Annual Report 2014

engineering for a better world

GEA Group: Key IFRS figures

(EUR million)	2014	2013	Change in %
Results of operations			
Order intake	4,519.6	4,627.9	–2.3
Revenue	4,515.7	4,320.0	4.5
Order backlog	2,037.6	2,015.5	1.1
Operating EBITDA [1]	590.7	530.1	11.4
as % of revenue	13.1	12.3	–
EBITDA	539.9	515.2	4.8
Operating EBIT [1]	513.5	458.8	11.9
as % of revenue	11.4	10.6	–
EBIT	439.9	419.6	4.8
as % of revenue	9.7	9.7	–
EBT	373.8	352.1	6.2
Profit after tax from continuing operations	286.0	282.0	1.4
Profit or loss after tax from discontinued operations	34.6	54.4	–36.3
Profit for the period	320.6	336.4	–4.7
Net assets			
Total assets	5,832.0	6,464.6	–9.8
Equity	2,527.2	2,315.7	9.1
as % of total assets	43.3	35.8	–
Working capital (reporting date)	424.4	363.3	16.8
Working capital (average of the past 12 months)	547.2	506.4	8.1
as % of revenue (average of the past 12 months)	12.1	11.7	–
Net liquidity (+)/Net debt (-) (including discontinued operations) [2]	903.7	–178.6	–
Gearing in % (net liquidity or net debt/equity)	–35.8	7.7	–
Financial position			
Cash flow from operating activities	401.6	424.7	–5.4
Cash flow driver [3]	405.3	413.8	–2.0
as % of revenue (past 12 months)	9.0	9.6	–
Capital employed (reporting date)	2,638.4	2,550.2	3.5
Capital employed (average of the past 12 months)	2,736.2	2,687.3	1.8
ROCE in % (EBIT/Capital Employed) [4]	16.1	15.6	–
ROCE in % (goodwill adjusted) [5]	22.6	22.1	–
Capital expenditure on property, plant and equipment	93.8	120.5	–22.2
Full-time equivalents (reporting date) excluding vocational trainees and inactive employment contracts	18,243	17,750	2.8
GEA Shares			
Earnings per share pre purchase price allocation (EUR)	1.76	1.86	–5.5
Earnings per share (EUR)	1.66	1.75	–4.6
Weighted average number of shares outstanding (million)	192.5	192.5	–

1) Before effects of purchase price allocations and before one-offs (see page 212 f.)
2) Net liquidity/debt = cash and cash equivalents + fixed deposits with a remaining period ≤ 1 year + marketable securities - liabilities to banks
3) Cash flow driver = EBITDA - Capital expenditure - Change in Working Capital (average of the past 12 months)
4) Capital employed including goodwill from the acquisition of the former GEA AG by the former Metallgesellschaft AG in 1999 (average of the past 12 months)
5) Capital employed excluding goodwill from the acquisition of the former GEA AG by the former Metallgesellschaft AG in 1999 (average of the past 12 months)

The GEA Group: engineering for a better world

GEA Group Aktiengesellschaft is one of the largest suppliers for the food processing industry and a wide range of process industries that generated consolidated sales of approximately EUR 4.5 billion in 2014. As of December 31, 2014, the Group employed more than 18,000 people worldwide.

As an international technology group, the Company focuses on process technology and components for sophisticated production processes in various end-user markets. The Group generates more than 70 percent of its revenue in the sustainably growing food industry.

GEA Group is a market and technology leader in its business areas. The Company is listed in Germany's MDAX stock index (G1A, WKN 660 200). In addition, GEA is a constituent of the MSCI Global Sustainability Indices.

2014

Order intake
EUR **4,520** million

Revenue
EUR **4,516** million

Operating
EBITDA Margin
13.1 %

Operating EBITDA
EUR **591** million

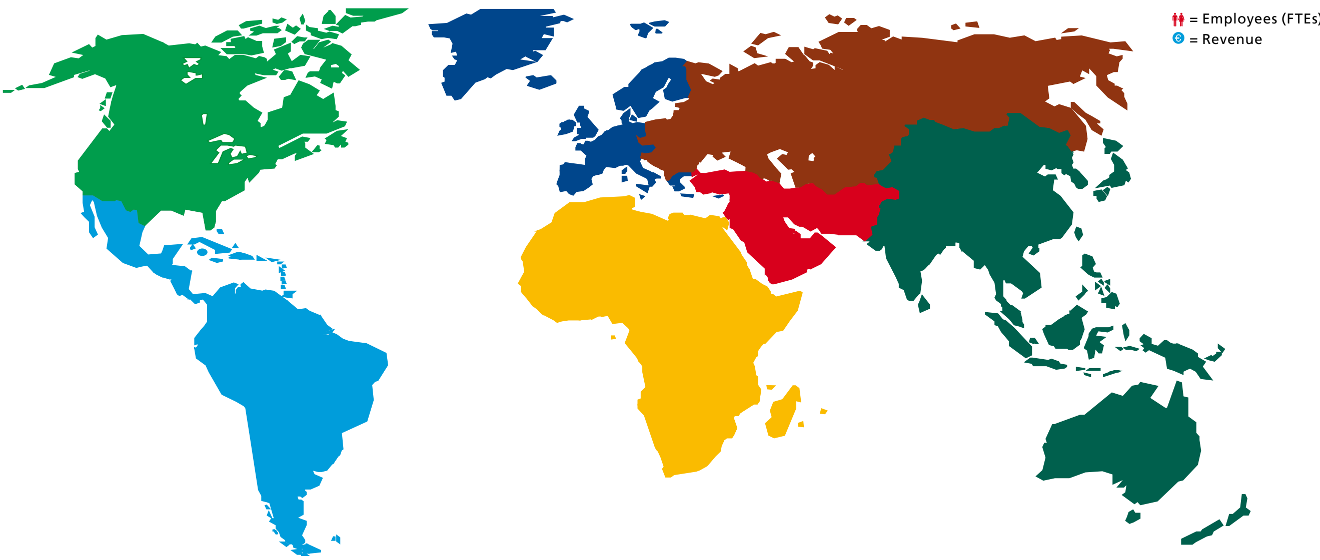
Earnings per share
1.66 EUR

GEA Group 2014: Globally active

North America
2,068
765 million

Western Europe
11,379
1,644 million

Eastern Europe
665
391 million



Latin America
390
279 million

Africa
364
149 million

Middle East
68
167 million

Asia / Pacific
3,309
1,121 million

Cover image

Apart from exciting technologies, GEA revealed a special highlight at an important food & beverage fair in 2014: Combined with a new generation of T.VIS control tops for monitoring and controlling process valves, the stem diaphragm valve for ultraclean applications that is mainly used in fruit juice production had been given a transparent and hands-on design. For this purpose, the Company had developed the very first valve manifold with a transparent housing. This visualization allowed customers to actually see the valve functionalities in process, including the opening and closing mechanisms for sealing.

Contents

Jürg Oleas,
Chairman of the Executive Board
of GEA Group Aktiengesellschaft

Dear Shareholders

Despite the less dynamic global economic development, 2014 was another record-breaking year for GEA. Accordingly, we met our guidance for the fiscal year by attaining new all-time highs in terms of sales and our operating margin. Furthermore, we substantially reduced our debt while simultaneously completing the work on topics crucial for GEA's future development and setting the course for further changes.

As expected, at more than EUR 4.5 billion our order intake remained roughly on a par with the previous year. A fall in the number of large orders was offset by a marked increase in our bread-and-butter business embracing order volumes of less than EUR 1 million. Organic sales grew 5.6 percent and also exceeded EUR 4.5 billion. It is worth noting that all Group Segments were instrumental in accomplishing this growth by generating record sales. We managed to significantly enhance our operating EBITDA by 11.4 percent to reach EUR 591 million. This corresponds to an excellent margin of 13.1 percent. Until a few years ago, GEA had only managed to achieve such figures in selected portfolio areas. Moreover, at 9.0 percent, the cash flow driver margin also met our guidance. At the same time it must be taken into account that this key performance indicator was not adjusted for the one-off expenses mainly incurred in connection with the "Fit for 2020" project.

Both our Company's focus on the promising food sector as well as the major reduction in debt has prompted the two international rating agencies Moody's and Fitch to lift their respective rating of GEA Group Aktiengesellschaft within the investment grade category. These ratings prove a company's creditworthiness vis-à-vis current and potential lenders.

The success achieved in the year just ended is also reflected in our rise in share price. On November 27, our share reached a new 20-year high at EUR 38.52. Due to some profit taking at the end of the year, the share closed at EUR 36.60 in late December, which corresponds to a 5.8 percent share price increase in 2014. Thus, GEA's share price clearly outperformed both the DAX and the MDAX in the previous year. In 2014, the STOXX® Europe TMI Industrial Engineering benchmark index, which is even more important to us, actually went down.

Based on this share price, our market capitalization had climbed to approximately EUR 7.0 billion by the end of the fiscal year 2014. This makes GEA the largest publicly listed company in the world for all investors willing to put money into the process engineering sector by focusing on the food processing industry.

Divestment of the GEA Heat Exchangers Segment

After having redefined our long-term strategic orientation and GEA's core business towards our position as the leading supplier of systems for the food industry back in 2012, we set the course for the divestiture of our GEA Heat Exchangers Segment. Based on an enterprise value of around EUR 1.3 billion, we sold the segment to Funds advised by Triton in April 2014. With Triton we found a reputable owner for this segment. Once the approval from the competent antitrust authorities had been obtained, we successfully closed the sale of the segment within the set timeframe in late October 2014.

Preparing for the future

At increasingly shorter intervals, companies have to gear up to tackle more substantial changes in the general environment. Thus, a sudden escalation of geopolitical or financial crises like the current troubles in Ukraine or the situation in Greece may quickly pose adverse challenges to the global economy. For this reason it is important for a company to be able to swiftly adapt to a wide range of challenges to remain successful in the long run. For this purpose its organization should be very lean and highly agile. Moreover, we at GEA also tend to regard shorter-term projects or our independence from individual key accounts as a basis for guaranteeing the necessary versatility.

In addition, we need to secure our outstanding market position through continuous innovation. This means that we keep offering new, highly innovative products that serve as trendsetters for the entire market. Moreover, product leadership also entails a strong brand name. At present, GEA employs approximately 7,000 employees who perform engineering and engineering-related activities. Apart from fully-fledged mechanical engineers, they also include process, automation and food engineers. Around 800 of these employees work in product development. Compared with our entire workforce, these figures show how important it is for us to permanently make technical processes more efficient and, thus, be the number one choice for our customers.

In the course of our portfolio adjustment, we also took a close look at the areas in which we intended to generate our future corporate growth while exploring which organizational setup would be optimal for achieving this goal. This was the starting point for our "Fit for 2020" project, which we launched in 2014.

In August, we informed the capital markets about the essential contribution this project will make to our future development. Optimized organizational structures are to reduce complexity and, thus, allow for substantial savings while promoting further growth. In the future GEA will have much flatter hierarchies and be closer to the local customers. This way, we will continue to further strengthen and expand the sustainable competitiveness of your company until 2020 and beyond.

We quite consciously initiated this process at this particular point in time out of a position of strength following several excellent business years to be in the best possible position to face the challenges that lie ahead. We have a proven track record of successfully implementing comprehensive processes of change. For this reason, we can rely on a considerable wealth of experience in tackling the tasks ahead. You will be able to perceive these changes as of the second quarter of 2015 when we will start reporting our results under the new organizational structure.

New medium-term objectives

In the previous year, we also set ourselves new detailed financial targets to be met by the year 2020. These targets underline our orientation towards GEA's sustainable value enhancement. In the light of our current positive result we are confident that we will be able to realize an annual average organic growth rate of 4 to 6 percent as well as a service proportion of roughly 30 percent. With a 5.6 percent growth in organic sales achieved in 2014, we were even in the upper bounds of this target corridor. Moreover, a service proportion of currently 27 percent goes to show that we are also heading in the right direction in this particular area.

However, prospects also look promising for other areas. Due to savings under our 'Fit for 2020' project and further growth in volume, we expect an operating EBIT margin of 13 to 16 percent between 2017 and 2020. After all, we will ensure that we tie up a minimum amount of capital by striving to keep our working capital level at between 10 to 12 percent of sales, and our investment volume at between 1.5 and 2 percent of sales. In this way we will make sure that we strengthen our market position and further enhance enterprise value.

For you, our Shareholders, the proposed increase in dividend payout ratio to between 40 and 50 percent of our net income will surely be appealing. With immediate effect, you will receive a much higher share in the Company's profits than in the past.

Global customer survey

Our Company can only achieve sustainable success if we are a preferred supplier. The results of the first global customer satisfaction survey have told us more about the way GEA is perceived by the markets and its customers while identifying areas for improvement. We conducted this survey amongst customers in more than 20 countries that, taken together, represent around 80 percent of our sales volume. At the same time, all continuing operations as well as a multitude of industries and product groups were included in the survey. Apart from questions on customer loyalty, satisfaction with our products, services and processes, the telephone interviews also comprised a peer comparison as well as questions on GEA's image and brand awareness. All in all, we can be satisfied with the outcome. GEA received top results in terms of machine quality and performance, while there is still some room for improvement in a few service areas. These findings will be taken into account within the framework of the "Fit for 2020" project with a view to further improving GEA's customer proximity and speed by means of tangible measures and structural changes.

Employees

On behalf of my fellow Executive Board members and myself I would like to take this opportunity to thank our more than 18,000 employees for their hard work and commitment over the year. My thanks expressly include the employee representative bodies. As in previous years, our employees below senior leadership level worldwide will be awarded an extra bonus in recognition of their performance. For the fiscal year just ended, the amount paid out to each employee will once again be equivalent to the sum disbursed in the previous year. Excluding the divested GEA Heat Exchangers Segment, the total amount under the extra bonus totals approximately EUR 4 million.

Outlook

The new fiscal year that started only recently will mark another crucial milestone in GEA's corporate history. Apart from ensuring operational success and an even higher level of customer orientation, our most important undertaking will be the finalization and smooth implementation of the new organizational structure that needs to be filled with life.

Provided that there is no slowdown in economic growth, on the basis of constant currencies versus 2014 and without taking into consideration the impact of acquisitions or one-off effects, we seek to achieve a moderate organic growth in sales as well as an operating EBITDA of between EUR 580 million and EUR 620 million. Under the same conditions, our cash flow driver margin is to reach a level of between 9.0 and 9.5 percent.

This forecast does not yet factor in first savings realized within the framework of the Group's reorganization. Against this backdrop, we will specify our guidance for business progress in May.

Our strategy of acquiring companies to open up new markets for GEA or specifically expand GEA's product portfolio in existing markets will remain unchanged and valid. In this way, we intend to offer our customers an increasing range of services from a single source. Nonetheless, in the light of fragile global financial markets, we will put particular emphasis on retaining GEA's stable credit rating in the credit markets.

Dividend

For the successful fiscal year 2014, the Executive Board and the Supervisory Board will propose an increased dividend of EUR 0.70 to the shareholders at the Annual General Meeting. Thus, the volume of dividend payout would rise 16.7 percent to EUR 134.7 million. This dividend payment would hit another record high and be in line with our new target of distributing between 40 and 50 percent of net income to you.

Yours sincerely,

Jürg Oleas
Chairman of the Executive Board

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 during 2014, the year under review. In doing so, it regularly and extensively dealt with the situation and the prospects of the Company as well as all specific material issues, in particular the divestiture of the GEA Heat Exchangers Segment and the "Fit for 2020" strategy project. 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.

For fulfilling its tasks, the Supervisory Board relied on the discussions held at its meetings and the meetings of its Committees. On the other hand, the Executive Board complied with its obligation to inform the Supervisory Board and its Committees by providing written and/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 and assisted the Executive Board in an advisory capacity. At Committee level and during the meetings of the full Supervisory Board, the members of the Supervisory Board were at all times given sufficient opportunity to critically discuss the reports and motions submitted by the Executive Board and to table recommendations. The results obtained and the essential contributions made during the discussions held at the Committee meetings were presented at the respective following Supervisory Board meeting by the Chairmen of the Presiding and the Audit Committees and assisted the full Board in forming an opinion. This way, the preparatory and in-depth work undertaken by the Committees was instrumental in enhancing the efficiency of the activities of the Supervisory Board as a whole.

Furthermore, the Chairmen of the Supervisory Board and the Committees maintained regular 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, in particular the continuation of GEA's focal "Fit for 2020" strategy project and the state of play of the divestment of the GEA Heat Exchangers Segment, as well as issues relating to planning, business development, risk exposure, risk management and compliance. In this context, the Chairman of the Supervisory Board was also 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 with the Executive Board, the employee representatives regularly deliberated on the most important agenda items prior to the plenary meetings of the Supervisory Board.

On a regular basis, the Supervisory Board was provided with comprehensive information on order intake, revenue, earnings and employment trends of the group, its segments and the other companies, as well as the discontinued operations, with detailed explanations on deviations from the course of business and set plans or targets being given on the basis of supporting documents. Prior to and between the meetings, the Executive Board delivered written reports on significant events to the members of the Supervisory Board. Following deliberations at Committee level, the future prospects and the strategic orientation of the Company and its business units, as well as corporate planning, were extensively discussed and agreed with the Supervisory Board.

The main focus of the activities undertaken by the Supervisory Board and the Presiding Committee, which prepared the Supervisory Board meetings, was put on deliberating the divestment of the GEA Heat Exchangers Segment as well as the restructuring of the Company within the framework of the "Fit for 2020" project. Furthermore, the Supervisory Board and the Audit Committee took a close look at the Company's risk management and internal control systems.

After extensively scrutinizing and discussing the reports and motions for resolution submitted by the Executive Board, and following discussions at Committee level, as the case may be, 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. 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

In 2014, during the 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 state of play of the "Fit for 2020" project as well as the divestment of the GEA Heat Exchangers Segment.

Key items on the agenda of the conference call Supervisory Board meeting on February 5, 2014, included the early capital markets information as well as the dividend distribution proposal.

The key items on the agenda of the Supervisory Board meeting held on March 6, 2014, were the approval and adoption of the annual financial statements and the consolidated financial statements for the fiscal year 2013, including the appropriation of net earnings. At this meeting, the Supervisory Board also finally determined and weighted the Executive Board members' personal targets for the fiscal year 2014, the Chief Compliance Officer's report 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 15, 2014, the Supervisory Board held an extraordinary meeting that exclusively focused on "Project Forward" – the divestiture of the GEA Heat Exchangers Segment.

The Supervisory Board meeting on April 16, 2014, mainly served the purpose of preparing the Annual General Meeting which took place immediately afterwards. Moreover, this meeting saw the extension of the mandate and the renewal of the service agreement concluded with Dr. Helmut Schmale until March 31, 2018. Apart from that, the Executive Board was informed about the current business progress.

The meeting held on June 26, 2014, focused on the "Fit for 2020" project. At this meeting, the Supervisory Board also resolved on extending Dr. Stephan Petri's mandate and renewing his service agreement until May 31, 2018.

On September 25, 2014, the Supervisory Board held a meeting at the Niederahr plant, a production site of GEA's Mechanical Equipment Segment. One day prior to the meeting, the Supervisory Board paid a visit to a customer of the GEA Process Engineering Segment that is active in the dairy processing sector. During its meeting, the Board engaged in a discussion about a potential successor to Mr. Klaus Hunger, whose Supervisory Board mandate expired with the sale of the Segment GEA Heat Exchangers, as employee representative on the Supervisory Board. Furthermore, those present talked about the allocation of funds available from the sale of the GEA Heat Exchangers Segment.

The meeting held on December 18, 2014, focused on two main topics, i.e. the approval of the 2015 budget including a preview of medium-term planning, as well as a report on the “Fit for 2020” project. As in previous years, the December meeting also centered on current developments in terms of corporate governance, including the adoption of the 2014 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 2015, as well as a preview of the results of the global customer survey. In addition, the members of the Supervisory Board elected Ms. Brigitte Krönchen to serve on the Audit Committee, while Mr. Kurt-Jürgen Löw was elected a member of the Mediation Committee. Both positions had to be refilled due to Mr. Hunger’s retirement from the Supervisory Board following the divestment of GEA Heat Exchangers.

Work of the Committees

The Presiding Committee met on four occasions. Apart from the preparation of the Supervisory Board meetings, the main topics of the meetings embraced deliberations on the extension of the mandates and renewal of the service agreements concluded with Dr. Helmut Schmale and Dr. Stephan Petri as members of the Executive Board. In its September 2014 meeting, the Presiding Committee gave its consent to the acquisition of 100 percent of the shares in the De Klokslag Group, while it agreed to a two-year extension of the D&O insurance policy in December. Most notably, however, the Presiding Committee continued its in-depth discussions in connection with the strategy process and prepared the relevant meetings of the full Supervisory Board.

The Audit Committee met 5 times. In the presence of the auditor, the Chairman of the Executive Board, the Chief Financial Officer as well as the Director of Industrial Relations, it focused on the 2014 quarterly financial statements, the Chief Compliance Officer’s report and the annual financial statements in conjunction with the consolidated financial statements for the fiscal year 2013. Furthermore, the Committee’s key activities included monitoring the accounting process, while addressing issues relative to the effectiveness of the internal audit system and the audit of the annual financial statements. Moreover, the Committee obtained detailed information on the Company’s opportunities and risks including the group’s pending legal disputes. 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. Apart from that, the Audit Committee obtained comprehensive reports on the findings from the group’s internal audit that had been conducted for the period 2005 to 2008.

With a view to the next elections to the Supervisory Board scheduled for 2016, the Nomination Committee held one meeting 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 18, 2014, it discussed the recommendations and suggestions of the German Corporate Governance Code as amended in June 2014. At the end of this meeting, the Executive Board and the Supervisory Board issued an updated Declaration of Compliance in accordance with section 161 Aktiengesetz (AktG – German Stock Corporation Act) 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 (see page 61 ff.).

Annual financial statements and consolidated financial statements for 2014

The 2014 annual financial statements of GEA Group Aktiengesellschaft, the consolidated financial statements prepared in accordance with IFRS and the combined management report were 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 the fiscal year 2014 were extensively discussed and examined at the meeting of the Audit Committee on February 26, 2015, and at the annual accounts adoption meeting of the Supervisory Board held on March 5, 2015. The auditors reported on the audit process 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 5, 2015, and found that there were no objections to be raised. The Supervisory Board approved the 2014 consolidated financial statements, the 2014 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

Due to the divestment of the GEA Heat Exchangers Segment, Mr. Klaus Hunger retired from the Supervisory Board of GEA Group Aktiengesellschaft at the time of closing on October 31, 2014. Pursuant to the decision taken by the Düsseldorf District Court on November 5, 2014, Ms. Brigitte Krönchen was appointed as his successor on the Supervisory Board. Ms. Krönchen is Deputy Chair of the GEA Farm Technologies GmbH Works Council and also holds the position of Deputy Chair of the Group Works Council.

The Supervisory Board wishes to express its gratitude and appreciation to the senior management teams, employee representative bodies and, in particular, to all employees of the GEA Group companies for their personal commitment and dedication as well as their hard work performed in an exceptionally challenging fiscal year.

Düsseldorf, March 5, 2015

Dr. Jürgen Heraeus
Chairman of the Supervisory Board

Executive Board of GEA Group Aktiengesellschaft

Dr. Stephan Petri Jürg Oleas Dr. Helmut Schmale 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. In fiscal year 2014, he headed the GEA Process Engineering Segment and the GEA Heat Exchangers Segment, the discontinued operation which has now been sold.

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, 2018.

Markus Hüllmann, Member of the Executive Board

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 Mechanical Equipment and GEA Refrigeration Technologies segments since April 19, 2013. In addition to his work on the Executive Board, Markus Hüllmann is Segment President for the GEA Mechanical Equipment Segment. His period of office runs until March 31, 2016.

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, 2018.

Combined Group Management Report

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 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, and the internal audit function. Group corporate controlling and corporate accounting were integrated more tightly under joint management as of July 1, 2014. The former Investor and Public Relations unit was split into the Investor Relations and Communication & Branding areas as of September 1, 2014.

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 are specialists in their respective core technologies and leaders in their sales markets worldwide. GEA Group consistently promotes an innovation-led culture, continuously renewing 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 2014, the group was organized into 4 segments, which were allocated to continued operations. GEA Process Engineering was headed by Jürg Oleas and GEA Mechanical Equipment and GEA Refrigeration Technologies by Markus Hüllmann. Dr. Stephan Petri was responsible for the GEA Farm Technologies Segment.

As already mentioned in the 2013 Annual Report, the GEA Food Solutions and GEA Mechanical Equipment operating segments were combined as of the beginning of fiscal year 2014 and are now reported as a single segment, GEA Mechanical Equipment.

The former GEA Heat Exchangers Segment was successfully sold in fiscal year 2014 (see page 50 f.). Jürg Oleas was also responsible for this segment until the transaction closed.

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 and beverages,
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 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 a complete range of modern farming 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 on 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 that ensure seamless processes and cost-effective production in almost all major areas of industry worldwide. Process technology for secondary food processing and packaging extends the product portfolio, with the offering ranging from individual machines to end-to-end production lines. GEA Mechanical Equipment helps ensure high product quality, reduce customers' production costs, and sustainably protect the environment.

GEA Process Engineering Segment

GEA Process Engineering specializes in the design and development of process solutions for the dairy, brewing, food, pharma, 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. Its product range comprises the following core components: reciprocating and screw compressors, valves, chillers, ice generators, and freezing systems. To ensure complete customer satisfaction, GEA Refrigeration Technologies also offers a broad range of maintenance and other services.

Discontinued Operations

GEA Heat Exchangers Segment

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 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.

Since the selling process was initiated promptly, the segment was already reported under discontinued operations in fiscal year 2013. On April 16, 2014, an agreement was signed to sell the segment to funds advised by Triton. The transaction closed successfully on October 31, 2014, after approval by the relevant antitrust authorities.

Remaining companies

The remaining companies listed under discontinued operations comprise the risks remaining following the sale of the plant engineering activities, the ongoing process of winding-up the business operations of Ruhr-Zink, and individual legal disputes.

Engineering, production, and investment

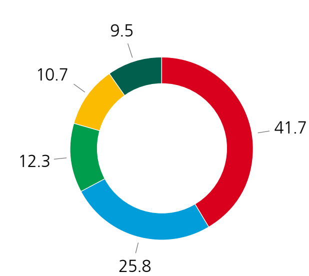
GEA Group companies develop and produce components, machines, systems, and plants primarily on a make-to-order basis for a broad range of industries. The focus is on the food and beverage sectors. With its global engineering and production network, the group is able to provide customers with solutions 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.

Capital expenditure totaled EUR 93.8 million (previous year: EUR 120.5 million), with by far the largest share being used for research and development, and new products (41.7 percent). Replacement investments accounted for 25.8 percent of total capital expenditure, followed by growth and rationalization projects, which accounted for 12.3 percent and 10.7 percent respectively.

Capital expenditure in tangible and intangible assets per type

(%)

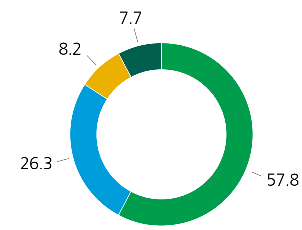
- New products/R&D
- Replacement
- Growth
- Rationalisation
- Others



In regional terms, capital expenditure focused primarily on Germany (57.8 percent) and the rest of Western Europe (26.3 percent), due to the high proportion of research and development activities in these areas.

Capital expenditure in tangible and intangible assets by region
(%)

- Germany
- Western Europe (without Germany)
- Asia/Pacific
- Other regions



Procurement

GEA is continuing to focus on strategic procurement, standardization, and on pooling orders so as to ensure long-term price stability and reliability on the part of our main suppliers. Long-term supply agreements have been entered into with various suppliers in order to hedge commodity price risk and thus reduce the risk in particular of price fluctuations 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 recent years with the aim of consolidating the strategic procurement operations by the 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 GEA Procurement Council stepped up its work in the past fiscal year, allowing GEA to better exploit and optimize procurement synergies.

GEA leveraged substantial optimization potential with tools such as its purchasing portal, which has significantly improved the availability of specific procurement data and group-wide information sharing. As a result, procurement staff, project managers, and engineers can access the relevant data and information much more quickly. Specifically, this involved both cost and quality improvements and major simplifications of various processes.

GEA also stepped up its procurement activities in emerging economies in fiscal 2014 in order to optimally exploit the cost benefits offered by these markets.

GEA Group's total purchasing volume for its continued operations amounted to approximately EUR 2.2 billion in 2014. Prices for almost all industrial raw materials fell in 2014. At 7.2 percent, this was particularly the case for the energy sector. However, prices for metals also fell by around 6.6 percent worldwide in the past fiscal year (see the World Bank Commodity Markets Outlook, January 2015).

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.

GEA Group companies actively used the group-wide classification system, GEA Class, which was rolled out across the group in 2013 and is designed to provide more meaningful procurement data and to establish a unified procurement system for materials and services. The system provides detailed cross-segment analyses of procurement prices and terms. It is based on eCl@ss, an international standard for electronic data interchange between suppliers and customers that is used around the world 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.

Of the initiatives mentioned, the GEA Refrigeration Technologies procurement project – which was implemented at a number of locations worldwide – is worthy of particular mention. This project was launched in 2013 with the aim of improving the overall effectiveness of the procurement organization and hence to make significant cost savings. The systematic application of a large number of commercial levers to all relevant commodity groups meant that the procurement project made a clear contribution to improving the profitability of the GEA Refrigeration Technologies Segment in 2014. In the future, additional cross-functional cost reduction measures in commodity groups such as assembly services, switchgears, or measurement and control engineering can be driven forward in cooperation with other GEA segments.

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. Operational management is based on the key drivers that have an immediate influence on value creation. Since the company focuses (see page 97) on growth, operating efficiency, and liquidity management, the most important key performance indicators are 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 nonrecurring 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), expressed as a ratio to revenue. GEA also regularly collates 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 leading indicators: the GEA Demand Index (GDI – see page 84) 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 of 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 was also incorporated into the bonus system for senior management. Since 2014, this system has also been applied to a larger group of employees.

The return on capital employed (ROCE), calculated as the ratio of EBIT to capital employed, 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 – the key driver of capital employed – 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.

The difference between the 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, the Company established a compliance organization 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 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, as well as by the Integrity System, which was introduced throughout the GEA Group worldwide in 2014 and which allows possible compliance violations or infringements of the GEA Codes of Conduct – Social Responsibility Principles – to be reported. Further information on compliance can be found in the Corporate Governance Report (see page 61 ff.).

Remuneration system and financial performance management

Changes in the key value drivers are also reflected in the remuneration of employees not covered by collective agreements. 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 remuneration component is based on GEA's share price performance 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 activities, the group also supports cooperative research projects with its customers and suppliers.

GEA's focus on product leadership is underpinned by the fact that almost 40 percent of the company's employees are engineers or perform engineering-related roles. Over 800 of these employees are assigned to product development. As a result of their work, GEA companies filed applications for a total of 109 (previous year: 77) new patent families in the past fiscal year.

The culture of innovation at GEA can also be seen from its various 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 ability. The winners of various pre-selection competitions get to present their projects during one day of the annual international meeting of the group's senior managers. The three winners that present the most promising developments in terms of market opportunities, earnings potential, chances of realization, and level of innovation receive total prize money of EUR 1.5 million to boost their development budgets.

The overall winner in 2014 was a freeze concentration system that offers customers significantly lower acquisition and operating costs and cuts space requirements by half. This was achieved by switching from a batch process to a patent-pending continuous process in which fruit juice, coffee, milk, or delicate enzyme solutions are cooled until ice forms. The crystallizer ensures that an optimum amount of larger ice crystals is formed. This suspension is then separated into the concentrate and the ice in the downstream wash column. Fruit juice concentrate can be transported more cheaply and in a more environmentally friendly manner than the fruit juice itself. Coffee concentrate is processed into instant coffee, while enyzme concentrates can be used, for example, to manufacture drugs. The competing alternatives to freeze concentration are vacuum evaporation and reverse osmosis. Since the temperatures used in these processes are only slightly higher, very little damage is done to vitamins, for example. However, with vacuum evaporation in particular, many volatile aromas are lost with the water and cannot all be retrieved. Second prize went to the GEA MultiDrum. This piece of equipment can be used to produce "home made style" breadcrumb coatings, for example. The advantages of the GEA MultiDrum are that it provides a significantly higher degree of automation, uses less flour, saves space, and produces higher-quality results. An optimized and patented valve for homogenizers took third place. These valves enable nanocellulose to be produced for a wide range of industrial applications at a lower pressure and higher throughput.

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 presentations and offers prize money of varying amounts. In 2014, the first prize went to a simplified biochemical process for producing pharmaceuticals. The process requires far fewer steps for separating the active ingredients dissolved in the aqueous suspension from the insoluble cells that produced it. The benefits for the customer are reduced downtime and smaller space requirements. Fewer components also mean less capital expenditure for the customer and improved competitiveness for GEA. The entry that won third prize – a solution for filling plastic bottles – has the same aim: to consolidate steps in the process. Second prize went to an easy-to-implement energy saving method for compressors operating under partial load.

The GEA Investment Fund showcases new product ideas that are primarily implemented through group-wide cooperation or in collaboration with external companies and organizations. One of these ideas demonstrates a way to dispose of saline mine waste water in an environmentally friendly and energy-saving manner. The water is separated using reverse osmosis followed by freeze concentration. It is then so clean that it does not require further purification. A large proportion of the salts crystallize out in such a pure form that they are recyclable. The remaining waste material is returned to the mine after it has been dried at low temperature. Although GEA's segments are already using all of the necessary technologies for this in food production today, the challenge lies in drastically increasing capacity while reducing capital expenditure.

Many new products were also launched on the market in the past fiscal year as a result of this intensive research and development work. At the Chillventa trade fair alone, GEA presented a variety of new products. One of these innovations was an ice generator which was designed to produce hygienic flake ice for food processing. The generator is the first model in a premium series based on new, patented technology. The largest open compressor – which offers currently unrivalled output and a cubic capacity of 553 m^3/h – was also presented. This is revolutionizing the commercial and industrial compressor markets, as it can be used in both. In addition, visitors to the exhibition could discover a chiller that sets new standards in terms of durability, space savings, and energy efficiency (see page 119).

In 2014, GEA again successfully took part in external competitions organized by industry associations, customers, and trade fairs. For example, the "DairyNet by GEA" software and the "GEA Conductive Cooling" cow cooling system were each awarded silver medals for innovation by Deutsche Landwirtschafts-Gesellschaft (DLG – German Agricultural Society) and "Innovation of the Year 2015" prizes by German agricultural publishing house Deutscher Landwirtschaftsverlag. Another example is GEA's "NCharge™ Hygiene Production System," which received the Dairy Herd Management Innovation Award at the World Dairy Expo in the U.S.A.

In fiscal year 2014, direct expenses for research and development (R&D) increased to EUR 77.7 million. This represents a rise of 5.1 percent on the prior-year amount of EUR 73.9 million. These figures also include refunded expenses (contract costs), which are reported in the production costs and which totaled EUR 9.6 million (previous year: EUR 11.4 million). The R&D ratio remained unchanged at 1.7 percent of revenue. However, a large proportion of the development costs for processing plant prototypes are not included in these figures. Amortization of capitalized development projects totaled to EUR 11.7 million in the reporting period (previous year: EUR 8.5 million). Capitalized development costs summed up to 0.7 percent of revenue (previous year: 0.5 percent). Cash disbursements for research and development amounted to EUR 96.1 million, compared with EUR 84.2 million in the previous year. This corresponds to an increase of 14 percent.

Research and development (R&D) expenses (EUR million)	2014	2013	Change in %
Refunded expenses (contract costs)	9.6	11.4	–16.3
Non-refunded R&D expenses	68.1	62.5	9.0
Total R&D expenses	**77.7**	**73.9**	**5.1**
R&D ratio (as % of revenue)	**1.7**	**1.7**	**–**
Total R&D cash disbursements	**96.1**	**84.2**	**14.1**
R&D ratio (as % of revenue)	**2.1**	**1.9**	**–**

Report on Economic Position

GEA in fiscal year 2014

The forecast for fiscal year 2014 assumed that demand in GEA's sales markets would moderately exceed the high levels seen in 2013. Contrary to this assumption, the performance of important regional sales markets was worse than forecast at the beginning of 2014. Equally, in its World Economic Outlook and associated updates, the International Monetary Fund (IMF) was forced to revise its global economic growth assumptions downwards three times during the year (April, July, and October), after it had increased its forecast for 2014 in January (see page 27f.). Growth was slower than initially forecast in both the industrialized nations and the emerging markets – i.e. in all of GEA's key markets (see IMF, World Economic Outlook, January 2015 update).

Growth Rate Projections

	January 2014	April 2014	July 2014	October 2014	January 2015	Actual 2014
Outlook of IMF	3.7% ↗	3.6% ↘	3.4% ↘	3.3% ↘		3.3% →
Outlook GEA Group	Moderate Growth	✓	✓	✓	~ 5% ↗	5.6% ↗

GEA's forecast for fiscal year 2014 in the last annual report assumed that there would be no slowdown in global economic growth, at unchanged exchange rates against 2013, and did not take into account acquisition and nonrecurring effects. In January 2014, the IMF had forecast global economic growth of 3.7 percent. Over the course of the year, it successively reduced this prediction – one of the key factors on which GEA's growth forecast was based – to 3.3 percent (October 2014). This figure has been confirmed by the IMF's preliminary figures for 2014. Despite the weaker-than-expected global economic growth, GEA's organic revenue rose by 5.6 percent, falling within the long-term target range of between 4 and 6 percent. By contrast, the original outlook had predicted only moderate revenue growth for fiscal year 2014.

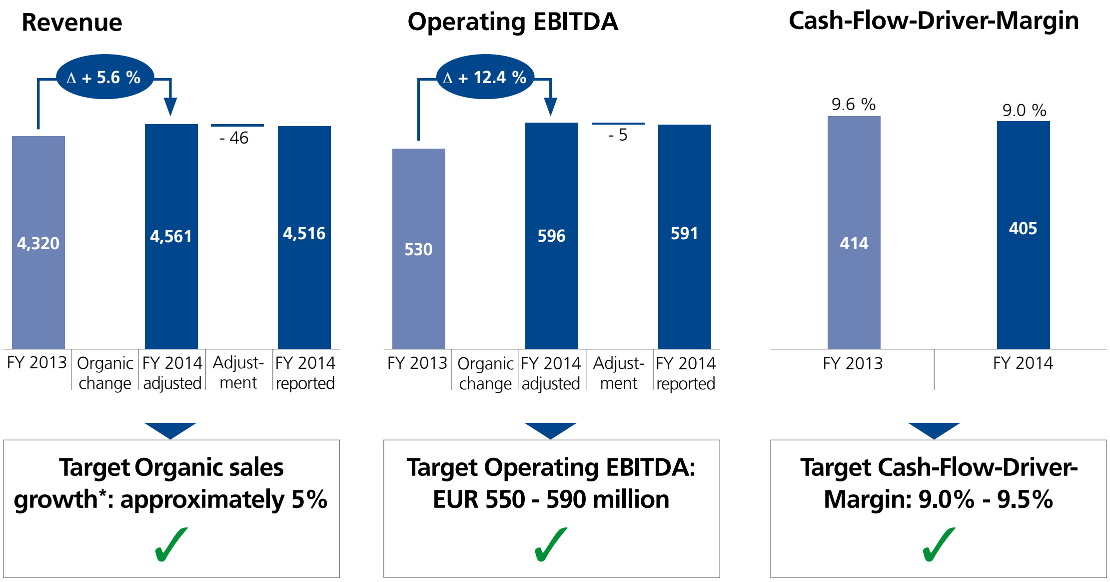
The GEA Farm Technologies Segment exceeded our growth expectations by a considerable margin. The anticipated stronger growth in the GEA Process Engineering Segment could not be materialized due to the fact that several major projects were initially postponed by customers. The segment nevertheless posted a new record revenue figure of EUR 1,852.1 million.

The 2013 Annual Report forecast operating EBITDA of between EUR 550 million and EUR 590 million for 2014. At EUR 590.7 million, EBITDA in fact slightly exceeded the defined target range. The figure for operating EBITDA already includes EUR 5.4 million in burden for exchange rate effects. As expected, all segments contributed to the increase in earnings.

A target of between 9.0 and 9.5 percent was set for the cash flow driver margin in 2014. At 9.0 percent, this expectation was also met. Adjusted for nonrecurring expenses of EUR 50.7 million, the cash flow driver margin would have amounted to 10.1 percent.

On April 16, 2014, GEA Group Aktiengesellschaft's Annual General Meeting approved the proposal by the Supervisory Board and Executive Board to pay a dividend of EUR 0.60 per share for fiscal year 2013, up from EUR 0.55 per share. This means that the distribution to the shareholders for 2013 was in line with the then-current target of one-third of the group's earnings.

GEA achieved FY 2014 targets
(EUR million)



*) Based on raised revenue outlook of January 2015

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. The objective is for GEA's growth to exceed that of the global economy.

According to the IMF's preliminary estimates, GDP growth in the past year remained unchanged as against 2013, at 3.3 percent. This means that growth was considerably below the 3.7 percent figure originally forecast at the beginning of 2014. On this basis, GEA had also been expecting higher economic growth at the beginning of 2014.

