Annual Report 2015

engineering for a better world

gea.com

IFRS key figures of GEA

(EUR million)	2015	2014	Change in %
Results of operations			
Order intake	4,590.1	4,519.6	1.6
Revenue	4,599.3	4,515.7	1.9
Operating EBITDA [1]	621.0	590.7	5.1
as % of revenue	13.5	13.1	–
Operating EBIT [1]	538.8	513.5	4.9
as % of revenue	11.7	11.4	–
EBIT	309.4	439.9	–29.6
Net assets			
Working capital intensity in % (average of the last 12 months)	13.1	12.1	–
Net liquidity (+)/Net debt (-)	982.0	903.7	8.7
Financial position			
Operating cash flow driver margin [2]	10.3	10.1	–
ROCE in % (goodwill adjusted) [3]	14.6	22.6	–
Full-time equivalents (reporting date)	17,533	18,243	–3.9
GEA Shares			
Earnings per share (EUR)	1.88	1.66	12.9

1) Before effects of purchase price allocations and before non-recurring items (see page 218 f.)
2) Cash flow driver = Operating EBITDA - Capital expenditure - Change in Working Capital (average of the last 12 months)
3) Capital employed excluding goodwill from the acquisition of the former GEA AG by former Metallgesellschaft AG in 1999 (average of the last 12 months)

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Cover image

The photo shows part of a production line used for the manufacture of cakes. Various perforated dough platens – depending on the product to be manufactured – are transported along a conveyor belt. A volumetric extruder portions the dough billets and deposits them accurately inside the indent of the platens. The cakes are then shaped by a blocker using a pneumatic compensation system.

Our company

GEA: "engineering for a better world"

GEA is one of the largest suppliers of process technology for the food industry and for a wide range of other industries. As an international technology group, the company focuses on world-leading process solutions and components for sophisticated production processes.

In 2015, GEA generated consolidated revenues in excess of about EUR 4.6 billion. The food sector, which is a long-term growth industry, accounted for more than 70 percent. As of December 31, 2015, the group employed above 17,500 people worldwide.

GEA is a market and technology leader in its business areas. The company is listed on Germany's MDAX stock index (G1A, WKN 660 200) and included in the STOXX® Europe 600 Index. In addition, the company is listed in selected MSCI Global Sustainability Indexes.

GEA at a glance 2015

Order intake
EUR **4,590** million

Operating EBITDA
EUR **621** million

Operating EBITDA margin
13.5 %

Revenue
EUR **4,599** million

Earnings per share
EUR **1.88**

Our ambition

"Be your No. 1 choice."

We strive to be the world's leading global engineering group, supplying smart solutions for sophisticated process industries. Our goal is to be the customer's preferred partner in the industries we serve.

Our products and solutions have become indispensable in the manufacture of numerous processed foods and beverages. GEA technologies play a significant role in the global production of milk and dairy products, coffee, beer and pastries, in particular.

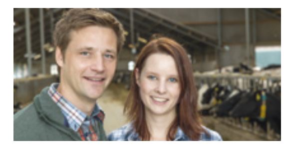
Our applications

Customized solutions for demanding needs

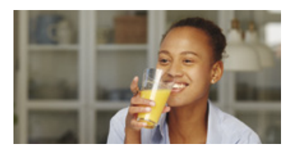
FOOD Our food processing and packaging portfolios add value to food products sold in supermarkets, quick-serve restaurants and food service locations around the world.

DAIRY PROCESSING Turn to our industry-leading experience, expertise and technologies for processing milk and every type of milk-based product.

DAIRY FARMING We are the total solutions provider empowering dairy farmers around the globe to successfully manage their future.



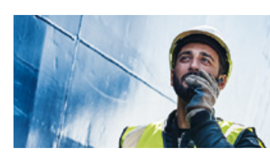
BEVERAGES We are a leader in providing the technological expertise required to help beverage producers quench the global thirst.



PHARMA We are a single-source supplier of manufacturing solutions that maximize reliability and productivity for the life science industries.

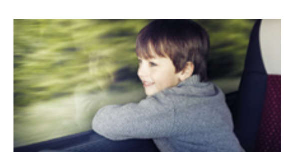
CHEMICAL We supply world-class precision engineering the industry needs to develop new products, control costs and protect the environment.

MARINE Our technology and global network for service and parts supports the shipping industry from fishing to freight, and tourist to tanker.



LEISURE & SPORT Our ice-making machines bring snow to the desert and arctic conditions to zoos for the comfort of polar bears and penguins.

LAND-BASED TRANSPORTATION Our advanced compressor technology keeps public transportation cool and refrigerated freight fresh.



UTILITIES We offer expertise in emission reduction, water and wastewater treatment, urban logistics and power supplies, as well as oil and gas exploration, production and processing.

Our product groups

Engineering for a better world

FILLING & PACKAGING SYSTEMS

We design systems to fill and package food & renewables, beverages, dairy products and pharmaceuticals.

EMISSION CONTROL SYSTEMS

Reducing emissions is in everybody's interest. We are a world leader in developing, designing and installing emissions reduction systems.

LIQUID FOOD SYSTEMS

We offer specialized equipment and solutions for the production of many different liquid foodstuffs, including soups, sauces and nutritional products.

AUTOMATION & CONTROL SYSTEMS

From process automation and machine control to data capture systems, GEA can provide tailor-made solutions for process plants and complete production lines.

BREWERY PLANTS

Uniquely qualified to build brewery plants, we are capable of providing solutions down to the smallest detail of the brewing process.

DISTILLATION & FERMENTATION SYSTEMS

Our detailed knowledge of distillation and fermentation processes allows us to recommend and provide equipment that meets every need.

PRODUCT HANDLING SYSTEMS

The careful handling of our customers' products requires a complete range of standard and customized equipment to deal with products as diverse as powders, liquids, foodstuffs and tablets.

FLOW COMPONENTS

To ensure a smooth production we offer a full range of valve, pump and cleaning technology.

LIQUID PROCESSING SYSTEMS

Systems for liquid processing are a GEA core competency. Our equipment and solutions ensure maximum production safety and hygiene.

BAKERY LINES

Our capability extends from key single components to integrated production lines for cake, pie, cookies, pastry and bread.

BEVERAGE PLANTS

Our extensive range of beverage production systems includes product processing, UHT treatment, aseptic filling, blow molders and container handling for all kinds of beverages.

HOMOGENIZATION SOLUTIONS & SYSTEMS

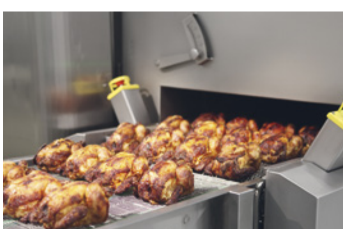
High-pressure homogenizers are used to micronize fluid particles to obtain stable and uniform emulsions. From the laboratory to industrial-scale production, GEA equipment covers a wide range of customer applications.

REFRIGERATION SOLUTIONS & SYSTEMS

We are refrigeration experts. Our wide portfolio includes chillers, compressors, freezers, heat pumps and ice machines that span the entire cold chain.

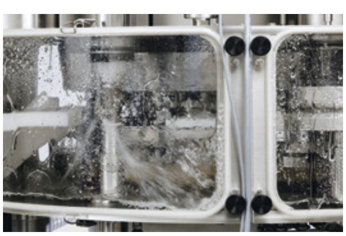
MEMBRANE FILTRATION SYSTEMS

We are a world leader in custom designed, cross-flow membrane filtration. This is the technology of choice for many industrial processes involving the separation and concentration of liquids without applying heat.



FOOD PROCESSING & PACKAGING

We supply a multifaceted product portfolio of secondary food processing and packaging equipment that covers everything from individual, stand-alone machines to completely integrated processing lines.



CLEANERS & STERILIZERS

We supply both manual and fully automated clean-in-place (CIP) and sterilize-in-place (SIP) solutions that ensure reliable process out-comes with minimal downtime.

PHARMACEUTICAL SYSTEMS

As a global specialist in solid and liquid dose technology, our expertise covers batch and continuous granulation, drying, pelletizing and coating, contained materials handling, tablet compression, freeze drying, fermentation, separation, homogenization and cell disruption. We supply the pharmaceutical, nutraceutical and personal care sectors with components, equipment and entire plants to process solid, liquid semi-solid, viscous, hazardous and hygroscopic products.

SEPARATION SOLUTIONS & SYSTEMS

Our centrifuges combine high separating and clarifying efficiencies as well as high throughput capacities with maximum savings in terms of energy, water and disposal costs.

SYSTEMS FOR MILK PRODUCTION & LIVESTOCK FARMING

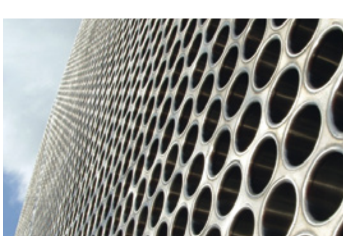
GEA's total solutions in Dairy Farming provide complete integrated dairy systems with lifetime care. Our portfolio includes automatic and conventional milking, automatic feeding, cooling, herd management, hygiene products, barn equipment as well as solutions that support professional manure management and the proper care of young stock.

DRYERS & PARTICLE PROCESSING PLANTS

Our wide range of plant capacities includes small-scale pilot plants for research and product development as well as large-scale industrial installations.

VACUUM SYSTEMS

Vacuum technology is used extensively in the chemical, pharmaceutical, food and oil-refining industries. Our process-integrated systems reduce both costs and environmental pollution.



EVAPORATORS & CRYSTALLIZERS

We have extensive experience in designing evaporation and crystallization plant to concentrate liquids, remove by-products or impurities and produce pure, high quality crystals.

Our services

GEA – your service partner

Working with GEA means partnering with a dedicated team of service experts. Our singular focus is to build, maintain, and improve customer performance throughout the full life cycle of the plant or farm and its equipment.

BEGINNING OF LIFE SERVICE

- Installation
- Commissioning
- Training

LIFE-TIME SERVICES

- Spare parts
- Corrective maintenance
- Farm services
- Preventive maintenance

EXTENDED-LIFE SERVICES

- Upgrades
- Modernization
- Optimization
- Predictive maintenance
- Second-hand equipment

CONSULTING SERVICE & OPERATIONS

- Service software products
- On-site project support
- Performance contracts

Our company

Globally active

North America
1,829
€ 837 million

North- and Central Europe
3,118
€ 680 million

DACH & Eastern Europe
6,667
€ 914 million

Latin America
355
€ 277 million

Western Europe, Middle East & Africa
2,664
€ 753 million

Asia Pacific
2,901
€ 1,139 million

= Employees (FTEs)
€ = Revenue

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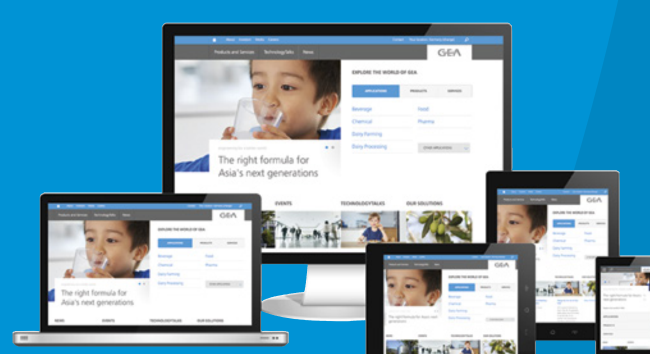
Visit the GEA website to find out all about our applications, technologies, products and services. You will also discover plenty of interesting facts about the company, all the important upcoming dates and the latest press releases.



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

Dear Shareholders

2015 was a very special fiscal year for GEA. Thanks to the extraordinary efforts undertaken by our employees, we have not only set in motion an all-embracing restructuring of the entire Group, but also managed to successfully hold our ground in an increasingly demanding market environment. Moreover, in the previous year, we were able to finalize four acquisitions with overall annual sales of more than EUR 120 million.

In terms of revenue, we were able to grow by 1.9 percent generating sales in the amount of EUR 4.6 billion, with both Business Areas contributing record sales. Operating EBITDA fared even better and was up more than 5 percent at EUR 621 million. This corresponds to an operating EBITDA margin of 13.5 percent. Thus, both GEA's operating EBITDA and the corresponding margin have hit new all-time highs. At 10.3 percent, the operating cash flow driver relative to sales has also performed very well. Against the backdrop of these achievements, the Executive Board and the Supervisory Board will propose to the Annual General Meeting that an increased dividend of EUR 0.80 per share will be distributed for the fiscal year 2015. This dividend proposal does not only represent a new record high, but is also in line with our objective to pay out between 40 and 50 percent of the consolidated profit.

New structure realized

On June 8, 2015, GEA officially switched to its new organizational structure. Following a fundamental organizational change, the Group has fewer levels of hierarchy and a considerably flatter structure while being much closer to local customers on account of our unified country organizations. The concentration of our overall portfolio as well as a stronger focus on the service business will promote further profitable growth and long-term customer retention. This way, we are seeking to further enhance our competitiveness.

The milestones set out for 2015 were reached on time. Under our "Fit for 2020" project, we have defined a substantial number of measures that are being systematically and consistently implemented. The transfer of several administrative tasks to shared service center locations in Eastern Europe and East Asia has begun. Furthermore, for being able to implement workforce reductions as scheduled and in a socially acceptable manner, we concluded the necessary agreements with the employee representative bodies in all major countries including Germany and France. By the end of the year, we had already realized more than half of the headcount reduction to be completed by 2017 within the framework of the project. This helped us achieve savings in the amount of EUR 23 million that even exceeded the upper boundary of the expected corridor of EUR 10 to 20 million. In 2016, we intend to increase annual savings to around EUR 80 million as planned while seeking to reach the envisaged savings potential of at least EUR 125 million per year from 2017 onwards.

Our new organizational structure, which brings the development and manufacture of products and the offering of process solutions together under the two new business areas Equipment and Solutions, has already revealed additional potential for optimization in the field of procurement and with regard to our manufacturing network. For this reason, we anticipate significant additional savings for the future.

Changes at Executive Board level

After more than 22 years of service with GEA, my fellow Executive Board member, Markus Hüllmann, decided to acquire his own business that he has been running since the start of the year. For this reason, he left the Group of his own accord at the end of 2015. I deeply regret his decision, since GEA has lost one of its key executive managers with a deep knowledge of the industry. I would like to thank Markus Hüllmann for his highly successful endeavors and the commitment he has shown in the course of the previous years, wishing him all the best for the new chapter in his life as an independent businessman.

In September last year, the Supervisory Board appointed Steffen Bersch and Niels Erik Olsen, two internationally-experienced senior managers who have also been with GEA for quite a number of years, to the Executive Board with effect from 2016. These appointments are to ensure continuity while we are also seeking to reinforce operational responsibilities in line with GEA's new structure.

Employees

After this challenging year, my fellow Executive Board members and I would like to express our special thanks to our employees for their outstanding commitment and endeavors. In addition to their day-to-day business, they were willing to go the extra mile and shoulder the work associated with internal changes in traditional work processes and structures, thus helping our new GEA come to life. Our thanks expressly include the employee representative bodies. In recognition of their performance, our employees below senior management level worldwide will be awarded an extra bonus in the total amount of roughly EUR 4.5 million.

Outlook

Apart from further implementing the "Fit for 2020" project, GEA's main focus in the new year will be on strengthening its foothold in the market. We must show that the new OneGEA organization mainly serves one target group: our customers!

Moreover, in 2016, we intend to consistently pursue our chosen path of strengthening our business by making acquisitions in areas that will further increase the Group's profitability – in particular in the field of sophisticated process technology for the food industry. In doing so, we strive to offer our customers a widening range of services from one single source. In this context, I am particularly pleased that, in February 2016, we concluded an agreement on the acquisition of Imaforni, a leading provider of sophisticated production facilities and solutions for pastries. The takeover of this company complements the acquisition of Comas in 2015 by adding complex production lines for biscuits and crackers, turning GEA into one of the market leaders in process technology in this particular area.

Provided that there is no further decline in global economic growth and that there are no substantial changes in exchange rates and before non-recurring items and acquisitions made in 2016, we aim to achieve a moderate growth in sales, an operating EBITDA ranging between EUR 645 and 715 million as well as an operating cash flow driver margin of 10.0 to 11.0 percent. This forecast also includes all savings that are to be realized in connection with the Group's restructuring.

This means that, in the fiscal year 2016, we will once again seek to further grow our business and press ahead with the transformation of the Company in order to strengthen it by enhancing our competitive position. The confidence placed in the future viability of our Company by you, our shareholders, encourages us to continue along our successful path with the purpose of turning a very good company into an outstanding one.

Your

Jürg Oleas
Chairman of the Executive Board

Report of the Supervisory Board

With due care and diligence, the Supervisory Board yet again performed the monitoring and advisory functions incumbent upon it by virtue of the law, the Articles of Association and the rules of procedure during the fiscal year 2015. In doing so, it regularly and extensively dealt with the progress and the prospects of the Company as well as all specific material issues, in particular the Group's restructuring under the "Fit for 2020" project, as well as Executive Board succession. The Supervisory Board continuously advised the Executive Board on the management of the Company while overseeing its conduct of the Company's business on an ongoing basis.

For fulfilling its tasks, the Supervisory Board, on the one hand, relied on the discussions held during its meetings and the meetings of its Committees. On the other hand, the Executive Board complied with its obligation to inform the Supervisory Board and its Committees by providing written and/or oral reports on all relevant matters and measures relating to the Company, its course of business, corporate planning and strategy as well as the progress of the Group on a regular, timely and comprehensive basis. The Supervisory Board was involved in all decisions of fundamental importance to the Company and assisted the Executive Board in an advisory capacity. At Committee level and during the meetings of the full Supervisory Board, the members of the Supervisory Board were given sufficient opportunity to deal critically with the reports and motions submitted by the Executive Board and to table recommendations. The results obtained and the essential contributions made during the discussions held at Committee meetings were presented at the respective following Supervisory Board meeting by the Chairmen of the Presiding and the Audit Committees and assisted the full Board in forming an opinion. This way, the preparatory and in-depth work undertaken by the Committees was instrumental in enhancing the overall efficiency of the activities of the Supervisory Board.

Furthermore, the Chairmen of the Supervisory Board and the Committees maintained regular contact with the Executive Board and mutually kept each other informed of essential matters. Between the meetings, the Chairman of the Supervisory Board and the Chairman of the Executive Board regularly discussed issues relating to strategy, the state of play of the implementation of the "Fit for 2020" project and acquisition projects, as well as matters relating to planning, business progress, risk exposure, risk management and compliance. In this context, the Chairman of the Supervisory Board was also regularly and promptly informed about the prospects of the Group and its operational units, as well as further important developments and upcoming decisions. Outside of meetings, the Chairman of the Audit Committee remained in contact with members of the Executive Board, in particular the Chief Financial Officer, to keep abreast of current developments relevant to the work of the Audit Committee and to discuss them, if necessary. In preliminary meetings with the Executive Board, the employee representatives regularly deliberated on the most important agenda items prior to the meetings of the full Supervisory Board.

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

After extensive scrutiny and deliberations and following discussions at Committee level, as the case may be, the members of the Supervisory Board cast their votes on the reports and motions for resolution submitted by the Executive Board insofar as this was appropriate or required by law, the provisions of the Articles of Association or the rules of procedure. For reasons duly substantiated, in particular in matters of special urgency, resolutions were adopted by written procedure.

In the year under review, there were no conflicts of interest involving members of the Executive Board or the Supervisory Board that would have required immediate disclosure to the Supervisory Board and communication to the Annual General Meeting.

Focal points of Supervisory Board deliberations

In the fiscal year 2015, the Supervisory Board held seven meetings. On these occasions, the Supervisory Board regularly discussed matters relating to the Company's business progress, its financial position, share price performance as well as the progress and the implementation of group restructuring within the framework of the “Fit for 2020” project. Apart form that, the focal points mentioned below were up for discussion.

Key items on the agenda of the conference call Supervisory Board meeting held on February 3, 2015, included the early capital markets information as well as the dividend distribution proposal.

Key items on the agenda of the Supervisory Board meeting held on March 5, 2015, included the approval and adoption of the annual financial statements and the consolidated financial statements for the fiscal year 2014, including the appropriation of net earnings. At this meeting, the Supervisory Board finally determined and weighted the Executive Board members' individual targets for the fiscal year 2015; moreover, it focused on the examination of efficiency recommended under the German Corporate Governance Code in relation to the activities of the Supervisory Board.

The meeting of the Supervisory Board held on April 16, 2015, mainly served the purpose of preparing the Annual General Meeting which took place immediately afterwards.

The meeting held on June 25, 2015, focused on board matters as Mr. Hüllmann had expressed the wish not to extend his mandate on GEA's Executive Board with the intention of setting up his own business, as well as information on ongoing M&A projects. Apart from that, the board members addressed the acquisition of Hilge, a pump manufacturing company.

On September 22 and 23, 2015, the Supervisory Board met at GEA's site in Naperville, USA. At its extraordinary meeting on September 22, the Supervisory Board took an in-depth look at GEA's country organization in Latin and North America. In this context, the board members engaged in an intensive exchange of views with GEA's regional and country managers in Latin and North America, discussing their respective regional organizations, strategies and business models. The meeting held on September 23 saw the final deliberations on Markus Hüllmann's succession on the Executive Board. During this meeting, the Supervisory Board approved the appointment of Messrs. Bersch and Olsen to the Executive Board with effect from January 1, 2016. Moreover, the Supervisory Board also discussed the implementation of the statutory quota of women both at Executive Board and Supervisory Board levels. In connection with the “Fit for 2020“ project, the Supervisory Board spoke extensively about the topic of shared services. In this context, the provider chosen to run the Shared Service Center was presented and given the opportunity to provide an overview of its working methods and the state of play regarding implementation. On top of that, the Supervisory Board received comprehensive reports on the business environment, developments in the dairy sector and the ensuing ramifications for GEA Group.

The meeting held on December 17, 2015, addressed the budget and medium-term planning. In addition, the Supervisory Board took a close look at the Group's liquidity and capital base. As in previous years, the

December meeting also centered on current developments in terms of corporate governance, including the adoption of the 2015 Declaration of Conformity in line with the Corporate Governance Code and the revision of the Supervisory Board's target composition. Further topics included the levels of target achievement attained by the members of the Executive Board in 2015, the Executive Board targets set for the year 2016, as well as the resolution on the acquisition of the Italy-based Imaforni company.

Work of the Committees

The Presiding Committee met on six occasions including two extraordinary meetings. Apart from the preparation of the Supervisory Board meetings, the main topics discussed by those present included succession on the Executive Board due to Mr. Hüllmann's departure at the end of the fiscal year. In its June 2015 meeting, the Presiding Committee gave its consent to the acquisition of CMT S.p.A..

The Audit Committee held five meetings. In the presence of the auditor, the Chairman of the Executive Board, the Chief Financial Officer as well as the Labor Relations Director, the Committee focused on the 2015 quarterly financial statements, the annual financial statements in conjunction with the consolidated financial statements for the fiscal year 2014, as well as the Chief Compliance Officer's report. Furthermore, the Committee's key activities included dealing with the monitoring of the accounting process, the effectiveness of the internal control, risk management and internal audit system as well as the audit of the annual financial accounts. On a regular basis, the Audit Committee obtained detailed reports on the Company's risks and opportunities. The auditors extensively elaborated on their audit activities and the audit process. In addition, the Audit Committee submitted its proposal for the appointment of an auditor to the Supervisory Board, engaged in awarding the auditing contract to the auditor, determined the audit process including audit fees while ensuring the necessary independence of the auditor.

With a view to the next elections to the Supervisory Board scheduled for 2016, the Nomination Committee held one meeting in the year under review.

During the year under review, there was no need to convene a meeting of the Mediation Committee.

The Committee Chairmen rendered accounts of the activities undertaken by their specific Committees to the Supervisory Board at the respective subsequent Supervisory Board meetings.

Corporate Governance

The Supervisory Board is continuously monitoring the development of the corporate governance standards. At its meeting held on December 17, 2015, it discussed the recommendations and suggestions of the German Corporate Governance Code as amended in May 2015. Following these deliberations, the Executive Board and the Supervisory Board issued an updated Declaration of Conformity in accordance with section 161 Aktiengesetz (AktG - German Stock Corporation Act) and made it permanently accessible to the public on the Company's website. In parallel, the targets defined by the Supervisory Board in relation to its composition were revised. Further information on corporate governance can be found in the Corporate Governance Report (see page 64 ff.).

Annual financial statements and consolidated financial statements for 2015

The 2015 annual financial statements of GEA Group Aktiengesellschaft, the consolidated financial statements prepared in accordance with IFRS and the combined management report were audited by KPMG AG Wirtschaftsprüfungsgesellschaft and received an unqualified audit opinion.

In the presence of the auditors, the combined management report, the annual financial statements of GEA Group Aktiengesellschaft, the proposal for the appropriation of net earnings as well as the consolidated financial statements and the audit reports for the fiscal year 2015 were extensively discussed and examined during the meeting of the Audit Committee on February 26, 2016, and on the occasion of the Supervisory Board meeting for balance sheet approval held on March 3, 2016. The auditors reported on the audit process applied and the material findings of their audit. They were also available to answer questions.

On the basis of the final results of the examination performed by the Audit Committee and after conducting its own scrutiny, the Supervisory Board agreed with the auditors‘ findings at its meeting on March 3, 2016, and found that there were no objections to be raised. The Supervisory Board approved the 2015 consolidated financial statements, the 2015 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

On December 31, 2015, Markus Hüllmann resigned from the Executive Board of GEA Group Aktiengesellschaft at his own request in order to manage his own business. He was succeeded by Steffen Bersch and Niels Erik Olsen who were appointed to the Executive Board with effect from January 1, 2016. Moreover, in the light of the stronger operational realignment at Executive Board and Group level, the Supervisory Board, at its meeting held on March 3, 2016, resolved that the Executive Board position of Dr. Stephan Petri would become obsolete in the future. For this reason, Dr. Petri will leave the company by mutual consent with effect from June 30, 2016. As of July 1, 2016, the areas Legal Affairs and Human Resources including the function of Labor Relations Director will be assumed by Mr. Oleas. At the same meeting, the Supervisory Board also renewed Jürg Oleas's service agreement due to expire at the end of the year and extended his appointment as Chairman of the Executive Board and Labor Relations Director for another three years until December 31, 2019.

During the fiscal year 2015, there were no personnel changes on Supervisory Board level.

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

Düsseldorf, March 3, 2016

Dr. Jürgen Heraeus
Chairman of the Supervisory Board

Executive Board of GEA Group Aktiengesellschaft

Niels Erik Olsen Dr. Helmut Schmale Jürg Oleas Steffen Bersch 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 Chairman of the Executive Board with effect from November 1, 2004. His period of office runs until December 31, 2016. He has been a member of the Company's Executive Board since May 1, 2001. Since the new structure was introduced in fiscal year 2015, he has been responsible for the Business Area Solutions, several regions, and the central functions of Corporate Development and Communication, and Marketing & Branding.

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. Dr. Schmale is responsible for the areas of Finance, Investor Relations, Tax, Treasury & Corporate Finance, as well as for the Shared Service Center. His period of office runs until March 31, 2018.

Steffen Bersch, Member of the Executive Board (as from January 1, 2016)

Steffen Bersch was born on June 12, 1969 in Wattenscheid, Germany and appointed to the Executive Board with effect from January 1, 2016. Since the start of 2016, he has been responsible for the Business Area Equipment. His period of office runs until December 31, 2018.

Markus Hüllmann, Member of the Executive Board (up to December 31, 2015)

Markus Hüllmann was born on July 29, 1968 in Paderborn, Germany and was a member of the Executive Board of GEA Group Aktiengesellschaft from April 1, 2013 to December 31, 2015. In fiscal year 2015, he was responsible for the Business Area Equipment as well as for several regions. Markus Hüllmann left the company of his own volition with effect from December 31, 2015 in order to start up his own company.

Niels Erik Olsen, Member of the Executive Board (as from January 1, 2016)

Niels Erik Olsen was born on September 3, 1966 in Guldborgsund, Denmark and has been a member of the Executive Board since January 1, 2016, when he took over responsibility for the Business Area Solutions from Jürg Oleas. His period of office runs until December 31, 2018.

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, Internal Audit and the group's other companies since June 1, 2012. He also performs the function of Labor Relations Director. His period of office runs until May 31, 2018.

Combined Group Management Report

Fundamental information about the group

Group business model

Combined management report of GEA Group Aktiengesellschaft and the GEA Group

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

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

Organization and structure

GEA Group Aktiengesellschaft

The listed GEA Group Aktiengesellschaft with its new Global Corporate Center performs the essential management functions for the entire group. These comprise the group-wide management of strategy, human resources, legal, and tax matters, mergers & acquisitions, central financial management, internal auditing and marketing.

The group

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

The group is a specialist in its respective core technologies and a leader in its sales markets worldwide. GEA consistently promotes an innovation-led culture, continuously renewing its technological edge. It considers profitability more important than volume and practices systematic portfolio management and strict cost control. Active risk management, stability through diversification, and a focus on the markets of the future are binding principles for all GEA business units.

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

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

Group structure up to June 8, 2015

Prior to the implementation on June 8, 2015 of GEA's new group structure, which was developed as part of the "Fit for 2020" initiative, the group was organized in 4 segments, which were allocated to continued operations. GEA Process Engineering was headed by Jürg Oleas and GEA Mechanical Equipment and GEA Refrigeration Technologies by Markus Hüllmann. Dr. Stephan Petri was responsible for the GEA Farm Technologies segment.

The "Other" reporting segment comprised GEA Group Aktiengesellschaft and those companies with business activities that did not form part of the core business. In the main, this meant internal service companies.

Detailed in the following are the business segments allocated to continued operations as they existed prior to the implementation of the new group structure developed as part of the "Fit for 2020" initiative:

GEA Farm Technologies segment

The integrated product solutions for profitable dairy and livestock farming were bundled together in the GEA Farm Technologies segment. The segment's combined expertise in the areas of milking and milk-cooling technology, automatic feeding systems, manure management systems, and barn equipment has made GEA the leading manufacturer in this field and provides modern farming with a complete range of products and solutions. Services and animal hygiene solutions round off its profile as a full-line systems provider for farms of all sizes. The sales strategy is built on a global network of specialist dealers as well as sales and service partners.

GEA Mechanical Equipment segment

The portfolio of GEA's Mechanical Equipment segment comprised separators, decanters, valves, pumps, and homogenizers. In virtually all key areas of industry, this equipment ensures perfectly functioning processes while giving rise to cost-optimized production cycles. Process technology for secondary food processing and packaging extends the product portfolio, with the offering ranging from individual machines to end-to-end production lines. GEA helps ensure high product quality, reduce customers' production costs, and sustainably protect the environment.

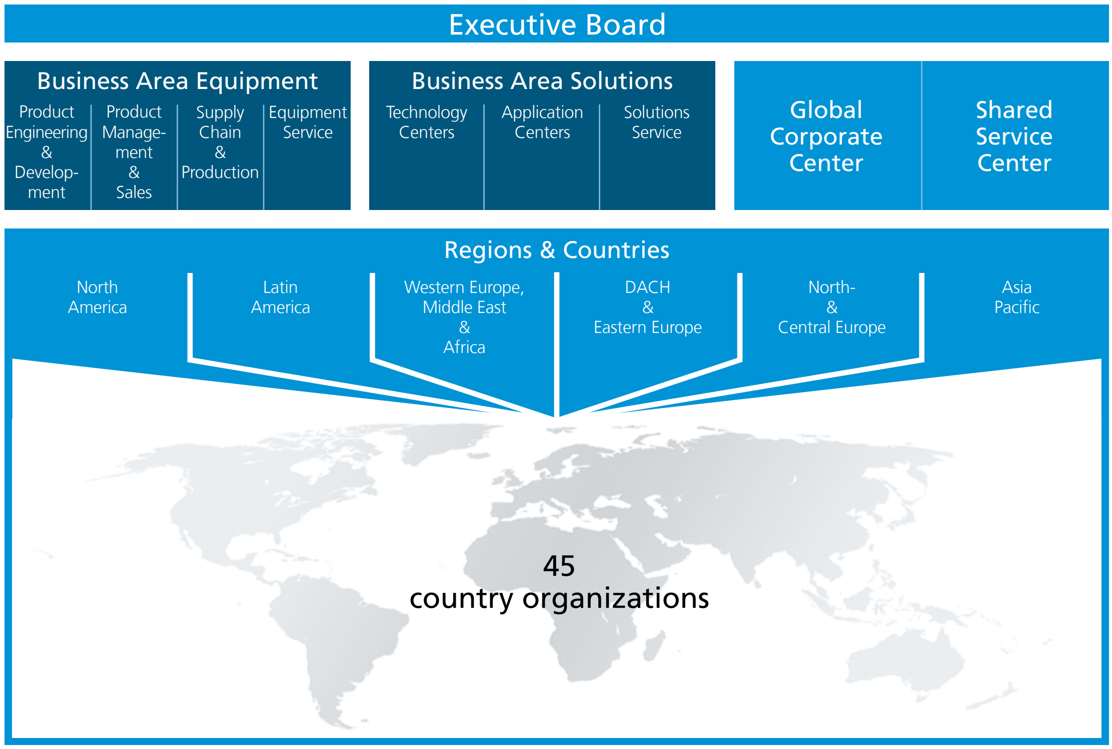
GEA Process Engineering segment

GEA Process Engineering was responsible for the design and development of process solutions for the dairy, brewing, food, pharma, and chemical industries. GEA 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 is a market leader in the field of industrial refrigeration technology. Its Refrigeration Technologies segment designed, engineered, and installed technological solutions and innovative key components for its customers. GEA's product range comprises the core components of reciprocating and screw compressors, valves, chillers, ice generators and freezing systems. To guarantee complete customer satisfaction, GEA also offers a broad range of maintenance and other services.

Group structure since June 8, 2015



Following intensive preparations, GEA's new group structure – which was developed as part of its "Fit for 2020" initiative – was implemented on June 8, 2015. With this new structure, GEA aims to bring about substantial savings, promote further growth, and enhance its customer orientation.

Known as "OneGEA", this new integrated structure will see the development and manufacturing of products, and the provision of process solutions and services bundled in two new business areas (BA) – Equipment and Solutions. In the year under review, the Business Area Equipment was headed at Board level by Markus Hüllmann, while Jürg Oleas was responsible for the Business Area Solutions.

The previous operating segments of the group were reorganized as a result. Thus, the former GEA Mechanical Equipment and GEA Farm Technologies segments were allocated to the Business Area Equipment, while GEA Process Engineering now belongs to the Business Area Solutions. The former GEA Refrigeration Technologies segment was split between the Business Areas Equipment and Solutions, with the goodwill attributable to the former segment being reallocated based on the relative values as of the reorganization date.

This new structure with two business areas of roughly equal size and strength promises greater operational synergies across technologies and applications, and helps achieve functional excellence by standardizing processes.

The "Other companies" area comprises GEA Group Aktiengesellschaft and those companies with business activities that do not form part of the core business. These include companies that report investment property held for sale, and pension obligations. The management report refers to this area only selectively.

Operating segments

Business Area Equipment

The Business Area Equipment brings together all activities ranging from customer-specific to largely standardized equipment offerings. The products are mainly manufactured as part of series production on a standardized and modular basis. Typical products of the business area include separators, valves, pumps, homogenizers, and refrigeration equipment such as compressors. The portfolio of equipment also includes process technology for food processing and packaging. The product range also extends to dairy equipment, feeding systems, and slurry engineering.

Business Area Solutions

The Business Area Solutions brings together all group activities that largely consist of marketing customer-specific and modular solutions, and projects. This business area tailors its products and services to the specific application or customer requirements. The offering mainly comprises the design and development of process solutions for the dairy processing, brewing, food and beverages, pharma, and chemical industries.

Organizational units

National organizations

The new structure unifies customer-centric sales and service activities under the umbrella of a single country organization, with the countries grouped under newly created regions. GEA's reporting processes are also geared to the new regional structure. GEA's customers now have a single national organization per country as the central point of contact offering the entire product portfolio and all services on a local basis. Bringing together the previous large number of sales and service companies will strengthen local competencies, realize existing potential synergies even more efficiently, and raise awareness of the common brand GEA in the market. The national organizations are each led by a managing director and are divided into two categories, depending on the market's size and growth potential. The large and medium-sized national organizations have separate functions for Equipment sales and Solutions sales. In addition, they have a service business, a supply chain function (including local logistics, warehousing, and local procurement), and operational marketing. A small national organization has a joint sales organization and a service business. The countries are in turn grouped under six regions. A regional head, which is at the same time a managing director of a country of this region and agrees on country strategies, drives forward market entries, coordinates activities between countries, and allocates resources across countries.

Administration

The administrative functions were streamlined and more strongly standardized, and will now be managed considerably more centrally, in order to ensure uniform high process standards globally as well as cost savings. The Global Corporate Center is the central port of call for all supporting management and administrative functions, which so far have mostly been organized locally at the operating units. A Shared Service Center with two locations will take care of the implementation of standardized administrative processes in the future, thus reducing the workload for the operating units. The expenses of the Global Corporate Center and of the Shared Service Centers will be allocated to the business areas wherever possible.

Discontinued Operations

Discontinued operations comprise the remaining risks from the sale of GEA Heat Exchangers and of the plant engineering activities, especially Lurgi and Lentjes, and the continued process of winding-up past discontinued operations, including individual legal disputes arising from them.

Capital expenditure

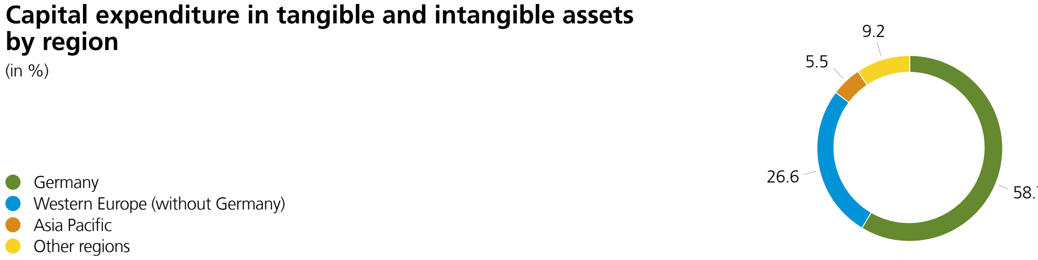
GEA develops and engineers specialized components, largely on a make-to-order basis, and also designs process solutions for a broad range of customer industries. The focus is on the food and beverage sectors. With its global engineering and production network, the group is able to provide customers with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

As in the previous year, the main portion by far of capital expenditure amounting to EUR 90.7 million (previous year: EUR 93.8 million) went on research and development, and on new products (49.4 percent). The development of a new generation of the robot milker and of the DairyProQ fully automated milking system are good examples in this context. Replacement investments accounted for 20.8 percent of total capital expenditure, followed by rationalization projects, which accounted for 14.0 percent. EUR 61.4 million of the capital expenditure was attributable to the Business Area Equipment, and EUR 23.5 million to the Business Area Solutions.

Capital expenditure in tangible and intangible assets per type
(in %)

In regional terms, capital expenditure focused primarily on Germany (58.7 percent) and the rest of Western Europe (26.6 percent), due to the high proportion of research and development activities in these areas.

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



Procurement

In 2015, the procurement volume of GEA's continuing operations amounted to around EUR 2.2 billion. On average, the price of virtually all the finished and semifinished industrial products purchased by GEA in the procurement market fell moderately in comparison to the previous year. The drop in raw material prices also had a positive impact on GEA in 2015. That said, the sale of the former GEA Heat Exchangers segment significantly reduced direct copper and aluminum purchases, so that stainless steel became the focus of raw material procurement. However, directly purchased stainless steel made up a relatively small proportion of the total requirement of this commodity as GEA buys most of its stainless steel from the market in the form of processed products.

GEA will continue to focus on strategic purchasing and also standardizing and consolidating cross-segment procurement activities in order to reduce the risk of fluctuating prices and to guarantee security of supply.

The universal GEA Class material group classification provides the information needed to do this. As well as giving highly detailed insight into supplier data and how the procurement volume breaks down by region, the system also forms the basis for defining strategies for the principal commodity groups, and is available to all purchasing agents at GEA. The GEA Procurement Council (GPC) is responsible for the system. In 2015, the GPC was further engaged in unifying intensively the group's strategic procurement operations.

The new OneGEA organization aims to advance and provide significant support to the enduring policy of collaboration adopted by the GPC. Founded on two robust supply-chain units embedded in the Business Areas Equipment and Solutions, the new organization provides a raft of opportunities for further consolidating strategic suppliers and deriving synergies from the standardization of material specifications.

Management system

Basis of information

Group reports are prepared with the aid of standard applications that are precisely tailored to the needs of GEA 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 – besides several forecasts for the current year, and the budget – covers a further two planning years, is based on the same reporting and consolidation system as that used for the reporting of actual figures. Risk reporting, too, is founded on the same technical basis. Within the framework of the OneGEA project, group reporting was further developed and adapted to fit the new management structures.

Routine reporting procedures are supplemented by committee meetings that provide members of the group management with an opportunity to share information on strategic and operational issues. Meetings of the Executive Board of GEA Group Aktiengesellschaft and of the Extended Management Board (Global Leadership Team), which comprises the Executive Board members, the top management of the two Business Areas, the heads of the six sales regions and representatives of the Global Corporate Center (GCC) Finance, 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 Business Areas and Regions are prepared in meetings of the Global Leadership Team, before passing to the Executive Board for approval. In addition, regular meetings are held with the individual Business Areas. These are attended by the competent Executive Board member along with the heads of the respective Business Area, and business partners of GCC Finance. Such meetings entail detailed discussions of the net assets, financial position, results of operations, and business development of the Business Area concerned. Separate meetings for each Business Area are also held to discuss earnings for the latest fiscal year and the business plan for the following years.

Key performance indicators

GEA's overriding goal is to secure a sustainable increase in enterprise value. Operational management is based on the key drivers that have an immediate influence on value creation, with growth, operating efficiency, and liquidity management (see page 100). For this reason, the key performance indicators for GEA remain revenue, earnings, and the cash flow driver margin. Whereas these indicators were adjusted additionally for acquisition and exchange rate effects in fiscal year 2015 for the purpose of analyzing and managing earnings, these adjustments will no longer take place as from 2016. Acquisitions effected after the reporting date will not be taken into account in the forecast.

With respect to earnings, the company focuses on operating EBITDA. GEA defines "operating" as adjusted for effects resulting from the remeasurement of assets added due to acquisitions, and for expenses that are non-recurring in terms of their nature or magnitude. The cash flow driver margin (i.e. the net amount of EBITDA, the change in average working capital, and capital expenditures for property, plant, and equipment, and intangible assets) is also adjusted for non-recurring items. GEA also regularly collates a range of other performance indicators in order to obtain a meaningful picture of the overall situation.

Revenue is analyzed by region and customer industry on a monthly basis in order to identify emerging market trends as early as possible. In this context, we also evaluate leading indicators: the GEA Demand Index (GDI – see page 88) and order intake.

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

In order to create the requisite financial scope to achieve strategic growth and to focus the group even more closely on cash flow generation, a new key performance indicator – the cash flow driver margin -was introduced in 2012 and was also incorporated into the bonus system for senior management. Since 2014, this system has also been applied to a larger group of employees.

The return on capital employed (ROCE), calculated as the ratio of EBIT to capital employed, provides a further performance indicator for measuring the value added that is generated by the group's operating activities. It therefore figures in both the group's regular reporting activities and the calculation of variable, performance-related elements of management remuneration. In order to anchor ROCE even more strongly at an operational level, the ROCE drivers EBIT and EBIT margin, working capital – the key driver of capital employed – and the ratio of working capital to revenue are monitored continuously. When calculating capital employed, effects arising from the acquisition of the former GEA AG by the former Metallgesellschaft AG in 1999 are not taken into account.

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

Management of capital employed

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

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

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

Project- and activity-based management

In addition to general management with the aid of the key performance indicators described above, the group has established individual assessment and approval procedures for customer and investment projects, utilizing specific thresholds for the different hierarchy levels. Customer projects are evaluated primarily on the basis of their expected margins (gross margin on a fully absorbed cost basis) and of their commercial and contractual risk profile, with a particular emphasis on cash flow. Project management is also backed up by extensive project control not only at operating unit level but also – depending on the size of the project involved – at Business Area or group level in the form of a separate reporting system for major projects. 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 in the sense of measures designed to ensure adherence to legal, statutory and internal corporate policies, as well as compliance therewith by group companies, is considered to be a key management and supervisory responsibility at GEA. For this purpose, the Company established a compliance organization some years ago. Corruption prevention, antitrust law, export control, and data protection are the focus of group-wide compliance activities. The Chief Compliance Officer coordinates the implementation of compliance measures, especially in these areas. In this function, he reports to both the Executive Board and the Supervisory Board's Audit Committee. The Chief Compliance Officer is assisted in his duties by the legal compliance and operating export control organization. GEA's extensive compliance program is rounded off by classroom and web-based training sessions for the group employees responsible for compliance, as well as by the Integrity System, which was introduced throughout GEA worldwide in 2014. Further information on compliance can be found in the Corporate Governance Report (see page 64 ff.).

Remuneration system and financial performance management

Changes in the key value drivers are also reflected in the remuneration of employees not covered by collective agreements. Variable salary components dependent on company performance are determined on the basis of the cash flow driver margin and ROCE. In addition, performance-related remuneration depends on the achievement of personal goals, of which at least one must be measurable in financial terms. A further remuneration component is based on GEA's share price performance in relation to the benchmark index, the STOXX® Europe TMI Industrial Engineering (TMI IE).

Research and development

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

GEA's focus on product leadership is underpinned by the fact that around 40 percent of the company's employees are engineers or perform engineering-related roles. Over 800 of these employees are assigned to product development. As a result of their work, GEA companies filed applications for a total of 114 (previous year: 109) new patent families in the past fiscal year.

The culture of innovation at GEA can also be seen from its 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 marketability. The winners of various pre-selection competitions get to present their projects during one day of the annual international meeting of the group's senior managers, who then rate the most promising developments in terms of four criteria, namely market opportunities, earnings potential, chance of realization, and level of innovation. Four new products received awards in 2015, spanning areas such as the manufacture of instant coffee, automatic livestock milking, self-priming centrifugal pumps, and the fermentation process of dough.

In conventional coffee bean extraction for the manufacture of instant coffee powder, the final yield barely exceeds 50 percent. The award-winning process represents a completely new concept. The enhanced two-stage grinding process increases the surface area of the coffee powder, thus paving the way for gentler aroma extraction and hydrolysis at a lower temperature level. All this results in a better taste experience more closely resembling that of fresh coffee, not to mention a reduction in energy consumption. The next stage in the manufacturing process is enzyme treatment to break down a greater proportion of the ground coffee, thereby considerably increasing the yield to an impressive 70 percent. This represents a significant advance, as over two-thirds of the entire cost of manufacturing instant coffee goes on the coffee beans themselves. All in all, the increased yield and improved taste clearly add value for GEA customers, and costs are expected to be amortized quickly.

Automatic milking systems are becoming increasingly popular – not only among large dairy farms, but also among smaller ones also seeking to benefit from greater flexibility in their daily routine, improved ergonomics at the workplace and more efficient use of their personnel resources. With a view to meeting the needs of very differently-sized farms, GEA has developed a unique platform technology in respect of which a number of patent applications have been filed. The modular platform covers the entire range of milking systems, from single-box milking robots all the way to rotary milking parlors. This new generation of milking robots is more efficient and easier to install. It has also helped to improve animal health monitoring and reduce customers' operating costs.

Centrifugal pumps are used to convey low-viscosity liquids from one container to the next. Although conventional centrifugal pumps ensure efficiency and hygiene as well as gentle product handling, they are not self-priming. Self-priming additionally enables the pumps to convey liquids containing gas or foam, or to evacuate gas from extensive pipe systems before suctioning liquids. In the past, liquid ring pumps were generally used. Although self-priming was possible with these pumps, they did not offer the advantages outlined above. The GEA TPS VARIFLOW is a new, self-priming centrifugal pump that combines the functional principles and benefits of both types of pump. A patent application has been filed for its newly developed flow control system.

Large industrial bakeries are becoming increasingly important. Such establishments are particularly interested in a continuous production process that makes efficient use of the available production space. This process generally involves a proofer, in which the bread or yeast dough is exposed to a warmer temperature and humidity during fermentation. Allowing the fermentation process to take place on the conveyor belt, or rather on a spiral belt, makes optimum use of the available production space, while simultaneously cutting energy costs. GEA is already applying this kind of spiral technology successfully in the form of the GEA Froster S-Tec. To transform this spiral froster into a spiral proofer, the air temperature has to be raised from minus 18 °C to plus 28 °C – among a number of other modifications. This GEA Innovation Contest award winner also succeeded in developing an innovative air distribution system and adding an ultrasonic air humidifier. GEA spiral technology can thus be used to tap into a new growth market.

As a result of this intensive research and development work, GEA succeeded in launching many new products in the past fiscal year, too, and presented them at more than 200 trade fairs. At the Anuga Foodtec fair, for example, GEA took home no fewer than three prizes: two of the four Dairy Technology Awards – for the efficient GEA ecoforce decanter family, and for GEA Provident Flow Analysis, a tool that integrates and optimizes overall production management in food processes – and an International Foodtec Award gold medal in the Process Technology category for the GEA MultiDrum. This machine sets new standards in the application of homestyle breading, increasing performance in terms of efficiency and a cleaner work environment. GEA also presented an innovative freeze concentration system for the first time at the Anuga Foodtec fair. This offers customers significantly lower acquisition and operating costs, while cutting space requirements by half. It was achieved by switching from a batch process to a patent-pending continuous process in which fruit juice, coffee, milk or delicate enzyme solutions are cooled until ice forms. The crystallizer ensures that an optimum amount of larger ice crystals is formed. This suspension is then separated into the concentrate and the ice in the downstream wash column. Fruit juice concentrate can be transported more cheaply and in a more environmentally friendly manner than the fruit juice itself. Coffee concentrate is processed into instant coffee and enzyme concentrates can be used, for example, to manufacture drugs. The competing alternatives to freeze concentration are vacuum evaporation and reverse osmosis. Since the temperatures used in these processes are only slightly higher, only very few vitamins are lost, for example. However, with vacuum evaporation in particular, many volatile aromas are lost with the water and cannot all be retrieved.

In 2015, direct expenditure on research and development (R&D) before non-recurring items amounted to EUR 76.5 million, compared with EUR 77.7 million in the prior-year period. These figures also include refunded expenses (contract costs), which are reported in the cost of sales and which totaled EUR 10.8 million (previous year: EUR 9.6 million). The R&D ratio remained unchanged at 1.7 percent of revenue. In the reporting period, depreciation of capitalized development projects amounted to EUR 10.2 million. The capitalized development costs remained unchanged at 0.7 percent of revenue. Cash disbursements for research and development amounted to EUR 100.6 million, compared with EUR 96.1 million in the previous year.

Research and development (R&D) expenses (EUR million)	2015	2014	Change in %
Refunded expenses (contract costs)	10.8	9.6	12.3
Non-refunded R&D expenses before non-recurring items	65.8	68.1	–3.5
Total R&D expenses	**76.5**	**77.7**	**–1.6**
R&D ratio (as % of revenue)	**1.7**	**1.7**	**–**
Total R&D cash disbursements	**100.6**	**96.1**	**4.7**
R&D ratio (as % of revenue)	**2.2**	**2.1**	**–**

Report on Economic Position

GEA in fiscal year 2015

The forecast for fiscal year 2015 assumed that demand in GEA's sales markets would moderately exceed the high levels seen in 2014. Contrary to this assumption, growth in the emerging markets, in particular, was more sluggish than predicted at the start of 2015. Indeed, during the second half of the year, the International Monetary Fund (IMF) also had to reduce its forecast for global economic growth, adjusting the figures in the updates to the "World Economic Outlook" downwards in July and again in October (see page 35 f.). Growth was slower than initially forecasted in both the industrialized nations and the emerging markets – i.e. in all of GEA's key markets (see IMF, World Economic Outlook, January 2016 update).

