Annual Report 2012

engineering for a better world

GEA Group: Key IFRS figures

All figures as of the reporting dates from 2011 onwards include the acquisitions of CFS and Bock. The figures for the reporting periods include the acquisitions as from the second quarter of 2011.

(EUR million)	Q1-Q4 2012	Q1-Q4 2011	Change in %
Results of operations			
Order intake	5,901.1	5,609.7	5.2
Revenue	5,720.1	5,416.5	5.6
Order backlog	2,751.6	2,677.3	2.8
Operating EBITDA [1]	662.8	630.1	5.2
as % of revenue	11.6	11.6	–
EBITDA	597.8	610.2	-2.0
Operating EBIT [1]	561.6	524.6	7.1
as % of revenue	9.8	9.7	–
EBIT	454.8	474.6	-4.2
as % of revenue	8.0	8.8	–
EBT	366.9	398.6	-7.9
Profit for the period	316.6	312.6	1.3
Net assets			
Total assets	6,429.5	6,225.2	3.3
Equity	2,166.3	2,163.6	0.1
as % of total assets	33.7	34.8	–
Working capital (reporting date)	533.2	577.1	-7.6
Working capital (average of the past 12 months)	752.7	685.2	9.9
as % of revenue	13.2	12.6	–
Net liquidity (+)/Net debt (-)	-325.5	-386.8	15.8
Gearing in % (net debt / equity)	15.0	17.9	–
Financial position			
Cash flow from operating activities	465.1	313.5	48.4
Cash flow driver [2]	369.0	319.4	15.5
as % of revenue	6.5	5.9	–
Capital employed (reporting date)	3,559.5	3,635.0	-2.1
Capital employed (average of the past 12 months)	3,836.5	3,537.5	8.5
ROCE in % (EBIT / Capital Employed) [3]	11.9	13.4	–
ROCE in % (goodwill adjusted) [4]	17.8	20.5	–
Capital expenditure on property, plant and equipment	161.2	155.2	3.9
Full-time equivalents (reporting date) excluding vocational trainees and inactive employment contracts	24,498	23,834	2.8
GEA Shares			
Earnings per share pre purchase price allocation (EUR)	1.88	1.91	-1.6
Earnings per share (EUR)	1.69	1.70	-0.3
Weighted average number of shares outstanding (million)	185.8	183.8	1.1

1) Before effects of purchase price allocations and in 2012 additionally before non-recurring items at GEA Food Solutions.
2) Cash flow driver = EBITDA - Capital expenditure - Change in Working Capital (average of the past 12 months)
3) 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)
4) 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 is one of the largest suppliers to the food processing industry and a wide range of process industries. It generated consolidated revenues in excess of EUR 5.7 billion in 2012.

As an international technology group, the Company focuses on the development and production of process technology and components for sophisticated production methods in a variety of end markets. GEA generates around 70 percent of its consolidated revenues from the food and energy sectors, which are long-term growth industries.

The group employed around 24,500 people worldwide as of December 31, 2012. GEA Group is a market and technology leader in its business areas.

2012

Order intake
EUR 5.9 billion

Revenue
EUR 5.7 billion

Operating EBIT
EUR 562 million

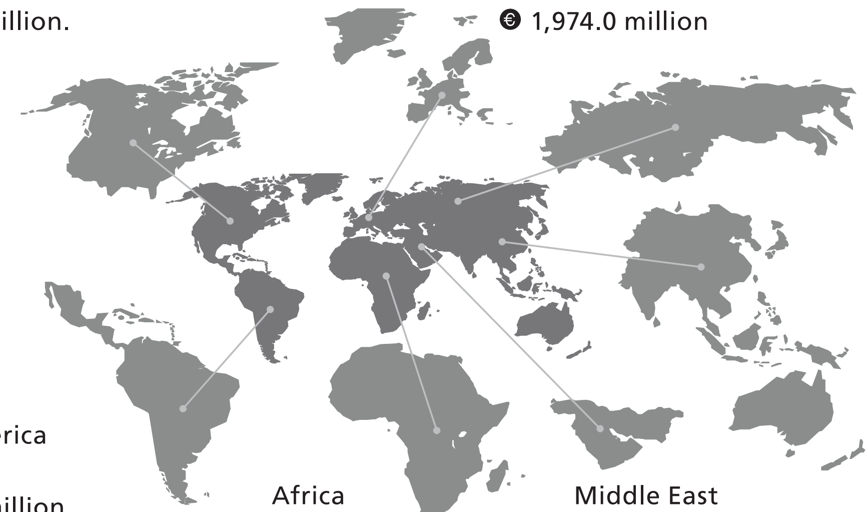
Operating EBIT Margin
9.8 %

Earnings per share
1.69 EUR

Cover picture:

GEA has one of the most extensive offerings of screw compressors, supplying more than 20 sizes. The screw rotors pictured on the cover page work in these compressors, and their precise interaction during rotation is essential for their efficiency and reliability.

GEA Group 2012: Globally Active



North America
2,335
857.5 million.

Western Europe
14,974
1,974.0 million

Eastern Europe
1,890
575.8 million

Asia/Pacific
3,992
1,321.0 million

Latin America
646
396.9 million

Africa
517
292.0 million

Middle East
145
302.8 million

=Employees (FTEs)
=Order intake

Contents

See inside back cover for index

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

Dear Shareholders,

Fiscal year 2012 was successful for GEA Group overall. Order intake rose to EUR 5.9 billion, a year-on-year increase of 5 percent, despite the relatively weak trend on some of the markets relevant to us. Our revenue also improved by 6 percent to more than EUR 5.7 billion. Operating profit amounted to EUR 562 million, corresponding to an EBIT margin of 9.8 percent.

Our segments developed at differing rates in the past fiscal year. The integration of GEA Food Solutions presented major challenges. The fierce price competition in energy-related customer industries continued unabated for our GEA Heat Exchangers Segment, which nevertheless fared well compared with most of its competitors. In contrast, we recorded considerable improvements in our other segments, with half of these achieving record margins.

We again won a number of key reference projects in 2012. The food sector now accounts for a disproportionately high two-thirds of our major orders with a volume of more than EUR 15 million. For example, a EUR 70 million project to build the world's largest spray dryer is currently underway in New Zealand. In future, this will process more than 4.4 million liters of milk per day for the whole of the Asia region. In Asia, after receiving several orders for coffee production plants from Vietnam in 2011, we received an order worth around EUR 40 million from another major customer for several filler lines for various soft drinks in the country. We also won major orders from leading international food groups in Western Europe, clear evidence of the trust placed in our engineering expertise all over the world.

What gives me the greatest confidence is our innovative strength, which comes to the fore in projects such as these. We again won major awards for groundbreaking new products at several trade shows last year, including at ACHEMA, the world's largest trade fair for chemical engineering, environmental protection and biotechnology, and at EuroTier, the leading international trade fair for livestock production and management. We will be able to continue consolidating and extending our market position for as long as we continue providing our customers with intelligent process solutions.

Focus on liquidity

The group took a major step towards sharpening its management focus on cash flow generation by introducing a new bonus system for our senior management. Cash flow drivers – EBITDA, the change in working capital, and capital expenditure – are now a key factor in determining the amount of their variable remuneration. This helps to ensure there is adequate financial scope to implement our strategic growth targets.

Strict liquidity management allowed us to reduce our net debt by EUR 61 million compared with December 31, 2011, to EUR 326 million as of December 31, 2012, despite the fact that we distributed dividends of more than EUR 100 million to shareholders for 2011 for the first time.

We reduced the ratio of working capital to revenue to 9.3 percent as of the reporting date, a further clear reduction on the prior year's already very healthy level of 10.7 percent. As a result, our cash flow from operating activities increased from EUR 313 million last year to EUR 465 million.

GEA Food Solutions requires ongoing attention

The problems encountered during the integration of the GEA Food Solutions Segment in the spring of the past fiscal year led us to put together an experienced management team from GEA's ranks. Our strategic interest in and assessment of this business have not changed. I am confident that this segment will contribute to increasing the group's margins over the medium term.

Share price

GEA's shares performed well during the fiscal year. In the first four months, the share price continued to rise, buoyed by the recovery of the global stock markets, and reached EUR 26.28 – its highest point since November 2007 – on April 2, 2012. However, it then came under pressure because our earnings figures for the first quarter were below market expectations. The simultaneous downward trend on the global stock markets put additional pressure on the share price and led to a low of EUR 19.69 on June 4, 2012. Following the trend reversal on the stock markets that then began in the summer, GEA's shares closed at EUR 24.47 on December 28, up 12.0 percent on the year.

New Executive Board function

We significantly raised the profile of our Human Resources and Legal/Compliance functions within our organizational structure. These areas were given top-level representation by the Supervisory Board's appointment of an additional Executive Board member, Dr. Stephan Petri. Demographic change means that all companies are faced with the growing challenge of finding, motivating, developing, and retaining highly qualified, dedicated employees. As a global company, GEA intends to maintain and strengthen its position as an attractive employer in the competition to win the best minds. This will be a key focus area for Dr. Stephan Petri, who has also been appointed as GEA's Labor Relations Director.

Key investments in the future

According to the International Monetary Fund (IMF), global economic growth continued to slow down in 2012: The global economy grew by just 3.2 percent in 2012, after 5.2 percent in 2010 and 3.9 percent in 2011. In light of this development, we implemented a cost-cutting program in the middle of the year, despite our own healthy figures, in order to prepare the group for potential challenges.

At the same time, it was important for us to continue making crucial investments to secure our ongoing competitiveness. For example, since 2011 we have invested EUR 80 million in our new production site in Oelde, the world's most advanced separator plant, further increasing capacity and considerably improving efficiency and quality. Over the past two years, a total of more than EUR 170 million has been invested in Germany to ensure the highest production process standards are met here over the long term.

Employees

However, our most important investments are still the ones we make in our dedicated employees, including our young staff. In 2012, we increased our vocational trainee ratio to 6.2 percent – despite the fact that there was a slight rise in the number of employees. This means that we are continuing to train more people than we will actually need, in spite of the ongoing uncertainty regarding economic developments. In addition, we are supporting a number of projects designed to promote enthusiasm for technology among children and young people, in particular, so that we will be able to find the right employees to continue our innovative work well into the future.

As in previous years, we have resolved that a bonus will be paid to non-executive employees for fiscal year 2012 in recognition of their outstanding work, and set up the corresponding provisions for this. The total amount for the past fiscal year will once again be around EUR 5 million. On behalf of my colleagues on the Executive Board, I would like to take this opportunity to thank all our staff for their dedication and their outstanding achievements. I would also like to explicitly include the employee representatives in this.

Further legacy issues resolved

Major steps towards resolving legacy issues were taken in 2012. After 13 years, we were able to settle the award proceedings arising from the acquisition of GEA by Metallgesellschaft in 1999 by issuing around 8.7 million shares to legacy shareholders. This development met with relief on the capital markets.

Final agreement was also reached with the buyer of the former plant engineering business (Lurgi) at the end of the year. This brings to an end GEA's liability for project-related risks from the Lurgi order portfolio, which had continued to apply despite the sale. Only tax risks and individual legal disputes from this former segment now remain. With respect to the remaining orders from the power plant business (Lentjes), which was also sold, the last plant is scheduled to be taken over by the customer in the first half of 2013.

Outlook

Our planning for the current fiscal year 2013 assumes that demand in our sales markets will match the high levels seen in 2012. Assuming that there is no downturn in global economic growth, we expect moderate revenue growth in the current fiscal year. With respect to our cash flow drivers, we are aiming for a ratio to revenue of at least 8.0 percent in 2013, after 6.5 percent in the previous year.

The extent to which individual segments contribute to growth will depend primarily on developments in the customer industries concerned. The breakdown of sales by customer industry is likely to continue shifting slightly in favor of the food industry. From a regional perspective, we believe that the share accounted for by Western Europe will record a slight decline over the medium term, whereas our business in the North America and Asia/Pacific regions will grow in importance.

In terms of price quality, we also expect the market environment to be unchanged as against 2012. On this basis, we are aiming for an earnings target (EBITDA) of around EUR 700 million (previous year: approximately EUR 600 million).

We will continue 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 services.

Dividend

The Executive Board and Supervisory Board will again propose a dividend of EUR 0.55 per share for 2012 to the Annual General Meeting. Due to the increase in the number of shares outstanding to 192.5 million, the dividend volume will increase by a further 4.7 percent to EUR 106 million. This means that, once again, the distribution to our shareholders is in line with our long-term target of one-third of the group's earnings

Sincerely,

Jürg Oleas
CEO GEA Group Aktiengesellschaft

GEA Food Solutions

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

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

Thermoformers

Slicers

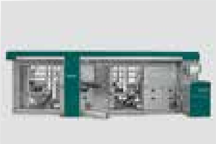
Bowl cutters

Spiral ovens

GEA Farm Technologies

- **Farm equipment**

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

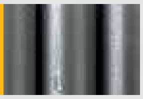


Milking equipment

Automatic feeding systems

Animal hygiene products

Barn equipment



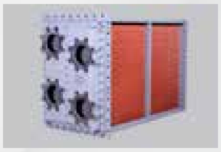
GEA Heat Exchangers

- **Heat exchangers**

– Air cooled heat exchangers
– Air conditioning and treatment systems
– Air filters
– Plate heat exchangers
– Shell-and-tube heat exchangers
– Fills
– Wet cooling systems
– Dry cooling systems

Plate and shell-and-tube heat exchangers

Dry and wet cooling systems



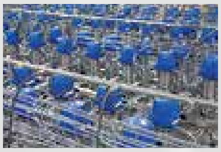
Air cooled heat exchangers

Air conditioning and treatment systems


Separators


Homogenizers


Decanters


Valves

GEA Mechanical Equipment

- **Special components**

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

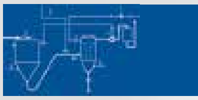

Spray dryers


Brewery & dairy systems


Aseptic filling


Pharma systems

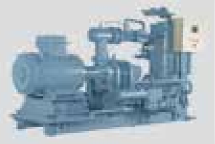
GEA Process Engineering



- **Process technology**

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


Compressors


Packages and skids


Ice machines


Freezers

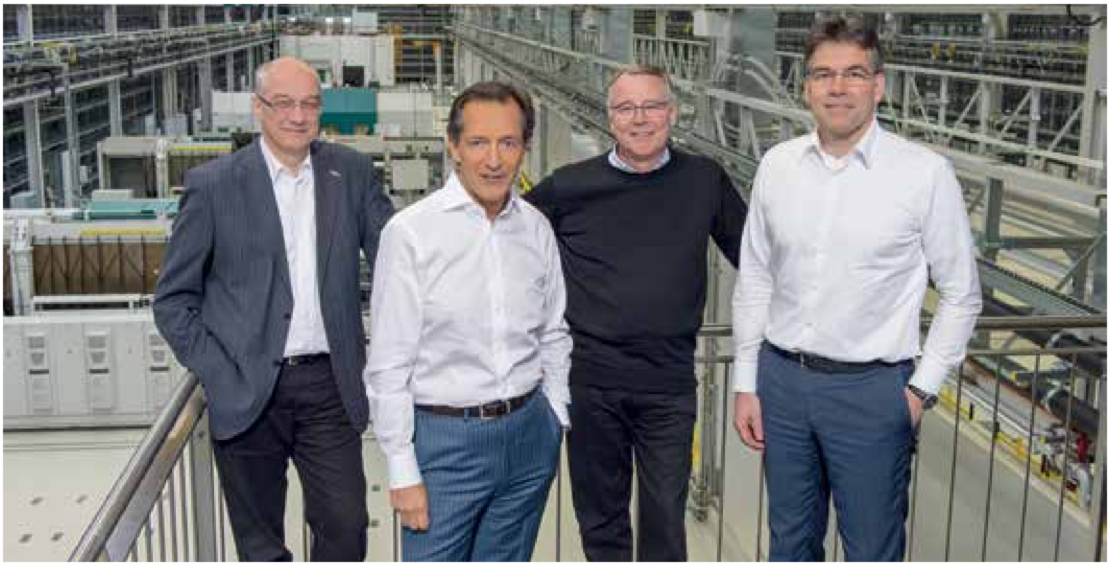
GEA Refrigeration Technologies

- **Refrigeration technologies**

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

engineering for a better world

Executive Board of GEA Group Aktiengesellschaft



Dr. Helmut Schmale Jürg Oleas Niels Graugaard Dr. Stephan Petri

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, 2013. Jürg Oleas has been a member of the Company's Executive Board since May 1, 2001. He heads the GEA Food Solutions, GEA Farm Technologies, and GEA Heat Exchangers segments.

Dr. Helmut Schmale, Chief Financial Officer

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

Niels Graugaard, Member of the Executive Board

Niels Graugaard, born on February 4, 1947, in Copenhagen, Denmark, has been a member of the Executive Board since August 1, 2007. He heads the GEA Mechanical Equipment, GEA Process Engineering, and GEA Refrigeration Technologies segments. Niels Graugaard's period of office runs until July 31, 2013, but he will retire at the close of the Annual General Meeting on April 18, 2013. Markus Hüllmann, who currently heads the GEA Mechanical Equipment Segment, has been appointed to succeed him.

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 and Chief Compliance Officer. Dr. Stephan Petri has been appointed until May 31, 2015.

Management Report

Combined Management Report for 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 performance of the business, the economic situation, and the opportunities and risks associated with the future development of GEA Group Aktiengesellschaft do not differ from the performance of the business, the economic situation, 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 are based on the HGB, supplemented by the Aktiengesetz (AktG – German Stock Corporation Act).

Organization and Structure

Basic strategic principles and segmentation of the group

Market leadership: The units in GEA Group focus on their respective core technologies and are leaders in their sales markets worldwide.

Technology leadership: GEA Group consistently promotes a pronounced innovation culture and by so doing continuously renews its technological edge.

Earnings orientation: GEA Group considers profitability more important than volume and practices systematic portfolio management and strict cost control.

Calculated risks: Active risk management, stability based on diversification, and a focus on the markets of the future are binding principles for all GEA Group business units.

In fiscal year 2012, the group was organized into six operating segments. GEA Food Solutions (formerly GEA Convenience-Food Technologies), GEA Farm Technologies, and GEA Heat Exchangers were headed by Jürg Oleas, and GEA Mechanical Equipment, GEA Process Engineering, and GEA Refrigeration Technologies by Niels Graugaard.

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 service companies.

GEA Group Aktiengesellschaft

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

Business Activities

Description of business activities and competitive position

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. It is a market and technology leader in the majority of its business areas. 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. It generates approximately 70 percent of its revenue in these business areas.

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 demand for high-quality foods, beverages, and pharmaceutical products,
3. The growing need for energy,
4. The increasing demand for production methods that are efficient and conserve valuable resources.

The group's operating segments are described in detail below:

GEA Food Solutions Segment

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

GEA Farm Technologies Segment

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

GEA Heat Exchangers Segment

GEA Heat Exchangers 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 wide range of applications and also offers professional support for customers' project planning.

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. At the same time, such equipment helps reduce customer production costs and protect the environment in a sustainable manner.

GEA Process Engineering Segment

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

GEA Refrigeration Technologies Segment

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

Internal 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 a further two planning years – and risk reporting are both based on the same reporting and consolidation system that is used for reporting actual figures.

Routine reporting procedures are supplemented by committee meetings that provide members of 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 Group's overriding goals are to secure a sustainable increase in enterprise value and to achieve strategic growth. In order to create the requisite financial scope for this and to focus the group even more closely on cash flow generation, a new key performance indicator – the "cash flow driver margin" – has been introduced and also incorporated into the new bonus system. This is a simplified cash flow indicator (EBITDA minus capital expenditures for property, plant and equipment, and intangible assets, and change in working capital) and is calculated as a ratio to revenue.

The return on capital employed (ROCE) provides a further key 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 enhance the implementation of ROCE, as the primary performance indicator, at an operational level, the ROCE drivers EBIT and EBIT margin, working capital, and the ratio of working capital to revenue are also monitored continuously. When calculating capital employed, effects arising from the acquisition of the former GEA AG by the former Metallgesellschaft AG in 1999 are not taken into account. Furthermore, as of 2011, the key performance indicators are also presented after adjustment for purchase price allocation effects. As a component of capital employed, capital expenditure is managed using a multilevel approval process.

The ratio of the expected ROCE to the weighted average cost of capital (WACC) is a key criterion for investment and portfolio decisions. The performance of these key indicators is presented in section 10 ("Segment reporting") of the notes to the consolidated financial statements. 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; actual borrowing costs; and the rate used to discount pension obligations.

A careful analysis of order intake and revenue, broken down by region and customer industry, is conducted on a monthly basis in order to identify emerging market trends as early as possible.

To respond rapidly to foreseeable developments, the segments again returned regularly the key performance indicators – order intake, revenue, and EBIT forecasts – in 2012.

Management of capital employed

Resources are allocated within the group primarily on the basis of the 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 expected return compared with the cost of capital. The payback period is also calculated as an additional benchmark for assessing the risk arising from changing economic conditions. 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. The Company therefore established a group-wide compliance organization many years ago. This is headed by the Chief Compliance Officer, who reports to the Supervisory Board's Audit Committee. The Chief Compliance Officer is assisted by the Corporate Compliance Officer. In addition, a Segment Compliance Officer has been appointed for each segment and a Company Compliance

Manager for each operating company. A Compliance Committee was also established in 2010 to advise the Chief Compliance Officer. GEA Group's extensive compliance program is rounded off by classroom and web-based training sessions for the group employees responsible for compliance. Further information on the issue of compliance can be found in the Corporate Governance Report (see page 67 ff.).

Remuneration system and financial performance management

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

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 and resource-friendly power generation and use. 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.

Given the ongoing uncertainty regarding the global financial and economic situation in 2012, GEA launched a comprehensive cost-cutting program back in the middle of the year. This cost-cutting program also included measures designed to increase the time frame for major investments that had already been scheduled or to put back forthcoming investment decisions. In view of the danger of a global recession, the objective here was to avoid creating overcapacity.

The group's largest investment project in fiscal year 2012 was implemented by the GEA Mechanical Equipment Segment. As part of the "Global Production Concept" approved in 2010, the segment constructed a new separator plant at its headquarters in Oelde/Germany. Designed in line with the latest production technology and environmental considerations, this new facility aims to achieve the following strategic objectives: to strengthen the segment's leading position in production technology, to reduce process and production costs, and to shorten throughput times per unit of production. The new plant in Oelde comprises two production buildings equipped with the relevant building systems and machinery. The project was implemented without interrupting normal operations. Key parts of the new facility were commissioned in 2012.

In 2012 the "Global Production Concept" also included key investments at the GEA Mechanical Equipment Segment to increase capacity at its location in Bengaluru/India and to establish a new location in Wuqing/China.

As in previous years, GEA is continuing to expand its product portfolio and hence strengthen its regional market coverage on the back of selected investments and acquisitions. This strategy also provides it with the ability to hedge against exchange rate fluctuations and to improve its cost structures in the areas of production, purchasing, and logistics. The group's acquisitions in fiscal year 2012 are presented in detail on page 56 f. and in section 5 (page 132 ff.) of the notes to the consolidated financial statements.

Research and development

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

At GEA, R&D activities are conducted locally by the individual segments and business units. This also facilitates direct cooperation with customers. The potential drawbacks of a decentralized R&D structure are avoided by ensuring cooperation between individual segments and a global exchange of knowledge throughout the group.

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

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

The overall winner in 2012 was the 24/7 PMO Valve™ from the GEA Mechanical Equipment Segment, a double-seat valve for nonstop operation. It is the only double-seat valve to hold U.S. Food and Drug Administration (FDA) authorization for cleaning during simultaneous operation. This means that one line may be cleaned while product is in the other line, although both lines are connected to the same double-seat valve. The result is a significant improvement in productivity, since with conventional technology parts of the line have to be shut down for two to three hours a day for cleaning purposes. A new kind of freezer from the GEA Refrigeration Technologies Segment took second place in the GEA Innovation Contest 2012. This uses an exceptionally rapid and gentle computer-simulated process to flash-freeze products such as fruit. This process minimizes the danger of water loss from the fruit and significantly reduces the energy required for freezing. The winner of the third prize shows that enhancements to production processes can also attract awards. In this instance, the honors went to improved orbital welding process, developed and patented in South Africa by the GEA Heat Exchangers Segment.

The GEA Development Contest is designed to promote promising new product ideas that are at an early stage of the development process and that still require up to three years until market launch. This competition, too, involves group-wide presentation events and offers prize money of varying amounts. In 2012, the first prize went to the GEA Refrigeration Technologies Segment for a low-maintenance and environmentally friendly compressor for deep-freeze equipment for use in supermarkets, for example. Second prize went to a GEA Mechanical Engineering development team for a highly innovative sterile separator, and third prize to a GEA Process Equipment development team for a project to boost coffee extraction yields.

The GEA Investment Fund is the third group-wide innovation competition. It is aimed at product ideas that are often still at an embryonic stage, and for which feasibility studies are available but as yet no prototypes. It is chiefly directed at projects involving cooperation between individual group segments or with external companies and organizations.

In 2012, GEA also successfully took part once again in external competitions organized by industry associations, customers, and trade fairs. Listed below are the events at which GEA won two prizes each.

Two new products from GEA were awarded prizes by the German agricultural society Deutsche Landwirtschafts-Gesellschaft (DLG) at the "EuroTier" trade fair: GEA DairyProQ, the world's first system for continuous automatic milking with different milking parlors, won a gold medal; and GEA DairyProView, the first software solution to provide a comprehensive overview of dairy farm processes, was awarded a silver medal. In addition, GEA DairyProQ won the "2013 Innovation of the Year" prize, awarded by the publisher Deutscher Landwirtschaftsverlag (dlv).

At the ACHEMA 2012 trade fair, GEA won the Innovation Award in the "Mechanical Processes" category with a new decanter from the ecoforce line, and in the "Plant Engineering and Processing" category with the new COMPACRYST forced-circulation crystallizer.

At the Anuga FoodTec fair, two entries from GEA were honored with the Dairy Technology Award 2012: a "dynamic recipe" for new cheesemaking plants, and the "prolong" process for ESL milk (milk with an extended shelf life), featuring double bacteria removal.

Award-winning innovations made by GEA

Two of the 2012 IChemE Awards presented by the Institution of Chemical Engineers – the "2012 Award for Outstanding Achievement in Chemical and Process Engineering" and the "Chemical Engineering Project of the Year Award" – went to a consortium consisting of GEA, GlaxoSmithKline, Siemens, Sagentia, and three universities.

In fiscal year 2012, direct expenses for research and development rose to EUR 96.5 million, an increase of 16.1 percent on the previous year's expenditure of EUR 83.1 million. These figures also include refunded expenses (contract costs), which are reported in the production costs and which totaled EUR 13.4 million (previous year: EUR 12.3 million). The R&D ratio amounted to a total of 1.7 percent of revenue (previous year: 1.5 percent).

Research and development (R&D) expenses (EUR million)	Q4 2012	Q4 2011	Change in %	Q1-Q4 2012	Q1-Q4 2011	Change in %
Refunded expenses (contract costs)	3.3	2.6	28.4	13.4	12.3	9.4
Non-refunded R&D expenses	20.4	18.6	9.2	83.0	70.8	17.2
Total R&D expenses	**23.7**	**21.2**	**11.6**	**96.5**	**83.1**	**16.1**
R&D ratio (as % of revenue)	**1.5**	**1.3**	**–**	**1.7**	**1.5**	**–**

In the past fiscal year, GEA Group companies filed applications for 96 (previous year: 79) new patents. In particular, this growth resulted from the increased number of patents filed by the GEA Farm Technologies, GEA Food Solutions, and GEA Refrigeration Technologies segments.

Procurement

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

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

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

GEA Group's total purchasing volume amounted to approximately EUR 3.0 billion in 2012. Prices for raw materials, and in particular for metals, remained relatively stable in 2012.

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

The year 2012 also saw successful implementation of GEA Class, a group-wide classification system designed to provide more meaningful procurement data and establish a unified procurement system for materials and services. This system is based on eCl@ss, an international standard for data transfer between suppliers and customers that is used in 77 countries to classify a wide range of products, materials, and services. GEA Class was developed on the basis of this standard system and supplemented by the addition of a number of extra categories, resulting in a custom solution that enables the transparent and uniform classification of products and suppliers. In the future, GEA Class will provide detailed cross-segment analyses of procurement prices and conditions.

Discontinued Operations

In fiscal year 2012, discontinued operations once again had no material impact on group earnings. As in previous years, this area relates to the risks remaining from the sale of the plant engineering activities, the continued process of winding-up the business operations of Ruhr-Zink, and individual legal disputes.

An agreement secured with the buyer of Lurgi in fiscal year 2012 released GEA Group from the remaining project-related risks deriving from the Lurgi order portfolio as well as from certain other risks related to the sale. Risks remain with regard to the former business operations of Lurgi in relation to individual legal disputes and tax issues.

All of the orders transferred with the sale of Lentjes Group to the initial buyer and then to its successor have been executed. A number of plants are still under warranty, and two plants are still subject to legal disputes. In addition, one order that did not form part of the sale is still being executed. This plant is scheduled to be handed over to the customer in the first half of 2013.

As regards to the discontinued business operations of Ruhr-Zink, the plan to rehabilitate and secure the site – along with the relevant contract under public law with the appropriate environmental agency (District of Recklinghausen) – is now in the last phase of the approval process and will be finalized in 2013. Meanwhile, Ruhr-Zink is still in negotiation with the town of Datteln regarding the subsequent use of the company’s former production site.

Sustainability Report

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

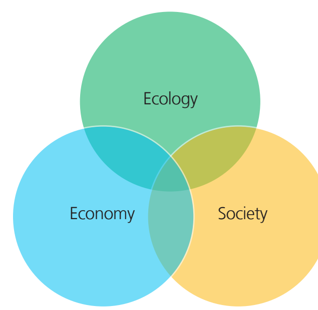
Sustainability for GEA means securing its future viability on the basis of a stable economic and social foundation and an intact environment. Sustainability management also serves to limit economic, social, and reputational risks to the group. Major global trends such as sustained population growth,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

Sustainability at GEA

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

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

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



GEA aims to safeguard the interests of its shareholders, customers, and employees for the long-term future, and to fulfill its responsibility toward society, by strengthening its international competitiveness and boosting its business performance. The group pursues this objective first and foremost by being a dependable partner with an attractive and sustainable product line to its customers, as an exemplary employer to its global workforce of approximately 24,500 employees, as a taxpayer, and as a supporter of charitable projects.

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

The group not only ensures that its own processes along the value chain are based on ecological principles, but also helps its customers to protect the environment by providing efficient products and process solutions. As a rule, these customers employ very energy-intensive technologies and processes, with the result that potential energy savings and reductions in emissions and waste now play an increasingly significant role in their capital investment decisions. For many years now, GEA solutions have served as the benchmark for the successful combination of economic and ecological factors (see page 29 ff.).

Economically sustainable

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

What is more, the world's demand for energy is continuing to grow. GEA is a leading international supplier of power plant cooling and thermal engineering systems, providing its customers with technology that not only delivers an attractive price-performance ratio but also helps protect the environment by making sparing use of resources.

Detailed information on GEA's basic strategic principles, its segment structure, and its business orientation can be found in the chapters entitled "Organization and Structure" and "Business Activities" (see page 9 ff.).

Corporate governance

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

A detailed presentation of the topic of corporate governance can be found in the Corporate Governance Report included in this Annual Report (see page 67 ff.).

Code of conduct

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

Compliance

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

Further information on the issue of compliance can be found in the Corporate Governance Report included in this Annual Report (see page 67 ff.).

Incorporation in the organizational structure

In addition to the compliance organization described in the separate Corporate Governance Report, there are also areas within group management dedicated to diversity, company values, and crisis management. Moreover, an environment, health, and safety (EHS) organization has been established over the period since 2010.

Leadership principles

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

What GEA expects of its managers:

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

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

Safety management

Unexpected incidents such as natural disasters or terrorist attacks can also have extreme consequences for GEA. Such incidents can also jeopardize the safety, health, and even the lives of group employees. The topic of employee safety is presented in detail on page 22 f.

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

Socially sustainable

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

A responsible employer

GEA's vision and its corporate values are the mainstays of its management philosophy. They are likewise the key elements of its common corporate identity.

Detailed information on the topics of personnel marketing and human resources development at GEA can be found in the "Employees" chapter (see page 58 ff.).

Fair Company label: widely recognized seal of quality for GEA

Diversity

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

As a consequence, GEA has instituted corporate diversity management procedures at group management level with the aim of making diversity a firmly established part of its corporate culture and hence support the business activities of all its segments.

Through the creation of a diversity organization in all segments, diversity management is now institutionalized at the group. Our international team of diversity managers, which comprises women and men from a very wide range of functions, aims to represent the spirit of diversity on all levels of the group.

In order to promote diversity on as many levels as possible and thereby create, for example, an attractive working environment, GEA has also resolved to implement greater flexibility with regard to working hours, and to increase mobility within the Company.

Diversity criteria are included as a matter of course when appointing personnel. 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 be developed in accordance with the GEA diversity criteria, as described above.

In order to be able to measure achievements and progress in the area of diversity, GEA also introduced a catalog of diversity performance indicators in mid-2012, taking the situation in 2012 as the benchmark. Applied on the group management, segment, and company level, these will serve to determine the degree to which targets are met and the success of diversity measures, which must always be evaluated on the basis of three criteria: performance, potential, and diversity.

In a clear affirmation of diversity within its own working environment, GEA Group has already ratified eight European diversity charters. This clearly demonstrates its commitment to promoting diversity and equal opportunity in the workplace, irrespective of, for example, nationality, gender, age, disability, or religion. A diversity charter is a document signed by companies and public institutions on a voluntary basis.

Because of its importance to corporate culture, the topic of diversity will be increasingly woven into GEA Group's company values. In this respect, diversity is a force for change, promoting greater pluralism in thought and action.

Company values

Over the past two years, GEA Group has formulated its company values – "excellence", "responsibility", "integrity", "passion", and "GEA-versity" – and communicated them in a series of interactive workshops worldwide. This process has involved all GEA Group employees in a constructive dialog.

With these company values, GEA has created an orientation system and frame of reference that provide managers and employees with a shared understanding and guidelines as to how to behave at an individual level, particularly in ambiguous situations. This gives managers and employees at GEA greater security in their dealings not only with one another but also with the outside world. Ultimately, the company values should also boost levels of efficiency and professionalism in all GEA segments and companies.

Work and family

GEA has implemented a host of measures to help employees reconcile the demands of work and family life, e.g., company-organized childcare, flexible working hours, and opportunities to work while on the move. In the District of Unna/Germany, for example, the GEA Farm Technologies Segment has been commended for best practice in its policy toward employees returning to work from parental leave.

Employee safety

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

GEA Safety Management also provides a comprehensive service for all employees traveling worldwide on behalf of the group. This includes detailed travel and safety information for every region of the world. Should, nonetheless, a group employee become caught up in an emergency situation, he or she has access to the 24-hour GEA Group Security and Support Hotline. If necessary, this service can also rapidly organize personal protection for any employee and at any location worldwide. The Medical Support Service Hotline provides assistance with health-related issues and, in the event of illness, provides appropriate medical care or even transport back home.

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

GEA Aid Commission

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

Company pension plan

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

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

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

Comprehensive healthcare provision

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

GEA Care

This program to promote employee health comprises a broad range of measures to prevent illness. These include cancer screening, seminars on how to give up smoking, partnerships with fitness studios, training to improve driving safety, instruction on ergonomics in the workplace, nutritional advice, and the opportunity to participate in company runs. For example, the GEA Farm Technologies Segment has been awarded the “Deutscher Unternehmenspreis Gesundheit” (German Company Award for Health) in recognition of its healthcare offering for employees.

For the under-50s among GEA Group's top-level executives, there is the special option of a comprehensive health checkup every three years. For the over-50s, this service is available every two years.

Healthcare coaching

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

The GEAktiv Sport Forum

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

Socially committed

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

The "Stöber Tage" at GEA are a fun experience for kids.

The fascinating world of engineering

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

School–Business Cooperation Network

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

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

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

Girls' Day

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

Helping underprivileged young people

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

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

Running against cancer

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

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

"Kunst in der Rotunde"

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

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

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

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

Ecologically sustainable

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

Environmental protection at GEA Group

GEA's main environmental objectives are saving energy, optimizing plant design, and conserving resources.

At GEA, all key environmental parameters are monitored locally and their significance and impact on products and services analyzed to identify ways of improvement. Monitored environmental parameters include:

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

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

Optimized production

Examples of the group's efforts to optimize the environmental performance of its production activities include the project at the GEA Mechanical Equipment Segment's main plant in Oelde/Germany. This is currently the largest investment project within the group and is described earlier in the chapter entitled "Engineering, Production, and Investment" (see page 13). Thanks to its emphasis on conserving resources, the project received financial support in the form of a low-interest loan, which was awarded under Kreditanstalt für Wiederaufbau (KfW)'s Environmental and Efficiency Program, following approval by the Federal Ministry for the Environment and the Federal Ministry of Economics. The project comprises a range of integrated environmental measures designed to promote efficient use of energy as well as waste elimination, air pollution control, and noise reduction. For example, the waste heat produced during power generation at the plant's own combined heat and power plant is used to heat the production buildings. In addition, installation of a centralized cooling lubricant and chip disposal system will more than halve water consumption and wastewater production. All in all, this investment will reduce energy consumption by around one-third per unit of production.

The new separator plant in Oelde

Selected initiatives

Carbon Disclosure Project

As in previous years, GEA Group took part in the Carbon Disclosure Project (CDP) survey in 2012. CDP is an independent, not-for-profit organization currently representing more than 650 institutional investors. Each year, it gathers information on the greenhouse gas emissions of major listed corporations and their strategies to combat climate change. The results are then made available to current and potential investors. In the survey, GEA Group also provided an assessment of the opportunities and risks related to climate change, and information on the measures it employs to protect the climate. From GEA's perspective, any potential risks arising from a shift in demand will at the very least be offset by equally large opportunities to supply customers with energy-efficient solutions for their production processes from our wide range of products.

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

The Blue Competence sustainability initiative

GEA Group has been an alliance member of Blue Competence – an initiative of the German Engineering Federation (VDMA) – since 2012. The members of the initiative have pledged to develop and promote sustainable engineering solutions in accordance with the demands of economy, ecology, and society. In this way, they are also assuming responsibility for prosperity, education, safety, and nature. The industry associations, organizations, and companies involved in this initiative – including GEA – are also factoring in the consequences of urbanization and globalization into their strategies.

The VDMA Blue Competence initiative

The COOL-SAVE energy conservation project

GEA Refrigeration Technologies joined the COOL-SAVE energy conservation project in 2012. Founded as part of the European-wide Intelligent Energy Europe (IEE) program, this project aims to increase the energy efficiency of refrigeration systems used in the food industry. This is being done by collecting data at the refrigeration plants of selected food producers that will serve as a benchmark in developing best-practice measures to improve the efficiency of refrigeration systems. Like the IEE program, the COOL-SAVE project is intended to boost the competitiveness of climate-friendly and sustainable energy technology. A total of nine companies from six EU member states are partners in the COOL-SAVE project.

The IEE COOL-SAVE energy conservation project

Enhanced fleet efficiency

In addition to sound economic grounds, there were also strong environmental reasons behind GEA's decision to upgrade large portions of its vehicle fleet. The group has opted for a more environmentally friendly model as its standard, particularly for service, pool, and high-usage vehicles. Efficiency and safety were key selection criteria for the new model. Three different variants of engines and features with average CO_2 emissions of 120 g/km have been defined for the selected vehicle type. This will not only save fuel but also further reduce CO_2 emissions compared to the current fleet.

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

Sustainability – for climate and customer

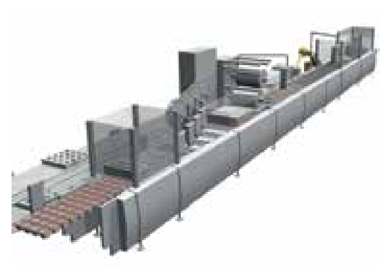
Energy consumption is an increasingly important factor in the total cost of ownership of a machine or item of equipment. GEA believes that global climate change creates major potential for the use of its energy-efficient products.

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

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

GEA Food Solutions

TiroBox Plus from GEA Food Solutions is an extremely ecological packaging solution based on a cardboard-plastic film laminate. It not only meets all of today's requirements with regard to functionality and performance but also enables a high-grade presentation of the end product. The new packaging material is based on a simple construction of cardboard on the outside with a plastic film on the inside, with the two being separated by a layer of air. The cardboard can be fully printed. After use, the cardboard and the plastic film are disposed of separately. This solution relieves the environment in two ways: on the one hand, the film is relatively thin, while on the other over 60 percent of the packaging is made of renewable or reusable materials.



The TiroBox Plus packaging system

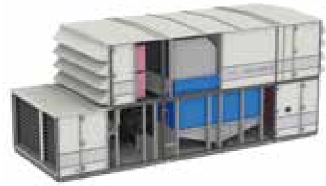
GEA Farm Technologies

GEA presented the XScrew, its new screw separator for energy-efficient manure management, at EuroTier, the world's largest trade fair for animal husbandry and management. Environmental and cost reasons mean that professional manure management is becoming increasingly important. Effective separation of liquid and dry matter enables the sustainable and diverse use of manure as fertilizer, bedding conditioner, or energy feedstock. The XScrew uses a screw to compress the manure within a sturdy housing, making it easier to pump off and transport the liquid. The XScrew separator can be used with any size of herd and has been designed in such as way as to run with an especially economical electric motor.

The XScrew screw separator

GEA Heat Exchangers

The new GEA Adia-DENCO® cooling system provides indirect free cooling in combination with adiabatic humidification. It was unveiled at Chillventa, the International Trade Fair for Refrigeration, Air Conditioning, Ventilation, and Heat Pumps. The system has been specially designed for climate control of computing centers and has a short amortization period as a result of its extremely low annual operating costs.


The GEA Adia-DENCO® cooling system

The adiabatic cooling system is based on the principle that water removes heat from its surroundings as it evaporates. The GEA Adia-DENCO® meets the new environmental recommendations for computing centers, which accept a maximum temperature for supply air of 27°C. With the GEA Adia-DENCO®, computing centers in the moderate to cold climatic regions of the world can largely dispense using compression refrigeration, saving-up to 70 percent of the energy otherwise required and reducing their operating costs accordingly.

GEA Mechanical Equipment

In 2012, the GEA Mechanical Equipment Segment unveiled the GSI 125v, a new separator for clarifying beverages in medium-scale production operations. This means that the segment now provides a separator with all the advantages of energy-saving integrated direct-drive drive technology for operations with an output of up to 350 hectoliters per hour.


The GEA GSI 125v separator with integrated direct drive

The bowl is directly driven by an integrated, infinitely variable three-phase motor. The separator's enhanced efficiency means it requires significantly reduced installed motor power, which results in energy savings of up to 30 percent. The direct drive also reduces the space requirements for the separator by 35 percent. In addition, the drive concept is especially maintenance-friendly, since the motor does not require separate mounting and therefore needs no lubrication, which also reduces the need for spare parts.

GEA Process Engineering

Thanks to superheated steam drying technology (SSD™) from GEA Barr-Rosin, the GEA Process Engineering Segment now has a drying system with which up to 90 percent of the thermal energy can be recovered and reused.


A bioethanol plant with superheated steam drying technology

SDD™'s intelligent system integration cuts production costs for ethanol and animal feed and also significantly reduces CO_2 and greenhouse gas emissions.

GEA Refrigeration Technologies

Dutch Refrigeration Prize
for Energy GEA's Enhancer

The GEA Refrigeration Technologies Segment was presented with the Dutch Refrigeration Prize in February 2012 for its combination of a refrigerating unit and a heat pump. The Energy Enhancer uses an ammonia heat pump to raise the temperature of waste heat from cooling compressors from approximately 35°C to a useful level of around 80°C. Heat of this temperature can be used in areas such as milk production (for pasteurization), French fry production (for blanching), and meat production (for cleaning machinery). Other possible areas of use include leisure centers that need to refrigerate a skating rink and heat a swimming pool at the same time.

The Energy Enhancer transforms the waste heat produced by conventional cooling systems – and which is often discharged into the environment unused due to its low temperatures – into usable energy with a higher temperature. This results in a significant reduction in operating costs and CO_2 emissions. In addition, the system uses ammonia, a natural refrigerant that does not deplete the ozone layer.

Group Business Performance

The explanation of the group's business development follows its organizational structure, which is divided into six operating segments. The 2011 fiscal figures for the GEA Food Solutions Segment relate to the nine months from April to December only. The quarterly information contained in this management report is sourced from quarterly financial reports that were not audited or reviewed in accordance with the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act). All amounts have been rounded using standard rounding rules. Adding together individual amounts may therefore result in rounding differences in certain cases.

Economic environment

Economic growth weakened significantly across large parts of the world in the past year and some parts of Europe are back in recession. As before, the ups and downs of the euro crisis were the main factor significantly impacting investment and financing decisions. In addition, the situation in the U.S.A. escalated, where no deal on the budget was reached until the last minute, risking drastic tax increases and spending cuts. However, the European Central Bank (ECB) observed a decline in uncertainty on the financial markets as of the end of 2012. In its January 2013 Monthly Bulletin, it said that material economic indicators had stabilized again at a low level, trust on the financial markets had risen tangibly, and capital was flowing back into the eurozone.

In the update to its Global Economic Outlook (January 2013) for 2012, the International Monetary Fund (IMF) again recorded a slowdown in global economic growth. According to the IMF, the global economy grew by only 3.2 percent in 2012, after 5.2 percent in 2010 and 3.9 percent in 2011. However, the IMF found it noteworthy that the economic situation improved slightly again in the third quarter of 2012 as a result of the positive development in the emerging economies and the U.S.A. In the IMF's view, the financial markets have also stabilized slightly following the decline in financing costs for the crisis states in the eurozone and the recovery by many stock markets worldwide. The U.S. economy grew by 2.3 percent while the gross domestic product (GDP) of the eurozone countries contracted by 0.4 percent. In the emerging economies, the IMF recorded 5.1 percent growth in 2012 after 6.3 percent in the previous year. Economic growth in China in particular weakened to 7.8 percent, down from 9.3 percent in 2011.

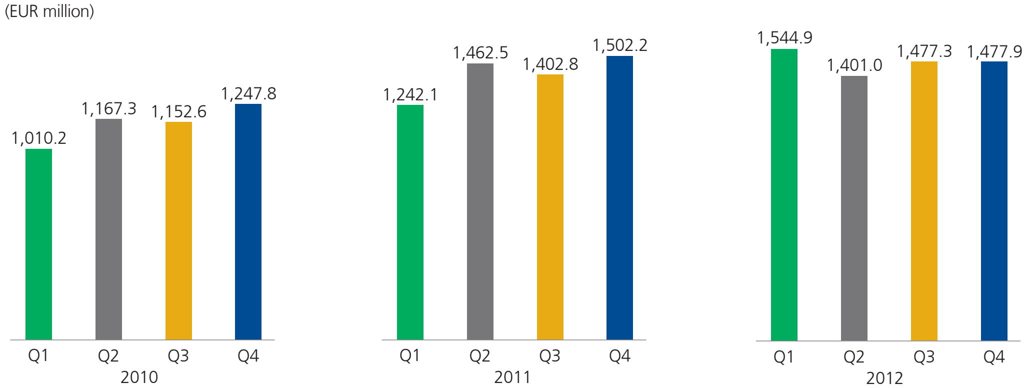
The German economy grew by 0.7 percent in 2012 according to the Federal Statistical Office (February 2013) – significantly lower than the 3.0 percent growth rate achieved in the previous year. However, GDP declined by 0.6 percent quarter-on-quarter in the fourth quarter of 2012 after recording growth in each of the first three quarters. Nevertheless, this puts Germany in a better position than many of its European partners.

The German Engineering Federation (VDMA) reported a 3 percent decline in real terms year-on-year in the industry's order intake in 2012. While foreign demand remained on a level with the previous year, domestic demand decreased by 8 percent in Germany. However, here too, the situation improved significantly by the end of the year. Fourth-quarter orders were up by a total of 3 percent on the prior-year period, at 4 percent, business with the eurozone countries rose just as strongly as foreign business overall.

Order intake

At EUR 1,477.9 million, GEA Group's order intake in the fourth quarter of 2012 was almost exactly on a level with the third quarter of 2012. In other words, demand did not weaken despite the increasingly difficult economic environment. Order intake declined by 1.6 percent compared with the fourth quarter of 2011 (EUR 1,502.2 million). However, this decline is exclusively attributable to the baseline effect in connection with substantial major orders in the GEA Heat Exchangers Segment in the previous year. Adjusted for portfolio and exchange rate changes (+0.1 percent and +1.9 percent, respectively), order intake recorded an organic decrease of 3.6 percent compared with the fourth quarter of 2011.

Order intake by quarter
(EUR million)



The largest major orders received were one order for several aseptic filling systems worth around EUR 40 million won by the GEA Process Engineering Segment for a customer in Vietnam, and the order won by the GEA Heat Exchangers Segment for a combined heat and power plant in the U.S.A. valued at EUR 39 million. In the prior-year period, three major orders were received for a total of approximately EUR 130 million.

In full-year 2012, order intake in the group increased by 5.2 percent to EUR 5,901.1 million (previous year: EUR 5,609.7 million). This growth of EUR 291.4 million resulted in particular from small and medium-sized orders worth up to EUR 5 million each, which account for some 83 percent of total volume and which grew by 5.9 percent, or EUR 272.5 million.

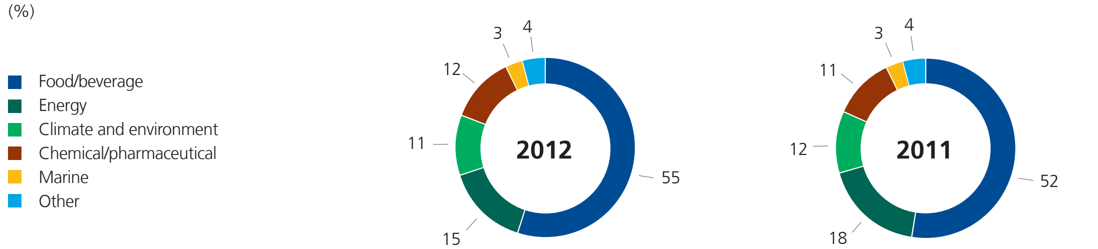
Portfolio changes contributed 2.5 percent to the increase in order intake. Changes in exchange rates positively affected this figure by 2.6 percent. Organic order intake thus grew slightly by 0.1 percent compared with 2011.