The primary reason for this lower-than-forecast growth is the global economy's performance in the first half of 2014, which fell short of expectations. The weak economic growth, particularly in the United States and in important emerging markets, the continuing crisis between Russia and Ukraine and the associated sanctions, and the situation in the Middle East had a greater impact on the global economy than had previously been expected. Although economic growth was boosted to some extent by the sharp drop in oil prices as the year progressed, this also had a negative impact due to the dramatic slump in the income of oil exporting countries and radical investments cuts.

Specifically, the IMF has produced a preliminary growth rate of 1.8 percent for the industrialized nations in 2014, after 1.3 percent in the previous year. The eurozone economy returned to positive territory with growth of 0.8 percent after its earlier slight recession, which lasted until 2013 (–0.5 percent). Growth in the U.S.A. is thought to have increased to 2.4 percent, up from 2.2 percent in 2013. In Germany, the IMF's experts are predicting economic growth of 1.5 percent, following 0.2 percent growth in 2013.

The IMF expects that economic growth in the emerging markets continued to slow to 4.4 percent in 2014 compared with 4.7 percent in the previous year. The lower rates of economic growth in Russia and China played a particularly important role here, since these countries provide significant momentum for their neighbors. Growth in Russia slowed from 1.3 percent to 0.6 percent in 2014. China's economy is expected to have grown by just 7.4 percent in the past year, following 7.8 percent in 2013. This would be the country's lowest growth rate for 24 years. Economic growth is also thought to have slowed in Latin America, declining to 1.2 percent from 2.8 percent in 2013.

Significant changes

Combination of the GEA Food Solutions and GEA Mechanical Equipment segments

In January 2014, the Executive Board of GEA Group Aktiengesellschaft decided to combine the GEA Food Solutions and GEA Mechanical Equipment segments, effective as of the beginning of fiscal year 2014. This means that the group has been divided into four operating segments since 2014. Based on the above decision, the two segments have been reported as a single segment, GEA Mechanical Equipment, since the financial report for the first quarter of 2014. The prior-period figures were adjusted to reflect the new reporting structure.

Sale of the GEA Heat Exchangers Segment to Triton

On April 16, 2014, GEA sold the GEA Heat Exchangers Segment to funds advised by Triton. The transaction closed successfully on October 31, 2014, after approval by the relevant antitrust authorities. The sale is based on an enterprise value of around EUR 1.3 billion.

As part of its GEA 2020 corporate strategy, the Company had previously decided to sharpen its portfolio focus in order to further strengthen its position as a leading systems provider for the food industry and other sophisticated process industries. Due to the lack of group-wide synergies, GEA announced its decision to fully divest the segment on June 20, 2013.

The Triton funds invest in medium-sized businesses in northern Europe, where the firm focuses on three core areas: industry, services, and consumer goods/healthcare. At the time of the sale in April 2014, Triton's portfolio covered 25 companies with combined sales of approximately EUR 13 billion and more than 55,000 employees.

New group structure

In the context of its "Fit for 2020" initiative, the Executive Board of GEA resolved to introduce a new group structure on August 20, 2014. This initiative – part of the strategic realignment of the company – aims to ensure an optimized organizational setup while reducing the group's structural complexity. As a result it is expected to lead to significant cost reductions and foster further growth.

- **Stand-alone effective segments** driving own technologies and market approaches
- **Limited group perspective** and role of the corporate center
- Each segment with **individual** go-to-market concepts and **regional footprint**

- **Bundling of segments into two BAs**[2] according to business model logic
- **"One GEA"** in countries as a platform for growth within regions / countries
- **Strengthening global group functions**
- Increased **efficiency & standardization of support functions** due to streamlining & SSC[1]

1) SSC = Shared Service Center
2) BA = Business Area

In the course of 2015, GEA will bundle the development and manufacturing of products and the supply of process solutions into two new business areas, "Equipment" and "Solutions", and report on them accordingly. The current segments will be integrated into these two business areas.

All customer-oriented sales and service activities are to be combined on a local level into a single organization per country. Merging the current large number of sales and service companies will strengthen local competencies, realize existing potential synergy even more efficiently, and raise awareness of the common brand GEA in the market. Anchoring an independent regional perspective in sales and services management is also designed to accelerate the systematic opening of new growth opportunities, especially in emerging markets.

In addition, administrative functions will be streamlined, more strongly standardized, and managed considerably more centrally in the future, which is designed to ensure uniform high process standards globally as well as cost savings. The Global Corporate Center will be the central port of call for all ancillary management and support functions, which so far have mostly been organized locally at the operating units. Regional Shared Service Centers will take care of the implementation of standardized administrative processes, thus reducing the workload for the operating units.

The aim of “Fit for 2020” is to achieve annual cost savings of at least EUR 100 million by the end of 2017. According to initial estimates, cash-relevant nonrecurring expenditures until then are likely to be incurred in approximately the same amount. Based on today’s business volume, the implementation measures will include worldwide workforce reductions of approx. 1,000 full-time equivalents over the next 2–3 years. However, it will only be possible to detail the exact number of adjustments, the timing, and the affected locations once further analysis has been carried out.

A corresponding project was promptly set up following the resolution by the Executive Board in August 2014. Experienced managers from GEA’s various corporate and specialist departments formed more than 20 design teams, which were tasked with developing proposals for GEA’s new structure. The goal, to be achieved by the beginning of 2015, was to map out GEA’s new organizational structure in detail, to describe standardized processes throughout the group, and to define responsibilities. This phase of the project was successfully completed in January 2015 (see page 60).

Acquisitions

GEA acquired all shares of Scan Vibro on September 14, 2014. This relatively small Danish company manufactures innovative powder transport systems for a range of food sector applications where hygiene requirements are particularly stringent.

In addition, on October 6, 2014, GEA acquired all shares of Dutch company de Klokslag, which is one of the leading European manufacturers of large-scale equipment for semi-hard cheese production. The acquisition means that GEA is now a full-line provider of process solutions in this growing field. GEA is well acquainted with de Klokslag’s product portfolio since the two companies have worked together on a number of occasions over the past few years. The transaction closed in January 2015, meaning that de Klokslag was not included in consolidation in fiscal year 2014 (see page 60).

In total, these two companies employ approximately 160 staff and generated around EUR 40 million in 2013.

Course of business

The following explanation of the group’s course of business relates initially to its continuing operations, which are the group’s four operating segments. The performance of the GEA Heat Exchangers Segment is presented separately in the section relating to discontinued operations (see page 50ff.).

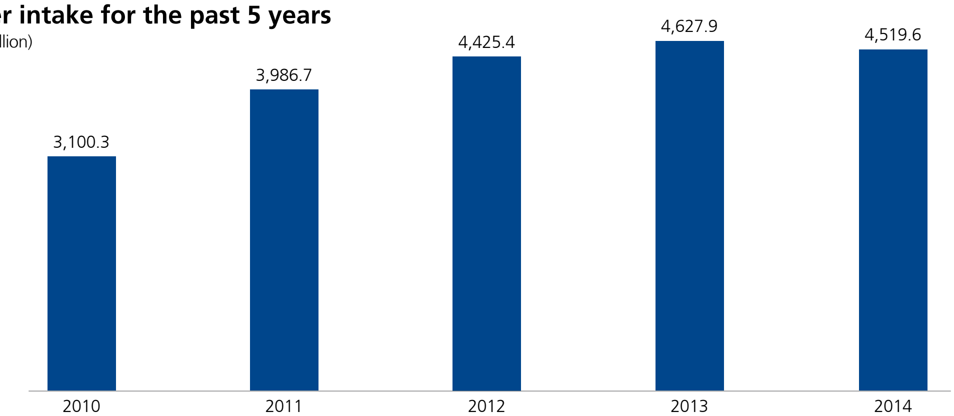
The quarterly information contained in this management report is sourced from quarterly reports that were not reviewed by an auditor. All amounts have been rounded using standard rounding rules. Adding together individual amounts may therefore result in rounding differences in certain cases.

Order intake

The group’s order intake declined by 2.3 percent to EUR 4,519.6 million in full-year 2014 (previous year: EUR 4,627.9 million). After adjustment for the negative impact of exchange rate changes (1.0 percent) and marginal acquisition effects, the organic decline was just 1.4 percent. This decline of approximately EUR 108 million was attributable in particular to large orders of more than EUR 5 million. By contrast, the basic business (orders of less than EUR 1 million) saw considerable growth in all segments, with an increase of 7.8 percent for GEA.

Order intake for the past 5 years

(EUR million)



The performance of the GEA Farm Technologies and GEA Refrigeration Technologies segments is worthy of particular note. Both generated double-digit organic growth rates and set new records for order intake. Order intake in the GEA Refrigeration Technologies Segment exceeded EUR 800 million for the first time.

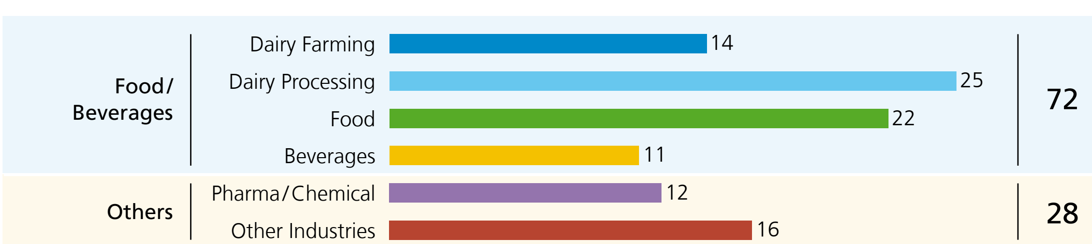
Order intake (EUR million)	2014	2013 *	Change in %
GEA Farm Technologies	659.0	596.7	10.4
GEA Mechanical Equipment	1,349.8	1,368.2	–1.3
GEA Process Engineering	1,835.7	2,061.0	–10.9
GEA Refrigeration Technologies	804.7	726.3	10.8
Total	**4,649.3**	**4,752.2**	**–2.2**
Consolidation/other	–129.7	–124.3	–4.3
GEA Group	**4,519.6**	**4,627.9**	**–2.3**

*) Amounts adjusted due to the combination of GEA Food Solutions and GEA Mechanical Equipment (see financial report Q1 2014)

The overall decline in order intake was primarily due to the dairy processing and beverages customer industries. In contrast, the share accounted for by the dairy farming customer industry rose from under 13 percent to over 14 percent, driven by the excellent performance of the GEA Farm Technologies Segment. Within the other customer industries, there was no growth in either the oil and gas or the power generation industries. However, this was more than offset by the environment sector and in particular the marine sector.

Order intake by customer industries

(%, average last 12 months)

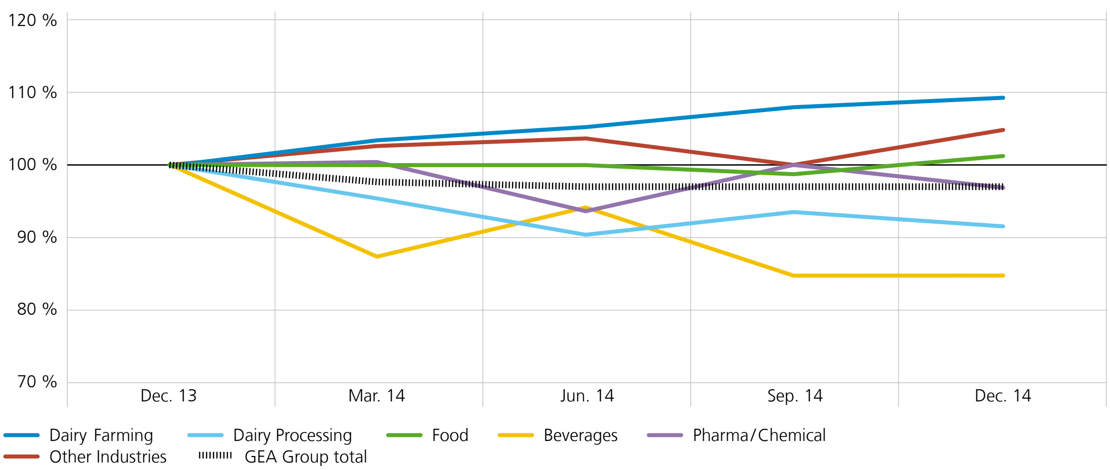


At a regional level, the decrease in order intake mainly occurred in Western Europe and in the Asia/Pacific region. By contrast, the growth regions were North America, Eastern Europe, and Africa, with double-digit increases being seen in the latter two areas.

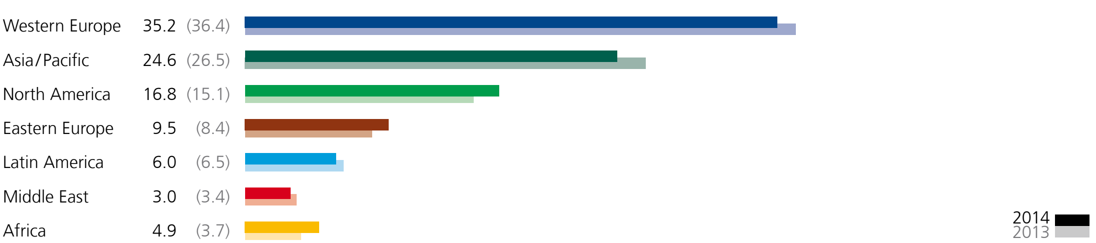
The largest major orders worth over EUR 30 million were won by the GEA Process Engineering Segment in the form of three dairy orders for customers in Belgium, Poland, and New Zealand, as well as a beverages project in Africa. All in all, their value amounted to approximately EUR 225 million. In the comparable prior-year period, seven major orders were received for over EUR 368 million.

Order intake GEA Group EUR 4,519.6 million (previous year EUR 4,627.9 million)

by sector (average last 12 months)



by region (%, average last 12 months)



Order backlog

The order backlog rose slightly by EUR 22.1 million to EUR 2,037.6 million compared with December 31, 2013 (EUR 2,015.5 million). This was due in particular to exchange rate changes amounting to EUR 62.6 million.

Expressed in terms of the order intake for the fiscal year, the order backlog represents a range of 5.4 months (previous year: 5.2 months). In line with the different types of business performed in the different segments, the order backlog ranges from 1.6 months in the GEA Farm Technologies Segment up to 8.5 months in the GEA Process Engineering Segment.

Order backlog (EUR million)	12/31/2014	12/31/2013 *	Change in %	Change (absolute)
GEA Farm Technologies	87.0	85.6	1.6	1.4
GEA Mechanical Equipment	394.9	428.4	–7.8	–33.5
GEA Process Engineering	1,293.4	1,290.5	0.2	2.9
GEA Refrigeration Technologies	281.4	229.5	22.6	51.8
Total	**2,056.8**	**2,034.1**	**1.1**	**22.7**
Consolidation/other	–19.2	–18.6	–2.9	–0.5
GEA Group	**2,037.6**	**2,015.5**	**1.1**	**22.1**

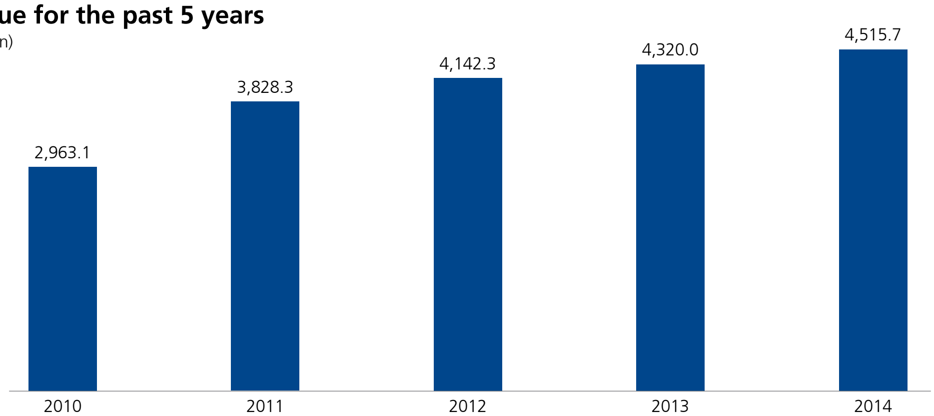
*) Amounts adjusted due to the combination of GEA Food Solutions and GEA Mechanical Equipment (see financial report Q1 2014)

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 2014, group revenue increased by 4.5 percent to EUR 4,515.7 million (previous year: EUR 4,320.0 million), at a level with order intake. Record revenue was generated again despite the effect of exchange rate changes of –1.1 percent. Since acquisitions had no material impact on GEA's revenue, it rose organically by 5.6 percent year-on-year. A notable feature is that all segments contributed to this growth with record revenue figures. Equally, they were all responsible for the growth in the share of revenue attributable to the service business, which increased from 26.7 percent to 27.1 percent. Organic growth in this business amounted to 7.6 percent in the reporting period.

Revenue for the past 5 years
(EUR million)



The book-to-bill ratio, the ratio of order intake to revenue, was precisely 1.0 in 2014.

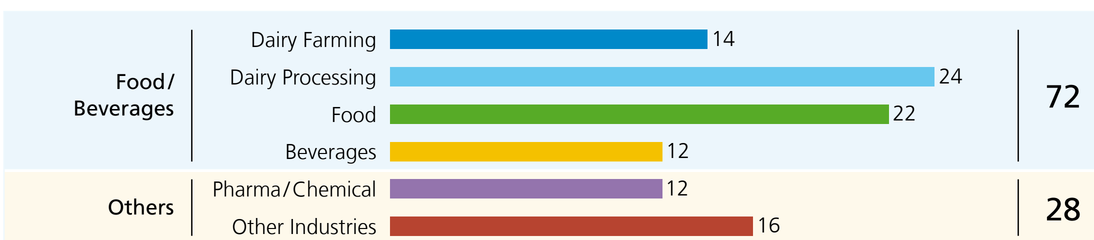
Revenue (EUR million)	2014	2013 *	Change in %
GEA Farm Technologies	650.0	577.7	12.5
GEA Mechanical Equipment	1,380.4	1,327.8	4.0
GEA Process Engineering	1,852.1	1,798.0	3.0
GEA Refrigeration Technologies	763.7	736.6	3.7
Total	**4,646.3**	**4,440.0**	**4.6**
Consolidation/other	–130.6	–120.0	–8.8
GEA Group	**4,515.7**	**4,320.0**	**4.5**

*) Amounts adjusted due to the combination of GEA Food Solutions and GEA Mechanical Equipment (see financial report Q1 2014)

GEA's revenue growth was largely driven by the food and beverages end market. Its share of revenue amounted to 72 percent in the reporting period, with the dairy farming and dairy processing customer industries growing at an above-average rate. Revenue declined in the pharma/chemical end market due to the weak chemical market. Revenue growth in the other industries category was largely driven by the oil and gas and marine customer industries.

Revenue by customer industries

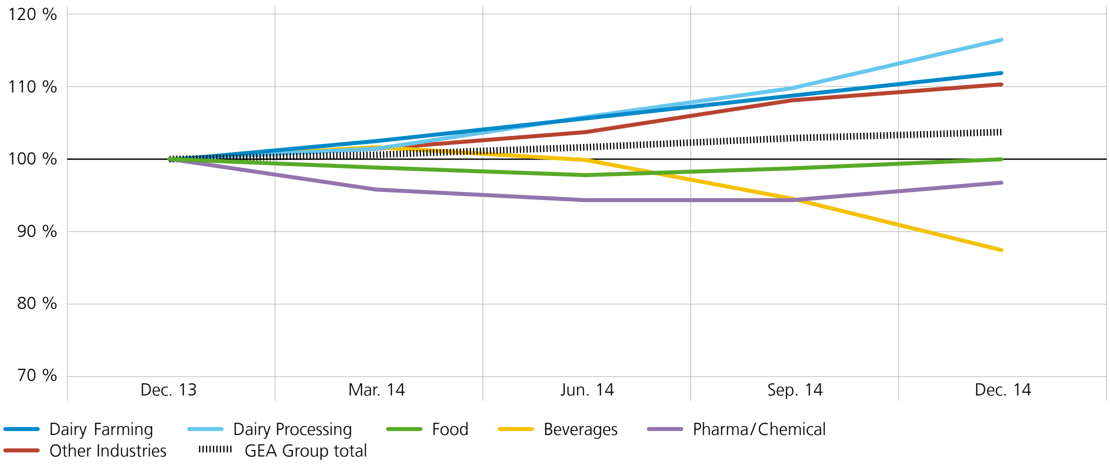
(%, average last 12 months)



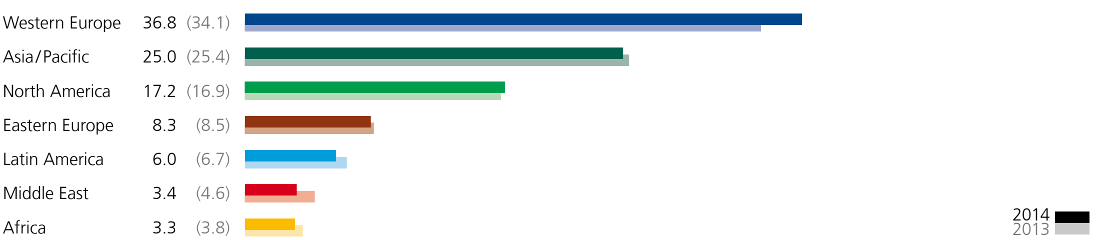
By far the strongest growth region in 2014 was Western Europe (up 12.6 percent), followed by North America (6.1 percent). Revenue was down year-on-year in the Middle East, Latin America, and Africa regions as of year-end 2014. The share of revenue accounted for by German customers continued to rise, from 8.5 percent to 9.1 percent. As in the previous year, the U.S.A. was the country with the strongest sales, accounting for 15.9 percent (previous year: 15.7 percent), followed by China at 9.4 percent (previous year: 10.0 percent).

GEA Group revenue EUR 4,515.7 million (previous year EUR 4,320.0 million)

by sector (average last 12 months)



by region (%, average last 12 months)



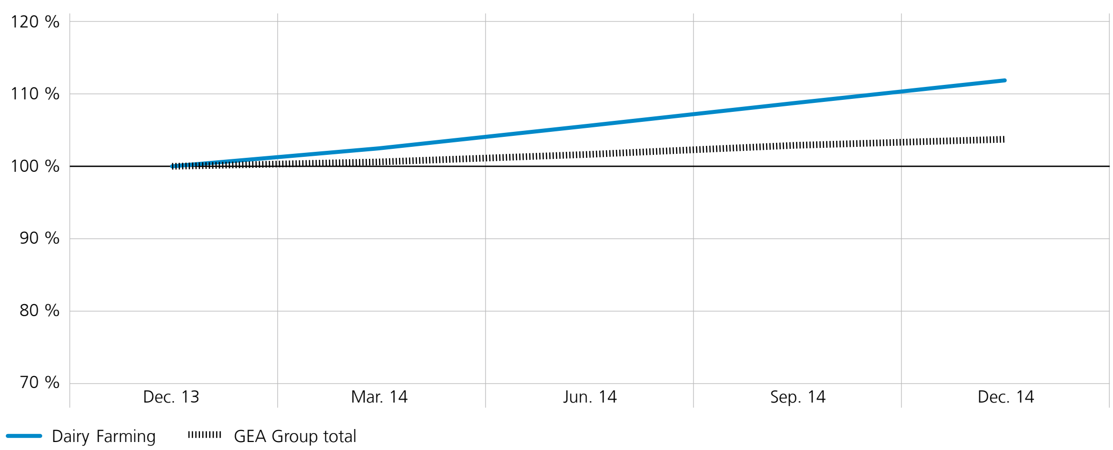
GEA Farm Technologies Segment

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 –2.9 percent, organic growth amounted to an impressive 15.5 percent in the past fiscal year. This is by far the highest figure for all segments. At EUR 650.0 million, revenue in the GEA Farm Technologies Segment exceeded the EUR 600 million mark for the first time. As was the case with total revenue, the service business recorded very strong organic growth of 17.8 percent in the reporting period, with its share of total revenue amounting to 41.4 percent (previous year: 40.7 percent).

The segment operates almost exclusively in the dairy industry, and revenue in 2014 was focused on Western Europe (38 percent) and North America (35 percent). In addition, the Latin America and Asia/Pacific regions recorded above-average growth.

GEA Farm Technologies revenue EUR 650.0 million (previous year EUR 577.7 million)

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



by region (%, average last 12 months)

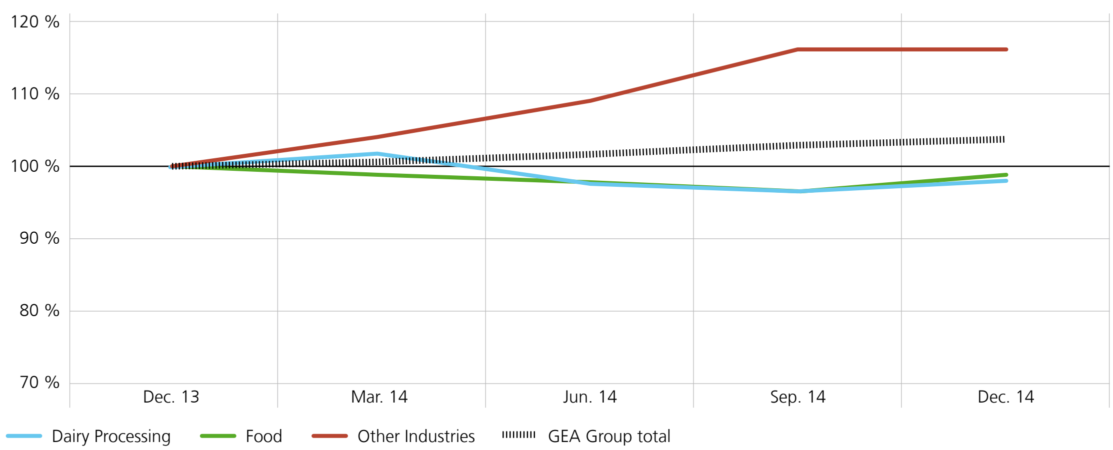
GEA Mechanical Equipment Segment

At EUR 1,380.4 million, the GEA Mechanical Equipment Segment posted record revenue, up 4.0 percent on the prior-year figure of EUR 1,327.8 million. Adjusted for the effect of exchange rate changes of –0.7 percent, organic revenue growth amounted to 4.7 percent in the past year. The service business recorded organic growth of 6.6 percent. Its share of segment revenue increased from 35.1 percent to 35.7 percent.

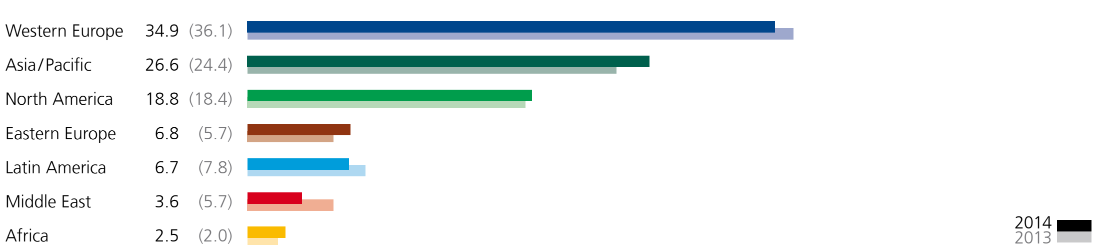
The segment's key end market is the food and beverages sector, at 65 percent. Intragroup deliveries to the GEA Process Engineering Segment continued to provide significant growth momentum in this market. Within the other industries category, the environment, oil and gas, and marine customer industries generated significant growth. Eastern Europe and Asia/Pacific were the most important growth regions, both recording double-digit growth. At 6.4 percent, above-average growth was also generated in North America. By contrast, revenue declined in the Middle East in particular.

GEA Mechanical Equipment revenue EUR 1,380.4 million (previous year EUR 1,327.8 million)

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



by region (%, average last 12 months)



GEA Process Engineering Segment

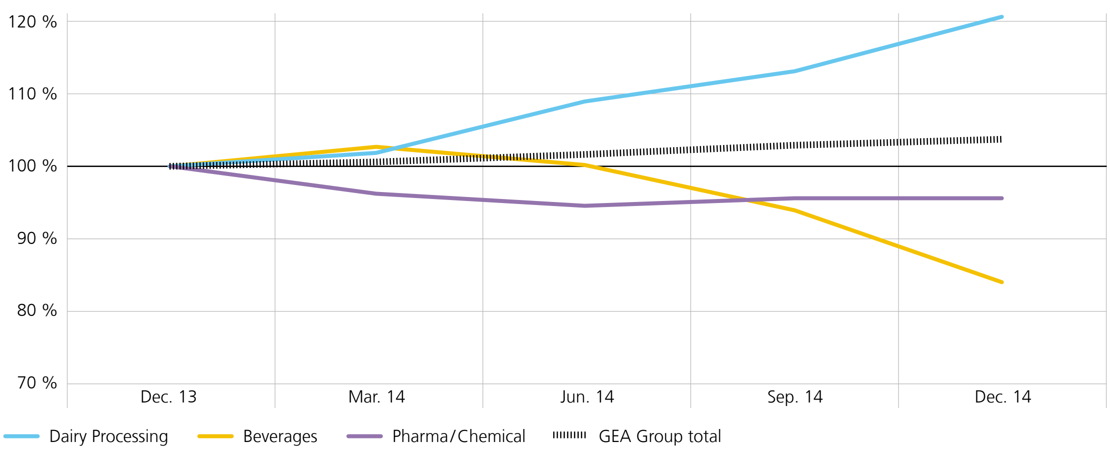
The GEA Process Engineering Segment also hit a new record figure for revenue, at EUR 1,852.1 million. Adjusted for the effect of exchange rate changes of –0.4 percent and for marginal acquisition effects, organic revenue growth amounted to 3.4 percent in the past fiscal year. The service business – which again posted clear organic revenue growth of 7.7 percent – increased its share of total revenue to 14.6 percent (previous year: 14.0 percent).

The food and beverages end market grew by 4.9 percent, lifting its share of revenue to 72 percent. By contrast, the trend in the pharma/chemical customer industry was negative. This was more than offset by increases in the oil and gas customer industry.

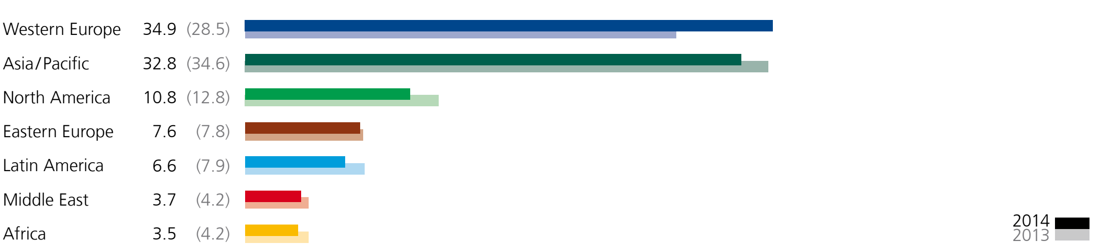
With a growth rate of over 26 percent, Western Europe was by far the strongest growth driver in 2014. This region's share of revenue rose to almost 35 percent. As a result, Western Europe accounts for the largest portion of revenue, followed closely by the Asia/Pacific region with 33 percent.

GEA Process Engineering revenue EUR 1.852,1 million (previous year EUR 1.798,0 million)

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



by region (%, average last 12 months)



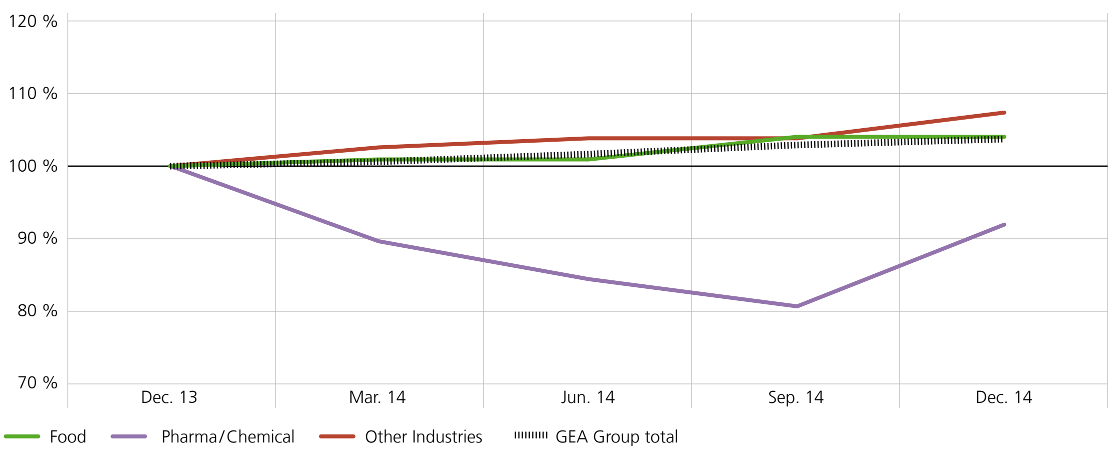
GEA Refrigeration Technologies Segment

The GEA Refrigeration Technologies Segment also posted a new record revenue figure, at EUR 763.7 million. Adjusted for the effect of exchange rate changes of –1.7 percent, organic growth was a healthy 5.4 percent. Service revenue recorded above-average organic growth of 8.1 percent, increasing its share of total revenue to 28.1 percent (previous year: 27.1 percent).

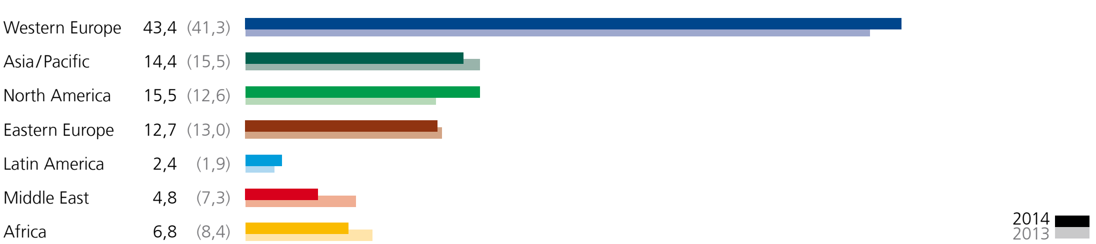
While the revenue accounted for by the food and beverages end markets and by other industries increased by 3.4 percent and 7.2 percent respectively, the pharma/chemical customer industry saw a declining trend. The most important growth regions were North America (up 27.4 percent) and Western Europe (up 8.9 percent).

GEA Refrigeration Technologies revenue EUR 763.7 million (previous year EUR 736.6 million)

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



by region (%, average last 12 months)



Results of operations, financial position, and net assets

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.

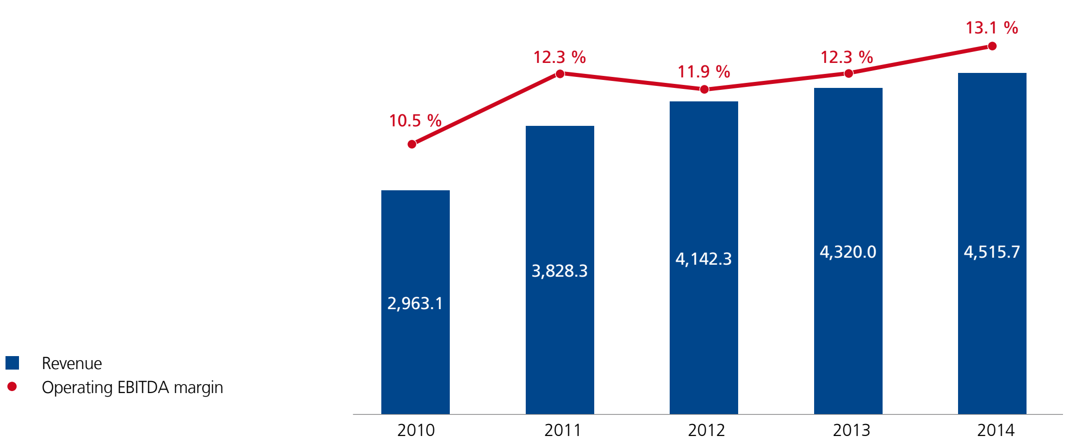
The gross margin amounted to 32.1 percent in full-year 2014, up 55 basis points year-on-year.

The key operating earnings figures for 2014 were adjusted for nonrecurring items in the amount of EUR 50.7 million (previous year: EUR 14.6 million). These items are attributable to strategic projects (EUR 36.4 million, compared with the prior-year figure of EUR 8.0 million), various restructuring and capacity adjustment measures in the segments (EUR 11.7 million, compared with the prior-year figure of EUR 0.0 million), and offsetting income from the remeasurement of non-current provisions (EUR 1.3 million, compared with the prior-year figure of EUR 0.0 million). In addition, management fees and trademark fees previously charged to GEA Heat Exchangers now have to be allocated to the continuing operations, including the holding company, in accordance with IFRSs. These fees amounted to EUR 3.9 million in the fiscal year (previous year: EUR 6.6 million; see page 213 f.). Other nonrecurring expenses relating to the sale of the GEA Heat Exchangers Segment were reported in profit from discontinued operations (see page 50 ff.).

Whenever operating profit is referred to in the following, this relates on the one hand to adjustments for purchase price allocation effects that were determined for all material past acquisitions. On the other, adjustment is made for the nonrecurring items reported and the allocation of management and trademark fees in accordance with IFRSs.

EBITDA amounted to EUR 539.9 million in fiscal year 2014, up 4.8 percent on the prior-year figure of EUR 515.2 million. This corresponds to an EBITDA margin of 12.0 percent (previous year: 11.9 percent). Adjusted for the nonrecurring items in the amount of EUR 50.7 million, as mentioned above, operating EBITDA amounted to EUR 590.7 million. This is EUR 60.6 million higher than the prior-year figure of EUR 530.1 million, which was adjusted for nonrecurring items of EUR 14.6 million. The figure for operating EBITDA already contains EUR 5.4 million in adjustments for negative exchange rate effects. As a result, the operating EBITDA margin improved further, growing by a good 80 basis points to 13.1 percent of revenue.

Operating EBITDA margin and revenue development for the past 5 years
(EUR million)



GEA Farm Technologies Segment

Operating EBITDA in the GEA Farm Technologies Segment increased by over 30 percent to EUR 74.5 million in fiscal year 2014 (previous year: EUR 56.9 million). The operating EBITDA margin improved by more than 160 basis points to 11.5 percent. The primary reason for this impressive performance was the high capacity utilization due to the revenue growth in the reporting period.

GEA Mechanical Equipment Segment

The GEA Mechanical Equipment Segment's operating EBITDA rose from EUR 214.7 million to EUR 231.6 million in the reporting period. The operating EBITDA margin also increased again, growing by 60 basis points from 16.2 percent to 16.8 percent. The negative impact of the shift in the product mix was more than offset in particular by volume effects, increases in productivity, and cost-saving measures that were successfully implemented to reduce other operating expenses.

GEA Process Engineering Segment

The GEA Process Engineering Segment recorded a further improvement in its operating EBITDA and operating EBITDA margin. Operating EBITDA rose from EUR 203.2 million to EUR 220.6 million, with the operating EBITDA margin also increasing by a good 60 basis points to 11.9 percent – a remarkable figure for an engineering company. This earnings trend was driven in particular by the unchanged positive market environment with higher-margin projects, as well as by the greater share contributed by the service business. In addition, successful improvements were implemented in the supply chain, in project management, and in relation to procurement conditions.

GEA Refrigeration Technologies Segment

In the GEA Refrigeration Technologies Segment, operating EBITDA rose by more than 26 percent to EUR 89.7 million (previous year: EUR 71.0 million). At 11.7 percent (previous year: 9.6 percent), the segment posted a new record operating EBITDA margin. The 210 basis point increase was the biggest rise of any segment. The further improvement in earnings was largely due to increases in efficiency at production plants, the clearly above-average growth of the service business, and procurement costs savings.

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

Operating EBITDA/operating EBITDA margin [1] (EUR million)	2014	2013 [2]	Change in %
GEA Farm Technologies	74.5	56.9	30.9
as % of revenue	11.5	9.9	–
GEA Mechanical Equipment	231.6	214.7	7.9
as % of revenue	16.8	16.2	–
GEA Process Engineering	220.6	203.2	8.6
as % of revenue	11.9	11.3	–
GEA Refrigeration Technologies	89.7	71.0	26.3
as % of revenue	11.7	9.6	–
Total	**616.3**	**545.8**	**12.9**
as % of revenue	**13.3**	**12.3**	**–**
Consolidation/other	–25.7	–15.7	–63.4
GEA Group	**590.7**	**530.1**	**11.4**
as % of revenue	**13.1**	**12.3**	**–**

1) Before effects of purchase price allocations and before one-offs (see page 212 f.)
2) Amounts adjusted due to the combination of GEA Food Solutions and GEA Mechanical Equipment (see financial report Q1 2014)

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

Reconciliation of Operating EBITDA to EBIT (EUR million)	2014	2013	Change in %
Operating EBITDA *	**590.7**	**530.1**	**11.4**
Depreciation of property, plant, and equipment, investment property, and amortization of intangible assets	–77.3	–71.0	–8.8
Impairment losses on property, plant, and equipment, investment property, intangible assets, and goodwill	0.1	–	–
Other impairment losses and reversals of impairment losses	–	–0.3	–
Operating EBIT *	**513.5**	**458.8**	**11.9**
Depreciation and amortization on capitalization of purchase price allocation	–23.1	–23.9	3.5
Impairment losses on capitalization of purchase price allocation	0.1	–0.4	–
Realization of step-up amounts on inventories	–	–0.3	–
One-offs	–50.7	–14.6	< -100
EBIT	**439.9**	**419.6**	**4.8**

*) Before effects of purchase price allocations from revalued assets and liabilities and before one-offs (see page 212 f.)

