



Q III  
08

Quarterly Financial Report  
for the 3rd Quarter, January 1 to September 30, 2008



# GEA Group: IFRS key figures

(EUR million)	Q3 2008	Q3 2007	Change (%)	Q1-Q3 2008	Q1-Q3 2007	Change (%)
<b>Results of operations</b>						
Order intake	1,223.5	1,160.5	5.4	3,870.6	3,624.5	6.8
Sales	1,318.0	1,264.3	4.2	3,741.0	3,388.5	10.4
Order backlog	2,823.8	2,440.4	15.7	2,823.8	2,440.4	15.7
EBITDA	152.7	116.5	31.1	385.8	297.8	29.6
EBIT	131.8	98.5	33.8	327.1	248.0	31.9
% of sales	10.0	7.8	-	8.7	7.3	-
Earnings before tax	116.5	83.9	38.8	292.8	208.0	40.7
Net income/loss on continued operations	82.1	-3.8	-	213.1	82.0	160.0
Net income/loss on discontinued operations	-126.5	188.1	-	-135.5	163.5	-
Net income/loss	-44.4	184.3	-	77.6	245.5	-68.4
<b>Net assets</b>						
Total assets	5,058.8	4,919.0	2.8	5,058.8	4,919.0	2.8
Equity	1,463.9	1,476.4	-0.8	1,463.9	1,476.4	-0.8
% of total assets	28.9	30.0	-	28.9	30.0	-
Working Capital (balance sheet date) <sup>1</sup>	869.2	754.8	15.1	869.2	754.8	15.1
Net position <sup>2/3</sup>	-229.6	109.0	-	-229.6	109.0	-
Gearing (%) <sup>2/4</sup>	15.7	-7.4	-	15.7	-7.4	-
<b>Financial position</b>						
Cash flow from operating activities	55.2	81.5	-32.3	-61.7	-52.1	-18.4
Free cash flow <sup>5</sup>	-45.4	140.2	-	-232.3	-111.1	-109.2
Investment (balance sheet date) <sup>6</sup>	2,920.8	2,670.5	9.4	2,920.8	2,670.5	9.4
Capital expenditure in tangible and intangible assets	32.5	35.0	-7.0	93.4	75.6	23.6
<b>Employees <sup>7</sup></b>						
Employees (balance sheet date)	21,084	19,016	10.9	21,084	19,016	10.9
of which in Germany	6,839	6,463	5.8	6,839	6,463	5.8
of which outside Germany	14,245	12,553	13.5	14,245	12,553	13.5
<b>GEA Group's share (EUR)</b>						
Share price (balance sheet date)	13.66	24.67	-44.6	13.66	24.67	-44.6
Earnings per share on continued operations	0.45	-0.02	-	1.16	0.43	166.8
Earnings per share on discontinued operations	-0.69	1.00	-	-0.74	0.87	-
Earnings per share	-0.24	0.98	-	0.42	1.30	-67.9
Weighted average number of shares outstanding (million)	184.0	187.8	-2.1	184.0	187.9	-2.1

1) Working capital = inventories + trade receivables - trade liabilities - prepayments received

3) Net position = cash and cash equivalents + securities - bank debt

5) Free cash flow = cash flow from operating activities + cash flow from investing activities

6) Investment = fixed assets + working capital

2) Including discontinued operations

4) Gearing = net position / equity x (-1)

7) Full-time equivalents (FTEs), excl. apprentices/trainees and inactive employees

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# The GEA Group Share

## Stock market performance of the GEA Group share

Equity market performance in 2008 was characterized by pronounced cross-sector share price weakness. A slight phase of recovery followed the weak start at the beginning of the year. Markets fell sharply again in early March before rising again at the end of the second quarter. The MDAX was even slightly ahead of its 2007 year-end level by mid-May. However, negative trends then reemerged. German share indices have subsequently fallen sharply. They declined significantly in September, in particular, in the course of the expanding global financial market crisis. In overall terms, the DAX had fallen 28 percent by September 30 and the MDAX even by approximately 30 percent.

GEA Group Aktiengesellschaft's share fell briefly to a low of EUR 18.25 on January 11, from which it rapidly recovered and then performed in line with its comparable index. The share performed better than its index from mid-April. It reached its high of EUR 26.90 on May 19, 2008 and then outperformed by a high margin in a highly volatile equity market. This is due to the fact that GEA's end-markets are less cyclical than others.

Performance of the GEA Group share price against the MDAX



The global financial market crisis resulted in a collapse of stock markets in early September. The mechanical engineering sector was particularly badly hit. The high volatility of the GEA Group share resulted in a price decline.

The GEA Group share closed at a provisional low for the year of EUR 13.66 on September 30. In line with further declines in stock markets, the GEA Group share fell to its year-low of EUR 10.22 on October 24, 2008.

GEA Group continues to rank at position 36 among all listed German companies in terms of market capitalization (it ranked 35 at the end of June 2008). The company's market capitalization amounted to over EUR 2.5 billion at the end of the third quarter. The method used by Deutsche Börse AG to calculate market capitalization takes only free float (81 percent) into account, which equates to EUR 2.0 billion at the end of the third quarter. The company occupied position 38 in terms of trading volume at the end of September 2008 (position 37 at the end of June 2008). At 1.3 million shares, average daily turnover during the first nine months of 2008 was below the level of the comparable prior year turnover of 1.6 million shares. The vast majority of these trades were settled through the XETRA electronic trading system.

The company held no treasury shares as of September 30, 2008. There were 183,982,845 shares in issue at the end of September 2008, which is unchanged compared to December 31, 2007.

Participation in 26 roadshows and conferences, as well as 303 one-on-one meetings, since the start of the year continues to reflect the capital market's high degree of interest, even during the global crisis of financial markets, as well as the intensive investor relations work the GEA Group is conducting.

## GEA Performance Share Plan

The long-term remuneration program, which the company set up very successfully in 2006 for the first and second levels of management, was extended to the third management level with the implementation of the third tranche in July this year. The rate of participation was also raised once again and now amounts to 81 percent for the third tranche.

## The GEA Group share: Key performance indicators

	Q3 2008	Q3 2007	Q1-Q3 2008	Q1-Q3 2007
Shares in issue at September 30 (million)	184.0	188.1	184.0	188.1
Number of shares at September 30 (million)	184.0	187.5	184.0	187.5
Share price at September 30 (EUR) <sup>1</sup>	13.66	24.67	13.66	24.67
Share price high (EUR)	22.31	26.66	26.90	26.66
Share price low (EUR)	13.66	20.86	13.66	16.23
Market capitalization at September 30 (EUR billion) <sup>2</sup>	2.5	4.6	2.5	4.6
Earnings per share on continued operations (EUR)	0.45	-0.02	1.16	0.43
Earnings per share on discontinued operations (EUR)	-0.69	1.00	-0.74	0.87
Earnings per share (EUR)	-0.24	0.98	0.42	1.30

<sup>1)</sup> or on the last trading day of the reporting period

<sup>2)</sup> on the basis of shares in issue

Prices: XETRA closing prices

# Management Report

## Acquisitions

In the third quarter, GEA Group Aktiengesellschaft continued to pursue its strategy of primarily acquiring smaller and medium-sized companies. In the first nine months of 2008, the company has already acquired seven companies with a total of sales volume of around EUR 170 million, entailing a total purchase price (enterprise value) of approximately EUR 100 million.

GEA further strengthened the Farm Technologies Division through the acquisition of Norbco Inc. in Westmoreland, New York, USA, on July 11. To date, Norbco has been active as a supplier for large and medium-sized milking parlors to GEA WestfaliaSurge, Inc. in North America. In addition to parlor stalls, Norbco is a manufacturer and distributor of farm equipment including ventilation equipment, cow mattresses, barn curtains, barn cleaners and free stalls, all with a distinct focus on cow comfort. The company employs around 100 members of staff and generated sales in excess of EUR 20 million in 2007.