Order intake (EUR million)	Q4 2012	Q4 2011	Change in %	Q1-Q4 2012	Q1-Q4 2011	Change in %
GEA Food Solutions *	101.0	119.6	-15.6	375.9	329.8	14.0
GEA Farm Technologies	142.6	131.7	8.3	583.9	527.4	10.7
GEA Heat Exchangers	349.7	462.3	-24.4	1,509.8	1,653.2	-8.7
GEA Mechanical Equipment	254.6	203.9	24.8	971.9	874.9	11.1
GEA Process Engineering	469.2	449.0	4.5	1,850.2	1,709.9	8.2
GEA Refrigeration Technologies	197.8	170.1	16.3	756.2	650.4	16.3
Total	**1,514.9**	**1,536.6**	**-1.4**	**6,047.9**	**5,745.5**	**5.3**
Other and consolidation	-37.0	-34.3	-7.9	-146.8	-135.8	-8.1
GEA Group	**1,477.9**	**1,502.2**	**-1.6**	**5,901.1**	**5,609.7**	**5.2**

*) Inclusion of GEA Food Solutions since 04/01/2011

Order intake by end markets/customer industries

(%)



The breakdown of order intake by end market was driven by the following trends:

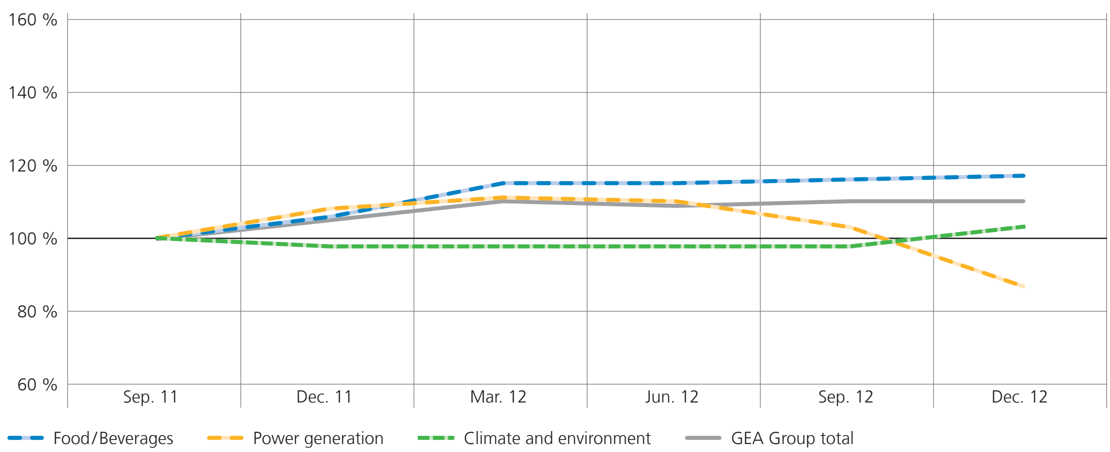
The food and beverage sector expanded by 11 percent, increasing its share of GEA's business by 2.5 percentage points to 54.7 percent. The solid food sector and milk processing customer industries grew faster than average. In regional terms, Western Europe, North America, Africa, and the Middle East grew significantly. The increase in the food and beverage market accounts for the group's total increase in order intake.

In the energy end market, order intake from the oil and gas customer industry rose slightly by 1 percent, its share of group order intake declined by 0.3 percentage points to 6.4 percent. Growth in Western and Eastern Europe contrasted with a similarly significant decrease in Latin America. Demand in the power plant industry declined overall by 19 percent with the result that its share of GEA's business fell by 2.6 percentage points to 8.4 percent. In this industry, performance in the individual regions varied considerably. Only North America recorded significant growth, while demand from the Asia/Pacific region weakened considerably in the absence of new large orders from China. Western Europe was also weaker year-on-year.

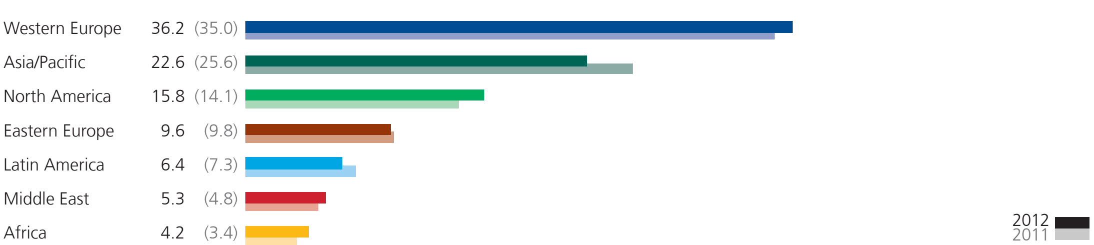
The other industries expanded by 6 percent overall – slightly more than average – in fiscal year 2012, lifting their share of the total volume by 0.3 percentage points to 30.5 percent. With growth of 20 percent, the pharmaceutical industry expanded at the fastest rate, driven by Western Europe and the Asia/Pacific region. As a result, the overall share of the pharmaceutical industry rose by 0.7 percentage points to 5.9 percent. The chemical sector also grew by an above-average 14 percent, especially in Europe, the Middle East, and the Asia/Pacific region. The share attributable to this industry increased by 0.5 percentage points to 6.4 percent. The marine sector's share of the total volume continued to decline, falling to just 2.9 percent. The climate and environment customer industry maintained its share of 11.5 percent for the group as a whole, with the positive trend in North America and Latin America offsetting the decline in demand in Western Europe.

GEA Group order intake EUR 5,901.1 million (previous year EUR 5,609.7 million)

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



by region (%, average last twelve months)



GEA Food Solutions Segment

Order intake in the GEA Food Solutions Segment amounted to EUR 101.0 million in the fourth quarter of 2012. This was 15.6 percent below the figure for the prior-year period. The item includes two major process lines totaling approximately EUR 10 million in China and Brazil. Adjusted for the effects of the sale of the packaging materials business in the fourth quarter of 2011 (-6.2 percent) as well as for the effect of exchange rate changes of 1.2 percent, the segment's order intake declined organically by 10.5 percent in the period under review.

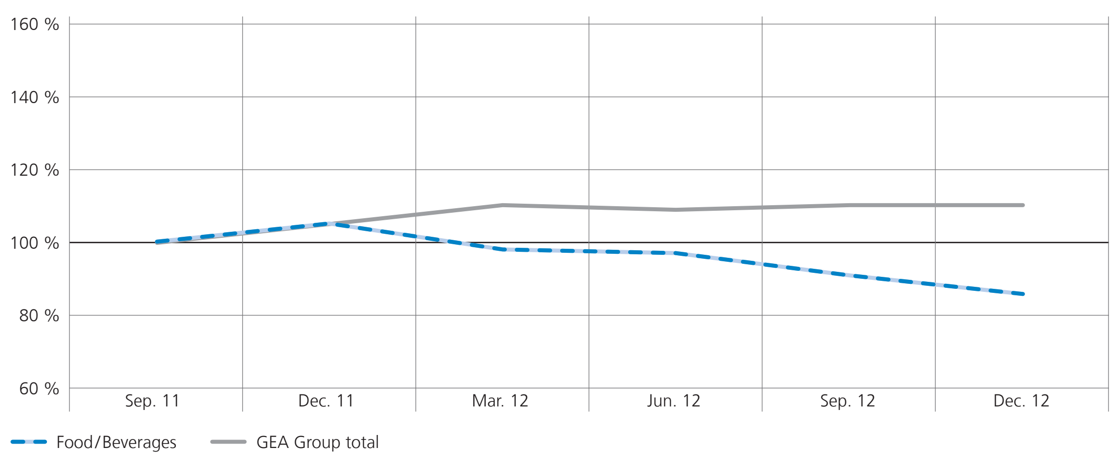
In full-year 2012, order intake by the segment increased by 14.0 percent to EUR 375.9 million (previous year: EUR 329.8 million). The additional first quarter and the portfolio change from the sale of the packaging materials business contributed to a net 20.3 percent increase in order intake. Changes in exchange rates had a positive effect of 2.2 percent. Compared with 2011, order intake was thus 8.5 percent lower in organic terms in particular due to a significant decline in orders over EUR 3 million.

GEA consciously selected the projects in which it wanted to become involved in the last fiscal year, in view of the reorganization of the segment's production processes and to avoid risks in order execution.

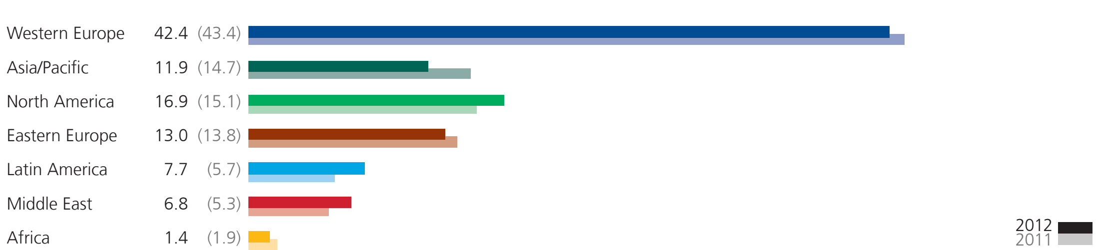
The segment operates in the food and beverage end market, and within this exclusively in the solid food customer industry. GEA Food Solutions is focused on Western Europe (42.4 percent), Eastern Europe (13.0 percent), and North America (16.9 percent). Overall, the shares attributable to business in Western Europe and Eastern Europe were around 6 and 3 percentage points higher respectively than for the group as a whole, while the share attributable to business in the Asia/Pacific region was around 11 percentage points lower.

GEA Food Solutions order intake EUR 375.9 million (previous year EUR 329.8 million)

by sector (average last twelve months, previous year on the basis of pro-forma figures)



by region (%, average last twelve months)



GEA Farm Technologies Segment

Order intake in the GEA Farm Technologies Segment increased by 8.3 percent compared with the prior-year quarter to EUR 142.6 million. The acquisition of the Milfos International Group, New Zealand, which took effect on November 19, 2012, contributed 2.4 percent to the increase in order intake. Adjusted for the effect of exchange rate changes (also 2.4 percent), organic growth amounted to 3.5 percent.

In full-year 2012, order intake in the segment increased by 10.7 percent to EUR 583.9 million (previous year: EUR 527.4 million). Portfolio changes contributed 0.6 percent to the increase in order intake. Adjusted for the effect of exchange rate changes of 3.2 percent, organic growth amounted to 6.9 percent.

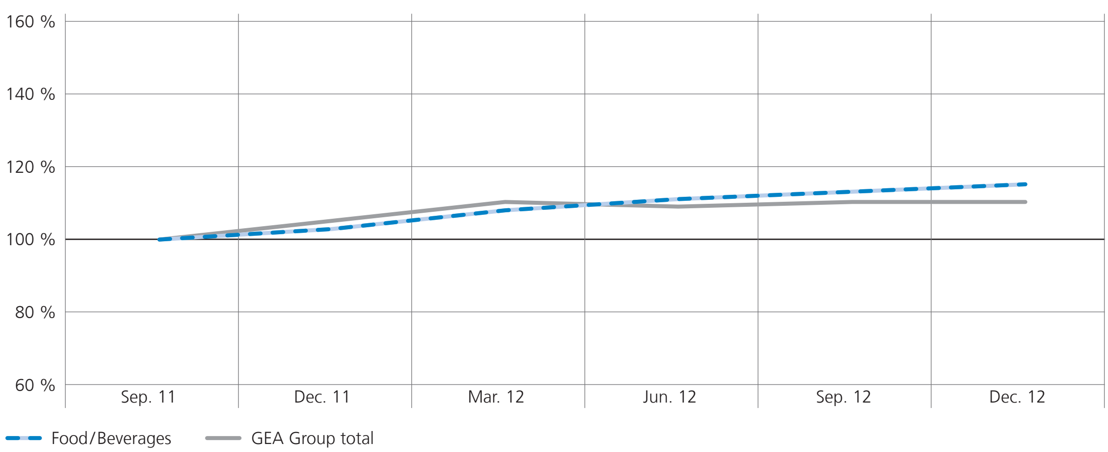
With the exception of three orders relating to projects in Turkey, Ukraine and Brazil, all orders were worth less than EUR 1 million.

The segment operates almost exclusively in the dairy industry.

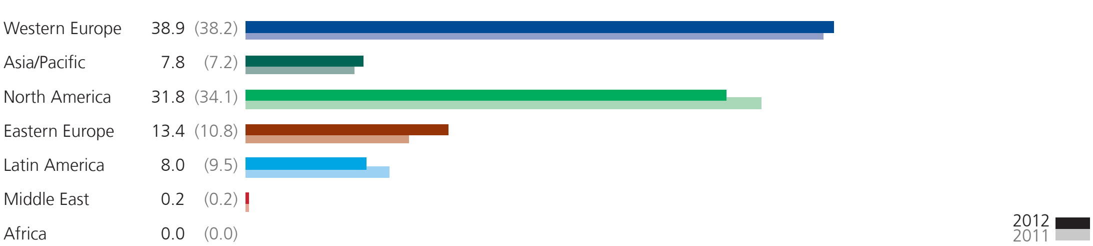
There were minor changes to the regional sales structure for the year as a whole. Despite a drought in North America, business there also grew by over 3 percent. Significant growth rates were also recorded in Eastern Europe and the Asia/Pacific region.

GEA Farm Technologies order intake EUR 583.9 million (previous year EUR 527.4 million)

by sector (average last twelve months)



by region (%, average last twelve months)



GEA Heat Exchangers Segment

Order intake in the GEA Heat Exchangers Segment declined by 24.4 percent to EUR 349.7 million in the fourth quarter of 2012. Adjusted for the effect of exchange rate changes of 1.8 percent, organic growth amounted to -26.1 percent. This development is partially attributable to two power plant orders in the previous year worth a total of EUR 104 million, in contrast to only one power plant order of EUR 39 million in the U.S.A. in the quarter under review in 2012.

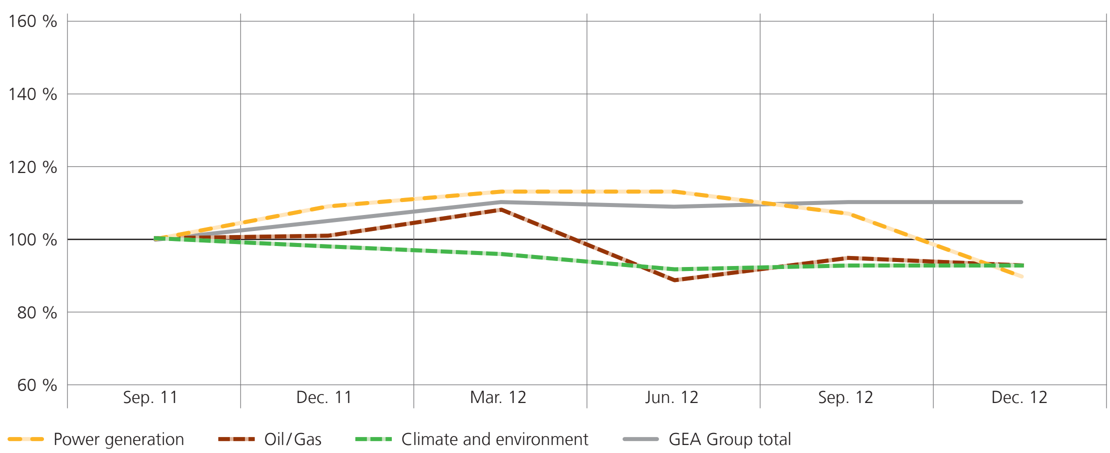
In full-year 2012, order intake in the segment declined by 8.7 percent to EUR 1,509.8 million (previous year: EUR 1,653.2 million). Adjusted for the effect of exchange rate changes of 1.6 percent and for portfolio changes of 1.7 percent, organic growth amounted to -11.9 percent. This was primarily attributable to a low volume of power plant orders from China.

Shifts, some of them significant, occurred between the regions, primarily due to the locations of major power plant projects.

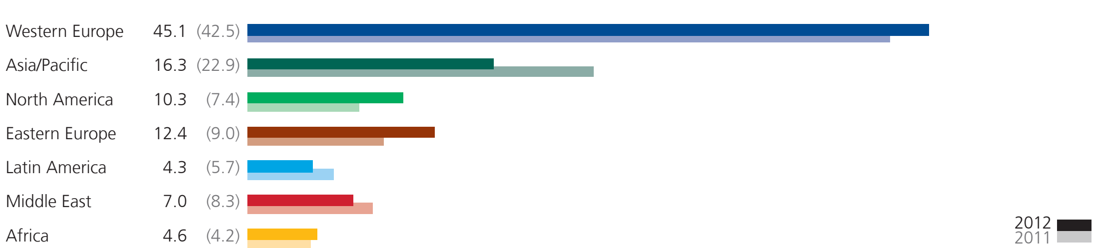
The energy sector is by far the segment's largest end market, accounting for a slightly lower share of 46.3 percent. The oil and gas industry's share of the segment's business remained virtually unchanged (16.0 percent, up 0.2 percentage points year-on-year).

GEA Heat Exchangers order intake EUR 1,509.8 million (previous year EUR 1,653.2 million)

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



by region (%, average last twelve months)



GEA Mechanical Equipment Segment

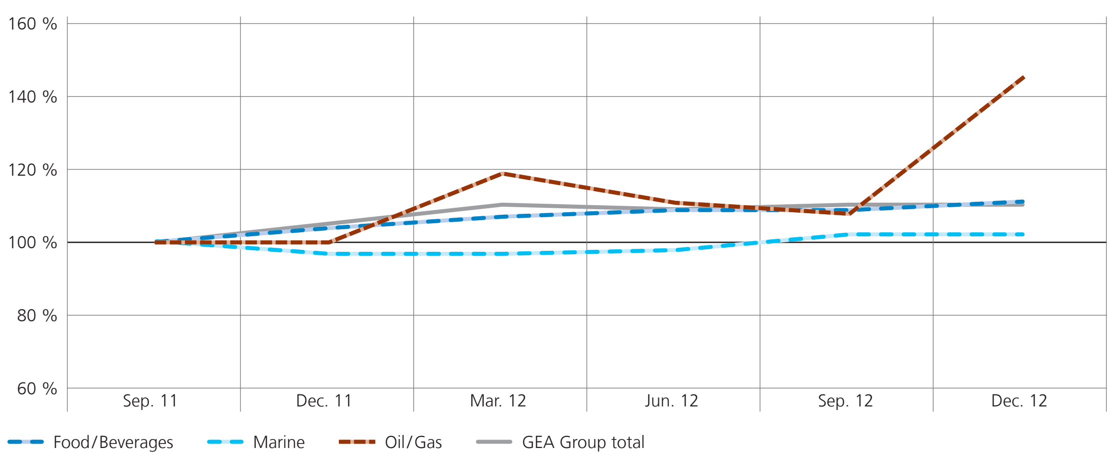
Order intake in the GEA Mechanical Equipment Segment rose to a record EUR 254.6 million in the fourth quarter of 2012, a year-on-year increase of 24.8 percent. Adjusted for the effect of exchange rate changes of 3.0 percent and portfolio changes of 2.7 percent, organic growth amounted to a remarkable 19.2 percent. The climate and environment area recorded the strongest growth with a large order for a wastewater treatment plant in the U.S.A.

In full-year 2012, order intake in the segment increased by 11.1 percent to EUR 971.9 million (previous year: EUR 874.9 million). Adjusted for the effect of exchange rate changes of 2.6 percent and portfolio changes of 1.8 percent, organic growth amounted to 6.7 percent. All three business areas reached record levels. In the mechanical separation area, growth in services outperformed the new machinery business. Organic growth in the flow components and homogenizers areas was in double digits.

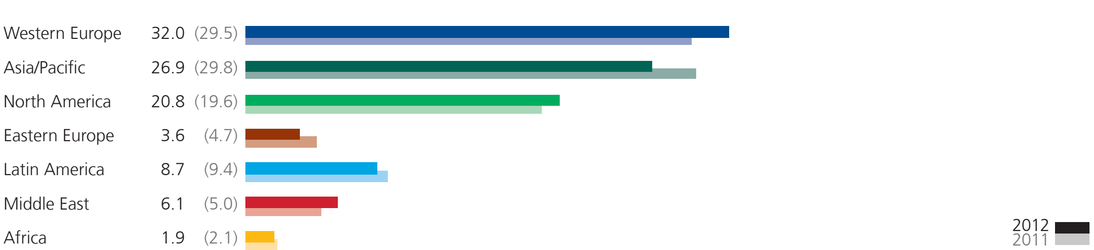
The food and beverage sector, the largest end market by far, grew by a below-average 7 percent, so that its share fell by 2.9 percentage points to 54.4 percent. This decline was primarily due to the record demand from the dairy industry in the previous year. Driven by demand in Western Europe in particular, the energy end market grew by 22 percent, increasing its share to 13.7 percent (previous year: 12.6 percent). The marine sector was up slightly in Western Europe and Latin America. Despite growth of 6 percent, its share was down slightly by 0.7 percentage points to 12.3 percent. The volume accounted for by the chemical industry rose in nearly all regions, and by 40 percent overall. Its share of the total rose by 1.3 percentage points to 6.5 percent. The climate and environment customer industry also grew by over 40 percent, due in particular to the fourth-quarter order mentioned. Its 7.1 percent share of the segment represents an increase of 1.4 percentage points.

GEA Mechanical Equipment order intake EUR 971.9 million (previous year EUR 874.9 million)

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



by region (%, average last twelve months)



GEA Process Engineering Segment

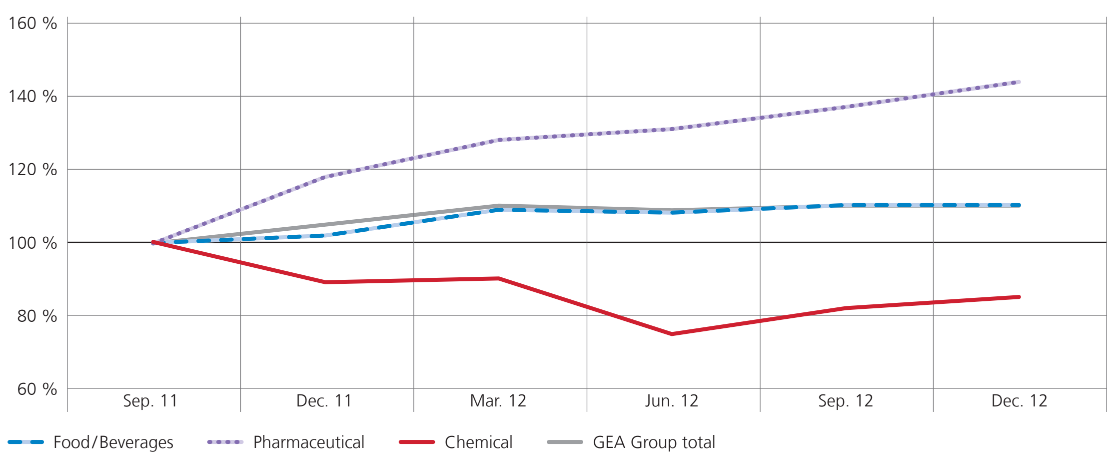
At EUR 469.2 million, the GEA Process Engineering Segment lifted its order intake in the fourth quarter of 2012 by another 4.5 percent compared with the extremely strong prior-year quarter (EUR 449.0 million). Adjusted for the effect of exchange rate changes of 1.6 percent, organic growth amounted to 2.9 percent. The largest orders – which largely accounted for the growth recorded – relate to several aseptic filling plants in Vietnam, a plant for manufacturing coffee powder in the United Kingdom, and a milk-drying plant in Uruguay, and together totaled around EUR 79 million.

In fiscal year 2012, order intake in the segment increased by 8.2 percent to EUR 1,850.2 million (previous year: EUR 1,709.9 million). Adjusted for the effect of exchange rate changes of 3.1 percent and portfolio changes of 0.7 percent, organic growth amounted to 4.5 percent. This increase is largely due to orders of over EUR 15 million, which jumped 81 percent. As a result, this size category's share of the total volume increased from 9 percent to 16 percent. In addition to the three orders mentioned above, two milk powder plants for customers in New Zealand and the U.S.A. totaling around EUR 100 million, three orders for breweries in Ireland and Thailand for a total of approximately EUR 75 million, and pharmaceutical orders for China worth some EUR 17 million are worth mentioning.

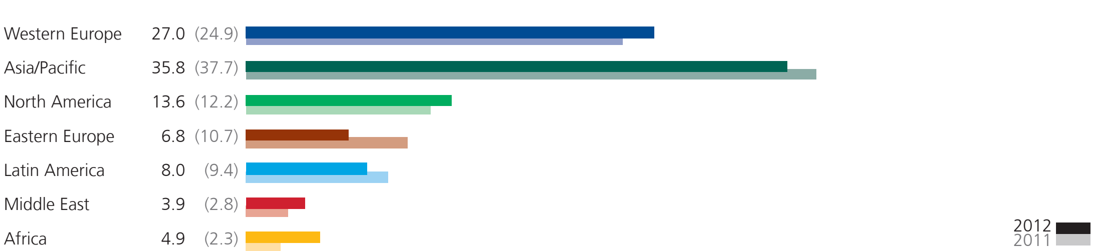
Among the customer industries, the food and beverage end market grew by 8 percent, in line with overall order intake. Its share of the segment volume amounted to 67.6 percent (previous year: 67.9 percent). The Western Europe, North America, and Africa regions recorded particularly strong growth. These three submarkets alone account for all of the additional business volume recorded by the segment. The decline in the Asia/Pacific region is attributable to the high demand for filling systems for China in the previous year. The pharmaceutical sector continued its recovery, increasing by another 22 percent, most significantly in Western Europe and the Asia/Pacific region. It now accounts for a share of 15.9 percent, after 14.1 percent in the previous year. The climate and environment customer industry also grew significantly; with its share of the segment rising from 3.2 percent to 5.1 percent. Demand from the chemical area weakened considerably in North America. The share accounted for by this customer industry is now down to 8.7 percent, after 9.8 percent in the previous year.

GEA Process Engineering order intake EUR 1,850.2 million (previous year EUR 1,709.9 million)

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



by region (%, average last twelve months)



GEA Refrigeration Technologies Segment

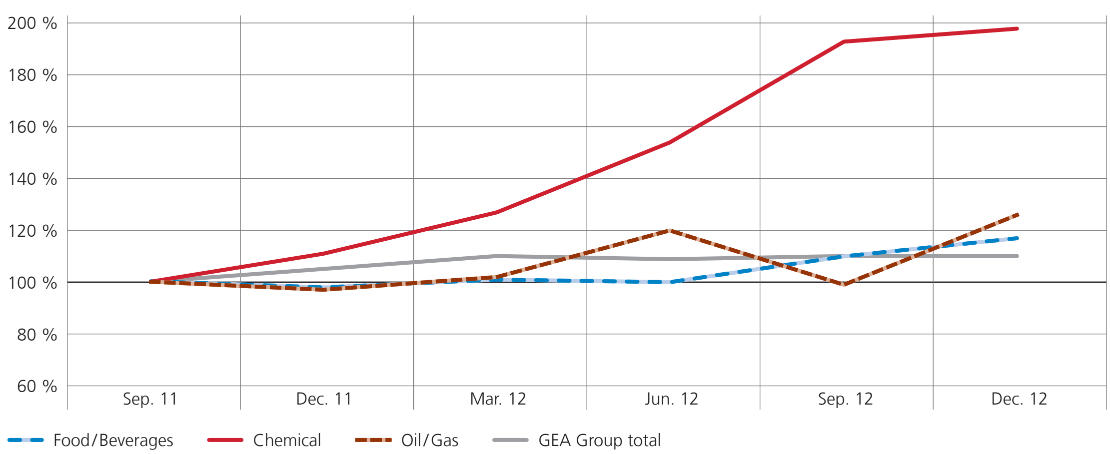
In the GEA Refrigeration Technologies Segment, order intake amounted to EUR 197.8 million in the fourth quarter of 2012, an increase of 16.3 percent over the prior-year quarter (EUR 170.1 million). Adjusted for the effect of exchange rate changes of 1.8 percent, organic growth amounted to a remarkable 14.5 percent. The increase was mainly due to medium-sized orders of EUR 1 million or more. The largest project, a cold store for Italy, amounted to just under EUR 6 million.

In full-year 2012, order intake in the segment increased by 16.3 percent to EUR 756.2 million (previous year: EUR 650.4 million). Adjusted for the effect of exchange rate changes of 2.8 percent and portfolio changes of 2.6 percent from the acquisition of GEA Bock, organic growth amounted to 10.9 percent. As in the fourth quarter, the key growth driver in the full year was orders worth over EUR 1 million, whose share of the segment's business rose from 18 percent to 25 percent after several years of relatively muted demand. In addition to the order mentioned earlier, orders totaling EUR 37 million were received for three other major projects – for the cooling plant for a plastics plant in Saudi Arabia, for an LPG plant in Australia, and for the cold store for a poultry processing plant in Russia.

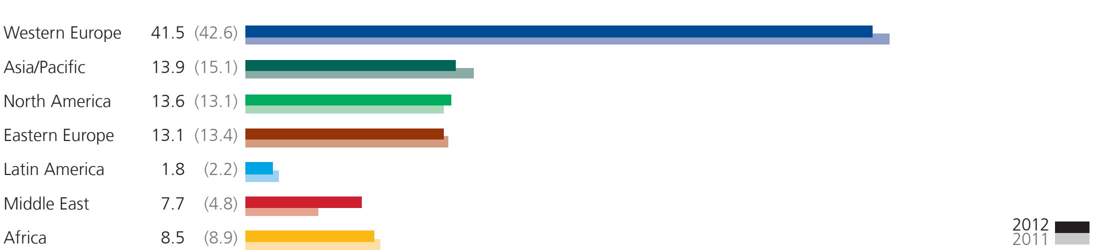
With respect to the end markets, the food and beverage sector, the most important by far, increased its business volume by 19 percent, lifting its share from 60.1 percent to 61.1 percent. In Western and Eastern Europe and in Africa, the share of this end market is in fact significantly higher. The energy business also rose by an above-average 24 percent, in particular in North America and the Middle East, rising to a share of 9.3 percent (up 0.5 percentage points year-on-year). The chemical business rose significantly by 79 percent due among other things to the major order in Saudi Arabia and now accounts for 10.3 percent (up 3.6 percentage points compared with the previous year) .

GEA Refrigeration Technologies order intake EUR 756.2 million (previous year EUR 650.4 million)

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



by region (%, average last twelve months)



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 proving to be significantly less volatile than order intake.

In the fourth quarter of 2012, group revenue declined slightly overall by 0.8 percent to EUR 1,619.6 million (previous year: EUR 1,632.2 million). Portfolio changes had no material effect in the quarter under review. The effect of exchange rate changes amounted to 1.8 percent. Organic revenue was thus down 2.6 percent year-on-year.

By contrast, the service business – which regularly turns in a significantly steadier performance than the new plant business – grew by 5.8 percent. Its share of total revenue in the fourth quarter amounted to 20.2 percent (previous year: 18.9 percent).

In full-year 2012, group revenue increased by 5.6 percent to EUR 5,720.1 million (previous year: EUR 5,416.5 million), 3.1 percent less than order intake. Portfolio changes contributed a total of 1.5 percent to revenue growth. The effects of exchange rate changes amounted to 2.4 percent. Organic revenue was thus up 1.7 percent year-on-year. The share contributed by the service business – which grew by 14.2 percent – rose to 21.3 percent in 2012 (previous year: 19.7 percent).

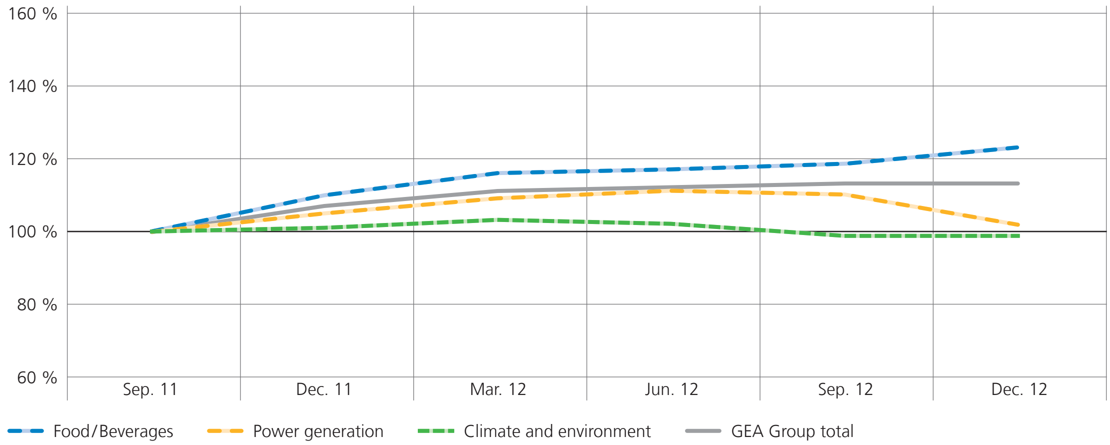
Revenue (EUR million)	Q4 2012	Q4 2011	Change in %	Q1-Q4 2012	Q1-Q4 2011	Change in %
GEA Food Solutions *	88.0	130.6	-32.6	332.4	346.0	-3.9
GEA Farm Technologies	172.3	153.8	12.0	580.9	509.8	13.9
GEA Heat Exchangers	422.7	463.6	-8.8	1,608.8	1,616.8	-0.5
GEA Mechanical Equipment	261.2	240.4	8.7	933.9	844.7	10.6
GEA Process Engineering	518.3	496.6	4.4	1,716.3	1,577.2	8.8
GEA Refrigeration Technologies	203.1	181.6	11.8	694.8	647.2	7.4
Total	**1,665.5**	**1,666.5**	**-0.1**	**5,867.1**	**5,541.7**	**5.9**
Consolidation	-45.9	-34.4	-33.6	-147.0	-125.2	-17.4
GEA Group	**1,619.6**	**1,632.2**	**-0.8**	**5,720.1**	**5,416.5**	**5.6**

*) Inclusion of GEA Food Solutions since 04/01/2011

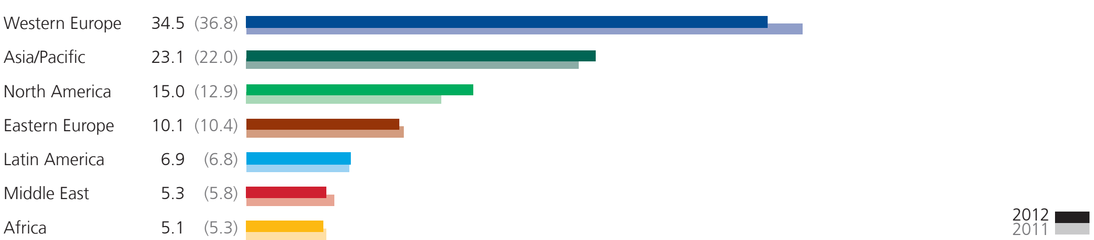
The percentage breakdown of revenue by sector and region changed in line with the different rates of economic growth. Normally, structural changes in revenue are substantially less pronounced than in order intake.

GEA Group Revenue EUR 5,720.1 million (previous year EUR 5,416.5 million)

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



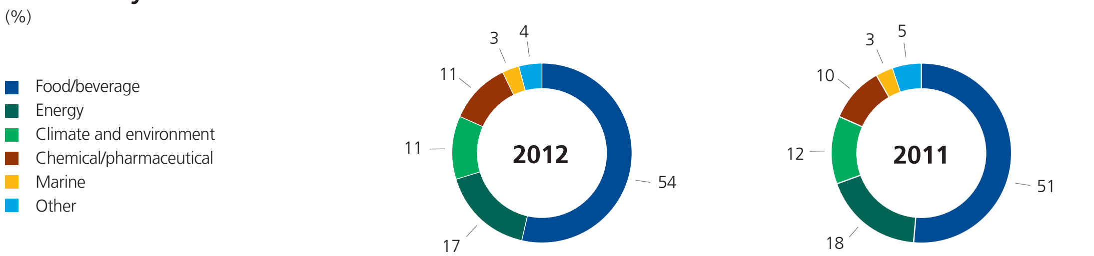
by region (%)



This chart shows a number of year-on-year shifts in the regional distribution of revenue in 2012. Both North America and the Asia/Pacific region saw double-digit percentage growth. The share accounted for by Western Europe decreased by 2.3 percentage points to 34.5 percent. By contrast, the share accounted for by North America and by the Asia/Pacific region rose by 2.1 and 1.1 percentage points to 15.0 and 23.1 percent, respectively. In the remaining regions, the positive or negative changes in revenue shares amounted to less than 1.0 percentage points each. The share of revenue accounted for by German customers declined further, from 10.8 percent to 9.8 percent. As in the previous year, the U.S.A. is the country with the strongest sales, accounting for 13.8 percent (previous year: 11.8 percent).

Revenue by end markets/customer industries

(%)



GEA Food Solutions Segment

Revenue in the GEA Food Solutions Segment, which has been included in consolidation since the second quarter of 2011, amounted to EUR 332.4 million in 2012, a decline of 3.9 percent on the previous year. This item contains the effect of a change in estimates, which is explained in greater detail in the notes to the consolidated financial statements (see page 121), of EUR 42.0 million in the first quarter of 2012. Adjusted for the net effects of the additional first quarter – the period that was impacted by the change in estimates – and of the sale of the packaging materials business of 6.4 percent, and for the effect of exchange rate changes of 2.1 percent, revenue declined by 12.4 percent in organic terms.

In the past fiscal year, the service business grew by around 5 percent, while its margins remained stable. Adjusted for the above-mentioned change in estimates, its share of the segment's revenue was 37.6 percent, compared with 29.5 percent in the nine months of 2011.

The segment operates in the food and beverage end market, with customers coming exclusively from the solid food industry. Its sales focuses in 2012 were on Western Europe (42.0 percent), as well as Eastern Europe, North America, and the Asia/Pacific region, which each have a share of between 12 percent and 16 percent. Overall, the share of business attributable to Western Europe was around 7 percentage points higher than in the group as a whole, while that attributable to the Asia/Pacific region was approximately 10 percentage points lower.

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. After adjustments for the effects of exchange rate changes of 3.4 percent and changes in the basis of consolidation of 0.3 percent, organic growth amounted to 10.2 percent in the past fiscal year. The service business grew by an above-average 22.3 percent and now represents 23.9 percent of the segment's revenue (previous year: 22.2 percent).

The segment operates almost exclusively in the dairy industry and revenue in 2012 was focused on Western Europe (down 2.0 percentage points to 38.6 percent) and North America (almost unchanged at 33.3 percent). The biggest momentum came from Eastern Europe, which increased its share by 3.0 percentage points to 12.2 percent.

GEA Heat Exchangers Segment

The GEA Heat Exchangers Segment exhibits the most significant differences between order intake and revenue trends due to what are in some cases long throughput times. After adjustments for the effects of exchange rate changes of 1.2 percent and acquisitions of 0.4 percent, the organic rate of change was -2.2 percent in the past fiscal year. By contrast, the service business grew by a clear 14.3 percent and now accounts for 12.6 percent of segment revenue (previous year: 11.0 percent).

In the power plant area, the segment was impacted by the weak market overall, with its share declining to 34.5 percent. Conversely, the oil and gas customer industry maintained its share of 13.9 percent. The climate and environment customer industry was slightly below the previous year, decreasing by 0.6 percentage points to 31.0 percent. The most significant regional changes were seen in Western Europe (down 2.7 percentage points to 41.9 percent) and the Asia/Pacific region (up 3.5 percentage points to 16.7 percent).

GEA Mechanical Equipment Segment

The GEA Mechanical Equipment Segment significantly outperformed the strong prior year. After adjustments for the effects of exchange rate changes of 2.6 percent and changes in the basis of consolidation of 1.8 percent, organic growth in the past fiscal year amounted to 6.2 percent. The service business recorded growth of 13.7 percent. Its share of total revenue thus amounted to 33.0 percent (previous year: 32.1 percent).

In the breakdown by customer industry, the share of the food and beverage end market rose once again to 57.8 percent (previous year: 53.6 percent), while the share of the energy end market remained unchanged at 11.9 percent. The share of the other industries, in particular the pharmaceutical and marine sectors, declined in line with this. With the exception of Africa, all regions contributed to the segment's growth. The clear increase of 2.8 percentage points in North America to a share of 21.1 percent was accompanied by the 1.0 percentage point decline in the share accounted for by Western Europe to 29.6 percent, while the Asia/Pacific region decreased by 1.1 percentage points to 29.2 percent.

GEA Process Engineering Segment

After adjustments for the effects of exchange rate changes of 3.1 percent and changes in the basis of consolidation of 1.2 percent above average, organic growth in the past fiscal year amounted to 4.5 percent. The service business – which grew by 13.5 percent, outperforming the segment as a whole – increased its share of total revenue to 13.6 percent (previous year: 13.1 percent).

The food and beverage end market increased its share by a further 1.6 percentage points to 68.7 percent. The pharmaceutical business also grew by a clear 20 percent, most noticeably in Western and Eastern Europe and North America, increasing its share to 14.6 percent. The chemical business declined slightly after strong growth in the previous year and now represents 9.0 percent of segment revenue (previous year: 10.6 percent). From a regional perspective, the share accounted for by Western Europe declined by 1.8 percentage points and that of the Middle East by 1.4 percentage points. This was offset by the share attributable to North America, which was up by 4.1 percentage points. At 36.2 percent, the Asia/Pacific region once again accounted for the largest portion of revenue.

GEA Refrigeration Technologies Segment

The GEA Refrigeration Technologies Segment also significantly exceeded the previous year's revenue figure. After adjustments for the effects of exchange rate changes of 2.6 percent and changes in the basis of consolidation of 2.3 percent, organic growth amounted to 2.5 percent in the past fiscal year. However, revenue in the service business stagnated.

In organic terms, the food and beverage end market rose by 8 percent, slightly exceeding the prior-year level with a share of 62.7 percent. The energy business also grew by 24 percent, adding 1.3 percentage points to 9.1 percent. Otherwise, the significant growth was seen in the chemical customer industry, in contrast to the clear decline in the other industries. In this segment, too, the share accounted for by the Asia/Pacific region also rose overall at the expense of Western Europe.

Order backlog

The order backlog rose by EUR 74.4 million or 2.8 percent compared with December 31, 2011 (EUR 2,677.3 million), to EUR 2,751.6 million. Portfolio changes had a positive effect of EUR 14.4 million and exchange rate changes had a negative effect of EUR 26.7 million.

Expressed in terms of order intake for the fiscal year, the order backlog amounts to 5.6 months (previous year: 5.7 months). This figure also changed only marginally year-on-year in the individual segments. In line with the different types of business, the order backlog ranges between 7.4 months and 6.9 months in the GEA Heat Exchangers and GEA Process Engineering Segments respectively and up to 1.6 months in the GEA Farm Technologies Segment.

Order backlog (EUR million)	12/31/2012	12/31/2011	Change (absolute)	Change in %
GEA Food Solutions	107.3	85.5	21.8	25.5
GEA Farm Technologies	79.9	74.4	5.4	7.3
GEA Heat Exchangers	933.3	1,086.0	-152.7	-14.1
GEA Mechanical Equipment	331.1	309.7	21.4	6.9
GEA Process Engineering	1,069.6	951.2	118.4	12.5
GEA Refrigeration Technologies	257.0	197.0	60.0	30.5
Total	**2,778.2**	**2,703.8**	**74.4**	**2.8**
Other and consolidation	-26.6	-26.5	-0.1	-0.3
GEA Group	**2,751.6**	**2,677.3**	**74.4**	**2.8**

Results of operations

GEA remains committed to its policy of consciously selecting orders with reference to their price quality and contract terms. This is reflected in the multi-stage approval process for major customer projects. In the energy end market in particular, GEA was again faced with pronounced buyers' markets in fiscal year 2012.

At 30.9 percent, the gross margin in the fourth quarter was slightly above the prior-year level of 30.3 percent. The gross margin for full-year 2012 was 29.5 percent, 39 basis points higher than in the previous year.

Since the second quarter of 2011, earnings figures for GEA have been impacted by purchase price allocations for the acquisitions of CFS and Bock in particular. To enable a better assessment of operating performance trends, since 2011 all key earnings figures have also been presented after adjustment for these effects, which result from the remeasurement of assets added due to the acquisitions. The effects relate on the one hand to the recognition of the revalued amount of inventories, which reduces earnings, and on the other to the amortization of the revalued amount from the measurement of property, plant and equipment, and intangible assets at fair value. However, there have been no further significant effects from this at the EBITDA level since the end of the second quarter of 2011.

In fiscal year 2012, key earnings figures for the GEA Food Solutions Segment included significant non-recurring items totaling EUR 76.8 million, of which EUR 10.3 million was attributable to purchase price allocations. Of the remaining EUR 66.5 million, EUR 35.8 million was due to the changes in estimates reported in the first quarter of 2012 (see page 121), and a total of EUR 13.2 million to severance payments and personnel expenses for employees who left during the fiscal year and were not replaced. The figure also includes impairment losses of EUR 3.1 million on property, plant and equipment, and intangible assets, and of EUR 8.6 million on inventories. All other effects amounted to EUR 5.9 million.

Whenever operating profit is referred to in the following, this relates on the one hand to the adjustment of the purchase price allocation effects, which were also determined for all material past acquisitions, and on the other to the adjustment of the non-recurring items in the GEA Food Solutions Segment.

In the fourth quarter of 2012, EBITDA declined by 3.3 percent to EUR 227.2 million (previous year: EUR 234.9 million). As a result, the EBITDA margin decreased by 37 basis points to 14.0 percent of revenue.

In contrast, operating EBITDA rose by 4.0 percent to EUR 245.2 million in the fourth quarter of 2012 (previous year: EUR 235.7 million). As a result, the operating EBITDA margin improved by 69 basis points to 15.1 percent of revenue.

EBITDA in fiscal year 2012 amounted to EUR 597.8 million, falling short of the prior-year figure of EUR 610.2 million by EUR 12.4 million. This corresponds to an EBITDA margin of 10.5 percent and a year-on-year decline of 81 basis points (previous year: 11.3 percent). Adjusted for the recognition of the revalued amount of inventories resulting from purchase price allocation, which reduced earnings by EUR 1.6 million (previous year: EUR 19.9 million), and the non-recurring items recognized in EBITDA for the GEA Food Solutions Segment of EUR 63.4 million, operating EBITDA amounted to EUR 662.8 million. This is EUR 32.7 million higher than the prior-year figure of EUR 630.1 million. The operating EBITDA margin remained stable at 11.6 percent.

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

EBITDA/EBITDA margin (EUR million)	Q4 2012	Q4 2011	Change in %	Q1-Q4 2012	Q1-Q4 2011	Change in %
GEA Food Solutions *	-20.7	12.0	–	-69.4	7.4	–
as % of revenue	-23.5	9.2	–	-20.9	2.1	–
GEA Farm Technologies	24.3	16.8	44.4	58.3	45.2	29.0
as % of revenue	14.1	10.9	–	10.0	8.9	–
GEA Heat Exchangers	61.5	48.6	26.6	167.5	160.3	4.5
as % of revenue	14.5	10.5	–	10.4	9.9	–
GEA Mechanical Equipment	66.9	57.9	15.6	204.8	178.7	14.6
as % of revenue	25.6	24.1	–	21.9	21.2	–
GEA Process Engineering	76.0	73.4	3.5	178.3	163.2	9.2
as % of revenue	14.7	14.8	–	10.4	10.3	–
GEA Refrigeration Technologies	24.9	21.7	14.6	65.2	59.0	10.5
as % of revenue	12.2	12.0	–	9.4	9.1	–
Total	**232.8**	**230.4**	**1.0**	**604.7**	**613.9**	**-1.5**
as % of revenue	**14.0**	**13.8**	**–**	**10.3**	**11.1**	**–**
Other and consolidation	-5.6	4.5	–	-6.9	-3.7	-85.9
GEA Group	**227.2**	**234.9**	**-3.3**	**597.8**	**610.2**	**-2.0**
as % of revenue	**14.0**	**14.4**	**–**	**10.5**	**11.3**	**–**

*) Inclusion of GEA Food Solutions since 04/01/2011

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

Reconciliation of Operating EBITDA to EBIT (EUR million)	Q4 2012	Q4 2011	Change in %	Q1-Q4 2012	Q1-Q4 2011	Change in %
Operating EBITDA *	**245.2**	**235.7**	**4.0**	**662.8**	**630.1**	**5.2**
Depreciation of property, plant and equipment, investment property, and amortization of intangible assets	-27.5	-25.5	-7.9	-103.2	-101.0	-2.1
Impairment losses on property, plant and equipment, investment property, intangible assets, and goodwill	-0.0	-4.0	99.6	2.6	-4.0	–
Other impairment losses and reversals of impairment losses	-0.6	-0.2	< -100	-0.6	-0.5	-8.4
Operating EBIT *	**217.1**	**206.1**	**5.3**	**561.6**	**524.6**	**7.1**
Depreciation and amortization on capitalization of purchase price allocation	-6.3	-5.6	-14.1	-25.9	-27.6	5.9
Impairment losses on capitalization of purchase price allocation	-12.8	-2.5	< -100	-12.8	-2.5	< -100
Realization of step-up amounts on inventories	-0.3	-0.9	70.5	-1.6	-19.9	92.1
Non-recurring items	-20.9	–	–	-66.5	–	–
EBIT	**176.8**	**197.2**	**-10.4**	**454.8**	**474.6**	**-4.2**

*) Before effects of purchase price allocations from revalued assets and liabilities and in 2012 before non-recurring items from GEA Food Solutions

Excluding purchase price allocation effects and the non-recurring items in the GEA Food Solutions Segment, the reconciliation of EBITDA to EBIT is as follows:

Reconciliation of EBITDA to EBIT (EUR million)	Q4 2012	Q4 2011	Change in %	Q1-Q4 2012	Q1-Q4 2011	Change in %
EBITDA	**227.2**	**234.9**	**-3.3**	**597.8**	**610.2**	**-2.0**
Depreciation and impairment losses on property, plant and equipment, and investment property, and amortization of and impairment losses on intangible assets and goodwill, as reported in the statement of changes in non-current assets	-49.8	-37.5	-32.7	-142.4	-135.1	-5.5
Other impairment losses and reversals of impairment losses	-0.6	-0.2	< -100	-0.6	-0.5	-8.4
EBIT	**176.8**	**197.2**	**-10.4**	**454.8**	**474.6**	**-4.2**

At EUR 176.8 million, EBIT in the fourth quarter of 2012 was below prior-year (EUR 197.2 million). The EBIT margin declined by 117 basis points to 10.9 percent of revenue. Adjusted for purchase price allocation effects of EUR 19.4 million (previous year: EUR 8.9 million) and the non-recurring items described above, operating EBIT rose by EUR 11.0 million or 5.3 percent. The operating EBIT margin fell by 78 basis points to 13.6 percent.

