Q1

Quarterly Financial Report

January 1 – March 31, 2016

engineering for
a better world

Contents

GEA achieves 10 percent operating EBITDA margin in Q1

GEA's order intake rose to EUR 1,144.3 million in the first quarter of 2016. Whereas revenue fell, mainly as a result of a low order intake of small, fast-processed orders in the first two months of the year, the order backlog increased by 8.5 percent compared with December 31, 2015.

With the gross margin remaining stable, further cost reductions facilitated by the "Fit for 2020" initiative in particular enabled GEA to improve its operating EBITDA margin by around 20 basis points to 10.0 percent, this despite the contraction in volume.

"Thanks to the measures to enhance efficiency already implemented and our strong position in the market, we succeeded in raising our operating EBITDA margin to 10.0 percent for the first time in a first quarter of a year despite relatively low revenue figures," said Jürg Oleas, Chairman of the Executive Board of GEA, appraising the present situation. "On the basis of solid order intake and a healthy order backlog, we can now corroborate the forecast we made back in February for fiscal year 2016."

Net liquidity continued to improve compared with the prior-year period, increasing from EUR 822.7 million to EUR 867.9. Adjusted for non-recurring items, the cash flow driver margin for the last 12 months amounted to 10.9 percent, compared with 10.2 percent for the prior-year period.

IFRS indicators of GEA

(EUR million)	Q1 2016	Q1 2015	Change in %
Results of operations			
Order intake	1,144.3	1,127.5	1.5
Revenue	941.2	1,006.4	–6.5
Operating EBITDA[1]	93.9	98.2	–4.4
as % of revenue	10.0	9.8	–
Operating EBIT[1]	74.3	78.8	–5.6
as % of revenue	7.9	7.8	–
EBIT	59.0	67.5	–12.6
Net assets			
Working capital intensity in % (average of the last 12 months)	13.1	12.2	–
Net liquidity (+)/Net debt (–)	867.9	822.7	5.5
Financial position			
Operating cash flow driver margin[2]	10.9	10.2	–
ROCE in % (goodwill adjusted)[3]	14.1	22.7	–
Full-time equivalents (reporting date)	17,173	18,161	–5.4
GEA Shares			
Earnings per share (EUR)	0.18	0.21	–15.2

1) Before effects of purchase price allocations and before non-recurring items (see page 37)
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)

Management Report

Disclosure of the Group's course of business including the comparable prior-year figures is presented for the two Business Areas (BA) Equipment and Solutions. The quarterly information contained in this management report is sourced from financial reports that were not audited or reviewed in accordance with the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act). All amounts have been rounded using standard rounding rules. Adding together individual amounts may therefore result in rounding differences in certain cases.

Acquisitions

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. As well as complementing the earlier acquisition of Comas, the incorporation of Imaforni will bolster GEA's "Application Center Bakery" with the addition of complex production lines, particularly in the area of biscuits and crackers. The takeover was completed on April 1, 2016 (see page 17).

"Fit for 2020" initiative

GEA's plans to implement a new group structure are proceeding according to schedule, and the transfer of several administrative tasks to shared service center locations in Eastern Europe and South-East Asia is in full swing. Agreements have been reached with the employee representative bodies of all countries with rights of co-determination, and this will allow us to finalize as planned the adjustment of capacities worldwide in a socially responsible manner.

On this basis, around two thirds of the planned job cuts had been realized or contractually agreed by the end of the first quarter of 2016. Most of the remaining measures relate to the ongoing outsourcing of shared service activities to service partners.

Report on Economic Position

Course of business

Order Intake

GEA's order intake rose by 1.5 percent to EUR 1,144.3 million in the first quarter of 2016. Adjusted for exchange rate fluctuations and acquisition effects (–2.3 percent and 1.9 percent respectively), order intake increased by 1.9 percent. Especially in the range up to EUR 1 million, order intake was low whereas larger-volume orders and especially major projects worth more than EUR 15 million posted significant growth.

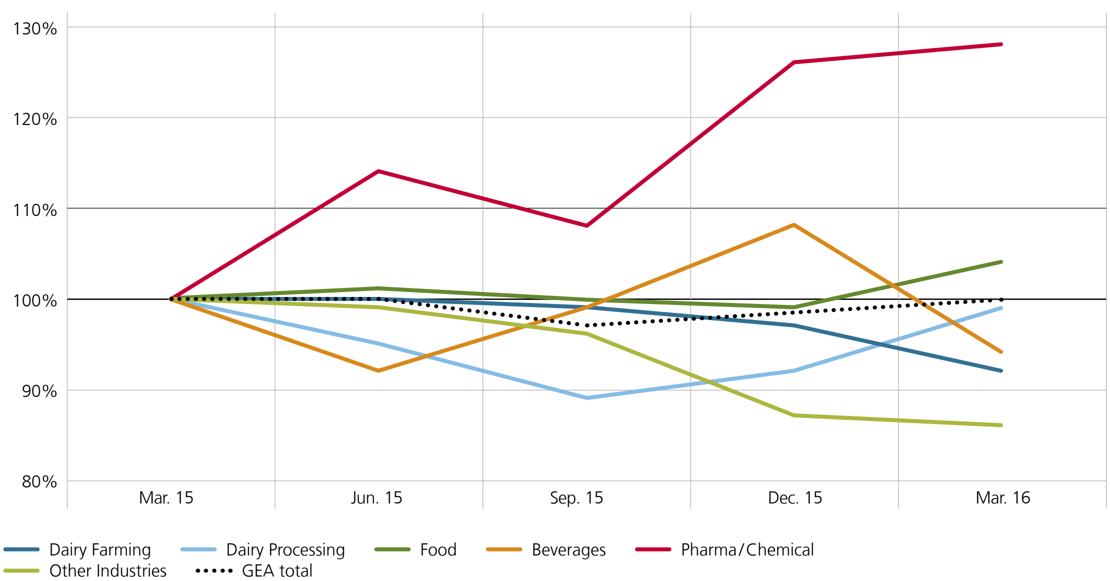
Order intake (EUR million)	Q1 2016	Q1 2015	Change in %	Adjusted growth in %
BA Equipment	570.4	586.5	–2.8	–1.9
BA Solutions	622.2	588.3	5.8	5.4
Total	**1,192.6**	**1,174.8**	**1.5**	**1.8**
Consolidation/others	–48.2	–47.4	–1.8	–
GEA	**1,144.3**	**1,127.5**	**1.5**	**1.9**

In the first three months of the current fiscal year, we secured four major orders for dairy and coffee projects in Eastern Europe, Asia and the USA worth around EUR 136 million in total. In the comparable prior-year quarter, the Group posted two major orders with a total volume of EUR 82 million.

The following charts show trends in order intake and provide a breakdown of orders by applications based on the last 12 months:

Order intake GEA EUR 1,144.3 million (previous year: EUR 1,127.5 million)

by applications (average last 12 months)



Order intake* by applications GEA

	Change Q1/2016 to Q1/2015	Share of order intake
Dairy Farming	↓	13%
Dairy Processing	→	24%
Food	↗	23%
Beverages	↓	12%
Food/Beverages	↘	72%
Pharma/Chemical	↑	15%
Other Industries	↓	13%
Others	↗	28%
Total	→	**100%**

↑ > 5 percentage points ↗ 1 to 5 percentage points → 1 to –1 percentage points ↘ –1 to –5 percentage points ↓ > –5 percentage points

*) Based on the last 12 months

Order backlog

The order backlog rose to EUR 2,228.5 million, up by EUR 174.8 million or 8.5 percent compared with December 31, 2015 (EUR 2,053.7 million).

Typically, more than 70 percent of the order backlog as of March 31, 2016 can be billed in the current fiscal year.

