to IAS 36 introduces additional disclosure requirements for cases where an impairment has been recognized or reversed and for which the recoverable amount is determined on the basis of fair value.

Improvements to IFRSs 2011 – amendments under the IASB’s annual improvements project – issued by the IASB in May 2012

This collection of improvements was issued by the IASB in 2012 as part of its annual improvements process to make minor amendments to standards and interpretations (Annual Improvements Cycle). It comprises minor amendments to a total of five standards.

IFRIC 20 “Stripping Costs in the Production Phase of a Surface Mine” – issued by the IASB in October 2011

The interpretation governs the accounting for waste removal costs incurred during the production phase of surface mining activity. It clarifies the conditions under which an asset has to be recognized for stripping activities and how such an asset must be measured.

1.3 Accounting pronouncements not yet applied

The accounting standards and interpretations, as well as amendments to existing standards and interpretations presented below, were issued but not yet required to be applied to the preparation of the IFRS consolidated financial statements as of December 31, 2013.

Unless otherwise stated, the new standards and interpretations have been endorsed by the EU.

GEA Group is currently examining the effects of the revised accounting standards on the consolidated financial statements and will determine the date of initial application. At this point in time, GEA Group does not believe that application of the new or revised pronouncements will have a material effect on its consolidated financial statements.

IFRS 9 "Financial Instruments" – recognition and measurement of financial instruments – issued by the IASB in November 2009 as well as May 2010

IFRS 9 is intended to replace the accounting treatment of financial instruments set out in IAS 39.

In the future, there will only be two classification and measurement categories for financial assets: at amortized cost or at fair value. Financial assets at amortized cost comprise those financial assets that give rise solely to payments of principal and interest at specified dates and are also held within a business model for managing financial assets whose objective is to hold those financial assets and collect the associated contractual cash flows. All other financial assets are classified as at fair value. Under certain circumstances, a fair value option is available for financial assets falling under the first category, as at present.

Changes in financial assets belonging to the fair value category must generally be recognized in profit or loss. However, there is an optional right to measure certain equity instruments at fair value through other comprehensive income; in this case, dividend income from these assets is recognized in profit or loss. The provisions governing financial liabilities have basically been taken over from IAS 39. The most important difference relates to the treatment of changes in value of financial liabilities measured at fair value. In future, the amount of the change relating to changes in own credit risk must be recognized in other comprehensive income, while the remaining amount of the change in fair value is recognized in profit or loss.

IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments: Disclosures" – changes to the mandatory effective date and transition disclosures – issued by the IASB in December 2011

The amendments no longer require restatement of prior-period figures upon initial application of IFRS 9. When an entity chooses to apply this exemption, additional disclosures are required under IFRS 7 to allow for assessment of the effects of the first-time application of IFRS 9.

Subject to its endorsement by the EU, which is still outstanding, the effective date of IFRS 9 was delayed to fiscal years beginning on or after January 1, 2015; earlier application is permitted. The mandatory effective date for IFRS 9 has in the meantime been delayed again by further pronouncements outlined below.

IFRS 9 “Financial Instruments” (Hedge accounting and amendments to IFRS9, IFRS 7, and IAS 39) – issued by the IASB in November 2013

The amendments focus on the introduction of a new general hedge accounting model in IFRS 9. This is intended to align hedge accounting more closely with the risk management system. The new model opens up further options to apply hedge accounting: In particular, groups of hedged items that meet the qualifying criteria individually, as well as net positions and nil net positions, may now be designated in a hedging relationship. Generally, every financial instrument carried at fair value is suitable to be a hedged item.

New requirements are being introduced in relation to the effectiveness of hedging relationships; stipulation of the ranges for the measurement of effectiveness is being dispensed with, so that a retrospective effectiveness test no longer has to be performed. The prospective effectiveness test as well as recognition of any ineffectiveness continue to be required.

A hedging relationship may only be terminated when the defined conditions for this are met; this means that it is mandatory to continue hedging relationships if risk management objectives remain unchanged.

Enhanced disclosures are required in relation to the risk management strategy, the effects of risk management on future cash flows, as well as the effects of hedge accounting on the financial statements.

In addition, accounting for own credit risk for financial liabilities under the fair value option in other comprehensive income is only possible in isolated cases, i.e., without applying the other requirements in IFRS 9.

Provided the conditions and qualitative characteristics continue to be met, hedging relationships do not have to be terminated as a result of the transition from IAS 39 to IFRS 9. The existing requirements under IAS 39 may also, as an option, continue to be applied under IFRS 9.

Subject to its endorsement by the EU, which is still outstanding, the initial application of the new hedge accounting requirements follows the requirements concerning the initial application of IFRS 9.

When the new hedge accounting requirements were published, the mandatory effective date for IFRS 9 was also removed; IFRS 9 had previously been effective for fiscal years beginning on or after January 1, 2015. In addition, the IASB, at its November 2013 meeting, decided that mandatory application of IFRS 9 will at the earliest apply to fiscal years beginning on or after January 1, 2017.

IFRS 10 “Consolidated Financial Statements“, IFRS 11 “Joint Arrangements“, IFRS 12 “Disclosure of Interests in Other Entities“, consequential amendments to IAS 27 “Separate Financial Statements“, and IAS 28 “Investments in Associates” – revised standards on accounting for interests in other entities and the corresponding disclosures in the notes to the financial statements – issued by the IASB in May 2011

IFRS 10 “Consolidated Financial Statements”

The new standard replaces the consolidation requirements of IAS 27 “Consolidated and Separate Financial Statements” and SIC-12 “Consolidation – Special Purpose Entities.” The new IFRS 10 affects the definition of the basis of consolidation. As currently required by IAS 27, consolidated financial statements must include those entities that are controlled by the parent. The definition of control in IFRS 10 differs from that used in IAS 27, where control is defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Under IFRS 10, control exists when an investing entity is exposed, or has rights, to variable returns from involvement with the investee on the one hand, and has the ability to affect those returns through its power over the investee on the other. The new concept of control applies to all entities, including special purpose entities. It can lead to differing assessments, especially in cases of potential voting rights, agency relationships, and in situations where substantial, but not majority voting rights are held. No material impact is expected from the new requirements, because, as a rule, GEA Group Aktiengesellschaft has control, directly or indirectly, of all voting rights in its consolidated entities.

IFRS 11 "Joint Arrangements"

The new standard supersedes IAS 31 "Interests in Joint Ventures" and SIC-13 "Jointly Controlled Entities – Nonmonetary Contributions by Venturers." In contrast to IAS 31, accounting for joint arrangements under IFRS 11 depends not on the legal form of the arrangement but on the nature of the rights and duties arising under the arrangement. IFRS 11 makes a distinction between joint operations and joint ventures. Joint operations are joint arrangements in which the parties with joint control have rights to the assets and obligations for the liabilities relating to that arrangement. In line with this, these parties account for their shares of the respective assets, liabilities, income, and expenditure as they did previously. A joint venture exists when the parties with joint control have rights to the net assets of the arrangement. Joint ventures now have to be accounted for using the equity method. The previous option to account for joint ventures using proportionate consolidation has been removed. GEA Group does not expect the implementation of these new requirements to materially affect its financial reporting.

IFRS 12 "Disclosure of Interests in Other Entities"

The new standard revises the disclosure requirements for all types of interests in other entities, including joint arrangements, associates, structured entities, and off-balance sheet vehicles. The objective is to help users of financial statements to understand the nature of, and risks associated with, the entity's interest in other entities, and the effects of these interests on its financial positions, financial performance, and cash flows.

IAS 27 "Separate Financial Statements"

Following publication of the new IFRS 10, the revised IAS 27 now only contains the requirements governing accounting for subsidiaries, joint ventures, and associated companies in separate financial statements prepared according to IFRSs.

IAS 28 "Investments in Associates"

The changes contained in IAS 28 arise from the publication of IFRS 10, IFRS 11, and IFRS 12. In addition, under the revised version of the standard, an investment in or portion of an associate or joint venture must be classified as held for sale if the criteria of IFRS 5 are met. Any remaining portion of the associate or joint venture must be accounted for using the equity method until the portion classified as held for sale has been disposed of.

The new IFRS 10, 11, and 12, and the revised IAS 27 and IAS 28 are required to be applied for the first time retroactively in the first period of a fiscal year beginning on or after January 1, 2013. The new IFRS 10, 11, 12, and revised IAS 27 and IAS 28 must all be applied at the same time.

In the EU, the new IFRS 10, 11, and 12, and the revised IAS 27 and IAS 28 are required to be applied for the first time for fiscal years beginning on or after January 1, 2014 – contrary to the date of initial application of the original standards; earlier application is permitted.

In June 2012, the IASB published clarifications and revised transitional arrangements for the first-time application of the IFRS 10, 11, and 12. The amendments are required to be applied for fiscal years beginning on or after January 1, 2013.

In October 2012, the IASB added a definition of investment entities to IFRS 10 and introduced an exception to the mandatory consolidation of these entities. The associated consequential amendments to IFRS 12 and IAS 27 (2011) introduce additional disclosures on investment entities. Contrary to the date of initial application of the original standards, these amendments are required to be applied for the first time for fiscal years beginning on or after January 1, 2014; earlier application is permitted.

IFRS 14 "Regulatory Deferral Accounts" – issued by the IASB in January 2014

There is currently no standard in IFRS that addresses the accounting for rate-regulated activities. If rate regulation leads to a situation where expenditure in the current fiscal year has an effect on the rates of an entity may charge in future fiscal years, this may result in economic benefits or disadvantages for the entity. In some countries, national GAAP permits or requires that such economic benefits are capitalized or deferred.

The new standard aims to improve the comparability between financial statements of entities that engage in rate-regulated activities. IFRS 14 permits a first-time adopter of IFRSs to continue to present rate-regulated activities in accordance with its previous GAAP accounting policies applied on transition to IFRSs. However, effects from the capitalization or deferral of economic advantages must then be reported separately. As the IASB is currently carrying out a project on accounting for rate-regulated activities, IFRS 14 represents an interim solution. Subject to endorsement by the EU, IFRS 14 must be applied by first-time adopters of IFRSs from January 1, 2016; earlier application is permitted.

Amendments to IAS 19 "Employee benefits" – "Defined Benefit Plans: Employee Contributions" – issued by the IASB in November 2013

The amendments concern requirements relating to contributions from employees or third parties that are linked to service and clarify the corresponding requirements for attributing such contributions to periods of service. In addition, the accounting for contributions that are independent of the number of years of service has been simplified. Subject to their endorsement by the EU, which is still outstanding, the amendments will be required to be applied retrospectively for the first time in fiscal years beginning on or after July 1, 2014; earlier application is permitted.

Amendments to IAS 39 "Financial Instruments: Recognition and Measurement" – Novation of Derivatives and Continuation of Hedge Accounting – issued by the IASB in June 2013

As a result of the amendments to IAS 39, derivatives will still continue to be designated as hedging instruments in a hedging relationship when the hedging instrument is novated to a central counterparty. For this to apply, the central counterparty must become involved as a result of legal or regulatory requirements. The amendments to IAS 39 are required to be applied retrospectively for the first time for fiscal years beginning on or after January 1, 2014; earlier application is permitted.

Improvements to IFRSs 2012 and Improvements to IFRSs 2013 – amendments under the IASB's annual improvement project – issued by the IASB in December 2013

The collections of improvements arise from the IASB's annual improvements process to make minor amendments to standards and interpretations (Annual Improvements Cycle). They comprise minor amendments to a total of seven (Improvements to IFRSs 2012) and four (Improvements to IFRSs 2013) standards. Subject to their endorsement by the EU, which is still outstanding, the requirements of both collections of improvements will be required to be applied in fiscal years beginning on or after July 1, 2014, whereby initial application will be mainly prospective.

IFRIC 21 "Levies" – issued by the IASB in May 2013

This new interpretation provides more specific guidance on the general accounting principles for liabilities to pay levies set out in IAS 37. IFRIC 21 defines a levy as an outflow of resources embodying economic benefits that is imposed by governments. Payment of the levy is due to the unilateral obligation resulting from the sovereign rights of the government. Payments attributable to contractual arrangements between a government and an entity, fines and penalties, as well as payment obligations that are governed by other standards such as IAS 12 "Income Taxes" do not fall within the scope of IFRIC 21.

Subject to endorsement by the EU, IFRIC 21 must be applied retrospectively for fiscal years beginning on or after January 1, 2014; earlier application is permitted.

2. Accounting policies

2.1 Description of accounting policies

Basis of consolidation

GEA Group's consolidated financial statements include all significant companies in which GEA Group Aktiengesellschaft directly or indirectly holds the majority of voting rights or is otherwise able to directly or indirectly control the financial and operating policy decisions. Subsidiaries are consolidated from the date on which the group obtains the ability to control them. They are deconsolidated from the date on which control is lost.

Acquired subsidiaries are accounted for using the purchase method. The consideration paid is measured on the basis of the fair value of the assets received, the liabilities assumed to the seller, and the equity instruments issued at the transaction date. The identifiable assets acquired and liabilities and contingent liabilities assumed in the business combination are recognized at their fair value at the transaction date, irrespective of any noncontrolling interests. Any contingent consideration agreed is recognized at fair value at the acquisition date. Subsequent changes in fair value are recognized in profit or loss.

The excess of cost over the share of the fair value of the subsidiary's net assets acquired is recognized as goodwill. If, after a further examination, cost is lower than the share of the fair value of the subsidiary's acquired net assets measured at fair value, the difference is recognized as a gain in profit or loss.

Intragroup receivables, liabilities, income, and expenses are eliminated, as are profits and losses from intragroup transactions.

If consolidated subsidiaries have a different reporting date to the parent, they are included on the basis of interim financial statements as of December 31, 2013.

The consolidated group changed as follows in fiscal year 2013:

Number of companies	2013	2012
Consolidated group as of January 1	**293**	**305**
German companies (including GEA Group Aktiengesellschaft)	49	56
Foreign companies	244	249
Initial consolidation	8	10
Merger	-12	-13
Liquidation	-1	-5
Sale	-1	0
Deconsolidation	0	-4
Consolidated group as of December 31	**287**	**293**
German companies (including GEA Group Aktiengesellschaft)	49	49
Foreign companies	238	244

A total of 70 subsidiaries (previous year: 74) were not consolidated since their effect on the group's net assets, financial position, and results of operations is not material even when viewed in the aggregate. Their consolidated revenue amounts to 0.2 percent (previous year: 0.4 percent) of the group's aggregate consolidated revenue, while their earnings, as in the previous year, account for 1.6 percent of recognized earnings before tax of the complete group, and their equity accounts for 1.4 percent (previous year: 1.8 percent) of consolidated equity. The subsidiaries are measured at cost and recognized as non-current other financial assets, as their fair value cannot be determined with sufficient certainty.

A complete list of all subsidiaries, associates, and joint ventures can be found in section 11.4.

Investments in associates

Investments in material companies over which significant influence can be exercised are accounted for using the equity method at the group's share of adjusted equity. They are initially recognized at cost. Entities over which a group company can exercise significant influence, i.e., it can participate in the investee's financial and operating policy decisions, are accounted for as associates. This generally relates to companies in which GEA Group directly or indirectly holds 20 to 50 percent of the voting rights.

The group's share of the profit or loss of associates is recognized and presented separately in the income statement. The group's share of income and expenses recognized outside profit or loss is reported directly in other comprehensive income. If the group's share of an associate's loss exceeds the carrying amount of the net investment in the associate, no further losses are recognized. Any goodwill arising on acquisition is included in the carrying amount of the investment.

Where necessary, the accounting policies of associates are adjusted to comply with uniform group accounting principles.

As of the reporting date, two investments in associates were accounted for in the consolidated financial statements using the equity method (previous year: two).

Interests in joint ventures

The group exercised the option to account for interests in joint ventures using the equity method.

As of the reporting date, 13 investments in joint ventures were accounted for in the consolidated financial statements (previous year: 12).

Currency translation

The group companies prepare their annual financial statements on the basis of their respective functional currencies.

Foreign currency transactions entered into by companies included in the consolidated financial statements are translated into the functional currency at the exchange rate prevailing at the transaction date. Monetary assets and liabilities are translated at the applicable exchange rate at each reporting date. The exchange rate gains and losses resulting from these items are generally reported in the income statement under other income or expenses.

All financial statements of companies whose functional currencies differ from the reporting currency are translated into the reporting currency used in GEA Group's consolidated financial statements. The assets and liabilities of the companies included in the consolidated financial statements are translated at the middle rates prevailing at the reporting date. The income statements of these companies are translated at the average rates for the period under review. If these average rates are not a reasonable approximation of the actual transaction rates, the income statements are translated at the relevant transaction rates. Any translation differences are reported in equity under other comprehensive income and adjusted.

Goodwill from the acquisition of foreign subsidiaries is translated at the closing rate as an asset attributable to these companies..

Property, plant and equipment

Items of property, plant and equipment are recognized at cost less cumulative depreciation and impairment losses, plus reversals of impairment losses.

Expenses for major regular maintenance are amortized over the remaining useful life of the asset concerned or over the period to the next maintenance date.

The carrying amount of items of property, plant and equipment is reviewed if it is likely to have been impaired by events or changes in circumstances. An impairment test is performed by comparing the asset's carrying amount with its recoverable amount. The recoverable amount is defined as the higher of internal value in use and fair value less costs to sell (net realizable value). Fair value is primarily determined on the basis of the current local market price for used machinery or commercial real estate. If the carrying amount exceeds the recoverable amount, an impairment loss is recognized. To assess impairment, assets are grouped at the lowest level for which separate cash flows can be identified. If the reason for the impairment subsequently ceases to apply, the impairment loss is reversed up to a maximum of the amortized historical cost.

Leases

Leases are agreements that grant the right to use an asset for a defined period in return for a payment. Leases are accounted for as finance leases if substantially all the risks and rewards incidental to using the leased asset, and therefore beneficial ownership, are attributable to the lessee. As a result, the GEA Group companies that, as lessees, bear substantially all the risks and rewards associated with the leased asset, recognize the asset at the lower of fair value or the present value of minimum lease payments, and depreciate the asset in subsequent periods over the shorter of the lease term or the asset's estimated useful life. A corresponding liability is recognized, which is amortized in the following periods using the effective interest method. Payments to the lessor are divided into an interest and a principal repayment element, with the interest element being recognized in profit or loss over the lease term as a continuous interest payment on the residual lease liability. All other leases under which GEA Group is a lessee are treated as operating leases. In these cases, the lease payments are recognized as an expense using the straight-line method.

Lease transactions under which GEA Group companies are the lessor and substantially all the risks and rewards associated with the leased asset are transferred to the lessee are accounted for as sales and financing business. A receivable is reported in the amount of the net investment under the lease. The interest income subsequently generated is recognized in profit or loss. All other lease transactions under which the group is the lessor are treated as operating leases. In this case, the asset leased for use remains on the balance sheet and is depreciated. The lease payments are recognized as income using the straight-line method over the term of the lease.

Various companies included in the consolidated financial statements have sold and leased back items of property, plant and equipment in the past. Depending on the allocation of risk, these sale and leaseback transactions resulted in a finance lease or an operating lease. In the case of operating leases, the entire gain was recognized immediately if the asset was sold at fair value. If the asset was sold above its fair value, the difference between the selling price and fair value was deferred and recognized over the lease term.

Investment property

Property that is held to earn rentals or for capital appreciation is reported as investment property. In the case of property that is held partly to earn rentals and partly to produce or supply goods or services or for administrative purposes, the entire property is classified as investment property if the proportion of owner-occupation is insignificant. This is assumed to be the case if the proportion is below 10 percent.

Cost is depreciated using the straight-line method over a period of between 10 and 50 years. The same measurement method is applied as for property, plant and equipment.

Goodwill

Goodwill arising from business combinations is recognized as an intangible asset.

Goodwill is tested for impairment at segment level at least once a year at the end of the fiscal year and if there are any indications of impairment. The recoverable amount of a segment is compared with the carrying amount including goodwill. The recoverable amount corresponds to the higher of internal value in use and fair value less costs to sell. Fair value less costs to sell is the measure for the impairment of business units classified as “held for sale.” If the carrying amount of the segment’s assets exceeds the recoverable amount, an impairment loss in the amount of the difference is recognized in profit or loss.

An impairment loss initially reduces the carrying amount of goodwill. Any amount exceeding goodwill is allocated proportionately to the carrying amounts of non-current nonfinancial assets.

The value in use of the business units classified as continuing operations is calculated annually at the end of the fiscal year using the discounted cash flow method. It is only necessary to estimate a selling price for the business units classified as continuing operations if the value in use is less than the carrying amount.

Other intangible assets

Other intangible assets include both internally generated and purchased assets. Internally generated intangible assets comprise capitalized development costs. In addition to contract-based rights, purchased intangible assets mainly contain technologies, brand names, and customer relationships. Technologies, brand names, and customer relationships are usually acquired in connection with takeovers. Internally generated and purchased intangible assets are recognized at cost.

If the useful life of an intangible asset can be determined, the asset is amortized on a straight-line basis over its useful life. Intangible assets whose useful life cannot be determined are recognized at cost.

The carrying amount of an intangible asset is reviewed if it is likely to have been impaired by events or changes in circumstances. Intangible assets with an indefinite useful life are tested for impairment at least once a year. This requires the recoverable amount of the assets to be determined. The recoverable amount corresponds to the higher of internal value in use and fair value less costs to sell. If the carrying amount is higher than the recoverable amount, the asset is written down to the recoverable amount. Previously recognized impairment losses are reversed if the reasons for the impairment no longer apply. Impairment losses are reversed up to a maximum of the amortized historical cost.

Indefinite-lived intangible assets are also examined each year to determine whether the classification of the asset as indefinite-lived can be retained. Any change to a finite useful life is applied prospectively.

Other financial assets

Other financial assets include investments in unconsolidated subsidiaries and other equity investments, other securities, financial receivables (except trade receivables), and derivative financial instruments.

Shares in unconsolidated subsidiaries and other equity investments are allocated to the "available-for-sale financial assets" measurement category. They are measured at cost because the shares in these corporations are not traded in an active market and their fair value cannot be reliably measured. This is due to the significant margin of fluctuation for fair value measurement; the probabilities of the various estimates cannot be reliably determined within the margin of fluctuation. A reliable fair value can only be determined during sale negotiations. The group does not intend to sell these financial assets.

Securitized debt instruments that are intended to be held to maturity are allocated to the "held-to-maturity investments" measurement category and measured accordingly at amortized cost using the effective interest method. All other securities are measured at fair value and any fluctuations in value are recognized directly in other comprehensive income.

Financial receivables are allocated to the "loans and receivables" measurement category and measured at amortized cost using the effective interest method.

Derivative financial instruments are used exclusively for hedging purposes, in particular to hedge currency risk and to mitigate the risk of interest rate fluctuations resulting from financing transactions. They are always carried at fair value. If derivative financial instruments are not included in a documented hedging relationship, they are allocated to the "financial assets at fair value through profit or loss" measurement category, and their fair value changes are recognized in the income statement. If the derivative financial instruments included in a recognized hedging relationship are used to hedge future cash flows, the fair value fluctuations are recognized in other comprehensive income.

Embedded financial derivatives are separated from their host contracts if certain qualifying criteria relating to their recognition and measurement are met.

Financial assets are recognized as soon as GEA Group has received a cash payment or it has the right to receive cash flows. In the case of regular way purchases of nonderivative financial assets, the settlement date, i.e., the delivery date of the financial assets, is decisive. Assets are derecognized as soon as the right to receive cash payments or other financial assets expires as a result of payment, waiver, statutory limitation, offsetting, or any other factor, or the right is transferred to another person, with the risks passing in full to the purchaser. In the case of regular way sales of nonderivative financial assets, the settlement date is taken to be the date of derecognition, in line with the principle used for recognition.

Items are originally recognized at fair value or, in the case of financial assets not measured at fair value, including directly attributable transaction costs.

Financial assets or groups of financial assets are tested for indications of impairment at each reporting date. Impairment losses are recognized in the income statement. Financial assets are impaired if, following one or more events that occurred after initial recognition of the asset, there is objective evidence that the expected future cash flows have declined. Objective evidence of impairment may be, for example, significant financial difficulties of the debtor or payment default. In the case of financial assets measured at amortized cost (e.g., unquoted equity instruments), the impairment loss corresponds to the difference between the carrying amount of the financial instrument and the present value of the future cash flows discounted at the original effective interest rate.

If the reasons for impairment no longer apply, impairment losses on financial assets – with the exception of equity instruments – are reversed to income up to the amount of the amortized cost that would have applied if no impairment loss had been charged.

Recognized hedging relationships (hedge accounting)

At the time they are entered into, derivative financial instruments that are included in a recognized hedging relationship are designated either as a hedge against changes in the fair value of assets, liabilities, or binding agreements (fair value hedge) or as a hedge of future cash flows in connection with assets and liabilities (cash flow hedge).

In an effective hedge of the risk of a change in fair value, the change in the fair value of both the derivative and the hedged item is recognized in the income statement. Changes in fair value offset each other in a perfect hedge.

If derivatives are used to hedge future cash flows, the effective portion of the change in the derivative's fair value is recognized in other comprehensive income. The ineffective portion of the change in fair value is reported as a gain or loss. The item recognized in other comprehensive income arising from the effective portion of the change in fair value is recognized in the income statement as soon as the hedged item is settled. If settlement of the hedged item leads to the recognition of a nonfinancial asset, the changes in value previously recognized in other comprehensive income are offset against the cost of the nonfinancial asset. If, contrary to previous assumptions, the hedged transaction is not executed, the changes in value previously recognized in equity are reversed directly to profit or loss.

The group predominantly uses cash flow hedges to hedge foreign currency and interest rate risk. GEA Group also enters into hedging transactions in accordance with its risk management principles that offer economic hedges of existing risks, but do not meet the strict hedge accounting requirements of IAS 39. Currency forwards that are used to hedge currency risk arising from monetary assets and liabilities are not aggregated into a recognized hedging relationship. Effects arising from the translation of balance sheet items that are recognized in the income statement are largely offset by changes in the fair values of currency forwards that are also recognized in the income statement.

GEA Group does not currently apply hedge accounting for fair value hedges.

Deferred taxes

Deferred tax assets and liabilities are recognized for all temporary differences between the carrying amounts in the respective national tax accounts and those in the IFRS financial statements that are included in the consolidated financial statements. Deferred tax assets are also recognized for tax loss carryforwards. Deferred tax assets arising from deductible temporary differences and tax loss carryforwards are recognized only to the extent that there is likely to be sufficient taxable income available in future.

Deferred tax liabilities are not recognized on taxable temporary differences arising from investments in subsidiaries, associates, or joint ventures as long as the reversal of temporary differences is unlikely in the foreseeable future.

Inventories

Inventories are recognized at the lower of cost and net realizable value. Acquisition cost is calculated at average cost or using the first-in, first-out (FIFO) method. Production cost includes direct costs plus materials and production overheads, depreciation, and production-related administrative costs. Net realizable value is calculated as the estimated sale proceeds less costs incurred until completion, and selling expenses. Previously recognized impairment losses must be reversed if the reasons for the impairment no longer apply. Impairment losses are reversed up to a maximum of the amortized historical cost.

Trade receivables

Trade receivables include no interest component and are recognized in the balance sheet at their principal amount less appropriate allowances for bad debts.

Trade receivables that are sold to financial services companies under factoring agreements are derecognized once substantially the majority risks and rewards have been transferred to the financial services company.

Construction contracts

Receivables and revenues from construction contracts are recognized using the percentage of completion (PoC) method.

The percentage of completion is determined using the cost-to-cost method, which is derived from the ratio of contract costs incurred to the total estimated contract costs. Contracts are measured at production cost plus a profit in proportion to the stage of completion. Losses on construction contracts are immediately recognized in full in the fiscal year in which they are identified, regardless of the stage of completion. If the contract costs incurred and the gains or losses recognized exceed the progress billings, the excess amount is capitalized and reported under “trade receivables.” If the progress payments received exceed the capitalized costs and recognized gains or losses at the reporting date, they are reported as a liability under “other liabilities.” Advance payments on construction contracts are reported separately as a liability.

If the contract margin cannot be estimated reliably, revenue is recognized only in the amount of the contract costs incurred (zero-profit method). A profit is only recognized once the contract margin can be estimated reliably.

Payments for differences in the overall contract, claims, and premiums are included in the contract revenue insofar as these will probably result in revenue that is capable of being estimated reliably.

Cash and cash equivalents

Cash and cash equivalents comprise cash, demand deposits, and financial assets that can be converted into cash at any time and that are subject to only slight fluctuations in value. They are recognized at fair value.

Assets held for sale, liabilities held for sale, and discontinued operations

Non-current assets or groups of assets classified as "held for sale" within the meaning of IFRS 5 are recognized at the lower of carrying amount and fair value less costs to sell. Classification as "held for sale" is made when the carrying amount of a non-current asset or disposal group will be recovered principally through a sale transaction rather than through continuing use, and the criteria defined in IFRS 5 have been met overall. The corresponding assets as well as the liabilities of a disposal group are reported separately in the balance sheet as "assets held for sale" and "liabilities held for sale." On initial classification as held for sale, non-current assets or assets and liabilities of disposal groups are first measured in accordance with the applicable IFRSs. They are measured at the lower of their carrying amount and fair value less costs to sell, with disposal groups being measured as a whole. As the carrying amount of held-for-sale depreciable assets is principally realized by the disposal rather than the use of these assets, they are no longer depreciated once they have been reclassified.

If a disposal group represents a separate major line of business or geographical area of operation, it qualifies as a discontinued operation. The results of discontinued operations are reported separately in the income statement as profit or loss after tax from discontinued operations. In addition, the prior-year comparatives are adjusted in the income statement so that the results of these operations are also reported under discontinued operations. Cash flows from discontinued operations are reported separately in the cash flow statement; in this case as well the prior-year comparatives are adjusted accordingly. Revenue and expenditures from intragroup transactions are taken into account when presenting results from discontinued operations if they will continue to arise after the disposal of a discontinued operation.

As a general principle, the disclosures in the notes to the consolidated financial statements relate to the assets or liabilities recognized in the corresponding line items and to continuing operations. Where disclosures relate to GEA Group including assets held for sale, as well as the associated liabilities, and discontinued operations, this is indicated either by a statement that the disclosures refer to the complete group, or by another comment.

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Subscribed capital

Ordinary shares are classified as equity. Treasury shares are deducted from the equity attributable to the shareholders of GEA Group Aktiengesellschaft.

Obligations under pension plans

Obligations under pension plans relate to post-employment benefit obligations. Defined benefit obligations are calculated using the projected unit credit method. The present value of these obligations reflects expected future salary and pension trends, since the entitlements earnable in the period up to the retirement age depend on these. Claims under supplementary healthcare benefit insurance are included in the actuarial measurement of assumptions made in respect of healthcare cost trends. The pension obligations are measured on the basis of actuarial reports by independent actuaries.

In order to provide these pension benefits, the company in some cases holds financial assets in long-term funds outside GEA Group and qualifying insurance policies. Insofar as the entitlements are funded by such external assets (plan assets), their fair value is offset against the present value of the defined benefit obligation. The resulting balance is reported under non-current employee benefit obligations or other non-current financial assets (net carrying amount).

Actuarial gains and losses from the remeasurement of the net carrying amount are recognized in other comprehensive income in the year in which they arise and reported in retained earnings after adjustment for tax effects. This also applies to the recognition of the difference between the actual returns on plan assets and the returns calculated using the discount factor. Costs from unwinding the discount on the net carrying amount are recognized in interest expenses; income is recognized in interest income. Current and past service cost for the period, as well as gains and losses from settlements, are recognized in the relevant function costs.

Other employee benefit obligations

Other employee benefit obligations comprise other long-term benefits and all short-term benefits. Short-term employee benefit obligations are expected to be settled in full no more than 12 months after completion of the service rendered. They include wages, salaries, social insurance contributions, paid vacation, and profit-sharing arrangements. They are recognized as an expense at the same time as the work is remunerated. Any expenditure in excess of the payments already made is reported as a deferred liability at the reporting date. Other long-term employee benefits, such as jubilee payments or partial retirement arrangements, are recognized at the actuarial present value of the obligation at the reporting date. Securities are pledged to the beneficiaries to protect vested partial retirement credits against the employer’s insolvency. The fair value of these securities is offset against the corresponding liability.

Provisions

Provisions for uncertain liabilities are recognized where there is a legal or constructive obligation to a third party, a future outflow of resources is likely, and the expected settlement value can be estimated reliably. The present value of the settlement amount is recognized if the time value of money is material. Amounts are discounted at the market rates for the appropriate maturity and currency. The interest unwinding costs are presented under interest expense.

The cost of creating warranty provisions is included in the cost of sales when revenue is recognized. In all other cases, provisions are recognized when the product is accepted. The provision is measured on the basis of both the warranty cost actually incurred in the past and on the evaluated overall risk inherent in the system or product. Provisions are also recognized if a claim is made under a warranty and a loss is likely. Recourse claims against suppliers are capitalized if their services are subject to a warranty and it is highly likely that the claim can be enforced.