The following table shows EBIT before purchase price allocation and non-recurring items and the corresponding EBIT margin per segment:

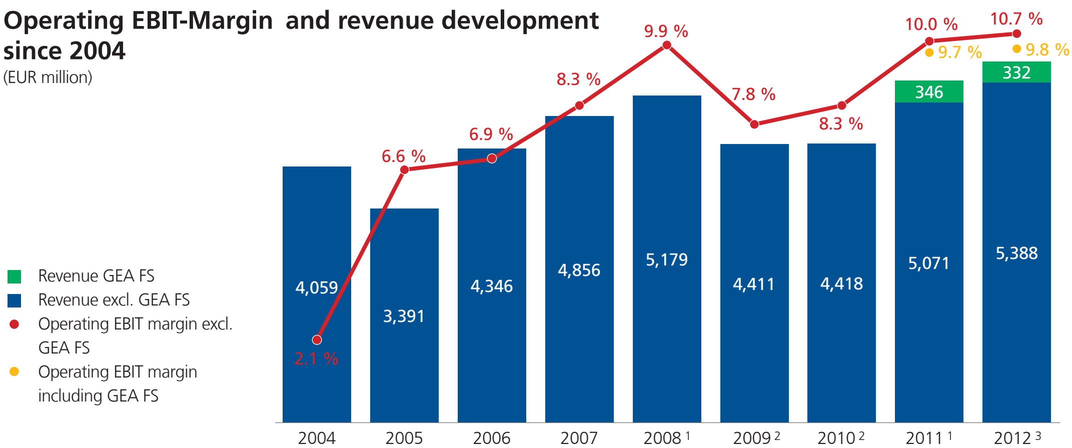
Operating EBIT/ Operating EBIT margin (EUR million)	Q4 2012	Q4 2011	Change in %	Q1-Q4 2012	Q1-Q4 2011	Change in %
GEA Food Solutions *	-4.7	10.2	–	-12.4	19.6	–
as % of revenue	-5.3	7.8	–	-3.7	5.7	–
GEA Farm Technologies	21.6	14.0	53.5	46.4	33.8	37.4
as % of revenue	12.5	9.1	–	8.0	6.6	–
GEA Heat Exchangers	52.1	36.7	41.9	135.0	121.8	10.8
as % of revenue	12.3	7.9	–	8.4	7.5	–
GEA Mechanical Equipment	61.7	53.8	14.8	188.4	162.1	16.2
as % of revenue	23.6	22.4	–	20.2	19.2	–
GEA Process Engineering	71.4	69.4	2.8	162.8	148.2	9.9
as % of revenue	13.8	14.0	–	9.5	9.4	–
GEA Refrigeration Technologies	22.6	20.1	12.5	56.2	51.3	9.6
as % of revenue	11.1	11.0	–	8.1	7.9	–
Total	**224.7**	**204.2**	**10.0**	**576.5**	**536.9**	**7.4**
as % of revenue	**13.5**	**12.3**	**–**	**9.8**	**9.7**	**–**
Other and consolidation	-7.7	1.9	–	-14.8	-12.3	-20.8
GEA Group	**217.1**	**206.1**	**5.3**	**561.6**	**524.6**	**7.1**
as % of revenue	**13.4**	**12.6**	**–**	**9.8**	**9.7**	**–**

*) Inclusion of GEA Food Solutions since 04/01/2011

Overall, EBIT declined by 4.2 percent in the past fiscal year to EUR 454.8 million (previous year: EUR 474.6 million). The EBIT margin narrowed by 81 basis points to 8.0 percent (previous year: 8.8 percent). Adjusted for purchase price allocation effects of EUR 40.3 million (previous year: EUR 50.0 million) and non-recurring items of EUR 66.5 million in the GEA Food Solutions Segment, operating EBIT increased by 7.1 percent to EUR 561.6 million (previous year: 524.6 million). As a result, the corresponding operating EBITDA margin improved by 13 basis points to 9.8 percent.

Excluding the new GEA Food Solutions Segment entirely, the operating EBIT margin reached a record high of 10.7 percent, following 10.0 percent in the previous year.

Operating EBIT-Margin and revenue development since 2004
(EUR million)



1) Before effects of purchase price allocations
2) Before effects of purchase price allocations and restructuring expenses
3) Before effects of purchase price allocations and non-recurring items

GEA Food Solutions Segment

The key earnings figures for the GEA Food Solutions Segment in fiscal year 2012 include the non-recurring items already described.

Adjusted for purchase price allocation effects of EUR 23.9 million and the non-recurring items of EUR 66.5 million, the segment generated operating EBIT of EUR -12.4 million or -3.7 percent of revenue in 2012.

GEA Farm Technologies Segment

In the GEA Farm Technologies Segment, operating EBIT and the operating EBIT margin increased by EUR 12.6 million to EUR 46.4 million and by 136 basis points to 8.0 percent in fiscal year 2012. Among other factors, this is attributable to organic revenue growth, to the adjustment measures implemented in previous years, and to the slight improvement in order price quality. The faster than average growth of the service business and the year-on-year reduction in the impact on earnings of the development and market launch of the segment's fully automated milking equipment also had a positive effect.

GEA Heat Exchangers Segment

Operating EBIT in the GEA Heat Exchangers Segment rose from EUR 121.8 million to EUR 135.0 million, an increase of 10.8 percent. The corresponding EBIT margin rose by 86 basis points from 7.5 percent to 8.4 percent. This improved margin was achieved despite the slight decline in revenue and the ongoing difficult situation on the energy end market, and is mainly due to the effect of the reorganization measures that have been successfully implemented and the growth of the higher-margin service business.

GEA Mechanical Equipment Segment

The GEA Mechanical Equipment Segment increased operating EBIT by 16.2 percent to EUR 188.4 million, thus achieving an operating EBIT margin of 20.2 percent, a further 98 basis point increase on the previous year. This encouraging development was due not only to the measures taken to increase efficiency in the mechanical separation area, but also to significant economies of scale achieved through the high volume growth in all three business areas. It should be noted that the further margin improvement in the mechanical separation area was achieved in parallel with the construction of the new plant in Oelde and in spite of the impact on operations of the relocation of the production facilities that had already been partially implemented. A clear volume increase in the service business also made a significant contribution to the outstanding results.

GEA Process Engineering Segment

The GEA Process Engineering Segment increased operating EBIT by 9.9 percent to EUR 162.8 million (previous year: EUR 148.2 million). A slight increase on last year's exceptionally good operating EBIT margin, which had been boosted by a number of orders proving better than originally expected, was recorded, with the margin edging up 9 basis points to a record 9.5 percent. The high utilization of engineering capacities in the process technology area, and the higher than average increase in volumes and encouraging margin growth in the service business made a positive contribution. The pharmaceutical sector recorded a further improvement in earnings following the adjustment measures taken in the past. The emission control business again achieved a double-digit EBIT margin.

GEA Refrigeration Technologies Segment

Operating EBIT increased by 9.6 percent to EUR 56.2 million (previous year: EUR 51.3 million) in the GEA Refrigeration Technologies segment. At 8.1 percent, the segment's operating EBIT margin exceeded the 8 percent mark for the first time. This was driven by the successful implementation of the restructuring measures designed to focus on higher-margin business areas, high capacity utilization in the production facilities plus a better product mix, and an improved margin in the contracting business. The service business also contributed to the improvement in earnings.

Key figures: Results of operations (EUR million)	Q4 2012	Q4 2011	Change in %	Q1-Q4 2012	Q1-Q4 2011	Change in %
Revenue	1,619.6	1,632.2	-0.8	5,720.1	5,416.5	5.6
Operating EBITDA *	245.2	235.7	4.0	662.8	630.1	5.2
EBITDA pre purchase price allocation	227.4	235.7	-3.5	599.4	630.1	-4.9
EBITDA	227.2	234.9	-3.3	597.8	610.2	-2.0
Operating EBIT *	217.1	206.1	5.3	561.6	524.6	7.1
EBIT pre purchase price allocation	196.2	206.1	-4.8	495.1	524.6	-5.6
EBIT	176.8	197.2	-10.4	454.8	474.6	-4.2
EBT	141.2	169.9	-16.9	366.9	398.6	-7.9
Income taxes	-0.3	34.5	–	50.4	86.0	-41.3
Profit after tax from continuing operations	141.5	135.4	4.5	316.5	312.6	1.2
Profit/loss after tax from discontinued operations	0.1	0.0	> 100	0.1	0.0	> 100
Profit for the period	141.6	135.4	4.6	316.6	312.6	1.3

*) Before effects of purchase price allocations from revalued assets and liabilities and in 2012 additionally before non-recurring items from GEA Food Solutions

Net interest income of EUR -35.6 million (previous year: EUR -27.3 million) in the fourth quarter does not reflect the EUR 2.4 million decline in the negative effects from the cash investments and loans related to net debt. It does include in particular EUR 19.7 million (previous year: EUR 3.5 million) of discount unwinding expenses relating to other non-current provisions.

For the full year, net interest income of EUR -87.8 million (previous year: EUR -76.0 million) includes, among other things, EUR 50.4 million (previous year: EUR 33.8 million) of discount unwinding expenses relating to provisions, of which EUR 29.6 million (previous year: EUR 29.2 million) is attributable to obligations under pension plans and supplementary healthcare benefit plans. All other components of net interest income therefore resulted in a EUR 4.8 million reduction in the negative impact on earnings, which declined to EUR 37.4 million.

Including purchase price allocation effects and non-recurring items in the GEA Food Solutions Segment, EBT in the fourth quarter was EUR 141.2 million or 8.7 percent of revenue. It was therefore down EUR 28.7 million – or 169 basis points in the case of the EBIT margin – on the previous year (EUR 169.9 million). EBT in full-year 2012 amounted to EUR 366.9 million, EUR 31.6 million lower than the previous year's figure (EUR 398.6 million). At the operating level, the prior-year earnings and margins were also exceeded here in both the fourth quarter and the full year.

The income tax expense in fiscal year 2012 of EUR 50.4 million (previous year: EUR 86.0 million) comprised current taxes of EUR 88.6 million (previous year: EUR 86.6 million) and deferred taxes of EUR -38.1 million (previous year: EUR -0.6 million). The group tax rate was thus 13.7 percent, after 21.6 percent in the previous year. This substantial decline in the tax rate is largely attributable to the recognition of deferred tax assets in respect of tax loss carryforwards, as it is assumed that greater use will be made of domestic tax loss carryforwards due to the expected positive business performance.

As in the previous year, discontinued operations did not have any overall impact on consolidated profit (income of EUR 95 thousand in Q4/2012 compared with EUR 22 thousand in Q4/2011).

Consolidated profit in the fourth quarter thus amounted to EUR 141.6 million (previous year: EUR 135.4 million), of which EUR 139.7 million (previous year: EUR 135.0 million) is attributable to GEA Group Aktiengesellschaft shareholders. This corresponds to earnings per share of EUR 0.74, after EUR 0.73 in the comparable prior-year period.

Consolidated profit in the full year amounted to EUR 316.6 million (previous year: EUR 312.6 million), of which EUR 314.4 million (previous year: EUR 312.0 million) is attributable to GEA Group Aktiengesellschaft shareholders. Taking into account the 1.1 percent increase in the average number of shares compared with the previous year, this corresponds to earnings per share of EUR 1.69 (previous year: EUR 1.70).

In connection with the settlement of the award proceedings (see page 85), the average number of GEA shares rose to 189,327,449 in the fourth quarter and 185,786,324 in the full year (2011: 183,807,845).

In addition to holding company costs in the narrower sense, the results of operations of GEA Group Aktiengesellschaft are primarily driven by net investment income and net interest income. Further details are presented in the section entitled "Net assets, financial position, and results of operations of GEA Group Aktiengesellschaft" (see page 61 ff.).

As in the previous year, the Executive Board and Supervisory Board are proposing a dividend of EUR 0.55 on the shares, the number of which has increased by 4.7 percent compared with the previous year. Our ongoing goal of distributing around one-third of the group's earning to shareholders as a dividend has therefore been achieved, as in the previous year.

Financial position

Safeguarding liquidity and centralized financial management have been a top priority for GEA Group since the crisis on the financial markets began in 2008. GEA Group's financial position continues to be stable. Even allowing for the two significant acquisitions in 2011, GEA Group continues to have sufficient financing options for its future business development.

The financing structure of GEA Group's financial liabilities was further improved with the issue of a new borrower's note loan in the amount of EUR 300 million in September 2012. The issue is divided into a fixed and a variable component and has a term of five years. EUR 73 million of the transaction volume relates to the early extension of the borrower's note loan due in August 2013.

GEA cash credit lines (EUR million)	Maturity	12/31/2012 approved	12/31/2012 utilized
Borrower's note loan (2013)	August 2013	55	55
Syndicated credit line („Club Deal")	June 2015	650	–
GEA Bond	April 2016	400	400
Kreditanstalt für Wiederaufbau (KfW) (2016/05)	May 2016	80	80
Kreditanstalt für Wiederaufbau (KfW) (2016/12)	December 2016	56	56
European Investment Bank	July 2017	150	150
Borrower's note loan (2017)	September 2017	300	300
Various (bilateral) credit lines including accrued interests	Maximum of 1 year or "until further notice"	155	28
Total		**1,846**	**1,069**

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

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

Net debt as of December 31, 2011 (EUR 386.8 million) narrowed by EUR 61.3 million to EUR 325.5 million as of December 31, 2012. This represents a EUR 296.1 million decline compared with September 30, 2012 (EUR 621.7 million).

Overview of net liquidity (EUR million)	12/31/2012	12/31/2011
Cash and cash equivalents	743.5	432.4
Securities	–	–
Liabilities to banks	659.4	410.1
Bonds	409.6	409.1
Net liquidity (+)/Net debt (-)	**-325.5**	**-386.8**
Gearing (%)	15.0	17.9

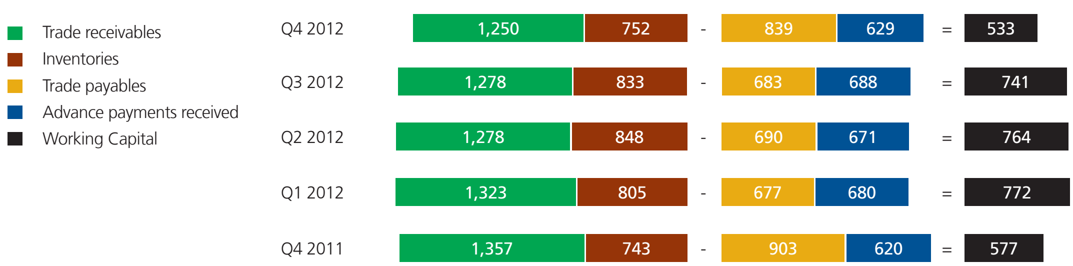
Overall, cash and cash equivalents plus marketable securities increased to EUR 743.5 million as of December 31, 2012, compared with EUR 432.4 million as of the end of the previous year. Liabilities to banks (EUR 303.9 million), from the bond issue (EUR 409.6 million, including accrued interest), and the borrower's note loan (EUR 355.5 million, including accrued interest) amounted to a total of EUR 1,069.0 million at the reporting date (previous year: EUR 819.2 million). The rise in cash and cash equivalents is associated with the rise in borrowing with the aim of establishing a strategic liquidity reserve within the group.

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 124 ff. and 162 ff.).

Guarantee lines – which are mainly for contract performance, advance payments, and warranties – of EUR 1,898.3 million (December 31, 2011: EUR 2,069.7 million) were available to GEA Group as of the reporting date, of which EUR 749.8 million (December 31, 2011: EUR 747.6 million) had been utilized.

In addition to the assets recognized in its consolidated balance sheet, GEA uses in a minor degree factoring as off-balance-sheet financing instrument. These are mainly assets leased or rented under operating leases. GEA uses a small number of factoring programs as off-balance-sheet financing instruments. The obligations resulting from rental and leasing obligations are explained in section 9.2 to the consolidated financial statements (see page 178 f.).

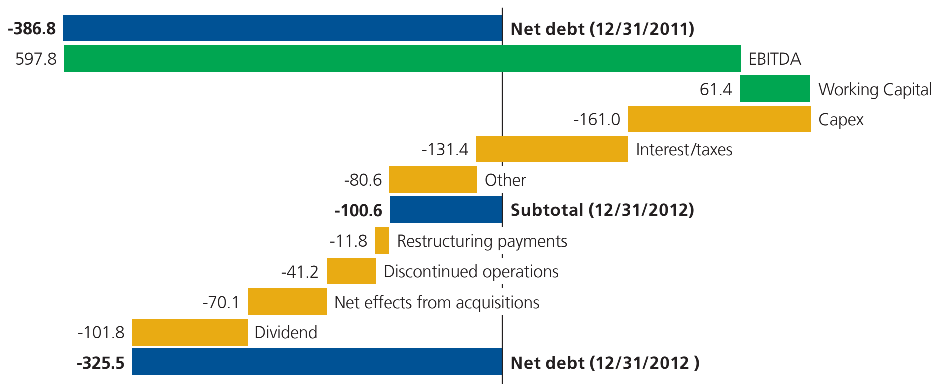
Change in working capital
(EUR million)



The EUR 61.3 million decline in net debt is due in particular to the clear drop in working capital in the fourth quarter of 2012, which was reduced to below the level as of December 31, 2011, despite the higher revenue. In the year as a whole, working capital was reduced to EUR 61.4 million after adjustment for changes in the basis of consolidation. The ratio of working capital to revenue was 9.3 percent at the end of the year (previous year: 10.7 percent). Due to an increase in the first half of the year, the average ratio during the year was 13.2 percent (previous year: 12.6 percent).

The reduction in net debt, which as of the reporting date amounted to only 54 percent of the EBITDA of EUR 597.8 million generated in fiscal year 2012, and the key factors responsible for this development are shown in the following chart:

Change in net liquidity/net debt
(EUR million)



GEA Group Aktiengesellschaft's dividend payment for fiscal year 2011 was the highest in the Company's history, at EUR 101.1 million. Cash outflows for current capital expenditures on property, plant and equipment, and intangible assets, and for acquisitions (including the net debt acquired) amounted to EUR 161.0 million and EUR 70.1 million, respectively.

Interest and income tax payments reduced net liquidity by EUR 131.4 million. In addition, restructuring measures in previous years continued to affect liquidity by EUR 11.8 million in 2012.

Further payments of EUR 41.2 million arose in connection with the discontinued operations. These payments were made from the provisions recognized in previous years.

The consolidated cash flow statement can be summarized as follows:

Overview of cash flow statement (EUR million)	Q1-Q4 2012	Q1-Q4 2011	Change absolute
Cash flow from operating activities	465.1	313.5	151.6
Cash flow from investing activities	-248.5	-341.9	93.4
Free cash flow	**216.6**	**-28.4**	**245.0**
Cash flow from financing activities	97.7	-90.8	188.5
Change in unrestricted cash and cash equivalents	309.3	-126.1	435.4

Cash flow from operating activities amounted to EUR 465.1 million in the year under review, EUR 151.6 million up on the previous year (EUR 313.5 million). This increase is largely attributable to the EUR 61.4 million reduction in working capital compared with a EUR 51.4 million increase in the previous year. The cash outflow from the change in provisions was EUR 33.3 million lower than in the previous year.

Cash flow from investing activities narrowed by EUR 93.4 million in the year under review, from EUR -341.9 million to EUR -248.5 million. This was due in particular to the EUR 116.5 million decrease in payments for acquisitions, while cash outflows for property, plant and equipment, and intangible assets increased by EUR 5.8 million. Payments for guarantees and warranties relating to the sale of discontinued operations were down EUR 8.2 million on the previous year, at EUR 40.6 million.

Cash flow from financing activities amounted to EUR 97.7 million in 2012 compared with EUR -90.8 million in 2011. This EUR 188.5 million increase is primarily a result of the EUR 221.1 million increase in total loans and loan repayments, which was partially offset by a EUR 28.1 million increase in the dividend payment, as well as a EUR 4.1 million increase in interest payments.

Net assets

Condensed balance sheet (EUR million)	12/31/2012	as % of total assets	12/31/2011	as % of total assets	Change in %
Assets					
Non-current assets	3,480.0	54.1	3,467.6	55.7	0.4
thereof goodwill	1,846.1	28.7	1,900.1	30.5	-2.8
thereof deferred taxes	445.6	6.9	398.9	6.4	11.7
Current assets	2,931.0	45.6	2,752.5	44.2	6.5
thereof cash and cash equivalents	743.5	11.6	432.4	6.9	72.0
Assets held for sale	18.4	0.3	5.1	0.1	> 100
Total assets	**6,429.5**	**100.0**	**6,225.2**	**100.0**	**3.3**
Equity and liabilities					
Equity	2,166.3	33.7	2,163.6	34.8	0.1
Non-current liabilities	2,003.4	31.2	1,669.3	26.8	20.0
thereof financial liabilities	1,005.4	15.6	813.8	13.1	23.5
thereof deferred taxes	124.0	1.9	145.9	2.3	-15.0
Current liabilities	2,259.8	35.1	2,392.3	38.4	-5.5
thereof financial liabilities	132.5	2.1	94.1	1.5	40.8
Total equity and liabilities	**6,429.5**	**100.0**	**6,225.2**	**100.0**	**3.3**

Total assets as of December 31, 2012, rose by EUR 204.3 million or 3.3 percent as against December 31, 2011, to EUR 6,429.5 million. This increase in total assets is solely attributable to the rise in cash and cash equivalents relating to the increase in borrowing, with the aim of establishing a strategic liquidity reserve within the group.

Consequently, the structure of non-current and current assets on the asset side of the balance sheet changed slightly. Non-current assets rose more slowly than the increase in total assets; the EUR 12.4 million rise is attributable in particular to the EUR 46.8 million increase in deferred taxes. In contrast, goodwill declined by EUR 54.1 million, primarily due to effects relating to the conclusion of the award proceedings.

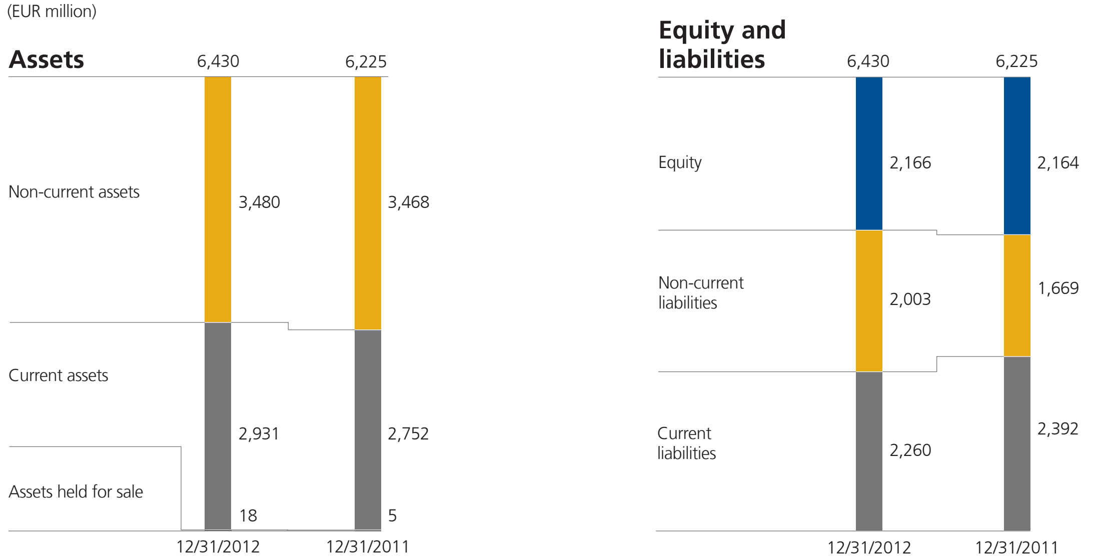
Current assets increased by EUR 178.5 million. This rise related in particular to cash and cash equivalents, which were up EUR 311.1 million year-on-year, whereas inventories barely rose at all and trade receivables actually decreased by EUR 107.7 million. The increased advance payments for orders accounted for using the percentage of completion method reduced this figure.

The slight increase in equity of EUR 2.7 million represents the consolidated profit of EUR 316.6 million on one hand, and the dividend payment of EUR 101.1 million on the other. Significant negative effects of EUR 104.8 million resulted from actuarial losses (mainly resulting from a change in the discount rate) on pensions and other post-employment benefit obligations. Effects relating to the conclusion of the award proceedings also made a negative contribution of EUR 91.7 million. Currency translation effects reduced equity by EUR 19.5 million. The equity ratio therefore decreased by 1.1 percentage points compared with the end of 2011 (34.8 percent) to 33.7 percent.

The main reasons for the EUR 334.1 million increase in non-current liabilities are the issue of a new borrower's note loan in the amount of EUR 227.0 million, and the drawing down for the first time of the second credit line from the Kreditanstalt für Wiederaufbau (KfW) in the amount of EUR 56.0 million. Added to this are the EUR 142.8 million higher non-current employee benefit obligations (mainly pension obligations), which are largely due to the reduced discount rates.

As of the reporting date, current liabilities were down EUR 132.6 million on the figure for December 31, 2011. This is primarily attributable to the EUR 64.2 million decrease in trade payables and the EUR 82.8 million decline in provisions. EUR 41.2 million of the decrease in provisions is attributable to payments relating to obligations associated with the plant engineering activities sold in 2007.

Comparison of net assets (2012 v. 2011)
(EUR million)



Significant acquisitions

Effective April 24, 2012, the GEA Mechanical Equipment Segment acquired all the shares of Aseptomag AG, one of the world's leading suppliers of aseptic and hygienic valves, valve modules, and system solutions, following approval by the antitrust authorities. Based in Kirchberg, Switzerland, the company had a workforce of 35 employees and generated revenue of around EUR 13.2 million in fiscal year 2011. Aseptomag's customers are mostly dairy, beverage, and food companies, but also include the pharmaceutical, chemical, and cosmetic industries.

Effective November 19, 2012, the GEA Farm Technologies Segment acquired Milfos International Ltd., which is based in Hamilton, New Zealand. Milfos is one of the leading developers and manufacturers of innovative dairy technologies, offering a comprehensive range of milking, cooling, barn equipment, and farm automation solutions as well as services focused on grazing farm applications. Its products are exported to over 20 countries. The company, founded in 1987, most recently employed about 90 people.

Capital increase

The subscribed capital was increased by around EUR 23.5 million in the fiscal year by the issuance of 8,687,631 no-par value bearer shares and the capital reserves reduced by EUR 115.6 million due to the court settlement reached in the award proceedings. The issuance of the shares served to meet the conditions of the settlement concluded in January 2012 in relation to the award proceedings.

The substance of and background to the award proceedings are described in greater detail on page 85. GEA Group Aktiengesellschaft's Annual General Meeting had approved the creation of the new shares required by the settlement in the form of contingent capital on April 24, 2012. The new shares were issued in three tranches.

Tranche	Issuance	Amount
1	July 16, 2012	2,093,945 shares
2	September 03, 2012	1,967,361 shares
3	December 03, 2012	4,626,325 shares
Total		**8,687,631 shares**

The subscribed capital of GEA Group Aktiengesellschaft amounted to EUR 520.4 million as of December 31, 2012, and is composed of 192,495,476 no-par value bearer shares. As before, the shares have a notional value of EUR 2.70 each (rounded). All the shares are fully paid up.

Markus Hüllmann to succeed Niels Graugaard on the Executive Board

At its meeting on December 13, 2012, GEA Group Aktiengesellschaft's Supervisory Board appointed Markus Hüllmann (44), previously the Segment President of the GEA Mechanical Equipment Segment, as a member of GEA Group Aktiengesellschaft's Executive Board effective April 1, 2013. He is to succeed Niels Graugaard (65), who will retire after the next Annual General Meeting, which will take place on April 18, 2013.

Markus Hüllmann, who obtained an engineering degree (university of applied technology) and a master's degree after completing his vocational training as a dairy specialist, joined the former Westfalia Separator AG in 1995. After a successful career with the group in particular in sales and engineering in Germany and abroad as well as several years of experience as head of a business unit, he has been Segment President of the GEA Mechanical Equipment Segment since 2010. Under his leadership, the segment has become extremely profitable and innovative. Markus Hüllmann will also continue to head the GEA Mechanical Equipment Segment for a transitional period of one to two years.

Summary of Business Development

Demand from GEA Group's customer markets remained steady in fiscal year 2012. Order intake and revenue both increased by around 5 percent. Operating EBIT grew by EUR 37 million to EUR 562 million. This corresponds to an EBIT margin of 9.8 percent. Excluding the new GEA Food Solutions Segment, the operating EBIT margin would have been 10.7 percent – another record high. This improvement in earnings was due in particular to the segments active in the food industry, as well as to the successful restructuring and reorganization measures of the past few years.

As expected, discontinued operations had no further negative impact on earnings overall.

Summing up, it can be said that all significant forecasts relating to order intake, revenue, and profit communicated at the beginning of fiscal year 2012 and increased in the first quarter have been met.

Employees

The Executive Board of GEA Group Aktiengesellschaft would like to thank all of the group's employees for their sterling work and active commitment in 2012. Our particular thanks go to the employee representatives in Germany and abroad for their responsible and constructive contributions.

There were 24,498 employees as of December 31, 2012. This represents an increase of 664 employees compared with December 31, 2011 (23,834 employees). Excluding the 202 employees from acquisitions and other changes in the basis of consolidation, the number of employees increased by 462, including 62 employees in Germany and 478 employees in Asia/Pacific alone. The GEA Heat Exchangers Segment recorded the sharpest decrease in employees, down by 359, while the GEA Process Engineering Segment saw the largest increase in capacity, up 473 employees.

Compared with September 30, 2012 (24,560 employees), the number of employees decreased by 62. Adjusted for an acquisition that led to an increase of 88 employees, the number of employees declined by 150, with the main reduction being in the GEA Heat Exchangers Segment.

Employees * by segment	12/31/2012	12/31/2011
GEA Food Solutions	1,787	1,836
GEA Farm Technologies	2,286	2,184
GEA Heat Exchangers	7,329	7,679
GEA Mechanical Equipment	3,961	3,614
GEA Process Engineering	5,566	5,093
GEA Refrigeration Technologies	3,267	3,147
Total	**24,196**	**23,554**
Other	301	281
GEA Group	**24,498**	**23,834**

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

Overall, the share of the workforce in Western Europe decreased by a further 1.1 percentage points year-on-year, and by 0.5 percentage points in North America, but increased in the growth regions of Asia/Pacific and Eastern Europe by 1.9 and 0.2 percentage points, respectively.

Employees * by region	12/31/2012		12/31/2011	
Western Europe	14,974	61.1%	14,837	62.3%
Asia/Pacific	3,992	16.3%	3,426	14.4%
North America	2,335	9.5%	2,382	10.0%
Eastern Europe	1,890	7.7%	1,782	7.5%
Latin America	646	2.6%	716	3.0%
Africa	517	2.1%	520	2.2%
Middle East	145	0.6%	172	0.7%
Total	**24,498**	**100.0%**	**23,834**	**100.0%**

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

As of December 31, 2012, GEA Group employed 624 vocational trainees compared with 629 at the same date in the previous year. In Germany, the vocational trainee ratio was 6.2 percent (previous year: 6.0 percent). As in the past, the vocational training level exceeds GEA Group's own needs.

GEA Performance Share Plan

In July 2006, GEA Group Aktiengesellschaft launched a long-term remuneration program for first- and second-tier managers; this was extended to include third-tier management in 2008. As in previous years, all participants had to invest an amount equal to 20 percent of the issued performance shares. In July 2012, a seventh tranche was issued for these three management levels, with a participation rate of 63 percent. Each GEA Performance Share Plan runs for three years. The fourth tranche, which was issued in the summer of 2009, was paid out at a rate of 87.9 percent of the target value. This value was calculated by comparing GEA's relative share price performance in the relevant three-year reference period with that of MDAX companies.

Performance management

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

Talent management program

In addition to the "Professionals on Stage" development assessment center, which is designed to identify future managers and which is geared towards employees worldwide with at least five years' professional experience, a further talent identification and development program for high-potential individuals was implemented in 2011 under the name of "First Professional Program." Its three modules give young managers who have been with GEA Group for at least two years special training to develop their skills in communication, conflict resolution, leadership, and managing change processes.

In fiscal year 2012, Absolventa GmbH, which operates a career portal designed specifically for young graduates and students, recognized GEA's cross-segment trainee program for university graduates, which had been revamped in 2011, 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 Group Academy

The GEA Group Academy is the central professional development and training program for all employees. In fiscal year 2012, the GEA Group Academy offered training courses in a variety of management and leadership areas. As in previous years, these were organized in cooperation with an internationally recognized partner.

Global Business Consortium

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

Part-time university studies

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

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

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

Personnel marketing

GEA's online career portal was expanded with a view to increasing the Company's attractiveness as an employer and facilitating initial contact with potential candidates, and now includes a corporate HR blog. In addition, GEA continued to exhibit regularly at university career fairs and product shows in 2012 and to expand its cooperation with student organizations such as AIESEC.

Employee-driven ideas and improvement management scheme

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

In fiscal year 2011, GEA was singled out by Zentrum Ideenmanagement (ZI) as the sector winner in the category "Best ideas management in the engineering sector" as well as being ranked third across all sectors in Germany.

In 2012, a total of some 13,500 ideas were submitted via i²m by employees throughout the group, and around 650 GIPs were also documented, of which some 50 percent were successfully implemented in 2012. The net benefit for GEA Group from the improvement system in 2012 was EUR 19 million.

In addition to its economic benefits, i²m also strengthens the corporate culture by actively including employees and motivating them to become involved in shaping their Company. Their commitment was honored in 2012 by EUR 1.3 million in bonuses paid for implemented ideas, as well as recognition bonuses and numerous noncash bonuses.

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

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

Net assets of GEA Group AG (HGB) (EUR million)	31/12/2012	as % of total assets	31/12/2011	as % of total assets
Assets				
Intangible fixed assets	2.3	–	1.5	–
Tangible fixed assets	6.4	0.1	6.6	0.1
Long-term financial assets	3,048.8	65.5	3,359.4	76.1
Fixed assets	**3,057.5**	**65.6**	**3,367.5**	**76.2**
Receivables from affiliated companies	1,100.0	23.6	865.2	19.6
Other assets	30.4	0.7	32.7	0.7
Receivables and other assets	1,130.4	24.3	897.9	20.3
Cash	462.4	10.0	144.9	3.3
Current assets	**1,592.8**	**34.3**	**1,042.8**	**23.6**
Prepaid expenses	**5.9**	**0.1**	**7.0**	**0.2**
Total	**4,656.2**	**100.0**	**4,417.3**	**100.0**
Equity and liabilities				
Subscribed capital	520.4	11.2	496.9	11.2
Capital reserves	250.8	5.4	250.8	5.7
Revenue reserves	646.7	13.9	538.7	12.2
Net retained profits	109.0	2.3	101.4	2.3
Equity	**1,526.9**	**32.8**	**1,387.8**	**31.4**
Provisions	**188.1**	**4.0**	**209.2**	**4.7**
Bonds	400.0	8.6	400.0	9.1
Liabilities to banks	641.0	13.8	377.0	8.5
Liabilities to affiliated companies	1,879.7	40.4	2,013.7	45.6
Other liabilities	20.4	0.4	29.5	0.7
Liabilities	**2,941.1**	**63.2**	**2,820.2**	**63.9**
Deferred income	**0.1**	**–**	**0.1**	**–**
Total	**4,656.2**	**100.0**	**4,417.3**	**100.0**

The EUR 238.9 million increase in total assets is the result of the EUR 234.8 million rise in receivables from affiliated companies due to short-term group financing and the EUR 317.5 million increase in cash and cash equivalents on the one hand, and to the EUR 310.6 million reduction in long-term financial assets on the other.

In the long-term financial assets item, shares in affiliated companies declined by EUR 363.4 million primarily due to the redemption of shares by a subsidiary, while the loans to affiliated companies rose by EUR 52.9 million. The receivables from affiliated companies result in particular from short-term borrowings by subsidiaries participating in the group's cash pooling system. The EUR 317.5 million increase in cash and cash equivalents is connected with the increased borrowing reported under equity and liabilities, which aims to establish a strategic liquidity reserve within the group.

On the equity and liabilities side, equity increased by EUR 139.1 million. Its share of total assets therefore increased by 1.4 percentage points to 32.8 percent. In addition to the net income for the fiscal year of EUR 216.8 million less the dividend of EUR 101.1 million paid out in 2012, the EUR 23.5 million increase in subscribed capital also contributed to this. This is attributable to the new no-par value shares issued as a result of the court settlement reached in the award proceedings (see page 85). This settlement is also the main reason for the EUR 21.1 million decrease in provisions. The main factor in the EUR 264.0 million increase in liabilities to banks is the new borrower's note loan that was taken out in the amount of EUR 227.0 million. The liabilities to affiliated companies relating to short-term group financing decreased by EUR 134.0 million. The Executive Board and Supervisory Board transferred EUR 108.0 million to revenue reserves in fiscal year 2012.

Income statement of GEA Group AG (HGB) (EUR million)	31/12/2012	in %	31/12/2011	in %
Other operating income	116.3	49.7	130.0	71.0
Personnel expenses	-26.2	-11.2	-31.8	-17.4
Amortization and writedowns of intangible fixed assets and depreciation and writedowns of tangible fixed assets	-1.6	-0.7	-3.5	-1.9
Other operating expenses	-116.0	-49.6	-122.3	-66.8
Investment income	256.2	109.6	221.3	120.8
Net interest income	5.2	2.2	-10.5	-5.7
Result from ordinary activities	**233.9**	**100.0**	**183.2**	**100.0**
Taxes on income	-17.2	-7.4	-14.6	-8.0
Net income for the fiscal year	**216.7**	**92.6**	**168.6**	**92.0**
Retained profits brought forward	0.3	0.1	0.8	0.4
Appropriation to other revenue reserves	-108.0	-46.1	-68.0	-37.1
Net retained profits	**109.0**	**46.6**	**101.4**	**55.3**

Personnel expenses declined by EUR 5.6 million year-on-year, primarily due to lower additions to other provisions for personnel expenses, while the expenses for post-employment benefits rose due to increased additions to the pension obligations.

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 70.2 million and losses of EUR 62.2 million resulted in net exchange rate gains of EUR 8.1 million (previous year: net loss of EUR 11.5 million).

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

Investment income is primarily composed of income and expenses from profit and loss transfer agreements and writedowns of financial assets.

Net interest income rose by EUR 15.7 million to EUR 5.2 million (previous year: EUR -10.5 million). This development reflects GEA Group Aktiengesellschaft's net debt, which decreased year-on-year, and the overall decline in interest rates. The share of higher-interest long-term loans granted to affiliated companies also increased. In addition, the interest unwinding costs on long-term other provisions was EUR 2.0 million below the prior-year level.

(EUR million)	2012	2011
Cash flow from operating activities	-140.4	36.5
Cash flow from investing activities	295.0	-462.0
Cash flow from financing activities	162.9	274.4
Liquid funds	462.4	144.9

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

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 91 f.).

Proposal on the appropriation of profits

GEA Group Aktiengesellschaft's annual financial statements in accordance with the HGB report net income of EUR 216.7 million. The Executive Board and Supervisory Board appropriated EUR 108.0 million of this amount to other revenue reserves in accordance with section 58(2) sentence 1 of the AktG. The Executive Board and Supervisory Board will propose to the Annual General Meeting that a dividend of EUR 0.55 per share, unchanged year-on-year, be paid to shareholders from the net retained profits of EUR 109.0 million for a total of 192,495,476 shares (previous year: 183,807,845 shares) and to carry forward the remaining net retained profits of EUR 3.2 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 generally held opinion is that payment of dividends from the contribution account for tax purposes constitutes a repayment of contributions, which results in a subsequent reduction of the acquisition costs for 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), (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, 2012, 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, 2012

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

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

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

Powers of the Executive Board to issue and repurchase shares

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

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

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

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

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

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

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

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

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

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

In the event of a change of control, the lenders of borrower's note loans in the total amount of EUR 355 million are entitled to require early repayment of their loan receivable, including interest accrued up to the date of the early repayment. The borrower determines the repayment date, which may not be fewer than 60 days and more than 90 days after the date on which the borrower was informed of the change of control and notified the lenders of this via the paying agent.

In relation to the loan agreements with Kreditanstalt für Wiederaufbau (KfW) in the current amounts of EUR 80 million and EUR 56 million as of December 31, 2012, the borrower is obliged, on written request by KfW, to repay the loan including accrued interest by no later than the date on which the next interest payment is due.

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

Under a master loan agreement for EUR 235 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 one month 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 72. 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 accounting process

See the "Risk Management System" and "Internal Control System" sections starting on page 82 of the management report.

Corporate Governance Report including the Corporate Governance Declaration

In accordance with section 317(2) sentence 3 of the HGB, the Corporate Governance Declaration issued pursuant to section 289a of the HGB is not included in the audit of the financial statements.

GEA Group Aktiengesellschaft places great importance on transparent and responsible corporate governance and management with a view to long-term value enhancement. Our activities are based on recognized corporate governance principles and comply to a large extent with the suggestions and recommendations of the German Corporate Governance Code as amended on May 15, 2012 (announced in the Federal Gazette on June 15, 2012). The only deviation from the Code's recommendations referred to the period prior to the amendment to the Code as of May 15, 2012 and concerned the performance-related remuneration of the Supervisory Board members previously recommended in section 5.4.6(2) sentence 1 of the Code.

Declaration of Compliance

On December 13, 2012, the Executive Board and Supervisory Board of GEA Group Aktiengesellschaft issued the following Declaration of Compliance in accordance with section 161 of the Aktiengesetz (AktG - German Stock Corporation Act); the Declaration of Compliance has been made permanently available to the public on the Company's website www.gea.com:

GEA Group Aktiengesellschaft complies and will continue to comply in the future with the recommendations of the German Corporate Governance Code as amended on May 15, 2012.

Since the Declaration of Compliance dated December 15, 2011, GEA Group Aktiengesellschaft has complied with the recommendations of the German Corporate Governance Code, as amended from time to time, with the exception stated below:

The compensation of the Supervisory Board members did not provide for a performance-related component (section 5.4.6(2) sentence 1 of the Code).

Explanation:
The Company believes that a suitable fixed remuneration more appropriately reflects the Supervisory Board's advisory and control function, which must be performed independently of the Company's performance.

Düsseldorf, December 13, 2012

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

Code of Conduct

The Executive Board and Supervisory Board have drawn up a Code of Conduct that stipulates that the group's business activities comply with all laws and with high ethical standards. The Code of Conduct is binding on all employees. It is supplemented by guidelines on individual topics, in particular by the group's Anticorruption Guideline. Finally, the Company has agreed codes of conduct with its European Works Council that define ethical, social, and legal standards which are binding on all GEA Group employees. The Code of Conduct, the Anticorruption Guideline and further information are published on GEA Group Aktiengesellschaft's website under Investor Relations/Corporate Governance.

Compliance organization

Compliance in the sense of measures to ensure adherence to legal, statutory, and internal policies, as well as compliance therewith by group companies, is considered a key management and supervisory duty 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 Supervisory Board's Audit Committee in this capacity. The Chief Compliance Officer receives support from the Corporate Compliance Officer. In addition, a Compliance Committee was established in 2010 to advise the Chief Compliance Officer. Furthermore, a Segment Compliance Officer for each segment and a Company Compliance Manager for each operating company have been appointed respectively. In parallel, GEA set up a worldwide export control organization back in 2011; it is also headed by the Chief Compliance Officer who is supported by the Corporate Export Control Officer at group level. A Segment Export Manager for each segment and a Company Export Manager for each operating company have been appointed respectively.

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

Finally, the Company is in the process of setting up an environment, health and safety (EHS) organization; this process was initiated in 2010 and is aimed at developing and implementing group-wide guidelines, programs and procedures in this field.

Responsible handling of risks

GEA Group Aktiengesellschaft has grown considerably over the past few years. However, sustainable growth can only be achieved if both the opportunities and risks of business activities are identified and adequately taken into account. An effective control and risk management system is therefore one of the core elements of corporate governance at GEA Group Aktiengesellschaft. Further information on this is available on pages 82 ff. of this Annual Report.

Transparency of accounting and auditing

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 legally required single entity financial statements of GEA Group Aktiengesellschaft on which the dividend payment is based are prepared in accordance with the 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, as well as the audit of financial statements and compliance; moreover, it agrees the key audit areas with the auditor and determines the audit fee, while ensuring that the auditor‘s work is not compromised by any conflicts of interest and that the auditor immediately reports on all significant findings and events relevant to the tasks of the Supervisory Board 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 position and significant changes to its business. The Company‘s website is an important means of communication in this particular respect. It contains the annual and interim reports, press releases, ad hoc disclosures and other publications required under the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act), as well as the financial calendar and other relevant information in German and English. The group also holds regular analyst meetings, press conferences, and events for investors. All presentations made at these events can also be downloaded from our website under „Investor Relations“.

Directors’ Dealings and shareholdings of governing body members

Under section 15a WpHG, 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 a calendar year reach or exceed the threshold of EUR 5,000. The five transactions reported to the Company in fiscal year 2012 were published on the Company‘s website.

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

Securities-based remuneration program for company executives

With effect from July 1, 2006, GEA Group Aktiengesellschaft launched a long-term, share price-based remuneration program called „GEA Performance Share Plan“ for managers in the first two contract levels below the Executive Board. In fiscal year 2008, this plan was extended to include managers on the third contract level. Details are available on page 59 and in note 7.3.4 (see page 158 f.)to the consolidated financial statements.

Corporate governance and supervision: Executive Board and Supervisory Board

The Executive Board of GEA Group Aktiengesellschaft, which comprises four members with effect from June 1, 2012, is the group's management body. The Supervisory Board – which is composed of twelve members, half of whom are shareholder representatives and half employee representatives – advises the Executive Board and oversees its work. The Executive Board and Supervisory Board cooperate closely for the benefit of the Company; their common goal is a sustainable increase in enterprise value.

Executive Board

The Executive Board reports regularly, promptly, and extensively to the Supervisory Board on all issues relating to strategy, planning, business development, the risk position, the risk management system, and compliance that are relevant to the Company. The Articles of Association and the rules of procedure specify key transactions that require the Supervisory Board's approval. Further information on individual members of the Executive Board can be found on pages 8 and 205 of this Annual Report.

Supervisory Board

The Supervisory Board advises the Executive Board on the management of the Company and supervises its conduct of the Company's business. The Supervisory Board usually holds 5 meetings per calendar year, which 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 a different majority is stipulated by law.

When appointing members of 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 need for diversity.

On December 13, 2012, the Supervisory Board redefined its targets relating to its own composition, in particular with a view to the revised version of section 5.4.1 of the German Corporate Governance Code, as amended on May 15, 2012. Thus, the revised version of section 5.4.1 of the German Corporate Governance Code recommends that the target composition of the Supervisory Board should also comprise the number of independent members within the meaning of section 5.4.2 of the German Corporate Governance Code.

According to the new target composition adopted on December 13, 2012, the Supervisory Board members shall continue to have the knowledge, skills and specialist expertise required to ensure the proper performance of their duties. In this context, the Supervisory Board also pays attention to industry knowledge, an adequate number of independent members, international experience as well as an appropriate consideration of women. With a view to the best interests of the Company, the decisive criterion for appointments shall always be the specialist expertise and personal suitability of the respective candidate.

During its current term of office, the Supervisory Board will seek to achieve the following specific objectives:

(1) The current number of international Supervisory Board members is to be maintained, at least at its current level. (2) The current number of female Supervisory Board members is to be maintained, at least at its current level. (3) As a rule, no person exceeding the age of 70 at the date of the Annual General Meeting, which is to decide on the composition of the Supervisory Board, shall be proposed for election. (4) The Supervisory Board shall comprise an adequate number of independent members. The Supervisory Board will seek to ensure that a minimum of two thirds of the shareholder representatives is independent within the meaning of the definition under section 5.4.2 sentence 2 of the German Corporate Governance Code.

In addition, the policies governing the management of conflicts of interest, which are set forth in the Rules of Procedure, will be taken into consideration. According to these rules, each member of the Supervisory Board is obliged to disclose potential conflicts of interest to the Supervisory Board. Material conflicts of interest that are not merely temporary in respect of the person of a Supervisory Board member shall result in the termination of his/her mandate. Currently the Supervisory Board considers the target composition as achieved.

The term of office of Prof. Dr. Werner Bauer, who had been appointed member of the Supervisory Board by the court, finished at the end of the Annual General Meeting on April 24, 2012. Following the recommendation of the Supervisory Board, the Annual General Meeting elected Prof. Dr. Werner Bauer to the Supervisory Board as a shareholder representative on April 24, 2012. His term will expire at the end of the Annual General Meeting resolving on the ratification of the acts of the members of the Supervisory Board for fiscal year 2015. On June 21, 2012, Prof. Dr. Werner Bauer was elected to serve on the Nomination Committee of the Supervisory Board pursuant to a resolution passed by the shareholder representatives on the Supervisory Board.