Revenue

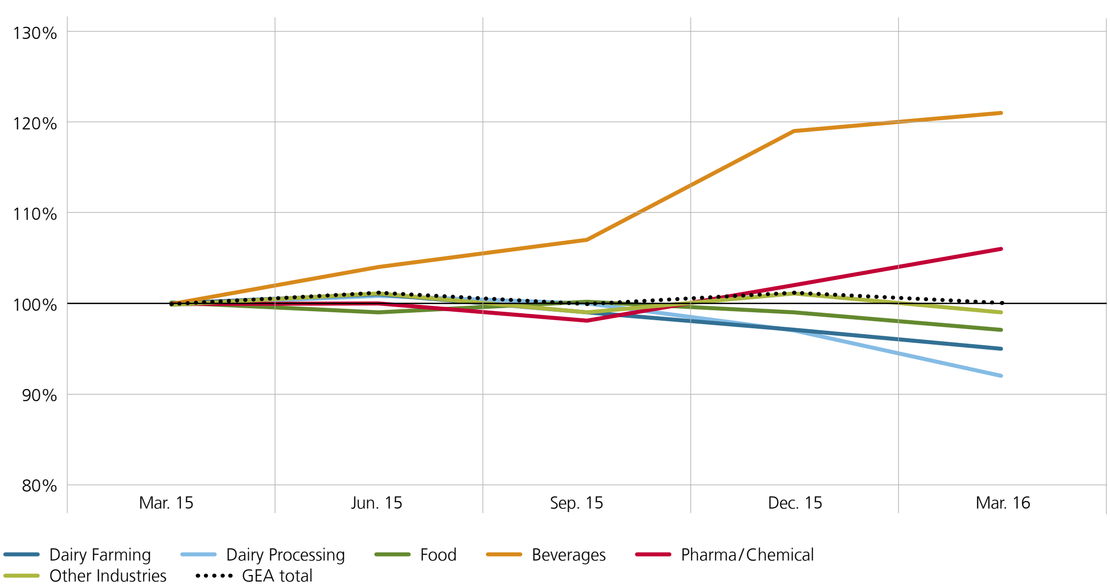
Group revenue in the first quarter of 2016 amounted to EUR 941.2 million, a decline of 6.5 percent compared with the prior-year figure. A 1.8 percent downward adjustment for exchange rate movements, coupled with 1.7 percent for acquisition effects gave rise to a 6.4 percent fall in the adjusted revenue figure compared with the previous year. This development was largely due to low intake of fast-processed small-scale orders in the first two months of the quarter under review.

The book-to-bill ratio, i.e. the ratio of order intake to revenue, was 1.2 in the quarter under review.

Revenue (EUR million)	Q1 2016	Q1 2015	Change in %	Adjusted growth in %
BA Equipment	490.8	527.0	–6.9	–6.5
BA Solutions	495.5	526.0	–5.8	–6.3
Total	**986.3**	**1,053.0**	**–6.3**	**–6.4**
Consolidation/others	–45.1	–46.6	3.4	–
GEA	**941.2**	**1,006.4**	**–6.5**	**–6.4**

The following charts show trends in revenue and provide a breakdown of revenue by applications and regions based on the last 12 months:

Revenue GEA EUR 941.2 million (previous year: EUR 1,006.4 million)
by applications (average last 12 months)



Revenue* by applications GEA

	Change Q1/2016 to Q1/2015	Share of revenue
Dairy Farming	↓	13%
Dairy Processing	↓	22%
Food	↘	22%
Beverages	↑	14%
Food/Beverages	↘	72%
Pharma/Chemical	↑	13%
Other Industries	↘	16%
Others	↗	28%
Total	→	**100%**

↑ > 5 percentage points ↗ 1 to 5 percentage points → 1 to –1 percentage points ↘ –1 to –5 percentage points ↓ > –5 percentage points

*) Based on the last 12 months

Revenue* by regions GEA

	Change Q1/2016 to Q1/2015	Share of revenue
Asia Pacific	↘	25%
DACH & Eastern Europe	→	20%
Western Europe, Middle East & Africa	↗	16%
North- and Central Europe	↓	15%
Latin America	↓	6%
North America	↗	18%
Total	→	**100%**

↑ > 5 percentage points ↗ 1 to 5 percentage points → 1 to –1 percentage points ↘ –1 to –5 percentage points ↓ > –5 percentage points

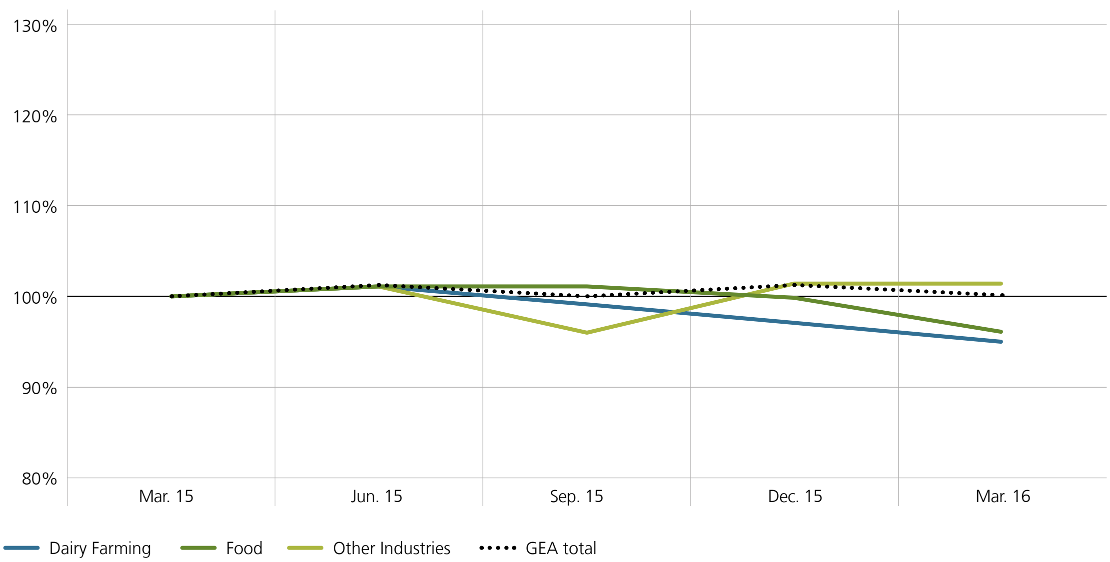
*) Based on the last 12 months

Business Area Equipment

Revenue in the Business Area Equipment fell by 6.9 percent in the first three months of fiscal year 2016. On a constant exchange rate basis and adjusted for the Hilge acquisition, revenue declined by 6.5 percent.

The following charts show trends in revenue and provide a breakdown of revenue by applications and regions based on the last 12 months:

Revenue Business Area Equipment EUR 490.8 million (previous year: EUR 527.0 million)
by applications (average last 12 months, 3 most important applications, only external business)



Revenue* by applications Business Area Equipment	Change Q1/2016 to Q1/2015	Share of revenue (BA)
Dairy Farming	↓	29%
Dairy Processing	↑	10%
Food	↘	30%
Beverages	↑	6%
Food/Beverages	↘	75%
Pharma/Chemical	↓	6%
Other Industries	→	20%
Others	→	25%
Total	↘	**100%**

↑ > 5 percentage points ↗ 1 to 5 percentage points → 1 to –1 percentage points ↘ –1 to –5 percentage points ↓ > –5 percentage points

*) Based on the last 12 months; only external business

Revenue* by regions Business Area Equipment	Change Q1/2016 to Q1/2015	Share of revenue (BA)
Asia Pacific	↓	20%
DACH & Eastern Europe	↓	21%
Western Europe, Middle East & Africa	↑	17%
North- and Central Europe	→	13%
Latin America	↓	6%
North America	↑	24%
Total	↘	**100%**

↑ > 5 percentage points ↗ 1 to 5 percentage points → 1 to –1 percentage points ↘ –1 to –5 percentage points ↓ > –5 percentage points