The reconciliation of EBITDA to EBIT is as follows:

Reconciliation of EBITDA to EBIT (EUR million)	2014	2013	Change in %
EBITDA	**539.9**	**515.2**	**4.8**
Depreciation of impairment losses on property, plant, and equipment, investment property, and amortization of and impairment losses on intangible assets and goodwill, as reported in the statement of changes in non-current assets	–100.1	–95.3	–5.0
Other impairment losses and reversals of impairment losses	–	–0.3	–
EBIT	**439.9**	**419.6**	**4.8**

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

Operating EBIT/operating EBIT margin [1] (EUR million)	2014	2013 [2]	Change in %
GEA Farm Technologies	62.0	44.6	39.2
as % of revenue	9.5	7.7	–
GEA Mechanical Equipment	197.7	187.6	5.4
as % of revenue	14.3	14.1	–
GEA Process Engineering	206.0	188.3	9.4
as % of revenue	11.1	10.5	–
GEA Refrigeration Technologies	79.8	61.5	29.7
as % of revenue	10.5	8.4	–
Total	**545.5**	**482.0**	**13.2**
as % of revenue	**11.7**	**10.9**	**–**
Consolidation/other	–32.0	–23.2	–38.0
GEA Group	**513.5**	**458.8**	**11.9**
as % of revenue	**11.4**	**10.6**	**–**

1) Before effects of purchase price allocations and before one-offs (see page 212 f.)
2) Amounts adjusted due to the combination of GEA Food Solutions and GEA Mechanical Equipment (see financial report Q1 2014)

EBIT amounted to EUR 439.9 million in the past fiscal year, compared with EUR 419.6 million in the previous year. At 9.7 percent, the EBIT margin remained stable year-on-year. Operating EBIT, which is adjusted for purchase price allocation effects of EUR 22.9 million (previous year: EUR 24.6 million) and nonrecurring items, increased by 11.9 percent to EUR 513.5 million (previous year: EUR 458.8 million). The operating EBIT margin improved accordingly by 75 basis points to 11.4 percent of revenue.

Key figures: Results of operations (EUR million)	2014	2013	Change in %
Revenue	4,515.7	4,320.0	4.5
Operating EBITDA *	590.7	530.1	11.4
EBITDA pre purchase price allocation	539.9	515.5	4.7
EBITDA	539.9	515.2	4.8
Operating EBIT *	513.5	458.8	11.9
EBIT pre purchase price allocation	462.8	444.2	4.2
EBIT	439.9	419.6	4.8
Interest	66.0	67.5	–2.1
EBT	373.8	352.1	6.2
Income taxes	87.8	70.1	25.3
Profit after tax from continuing operations	286.0	282.0	1.4
Profit/loss after tax from discontinued operations	34.6	54.4	–36.3
Profit for the period	320.6	336.4	–4.7

*) Before effects of purchase price allocations and before one-offs (see page 212 f.)

Net interest income in the full year amounted to EUR –66.0 million, roughly level with the prior-year figure of EUR –67.5 million. The negative impact of higher interest expenses for liabilities to banks and for bonds was more than offset, especially by lower commission and fees and the lower interest expense on the discounting of other provisions.

EBT in full-year 2014 amounted to EUR 373.8 million, EUR 21.7 million higher than the previous year's figure (EUR 352.1 million). The EBT margin saw a slight improvement to 8.3 percent (previous year: 8.2 percent).

Profit from discontinued operations amounted to EUR 34.6 million in fiscal year 2014 (previous year: EUR 54.4 million). The GEA Heat Exchangers Segment accounted for EUR 32.8 million of this amount (previous year: EUR 53.8 million). It should be noted firstly that this segment only belonged to GEA for 10 months of the reporting period. Secondly, the EUR 41.8 million loss on disposal of the segment was incurred in the reporting period. The profit from discontinued operations attributable to the GEA Heat Exchangers Segment improved due to the discontinuation of depreciation and amortization as of the date on which the segment was allocated to discontinued operations (EUR 30.0 million), and considerably lower tax effects (EUR 27.4 million). Further disclosures on the operating business performance of the GEA Heat Exchangers Segment and the other companies can be found in the chapter entitled "Performance of Discontinued Operations" (see page 50 f.)

The income tax expense of EUR 87.8 million in fiscal year 2014 (previous year: EUR 70.1 million) comprised current taxes of EUR 80.7 million (previous year: EUR 70.4 million) and deferred taxes of EUR 7.1 million (previous year: EUR 0.3 million). The tax rate amounted to 23.5 percent (previous year: 19.9 percent).

Consolidated profit in the full year amounted to EUR 320.6 million (previous year: EUR 336.4 million), of which EUR 320.5 million (previous year: EUR 336.0 million) is attributable to GEA Group Aktiengesellschaft shareholders. Taking into account the unchanged average number of shares compared with the previous year (192,495,476), this corresponds to earnings per share of EUR 1.66 (previous year: EUR 1.75).

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 result. Further details are presented in the section entitled "Net assets, financial position, and results of operations of GEA Group Aktiengesellschaft" (see page 54 ff.).

The Executive Board and Supervisory Board are proposing to increase the dividend from EUR 0.60 to EUR 0.70 per share. This is in line with the goal to distribute between 40 and 50 percent of consolidated profit to our shareholders, as announced at our Capital Markets Day on October 13, 2014.

Financial position

GEA's financial position saw considerable improvement, due in particular to the cash inflows from the sale of the GEA Heat Exchangers Segment. However, liquidity management and centralized financial management remain of key significance.

The revenue generated by the sale of the GEA Heat Exchangers segment (EUR 406.8 million) was used for the early repayment of financial liabilities. Specifically, two loans from Kreditanstalt für Wiederaufbau amounting to a total of EUR 71.5 million were repaid. Bonds in the amount of EUR 125.3 million were also repurchased, and borrower's loan notes in the amount of EUR 210.0 million were repaid early. In addition, the first option to extend the club deal agreed in 2013 was exercised, which saw this credit line extended until 2019. One additional option exists to extend the credit line by a further year.

GEA's cash credit lines and their utilization were as follows at the reporting date:

GEA cash credit lines incl. discontinued operations (EUR million)	Maturity	12/31/2014 approved	12/31/2014 utilized
GEA Bond	April 2016	275	275
European Investment Bank	Partial repayment amounting to EUR 100,000 thousand on January 14, 2015; Remaining portion on July 14, 2017	150	150
Borrower's note loan	September 2017	90	90
Syndicated credit line („Club Deal")	August 2019	650	–
Various (bilateral) credit lines including accured interests	Maximum of 1 year or "until further notice"	141	14
Total		**1,305**	**529**

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's central financial management, which aims to reduce financing costs as far as possible, to optimize interest rates for financial investments, to minimize counterparty credit risk, 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's financing strategy is not only to be able to meet its payment obligations whenever they fall due, but also to ensure that sufficient cash reserves are always available in the form of credit lines, in addition to maintaining a strategic cash position. The centralized liquidity portfolio is managed mainly for capital preservation and risk reduction by diversifying the cash investments.

Cash flow from operating activities is the most important source of liquidity. Intragroup cash pooling aims to limit external cash investments and borrowings to a level as low as possible. To achieve this, GEA 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 had been fully repaid as of December 31, 2014. Net liquidity amounted to EUR 903.7 million as of the year-end, due in particular to the EUR 1,059.3 million cash inflow from the sale of the GEA Heat Exchangers Segment. This represents an increase of EUR 1,082.3 million as against December 31, 2013 (net debt of EUR 178.6 million).

Overview of net liquidity incl. discontinued operations (EUR million)	12/31/2014	12/31/2013
Cash and cash equivalents	1,195.9	795.8
Fixed deposits with a remaining period ≤ 1 year	200.0	–
Securities	37.0	–0.0
Liabilities to banks	246.9	564.1
Bonds	282.2	410.2
Net liquidity (+)/Net debt (-)	**903.7**	**–178.6**
Gearing (%)	–35.8	7.7

Cash and cash equivalents increased to EUR 1,195.9 million as of December 31, 2014, compared with EUR 795.8 million as of the end of the previous year. Liabilities to banks (EUR 156.4 million), from the bond issue (EUR 282.2 million, including accrued interest), and the borrower's note loan (EUR 90.5 million, including accrued interest) amounted to a total of EUR 529.1 million at the reporting date (previous year: EUR 974.3 million).

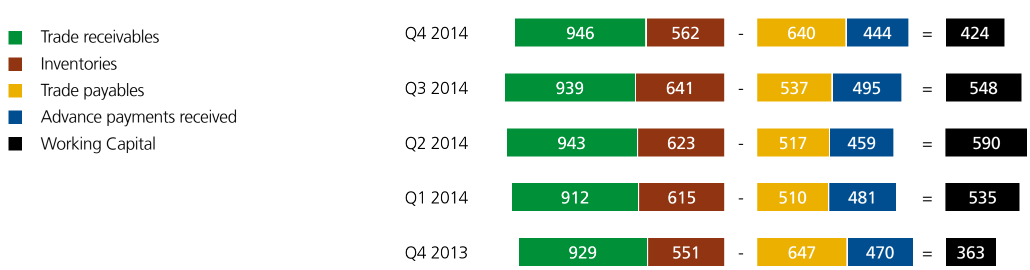
Detailed information on the maturity, currency, and interest rate structure of debt financing can be found in the notes to the consolidated financial statements (see pages 150 ff. and 187 ff.).

Guarantee lines – which are mainly for contract performance, advance payments, and warranties – of EUR 1,732.3 million (December 31, 2013, excluding GEA Heat Exchangers: EUR 1,778.8 million) were available to GEA as of the reporting date, of which EUR 462.1 million (December 31, 2013, excluding GEA Heat Exchangers: EUR 454.3 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 of the notes to the consolidated financial statements (see page 206).

Change in Working Capital (continued operations)

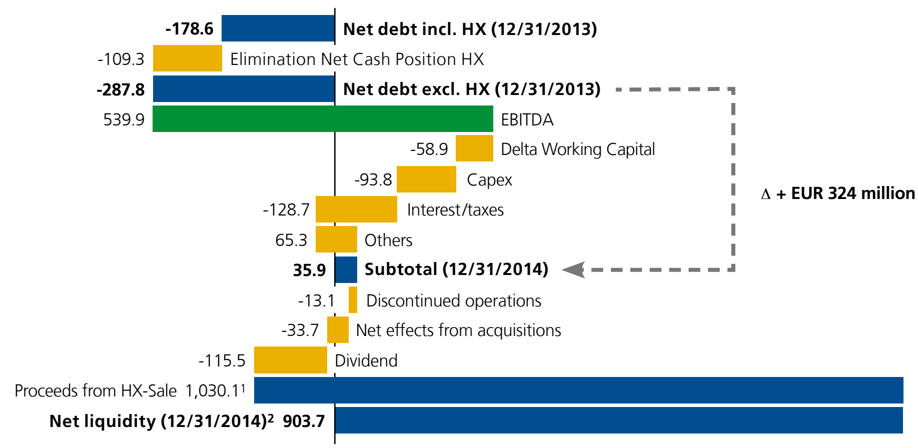
(EUR million)



Working capital from continuing operations amounted to EUR 424.4 million as of December 31, 2014, up 16.8 percent as against the previous year (EUR 363.3 million). This increase is primarily attributable to higher trade receivables and lower advance payment volumes. The ratio of average working capital to revenue increased slightly from 11.7 percent to 12.1 percent.

The key factors responsible for the change in net debt are shown in the following chart:

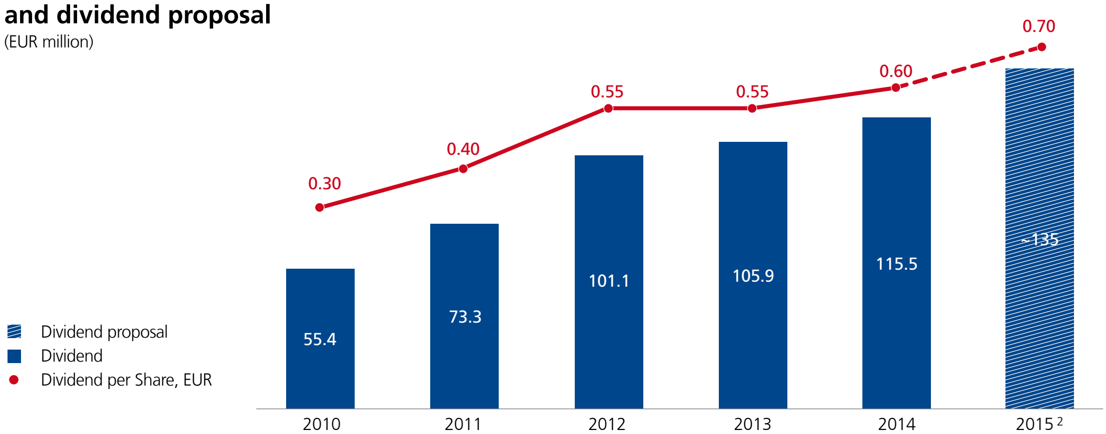
Change in net liquidity/net debt, including discontinued operations
(EUR million)



1) Net after payment of transaction costs
2) Including fixed deposits with a remaining period ≤ 1 year (EUR 200 million)

GEA Group Aktiengesellschaft's dividend payout in fiscal year 2014 was the highest in the Company's history, at EUR 115.5 million (previous year: EUR 105.9 million). With the number of shares unchanged, the 9.1 percent rise derives from the increase in the dividend per share from EUR 0.55 to EUR 0.60.

Dividend payments [1] for the past 5 years and dividend proposal
(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)	2014	2013	Change absolute
Cash flow from operating activities	401.6	424.7	–23.0
Cash flow from investing activities	–349.4	–116.9	–232.5
Free cash flow	**52.2**	**307.7**	**–255.5**
Cash flow from financing activities	–618.9	–246.3	–372.6
Cash flow from disposal group GEA Heat Exchangers	980.1	–	980.1
Net cash flow from disposal group GEA Heat Exchangers	–10.9	79.3	–90.2
Net cash flow other discontinued operations	–13.1	–58.9	45.8
Change in unrestricted cash and cash equivalents	400.1	58.3	341.8

Cash flow from operating activities attributable to continuing operations amounted to EUR 401.6 million in the year under review, down EUR 23.0 million on the previous year (EUR 424.7 million). Higher liquidity outflows from the increase of working capital (EUR –36.8 million) and increased tax payments (EUR –18.9 million) were not fully offset by the EUR 24.7 million improvement in EBITDA.

Cash flow from investing activities attributable to continuing operations amounted to EUR –349.4 million in the reporting period (previous year: EUR –116.9 million). This is largely attributable to cash investments and the purchase of securities in the total amount of EUR 237.0 million in the reporting period.

Cash flow from financing activities attributable to continuing operations amounted to EUR –618.9 million in 2014, compared with EUR –246.3 million in 2013. This chiefly reflects the repayment of loans from Kreditanstalt für Wiederaufbau, as previously presented, the repayment of a borrower's note loan, and the partial repurchase of bonds, amounting to EUR 406.8 million in total.

Cash flow from discontinued operations amounted to EUR 956.1 million in the reporting period, mainly due to the completed sale of the GEA Heat Exchangers Segment. Of this figure, EUR 923.8 million was attributable to investing activities. This includes the effect of selling the GEA Heat Exchangers Segment, which amounted to EUR 1,059.3 million less divested cash and cash equivalents (EUR 79.2 million). EUR 37.1 million was attributable to operating activities, and EUR –4.9 million was attributable to financing activities.

Cash flow drivers

GEA's overriding goal is to sustainably increase its enterprise value by growing profitably. The cash flow driver margin is a key group performance indicator that is used to create the necessary financial scope for this and to focus the group even more closely on cash flow generation. It is also incorporated into the bonus system.

The cash flow driver margin is a simplified cash flow indicator (EBITDA minus capital expenditures for property, plant, and equipment, and intangible assets (capex) and minus the change in average working capital) and is expressed as a ratio to revenue.

Cash flow driver/Cash flow driver margin (EUR million)	12/31/2014	12/31/2013	Change in %
EBITDA (last 12 months)	539.9	515.2	4.8
Capital expenditure on property, plant and equipment (last 12 months)	93.8	120.5	–22.2
Change in Working Capital (average of the past 12 months)	40.8	–19.1	–
Cash flow driver (EBITDA – Capex -/+Change in Working Capital)	**405.3**	**413.8**	**–2.0**
as % of revenue (past 12 months)	**9.0**	**9.6**	**–**

The cash flow driver amounted to EUR 405.3 million in the year under review, compared with EUR 413.8 million in the previous year. The cash flow driver margin was 9.0 percent. The cash flow driver was improved due to the EUR 24.7 million year on year increase in EBITDA and the 26.7 million decrease in capital expenditure. By contrast, average working capital increased by EUR 40.8 million, due in particular to volume-related factors, whereas in the previous year there had been a reduction of approximately EUR 19 million in the relevant balance sheet items.

Net assets

Condensed balance sheet (EUR million)	12/31/2014	as % of total assets	12/31/2013	as % of total assets	Change in %
Assets					
Non-current assets	2,714.8	46.5	2,577.8	39.9	5.3
thereof goodwill	1,330.0	22.8	1,312.6	20.3	1.3
thereof deferred taxes	469.3	8.0	385.8	6.0	21.6
Current assets	3,117.2	53.5	3,886.8	60.1	–19.8
thereof cash and cash equivalents	1,195.9	20.5	683.5	10.6	75.0
thereof assets held for sale	5.6	0.1	1,605.8	24.8	–99.7
Total assets	**5,832.0**	**100.0**	**6,464.6**	**100.0**	**–9.8**
Equity and liabilities					
Equity	2,527.2	43.3	2,315.7	35.8	9.1
Non-current liabilities	1,558.4	26.7	1,855.9	28.7	–16.0
thereof financial liabilities	456.1	7.8	957.8	14.8	–52.4
thereof deferred taxes	118.6	2.0	98.8	1.5	20.1
Current liabilities	1,746.4	29.9	2,293.0	35.5	–23.8
thereof financial liabilities	133.5	2.3	67.9	1.0	96.7
thereorf liabilities held for sale	–	–	619.9	9.6	–
Total equity and liabilities	**5,832.0**	**100.0**	**6,464.6**	**100.0**	**–9.8**

Total assets as of December 31, 2014, declined by EUR 632.6 million or 9.8 percent as against the prior-year reporting date, to EUR 5,832.0 million. This reduction is due in particular to the sale of the GEA Heat Exchangers Segment. This caused a significant reduction in assets held for sale, and an increase in cash and cash equivalents as of the reporting date. Deferred tax assets also rose. The ratio of non-current to current assets shifted significantly in favor of non-current assets, which accounted for 46.5 percent of total assets as of December 31, 2014 (previous year: 39.9 percent).

The EUR 211.5 million increase in equity represents the consolidated profit of EUR 320.6 million on the one hand, and the dividend payment of EUR 115.5 million on the other. Currency translation effects increased equity by EUR 111.0 million, whereas the actuarial measurement of pension obligations reduced equity by EUR 95.5 million. The equity ratio improved by 7.5 percentage points compared with the end of 2013 (35.8 percent) to 43.3 percent. This was due in particular to the reduction in total assets.

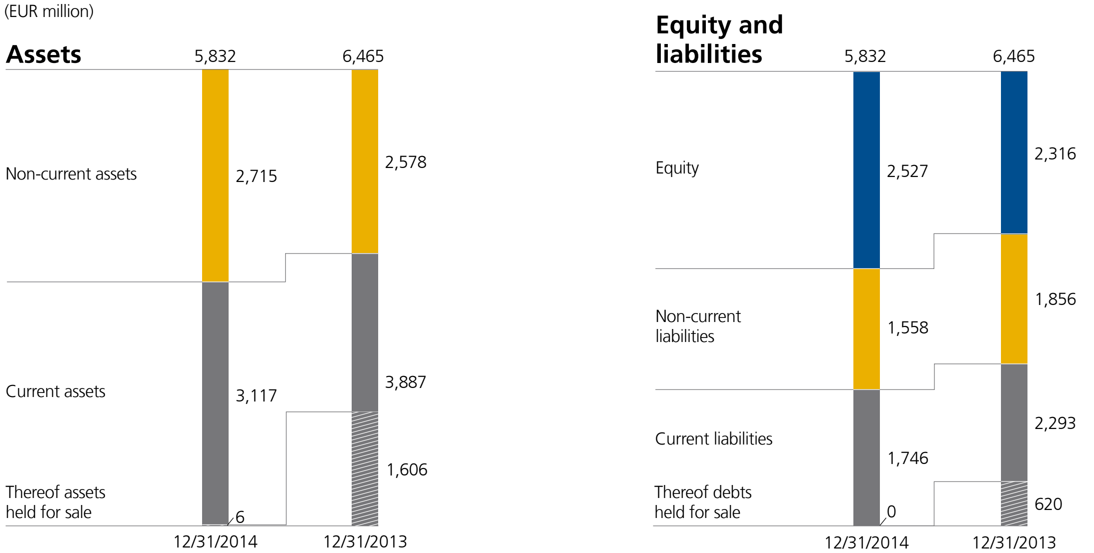
Non-current liabilities decreased by EUR 297.5 million to EUR 1,558.4 million. The amount of EUR 406.8 million of the revenue generated by the sale of the GEA Heat Exchangers Segment was used to repay financial liabilities ahead of schedule (see page 44). Non-current liabilities in the amount of EUR 100.0 million were reclassified as current liabilities due to notice of termination of the European Investment Bank (EIB) loan being given in November 2014 in readiness for its early repayment in January 2015. By contrast, pension provisions increased.

As of the reporting date, current liabilities excluding liabilities held for sale were up EUR 73.3 million on the figure for December 31, 2013, at EUR 1,746.4 million. This was due in particular to increased liabilities to banks. Current liabilities to banks rose due to the reclassification of the loan from the European Investment Bank, but were reduced by the scheduled repayment of loans from Kreditanstalt für Wiederaufbau in the amount of EUR 30.5 million. Other financial liabilities also contributed to the increase in current liabilities. The increase in provisions for personnel expenses was offset by the reduction in other provisions, with no material change overall.

Liabilities held for sale were no longer required to be disclosed due to the sale of the GEA Heat Exchangers Segment (previous year: EUR 619.9 million).

Comparison of net assets (2014 v. 2013) *

(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

On April 16, 2014, GEA sold the GEA Heat Exchangers Segment to funds advised by Triton. As planned, the transaction closed on October 31 after approval by the relevant antitrust authorities. The sale was based on an enterprise value of around EUR 1.3 billion as of the December 31, 2013, reporting date. The purchase price was not adjusted to reflect any profit generated by GEA Heat Exchangers between that date and completion of the transaction. Consequently, the profit or loss recorded by GEA Heat Exchangers after December 31, 2013, was to the economic advantage or detriment of the purchaser on completion of the transaction. This means that the sale was completed with economic effect as of January 1, 2014. GEA's cash inflow from the sale of the GEA Heat Exchangers Segment amounted to EUR 1,059.3 million; this was partially offset by expenses connected with the transaction (EUR 29.2 million) and the disposal of net liquidity (EUR 79.2 million). The EUR 41.8 million loss on the transaction (including the EUR 22.4 million impairment loss recognized in the third quarter of 2014) is reported in profit from discontinued operations (see page 43).

GEA Heat Exchangers in fiscal year 2014

Before the sale of the GEA Heat Exchangers Segment was completed on October 31, its business performance was as follows:

(EUR million)	2014 [1]	2013 [1]
Order intake	1,170.1	1,237.5
Revenues	1,173.0	1,215.4
Operating EBITDA	116.7	120.7
as % of revenue	10.0	9.9
Employees [2]	7,136	7,253

1) Each until 10/31
2) As of reporting date 10/31

Order intake

Order intake in the GEA Heat Exchangers Segment declined by 5.4 percent to EUR 1,170.1 million in the first 10 months of fiscal year 2014 (previous year: EUR 1,237.5 million). Adjusted for the effect of exchange rate changes of –1.7 percent, organic growth amounted to –3.7 percent.

Revenue

The GEA Heat Exchangers Segment's revenue declined by 3.5 percent to EUR 1,173.0 million in the first 10 months (previous year: EUR 1,215.4 million). Adjusted for the effect of exchange rate changes of –1.7 percent, organic growth amounted to –1.8 percent.

Results of operations

Operating EBITDA in the GEA Heat Exchangers Segment amounted to EUR 116.7 million in the first 10 months, compared with EUR 120.7 million in the comparable prior-year period. The operating EBITDA margin improved slightly, rising from 9.9 percent to 10.0 percent. Operating EBIT amounted to EUR 88.8 million as of the end of October, compared with EUR 92.3 million in the previous year. At 7.6 percent, the corresponding operating EBIT margin remained stable year-on-year.

The purchase price was not adjusted to reflect any profit generated by GEA Heat Exchangers between December 31, 2013, and completion of the transaction. Consequently, the profit generated increased the carrying amount of the disposal group, which was written down to its fair value less costs to sell. This led to an impairment loss of EUR 22.4 million, which is not included in the figure for operating profit. In addition to the expected transaction costs, costs to sell include sufficient provisions for contractual warranties associated with the sale and for risk-sharing obligations for large projects.

EBIT and earnings after tax both decreased in the first 10 months, due primarily to this impairment loss. EBIT declined by EUR 25.6 million to EUR 62.8 million, while earnings after tax fell by EUR 28.5 million to EUR 35.8 million.

Employees

The number of employees in the GEA Heat Exchangers Segment amounted to 7,136 as of October 31, 2014. This represents a further decrease of 117 employees compared with October 31, 2013 (7,253). The reduction in the number of employees is mainly due to capacity adjustments in the UK, South Africa, and China.

Other companies

Once again, other companies classified as discontinued operations did not have a material impact overall on consolidated profit in fiscal year 2014.

The risks relating to the sale of Lentjes decreased from an overall perspective in fiscal 2014, meaning that some of the provisions recognized for this could be reversed. The same applies to the risks arising from the sale of Lurgi. The provisions for risks remaining under this transaction were fully reversed. Provisions for risks arising from winding up the operations of Ruhr-Zink were utilized in the reporting period. In December 2014, Ruhr-Zink GmbH sold a 130,000 m² plot of land at its former production location in Datteln to municipal development corporation Entwicklungsgesellschaft Datteln Süd mbH for a purchase price of EUR 0.3 million. As part of the sale, risks were transferred to the development corporation in return for a EUR 14.8 million rehabilitation payment.

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 2014. Our particular thanks go to the employee representatives in Germany and abroad for their responsible and constructive contributions.

There were 18,243 employees as of December 31, 2014. This represents a total increase of 493 employees across all segments compared with December 31, 2013 (17,750 employees). In Germany, the number of employees rose by 98, while the highest increase was recorded in the Asia/Pacific region, with an additional 241 employees. Acquisitions and other changes in the basis of consolidation increased the number of employees by 112.

Employees [1] by segment	12/31/2014	12/31/2013 [2]
GEA Farm Technologies	2,419	2,293
GEA Mechanical Equipment	5,927	5,878
GEA Process Engineering	6,125	5,949
GEA Refrigeration Technologies	3,482	3,325
Total	**17,953**	**17,445**
Other	291	305
GEA Group	**18,243**	**17,750**

1) Full-time equivalents (FTE) excluding vocational trainees and inactive employment contracts
2) Amounts adjusted due to the combination of GEA Food Solutions and GEA Mechanical Equipment (see financial report Q1 2014)

The share of the workforce in Germany decreased by 0.3 percentage points year-on-year, and in the rest of Western Europe by 0.6 percentage points. However, it increased in the Asia/Pacific region by 0.9 percentage points and in North America by 0.3 percentage points.

Employees * by region	12/31/2014		12/31/2013	
Western Europe	11,379	62.4%	11,230	63.3%
Asia/Pacific	3,309	18.1%	3,069	17.3%
North America	2,068	11.3%	1,964	11.1%
Eastern Europe	665	3.6%	673	3.8%
Latin America	390	2.1%	387	2.2%
Africa	364	2.0%	361	2.0%
Middle East	68	0.4%	66	0.4%
Total	**18,243**	**100.0%**	**17,750**	**100.0%**

*) Full-time equivalents (FTE) excluding vocational trainees and inactive employment contracts

As of December 31, 2014, GEA employed 573 vocational trainees compared with 516 at the same date in the previous year. In Germany, the vocational trainee ratio stood at 7.2 percent (previous year: 6.9 percent).

Performance management

Performance assessments are carried out at regular intervals for managers worldwide. Their superiors use standardized procedures to assess key attributes such as a performance- and results-driven approach, assertiveness, communication skills, leadership, commitment, use of management tools, and creativity. The results are used as a basis for discussing individual development measures and long-term personnel and succession planning.

Talent development programs

GEA runs talent development programs for target groups at different levels of seniority. The two programs – “First Professional Program” and “Professionals on Stage” – are designed to identify and develop employees with management potential. The main components of these programs are development assessment centers, drawing up individual development plans, and training modules.

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 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.

GEA Academy

The GEA Academy offers central professional development and training for all employees. In fiscal year 2014, the GEA Academy offered both classroom training sessions and e-learning modules on various management and leadership areas. As in previous years, these were organized in cooperation with an internationally recognized partner.

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 universities and universities of applied sciences. Lasting six semesters, these twin-track training courses lead to bachelor degrees in various specialist areas.

Personnel marketing

The online career portal and corporate HR blog were continued. The “Fair Company” seal of approval for employers was renewed in fiscal 2014. This initiative stands for the fair treatment of interns. In addition, GEA continued to exhibit regularly at university career fairs and product shows in 2014.

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)	31/12/2014	as % of total assets	31/12/2013	as % of total assets
Assets				
Intangible fixed assets	4.0	0.1	3.2	0.1
Tangible fixed assets	2.0	–	3.6	0.1
Long-term financial assets	2,842.7	59.6	2,994.5	64.0
Fixed assets	**2,848.7**	**59.7**	**3,001.3**	**64.2**
Receivables and other assets	714.7	15.0	1,139.6	24.3
Thereof receivables from affiliated companies	677.9	14.2	1,111.9	23.7
Thereof other assets	36.8	0.8	27.7	0.6
Securities	37.0	0.8	–	–
Cash and cash equivalents	1,167.3	24.4	531.9	11.4
Current assets	**1,919.0**	**40.2**	**1,671.5**	**35.7**
Prepaid expenses	**3.2**	**0.1**	**5.1**	**0.1**
Total	**4,770.9**	**100.0**	**4,677.9**	**100.0**
Equity and liabilities				
Subscribed capital	520.4	10.9	520.4	11.1
Capital reserves	250.8	5.3	250.8	5.4
Revenue reserves	741.7	15.5	736.7	15.7
Net retained profits	136.5	2.9	116.4	2.5
Equity	**1,649.4**	**34.6**	**1,624.3**	**34.7**
Provisions	**288.0**	**6.0**	**191.1**	**4.1**
Bonds	274.7	5.8	400.0	8.6
Liabilities to banks	240.0	5.0	552.0	11.8
Liabilities to affiliated companies	2,301.2	48.2	1,889.5	40.4
Other liabilities	15.0	0.3	20.9	0.4
Liabilities	**2,830.9**	**59.3**	**2,862.4**	**61.2**
Deferred income	**2.6**	**0.1**	**0.1**	**–**
Total	**4,770.9**	**100.0**	**4,677.9**	**100.0**

Total assets increased by EUR 93.0 million as against the prior-year period. This was primarily due to the EUR 635.4 million increase in cash funds. By contrast, receivables from affiliated companies decreased by EUR 434.0 million. This change is due in particular to the sale of the GEA Heat Exchangers Segment in the year under review.

Net income for the fiscal year of EUR 140.7 million less the dividend of EUR 115.5 million paid out in fiscal year 2014 led to the EUR 25.1 million increase in equity to EUR 1,649.4 million. The equity ratio decreased by 0.1 percentage points to 34.6 percent. EUR 5.0 million were transferred to the revenue reserves for the fiscal year.

Provisions increased by EUR 96.9 million. Liabilities to affiliated companies also rose, with the EUR 411.7 million increase largely being due to loss absorption. EUR 406.8 million of the proceeds from the sale of the GEA Heat Exchangers Segment was used to repay financial liabilities ahead of schedule. Specifically, two loans from Kreditanstalt für Wiederaufbau amounting to a total of EUR 71.5 million were repaid. Bonds in the amount of EUR 125.3 million were repurchased, and borrower's note loans in the amount of EUR 210.0 million were also repaid early.

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

Income statement of GEA Group AG (HGB) (EUR million)	12/31/2014	in %	12/31/2013	in %
Other operating income	140.6	91.4	120.7	54.9
Personnel expenses	–32.6	–21.2	–31.8	–14.5
Amortization amd writedowns of intangible fixed assets and depreciation and writedowns of tangible fixed assets	–1.0	–0.7	–1.6	–0.7
Other operating expenses	–231.5	–150.5	–143.6	–65.3
Investment income	278.0	180.8	267.4	121.6
Net interest income	0.3	0.2	8.9	4.0
Result from ordinary activities	**153.8**	**100.0**	**220.0**	**100.0**
Taxes on income	–13.1	–8.5	–16.8	–7.6
Net income for the fiscal year	**140.7**	**91.5**	**203.2**	**92.4**
Retained profits brought forward	0.8	0.5	3.2	1.5
Appropriation to other revenue reserves	–5.0	–3.3	–90.0	–40.9
Net retained profits	**136.5**	**88.7**	**116.4**	**52.9**

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 100.1 million (previous year: EUR 78.0 million) and losses of EUR 99.4 million (previous year: EUR 76.1 million) resulted in net exchange rate gains of EUR 0.7 million (previous year: EUR 1.9 million).

In addition to exchange rate gains, other operating income primarily includes income from recharging 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. The EUR 87.9 million increase in other operating expenses is primarily attributable to nonrecurring expenses relating to the "Fit for 2020" project and the completed sale of the GEA Heat Exchangers Segment.

Investment income comprises income and expenses from profit and loss transfer agreements. Income from profit transfer agreements mainly contains the profits transferred by GEA Heat Exchangers GmbH, GEA Group Holding GmbH, GEA Niro GmbH, and GEA Refrigeration Germany GmbH. Cost of loss absorption contains in particular the assumed losses of GEA Mechanical Equipment GmbH, mg Altersversorgung GmbH, LL Plant Engineering GmbH, and ZiAG Plant Engineering GmbH. The income from profit transfers and the cost of loss absorption were dominated by the sale of equity investments belonging to the GEA Heat Exchangers Segment and the subsequent streamlining of the corporate structure.

Net interest income decreased by EUR 8.6 million to EUR 0.3 million (previous year: EUR 8.9 million). This resulted primarily from the partial repurchase of bonds at a price of 105.5 and from the increase in discount unwinding costs on non-current other provisions, which rose by EUR 0.6 million to EUR 2.5 million (previous year: EUR 1.9 million).

Cash flow GEA Group Aktiengesellschaft (HGB) (EUR million)	2014	2013
Cash flow from operating activities	1,022.2	207.1
Cash flow from investing activities	165.9	57.3
Cash flow from financing activities	–552.7	–194.9
Liquid funds	1,167.3	531.9

GEA Group Aktiengesellschaft's business development is primarily subject to the same risks and opportunities as the GEA 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 between 40 and 50 percent of the (IFRS) consolidated profit. Earnings were lower than expected in fiscal year 2014, due to the sale of the GEA Heat Exchangers Segment and the associated reorganization, as well as expenses for strategic projects. A slight year-on-year improvement is expected for fiscal year 2015.

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 97 f.).

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 140.7 million. The Executive Board and Supervisory Board appropriated EUR 5.0 million of this amount to the 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 0.70 per share, up from EUR 0.60 in the prior-year period, to shareholders from the net retained profits of EUR 136.5 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 1.8 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, 2014, 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, 2014.

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.

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(5) 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 issued against cash contributions that are 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 each case in accordance with the authorizing resolution referred to above. The new shares bear 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 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 issue in the amount of approximately EUR 275 million, each bondholder has the right to require 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 noninvestment grade within 90 days of the change of control taking effect. To exercise this right to early repayment, the bondholder has to submit a corresponding exercise notice within 45 days of publication of the event by the issuer.

In the event of a change of control, the lenders of the borrower's note loans in the total amount of EUR 90 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 the case of the loan agreement with the European Investment Bank (EIB) amounting to EUR 150 million as of December 31, 2014, 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 260 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 67. 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 83 ff. of the management report.

Overall Assessment of Business Development

Demand from GEA's customer markets remained steady in fiscal year 2014. At over EUR 4.5 billion, GEA again posted its highest ever revenue despite a slight drop in order intake and negative exchange rate effects. All segments contributed to this growth with record revenue figures. Operating profit (EBITDA) was up 11.4 percent year-on-year to EUR 591 million. This corresponds to an operating EBITDA margin of 13.1 percent. The group's net debt was replaced by EUR 904 million of net liquidity during the course of the year. This was primarily due to the approximately EUR 1 billion in revenue from the sale of the GEA Heat Exchangers Segment, but also to GEA's positive business performance. Financial liabilities in the amount of EUR 407 million were repaid ahead of schedule in the reporting period. With respect to our cash flow drivers, a very good ratio to revenue of 9.0 percent was also achieved. GEA therefore remains in robust economic shape.

As expected, overall there was no further negative impact on earnings attributable to the other companies classified as discontinued operations.

Summing up, it can be said that all material forecasts relating to revenue, profit, and cash flow drivers communicated at the beginning of fiscal year 2014 were met or exceeded, and that GEA Group Aktiengesellschaft's (HGB) net income for the fiscal year made it possible to propose a higher dividend. GEA's business development in 2014 can therefore be considered as positive.

Report on Post-Balance Sheet Date Events

GEA completed its acquisition of the Dutch company de Klokslag on January 2, 2015, after approval by the relevant antitrust authorities.

GEA made an early repayment of EUR 100.0 million on the loan from the European Investment Bank (EIB) in January 2015.

The "Blueprint Detailing" phase of the "Fit for 2020" project was completed at the end of January 2015. This mapped out GEA's new organizational structure in detail, described group-wide standardized processes, and defined responsibilities. The project immediately progressed to the "Implementation Preparation" phase. This will now make all the preparations necessary to implement the new organization, a step which is planned for the second quarter of 2015.

There were no further significant events occurring in the period between the end of fiscal 2014 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 Corporate Governance Declaration 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 implementing the suggestions and recommendations of the German Corporate Governance Code as amended on June 24, 2014 (published in the Federal Gazette on September 30, 2014) to the greatest possible extent.

Declaration of Conformity

On December 18, 2014, 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) that 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 June 24, 2014 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 Executive Board members is not capped according to amount both overall and for all variable compensation components (No. 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 required 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 19, 2013, GEA Group Aktiengesellschaft has complied with the recommendations of the GCGC as amended on May 13, 2013 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 June 24, 2014 with the exception explained above relating to No. 4.2.3 para.2 sent. 6 GCGC.

Düsseldorf, December 18, 2014

For the Supervisory Board
Dr. Jürgen Heraeus

For the Executive Board
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 Anti-Corruption Guideline. Finally, the Company and the European Works Council 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. Based on the Code of Conduct and the "Codes of Conduct" a globally applicable and uniform policy for the areas of Health, Safety & Environment ("HSE") was published in January 2014. The Code of Conduct, the Anti-Corruption Guideline, the HSE policy 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. 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 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. Recently, as of December 1, 2014, GEA Group introduced the so-called Integrity System on a global basis. This Integrity System allows GEA Group employees and external third parties to report suspected compliance violations or violations of the GEA Codes of Conduct via an internet-based system. Moreover, classroom and web-based training sessions are delivered to the group employees responsible for compliance at regular intervals; 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 set up an HSE organization 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 associated with 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 82 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, which 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 three transactions reported to the Company in the fiscal year 2014 were published on the Company's website.

The total number of shares in GEA Group Aktiengesellschaft 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 the fiscal year 2008, this scheme was extended to include level three managers. Details are available in note 6.3.4 (see page 183 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 being the 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 on an ongoing basis. 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 progress, 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 14 and 228 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 progress, 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 the 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 the 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. Commensurate with the best interest of the Company, the decisive criterion for appointments of Supervisory Board members shall always be the specialist expertise and personal suitability of the respective candidate. In its current composition, the Supervisory Board complies with its targets. With Brigitte Krönchen being appointed as new employee representative in November 2014, the number of female Supervisory Board members increases to three and thereby exceeds the self-imposed target of filling a minimum of two seats on the Supervisory Board with women. Ms. Krönchen was appointed by the Düsseldorf District Court at the request of the Executive Board that was supported by the Supervisory Board, the Group Works Council and the German Metalworkers‘ Union (IG Metal).

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 annual 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 on pages 228 and 229 of this Annual Report. In addition, the Report of the Supervisory Board on pages 10 ff. of this Annual Report gives further details on the activities performed by the Supervisory Board and its Committees in 2014, the year under review.

Remuneration Report

Executive Board remuneration

General remarks

The Remuneration Report outlines the key principles applied for determining the total remuneration of the members of the Executive Board of GEA Group and sets out the structure and level of Executive Board remuneration. Furthermore, it specifies the principles and the level of remuneration awarded to the members of the Supervisory Board.

The Remuneration Report comprises details of the remuneration of board members pursuant to the German Commercial Code in accordance with DRS no. 17 (German Accounting Standard 17). Since GEA Group complies with the recommendations of the German Corporate Governance Code (GCGC), this Remuneration Report also includes the model tables on Executive Board remuneration in accordance with GCGC (see page 78 ff.).