GEA concluded the acquisition of the Dutch company Bloksma, which is based in Almere, Netherlands, with effect of August 19. Bloksma is operating profitably in an interesting growth market for the GEA Group and it is currently being integrated into the Process Equipment Division. The company produces heat exchangers and intercoolers for marine engines and oil coolers and double-pipe coolers for various industrial processes. This acquisition represents an outstanding addition to and technological broadening of GEA Group's product range in the industrial heat exchanger area. The company employs a workforce of around 160 employees and 2007 sales amounted to over EUR 30 million.

The Refrigeration Division was further strengthened with the largest acquisition to date this year, that of International Cooling Group (ICG), which is based at Fareham near Southampton, United Kingdom. The transaction took effect as of September 26. ICG manufactures evaporators and condenser units for industrial refrigeration technology mainly under the brand names Searle and Raffel in the United Kingdom, France and Germany. GEA Group anticipates positive synergy effects for this division as a result of the outstanding technology and geographical presence this company contributes. ICG generated sales of almost EUR 70 million in 2007 with a workforce of around 500 employees.

# Overall Environment

Orders received by the German mechanical engineering sector are still running at a very high level this year, following five years of extraordinary high growth. Irrespective of this, the global financial market crisis has nevertheless already exerted a detectably negative impact on macroeconomic conditions, particularly in the third quarter. This, in turn, is increasingly affecting the mechanical engineering sector. Declining export orders are the first indicator of such a trend. Export orders for the German mechanical engineering industry fell by 19 percent in real terms in August, which is the sharpest fall in almost seven years. Companies therefore recorded an overall ten percent year-on-year decline in orders. The four months ongoing downward trend has thus continued. Domestic business, which rose by as much as six percent in August, was only partially able to make up the deficit from abroad. German mechanical engineering companies obtained fewer orders from the USA, Japan and Western European neighboring countries, in particular. By comparison with the same three-month period last year, this decline totals seven percent. The German Engineering Federation (VDMA) is nevertheless assuming a real increase in production of five percent for this year, due to the fact that order books are full. The sector had already achieved growth of around eight percent between January and the end of August.

GEA Group continued its good business progress in the third quarter, showing resistance to the sector trend. Given the tense current situation of the global economy, this shows how successfully the Group has been restructured over recent years. The company has concentrated on high-margin medium and smaller sized orders since 2008. The increase in orders received by its core business appears even more impressive when compared to the general sector trend. The success of the portfolio management is particularly reflected in the significant rise in the EBIT-margin generated by the core business.

As a result of the financial market crisis, many market participants anticipate recessionary economic trends. Population growth and growing consumer requirements in the emerging economies of Brazil, Russia, India and China, nevertheless support expectations of continuing demand for specialist mechanical engineering and process technology in GEA Group's main sales sectors such as the food and beverage industries, milk production and processing and the energy sector.

GEA Group benefits from these trends in many ways:

- Growing demand for processed and nonperishable food and beverages
- A rise in milk consumption around the world
- Continued growth in global demand for energy
- The expansion of existing petrochemical plants
- Development of new raw materials sources (e.g. producing oil from oil sand deposits)
- Expansion of existing liquid natural gas (LNG) capacities, particularly in the Middle East, Africa and Australia
- Continued demand for transportation capacities (specialty shipbuilding)

## Ruhr-Zink as discontinued operation

With the approval of the Supervisory Board, the Executive Board of GEA Group Aktiengesellschaft decided in the third quarter to sell Ruhr-Zink GmbH and its subsidiary MG Rohstoffhandel GmbH from its “Other” Segment.

The long-standing intention to sell is a result of the changes in the Group structure. GEA Group has developed over recent years into a pure mechanical engineering group with a focus on components manufacturing and engineering. Ruhr-Zink and MG Rohstoffhandel, however, were part of the historic activities of the Metallgesellschaft and had operations in the raw materials area. Falling zinc prices this year, accompanied by a significant rise in electricity costs, have substantially intensified the necessity to identify a solution for the future of Ruhr-Zink. Prospectively, macroeconomic conditions will deteriorate even further, due to expected trends in electricity prices.

GEA Group was holding discussions until mid-October with potential buyers who might have been in a position to rapidly acquire Ruhr-Zink’s business. The last investors that held the promise of success withdrew from discussions in October. The Executive Board of the GEA Group evaluated a management buyout offer submitted by the Ruhr-Zink Management as unattractive. The executive and supervisory boards of GEA Group are consequently currently reviewing the option of closing the plant. Talks concerning a settlement of interests and redundancy plan were launched at the end of October. Information about developments subsequent to September 30, 2008 can be found in the Notes to the Financial Statements in Chapter eight (page 33).

Ruhr-Zink GmbH and MG Rohstoffhandel GmbH are consequently presented as a discontinued operation in GEA Group’s financial statement as of September 30, 2008.



## Business trends of the discontinued operations

Ruhr-Zink reported significantly lower order intake in the first three quarters of 2008, accompanied by comparatively higher production volumes, due to the sharply lower price for zinc. The company's sales reflect this decline since its production operates on very short lead times. Sales have amounted to EUR 169.1 million in the current fiscal year (previous year: EUR 272.1 million). Ruhr-Zink's earnings before tax (EBT) are mainly burdened by falling zinc prices. This has resulted in a dramatic decline in EBT to EUR -5.1 million this fiscal year (previous year: EUR 17.8 million).

Independent from the operating business, additional expenses from discontinued operations also place a burden on the Group. These charges related to Ruhr-Zink arise from the depreciation of its assets to their estimated net realizable value. An additional effect results from an increase in provisions due to the disposal of Lentjes. The overall effect for the Group amounted to EUR -126.5 million in the third quarter.

## Business Performance

### Order intake

GEA Group's order intake in the first three quarters of 2008 grew 7.9 percent year-on-year (excluding the Thermal Engineering Division, which is more strongly characterized by large orders in comparison with other divisions). Considering all divisions, the core segments generated growth of 6.9 percent. Despite taking a more selective approach to accepting orders, GEA Group raised its order intake by 6.2 percent in the third quarter in its core segments, excluding the Thermal Engineering Division. Growth amounted to 5.5 percent, including the Thermal Engineering Division.

The month of September in particular confirmed the continued positive trend with order intake in its core business up by over 10 percent compared with September of the previous year. Growth in the highly profitable component business in the Farm Technologies,

Process Equipment and Mechanical Separation divisions was especially notable. Order intake rose by over 14 percent in the third quarter in these divisions. September's growth was even significantly ahead of 25 percent.

Order intake (EUR million)	Q3 2008	Q3 2007	Change (%)	Q1-Q3 2008	Q1-Q3 2007	Change (%)
Energy and Farm Technology	397.1	364.0	9.1	1,234.8	1,161.6	6.3
Process Technology	828.9	797.9	3.9	2,643.2	2,467.4	7.1
<b>Total</b>	<b>1,226.0</b>	<b>1,161.9</b>	<b>5.5</b>	<b>3,878.0</b>	<b>3,628.9</b>	<b>6.9</b>
"Other" and Consolidation	-2.5	-1.4	-70.4	-7.4	-4.4	-67.3
<b>GEA Group</b>	<b>1,223.5</b>	<b>1,160.5</b>	<b>5.4</b>	<b>3,870.6</b>	<b>3,624.5</b>	<b>6.8</b>

The greatest gains in terms of order intake were once again registered in the areas of milk production and processing, shipbuilding, and oil and gas treatment and processing.

The Farm Technologies, Process Engineering and Mechanical Separation divisions benefited particularly in the milk production and processing area, which is experiencing strong growth, especially in emerging economies, as a result of the plant and components they offer. GEA Group continues to benefit from disproportionately high growth in the shipbuilding sector, mainly in China and especially in the feeder ship area, due to the plate heat exchangers supplied by the Process Equipment Division and separators supplied by the Mechanical Separation Division.

Demand for components and equipment for new oil production plants and refineries is having a positive effect on the order intake of the Mechanical Separation and Thermal Engineering divisions in the Middle East, Canada and the USA.