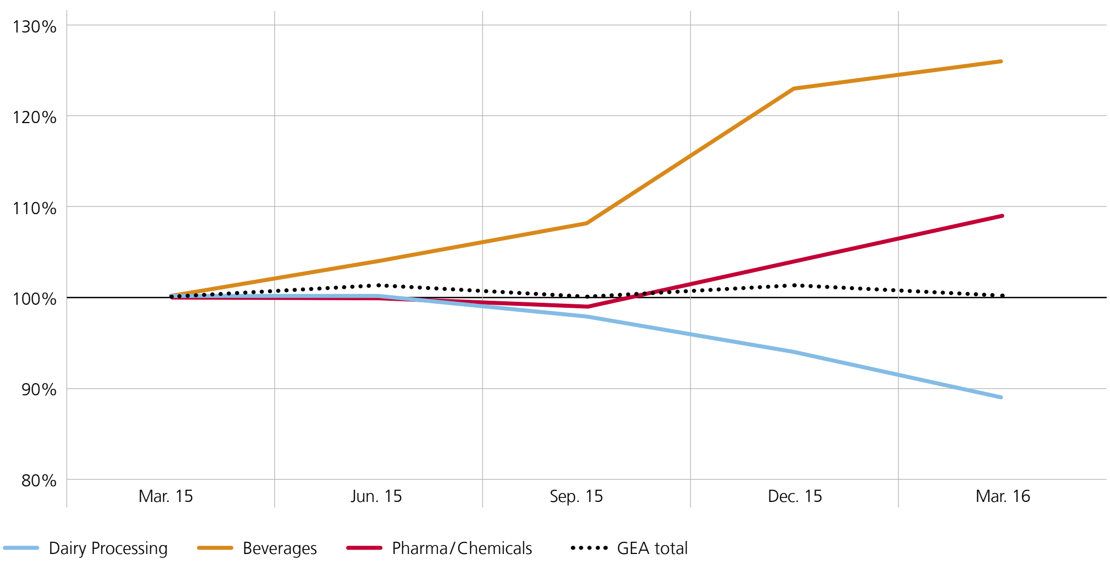
*) Based on the last 12 months; only external business

Business Area Solutions

Revenue in the Business Area Solutions also fell by 5.8 percent in the first three months of fiscal year 2016. Adjusted for exchange rate and acquisition effects, revenue decreased by 6.3 percent.

The following charts show trends in revenue and provide a breakdown of revenue by applications and regions based on the last 12 months:

Revenue Business Area Solutions EUR 495.5 million (previous year: EUR 526.0 million)
by applications (average last 12 months, 3 most important applications, only external business)



Revenue* by applications Business Area Solutions	Change Q1/2016 to Q1/2015	Share of revenue (BA)
Dairy Farming	–	–
Dairy Processing	⬇	33%
Food	↘	15%
Beverages	⬆	20%
Food/Beverages	➡	69%
Pharma/Chemical	⬆	19%
Other industries	↘	12%
Others	↗	31%
Total	➡	**100%**

⬆ > 5 percentage points ↗ 1 to 5 percentage points ➡ 1 to –1 percentage points ↘ –1 to –5 percentage points ⬇ > –5 percentage points

*) Based on the last 12 months; only external business

Revenue* by regions Business Area Solutions	Change Q1/2016 to Q1/2015	Share of revenue (BA)
Asia Pacific	↗	29%
DACH & Eastern Europe	⬆	19%
Western Europe, Middle East & Africa	➡	17%
North- and Central Europe	⬇	17%
Latin America	➡	5%
North America	↘	13%
Total	➡	**100%**

⬆ > 5 percentage points ↗ 1 to 5 percentage points ➡ 1 to –1 percentage points ↘ –1 to –5 percentage points ⬇ > –5 percentage points

*) Based on the last 12 months; only external business

Results of operations, financial position and net assets

Results of operations

Whenever operating profit 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 (see page 37).

Operating EBIT for the first quarter of 2016 was adjusted for non-recurring items in the amount of EUR 8.5 million (previous year: EUR 5.1 million). For the most part, these items were attributable to strategy projects.

Despite the EUR 65.2 million decline in revenue, EBITDA fell by just EUR 7.8 million in the first three months of the year under review. At 9.1 percent, the EBITDA margin was just below the previous year's level. Adjusted for non-recurring items, operating EBITDA amounted to EUR 93.9 million, a fall of just EUR 4.3 million on the previous year's figure. The impact on earnings resulting from the lower revenue volume was almost fully compensated by savings from the "Fit for 2020" initiative, in particular. Thanks to these savings, the operating EBITDA margin improved by around 20 basis points to 10.0 percent of revenue.

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

Operating EBITDA/operating EBITDA margin* (EUR million)	Q1 2016	Q1 2015	Change in %
BA Equipment	72.3	67.4	7.3
as % of revenue	14.7	12.8	–
BA Solutions	26.5	32.3	–18.0
as % of revenue	5.3	6.1	–
Total	**98.8**	**99.6**	**–0.9**
as % of revenue	**10.0**	**9.5**	**–**
Consolidation/others	–4.9	–1.5	< –100
GEA	**93.9**	**98.2**	**–4.4**
as % of revenue	**10.0**	**9.8**	**–**

*) Before effects of purchase price allocations and before non-recurring items (see page 37)

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)	Q1 2016	Q1 2015	Change in %
Operating EBITDA*	**93.9**	**98.2**	**–4.4**
Realization of step-up amounts on inventories	–0.1	–0.1	–
Non-recurring items	–8.5	–5.1	–
EBITDA	**85.2**	**93.0**	**–8.4**
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 noncurrent assets	–26.2	–25.5	–
EBIT	**59.0**	**67.5**	**–12.6**
Depreciation and amortization on capitalization of purchase price allocation	6.7	6.1	–
Realization of step-up amounts on inventories	0.1	0.1	–
Non-recurring items	8.5	5.1	–
Operating EBIT*	**74.3**	**78.8**	**–5.6**

*) Before effects of purchase price allocations from revalued assets and liabilities and before non-recurring items (see page 37)

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

Operating EBIT/operating EBIT margin* (EUR million)	Q1 2016	Q1 2015	Change in %
BA Equipment	59.0	54.3	8.6
as % of revenue	12.0	10.3	–
BA Solutions	21.9	27.5	–20.4
as % of revenue	4.4	5.2	–
Total	**80.8**	**81.8**	**–1.1**
as % of revenue	**8.2**	**7.8**	**–**
Consolidation/others	–6.5	–3.0	< –100
GEA	**74.3**	**78.8**	**–5.6**
as % of revenue	**7.9**	**7.8**	**–**

*) Before effects of purchase price allocations and before non-recurring items (see page 37)

Key figures: Results of operations (EUR million)	Q1 2016	Q1 2015	Change in %
Revenue	941.2	1,006.4	–6.5
Operating EBITDA*	93.9	98.2	–4.4
EBITDA	85.2	93.0	–8.4
Operating EBIT*	74.3	78.8	–5.6
EBIT	59.0	67.5	–12.6
Interest	16.7	11.8	41.9
EBT	42.3	55.7	–24.0
Income taxes	8.0	12.3	–34.4
Profit after tax from continuing operations	34.3	43.5	–21.1
Profit/loss after tax from discontinued operations	0.0	–3.0	–
Profit for the period	34.3	40.5	–15.2

*) Before effects of purchase price allocations and before non-recurring items (see page 37)

The EUR 4.9 million increase in interest burden was due to changes in the discount rate used to measure non-current provisions, the measurement of liabilities arising from share-based remunerations, and to lower interest income.

An income tax rate of 19.0 percent is expected for fiscal year 2016 and this figure was also used as the basis for calculating the tax expenditure for the first three months of the year.

Discontinued operations posted a break-even result. With regard to this item, the negative impact of further changes in the discount rate used to measure the non-current provisions set up for the former mining activities of mg technologies ag was offset by income from a settlement concluded by Lentjes. In the previous year, the EUR 3.0 million loss reported by discontinued operations was primarily the result of currency effects when measuring financial liabilities from the sale of the GEA Heat Exchangers Segment, and of changes in the discount rate used to measure the non-current provisions.

Consolidated profit amounted to EUR 34.3 million in the quarter under review (previous year: EUR 40.5 million). Based on the unchanged average number of shares compared with the previous year (192,495,476), this corresponds to earnings per share of EUR 0.18 (previous year: EUR 0.21).