Growth rate projections

	January 2015	April 2015	July 2015	October 2015	Actual 2015
Outlook of IMF	3.5%	3.5%	3.3%	3.1%	3.1%
Outlook GEA	Moderate Organic Growth			Moderate Growth	1.9%

Against a backdrop of ongoing weakness in the global economy – particularly in the emerging economies, including China – and a further reduction in IWF expectations for economic growth in 2015, GEA also reduced its growth target for revenue in the third quarter. Measures to improve the earnings situation, however, coupled with a reduction in the investment volume enabled the group to raise expectations slightly for the cash flow driver margin in the financial report for the third quarter.

As announced in September 2015, GEA generated moderate revenue growth of 1.9 percent in 2015. Adjusted for exchange rate and acquisition effects, however, organic growth in revenue decreased by 4.2 percent. Therefore, the moderate rise in revenue adjusted for exchange rate and acquisition effects predicted at the start of 2015 did not materialize. As expected, the former GEA Refrigeration Technologies segment posted above-average organic growth. The former GEA Mechanical Equipment and GEA Process Engineering segments posted slightly below average growth, which was also expected. The main reason for the surprisingly weak revenue figures of the former GEA Farm Technologies segment was the noticeable slump in milk prices.

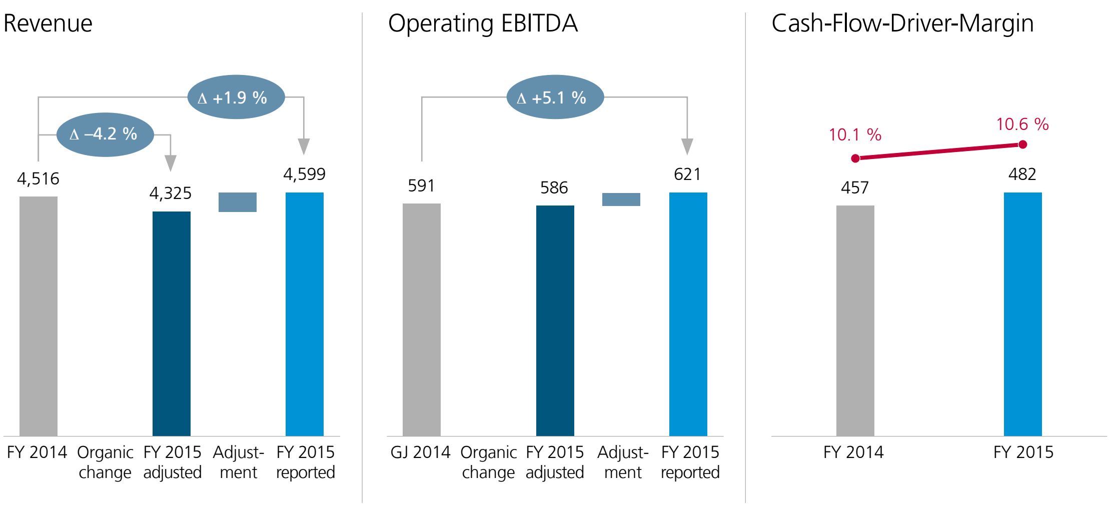
In the 2014 Annual Report, operating EBITDA adjusted for exchange rate and acquisition effects of between EUR 580 million and EUR 620 million was predicted for 2015. Operating EBITDA actually amounted to EUR 621.0 million in the fiscal year. These figures include positive exchange rate and acquisition effects of EUR 26.6 million and EUR 8.7 million respectively. Thus, the EBITDA figure of EUR 585.7 million, which is comparable with the forecast, was within the defined target range.

However, the target range of EUR 590 to EUR 640 million set in the first quarter of 2015 was slightly missed.

A target of between 9.0 and 9.5 percent was originally set for the cash flow driver margin adjusted for exchange rate and acquisition effects in 2015. The predicted value was raised to between 9.5 and 10.0 percent in the financial report for the third quarter. Ultimately, a cash flow driver margin adjusted for non-recurring items and acquisition effects of 10.6 percent was achieved in the reporting year. When not adjusted for acquisition effects, however, the value was 10.3 percent, which means that even the increased target range was exceeded by far.

On April 16, 2015, GEA Group Aktiengesellschaft's Annual General Meeting approved the proposal by the Supervisory Board and Executive Board to pay a dividend of EUR 0.70 per share for fiscal year 2014, up from EUR 0.60 per share. This means that the distribution to the shareholders for 2015 was in line with the new target of 40 to 50 percent of group earnings.

GEA achieved FY 2015 targets
(EUR million)



Macroeconomic environment

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

According to its latest estimates for 2015, the IMF is looking at global economic growth of 3.1 percent (World Economic Outlook, January 2016) – at the start of 2015, the IMF had predicted GDP growth of 3.5 percent.

Above all the slowing of economic activity in China and its reorientation away from investment and industrial goods toward services and consumer goods had a detrimental effect on prospects for global economic growth, according to the IMF. What is more, low energy and commodity prices, in particular the enduring slump in the price of oil, were hampering growth in the oil-exporting nations.

At the same time, demand for oil had not risen on the same scale as witnessed during previous low-price phases, despite the lower costs. An additional risk, according to the experts at the IMF, was the gradual change in monetary policy in the U.S.A.

Specifically, the IMF has determined a preliminary growth rate of 1.9 percent for the industrialized nations in 2015, after 1.8 percent in the previous year. The eurozone economy continued to grow last year (from 0.9 percent in 2014 to 1.5 percent in 2015). Growth in the U.S.A. had increased to 2.5 percent in 2015, up from 2.4 percent in 2014. By contrast, the experts at the IMF are expecting growth in Germany to contract slightly by 0.1 percentage points in 2015, down to 1.5 percent.

According to the IMF, economic growth in the emerging markets fell from 4.6 percent in 2014 to 4.0 percent in 2015 – the fifth year in a row in which growth had contracted. Even more significant was the slump in the Russian economy, where growth fell to –3.7 percent in 2015 after a positive figure of 0.6 percent a year earlier. The IMF forecasts for China make just as gloomy reading. Here, economic growth fell by a further 0.4 percentage points in 2015, down to 6.9 percent. Economic growth is thought to have further slowed in Latin America, declining to –0.3 percent from 1.3 percent in 2014.

Significant changes

New group structure

Following intensive preparations, GEA's new group structure – which was developed as part of its "Fit for 2020" initiative – was implemented on June 8, 2015. As part of this new structure, the development and manufacturing of products and the provision of process solutions have been bundled in two new business areas – Equipment and Solutions (see page 24 f.).

GEA's plans to implement a new group structure are proceeding according to schedule. Key milestones along the path to implementing the target organization, some of which affect Germany, the country with the most GEA employees, have now been reached. Negotiations with the Group Works Council concerning the measures and the options for managing restructuring in a socially responsible way have been concluded. Outside Germany, implementation is also progressing according to plan. By the end of the fiscal year, the workforce had already been reduced by more than 800 full-time equivalents as a result of the initiative.

For reporting purposes, the figures for the months prior to the switch-over and the figures for the previous year were aligned to the new reporting structure.

With the project "Fit for 2020" project, the target is to achieve annual cost savings of at least EUR 125 million as from 2017. Based on today's business volume, the implementation measures will probably result in a net reduction in global personnel capacity of around 1,450 equivalents.

Acquisitions

On January 2, 2015, GEA completed the purchase of shares in the Dutch group de Klokslag which was acquired on October 6, 2014 (see page 30 of the 2014 Annual Report). The de Klokslag group companies are among the leading manufacturers of large-scale equipment for semi-hard cheese production and used to be part of the former Process Engineering segment which has now been integrated in the new Business Area Solutions. The Company, which has around 90 employees, generated revenue of more than EUR 30 million in fiscal year 2014. As a result of this acquisition, GEA is now a full solution provider in this growing segment of the dairy industry.

The takeover of the Italian company Comas was completed on June 19, 2015. Comas is one of the leading European manufacturers of machinery and equipment for sophisticated processes in the production of bakery goods. Based in Torrebelvicino, the company had a workforce of 155 employees and generated revenue of around EUR 50 million in accordance with local GAAP in the last fiscal year, mainly in Europe and Asia. As an established supplier in this industry, Comas will join the Business Area Solutions to form the Application Center Bakery.

On the same date, June 19, 2015, GEA also completed the acquisition of CMT, a leading supplier of machinery and integrated process lines for pasta filata cheeses (fresh mozzarella and pizza cheese). The company, which is based in Peveragno, Italy, had around 70 employees and generated revenue of EUR 11 million in accordance with local GAAP in 2014, primarily in the European Union countries. GEA intends to integrate this business into its Application Center Dairy in the Business Area Solutions.

On September 30, 2015, GEA acquired Hilge, a leading supplier of hygienic pumps that specializes in stainless steel pumps for the food and beverage industries. The takeover was completed in the third quarter of 2015 after approval had been obtained from relevant antitrust authorities. The acquisition has enabled GEA to expand its portfolio in the field of heavy-duty hygienic pumps and reinforce its position as a provider of system solutions for use in hygienic and aseptic process environments. Based in Bodenheim, Germany, the company has a workforce of around 150 employees and generated revenue of around EUR 35 million in fiscal year 2014. Hilge's business was integrated into the Business Area Equipment of GEA.

Management

On September 23, 2015, the Supervisory Board of GEA Group Aktiengesellschaft appointed two long-standing GEA managers, the German Steffen Bersch and the Dane Niels Erik Olsen, to the company's Executive Board with effect from January 1, 2016. Steffen Bersch will assume responsibility for the Business Area Equipment, while Niels Erik Olsen will be in charge of the Business Area Solutions.

The appointments follow in the wake of the decision by previous Board member, Markus Hüllmann, to acquire and operate a company that is not in competition with GEA. Mr. Hüllmann left the group with effect from December 31, 2015.

Thus, GEA will be managed by a team of five Executive Board members as of January 1, 2016 (see page 63).

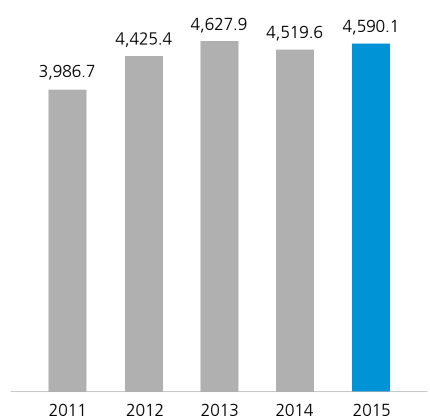
Course of business

The following explanation of the group's course of business relates initially to its continuing operations, i.e. to the group's two operating Business Areas. The quarterly information contained in this management report is sourced from quarterly reports that were not reviewed by an auditor. All amounts have been rounded using standard rounding rules. Adding together individual amounts may therefore result in rounding differences in certain cases.

Order Intake

The group's order intake increased by 1.6 percent to EUR 4,590.1 million in full-year 2015 (previous year: EUR 4,519.6 million). Adjusted for exchange rate fluctuations and acquisition effects (4.2 and 1.2 percent respectively), however, growth decreased by 3.8 percent. Chiefly responsible for this decline were orders in the range of EUR 15 million to EUR 30 million, whereas projects of above EUR 30 million in volume recorded a significant increase. In addition, the basic business orders (orders of less than EUR 1 million) saw very positive growth.

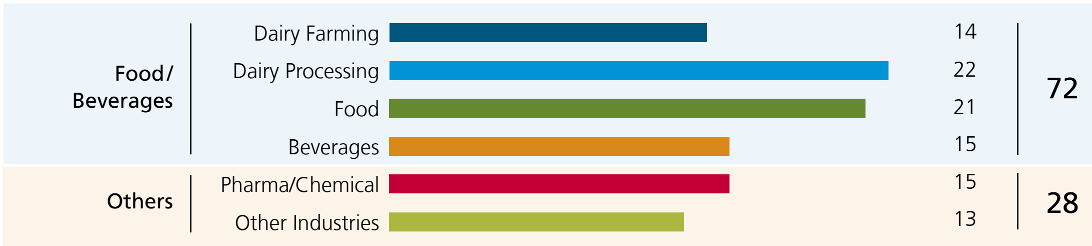
Order intake for the last 5 years
(EUR million)



Growth in order intake in the last quarter of the reporting year is particularly worthy of note, where the posted figure of EUR 1,245.5 million even surpassed that of the previous record quarter (second quarter of 2013: EUR 1,220.0 million). Major orders from various industries helped produce the new record level.

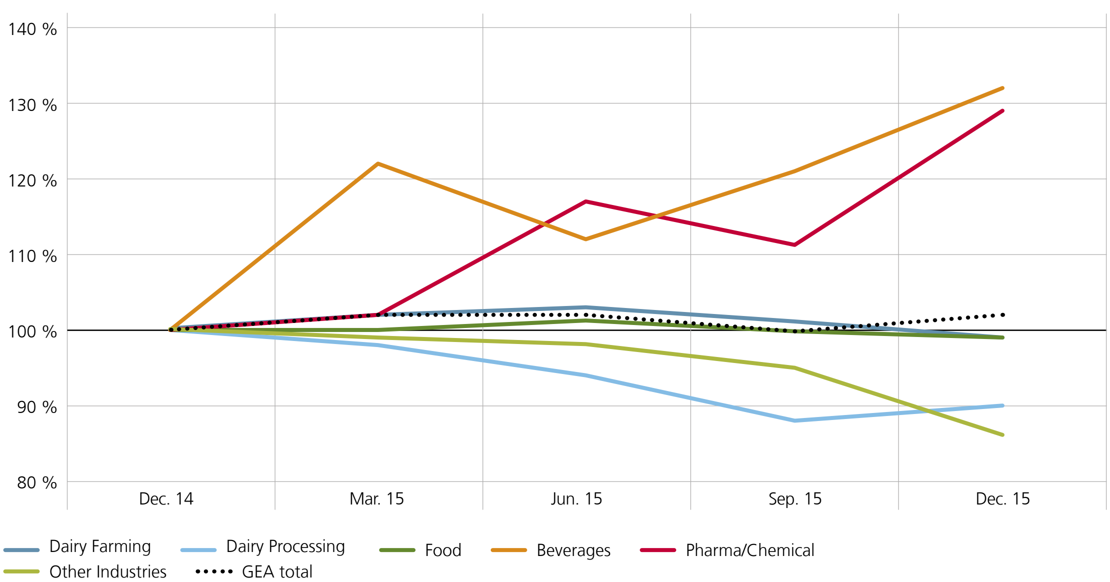
Order intake (EUR million)	2015	2014	Change in %	Adjusted growth in %
BA Equipment	2,293.0	2,295.1	–0.1	–5.0
BA Solutions	2,495.6	2,423.4	3.0	–2.5
Total	**4,788.6**	**4,718.5**	**1.5**	**–3.7**
Consolidation/others	–198.5	–198.9	0.2	–
GEA	**4,590.1**	**4,519.6**	**1.6**	**–3.8**

Order intake applications
(in %, average last 12 months)



The largest major orders worth over EUR 30 million were won by the Business Area Solutions in the form of four dairy orders for customers in Africa, Western Europe and the Middle East, as well as a beverage project in Asia. All in all, their value amounted to approximately EUR 260 million. In the comparable prior-year period, four major orders were received for almost EUR 225 million.

GEA order intake EUR 4,590.1 million (previous year: EUR 4,519.6 million)
by applications (average last 12 months)



Order backlog

The order backlog rose slightly by EUR 16.1 million compared with December 31, 2014 (EUR 2,037.6 million,) to EUR 2,053.7 million.

Expressed in terms of the order intake for the fiscal year, the notional order backlog amounted to 5.4 months (previous year: 5.4 months). In line with the different types of business performed, the order backlog ranges from around 3 months in the Business Area Equipment to around 8 months in the Business Area Solutions.

Order backlog (EUR million)	12/31/2015	12/31/2014	Change in %	Change (absolute)
BA Equipment	501.9	532.6	–5.8	–30.8
BA Solutions	1,585.4	1,540.2	2.9	45.2
Total	**2,087.3**	**2,072.8**	**0.7**	**14.5**
Consolidation/others	–33.5	–35.2	4.7	1.7
GEA	**2,053.7**	**2,037.6**	**0.8**	**16.1**

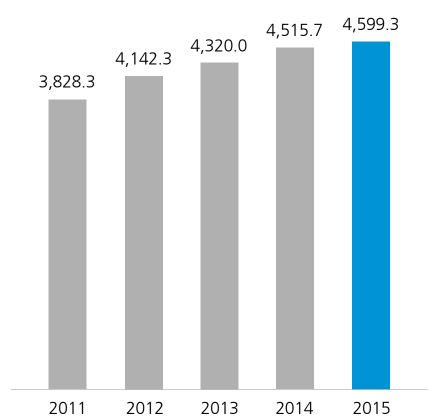
Revenue

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

The revenue figure of EUR 4,599.3 million for fiscal year 2015 is another record for GEA, and constitutes a rise of 1.9% over the prior-year figure of EUR 4,515.7 million. Adjusted for exchange rate fluctuations and acquisition effects (plus 4.7 and 1.4 percent respectively), revenue was 4.2 percent under the figure for the previous year. The share of revenue enjoyed by service business rose from 27.1 percent to 29.4 percent. Growth in this area amounted to 10.2 percent in the year under review, 3.6 percent when adjusted for exchange rate and acquisition effects.

Revenue for the last 5 years

(EUR million)



The book-to-bill ratio, the ratio of order intake to revenue, was precisely 1.0 in 2015.

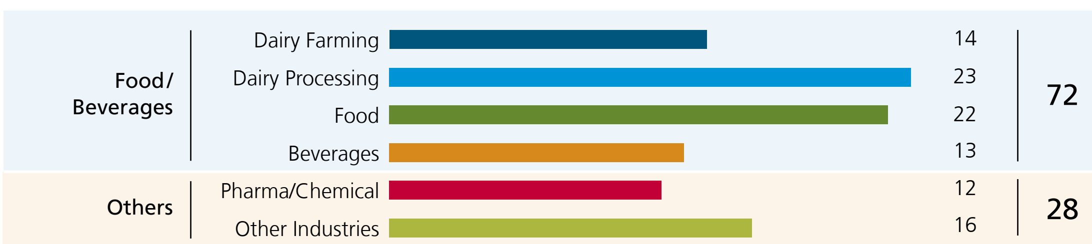
Sales (EUR million)	2015	2014	Change in %	Adjusted growth in %
BA Equipment	2,323.7	2,307.6	0.7	–4.2
BA Solutions	2,475.2	2,404.3	2.9	–3.9
Total	**4,798.9**	**4,711.9**	**1.8**	**–4.1**
Consolidation/others	–199.6	–196.2	–1.7	–
GEA	**4,599.3**	**4,515.7**	**1.9**	**–4.2**

The adjusted revenue decline affected the food and beverages end market (–3.9 percent) and the pharma/chemical end market (–5.1 percent). In particular the dairy production, dairy processing and food customer industries, as well as the pharma and oil and gas industries recorded a significant fall in business volume. In contrast, the environment and chemical industries, along with the beverages customer industry recorded considerable, in some cases even double-digit adjusted growth rates.

At a regional level, the decline in the adjusted revenue is attributable to North and Central Europe and North America in particular, and to the Asia Pacific region. This was only partially offset by revenue growth in, chiefly, Germany, Austria, Switzerland (DACH) & Eastern Europe. As before, the regions with the highest revenue figures are Asia Pacific (25 percent), DACH & Eastern Europe (20 percent), and North America (18 percent).

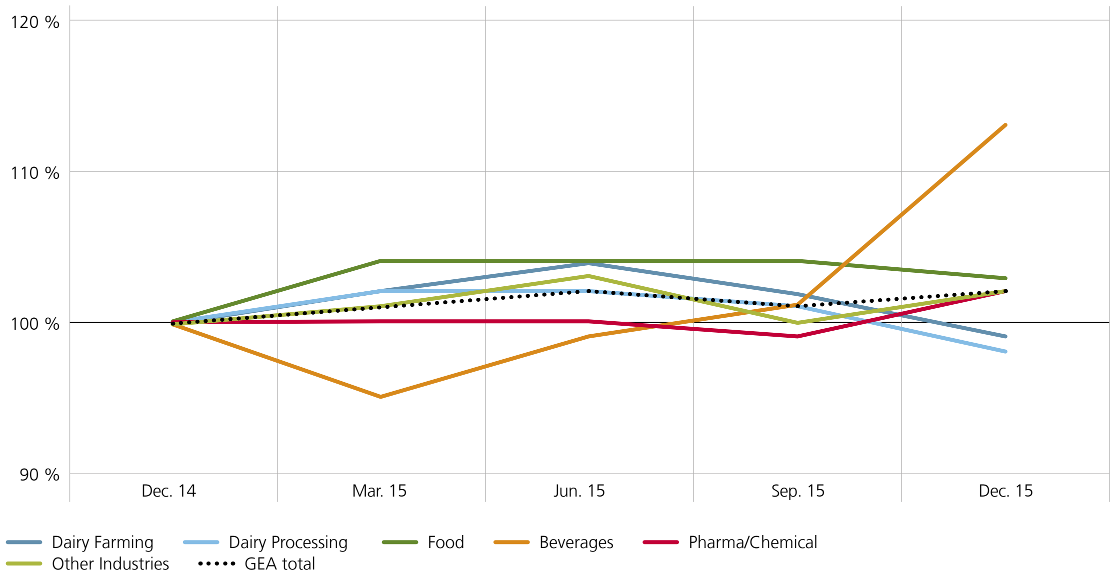
Revenue applications

(in %, average last 12 months)



GEA revenue EUR 4,599.3 million (previous year: EUR 4,515.7 million)

by applications (average last 12 months)



by region (%, average last 12 months)

	2015	2014
Asia Pacific	24.8	(24.8)
DACH & Eastern Europe	19.9	(19.6)
Western Europe, Middle East & Africa	16.4	(15.9)
North- and Central Europe	14.8	(16.5)
Latin America	6.0	(6.2)
North America	18.2	(16.9)

Business Area Equipment

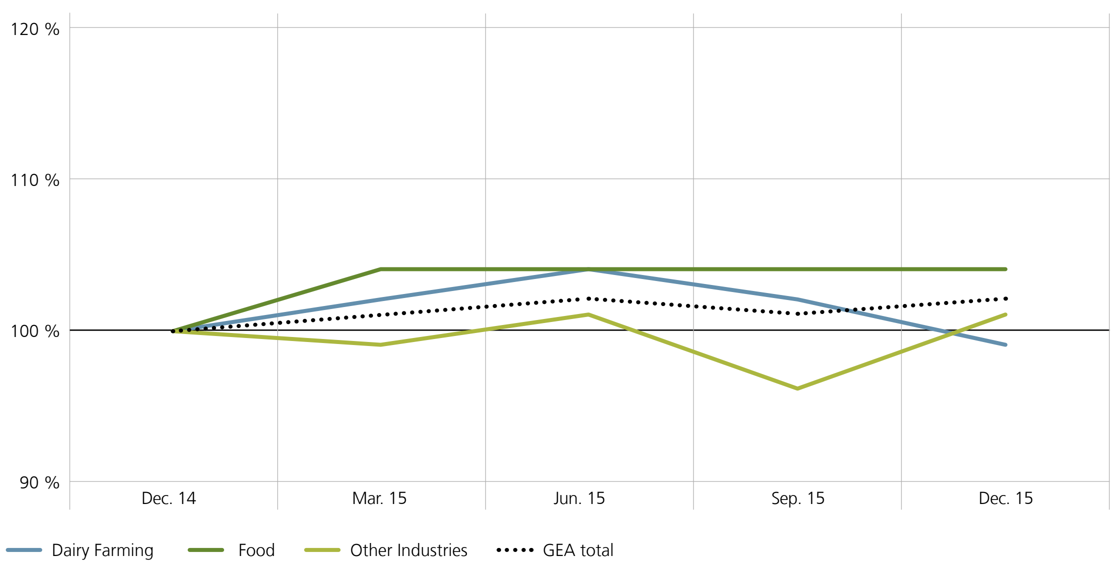
In the 2015 fiscal year, the Business Area Equipment increased its revenue by 0.7 percent to EUR 2,323.7 million (previous year: EUR 2,307.6 million). However, on a constant exchange rate basis, revenue declined by 4.2 percent. This was due in particular to the oil and gas industry within the other industries and – to a lesser extent – to the dairy production customer industry and the pharma/chemical end markets. In contrast, energy and the other industries, along with dairy processing posted very positive adjusted growth rates.

The Asia Pacific, North and Central Europe, and North America regions posted below-average overall performance, while Western Europe, the Middle East & Africa generated gratifying growth. The most significant sales regions are North America, DACH & Eastern Europe, and Asia Pacific which all enjoyed a share of the revenue of over 20 percent.

The service business recorded growth of 8.7 percent (2.3 percent when adjusted) in the reporting period, with its share of total revenue amounting to 37.9 percent (previous year: 35.1 percent).

Business Area Equipment revenue EUR 2,323.7 million (previous year: EUR 2,307.6 million)

by applications (average last 12 months, 3 most important applications, only exernal business)



by region (%, average last 12 months)

	2015	2014
Asia Pacific	20.4	(21.6)
DACH & Eastern Europe	21.3	(22.2)
Western Europe, Middle East & Africa	16.6	(15.4)
North- and Central Europe	13.3	(14.1)
Latin America	6.3	(6.7)
North America	22.0	(20.1)

Business Area Solutions

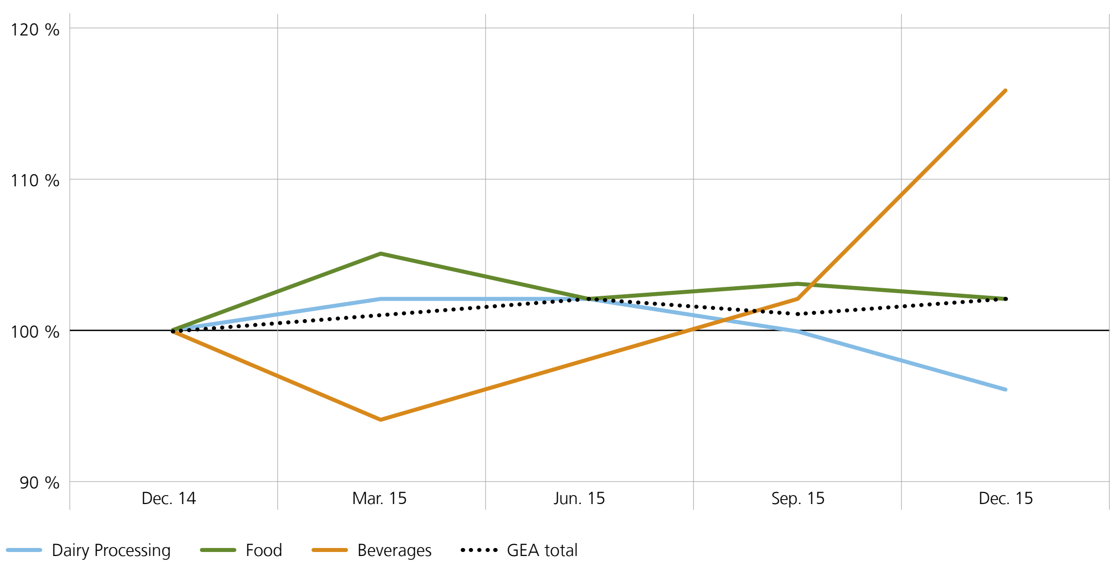
The Business Area Solutions generated revenue of EUR 2,475.2 million in the reporting year, up 2.9 percent on the previous year. Adjusted for exchange rate and acquisition effects, revenue decreased by 3.9 percent. This development was mainly attributable to the food and beverages end market (chiefly the dairy production and food customer industries), as well as to the pharma industry. In contrast, the chemical and environment industries, along with the beverages customer industry both recorded highly positive, double-digit adjusted growth rates.

At a regional level, adjusted revenue growth saw a particularly significant decline in North and Central Europe. The North America region also saw a weaker performance, while highly gratifying adjusted revenue growth was recorded in DACH & Eastern Europe. The Asia Pacific region is the strongest in this business area, with an almost 30 percent share of the revenue.

The service business recorded very positive adjusted growth of 5.6 percent. Before exchange rate and acquisition effects, growth was even 12.4 percent. The business area's share of total revenue increased from 18.7 percent to 20.4 percent.

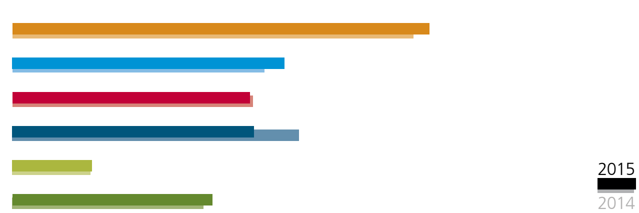
Business Area Solutions revenue EUR 2,475.2 million (previous year: EUR 2.404,3 million)

by applications (average last 12 months, 3 most important applications, only exernal business)



by region (%, average last 12 months)

Asia Pacific	28.8	(27.7)
DACH & Eastern Europe	18.8	(17.4)
Western Europe, Middle East & Africa	16.4	(16.6)
North- and Central Europe	16.7	(19.8)
Latin America	5.5	(5.4)
North America	13.8	(13.2)



Results of operations, financial position and net assets

Results of operations

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

Whenever operative earnings are referred to in the following, this relates on the one hand to adjustments for purchase price allocation effects that were determined for all material past acquisitions, and on the other hand to the adjustment of expenses for restructuring and strategy projects. In addition, the figures for operating EBITDA have been adjusted for currency translation effects and acquisitions. The allocation in accordance with IFRS of service and trademark fees was adjusted in fiscal year 2014.

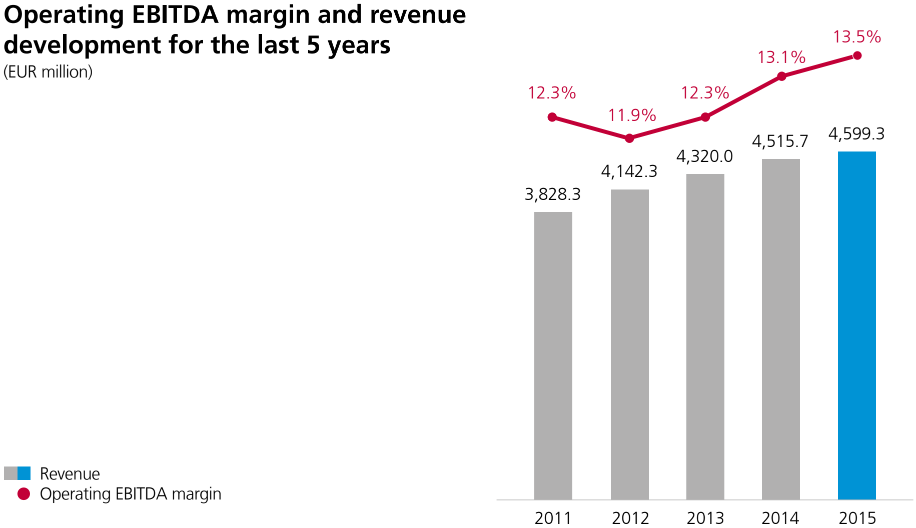
Operating EBIT for 2015 was adjusted for non-recurring items in the amount of EUR 197.4 million (previous year: EUR 50.7 million). EUR 192.6 million of these items was attributable to strategy projects of which EUR 125.6 million was restructuring expenses (see page 218 f.).

The gross margin adjusted for non-recurring items for the whole of 2015 amounted to 32.3 percent, a slight improvement on the previous year.

In fiscal year 2015, EBITDA fell by EUR 110.1 million compared with the prior-year period to EUR 429.8 million, largely due to high non-recurring costs. This corresponds to an EBITDA margin of 9.3 percent (previous year: 12.0 percent). Adjusted for the above-mentioned non-recurring items of EUR 190.0 million, operating EBITDA amounted to EUR 621.0 million. The EUR 30.3 million increase compared with the previous year (EUR 590.7 million) was due in particular to the significant improvement in earnings of Food Processing & Packaging, gratifying business growth in the field of Compression and – last but not least – to the ongoing expansion in service business. In addition, the "Fit for 2020" program already bore fruit in terms of cost savings in the reporting year. As a result, the operating EBITDA margin improved by a further 40 basis points to 13.5 percent of revenue. Operating EBITDA in 2015 of EUR 621.0 million included positive currency translation and acquisition effects of EUR 26.6 million and EUR 8.7 million respectively. Thus, the EBITDA figure comparable with the announced forecast in the annual report amounts to EUR 585.7 million.

Both operating EBITDA and the operating EBITDA margin represent all-time highs for the new GEA.

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



Business Area Equipment

In fiscal year 2015, the Business Area Equipment succeeded once again in surpassing the prior-year figure for operating EBITDA (EUR 351.1 million) by 8.7 percent to EUR 381.8 million. As a result, the operating EBITDA margin also improved by more than 120 basis points to 16.4 percent of revenue. Thus, the Business Area Equipment posted record highs in terms of both operating EBITDA and operating EBITDA margin. The chief reason for this positive earnings showing was the significant improvement in earnings in Food Processing & Packaging, in addition to the expansion in service business and gratifying business growth in the field of Compression. The operating EBITDA already included positive currency translation and acquisition effects of EUR 13.6 million and EUR 0.6 million respectively.

Business Area Solutions

The Business Area Solutions posted a slight fall in operating EBITDA in the reporting year from EUR 265.8 million to EUR 255.3 million due to cost increases and delays affecting certain projects, and as a result of contracting oil and gas business in the field of Cooling Solutions. Accordingly, the operating EBITDA margin fell from 11.1 percent to 10.3 percent. The figure for operating EBITDA already included positive currency translation and acquisition effects of EUR 13.2 million and EUR 8.1 million respectively.

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

Operating EBITDA/operating EBITDA margin *) (EUR million)	2015	2014	Change in %
BA Equipment	381.8	351.1	8.7
as % of revenue	16.4	15.2	–
BA Solutions	255.3	265.8	–4.0
as % of revenue	10.3	11.1	–
Total	**637.1**	**617.0**	**3.3**
as % of revenue	**13.3**	**13.1**	**–**
Consolidation/others	–16.2	–26.3	38.4
GEA	**621.0**	**590.7**	**5.1**
as % of revenue	**13.5**	**13.1**	**–**

*) Before effects of purchase price allocations and before non-recurring items (see page 218 f.)

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

Reconciliation of operating EBITDA to operating EBIT (EUR million)	2015	2014	Change in %
Operating EBITDA *	**621.0**	**590.7**	**5.1**
Realization of step-up amounts on inventories	–1.2	–	–
Non-recurring items	–190.0	–50.7	< –100
EBITDA	**429.8**	**539.9**	**–20.4**
Depreciation of 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	–119.4	–100.1	–19.3
Other impairment losses and reversals of impairment losses	–1.0	–	–
EBIT	**309.4**	**439.9**	**–29.6**
Depreciation and amortization on capitalization of purchase price allocation	26.9	23.1	16.8
Impairment losses on capitalization of purchase price allocation	3.9	–0.1	–
Realization of step-up amounts on inventories	1.2	–	–
Non-recurring items	197.4	50.7	> 100
Operating EBIT *	**538.8**	**513.5**	**4.9**

*) Before effects of purchase price allocations from revalued assets and liabilities and before non-recurring items (see page 218 f.)

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

Operating EBIT/operating EBIT margin * (EUR million)	2015	2014	Change in %
BA Equipment	326.8	298.3	9.6
as % of revenue	14.1	12.9	–
BA Solutions	234.8	247.8	–5.2
as % of revenue	9.5	10.3	–
Total	**561.7**	**546.1**	**2.8**
as % of revenue	**11.7**	**11.6**	**–**
Consolidation/others	–22.8	–32.6	30.0
GEA	**538.8**	**513.5**	**4.9**
as % of revenue	**11.7**	**11.4**	**–**

*) Before effects of purchase price allocations and before non-recurring item (see page 218 f.)

As a result of the high non-recurring expenses, EBIT amounted to EUR 309.4 million in the past fiscal year, compared with EUR 439.9 million in the previous year. The EBIT margin thus fell from 9.7 percent to 6.7 percent. Operating EBIT, adjusted for purchase price allocation effects of EUR 32.0 million (previous year: EUR 22.9 million) and for non-recurring items, rose to EUR 538.8 million (previous year: EUR 513.5 million). The operating EBIT margin improved from 11.4 percent to 11.7 percent of revenue.

Key figures: Results of operations (EUR million)	2015	2014	Change in %
Revenue	4,599.3	4,515.7	1.9
Operating EBITDA *	621.0	590.7	5.1
EBITDA	429.8	539.9	–20.4
Operating EBIT *	538.8	513.5	4.9
EBIT	309.4	439.9	–29.6
Interest	39.4	66.0	–40.3
EBT	270.0	373.8	–27.8
Income taxes	5.8	87.8	–93.4
Profit after tax from continuing operations	264.2	286.0	–7.6
Profit after tax from discontinued operations	97.6	34.6	> 100
Profit for the period	361.9	320.6	12.9

*) Before effects of purchase price allocations and before non-recurring items (see page 218 f.)

Net interest income for the whole year amounted to EUR –39.4 million, well below the prior-year figure of EUR –66.0 million. The EUR 26.6 million improvement is attributable on the one hand to lower interest expenses from interest accrued on pension provisions, and, on the other, to lower bank interest payments due to the repayment of financial liabilities using proceeds from the sale of the former GEA Heat Exchangers segment.

EBT in full-year 2015 amounted to EUR 270.0 million, EUR 103.8 million lower than the previous year's figure (EUR 373.8 million) and largely due to high non-recurring costs. The EBT margin fell accordingly from 8.3 percent in the previous year to 5.9 percent.

Profit from discontinued operations amounted to EUR 97.6 million in fiscal year 2015 (previous year: EUR 34.6 million). This result includes the settlement of legal disputes in connection with the former business activities of mg technologies ag. In the previous year, profit from discontinued operations was almost exclusively attributable to the former GEA Heat Exchangers segment (see page 160).

The income tax expense of EUR 5.8 million in fiscal year 2015 (previous year: EUR 87.8 million) comprised current tax expenses of EUR 61.4 million (previous year: EUR 80.7 million) and income from deferred taxes of EUR 55.7 million (previous year: EUR 7.1 million deferred tax expense). As a result, notably, of special factors relating to discontinued operations and expected higher tax income in the future, tax rate amounted to just 2.1 percent in the reporting year (previous year: 23.5 percent).

In the fiscal year, the group result amounted to EUR 361.9 million (previous year: EUR 320.6 million), almost all of which was attributable to GEA Group Aktiengesellschaft shareholders (previous year: EUR 320.5 million). Taking into account the unchanged average number of shares compared with the previous year (192,495,476,) this corresponds to earnings per share of EUR 1.88 (previous year: EUR 1.66.)

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 56 ff.).

The Executive Board and Supervisory Board are proposing to increase the dividend from EUR 0.70 to EUR 0.80 per share. This is in line with the goal to distribute between 40 and 50 percent of consolidated profit to our shareholders, as announced at our Capital Markets Day on October 13, 2014.

Financial position

GEA's financial position is still very good, largely due to the cash inflows of the previous year resulting from the sale of the GEA Heat Exchangers segment. However, liquidity management and centralized financial management remain of key significance due, among other factors, to the volatile markets.

In the first quarter of 2015, the European Investment Bank (EIB) loan was early repaid in the amount of EUR 100.0 million. With the aim of securing advantageous conditions for the Company, the syndicated credit line (Club Deal) was extended to 2020 in August 2015. This loan features two further 12-month prolongation options until max. 2022.

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

GEA cash credit lines incl. discontinued operations (EUR million)	Maturity	12/31/2015 approved	12/31/2015 utilized
GEA Bond	April 2016	275	275
European Investment Bank	July 2017	50	50
Borrower's note loan	September 2017	90	90
Syndicated credit line ("Club Deal")	August 2020	650	–
Various (bilateral) credit lines including accrued interests	Maximum of 1 year or "until further notice"	135	14
Total		**1,199**	**429**

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

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

The Company further increased its net liquidity (including discontinued operations) by EUR 78.3 million to EUR 982.0 million as of December 31, 2015.

Overview of net liquidity incl. discontinued operations (EUR million)	12/31/2015	12/31/2014
Cash and cash equivalents	1,174.2	1,195.9
Fixed deposits with a remaining period ≤ 1 year	200.0	200.0
Securities	37.0	37.0
Liabilities to banks	146.5	246.9
Bonds	282.7	282.2
Net liquidity (+)/Net debt (-)	**982.0**	**903.7**
Gearing (%)	–34.5	–35.8

Cash and cash equivalents fell slightly to EUR 1,174.2 million as of December 31, 2015, compared with EUR 1,195.9 million as of the end of the previous year. Liabilities to banks (EUR 55.9 million), from the bond issue (EUR 282.7 million, including accrued interest), and the borrower's note loan (EUR 90.6 million, including accrued interest) amounted to a total of EUR 429.1 million at the reporting date (previous year: EUR 529.1 million).

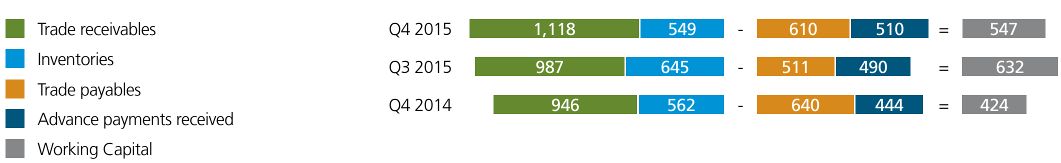
Detailed information on the maturity, currency, and interest rate structure of debt financing can be found in the notes to the consolidated financial statements (see pages 152 ff. and 194 ff.).

Guarantee lines – which are mainly for contract performance, advance payments, and warranties – of EUR 1,463.4 million (December 31, 2014: EUR 1,732.3 million) were available to GEA as of the reporting date, of which EUR 481.4 million (December 31, 2014: EUR 462.1 million) had been utilized.

In addition to the assets recognized in the consolidated balance sheet, GEA also uses non owned assets. These are mainly assets leased or rented under operating leases. GEA uses factoring programs as off-balance-sheet financing instruments. The obligations resulting from rental and leasing obligations are explained in section 9.2 of the notes to the consolidated financial statements (see page 214).

Change in Working Capital (continued operations)

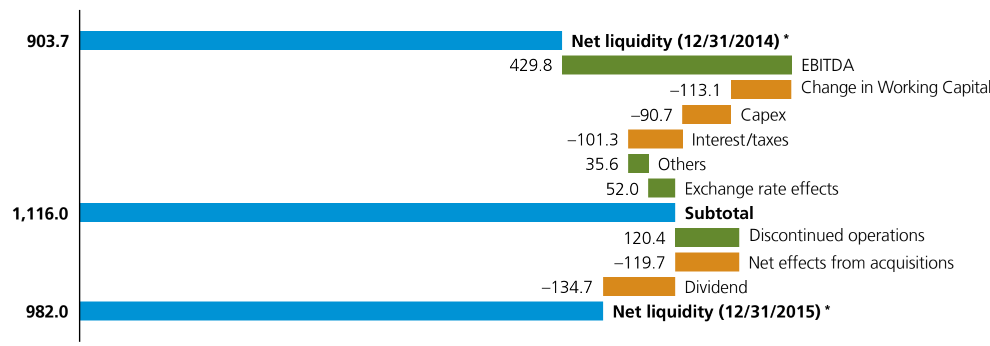
(EUR million)



Working capital from continuing operations amounted to EUR 546.8 million as of December 31, 2015, up 28.8 percent as against the previous year (EUR 424.4 million). This increase is primarily due to higher trade receivables. This contrasted with developments in inventories and, notably, in advance payments. The ratio of average working capital to revenue increased from 12.1 percent to 13.1 percent.

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

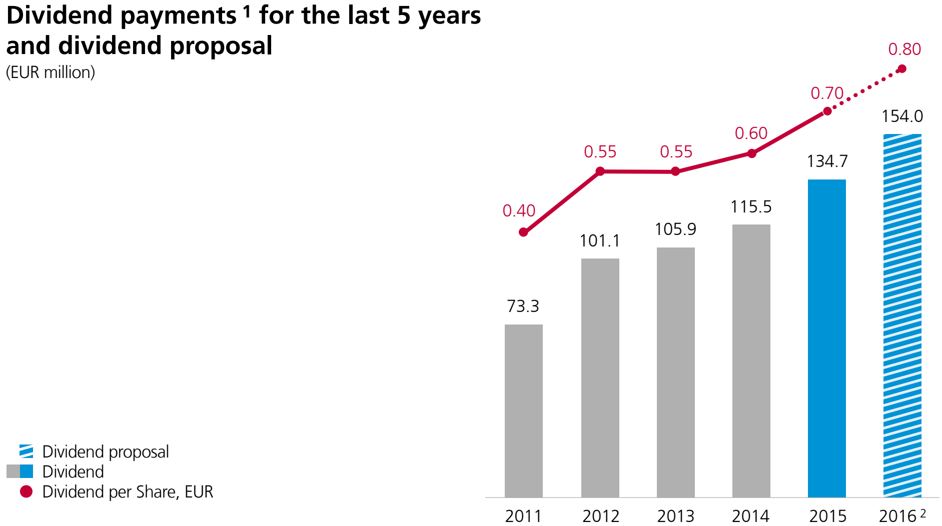
Change in net liquidity
(EUR million)



*) Including fixed deposits with a remaining period ≤ 1 year (EUR 200 million)

GEA Group Aktiengesellschaft's dividend payout in fiscal year 2015 was once again the highest in the Company's history, at EUR 134.7 million (previous year: EUR 115.5 million). With the number of shares unchanged, the more than 16 percent rise derives from the increase in the dividend per share from EUR 0.60 to EUR 0.70.

Dividend payments [1] for the last 5 years and dividend proposal
(EUR million)



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

The consolidated cash flow statement can be summarized as follows:

Overview of cash flow statement (EUR million)	2015	2014	Change absolute
Cash flow from operating activities	324.7	401.6	–76.9
Cash flow from investing activities	–196.1	–349.4	153.3
Free cash flow	**128.6**	**52.2**	**76.4**
Cash flow from financing activities	–270.3	–618.9	348.6
Cash flow from disposal of GEA Heat Exchangers	–	980.1	–980.1
Net cash flow from disposal of GEA Heat Exchangers	–3.8	–10.9	7.1
Net cash flow other discontinued operations	124.2	–13.1	137.4
Change in unrestricted cash and cash equivalents	–21.7	400.1	–421.8

Cash flow from operating activities attributable to continuing operations amounted to EUR 324.7 million in the year under review, down EUR 76.9 million on the previous year (EUR 401.6 million). The decrease in EBITDA (EUR –110.1 million) due to higher non-recurring expenses, and higher liquidity outflows due to the rise in working capital (EUR –54.1 million) could not be fully compensated by changes in other operating assets and liabilities (plus EUR 68.9 million) and by a further rise in provisions (plus EUR 26.9 million).

Cash flow from investing activities attributable to continuing operations amounted to EUR –196.1 million in the reporting period (previous year: EUR –349.4 million). These figures include outflows for acquisitions in the reporting year of EUR 119.7 million. In the previous year, this indicator was largely attributable to cash investments and the purchase of securities in the total amount of EUR 237.0 million in the reporting period.

Cash flow from financing activities attributable to continued operations (EUR –270.3 million) reflects the dividend payout (EUR 134.7 million) and, in particular, the EUR 100.0 million early repayment of the loan from the European Investment Bank (EIB) in the first quarter of the year. In the previous year, this was countered by the repayment of loans from Kreditanstalt für Wiederaufbau, the repayment of a borrower's note loan, and the partial repurchase of bonds, amounting to EUR 406.8 million in total.

Cash flow from discontinued operations amounted to EUR 120.4 million in the reporting year. This figure includes inflows from the settlement of legal disputes in connection with the former business activities of mg technologies ag. In the previous year, this indicator was characterized by inflows from the sale of the GEA Heat Exchangers segment of EUR 1,059.3 million less divested cash and cash equivalents (EUR 79.2 million).

Cash flow drivers

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

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

Operating Cash flow driver/operating cash flow driver margin (EUR million)	12/31/2015	12/31/2014	Change in %
Operating EBITDA (last 12 months)	621.0	590.7	5.1
Capital expenditure on property, plant and equipment (last 12 months)	–90.7	–93.8	–3.3
Change in Working Capital (average of the last 12 months)	–54.5	–40.8	33.3
Operating Cash flow driver (Operating EBITDA - Capex -/+Change in Working Capital)	**475.8**	**456.0**	**4.3**
as % of revenue (last 12 months)	**10.3**	**10.1**	**–**

The cash flow driver adjusted for non-recurring items amounted to EUR 475.8 million in the year under review, compared with EUR 456.0 million in the previous year. The corresponding operating cash flow driver margin was 10.3 percent, after 10.1 percent in the previous year. The main reason for the improvement in this indicator was the EUR 30.3 million increase in operating EBITDA compared with the previous year, this contrasting with the increased burden from the rise in working capital.

Net assets

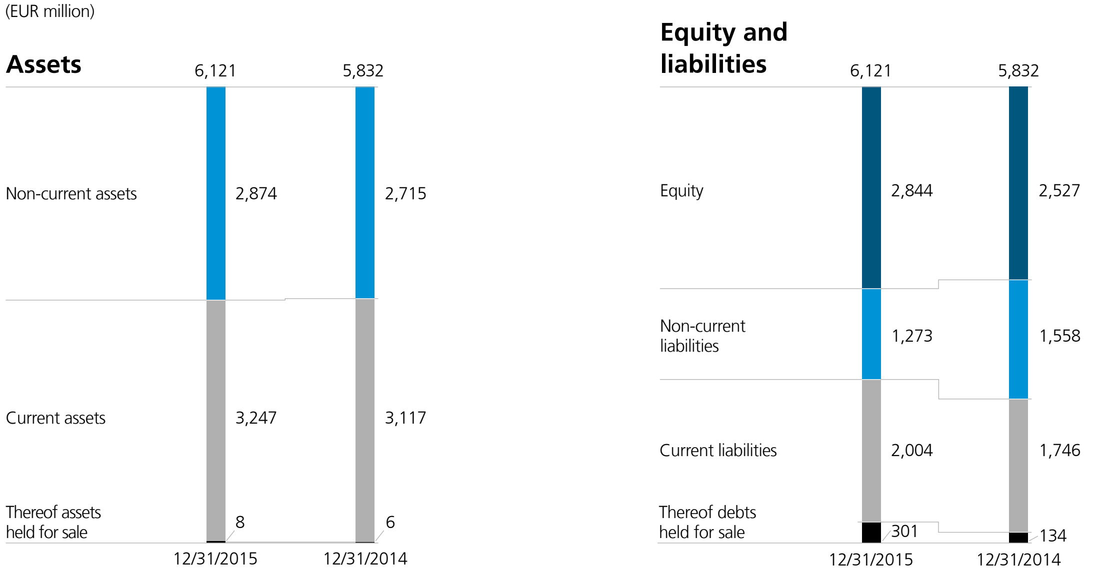
Condensed balance sheet (EUR million)	12/31/2015	as % of total assets	12/31/2014	as % of total assets	Change in %
Assets					
Non-current assets	2,873.9	46.9	2,714.8	46.5	5.9
thereof goodwill	1,431.5	23.4	1,330.0	22.8	7.6
thereof deferred taxes	491.1	8.0	469.3	8.0	4.6
Current assets	3,247.3	53.1	3,117.2	53.5	4.2
thereof cash and cash equivalents	1,174.2	19.2	1,195.9	20.5	–1.8
thereof assets held for sale	8.1	0.1	5.6	0.1	45.4
Total assets	**6,121.2**	**100.0**	**5,832.0**	**100.0**	**5.0**
Equity and liabilities					
Equity	2,844.2	46.5	2,527.2	43.3	12.5
Non-current liabilities	1,272.6	20.8	1,558.4	26.7	–18.3
thereof financial liabilities	177.0	2.9	456.1	7.8	–61.2
thereof deferred taxes	111.2	1.8	118.6	2.0	–6.3
Current liabilities	2,004.4	32.7	1,746.4	29.9	14.8
thereof financial liabilities	300.7	4.9	133.5	2.3	> 100
Total equity and liabilities	**6,121.2**	**100.0**	**5,832.0**	**100.0**	**5.0**

Total assets as of December 31, 2015, increased by EUR 289.2 million or 5.0 percent as against December 31, 2014, to EUR 6,121.2 million. This increase is primarily due to higher trade receivables and to a rise in intangible assets caused by acquisitions. Deferred tax assets also increased, whereas cash and cash equivalents fell slightly. The ratio of non-current to current assets shifted in favor of non-current assets, which accounted for 46.9 percent of total assets as of December 31, 2015 (previous year: 46.5 percent).