In the Energy and Farm Technology Segment, the Air Treatment Division boosted its order intake significantly in the third quarter. This division is concentrating on the European market, where it continues to benefit especially from the ongoing strong construction boom in Eastern Europe. Global growth in demand for milk continued to feed through to a marked rise in order intake of the Farm Technologies Division. In particular, the division won orders for major installations in CIS states, with opportunities for aftermarket business. The company Houle & Fils, which was acquired in the second quarter of 2007, also contributed to the organic increase in order intake. The Thermal Engineering Division booked fewer major orders in the third quarter, since sharp rises in prices for power plants are slowing the propensity to invest in electricity utilities. This was offset by good growth in components, entailing smaller order volumes, particularly for the oil and gas industry. The Emission Control Division reported high growth in the third quarter, particularly due to an order from China and also considerably improved the margin quality of its order intake.

In the Process Technology Segment the Refrigeration Division achieved the previous year's level of orders, both in the components business and in its contracting and service business. The integration of AeroFreeze, which was acquired as of June 1, 2007, continues to progress very positively. The Process Equipment Division achieved a high level of order intake from the marine industry in the heat exchanger area, particularly for shipbuilding in Asia. In the area of industrial heat exchangers, good market conditions are stable in the energy sector, while the marine business is stagnating. Within the Mechanical Separation Division, it was especially shipbuilding, oil production and energy that reported very strong growth rates. The beverage industry also experienced strong demand, for example in the case of fruit juice, wine and beer. Consequently, declines in bio-diesel projects in Germany will be more than compensated for. In the Process Engineering Division, volumes in the food and beverage areas failed to offset declining business with bio-ethanol plants. The Pharma Systems Division continues to operate in a difficult market environment since most major pharmaceutical manufacturers introduced various cost-reduction programs in early 2008. Consequently many investment decisions relating to new plants in America and Europe continue to be delayed. However, the growth pattern of the Pharma Systems Division burdens the Group's growth rate by only one percentage point.

## Sales

Sales in the core segments increased by 4.2 percent in the third quarter of 2008. Sales were up by 11.2 percent year-on-year in the first three quarters.

Sales (EUR million)	Q3 2008	Q3 2007	Change (%)	Q1 - Q3 2008	Q1 - Q3 2007	Change (%)
Energy and Farm Technology	478.7	403.5	18.6	1,288.9	1,151.6	11.9
Process Technology	831.9	854.8	-2.7	2,433.9	2,197.1	10.8
<b>Total</b>	<b>1,310.6</b>	<b>1,258.3</b>	<b>4.2</b>	<b>3,722.9</b>	<b>3,348.7</b>	<b>11.2</b>
"Other" and Consolidation	7.4	6.0	23.5	18.1	39.7	-54.4
<b>GEA Group</b>	<b>1,318.0</b>	<b>1,264.3</b>	<b>4.2</b>	<b>3,741.0</b>	<b>3,388.5</b>	<b>10.4</b>

In overall terms, GEA Group's sales in established markets such as Europe and North America continued to grow by around seven percent in cumulative terms, despite unfavorable exchange rates. Total sales growth of 18 percent was above the average in other regions. GEA Group's balanced geographical positioning and the continued expansion of its sales network, are consequently paying off.

In the Energy and Farm Technology Segment, the Air Treatment Division continued to benefit in the third quarter from the good order situation in the construction industry. Backlog demand in Eastern Europe, in particular, is a tangible factor in this context. The filters business also experienced very positive growth and reports the highest growth within the division. The Farm Technologies Division continues to experience rapid growth. Sales were up by a double-digit percentage rate as a result of the expansion of the sales network and its excellent market position. There is growing customer interest in high-quality milk production and processing systems, particularly in Latin America. The Thermal Engineering Division exceeded prior year's sales. Major orders booked in 2007 will also have an impact over the next few years. The slight decline in the Emission Control Division was caused by concentration on orders with higher margins.

The Process Technology Segment registered a slight decline in the third quarter. However, high rates of growth were recorded in the high-margin component business. The Refrigeration Division reported slight growth in sales for refrigeration plants for the oil, gas and chemical industries. The marine, energy, and oil and gas markets experienced good growth in the Process Equipment Division. The Mechanical Separation Division reported rising sales with complete process lines. High commodity prices make it increasingly profitable for the division's customers to recycle materials using GEA's highly efficient technology. The Process Engineering Division was unable to maintain the previous year's level in the third quarter, since the third quarter of the previous year was positively affected by the first-time consolidation of the Procomac acquisition. The declining bio-ethanol business is also having a negative impact on this division. The Pharma Systems Division also registered a year-on-year decline in sales in the third quarter, due to the fact that major pharmaceutical companies in Europe and the US are currently cutting back on investments.

## Order backlog

The order backlog as of September 30, 2008 was up by 15.7 percent compared with September 30, 2007. It rose to EUR 2,823.8 million (previous year: EUR 2,440.4 million). This growth rate was significantly above the growth rate of the order intake this year (6.8 percent). It rose by a further EUR 125.1 million compared with December 31, 2007 (EUR 2,698.7 million).

Order backlog (EUR million)	09/30/2008	09/30/2007	Change (%)
Energy and Farm Technology	1,164.7	987.3	18.0
Process Technology	1,666.6	1,457.7	14.3
<b>Total</b>	<b>2,831.2</b>	<b>2,445.1</b>	<b>15.8</b>
"Other" and Consolidation	-7.4	-4.6	-59.9
<b>GEA Group</b>	<b>2,823.8</b>	<b>2,440.4</b>	<b>15.7</b>

This order backlog corresponds to an order intake of 6.6 months in arithmetical terms (previous year: 6.1). Around 60 percent of this backlog, and thus significantly more than in the previous year, is destined for billing in subsequent years starting from 2009.

Especially distinguished in this area is the impressive growth of the highly profitable Farm Technologies, Process Equipment and Mechanical Separation divisions. These divisions' order backlog grew 43 percent compared with December 31, 2007.

## Results of operations

The Group's focus on margin quality continues to bear fruit. GEA Group's gross profit margin, for instance, grew significantly by 312 basis points in the third quarter.

Earnings before interest and tax (EBIT) in the core segments was up 30.7 percent to EUR 140.8 million in the third quarter. The EBIT margin in the core segments consequently improved by 218 basis points, from 8.6 percent to 10.7 percent. At EUR 131.8 million, GEA Group's EBIT significantly exceeded the period's earnings of the previous year (EUR 98.5 million). The Group EBIT margin was up by 221 basis points during the reporting quarter from 7.8 percent to 10.0 percent. EBIT in the core segments grew EUR 79.4 million to EUR 346.7 million in the first three quarters. The EBIT margin in the core segments consequently rose by 133 basis points on a cumulative basis, despite negative currency effects and a continued high level of raw material prices. The profitable growth underlines GEA Group's successful corporate strategy.

EBIT / EBIT margin (EUR million)	EBIT Q3 2008	EBIT margin (%)	EBIT Q3 2007	EBIT margin (%)	Change in EBIT (%)
Energy and Farm Technology	48.9	10.2	37.1	9.2	32.0
Process Technology	91.9	11.1	70.7	8.3	30.0
<b>Total</b>	<b>140.8</b>	<b>10.7</b>	<b>107.8</b>	<b>8.6</b>	<b>30.7</b>
"Other" and Consolidation	-1.5	-	-2.4	-	38.4
Holding	-7.6	-	-6.9	-	-10.0
<b>GEA Group</b>	<b>131.8</b>	<b>10.0</b>	<b>98.5</b>	<b>7.8</b>	<b>33.8</b>

EBIT / EBIT margin (EUR million)	EBIT Q1 - Q3 2008	EBIT margin (%)	EBIT Q1 - Q3 2007	EBIT margin (%)	Change in EBIT (%)
Energy and Farm Technology	106.5	8.3	84.4	7.3	26.2
Process Technology	240.2	9.9	182.9	8.3	31.3
<b>Total</b>	<b>346.7</b>	<b>9.3</b>	<b>267.3</b>	<b>8.0</b>	<b>29.7</b>
"Other" and Consolidation	2.4	-	-3.1	-	-
Holding	-22.1	-	-16.3	-	-35.8
<b>GEA Group</b>	<b>327.1</b>	<b>8.7</b>	<b>248.0</b>	<b>7.3</b>	<b>31.9</b>

All divisions in the Energy and Farm Technologies Segment increased earnings disproportionately to sales in the third quarter of 2008. Earnings in the Air Treatment Division continued to improve significantly after start-up problems, resulting from the introduction of the largely renewed product range, were handled successfully. The other divisions, Farm Technologies, Thermal Engineering and Emission Control also significantly raised their EBIT margins. In overall terms, the divisions improved their EBIT margin by 103 basis points to 10.2 percent in the third quarter of 2008 and by 94 basis points to 8.3 percent in the first nine months of 2008.