Financial position

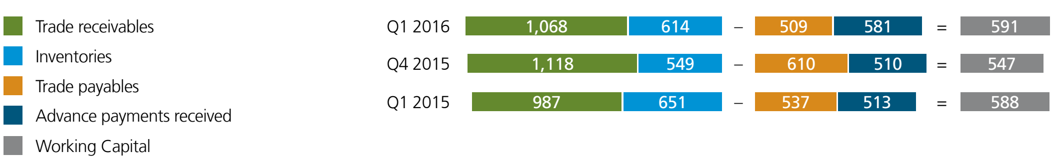
Net liquidity including discontinued operations continued to improve compared with the prior-year period, increasing from EUR 822.7 million to EUR 867.9.

Overview of net liquidity incl. discontinued operations (EUR million)	03/31/2016	12/31/2015	03/31/2015
Cash and cash equivalents	1,061.6	1,174.2	1,022.9
Fixed deposits with a remaining period ≤ 1 year	200.0	200.0	200.0
Securities	37.0	37.0	37.0
Liabilities to banks	145.0	146.5	152.0
Bonds	285.7	282.7	285.2
Net liquidity (+)/Net debt (–)	**867.9**	**982.0**	**822.7**

Guarantee lines – which are mainly for contract performance, advance payments, and warranties – of EUR 1,416.6 million (December 31, 2015: EUR 1,463.4 million) were available to GEA as of the reporting date, of which EUR 458.2 million (December 31, 2015: EUR 481.4 million) have been been utilized.

Change in Working Capital (continued operations)

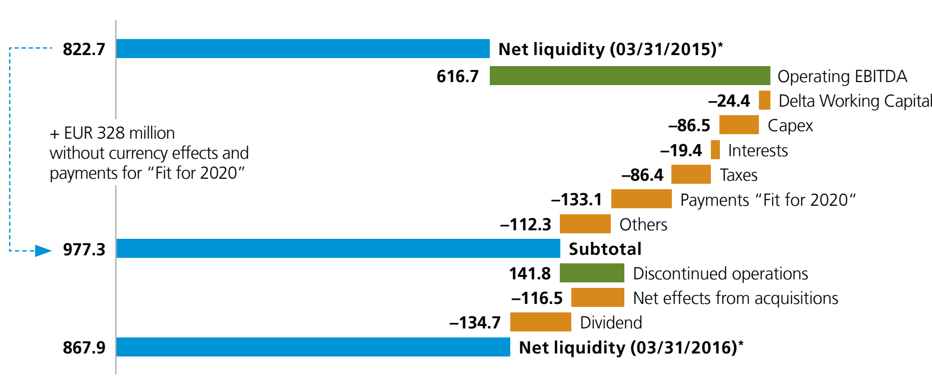
(EUR million)



The key factors responsible for the change in net liquidity (including discontinued operations) are shown for the last 12 months in the following chart:

Change in net liquidity

(EUR million)



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

The consolidated cash flow statement can be summarized as follows:

Overview of cash flow statement (EUR million)	Q1 2016	Q1 2015	Change absolute
Cash flow from operating activities	–89.7	–55.6	–34.2
Cash flow from investing activities	–11.0	–15.8	4.9
Free cash flow	**–100.7**	**–71.4**	**–29.3**
Cash flow from financing activities	–9.4	–97.6	88.2
Cash flow from disposal group GEA Heat Exchangers	–0.1	–	–0.1
Net cash flow other discontinued operations	3.7	–17.8	21.5
Change in unrestricted cash and cash equivalents	–111.8	–172.2	60.4

Cash flow from operating activities attributable to continuing operations amounted to EUR –89.7 million since the start of the year, EUR 34.2 million below the previous year's level. Here, effects resulting from increased reductions in provisioning and from changes in other operating assets and liabilities could not be fully compensated by a lower rise in working capital.

In the previous year, cash flow from financing activities attributable to continuing operations reflected, in particular, the EUR 100.0 million early repayment of the loan from the European Investment Bank (EIB).

Cash flow drivers

Adjusted for non-recurring items, the cash flow driver margin for the last 12 months amounted to 10.9 percent, compared with 10.2 percent for the prior-year period.

Operating cash flow driver/operating cash flow driver margin (EUR million)	03/31/2016
Operating EBITDA (last 12 months)	616.7
Capital expenditure on property, plant and equipment (last 12 months)	–86.5
Change in Working Capital (average of the last 12 months)	–34.7
Operating Cash flow driver (Operating EBITDA – Capex –/+ Change in Working Capital)	**495.4**
as % of revenue (last 12 months)	**10.9**

Net assets

Condensed balance sheet (EUR million)	03/31/2016	as % of total assets	12/31/2015	as % of total assets	Change in %
Assets					
Non-current assets	2,849.0	47.2	2,873.9	46.9	–0.9
thereof goodwill	1,425.5	23.6	1,431.5	23.4	–0.4
thereof deferred taxes	487.6	8.1	491.1	8.0	–0.7
Current assets	3,183.9	52.8	3,247.3	53.1	–2.0
thereof cash and cash equivalents	1,061.6	17.6	1,174.2	19.2	–9.6
thereof assets held for sale	6.8	0.1	8.1	0.1	–15.7
Total assets	**6,032.9**	**100.0**	**6,121.2**	**100.0**	**–1.4**
Equity and liabilities					
Equity	2,807.1	46.5	2,844.2	46.5	–1.3
Non-current liabilities	1,301.5	21.6	1,272.6	20.8	2.3
thereof financial liabilities	176.7	2.9	177.0	2.9	–0.2
thereof deferred taxes	111.5	1.8	111.2	1.8	0.3
Current liabilities	1,924.3	31.9	2,004.4	32.7	–4.0
thereof financial liabilities	316.7	5.2	300.7	4.9	5.3
Total equity and liabilities	**6,032.9**	**100.0**	**6,121.2**	**100.0**	**–1.4**

The reduction compared to December 31, 2015 in total assets was due in particular to a decrease in cash funds, trade receivables, and a reduction in non-current assets. By contrast, inventories increased.

Equity declined slightly, down EUR 37.1 million to EUR 2,807.1 million. This indicator improved thanks to consolidated profit of EUR 34.3 million, whereas currency translation effects (EUR 50.8 million) and a change in the interest rate applied to the measurement of pension obligations (EUR 20.9 million) served to reduce equity.

At EUR 1,924.3 million as of the reporting date, current liabilities were down EUR 80.1 million on the figure for December 31, 2015. This reflected a reduction in provisions for personnel expenses and trade payables, while the volume of advance payments received increased.

Employees

Employees* by region	03/31/2016		12/31/2015		03/31/2015	
DACH & Eastern Europe	6,504	37.9%	6,667	38.0%	6,776	37.3%
North and Central Europe	3,014	17.6%	3,118	17.8%	3,287	18.1%
Asia Pacific	2,950	17.2%	2,901	16.5%	3,134	17.3%
Western Europe, Middle East & Africa	2,569	15.0%	2,664	15.2%	2,534	14.0%
North America	1,778	10.4%	1,829	10.4%	2,050	11.3%
Latin America	358	2.1%	355	2.0%	381	2.1%
Total	**17,173**	**100.0%**	**17,533**	**100.0%**	**18,161**	**100.0%**

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

Research and development

Research and development (R&D) expenses* (EUR million)	Q1 2016	Q1 2015	Change in %
Total R&D expenses before non-recurring items	21.0	19.8	6.1
R&D ratio (as % of revenue)	2.2	2.0	–

*) Incl. refunded expenses ("contract costs")

Report on Post-Balance Sheet Date Events

GEA completed the takeover of Imaforni Int'l S.p.A., which is headquartered in Verona, Italy, after the reporting date on April 1, 2016 (see page 39).

On April 4, 2016, Düsseldorf District Court appointed the current members of the Supervisory Board Rainer Gröbel, Michael Kämpfert, Eva-Maria Kerkemeier, Brigitte Krönchen, Kurt-Jürgen Löw and Reinhold Siegers to the Supervisory Board as employee representatives with effect from the end of the Annual General Meeting on April 20, 2016. These judicial appointments are valid until the ballot for the employee representatives is held probably in September 2016.