Equity increased significantly, up EUR 317.0 million to EUR 2,844.2 million. The improvement in this balance sheet item was due to the consolidated profit of EUR 361.9 million, as well as to currency translation effects (EUR 87.2 million). This was offset by the dividend payment of EUR 134.7 million. The equity ratio improved significantly by 3.2 percentage points compared with that of December 31, 2014, to 46.5 percent.

Non-current liabilities were significantly reduced to EUR 1,272.6 million, in particular as a result of the reclassification of the bond in the amount of EUR 274.2 million for maturity reasons. By contrast, at EUR 2,004.4 million as of the reporting date, current liabilities were up EUR 258.0 million on the figure for December 31, 2014 (EUR 1,746.4 million). On the one hand, this balance sheet item reflects the above-mentioned reclassification of the bond for maturity reasons, and restructuring provisions posted in the second quarter of 2015 in particular; on the other, it reflects the early repayment of the EUR 100.0 million loan from the European Investment Bank (EIB).

Comparison of net assets (2015 vs. 2014) *
(EUR million)



*) Amounts adjusted due to first time classification of a business area as discontinued operation (see page 149 f.) and due to change in accounting policy for employee benefits (see page 181 f.)

Performance of discontinued operations

Other companies

Once again, other companies classified as discontinued operations did not have a material impact overall on consolidated profit in fiscal year 2015.

In the context of the former mining activities of mg technologies ag, we had to increase our provisions for proactive risk prevention measures at shaft entrances in response to recalibration during ongoing risk analysis and as a result of changes in the discount rate used to measure non-current provisions. In contrast, the risks relating to the sale of Lentjes decreased further, meaning that some of the provisions recognized for this could be reversed.

Employees

The Executive Board of GEA Group Aktiengesellschaft would like to thank all of the group's employees for their excellent work and active commitment in fiscal 2015. Our particular thanks go to the employee representatives in Germany and abroad for their responsible and constructive contributions.

There were 17,533 employees as of December 31, 2015. This represents a total decrease of 710 employees compared with December 31, 2014 (18,243 employees). Changes in the basis of consolidation increased the number of employees by 495. Adjusted for these effects, total job-cuts amounted to 1,205 full-time equivalents, 830 of which are attributable to the "Fit For 2020" program.

The reduction in the workforce affected all regions, with Asia Pacific, DACH & Eastern Europe, and North America bearing the brunt of the cuts. That said, the regional spread of employees changed only marginally.

Employees * by region	12/31/2015		12/31/2014	
DACH & Eastern Europe	6,667	38.0%	6,773	37.1%
North and Central Europe	3,118	17.8%	3,216	17.6%
Asia Pacific	2,901	16.5%	3,188	17.5%
Western Europe, Middle East & Africa	2,664	15.2%	2,589	14.2%
North America	1,829	10.4%	2,090	11.5%
Latin America	355	2.0%	387	2.1%
Total	**17,533**	**100.0%**	**18,243**	**100.0%**

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

Talent management and development

GEA runs talent development programs for target groups at different levels of seniority. The two programs – "First Professional Program" and "Professionals on Stage" – are designed to identify and foster the development of employees with management potential. Together with five other prominent international companies, GEA also participates in the London Business School's Global Business Consortium in which top managers can hone their strategic business skills.

GEA sets its store by excellence in the training of young talent. Among other things, it offers an international trainee program for university graduates. Absolventa GmbH has recognized this program as a fair, career-enhancing initiative. Trainees are prepared at a group-wide level for advanced duties in both commercial and technical areas over a period of 18 months in GEA companies in Germany and abroad. Twin-track courses of study in cooperation with universities and technical colleges are available for school-leavers. Lasting six semesters, these courses lead to bachelor degrees in various specialist areas. GEA also offers classical vocational training in the engineering disciplines.

It is GEA's aim to find replacements for at least 80 percent of senior management vacancies below Executive Board level from within the Company in the event of position changes or fluctuation. To this end, the Company has implemented a systematic process for identifying and training suitable candidates. This would also enable vacant positions to be filled on an ad-hoc basis if necessary.

Learning and training

Since the end of 2015, the GEA Learning Center Portal – a centralized learning and training platform – has been available to employees around the world. The current offering includes e-learning programs on both specialized and business topics, as well as management training courses. Product and application-based training courses will be provided by GEA's two Business Areas.

Performance assessments are carried out at regular intervals for managers worldwide. The results are used as a basis for discussing individual development measures for the managers.

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)	12/31/2015	as % of total assets	12/31/2014	as % of total assets
Assets				
Intangible fixed assets	3.8	0.1	4.0	0.1
Tangible fixed assets	1.6	–	2.0	–
Long-term financial assets	2,600.5	55.8	2,842.7	59.6
Fixed assets	**2,605.9**	**55.9**	**2,848.7**	**59.7**
Receivables and other assets	910.4	19.6	714.7	15.0
Thereof Receivables from affiliated companies	882.6	19.0	677.9	14.2
Thereof Other assets	27.8	0.6	36.8	0.8
Securities	37.0	0.8	37.0	0.8
Cash	1,100.5	23.6	1,167.3	24.4
Current assets	**2,047.9**	**44.0**	**1,919.0**	**40.2**
Prepaid expenses	**3.1**	**0.1**	**3.2**	**0.1**
Total	**4,656.9**	**100.0**	**4,770.9**	**100.0**
Equity and liabilities				
Subscribed capital	520.4	11.2	520.4	10.9
Capital reserves	250.8	5.4	250.8	5.3
Revenue reserves	731.7	15.7	741.7	15.5
Net retained profits	154.4	3.3	136.5	2.9
Equity	**1,657.3**	**35.6**	**1,649.4**	**34.6**
Provisions	**295.9**	**6.4**	**288.0**	**6.0**
Bonds	274.7	5.9	274.7	5.8
Liabilities to banks	140.0	3.0	240.0	5.0
Liabilities to affiliated companies	2,272.3	48.8	2,301.2	48.2
Other liabilities	16.0	0.3	15.0	0.3
Liabilities	**2,703.0**	**58.0**	**2,830.9**	**59.3**
Deferred income	**0.7**	**–**	**2.6**	**0.1**
Total	**4,656.9**	**100.0**	**4,770.9**	**100.0**

The contraction in total assets of EUR 114.0 million compared with the previous year is chiefly the result of a reduction in long-term loans to affiliated companies in the amount of EUR 242.2 million and a EUR 66.8 million fall in cash funds largely as a result of the loan repayment. By contrast, receivables from affiliated companies raise by EUR 204.7 million to EUR 882.6 million as a result of group financing.

Net income for the fiscal year of EUR 142.6 million less the dividend of EUR 134.7 million paid out in fiscal year 2015 led to the EUR 7.9 million increase in equity to EUR 1,657.3 million. The equity ratio increased by 1.0 percentage points to 35.6 percent. Early repayment of the EUR 100.0 million loan from the European Investment Bank (EIB) is reflected in liabilities to banks.

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

Income statement of GEA Group AG (HGB) (EUR million)	12/31/2015	in %	12/31/2014	in %
Other operating income	435.1	274.0	140.6	91.4
Personnel expenses	–38.7	–24.4	–32.6	–21.2
Amortization amd writedowns of intangible fixed assets and depreciation and writedowns of tangible fixed assets	–0.8	–0.5	–1.0	–0.7
Other operating expenses	–308.8	–194.5	–231.5	–150.5
Investment income	66.2	41.7	278.0	180.8
Net interest income	5.8	3.7	0.3	0.2
Result from ordinary activities	**158.8**	**100.0**	**153.8**	**100.0**
Taxes on income	–16.2	–10.2	–13.1	–8.5
Net income for the fiscal year	**142.6**	**89.8**	**140.7**	**91.5**
Retained profits brought forward	1.8	1.1	0.8	0.5
Withdrawals from other revenue reserves	10.0	6.3	–	–
Appropriation to other revenue reserves	–	–	–5.0	–3.3
Net retained profits	**154.4**	**97.2**	**136.5**	**88.8**

Currency translation 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 229.8 million (previous year: EUR 100.1 million) and losses of EUR 223.7 million (previous year: EUR 99.4 million) resulted in net exchange rate gains of EUR 6.1 million (previous year: EUR 0.7 million).

In addition to currency translation gains, other operating income includes income from the settlement of legal disputes in connection with the former business activities of mg technologies ag, income from recharging the intercompany service fee and the trademark fee to subsidiaries, from ancillary operations, and from the reversal of provisions. In addition to currency translation losses, other operating expenses mainly comprise the outlays for expert opinions and consulting, as well as third-party services. The outlay for expert opinions and consulting of EUR 40.7 million (previous year: EUR 38.7 million) is mainly attributable to consulting fees in the context of the restructuring program.

Investment income comprises income and expenses from profit and loss transfer agreements. Income from profit transfer agreements mainly contains the profits transferred by GEA Mechanical Equipment GmbH, GEA Refrigeration Germany GmbH, and GEA TDS GmbH. Expenses for loss absorption mainly comprise assumed losses from GEA Farm Technologies GmbH, GEA Diessel GmbH, GEA IT Services GmbH, ZiAG Plant Engineering GmbH, and mg Altersversorgung GmbH. The income from profit transfers and the outlay for loss absorption were characterized by non-recurring expenses for restructuring measures.

Net interest income increased by EUR 5.5 million to EUR 5.8 million (previous year: EUR 0.3 million). This was mainly the result of lower interest expenses due to the repayment of liabilities to banks and the partial repurchase of a bond in December 2014 in the amount of EUR 125.3 million.

Cash-Flow of GEA Group AG (HGB) (EUR million)	2015	2014
Cash flow from operating activities	168.0	1,022.2
Cash flow from investing activities	–0.1	165.9
Cash flow from financing activities	–234.7	–552.7
Liquid funds	1,100.5	1,167.3

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

The most important key performance indicator for GEA Group Aktiengesellschaft is (HGB) net income for the fiscal year, which, together with the available provisions, allows it to pay out a dividend of between 40 and 50 percent of the (IFRS) consolidated profit. The Company is expecting net income for fiscal year 2016 to increase slightly compared with 2015 thanks to savings from the restructuring program.

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 "Business outlook" (see page 100 f.).

Proposal on the appropriation of profits

GEA Group Aktiengesellschaft's annual financial statements in accordance with the HGB report net income for the fiscal year of EUR 142.6 million. In fiscal year 2015, an amount of EUR 10.0 million was withdrawn from the other revenue reserves. The Executive Board and Supervisory Board will propose to the Annual General Meeting to pay a dividend of EUR 0.80 per share, up from EUR 0.70 in the prior-year period, to shareholders from the net retained profits of EUR 154.4 million for a total of 192,495,476 shares (previous year: 192,495,476 shares), and to carry forward the remaining net retained profits of EUR 0.5 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 general opinion of the German tax authorities (see also the Federal Ministry of Finance (BMF) circular dated December 22, 2009, paragraph 92) is that the payment of dividends from the contribution account for tax purposes constitutes a repayment of shareholder contributions, which results in a retrospective reduction in the cost of the shares. This can lead to the imposition of higher capital gains taxes if the shares are sold at a later date.

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

Composition of the subscribed capital and restrictions on rights

As of December 31, 2015, 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, 2015.

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

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

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

Powers of the Executive Board to issue and repurchase shares

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

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, wholly or in part, by up to EUR 130 million by issuing new no-par value shares against cash and/or non-cash contributions on one or more occasions until April 15, 2020 (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 statutory subscription right may also be granted by the new shares being underwritten by one or more banks with the obligation of offering them to the shareholders for subscription (indirect subscription right). 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 noncash contributions for the purpose of business combinations or the acquisition of companies, parts of companies, or equity interests in companies or other assets. The Executive Board is further authorized, with the approval of the Supervisory Board, to disapply shareholders' preemptive rights (i) in order to implement a so-called scrip dividend where the shareholders of GEA Group Aktiengesellschaft are given the option of contributing their dividend entitlement either wholly or partially to the Company as a noncash contribution in return for the granting of new shares, (ii) insofar as it is necessary to eliminate fractional amounts, and (iii) in order to grant the creditors of convertible or option bonds with option or conversion privileges or obligations issued by GEA Group Aktiengesellschaft or a subordinate group company of the Company a right to subscribe to new shares to the extent to which they would be entitled after exercising the option or conversion rights or after fulfilling conversion obligations. The total proportionate amount of GEA Group

Aktiengesellschaft's share capital allocable to shares issued against cash and/or noncash contributions under disapplication of shareholders' preemptive rights must not exceed 10 percent of the Company's share capital at the time when the resolution was adopted by the Annual General Meeting. Finally, 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.

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 52 million by issuing new no-par value shares against cash contributions on one or more occasions until April 15, 2020 (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 statutory subscription right may also be granted by the new shares being underwritten by one or more banks with the obligation of offering them to the shareholders for subscription (indirect subscription right). The Executive Board is authorized, with the approval of the Supervisory Board, to exclude shareholders' subscription rights if the issue price of the new shares is not significantly lower than the stock exchange price for company shares of the same kind at the time of setting the issue price. In line with the modalities of this disapplication of preemptive rights, the shares issued in accordance with section 203(1) and section 186(3) no. 4 of the AktG (German Stock Corporation Act) may not exceed 10% of the share capital of the Company either at the time at which this authorization takes effect or at the time at which it is exercised (upper limit). The upper limit of 10% shall be reduced by the proportionate amount of the share capital allocable to shares (i) issued during the term of the Authorized Capital III under disapplication of preemptive rights in accordance with section 71(1) no. 8 sentence 5, and Section 186(3) sentence 4 of the AktG (German Stock Corporation Act) or (ii) issued to service convertible or option bonds with option or conversion privileges or obligations issued by GEA Group Aktiengesellschaft or a subordinate group company of the Company, as long as the convertible or option bonds have been issued during the term of the Authorized Capital III under disapplication of preemptive rights in accordance with section 186(3) sentence of the 4 AktG. The Executive Board is further authorized, with the approval of the Supervisory Board, to disapply shareholders' preemptive rights (i) insofar as it is necessary to eliminate fractional amounts, and (ii) in order to grant the creditors of convertible or option bonds with option or conversion privileges or obligations issued by GEA Group Aktiengesellschaft or a subordinate group company of the Company a right to subscribe to new shares to the extent to which they would be entitled after exercising the option or conversion rights or after fulfilling conversion obligations. Finally, the Executive Board is 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.

Under a resolution adopted by the Annual General Meeting on April 16, 2015, the share capital was contingently increased by up to EUR 51,903,633.82, comprising up to 19,200,000 bearer shares (Article 4(6) of the Articles of Association, Contingent Capital 2015). The contingent capital increase will only be implemented to the extent that the holders of conversion or option privileges from convertible bonds or option bonds, profit participation rights or profit participating bonds or a combination of these instruments issued against cash contributions by GEA Group Aktiengesellschaft or a subordinate group company of the Company on the basis of the authorization by the Annual General Meeting resolution dated April 16, 2015 exercise their conversion or option privileges, or, if they are obliged to convert or exercise options, satisfy their obligation to convert or exercise options, 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 conversion or option price to be determined in each case in accordance with the authorizing resolution referred to above. The new shares bear dividend rights from the beginning of the fiscal year in which they were created as a result of the exercising of conversion or option privileges or the fulfillment of conversion or option obligations. The Executive Board is authorized, with the approval of the Supervisory Board, to determine the further details of the implementation of the contingent capital increase.

Under a resolution adopted by the Annual General Meeting dated April 16, 2015, GEA Group Aktiengesellschaft is authorized to purchase own shares up to a total of 10 percent of the total proportionate amount of share capital in accordance with section 71(1) no. 8 of the AktG. The authorization is valid until April 15, 2020. 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. With the approval of the Supervisory Board, the shares may also (i) be sold in another manner than through the stock exchange or by means of a public offering addressed to all shareholders, provided that the issue price of the new shares is not significantly lower than the price for GEA Group Aktiengesellschaft shares of the same kind at the time of sale, (ii) be transferred to third parties for the purpose of business combinations or the acquisition of companies, parts of companies, or equity interests in companies or other assets, (iii) be used to service convertible or option bonds, (iv) be used to implement a scrip dividend or (v) be withdrawn. Further details on the resolutions on the share buyback adopted by the Annual General Meeting on April 16, 2015 are available in the invitation to the Annual General Meeting, which was published in the electronic Federal Gazette on March 9, 2015.

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

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

In the case of the bond issue in the amount of approximately EUR 275 million, each bondholder has the right to require repayment by the issuer of the nominal amount of their bonds, including accrued interest, if there is a change of control and, as a result, the credit rating is revised downwards to noninvestment grade within 90 days of the change of control taking effect. To exercise this right to early repayment, the bondholder has to submit a corresponding exercise notice within 45 days of publication of the event by the issuer.

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

In the case of the loan agreement with the European Investment Bank (EIB) amounting to EUR 50 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 230 million, which is primarily used to issue guarantees for subsidiaries, the lender has the right in the event of an imminent change of control to negotiate the continuation of the agreement under changed terms. If no agreement is reached, the master loan agreement will fall due with immediate effect. In this case, the lender must be released from its obligations under guarantees furnished within two months or, at the discretion of the borrower, the latter shall make a cash deposit in the amount of the outstanding obligations under the guarantees furnished.

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

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

Compensation arrangements with members of the Executive Board or employees

Executive Board members' contracts include provisions on the calculation of bonuses in the event of a change of control. Additional details can be found in the remuneration report starting on page 71. Further compensation arrangements with employees have been agreed with regard to the Performance Shares under the GEA Performance Share Plan.

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

See the "Risk Management System" and "Internal Control System" sections starting on page 86 ff. of the management report.

Overall Assessment of Business Development

Despite another economic downturn and the burden of extensive group reorganization, GEA closed fiscal year 2015 with success. The key indicators for the group underscore this solid performance.

At the start of the year, an increasingly challenging market environment characterized by the Greek sovereign debt crisis was further exacerbated by an economic downswing in many emerging markets – notably in China, GEA's second biggest market. Increasing geopolitical tensions also had a negative impact on global economic growth.

Inside the Company, GEA's new group structure – more centralized on the inside, while ensuring much more direct lines of contact with the customer on the outside thanks to uniform national organizations – was implemented on schedule. By the end of the year, the savings made even surpassed expectations slightly. 2015 additionally saw the Company complete four acquisitions with an annual revenue volume of more than EUR 120 million. Against this backdrop, the Company can look back on what was a more than solid performance in the fiscal year 2015.

Despite the challenging business environment, GEA posted growth in revenue of 1.9 percent, the value of EUR 4.6 billion constituting an all-time record. Both Business Areas played a part in this outcome with record revenue volumes. And the operating result (EBITDA) was even better, this indicator increasing by more than 5 percent to EUR 621.0 million. This corresponds to an operating

EBITDA margin of 13.5 percent. Both operating EBITDA and the corresponding margin represent all-time highs for GEA. With respect to our operating cash flow driver, a very good ratio to revenue of 10.3 percent was also achieved. GEA therefore remains in robust economic shape.

Summing up, with the exception of revenue, it can be said that all forecasts communicated at the beginning of fiscal year 2015 were met or exceeded, and that the increased earnings per share and the provisions set aside under commercial law of GEA Group Aktiengesellschaft have made it possible to propose a higher dividend. All told, therefore, GEA's business development in 2015 can be considered positive.

Report on Post-Balance Sheet Date Events

On February 2, 2016, GEA concluded an agreement to take over Imaforni Int'l S.p.A., a leading supplier of high-tech plant and equipment for pastry production. With head offices in Verona, Italy, the company has around 210 employees and generated revenue of some EUR 85 million in fiscal year 2015. The acquisition will reinforce GEA's "Application Center Bakery" by adding modern production lines, especially for biscuits and crackers.

Following the appointment on September 23, 2015 of two new board members (see page 37) and the decision by Markus Hüllmann to leave the Company at the end of the fiscal year, the responsibilities of the Executive Board members were realigned with effect from January 1, 2016. Thus, as from the start of 2016, Chairman of the Executive Board Jürg Oleas will have responsibility for all regions, Dr. Helmut Schmale for all finance functions and the Shared Service Center, Steffen Bersch for the Business Area Equipment, Niels Erik Oleas for the Business Area Solutions, and Dr. Stephan Petri for Human Resources, Legal & Compliance, and Internal Audit (in addition to his function as Labor Relations Director).

There were no further significant events occurring in the period between the end of fiscal 2015 and the date the annual report was prepared that could have influenced the disclosures on the course of business and the expected development of the group.

Corporate Governance Report including Corporate Governance Statement

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

Transparent, responsible corporate governance and control geared towards long-term value enhancement are given high priority at GEA Group Aktiengesellschaft. In doing so, we align our actions with the generally accepted principles of corporate governance while implementing the suggestions and recommendations of the German Corporate Governance Code as amended on May 5, 2015 (published in the Federal Gazette on June 12, 2015) to the greatest possible extent.

Declaration of Conformity

GEA Group Aktiengesellschaft complies with the recommendations of the German Corporate Governance Code (GCGC) as amended on May 5, 2015, and published by the Federal Ministry of Justice in the official section of the Federal Gazette with the following exemption and will continue to comply with these recommendations with such exemption:

Currently, the amount of compensation awarded to the members of the Executive Board is not capped, neither overall nor for individual compensation components (No. 4.2.3 para. 2 sentence 6 GCGC).

Explanation:

If the services of the Executive Board members entail an extraordinary increase in shareholder value, the Supervisory Board may, at its sole and reasonable discretion, grant a special bonus in accordance with the Executive Board service agreements. The Executive Board members are not entitled to receive such extraordinary bonus. The respective clause set forth in the service agreements concluded with the Executive Board members only authorizes the Supervisory Board to make an adequate discretionary decision based on statutory provisions and within the limits of the jurisdiction of the highest courts. Currently, the amount of this special bonus, which may only be awarded in exceptional circumstances, is not yet expressly capped in the service agreements of all Executive Board members. We consider that an amendment to existing service agreements will not be required in the light of both the restrictive statutory rules in place and the limits defined by the highest courts. The service agreements of the Executive Board members will be amended accordingly step by step whenever Executive Board members are reappointed or appointed for the first time.

Since the issuance of the last Declaration of Conformity on December 18, 2014, GEA Group Aktiengesellschaft has complied with the recommendations of the GCGC as amended on June 24, 2014, and published by the Federal Ministry of Justice in the official section of the Federal Gazette, as well as, since their publication in the Federal Gazette, with the recommendations of the GCGC as amended on May 5, 2015, with the above exception in relation to No. 4.2.3 para.2 sentence 6 GCGC.

Düsseldorf, December 17, 2015

On behalf of the Supervisory Board	On behalf of the Executive Board	
Dr. Jürgen Heraeus	Jürg Oleas	Dr. Stephan Petri

Global Business Conduct Policy

The Global Business Conduct Policy of GEA Group Aktiengesellschaft stipulates that the Group's business activities are to comply with all existing laws and high ethical standards. This Global Business Conduct Policy applies to all employees and GEA bodies worldwide. It is supplemented by guidelines on individual topics, in particular the Anti-Corruption Guideline. In addition, the Company and the European Works Council jointly agreed general principles of social corporate responsibility ("Codes of Conduct") laying down ethical, social and legal standards that are binding on all GEA employees. Based on our Global Business Conduct Policy and the "Codes of Conduct", a globally applicable and uniform policy governing the areas of Health, Safety & Environment ("HSE") is in place. The Global Business Conduct Policy, the Anti-Corruption Guideline, the HSE policy and further information are published on the website of GEA Group Aktiengesellschaft under Investor Relations/Corporate Governance.

Compliance

Compliance in the sense of measures designed to ensure adherence to legal, statutory and internal corporate policies, as well as group companies' compliance therewith, is considered to be a key management and supervisory task at GEA Group. For this purpose, the Company established a compliance organization some years ago. Group-wide compliance activities focus on corruption prevention, anti-trust law, export control as well as data protection. The Chief Compliance Officer coordinates and ensures the implementation of compliance measures, in particular in the areas mentioned above. In this capacity, he/she reports to both the Executive Board and the Audit Committee of the Supervisory Board. The Chief Compliance Officer is supported by the extended legal compliance and operational export control organization. The latter was adjusted in connection with the "Fit for 2020" project. From now on, key legal compliance activities will be concentrated under the "Compliance & Principle Legal Matters" section in the group legal department. When the new organization came into place, the former Segment Compliance Officers were replaced the Business Area Compliance Officers who are also part of the central legal department. As before, each operating company is assigned a Company Compliance Manager. In addition, a Compliance Committee advising the Chief Compliance Officer may be convened if need be. In parallel, GEA operates a worldwide export control organization. Upon entry into force of the new organization, the former Segment Export Managers were replaced by Business Area Export Managers. Like before, each operating company is assigned one Company Export Manager.

The members of the compliance organization meet at regular intervals to discuss the latest developments and the potential impact of and/or need to supplement GEA's compliance program. Since December 1, 2014, GEA has relied on the so-called Integrity System that was implemented on a global level. This Integrity System allows GEA employees and external third parties to report suspected compliance infringements or violations of GEA's Codes of Conduct – principles of social responsibility – via an internet-based system. Moreover, the group employees responsible for compliance regularly receive classroom and web-based trainings covering current issues and regulations relative to the law, the Global Business Conduct Policy and GEA's additional compliance guidelines. GEA's extensive compliance program is rounded off by a close cooperation between the compliance organization and the Group's internal audit department as well as direct talks held at a local level between representatives of the compliance organization and local managers for evaluating best practices within the Group.

Finally, the Company set up an HSE organization designed to develop and implement group-wide guidelines, programs and procedures in this specific field.

Responsible risk management

Sustainable growth can only be achieved if both the opportunities and the risks associated with business activities are identified and adequately taken into account. For this reason, an effective control and risk management system represents one of the core elements of corporate governance at GEA. Further information is provided on pages 86 ff. of this Annual Report.

Transparency in accounting and audit transparency

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

Detailed reporting

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

Directors' Dealings and shareholdings of members of governing bodies

Under section 15a Wertpapierhandelsgesetz (WpHG – German Securities Trading Act), Executive Board and Supervisory Board members or their related parties are obliged to disclose reportable transactions in shares of GEA Group Aktiengesellschaft or related financial instruments if the transactions concluded in one calendar year reach or exceed the threshold of EUR 5,000. The transactions reported to the Company in the previous fiscal year 2015 were duly published and are available on the Company's website. The total number of shares in GEA Group Aktiengesellschaft held by all Executive Board and Supervisory Board members amounts to less than 1 percent of the shares issued by the Company.

Securities-based remuneration program for company executives

With effect from July 1, 2006, GEA Group Aktiengesellschaft launched a long-term, share price-based remuneration program called "GEA Performance Share Plan" for certain managers below Executive Board level. Details are available in note 7.3.4 (see page 190 ff.) to the consolidated financial statements.

Corporate governance and control: Executive Board and Supervisory Board

GEA Group Aktiengesellschaft is subject to the German Stock Corporation Act and, thus, runs a dual board system comprising an executive and a supervisory board. The Executive Board constitutes the Group's management body. The Supervisory Board, which is composed of twelve members, half of whom are shareholder representatives while the other half comprises employee representatives, appoints and advises the Executive Board while overseeing its work. The Executive Board and the Supervisory Board cooperate closely for the benefit of the Company, their common goal being the sustainable increase in enterprise value.

Executive Board

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

The Executive Board reports to the Supervisory Board regularly, promptly and comprehensively on all issues relating to strategy, planning, business progress, risk exposure, the risk management system as well as compliance that are relevant to the Company. Should important issues or business matters that may considerably impact on the situation of the Company arise, the Executive Board will notify the Chairman of the Supervisory Board without undue delay. The Articles of Association and the rules of procedure specify key transactions that require the Supervisory Board's approval. Further information on the individual members of the Executive Board can be found on pages 21 and 232 of this Annual Report.

Supervisory Board

The Supervisory Board advises the Executive Board on the management of the Company and oversees its conduct of the Company's business. Between the Supervisory Board meetings, the Chairman of the Supervisory Board maintains regular contact with the Executive Board, in particular the Chairman of the Executive Board, with whom he discusses matters of strategy, planning, business progress, risk exposure, risk management and compliance that are of relevance to the Company. The Supervisory Board usually holds 6 meetings per calendar year that are attended by the Executive Board members unless the Chairman of the Supervisory Board determines otherwise. As a rule, the

Supervisory Board's resolutions are adopted at these meetings. Unless the majority of Supervisory Board members immediately object, the Chairman of the Supervisory Board can instruct the members to adopt resolutions during a conference call or a video conference or outside of meetings by casting their votes in writing, text form or by telephone. Resolutions require a simple majority of the votes cast unless the law provides for a different majority. After notice of the meeting has been given to all members, the Supervisory Board has a quorum when a minimum of half of its members vote on a resolution by attending in person, by telephone or video conference or have cast their votes in writing or text form pursuant to s. 108 para. 3 Aktiengesetz (AktG - German Stock Corporation Act).

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

At its meeting held on December 17, 2015, the Supervisory Board revised the specific objectives relative to its composition, which had previously been amended in 2014, by taking into consideration the recommendations set out in the German Corporate Governance Code, resolving as follows: In general, the members of the Supervisory Board – while taking into account the specific situation of the Company – are to have the knowledge, skills and specialist expertise required to ensure the proper performance of their duties. In this context, the Supervisory Board will also pay attention to industry knowledge, an adequate number of independent members, international experience as well as diversity. With a view to the best interests of the Company, the decisive criterion for appointments of Supervisory Board members shall always be the specialist expertise and personal suitability of the respective candidate.

With a view to section 5.4.1 paragraph 1 sentence 1 of the German Corporate Governance Code, the Supervisory Board seeks to ensure a board composition that takes into account the following elements in relation to the current and next term of office: The number of Supervisory Board members with an international background is to be at least maintained at its current level. In terms of the origin, the professional and cultural background as well as the age and gender of its members, the Supervisory Board is to reflect diversity. The Supervisory Board shall include – what it considers to be – an adequate number of independent members (s. 2 para. 3 Rules of Procedure of the Supervisory Board). The Supervisory Board seeks to ensure that a minimum of two thirds of the shareholder representatives is independent in line with the definition given under section 5.4.2 sentence 2 of the German Corporate Governance Code. As a rule, a member's uninterrupted service on the Supervisory Board shall not exceed three full terms of office and/or a period of 15 years. As a rule, nominations shall only consider individuals who have not yet reached the age of 70 at the date of the Annual General Meeting resolving on the election of the proposed candidates (s. 2 para. 1 Rules of Procedure of the Supervisory Board). In its current composition, the Supervisory Board complies with these targets.

With Brigitte Krönchen's appointment as new employee representative in November 2014, the number of female Supervisory Board members climbed to three; as a result, the current proportion of women on the Supervisory Board amounts to 25 percent. The Supervisory Board is cognizant of the fact that the entry into force of the Act on Equal Participation of Women and Men in Executive Positions in the Private and the Public Sector implies a legally binding minimum quota of 30 percent for the underrepresented gender on the Supervisory Board that will be applicable to any future Supervisory Board elections held as of 2016. In the future, the Supervisory Board candidates proposed for election will comply with this requirement.

Supervisory Board Committees

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

Both the Presiding Committee and the Audit Committee usually meet four to five times each calendar year. During meetings, Presiding Committee and Audit Committee resolutions are adopted by a simple majority of the votes cast, while outside of meetings, they are passed by a simple majority of the members. If the vote is tied, the respective chairman has a casting vote in the event of another ballot on the same resolution. The Nomination Committee and the Mediation Committee only hold meetings when required.

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

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

The Mediation Committee performs its duties as set out in ss. 27, 31 Mitbestimmungsgesetz (MitbestG - German Co-determination Act). The task of the Nomination Committee is to propose suitable candidates to the Supervisory Board based upon which the latter submits its nominations to the Annual General Meeting.

Further information on the composition of the Supervisory Board and its Committees can be found on the Company's website at www.gea.com, as well as on pages 232 and 233 of this Annual Report. In addition, the Report of the Supervisory Board on pages 17 ff. of this Annual Report gives further details on the activities performed by the Supervisory Board and its Committees in the fiscal year 2015.

Commitment to promoting the participation of women in executive positions in accordance with s. 76 para. 4 and s. 111 para. 5 Aktiengesetz (German Stock Corporation Act)

Since 2011, GEA has promoted diversity within the Group. A detailed description of our diversity strategy is provided in the Sustainability Report (see page 111). Within the framework of its diversity strategy, GEA, inter alia, pursues the objective of promoting female talent and attracting more women to GEA. In the long run, the Company is seeking to increase the proportion of women on all management levels. GEA will continue to encourage this process by means of strategic measures.

The Act on Equal Participation of Women and Men in Executive Positions in the Private and Public Sector, which took effect in April 2015, for the first time requires certain companies in Germany to define targets in relation to the proportion of women represented on the Supervisory Board, the Executive Board and/or the Board of Directors as well as on the two management levels below, and to set target dates for achieving the respective quota of women. In this context, the law requires that the first deadline for implementation to be set by the Company shall be no later than June 30, 2017. With effect from January 1, 2016, a statutory minimum quota of 30 percent applies to the underrepresented gender on the supervisory boards of listed and codetermined companies like GEA Group Aktiengesellschaft; this quota has to be observed whenever the Company seeks to replace a retiring Supervisory Board member.

In view of the very brief maximum statutory period permitted for initial implementation of the relevant target that expires on June 30, 2017, and bearing in mind the current composition of the Executive Board, the Supervisory Board of GEA Group Aktiengesellschaft resolved on a 0 percent target for the proportion of women represented on the Executive Board of GEA Group Aktiengesellschaft at its Supervisory Board meeting held on September 23, 2015; this target is to be implemented in line with the above-mentioned first statutory period for implementation.

On September 7, 2015, the Executive Board of GEA Group Aktiengesellschaft determined target quotas in relation to the proportion of women represented on the first and/or second management level below the Executive Board of GEA Group Aktiengesellschaft, with first-time implementation being subject to the maximum statutory period mentioned above. In the light of the brief initial deadline for implementation ending on June 30, 2017, the two defined targets of 18.1 percent and/or 23.5 percent reflect the status quo at the time the Company made this commitment, which, of course, does not preclude an increase in the share of women on these two management levels.

In due time, the other GEA Group companies affected by this law also set targets for the proportion of women represented on the Supervisory Board and/or the Board of Directors as well as the two uppermost management levels below the Board of Directors, and defined the deadlines for implementing these targets.

Remuneration Report

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

The Remuneration Report comprises details of the remuneration of board members pursuant to the German Commercial Code in accordance with DRS no. 17 (German Accounting Standard 17). Since GEA complies with the corresponding recommendations of the German Corporate Governance Code (GCGC), this Remuneration Report also includes the model tables on Executive Board remuneration pursuant to the GCGC (see p. 82 ff.).

Executive Board remuneration

General remarks

Acting on 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 business situation, the success and the future prospects of the Company as well as the common level of compensation taking into account the peer companies and the compensation structure in place in other areas of the Company.

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 while participating in a 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, notably a combination of cash flow aspects and the return on capital employed (ROCE), i.e. a ratio for measuring return on capital. This ensures that outstanding performance is adequately rewarded and non-accomplishment of set targets results in a reduction in remuneration.

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

Remuneration components

In the fiscal year 2015, the remuneration of the Executive Board members was composed as follows:

Fixed components of remuneration and fringe benefits

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

The fixed annual salary awarded to Jürg Oleas in the year under review amounted to EUR 1,250 thousand per annum. Dr. Helmut Schmale's remuneration for the period starting January 1, 2015, through March 31, 2015, totaled EUR 675 thousand per annum, increasing to EUR 700 thousand per annum for the period commencing April 1, 2015, through December 31, 2015, Dr. Stephan Petri's salary for the period starting January 1, 2015, through May 31, 2015, totaled EUR 550 thousand per annum, increasing to EUR 570 thousand per annum for the period commencing June 1, 2015, through December 31, 2015, while Markus Hüllmann was awarded EUR 550 thousand per annum in the year under review.

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

Variable components of remuneration

In addition, each member of the Executive Board receives a variable annual remuneration (bonus) whose level depends on the achievement of specific targets set 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 target over- or underachievement.

The bonus consists of 3 components. The latter comprise both one-year and multi-year bases of assessment. Each of the 3 components provides for a cap. Furthermore, taken together, all 3 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 indicating that a readjustment of the respective value computed in line with the provisions set forth in the contract 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 primarily bases its decision on the sustainability of corporate governance, for instance organic revenue growth relative to global economic growth. The Supervisory Board's definition of the individual targets also includes their respective weighting.

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

After the end of the fiscal year, the Supervisory Board decides on the degree of target achievement. For the year 2015, the Supervisory Board has ascertained a 106.0 percent degree of average target achievement (previous year: 129.2 %) for the members of the Executive Board.[1]

Multi-year component (weighting of 40 percent)

The multi-year component is payable with the next regular salary payment following the date of the Supervisory Board meeting convened to adopt the financial statements for the preceding fiscal year. Performance measurement under the multi-year component takes place retrospectively for the previous 3 fiscal years. The period of assessment covers the respective fiscal year just ended, as well as the two preceding fiscal years. The basis of assessment is tied to key performance indicators embracing a combination of cash flow aspects (the so-called "cash flow driver margin" (CFDM)) and the "return on capital employed" (ROCE).

- The CFDM target is a simplified cash flow indicator (EBITDA minus capital expenditure in property, plant and equipment as well as intangible assets (Capex) minus change in working capital on a 12-month average) calculated as a ratio of revenue. The CFDM actually generated is calculated on the basis of average values achieved over the previous three years. The degree of target achievement results from a comparison between the achieved CFDM and the target value or target achievement corridor defined by the Supervisory Board. As for the fiscal year 2015, just like the previous year, 100 percent of the target is achieved if the Group's CFDM during the preceding three-year period averages 8 percent. If the CFDM is lower or higher, the degree of target achievement will go up or down, with a CFDM less than or equal to 4.5 percent being equivalent to a target achievement of zero percent, while a CFDM greater than or equal to 13.25 percent represents a maximum target achievement of 250 percent.
- The level of the ROCE component (ROCE: return on capital employed), which is calculated on the basis of average values attained over the previous three years, corresponds to the ratio of earnings before interest and taxes (EBIT) to the capital employed, while excluding goodwill arising on the acquisition of the former GEA AG by the former Metallgesellschaft AG back in 1999 including effects attributable to the award proceedings. The degree of target achievement depends on the actual ROCE achieved compared with the target value or target achievement corridor of +/- 5 percentage points defined by the Supervisory Board. As for 2015, just like the previous year, 100 percent of the target is achieved if the Group's ROCE averages 19 percent during the preceding three-year period. If the actual ROCE level is greater than or less than this percentage, but within the defined corridor of +/- 5 percentage points, the degree of target achievement is increased or reduced by up to 50 percentage points.

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

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

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

During the preceding three-year period an average of 8.3 percent was achieved for the CFDM key performance indicator that is the result of a CFDM of 9.6 percent in the fiscal year 2013, 9.0 percent in the fiscal year 2014 and 6.3 percent in the fiscal year 2015. Thus, in 2015, the degree of target achievement for the CFDM amounts to 108.5 percent (previous year: 95.8 percent). For the ROCE key performance indicator an average of 20.0 percent was achieved during the preceding three-year period; it is the result of a ROCE of 22.1 percent in the fiscal year 2013, 22.6 percent in the fiscal year 2014 and 15.2 percent in the fiscal year 2015. Thus, for the fiscal year 2015, the degree of ROCE target achievement amounts to 110.0 percent (previous year: 114.8 percent). As to the variable remuneration awarded in 2015, the overall degree of target achievement under the multi-year component amounted to 119.3 percent (previous year: 109.9 percent).[2]

Share price component (weighting of 20 percent)

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

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

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

During the year under review, no payment under the long-term share price component was made as the latter (in a forward-looking way) is measured over a three-year period. The amount paid out under the long-term share price component for the fiscal year 2015 is measured over the three-year period between 2015 and 2017; payment is scheduled for the fiscal year 2018. In the year under review, the 2012 tranche in the amount of EUR 784 thousand was paid out on the basis of a target achievement level of 136.8 percent. As of December 31, 2015, the computed degree of target achievement for the 2015 tranche amounted to 88.3 percent while totaling 116.6 percent (previous year: 98.7 percent) for the 2014 tranche and 199.0 percent for the 2013 tranche (previous year: 172.2 percent).[3]

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

Summary of the variable remuneration components

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

Variable remuneration component	Target	Weighting	Cap	Overall cap	Assessment period				
					2013	2014	2015	2016	2017
Individual component	Personal targets	40%	200%				One year		
Multi-year component	Combination of cash flow driver margin and ROCE	40%	250%	240%	Retrospective (3 years)				
Long-term share price component	Share price in relation to TMI IE	20%	300%				Forward-looking (3 years)		

In exceptional circumstances, the Supervisory Board may also grant a special bonus to the members of the Executive Board if their activities have resulted in an extraordinary value enhancement for the benefit of the Company's shareholders. Exercising its sole and reasonable discretion, the Supervisory Board decides to grant this special bonus and sets the respective amount. In the currently applicable service agreements concluded with Dr. Helmut Schmale and Dr. Stefan Petri, the level of this special bonus, which may only be awarded in exceptional circumstances, is subject to an express cap equaling a maximum of 100 percent of the target bonus. Such a cap will also be stipulated in connection with further reappointments or new appointments of Executive Board members. Consequently, it was incorporated into the service agreements of Steffen Bersch and Niels Erik Olsen who were appointed to the Executive Board with effect from January 1, 2016.

Pension benefits and surviving dependents' benefits

Jürg Oleas

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

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

Dr. Helmut Schmale

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

Should Dr. Helmut Schmale be voluntarily enrolled in a state pension scheme, the Company will pay the employer's contribution to be granted under such a statutory pension scheme.

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

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

Dr. Stephan Petri

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

Should Dr. Stefan Petri be voluntarily enrolled in a state pension scheme, the Company will pay the employer's contribution to be granted under such a statutory pension scheme or one of the pension schemes for the liberal professions.

In addition, in each fiscal year, Dr. Stephan Petri is entitled to make a personal contribution to a deferred compensation pension scheme for Executive Board members. No employer subsidy will be paid. Moreover, Dr. Stephan Petri is entitled to personal contributions under the deferred compensation pension scheme in connection with his participation in GEA's executive pension scheme prior to his appointment to the Executive Board.

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

Markus Hüllmann

The contractual pension benefits of Markus Hüllmann, member of the Executive Board, amount to a maximum of EUR 200 thousand p.a. Under this arrangement, maximum pension benefits will be paid once the Executive Board service agreement ends when or after Markus Hüllmann reaches the age of 62 or if he becomes permanently unable to work. Should Markus Hüllmann's Executive Board service agreement end before one of the above conditions for payment of a pension is met, he will enjoy vested rights to a maximum annual pension of EUR 200 thousand payable on reaching the age of 62 that may be reduced subject to the ratio of his actual term of service for GEA to the term of service required for obtaining his full pension benefits. Pursuant to these contractual provisions, Mr. Hüllmann, who left GEA at the end of the fiscal year 2015, will be entitled to receive a pro rata annual pension in the amount of EUR 147,590 on reaching the age of 62. Regular pensions will be adjusted annually in line with the consumer price index.

Should Markus Hüllmann be voluntarily enrolled in a state pension scheme, the Company will pay the employer's contribution to be granted under such a statutory pension scheme.

In addition, in each fiscal year, Markus Hüllmann is entitled to make a personal contribution to a deferred compensation pension scheme for Executive Board members. No employer subsidy will be paid. Moreover, Markus Hüllmann is entitled to personal contributions under the deferred compensation pension scheme in connection with his participation in GEA's executive pension scheme prior to his appointment to the Executive Board.

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

Pension plan reinsurance and capitalization option

As the contractual pension commitments made to the members of the Executive Board had only been partly protected against insolvency, namely in the amount of the sum covered by the Pensions-Sicherungs-Verein (PSV - Pension Protection Fund), the Supervisory Board decided to take out pension plan reinsurance policies to secure the proportion of the pension commitments not covered by the PSV for the benefit of the individual Executive Board members in 2014. At the same time, the members of the Executive Board were granted a capitalization option. The level of the capitalization amount is equivalent to the pension liabilities ascertained by applying the basis of calculation used for the purpose of preparing the consolidated financial statements. Such capitalization option may be exercised upon retirement, but no earlier than age 62. It will be possible to exercise this option in part or several times. Any exercise of such capitalization option will entail a corresponding reduction of entitlements under the contractually guaranteed benefits for surviving dependents.

Pension scheme contributions and provisions for pension obligations

The Company has set aside pension provisions for the future entitlements of Executive Board members. The amounts added to such pension provisions for active Executive Board members in accordance with IFRS are listed individually in the table below as of the end of the fiscal year 2015. The corresponding amounts comprise service cost as well as interest cost.

(EUR)	Pension benefits p. a. (as of 12/31/2015; annual entitlements at start of pension)	Annual pension entitlements earned as of 12/31/2015	Additions to pension provisions in fiscal year 2015	Present value of pension benefits as of 12/31/2015
Jürg Oleas	360,000	293,333	576,105	8,320,026
Dr. Helmut Schmale	200,000	177,994	298,980	5,378,259
Dr. Stephan Petri *	256,695	181,573	302,692	5,723,298
Markus Hüllmann *	216,912	164,503	708,432	3,461,561
Total	**1,033,607**	**817,403**	**1,886,209**	**22,883,144**

*) Along with their pension benefits as members of the Executive Board in the amount of EUR 200,000 per annum, Dr. Stephan Petri and Markus Hüllmann are entitled to benefits from own contributions for deferred compensation in connection with their participation in the pension scheme for GEA executives prior to their appointment as members of the Executive Board. The amount for Dr. Petri is EUR 33,855 and EUR 16,912 for Markus Hüllmann (calculated on the basis of a retirement age of 62, respectively). Due to his participation in the deferred compensation scheme for members of the Executive Board, Dr. Petri is entitled to benefits in the amount of EUR 22,840 (calculated on the basis of a retirement age of 62).

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 without simultaneously declaring the effective revocation of his appointment as a member of the Executive Board in accordance with s. 84 para. 3 of the Aktiengesetz (AktG - German Stock Corporation Act). Should he exercise his unilateral right of termination and leave the Executive Board, he will be entitled to receive the corresponding fixed salary for the remaining months of his contractual term, but no longer than 8 months.

If the appointment of an Executive Board member is revoked for good cause with legal effect in accordance with s. 84 para. 3 AktG or if an Executive Board member validly resigns from office pursuant to s. 84 para. 3 of the AktG, the Executive Board member's service agreement will end on expiry of the statutory notice period under s. 622 para.1, 2 Bürgerliches Gesetzbuch (BGB – German Civil Code).

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

In addition, the respective Executive Board member will receive 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 over the course of the current year or will accrue over a period of further years, as the case may be. The total remuneration for the remaining term is limited to a maximum of 2 full years of remuneration (severance payment cap). In calculating the cap on severance payment, reference is made to the Executive Board member's respective total annual remuneration received during the two calendar years preceding the termination of the service agreement.

If the Executive Board service agreement is unilaterally terminated without good cause or terminated by the Company for good cause, any and all outstanding, undisbursed annual tranches payable 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 member's service agreement.

In the event of a change of control, the respective Executive Board member may 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 event is deemed to have occurred as soon as the Company is notified that a shareholder has reached or exceeded 50 percent or 75 percent of the voting rights in the Company in accordance with s. 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 s. 291 ff. of the AktG, or absorption under s. 319 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 respective service agreements.

Remuneration of the members of the Executive Board

Total remunerations in 2015 and 2014

During the year under review, total remunerations paid to active Executive Board members of GEA Group Aktiengesellschaft amounted to EUR 6,374,980 and comprised both a fixed component of EUR 3,055,417 and a variable bonus of EUR 3,188,415. The bonus attributable to the long-term share price component is based on the fair value at grant date (January 1, 2015) and amounted to EUR 179,700 for Jürg Oleas, EUR 97,038 for Dr. Schmale, EUR 79,068 for Markus Hüllmann, and EUR 79,068 for Dr. Petri, a total of EUR 434,874 for the year under review.

In the fiscal year 2014, the total remuneration paid to Executive Board members active in 2014 amounted to EUR 6,579,456 and comprised both a fixed component of EUR 3,025,000 and a variable bonus of EUR 3,415,286. The bonus accounted for by the long-term share price component was based on the fair value of the entitlement at grant date (January 1, 2014) and amounted to EUR 215,275 for Jürg Oleas, EUR 116,249 for Dr. Helmut Schmale, EUR 94,721 for Markus Hüllmann, as well as EUR 94,721 for Dr. Stephan Petri, i.e. a total of EUR 520,966 in the fiscal year 2014.

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

(EUR)	Fixed remuneration	Variable components			Non-cash benefits	Pension subsidies	**Total**
		Individual component	Multi-year component	Long-term share price component [1]			
Jürg Oleas	1,250,000	530,000	596,500	179,700	24,092	–	**2,580,292**
Previous year	1,250,000	648,500	549,500	215,275	24,244	–	**2,687,519**
Dr. Helmut Schmale	693,750	294,150	331,057	97,038	44,052	6,788	**1,466,835**
Previous year	675,000	350,190	296,730	116,249	44,978	6,747	**1,489,894**
Dr. Stephan Petri	561,667	238,147	268,027	79,068	26,173	6,788	**1,179,870**
Previous year	550,000	280,500	241,780	94,721	21,168	6,747	**1,194,916**
Markus Hüllmann [2]	550,000	233,200	262,460	79,068	23,255	–	**1,147,983**
Previous year	550,000	285,340	241,780	94,721	35,286	–	**1,207,127**
Total	**3,055,417**	**1,295,497**	**1,458,044**	**434,874**	**117,572**	**13,576**	**6,374,980**
Previous year	**3,025,000**	**1,564,530**	**1,329,790**	**520,966**	**125,676**	**13,494**	**6,579,456**

1) During the year under review, no payment under the long-term share price component granted for 2015 was made, as this component is computed over a three-year period between 2015 and 2017. The bonus payable under the long-term share price component is based on the fair value at grant date (January 1, 2015).
2) Due to his participation in the GEA Performance Share Plan 2012 during the period prior to his appointment to the Executive Board, Markus Hüllmann received an additional amount of EUR 84,288.

Supplemental disclosures relating to share-based remuneration for the period 2013 to 2015

In the fiscal years 2013 to 2015, share-based remuneration for the Executive Board was granted in the form of a long-term share price component. Detailed information on existing entitlements of Executive Board members under these remuneration components is outlined in the table below.

Long-term share price component (EUR)	Fair value as of 12/31/2015	Fair value as of 12/31/2014
Jürg Oleas	979,300	1,110,575
Dr. Helmut Schmale	528,822	596,289
Niels Graugaard	75,370	248,135
Dr. Stephan Petri	430,892	425,926
Markus Hüllmann	376,164	283,157
Total	**2,390,548**	**2,664,082**

Supplemental disclosures relating to share-based remuneration for 2011

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

Detailed information on existing entitlements of Executive Board members from long-term bonuses awarded for the fiscal year 2011 may be inferred from the table below. The long-term bonuses awarded for the fiscal year 2011 were paid out during the year under review.

Phantom shares	Number of awarded shares	Fair value (in EUR)	
	2011	2015	2014
Jürg Oleas			
2011 tranche (number of phantom shares in 2011)	40,997	-	1,570,185
Dr. Helmut Schmale			
2011 tranche (number of phantom shares in 2011)	20,498	-	785,073
Total	**61,495**	**-**	**2,355,258**

In the fiscal year 2015, the expenditure for share-based remuneration (i.e. the sum total of the fair value of share-based remuneration awarded in the fiscal year in question as of balance sheet date and the change in fair value in relation to entitlements under share-based remuneration in the fiscal year in question) recognized in the consolidated IFRS financial statements amounted to EUR 236 thousand for Jürg Oleas (previous year: EUR 437 thousand), EUR 127 thousand for Dr. Schmale (previous year: EUR 233 thousand), EUR 0 thousand for Niels Graugaard (previous year: EUR 3 thousand), EUR 93 thousand for Dr. Petri (previous year: EUR 137 thousand) and EUR 93 thousand for Markus Hüllmann (previous year: EUR 132 thousand).