The Process Technology Segment reported a significant improvement in performance in the reporting quarter. Rising incomes in growth regions are feeding through to increased demand for processed foodstuffs and beverages. The Refrigeration Division once again improved its earnings and EBIT margin, particularly for components. The earnings improvement in the Process Equipment Division reflected excellent growth in nearly all areas. This gratifying trend is also complimented by the expansion of activities in the USA. The Mechanical Separation Division introduced the "Best-Fit" program, which entails using standardized decanters in various applications. This not only results in shortened delivery times, but also allows higher prices to be achieved in the market. A high degree of capacity utilization and the strengthened service business are also contributing to higher EBIT. The Process Engineering Division also improved its earnings significantly, despite lower sales. This is due to a more selective approach to projects and a concentration on higher-margin business. By contrast, the Pharma Systems Division anticipates no significant short-term improvement in earnings due to restraints in investment volume evident across the entire pharmaceutical sector. In overall terms, the segment reported an EBIT margin of 11.1 percent (+278 basis points) in the third quarter of 2008 and of 9.9 percent in the first nine months of 2008 (+154 basis points).

The expected tax rate for the 2008 fiscal year amounts to 27.2 percent, following 31.2 percent last year.

Key figures on results of operations (EUR million)	Q3 2008	Q3 2007	Change (%)	Q1-Q3 2008	Q1-Q3 2007	Change (%)
Sales	1,318.0	1,264.3	4.2	3,741.0	3,388.5	10.4
EBITDA	152.7	116.5	31.1	385.8	297.8	29.6
EBIT	131.8	98.5	33.8	327.1	248.0	31.9
Earnings before tax	116.5	83.9	38.8	292.8	208.0	40.7
Income taxes	-34.4	-87.7	60.8	-79.6	-126.0	36.8
Net income on continued operations	82.1	-3.8 *	-	213.1	82.0 *	160.0
Net loss on discontinued operations	-126.5	188.1	-	-135.5	163.5	-
Net income / loss	-44.4	184.3	-	77.6	245.5	-68.4

\*) Including tax adjustment of EUR 61.0 million

Earnings from discontinued operations totaled EUR 82.1 million in the third quarter, following EUR -3.8 million last year. German deferred taxes have been re-measured due to the approval of the German corporate tax reform in the third quarter of 2007. This revaluation resulted in expenses of EUR 61.0 million in the third quarter of 2007. This in turn resulted in adjusted earnings of EUR 57.2 million for the third quarter of 2007. Following the reclassification of Ruhr-Zink, losses from discontinued operations totaled EUR 9.0 million for the first half of 2008. This amount contains valuation adjustments for Ruhr-Zink and further provisions for Lentjes, in the third quarter. The previous year's figure includes income of EUR 207.0 million from the disposal of Lurgi. In overall terms, consolidated net income of EUR -44.4 million was generated in the third quarter. Cumulative consolidated net income amounted to EUR 77.6 million.

## Financial position

GEA's net position declined by EUR 290.9 million to EUR -229.6 million compared with December 2007. The cash outflows were due to higher working capital reflecting an increased level of business activity, investment and acquisition activities and outgoing payments relating to disposals made in previous years. Gearing amounted to 15.7 percent as of September 30 (previous year: -7.4 percent).

GEA successfully concluded the issue of a EUR 200 million borrower's note loan in the European capital market in August. WestLB AG managed the transaction. Rating agencies categorize GEA Group as Baa3/stable (Moody's) and BBB-/positive (Fitch). The borrower's note loan, which has a maturity of three years, was placed in a challenging and volatile capital market environment. GEA Group nevertheless managed to generate very significant interest in the transaction. The issued amount was increased from the original EUR 75 million to as much as EUR 200 million, due to strong demand, and was placed among over 30 investors, both in Germany and abroad, at the lower end of the price range with a margin of 110 basis points. The proceeds from the issue will be used to finance investments and further acquisitions.

Reconciliation net position (EUR million)	
12/31/2007	61.3
EBITDA	385.8
Increase in working capital	-207.1
Capital expenditure in tangible and intangible assets	-93.4
Impact of acquisitions on net position	-102.1
Dividend payment	-36.8
Payments relating to disposed operations	-163.7
Others	-73.6
09/30/2008	-229.6

## Net assets

Total assets as of September 30, 2008 have risen slightly compared with December 31, 2007. Firstly, this reflects intangible assets arising from acquisitions. Secondly, it is due to an increase in inventories reported among current assets and an increase in trade receivables, which result from the company's higher levels of business in both segments. The increase in total equity and liabilities particularly reflects higher non-current liabilities due to the borrower's note loan, that was issued in August.

Summary balance sheet (EUR million)	09/30/2008	in % of total assets	12/31/2007	in % of total assets	Change (%)
<b>Assets</b>					
Non-current assets	2,414.4	47.7	2,349.0	49.5	2.8
of which goodwill	1,324.5	26.2	1,299.7	27.4	1.9
of which deferred taxes	355.8	7.0	364.9	7.7	-2.5
Current assets	2,626.7	51.9	2,382.3	50.2	10.3
Assets held for sale	17.7	0.3	16.7	0.4	5.9
<b>Total assets</b>	<b>5,058.8</b>	<b>100.0</b>	<b>4,748.0</b>	<b>100.0</b>	<b>6.5</b>
<b>Equity and liabilities</b>					
Equity	1,463.9	28.9	1,413.7	29.8	3.6
Non-current liabilities	1,060.7	21.0	857.3	18.1	23.7
of which deferred taxes	129.6	2.6	87.2	1.8	48.5
Current liabilities	2,498.8	49.4	2,477.0	52.2	0.9
Liabilities related to assets held for sale	35.4	0.7	-	-	-
<b>Total equity and liabilities</b>	<b>5,058.8</b>	<b>100.0</b>	<b>4,748.0</b>	<b>100.0</b>	<b>6.5</b>



## Employees

The number of employees was 21,084 at the end of the third quarter of 2008. The increase of 1,740 employees since December 31, 2007 reflects both external and internal growth in both segments. Acquisition-related changes in the scope of consolidation raised the number of employees by 995. Organic growth created 745 jobs, 173 of which are located in Germany.

Employees (balance sheet date) *	09/30/2008	09/30/2007
Energy and Farm Technology	6,875	6,067
Process Technology	13,996	12,723
<b>Total</b>	<b>20,871</b>	<b>18,790</b>
Other	213	226
<b>GEA Group</b>	<b>21,084</b>	<b>19,016</b>

\* Full-time equivalents (FTEs), excl. apprentices/trainees and inactive employees

A total of 235 employees were employed in the discontinued operations (Ruhr-Zink GmbH and MG Rohstoffhandel GmbH) as of September 30, 2008, 19 more than as of December 31, 2007.

## Research and development

Research and development expenses amounted to EUR 58.9 million in the first three quarters of 2008, following EUR 52.0 million in the comparable period of the previous year. Research and development expenses were consequently equivalent to 1.6 percent of sales (compared with 1.5 percent last year).