Provisions for expected losses from onerous contracts are recognized if the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs also include the unavoidable overheads needed to meet the obligations.

Financial liabilities

Financial liabilities comprise bonds, liabilities to banks, and liabilities under finance leases. They are initially recognized at fair value less transaction costs. They are subsequently measured at amortized cost using the effective interest method. Liabilities under finance leases are initially measured at the lower of the fair value of the leased asset and the present value of minimum lease payments.

Other liabilities

The recognition and subsequent measurement of other liabilities is the same as for financial liabilities, with the exception of advance payments and the gross amount due to customers for contract work. Advance payments are stated at their principal amount. Please see the information provided on the recognition of construction contracts for the measurement of the gross amount due to customers for contract work.

Trade payables

Trade payables also include liabilities for goods received or services rendered that have not yet been invoiced, as there is only slight uncertainty as to the amount of the liability. Trade payables are recognized at fair value. This corresponds to the settlement amount in the case of liabilities due within one year.

Revenue recognition

Revenue from the sale of goods is recognized when the risks and rewards inherent in ownership of the goods sold are transferred to the customer. This normally occurs when the goods are handed over to the customer. Revenue from services is recognized when the service is rendered. Revenue is measured at the fair value of the consideration received or to be received. Customer bonuses, discounts, or rebates reduce the amount of revenue recognized.

Revenue from construction contracts is generally recognized using the percentage of completion method under which revenue is recognized in accordance with the stage of completion. The stage of completion is determined using the ratio of contract costs incurred as of the reporting date to the total estimated contract costs as of the reporting date (cost-to-cost method). Contract costs include direct costs plus materials and construction overheads, depreciation, production-related administrative costs, and such other costs that are specifically chargeable to the customer under the terms of the contract. Where a construction contract is performed over a long period and where the contract is largely financed by GEA Group, contract costs also include directly attributable borrowing costs. Conversely, income from the investment of advance payments received is offset against contract costs where this has a material influence on the contract margin. Adjustments are made for variations in contract work, claims, and incentive payments insofar as these will probably result in revenue that is capable of being reliably estimated.

In line with the percentage of completion method, construction contracts are measured as the contract costs incurred as of the reporting date plus the profit attributable to the proportion of work completed. Revenue recognized is reported under trade payables, less progress billings. If the outcome of a construction contract cannot be reliably estimated, the probable recoverable revenue is recognized up to the amount of the costs incurred. Contract costs are recognized as an expense in the period in which they are incurred. If it is foreseeable that the total contract costs will exceed the contract revenue, the expected loss is recognized immediately as an expense.

Interest income is recognized ratably over the remaining maturity based on the effective interest rate and the amount of the remaining receivable. Dividend income on equity instruments is recognized if the right to receive payment is based on legally assertable claims.

Revenue from royalties is recognized in the period in which it arises in accordance with the underlying contracts

Share-based payment

GEA Group has a share-based payment program under which selected managers are granted performance shares. The fair value of these rights is calculated at the grant date and allocated as an expense over the vesting period using the straight-line method; a corresponding provision is recognized. The provision is remeasured at each reporting date and at the payment date. Furthermore, in fiscal years 2010 and 2011, part of the bonuses earned by Executive Board members was converted into phantom shares. The entitlement from phantom shares is measured at the current share price at the reporting date. In fiscal year 2012, a long-term share price component was introduced as part of the revision of the variable remuneration system for Executive Board members. Payment from this remuneration component is dependent on the performance of GEA shares compared with a benchmark index. The entitlement from the long-term share price component is measured at fair value at the reporting date. Changes in the fair value of the provision for share-based payment programs are recognized as interest expense or income (see section 6.3.3).

In addition, one group company grants its employees options on shares of the company via a trustee. The cost of this share-based payment is estimated at the grant date and amortized using the straight-line method up to the exercise date (see section 6.1).

Research and development

Research expenditures are recognized immediately as an expense. Development costs that are designed to significantly enhance a product or process are capitalized if completion of the product or process is technically and economically feasible, the development is marketable, the expenditures can be measured reliably, and adequate resources are available to complete the development project. All other development expenditures are recognized immediately as expenses. Capitalized development expenditures for completed projects are reported at cost less cumulative amortization and impairment losses. Capitalized development costs for intangible assets not yet available for use are tested for impairment once a year.

Development costs that are required under construction contracts are capitalized as part of the cost of the asset.

Government grants

Government grants are recognized at fair value provided that the group meets the conditions necessary to receive the grant. Government grants to cover expenses are recognized over the period in which the costs for which the grants were awarded are incurred. Government grants for capital expenditure are deducted from the cost of purchasing the corresponding asset.

2.2 Estimates and management judgment

Preparation of financial statements requires management to make certain estimates and exercise judgment that may affect the Company's assets, liabilities, provisions, and deferred tax assets and liabilities, as well as its income and expenses and contingent liabilities.

Factors that may cause amounts to fall below estimates might include a deterioration in the global economy, movements in exchange rates and interest rates, as well as material litigation and changes in environmental or other legislation. Production errors, the loss of key customers, and rising borrowing costs may also adversely affect the group's future performance.

The recognition and measurement of the following assets and liabilities are in some cases based on management judgment. All assumptions represent the best of management's knowledge and belief in order to convey a true and fair view of the Company's net assets, financial position, and results of operations. If actual circumstances subsequently differ from those forecast, this will affect the recognition and measurement of assets and liabilities. Depending on the item concerned, earnings may also be affected.

Basis of consolidation

Management judgment was applied in defining the basis of consolidation (see section 2.1).

Acquisitions

Goodwill is reported in the balance sheet as a result of acquisitions. When an acquired company is initially consolidated, all its identifiable assets, liabilities, and contingent liabilities are recognized at their acquisition-date fair value. A basic problem is estimating these fair values. As a rule, land and buildings are measured on the basis of independent appraisals. If intangible assets are identified, their fair values are calculated using an appropriate measurement method. These measurements are made on the basis of assumptions by management with respect to the future value of the relevant assets and the discount rate. Obligations for contingent consideration are recognized on the basis of the current planning.

Goodwill

The group tests goodwill for impairment annually. The recoverable amounts calculated for this purpose for segments classified as continuing operations are determined based on value in use. Value in use is calculated using assumptions by management (see section 5.3).

Taxes

GEA Group operates in a large number of countries and is therefore subject to different tax jurisdictions. Calculating tax liabilities requires management to make various estimates. Management believes that it has made a reasonable estimate of tax uncertainties. However, no assurance can be given that the actual outcome of these uncertainties will correspond to the estimates made. Any deviations may have an impact on the level of tax liabilities or deferred taxes in the year of the decision.

When assessing the recoverability of deferred tax assets, management judges the extent to which realization of the deferred tax assets is sufficiently likely. The question of whether the deferred tax assets can actually be realized depends on whether sufficient future taxable income can be generated against which the temporary differences or tax loss carryforwards can be offset. Management therefore analyzes the times at which the deferred tax liabilities reverse, and expected future taxable income. Management forecasts whether deferred tax assets can be realized on the basis of expected future taxable income. Deferred tax assets decline if the estimate of planned taxable income decreases, if tax benefits available as a result of tax strategies are reduced, or the amount or timing of future tax benefits is restricted by changes in the law (see section 7.7).

Measurement of assets held for sale, liabilities held for sale and classification of operations as discontinued

Assets and disposal groups classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Assumptions by management are taken into account when determining fair value less costs to sell. The classification as held for sale or the classification of activities as attributable to discontinued operations also require estimates by management. These estimates relate in particular to the question of whether the carrying amount of a non-current asset or a disposal group will be recovered principally through a sale transaction rather than through continuing use, and whether the criteria set out under IFRS 5 have been met overall.

Provisions and contingent liabilities

Changes in estimates of the probability of a present obligation or of an outflow of resources embodying economic benefits could mean that items previously classified as contingent liabilities must be reported as provisions, or that the amount of provisions must be adjusted (see section 6.2). This also applies in particular to environmental obligations.

Obligations under pension plans

The present value of pension obligations depends on actuarial assumptions. These assumptions comprise discount rates, expected wage and salary increases, as well as the pension increase rate and mortality rates. These assumptions could differ significantly from actual future outcomes as a result of changes in market and economic conditions, and could therefore have a material effect on the level of the obligation and the related expenses.

The discount rate of the net carrying amount is calculated at the end of each year. This is the rate used to calculate the present value of future cash outflows expected to be required to settle the obligation. In order to calculate the discount rate, the group uses the interest rate on high-quality corporate bonds denominated in the same currency in which the benefits are paid and whose terms to maturity correspond to those of the pension obligations.

Other significant assumptions relating to pension obligations are partly based on market conditions (see section 6.3.1).

Construction contracts

The recognition of construction contracts using the percentage of completion method is based on management's estimates of the cost of such contracts. Changes in estimates or differences between the estimated cost and the actual cost have a direct effect on recognized earnings from construction contracts. The operating units continuously review the estimates and adjust them if required.

Litigation

In some cases, GEA Group companies are parties to litigation. The outcome of this litigation could have a material effect on the group's net assets, financial position, and results of operations. Management regularly analyzes current information on these legal disputes and recognizes provisions for probable obligations, including estimated legal costs. Both internal counsel and external lawyers are used to make this assessment. When deciding on the need to recognize provisions, management takes into account the probability of an unfavorable outcome and its ability to estimate the amount of the obligation with sufficient reliability. The filing of a suit or the formal assertion of a claim against a GEA Group company does not necessarily mean that a provision must be recognized for the related risk (see section 8.4).

3. Financial risk management

The Executive Board has put in place an effective set of guidelines to manage and hence largely limit or hedge financial risks throughout the group. The objectives with regard to protecting assets, eliminating gaps in security, and improving efficiency in identifying and analyzing risks are clearly defined, as are the relevant organizational structures, powers, and responsibilities. The guidelines are based on the principles of system security, the separation of functions, transparency, and immediate documentation. For further information, please see the discussion of the risk management system in the management report.

Because it operates worldwide, GEA Group is exposed to currency, interest rate, commodity price, credit, and liquidity risk in the course of its ordinary activities. Financial risk management aims to reduce this risk through the appropriate use of derivative and nonderivative hedging instruments.

Currency risk

Because GEA Group operates internationally, its cash flows are denominated not only in euros, but also in a number of other currencies, particularly U.S. dollars. Hedging the resulting currency risk is a key element of risk management.

The uniform group guidelines require all group companies to hedge foreign-currency items as they arise in order to fix prices on the basis of hedging rates. Currency risks are hedged for recognized hedged items, unrecognized firm commitments, and highly probable forecast transactions. The hedging periods are determined by the maturity of the hedged items and are usually up to 12 months, but in exceptional cases may exceed that period significantly. Despite the hedging requirement, changes in exchange rates may affect sales opportunities outside the eurozone.

Group companies based in the eurozone are obliged to tender to GEA Group's central finance unit all outstanding exposures relating to transactions in goods and services in major transaction currencies. Most of these exposures are passed on directly to banks at matching maturities, depending on the hedging objective of the derivatives and the related accounting treatment; they may also be hedged as part of a portfolio. The hedging of financial transactions and transactions conducted by subsidiaries outside the eurozone is also closely coordinated with the central finance unit.

Interest rate risk

Because GEA Group operates worldwide, liquidity is raised and invested in the international money and capital markets in different currencies (but mainly in euros) and at different maturities. The resulting financial liabilities and investments are exposed to interest rate risk, which must be assessed and managed by central financial management. Derivative financial instruments may be used on a case-by-case basis to hedge interest rate risk and reduce the interest rate volatility and financing costs of the hedged items. Only the central finance unit is permitted to enter into such interest rate hedges.

All interest rate derivatives are allocated to individual loans. The hedging relationships are documented and recognized as cash flow hedges. Overall, the interest expense from the loans and the allocated derivatives reported in the income statement represents the fixed interest rate for the hedging relationship.

Cross-currency swaps were used in connection with the financing of acquisitions in Canada and the UK. They are recognized at fair value. However, they are not included in any documented hedging relationship with intragroup hedged items. The earnings effects arising from changes to currency parities that have occurred since the beginning of the cross-currency swaps, and the earnings effects due to the related intragroup receivables, do not match due to different calculation bases (forward rate relative to spot rate). The difference in value amounted to EUR –653 thousand in fiscal year 2013 (previous year: EUR 2,163 thousand).

Commodity price risk

GEA Group requires various metals such as aluminum, copper, and steel, whose purchase prices can be subject to substantial fluctuations depending on the market situation. Long-term supply agreements have been entered into with various suppliers in order to hedge commodity price risk.

Credit risk

Financial instruments are exposed to credit risk in that the other party to the contract may fail to fulfill its obligations. The counterparty limit system used by GEA Group for financial management aims to continuously assess and manage the counterparty default risk. A maximum risk limit has been defined for each counterparty, which in most cases is derived from the ratings from recognized credit rating agencies and credit default swaps (CDSs). Appropriate action is taken if the individual limit is exceeded.

The financial standing of potential customers is ascertained before orders are accepted using an internal risk board procedure. Active receivables management, including nonrecourse factoring, and credit insurance, is also performed. In the case of export transactions, confirmed and unconfirmed letters of credit are used alongside sureties, guarantees, and cover notes, including from export credit agencies such as Euler Hermes. In addition to local monitoring by the subsidiary in question, GEA Group also oversees the main credit risks at group management level so that any accumulation of risk can be better managed.

Since trade receivables are usually due from a large number of customers in different sectors and regions, there is no concentration of risk. Valuation allowances take account of specific credit risks.

So as to reduce the credit risk involved, derivative financial instruments are only entered into with reputable financial institutions.

The maximum exposure for the financial assets is limited to their carrying amount.

Liquidity risk

GEA Group is exposed to liquidity risk in that it may be unable to meet payment obligations because it has insufficient cash funds at its disposal. GEA Group is responsible for managing this risk. Cash funds are arranged and credit lines managed on the basis of a multi-year financial plan and a rolling month-by-month cash forecast. The funds are then made available to the companies by group management. Cash flow from operating activities is the most important source of liquidity. Cash pools have been established in 13 countries in order to optimize borrowing and the use of cash funds within GEA Group. To achieve this, the cash pools automatically balance the accounts of the participating group companies every day by crediting or debiting a target account at GEA Group Aktiengesellschaft. This prevents separate cash investments and borrowings by these companies to a large extent. Any additional liquidity requirements are generally borrowed by the GEA Group Aktiengesellschaft, which also invests surplus liquidity.

The following tables show the undiscounted contractually agreed interest and principal payments for financial liabilities, including derivative financial instruments with negative fair values:

		Cash flows					
(EUR thousand)	Carrying amount	< 1 year	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years
2013							
Trade payables	646,529	645,985	544	–	–	–	–
Borrower's note loan	300,358	6,978	7,472	8,589	307,737	–	–
Bonds	410,220	17,000	17,000	417,000	–	–	–
Liabilities to banks	260,756	44,223	37,124	36,056	150,863	70	–
Liabilities under finance leases	36,198	4,172	4,500	3,908	3,906	3,906	59,203
Liabilities to investees	1,130	1,130	–	–	–	–	–
Currency derivatives not included in a recognized hedging relationship	5,775	348,450	196	–	–	–	–
Currency derivatives included in a cash flow hedge	2,741	124,500	5,482	–	–	–	–
Interest rate and cross-currency derivatives not included in a recognized hedging relationship	5,210	8,146	7,769	7,406	26,095	3,559	–
Interest rate and cross-currency derivatives included in a cash flow hedge	3,265	1,238	1,238	1,241	926	–	–
Commodity derivatives not included in a recognized hedging relationship	–	–	–	–	–	–	–
Other financial liabilities	59,748	58,088	1,660	–	–	–	–
2012							
Trade payables	839,143	824,924	14,219	–	–	–	–
Borrower's note loan	355,543	62,609	6,935	7,436	8,194	307,308	–
Bonds	409,601	17,000	17,000	17,000	417,000	–	–
Liabilities to banks	303,889	53,314	37,895	37,218	36,408	151,159	267
Liabilities under finance leases	42,625	5,116	5,664	4,876	4,865	4,820	64,165
Liabilities to investees	1,955	1,955	–	–	–	–	–
Currency derivatives not included in a recognized hedging relationship	5,689	313,249	8,887	517	–	–	–
Currency derivatives included in a cash flow hedge	1,728	110,445	8,348	–	–	–	–
Interest rate and cross-currency derivatives not included in a recognized hedging relationship	11,244	9,060	8,659	8,263	7,881	28,779	3,636
Interest rate and cross-currency derivatives included in a cash flow hedge	5,538	2,475	1,238	1,238	1,242	926	–
Commodity derivatives not included in a recognized hedging relationship	98	98	–	–	–	–	–
Other financial liabilities	83,150	79,548	3,602	–	–	–	–

All financial liabilities outstanding as of December 31, 2013, are included in the above table to the extent that payments have already been contractually agreed. Projected figures for future new liabilities are not taken into account. Foreign currency amounts are translated at the closing rates. In the case of financial liabilities that can be repaid at any time, it is assumed that they will be repaid within one year.

Payments for derivative financial instruments totaling EUR 536,246 thousand (previous year: EUR 514,941 thousand) were partially offset by payments received from the same instruments of EUR 518,477 thousand (previous year: EUR 488,582 thousand).

As of December 31, 2013, the group held cash credit lines of EUR 1,740,182 thousand (previous year: EUR 1,845,745 thousand), EUR 974,277 thousand of which has been utilized (previous year: EUR 1,069,033 thousand). The cash credit lines are composed of the following items:

(EUR thousand)	Maturity	12/31/2013 approved	12/31/2013 utilized	12/31/2012 approved	12/31/2012 utilized
Borrower's note loan (2013)	August 2013	–	–	55,000	55,000
GEA Bond	April 2016	400,000	400,000	400,000	400,000
Kreditanstalt für Wiederaufbau (KfW) (2016/05)	May 2016	60,000	60,000	80,000	80,000
Kreditanstalt für Wiederaufbau (KfW) (2016/12)	December 2016	42,000	42,000	56,000	56,000
European Investment Bank	July 2017	150,000	150,000	150,000	150,000
Borrower's note loan (2017)	September 2017	300,000	300,000	300,000	300,000
Syndicated credit line („Club Deal")	August 2018	650,000	–	650,000	–
Various (bilateral) credit lines including accured interests	Maximum of 1 year or "until further notice"	138,182	22,277	154,745	28,033
Total		**1,740,182**	**974,277**	**1,845,745**	**1,069,033**

GEA Group Aktiengesellschaft took out a new syndicated credit line in the form of a club deal amounting to EUR 650 million in August 2013. This replaces the line with the same volume falling due in June 2015. The loan has a five-year term and also includes two prolongation options for one year in each case until August 2020 overall.

As of December 31, 2013, guarantee lines for the performance of contracts, advance payments, and warranty obligations of EUR 1,886,355 thousand were available to the complete group (previous year: EUR 1,898,285 thousand), EUR 707,924 thousand of which has been utilized (previous year: EUR 749,782 thousand). The guarantees are generally payable at first demand. As is generally customary for this type of order collateral and financing instrument, guarantees have only been drawn down by GEA Group in extremely rare exceptional cases in recent years.

As of the year-end, EUR 284 thousand (previous year: EUR 292 thousand) of bank guarantees under GEA Group Aktiengesellschaft credit lines and EUR 88,101 thousand (previous year: EUR 92,074 thousand) of group guarantees were granted to Lurgi AG's customers to collateralize that company's contractual obligations. EUR 284 thousand of the bank guarantees (previous year: EUR 292 thousand) is payable at first demand. The purchaser of the Lurgi Group has granted bank guarantees in favor of GEA Group Aktiengesellschaft that cover the liable amount concerned in the unlikely event of default. EUR 9,669 thousand (previous year: EUR 12,933 thousand) of bank guarantees under GEA Group Aktiengesellschaft credit lines and EUR 69,582 thousand (previous year: EUR 70,251 thousand) of group guarantees were granted to Lentjes GmbH's customers to collateralize that company's contractual obligations. EUR 3,265 thousand of the bank guarantees (previous year: EUR 3,765 thousand) is payable at first demand.

Future payments from operating leases are reported separately under other financial liabilities (see section 8.2).

Foreign currency sensitivity analysis

GEA Group companies are always exposed to foreign currency risk if their cash flows are denominated in a currency other than their own functional currency. Foreign currency risk is hedged using suitable instruments, thus largely offsetting fluctuations arising from the hedged item and the hedging transaction over their term.

The foreign currency risk presented in the sensitivity analysis results from the following transactions:

- Currency derivatives that are included in hedging relationships for previously unrecognized hedged items, i.e., for contractually agreed or expected transactions.
  As these hedging relationships are regularly documented as such and presented as cash flow hedges, only equity is affected by exchange rate risk.
- Cross-currency swaps
  Although swaps are matched by intragroup receivables as hedged items, they are not included in a documented hedging relationship. While receivables are measured using the spot rate, the currency components of the swaps are measured on the basis of the forward rates. The two rates could differ significantly depending on the interest rate difference between the two currencies.
- Unhedged foreign currency transactions
  The translation of foreign currency receivables or liabilities at the closing rate has a direct effect on earnings.

The currency pairs in which the major part of the foreign currency cash flows are settled are included as relevant risk variables in the foreign currency sensitivity analysis. The following table shows the sensitivity of a 10 percent increase or decrease in the relevant foreign currency in relation to the relevant base currency from the perspective of the complete group:

(EUR thousand)		Nominal amount	Profit/loss for the year		Equity	
Base currency	Foreign currency		2013		2013	
			+ 10%	**- 10%**	**+ 10%**	**- 10%**
EUR	USD	422,789	175	–214	5,901	–7,213
EUR	GBP	174,846	1,913	–2,338	–1,183	1,445
EUR	NZD	103,328	–17	20	–946	1,152
EUR	CNY	79,052	776	–949	–986	1,205
EUR	CAD	27,240	2,843	–3,475	–	–
EUR	INR	5,069	461	–563	–	–

(EUR thousand)		Nominal amount	Profit/loss for the year		Equity	
Base currency	Foreign currency		2012		2012	
			+ 10%	**- 10%**	**+ 10%**	**- 10%**
EUR	USD	377,842	658	–804	7,476	–9,137
EUR	GBP	91,982	2,720	–3,324	–659	805
EUR	CAD	33,009	3,492	–4,269	6	–7
HKD	CNY	24,418	–	–	–216	264
EUR	RUB	15,355	1,247	–1,524	65	–79
EUR	INR	9,437	857	–1,047	–	–

The nominal amount relates to all contractually agreed foreign currency cash flows as of the reporting date, which are translated into euros at the closing rate.

The potential fluctuations in the profit or loss for the year result primarily from derivatives that are not included in a designated hedging relationship, but are used to avoid currency risk as part of the general hedging strategy.

Interest rate sensitivity analysis

The interest rate sensitivity analysis presents the effects of changes in market interest rates on interest income and expenses, and equity. The sensitivity analyses are based on the following assumptions:

- Nonderivative fixed-rate financial instruments are only subject to on-balance-sheet interest rate risk if they are measured at fair value. GEA Group measures such financial instruments at amortized cost.
- Nonderivative variable-rate financial instruments whose interest payments are not included as hedged items in a hedging relationship that is recognized as a cash flow hedge are subject to interest rate risk in the income statement.
- Interest rate derivatives included in a hedging relationship that is recognized as a cash flow hedge are subject to equity-related interest rate risk in the amount of the effective portion of the hedging relationship.
- Interest rate derivatives not included in a hedging relationship that is recognized as a cash flow hedge are subject to interest rate risk in the income statement.
- Currency derivatives are not subject to material interest rate risk and therefore have no effect on interest rate sensitivity.

The sensitivity analysis assumes a linear shift in the yield curves for all currencies of +100 or –10 basis points as of December 31, 2013, and of +100 or –100 basis points as of December 31, 2012. Relatively speaking, there is less of a downward shift in the yield curve shift assumed for the sensitivity analysis than an upward shift. The low, near 0 percent interest rate level avoids a shift to a negative interest rate. This results in the following effects for the simulated scenarios:

	12/31/2013		12/31/2012	
(EUR thousand)	+ 100 basis points	- 10 basis points	+ 100 basis points	- 100 basis points
Equity interest rate risk	1,705	–161	2,712	–1,428
Interest rate risk recognized in profit or loss	–2,218	233	–1,515	2,436

The calculation is based on a net volume of EUR 475,411 thousand (previous year: EUR 557,674 thousand).

Capital management

GEA Group Aktiengesellschaft's key financial objective is to sustainably increase its enterprise value in the interests of investors, employees, customers, and suppliers, while safeguarding and securing the group's solvency at all times.

Improving profitability and, as a result, increasing the return on capital employed therefore takes priority in all business decisions. Our strict focus on contract margin quality is also derived from this. Equally, external growth through potential acquisitions is viewed from the perspective of this goal.

Capital management, in the form of generating sufficient liquidity reserves, plays a crucial role in the pursuit of these enterprise goals. Not only does it ensure GEA Group's long-term existence, it also creates the entrepreneurial flexibility needed to enhance and update current business activities and to take advantage of strategic opportunities. It is achieved by managing liquidity reserves and available credit lines on an ongoing basis using short- and medium-term forecasts of future liquidity trends and borrowing requirements.

The capital structure is monitored regularly using various key financial indicators so as to optimize capital costs. Core indicators include the equity ratio and the net debt to equity ratio (gearing). Net debt for the complete group is calculated as follows:

(EUR thousand)	12/31/2013	12/31/2012
Liabilities to banks	–263,750	–303,889
thereof liabilities held for sale	–2,994	–
Borrower's note loan	–300,358	–355,543
Bonds	–410,220	–409,601
Cash and cash equivalents	795,777	743,524
thereof assets held for sale	112,257	–
Net liquidity (+)/Net debt (-)	–178,551	–325,509
Equity	**2,315,702**	**2,166,911**
Equity ratio	**35.8%**	**33.7%**
Gearing	7.7%	15.0%

As of December 31, 2013, net debt narrowed by EUR 146,958 thousand from EUR 325,509 thousand in the previous year to EUR 178,551 thousand.

Two international rating agencies, Moody's and Fitch, again rated GEA Group Aktiengesellschaft's ability to meet its financial obligations. The two agencies have awarded the following unchanged ratings to GEA Group:

	2013		2012	
Agency	Rating	Outlook	Rating	Outlook
Moody's	Baa3	stable	Baa3	stable
Fitch	BBB-	stable	BBB-	stable

GEA Group's investment grade rating in the "BBB" range ensures that it has good financing opportunities both with banks and directly on the capital markets. The current ratings reflect GEA Group's strong solvency and ensure access to the international financial markets.

4. Assets held for sale, liabilities held for sale, and discontinued operations

GEA Heat Exchangers Segment

Following a comprehensive technological and strategic review of GEA Group's segments, the Executive Board of GEA Group Aktiengesellschaft resolved, with the agreement of the Supervisory Board, to withdraw from the GEA Heat Exchangers Segment (GEA HX) in June 2013.

The GEA HX Segment has one of the largest heat exchanger portfolios in the world and provides products and systems for numerous applications and areas of use, ranging from air conditioning systems to cooling towers. There is however only a limited potential for synergies between GEA HX and the other segments in GEA Group's portfolio due to the differing business profiles.

The Executive Board of GEA Group Aktiengesellschaft expects the disposal of the GEA HX Segment to take place in fiscal year 2014. The intention is to dispose of the segment as a whole in one transaction.

As the IFRS 5 conditions were met for the first time at the year end, the GEA HX Segment was classified as a discontinued operation as of this date. This means that income and expenses from the GEA HX segment are reported in the income statement under profit or loss after tax from discontinued operations. The prior-year comparatives in the income statement were adjusted accordingly. The assets and liabilities of the GEA HX disposal group are reported in the balance sheet as of December 31, 2013, under "assets held for sale" and "liabilities held for sale". Measurement of the GEA HX disposal group at the lower of its carrying amount and fair value less costs to sell did not result in a requirement to recognize an impairment loss.

The assets and liabilities of the GEA HX disposal group as of December 31, 2013, are outlined in the table below:

(EUR thousand)	12/31/2013
Property, plant and equipment	255,378
Investment property	281
Goodwill	524,423
Other intangible assets	44,771
Equity-accounted investments	6,466
Other non-current financial assets	8,265
Deferred taxes	46,412
Inventories	142,285
Trade receivables	403,516
Income tax receivables	4,225
Other current financial assets	44,709
Cash and cash equivalents	112,257
Assets held for sale	**1,592,988**
Non-current provisions	10,516
Non-current employee benefit obligations	27,718
Non-current financial liabilities	5,178
Other non-current liabilities	470
Deferred taxes	26,716
Current provisions	81,703
Current employee benefit obligations	38,220
Current financial liabilities	4,300
Trade payables	233,131
Income tax liabilities	9,220
Other current liabilities	182,694
Liabilities held for sale	**619,866**

The results of the discontinued operation GEA HX are as follows:

(EUR thousand)	01/01/2013 - 12/31/2013	01/01/2012 - 12/31/2012
Revenue	1,489,067	1,608,769
Other income	30,182	37,759
Expenses	1,414,305	1,508,902
Profit or loss before tax from discontinued operations	**104,944**	**137,626**
Income taxes	51,142	36,783
Profit or loss after tax from discontinued operations	**53,802**	**100,843**
of which attributable to shareholders of GEA Group AG	53,449	98,654
of which attributable to non-controlling interests	353	2,189

As of December 31, 2013 the accumulated expenses recognized in other comprehensive income linked to the disposal group GEA HX amount to 8,502 EUR thousand (previous year: income EUR 12,777 thousand). This amount includes accumulated actuarial losses of 4,933 EUR thousand (previous year: 5,504 EUR thousand).

Other assets held for sale, liabilities held for sale, and discontinued operations

In addition to the GEA HX disposal group, other assets held for sale are reported at a carrying amount of EUR 12,798 thousand as of December 31, 2013 (previous year: EUR 18,447 thousand). Of this amount, EUR 8,342 thousand relates to a property in Turkey that is not required for operating purposes. These assets will be disposed of since it has no further use.

In addition to the GEA HX Segment, discontinued operations comprise the risks remaining from the sale of the plant engineering activities, especially Lurgi and Lentjes, the continued process of winding-up the business operations of Ruhr-Zink, and individual legal disputes arising from past discontinued operations. Profit after tax from these discontinued operations of EUR 552 thousand (previous year: EUR 95 thousand) did not have a material impact on consolidated profit. Tax income attributable to these discontinued operations amounted to EUR 3,504 thousand. In the previous year, there was an income tax expense in the amount of EUR 311 thousand.

5. Consolidated balance sheet disclosures: Assets

5.1 Property, plant and equipment

Property, plant and equipment changed as follows:

(EUR thousand)	Land and buildings (owner-occupied)	Technical equipment and machinery	Other equipment, operating and office equipment	Assets under construction	Total	Supplemental information: Disposal groups, discontinued operations
Jan. 1, 2012						
Cost	652,576	616,545	360,198	82,882	**1,712,201**	–
Cumulative depreciation and impairment losses	–288,724	–423,492	–269,528	–2,985	**–984,729**	–
Carrying amount	**363,852**	**193,053**	**90,670**	**79,897**	**727,472**	**–**
Changes in 2012						
Additions	7,006	21,737	24,589	78,732	**132,064**	–
Disposals	–2,518	–2,065	–11,089	–1,121	**–16,793**	–
Depreciation	–19,619	–37,461	–26,280	–136	**–83,496**	–
Impairment losses	–2,052	–6	–87	–15	**–2,160**	–
Reversal of impairment losses	2,176	664	353	–	**3,193**	–
reclassification as held for sale	–12,893	–401	–	–	**–13,294**	–
Changes in consolidated Group	2,208	839	630	–	**3,677**	–
Currency translation	–470	–929	–373	109	**–1,663**	–
Other changes	14,711	13,507	2,807	–41,546	**–10,521**	–
Carrying amount at Dec. 31, 2012	**352,401**	**188,938**	**81,220**	**115,920**	**738,479**	**–**
Jan. 1, 2013						
Cost	655,535	629,922	366,220	119,160	**1,770,837**	557,480
Cumulative depreciation and impairment losses	–303,134	–440,984	–285,000	–3,240	**–1,032,358**	–300,283
Carrying amount	**352,401**	**188,938**	**81,220**	**115,920**	**738,479**	**257,197**
Changes in 2013						
Additions	20,636	25,604	32,278	38,221	**116,739**	41,292
Disposals	–496	–	–908	–397	**–1,801**	–1,303
Depreciation	–20,718	–38,267	–25,673	–403	**–85,061**	–30,481
Impairment losses	–	–	–18	–	**–18**	–18
Reversal of impairment losses	–	–	–	–	**–**	–
Reclassification as held for sale	–136,926	–93,212	–15,854	–9,470	**–255,462**	–
Changes in consolidated Group	260	–102	162	16	**336**	–3,090
Currency translation	–7,552	–5,084	–2,109	–447	**–15,192**	–
Other changes	68,368	20,290	9,470	–105,728	**–7,600**	–8,219
Carrying amount at Dec. 31, 2013	**275,973**	**98,167**	**78,568**	**37,712**	**490,420**	**255,378**
Dec. 31, 2013						
Cost	501,289	385,850	311,854	38,234	**1,237,227**	580,144
Cumulative depreciation and impairment losses	–225,316	–287,683	–233,286	–522	**–746,807**	–324,766
Carrying amount	**275,973**	**98,167**	**78,568**	**37,712**	**490,420**	**255,378**

EUR 255,378 thousand of the items of property, plant and equipment reclassified as held for sale relates to the GEA Heat Exchangers Segment, which has been allocated to discontinued operations.