Supervisory Board committees

The Supervisory Board‘s work 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. Resolutions by the Presiding Committee and the Audit Committee are adopted at meetings by a simple majority of the votes cast, or outside meetings by a simple majority of the members. If a vote is tied, the respective chairman has a second 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 preparing the Supervisory Board meetings. In particular, the Presiding Committee is also responsible for defining the legal relationships between the Company and the individual Executive Board members, as well as for succession planning for the Executive Board. Decisions on the Executive Board remuneration system, the total remuneration of 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 monitoring the financial reporting process, as well as dealing with matters regarding the efficiency of the internal control system, the risk management system, the internal audit, and the audit of the financial statements. In addition, it monitors compliance with key legislation and official regulations, as well as internal guidelines including GEA Group‘s Code of Conduct (compliance).

The Mediation Committee‘s duties are laid down in sections 27 and 31 of the Mitbestimmungsgesetz (MitbestG – German Co-determination Act). The Nomination Committee‘s task 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 pages 205 and 206 of this Annual Report. In addition, the Report of the Supervisory Board on pages 201 ff. of this Annual Report gives further details on the activities of the Supervisory Board and its committees in the year under review 2012.

Remuneration Report

Executive Board remuneration

General remarks

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

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.

Following consultation with an external expert who provided advice on realigning the variable remuneration system in the light of market trends, the Supervisory Board adopted a new variable remuneration system in December 2011. In particular, the Supervisory Board sought ways to provide for an even greater balance of the risk and opportunity profile from the shareholders' and Executive Board's perspective and to enhance the sustainability of the remuneration system by separating the short-term and long-term bonus elements. In addition, the objective was to develop a remuneration system that can be transferred more easily to the management levels below the Executive Board, thereby guaranteeing a better steering of business operations.

On April 24, 2012, the Annual General Meeting approved the remuneration system by a large majority after the Chairman of the Supervisory Board had provided detailed information on its key features to the Annual General Meeting.

In fiscal year 2012, the remuneration of the Executive Board members was composed of the following fixed and variable components:

Fixed components of remuneration

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

The fixed annual salary paid to Jürg Oleas in the year under review amounted to EUR 1,250 thousand. Dr. Helmut Schmale's fixed annual salary was EUR 625 thousand until March 31, 2012, and increased to EUR 675 thousand as of April 1, 2012. Until July 31, 2012, Niels Graugaard's fixed annual salary totaled EUR 621 thousand and was raised to EUR 642,735 as of August 1, 2012. Dr. Stephan Petri, who was appointed Executive Board member with effect from June 1, 2012, draws a fixed annual salary in the amount of EUR 550 thousand.

In addition, the Executive Board members receive non-cash benefits that mainly comprise the value of the company car use in accordance with tax regulations, accident insurance premiums, and – for Niels Graugaard – the reimbursement of costs incurred for the maintenance of two households and for flights home to his place of residence.

Variable components of remuneration

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

The variable remuneration consists of three components. They comprise both one-year and multi-year criteria for evaluation. Each of the three components provides for a maximum amount. Furthermore, all bonus components applicable to a specific fiscal year are limited to 240 percent of the target bonus (overall cap).

At its own discretion, the Supervisory Board takes into account extraordinary events and developments which indicate that a readjustment of the respective mathematically derived value is appropriate.

Individual component (weighting of 40 percent):

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

Under the variable remuneration component, the individual component has a weighting of 40 percent, i.e. 40 percent of the variable remuneration (target amount) are payable if 100 percent of the target set in relation to the individual component are 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 2012, the Supervisory Board has ascertained a 75 percent degree of target achievement for the Executive Board members.

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. Criteria for evaluation are tied to key performance indicators embracing a combination of cash flow aspects (so called cash flow driver margin) and the return on capital employed (ROCE).

- The „cash flow driver margin“ (CFDM) target is a simplified cash flow indicator (EBITDA minus capital expenditure in property, plant and equipment as well as intangible assets (capex) minus change in working capital on a 12-month average) calculated as a ratio of revenue. The CFDM actually generated is calculated based on average values over a period of 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 to 2012, 100 percent of the target is achieved if the group‘s CFDM during the three-year period averages 8 percent. If the CFDM is lower or higher, the degree of target achievement will go up or down, accordingly. In this context, a CFDM that is less than or equal to 4.5 percent is equivalent to a target achievement of zero percent, while a CFDM that is greater than or equal to 13.5 percent represents a maximum target achievement of 250 percent.

- The amount 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 based on average values over a period of 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 to 2012, 100 percent of the target is achieved if the group's ROCE averages 19 percent during the three-year period. If the actual ROCE ratio is greater than or less than this level, but within the defined corridor of +/- 5 percentage points, the degree of target achievement is increased or reduced by up to 50 percentage points.

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

As to the variable remuneration awarded in 2012, the overall degree of target achievement under the multi-year component amounted to 71.4 percent, with a target achievement of the CFDM totaling 86.0 percent and of the ROCE amounting to 83.0 percent in the year under review.

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

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

Under the variable remuneration component, the long-term share price component has a weighting of 20 percent, i.e. 20 percent of variable remuneration are payable (target amount) if 100 percent of the set target are 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. The starting value is computed on the basis of the respective arithmetic mean closing prices on the last 20 trading days preceding the start of the three-year performance period. 100 percent of the target is met if the evolution of the daily arithmetic mean closing prices of GEA's share fully (i.e. 100%) corresponds to the relevant TMI performance. In the event of outperformance of more than 100 percent, the amount paid out rises to a maximum of 300 percent of the target amount. If the increase in GEA's share price over the three-year period is less than 100 percent of the growth in the TMI IE, the amount payable is reduced accordingly up to a performance of 75 percent: For each percentage point higher or lower than a 100 percent performance, the degree of target achievement will rise or fall by 4 percent (subject to the 300 percent cap). Should GEA shares have dropped, the Supervisory Board may still award a payment if GEA shares have nonetheless outperformed the TMI IE.

In the year under review, no payment under the long-term share price component was made, as the latter is measured over the three-year period between 2012 and 2014. A first payment is scheduled for fiscal year 2015. As of December 31, 2012, the computed degree of target achievement amounted to 93.88 percent.

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

<table>
<tr><th rowspan="2">Variable remuneration component</th><th rowspan="2">Target</th><th rowspan="2">Weighting</th><th rowspan="2">Cap</th><th rowspan="2">Overall cap</th><th colspan="5">Assessment period</th></tr>
<tr><th>2010</th><th>2011</th><th>2012</th><th>2013</th><th>2014</th></tr>
<tr><td>Individual component</td><td>Personal targets</td><td>40%</td><td>200%</td><td rowspan="3">240%</td><td></td><td></td><td>One year</td><td></td><td></td></tr>
<tr><td>Multi-year component</td><td>Combination of cash flow driver margin and ROCE</td><td>40%</td><td>250%</td><td colspan="3">Retrospective (3 years)</td><td></td><td></td></tr>
<tr><td>Long-term share price component</td><td>Share price in relation to TMI IE</td><td>20%</td><td>300%</td><td></td><td></td><td colspan="3">Forward-looking (3 years)</td></tr>
</table>

Remuneration system – fiscal year 2011

The Annual Report 2011 provided a detailed account of the remuneration system applicable until the end of fiscal year 2011. To provide a better understanding of the following table which sets out the total amount of the remuneration (see page 80), the remuneration system applicable in 2011 is outlined below.

The remuneration of the Executive Board members in 2011 was composed of non-performance-related and performance-related components as follows:

(i) a non-performance-related fixed basic remuneration that was paid as a monthly salary.

(ii) a performance-related remuneration (bonus) which included a ROCE component, a share price component as well as a personal performance component. Each of the above components had a weighting of one third in relation to the defined basic bonus. The respective target amount for each bonus component was adjusted according to the amount by which the target was exceeded or undershot. The basic bonus attainable in the event of a 100 percent target achievement corresponded to the respective fixed annual remuneration of the Executive Board members in the relevant fiscal year.

Half of the calculated bonus was payable at the first payroll date following the Supervisory Board meeting convened to adopt the annual financial statements for the preceding year („short-term bonus"). In the event of target overachievement, this portion of the bonus was limited to 75 percent of the annual basic bonus (cap 1). For the purpose of aligning remuneration with sustainability and creating a long-term incentive effect, the other half of the calculated bonus was converted into phantom shares in the Company, and their payment amount was determined on expiry of a holding period of three years. The amount payable („long-term bonus") was limited to 300 percent of the annual basic bonus (cap 2). The combined total of short-term and long-term bonuses was in all cases limited to 375 percent of the basic bonus for the fiscal year to which the bonus related.

(iii) Noncash benefits that mainly comprised the value of the company car use in accordance with tax regulations, accident insurance premiums, and – for Niels Graugaard – the reimbursement of costs for the maintenance of two households and for flights home to his place of residence.

(iv) Pension subsidies of up to half of the income threshold for contribution assessment under the statutory pension insurance scheme were granted to Dr. Helmut Schmale against evidence of the costs incurred. Instead of pension benefits, Niels Graugaard received 12.5 percent of his fixed salary for a private pension insurance scheme limited to the term of his service contract.

Pension benefits and surviving dependents‘ benefits

Jürg Oleas

The contractual pension benefit of the Chairman of the Executive Board, Jürg Oleas, is 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 if his Executive Board contract ends when or after he reaches the age of 62 or if he becomes permanently unable to work. If Jürg Oleas‘ Executive Board contract ends before he reaches 18 years of service, he will have a vested entitlement 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 at least 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; his pension will be reduced by up to half of the transitional benefit for the year in question for any severance payment and any other income from new activities that he may have commenced after leaving the Company. The ongoing pension is adjusted annually in line with the consumer price index.

The surviving dependents‘ benefits defined in Jürg Oleas‘ contract mainly provide for a lifelong widow‘s pension and 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. Entitlement to an orphan‘s pension generally 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 benefit of the Chief Financial Officer, Dr. Helmut Schmale, is a maximum of EUR 200 thousand p.a. Under this arrangement, a pension will be paid if the Executive Board contract ends when or after Dr. Helmut Schmale reaches the age of 62 or if he becomes permanently unable to work. Should Dr. Helmut Schmale‘s Executive Board contract end before one of the above conditions for payment of his pension is met, he will have a vested entitlement to a pro rata annual pension that becomes payable once he reaches the age of 62. The amount of this pension is calculated based on 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 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. Helmut Schmale‘s contract are in line with the provisions outlined above in relation to Jürg Oleas.

Niels Graugaard

Instead of pension benefits, Niels Graugaard receives a non-recurrent payment in the amount of EUR 890 thousand, which was approved in fiscal year 2012, as well as 12.5 percent of his fixed annual salary for a private pension insurance scheme. The above non-recurrent payment is due upon his retirement from the Executive Board after the Annual General Meeting in 2013, and the payment of 12.5 percent of his fixed salary is limited to the term of his service contract. In addition, Niels Graugaard 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.

As of December 2011, the Supervisory has decided to adjust the pension provisions for members of the Executive Board. Such adjustment was aimed at creating a comparable amount of the respective pension entitlement. Based on this, regarding the pension entitlement of Niels Graugaard it was resolved that his existing pension scheme shall be increased by a one time payment of EUR 890 thousand. This amount will be paid out in April 2013 and will be reduced by EUR 20 thousand for every month by which Niels Graugaard resigns prior April 2013. As of December 31, 2012 the present value of the pension benefit amounted to 877,198.

Dr. Stephan Petri

The contractual pension benefit of Dr. Stephan Petri, who was appointed Executive Board member on June 1, 2012, is a maximum of EUR 200 thousand p.a. Under this arrangement, a pension will be paid if the Executive Board contract ends when or after Dr. Stephan Petri reaches the age of 62 or if he becomes permanently unable to work. Should Dr. Stephan Petri‘s Executive Board contract end before one of the above conditions for payment of his pension is met, he will have a vested entitlement to a maximum annual pension of 200 thousand which may be reduced subject to the actual term of his Executive Board contract and 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 pension benefits based on his personal contributions to a deferred compensation pension under the GEA management pension scheme prior to becoming a member of 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 contract are in line with the provisions outlined above in relation to Jürg Oleas.

Pension scheme contributions and pension provisions

The Company has recognized pension provisions for the future entitlements of Executive Board members. The amounts added to these pension provisions for active Executive Board members in accordance with IFRS are listed individually in the table below as at the end of fiscal year 2012. The corresponding amounts comprise service cost and interest cost.

(EUR)	Pension benefit p.a. (as of 12/31/2012) (annual entitlement at start of pension)	Pension entitlements p.a. earned as of 12/31/2012	Additions to pension provisions in fiscal year 2012	Present value of pension benefits as of 12/31/2012
Jürg Oleas	360,000	226,009	382,289	6,384,342
Dr. Helmut Schmale	200,000	154,693	204,773	3,875,641
Niels Graugaard *	15,770	15,770	5,465	218,724
Niels Graugaard	–	–	789,132	877,198
Dr. Stephan Petri *	233,855	97,855	854,142	3,780,283
Total	**809,625**	**494,327**	**2,235,801**	**15,136,188**

*) Niels Graugaard's pension benefit is based on his personal contributions to a deferred compensation pension scheme and will be paid out on the date of his retirement in the form of a capital lump sum. Dr. Stephan Petri is, besides his entitlement as member of the Executive Board to a pension benefit of EUR 200,000, entitled to an amount of 33,855 EUR based on his personal contributions to a deferred compensation pension under the GEA management pension scheme prior to becoming a member of the Executive Board.

Remuneration of former Executive Board members and their surviving dependents

In fiscal year 2012, former members of the Executive Board and their surviving dependents received remuneration of EUR 5,039 thousand (previous year: EUR 5,062 thousand) from GEA Group. As of December 31, 2012, GEA Group had set up pension provisions totaling EUR 63,389 thousand (previous year: EUR 50,603 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 up to a maximum period of 8 months.

If the appointment of an Executive Board member is revoked for good cause with legal effect in accordance with section 84(3) of the Aktiengesetz (AktG - German Stock Corporation Act) or an Executive Board member validly resigns his office in accordance with section 84(3) of the AktG, the Executive Board member's service contract ends on expiry of the statutory notice period under section 622(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 is ascertained in relation to the individual component 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 (one-year vesting period) 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 Executive Board member concerned 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 contract.

If the Executive Board contract 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 contract.

In the event of a change of control, the Executive Board member 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 Company‘s voting rights in accordance with section 21 of the Wertpapierhandelsgesetz (WpHG - German Securities Trading Act), an intercompany agreement is entered into with the Company as a dependent company in accordance with sections 291 ff. of the AktG, or 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 contracts.

Remuneration of the Executive Board members

Total remuneration in 2012 and 2011

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

In fiscal year 2011, the total remuneration paid to active Executive Board members amounted to EUR 6,304,783 and comprised both a fixed component of EUR 2,483,750 and a variable bonus of EUR 3,597,298, of which only half (EUR 1,798,649) was paid out in fiscal year 2012. The other half will be paid out as a long-term bonus after the expiry of a three-year holding period subject to the performance of the Company‘s shares.

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

(EUR)	Fixed remuneration	Variable component (2012)			Variable component (2011)			Noncash benefits	Pension subsidies	Total
		Individual component	Multi-year component	Long-term share price based component [1]	Bonus [2]	Number of Phantom Shares awarded as LTI [3]	Value of LTI [3]			
Jürg Oleas	1,250,000	375,000	357,000	175,475	–	–	–	29,658	–	**2,187,133**
prior year	1,250,000	–	–	–	905,208	40,997	905,208	31,644	–	**3,092,061**
Dr. Helmut Schmale	662,500	198,750	189,210	93,002	–	–	–	37,573	6,448	**1,187,483**
prior year	625,000	–	–	–	452,604	20,498	452,604	26,763	6,448	**1,563,419**
Niels Graugaard	630,056	189,017	179,944	88,447	–	–	–	73,096	78,757	**1,239,317**
prior year	608,750	–	–	–	440,836	19,965	440,837	82,787	76,094	**1,649,304**
Dr. Stephan Petri [4]	320,833	96,250	91,630	45,039	–	–	–	6,113	3,842	**563,707**
prior year	–	–	–	–	–	–	–	–	–	**–**
Total	**2,863,389**	**859,017**	**817,784**	**401,963**	**–**	**–**	**–**	**146,440**	**89,047**	**5,177,640**
prior year	**2,483,750**	**–**	**–**	**–**	**1,798,649**	**81,460**	**1,798,649**	**141,194**	**82,542**	**6,304,783**

1) In the year under review, no payment under the long-term share price component was made, as it is measured over a three-year period between 2012 and 2014. The bonus attributable to the long-term share price component is based on the fair value at grant date (March 8, 2012).
2) Paid out after the end of the respective fiscal year
3) LTI = Long-term incentive = long-term bonus paid out following the expiry of a three-year holding period subject to the performance of GEA shares
4) Due to his participation in the GEA Performance Share Plan (Tranche 2009) during his position as Head of the Legal Department, Dr. Stephan Petri received an additional amount of 110,866.47 EUR. In addition, Dr. Stephan Petri receives a bonus in the amount of 66,121.59 for the period between January 1, 2012 and May 31, 2012.

Supplemental disclosures on share-based remuneration in 2012

The share-based remuneration component applicable to the Executive Board comprised the long-term share price component in fiscal year 2012. Detailed information on existing entitlements of Executive Board members under these remuneration components is outlined in the table below.

Long-term share price based component (EUR)	Fair value (end of period) 12/31/2012	Fair value at grant date 03/08/2012
Jürg Oleas	121,225	175,475
Dr. Helmut Schmale	64,249	93,002
Niels Graugaard	61,103	88,447
Dr. Stephan Petri	31,114	45,039
Total	**277,691**	**401,963**

Supplemental disclosures on share-based remuneration in 2010 and 2011

In the fiscal years 2010 and 2011 the share-based remuneration component comprised of phantom shares (see page 74 f). Detailed information on existing entitlements of Executive Board members under these remuneration components is outlined in the table below.

Phantom Shares	Number of awarded shares	Fair value (EUR)	
	2010 / 2011	2012	2011
Jürg Oleas			
Tranche 2010 (granted in 2010)	26,589	675,892	591,605
Tranche 2011 (granted in 2011)	40,997	1,025,745	895,784
Dr. Helmut Schmale			
Tranche 2010 (granted in 2010)	16,120	409,770	358,670
Tranche 2011 (granted in 2011)	20,498	512,860	447,881
Niels Graugaard			
Tranche 2010 (granted in 2010)	15,178	385,825	337,711
Tranche 2011 (granted in 2011)	19,965	499,524	436,235
Total	**139,347**	**3,509,616**	**3,067,886**

In fiscal year 2012, the expenditure for share-based remuneration recognized in the consolidated IFRS financial statements (i.e. the sum of the fair value as of December 31, 2012 of the share-based remuneration granted in the fiscal year and the change of the fair value of claims under the long-term share price component in the respective fiscal year) amounted to EUR 335 thousand for Jürg Oleas (previous year EUR 912 thousand), EUR 195 thousand for Dr. Helmut Schmale EUR 180 thousand (previous year EUR 458 thousand), EUR 173 thousand for Niels Graugaard (previous year EUR 446 thousand) and EUR 31 thousand for Dr. Stephan Petri.

Further information on the awarded phantom shares and the long-term share price component is outlined in note 7.3.4 (see page 160 f.) to the consolidated financial statements.

Remuneration of the Supervisory Board members

The remuneration of the Supervisory Board members comprises solely a fixed base salary. The Supervisory board‘s remuneration does not include any performance-related component.

In the year under review, the expenses incurred for the Supervisory Board amounted to EUR 1,152 thousand (previous year EUR 1,147 thousand). Under section 15(1) of the Articles of Association, each member of the Supervisory Board receives fixed annual remuneration 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 this amount, and his deputy one and a half times this amount. In accordance with section 15(2) of the Articles of Association, the members of the Presiding Committee and the Audit Committee each receive an additional EUR 35 thousand. The chairman of each of these committees receives double 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 are only paid pro rata for the period of their membership. Under section 15(3) of the Articles of Association, the Supervisory Board members also receive an attendance fee of EUR 1 thousand for each meeting of the Supervisory Board, the Presiding Committee and the Audit Committee that they have attended.

The following table shows the individual remuneration and its respective components for members of the Supervisory Board, the Presiding Committee and the Audit Committee for 2012 compared with the previous year:

(EUR)	Supervisory Board remuneration	Presiding Committee remuneration	Audit Committee remuneration	Attendance fees	**Totals**
Dr. Heraeus	125,000	70,000	35,000	12,000	**242,000**
Prior Year	125,000	70,000	35,000	15,000	**245,000**
Siegers *	75,000	35,000	–	10,000	**120,000**
Prior Year	75,000	35,000	–	7,000	**117,000**
Ammer	–	–	–	–	**–**
Prior Year (until 07/07/2011)	25,000	–	–	2,000	**27,000**
Bastaki	50,000	–	–	5,000	**55,000**
Prior Year	50,000	–	–	3,000	**53,000**
Prof. Dr. Bauer	50,000	–	–	6,000	**56,000**
Prior Year (since 08/04/2011)	20,833	–	–	1,000	**21,833**
Eberlein	50,000	–	70,000	10,000	**130,000**
Prior Year	50,000	–	46,667	9,000	**105,667**
Gröbel *	50,000	35,000	–	10,000	**95,000**
Prior Year	50,000	35,000	–	11,000	**96,000**
Hunger *	50,000	–	35,000	11,000	**96,000**
Prior Year	50,000	–	23,333	9,000	**82,333**
Kämpfert	50,000	–	–	6,000	**56,000**
Prior Year	50,000	–	–	6,000	**56,000**
Kerkemeier *	50,000	–	–	6,000	**56,000**
Prior Year (since 04/21/2011)	37,500	–	–	4,000	**41,500**
Dr. Kuhnt	–	–	–	–	**–**
Prior Year (until 04/21/2011)	16,667	–	23,333	5,000	**45,000**
Löw *	50,000	–	35,000	11,000	**96,000**
Prior Year	50,000	–	35,000	11,000	**96,000**
Dr. Perlet	50,000	35,000	–	9,000	**94,000**
Prior Year	50,000	35,000	–	9,000	**94,000**
Spence	50,000	–	–	6,000	**56,000**
Prior Year (since 04/21/2011)	33,333	–	–	1,000	**34,333**
Stöber *	–	–	–	–	**–**
Prior Year (until 04/21/2011)	16,667	–	11,667	4,000	**32,334**
Total	**700,000**	**175,000**	**175,000**	**102,000**	**1,152,000**
Prior Year	**700,000**	**175,000**	**175,000**	**97,000**	**1,147,000**

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

Report on Post-Balance Sheet Date Events

There were no significant events occurring after the end of the fiscal year.

Report on Risks and Opportunities

Risk policy is a component of the group's strategy

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 management to avoid taking inappropriate risks and monitor and control those risks that have been entered into.

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.

Risk management system

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

The basic principles of an orderly risk management system and the related workflows are documented in a group-wide risk guideline, which is broken down and structured in greater detail by the divisions 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 consolidated financial projections, monthly consolidated financial statements, and regular meetings between the Executive Board and the segment heads to enable the various risks to be identified and analyzed.

The specific requirements of the group's project business are addressed by risk boards at segment and group management level. Before a binding quotation is submitted or an agreement signed, the commercial and contractual terms of potential orders are examined in detail by specialists from various departments so that risks that cannot be controlled are avoided. The risk management system therefore already comes into play before risks arise, in the form of a critical examination of the opportunity and risk profile of quotations. No agreement may be signed if the profile is inappropriate. The risk management system is not only designed to identify risks that jeopardize the group's continued existence at an early stage, as required by law; it also captures all risks that may have a material adverse effect on the operating result of a segment or the group. The application of the risk management system at all levels is reviewed regularly by the Internal Audit function.

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) 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 accounting- or non-accounting-related.

GEA Group's accounting-related ICS 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 consolidated subsidiaries are integrated into the ICS.

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

Key accounting-related measures and rules 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, controlling, and finance functions in all group companies, and are regularly updated to reflect legal 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 submits regularly reports to the Audit Committee. The results enable the elimination of defects identified at the companies reviewed and the ongoing enhancement of the ICS in the group.

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

Summary of the risk position and changes compared with the previous year

The identified risks from operating activities and the negative impact on earnings that could result have not changed significantly as against the previous year. As in the previous year, the structure of GEA Group with its regional and industry diversification offers broad protection from cluster risks. In addition, GEA Group is not dependent on individual business partners, be they among either suppliers or customers.

The implementation of the legal settlement reached in the award proceedings in January 2012 meant that the past fiscal year brought to an end the proceedings regarding the control and profit transfer agreement entered into between the former Metallgesellschaft AG and the former GEA AG that began in 1999.

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

Overall, no risks to GEA Group or GEA Group Aktiengesellschaft were identified that, alone or in combination with other risks, could jeopardize the continued existence of the Company.

External risks

Risks arising from the economic environment

GEA Group's sales markets have a differentiated product and customer structure. This diversification moderates the impact on total demand of fluctuations in specific submarkets. However, the group does have a focus on the food, energy generation, and oil and gas industries.

A significant proportion of GEA's business consists of projects that depend on the financing available to GEA's customers. A general decline in demand or a shortage of credit could make it more difficult to implement such projects. For the same reason, existing orders could be deferred or even canceled.

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 may be difficult to quantify. However, no risks are anticipated that could have a significant impact on the group's results of operations.

Should a deterioration in the economic environment or delays in the implementation of the reorganization measures that have been resolved the GEA Food Solutions Segment call the ability to hit the cash flow targets into question, a write-down of the goodwill from the acquisition of this segment in the course of regular impairment testing cannot be ruled out (see page 138 f.).

Price risk

On the sales side, future prices will depend to a considerable extent on general economic trends going forward. Any fall in capacity utilization in the industry could also have a negative impact on price levels.

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

Legal risks

Award proceedings

In the award proceedings described in the last annual reports, a court settlement between the parties was agreed on January 30, 2012, before the Dortmund Regional Court. The award proceedings related to the control and profit transfer agreement dating from 1999 between the former Metallgesellschaft AG (whose legal successor is GEA Group Aktiengesellschaft) and the former GEA AG, which was later merged with it. Under the settlement, GEA Group Aktiengesellschaft has followed the court's suggestion and undertaken to pay increased compensation in shares and a higher cash settlement. On April 24, 2012, the Annual General Meeting adopted a resolution on the contingent capital to be used to create the new shares required to fulfill the court's settlement terms. The contingent capital increase was entered in the Company's commercial register on June 11, 2012. This terminated the award proceedings.

On the one hand, a total of 8,687,631 new shares were issued in fulfillment of the settlement, based on the exchange ratio agreed in the settlement (31 shares of GEA Group Aktiengesellschaft for 15 shares of the former GEA AG). On the other hand, those shareholders of the former GEA AG who had already received the compensation provided for in the control and profit transfer agreement received increased compensation in the total amount of approximately EUR 450 thousand.

Dispute with a subcontractor

In connection with a major order, a subcontractor in South Africa asserted substantial out-of-court claims in July 2012 against the GEA company that had been contracted. Based on its current analysis, GEA believes that the alleged additional costs or claims should either be borne by the subcontractor itself, or that the amounts are inflated or insufficiently specified. Furthermore, even if the amounts were to be substantiated, they could largely be recharged. Overall, based on GEA's current assessment, the claims asserted do not mean that there has been any material change in the project's risk/reward profile.

Plant engineering

There are still some sector-specific legal disputes from the former plant engineering business in which the disputed amounts in some cases are in the high millions; often, they have been set too high for tactical reasons. The main legal disputes relating to the former plant engineering business include the following:

GEA Group Aktiengesellschaft is one of two defendants being sued by Panda Energy International, Inc. ("Panda Energy") in a district court in Texas (U.S.A.) Panda Energy bases its claim on alleged deception in connection with claimed investments in a project undertaken in Texas by the plant engineering business that GEA has since disposed of. The complainant specified its claim for damages in these proceedings at USD 100 million plus punitive damages and legal, expert, and court costs. In connection with the aforementioned project, there was also a further action pending before a district court in New York (U.S.A.) filed by GEA Group Aktiengesellschaft in August 2011 against a subsidiary of Panda Energy, which has since been decided against GEA. GEA Group Aktiengesellschaft continues to believe that Panda Energy's claims for compensation are unfounded.

Two subsidiaries of the former plant engineering business were sued in connection with an earlier plant engineering project for repayment of subsidies in a total amount of approximately EUR 22 million (including possible interest). Both defendant companies had made liability declarations in line with the amount of their investment in the now insolvent project company covering the obligation of the project company to pay back subsidies received under certain conditions. The basic issue in dispute is whether the subsidiaries can rely on an earlier restricting declaration made by the highest competent authority of a German federal state in their defense against the claims asserted against them under the liability declarations. Since the two subsidiaries have the different places of jurisdiction, the actions were filed in courts in both Düsseldorf and Frankfurt. During fiscal year 2011, the plaintiff won in the Higher Regional Court in Düsseldorf and lost in the Higher Regional Court in Frankfurt. The GEA subsidiary has appealed the decision of the Higher Regional Court in Düsseldorf to the German Federal Court of Justice (BGH) on the grounds of denial of appeal. In the decision of the Higher Regional Court in Frankfurt, the plaintiff has appealed to the BGH.

Other proceedings relating to discontinued operations

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.

In June 2012, several other companies along with GEA Group Aktiengesellschaft received a statement of objections ("Notification de griefs") from the French competition authority ("Autorité de la concurrence"). The statement of objections summarizes the status of competition investigations, amongst other things as regards practices implemented between 1997 and 2003 by a former subsidiary of GEA Group involved in the chemical business in France. It is beyond dispute that GEA Group Aktiengesellschaft was not involved in the events and transactions that are being investigated. Nevertheless, according to French competition law, the former parent company may also be held liable under certain circumstances for competition violations committed by a subsidiary. Whether and to what extent a fine may be imposed on GEA Group Aktiengesellschaft cannot be estimated at this time.

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.

Internal risks

Business performance risks

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, and may moreover 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.

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. With one exception, the other orders have provisionally been handed over to the customers (PAC) 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.

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.

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 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 58 ff.).

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.

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, for which adequate provisions were again recognized in 2012.

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 124 ff.).

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 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 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 (mainly in euros) and at different maturities. The resulting financial liabilities and investments are exposed to interest rate risk , which must be assessed and controlled by central interest rate management. Derivative financial instruments may be used on a case-by-case basis to hedge the interest rate risk and reduce the interest rate volatility and financing costs of the hedged items. Only the central finance unit is permitted to enter into such interest rate hedges.

Credit risk

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

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

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

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

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

Liquidity risk

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

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 may significantly reduce or even render impossible the use of German loss carryforwards (section 8c of the Körperschaftssteuergesetz (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 Sec. 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 noticeably greater scrutiny by the tax authorities.

Opportunities

GEA Group is entering fiscal year 2013 with a higher order backlog than in the previous year. Further growth is expected in the rapidly expanding Asian markets in the medium term. GEA Group will further expand its presence in these regions and thus participate in the sustained growth of these markets.

If the expected moderate growth in the global economy materializes, GEA Group's focus on products used in the food and energy end markets will allow it benefit more than average, especially in growth markets.

In the area of food process technology, 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.

Investments in energy generation and in the oil and gas industry remained at a low level in 2012. The age structure of the power plants in many countries and the rise in the oil price are expected to encourage investments in these segments, which should translate into sales opportunities for GEA Group as well.

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. GEA Group Aktiengesellschaft's appeal on a point of law against this decision was dismissed as inadmissible by the German Federal Court of Justice in its decision of October 2, 2012. 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.

Outlook

Economy

In its Global Economic Outlook (January 2013) for 2013, the International Monetary Fund (IMF) forecasts growth of 3.5 percent in global real gross domestic product (GDP). In 2014, growth should reach 4.1 percent. For the U.S.A., the IMF is forecasting growth of 2.0 percent in 2013 and 3.0 percent in the following year, based on the strong performance seen at the end of 2012. However, with regard to the eurozone, the IMF stresses that the underlying financial problems have not yet been resolved and that budget consolidation is still required. As a result, it is expecting a further slight decline in economic output by the 17 eurozone countries of 0.2 percent in 2013. This region is not expected to return to growth until 2014, with a 1.0 percent increase is forecast. According to the IMF, after growing 7.8 percent in 2012, China's economic growth is expected to reach 8.2 percent in 2013 and 8.5 percent in 2014. Overall, growth of 5.5 percent in 2013 and 5.9 percent in 2014 is forecast for the emerging markets.

The most recent forecast by the OECD (November 2012) predicts a 0.6 percent rise in German GDP in 2013, which is largely in line with the 0.5 percent expected by the German federal government, in its 2013 Annual Economic Report (January 2013). The latter assumes that, following a slow start, German economic growth will pick up speed significantly in the second half of the year. The full-year estimate is based on the assumption that there are no further negative developments in the debt crisis.

At present (February 2013), VDMA, the German Engineering Federation, expects an increase in real revenue growth of 4 percent and a 2 percent increase in output in the German engineering sector in the current fiscal year.

Business outlook

Our machinery and process technology give us a leading position with our customers and in the markets they are active in.

Our planning for the current fiscal year 2013 assumes that demand in our sales markets will match the high levels seen in 2012.

In particular, we are expecting

- Unchanged levels of investment in the food industry based on the continuing growth in demand for processed foods,
- A continuation of the difficult market environment in the energy sector,
- Sustained customer interest in process optimization for improving efficiency, productivity, energy usage, and plant availability,
- That commodities prices will largely depend on economic developments in the U.S.A., future growth in China, and global political developments, and
- That customer project finance will remain unaffected by the ongoing uncertainty in the capital markets.

The breakdown of sales by customer industry is likely to again shift slightly in favor of the food industry. From a regional perspective, we believe that the share accounted for by Western Europe will decline slightly over the medium term, whereas our business in the North America and Asia/Pacific regions will grow in importance.

Assuming that there is no downturn in global economic growth, we expect moderate revenue growth for GEA in the current fiscal year. 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 at least 8.0 percent in 2013, after 6.5 percent in the previous year.

In terms of price quality, we expect the market environment to be unchanged as against 2012. On this basis, we are aiming for earnings (EBITDA) of around EUR 700 million (previous year: approximately EUR 600 million). We are not anticipating any major one-time expenses in 2013; this also applies to discontinued operations.

At present, we expect year-on-year revenue and earnings in the individual segments to be as follows in fiscal year 2013: Segment growth will largely depend on developments in the customer industries concerned. We expect a sharp rise in revenue and an operational turnaround in the GEA Food Solutions Segment. The GEA Heat Exchangers Segment will continue to face stagnating markets in 2013, which will lead to slower revenue and profit growth. We anticipate stable profit margins with moderate volume growth in all other segments.

Consolidated revenue should continue to grow in 2014 compared with 2013. A further increase in EBITDA and the cash flow driver margin are also expected. Here, too, developments in our customer industries will be decisive for the contribution to growth made by the individual segments. However, this will continue to depend on stable global economic development.

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

The group's net liquidity amounted to EUR -325 million as of December 31, 2012. The available credit lines will be sufficient to finance the Company's ongoing growth.

The Executive Board and Supervisory Board will again propose a dividend of EUR 0.55 per share for 2012 to the Annual General Meeting. Due to the increase in the number of shares outstanding, the total dividend has increased by 4.7 percent to EUR 106 million. This means that the distribution to our shareholders for 2012 is once again in line with our long-term target of one-third of the group's earnings.

Düsseldorf, February 28, 2013

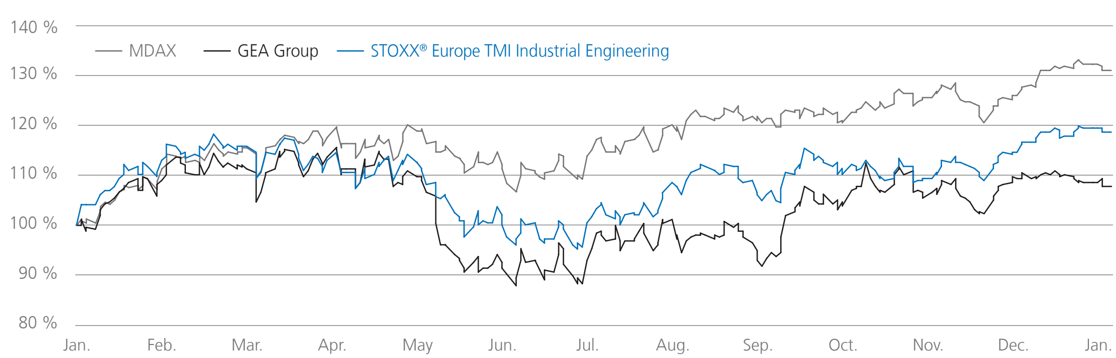
Jürg Oleas	Dr. Helmut Schmale	Niels Graugaard	Dr. Stephan Petri

GEA Shares/Investor Relations

Performance of GEA Group shares on the capital markets

The international stock markets continued to experience significant volatility in 2012 as a result of the ongoing uncertainty in the eurozone. Although the global stock markets initially continued their recovery at the beginning of the year, they then had to surrender their gains for a time in the months following. On June 5, 2012, the DAX reached its low for the year at 5,969 points. The STOXX® Europe TMI Industrial Engineering Index – the more important benchmark for GEA – hit its low for the year on June 26, at 245.95 points. However, starting in June 2012, a positive trend reversal began on the stock markets, restoring them to the vicinity of their previous record highs and in some cases beyond by the end of the year. The DAX closed at 7,612 points on December 28, up 29.1 percent on the year. The MDAX reached its all-time high on December 19 at 12,086 points. It closed on December 28 at 11,914 points, up 33.9 percent. The TMI ended the year at 309.02 points, an increase of 22.3 percent in the course of the year.

GEA's shares also performed well during the fiscal year. In the first four months, they continued to rise, buoyed by the recovery of the global stock markets, and reached EUR 26.28, on April 2 2012 – their highest point since November 2007. However, GEA's share price then came under pressure as a result of earnings figures for the first quarter that were lower than market expectations. The simultaneous downward trend on the global stock markets put additional pressure on the share price and led to a low of EUR 19.69 on June 4, 2012. As a result of the trend reversal on the stock markets that then began in the summer, GEA shares closed at EUR 24.47 on December 28, up 12.0 percent on the year. Despite this increase, GEA's shares underperformed the DAX (+29.1 percent) and MDAX (+33.9 percent) in the past year, and also did not match the important TMI benchmark index (+22.3 percent).



GEA Group shares (Balance sheet date 12/31/2012) compared to	STOXX ® Europe TMI Industrial Engineering	MDAX	
Past 3 months	-4.4	-4.6	percentage points
Past 6 months	-2.1	+1.5	percentage points
Past 12 months	-10.3	-21.9	percentage points
Past 24 months	+12.3	-4.5	percentage points
Past 36 months	+1.2	-1.4	percentage points

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

Shareholder structure

GEA Group Aktiengesellschaft held no treasury shares as of December 31, 2012. The number of outstanding shares was 192,495,476 at the end of the year, resulting in a market capitalization of EUR 4.7 billion as of the end of December. In the index ranking of all listed German companies in the DAX, MDAX, SDAX, and TECDAX published by Deutsche Börse on December 28, GEA Group Aktiengesellschaft was ranked 34th (previous year: 33rd) in terms of market capitalization and 34th (previous year: 38th) in terms of trading volume. At 0.5 million shares, the average daily trading volume of official exchange trading in fiscal 2012 was significantly below the prior-year figure of 0.8 million shares.

GEA Group Aktiengesellschaft once again performed detailed analyses of its shareholder structure in 2012. In the current analysis from the fourth quarter of 2012, which was based on the number of GEA shares at the time of 187,869,151, it was able to identify 85 percent of the Company's shareholders. Kuwait Investment Office held around 7.9 percent. Institutional investors, the number of which increased further to 637 (previous year: 442), held a further 77 percent of the shares. Of these institutional investors, an unchanged 23 percent were headquartered in the UK. At around 14 percent, French investors were in second place (previous year: 11 percent), followed by Scandinavian investors, who now hold around 13 percent of the shares (previous year: 10 percent). The share of institutional investors from Germany fell from 14 percent in the previous year to 11 percent and that of American investors from 10 percent to 8 percent.

Regional breakdown of identified institutional investors
(%)

Sixty-five percent of all GEA Group Aktiengesellschaft shares were held by institutional investors with a long-term orientation (previous year: 66 percent). Less than 1 percent of shares were held by hedge funds.

Investment styles of identified institutional investors
(%)

* Growth At a Reasonable Price

Investor relations activities

GEA Group takes its task of maintaining close contact with capital market participants and correspondingly close relationships to its shareholders extremely seriously. In 2012, for example, GEA Group's investor relations activities again facilitated an ongoing, effective dialog with the capital markets. The Company informed 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. A total of 36 roadshows were held in 2012 (previous year: 23). GEA representatives also took part in 19 conferences (previous year: 12), as well as holding 382 one-on-one meetings (previous year: 483). A particular focus of investor relations activities in 2012 was on further underlining the significance of the food industry as GEA's most important customer industry. In addition, another Capital Markets Day was held in June 2012 featuring presentations by analysts and investors on the GEA Refrigeration Technologies Segment's structure, business strategies, market environment, and products, and also on current developments in the GEA Food Solutions Segment.

Earnings per share

Earnings per share (EPS) amounted to EUR 1.69 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 185.8 million no-par value shares (previous year: 183.8 million) were outstanding in the reporting period.

Key performance indicators for GEA Group shares	Q4 2012	Q4 2011	Q1-Q4 2012	Q1-Q4 2011
Shares issued (December 31, million)	192.5	183.8	192.5	183.8
Average shares outstanding (million)	189.3	183.8	185.8	183.8
Share price (December 31, EUR) 1	24.47	21.85	24.47	21.85
High (EUR)	25.57	22.34	26.27	25.50
Low (EUR)	23.13	16.33	19.69	16.33
Market capitalization (December 31, EUR billion) 2	4.71	4.02	4.71	4.02
Average daily trading volume (million)	–	–	0.5	0.8
Earnings per share pre purchase price allocation (EUR)	0.84	0.77	1.88	1.91
Earnings per share (EUR)	0.74	0.73	1.69	1.70
Dividend per share (EUR)	–	–	0.55	0.55
Total dividend (EUR mil)	–	–	105.9	101.1
Pay-out ratio	–	–	32.5	32.4

1) Or on the last trading day of reporting period
2) Based on shares issued
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 18, 2013, that an unchanged dividend of EUR 0.55 per no-par value share, be paid for fiscal year 2012. This represents a dividend yield of 2.2 percent given the share price of EUR 24.47 on December 28, 2012. The distribution ratio is once again within the target range of a one-third of the group's earnings.

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 generally held opinion is that payment of dividends from the contribution account for tax purposes constitutes a repayment of contributions, which results in a subsequent reduction of the acquisition costs for the shares. This may lead to taxation of higher capital gains when shares are sold subsequently.

GEA Performance Share Plan

In July 2006, GEA Group Aktiengesellschaft launched a long-term remuneration program for first- and second-tier managers (see page 59); this was extended to include third-level management in 2008. In July 2012, a seventh tranche was issued for these three management levels, with a participation rate of 63 percent. Each GEA Performance Share Plan runs for three years. The fourth tranche, which was issued in the summer of 2009, ended in June 2012 with a payout rate of 88 percent.

Credit ratings/debt market

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

	2012		2011	
Agency	Rating	Outlook	Rating	Outlook
Moody's	Baa3	stable	Baa3	stable
Fitch	BBB-	stable	BBB-	stable

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

The bond issued in 2011 performed well, offering the investors a yield of 1.77 percent (bond price: EUR 107.85) as of December 31, 2012, following an issue yield of 4.33 percent. GEA Group Aktiengesellschaft agreed a second borrower's note loan in fiscal year 2012 to further optimize its financial structure. This transaction with a five-year term was also oversubscribed several times and was issued at EUR 300 million with a value date of September 21, 2012. The borrower's note loan was placed with German and foreign institutional investors. This transaction enabled GEA to extend the maturity structure of its financial liabilities in good time and to further broaden its lender base. Overall, GEA thus has credit lines (including bonds and borrower's note loans) in the amount of EUR 1,846 million, of which EUR 1,069 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 124.

Consolidated Financial Statements

Consolidated Balance Sheet
as of December 31, 2012

Assets (EUR thousand)	Section	12/31/2012	12/31/2011
Property, plant and equipment	6.1	738,479	727,472
Investment property	6.2	10,571	11,837
Goodwill	6.3	1,846,051	1,900,147
Other intangible assets	6.4	375,756	359,576
Equity-accounted investments	6.5	14,681	13,448
Other non-current financial assets	6.6	48,846	56,254
Deferred taxes	8.7	445,643	398,884
Non-current assets		**3,480,027**	**3,467,618**
Inventories	6.7	752,058	742,899
Trade receivables	6.8	1,249,863	1,357,546
Income tax receivables	6.9	19,350	15,882
Other current financial assets	6.6	166,234	203,769
Cash and cash equivalents	6.10	743,524	432,401
Current assets		**2,931,029**	**2,752,497**
Assets held for sale	6.11	**18,447**	**5,116**
Total assets		**6,429,503**	**6,225,231**

Equity and liabilities (EUR thousand)	Section	12/31/2012	12/31/2011
Subscribed capital		520,376	496,890
Capital reserve		1,217,864	1,333,359
Retained earnings		397,553	288,660
Accumulated other comprehensive income		27,953	43,657
Non-controlling interests		2,552	1,026
Equity	7.1	**2,166,298**	**2,163,592**
Non-current provisions	7.2	165,824	132,407
Non-current employee benefit obligations	7.3	702,908	560,073
Non-current financial liabilities	7.4	1,005,445	813,808
Other non-current liabilities	7.7	5,214	17,166
Deferred taxes	8.7	124,039	145,850
Non-current liabilities		**2,003,430**	**1,669,304**
Current provisions	7.2	270,220	353,029
Current employee benefit obligations	7.3	180,370	203,765
Current financial liabilities	7.4	132,465	94,086
Trade payables	7.5	839,143	903,334
Income tax liabilities	7.6	39,912	51,525
Other current liabilities	7.7	797,665	786,596
Current liabilities		**2,259,775**	**2,392,335**
Total equity and liabilities		**6,429,503**	**6,225,231**

Consolidated Income Statement
for the period January 1 - December 31, 2012

(EUR thousand)	Section	01/01/2012 - 12/31/2012	01/01/2011 - 12/31/2011
Revenue	8.1	5,720,104	5,416,504
Cost of sales		4,032,991	3,840,091
Gross profit		**1,687,113**	**1,576,413**
Selling expenses		640,079	566,627
Research and development expenses		83,034	70,842
General and administrative expenses		526,879	504,642
Other income	8.2	222,174	265,246
Other expenses	8.3	208,650	244,648
Share of profit or loss of equity-accounted investments		2,312	2,847
Other financial income	8.5	4,312	17,616
Other financial expenses	8.6	2,499	776
Earnings before interest and tax (EBIT)		**454,770**	**474,587**
Interest income	8.5	16,650	13,517
Interest expense	8.6	104,491	89,533
Profit before tax from continuing operations		**366,929**	**398,571**
Income taxes	8.7	50,446	85,960
of which current taxes		88,551	86,558
of which deferred taxes		-38,105	-598
Profit after tax from continuing operations		**316,483**	**312,611**
Profit or loss after tax from discontinued operations	8.8	**95**	**22**
Profit for the period		**316,578**	**312,633**
of which attributable to shareholders of GEA Group AG		314,401	311,951
of which attributable to non-controlling interests		2,177	682

(EUR)			
Earnings per share from continuing operations		1.69	1.70
Earnings per share from discontinued operations		0.00	0.00
Earnings per share	8.9	**1.69**	**1.70**
Weighted average number of shares outstanding (million)		**185.8**	**183.8**

(EUR)			
Diluted earnings per share from continuing operations		1.69	1.58 *
Diluted earnings per share from discontinued operations		0.00	0.00 *
Diluted earnings per share	8.9	**1.69**	**1.58 ***
Weighted average number of ordinary shares used to calculate diluted earnings per share (million)		**185.8**	**197.2 ***

*) On basis of settlement proposal by GEA Group AG

Consolidated Statement of Comprehensive Income
for the period January 1 - December 31, 2012

(EUR thousand)	Section	01/01/2012 - 12/31/2012	01/01/2011 - 12/31/2011
Profit for the period		**316,578**	**312,633**
Exchange differences on translating foreign operations		-19,536	14,373
of which changes in unrealized gains and losses		-19,536	14,373
Result of available-for-sale financial assets		-272	759
of which changes in unrealized gains and losses		-388	1,083
of which tax effect		116	-324
Result of cash flow hedges	7.8	4,167	-5,414
of which changes in unrealized gains and losses		2,348	-7,777
of which realized gains and losses		4,368	-270
of which tax effect		-2,549	2,633
Actuarial gains/losses on pension and other post-employment benefit obligations	7.3.1 / 7.3.2	-104,796	-16,102
of which changes in actuarial gains and losses		-147,616	-24,070
of which tax effect		42,820	7,968
Other comprehensive income		**-120,437**	**-6,384**
Total comprehensive income		**196,141**	**306,249**
of which attributable to GEA Group AG shareholders		193,902	305,365
of which attributable to non-controlling interests		2,239	884

Consolidated Cash Flow Statement
for the period January 1 - December 31, 2012

(EUR thousand)	Section	01/01/2012 - 12/31/2012	01/01/2011 - 12/31/2011
Profit for the period		316,578	312,633
plus income taxes		50,446	85,960
minus profit or loss after tax from discontinued operations		-95	-22
Profit before tax from continuing operations		366,929	398,571
Net interest income	8.5/8.6	87,841	76,016
Earnings before interest and tax (EBIT)		**454,770**	**474,587**
Depreciation, amortization, impairment losses, and reversal of impairment losses on non-current assets		143,003	135,589
Other non-cash income and expenses		1,377	-3,946
Employee benefit obligations		-39,758	-40,319
Change in provisions		-50,659	-83,913
Losses and disposal of non-current assets		-2,432	-1,246
Change in inventories including unbilled construction contracts*		86,303	-112,457
Change in trade receivables		41,999	-111,214
Change in trade payables		-66,928	172,268
Change in other operating assets and liabilities		-5,029	-31,693
Tax payments		-96,726	-78,178
Net cash flow from operating activities of discontinued operations		-868	-6,023
Cash flow from operating activities		**465,052**	**313,455**
Proceeds from disposal of non-current assets		11,223	11,013
Payments to acquire property, plant and equipment, and intangible assets		-161,019	-155,199
Payments to acquire non-current financial assets		-800	-1,056
Interest income		4,897	3,459
Dividend income		4,839	7,297
Payments to acquire subsidiaries and other businesses	5.5	-67,015	-183,473
Proceeds from sale of subsidiaries and other businesses	4.0	–	8,463
Payments for disposal of discontinued operations	11.1	-40,626	-32,394
Cash flow from investing activities		**-248,501**	**-341,890**
Dividend payments		-101,808	-73,724
Payments from finance leases		-5,507	-5,081
Proceeds from finance loans		504,389	797,239
Proceeds from bond issue		–	397,224
Repayments of finance loans		-255,317	-1,166,505
Interest payments		-44,391	-40,258
Net cash flow from financing activities of discontinued operations		330	256
Cash flow from financing activities		**97,696**	**-90,849**
Effect of exchange rate changes on cash and cash equivalents		-4,940	-6,773
Change in unrestricted cash and cash equivalents		**309,307**	**-126,057**
Unrestricted cash and cash equivalents at beginning of period		426,674	552,731
Unrestricted cash and cash equivalents at end of period	6.10	**735,981**	**426,674**
Restricted cash and cash equivalents	6.10	7,543	5,727
Cash and cash equivalents reported in the balance sheet	6.10	**743,524**	**432,401**

*) Including advanced payments received

Consolidated Statement of Changes in Equity
as of December 31, 2012

				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, 2011 (183,807,845 shares)	**496,890**	**1,268,728**	**66,038**	**35,414**	**–**	**-1,273**	**1,865,797**	**1,809**	**1,867,606**
Income	–	–	311,951	–	–	–	**311,951**	682	**312,633**
Other comprehensive income	–	–	-16,102	14,171	759	-5,414	**-6,586**	202	**-6,384**
Total comprehensive income	–	–	295,849	14,171	759	-5,414	**305,365**	884	**306,249**
Dividend payment by GEA Group Aktiengesellschaft	–	–	-73,523	–	–	–	**-73,523**	–	**-73,523**
Change in other non-controlling interests	–	–	626	–	–	–	**626**	-1,667	**-1,041**
Share-based payments	–	51	–	–	–	–	**51**	–	**51**
Award proceedings *	–	64,580	-330	–	–	–	**64,250**	–	**64,250**
Balance at Dec. 31, 2011 (183,807,845 shares)	**496,890**	**1,333,359**	**288,660**	**49,585**	**759**	**-6,687**	**2,162,566**	**1,026**	**2,163,592**
Income	–	–	314,401	–	–	–	**314,401**	2,177	**316,578**
Other comprehensive income	–	–	-104,796	-19,599	-272	4,167	**-120,500**	62	**-120,438**
Total comprehensive income	–	–	209,605	-19,599	-272	4,167	**193,901**	2,239	**196,140**
Dividend payment by GEA Group Aktiengesellschaft	–	–	-101,094	–	–	–	**-101,094**	–	**-101,094**
Change in other non-controlling interests	–	–	–	–	–	–	**–**	-713	**-713**
Share-based payments	–	64	–	–	–	–	**64**	–	**64**
Award proceedings *	23,486	-115,559	382	–	–	–	**-91,691**	–	**-91,691**
Balance at Dec. 31, 2012 (192,495,476 shares)	**520,376**	**1,217,864**	**397,553**	**29,986**	**487**	**-2,520**	**2,163,746**	**2,552**	**2,166,298**

*) See section 7.1

Notes to the Consolidated Financial Statements

1. Reporting principles

Basis of presentation

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

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

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

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

The Executive Board of GEA Group Aktiengesellschaft approved these consolidated financial statements for publication on February 28, 2013.