Research and development (R&D) costs (EUR million)	Q3 2008	Q3 2007	Change (%)	Q1 - Q3 2008	Q1 - Q3 2007	Change (%)
Customer-funded (reimbursed)	5.9	5.2	13.2	16.4	15.3	6.9
Group-funded (non-reimbursed)	13.9	12.1	14.4	42.5	36.6	15.9
<b>Total R&amp;D costs</b>	<b>19.8</b>	<b>17.3</b>	<b>14.0</b>	<b>58.9</b>	<b>52.0</b>	<b>13.2</b>
<b>R&amp;D ratio (% of sales)</b>	<b>1.5</b>	<b>1.4</b>	<b>-</b>	<b>1.6</b>	<b>1.5</b>	<b>-</b>

## Risk position

Overall monitoring of legal risks during the reporting period is essentially unchanged compared with the status depicted in the 2007 annual report.

Overall, there are currently no risks that might jeopardize GEA Group. Sufficient provisions according to relevant regulations have been accounted for identified risks.

## Outlook

### Economy

The financial market crisis and current turbulences in international stock markets, make it difficult to forecast economic trends. Leading German economic research institutes and the Federal Government expect economic output to stagnate next year in Germany. The German Engineering Federation (VDMA) predicts a deterioration in earnings for the German mechanical and plant engineering industry for 2009. It cites high energy and commodity prices, as well as the weak dollar exchange rate, as the reasons for this forecast. Among other things, it believes the “future-related environmental technology issue” offers good opportunities for growth in the medium term. German mechanical and plant engineering companies have developed processes and equipment that allow significant growth in efficiency when generating energy.

### Business outlook

The financial market crisis, which is already persisting for a protracted period, is having a growing impact on the real economy. This is cutting the high rate of growth in orders that mechanical engineering companies were previously achieving. GEA Group has so far performed well in this environment, due to the fact that the markets it addresses are robust and less subject to economic cycles.

The growing population of the world will continue to use greater quantities of energy and consume greater volumes of processed foods. The chemicals and petrochemicals sectors, as well as the pharmaceuticals industry, will also benefit from population growth. This overall trend will prospectively be strengthened further by disproportionate growth in living standards in large parts of Asia and South America. Many GEA Group products also contribute to energy efficiency, which is why further positive effects are anticipated.

While order intake is declining significantly in some branches of the mechanical engineering sector and further weakness is anticipated in these areas, we are encountering stable demand in our markets, particularly for machines to produce higher quality food and in the energy sector. Most of our customers, for example, are among the world's leading food manufacturers and energy producers.

Particularly the current order intake, which registered a significant year-on-year rise in September and the extraordinarily high order backlog, provide GEA with a stable base in an economic situation that is uncertain overall. Order intake and sales have grown almost parallel in the third quarter. The current order backlog reaches well into 2009.

Our stable portfolio allows us to confirm the targets we have communicated so far for our core business essentially, despite an overall environment that is currently rather negative.

Our order intake will continue to be characterized by fewer major projects and more orders for components. Accumulated, this results in lower nominal growth overall, accompanied by improved margins. This particularly applies for the Process Engineering and Thermal Engineering divisions. The high-margin components business of the Farm Technologies, Process Equipment and Mechanical Separation divisions, which have reported a 43 percent rise in their order backlog since the start of the year, are evidence of the success of our portfolio management.

Given this, GEA Group anticipates a slightly higher level of order intake in 2008 than in 2007, excluding the Thermal Engineering Division. The order intake of this division was characterized by a significant major order last year.

For sales and EBIT we are still working on the basis of the mentioned figures. Our sales will grow by around ten percent in 2008, supported by the high-level of order backlog, although the third quarter increase was only 4.2 percent, which reflected fewer major orders billed. The continued improvement in profitability in the third quarter leads us to expect a 10 percent EBIT margin from our core segments for 2008, despite the foreseeable expenses for the restructuring of the Pharma Division.

We remain convinced, that we can continue to make margin improvements in 2009 due to our continuous order intake and our order backlog, even if it is extremely difficult to predict the effects on the real economy of the financial market crisis.

We shall go forward with our investment in property, plant and equipment as before, and we shall also pursue an appropriate acquisition strategy. GEA Group enjoys a solid financing base, although we shall reduce our current gearing target of 40 to 50 percent of consolidated equity to 30 percent, given the current situation.

There is no impediment to pay the higher dividend which is planned for the 2008 fiscal year from today's perspective. We are aiming to increase our dividend payment to around one third of consolidated net income for 2009.

Bochum, October 31, 2008

GEA Group Aktiengesellschaft

The Executive Board

# Financial Statements for the 3rd Quarter of 2008

## Consolidated Balance Sheet at September 30, 2008

Assets (EUR thousand)	09/30/2008	12/31/2007	Change (%)
Property, plant and equipment	505,903	486,037	4.1
Investment property	16,020	44,666	-64.1
Goodwill	1,324,486	1,299,650	1.9
Other intangible assets	146,920	95,869	53.3
Investments in enterprises reported at equity	11,171	14,585	-23.4
Other non-current financial assets	54,118	43,237	25.2
Deferred taxes	355,802	364,910	-2.5
<b>Non-current assets</b>	<b>2,414,420</b>	<b>2,348,954</b>	<b>2.8</b>
Inventories	772,075	674,691	14.4
Trade receivables	1,344,151	1,241,541	8.3
Income tax receivables	11,881	11,186	6.2
Other current financial assets	222,170	175,706	26.4
Cash and cash equivalents	276,386	279,162	-1.0
<b>Current assets</b>	<b>2,626,663</b>	<b>2,382,286</b>	<b>10.3</b>
<b>Assets held for sale</b>	<b>17,695</b>	<b>16,713</b>	<b>5.9</b>
<b>Total assets</b>	<b>5,058,778</b>	<b>4,747,953</b>	<b>6.5</b>

Equity and liabilities (EUR thousand)	09/30/2008	12/31/2007	Change (%)
Issued capital	496,890	496,890	-
Additional paid-in capital	1,079,610	1,079,610	-
Retained earnings	-90,109	-130,398	30.9
Accumulated other comprehensive income	-25,312	-35,932	29.6
Minority interest	2,842	3,508	-19.0
<b>Equity</b>	<b>1,463,921</b>	<b>1,413,678</b>	<b>3.6</b>
Non-current provisions	184,772	231,568	-20.2
Non-current obligations to employees	500,528	513,370	-2.5
Non-current financial liabilities	238,404	20,874	> 1,000
Other non-current liabilities	7,428	4,284	73.4
Deferred taxes	129,555	87,219	48.5
<b>Non-current liabilities</b>	<b>1,060,687</b>	<b>857,315</b>	<b>23.7</b>
Current provisions	569,878	606,770	-6.1
Current obligations to employees	162,818	168,006	-3.1
Current financial liabilities	303,131	223,388	35.7
Trade payables	626,166	763,015	-17.9
Income tax liabilities	54,469	54,653	-0.3
Other current liabilities	782,330	661,128	18.3
<b>Current liabilities</b>	<b>2,498,792</b>	<b>2,476,960</b>	<b>0.9</b>
<b>Liabilities related to assets held for sale</b>	<b>35,378</b>	-	-
<b>Total equity and liabilities</b>	<b>5,058,778</b>	<b>4,747,953</b>	<b>6.5</b>