Further information on the awarded phantom shares and the long-term share price component is outlined in note 7.3.4 (see page 190 ff.] to the consolidated financial statements.

Supplemental disclosures relating to recognized expenditure and paid out remuneration

In the fiscal year 2015, expenditure in the aggregate amount of EUR 8,374,578 (previous year: EUR 8,189,727) was recognized for the members of the Executive Board. Besides expenditure for fixed and variable remuneration, this amount also comprises non-cash benefits, pension subsidies, additions to pension provisions (service and interest cost) as well as changes in the value of the entitlements to share-based remuneration that were recognized as interest expense. In the fiscal year 2015, remuneration components totaling EUR 9,257,826 (previous year: EUR 7,992,205) were paid out. Apart from non-performance-related remuneration components, the amounts paid out also include disbursements of variable remuneration for the previous year: as well as amounts disbursed under multi-year variable remuneration components during the year under review.

(EUR)	Recognized expenditure	Paid out remuneration
Jürg Oleas	3,212,912	4,409,717
Previous year	3,424,448	3,115,316
Dr. Helmut Schmale	1,795,339	2,370,586
Previous year	1,884,471	1,783,620
Niels Graugaard [1]	–307	172,434
Previous year	–3,440	1,241,371
Dr. Stephan Petri	1,496,279	1,204,714
Previous year	1,485,425	971,456
Markus Hüllmann [2]	1,870,355	1,100,375
Previous year	1,398,823	880,442
Total	**8,374,578**	**9,257,826**
Previous year	**8,189,727**	**7,992,205**

1) Termination of service agreement in April 2013
2) Due to his participation in the GEA Performance Share Plan 2012 during the period prior to his appointment as a member of the Executive Board, Markus Hüllmann received an additional amount of EUR 84,288 in the fiscal year 2015.

Executive Board remuneration in accordance with the GCGC model tables

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

Benefits granted	Jürg Oleas Chairman of the Executive Board				Dr. Helmut Schmale Chief Financial Officer			
	2014	2015	Min. (2015)	Max. (2015) [2]	2014	2015	Min. (2015)	Max. (2015) [2]
Fixed remuneration	1,250,000	1,250,000	1,250,000	1,250,000	675,000	693,750	693,750	693,750
Fringe benefits	24,244	24,092	24,092	24,092	44,978	44,052	44,052	44,052
Pension subsidies	0	0	0	0	6,747	6,788	6,788	6,788
Total non-performance-related components	**1,274,244**	**1,274,092**	**1,274,092**	**1,274,092**	**726,725**	**744,590**	**744,590**	**744,590**
One-year variable remuneration	**500,000**	**500,000**	**0**	**1,000,000**	**270,000**	**277,500**	**0**	**555,000**
Individual component	500,000	500,000	0	1,000,000	270,000	277,500	0	555,000
Multi-year variable remuneration	**715,275**	**679,700**	**0**	**2,000,000**	**386,249**	**374,538**	**0**	**1,110,000**
Multi-year component	500,000	500,000	0	1,250,000	270,000	277,500	0	693,750
Long-term share price component (tranche 2014) [1]	215,275	0	0	0	116,249	0	0	0
Long-term share price component (Tranche 2015) [1]	0	179,700	0	750,000	0	97,038	0	416,250
Total performance-related components	**1,215,275**	**1,179,700**	**0**	**3,000,000**	**656,249**	**652,038**	**0**	**1,665,000**
Service cost	363,741	451,059	451,059	451,059	166,152	208,255	208,255	208,255
Total remuneration (GCGC)	**2,853,260**	**2,904,851**	**1,725,151**	**4,725,151**	**1,549,126**	**1,604,883**	**952,845**	**2,617,845**

1) The bonus attributable to the long-term share price component is based on the fair value of the entitlement at grant date. Grant date for 2014 tranche was 01/01/2014, for the 2015 tranche 01/01/2015.
2) Not taking into account the possibility of granting a special discretionary bonus.

Benefits granted	Markus Hüllmann Member of the Executive Board				Dr. Stephan Petri Member of the Executive Board			
	2014	2015	Min. (2015)	Max. (2015) [2]	2014	2015	Min. (2015)	Max. (2015) [2]
Fixed remuneration	550,000	550,000	550,000	550,000	550,000	561,667	561,667	561,667
Fringe benefits	35,286	23,255	23,255	23,255	21,168	26,173	26,173	26,173
Pension subsidies	0	0	0	0	6,747	6,788	6,788	6,788
Total non-performance-related components	**585,286**	**573,255**	**573,255**	**573,255**	**577,915**	**594,628**	**594,628**	**594,628**
One-year variable remuneration	**220,000**	**220,000**	**0**	**440,000**	**220,000**	**224,667**	**0**	**449,334**
Individual component	220,000	220,000	0	440,000	220,000	224,667	0	449,334
Multi-year variable remuneration	**314,721**	**299,068**	**0**	**880,000**	**314,721**	**303,735**	**0**	**898,667**
Multi-year component	220,000	220,000	0	550,000	220,000	224,667	0	561,667
Long-term share price component (tranche 2014) [1]	94,721	0	0	0	94,721	0	0	0
Long-term share price component (Tranche 2015) [1]	0	79,068	0	330,000	0	79,068	0	337,000
Total performance-related components	**534,721**	**519,068**	**0**	**1,320,000**	**534,721**	**528,402**	**0**	**1,348,001**
Service cost	94,387	651,870	651,870	651,870	178,410	237,355	237,355	237,355
Total remuneration (GCGC)	**1,214,394**	**1,744,193**	**1,225,125**	**2,545,125**	**1,291,046**	**1,360,385**	**831,983**	**2,179,984**

1) The bonus attributable to the long-term share price component is based on the fair value of the entitlement at grant date. Grant date for 2014 tranche was 01/01/2014, for the 2015 tranche 01/01/2015.
2) Not taking into account the possibility of granting a special discretionary bonus.

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

Allocation	Jürg Oleas		Dr. Helmut Schmale	
	Chairman of the Executive Board		Chief Financial Officer	
	2014	2015	2014	2015
Fixed remuneration	1,250,000	1,250,000	675,000	693,750
Fringe benefits	24,244	24,092	44,978	44,052
Pension subsidies	0	0	6,747	6,788
Total non-performance-related components	**1,274,244**	**1,274,092**	**726,725**	**744,590**
One-year variable remuneration	**648,500**	**530,000**	**350,190**	**294,150**
Individual component	648,500	530,000	350,190	294,150
Multi-year variable remuneration	**1,496,160**	**2,534,125**	**870,643**	**1,310,133**
Multi-year component	549,500	596,500	296,730	331,057
Long-term share price component (tranche 2012)	0	342,100	0	181,313
Phantom shares (tranche 2010)	946,660	0	573,913	0
Phantom shares (tranche 2011)	0	1,595,525	0	797,763
Total performance-related components	**2,144,660**	**3,064,125**	**1,220,833**	**1,604,283**
Service cost	363,741	451,059	166,152	208,255
Total remuneration (GCGC)	**3,782,645**	**4,789,277**	**2,113,710**	**2,557,128**

Allocation	Markus Hüllmann		Dr. Stephan Petri	
	Member of the Executive Board		Member of the Executive Board	
	2014	2015	2014	2015
Fixed remuneration	550,000	550,000	550,000	561,667
Fringe benefits	35,286	23,255	21,168	26,173
Pension subsidies	0	0	6,747	6,788
Total non-performance-related components	**585,286**	**573,255**	**577,915**	**594,628**
One-year variable remuneration	**285,340**	**233,200**	**280,500**	**238,147**
Individual component	285,340	233,200	280,500	238,147
Multi-year variable remuneration	**241,780**	**262,460**	**241,780**	**355,833**
Multi-year component	241,780	262,460	241,780	268,027
Long-term share price component (tranche 2012)	0	0	0	87,806
Phantom shares (tranche 2010)	0	0	0	0
Phantom shares (tranche 2011)	0	0	0	0
Total performance-related components	**527,120**	**495,660**	**522,280**	**593,980**
Service cost	94,387	651,870	178,410	237,355
Total remuneration (GCGC)	**1,206,793**	**1,720,785**	**1,278,605**	**1,425,962**

Allocation	Niels Graugaard Member of the Executive Board Until 04/18/2013	
	2014	2015
Fixed remuneration	0	0
Fringe benefits	0	0
Pension subsidies	0	0
Total non-performance-related components	**0**	**0**
One-year variable remuneration	**0**	**0**
Individual component	0	0
Multi-year variable remuneration	**1,241,371**	**172,434**
Multi-year component	0	0
Long-term share price component (tranche 2012)	0	172,434
Phantom shares (tranche 2010)	540,385	0
Phantom shares (tranche 2011) *	700,986	0
Total performance-related components	**1,241,371**	**172,434**
Service cost	0	0
Total remuneration (GCGC)	**1,241,371**	**172,434**

*) Due to the service agreement concluded with Niels Graugaard being terminated in April 2013, the holding period for phantom shares under the 2011 long-term bonus decreased to one year as of termination date in accordance with the contractual provisions. For this reason, the bonus was paid out as early as 2014.

Remuneration of former Executive Board members and their surviving dependents

In the fiscal year 2015, former members of the Executive Board and their surviving dependents received remunerations in the amount of EUR 4,992 thousand (previous year: EUR 5,168 thousand) from GEA Group. As of December 31, 2015, GEA Group had set up pension provisions totaling EUR 62,458 thousand (previous year: EUR 64,494 thousand) for former Executive Board members and their surviving dependents.

Remuneration of the Supervisory Board members

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

During the year under review, the expenses incurred for the Supervisory Board amounted to EUR 1,168 thousand (previous year: EUR 1,159 thousand). Under s. 15 para. 1 of the Articles of Association, each member of the Supervisory Board receives a fixed annual fee of EUR 50 thousand payable after the end of each fiscal year, in addition to the reimbursement of their expenses. The Chairman of the Supervisory Board receives two and a half times, his deputy one and a half times this amount. In accordance with s. 15 para. 2 of the Articles of Association, members of the Presiding Committee and the Audit Committee each receive an additional EUR 35 thousand. The chairman of each of these committees receives twice this amount. No separate remuneration is paid to members of the Mediation Committee and the Nomination Committee. Members who join or leave the Supervisory Board or its Committees during the year only receive a pro rata amount for the period of their membership. Under s. 15 para. 3 of the Articles of Association, the Supervisory Board members also receive an attendance fee of EUR 1 thousand for each meeting of the Supervisory Board, the Presiding Committee and the Audit Committee that they have attended after the end of the year under review. In the fiscal year 2015, the Supervisory Board held seven meetings, the Presiding Committee met on six and the Audit Committee was convened on five occasions.

The following table shows the individual remuneration and its respective components for members of the Supervisory Board, the Presiding Committee and the Audit Committee for 2015 compared with the previous year:

(in EUR)	Supervisory Board remuneration	Presiding Commitee remuneration	Audit Commitee remuneration	Attendance fees	**Total**
Dr. Heraeus	125,000	70,000	35,000	17,000	**247,000**
Previous year	125,000	70,000	35,000	14,000	**244,000**
Siegers *	75,000	35,000	–	9,000	**119,000**
Previous year	75,000	35,000	–	11,000	**121,000**
Bastaki	50,000	–	–	7,000	**57,000**
Previous year	50,000	–	–	6,000	**56,000**
Prof. Dr. Bauer	50,000	–	–	6,000	**56,000**
Previous year	50,000	–	–	7,000	**57,000**
Eberlein	50,000	–	70,000	12,000	**132,000**
Previous year	50,000	–	70,000	12,000	**132,000**
Gröbel *	50,000	35,000	–	13,000	**98,000**
Previous year	50,000	35,000	–	11,000	**96,000**
Hunger * (until October 31, 2014)	–	–	–	–	**–**
Previous year	41,467	–	29,167	11,000	**81,834**
Kämpfert	50,000	–	–	6,000	**56,000**
Previous year	50,000	–	–	6,000	**56,000**
Kerkemeier *	50,000	–	–	6,000	**56,000**
Previous year	50,000	–	–	7,000	**57,000**
Krönchen * (since November 5, 2014)	50,000	–	35,000	12,000	**97,000**
Previous year	7,808	–	–	1,000	**8,808**
Löw *	50,000	–	35,000	12,000	**97,000**
Previous year	50,000	–	35,000	13,000	**98,000**
Dr. Perlet	50,000	35,000	–	11,000	**96,000**
Previous year	50,000	35,000	–	11,000	**96,000**
Spence	50,000	–	–	7,000	**57,000**
Previous year	50,000	–	–	5,000	**55,000**
Total	**700,000**	**175,000**	**175,000**	**118,000**	**1,168,000**
Previous year	**699,475**	**175,000**	**169,167**	**115,000**	**1,158,642**

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

Report on Risks and Opportunities

Risk and opportunity management targets

GEA'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's corporate strategy. To meet the objective of sustainably increasing enterprise value, it is necessary, as far as possible, to enter into only those risks that are calculable and matched by greater opportunities. This requires active risk and opportunity management, which avoids inappropriate risks, monitors and manages risks entered into, and ensures that opportunities are identified and utilized in good time.

GEA'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's continuing existence can be identified at an early stage.

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

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

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

Risks in connection with discontinued operations were reduced thanks to further progress in completing the Lentjes projects. The sale of the GEA Heat Exchangers segment resulted in risks in the form of financial obligations towards the purchaser.

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

Risk and opportunity management system

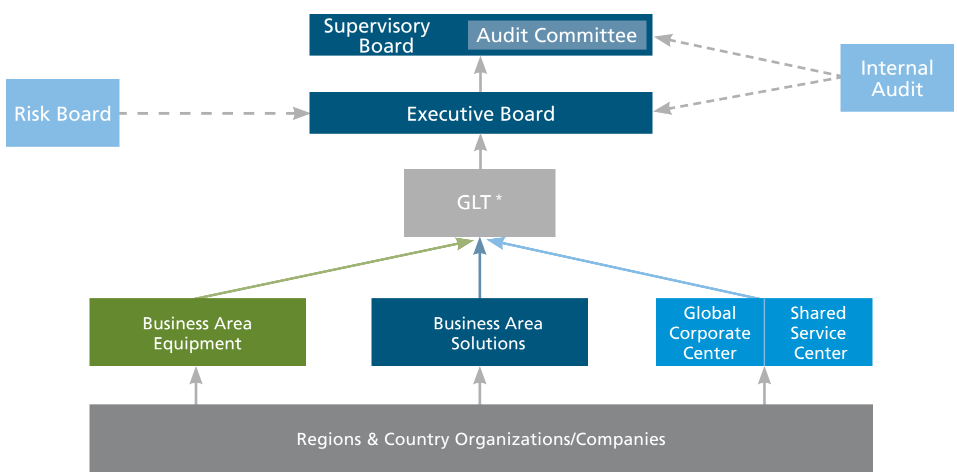
Risk management system

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

The fundamental principles and procedures underpinning an effective risk management system are set out in risk guidelines that apply to the entire group. These guidelines also document mandatory risk reporting and management requirements. Compliance with these requirements is monitored regularly by the Internal Audit function.

Risk management instruments such as the Risk Assessment and Advisory Committees (RAACs) are supplemented by a reporting system encompassing evaluated risk reports, consolidated financial projections, monthly consolidated financial statements, and regular meetings of the Global Leadership Team (consisting of members of the Executive Board and heads of the Business Areas, the regions, and the Global Corporate Center) enable the various risks to be identified and analyzed.

Risk management organization



*) Global Leadership Team

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

The specific requirements of the group's project business are addressed by risk boards at Business Area 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 not only serves the statutory purpose of identifying existential risks as early as possible, it also covers all risks that might have a material impact on the financial position and results of operations of a Business Area or of the group as a whole.

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

Information is gathered and consolidated across all organizational units via the iterative processes of a group-wide "Risk & Chance Scorecard". First introduced in 2014, the scorecard will be repeated once the new organization has been fully implemented. To identify risks that could endanger the continued existence of GEA as a going concern, all issues are assessed for their financial materiality (on a gross basis, i.e. excluding any risk-mitigating measures) and their probability of occurrence. In addition, the timing (less than or more than one year) of each risk is individually assessed.

The following criteria are used to determine materiality:

Opportunities and risks

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

L = Low
M = Middle
H = High

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

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

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

The data gathered using the Risk & Chance Scorecard and the GDI is processed along with other internal and external information in a scenario and sensitivity analysis, which simulates the potential impact on the group's liquidity (see page 94).

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

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

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

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

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

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

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

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

Legal risks

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

Dörries Scharmann AG insolvency proceedings

An action brought by the insolvency administrator of Dörries Scharmann AG against GEA Group Aktiengesellschaft is pending at the Düsseldorf Regional Court. The former Metallgesellschaft AG, the legal predecessor to GEA Group Aktiengesellschaft, held an interest in Schiess AG, which later became Dörries Scharmann AG. On the basis of that interest, the insolvency administrator is asserting various claims under company law, in particular for equity substitution, which amount to approximately EUR 18 million plus possible interest. GEA Group Aktiengesellschaft considers the asserted claims to be unfounded and will continue to defend itself against all such demands.

General

Further claims or official investigations have been or may be instituted against GEA 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 in the course of its ordinary operating activities. However, the outcome of these proceedings cannot be predicted with any degree of certainty. It is therefore possible that the conclusion of the proceedings may result in income or expenses if the amounts that have been set aside for them are higher or lower than required.

Performance risks

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

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

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

Country-specific conflict situations that could give rise to risks for the group are continually observed as part of risk management. However, the potential risks arising from such situations are difficult to quantify. However, no material impact on the group's results of operations is anticipated. This risk is rated as medium overall.

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

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

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

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

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

As contractually agreed, defined risks relating to selected orders remained with the group following the sale of the former Lentjes division. The remaining risks are rated as low overall.

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

Dedicated and qualified employees are a critical success factor for GEA. GEA has various staff policy measures in place to counter the risk that it will be unable to fill vacant positions adequately or that it will lose skilled employees. The measures aim to position GEA as an attractive employer and foster employees' long-term loyalty to the group (see page 54 f.). The probability of this significant risk occurring is considered to be low. This issue is rated as a medium risk overall.

Acquisition and integration risks

Acquisitions and internal company reorganizations entail risks resulting from the integration of employees, processes, technologies, and products. It is possible, therefore, that the aims of the measures in question will not be achieved at all or within the timeframe envisaged. Moreover, such transactions may give rise to substantial administrative and other expenses. Portfolio measures may also result in the need for additional finance and may impact negatively on financing requirements and the financing structure. These risks are countered by a structured integration concept and close supervision by internal experts, as well as specific training measures. This issue is rated as a medium risk overall.

Environmental risk

Several properties in our portfolio entail risks relating to historic environmental contamination and mining damage, primarily as a result of earlier business activities. These risks are countered through appropriate measures and supervision by internal and external specialists. Adequate provisions were recognized for the measures in 2015. This could give rise to both risks and opportunities in relation to the financial position and results of operations. Their probability is regarded as medium and their materiality as moderate.

Financial risks

Principles of financial risk management

The Executive Board has put in place an effective set of guidelines to monitor and thus 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 well as 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.

GEA is exposed to currency, interest rate, commodity price, credit, and liquidity risk in the course of its ordinary activities because it operates worldwide. Financial risk management aims to reduce this risks through the appropriate use of derivative and non-derivative hedging instruments. The group's financial risks are quantified in section 3 of the notes to the consolidated financial statements (see pages 152 ff.).

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

Currency risk

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

Affiliated group companies based in the eurozone are obliged to tender to GEA's central Treasury and Corporate 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 Treasury and Corporate Finance unit.

Interest rate risk

Because GEA operates worldwide, liquidity is raised and invested in the international money and capital markets in different currencies (but mainly in euros) and at different maturities. The resulting financial liabilities and investments are exposed to interest rate risk, which must be assessed and managed by central interest rate management. Derivative financial instruments may be used on a case-by-case basis to hedge interest rate risk and reduce the interest rate volatility and financing costs of the hedged items. Only the central Treasury and Corporate 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's central Treasury and Corporate Finance unit aims to continuously assess and manage counterparty default risk. A maximum risk limit has been defined for each counterparty, which in most cases is derived from the ratings from recognized credit rating agencies and credit default swaps (CDSs). Appropriate action is taken if the individual limit is exceeded.

The financial standing of potential customers is ascertained via an internal risk board procedure before orders are accepted. Active receivables management, including nonrecourse factoring, nonrecourse financing, and credit insurance, is also performed. In the case of export transactions, confirmed and unconfirmed letters of credit are used alongside sureties, guarantees, and cover notes, including from export credit agencies such as Euler Hermes. An addition to local monitoring by the subsidiary, GEA 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 and is continuously monitored under the counterparty limit system described above.

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

Liquidity risk

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

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

Tax risks

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

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

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

Opportunities

Overall assessment of opportunities and changes compared with the previous year

GEA's end markets offer a variety of opportunities for positive business performance over the long term. A key task of the opportunity and risk management system is to systematically evaluate both internal and external information in order to identify opportunities at an early stage and appropriately assess the potential they offer (see page 87 f.). Specific measures are then developed to enable us to convert opportunities into actual economic success.

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

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

Performance opportunities

GEA is entering fiscal year 2016 with an unchanged high order backlog. Further growth is expected in the more rapidly expanding Asian markets in the medium term. GEA will further expand its presence in these regions and thus participate in the growth of these markets.

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

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

GEA's new structure has been in place since June 8, 2015. The Group now boasts much flatter hierarchies and is also much closer to its local customers thanks to the uniformity of its national organizations. This more prominent positioning of the portfolio as a whole coupled with intensified service business will promote additional profitable growth while nurturing customer loyalty. This will continue to further strengthen and expand the sustainable competitiveness of GEA until 2020 and beyond. The savings of at least EUR 125 million expected to be made from the "Fit for 2020" program as from 2017 do not, however, take into account the potential for generating greater revenue through the new, much more uniform lines of contact with our customers. In addition, the new structure is likely to furnish much greater cross-selling opportunities as a basis for increasing sales among existing customers while tapping into new customer groups.

The former, relatively decentralized Group structure featuring segmentation by technology meant that procurement was also organized on a highly individual basis. The new structure, in which the development and manufacturing of products and the provision of process solutions have been bundled in two new business areas, will give rise to optimization potential in the future. The Company sees opportunities especially in the harmonization of material categories, the clustering of suppliers, and through the expansion of centrally coordinated purchasing processes.

GEA sees further potential in the structure of its present global production network. Here too, the previous decentralized approach served to optimize production capacities in the individual segments. Thanks to the new group structure, it will now be possible to centralize the management and control of capital expenditure to a greater degree than before, and this could give rise to additional, significant savings.

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

The acquisition in 2015 of Comas (see page 37) saw GEA enter the pastries market. The creation of an "Application Center Bakery" in the new structure underscores the Company's increasing focus on this area of industry. Further acquisitions (see page 63) could see GEA expand its competence portfolio, as in this case, and thus achieve market leadership in new fields of activity. As the group's acquisition strategy is clearly focused on sophisticated process technology for the food industry, these acquisitions may well bring about a further increase in group profitability.

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

Report on Expected Developments

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

Economic environment in 2016

Global economy

As described in the section on the macroeconomic environment in the report on the economic position (see page 35 f.), GEA, as a global engineering company, considers global growth in gross domestic product (GDP) and the corresponding IMF forecasts to be key benchmarks for its own performance.

In the January 2016 update to its World Economic Outlook, the IMF once again downscaled its forecast for global economic growth in 2016 against its October 2015 estimates. According to the forecast, the global economy is set to grow by 3.4 percent in 2016. In the following year, the global economy is again expected to pick up slightly, achieving a growth rate of 3.6 percent. The forecast growth rates for 2016 and 2017 are both 0.2 percentage points below the figures published last October.

According to the IMF experts, the biggest risks are currently slowing growth in China, tighter US monetary policies coupled with a strong dollar, and the possible aggravation of current geopolitical tensions.

Growth in the industrialized nations

The IMF is predicting stable growth of 2.1 percent for the industrialized nations in 2016 and 2017. As regards both Germany and the eurozone economy as a whole, the IMF is looking at growth of 1.7 percent for this year and 2017.

Since the original October forecast, the IMF has reduced its estimates for the US economy by 0.2 percentage points twice. With the strength of the dollar posing a major challenge to the US economy, the IMF is now predicting annual growth of 2.6 percent for 2016 and 2017.

Growth in the emerging markets

By predicting economic growth of 4.3 percent in 2016 and 4.7 percent in 2017 for the emerging markets and the industrialized nations, the IWF has reduced its original October estimate by 0.2 percentage points on two occasions.

With regard to the Chinese economy, the IWF is anticipating a decline in growth from 6.9 percent in 2015 to 6.3 percent in 2016 and down to 6.0 percent in 2017. This is in line with previous expectations.

As far as the Russian economy goes, the IMF is predicting negative growth of –1.0 percent in 2016 but a recovery to 1.0 percent in 2017. Thus, the IMF has significantly adjusted its forecast for the Russian economy in 2016 (down 0.4 percentage points compared with the fall forecast). The forecast for the Russian economy in 2017 remained unchanged.

Growth in the Latin American countries is also expected to stall in 2016, the IMF expecting these economies to contract to –0.3 percent, a further 1.1 percentage points down on the October 2015 figure. Even if economic growth in Latin America recovers to 1.6 percent in 2017, the latest estimates are still well below those of October 2015.

Growth in the customer industries

The following trends are expected for GEA's key applications (based on external studies):

Food
The consumption of packaged food will continue to grow at a moderate rate driven by slight increases in consumption in the Asia Pacific region, as well as in the Middle East and Africa. It is also expected that the consumption of bakery goods will increase too.

Dairy Farming
Milk prices are set to remain volatile in 2016 with no prospect of recovery until the middle of the year; as such, the financial situation of dairy farmers is unlikely to improve until that time, at the earliest. As a result, a significant increase in the investment appetite of the northern hemisphere markets (USA/EU), which are especially relevant to GEA – is not expected to materialize before 2017. In the medium to long term, however, the situation in the global dairy market is expected to improve due to increases in the consumption of dairy products.

Dairy Processing
Global milk consumption is set to increase slightly over the next few years, a trend driven by increasing demand for dairy products in Europe and in North and South America. As before, growth will be strongest in the Asia Pacific region, albeit at a lower level than in the past. In global terms, especially the consumption of yogurt and fermented dairy products is set to increase.

Beverages
Global beverage consumption is set to grow faster over the next few years than in the previous three. The coming years are expected to see a moderate increase in the consumption of both alcoholic beverages and soft drinks. While growth in demand for soft drinks in Asia is not expected to be quite as vibrant as it has been in recent years, demand in Eastern Europe in particular is expected to increase in the next few years. Moreover, demand for juices and carbonated soft drinks – an important market for GEA – is expected to increase more strongly in the future than in the last three years.

Pharma
Spending on medicinal products will continue to rise, with growth rates in this market increasing again as compared with the years 2012 to 2015. The main reason for the marked rise is increased drug spending in the so-called pharmerging markets (e.g. China, Brazil, Russia, Turkey and India), as well as in Germany, France, UK, Italy and Spain. All told, it can be assumed, therefore, that investment outlay in the pharma industry will continue to rise.

Chemical

The manufacture of petrochemical products is set to increase further in the coming years, exceeding the growth rates of the last three years and giving rise to the predicted further increase in investment activity. The main driver of this upward trend has been increases in production in both China and the Gulf States.

Economic environment for GEA

GEA's planning for the current 2016 fiscal year assumes that demand in its sales markets will be moderately higher than the levels seen in 2015.

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

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

The United Nations assumes that the world's population, which currently stands at more than 7.3 billion people, will rise over the coming years by around 80 million people per year (see World Population Prospects: The 2015 Revision; World Urbanization Prospects, 2014). The world's population is set to grow to 8 billion by 2023. This means that, in future, significantly more food will have to be produced on more or less the same cultivation area. For this reason, the methods and production processes used must become much more efficient – which is why innovative process technology is needed.

Linked to this growth is an increasing degree of urbanization. The number of people living in towns and cities rose from 746 million in 1950 to 3.9 billion in 2014. This means that more than half of the world's population now lives in urban areas. This figure is set to expand by a further 2.5 billion people by 2050, particularly in Asia and Africa. In addition, more and more foods must be preserved for longer and be easier to transport in order to secure the necessary supplies for metropolitan areas and to maintain world trade. Here, as well, only state-of-the-art technologies can provide the capacity needed to cope with rising demand.

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

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

With regard to commodity prices, the World Bank (see Commodity Markets Outlook, October 2015) expects the prices of all industrial goods (energy, metals and minerals, as well as basic agricultural products) to remain at their 2015 levels in 2016.

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

The proportion of GEA's revenue accounted for by the food industry in 2016 is expected to remain at its current high level. From a regional perspective, too, GEA is not anticipating any significant change in the current breakdown of revenue in 2016 as against the past fiscal year.

Business outlook

The forecast is made under the assumption that there there will be no further slowdown in global economic growth and no significant exchange rate fluctuations. Acquisitions made in 2016 are not included in the calculation of the key performance indicators. The figures are also adjusted for non-recurring items. Expected savings from group restructuring are already included in the forecast.

Revenue

GEA is aiming to generate moderate revenue growth in 2016. This forecast is largely due to the lower growth in capital goods that is expected in light of lower growth rates in the emerging markets. Although the significant fall in oil prices will generate growth momentum – with the exception of the oil processing industry and in the oil producing countries – the necessary structural reforms in some countries and the ongoing high geopolitical risk are perceived as having a negative impact on global economic growth.

Earnings

We are expecting operating EBITDA of between EUR 645 million and EUR 715 million (previous year: EUR 621 million) for the current fiscal year.

Cash flow driver margin

With respect to our operating cash flow drivers, i.e. the net amount of operating EBITDA, the change in working capital, and capital expenditure, we are aiming for a ratio to revenue of between 10.0 percent and 11.0 percent in 2016.

Further expectations

Acquisitions

The strategy of acquiring companies to open up new markets for GEA or specifically expand GEA's product portfolio in existing markets will remain unchanged and valid. This will enable us to provide our customers with an ever-broader range of services from a single source.

Dividend

The Executive Board and Supervisory Board will propose a dividend of EUR 0.80 per share for 2015 to the Annual General Meeting. This would represent a total dividend volume EUR 154.0 million. This dividend payment would also be in line with our objective of distributing between 40 and 50 percent of the consolidated profit to the shareholders.

Summary

All told, provided that there is no further slowdown in the global economy, GEA expects the group as a whole to record moderate growth. The continual increase in profitability together with the ongoing focus on liquidity generation should help to ensure that we have the financial leeway to successfully implement the strategic growth targets. With regard to the distribution ratio, our objective is to keep distributing between 40 and 50 percent of the consolidated profit to the shareholders.

Düsseldorf, February 26, 2016

Jürg Oleas	Dr. Helmut Schmale	Steffen Bersch	Niels Erik Olsen	Dr. Stephan Petri

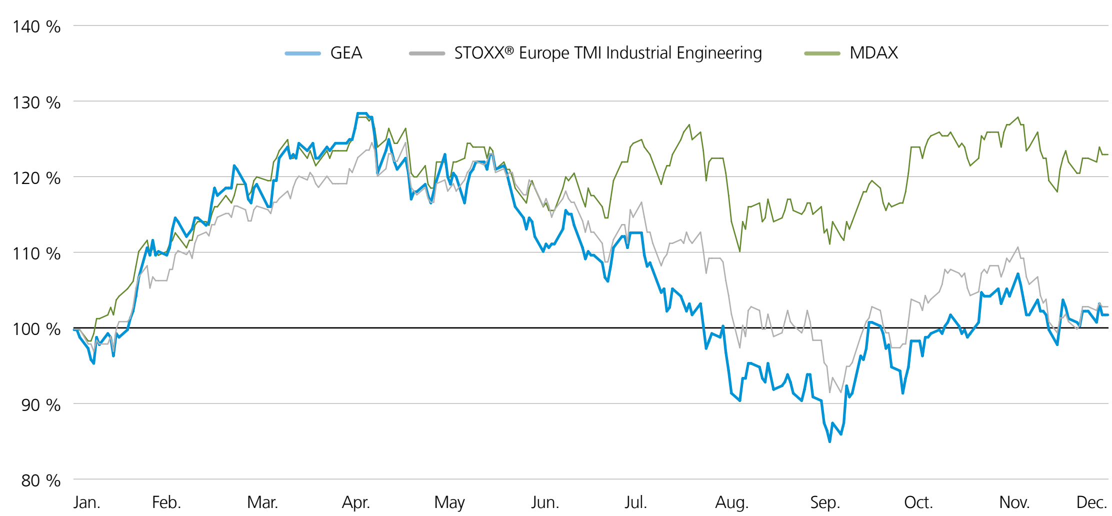
GEA Shares/Investor Relations

Performance of GEA shares on the capital markets

In 2015, as in the previous year, developments on the international capital markets were dominated by the continuing expansionary monetary policy measures taken by the central banks, as well as by economic and in particular geopolitical volatility. The stock markets continued their rally into 2015 and on toward the end of the first quarter, setting a string of record highs in the process. The DAX reached an all-time high of 12,375 points on April 10, while the MDAX hit the highest mark in its history (21,623 points) three days later on April 13. In particular, economic data from China put the brakes on the stock markets in the second and third quarters, prompting the various indexes to fall to their lowest levels in the year so far. The DAX and the STOXX® Europe TMI Industrial Engineering hit their lowest points on September 24 (9,428 points) and September 28 (312.98 points) respectively, while the MDAX hit its low for the year (16,700 points) on January 6. In the final quarter of the year, concerns as to the durability of global economic growth led to the stock markets closing the year well below their respective highs for the year.

The DAX ended the year on 10,743 points, a rise of 9.6 percent over the course of the year. The MDAX closed the year on December 30 on 20,775 points, a rise of 22.7 percent. The STOXX® Europe TMI Industrial Engineering index closed the year on 350.64 points, a rise of 2.8 percent over the course of the year.

GEA's share price increased slightly over the course of the fiscal year in a market environment dominated by strong economic and political factors. As the stock markets surged, so did GEA's shares. Just a few days after the figures for the first quarter of 2015 were published, shares in GEA hit EUR 46.82 on April 10, the highest price of the last two decades. Profit-taking and general market corrections affecting cyclical equities subsequently saw GEA shares reach their lowest point in the year of EUR 31.34 on September 24. In the final quarter, GEA shares recovered to close the year at EUR 37.40.



GEA shares compared to STOXX ® Europe TMI Industrial Engineering			
Balance sheet date (12/31/2015)	Market capitalization*		
Last 3 months:	2.0	→	percentage points
Last 6 months:	1.9	→	percentage points
Last 9 months:	–3.3	↘	percentage points
Last 12 months:	–0.7	→	percentage points
Last 24 months:	6.7	↗	percentage points
Last 36 months:	39.4	↑	percentage points

↑ > 10 percentage points ↗ 3 to 10 percentage points → 3 to -3 percentage points ↘ -3 to -10 percentage points ↓ > -10 percentage points

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

Shareholder structure

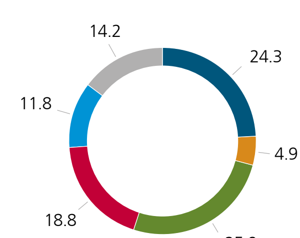
As of December 31, 2015, GEA Group Aktiengesellschaft did not hold any treasury shares, meaning that the number of outstanding shares was unchanged at the end of the year, at 192,495,476. This led to a market capitalization of EUR 7.2 billion as of the end of 2015 compared with EUR 7.0 billion in December 2014, a 2.2 percent increase. The monthly index ranking of all listed German companies in the DAX, MDAX, SDAX, and TecDAX published by Deutsche Börse on December 30 ranked GEA Group Aktiengesellschaft 33rd (previous year: 31st) in terms of market capitalization and 42nd (previous year: 43rd) in terms of trading volume. At 0.5 million shares, the average daily trading volume in official exchange trading in fiscal year 2015 was 16% above the previous year's level of 0.4 million shares.

As in previous years, GEA Group Aktiengesellschaft performed detailed analyses of its shareholder structure in 2015. The current analysis from the second half of 2015 identified 86 percent of the Company's shareholders. Institutional investors held 78 percent of the shares and Kuwait Investment Office accounted for an unchanged figure of around 7.9 percent. Institutional investors headquartered in the UK remained the largest investor group, holding 26 percent of all shares (previous year: 24 percent). North American investors hold second place with around 19 percent of all GEA shares (previous year: 13 percent), followed by French investors, who hold around 8 percent of the shares (previous year: 11 percent). The share of institutional investors from Germany fell to around 5 percent (previous year: 8 percent). The share of institutional investors with a long-term orientation fell to around 64 percent (previous year: 67 percent). Less than 1 percent of shares were held by hedge funds. As a result, GEA Group Aktiengesellschaft has a stable shareholder structure, which has changed only slightly over time.

Regional breakdown of shareholders

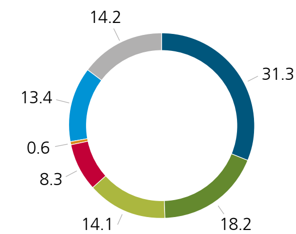
(%)

- Continental Europe excl. Germany
- Germany
- UK and Ireland
- North America
- Rest of world
- Not identified (incl. 0.4% non-institutional shareholders)



Based on 192,495,476 shares, which were issued by GEA Group Aktiengesellschaft at the date of the survey in the fourth quarter of 2015

Investment styles of institutional investors
(%)



- Growth
- GARP*
- Value
- Index
- Hedge fund
- Others inclusive Kuwait Investment Office
- Not identified (incl. 0.4% non-institutional investors)

*) Growth At a Reasonable Price
Based on 192,495,476 shares, which were issued by GEA Group Aktiengesellschaft at the date of the survey in the fourth quarter of 2015

Investor relations activities

GEA takes its task of maintaining close contact with capital market players – and hence close relationships with its shareholders, potential investors, and analysts – extremely seriously. In 2015, for example, GEA's investor relations activities again facilitated an ongoing, effective dialog with the capital markets. The Company used these activities to inform its shareholders and investors about developments within the group in a transparent manner above and beyond its quarterly, half-yearly, and annual reports. It also kept in close contact with investors by taking part in international conferences and roadshows, which were regularly attended by the CEO and the CFO. In 2015, it held a total of 48 roadshows. GEA representatives also took part in 24 conferences, as well as holding 606 one-on-one meetings. In addition, analysts and investors had the opportunity to experience the Company's capabilities for themselves at GEA Group Aktiengesellschaft's headquarters in Düsseldorf. Investor relations activities in 2015 focused in particular on the launch of the "GEA 2020" strategy first presented in the previous year and the corresponding reorganization of the group structure in line with the "Fit for 2020" initiative (see pages 36 ff.).

Earnings per share

Earnings per share (EPS) amounted to EUR 1.88 in the past fiscal year. They are calculated by dividing consolidated profit for the period by the weighted average number of shares outstanding in the course of the fiscal year. An average of 192.5 million no-par value shares were outstanding in the reporting period.

Key performance indicators for GEA shares	2015	2014
Shares issued (December 31, million)	192.5	192.5
Average shares outstanding (million)	192.5	192.5
Share price (December 31, EUR) [1]	37.40	36.60
High (EUR)	46.82	38.52
Low (EUR)	31.34	30.42
Market capitalization (December 31, EUR billion) [2]	7.2	7.0
Average daily trading volume (million)	0.5	0.4
Earnings per share (EUR)	1.88	1.66
Dividend per share (EUR) [3]	0.80	0.70
Total dividend (EUR million) [3]	154.0	134.7
Pay-out ratio [3]	42.6	42.0

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

Dividend proposal

The Executive Board and Supervisory Board of GEA Group Aktiengesellschaft will propose to the Annual General Meeting on April 20, 2016 that a dividend of EUR 0.80 be paid for fiscal year 2015. As a result, the distribution ratio is in line with the target of distributing between 40 and 50 percent of the consolidated profit to the shareholders. This represents a dividend yield of at least 2.1 percent on the share price of EUR 37.40 on December 30, 2015.

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

Credit ratings/debt market

Two international agencies, Moody's and Fitch, have rated GEA Group Aktiengesellschaft's ability to meet its financial obligations. These ratings serve as evidence of the Company's creditworthiness to existing and potential debt capital providers. Both agencies maintained their ratings of GEA Group Aktiengesellschaft's creditworthiness in fiscal year 2015, resulting in the following ratings for the GEA Group:

	2015		2014	
Agency	Rating	Outlook	Rating	Outlook
Moody's	Baa2	stable	Baa2	stable
Fitch	BBB	stable	BBB	stable

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

To optimize its financing structure and secure long-term financing, GEA Group Aktiengesellschaft adjusted its syndicated credit line (club deal) in the amount of EUR 650 million in fiscal year 2015. The group was again able to optimize its financing structure in a timely and proactive manner by improving margins and documentation, and extending the maturity. The loan has a five-year term and features two renewal options of one year each up to August 2022. The group also reduced its financial liabilities with the European Investment Bank by EUR 100 million ahead of schedule. In doing so, GEA systematically implemented its previously announced financial policy of using part of the proceeds of approximately EUR 1 billion from the sale of the Heat Exchangers Segment to repay its financial liabilities. This highlights how important it is for GEA to maintain its investment grade rating, and also serves to improve its financial result.

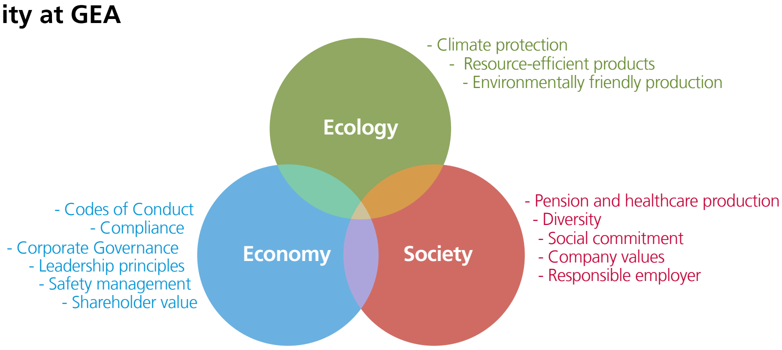
In total, GEA has credit lines (including its bond issue and borrower's note loans) in the amount of EUR 1,199 million, of which EUR 429 million had been utilized as of the balance sheet date. Further information on the credit lines and their utilization can be found in note 3 to the consolidated financial statements beginning on page 152 ff.

Sustainability Report

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

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

Sustainability at GEA



In the long run, GEA seeks to safeguard the interests of its shareholders, customers and employees while assuming its responsibility towards society by strengthening its international competitiveness and boosting its economic success. Primarily, the Group pursues this objective by proving to be a reliable partner offering appealing and sustainable products to its customers, by acting as an exemplary employer for around 17,500 employees worldwide, by paying taxes and by promoting non-profit projects.

Even though energy consumption and emission levels during production are relatively low in the mechanical engineering sector, GEA regularly checks all areas for potential improvements in efficiency.

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

Health, Safety & Environment

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

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

For the purpose of living up to these aspirations in the fields of health, safety and environment (HSE), we hereby commit ourselves to:

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

These corporate standards are communicated to all individuals acting for or on behalf of GEA, and everybody is to be actively involved in enforcing this policy. The latter is disseminated at all our sites and available to the general public on the corporate website (www.gea.com at investor-relations/corporate-governance).

For implementing this policy, numerous organizational units have installed management systems certified in accordance with ISO 14001, OHSAS 18001 and/or ISO 50001.

Economically sustainable

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

Detailed information on GEA's guiding principles, organizational structure and business orientation can be found in the chapter entitled "Organization and Structure" (see page 22 ff.).

Corporate Governance

GEA places a high priority on transparent and responsible corporate governance and management aimed at long-term value enhancement. Thus, GEA aligns its activities with the recognized principles of corporate governance and nearly fully complies with the recommendations of the German Corporate Governance Code.

A detailed presentation of corporate governance matters can be found in the Corporate Governance Report included in this Annual Report (see page 64 ff.).

Compliance

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

By means of the so-called Integrity System employees – including external third parties, for instance business partners – are given the possibility of directly reporting severe compliance issues or violations of the "Codes of Conduct – principles of social responsibility" via an internet-based system. In this respect, GEA attaches importance to an open corporate culture.

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

Further compliance-related information can be found in the Corporate Governance Report included in this Annual Report (see page 64 ff.).

Codes of Conduct – principles of social responsibility

Together with its European Works Council, GEA Group Aktiengesellschaft adopted Codes of Conduct (principles of social responsibility) back in October 2007. They outline a binding set of values, principles and modes of behavior that govern corporate conduct at GEA Group level. With these ethical and legal standards, GEA has made a clear commitment to free and fair global trade as a vital precondition for sustained global economic growth. Wherever possible, the Group supports measures designed to combat underdevelopment in Third World countries while fully accepting its corporate social responsibility. Likewise, GEA welcomes the principles of the UN Global Compact initiative and endorses all internal and external corporate social responsibility (CSR) initiatives taking place within the framework of the advancing process of internationalization. The Group has pledged to respect human rights and the core labor standards developed by the International Labour Organization (ILO). In addition, GEA fully complies with the OECD guidelines for multinational enterprises.

Incorporation into the organizational structure

Aside from the compliance organization described in the separate Corporate Governance Report, the Group management level includes areas of responsibility, which are dedicated to diversity, company values and crisis management. In addition, the Health, Safety & Environment (HSE) organization is also embedded in the Company.

Socially sustainable

GEA fully accepts its obligation to make a contribution to the sustainable development of society – both at a corporate level by acting as a responsible employer and in a wider social context.

Responsible employer

In 2015, GEA was once again awarded the "Fair Company" seal for its responsible and transparent interaction with students and job starters. When distinguishing GEA's Graduate (Trainee) Program, ABSOLVENTA called it career enhancing and fair. In the year 2015, the Universum Professional Ranking listed GEA amongst the 100 most popular employers in Germany.

Awards received by GEA in its capacity as a responsible employer

For more detailed information on talent management and human resources development at GEA, please refer to the chapter on Employees (see page 54 f.).

Leadership@GEA

The 12 leadership qualities defined by GEA have been integrated in all processes governing executive development programs and, thus, constitute the key pillars for basic and advanced training as well as succession planning. Specifically, these qualities include a down-to-earth mentality/respect for others, integrity/authenticity, vitality, drive, empathy, intuition, good communication skills, the ability to see the big picture, an appreciation of the efforts of others, a commitment to sustainably developing our management culture, the ability to reason as well as resilience. Each of these qualities was defined in detail and is easy to grasp, with the definitions conveying the requirements stipulated by the Company in this particular field.

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 may meet this multitude of challenges arising in this extremely diverse cultural environment by being aware of diversity and by actively creating it within their own ranks.

In this context, diversity refers to the composition of the workforce in terms of internationality, gender, age and qualifications. For the purpose of promoting diversity on as many levels as possible and for creating an attractive working environment, to name but one example, GEA also seeks to increasingly consider aspects of modern work flexibilization schemes while enhancing mobility within the Company. GEA is aware of the fact that diversity represents a critical success factor, since diversity means strength.

Under its diversity strategy, GEA implements a mix of measures designed to promote diversity. For instance, when recruiting staff, GEA always makes a point of taking into consideration diversity criteria. One of GEA's objectives is to attract more women while including a higher number of talented female employees in internal employee development initiatives. Furthermore, diversity management provides the platform for reliably identifying high potentials and talents. The entire pool of young talents is to be developed in line with the above GEA diversity criteria.

The success and progress of GEA's diversity management is measured on the basis of diversity performance indicators.

The current proportion of women in the total workforce amounts to ca. 18 percent. On the first three uppermost management levels below Executive Board level, women account for 8 percent of GEA's managers worldwide. In terms of the international composition of its workforce, GEA employs more than 70 different nationalities.

A further measure taken to institutionalize diversity management within the Company embraced the introduction of an official diversity policy in tandem with a guideline for executives: This policy describes the overriding goals and current progress of diversity management at GEA. The guideline provides managers with an instrument for implementing diversity management at all Group levels.

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

Corporate values

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

Thus, GEA Values guide our interaction with our employees, our customers and external partners. At the end of the day, our GEA Values are to increase the level of efficiency and professionalism in all GEA operations, while supporting a constructive dialogue inside and outside of the Company.

Work and family life

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

In addition, GEA cooperates with an international, external service provider to support employees in their search for adequate childcare facilities or options for dependents in need of care.

At some sites, GEA offers its employees the possibility of placing their children in nearby day nurseries or large daycare facilities. There are places for children of all ages, with GEA covering the expenses incurred. Places in full day care allow children to play with their peers while enjoying a versatile leisure and development program.

Occupational safety

In order to work productively and fully harness their potential, employees need a pleasant and safe working environment. GEA's aspiration to offer all employees safe conditions in the workplace is enshrined in the Codes of Conduct obliging our managers to guarantee the best possible health and safety conditions in every GEA workplace worldwide.

Unforeseen incidents such as natural disasters or terrorist attacks may also have severe consequences for GEA and the safety, health and life of its staff.

For managing such substantial corporate risks as effectively as possible, GEA has set up a comprehensive safety management organization: Our "Major Incident Management Manual" outlines clearly defined criteria for detecting, assessing and reporting critical incidents. The manual also includes measures and explicit action plans designed to ensure a swift and adequate emergency response and provide the names of competent contacts within GEA.

Our “Serious Events Reporting System“ makes sure that fatal or severe accidents, fires, explosions or environmental incidents are reported to the competent member of staff within the organization as quickly as possible. This allows GEA to swiftly and efficiently respond to such incidents, mitigate their impact and/or immediately initiate a probe into what happened.

Worldwide HSE data, e.g. monthly accident statistics, are recorded with the help of special software. In addition, the underlying causes of accidents and incidents are ascertained. The intelligence gathered on the basis of these investigations is communicated to the organization for preventive purposes, with the implementation of the respective measures being monitored.

Travel safety

GEA’s Safety Management provides a comprehensive service available to all employees traveling worldwide on behalf of the Group. It offers them detailed travel and safety information for every region around the globe. Should one of our employees nonetheless get caught up in an emergency, he or she can contact the 24/7 GEA Security and Support Hotline. If necessary, this service can also organize personal protection for any employee and at any location worldwide at short notice. The Medical Support Service Hotline provides assistance in health-related issues and ensures appropriate medical care or repatriation in the event of illness, if need be. Using a security app and a mobile device, GEA employees can also obtain medical and safety information relating to a specific site at any time or directly contact the 24-hour hotline at the GEA Security Center via an emergency button.

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

GEA Aid Commission

Employees, who suddenly get into difficulties, for instance due to a severe accident or a sudden illness, require rapid and unbureaucratic financial assistance. In a group-wide agreement concluded with the Group Works Council, GEA has pledged to unbureaucratically provide financial assistance under such circumstances. Employees affected in this way, but also the families of employees who suddenly pass away, may turn to the GEA Aid Commission for support.

Company pension scheme

GEA wants all its employees to enjoy their well-deserved retirement. This also includes the financial security to enjoy an acceptable standard of living. In many countries, however, the impact of demographic change, increased life expectancy and high unemployment rates places a growing financial burden on state pension systems. As a result, private and, in particular, company pension schemes will play an increasingly significant role in closing such future pensions gaps. Thus, the Company provides an efficient pension scheme for all its employees.

In 2015, GEA’s executive pension scheme was transformed into a defined contribution system.

GEA also offers an attractive performance-related pension scheme to employees below senior management level. In Germany, for instance, this is based on an employee-financed deferred compensation plan. Employees are given the possibility of waiving part of their monthly salary and contributing this amount to the pension plan (deferred compensation). If an employee chooses this option, GEA tops up this basic employee contribution with an additional employer contribution; the latter is financed by the Company and performance-related.

Healthcare

Healthy employees are more productive, more reliable and more motivated. Thus, a health-conscious workforce also promotes the long-term and sustainable development of a company. For this reason, GEA supports its employees with a variety of active healthcare offerings.

The program designed to promote employee health comprises a broad range of measures to prevent illness. Inter alia, they include cancer screening, stop smoking seminars, workplace ergonomics training as well as fitness meals in staff canteens. Moreover, the Company addresses safety issues: safe winter driving or walking, how to get to work by bike, as well as information on noise, protection against cuts or on how to keep the workplace clean and tidy, to name but a few examples. Apart from these campaigns, 2015 also saw some new topics like a healthy diet.