On April 20, 2016, GEA Group Aktiengesellschaft's Annual General Meeting approved the proposal by the Supervisory Board and Executive Board to pay a dividend of EUR 0.80 per share for fiscal year 2015, up from EUR 0.70 per share.

In addition, the Annual General Meeting held a ballot to appoint members to the Supervisory Board as shareholder representatives. Ahmad Bastaki, Prof. Dr. Ing. Werner Bauer, Hartmut Eberlein, Dr. Helmut Perlet and Jean E. Spence were elected for a further five years in office. Furthermore, Dr. Molly P. Zhang, vice president at ORICA Ltd., USA, was newly appointed to the Supervisory Board. Dr. Jürgen Heraeus, who had chaired the Group's Supervisory Board since June 3, 2003, did not stand for re-election. At the constitutive meeting of the new Supervisory Board following the Annual General Meeting, Dr. Helmut Perlet was elected the new Chairman of the corporate body.

Report on Risks and Opportunities

There was no significant change in the overall assessment of risks and opportunities in the reporting period compared with the position presented in the 2015 Annual Report.

All in all, from today's perspective, there are no risks to the continued existence of GEA as a going concern. Sufficient provisions have been recognized for known risks, in line with the relevant requirements.

Report on Expected Developments

Economic environment in 2016

In its current "World Economic Outlook" (April 2016), the International Monetary Fund (IMF) revised its 2016 growth forecast for the global economy downwards for the second time in a few months. According to this forecast, the global economy is set to grow by just 3.2 percent in 2016. Thus, the latest predictions are 0.2 and 0.4 percentage points below the forecasts submitted in January 2016 and October 2015 respectively.

Besides the increasing economic risks, business experts are now seeing a growing number of political and ecological hazards. Indeed, the IMF is now no longer ruling out even a full-scale global economic collapse.

Business outlook

The forecast is made under the assumption that 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

Regarding the operating EBITDA GEA is expecting 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.

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 net income to our shareholders.

Düsseldorf, May 2, 2016

The Executive Board

GEA Shares

Although the leading equity indices DAX and MDAX managed to recover ground in the second half of the quarter after an extremely weak start to 2016, both remained under their respective 2015 year-end closes. A further slump in oil prices merely fueled ongoing concerns with regard to the true momentum of global growth.

Gaining 15 percent of its value over the first quarter of 2016, the GEA share closed the period under review at EUR 43.00, 12 percentage points better than its respective benchmark – the STOXX® Europe TMI Industrial Engineering index (closing price of 361.12). Over the same period, the GEA share outperformed the DAX and MDAX by 22.2 and 16.8 percentage points respectively, these indices closing the quarter at 9,965.51 and 20,397.68 points respectively.

In the space of a year, GEA's market capitalization had fallen by 4.5 percent as of March 31, 2016, while the benchmark index fell by 11 percent.

GEA shares compared to STOXX ® Europe TMI Industrial Engineering

(Balance sheet date 03/31/2016)	Change in market capitalization*		
Last 3 months:	12.0	⇧	percentage points
Last 6 months:	15.3	⇧	percentage points
Last 9 months:	13.2	⇧	percentage points
Last 12 months:	6.5	⇗	percentage points
Last 24 months:	28.1	⇧	percentage points
Last 36 months:	59.1	⇧	percentage points
Last 48 months:	48.2	⇧	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 issues by GEA Group Aktiengesellschaft as on the particular reporting date

Key performance indicators for GEA shares (prices: XETRA closing prices)	Q1 2016	Q1 2015
Shares issued (September 30, million)[1]	192.5	192.5
Weighted average number of shares outstanding (million)	192.5	192.5
Share price (September 30, EUR)[1]	43.00	45.04
High (EUR)	43.20	45.40
Low (EUR)	33.68	35.07
Market capitalization (September 30, EUR billion)[2]	8.3	8.7
Average daily trading volume (million)	0.5	0.4
Earnings per share (EUR)	0.18	0.21

1) Or on the last trading day of reporting period
2) Based on shares issued

Shareholders with an equity interest of over 5% in accordance with disclosures received under the WpHG (German Securities Trading Act)	03/31/2016
Kuwait Investment Office	8.9
Sun Life Financial Inc.	5.1

Consolidated Financial Statements

for the 1st Quarter of 2016

Consolidated Balance Sheet
as of March 31, 2016

Assets (EUR thousand)	03/31/2016	12/31/2015	Change in %
Property, plant and equipment	498,021	508,072	–2.0
Investment property	7,705	7,736	–0.4
Goodwill	1,425,450	1,431,515	–0.4
Other intangible assets	374,726	382,359	–2.0
Equity-accounted investments	16,918	16,631	1.7
Other non-current financial assets	38,621	36,454	5.9
Deferred taxes	487,568	491,119	–0.7
Non-current assets	**2,849,009**	**2,873,886**	**–0.9**
Inventories	613,481	548,623	11.8
Trade receivables	1,067,582	1,118,081	–4.5
Income tax receivables	25,961	26,082	–0.5
Other current financial assets	408,355	372,289	9.7
Cash and cash equivalents	1,061,628	1,174,150	–9.6
Assets held for sale	6,846	8,121	–15.7
Current assets	**3,183,853**	**3,247,346**	**–2.0**
Total assets	**6,032,862**	**6,121,232**	**–1.4**

Equity and liabilities (EUR thousand)	03/31/2016	12/31/2015	Change in %
Subscribed capital	520,376	520,376	–
Capital reserve	1,217,861	1,217,861	–
Retained earnings	975,931	962,515	1.4
Accumulated other comprehensive income	92,390	142,877	–35.3
Non-controlling interests	557	570	–2.3
Equity	**2,807,115**	**2,844,199**	**–1.3**
Non-current provisions	143,236	145,160	–1.3
Non-current employee benefit obligations	802,611	775,594	3.5
Non-current financial liabilities	176,660	177,009	–0.2
Other non-current liabilities	67,433	63,708	5.8
Deferred taxes	111,542	111,170	0.3
Non-current liabilities	**1,301,482**	**1,272,641**	**2.3**
Current provisions	126,855	130,607	–2.9
Current employee benefit obligations	187,330	244,235	–23.3
Current financial liabilities	316,680	300,735	5.3
Trade payables	509,494	610,315	–16.5
Income tax liabilities	30,686	40,743	–24.7
Other current liabilities	753,220	677,757	11.1
Current liabilities	**1,924,265**	**2,004,392**	**–4.0**
Total equity and liabilities	**6,032,862**	**6,121,232**	**–1.4**

Consolidated Income Statement
January 1 – March 31, 2016

(EUR thousand)	Q1 2016			Q1 2015	Change in %
	Excluding restructuring	Restructuring expenses	Total		
Revenue	941,212	–	**941,212**	1,006,365	–6.5
Cost of sales	646,100	–4,537	**641,563**	691,711	–7.2
Gross margin	**295,112**	**4,537**	**299,649**	**314,654**	**–4.8**
Selling expenses	122,319	–1,526	**120,793**	124,023	–2.6
Research and development expenses	15,429	–725	**14,704**	16,576	–11.3
General and administrative expenses	112,145	–2,456	**109,689**	107,335	2.2
Other income	85,544	–	**85,544**	135,061	–36.7
Other expenses	79,937	1,389	**81,326**	135,409	–39.9
Share of profit or loss of equity-accounted investments	383	–	**383**	518	–26.1
Other financial income	–	–	**–**	608	–
Other financial expenses	37	–	**37**	–	–
Earnings before interest and tax (EBIT)	**51,172**	**7,855**	**59,027**	**67,498**	**–12.6**
Interest income			**1,686**	3,013	–44.0
Interest expense			**18,373**	14,769	24.4
Profit before tax from continuing operations			**42,340**	**55,742**	**–24.0**
Income taxes			**8,045**	12,263	–34.4
Profit after tax from continuing operations			**34,295**	**43,479**	**–21.1**
Profit or loss after tax from discontinued operations			**32**	**–2,986**	**–**
Profit for the period			**34,327**	**40,493**	**–15.2**
of which attributable to shareholders of GEA Group AG			**34,328**	40,493	–15.2
of which attributable to non-controlling interests			**–1**	–	–