The other changes are primarily attributable to reclassifications from assets under construction to other items of property, plant and equipment, to investment property, and to intangible assets.

As in the previous year, items of property, plant and equipment are depreciated on a straight-line basis using the relevant residual values and the following useful lives:

	Useful life in years
Buildings and parts of buildings	2 to 50
Technical equipment and machinery, other equipment	2 to 30
Operating and office equipment	3 to 40

The underlying residual values and useful lives are reviewed at each reporting date and adjusted if necessary.

Property, plant and equipment includes land and buildings, technical equipment and machinery, and office and operating equipment leased under finance leases:

(EUR thousand)	2013	2012
Cost - capitalized leased assets under finance leases	60,238	62,366
Cumulative depreciation and impairment losses	–17,569	–17,284
Reclassification as held for sale	–7,337	–
Carrying amount	**35,332**	**45,082**

EUR 29,799 thousand (previous year: EUR 38,219 thousand) of the carrying amount of the leased items of property, plant and equipment relates to buildings. The leases for the buildings extend beyond 2030. The leases do not include extension options, escalation clauses, or the option to acquire the leased asset.

The corresponding lease liabilities are explained under financial liabilities (see section 6.4).

The carrying amount of property, plant and equipment that serves as collateral for credit lines amounted to EUR 4,202 thousand as of the reporting date (previous year: EUR 6,266 thousand). Most of these assets relate to land and buildings.

5.2 Investment property

The following table shows the changes in investment property:

(EUR thousand)	Land	Buildings	**Total**
Jan. 1, 2012			
Cost	14,982	7,175	**22,157**
Cumulative depreciation and impairment losses	–5,352	–4,968	**–10,320**
Carrying amount	**9,630**	**2,207**	**11,837**
Changes in 2012			
Additions	–	–	**–**
Disposals	–360	–	**–360**
Depreciation	–	–152	**–152**
Impairment losses	–754	–	**–754**
Currency translation	–	–	**–**
Reclassification as held for sale	–	–	**–**
Other changes	–	–	**–**
Carrying amount at Dec. 31, 2012	**8,516**	**2,055**	**10,571**
Jan. 1, 2013			
Cost	15,310	7,175	**22,485**
Cumulative depreciation and impairment losses	–6,794	–5,120	**–11,914**
Carrying amount	**8,516**	**2,055**	**10,571**
Changes in 2013			
Additions	45	–	**45**
Disposals	–2	–	**–2**
Depreciation	–	–152	**–152**
Impairment losses	–	–	**–**
Currency translation	–37	–198	**–235**
Reclassification as held for sale	–25	–256	**–281**
Other changes	561	2,941	**3,502**
Carrying amount at Dec. 31, 2013	**9,058**	**4,390**	**13,448**
Dec. 31, 2013			
Cost	15,851	9,704	**25,555**
Cumulative depreciation and impairment losses	–6,793	–5,314	**–12,107**
Carrying amount	**9,058**	**4,390**	**13,448**

The fair value of investment property is EUR 18,922 thousand (previous year: EUR 15,830 thousand). Since these fair values are calculated on the basis of comparable market-based prices that are determined internally, they are categorized within Level 2 of the fair value hierarchy.

The following amounts are reported in the income statement in connection with investment property:

(EUR thousand)	01/01/2013 - 12/31/2013	01/01/2012 - 12/31/2012
Rental income	3,214	3,844
Operating expenses	2,486	3,085
of which: properties used to generate rental income	2,486	3,085
Total	**728**	**759**

5.3 Goodwill

The following table shows the allocation of goodwill to the segments and changes in goodwill:

(EUR thousand)	GEA Food Solutions	GEA Farm Technologies	GEA Heat Exchangers	GEA Mechanical Equipment	GEA Process Engineering	GEA Refrigeration Technologies	**Total**
Carrying amount at Dec. 31, 2011	**238,495**	**187,833**	**557,190**	**324,098**	**402,715**	**189,817**	**1,900,147**
Additions	–	5,651	–	29,158	751	–	**35,560**
Disposals	–	–10,101	–31,999	–20,951	–17,841	–8,579	**–89,471**
Currency translation	–	–529	776	–114	108	–426	**–185**
Carrying amount at Dec. 31, 2012	**238,495**	**182,854**	**525,967**	**332,191**	**385,733**	**180,811**	**1,846,051**
Additions	–	385	808	–	–	285	**1,478**
Disposals	–	–	–	–	–	–138	**–138**
Currency translation	–	–3,608	–2,352	–301	–2,018	–2,135	**–10,414**
Reclassification as held for sale	–	–	–524,423	–	–	–	**–524,423**
Carrying amount at Dec. 31, 2013	**238,495**	**179,631**	**–**	**331,890**	**383,715**	**178,823**	**1,312,554**

Goodwill in the amount of EUR 524,423 thousand reclassified to the held for sale balance sheet item is attributable to the GEA Heat Exchangers Segment, which was classified as a discontinued operation at the end of the year.

Purchase price allocation for Milfos International Ltd., Hamilton/New Zealand, which was acquired on November 19, 2012, and is allocated to the GEA Farm Technologies Segment, was completed in the second quarter of 2013 with some minor adjustments.

Impairment test

Goodwill recoverability was tested at the end of fiscal year 2013. The segments were identified as cash-generating units for this impairment test. The recoverable amounts for the segments were compared with their carrying amounts, which included any goodwill allocated to them.

The recoverable amount of a segment is determined by calculating value in use using the discounted cash flow method. The cash flows used are the after-tax operating cash flows from the consolidated medium-term planning (three-year period) planned on a bottom-up basis and prepared by the Executive Board. The Supervisory Board approved this planning for 2014 and has taken note of it for 2015 and 2016. Assumptions for the period beyond the planning horizon are based on the cash flows in the previous planning year, extrapolated using a uniform growth rate of 1.5 percent (previous year 1.5 percent). The underlying growth rates do not exceed the average long-term growth rates for the markets in which the segments operate.

The planning assumes continued stable growth in the food and drink sales markets. This assumption is based on an expectation of growing demand for processed foods. All GEA Group segments will profit from these underlying trends with the exception of GEA Heat Exchangers, which has been classified as a discontinued operation. Although less strong in comparison to the food industry, growth is also assumed for other customer industries. By contrast, declining growth rates have been factored in for the energy and marine sectors. In addition, planned growth for individual segments also takes account of actual past growth rates. Compared with the reporting period, a marked increase in revenue and profitability has been factored into the medium-term planning for the GEA Food Solutions Segment.

With regard to raw material prices, it is assumed that any increase can be offset by increased selling prices. Future business acquisitions were not included in the planning.

The total cost of capital assumed for discounting is based on a risk-free interest rate of 2.75 percent (previous year: 2.25 percent) and a market risk premium of 5.75 percent (previous year: 6.25 percent). In addition, beta factors derived from the respective peer group, a borrowing risk premium, as well as capital structure were taken into account for each segment. Segment-specific tax rates were also applied.

Cash flows for the individual segments are discounted using the following after-tax rates:

Discount rate (%)	12/31/2013	12/31/2012
GEA Food Solutions	7.83	7.76
GEA Farm Technologies	9.02	9.61
GEA Heat Exchangers	-	8.57
GEA Mechanical Equipment	9.31	9.50
GEA Process Engineering	8.59	7.89
GEA Refrigeration Technologies	8.70	8.60

In the GEA Food Solutions Segment, to which goodwill of EUR 238,495 thousand (previous year: EUR 238,495 thousand) has been allocated, the recoverable amount exceeds the carrying amount of net segment assets by EUR 25,753 thousand (previous year: EUR 82,302 thousand. A 0.61 percent reduction in the EBIT margin defined in the perpetual annuity at 11.5 percent, an increase in the discount rate by more than 0.32 percentage points to over 8.15 percent, or the use of a growth rate of less than 1.0 percent would have resulted in the recoverable amount being lower than the carrying amount of the net segment assets.

5.4 Other intangible assets

The carrying amount of intangible assets changed as follows:

(EUR thousand)	Market-related intangible assets	Customer-related intangible assets	Contract-based intangible assets	Technology-based intangible assets	Internally generated intangible assets	**Total**	Supplemental information: Disposal groups, discontinued operations
Jan. 1, 2012							
Cost	76,851	172,667	85,828	159,517	44,822	**539,685**	–
Cumulative amortization and impairment losses	–7,366	–31,565	–62,350	–61,924	–16,904	**–180,109**	–
Carrying amount	**69,485**	**141,102**	**23,478**	**97,593**	**27,918**	**359,576**	**–**
Changes in 2012							
Additions	13	–	13,869	5,329	17,479	**36,690**	–
Disposals	–	–	–50	–23	–	**–73**	–
Amortization	–342	–16,858	–8,676	–13,532	–6,052	**–45,460**	–
Impairment losses	–11,807	–	–	–1	–2,122	**–13,930**	–
Reversal of impairment losses	–	–	54	2	270	**326**	–
Reclassification as held for sale	–	–	–	–	–	**–**	–
Changes in consolidated Group	10,458	6,642	–	10,280	–3	**27,377**	–
Currency translation	537	165	–6	211	–71	**836**	–
Other changes	–	–	6,781	–4,427	8,060	**10,414**	–
Carrying amount at Dec. 31, 2012	**68,344**	**131,051**	**35,450**	**95,432**	**45,479**	**375,756**	**–**
Jan. 1, 2013							
Cost	87,984	179,277	106,978	170,467	70,418	**615,124**	107,559
Cumulative amortization and impairment losses	–19,640	–48,226	–71,528	–75,035	–24,939	**–239,368**	–61,109
Carrying amount	**68,344**	**131,051**	**35,450**	**95,432**	**45,479**	**375,756**	**46,450**
Changes in 2013							
Additions	13	–	7,608	7,255	24,649	**39,525**	6,107
Disposals	–338	–201	–8	325	–	**–222**	334
Amortization	–576	–16,910	–9,140	–13,685	–6,852	**–47,163**	–6,977
Impairment losses	–2,480	–	–	–	–	**–2,480**	–2,071
Reversal of impairment losses	336	–	–	–	–	**336**	336
Reclassification as held for sale	–14,305	–3,667	–4,232	–16,934	–5,633	**–44,771**	–
Changes in consolidated Group	232	117	–22	–25	–	**302**	348
Currency translation	–1,613	–1,073	–411	–1,283	–136	**–4,516**	–761
Other changes	–1	–	626	1,586	862	**3,073**	1,005
Carrying amount at Dec. 31, 2013	**49,612**	**109,317**	**29,871**	**72,671**	**58,369**	**319,840**	**44,771**
Dec. 31, 2013							
Cost	62,061	166,606	87,536	132,045	85,969	**534,217**	112,740
Cumulative amortization and impairment losses	–12,449	–57,289	–57,665	–59,374	–27,600	**–214,377**	–67,969
Carrying amount	**49,612**	**109,317**	**29,871**	**72,671**	**58,369**	**319,840**	**44,771**

The additions to internally generated intangible assets are primarily attributable to two segments: In the GEA Food Solutions Segment, the additions relate to the capitalization of internally generated software and development costs. The capitalized development costs are due to a series of enhancements, especially in the area of forming and injecting of food. In the GEA Farm Technologies Segment, costs relating to developments in automated milking and health and fertility management were capitalized.

As in the previous year, intangible assets with finite useful lives are amortized on a straight-line basis using the following useful lives:

	Useful life in years
Market-related intangible assets	3 to 20
Customer-related intangible assets	1 to 10
Contract-based intangible assets	1 to 18
Technology-based intangible assets	1 to 25

Amortization of intangible assets attributable to the complete group in the amount of EUR 47,163 thousand in fiscal year 2013 (previous year: EUR 45,460 thousand) is reported in cost of sales and, where this relates to discontinued operations, in profit or loss from discontinued operations.

Market-related intangible assets amounting to EUR 46,558 thousand (previous year: EUR 64,863 thousand) are not amortized because their useful life cannot be determined. These assets are company and product names of the acquired companies. These are established brands in their respective sectors and will continue to be used indefinitely after the company in question has been acquired.

The carrying amount of intangible assets with indefinite useful lives is broken down as follows:

	12/31/2013		12/31/2012	
Segment	Carrying amount (EUR thousand)	Proportion of total carrying amount (%)	Carrying amount (EUR thousand)	Proportion of total carrying amount (%)
GEA Food Solutions	4,397	9.4	4,397	6.8
GEA Farm Technologies	5,961	12.8	6,429	9.9
GEA Heat Exchangers	–	–	16,556	25.5
GEA Mechanical Equipment	8,509	18.3	8,644	13.3
GEA Process Engineering	13,649	29.3	13,885	21.4
GEA Refrigeration Technologies	14,042	30.2	14,952	23.1
Total	**46,558**	**100.0**	**64,863**	**100.0**

These brands are tested for impairment at least once a year. For this purpose, their internal value in use is determined using the relief from royalty method. Under this approach, the value of a brand is calculated on the basis of the future royalties that GEA Group would have to pay if it had to license the brands from third parties. The brand-related revenue is multiplied by the estimated license fee installments. The brand-related revenue is derived from the medium-term planning prepared by the Executive Board. The Supervisory Board approved this planning for 2014 and has taken note of it for 2015 and 2016. The assumed license fee installments generally correspond to those of the initial measurement. The payments saved calculated in this way are then discounted using a brand-specific pre-tax discount rate. Valuation is based on the following assumptions:

(%)	12/31/2013	12/31/2012
Discount rate	9.35 - 19.08	9.74 - 20.71
Royalty rate	0.20 - 3.00	0.20 - 3.00

The impairment test performed at the end of the year led to a writedown of EUR 394 thousand.

5.5 Equity-accounted investments

Equity-accounted investments are reported at a carrying amount of EUR 13,690 thousand as of December 31, 2013 (previous year: EUR 14,681 thousand).

The following overview presents the key figures for equity-accounted associates as of December 31, 2013. The relevant figures are stated at 100 percent and are based on the most recently available annual financial statements.

(EUR thousand)	01/01/2013 - 12/31/2013	01/01/2012 - 12/31/2012
Revenue	43,541	27,826
Profit after tax	9,489	4,408

(EUR thousand)	12/31/2013	12/31/2012
Assets	101,722	94,049
Liabilities	32,274	34,613

The proportionate total assets and the group's share of the profit of equity-accounted investments are insignificant in relation to the group's total assets and profit.

The following overview presents the proportionate key figures for equity-accounted joint ventures:

(EUR thousand)	01/01/2013 - 12/31/2013	01/01/2012 - 12/31/2012
Revenue	22,934	36,964
Profit after tax	2,040	1,821

(EUR thousand)	12/31/2013	12/31/2012
Assets		
Non-current assets	632	2,244
Current assets	17,621	32,251
Liabilities		
Non-current liabilities	–	401
Current liabilities	11,855	22,954

5.6 Other financial assets

Other financial assets are composed of the following items:

(EUR thousand)	12/31/2013	12/31/2012
Investments in unconsolidated subsidiaries and other equity investments	27,408	30,799
Other securities	9,575	11,063
Derivative financial instruments	465	190
Miscellaneous other financial assets	4,620	6,794
Other non-current financial assets	**42,068**	**48,846**
Derivative financial instruments	10,794	6,927
Miscellaneous other financial assets	98,145	159,307
Other current financial assets	**108,939**	**166,234**
Total	**151,007**	**215,080**

Derivative financial instruments

Derivative financial instruments are explained in section 6.8.

Miscellaneous other financial assets

Miscellaneous other financial assets with a carrying amount of EUR 102,765 thousand (previous year: EUR 166,101 thousand) were recognized as of the reporting date. They are broken down into non-current and current assets as follows:

(EUR thousand)	12/31/2013	12/31/2012
Other receivables from unconsolidated subsidiaries	130	–
Other receivables from equity investments	–	308
Receivables from tax authorities	469	3,959
Sundry miscellaneous other financial assets	4,021	2,527
Other non-current financial assets	**4,620**	**6,794**
Other receivables from unconsolidated subsidiaries	1,493	3,276
Other receivables from equity investments	4,592	3,889
Other receivables from tax authorities	40,469	74,098
Sundry miscellaneous other financial assets	51,591	78,044
Other current financial assets	**98,145**	**159,307**
Total	**102,765**	**166,101**

Receivables from tax authorities primarily comprise VAT receivables.

Sundry miscellaneous other financial assets include prepaid expenses totaling EUR 24,852 thousand (previous year: EUR 26,957 thousand).

The maturity structure of sundry miscellaneous other financial assets is as follows:

(EUR thousand)		12/31/2013	12/31/2012
Carrying amount before impairment losses		**57,823**	**85,460**
Impairment losses		2,211	4,889
Carrying amount		**55,612**	**80,571**
of which not overdue at the reporting date		55,502	80,304
of which past due at reporting date		110	267
	less than 30 days	32	–
	between 31 and 60 days	12	7
	between 61 and 90 days	7	–
	between 91 and 180 days	–	9
	between 181 and 360 days	1	1
	more than 360 days	58	250

5.7 Inventories

Inventories are composed of the following items:

(EUR thousand)	12/31/2013	12/31/2012
Raw materials, consumables, and supplies	113,459	204,858
Work in progress	89,281	152,491
Assets for third parties under construction	13,721	19,725
Finished goods and merchandise	287,857	314,290
Advance payments	46,737	60,694
Total	**551,055**	**752,058**

Inventories of EUR 2,652 million were recognized as an expense in fiscal year 2013 (previous year: EUR 2,568 million). Impairment losses on inventories were EUR 7,924 thousand in the reporting period (previous year: EUR 19,089 thousand). Impairment losses on inventories in previous years amounting to EUR 2,098 thousand (previous year: EUR 2,436 thousand) were reversed due to increased market prices. The reversals were recognized in cost of sales.

5.8 Trade receivables

Trade receivables are composed of the following items:

(EUR thousand)	12/31/2013	12/31/2012
Trade receivables	663,580	909,847
of which from third parties	645,316	887,870
of which from unconsolidated subsidiaries	18,264	21,977
Gross amount due from customers for contract work	265,576	340,016
Total	**929,156**	**1,249,863**

Trade receivables include receivables of EUR 4,844 thousand (previous year: EUR 25,466 thousand) that will not be realized until more than one year after the reporting date. Bad debt allowances on trade receivables totaled EUR 42,142 thousand (previous year: EUR 66,535 thousand).

The average payment period and volume of receivables outstanding are in line with the general market.

The maturity structure of trade receivables – with the exception of receivables from affiliated companies and equity investments – is as follows:

(EUR thousand)		12/31/2013	12/31/2012
Carrying amount before impairment losses		**687,458**	**954,405**
Impairment losses		42,142	66,535
Carrying amount		**645,316**	**887,870**
of which not overdue at the reporting date		471,796	666,297
of which past due at reporting date		173,520	221,573
	less than 30 days	82,760	99,341
	between 31 and 60 days	29,421	44,397
	between 61 and 90 days	11,139	18,578
	between 91 and 180 days	18,971	28,210
	between 181 and 360 days	18,292	15,947
	more than 360 days	12,937	15,100

Construction contracts

The gross amount due from and to customers for contract work is composed of the following items:

(EUR thousand)	12/31/2013	12/31/2012
Capitalized production cost of construction contracts	1,949,863	2,905,411
plus net gain from construction contracts	381,482	479,240
minus anticipated losses	4,253	13,988
minus progress billings	2,354,477	3,369,684
Total	**–27,385**	**979**
Gross amount due from customers for contract work (included in trade receivables)	265,576	340,016
Gross amount due to customers for contract work (included in other liabilities)	–292,961	–339,037
Total	**–27,385**	**979**

Advance payments received on construction contracts amounted to EUR 29,489 thousand at December 31, 2013 (previous year: EUR 37,128 thousand). Customer retention money amounted to EUR 12,946 thousand (previous year: EUR 32,750 thousand). Revenue of EUR 2,103,347 thousand (previous year: EUR 1,982,545 thousand) was generated from construction contracts in the reporting period.

5.9 Income tax receivables

Income tax receivables amounted to EUR 8,332 thousand at the reporting date (previous year: EUR 19,350 thousand). EUR 8,332 thousand (previous year: EUR 19,331 thousand) of this amount is due within one year. In the previous year, income tax receivables of EUR 19 thousand were due after more than one year.

5.10 Cash and cash equivalents

Cash and cash equivalents were composed of the following items at the reporting date:

(EUR thousand)	12/31/2013	12/31/2012
Unrestricted cash	682,084	735,981
Restricted cash	1,436	7,543
Total	**683,520**	**743,524**

Cash and cash equivalents comprise cash funds and overnight deposits. Restricted cash consists of term deposits and bank deposits.

During the year, the standard market interest rate for short-term bank deposits in the eurozone lay between 0.0 and 0.5 percent (previous year: between 0.0 and 0.5 percent). The average interest rate at the end of the year was 0.3 percent (previous year: 0.3 percent).

6. Consolidated balance sheet disclosures: Equity and liabilities

6.1 Equity

Subscribed capital

There were no changes to subscribed capital in fiscal year 2013. In the previous year, the subscribed capital increased by EUR 23,486 thousand through the issuance of 8,687,631 no-par value bearer shares.

The subscribed capital of GEA Group Aktiengesellschaft amounted to EUR 520,376 thousand as of December 31, 2013 (previous year: EUR 520,376 thousand). The shares are composed of 192,495,476 no-par value bearer shares (previous year: 192,495,476). All the shares are fully paid up.

As in the previous year, the shares have a notional value of EUR 2.70 each (rounded).

All shares convey the same rights. Shareholders are entitled to receive dividends as declared and are entitled to one vote per share at the Annual General Meeting.

Authorized capital

(EUR thousand)	Annual General Meeting resolution	Expiring on	Amount (EUR thousand)
Authorized Capital I	April 24, 2012	April 23, 2017	77,000
Authorized Capital II	April 21, 2010	April 20, 2015	72,000
Authorized Capital III	April 22, 2009	April 21, 2014	99,000
Total			**248,000**

Under **Authorized Capital I**, the Executive Board is authorized, with the approval of the Supervisory Board, to increase the share capital by issuing new no-par value shares against cash contributions on one or more occasions and, in accordance with Article 5(4) of the Articles of Association, to define a starting date for profit rights in this case that differs from the date stipulated by law. The Executive Board is also entitled, with the approval of the Supervisory Board, to exclude fractions from shareholders' preemptive rights. Furthermore, the Executive Board is authorized, with the approval of the Supervisory Board, to stipulate the further details of the capital increase from Authorized Capital I and the terms and conditions of the share issue. The new shares may also be underwritten by banks with the obligation of offering them to the shareholders for subscription.

Under **Authorized Capital II**, the Executive Board is authorized, with the approval of the Supervisory Board, to increase the share capital by issuing new no-par value shares against cash or noncash contributions on one or more occasions and, in accordance with Article 5(4) of the Articles of Association, to define a starting date for profit rights in this case that differs from the date stipulated by law. The Executive Board is also entitled, with the approval of the Supervisory Board, to exclude fractions from shareholders' preemptive rights. Furthermore, the Executive Board is authorized, with the approval of the Supervisory Board, to disapply shareholders' preemptive rights in a partial amount of EUR 50,000 thousand in the case of capital increases against noncash contributions for the purpose of business combinations or the acquisition of companies, parts of companies, or equity interests in companies. Additionally, the Executive Board is authorized, with the approval of the Supervisory Board, to stipulate the further details of the capital increases from Authorized Capital II and the terms and conditions of the share issue. The new shares may also be underwritten by banks with the obligation of offering them to the shareholders for subscription.

Under **Authorized Capital III**, the Executive Board is authorized, with the approval of the Supervisory Board, to increase the share capital by issuing new no-par value shares against cash or noncash contributions on one or more occasions and, in accordance with Article 5(4) of the Articles of Association, to define a starting date for profit rights in this case that differs from the date stipulated by law. The Executive Board is also authorized, with the approval of the Supervisory Board, to disapply shareholders' preemptive rights in the case of capital increases against noncash contributions for the purpose of business combinations or the acquisition of companies, parts of companies, or equity interests in companies. Furthermore, the Executive Board is authorized, with the approval of the Supervisory Board, to disapply shareholders' preemptive rights in the case of capital increases against cash contributions if the issue price of the new shares does not fall materially below the market price of the same class of shares of the Company at the time the issue price is set. This disapplication of preemptive rights in accordance with sections 203(1) and 186(3) sentence 4 of the AktG is limited to a maximum of 10 percent of the Company's share capital. The limit of 10 percent of the share capital is reduced by the proportion of the share capital attributable to the treasury shares of the Company that are sold during the term of Authorized Capital III while shareholders' preemptive rights are disapplied in accordance with sections 71(1) no. 8 sentence 5 and 186(3) sentence 4 of the AktG. The limit is also reduced by the proportion of the share capital attributable to those shares that are issued to settle bonds with warrants or convertible bonds with an option or conversion right or with an option or conversion obligation, provided that the bonds are issued during the term of Authorized Capital III and shareholders' preemptive rights are disapplied in accordance with section 186(3) sentence 4 of the AktG. Furthermore, the Executive Board is entitled, with the approval of the Supervisory Board, to exclude fractions from shareholders' preemptive rights. The Executive Board is also authorized, with the approval of the Supervisory Board, to stipulate the further details of the capital increases from Authorized Capital III and the terms and conditions of the share issue. The new shares may also be underwritten by banks with the obligation of offering them to the shareholders for subscription.

Contingent capital

(EUR thousand)	12/31/2013	12/31/2012
Compensation to external shareholders of GEA AG in line with the settlement dated January 30, 2012, resolved by the Annual General Meeting on April 24, 2012	17,339	17,339
Bonds with warrants and convertible bonds according Annual General Meeting resolution April 21, 2010	48,660	48,660
Total	**65,999**	**65,999**

Under Article 4(6) of the Articles of Association, the share capital was contingently increased by up to EUR 17,339,095.52, comprising up to 6,414,014 bearer shares. In accordance with the Articles of Association, the contingent capital increase serves to grant compensation in shares of the Company to the external shareholders of the former GEA AG, Bochum, in line with the settlement dated January 30, 2012, between the Company on the one hand, and on the other hand the applicants as well as the joint representatives of the award proceedings pending before the Dortmund Local Court with the case reference number 20 O 533/99, which will bring the award proceedings related to the control and profit transfer agreement dating from June 29, 1999, between the former Metallgesellschaft AG (now GEA Group Aktiengesellschaft) and the former GEA AG to a close and increase the previous exchange ratio. The issue of the last tranche of shares on December 3, 2012, in line with the settlement completed the implementation of the capital increase.

Under a resolution adopted by the Annual General Meeting on April 21, 2010, the share capital was contingently increased by up to EUR 48,660 thousand, comprising up to 18,000,000 bearer shares. The contingent capital increase will only be implemented to the extent that the holders or creditors of options or conversion rights or persons obliged to convert or exercise options under bonds with warrants or convertible bonds that are issued against cash contributions or guaranteed by the Company or a subordinate group company of the Company up to April 20, 2015, on the basis of the authorization of the Executive Board by the Annual General Meeting resolution dated April 21, 2010, exercise their options or conversion rights or, if they are obliged to convert or exercise options, satisfy their obligation to convert or exercise options, or if GEA Group Aktiengesellschaft exercises its option to grant shares of GEA Group Aktiengesellschaft in full or in part instead of payment of the monetary amount due, and if no cash settlement is granted or own shares or shares of another listed company are used in settlement. New shares will be issued at the option or conversion price to be determined in accordance with the authorizing resolution referred to above. The new shares carry dividend rights from the beginning of the fiscal year in which they are created. The Executive Board is authorized, with the approval of the Supervisory Board, to determine the further details of the implementation of the contingent capital increase.

As in the previous year, no bonds with warrants or convertible bonds were issued in fiscal year 2013.

Capital reserves

Capital reserves primarily reflect the effects from the business combination of the former Metallgesellschaft Aktiengesellschaft and the former GEA AG as well as premiums from issuing shares of the former Metallgesellschaft AG.

Capital reserves rose by EUR 209 thousand compared with the previous year and amounted to EUR 1,218,073 thousand (previous year: EUR 1,217,864 thousand). The increase is due to the change in non-controlling interests (EUR 230 thousand), less EUR 21 thousand (previous year: increase of EUR 64 thousand) from the offsetting of income from an employee share-based payment plan in South Africa, which is attributable to discontinued operations. Under the major "Medupi" order received at the end of 2007, GEA Group undertook to meet certain assessment criteria defined by the Broad Based Black Economic Empowerment Act of 2003. To do this, GEA Group launched a share-based payment plan for staff at its South African company, among other things. The shares granted to these employees are held indirectly via a trustee, which in turn issues options on these shares to the employees. The options vest after a five-year holding period. Twenty percent of the options will be exercised each year after the holding period expires. The exercise price corresponds to the fair value of the shares at the grant date. The options lapse if employees leave the company before the five-year period expires.

10,315 options were outstanding at December 31, 2012. Of these, 3,505 options expired in fiscal year 2013. At the same time, 3,150 options were allocated to a second tranche, of which 75 options expired in fiscal year 2013. The number of options outstanding at December 31, 2013, was therefore 9,885.

The weighted average fair value of the options issued amounted to EUR 36.69 at the grant date of May 6, 2009. The fair value of the options was determined using a Monte Carlo simulation. Income of EUR 21 thousand (previous year: expenses of EUR 64 thousand) was recognized to reflect expected staff turnover in fiscal year 2013.

Retained earnings and net retained profits

The changes in retained earnings and net retained profits are reported in the statement of changes in equity. Actuarial gains and losses on the measurement of non-current employee benefit obligations are included in retained earnings.

The distribution of profits is based on the annual financial statements of GEA Group Aktiengesellschaft prepared in accordance with the HGB.

Accumulated other comprehensive income

Changes in equity outside profit or loss are reported in accumulated other comprehensive income if they do not relate to capital transactions with shareholders. Other comprehensive income comprises the gains or losses on financial assets measured at fair value and recognized directly in equity, the effective portion of the change in fair value of derivatives designated as cash flow hedges, and exchange rate gains or losses from the translation of the financial statements of foreign subsidiaries.

Non-controlling interests

Non-controlling interests in GEA Group companies amounted to EUR 2,667 thousand (previous year: EUR 2,552 thousand).

The change in accumulated other comprehensive income attributable to non-controlling interests totaled EUR 167 thousand. This amount resulted primarily from exchange differences on foreign currency translation, which contributed EUR 167 thousand in fiscal year 2013 to the change in accumulated other comprehensive income.

6.2 Provisions

The following table shows the composition of and changes in provisions in 2013:

(EUR thousand)	Guarantees, warranties	Financial guarantee contracts	Litigation risks	Follow-up costs	Environ-mental protection, mining	Other provisions	**Total**	Supplemental information: Disposal groups, discontinued operations
Balance at Jan. 1, 2013	**123,009**	**47,907**	**23,045**	**56,401**	**84,404**	**101,278**	**436,044**	**99,555**
of which non-current	17,356	24,438	6,471	5,260	75,942	36,357	**165,824**	9,687
of which current	105,653	23,469	16,574	51,141	8,462	64,921	**270,220**	89,868
Additions	67,578	5,111	18,573	24,055	447	46,275	**162,039**	43,842
Utilization	–34,503	–16,027	–17,958	–20,070	–3,159	–52,123	**–143,840**	–29,036
Reversal	–24,662	–12,294	–782	–8,975	–7,133	–10,640	**–64,486**	–20,634
Changes in consolidated Group	13	–	–	1,013	–	90	**1,116**	635
Unwinding of discount	–	5	18	–4	1,876	400	**2,295**	–
Exchange differences	–3,554	–2	–261	–733	–21	–1,950	**–6,521**	–2,143
Reclassification as held for sale	–56,142	–	–21	–26,363	–125	–9,568	**–92,219**	–
Balance at Dec. 31, 2013	**71,739**	**24,700**	**22,614**	**25,324**	**76,289**	**73,762**	**294,428**	**92,219**
of which non-current	10,217	10,283	8,424	4,931	66,495	23,427	**123,777**	10,516
of which current	61,522	14,417	14,190	20,393	9,794	50,335	**170,651**	81,703

Provisions for guarantees and warranties

Provisions for guarantees and warranties relate to warranty commitments for products and equipment. As is customary in the industry, the guarantees and warranties on which they are based are granted in connection with certain performance criteria relating to products or equipment (e.g., guaranteed output volume, quality of product manufactured). Warranties usually have a contractual term of between one and two years from the date on which the products or equipment are accepted. In addition to warranties explicitly agreed under contract, product liability rules apply in many sales countries and may also stipulate that the manufacturer is liable beyond the contractually defined term of the warranty. In some cases, recourse claims exist in the form of insurance refunds or subcontractor guarantees. The level of provisions is based on management's best estimate. As of December 31, 2013, refund claims amounting to EUR 433 thousand (previous year: EUR 355 thousand) against nongroup third parties were recognized. GEA Group expects to settle most of the provisions for guarantees and warranties in the coming year.