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 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 the fiscal year 2014, 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 mainly consists of a fixed annual salary that is paid in twelve equal installments at the end of each calendar month.

The fixed annual salary paid to Jürg Oleas during the year under review amounted to EUR 1,250 thousand. Dr. Helmut Schmale's fixed annual salary was EUR 675 thousand. During the year under review, the fixed annual salaries drawn by Dr. Stephan Petri and Markus Hüllmann amounted to EUR 550 thousand, respectively.

In addition, the Executive Board members receive fringe benefits. During the year under review, they mainly comprised the value of the company car use in accordance with tax regulations, accident insurance premiums, and – for Markus Hüllmann – the reimbursement of costs incurred for the maintenance of two households.

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. The latter 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, for example organic revenue growth relative to global economic growth. 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) is 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 the year 2014, the Supervisory Board has ascertained a 129.2 percent degree of average target achievement (previous year 94.9 percent) 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).

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

- 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 2014, just like the previous year, 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 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 2014, just like the previous year, 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.

The key figures CFDM and ROCE are adjusted for the impact of acquisitions made in the fiscal year 2014 or later. With respect to acquisitions, such adjustment is effected in the year of first-time consolidation, and in the following fiscal year, as the case may be. The adjustment includes all acquisitions that require the consent of the Supervisory Board or the Presiding Committee of the Supervisory Board.

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 is payable (target amount) if 100 percent of the target set in relation to the multi-year component is 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).

During the preceding three-year period an average of 7.9 percent was achieved for the key figure CFDM which is the result of a CFDM of 5.0 percent in 2012, of 9.6 percent in 2013 and of 9.0 percent in 2014. Thus, in 2014 the degree of target achievement for the CFDM amounts to 95.8 percent (previous year 78.6 percent). For the key figure ROCE an average of 20.5 percent was achieved during the preceding three-year period which is the result of a ROCE of 16.7 percent in 2012, of 22.1 percent in 2013 and of 22.6 percent in 2014. Thus, for the financial year 2014 the degree of target achievement for ROCE amounts to 114.8 percent (previous year 106.8 percent). As to the variable remuneration awarded in 2014, the overall degree of target achievement under the multi-year component amounted to 109.9 percent (previous year 84.0 percent).[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 is 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 greater 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.

During 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 2014 and 2016; a payment is scheduled for the fiscal year 2017. As of December 31, 2014, the computed degree of target achievement for the 2014 tranche amounted to 98.7 percent, while totaling 172.2 percent (previous year 182.9 percent) for the 2013 tranche and 136.8 percent for the 2012 tranche (previous year 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				
					2012	2013	2014	2015	2016
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 currently applicable 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 re-appointment or new appointment of Executive Board members. The service agreements covering the tenures of Dr. Helmut Schmale and Dr. Stephan Petri commencing on April 1, 2015, or June 1, 2015, respectively, already provide for such a special bonus cap.

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 has completed 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, any agreed severance payment will be deducted from his transitional benefits. All and 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.

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.

As the contractual pension commitments made to the members of the Executive Board had only been partly protected against insolvency, namely in the amount of the sum covered by the Pensions-Sicherungs-Verein (Pension Protection Fund – PSV), the Supervisory Board decided to take out pension plan reinsurance policies to secure the proportion of the pension benefits not covered by the PSV for the benefit of the individual Executive Board members. At the same time, the members of the Executive Board were granted a capitalization option. The level of the capitalization amount is equivalent to the pension liabilities ascertained by applying the basis of calculation used for the purpose of preparing the consolidated financial statements. Such capitalization option may be exercised upon retirement, but no earlier than age 62. It will be possible to exercise this option in part or several times. Any exercise of such capitalization option will entail a corresponding reduction of entitlements under the contractually guaranteed benefits for surviving dependents.

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 the fiscal year 2014. The corresponding amounts comprise service cost and interest cost.

(in EUR)	Pension benefits p.a. (as of 12/31/2014) (annual entitlements at start of pension)	Annual pension entitlements earned as of 12/31/2014	Additions to pension provisions in fiscal year 2014	Present value of pension benefits as of 12/31/2014
Jürg Oleas	360,000	273,333	514,965	8,280,734
Dr. Helmut Schmale	200,000	170,227	277,738	5,294,237
Dr. Stephan Petri *	245,535	158,706	248,134	5,469,005
Markus Hüllmann *	216,912	157,273	154,120	4,563,583
Total	**1,022,447**	**759,539**	**1,194,957**	**23,607,559**

*) 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 from own contributions for deferred compensation in connection with their participation in the pension scheme for GEA executives prior to their appointment as members of the Executive Board. The amount for Dr. Petri is EUR 33,855 and EUR 16,912 for Markus Hüllmann (calculated based on a retirement age of 62 respectively). Due to his participation in the deferred compensation system for members of the Executive Board, Dr. Petri is entitled to benefits in the amount of EUR 11,680 (calculated based on a retirement age of 62).

Remuneration of former Executive Board members and their surviving dependents

In the fiscal year 2014, former members of the Executive Board and their surviving dependents received remunerations in the amount of EUR 5,168 thousand (previous year EUR 5,129 thousand) from GEA Group. As of December 31, 2014, GEA Group had set up pension provisions totaling EUR 64,494 thousand (previous year EUR 61,715 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 2014 and 2013

During the year under review, total remunerations paid to active Executive Board members of GEA Group Aktiengesellschaft amounted to EUR 6,579,456 and comprised both a fixed component of EUR 3,025,000 and a variable bonus of EUR 3,415,286. The bonus attributable to the long-term share price component is based on the fair value at grant date (January 1, 2014) and amounted to EUR 215,275 for Jürg Oleas, EUR 116,249 for Dr. Schmale, EUR 94,721 for Markus Hüllman, and EUR 94,721 for Dr. Petri, i.e. a total of EUR 520,966 during the year under review.

In the fiscal year 2013, the total remuneration paid to active Executive Board members 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 accounted for by the long-term share price component was based on the fair value of the entitlement 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. Helmut Schmale, EUR 26,583 for Niels Graugaard, EUR 50,853 for Markus Hüllmann, as well as EUR 77,209 for Dr. Stephan Petri, i.e. a total of EUR 424,877 in the fiscal year 2013.

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 component[1]			
Jürg Oleas	1,250,000	648,500	549,500	215,275	24,244	–	**2,687,519**
Previous year	1,250,000	474,466	419,946	175,475	25,414	–	**2,345,301**
Dr. Helmut Schmale	675,000	350,190	296,730	116,249	44,978	6,747	**1,489,894**
Previous year	675,000	256,211	226,771	94,757	45,953	6,448	**1,305,140**
Niels Graugaard (Previous year)[3]	214,245	56,808	54,082	26,583	16,601	26,781	**395,100**
Dr. Stephan Petri [2]	550,000	280,500	241,780	94,721	21,168	6,747	**1,194,916**
Previous year	550,000	208,765	184,776	77,209	22,143	6,586	**1,049,479**
Markus Hüllmann [2]	550,000	285,340	241,780	94,721	35,286	–	**1,207,127**
Previous year	412,500	156,574	138,582	50,853	24,121	–	**782,630**
Total	**3,025,000**	**1,564,530**	**1,329,790**	**520,966**	**125,676**	**13,494**	**6,579,456**
Previous year	**3,101,745**	**1,152,824**	**1,024,157**	**424,877**	**134,232**	**39,815**	**5,877,650**

1) During 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 2014 and 2016. The bonus payable under the long-term share price component is based on the fair value at grant date (January 1, 2014).
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 or EUR 35,566, respectively, in the fiscal year 2013. Apart from that, Markus Hüllmann received 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.
3) Termination of service agreement in April 2013.

Supplementary disclosures on share-based remuneration for the period 2012 to 2014

In the fiscal years 2012 until 2014, share-based remuneration for the Executive Board was granted in the form of a long-term share price component. 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 12/31/2014	Fair value as of 12/31/2013
Jürg Oleas	1,110,575	798,775
Dr. Helmut Schmale	596,289	427,922
Niels Graugaard	248,135	241,448
Dr. Stephan Petri	425,926	288,830
Markus Hüllmann	283,157	150,860
Total	**2,664,082**	**1,907,835**

Supplementary disclosures on share-based remuneration for 2010 and 2011

In the 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 the 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 the fiscal year 2011 are provided in the 2011 Annual Report (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 the fiscal years 2010 and 2011 may be inferred from the table below. The long-term bonuses for the fiscal year 2010 were paid out during the year under review. In addition, Niels Graugaard received his long-term bonus for the fiscal year 2011 during the year under review. Due to the termination of his service agreement in April 2013, the holding period applicable to the phantom shares under the long-term bonus for 2011 went down to one year commencing on the day of termination pursuant to the terms and conditions set out in the contract.

Phantom shares	Number of awarded shares	Fair value (in EUR)	
	2010 and/or 2011	12/31/2014	12/31/2013
Jürg Oleas			
2010 tranche (number of phantom shares in 2010; paid out in 2014)	26,589	–	943,766
2011 tranche (number of phantom shares in 2011)	40,997	1,570,185	1,463,593
Dr. Helmut Schmale			
2010 tranche (number of phantom shares in 2010; paid out in 2014)	16,120	–	572,173
2011 tranche (number of phantom shares in 2011)	20,498	785,073	731,779
Niels Graugaard			
2010 tranche (number of phantom shares in 2010; paid out in 2014)	15,178	–	538,737
2011 tranche (number of phantom shares in 2011; paid out in 2014)	19,965	–	712,751
Total	**139,347**	**2,355,258**	**4,962,799**

In the fiscal year 2014, 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 437 thousand for Jürg Oleas (previous year EUR 1,383 thousand), EUR 233 thousand for Dr. Schmale (previous year EUR 745 thousand), EUR –3 thousand for Niels Graugaard (previous year EUR 546 thousand), EUR 137 thousand for Dr. Petri (previous year EUR 258 thousand) and EUR 132 thousand for Markus Hüllmann (previous year EUR 151 thousand).

Further information on the awarded phantom shares and the long-term share price component is outlined in note 6.3.4 (see page 183 ff.) to the consolidated financial statements.

Supplemental disclosures on recognized expenditure and paid out remuneration

In the financial year 2014 expenditure in the aggregate amount of EUR 8,189,727 (previous year EUR 11,078,091) was recognized for the members of the Executive Board. Besides expenditure for fixed and variable remuneration, this also comprises non-cash benefits, pension subsidies, additions to pension provisions (service and interest cost) as well as changes in value of the entitlements to share-based remuneration which were recognized as interest expense. In the year under review remuneration components in the aggregate amount of EUR 7,992,205 (previous year EUR 5,063,483) were paid out. The payout amounts include non-performance-related remuneration components and disbursements of variable remuneration for the previous year as well as amounts disbursed in the year under review for variable multi-year remuneration components.

(EUR)	Recognized expenditure	Paid out remuneration
Jürg Oleas	3,424,448	3,115,316
Previous year	4,046,250	2,007,414
Dr. Helmut Schmale	1,884,471	1,783,620
Previous year	2,205,578	1,115,361
Niels Graugaard [1]	-3,440	1,241,371
Previous year	1,004,813	737,478
Dr. Stephan Petri [3]	1,485,425	971,456
Previous year	1,484,636	766,609
Markus Hüllmann [2, 3]	1,398,823	880,442
Previous year	2,336,814	436,621
Total	**8,189,727**	**7,992,205**
Previous year	**11,078,091**	**5,063,483**

1) Termination of service agreement in April 2013.
2) Member of the Executive Board since April 2013.
3) 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 or EUR 35,566, respectively, in the fiscal year 2013. Apart from that, Markus Hüllmann received 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.

Executive Board remuneration in accordance with the model tables under GCGC

Model table 1 on section 4.2.5 para. 3 (1st bullet point) GCGC "Value of the benefits granted for the year under review"

Benefits granted	Jürg Oleas				Dr. Helmut Schmale			
	Chairman of the Executive Board				Chief Financial Officer			
	2013	2014	Min. (2014)	Max. (2014) [2]	2013	2014	Min. (2014)	Max. (2014) [2]
Fixed remuneration	1,250,000	1,250,000	1,250,000	1,250,000	675,000	675,000	675,000	675,000
Fringe benefits	25,414	24,244	24,244	24,244	45,953	44,978	44,978	44,978
Pension subsidies	0	0	0	0	6,448	6,747	6,747	6,747
Total non-performance-related components	**1,275,414**	**1,274,244**	**1,274,244**	**1,274,244**	**727,401**	**726,725**	**726,725**	**726,725**
One-year variable remuneration	**500,000**	**500,000**	**0**	**1,000,000**	**270,000**	**270,000**	**0**	**540,000**
Individual component	500,000	500,000	0	1,000,000	270,000	270,000	0	540,000
Multi-year variable remuneration	**675,475**	**715,275**	**0**	**2,000,000**	**364,757**	**386,249**	**0**	**1,080,000**
Multi-year component	500,000	500,000	0	1,250,000	270,000	270,000	0	675,000
Long-term share price component (tranche 2013)[1]	175,475	0	0	0	94,757	0	0	0
Long-term share price component (tranche 2014)[1]	0	215,275	0	750,000	0	116,249	0	405,000
Total performance-related components	**1,175,475**	**1,215,275**	**0**	**3,000,000**	**634,757**	**656,249**	**0**	**1,620,000**
Service cost	356,385	363,741	363,741	363,741	152,597	166,152	166,152	166,152
Total remuneration (GCGC)	**2,807,274**	**2,853,360**	**1,637,985**	**4,637,985**	**1,514,755**	**1,549,126**	**892,877**	**2,512,877**

1) The bonus attributable to the long-term share price component is based on the fair value of the entitlement at grant date. Grant date for the Tranche 2013 was 01/01/2013 (and 04/01/2013 respectively for Markus Hüllmann) and for the Tranche 2014 01/012014.
2) Not taking into account the possibility of granting a special discretionary bonus.

Benefits granted	Markus Hüllmann				Dr. Stephan Petri			
	Member of the Executive Board				Member of the Executive Board			
	Since 04/01/2013							
	2013	2014	Min. (2014)	Max. (2014) [2]	2013	2014	Min. (2014)	Max. (2014) [2]
Fixed remuneration	412,500	550,000	550,000	550,000	550,000	550,000	550,000	550,000
Fringe benefits	24,121	35,286	35,286	35,286	22,143	21,168	21,168	21,168
Pension subsidies	0	0	0	0	6,586	6,747	6,747	6,747
Total non-performance-related components	**436,621**	**585,286**	**585,286**	**585,286**	**578,729**	**577,915**	**577,915**	**577,915**
One-year variable remuneration	**165,000**	**220,000**	**0**	**440,000**	**220,000**	**220,000**	**0**	**440,000**
Individual component	165,000	220,000	0	440,000	220,000	220,000	0	440,000
Multi-year variable remuneration	**215,853**	**314,721**	**0**	**880,000**	**297,209**	**314,721**	**0**	**880,000**
Multi-year component	165,000	220,000	0	550,000	220,000	220,000	0	550,000
Long-term share price component (tranche 2013) [1]	50,853	0	0	0	77,209	0	0	0
Long-term share price component (tranche 2014) [1]	0	94,721	0	330,000	0	94,721	0	330,000
Total performance-related components	**380,853**	**534,721**	**0**	**1,320,000**	**517,209**	**534,721**	**0**	**1,320,000**
Service cost	1,427,383	94,387	94,387	94,387	202,773	178,410	178,410	178,410
Total remuneration (GCGC)	**2,244,857**	**1,214,394**	**679,673**	**1,999,673**	**1,298,711**	**1,291,046**	**756,325**	**2,076,325**

1) The bonus attributable to the long-term share price component is based on the fair value of the entitlement at grant date. Grant date for the Tranche 2013 was 01/01/2013 (and 04/01/2013 respectively for Markus Hüllmann) and for the Tranche 2014 01/012014.
2) Not taking into account the possibility of granting a special discretionary bonus.

Benefits granted	Niels Graugaard [1]
	Member of the Executive Board
	Until 04/18/2013
	2013
Fixed remuneration	214,245
Fringe benefits	16,601
Pension subsidies	26,781
Total non-performance-related components	**257,627**
One-year variable remuneration	**56,808**
Individual component	56,808
Multi-year variable remuneration	**80,665**
Multi-year component	54,082
Long-term share price component (tranche 2013) [2]	26,583
Long-term share price component (tranche 2014) [2]	0
Total performance-related components	**137,473**
Service Cost	80,560
Total remuneration (GCGC)	**475,660**

1) Regarding his variable remuneration for the financial year 2013 and due to his retirement during the year 2013, it was agreed with Niels Graugaard that the amounts respectively defined for the financial year 2012 were paid out on a pro rata temporis basis for the individual component and the multi-year component. For the valuation of the long-term share price component the pro rata temporis target amount for the financial year 2012 was taken as a basis.
2) The bonus attributable to the long-term share price component is based on the fair value of the entitlement at grant date. Grant date for the Tranche 2013 was 01/01/2013 (and 04/01/2013 respectively for Markus Hüllmann) and for the Tranche 2014 01/012014.

Model table 2 on section 4.2.5 para. 3 (2nd bullet point) GCGC "Allocation for the year under review"

Allocation	Jürg Oleas		Dr. Helmut Schmale	
	Chairman of the Executive Board		Chief Financial Officer	
	2013	2014	2013	2014
Fixed remuneration	1,250,000	1,250,000	675,000	675,000
Fringe benefits	25,414	24,244	45,953	44,978
Pension subsidies	0	0	6,448	6,747
Total non-performance-related components	**1,275,414**	**1,274,244**	**727,401**	**726,725**
One-year variable remuneration	**474,466**	**648,500**	**256,211**	**350,190**
Individual component	474,466	648,500	256,211	350,190
Multi-year variable remuneration	**419,946**	**1,496,160**	**226,771**	**870,643**
Multi-year component	419,946	549,500	226,771	296,730
Phantom shares (tranche 2010)	0	946,660	0	573,913
Phantom shares (tranche 2011)	0	0	0	0
Total performance-related components	**894,412**	**2,144,660**	**482,982**	**1,220,833**
Service	356,385	363,741	152,597	166,152
Total remuneration (GCGC)	**2,526,211**	**3,782,645**	**1,362,980**	**2,113,710**

Allocation	Markus Hüllmann		Dr. Stephan Petri	
	Member of the Executive Board		Member of the Executive Board	
	Since 04/01/2013			
	2013	2014	2013	2014
Fixed remuneration	412,500	550,000	550,000	550,000
Fringe benefits	24,121	35,286	22,143	21,168
Pension subsidies	0	0	6,586	6,747
Total non-performance-related components	**436,621**	**585,286**	**578,729**	**577,915**
One-year variable remuneration	**156,574**	**285,340**	**208,765**	**280,500**
Individual component	156,574	285,340	208,765	280,500
Multi-year variable remuneration	**138,582**	**241,780**	**184,776**	**241,780**
Multi-year component	138,582	241,780	184,776	241,780
Phantom shares (tranche 2010)	0	0	0	0
Phantom shares (tranche 2011)	0	0	0	0
Total performance-related components	**295,156**	**527,120**	**393,541**	**522,280**
Service	1,427,383	94,387	202,773	178,410
Total remuneration (GCGC)	**2,159,160**	**1,206,793**	**1,175,043**	**1,278,605**

Allocation	Niels Graugaard	
	Member of the Executive Board	
	Until 04/18/2013	
	2013	2014
Fixed remuneration	214,245	0
Fringe benefits	16,601	0
Pension subsidies	26,781	0
Total non-performance-related components	**257,627**	**0**
One-year variable remuneration	**56,808**	**0**
Individual component	56,808	0
Multi-year variable remuneration	**54,082**	**1,241,371**
Multi-year component	54,082	0
Phantom shares (tranche 2010)	0	540,385
Phantom shares (tranche 2011)[1]	0	700,986
Total performance-related components	**110,890**	**1,241,371**
Service	80,560	0
Total remuneration (GCGC)	**449,077**	**1,241,371**

1) Due to the termination of Niels Graugaard's service agreement in April 2013, the holding period for the phantom shares under the 2011 long-term bonus was reduced to one year from the effective date of termination in accordance with the terms and conditions of the agreement. For this reason, the relevant amount was already paid out in 2014.

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.

During the year under review, the expenses incurred for the Supervisory Board amounted to EUR 1,159 thousand (previous year EUR 1,168 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. In the fiscal year 2014, the Supervisory Board held seven meetings, the Presiding Committee met on four and the Audit Committee was convened on five occasions.

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 2014 compared with the previous year:

(EUR)	Supervisory Board remuneration	Presiding Committee remuneration	Audit Committee remuneration	Attendance fees	**Total**
Dr. Heraeus	125,000	70,000	35,000	14,000	**244,000**
Previous year	125,000	70,000	35,000	15,000	**245,000**
Siegers *	75,000	35,000	–	11,000	**121,000**
Previous year	75,000	35,000	–	11,000	**121,000**
Bastaki	50,000	–	–	6,000	**56,000**
Previous year	50,000	–	–	6,000	**56,000**
Prof. Dr. Bauer	50,000	–	–	7,000	**57,000**
Previous year	50,000	–	–	8,000	**58,000**
Eberlein	50,000	–	70,000	12,000	**132,000**
Previous year	50,000	–	70,000	12,000	**132,000**
Gröbel *	50,000	35,000	–	11,000	**96,000**
Previous year	50,000	35,000	–	12,000	**97,000**
Hunger * (until October 31, 2014)	41,667	–	29,167	11,000	**81,834**
Previous year	50,000	–	35,000	12,000	**97,000**
Kämpfert	50,000	–	–	6,000	**56,000**
Previous year	50,000	–	–	7,000	**57,000**
Kerkemeier *	50,000	–	–	7,000	**57,000**
Previous year	50,000	–	–	6,000	**56,000**
Krönchen * (since November 5, 2014)	7,808	–	–	1,000	**8,808**
Previous year	–	–	–	–	**–**
Löw *	50,000	–	35,000	13,000	**98,000**
Previous year	50,000	–	35,000	12,000	**97,000**
Dr. Perlet	50,000	35,000	–	11,000	**96,000**
Previous year	50,000	35,000	–	10,000	**95,000**
Spence	50,000	–	–	5,000	**55,000**
Previous year	50,000	–	–	7,000	**57,000**
Total	**699,475**	**175,000**	**169,167**	**115,000**	**1,158,642**
Previous year	**700,000**	**175,000**	**175,000**	**118,000**	**1,168,000**

*) The employee representatives from the Works Council and the Union remit their respective remuneration to the Hans Böckler Foundation in accordance with the applicable guidelines.

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 changed only immaterially as against the previous year. As in previous years, the structure of GEA Group with its regional and industry diversification offers protection to a large extent against 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. In addition, risks arising from the former operations of Ruhr-Zink GmbH were transferred to a municipal development corporation belonging to the city of Datteln.

As part of its "GEA 2020" corporate strategy, the Company decided to sharpen the focus of its portfolio in order to further strengthen its position as a leading system provider for the food industry and other sophisticated process industries. Significant progress was made in this area in 2014 with the successful sale of the GEA Heat Exchangers Segment.

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

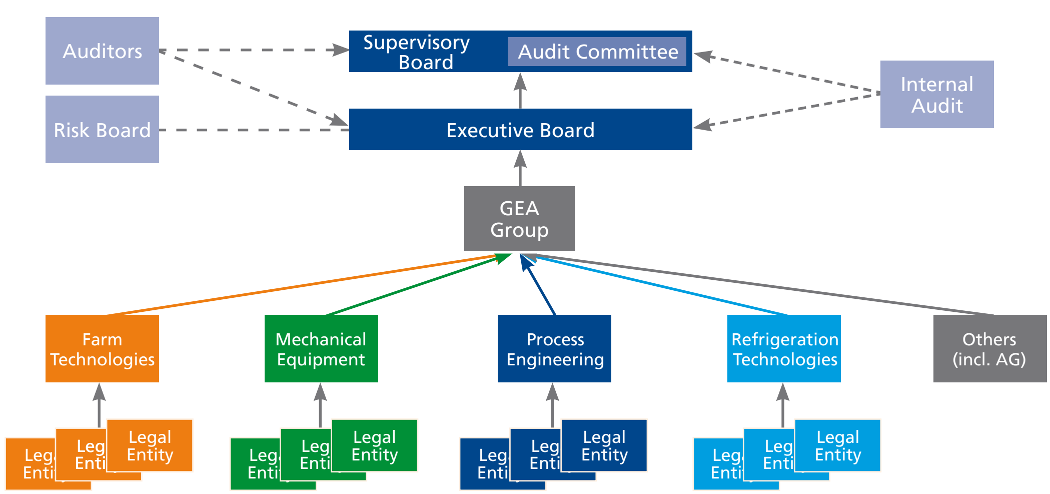
Risk management system

All group companies are integrated into GEA Group's risk management system. Quarterly risk reports and size-related ad hoc risk reports aim to 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.

Risk management organization



GEA Group's risk management system is based on the management hierarchy. Risks are reported to the next highest management level using predefined thresholds.

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.

Additional modules were added to GEA Group's risk management system in fiscal year 2013 in order to systematically capture 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 their probability of occurrence. In addition, the timing (less than or more than one year) of each risk is individually assessed.

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	Impact on financial and earnings position between EUR 0.25 - 2.5 million
Moderate	Impact on financial and earnings position between EUR 2.5 - 10 million
Considerable	Impact on financial and earnings position > EUR 10 million

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 of 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 90).

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), the 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, the ICS aims to ensure the early identification, assessment, and management of those risks and opportunities that could materially influence the Company's ability to achieve its strategic, operating, financial, and compliance-related objectives.

Legal risks

Legal risks are not quantified in detail since disclosing the specific probability of occurrence could have a material effect on the group's position in current litigation or other legal disputes.

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 can 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 demand 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, shifts in currency parities, or a credit squeeze 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 classified 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 stainless steel, copper, and aluminum. 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.

GEA's business processes are highly dependent on information technology. The failure or malfunction of critical systems could result in risks relating to confidentiality, availability, and integrity, and key business processes could be compromised. GEA protects its IT systems against unauthorized access to the extent that this is economically feasible. The relevant security systems are updated on an ongoing basis.

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 classified 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.

The sale of the GEA Heat Exchangers Segment resulted in risks in the form of financial obligations towards the purchaser. These relate to contractual warranties and indemnifications, as well as risk sharing for major projects. This issue is assessed as a medium risk overall, with a low probability of occurrence.

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 52 f.). 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.

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 recognized for the measures in 2014, as in past years. This could give rise to both risks and opportunities in relation to the financial position and results of operations. Their probability is regarded as medium and their materiality as moderate.

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 150 ff.).

Based on a gross assessment, the financial risks described below are considered in principle to be both considerable 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 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 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 the use of cash funds and borrowing 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 in order to identify opportunities at an early stage and appropriately assess the potential they offer (see page 83 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 2015 with an unchanged high order backlog. 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.

Economic environment in 2015

Global economy

As described in the section on the macroeconomic environment in the report on the economic position (see page 27 f.), 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 the January 2015 update to its World Economic Outlook, the IMF reduced its forecast for global economic growth in 2015 against its October 2014 estimates. The key factors behind this adjusted outlook are the decreased growth rates in China, Russia, the eurozone, and Japan, as well as the fall in oil prices and the associated drop in activity among oil exporters. The IMF's economists now expect global growth of 3.5 percent in 2015. In the following year, they expect the global economy to pick up slightly, achieving growth of 3.7 percent. The forecast growth rates for 2015 and 2016 are both 0.3 percentage points below the figures published last October.

Overall, the IMF says that, while the global economy is benefitting from the low oil prices, especially in the major economies, these benefits are more than offset by negative factors such as the clear decline in investments. According to the IMF, too many countries are still suffering the effects of the severe crisis, including high unemployment and debt. It believes that too little is being invested and consumed overall.

Growth in the industrialized nations

The IMF sees only a slight change in the overall outlook for the industrialized nations. In fact, the significantly increased growth forecast for the U.S.A. resulted in a slight improvement in the outlook for 2015, which rose by 0.1 percentage points to 2.4 percent. The growth forecast for 2016 remains unchanged and also amounts to 2.4 percent.

More specifically, the IMF has reduced its eurozone growth forecast by 0.2 points to 1.2 percent this year due to weaker investment prospects. Growth in the coming year is also expected to be a mere 1.4 percent. This is 0.3 percentage points lower than previous forecast. As is also the case in Japan, the IMF is worried about stagnation and low inflation in the eurozone. The IMF expects the German economy to grow by just 1.3 percent this year, followed by 1.5 percent in 2016. This represents a drop of 0.2 and 0.3 percentage points respectively compared with the last forecast.

The growth forecast for the U.S.A. was revised upwards due to strong domestic demand, increasing markedly by 0.5 percentage points to 3.6 percent. This means that the world's largest economy has recovered more quickly than was previously expected. The positive growth is set to continue in 2016, rising by 0.3 percentage points as against the previous forecast, to 3.3 percent.

Growth in the emerging markets

By contrast, growth forecasts for the emerging markets, including China and Russia, were significantly reduced. Overall, the IMF expects growth of just 4.3 percent in 2015 and 4.7 percent in 2016 – a reduction in its outlook for these key regions of 0.6 and 0.5 percentage points respectively.

The IMF again reduced its economic growth forecast for China, which to date has been one of the world's most important growth regions. The Chinese economy is now expected to grow by just 6.8 percent this year, 0.3 percentage points lower than previously forecast. This would be its lowest growth rate since 1990. Demand in China is failing to meet expectations according to the Fund. That said, the IMF expressly welcomed China's decision to reduce the economy's dependence on the real estate sector and the shadow banking system, and to stimulate domestic demand. However, it said that the slowdown in China is also having a knock-on effect on the forecasts for other Asian regions.

The IMF is particularly negative about Russia's growth prospects. The country has been hit hard by the dramatic drop in global oil prices and the sharp depreciation of the ruble. Added to this are negative factors such as the international economic sanctions resulting from the conflict in Ukraine. The IMF expects the Russian economy to contract by 3.0 percent in 2015, down a substantial 3.5 percentage points on its previous forecast. The predicted recession in Russia will also have a negative impact on growth in other Eastern European countries.

Economic risks

According to the IMF, there are also serious economic risks in addition to the developments in the individual regions of the world. These include the different monetary policy approaches being taken in the major economies. The prospect of the first interest rate rise in the U.S.A. since 2006 could have an adverse effect on the emerging markets and global financial stability. The strong U.S. dollar could also negatively impact weaker economies.

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 2014" that demand for agricultural products will remain stable, although growth rates will be slower than in the past decade. Although cereals will remain the staple human food, the forecast states that growing incomes, urbanization, and changes in eating habits will increasingly contribute to changes in many people's diets. Foods that are higher in protein, fat, and sugar will assume greater significance.

According to the forecast, livestock and biofuel production are projected to grow at a faster rate than crop production in the next decade. Crop prices are expected to decline for the next one or two years, before stabilizing at levels above those observed pre-2008, albeit significantly below recent peaks. Meat, dairy, and fish prices are expected to rise in the long term.

Economic environment for GEA

GEA's planning for the current 2015 fiscal year assumes that demand in its sales markets will be moderately higher than the high levels seen in 2014.

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 and beverages,
4. The increasing demand for production methods that are efficient and conserve valuable resources.

The United Nations assumes that the world's population, which currently stands at approximately 7.3 billion people, will rise over the coming years by around 80 million people per year (see World Population Prospects, 2012; World Urbanization Prospects, 2014). According to UN estimates, the population should increase to nearly 8.2 billion in the period up to 2025. 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 – which is why innovative process technology is needed.

Linked to this growth is an increasing degree of urbanization. The number of people living in towns and cities rose from 746 million in 1950 to 3.9 billion in 2014. This means that at 54 percent, more than half of the world's population now lives in urban areas. This figure is set to expand by a further 2.5 billion people by 2050, particularly in Asia and Africa. In addition, more and more foods must be preserved for longer and be easier to transport in order to secure the necessary supplies for metropolitan areas and to maintain world trade. Here, as well, only 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 presented in this chapter, and the impact of the various megatrends 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.

The World Bank expects that the across-the-board declines in industrial commodity prices (energy, metals and minerals, and agricultural raw materials) will continue in 2015 (see Commodity Markets Outlook, January 2015). For example, metal prices are expected to drop by a further 5.3 percent on average, largely due to reduced demand in China, which previously accounted for almost half of global metal consumption.

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 2015 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 2015 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 2014, 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

GEA Group is aiming to generate moderate organic revenue growth in 2015. The GEA Mechanical Equipment and GEA Process Engineering Segments are expected to record slight to moderate growth, while the GEA Refrigeration Technologies Segment should see above-average growth. This forecast, which is below the increase achieved in 2014, is largely due to the lower growth in capital goods that is expected in light of lower growth rates in the emerging markets. Although the significant fall in oil prices will generate growth momentum – with the exception of the oil processing industry and in the oil producing countries – the necessary structural reforms in some countries and the ongoing high geopolitical risk are perceived as having a negative impact on global economic growth.

Earnings

We expect operating EBITDA to reach EUR 580 million to EUR 620 million during this period. No major differences in earnings trends between the GEA Group segments are expected. The term "operating" means that the earnings figures are adjusted for the effects of the remeasurement of new assets resulting from 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 2015.

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 continue to 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 0.70 per share for 2014 to the Annual General Meeting. This represents an increase in the total dividend of 16.7 percent to EUR 134.7 million. This dividend payment would also be in line with our new objective of distributing between 40 and 50 percent of net income to our shareholders.

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. With regard to the distribution ratio, our long-term objective is to distribute between 40 and 50 percent of net income to our shareholders.

Düsseldorf, February 26, 2015

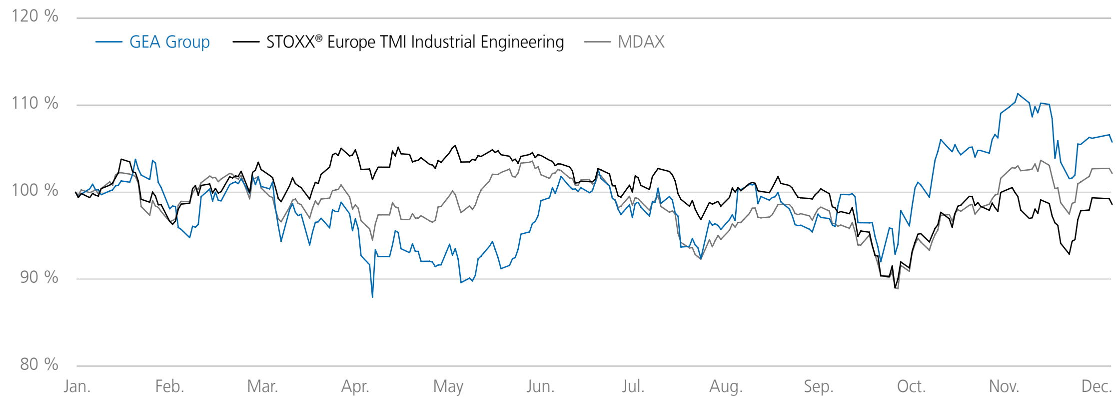
Jürg Oleas | Dr. Helmut Schmale | Markus Hüllmann | Dr. Stephan Petri

GEA Shares / Investor Relations

Performance of GEA Group shares on the capital markets

Developments on the international capital markets in 2014 were dominated by the continuing expansionary monetary policy measures taken by the central banks, as well as by economic and in particular geopolitical factors and associated volatility. Although the global stock markets initially continued their rally at the beginning of the year, they gave up their gains again at the end of the first quarter due to increasing concerns about the Crimea crisis and economic growth in China. Driven by more expansionary monetary policy measures by the ECB, the international stock markets continued their positive performance in the second quarter, pushing the DAX past the 10,000 point mark for the first time in its history to 10,009 points on June 9. Very weak economic data for the European Economic Area and fear of an Ebola pandemic led to a slump on the stock markets at the beginning of October, pushing indices down to their annual lows. On October 15, the DAX reached a low of 8,572 points and the STOXX® Europe TMI Industrial Engineering 307.75 points. The MDAX reached its annual low of 14,733 points on October 16. Additional expansionary monetary policy measures by the Bank of Japan led to a strong recovery by the stock markets in the middle of October. The DAX reached an all-time high of 10,087 points on December 5. It closed on December 30 at 9,806 points, up 2.7 percent over the course of the year. The MDAX also reached its highest-ever level on December 5, at 17,184 points. It closed on December 30 at 16,935 points, a 2.2 percent gain. The STOXX® Europe TMI Industrial Engineering index ended the year at 340.93 points, a decline of 1.4 percent over the course of the year.

GEA's share price performed encouragingly over the course of the fiscal year in a market environment dominated by strong economic and political factors. GEA's shares also rose at first on the back of the stock market rally at the start of the year, reaching EUR 35.91 on January 22 – the highest price in the last two decades. Profit taking as a result of the weaker-than-expected outlook for full-year 2014 that was announced on February 6 put GEA's shares under pressure, pushing them down to an annual low of EUR 30.42 on April 15 during the general market correction of cyclical stocks in particular. The announcement of a new group structure plus associated savings targets and a higher dividend payment policy then led to strong gains, allowing GEA shares to clearly break through their resistance level of EUR 36 in the fourth quarter. On November 27, GEA Group Aktiengesellschaft shares reached EUR 38.52, a new high for the last 20 years. As a result of profit taking at the end of the year, GEA shares achieved a closing price of EUR 36.60 on December 30, an increase of 5.8 percent in 2014. This meant that the shares significantly outperformed the DAX, the MDAX, and 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 (12/31/2014)	Share development	Market capitalization *	
Last 3 months	+5.6	+5.6	percentage points
Last 6 months	+8.5	+8.5	percentage points
Last 9 months	+14.5	+14.5	percentage points
Last 12 months	+7.2	+7.2	percentage points
Last 24 months	+39.3	+39.3	percentage points
Last 36 months	+32.6	+40.5	percentage points

> 10 percentage points   3 bis 10 percentage points   3 bis -3 percentage points   -3 bis -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, 2014, 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 led to a market capitalization of EUR 7.0 billion as of the end of 2014 compared with EUR 6.7 billion in December 2013, a 5.8 percent increase. The monthly index ranking of all listed German companies in the DAX, MDAX, SDAX, and TecDAX published by Deutsche Börse on December 30 ranked GEA Group Aktiengesellschaft 31st (previous year: 32nd) in terms of market capitalization and 43rd (previous year: 41st) in terms of trading volume. At 0.4 million shares, the average daily trading volume in official exchange trading in fiscal 2014 remained unchanged (prior year: 0.4 million shares).

As in previous years, GEA Group Aktiengesellschaft performed detailed analyses of its shareholder structure in 2014. The current analysis from the fourth quarter of 2014 identified 86 percent of the Company's shareholders. Institutional investors held 79 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: 24 percent). American investors hold second place with around 13 percent of all GEA shares (previous year: 11 percent), followed by French investors, who hold nearly 11 percent of the shares (previous year: 11 percent). The share of institutional investors from Germany remained unchanged at around 8 percent. In an encouraging development, institutional investors with a long-term orientation expanded their share from 64 to 67 percent of all GEA Group Aktiengesellschaft shares. This highlights the attractiveness of GEA's business model for long-term investors in particular. Less than 1 percent of shares were held by hedge funds. As a result, GEA Group Aktiengesellschaft has a stable shareholder structure, which has changed only slightly over time.

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 in the fourth quarter of 2014

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 in the fourth quarter of 2014

Investor relations activities

GEA Group takes its task of maintaining close contact with capital market players – and hence close relationships with its shareholders, potential investors, and analysts – extremely seriously. In 2014, for example, GEA Group's investor relations activities again facilitated an ongoing, effective dialog with the capital markets. The Company used these activities 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. In 2014, it held a total of 36 roadshows. GEA representatives also took part in 27 conferences, as well as holding 504 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.

In addition to the sale of the GEA Heat Exchangers Segment, investor relations activities in 2014 focused on the launch of the "GEA 2020" strategy and the corresponding reorganization of the group structure with the "Fit for 2020" initiative (see page 28 ff.). To this end, GEA held a Capital Markets Day in London in October 2014 to present analysts and investors with detailed information about GEA's new strategic orientation on the food industry as its main customer industry, as well as the related organizational changes and planned potential cost savings. This raised awareness of GEA's shares among investors, some of whom also became new shareholders.

Earnings per share

Earnings per share (EPS) amounted to EUR 1.66 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 were outstanding in the reporting period.

Key performance indicators for GEA Group shares	2014	2013
Shares issued (December 31, million)	192.5	192.5
Average shares outstanding (million)	192.5	192.5
Share price (December 31, EUR) [1]	36.60	34.60
High (EUR)	38.52	34.89
Low (EUR)	30.42	24.66
Market capitalization (December 31, EUR billion) [2]	7.05	6.66
Average daily trading volume (million)	0.4	0.4
Earnings per share pre purchase price allocation (EUR)	1.76	1.86
Earnings per share (EUR)	1.66	1.75
Earnings per share from continuing operations (EUR)	1.49	1.47
Earnings per share from discontinuing operations (EUR)	0.18	0.28
Dividend per share (EUR) [3]	0.70	0.60
Total dividend (EUR million) [3]	134.8	115.5
Pay-out ratio [3]	42.0	34.4

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, 2015, that an increased dividend of EUR 0.70 per no-par value share be paid again for fiscal year 2014 (previous year: EUR 0.60). As a result, the distribution ratio is within the new target range, which was raised from one-third of the Group's earnings to between 40 and 50 percent. This represents a dividend yield of 1.9 percent on the share price of EUR 36.60 on December 30, 2014.