Accounting pronouncements applied for the first time

The following accounting standards were applied by GEA Group for the first time in the year under review:

IAS 12 “Income Taxes” – amendment relating to the recovery of underlying assets – published by the IASB in December 2010
The amendment contains a new rule on the treatment of temporary differences in connection with the measurement of investment property pursuant to the fair value model in accordance with IAS 40 “Investment Property.” In general, temporary differences between the carrying amount and tax base of an asset or liability must be measured based on the tax consequences expected as a result of the planned use of the underlying asset or liability. In the future, deferred tax liabilities and deferred tax assets must be measured for investment property carried at fair value based on the tax consequences of a sale, unless the reporting entity can prove that recovery of the full carrying amount will be through use.

IFRS 7 “Financial Instruments: Disclosures” – enhanced disclosure requirements for transfers of financial assets – published by the IASB in December 2011
Under certain conditions, the transfer of rights under financial assets to a third party or the obligation to transfer payments from financial assets to a third party may lead to those assets being derecognized.

In such cases, the existing version of IFRS 7 did not impose any disclosure requirements. The amendment now requires extensive disclosures on any assets and liabilities retained or assumed in the course of the transaction. In addition, the disclosure requirements have been extended in relation to restrictions on use if the asset continues to be recognized in its entirety although the associated rights were transferred or the entity has entered into an obligation to transfer payments resulting from the asset.

The accounting pronouncements required to be applied for the first time in the fiscal year did not have a material effect on the group's net assets, financial position, and results of operations, or on the notes to the consolidated financial statements.

Accounting pronouncements not yet applied

The following accounting standards and interpretations, as well as amendments to existing standards and interpretations, were published but not yet required to be applied to the preparation of the IFRS consolidated financial statements as of December 31, 2012:

Improvements to IFRSs 2011 – amendments under the IASB's annual improvement project – published by the IASB in May 2012
The IASB published Annual Improvements to IFRS 2009 – 2011 Cycle as part of its Annual Improvements process to make minor amendments to standards and interpretations.

This collection of improvements contains minor amendments to a total of five standards. Subject to their endorsement by the EU, which is still outstanding, all of the amendments will be required to be applied for the first time in fiscal years beginning on or after January 1, 2013; earlier application is permitted. No effects are expected from the application of these amendments.

IAS 1 "Presentation of Financial Statements" – published by the IASB in June 2011
Under the revised IAS 1, other comprehensive income must be broken down into profit or loss that will subsequently be recycled to profit or loss as income or expense or that will remain directly in equity. The option remains to present items of other comprehensive income before or after tax. However, if the before-tax presentation is selected, the tax must be split between items that will subsequently be reclassified to profit or loss and those that will remain in equity.

The amendments to IAS 1 are required to be applied for fiscal years beginning on or after July 1, 2012; earlier application is permitted.

IAS 19 "Employee Benefits" – published by the IASB in June 2011
The amended IAS 19 contains new requirements for the recognition of the effects of changes in actuarial assumptions. In future, actuarial gains and losses must be recognized directly in other comprehensive income and must therefore be taken directly to equity. Immediate or deferred recognition in the income statement under the corridor approach, which was previously permitted, is no longer allowed. Following the change in accounting policy last fiscal year, this amendment has no effect on GEA Group. In addition, the revised IAS 19 replaces the expected return on plan assets and the interest expense on the pension obligation by a single net interest component. If GEA Group had already applied the revised IAS 19 in fiscal 2012, interest expense would have increased by around EUR 1.4 million. Moreover, in future the past service cost must be recognized in full in the period in which the relevant changes to the plan are made. Furthermore, the revision to IAS 19 changes the requirements for recognizing termination benefits and extends the disclosure and explanation requirements to include, among other things, the presentation

of the main characteristics of the pension plans and potential funding risks. However, these changes are not expected to materially affect the financial statements of GEA Group.

The amendments to IAS 19 are required to be applied retrospectively for fiscal years beginning on or after January 1, 2013; earlier application is permitted.

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

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

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

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

IFRS 11 "Joint Arrangements"

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

IFRS 12 "Disclosure of Interests in Other Entities"

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

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

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

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

IAS 32 "Financial Instruments: Presentation" and IFRS 7 "Financial Instruments: Disclosures" – offsetting financial assets and financial liabilities – published by the IASB in December 2011

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

The amendments to IAS 32 are required to be applied retroactively for fiscal years beginning on or after January 1, 2014; earlier application is permitted.

The amendments to IFRS 7 are required to be applied retroactively for fiscal years beginning on or after January 1, 2013.

IFRS 9 "Financial Instruments" – recognition and measurement of financial instruments – published by the IASB in November 2009

The accounting treatment of financial instruments set out in IFRS 9 will replace IAS 39.

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

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

IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments: Disclosures" – changes to the mandatory effective date and transition disclosures – published by the IASB in December 2011
The amendments no longer require restatement of prior-period figures upon initial application of IFRS 9. When an entity chooses to apply this exemption, additional disclosures are required according to IFRS 7 to allow for assessment of the effects of the first-time application of IFRS 9.

Subject to its endorsement by the EU, which is still outstanding, the date of initial application of IFRS 9 was delayed to fiscal years beginning on or after January 1, 2015; earlier application is permitted.

IFRS 13 "Fair Value Measurement" – published by the IASB in May 2011
The new standard sets out the methodology for determining fair value and increases fair value disclosures. It means that a framework for measuring fair value is now contained in a single IFRS. The requirements do not apply to share-based payment transactions within the scope of IFRS 2 "Share-based Payment," leasing transactions within the scope of IAS 17 "Leases," or other measurements required by other standards that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 "Inventories," or value in use in IAS 36 "Impairment of Assets."

IFRS 13 will be required to be applied for the first time prospectively in fiscal years beginning on or after January 1, 2013. Earlier application is permitted.

IFRIC 20 "Stripping Costs in the Production Phase of a Surface Mine" – published by the IASB in October 2011
The interpretation governs the accounting for waste removal costs incurred during the production phase of surface mining activity. It clarifies the conditions under which an asset has to be recognized for stripping activities and how such an asset must be measured. IFRS 20 will be required to be applied for the first time in fiscal years beginning on or after January 1, 2013.

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

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

2. Accounting policies

2.1 Description of accounting policies

Basis of consolidation

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

Acquired subsidiaries are accounted for using the purchase method. The consideration paid is measured on the basis of the fair value of the assets received, the liabilities assumed to the seller, and the equity instruments issued at the transaction date. The identifiable assets acquired and liabilities and contingent liabilities assumed in the business combination are recognized at their fair value at the transaction date, irrespective of any non-controlling 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.

Intercompany receivables and liabilities are eliminated, as are profits and losses from intercompany transactions with the exception of income and expenses between continuing and discontinued operations.

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, 2012.

The consolidated group changed as follows in fiscal year 2012:

Number of companies	2012	2011
Consolidated group as of January 1	**305**	**271**
German companies (including GEA Group AG)	56	49
Foreign companies	249	222
Initial consolidation	10	65
Merger	-13	-22
Liquidation	-5	-6
Deconsolidation	-4	-3
Consolidated group as of December 31	**293**	**305**
German companies (including GEA Group Aktiengesellschaft)	49	56
Foreign companies	244	249

Four companies were deconsolidated due to their minor significance. A total of 74 subsidiaries (previous year: 77) 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 0.4 percent (previous year: 0.5 percent) of the group's aggregate consolidated revenue, while their earnings account for 1.6 percent (previous year: 0.5 percent) of recognized earnings before tax, and their equity for 1.8 percent of consolidated equity, as in the previous year. 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.

Investments in associates

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

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

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

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

Interests in joint ventures

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

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

Currency translation

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

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

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

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

Property, plant and equipment

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

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

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

Leases

Leases are agreements granting 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 distribution of risk, these sale and leaseback transactions resulted in a finance lease or an operating lease. In the case of operating leases, the entire gain was recognized immediately if the asset was sold at fair value. If the asset was sold above its fair value, the difference between the selling price and fair value was deferred and recognized over the lease term.

Investment property

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

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

Goodwill

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

Goodwill is tested for impairment at segment level at least once a year at the end of the fiscal year and if there are any indications of impairment. The recoverable amount for the 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 discontinued operations. 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 individual business units 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 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 estimated fair value is subject to fluctuations without the probabilities of the individual fair values being able to 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. These instruments are only allocated to the "available-for-sale financial assets" measurement category if no other category applies.

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

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

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

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

Recognized hedging relationships (hedge accounting)

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

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

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

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

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

Deferred taxes

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

No deferred tax liabilities are recognized on taxable temporary differences arising from investments in subsidiaries, associates, or joint ventures as long as the reversal of temporary differences is unlikely.

Inventories

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

Trade receivables

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

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

Construction contracts

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

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

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

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

Cash and cash equivalents

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

Non-current assets held for sale and liabilities associated with assets held for sale

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. They are classified as held for sale if their sale is highly probable, the assets or groups of assets held for sale are available for immediate sale, and their sale will have been completed within one year of their classification as held for sale. As the carrying amount of depreciable assets is realized by disposal rather than use, these assets are no longer depreciated once they have been reclassified. Corresponding liabilities are reported under "liabilities associated with assets held for sale."

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 contribution 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 (plan assets) and qualifying insurance policies. Insofar as the entitlements are funded by such external assets, their fair value is offset against the present value of the defined benefit obligation. The net amount offset, adjusted for any unrecognized past service cost and the effects of the asset ceiling, is reported under non-current employee benefit obligations or other non-current financial assets.

Gains and losses resulting from changes in actuarial assumptions, such as changes to the discount rate or changes in the difference between the actual and expected return on plan assets, are recognized in other comprehensive income in the year in which they arise and reported in retained earnings after adjustment for tax effects. The interest component included in pension expenses is reported under interest expense, and the expected return on plan assets is included in interest income. The service cost for the period is recognized in the relevant functional costs.

Other employee benefit obligations

Other employee benefit obligations comprise other long-term benefits and all short-term benefits. Short-term employee benefit obligations generally fall due 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 schemes. 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 benefits, such as jubilee payments or partial retirement arrangements, are recognized at the present value of the obligation at the reporting date. Securities are pledged to the beneficiaries to protect vested partial retirement credits against the employer’s insolvency. The fair value of these securities is offset against the corresponding liability.

Provisions

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

The cost of creating warranty provisions is included in the cost of sales when revenue is recognized. In all other cases, provisions are recognized when the product is accepted. The provision is measured on the basis of both the warranty cost actually incurred in the past and on the evaluated overall risk inherent in the system or product. Provisions are also recognized if a claim is made under a warranty and a loss is likely. Recourse claims against suppliers are capitalized if their services are subject to a warranty and it is highly likely that the claim can be enforced.

Provisions for expected losses from onerous contracts are recognized if the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs also include the unavoidable overheads needed to meet the obligations.

Financial liabilities

Financial liabilities comprise bonds, liabilities to banks, and liabilities under finance leases. They are initially recognized at fair value less transaction costs. They are subsequently measured at amortized cost using the effective interest method. Liabilities under finance leases are initially measured at the lower of the fair value of the leased asset and the present value of minimum lease payments.

Other liabilities

The recognition and subsequent measurement of other liabilities is the same as for financial liabilities, with the exception of advance payments and the gross amount due to customers for contract work. Advance payments are stated at their principal amount. Please see the information provided on the recognition of construction contracts for the measurement of the gross amount due to customers for contract work.

Trade payables

Trade payables also include liabilities for goods received or services rendered that have not yet been invoiced, as there is only slight uncertainty as to the amount of the liability. Trade payables are recognized at fair value. This corresponds to the settlement amount in the case of liabilities due within one year.

Revenue recognition

Revenue from the sale of goods is recognized when the risks and rewards inherent in ownership of the goods sold are transferred to the customer. This normally occurs when the goods are handed over to the customer. Revenue from services is recognized when the service is rendered. Revenue is measured at the fair value of the consideration received or to be received. Customer bonuses, discounts, or rebates reduce the amount of revenue recognized.

Revenue from construction contracts is generally recognized using the percentage of completion method under which revenue is recognized in accordance with the stage of completion. The stage of completion is determined using the ratio of contract costs incurred as of the reporting date to the total estimated contract costs as of the reporting date (cost-to-cost method). Contract costs include direct costs plus materials and construction overheads, depreciation, production-related administrative costs, and such other costs that are specifically chargeable to the customer under the terms of the contract. Where a construction contract is settled 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 amendments to contracts, claims, and premiums 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 as an expense immediately.

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. Changes in the fair value of the provision are recognized as personnel expenses. Part of the bonus earned by the Executive Board members is also converted into phantom shares. Rights under these phantom shares are measured at the share price at the reporting date (see section 7.3.4).

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 7.1).

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.

Changes in estimates

In the first quarter of 2012, the estimates used to account for the GEA Food Solutions segment were revised. This was necessary primarily as a result of the reorganization of production. The resulting changes in estimates reflect new information, as well as the experience gained in this new segment and the views of its new management. In light of this it is not assumed that these changes in estimates will have any significant effects on GEA's future IFRS financial statements.

Estimates relating to the stage of completion reached for construction contracts in progress were amended in the GEA Food Solutions segment in the first quarter of 2012. The reduction in revenue of EUR 42.0 million and of cost of sales of EUR 21.1 million arising from this change in estimates reduced consolidated profit before interest and taxes by EUR 20.9 million.

In addition, estimates concerning existing customer risks and risks relating to production locations were modified in the first quarter of 2012, resulting in a total additional expense of EUR 14.9 million. This expense is attributable mainly to increases in provisions for warranties and follow-up costs, as well as write-downs of outstanding trade receivables and surplus inventories. EUR 9.0 million of the additional expense is included in production costs and EUR 5.9 million is included in other expenses.

Basis of consolidation

Management judgment was applied in defining the basis of consolidation (see section 2.1).

Acquisitions

Goodwill is reported in the balance sheet as a result of acquisitions. When an acquired company is initially consolidated, all its identifiable assets, liabilities, and contingent liabilities are recognized at their acquisition-date fair value. The main 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 (see section 5.2).

Goodwill

The group tests goodwill for impairment annually. The recoverable amount calculated for this purpose for the individual segments is determined based on value in use. Value in use is calculated using assumptions by management (see section 6.3).

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 8.7).

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 7.2). This also applies in particular to environmental obligations.

Obligations under pension plans

The present value of pension obligations depends on actuarial assumptions. These assumptions cover the discount rate, expected salary increases and returns on plan assets, mortality rates, and cost increases for medical care. 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 expected returns on plan assets are calculated on a uniform basis that reflects long-term forecast returns, asset allocation, and estimates of future long-term investment returns.

The discount rate 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 7.3.1).

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 9.4).

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 hedged items recognized in the balance sheet, unrecognized firm commitments, and highly probable forecast transactions. The hedging periods are determined by the maturity of the hedged items and are usually up to 12 months, but in exceptional cases may exceed that period significantly. Despite the hedging requirement, changes in exchange rates may affect sales opportunities outside the eurozone.

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

Interest rate risk

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

All interest rate derivatives are allocated to individual loans. The hedging relationships are documented and recognized as cash flow hedges. Overall, the interest expense from the loans and the allocated derivatives reported in the income statement represents the fixed interest rate for the hedging relationship.

Cross-currency swaps were used in connection with the financing of acquisitions in Canada and the UK. They are recognized at fair value. However, they are not included in any documented hedging relationship with intragroup hedged items. The earnings effects arising from changes to currency parities that have occurred since the beginning of the cross-currency swaps, and the earnings effects due to the related intragroup receivables, do not match due to different calculation bases (forward rate relative to spot rate). The difference in value amounted to EUR 2,163 thousand in the fiscal year (previous year: EUR -865 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. There were a small number of aluminum and copper commodities futures as of the reporting date.

Credit risk

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

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

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

Derivative financial instruments are only entered into with reputable financial institutions so as to reduce the credit risk involved.

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
2012							
Trade payables	839,143	824,924	14,219	–	–	–	–
Borrower's note loan	355,543	62,609	6,935	7,436	8,194	307,308	–
Bonds	409,601	17,000	17,000	17,000	417,000	–	–
Liabilities to banks	303,889	53,314	37,895	37,218	36,408	151,159	267
Liabilities under finance leases	42,625	5,116	5,664	4,876	4,865	4,820	64,165
Liabilities to investees	1,955	1,955	–	–	–	–	–
Currency derivatives not included in a recognized hedging relationship	5,689	313,249	8,887	517	–	–	–
Currency derivatives included in a cash flow hedge	1,728	110,445	8,348	–	–	–	–
Interest rate and cross-currency derivatives not included in a recognized hedging relationship	11,244	9,060	8,659	8,263	7,881	28,779	3,636
Interest rate and cross-currency derivatives included in a cash flow hedge	5,538	2,475	1,238	1,238	1,242	926	–
Commodity derivatives not included in a recognized hedging relationship	98	98	–	–	–	–	–
Other liabilities	802,879	797,665	5,214	–	–	–	–
2011							
Trade payables	903,334	890,631	12,703	–	–	–	–
Borrower's note loan	128,724	4,143	130,577	–	–	–	–
Bonds	409,134	17,000	17,000	17,000	17,000	417,000	–
Liabilities to banks	281,356	55,652	26,649	25,378	24,797	24,052	152,345
Liabilities under finance leases	44,164	4,523	4,736	4,863	4,901	5,375	73,235
Liabilities to investees	3,901	3,901	–	–	–	–	–
Currency derivatives not included in a recognized hedging relationship	10,188	157,009	6,113	–	–	–	–
Currency derivatives included in a cash flow hedge	15,404	246,713	15,791	2,663	309	–	–
Interest rate and cross-currency derivatives not included in a recognized hedging relationship	12,456	3,857	3,473	3,079	2,689	2,315	2,166
Interest rate and cross-currency derivatives included in a cash flow hedge	2,390	1,501	1,235	1,238	1,238	1,242	926
Commodity derivatives not included in a recognized hedging relationship	177	177	–	–	–	–	–
Other liabilities	803,762	786,596	17,166	–	–	–	–

All financial liabilities outstanding as of December 31, 2012, are included in the above table to the extent that payments have already been contractually agreed. Projected figures for future new liabilities are not taken into account. Foreign currency amounts are translated at the closing rates. In the case of financial liabilities that can be repaid at any time, it is assumed that they will be repaid within one year.

Payments for derivative financial instruments totaling EUR 514,941 thousand (previous year: EUR 453,734 thousand) were partially offset by payments received from the same instruments of EUR 488,582 thousand (previous year: EUR 424,839 thousand).

As of December 31, 2012, the group held cash credit lines of EUR 1,845,745 thousand (previous year: EUR 1,702,688 thousand), EUR 1,069,033 thousand of which has been utilized (previous year: EUR 819,214 thousand). The cash credit lines are composed of the following items:

(EUR thousand)	Maturity	12/31/2012 approved	12/31/2012 utilized	12/31/2011 approved	12/31/2011 utilized
Borrower's note loan (2013)	August 2013	55,000	55,000	128,000	128,000
Syndicated credit line („Club Deal")	June 2015	650,000	–	650,000	–
GEA Bond	April 2016	400,000	400,000	400,000	400,000
Kreditanstalt für Wiederaufbau (KfW) (2016/05)	May 2016	80,000	80,000	90,000	90,000
Kreditanstalt für Wiederaufbau (KfW) (2016/12)	December 2016	56,000	56,000	56,000	–
European Investment Bank	July 2017	150,000	150,000	150,000	150,000
Borrower's note loan (2017)	September 2017	300,000	300,000	–	–
Various (bilateral) credit lines including accrued interests	Maximum of 1 year or "until further notice"	154,745	28,033	228,688	51,214
Total		**1,845,745**	**1,069,033**	**1,702,688**	**819,214**

In September 2012, GEA Group Aktiengesellschaft placed a borrower's note loan of EUR 300,000 thousand with a term running to September 2017. The issue is divided into a fixed-rate tranche and a variable-rate tranche. Part of the transaction volume relates to the partial early extension of a borrower's note loan due in August 2013.

In addition, guarantee lines for the performance of contracts, advance payments, and warranty obligations of EUR 1,898,285 thousand were available (previous year: EUR 2,069,717 thousand), EUR 749,782 thousand of which has been utilized (previous year: EUR 747,637 thousand). Of this figure, guarantees amounting to EUR 217,430 thousand (previous year: EUR 219,615 thousand) are payable at first demand. As is generally customary for this type of order collateral and financing instrument, guarantees have only been drawn down by GEA Group in extremely rare exceptional cases in recent years.

As of the year-end, EUR 292 thousand (previous year: EUR 1,366 thousand) of bank guarantees under GEA Group Aktiengesellschaft credit lines and EUR 92,074 thousand (previous year: EUR 194,142 thousand) of group guarantees were granted to Lurgi AG's customers to collateralize that company's contractual obligations. EUR 292 thousand of the bank guarantees (previous year: EUR 1,364 thousand) is payable at first demand. The purchaser of the Lurgi Group has granted bank guarantees in favor of GEA Group Aktiengesellschaft that cover the liable amount concerned in the unlikely event of default. EUR 12,933 thousand (previous year: EUR 20,894 thousand) of bank guarantees under GEA Group Aktiengesellschaft credit lines and EUR 70,251 thousand (previous year: EUR 120,446 thousand) of group guarantees were granted to Lentjes GmbH's customers to collateralize that company's contractual obligations. EUR 3,765 thousand of the bank guarantees (previous year: EUR 4,662 thousand) is payable at first demand.

Future payments from operating leases are reported separately under other financial liabilities (see section 9.2).

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.
- Unsecured foreign currency transactions
  The translation of foreign currency receivables or liabilities at the closing rate has a direct effect on earnings.

The currency pairs in which the major part of the foreign currency cash flows are settled are included as relevant risk variables in the foreign currency sensitivity analysis. The following table shows the sensitivity of a 10 percent increase or decrease in the relevant foreign currency in relation to the relevant base currency from the group's perspective:

(EUR thousand)		Nominal amount	Profit/loss for the year		Equity	
Base currency	Foreign currency		2012		2012	
			+ 10%	**- 10%**	**+ 10%**	**- 10%**
EUR	USD	377,842	658	-804	7,476	-9,137
EUR	GBP	91,982	2,720	-3,324	-659	805
EUR	CAD	33,009	3,492	-4,269	6	-7
HKD	CNY	24,418	–	–	-216	264
EUR	RUB	15,355	1,247	-1,524	65	-79
EUR	INR	9,437	857	-1,047	–	–

(EUR thousand)		Nominal amount	Profit/loss for the year		Equity	
Base currency	Foreign currency		2011		2011	
			+ 10%	**- 10%**	**+ 10%**	**- 10%**
EUR	USD	452,061	135	-165	11,009	-13,455
EUR	GBP	86,080	2,421	-2,959	44	-54
EUR	CAD	44,394	3,798	-4,641	7	-8
EUR	HKD	32,703	-7	8	1,118	-1,366
EUR	RUB	10,059	556	-680	200	-245
USD	MXN	6,998	-635	777	–	–

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 payments, interest income and expenses, and equity. The sensitivity analyses are based on the following assumptions:

- Nonderivative fixed-income financial instruments are only subject to 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 both in the income statement and in cash flow (cash flow interest rate risk and interest rate risk recognized in profit or loss).
- 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 (balance sheet interest rate risk).
- Interest rate derivatives not included in a hedging relationship that is recognized as a cash flow hedge are subject to interest rate risk both in the income statement and in cash flow (cash flow interest rate risk and interest rate risk recognized in profit or loss).
- 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 curve for all currencies of +/– 100 basis points as of the reporting date. This results in the following effects:

	12/31/2012		12/31/2011	
(EUR thousand)	+ 100 basis points	- 100 basis points	+ 100 basis points	- 100 basis points
Cash flow interest rate risk	-1,665	2,473	-344	189
Balance sheet interest rate risk	2,712	-1,428	3,617	-3,819
Interest rate risk recognized in profit or loss	-1,515	2,436	298	-592

The calculation is based on a net volume of EUR 557,674 thousand (previous year: EUR 514,306 thousand).

Capital management

GEA Group Aktiengesellschaft's key financial objective is to sustainably increase its enterprise value in the interests of investors, employees, customers, and suppliers, while safeguarding and securing the group's solvency at all times.

Improving profitability and, as a result, increasing the return on capital employed therefore takes priority in all business decisions. Our strict focus on contract margin quality is also derived from this. Equally, external growth through potential acquisitions is viewed from the perspective of this goal.

Capital management, in the form of generating sufficient liquidity reserves, plays a crucial role in the pursuit of these enterprise goals. Not only does it ensure GEA Group's long-term existence, it also creates the entrepreneurial flexibility needed to enhance and update current business activities and to take advantage of strategic opportunities. It is achieved by managing liquidity reserves and available credit lines on an ongoing basis using short- and medium-term forecasts of future liquidity trends and borrowing requirements.

The capital structure is monitored regularly using various key financial indicators so as to optimize capital costs. Core indicators include the equity ratio and the net debt to equity ratio (gearing). Net debt is calculated as follows:

(EUR thousand)	12/31/2012	12/31/2011
Liabilities to banks	-303,889	-281,356
Borrower's note loan	-355,543	-128,724
Bonds	-409,601	-409,134
Cash and cash equivalents	743,524	432,401
Net liquidity (+)/Net debt (-)	**-325,509**	**-386,813**
Equity	**2,166,298**	**2,163,592**
Equity ratio	33.7%	34.8%
Gearing	15.0%	17.9%

As of December 31, 2012, net debt narrowed by EUR 61,304 thousand from EUR 386,813 thousand in the previous year to EUR 325,509 thousand.

Two international rating agencies, Moody's and Fitch, again rated GEA Group Aktiengesellschaft's ability to meet its financial obligations. The two agencies have awarded the following unchanged ratings to GEA Group:

	2012		2011	
Agency	Rating	Outlook	Rating	Outlook
Moody's	Baa3	stable	Baa3	stable
Fitch	BBB-	stable	BBB-	stable

GEA Group's investment grade rating in the "BBB" range ensures that it has good financing opportunities both with banks and directly on the capital markets. The current ratings reflect GEA Group's strong solvency and ensure access to the international financial markets.

4. Disposals

GEA Group did not make any disposals in fiscal year 2012.

In the previous year, GEA Group sold the packaging materials business for the food industry, which it also acquired in the previous year when it took over the CFS Group, by selling all material assets, including operating liabilities, of CFS Kempten GmbH, Kempten/Germany. The net assets of the company sold in the previous year were as follows at the date of disposal:

(EUR thousand)	2012	2011
Non-current assets	–	3,773
Current assets	–	8,981
Liabilities	–	5,058
Net assets before non-controlling interests and accumulated other comprehensive income	–	7,696
less non-controlling interests	–	–
less accumulated other comprehensive income	–	–
Net assets	–	7,696
Selling price	–	8,463
Gain/loss on disposal	**–**	**767**
Cash received from sale	–	8,463
Cash and cash equivalents disposed	–	–
Net cash flow from disposal	**–**	**8,463**

No goodwill was disposed of when the investment was sold in the previous year. The gain on disposal was offset in part by transaction costs and expenses associated with the recognition of a warranty provision totaling EUR 822 thousand.

5. Acquisitions

5.1 Companies acquired

GEA Group acquired the following companies by purchasing shares in fiscal year 2012:

Business	Place	Acquisition Date	Percentage of voting interest (%)	Consideration transferred (EUR thousand)
KET Marine International B.V.	Zevenbergen/Netherlands	February 24, 2012	100.0	18,452
Aseptomag Holding AG	Kirchberg/Switzerland	April 24, 2012	100.0	42,289
Milfos International Ltd.	Hamilton/New Zealand	November 19, 2012	100.0	9,633

KET Marine operates in the marine and energy customer industries and is assigned to the GEA Mechanical Equipment segment. In fiscal year 2011, the company generated revenue of EUR 7,515 thousand and had 11 employees. The acquisition consolidates GEA Group's market position in the mechanical separation area.

The transaction costs for the acquisition amounted to EUR 269 thousand, of which EUR 139 thousand was incurred in the fiscal year and EUR 130 thousand in the previous year.

With the acquisition of Aseptomag, GEA Group has acquired one of the world's leading suppliers of aseptic and hygienic valves, valve modules, and system solutions, whose customers are mostly dairy, beverage, and food companies, but also include the pharmaceutical, chemical, and cosmetic industries. The company is allocated to the GEA Mechanical Equipment segment and in fiscal year 2011 it generated revenue of EUR 13,164 thousand with a workforce of 35 employees. This acquisition will help GEA Group expand its expertise in the fast-growing area of sterile and aseptic applications and increase its components offering for its core market – food.

The transaction costs for the acquisition amounted to EUR 226 thousand, of which EUR 140 thousand was incurred in fiscal year 2012 and EUR 86 thousand in the previous year.

By acquiring Milfos, GEA Group has gained one of New Zealand's leading developers and manufacturers of innovative dairy technologies. The company is allocated to the GEA Farm Technologies segment and in fiscal year 2011 it generated revenue of EUR 17,223 thousand with a workforce of 85 employees. The Milfos acquisition is a further step for GEA Farm Technologies in its efforts to profit from growth opportunities in the grazing farm business worldwide, and particularly in the key market of New Zealand. Transaction costs of EUR 208 thousand were incurred for this acquisition in 2012.

Acquisition-related transaction costs are reported under other expenses.

5.2 Consideration transferred

The consideration transferred is composed of the following items:

Company (EUR thousand)	Cash	Cash consideration	Total
KET Marine International B.V.	18,452	–	18,452
Aseptomag Holding AG	41,682	607	42,289
Milfos International Ltd.	8,353	1,280	9,633
Total	**68,487**	**1,887**	**70,374**

In acquiring Aseptomag, GEA Group agreed to make an additional purchase price payment, the level of which depends on Aseptomag's earnings before interest and tax for fiscal years 2012 to 2014. The additional purchase price need only be paid if average earnings before interest and tax for these fiscal years exceed a certain minimum amount. The amount of this contingent purchase price payment, which must be paid in 2015, amounts to between zero and EUR 2,496 thousand. At the acquisition date, the contingent purchase price payment was measured at a fair value of EUR 607 thousand based on the business plans.

Patrik Denoth, a former shareholder of Aseptomag, has been appointed as managing director of Aseptomag Holding AG. Since he is employed on standard market terms, this employment is being accounted for separately from the acquisition.

In the course of the Milfos acquisition, GEA Group agreed to make an additional purchase price payment, the amount of which depends on the gross profit generated by Milfos in fiscal years 2013 to 2015. The amount of this contingent consideration is between zero and EUR 1,280 thousand; it must be paid in regular installments from 2013 to 2015. Based on the business plans, the contingent purchase price payment was measured at a fair value of EUR 1,280 thousand at the acquisition date.

Jamie Mikkelson, a former shareholder of Milfos, has been appointed as managing director of the GEA Farm Technologies segment in New Zealand. He is employed on standard market terms, and the employment is being accounted for separately from the acquisition.

5.3 Assets acquired and liabilities assumed

The following assets were acquired and liabilities assumed in connection with the acquisition of the three companies.

Fair value (EUR thousand)	KET Marine International B.V.	Aseptomag Holding AG	Milfos International Ltd.	Total
Property, plant and equipment	1,498	54	1,226	2,778
Intangible assets	4,498	20,096	2,771	27,365
Non-current assets	**5,996**	**20,150**	**3,997**	**30,143**
Inventories	3,662	4,218	3,618	11,498
Trade receivables	1,233	2,446	3,459	7,138
Other current financial assets	37	945	701	1,683
Cash and cash equivalents	280	2,583	38	2,901
Current assets	**5,212**	**10,192**	**7,816**	**23,220**
Total assets	**11,208**	**30,342**	**11,813**	**53,363**
Non-current provisions	12	–	–	12
Non-current financial liabilities	–	–	1,794	1,794
Non-current obligations to employees	–	1,053	–	1,053
Deferred taxes	1,097	4,198	761	6,056
Non-current liabilities	**1,109**	**5,251**	**2,555**	**8,915**
Current Provisions	20	509	552	1,081
Current financial liabilities	–	28	1,228	1,256
Trade payables	926	680	1,438	3,044
Income tax liabilities	231	–	–	231
Other current financial liabilities	43	1,170	2,058	3,271
Current liabilities	**1,220**	**2,387**	**5,276**	**8,883**
Total liabilities	**2,329**	**7,638**	**7,831**	**17,798**
Net assets acquired	**8,879**	**22,704**	**3,982**	**35,565**
of which attributable to GEA Group shareholders	8,879	22,704	3,982	35,565
of which attributable to non-controlling interests	–	–	–	–
Acquisition cost	18,452	42,289	9,633	70,374
Goodwill	9,573	19,585	5,651	34,809

The fair value and gross amount of the receivables acquired are as follows:

Trade receivables (EUR thousand)	Gross amount	Contractual Cashflows not expected to be collectable	Fair value
KET Marine International B.V.	1,262	29	1,233
Aseptomag Holding AG	2,446	–	2,446
Milfos International Ltd.	3,485	26	3,459
Total	**7,193**	**55**	**7,138**

The goodwill totaling EUR 34,809 thousand arising from the acquisitions reflects a general consolidation of GEA Group's competitive position, benefits from expected synergies and future market growth, as well as workforce expertise.

The preliminary purchase price allocation reported in the quarterly reports for fiscal 2012 for KET Marine and Aseptomag as well as for Nu-Con Ltd., which was acquired in fiscal 2011, was completed in fiscal 2012 with minor adjustments.

The purchase price allocation for Milfos is preliminary in terms of the identification and measurement of the assets acquired and liabilities assumed. There is particular uncertainty surrounding the measurement of intangible assets. In accordance with IFRS 3, purchase price allocation may be adjusted within one year from the acquisition date on the basis of new information.

5.4 Effects on consolidated revenue and profit

Since their acquisition date, the companies acquired in 2012 contributed as follows to consolidated revenue and consolidated profit after tax:

(EUR thousand)	Sales	Profit for the period
KET Marine International B.V.	6,916	1,241
Aseptomag Holding AG	8,005	-810
Milfos International Ltd.	1,472	-308
Total	**16,393**	**123**

If the companies had been acquired as of January 1, 2012, consolidated revenue would have amounted to EUR 5,743,189 thousand and consolidated profit after tax to EUR 316,439 thousand.

5.5 Net cash outflow

The acquisitions in the fiscal year led to the following net cash outflow:

(EUR thousand)	2012	2011
Consideration transferred	70,374	227,076
less contingent consideration	-1,887	-14,037
Purchase price paid	**68,487**	**213,039**
less cash acquired	-2,901	-33,212
Net cash used in acquisition	**65,586**	**179,827**

Payments to acquire subsidiaries and other businesses reported in the cash flow statement amounted to EUR 67,015 thousand (previous year: EUR 183,473 thousand). This figure includes payments for contingent purchase price components amounting to EUR 2,245 thousand (previous year: EUR 2,842 thousand).

6. Consolidated balance sheet disclosures: Assets

6.1 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, 2011					
Cost	598,045	573,926	324,837	32,605	**1,529,413**
Cumulative depreciation and impairment losses	-267,059	-387,856	-246,404	-1,058	**-902,377**
Carrying amount	**330,986**	**186,070**	**78,433**	**31,547**	**627,036**
Changes in 2011					
Additions	14,438	19,563	27,781	71,385	**133,167**
Disposals	-1,688	-1,816	-1,243	-2,849	**-7,596**
Depreciation	-18,981	-35,607	-29,322	-63	**-83,973**
Impairment losses	-2,176	-605	-353	–	**-3,134**
Reversal of impairment losses	–	–	–	–	**–**
Reclassification held for sale	–	–	–	–	**–**
Changes in consolidated Group	39,294	8,858	13,675	1,559	**63,386**
Currency translation	208	1,550	-453	-271	**1,034**
Other changes	1,771	15,040	2,152	-21,411	**-2,448**
Carrying amount at Dec. 31, 2011	**363,852**	**193,053**	**90,670**	**79,897**	**727,472**
Jan. 1, 2012					
Cost	652,576	616,545	360,198	82,882	**1,712,201**
Cumulative depreciation and impairment losses	-288,724	-423,492	-269,528	-2,985	**-984,729**
Carrying amount	**363,852**	**193,053**	**90,670**	**79,897**	**727,472**
Changes in 2012					
Additions	7,006	21,737	24,589	78,732	**132,064**
Disposals	-2,518	-2,065	-11,089	-1,121	**-16,793**
Depreciation	-19,619	-37,461	-26,280	-136	**-83,496**
Impairment losses	-2,052	-6	-87	-15	**-2,160**
Reversal of impairment losses	2,176	664	353	–	**3,193**
Reclassification held for sale	-12,893	-401	–	–	**-13,294**
Changes in consolidated Group	2,208	839	630	–	**3,677**
Currency translation	-470	-929	-373	109	**-1,663**
Other changes	14,711	13,507	2,807	-41,546	**-10,521**
Carrying amount at Dec. 31, 2012	**352,401**	**188,938**	**81,220**	**115,920**	**738,479**
Dec. 31, 2012					
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**

EUR 8,609 thousand of owner-occupied land and buildings reclassified as held for sale relates to a property in the GEA Heat Exchangers Segment in Turkey that is no longer required for operating purposes.

The changes in the consolidated group are mainly attributable to acquisitions. The other changes are primarily attributable to reclassifications from assets under construction to other items of property, plant and equipment, and to intangible assets.

As in the previous year, items of property, plant and equipment are depreciated on a straight-line basis using the relevant residual values and the following useful lives:

	Useful life in years
Buildings and parts of buildings	2 to 50
Technical equipment and machinery, other equipment	2 to 30
Operating and office equipment	3 to 40

The underlying residual values and useful lives are reviewed at each reporting date and adjusted if necessary.

Property, plant and equipment includes land and buildings, technical equipment and machinery, and office and operating equipment leased under finance leases:

(EUR thousand)	2012	2011
Cost - capitalized leased assets under finance leases	62,366	62,366
Cumulative depreciation and impairment losses	-17,284	-15,481
Carrying amount	**45,082**	**46,885**

EUR 38,219 thousand (previous year: EUR 39,668 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 7.4).

The carrying amount of property, plant and equipment that serves as collateral for credit lines amounted to EUR 6,266 thousand at the reporting date (previous year: EUR 6,686 thousand). Most of these assets relate to land and buildings

6.2 Investment property

The following table shows the changes in investment property:

(EUR thousand)	Land	Buildings	**Total**
Jan. 1, 2011			
Cost	21,835	22,645	**44,480**
Cumulative depreciation and impairment losses	-4,853	-18,931	**-23,784**
Carrying amount	**16,982**	**3,714**	**20,696**
Changes in 2011			
Additions	–	8	**8**
Disposals	-6,853	-517	**-7,370**
Depreciation	–	-1,176	**-1,176**
Impairment losses	-1,187	–	**-1,187**
Reversal of impairment losses	688	–	**688**
Currency translation	–	-1	**-1**
Other changes	–	179	**179**
Carrying amount at Dec. 31, 2011	**9,630**	**2,207**	**11,837**
Jan. 1, 2012			
Cost	14,982	7,175	**22,157**
Cumulative depreciation and impairment losses	-5,352	-4,968	**-10,320**
Carrying amount	**9,630**	**2,207**	**11,837**
Changes in 2012			
Additions	–	–	**–**
Disposals	-360	–	**-360**
Depreciation	–	-152	**-152**
Impairment losses	-754	–	**-754**
Reversal of impairment losses	–	–	**–**
Currency translation	–	–	**–**
Other changes	–	–	**–**
Carrying amount at Dec. 31, 2012	**8,516**	**2,055**	**10,571**
Dec. 31, 2012			
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**

The fair value of investment property is EUR 15,830 thousand (previous year: EUR 16,955 thousand). The fair values are calculated on the basis of comparable market-based prices that are determined internally.

The following amounts are reported in the income statement in connection with investment property:

(EUR thousand)	01/01/2012 - 12/31/2012	01/01/2011 - 12/31/2011
Rental income	3,844	14,824
Operating expenses	3,085	14,194
of which: properties used to generate rental income	3,085	14,194
Total	**759**	**630**

The reduction in rental income is primarily attributable to the termination of a property lease in Frankfurt am Main.

6.3 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, 2010	**–**	**174,101**	**525,438**	**306,326**	**380,133**	**164,425**	**1,550,423**
Additions	238,495	11,523	31,677	17,950	23,612	24,532	**347,789**
Disposals	–	–	–	–	–	-69	**-69**
Currency translation	–	2,209	75	-178	-1,031	929	**2,004**
Carrying amount at Dec. 31, 2011	**238,495**	**187,833**	**557,190**	**324,098**	**402,715**	**189,817**	**1,900,147**
Additions	–	5,651	–	29,158	751	–	**35,560**
Disposals	–	-10,101	-31,999	-20,951	-17,841	-8,579	**-89,471**
Currency translation	–	-529	776	-114	108	-426	**-185**
Carrying amount at Dec. 31, 2012	**238,495**	**182,854**	**525,967**	**332,191**	**385,733**	**180,811**	**1,846,051**

Additions amounting to EUR 35,560 thousand result from business acquisitions in fiscal year 2012, accounting for EUR 34,809 thousand (see section 5.3), and an adjustment of EUR 751 thousand to the purchase price allocation for the acquisition of Nu-Con Ltd. in fiscal year 2011.

The goodwill disposal of EUR 89,471 thousand is attributable to the conclusion of the award proceedings concerning the control and profit and loss transfer agreement entered into by the former Metallgesellschaft AG and the former GEA AG in 1999. Under this settlement, GEA Group Aktiengesellschaft followed the court's suggestion and undertook to pay increased compensation in shares and a higher cash settlement. A capital increase was implemented in fiscal year 2012 in order to settle (see section 7.1). The new share issue resulted in a retrospective increase in the acquisition cost of the former GEA AG and a corresponding increase in goodwill. Measurement of the new shares issued is based on the historical share price of the former Metallgesellschaft AG at the first possible date of exchange.

It should be noted that the effects of the conclusion of the award proceedings on the financial reporting had already mainly been recognized in previous fiscal years, although it had been assumed as of December 31, 2011, that 13,417 thousand no-par value shares would be issued. Since 8,688 thousand no-par value shares were issued as part of the capital increase, which was 4,729 thousand no-par value shares fewer than expected, there was a reduction in goodwill of EUR 89,471 thousand in fiscal year 2012.

Impairment test

Goodwill recoverability was tested at the end of the fiscal year. 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 2013 and has taken note of it for 2014 and 2015. Cash flows equal to the amount in the final planning year are assumed for the period beyond the planning horizon, extrapolated using a uniform growth rate of 1.5 percent (previous year 1 percent), which is no higher than the long-term average growth rate for the markets in which the segments are active.

The planning assumes continued stable growth in the food and drink sales markets. This assumption is based on an expectation of growing demand for processed foods. All GEA Group segments will profit from these underlying trends with the exception of GEA Heat Exchangers. Although less strong in comparison to the food industry, growth is also assumed for other customer industries. By contrast, declining growth rates have been factored in for the energy and marine sectors. In addition, planned growth for individual segments also takes account of actual past growth rates. Compared to the loss in 2012, a marked increase in revenue and profitability has been factored into the medium-term planning for the new GEA Food Solutions Segment.

With regard to raw material prices, it is assumed that any increase can be offset by increased selling prices. Future business acquisitions were not included in the planning.

The total cost of capital assumed for discounting is based on a risk-free interest rate of 2.25 percent (previous year: 4.00 percent) and a market risk premium of 6.25 percent (previous year: 5.00 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 (%)	12/31/2012	12/31/2011
GEA Food Solutions	7.76	8.43
GEA Farm Technologies	9.61	9.35
GEA Heat Exchangers	8.57	9.36
GEA Mechanical Equipment	9.50	10.10
GEA Process Engineering	7.89	9.34
GEA Refrigeration Technologies	8.60	8.74

In the GEA Food Solutions Segment, to which goodwill of EUR 238,495 thousand (previous year: EUR 238,495 thousand) has been allocated, the recoverable amount exceeds the carrying amount of net segment assets by EUR 82,302 thousand. A 1.82 percent reduction in the EBIT margin defined in the perpetual annuity at 12.2 percent, an increase in the discount rate by more than 0.94 percent to over 8.7 percent, or the use of a (negative) growth rate of less than 0.0 percent would have resulted in the recoverable amount being lower than the carrying amount of the net segment assets.

6.4 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, 2011						
Cost	48,452	37,931	78,957	98,844	30,746	**294,930**
Cumulative amortization and impairment losses	-6,827	-11,108	-56,516	-46,998	-11,888	**-133,337**
Carrying amount	**41,625**	**26,823**	**22,441**	**51,846**	**18,858**	**161,593**
Changes in 2011						
Additions	260	–	6,364	7,885	13,415	**27,924**
Disposals	-262	-23	-36	-807	–	**-1,128**
Amortization	-419	-19,990	-6,812	-11,863	-4,360	**-43,444**
Impairment losses	-369	-225	-54	-1,909	-270	**-2,827**
Reversal of impairment losses	–	–	–	–	–	**–**
Changes in consolidated Group	27,959	134,034	598	51,510	-69	**214,032**
Currency translation	642	532	80	354	19	**1,627**
Other changes	49	-49	897	577	325	**1,799**
Carrying amount at Dec. 31, 2011	**69,485**	**141,102**	**23,478**	**97,593**	**27,918**	**359,576**
Jan. 1, 2012						
Cost	76,851	172,667	85,828	159,517	44,822	**539,685**
Cumulative amortization and impairment losses	-7,366	-31,565	-62,350	-61,924	-16,904	**-180,109**
Carrying amount	**69,485**	**141,102**	**23,478**	**97,593**	**27,918**	**359,576**
Changes in 2012						
Additions	13	–	13,869	5,329	17,479	**36,690**
Disposals	–	–	-50	-23	–	**-73**
Amortization	-342	-16,858	-8,676	-13,532	-6,052	**-45,460**
Impairment losses	-11,807	–	–	-1	-2,122	**-13,930**
Reversal of impairment losses	–	–	54	2	270	**326**
Changes in consolidated Group	10,458	6,642	–	10,280	-3	**27,377**
Currency translation	537	165	-6	211	-71	**836**
Other changes	–	–	6,781	-4,427	8,060	**10,414**
Carrying amount at Dec. 31, 2012	**68,344**	**131,051**	**35,450**	**95,432**	**45,479**	**375,756**
Dec. 31, 2012						
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**

The addition to internally generated intangible assets is primarily attributable to the capitalization of development costs in two segments: In the GEA Food Solutions Segment, the additions relate to a series of enhancements, especially in the area of forming and injecting of food. In the GEA Farm Technologies Segment, costs relating to developments in automated milking and health and fertility management were capitalized.