## Consolidated Income Statement

July 1 - September 30, 2008

(EUR thousand)	Q3 2008	Q3 2007	Change (%)
Sales	1,318,035	1,264,318	4.2
Cost of sales	-944,663	-945,652	0.1
<b>Gross profit</b>	<b>373,372</b>	<b>318,666</b>	<b>17.2</b>
Selling expenses	-121,926	-107,257	-13.7
Administrative expenses	-117,098	-110,511	-6.0
Other income	22,516	18,336	22.8
Other expenses	-25,762	-20,938	-23.0
Net income on enterprises reported at equity	942	1	> 1,000
Other financial income	11	381	-97.1
Other financial expenses	-297	-199	-49.2
<b>Earnings before interest and tax (EBIT)</b>	<b>131,758</b>	<b>98,479</b>	<b>33.8</b>
Interest and similar income	6,880	5,877	17.1
Interest expense and similar charges	-22,185	-20,462	-8.4
<b>Earnings before tax on continued operations</b>	<b>116,453</b>	<b>83,894</b>	<b>38.8</b>
Income taxes	-34,387	-87,677	60.8
of which current taxes	-23,199	-13,176	-76.1
of which deferred taxes	-11,188	-74,501	85.0
<b>Net income / loss on continued operations</b>	<b>82,066</b>	<b>-3,783</b>	<b>-</b>
<b>Net income / loss on discontinued operations</b>	<b>-126,450</b>	<b>188,056</b>	<b>-</b>
<b>Net income / loss</b>	<b>-44,384</b>	<b>184,273</b>	<b>-</b>
of which minority interest	-168	642	-
of which attributable to shareholders of GEA Group Aktiengesellschaft	-44,216	183,631	-
<hr/>			
(EUR)			
Basic earnings per share on continued operations	0.45	-0.02	-
Basic earnings per share on discontinued operations	-0.69	1.00	-
<b>Basic earnings per share</b>	<b>-0.24</b>	<b>0.98</b>	<b>-</b>
<b>Weighted average number of shares outstanding (million)</b>	<b>184.0</b>	<b>187.8</b>	<b>-2.1</b>



## Consolidated Income Statement

January 1 - September 30, 2008

(EUR thousand)	Q1 - Q3 2008	Q1 - Q3 2007	Change (%)
Sales	3,741,002	3,388,463	10.4
Cost of sales	-2,697,270	-2,491,123	-8.3
<b>Gross profit</b>	<b>1,043,732</b>	<b>897,340</b>	<b>16.3</b>
Selling expenses	-352,304	-318,256	-10.7
Administrative expenses	-345,475	-315,270	-9.6
Other income	76,261	40,803	86.9
Other expenses	-96,220	-57,509	-67.3
Net income on enterprises reported at equity	1,465	677	116.4
Other financial income	301	414	-27.3
Other financial expenses	-684	-199	-243.7
<b>Earnings before interest and tax (EBIT)</b>	<b>327,076</b>	<b>248,000</b>	<b>31.9</b>
Interest and similar income	21,085	12,527	68.3
Interest expense and similar charges	-55,403	-52,513	-5.5
<b>Earnings before tax on continued operations</b>	<b>292,758</b>	<b>208,014</b>	<b>40.7</b>
Income taxes	-79,630	-126,031	36.8
of which current taxes	-54,264	-32,674	-66.1
of which deferred taxes	-25,366	-93,357	72.8
<b>Net income on continued operations</b>	<b>213,128</b>	<b>81,983</b>	<b>160.0</b>
<b>Net income / loss on discontinued operations</b>	<b>-135,544</b>	<b>163,527</b>	<b>-</b>
<b>Net income</b>	<b>77,584</b>	<b>245,510</b>	<b>-68.4</b>
of which minority interest	498	584	-14.7
of which attributable to shareholders of GEA Group Aktiengesellschaft	77,086	244,926	-68.5
<hr/>			
(EUR)			
Basic earnings per share on continued operations	1.16	0.43	166.8
Basic earnings per share on discontinued operations	-0.74	0.87	-
<b>Basic earnings per share</b>	<b>0.42</b>	<b>1.30</b>	<b>-67.9</b>
<b>Weighted average number of shares outstanding (million)</b>	<b>184.0</b>	<b>187.9</b>	<b>-2.1</b>

## Consolidated Cash Flow Statement

January 1 - September 30, 2008

(EUR thousand)	Q1 - Q3 2008	Q1 - Q3 2007
Net income	77,584	245.510
Plus income taxes	79,630	126.031
Plus net income / loss on discontinued operations	135,544	-163.527
Earnings before tax on continued operations	292,758	208.014
Net interest expense	34,318	39.986
<b>Earnings before interest and tax (EBIT)</b>	<b>327,076</b>	<b>248.000</b>
Depreciation, amortization, impairment and reversal of impairment on non-current assets	58,768	49.500
Other non-cash income and expenses	4,949	-563
Obligations to employees	-26,973	-19.953
Change in provisions	-145,538	3.129
Gains/losses on disposal of non-current assets	-989	-827
Change in inventories, including unbilled PoC receivables <sup>1</sup>	-41,153	-51.854
Change in trade receivables	-11,542	-30.500
Change in trade payables	-149,106	-149.963
Change in other operating assets and liabilities	-32,499	-29.160
Tax payments	-52,015	-12.758
Net cash flow from operating activities of discontinued operations	7,293	-57.193
<b>Cash flow from operating activities</b>	<b>-61,729</b>	<b>-52.142</b>
Proceeds from disposal of non-current assets	5,496	11.832
Cash payments for the purchase of property, plant and equipment and intangible assets	-93,418	-75.581
Cash payments for the purchase of non-current financial assets	-11,569	-5.087
Interest and dividend income	7,295	6.516
Cash payments for acquisitions	-75,939	-76.678
Proceeds from disposal of discontinued operations	-	571.513
Repayments of non-trade receivables relating to discontinued operations	-	-484.925
Net cash flow from investing activity relating to discontinued operations	-2,475	-6.533
<b>Cash flow from investing activities</b>	<b>-170,610</b>	<b>-58.943</b>
Dividend paid by GEA Group AG for previous year	-36,797	-
Cash payments for the purchase of treasury shares	-	-10.109
Change in finance lease liabilities	-931	-1.723
Cash receipts from finance facilities	287,449	214.325
Cash payments for redemption of finance facilities, inclusive bonds	-9,071	-31.580
Interest payments	-14,567	-28.417
Net cash flow from financing activities of discontinued operations	-1,251	12.789
<b>Cash flow from financing activities</b>	<b>224,832</b>	<b>155.285</b>
Exchange-rate-related and other changes in cash and cash equivalents	-430	-2.615
<b>Change in unrestricted cash and cash equivalents</b>	<b>-7,937</b>	<b>41.585</b>
Unrestricted cash and cash equivalents at beginning of the year	272,717	252.240
Adjustment of unrestricted cash and cash equivalents of discontinued operations at beginning of year	-11	-
<b>Unrestricted cash and cash equivalents at balance sheet date</b>	<b>264,769</b>	<b>293.825</b>
Restricted cash and cash equivalents	11,617	2.217
<b>Cash and cash equivalents reported on the face of the balance sheet</b>	<b>276,386</b>	<b>296.042</b>

1) Including prepayments received

## Consolidated Statement of Changes in Equity at September 30, 2008

(EUR thousand)	Issued capital	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income/loss	Treasury shares	Minority interest	Total
<b>Balance at 12/31/2006</b> (187,945,616 shares)	496,890	1,077,076	-249,149	327	-65,263	1,582	1,261,463
Net income			283,513				283,513
Minority interest			-1,113			1,113	-
Accumulated other comprehensive income/loss				-36,259		-30	-36,289
Total income and expense for the year							247,224
of which minority interest							1,083
of which attributable to shareholders of GEA Group AG							246,141
Withdrawal of treasury shares			-163,650		63,331		-100,319
Sales of treasury shares		2,534			1,932		4,466
Change in other minority interest						843	843
<b>Balance at 12/31/2007</b> (183,982,845 shares)	496,890	1,079,610	-130,398	-35,932	-	3,508	1,413,678
Net income			77,584				77,584
Minority interest			-498			498	-
Accumulated other comprehensive income/loss				10,620		-92	10,528
Total income and expense for the year							88,112
of which minority interest							406
of which attributable to shareholders of GEA Group AG							87,706
Dividend			-36,797				-36,797
Change in other minority interest						-1,072	-1,072
<b>Balance at 09/30/2008</b> (183,982,845 shares)	496,890	1,079,610	-90,109	-25,312	-	2,842	1,463,921

  

(EUR thousand)	Cumulative translation adjustment	Available-for-sale securities	Hedge accounting	Total
<b>Balance at 12/31/2006</b>	-5,657	205	5,779	327
Accumulated other comprehensive income/loss	-36,139	-178	58	-36,259
<b>Balance at 12/31/2007</b>	-41,796	27	5,837	-35,932
Accumulated other comprehensive income/loss	17,415	3	-6,798	10,620
<b>Balance at 09/30/2008</b>	-24,381	30	-961	-25,312

# Notes to the Consolidated Financial Statements

## 1 Reporting principles

These interim consolidated financial statements of GEA Group Aktiengesellschaft and the interim single-entity financial statements of the subsidiaries included in the consolidated financial statements, have been prepared in accordance with International Financial Reporting Standards (IFRS), the relevant interpretations of the International Accounting Standards Board (IASB) and Regulation No. 1606/2002 of the European Parliament and Council regarding the application of International Accounting Standards to interim financial reporting in the EU. In compliance with IAS 34, this interim report does not contain all information and notes that IFRS stipulates as requisite for year-end consolidated financial statements.