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 subsequently sold.

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. Both agencies raised their ratings of GEA Group Aktiengesellschaft's creditworthiness in fiscal year 2014, resulting in the following ratings for the GEA Group:

	2014		2013	
Agency	Rating	Outlook	Rating	Outlook
Moody's	Baa2	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 0.4 percent as of December 31, 2014 (bond price: EUR 104.95) following an issue yield of 4.33 percent.

To optimize its group financing structure, GEA Group Aktiengesellschaft took various measures in fiscal year 2014 which allowed it to reduce its financial liabilities ahead of schedule by more than EUR 400 million. In doing so, GEA systematically implemented its previously announced financial policy of using part of the proceeds of approximately EUR 1 billion from the sale of the Heat Exchangers Segment to repay its financial liabilities. This highlights how important it is for GEA to maintain its investment grade rating, and also serves to improve its financial result. Specifically, two loans totaling around EUR 72 million from Kreditanstalt für Wiederaufbau (KfW) were initially repaid. In addition, GEA repurchased bonds amounting to EUR 125 million. The remaining bonds totaling approximately EUR 275 million are still due in April 2016. The Company also repaid borrower's note loans amounting to EUR 210 million in December 2014.

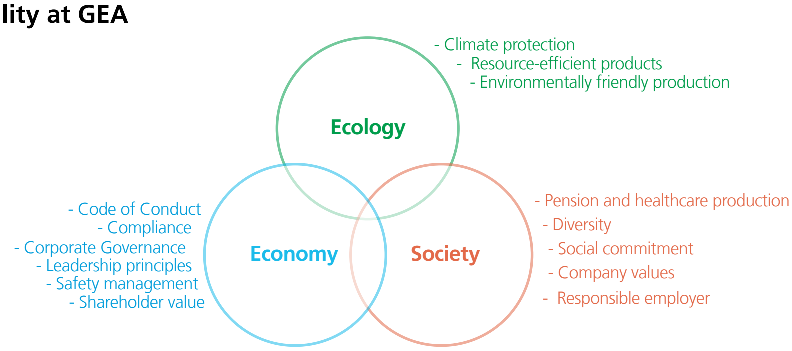
In total, GEA has credit lines (including its bond issue and borrower's note loans) in the amount of EUR 1,305 million, of which EUR 529 million had been utilized as of the balance sheet date. Further information on the credit lines and their utilization can be found in note 3 to the consolidated financial statements beginning on page 150ff.

Sustainability Report

Responsible corporate behavior is integral to the long-term success of a company. As an international technology group and one of the world's largest suppliers of process technology for the food industry, GEA is acutely aware of its economic, social and environmental responsibilities. As a consequence, one of GEA's principal corporate objectives is to offer solutions that ensure environmental protection while delivering substantial benefits to society and a high level of economic efficiency.

To GEA, sustainability means securing a viable future on the basis of a sound social and economic environment as well as unspoilt natural surroundings. Sustainability management also serves the purpose of mitigating economic, social and reputational risks. Megatrends such as continued population growth, rising urbanization as well as progressing climate change bring the world face to face with mounting challenges: In the future, people will continue to require an adequate supply of food, energy or pharmaceutical products – always on the premise that resources are being conserved. GEA has a footprint in the world's fast-growing regions with its own companies or production sites and directly supplies local markets. Based on its product portfolio that embraces technical components, machinery and systems, the Company is able to provide key solutions to this area. At the same time, the Company regards its commitment to corporate social responsibility (CSR) as an economic, social and environmental investment, and, thus, an investment in its own future commensurate with "engineering for a better world".

Sustainability at GEA



In the long run, GEA aims to safeguard the interests of its shareholders, customers and employees while assuming its responsibility towards society by strengthening its international competitiveness and boosting its economic success. Primarily, the Group pursues this objective by being a reliable partner that offers appealing and sustainable products to its customers, by acting as an exemplary employer for more than 18,000 employees worldwide, by paying taxes and by promoting non-profit projects.

Even though energy consumption and emission levels during production are relatively low in the mechanical engineering sector, GEA regularly checks all areas for potential improvements in efficiency. In this respect, the Company's own employees also make important contributions under the idea and improvement management system.

Apart from having aligned its value creation processes with ecological principles, the Company also helps its customers protect the environment by providing efficient products and process solutions. As a rule, the technologies and processes they employ are highly energy-intensive, which is why energy savings and reductions in emissions or waste become increasingly important in connection with the capital investment decisions taken by these customers. For years, GEA's solutions have set standards for a successful combination of economic and ecological factors (see page 117 ff.).

Health, Safety & Environment Policy

By issuing the following declaration in January 2014, the Executive Board of GEA Group Aktiengesellschaft committed itself to a clear corporate policy in terms safety, health & environment:

We will perform all our business activities in keeping with the values and ethical principles of GEA Group as outlined in the Global Business Conduct Policy and the Codes of Conduct that govern our basic principles of social responsibility.

To implement these business ethics in the areas of health, safety and environment (HSE), we hereby commit ourselves to:

- improving the general well-being of our employees;
- creating an accident- and incident-free working environment and preventing occupational disease;
- complying with all statutory requirements, applicable rules and regulations and national standards;
- identifying, analyzing and efficiently managing HSE risks inherent in our business activities;
- preventing environmental pollution and reducing energy consumption, waste and emissions;
- defining measures designed to prevent incidents and adequately handle emergencies, problems and their aftermath;
- clearly allocating functions and responsibilities and providing training to ensure the required skills;
- continuously monitoring and improving our systems, services and performance by evaluating our objectives, and to implementing appropriate sustainable corrective and preventive action.

Each of our segments, their business divisions and all units, including development, production, distribution and service, are responsible for setting HSE objectives and individual goals, as well as developing and implementing sustainable programs that help achieve them.

This policy will be communicated to all individuals acting for or on behalf of GEA, with everybody being actively involved in the enforcement of this policy. The latter will be announced at all our sites and is available to the general public at www.gea.com, while it may also be obtained from GEA Group Public Relations upon request.

Economically sustainable

The production of processed foods and beverages represents one of the world's most stable growth markets that is expected to enjoy continuous growth over the coming decades. As a technology leader, GEA Group offers these markets machinery, components, systems and plants that guarantee safe process control as well as highest efficiency and hygiene standards.

Detailed information on GEA's guiding principles, segment structure and business orientation can be found in the chapter entitled "Organization and Structure" (see page 15 ff.).

Corporate Governance

GEA places a high 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 fully comply with the recommendations of the German Corporate Governance Code. In addition, GEA Group has an extensive compliance organization.

A detailed presentation of corporate governance matters can be found in the Corporate Governance Report included in this Annual Report (see page 61 ff.).

Compliance

Compliance is GEA's top priority. This is why all GEA managers and employees must comply with the law and the relevant guidelines. Wrongful and even criminal actions as well as violations of internal corporate guidelines will not be tolerated. GEA has drawn up detailed guidelines – in particular an anticorruption guideline – that come with binding guidelines for action. Periodic training and monitoring help avoid or detect non-compliant conduct at an early stage. In this context, employees may be instrumental in drawing attention to potential compliance violations.

Against this backdrop, GEA globally introduced the so-called Integrity System back in December 2014. Hereby employees – including external third parties, for instance business partners – are given the possibility of directly reporting severe compliance issues or violations of the Codes of Conduct via an internet-based system. In this respect, GEA attaches importance to an open corporate culture.

The Integrity System offers an additional communication channel if the standard reporting lines fail to apply. For instance, this may be the case if immediate action is required in the event of gross misconduct. This system also allows anonymous reporting as far as this is permitted in the country in question. Nonetheless, this system shall not constitute a general platform for complaints. Therefore, it only comprises reporting categories that embrace a substantial risk to the Company, its employees and all other stakeholders.

Further information on compliance matters can be found in the Corporate Governance Report included in this Annual Report (see page 61 ff.).

Code of Conduct

Together with its European Works Council, GEA Group Aktiengesellschaft issued a Global Business Conduct Policy in March 2006, which formulates a binding set of values, principles and modes of behavior that govern corporate conduct at GEA Group level. With these ethical and legal standards, GEA has made a clear commitment to free and fair global trade as a vital precondition for sustained global economic growth. Wherever possible, the Group supports measures designed to combat underdevelopment in Third World countries and fully accepts its corporate social responsibility. Likewise, GEA welcomes the principles of the UN Global Compact initiative and endorses all internal and external corporate social responsibility (CSR) initiatives taking place within the framework of the progressing process of internationalization. The Group has pledged 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).

Incorporation into the organizational structure

In addition to the compliance organization described in the separate Corporate Governance Report, the Group management level includes areas that are dedicated to diversity, company values and crisis management. Moreover, a Health, Safety & Environment (HSE) organization was set up.

Leadership principles

At GEA, we are convinced that we can achieve a lot more by working with, rather than merely alongside one another. In order to establish this kind of corporate culture, GEA has defined clear principles that must be observed by all managers; moreover, the Company has identified the necessary core skills that are to go with them.

What GEA expects of its managers:

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

The high level of commitment shown by all our managers in terms of sharing information and cooperating with one other strengthens GEA Group as a whole. This, too, has been a key factor in cementing GEA's position as one of the most successful mechanical engineering companies worldwide – an achievement that will benefit all segments and every single employee.

Leadership@GEA

To ensure optimal human resources' development, we have broken the five principal requirements for GEA managers down into 12 qualities that, ideally, they should already possess when joining the Company. These qualities also constitute the main pillars of our initial and further management training modules. Specifically, these qualities include a down-to-earth mentality/respect for others, integrity/authenticity, vitality, drive, empathy, intuition, good communication skills, the ability to see the big picture, an appreciation of the efforts of others, a commitment to sustainably developing our management culture, the ability to reason as well as resilience. Each of these qualities has been defined in a detailed and intuitive manner that precisely conveys what the Group expects with regard to each of them.

Safety management

Unforeseeable incidents such as natural disasters or terrorist attacks can also have severe consequences for GEA. Such incidents may also endanger the safety, health, and even the lives of Group employees. The topic of employee safety is presented in detail on page 110 f.

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

In 2014 GEA also rolled out a new software designed to map the entire Company in terms of various HSE-relevant KPIs, which has given rise to a completely new data pool. These data are constantly monitored, with causes of accidents being investigated, analyzed and communicated to the workforce to prevent new accidents, to name but one example. A newly created, dedicated section of our intranet site is used for this purpose. The system represents a combination of various solutions that were tailored to GEA's specific requirements. This allows for detailed possibilities of investigation and corrective actions bespoke to meet GEA's needs.

Furthermore, a "Serious Events Reporting System" was launched to report fatal or severe accidents, fires, explosions or environmental incidents to relevant employees as fast as possible. This allows GEA to rapidly and effectively respond to such incidents and mitigate their impact.

Socially sustainable

GEA fully accepts its obligation to make a contribution towards the sustainable development of society, both within the Company by acting 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 work on third-party construction sites or are deployed under service contracts delivering services within the framework of our customers' production.

Fair Company label: widely recognized seal of quality for GEA

Detailed information on the topics of personnel marketing and human resources development at GEA can be found in the "Employees" chapter (see page 52 f.).

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 extremely diverse cultural environment by being aware of diversity and by actively creating it within their own ranks. Diversity is defined as the composition of the workforce in terms of internationality, gender, age and qualifications. GEA recognizes that diversity is a strategic success factor, as diversity implies strength.

The Corporate Diversity Management function at group management level is responsible for firmly embedding diversity in GEA's corporate culture in order to support the business of all segments. GEA's diversity management is based on a diversity organization in all segments. An international team of diversity managers, comprised of women and men from a whole range of different functions, is to represent 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 increasingly introduce aspects of modern work flexibilization schemes while increasing 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 in the above GEA diversity criteria.

A catalog of GEA diversity performance indicators is used to measure the success and progress made in the field of diversity management. In this way, both the degrees of target achievement and the success of diversity measures are established at group management, segment and company levels, each of them being measured against the following three criteria: performance, potential and diversity.

The current proportion of women in the total workforce amounts to 18 percent. At management level, they account for a total of 12 percent. At the more narrowly defined level of the top 400 executives, however, the proportion of woman falls to around 6 percent. In terms of the international composition of its workforce, GEA employs over 90 different nationalities; 60 percent of the workforce either comes from Germany (34 percent) or the rest of Western Europe, while around 15 percent are from the Asia/Pacific region. At the level of the top 400 executives, over 48 percent are from Germany, while 7 percent originate from the Asia/Pacific region.

A further measure introduced to institutionalize diversity management within the Company was an official diversity policy in tandem with a guideline for executives: This policy describes the overriding goals and the steady state of diversity management within GEA. The guidelines provide managers with an instrument for implementing diversity management at all Group levels.

On account of its importance to corporate culture, the topic of diversity is closely entwined with GEA's corporate values. In this respect, diversity is an engine for change towards more diversity of thought and action.

Corporate values

GEA Vision and GEA Values are the cornerstones of GEA's management philosophy. They are the crucial elements of a common GEA identity. By establishing the corporate values of "Excellence", "Responsibility", "Integrity", "Passion" and "GEA-versity", GEA has created a reference and orientation system that provides a common understanding and guideline governing the personal behavior of managers and employees: We stand for excellence in everything we do; we work with passion; we walk the talk; we feel responsible for our actions; we cross borders.

Thus, the set GEA Values promote both the interaction with and between employees. At the end of the day, our GEA Values are to increase the level of efficiency and professionalism in all GEA Segments and GEA companies, while supporting a constructive dialogue inside and outside the Company.

Work and family life

GEA has implemented a host of measures to help employees reconcile the demands of work and family life, including competent contact persons for expectant mothers and fathers as well as a sponsorship program for mothers and fathers on parental leave, company-organized childcare, flexible working hours and opportunities to work while on the move.

For instance, since March 2014, GEA employees at the Bochum site have also been offered the possibility of placing their children in daycare at the "AWO-KiTa" nursery located nearby. There are places for children of all age groups, with GEA covering all expenses incurred. Places in full day care allow the children to play with kids of the same age and to enjoy a versatile leisure and development program.

Employee safety

In order to work productively and fully harness their potential, employees need a pleasant and safe working environment. The requirement to offer all employees safe conditions in the workplace is enshrined in GEA's Global Business Conduct Policy, which obliges 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.

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 around the globe. Should one of our employees nonetheless get caught up in an emergency, he or she can contact the 24-hour GEA Group Security and Support Hotline. If necessary, this service can also organize personal protection for any employee and at any location worldwide at short notice. The Medical Support Service Hotline provides assistance with health-related issues and, in the event of illness, ensures appropriate medical care or repatriation, if need be. 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 the 24-hour hotline at the GEA Security Center via an emergency button. This fills a gap in the chain of communication while further enhancing the service provided to employees by the GEA Security Center.

GEA also maintains a continuously updated database that embraces 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, for instance after 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 unbureaucratically provide financial assistance under such circumstances. Employees affected in this way, but also the families of employees who suddenly pass away, may turn to the GEA Aid Commission for help.

Company pension scheme

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 rates places a growing financial burden on state pension systems. Private and, especially, company pension schemes play an increasingly significant role in closing such a pensions gap. For this reason, the Company provides an efficient pension scheme for all its employees.

Like the remuneration system, GEA's executive pension scheme is based on a combination of fixed components and performance-related parameters.

GEA Group also offers an attractive performance-related pension scheme for employees below senior management level. In Germany, for instance, this is based on an employee-financed deferred compensation plan. Employees can elect to defer receiving a portion of their salary that is instead contributed to the pension plan. If an employee chooses this option, GEA Group tops up the basic employee contribution with an additional employer contribution; the latter is financed by the Company and performance-related.

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.

This program to promote employee health comprises a broad range of measures to prevent illness. Inter alia, they include cancer screening, stop smoking seminars, workplace ergonomics training as well as the provision of GEA Care menus in employee restaurants. Moreover, the Company also addresses safety issues like safe winter driving or walking, information on the topic of noise, protection against cuts or on how to keep the workplace clean and tidy, to name but a few examples. Apart from these campaigns, 2014 also saw some new topics like a men's week, recommendations on meeting culture and a foot measurement campaign for all those wearing safety footwear.

The "Dortmunder Personalmanagement Prädikat", a prize for excellence in the field of human resources awarded to the Company for its GEA Care health care program in the fall of 2013, has not only shown that we are on the right track, but also elicited a response from other parties. In the meantime, various institutions and companies have requested information and advice on GEA Care, using the program as an example when implementing their own ideas.

Healthcare coaching

In special development/assessment centers supported by external coaches, employees obtain comprehensive information on the health benefits of exercise, fitness and a proper diet. Where possible, this 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

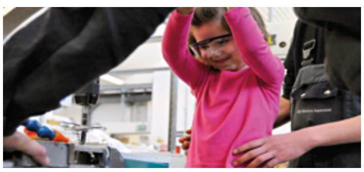
GEAktiv is an online portal established by GEA to help employees meet up for joint sporting activities. Hosted by the GEA intranet, it enables people to easily find training partners in their specific sporting activity or post their own events. GEAktiv already covers more than 30 different sports disciplines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

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. In many different ways, GEA and its employees contribute their share to help others.

The fascinating world of engineering

GEA focuses particularly on projects with children and adolescents to allow them to experience the fascinating world of engineering as early as possible. For visitors of the "Stöbertage" (Exploration Days) at the GEA Mechanical Equipment Segment, this experience already starts at pre-school level. Groups of kindergarten children are invited along to learn about tools and machinery and discover the world of engineering. At the same time, GEA also supports a variety of institutions such as schools and kindergartens.



GEA's "Stöber-tage" are a fun experience for kids

School-Business Cooperation Network

Cooperation between schools and industry that aims at easing school-to-work transition and/or assisting students in choosing a specific career or university degree 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 that covers activities such as information events at participating schools, job application training for students and projects jointly undertaken by students and trainees. In addition, the cooperation network is involved in the opening of the "Family and Friends" art exhibition in Bochum and makes a contribution to the program by staging a special exhibition of pieces of work made by students.

"Technik ist Zukunft"

In the future, 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 convince them of the career opportunities GEA can offer, GEA has joined forces with other companies, for instance within the framework of the "Technik ist Zukunft" ("Technology is the Future") initiative. In addition to the Company's financial support of the initiative, its employees also ensure a direct contact to the potential skilled workers of tomorrow's world: At the various "Technik ist Zukunft" action days held at schools, they give students graphic accounts of their work, GEA products and services as well as career opportunities offered by the Company. GEA also regularly invites groups of students to participate in tours of various individual GEA sites, giving them a comprehensive insight into production processes 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 the fifth grade onwards 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 two-in-one event has the characteristics of an open day and a detailed information event, as it offers participants a hands-on experience of technology while encouraging students to take an interest in engineering from an early age onwards.

Helping disadvantaged young people

True to its principles of diversity management, GEA also helps to improve the economic situation of disadvantaged members of society in South Africa. As part of this initiative, the Group has been involved in a program promoting young black Africans with disabilities since 2009.

Within the framework of this program, participants receive training from specially qualified instructors while earning money in the process. The trainees, accompanied by a mentor, are employed for a one-year training period. Regular monitoring ensures that the program's quality standards are met. Graduates receive the national certificate in Business Administration Services and are regularly taken on by GEA Group.

Wallace & Gromit and Shaun in the City

The Wallace & Gromit's Children's Charity is a British charity raising funds to improve the lives of sick children in hospitals and hospices. In Great Britain, GEA has sponsored this organization for years, always attending its events. Cash donations and gift campaigns initiated by the Company give great pleasure to these kids. In 2015, the Company will sponsor "Shaun in the City", another campaign launched by the Wallace & Gromit Foundation.

Make-a-Wish

This foundation grants long-cherished wishes to children with life-threatening conditions, giving them hope, strength and joy. No matter whether they wish to meet a celebrity, be a princess for just one day or simply visit a museum: what really counts is the moment and the experience of the child, making each wish and its fulfillment the most beautiful thing in the world. Thanks to the generosity of more than 150 competitors – including employees, customers, salespeople and friends of GEA – the Company collected 12,500 dollars for this organization during an annual golf tournament in North America in 2014.

"Kunst in der Rotunde"

GEA Group's "Kunst in der Rotunde" ("Art in the Rotunda") exhibition program has enlivened the world of art in the Ruhr Area 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, objects, photography and installations.

Kunst in der Rotunde

Even now that Group management has relocated to Düsseldorf, GEA still organizes several exhibitions at the GEA Center Bochum every year. A major criterion for an artist's eligibility is whether he or she has a connection to the Ruhr Area. As a rule, each exhibition features 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 at a number of GEA locations. GEA also has a scheme enabling employees to rent out works from this collection and buy them at the end of the rental period.

Closely connected to "Kunst in der Rotunde" is a special exhibition by the name of "Family and Friends" that is regularly held in the summer for a period of 8 weeks. This program is intended to offer all GEA employees with a creative bent, including their families and friends, a platform to present the fruits of their artistic labors and exhibit their photographs, paintings and sculptures. These "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. As a rule, the vernissage starting such an event is well-attended and also marks the beginning of an annual fundraising campaign whose proceeds are donated to St. Vinzenz e.V., an institution that supports children, adolescents and families at various stages of their lives.

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, since in the world of process technology and engineering, the days when ecology and the economy embraced conflicting goals are long gone. Our customers can help promote climate protection by using machinery, components, systems and plants produced by GEA, while environmental protection is also accorded its rightful place within the Company.

Environmental protection within GEA

GEA's key environmental objectives are saving energy, optimizing plant design and conserving resources. Its main environmental partners are identified at local level, with their significance and impact on products and services being analyzed to derive improvements. 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

Environmental protection measures taken at production level frequently exceed statutory requirements – as confirmed by environmental certifications obtained in accordance with DIN EN ISO 14001. In-process environmental protection, resource conservation as well as extensive health and safety measures are standard practice throughout the entire Group. Production waste is sorted and, wherever possible, recycled. Any further environmental impact is largely avoided by the use of exhaust gas filters and collecting vessels, and through the treatment and recycling of process liquids.

The Company's location in Oelde was only recently awarded the TÜV certificate in accordance with DIN EN ISO 50001 for its exemplary energy management system, to name but one example. By implementing such a system in line with the relevant German and European standards, GEA consistently pursues the objective of enhancing energy efficiency at its own locations.

The components of a systematic energy management system include the comprehensive analysis and evaluation of in-house energy fluxes based on which adequate technical and strategic measures for improving the energy balance of an entity are formulated. Within the framework of integrated energy management, the objective pursued by this particular location was to achieve a continuous efficiency enhancement of at least 1.5 percent per year as well as a minimum 1.5 percent reduction in CO_2 emissions relative to the production volume. In this context, cost savings are not only expected to come from the lower level of energy consumption, but also from a potential exemption from the renewable energy surcharge (EEG surcharge).

The plant's new and very own combined heat and power unit in combination with an absorption refrigerator is at the heart of this energy management system. As opposed to conventional power generation, the use of trigeneration (CCHP) can bring about considerable savings in primary energy. However, energy savings cannot only be accomplished by employing advanced and innovative technology; each and every individual employee can make his or her contribution. This is why, in the future, the workforce will be made even more aware of the efficient use of energy, for instance by means of training courses.

Selected initiatives

Carbon Disclosure Project

As in previous years, GEA Group took part in the 2013 survey conducted within the framework of the Carbon Disclosure Project (CDP). 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 this survey, GEA Group also provided information on the opportunities and risks related to climate change, as well as action taken in the field of climate protection. 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, GEA does not have a uniform group-wide system for measuring 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.

Blue Competence sustainability initiative

GEA Group is an alliance member of Blue Competence, an initiative of the German Engineering Association (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 want to assume responsibility for prosperity, education, safety and nature. The industry associations, organizations and companies involved in this initiative – including GEA – also include the consequences of urbanization and globalization into their strategies.

The VDMA Blue Competence initiative

COOL-SAVE energy conservation project

GEA Refrigeration Technologies is a member of the COOL-SAVE energy conservation project that was founded as part of the European-wide Intelligent Energy Europe (IEE) program. The latter 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 for 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.

The IEE's COOL-SAVE energy conservation project

Enhanced fleet efficiency

A central fleet management software allows the centralized capture of key data such as mileage, fuel consumption as well as the related CO_2 emissions for each vehicle. This system was first introduced in Germany, where the largest share of the vehicle fleet is in operation. This forms the basis for ecological fleet management.

stainability – for climate and customers

Energy consumption is an increasingly important factor in the total cost of ownership of a machine or plant. 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 scarce resource. They range from resource-efficient filling technology that requires substantially less water for cleaning, air-cooled condensers whose closed-circuit design prevents water loss, efficient generator coolers, down to separators and decanters for drinking water production or sewage 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.

Resource-efficient cleaning of tanks and vessels

With its innovative cleaning technology, GEA offers its customers optimal solutions for various tank and vessel cleaning applications. Besides achieving excellent cleaning results, GEA focuses on conserving valuable resources in the cleaning process when developing new components and solutions.

Twister and Tornado 4 extend the existing range of GEA orbital cleaners. As with Typhoon, Tempest and Tornado, Twister and Tornado 4 are liquid-driven and work at the recommended pressure range of between 4 and 10 bar. Due to its compact design the Twister can be fitted through insertion openings of 100mm diameter and larger, which makes it the smallest cleaner of the orbital range. In contrast, the Tornado 4 is the largest and most powerful amongst all orbital cleaners. Both Twister and Tornado 4 are suitable for mobile and stationary applications.

Whether using orbital, rotating or static units – GEA's cleaning devices achieve the best cleaning results in vessels with diameters of up to 33 m. Working pressure ranges between 0.5 and 90 bar with flow rates from 0.5 to 67 m^3/h. The cleaning devices require a minimum amount of time and labor for purification purposes and stand out due to a renewed reduction in the consumption of energy, water and cleaning agents.

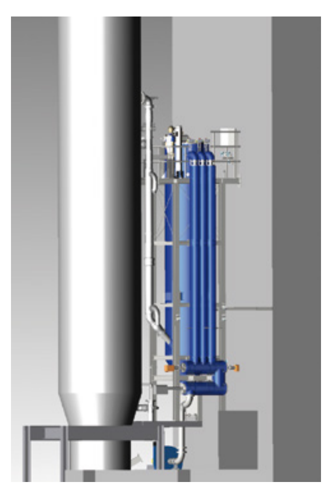
Excellent fuel at the push of a button

In order to combat the problem of hazardous cat fines in fuel, GEA Group is now offering a new system solution, CatFineMaster, that was presented for the first time at the SMM 2014. Cat fines can significantly damage the engine and may even result in the total failure of the main engine under extreme circumstances. Thus, fuel processing on board of vessels is of utmost importance and a task the new CatFineMaster performs in an extremely efficient and reliable way. The system consists of a separator as the core element and a feed pump that can be regulated in the process for ensuring an optimum adjustment of the flow of heavy oils to the respective process requirements. This ensures additional efficiency gains while conserving energy at the same time. Our new generation of control systems that automatically controls the requested program at the press of a button, as well as optimum measurement and analysis equipment round off the system.

The CatFineMaster ensures an efficient reduction in cat fines, which implies a target concentration of less than 5 ppm and the separation of all particles larger than 3 µm. This makes the CatFineMaster the very first system available in the market that ensures a maximum reduction in cat fines while guranteeing an optimum fuel composition.

Efficient gas purification at low cost

A new process developed by GEA efficiently removes dust and nitric oxides from exhaust fumes released during the chemical production of commodities like glass and cement by employing catalytically activated filter elements. Compared to conventional filter systems, this process significantly reduces both the capital expenditure and the operating expenses incurred in connection with the respective cleaning systems.



Due to the fact that this process only embraces one process step, the entire heat of the exhaust fumes emitted is utilized for the purpose of catalytic cleaning. This is crucial to the high level of energy efficiency of the process.

In most cases, today's industrial production is based on processes during which contaminated exhaust fumes are released into the environment in the wake of thermal processes. All over the world, regulations governing exhaust fumes and, thus, environmental pollution become stricter. Frequently, this forces the industrial sector to take many more additional gas purification measures. In the past, this was associated with huge cleaning systems that purified exhaust fumes in various process steps by means of many different components. GEA's innovative process considerably facilitates the decision to employ an efficient gas purification plant due to the lower level of overall costs and the high level of efficiency. In this way, GEA makes a contribution towards a more environmentally friendly industrial production.

Water-cooled chillers with outstanding part load efficiency and small footprint

Energy efficiency has become an increasingly important sales argument. For this reason, GEA offers its customers chillers that allow them to substantially reduce their power consumption and, thus, their operating costs. The new GEA Grasso BluGenium shows the real savings potential of the refrigeration process that may be unlocked.

With the GEA Grasso BluGenium, GEA has once again succeeded in developing a convincing and energy-efficient solution. The new chiller – frequently called chilled water generator in air-conditioning applications – features a number of special design characteristics that materially differ from the previous models. In total, they result in lower operating costs (total cost of ownership) and a higher level of economic efficiency.

The chillers of the new series are based on the proven piston compressors of the GEA Grasso V series and characterized by a narrow width of only 1.2 m as well as a small footprint. They are suitable for industrial applications, process cooling, building climate control and many additional areas. Chillers are available in five model sizes, with maximum cooling ranging from 280 kW for the smallest up to 1210 kW for the largest unit. The high level of efficiency of these models is impressive, and they do not only excel at full load, but also under part load conditions, which are frequently required. This results in an unequalled European Seasonal Energy Efficiency Ratio of 9.5. One of the features contributing to this performance is the standard frequency inverter that enables speed control from 500 to 1500 rpm and, thus, infinitely variable output matching over an extensive load range. An additional efficiency characteristic is the so-called electronic condenser drain system. It monitors pressure conditions at the condenser and the evaporator and assures optimal capacity utilization of the evaporator.

The modest power consumption of GEA Grasso BluGenium chillers also results from special design characteristics like the low pressure drop, as well as the effective temperature isolation between the suction and discharge sides of the compressor, which is mainly responsible for limiting the final temperature. The large suction chamber allows an unimpeded inflow of gas into the compression chambers, which results in only minor pressure drops at the compressor and benefits efficiency.

GEA Grasso BluGenium chillers are designed for long service lives and low life-cycle costs. This is reflected in some of the design features such as the welded crankcase of the compressors and the fully welded heat exchangers for the condensers and evaporators. In addition, good insulation of the 'cold part' of the chillers minimizes corrosion risks.

Consolidated Financial Statements

Consolidated Balance Sheet
as of December 31, 2014

Assets (EUR thousand)	Section	12/31/2014	12/31/2013
Property, plant and equipment	5.1	498,758	490,420
Investment property	5.2	12,483	13,448
Goodwill	5.3	1,329,972	1,312,554
Other intangible assets	5.4	325,557	319,840
Equity-accounted investments	5.5	15,293	13,690
Other non-current financial assets	5.6	63,433	42,068
Deferred taxes	7.7	469,301	385,822
Non-current assets		**2,714,797**	**2,577,842**
Inventories	5.7	561,875	551,055
Trade receivables	5.8	945,755	929,156
Income tax receivables	5.9	17,531	8,332
Other current financial assets	5.6	390,625	108,939
Cash and cash equivalents	5.10	1,195,858	683,520
Assets held for sale	4.	5,585	1,605,786
Current assets		**3,117,229**	**3,886,788**
Total assets		**5,832,026**	**6,464,630**

Equity and liabilities (EUR thousand)	Section	12/31/2014	12/31/2013
Subscribed capital		520,376	520,376
Capital reserve		1,217,861	1,218,073
Retained earnings		737,094	627,612
Accumulated other comprehensive income		51,316	–53,026
Non-controlling interests		560	2,667
Equity	6.1	**2,527,207**	**2,315,702**
Non-current provisions	6.2	131,592	123,777
Non-current employee benefit obligations	6.3	793,565	672,711
Non-current financial liabilities	6.4	456,072	957,785
Other non-current liabilities	6.7	58,566	2,834
Deferred taxes	7.7	118,598	98,779
Non-current liabilities		**1,558,393**	**1,855,886**
Current provisions	6.2	148,828	170,651
Current employee benefit obligations	6.3	170,637	152,644
Current financial liabilities	6.4	133,474	67,868
Trade payables	6.5	639,719	646,529
Income tax liabilities	6.6	35,649	32,038
Other current liabilities	6.7	618,119	603,446
Liabilities held for sale	4.	–	619,866
Current liabilities		**1,746,426**	**2,293,042**
Totaly equity and liabilities		**5,832,026**	**6,464,630**

Consolidated Income Statement
for the period January 1 - December 31, 2014

(EUR thousand)	Section	01/01/2014 - 12/31/2014	01/01/2013 - 12/31/2013
Revenue	7.1	4,515,689	4,319,994
Cost of sales		3,066,491	2,957,551
Gross profit		**1,449,198**	**1,362,443**
Selling expenses		469,800	456,565
Research and development expenses		68,149	62,498
General and administrative expenses		506,059	455,721
Other income	7.2	229,193	194,915
Other expenses	7.3	202,331	169,169
Share of profit or loss of equity-accounted investments		2,387	1,942
Other financial income	7.5	5,700	5,202
Other financial expenses	7.6	279	958
Earnings before interest and tax (EBIT)		**439,860**	**419,591**
Interest income	7.5	7,057	8,935
Interest expense	7.6	73,087	76,390
Profit before tax from continuing operations		**373,830**	**352,136**
Income taxes	7.7	87,816	70,097
thereof current taxes		80,751	70,364
thereof deferred taxes		7,065	–267
Profit after tax from continuing operations		**286,014**	**282,039**
Profit or loss after tax from discontinued operations	4	**34,612**	**54,354**
Profit for the period		**320,626**	**336,393**
thereof attributable to shareholders of GEA Group AG		320,483	336,042
thereof attributable to non-controlling interests		143	351

(EUR)			
Basic and diluted earnings per share from continuing operations		1.49	1.47
Basic and diluted earnings per share from discontinued operations		0.18	0.28
Basic and diluted earnings per share	7.8	**1.66**	**1.75**
Weighted average number of ordinary shares used to calculate basic and diluted earnings per share (million)		**192.5**	**192.5**

Consolidated Statement of Comprehensive Income
for the period January 1 - December 31, 2014

(EUR thousand)	Section	01/01/2014 - 12/31/2014	01/01/2013 - 12/31/2013
Profit for the period		**320,626**	**336,393**
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	–95,504	–716
thereof changes in actuarial gains and losses		–135,048	–875
thereof tax effect		39,544	159
Items, that will be reclassified subsequently to profit or loss when specific conditions are met:			
Exchange differences on translating foreign operations		111,056	–83,503
thereof changes in unrealized gains and losses		117,840	–83,503
thereof realized gains and losses		–6,784	–
Result of available-for-sale financial assets	6.8	–1,259	-225
thereof changes in unrealized gains and losses		–1,797	-325
thereof tax effect		538	100
Result of cash flow hedges		–5,391	2,909
thereof changes in unrealized gains and losses		–11,774	7,436
thereof realized gains and losses		3,628	–3,465
thereof tax effect		2,755	–1,062
Other comprehensive income		**8,902**	**–81,535**
Total comprehensive income		**329,528**	**254,858**
thereof attributable to GEA Group AG shareholders		329,321	254,340
thereof attributable to non-controlling interests		207	518

Consolidated Cash Flow Statement
for the period January 1 - December 31, 2014

(EUR thousand)	Section	01/01/2014 - 12/31/2014	01/01/2013 - 12/31/2013
Profit for the period		320,626	336,393
plus income taxes		87,816	70,097
minus profit or loss after tax from discontinued operations		–34,612	–54,354
Profit before tax from continuing operations		373,830	352,136
Net interest income	7.5/7.6	66,030	67,455
Earnings before interest and tax (EBIT)		**439,860**	**419,591**
Depreciation, amortization, impairment losses, and reversal of impairment losses on non-current assets		100,073	95,518
Other non-cash income and expenses		5,530	7,643
Employee benefit obligations		–40,462	–38,759
Change in provisions		33,001	26,553
Losses and disposal of non-current assets		–637	–882
Change in inventories including unbilled construction contracts *		–21,764	–2,600
Change in trade receivables		8,184	–91,631
Change in trade payables		–45,329	72,074
Change in other operating assets and liabilities		13,425	8,486
Tax payments		–90,265	–71,343
Cash flow from operating activities of continued operations		**401,616**	**424,650**
Cash flow from operating activities of discontinued operations		37,112	101,167
Cash flow from operating activities		**438,728**	**525,817**
Proceeds from disposal of non-current assets		5,354	4,464
Payments to acquire property, plant and equipment, and intangible assets		–93,781	–120,508
Payments to acquire non-current financial assets	5.6	–237,919	–5,006
Interest income		4,946	5,176
Dividend income		5,701	4,420
Payments to acquire subsidiaries and other businesses		–8,677	–5,465
Advanced payments to acquire subsidiaries and other businesses		–25,000	–
Cash flow from investing activities of continued operations		**–349,376**	**–116,919**
Cash flow from investing activities of discontinued operations		923,811	–75,672
Cash flow from investing activities		**574,435**	**–192,591**
Dividend payments		–115,497	–105,873
Payments from finance leases		–4,943	–4,408
Proceeds from finance loans		7,161	20,378
Proceeds from bond issue	6.4	–125,261	–
Repayments of borrower's note loans	6.4	–210,000	–55,000
Repayments of finance loans		–121,265	–56,882
Interest payments		–49,122	–44,495
Cash flow from financing activities of continued operations		**–618,927**	**–246,280**
Cash flow from financing activities of discontinued operations		–4,865	–5,072
Cash flow from financing activities		**–623,792**	**–251,352**
Effect of exchange rate changes on cash and cash equivalents		10,753	–23,542
Change in unrestricted cash and cash equivalents		**400,124**	**58,332**
Unrestricted cash and cash equivalents at beginning of period		794,313	735,981
Unrestricted cash and cash equivalents at end of period	5.10	**1,194,437**	**794,313**
Restricted cash and cash equivalents	5.10	1,421	1,464
Cash and cash equivalents total		**1,195,858**	**795,777**
less cash and cash equivalents classified as held for sale		–	–112,257
Cash and cash equivalents reported in the balance sheet	5.10	**1,195,858**	**683,520**

*) Including advanced payments received

Consolidated Statement of Changes in Equity
as of December 31, 2014

				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, 2013 (183,807,845 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**
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**
Income	–	–	320,483	–	–	–	**320,483**	143	**320,626**
Other comprehensive income	–	–	–95,504	110,992	–1,259	–5,391	**8,838**	64	**8,902**
Total comprehensive income	–	–	224,979	110,992	–1,259	–5,391	**329,321**	207	**329,528**
Dividend payment by GEA Group Aktiengesellschaft	–	–	–115,497	–	–	–	**–115,497**	–	**–115,497**
Change in non-controlling interests	–	–	–	–	–	–	**–**	–67	**–67**
Share-based payments	–	21	–	–	–	–	**21**	–	**21**
Other Changes	–	–233	–	–	–	–	**–233**	–2,247	**–2,480**
Balance at Dec. 31, 2014 (192,495,476 shares)	**520,376**	**1,217,861**	**737,094**	**57,315**	**–997**	**–5,002**	**2,526,647**	**560**	**2,527,207**

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 prepared these consolidated financial statements on February 26, 2015.

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:

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 and Joint Ventures"– issued by the IASB in May 2011

In fiscal year 2014, GEA Group retrospectively applied IFRS 10 "Consolidated Financial Statements," IFRS 11 "Joint Arrangements," IFRS 12 "Disclosure of Interests in Other Entities," and the consequential amendments to IAS 27 "Separate Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures."

IFRS 10 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 was previously 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. 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.

IFRS 11 "Joint Arrangements" 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. Under IFRS 11, 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.

IFRS 12 "Disclosure of Interests in Other Entities" revises the disclosure requirements for all types of interests in other entities, including joint arrangements, associates, structured entities, and off-balance sheet vehicles.

The initial application of the new requirements had no material effect on the consolidated financial statements.

Amendments to IAS 39 "Financial Instruments: Recognition and Measurement"– issued by the IASB in June 2013

In fiscal year 2014, GEA Group applied the amended IAS 39 "Financial Instruments: Recognition and Measurement." Pursuant to the transition requirements, initial application was retrospective. As a result of the amendments to IAS 39, derivatives 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 initial application of the amendments to IAS 39 had no material effect on the consolidated financial statements.

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.

IFRIC 21 is required to be applied retrospectively for fiscal years beginning on or after June 17, 2014. Initial application of the standard did not affect the consolidated financial statements.

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, 2014.

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.

IFRS 9 "Financial Instruments"– issued by the IASB in July 2014

The IASB issued IFRS 9 "Financial Instruments" in November 2009, completing the three-phase project to replace IAS 39 "Financial Instruments: Recognition and Measurement." The new standard initially introduced uniform requirements on the measurement and classification of financial instruments. IFRS 9 was reissued in October 2010 to incorporate new requirements on accounting for financial liabilities. The requirements on accounting for financial liabilities and the derecognition of financial assets and liabilities were largely carried over unchanged from IAS 39. The amendments to IFRS 9 and IFRS 7 published in December 2011 changed the mandatory effective date of IFRS 9 and modified the relief from restating comparative periods and the associated disclosures in IFRS 7. The version of IFRS 9 issued in November 2013 amended the standard to include a new general hedge accounting model. In July 2014, the IASB issued the fourth and final version of IFRS 9, which now also includes the new requirements on the recognition of impairment losses and limited changes to the classification and measurement of financial assets. The final version superseded all previous versions of IFRS 9.