Healthcare coaching

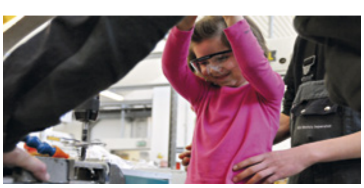
In special development assessment centers supported by external coaches, employees obtain comprehensive information on the health benefits of physical exercise, fitness and a proper diet. Where possible, this theoretical information is supplemented by practical exercises. All preventive measures are tailored to the actual living and working circumstances of the employees concerned. In addition, the Group also offers individual coaching with fitness tests or health analyses.

Socially committed

As a global enterprise, GEA is also involved in a host of local projects undertaken outside its own companies, where the local population directly benefits from the support provided by the Company. In many different ways, GEA and its employees make their contribution to help others.

The fascinating world of engineering

GEA places particular emphasis on promoting projects that involve children and adolescents, allowing them to experience the fascinating world of engineering at a very early stage of their lives. At GEA's location in Oelde, for instance, "Stöbertage" (Exploration Days) are open to very young children at pre-school level. Groups of kindergarten children paying a visit to GEA learn about tools and machinery while discovering the world of engineering. In addition to that, GEA supports a variety of institutions such as schools and kindergartens.



'Exploration Days' at GEA are a great experience for children

School-Business Cooperation Network

Cooperation between schools and businesses that aims at easing the transition from school to work and/or assisting students in choosing a specific career or university degree helps ensure that companies – especially technically-oriented undertakings – will be able to recruit workers from a reasonably large pool of new labor. This is why GEA is involved in the School-Business Cooperation Network that covers activities such as information events at participating schools, job application training for students and projects jointly undertaken by students and trainees.

Girls' Day

GEA participates in the German Girls' Day, an initiative designed to encourage girls from the fifth grade onwards to think about their future career options. It provides them with an opportunity to find out more about a wide variety of professions in science and technology. This event combines the features of an open day and a detailed information event by offering participants a hands-on experience of technology designed to encourage them to take an interest in engineering from an early age onwards.

"Technik ist Zukunft" initiative

In the future, GEA will continue to need creative young people with a passion for science and technology. For convincing students of the multiple opportunities and appeal of a career in engineering and of the career opportunities offered by GEA, the Company has joined forces with other businesses, for instance within the framework of the "Technik ist Zukunft" ("Technology is the Future") initiative. While GEA grants financial support to the initiative, many of its employees establish direct links with tomorrow's qualified skilled labor: At the various "Technik ist Zukunft" action days held at schools, they give students graphic accounts of their work, while informing them about GEA products and services as well as career opportunities offered by the Company. GEA also regularly invites groups of students to participate in tours of GEA sites, giving them a comprehensive insight into production processes and the daily working routine.

Industry contact forum

The eighth edition of the 'Industriekontaktforum' (Industry Contact Forum) held in 2015 at GEA's site in Büchen, Germany, also serves the purpose of promoting qualified and talented young people. Around 50 male and female students from the Hamburg HAW (university of applied sciences), the Flensburg University of Applied Sciences, as well as at the Universities of Hannover and Fulda were given an early insight into the work of a project engineer while still pursuing their studies at the above universities. The event focused on an exchange with GEA experts, who covered specialist and technical issues relating to the food, juice and dairy processing industry while also providing information on entry-level and general career opportunities at GEA.

Social sponsoring

In many different ways, GEA gets actively involved in social projects and organizations.

For the previous 12 years, the Company has supported the Future Farmers of America (FFA) Organization within the framework of the World Dairy Expo in Madison (USA), to name but one example. FFA is an interdisciplinary student organization for students interested in agriculture and management. The funds donated by GEA are used for various activities and seminars aimed at promoting young talents in the field of agriculture.

The Wallace & Gromit's Children's Charity is a British charity raising funds to improve the lives of sick children in hospitals and hospices. In Great Britain, GEA has sponsored this organization for a number of years.

In 2015, GEA again organized an annually recurring event in North America. Joining forces with employees and customers, it made a contribution to support Susan G. Komen, a non-profit organization engaged in combating breast cancer.

Ecologically sustainable

Sustainability in the ecological sense is based on the principle of protecting nature and conserving its limited resources. In this context, GEA's innovative products make an important contribution, since in the world of process technology, the days when ecology and economy pursued conflicting interests are long gone. By using GEA machinery, components, systems and plants, our customers advance the cause of climate protection. But also within the Company, environmental protection is accorded its rightful place.

Environmental protection at GEA

GEA's key environmental objectives focus on the prevention of adverse environmental impacts, for instance by reducing the levels of energy consumption, waste and emissions. Identifying the main environmental parameters at a local level, GEA analyzes their significance and influence on products and services for the purpose of deriving measures for improvement. The environmental parameters subject to monitoring include:

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

Environmental protection and the efficient use of resources are standard practice throughout the Group. Production waste is sorted and, wherever possible, recycled. Environmental impacts are largely avoided, for example by using exhaust gas filters and collecting vessels, or by treating and recycling process liquids. Of course, this scheme also includes energy audits that are conducted in line with the requirements under the Energiedienstleistungsgesetz (Energy Services Act).

Selected initiatives

Carbon Disclosure Project

As in previous years, GEA took part in the 2015 survey conducted within the framework of the Carbon Disclosure Project (CDP). CDP is an independent, not-for-profit organization currently representing more than 700 institutional investors. Each year, it gathers information on the greenhouse gas emissions of major listed corporations and their strategies to combat climate change. The results are then made available to current and potential investors. In this survey, GEA also provided information on the opportunities and risks related to climate change, as well as action taken in the field of climate protection. From GEA's perspective, any potential risks arising from shifts 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.

In 2015, GEA was awarded the "Best Improver Germany 2015" prize by CDP for the way it reported on the measures taken in the field of climate protection. The award, which was presented to the Group on the occasion of the "Climate Leadership Award Ceremony & Conference" held in Bonn, Germany, especially acknowledges GEA's distinct improvement in the CDP ranking.

Blue Competence sustainability initiative

GEA is an alliance member of "Blue Competence", an initiative of the German Engineering Association (VDMA). The members of the initiative have pledged to develop and/or promote sustainable engineering solutions in harmony with economic, ecological, and societal needs. In doing so, they seek to assume responsibility for prosperity, education, safety and nature. The industry associations, organizations and companies involved in this initiative – including GEA – always consider the consequences of urbanization and globalization in the ways they think and act.

VDMA Blue Competence Initiative

Sustainability – for the benefit of climate and customers

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

The following examples show the savings potential for a variety of resources, which is provided by GEA's machinery, components, systems and plants.

Zero-water dairy processing plant

In view of limited resources, enhanced water consumption management has become of crucial importance to the industrial sector. For many years, GEA has been supplying water recovery systems for dairy processing plants allowing companies to reclaim water from milk for the purpose of re-usage within the plant. Due to an ever-growing world population, theses processes have adopted a new sense of urgency while becoming more and more sophisticated. In the meantime, the technology required to reprocess water – not only for cleaning in the factory, but also for use in product-contact operations – has become available. Zero water consumption dairy processing plants have become a reality.

The water recovered from the milk during processing is filtered in a GEA reverse osmosis plant.

The water recovered from the milk during processing is filtered by means of reverse osmosis processes, just like before. In the downstream step, GEA solutions apply carbon filters to remove odours, treat the water with ultraviolet light and chlorine dioxide to elminate contamination, and add minerals to make the water less aggressive to plant systems. In fact, GEA treats water exactly the same way as the product itself, i.e., by relying on plants and equipment that meet the highest standards of hygiene. As a result, the quality of the treated water complies with WHO standards for drinking water and may be utilized for quite a number of process steps, like the last rinse cycle, for rinsing cans, cleaning pipework and tanks and even as an ingredient that is added to the final product.

GEA's energy storage system achieves primary energy savings of 20 to 50 percent at brew house level.

Energy recovery and water management processes for breweries

Beer production requires considerable amounts of thermal energy – the bulk of which is being consumed in the brewhouse. Factors affecting energy consumption include, inter alia, the kind of raw materials being used, their quality as well as the design of the process applied. The thermal heat consumption of brewhouses installed all over the world varies widely from 18 to 40 kWh/hl.

Supporting brewery customers in upgrading their plants to state-of-the-art technology in terms of energy consumption, GEA is offering bespoke energy supply strategies that usually embrace an energy storage system.

GEA's energy storage system allows the transfer of energy from the wort kettle vapours to the following brew. Instead of releasing the vapors into the atmosphere, they are condensed, with the respective energy being transferred into the water. This water is used in the following brew to heat the wort from its filtration temperature of around 77°C to approx. 94-95°C. As a result, a substantial proportion of the heat energy required by cutting-edge systems is no longer generated on the basis of fossil fuels, but obtained by means of a heat recovery process. This energy storage process enables our customers to realize primary energy savings of between 20 and 50 percent for brewhouse operations.

In brewhouses situated in the equatorial zone, the ambient water temperature is typically between 20°C and 37°C during the summer, which requires a two-stage cooling process. At any rate, the hot water production in the wort cooler exceeds the amount of water required by the brewery as a whole. The resulting excess hot water must be disposed of via the sewerage system, with a loss of drinking-quality water and of the energy contained in the 80°C hot water. Apart from storage systems for energy conversion that rely on closed water cycles, GEA is also offering open-cycle systems equipped with two water tanks for temperature levels of 79°C and 98°C, respectively. Subject to the quality of the raw materials employed and dependent on further process parameters, the water management process developed by GEA allows a 35 to 100 percent reduction in hot water losses. Within the framework of a project conducted in South America, the solution provided by GEA has helped salvage around 100 m^3 of hot water per day that no longer need to be disposed of.

GEA's ECOSpin2 Zero filling technology does not release any harmful chemicals into the atmosphere

ECOSpin2 Zero – sustainable aseptic filling

With introduction of ECOSpin2 Zero, GEA has achieved an advance in development of its wet aseptic bottling technology ECOSpin. The new system ensures that no peroxides are released into the environment, which is why it provides the optimum solution in terms of sustainability.

Prior to filling, the PET bottles for sensitive beverages are sterilized in an aseptic environment. In developing this seventh generation of ECOSpin technology combined with zero emissions and a reduced level of water and energy consumption, GEA's filling specialists have made substantial progress in various fields.

Step number one embraced GEA's optimization of the use of peracetic acid (PPA) as a sterilization medium to ensure that only a minimum amount of chemicals are required for achieving the necessary sterilization effect. In a second step, rinsing time per bottle was reduced to one second only, which – in turn – significantly cuts the amount of sterile water used during this stage.

At the end of a production run, the remaining PAA undergoes a neutralizing process to make sure that the water can be safely used for cleaning within the plant. This reduces water consumption at production level and prevents the release of chemicals into the environment.

PAA vapors generated while the bottles are sterilized by means of a chemical solution are subjected to a vacuum extraction process and freed from all chemical residues. This enhances the working environment of the operators while making sure that no harmful chemicals are released into the atmosphere.

Consolidated Financial Statements

Consolidated Balance Sheet
as of December 31, 2015

Assets (EUR thousand)	Section	12/31/2015	12/31/2014
Property, plant and equipment	6.1	508,072	498,758
Investment property	6.2	7,736	12,483
Goodwill	6.3	1,431,515	1,329,972
Other intangible assets	6.4	382,359	325,557
Equity-accounted investments	6.5	16,631	15,293
Other non-current financial assets	6.6	36,454	63,433
Deferred taxes	8.8	491,119	469,301
Non-current assets		**2,873,886**	**2,714,797**
Inventories	6.7	548,623	561,875
Trade receivables	6.8	1,118,081	945,755
Income tax receivables	6.9	26,082	17,531
Other current financial assets	6.6	372,289	390,625
Cash and cash equivalents	6.10	1,174,150	1,195,858
Assets held for sale	4.	8,121	5,585
Current assets		**3,247,346**	**3,117,229**
Total assets		**6,121,232**	**5,832,026**

Equity and liabilities (EUR thousand)	Section	12/31/2015	12/31/2014
Subscribed capital		520,376	520,376
Capital reserve		1,217,861	1,217,861
Retained earnings		962,515	737,094
Accumulated other comprehensive income		142,877	51,316
Non-controlling interests		570	560
Equity	**7.1**	**2,844,199**	**2,527,207**
Non-current provisions	7.2	145,160	131,592
Non-current employee benefit obligations	7.3	775,594	793,565
Non-current financial liabilities	7.4	177,009	456,072
Other non-current liabilities	7.7	63,708	58,566
Deferred taxes	8.8	111,170	118,598
Non-current liabilities		**1,272,641**	**1,558,393**
Current provisions	7.2	130,607	148,828
Current employee benefit obligations	7.3	244,235	170,637
Current financial liabilities	7.4	300,735	133,474
Trade payables	7.5	610,315	639,719
Income tax liabilities	7.6	40,743	35,649
Other current liabilities	7.7	677,757	618,119
Current liabilities		**2,004,392**	**1,746,426**
Total equity and liabilities		**6,121,232**	**5,832,026**

Consolidated Income Statement
for the period January 1 – December 31, 2015

(EUR thousand)	Section	01/01/2015 - 12/31/2015			01/01/2014 - 12/31/2014
		Excluding restruc-turing	Restructuring expenses	Total	
Revenue	8.1	4,599,269	–	4,599,269	4,515,689
Cost of sales		3,118,718	51,763	3,170,481	3,066,491
Gross margin		**1,480,551**	**–51,763**	**1,428,788**	**1,449,198**
Selling expenses		499,532	23,472	523,004	469,800
Research and development expenses		66,377	5,802	72,179	68,149
General and administrative expenses		492,555	43,333	535,888	506,059
Other income	8.2	392,141	–	392,141	229,193
Other expenses	8.3	382,357	1,263	383,620	202,331
Share of profit or loss of equity-accounted investments		2,569	–	2,569	2,387
Other financial income	8.6	2,499	–	2,499	5,700
Other financial expenses	8.7	1,861	–	1,861	279
Earnings before interest and tax (EBIT)		**435,078**	**–125,633**	**309,445**	**439,860**
Interest income	8.6			11,475	7,057
Interest expense	8.7			50,913	73,087
Profit before tax from continuing operations				**270,007**	**373,830**
Income taxes	8.8			5,758	87,816
thereof current taxes				61,428	80,751
thereof deferred taxes				–55,670	7,065
Profit after tax from continuing operations				**264,249**	**286,014**
Profit or loss after tax from discontinued operations	4			**97,617**	**34,612**
Profit for the period				**361,866**	**320,626**
thereof attributable to shareholders of GEA Group AG				361,857	320,483
thereof attributable to non-controlling interests				9	143

(EUR)			
Basic and diluted earnings per share from continuing operations		1.37	1.49
Basic and diluted earnings per share from discontinued operations		0.51	0.18
Basic and diluted earnings per share	**8.9**	**1.88**	**1.66**
Weighted average number of ordinary shares used to calculate basic and diluted earnings per share (million)		**192.5**	**192.5**

Consolidated Statement of Comprehensive Income
for the period January 1 – December 31, 2015

(EUR thousand)	Section	01/01/2015 - 12/31/2015	01/01/2014 - 12/31/2014
Profit for the period		**361,866**	**320,626**
Items, that will not be reclassified to profit or loss in the future:			
Actuarial gains/losses on pension and other post-employment benefit obligations	7.3.1	–1,689	–95,504
thereof changes in actuarial gains and losses		–1,463	–135,048
thereof tax effect		–226	39,544
Items, that will be reclassified subsequently to profit or loss when specific conditions are met:			
Exchange differences on translating foreign operations		87,212	111,056
thereof changes in unrealized gains and losses		87,212	117,840
thereof realized gains and losses		–	–6,784
Result of available-for-sale financial assets	7.8	763	–1,259
thereof changes in unrealized gains and losses		1,089	–1,797
thereof tax effect		–326	538
Result of cash flow hedges		3,586	–5,391
thereof changes in unrealized gains and losses		946	–11,774
thereof realized gains and losses		4,485	3,628
thereof tax effect		–1,845	2,755
Other comprehensive income		**89,872**	**8,902**
Total comprehensive income		**451,738**	**329,528**
thereof attributable to GEA Group AG shareholders		451,729	329,321
thereof attributable to non-controlling interests		9	207

Consolidated Cash Flow Statement
for the period January 1 – December 31, 2015

(EUR thousand)	Section	01/01/2015 - 12/31/2015	01/01/2014 - 12/31/2014
Profit for the period		361,866	320,626
plus income taxes		5,758	87,816
minus profit or loss after tax from discontinued operations		–97,617	–34,612
Profit before tax from continuing operations		270,007	373,830
Net interest income		39,438	66,030
Earnings before interest and tax (EBIT)		**309,445**	**439,860**
Depreciation, amortization, impairment losses, and reversal of impairment losses on non-current assets		120,342	100,073
Other non-cash income and expenses		–8,021	5,530
Employee benefit obligations from defined benefit pension plans		–40,015	–40,462
Change in provisions and other employee benefit obligations		59,928	33,001
Losses and disposal of non-current assets		–722	–637
Change in inventories including unbilled construction contracts *		5,634	–21,764
Change in trade receivables		–53,997	8,184
Change in trade payables		–64,693	–45,329
Change in other operating assets and liabilities		82,305	13,425
Tax payments		–85,524	–90,265
Cash flow from operating activities of continued operations		**324,682**	**401,616**
Cash flow from operating activities of discontinued operations		–22,559	37,112
Cash flow from operating activities		**302,123**	**438,728**
Proceeds from disposal of non-current assets		3,424	5,354
Payments to acquire property, plant and equipment, and intangible assets		–90,679	–93,781
Payments from current financial assets	6.6	–200,000	–237,919
Proceeds from current financial assets		200,000	–
Interest income		6,816	4,946
Dividend income		4,107	5,701
Payments to acquire subsidiaries and other businesses		–119,723	–8,677
Advanced payments to acquire subsidiaries and other businesses		–	–25,000
Cash flow from investing activities of continued operations		**–196,055**	**–349,376**
Cash flow from investing activities of discontinued operations		142,911	923,811
Cash flow from investing activities		**–53,144**	**574,435**
Dividend payments		–134,747	–115,497
Payments from finance leases		–4,153	–4,943
Proceeds from finance loans		2,762	7,161
Proceeds from bond issue	7.4	–	–125,261
Repayments of borrower's note loans	7.4	–	–210,000
Repayments of finance loans		–107,508	–121,265
Interest payments		–26,650	–49,122
Cash flow from financing activities of continued operations		**–270,296**	**–618,927**
Cash flow from financing activities of discontinued operations		40	–4,865
Cash flow from financing activities		**–270,256**	**–623,792**
Effect of exchange rate changes on cash and cash equivalents		–382	10,753
Change in unrestricted cash and cash equivalents		**–21,659**	**400,124**
Unrestricted cash and cash equivalents at beginning of period		1,194,437	794,313
Unrestricted cash and cash equivalents at end of period	**6.10**	**1,172,778**	**1,194,437**
Restricted cash and cash equivalents	6.10	1,372	1,421
Cash and cash equivalents reported in the balance sheet	**6.10**	**1,174,150**	**1,195,858**

*) Including advance payments received

Consolidated Statement of Changes in Equity
as of December 31, 2015

				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, 2014 (192,495,476 shares)	**520,376**	**1,218,073**	**627,612**	**–53,677**	**262**	**389**	**2,313,035**	**2,667**	**2,315,702**
Income	–	–	320,483	–	–	–	**320,483**	143	**320,626**
Other comprehensive income	–	–	–95,504	110,992	–1,259	–5,391	**8,838**	64	**8,902**
Total comprehensive income	–	–	224,979	110,992	–1,259	–5,391	**329,321**	207	**329,528**
Dividend payment by GEA Group Aktiengesellschaft	–	–	–115,497	–	–	–	**–115,497**	–	**–115,497**
Change in non-controlling interests	–	–	–	–	–	–	**–**	–67	**–67**
Share-based payments	–	21	–	–	–	–	**21**	–	**21**
Other Changes	–	–233	–	–	–	–	**–233**	–2,247	**–2,480**
Balance at Dec. 31, 2014 (192,495,476 shares)	**520,376**	**1,217,861**	**737,094**	**57,315**	**–997**	**–5,002**	**2,526,647**	**560**	**2,527,207**
Income	–	–	361,857	–	–	–	**361,857**	9	**361,866**
Other comprehensive income	–	–	–1,689	87,212	763	3,586	**89,872**	–	**89,872**
Total comprehensive income	–	–	360,168	87,212	763	3,586	**451,729**	9	**451,738**
Dividend payment by GEA Group Aktiengesellschaft	–	–	–134,747	–	–	–	**–134,747**	–	**–134,747**
Change in non-controlling interests	–	–	–	–	–	–	**–**	1	**1**
Share-based payments	–	–	–	–	–	–	**–**	–	**–**
Other Changes	–	–	–	–	–	–	**–**	–	**–**
Balance at Dec. 31, 2015 (192,495,476 shares)	**520,376**	**1,217,861**	**962,515**	**144,527**	**–234**	**–1,416**	**2,843,629**	**570**	**2,844,199**

Notes to the Consolidated Financial Statements

1. Reporting principles

1.1 Basis of presentation

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

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

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

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

The Executive Board of GEA Group Aktiengesellschaft prepared these consolidated financial statements on February 26, 2016.

1.2 Accounting pronouncements applied for the first time

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

Improvements to IFRSs 2011-2013 Cycle – amendments under the IASB's annual improvements project – published by the IASB in December 2013

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

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

1.3 Accounting pronouncements not yet applied

The accounting standards and interpretations, as well as amendments to existing standards and interpretations presented below, were issued but not yet required to be applied to the preparation of the IFRS consolidated financial statements as of December 31, 2015.

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

GEA Group is currently examining the effects of the revised accounting standards on the consolidated financial statements and will determine the date of initial application.

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

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

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

Classification and measurement of financial assets

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

Depending on the business model in which they are held, changes in financial assets belonging to the fair value category must be recognized in profit or loss, or in other comprehensive income. There is an optional right to measure certain equity instruments at fair value through other comprehensive income; in this case, dividend income from these assets is recognized in profit or loss.

Accounting for financial liabilities

With regard to accounting for financial liabilities, the most important change relates to the presentation of changes in value of financial liabilities measured at fair value. Depending on the business model in which they are held, changes in financial assets belonging to the fair value category must be recognized in profit or loss, or in other comprehensive income.

Hedge accounting

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

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

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

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

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

New impairment model

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

Transition requirements

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

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

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

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

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

The new standard aims to improve the comparability between financial statements of entities that engage in rate-regulated sales activities. IFRS 14 permits a first-time adopter of IFRSs to continue to present rate-regulated sales activities in accordance with its previous GAAP accounting policies applied on transition to IFRSs. However, effects from the capitalization or deferral of economic advantages must then be reported separately. As the IASB is currently carrying out a project on accounting for rate-regulated activities, IFRS 14 represents an interim solution. Subject to endorsement by the EU, IFRS 14 must be applied by first-time adopters of IFRSs from January 1, 2016; earlier application is permitted. The new requirements do not affect the consolidated financial statements, since application of IFRS 14 is mandatory only for first-time adopters of IFRSs.

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

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

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

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

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

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

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

In September 2015, the IASB issued an amendment to IFRS 15 deferring the timing of initial application. Subject to endorsement by the EU, IFRS 15 must, therefore, be applied for fiscal years beginning on or after January 1, 2018. Earlier application of the requirements is permitted. Initial application is retrospective, with certain practical expedients permitted under IFRS 15.

IFRS 16 “Leases” – issued by the IASB in January 2016

The new lease accounting standard has introduced a single lessee accounting model in which all leases and the associated contractual rights and obligations are recorded on the balance sheet. This has eliminated the classification of leases as either operating leases or finance leases for a lessee, as so far required under IAS 17.

For every lease agreement, a liability corresponding to future lease payments must be recognized by the lessee, and a right-of-use asset capitalized at the present value of future lease payments, plus directly attributable costs. The lease payments include fixed payments, variable payments as long as these are index-based, expected payments based on residual value guarantees, and, where applicable, the exercise price of purchase options and penalties for the premature termination of lease agreements. During the term of the lease agreement, the lease liability is amortized using financial valuation methods in a similar way to that stipulated in the IAS 17 regulations governing finance leases. The right-of-use asset, however, is depreciated, resulting in higher expenditure at the beginning of the term of a lease agreement compared with the previous regulations. Accounting for short-term leases and leased assets of low value is simplified.

For lessors, on the other hand, the regulations of the new standard resemble those of the previous standard IAS 17. Leases continue to be classified either as finance or operating leases. Leases which essentially transfer all risks and rewards associated with ownership of the asset are classified as finance leases, while all other leases are classified as operating leases. The IAS 17 criteria have been adopted by IFRS 16 for classification purposes.

In addition, IFRS 16 contains a series of additional regulations regarding reporting and disclosures in the notes, as well as sale and leaseback transactions.

The new release replaces the currently valid rules of IAS 17 “Leases” and the associated interpretations in IFRIC 4 “Determining whether an Arrangement contains a Lease, SIC 15 Operating Leases – Incentives”, and SIC 27 “Evaluating the Substance of Transactions Involving the Legal Form of a Lease”.

GEA Group is currently analyzing the implications of the new regulations, its current assumption being that the new provisions will result in an increase in total assets and liabilities, as well as higher EBITDA.

Subject to endorsement by the EU, these new regulations must be applied for fiscal years beginning on or after January 1, 2019. Earlier application is permitted, as long as IFRS 15 is also applied.

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

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

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

In December 2015, the IASB issued an amendment to IFRS 15 deferring the timing of initial application. The reason for the postponement is that the IASB wants to take another look at certain transactions in the context of a research project on the equity method of accounting. Notwithstanding this deferral, early application of the amendments will be permitted once they have been endorsed by the EU, which is still outstanding.

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

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

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

The amendments will be required to be applied for the first time in fiscal years beginning on or after January 1, 2016; earlier application is permitted.

Amendments to IAS 7 "Statement of Cash Flows" – issued by the IASB in January 2016

As part of its Disclosure Initiative, the International Accounting Standards Board (IASB) has published its amendments to IAS 7 "Statement of Cash Flows".

These require a company to disclose changes to such financial liabilities, the inflows and outflows of which appear in the cash flow statement under cash flow from financing activities. The associated financial assets must also be included in the disclosures (e.g. financial assets from hedging transactions). In particular, cash-effective changes, changes resulting from the purchase or sale of companies, exchange-rate related changes, and changes in the fair value of assets must be reported. The proposed format for the corresponding disclosures is a reconciliation between the opening and closing balances.

GEA Group does not expect the implementation of the amendments to IAS 7 to materially affect its financial reporting.

Subject to their endorsement by the EU, the amendments will be required to be applied for the first time in fiscal years beginning on or after January 1, 2017; earlier application is permitted. No comparative figures from the previous year have to be provided in the year when the regulations are first applied.

Amendments to IAS 12 "Income Taxes" – Recognition of Deferred Tax Assets for Unrealized Losses – issued by the IASB in January 2016

The amendments made to IAS 12 serve to clarify that write-downs to a lower market value of debt instruments measured at fair value resulting from a change in the market interest rate can give rise to deductible temporary differences. This expressly also applies to cases where the loss is not realized and in future, if held to maturity, will be reversed, as the debt instrument is amortized at the notional value. It does not matter whether or not the owner expects to hold the debt instrument until maturity, thereby realizing its full notional value.

In this context, it is also clarified that all deductible temporary differences must be assessed as a whole to establish whether sufficient taxable income can be generated in future in order to be able to use and recognize them. An independent assessment may only be made if and to the extent that the tax legislation distinguishes between different types of taxable profits. In addition, IAS 12 has added new rules and examples regarding the assessment of future taxable income for the accounting of deferred tax assets.

GEA Group does not expect the implementation of the amendments to IAS 12 to materially affect its financial reporting.

Subject to their endorsement by the EU, the amendments will be required to be applied retrospectively for fiscal years beginning on or after January 1, 2017; earlier application is permitted. When the amendments are initially applied, the individual equity components affected by the change will not be required to be adjusted in the opening balance of the earliest period shown. If this simplification is used, all changes in equity can be recorded in the revenue reserves instead.

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

The amendments concern requirements relating to contributions from employees or third parties that are linked to service and clarify the corresponding requirements for attributing such contributions to periods of service. In addition, the accounting for contributions that are independent of the number of years of service has been simplified.

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

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

Improvements to IFRSs 2010-2012 Cycle – amendments under the IASB's annual improvements project – published by the IASB in December 2013

The improvements result from the IASB's annual improvements process, which is designed to make minor amendments to standards and interpretations. They comprise minor amendments to a total of seven standards.

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

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

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

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

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

The improvements are required to be applied for fiscal years beginning on or after January 1, 2016, whereby initial application will be mainly prospective; earlier application is permitted.

2. Accounting policies

2.1 Description of accounting policies

Basis of consolidation

GEA Group's consolidated financial statements include all significant companies that GEA Group directly or indirectly holds the majority of voting rights or otherwise directly or indirectly controls by holding, for example based on contractual arrangements. Control exists when GEA Group is exposed, or has rights, to variable returns from involvement with the investee on the one hand, and has the ability to affect those returns through its power over the investee on the other. Subsidiaries are consolidated from the date on which the group obtains control over them. They are deconsolidated from the date on which control is lost.

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

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

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

If consolidated subsidiaries have a different reporting date to the parent, they are included on the basis of interim financial statements as of December 31, 2015.

The consolidated group changed as follows in fiscal year 2015:

Number of companies	2015	2014
Consolidated group as of January 1	**216**	**287**
German companies (including GEA Group AG)	35	49
Foreign companies	181	238
Initial consolidation	11	3
Merger	–3	–5
Liquidation	–1	–3
Sale	0	–65
Deconsolidation	–1	–1
Consolidated group as of December 31	**222**	**216**
German companies (including GEA Group AG)	36	35
Foreign companies	186	181

A total of 46 subsidiaries (previous year: 51) 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 0.3 percent (previous year: 0.2 percent) of the group's aggregate consolidated revenue, while their earnings account for –0.2 percent (previous year: 1.1 percent) of recognized earnings before tax of the complete group, and their equity accounts for 0.8 percent (previous year: 1.0 percent) of consolidated equity. The subsidiaries are measured at cost and recognized as non-current other financial assets, as their fair value cannot be determined with sufficient certainty.

A complete list of all subsidiaries, associates, and joint ventures can be found in section 12.4.

Changes in ownership interest

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

Investments in associates and joint ventures

Entities over which a group company can exercise significant influence, i.e. it can participate in the investee's financial and operating policy decisions, are accounted for as associates. This generally relates to companies in which GEA Group directly or indirectly holds 20 to 50 percent of the voting rights.

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

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

The group's share of the profit or loss of equity-accounted investments is recognized and presented separately in the income statement. The group's share of income and expenses recognized outside profit or loss is reported directly in other comprehensive income. If the group's share of an associate's or joint venture's loss exceeds the carrying amount of the net investment in the associate or joint venture, no further losses are recognized.

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

Joint operations

Joint operations are joint arrangements whereby the parties involved have joint control over the arrangement and rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control exists when decisions about the relevant activities of the joint arrangement require the unanimous consent of GEA Group and the other parties that collectively control the arrangement.

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

Currency translation

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

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

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

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

Property, plant and equipment

Items of property, plant and equipment are carried 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. Fair value is primarily determined on the basis of the current local market price for used machinery or commercial real estate. If the carrying amount exceeds the recoverable amount, an impairment loss is recognized.

To assess impairment, assets are grouped at the lowest level for which separate cash flows can be identified. If the reason for the impairment subsequently ceases to apply, the impairment loss is reversed up to a maximum of historical cost, net of accumulated depreciation.

Leases

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

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

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

Investment property

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

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

Goodwill

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

Goodwill is tested for impairment at segment level at least once a year at the end of the fiscal year, and if any of the cash-generating units with goodwill are showing signs of impairment. Operating segments in the form of the Business Areas were identified as cash-generating units with goodwill. For the purpose of impairment testing, the recoverable amount of a Business Area is compared with its carrying amount including the goodwill. The recoverable amount corresponds to the higher of internal value in use and fair value less costs to sell. Fair value less costs to sell is the measure for the impairment of business units classified as "held for sale." If the carrying amount of the Business Area's assets exceeds the recoverable amount, an impairment loss in the amount of the difference is recognized in profit or loss.

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

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

Other intangible assets

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

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

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

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

Other financial assets

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

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

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

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

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

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

Financial assets are recognized as soon as GEA Group has received a cash payment or it has the right to receive cash flows. In the case of regular way purchases of non-derivative 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 non-derivative financial assets, the settlement date is taken to be the date of derecognition, in line with the principle used for recognition.

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

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

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

Recognized hedging relationships (hedge accounting)

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

In the case of an effective hedge of the risk of a change in fair value, the change in the fair value of both the derivative and the hedged item is recognized in the income statement. Changes in fair value offset each other in a perfect hedge. GEA Group does not currently apply hedge accounting for fair value hedges.

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 interest rate risk. Especially with regard to currency translation 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.

Deferred taxes

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

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

Inventories

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

Trade receivables

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

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

Construction contracts

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

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

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

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

Cash and cash equivalents

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

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

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

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

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

Subscribed capital

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

Obligations under pension plans

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

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

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

Other employee benefit obligations

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

Also reported under other employee benefit obligations are liabilities in respect of severance payments and redundancy plans resulting from, among other things, obligations in connection with restructuring provisions.

Provisions

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

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

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

Financial liabilities

Financial liabilities comprise bonds, bank loans, and liabilities under finance leases. Initial recognition is at fair value, less transaction costs incurred. 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

Trade receivables that are sold to financial services companies under factoring agreements are derecognized once substantially all the risks and rewards have been transferred to the financial services company. 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 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. Contract costs include direct costs plus materials and construction overheads, depreciation, production-related administrative costs, and such other costs that are specifically chargeable to the customer under the terms of the contract. Where a construction contract is performed over a long period and where the contract is largely financed by GEA Group, contract costs also include directly attributable borrowing costs. Conversely, income from the investment of advance payments received is offset against contract costs where this has a material influence on the contract margin. Adjustments are made for variations in contract work, claims, and incentive payments insofar as these will probably result in revenue that is capable of being reliably estimated.

In line with the percentage of completion method, construction contracts are measured as the contract costs incurred as of the reporting date plus the profit attributable to the proportion of work completed. Revenue recognized is reported under trade payables, less progress billings. If the outcome of a construction contract cannot be reliably estimated, the probable recoverable revenue is recognized up to the amount of the costs incurred. Contract costs are recognized as an expense in the period in which they are incurred. If it is foreseeable that the total contract costs will exceed the contract revenue, the expected loss is recognized immediately as an expense.

Interest income is recognized ratably over the remaining maturity based on the effective interest rate and the amount of the remaining receivable. Dividend income on equity instruments is recognized if the right to receive payment is based on legally assertable claims.

Revenue from royalties is recognized in the period in which it arises in accordance with the underlying contracts.

Share-based payment

GEA Group has a share-based payment program under which selected managers are granted performance shares. The fair value of these rights is calculated at the grant date and allocated as an expense over the vesting period using the straight-line method; a corresponding provision is recognized. The provision is remeasured at each reporting date and at the payment date. Furthermore, in fiscal years 2010 and 2011, part of the bonuses earned by Executive Board members was converted into phantom shares. The entitlement from phantom shares is measured at the current share price at the reporting date. In fiscal year 2012, a long-term share price component was introduced as part of the revision of the variable remuneration system for Executive Board members. Payment from this remuneration component is dependent on the performance of GEA shares compared with a benchmark index. The entitlement from the long-term share price component is measured at fair value at the reporting date. Changes in the fair value of the provision for share-based payment programs are recognized as interest expense or income (see section 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.

Basis of consolidation

Management judgment was applied in defining the basis of consolidation (see section 2.1), particularly with regard to assessing which subsidiaries to exclude from the consolidated financial statements on the basis of materiality.

Acquisitions

Goodwill is reported in the balance sheet as a result of acquisitions. When an acquired company is initially consolidated, all its identifiable assets, liabilities, and contingent liabilities are recognized at their acquisition-date fair value. A basic problem is estimating these fair values. As a rule, land and buildings are measured on the basis of independent appraisals. If intangible assets are identified, their fair values are calculated using an appropriate measurement method. These measurements are made on the basis of assumptions by management with respect to the future value of the relevant assets and the discount rate. Obligations for contingent consideration are recognized on the basis of the current planning.

Goodwill

The group tests goodwill for impairment annually. The recoverable amounts calculated for this purpose for segments classified as continuing operations are determined based on value in use. Value in use is calculated using assumptions by management. This also applies to the calculation performed in the fiscal year of the re-allocation of goodwill attributable to the former GEA Refrigeration Technologies segment to the two Business Areas, Solutions and Equipment on the basis of the relative values (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 8.8).

Restructuring provisions
Restructuring provisions are recognized as soon as there is a constructive obligation to carry out restructuring measures, from having informed the parties affected about the restructuring plan. In assessing whether the criteria for recognition have been met, the management must make certain assumptions as to whether the announcement has given rise to justified expectations among the parties affected that the company will carry out the restructuring, and whether major changes to the restructuring plan are anticipated.

In order to determine the amount of the restructuring provisions, management must, above all, estimate the amount of the expected severance payments. To this end, the management needs to make assumptions with regard to the wage structure and length of service of the employees affected by the cuts, as well as to the manner in which the downsizing program is to be implemented (e.g. voluntary schemes, partial retirement, redundancy packages).

Measurement of assets held for sale, liabilities associated with assets held for sale, and classification of operations as discontinued
Assets and disposal groups classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Assumptions by management are taken into account when determining fair value less costs to sell. The classification as held for sale or the classification of activities as attributable to discontinued operations also require estimates by management. These estimates relate in particular to the question of whether the carrying amount of a non-current asset or a disposal group will be recovered principally through a sale transaction rather than through continuing use, and whether the criteria set out under IFRS 5 have been met overall.

Provisions and contingent liabilities
Changes in estimates of the probability of a present obligation or of an outflow of resources embodying economic benefits could mean that items previously classified as contingent liabilities must be reported as provisions, or that the amount of provisions must be adjusted (see section 6.2). This also applies in particular to environmental obligations.

Obligations under pension plans
The present value of pension obligations depends on actuarial assumptions. These assumptions comprise discount rates, expected wage and salary increases, as well as the pension increase rate and mortality rates. These assumptions could differ significantly from actual future outcomes as a result of changes in market and economic conditions, and could therefore have a material effect on the level of the obligation and the related expenses.

The discount rate used to measure the net carrying amount is calculated at the end of each year. This is the rate used to calculate the present value of future cash outflows expected to be required to settle the obligation. In order to calculate the discount rate, the group uses the interest rate on high-quality corporate bonds denominated in the same currency in which the benefits are paid and whose terms to maturity correspond to those of the pension obligations.

Other significant assumptions relating to pension obligations are partly based on market conditions (see section 6.3.1).

Construction contracts
The recognition of construction contracts using the percentage of completion method is based on management's estimates of the cost of such contracts. Changes in estimates or differences between the estimated cost and the actual cost have a direct effect on recognized earnings from construction contracts. The operating units continuously review the estimates and adjust them if required.

Litigation
In some cases, GEA Group companies are parties to litigation. The outcome of this litigation could have a material effect on the group's net assets, financial position, and results of operations. Management regularly analyzes current information on these legal disputes and recognizes provisions for probable obligations, including estimated legal costs. Both internal counsel and external lawyers are used to make this assessment. When deciding on the need to recognize provisions, management takes into account the probability of an unfavorable outcome and its ability to estimate the amount of the obligation with sufficient reliability. The filing of a suit or the formal assertion of a claim against a GEA Group company does not necessarily mean that a provision must be recognized for the related risk (see section 8.4).

3. Financial risk management

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

Because it operates worldwide, GEA Group is exposed to currency, interest rate, commodity price, credit, and liquidity risk in the course of its ordinary activities. Financial risk management aims to reduce this risk through the appropriate use of derivative and non-derivative hedging instruments.

Currency risk

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

The group guideline requires all group companies to hedge foreign currency items as they arise in order to fix prices on the basis of hedging rates. Currency risks are hedged for recognized hedged items, unrecognized firm commitments, and highly probable transactions. The hedging periods are determined by the maturity of the hedged items and are usually up to 12 months, but in exceptional cases may exceed that period significantly. Despite the hedging requirement, changes in exchange rates may affect sales opportunities outside the eurozone.

Group companies based in the eurozone are obliged to tender to GEA's central Treasury and Corporate 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 Treasury and Corporate Finance unit.

Interest rate risk

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

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

Cross-currency swaps were used in connection with the financing of acquisitions in Canada and the UK. They are recognized at fair value. However, they are not included in any documented hedging relationship with intragroup hedged items. The earnings effects arising from changes to currency parities that have occurred since the beginning of the cross-currency swaps, and the earnings effects due to the related intragroup receivables, do not match due to different calculation bases (forward rate relative to spot rate). The difference in value amounted to EUR –6,449 thousand in fiscal year 2015 (previous year: EUR –270 thousand).

Commodity price risk

GEA Group requires various metals such as aluminum, copper, and steel, whose purchase prices can be subject to substantial fluctuations depending on the market situation. Long-term supply agreements have been entered into with various suppliers in order to hedge commodity price risk.

Credit risk

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

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

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

So as to reduce the credit risk involved, derivative financial instruments are only entered into with reputable financial institutions.

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

Liquidity risk

GEA Group is exposed to liquidity risk in that it may be unable to meet payment obligations because it has insufficient cash funds at its disposal. GEA Group is responsible for managing this risk. Cash funds are arranged and credit lines managed on the basis of a multi-year financial plan and a rolling month-by-month cash forecast. The funds are then made available to the companies by group management. Cash flow from operating activities is the most important source of liquidity. Cash pools have been established in 13 countries in order to optimize borrowing and the use of cash funds within GEA Group. To achieve this, the cash pools automatically balance the accounts of the participating group companies every day by crediting or debiting a target account at GEA Group Aktiengesellschaft. This prevents separate cash investments and borrowings by these companies to a large extent. Any additional liquidity requirements are generally borrowed by the GEA Group Aktiengesellschaft, which also invests surplus liquidity.

The following tables show the undiscounted contractually agreed interest and principal payments for financial liabilities, including derivative financial instruments with negative fair values:

		Cash flows					
(EUR thousand)	Carrying amount	< 1 year	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years
2015							
Trade payables	610,315	609,487	828	–	–	–	–
Borrower's note loan	90,595	2,453	92,453	–	–	–	–
Bonds	282,666	286,415	–	–	–	–	–
Liabilities to banks	55,869	5,870	50,171	101	32	5	–
Liabilities under finance leases	33,809	3,930	3,906	4,023	3,906	3,906	48,057
Liabilities to investees	202	202	–	–	–	–	–
Currency derivatives not included in a recognized hedging relationship	8,357	284,541	10,268	1,194	–	–	–
Currency derivatives included in a cash flow hedge	–	–	–	–	–	–	–
Interest rate and cross-currency derivatives not included in a recognized hedging relationship	3,950	7,864	25,959	4,042	–	–	–
Interest rate and cross-currency derivatives included in a cash flow hedge	2,296	1,256	1,042	–	–	–	–
Other financial liabilities	139,221	82,045	45,798	15,838	7,372	5,811	
2014							
Trade payables	639,719	638,994	725	–	–	–	–
Borrower's note loan	90,541	2,453	2,453	92,453	–	–	–
Bonds	282,202	11,676	286,415	–	–	–	–
Liabilities to banks	156,377	107,857	1,783	51,030	70	–	–
Liabilities under finance leases	34,929	3,997	3,946	4,165	3,906	3,906	51,963
Liabilities to investees	1,129	1,129	–	–	–	–	–
Currency derivatives not included in a recognized hedging relationship	4,945	213,486	5,668	–	–	–	–
Currency derivatives included in a cash flow hedge	9,695	230,499	6,682	343	–	–	–
Interest rate and cross-currency derivatives not included in a recognized hedging relationship	6,500	8,222	7,837	27,328	3,809	–	–
Interest rate and cross-currency derivatives included in a cash flow hedge	3,228	1,238	1,242	926	–	–	–
Other financial liabilities	160,086	118,928	86,480	12,989	14,765	10,378	4,254

All financial liabilities outstanding as of December 31, 2015, are included in the above table on the basis of expected contractual cash flows. Projected figures for future new liabilities are not taken into account. Foreign currency amounts are translated at the closing rates. In the case of financial liabilities that can be repaid at any time, it is assumed that they will be repaid within one year.

Payments for derivative financial instruments totaling EUR 336,165 thousand (previous year: EUR 507,280 thousand) were partially offset by payments received from these instruments of EUR 320,373 thousand (previous year: EUR 480,377 thousand).

As of December 31, 2015, the group held cash credit lines of EUR 1,199,350 thousand (previous year: EUR 1,305,421 thousand), EUR 429,130 thousand of which has been utilized (previous year: EUR 529,106 thousand). The cash credit lines are composed of the following items:

(EUR thousand)	Maturity	12/31/2015 approved	12/31/2015 utilized	12/31/2014 approved	12/31/2014 utilized
GEA Bond	April 2016	274,739	274,739	274,739	274,739
European Investment Bank	July 2017	50,000	50,000	150,000	150,000
Borrower's note loan	September 2017	90,000	90,000	90,000	90,000
Syndicated credit line ("Club Deal")	August 2020	650,000	–	650,000	–
Various (bilateral) credit lines including accurred interests	Maximum of 1 year or "until further notice"	134,611	14,391	140,682	14,367
Total		**1,199,350**	**429,130**	**1,305,421**	**529,106**

The loan from the European Investment Bank (EIB) was repaid early on January 14, 2015 with a partial amount of EUR 100,000 thousand.

In August 2015, in order to ensure long-term group financing, GEA Group Aktiengesellschaft prematurely prolonged up to August 2020 the syndicated credit line in the form of a club deal amounting to EUR 650,000 thousand, and updated the conditions and the relevant documentation. The loan features two 12-month prolongation options, potentially extending the deal up to 2022.

As of December 31, 2015, guarantee lines for the performance of contracts, advance payments, and warranty obligations of EUR 1,463,367 thousand were available to the group as a whole (previous year: EUR 1,732,338 thousand), EUR 481,442 thousand of which has been utilized (previous year: EUR 462,077 thousand). The guarantees are generally payable at first demand. As is generally customary for this type of order collateral and financing instrument, guarantees have only been drawn on by GEA Group in extremely rare exceptional cases in recent years.

As of December 31, 2015, EUR 26,275 thousand (previous year: 34,151 thousand) of bank guarantees under GEA Group Aktiengesellschaft credit lines were granted to customers of the GEA HX Segment (HX), which was sold as of October 31, 2014, to collateralize the segment's contractual obligations. The purchaser of the GEA HX segment has granted bank guarantees of EUR 14,865 thousand (previous year: 17,954 thousand) in favor of GEA Group Aktiengesellschaft to cover the unlikely event of default.

In addition, GEA Group Aktiengesellschaft has issued group guarantees of EUR 63,646 thousand (previous year: EUR 108,045 thousand) to collateralize the GEA HX segment's contractual obligations. To hedge the risk of claims being made under the guarantees, GEA Group Aktiengesellschaft has received bank guarantees from the purchaser of the GEA HX segment in the amount of EUR 19,094 thousand (previous year: EUR 32,413 thousand).

As of the year-end, EUR 84 thousand (previous year: EUR 84 thousand) of bank guarantees under GEA Group Aktiengesellschaft credit lines and EUR 99,369 thousand (previous year: EUR 99,733 thousand) of group guarantees were granted to Lurgi AG's customers to collateralize that company's contractual obligations in the unlikely event of default. The purchaser of the Lurgi Group has granted bank guarantees that cover the amount for which GEA Group Aktiengesellschaft is liable under the bank guarantees issued. EUR 2,830 thousand (previous year: EUR 2,830 thousand) of bank guarantees under GEA Group Aktiengesellschaft credit lines were granted for Lentjes GmbH. Group guarantees granted to Lentjes GmbH to collateralize that company's contractual obligations to its customers were fully derecognized in 2015 (previous year: EUR 71,764 thousand).

Future payments from operating leases are reported separately under other financial obligations (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. As a general principle, foreign currency risks must be hedged using appropriate financial instruments so that fluctuations arising from the hedged item (underlying) and the hedging transaction are neutralized over their duration.

The foreign currency risk presented in the sensitivity analysis results from the following transactions:

- From currency derivatives used to hedge previously unrecognized hedged items, i.e. for contractually agreed or expected transactions.
  If the hedge has been effected for economic reasons and is not included in a documented hedging relationship, a corresponding currency risk exposure will have a direct effect on earnings. Where interest rate derivatives are included in a hedging relationship in the form of cash flow hedges, they are subject to equity-related interest rate risk. No interest rate derivatives were designated as cash flow hedges as of December 31, 2015.
- From 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.
- From unhedged foreign currency transactions:
  The translation of foreign currency receivables or liabilities at the closing rate has a direct effect on earnings.

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

(EUR thousand)		Nominal amount	Profit/loss for the year		Equity	
Base currency	Foreign currency		2015		2015	
			+ 10%	- 10%	+ 10%	- 10%
EUR	USD	597,664	5,209	–6,366	–	–
EUR	GBP	94,278	–1,280	1,565	–	–
EUR	NZD	59,984	–1,079	1,319	–	–
EUR	CNY	40,622	384	–470	–	–
EUR	ZAR	27,681	2,155	–2,634	–	–
EUR	CAD	23,887	2,240	–2,738	–	–

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

The nominal amount relates to all contractually agreed foreign currency cash flows as of the reporting date, which are translated into euros at the closing rate.

The potential fluctuations in the profit or loss for the year result primarily from derivatives that are not included in a designated hedging relationship, but are used to avoid currency risk as part of the general hedging strategy.

Interest rate sensitivity analysis

The interest rate sensitivity analysis presents the effects of changes in market interest rates on interest income and expenses, and equity. The sensitivity analyses are based on the following assumptions:

- Nonderivative fixed-rate financial instruments are only subject to on-balance-sheet interest rate risk if they are measured at fair value. GEA Group measures such financial instruments at amortized cost.
- Nonderivative variable-rate financial instruments whose interest payments are not included as hedged items in a hedging relationship that is recognized as a cash flow hedge are subject to interest rate risk in the income statement.
- Interest rate derivatives included in a hedging relationship that is recognized as a cash flow hedge are subject to equity-related interest rate risk in the amount of the effective portion of the hedging relationship.
- Interest rate derivatives not included in a hedging relationship that is recognized as a cash flow hedge are subject to interest rate risk in the income statement.
- Currency derivatives are not subject to material interest rate risk and therefore have no effect on interest rate sensitivity.

The sensitivity analysis assumes a linear shift in the yield curves for all currencies of +100 or –10 basis points as of the reporting date. Relatively speaking, there is less of a downward shift in the yield curve shift assumed for the sensitivity analysis than an upward shift. The low, near 0 percent interest rate level avoids a shift to a significant negative interest rate. This results in the following effects for the simulated scenarios:

	12/31/2015		12/31/2014	
(EUR thousand)	+ 100 basis points	- 10 basis points	+ 100 basis points	- 10 basis points
Interest rate risk recognized in equity	766	–78	1,189	–72
Interest rate risk recognized in profit or loss	824	–83	1,127	–73

The calculation is based on a net volume of EUR 121,469 thousand (previous year: EUR 128,640 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 group's financial management encompasses liquidity management, group financing, and the management of interest rate and exchange rate risks. As the group management company, GEA Group Aktiengesellschaft is responsible for GEA's central financial management, which aims to reduce financing costs as far as possible, to optimize interest rates for financial investments, to minimize counterparty credit risk, to leverage economies of scale, to hedge interest rate and exchange rate risk exposures as effectively as possible, and to ensure that loan covenants are complied with. The goal of GEA's financing strategy is not only to be able to meet its payment obligations whenever they fall due, but also to ensure that sufficient cash reserves are always available in the form of credit lines, in addition to maintaining a strategic cash position. The centralized liquidity portfolio is managed mainly for capital preservation and risk reduction by diversifying the cash investments.