These consolidated third-quarter financial statements and Group management report have been neither audited in accordance with § 317 of the German Commercial Code (HGB) nor submitted for review by a certified public auditor.

The accounting principles applied in these interim financial statements are the same as those applied as of December 31, 2007 and are described in detail on pages 71 to 85 of the GEA Group annual report.

Since the first quarter, the GEA Group is applying IFRS 8 "Operating Segments" voluntarily for the first time for the 2008 fiscal year, in accordance with regulations concerning first-time application. IFRS 8 stipulates the financial information a company is required to provide concerning its operating segments. IFRS 8 replaces IAS 14 "Segment Reporting" and follows the so-called management approach in terms of segmental demarcation and reporting. This means segmental information is now disclosed on the basis of internal reporting.

Aside from this, no new IFRS accounting regulations were applied for the first time in 2008.

The IASB has published no further significant new or amended standards in the third quarter of the year since its publication of IFRS 3 "Business Combinations", IAS 27 "Consolidated and Separate Financial Statements" and the "Improvements to IFRSs" collection of amendments, in the first half of the year.

The GEA Group currently assumes, that the application of the amended versions will have no significant impact on the presentation of its financial statements.

These interim financial statements convey a true and fair view of the company's net assets, financial position and results of operations.

The preparation of these interim financial statements requires estimates and assumptions to be made that have an impact on the company's assets, liabilities, provisions, deferred tax assets and liabilities, and income and expenses. Although such estimates and assumptions are made carefully and in good faith, it cannot be excluded that the actual amounts that arise may differ from estimates used in these interim financial statements.

Factors that may cause these amounts to differ from projections include a prolonged deterioration in the global economy, movements in exchange and interest rates, significant litigation and changes in environmental or other legislation. Production errors, the loss of key customers, as well as a change in the company's financing, may also negatively impact the Group's future success.

These interim financial statements have been prepared in euros. All amounts, including the figures for the comparable previous period and with the exception of segment reporting, are stated in thousands of euros (K EUR). All amounts have been rounded. Differences between the sum of individual values and the total value could consequently be in the order of EUR 1,000.

As a result of the Executive Board's decision taken in the third quarter to sell Ruhr-Zink GmbH and its subsidiary MG Rohstoffhandel GmbH (in the following: Ruhr-Zink), the assets and liabilities of Ruhr-Zink are reported in the balance sheet under the items "assets held-for-sale" and "liabilities related to assets held-for-sale". Ruhr-Zink's expenses, income and its cash flows, are presented separately from those of the continuing operations in line with its classification as a discontinued operation. The previous year's income statement and cash flow statement have been restated.

## 2 Scope of consolidation

Twelve first-time consolidations are result of the acquisitions in the third quarter. One subsidiary that had previously not been consolidated were consolidated for the first time, which meant a total of 13 subsidiaries were added in the third quarter. These additions were offset by ten reductions: six companies were merged, one was sold and three were deconsolidated due to their inessentiality.

Including the changes during the first half year, the scope of consolidation has increased by a total of six companies, compared with December 31, 2007.

### 3 Acquisitions

The Farm Technologies Division acquired all shares in Norbco Inc., Westmoreland, USA, on July 11, 2008. In addition to parlor stalls, Norbco is a manufacturer and distributor of farm equipment including ventilation equipment, cow mattresses, barn curtains, barn cleaners and free stalls, all with a distinct focus on cow comfort. Norbco's product range appropriately expands the division's product portfolio, with respect to the requirements of the modern milk industry. The company employs around 100 members of staff and generated 2007 sales in excess of EUR 20 million.

With the anti-trust approval on August 19 2008 the purchase of all shares in Bloksma B.V., Almere, Netherlands, was concluded. Bloksma's business strengthens the activities of the Process Equipment Division in the intercoolers for shipbuilding and industrial heat exchangers areas. In 2007 the company and its subsidiaries generated sales of around EUR 30 million and currently employs a workforce of 160 staff members.

The Refrigeration Division acquired all shares in Bliss & Co. Ltd., Fareham, United Kingdom, the holding company of the International Cooling Group (ICG), on September 26, 2008. ICG manufactures evaporators and condenser units for industrial refrigeration technology mainly under the brand names Searle and Raffel. The group generated sales of almost EUR 70 million in 2007 with a workforce of around 500 employees. The acquisition allows the division to broaden its product range both technologically and geographically.

Acquisition costs, including the incidental costs, totaled K EUR 81,992. These are offset by interim measured net assets of K EUR 58,094. The purchase price allocation has been prepared on a interim basis, as adjustments are anticipated when further information is received. Uncertainties concerning the valuation of net assets exist mainly with respect to the measurement of intangible assets. This interim valuation results in an addition to goodwill of K EUR 23,898, which reflects non-separable assets such as the employees' know-how and synergy potentials arising from the companies' integration into the GEA Group.

The acquisitions made during the third quarter resulted in the following aggregated outflow of cash:

	Q3 2008
(K EUR)	
Cost of purchase	79,700
Incidental costs	2,292
minus non-cash purchase price components	-6,719
<b>Purchase price paid</b>	<b>75,272</b>
minus cash acquired	-7,306
<b>Cash outflow on acquisitions</b>	<b>67,966</b>

Since they have been acquired, Norbco und Bloksma recorded earnings before tax of K EUR 348 on the basis of the preliminarily calculated net assets. GEA has refrained from recognizing ICG's earnings contribution due to the fact that it has been included in the scope of consolidation for only a short period of time.

## 4 Discontinued operations

### 4.1 Ruhr-Zink

The table below provides a breakdown of the net income/loss from the discontinued Ruhr-Zink operations as of September 30, 2008:

	Q3 2008	Q3 2007	Q1-Q3 2008	Q1-Q3 2007
(K EUR)				
Sales	52,571	87,485	169,130	272,118
Other income	2,796	320	2,796	753
Expenses	-51,348	-78,535	-175,507	-253,262
Net interest result	-564	-570	-1,532	-1,856
Taxes	56	-1,320	-325	-3,184
<b>Net income/loss</b>	<b>3,511</b>	<b>7,380</b>	<b>-5,438</b>	<b>14,569</b>
Loss on measurement at net realizable value	-73,883	-	-73,883	-
Taxes	-	-	-	-
<b>Net income/loss on discontinued operations</b>	<b>-70,372</b>	<b>7,380</b>	<b>-79,321</b>	<b>14,569</b>

### 4.2 Discontinued operations in previous periods

Discontinued operations in earlier periods incurred losses of K EUR 56,078 in the third quarter. These are attributable to the former Lentjes Division. They mainly result from further delays in processing orders, which have resulted in costs related to accelerated processing, additional costs deriving from extended periods of time needed at construction sites and contractual penalties for delay. Together with the first-half year earnings effects, discontinued operations in earlier periods incurred a total result of K EUR -56,223 as of September 30, 2008.