Provisions for financial guarantee contracts

Provisions for financial guarantee contracts comprise obligations under indemnification agreements as well as warranties and undertakings relating to the sale of business activities. The changes in these provisions in fiscal year 2013 are primarily due to the resolution of uncertainties relating to risks from the sale of the plant engineering activities. An outflow of approximately 60 percent of the provisions for financial guarantee contracts is expected in fiscal year 2014.

Litigation risks

Provisions are recognized for risks arising from expected or pending litigation against GEA Group companies if it is believed that there is likely to be an unfavorable outcome to the proceedings. Assessments by counsel for the Company or legal experts were used to determine the likelihood of such litigation. The probable damages or sanctions have been recognized as a liability. The timing of cash outflows relating to provisions for litigation risks often cannot be reliably determined.

Follow-up costs

This item comprises the cost of residual work that is incurred after a contract has already been invoiced and the profit from the contract has been recognized. The amount of the expected cost is stated. Payments are made almost in their entirety in the following year.

Environmental protection, mining

This item mainly comprises provisions for the clean-up of pit water from past mining activities, the clean-up of other instances of groundwater contamination, and the removal of contamination resulting from zinc production by Ruhr-Zink, including related measures to safeguard groundwater. Due to a lack of legal precedents, the law is unclear in some cases as to the amount and duration of the Company's obligation to clean up pit and ground water. The amount of the obligation will be influenced by the legal clarification of this issue, which the Company aims to achieve in cooperation with the authorities and the state of North Rhine-Westphalia. A contract under public law to remove contamination by Ruhr-Zink was entered into in fiscal year 2013. The level of provisions is based on the best estimate. Around one-third of the expected cash outflows are anticipated to be within the next three years. The expected settlement dates for the remaining provisions are largely dependent on the contracts under public law that are still to be entered into. The obligations are expected to extend to well beyond 2030.

Other provisions

Other provisions comprise provisions for a range of individual items. In the previous year, this item included provisions for repayments of investment subsidies of EUR 24,713 thousand and provisions for expected losses of EUR 3,557 thousand. Around 68 percent of other provisions are expected to be settled in fiscal year 2014.

6.3 Employee benefit obligations

Employee benefit obligations are composed of the following items:

(EUR thousand)	12/31/2013	12/31/2012
Obligations under pension plans and supplementary healthcare benefits	639,757	665,666
of which defined benefit pension plans	621,112	645,072
of which obligations under supplementary healthcare benefits	16,043	17,762
of which defined contribution pension plans	2,602	2,832
Other employee benefit obligations	3,339	5,778
Partial retirement	10,910	13,180
Jubilee benefits	7,748	9,041
Other non-current obligations to employees	10,957	8,388
Non-current employee benefit obligations	**672,711**	**702,053**
Redundancy plan and severance payments	3,584	5,972
Outstanding vacation, flexitime/overtime credits	55,764	65,419
Bonuses	75,488	82,383
Other current obligations to employees	17,808	26,596
Current employee benefit obligations	**152,644**	**180,370**
Total employee benefit obligations	**825,355**	**882,423**

6.3.1 Obligations under defined benefit pension plans and supplementary healthcare benefits

Wherever possible, defined benefit pension obligations and obligations under supplementary healthcare benefits are disclosed below in the aggregate and explained together.

Furthermore, the amounts are presented including assets held for sale and liabilities held for sale. Where a reconciliation to line items in the financial statements is required, this is presented in a separate line as “reclassified as held for sale.”

All obligations were actuarially valued as of December 31, 2013, and as of December 31, 2012.

Defined benefit pension plans

GEA Group employees are offered various benefit options, mainly in the form of defined benefit and defined contribution pension plans.

Defined benefit pension plan obligations exist in Germany and, outside of Germany, mainly in the U.S.A., Switzerland, and the United Kingdom. In addition, other foreign companies have typical country-specific pension plans that are funded in part by plan assets. Benefits and investments correspond to the country-specific economic environment and requirements.

GEA Group views granting pension benefits as an opportunity to foster employee loyalty and engagement. It is therefore a standard feature of the remuneration concept and has an employee contribution component, where this is appropriate. In connection with this, GEA Group monitors developments on the human resources market and regularly checks that the benefits it grants are appropriate and in line with the market.

GEA Group does not believe that the pension obligations pose any risks over and above the customary extent and the general risks described.

Pension benefits in Germany

In Germany, GEA Group grants old-age, disability, and survivors' benefits to many of its employees. New employees are generally only granted benefits that are partly funded by employee contributions.

As part of the general benefits provided, all employees have the opportunity to voluntarily defer part of their compensation. Under this arrangement, an agreed amount of their salary plus an employer contribution of up to 100 percent of the deferred amount is converted into a pension benefit. A corresponding collective bargaining agreement was entered into in 2002 and revised in 2008.

Managers receive benefits comprising an income-related employer-funded basic amount, an employer-funded top-up, and a matching amount funded through deferred compensation with an employer contribution of up to 100 percent of the deferred amount. The additional contributions from the top-up and matching amounts are determined annually and converted into a pension benefit by the employer. These commitments are granted in the form of identical individual commitments.

For both commitments, the post-retirement benefits are adjusted by 1 percent each year.

In addition to the currently open benefit plans, there are a number of historical pension plans in the company. These plans are generally closed to new employees, but are maintained unchanged for employees who were members at the time the plan was closed. These include obligations under "Bochumer Verband" and "Essener Verband" as well as obligations established independently by their predecessors.

The pension obligations are partly funded by pension liability insurances.

Pension benefits outside Germany

Pension benefits outside Germany mainly exist in the U.S.A., the United Kingdom, and Switzerland.

In the U.S.A., there are pension obligations from various pension plans that were closed in succession up to December 31, 2000. No further benefits are earned from a defined benefit pension plan for periods of service after the respective closure date. Old-age and survivors' benefits accrued at the closure date of the respective plan were fixed on the basis of pensionable income at the closure date. Benefits may be paid out in the form of annuities or lump-sum payments. Existing pension obligations are partly funded by plan assets. The assets are held separately from the company in an external trust. The companies have appointed independent trustees in accordance with statutory provisions to manage the funding of obligations and the investment of assets according to the company's specifications. Any funding deficit is established annually in accordance with legal requirements and spread over a fixed time period if required. The statutory basis for minimum funding was last amended in 2012 by the Moving Ahead for Progress in the 21st Century Act (MAP-21).

In the United Kingdom, there are pension obligations from two UK pension plans, one of which has been closed for a number of years and applies exclusively to former employees. The second plan is closed to new employees, but continues to provide old-age and survivors' benefits to the currently active participants based on pensionable income in the year before the employment relationship ends; these benefits are funded by salary-dependent employee contributions to plan assets. The accrued entitlements and current benefits in the United Kingdom are adjusted in accordance with statutory requirements on the basis of inflation. Pension obligations from both plans are partly funded by plan assets. The companies appointed independent trustees in accordance with statutory provisions to manage the funding of obligations and the investment of assets according to the company's specifications. Company pension plans are valued every three years in accordance with legal requirements, and any deficit is established. If the plan is underfunded, the trustee prepares a funding plan to regulate the funding of the deficit, taking account of the actuary's recommendation and the type and circumstances of the respective plan.

In Switzerland, there are pension obligations from the second pillar of the Swiss pension system, the compulsory occupational pension plan. Implementation is by means of foundations that are independent from the companies; employers and employees pay income-dependent contributions to the foundations. Interest is applied, in accordance with legal provisions, to the individual amounts saved, and on retirement the total is converted into an old-age, invalidity, and survivor's pension based on predetermined annuity tables. Investment and management of the assets is guided by the statutory provisions on occupational pension plans. Due to significant legal requirements concerning the design of pension plans, companies only have a small number of options available to them for varying the design (e.g., level of employee contribution, level of contributions according to age band). A board of trustees, comprising employer and employee representatives, decides on the distribution of surpluses, or on changes to the design of the plan within the legal framework. The plans come under the Bundesgesetz über die berufliche Vorsorge (BVG – Swiss Federal Law on Occupational Benefits), which regulates the minimum benefits to be provided by companies by defining the minimum contributions required and the returns on them. The GEA Group companies that are affected by this have insured their employees with the AXA Winterthur group foundation. All employers may have to contribute "stabilization payments" if there is insufficient cover for the obligations. No "stabilization plan" is required at present as the cover is currently sufficient.

Supplementary healthcare benefits

In addition to occupational pension benefits, certain retired employees are granted health insurance subsidies. New entitlements to health insurance subsidies are no longer granted. There are now only a few employees with such benefits in active employment. Existing obligations are not funded by plan assets. GEA Group does not see these benefits posing a particular risk due to the low level of the obligations.

All remaining obligations under supplementary healthcare benefits in the U.S.A. were settled during the year. This means that such obligations no longer exist outside of Germany.

Provisions and funded status

The changes in the present value of the defined benefit obligation, the plan assets, and the provisions were as follows:

	12/31/2013		12/31/2012	
(EUR thousand)	Germany	Other countries	Germany	Other countries
Present value of defined benefit obligation at beginning of fiscal year	**632,091**	**155,017**	**493,347**	**132,861**
Current service cost	10,629	3,203	8,045	2,703
Interest cost from discounting unwinding on obligations	20,008	4,987	24,309	5,665
Employee contributions	–	787	–	807
Remeasurement of present value of obligation	6,047	–55	138,689	16,361
Actuarial gains (losses) from changes in demographic assumptions	–	543	4	360
Actuarial gains (losses) resulting from changes in financial assumptions	–383	–2,583	133,978	16,768
Actuarial gains (losses) resulting from experience adjustments	6,430	1,985	4,707	–767
Past service cost	–	–63	1,257	–
Payments without settlements	–33,617	–8,628	–32,832	–7,770
Transfer of assets	311	694	–724	–
Changes in combined group due to acquisitions	–	–377	–	3,687
Other changes in combined group	–	–	–	1,612
Exchange differences	–	–4,611	–	–909
Present value of defined benefit obligation at end of fiscal year	**635,469**	**150,954**	**632,091**	**155,017**
Fair value of plan assets at beginning of the fiscal year	**17,869**	**106,405**	**17,155**	**91,065**
Interest income on plan assets	581	3,479	864	3,889
Employer contributions	421	5,347	857	5,787
Employee contributions	–	787	–	807
Remeasurement: return from plan assets in excess of interest income	34	4,230	–184	9,333
Payments without settlements	–949	–7,506	–823	–6,657
Transfer of assets	–	509	–	–
Changes in combined group due to acquisitions	–	–	–	2,636
Exchange differences	–	–3,505	–	–455
Fair value of plan assets at the end of fiscal year	**17,956**	**109,746**	**17,869**	**106,405**
Funded status/ Net carrying amount	**617,513**	**41,208**	**614,222**	**48,612**
Reclassification as held for sale	–19,466	–2,100	–	–
Net carrying amount	**598,047**	**39,108**	**614,222**	**48,612**

The net carrying amount of obligations under defined benefit pension plans and supplementary healthcare benefits changed as follows in fiscal years 2013 and 2012:

	12/31/2013		12/31/2012	
(EUR thousand)	Germany	Other countries	Germany	Other countries
Net carrying amount at beginning of fiscal year	**614,222**	**48,612**	**476,192**	**41,796**
Changes through profit or loss	30,056	4,648	32,747	4,479
Current service cost	10,629	3,203	8,045	2,703
Past service cost	–	–63	1,257	–
Net interest on net defined benefit liability	19,427	1,508	23,445	1,776
Changes through OCI	6,013	–4,285	138,873	7,028
Return from plan assets in excess of interest income	–34	–4,230	184	–9,333
Actuarial gains (losses) from changes in demographic assumptions	–	543	4	360
Actuarial gains (losses) resulting from changes in financial assumptions	–383	–2,583	133,978	16,768
Actuarial gains (losses) resulting from experience adjustments	6,430	1,985	4,707	–767
Cash-effective changes	–33,089	–6,469	–32,866	–6,900
Employer contributions	–421	–5,347	–857	–5,787
Payments without settlements	–32,668	–1,122	–32,009	–1,113
Other changes	311	–1,298	–724	2,209
Transfer of assets	311	185	–724	–
Changes in combined group due to acquisitions	–	–377	–	1,051
Other changes in combined group	–	–	–	1,612
Exchange differences	–	–1,106	–	–454
Funded status/ Net carrying amount	**617,513**	**41,208**	**614,222**	**48,612**
Reclassification as held for sale	–19,466	–2,100	–	–
Net carrying amount	**598,047**	**39,108**	**614,222**	**48,612**

The following overview shows the net carrying amount broken down into plans with and without plan assets:

	12/31/2013		12/31/2012	
(EUR thousand)	Germany	Other countries	Germany	Other countries
Present value of funded obligations	139,255	138,934	145,082	142,865
Fair value of plan assets	17,956	109,746	17,869	106,405
Funded status/ Net carrying amount of funded obligations	**121,299**	**29,188**	**127,213**	**36,460**
Present value of unfunded obligations	496,214	12,020	487,009	12,152
Funded status/ Net carrying amount of unfunded obligations	**496,214**	**12,020**	**487,009**	**12,152**
Funded status/ Net carrying amount	**617,513**	**41,208**	**614,222**	**48,612**
Reclassification as held for sale	–19,466	–2,100	–	–
Net carrying amount	**598,047**	**39,108**	**614,222**	**48,612**

As in the previous year, no asset ceiling in accordance with IAS 19.64 (b) applies. In addition, there are no reimbursement claims within the meaning of IAS 19.116.

The following overview shows the present value of the defined benefit obligation broken down into active employees, former employees with terminated vested benefits, and benefit recipients:

	12/31/2013		12/31/2012	
(EUR thousand)	Germany	Other countries	Germany	Other countries
Active Employees	180,214	70,392	172,831	70,693
Vested terminated employees	77,086	34,202	75,068	36,298
Pensioners	378,169	46,360	384,192	48,026
Total	**635,469**	**150,954**	**632,091**	**155,017**

Plan assets

The plan assets used to cover the pension obligations were as follows at the respective reporting dates:

	12/31/2013		12/31/2012	
(Percent)	Germany	Other countries	Germany	Other countries
Quoted prices in active markets	5.2	74.8	5.7	65.7
Equity instruments	1.9	27.6	1.9	29.1
Debt instruments	3.2	36.7	3.8	36.6
Other	0.1	10.5	0.0	0.0
No quoted prices in active markets	94.8	25.2	94.3	34.3
Equity instruments	0.0	0.7	0.0	0.7
Debt instruments	0.0	0.4	0.0	0.5
Real estate	0.0	1.8	0.0	2.0
Insurance	94.6	20.9	94.1	31.1
Other	0.2	1.4	0.2	0.0
Total	**100.0**	**100.0**	**100.0**	**100.0**

Particularly in Germany, GEA Group has decided to utilize the internal financing effect of the pension provisions and supplementary healthcare benefits and only to fund a relatively small proportion of the pension obligations using plan assets.

In the U.S.A., the United Kingdom, and Switzerland, a large proportion of the pension obligations is funded by plan assets in accordance with the legal framework. The above table shows how the plan assets have been invested. A proportion of both the German and foreign plan assets is managed by insurance companies in accordance with their specific investment guidelines. In Germany, this is the predominant form of investment for plan assets. Part of the plan assets of German pension plans is also managed by pension funds and an endowment fund, and is mainly invested in fixed-income securities and term deposits, with only a relatively small proportion invested in equities. The objective of these external investments is to ensure secure returns and preserve the value of the underlying assets in order to fund current and future pension benefits. There are currently no plans to change this investment strategy.

Assets invested in the capital markets are exposed to general capital market and investment risk. GEA Group is constantly monitoring market developments and has developed corresponding investment policies that adequately balance risk and income expectations while taking the respective statutory and regulatory frameworks into account.

In fiscal year 2014, EUR 436 thousand is expected to be added to the plan assets of German pension plans and EUR 5,565 thousand to plans outside Germany.

The actual return on plan assets in 2013 was EUR 8,324 thousand (previous year: EUR 13,902 thousand).

Actuarial assumptions

As of the relevant reporting date, the following weighted actuarial assumptions were used to calculate the present value of the defined benefit obligations. These assumptions are used to calculate net pension expenses in the following year.

	12/31/2013		12/31/2012	
(Percent)	Germany	Other countries	Germany	Other countries
Discount factor	3.25	3.52	3.25	3.31
Inflation	2.00	1.42	2.00	1.78
derived: wage and salary growth rate	3.00	1.58	3.00	1.98
derived: pension growth rate	1.66	0.43	1.66	0.53
derived: growth rate in cost of health care benefits	3.75	–	4.00	–

The actuarial measurement factors for German plans are established by GEA Group in consultation with actuarial experts. The corresponding assumptions for plans outside Germany are determined taking into account country-specific conditions with the help of local experts in consultation with the global experts and GEA Group. The discount rate is established using a recognized method based on the return on high quality corporate bonds determined as of the reporting date, taking into account the currency and maturities of the underlying liabilities. For countries that do not have a liquid market in corporate bonds that are suitable for setting the discount rate, interest rates on government bonds are referred to instead to define the rate.

All other assumptions correspond to the long-term expectations of GEA Group. The nominal rate of wage and salary increases is calculated based on expected inflation and a real rate of increase. The rate of pension increases in Germany is also determined based on inflation, provided that the pension adjustments are determined in accordance with the rise in the cost of living. In addition, the financial position of the relevant company is also taken into account. If a firm pension adjustment commitment has been made, this is taken into account accordingly. Outside of Germany, the pension adjustment is also generally determined on the basis of inflation. The growth rate assumed for the costs of supplementary healthcare benefits in Germany equates to forecast inflation plus a growth rate based on historical data. Based on this data, the growth rate is not expected to change in the future.

As in the previous year, Klaus Heubeck's 2005G mortality tables were used as a basis for measuring all German plans as of December 31, 2013. On this basis, the life expectancy of a 65-year-old pensioner as of the reporting date is 18.89 years for men and 22.97 years for women (previous year: 18.75 years/22.83 years). Country-specific measurement bases were used for pension liabilities outside Germany.

The sensitivities presented below apply to the discount rate and inflation, which have been identified as actuarial assumptions that have a significant influence on GEA Group's benefit obligations. Since the wage and salary increase rate, the pension increase rate, and the growth rate in the cost of supplementary health benefits are derived from inflation, sensitivity to inflation was used to measure the sensitivity of these assumptions together. The same calculation methods were used for sensitivities as for the recognized provisions. The ranges used to compute the sensitivities of the assumptions are based on the changes that are deemed possible until the next reporting date, given historical experience. The meaningfulness of historical experience for forecasts of future outcomes and neglecting to update a number of assumptions simultaneously may represent limitations of these methods.

(EUR thousand)	2013	
Increase (+)/ Decrease (-) of DBO	Germany	Other countries
Increase of discount factor by 50 basis points	–41,955	–6,019
Decrease of inflation by 25 basis points	–12,805	–935

The sensitivity effect from an age reduction of one year is on average around 4 percent of the present value of the obligation.

Future cash flows

The following benefit payments are expected to be made under the German and foreign plans in the coming years:

(EUR thousand)	2014	2015	2016	2017	2018	2019 - 2023
German plans	33,190	32,597	32,460	32,271	32,138	158,224
Foreign plans	7,175	7,036	6,696	7,187	7,326	40,792

The average weighted duration of pension obligations and supplementary healthcare benefits is:

(Years)	12/31/2013		12/31/2012	
	Germany	Other countries	Germany	Other countries
Duration	14.3	13.1	14.5	13.7

6.3.2 Defined contribution pension plans

Various companies – especially in the U.S.A. and Scandinavia – operate defined contribution pension plans. Under these plans, the obligation does not lie with GEA Group, but with the respective pension funds. Contributions from continuing operations totaling EUR 17,347 thousand were paid in fiscal year 2013 (previous year: EUR 19,462 thousand). Contributions from continuing operations of EUR 41,721 thousand were paid to state pension insurance systems (previous year: EUR 39,389 thousand). These contributions are recognized as personnel expenses at the same time as the relevant service is rendered.

Two multi-employer pension plans operated by several employers in the Netherlands were recognized as defined contribution pension plans because the respective managers of the plans do not provide sufficient information to the participating companies on the amount of the obligation and of the plan assets for them to be recognized as defined benefit pension plans.

In the first plan, neither a surplus nor a deficit would have any effect on the level of future contributions. Contributions amounting to EUR 2,255 thousand (previous year: EUR 2,135 thousand) were made to this multi-employer pension plan in fiscal year 2013. It is expected that contributions for fiscal year 2014 will be at a similar level.

The second multi-employer pension plan has around 1.2 million beneficiaries, of whom around 600 belong to GEA Group. The asset/liability ratio of this plan must amount to at least 105 percent. Neither a surplus nor a deficit in the plan would result in additional payments from or into the plan for the participating companies. However, if the minimum funding level is not met, future contributions to be paid by the participating companies may be increased. Contributions amounting to EUR 3,091 thousand (previous year: EUR 3,134 thousand) were made to the multi-employer pension plan in fiscal year 2013. Contributions are expected to be at a similar level for fiscal year 2014.

6.3.3 Share-based payment

Share-based payments in fiscal year 2013 for the complete group totaled EUR 8,240 thousand (previous year: EUR 3,135 thousand). Of this amount, EUR 729 thousand was attributable to GEA HX (previous year: EUR 440 thousand). The income of EUR 21 thousand (previous year: expense of EUR 64 thousand) recognized by the complete group for equity-settled share-based payment transactions (see section 6.1) was solely attributable to the discontinued GEA HX Segment. The carrying amount of liabilities arising from share-based payment transactions in the complete group amounted to EUR 12,408 thousand as of December 31, 2013 (previous year: EUR 8,529 thousand). Of this amount, EUR 758 thousand (previous year: EUR 779 thousand) related to the GEA HX disposal group.

Performance Share Plan

Effective July 1, 2006, GEA Group Aktiengesellschaft launched a long-term remuneration program entitled “GEA Performance Share Plan”, a cash-settled share-based payment plan for all first- and second-level managers below the Executive Board. Third-level managers were also eligible to participate starting with the third tranche of the program as of July 1, 2008. The eighth tranche was issued on July 1, 2013. The goal of the GEA Performance Share Plan is to link managers’ remuneration with the long-term success of the Company and to align their interests with those of the shareholders.

Under the plan, participants are granted a defined number of Performance Shares at the beginning of the performance period. The number of Performance Shares allotted is determined by the participants’ management level. To participate in the plan, managers must invest 20 percent of the amount of the allotted Performance Shares in shares of GEA Group Aktiengesellschaft. The personal investment must then be held for three years (performance period).

The performance of GEA Group Aktiengesellschaft’s shares relative to the MDAX companies over the three-year performance period is measured on the basis of their total shareholder return (TSR). TSR is a suitable indicator for investors to compare the performance and appeal of different companies. It measures the total percentage return that an investor earns from a share over a certain period. In addition to share price performance, dividends and adjustments such as share splits are included in the calculation of TSR. This method of comparison eliminates share price performance that is due to general market volatility and enables the effects of different profit retention strategies to be compared. The relative performance of GEA Group Aktiengesellschaft’s shares determines the number of Performance Shares finally paid out (between 0 percent and 300 percent).

The Performance Shares are paid out once the three-year performance period has expired. At that time, performance of GEA Group Aktiengesellschaft’s shares relative to the MDAX determines how many Performance Shares are paid out: If the performance of the Company’s shares equals the median in the TSR comparison, 50 percent of the Performance Shares are issued; if it reaches the third quartile, 100 percent of the Performance Shares are paid out. If GEA Group Aktiengesellschaft’s shares outperform the MDAX companies, 300 percent of the Performance Shares are issued. Other performance figures are interpolated between these values. The total amount paid out corresponds to the number of Performance Shares allotted to a participant multiplied by the average share price over the last quarter of the three-year performance period. Once the performance period has expired, participants may freely dispose of their personal investment in GEA Group Aktiengesellschaft shares.

The 2010 tranche expired on June 30, 2013. The TSR comparison over the three-year performance period resulted in a payout ratio of 78.71 percent (previous year: 2009 tranche, 87.95 percent). The payout amounted to EUR 4,381 thousand (previous year: EUR 6,387 thousand). EUR 772 thousand (previous year: EUR 1,078 thousand) of the 2013 payout was attributable to the GEA HX Segment which is allocated to discontinued operations.

The number of Performance Shares changed as follows in fiscal year 2013:

(Number of shares)	12/31/2012	Additions	Expired	Paid Out	Changes in consolidated Group	12/31/2013	Thereof HX
2010 tranche	205,480	–	–	205,480	–	–	–
2011 tranche	165,657	–	3,668	–	–	161,989	24,455
2012 tranche	162,150	–	1,250	–	–	160,900	20,725
2013 tranche	–	175,360	516	–	–	174,844	16,113
Total	**533,287**	**175,360**	**5,434**	**205,480**	**–**	**497,733**	**61,293**

The total expense for the complete group for fiscal year 2013 amounts to EUR 5,178 thousand (previous year: EUR 2,351 thousand), taking into account the fair value as of December 31, 2013, of EUR 23.36 (previous year: EUR 13.37) for the 2011 tranche, EUR 19.91 (previous year: EUR 12.11) for the 2012 tranche, and EUR 25.19 for the 2013 tranche, as well as EUR 21.32 (previous year: EUR 19.71) for the 2010 tranche (previous year: 2009 tranche) at the payment date. EUR 750 thousand of this total expense (previous year: EUR 376 thousand) is attributable to the discontinued GEA HX Segment.

The fair value of the Performance Shares is determined using a Monte Carlo simulation. The following valuation assumptions are applied:

	2013			2012		
Tranche	2011	2012	2013	2010	2011	2012
Share price (EUR)	36.16	35.37	34.60	25.76	25.35	24.47
Dividend yield (%)	1.880	1.880	1.880	2.800	2.800	2.800
Risk-free interest rate (%)	0.105	0.170	0.335	0.017	–0.055	–0.009
Volatility GEA shares (%)	19.06	19.06	19.06	27.44	27.44	27.44

As the payout ratio of GEA Group Aktiengesellschaft's Performance Shares is linked to the MDAX, the volatilities of all MDAX shares and their correlations to GEA Group Aktiengesellschaft shares are also calculated. The calculation of volatilities and correlations is based on historical market data. Risk-free interest rates were determined from German government bond yields.

Phantom shares

A long-term incentive component was added to the bonus arrangements for Executive Board members in fiscal years 2010 and 2011. Under this, half of the bonus was payable with the regular salary payment and the other half was converted into phantom shares of the Company. It was calculated as the arithmetic mean of the daily closing prices of GEA Group shares in Xetra trading operated by the Frankfurt Stock Exchange on the trading days in the three-month period that ended one month before the date of the Supervisory Board meeting convened in fiscal year 2013 to adopt the financial statements.

The payout value of the phantom shares is calculated following the expiration of a lock-up period of three years following the conversion into phantom shares. The amount of the payout is calculated as the arithmetic mean of the daily closing prices of GEA Group Aktiengesellschaft shares in Xetra trading operated by the Frankfurt Stock Exchange on the trading days in the three-month period that ends one month before the date of the relevant Supervisory Board meeting convened to adopt the financial statements in the fiscal year in which the lock-up period expires. The dividends payable per share during the lock-up period are added to the value calculated in this way. The amount to be paid out under these arrangements is limited to 300 percent of the annual basic bonus. In the event of termination of the Executive Board member's contract of service, the three-year vesting period is reduced to one year as from the date of termination.

Because the exercise price is zero and this share-based payment program does not feature a vesting period, the fair value of the phantom shares corresponds to the quoted market price of GEA Group Aktiengesellschaft shares. The fair value of the liability for the 2011 tranche is calculated by multiplying the number of phantom shares by the relevant closing price, plus dividends paid during the lock-up period. In addition, the fact that some of the closing prices in the three-month period that are relevant for the amount of the payout were already known as of the reporting date was factored in the measurement of the 2010 tranche.

The number of phantom shares changed as follows in fiscal year 2013:

(Number of shares)	12/31/2012	Additions	Expired	Paid Out	12/31/2013
2010 tranche	57,887	–	–	–	57,887
2011 tranche	81,460	–	–	–	81,460
Total	**139,347**	**–**	**–**	**–**	**139,347**

The relevant price for the phantom shares issued in fiscal year 2010 was EUR 35.49 (previous year: EUR 25.42), and EUR 35.70 for phantom shares issued in fiscal year 2011 (previous year: EUR 25.02). In fiscal year 2013, expenses of EUR 1,453 thousand (previous year: EUR 442 thousand) were recognized in respect of phantom shares. The liability as of December 31, 2013, amounted to EUR 4,963 thousand (previous year: EUR 3,510 thousand). This amount is reported in non-current employee benefit obligations under bonuses.

Long-term share price component

The long-term share price component was introduced as part of the revision of the variable remuneration system for Executive Board members in fiscal year 2012. The payout from the long-term share price component is measured over a three-year performance period that includes the relevant fiscal year and the two subsequent years.

Performance is measured by comparing the performance of the GEA share price, adjusted for dividends, with the performance of the STOXX® Europe TMI Industrial Engineering (TMI IE) index over a three-year performance period. The starting value for the comparison calculation is the arithmetic mean of the closing prices of the last 20 trading days before the commencement of the three-year performance period. 100 percent of the target is achieved if the performance of the arithmetic mean of the GEA share daily closing prices is equal to 100 percent of the corresponding TMI performance over the three-year performance period. In the event of outperformance by more than 100 percent, the bonus increases up to a maximum of 300 percent of the target amount. If the increase in GEA's share price over the three-year comparison period is less than 100 percent of the growth in the TMI IE, the bonus is reduced up to a performance of 75 percent: For each percentage point over or under 100 percent performance, the degree of target achievement increases or decreases by 4 percent. The total degree of target achievement and thus the payout level for the long-term share price component is limited to 300 percent of this target amount (cap).

Starting from a target amount of EUR 1,188 thousand (previous year: EUR 573 thousand), the fair value of claims arising from the long-term share price component amounted to EUR 1,908 thousand (previous year: EUR 278 thousand) as of the reporting date.

The fair value of the claims arising from the long-term share price component is determined using a Monte Carlo simulation. The following valuation assumptions are applied:

	2013		2012
	2013 tranche	2012 tranche	2012 tranche
Share price (arithmetic mean) (EUR)	29.58	27.06	23.90
STOXX TMI IE (arithmetic mean) (index points)	332.15	306.89	281.73
Risk-free interest (%)	0.243	0.125	–0.044
Volatility GEA share (%)	19.92	19.92	27.44
Volatility STOXX TMI IE (%)	15.68	15.68	20.42
Correlation between GEA share and STOXX TMI IE (percent)	50.74	50.74	80.32

The calculation of volatilities and correlation is based on historical market data. Risk-free interest rates were determined on the basis of German government bond yields.

6.4 Financial liabilities

Financial liabilities as of December 31, 2013, were composed of the following items:

(EUR thousand)	12/31/2013	12/31/2012
Borrower's note loan	299,508	299,477
Bonds	398,343	397,724
Liabilities to banks	218,781	253,799
Liabilities under finance leases	32,543	38,519
Liabilities from derivatives	8,610	15,926
Non-current financial liabilities	**957,785**	**1,005,445**
Borrower's note loan	850	56,066
Bonds	11,877	11,877
Liabilities to banks	41,975	50,090
Liabilities under finance leases	3,655	4,106
Liabilities from derivatives	8,381	8,371
Liabilities to equity investments	1,130	1,955
Current financial liabilities	**67,868**	**132,465**
Total financial liabilities	**1,025,653**	**1,137,910**

The financing of GEA Group as of December 31, 2013, consisted mainly of the following items:

(EUR thousand)	Carrying amount 12/31/2013	Carrying amount 12/31/2012	Notional value 12/31/2013	Fair value 12/31/2013	Maturity
Borrower's note loan (2013)	–	56,066	–	–	August 16, 2013
GEA Bond	410,220	409,601	400,000	438,866	April 21, 2016
Kreditanstalt für Wiederaufbau (KfW) (May 2016)	60,023	80,099	60,000	61,024	yearly installments until Mai 31, 2016
Kreditanstalt für Wiederaufbau (KfW) (December 2016)	42,003	56,004	42,000	42,798	from March 31, 2013 quarterly installments until December 30, 2016
European Investment Bank	150,353	150,344	150,000	154,728	July 14, 2017
Borrower's note loan (2017)	300,358	299,477	300,000	316,475	September 19, 2017

Bond

On April 14, 2011, GEA Group Aktiengesellschaft issued a bond amounting to EUR 400,000 thousand. The bond has a five-year term and a fixed coupon of 4.25 percent. The bond is unsecured. It is listed on the regulated market of the Luxembourg Stock Exchange.