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

(EUR thousand)	12/31/2015	12/31/2014
Liabilities to banks	–55,869	–156,377
Borrower's note loan	–90,595	–90,541
Bonds	–282,666	–282,202
Cash and cash equivalents	1,174,150	1,195,858
Current securities	37,000	37,036
Fixed deposits with a remaining period ≤ 1 year	200,000	199,961
Net liquidity (+)/Net debt (-)	**982,020**	**903,735**
Equity	**2,844,199**	**2,527,207**
Equity ratio	**46.5%**	**43.3%**
Gearing	–34.5%	–35.8%

The Company further increased its net liquidity by EUR 78,285 thousand to EUR 982,020 thousand as of December 31, 2015.

Two international rating agencies, Moody's and Fitch, again rated GEA Group Aktiengesellschaft's ability to meet its financial obligations. The ratings for GEA Group are as follows:

	2015		2014	
Agency	Rating	Outlook	Rating	Outlook
Moody's	Baa2	stable	Baa2	stable
Fitch	BBB	stable	BBB	stable

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

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

GEA Heat Exchangers segment

In fiscal year 2014, the sale of the former GEA Heat Exchangers segment to funds advised by Triton was completed with effect from October 31, 2014 (closing). GEA HX has one of the largest heat exchanger portfolios in the world and provides products and systems for numerous applications and areas of use, ranging from air conditioning systems to cooling towers. There is however only a limited potential for synergies between GEA HX and the other segments in GEA Group's portfolio due to the differing business profiles.

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

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

The earnings from the sale recognized in the figures for fiscal year 2014 were as follows:

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

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

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

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

The results of the discontinued operation GEA HX were as follows in the previous year:

(EUR thousand)	01/01/2014 - 12/31/2014
Sales	1,172,961
Other revenue	32,173
Expenses	1,106,724
Profit or loss from operating activities before tax from discontinued operations	**98,410**
Income taxes	23,778
Profit or loss from operating activities after tax from discontinued operations	**74,632**
Profit or loss from valuation adjustment/disposal	40,572
Income taxes	1,234
Profit or loss from valuation adjustment/disposal after tax	**41,806**
Profit or loss after tax from discontinued operations	**32,826**
thereof attributable to shareholders of GEA Group AG	32,678
thereof attributable to non-controlling interests	148

In fiscal year 2015, the discontinued operation GEA HX incurred losses of EUR 1,011 thousand after tax. This was primarily due to the development of the remaining risks at GEA following the sale. Tax income attributable to this discontinued operation amounted to EUR 115 thousand.

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

Assets held for sale are reported at a carrying amount of EUR 8,121 thousand as of December 31, 2015 (previous year: EUR 5,585 thousand). These are two held-for-sale investment properties, one in Canada (EUR 2,938 thousand) and one in Germany (EUR 2,602 thousand). These assets will be disposed of since they have no further use.

Discontinued operations comprise the remaining risks from the sale of plant engineering activities sold in previous years, notably Lurgi and Lentjes, and the continued process of winding-up past discontinued operations, including individual legal disputes arising from them.

Profit from other discontinued operations amounted to EUR 156.8 million in fiscal year 2015 against expenses of EUR 18.0 million. The pre-tax profit from other discontinued operations thus amounted to EUR 138.8 million. This figure includes inflows from the settlement of legal disputes in connection with the former business activities of mg technologies ag in the amount of EUR 148.4 million. The contingent asset from the failed spin-off of former business activities in 2004 has thus been eliminated.

All told, profit after tax from these other discontinued operations of EUR 98,628 thousand (previous year: EUR 1,786 thousand) had an impact on consolidated profit. This profit will be allocated in full to the shareholders of the GEA Group AG. Tax expenditure attributable to these other discontinued operations amounted to EUR 40,161 thousand. In the previous year, tax income amounted to EUR 2,992 thousand.

5. Acquisitions

5.1 Companies acquired

GEA Group acquired the following companies in the course of fiscal year 2015:

Business	Head office	Acquisition Date	Percentage of voting interest (%)	Consideration transferred (EUR thousand)
de Klokslag	Bolsward/Netherlands	January 2, 2015	100.0	29,713
Comas	Torrebelvicino/Italy	June 19, 2015	100.0	103,355
CMT	Peveragno/Italy	June 19, 2015	100.0	19,950
Hilge	Bodenheim/Germany	September 30, 2015	94.0	23,113

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

The de Klokslag group is a leading European manufacturer of large-scale equipment for semi-hard cheese production and has been allocated to the Business Area Solutions. As a result of this acquisition, GEA is now a full solution provider in this growing segment of the dairy industry.

The transaction costs associated with the acquisition amount to EUR 428 thousand, of which EUR 28 thousand was incurred in the reporting period and EUR 400 thousand in the previous year.

On June 19, 2015, GEA completed the purchase of shares in the Italian group Comas, acquiring all shares of the group's holding company, Finsamoc S.p.A. Comas is a leading manufacturer of machinery and equipment for sophisticated decorated cake and pastry making processes. As an established player in this segment, the Comas group will form the bakery application center in GEA's Solutions Business Area, allowing GEA to extend its leading position in the field of sophisticated process technologies for the food industry.

The transaction costs associated with the acquisition amounted to EUR 1,450 thousand, and were incurred in their entirety in the current fiscal year.

GEA also acquired CMT S.p.A. (CMT) on June 19, 2015, a leading supplier of equipment and integrated production lines for pasta filata cheese. The company's customer base is primarily located in the EU. The company, which has been assigned to the Business Area Solutions, also has a portfolio of major reference projects in North and South America. This acquisition enhances GEA's position in the growth area of cheese processing.

The transaction costs associated with the acquisition amounted to EUR 194 thousand, and were incurred in their entirety in the current fiscal year.

On September 30, 2015, following approval by the relevant antitrust authorities, GEA completed the purchase of Hilge GmbH & Co. KG (Hilge), which is headquartered in Bodenheim, Germany. The transaction was effected by means of a share deal in combination with the acquisition of various stand-alone inventory assets. The acquisition has enabled GEA to expand its portfolio in the field of heavy-duty hygienic pumps and reinforce its position as a provider of system solutions for use in hygienic and aseptic process environments in the Business Area Equipment..

The transaction costs associated with the acquisition amount to EUR 385 thousand, of which EUR 105 thousand was incurred in the previous year.

Transaction costs associated with company acquisitions are reported in other expenses.

5.2 Consideration transferred

The consideration transferred is composed as follows:

Business (EUR thousand)	Cash	Contingent consideration	**Total**
de Klokslag	26,713	3,000	**29,713**
Comas	103,355	–	**103,355**
CMT	18,350	1,600	**19,950**
Hilge	23,113	–	**23,113**
Total	**171,531**	**4,600**	**176,131**

The consideration transferred for the shares in de Klokslag of EUR 29,713 thousand includes a contingent purchase consideration, the fair value of which was EUR 3,000 thousand at the acquisition date. The amount of the contingent purchase consideration is dependent on the consolidated earnings before interest and tax of de Klokslag in fiscal years 2015 to 2017, which must exceed a specified minimum amount for payment to be made. Based on the business plans, it is expected that the maximum amount will be payable.

As part of the acquisition of CMT, GEA agreed to pay an additional consideration, the amount which is dependent on CMT's earnings before interest, tax, depreciation, amortization and impairment losses, and reversals of impairment losses, in fiscal years 2016 to 2018; these must exceed a specified minimum amount for payment to be made. Payment is also subject to specific employees remaining with CMT until at least December 31, 2018. The amount of the contingent consideration is between zero and EUR 4,000 thousand; it is payable in installments in the years 2017 to 2019. Based on the corporate planning, the fair value of the contingent consideration was measured at EUR 1,600 thousand as of the acquisition date.

The acquisition of Comas was completed with economic effect as of January 1, 2015. As of that date, the company had net financial assets of EUR 27,908 thousand, which declined by EUR 1,321 thousand in the period up to the closing date primarily due to an increase in working capital.

Due to a purchase price adjustment clause, the actual consideration paid for Hilge of EUR 24,138 thousand was EUR 1,025 thousand less than the amount stated in the report for the third quarter of 2015.

5.3 Assets acquired and liabilities assumed

Allocation of the purchase price for de Klokslag was finalized in the fourth quarter with a few minor adjustments. The allocation of purchase prices for the other company acquisitions completed in fiscal year 2015 is provisional with respect to the identification and measurement of the assets acquired and liabilities assumed. There is particular uncertainty regarding the identification and measurement of intangible assets.

The following assets were acquired and liabilities assumed as a result of the acquisition of the four companies:

Fair value (EUR thousand)	de Klokslag	Comas	CMT	Hilge	**Total**
Property, plant and equipment	947	10,692	628	10,499	**22,766**
Intangible assets	18,980	23,905	5,100	16,370	**64,355**
Other non-current assets	5	–	–	–	**5**
Non-current assets	**19,932**	**34,597**	**5,728**	**26,869**	**87,126**
Inventories	878	5,721	4,042	6,525	**17,166**
Trade receivables	3,183	8,139	2,864	–	**14,186**
Other current assets	4,798	1,371	673	1,220	**8,062**
Cash and cash equivalents	3,824	26,528	1,254	1,771	**33,377**
Current assets	**12,683**	**41,759**	**8,833**	**9,516**	**72,791**
Total assets	**32,615**	**76,356**	**14,561**	**36,385**	**159,917**
Other non-current liabilities	–	1,517	785	20,186	**22,488**
Deferred taxes	4,789	7,012	1,868	2,435	**16,104**
Non-current liabilities	**4,789**	**8,529**	**2,653**	**22,621**	**38,592**
Trade payables	3,103	9,641	2,231	204	**15,179**
Income tax liabilities	394	2,435	515	–	**3,344**
Other current liabilities	1,599	10,404	1,573	2,144	**15,720**
Current liabilities	**5,096**	**22,480**	**4,319**	**2,348**	**34,243**
Total liabilities	**9,885**	**31,009**	**6,972**	**24,969**	**72,835**
Net assets acquired	**22,730**	**45,347**	**7,589**	**11,416**	**87,082**
of which attributable to GEA Group AG	22,730	45,347	7,589	11,416	**87,082**
Acquisition cost	29,713	103,355	19,950	23,113	**176,131**
Goodwill of GEA Group AG	6,983	58,008	12,361	11,697	**89,049**

EUR 5,797 thousand of the debt assumed during the acquisition of Hilge relates to shares of another limited partner in Hilge GmbH & Co. KG that qualify as financial debt under IFRS. The amount of the liability recognized in this respect corresponds to the present value of the guaranteed dividends payable in the future to said limited partner.

Progress made in the preparation of purchase price allocations has given rise to changes to the values reported during the year. Besides minor adjustments to the purchase price allocations drawn up for CMT and Hilge, the following changes to the purchase price allocation of Comas compared with the values presented in the second and third quarterly reports of 2015 materialized. The fair value of Comas' intangible assets was increased by EUR 13.9 million. Also, the value for trade receivables was reduced by EUR 5.0 million and the figure for other current liabilities raised by EUR 4.2 million. These changes were due, in particular, to adjustments to the accounting for long-term construction contracts. All told, taking deferred taxes into account, these adjustments gave rise to an increase in Comas' net assets of EUR 5.0, million. Accordingly, this increase triggered a decrease in goodwill of the same amount. The adjustment to the purchase price allocation has resulted in a fall of EUR 570 thousand in the consolidated profit reported in the income statement for the third quarter of 2015.

The fair value and gross amount of the receivables acquired comprise the following elements:

Trade receivables (EUR thousand)	Gross amount	Contractual cash flows not expected to be collectable	Fair value
de Klokslag	3,401	218	3,183
Comas	8,260	121	8,139
CMT	3,104	240	2,864
Hilge	–	–	–
Total	**14,765**	**579**	**14,186**

The company acquisitions gave rise to goodwill of EUR 89,049 thousand. The acquisition of Hilge gave rise to tax-deductible goodwill of EUR 19,884 thousand. The volume of goodwill is attributable to the strengthening of GEA Group's general competitive position, advantages from expected synergies and future market developments, and the expertise of the workforce.

5.4 Impact on consolidated revenue and consolidated profit

Since their acquisition, the companies purchased in 2015 have contributed to consolidated revenue and consolidated profit after tax as follows:

(EUR thousand)	Sales	Profit for the period
de Klokslag	17,764	–724
Comas	24,938	3,098
CMT	7,441	716
Hilge	7,347	–402

If the companies had been acquired as of January 1, 2015, consolidated revenue in the reporting period would have been EUR 4,656,346 thousand, and the corresponding consolidated profit after tax EUR 366,246 thousand.

5.5 Cash outflows

The acquisitions in the fiscal year gave rise to the following cash outflows:

(EUR thousand)	2015	2014
Consideration transferred	152,156	25,000
less contingent consideration	–4,600	–
Purchase price paid	**147,556**	**25,000**
less cash acquired	–33,377	–
Net cash used in acquisition	**114,179**	**25,000**

An outflow of EUR 119,723 thousand from acquisitions was recognized in the cash flow statement for 2015. Of this amount, EUR 5,544 thousand is attributable to purchase price payments in respect of company acquisitions completed in prior years. An advance payment of EUR 25,000 thousand was made in fiscal year 2014 in respect of the acquisition of de Klokslag. The adjustment to the purchase price of Hilge did not have a cash effect as of the reporting date.

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, 2014					
Cost	501,289	385,850	311,854	38,234	**1,237,227**
Cumulative depreciation and impairment losses	–225,316	–287,683	–233,286	–522	**–746,807**
Carrying amount	**275,973**	**98,167**	**78,568**	**37,712**	**490,420**
Changes in 2014					
Additions	8,897	13,627	22,634	19,819	**64,977**
Disposals	–840	–715	–2,388	–1,289	**–5,232**
Depreciation	–13,559	–20,881	–21,681	–1,016	**–57,137**
Impairment losses	–	–	–	–	**–**
Reversal of impairment losses	–	317	42	–	**359**
Reclassification as held for sale	–	–	–	–	**–**
Acquisitions through business combinations	1,821	–104	503	4	**2,224**
Currency translation	6,529	3,169	1,442	216	**11,356**
Other changes	3,587	16,984	2,358	–31,138	**–8,209**
Carrying amount at Dec. 31, 2014	**282,408**	**110,564**	**81,478**	**24,308**	**498,758**
Jan. 1, 2015					
Cost	520,733	409,148	328,812	27,339	**1,286,032**
Cumulative depreciation and impairment losses	–238,325	–298,584	–247,334	–3,031	**–787,274**
Carrying amount	**282,408**	**110,564**	**81,478**	**24,308**	**498,758**
Changes in 2015					
Additions	4,068	12,859	16,137	19,213	**52,277**
Disposals	–190	–789	–687	–683	**–2,349**
Depreciation	–13,965	–23,227	–21,339	–801	**–59,332**
Impairment losses	–2,669	–22	–7	–	**–2,698**
Reversal of impairment losses	–	40	–	–	**40**
Reclassification as held for sale	–1,367	–	–	–	**–1,367**
Acquisitions through business combinations	16,646	4,350	1,752	18	**22,766**
Currency translation	3,994	2,053	727	63	**6,837**
Other changes	6,017	5,704	439	–19,020	**–6,860**
Carrying amount at Dec. 31, 2015	294,942	111,532	78,500	23,098	**508,072**
Dec. 31, 2015					
Cost	545,260	435,386	344,771	26,688	**1,352,105**
Cumulative depreciation and impairment losses	–250,318	–323,854	–266,271	–3,590	**–844,033**
Carrying amount	**294,942**	**111,532**	**78,500**	**23,098**	**508,072**

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

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

	Useful life in years
Buildings and parts of buildings	2 to 50
Technical equipment and machinery, other equipment	2 to 25
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)	2015	2014
Cost – capitalized leased assets under finance leases	43,893	44,032
Cumulative depreciation and impairment losses	–11,639	–10,259
Carrying amount	**32,254**	**33,773**

EUR 27,150 thousand (previous year: EUR 28,513 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 4,355 thousand as of the reporting date (previous year: EUR 4,359 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, 2014			
Cost	15,851	9,704	**25,555**
Cumulative depreciation and impairment losses	–6,793	–5,314	**–12,107**
Carrying amount	**9,058**	**4,390**	**13,448**
Changes in 2014			
Additions	1,254	–	**1,254**
Disposals	–14	–	**–14**
Depreciation	–	–266	**–266**
Currency translation	23	115	**138**
Reclassification in held for sale	–2,077	–	**–2,077**
Carrying amount at Dec. 31, 2014	**8,244**	**4,239**	**12,483**
Jan. 1, 2015			
Cost	15,037	9,834	**24,871**
Cumulative depreciation and impairment losses	–6,793	–5,595	**–12,388**
Carrying amount	**8,244**	**4,239**	**12,483**
Changes in 2015			
Additions	–	–	**–**
Disposals	–1,006	–192	**–1,198**
Depreciation	–	–582	**–582**
Currency translation	–4	–25	**–29**
Reclassification in held for sale	–541	–2,397	**–2,938**
Carrying amount at Dec. 31, 2015	**6,693**	**1,043**	**7,736**
Dec. 31, 2015			
Cost	13,080	6,707	**19,787**
Cumulative depreciation and impairment losses	–6,387	–5,664	**–12,051**
Carrying amount	**6,693**	**1,043**	**7,736**

The fair value of investment property is EUR 21,325 thousand (previous year: EUR 17,141 thousand). Since these fair values are calculated on the basis of comparable market-based prices that are determined internally, they are categorized within Level 2 of the fair value hierarchy.

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

(EUR thousand)	01/01/2015 - 12/31/2015	01/01/2014 - 12/31/2014
Rental income	2,304	3,048
Operating expenses	1,731	2,325
thereof: properties used to generate rental income	1,731	2,325
Total	**573**	**723**

6.3 Goodwill

The following table provides a breakdown of goodwill by Business Area (the group's operating segments) and changes in goodwill over time:

(EUR thousand)	GEA Food Solutions	GEA Farm Technologies	GEA Mechanical Equipment	GEA Process Engineering	GEA Refrigeration Technologies	BA Equipment	BA Solutions	**Total**
Carrying amount at Dec. 31, 2013	**238,495**	**179,631**	**331,890**	**383,715**	**178,823**	**–**	**–**	**1,312,554**
Additions	–	–	–	815	1,133	–	–	**1,948**
Currency translation	–	8,137	464	3,057	3,812	–	–	**15,470**
Reclassification	–238,495	–	238,495	–	–	–	–	**–**
Carrying amount at Dec. 31, 2014	**–**	**187,768**	**570,849**	**387,587**	**183,768**	**–**	**–**	**1,329,972**
Additions	–	–	–	6,409	815	11,697	70,943	**89,864**
Currency translation	–	6,793	3,239	1,747	3,387	–1,724	–1,763	**11,679**
Reclassification	–	–194,561	–574,088	–395,743	–187,970	869,086	483,276	**–**
Carrying amount at Dec. 31, 2015	**–**	**–**	**–**	**–**	**–**	**879,059**	**552,456**	**1,431,515**

Following intensive preparations, GEA's new group structure – which was developed as part of its "Fit for 2020" initiative – was implemented on June 8, 2015. As part of this new structure, the development and manufacturing of products and the provision of process solutions have been bundled in two new business areas – Equipment and Solutions.

The Group's operating segments were reorganized accordingly during the reporting period. Thus, the former GEA Mechanical Equipment and GEA Farm Technologies segments were allocated to the Business Area Equipment, while GEA Process Engineering now belongs to the Business Area Solutions. The former GEA Refrigeration Technologies segment was split between the Business Areas Equipment and Solutions, with the goodwill attributable to the former segment being reallocated based on the relative values as of the reorganization date.

Impairment test

Goodwill recoverability was tested when the operating segments were restructured and at the end of fiscal year 2015. The operating segments in the form of Business Areas were identified as cash-generating units with goodwill for the purpose of the year-end impairment test. The recoverable amounts for the Business Areas were compared with their carrying amounts, which included any goodwill allocated to them.

The recoverable amount of an operating 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) prepared by the Executive Board. The values for 2016 were planned "bottom up", whereas the planning for 2017 and 2018 was conducted on a "top down" basis. The Supervisory Board has taken note of the corresponding plans. Assumptions for the period beyond the planning horizon are based on the cash flows in the previous planning year, extrapolated using a uniform growth rate of 1.5 percent (previous year: 1.5 percent). The underlying growth rates do not exceed the average long-term growth rates for the markets in which the segments operate.

The planning assumes continued stable growth in the food and drink sales markets. This assumption is based on an expectation of growing demand for processed foods. Both GEA's Business Areas will profit from these underlying trends. Growth is also assumed for the other customer industries. By contrast, declining growth rates have been factored in for the oil and gas industry. These trends will also affect both Business Areas. In addition, planned growth for the individual Business Areas also takes account of actual past growth rates.

Any other expenses and the savings from the "Fit for 2020" program were included in the planning as the criteria for recognition of a restructuring provision had been met by the reporting date.

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

The total cost of capital assumed for discounting is based on a risk-free interest rate of 1.50 percent (previous year: 1.75 percent) and a market risk premium of 6.75 percent (previous year: 6.75 percent). In addition, beta factors derived from the respective peer group, a borrowing risk premium, as well as capital structure were taken into account for each segment. Segment-specific tax rates were also applied.

Cash flows for the individual segments are discounted using the following after-tax rates:

Discount rate (%)	12/31/2015	12/31/2014
GEA Farm Technologies	–	9.87
GEA Mechanical Equipment	–	8.68
GEA Process Engineering	–	7.59
GEA Refrigeration Technologies	–	8.25
BA Equipment	7.76	–
BA Solutions	7.09	–

The impairment tests conducted for the goodwill confirm its recoverability.

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, 2014						
Cost	62,061	166,606	87,536	132,045	85,969	**534,217**
Cumulative amortization and impairment losses	–12,449	–57,289	–57,665	–59,374	–27,600	**–214,377**
Carrying amount	**49,612**	**109,317**	**29,871**	**72,671**	**58,369**	**319,840**
Changes in 2014						
Additions	18	–	9,342	3,358	23,242	**35,960**
Disposals	–11	–	–426	–41	–	**–478**
Amortization	–284	–16,135	–6,908	–10,394	–9,211	**–42,932**
Impairment losses	–	–	–	–	–445	**–445**
Reversal of impairment losses	118	–	–	231	–	**349**
Acquisitions through business combinations	1,404	920	7	602	–	**2,933**
Currency translation	1,078	1,117	316	1,168	188	**3,867**
Other changes	–	–	241	104	6,117	**6,462**
Carrying amount at Dec. 31, 2014	**51,935**	**95,219**	**32,444**	**67,699**	**78,260**	**325,557**
Jan. 1, 2015						
Cost	64,679	169,925	97,647	136,849	115,671	**584,771**
Cumulative amortization and impairment losses	–12,744	–74,706	–65,203	–69,150	–37,411	**–259,214**
Carrying amount	**51,935**	**95,219**	**32,444**	**67,699**	**78,260**	**325,557**
Changes in 2015						
Additions	7	–	6,967	4,605	29,689	**41,268**
Disposals	–1	–	–90	–178	–125	**–394**
Amortization	–276	–18,928	–8,946	–9,457	–10,170	**–47,777**
Impairment losses	–3,892	–	–3,089	–6	–2,031	**–9,018**
Reversal of impairment losses	–	–	–	–	–	**–**
Acquisitions through business combinations	40,221	11,134	364	12,635	1	**64,355**
Currency translation	479	173	34	1,152	103	**1,941**
Other changes	112	11	1,079	–271	5,497	**6,428**
Carrying amount at Dec. 31, 2015	**88,585**	**87,609**	**28,762**	**76,179**	**101,224**	**382,359**
Dec. 31, 2015						
Cost	107,487	181,803	108,713	155,008	144,959	**697,970**
Cumulative amortization and impairment losses	–18,902	–94,194	–79,951	–78,829	–43,735	**–315,611**
Carrying amount	**88,585**	**87,609**	**28,762**	**76,179**	**101,224**	**382,359**

The additions to internally generated intangible assets are primarily attributable to the Business Area Equipment, where costs relating to developments in automated milking were capitalized.

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	1 to 20
Customer-related intangible assets	1 to 10
Contract-based intangible assets	1 to 20
Technology-based intangible assets	1 to 25

Amortization of intangible assets attributable to the complete group in the amount of EUR 47,777 thousand in fiscal year 2015 (previous year: EUR 42,932 thousand) is reported in cost of sales and, where this relates to discontinued operations, in profit or loss from discontinued operations.

Market-related intangible assets amounting to EUR 86,015 thousand (previous year: EUR 48,423 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 follow

	12/31/2015		12/31/2014	
Segment	Carrying amount (EUR thousand)	Proportion of total carrying amount (%)	Carrying amount (EUR thousand)	Proportion of total carrying amount (%)
BA Equipment	45,364	52.7	33,599	69.4
BA Solutions	40,651	47.3	14,824	30.6
Total	**86,015**	**100.0**	**48,423**	**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 has taken note of the corresponding plans. 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:

(%)	12/31/2015	12/31/2014
Discount rate	7,94 - 16,30	7,46 - 12,22
Royalty rate	0,50 - 3,00	0,50 - 3,00

The impairment test performed at the end of the year led to a writedown in the amount of EUR 3,892 thousand (previous year: reversal of EUR 118 thousand). Of this sum, EUR 1,213 thousand was attributable to the Business Area Equipment, and EUR 2,679 thousand to the Business Area Solutions.

6.5 Equity-accounted investments

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

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

Associates
Equity-accounted associates are reported at a carrying amount of EUR 2,026 thousand as of December 31, 2015 (previous year: EUR 2,093 thousand).

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

(EUR thousand)	01/01/2015 - 12/31/2015	01/01/2014 - 12/31/2014
Profit/loss from continuing operations	145	1,644
Other comprehensive income	–	–2
Total profit/loss	**145**	**1,642**

Joint ventures
Equity-accounted joint ventures are reported at a carrying amount of EUR 14,605 thousand as of December 31, 2015 (previous year: EUR 13,200 thousand).

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

(EUR thousand)	01/01/2015 - 12/31/2015	01/01/2014 - 12/31/2014
Profit/loss from continuing operations	2,404	2,640
Total profit/loss	**2,404**	**2,640**

6.6 Other financial assets

Other financial assets are composed of the following items:

(EUR thousand)	12/31/2015	12/31/2014
Investments in unconsolidated subsidiaries and other equity investments	21,746	24,758
Other securities	9,311	8,517
Derivative financial instruments	152	447
Miscellaneous other financial assets	5,245	29,711
Other non-current financial assets	**36,454**	**63,433**
Other securities	37,000	37,036
Derivative financial instruments	7,424	20,564
Miscellaneous other financial assets	327,865	333,025
Other current financial assets	**372,289**	**390,625**
Total	**408,743**	**454,058**

EUR 37,000 thousand (previous year: EUR 37,036 thousand) of the other securities is attributable to a listed, variable-rate bond with a very good rating.

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 333,110 thousand (previous year: EUR 362,736 thousand) were recognized as of the reporting date. They are broken down into non-current and current assets as follows:

(EUR thousand)	12/31/2015	12/31/2014
Other receivables from unconsolidated subsidiaries	67	99
Other receivables from equity investments	790	1,300
Receivables from tax authorities	448	469
Sundry miscellaneous other financial assets	3,940	27,843
Other non-current financial assets	**5,245**	**29,711**
Other receivables from unconsolidated subsidiaries	3,520	3,887
Other receivables from equity investments	12,188	12,862
Other receivables from tax authorities	45,013	51,823
Fixed term deposits	200,000	199,961
Sundry miscellaneous other financial assets	67,144	64,492
Other current financial assets	**327,865**	**333,025**
Total	**333,110**	**362,736**

Receivables from tax authorities primarily comprise VAT receivables.

EUR 25,000 thousand of the additions to miscellaneous other non-current financial assets is attributable to an advance payment made in fiscal year 2014 for the acquisition of Dutch group de Klokslag which was concluded in 2015 (see section 5.5).

Miscellaneous other financial assets include prepaid expenses totaling EUR 24,033 thousand (previous year: EUR 27,559 thousand).

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

(EUR thousand)		12/31/2015	12/31/2014
Carrying amount before impairment losses		**73,223**	**94,447**
Impairment losses		2,139	2,112
Carrying amount		**71,084**	**92,335**
thereof not overdue at the reporting date		70,773	91,435
thereof past due at reporting date		311	900
	less than 30 days	191	519
	between 31 and 60 days	42	34
	between 61 and 90 days	18	–
	between 91 and 180 days	18	–
	between 181 and 360 days	11	–
	more than 360 days	31	347

6.7 Inventories

Inventories are composed of the following items:

(EUR thousand)	12/31/2015	12/31/2014
Raw materials, consumables, and supplies	133,370	134,978
Work in progress	94,778	100,348
Assets for third parties under construction	17,911	19,407
Finished goods and merchandise	273,572	279,894
Advance payments	28,992	27,248
Total	**548,623**	**561,875**

Inventories of EUR 2,839 million were recognized as an expense in fiscal year 2015 (previous year: EUR 2,759 million). Impairment losses on inventories were EUR 11,694 thousand in the reporting period (previous year: EUR 12,613 thousand). Impairment losses on inventories in previous years amounting to EUR 2,432 thousand (previous year: EUR 2,502 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)	12/31/2015	12/31/2014
Trade receivables	781,209	691,440
of which from third parties	766,856	677,931
thereof from unconsolidated subsidiaries	14,353	13,509
Gross amount due from customers for contract work	336,872	254,315
Total	**1,118,081**	**945,755**

Trade receivables include receivables of EUR 4,636 thousand (previous year: EUR 1,925 thousand) that will not be realized until more than one year after the reporting date. Bad debt allowances on trade receivables totaled EUR 49,031 thousand (previous year: EUR 44,752 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 unconsolidated subsidiaries – is as follows

(EUR thousand)		12/31/2015	12/31/2014
Carrying amount before impairment losses		**815,887**	**722,683**
Impairment losses		49,031	44,752
Carrying amount		**766,856**	**677,931**
thereof not overdue at the reporting date		549,262	496,742
thereof past due at reporting date		217,594	181,189
	less than 30 days	95,825	90,234
	between 31 and 60 days	38,756	29,869
	between 61 and 90 days	21,411	15,654
	between 91 and 180 days	28,928	20,307
	between 181 and 360 days	18,145	11,898
	more than 360 days	14,529	13,227

Construction contracts

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

(EUR thousand)	12/31/2015	12/31/2014
Capitalized production cost of construction contracts	2,630,119	2,260,885
plus net gain from construction contracts	475,814	441,593
less anticipated losses	8,740	6,310
less progress billings	3,085,790	2,696,781
Total	**11,403**	**–613**
Gross amount due from customers for contract work (included in trade receivables)	336,872	254,315
Gross amount due to customers for contract work (included in other liabilities)	–325,469	–254,928
Total	**11,403**	**–613**

Advance payments received on construction contracts amounted to EUR 32,758 thousand at December 31, 2015 (previous year: EUR 28,513 thousand). Customer retention money amounted to EUR 9,680 thousand (previous year: EUR 8,768 thousand). Revenue of EUR 2,160,765 thousand (previous year: EUR 2,207,366 thousand) was generated from construction contracts in the reporting period.

6.9 Income tax receivables

Income tax receivables amounted to EUR 26,082 thousand at the reporting date (previous year: EUR 17,531 thousand). As in the previous year, the full amount is due within one year.

6.10 Cash and cash equivalents

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

(EUR thousand)	12/31/2015	12/31/2014
Unrestricted cash	1,172,778	1,194,437
Restricted Cash	1,372	1,421
Total	**1,174,150**	**1,195,858**

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

During the year, the standard market interest rate for short-term bank deposits in the eurozone lay between 0.0 and 0.6 percent (previous year: between 0.0 and 0.5 percent). The average interest rate as of the end of the year is 0.2 percent (previous year: 0.3 percent).

7. Consolidated balance sheet disclosures: Equity and liabilities

7.1 Equity

Subscribed capital

The subscribed capital of GEA Group Aktiengesellschaft was unchanged compared with the previous year at EUR 520,376 thousand as of December 31, 2015. As in the previous year, the shares are composed of 192,495,476 no-par value bearer shares. All the shares are fully paid up.

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

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

Authorized capital

(EUR thousand)	Annual General Meeting resolution	Expiring on	Amount (EUR thousand)
Authorized Capital I	April 24, 2012	April 23, 2017	77,000
Authorized Capital II	April 16, 2015	April 15, 2020	130,000
Authorized Capital III	April 16, 2015	April 15, 2020	52,000
Total			**259,000**

In the case of the Authorized Capital I and 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 (indirect subscription right).

In the case of the Authorized Capital II and 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, wholly or in part, by up to EUR 130 million by issuing new no-par value shares against cash and/or non-cash contributions on one or more occasions until April 15, 2020 (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 statutory subscription right may also be granted by the new shares being underwritten by one or more banks with the obligation of offering them to the shareholders for subscription (indirect subscription right). The Executive Board is 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 or other assets. The Executive Board is further authorized, with the approval of the Supervisory Board, to disapply shareholders' preemptive rights (i) in order to implement a so-called scrip dividend where the shareholders of GEA Group Aktiengesellschaft are given the option of contributing their dividend entitlement either wholly or partially to the Company as a noncash contribution in return for the granting of new shares, (ii) insofar as it is necessary to eliminate fractional amounts, and (iii) in order to grant the creditors of convertible or option bonds with option or conversion privileges or obligations issued by GEA Group Aktiengesellschaft or a subordinate group company of the Company a right to subscribe to new shares to the extent to which they would be entitled after exercising the option or conversion rights or after fulfilling conversion obligations. The total proportionate amount of GEA Group Aktiengesellschaft's share capital allocable to shares issued against cash and/or noncash contributions under disapplication of shareholders' preemptive rights must not exceed 10 percent of the Company's share capital at the time when the resolution was adopted by the Annual General Meeting. Finally, 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.

In the case of the Authorized Capital I and 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 52 million by issuing new no-par value shares against cash contributions on one or more occasions until April 15, 2020 (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 statutory subscription right may also be granted by the new shares being underwritten by one or more banks with the obligation of offering them to the shareholders for subscription (indirect subscription right). The Executive Board is authorized, with the approval of the Supervisory Board, to exclude shareholders' subscription rights if the issue price of the new shares is not significantly lower than the stock exchange price for company shares of the same kind at the time of setting the issue price. In line with the modalities of this disapplication of preemptive rights, the shares issued in accordance with section 203(1) and section 186(3) no. 4 of the AktG (German Stock Corporation Act) may not exceed 10% of the share capital of the Company either at the time at which this authorization takes effect or at the time at which it is exercised (upper limit). The upper limit of 10% shall be reduced by the proportionate amount of the share capital allocable to shares (i) issued during the term of the Authorized Capital III under disapplication of preemptive rights in accordance with section 71(1) no. 8 sentence 5, and Section 186(3) sentence 4 of the AktG (German Stock Corporation Act) or (ii) issued to service convertible or option bonds with option or conversion privileges or obligations issued by GEA Group Aktiengesellschaft or a subordinate group company of the Company, as long as the convertible or option bonds have been issued during the term of the Authorized Capital III under disapplication of preemptive rights in accordance with section 186(3) sentence of the 4 AktG. The Executive Board is further authorized, with the approval of the Supervisory Board, to disapply shareholders' preemptive rights (i) insofar as it is necessary to eliminate fractional amounts, and (ii) in order to grant the creditors of convertible or option bonds with option or conversion privileges or obligations issued by GEA Group Aktiengesellschaft or a subordinate group company of the Company a right to subscribe to new shares to the extent to which they would be entitled after exercising the option or conversion rights or after fulfilling conversion obligations. Finally, the Executive Board is 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.

Contingent capital

(EUR thousand)	12/31/2015	12/31/2014
Bonds with warrants and convertible bonds according Annual General Meeting resolution April 16, 2015	51,904	–
Bonds with warrants and convertible bonds according Annual General Meeting resolution April 21, 2010	–	48,660
Total	**51,904**	**48,660**

Under a resolution adopted by the Annual General Meeting on April 16, 2015, the share capital was contingently increased by up to EUR 51,903,633.82, comprising up to 19,200,000 million bearer shares (Article 4(6) of the Articles of Association, Contingent Capital 2015). The contingent capital increase will only be implemented to the extent that the holders of conversion or option privileges from convertible bonds or option bonds, profit participation rights or profit participating bonds or a combination of these instruments issued against cash contributions by GEA Group Aktiengesellschaft or a subordinate group company of the Company on the basis of the authorization by the Annual General Meeting resolution dated April 16, 2015 exercise their conversion or option privileges, or, if they are obliged to convert or exercise options, satisfy their obligation to convert or exercise options, 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 conversion or option price to be determined in each case in accordance with the authorizing resolution referred to above. The new shares bear dividend rights from the beginning of the fiscal year in which they were created as a result of the exercising of conversion or option privileges or the fulfillment of conversion or option obligations. 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 2015.

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 were unchanged compared with the previous year at EUR 1,217,861 thousand. In the previous year, capital reserves had increased by EUR 21 thousand due to the offsetting of income from an employee share-based payment plan in South Africa attributable to the GEA HX segment, which was sold on October 31, 2014.

Retained earnings

The changes in retained earnings and net retained profits are reported in the statement of changes in equity. Actuarial gains and losses on the measurement of non-current employee benefit obligations are included in retained earnings.

The distribution of profits is based on the annual financial statements of GEA Group Aktiengesellschaft prepared in accordance with the HGB.

Accumulated other comprehensive income

Changes in equity outside profit or loss are reported in accumulated other comprehensive income if they do not relate to capital transactions with shareholders. Other comprehensive income comprises the gains or losses on financial assets measured at fair value and recognized directly in equity, the effective portion of the change in fair value of derivatives designated as cash flow hedges, and exchange rate gains or losses from the translation of the financial statements of foreign subsidiaries.

Noncontrolling interests

Noncontrolling interests in GEA Group companies amounted to EUR 570 thousand (previous year: EUR 560 thousand).

In the previous year, changes in accumulated other comprehensive income amounting to EUR 64 thousand were attributable to noncontrolling interests. Of this amount, EUR 62 thousand resulted from currency differences on translating foreign operations.

7.2 Provisions

The following table shows the composition of and changes in provisions in 2015:

(EUR thousand)	Guarantees, warranties	Financial guarantee contracts	Litigation risks	Follow-up costs	Environmental protection, mining	Other provisions	**Total**
Balance at Jan. 1, 2015	**70,895**	**16,023**	**20,464**	**22,525**	**59,065**	**91,448**	**280,420**
thereof non-current	10,134	10,190	8,344	5,917	58,919	38,088	**131,592**
thereof current	60,761	5,833	12,120	16,608	146	53,360	**148,828**
Additions	51,638	287	5,322	15,075	6,455	39,306	**118,083**
Utilization	–45,833	–1,601	–8,678	–10,696	–2,270	–33,834	**–102,912**
Reversal	–12,323	–3,409	–247	–2,620	–	–14,310	**–32,909**
Changes in consolidated group	719	–	123	332	–	1,493	**2,667**
Unwinding of discount	–	–	–27	–	8,431	–65	**8,339**
Exchange differences	1,644	–1	–120	224	7	325	**2,079**
Balance at Dec. 31, 2015	**66,740**	**11,299**	**16,837**	**24,840**	**71,688**	**84,363**	**275,767**
thereof non-current	11,149	10,190	6,644	3,425	71,609	42,143	**145,160**
thereof current	55,591	1,109	10,193	21,415	79	42,220	**130,607**

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, 2015, refund claims amounting to EUR 385 thousand (previous year: EUR 413 thousand) against nongroup third parties were recognized. GEA Group expects to settle most of the provisions for guarantees and warranties in the coming year.

Provisions for financial guarantee contracts

Provisions for financial guarantee contracts comprise obligations under indemnification agreements as well as warranties and undertakings relating to the sale of business activities. The changes in these provisions in fiscal year 2015 are primarily due to the resolution of uncertainties relating to risks from the sale of the plant engineering activities. An outflow of approximately 10 percent of the provisions for financial guarantee contracts is expected in fiscal year 2016.

Litigation risks

Provisions are recognized for risks arising from expected or pending litigation against GEA Group companies if it is believed that there is likely to be an unfavorable outcome to the proceedings. Assessments by counsel for the Company or legal experts were used to determine the likelihood of such litigation. The probable damages or sanctions have been recognized as a liability. The timing of cash outflows relating to provisions for litigation risks often cannot be reliably determined.

Follow-up costs

This item comprises the cost of residual work that is incurred after a contract has already been invoiced and the profit from the contract has been recognized. The amount of the expected cost is stated. Payments are made almost in their entirety in the following year.

Environmental protection, mining

This item mainly comprises provisions for the clean-up of pit water from past mining activities and for the clean-up of other instances of groundwater contamination. The law is still unclear as to the amount and duration of the Company's obligation to clean up pit and ground water. The obligations are expected to extend to well beyond 2030.

Other provisions

Other provisions comprise provisions for a range of individual items. Around 50 percent of other provisions are expected to be settled in fiscal year 2015.

7.3 Employee benefit obligations

Employee benefit obligations comprise the following items:

(EUR thousand)	12/31/2015	12/31/2014
Obligations under pension plans and supplementary healthcare benefits	744,914	760,645
thereof defined benefit pension plans	726,349	741,350
thereof obligations under supplementary healthcare benefits	15,403	16,419
thereof defined contribution pension plans	3,162	2,876
Other employee benefit obligations	3,573	3,569
Partial retirement	10,265	8,163
Jubilee benefits	9,172	8,705
Redundancy plan and severance payments	2,602	2,282
Other non-current obligations to employees	5,068	10,201
Non-current employee benefit obligations	**775,594**	**793,565**
Redundancy plan and severance payments	88,700	8,926
Outstanding vacation, flexitime/overtime credits	56,436	57,307
Bonuses	78,596	84,388
Other current obligations to employees	20,503	20,016
Current employee benefit obligations	**244,235**	**170,637**
Total employee benefit obligations	**1,019,829**	**964,202**

The rise in employee benefit obligations is largely due to restructuring measures in the context of the "Fit for 2020" initiative (see section 8.4). As of December 31, 2015, the corresponding obligations with regard to severance payments and redundancy packages amounted to EUR 85,347 thousand (previous year: EUR 0 thousand), EUR 83,337 thousand of which will be reported in current employee benefit obligations.

7.3.1 Obligations under defined benefit pension plans and supplementary healthcare benefits

Wherever possible, defined benefit pension obligations and obligations under supplementary healthcare benefits are disclosed below in the aggregate and explained together.

Furthermore, the amounts presented include assets held for sale and liabilities held for sale. In the previous year, where a reconciliation to line items in the financial statements is required, this is presented in a separate line as "reclassified as held for sale."

All obligations were actuarially valued as of December 31, 2015, and as of December 31, 2014.

Defined benefit pension plans

GEA Group employees are offered various benefit options, mainly in the form of defined benefit and defined contribution pension plans.

Defined benefit pension plan obligations exist in Germany and, outside of Germany, mainly in the U.S.A., Switzerland, and the United Kingdom. In addition, other foreign companies have typical country-specific pension plans that are funded in part by plan assets. Benefits and investments correspond to the country-specific economic environment and requirements.

GEA Group views granting pension benefits as an opportunity to foster employee loyalty and engagement. It is therefore a standard feature of the remuneration concept and has an employee contribution component, where this is appropriate. In connection with this, GEA Group monitors developments on the human resources market and regularly checks that the benefits it grants are appropriate and in line with the market.

GEA Group does not believe that the pension obligations pose any risks over and above the customary extent and the general risks described.

Pension benefits in Germany

In Germany, GEA Group grants old-age, disability, and survivors' benefits to many of its employees. New employees are generally only granted benefits that are partly funded by employee contributions.

As part of the general benefits provided, all employees have the opportunity to voluntarily defer part of their compensation. Under this arrangement, an agreed amount of their salary plus an employer contribution of up to 100 percent of the deferred amount is converted into a pension benefit. A corresponding collective bargaining agreement was entered into in 2002 and revised in 2008.

Up to now, managers have received benefits comprising an income-related employer-funded basic amount, an employer-funded top-up, and a matching amount funded through deferred compensation with an employer contribution of up to one-third of the deferred amount. The additional contributions from the top-up and matching amounts are determined annually and converted into a pension benefit by the employer. These commitments are granted in the form of identical individual commitments.

For both commitments, the post-retirement benefits are adjusted by 1 percent each year.

For the most part, GEA's executive pension scheme was converted to an asset-backed commitment in the form of a defined benefit pension plan with effect from January 1, 2015. The plan assets are managed under a Contractual Trust Arrangement (CTA) and invested in mixed funds. The size of the employer's contributions to the plan assets depends on the size of the fixed salaries of the beneficiaries. Beneficiaries can also contribute from their own income by means of deferred compensation. The beneficiaries are then entitled to the net earnings generated by the plan assets. There is also a notional premium guarantee.

Entitlements from the earlier executive pension scheme remain valid, and fewer beneficiaries will remain in that scheme.

In addition to the currently open benefit plans, there are a number of historical pension plans in the company. These plans are generally closed to new employees, but are maintained unchanged for employees who were members at the time the plan was closed. These include obligations under "Bochumer Verband" and "Essener Verband" as well as obligations established independently by their predecessors.

The pension obligations are partly funded by pension liability insurances.

Pension benefits outside Germany

Pension benefits outside Germany mainly exist in the U.S.A., the United Kingdom, and Switzerland.

In the U.S.A., there are pension obligations from various pension plans that were closed in succession up to December 31, 2000. No further benefits are earned from a defined benefit pension plan for periods of service after the respective closure date. Old-age and survivors' benefits accrued at the closure date of the respective plan were fixed on the basis of pensionable income at the closure date. Benefits may be paid out in the form of annuities or lump-sum payments. Existing pension obligations are partly funded by plan assets. The assets are held separately from the company in an external trust. The companies have appointed independent trustees in accordance with statutory provisions to manage the funding of obligations and the investment of assets according to the company's specifications. Any funding deficit is established annually in accordance with legal requirements and spread over a fixed time period if required. The statutory basis for minimum funding was last amended in 2012 by the Moving Ahead for Progress in the 21st Century Act (MAP–21).

In the United Kingdom, there are pension obligations from two UK pension plans, one of which has been closed for a number of years and applies exclusively to former employees. The second plan is closed to new employees, but continues to provide old-age and survivors' benefits to the currently active participants based on pensionable income in the year before the employment relationship ends; these benefits are funded by salary-dependent employee contributions to plan assets. The accrued entitlements and current benefits in the United Kingdom are adjusted in accordance with statutory requirements on the basis of inflation. Pension obligations from both plans are partly funded by plan assets. The companies appointed independent trustees in accordance with statutory provisions to manage the funding of obligations and the investment of assets according to the company's specifications. Company pension plans are valued every three years in accordance with legal requirements, and any deficit is established. If the plan is underfunded, the trustee prepares a funding plan to regulate the funding of the deficit, taking account of the actuary's recommendation and the type and circumstances of the respective plan.

In Switzerland, there are pension obligations from the second pillar of the Swiss pension system, the compulsory occupational pension plan. Implementation is by means of foundations that are independent from the companies; employers and employees pay income-dependent contributions to the foundations. Interest is applied, in accordance with legal provisions, to the individual amounts saved, and on retirement the total is converted into an old-age, invalidity, and survivor's pension based on predetermined annuity tables. Investment and management of the assets is guided by the statutory provisions on occupational pension plans. Due to significant legal requirements concerning the design of pension plans, companies only have a small number of options available to them for varying the design (e.g., level of employee contribution, level of contributions according to age band). A board of trustees, comprising employer and employee representatives, decides on the distribution of surpluses, or on changes to the design of the plan within the legal framework. The plans come under the Bundesgesetz über die berufliche Vorsorge (BVG – Swiss Federal Law on Occupational Benefits), which regulates the minimum benefits to be provided by companies by defining the minimum contributions required and the returns on them. The GEA Group companies that are affected by this have insured their employees with the AXA Winterthur group foundation. All employers may have to contribute "stabilization payments" if there is insufficient cover for the obligations. No "stabilization plan" is required at present as the cover is currently sufficient.

Supplementary healthcare benefits

In addition to occupational pension benefits, certain retired employees are granted health insurance subsidies. New entitlements to health insurance subsidies are no longer granted. There are now only a few employees with such benefits in active employment. Existing obligations are not funded by plan assets. GEA Group does not see these benefits posing a particular risk due to the low level of the obligations.

Obligations under supplementary healthcare benefits relate solely to Germany.

Provisions and funded status

The changes in the present value of the defined benefit obligation, the plan assets, and the provisions were as follows:

	12/31/2015		12/31/2014	
(EUR thousand)	Germany	Other countries	Germany	Other countries
Present value of defined benefit obligation at beginning of fiscal year	**724,943**	**181,633**	**635,469**	**150,954**
Current service cost	13,926	3,349	11,508	2,890
Interest Cost from discounting unwinding on obligations	14,113	5,305	20,059	5,279
Employee contributions	–	842	–	866
Remeasurement of present value of obligation	–7,284	1,626	114,688	22,777
Actuarial gains (losses) from changes in demographic assumptions	–	–1,038	–	4,615
Actuarial gains (losses) resulting from changes in financial assumptions	–6,095	71	113,133	17,277
Actuarial gains (losses) resulting from experience adjustments	–1,189	2,593	1,555	885
Past service cost	–4,568	–10,886	–	–1,863
Gains and losses from settlements	–	–411	–	–
Payments without settlements	–31,121	–9,900	–32,241	–6,007
Payments in respect of any settlements	–	–12,398	–	–
Transfer of assets	–1,470	–	–	–
Changes in combined group due to acquisitions	6,972	1,600	–24,540	–3,209
Other changes in consolidated group	–259	–	–	–
Currency translation	–	13,558	–	9,946
Present value of defined benefit obligation at end of fiscal year	**715,252**	**174,318**	**724,943**	**181,633**
Fair value of plan assets at beginning of the fiscal year	**20,222**	**128,585**	**17,956**	**109,746**
Interest income on plan assets	417	3,812	568	4,011
Employer contributions	3,236	5,695	2,341	5,558
Employee contributions	–	842	–	866
Remeasurement: return from plan assets in excess/shortage of interest income	–109	–1,762	562	7,468
Gains and losses on settlements	–	–	–	–19
Payments without settlements	–959	–8,978	–962	–5,081
Payments in respect of any settlements	–	–12,398	–	–
Changes in consolidated group due to acquisitions	–	–	–243	–1,109
Currency translation	–	10,012	–	7,145
Fair value of plan assets at the end of fiscal year	**22,807**	**125,808**	**20,222**	**128,585**
Funded status/Net carrying amount	**692,445**	**48,510**	**704,721**	**53,048**
Net carrying amount	**692,445**	**48,510**	**704,721**	**53,048**
thereof net assets	–	797	–	168
thereof net liability	692,445	49,307	704,721	53,216

Past service cost includes income from pension obligations of EUR 9.9 million arising from the closure of a business location. When calculating operating EBIT for segment reporting, this effect was adjusted for, as managment believes it will not be incurred to the same extent in future fiscal years ("non-recurring items", see section 10.2.). In this context, payments for settlements in the amount of EUR 11.2 million were incurred.