The main new requirements of IFRS 9 on the recognition and measurement of financial instruments are described below:

Classification and measurement of financial assets
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 on initial recognition, as at present.

Depending on the business model in which they are held, changes in financial assets belonging to the fair value category must be recognized in profit or loss, or in other comprehensive income. 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.

Accounting for financial liabilities

With regard to accounting for financial liabilities, the most important change relates to the presentation 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.

Hedge accounting

The introduction of the new general hedge accounting model 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.

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.

New impairment model

Under the new model for determining impairment losses, not only incurred losses but also expected credit losses are recognized. Expected credit losses are required to be recognized either in the amount of the "12-month expected credit losses" – the present value of the expected credit losses resulting from the default events possible in the 12 months following the reporting date – or in the amount of the lifetime expected credit losses. The recognition of lifetime expected credit losses is required if the credit risk of the financial instruments concerned has increased significantly since initial recognition.

Transition requirements

Subject to endorsement by the EU, IFRS 9 must be applied for fiscal years beginning on or after January 1, 2018; earlier application is permitted.

IFRS 9 no longer requires 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.

GEA Group is currently assessing what impact the application of IFRS 9 will have on the group's net assets, financial position, and results of operations.

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

There is currently no standard in IFRSs 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 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. The new requirements are not expected to affect the consolidated financial statements, since application of IFRS 14 is mandatory only for first-time adopters of IFRSs.

IFRS 15 "Revenue from Contracts with Customers" – issued by the IASB in May 2014

The new standard pools the existing revenue recognition requirements and establishes a single revenue recognition model. IFRS 15 applies to the recognition of contracts with customers for the provision of services and the sale of goods and thus also covers the recognition of construction contracts, which were previously governed by IAS 11.

The new integrated revenue recognition model provides a five-step framework for determining the amount of revenue and the timing of revenue recognition:

1. Identification of the contract with the customer
2. Identification of separate performance obligations
3. Determination of the total transaction price
4. Allocation of the transaction price to the separate performance obligations
5. Recognition of revenue when a performance obligation is satisfied

A performance obligation is deemed to be satisfied when control over the goods sold or services provided is transferred to the customer. The accounting treatment differs depending on whether control passes at a point in time or over time. If control is transferred to the customer over time, revenue is recognized based on the stage of completion, provided this can be reasonably measured.

GEA Group is currently assessing the impact of the new requirements. At present, GEA Group does not believe that the new requirements will have a significant impact on the group's net assets, financial position, and results of operations. However, the timing of revenue recognition may change for certain orders.

In addition, IFRS 15 introduces extensive disclosures on revenue recognition.

Subject to endorsement by the EU, IFRS 15 must be applied for fiscal years beginning on or after January 1, 2017. Earlier application of the requirements is permitted. Initial application is retrospective, with certain practical expedients permitted under IFRS 15.

Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – issued by the IASB in September 2014

The amendments address a known inconsistency between the requirements of IFRS 10 and those of IAS 28 (2011) in cases where assets are sold to or contributed by an associate or a joint venture. In the future, the gain or loss resulting from such a transaction will only be recognized in full if the asset sold or contributed is a business within the meaning of IFRS 3, regardless of whether the transaction is structured as a share deal or an asset deal. However, if the assets do not constitute a business, any gain or loss is recognized only in proportion to the investor's interest in the associate or joint venture.

GEA Group does not expect the implementation of the amendments to IFRS 10 and IAS 28 to materially affect its financial reporting.

Subject to their endorsement by the EU, which is still outstanding, the amendments must be applied for fiscal years beginning on or after January 1, 2016. Earlier adoption is permitted once they have been endorsed by the EU.

IAS 1 "Presentation of Financial Statements" – Disclosure Initiative – issued by the IASB in December 2014

The amendments are attributable to an IASB initiative to improve the presentation and disclosure requirements in existing standards. They clarify that disclosures are generally only required if their content is not immaterial. In addition, they clarify how shares in the other comprehensive income of equity-accounted companies should be presented in the statement of comprehensive income. The amendments also extend the requirements on the aggregation and disaggregation of line items in the balance sheet and statement of comprehensive income. Lastly, they ease the rigid requirements regarding the structure of the notes, so that these can now be structured in a way that takes better account of their relevance for the individual company.

GEA Group does not expect the implementation of the amendments to IAS 1 to materially affect its financial reporting.

Subject to their endorsement by the EU, which is still outstanding, the amendments will be required to be applied for the first time in fiscal years beginning on or after 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.

GEA Group does not expect the implementation of the amendments to IAS 19 to materially affect its financial reporting.

The amendments will be required to be applied retrospectively for the first time in fiscal years beginning on or after February 1, 2015; 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.

The amendments are not expected to have a material impact on the consolidated financial statements.

The Improvements to IFRSs 2012 are required to be applied for fiscal years beginning on or after February 1, 2015, whereby initial application will be mainly prospective; earlier application is permitted.

The Improvements to IFRSs 2013 are required to be applied for fiscal years beginning on or after January 1, 2015; earlier application is permitted.

Improvements to IFRSs 2012–2014 Cycle – amendments under the IASB's annual improvements project – issued by the IASB in September 2014

The improvements result from the IASB's annual improvements process, which is designed to make minor amendments to standards and interpretations (Annual Improvements Cycle.) They comprise minor amendments to a total of four standards.

GEA Group does not expect the implementation of the amendments to materially affect its financial reporting.

Subject to endorsement by the EU, which is still outstanding, the requirements must be applied for fiscal years beginning on or after January 1, 2016.

2. Accounting policies

2.1 Description of accounting policies

Basis of consolidation

GEA Group's consolidated financial statements include all significant companies that GEA Group directly or indirectly holds the majority of voting rights or otherwise directly or indirectly controls by holding, for example based on contractual arrangements. Control exists when GEA Group 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. Subsidiaries are consolidated from the date on which the group obtains control over 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 cash flows and 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, 2014.

The consolidated group changed as follows in fiscal year 2014:

Number of companies	2014	2013
Consolidated group as of January 1	**287**	**293**
German companies (including GEA Group AG)	49	49
Foreign companies	238	244
Initial consolidation	3	8
Merger	-5	-12
Liquidation	-3	-1
Sale	-65	-1
Deconsolidation	-1	0
Consolidated group as of December 31	**216**	**287**
German companies (including GEA Group AG)	35	49
Foreign companies	181	238

A total of 51 subsidiaries (previous year: 70) 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: 0.2 percent) of the group's aggregate consolidated revenue, while their earnings account for 1.1 percent (previous year: 1.6 percent) of recognized earnings before tax of the complete group, and their equity accounts for 1.0 percent (previous year: 1.4 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 12.4.

Changes in ownership interest

Changes in GEA Group's ownership interest in a subsidiary that do not result in a loss of control are equity transactions. The carrying amounts of controlling and noncontrolling interests must be adjusted in such way that they reflect the changes in ownership interests in the subsidiaries. Any difference between the amount by which the noncontrolling interests are adjusted and the fair value of the consideration paid or received must be recognized directly in equity, and attributed to the owners of GEA Group.

Investments in associates and joint ventures

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.

Joint ventures are joint arrangements whereby the parties involved have joint control over the arrangement and rights to its net assets. Joint control exists when decisions about the relevant activities of the joint arrangement require the unanimous consent of GEA Group and the other parties that collectively control the arrangement.

Associates and joint ventures are accounted for using the equity method at the group's share of adjusted equity. They are initially recognized at cost. Any goodwill arising on acquisition is included in the carrying amount of the investment.

The group's share of the profit or loss of equity-accounted investments 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 or joint venture's loss exceeds the carrying amount of the net investment in the associate or joint venture, no further losses are recognized.

Where necessary, the accounting policies of associates and joint ventures are adjusted to comply with uniform group accounting principles.
As of the reporting date, two investments in associates (previous year: two) and six investments in joint ventures (previous year: 13) were accounted for using the equity method.

Joint operations

Joint operations are joint arrangements whereby the parties involved have joint control over the arrangement and rights to the assets, and obligations for the liabilities, relating to the arrangement.

Joint control exists when decisions about the relevant activities of the joint arrangement require the unanimous consent of GEA Group and the other parties that collectively control the arrangement.

The assets, liabilities, income, and expenses of joint operations are accounted for in proportion to GEA Group's interest in them in accordance with the relevant IFRSs.

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 depreciated 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 historical cost, net of accumulated depreciation.

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 own use proportion 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 firm commitments (fair value hedge) or as a hedge of future cash flows in connection with assets and liabilities (cash flow hedge).

In the case of 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 all the 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.

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. Discount unwinding costs are reported in interest expense.

The cost at the time when reserve is recognized is reported in cost of sales when warranty of provisions are 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 incidental to 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 6.3.4).

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), particularly with regard to assessing which subsidiaries to exclude from the consolidated financial statements on the basis of materiality.

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 associated with assets 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 used to measure 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 group guideline requires 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 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 reflects 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 –270 thousand in fiscal year 2014 (previous year: EUR –653 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 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 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
2014							
Trade payables	639,719	638,994	725	–	–	–	–
Borrower's note loan	90,541	2,453	2,453	92,453	–	–	–
Bonds	282,202	11,676	286,415	–	–	–	–
Liabilities to banks	156,377	107,857	1,783	51,030	70	–	–
Liabilities under finance leases	34,929	3,997	3,946	4,165	3,906	3,906	51,963
Liabilities to investees	1,129	1,129	–	–	–	–	–
Currency derivatives not included in a recognized hedging relationship	4,945	213,486	5,668	–	–	–	–
Currency derivatives included in a cash flow hedge	9,695	230,499	6,682	343	–	–	–
Interest rate and cross-currency derivatives not included in a recognized hedging relationship	6,500	8,222	7,837	27,328	3,809	–	–
Interest rate and cross-currency derivatives included in a cash flow hedge	3,228	1,238	1,242	926	–	–	–
Other financial liabilities	160,086	118,928	86,480	12,989	14,765	10,378	4,254
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	–	–
Other financial liabilities	59,748	58,088	1,660	–	–	–	–

All financial liabilities outstanding as of December 31, 2014, are included in the above table on the basis of expected contractual cash flows. 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 507,280 thousand (previous year: EUR 536,246 thousand) were partially offset by payments received from the same instruments of EUR 480,377 thousand (previous year: EUR 518,477 thousand).

As of December 31, 2014, the group held cash credit lines of EUR 1,305,421 thousand (previous year: EUR 1,740,182 thousand), EUR 529,106 thousand of which has been utilized (previous year: EUR 974,277 thousand). The cash credit lines are composed of the following items:

(EUR thousand)	Maturity	12/31/2014 approved	12/31/2014 utilized	12/31/2013 approved	12/31/2013 utilized
GEA Bond	April 2016	274,739	274,739	400,000	400,000
Kreditanstalt für Wiederaufbau (KfW)	Early redemption	–	–	60,000	60,000
Kreditanstalt für Wiederaufbau (KfW)	Early redemption	–	–	42,000	42,000
European Investment Bank	Partial repayment amounting to EUR 100,000 thousand on January 14, 2015; Remaining portion on July 14, 2017	150,000	150,000	150,000	150,000
Borrower's note loan	September 2017	90,000	90,000	300,000	300,000
Syndicated credit line („Club Deal")	August 2019	650,000	–	650,000	–
Various (bilateral) credit lines including accured interests	Maximum of 1 year or "until further notice"	140,682	14,367	138,182	22,277
Total		**1,305,421**	**529,106**	**1,740,182**	**974,277**

GEA Group Aktiengesellschaft used some of the proceeds from the completed sale of the Heat Exchangers Segment to repay financial liabilities ahead of schedule. In the fourth quarter of fiscal year 2014, financial liabilities were reduced by more than EUR 400,000 thousand through various measures.

Specifically, two loans from Kreditanstalt für Wiederaufbau (KfW) totaling EUR 71,500 thousand were repaid. In addition, GEA repurchased bonds it had issued amounting to EUR 125,261 thousand. Borrower's note loans amounting to EUR 210,000 thousand were also repaid early.

To ensure long-term group financing, GEA Group Aktiengesellschaft took out a syndicated credit line in the form of a club deal amounting to EUR 650,000 thousand in August 2013. The loan originally had a term of five years and included two prolongation options of one year each. The first option was exercised in the year under review, with the loan extended by one year until 2019. There is still an option to extend the loan for a further year.

As of December 31, 2014, guarantee lines for the performance of contracts, advance payments, and warranty obligations of EUR 1,732,338 thousand were available to the group as a whole (previous year: EUR 1,886,355 thousand), EUR 462,077 thousand of which has been utilized (previous year: EUR 707,924 thousand). In the previous year, EUR 253,658 thousand of this amount was attributable to the sold GEA HX Segment. 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 on by GEA Group in extremely rare exceptional cases in recent years.

As of December 31, 2014, EUR 34,151 thousand of bank guarantees under GEA Group Aktiengesellschaft credit lines were granted to customers of the GEA HX Segment, which was sold as of October 31, 2014, to collateralize the segment's contractual obligations. The purchaser of the GEA HX Segment has granted bank guarantees of EUR 17,954 thousand in favor of GEA Group Aktiengesellschaft to cover the unlikely event of default.

In addition, GEA Group Aktiengesellschaft has issued group guarantees of EUR 108,045 thousand to collateralize the GEA HX Segment's contractual obligations. To hedge the risk of claims being made under the guarantees, GEA Group Aktiengesellschaft has received bank guarantees from the purchaser of the GEA HX Segment in the amount of EUR 32,413 thousand.

As of the year-end, EUR 84 thousand (previous year: EUR 284 thousand) of bank guarantees under GEA Group Aktiengesellschaft credit lines and EUR 99,733 thousand (previous year: EUR 88,101 thousand) of group guarantees were granted to Lurgi AG's customers to collateralize that company's contractual obligations in the unlikely event of default. The purchaser of the Lurgi Group has granted bank guarantees that cover the amount for which GEA Group Aktiengesellschaft is liable under the bank guarantees issued. EUR 2,830 thousand (previous year: EUR 9,669 thousand) of bank guarantees under GEA Group Aktiengesellschaft credit lines and EUR 71,764 thousand (previous year: EUR 69,582 thousand) of group guarantees were granted to Lentjes GmbH's customers to collateralize that company's contractual obligations.

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 euro from the perspective of the group:

(EUR thousand)		Nominal amount	Profit/loss for the year		Equity	
Base currency	Foreign currency		2014		2014	
			+ 10%	**–10%**	**+ 10%**	**–10%**
EUR	USD	707,951	–9	11	9,042	–11,046
EUR	DKK	182,816	–1,635	1,999	–	–
EUR	GBP	130,089	1,265	–1,546	–1,334	1,630
EUR	CNY	52,146	–598	731	42	–51
EUR	ZAR	36,674	2,520	–3,080	500	–612
EUR	CAD	26,375	2,712	–3,315	3	–4

(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	–	–

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 the reporting date. 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 significant negative interest rate. This results in the following effects for the simulated scenarios:

	12/31/2014		12/31/2013	
(EUR thousand)	+ 100 basis points	–10 basis points	+ 100 basis points	–10 basis points
Interest rate risk recognized in equity	1,189	–72	1,705	–161
Interest rate risk recognized in profit or loss	1,127	–73	–2,218	233

The calculation is based on a net volume of EUR 128,640 thousand (previous year: EUR 475,411 thousand). The calculation does not include the variable rate portion of the loan from the European Investment Bank (EIB) of EUR 100,000 thousand that is not hedged using interest rate swaps, since this amount was repaid in January 2015.

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)	12/31/2014	12/31/2013
Liabilities to banks	–156,377	–263,750
thereof liabilities held for sale	–	–2,994
Borrower's note loan	–90,541	–300,358
Bonds	–282,202	–410,220
Cash and cash equivalents	1,195,858	795,777
thereof assets held for sale	–	112,257
Current securities	37,036	–
Fixed deposits with a remaining period ≤ 1 year	199,961	–
Net liquidity (+)/Net debt (-)	903,735	–178,551
Equity	**2,527,207**	**2,315,702**
Equity ratio	**43.3%**	**35.8%**
Gearing	–35.8%	7.7%

Net debt was fully eliminated over the course of the fiscal year. In particular, the cash inflow from the sale of the GEA Heat Exchangers Segment led to a change of EUR 1,082,286 thousand, resulting in net liquidity of EUR 903,735 thousand as of December 31, 2014.

Two international rating agencies, Moody's and Fitch, again rated GEA Group Aktiengesellschaft's ability to meet its financial obligations. The two agencies upgraded their ratings compared with the previous year. The ratings for GEA Group are as follows:

	2014		2013	
Agency	Rating	Outlook	Rating	Outlook
Moody's	Baa2	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 initiated the sale of the GEA Heat Exchangers Segment (GEA HX) in June 2013 with the agreement of the Supervisory Board. 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.

GEA Group entered into an agreement for the sale of the GEA HX Segment to funds advised by Triton on April 16, 2014; the transaction was completed on October 31, 2014.

The selling price for the GEA HX Segment was based on an enterprise value calculated as of the December 31, 2013, reporting date. The purchase price was not adjusted to reflect any profit generated by GEA HX between that date and completion of the transaction. Consequently, the profit recorded by GEA HX after December 31, 2013, was to the economic advantage of the purchaser on completion of the transaction.

As the IFRS 5 conditions were met for the first time at the 2013 year-end, the GEA HX Segment was classified as a discontinued operation as of that 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. In addition, the assets and liabilities of the GEA HX disposal group were reported in the balance sheet under "assets held for sale" and "liabilities held for sale" from December 31, 2013, until the completion of the transaction.

The assets and liabilities of the GEA HX disposal group as of December 31, 2013, and the assets and liabilities disposed of on completion of the transaction on October 31, 2014, are outlined in the table below:

(EUR thousand)	10/31/2014	12/31/2013
Property, plant and equipment	287,639	255,378
Investment property	281	281
Goodwill	502,553	524,423
Other intangible assets	51,199	44,771
Equity-accounted investments	6,321	6,466
Other non-current financial assets	6,838	8,265
Deferred taxes	45,082	46,412
Inventories	159,951	142,285
Trade receivables	429,126	403,516
Income tax receivables	6,216	4,225
Other current financial assets	59,009	44,709
Cash and cash equivalents	79,200	112,257
Other current assets	–	–
Disposed assets (10/31/2014) / Assets held for sale (12/31/2013)	**1,633,415**	**1,592,988**
Non-current provisions	14,501	10,516
Non-current employee benefit obligations	33,177	27,718
Non-current financial liabilities	13,442	5,178
Other non-current liabilities	574	470
Deferred taxes	25,560	26,716
Current provisions	78,737	81,703
Current employee benefit obligations	42,457	38,220
Current financial liabilities	6,560	4,300
Trade payables	228,203	233,131
Income tax liabilities	25,200	9,220
Other current liabilities	175,950	182,694
Disposed liabilities (10/31/2014) / Liabilities held for sale (12/31/2013)	**644,361**	**619,866**

The carrying amount of the GEA HX disposal group was written down to its fair value less costs to sell as of September 30, 2014, resulting in an impairment loss of EUR 22,383 thousand. The entire impairment loss was allocated to the goodwill of the disposal group.

The fair value less costs to sell as of September 30, 2014, was measured on the basis of the contractual sale price and estimates of the cash outflows attributable to the costs to sell.

The result from the sale is calculated as follows:

(EUR thousand)	2014
Total disposed assets	1,633,415
Total disposed liabilities	–644,361
Disposed net assets	**989,054**
Proceeds from disposal (paid in cash)	1,059,307
Less attributable costs to sell	–95,226
Profit from reclassification of exchange differences on translating foreign operations	6,784
Loss on disposal before taxes	**–18,189**
Income taxes	–1,234
Loss on disposal after taxes	**–19,423**

In addition to the transaction costs, costs to sell include expenses from the recognition of liabilities for contractual warranties associated with the sale, including obligations from risk sharing for large projects.

The cash flow from the sale is outlined in the table below:

(EUR thousand)	2014
Proceeds from disposal	1,059,307
Disposed cash and cash equivalents	–79,200
Net cash flow from disposal	**980,107**

The results of the GEA HX discontinued operation are as follows:

(EUR thousand)	01/01/2014 - 12/31/2014	01/01/2013 - 12/31/2013
Revenues	1,172,961	1,489,067
Other revenue	32,173	30,182
Expenses	1,106,724	1,414,305
Profit or loss from operating activities before tax from discontinued operations	**98,410**	**104,944**
Income taxes	23,778	51,142
Profit or loss from operating activities after tax from discontinued operations	**74,632**	**53,802**
Profit or loss from valuation adjustment/disposal	40,572	–
Income taxes	1,234	–
Profit or loss from valuation adjustment/disposal after tax	**41,806**	**–**
Profit or loss after tax from discontinued operations	**32,826**	**53,802**
thereof attributable to shareholders of GEA Group AG	32,678	53,449
thereof attributable to non-controlling interests	148	353

As of December 31, 2014, the accumulated expenses recognized in other comprehensive income linked to the disposal group GEA HX excluding actuarial losses amount to EUR 0 thousand (previous year: EUR 3,569 thousand).

Other assets held for sale, liabilities associated with assets held for sale, and discontinued operations

Assets held for sale are reported at a carrying amount of EUR 5,585 thousand as of December 31, 2014 (previous year: EUR 12,798 thousand). Of this amount, EUR 4,378 thousand relates to land in Germany that is not required for operating purposes. This asset will be disposed of since it has no further use.

Discontinued operations comprise the risks remaining from the sale of the plant engineering activities, especially Lurgi and Lentjes, winding-up the business operations of Ruhr-Zink, and the continued process of winding-up past discontinued operations, including individual legal disputes arising from them. Profit after tax from these discontinued operations of EUR 1,786 thousand (previous year: EUR 552 thousand) did not have a material impact on consolidated profit. Tax income attributable to these discontinued operations amounted to EUR 2,992 thousand. In the previous year, tax income amounted to EUR 3,504 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**
Jan. 1, 2013					
Cost	655,535	629,922	366,220	119,160	**1,770,837**
Cumulative depreciation and impairment losses	–303,134	–440,984	–285,000	–3,240	**–1,032,358**
Carrying amount	**352,401**	**188,938**	**81,220**	**115,920**	**738,479**
Changes in 2013					
Additions	20,636	25,604	32,278	38,221	**116,739**
Disposals	–496	–	–908	–397	**–1,801**
Depreciation	–20,718	–38,267	–25,673	–403	**–85,061**
Impairment losses	–	–	–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**
Currency translation	–7,552	–5,084	–2,109	–447	**–15,192**
Other changes	68,368	20,290	9,470	–105,728	**–7,600**
Carrying amount at Dec. 31, 2013	**275,973**	**98,167**	**78,568**	**37,712**	**490,420**
Jan. 1, 2014					
Cost	501,289	385,850	311,854	38,234	**1,237,227**
Cumulative depreciation and impairment losses	–225,316	–287,683	–233,286	–522	**–746,807**
Carrying amount	**275,973**	**98,167**	**78,568**	**37,712**	**490,420**
Changes in 2014					
Additions	8,897	13,627	22,634	19,819	**64,977**
Disposals	–840	–715	–2,388	–1,289	**–5,232**
Depreciation	–13,559	–20,881	–21,681	–1,016	**–57,137**
Impairment losses	–	–	–	–	**–**
Reversal of impairment losses	–	317	42	–	**359**
Reclassification as held for sale	–	–	–	–	**–**
Changes in consolidated group	1,821	–104	503	4	**2,224**
Currency translation	6,529	3,169	1,442	216	**11,356**
Other changes	3,587	16,984	2,358	–31,138	**–8,209**
Carrying amount at Dec. 31, 2014	**282,408**	**110,564**	**81,478**	**24,308**	**498,758**
Dec. 31, 2014					
Cost	520,733	409,148	328,812	27,339	**1,286,032**
Cumulative depreciation and impairment losses	–238,325	–298,584	–247,334	–3,031	**–787,274**
Carrying amount	**282,408**	**110,564**	**81,478**	**24,308**	**498,758**

The other changes are primarily attributable to reclassifications from assets under construction to other items of property, plant, and equipment.

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)	2014	2013
Cost - capitalized leased assets under finance leases	44,032	60,238
Cumulative depreciation and impairment losses	–10,259	–17,569
Reclassification as held for sale	–	–7,337
Carrying amount	**33,773**	**35,332**

EUR 28,513 thousand (previous year: EUR 29,799 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 4,359 thousand as of the reporting date (previous year: EUR 4,202 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, 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**
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**
Jan. 1, 2014			
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**
Changes in 2014			
Additions	1,254	–	**1,254**
Disposals	–14	–	**–14**
Depreciation	–	–266	**–266**
Currency translation	23	115	**138**
Reclassification as held for sale	–2,077	–	**–2,077**
Other changes	–	–	**–**
Carrying amount at Dec. 31, 2014	**8,244**	**4,239**	**12,483**
Dec. 31, 2014			
Cost	15,037	9,834	**24,871**
Cumulative depreciation and impairment losses	–6,793	–5,595	**–12,388**
Carrying amount	**8,244**	**4,239**	**12,483**

The fair value of investment property is EUR 17,141 thousand (previous year: EUR 18,922 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)	01/01/2014 - 12/31/2014	01/01/2013 - 12/31/2013
Rental income	3,048	3,214
Operating expenses	2,325	2,486
thereof: properties used to generate rental income	2,325	2,486
Total	**723**	**728**

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, 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**
Reclassification	–238,495	–	–	238,495	–	–	**–**
Additions	–	–	–	–	815	1,133	**1,948**
Disposals	–	–	–	–	358	–	**358**
Currency translation	–	8,137	–	464	2,699	3,812	**15,112**
Carrying amount at Dec. 31, 2014	**–**	**187,768**	**–**	**570,849**	**387,587**	**183,768**	**1,329,972**

The group's operating segments were reorganized at the beginning of 2014. The activities of the former GEA Food Solutions and GEA Mechanical Equipment Segments are now reported under the segment name GEA Mechanical Equipment (see note 9.1). Consequently, the goodwill attributable to the GEA Food Solutions Segment was reclassified to the GEA Mechanical Equipment Segment.

Impairment test

Goodwill recoverability was tested at the end of fiscal year 2014. 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 2015 and has taken note of it for 2016 and 2017. 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 of GEA Group's segments will profit from these underlying trends. 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 marine sector. In addition, planned growth for individual segments also takes account of actual past growth rates.

With regard to raw material prices, it is assumed that any increase can be offset by increased selling prices. Measures under the "Fit for 2020" project and future acquisitions have not been taken into account in the planning.

The total cost of capital assumed for discounting is based on a risk-free interest rate of 1.75 percent (previous year: 2.75 percent) and a market risk premium of 6.75 percent (previous year: 5.75 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 (%)	12/31/2014	12/31/2013
GEA Food Solutions	–	7.83
GEA Farm Technologies	9.87	9.02
GEA Mechanical Equipment	8.68	9.31
GEA Process Engineering	7.59	8.59
GEA Refrigeration Technologies	8.25	8.70

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**
Jan. 1, 2013						
Cost	87,984	179,277	106,978	170,467	70,418	**615,124**
Cumulative amortization and impairment losses	–19,640	–48,226	–71,528	–75,035	–24,939	**–239,368**
Carrying amount	**68,344**	**131,051**	**35,450**	**95,432**	**45,479**	**375,756**
Changes in 2013						
Additions	13	–	7,608	7,255	24,649	**39,525**
Disposals	–338	–201	–8	325	–	**–222**
Amortization	–576	–16,910	–9,140	–13,685	–6,852	**–47,163**
Impairment losses	–2,480	–	–	–	–	**–2,480**
Reversal of impairment losses	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**
Currency translation	–1,613	–1,073	–411	–1,283	–136	**–4,516**
Other changes	–1	–	626	1,586	862	**3,073**
Carrying amount at Dec. 31, 2013	**49,612**	**109,317**	**29,871**	**72,671**	**58,369**	**319,840**
Jan. 1, 2014						
Cost	62,061	166,606	87,536	132,045	85,969	**534,217**
Cumulative amortization and impairment losses	–12,449	–57,289	–57,665	–59,374	–27,600	**–214,377**
Carrying amount	**49,612**	**109,317**	**29,871**	**72,671**	**58,369**	**319,840**
Changes in 2014						
Additions	18	–	9,342	3,358	23,242	**35,960**
Disposals	–11	–	–426	–41	–	**–478**
Amortization	–284	–16,135	–6,908	–10,394	–9,211	**–42,932**
Impairment losses	–	–	–	–	–445	**–445**
Reversal of impairment losses	118	–	–	231	–	**349**
Reclassification as held for sale	–	–	–	–	–	**–**
Changes in consolidated group	1,404	920	7	602	–	**2,933**
Currency translation	1,078	1,117	316	1,168	188	**3,867**
Other changes	–	–	241	104	6,117	**6,462**
Carrying amount at Dec. 31, 2014	**51,935**	**95,219**	**32,444**	**67,699**	**78,260**	**325,557**
Dec. 31, 2014						
Cost	64,679	169,925	97,647	136,849	115,671	**584,771**
Cumulative amortization and impairment losses	–12,744	–74,706	–65,203	–69,150	–37,411	**–259,214**
Carrying amount	**51,935**	**95,219**	**32,444**	**67,699**	**78,260**	**325,557**

The additions to internally generated intangible assets are primarily attributable to two segments: In the GEA Mechanical Equipment Segment, the additions relate to a series of enhancements with regard to the preparation, processing, cutting, and packaging of food. In the GEA Farm Technologies Segment, costs relating to developments in automated milking 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 42,932 thousand in fiscal year 2014 (previous year: EUR 47,163 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 48,423 thousand (previous year: EUR 46,558 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:

	12/31/2014		12/31/2013	
Segment	Carrying amount (EUR thousand)	Proportion of total carrying amount (%)	Carrying amount (EUR thousand)	Proportion of total carrying amount (%)
GEA Farm Technologies	6,111	12.6	5,961	12.8
GEA Mechanical Equipment	13,073	27.0	12,906	27.7
GEA Process Engineering	14,824	30.6	13,649	29.3
GEA Refrigeration Technologies	14,415	29.8	14,042	30.2
Total	**48,423**	**100.0**	**46,558**	**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 2015 and has taken note of it for 2016 and 2017. 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:

(%)	12/31/2014	12/31/2013
Discount rate	7.46 - 12.22	9.35 - 19.08
Royalty rate	0.50 - 3.00	0.20 - 3.00

The impairment test performed at the end of the year did not lead to a writedown. The reversals of impairment losses amounting to EUR 118 thousand relate to the GEA Refrigeration Technologies Segment.

5.5 Equity-accounted investments

The relevant figures for equity-accounted investments are based on the most recently available annual financial statements.

The aggregate of the carrying amounts and the share of the profit of equity-accounted investments are insignificant in relation to the group's total assets and profit.

Associates
Equity-accounted associates are reported at a carrying amount of EUR 2,093 thousand as of December 31, 2014 (previous year: EUR 2,108 thousand).

The share of the profit or loss of equity-accounted associates is as follows:

(EUR thousand)	01/01/2014 - 12/31/2014	01/01/2013 - 12/31/2013
Profit/loss from continuing operations	1,644	2,706
Other comprehensive income	–2	17
Total profit/loss	**1,642**	**2,723**

Joint ventures
Equity-accounted joint ventures are reported at a carrying amount of EUR 13,200 thousand as of December 31, 2014 (previous year: EUR 11,582 thousand).

The share of the profit or loss of equity-accounted joint ventures is as follows:

(EUR thousand)	01/01/2014 - 12/31/2014	01/01/2013 - 12/31/2013
Profit/loss from continuing operations	2,640	2,169
Other comprehensive income	–	–
Total profit/loss	**2,640**	**2,169**

5.6 Other financial assets

Other financial assets are composed of the following items:

(EUR thousand)	12/31/2014	12/31/2013
Investments in unconsolidated subsidiaries and other equity investments	24,758	27,408
Other securities	8,517	9,575
Derivative financial instruments	447	465
Miscellaneous other financial assets	29,711	4,620
Other non-current financial assets	**63,433**	**42,068**
Other securities	37,036	–
Derivative financial instruments	20,564	10,794
Miscellaneous other financial assets	333,025	98,145
Other current financial assets	**390,625**	**108,939**
Total	**454,058**	**151,007**

EUR 37,036 of the additions to other securities is attributable to the acquisition of a listed, variable rate bond with an excellent rating.

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 362,736 thousand (previous year: EUR 102,765 thousand) were recognized as of the reporting date. They are broken down into non-current and current assets as follows:

(EUR thousand)	12/31/2014	12/31/2013
Other receivables from unconsolidated subsidiaries	99	130
Other receivables from equity investments	1,300	–
Receivables from tax authorities	469	469
Sundry miscellaneous other financial assets	27,843	4,021
Other non-current financial assets	**29,711**	**4,620**
Other receivables from unconsolidated subsidiaries	3,887	1,493
Other receivables from equity investments	12,862	4,592
Other receivables from tax authorities	51,823	40,469
Fixed term deposits	199,961	–
Sundry miscellaneous other financial assets	64,492	51,591
Other current financial assets	**333,025**	**98,145**
Total	**362,736**	**102,765**

EUR 199,961 thousand of the increase in miscellaneous other current financial assets relates to term deposits.

Receivables from tax authorities primarily comprise VAT receivables.

EUR 25,000 thousand of the additions to miscellaneous other non-current financial assets is attributable to an advance payment for the acquisition of Dutch group de Klokslag, which was completed after the end of the reporting period (see note 11.1).

Miscellaneous other financial assets include prepaid expenses totaling EUR 27,559 thousand (previous year: EUR 24,852 thousand).

The maturity structure of miscellaneous other financial assets is as follows:

(EUR thousand)		12/31/2014	12/31/2013
Carrying amount before impairment losses		**94,447**	**57,823**
Impairment losses		2,112	2,211
Carrying amount		**92,335**	**55,612**
thereof not overdue at the reporting date		91,435	55,502
thereof past due at reporting date		900	110
	less than 30 days	519	32
	between 31 and 60 days	34	12
	between 61 and 90 days	–	7
	between 181 and 360 days	–	1
	more than 360 days	347	58

5.7 Inventories

Inventories are composed of the following items:

(EUR thousand)	12/31/2014	12/31/2013
Raw materials, consumables, and supplies	134,978	113,459
Work in progress	100,348	89,281
Assets for third parties under construction	19,407	13,721
Finished goods and merchandise	279,894	287,857
Advance payments	27,248	46,737
Total	**561,875**	**551,055**

Inventories of EUR 2,759 million were recognized as an expense in fiscal year 2014 (previous year: EUR 2,652 million). Impairment losses on inventories were EUR 12,613 thousand in the reporting period (previous year: EUR 7,924 thousand). Impairment losses on inventories in previous years amounting to EUR 2,502 thousand (previous year: EUR 2,098 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)	12/31/2014	12/31/2013
Trade receivables	691,440	663,580
thereof from third parties	677,931	645,316
thereof from unconsolidated subsidiaries	13,509	18,264
Gross amount due from customers for contract work	254,315	265,576
Total	**945,755**	**929,156**

Trade receivables include receivables of EUR 1,925 thousand (previous year: EUR 4,844 thousand) that will not be realized until more than one year after the reporting date. Bad debt allowances on trade receivables totaled EUR 44,752 thousand (previous year: EUR 42,142 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)		12/31/2014	12/31/2013
Carrying amount before impairment losses		**722,683**	**687,458**
Impairment losses		44,752	42,142
Carrying amount		**677,931**	**645,316**
thereof not overdue at the reporting date		496,742	471,796
thereof past due at reporting date		181,189	173,520
	less than 30 days	90,234	82,760
	between 31 and 60 days	29,869	29,421
	between 61 and 90 days	15,654	11,139
	between 91 and 180 days	20,307	18,971
	between 181 and 360 days	11,898	18,292
	more than 360 days	13,227	12,937

Construction contracts

The gross amount due from and to customers for contract work is composed of the following items:

(EUR thousand)	12/31/2014	12/31/2013
Capitalized production cost of construction contracts	2,260,885	1,949,863
plus net gain from construction contracts	441,593	381,482
less anticipated losses	6,310	4,253
less progress billings	2,696,781	2,354,477
Total	**–613**	**–27,385**
Gross amount due from customers for contract work (included in trade receivables)	254,315	265,576
Gross amount due to customers for contract work (included in other liabilities)	–254,928	–292,961
Total	**–613**	**–27,385**

Advance payments received on construction contracts amounted to EUR 28,513 thousand at December 31, 2014 (previous year: EUR 29,489 thousand). Customer retention money amounted to EUR 8,768 thousand (previous year: EUR 12,946 thousand). Revenue of EUR 2,207,366 thousand (previous year: EUR 2,103,347 thousand) was generated from construction contracts in the reporting period.

5.9 Income tax receivables

Income tax receivables amounted to EUR 17,531 thousand at the reporting date (previous year: EUR 8,332 thousand). As in the previous year, the full amount is due within one year.

5.10 Cash and cash equivalents

Cash and cash equivalents were composed of the following items at the reporting date:

(EUR thousand)	12/31/2014	12/31/2013
Unrestricted cash	1,194,437	682,084
Restricted Cash	1,421	1,436
Total	**1,195,858**	**683,520**

Cash and cash equivalents comprise cash funds and overnight deposits. Restricted cash mainly consists of 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 as of the end of the year is 0.3 percent (previous year: 0.3 percent).

6. Consolidated balance sheet disclosures: Equity and liabilities

6.1 Equity

Subscribed capital

The subscribed capital of GEA Group Aktiengesellschaft was unchanged compared with the previous year at EUR 520,376 thousand as of December 31, 2014. As in the previous year, the shares are composed of 192,495,476 no-par value bearer shares. 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
Total			**149,000**

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.

Contingent capital

(EUR thousand)	12/31/2014	12/31/2013
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
Bonds with warrants and convertible bonds according Annual General Meeting resolution April 21, 2010	48,660	48,660
Total	**48,660**	**65,999**

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 issued against cash contributions that are 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 each case in accordance with the authorizing resolution referred to above. The new shares bear 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.

In addition, under Article 4(6) of the Articles of Association (former version), the share capital was contingently increased by up to EUR 17,339,095.52, comprising up to 6,414,014 bearer shares on December 31, 2013. The contingent capital increase served 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. On December 3, 2014, the Supervisory Board resolved to cancel this contingent capital.

As in the previous year, no bonds with warrants or convertible bonds were issued in fiscal year 2014.

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 declined by EUR 212 thousand compared with the previous year and amounted to EUR 1,217,861 thousand (previous year: EUR 1,218,073 thousand). This figure includes an increase of EUR 21 thousand (previous year: decline of EUR 21 thousand) from the offsetting of income from an employee share-based payment plan in South Africa attributable to the GEA HX Segment, which was sold on October 31, 2014. 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.

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. Expenses of EUR 21 thousand (previous year: income of EUR 21 thousand) were recognized to reflect expected staff turnover in fiscal year 2014.

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.

Noncontrolling interests

Noncontrolling interests in GEA Group companies amounted to EUR 560 thousand (previous year: EUR 2,667 thousand).

The change in accumulated other comprehensive income attributable to noncontrolling interests totaled EUR 64 thousand (previous year: EUR 167 thousand). This amount resulted primarily from currency translation on foreign currency translation, which contributed EUR 62 thousand in fiscal year 2014 (previous year: EUR 167 thousand) to the change in accumulated other comprehensive income.

6.2 Provisions

The following table shows the composition of and changes in provisions in 2014:

(EUR thousand)	Guarantees, warranties	Financial guarantee contracts	Litigation risks	Follow-up costs	Environmental protection, mining	Other provisions	**Total**
Balance at Jan. 1, 2014	**71,739**	**24,700**	**22,614**	**25,324**	**76,289**	**73,762**	**294,428**
thereof non-current	10,217	10,283	8,424	4,931	66,495	23,427	**123,777**
thereof current	61,522	14,417	14,190	20,393	9,794	50,335	**170,651**
Additions	39,188	–	4,300	15,426	8,956	54,145	**122,015**
Utilization	–25,858	–1,777	–6,711	–14,090	–18,210	–27,499	**–94,145**
Reversal	–16,177	–6,905	–255	–4,471	–10,479	–11,234	**–49,521**
Changes in consolidated group	44	–	–	36	–	20	**100**
Unwinding of discount	–	5	372	15	2,498	1,242	**4,132**
Currency translation	1,959	–	144	285	11	1,012	**3,411**
Balance at Dec. 31, 2014	**70,895**	**16,023**	**20,464**	**22,525**	**59,065**	**91,448**	**280,420**
thereof non-current	10,134	10,190	8,344	5,917	58,919	38,088	**131,592**
thereof current	60,761	5,833	12,120	16,608	146	53,360	**148,828**

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, 2014, refund claims amounting to EUR 413 thousand (previous year: EUR 433 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 2014 are primarily due to the resolution of uncertainties relating to risks from the sale of the plant engineering activities. An outflow of approximately 36 percent of the provisions for financial guarantee contracts is expected in fiscal year 2015.

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 and for the clean-up of other instances of groundwater contamination. The law is still unclear as to the amount and duration of the Company's obligation to clean up pit and ground water. Risks related to the removal of contamination caused by Ruhr-Zink were transferred to a municipal development company in fiscal 2014 on payment of a rehabilitation support payment. The level of provisions is based on the best estimate. Around one-quarter of the expected cash outflows are anticipated to be within the next ten years. The obligations are expected to extend to well beyond 2030.