As in the previous year, intangible assets with finite useful lives are amortized on a straight-line basis using the following useful lives:

	Useful life in years
Market-related intangible assets	3 to 20
Customer-related intangible assets	1 to 10
Contract-based intangible assets	1 to 18
Technology-based intangible assets	1 to 25

Amortization of intangible assets amounting to EUR 45,460 thousand in fiscal year 2012 (previous year: EUR 43,444 thousand) is reported in cost of sales.

Market-related intangible assets amounting to EUR 64,863 thousand (previous year: EUR 65,710 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:

	12/31/2012		12/31/2011	
Segment	Carrying amount (EUR thousand)	Proportion of total carrying amount (%)	Carrying amount (EUR thousand)	Proportion of total carrying amount (%)
GEA Food Solutions	4,397	6.8	13,676	20.8
GEA Farm Technologies	6,429	9.9	4,862	7.4
GEA Heat Exchangers	16,556	25.5	18,583	28.3
GEA Mechanical Equipment	8,644	13.3	–	–
GEA Process Engineering	13,885	21.4	13,657	20.8
GEA Refrigeration Technologies	14,952	23.1	14,932	22.7
Total	**64,863**	**100.0**	**65,710**	**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 2013 and has taken note of it for 2014 and 2015. 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:

(%)	12/31/2012	12/31/2011
Discount rate	9.74 - 20.71	7.93 - 21.51
Royalty rate	0.20 - 3.00	0.25 - 1.50

The impairment test performed at the end of the year led to a write-down of EUR 11,806 thousand. EUR 9,279 thousand of this impairment loss relates to the GEA Food Solutions Segment, and is mainly attributable to a revised brand strategy and the consequent changes in planned brand name usage.

6.5 Equity-accounted investments

Equity-accounted investments are reported at a carrying amount of EUR 14,681 thousand as of December 31, 2012 (previous year: EUR 13,448 thousand).

The following overview presents the key figures for equity-accounted associates as of December 31, 2012. The relevant figures are stated at 100 percent and are based on the most recently available annual financial statements.

(EUR thousand)	01/01/2012 - 12/31/2012	01/01/2011 - 12/31/2011
Revenue	27,826	27,531
Profit after tax	4,408	9,702

(EUR thousand)	12/31/2012	12/31/2011
Assets	94,049	85,017
Liabilities	34,613	31,474

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

The following overview presents the proportionate key figures for equity-accounted joint ventures as of December 31, 2012:

(EUR thousand)	01/01/2012 - 12/31/2012	01/01/2011 - 12/31/2011
Revenue	36,964	32,972
Profit after tax	1,821	2,621

(EUR thousand)	12/31/2012	12/31/2011
Assets		
Non-current assets	2,244	4,059
Current assets	32,251	27,401
Liabilities		
Non-current liabilities	401	1,869
Current liabilities	22,954	19,236

6.6 Other financial assets

Other financial assets are composed of the following items:

(EUR thousand)	12/31/2012	12/31/2011
Investments in unconsolidated subsidiaries and other equity investments	30,799	35,058
Other securities	11,063	11,603
Derivative financial instruments	190	686
Miscellaneous other financial assets	6,794	8,907
Other non-current financial assets	**48,846**	**56,254**
Derivative financial instruments	6,927	23,773
Miscellaneous other financial assets	159,307	179,996
Other current financial assets	**166,234**	**203,769**
Total	**215,080**	**260,023**

Derivative financial instruments

Derivative financial instruments are explained in section 7.8.

Miscellaneous other financial assets

Miscellaneous other financial assets with a carrying amount of EUR 166,101 thousand (previous year: EUR 188,903 thousand) were recognized as of the reporting date. They are broken down into non-current and current assets as follows:

(EUR thousand)	12/31/2012	12/31/2011
Other receivables from unconsolidated subsidiaries	–	224
Other receivables from equity investments	308	297
Receivables from tax authorities	3,959	3,761
Sundry miscellaneous other financial assets	2,527	4,625
Other non-current financial assets	**6,794**	**8,907**
Other receivables from unconsolidated subsidiaries	3,276	5,419
Other receivables from equity investments	3,889	13,640
Other receivables from tax authorities	74,098	83,631
Sundry miscellaneous other financial assets	78,044	77,306
Other current financial assets	**159,307**	**179,996**
Total	**166,101**	**188,903**

Receivables from tax authorities primarily comprise VAT receivables.

Sundry miscellaneous other financial assets include prepaid expenses totaling EUR 26,957 thousand (previous year: EUR 33,248 thousand).

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

(EUR thousand)		12/31/2012	12/31/2011
Carrying amount before impairment losses		**85,460**	**88,616**
Impairment losses		4,889	6,685
Carrying amount		**80,571**	**81,931**
of which not yet due at the reporting date		80,304	80,317
of which past due at reporting date		267	1,614
Past due periods (time bands):	less than 30 days	–	1,120
	between 31 and 60 days	7	–
	between 91 and 180 days	9	166
	between 181 and 360 days	1	–
	more than 360 days	250	328

6.7 Inventories

Inventories are composed of the following items:

(EUR thousand)	12/31/2012	12/31/2011
Raw materials, consumables, and supplies	204,858	216,618
Work in progress	152,491	158,824
Assets for third parties under construction	19,725	23,418
Finished goods and merchandise	314,290	284,281
Advance payments	60,694	59,758
Total	**752,058**	**742,899**

Impairment losses on inventories were EUR 20,666 thousand in the reporting period (previous year: EUR 23,699 thousand). Impairment losses arising in fiscal year 2012 were recognized in cost of sales; in the previous year, EUR 2,984 thousand of the impairment losses was reported as part of other operating expenses. Impairment losses on inventories in previous years amounting to EUR 2,326 thousand (previous year: EUR 2,949 thousand) were reversed due to increased market prices. The reversals were recognized in cost of sales.

6.8 Trade receivables

Trade receivables are composed of the following items:

(EUR thousand)	12/31/2012	12/31/2011
Trade receivables	909,847	971,169
of which from third parties	887,870	941,926
of which from unconsolidated subsidiaries	21,977	29,243
Gross amount due from customers for contract work	340,016	386,377
Total	**1,249,863**	**1,357,546**

Trade receivables include receivables of EUR 25,466 thousand (previous year: EUR 25,297 thousand) that will not be realized until more than one year after the reporting date. Bad debt allowances on trade receivables totaled EUR 66,535 thousand (previous year: EUR 67,084 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)		12/31/2012	12/31/2011
Carrying amount before impairment losses		**954,405**	**1,009,010**
Impairment losses		66,535	67,084
Carrying amount		**887,870**	**941,926**
of which not yet due at the reporting date		666,297	727,700
of which past due at reporting date		221,573	214,226
Past due periods (time bands):	less than 30 days	99,341	98,432
	between 31 and 60 days	44,397	38,949
	between 61 and 90 days	18,578	17,656
	between 91 and 180 days	28,210	24,452
	between 181 and 360 days	15,947	17,386
	more than 360 days	15,100	17,351

Construction contracts

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

(EUR thousand)	12/31/2012	12/31/2011
Capitalized production cost of construction contracts	2,905,411	2,791,663
plus net gain from construction contracts	479,240	475,235
less anticipated losses	13,988	12,242
less progress billings	3,369,684	3,248,757
Total	**979**	**5,899**
Gross amount due from customers for contract work (included in trade receivables)	340,016	386,377
Gross amount due to customers for contract work (included in other liabilities)	-339,037	-380,478
Total	**979**	**5,899**

Advance payments received on construction contracts amounted to EUR 37,128 thousand at December 31, 2012 (previous year: EUR 17,024 thousand). Customer retention money amounted to EUR 32,750 thousand (previous year: EUR 41,135 thousand). Revenue of EUR 2,517,092 thousand (previous year: EUR 2,533,232 thousand) was generated from construction contracts in the reporting period.

6.9 Income tax receivables

Income tax receivables amounted to EUR 19,350 thousand at the reporting date (previous year: EUR 15,882 thousand). EUR 19,331 thousand (previous year: EUR 15,634 thousand) of this amount is due within one year. A further EUR 19 thousand (previous year: EUR 248 thousand) is due after more than one year.

6.10 Cash and cash equivalents

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

(EUR thousand)	12/31/2012	12/31/2011
Unrestricted cash	735,981	426,674
Restricted Cash	7,543	5,727
Total	**743,524**	**432,401**

Cash and cash equivalents comprise cash funds and overnight deposits. Restricted cash consists of term deposits and bank deposits.

During the year, the standard market interest rate for short-term bank deposits in the eurozone lay between 0.0 and 0.5 percent (previous year: between 0.2 and 1.1 percent). The average interest rate at the end of the year was 0.3 percent (previous year: 0.4 percent).

6.11 Assets held for sale

Assets held for sale are reported at a carrying amount of EUR 18,447 thousand as of December 31, 2012 (previous year: EUR 5,116 thousand). They primarily include land and buildings in the GEA Heat Exchangers Segment that are not required for operating purposes. As these assets have no further use, they will be disposed of.

7. Consolidated balance sheet disclosures: Equity and liabilities

7.1 Equity

Subscribed capital

The subscribed capital was increased by EUR 23,486 thousand in the fiscal year by the issuance of 8,687,631 no-par value bearer shares.

This increase in subscribed capital served to meet the conditions of the settlement concluded in January 2012 in relation to the award proceedings. The substance of and background to the award proceedings are described in greater detail in section 9.4. GEA Group Aktiengesellschaft's Annual General Meeting had approved the creation of the new shares required by the settlement in the form of contingent capital on April 24, 2012. The new shares were issued in three tranches.

Tranche	Issuance	Amount
1	July 16, 2012	2,093,945 shares
2	September 03, 2012	1,967,361 shares
3	December 03, 2012	4,626,325 shares
Total		**8,687,631 shares**

The subscribed capital of GEA Group Aktiengesellschaft amounted to EUR 520,376 thousand as of December 31, 2012 (previous year: EUR 496,890 thousand). The shares are composed of 192,495,476 no-par value bearer shares (previous year: 183,807,845). All the shares are fully paid up.

As in the previous year, the shares have a notional value of EUR 2.70 each (rounded).

All shares convey the same rights. Shareholders are entitled to receive dividends as declared and are entitled to one vote per share at the Annual General Meeting.

Authorized capital

(EUR thousand)	Annual General Meeting resolution	Expiring on	Amount (EUR thousand)
Authorized Capital I	April 24, 2012	April 23, 2017	77,000
Authorized Capital II	April 21, 2010	April 20, 2015	72,000
Authorized Capital III	April 22, 2009	April 21, 2014	99,000
Total			**248,000**

Under **Authorized Capital I**, the Executive Board is authorized, with the approval of the Supervisory Board, to increase the share capital by issuing new no-par value shares against cash contributions on one or more occasions and, in accordance with Article 5(4) of the Articles of Association, to define a starting date for profit rights in this case that differs from the date stipulated by law. The Executive Board is also entitled, with the approval of the Supervisory Board, to exclude fractions from shareholders' preemptive rights. Furthermore, the Executive Board is authorized, with the approval of the Supervisory Board, to stipulate the further details of the capital increase from Authorized Capital I and the terms and conditions of the share issue. The new shares may also be underwritten by banks with the obligation of offering them to the shareholders for subscription.

Under **Authorized Capital II**, the Executive Board is authorized, with the approval of the Supervisory Board, to increase the share capital by issuing new no-par value shares against cash or noncash contributions on one or more occasions and, in accordance with Article 5(4) of the Articles of Association, to define a starting date for profit rights in this case that differs from the date stipulated by law. The Executive Board is also entitled, with the approval of the Supervisory Board, to exclude fractions from shareholders' preemptive rights. Furthermore, the Executive Board is authorized, with the approval of the Supervisory Board, to disapply shareholders' preemptive rights in a partial amount of EUR 50,000 thousand in the case of capital increases against noncash contributions for the purpose of business combinations or the acquisition of companies, parts of companies, or equity interests in companies. Additionally, the Executive Board is authorized, with the approval of the Supervisory Board, to stipulate the further details of the capital increases from Authorized Capital II and the terms and conditions of the share issue. The new shares may also be underwritten by banks with the obligation of offering them to the shareholders for subscription.

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

Contingent capital

(EUR thousand)	12/31/2012	12/31/2011
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 resolved by the Annual General Meeting on April 21, 2010	48,660	48,660
Right to compensation of the shareholders of the former GEA AG in accordance with section 305 of the AktG	–	3,211
Total	**65,999**	**51,871**

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

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

As in the previous year, no bonds with warrants or convertible bonds were issued in fiscal year 2012.

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 decreased by EUR 115,495 thousand compared with the previous year and amounted to EUR 1,217,864 thousand (previous year: EUR 1,333,359 thousand). EUR 115,559 thousand of this reduction is attributable to the conclusion of the award proceedings concerning the control and profit and loss transfer agreement entered into by the former Metallgesellschaft AG and the former GEA AG in 1999. Under the settlement, GEA Group Aktiengesellschaft followed the court's suggestion and undertook to pay increased compensation in shares and a higher cash settlement (see section 9.4). Transaction costs of EUR 2,603 thousand in respect of the capital increase in fiscal year 2012 (see "Subscribed capital") were recognized directly in equity.

The remaining decrease of EUR 64 thousand (previous year: EUR 51 thousand) is related to the offsetting of expenses resulting from the launch of an employee share-based payment plan in South Africa. 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.

11,710 options were outstanding at December 31, 2011. 1,395 options expired in fiscal year 2012. The number of options outstanding at December 31, 2012, was therefore 10,315.

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 64 thousand (previous year: EUR 51 thousand) were recognized to reflect expected staff turnover in fiscal year 2012.

Retained earnings and net retained profits

The changes in retained earnings and net retained profits are reported in the statement of changes in equity. Actuarial gains and losses on the measurement of non-current employee benefit obligations are included in retained earnings.

The distribution of profits is based on the annual financial statements of GEA Group Aktiengesellschaft prepared in accordance with the HGB.

Accumulated other comprehensive income

Changes in equity outside profit or loss are reported in accumulated other comprehensive income if they do not relate to capital transactions with shareholders. Other comprehensive income comprises the gains or losses on financial assets measured at fair value and recognized directly in equity, the effective portion of the change in fair value of derivatives designated as cash flow hedges, and exchange rate gains or losses from the translation of the financial statements of foreign subsidiaries.

Non-controlling interests

Non-controlling interests in GEA Group companies amounted to EUR 2,552 thousand (previous year: EUR 1,026 thousand).

The change in accumulated other comprehensive income attributable to non-controlling interests totaled EUR 62 thousand. This amount resulted primarily from exchange differences on foreign currency translation, which contributed EUR 62 thousand in the fiscal year to the change in accumulated other comprehensive income.

7.2 Provisions

The following table shows the composition of and changes in provisions in 2012:

(EUR thousand)	Guarantees, warranties	Financial guarantee contracts	Litigation risks	Follow-up costs	Environmental protection, mining	Other provisions	**Total**
Balance at Jan. 1, 2012	**116,980**	**99,118**	**19,848**	**67,898**	**72,207**	**109,385**	**485,436**
of which non-current	14,160	10,000	6,103	6,067	63,573	32,504	**132,407**
of which current	102,820	89,118	13,745	61,831	8,634	76,881	**353,029**
Additions	70,006	101	12,407	31,929	125	42,803	**157,371**
of which reported in profit from discontinued operations	–	–	5,987	–	–	319	**6,306**
Utilization	-29,763	-42,382	-7,473	-31,459	-2,837	-38,548	**-152,462**
Reversal	-33,939	-9,264	-1,745	-11,757	-7,361	-13,223	**-77,289**
of which reported in profit from discontinued operations	–	-7,221	–	–	-4,624	–	**-11,845**
Changes in consolidated Group	390	–	–	-1	–	2	**391**
Unwinding of discount	–	275	164	-1	22,306	1,329	**24,073**
of which reported in profit from discontinued operations	–	–	–	–	4,395	–	**4,395**
Exchange differences	-665	59	-156	-208	-36	-470	**-1,476**
Balance at Dec. 31, 2012	**123,009**	**47,907**	**23,045**	**56,401**	**84,404**	**101,278**	**436,044**
of which non-current	17,356	24,438	6,471	5,260	75,942	36,357	**165,824**
of which current	105,653	23,469	16,574	51,141	8,462	64,921	**270,220**

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, 2012, refund claims amounting to EUR 355 thousand against nongroup third parties were recognized (previous year: EUR 303 thousand).

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 utilization of the provisions in fiscal year 2012 relates primarily to contracts entered into by Lurgi and Lentjes for which risk-sharing had been agreed in the share purchase agreements. On the one hand, the utilization was attributable to an agreement entered into with the purchaser of Lurgi, under which the project-related risks from Lurgi's order portfolio that remain with the GEA Group are largely reduced. On the other hand, provisions relating to the sale of the Lentjes Group were utilized during the completion of further orders.

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.

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.

Environmental protection, mining

This item mainly comprises provisions for the clean-up of pit water from past mining activities, the clean-up of other instances of groundwater contamination, and the removal of contamination resulting from zinc production by Ruhr-Zink, including related measures to safeguard groundwater. Due to a lack of legal precedents, the law is unclear in some cases as to the amount and duration of the Company's obligation to clean up pit and ground water. The amount of the obligation will be influenced by the legal clarification of this issue, which the Company aims to achieve in cooperation with the authorities and the state of North Rhine-Westphalia. The level of provisions is based on the best estimate.

Other provisions

Other provisions include provisions for repayments of investment subsidies of EUR 24,713 thousand (previous year: EUR 23,828 thousand), and provisions for expected losses of EUR 3,557 (previous year: EUR 7,700 thousand).

7.3 Employee benefit obligations

Employee benefit obligations are composed of the following items:

(EUR thousand)	12/31/2012	12/31/2011
Obligations under pension plans	647,053	503,122
of which defined benefit pension plans	644,221	500,707
of which defined contribution pension plans	2,832	2,415
Obligations under supplementary healthcare benefits	17,762	15,872
Other employee benefit obligations	5,778	7,800
Partial retirement	14,886	13,900
Jubilee benefits	9,041	7,884
Other non-current obligations to employees	8,388	11,495
Non-current employee benefit obligations	**702,908**	**560,073**
Redundancy plan and severance payments	5,972	17,006
Outstanding vacation, flexitime/overtime credits	65,419	64,294
Bonuses	82,383	96,653
Other current obligations to employees	26,596	25,812
Current employee benefit obligations	**180,370**	**203,765**
Total employee benefit obligations	**883,278**	**763,838**

7.3.1 Defined benefit pension plans

Pension obligations and funded status

Pension benefits are granted to a large number of employees at GEA Group. The benefits in Germany usually comprise pension commitments. Employees typically receive fixed pension payments per year of service. Individual foreign subsidiaries operate country-specific pension plans, some of which are funded. As a rule, benefit obligations in Germany are unfunded.

As in the previous year, Klaus Heubeck's 2005G mortality tables were used as a basis for measuring all German pension plans as of December 31, 2012.

All German pension plans were measured as of December 31, 2012. The measurement date of the majority of foreign pension plans is also December 31, 2012.

The following table shows the changes in the present value of the defined benefit obligation and the plan assets, as well as in the calculation of the funded status:

	12/31/2012		12/31/2011	
(EUR thousand)	Germany	Other countries	Germany	Other countries
Present value of defined benefit obligation at beginning of fiscal year	**477,568**	**132,398**	**437,822**	**121,860**
Service cost: present value of vested entitlements earned during the period	8,031	2,243	7,231	2,051
Interest cost of expected pension obligations	23,517	5,659	23,388	5,316
Employee contributions	–	806	–	756
Actuarial loss	136,295	16,914	13,782	3,868
Past service cost	1,257	–	1,899	-154
Transfer of assets	-724	–	-512	–
Changes in consolidated Group due to acquisitions	–	3,687	24,576	1,258
Other Changes in consolidated Group	–	1,898	–	–
Exchange differences	–	-912	–	3,622
Pension payments	-31,581	-7,368	-30,618	-6,179
Present value of defined benefit obligation at end of fiscal year	**614,363**	**155,325**	**477,568**	**132,398**
Fair value of plan assets at beginning of the fiscal year	**17,155**	**91,334**	**15,077**	**86,314**
Expected return on plan assets	665	5,432	675	4,945
Actuarial gain (+) / loss (-)	15	7,535	29	-5,259
Employer contributions	857	5,770	624	7,691
Employee contributions	–	806	–	756
Changes in consolidated Group due to acquisitions	–	2,636	1,681	–
Exchange differences	–	-456	–	2,135
Pension payments by the funds	-823	-6,329	-931	-5,248
Fair value of plan assets at the end of fiscal year	**17,869**	**106,728**	**17,155**	**91,334**
Funded status	**596,494**	**48,597**	**460,413**	**41,064**
Unrecognized past service cost	–	-870	–	-770
Net carrying amount	**596,494**	**47,727**	**460,413**	**40,294**

The following overview shows the present value of the defined benefit obligation broken down into funded and unfunded plans:

	12/31/2012		12/31/2011	
(EUR thousand)	Germany	Other countries	Germany	Other countries
Present value of funded obligations	145,100	143,189	117,212	123,525
Fair value of plan assets	17,869	106,728	17,155	91,334
Funded status	**127,231**	**36,461**	**100,057**	**32,191**
Unrecognized past service cost	–	-430	–	-441
Net carrying amount of funded obligations	**127,231**	**36,031**	**100,057**	**31,750**
Present value of unfunded obligations	469,263	12,136	360,356	8,873
Unrecognized past service cost	–	-440	–	-329
Net carrying amount of unfunded obligations	**469,263**	**11,696**	**360,356**	**8,544**
Net carrying amount	**596,494**	**47,727**	**460,413**	**40,294**

Experience adjustments made to reflect differences between actuarial assumptions and actual developments had the following effects:

	Germany				
(EUR thousand)	12/31/2011	12/31/2010	12/31/2009	12/31/2008	12/31/2007
Present value of defined benefit obligation	**614,363**	**477,568**	**437,822**	**417,463**	**409,247**
Effects of experience adjustments in the fiscal year (gain (-) / loss (+))	5,073	1,843	-1,673	5,138	1,286
Fair value of plan assets	**17,869**	**17,155**	**15,077**	**17,453**	**16,152**
Effects of experience adjustments in the current fiscal year (gain (+) / loss (-))	15	29	140	-75	-18
Funded status	**596,494**	**460,413**	**422,745**	**400,010**	**393,095**

	Other countries				
(EUR thousand)	12/31/2011	12/31/2010	12/31/2009	12/31/2008	12/31/2007
Present value of defined benefit obligation	**155,325**	**132,398**	**121,860**	**101,749**	**99,659**
Effects of experience adjustments in the fiscal year (gain (-) / loss (+))	-435	-308	-170	-11	1,100
Fair value of plan assets	**106,728**	**91,334**	**86,314**	**69,646**	**61,642**
Effects of experience adjustments in the current fiscal year (gain (+) / loss (-))	7,535	-5,259	2,859	5,251	-21,333
Funded status	**48,597**	**41,064**	**35,546**	**32,103**	**38,017**

The net carrying amount of defined benefit pension plans changed as follows in fiscal years 2012 and 2011:

	12/31/2012		12/31/2011	
(EUR thousand)	Germany	Other countries	Germany	Other countries
Net carrying amount at beginning of fiscal year	460,413	40,294	422,745	34,564
Net pension expenses	32,140	2,530	31,843	2,481
of which reported in profit from discontinued operations	303	–	311	–
Actuarial gains (-) / losses (+) recognized in other comprehensive income	136,280	9,379	13,753	9,127
Employer contributions	-857	-5,770	-624	-7,691
Pension payments	-30,758	-1,039	-29,687	-931
Transfers of assets	-724	–	-512	–
Changes in consolidated Group due to acquisitions	–	1,051	22,895	1,258
Other Changes in consolidated Group	–	1,755	–	–
Exchange differences	–	-473	–	1,486
Net carrying amount	**596,494**	**47,727**	**460,413**	**40,294**

The actuarial losses from the measurement of pension obligations reported in retained earnings as of December 31, 2012, were EUR 199,948 thousand (previous year: EUR 54,743 thousand). In the current fiscal year, losses of EUR 145,205 thousand (previous year: EUR 24,373 thousand) were recognized in other comprehensive income.

Of the pension provisions reported as of December 31, 2012, EUR 37,695 thousand (previous year: EUR 37,500 thousand) are classified as current.

Actuarial assumptions

The weighted actuarial assumptions used to calculate the present value of the defined benefit obligation and the obligations under key pension plans are as follows:

	12/31/2012		12/31/2011	
(Percent)	Germany	Other countries	Germany	Other countries
Discount factor	3.25	3.31	5.10	4.19
Wage and salary increase rate	3.00	1.98	3.00	2.13
Pension increase rate	1.66	0.53	1.60	0.51

The actuarial measurement factors for German pension plans are established in consultation with actuarial experts Towers Watson Deutschland GmbH, Wiesbaden. The corresponding assumptions for pension plans outside Germany are determined with in accordance with national conditions with the help of local experts in coordination with Towers Watson Deutschland GmbH, Wiesbaden.

Plan assets

The weighted composition of the plan assets used to cover the pension obligations was as follows at the reporting date:

	12/31/2012		12/31/2011	
(Percent)	Germany	Other countries	Germany	Other countries
Equity instruments	1.9	29.7	2.0	43.7
Debt instruments	3.8	37.0	4.0	27.0
Real estate	–	2.0	–	2.1
Insurance	94.1	31.2	93.3	14.8
Other	0.2	0.1	0.7	12.4
	100.0	**100.0**	**100.0**	**100.0**

Part of the plan assets of German pension plans is 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. Plan assets held outside Germany are invested according to country-specific conditions as shown in the table above. In addition, a proportion of both the German and foreign plan assets is managed by insurance companies in accordance with their specific investment guidelines. The basic objective is that these investments 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. The fair values and the expected long-term return on the plan assets are presented in the relevant tables. The returns are based primarily on average historical interest rates and current capital market rates.

In fiscal year 2013, EUR 375 thousand is expected to be added to the plan assets of German pension plans and EUR 6,352 thousand to plans outside Germany.

The actual return on plan assets in 2012 was EUR 13,647 thousand (previous year: EUR 390 thousand). It was therefore above (previous year: below) the expected return by EUR 7,550 thousand (previous year: EUR 5,230 thousand).

Pension expenses

The pension expenses recognized in the income statement are composed of the following items:

(EUR thousand)	01/01/2012 - 12/31/2012 Germany	01/01/2012 - 12/31/2012 Other countries	01/01/2011 - 12/31/2011 Germany	01/01/2011 - 12/31/2011 Other countries
Service cost: present value of vested entitlements earned during the year	8,031	2,243	7,231	2,051
Interest cost of expected pension obligations	23,517	5,659	23,388	5,316
Less interest cost reported in profit from discontinued operations	-303	–	-311	–
Expected return on plan assets	-665	-5,432	-675	-4,945
Amortization of past service cost	1,257	60	1,899	59
Net pension expenses	**31,837**	**2,530**	**31,532**	**2,481**

Service cost, the effects of plan settlements, and the past service cost of continuing operations are recognized as personnel expenses under functional costs (cost of sales, selling expenses, or general and administrative expenses). The interest cost on expected pension obligations and the expected return on plan assets are reported under net interest income.

Actuarial assumptions

The weighted actuarial assumptions used to calculate net pension expenses are as follows:

(Percent)	2012 Germany	2012 Other countries	2011 Germany	2011 Other countries
Discount factor	5.10	4.19	5.30	4.34
Wage and salary increase rate	3.00	2.13	2.80	2.18
Pension increase rate	1.60	0.51	1.55	0.47
Expected long-term return on plan assets	3.93	6.00	4.00	8.05

Future payments

The following payments are expected to be made under the German and foreign pension plans in the coming years:

(EUR thousand)	2013	2014	2015	2016	2017	2018 - 2022
German pension plans	31,325	31,797	31,391	31,213	30,985	152,549
Foreign pension plans	6,370	6,775	7,426	6,994	7,221	40,886

7.3.2 Obligations under supplementary healthcare benefits

Obligations and funded status

In addition to occupational pension benefits, certain retired employees are granted health insurance subsidies. The following information relates to the group's obligations under supplementary healthcare benefits in Germany and abroad

	12/31/2011		12/31/	
(EUR thousand)	Germany	Other countries	Germany	Other countries
Changes in present value of defined benefit obligation				
Present value of defined benefit obligation at beginning of fiscal year	15,795	77	16,527	159
Service cost: present value of vested entitlements earned during the period	14	1	18	1
Interest cost of expected additional payment obligations	793	–	842	2
Actuarial loss (+) / gain (-)	2,395	13	-310	10
Exchange differences	–	-1	–	6
Payments	-1,251	-74	-1,282	-101
Present value of defined benefit obligation at end of fiscal year	**17,746**	**16**	**15,795**	**77**
Funded status	**17,746**	**16**	**15,795**	**77**
Net carrying amount	**17,746**	**16**	**15,795**	**77**

Experience adjustments made to reflect differences between actuarial assumptions and actual developments had the following effects:

	Germany				
(EUR thousand)	12/31/2011	12/31/2010	12/31/2009	12/31/2008	12/31/2007
Present value of defined benefit obligation	**17,746**	**15,795**	**16,527**	**15,461**	**15,365**
Effects of experience adjustments in the current fiscal year (loss (+) / gain (-))	-368	-584	825	-213	669

	Other countries				
(EUR thousand)	12/31/2011	12/31/2010	12/31/2009	12/31/2008	12/31/2007
Present value of defined benefit obligation	**16**	**77**	**159**	**223**	**252**
Effects of experience adjustments in the current fiscal year (loss (+) / gain (-))	13	10	–	38	-9

The net carrying amount of obligations under supplementary healthcare benefits changed as follows in fiscal years 2012 and 2011:

	2012		2011	
(EUR thousand)	Germany	Other countries	Germany	Other countries
Net carrying amount at beginning of fiscal year	15,795	77	16,527	159
Net pension expenses	807	1	860	3
of which reported in profit from discontinued operations	43	–	44	–
Actuarial gains (-) / losses (+) recognized in other comprehensive income	2,395	13	-310	10
Payments	-1,251	-74	-1,282	-101
Exchange differences	–	-1	–	6
Net carrying amount	**17,746**	**16**	**15,795**	**77**

The actuarial losses from the measurement of obligations from supplementary healthcare benefit plans reported in retained earnings as of December 31, 2012 were EUR 3,268 thousand (previous year: EUR 857 thousand). In the current fiscal year, losses of EUR 2,411 thousand (previous year: gains of EUR 303 thousand) were recognized in other comprehensive income.

Actuarial assumptions

The weighted actuarial assumptions used to calculate the present value of the defined benefit obligation relating to supplementary healthcare benefits were as follows:

	2012		2011	
(Percent)	Germany	Other countries	Germany	Other countries
Discount factor	3.25	–	5.10	–
Growth rate in the cost healthcare benefits	4.00	–	4.00	–

The growth rate in the cost of supplementary healthcare benefits in Germany is estimated at an unchanged 4 percent for fiscal year 2012. Based on past experience, this rate is not expected to change in the future.

For foreign supplementary health care benefits, no discounting is applied and the projected growth rate for the cost of benefits is zero, since the last benefit payments are expected in 2013.

The measurement date for obligations under supplementary healthcare benefits in Germany and abroad is December 31, 2012.

Expenses

The cost of supplementary healthcare benefits is composed of the following items:

	01/01/2012 - 12/31/2012		01/01/2011 - 12/31/2011	
(EUR thousand)	Germany	Other countries	Germany	Other countries
Service cost: present value of vested entitlements earned during the year	14	1	18	1
Interest cost of expected additional payments obligations	793	–	842	2
Less interest cost reported in profit from discontinued operations	-43	–	-44	–
Net pension expenses	**764**	**1**	**816**	**3**

Service cost from continuing operations is reported as personnel expenses under functional costs; the interest cost on expected pension obligations is recognized under interest expense.

Actuarial assumptions

The weighted actuarial assumptions used to calculate the cost of supplementary healthcare benefits in Germany and abroad are as follows:

	2012		2011	
(Percent)	Germany	Other countries	Germany	Other countries
Discount factor	5.10	–	5.30	1.75
Growth rate in the cost of healthcare benefits	4.00	–	4.00	9.00

Future payments

Estimated future payments for additional benefits in Germany and abroad are as follows:

(EUR thousand)	2013	2014	2015	2016	2017	2018 - 2022
German plans	1,254	1,249	1,233	1,212	1,191	5,598
Foreign plans	25	–	–	–	–	–

The following overview presents the effects of a one percentage point change in the growth rate for healthcare and life insurance benefits in Germany and abroad on the present value of the defined benefit obligation at December 31, 2012:

	1% increase		1% decrease	
(EUR thousand)	Germany	Other countries	Germany	Other countries
Effects on the present value of the defined benefit obligation	1,832	–	-1,582	–

7.3.3 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 totaling EUR 20,564 thousand were paid in fiscal year 2012 (previous year: EUR 14,576 thousand). Contributions of EUR 51,430 thousand were paid to state pension insurance schemes (previous year: EUR 49,271 thousand). These contributions are recognized as personnel expenses at the same time as the relevant service is rendered.

A joint pension plan operated by several employers in the Netherlands was recognized as a defined contribution pension plan because the manager of the plan does not provide sufficient information to the participating companies on the amount of the obligation and of the plan assets for it to be recognized as a defined benefit pension plan. Contributions amounting to EUR 2,135 thousand (previous year: EUR 578 thousand) were made to the joint pension plan in fiscal year 2011. Neither a surplus nor a deficit in the plan would have any effect on the amount of future contributions.

7.3.4 Share-based payment

Share-based payments in fiscal year 2012 totaled EUR 3,135 thousand (previous year: EUR 7,417 thousand). EUR 64 thousand of this amount (previous year: EUR 52 thousand) was attributable to equity-settled share-based payment transactions (see section 7.1). The carrying amount of liabilities arising from share-based payment transactions amounted to EUR 8,529 thousand as of December 31, 2012 (previous year: EUR 11,755 thousand).

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 seventh tranche was issued on July 1, 2012. The goal of the GEA Performance Share Plan is to link managers’ remuneration with the long-term success of the Company and to align their interests with those of the shareholders.

Under the plan, participants are granted a defined number of Performance Shares at the beginning of the performance period. The number of Performance Shares allotted is determined by the participants’ management level. To participate in the plan, managers must invest 20 percent of the amount of the allotted Performance Shares in shares of GEA Group Aktiengesellschaft. The personal investment must then be held for three years (performance period).

The performance of GEA Group Aktiengesellschaft's shares relative to the MDAX companies over the three-year performance period is measured on the basis of their total shareholder return (TSR). TSR is a suitable indicator for investors to compare the performance and appeal of different companies. It measures the total percentage return that an investor earns from a share over a certain period. In addition to share price performance, dividends and adjustments such as share splits are included in the calculation of TSR. This method of comparison eliminates share price performance that is due to general market volatility and enables the effects of different profit retention strategies to be compared. The relative performance of GEA Group Aktiengesellschaft's shares determines the number of Performance Shares finally paid out (between 0 percent and 300 percent).

The Performance Shares are paid out once the three-year performance period has expired. At that time, performance of GEA Group Aktiengesellschaft's shares relative to the MDAX determines how many Performance Shares are paid out: If the performance of the Company's shares equals the median in the TSR comparison, 50 percent of the Performance Shares are issued; if it reaches the third quartile, 100 percent of the Performance Shares are paid out. If GEA Group Aktiengesellschaft's shares outperform the MDAX companies, 300 percent of the Performance Shares are issued. Other performance figures are interpolated between these values. The total amount paid out corresponds to the number of Performance Shares allotted to a participant multiplied by the average share price over the last quarter of the three-year performance period. Once the performance period has expired, participants may freely dispose of their personal investment in GEA Group Aktiengesellschaft shares.

The fourth tranche expired on June 30, 2012. The TSR comparison over the three-year performance period resulted in a payout ratio of 87.95 percent. In the previous year, the TSR, at 5.96 percent, had been below the median, so there was no payout for the third tranche. The payout amounted to EUR 6,387,336 thousand (previous year: EUR 0 thousand).

The number of Performance Shares changed as follows in fiscal year 2012:

(Number of shares)	12/31/2011	Additions	Expired	Paid Out	Changes in consolidated Group	12/31/2012
2009 tranche	321,300	–	–	321,300	–	–
2010 tranche	237,390	–	7,660	–	-24,250	205,480
2011 tranche	184,798	–	594	–	-18,547	165,657
2012 tranche	–	162,150	–	–	–	162,150
Total	**743,488**	**162,150**	**8,254**	**321,300**	**-42,797**	**533,287**

The total expense for fiscal year 2012 amounts to EUR 2,351 thousand (previous year: EUR 5,549 thousand), taking into account the fair value as of December 31, 2012, of EUR 16.45 (previous year: EUR 20.65) for the fifth tranche, EUR 13.37 (previous year: EUR 17.08) for the sixth tranche, EUR 12.11 for the seventh tranche, and EUR 19.71 (previous year: EUR 0) for the fourth tranche (previous year: third tranche) at the payment date.

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

	2012			2011		
Tranche	2010	2011	2012	2009	2010	2011
Share price (EUR)	25.76	25.35	24.47	22.59	22.20	21.85
Dividend yield (%)	2.800	2.800	2.800	1.615	1.615	1.615
Risk-free interest rate (%)	0.017	-0.055	-0.009	0.101	0.055	0.248
Volatility GEA shares (%)	27.44	27.44	27.44	44.38	44.38	44.38

As the payout ratio of GEA Group Aktiengesellschaft's Performance Shares is linked to the MDAX, the volatilities of all MDAX shares and their correlations to GEA Group Aktiengesellschaft shares are also calculated. The calculation of volatilities and correlations is based on historical market data. Risk-free interest rates were determined from German government bond yields.

Phantom shares

A long-term incentive component was added to the bonus arrangements for Executive Board members in fiscal years 2010 and 2011. Half of this 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 market days in the three-month period that ended one month before the date of the Supervisory Board meeting convened in the fiscal year 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 market 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 the incentive program does not feature a vesting period, the fair value of the phantom shares corresponds to their intrinsic value and thus to the quoted market price of GEA Group Aktiengesellschaft shares at the reporting date. The fair value of the liability is calculated by multiplying the number of phantom shares by the relevant closing price, plus dividends paid during the lock-up period.

The number of phantom shares changed as follows in fiscal year 2012:

(Number of shares)	12/31/2011	Additions	Expired	Paid Out	12/31/2012
2010 tranche	57,887				57,887
2011 tranche	81,460				81,460
2012 tranche					
Total	**139,347**	**–**	**–**	**–**	**139,347**

The relevant price for the phantom shares issued in fiscal year 2010 was EUR 25.42 (previous year: EUR 22.25), and EUR 25.02 for phantom shares issued in fiscal year 2011 (previous year: EUR 21.85). In fiscal year 2012, expenses of EUR 442 thousand (previous year: EUR 1,816 thousand) were recognized in respect of phantom shares. The liability as of December 31, 2012, amounted to EUR 3,510 thousand (previous year: EUR 3,068 thousand). This amount is reported in non-current employee benefit obligations under bonuses.

Long-term share price component

The long-term share price component was introduced as part of the revision of the variable remuneration system for Executive Board members in fiscal year 2012. The payout from the long-term share price component is measured over a three-year performance period that includes the relevant fiscal year and the two subsequent years.

Performance is measured by comparing the performance of the GEA share price, adjusted for dividends, with the performance of the STOXX® Europe TMI Industrial Engineering (TMI IE) index over a three-year performance period. The starting value for the comparison calculation is the arithmetic mean of the closing prices of the last 20 trading days before the commencement of the three-year performance period. The target is achieved 100 percent if the performance of the arithmetic mean of the GEA share daily closing prices equates 100 percent to the corresponding TMI performance over the three-year performance period. In the event of outperformance of 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 573 thousand (previous year: EUR 0 thousand), the fair value of claims arising from the long-term share price component amounted to EUR 278 thousand (previous year: EUR 0 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:

	2012	2011
Share price (arithmetic mean) (EUR)	23.90	–
STOXX TMI IE (arithmetic mean) (index points)	281.73	–
Risk-free interest (percent)	-0.044	–
Volatility GEA share (percent)	27.44	–
Volatility STOXX TMI IE (percent)	20.42	–
Correlation between GEA share and STOXX TMI IE (percent)	80.32	–

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

7.4 Financial liabilities

Financial liabilities as of December 31, 2012, were composed of the following items:

(EUR thousand)	12/31/2012	12/31/2011
Borrower's note loan	299,477	128,245
Bonds	397,724	397,290
Liabilities to banks	253,799	232,110
Liabilities under finance leases	38,519	39,972
Liabilities from derivatives	15,926	16,191
Non-current financial liabilities	**1,005,445**	**813,808**
Borrower's note loan	56,066	479
Bonds	11,877	11,844
Liabilities to banks	50,090	49,246
Liabilities under finance leases	4,106	4,192
Liabilities from derivatives	8,371	24,424
Liabilities to equity investments	1,955	3,901
Current financial liabilities	**132,465**	**94,086**
Total financial liabilities	**1,137,910**	**907,894**

The financing of GEA Group as of December 31, 2012, consisted mainly of the following items:

(EUR thousand)	Carrying amount 12/31/2012	Carrying amount 12/31/2011	Notional value 12/31/2012	Fair value 12/31/2012	Maturity
Borrower's note loan (2013)	56,066	128,724	55,000	55,631	August 16, 2013
GEA Bond	409,601	409,134	400,000	445,980	April 21, 2016
Kreditanstalt für Wiederaufbau (KfW) (May 2016)	80,099	90,389	80,000	81,722	yearly installments until Mai 31, 2016
Kreditanstalt für Wiederaufbau (KfW) (December 2016)	56,004	–	56,000	56,675	from March 31, 2013 quarterly installments until December 30, 2016
European Investment Bank	150,344	150,805	150,000	155,780	July 14, 2017
Borrower's note loan (2017)	299,477	–	300,000	317,336	September 19, 2017

excluding interest rate hedges

Bond

On 14 April 2011, GEA Group Aktiengesellschaft issued a bond amounting to EUR 400,000 thousand. The bond has a five-year term and a fixed coupon of 4.25 percent. The bond is unsecured. It is listed on the regulated market of the Luxembourg Stock Exchange.

Borrower's note loans

In 2012, GEA Group Aktiengesellschaft placed borrower's note loans with a nominal amount of EUR 300,000 thousand. Borrower's note loans of 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 were extended until September 2017. In addition, two further borrower's note loans were placed; they amounted to EUR 137,000 thousand and EUR 90,000 thousand and mature in September 2017.

The borrower's note loan of EUR 128,000 thousand falling due in August 2013 bears interest at 160 basis points above 3M Euribor. The partial amount of EUR 73,000 thousand extended until September 2017 bears interest at 170 basis points above 3M Euribor after its original maturity date. The borrower's note loan of EUR 137,000 thousand falling due in September 2017 also bears interest at 170 basis points above 3M Euribor. The borrower's note loan in the amount of EUR 90,000 thousand has a fixed interest rate of 2.725 percent.

In August 2010, the interest rate on the borrower's note loan of EUR 128,000 thousand was fixed for the remaining term of three years using interest rate swaps. The weighted average interest rate is 2.89 percent.

Liabilities to banks

The maturities of liabilities to banks are as follows:

(EUR thousand)	12/31/2012	12/31/2011
< 1 year	50,090	49,246
1 - 2 years	34,485	20,984
2 - 3 years	34,464	20,305
3 - 4 years	34,315	20,308
4 - 5 years	150,279	20,153
> 5 years	256	150,360
Total	**303,889**	**281,356**

The amounts falling due in the next 4 years are related primarily to the amortizable loans from Kreditanstalt für Wiederaufbau (KfW). The amount due after 4 years is the loan of EUR 150,000 thousand from the European Investment Bank (EIB). This loan bears interest based on 3M Euribor plus a premium that is dependent on the GEA Group rating. For a partial amount of EUR 50,000 thousand, interest was fixed for the full term using two interest rate swaps. The weighted average interest rate is 3.29 percent.

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, 2012.

Transaction costs for the unused syndicated credit line (club deal) 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 4.6 percent, depending on their maturity and financing purpose (previous year: between 1.0 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: 13.0 percent) and 12.0 percent (previous year: 15.0 percent), respectively.

Liabilities to banks totaling EUR 83 thousand (previous year: EUR 846 thousand) were secured.

Cash credit and guarantee credit lines

Including the borrower's note loans and the syndicated credit lines, the group had cash credit lines of EUR 1,845,745 thousand as of December 31, 2012 (previous year: EUR 1,702,688 thousand). Of this amount, cash credit lines of EUR 776.712 thousand (previous year: EUR 883,474 thousand) are unutilized (see section 3). In addition, guarantee credit lines for the performance of contracts, advance payments, and warranty obligations of EUR 1,898,285 thousand were available (previous year: EUR 2,069,717 thousand), EUR 1,148,503 thousand of which has not been utilized (previous year: EUR 1,322,080 thousand).

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)	12/31/2012	12/31/2011	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Not later than one year	5,116	4,523	981	331	4,135	4,192
Between one and five years	20,225	19,875	5,351	4,924	14,874	14,951
Later than five years	64,165	73,235	40,549	48,214	23,616	25,021
Total future payments under finance leases	**89,506**	**97,633**	**46,881**	**53,469**	**42,625**	**44,164**

Liabilities under finance leases relate mainly to land and buildings. The present value of minimum lease payments as of December 31, 2012, relating to leases for land and buildings amounted to EUR 40,043 thousand (previous year: EUR 42,462 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 7.8.

7.5 Trade payables

Trade payables were as follows as of December 31, 2012:

(EUR thousand)	12/31/2012	12/31/2011
Trade payables	839,143	903,334
of which to unconsolidated companies	4,794	6,739

Trade payables of EUR 824,924 thousand (previous year: EUR 890,631 thousand) are due within one year. The balance of EUR 14.219 thousand (previous year: EUR 12,703 thousand) is due after more than one year.

Trade payables in the amount of EUR 49,919 thousand (previous year: EUR 45,303 thousand) are secured.

7.6 Income tax liabilities

Income tax liabilities relate to current taxes and amounted to EUR 39,912 thousand at the reporting date (previous year: EUR 51,525 thousand).

7.7 Other liabilities

Other liabilities as of December 31, 2012, are composed of the following items

(EUR thousand)	12/31/2012	12/31/2011
Other non-current liabilities	**5,214**	**17,166**
Payments on account received in respect of orders and construction contracts	290,458	239,134
Gross amount due to customers for contract work	339,037	380,478
Other liabilities to unconsolidated subsidiaries	21,781	25,492
Liabilities from other taxes	55,357	52,953
Other liabilities	91,032	88,539
of which social security	19,126	17,556
of which other liabilities to employees	10,515	12,825
Other current liabilities	**797,665**	**786,596**
Total other liabilities	**802,879**	**803,762**

Payments on account received in respect of orders amounting to EUR 36,711 thousand (previous year: EUR 25,755 thousand) and other liabilities amounting to EUR 9,379 thousand (previous year: EUR 9,351 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.

7.8 Financial instruments

The following tables provide an overview of the composition of financial instruments as of December 31, 2012, by class within the meaning of IFRS 7 as well as 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 12/31/2012	Amortized cost	Fair value through profit or loss	Fair value recognized in other comprehensive income	Measurement in accordance with other IFRSs	Fair value 12/31/2012
Assets						
Trade receivables	1,249,863	909,847	–	–	340,016	1,249,863
of which PoC receivables	340,016	–	–	–	340,016	340,016
Income tax receivables	19,350	–	–	–	19,350	19,350
Cash and cash equivalents	743,524	743,524	–	–	–	743,524
Other financial assets	215,080	91,886	3,237	14,943	105,014	215,567
of which derivatives included in hedging relationships	3,880	–	–	3,880	–	3,880
By IAS 39 measurement category						
Loans and receivables	1,714,458	1,714,458	–	–	–	1,714,458
of which cash and cash equivalents	743,524	743,524	–	–	–	743,524
of which trade receivables	909,847	909,847	–	–	–	909,847
of which other financial assets	61,087	61,087	–	–	–	61,087
Available-for-sale investments	41,862	30,799	–	11,063	–	42,349
Financial assets at fair value through profit or loss (derivatives not included in a recognized hedging relationship)	3,237	–	3,237	–	–	3,237
Liabilities						
Trade payables	839,143	839,143	–	–	–	839,143
Financial liabilities	1,137,910	1,070,988	17,031	7,266	42,625	1,199,443
of which liabilities under finance leases	42,625	–	–	–	42,625	42,625
of which derivatives included in hedging relationships	7,266	–	–	7,266	–	7,266
Income tax liabilities	39,912	–	–	–	39,912	39,912
Other financial liabilities	802,879	83,150	–	–	719,729	802,879
By IAS 39 measurement category						
Financial liabilities at amortized cost	1,993,281	1,993,281	–	–	–	2,054,814
of which trade payables	839,143	839,143	–	–	–	839,143
of which bonds and other securitized liabilities	765,144	765,144	–	–	–	818,947
of which liabilities to banks	303,889	303,889	–	–	–	311,619
of which loan liabilities to unconsolidated subsidiaries	1,955	1,955	–	–	–	1,955
of which other liabilities to affiliated companies	21,781	21,781	–	–	–	21,781
of which other liabilities	61,369	61,369	–	–	–	61,369
Financial liabilities at fair value through profit or loss (derivatives not included in a hedging relationship)	17,031	–	17,031	–	–	17,031

(EUR thousand)	Carrying amount 12/31/2011	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 12/31/2011
Assets						
Trade receivables	1,357,546	971,169	–	–	386,377	1,357,546
of which PoC receivables	386,377	–	–	–	386,377	386,377
Income tax receivables	15,882	–	–	–	15,882	15,882
Cash and cash equivalents	432,401	432,401	–	–	–	432,401
Other financial assets	260,023	103,322	16,812	19,249	120,640	260,782
of which derivatives included in hedging relationships	7,647	–	–	7,647	–	7,647
By IAS 39 measurement category						
Loans and receivables	1,471,834	1,471,834	–	–	–	1,471,834
of which cash and cash equivalents	432,401	432,401	–	–	–	432,401
of which trade receivables	971,169	971,169	–	–	–	971,169
of which other financial assets	68,264	68,264	–	–	–	68,264
Available-for-sale investments	46,661	35,058	–	11,603	–	47,420
Financial assets at fair value through profit or loss (derivatives not included in a recognized hedging relationship)	16,812	–	16,812	–	–	16,812
Liabilities						
Trade payables	903,334	903,334	–	–	–	903,334
Financial liabilities	907,894	823,115	22,821	17,794	44,164	931,365
of which liabilities under finance leases	44,164	–	–	–	44,164	44,164
of which derivatives included in hedging relationships	17,794	–	–	17,794	–	17,794
Income tax liabilities	51,525	–	–	–	51,525	51,525
Other financial liabilities	803,762	91,847	–	–	711,915	803,762
By IAS 39 measurement category						
Financial liabilities at amortized cost	1,818,296	1,818,296	–	–	–	1,841,767
of which trade payables	903,334	903,334	–	–	–	903,334
of which bonds and other securitized liabilities	537,858	537,858	–	–	–	554,974
of which liabilities to banks	281,356	281,356	–	–	–	287,711
of which loan liabilities to unconsolidated subsidiaries	3,901	3,901	–	–	–	3,901
of which other liabilities to affiliated companies	25,492	25,492	–	–	–	25,492
of which other liabilities	66,355	66,355	–	–	–	66,355
Financial liabilities at fair value through profit or loss (derivatives not included in a hedging relationship)	22,821	–	22,821	–	–	22,821

Financial instruments measured at fair value can be classified as follows into the levels defined in the fair value measurement hierarchy:

Level 1 – Quoted prices (unadjusted) in active markets for identical financial instruments.
Level 2 – Inputs that are observable directly (as prices) or indirectly (derived from prices) and that are not quoted prices as defined by Level 1.
Level 3 – Inputs that are not based on observable market data.