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

The net carrying amount of obligations under defined benefit pension plans and supplementary healthcare benefits changed as follows in fiscal years 2015 and 2014:

	12/31/2015		12/31/2014	
(EUR thousand)	Germany	Other countries	Germany	Other countries
Net carrying amount at beginning of fiscal year	**704,721**	**53,048**	**617,513**	**41,208**
Changes through profit or loss	23,054	–6,455	30,999	2,314
Current service cost	13,926	3,349	11,508	2,890
Past service cost	–4,568	–10,886	–	–1,863
Gains and losses on settlements	–	–411	–	19
Net interest on net defined benefit liability	13,696	1,493	19,491	1,268
Changes through OCI	–7,175	3,388	114,126	15,288
Return from plan assets in excess interest income	109	1,762	–562	–7,468
Actuarial gains (losses) from changes in demographic assumptions	–	–1,038	–	4,592
Actuarial gains (losses) resulting from changes in financial assumptions	–6,095	71	113,133	17,278
Actuarial gains (losses) resulting from experience adjustments	–1,189	2,593	1,555	886
Cash-effective changes	–33,398	–6,617	–33,620	–6,484
Employer contributions	–3,236	–5,695	–2,341	–5,558
Payments without settlements	–30,162	–922	–31,279	–926
Payments in respect of any settlements	–	–	–	–
Other changes	5,243	5,146	–24,297	722
Transfer of assets	–1,470	–	–	–
Changes in consolidated group due to acquisitions	6,972	1,600	–24,297	–2,100
Other changes in consolidated group	–259	–	–	–
Currency translation	–	3,546	–	2,822
Funded status/Net carrying amount	**692,445**	**48,510**	**704,721**	**53,048**
Net carrying amount	**692,445**	**48,510**	**704,721**	**53,048**

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

	12/31/2015		12/31/2014	
(EUR thousand)	Germany	Other countries	Germany	Other countries
Present value of funded obligations	179,854	160,318	174,299	168,603
Fair value of plan assets	22,807	125,808	20,222	128,585
Funded status/Net carrying amount of funded obligations	**157,047**	**34,510**	**154,077**	**40,018**
Present value of unfunded obligations	535,398	14,000	550,644	13,030
Funded status/Net carrying amount of unfunded obligations	**535,398**	**14,000**	**550,644**	**13,030**
Funded status/Net carrying amount	**692,445**	**48,510**	**704,721**	**53,048**
Reclassification as held for sale			–	–
Net carrying amount	**692,445**	**48,510**	**704,721**	**53,048**

As in the previous year, no asset ceiling in accordance with IAS 19.64 (b) applies. In addition, there are no reimbursement claims within the meaning of IAS 19.116.

The following overview shows the present value of the defined benefit obligation broken down into active employees, former employees with terminated vested benefits, and benefit recipients:

	12/31/2015		12/31/2014	
(EUR thousand)	Germany	Other countries	Germany	Other countries
Active Employees	220,907	77,099	229,306	80,599
Vested terminated employees	99,496	39,449	93,535	41,692
Pensioners	394,849	57,770	402,102	59,342
Total	**715,252**	**174,318**	**724,943**	**181,633**

Plan assets

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

	12/31/2015		12/31/2014	
(Percent)	Germany	Other countries	Germany	Other countries
Quoted prices in active markets	8.3%	62.6%	4.4%	74.9%
Equity instruments	0.9%	24.4%	1.2%	27.8%
Debt instruments	2.8%	34.4%	3.2%	36.7%
Other	4.6%	3.8%	0.0%	10.4%
No quoted prices in active marktes	91.7%	37.4%	95.6%	25.1%
Equity instruments	0.0%	0.7%	0.0%	0.7%
Debt instruments	0.0%	0.4%	0.0%	0.4%
Real estate	0.0%	0.2%	0.0%	1.7%
Insurance	91.6%	36.1%	95.4%	21.5%
Other	0.1%	0.0%	0.2%	0.8%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Particularly in Germany, GEA Group has decided to utilize the internal financing effect of the pension provisions and supplementary healthcare benefits and only to fund a relatively small proportion of the pension obligations using plan assets.

In the U.S.A., the United Kingdom, and Switzerland, a large proportion of the pension obligations is funded by plan assets in accordance with the legal framework. The above table shows how the plan assets have been invested. A proportion of both the German and foreign plan assets is managed by insurance companies in accordance with their specific investment guidelines. In Germany, this is the predominant form of investment for plan assets. Part of the plan assets of German pension plans is also managed by pension funds and an endowment fund, and is mainly invested in fixed-income securities and term deposits, with only a relatively small proportion invested in equities. The objective of these external investments is to ensure secure returns and preserve the value of the underlying assets in order to fund current and future pension benefits. There are currently no plans to change this investment strategy.

Assets invested in the capital markets are exposed to general capital market and investment risk. GEA Group is constantly monitoring market trends and has developed corresponding investment policies that adequately balance risk and income expectations, while taking the respective statutory and regulatory frameworks into account.

In fiscal year 2016, EUR 4,194 thousand is expected to be added to the plan assets of German pension plans and EUR 4,445 thousand to plans outside Germany.

The actual return on plan assets in 2015 was EUR 2,358 thousand (previous year: EUR 12,607 thousand).

Actuarial assumptions

As of the relevant reporting date, the following weighted actuarial assumptions were used to calculate the present value of the defined benefit obligations. These assumptions are used to calculate net pension expenses in the following year.

	12/31/2015		12/31/2014	
(Percent)	Germany	Other countries	Germany	Other countries
Discount factor	2.00	3.04	2.00	3.67
Inflation	1.70	0.88	1.80	1.58
derived: wage and salary growth rate	2.70	1.00	2.80	1.11
derived: pension growth rate	1.43	0.23	1.50	0.48
derived: growth rate in cost of health care benefits	3.45	–	3.55	–

The actuarial measurement factors for German plans are established by GEA Group in consultation with actuarial experts. The corresponding assumptions for plans outside Germany are determined taking into account country-specific conditions with the help of local experts in consultation with the global experts and GEA Group. The discount rate is established using a recognized method based on the return on high quality corporate bonds determined as of the reporting date, taking into account the currency and maturities of the underlying liabilities. For countries that do not have a liquid market in corporate bonds that are suitable for setting the discount rate, interest rates on government bonds are referred to instead to define the rate.

All other assumptions correspond to the long-term expectations of GEA Group. The nominal rate of wage and salary increases is calculated based on expected inflation and a real rate of increase. The rate of pension increases in Germany is also determined based on inflation, provided that the pension adjustments are determined in accordance with the rise in the cost of living. In addition, the financial position of the relevant company is also taken into account. If a firm pension adjustment commitment has been made, this is taken into account accordingly. Outside of Germany, the pension adjustment is also generally determined on the basis of inflation. The growth rate assumed for the costs of supplementary healthcare benefits in Germany equates to forecast inflation plus a growth rate based on historical data. Based on this data, the growth rate is not expected to change in the future.

As in the previous year, Klaus Heubeck's 2005G mortality tables were used as a basis for measuring all German plans as of December 31, 2015. On this basis, the life expectancy of a 65-year-old pensioner as of the reporting date is 19.17 years for men and 23.23 years for women (previous year: 21.62 years/ 24.01 years). Country-specific measurement bases were used for pension liabilities outside Germany.

The sensitivities presented below apply to the discount rate and inflation, which have been identified as actuarial assumptions that have a significant influence on GEA Group's benefit obligations. Since the wage and salary increase rate, the pension increase rate, and the growth rate in the cost of supplementary health benefits are derived from inflation, sensitivity to inflation was used to measure the sensitivity of these assumptions together. The same calculation methods were used for sensitivities as for the recognized provisions. The ranges used to compute the sensitivities of the assumptions are based on the changes that are deemed possible until the next reporting date, given historical experience. The meaningfulness of historical experience for forecasts of future outcomes and neglecting to update a number of assumptions simultaneously may represent limitations of these methods.

(EUR thousand)	2015	
Increase (+)/Decrease (-) of DBO	Germany	Other countries
Increase of discount factor by 50 basis points	–51,197	–6,260
Decrease of inflation by 25 basis points	–15,372	–555

A one-year increase in life expectancy results in an increase of around 4 percent in the present value of the defined benefit obligations, on average.

Future cash flows

The following benefit payments are expected to be made under the German and foreign plans in the coming years:

(EUR thousand)	2016	2017	2018	2019	2020	2021 - 2025
German plans	32,720	32,251	32,097	32,072	31,994	157,348
Foreign plans	18,133	11,505	6,922	7,511	8,398	40,097

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

	12/31/2015		12/31/2014	
(Years)	Germany	Other countries	Germany	Other countries
Duration	15.3	11.3	15.2	13.5

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 from continuing operations totaling EUR 17,084 thousand were paid in fiscal year 2015 (previous year: EUR 17,008 thousand). Contributions from continuing operations of EUR 45,174 thousand were paid to state pension insurance systems (previous year: EUR 43,188 thousand). These contributions are recognized as personnel expenses at the same time as the relevant service is rendered.

Two multi-employer pension plans operated by several employers in the Netherlands were recognized as defined contribution pension plans because the respective managers of the plans do not provide sufficient information to the participating companies on the amount of the obligation and of the plan assets for them to be recognized as defined benefit pension plans.

In the first plan, neither a surplus nor a deficit would have any effect on the level of future contributions. Contributions amounting to EUR 2,484 thousand (previous year: EUR 2,494 thousand) were made to this multi-employer pension plan in fiscal year 2015. Lower contributions are expected for fiscal year 2016 compared with the previous year.

The second multi-employer pension plan has around 1.2 million beneficiaries, of whom around 600 belong to GEA Group. The asset/liability ratio of this plan must amount to at least 105 percent. Neither a surplus nor a deficit in the plan would result in additional payments from or into the plan for the participating companies. However, if the minimum funding level is not met, future contributions to be paid by the participating companies may be increased. Contributions amounting to EUR 3,427 thousand (previous year: EUR 3,783 thousand) were made to the multi-employer pension plan in fiscal year 2015. Lower contributions are expected for fiscal year 2016 compared with the previous year.

7.3.4 Share-based payment

Share-based payments in fiscal year 2015 for the group as a whole totaled EUR 2,356 thousand (previous year: EUR 1,370 thousand). Of this amount, income of EUR 274 thousand was attributable to the sold GEA HX segment for cash-settled, share-based payment transactions, and an expense of EUR 21 thousand for equity-settled, share-based payment transactions (see section 6.1). The carrying amount of liabilities arising from share-based payment transactions in the complete group amounted to EUR 5,158 thousand as of December 31, 2015 (previous year: EUR 10,493 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 tenth tranche was issued on November 26, with the subscription period ending January 31, 2016. 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 tenth tranche has a 31-month vesting period from the date of grant.

The performance of GEA Group Aktiengesellschaft’s shares relative to the companies included in a benchmark index over the three-year performance period is measured on the basis of their total shareholder return (TSR). The MDAX was used as the benchmark for the tranches issued in the years up to and including 2013. The benchmark for the tranches issued in 2014 and 2015 is the STOXX® Europe TMI Industrial Engineering (TMI IE). This change in the benchmark index has harmonized the plan with the share-based payments for Executive Board members. TSR is a suitable indicator for investors to compare the performance and appeal of different companies. It measures the total percentage return that an investor earns from a share over a certain period. In addition to share price performance, dividends and adjustments such as share splits are included in the calculation of TSR. This method of comparison eliminates share price performance that is due to general market volatility and enables the effects of different profit retention strategies to be compared. The relative performance of GEA Group Aktiengesellschaft’s shares determines the number of Performance Shares finally paid out (between 0 percent and 300 percent).

The Performance Shares are paid out once the three-year performance period has expired. At that time, the performance of GEA Group Aktiengesellschaft’s shares relative to the benchmark determines how many Performance Shares are paid out: If the performance of the Company’s shares equals the median in the TSR comparison, 50 percent of the Performance Shares are issued; if it reaches the third quartile, 100 percent of the Performance Shares are paid out. If GEA Group Aktiengesellschaft’s shares outperform the benchmark index companies, 300 percent of the Performance Shares are issued. Other performance figures are interpolated between these values. The total amount paid out corresponds to the number of Performance Shares allotted to a participant multiplied by the average share price over the last quarter of the three-year performance period. Once the performance period has expired, participants may freely dispose of their personal investment in GEA Group Aktiengesellschaft shares.

The 2012 tranche expired on June 30, 2015. The TSR comparison over the three-year performance period resulted in a payout ratio of 74.2 percent (previous year: 2011 tranche, 0.0 percent), as GEA Group Aktiengesellschaft's shares did not match the median performance of the companies included in the benchmark index in the TSR comparison. There was a payment of EUR 4,424 thousand (previous year: EUR 0 thousand) in fiscal year 2015.

The number of Performance Shares changed as follows in fiscal year 2015:

(Number of shares)	12/31/2014	Additions	Expired	Paid Out	Changes in consolidated group	12/31/2015
2012 tranche	137,050	–	–	137,050	–	–
2013 tranche	153,896	–	14,567	–	10,415	149,744
2014 tranche	140,210	–	5,201	–	–19,808	115,201
2015 tranche	–	12,397	–	–	–	12,397
Total	**431,156**	**12,397**	**19,768**	**137,050**	**–9,393**	**277,342**

The total expense for the group as a whole for fiscal year 2015 amounts to EUR 1,808 thousand (previous year: EUR 413 thousand), taking into account the fair value as of December 31, 2015, of EUR 6.41 (previous year: EUR 25.88) for the 2013 tranche, EUR 34.13 (previous year: EUR 37.97) for the 2014 tranche, and EUR 15.70 for the 2015 tranche, as well as EUR 32.28 (previous year: EUR 22.30) for the 2012 tranche (previous year: 2011 tranche) at the payment date. Of this amount, income of EUR 274 thousand was attributable to the sold GEA HX segment, largely due to the expiry of the 2011 tranche.

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

	2015			2014		
Tranche	2013	2014	2015	2012	2013	2014
Share price (EUR)	38.71	37.99	37.40	38.11	37.29	36.60
Dividend yield (%)	1.99	1.99	1.99	2.050	2.050	2.050
Risk-free interest rate (%)	–0.396	–0.376	–0.308	–0.084	–0.094	–0.102
Volatility GEA shares (%)	23.64	23.64	23.64	22.60	22.60	22.60

As the payout ratio of GEA Group Aktiengesellschaft's Performance Shares is linked to the MDAX or TMI IE, the volatilities of all MDAX or TMI IE shares and their correlations to GEA Group Aktiengesellschaft shares are also calculated. The calculation of volatilities and correlations is based on historical market data. Risk-free interest rates were determined from German government bond yields.

Phantom shares

A long-term incentive component was added to the bonus arrangements for Executive Board members in fiscal years 2010 and 2011. Under this, half of the bonus was payable with the regular salary payment and the other half was converted into phantom shares of the Company. It was calculated as the arithmetic mean of the daily closing prices of GEA Group shares in Xetra trading operated by the Frankfurt Stock Exchange on the trading days in the three-month period that ended one month before the date of the Supervisory Board meeting convened in fiscal year 2015 to adopt the financial statements.

The payout value of the phantom shares is calculated following the expiration of a lock-up period of three years following the conversion into phantom shares. The amount of the payout is calculated as the arithmetic mean of the daily closing prices of GEA Group Aktiengesellschaft shares in Xetra trading operated by the Frankfurt Stock Exchange on the trading days in the three-month period that ends one month before the date of the relevant Supervisory Board meeting convened to adopt the financial statements in the fiscal year in which the lock-up period expires. The dividends payable per share during the lock-up period are added to the value calculated in this way. The amount to be paid out under these arrangements is limited to 300 percent of the annual basic bonus. In the event of termination of the Executive Board member’s contract of service, the three-year vesting period is reduced to one year as from the date of termination.

Because the exercise price is zero and this share-based payment program does not feature a vesting period, the fair value of the phantom shares corresponds to the quoted market price of GEA Group Aktiengesellschaft shares. The fair value of the liability for the 2011 tranche is calculated by multiplying the number of phantom shares by the relevant closing price, plus dividends paid during the lock-up period. The 2011 tranche was paid out in full in fiscal year 2015, at a payout price of EUR 38.92.

The number of phantom shares changed as follows in fiscal year 2015:

(Number of shares)	12/31/2014	Additions	Expired	Paid Out	12/31/2015
2011 tranche	61,495	–	–	61,495	–
Total	**61,495**	**–**	**–**	**61,495**	**–**

In fiscal year 2015, expenses of EUR 38 thousand (previous year: EUR 180 thousand) were recognized in respect of phantom shares. The liability as of December 31, 2015, amounted to EUR 0 thousand (previous year: EUR 2,355 thousand). In the previous year, the corresponding amount was reported in current employee benefit obligations under bonuses, whereby the relevant price for the phantom shares issued in fiscal year 2011 was EUR 38.30.

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. This comparison is computed on the basis of the respective arithmetic mean closing prices on the last 20 trading days preceding the start of the three-year performance period. 100 percent of the target is achieved if the performance of the arithmetic mean of the GEA share daily closing prices is equal to 100 percent of the corresponding TMI performance over the three-year performance period. In the event of outperformance greater than 100 percent, the amount paid out rises to a maximum of 300 percent of the target amount. If the increase in GEA's share price over the three-year period is less than 100 percent of the growth in the TMI IE, the amount payable will be reduced accordingly down to a performance level of 75 percent: For each percentage point higher or lower than a 100 percent performance level, the degree of target achievement will rise or fall by 4 percent. The total degree of target achievement and thus the payout level for the long-term share price component is limited to 300 percent of this target amount (cap).

Starting from a target amount of EUR 1,825 thousand (previous year: EUR 1,793 thousand), the fair value of claims arising from the long-term share price component amounted to EUR 2,391 thousand (previous year: EUR 2,664 thousand) as of the reporting date. The 2012 tranche was paid out in fiscal year 2015 at EUR 784 thousand (previous year: EUR 0).

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:

	2015		2014	
	2015 tranche	2014 tranche	2014 tranche	2013 tranche
Share price (arithmetic mean) (EUR)	39.89	37.65	34.66	32.50
STOXX TMI IE (arithmetic mean) (index points)	373.88	360.21	346.47	339.31
Risk-free interest (percent)	–0.350	–0.390	–0.099	0.100
Volatility GEA share (percent)	23.53	23.53	22.29	22.29
Volatility STOXX TMI IE (percent)	21.06	21.06	15.66	15.66
Correlation between GEA share and STOXX TMI IE (percent)	86.50	86.50	66.12	66.12

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, 2015, were composed of the following items:

(EUR thousand)	12/31/2015	12/31/2014
Borrower's note loan	89,898	89,842
Bonds	–	274,045
Liabilities to banks	50,308	50,344
Liabilities under finance leases	30,342	31,419
Liabilities from derivatives	6,461	10,422
Non-current financial liabilities	**177,009**	**456,072**
Borrower's note loan	697	699
Bonds	282,666	8,157
Liabilities to banks	5,561	106,033
Liabilities under finance leases	3,467	3,510
Liabilities from derivatives	8,142	13,946
Liabilities to equity investments	202	1,129
Current financial liabilities	**300,735**	**133,474**
Total financial liabilities	**477,744**	**589,546**

The financing of GEA Group as of December 31, 2015, consisted mainly of the following items:

(EUR thousand)	Carrying amount 12/31/2015	Carrying amount 12/31/2014	Notional value 12/31/2015	Fair value 12/31/2015	Maturity
GEA Bond	282,666	282,202	274,739	286,043	April 21, 2016
European Investment Bank	50,209	150,345	50,000	50,742	Partial repayment amounting to 100.000 T EUR on January 14, 2015; Remaining portion on July 14, 2017
Borrower's note loan	90,595	90,541	90,000	94,394	September 19, 2017

Bond

On April 14, 2011, GEA Group Aktiengesellschaft issued a bond amounting to EUR 400,000 thousand. The bond has a five-year term and a fixed coupon of 4.25 percent. In 2014 bonds amounting to EUR 125,261 thousand were repurchased. The bond is unsecured. It is listed on the regulated market of the Luxembourg Stock Exchange.

Borrower's note loans

In 2012, GEA Group Aktiengesellschaft placed a borrower's note loan in the amount of EUR 90,000 thousand which is due to mature in 2017 and has a fixed interest rate of 2.725 percent.

Liabilities to banks

The maturities of liabilities to banks are as follows:

(EUR thousand)	12/31/2015	12/31/2014
< 1 year	5,561	106,033
1 - 2 years	50,170	137
2 - 3 years	101	50,138
3 - 4 years	32	69
4 - 5 years	5	–
Total	**55,869**	**156,377**

Liabilities to banks mainly comprise the EUR 50,000 thousand loan from the European Investment Bank (EIB), which is scheduled for repayment in 2017. Part of the loan amount (EUR 100,000 thousand) was repaid in advance in fiscal year 2015. The weighted average interest rate for this partial amount was fixed at 3.29 percent for the full term using two interest rate swaps.

None of the credit lines drawn down are secured. GEA Group has undertaken in the loan agreements to comply with a certain covenant. Compliance with the covenant must be reviewed at the end of each quarter. The covenant was met as of December 31, 2015.

Transaction costs for the unused syndicated credit line (club deal) as of the end of the year are allocated on a straight-line basis over the term.

Other liabilities to banks in the eurozone bore interest rates of between 0.5 percent and 2.0 percent, depending on their maturity and financing purpose (previous year: between 0.5 percent and 2.0 percent). The group additionally had foreign currency liabilities in Indian rupees (previous year: Indian rupees and Brazilian real) that also bear standard market interest rates in this country of around 10.0 percent (previous year: 12.0 percent in India and 13.5 percent in Brazil).

Liabilities to banks totaling EUR 934 thousand (previous year: EUR 0 thousand) were secured.

Cash credit and guarantee credit lines

Including the syndicated credit line, the group as a whole had cash credit lines of EUR 1,199,350 thousand as of December 31, 2015 (previous year: EUR 1,305,421 thousand). Of this amount, cash credit lines of EUR 770,220 thousand (previous year: EUR 776,315 thousand) are unutilized (see section 3). In addition, guarantee credit lines for the performance of contracts, advance payments, and warranty obligations of EUR 1,463,367 thousand (previous year: EUR 1,732,338 thousand) were available to the group as a whole, of which EUR 981,925 thousand (previous year: EUR 1,270,261 thousand) has not been utilized.

Liabilities under finance leases

The following table shows a breakdown of future payments under finance leases:

	Minimum lease payments		Interest		Present value of minimum lease payments	
(EUR thousand)	12/31/2015	12/31/2014	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Not later than one year	3,930	3,997	463	487	3,467	3,510
Between one and five years	15,740	15,923	3,979	4,085	11,761	11,838
Later than five years	48,057	51,963	29,476	32,382	18,581	19,581
Total future payments under finance leases	**67,727**	**71,883**	**33,918**	**36,954**	**33,809**	**34,929**

Liabilities under finance leases relate mainly to land and buildings. The present value of minimum lease payments as of December 31, 2015, relating to leases for land and buildings amounted to EUR 33,689 thousand (previous year: EUR 34,599 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, 2015:

(EUR thousand)	12/31/2015	12/31/2014
Trade payables	610,315	639,719
thereof to unconsolidated companies	6,790	8,066

Trade payables of EUR 609,487 thousand (previous year: EUR 638,994 thousand) are due within one year. The balance of EUR 828 thousand (previous year: EUR 725 thousand) is due after more than one year.

Trade payables in the amount of EUR 33,633 thousand (previous year: EUR 46,032 thousand) are secured.

7.6 Income tax liabilities

Income tax liabilities relate to current taxes and amounted to EUR 40,743 (previous year: EUR 35,649 thousand).

7.7 Other liabilities

Other liabilities as of December 31, 2015, are composed of the following items:

(EUR thousand)	12/31/2015	12/31/2014
Other non-current liabilities	**63,708**	**58,566**
Payments on account received in respect of orders and construction contracts	184,470	188,802
Gross amount due to customers for contract work	325,469	254,928
Other liabilities to unconsolidated subsidiaries	25,959	24,166
Liabilities from other taxes	52,822	47,307
Other liabilities	89,037	102,916
thereof social security	15,164	13,284
thereof other liabilities to employees	13,702	6,615
Other current liabilities	**677,757**	**618,119**
Total other liabilities	**741,465**	**676,685**

Payments on account received in respect of orders amounting to EUR 39,217 thousand (previous year: EUR 22,409 thousand) and other liabilities amounting to EUR 9,300 thousand (previous year: EUR 7,711 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, 2015, by class within the meaning of IFRS 7 as well as by measurement category. The tables also include financial assets and liabilities, as well as derivatives that are included in recognized hedging relationships but do not belong to any of the IAS 39 measurement categories.

		Measurement in accordance with IAS 39				
(EUR thousand)	Carrying amount 12/31/2015	Amortized cost	Fair value through profit or loss	Fair value recognized in other comprehensive income	Measurement in accordance with other IFRSs	Fair value 12/31/2015
Assets						
Trade receivables	1,118,081	781,209	–	–	336,872	1,118,081
thereof PoC receivables	336,872	–	–	–	336,872	336,872
Income tax receivables	26,082	–	–	–	26,082	26,082
Cash and cash equivalents	1,174,150	1,174,150	–	–	–	1,174,150
Other financial assets	408,743	285,362	7,576	46,311	69,494	408,743
thereof derivatives included in hedging relationships	–	–	–	–	–	–
By IAS 39 measurement category						
Loans and receivables	2,218,975	2,218,975	–	–	–	2,218,975
thereof cash and cash equivalents	1,174,150	1,174,150	–	–	–	1,174,150
thereof trade receivables	781,209	781,209	–	–	–	781,209
thereof other financial assets	263,616	263,616	–	–	–	263,616
Available-for-sale investments	68,057	21,746	–	46,311	–	68,057
Financial assets at fair value through profit or loss (derivatives not included in a recognized hedging relationship)	7,576	–	7,576	–	–	7,576
Liabilities						
Trade payables	610,315	610,315	–	–	–	610,315
Financial liabilities	477,744	429,332	12,307	2,296	33,809	485,453
thereof liabilities under finance leases	33,809	–	–	–	33,809	33,809
thereof derivatives included in hedging relationships	2,296	–	–	2,296	–	2,296
Income tax liabilities	40,743	–	–	–	40,743	40,743
Other liabilities	741,465	139,221	6,097	–	596,147	740,200
By IAS 39 measurement category						
Financial liabilities at amortized cost	1,178,868	1,178,868	–	–	–	1,185,312
thereof trade payables	610,315	610,315	–	–	–	610,315
thereof bonds and other securitized liabilities	373,261	373,261	–	–	–	380,437
thereof liabilities to banks	55,869	55,869	–	–	–	56,402
thereof loan liabilities to unconsolidated subsidiaries	202	202	–	–	–	202
thereof other liabilities to affiliated companies	25,959	25,959	–	–	–	25,959
thereof other liabilities	113,262	113,262	–	–	–	111,997
Financial liabilities at fair value through profit or loss (derivatives not included in a hedging relationship and contingent consideration)	18,404	–	18,404	–	–	18,404

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

The fair values of the financial instruments recognized under assets held for sale and liabilities held for sale are not presented separately, since their carrying amounts represent reasonable approximations of their fair value.

Financial assets and liabilities that are measured at fair value, or for which a fair value is disclosed in the notes to the consolidated financial statements, are required to be categorized according to the fair value hierarchy described in the following. Categorization within the levels of the fair value hierarchy is based on the measurement of the underlying inputs:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical financial assets and liabilities.

Level 2 inputs: quoted market prices that are observable as direct (prices) or indirect (derived from prices) inputs used to measure fair value and that are not quoted prices as defined by Level 1.

Level 3 inputs: inputs that are not based on observable market data.

The following table shows the categorization of financial assets and financial liabilities into the three-level fair value hierarchy:

Recurring fair value measurements	12/31/2015				12/31/2014			
	Carrying amount	Fair value			Carrying amount	Fair value		
(EUR thousand)		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
Financial assets measured at fair value								
Derivatives included in hedging relationships	–	–	–	–	4,453	–	4,453	–
Derivatives not included in hedging relationships	7,576	–	7,576	–	16,558	–	16,558	–
Available-for-sale financial assets valued at fair value	9,311	–	–	9,311	8,518	–	–	8,518
Other financial assets	37,000	37,000	–	–	37,036	37,036	–	–
Financial liabilities measured at fair value								
Derivatives included in hedging relationships	2,296	–	2,296	–	12,923	–	12,923	–
Derivatives not included in hedging relationships	12,307	–	12,307	–	11,445	–	11,445	–
Contingent consideration	6,097	–	–	6,097	–	–	–	–
Financial liabilities not measured at fair value								
Bonds	282,666	286,043	–	–	282,202	295,810	–	–
Promissory note bonds	90,595	–	94,394	–	90,541	–	95,222	–
Liabilities to banks	55,869	–	56,402	–	156,377	–	157,245	–
Other financial liabilities	76,208	–	–	74,943	76,987	–	–	77,200

There were no transfers into or out of the levels of the fair value hierarchy in fiscal year 2015.

The fair value of the bond and the other financial assets is calculated on the basis of quoted bid prices on an active market and is therefore categorized within Level 1. The fair value includes the interest deferred as of the reporting date.

The fair value of derivatives is calculated using quoted exchange rates and yield curves observable in the market. Accordingly, these are categorized within Level 2 of the fair value hierarchy.

The fair value of borrower's note loans and liabilities to banks is measured on the basis of the yield curve, taking into account credit spreads. They are therefore categorized within Level 2 of the fair value hierarchy. The interest deferred as of the reporting date is included in the fair values.

The fair values of trade receivables, cash and cash equivalents, term deposits, and other financial receivables essentially correspond to the carrying amounts; this is due to the predominantly short remaining maturities.

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

Financial liabilities resulting from contingent purchase price considerations are assigned to Level 3 of the fair value hierarchy. The fair value of these liabilities is determined by means of present value calculations, taking into account various inputs that are not observable in the market, and that are based in particular on corporate planning, as specified in the respective purchase price clauses.

A receivable relating to the former raw material activities of Metallgesellschaft AG that had previously been written off was allocated to Level 3 financial instruments; its fair value is determined by means of a present value calculation on the basis of the debtor's payment plan.

The following table shows the changes in fair value in fiscal year 2015:

(EUR thousand)	
Fair value 12/31/2014	8,518
Interest income	392
Currency translation	–688
Revaluation	1,089
Fair value 12/31/2015	**9,311**

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

Unrealized losses recognized directly in equity for this financial instrument amounted to EUR –338 thousand as of the reporting date (previous year: gains of EUR –1,427 thousand).

GEA Group Aktiengesellschaft has entered into netting agreements with banks under the German Master Agreement for Financial Derivatives Transactions. As a general rule, the amounts owed under such agreements by each counterparty from all outstanding transactions in the same currency on a single day are aggregated to a single net amount payable by one party to the other. In the event of a credit event, such as late payment, all outstanding transactions under the agreement will be terminated, the value on termination calculated, and one single net amount paid to settle all transactions.

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

(EUR thousand)	Gross amounts of financial assets/liabilities	Net amounts of financial assets/liabilities, presented in the balance sheet	Respective amounts not netted in the balance sheet	Net amounts
12/31/2015				
Receivables from derivatives	6,951	6,951	5,969	982
Liabilities from derivatives	13,534	13,534	5,969	7,565
12/31/2014				
Receivables from derivatives	19,183	19,183	8,278	10,905
Liabilities from derivatives	22,111	22,111	8,278	13,833

Nonderivative financial assets

The carrying amount of the trade receivables and other financial assets that are subject to the IAS 39 measurement requirements corresponds to their fair value. Assets allocated to the "available-for-sale financial assets" category are measured at amortized cost. These are shares in unconsolidated subsidiaries and other equity investments whose fair value cannot be determined reliably.

Nonderivative financial liabilities

The carrying amount of the trade payables and other current liabilities that are subject to the measurement rules of IAS 39 corresponds to their fair value. The fair value of fixed-rate liabilities is the present value of their expected future cash flows. They are discounted at the rates prevailing at the reporting date. The carrying amount of variable-rate liabilities corresponds to their fair value.

Derivative financial instruments

The fair value of currency forwards at the reporting date is calculated on the basis of the spot exchange rate, taking into account forward premiums and discounts corresponding to the relevant remaining maturities. Forward premiums and discounts are derived from yield curves observable at the reporting date. The fair value of currency options is calculated on the basis of recognized valuation models. Fair value is affected by the remaining term of the option, the current exchange rate, the volatility of the exchange rate, and the underlying yield curves.

The fair value of interest rate swaps and options is determined on the basis of discounted expected future cash flows. Market interest rates applicable to the remaining maturities of these financial instruments are used. Cross-currency swaps also include the exchange rates of the relevant foreign currencies in which the cash flows are generated.

GEA Group uses derivative financial instruments, including currency forwards, interest rate swaps, and cross-currency swaps. Derivative financial instruments serve to hedge foreign currency risk and interest rate 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.

	12/31/2015		12/31/2014	
(EUR thousand)	Notional value	Fair value	Notional value	Fair value
Assets				
Currency derivatives not included in a hedging relationship	701,136	7,576	748,907	16,558
Currency derivatives included in a cash flow hedge	–	–	154,190	4,453
Total	**701,136**	**7,576**	**903,097**	**21,011**
Equity and liabilities				
Currency derivatives not included in a hedging relationship	293,436	8,357	219,092	4,945
Currency derivatives included in a cash flow hedge	–	–	236,672	9,695
Interest rate and cross-currency derivatives not included in a hedging relationship	33,535	3,950	40,113	6,500
Interest rate and cross-currency derivatives included in a cash flow hedge	50,000	2,296	50,000	3,228
Total	**376,971**	**14,603**	**545,877**	**24,368**

Derivative financial instruments included in recognized hedging relationships

In the reporting year, derivative financial instruments included in recognized hedging relationships served exclusively to hedge interest rate risks from long-term financing (cash flow hedges). In the previous year, foreign currency risks from future sale and procurement transactions were also included in 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, 2015.

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, 2015, the complete group recognized gains of EUR 0 thousand (previous year: EUR 5,576 thousand) and losses of EUR 2,023 thousand (previous year: EUR 13,030 thousand) from currency and interest rate derivatives directly in equity.

In the course of fiscal year 2015, EUR –4,614 thousand (previous year: EUR –47 thousand) was recognized in the income statement due to the hedged items being recognized in the balance sheet, and EUR 8,753 thousand (previous year: EUR 3,497 thousand) was offset against the cost of assets. The amounts recognized in the income statement resulted in an increase in revenue of EUR 1,742 thousand (previous year: EUR 1,545 thousand). In addition, gains of EUR 7,744 thousand (previous year: gains of EUR 5,419 thousand) and losses of EUR –14,099 thousand (previous year: losses of EUR –7,012 thousand) were reported in net exchange rate gains/losses. EUR 0 thousand (previous year: EUR 0 thousand) from interest rate derivatives was recognized in net interest income.

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

55 percent (previous year: 96 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 45 percent (previous year: 4 percent) are due by 2017 (previous year: 2017). If financial assets are hedged, the derivatives are recognized in the income statement at the same time as the hedged items are recognized in the income statement and balance sheet. If financial liabilities from procurement transactions are hedged, the derivatives are recognized in the income statement when the purchased goods or services are recognized in the income statement.

Derivative financial instruments not included in recognized hedging relationships

If the criteria for recognizing a hedging relationship are not met, any change in fair value is recognized in the income statement

Income and expenses

The measurement effects from financial instruments have largely been recognized in profit or loss. The following table shows net income from financial instruments, broken down by the IAS 39 measurement categories:

	12/31/2015			12/31/2014		
(EUR thousand)	Net income	thereof interest income/expense	thereof impairment losses/ reversals of impairment losses	Net income	thereof interest income/ expense	thereof impairment losses/ reversals of impairment losses
Loans and receivables	–39,406	8,484	–7,139	–35,073	5,270	–5,730
Available-for-sale investments	–1,315	75	–1,011	–172	153	–
Financial assets/liabilities at fair value through profit or loss	41,442	301	–	31,038	–1,260	–
Financial liabilities at amortized cost	–34,003	–27,169	–	–41,086	–44,175	–
Total	**–33,282**	**–18,309**	**–8,150**	**–45,293**	**–40,012**	**–5,730**

8. Consolidated income statement disclosures

8.1 Revenue

Revenue is composed of the following items:

(EUR thousand)	12/31/2015 - 12/31/2015	12/31/2014 - 12/31/2014
From construction contracts	2,160,765	2,207,366
From sale of goods and services	1,087,586	1,082,977
From service agreements	1,350,918	1,225,346
Total	**4,599,269**	**4,515,689**

8.2 Other income

Other income is composed of the following items:

(EUR thousand)	01/01/2015 - 12/31/2015	01/01/2014 - 12/31/2014
Exchange rate gains	197,610	100,377
Gains on the measurement of foreign currency derivatives	133,511	69,141
Rental and lease income	3,392	3,963
Income from payments received on reversals previously written off	2,424	2,956
Income from disposal of non-current assets	1,487	1,798
Income from compensation payments and cost reimbursements	2,110	1,501
Miscellaneous other income	51,607	49,457
Total	**392,141**	**229,193**

8.3 Other expenses

Other expenses are composed of the following items:

(EUR thousand)	01/01/2015 - 12/31/2015	01/01/2014 - 12/31/2014
Exchange rate losses	247,618	133,238
Losses on the measurement of foreign currency derivatives	92,370	36,843
Bad debt allowances on trade receivables	9,563	8,686
Restructuring expenses	1,263	–
Cost of money transfers and payment transactions	1,404	1,172
Losses on the disposal of non-current assets	696	1,092
Miscellaneous other expenses	30,706	21,300
Total	**383,620**	**202,331**

8.4 Restructuring expenses relating to the "Fit for 2020" initiative

The "Fit for 2020" initiative is a constituent part of GEA's strategic reorientation effort. It aims to bring about substantial savings and promote further growth by optimizing the company's organizational structure. As a result, the development and manufacturing of products and the provision of process solutions have been bundled in two new business areas – Equipment and Solutions. This new structure with business areas of roughly equal size and strength promises greater operational synergies across technologies and applications, and helps achieve functional excellence by standardizing processes. For GEA's customers this means one country organization per country as a central point of contact offering the entire product portfolio and all services on a local basis. The planned measures include a net workforce reduction of approximately 1,450 full-time equivalents.

In fiscal year 2015, restructuring provisions amounting to EUR 125.6 million were recorded for the "Fit for 2020" initiative. EUR 109.9 million of these expenses were attributable to expenses for contractual and anticipated redundancy payments, while EUR 7.4 million was for impairments on property, plant and equipment and on intangible assets. The remaining amount of EUR 8.4 million is attributable in particular to other costs in connection with site closures.

Restructuring provisions are recognized insofar as the relevant criteria applicable in the individual countries or locations are met. This was largely the case toward the end of 2015 for the restructuring measures planned in the context of the "Fit for 2020" initiative. The restructuring provisions recognized as of December 31, 2015 amounted to EUR 90.2 million, of which EUR 85.3 million was attributable to obligations arising from contractual and anticipated severance payments (see section 7.3).

8.5 Presentation of selected income and expenses by cost type

Cost of materials

The cost of materials included in cost of sales increased by EUR 11,112 thousand in the reporting period to EUR 2,193,582 thousand (previous year: EUR 2,204,694 thousand). Cost of materials was 47.7 percent of gross revenue and was therefore lower than the previous year's figure of 48.5 percent.

Personnel expenses

Personnel expenses increased by EUR 149,703 thousand in 2015 to EUR 1,391,966 thousand (previous year: EUR 1,242,263 thousand). The cost of unwinding the discount on expected pension obligations is not recognized under personnel expenses, but under financial and interest expenses. Personnel expenses include wages and salaries in the amount of EUR 1,175,641 thousand (previous year: EUR 1,022,399 thousand) as well as social security contributions and expenses for post-employment benefits of EUR 216,325 thousand (previous year: EUR 219,709 thousand). The ratio of personnel expenses to gross revenue thus increased to 30.3 percent (previous year: 27.3 percent) The rise is largely due to additional personnel expenses for severance payments in the context of the restructuring measures.

Depreciation, amortization, and impairment losses

Depreciation, amortization, and impairment losses totaling EUR 119,407 thousand (previous year: EUR 100,780 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 non-derivative financial assets excluding trade receivables amounted to EUR 1,011 thousand in the reporting period (previous year: EUR 0 thousand). Of this amount, EUR 1,011 thousand (previous year: EUR 0 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 11,694 thousand (previous year: EUR 12,613 thousand). These impairment losses and the remaining impairment losses were recognized in cost of sales.

8.6 Financial and interest income

Financial income

Financial income is composed of income from profit transfers and investment income from other equity investments:

(EUR thousand)	01/01/2015 - 12/31/2015	01/01/2014 - 12/31/2014
Income from other equity investments	2,499	5,700
thereof from unconsolidated subsidiaries	2,413	5,683
Total	**2,499**	**5,700**

Interest income

Interest and similar income is composed of the following items:

(EUR thousand)	01/01/2015 - 12/31/2015	01/01/2014 - 12/31/2014
Interest income on receivables, cash investments, and marketable securities	10,038	5,793
thereof from unconsolidated subsidiaries	306	332
Other interest income	1,437	1,264
Total	**11,475**	**7,057**

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)	01/01/2015 - 12/31/2015	01/01/2014 - 12/31/2014
Loans and receivables	8,484	5,270
Available-for-sale investments	75	153
Financial assets at fair value through profit or loss	2,916	1,634
Total	**11,475**	**7,057**

8.7 Financial and interest expenses

Financial expenses

Financial expenses for fiscal year 2015 amounted to EUR 1,861 thousand (previous year: EUR 279 thousand) and comprised impairment losses on equity investments in unconsolidated companies of EUR 1,011 thousand (previous year: EUR 0 thousand) and expenses from loss absorption of EUR 850 thousand (previous year: EUR 279 thousand).

Interest expense

Interest and similar expenses comprised the following items:n:

(EUR thousand)	01/01/2015 - 12/31/2015	01/01/2014 - 12/31/2014
Interest expenses on liabilities to banks	18,664	36,885
Interest cost from discount unwinding on pension and medical care obligations	14,952	19,788
Interest cost from discount unwinding on discounted provisions and other employee benefit obligations	3,143	3,136
Other interest expenses	14,154	13,278
thereof to unconsolidated subsidiaries	232	86
Total interest expenses	**50,913**	**73,087**

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)	01/01/2015 - 12/31/2015	01/01/2014 - 12/31/2014
Financial liabilities at amortized cost	27,169	44,175
Financial liabilities at fair value through profit or loss	2,615	2,894
Financial liabilities not measured in accordance with IAS 39	21,129	26,018
Total	**50,913**	**73,087**

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 4.4 percent in fiscal year 2015 (previous year: 3.4 percent). Interest income generated on advance payments and progress payments received reduces the cost of the asset. No material borrowing costs were capitalized in fiscal year 2015 or in the previous year.

In fiscal year 2015, expenses totaling EUR 1,404 thousand (previous year: EUR 1,172 thousand) were incurred for fees that were not included in the calculation of the effective interest rate.

8.8 Taxes on income

Income taxes for continuing operations are composed of the following items:

(EUR thousand)	01/01/2015 - 12/31/2015	01/01/2014 - 12/31/2014
Current taxes	61,428	80,751
Germany	1,694	10,675
Other countries	59,734	70,076
Deferred taxes	–55,670	7,065
thereof related to temporary differences	–6,242	13,837
Total	**5,758**	**87,816**

The expected tax expense is calculated using the tax rate of 30.00 percent (previous year: 29.97 percent) applicable to German group companies. This includes an average trade tax rate of 14.17 percent (previous year: 14.14 percent) in addition to the uniform corporate income tax rate of 15.00 percent (previous year: 15.00 percent) and the solidarity surcharge of 0.825 percent (previous year: 0.825 percent). The following table shows a reconciliation of the expected tax rate to the effective tax rate of 2.13 percent (previous year: 23.49 percent)

	01/01/2015 -12/31/2015		01/01/2014 -12/31/2014	
	(EUR thousand)	(%)	(EUR thousand)	(%)
Profit before tax	**270,007**	**–**	**373,830**	**–**
Expected tax expense	81,002	30.00	112,034	29.97
Non-tax deductible expense	4,633	1.72	11,347	3.03
Tax-exempt income	–4,476	–1.66	–4,089	–1.09
Change in valuation allowances	–71,648	–26.54	–32,864	–8.79
Change in tax rates	–1,052	–0.39	–1,073	–0.29
Foreign tax rate differences	–3,648	–1.35	–2,665	–0.71
Other	947	0.35	5,126	1.37
Income tax and effective tax rate	**5,758**	**2.13**	**87,816**	**23.49**

The change in valuation allowances in the amount of EUR –71,648 thousand (previous year: EUR –32,864 thousand) was primarily due to a revised assessment of the recoverability of the deferred tax assets on tax loss carryforwards in the U.S.A. and in Germany. With regard to Germany, additional allowances could be reversed due to a special effect in other discontinued operations.

The effects of changes in tax rates in the amount of EUR –1,052 thousand (previous year: EUR –1,073 thousand) in the reporting period were mainly due to the change in the tax rate in Denmark.

The foreign tax rate differences are due to different tax rates outside Germany in comparison to the German tax rate of 30.00 percent. The tax rates for foreign companies vary between 0.00 percent (UAE) and 40.91 percent (U.S.A.).

The other reconciliation effects include amongst others nondeductible withholding taxes, prior-period taxes, and other income taxes outside Germany.

Deferred tax assets and liabilities as of the reporting date can be broken down by maturity as follows:

(EUR thousand)	12/31/2015	12/31/2014
Current deferred tax assets	67,022	62,477
Non-current deferred tax assets	424,097	406,824
Total deferred tax assets	**491,119**	**469,301**
Current deferred tax liabilities	40,891	49,166
Non-current deferred tax liabilities	70,279	69,432
Total deferred tax liabilities	**111,170**	**118,598**
Net deferred tax assets	**379,949**	**350,703**

Deferred tax assets and liabilities as of December 31, 2015, and 2014, are composed of the following items:

	Deferred tax assets		Deferred tax liabilities	
(EUR thousand)	2015	2014	2015	2014
Property, plant, and equipment	6,849	7,443	23,757	22,874
Investment property	226	322	–	355
Intangible assets	505	449	80,550	64,980
Goodwill	14,767	16,962	35,177	34,316
Other non-current financial assets	835	609	5,110	5,169
Non-current assets	**23,182**	**25,785**	**144,594**	**127,694**
Inventories	32,274	26,449	1,522	3,018
Trade receivables	6,505	4,975	46,150	48,138
Other current financial assets	5,601	7,107	11,010	11,423
Cash and cash equivalents	–	42	59	93
Current assets	**44,380**	**38,573**	**58,741**	**62,672**
Total assets	**67,562**	**64,358**	**203,335**	**190,366**
Provisions	17,456	14,787	152	196
Employee benefits	119,498	123,074	378	34
Non-current financial liabilities	5,963	6,832	496	1,577
Other non-current financial liabilities	458	864	2,314	1,387
Non-current liabilities	**143,375**	**145,557**	**3,340**	**3,194**
Provisions	22,042	25,249	2,081	2,287
Employee benefits	14,914	10,859	728	52
Current financial liabilities	8,349	6,499	1,492	245
Trade payables	4,103	5,246	5,156	3,831
Other current financial liabilities	12,016	8,081	7,405	6,526
Current liabilities	**61,424**	**55,934**	**16,862**	**12,941**
Total liabilities	**204,799**	**201,491**	**20,202**	**16,135**
Valuation allowances on temporary differences	–3,052	–4,420	–	–
Deferred taxes on temporary differences	**269,309**	**261,429**	**223,537**	**206,501**
Tax loss carryforwards	998,200	987,158	–	–
Valuation allowances on tax loss carryforwards	–664,023	–691,383	–	–
Offsetting of deferred taxes	–112,367	–87,903	–112,367	–87,903
Recognized deferred taxes	**491,119**	**469,301**	**111,170**	**118,598**

In addition to changes of EUR 55,670 thousand recognized in profit or loss (previous year: EUR –7,065 thousand), changes in deferred taxes resulted mainly from changes of EUR 14,080 thousand (previous year: EUR 58,122 thousand) recognized in other comprehensive income, including currency translation effects of foreign operations. In addition, deferred taxes in the amount of EUR –16,104 thousand from initial consolidations were recognized directly in equity. In addition, EUR –24,400 thousand was recognized in the tax result from discontinued operations, largely in connection with income from the settlement of disputes in connection with the former business activities of mg technologies ag. In the previous year, EUR 14,543 thousand relating to the sale of the GEA HX segment was recognized in the tax result from discontinued operations.

Deferred tax liabilities of EUR 1,352 thousand (previous year: EUR 1,747 thousand) were recognized as of December 31, 2015, for expected dividend payments from subsidiaries. In addition, as of December 31, 2015, deferred tax liabilities of EUR 1,288 thousand (previous year: EUR 2,689 thousand) were recognized for withholding taxes likely to occur.

No deferred taxes were recognized for taxable temporary differences arising from investments in subsidiaries in the amount of EUR 431,867 thousand (previous year: EUR 314,211 thousand) as of December 31, 2015, since the Company is able to control their reversal and no reversals will be made in the foreseeable future.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to set off current tax assets against current tax liabilities and if the deferred taxes relate to income taxes levied by the same taxation authority.

As of December 31, 2015, GEA Group recognized deferred tax assets in the amount of EUR 334,177 thousand (previous year: EUR 295,776 thousand) on tax loss carryforwards:

(EUR thousand)	12/31/2015	12/31/2014
Deferred tax assets on domestic tax loss carryforwards		
Corporate income tax	77,000	74,000
Trade tax	72,024	69,000
Deferred tax assets on foreign tax loss carryforwards	185,153	152,776
Total	**334,177**	**295,776**

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

No deferred tax assets were recognized for corporate income tax loss carryforwards in the amount of EUR 1,501,961 thousand (previous year: EUR 1,616,254 thousand) and trade tax loss carryforwards in the amount of EUR 1,020,728 thousand (previous year: EUR 1,117,552 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.

8.9 Earnings per share

Earnings per share are calculated as follows:t:

(EUR thousand)	01/01/2015 - 12/31/2015	01/01/2014 - 12/31/2014
Profit for the period attributable to shareholders of GEA Group Aktiengesellschaft	361,857	320,483
thereof from continuing operations	264,240	286,019
thereof from discontinued operations	97,617	34,464
Weighted average number of shares outstanding (thousand)	192,495	192,495
Basic and diluted earnings per share (EUR)		
from profit for the period	1.88	1.66
thereof attributable to continuing operations	1.37	1.49
thereof attributable to discontinued operations	0.51	0.18

8.10 Appropriation of net profit

GEA Group Aktiengesellschaft reported net income for the fiscal year of EUR 142,666 thousand in accordance with the HGB (previous year: EUR 140,666 thousand). In fiscal year 2015, an amount of EUR 10,000 thousand was withdrawn from the other revenue reserves. Including the profit brought forward of EUR 1,799 thousand (previous year: EUR 879 thousand), the net retained profits amounted to EUR 154,464 thousand (previous year: EUR 136,546 thousand). In the previous year, the Executive Board and Supervisory Board appropriated EUR 5,000 thousand to the other revenue reserves in accordance with section 58(2) sentence 1 of the AktG.

The Executive Board and Supervisory Board will propose to the Annual General Meeting that the net retained profits be appropriated as follows:

Appropriation (EUR thousand)	2015	2014
Dividend payment to shareholders	153,996	134,747
Profit carried forward	468	1,799
Total	**154,464**	**136,546**

The dividend payment corresponds to the payment of a dividend of 80 cents per share for a total of 192,495,476 shares (previous year: 192,495,476 shares). The dividend will be paid from the contribution account for tax purposes (section 27 of the Körperschaftsteuergesetz (KStG – German Corporate Income Tax Act)) and therefore without deduction of investment income tax and the solidarity surcharge. In the case of shareholders in Germany, the dividend is not subject to current taxation in the year of payment. The opinion of the German tax authorities (see also the Federal Ministry of Finance (BMF) circular dated December 22, 2009, paragraph 92) is that the payment of dividends from the contribution account for tax purposes constitutes a repayment of shareholder contributions, which results in a retrospective reduction in the cost of the shares. This can lead to the imposition of higher capital gains taxes if the shares are sold at a later date.

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

9.1 Contingent liabilities

GEA Group has issued or instructed the issue of both bank and group guarantees in favor of customers or lenders. The obligations presented in the following table relate to contingent liabilities for which the primary debtor is not a consolidated company of the group as a whole.

	Bank guarantees		Group guarantees	
(EUR thousand)	2015	2014	2015	2014
Guarantees for prepayments	10,497	10,248	919	2,202
Warranties	1,087	1,740	880	4,180
Performance guarantees	30,124	37,034	145,672	232,690
Other declarations of liability	318	334	21,387	50,758
Total	**42,026**	**49,356**	**168,858**	**289,830**
thereof attributable to GEA Heat Exchangers	26,275	34,151	63,646	108,045
thereof attributable to Lurgi/Lentjes	2,913	2,914	99,369	171,497

A significant proportion of the bank guarantees and most of the group guarantees are attributable to the GEA Heat Exchangers segment which was sold on October 31, 2014, as well as to the operating activities of Lurgi and Lentjes which were disposed of in previous years (see section 3).

The other guarantees relate mainly to customers of unconsolidated companies and to banks. The beneficiaries are entitled to asset claims under the guarantees if the primary debtor fails to meet its contractual obligations, for example, in the case of late or defective delivery, noncompliance with warranted performance parameters, or failure to repay loans in accordance with the contractual requirements.