(EUR)	Q1 2016	Q1 2015	Change in %
Basic and diluted earnings per share from continuing operations	0.18	0.23	–21.1
Basic and diluted earnings per share from discontinued operations	0.00	–0.02	–
Earnings per share	**0.18**	**0.21**	**–15.2**
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
January 1 – March 31, 2016

(EUR thousand)	Q1 2016	Q1 2015	Change in %
Profit for the period	**34,327**	**40,493**	**–15.2**
Items, that will not be reclassified to profit or loss in the future:			
Actuarial gains/losses on pension and other post-employment benefit obligations	–20,912	–52,662	60.3
Items, that will be reclassified subsequently to profit or loss when specific conditions are met:			
Exchange differences on translating foreign operations	–50,825	142,947	–
Result of available-for-sale financial assets	160	393	–59.3
Result of cash flow hedges	178	–1,435	–
Other comprehensive income	**–71,399**	**89,243**	**–**
Total comprehensive income	**–37,072**	**129,736**	**–**
thereof attributable to GEA Group AG shareholders	–37,071	129,736	–
thereof attributable to non-controlling interests	–1	–	–

Consolidated Cash Flow Statement
January 1 – March 31, 2016

(EUR thousand)	Q1 2016	Q1 2015
Profit for the period	34,262	40,493
plus income taxes	8,046	12,263
minus profit or loss after tax from discontinued operations	32	2,986
Profit before tax from continuing operations	42,340	55,742
Net interest income	16,687	11,756
Earnings before interest and tax (EBIT)	**59,027**	**67,498**
Depreciation, amortization, impairment losses, and reversal of impairment losses on non-current assets	26,180	25,601
Other non-cash income and expenses	4,887	–730
Employee benefit obligations from defined benefit pension plans	–12,714	–10,241
Change in provisions and other employee benefit obligations	–61,737	–30,300
Losses and disposal of non-current assets	–200	–139
Change in inventories including unbilled construction contracts*	–63,035	–55,765
Change in trade receivables	97,311	66,175
Change in trade payables	–87,624	–152,452
Change in other operating assets and liabilities	–33,724	52,074
Tax payments	–18,111	–17,271
Cash flow from operating activities of continued operations	**–89,740**	**–55,550**
Cash flow from operating activities of discontinued operations	4,431	–15,709
Cash flow from operating activities	**–85,309**	**–71,259**
Proceeds from disposal of non-current assets	1,100	985
Payments to acquire property, plant and equipment, and intangible assets	–12,999	–17,137
Interest income	947	1,873
Dividend income	–	1,697
Payments to acquire subsidiaries and other businesses	–	–3,259
Cash flow from investing activities of continued operations	**–10,952**	**–15,841**
Cash flow from investing activities of discontinued operations	–842	–2,122
Cash flow from investing activities	**–11,794**	**–17,963**
Payments from finance leases	–750	–1,058
Proceeds from finance loans	–	7,875
Repayments of finance loans	–3,193	–100,000
Interest payments	–5,462	–4,462
Cash flow from financing activities of continued operations	**–9,405**	**–97,645**
Cash flow from financing activities of discontinued operations	5	48
Cash flow from financing activities	**–9,400**	**–97,597**
Effect of exchange rate changes on cash and cash equivalents	–5,275	14,615
Change in unrestricted cash and cash equivalents	**–111,778**	**–172,204**
Unrestricted cash and cash equivalents at beginning of period	1,172,778	1,194,437
Unrestricted cash and cash equivalents at end of period	**1,061,000**	**1,022,233**
Restricted cash and cash equivalents	628	654
Cash and cash equivalents reported in the balance sheet	**1,061,628**	**1,022,887**

*) Including advanced payments received

Consolidated Statement of Changes in Equity
as of March 31, 2016

(EUR thousand)	Subscribed capital	Capital reserves	Retained earnings	Accumulated other comprehensive income: Translation of foreign operations	Accumulated other comprehensive income: Result of available-for-sale financial assets	Accumulated other comprehensive income: Result of cash flow hedges	**Equity attributable to shareholders of GEA Group AG**	Non-controlling interests	**Total**
Balance at Jan. 1, 2015 (192,495,476 shares)	**520,376**	**1,217,861**	**737,094**	**57,315**	**–997**	**–5,002**	**2,526,647**	**560**	**2,527,207**
Profit for the period	–	–	40,493	–	–	–	**40,493**	–	**40,493**
Other comprehensive income	–	–	–52,662	142,947	393	–1,435	**89,243**	–	**89,243**
Total comprehensive income	–	–	–12,169	142,947	393	–1,435	**129,736**	–	**129,736**
Change in other non-controlling interests	–	–	–	–	–	–	**–**	2	**2**
Balance at March 31, 2015 (192,495,476 shares)	**520,376**	**1,217,861**	**724,925**	**200,262**	**–604**	**–6,437**	**2,656,383**	**562**	**2,656,945**
Balance at Jan. 1, 2016 (192,495,476 shares)	**520,376**	**1,217,861**	**962,515**	**144,527**	**–234**	**–1,416**	**2,843,629**	**570**	**2,844,199**
Profit for the period	–	–	34,328	–	–	–	**34,328**	–1	**34,327**
Other comprehensive income	–	–	–20,912	–50,825	160	178	**–71,399**	–	**–71,399**
Total comprehensive income	–	–	13,416	–50,825	160	178	**–37,071**	–1	**–37,072**
Change in other non-controlling interests	–	–	–	–	–	–	**–**	–12	**–12**
Balance at March 31, 2016 (192,495,476 shares)	**520,376**	**1,217,861**	**975,931**	**93,702**	**–74**	**–1,238**	**2,806,558**	**557**	**2,807,115**

Notes to the Consolidated Financial Statements

1. Reporting principles

Basis of presentation

The interim financial statements of GEA Group Aktiengesellschaft and the interim financial statements of the subsidiaries included in 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 for interim financial reporting in accordance with Regulation (EC) No. 1606/2002 of the European Parliament and the Council on the application of international accounting standards. In accordance with IAS 34, the interim financial report does not contain all the information and disclosures required by IFRSs for full-year consolidated financial statements.

The accompanying consolidated financial statements and Group management report on the first quarter have not been audited in accordance with section 317 of the Handelsgesetzbuch (HGB – German Commercial Code) or reviewed by an auditor. The Executive Board released them for publication on May 2, 2016.

The interim financial statements have been prepared in euros (EUR). All amounts, including the comparative 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 a difference in the order of EUR 1 thousand in certain cases.

With the exception of the pronouncements applicable for the first time as of January 1, 2016, the accounting policies applied to the accompanying interim financial statements are the same as those applied as of December 31, 2015, and are described in detail on pages 128 to 148 of the Annual Report containing GEA's IFRS consolidated financial statements.

The following accounting standards were applied for the first time in the quarter under review:

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. The initial application of these new requirements had no effect on the interim financial statements.

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.

The initial application had no effect on the interim financial statements.

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

The improvements to IFRSs published in 2013 under the IASB's annual project gave rise to minor amendments to seven standards in total. The initial application had no effect on the interim financial statements.

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

The improvements to IFRSs published under the IASB's annual project gave rise to minor amendments to four standards in total. The initial application had no effect on the interim financial statements.

By the time the interim financial statements were released for publication, the IASB had published the following new accounting regulations:

Clarifications to IFRS 15 "Revenue from Contracts with Customers" – issued by the IASB in April 2016

The amendments to the new standard on revenue recognition relate to clarifications with regard to the implementation of the principles of IFRS 15. The amendments concern the matters of identifying separate performance obligations and evaluating whether an entity is likely to collect a consideration for its own account or whether the transaction constitutes an agency relationship. In addition, the clarifications relate to the question of when revenue from the granting of licenses should be recognized, i.e. depending on whether the license was transfered at a specific point in time or over a period of time. The amendments will also provide transition relief for the initial application of the new standard.