Other provisions

Other provisions comprise provisions for a range of individual items. Around 58 percent of other provisions are expected to be settled in fiscal year 2015.

6.3 Employee benefit obligations

Employee benefit obligations are composed of the following items:

(EUR thousand)	12/31/2014	12/31/2013
Obligations under pension plans and supplementary healthcare benefits	760,645	639,757
thereof defined benefit pension plans	741,350	621,112
thereof obligations under supplementary healthcare benefits	16,419	16,043
thereof defined contribution pension plans	2,876	2,602
Other employee benefit obligations	3,569	3,339
Partial retirement	8,163	10,910
Jubilee benefits	8,705	7,748
Other non-current obligations to employees	12,483	10,957
Non-current employee benefit obligations	**793,565**	**672,711**
Redundancy plan and severance payments	8,926	3,584
Outstanding vacation, flexitime/overtime credits	57,307	55,764
Bonuses	84,388	75,488
Other current obligations to employees	20,016	17,808
Current employee benefit obligations	**170,637**	**152,644**
Total employee benefit obligations	**964,202**	**825,355**

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. In the previous year, 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, 2014, and as of December 31, 2013.

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 one-third 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.

Obligations under supplementary healthcare benefits relate solely to 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:

	12/31/2014		12/31/2013	
(EUR thousand)	Germany	Other countries	Germany	Other countries
Present value of defined benefit obligation at beginning of fiscal year	**635,469**	**150,954**	**632,091**	**155,017**
Current service cost	11,508	2,890	10,629	3,203
Interest cost from discounting unwinding on obligations	20,059	5,279	20,008	4,987
Employee contributions	–	866	–	787
Remeasurement of present value of obligation	114,688	22,777	6,047	–55
Actuarial gains (losses) from changes in demographic assumptions	–	4,615	–	543
Actuarial gains (losses) resulting from changes in financial assumptions	113,133	17,277	–383	–2,583
Actuarial gains (losses) resulting from experience adjustments	1,555	885	6,430	1,985
Past service cost	–	–1,863	–	–63
Payments without settlements	–32,241	–6,007	–33,617	–8,628
Transfer of assets	–	–	311	694
Changes in consolidated group due to acquisitions	–24,540	–3,209	–	–377
Currency translation	–	9,946	–	–4,611
Present value of defined benefit obligation at end of fiscal year	**724,943**	**181,633**	**635,469**	**150,954**
Fair value of plan assets at beginning of the fiscal year	**17,956**	**109,746**	**17,869**	**106,405**
Interest income on plan assets	568	4,011	581	3,479
Employer contributions	2,341	5,558	421	5,347
Employee contributions	–	866	–	787
Remeasurement: return from plan assets in excess interest income	562	7,468	34	4,230
Gains and losses on settlements	–	–19	–	–
Payments without settlements	–962	–5,081	–949	–7,506
Transfer of assets	–	–	–	509
Changes in consolidated group due to acquisitions	–243	–1,109	–	–
Currency translation	–	7,145	–	–3,505
Fair value of plan assets at the end of fiscal year	**20,222**	**128,585**	**17,956**	**109,746**
Funded status/ Net carrying amount	**704,721**	**53,048**	**617,513**	**41,208**
Reclassification as held for sale	–	–	–19,466	–2,100
Net carrying amount	**704,721**	**53,048**	**598,047**	**39,108**

The changes in the consolidated group due to acquisitions and disposals in fiscal year 2014 are attributable solely to the sale of the GEA Heat Exchangers Segment.

The net carrying amount of obligations under defined benefit pension plans and supplementary healthcare benefits changed as follows in fiscal years 2014 and 2013:

	12/31/2014		12/31/2013	
(EUR thousand)	Germany	Other countries	Germany	Other countries
Net carrying amount at beginning of fiscal year	**617,513**	**41,208**	**614,222**	**48,612**
Changes through profit or loss	30,999	2,314	30,056	4,648
Current service cost	11,508	2,890	10,629	3,203
Past service cost	–	–1,863	–	–63
Gains and losses on settlements	–	19	–	–
Net interest on net defined benefit liability	19,491	1,268	19,427	1,508
Changes through OCI	114,126	15,288	6,013	–4,285
Return from plan assets in excess interest income	–562	–7,468	–34	–4,230
Actuarial gains (losses) from changes in demographic assumptions	–	4,592	–	543
Actuarial gains (losses) resulting from changes in financial assumptions	113,133	17,278	–383	–2,583
Actuarial gains (losses) resulting from experience adjustments	1,555	886	6,430	1,985
Cash-effective changes	–33,620	–6,484	–33,089	–6,469
Employer contributions	–2,341	–5,558	–421	–5,347
Employee contributions	–	–	–	–
Payments without settlements	–31,279	–926	–32,668	–1,122
Other changes	–24,297	722	311	–1,298
Transfer of assets	–	–	311	185
Changes in consolidated group due to acquisitions	–24,297	–2,100	–	–377
Currency translation	–	2,822	–	–1,106
Funded status/ Net carrying amount	**704,721**	**53,048**	**617,513**	**41,208**
Reclassification as held for sale	–	–	–19,466	–2,100
Net carrying amount	**704,721**	**53,048**	**598,047**	**39,108**

The changes in the consolidated group due to acquisitions and disposals in fiscal year 2014 are attributable solely to the sale of the GEA Heat Exchangers Segment.

The following overview shows the net carrying amount broken down into plans with and without plan assets:

	12/31/2014		12/31/2013	
(EUR thousand)	Germany	Other countries	Germany	Other countries
Present value of funded obligations	174,299	168,603	139,255	138,934
Fair value of plan assets	20,222	128,585	17,956	109,746
Funded status/ Net carrying amount of funded obligations	**154,077**	**40,018**	**121,299**	**29,188**
Present value of unfunded obligations	550,644	13,030	496,214	12,020
Funded status/ Net carrying amount of unfunded obligations	**550,644**	**13,030**	**496,214**	**12,020**
Funded status/ Net carrying amount	**704,721**	**53,048**	**617,513**	**41,208**
Reclassification as held for sale	–	–	–19,466	–2,100
Net carrying amount	**704,721**	**53,048**	**598,047**	**39,108**

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:

	12/31/2014		12/31/2013	
(EUR thousand)	Germany	Other countries	Germany	Other countries
Active Employees	229,306	80,599	180,214	70,392
Vested terminated employees	93,535	41,692	77,086	34,202
Pensioners	402,102	59,342	378,169	46,360
Total	**724,943**	**181,633**	**635,469**	**150,954**

Plan assets

The plan assets used to cover the pension obligations were as follows at the respective reporting dates:

	12/31/2014		12/31/2013	
(Percent)	Germany	Other countries	Germany	Other countries
Quoted prices in active marktes	4.4	74.9	5.2	74.8
Equity instruments	1.2	27.8	1.9	27.6
Debt instruments	3.2	36.7	3.2	36.7
Real estate	0.0	0.0	0.0	0.0
Insurance	0.0	0.0	0.0	0.0
Other	0.0	10.4	0.1	10.5
No quoted prices in active marktes	95.6	25.1	94.8	25.2
Equity instruments	0.0	0.7	0.0	0.7
Debt instruments	0.0	0.4	0.0	0.4
Real estate	0.0	1.7	0.0	1.8
Insurance	95.4	21.5	94.6	20.9
Other	0.2	0.8	0.2	1.4
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 2015, EUR 2,331 thousand is expected to be added to the plan assets of German pension plans and EUR 6,000 thousand to plans outside Germany.

The actual return on plan assets in 2014 was EUR 12,609 thousand (previous year: EUR 8,324 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.

	12/31/2014		12/31/2013	
(Percent)	Germany	Other countries	Germany	Other countries
Discount factor	2.00	3.67	3.25	3.52
Inflation	1.80	1.58	2.00	1.42
derived: wage and salary growth rate	2.80	1.11	3.00	1.58
derived: pension growth rate	1.50	0.48	1.66	0.43
derived: growth rate in cost of health care benefits	3.55	-	3.75	-

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, 2014. On this basis, the life expectancy of a 65-year-old pensioner as of the reporting date is 21.62 years for men and 24.01 years for women (previous year: 18.89 years/22.97 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)	2014	
Increase (+)/ Decrease (-) of DBO	Germany	Other countries
Increase of discount factor by 50 basis points	–51,905	–7,974
Decrease of inflation by 25 basis points	–15,582	–782

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)	2015	2016	2017	2018	2019	2020 - 2024
German plans	32,580	32,139	31,861	31,715	31,612	156,698
Foreign plans	8,384	7,195	7,611	7,573	8,243	43,770

The average weighted duration of pension obligations and supplementary healthcare benefits is:

	12/31/2014		12/31/2013	
(Years)	Germany	Other countries	Germany	Other countries
Duration	15.2	13.5	14.3	13.1

6.3.3 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 17,008 thousand were paid in fiscal year 2014 (previous year: EUR 17,347 thousand). Contributions from continuing operations of EUR 43,188 thousand were paid to state pension insurance systems (previous year: EUR 41,721 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 2,494 thousand (previous year: EUR 2,255 thousand) were made to this multi-employer pension plan in fiscal year 2014. It is expected that contributions for fiscal year 2015 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 3,783 thousand (previous year: EUR 3,091 thousand) were made to the multi-employer pension plan in fiscal year 2014. It is expected that contributions for fiscal year 2015 will be at a similar level.

6.3.4 Share-based payment

Share-based payments in fiscal year 2014 for the group as a whole totaled EUR 1,370 thousand (previous year: EUR 8,240 thousand). Of this amount, income of EUR 274 thousand (previous year: expense of EUR 729 thousand) was attributable to the sold GEA HX Segment for cash-settled share-based payment transactions and an expense of EUR 21 thousand (previous year income of EUR 21 thousand) for equity-settled share-based payment transactions (see section 6.1). The carrying amount of liabilities arising from share-based payment transactions in the complete group amounted to EUR 10,493 thousand as of December 31, 2014 (previous year: EUR 12,408 thousand). In the previous year, EUR 758 thousand of this amount was attributable 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 ninth tranche was issued on July 1, 2014. 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 companies included in a benchmark index over the three-year performance period is measured on the basis of their total shareholder return (TSR). The MDAX was used as the benchmark for the tranches issued in the years up to and including 2013. The benchmark for the 2014 tranche is the STOXX® Europe TMI Industrial Engineering (TMI IE). This change in the benchmark index has harmonized the plan with the share-based payments for Executive Board members. 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 benchmark 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 benchmark index 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 2011 tranche expired on June 30, 2014. The TSR comparison over the three-year performance period resulted in a payout ratio of 0.00 percent (previous year: 2010 tranche, 78.71 percent), as GEA Group Aktiengesellschaft's shares did not match the median performance of the companies included in the benchmark index in the TSR comparison. Consequently, there was no payout in 2014 (previous year: EUR 4,381 thousand). Of the amount paid out in the previous year, EUR 772 thousand was attributable to the sold GEA HX Segment.

The number of Performance Shares changed as follows in fiscal year 2014:

(Number of shares)	12/31/2013	Additions	Expired	Paid Out	Changes in consolidated group	12/31/2014
2011 tranche	161,989	–	161,989	–	–	–
2012 tranche	160,900	–	3,125	–	20,725	137,050
2013 tranche	174,844	–	4,835	–	16,113	153,896
2014 tranche	–	140,210	–	–	–	140,210
Total	**497,733**	**140,210**	**169,949**	**–**	**36,838**	**431,156**

The total expense for the group as a whole for fiscal year 2014 amounts to EUR 413 thousand (previous year: EUR 5,178 thousand), taking into account the fair value as of December 31, 2014, of EUR 22.30 (previous year: EUR 19.91) for the 2012 tranche, EUR 25.88 (previous year: EUR 25.19) for the 2013 tranche, and EUR 37.97 for the 2014 tranche, as well as EUR 0.00 (previous year: EUR 21.32) for the 2011 tranche (previous year: 2010 tranche) at the payment date. Of this amount, income of EUR 274 thousand (previous year: expense of EUR 750 thousand) was attributable to the sold GEA HX Segment, largely due to the expiry of the 2011 tranche.

The fair value of the Performance Shares is determined using a Monte Carlo simulation. The following valuation assumptions are applied:

	2014			2013		
Tranche	2012	2013	2014	2011	2012	2013
Share price (EUR)	38.11	37.29	36.60	36.16	35.37	34.60
Dividend yield (%)	2.050	2.050	2.050	1.880	1.880	1.880
Risk-free interest rate (%)	–0.084	–0.094	–0.102	0.105	0.170	0.335
Volatility GEA shares (%)	22.60	22.60	22.60	19.06	19.06	19.06

As the payout ratio of GEA Group Aktiengesellschaft's Performance Shares is linked to the MDAX or TMI IE, the volatilities of all MDAX or TMI IE 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 2014 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. The 2010 tranche was paid out in full in fiscal year 2014, at a payout price of EUR 34.10. Due to the termination of an Executive Board member's contract of service, part of the 2011 tranche was also paid out at a price of EUR 35.11.

The number of phantom shares changed as follows in fiscal year 2014:

(Number of shares)	12/31/2013	Additions	Expired	Paid Out	12/31/2014
2010 tranche	57,887	–	–	57,887	–
2011 tranche	81,460	–	–	19,965	61,495
Total	**139,347**	**–**	**–**	**77,852**	**61,495**

The relevant price for the phantom shares issued in fiscal year 2011 was EUR 38.30 (previous year: EUR 35.70). In fiscal year 2014, expenses of EUR 180 thousand (previous year: EUR 1,453 thousand) were recognized in respect of phantom shares. The liability as of December 31, 2014, amounted to EUR 2,355 thousand (previous year: EUR 4,963 thousand). This amount is reported in 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 1,793 thousand (previous year: EUR 1,188 thousand), the fair value of claims arising from the long-term share price component amounted to EUR 2,664 thousand (previous year: EUR 1,908 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:

	2014		2013	
	2014 tranche	2013 tranche	2013 tranche	2012 tranche
Share price (arithmetic mean) (EUR)	34.66	32.50	29.58	27.06
STOXX TMI IE (arithmetic mean) (index points)	346.47	339.31	332.15	306.89
Risk-free interest (percent)	–0.099	0.100	0.243	0.125
Volatility GEA share (percent)	22.29	22.29	19.92	19.92
Volatility STOXX TMI IE (percent)	15.66	15.66	15.68	15.68
Correlation between GEA share and STOXX TMI IE (percent)	66.12	66.12	50.74	50.74

The calculation of volatilities and correlation is based on historical market data. Risk-free interest rates were determined from German government bond yields.

6.4 Financial liabilities

Financial liabilities as of December 31, 2014, were composed of the following items:

(EUR thousand)	12/31/2014	12/31/2013
Borrower's note loan	89,842	299,508
Bonds	274,045	398,343
Liabilities to banks	50,344	218,781
Liabilities under finance leases	31,419	32,543
Liabilities from derivatives	10,422	8,610
Non-current financial liabilities	**456,072**	**957,785**
Borrower's note loan	699	850
Bonds	8,157	11,877
Liabilities to banks	106,033	41,975
Liabilities under finance leases	3,510	3,655
Liabilities from derivatives	13,946	8,381
Liabilities to equity investments	1,129	1,130
Current financial liabilities	**133,474**	**67,868**
Total financial liabilities	**589,546**	**1,025,653**

The financing of GEA Group as of December 31, 2014, consisted mainly of the following items:

(EUR thousand)	Carrying amount 12/31/2014	Carrying amount 12/31/2013	Notional value 12/31/2014	Fair value 12/31/2014	Maturity
GEA Bond	282,202	410,220	274,739	295,810	April 21, 2016
Kreditanstalt für Wiederaufbau (KfW)	–	60,023	–	–	redeemed early on November 28, 2014
Kreditanstalt für Wiederaufbau (KfW)	–	42,003	–	–	redeemed early on November 28, 2014
European Investment Bank	150,345	150,353	150,000	151,213	Partial repayment amounting to EUR 100,000 thousand on January 14, 2015; Remaining portion on July 14, 2017
Borrower's note loan	90,541	300,358	90,000	95,222	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. In 2014 bonds amounting to EUR 125,261 thousand were repurchased. 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. In 2013, 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 in 2013; they amounted to EUR 137,000 thousand and EUR 90,000 thousand and mature in September 2017.

Borrower's note loans amounting to EUR 210,000 thousand were repaid early in 2014. The remaining borrower's note loans in the amount of EUR 90,000 thousand have a fixed interest rate of 2.725 percent.

Liabilities to banks

The maturities of liabilities to banks are as follows:

(EUR thousand)	12/31/2014	12/31/2013
< 1 year	106,033	41,975
1 - 2 years	137	34,494
2 - 3 years	50,138	34,081
3 - 4 years	69	150,136
4 - 5 years	–	70
Total	**156,377**	**260,756**

The amounts falling due within the next 12 months are largely attributable to the early partial repayment of EUR 100,000 thousand of the loan from the European Investment Bank (EIB), which amounted to EUR 150,000 thousand as of December 31, 2014. The remaining amount of EUR 50,000 thousand will be repaid as scheduled in 2017. The weighted average interest rate for this partial amount 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, 2014.

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 0.5 percent and 2.0 percent, depending on their maturity and financing purpose (previous year: between 0.1 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 13.5 percent (previous year: 13.0 percent), respectively.

Liabilities to banks totaling EUR 0 thousand (previous year: EUR 22 thousand) were secured.

Cash credit and guarantee credit lines

Including the borrower's note loans and the syndicated credit lines, the group as a whole had cash credit lines of EUR 1,305,421 thousand as of December 31, 2014 (previous year: EUR 1,740,182 thousand). Of this amount, cash credit lines of EUR 776,315 thousand (previous year: EUR 765,905 thousand) are unutilized (see section 3). In addition, guarantee credit lines for the performance of contracts, advance payments, and warranty obligations of EUR 1,732,338 thousand (previous year: EUR 1,886,355 thousand) were available to the group as a whole, of which EUR 1,270,261 thousand (previous year: EUR 1,178,431 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)	12/31/2014	12/31/2013	12/31/2014	12/31/2013	12/31/2014	12/31/2013
Not later than one year	3,997	4,172	487	516	3,510	3,656
Between one and five years	15,923	16,220	4,085	4,191	11,838	12,029
Later than five years	51,963	59,203	32,382	38,689	19,581	20,514
Total future payments under finance leases	**71,883**	**79,595**	**36,954**	**43,396**	**34,929**	**36,199**

Liabilities under finance leases relate mainly to land and buildings. The present value of minimum lease payments as of December 31, 2014, relating to leases for land and buildings amounted to EUR 34,599 thousand (previous year: EUR 35,447 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, 2014:

(EUR thousand)	12/31/2014	12/31/2013
Trade payables	639,719	646,529
thereof to unconsolidated companies	8,066	5,195

Trade payables of EUR 638,994 thousand (previous year: EUR 645,985 thousand) are due within one year. The balance of EUR 725 thousand (previous year: EUR 544 thousand) is due after more than one year.

Trade payables in the amount of EUR 46,032 thousand (previous year: EUR 54,033 thousand) are secured.

6.6 Income tax liabilities

Income tax liabilities relate to current taxes and amounted to EUR 35,649 (previous year: EUR 32,038 thousand).

6.7 Other liabilities

Other liabilities as of December 31, 2014, are composed of the following items:

(EUR thousand)	12/31/2014	12/31/2013
Other non-current liabilities	**58,566**	**2,834**
Payments on account received in respect of orders and construction contracts	188,802	177,433
Gross amount due to customers for contract work	254,928	292,961
Other liabilities to unconsolidated subsidiaries	24,166	22,047
Liabilities from other taxes	47,307	52,165
Other liabilities	102,916	58,840
thereof social security	13,284	13,429
thereof other liabilities to employees	6,615	7,156
Other current liabilities	**618,119**	**603,446**
Total other liabilities	**676,685**	**606,280**

Payments on account received in respect of orders amounting to EUR 22,409 thousand (previous year: EUR 74,955 thousand) and other liabilities amounting to EUR 7,711 thousand (previous year: EUR 20,786 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.

The increase in other liabilities is primarily attributable to financial obligations arising from the sale of the GEA HX Segment due to contractual warranties associated with the sale, including obligations from risk sharing for large projects (see section 4).

6.8 Financial instruments

The following tables provide an overview of the composition of financial instruments as of December 31, 2014, 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 but do not belong to any of the IAS 39 measurement categories.

		Measurement in accordance with IAS 39				
(EUR thousand)	Carrying amount 12/31/2014	Amortized cost	Fair value through profit or loss	Fair value recognized in other comprehensive income	Measurement in accordance with other IFRSs	Fair value 12/31/2014
Assets						
Trade receivables	945,755	691,440	–	–	254,315	945,755
thereof PoC receivables	254,315	–	–	–	254,315	254,315
Income tax receivables	17,531	–	–	–	17,531	17,531
Cash and cash equivalents	1,195,858	1,195,858	–	–	–	1,195,858
Other financial assets	454,058	282,643	16,558	50,006	104,851	454,058
thereof derivatives included in hedging relationships	4,453	–	–	4,453	–	4,453
By IAS 39 measurement category						
Loans and receivables	2,145,183	2,145,183	–	–	–	2,145,183
thereof cash and cash equivalents	1,195,858	1,195,858	–	–	–	1,195,858
thereof trade receivables	691,440	691,440	–	–	–	691,440
thereof other financial assets	257,885	257,885	–	–	–	257,885
Available-for-sale investments	70,311	24,758	–	45,553	–	70,311
Financial assets at fair value through profit or loss (derivatives not included in a recognized hedging relationship)	16,558	–	16,558	–	–	16,558
Liabilities						
Trade payables	639,719	639,719	–	–	–	639,719
Financial liabilities	589,546	530,249	11,445	12,923	34,929	608,703
thereof liabilities under finance leases	34,929	–	–	–	34,929	34,929
thereof derivatives included in hedging relationships	12,923	–	–	12,923	–	12,923
Income tax liabilities	35,649	–	–	–	35,649	35,649
Other liabilities	676,685	160,086	–	–	516,599	676,898
By IAS 39 measurement category						
Financial liabilities at amortized cost	1,330,054	1,330,054	–	–	–	1,349,424
thereof trade payables	639,719	639,719	–	–	–	639,719
thereof bonds and other securitized liabilities	372,743	372,743	–	–	–	391,032
thereof liabilities to banks	156,377	156,377	–	–	–	157,245
thereof loan liabilities to unconsolidated subsidiaries	1,129	1,129	–	–	–	1,129
thereof other liabilities to affiliated companies	24,166	24,166	–	–	–	24,379
thereof other liabilities	135,920	135,920	–	–	–	136,133
Financial liabilities at fair value through profit or loss (derivatives not included in a hedging relationship)	11,445	–	11,445	–	–	11,445

(EUR thousand)	Carrying amount 12/31/2013	Measurement in accordance with IAS 39: 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
thereof 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
thereof 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
thereof cash and cash equivalents	683,520	683,520	–	–	–	683,520
thereof trade receivables	663,580	663,580	–	–	–	663,580
thereof 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
thereof liabilities under finance leases	36,198	–	–	–	36,198	36,198
thereof 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
thereof trade payables	646,529	646,529	–	–	–	646,529
thereof bonds and other securitized liabilities	710,578	710,578	–	–	–	755,341
thereof liabilities to banks	260,756	260,756	–	–	–	266,561
thereof loan liabilities to unconsolidated subsidiaries	1,130	1,130	–	–	–	1,130
thereof other liabilities to affiliated companies	22,047	22,047	–	–	–	22,047
thereof 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

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	12/31/2014				12/31/2013			
	Carrying amount	Fair value			Carrying amount	Fair value		
(EUR thousand)		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
Financial assets measured at fair value								
Derivatives included in hedging relationships	4,453	–	4,453	–	6,450	–	6,450	–
Derivatives not included in hedging relationships	16,558	–	16,558	–	4,809	–	4,809	–
Available-for-sale financial assets valued at fair value	8,518	–	–	8,518	9,575	–	–	9,575
Other financial assets	37,036	37,036	–	–	–	–	–	–
Financial liabilities measured at fair value								
Derivatives included in hedging relationships	12,923	–	12,923	–	6,006	–	6,006	–
Derivatives not included in hedging relationships	11,445	–	11,445	–	10,985	–	10,985	–
Financial liabilities not measured at fair value								
Bonds	282,202	295,810	–	–	410,220	438,866	–	–
Promissory note bonds	90,541	–	95,222	–	300,358	–	316,475	–
Liabilities to banks	156,377	–	157,245	–	260,756	–	266,561	–
Other financial liabilities	76,987	–	–	77,200	–	–	–	–

There were no transfers into or out of the levels of the fair value hierarchy in fiscal year 2014.

The fair value of the bond and the other financial assets 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 term deposits, 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, term deposits, and other financial receivables essentially correspond to the carrying amounts; this is due to the predominantly short remaining maturities.

Certain other financial liabilities resulting from the sale of the GEA HX Segment are categorized within Level 3 of the fair value hierarchy, since their fair value is measured on the basis of the present value of future cash outflows expected on the basis of contractual obligations associated with the sale.

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 2014:

(EUR thousand)	
Fair value 12/31/2013	**9,575**
Redemption	–
Interest income	398
Currency translation	342
Revaluation	–1,797
Fair value 12/31/2014	**8,518**

As the debtor operates a copper mine, its payment plan is influenced by the price of copper.

Unrealized losses recognized directly in equity for this financial instrument amounted to EUR –1,427 thousand as of the reporting date (previous year: gains of EUR 370 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. In the event of a credit event, such as late payment, all outstanding transactions under the agreement will be terminated, the value on termination calculated, and one single net amount paid to settle all transactions.

The following table shows the financial assets and liabilities for which the group as a whole has entered into netting agreements:

(EUR thousand)	Gross amounts of financial assets/liabilties	Net amounts of financial assets/liabilties, presented in the balance sheet	Respective amounts not netted in the balance sheet	Net amounts
12/31/2014				
Receivables from derivatives	19,183	19,183	8,278	10,905
Liabilities from derivatives	22,111	22,111	8,278	13,833
12/31/2013				
Receivables from derivatives	9,049	9,049	5,378	3,671
Liabilities from derivatives	17,110	17,110	5,378	11,732

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.

	12/31/2014		12/31/2013	
(EUR thousand)	Notional value	Fair value	Notional value	Fair value
Assets				
Currency derivatives not included in a hedging relationship	748,907	16,558	192,880	4,809
Currency derivatives included in a cash flow hedge	154,190	4,453	231,089	6,450
Interest rate and cross-currency derivatives not included in a hedging relationship	–	–	–	–
Interest rate and cross-currency derivatives included in a cash flow hedge	–	–	–	–
Total	**903,097**	**21,011**	**423,969**	**11,259**
Equity and liabilities				
Currency derivatives not included in a hedging relationship	219,092	4,945	344,011	5,775
Currency derivatives included in a cash flow hedge	236,672	9,695	128,657	2,741
Interest rate and cross-currency derivatives not included in a hedging relationship	40,113	6,500	43,348	5,210
Interest rate and cross-currency derivatives included in a cash flow hedge	50,000	3,228	50,000	3,265
Total	**545,877**	**24,368**	**566,016**	**16,991**

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, 2014.

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, 2014, the complete group recognized gains of EUR 5,576 thousand (previous year: EUR 7,860 thousand) and losses of EUR 13,030 thousand (previous year: EUR 7,168 thousand) from currency and interest rate derivatives directly in equity.

In the course of fiscal year 2014, EUR –47 thousand (previous year: EUR 1,956 thousand) was recognized in the income statement due to the hedged items being recognized in the balance sheet, and EUR 3,497 thousand (previous year: EUR 2,335 thousand) was offset against the cost of assets. The amounts recognized in the income statement resulted in an increase in revenue of EUR 1,545 thousand (previous year: EUR 1,010 thousand). In addition, gains of EUR 5,419 thousand (previous year: gains of EUR 4,330 thousand) and losses of EUR –7,012 thousand (previous year: losses of EUR –4,061 thousand) were reported in net exchange rate gains/losses. EUR 0 thousand (previous year: EUR –826 thousand) from interest rate derivatives was recognized in net interest income.

As in the previous year, there was no significant hedge ineffectiveness.

96 percent (previous year: 93 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 4 percent (previous year: 7 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:

	12/31/2014			12/31/2013		
(EUR thousand)	Net income	thereof interest income/ expense	thereof impairment losses/ reversals of impairment losses	Net income	thereof interest income/ expense	thereof impairment losses/ reversals of impairment losses
Loans and receivables	–35,073	5,270	–5,730	5,949	5,132	–3,104
Available-for-sale investments	–172	153	–	–1,660	7	–280
Financial assets/liabilities at fair value through profit or loss	31,038	–1,260	–	–2,469	555	–
Financial liabilities at amortized cost	–41,086	–44,175	–	–44,500	–43,453	–
Total	**–45,293**	**–40,012**	**–5,730**	**–42,680**	**–37,759**	**–3,384**

7. Consolidated income statement disclosures

7.1 Revenue

Revenue is composed of the following items:

(EUR thousand)	01/01/2014 - 12/31/2014	01/01/2013 - 12/31/2013
From construction contracts	2,207,366	2,103,347
From sale of goods and services	1,082,977	1,063,663
From service agreements	1,225,346	1,152,984
Total	**4,515,689**	**4,319,994**

7.2 Other income

Other income is composed of the following items:

(EUR thousand)	01/01/2014 - 12/31/2014	01/01/2013 - 12/31/2013
Exchange rate gains	100,377	96,419
Gains on the measurement of foreign currency derivatives	69,141	37,931
Rental and lease income	3,963	4,496
Income from payments received on reversals previously written off	2,956	2,364
Income from disposal of non-current assets	1,798	1,738
Income from compensation payments and cost reimbursements	1,501	2,413
Miscellaneous other income	49,457	49,554
Total	**229,193**	**194,915**

7.3 Other expenses

Other expenses are composed of the following items:

(EUR thousand)	01/01/2014 - 12/31/2014	01/01/2013 - 12/31/2013
Exchange rate losses	133,238	97,079
Losses on the measurement of foreign currency derivatives	36,843	40,955
Bad debt allowances on trade receivables	8,686	5,468
Cost of money transfers and payment transactions	1,172	1,297
Losses on the disposal of non-current assets	1,092	856
Miscellaneous other expenses	21,300	23,514
Total	**202,331**	**169,169**

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 68,885 thousand in the reporting period to EUR 2,204,694 thousand (previous year: EUR 2,135,809 thousand). Cost of materials was 48.5 percent of gross revenue and was therefore lower than the previous year's figure of 49.4 percent.

Personnel expenses

Personnel expenses increased by EUR 64,588 thousand in 2014 to EUR 1,242,263 thousand (previous year: EUR 1,177,675 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 1,022,399 thousand (previous year: EUR 968,273 thousand) as well as social security contributions and expenses for post-employment benefits of EUR 219,709 thousand (previous year: EUR 209,402 thousand). The ratio of personnel expenses to revenue thus remained unchanged at 27.3 percent of gross revenue (previous year: 27.3 percent)

Depreciation, amortization, and impairment losses

Depreciation, amortization, and impairment losses totaling EUR 100,780 thousand (previous year: EUR 95,317 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 0 thousand in the reporting period (previous year: EUR 280 thousand). Of this amount, EUR 0 thousand (previous year: EUR 280 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 12,613 thousand (previous year: EUR 7,924 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)	01/01/2014 - 12/31/2014	01/01/2013 - 12/31/2013
Income from profit transfer agreements	–	595
Income from other equity investments	5,700	4,607
thereof from unconsolidated subsidiaries	5,683	4,563
Total	**5,700**	**5,202**

Interest income

Interest and similar income is composed of the following items:

(EUR thousand)	01/01/2014 - 12/31/2014	01/01/2013 - 12/31/2013
Interest income on receivables, cash investments, and marketable securities	5,793	6,961
thereof from unconsolidated subsidiaries	332	321
Other interest income	1,264	1,974
Total	**7,057**	**8,935**

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)	01/01/2014 - 12/31/2014	01/01/2013 - 12/31/2013
Loans and receivables	5,270	5,132
Available-for-sale investments	153	7
Financial assets at fair value through profit or loss	1,634	3,796
Total	**7,057**	**8,935**

7.6 Financial and interest expenses

Financial expenses

Financial expenses for fiscal year 2014 amounted to EUR 279 thousand (previous year: EUR 958 thousand) and comprised impairment losses on financial assets (excluding trade receivables) of EUR 0 thousand (previous year: EUR 280 thousand) and expenses from loss absorption of EUR 279 thousand (previous year: EUR 678 thousand).

Interest expense

Interest and similar expenses comprised the following items:

(EUR thousand)	01/01/2014 - 12/31/2014	01/01/2013 - 12/31/2013
Interest expenses on liabilities to banks	36,885	32,187
Interest cost from discount unwinding on pension and medical care obligations	19,788	19,939
Interest cost from discount unwinding on discounted provisions and other employee benefit obligations	3,136	6,631
Other interest expenses	13,278	17,633
thereof to unconsolidated subsidiaries	86	108
Total interest expenses	**73,087**	**76,390**

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)	01/01/2014 - 12/31/2014	01/01/2013 - 12/31/2013
Financial liabilities at amortized cost	44,175	43,453
Financial liabilities at fair value through profit or loss	2,894	3,241
Financial liabilities not measured in accordance with IAS 39	26,018	29,696
Total	**73,087**	**76,390**

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 3.4 percent in fiscal year 2014 (previous year: 3.5 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 2014 or in the previous year.

In fiscal year 2014, expenses totaling EUR 1,172 thousand (previous year: EUR 1,297 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)	01/01/2014 - 12/31/2014	01/01/2013 - 12/31/2013
Current taxes	80,751	70,364
Germany	10,675	6,178
Other countries	70,076	64,186
Deferred taxes	7,065	–267
thereof related to temporary dfferences	13,837	9,352
Total	**87,816**	**70,097**

The expected tax expense is calculated using the tax rate of 29.97 percent (previous year: 29.85 percent) applicable to German group companies. This includes an average trade tax rate of 14.14 percent (previous year: 14.02 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 23.49 percent (previous year: 19.91 percent):

	01/01/2014 - 12/31/2014		01/01/2013 - 12/31/2013	
	(EUR thousand)	(%)	(EUR thousand)	(%)
Profit before tax	**373,830**	**–**	**352,136**	**–**
Expected tax expense	112,034	29.97	105,113	29.85
Non-tax deductible expense	11,347	3.03	7,447	2.11
Tax-exempt income	–4,089	–1.09	–7,394	–2.10
Change in valuation allowances	–32,864	–8.79	–37,689	–10.70
Change in tax rates	–1,073	–0.29	–1,854	–0.53
Foreign tax rate differences	–2,665	–0.71	–538	–0.15
Other	5,126	1.37	5,012	1.42
Income tax and effective tax rate	**87,816**	**23.49**	**70,097**	**19.91**

The change in valuation allowances in the amount of EUR –32,864 thousand (previous year: EUR –37,689 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 –1,073 thousand (previous year: EUR –1,854 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 29.97 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 1,693 thousand, prior-period taxes in the amount of EUR –3,249 thousand, and other income taxes outside Germany of EUR 6,695 thousand. In the previous year, the "other" item included nondeductible withholding taxes in the amount of EUR 3,861 thousand and 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)	12/31/2014	12/31/2013
Current deferred tax assets	62,477	61,889
Non-current deferred tax assets	406,824	323,933
Total deferred tax assets	**469,301**	**385,822**
Current deferred tax liabilities	49,166	48,018
Non-current deferred tax liabilities	69,432	50,761
Total deferred tax liabilities	**118,598**	**98,779**
Net deferred tax assets	**350,703**	**287,043**

Deferred tax assets and liabilities as of December 31, 2014, and 2013, are composed of the following items:

	Deferred tax assets		Deferred tax liabilities	
(EUR thousand)	2014	2013	2014	2013
Property, plant and equipment	7,443	6,536	22,874	20,513
Investment property	322	225	355	–
Intangible assets	449	1,302	64,980	62,544
Goodwill	16,962	23,072	34,316	45,028
Other non-current financial assets	609	595	5,169	4,480
Non-current assets	**25,785**	**31,730**	**127,694**	**132,565**
Inventories	26,449	25,286	3,018	3,416
Trade receivables	4,975	4,780	48,138	44,928
Other current financial assets	7,107	6,084	11,423	14,137
Cash and cash equivalents	42	3	93	17
Current assets	**38,573**	**36,153**	**62,672**	**62,498**
Total assets	**64,358**	**67,883**	**190,366**	**195,063**
Provisions	14,787	15,003	196	17
Employee benefits	123,074	84,964	34	277
Non-current financial liabilities	6,832	5,487	1,577	2,678
Other non-current financial liabilities	864	685	1,387	1,703
Non-current liabilities	**145,557**	**106,139**	**3,194**	**4,675**
Provisions	25,249	22,007	2,287	3,067
Employee benefits	10,859	9,986	52	216
Current financial liabilities	6,499	6,746	245	987
Trade payables	5,246	3,773	3,831	1,181
Other current financial liabilities	8,081	15,700	6,526	9,293
Current liabilities	**55,934**	**58,212**	**12,941**	**14,744**
Total liabilities	**201,491**	**164,351**	**16,135**	**19,419**
Valuation allowances on temporary differences	–4,420	–8,022	–	–
Deferred taxes on temporary differences	**261,429**	**224,212**	**206,501**	**214,482**
Tax loss carryforwards	987,158	943,554		–
Valuation allowances on tax loss carryforwards	–691,383	–666,241		–
Offsetting of deferred taxes	–87,903	–115,703	–87,903	–115,703
Recognized deferred taxes	**469,301**	**385,822**	**118,598**	**98,779**

In addition to changes of EUR –7,065 thousand recognized in profit or loss (previous year: EUR 267 thousand), changes in deferred taxes resulted mainly from changes of EUR 58,122 thousand (previous year: EUR –1,175 thousand), including currency translation on translating foreign operations, recognized in other comprehensive income. A further EUR 14,543 thousand relating to the sale of the GEA HX Segment was recognized in the tax result from discontinued operations.

Deferred tax liabilities in the amount of EUR 5,986 thousand recognized in the previous year were reversed as a result of the sale of the GEA HX Segment. The related tax income was recognized in the result from the sale of the GEA HX Segment.

As of December 31, 2014, no deferred taxes on temporary differences or tax loss carryforwards were attributable to the GEA HX Segment.

As of December 31, 2013, net deferred taxes on temporary differences attributable to the GEA HX disposal group amounted to EUR 15,311 thousand (before valuation allowances), and were presented under assets held for sale and liabilities associated with assets held for sale. Valuation allowances on the deferred tax assets included in this figure amounted to EUR 278 thousand as of December 31, 2013.

The deferred tax assets on tax loss carryforwards attributable to the GEA HX disposal group amounted to EUR 23,678 thousand (before valuation allowances) in the previous year, and were presented under assets held for sale. Valuation allowances on these deferred tax assets amounted to EUR 19,015 thousand as of December 31, 2013.

Deferred tax liabilities of EUR 1,747 thousand (previous year: EUR 1,272 thousand) were recognized as of December 31, 2014, for expected dividend payments from subsidiaries. In addition, as of December 31, 2014, deferred taxes of EUR 2,689 thousand were recognized for withholding taxes likely to occur.

No deferred taxes were recognized for taxable temporary differences arising from investments in subsidiaries in the amount of EUR 314,211 thousand (previous year: EUR 348,647 thousand) as of December 31, 2014, 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, 2014, GEA Group recognized deferred tax assets in the amount of EUR 295,776 thousand (previous year: EUR 277,313 thousand) on tax loss carryforwards:

(EUR thousand)	12/31/2014	12/31/2013
Deferred tax assets on domestic tax loss carryforwards		
Corporate income tax	74,000	77,548
Trade tax	69,000	66,452
Deferred tax assets on foreign tax loss carryforwards	152,776	133,313
Total	**295,776**	**277,313**

The total amount of the deferred tax assets on tax loss carryforwards largely relates to the consolidated tax groups in Germany and the U.S.A.

The increase in deferred tax assets on foreign tax loss carryforwards is primarily attributable to the change in the U.S. dollar exchange rate.

No deferred tax assets were recognized for corporate income tax loss carryforwards in the amount of EUR 1,616,254 thousand (previous year: EUR 1,550,352 thousand) and trade tax loss carryforwards in the amount of EUR 1,117,552 thousand (previous year: EUR 1,139,187 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)	01/01/2014 - 12/31/2014	01/01/2013 - 12/31/2013
Profit for the period attributable to shareholders of GEA Group Aktiengesellschaft	320,483	336,042
thereof from continuing operations	286,019	282,041
thereof from discontinued operations	34,464	54,001
Weighted average number of shares outstanding (thousand)	192,495	192,495
Basic and diluted earnings per share (EUR)		
from profit for the period	1.66	1.75
thereof attributable to continuing operations	1.49	1.47
thereof attributable to discontinued operations	0.18	0.28

7.9 Appropriation of net profit

GEA Group Aktiengesellschaft reported net income for the fiscal year of EUR 140,666 thousand in accordance with the HGB (previous year: EUR 203,200 thousand). The Executive Board and the Supervisory Board of GEA Group Aktiengesellschaft have appropriated an amount of EUR 5,000 thousand (previous year: EUR 90,000 thousand) to other retained earnings in accordance with section 58(2) of the AktG. Including the profit brought forward of EUR 879 thousand (previous year: EUR 3,176 thousand), the net retained profits amounted to EUR 136,546 thousand (previous year: EUR 116,376 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)	2014	2013
Dividend payment to shareholders	134,747	115,497
Profit carried forward	1,799	879
Total	**136,546**	**116,376**

The dividend payment corresponds to the payment of a dividend of 70 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)), 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 retrospective reduction in the cost of the shares. This may lead to taxation of higher capital gains when shares are sold subsequently.