Borrower's note loans

In 2012, GEA Group Aktiengesellschaft placed borrower's note loans with a nominal amount of EUR 300,000 thousand. EUR 73,000 thousand of the borrower's note loans in the aggregate amount of EUR 128,000 thousand originally falling due in August 2013 was extended until September 2017. In addition, two further borrower's note loans were placed; they amounted to EUR 137,000 thousand and EUR 90,000 thousand and mature in September 2017.

EUR 55,000 thousand was repaid in August 2013 at maturity. The total nominal volume of the borrower's note loans thus amounted to EUR 300,000 thousand as of December 31, 2013. A partial amount of EUR 210,000 thousand bears interest at 170 basis points above 3M Euribor. The borrower's note loan in the amount of EUR 90,000 thousand has a fixed interest rate of 2.725 percent.

Liabilities to banks

The maturities of liabilities to banks are as follows:

(EUR thousand)	12/31/2013	12/31/2012
< 1 year	41,975	50,090
1 - 2 years	34,494	34,485
2 - 3 years	34,081	34,464
3 - 4 years	150,136	34,315
4 - 5 years	70	150,279
> 5 years	–	256
Total	**260,756**	**303,889**

The amounts falling due in the next three years relate primarily to the amortizable loans from Kreditanstalt für Wiederaufbau (KfW). The amount due after three years is the loan of EUR 150,000 thousand from the European Investment Bank (EIB). This loan bears interest based on 3M Euribor plus a premium that is dependent on GEA Group's rating. For a partial amount of EUR 50,000 thousand, the weighted average interest rate was fixed at 3.29 percent for the full term using two interest rate swaps.

None of the credit lines drawn down are secured. GEA Group has undertaken in the loan agreements to comply with a certain covenant. Compliance with the covenant must be reviewed at the end of each quarter. The covenant was met as of December 31, 2013.

Transaction costs for the unused syndicated credit line (club deal) as of the end of the year are allocated on a straight-line basis over the term.

Other liabilities to banks in the eurozone bore interest rates of between 0.1 percent and 4.6 percent, depending on their maturity and financing purpose (previous year: between 0.5 percent and 4.6 percent). The group additionally had foreign currency liabilities in Indian rupees and Brazilian real that also bear standard market interest rates in those countries of around 12.0 percent (previous year: 12.0 percent) and 13.0 percent (previous year: 12.0 percent), respectively.

Liabilities to banks totaling EUR 22 thousand (previous year: EUR 83 thousand) were secured.

Cash credit and guarantee credit lines

Including the borrower's note loans and the syndicated credit lines, the complete group had cash credit lines of EUR 1,740,182 thousand as of December 31, 2013 (previous year: EUR 1,845,745 thousand). Of this amount, cash credit lines of EUR 765,905 thousand (previous year: EUR 776,712 thousand) are unutilized (see section 3). In addition, guarantee credit lines for the performance of contracts, advance payments, and warranty obligations of EUR 1,886,355 thousand (previous year: EUR 1,898,285 thousand) were available to the complete group, of which EUR 1,178,431 thousand (previous year: EUR 1,148,503 thousand) has not been utilized.

Liabilities under finance leases

The following table shows a breakdown of future payments under finance leases:

	Minimum lease payments		Interest		Present value of minimum lease payments	
(EUR thousand)	12/31/2013	12/31/2012	12/31/2013	12/31/2012	12/31/2013	12/31/2012
Not later than one year	4,172	5,116	516	981	3,656	4,135
Between one and five years	16,220	20,225	4,191	5,351	12,029	14,874
Later than five years	59,203	64,165	38,689	40,549	20,514	23,616
Total future payments under finance leases	**79,595**	**89,506**	**43,396**	**46,881**	**36,199**	**42,625**

Liabilities under finance leases relate mainly to land and buildings. The present value of minimum lease payments as of December 31, 2013, relating to leases for land and buildings amounted to EUR 35,447 thousand (previous year: EUR 40,043 thousand).

As the interest rates used in leases are constant, the fair value of lease liabilities may be exposed to interest rate risk. All leases comprise contractually agreed payments.

Liabilities under finance leases are effectively secured because the rights to the leased asset revert to the lessor if the terms and conditions of the lease are breached.

Derivative financial instruments

Derivative financial instruments are explained in section 6.8.

6.5 Trade payables

Trade payables were as follows as of December 31, 2013:

(EUR thousand)	12/31/2013	12/31/2012
Trade payables	646,529	839,143
of which to unconsolidated companies	5,195	4,794

Trade payables of EUR 645,985 thousand (previous year: EUR 824,924 thousand) are due within one year. The balance of EUR 544 thousand (previous year: EUR 14,219 thousand) is due after more than one year.

Trade payables in the amount of EUR 54,033 thousand (previous year: EUR 49,919 thousand) are secured.

6.6 Income tax liabilities

Income tax liabilities relate to current taxes and amounted to EUR 32,038 thousand as of the reporting date (previous year: EUR 39,912 thousand).

6.7 Other liabilities

Other liabilities as of December 31, 2013, are composed of the following items:

(EUR thousand)	12/31/2013	12/31/2012
Other non-current liabilities	**2,834**	**5,214**
Payments on account received in respect of orders and construction contracts	177,433	290,458
Gross amount due to customers for contract work	292,961	339,037
Other liabilities to unconsolidated subsidiaries	22,047	21,781
Liabilities from other taxes	52,165	55,357
Other liabilities	58,840	91,032
of which social security	13,429	19,126
of which other liabilities to employees	7,156	10,515
Other current liabilities	**603,446**	**797,665**
Total other liabilities	**606,280**	**802,879**

Payments on account received in respect of orders amounting to EUR 74,955 thousand (previous year: EUR 28,569 thousand) and other liabilities amounting to EUR 20,786 thousand (previous year: EUR 9,379 thousand) are secured.

The gross amount due to customers for contract work is the aggregate amount of orders whose progress billings exceed the capitalized cost plus the contract gains and losses recognized.

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6.8 Financial instruments

The following tables provide an overview of the composition of financial instruments as of December 31, 2013, by class within the meaning of IFRS 7 as well as by measurement category. The tables also include financial assets and liabilities, as well as derivatives that are included in recognized hedging relationships, that do not belong to any of the IAS 39 measurement categories.

		Measurement in accordance with IAS 39				
(EUR thousand)	Carrying amount 12/31/2013	Amortized cost	Fair value through profit or loss	Fair value recognized in other comprehensive income	Measurement in accordance with other IFRSs	Fair value 12/31/2013
Assets						
Trade receivables	929,156	663,580	–	–	265,576	929,156
of which PoC receivables	265,576	–	–	–	265,576	265,576
Income tax receivables	8,332	–	–	–	8,332	8,332
Cash and cash equivalents	683,520	683,520	–	–	–	683,520
Other financial assets	151,007	64,383	4,809	16,025	65,790	151,007
of which derivatives included in hedging relationships	6,450	–	–	6,450	–	6,450
By IAS 39 measurement category						
Loans and receivables	1,384,075	1,384,075	–	–	–	1,384,075
of which cash and cash equivalents	683,520	683,520	–	–	–	683,520
of which trade receivables	663,580	663,580	–	–	–	663,580
of which other financial assets	36,975	36,975	–	–	–	36,975
Available-for-sale investments	36,983	27,408	–	9,575	–	36,983
Financial assets at fair value through profit or loss (derivatives not included in a recognized hedging relationship)	4,809	–	4,809	–	–	4,809
Liabilities						
Trade payables	646,529	646,529	–	–	–	646,529
Financial liabilities	1,025,653	972,464	10,985	6,006	36,198	1,076,221
of which liabilities under finance leases	36,198	–	–	–	36,198	36,198
of which derivatives included in hedging relationships	6,006	–	–	6,006	–	6,006
Income tax liabilities	32,038	–	–	–	32,038	32,038
Other liabilities	606,280	59,748	–	–	546,532	606,280
By IAS 39 measurement category						
Financial liabilities at amortized cost	1,678,741	1,678,741	–	–	–	1,729,309
of which trade payables	646,529	646,529	–	–	–	646,529
of which bonds and other securitized liabilities	710,578	710,578	–	–	–	755,341
of which liabilities to banks	260,756	260,756	–	–	–	266,561
of which loan liabilities to unconsolidated subsidiaries	1,130	1,130	–	–	–	1,130
of which other liabilities to affiliated companies	22,047	22,047	–	–	–	22,047
of which other liabilities	37,701	37,701	–	–	–	37,701
Financial liabilities at fair value through profit or loss (derivatives not included in a hedging relationship)	10,985	–	10,985	–	–	10,985

(EUR thousand)	Carrying amount 12/31/2012	Measurement in accordance with IAS 39			Measurement in accordance with other IFRSs	Fair value 12/31/2012
		Amortized cost	Fair value through profit or loss	Fair value recognized in other comprehensive income		
Assets						
Trade receivables	1,249,863	909,847	–	–	340,016	1,249,863
of which PoC receivables	340,016	–	–	–	340,016	340,016
Income tax receivables	19,350	–	–	–	19,350	19,350
Cash and cash equivalents	743,524	743,524	–	–	–	743,524
Other financial assets	215,080	91,886	3,237	14,943	105,014	215,567
of which derivatives included in hedging relationships	3,880	–	–	3,880	–	3,880
By IAS 39 measurement category						
Loans and receivables	1,714,458	1,714,458	–	–	–	1,714,458
of which cash and cash equivalents	743,524	743,524	–	–	–	743,524
of which trade receivables	909,847	909,847	–	–	–	909,847
of which other financial assets	61,087	61,087	–	–	–	61,087
Available-for-sale investments	41,862	30,799	–	11,063	–	42,349
Financial assets at fair value through profit or loss (derivatives not included in a recognized hedging relationship)	3,237	–	3,237	–	–	3,237
Liabilities						
Trade payables	839,143	839,143	–	–	–	839,143
Financial liabilities	1,137,910	1,070,988	17,031	7,266	42,625	1,199,443
of which liabilities under finance leases	42,625	–	–	–	42,625	42,625
of which derivatives included in hedging relationships	7,266	–	–	7,266	–	7,266
Income tax liabilities	39,912	–	–	–	39,912	39,912
Other liabilities	802,879	83,150	–	–	719,729	802,879
By IAS 39 measurement category						
Financial liabilities at amortized cost	1,993,281	1,993,281	–	–	–	2,054,814
of which trade payables	839,143	839,143	–	–	–	839,143
of which bonds and other securitized liabilities	765,144	765,144	–	–	–	818,947
of which liabilities to banks	303,889	303,889	–	–	–	311,619
of which loan liabilities to unconsolidated subsidiaries	1,955	1,955	–	–	–	1,955
of which other liabilities to affiliated companies	21,781	21,781	–	–	–	21,781
of which other liabilities	61,369	61,369	–	–	–	61,369
Financial liabilities at fair value through profit or loss (derivatives not included in a hedging relationship)	17,031	–	17,031	–	–	17,031

The fair values of the financial instruments recognized under assets held for sale and liabilities held for sale are not presented separately, since their carrying amounts represent reasonable approximations of their fair value.

Financial assets and liabilities that are measured at fair value, or for which a fair value is disclosed in the notes to the consolidated financial statements, are required to be categorized according to the fair value hierarchy described in the following. Categorization within the levels of the fair value hierarchy is based on the measurement of the underlying inputs:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical financial assets and liabilities.

Level 2 inputs: quoted market prices that are observable as direct (prices) or indirect (derived from prices) inputs used to measure fair value and that are not quoted prices as defined by Level 1.

Level 3 inputs: inputs that are not based on observable market data.

The following table shows the categorization of financial assets and financial liabilities into the three-level fair value hierarchy:

Recurring fair value measurements	12/31/2013				12/31/2012			
		Fair value				Fair value		
(EUR thousand)	Carrying amount	Level 1	Level 2	Level 3	Carrying amount	Level 1	Level 2	Level 3
Financial assets measured at fair value								
Derivatives included in hedging relationships	6,450	–	6,450	–	3,880	–	3,880	–
Derivatives not included in hedging relationships	4,809	–	4,809	–	3,237	–	3,237	–
Available-for-sale financial assets valued at fair value	9,575	–	–	9,575	11,063	–	–	11,063
Financial liabilities measured at fair value								
Derivatives included in hedging relationships	6,006	–	6,006	–	7,266	–	7,266	–
Derivatives not included in hedging relationships	10,985	–	10,985	–	17,031	–	17,031	–
Financial liabilities not measured at fair value								
Bonds	410,220	438,866	–	–	409,601	445,980	–	–
Promissory note bonds	300,358	–	316,475	–	355,543	–	372,967	–
Liabilities to banks	260,756	–	266,561	–	303,889	–	311,619	–

There were no transfers into or out of the levels of the fair value hierarchy in fiscal year 2013.

The fair value of the bond is calculated on the basis of quoted bid prices on an active market and is therefore categorized within Level 1. The fair value includes the interest deferred as of the reporting date.

The fair value of derivatives is calculated using quoted exchange rates and yield curves observable in the market. Accordingly, these are categorized within Level 2 of the fair value hierarchy.

The fair value of borrower's note loans and liabilities to banks is measured on the basis of the yield curve, taking into account credit spreads. They are therefore categorized within Level 2 of the fair value hierarchy. The interest deferred as of the reporting date is included in the fair values.

The fair values of trade receivables, cash and cash equivalents, and other financial receivables and liabilities essentially correspond to the carrying amounts; this is due to the predominantly short remaining maturities.

A receivable relating to the former raw material activities of Metallgesellschaft AG that had previously been written off was allocated to Level 3 financial instruments; its fair value is determined by means of a present value calculation on the basis of the debtor's payment plan.

The following table shows the changes in fair value in fiscal year 2013:

(EUR thousand)	
Fair value 12/31/2012	**11,063**
Redemption	–494
Interest income	346
Currency translation	–1,016
Revaluation	–325
Fair value 12/31/2013	**9,575**

As the debtor operates a copper mine, its payment plan is influenced by the price of copper.

Unrealized gains recognized directly in equity for this financial instrument amounted to EUR 370 thousand as of the reporting date (previous year: EUR 695 thousand).

GEA Group Aktiengesellschaft has entered into netting agreements with banks under the German Master Agreement for Financial Derivatives Transactions. As a general rule, the amounts owed under such agreements by each counterparty from all outstanding transactions in the same currency on a single day are aggregated to a single net amount payable by one party to the other.

The following table shows the financial assets and liabilities for which the complete group has entered into netting agreements:

(EUR thousand)	Gross amounts of financial assets/liabilities	Net amounts of financial assets/liabilities, presented in the balance sheet	Respective amounts not netted in the balance sheet	Net amounts
12/31/2013				
Receivables from derivates	9,049	9,049	5,378	3,671
Liabilities from derivates	17,110	17,110	5,378	11,732
12/31/2012				
Receivables from derivates	6,137	6,137	3,701	2,436
Liabilities from derivates	24,297	24,297	3,701	20,596

Nonderivative financial assets

The carrying amount of the trade receivables and other financial assets that are subject to the IAS 39 measurement requirements corresponds to their fair value. Assets allocated to the "available-for-sale financial assets" category are measured at amortized cost. These are shares in unconsolidated subsidiaries and other equity investments whose fair value cannot be determined reliably.

Nonderivative financial liabilities

The carrying amount of the trade payables and other current liabilities that are subject to the measurement rules of IAS 39 corresponds to their fair value. The fair value of fixed-rate liabilities is the present value of their expected future cash flows. They are discounted at the rates prevailing at the reporting date. The carrying amount of variable-rate liabilities corresponds to their fair value.

Derivative financial instruments

The fair value of currency forwards at the reporting date is calculated on the basis of the spot exchange rate, taking into account forward premiums and discounts corresponding to the relevant remaining maturities. Forward premiums and discounts are derived from yield curves observable at the reporting date. The fair value of currency options is calculated on the basis of recognized valuation models. Fair value is affected by the remaining term of the option, the current exchange rate, the volatility of the exchange rate, and the underlying yield curves.

The fair value of interest rate swaps and options is determined on the basis of discounted expected future cash flows. Market interest rates applicable to the remaining maturities of these financial instruments are used. Cross-currency swaps also include the exchange rates of the relevant foreign currencies in which the cash flows are generated.

The fair value of commodity futures and options is calculated by measuring these at the market terms prevailing at the reporting date, and thus corresponds to its value at the end of the fiscal year. The fair value of exchange-traded contracts is derived from their quoted market price. Measurements are performed both internally and by external financial institutions as of the reporting date.

GEA Group uses derivative financial instruments, including currency forwards, interest rate swaps, cross-currency swaps, and commodity futures. Derivative financial instruments serve to hedge foreign currency risk, interest rate risk, and commodity price risk for existing or planned underlying transactions.

The following table presents the notional values and fair values of the derivative financial instruments in use as of the reporting date. The notional value in foreign currency is translated at the closing rate.

	12/31/2013		12/31/2012	
(EUR thousand)	Notional value	Fair value	Notional value	Fair value
Assets				
Currency derivatives not included in a hedging relationship	192,880	4,809	314,322	3,233
Currency derivatives included in a cash flow hedge	231,089	6,450	172,492	3,880
Interest rate and cross-currency derivatives not included in a hedging relationship	–	–	1,440	4
Interest rate and cross-currency derivatives included in a cash flow hedge	–	–	–	–
Commodity derivatives not included in a hedging relationship	–	–	–	–
Total	**423,969**	**11,259**	**488,254**	**7,117**
Equity and liabilities				
Currency derivatives not included in a hedging relationship	344,011	5,775	318,964	5,689
Currency derivatives included in a cash flow hedge	128,657	2,741	118,052	1,728
Interest rate and cross-currency derivatives not included in a hedging relationship	43,348	5,210	52,379	11,244
Interest rate and cross-currency derivatives included in a cash flow hedge	50,000	3,265	178,000	5,538
Commodity derivatives not included in a hedging relationship	–	–	691	98
Total	**566,016**	**16,991**	**668,086**	**24,297**

Derivative financial instruments included in recognized hedging relationships

Derivative financial instruments included in recognized hedging relationships serve exclusively to hedge foreign currency risks from future sale and procurement transactions, as well as interest rate risks from long-term financing (cash flow hedges). Fair value hedges are recognized to hedge changes in the fair value of assets, liabilities, or firm commitments. As in the previous year, the group had not entered into any fair value hedges as of December 31, 2013.

Derivatives are measured at fair value, which is split into an effective and an ineffective portion. The effective portion and any change in this amount are recognized in other comprehensive income until the hedged item is recognized in the balance sheet. The ineffective portion is recognized in the income statement. When the hedged item is recognized in the balance sheet, gains and losses recognized in equity are realized and the hedge is unwound. In the case of a sale transaction, the effective portion is recognized as revenue, whereas in the case of a procurement transaction the cost is adjusted accordingly. In the case of interest rate derivatives, the gains and losses recognized in equity are reversed to net interest income.

As of December 31, 2013, the complete group recognized gains of EUR 7,860 thousand (previous year: EUR 4,229 thousand) and losses of EUR 7,168 thousand (previous year: EUR 7,420 thousand) from currency and interest rate derivatives directly in equity.

In the course of fiscal year 2013, EUR 1,956 thousand (previous year: EUR 1,910 thousand) was recognized in the income statement due to the hedged items being recognized in the balance sheet, and EUR 2,335 thousand (previous year: EUR –6,233 thousand) was offset against the cost of assets. The amounts recognized in the income statement resulted in an increase in revenue of EUR 1,010 thousand (previous year: EUR 1,939 thousand). In addition, gains of EUR 4,330 thousand (previous year: gains of EUR 9,829 thousand) and losses of EUR –4,061 thousand (previous year: losses of EUR –9,858 thousand) were reported in net exchange rate gains/losses. EUR –826 thousand (previous year: EUR –45 thousand) from interest rate derivatives was recognized in net interest income.

As in the previous year, there was no significant hedge ineffectiveness.

93 percent (previous year: 91 percent) of the hedged cash flows from the underlying transactions designated at the reporting date are expected to fall due in the following year. The remaining 7 percent (previous year: 9 percent) are due by 2017 (previous year: 2017). If financial assets are hedged, the derivatives are recognized in the income statement at the same time as the hedged items are recognized in the income statement and balance sheet. If financial liabilities from procurement transactions are hedged, the derivatives are recognized in the income statement when the purchased goods or services are recognized in the income statement.

Derivative financial instruments not included in recognized hedging relationships

If the criteria for recognizing a hedging relationship are not met, any change in fair value is recognized in the income statement

Income and expenses

The measurement effects from financial instruments have largely been recognized in profit or loss. The following table shows net income from financial instruments, broken down by the IAS 39 measurement categories:

	12/31/2013			12/31/2012		
(EUR thousand)	Net income	of which interest income/ expense	of which impairment losses/ reversals of impairment losses	Net income	of which interest income/ expense	of which impairment losses/ reversals of impairment losses
Loans and receivables	5,949	5,132	–3,104	3,188	6,000	–6,192
Available-for-sale investments	–1,660	7	–280	752	579	–469
Financial assets/liabilities at fair value through profit or loss	–2,469	555	–	–8,074	–2,670	–
Financial liabilities at amortized cost	–44,500	–43,453	–	–43,946	–42,852	–
Total	**–42,680**	**–37,759**	**–3,384**	**–48,080**	**–38,943**	**–6,661**

7. Consolidated income statement disclosures

The income statement for fiscal year 2012 was adjusted retrospectively due to the initial classification of GEA HX as a discontinued operation (see section 4).

7.1 Revenue

Revenue is composed of the following items:

(EUR thousand)	01/01/2013 - 12/31/2013	01/01/2012 - 12/31/2012
From construction contracts	2,103,347	1,982,545
From sale of goods and services	1,063,663	1,045,567
From service agreements	1,152,984	1,114,205
Total	**4,319,994**	**4,142,317**

7.2 Other income

Other income is composed of the following items:

(EUR thousand)	01/01/2013 - 12/31/2013	01/01/2012 - 12/31/2012
Exchange rate gains	96,419	76,302
Gains on the measurement of foreign currency derivatives	37,931	51,284
Rental and lease income	4,496	9,624
Income from payments received on reversals previously written off	2,364	4,794
Income from disposal of non-current assets	1,738	2,313
Income from compensation payments and cost reimbursements	2,413	952
Miscellaneous other income	49,554	42,870
Total	**194,915**	**188,139**

7.3 Other expenses

Other expenses are composed of the following items:

(EUR thousand)	01/01/2013 - 12/31/2013	01/01/2012 - 12/31/2012
Exchange rate losses	97,079	74,678
Losses on the measurement of foreign currency derivatives	40,955	56,688
Bad debt allowances on trade receivables	5,468	10,986
Cost of money transfers and payment transactions	1,297	1,282
Losses on the disposal of non-current assets	856	558
Miscellaneous other expenses	23,514	18,807
Total	**169,169**	**162,999**

Miscellaneous other expenses

Miscellaneous other expenses primarily comprise additions to provisions.

7.4 Presentation of selected income and expenses by cost type

Cost of materials

The cost of materials included in cost of sales increased by EUR 22,985 thousand in the reporting period to EUR 2,135,809 thousand (previous year: EUR 2,112,824 thousand). Cost of materials was 49.4 percent of gross revenue and was therefore lower than the previous year's figure of 50.8 percent.

Personnel expenses

Personnel expenses increased by EUR 33,320 thousand in 2013 to EUR 1,177,675 thousand (previous year: EUR 1,144,355 thousand). The cost of unwinding the discount on expected pension obligations is not recognized under personnel expenses, but under financial and interest expenses. Personnel expenses include wages and salaries in the amount of EUR 968,273 thousand (previous year: EUR 933,738 thousand) as well as social security contributions and expenses for post-employment benefits of EUR 209,402 thousand (previous year: EUR 210,625 thousand). The ratio of personnel expenses to revenue thus declined to 27.3 percent of gross revenue (previous year: 27.5 percent)

Depreciation, amortization, and impairment losses

Depreciation, amortization, and impairment losses totaling EUR 95,317 thousand (previous year: EUR 105,298 thousand) were charged on property, plant and equipment, investment property, and intangible assets in the reporting period. Depreciation, amortization, and impairment losses are largely included in cost of sales.

Impairment losses on nonderivative financial assets excluding trade receivables amounted to EUR 280 thousand in the reporting period (previous year: EUR 693 thousand). Of this amount, EUR 280 thousand (previous year: EUR 469 thousand) was attributable to non-current financial assets. Impairment losses on equity investments and marketable securities are contained in the financial expenses item. Inventories were written down by EUR 7,924 thousand (previous year: EUR 19,089 thousand). These impairment losses and the remaining impairment losses were recognized in cost of sales.

7.5 Financial and interest income

Financial income

Financial income is composed of income from profit transfers and investment income from other equity investments:

(EUR thousand)	01/01/2013 - 12/31/2013	01/01/2012 - 12/31/2012
Income from profit transfer agreements	595	167
Income from other equity investments	4,607	3,810
of which from unconsolidated subsidiaries	4,563	3,793
Total	**5,202**	**3,977**

Interest income

Interest and similar income is composed of the following items:

(EUR thousand)	01/01/2013 - 12/31/2013	01/01/2012 - 12/31/2012
Interest income on receivables, cash investments, and marketable securities	6,961	4,407
of which from unconsolidated subsidiaries	321	420
Other interest income	1,974	3,608
Total	**8,935**	**8,015**

The following table shows the interest income on financial instruments broken down by the IAS 39 measurement categories, along with the interest income on assets measured in accordance with other pronouncements:

(EUR thousand)	01/01/2013 - 12/31/2013	01/01/2012 - 12/31/2012
Loans and receivables	5,132	6,000
Available-for-sale investments	7	579
Financial assets at fair value through profit or loss	3,796	1,436
Financial assets not measured in accordance with IAS 39	–	–
Total	**8,935**	**8,015**

7.6 Financial and interest expenses

Financial expenses

Financial expenses for fiscal year 2013 amounted to EUR 958 thousand (previous year: EUR 953 thousand) and comprised impairment losses on financial assets (excluding trade receivables) of EUR 280 thousand (previous year: EUR 469 thousand) and expenses from loss absorption of EUR 678 thousand (previous year: EUR 484 thousand).

Interest expense

Interest and similar expenses comprised the following items:

(EUR thousand)	01/01/2013 - 12/31/2013	01/01/2012 - 12/31/2012
Interest expenses on liabilities to banks	32,187	33,646
Interest cost from discount unwinding on pension and medical care obligations	19,939	24,217
Interest cost from discount unwinding on discounted provisions and other employee benefit obligations	6,631	20,811
Other interest expenses	17,633	16,514
of which to unconsolidated subsidiaries	108	134
Total interest expenses	**76,390**	**95,188**

The following table shows the interest expenses on financial instruments broken down by the IAS 39 measurement categories, along with the interest expenses on liabilities measured in accordance with other pronouncements:

(EUR thousand)	01/01/2013 - 12/31/2013	01/01/2012 - 12/31/2012
Financial liabilities at amortized cost	43,453	42,852
Financial liabilities at fair value through profit or loss	3,241	4,112
Financial liabilities not measured in accordance with IAS 39	29,696	48,224
Total	**76,390**	**95,188**

If finance can be allocated to a specific investment, the actual borrowing costs are capitalized as part of the cost of the investment. Where no direct relationship can be established, the average interest rate for group borrowings in the current period is used as the capitalization rate due to GEA Group's central financing function. This amounted to 3.5 percent in fiscal year 2013 (previous year: 3.8 percent). Interest income generated on advance payments and progress payments received reduces the cost of the asset. No material borrowing costs were capitalized in fiscal year 2013 or in the previous year.

In fiscal year 2013, expenses totaling EUR 1,297 thousand (previous year: EUR 1,282 thousand) were incurred for fees that were not included in the calculation of the effective interest rate.

7.7 Taxes on income

Income taxes for continuing operations are composed of the following items:

(EUR thousand)	01/01/2013 - 12/31/2013	01/01/2012 - 12/31/2012
Current taxes	70,364	58,102
Germany	6,178	8,199
Other countries	64,186	49,903
Deferred taxes	–267	–45,226
Total	**70,097**	**12,876**

The expected tax expense is calculated using the tax rate of 29.85 percent (previous year: 29.60 percent) applicable to German group companies. This includes an average trade tax rate of 14.02 percent (previous year: 13.77 percent) in addition to the uniform corporate income tax rate of 15.00 percent (previous year: 15.00 percent) and the solidarity surcharge of 0.825 percent (previous year: 0.825 percent). The following table shows a reconciliation of the expected tax rate to the effective tax rate of 19.91 percent (previous year: 5.67 percent):

	01/01/2013 - 12/31/2013		01/01/2012 - 12/31/2012	
	(EUR thousand)	(%)	(EUR thousand)	(%)
Profit before tax	**352,136**	**–**	**227,133**	**–**
Expected tax expense	105,113	29.85	67,231	29.60
Non-tax deductible expense	7,447	2.12	10,562	4.65
Tax-exempt income	–7,394	–2.10	–1,504	–0.66
Change in valuation allowances	–37,689	–10.70	–69,816	–30.74
Change in tax rates	–1,854	–0.53	–639	–0.28
Foreign tax rate differences	–538	–0.15	889	0.39
Other	5,012	1.42	6,153	2.71
Income tax and effective tax rate	**70,097**	**19.91**	**12,876**	**5.67**

The change in valuation allowances in the amount of EUR –37,689 thousand (previous year: EUR –69,816 thousand) was primarily due to a revised assessment of the recoverability of the deferred tax assets on tax loss carryforwards in the U.S.A.

The effects of changes in tax rates in the amount of EUR –1,854 thousand (previous year: EUR –639 thousand) in the reporting period were mainly due to the change in the tax rate in Germany.

The foreign tax rate differences are due to different tax rates outside Germany in comparison to the German tax rate of 29.85 percent. The tax rates for foreign companies vary between 1.00 percent (UAE) and 40.91 percent (U.S.A.).

The other reconciliation effects include nondeductible withholding taxes in the amount of EUR 3,861 thousand and nondeductible prior-period taxes in the amount of EUR 1,830 thousand.

Deferred tax assets and liabilities during the year under review can be broken down by maturity as follows:

(EUR thousand)	12/31/2013	12/31/2012
Current deferred tax assets	61,889	90,913
Non-current deferred tax assets	323,933	354,488
Total deferred tax assets	**385,822**	**445,401**
Current deferred tax liabilities	48,018	48,731
Non-current deferred tax liabilities	50,761	75,308
Total deferred tax liabilities	**98,779**	**124,039**
Net deferred tax assets	**287,043**	**321,362**

Deferred tax assets and liabilities as of December 31, 2013, and 2012, are composed of the following items:

	Deferred tax assets		Deferred tax liabilities	
(EUR thousand)	2013	2012	2013	2012
Property, plant and equipment	6,536	10,411	20,513	34,655
Investment property	225	223	–	–
Intangible assets	1,302	1,725	62,544	75,697
Goodwill	23,072	41,844	45,028	45,582
Other non-current financial assets	595	734	4,480	5,765
Non-current assets	**31,730**	**54,937**	**132,565**	**161,699**
Inventories	25,286	36,778	3,416	2,557
Trade receivables	4,780	12,221	44,928	49,194
Other current financial assets	6,084	18,572	14,137	6,409
Cash and cash equivalents	3	134	17	9
Current assets	**36,153**	**67,705**	**62,498**	**58,169**
Total assets	**67,883**	**122,642**	**195,063**	**219,868**
Provisions	15,003	19,996	17	91
Employee benefits	84,964	91,640	277	411
Non-current financial liabilities	5,487	8,087	2,678	3,533
Other non-current financial liabilities	685	406	1,703	2,567
Non-current liabilities	**106,139**	**120,129**	**4,675**	**6,602**
Provisions	22,007	27,405	3,067	3,378
Employee benefits	9,986	11,277	216	161
Current financial liabilities	6,746	9,650	987	13,794
Trade payables	3,773	5,233	1,181	13,153
Other current financial liabilities	15,700	18,789	9,293	5,963
Current liabilities	**58,212**	**72,354**	**14,744**	**36,449**
Total liabilities	**164,351**	**192,483**	**19,419**	**43,051**
Valuation allowances on temporary differences	–8,022	–11,372	–	–
Deferred taxes on temporary differences	**224,212**	**303,753**	**214,482**	**262,919**
Tax loss carryforwards	943,554	1,025,981	–	–
Valuation allowances on tax loss carryforwards	–666,241	–745,453	–	–
Offsetting of deferred taxes	–115,703	–138,880	–115,703	–138,880
Recognized deferred taxes	**385,822**	**445,401**	**98,779**	**124,039**

EUR 23,017 thousand of the EUR 34,319 thousand decline in deferred taxes is attributable to the reclassification of deferred taxes to assets held for sale and liabilities held for sale, as well as the presentation of GEA HX as a discontinued operation.

In addition to changes of EUR 267 thousand recognized in profit or loss (previous year: EUR 45,226 thousand), other changes resulted mainly from changes of EUR –1,175 thousand (previous year: EUR 37,471 thousand) recognized in other comprehensive income. In addition, deferred taxes of EUR –6,056 thousand were taken directly to equity on initial consolidation in the previous year.