Subject to endorsement by the EU, these new regulations must be applied for fiscal years beginning on or after January 1, 2018. Earlier application is permitted.

GEA is currently assessing the implications of the amended accounting regulations for its consolidated financial statements. At present, however, it does not believe that application of either the new regulations or the revised versions of existing regulations will have a material effect on these statements.

Interim financial reporting principles

These interim financial statements present a true and fair view of the Company's results of operations, financial position, and net assets in the reporting period.

Preparation of interim financial statements requires management to make certain estimates and assumptions that may affect the Company's assets, liabilities, provisions, and deferred tax assets and liabilities, as well as its income and expenses. Although management makes such estimates and assumptions carefully and in good faith, actual amounts may differ from the estimates used in the interim financial statements.

Factors that may cause amounts to fall below expectations include a deterioration in the global economic situation, movements in exchange rates and interest rates, as well as material litigation and changes in environmental or other legislation. Errors in internal operating processes, the loss of key customers, and rising borrowing costs may also adversely affect the Group's future performance.

2. Basis of consolidation

The consolidated group changed as follows in the first quarter of 2016:

	Number of companies
Consolidated Group as of December 31, 2015	**222**
German companies (including GEA Group AG)	36
Foreign companies	186
Deconsolidation	2
Consolidated Group as of March 31, 2016	**220**
German companies (including GEA Group AG)	36
Foreign companies	184

A total of 49 subsidiaries (December 31, 2015: 46) 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.

3. Balance sheet disclosures

Cash credit lines

The cash credit lines were composed of the following items as of March 31, 2016:

(EUR thousand)	Maturity	03/31/2016 approved	03/31/2016 utilized	12/31/2015 approved	12/31/2015 utilized
GEA Bond	April 2016	274,739	274,739	274,739	274,739
European Investment Bank	July 2017	50,000	50,000	50,000	50,000
Borrower's note loan (2017)	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 accured interest	Maximum of 1 year or "until further notice"	132,965	15,991	134,611	14,391
Total		**1,197,704**	**430,730**	**1,199,350**	**429,130**

Financial instruments

The following tables provide an overview of the composition of financial instruments as of March 31, 2016, 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.

(EUR thousand)	Carrying amount 03/31/2016	Measurement in accordance with IAS 39			Measurement in accordance with other IFRSs	Fair value 03/31/2016
		Amortized cost	Fair value through profit or loss	Fair value recognized in other comprehensive income		
Assets						
Trade receivables	1,067,582	668,500	–	–	399,082	1,067,582
of which PoC receivables	399,082	–	–	–	399,082	399,082
Income tax receivables	25,961	–	–	–	25,961	25,961
Cash and cash equivalents	1,061,628	1,061,628	–	–	–	1,061,628
Other financial assets	446,976	302,780	7,721	46,963	89,512	446,976
By IAS 39 measurement category						
Loans and receivables	2,010,609	2,010,609	–	–	–	2,010,609
of which cash and cash equivalents	1,061,628	1,061,628	–	–	–	1,061,628
of which trade receivables	668,500	668,500	–	–	–	668,500
of which other financial assets	280,481	280,481	–	–	–	280,481
Available-for-sale investments	69,262	22,299	–	46,963	–	69,262
Financial assets at fair value through profit or loss (derivatives not included in a recognized hedging relationship)	7,721	–	7,721	–	–	7,721
Liabilities						
Trade payables	509,494	509,494	–	–	–	509,494
Financial liabilities	493,340	431,269	26,231	2,048	33,792	496,855
of which liabilities under finance leases	33,792	–	–	–	33,792	33,792
of which derivatives included in hedging relationships	2,048	–	–	2,048	–	2,048
Income tax liabilities	30,686	–	–	–	30,686	30,686
Other liabilities	820,653	141,894	4,714	–	674,045	820,414
By IAS 39 measurement category						
Financial liabilities at amortized cost	1,082,657	1,082,657	–	–	–	1,085,933
of which trade payables	509,494	509,494	–	–	–	509,494
of which bonds and other securitized liabilities	376,956	376,956	–	–	–	380,065
of which liabilities to banks	53,784	53,784	–	–	–	54,190
of which loan liabilities to unconsolidated subsidiaries	529	529	–	–	–	529
of which other liabilities to affiliated companies	25,651	25,651	–	–	–	25,651
of which other liabilities	116,243	116,243	–	–	–	116,004
Financial liabilities at fair value through profit or loss (derivatives not included in a hedging relationship and contingent consideration)	30,945	–	30,945	–	–	30,945

		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
of which 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
By IAS 39 measurement category						
Loans and receivables	2,218,975	2,218,975	–	–	–	2,218,975
of which cash and cash equivalents	1,174,150	1,174,150	–	–	–	1,174,150
of which trade receivables	781,209	781,209	–	–	–	781,209
of which 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
of which liabilities under finance leases	33,809	–	–	–	33,809	33,809
of which 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
of which trade payables	610,315	610,315	–	–	–	610,315
of which bonds and other securitized liabilities	373,261	373,261	–	–	–	380,437
of which liabilities to banks	55,869	55,869	–	–	–	56,402
of which loan liabilities to unconsolidated subsidiaries	202	202	–	–	–	202
of which other liabilities to affiliated companies	25,959	25,959	–	–	–	25,959
of which 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

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	03/31/2016				12/31/2015			
	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 not included in hedging relationships	7,721	–	7,721	–	7,576	–	7,576	–
Available-for-sale financial assets valued at fair value	9,963	–	–	9,963	9,311	–	–	9,311
Other financial assets	37,000	37,000	–	–	37,000	37,000	–	–
Financial liabilities measured at fair value								
Derivatives included in hedging relationships	2,048	–	2,048	–	2,296	–	2,296	–
Derivatives not included in hedging relationships	26,231	–	26,231	–	12,307	–	12,307	–
Contingent consideration	4,714	–	–	4,714	6,097	–	–	6,097
Financial liabilities not measured at fair value								
Bonds	285,737	286,119	–	–	282,666	286,043	–	–
Promissory note bonds	91,219	–	93,946	–	90,595	–	94,394	–
Liabilities to banks	53,784	–	54,190	–	55,869	–	56,402	–
Other financial liabilities	75,259	–	–	75,020	76,208	–	–	74,943

There were no transfers between the levels of the fair value hierarchy in the first three months of fiscal year 2016.

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, 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 former GEA Heat Exchangers Segment, which was completed in 2014, are categorized within Level 3 of the fair value hierarchy, since their fair value is measured on the basis of the present value of future cash outflows expected on the basis of contractual obligations associated with the sale.

A receivable relating to the former mining 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.

Financial liabilities resulting from contingent purchase price considerations are also 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.

4. Consolidated income statement disclosures

Restructuring expenses relating to the "Fit for 2020" initiative

The "Fit for 2020" initiative is a constituent part of the company's strategic reorientation effort. It aims to bring about substantial savings and promote further growth by optimizing the company's organizational structure. For example, the development and manufacturing of products and the provision of process solutions have been bundled in two new Business Areas (BA) – 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 the first quarter of 2016, negative restructuring expenses of EUR –7.8 million were recorded in respect of the "Fit for 2020" initiative. This income was primarily due to lower-than-expected expenses for contractual redundancy payments. Restructuring provisions were recognized insofar as the relevant criteria applicable in the individual countries or locations were met. As of March 31, 2016, these criteria had been met for all the main countries. The restructuring provisions recognized as of March 31, 2016 amounted to EUR 69.4 million (previous year: EUR 0.0 million).

Income tax expense

The income taxes disclosed for continuing operations in the interim reporting period were calculated using an estimated tax rate of 19.0 percent (previous year: 22.0 percent).