8. Contingent liabilities, other financial obligations, contingent assets, and litigation

8.1 Contingent liabilities

GEA Group 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 group as a whole.

	Bank guarantees		Group guarantees	
(EUR thousand)	2014	2013	2014	2013
Guarantees for prepayments	10,248	6,993	2,202	248
Warranties	1,740	230	4,180	221
Performance guarantees	37,034	14,385	232,690	164,885
Other declarations of liability	334	2,207	50,758	9,339
Total	**49,356**	**23,815**	**289,830**	**174,693**
thereof attributable to GEA Heat Exchangers	34,151	–	108,045	–
thereof attributable to Lurgi/Lentjes	2,914	9,953	171,497	157,683

A significant proportion of the bank guarantees and most of the group guarantees are attributable to the sold GEA Heat Exchangers Segment, as well as 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 3,461 thousand resulting from joint ventures (previous year: EUR 9,818 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 9.4) that could result in cash outflows.

8.2 Other financial obligations

The other financial obligations of the group as a whole as of December 31, 2014, are composed of the following items:

(EUR thousand)	12/31/2014	12/31/2013
Rental and lease obligations	103,221	160,604
Purchase commitments	105,325	297,499
Total	**208,546**	**458,103**

Rental and lease agreements

The obligations under rental and lease agreements of the group as a whole amount to EUR 103,221 thousand (previous year: EUR 160,604 thousand) and relate primarily to land and buildings, and to a lesser extent to technical equipment and machinery. The leases run until no later than 2031 (previous year: 2031). Payments are spread over future fiscal years as follows:

(EUR thousand)	12/31/2014	12/31/2013
Not later than one year	33,992	47,980
Between one and five years	50,416	79,896
Later than five years	18,813	32,728
Total	**103,221**	**160,604**

The expenses related to rental and lease agreements of the group as a whole in fiscal year 2014 amounted to EUR 45,593 thousand (previous year: EUR 88,361 thousand). Of this amount, EUR 18,014 thousand (previous year: EUR 23,621 thousand) was attributable to variable rents, which are primarily adjusted based on consumer price indexes. Subleases resulted in income of EUR 1,562 thousand for the group as a whole in the fiscal year (previous year: EUR 2,011 thousand). These subleases give rise to claims for rental income of EUR 721 thousand (previous year: EUR 764 thousand) over the coming years.

Sale and leaseback transactions relating to buildings resulted in future payments for the group as a whole of EUR 32,286 thousand at the reporting date (previous year: EUR 29,124 thousand).

Purchase commitments

EUR 105,299 thousand (previous year: EUR 293,958 thousand) of the purchase commitments is attributable to inventories.

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

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 Change in the structure of the operating segments

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. Production of machinery for preparing, marinating, processing, cutting, and packaging meat, poultry, fish, cheese, and other foods, which formed part of the GEA Food Solutions Segment, is now combined with the activities of GEA Mechanical Equipment in a single segment so as to better exploit existing synergies.

The group's operating segments were therefore reorganized in the reporting period: Since the beginning of 2014, GEA Food Solutions has no longer been one of GEA Group's operating segments. The activities of the former GEA Food Solutions and GEA Mechanical Equipment Segments are now reported together under the segment name GEA Mechanical Equipment. The prior-period information was adjusted to reflect the amended reporting structure.

9.2 Operating segments

GEA Group's business activities are divided into the following six operating segments:

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 modern farming 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. The transaction closed successfully on October 31, 2014 (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. Process technology for secondary food processing and packaging extends the product portfolio, with the offering ranging from individual machines to end-to-end production lines. Such equipment contributes to ensuring high product quality, reducing customer production costs, and protecting 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, pharma, 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. Its product range comprises the following core components: reciprocating and screw compressors, valves, chillers, ice generators, and freezing systems. To ensure complete customer satisfaction, GEA Refrigeration Technologies also offers a broad range of maintenance and other services.

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, and pension obligations.

9.3 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 reclassifications 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 adjustments and reclassifications and are aggregated in the group figures for all segments in the “GEA Group including GEA HX” column. Depreciation and amortization of non-current assets, which under IFRS 5 must cease as of the date of classification as held for sale, are included for the GEA HX disposal group in the amount of EUR 30.0 million in the “GEA HX” and “GEA Group incl. GEA HX” columns.

(EUR million)	GEA FT	GEA ME	GEA PE	GEA RT	Other	Consolidation/ Reclassification	**GEA Group**	GEA HX [1]	Consolidation/ Reclassification	**GEA Group incl. GEA HX**
01/01/2014 - 12/31/2014										
Order intake [2]	659.0	1,349.8	1,835.7	804.7	–	–129.7	**4,519.6**	1,170.1	–30.2	**5,659.6**
External revenue	647.9	1,261.7	1,849.5	756.7	–	–	**4,515.7**	1,145.0	–0.5	**5,660.6**
Intersegment revenue	2.1	118.8	2.6	7.1	–	–130.6	**–**	28.0	–28.0	**–**
Total revenue	650.0	1,380.4	1,852.1	763.7	–	–130.6	**4,515.7**	1,173.0	–28.0	**5,660.6**
Share of profit or loss of equity-accounted investments	0.4	–	–	1.4	0.6	–	**2.4**	–0.1	–	**2.2**
Operating EBITDA [3]	74.5	231.6	220.6	89.7	–25.7	–	**590.7**	116.7	–0.8	**706.6**
as % of revenue	11.5	16.8	11.9	11.7	–	–	**13.1**	10.0	–	**12.5**
EBITDA pre PPA	71.5	224.5	220.6	88.0	–64.7	–	**539.9**	115.1	–10.3	**644.8**
EBITDA	71.5	224.5	220.6	88.0	–64.7	–	**539.9**	115.1	–10.3	**644.8**
Operating EBIT [3]	62.0	197.7	206.0	79.8	–32.0	–	**513.5**	88.8	–2.3	**600.0**
as % of revenue	9.5	14.3	11.1	10.5	–	–	**11.4**	7.6	–	**10.6**
EBIT pre PPA	59.0	190.6	205.9	78.2	–71.0	–	**462.8**	87.2	–11.8	**538.2**
as % of revenue	9.1	13.8	11.1	10.2	–	–	**10.2**	7.4	–	**9.5**
EBIT	56.0	175.3	203.2	76.2	–70.9	–	**439.9**	85.1	–11.8	**513.2**
as % of revenue	8.6	12.7	11.0	10.0	–	–	**9.7**	7.3	–	**9.1**
ROCE in % [4]	17.1	17.0	78.8	28.9	–	–	**22.6**	14.3	–	**20.9**
Interest income	1.3	1.9	4.4	0.9	22.4	–23.8	**7.1**	1.4	–0.1	**8.3**
Interest expense	11.8	15.0	6.9	4.7	55.9	–21.2	**73.1**	5.5	–1.9	**76.6**
EBT	45.5	162.2	200.7	72.3	–107.0	–	**373.8**	81.1	–10.0	**444.9**
Income taxes	11.0	41.4	49.8	14.9	–27.1	–2.1	**87.8**	22.8	–7.8	**102.9**
Profit or loss from discontinued operations	–	–	0.2	–5.3	23.9	15.7	**34.6**	–	–32.8	**1.8**
Segment assets	673.2	2,590.2	1,776.5	974.9	4,585.8	–4,768.6	**5,832.0**	–	0.0	**5,832.0**
thereof reclassification GEA HX	–	–	–	–	–	–	**–**	–	–	**–**
Segment liabilities	363.6	1,144.9	1,107.1	725.6	2,871.9	–2,908.3	**3,304.8**	–	0.0	**3,304.8**
thereof reclassification GEA HX	–	–	–	–	–	–	**–**	–	–	**–**
Carrying amount of equity-accounted investments	6.9	–	2.1	2.7	3.6	–	**15.3**	–	–	**15.3**
Working capital (reporting date) [5]	142.1	301.8	–78.8	79.6	–18.3	–2.0	**424.4**	–	–	**424.4**
Additions in property, plant, and equipment, intangible assets, and goodwill	18.1	42.5	21.5	15.5	11.0	–0.5	**108.3**	19.0	–0.1	**127.1**
Depreciation and amortization	15.6	49.0	17.8	11.8	6.3	–0.1	**100.3**	30.1	0.0	**130.4**
Impairment losses	–	0.3	–	0.2	–	–	**0.4**	22.4	1.5	**24.3**
Additions to provisions	39.5	102.8	89.0	40.9	115.0	–	**387.2**	71.6	–	**458.7**

(EUR million)	GEA FT	GEA ME	GEA PE	GEA RT	Other	Consolidation/ Reclassification	**GEA Group**	GEA HX [1]	Consolidation/ Reclassification	**GEA Group incl. GEA HX**
01/01/2013 - 12/31/2013										
Order intake [2]	596.7	1,368.2	2,061.0	726.3	–	–124.3	**4,627.9**	1,500.3	–35.4	**6,092.7**
External revenue	577.3	1,212.5	1,798.1	732.0	–	–	**4,320.0**	1,452.2	–	**5,772.2**
Intersegment revenue	0.3	115.2	–0.2	4.6	–	–120.0	**–**	36.8	–36.8	**–**
Total revenue	577.7	1,327.8	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]	56.9	214.7	203.2	71.0	–15.7	–	**530.1**	158.2	–0.1	**688.3**
as % of revenue	9.9	16.2	11.3	9.6	–	–	**12.3**	10.6	–	**11.9**
EBITDA pre PPA	56.9	214.7	203.2	71.0	–30.3	–	**515.5**	155.2	–10.6	**660.1**
EBITDA	56.7	214.7	203.2	71.0	–30.3	–	**515.2**	155.2	–10.6	**659.8**
Operating EBIT [3]	44.6	187.6	188.3	61.5	–23.2	–	**458.8**	123.3	–0.1	**582.1**
as % of revenue	7.7	14.1	10.5	8.4	–	–	**10.6**	8.3	–	**10.1**
EBIT pre PPA	44.6	187.6	188.3	61.5	–37.8	–	**444.2**	120.3	–10.5	**553.9**
as % of revenue	7.7	14.1	10.5	8.4	–	–	**10.3**	8.1	–	**9.6**
EBIT	41.2	171.7	185.7	59.0	–38.0	–	**419.6**	116.0	–10.5	**525.0**
as % of revenue	7.1	12.9	10.3	8.0	–	–	**9.7**	7.8	–	**9.1**
ROCE in % [4]	12.7	17.4	73.2	22.7	–	–	**22.1**	18.3	–	**20.8**
Interest income	1.2	1.4	3.5	1.3	42.7	–41.2	**8.9**	8.5	–6.0	**11.4**
Interest expense	12.4	19.2	8.8	7.1	60.2	–31.3	**76.4**	18.8	–15.9	**79.3**
EBT	30.0	153.9	180.4	53.2	–65.3	–	**352.1**	105.6	–0.7	**457.1**
Income taxes	5.5	27.4	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	630.3	1,961.3	1,719.7	968.2	3,883.8	–2,698.6	**6,464.6**	1,838.3	–1,838.3	**6,464.6**
thereof reclassification GEA HX	–	–	–	–	–	1,593.0	**–**	1,593.0	–1,593.0	**–**
Segment liabilities	327.6	962.2	1,084.2	496.8	3,387.9	–2,109.7	**4,148.9**	915.8	–915.8	**4,148.9**
thereof 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]	135.2	258.7	–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	14.4	69.5	16.1	14.2	7.9	–	**122.0**	40.2	–7.7	**154.5**
Depreciation and amortization	15.2	43.0	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	18.6	54.3	75.9	33.3	56.7	–0.0	**238.6**	79.3	–0.0	**317.8**

1) Assigned to discontinued operations; included until disposal 10/31/2014
2) Unaudited supplemental information
3) Before effects of purchase price allocations from revalued assets and liabilities and in 2012 before one-offs from GEA Food Solutions
4) ROCE = EBIT in the past 12 months / (capital employed - goodwill from the acquisition of the former GEA AG by the former Metallgesellschaft in 1999 (both at average of the past twelve months));
capital employed = non-current assets + working capital
5) Working capital = inventories + trade receivables - trade payables - advance payments received

Consolidation primarily comprises the elimination of intercompany revenue and interest income and expense. Intersegment revenue is calculated using standard market prices.

Revenues (EUR million)	2014	2013 *
Revenues from construction contracts		
GEA Heat Exchangers	379.8	477.9
GEA Mechanical Equipment	338.6	256.8
GEA Process Engineering	1,539.8	1,512.2
GEA Refrigeration Technologies	336.5	336.8
Other and consolidation	–8.9	–8.4
Total revenue from construction contracts	**2,585.8**	**2,575.2**
Revenues components		
GEA Farm Technologies	381.1	342.8
GEA Heat Exchangers	636.3	833.0
GEA Mechanical Equipment	549.1	605.1
GEA Process Engineering	42.2	33.5
GEA Refrigeration Technologies	212.6	199.9
Other and consolidation	–125.8	–148.5
Total Revenues components	**1,695.5**	**1,865.8**
Total Revenues from service agreements		
GEA Farm Technologies	268.9	234.9
GEA Heat Exchangers	156.8	178.2
GEA Mechanical Equipment	492.7	465.8
GEA Process Engineering	269.6	252.3
GEA Refrigeration Technologies	214.6	200.0
Other and consolidation	–23.4	–
Total revenue from service agreements	**1,379.3**	**1,331.2**
Total revenue	**5,660.6**	**5,772.2**

*) Amounts adjusted due to the combination of GEA Food Solutions and GEA Mechanical Equipment (see financial report Q1 2014)

Reconciliation of revenues according to segment reporting to revenues (EUR million)	2014	2013
Revenues GEA incl. GEA HX	**5,660.6**	**5,772.2**
less revenues GEA HX	–1,173.0	–1,489.1
plus revenues GEA HX with continued operations	28.0	36.8
Revenues	**4,515.7**	**4,320.0**

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.

When calculating operating EBIT, management also adjusts the figure for earnings effects that it believes will not be incurred to the same extent in future fiscal years (“nonrecurring items”.) Operating EBIT for fiscal year 2014 was thus adjusted for nonrecurring items totaling EUR 50.7 million (previous year: EUR 14.6 million). Nonrecurring items comprise EUR 36.4 million (previous year: EUR 8.0 million) of expenses for strategic projects, personnel expenses of EUR 11.7 million for employees who left the Company and were not replaced, and income of EUR 1.3 million (previous year: EUR 0.0 million) from the remeasurement of non-current provisions relating to former business activities. The expense arising from the allocation in accordance with IFRS 5 of management and trademark fees totaling EUR 3.9 million (previous year: EUR 6.6 million) to continuing operations, i.e. to the other segments including the holding company, was also identified as a non-recurring item. Profit or loss from discontinued operations includes nonrecurring expenses in the total amount of EUR 56.7 million (previous year: EUR 20.2 million.) These consist of the loss on the disposal and adjustment of the GEA HX disposal group amounting to EUR 41.8 million recognized in the reporting period (previous year: EUR 0.0 million), nonrecurring expenses of EUR 13.3 million (previous year: EUR 17.5 million) in connection with preparations for the separation of the GEA HX Segment, as well as nonrecurring expenses due to capacity adjustment measures totaling EUR 1.6 million (previous year: EUR 2.7 million).

Reconciliation of Operating EBITDA according to segment reporting to EBIT (EUR million)	2014	2013
Operating EBITDA GEA incl. GEA HX	**706.6**	**688.3**
Depreciation of property, plant, and equipment, investment property, and amortization of intangible assets	–106.7	–105.9
Other impairment losses and reversals of impairment losses	0.1	–0.3
Operating EBIT GEA incl. GEA HX	**600.0**	**582.1**
Depreciation and amortization on capitalization of purchase price allocation	–25.1	–26.5
Impairment losses on capitalization of purchase price allocation	–	–2.1
Realization of step-up amounts on inventories	–	–0.3
One-offs	–61.7	–28.2
EBIT GEA incl. GEA HX	**513.2**	**525.0**
less EBIT GEA HX	–85.1	–116.0
Consolidation	11.8	10.5
EBIT	**439.9**	**419.6**

Reconciliation of EBITDA according to segment reporting to EBITDA (EUR million)	2014	2013
EBITDA GEA incl. GEA HX	**644.8**	**659.8**
less EBITDA GEA HX	–115.1	–155.2
Consolidation	10.3	10.6
EBITDA	**539.9**	**515.2**

The following table shows the reconciliation of EBITDA to EBIT:

Reconciliation of EBITDA to EBIT (EUR million)	2014	2013
EBITDA	**539.9**	**515.2**
Depreciation of property, plant and equipment, and investment property, and amortization of intangible assets (see notes 5.1, 5.2, 5.4)	–100.3	–132.4
Impairment losses and reversal of impairment losses on property, plant, and equipment, investment property, intangible assets, and goodwill (see notes 5.1, 5.2, 5.3, 5.4)	0.3	–2.2
Impairment losses on non-current financial assets	–	–0.3
Plus depreciation, amortization and impairment losses contained in profit from discontinued operations	–	39.2
EBIT	**439.9**	**419.6**

The following table shows the reconciliation of working capital to total assets:

Reconciliation of working capital to total assets (EUR million)	12/31/2014	12/31/2013
Working capital (reporting date) GEA incl. GEA HX	**424.4**	**531.1**
Working capital (reporting date) of Ruhr-Zink	–0.2	–0.0
Non-current assets	2,714.8	2,577.8
Income tax receivables	17.5	8.3
Other current financial assets	390.6	108.9
Cash and cash equivalents	1,195.9	683.5
Assets held for sale	5.6	1,605.8
plus trade payables	639.7	646.5
plus advance payments in respect of orders and construction contracts	188.8	177.4
plus gross amount due to customers for contract work	254.9	293.0
minus working capital held for sale (reporting date) GEA HX	–	–173.2
Consolidation	–	5.3
Total assets	**5,832.0**	**6,464.6**

9.4 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 group as a whole.

(EUR millions)	Germany	Europe (excluding Germany)	North America	Latin America	Middle East	Asia/ Pacific	Africa	**Total**
01/01/2014 - 12/31/2014								
External revenue	595.1	2,064.8	906.9	320.9	249.8	1,300.4	222.6	**5,660.6**
Non-current assets (property, plant and equipment, intangible assets, and investment property)	1,142.3	702.9	186.6	3.4	0.3	130.6	0.6	**2,166.8**
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**

In the reporting period, revenue of EUR 844.7 million (previous year: EUR 788.7 million) was attributable to the United States of America and EUR 534.4 million (previous year: EUR 622.6 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 430.5 million (previous year: EUR 490.7 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 until the sale was completed on October 31, 2014, and the cash flow from its disposal. Cash flow from operating activities includes outflows of EUR 5,409 thousand (previous year: EUR 10,885 thousand) from other discontinued operations. Cash flow from investing activities also includes outflows of EUR 7,833 thousand (previous year: EUR 48,007 thousand) from the sale of other discontinued operations. These outflows relate to payments linked to the sale of business activities in previous periods.

10.2 Government grants

Government grants related to income amounting to EUR 842 thousand were received in fiscal year 2014 (previous year: EUR 1,587 thousand). Of this amount, grants related to assets of EUR 364 thousand (previous year: EUR 164 thousand) were deducted from the carrying amounts of the assets concerned. In fiscal year 2014, expenses of EUR 0 thousand (previous year: EUR 295 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 group as a whole and these companies are composed of the following items:

(EUR thousand)	Revenue	Other income	Other expenses
01/01/2014 - 12/31/2014			
Unconsolidated subsidiaries	55,324	1,482	**2,993**
Joint ventures	8,119	–	–
Total	**63,443**	**1,482**	**2,993**
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**

Related party transactions resulted in the following outstanding items in the group as a whole as of December 31, 2014:

(EUR thousand)	Trade receivables	Trade payables	Other receivables	Other liabilities
12/31/2014				
Unconsolidated subsidiaries	10,639	8,066	18,140	25,285
Joint ventures	2,870	–	–	–
Total	**13,509**	**8,066**	**18,140**	**25,285**
thereof current	13,509	8,066	16,740	25,285
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**
thereof current	22,068	6,119	8,569	23,362

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 9,349 thousand in fiscal year 2014 (previous year: EUR 12,277 thousand). This is composed of the following components:

(EUR thousand)	2014	2013
Short-term employee benefits	7,205	6,581
Post-employment benefits	1,208	2,582
Share-based payments	936	3,114
Total	**9,349**	**12,277**

Former Executive Board members and their surviving dependents received remuneration from the GEA Group amounting to EUR 5,168 thousand (previous year: EUR 5,129 thousand). Pension provisions were recognized for former Executive Board members and their surviving dependents in accordance with IFRSs totaling EUR 64,494 thousand (previous year: EUR 61,715 thousand).

In fiscal 2014, the expenses incurred for the Supervisory Board amounted to EUR 1,159 thousand (previous year EUR 1,168 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. Events after Balance Sheet Date

11.1 Acquisition

On January 2, 2015, GEA Group completed the acquisition of Dutch group de Klokslag. All shares of the companies de Klokslag Automatisierung B.V., de Klokslag Engineering B.V., and de Klokslag Machinefabrik B.V. were acquired. In addition, rights to certain technologies were individually acquired.

The de Klokslag group companies are among the leading manufacturers of large-scale equipment for semi-hard cheese production and have been allocated to the Process Engineering segment. As a result of this acquisition, GEA is now a full solution provider in this growing segment of the milk industry.

The transaction costs incurred in the reporting period amounted to EUR 400 thousand. The transaction costs associated with the acquisition are reported in other expenses.

The purchase price of EUR 29,907 thousand includes a contingent purchase consideration, the fair value of which was EUR 3,000 thousand at the acquisition date. The amount of the contingent purchase consideration is dependent on the consolidated earnings before interest and tax of the de Klokslag companies in fiscal years 2015 to 2017, which must exceed a specified minimum amount for payment to be made. Based on the business plans, it is expected that the maximum amount will be payable.

The following assets were acquired and liabilities assumed through the acquisition of the de Klokslag group:

Fair value (EUR thousand)	
Total assets	33,933
Total liabilities	10,635
Net assets acquired	**23,298**
Acquisition cost	29,907
Goodwill	6,609

Purchase price allocation with respect to the identification and measurement of the assets acquired and liabilities assumed is provisional.

The goodwill arising from the acquisition in the expected amount of EUR 6,609 thousand is attributable to the strengthening of GEA Group's general competitive position, advantages from expected synergies and future market developments, and the expertise of the workforce.

In fiscal year 2014, an advance payment of EUR 25 million was made against the purchase price. This payment is reported in the cash flow statement under cash flow from investing activities.

11.2 Repayments of financial debt

On January 14, 2015, EUR 100,000 thousand of a loan from the European Investment Bank (EIB) was repaid ahead of schedule.

12. Supplemental disclosures in accordance with section 315a of the HGB

12.1 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 18, 2014, and made it permanently available to the shareholders on the Company's website.

12.2 Number of employees

The average number of employees during the year was as follows:

Average number of employees during the year *	2014	2013
Hourly workers	6,275	6,129
Salaried employees	11,902	11,411
Continuing operations	**18,177**	**17,540**
Hourly workers	2,396	3,174
Salaried employees	3,011	4,085
Discontinued operations	**5,407**	**7,259**
Total	**23,584**	**24,799**

*) 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 *	2014	2013
Hourly workers	6,297	6,178
Salaried employees	11,946	11,572
Continuing operations	**18,243**	**17,750**
Hourly workers	4	3,166
Salaried employees	–	4,038
Discontinued operations	**4**	**7,204**
Total	**18,247**	**24,954**

*) Full-time equivalents (FTEs) excluding vocational trainees and inactive employment contracts

12.3 Audit and consulting fees

The fees charged worldwide by the auditors of the consolidated financial statements, KPMG AG Wirtschaftsprüfungsgesellschaft, for fiscal year 2014 are broken down as follows:

(EUR thousand)	2014	2013
Audit	4,284	4,901
Other audit related services	1,095	423
Tax consulting services	1,148	954
Other services	692	868
Total	**7,219**	**7,146**

In fiscal year 2014, fees for other assurance services amounting to EUR 780 thousand were attributable to assurance services in connection with the financing of the purchase price for the GEA HX Segment by the purchaser. Economically, these expenses were borne by the purchaser in accordance with the purchase price mechanism (see section 4).

EUR 90 thousand of the fees listed for audits in fiscal 2014 is attributable to the audit of the 2013 consolidated financial statements.

12.4 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 Tetra Laval Food Machinery Company Limited i.L.	Beijing	China	90.00
Bock Australia Pty. Ltd.	Banksmeadow, New South Wales	Australia	100.00
Breconcherry Ltd.	Bromyard, Herefordshire	Great Britain	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	99.9998
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
Dixie-Union (UK) Ltd.	Old Wolverton	Great Britain	100.00
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 Andina S.A.S.	Bogota D.C.	Colombia	100.00
GEA Aseptomag AG	Kirchberg	Switzerland	100.00
GEA Aseptomag Holding AG	Kirchberg	Switzerland	100.00
GEA ATG UK Holdings Limited i.L.	Cheshire, Warrington	Great Britain	100.00
GEA Avapac Ltd.	Hamilton	New Zealand	100.00
GEA AWP GmbH	Prenzlau	Germany	100.00
GEA Barr-Rosin Ltd.	Maidenhead, Berkshire	Great Britain	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 Beteiligungsgesellschaft III mbH	Düsseldorf	Germany	100.00
GEA Bischoff GmbH	Essen	Germany	100.00
GEA Bischoff Oy	Helsinki	Finland	100.00
GEA Bock (Thailand) Co., Ltd.	Bangkok	Thailand	49,00 *
GEA Bock Compressors (Hangzhou) Co., Ltd.	Hangzhou, Zhejiang	China	100.00
GEA Bock Czech s.r.o.	Stribro	Czech Republik	100.00
GEA Bock GmbH	Frickenhausen	Germany	100.00
GEA Brewery Systems GmbH	Kitzingen	Germany	100.00
GEA Canada Inc.	Lethbridge, Alberta	Canada	100.00
GEA CEE GmbH	Wien	Austria	100.00
GEA Central America S.A.	Panama	Panama	100.00
GEA Colby Pty. Ltd.	Sydney	Australia	100.00
GEA Diessel GmbH	Hildesheim	Germany	100.00
GEA Dutch Holding B.V.	's-Hertogenbosch	Netherlands	100.00
GEA Energietechnik Anlagen- und Betriebs-GmbH	Bochum	Germany	100.00
GEA Engenharia de Processos e Sistemas Industriais Ltda.	Campinas, Sao Paulo	Brazil	100.00
GEA Equipamentos e Soluções S.A.	Jaguariúna	Brazil	100.00
GEA Erste Kapitalbeteiligungen GmbH & Co. KG	Bochum	Germany	100.00
GEA Eurotek Ltd.	Aylsham	Great Britain	100.00
GEA Exergy AB	Göteborg	Sweden	100.00
GEA Farm Technologies (Ireland) Ltd.	Cork	Ireland	100.00
GEA Farm Technologies (UK) Limited	Warminster	Great Britain	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

*) 51% of voting rights

Company	Head Office	Country	Shares %
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 Republik	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.	Leeuwarden	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 Finland Oy	Helsinki	Finland	100.00
GEA Food Solutions (Beijing) Co., Ltd.	Beijing	China	100.00
GEA Food Solutions Asia Co. Limited	Hong Kong	China	100.00
GEA Food Solutions B.V.	Bakel	Netherlands	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.	Prag	Czech Republik	100.00
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 International B.V.	Bakel	Netherlands	100.00
GEA Food Solutions Italy S.r.l.	Grumello Del Monte	Italy	100.00
GEA Food Solutions Japan K.K.	Shibuya-ku,Tokyo	Japan	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 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.	Warschau	Poland	100.00
GEA Food Solutions RUS ZAO	Moskau	Russian Federation	100.00
GEA Food Solutions South Africa (Pty) Ltd.	Midrand	South Africa	100.00
GEA Food Solutions Switzerland AG	Rothrist	Switzerland	100.00
GEA Food Solutions UK & Ireland Ltd.	Old Wolverton	Great Britain	100.00
GEA Food Solutions Ukraine LLC	Kiev	Ukraine	100.00
GEA Food Solutions Weert B.V.	Weert	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	Great Britain	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	Great Britain	100.00
GEA Insurance Broker GmbH	Frankfurt am Main	Germany	100.00
GEA Ireland Limited	Kildare	Ireland	100.00
GEA IT Services GmbH	Oelde	Germany	100.00
GEA Lyophil (Beijing) Ltd.	Beijing	China	100.00
GEA Lyophil GmbH	Hürth	Germany	100.00
GEA Mechanical Equipment (Tianjin) Co., Ltd.	Wuqing	China	100.00
GEA Mechanical Equipment Canada, Inc.	Saint-John, New Brunswick	Canada	100.00
GEA Mechanical Equipment GmbH	Oelde	Germany	100.00

Company	Head Office	Country	Shares %
GEA Mechanical Equipment Italia S.p.A.	Parma	Italy	100.00
GEA Mechanical Equipment UK Limited	Milton Keynes	Great Britain	100.00
GEA Mechanical Equipment US, Inc.	Wilmington, Delaware	USA	100.00
GEA Messo GmbH	Duisburg	Germany	100.00
GEA Middle East FZE	Dubai	United Arab Emirates	100.00
GEA Milfos International Limited	Frankton, Hamilton	New Zealand	100.00
GEA mts flowtec AG	Kirchberg	Switzerland	100.00
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 Limited	Penrose, Auckland	New Zealand	100.00
GEA Nu-Con Pty. Ltd.	Sutherland, Sydney	Australia	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	Great Britain	100.00
GEA Power Cooling de Mexico S. de R.L. de C.V.	Naucalpan de Juárez, Mexico	Mexico	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 Japan Ltd.	Tokyo	Japan	100.00
GEA Process Engineering Ltd.	Penrose, Auckland	New Zealand	100.00
GEA Process Engineering Ltd.	Birchwood,Cheshire,Warrington	Great Britain	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	Moskau	Russian Federation	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.p.A.	Segrate	Italy	100.00
GEA Process Engineering s.r.o.	Brno	Czech Republik	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.	Warschau	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.	Kapstadt	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	Skanderborg	Denmark	100.00
GEA Refrigeration Components (UK) Ltd.	Ross-on-Wye, Herfordshire	Great Britain	100.00
GEA Refrigeration Czech Republic s.r.o.	Prag	Czech Republik	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

Company	Head Office	Country	Shares %
GEA Refrigeration India Private Limited	Vadodara, Gujarat	India	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 Malaysia Sdn. Bhd.	Petaling Jaya	Malaysia	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	Great Britain	100.00
GEA Refrigeration Vietnam Co. Ltd.	Ho Chi Min City	Vietnam	100.00
GEA Scan-Vibro A/S	Svendborg	Denmark	100.00
GEA Segment Management Holding GmbH	Düsseldorf	Germany	100.00
GEA Services and Components OOO	Moskau	Russian Federation	100.00
GEA TDS GmbH	Sarstedt	Germany	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 Verwaltungs AG	Düsseldorf	Germany	100.00
GEA West Africa Limited	Lagos	Nigeria	100.00
GEA Westfalia Separator (China) Ltd.	Wanchai,HongKong	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 Belgium N.V.	Schoten	Belgium	100.00
GEA Westfalia Separator Chile S.A.	Santiago de Chile	Chile	100.00
GEA Westfalia Separator CIS Ltd.	Moskau	Russian Federation	100.00
GEA Westfalia Separator CZ s.r.o.	Prag	Czech Republik	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
GEA Westfalia Separator Polska Sp. z o.o.	Warschau	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	Göteborg	Sweden	100.00

Company	Head Office	Country	Shares %
GEA Wiegand GmbH	Ettlingen	Germany	100.00
Hovex B.V.	Veendam	Netherlands	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
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 UK Limited	Droitwich, Worcestershire	Great Britain	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 SDN. BHD.	Shah Alam, Selangor	Malaysia	100.00
OOO GEA Farm Technologies Rus	Moskau	Russian Federation	100.00
OOO GEA Farm Technologies Ukraine	Bila Zerkva	Ukraine	100.00
OOO GEA Refrigeration RUS	Moskau	Russian Federation	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
Trennschmelz Altersversorgung GmbH	Bochum	Germany	100.00
VDM-Hilfe GmbH	Frankfurt am Main	Germany	100.00
Wilarus OOO	Kolomna	Russian Federation	100.00
Wolfking Limited	Old Wolverton	Great Britain	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.I.	Premnitz	Germany	49.90
Technofrigo Abu Dhabi i.L.	Abu Dhabi	United Arab Emirates	49.00
ZAO Moscow Coffee House	Moskau	Russian Federation	29.00
Joint Ventures			
Blue Glacier Technology, LLC	Durham	USA	50.00
Crismil S.A.	Montevideo	Uruguay	49.00
GEA ORION Farm Technologies Co., Ltd.	Nagano	Japan	49.00
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
Other equity investments under section 313(2) no. 4 of the HGB			
Bauverein Oelde GmbH	Oelde	Germany	35.50
Ehrfeld Mikrotechnik AG	Wendelsheim	Germany	26.00
EPSA Empresa Paulista de Servicos Ambientais S.A.	Sao Paulo, Sao Paulo	Brazil	47.50
Indo Technofrigo Ltd. i.L.	Rajkot	India	49.00

12.5 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 AWP GmbH, Prenzlau
GEA Bischoff GmbH, Essen
GEA Bock GmbH, Frickenhausen
GEA Brewery Systems GmbH, Kitzingen
GEA Diessel GmbH, Hildesheim
GEA Energietechnik Anlagen- und Betriebs-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 Insurance Broker GmbH, Frankfurt am Main
GEA IT Services GmbH, Oelde
GEA Lyophil GmbH, Hürth
GEA Mechanical Equipment GmbH, Oelde
GEA Messo GmbH, Duisburg
GEA Niro GmbH, Müllheim
GEA Real Estate GmbH, Frankfurt am Main
GEA Refrigeration Germany GmbH, Berlin
GEA Refrigeration Technologies GmbH, Bochum
GEA TDS GmbH, Sarstedt
GEA Tuchenhagen GmbH, Büchen
GEA Westfalia Separator Deutschland GmbH, Oelde
GEA Westfalia Separator Group GmbH, Oelde
GEA Wiegand GmbH, Ettlingen
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, 2015

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, 2014 to December 31, 2014. 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, 2015

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, 2015

The Executive Board

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

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,
(until December 31,2014)
- Deutsche Bank AG, Frankfurt am Main,
Member of the Central Regional Advisory Board (until May 22, 2014)
- GEA Process Engineering A/S, Søborg, Denmark,
Chairman of the Supervisory Board
- RUAG Holding AG, Bern, Switzerland,
Member of the Board of Directors
- Holcim Ltd, Zürich, Switzerland,
Member of the Board of Directors (from April 29, 2014)

Dr. Helmut Schmale, Bochum,
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,
COO – Member of the Executive Board

b) - GEA Segment Management Holding GmbH, Düsseldorf, Germany
- GEA North America, Inc., Delaware, U.S.A.,
Member of the Board of Directors
- DECHEMA e.V., Frankfurt/Main, Germany
Member of the Executive Board (from January 1, 2014)

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 Board

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

Reinhold Siegers, Mönchengladbach, Germany,
Deputy Chairman of the Supervisory Board
Deputy Chairman of the Works Council of
GEA Group Aktiengesellschaft (from August 26, 2014)

Ahmad M.A. Bastaki, Safat, Kuwait,
Executive Director, Planning and Senior Management Support
(from December 17, 2014),
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 (until June 30, 2014)
- Lonza S.A., Basel, Switzerland,
Member of the Board of Director
- Givaudan S.A., Vernier, Switzerland,
Member of the Board of Directors (from March 20, 2014)

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, (bis 31.10.2014)
Segmentgesamtbetriebsratsvorsitzender
der GEA Heat Exchangers GmbH

Michael Kämpfert, Düsseldorf,
Vice President Human Resources/Legal Affairs

Eva-Maria Kerkemeier, Herne,
1. Bevollmächtigte der IG Metall, Herne Bochum

Brigitte Krönchen, Oelde, (from November 5, 2014)
Deputy Chairman of the Central Works Council of
GEA Farm Technologies GmbH, Bönen, Germany

Kurt-Jürgen Löw, Ebernhahn, Germany,
Chairman of the Works Council of
GEA Westfalia Separator Group GmbH (from August 26, 2014)

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, 2014)

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 (until October 31, 2014)
Kurt-Jürgen Löw (from December 18, 2014)

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 (until October 31, 2014)
Brigitte Krönchen (from December 18, 2014)

Nomination Committee
Dr. Jürgen Heraeus, Chairman
Prof. Dr. Ing. Werner Bauer
Dr. Helmut Perlet

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 2014	Q1 2013	Q2 2014	Q2 2013	Q3 2014	Q3 2013	Q4 2014	Q4 2013	**2014**	**2013**	**2012**
Order intake (EUR million)											
GEA Farm Technologies	161.6	138.8	169.7	155.7	166.4	150.7	161.3	151.6	**659.0**	**596.7**	**583.9**
GEA Mechanical Equipment	339.1	329.7	329.1	346.4	328.7	357.7	352.9	334.4	**1,349.8**	**1,368.2**	**1,347.9**
GEA Process Engineering	366.7	481.3	500.9	570.0	506.4	515.2	461.7	494.6	**1,835.7**	**2,061.0**	**1,850.2**
GEA Refrigeration Technologies	192.9	177.9	204.1	181.2	195.0	174.9	212.7	192.3	**804.7**	**726.3**	**756.2**
GEA Group	1,024.3	1,095.1	1,169.9	1,220.0	1,167.9	1,168.3	1,157.5	1,144.4	**4,519.6**	**4,627.9**	**4,425.4**
Revenue (EUR million)											
GEA Farm Technologies	126.6	110.8	154.2	133.8	176.4	156.9	192.7	176.2	**650.0**	**577.7**	**580.9**
GEA Mechanical Equipment	310.0	298.1	340.4	334.0	349.2	336.3	380.8	359.3	**1,380.4**	**1,327.8**	**1,266.4**
GEA Process Engineering	390.7	394.3	469.1	435.6	453.8	441.3	538.5	526.7	**1,852.1**	**1,798.0**	**1,716.3**
GEA Refrigeration Technologies	154.9	152.1	189.0	189.2	196.4	184.8	223.4	210.6	**763.7**	**736.6**	**694.8**
GEA Group	950.7	924.2	1,117.7	1,064.6	1,146.0	1,089.1	1,301.4	1,242.2	**4,515.7**	**4,320.0**	**4,142.3**
EBITDA (EUR million)											
GEA Farm Technologies	6.1	2.8	13.1	8.5	19.8	17.6	32.6	27.8	**71.5**	**56.7**	**58.2**
GEA Mechanical Equipment	42.1	38.6	48.4	48.3	53.6	56.8	80.4	71.0	**224.5**	**214.7**	**134.9**
GEA Process Engineering	30.2	29.4	48.8	45.0	49.3	46.3	92.2	82.5	**220.6**	**203.2**	**178.1**
GEA Refrigeration Technologies	12.4	9.6	19.9	16.8	21.6	17.1	34.1	27.5	**88.0**	**71.0**	**65.2**
GEA Group	83.0	71.1	123.1	113.8	140.0	130.0	193.9	200.3	**539.9**	**515.2**	**420.1**
Operating EBITDA * (EUR million)											
GEA Farm Technologies	6.1	3.1	13.1	8.5	22.3	17.6	33.0	27.8	**74.5**	**56.9**	**58.5**
GEA Mechanical Equipment	42.1	38.6	48.4	48.3	55.4	56.8	85.6	71.0	**231.6**	**214.7**	**199.3**
GEA Process Engineering	30.2	29.4	48.8	45.0	49.4	46.3	92.2	82.5	**220.6**	**203.2**	**178.4**
GEA Refrigeration Technologies	12.4	9.6	19.9	16.8	23.6	17.1	33.8	27.5	**89.7**	**71.0**	**65.2**
GEA Group	85.1	72.4	128.0	118.4	149.0	133.5	228.5	205.7	**590.7**	**530.1**	**494.4**
Operating EBITDA margin* (%)											
GEA Farm Technologies	4.8	2.8	8.5	6.4	12.7	11.2	17.1	15.8	**11.5**	**9.9**	**10.1**
GEA Mechanical Equipment	13.6	12.9	14.2	14.5	15.9	16.9	22.5	19.8	**16.8**	**16.2**	**15.7**
GEA Process Engineering	7.7	7.5	10.4	10.3	10.9	10.5	17.1	15.7	**11.9**	**11.3**	**10.4**
GEA Refrigeration Technologies	8.0	6.3	10.5	8.9	12.0	9.3	15.1	13.1	**11.7**	**9.6**	**9.4**
GEA Group	9.0	7.8	11.5	11.1	13.0	12.3	17.6	16.6	**13.1**	**12.3**	**11.9**

*) Before effects of purchase price allocations from revalued assets and liabilities and before one-offs

Financial Calendar

April 16, 2015	**Annual Shareholders' Meeting for 2014**
May 11, 2015	**Quarterly Financial Report for the period to March 31, 2015**
July 29, 2015	**Half-yearly Financial Report for the period to June 30, 2015**
October 27, 2015	**Quarterly Financial Report for the period to September 30, 2015**

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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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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