	12/31/2012			12/31/2011		
(EUR thousand)	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Other financial assets	–	7,117	11,063	–	24,459	11,603
of which: derivatives included in hedging relationships	–	3,880	–	–	7,647	–
Equity and liabilities						
Financial liabilities	–	24,297	–	–	40,615	–
of which: derivatives included in hedging relationships	–	7,266	–	–	17,794	–

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 based on the debtor's payment plan.

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-interest 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 measurement 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.

	12/31/2012		12/31/2011	
(EUR thousand)	Notional value	Fair value	Notional value	Fair value
Assets				
Currency derivatives not included in a hedging relationship	314,322	3,233	288,628	16,808
Currency derivatives included in a cash flow hedge	172,492	3,880	142,105	7,446
Interest rate and cross-currency derivatives not included in a hedging relationship	1,440	4	1,440	4
Interest rate and cross-currency derivatives included in a cash flow hedge	–	–	128,000	201
Total	**488,254**	**7,117**	**560,173**	**24,459**
Equity and liabilities				
Currency derivatives not included in a hedging relationship	318,964	5,689	191,366	10,188
Currency derivatives included in a cash flow hedge	118,052	1,728	283,123	15,404
Interest rate and cross-currency derivatives not included in a hedging relationship	52,379	11,244	69,092	12,456
Interest rate and cross-currency derivatives included in a cash flow hedge	178,000	5,538	58,979	2,390
Commodity derivatives not included in a hedging relationship	691	98	1,579	177
Total	**668,086**	**24,297**	**604,139**	**40,615**

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, 2012.

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, 2012, gains of EUR 4,229 thousand (previous year: EUR 7,819 thousand) and losses of EUR 7,420 thousand (previous year: EUR 17,814 thousand) from currency and interest rate derivatives were recognized directly in equity.

In the course of the fiscal year, EUR 1,910 thousand (previous year: EUR 2,337 thousand) was recognized in the income statement due to the hedged items being recognized in the balance sheet, and EUR -6,233 thousand (previous year: EUR -1,110 thousand) was offset against the cost of assets. The amounts recognized in the income statement resulted in an increase in revenue of EUR 1,939 thousand (previous year: EUR 3,529 thousand). In addition, gains of EUR 9,829 thousand (previous year: gains of EUR 7,850 thousand) and losses of EUR 9,858 thousand (previous year: losses of EUR 9,042 thousand) were reported in net exchange rate gains/losses. EUR -45 thousand (previous year: EUR -957 thousand) from interest rate derivatives was recognized in net interest income.

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

91 percent (previous year: 91 percent) of the hedged cash flows from the underlying transactions designated at the reporting date are expected to fall due in the following year. The remaining 9 percent (previous year: 9 percent) are due by 2017 (previous year: 2017). If financial assets are hedged, the derivatives are recognized in the income statement at the same time as the hedged items are recognized in the income statement and balance sheet. If financial liabilities from procurement transactions are hedged, the derivatives are recognized in the income statement when the purchased goods or services are recognized in the income statement.

Derivative financial instruments not included in recognized hedging relationships

If the criteria for recognizing a hedging relationship are not met, any change in fair value is recognized in the income statement.

Income and expenses

The measurement effects from financial instruments have largely been recognized in profit or loss. The following table shows net income from financial instruments, broken down by the IAS 39 measurement categories:

	01/01/2012 -12/31/2012			01/01/2011 -12/31/2011		
(EUR thousand)	Net income	of which interest income/ expense	of which impairment losses/reversals of impairment losses	Net income	of which interest income/ expense	of which impairment losses/reversals of impairment losses
Loans and receivables	1,471	8,532	-8,443	-9,503	6,109	-6,206
Available-for-sale investments	682	579	-582	11,554	–	11,878
Financial assets/liabilities at fair value through profit or loss	-7,641	-2,670	–	258	-3,197	–
Financial liabilities at amortized cost	-46,651	-46,328	–	-45,495	-47,237	–
Total	**-52,139**	**-39,887**	**-9,025**	**-43,186**	**-44,325**	**5,672**

8. Consolidated income statement disclosures

8.1 Revenue

Revenue is composed of the following items:

(EUR thousand)	01/01/2012 - 12/31/2012	01/01/2011 - 12/31/2011
From construction contracts	2,517,092	2,533,232
From sale of goods and services	1,985,960	1,817,086
From service agreements	1,217,052	1,066,186
Total	**5,720,104**	**5,416,504**

8.2 Other income

Other income is composed of the following items:

(EUR thousand)	01/01/2012 - 12/31/2012	01/01/2011 - 12/31/2011
Exchange rate gains	91,982	85,712
Gains on the measurement of foreign currency derivatives	55,098	85,597
Rental and lease income	9,842	19,761
Income from payments received on reversals previously written off	5,780	4,622
Income from disposal of non-current assets	3,695	4,199
Income from compensation payments and cost reimbursements	1,211	2,907
Miscellaneous other income	54,566	62,448
Total	**222,174**	**265,246**

8.3 Other expenses

Other expenses are composed of the following items:

(EUR thousand)	01/01/2012 - 12/31/2012	01/01/2011 - 12/31/2011
Exchange rate losses	92,707	91,119
Losses on the measurement of foreign currency derivatives	60,069	82,142
Bad debt allowances on trade receivables	12,790	10,660
Restructuring expenses	5,892	25,920
Cost of money transfers and payment transactions	1,518	1,507
Losses on the disposal of non-current assets	1,199	2,378
Miscellaneous other expenses	34,475	30,922
Total	**208,650**	**244,648**

Miscellaneous other expenses

Miscellaneous other expenses primarily comprise additions to provisions.

8.4 Presentation of selected income and expenses by cost type

Cost of materials

The cost of materials included in cost of sales increased by EUR 56,542 thousand in the reporting period to EUR 2,957,584 thousand (previous year: EUR 2,901,042 thousand). Cost of materials was 51.6 percent of gross revenue and was therefore lower than the previous year's figure of 53.1 percent.

Personnel expenses

Personnel expenses increased by EUR 125,728 thousand in 2012 to EUR 1,494,255 thousand (previous year: EUR 1,368,527 thousand). The interest cost 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 1,221,154 thousand (previous year: EUR 1,125,386 thousand) as well as social security contributions and expenses for post-employment benefits of EUR 273,109 thousand (previous year: EUR 243,245 thousand). The ratio of personnel expenses to revenue thus rose to 26.1 percent of gross revenue (previous year: 25.3 percent)

Depreciation, amortization, and impairment losses

Depreciation, amortization, and impairment losses totaling EUR 145,952 thousand (previous year: EUR 135,741 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 2,015 thousand in the reporting period (previous year: EUR 536 thousand). EUR 581 thousand of this amount (previous year: EUR 536 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 20,666 thousand (previous year: EUR 23,699 thousand). These impairment losses and the remaining impairment losses were recognized in cost of sales.

8.5 Financial and interest income

Financial income

Financial income is composed of income from reversals of impairment losses on financial instruments, income from profit transfers, and investment income from other equity investments:

(EUR thousand)	01/01/2012 - 12/31/2012	01/01/2011 - 12/31/2011
Income from reversal of impairment losses on financial assets	–	12,022
Income from profit transfer agreements	345	482
Income from other equity investments	3,967	5,112
of which from unconsolidated subsidiaries	3,907	5,077
Total	**4,312**	**17,616**

Income from reversals of impairment losses on financial assets recognized in 2011 resulted from the reversal of impairment losses on a receivable relating to the former raw material activities of Metallgesellschaft AG.

Interest income

Interest and similar income is composed of the following items:

(EUR thousand)	01/01/2012 - 12/31/2012	01/01/2011 - 12/31/2011
Interest income on receivables, cash investments, and marketable securities	6,860	5,672
of which from unconsolidated subsidiaries	521	433
Interest income on plan assets	6,097	5,620
Other interest income	3,693	2,225
Total	**16,650**	**13,517**

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)	01/01/2012 - 12/31/2012	01/01/2011 - 12/31/2011
Loans and receivables	8,532	6,109
Available-for-sale investments	579	–
Financial assets at fair value through profit or loss	1,442	1,784
Financial assets not measured in accordance with IAS 39	6,097	5,624
Total	**16,650**	**13,517**

8.6 Financial and interest expenses

Financial expenses

Financial expenses for fiscal year 2012 amounted to EUR 2,499 thousand (previous year: EUR 776 thousand) and comprised impairment losses on financial assets (excluding trade receivables) of EUR 2,015 thousand (previous year: EUR 312 thousand) and expenses from loss absorption of EUR 484 thousand (previous year: EUR 464 thousand).

Interest expense

Interest and similar expenses comprised the following items:

(EUR thousand)	01/01/2012 - 12/31/2012	01/01/2011 - 12/31/2011
Interest expenses on liabilities to banks	36,178	30,381
Interest cost from discount unwinding on discounted pension obligations	29,623	29,193
Interest cost from discount unwinding on discounted provisions and other employee benefit obligations	20,814	4,616
Other interest expenses	17,876	25,343
of which to unconsolidated subsidiaries	136	441
Total interest expenses	**104,491**	**89,533**

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)	01/01/2012 - 12/31/2012	01/01/2011 - 12/31/2011
Financial liabilities at amortized cost	46,328	47,237
Financial liabilities at fair value through profit or loss	4,112	4,981
Financial liabilities not measured in accordance with IAS 39	54,051	37,315
Total	**104,491**	**89,533**

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 3.8 percent in fiscal year 2012 (previous year: 4.0 percent). Interest income generated on advance payments and progress payments received reduces the cost of the asset. In fiscal year 2012, net interest income of EUR 473 thousand (previous year: EUR 405 thousand) was allocated to the cost of assets.

In the fiscal year under review, expenses totaling EUR 1,518 thousand (previous year: EUR 1,507 thousand) were incurred for fees that were not included in the calculation of the effective interest rate.

8.7 Taxes on income

Income taxes for continuing operations are composed of the following items:

(EUR thousand)	01/01/2012 - 12/31/2012	01/01/2011 - 12/31/2011
Current taxes	88,551	86,558
Germany	22,537	16,536
Other countries	66,014	70,022
Deferred taxes	-38,105	-598
Total	**50,446**	**85,960**

The expected tax expense is calculated using the tax rate of 29.60 percent (previous year: 29.83 percent) applicable to German group companies. This includes an average trade tax rate of 13.77 percent (previous year: 14.00 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 to the effective tax rate of 13.75 percent (previous year: 21.57 percent):

	01/01/2012 - 12/31/2012		01/01/2011 - 12/31/2011	
	(EUR thousand)	(%)	(EUR thousand)	(%)
Profit before tax	**366,929**	**–**	**398,571**	**–**
Expected tax expense	108,611	29.60	118,894	29.83
Non-tax deductible expense	11,982	3.27	13,431	3.37
Tax-exempt income	-7,650	-2.08	-3,109	-0.78
Change in valuation allowances	-66,753	-18.19	-47,077	-11.81
Change in tax rates	987	0.27	-2,561	-0.64
Foreign tax rate differences	-3,722	-1.01	196	0.05
Other	6,991	1.91	6,186	1.55
Income tax and effective tax rate	**50,446**	**13.75**	**85,960**	**21.57**

The change in valuation allowances in the amount of EUR -66,753 thousand (previous year: EUR -47,077 thousand) was primarily due to a revised assessment of the recoverability of the deferred tax assets on tax loss carryforwards in Germany.

The effects of changes in tax rates in the amount of EUR 987 thousand (previous year: EUR -2,561 thousand) 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 29.60 percent. The tax rates for foreign companies vary between 0.00 percent (UAE) and 38.00 percent (Japan).

The other reconciliation effects were primarily attributable to nondeductible withholding taxes in the amount of EUR 5,548 thousand and other income taxes, in particular in Italy and France in the amount of EUR 4,764 thousand. They also include tax income from previous years in the amount of EUR 6,651 thousand.

Deferred tax assets and liabilities during the year under review can be broken down into current and non-current assets and liabilities as follows:

(EUR thousand)	12/31/2012	12/31/2011
Current deferred tax assets	90,913	102,552
Non-current deferred tax assets	354,730	296,332
Total deferred tax assets	**445,643**	**398,884**
Current deferred tax liabilities	48,731	57,664
Non-current deferred tax liabilities	75,308	88,186
Total deferred tax liabilities	**124,039**	**145,850**
Net deferred tax assets	**321,604**	**253,034**

Deferred tax assets and liabilities as of December 31, 2012, and 2011, are composed of the following items:

	Deferred tax assets		Deferred tax liabilities	
(EUR thousand)	2012	2011	2012	2011
Property, plant and equipment	10,411	8,705	34,655	35,192
Investment property	223	–	–	–
Intangible assets	1,725	1,311	75,697	75,486
Goodwill	41,844	50,695	45,582	45,841
Other non-current financial assets	734	513	5,765	1,968
Non-current assets	**54,937**	**61,224**	**161,699**	**158,487**
Inventories	36,778	41,392	2,557	3,616
Trade receivables	12,221	9,044	49,194	50,858
Other current financial assets	18,572	20,454	6,409	13,497
Cash and cash equivalents	134	–	9	14
Current assets	**67,705**	**70,890**	**58,169**	**67,985**
Total assets	**122,642**	**132,114**	**219,868**	**226,472**
Provisions	19,996	15,335	91	127
Employee benefits	91,882	52,399	411	567
Non-current financial liabilities	8,087	8,543	3,533	3,613
Other non-current financial liabilities	406	321	2,567	4,233
Non-current liabilities	**120,371**	**76,598**	**6,602**	**8,540**
Provisions	27,405	34,746	3,378	2,481
Employee benefits	11,277	13,044	161	267
Current financial liabilities	9,650	12,563	13,794	12,524
Trade payables	5,233	4,178	13,153	9,888
Other current financial liabilities	18,789	13,699	5,963	7,356
Current liabilities	**72,354**	**78,230**	**36,449**	**32,516**
Total liabilities	**192,725**	**154,828**	**43,051**	**41,056**
Valuation allowances on temporary differences	-11,372	-12,085	–	–
Deferred taxes on temporary differences	**303,995**	**274,857**	**262,919**	**267,528**
Tax loss carryforwards	1,025,981	1,077,639	–	–
Valuation allowances on tax loss carryforwards	-745,453	-831,934	–	–
Offsetting of deferred taxes	-138,880	-121,678	-138,880	-121,678
Recognized deferred taxes	**445,643**	**398,884**	**124,039**	**145,850**

In addition to changes of EUR 38,105 thousand recognized in profit or loss (previous year: EUR 598 thousand), changes in deferred tax balances resulted mainly from changes of EUR 40,387 thousand recognized in other comprehensive income (previous year: EUR 10,277 thousand) and from deferred taxes taken directly to equity on initial consolidation amounting to EUR -6,056 thousand (previous year: EUR -45,188 thousand).

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, 2012, GEA Group recognized deferred tax assets in the amount of EUR 280,528 thousand (previous year: EUR 245,705 thousand) on tax loss carryforwards:

(EUR thousand)	12/31/2012	12/31/2011
Deferred tax assets on domestic tax loss carryforwards		
Corporate income tax	81,857	63,008
Trade tax	70,143	53,992
Deferred tax assets on foreign tax loss carryforwards	128,528	128,705
Total	**280,528**	**245,705**

The increase in deferred tax assets on German tax loss carryforwards relates to an updated assessment of the extent to which tax loss carryforwards can be utilized in future periods.

No deferred tax assets were recognized for corporate income tax loss carryforwards in the amount of EUR 1,819,019 thousand (previous year: EUR 2,051,707 thousand) and trade tax loss carryforwards in the amount of EUR 1,111,988 thousand (previous year: EUR 1,313,701 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.

8.8 Profit from discontinued operations

Profit after tax from discontinued operations of EUR 95 thousand (previous year: EUR 22 thousand) did not have any significant impact on consolidated profit. As in previous years, the amounts reported in profit or loss relate to the risks remaining from the sale of the plant engineering activities, the continued process of winding-up the business operations of Ruhr-Zink, and individual legal disputes arising from past discontinued operations.

The income tax expense from discontinued operations amounted to EUR 311 thousand (previous year: EUR -130 thousand).

For further information on the legal disputes concerning discontinued operations, please refer to the explanations in section 9.4.

8.9 Earnings per share

Earnings per share are calculated as follows:

(EUR thousand)	01/01/2012 - 12/31/2012	01/01/2011 - 12/31/2011
Profit for the period attributable to shareholders of GEA Group Aktiengesellschaft	314,401	311,951
of which from continuing operations	314,306	311,929
of which from discontinued operations	95	22
Weighted average number of shares outstanding (thousand)	185,786	183,808
Potential dilutive effect of award proceedings under status of settlement negotiations	–	13,417
Weighted average number of shares outstanding (thousand)	185,786	183,808
Earnings per share (EUR)		
from profit for the period	1.69	1.70
of which attributable to continuing operations	1.69	1.70
of which attributable to discontinued operations	0.00	0.00
Diluted earnings per share (EUR)		
from profit for the period	1.69	1.58
of which attributable to continuing operations	1.69	1.58
of which attributable to discontinued operations	0.00	0.00

The weighted average number of shares outstanding increased in 2012 by 1,978 thousand to 185,786 thousand (previous year: EUR 183,808 thousand). This increase is attributable to the capital increase implemented in 2012 to meet the conditions of the settlement reached in the award proceedings (see section 7.1).

With the completion of the capital increase and the associated settlement in the award proceedings, the dilutive effect that existed in the previous year has disappeared.

8.10 Appropriation of net profit

GEA Group Aktiengesellschaft reported net income for the fiscal year of EUR 216,775 thousand in accordance with the HGB (previous year: EUR 168,582 thousand). The Executive Board and the Supervisory Board of GEA Group Aktiengesellschaft have appropriated an amount of EUR 108,000 thousand (previous year: EUR 68,000 thousand) to other retained earnings in accordance with section 58(2) of the AktG. Including the profit brought forward of EUR 273 thousand (previous year: EUR 785 thousand), the net retained profits amounted to EUR 109,048 thousand (previous year: EUR 101,367 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)	2012	2011
Dividend payment to shareholders	105,872	101,094
Profit carried forward	3,176	273
Total	**109,048**	**101,367**

The dividend payment corresponds to the payment of a dividend of 55 cents per share for a total of 192,495,476 shares (previous year: 183,807,845 shares). The dividend will be paid from the contribution account for tax purposes (section 27 of the Körperschaftsteuergesetz (KStG – German Corporate Income Tax Act)) and therefore without deduction of investment income tax and the solidarity surcharge. For shareholders in Germany, dividends are generally not subject to current taxation in the year of payment. The consensus opinion is that the dividend payment from the contribution account for tax purposes represents the return of shareholder contributions, which results in a retrospective reduction in the acquisition cost of the shares. This may lead to taxation of higher capital gains when shares are sold subsequently.

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

9.1 Contingent liabilities

GEA Group Aktiengesellschaft has issued or instructed the issue of both bank and group guarantees in favor of customers or lenders. The obligations presented in the following table relate to contingent liabilities for which the primary debtor is not a consolidated company.

	Bank guarantees		Group guarantees	
(EUR thousand)	2012	2011	2012	2011
Guarantees for prepayment	3,959	934	3,858	538
Warranties	3,931	3,343	42	55
Performance guarantees	11,583	19,140	169,511	307,836
Other declarations of liability	729	488	9,348	22,824
Total	**20,202**	**23,905**	**182,759**	**331,253**
of which attributable to Lurgi / Lentjes	13,225	22,261	162,325	314,588

Most of the bank and group guarantees are attributable to Lurgi and Lentjes (see section 3).

The other guarantees relate mainly to customers of unconsolidated companies, banks, and employees of former subsidiaries. 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, non-compliance with warranted performance parameters, or failure to repay loans in accordance with the contractual requirements.

The guarantees include contingent liabilities of EUR 1,677 thousand resulting from a joint venture (previous year: EUR 0 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.

9.2 Other financial obligations

Other financial obligations as of December 31, 2012, are composed of the following items:

(EUR thousand)	12/31/2012	12/31/2011
Rental and lease obligations	190,641	232,453
Purchase commitments	313,510	425,782
Total	**504,151**	**658,235**

Rental and lease agreements

Obligations under rental and lease agreements amounting to EUR 190,641 thousand (previous year: EUR 232,453 thousand) 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)	12/31/2012	12/31/2011
Not later than one year	51,862	69,057
Between one and five years	96,722	114,861
Later than five years	42,057	48,535
Total	**190,641**	**232,453**

Expenses related to rental and lease agreements in fiscal year 2012 amounted to EUR 79,356 thousand (previous year: EUR 97,827 thousand). EUR 16,042 thousand of this amount (previous year: EUR 15,147 thousand) was attributable to variable rents, which are primarily adjusted based on consumer price indexes. Subleases resulted in income of EUR 4,545 thousand in fiscal year 2011 (previous year: EUR 12,026 thousand). These subleases give rise to claims for rental income of EUR 1,898 thousand (previous year: EUR 6,252 thousand) over the coming years.

Sale and leaseback transactions relating to buildings resulted in future payments at the reporting date of EUR 32,350 thousand (previous year: EUR 38,467 thousand).

Purchase commitments

EUR 307,884 thousand (previous year: EUR 415,433 thousand) of the purchase commitments is attributable to inventories and EUR 3,680 thousand (previous year: EUR 10,349 thousand) to items of property, plant and equipment

9.3 Contingent assets

On March 19, 2010, the court of arbitration ruled on the amount of compensation in favor of GEA Group Aktiengesellschaft in the arbitration proceedings against Flex-N-Gate Corp., Urbana, Illinois, U.S.A. The court of arbitration 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. After an appeal was filed by Flex-N-Gate Corp., the Higher Regional Court in Frankfurt am Main overturned the award on February 17, 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 opted to continue pursuing the arbitration proceedings against Flex-N-Gate and submitted an application to this effect to the German Institution of Arbitration (DIS - Deutsche Institution für Schiedsgerichtsbarkeit) on December 21, 2012.

9.4 Litigation

Award proceedings

In the award proceedings described in the last annual reports, a court settlement between the parties was agreed on January 30, 2012, before the Dortmund Regional Court. The award proceedings related to the control and profit transfer agreement dating from 1999 between the former Metallgesellschaft AG (whose legal successor is GEA Group Aktiengesellschaft) and the former GEA AG, which was later merged with it. Under the settlement, GEA Group Aktiengesellschaft has followed the court's suggestion and undertaken to pay increased compensation in shares and a higher cash settlement. On April 24, 2012, the Annual General Meeting adopted a resolution on the contingent capital to be used to create the new shares required to fulfill the court's settlement terms. The contingent capital increase was entered in the Company's commercial register on June 11, 2012. This terminated the award proceedings.

On the one hand, a total of 8,687,631 new shares were issued (see section 7.1) in fulfillment of the settlement, based on the exchange ratio agreed in the settlement (31 shares of GEA Group AG for 15 shares of the former GEA AG). On the other hand, those shareholders of the former GEA AG who had already received the compensation provided for in the control and profit transfer agreement received increased compensation in the total amount of approximately EUR 450 thousand.

Dispute with a subcontractor

In connection with a major order, a subcontractor in South Africa asserted substantial out-of-court claims in July 2012 against the GEA company that had been contracted. Based on its current analysis, GEA believes that the alleged additional costs or claims should either be borne by the subcontractor itself, or that the amounts are inflated or insufficiently specified. Furthermore, even if the amounts were to be substantiated, they could largely be recharged. Overall, based on GEA's current assessment, the claims asserted

Plant engineering

There are still some sector-specific legal disputes from the former plant engineering business in which the disputed amounts in some cases are in the high millions; often, they have been set too high for tactical reasons. The main legal disputes relating to the former plant engineering business include the following:

GEA Group Aktiengesellschaft is one of two defendants being sued by Panda Energy International, Inc. ("Panda Energy") in a district court in Texas (U.S.A.) Panda Energy bases its claim on alleged deception in connection with claimed investments in a project undertaken in Texas by the plant engineering business that GEA has since disposed of. The complainant specified its claim for damages in these proceedings at USD 100 million plus punitive damages and legal, expert, and court costs. In connection with the aforementioned project, there was also a further action pending before a district court in New York (U.S.A.) filed by GEA Group Aktiengesellschaft in August 2011 against a subsidiary of Panda Energy, which has since been decided against GEA. GEA Group Aktiengesellschaft continues to believe that Panda Energy's claims for compensation are unfounded.

Two subsidiaries of the former plant engineering business were sued in connection with an earlier plant engineering project for repayment of subsidies in a total amount of approximately EUR 22 million (including possible interest). Both defendant companies had made liability declarations in line with the amount of their investment in the now insolvent project company covering the obligation of the project company to pay back subsidies received under certain conditions. The basic issue in dispute is whether the subsidiaries can rely on an earlier restricting declaration made by the highest competent authority of a German federal state in their defense against the claims asserted against them under the liability declarations. Since the two subsidiaries have the different places of jurisdiction, the actions were filed in courts in both Düsseldorf and Frankfurt. During fiscal year 2011, the plaintiff won in the Higher Regional Court in Düsseldorf and lost in the Higher Regional Court in Frankfurt. The GEA subsidiary has appealed the decision of the Higher Regional Court in Düsseldorf to the German Federal Court of Justice (BGH) on the grounds of denial of appeal. In the decision of the Higher Regional Court in Frankfurt, the plaintiff has appealed to the BGH.

Other proceedings relating to discontinued operations

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.

In June 2012, several other companies along with GEA Group Aktiengesellschaft received a statement of objections ("Notification de griefs") from the French competition authority ("Autorité de la concurrence"). The statement of objections summarizes the status of competition investigations, amongst other things as regards practices implemented between 1997 and 2003 by a former subsidiary of GEA Group involved in the chemical business in France. It is beyond dispute that GEA Group Aktiengesellschaft was not involved in the events and transactions that are being investigated. Nevertheless, according to French competition law, the former parent company may also be held liable under certain circumstances for competition violations committed by a subsidiary. Whether and to what extent a fine may be imposed on GEA Group Aktiengesellschaft cannot be estimated at this time.

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.

10. Segment reporting

10.1 Disclosures by segment

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

GEA Food Solutions Segment (GEA FS)

GEA Food Solutions is a leading manufacturer of machinery for preparing, marinating, processing, cutting, and packaging meat, poultry, fish, cheese, and other foods. Specializing in performance-driven solutions, its offering ranges from individual machines through to end-to-end production lines. GEA Food Solutions is a broadly positioned manufacturer of process technology for secondary food processing and packaging.

GEA Farm Technologies Segment (GEA FT)

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

GEA Heat Exchangers Segment (GEA HX)

GEA Heat Exchangers provides products and systems for numerous areas of use, ranging from air conditioning systems to cooling towers, boasting what is probably the largest portfolio of heat exchangers worldwide. The segment supplies optimal single-source solutions for a large number of applications and also offers customers professional support with project planning.

GEA Mechanical Equipment Segment (GEA ME)

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

GEA Process Engineering Segment (GEA PE)

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

GEA Refrigeration Technologies Segment (GEA RT)

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

Others

The "Other" segment comprises the companies with business activities that do not form part of the core business. In addition to the holding and service companies, it contains companies that report investment property held for sale, pension obligations, and residual mining obligations.

(EUR million)	GEA FS	GEA FT	GEA HX	GEA ME	GEA PE	GEA RT	Other	Consolidation	**GEA Group**
01/01/2012 - 12/31/2012									
Order intake [2]	375.9	583.9	1,509.8	971.9	1,850.2	756.2	–	-146.8	**5,901.1**
External revenue	332.4	580.5	1,577.8	832.2	1,710.9	686.3	–	–	**5,720.1**
Intersegment revenue	0.0	0.3	31.0	101.7	5.3	8.6	–	-147.0	**–**
Total revenue	332.4	580.9	1,608.8	933.9	1,716.3	694.8	–	-147.0	**5,720.1**
Share of profit or loss of equity-accounted investments	–	0.2	0.9	–	-0.1	1.3	–	–	**2.3**
Operating EBITDA [3]	-6.0	58.6	167.5	205.8	178.5	65.2	-6.9	–	**662.8**
as % of revenue	-1.8	10.1	10.4	22.0	10.4	9.4	–	–	**11.6**
EBITDA pre PPA	-69.4	58.6	167.5	205.8	178.5	65.2	-6.9	–	**599.4**
EBITDA	-69.4	58.3	167.5	204.8	178.3	65.2	-6.9	–	**597.8**
Operating EBIT [3]	-12.4	46.4	135.0	188.4	162.8	56.2	-14.8		**561.6**
as % of revenue	-3.7	8.0	8.4	20.2	9.5	8.1	–	–	**9.8**
EBIT pre PPA	-78.9	46.4	135.0	188.4	162.8	56.2	-14.8	–	**495.1**
as % of revenue	-23.7	8.0	8.4	20.2	9.5	8.1	–	–	**8.7**
EBIT	-102.8	43.0	130.2	185.4	159.9	54.0	-15.0	–	**454.8**
as % of revenue	-30.9	7.4	8.1	19.9	9.3	7.8	–	–	**8.0**
ROCE in % [4]	-19.8	13.5	19.4	43.2	55.9	21.2	–	–	**17.8**
Interest income	0.7	2.9	7.6	3.8	4.0	1.4	41.6	-45.3	**16.7**
Interest expense	7.7	14.3	22.3	12.0	8.6	6.1	78.9	-45.3	**104.5**
EBT	-109.8	31.6	115.5	177.3	155.4	49.3	-52.4	–	**366.9**
Income taxes	-17.6	6.5	25.0	25.4	28.6	11.5	-30.8	1.9	**50.4**
Profit or loss from discontinued operations	–	–	–	–	–	–	0.1	–	**0.1**
Segment assets	914.1	619.7	2,067.8	1,313.1	1,578.5	883.3	3,906.9	-4,854.0	**6,429.5**
Segment liabilities	577.2	322.4	1,254.4	690.5	967.2	492.7	3,145.2	-3,186.3	**4,263.2**
Carrying amount of equity-accounted investments	–	1.4	5.8	–	2.4	2.6	2.4	–	**14.7**
Working capital (reporting date) [5]	48.0	145.9	182.9	179.9	-86.9	84.0	-16.4	-4.3	**533.2**
Additions in property, plant and equipment, intangible assets, and goodwill	13.9	20.5	36.3	126.1	15.2	13.5	9.5	–	**235.0**
Depreciation and amortization	20.2	15.1	38.0	18.9	18.3	11.2	7.5	-0.1	**129.1**
Impairment losses	13.2	0.2	2.6	–	–	–	0.8	–	**16.9**
Additions to provisions	23.2	28.6	88.5	88.3	85.2	34.3	99.1	–	**447.4**

(EUR million)	GEA FS [1]	GEA FT	GEA HX	GEA ME	GEA PE	GEA RT	Other	Consolidation	**GEA Group**
01/01/2011 - 12/31/2011									
Order intake [2]	329.8	527.4	1,653.2	874.9	1,709.9	650.4	–	-135.8	**5,609.7**
External revenue	346.0	509.0	1,588.2	757.5	1,574.1	641.7	–	–	**5,416.5**
Intersegment revenue	–	0.9	28.6	87.2	3.0	5.5	–	-125.2	**–**
Total revenue	346.0	509.8	1,616.8	844.7	1,577.2	647.2	–	-125.2	**5,416.5**
Share of profit or loss of equity-accounted investments	–	0.1	1.6	–	-0.1	0.9	0.4	–	**2.8**
Operating EBITDA [3]	26.2	45.2	160.4	178.7	163.2	60.0	-3.7	–	**630.1**
as % of revenue	7.6	8.9	9.9	21.2	10.3	9.3	–	–	**11.6**
EBITDA pre PPA	26.2	45.2	160.4	178.7	163.2	60.0	-3.7	–	**630.1**
EBITDA	7.4	45.2	160.3	178.7	163.2	59.0	-3.7	–	**610.2**
Operating EBIT [3]	19.6	33.8	121.8	162.1	148.2	51.3	-12.3	–	**524.6**
as % of revenue	5.7	6.6	7.5	19.2	9.4	7.9	–	–	**9.7**
EBIT pre PPA	19.6	33.8	121.8	162.1	148.2	51.3	-12.3	–	**524.6**
as % of revenue	5.7	6.6	7.5	19.2	9.4	7.9	–	–	**9.7**
EBIT	-16.0	31.1	118.0	161.2	146.1	46.6	-12.5	–	**474.6**
as % of revenue	-4.6	6.1	7.3	19.1	9.3	7.2	–	–	**8.8**
ROCE in % [4]	-3.6	10.4	17.0	49.0	58.7	20.6	–	–	**20.5**
Interest income	1.0	2.0	4.6	7.3	7.5	2.8	37.5	-49.2	**13.5**
Interest expense	10.2	13.9	18.4	10.7	9.6	8.1	67.8	-49.2	**89.5**
EBT	-25.3	19.2	104.3	157.8	144.0	41.3	-42.8	–	**398.6**
Income taxes	1.7	9.7	30.5	17.0	27.3	10.3	-8.5	-2.0	**86.0**
Profit or loss from discontinued operations	–	–	–	–	–	–	0.0	–	**0.0**
Segment assets	764.3	601.3	2,081.8	1,263.0	1,621.8	737.8	3,183.8	-4,028.5	**6,225.2**
Segment liabilities	357.5	302.2	1,264.7	575.1	1,021.5	421.3	2,515.4	-2,396.0	**4,061.6**
Carrying amount of equity-accounted investments	–	1.3	5.0	–	2.6	2.0	2.5	–	**13.4**
Working capital (reporting date) [5]	55.5	131.9	184.4	178.1	-50.0	87.8	-10.7	-0.0	**577.1**
Additions in property, plant and equipment, intangible assets, and goodwill	493.9	29.0	66.3	78.0	53.9	70.8	10.2	–	**802.1**
Depreciation and amortization	23.5	14.1	37.9	17.5	16.8	10.6	8.4	-0.2	**128.6**
Impairment losses	-0.0	0.1	4.3	–	–	1.8	1.2	–	**7.4**
Additions to provisions	3.2	34.5	88.3	56.6	67.2	39.2	58.7	–	**347.7**

1) Inclusion of GEA Food Solutions since initial consolidation as of April 1, 2011
2) Unaudited supplemental information
3) Before effects of purchase price allocations from revalued assets and liabilities and in 2012 before non-recurring items 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.

Sales (EUR million)	2012	2011
Sales from construction contracts		
GEA Food Solutions	93.9	195.0
GEA Farm Technologies	–	–
GEA Heat Exchangers	536.4	577.1
GEA Mechanical Equipment	141.0	128.0
GEA Process Engineering	1,440.0	1,338.9
GEA Refrigeration Technologies	317.9	301.2
Other and consolidation	-12.1	-7.1
Total revenue from construction contracts	**2,517.1**	**2,533.2**
Sales components		
GEA Food Solutions	97.7	48.8
GEA Farm Technologies	442.2	396.4
GEA Heat Exchangers	869.6	862.2
GEA Mechanical Equipment	485.0	445.9
GEA Process Engineering	42.5	32.4
GEA Refrigeration Technologies	183.8	149.5
Other and consolidation	-134.8	-118.1
Total Sales components	**1,986.0**	**1,817.1**
Total Sales from service agreements		
GEA Food Solutions	140.8	102.2
GEA Farm Technologies	138.7	113.4
GEA Heat Exchangers	202.8	177.5
GEA Mechanical Equipment	308.0	270.8
GEA Process Engineering	233.8	205.9
GEA Refrigeration Technologies	193.0	196.4
Other and consolidation	–	–
Total revenue from service agreements	**1,217.1**	**1,066.2**
Total revenue	**5,720.1**	**5,416.5**

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 and tax" (EBIT) and "profit or loss before tax" (EBT), as presented in the income statement.

Impairment losses include all impairment losses on property, plant and equipment, intangible assets, and investment property.

In fiscal 2012, the GEA Food Solutions segment's EBIT included costs totaling EUR 76.8 million that management believes will not be incurred in this amount in the coming fiscal year ("non-recurring items"). These non-recurring items include write-downs of items capitalized in the course of purchase price allocation amounting to EUR 10.3 million. Of the remaining EUR 66.5 million, EUR 35.8 million is attributable to the changes in estimates already recognized in the first quarter of 2012 (see section 2.2). This figure also includes impairment losses charged on property, plant and equipment, and intangible assets, of EUR 3.1 million and impairment losses on inventories of EUR 8.6 million, as well as severance payment expenses of EUR 4.3 million and personnel expenses for employees who left the Company in the fiscal year and were not replaced totaling EUR 8.9 million. All other effects amount to EUR 5.9 million.

Reconciliation of Operating EBITDA to EBIT (EUR million)	2012	2011	Change in %
Operating EBITDA	**662.8**	**630.1**	**5.2**
Depreciation of property, plant and equipment, investment property, and amortization of intangible assets	-103.2	-101.0	-2.1
Impairment losses on property, plant and equipment, investment property, intangible assets, and goodwill	2.6	-4.0	–
Other impairment losses and reversals of impairment losses	-0.6	-0.5	-8.4
Operating EBIT	**561.6**	**524.6**	**7.1**
Depreciation and amortization on capitalization of purchase price allocation	-25.9	-27.6	5.9
Impairment losses on capitalization of purchase price allocation	-12.8	-2.5	< -100
Realization of step-up amounts on inventories	-1.6	-19.9	92.1
Non-recurring items	-66.5	–	–
EBIT	**454.8**	**474.6**	**-4.2**

The following table shows the reconciliation of EBITDA to EBIT:

(EUR million)	2012	2011
EBITDA	**597.8**	**610.2**
Depreciation of property, plant and equipment, and investment property, and amortization of intangible assets (see notes 6.1, 6.2, 6.4)	-129.1	-128.6
Impairment losses on property, plant and equipment, investment property, intangible assets, and goodwill (see notes 6.1, 6.2, 6.3, 6.4)	-13.3	-6.5
Impairment losses on non-current financial assets (see section 8.4)	-0.6	-0.5
Reversals of impairment losses on non-current financial assets	0.0	–
EBIT	**454.8**	**474.6**

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

Reconciliation of working capital to total assets (EUR million)	12/31/2012	12/31/2011
Working capital (reporting date)	**533.2**	**577.1**
Working capital (reporting date) of Ruhr-Zink	0.1	0.4
Non-current assets	3,480.0	3,467.6
Income tax receivables	19.4	15.9
Other current financial assets	166.2	203.8
Cash and cash equivalents	743.5	432.4
Assets held for sale	18.4	5.1
plus trade payables	839.1	903.3
plus advance payments in respect of orders and construction contracts	290.5	239.1
plus gross amount due to customers for contract work	339.0	380.5
Total assets	**6,429.5**	**6,225.2**

10.2 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.

(EUR millions)	Germany	Europe (excluding Germany)	North America	Latin America	Middle East	Asia/ Pacific	Africa	**Total**
01/01/2012 - 12/31/2012								
External revenue	557.8	1,992.1	857.5	396.9	302.8	1,321.0	292.0	**5,720.1**
Non-current assets (property, plant and equipment, intangible assets, and investment property)	1,628.3	935.1	225.7	7.4	3.6	165.1	5.8	**2,970.9**
01/01/2011 - 12/31/2011								
External revenue	586.0	1,966.8	700.1	369.2	314.3	1,193.0	287.2	**5,416.5**
Non-current assets (property, plant and equipment, intangible assets, and investment property)	1,692.2	905.0	237.9	9.7	12.5	135.0	6.5	**2,999.0**

In the reporting period, revenue of EUR 789.1 million (previous year: EUR 636.9 million) was attributable to the United States of America and EUR 556.3 million (previous year: EUR 572.5 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 494.8 million (previous year: EUR 501.3 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.

11. Other disclosures

11.1 Cash flow disclosures

Cash flow from investing activities includes outflows of EUR 40,626 thousand (previous year: EUR 32,394 thousand) from the sale of discontinued operations. These outflows relate to payments linked to the sale of business activities in previous periods. The majority of this amount, at EUR 40,611 thousand (previous year: EUR 31,518 thousand), is attributable to the former Lurgi and Lentjes operations and results almost entirely from project-related indemnifications.

11.2 Government grants

Government grants related to income amounting to EUR 2,466 thousand were received in fiscal year 2012 (previous year: EUR 1,568 thousand). This item contains an amount of EUR 8 thousand (previous year: EUR 104 thousand) for grants related to short-time working. The grants received were deducted from the corresponding expenses. Grants related to assets amounting to EUR 308 thousand (previous year: EUR 871 thousand) were deducted from the carrying amounts of the assets concerned. In fiscal year 2012, expenses of EUR 669 thousand (previous year: EUR 192 thousand) were incurred for the potential repayment of grants received.

11.3 Related party disclosures

11.3.1 Related party transactions

Transactions between GEA Group Aktiengesellschaft and its consolidated subsidiaries have been eliminated in the course of consolidation, with the exception of income and expenses between continuing and discontinued operations.

Income and expenses from transactions with unconsolidated subsidiaries, joint ventures, and associates are composed of the following items:

(EUR thousand)	Revenue	Other income	Other expenses
01/01/2012 - 12/31/2012			
Unconsolidated subsidiaries	71,391	2,779	**2,792**
Joint ventures	15,539	11	–
Total	**86,930**	**2,790**	**2,792**
01/01/2011 - 12/31/2011			
Unconsolidated subsidiaries	73,164	1,923	**828**
Joint ventures	10,235	240	25
Total	**83,399**	**2,163**	**853**

Related party transactions resulted in the following outstanding items as of December 31, 2012:

(EUR thousand)	Trade receivables	Trade payables	Other receivables	Other liabilities
12/31/2012				
Unconsolidated subsidiaries	18,806	4,041	6,735	23,383
Joint ventures	2,965	699	709	–
Associates	–	–	–	–
Total	**21,771**	**4,740**	**7,444**	**23,383**
of which current	21,771	4,740	7,136	23,383
12/31/2011				
Unconsolidated subsidiaries	25,675	6,037	18,345	28,260
Joint ventures	3,404	634	1,195	1,133
Associates	–	–	37	–
Total	**29,079**	**6,671**	**19,577**	**29,393**
of which current	29,079	6,671	19,056	29,393

The outstanding amounts will be settled by bank transfer and are unsecured.

11.3.2 Remuneration of the Executive Board and the Supervisory Board

The Executive Board and Supervisory Board of GEA Group Aktiengesellschaft received total remuneration of EUR 8,903 thousand in fiscal year 2012 (previous year: EUR 9,424 thousand). This is composed of the following components:

(EUR thousand)	2012	2011
Short-term employee benefits	5,838	5,571
Post-employment benefits	2,325	2,037
Share-based payments	740	1,816
Total	**8,903**	**9,424**

Former Executive Board members and their surviving dependents received remuneration from the GEA Group amounting to EUR 5,039 thousand (previous year: EUR 5,062 thousand). Pension provisions were recognized for former Executive Board members and their surviving dependents in accordance with IFRSs totaling EUR 63,389 thousand (previous year: EUR 50,603 thousand).

The expenses incurred for the Supervisory Board amounted to EUR 1,152 thousand in fiscal year 2011 (previous year: EUR 1,147 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.

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 13, 2012, 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 *	2012	2011
Hourly workers	9,558	9,187
Salaried employees	14,913	14,214
Continuing operations	**24,471**	**23,401**
Hourly workers	3	4
Discontinued operations	**3**	**4**
Total	**24,474**	**23,405**

*) 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 *	12/31/2012	12/31/2011
Hourly workers	9,430	9,374
Salaried employees	15,068	14,460
Continuing operations	**24,498**	**23,834**
Hourly workers	3	4
Discontinued operations	**3**	**4**
Total	**24,501**	**23,838**

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

12.3 Audit and consulting fees

The fees charged by the auditors of the consolidated financial statements, KPMG AG Wirtschaftsprüfungsgesellschaft, for fiscal year 2012 are broken down as follows.