Deferred tax liabilities in the amount of EUR 5,986 thousand were recognized as of the reporting date as a result of the planned sale of the GEA HX Segment. The related tax expense was reported in profit or loss from discontinued operations.

Net deferred taxes on temporary differences attributable to the GEA HX disposal group amounted to EUR 15,311 thousand (before valuation allowances) as of December 31, 2013, and were presented under assets held for sale and liabilities held for sale. Valuation allowances on the deferred tax assets included in this figure amounted to EUR 278 thousand as of the reporting date.

Deferred tax assets on tax loss carryforwards attributable to the GEA HX disposal group amounted to EUR 23,678 thousand (before valuation allowances) as of December 31, 2013, and were presented under assets held for sale. Valuation allowances on these deferred tax assets amounted to EUR 19,015 thousand as of the reporting date.

Deferred tax liabilities of EUR 1,272 thousand were recognized as of December 31, 2013, for expected dividend payments from subsidiaries.

No deferred taxes were recognized for taxable temporary differences arising from investments in subsidiaries in the amount of EUR 348,647 thousand (previous year: EUR 350,432 thousand) as of December 31, 2013, since the company is able to control their reversal and no reversals will be made in the foreseeable future.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to set off current tax assets against current tax liabilities and if the deferred taxes relate to income taxes levied by the same taxation authority.

As of December 31, 2013, GEA Group recognized deferred tax assets in the amount of EUR 277,313 thousand (previous year: EUR 280,528 thousand) on tax loss carryforwards:

(EUR thousand)	12/31/2013	12/31/2012
Deferred tax assets on domestic tax loss carryforwards		
Corporate income tax	77,548	81,857
Trade tax	66,452	70,143
Deferred tax assets on foreign tax loss carryforwards	133,313	128,528
Total	**277,313**	**280,528**

The decrease in deferred tax assets on German tax loss carryforwards relates to an updated assessment of the extent to which tax loss carryforwards can be utilized in future periods.

No deferred tax assets were recognized for corporate income tax loss carryforwards in the amount of EUR 1,550,352 thousand (previous year: EUR 1,819,019 thousand) and trade tax loss carryforwards in the amount of EUR 1,139,187 thousand (previous year: EUR 1,111,988 thousand) as their utilization is not sufficiently certain. The tax loss carryforwards of the German companies can be carried forward for an indefinite period. Foreign tax loss carryforwards can generally only be utilized for a limited period. The significant tax loss carryforwards of the foreign companies are expected to expire in 2029.

7.8 Earnings per share

Earnings per share are calculated as follows:

(EUR thousand)	01/01/2013 - 12/31/2013	01/01/2012 - 12/31/2012
Profit for the period attributable to shareholders of GEA Group Aktiengesellschaft	336,042	313,018
of which from continued operations	282,041	214,269
of which from discontinued operations	54,001	98,749
Weighted average number of shares outstanding (thousand)	192,495	185,786
Basic and diluted earnings per share (EUR)		
from profit for the period	1.75	1.68
of which attributable to continued operations	1.47	1.15
of which attributable to discontinued operations	0.28	0.53
Profit for the period attributable to shareholders of GEA Group Aktiengesellschaft	336,042	313,018
of which from continued operations	282,041	214,269
of which from discontinued operations	54,001	98,749
Weighted average number of shares outstanding (thousand)	192,495	185,786

The weighted average number of shares outstanding rose by 6,709 thousand to 192,495 thousand in 2013 (previous year: EUR 185,786 thousand). This increase is attributable to a capital increase implemented in fiscal year 2012 (see section 6.1).

7.9 Appropriation of net profit

GEA Group Aktiengesellschaft reported net income for the fiscal year of EUR 203,200 thousand in accordance with the HGB (previous year: EUR 216,775 thousand). The Executive Board and the Supervisory Board of GEA Group Aktiengesellschaft have appropriated an amount of EUR 90,000 thousand (previous year: EUR 108,000 thousand) to other retained earnings in accordance with section 58(2) of the AktG. Including the profit brought forward of EUR 3,176 thousand (previous year: EUR 273 thousand), the net retained profits amounted to EUR 116,376 thousand (previous year: EUR 109,048 thousand).

The Executive Board and Supervisory Board will propose to the Annual General Meeting that the net retained profits be appropriated as follows:

Appropriation (EUR thousand)	2013	2012
Dividend payment to shareholders	115,497	105,872
Profit carried forward	879	3,176
Total	**116,376**	**109,048**

The dividend payment corresponds to the payment of a dividend of 60 cents per share for a total of 192,495,476 shares (previous year: 192,495,476 shares). The dividend will be paid from the contribution account for tax purposes (section 27 of the Körperschaftsteuergesetz (KStG – German Corporate Income Tax Act)) and therefore without deduction of investment income tax and the solidarity surcharge. In the case of shareholders in Germany, the dividend is not subject to current taxation in the year of payment. The opinion of the German tax authorities (see also the Federal Ministry of Finance (BMF) circular dated December 22, 2009, paragraph 92) is that the payment of dividends from the contribution account for tax purposes constitutes a repayment of shareholder contributions, which results in a retrospective reduction in the cost of the shares. This can lead to the imposition of higher capital gains taxes if the shares are sold at a later date.

8. Contingent liabilities, other financial obligations, contingent assets, and litigation

8.1 Contingent liabilities

GEA Group Aktiengesellschaft has issued or instructed the issue of both bank and group guarantees in favor of customers or lenders. The obligations presented in the following table relate to contingent liabilities for which the primary debtor is not a consolidated company of the complete group.

	Bank guarantees		Group guarantees	
(EUR thousand)	2013	2012	2013	2012
Guarantees for prepayments	6,993	3,959	248	3,858
Warranties	230	3,931	221	42
Performance guarantees	14,385	11,583	164,885	169,511
Other declarations of liability	2,207	729	9,339	9,348
Total	**23,815**	**20,202**	**174,693**	**182,759**
of which attributable to Lurgi/Lentjes	9,953	13,225	157,683	162,325

A significant proportion of the bank guarantees and most of the group guarantees are attributable to Lurgi and Lentjes (see section 3).

The other guarantees relate mainly to customers of unconsolidated companies and to banks. The beneficiaries are entitled to asset claims under the guarantees if the primary debtor fails to meet its contractual obligations, for example, in the case of late or defective delivery, noncompliance with warranted performance parameters, or failure to repay loans in accordance with the contractual requirements.

The guarantees include contingent liabilities of EUR 9,818 thousand resulting from joint ventures (previous year: EUR 1,677 thousand); there is no further liability above and beyond this.

All guarantees issued by or on the instructions of GEA Group Aktiengesellschaft are issued on behalf of and with recourse against the relevant primary debtor.

In addition to the liability risks resulting from bank and group guarantees, there are risks in particular from court, arbitration, or out-of-court disputes (see section 8.4) that could result in cash outflows.

8.2 Other financial obligations

The other financial obligations of the complete group as of December 31, 2013, are composed of the following items:

(EUR thousand)	12/31/2013	12/31/2012
Rental and lease obligations	160,604	190,641
Purchase commitments	297,499	313,510
Total	**458,103**	**504,151**

Rental and lease agreements

The obligations under rental and lease agreements of the complete group amount to EUR 160,604 thousand (previous year: EUR 190,641 thousand) and relate primarily to land and buildings, and to a lesser extent to technical equipment and machinery. As of December 31, 2013, EUR 54,232 thousand of this amount is attributable to the GEA HX Segment, which has been allocated to discontinued operations. The leases run until no later than 2031 (previous year: 2031). Payments are spread over future fiscal years as follows:

(EUR thousand)	12/31/2013	12/31/2012
Not later than one year	47,980	51,862
Between one and five years	79,896	96,722
Later than five years	32,728	42,057
Total	**160,604**	**190,641**

The expenses related to rental and lease agreements of the complete group in fiscal year 2013 amounted to EUR 88,361 thousand (previous year: EUR 79,356 thousand). Of this amount, EUR 23,621 thousand (previous year: EUR 16,042 thousand) was attributable to variable rents, which are primarily adjusted based on consumer price indexes. Subleases resulted in income of EUR 2,011 thousand for the complete group in the fiscal year (previous year: EUR 4,545 thousand). These subleases give rise to claims for rental income of EUR 764 thousand (previous year: EUR 1,898 thousand) over the coming years.

The expenses relating to rental and lease agreements of the GEA HX Segment, which has been allocated to discontinued operations, amounted to EUR 24,470 thousand, of which EUR 4,231 thousand was attributable to variable rents.

Sale and leaseback transactions relating to buildings resulted in future payments for the complete group of EUR 29,124 thousand at the reporting date (previous year: EUR 32,350 thousand).

Purchase commitments

EUR 293,958 thousand (previous year: EUR 307,884 thousand) of the purchase commitments is attributable to inventories and EUR 1,862 thousand (previous year: EUR 3,680 thousand) to items of property, plant and equipment. Purchase commitments attributable to inventories of EUR 134,306 thousand and purchase commitments attributable to items of property, plant and equipment of EUR 1,279 thousand relate to the GEA HX Segment, which has been allocated to discontinued operations.

8.3 Contingent assets

With regard to the proceedings against U.S. company Flex-N-Gate Corp., the court of arbitration in fiscal year 2010 ordered Flex-N-Gate to compensate GEA Group Aktiengesellschaft for losses incurred as a result of the collapse of the sale of the Dynamit Nobel plastics business to Flex-N-Gate in the fall of 2004. The award was overturned by the Higher Regional Court in Frankfurt in 2011. In its decision dated October 2, 2012, the German Federal Court of Justice dismissed GEA Group Aktiengesellschaft's appeal against the decision. The Company then decided to continue the arbitration proceedings against Flex-N-Gate and filed a corresponding application with the Deutsche Institution für Schiedsgerichtsbarkeit (DIS – German Institution of Arbitration) on December 21, 2012.

8.4 Litigation

Dispute with a subcontractor

In connection with a major order, in South Africa, a subcontractor asserted substantial out-of-court claims in the previous year and in the current year against the GEA company that had been contracted. GEA's analysis that the alleged additional costs or claims should either be borne by the sub-contractor itself, or that the amounts are inflated or insufficiently specified remains unchanged. Furthermore, even if the amounts were to be substantiated, they could largely be passed through to GEA´s customer. During 2013 further delays arose at the construction site; however we do not believe that these are attributable to GEA Group.

Dörries Scharmann AG insolvency proceedings

An action brought by the insolvency administrator of Dörries Scharmann AG against GEA Group Aktiengesellschaft is pending at the Düsseldorf Regional Court. The former Metallgesellschaft AG, the legal predecessor to GEA Group Aktiengesellschaft, held an interest in Schiess AG, which later became Dörries Scharmann AG. On the basis of that interest, the insolvency administrator is asserting various claims under company law, in particular for equity substitution, which amount to approximately EUR 20 million including possible interest. GEA Group Aktiengesellschaft considers the claims that have been asserted to be unfounded. After the senior expert appointed by the court to decide matters relating to equity substitution fully confirmed GEA Group Aktiengesellschaft's opinion, the Higher Regional Court in Düsseldorf upheld a motion by the insolvency administrator to disqualify this expert in a ruling issued on November 27, 2012. How the Regional Court will proceed in this matter is currently unknown. GEA Group Aktiengesellschaft will continue to defend itself against all claims.

General

Further legal proceedings or official investigations have been or may be instituted against GEA Group companies as a result of earlier business disposals and operating activities.

Adequate provisions have been recognized for all risks arising from both the legal disputes described above and other legal disputes being pursued by GEA Group in the course of its ordinary operating activities. However, the outcome of these proceedings cannot be predicted with any degree of certainty. It is therefore possible that the conclusion of the proceedings may result in expenses that exceed the amounts that may have been set aside for them.

9. Segment reporting

9.1 Operating segments

GEA Group's business activities are divided into the following seven segments:

GEA Food Solutions Segment (GEA FS)

GEA Food Solutions is a leading manufacturer of machinery for preparing, marinating, processing, cutting, and packaging meat, poultry, fish, cheese, and other foods. Specializing in performance-driven solutions, its offering ranges from individual machines through to end-to-end production lines.

GEA Farm Technologies Segment (GEA FT)

GEA Farm Technologies is one of the world's leading manufacturers of integrated product solutions for profitable milk production and livestock farming. The segment's combined expertise in the areas of milking and milk-cooling technology, automatic feeding systems, manure management systems, and barn equipment provides today's farmers with a complete range of products and solutions. Services and animal hygiene solutions round off its profile as a full-line systems provider for farms of all sizes. The segment's sales strategy is built upon a global network of specialist dealers and sales and service partners.

GEA Heat Exchangers Segment (GEA HX)

GEA Heat Exchangers provides products and systems for numerous areas of use, ranging from air conditioning systems to cooling towers, boasting what is probably the largest portfolio of heat exchangers worldwide. The segment supplies optimal single-source solutions for a large number of applications and also offers customers professional support with project planning. The GEA Heat Exchangers Segment was allocated to discontinued operations at the end of fiscal year 2013 (see section 4).

GEA Mechanical Equipment Segment (GEA ME)

GEA Mechanical Equipment specializes in separators, decanters, valves, pumps, and homogenizers – high-quality process engineering components that ensure seamless processes and cost-effective production in almost all major areas of industry worldwide. At the same time, such equipment helps reduce customer production costs and protect the environment in a sustainable manner.

GEA Process Engineering Segment (GEA PE)

GEA Process Engineering specializes in the design and development of process solutions for the dairy, brewing, food, pharmaceutical, and chemical industries. The segment is an acknowledged market and technology leader in its business areas: liquid processing, concentration, industrial drying, powder processing and handling, and emission control.

GEA Refrigeration Technologies Segment (GEA RT)

GEA Refrigeration Technologies is a market leader in the field of industrial refrigeration technology. The segment develops, manufactures, and installs innovative key components and technical solutions for its customers. To ensure complete customer satisfaction, GEA Refrigeration Technologies also offers a broad range of maintenance and other services. Its product range comprises the following core components: reciprocating and screw compressors, valves, chillers, ice generators, and freezing systems.

Other

The “Other” segment comprises the companies with business activities that do not form part of the core business. In addition to the holding and service companies, it contains companies that report investment property held for sale, pension obligations, and residual mining obligations.

9.2 Presentation of segment reporting

The figures for the segments attributable to continuing operations are presented first in segment reporting. These are then aggregated in the consolidated balance sheet and the income statement following consolidation and reclassification in the “GEA Group” column. The “GEA HX” column contains the figures for the GEA HX Segment, which has been allocated to discontinued operations. These are adjusted for consolidation and reclassification and are aggregated in the group figures for all segments in the “GEA Group including GEA HX” column.

(EUR million)	GEA FS	GEA FT	GEA ME	GEA PE	GEA RT	Other	Consoli-dation/ Reclassi-fication	**GEA Group**	GEA HX [1]	Consoli-dation/ Reclassi-fication	**GEA Group incl. GEA HX**
01/01/2013 - 12/31/2013											
Order intake [2]	349.7	596.7	1,018.5	2,061.0	726.3	–	–124.3	**4,627.9**	1,500.3	–35.4	**6,092.7**
External revenue	349.9	577.3	862.6	1,798.1	732.0	–	–	**4,320.0**	1,452.2	–	**5,772.2**
Intersegment revenue	–0.0	0.3	115.3	–0.2	4.6	–	–120.0	**–**	36.8	–36.8	**–**
Total revenue	349.9	577.7	977.8	1,798.0	736.6	–	–120.0	**4,320.0**	1,489.1	–36.8	**5,772.2**
Share of profit or loss of equity-accounted investments	–	0.3	–	–0.1	1.2	0.5	–	**1.9**	0.6	–	**2.6**
Operating EBITDA [3]	3.8	56.9	210.9	203.2	71.0	–15.7	–	**530.1**	158.2	–0.1	**688.3**
as % of revenue	1.1	9.9	21.6	11.3	9.6	–	–	**12.3**	10.6	–	**11.9**
EBITDA pre PPA	3.8	56.9	210.9	203.2	71.0	–30.3	–	**515.5**	155.2	–10.6	**660.1**
EBITDA	3.8	56.7	210.9	203.2	71.0	–30.3	–	**515.2**	155.2	–10.6	**659.8**
Operating EBIT [3]	–3.7	44.6	191.3	188.3	61.5	–23.2		**458.8**	123.3	–0.1	**582.1**
as % of revenue	–1.0	7.7	19.6	10.5	8.4	–	–	**10.6**	8.3	–	**10.1**
EBIT pre PPA	–3.7	44.6	191.3	188.3	61.5	–37.8	–	**444.2**	120.3	–10.5	**553.9**
as % of revenue	–1.0	7.7	19.6	10.5	8.4	–	–	**10.3**	8.1	–	**9.6**
EBIT	–17.3	41.2	188.9	185.7	59.0	–38.0	–	**419.6**	116.0	–10.5	**525.0**
as % of revenue	–4.9	7.1	19.3	10.3	8.0	–	–	**9.7**	7.8	–	**9.1**
ROCE in % [4]	–3.5	12.7	38.1	73.2	22.7	–	–	**22.1**	12.7	–	**20.8**
Interest income	0.4	1.2	1.1	3.5	1.3	42.7	–41.2	**8.9**	8.5	–6.0	**11.4**
Interest expense	9.1	12.4	10.0	8.8	7.1	60.2	–31.3	**76.4**	18.8	–15.9	**79.3**
EBT	–26.0	30.0	179.9	180.4	53.2	–65.3	–	**352.1**	105.6	–0.7	**457.1**
Income taxes	0.1	5.5	27.3	47.4	13.4	–4.3	–19.4	**70.1**	27.6	23.5	**121.2**
Profit or loss from discontinued operations	–	–	–	–	–	–11.5	65.9	**54.4**	–	–53.8	**0.6**
Segment assets	653.1	630.3	1,308.3	1,719.7	968.2	3,883.8	–2,698.7	**6,464.6**	1,838.3	–1,838.3	**6,464.6**
of which reclassification GEA HX	–	–	–	–	–	–	1,593.0	**–**	1,593.0	–1,593.0	**–**
Segment liabilities	313.4	327.6	648.8	1,084.2	496.8	3,387.9	–2,109.8	**4,148.9**	915.8	–915.8	**4,148.9**
of which reclassification GEA HX	–	–	–	–	–	–	619.9	**–**	619.9	–619.9	**–**
Carrying amount of equity-accounted investments	–	6.2	–	2.2	2.3	3.0	–	**13.7**	6.5	–	**20.2**
Working capital (reporting date) [5]	54.9	135.2	203.8	–113.5	93.2	–14.5	4.1	**363.3**	173.2	–5.3	**531.1**
Additions in property, plant and equipment, intangible assets, and goodwill	21.8	14.4	47.7	16.1	14.2	7.9	–	**122.0**	40.2	–7.7	**154.5**
Depreciation and amortization	21.0	15.2	22.0	17.4	11.6	7.8	–0.1	**94.9**	37.5	–0.0	**132.4**
Impairment losses	–	0.3	–	–	0.4	–	–	**0.7**	2.1	–	**2.8**
Additions to provisions	5.0	18.6	49.3	75.9	33.3	56.7	–0.0	**238.6**	79.3	–0.0	**317.8**

(EUR million)	GEA FS	GEA FT	GEA ME	GEA PE	GEA RT	Other	Consoli-dation/ Reclassi-fication	**GEA Group**	GEA HX [1]	Consoli-dation/ Reclassi-fication	**GEA Group incl. GEA HX**
01/01/2012 - 12/31/2012 [6]											
Order intake [2]	375.9	583.9	971.9	1,850.2	756.2	–	–112.7	**4,425.4**	1,509.8	–34.1	**5,901.1**
External revenue	332.4	580.5	832.2	1,710.9	686.3	–	–	**4,142.3**	1,577.8	–	**5,720.1**
Intersegment revenue	–	0.3	101.7	5.3	8.6	–	–115.9	**–**	31.0	–31.0	**–**
Total revenue	332.4	580.9	933.9	1,716.3	694.8	–	–116.0	**4,142.3**	1,608.8	–31.0	**5,720.1**
Share of profit or loss of equity-accounted investments	–	0.2	–	–0.1	1.3	–	–	**1.5**	0.9	–	**2.3**
Operating EBITDA [3]	–6.0	58.5	205.3	178.4	65.2	–7.0	–	**494.4**	167.5	–0.0	**661.9**
as % of revenue	–1.8	10.1	22.0	10.4	9.4	–	–	**11.9**	10.4	–	**11.6**
EBITDA pre PPA	–69.4	58.5	205.3	178.4	65.2	–16.4	–	**421.6**	167.5	9.4	**598.5**
EBITDA	–69.4	58.2	204.3	178.1	65.2	–16.4	–	**420.1**	167.5	9.4	**597.0**
Operating EBIT [3]	–12.4	46.3	187.9	162.7	56.2	–14.9	–	**425.8**	135.0	0.0	**560.8**
as % of revenue	–3.7	8.0	20.1	9.5	8.1	–	–	**10.3**	8.4	–	**9.8**
EBIT pre PPA	–78.9	46.3	187.9	162.7	56.2	–24.3	–	**349.9**	135.0	9.4	**494.3**
as % of revenue	–23.7	8.0	20.1	9.5	8.1	–	–	**8.4**	8.4	–	**8.6**
EBIT	–102.8	42.9	184.9	159.8	54.0	–24.5	–	**314.3**	130.3	9.4	**453.9**
as % of revenue	–30.9	7.4	19.8	9.3	7.8	–	–	**7.6**	8.1	–	**7.9**
ROCE in % [4]	–19.8	13.4	43.0	55.9	21.2	–	–	**16.7**	19.4	–	**17.8**
Interest income	0.6	1.5	2.0	3.1	0.8	40.2	–40.3	**8.0**	7.5	–5.0	**10.5**
Interest expense	7.6	13.5	10.7	7.7	5.6	77.8	–27.6	**95.2**	22.2	–17.7	**99.7**
EBT	–109.8	30.9	176.3	155.2	49.2	–74.8	–	**227.1**	115.6	22.1	**364.8**
Income taxes	–17.6	6.2	25.1	28.5	11.5	–31.0	–9.9	**12.9**	25.0	11.8	**49.7**
Profit or loss from discontinued operations	–	–	–	–	–	0.1	100.8	**100.9**	–	–100.8	**0.1**
Segment assets	914.1	619.7	1,312.6	1,578.6	883.4	3,906.9	–2,786.0	**6,429.3**	2,066.2	–2,066.2	**6,429.3**
of which reclassification GEA HX	–	–	–	–	–	–	1,691.4	**–**	1,691.4	–1,691.4	**–**
Segment liabilities	577.2	322.3	688.9	967.5	492.8	3,145.2	–1,931.5	**4,262.4**	1,253.1	–1,253.1	**4,262.4**
of which reclassification GEA HX	–	–	–	–	–	–	668.6	**–**	668.6	–668.6	**–**
Carrying amount of equity-accounted investments	–	1.4	–	2.4	2.6	8.3	–	**14.7**	5.8	–5.8	**14.7**
Working capital (reporting date) [5]	48.0	145.9	179.9	–86.9	84.0	–16.4	178.6	**533.2**	182.9	–182.9	**533.2**
Additions in property, plant and equipment, intangible assets, and goodwill	13.9	20.5	126.1	15.2	13.5	9.5	36.3	**235.0**	36.3	–36.3	**235.0**
Depreciation and amortization	20.2	15.1	18.9	18.3	11.2	7.5	–0.1	**91.1**	38.0	–0.0	**129.1**
Impairment losses	13.2	0.2	–	–	–	0.8	2.6	**16.9**	2.6	–2.6	**16.9**
Additions to provisions	23.3	27.9	87.6	84.9	34.3	98.9	–	**356.8**	88.5	–	**445.3**

1) Reported under discontinued operations
2) Unaudited supplemental information
3) Before effects of purchase price allocations and before one-offs
4) ROCE = EBIT in the last 12 months / (capital employed - goodwill from the acquisition of the former GEA AG by the former Metallgesellschaft in 1999 (both at average of the last 12 months)); capital employed = non-current assets + working capital
5) Working capital = inventories + trade receivables - trade payables - advance payments received
6) Amounts adjusted due to change in accounting policy for employee benefits (see page 118 f.)

Consolidation primarily comprises the elimination of intercompany revenue and interest income and expense. Intersegment revenue is calculated using standard market prices.

Revenues (EUR million)	2013	2012
Revenues from construction contracts		
GEA Food Solutions	92.6	93.9
GEA Heat Exchangers	477.9	536.4
GEA Mechanical Equipment	164.2	141.0
GEA Process Engineering	1,512.2	1,440.0
GEA Refrigeration Technologies	336.8	317.9
Other and consolidation	–8.4	–12.1
Total revenue from construction contracts	**2,575.2**	**2,517.1**
Revenues components		
GEA Food Solutions	116.5	97.7
GEA Farm Technologies	342.8	342.2
GEA Heat Exchangers	833.0	869.6
GEA Mechanical Equipment	488.7	485.0
GEA Process Engineering	33.5	42.5
GEA Refrigeration Technologies	199.9	183.8
Other and consolidation	–148.5	–134.8
Total revenue components	**1,865.8**	**1,886.0**
Total revenues from service agreements		
GEA Food Solutions	140.8	140.8
GEA Farm Technologies	234.9	238.6
GEA Heat Exchangers	178.2	202.8
GEA Mechanical Equipment	325.0	308.0
GEA Process Engineering	252.3	233.8
GEA Refrigeration Technologies	200.0	193.0
Total revenue from service agreements	**1,331.2**	**1,317.0**
Total revenue	**5,772.2**	**5,720.1**

Reconciliation of revenue according to segment reporting to revenue (EUR million)	2013	2012 *
Revenue GEA incl. GEA HX	**5,772.2**	**5,720.1**
minus revenue GEA HX	–1,489.1	–1,608.8
plus revenue GEA HX with continued operations	36.8	31.0
plus revenue continued operations with GEA HX	–	–
Revenue	**4,320.0**	**4,142.3**

*) Amounts adjusted due to first time classification of a business area as discontinued operation (see page 147 f.)

The segment asset recognition and measurement policies are the same as those used in the group and described in the accounting policies section. The profitability of the individual group segments is measured using “earnings before interest, tax, depreciation, and amortization” (EBITDA), “earnings before interest and tax” (EBIT), and “profit or loss before tax” (EBT) as presented in the income statement, irrespective of reclassification to profit or loss from discontinued operations.

Impairment losses include all impairment losses on property, plant and equipment, intangible assets, and investment property.

EBIT for fiscal year 2013 was adjusted for nonrecurring items in the amount of EUR 14.6 million. Nonrecurring items comprise EUR 8.0 million for strategic projects, largely due to consulting expenses, and the contingent allocation of management and trademark fees totaling EUR 6.6 million to continuing operations in accordance with IFRS 5. In addition, nonrecurring expenses of EUR 20.2 million were recognized in profit or loss from discontinued operations in connection with preparations for the separation of the GEA HX Segment.

In fiscal 2012, the GEA Food Solutions Segment's EBIT included costs totaling EUR 76.8 million that management believes will not be incurred in this amount in the coming fiscal year ("nonrecurring items"). These nonrecurring items include writedowns of items capitalized in the course of purchase price allocation amounting to EUR 10.3 million. Of the remaining EUR 66.5 million, EUR 35.8 million is attributable to the changes in estimates recognized in the first quarter of 2012. This figure also includes impairment losses of EUR 3.1 million charged on property, plant and equipment, and intangible assets, and impairment losses of EUR 8.6 million on inventories, as well as severance payment expenses of EUR 4.3 million and personnel expenses for employees who left the Company in fiscal year 2012 and were not replaced totaling EUR 8.9 million. All other effects amount to EUR 5.9 million. Furthermore, the contingent allocation of management and trademark fees totaling EUR 9.4 million to continuing operations in accordance with IFRS 5 was recognized as a nonrecurring item.

Reconciliation of Operating EBITDA according to segment reporting to EBIT (EUR million)	2013	2012 *
Operating EBITDA GEA incl. GEA HX	**688.3**	**661.9**
Depreciation of property, plant and equipment, investment property, and amortization of intangible assets	–105.9	–103.2
Impairment losses on property, plant and equipment, investment property, intangible assets, and goodwill	–0.0	2.6
Other impairment losses and reversals of impairment losses	–0.3	–0.6
Operating EBIT GEA incl. GEA HX	**582.1**	**560.8**
Depreciation and amortization on capitalization of purchase price allocation	–26.5	–25.9
Impairment losses on capitalization of purchase price allocation	–2.1	–12.8
Realization of step-up amounts on inventories	–0.3	–1.6
One-offs	–28.2	–66.5
EBIT GEA incl. GEA HX	**525.0**	**453.9**
minus EBIT GEA HX	–116.0	–130.3
Consolidation	10.5	–9.4
EBIT	**419.6**	**314.3**

*) Amounts adjusted due to first time classification of an operation as discontinued operation (see page 147 f.) and due to change in accounting policy for employee benefits (see page 118 f.)

Reconciliation of EBITDA according to segment reporting to EBITDA (EUR million)	2013	2012 *
EBITDA GEA incl. GEA HX	**659.8**	**597.0**
minus EBITDA GEA HX	–155.2	–167.5
Consolidation	10.6	–9.4
EBITDA	**515.2**	**420.1**

*) Amounts adjusted due to first time classification of an operation as discontinued operation (see page 147 f.) and due to change in accounting policy for employee benefits (see page 118 f.)

The following table shows the reconciliation of EBITDA to EBIT:

Reconciliation of EBITDA to EBIT (EUR million)	2013	2012 *
EBITDA	**515.2**	**420.1**
Depreciation of property, plant and equipment and investment property, and amortization of intangible assets (see notes 5.1, 5.2, 5.4)	–132.4	–129.1
Impairment losses on property, plant and equipment, investment property, intangible assets, and goodwill (see notes 5.1, 5.2, 5.3, 5.4)	–2.2	–13.3
Impairment losses on non-current financial assets	–0.3	–0.6
Reversals of impairment losses on non-current financial assets	–	0.0
Plus depreciation, amortization and impairment losses contained in profit from discontinued operations	39.2	37.2
EBIT	**419.6**	**314.3**

*) Amounts adjusted due to first time classification of an operation as discontinued operation (see page 147 f.) and due to change in accounting policy for employee benefits (see page 118 f.)

The following table shows the reconciliation of working capital to total assets:

Reconciliation of working capital to total assets (EUR million)	12/31/2013	12/31/2012 *
Working capital (reporting date) GEA incl. GEA HX	**531.1**	**533.2**
Working capital (reporting date) of Ruhr-Zink	–0.0	0.1
Non-current assets	2,577.8	3,479.8
Income tax receivables	8.3	19.4
Other current financial assets	108.9	166.2
Cash and cash equivalents	683.5	743.5
Assets held for sale	1,605.8	18.4
plus trade payables	646.5	839.1
plus advance payments in respect of orders and construction contracts	177.4	290.5
plus gross amount due to customers for contract work	293.0	339.0
minus working capital (reporting date) GEA HX reclassified as held for sale	–173.2	–
Consolidation	5.3	–
Total assets	**6,464.6**	**6,429.3**

*) Amounts adjusted due to change in accounting policy for employee benefits (see page 118 f.)

9.3 Disclosures by geographic region

In the presentation of segment disclosures by geographic region, revenue is allocated by the destination of the goods or place of performance of the services, or by customer domicile. Assets are allocated by their location. The figures quoted relate to the complete group.

(EUR millions)	Germany	Europe (excluding Germany)	North America	Latin America	Middle East	Asia/ Pacific	Africa	**Total**
01/01/2013 - 12/31/2013								
External revenue	599.1	2,072.2	845.1	348.8	306.5	1,369.7	230.7	**5,772.2**
Non-current assets (property, plant and equipment, intangible assets and investment property)	1,651.9	914.4	213.6	6.1	2.9	168.6	3.7	**2,961.1**
01/01/2012 - 12/31/2012								
External revenue	557.8	1,992.1	857.5	396.9	302.8	1,321.0	292.0	**5,720.1**
Non-current assets (property, plant and equipment, intangible assets and investment property)	1,628.3	935.1	225.7	7.4	3.6	165.1	5.8	**2,970.9**

In the reporting period, revenue of EUR 788.7 million (previous year: EUR 789.1 million) was attributable to the United States of America and EUR 622.6 million (previous year: EUR 556.3 million) was attributable to the People's Republic of China. The carrying amounts of non-current assets (property, plant and equipment, intangible assets, and investment property) in the Netherlands amounted to EUR 490.7 million (previous year: EUR 494.8 million) as of the reporting date. There are no relationships with individual customers whose revenue can be considered material in comparison to total group revenue.