(K EUR)	Q3 2008	Q3 2007	Q1 - Q3 2008	Q1 - Q3 2007
Sales	-	153,009		671,369
Other income		3,939	41,926	84,645
Expenses	-56,078	-173,537	-87,050	-802,310
Net interest result		2,056	-	29,818
Taxes		-7,692	-11,099	-37,103
<b>Net loss</b>	<b>-56,078</b>	<b>-22,225</b>	<b>-56,223</b>	<b>-53,581</b>
Net gain on disposals		207,556	-	207,038
Taxes		-4,655	-	-4,499
<b>Net income/loss on discontinued operations</b>	<b>-56,078</b>	<b>180,676</b>	<b>-56,223</b>	<b>148,958</b>

Current earnings for the first three quarters of the previous year relate to the earnings contributions of the Lentjes and Lurgi divisions. Negative current after-tax earnings of K EUR -22,225 for the third quarter of the previous year mainly result from expenses arising from the completion of disputed old orders of the Lentjes Division and from the tax expense arising from the re-measurement of deferred taxes due to the reform of corporate taxation in Germany. The pre-tax disposal gain totaling K EUR 207,038 relates to the sale of Lurgi to Air Liquide Group, Paris, France.

## 5 Taxes

The recognized tax expenses for the interim reporting period is based on an estimated annual tax rate of 27.2 percent (previous year: 31.2 percent). The previous year's deferred tax expense includes the effect arising from the re-measurement of German deferred taxes, due to the reform of corporate taxation in Germany.

## 6 Segment reporting

The Group has been split according to Executive Board level areas of responsibility since January 1, 2008:

- Energy and Farm Technology
- Process Technology
- Other

The Group is broken down into sub-areas, which the executive and supervisory boards regularly use to assess profitability and which are used as the basis for decision-making.



A detailed description of business operations, as well as the products and services offered by the individual business segments, can be found on pages 47 and 48 of the 2007 annual report (IFRS consolidated financial statements) of the GEA Group.

Segment assets and earnings for the third quarter are as follows:

Segment information (EUR million)	Energy and Farm Technology	Process Technology	Other	Consolidation	<b>Total</b>
<b>Q3 2008</b>					
Sales	478.2	830.7	9.1	-	<b>1,318.0</b>
Intersegment sales	0.6	1.2	-	-1.7	-
Total sales	478.7	831.9	9.1	-1.7	<b>1,318.0</b>
EBIT	48.9	91.9	-9.1	-	<b>131.8</b>
Segment earnings before tax (EBT)	47.2	89.7	-20.4	-	<b>116.5</b>
<b>Q3 2007</b>					
Sales	401.7	852.8	9.8	-	<b>1,264.3</b>
Intersegment sales	1.8	2.0	0.2	-4.0	-
Total sales	403.5	854.8	10.0	-4.0	<b>1,264.3</b>
EBIT	37.1	70.7	-9.3	-	<b>98.5</b>
Segment earnings before tax (EBT)	35.2	67.9	-19.2	-	<b>83.9</b>
<b>Q1-Q3 2008</b>					
Sales	1,287.2	2,428.5	25.3	-	<b>3,741.0</b>
Intersegment sales	1.7	5.5	-	-7.2	-
Total sales	1,288.9	2,433.9	25.3	-7.2	<b>3,741.0</b>
EBIT	106.5	240.2	-19.7	-	<b>327.1</b>
Segment earnings before tax (EBT)	101.3	231.7	-40.2	-	<b>292.8</b>
Segment assets	1,704.9	3,343.0	1,941.6	-1,930.7	<b>5,058.8</b>
<b>Q1-Q3 2007</b>					
Sales	1,147.7	2,183.8	57.0	-	<b>3,388.5</b>
Intersegment sales	4.0	13.3	6.6	-23.9	-
Total sales	1,151.6	2,197.1	63.6	-23.9	<b>3,388.5</b>
EBIT	84.4	182.9	-19.3	-	<b>248.0</b>
Segment earnings before tax (EBT)	78.8	177.8	-48.6	-	<b>208.0</b>
Segment assets	1,491.9	3,090.9	2,115.1	-1,778.9	<b>4,919.0</b>

The accounting principles used for the recognition and measurement of segmental assets are the same as those applying for the Group and are described in the accounting principles section of the 2007 annual report. The benchmark of profitability for both the Group and its segments is EBIT (earnings before interest and tax) and EBT (earnings before tax), as presented in the income statement.

Intersegment sales are based on market prices.

## 7 Transactions with related parties

Transactions with related parties have no significant impact on the company's net assets, financial position and results of operations.

## 8 Events following the end of the interim reporting period

The Air Treatment Division acquired Deichmann Umwelt GmbH, Bebra, Germany, on October 1, 2008. The company is a manufacturer of industrial particle-removal filtering systems. It extends the product range of the division, which has only offered smaller and medium-sized solutions to date. Deichmann generated sales of EUR seven million in 2007 with a workforce of 50 employees.

On October 6, 2008, with the approval of the Supervisory Board, GEA Group Aktiengesellschaft started to repurchase the company's shares from the stock market with a transaction volume valued at up to EUR 100 million. The Annual General Meeting of the GEA Group AG authorized the Executive Board on April 23, 2008 to perform the share repurchase accordance with § 71 Paragraph 1 Number 8 of the German Stock Corporation Act (AktG). A total of 175,000 shares have been repurchased to date on the basis of this authorisation, entailing a total amount of EUR 2.1 million. The share repurchase program has been suspended for the time being, however, due to the current uncertainties in financial markets.

GEA Group has decided to implement a significant investment program for its Mechanical Separation Division. This will entail making total investments of around EUR 160 million in Europe and Asia over a timeframe of around three years. The program mainly involves raising efficiency at the company's locations in Oelde and Niederrahr by modernizing and focusing production, the restructuring of the location at Château-Thierry in France into a global service and maintenance center including spare parts production, the creation of a new production plant in China for complete separators and decanters, and the expansion

of the current assembly plant in India into a complete manufacturing plant for decanters and basic separators. In overall terms, this investment program, which is the largest in GEA's history, is intended to improve the division's competitiveness and further raise global market share, particularly through a marked expansion of its Asian business. The entire project will be completed during the course of 2011.

The last potential investors with promising offers withdrew from the disposal negotiations for Ruhr-Zink in mid-October. GEA could not identify any conclusive concept among any of the offers that had been submitted by that date that could have secured the company's long-term, profitable operation. This also applies to the management buyout offer submitted by Ruhr-Zink's management, which GEA Group's Executive Board also assessed as being unattractive for the same reason. The Executive Board of GEA Group Aktiengesellschaft consequently regards negotiations concerning the disposal of the company as having failed, which means that, from the perspective of the Executive Board of GEA Group Aktiengesellschaft, preparations for the closure of the plant must now be put in train. GEA Group's executive and supervisory boards are currently examining this option. Negotiations concerning a settlement of interests and a redundancy plan were launched with employee representatives at the end of October, in this connection. A final decision to close the plant has not yet been taken and, with the approval of the Supervisory Board, will not be taken until negotiations with employee representatives have been concluded. The closure is planned for the end of 2008.

This interim report is a translation of the German original. Only the German version is legally binding.

This interim report includes forward-looking statements on GEA Group Aktiengesellschaft, its subsidiaries and associates and on the economic and political conditions that may influence the business performance of the GEA Group. All these statements are based on assumptions made by the Executive Board using information available to it at the time. Should these assumptions prove to be wholly or partly incorrect, or should further risks arise, actual business performance may differ from that expected. The Executive Board therefore cannot assume any liability for the statements made.







# Financial Calendar

March 12, 2009	Financial Statements Press Conference / analysts' Meeting for 2008
April 22, 2009	Annual Shareholders' Meeting for 2008
May 8, 2009	Quarterly Financial Report for the period to March 31, 2009
July 30, 2009	Half-yearly Financial Report for the period to June 30, 2009
October 29, 2009	Quarterly Financial Report for the period to September 30, 2009

## The GEA Group share: key data

SIN	660 200
ISIN	DE0006602006
Reuters code	G1AG.DE
Bloomberg code	G1A.GR
Xetra	G1A.DE

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