The guarantees include contingent liabilities of EUR 9,228 thousand resulting from joint ventures (previous year: EUR 3,461 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 9.3) that could result in cash outflows.

9.2 Other financial obligations

The other financial obligations of the group as a whole as of December 31, 2015, are composed of the following items:

(EUR thousand)	12/31/2015	12/31/2014
Rental and lease obligations	105,718	103,221
Purchase commitments	103,309	105,325
Total	**209,027**	**208,546**

Rental and lease agreements

The obligations under rental and lease agreements of the group as a whole amount to EUR 105,718 thousand (previous year: EUR 103,221 thousand) and relate primarily to land and buildings, and to a lesser extent to technical equipment and machinery. The leases run until no later than 2031 (previous year: 2031). Payments are spread over future fiscal years as follows:

(EUR thousand)	12/31/2015	12/31/2014
Not later than one year	32,824	33,992
Between one and five years	51,676	50,416
Later than five years	21,218	18,813
Total	**105,718**	**103,221**

The expenses related to rental and lease agreements of the group as a whole in fiscal year 2015 amounted to EUR 54,971 thousand (previous year: EUR 45,593 thousand). Of this amount, EUR 11,476 thousand (previous year: EUR 18,014 thousand) was attributable to variable rents, which are primarily adjusted based on consumer price indexes. Subleases resulted in income of EUR 106 thousand for the group as a whole in the fiscal year (previous year: EUR 1,562 thousand). These subleases give rise to claims for rental income of EUR 406 thousand (previous year: EUR 721 thousand) over the coming years.

Sale and leaseback transactions relating to buildings resulted in future payments for the group as a whole of EUR 29,288 thousand at the reporting date (previous year: EUR 32,286 thousand).

Purchase commitments

EUR 101,530 thousand (previous year: EUR 105,299 thousand) of the purchase commitments is attributable to inventories.

9.3 Litigation

Dörries Scharmann AG insolvency proceedings

An action brought by the insolvency administrator of Dörries Scharmann AG against GEA Group Aktiengesellschaft is pending at the Düsseldorf Regional Court. The former Metallgesellschaft AG, the legal predecessor to GEA Group Aktiengesellschaft, held an interest in Schiess AG, which later became Dörries Scharmann AG. On the basis of that interest, the insolvency administrator is asserting various claims under company law, in particular for equity substitution, which amount to approximately EUR 18 million including possible interest. GEA Group Aktiengesellschaft considers the asserted claims to be unfounded and will continue to defend itself against all such demands.

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 Change in the structure of the operating segments

Following intensive preparations, GEA's new group structure – which was developed as part of its "Fit for 2020" initiative – was implemented on June 8, 2015. As part of this new structure, the development and manufacturing of products and the provision of process solutions have been bundled in two new business areas – Equipment and Solutions.

The Group's operating segments were reorganized accordingly during the reporting period. Thus, the former GEA Mechanical Equipment and GEA Farm Technologies segments were allocated to the Business Area Equipment, while GEA Process Engineering now belongs to the Business Area Solutions. The former GEA Refrigeration Technologies segment was split between the Business Areas Equipment and Solutions, with the goodwill attributable to the former segment being reallocated based on the relative values as of the reorganization date.

The administrative functions bundled in the Global Corporate Center and the Shared Service Center do not constitute separate operating segments. Their income and expenses and assets and liabilities are charged to the business areas, if allocatable. Activities that are not part of core business are not disclosed in the figures for the business areas. This includes investment property held for sale, pension obligations, and liabilities related to discontinued operations. The former GEA Heat Exchangers Segment, which was sold on October 31, 2014, is also not an operating segment. Unlike the previous year, the figures for GEA Heat Exchangers will no longer appear in segment reporting. The prior-period information was adjusted to reflect the amended reporting structure.

10.2 Operating segments

GEA Group's business activities are divided into the following two business areas:

Business Area Equipment

The Business Area Equipment brings together all activities ranging from customer-specific to largely standardized equipment offerings. In general, the products are manufactured in large quantities as part of large-scale series production on a standardized and modular basis. Typical products of the business area include separators, valves, pumps, homogenizers and refrigeration compressors. The portfolio of equipment also includes process technology for food processing and packaging. The product range also extends to automatic feeding systems, slurry engineering, and dairy parlor equipment.

Business Area Solutions

The Business Area Solutions brings together all group activities that largely consist of marketing customer-specific and modular solutions, and projects. This business area tailors its products and services to the specific application or customer requirements. The offering mainly comprises the design and development of process solutions for the dairy processing, brewing, food and beverages, pharma, and chemical industries.

(EUR million)	BA-E	BA-S	Others	Consolidation	**GEA**
01/01/2015 - 12/31/2015					
Order intake [1]	2,293.0	2,495.6	–	–198.5	**4,590.1**
External revenue	2,141.7	2,457.6	–	–	**4,599.3**
Intersegment revenue	182.0	17.7	–	–199.6	**–**
Total revenue	2,323.7	2,475.2	–	–199.6	**4,599.3**
Share of profit or loss of equity-accounted investments	1.6	1.0	–	–	**2.6**
Operating EBITDA [2]	381.8	255.3	81.4	–97.6	**621.0**
as % of revenue	16.4	10.3	–	–	**13.5**
EBITDA	308.8	202.6	16.0	–97.6	**429.8**
Operating EBIT [2]	326.8	234.8	74.7	–97.6	**538.8**
as % of revenue	14.1	9.5	–	–	**11.7**
EBIT	227.1	170.5	9.3	–97.5	**309.4**
as % of revenue	9.8	6.9	–	–	**6.7**
ROCE in % [3]	14.7	33.1	–	–	**14.6**
Interest income	5.4	5.6	28.7	–28.2	**11.5**
Interest expense	33.3	10.7	35.1	–28.2	**50.9**
EBT	199.2	165.4	2.8	–97.5	**270.0**
Income taxes	33.1	42.5	–16.9	–52.8	**5.8**
Profit or loss from discontinued operations	–	–	139.1	–41.5	**97.6**
Segment assets	3,507.0	2,902.4	4,413.5	–4,701.6	**6,121.2**
Segment liabilities	1,618.4	1,866.3	2,635.8	–2,843.5	**3,277.0**
Carrying amount of equity-accounted investments	8.0	5.1	–1.7	5.3	**16.6**
Working capital (reporting date) [4]	524.6	42.6	–18.3	–2.1	**546.8**
Additions in property, plant, and equipment, intangible assets, and goodwill	103.0	161.8	5.9	–0.2	**270.4**
Depreciation and amortization	73.4	27.7	6.7	–0.1	**107.7**
Impairment losses	8.4	4.3	0.0	–	**12.7**
Additions to provisions	142.3	131.7	43.3	2.8	**320.1**

(EUR million)	BA-E	BA-S	Others	Consolidation	**GEA**
01/01/2014 - 12/31/2014					
Order intake [1]	2,295.1	2,423.4	–	–198.9	**4,519.6**
External revenue	2,126.2	2,389.5	–	–	**4,515.7**
Intersegment revenue	181.4	14.9	–	–196.2	**–**
Total revenue	2,307.6	2,404.3	–	–196.2	**4,515.7**
Share of profit or loss of equity-accounted investments	1.0	0.8	0.6	–	**2.4**
Operating EBITDA [2]	351.1	265.8	26.6	–52.9	**590.7**
as % of revenue	15.2	11.1	–	–	**13.1**
EBITDA	340.7	264.5	–12.4	–52.9	**539.9**
Operating EBIT [2]	298.3	247.8	20.3	–52.9	**513.5**
as % of revenue	12.9	10.3	–	–	**11.4**
EBIT	268.3	243.0	–18.7	–52.8	**439.9**
as % of revenue	11.6	10.1	–	–	**9.7**
ROCE in % [3]	17.8	64.7	–	–	**22.6**
Interest income	3.1	4.6	22.4	–23.0	**7.1**
Interest expense	27.9	9.7	55.9	–20.4	**73.1**
EBT	243.5	237.9	–52.2	–55.4	**373.8**
Income taxes	56.2	60.9	–27.1	–2.1	**87.8**
Profit or loss from discontinued operations	–	–5.1	23.9	15.7	**34.6**
Segment assets	3,554.9	2,463.2	4,585.8	–4,771.9	**5,832.0**
Segment liabilities	1,655.5	1,691.2	2,871.9	–2,913.8	**3,304.8**
Carrying amount of equity-accounted investments	6.9	4.8	–1.7	5.3	**15.3**
Working capital (reporting date) [4]	497.7	–51.9	–18.3	–3.1	**424.4**
Additions in property, plant, and equipment, intangible assets, and goodwill	72.2	25.5	11.0	–0.5	**108.3**
Depreciation and amortization	72.0	22.1	6.3	–0.1	**100.3**
Impairment losses	0.4	–	–	–	**0.4**
Additions to provisions	158.1	114.0	115.0	–	**387.2**

1) Unaudited supplemental information
2) Before effects of purchase price allocations and before non-recurring items (see page 218 f.)
3) ROCE = EBIT/capital employed; EBIT and capital employed both calculated as the average for the last 12 months and before effects relating to goodwill from the acquisition of the former GEA AG by the former Metallgesellschaft AG in 1999; capital employed = non-current assets + working capital
4) 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)	2015	2014
Sales from construction contracts		
BA Equipment	290.9	355.1
BA Solutions	1,884.0	1,864.7
Consolidation	–14.2	–12.4
Total revenue from construction contracts	**2,160.8**	**2,207.4**
Sales components		
BA Equipment	1,151.4	1,141.5
BA Solutions	85.7	89.8
Consolidation	–149.4	–148.3
Total Sales components	**1,087.6**	**1,083.0**
Total Sales from service agreements		
BA Equipment	881.4	811.1
BA Solutions	505.5	449.8
Consolidation	–36.0	–35.5
Total revenue from service agreements	**1,350.9**	**1,225.3**
Total revenue	**4,599.3**	**4,515.7**

The profitability of the two business areas is measured using earnings before interest, tax, depreciation, amortization and impairment losses, and reversals of impairment (EBITDA), earnings before interest and tax (EBIT), and profit or loss before tax (EBT) as presented in the income statement, irrespective of reclassification to profit or loss from discontinued operations.

Impairment losses include all impairment losses on property, plant, and equipment, intangible assets, and investment property.

Out of total restructuring expenses of EUR 125.6 million, EUR 70.4 million was attributable to the Business Area Equipment, and EUR 52.1 million to the Business Area Solutions. The remaining EUR 3.1 million was attributable to "Other companies".

When calculating operating EBIT, management also adjusts the figure for earnings effects that it believes will not be incurred to the same extent in future fiscal years ("non-recurring items".) Operating EBIT for fiscal year 2015 was thus adjusted for non-recurring items totaling EUR 197.4 million (previous year: EUR 50.7 million). Non-recurring items comprise EUR 192.6 million (previous year: EUR 36.4 million) of expenses for strategic projects, of which EUR 125.6 million (previous year: EUR 0.0 million) was attributable to restructuring expenses. Other expenditure in connection with strategy projects comprises, in particular, external consulting fees for the "Fit for 2020" project, outlay in connection with the implementation of Shared Service Centers, personnel expenses for project-related incentives, travel costs, and grants for relocation. They also include income from pension obligations of EUR 9.9 million arising from the closure of a business location (previous year: EUR 0.0 million). Expenses for strategy projects also include ongoing personnel expenses of EUR 4.6 million (previous year: EUR 0.0 million) for employees in the "Fit for 2020" project team who assumed a new position at GEA at the end of the project.

In addition, personnel expenses of EUR 4.8 million (previous year: EUR 11.7 million) for employees who left the company in the fiscal year and were not replaced were identified as non-recurring items. In addition, income of EUR 1.3 million from the remeasurement of non-current provisions and the expense arising from the allocation in accordance with IFRS 5 of service and trademark fees totaling EUR 3.9 million exclusively to continuing operations, i.e., to the business areas, were identified as non-recurring items in the previous year.

Reconciliation of operating EBITDA to EBIT (EUR million)	2015	2014	Change in %
Operating EBITDA *	**621.0**	**590.7**	**5.1**
Depreciation of property, plant, and equipment, investment property, and amortization of intangible assets	–80.7	–77.3	–4.5
Impairment losses and reversals of impairment losses on property, plant, and equipment, investment property, intangible assets, and goodwill	–0.4	0.1	–
Other impairment losses and reversals of impairment losses	–1.0	–	–
Operating EBIT *	**538.8**	**513.5**	**4.9**
Depreciation and amortization on capitalization of purchase price allocation	–26.9	–23.1	–16.8
Impairment losses on capitalization of purchase price allocation	–3.9	0.1	–
Realization of step-up amounts on inventories	–1.2	–	–
Non-recurring items	–197.4	–50.7	< –100
EBIT	**309.4**	**439.9**	**–29.6**

*) Before effects of purchase price allocations from revalued assets and liabilities and before non-recurring items (see page 218 f.)

The following table shows the reconciliation of EBITDA to EBIT:

Reconciliation of EBITDA to EBIT (EUR million)	2015	2014
EBITDA	**429.8**	**539.9**
Depreciation of property, plant, and equipment, investment property, and amortization of intangible assets (see notes 6.1, 6.2, 6.4)	–107.7	–100.3
Impairment losses and reversals of impairment losses on property, plant, and equipment, investment property, intangible assets, and goodwill (see notes 6.1, 6.2, 6.3, 6.4)	–11.7	0.3
Impairment losses and reversals of impairment losses on non-current financial assets	–1.0	–
EBIT	**309.4**	**439.9**

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

Reconciliation of working capital to total assets (EUR million)	12/31/2015	12/31/2014
Working capital (reporting date)	**546.8**	**424.4**
Working capital (reporting date) of Ruhr-Zink	–0.3	–0.2
Non-current assets	2,873.9	2,714.8
Income tax receivables	26.1	17.5
Other current financial assets	372.3	390.6
Cash and cash equivalents	1,174.2	1,195.9
Assets held for sale	8.1	5.6
plus trade payables	610.3	639.7
plus advance payments in respect of orders and construction contracts	184.5	188.8
plus gross amount due to customers for contract work	325.5	254.9
Total assets	**6,121.2**	**5,832.0**

10.4 Disclosures by geographic region

In the presentation of segment disclosures by geographic region, revenue is allocated by the destination of the goods or place of performance of the services, or by customer domicile. Assets are allocated by their location. The figures quoted relate to the group as a whole.

(EUR millions)	Germany	Asia Pacific	ACH & Eastern Europe	Western Europe, Middle East & Africa	North- and Central Europe	Latin America	North America	**Total**
01/01/2015 - 12/31/2015								
External revenue	449.3	1,138.7	465.1	752.9	679.9	276.6	836.8	**4,599.3**
Non-current assets (property, plant and equipment, intangible assets, and investment property)	1,186.9	131.4	50.9	223.0	543.1	2.7	191.7	**2,329.7**
01/01/2014 - 12/31/2014								
External revenue	413.1	1,120.9	471.9	719.2	745.9	279.3	765.4	**4,515.7**
Non-current assets (property, plant and equipment, intangible assets, and investment property)	1,142.3	130.6	52.6	119.5	531.7	3.4	186.6	**2,166.8**

In the reporting period, revenue of EUR 767.5 million (previous year: EUR 717.7 million) was attributable to the United States of America and EUR 451.1 million (previous year: EUR 422.7 million) was attributable to the People's Republic of China. The carrying amounts of the non-current assets (property, plant and equipment, intangible assets, and investment property) in the Netherlands amounted to EUR 438,3 million (previous year: EUR 430,5 million). 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 operating activities in fiscal year 2015 included outflows of EUR 22,559 thousand (previous year: EUR 5,409 thousand) from other discontinued operations. Cash flow from investing activities of discontinued operations comprises cash flows in connection with operations sold in prior years and inflows from the settlement of legal disputes in connection with the former business activities of mg technologies ag.

Cash flows from discontinued operations in the previous year mainly comprise the aggregate net cash flow of the GEA HX Segment until the sale was completed on October 31, 2014, and the cash flow from its disposal.

11.2 Government grants

Government grants related to income amounting to EUR 1,201 thousand were received in fiscal year 2015 (previous year: EUR 842 thousand). Of this amount, grants related to assets of EUR 171 thousand (previous year: EUR 364 thousand) were deducted from the carrying amounts of the assets concerned. In fiscal year 2015, expenses of EUR 28 thousand (previous year: EUR 0 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. Revenue and expenses from transactions between continuing and discontinued operations were not eliminated if they will continue to be incurred following the disposal of the discontinued operation.

Transactions with unconsolidated subsidiaries and joint ventures mainly relate to regular deliveries of goods and services. Income and expenses from transactions between the group as a whole and these companies are composed of the following items:

(EUR thousand)	Revenue	Other income	Other expenses
01/01/2015 - 12/31/2015			
Unconsolidated subsidiaries	32,257	1,574	**1,823**
Joint ventures	9,739	–	–
Total	**41,996**	**1,574**	**1,823**
01/01/2014 - 12/31/2014			
Unconsolidated subsidiaries	55,324	1,482	**2,993**
Joint ventures	8,119	–	–
Total	**63,443**	**1,482**	**2,993**

Related party transactions resulted in the following outstanding items in the group as a whole as of December 31, 2015:

(EUR thousand)	Trade receivables	Trade payables	Other receivables	Other liabilities
12/31/2015				
Unconsolidated subsidiaries	11,638	6,790	14,238	25,959
Joint ventures	2,715	–	–	–
Total	**14,353**	**6,790**	**14,238**	**25,959**
thereof current	14,353	6,790	13,381	25,959
12/31/2014				
Unconsolidated subsidiaries	10,639	8,066	18,140	25,285
Joint ventures	2,870	–	–	–
Total	**13,509**	**8,066**	**18,140**	**25,285**
thereof current	13,509	8,066	16,740	25,285

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 9,543 thousand in fiscal year 2015 (previous year: EUR 9,349 thousand). This is composed of the following components:

(EUR thousand)	2015	2014
Short-term employee benefits	7,094	7,205
Post-employment benefits	1,900	1,208
Share-based payments	549	936
Total	**9,543**	**9,349**

Former Executive Board members and their surviving dependents received remuneration from the GEA Group amounting to EUR 4,992 thousand (previous year: EUR 5,168 thousand). Pension provisions were recognized for former Executive Board members and their surviving dependents in accordance with IFRSs totaling EUR 62,458 thousand (previous year: EUR 64,494 thousand).

In fiscal 2015, the expenses incurred for the Supervisory Board amounted to EUR 1,168 thousand (previous year EUR 1,159 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. Events after the end of the reporting period

12.1 Acquisition

On February 2, 2016, GEA concluded an agreement to take over Imaforni Int'l S.p.A., a leading supplier of high-tech plant and equipment for pastry production. With head offices in Verona, Italy, the company has around 210 employees and generated revenue of some EUR 85 million in fiscal year 2015. The acquisition will reinforce GEA's "Application Center Bakery" by adding modern production lines, especially for biscuits and crackers.

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

13.1 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 17, 2015, and made it permanently available to the shareholders on the Company's website.

13.2 Number of employees

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

Average number of employees during the year *	2015	2014
Hourly workers	6,192	6,275
Salaried employees	11,725	11,902
Continuing operations	**17,917**	**18,177**
Hourly workers	–	2,396
Salaried employees	–	3,011
Discontinued operations	**–**	**5,407**
Total	**17,917**	**23,584**

*) 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 *	2015	2014
Hourly workers	6,112	6,297
Salaried employees	11,421	11,946
Continuing operations	**17,533**	**18,243**
Hourly workers	–	4
Salaried employees	1	–
Discontinued operations	**1**	**4**
Total	**17,534**	**18,247**

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

13.3 Audit and consulting fees

The fees charged worldwide by the auditors of the consolidated financial statements, KPMG AG Wirtschaftsprüfungsgesellschaft, for fiscal year 2015 are broken down as follows:

(EUR thousand)	2015	2014
Audit	4,922	4,284
Other audit related services	27	1,095
Tax consulting services	1,318	1,148
Other services	1,344	692
Total	**7,611**	**7,219**

EUR 43 thousand of the fees listed for audits in fiscal 2015 is attributable to the audit of the 2014 consolidated financial statements.

In fiscal year 2014, fees for other assurance services amounting to EUR 780 thousand were attributable to assurance services in connection with the financing of the purchase price for the GEA HX Segment by the purchaser. In economic terms, these expenses were borne by the purchaser due to a special purchase price mechanism.

13.4 Investments

The following list shows all subsidiaries, associates, and joint ventures. With the exception of other equity investments within the meaning of section 313(2) No. 4 of the HGB, it does not contain investments in companies that GEA Group neither controls nor over which it can exercise significant influence.

Company	Head Office	Country	Shares %
Subsidiary			
"SEMENOWSKY VAL" Immobilien-Verwaltungs-GmbH	Bochum	Germany	100.00
Beijing Tetra Laval Food Machinery Company Limited i.L.	Beijing	China	90.00
Bock Australia Pty. Ltd.	Banksmeadow, New South Wales	Australia	100.00
Breconcherry Ltd.	Bromyard, Herefordshire	Great Britain	100.00
Brouwers Equipment B.V.	Leeuwarden	Netherlands	100.00
Brückenbau Plauen GmbH	Frankfurt am Main	Germany	100.00
CFS Asia Ltd.	Bangna, Bangkok	Thailand	99.9998
CMT Costruzioni Meccaniche e Tecnologia S.p.A	Peveragno, Cueno	Italy	100.00
COMAS S.p.A.	Torrebelvicino, Vicenza	Italy	100.00
Convenience Food Systems S.A. de C.V.	Mexico-City	Mexico	100.00
Dairy Technology Services Pty Limited	Kyabram, Victoria	Australia	100.00
DE GEA Westfalia Separator Ukraine	Kiev	Ukraine	100.00
Dixie-Union (UK) Ltd.	Milton Keynes	Great Britain	100.00
Farmers Industries Limited	Mt. Maunganui South, Tauranga	New Zealand	100.00
Finsamoc S.p.A.	Vicenza	Italy	100.00
GEA (Philippines) Inc.	Manila	Philippines	100.00
GEA (Shanghai) Farm Technologies Company Ltd.	Shanghai	China	100.00
GEA Andina S.A.S.	Medellin	Colombia	100.00
GEA Aseptomag AG	Kirchberg	Switzerland	100.00
GEA Aseptomag Holding AG	Kirchberg	Switzerland	100.00
GEA Avapac Ltd.	Hamilton	New Zealand	100.00
GEA AWP GmbH	Prenzlau	Germany	100.00
GEA Barr-Rosin Ltd.	Maidenhead, Berkshire	Great Britain	100.00
GEA Beteiligungsgesellschaft AG i.L.	Bochum	Germany	100.00
GEA Beteiligungsgesellschaft I mbH	Bochum	Germany	100.00
GEA Beteiligungsgesellschaft II mbH	Düsseldorf	Germany	100.00
GEA Beteiligungsgesellschaft III mbH	Düsseldorf	Germany	100.00
GEA Bischoff GmbH	Essen	Germany	100.00
GEA Bischoff Oy	Helsinki	Finland	100.00
GEA Bock 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 Brewery Systems GmbH	Kitzingen	Germany	100.00
GEA Canada Inc.	Saint John, New Brunswick	Canada	100.00
GEA CEE GmbH	Vienna	Austria	100.00
GEA Central America S.A.	Panama	Panama	100.00
GEA Colby Pty. Ltd.	Sydney	Australia	100.00
GEA De Klokslag Automatisering B.V.	Bolsward	Netherlands	100.00
GEA De Klokslag Engineering B.V.	Bolsward	Netherlands	100.00
GEA De Klokslag Machinefabriek B.V.	Bolsward	Netherlands	100.00
GEA Diessel GmbH	Hildesheim	Germany	100.00
GEA Dutch Holding B.V.	s-Hertogenbosch	Netherlands	100.00
GEA Energietechnik Anlagen- und Betriebs-GmbH	Bochum	Germany	100.00
GEA Equipamentos e Soluções S.A.	Jaguariúna	Brazil	100.00
GEA Erste Kapitalbeteiligungen GmbH & Co. KG	Bochum	Germany	100.00
GEA Eurotek Ltd.	Aylsham	Great Britain	100.00
GEA Exergy AB	Gothenburg	Sweden	100.00
GEA Farm Technologies (Ireland) Ltd.	Cork	Ireland	100.00
GEA Farm Technologies (UK) Limited	Warminster	Great Britain	100.00
GEA Farm Technologies Argentina S.R.L.	Buenos Aires	Argentina	100.00
GEA Farm Technologies Australia Pty. Ltd.	Tullamarine, Victoria	Australia	100.00

Company	Head Office	Country	Shares %
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 France SAS	Château-Thierry	France	100.00
GEA Farm Technologies GmbH	Bönen	Germany	100.00
GEA Farm Technologies Ibérica S.L.	Granollers	Spain	100.00
GEA Farm Technologies Japy SAS	Saint-Apollinaire	France	100.00
GEA Farm Technologies Mullerup A/S	Ullerslev	Denmark	100.00
GEA Farm Technologies Nederland B.V.	Leeuwarden	Netherlands	100.00
GEA Farm Technologies New Zealand Limited	Frankton, Hamilton	New Zealand	100.00
GEA Farm Technologies România S.R.L..	Alba Julia	Romania	100.00
GEA Farm Technologies Serbia d.o.o.	Belgrade	Serbia	100.00
GEA Farm Technologies Slovakia spol. s.r.o.	Piestany	Slovakia	100.00
GEA Farm Technologies Sp. z o.o.	Bydgoszcz	Poland	100.00
GEA Farm Technologies Tarim Ekip.Mak.Kim. Tek.Dan.San.Tic.Ltd.Sti.	Kemalpasa, Izmir	Turkey	100.00
GEA Farm Technologies, Inc.	Wilmington, Delaware	USA	100.00
GEA Finland Oy	Helsinki	Finland	100.00
GEA Food Solutions (Beijing) Co., Ltd.	Beijing	China	100.00
GEA Food Solutions Asia Co. Limited	Hongkong	China	100.00
GEA Food Solutions B.V.	Bakel	Netherlands	100.00
GEA Food Solutions Bakel B.V.	Bakel	Netherlands	100.00
GEA Food Solutions Chile Comercializadora Limitada	Santiago de Chile	Chile	100.00
GEA Food Solutions Czech s.r.o.	Prague	Czech Republic	100.00
GEA Food Solutions Denmark A/S	Slagelse	Denmark	100.00
GEA Food Solutions France SAS	Beaucouzé	France	100.00
GEA Food Solutions Germany GmbH	Biedenkopf-Wallau	Germany	100.00
GEA Food Solutions GmbH	Düsseldorf	Germany	100.00
GEA Food Solutions International A/S	Slagelse	Denmark	100.00
GEA Food Solutions International B.V.	Bakel	Netherlands	100.00
GEA Food Solutions Italy S.r.l.	Grumello Del Monte	Italy	100.00
GEA Food Solutions Japan K.K.	Shibuya-ku,Tokyo	Japan	100.00
GEA Food Solutions Korea Co., Ltd.	Seoul	South Korea	100.00
GEA Food Solutions Middle East F.Z.E.	Dubai	United Arab Emirates	100.00
GEA Food Solutions Nordic A/S	Slagelse	Denmark	100.00
GEA Food Solutions North America, Inc.	Frisco	USA	100.00
GEA Food Solutions Poland Sp. z o.o.	Warsaw	Poland	100.00
GEA Food Solutions RUS ZAO	Moscow	Russian Federation	100.00
GEA Food Solutions South Africa (Pty) Ltd.	Midrand	South Africa	100.00
GEA Food Solutions Switzerland AG	Rothrist	Switzerland	100.00
GEA Food Solutions UK & Ireland Ltd.	Milton Keynes	Great Britain	100.00
GEA Food Solutions Ukraine LLC	Kiev	Ukraine	100.00
GEA Food Solutions Weert B.V.	Weert	Netherlands	100.00
GEA Grasso TOV	Kiev	Ukraine	100.00
GEA Grasso UAB	Vilnius	Lithuania	100.00
GEA Grenco Ltd.	Sittingbourne, Kent	Great Britain	100.00
GEA Group Holding France SAS	Montigny le Bretonneux	France	100.00
GEA Group Holding GmbH	Bochum	Germany	100.00
GEA Group Holdings (UK) Limited	Eastleigh, Hampshire	Great Britain	100.00
GEA Insurance Broker GmbH	Frankfurt am Main	Germany	100.00
GEA Ireland Limited	Kildare	Ireland	100.00
GEA IT Services GmbH	Oelde	Germany	100.00
GEA Lyophil (Beijing) Ltd.	Beijing	China	100.00
GEA Lyophil GmbH	Hürth	Germany	100.00
GEA Mechanical Equipment (Tianjin) Co., Ltd.	Wuqing	China	100.00
GEA Mechanical Equipment Canada, Inc.	Saint John, New Brunswick	Canada	100.00

Company	Head Office	Country	Shares %
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	Great Britain	100.00
GEA Mechanical Equipment US, Inc.	Wilmington, Delaware	USA	100.00
GEA Messo GmbH	Duisburg	Germany	100.00
GEA Middle East FZE	Dubai	United Arab Emirates	100.00
GEA Milfos International Limited	Frankton, Hamilton	New Zealand	100.00
GEA mts flowtec AG	Kirchberg	Switzerland	100.00
GEA New Zealand Limited	Stratford	New Zealand	100.00
GEA NIRO GmbH	Müllheim	Germany	100.00
GEA Niro PT B.V.	s-Hertogenbosch	Netherlands	100.00
GEA North America, Inc.	Delaware	USA	100.00
GEA Norway AS	Oslo	Norway	100.00
GEA Nu-Con Limited	Penrose, Auckland	New Zealand	100.00
GEA Nu-Con Pty. Ltd.	Sutherland, Sydney	Australia	100.00
GEA Pharma Systems (India) Private Limited	Vadodara, Gujarat	India	100.00
GEA Pharma Systems AG	Bubendorf	Switzerland	100.00
GEA Pharma Systems Limited	Eastleigh Hampshire	Great Britain	100.00
GEA Power Cooling de Mexico S. de R.L. de C.V.	Naucalpan de Juárez, Mexico	Mexico	100.00
GEA Process Engineering (India) Private Limited	Vadodara, Gujarat	India	100.00
GEA Process Engineering (Philippines) Inc.	Manila	Philippines	100.00
GEA Process Engineering (Pty) Ltd.	Midrand	South Africa	100.00
GEA Process Engineering (Thailand) Co., Ltd.	Bangkok	Thailand	100.00
GEA Process Engineering A/S	Soeborg	Denmark	100.00
GEA Process Engineering Asia Ltd.	Hongkong	China	100.00
GEA Process Engineering CEE Kft.	Budaörs	Hungary	100.00
GEA Process Engineering Chile S.A.	Santiago de Chile	Chile	100.00
GEA Process Engineering China Limited	Shanghai	China	100.00
GEA Process Engineering China Ltd.	Shanghai	China	100.00
GEA Process Engineering Inc.	Columbia	USA	100.00
GEA Process Engineering Japan Ltd.	Tokyo	Japan	100.00
GEA Process Engineering Ltd.	Birchwood,Cheshire,Warrington	Great Britain	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	Russian Federation	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, Mexico	Mexico	100.00
GEA Process Engineering S.A.S.	Saint-Quentin en Yvelines Ced.	France	100.00
GEA Process Engineering S.p.A.	Segrate	Italy	100.00
GEA Process Engineering s.r.o.	Brno	Czech Republic	100.00
GEA Process Engineering Taiwan Ltd.	Taipeh	Taiwan	100.00
GEA Process Engineering Trading (Shanghai) Limited	Shanghai	China	100.00
GEA Process Engineering Z o.o.	Warsaw	Poland	100.00
GEA PROCESS MÜHENDISLIK MAKINE INSAAT TAAHÜT ITHALAT IHRACAT DANIS. SAN. VE TIC. LTD. STI.	Kemalpasa, Izmir	Turkey	100.00
GEA Process Technologies Ireland Limited	Dublin	Ireland	100.00
GEA Procomac S.p.A.	Sala Baganza	Italy	100.00
GEA Real Estate GmbH	Frankfurt am Main	Germany	100.00
GEA Refrigeration (Thailand) Co. Ltd.	Nonthaburi	Thailand	99.9994
GEA Refrigeration Africa (Pty) Ltd.	Capetown	South Africa	100.00
GEA Refrigeration Australia Pty. Ltd.	Carrum Downs, Victoria	Australia	100.00
GEA Refrigeration Canada Inc.	Richmond	Canada	100.00
GEA Refrigeration Components (Nordic) A/S	Skanderborg	Denmark	100.00
GEA Refrigeration Components (UK) Ltd.	Ross-on-Wye, Herfordshire	Great Britain	100.00
GEA Refrigeration Czech Republic s.r.o.	Prague	Czech Republic	100.00

Company	Head Office	Country	Shares %
GEA Refrigeration France SAS	Les Sorinières	France	100.00
GEA Refrigeration Germany GmbH	Berlin	Germany	100.00
GEA Refrigeration Hong Kong Ltd.	Hongkong	China	100.00
GEA Refrigeration Ibérica S.A.	Alcobendas, Madrid	Spain	100.00
GEA Refrigeration India Private Limited	Vadodara, Gujarat	India	100.00
GEA Refrigeration Ireland Limited	Cavan	Ireland	100.00
GEA Refrigeration Italy S.p.A.	Castel Maggiore, Bologna	Italy	100.00
GEA Refrigeration Maghreb Sarlau	Casablanca	Morocco	100.00
GEA Refrigeration Malaysia Sdn. Bhd.	Petaling Jaya	Malaysia	100.00
GEA Refrigeration Netherlands N.V.	s-Hertogenbosch	Netherlands	100.00
GEA Refrigeration North America, Inc.	York, Pennsylvania	USA	100.00
GEA Refrigeration Poland Sp. z o. o.	Gdynia	Poland	100.00
GEA Refrigeration Romania S.R.L.	Cluj-Napoca	Romania	100.00
GEA Refrigeration Singapore Pte. Ltd.	Singapore	Singapore	100.00
GEA Refrigeration Technologies GmbH	Bochum	Germany	100.00
GEA Refrigeration Technology (Suzhou) Co., Ltd.	Suzhou	China	100.00
GEA Refrigeration UK Ltd.	London	Great Britain	100.00
GEA Refrigeration Vietnam Co. Ltd.	Ho Chi Min City	Vietnam	100.00
GEA Scan-Vibro A/S	Svendborg	Denmark	100.00
GEA Segment Management Holding GmbH	Düsseldorf	Germany	100.00
GEA Services and Components OOO	Moscow	Russian Federation	100.00
GEA Suisse AG	Ittigen	Switzerland	100.00
GEA Sweden AB	Gothenburg	Sweden	100.00
GEA TDS GmbH	Sarstedt	Germany	100.00
GEA Tuchenhagen France	Hoenheim	France	100.00
GEA Tuchenhagen GmbH	Büchen	Germany	100.00
GEA Tuchenhagen Polska sp. z o.o.	Koszalin	Poland	100.00
GEA Verwaltungs AG	Düsseldorf	Germany	100.00
GEA West Africa Limited	Lagos	Nigeria	100.00
GEA Westfalia Separator (China) Ltd.	Wanchai, Hongkong	China	100.00
GEA Westfalia Separator (Malaysia) SDN. BHD.	Petaling Jaya	Malaysia	100.00
GEA Westfalia Separator (S.E.A.) PTE. LTD.	Singapore	Singapore	100.00
GEA Westfalia Separator (Thailand) Ltd.	Bangkok	Thailand	97,30
GEA Westfalia Separator (Tianjin) Co., Ltd.	Tianjin	China	100.00
GEA Westfalia Separator Argentina S.A.	Buenos Aires	Argentina	100.00
GEA Westfalia Separator Australia Pty. Ltd.	Thomastown, Victoria	Australia	100.00
GEA Westfalia Separator Belgium N.V.	Schoten	Belgium	100.00
GEA Westfalia Separator Chile S.A.	Santiago de Chile	Chile	100.00
GEA Westfalia Separator CIS Ltd.	Moscow	Russian Federation	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 France	Château-Thierry	France	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	Island	100.00
GEA Westfalia Separator India Private Limited	New Delhi	India	100.00
GEA Westfalia Separator Indonesia, PT	Jakarta	Indonesia	100.00
GEA Westfalia Separator Ireland Ltd.	Ballincollig Cork	Ireland	100.00
GEA Westfalia Separator Japan K.K.	Minato-ku,Tokyo	Japan	100.00
GEA Westfalia Separator Korea Ltd.	Seoul	South Korea	100.00
GEA Westfalia Separator Mexicana S.A. de C.V.	Cuernavaca,Morelos	Mexico	100.00
GEA Westfalia Separator Nederland B.V.	Cuijk	Netherlands	100.00
GEA Westfalia Separator Nederland Services B.V.	Cuijk	Netherlands	100.00
GEA Westfalia Separator NZ Ltd.	Mount Wellington, Auckland	New Zealand	100.00
GEA Westfalia Separator Phils. Inc.	Manila	Philippines	100.00
GEA Westfalia Separator Polska Sp. z o.o.	Warsaw	Poland	100.00

Company	Head Office	Country	Shares %
GEA Westfalia Separator Production France	Château-Thierry	France	100.00
GEA Westfalia Separator Romania S.R.L.	Bucharest	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 Wiegand GmbH	Ettlingen	Germany	100.00
Hilge GmbH & Co. KG	Bodenheim	Germany	94.00
Hilge International Verwaltungs GmbH	Bodenheim	Germany	100.00
Hovex B.V.	Veendam	Netherlands	100.00
KET Marine Asia Pte. Ltd.	Singapore	Singapore	100.00
KET Marine International B.V.	Zevenbergen	Netherlands	100.00
Kupferbergbau Stadtberge zu Niedermarsberg GmbH	Frankfurt am Main	Germany	100.00
LL Plant Engineering (India) Private Limited	Mumbai Maharashtra	India	100.00
LL Plant Engineering AG	Ratingen	Germany	100.00
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 i.L.	Bochum	Germany	100.00
mg vv Projektgesellschaft Hornpottweg GmbH	Frankfurt am Main	Germany	100.00
Milfos Australia Pty. Limited	Sydney	Australia	100.00
Milfos UK Limited	Droitwich, Worcestershire	Great Britain	100.00
Niro Sterner Inc.	Columbia	USA	100.00
Nu-Con (Shanghai) Trading Co. Ltd.	Pudong, Shanghai	China	100.00
Nu-Con Systems SDN. BHD.	Shah Alam, Selangor	Malaysia	100.00
OOO GEA Farm Technologies Rus	Moscow	Russian Federation	100.00
OOO GEA Farm Technologies Ukraine	Bila Zerkva	Ukraine	100.00
OOO GEA Refrigeration RUS	Moscow	Russian Federation	100.00
Paul Pollrich GmbH	Herne	Germany	100.00
Pelacci S.R.L. i.L.	Sala Baganza	Italy	67.00
PT. GEA Refrigeration Indonesia	Jakarta Barat, Cengkareng	Indonesia	100.00
Royal de Boer Stalinrichtingen B.V.	Leeuwarden	Netherlands	100.00
Ruhr-Zink GmbH	Frankfurt am Main	Germany	100.00
Sachtleben Bergbau Verwaltungsgesellschaft mit beschränkter Haftung	Lennestadt	Germany	100.00
Stemal Due S.r.l.	Torrebelvicino, Vicenza	Italy	100.00
Stemal S.r.l.	Torrebelvicino, Vicenza	Italy	100.00
Trennschmelz Altersversorgung GmbH	Bochum	Germany	100.00
VDM-Hilfe GmbH	Frankfurt am Main	Germany	100.00
Wilarus OOO	Kolomna	Russian Federation	100.00
Wolfking Limited	Milton Keynes	Great Britain	100.00
Wolfking LLC	Frisco	USA	100.00
ZiAG Plant Engineering GmbH	Frankfurt am Main	Germany	100.00
Associated Companies			
IMAI S.A.	Buenos Aires	Argentina	20.00
Polyamid 2000 Handels- und Produktionsgesellschaft Premnitz AG i.l.	Premnitz	Germany	49,90
Technofrigo Abu Dhabi i.L.	Abu Dhabi	United Arab Emirates	49,00
ZAO Moscow Coffee House	Moscow	Russian Federation	29,00
Joint Ventures			
Blue Glacier Technology, LLC	Durham	USA	50.00
Crismil S.A.	Montevideo	Uruguay	49.00
GEA ORION Farm Technologies Co., Ltd.	Nagano	Japan	49.00
GRADE Grasso Adearest Limited	Dubai	United Arab Emirates	50.00
GRADE Refrigeration LLC	Sharjah	United Arab Emirates	49.00
Merton Wohnprojekt GmbH	Frankfurt am Main	Germany	50.00
Other equity investments under section 313 (2) No. 4 of the HGB			
Bauverein Oelde GmbH	Oelde	Germany	35.50
EPSA Empresa Paulista de Servicos Ambientais S.A.	Sao Paulo, Sao Paulo	Brazil	47.50
Indo Technofrigo Ltd. i.L.	Rajkot	India	49.00

13.5 Companies exempted in accordance with sections 264(3) and 264b of the HGB

The following German companies are exempted from the duty to comply with the supplementary accounting, audit, and publication provisions applicable to corporations and certain partnerships in accordance with sections 264(3) and 264b of the HGB:

GEA AWP GmbH, Prenzlau
GEA Bischoff GmbH, Essen
GEA Bock GmbH, Frickenhausen
GEA Brewery Systems GmbH, Kitzingen
GEA Diessel GmbH, Hildesheim
GEA Energietechnik Anlagen- und Betriebs-GmbH, Bochum
GEA Erste Kapitalbeteiligungen GmbH & Co. KG, Bochum
GEA Farm Technologies GmbH, Bönen
GEA Food Solutions Germany GmbH, Biedenkopf-Wallau
GEA Group Holding GmbH, Bochum
GEA Insurance Broker GmbH, Frankfurt am Main
GEA IT Services GmbH, Oelde
GEA Lyophil GmbH, Hürth
GEA Mechanical Equipment GmbH, Oelde
GEA Messo GmbH, Duisburg
GEA Niro GmbH, Müllheim
GEA Real Estate GmbH, Frankfurt am Main
GEA Refrigeration Germany GmbH, Berlin
GEA Refrigeration Technologies GmbH, Bochum
GEA TDS GmbH, Sarstedt
GEA Tuchenhagen GmbH, Büchen
GEA Westfalia Separator Deutschland GmbH, Oelde
GEA Westfalia Separator Group GmbH, Oelde
GEA Wiegand GmbH, Ettlingen
Hilge GmbH & Co. KG, Bodenheim
LL Plant Engineering AG, Ratingen
mg Altersversorgung GmbH, Bochum
mg capital gmbh, Bochum
mg vv Projektgesellschaft Hornpottweg GmbH, Frankfurt am Main
Paul Pollrich GmbH, Herne
ZiAG Plant Engineering GmbH, Frankfurt am Main

Düsseldorf, February 26, 2016

The Executive Board

Jürg Oleas   Dr. Helmut Schmale   Steffen Bersch   Niels Erik Olsen   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, consolidated cash flow statement, consolidated statement of changes in equity and notes to the consolidated statements – together with the group management report combined with the management report of the parent company (combined group management report) for the financial year from January 1, 2015 to December 31, 2015. The preparation of the consolidated financial statements and the combined group management report in accordance with IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to section 315a (1) of the German Commercial Code [HGB] and supplementary provisions of the articles of incorporation are the responsibility of the parent company`s management. Our responsibility is to express an opinion on the consolidated financial statements and on the combined group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with section 317 of the German Commercial Code [HGB] and German generally accepted standards for the audit of financial statements promulgated by the German Institute of Public Auditors [IDW]. Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the combined group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the combined group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and combined group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU, the additional requirements of German commercial law pursuant to section 315a (1) of the German Commercial Code [HGB] and supplementary provisions of the articles of incorporation and give a true and fair view of the net assets, financial position and results of operations of the group in accordance with these requirements. The combined group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the group's position and suitably presents the opportunities and risks of future development.

Düsseldorf, February 26, 2016

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 26, 2016

The Executive Board

Jürg Oleas	Dr. Helmut Schmale	Steffen Bersch	Niels Erik Olsen	Dr. Stephan Petri

The Company's Executive Bodies and their Appointments

Executive Board

Jürg Oleas, Meerbusch (Germany)/Hausen b. Brugg (Switzerland),
CEO – Chairman of the Executive Board

a) - LL Plant Engineering AG, Ratingen, Germany, Chairman of the Supervisory Board
b) - GEA Process Engineering A/S, Søborg, Denmark, Chairman of the Supervisory Board
- RUAG Holding AG, Bern, Switzerland, Member of the Board of Directors
- Holcim Ltd, Zürich, Switzerland, Member of the Board of Directors (until July 10, 2015)
- BIH SA, Jona, Switzerland, Member of the Board of Direcors (from November 27, 2015)
- Schweizerische Cement-Industrie-Aktiengesellschaft, Jona, Switzerland, Member of the Board of Directors (from November 27, 2015)

Dr. Helmut Schmale, Bochum,
CFO – Chief Financial Officer

b) - GEA North America, Inc., Delaware, U.S.A., Chairman of the Board of Directors
- Commerzbank AG, Frankfurt am Main, Germany, Member of the Northwest Regional Advisory Board

Markus Hüllmann, Rheda-Wiedenbrück,
COO – Member of the Executive Board (until 31.12.2015)

b) - GEA North America, Inc., Delaware, U.S.A., Member of the Board of Directors
- DECHEMA e.V., Frankfurt/Main, Germany Member of the Executive Board

Dr. Stephan Petri, Essen, Germany,
Human Resources & Legal, Revision –
Member of the Executive Board

a) - LL Plant Engineering AG, Ratingen, Germany, Deputy Chairman of the Supervisory Board
- GEA Farm Technologies GmbH, Bönen, Germany, Chairman of the Supervisory Board
- GEA Westfalia Separator Group GmbH, Oelde, Germany, Chairman of the Supervisory Boards

Supervisory Board

Dr. Jürgen Heraeus, Maintal, Germany,
Chairman of the Supervisory Board
Chairman of the Supervisory Board of Heraeus Holding GmbH

a) - Heraeus Holding GmbH, Hanau, Germany, Chairman of the Supervisory Board
- Hauck & Aufhäuser Privatbankiers KGaA, Frankfurt am Main, Germany, Member of the Supervisory Board
- Messer Group GmbH, Sulzbach, Germany, Chairman of the Supervisory Board

Reinhold Siegers, Mönchengladbach, Germany,
Deputy Chairman of the Supervisory Board
Deputy Chairman of the Works Council of
GEA Group Aktiengesellschaft

Ahmad M.A. Bastaki, Safat, Kuwait,
Executive Director, Planning and Senior Management Support,
Office of the Managing Director,
Kuwait Investment Authority

Prof. Dr. Ing. Werner Bauer, Lutry, Switzerland,
Chairman of the Supervisory Board of Nestlé Deutschland AG

a) - Nestlé Deutschland AG, Frankfurt am Main, Germany, Chairman of the Supervisory Board
- Bertelsmann SE & Co. KGaA / Bertelsmann Management SE, Gütersloh, Germany, Member of the Supervisory Board
b) - Lonza S.A., Basel, Switzerland, Member of the Board of Director
- Givaudan S.A., Vernier, Switzerland, Member of the Board of Directors

Hartmut Eberlein, Gehrden, Germany,
Chairman of the Audit Committee of
GEA Group Aktiengesellschaft

Rainer Gröbel, Sulzbach/Ts., Germany,
Departmental Head, IG Metall, Management Board

a) - Schunk GmbH, Heuchelheim, Germany, Deputy Chairman of the Supervisory Board

Michael Kämpfert, Düsseldorf,
Vice President HR DACH & EE

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

Brigitte Krönchen, Oelde,
Deputy Chairman of the Central Works Council of
GEA Farm Technologies GmbH, Bönen, Germany

Kurt-Jürgen Löw, Ebernhahn, Germany,
Chairman of the Works Council of
GEA Westfalia Separator Group GmbH

a) - GEA Westfalia Separator Group GmbH, Oelde, Germany, Deputy Chairman of the Supervisory Board

Dr. Helmut Perlet, Munich, Germany,
Chairman of the Supervisory Board of Allianz SE

a) - Allianz SE, Munich, Germany, Chairman of the Supervisory Board
- Commerzbank AG, Frankfurt am Main, Germany, Member of the Supervisory Board

Jean Spence, Wilmette/IL, U.S.A.,
Executive Vice President
Research, Development & Quality
Mondeléz International (until April 1, 2015)
Corporate consultant, President, JES Consulting, LLC

Supervisory Board committees of GEA Group Aktiengesellschaft (as of December 31, 2015)

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
Kurt-Jürgen Löw

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
Brigitte Krönchen

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

a) Membership of statutory German supervisory boards

b) Membership of comparable German or foreign supervisory bodies of business entities

Key Figures by Quarter

	Q1 2015	Q1 2014	Q2 2015	Q2 2014	Q3 2015	Q3 2014	Q4 2015	Q4 2014	2015	2014	2013
Order intake (EUR million)											
BA Equipment	586.5	574.9	573.0	569.7	546.9	564.7	586.6	585.8	**2,293.0**	**2,295.1**	**2,230.2**
BA Solutions	588.3	502.1	628.9	652.4	573.7	646.5	704.6	622.3	**2,495.6**	**2,423.4**	**2,585.5**
GEA	1,127.5	1,024.3	1,148.8	1,169.9	1,068.3	1,167.9	1,245.5	1,157.5	**4,590.1**	**4,519.6**	**4,627.9**
Revenue (EUR million)											
BA Equipment	527.0	495.4	587.9	565.4	558.9	598.3	650.0	648.5	**2,323.7**	**2,307.6**	**2,164.0**
BA Solutions	526.0	502.2	612.9	603.3	594.4	594.9	741.9	704.0	**2,475.2**	**2,404.3**	**2,338.3**
GEA	1,006.4	950.7	1,150.1	1,117.7	1,106.6	1,146.0	1,336.2	1,301.4	**4,599.3**	**4,515.7**	**4,320.0**
EBITDA (EUR million)											
BA Equipment	64.5	56.6	27.6	72.4	90.4	85.7	126.4	126.0	**308.8**	**340.7**	**312.4**
BA Solutions	31.7	34.2	31.1	57.8	45.1	58.6	94.6	113.8	**202.6**	**264.5**	**233.0**
GEA	93.0	83.0	6.4	123.1	110.4	140.0	220.0	193.9	**429.8**	**539.9**	**515.2**
Operating EBITDA * (EUR million)											
BA Equipment	67.4	56.6	84.5	72.4	92.4	90.5	137.6	131.7	**381.8**	**351.1**	**312.7**
BA Solutions	32.3	34.2	58.1	57.8	51.9	60.3	113.1	113.5	**255.3**	**265.8**	**233.0**
GEA	98.2	85.1	139.3	128.0	143.7	149.0	239.8	228.5	**621.0**	**590.7**	**530.1**
Operating EBITDA margin * (%)											
BA Equipment	12.8	11.4	14.4	12.8	16.5	15.1	21.2	20.3	**16.4**	**15.2**	**14.4**
BA Solutions	6.1	6.8	9.5	9.6	8.7	10.1	15.2	16.1	**10.3**	**11.1**	**10.0**
GEA	9.8	9.0	12.1	11.5	13.0	13.0	17.9	17.6	**13.5**	**13.1**	**12.3**

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

Financial Calendar

April 20, 2016	**Annual Shareholders' Meeting for 2015**
May 09, 2016	**Quarterly Financial Report for the period to March 31, 2016**
July 28, 2016	**Half-yearly Financial Report for the period to June 30, 2016**
October 28, 2016	**Quarterly Financial Report for the period to September 30, 2016**

The GEA Stock: Key data

WKN	660 200
ISIN	DE0006602006
Reuters code	G1AG.DE
Bloomberg code	G1A.GR
Xetra	G1A.DE

American Depository Receipts (ADR)

WKN (CUSIP)	361592108
Symbol	GEAGY
Sponsor	Deutsche Bank Trust Company Americas
ADR-Level	1
Ratio	1:1

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engineering for
a better world

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GEA 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 is listed in the STOXX® Europe 600 Index.

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