10. Other disclosures

10.1 Cash flow disclosures

Cash flow from discontinued operations mainly comprises the aggregate net cash flow of the GEA HX Segment. Cash flow from the operating activities of other discontinued operations includes payments of EUR 10,885 thousand (previous year: EUR 868 thousand). Cash flow from investing activities includes outflows of EUR 48,007 thousand (previous year: EUR 40,626 thousand) from the sale of discontinued operations. These outflows relate to payments linked to the sale of business activities in previous periods. The majority of this amount, at EUR 25,153 thousand (previous year: EUR 0 thousand), is attributable to the repayment of a grant received; EUR 20,852 thousand (previous year: EUR 40,611 thousand) is attributable to the former Lurgi and Lentjes operations and results almost entirely from project-related indemnifications.

10.2 Government grants

Government grants related to income amounting to EUR 1,587 thousand were received in fiscal year 2013 (previous year: EUR 2,094 thousand). This item contains an amount of EUR 0 thousand (previous year: EUR 8 thousand) for grants related to short-time working. The grants received were deducted from the corresponding expenses. Grants related to assets amounting to EUR 164 thousand (previous year: EUR 98 thousand) were deducted from the carrying amounts of the assets concerned. In fiscal year 2013, expenses of EUR 295 thousand (previous year: EUR 669 thousand) were incurred for the potential repayment of grants received.

10.3 Related party disclosures

10.3.1 Related party transactions

Transactions between GEA Group Aktiengesellschaft and its consolidated subsidiaries have been eliminated in the course of consolidation. Revenue and expenses from transactions between continuing and discontinued operations were not eliminated if they will continue to be incurred following the disposal of the discontinued operation.

Transactions with unconsolidated subsidiaries and joint ventures mainly relate to regular deliveries of goods and services. Income and expenses from transactions between the complete group and these companies are composed of the following items:

(EUR thousand)	Revenue	Other income	Other expenses
01/01/2013 - 12/31/2013			
Unconsolidated subsidiaries	64,876	1,000	**4,164**
Joint ventures	17,447	7	–
Total	**82,323**	**1,007**	**4,164**
01/01/2012 - 12/31/2012			
Unconsolidated subsidiaries	71,391	2,779	**2,792**
Joint ventures	15,539	11	–
Total	**86,930**	**2,790**	**2,792**

Related party transactions resulted in the following outstanding items in the complete group as of December 31, 2013:

(EUR thousand)	Trade receivables	Trade payables	Other receivables	Other liabilities
12/31/2013				
Unconsolidated subsidiaries	18,836	5,723	8,274	23,362
Joint ventures	3,232	396	425	–
Total	**22,068**	**6,119**	**8,699**	**23,362**
of which current	22,068	6,119	8,569	23,362
12/31/2012				
Unconsolidated subsidiaries	18,806	4,041	6,735	23,383
Joint ventures	2,965	699	709	–
Total	**21,771**	**4,740**	**7,444**	**23,383**
of which current	21,771	4,740	7,136	23,383

The outstanding amounts will be settled by bank transfer and are unsecured.

10.3.2 Remuneration of the Executive Board and the Supervisory Board

The Executive Board and Supervisory Board of GEA Group Aktiengesellschaft received total remuneration of EUR 12,277 thousand in fiscal year 2013 (previous year: EUR 8,903 thousand). This is composed of the following components

(EUR thousand)	2013	2012
Short-term employee benefits	6,581	5,838
Post-employment benefits	2,582	2,325
Share-based payments	3,114	740
Total	**12,277**	**8,903**

Former Executive Board members and their surviving dependents received remuneration from the GEA Group amounting to EUR 5,129 thousand (previous year: EUR 5,039 thousand). Pension provisions were recognized for former Executive Board members and their surviving dependents in accordance with IFRSs totaling EUR 61,715 thousand (previous year: EUR 63,389 thousand).

The expenses incurred for the Supervisory Board amounted to EUR 1,168 thousand in fiscal year 2013 (previous year: EUR 1,152 thousand).

Other information on the remuneration of the Executive Board and the Supervisory Board can be found in the remuneration report.

There were no other transactions by members of the Executive Board or Supervisory Board or their related parties in either the reporting or the comparative period.

11. Supplemental disclosures in accordance with section 315a of the HGB

11.1 Declaration on the Corporate Governance Code

The Executive Board and the Supervisory Board issued an updated declaration of conformity in accordance with section 161 of the Aktiengesetz (AktG – German Stock Corporation Act) on December 19, 2013, and made it permanently available to the shareholders on the Company's website.

11.2 Number of employees

The average number of employees during the year was as follows:

Average number of employees during the year *	2013	2012
Hourly workers	6,129	9,558
Salaried employees	11,411	14,913
Continued operations	**17,540**	**24,471**
Hourly workers	3,174	3
Salaried employees	4,085	–
Discontinued operations	**7,259**	**3**
Total	**24,799**	**24,474**

*) Full-time equivalents (FTEs) excluding vocational trainees and inactive employment contracts

The number of employees at the reporting date was as follows:

Employees at reporting date *	2013	2012
Hourly workers	6,178	9,430
Salaried employees	11,572	15,068
Continued operations	**17,750**	**24,498**
Hourly workers	3,166	3
Salaried employees	4,038	–
Discontinued operations	**7,204**	**3**
Total	**24,954**	**24,501**

*) Full-time equivalents (FTEs) excluding vocational trainees and inactive employment contracts

11.3 Audit and consulting fees

The fees charged worldwide by the auditors of the consolidated financial statements, KPMG AG Wirtschaftsprüfungsgesellschaft, for fiscal year 2013 are broken down as follows:

(EUR thousand)	2013	2012
Audit	4,901	5,680
Other audit related services	423	844
Tax consulting services	954	1,310
Other services	868	404
Total	**7,146**	**8,238**

EUR 0.02 million of the fees listed for audits in fiscal 2013 is attributable to the audit of the 2012 consolidated financial statements.

11.4 Investments

The following list shows all subsidiaries, associates, and joint ventures. With the exception of other equity investments within the meaning of section 313(2) no. 4 of the HGB, it does not contain investments in companies that GEA Group neither controls nor over which it can exercise significant influence.

Company	Head Office	Country	Shares %
Subsidiary			
"SEMENOWSKY VAL" Immobilien- Verwaltungs-GmbH	Bochum	Germany	100.00
Beijing GEA Energietechnik Co., Ltd.	Beijing	China	100.00
Beijing Tetra Laval Food Machinery Company Limited	Beijing	China	90.00
Bliss & Co. Ltd.	Fareham	United Kingdom	100.00
Bliss Refrigeration Ltd.	Fareham	United Kingdom	100.00
Bloksma Asia Ltd.	Hong Kong	China	100.00
Bock Australia Pty. Ltd.	Rosebery	Australia	100.00
Breconcherry Ltd.	Bromyard, Herefordshire	United Kingdom	100.00
Brouwers Equipment B.V.	Leeuwarden	Netherlands	100.00
Brückenbau Plauen GmbH	Frankfurt am Main	Germany	100.00
CFS Asia Ltd.	Bangna, Bangkok	Thailand	100.00
CFS Commercial (Beijing) Limited	Beijing	China	100.00
Convenience Food Systems K.K.	Tokyo	Japan	100.00
Convenience Food Systems S.A. de C.V.	Mexico-City	Mexico	100.00
Dairy Technology Services Pty Limited	Kyabram, Victoria	Australia	100.00
DE GEA Westfalia Separator Ukraine	Kiev	Ukraine	100.00
Diessel Aktiengesellschaft	Zug	Switzerland	100.00
Dixie-Union (UK) Ltd.	Newport Pagnell	United Kingdom	100.00
Dobbelenberg S.A./N.V.	Haren, Brussels	Belgium	100.00
Ecodelta Ltd.	Zarechny	Russia	62.00
EGI Cooling System (China) Co. Ltd.	Tianjin	China	100.00
EGI Cooling Systems Trading (Beijing) Co.	Beijing	China	100.00
EGI Enerji Ins. Ic Ve Dis Tic. Ltd. Sti. i.L.	Ankara	Turkey	90.00
EGI Structura Kft. i.L.	Budapest	Hungary	76.00
Farmers Industries Limited	Mt. Maunganui South, Tauranga	New Zealand	100.00
GEA (Philippines) Inc.	Manila	Philippines	100.00
GEA (Shanghai) Farm Technologies Company Ltd.	Shanghai	China	100.00
GEA 2H Water Technologies GmbH	Wettringen	Germany	100.00
GEA 2H Water Technologies Ltd.	Northampton	United Kingdom	100.00
GEA 2H Water Technologies s.r.o.	Jilove	Czech Republic	91.94
GEA 2H Water Technologies Sp. z.o.o.	Bytom	Poland	63.00
GEA Abfülltechnik GmbH	Büchen	Germany	100.00
GEA Air Treatment GmbH	Herne	Germany	100.00
GEA Air Treatment Production GmbH	Wurzen	Germany	100.00
GEA Aircooled Systems (Pty) Ltd.	Germiston	South Africa	74.999
GEA Airflow Services SAS	Nantes	France	100.00
GEA Aseptomag AG	Kirchberg	Switzerland	100.00
GEA Aseptomag Holding AG	Kirchberg	Switzerland	100.00
GEA ATG UK Holdings Limited	Cheshire, Warrington	United Kingdom	100.00
GEA Avapac Ltd.	Hamilton	New Zealand	100.00
GEA AWP GmbH	Prenzlau	Germany	100.00
GEA Barr-Rosin Ltd.	Maidenhead, Berkshire	United Kingdom	100.00
GEA Batignolles Technologies Thermiques Qatar L.L.C.	Doha	Qatar	100.00
GEA Batignolles Technologies Thermiques S.A.S.	Nantes	France	100.00
GEA Batignolles Thermal Technologies (Changshu) Co. Ltd.	Changshu	China	100.00
GEA Beteiligungsgesellschaft AG	Bochum	Germany	100.00
GEA Beteiligungsgesellschaft I mbH	Bochum	Germany	100.00
GEA Beteiligungsgesellschaft II mbH	Düsseldorf	Germany	100.00
GEA Bischoff GmbH	Essen	Germany	100.00
GEA Bischoff Oy	Helsinki	Finland	100.00
GEA Bloksma B.V.	Almere	Netherlands	100.00
GEA Bock (India) Private Limited	Vadodara, Gujarat	India	100.00
GEA Bock (Thailand) Co., Ltd.	Bangkok	Thailand	49,00 *

*) 51% of voting rights

Company	Head Office	Country	Shares %
GEA Bock Compressors (Hangzhou) Co., Ltd.	Hangzhou, Zhejiang	China	100.00
GEA Bock Czech s.r.o.	Stribro	Czech Republic	100.00
GEA Bock GmbH	Frickenhausen	Germany	100.00
GEA Bock Malaysia Sdn. Bhd.	Petaling Jaya	Malaysia	100.00
GEA Brewery Systems GmbH	Kitzingen	Germany	100.00
GEA Canada Inc.	Lethbridge, Alberta	Canada	100.00
GEA Central America S.A.	Panama	Panama	100.00
GEA CFS International B.V.	Bakel	Netherlands	100.00
GEA Colby Pty. Ltd.	Sydney	Australia	100.00
GEA DELBAG SAS	Montry	France	100.00
GEA Diessel GmbH	Hildesheim	Germany	100.00
GEA do Brasil Intercambiadores Ltda.	Franco da Rocha	Brazil	100.00
GEA Dutch Holding B.V.	's-Hertogenbosch	Netherlands	100.00
GEA Ecoflex (Asia) SDN. BHD.	Shah Alam, Selangor	Malaysia	100.00
GEA Ecoflex China Co. Ltd.	Shanghai	China	100.00
GEA Ecoflex GmbH	Sarstedt	Germany	100.00
GEA Ecoflex India Private Limited	Rabale Navi, Mumbai	India	98.00
GEA Ecoflex Middle East FZE	Dubai	United Arab Emirates	100.00
GEA EcoServe België	Zele	Belgium	100.00
GEA EcoServe Nederland B.V.	Belfeld	Netherlands	100.00
GEA EGI Energiagazdálkodási Zrt.	Budapest	Hungary	99.744
GEA Energietechnik Anlagen- und Betriebs-GmbH	Bochum	Germany	100.00
GEA Energietechnik Australia Pty. Ltd.	McDowall, Queensland	Australia	100.00
GEA Energietechnik GmbH	Bochum	Germany	100.00
GEA Energietechnik UK Limited	Moreton-On-Lugg, Hereford	United Kingdom	100.00
GEA Engenharia de Processos e Sistemas Industriais Ltda.	Campinas, Sao Paulo	Brazil	100.00
GEA Ergé-Spirale et Soramat S.A.	Wingles	France	100.00
GEA Erste Kapitalbeteiligungen GmbH & Co. KG	Bochum	Germany	100.00
GEA Eurotek Ltd.	Aylsham	United Kingdom	100.00
GEA Exergy AB	Gothenburg	Sweden	100.00
GEA Farm Technologies (Ireland) Ltd.	County Kildare	Ireland	100.00
GEA Farm Technologies (UK) Limited	Warminster	United Kingdom	100.00
GEA Farm Technologies Acier SAS	Château-Thierry	France	100.00
GEA Farm Technologies Argentina S.R.L.	Buenos Aires	Argentina	100.00
GEA Farm Technologies Australia Pty. Ltd.	Tullamarine, Victoria	Australia	100.00
GEA Farm Technologies Austria GmbH	Plainfeld	Austria	100.00
GEA Farm Technologies Belgium N.V.	Olen	Belgium	100.00
GEA Farm Technologies Bulgaria EOOD	Sofia	Bulgaria	100.00
GEA Farm Technologies Canada Inc.	Drummondville, Quebec	Canada	100.00
GEA Farm Technologies Chile SpA	Osorno	Chile	100.00
GEA Farm Technologies Croatia d.o.o.	Dugo Selo	Croatia	100.00
GEA Farm Technologies CZ, spol. s.r.o.	Napajedla	Czech Republic	100.00
GEA Farm Technologies do Brasil, Industria e Comercio de Equipamentos Agricolas e Pecuarios Ltda.	Jaguariúna	Brazil	100.00
GEA Farm Technologies France SAS	Château-Thierry	France	100.00
GEA Farm Technologies GmbH	Bönen	Germany	100.00
GEA Farm Technologies Ibérica S.L.	Granollers	Spain	100.00
GEA Farm Technologies Japy SAS	Saint-Apollinaire	France	100.00
GEA Farm Technologies Mullerup A/S	Ullerslev	Denmark	100.00
GEA Farm Technologies Nederland B.V.	Zeewolde	Netherlands	100.00
GEA Farm Technologies New Zealand Limited	Frankton, Hamilton	New Zealand	100.00
GEA Farm Technologies România S.R.L..	Alba Julia	Romania	100.00
GEA Farm Technologies Serbia d.o.o.	Beograd	Serbia	100.00
GEA Farm Technologies Slovakia spol. s.r.o.	Piestany	Slovakia	100.00
GEA Farm Technologies Sp. z o.o.	Bydgoszcz	Poland	100.00
GEA Farm Technologies Suisse AG	Ittigen	Switzerland	100.00
GEA Farm Technologies, Inc.	Wilmington, Delaware	USA	100.00
GEA FarmTechnologies Tarim Ekip.Mak.Kim. Tek.Dan.San.Tic.Ltd.Sti.	Kemalpasa, Izmir	Turkey	100.00
GEA Food Solutions Asia Co. Limited	Hong Kong	China	100.00
GEA Food Solutions Bakel B.V.	Bakel	Netherlands	100.00
GEA Food Solutions Brasil Comércio de Equipamentos Ltda.	Campinas, Sao Paulo	Brazil	100.00
GEA Food Solutions Chile Comercializadora Limitada	Santiago de Chile	Chile	100.00
GEA Food Solutions Czech s.r.o.	Prague	Czech Republic	100.00

Company	Head Office	Country	Shares %
GEA Food Solutions Denmark A/S	Slagelse	Denmark	100.00
GEA Food Solutions France SAS	Beaucouzé	France	100.00
GEA Food Solutions Germany GmbH	Biedenkopf-Wallau	Germany	100.00
GEA Food Solutions GmbH	Düsseldorf	Germany	100.00
GEA Food Solutions International A/S	Slagelse	Denmark	100.00
GEA Food Solutions Italy S.r.l.	Grumello Del Monte	Italy	100.00
GEA Food Solutions Korea Co., Ltd.	Seoul	South Korea	100.00
GEA Food Solutions Middle East F.Z.E.	Dubai	United Arab Emirates	100.00
GEA Food Solutions Netherlands B.V.	Bakel	Netherlands	100.00
GEA Food Solutions Nordic A/S	Slagelse	Denmark	100.00
GEA Food Solutions North America, Inc.	Frisco	USA	100.00
GEA Food Solutions Poland Sp. z o.o.	Warsaw	Poland	100.00
GEA Food Solutions RUS ZAO	Moscow	Russia	100.00
GEA Food Solutions South Africa (Pty) Ltd.	Johannesburg	South Africa	100.00
GEA Food Solutions Switzerland AG	Rothrist	Switzerland	100.00
GEA Food Solutions UK & Ireland Ltd.	Newport Pagnell	United Kingdom	100.00
GEA Food Solutions Ukraine LLC	Kiev	Ukraine	100.00
GEA Food Solutions Weert B.V.	Weert	Netherlands	100.00
GEA Goedhart B.V.	Sint Maartensdijk	Netherlands	100.00
GEA Goedhart Holding B.V.	Sint Maartensdijk	Netherlands	100.00
GEA Grasso Indonesia, PT	Jakarta Barat, Cengkareng	Indonesia	100.00
GEA Grasso TOV	Kiev	Ukraine	100.00
GEA Grasso UAB	Vilnius	Lithuania	100.00
GEA Grenco Ltd.	Sittingbourne, Kent	United Kingdom	100.00
GEA Group Holding France SAS	Montigny le Bretonneux	France	100.00
GEA Group Holding GmbH	Bochum	Germany	100.00
GEA Group Holdings (UK) Limited	Eastleigh, Hampshire	United Kingdom	100.00
GEA Happel Belgium N.V.	Haren, Brussels	Belgium	100.00
GEA Happel Nederland B.V.	Capelle an der Yssel	Netherlands	100.00
GEA Happel SAS	Roncq	France	100.00
GEA Heat Exchangers (China) Co., Ltd.	Wuhu	China	97.39
GEA Heat Exchangers a.s.	Liberec	Czech Republic	100.00
GEA Heat Exchangers AB	Kalmar	Sweden	100.00
GEA Heat Exchangers GmbH	Bochum	Germany	100.00
GEA Heat Exchangers Limited	Moreton-On-Lugg, Hereford	United Kingdom	100.00
GEA Heat Exchangers OÜ	Tallinn	Estonia	100.00
GEA Heat Exchangers Oy	Vantaa	Finland	100.00
GEA Heat Exchangers Pte. Ltd.	Singapur	Singapore	100.00
GEA Heat Exchangers S.r.l.	Monvalle	Italy	100.00
GEA Heat Exchangers, Inc.	Lakewood, Colorado	USA	100.00
GEA Heat Exchangers, S.A.U.	Igorre	Spain	100.00
GEA Industriebeteiligungen GmbH	Bochum	Germany	100.00
GEA Insurance Broker GmbH	Frankfurt am Main	Germany	100.00
GEA Ireland Limited	Kildare	Ireland	100.00
GEA ISISAN TESISAT INSAAT TAAHHÜT TICARET VE SANAYI A.S.	Istanbul	Turkey	100.00
GEA IT Services GmbH	Oelde	Germany	100.00
GEA klima rashladna tehnika d.o.o.	Zagreb	Croatia	100.00
GEA Klima Sanayi ve Ticaret Anonim Sirketi	Istanbul	Turkey	100.00
GEA Klimatechnik GmbH	Gaspoltshofen	Austria	100.00
GEA Klimatechnika Kft.	Budapest	Hungary	100.00
GEA Klimatizacia s.r.o.	Bratislava	Slovakia	100.00
GEA Klimatizacijska tehnika d.o.o.	Ljubljana	Slovenia	100.00
GEA Klimatyzacja Spolka z o.o.	Wroclaw	Poland	100.00
GEA Küba GmbH	Baierbrunn	Germany	100.00
GEA Luftkühler GmbH	Bochum	Germany	100.00
GEA Lyophil (Beijing) Ltd.	Beijing	China	100.00
GEA Lyophil GmbH	Hürth	Germany	100.00
GEA Maschinenkühltechnik GmbH	Bochum	Germany	100.00
GEA Mashimpeks OOO	Solnechnogorsk	Russia	100.00
GEA Mechanical Equipment Canada, Inc.	Saint-John, New Brunswick	Canada	100.00
GEA Mechanical Equipment GmbH	Oelde	Germany	100.00
GEA Mechanical Equipment Italia S.p.A.	Parma	Italy	100.00
GEA Mechanical Equipment UK Limited	Milton Keynes	United Kingdom	100.00

Company	Head Office	Country	Shares %
GEA Mechanical Equipment US, Inc.	Wilmington, Delaware	USA	100.00
GEA Mechnical Equipment (Tianjin) Co., Ltd.	Tianjin	China	100.00
GEA Messo GmbH	Duisburg	Germany	100.00
GEA Middle East FZE	Dubai	United Arab Emirates	100.00
GEA mts flowtec AG	Kirchberg	Switzerland	100.00
GEA NEMA Wärmetauscher GmbH	Netzschkau	Germany	100.00
GEA Nilenca (Pty) Ltd.	Germiston	South Africa	74.833
GEA NIRO GmbH	Müllheim	Germany	100.00
GEA Niro PT B.V.	's-Hertogenbosch	Netherlands	100.00
GEA North America, Inc.	Delaware	USA	100.00
GEA Nu-Con Ltd.	Penrose, Auckland	New Zealand	100.00
GEA Nu-Con Manufacturing Limited	Mairangi Bay, Auckland	New Zealand	100.00
GEA Nu-Con Pty. Ltd.	Sutherland, Sydney	Australia	100.00
GEA of Alabama, L.L.C.	Montgomery	USA	100.00
GEA Pharma Systems (India) Private Limited	Vadodara, Gujarat	India	100.00
GEA Pharma Systems AG	Bubendorf	Switzerland	100.00
GEA Pharma Systems Limited	Eastleigh Hampshire	United Kingdom	100.00
GEA Polacel Cooling Towers B.V.	Doetinchem	Netherlands	100.00
GEA Polacel Cooling Towers FZCO	Dubai	United Arab Emirates	100.00
GEA Polska Sp. z o.o.	Swiebodzice	Poland	100.00
GEA Power Cooling de Mexico S. de R.L. de C.V.	San Luis Potosí	Mexico	100.00
GEA POWER COOLING TECHNOLOGY (CHINA) LTD.	Langfang	China	100.00
GEA Process Engineering (India) Private Limited	Vadodara, Gujarat	India	100.00
GEA Process Engineering (Philippines) Inc.	Manila	Philippines	100.00
GEA Process Engineering (Pty) Ltd.	Midrand	South Africa	100.00
GEA Process Engineering (Thailand) Co., Ltd.	Bangkok	Thailand	100.00
GEA Process Engineering A/S	Soeborg	Denmark	100.00
GEA Process Engineering Asia Ltd.	Hong Kong	China	100.00
GEA Process Engineering CEE Kft.	Budaörs	Hungary	100.00
GEA Process Engineering Chile S.A.	Santiago de Chile	Chile	100.00
GEA Process Engineering China Limited	Shanghai	China	100.00
GEA Process Engineering China Ltd.	Shanghai	China	100.00
GEA Process Engineering Inc.	Columbia	USA	100.00
GEA Process Engineering Italia S.P.A.	Segrate	Italy	100.00
GEA Process Engineering Japan Ltd.	Tokyo	Japan	100.00
GEA Process Engineering Ltd.	Penrose, Auckland	New Zealand	100.00
GEA Process Engineering Ltd.	Birchwood, Cheshire, Warrington	United Kingdom	100.00
GEA Process Engineering N.V.	Halle	Belgium	100.00
GEA Process Engineering Nederland B.V.	Deventer	Netherlands	100.00
GEA Process Engineering OOO	Moscow	Russia	100.00
GEA Process Engineering Oy	Vantaa	Finland	100.00
GEA Process Engineering Pte. Ltd.	Singapur	Singapore	100.00
GEA Process Engineering Pty. Ltd.	Blackburn, Victoria	Australia	100.00
GEA Process Engineering S.A.	Buenos Aires	Argentina	100.00
GEA Process Engineering S.A.	Alcobendas, Madrid	Spain	100.00
GEA Process Engineering S.A. de C.V.	Naucalpan de Juárez, Mexico	Mexico	100.00
GEA Process Engineering S.A.S.	Saint-Quentin en Yvelines Ced.	France	100.00
GEA Process Engineering S.A.S.	Bogota D.C.	Colombia	100.00
GEA Process Engineering s.r.o.	Brno	Czech Republic	100.00
GEA Process Engineering Taiwan Ltd.	Taipeh	Taiwan	100.00
GEA Process Engineering Trading (Shanghai) Limited	Shanghai	China	100.00
GEA Process Engineering Z o.o.	Warsaw	Poland	100.00
GEA PROCESS MÜHENDISLIK MAKINE INSAAT TAAHÜT ITHALAT IHRACAT DANIS. SAN. VE TIC. LTD. STI.	Kemalpasa, Izmir	Turkey	100.00
GEA Process Technologies Ireland Limited	Dublin	Ireland	100.00
GEA Procomac S.p.A.	Sala Baganza	Italy	100.00
GEA Real Estate GmbH	Frankfurt am Main	Germany	100.00
GEA Refrigeration (Thailand) Co. Ltd.	Nonthaburi	Thailand	99.9994
GEA Refrigeration Africa (Pty) Ltd.	Capetown	South Africa	100.00
GEA Refrigeration Australia Pty. Ltd.	Carrum Downs, Victoria	Australia	100.00
GEA Refrigeration Canada Inc.	Richmond	Canada	100.00
GEA Refrigeration Components (Nordic) A/S	Kolding	Denmark	100.00
GEA Refrigeration Components (UK) Ltd.	Ross-on-Wye, Herfordshire	United Kingdom	100.00

Company	Head Office	Country	Shares %
GEA Refrigeration Czech Republic s.r.o.	Prague	Czech Republic	100.00
GEA Refrigeration France SAS	Les Sorinières	France	100.00
GEA Refrigeration Germany GmbH	Berlin	Germany	100.00
GEA Refrigeration Hong Kong Ltd.	Hong Kong	China	100.00
GEA Refrigeration Ibérica S.A.	Alcobendas, Madrid	Spain	100.00
GEA Refrigeration Ireland Limited	Cavan	Ireland	100.00
GEA Refrigeration Italy S.p.A.	Castel Maggiore, Bologna	Italy	100.00
GEA Refrigeration Maghreb Sarlau	Casablanca	Morocco	100.00
GEA Refrigeration Netherlands N.V.	's-Hertogenbosch	Netherlands	100.00
GEA Refrigeration North America, Inc.	York , Pennsylvania	USA	100.00
GEA Refrigeration Poland Sp. z o.o.	Gdynia	Poland	100.00
GEA Refrigeration Romania S.R.L.	Cluj-Napoca	Romania	100.00
GEA Refrigeration Singapore Pte. Ltd.	Singapur	Singapore	100.00
GEA Refrigeration Technologies GmbH	Bochum	Germany	100.00
GEA Refrigeration Technology (Suzhou) Co., Ltd.	Suzhou	China	100.00
GEA Refrigeration UK Ltd.	London	United Kingdom	100.00
GEA Refrigeration Vietnam Co. Ltd.	Ho Chi Min City	Vietnam	100.00
GEA Renzmann & Grünewald GmbH	Monzingen	Germany	100.00
GEA Saudi Arabia Limited	Al Khobar	Saudi Arabia	100.00
GEA Searle Ltd.	Fareham	United Kingdom	100.00
GEA Segment Management Holding GmbH	Düsseldorf	Germany	100.00
GEA Services and Components OOO	Moscow	Russia	100.00
GEA Shanxi Dry Cooling Design Ltd.	Taiyuan, Shanxi	China	60.00
GEA Sistemas de Resfriamento Ltda.	Indaiatuba	Brazil	100.00
GEA TDS GmbH	Sarstedt	Germany	100.00
GEA Technika Cieplna Spolka z o.o.	Opole	Poland	100.00
GEA Thermal Engineering Investments (Pty) Ltd.	Germiston	South Africa	100.00
GEA Tuchenhagen France	Hoenheim	France	100.00
GEA Tuchenhagen GmbH	Büchen	Germany	100.00
GEA Tuchenhagen Polska sp. z o.o.	Koszalin	Poland	100.00
GEA West Africa Limited	Lagos	Nigeria	100.00
GEA Westfalia Separator (China) Ltd.	Wanchai,Hong Kong	China	100.00
GEA Westfalia Separator (Malaysia) SDN. BHD.	Petaling Jaya	Malaysia	100.00
GEA Westfalia Separator (S.E.A.) PTE. LTD.	Singapur	Singapore	100.00
GEA Westfalia Separator (Thailand) Ltd.	Bangkok	Thailand	97.30
GEA Westfalia Separator (Tianjin) Co., Ltd.	Tianjin	China	100.00
GEA Westfalia Separator Argentina S.A.	Buenos Aires	Argentina	100.00
GEA Westfalia Separator Australia Pty. Ltd.	Thomastown, Victoria	Australia	100.00
GEA Westfalia Separator Austria GmbH	Wien	Austria	100.00
GEA Westfalia Separator Belgium N.V.	Schoten	Belgium	100.00
GEA Westfalia Separator Chile S.A.	Santiago de Chile	Chile	100.00
GEA Westfalia Separator CIS Ltd.	Moscow	Russia	100.00
GEA Westfalia Separator CZ s.r.o.	Prague	Czech Republic	100.00
GEA Westfalia Separator Deutschland GmbH	Oelde	Germany	100.00
GEA Westfalia Separator DK A/S	Skanderborg	Denmark	100.00
GEA Westfalia Separator do Brasil Industria de Centrifugas Ltda.	Campinas, Sao Paulo	Brazil	100.00
GEA Westfalia Separator France	Château-Thierry	France	100.00
GEA Westfalia Separator Group GmbH	Oelde	Germany	100.00
GEA Westfalia Separator Hellas A.E.	Athen	Greece	100.00
GEA Westfalia Separator Hungária Kft.	Budaörs	Hungary	100.00
GEA Westfalia Separator Ibérica, S.A.	Granollers	Spain	100.00
GEA Westfalia Separator Iceland ehf	Reykjavik	Iceland	100.00
GEA Westfalia Separator India Private Limited	New Delhi	India	100.00
GEA Westfalia Separator Indonesia, PT	Jakarta	Indonesia	100.00
GEA Westfalia Separator Ireland Ltd.	Ballincollig Cork	Ireland	100.00
GEA Westfalia Separator Japan K.K.	Minato-ku,Tokyo	Japan	100.00
GEA Westfalia Separator Korea Ltd.	Seoul	South Korea	100.00
GEA Westfalia Separator Mexicana S.A. de C.V.	Cuernavaca,Morelos	Mexico	100.00
GEA Westfalia Separator Nederland B.V.	Cuijk	Netherlands	100.00
GEA Westfalia Separator Nederland Services B.V.	Cuijk	Netherlands	100.00
GEA Westfalia Separator Nordic AS	Oslo	Norway	100.00
GEA Westfalia Separator NZ Ltd.	Mount Wellington, Auckland	New Zealand	100.00
GEA Westfalia Separator Phils. Inc.	Manila	Philippines	100.00