5. Statement of comprehensive income and consolidated statement of changes in equity disclosures

Exchange differences on translating foreign operations

The change in exchange differences on translating foreign operations amounted to EUR –50,825 thousand in the period under review (previous year: EUR 142,947 thousand) and resulted primarily from the fall in the value of the U.S. dollar and the Chinese renminbi against the euro. In the prior-year quarter, exchange differences on translating foreign operations moved in the opposite direction, mainly as a result of a rise in the value of the U.S. dollar and the renminbi against the euro.

6. Segment reporting

6.1 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" inititative – 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 in the second quarter of fiscal year 2015. 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 independent 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 data of 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. The prior-period information was adjusted to reflect the amended reporting structure.

6.2 Operating segments

GEA'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. 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.

(EUR million)	BA Equipment	BA Solutions	Others	Consolidation	**GEA**
Q1 2016					
Order Intake	570.4	622.2	–	–48.2	1,144.3
External revenue	449.3	491.9	–	–	941.2
Intersegment revenue	41.5	3.6	–	–45.1	–
Total revenue	490.8	495.5	–	–45.1	941.2
Operating EBITDA[1]	72.3	26.5	–5.9	1.0	93.9
as % of revenue	14.7	5.3	–	–	10.0
EBITDA	72.4	22.6	–10.8	1.0	85.2
Operating EBIT[1]	59.0	21.9	–7.5	1.0	74.3
as % of revenue	12.0	4.4	–	–	7.9
EBIT	54.1	16.3	–12.4	1.0	59.0
as % of revenue	11.0	3.3	–	–	6.3
ROCE in %[2]	15.3	29.8	–	–	14.1
Segment assets	3,471.9	2,659.0	4,014.5	–4,112.5	6,032.9
Segment liabilities	1,507.3	1,545.6	2,449.9	–2,277.0	3,225.7
Working Capital (reporting date)[3]	535.0	68.9	–5.4	–7.2	591.3
Additions to property, plant and equipment and intangible assets	10.0	3.4	5.0	–4.0	14.4
Depreciation and amortization	18.3	6.3	1.6	–	26.2
Q1 2015					
Order Intake	586.5	588.3	–	–47.4	1,127.5
External revenue	484.4	522.0	–	–	1,006.4
Intersegment revenue	42.6	4.0	–	–46.6	–
Total revenue	527.0	526.0	–	–46.6	1,006.4
Operating EBITDA[1]	67.4	32.3	–2.0	0.5	98.2
as % of revenue	12.8	6.1	–	–	9.8
EBITDA	64.5	31.7	–3.6	0.5	93.0
Operating EBIT[1]	54.3	27.5	–3.5	0.5	78.8
as % of revenue	10.3	5.2	–	–	7.8
EBIT	46.5	25.7	–5.2	0.5	67.5
as % of revenue	8.8	4.9	–	–	6.7
ROCE in %[2]	18.1	61.3	–	–	22.7
Segment assets	3,723.7	2,461.7	4,549.3	–4,834.0	5,900.6
Segment liabilities	1,781.2	1,602.9	2,824.0	–2,964.3	3,243.7
Working Capital (reporting date)[3]	554.7	42.4	–7.9	–1.0	588.3
Additions to property, plant and equipment and intangible assets	13.4	31.3	0.6	–	45.2
Depreciation and amortization	18.0	6.0	1.5	–	25.5

1) Before effects of purchase price allocations and before non-recurring items (see page 37)
2) 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 = noncurrent assets + working capital
3) Working capital = inventories + trade receivables – trade payables – advance payments received

Order intake is recognized on the basis of legally valid contracts. Intersegment revenue is calculated using standard market prices.

In accordance with the internal management system as described in the 2015 Annual Report, 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.

Of negative restructuring expenses totaling EUR –7.8 million, EUR –7.5 million was attributable to the Business Area Equipment, EUR –1.0 million to the Business Area Solutions, and EUR 0.7 million 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 the first three months of fiscal year 2016 was thus adjusted for non-recurring items totaling EUR 8.5 million (previous year: EUR 5.1 million). Non-recurring items comprise EUR 8.5 million (previous year: EUR 1.7 million) of expenses for strategic projects, of which EUR –7.8 million (previous year: EUR 0.0 million) was attributable to restructuring expenses. Other expenses in connection with strategy projects comprise, in particular, external consulting fees for the "Fit for 2020" project, outlay in connection with the implementation of a Shared Service Center, personnel expenses for project-related incentives. Moreover, in the previous year, personnel expenses of EUR 3.4 million for employees who left the company during that fiscal year and were not replaced were identified as non-recurring items.

The following tables show the reconciliation of EBITDA before purchase price allocation and non-recurring items to EBIT and of EBITDA to EBIT:

Reconciliation of operating EBITDA to EBIT (EUR million)	Q1 2016	Q1 2015	Change in %
Operating EBITDA	**93.9**	**98.2**	**–4.4**
Depreciation of property, plant and equipment, investment property, and amortization of intangible assets	–19.5	–19.4	–
Operating EBIT	**74.3**	**78.8**	**–5.6**
Depreciation and amortization on capitalization of purchase price allocation	–6.7	–6.1	–
Realization of step-up amounts on inventories	–0.1	–0.1	–
Non-recurring items	–8.5	–5.1	–
EBIT	**59.0**	**67.5**	**–12.6**

Reconciliation EBITDA to EBIT (EUR million)	Q1 2016	Q1 2015	Change in %
EBITDA	**85.2**	**93.0**	**–8.4**
Depreciation of property, plant and equipment, investment property, and amortization of intangible assets	–26.2	–25.5	–
EBIT	**59.0**	**67.5**	**–12.6**

A reconciliation of EBIT to profit or loss before income tax is contained in the income statement.

ROCE is regularly used to assess how effectively the capital invested in business operations is being used.

The recognition and measurement policies for assets and liabilities of the business areas, and hence also for working capital, are the same as those used in the Group and described in the accounting policies section of the 2015 Annual Report.

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

Reconciliation of working capital to total assets (EUR million)	03/31/2016	03/31/2015
Working capital (reporting date)	**591.3**	**588.3**
Working capital (reporting date) of Ruhr-Zink	–0.2	–0.8
Non-current assets	2,849.0	2,794.4
Income tax receivables	26.0	18.7
Other current financial assets	408.4	419.7
Cash and cash equivalents	1,061.6	1,022.9
Assets held for sale	6.8	6.8
plus trade payables	509.5	538.0
plus advance payments in respect of orders and construction contracts	277.4	226.2
plus gross amount due to customers for contract work	303.1	286.4
Total assets	**6,032.9**	**5,900.6**

7. Related party transactions

There were no material related party transactions with an effect on the results of operations, financial position, and net assets.

8. Events after the end of the reporting period

Acquisition

On April 1, 2016, GEA Group completed the acquisition of Italian group Imaforni, acquiring all shares of the Group's holding company, Imaforni Int'l S.p.A.

Imaforni is a leading supplier of high-tech production plant and solutions to the pastries sector and will be allocated to the Business Area Solutions. The takeover will reinforce GEA's "Application Center Bakery" by adding complex production lines, especially for biscuits and crackers. It constitutes a further step in the context of the Group's application strategy and is a measure of its intent to expand its leading position in the field of sophisticated process technologies for the food industry.

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

Fair value (EUR thousand)	
Total assets	147,588
Tital liabilities	–69,146
Net assets acquired	**78,442**
Acquisition cost	143,356
Goodwill	64,914

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

The goodwill arising from the acquisition in the expected amount of EUR 64,914 thousand is attributable to the strengthening of GEA's general competitive position, advantages from expected synergies and future market developments, and the expertise of the workforce.

Dividend

On April 20, 2016, GEA Group Aktiengesellschaft's Annual General Meeting approved the proposal by the Supervisory Board and Executive Board to pay a dividend of EUR 0.80 per share for fiscal year 2015.

Financial Calendar

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

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Note regarding the rounding of figures
Due to the commercial rounding of figures and percentages, small deviations may occur.

Note to the Quarterly Financial Report
The Quarterly Financial Report is the English translation of the original German version; in case of deviations between these two, the German version prevails.

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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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