(EUR thousand)	12/31/2012	12/31/2011
Audit	2,451	1,397
Other audit related services	823	0
Tax consulting services	43	21
Other services	188	181
Total	**3,505**	**1,599**

EUR 0.7 million of the fees listed for audits in fiscal 2012 is attributable to the audit of the 2011 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 GEA Energietechnik Co., Ltd.	Beijing	China	100.00
Beijing Tetra Laval Food Machinery Company Limited	Beijing	China	90.00
Bliss & Co. Ltd.	Fareham	United Kingdom	100.00
Bliss Refrigeration Ltd.	Fareham	United Kingdom	100.00
Bloksma Asia Ltd.	Hong Kong	China	100.00
Breconcherry Ltd.	Bromyard, Herefordshire	United Kingdom	100.00
Brouwers Equipment B.V.	Leeuwarden	Netherlands	100.00
Brückenbau Plauen GmbH	Frankfurt am Main	Germany	100.00
CFS Asia Co. Ltd.	Hong Kong	China	100.00
CFS Asia Ltd.	Bangna, Bangkok	Thailand	99.9998
CFS Chile Comercializadora Limitada	Santiago de Chile	Chile	100.00
CFS Commercial (Beijing) Limited	Beijing	China	100.00
CFS Czech s.r.o.	Prague	Czech Republic	100.00
CFS Korea Ltd.	Seoul	South Korea	80.00
CFS Poland Sp. z o.o.	Warsaw	Poland	100.00
CFS Ukraine LLC	Kiev	Ukraine	100.00
Convenience Food Systems K.K.	Tokyo	Japan	100.00
Convenience Food Systems S.A. de C.V.	Mexico-City	Mexico	100.00
Dairy Technology Services Pty Limited	Kyabram, Victoria	Australia	100.00
Dawmec Limited	Fareham	United Kingdom	100.00
Diessel Aktiengesellschaft	Zug	Switzerland	100.00
Dixie Union Ltd.	Newport Pagnell	United Kingdom	100.00
Dobbelenberg S.A./N.V.	Haren, Brussels	Belgium	100.00
Ecodelta Ltd.	Zarechny	Russia	62.00
EGI Cooling System (China) Co. Ltd.	Tianjin	China	100.00
EGI Cooling Systems Trading (Beijing) Co.	Beijing	China	100.00
EGI Enerji Ins. Ic Ve Dis Tic. Ltd. Sti.	Ankara	Turkey	90.00
EGI Structura Kft.	Budapest	Hungary	76.00
Farmers Industries Limited	Mt. Maunganui South, Tauranga	New Zealand	100.00
GEA (Philippines) Inc.	Manila	Philippines	100.00
GEA (Shanghai) Farm Technologies Company Ltd.	Shanghai	China	100.00
GEA 2H Water Technologies GmbH	Wettringen	Germany	100.00
GEA 2H Water Technologies Ltd.	Northampton	United Kingdom	100.00
GEA 2H Water Technologies s.r.o.	Jilove	Czech Republic	70.97
GEA 2H Water Technologies Sp. z.o.o.	Bytom	Poland	63.00
GEA Abfülltechnik GmbH	Büchen	Germany	100.00
GEA Air Treatment GmbH	Herne	Germany	100.00
GEA Air Treatment Production GmbH	Wurzen	Germany	100.00
GEA Aircooled Systems (Pty) Ltd.	Germiston	South Africa	75.00
GEA Airflow Services SAS	Nantes	France	100.00
GEA Aseptomag AG	Kirchberg	Switzerland	100.00
GEA Aseptomag Holding AG	Kirchberg	Switzerland	100.00
GEA ATG UK Holdings Limited	Cheshire, Warrington	United Kingdom	100.00
GEA Avapac Ltd.	Hamilton	New Zealand	100.00
GEA AWP GmbH	Prenzlau	Germany	100.00
GEA Barr-Rosin Ltd.	Maidenhead, Berkshire	United Kingdom	100.00
GEA Batignolles Technologies Thermiques Qatar L.L.C.	Doha	Qatar	100.00
GEA Batignolles Technologies Thermiques S.A.S.	Nantes	France	100.00
GEA Batignolles Thermal Technologies (Changshu) Co. Ltd.	Changshu	China	100.00
GEA Beteiligungsgesellschaft AG	Bochum	Germany	100.00
GEA Beteiligungsgesellschaft I mbH	Bochum	Germany	100.00
GEA Beteiligungsgesellschaft II mbH	Düsseldorf	Germany	100.00
GEA Bischoff GmbH	Essen	Germany	100.00
GEA Bischoff Oy	Helsinki	Finland	100.00

GEA Bloksma B.V.	Almere	Netherlands	100.00
GEA Bock (India) Private Limited	Vadodara, Gujarat	India	100.00
GEA Bock (Thailand) Co., Ltd.	Bangkok	Thailand	49,00 *
GEA Bock Asia Pte. Ltd.	Singapore	Singapore	100.00
GEA Bock Compressors (Hangzhou) Co., Ltd.	Hangzhou, Zhejiang	China	100.00
GEA Bock Czech s.r.o.	Stribro	Czech Republic	100.00
GEA Bock GmbH	Frickenhausen	Germany	100.00
GEA Bock Malaysia Sdn. Bhd.	Petaling Jaya	Malaysia	100.00
GEA Brewery Systems GmbH	Kitzingen	Germany	100.00
GEA CALDEMON, S.A.	Revilla de Camargo, Cantabria	Spain	100.00
GEA Canada Inc.	Lethbridge, Alberta	Canada	100.00
GEA CFS Finance B.V.	Bakel	Netherlands	100.00
GEA CFS Group B.V.	Bakel	Netherlands	100.00
GEA CFS Holding B.V.	Bakel	Netherlands	100.00
GEA CFS International B.V.	Bakel	Netherlands	100.00
GEA CFS International Weert B.V.	Weert	Netherlands	100.00
GEA CFS Uden B.V.	Bakel	Netherlands	100.00
GEA Colby Pty. Ltd.	Sydney	Australia	100.00
GEA DELBAG SAS	Montry	France	100.00
GEA Diessel GmbH	Hildesheim	Germany	100.00
GEA do Brasil Intercambiadores Ltda.	Franco da Rocha	Brazil	100.00
GEA Dutch Holding B.V.	's-Hertogenbosch	Netherlands	100.00
GEA Ecoflex (Asia) Sdn. Bhd.	Shah Alam, Selangor	Malaysia	100.00
GEA Ecoflex China Co. Ltd.	Shanghai	China	100.00
GEA Ecoflex GmbH	Sarstedt	Germany	100.00
GEA Ecoflex India Private Limited	Rabale Navi, Mumbai	India	98.00
GEA Ecoflex Middle East FZE	Dubai	United Arab Emirates	100.00
GEA Ecoflex UK Limited	Birmingham	United Kingdom	100.00
GEA EcoServe België	Zele	Belgium	100.00
GEA EcoServe Deutschland GmbH	Holzwickede	Germany	100.00
GEA EcoServe Nederland B.V.	Belfeld	Netherlands	100.00
GEA EGI Energiagazdálkodási Zrt.	Budapest	Hungary	99.63
GEA Energietechnik Anlagen- und Betriebs-GmbH	Bochum	Germany	100.00
GEA Energietechnik GmbH	Bochum	Germany	100.00
GEA Energietechnik UK Limited	Moreton-On-Lugg, Hereford	United Kingdom	100.00
GEA Engenharia de Processos e Sistemas Industriais Ltda.	Campinas, Sao Paulo	Brazil	100.00
GEA Ergé-Spirale et Soramat S.A.	Wingles	France	100.00
GEA Erste Kapitalbeteiligungen GmbH & Co. KG	Bochum	Germany	100.00
GEA Eurotek Ltd.	Aylsham	United Kingdom	100.00
GEA Exergy AB	Gothenburg	Sweden	100.00
GEA Farm Technologies (Ireland) Ltd.	County Kildare	Ireland	100.00
GEA Farm Technologies (UK) Limited	Warminster	United Kingdom	100.00
GEA Farm Technologies Acier SAS	Château-Thierry	France	100.00
GEA Farm Technologies Argentina S.R.L.	Buenos Aires	Argentina	100.00
GEA Farm Technologies Australia Pty. Ltd.	Tullamarine, Victoria	Australia	100.00
GEA Farm Technologies Austria GmbH	Plainfeld	Austria	100.00
GEA Farm Technologies Belgium N.V.	Olen	Belgium	100.00
GEA Farm Technologies Bulgaria EOOD	Sofia	Bulgaria	100.00
GEA Farm Technologies Canada Inc.	Drummondville, Quebec	Canada	100.00
GEA Farm Technologies Chile SpA	Osorno	Chile	100.00
GEA Farm Technologies Croatia d.o.o.	Dugo Selo	Croatia	100.00
GEA Farm Technologies CZ, spol. s.r.o.	Napajedla	Czech Republic	100.00
GEA Farm Technologies do Brasil, Industria e Comercio de Equipamentos Agricolas e Pecuarios Ltda.	Jaguariúna	Brazil	100.00
GEA Farm Technologies France SAS	Château-Thierry	France	100.00
GEA Farm Technologies GmbH	Bönen	Germany	100.00
GEA Farm Technologies Ibérica S.L.	Granollers	Spain	100.00
GEA Farm Technologies Japy SAS	Saint-Apollinaire	France	100.00
GEA Farm Technologies Mullerup A/S	Ullerslev	Denmark	100.00
GEA Farm Technologies Nederland B.V.	Zeewolde	Netherlands	100.00
GEA Farm Technologies New Zealand Limited	Cambridge	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

*) 51 percent of voting rights GEA Group

GEA Farm Technologies Suisse AG	Ittigen	Switzerland	100.00
GEA Farm Technologies, Inc.	Wilmington, Delaware	USA	100.00
GEA FarmTechnologies Tarim Ekip.Mak.Kim. Tek.Dan.San.Tic.Ltd.Sti.	Kemalpasa, Izmir	Turkey	100.00
GEA Food Solutions France S.A.S.	Beaucouzé	France	100.00
GEA Food Solutions (Pty) Ltd.	Johannesburg	South Africa	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 Denmark A/S	Slagelse	Denmark	100.00
GEA Food Solutions Germany GmbH	Biedenkopf-Wallau	Germany	100.00
GEA Food Solutions GmbH	Düsseldorf	Germany	100.00
GEA Food Solutions International A/S	Slagelse	Denmark	100.00
GEA Food Solutions Italy S.r.l.	Grumello Del Monte	Italy	100.00
GEA Food Solutions Middle East F.Z.E.	Dubai	United Arab Emirates	100.00
GEA Food Solutions Netherlands B.V.	Bakel	Netherlands	100.00
GEA Food Solutions Nordic A/S	Slagelse	Denmark	100.00
GEA Food Solutions North America, Inc.	Frisco	USA	100.00
GEA Food Solutions RUS ZAO	Moscow	Russia	100.00
GEA Food Solutions Switzerland AG	Rothrist	Switzerland	100.00
GEA Food Solutions UK and Ireland Limited	Newport Pagnell	United Kingdom	100.00
GEA Food Solutions Weert B.V.	Weert	Netherlands	100.00
GEA Goedhart B.V.	Sint Maartensdijk	Netherlands	100.00
GEA Goedhart Holding B.V.	Sint Maartensdijk	Netherlands	100.00
GEA Grasso Refrigeration OOO	Moscow	Russia	100.00
GEA Grasso s.r.o.	Prague	Czech Republic	100.00
GEA Grasso Spólka z o.o.	Gdynia	Poland	100.00
GEA Grasso TOV	Kiev	Ukraine	100.00
GEA Grasso UAB	Vilnius	Lithuania	100.00
GEA Grenco Ltd.	Sittingbourne, Kent	United Kingdom	100.00
GEA Group Holding France SAS	Montigny le Bretonneux	France	100.00
GEA Group Holding GmbH	Bochum	Germany	100.00
GEA Group Holdings (UK) Limited	Eastleigh, Hampshire	United Kingdom	100.00
GEA Happel Belgium N.V.	Haren, Brussels	Belgium	100.00
GEA Happel Nederland B.V.	Capelle an der Yssel	Netherlands	100.00
GEA Happel SAS	Roncq	France	100.00
GEA Heat Exchangers a.s.	Liberec	Czech Republic	100.00
GEA Heat Exchangers AB	Ystad	Sweden	100.00
GEA Heat Exchangers GmbH	Bochum	Germany	100.00
GEA Heat Exchangers Limited	Moreton-On-Lugg, Hereford	United Kingdom	100.00
GEA Heat Exchangers OÜ	Tallinn	Estonia	100.00
GEA Heat Exchangers Oy	Vantaa	Finland	100.00
GEA Heat Exchangers Pte. Ltd.	Singapur	Singapore	100.00
GEA Heat Exchangers S.r.l.	Monvalle	Italy	100.00
GEA Heat Exchangers, Inc.	Lakewood, Colorado	USA	100.00
GEA Ibérica S.A.	Igorre	Spain	100.00
GEA Industrial Heat Exchanger Systems (China) Ltd.	Wuhu	China	97.08
GEA Industrial Services Ltd.	Willenhall, West Midlands	United Kingdom	100.00
GEA Industriebeteiligungen GmbH	Bochum	Germany	100.00
GEA Insurance Broker GmbH	Frankfurt am Main	Germany	100.00
GEA Ireland Limited	Kildare	Ireland	100.00
GEA ISISAN TESISAT INSAAT TAAHHÜT TICARET VE SANAYI A.S.	Istanbul	Turkey	100.00
GEA IT Services GmbH	Oelde	Germany	100.00
GEA klima rashladna tehnika d.o.o.	Zagreb	Croatia	100.00
GEA Klima Sanayi ve Ticaret Anonim Sirketi A.S.	Istanbul	Turkey	100.00
GEA Klimatechnik GmbH	Gaspoltshofen	Austria	100.00
GEA Klimatechnika Kft.	Budapest	Hungary	100.00
GEA Klimatizacia s.r.o.	Bratislava	Slovakia	100.00
GEA Klimatizacijska tehnika d.o.o.	Ljubljana	Slovenia	100.00
GEA Klimatyzacja Spolka z o.o.	Wroclaw	Poland	100.00
GEA Küba GmbH	Baierbrunn	Germany	100.00
GEA Levati Food Tech S.r.l.	Collecchio	Italy	100.00
GEA Luftkühler GmbH	Bochum	Germany	100.00
GEA Lyophil (Beijing) Ltd.	Beijing	China	100.00
GEA Lyophil GmbH	Hürth	Germany	100.00
GEA Maschinenkühltechnik GmbH	Bochum	Germany	100.00

GEA Mashimpeks OOO	Moscow	Russia	100.00
GEA Mechanical Equipment Canada, Inc.	Saint-John, New Brunswick	Canada	100.00
GEA Mechanical Equipment GmbH	Oelde	Germany	100.00
GEA Mechanical Equipment Italia S.p.A.	Parma	Italy	100.00
GEA Mechanical Equipment UK Limited	Milton Keynes	United Kingdom	100.00
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 mts flowtec AG	Kirchberg	Switzerland	100.00
GEA NEMA Wärmetauscher GmbH	Netzschkau	Germany	100.00
GEA Nilenca (Pty) Ltd.	Germiston	South Africa	74.83
GEA NIRO GmbH	Müllheim	Germany	100.00
GEA Niro PT B.V.	's-Hertogenbosch	Netherlands	100.00
GEA North America, Inc.	Delaware	USA	100.00
GEA Nu-Con Ltd.	Penrose, Auckland	New Zealand	100.00
GEA Nu-Con Manufacturing Limited	Mairangi Bay, Auckland	New Zealand	100.00
GEA Nu-Con Pty. Ltd.	Sutherland, Sydney	Australia	100.00
GEA of Alabama, L.L.C.	Montgomery	USA	100.00
GEA Pharma Systems (India) Private Limited	Vadodara, Gujarat	India	100.00
GEA Pharma Systems AG	Bubendorf	Switzerland	100.00
GEA Pharma Systems Limited	Eastleigh Hampshire	United Kingdom	100.00
GEA Polacel Cooling Towers B.V.	Doetinchem	Netherlands	100.00
GEA Polacel Cooling Towers FZCO	Dubai	United Arab Emirates	100.00
GEA Polska Sp. z o.o.	Swiebodzice	Poland	100.00
GEA Power Cooling de Mexico S. de R.L. de C.V.	San Luis Potosí	Mexico	100.00
GEA POWER COOLING TECHNOLOGY (CHINA) LTD.	Langfang	China	100.00
GEA Process Engineering (India) Private Limited	Vadodara, Gujarat	India	100.00
GEA Process Engineering (Pty) Ltd.	Midrand	South Africa	100.00
GEA Process Engineering A/S	Soeborg	Denmark	100.00
GEA Process Engineering Asia Ltd.	Hong Kong	China	100.00
GEA Process Engineering CEE Kft.	Budaörs	Hungary	100.00
GEA Process Engineering Chile S.A.	Santiago de Chile	Chile	100.00
GEA Process Engineering China Limited	Shanghai	China	100.00
GEA Process Engineering China Ltd.	Shanghai	China	100.00
GEA Process Engineering Inc.	Columbia	USA	100.00
GEA Process Engineering Italia S.P.A.	Segrate	Italy	100.00
GEA Process Engineering Japan Ltd.	Tokyo	Japan	100.00
GEA Process Engineering Ltd.	Birchwood,Cheshire,Warrington	United Kingdom	100.00
GEA Process Engineering Ltd.	Penrose, Auckland	New Zealand	100.00
GEA Process Engineering N.V.	Halle	Belgium	100.00
GEA Process Engineering Nederland B.V.	Deventer	Netherlands	100.00
GEA Process Engineering OOO	Moscow	Russia	100.00
GEA Process Engineering Oy	Vantaa	Finland	100.00
GEA Process Engineering Pte. Ltd.	Singapore	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, Mex. City	Mexico	100.00
GEA Process Engineering S.A.S.	Saint-Quentin en Yvelines Ced.	France	100.00
GEA Process Engineering S.A.S.	Bogota D.C.	Colombia	100.00
GEA Process Engineering s.r.o.	Brno	Czech Republic	100.00
GEA Process Engineering Taiwan Ltd.	Taipeh	Taiwan	100.00
GEA Process Engineering Z o.o.	Warsaw	Poland	100.00
GEA PROCESS MÜHENDISLIK MAKINE INSAAT TAAHÜT ITHALAT IHRACAT DANIS. SAN. VE TIC. LTD. STI.	Kemalpasa, Izmir	Turkey	100.00
GEA Process Technologies Ireland Limited	Dublin	Ireland	100.00
GEA Process Technology Netherlands B.V. i.L.	Cuijk	Netherlands	100.00
GEA Procomac S.p.A.	Sala Baganza	Italy	100.00
GEA Real Estate GmbH	Frankfurt am Main	Germany	100.00
GEA Refrigeration (Thailand) Co. Ltd.	Nonthaburi	Thailand	99.9994
GEA Refrigeration Africa (Pty) Ltd.	Capetown	South Africa	100.00
GEA Refrigeration Canada Inc.	Richmond	Canada	100.00
GEA Refrigeration Components (Australia) Pty. Ltd.	Carrum Downs, Victoria	Australia	100.00
GEA Refrigeration Components (Nordic) A/S	Kolding	Denmark	100.00
GEA Refrigeration Components (UK) Ltd.	Ross-on-Wye, Herfordshire	United Kingdom	100.00

GEA Refrigeration France SAS	Les Sorinières	France	100.00
GEA Refrigeration Germany GmbH	Berlin	Germany	100.00
GEA Refrigeration Hong Kong Ltd.	Hong Kong	China	100.00
GEA Refrigeration Ibérica S.A.	Alcobendas, Madrid	Spain	100.00
GEA Refrigeration Ireland Limited	Cavan	Ireland	100.00
GEA Refrigeration Italy S.p.A.	Castel Maggiore, Bologna	Italy	100.00
GEA Refrigeration Netherlands N.V.	's-Hertogenbosch	Netherlands	100.00
GEA Refrigeration North America, Inc.	York, Pennsylvania	USA	100.00
GEA Refrigeration Romania S.R.L.	Cluj-Napoca	Rumania	100.00
GEA Refrigeration Technologies GmbH	Bochum	Germany	100.00
GEA Refrigeration Technology (Suzhou) Co., Ltd.	Suzhou	China	100.00
GEA Refrigeration UK Ltd.	London	United Kingdom	100.00
GEA Refrigeration Vietnam Co. Ltd.	Ho Chi Min City	Vietnam	100.00
GEA Renzmann & Grünewald GmbH	Monzingen	Germany	100.00
GEA Saudi Arabia LLC	Al Kobar	Saudi Arabian	100.00
GEA Searle Ltd.	Fareham	United Kingdom	100.00
GEA Segment Management Holding GmbH	Bochum	Germany	100.00
GEA Services and Components OOO	Moscow	Russia	100.00
GEA Shanxi Dry Cooling Design Ltd.	Taiyuan, Shanxi	China	60.00
GEA Sistemas de Resfriamento Ltda.	Indaiatuba	Brazil	100.00
GEA TDS GmbH	Sarstedt	Germany	100.00
GEA Technika Cieplna Spolka z o.o.	Opole	Poland	100.00
GEA Thermal Engineering Investments (Pty) Ltd.	Germiston	South Africa	100.00
GEA Tuchenhagen France	Hoenheim	France	100.00
GEA Tuchenhagen GmbH	Büchen	Germany	100.00
GEA Tuchenhagen Polska sp. z o.o.	Koszalin	Poland	100.00
GEA Westfalia Separating Equipment (Tianjin) Co., Ltd.	Tianjin	China	100.00
GEA Westfalia Separator (China) Ltd.	Wanchai, Hong Kong	China	100.00
GEA Westfalia Separator (S.E.A.) PTE. LTD.	Singapore	Singapore	100.00
GEA Westfalia Separator (Thailand) Ltd.	Bangkok	Thailand	97.00
GEA Westfalia Separator (Tianjin) Co., Ltd.	Tianjin	China	100.00
GEA Westfalia Separator Argentina S.A.	Buenos Aires	Argentina	100.00
GEA Westfalia Separator Australia Pty. Ltd.	Thomastown ,Victoria	Australia	100.00
GEA Westfalia Separator Austria GmbH	Vienna	Austria	100.00
GEA Westfalia Separator Belgium N.V.	Schoten	Belgium	99.00
GEA Westfalia Separator Chile S.A.	Santiago de Chile	Chile	100.00
GEA Westfalia Separator CIS Ltd.	Moscow	Russia	100.00
GEA Westfalia Separator CZ s.r.o.	Prague	Czech Republic	100.00
GEA Westfalia Separator Deutschland GmbH	Oelde	Germany	100.00
GEA Westfalia Separator DK A/S	Skanderborg	Denmark	100.00
GEA Westfalia Separator do Brasil Industria de Centrifugas Ltda.	Campinas, Sao Paulo	Brazil	100.00
GEA Westfalia Separator France	Château-Thierry	France	100.00
GEA Westfalia Separator Group	Kiev	Ukraine	100.00
GEA Westfalia Separator Group GmbH	Oelde	Germany	100.00
GEA Westfalia Separator Hellas A.E.	Athens	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 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.	Penrose, Auckland	New Zealand	100.00
GEA Westfalia Separator Polska Sp. z o.o.	Warsaw	Poland	100.00
GEA Westfalia Separator Production France	Château-Thierry	France	100.00
GEA Westfalia Separator Romania S.R.L.	Bucarest	Romania	100.00
GEA Westfalia Separator Sanayi ve Ticaret Ltd. Sti.	Kemalpasa, Izmir	Turkey	100.00
GEA Westfalia Separator South Africa (Pty.) Ltd.	Midrand	South Africa	100.00
GEA Westfalia Separator Sweden AB	Gothenburg	Sweden	100.00
GEA Wiegand GmbH	Ettlingen	Germany	100.00
GEA WTT GmbH	Nobitz-Wilchwitz	Germany	100.00

GEA Zweite Kapitalbeteiligungen GmbH & Co. KG	Bochum	Germany	100.00
Grasso Componentes Ibéria Lda.	Cascais	Portugal	100.00
Hovex B.V. Engineering	Veendam	Netherlands	100.00
KET Marine International B.V.	Zevenbergen	Netherlands	100.00
Kupferbergbau Stadtberge zu Niedermarsberg GmbH	Frankfurt am Main	Germany	100.00
Kupferexplorationsgesellschaft mbH	Bochum	Germany	100.00
LL Plant Engineering (India) Private Limited	Mumbai Maharashtra	India	100.00
LL Plant Engineering AG	Ratingen	Germany	100.00
LL Plant Engineering France S.A.S.	Sartrouville	France	100.00
mg AIS GmbH Automotive Ignition Systems i.L.	Frankfurt am Main	Germany	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
mgvv Projektgesellschaft Hornpottweg GmbH	Frankfurt am Main	Germany	100.00
mgvv Projektentwicklung Daimlerstrasse GmbH & Co. KG	Frankfurt am Main	Germany	100.00
mgvv Projektentwicklung Daimlerstrasse Verwaltungs GmbH	Frankfurt am Main	Germany	100.00
Milfos Australia Pty. Limited	Sydney	Australia	100.00
Milfos International Limited	Frankton, Hamilton	New Zealand	100.00
Milfos UK Limited	Droitwich, Worcestershire	United Kingdom	100.00
Milk ‚N' Water Services Stratford Limited	Stratford	New Zealand	100.00
Niro Projectos e Instalacoes Ltda.	Campinas, Sao Paulo	Brazil	100.00
Niro Sterner Inc.	Columbia	USA	100.00
Nu-Con (Shanghai) Trading Co. Ltd.	Pudong, Shanghai	China	100.00
Nu-Con Systems Pte. Limited	Singapore	Singapore	100.00
Nu-Con Systems Sdn. Bhd.	Shah Alam, Selangor	Malaysia	100.00
OOO GEA Energietechnik	Moscow	Russia	100.00
OOO GEA Farm Technologies Rus	Moscow	Russia	100.00
OOO GEA Farm Technologies Ukraine	Bila Zerkva	Ukraine	100.00
Paul Pollrich GmbH	Herne	Germany	100.00
Pelacci S.R.L. i.L.	Sala Baganza	Italy	67.00
Procomac Engenharia Ltda.	Barueri	Brazil	100.00
PT Westfalia Indonesia	Jakarta	Indonesia	100.00
PT. GEA Grasso Indonesia	Jakarta Barat, Cengkareng	Indonesia	100.00
Royal de Boer Stalinrichtingen B.V.	Leeuwarden	Netherlands	100.00
Ruhr-Zink GmbH	Datteln	Germany	100.00
Sachtleben Bergbau Verwaltungsgesellschaft mit beschränkter Haftung	Lennestadt	Germany	100.00
SC GEA KLIMATECHNIK S.R.L.	Timisoara	Romania	100.00
SCI Sartrouville	Sartrouville	France	100.00
TOV GEA-Ukrayina	Kiev	Ukraine	100.00
Trennschmelz Altersversorgung GmbH	Bochum	Germany	100.00
Tuchenhagen (Philippines) Inc.	Manila	Philippines	100.00
Tuchenhagen (Thailand) Co. Ltd. i.L.	Bangkok	Thailand	100.00
Tuchenhagen do Brasil Ltda.	Campinas, Sao Paulo	Brazil	100.00
UAB GEA Klimatechnik	Vilnius	Lithuania	100.00
VDM-Hilfe GmbH	Frankfurt am Main	Germany	100.00
Westfalia Separator (Philippines), Inc.	Manila	Philippines	100.00
Westfalia Separator Malaysia SDN. BHD.	Petaling Jaya	Malaysia	100.00
Wilarus OOO	Kolomna	Russia	100.00
Wolfking LLC	Frisco	USA	100.00
Wolfking Ltd.	Newport Pagnell	United Kingdom	100.00
Wolfking Ltda.	Campinas, Sao Paulo	Brazil	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	Moscow	Russia	29.00
Joint Ventures			
Blue Glacier Technology, LLC	Durham	USA	50.00
Bock Australia Pty. Ltd.	Rosebery	Australia	50.00
GEA Cooling Tower Technologies (India) Private Limited	Chennai, Madras	India	51.00
GEA Shanxi Thermal Equipment Company Ltd.	Taiyuan, Shanxi	China	48.00
GRADE Grasso Adearest Limited	Dubai	United Arab Emirates	50.00
GRADE Refrigeration LLC	Sharjah	United Arab Emirates	49.00

Merton Wohnprojekt GmbH	Frankfurt am Main	Germany	50.00
Orion WestfaliaSurge Co., Ltd.	Nagano	Japan	49.00
RSZ Rott Sarstedt Zerspanung GmbH	Sarstedt	Germany	50.00
SNKS-Procomac K.K.	Osaka	Japan	50.00
TANSA-CALDEMON UTE	Muriedas Ayuntam. de Camargo	Spain	50.00
Wuhan Bloksma Heat Exchangers Co. Ltd.	Wuhan	China	50.00
Other equity investments under section 313(2) no. 4 of the HGB			
Arbeitsgemeinschaft Zellenkühleranlage KKW Isar GEA Energietechnik GmbH-Alpine Bau Deutschland AG	Bochum	Germany	55.02
Bauverein Oelde GmbH	Oelde	Germany	35.50
Ehrfeld Mikrotechnik AG i.I.	Wendelsheim	Germany	26.00
EPSA Empresa Paulista de Servicos Ambientais S.A.	Sao Paulo, Sao Paulo	Brazil	47.50
Indo Technofrigo Ltd. i.L.	Rajkot	India	49.00
Joint Venture GEA Energietechnik GmbH - ELIKA ATEE	Kozani	Greece	47.00
KOS - GEA Korea Ltd.	Seoul	South Korea	25.00
TPK Mashimpeks	Moscow	Russia	34.00

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 2H Water Technologies GmbH, Wettringen
GEA Air Treatment GmbH, Herne
GEA Air Treatment Production GmbH, Wurzen
GEA AWP GmbH, Prenzlau
GEA Bischoff GmbH, Essen
GEA Bock GmbH, Frickenhausen
GEA Brewery Systems GmbH, Kitzingen
GEA Diessel GmbH, Hildesheim
GEA Ecoflex GmbH, Sarstedt
GEA Energietechnik Anlagen- und Betriebs-GmbH, Bochum
GEA Energietechnik GmbH, Bochum
GEA Erste Kapitalbeteiligungen GmbH & Co. KG, Bochum
GEA Farm Technologies GmbH, Bönen
GEA Food Solutions Germany GmbH, Biedenkopf-Wallau
GEA Food Solutions GmbH, Düsseldorf
GEA Group Holding GmbH, Bochum
GEA Heat Exchangers GmbH, Bochum
GEA Industriebeteiligungen GmbH, Bochum
GEA Insurance Broker GmbH, Frankfurt am Main
GEA IT Services GmbH, Oelde
GEA Küba GmbH, Baierbrunn
GEA Luftkühler GmbH, Bochum
GEA Lyophil GmbH, Hürth
GEA Maschinenkühltechnik GmbH, Bochum
GEA Mechanical Equipment GmbH, Oelde
GEA Messo GmbH, Duisburg
GEA NEMA Wärmetauscher GmbH, Netzschkau

GEA NIRO GmbH, Müllheim
GEA Real Estate GmbH, Frankfurt am Main
GEA Refrigeration Germany GmbH, Berlin
GEA Refrigeration Technologies GmbH, Bochum
GEA Renzmann & Grünewald GmbH, Monzingen
GEA TDS GmbH, Sarstedt
GEA Tuchenhagen GmbH, Büchen
GEA Westfalia Separator Deutschland GmbH, Oelde
GEA Westfalia Separator Group GmbH, Oelde
GEA Wiegand GmbH, Ettlingen
GEA WTT GmbH, Nobitz-Wilchwitz
GEA Zweite Kapitalbeteiligungen GmbH & Co. KG, Bochum
LL Plant Engineering AG, Ratingen
mg Altersversorgung GmbH, Bochum
mg capital gmbh, Bochum
mg vv Projektgesellschaft Hornpottweg GmbH, Frankfurt am Main
Paul Pollrich GmbH, Herne
ZiAG Plant Engineering GmbH, Frankfurt am Main

Düsseldorf, February 28, 2013

The Executive Board

Jürg Oleas	Dr. Helmut Schmale	Niels Graugaard	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 (management report) for the business year from January 1 to December 31, 2012. The preparation of the consolidated financial statements and the management report in accordance with IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB [Handelsgesetzbuch „German Commercial Code"] 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 management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB [Handelsgesetzbuch „German Commercial Code"] and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (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 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 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 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 § 315a Abs. 1 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 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 28, 2013

KPMG AG
Wirtschaftsprüfungsgesellschaft

Guido Moesta	Dr. Markus Zeimes
Wirtschaftsprüfer	Wirtschaftsprüfer
(German public auditor)	(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 28, 2013

The Executive Board

Jürg Oleas	Dr. Helmut Schmale	Niels Graugaard	Dr. Stephan Petri

Report of the Supervisory Board

Yet again, the Supervisory Board performed the monitoring and advisory functions incumbent upon it by virtue of the law, the Articles of Association and the Rules of Procedure with due care and diligence in the year under review. In doing so, it dealt in depth with the Company's position and outlook as well as all relevant key issues. The Supervisory Board continuously advised the Executive Board on the management of the Company while monitoring its conduct of the Company's business on an ongoing basis.

This task was facilitated by the fact that, apart from engaging in deliberations during the meetings, the Executive Board met its duty to inform and regularly provided the Supervisory Board in written and/or oral reports with timely and comprehensive information on all relevant matters and measures relating to the Company, on the course of business, corporate planning and strategy, as well as the position of the group. The Supervisory Board was directly involved in all decisions of fundamental importance to the Company. It was at all times given sufficient opportunity to critically discuss the reports and motions submitted by the Executive Board and to give recommendations through its committees and at the meetings of the full Supervisory Board.

In addition, the chairmen of the Supervisory Board and the Audit Committee maintained constant contact with the Executive Board and exchanged mutual information on significant events. In between the meetings, the Chairman of the Supervisory Board and the Chairman of the Executive Board regularly discussed significant current issues relating to the development of the Company including corporate strategy, business development, risk management and compliance. In this context, the Chairman of the Supervisory Board was regularly and promptly informed of the outlook for individual segments and the group, as well as further important developments and imminent decisions. Outside meetings, the Chairman of the Audit Committee remained in contact with the members of the Executive Board, in particular the Chief Financial Officer, to keep abreast of current developments relevant to the work of the Audit Committee and to discuss them, if necessary. In preliminary meetings, the employee representatives regularly deliberated on the items on the agenda prior to the plenary meetings of the Supervisory Board.

On a regular basis, the Supervisory Board was provided with comprehensive information on order intake, sales, earnings and employment trends of the group, its segments and other companies, as well as the discontinued operations. The Supervisory Board received detailed explanations on any business performance variances from plan and forecast on the basis of supporting documents. The future prospects and the strategic development of the Company and its business units, as well as corporate planning, were extensively discussed and agreed with the Supervisory Board. In the year under review, particular attention was paid to the strategic development of the group, the progress towards integrating the new Segment GEA Food Solutions, succession planning for Niels Graugaard, who will retire from the Executive Board at the conclusion of the 2013 Annual General Meeting, as well as the risks, business performance and financial position. Furthermore, the Supervisory Board and the Audit Committee extensively examined and addressed the Company's risk management system. In this context, the KPMG AG Wirtschaftsprüfungsgesellschaft was also entrusted to put a special emphasis on the Company's risk management system in the course of the audit.

After having scrutinized and extensively discussed the reports and motions submitted by the Executive Board, the Supervisory Board cast their respective votes insofar as this was appropriate or required by law, the provisions of the Articles of Association or the Rules of Procedure, as the case may be. Prior to and in between meetings, the Executive Board provided reports on significant events in writing or in text form. For reasons duly substantiated, in particular in matters of special urgency, resolutions were adopted by written procedure.

In the year under review, there were once again no conflicts of interest in respect to 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 the Supervisory Board's deliberations

The Supervisory Board held six meetings in the year under review 2012, one of them as a conference call meeting. On these occasions, the Supervisory Board regularly discussed matters relating to the Company's business progress, its financial position, the strategic development of the group, the integration of the newly acquired Segment GEA Food Solutions added in 2011, the termination of the award proceedings by reaching a settlement and the resulting capital increase, an analysis of the Company's M&A activities, as well as the risks remaining from the sale of the plant engineering activities.

Key items on the agenda of the conference call Supervisory Board meeting on February 3, 2012, were the early information on the capital market as well as the dividend distribution proposal.

The two key items on the agenda of the Supervisory Board meeting held on March 8, 2012, were the approval of the annual financial statements and the consolidated financial statements for fiscal year 2011, including the appropriation of net earnings and the agenda for the Annual General Meeting in April 2012, as well as the appointment of Dr. Stephan Petri as an ordinary Executive Board member with effect from June 1, 2012 until midnight on May 31, 2015. In addition, the Supervisory Board one more time extensively discussed the new variable remuneration system for the Executive Board. In this meeting, the Supervisory Board also finally determined the Executive Board members' personal targets for fiscal year 2012 and addressed the examination of efficiency recommended under section 5.6 of the German Corporate Governance Code in relation to the activities of the Supervisory Board.

The Supervisory Board meeting on April 24, 2012, mainly served the purpose of preparing the Annual General Meeting which took place immediately afterwards. Amongst other things, the Executive Board gave a report on current business and the development of the recently acquired Segment GEA Food Solutions.

At the meeting held on June 21, 2012, the shareholder representatives on the Supervisory Board elected Prof. Dr. Bauer to serve on the Supervisory Board's Nomination Committee. Besides, the meeting focused on the current development of the Segment GEA Food Solutions, an impairment analysis of GEA acquisitions undertaken since 2004, latest information on strategies pursued by main competitors, as well as issues relating to the alignment of GEA's capital structure with financial market developments. Apart from that, the Supervisory Board was given a progress report on the capital increase in connection with the settlement-based termination of the award proceedings, as well as the resulting obligation to issue new shares.

On September 20, 2012, the Supervisory Board held a meeting in Vaals / Netherlands. Prior to that, the Supervisory Board was able to get an idea of the products offered by Segment GEA Food and their importance to GEA customers by paying a visit to the Segment GEA Food Solutions production facility in Bakel/Netherlands and by visiting a customer of this GEA segment. At the same time, the Supervisory Board took a closer look at the products offered by the GEA Heat Exchangers Segment by visiting a power plant and receiving a detailed presentation on the ‚Medupi' project/South Africa which involves the construction of a large dry cooling tower. The main item on the agenda of the actual Supervisory Board meeting was a comprehensive introduction to GEA's strategy process. The latter is aimed at developing the cornerstones of GEA's long-term strategy. In addition, the Supervisory Board intensively deliberated on the succession of Niels Graugaard, who will retire from the Executive Board in April 2013. Further items on the agenda included the current development of the Segment GEA Food Solutions, an antitrust lawsuit filed against a former subsidiary in France, GEA's existing diversity reporting, as well as a peer comparison involving GEA's main competitors.

The meeting held on December 13, 2012, focused on two main topics: the approval of the 2013 budget and the medium-term planning for the years 2014 and 2015. Apart from that, those present followed up on the 2012 September meeting by discussing the strategy process in more detail. As usual, the December meeting also addressed current developments in the field of corporate governance, including the amendments to the Code adopted by the Government Commission on the German Corporate Governance Code on May 15, 2012. In response to these amendments, the Supervisory Board revised its targets relating to its own composition and amended the Rules of Procedure of the Supervisory Board, the Audit Committee, as well as the Executive Board accordingly. In this context, the Declaration of Compliance with the Corporate Governance Code was adopted. Another item on the agenda was the comprehensive report of the Chief Compliance Officer on his area of responsibility and the further extension of compliance activities in the group, as well as a preview of the achievement of bonus targets on the part of the Executive Board in fiscal year 2012, including the target proposals for the Executive Board for fiscal year 2013.

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 were deliberations on the succession planning for Executive Board members, the preparation of the appointment of Dr. Stephan Petri and Markus Hüllmann as members of the Executive Board, as well as information on pending and new legal disputes of the group. Furthermore, the Presiding Committee engaged in in-depth discussions on the strategy process.

The Audit Committee met five times. In the presence of the auditor, the Chairman of the Executive Board, the Chief Financial Officer as well as the Director of Industrial Relations, the Audit Committee focused on the annual financial statements and the consolidated financial statements for fiscal year 2011 as well as the 2012 quarterly financial statements. Furthermore, the Committee‘s activities focused on monitoring the accounting processes. The Audit Committee also verified the effectiveness of the internal risk management and internal audit systems. Moreover, the Committee obtained detailed information on the Company‘s opportunities and risks including the group‘s legal disputes, as well as the financial planning of GEA Group. The auditors 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 for the year 2012, as well as the necessary independence of the auditor. Apart from that, the Audit Committee concerned itself with the capital increase in connection with the settlement-based termination of the award proceedings, in particular the prospectus, as well as the reports of the internal audit function and the Chief Compliance Officer.

The Nomination Committee was not convened in the year under review.

The Mediation Committee did not have to be convened in 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 on December 13, 2012, it discussed the recommendations and suggestions of the German Corporate Governance Code. In particular, it dealt with the Supervisory Board‘s concrete target composition in view of section 5.4.1 Corporate Governance Code. At that 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. GEA Group Aktiengesellschaft complies with the current recommendations of the German Corporate Governance Code. Further information on corporate governance can be found in the Corporate Governance Report (see page 67 ff.).

Annual financial statements and consolidated financial statements for 2012

The 2012 annual financial statements of GEA Group Aktiengesellschaft, the consolidated financial statements prepared in accordance with IFRS and the combined management report have been audited by KPMG AG Wirtschaftsprüfungsgesellschaft and received an unqualified audit opinion.

In the presence of the auditors, the combined management report, the annual financial statements of GEA Group Aktiengesellschaft, the proposal for the appropriation of net earnings as well as the consolidated financial statements and the audit reports for 2012 were extensively discussed and examined at the meeting of the Audit Committee on February 28, 2013, and at the annual accounts adoption meeting of the Supervisory Board held on March 7, 2013. The auditors reported on the procedures applied and the material findings of their audit. They were also available to answer questions.

On the basis of the final results of the examination performed by the Audit Committee and after its own scrutiny, the Supervisory Board agreed with the auditors' findings at its meeting on March 7, 2013 and found that there were no objections to be raised. The Supervisory Board approved the 2012 consolidated financial statements, the 2012 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

Pursuant to a resolution adopted by the Annual General Meeting on April 24, 2012, Prof. Dr. Werner Bauer was elected to serve on the Supervisory Board as a shareholder representative. Earlier, he had been appointed to the Supervisory Board as a shareholder representative until the conclusion of the Annual General Meeting on April 24, 2012, pursuant to an order made by the Local Court of Düsseldorf on August 4, 2011. Moreover, Prof. Dr. Werner Bauer has been a member of the Nomination Committee of the Supervisory Board since June 21, 2012. For further information on the composition of the Supervisory Board, see also the Corporate Governance Report on page 70 f .

At the Supervisory Board meeting held on March 8, 2012, Dr. Stephan Petri was appointed as an ordinary Executive Board member in charge of legal affairs and human resources for a period of three years with effect from June 1, 2012 until May 31, 2015, while simultaneously being appointed Director of Industrial Relations for the above period. He took this function over from Jürg Oleas. During the Supervisory Board meeting on December 13, 2012, the Supervisory Board also appointed Markus Hüllmann to serve on the Executive Board for a period of three years with effect from April 1, 2013 until March 31, 2016. He will succeed Niels Graugaard who is retiring after the next Annual General Meeting on April 18, 2013.

The Supervisory Board wishes to express its gratitude and appreciation to the management teams, employee representative bodies and, in particular, to all employees of the GEA Group companies for their hard work and personal commitment in a difficult environment.

Düsseldorf, March 7, 2013

Dr. Jürgen Heraeus
Chairman of the Supervisory Board

The Company's Executive Bodies and their Appointments

Executive Board

Jürg Oleas, Meerbusch (Germany)/Hausen b. Brugg (Switzerland),
CEO – Chairman of the Executive Board

a) – LL Plant Engineering AG, Ratingen, Germany,
Chairman of the Supervisory Board
b) – Allianz Global Corporate & Specialty AG, Munich, Germany,
Member of the Advisory Board
– Deutsche Bank AG, Frankfurt am Main, Germany,
Member of the Central Regional Advisory Board
– RUAG Holding AG, Bern, Switzerland,
Member of the Board of Directors

Dr. Helmut Schmale, Bochum, Germany,
CFO – Chief Financial Officer

b) – GEA North America, Inc., Delaware, U.S.A.,
Chairman of the Board of Directors
– Commerzbank AG, Frankfurt am Main, Germany,
Member of the Northwest Regional Advisory Board

Niels Graugaard, Düsseldorf, Germany,
COO – Member of the Executive Board

b) – GEA North America, Inc., Delaware, U.S.A.,
Member of the Board of Directors
– GEA Process Engineering A/S, Søborg, Denmark,
Chairman of the Supervisory Board
– MT Højgaard A/S, Søborg, Denmark,
Deputy Chairman of the Supervisory Board (from April 11, 2012)
– Monberg & Thorsen A/S, Søborg, Denmark,
Deputy Chairman of the Supervisory Board (from April 17, 2012)

Dr. Stephan Petri, Essen, Germany,
Human Resources & Legal – Member of the Executive Board
(from June 1, 2012)

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 (from May 26, 2012)
– Messer Group GmbH, Sulzbach, Germany,
Chairman of the Supervisory Board
b) – Argor-Heraeus S.A., Mendrisio, Switzerland,
Chairman of the Board of Directors

Reinhold Siegers, Mönchengladbach, Germany,
Deputy Chairman of the Supervisory Board
Chairman of the Works Council of
GEA Group Aktiengesellschaft

Ahmad M.A. Bastaki, Safat, Kuwait,
Executive Director, Office of the Managing Director,
Kuwait Investment Authority

Prof. Dr. Ing. Werner Bauer, Lutry, Switzerland,
Executive Vice President of Nestlé AG

a) – Nestlé Deutschland AG, Frankfurt am Main, Germany,
Chairman of the Supervisory Board
b) – Bertelsmann SE & Co. KGaA, Gütersloh, Germany,
Member of the Supervisory Board
– Galderma Pharma S.A., Lausanne, Switzerland,
President of the Board of Directors
– Life Ventures S.A., La Tour-de-Peilz, Switzerland,
President of the Board of Directors
– Nutrition-Wellness Venture AG, Vevey, Switzerland,
President of the Board of Directors
– L'Oreal S.A., Paris, France,
Member of the Board of Directors (until April 17, 2012)
– Nestlé Institute of Health Sciences S.A., Ecublens, Switzerland,
President of the Board of Directors
– Nestlé Health Science S.A., Lutry, Switzerland,
Member of the Board of Directors
– Sofinol S.A., Manno, Switzerland,
President of the Board of Directors (until May 9, 2012)

Hartmut Eberlein, Gehrden, Germany,
Former Member of the Executive Board of
GEA Group Aktiengesellschaft

Rainer Gröbel, Sulzbach/Ts., Germany,
Departmental Head, IG Metall, Management Board

a) – Schunk GmbH, Heuchelheim, Germany,
Deputy Chairman of the Supervisory Board

Klaus Hunger, Herne, Germany,
Chairman of the Central Segment Works Council
of GEA Heat Exchangers GmbH

Michael Kämpfert, Düsseldorf, Germany,
Head of Human Resources at GEA Group Aktiengesellschaft
(until August 31, 2012)
Vice President Human Resources/Legal Affairs,
GEA Food Solutions Segment (from February 1, 2012)

Eva-Maria Kerkemeier, Bochum-Herne, Germany,
First Authorized Representative of IG Metall, Herne

a) Membership of statutory German supervisory boards

b) Membership of comparable German or foreign
supervisory bodies of business entities

**Kurt-Jürgen Löw, Ebernhahn, Germany,
Chairman of the Works Council of
GEA Westfalia Separator Group GmbH**

a) – GEA Westfalia Separator Group GmbH, Oelde,
Deputy Chairman of the Supervisory Board (from May 21, 2012)

**Dr. Helmut Perlet, Munich, Germany,
Chairman of the Supervisory Board of Allianz SE**

a) – Allianz SE, Munich, Germany,
Chairman of the Supervisory Board (from May 9, 2012)
– Allianz Deutschland AG, Munich, Germany,
Member of the Supervisory Board (until March 23, 2012)
– Commerzbank AG, Frankfurt am Main, Germany,
Member of the Supervisory Board
b) – Allianz Life Insurance Company of North America,
Minneapolis/MN, U.S.A.,
Member of the Board of Directors (until February 29, 2012)
– Fireman's Fund Ins. Co., Novato/CA, U.S.A.,
Member of the Board of Directors (until February 29, 2012)
– Allianz of America Inc., Novato/CA, U.S.A.,
Member of the Board of Directors (until February 29, 2012)
– Allianz S.p.A., Milan, Italy,
Member of the Board of Directors (until March 16, 2012)
– Allianz France S.A., Paris, France,
Member of the Board of Directors (until March 14, 2012)

**Jean Spence, Wilmette/IL, U.S.A.,
Executive Vice President
Research, Development & Quality
Mondeléz International (until October 29, 2012: Kraft Foods, Inc.)**

Supervisory Board committees of GEA Group Aktiengesellschaft (as of December 31, 2012)

Mediation Committee in accordance with section 27(3) of the Mitbestimmungsgesetz (MitbestG – German Co-determination Act)
Dr. Jürgen Heraeus, Chairman
Dr. Helmut Perlet
Reinhold Siegers
Klaus Hunger

Presiding Committee
Dr. Jürgen Heraeus, Chairman
Dr. Helmut Perlet
Reinhold Siegers
Rainer Gröbel

Audit Committee
Hartmut Eberlein, Chairman (financial expert within the meaning of section 100(5) of the Aktiengesetz (AktG – German Stock Corporation Act))
Dr. Jürgen Heraeus
Kurt-Jürgen Löw
Klaus Hunger

Nomination Committee
Dr. Jürgen Heraeus, Chairman
Dr. Helmut Perlet
Prof. Dr. Ing. Werner Bauer (from June 21, 2012)

a) Membership of statutory German supervisory boards

b) Membership of comparable German or foreign supervisory bodies of business entities

Key Figures by Quarter

	Q1 2012	Q1 2011	Q2 2012	Q2 2011	Q3 2012	Q3 2011	Q4 2012	Q4 2011	**2012**	**2011**	**2010**
Order intake (EUR million)											
GEA Food Solutions	97.4	–	95.8	102.3	81.7	107.9	101.0	119.6	**375.9**	**329.8**	**–**
GEA Farm Technologies	148.1	125.9	145.7	129.5	147.4	140.3	142.6	131.7	**583.9**	**527.4**	**448.5**
GEA Heat Exchangers	406.1	375.5	379.0	445.6	375.1	369.8	349.7	462.3	**1,509.8**	**1,653.2**	**1,506.0**
GEA Mechanical Equipment	238.7	219.2	233.2	230.1	245.4	221.6	254.6	203.9	**971.9**	**874.9**	**740.4**
GEA Process Engineering	511.3	401.5	401.2	426.2	468.5	433.3	469.2	449.0	**1,850.2**	**1,709.9**	**1,416.1**
GEA Refrigeration Technologies	177.9	152.7	180.4	162.8	200.1	164.8	197.8	170.1	**756.2**	**650.4**	**579.6**
GEA Group	1,544.9	1,242.1	1,401.0	1,462.5	1,477.3	1,402.8	1,477.9	1,502.2	**5,901.1**	**5,609.7**	**4,578.0**
Revenue (EUR million)											
GEA Food Solutions	52.7	–	101.6	103.3	90.1	112.1	88.0	130.6	**332.4**	**346.0**	**–**
GEA Farm Technologies	117.8	99.6	133.1	118.3	157.8	138.1	172.3	153.8	**580.9**	**509.8**	**446.7**
GEA Heat Exchangers	389.7	338.1	404.3	390.9	392.1	424.2	422.7	463.6	**1,608.8**	**1,616.8**	**1,483.4**
GEA Mechanical Equipment	216.7	191.6	217.6	207.8	238.5	204.9	261.2	240.4	**933.9**	**844.7**	**725.4**
GEA Process Engineering	373.2	300.8	401.2	385.1	423.6	394.7	518.3	496.6	**1,716.3**	**1,577.2**	**1,288.5**
GEA Refrigeration Technologies	149.5	132.8	165.2	166.6	177.0	166.2	203.1	181.6	**694.8**	**647.2**	**563.7**
GEA Group	1,263.7	1,038.0	1,391.3	1,349.0	1,445.6	1,397.4	1,619.6	1,632.2	**5,720.1**	**5,416.5**	**4,418.4**
Operating EBIT (EUR million)											
GEA Food Solutions	-9.4	–	1.8	4.0	-0.2	5.5	-4.7	10.2	**-12.4**	**19.6**	**–**
GEA Farm Technologies	1.9	2.1	8.3	5.6	14.7	12.1	21.6	14.0	**46.4**	**33.8**	**26.3**
GEA Heat Exchangers	24.0	20.8	27.6	26.5	31.3	37.9	52.1	36.7	**135.0**	**121.8**	**118.8**
GEA Mechanical Equipment	36.3	28.6	40.9	40.5	49.5	39.3	61.7	53.8	**188.4**	**162.1**	**117.0**
GEA Process Engineering	16.6	16.5	35.8	27.6	39.1	34.6	71.4	69.4	**162.8**	**148.2**	**93.2**
GEA Refrigeration Technologies	8.7	7.1	11.1	12.3	13.8	11.9	22.6	20.1	**56.2**	**51.3**	**29.4**
GEA Group	74.9	69.0	122.7	109.7	146.9	139.8	217.1	206.1	**561.6**	**524.6**	**366.8**
Operating EBIT margin (%)											
GEA Food Solutions	-17.8	–	1.8	3.8	-0.3	4.9	-5.3	7.8	**-3.7**	**5.7**	**–**
GEA Farm Technologies	1.6	2.1	6.2	4.7	9.3	8.7	12.5	9.1	**8.0**	**6.6**	**5.9**
GEA Heat Exchangers	6.2	6.1	6.8	6.8	8.0	8.9	12.3	7.9	**8.4**	**7.5**	**8.0**
GEA Mechanical Equipment	16.8	14.9	18.8	19.5	20.8	19.2	23.6	22.4	**20.2**	**19.2**	**16.1**
GEA Process Engineering	4.4	5.5	8.9	7.2	9.2	8.8	13.8	14.0	**9.5**	**9.4**	**7.2**
GEA Refrigeration Technologies	5.8	5.3	6.7	7.4	7.8	7.2	11.1	11.0	**8.1**	**7.9**	**5.2**
GEA Group	5.9	6.6	8.8	8.1	10.2	10.0	13.4	12.6	**9.8**	**9.7**	**8.3**

*) Before effects of purchase price allocations and in 2012 additionally before non-recurring items from GEA Food Solutions

Financial Calendar

April 18, 2013	**Annual Shareholders' Meeting for 2012**
May 08, 2013	**Quarterly Financial Report for the period to March 31, 2013**
July 30, 2013	**Half-yearly Financial Report for the period to June 30, 2013**
October 31, 2013	**Quarterly Financial Report for the period to September 30, 2013**

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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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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