Company	Head Office	Country	Shares %
GEA Westfalia Separator Polska Sp. z o.o.	Warsaw	Poland	100.00
GEA Westfalia Separator Production France	Château-Thierry	France	100.00
GEA Westfalia Separator Romania S.R.L.	Bukarest	Romania	100.00
GEA Westfalia Separator Sanayi ve Ticaret Ltd. Sti.	Kemalpasa, Izmir	Turkey	100.00
GEA Westfalia Separator South Africa (Pty) Ltd.	Midrand	South Africa	100.00
GEA Westfalia Separator Sweden AB	Gothenburg	Sweden	100.00
GEA Wiegand GmbH	Ettlingen	Germany	100.00
GEA WTT GmbH	Nobitz-Wilchwitz	Germany	100.00
Grasso Componentes Ibéria Lda.	Cascais	Portugal	100.00
Hovex B.V. Engineering	Veendam	Netherlands	100.00
HX Holding GmbH	Bochum	Germany	100.00
KET Marine Asia Pte. Ltd.	Singapur	Singapore	100.00
KET Marine International B.V.	Zevenbergen	Netherlands	100.00
Kupferbergbau Stadtberge zu Niedermarsberg GmbH	Frankfurt am Main	Germany	100.00
Kupferexplorationsgesellschaft mbH i.L.	Bochum	Germany	100.00
LL Plant Engineering (India) Private Limited	Mumbai Maharashtra	India	100.00
LL Plant Engineering AG	Ratingen	Germany	100.00
LL Plant Engineering France S.A.S.	Sartrouville	France	100.00
mg Altersversorgung GmbH	Bochum	Germany	100.00
mg capital gmbh	Bochum	Germany	100.00
MG Stahlhandel GmbH	Bochum	Germany	100.00
mg venture capital ag	Bochum	Germany	100.00
mg vv Projektgesellschaft Hornpottweg GmbH	Frankfurt am Main	Germany	100.00
mgvv Projektentwicklung Daimlerstrasse GmbH & Co. KG	Frankfurt am Main	Germany	100.00
mgvv Projektentwicklung Daimlerstrasse Verwaltungs GmbH	Frankfurt am Main	Germany	100.00
Milfos Australia Pty. Limited	Sydney	Australia	100.00
Milfos International Limited	Frankton, Hamilton	New Zealand	100.00
Milfos UK Limited	Droitwich, Worcestershire	United Kingdom	100.00
Milk ‚N' Water Services Stratford Limited	Stratford	New Zealand	100.00
Niro Sterner Inc.	Columbia	USA	100.00
Nu-Con (Shanghai) Trading Co. Ltd.	Pudong, Shanghai	China	100.00
Nu-Con Systems Pte. Limited	Singapore	Singapore	100.00
Nu-Con Systems SDN. BHD.	Shah Alam, Selangor	Malaysia	100.00
OOO GEA Energietechnik	Moscow	Russia	100.00
OOO GEA Farm Technologies Rus	Moscow	Russia	100.00
OOO GEA Farm Technologies Ukraine	Bila Zerkva	Ukraine	100.00
OOO GEA Refrigeration RUS	Moscow	Russia	100.00
Paul Pollrich GmbH	Herne	Germany	100.00
Pelacci S.R.L. i.L.	Sala Baganza	Italy	67.00
Royal de Boer Stalinrichtingen B.V.	Leeuwarden	Netherlands	100.00
Ruhr-Zink GmbH	Datteln	Germany	100.00
Sachtleben Bergbau Verwaltungsgesellschaft mit beschränkter Haftung	Lennestadt	Germany	100.00
SC GEA KLIMATECHNIK S.R.L.	Timisoara	Romania	100.00
SCI Sartrouville	Sartrouville	France	100.00
TOV GEA-Ukrayina	Kiev	Ukraine	100.00
Trennschmelz Altersversorgung GmbH	Bochum	Germany	100.00
Tuchenhagen (Thailand) Co. Ltd. i.L.	Bangkok	Thailand	100.00
UAB GEA Klimatechnik	Vilnius	Lithuania	100.00
VDM-Hilfe GmbH	Frankfurt am Main	Germany	100.00
Wilarus OOO	Kolomna	Russia	100.00
Wolfking Limited	Newport Pagnell	United Kingdom	100.00
Wolfking LLC	Frisco	USA	100.00
ZiAG Plant Engineering GmbH	Frankfurt am Main	Germany	100.00
Accociated Companies			
IMAI S.A.	Buenos Aires	Argentina	20.00
Polyamid 2000 Handels- und Produktionsgesellschaft Premnitz AG i.L.	Premnitz	Germany	49.90
Technofrigo Abu Dhabi i.L.	Abu Dhabi	United Arab Emirates	49.00
ZAO Moscow Coffee House	Moscow	Russia	29.00
Joint Ventures			
Blue Glacier Technology, LLC	Durham	USA	50.00
Crismil S.A.	Montevideo	Uruguay	49.00
GEA Cooling Tower Technologies (India) Private Limited	Chennai, Madras	India	51.00
GEA Middle East LLC	Abu Dhabi	United Arab Emirates	49.00

Company	Head Office	Country	Shares %
GEA ORION Farm Technologies Co., Ltd.	Nagano	Japan	49.00
GEA Shanxi Thermal Equipment Company Ltd.	Taiyuan, Shanxi	China	48.00
GRADE Grasso Adearest Limited	Dubai	United Arab Emirates	50.00
GRADE Refrigeration LLC	Sharjah	United Arab Emirates	49.00
Merton Wohnprojekt GmbH	Frankfurt am Main	Germany	50.00
RSZ Rott Sarstedt Zerspanung GmbH	Sarstedt	Germany	50.00
SNKS-Procomac K.K.	Osaka	Japan	50.00
TANSA-CALDEMON UTE	Muriedas Ayuntamentos de Camargo	Spain	50.00
Wuhan Bloksma Heat Exchangers Co. Ltd.	Wuhan	China	50.00
Other equity investments under section 313(2) no. 4 of the HGB			
Arbeitsgemeinschaft Zellenkühleranlage KKW Isar GEA Energietechnik GmbH-Alpine Bau Deutschland AG	Bochum	Germany	55.02
Bauverein Oelde GmbH	Oelde	Germany	35.50
Ehrfeld Mikrotechnik AG i.I.	Wendelsheim	Germany	26.00
EPSA Empresa Paulista de Servicos Ambientais S.A.	Sao Paulo	Brazil	47.50
Indo Technofrigo Ltd. i.L.	Rajkot	India	49.00
KOS – GEA Korea Ltd.	Seoul	South Korea	25.00
TPK Mashimpeks	Moscow	Russia	34.00

11.5 Companies exempted in accordance with sections 264(3) and 264b of the HGB

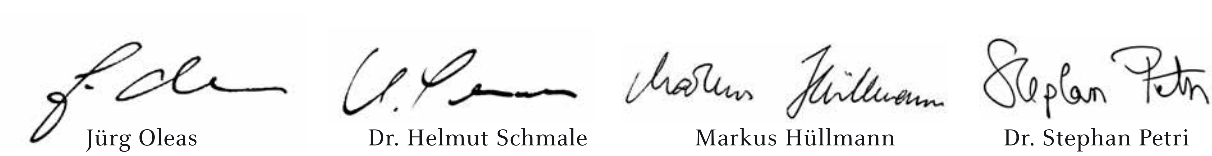
The following German companies are exempted from the duty to comply with the supplementary accounting, audit, and publication provisions applicable to corporations and certain partnerships in accordance with sections 264(3) and 264b of the HGB:

GEA 2H Water Technologies GmbH, Wettringen
GEA Air Treatment GmbH, Herne
GEA Air Treatment Production GmbH, Wurzen
GEA AWP GmbH, Prenzlau
GEA Bischoff GmbH, Essen
GEA Bock GmbH, Frickenhausen
GEA Brewery Systems GmbH, Kitzingen
GEA Diessel GmbH, Hildesheim
GEA Ecoflex GmbH, Sarstedt
GEA Energietechnik Anlagen- und Betriebs-GmbH, Bochum
GEA Energietechnik GmbH, Bochum
GEA Erste Kapitalbeteiligungen GmbH & Co. KG, Bochum
GEA Farm Technologies GmbH, Bönen
GEA Food Solutions Germany GmbH, Biedenkopf-Wallau
GEA Food Solutions GmbH, Düsseldorf
GEA Group Holding GmbH, Bochum
GEA Heat Exchangers GmbH, Bochum
GEA Industriebeteiligungen GmbH, Bochum
GEA Insurance Broker GmbH, Frankfurt am Main
GEA IT Services GmbH, Oelde
GEA Küba GmbH, Baierbrunn
GEA Luftkühler GmbH, Bochum
GEA Lyophil GmbH, Hürth
GEA Maschinenkühltechnik GmbH, Bochum
GEA Mechanical Equipment GmbH, Oelde
GEA Messo GmbH, Duisburg

GEA NEMA Wärmetauscher GmbH, Netzschkau
GEA NIRO GmbH, Müllheim
GEA Real Estate GmbH, Frankfurt am Main
GEA Refrigeration Germany GmbH, Berlin
GEA Refrigeration Technologies GmbH, Bochum
GEA Renzmann & Grünewald GmbH, Monzingen
GEA TDS GmbH, Sarstedt
GEA Tuchenhagen GmbH, Büchen
GEA Westfalia Separator Deutschland GmbH, Oelde
GEA Westfalia Separator Group GmbH, Oelde
GEA Wiegand GmbH, Ettlingen
GEA WTT GmbH, Nobitz-Wilchwitz
GEA Zweite Kapitalbeteiligungen GmbH & Co. KG, Bochum
LL Plant Engineering AG, Ratingen
mg Altersversorgung GmbH, Bochum
mg capital gmbh, Bochum
mg vv Projektgesellschaft Hornpottweg GmbH, Frankfurt am Main
Paul Pollrich GmbH, Herne
ZiAG Plant Engineering GmbH, Frankfurt am Main

Düsseldorf, February 26, 2014

The Executive Board



Jürg Oleas | Dr. Helmut Schmale | Markus Hüllmann | Dr. Stephan Petri

Independent Group Auditor's Report

We have audited the consolidated financial statements prepared by the GEA Group Aktiengesellschaft, Düsseldorf – comprising the consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income, notes to the consolidated statements, consolidated cash flow statement and consolidated statement of changes in equity – together with the group management report combined with the management report of the parent company (combined group management report) for the financial year from January 1, 2013 to December 31, 2013. The preparation of the consolidated financial statements and the combined group management report in accordance with IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to section 315a (1) of the German Commercial Code [HGB] and supplementary provisions of the articles of incorporation are the responsibility of the parent company`s management. Our responsibility is to express an opinion on the consolidated financial statements and on the combined group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with section 317 of the German Commercial Code [HGB] and German generally accepted standards for the audit of financial statements promulgated by the German Institute of Public Auditors [IDW]. Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the combined group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the combined group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and combined group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU, the additional requirements of German commercial law pursuant to section 315a (1) of the German Commercial Code [HGB] and supplementary provisions of the articles of incorporation and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The combined group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Düsseldorf, February 26, 2014

KPMG AG
Wirtschaftsprüfungsgesellschaft

Guido Moesta Wirtschaftsprüfer (German public auditor)	Dr. Markus Zeimes Wirtschaftsprüfer (German public auditor)

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Group, and the management report of the Group, which has been combined with the management report of the Company, includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the group.

Düsseldorf, February 26, 2014

The Executive Board

Jürg Oleas   Dr. Helmut Schmale   Markus Hüllmann   Dr. Stephan Petri

Report of the Supervisory Board

Yet again, the Supervisory Board performed the monitoring and advisory functions incumbent upon it by virtue of the law, the Articles of Association and the rules of procedure with due care and diligence in the year under review. In doing so, it dealt in depth with the situation and the prospects of the Company as well as all specific material issues relevant to the latter. The Supervisory Board continuously advised the Executive Board on the management of the Company while overseeing its conduct of the Company's business on an ongoing basis.

This task was facilitated by the fact that, apart from engaging in deliberations during the meetings, the Executive Board complied with its obligation to inform by providing written or oral reports on all relevant matters and measures relating to the Company, its course of business, corporate planning and strategy as well as the situation of the Group on a regular, timely and comprehensive basis. The Supervisory Board was directly involved in all decisions of fundamental importance to the Company. It was at all times given sufficient opportunity to critically discuss the reports and motions submitted by the Executive Board and to give recommendations through its committees and at the meetings of the full Supervisory Board. At the respective following meeting of the Supervisory Board, the chairmen of the Presiding Committee and the Audit Committee reported on the main points of discussion and the results of their committee meetings which assisted the full board in making informed decisions.

Furthermore, the Chairmen of the Supervisory Board and the Audit Committee maintained constant contact with the Executive Board and kept each other informed of essential matters. Between the meetings, the Chairman of the Supervisory Board and the Chairman of the Executive Board regularly discussed issues relating to strategy, the current state of play in the divestiture of the GEA Heat Exchangers Segment, planning, business development, risk exposure, risk management and compliance. In this context, the Chairman of the Supervisory Board was regularly and promptly informed of the outlook for the individual segments and Group prospects, as well as further important developments and imminent decisions. Outside meetings, the Chairman of the Audit Committee remained in contact with the members of the Executive Board, in particular the Chief Financial Officer, to keep abreast of current developments relevant to the work of the Audit Committee and to discuss them, if necessary. In preliminary meetings, the employee representatives regularly deliberated on agenda items prior to the plenary meetings of the Supervisory Board.

On a regular basis, the Supervisory Board was provided with comprehensive information especially on order intake, revenue, earnings and employment trends of the Group, its segments and the other companies, as well as the discontinued operations. On the basis of supporting documents, the Supervisory Board received detailed explanations on any deviation of business performance from set plans or targets. The future prospects and the strategic further development of the Company and its business units, as well as corporate planning, were extensively discussed and agreed with the Supervisory Board after previous consideration in the Committees. In fiscal year 2013, one focus of the work of the Supervisory Board as well as of the meetings of the Presiding Committee preparing the Supervisory Board meetings was the progress of the strategy processes that had been initiated the year before, in particular on the decisions to focus on the food sector and to divest the GEA Heat Exchangers Segment that had been taken in this context. Furthermore, the Supervisory Board and the Audit Committee extensively examined and addressed the Company's risk management and internal control systems.

After extensively scrutinizing and discussing the reports and motions submitted by the Executive Board respectively after previous discussion in the Committees, the Supervisory Board cast their respective votes insofar as this was appropriate or required by law, the provisions of the Articles of Association or the rules of procedure, as the case may be. Prior to and between meetings, the Executive

Board provided reports on significant events in writing or in text form. For reasons duly substantiated, in particular in matters of special urgency, resolutions were adopted by written procedure.

In the year under review, there were no conflicts of interest involving members of the Executive Board or the Supervisory Board that would have required immediate disclosure to the Supervisory Board and communication to the Annual General Meeting.

Focal points of Supervisory Board deliberations

During the 2013 year under review, the Supervisory Board held seven meetings, one of them being a conference call meeting. On these occasions, the Supervisory Board regularly discussed matters relating to the Company's business progress, its financial position, share price performance, the strategic development of the Group, the divestment of the GEA Heat Exchangers Segment as well as the implementation of a worldwide employee engagement survey.

Key items on the agenda of the conference call Supervisory Board meeting on February 5, 2013, were the early information on the capital market as well as the dividend distribution proposal.

The two key items on the agenda of the Supervisory Board meeting held on March 7, 2013, were the approval and adoption of the annual financial statements and the consolidated financial statements for fiscal year 2012, including the appropriation of net earnings and the agenda for the Annual General Meeting in April 2013, as well as the extension of the mandate and renewal of contract with Jürg Oleas in his capacity as Chairman of the Executive Board until December 31, 2016. At this meeting, the Supervisory Board also finally determined and weighted the Executive Board members' personal targets for fiscal year 2013 and conducted the examination of efficiency recommended under section 5.6 of the German Corporate Governance Code in relation to the activities of the Supervisory Board.

On April 17, 2013, the Supervisory Board held an extraordinary meeting that was exclusively focused on strategy – with a particular emphasis on application strategy and the portfolio review.

The Supervisory Board meeting on April 18, 2013, mainly served the purpose of preparing the Annual General Meeting which took place immediately afterwards. Apart from that, the Executive Board was informed of the current business progress.

The meeting held on June 20, 2013, focused on the strategic reorientation of GEA Group Aktiengesellschaft. At this meeting, the Supervisory Board approved the resolution of the Executive Board to separate from the GEA Heat Exchangers Segment in the medium run. Besides, the Supervisory Board addressed current legal disputes.

On September 24, 2013, the Supervisory Board held a meeting at GEA Westfalia Separator in Oelde. Immediately prior to the meeting, the Supervisory Board paid a visit to the new production hall of the GEA Mechanical Equipment Segment. The previous day, the Supervisory Board had visited the headquarters of the GEA Farm Technologies Segment in Bönen. The main emphasis of the actual Supervisory Board meeting in Oelde was on reports on the progress made in connection with the strategy process. In addition, the Supervisory Board extensively discussed the further development of the risk management system.

The meeting held on December 19, 2013, focused on two main topics, i.e. the approval of the 2014 budget including a preview of medium-term planning as well as the definition of a strategic target footprint for the further development of the Group. As in previous years, the December meeting also centered on current developments in terms of corporate governance, including the adoption of the 2013 Declaration of Compliance in line with the Corporate Governance Code. Further topics included the achievement of the targets set for the members of the Executive Board, the Executive Board targets for the year 2014 as well as a preview of the results of the worldwide employee engagement survey.

Work of the Committees

The Presiding Committee met on five occasions, including one extraordinary meeting in May that was exclusively focused on strategy. Apart from the preparation of the Supervisory Board meetings, the main topics of the meetings embraced deliberations on the extension of the mandate and renewal of the contract with Jürg Oleas in his capacity as Chairman of the Executive Board, the approval of the early refinancing of the Club Deal as well as information on the pending legal disputes of the Group. Most notably, however, the Presiding Committee continued its in-depth discussions in connection with the strategy process and prepared the corresponding meetings of the plenum.

The Audit Committee met five times. In the presence of the auditor, the Chairman of the Executive Board, the Chief Financial Officer as well as the Labor Relations Director, it focused on the annual financial statements and the consolidated financial statements for fiscal year 2012 and the 2013 quarterly financial statements. Furthermore, the Committee's key activities included monitoring the accounting process, while addressing issues relative to the effectiveness of the internal audit system, the audit of the annual financial statements, as well compliance. Moreover, the Committee obtained detailed information on the Company's opportunities and risks including the Group's pending legal disputes. The Committee obtained in-depth information on GEA Group's financial planning. The auditors extensively elaborated on their auditing activities and the audit process. In addition, the Audit Committee submitted its proposal for the appointment of an auditor to the Supervisory Board, dealt with the award of the audit contract to the auditor, the determination of the audit process including the audit fee, as well as the necessary independence of the auditor. Moreover, the meeting agenda of the Audit Committee regularly included an item on the progress of the GEA Food Solutions Segment. Apart from that, the Audit Committee considered GEA Group's tax strategy and obtained comprehensive reports on the Group's internal audit as well as compliance.

The Nomination Committee was not convened in the year under review.

The Mediation Committee did not have to be convened during the year under review.

The committee chairmen rendered an account of the activities undertaken by their specific committees to the Supervisory Board at the respective subsequent Supervisory Board meetings.

Corporate Governance

The Supervisory Board is continuously monitoring the development of the Corporate Governance Standards. At its meeting held on December 19, 2013, it discussed the recommendations and suggestions of the German Corporate Governance Code. In particular, it dealt with the current amendments to the Code. Subsequently, the Executive Board and the Supervisory Board issued an updated Declaration of Compliance in accordance with section 161 Aktiengesetz (AktG – German Stock Corporation Act) at that meeting and made it permanently accessible to the public on the Company's website. Further information on corporate governance can be found in the Corporate Governance Report (page58 ff).

Annual financial statements and consolidated financial statements for 2013

The 2013 annual financial statements of GEA Group Aktiengesellschaft, the consolidated financial statements prepared in accordance with IFRS and the combined management report have been audited by KPMG AG Wirtschaftsprüfungsgesellschaft and received an unqualified audit opinion.

In the presence of the auditors, the combined management report, the annual financial statements of GEA Group Aktiengesellschaft, the proposal for the appropriation of net earnings as well as the consolidated financial statements and the audit reports for fiscal year 2013 were extensively discussed and examined at the meeting of the Audit Committee on February 26, 2014, and at the annual accounts adoption meeting of the Supervisory Board held on March 6, 2014. The auditors reported on the procedures applied and the material findings of their audit. They were also available to answer questions.

On the basis of the final results of the examination performed by the Audit Committee and after conducting its own scrutiny, the Supervisory Board agreed with the auditors' findings at its meeting on March 6, 2014, and found that there were no objections to be raised. The Supervisory Board approved the 2013 consolidated financial statements, the 2013 annual financial statements of GEA Group Aktiengesellschaft, as well as the combined management report. The annual financial statements of GEA Group Aktiengesellschaft are hereby adopted. The Supervisory Board considers the proposal for the appropriation of net earnings to be reasonable.

Changes in the composition of the Supervisory Board and the Executive Board

As of April 1, 2013, Markus Hüllmann became a full member of the Executive Board of GEA Group Aktiengesellschaft. Thereby he succeeded Niels Graugaard who retired after the Annual General Meeting held on April 18, 2013.

The Supervisory Board wishes to express its gratitude and appreciation to the management teams, employee representative bodies and, in particular, to all employees of the GEA Group companies for their hard work and personal commitment in a difficult environment.

Düsseldorf, March 6, 2014

Dr. Jürgen Heraeus
Chairman of the Supervisory Board

The Company's Executive Bodies and their Appointments

Executive Board

Jürg Oleas, Meerbusch (Germany)/Hausen b. Brugg (Switzerland), CEO – Chairman of the Executive Board

a) – LL Plant Engineering AG, Ratingen, Germany, Chairman of the Supervisory Board
b) – Allianz Global Corporate & Specialty AG, Munich, Germany, Member of the Advisory Board
– Deutsche Bank AG, Frankfurt am Main, Germany, Member of the Central Regional Advisory Board
– RUAG Holding AG, Bern, Switzerland, Member of the Board of Directors
– GEA Process Engineering A/S, Søborg, Denmark, Chairman of the Supervisory Board (from February 21, 2013)

Dr. Helmut Schmale, Bochum, Germany, CFO – Chief Financial Officer

b) – GEA North America, Inc., Delaware, U.S.A., Chairman of the Board of Directors
– Commerzbank AG, Frankfurt am Main, Germany, Member of the Northwest Regional Advisory Board

Markus Hüllmann, Rheda-Wiedenbrück, Germany, COO – Member of the Executive Board (from April 1, 2013)

b) – GEA Segment Management Holding GmbH, Düsseldorf, Germany Managing Director (from April 20, 2013)
– GEA North America, Inc., Delaware, U.S.A., Member of the Board of Directors (from April 20, 2013)

Niels Graugaard, Düsseldorf, Germany, COO – Member of the Executive Board (until April 18, 2013)

b) – GEA North America, Inc., Delaware, U.S.A., Member of the Board of Directors (until April 19, 2013)
– GEA Process Engineering A/S, Søborg, Denmark, Chairman of the Supervisory Board (until February 21, 2013)
– MT Højgaard A/S, Søborg, Denmark, Deputy Chairman of the Supervisory Board
– Monberg & Thorsen A/S, Søborg, Denmark, Deputy Chairman of the Supervisory Board

Dr. Stephan Petri, Essen, Germany, Human Resources & Legal – Member of the Executive Board

a) – LL Plant Engineering AG, Ratingen, Germany, Deputy Chairman of the Supervisory Board
– GEA Farm Technologies GmbH, Bönen, Germany, Chairman of the Supervisory Board
– GEA Westfalia Separator Group GmbH, Oelde, Germany, Chairman of the Supervisory Boar

Supervisory Board

Dr. Jürgen Heraeus, Maintal, Germany, Chairman of the Supervisory Board Chairman of the Supervisory Board of Heraeus Holding GmbH

a) – Heraeus Holding GmbH, Hanau, Germany, Chairman of the Supervisory Board
– Hauck & Aufhäuser Privatbankiers KGaA, Frankfurt am Main, Germany, Member of the Supervisory Board
– Messer Group GmbH, Sulzbach, Germany, Chairman of the Supervisory Board
b) – Argor-Heraeus S.A., Mendrisio, Switzerland, Chairman of the Board of Directors (until May 5, 2013)

Reinhold Siegers, Mönchengladbach, Germany, Deputy Chairman of the Supervisory Board Chairman of the Works Council of GEA Group Aktiengesellschaft

Ahmad M.A. Bastaki, Safat, Kuwait, Executive Director, Office of the Managing Director, Kuwait Investment Authority

Prof. Dr. Ing. Werner Bauer, Lutry, Switzerland, Chairman of the Supervisory Board of Nestlé Deutschland AG

a) – Nestlé Deutschland AG, Frankfurt am Main, Germany, Chairman of the Supervisory Board
b) – Bertelsmann SE & Co. KGaA / Bertelsmann Management SE, Gütersloh, Germany, Member of the Supervisory Board
– Galderma Pharma S.A., Lausanne, Switzerland, President of the Board of Directors
– Lonza S.A., Basel, Switzerland, Member of the Board of Directors (from April 9, 2013)
– Life Ventures S.A., La Tour-de-Peilz, Switzerland, President of the Board of Directors (until June 12, 2013)
– Nutrition-Wellness Venture AG, Vevey, Switzerland, President of the Board of Directors (until June 12, 2013)
– Nestlé Institute of Health Sciences S.A., Ecublens, Switzerland, President of the Board of Directors (until August 31, 2013)
– Nestlé Health Science S.A., Lutry, Switzerland, Member of the Board of Directors (until June 17, 2013)

Hartmut Eberlein, Gehrden, Germany, Chairman of the Audit Committee of GEA Group Aktiengesellschaft

Rainer Gröbel, Sulzbach/Ts., Germany, Departmental Head, IG Metall, Management Board

a) – Schunk GmbH, Heuchelheim, Germany, Deputy Chairman of the Supervisory Board

Klaus Hunger, Herne, Germany,
Chairman of the Central Segment Works Council
of GEA Heat Exchangers GmbH

Michael Kämpfert, Düsseldorf, Germany,
Vice President Human Resources/Legal Affairs,
GEA Food Solutions Segment

Eva-Maria Kerkemeier, Bochum-Herne, Germany,
First Authorized Representative of IG Metall, Herne

Kurt-Jürgen Löw, Ebernhahn, Germany,
Chairman of the Works Council of
GEA Westfalia Separator Group GmbH

a) – GEA Westfalia Separator Group GmbH, Oelde, Deputy Chairman of the Supervisory Board

Dr. Helmut Perlet, Munich, Germany,
Chairman of the Supervisory Board of Allianz SE

a) – Allianz SE, Munich, Germany, Chairman of the Supervisory Board
– Commerzbank AG, Frankfurt am Main, Germany, Member of the Supervisory Board

Jean Spence, Wilmette/IL, U.S.A.,
Executive Vice President
Research, Development & Quality
Mondeléz International

Supervisory Board committees of GEA Group Aktiengesellschaft (as of December 31, 2013)

Mediation Committee in accordance with section 27(3) of the Mitbestimmungsgesetz (MitbestG – German Co-determination Act)
Dr. Jürgen Heraeus, Chairman
Dr. Helmut Perlet
Reinhold Siegers
Klaus Hunger

Presiding Committee
Dr. Jürgen Heraeus, Chairman
Dr. Helmut Perlet
Reinhold Siegers
Rainer Gröbel

Audit Committee
Hartmut Eberlein, Chairman (financial expert within the meaning of section 100(5) of the Aktiengesetz (AktG – German Stock Corporation Act))
Dr. Jürgen Heraeus
Kurt-Jürgen Löw
Klaus Hunger

Nomination Committee
Dr. Jürgen Heraeus, Chairman
Dr. Helmut Perlet
Prof. Dr. Ing. Werner Bauer

a) Membership of statutory German supervisory boards

b) Membership of comparable German or foreign supervisory bodies of business entities

Key Figures by Quarter [1]

	Q1 2013	Q1 2012	Q2 2013	Q2 2012	Q3 2013	Q3 2012	Q4 2013	Q4 2012	**2013**	**2012**	**2011**
Order intake (EUR million)											
GEA Food Solutions	75.8	97.4	89.6	95.8	89.5	81.7	94.8	101.0	**349.7**	**375.9**	**329.8**
GEA Farm Technologies	138.8	148.1	155.7	145.7	150.7	147.4	151.6	142.6	**596.7**	**583.9**	**527.4**
GEA Mechanical Equipment	253.9	238.7	256.8	233.2	268.2	245.4	239.5	254.6	**1,018.5**	**971.9**	**874.9**
GEA Process Engineering	481.3	511.3	570.0	401.2	515.2	468.5	494.6	469.2	**2,061.0**	**1,850.2**	**1,709.9**
GEA Refrigeration Technologies	177.9	177.9	181.2	180.4	174.9	200.1	192.3	197.8	**726.3**	**756.2**	**650.4**
GEA Group	1,095.1	1,146.0	1,220.0	1,028.6	1,168.3	1,111.6	1,144.4	1,139.2	**4,627.9**	**4,425.4**	**3,986.7**
Revenue (EUR million)											
GEA Food Solutions	79.7	52.7	93.4	101.6	89.8	90.1	87.0	88.0	**349.9**	**332.4**	**346.0**
GEA Farm Technologies	110.8	117.8	133.8	133.1	156.9	157.8	176.2	172.3	**577.7**	**580.9**	**509.8**
GEA Mechanical Equipment	218.5	216.7	240.5	217.6	246.5	238.5	272.3	261.2	**977.8**	**933.9**	**844.7**
GEA Process Engineering	394.3	373.2	435.6	401.2	441.3	423.6	526.7	518.3	**1,798.0**	**1,716.3**	**1,577.2**
GEA Refrigeration Technologies	152.1	149.5	189.2	165.2	184.8	177.0	210.6	203.1	**736.6**	**694.8**	**647.2**
GEA Group	924.2	880.5	1,064.6	994.1	1,089.1	1,060.5	1,242.2	1,207.2	**4,320.0**	**4,142.3**	**3,828.3**
EBITDA (EUR million)											
GEA Food Solutions	–4.0	–43.1	0.9	–0.8	3.5	–4.8	3.3	–20.7	**3.8**	**–69.4**	**7.4**
GEA Farm Technologies	2.8	5.0	8.5	11.2	17.6	17.8	27.8	24.2	**56.7**	**58.2**	**45.2**
GEA Mechanical Equipment	42.6	40.1	47.3	44.3	53.3	53.1	67.7	66.8	**210.9**	**204.3**	**178.7**
GEA Process Engineering	29.4	20.1	45.0	39.4	46.3	42.7	82.5	75.9	**203.2**	**178.1**	**163.2**
GEA Refrigeration Technologies	9.6	11.0	16.8	13.4	17.1	16.0	27.5	24.9	**71.0**	**65.2**	**59.0**
GEA Group	71.1	29.4	113.8	104.1	130.0	123.0	200.3	163.5	**515.2**	**420.1**	**440.3**
Operating EBITDA (EUR million) [2]											
GEA Food Solutions	–4.0	–7.3	0.9	2.9	3.5	1.4	3.3	–2.9	**3.8**	**–6.0**	**26.2**
GEA Farm Technologies	3.1	5.0	8.5	11.2	17.6	17.8	27.8	24.5	**56.9**	**58.5**	**45.2**
GEA Mechanical Equipment	42.6	40.2	47.3	44.7	53.3	53.6	67.7	66.8	**210.9**	**205.3**	**178.7**
GEA Process Engineering	29.4	20.1	45.0	39.4	46.3	43.0	82.5	75.9	**203.2**	**178.4**	**163.2**
GEA Refrigeration Technologies	9.6	11.0	16.8	13.4	17.1	16.0	27.5	24.9	**71.0**	**65.2**	**60.0**
GEA Group	72.4	68.0	118.4	110.7	133.5	132.3	205.7	183.5	**530.1**	**494.4**	**469.6**
Operating EBITDA margin (%) [2]											
GEA Food Solutions	–5.1	–13.9	1.0	2.9	3.9	1.5	3.8	–3.3	**1.1**	**–1.8**	**7.6**
GEA Farm Technologies	2.8	4.2	6.4	8.5	11.2	11.3	15.8	14.2	**9.9**	**10.1**	**8.9**
GEA Mechanical Equipment	19.5	18.6	19.7	20.6	21.6	22.5	24.9	25.6	**21.6**	**22.0**	**21.2**
GEA Process Engineering	7.5	5.4	10.3	9.8	10.5	10.1	15.7	14.6	**11.3**	**10.4**	**10.3**
GEA Refrigeration Technologies	6.3	7.3	8.9	8.1	9.3	9.0	13.1	12.2	**9.6**	**9.4**	**9.3**
GEA Group	7.8	7.7	11.1	11.1	12.3	12.5	16.6	15.2	**12.3**	**11.9**	**12.3**

1) Amounts adjusted due to first time classification of an operation as discontinued operation (see page 147 f.) and due to change in accounting policy for employee benefits (see page 118 f.)
2) Before effects of purchase price allocations from revalued assets and liabilities and before one-offs

Financial Calendar

April 16, 2014	**Annual Shareholders' Meeting for 2013**
May 06, 2014	**Quarterly Financial Report for the period to March 31, 2014**
July 28, 2014	**Half-yearly Financial Report for the period to June 30, 2014**
October 28, 2014	**Quarterly Financial Report for the period to September 30, 2014**

The GEA Group Stock: Key data

WKN	660 200
ISIN	DE0006602006
Reuters code	G1AG.DE
Bloomberg code	G1A.GR
Xetra	G1A.DE

American Depository Receipts (ADR)

CUSIP	361592108
Symbol	GEAGY
Sponsor	Deutsche Bank Trust Company Americas
ADR-Level	1
Ratio	1:1

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This report includes forward-looking statements on GEA Group Aktiengesellschaft, its subsidiaries and associates, and on the economic and political conditions that may influence the business performance of the GEA Group. All these statements are based on assumptions made by the Executive Board using information available to it at the time. Should these assumptions prove to be wholly or partly incorrect, or should further risks arise, actual business performance may differ from that expected. The Executive Board therefore cannot assume any liability for the statements made.

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We live our values.

Excellence • Passion • Integrity • Responsibility • GEA-versity

GEA Group is a global engineering company with multi-billion euro sales and operations in more than 50 countries. Founded in 1881 the company is one of the largest providers of innovative equipment and process technology. GEA Group is listed in the STOXX® Europe 600 Index.

GEA Group Aktiengesellschaft

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