

KUKA

INTERIM REPORT 1ST QUARTER 2011

AUTOMATION BECOMES EASY



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COVER PHOTO:

Automation becomes easy!

The Robotics division presents its new QUANTEC generation of industrial robots with KR C4 controller and new KUKA smartPAD touch display.

OVERVIEW

HIGH ORDERS RECEIVED AND SUBSTANTIALLY IMPROVED EARNINGS

- **orders received rise 50.5 percent in Q1/11 to EUR 397.1 million**
 - **Group book-to-bill ratio climbs to 1.22**
 - **Robotics posts new all-time high of EUR 183.1 million**
- **sales revenue up 56.1 percent in Q1/11 to EUR 326.5 million**
- **EBIT margin improved from -0.8 percent in Q1/10 to 4.5 percent in Q1/11**
- **earnings after taxes rise to EUR 5.4 million, compared to EUR -11.0 million in Q1/10**
- **KUKA raises guidance for 2011 financial year**

KUKA GROUP, KEY FIGURES

€ million	3 Months 2010	3 Months 2011	Change
Orders received	263.8	397.1	50.5%
Order backlog (03/31)	606.7	700.2	15.4%
Sales revenues	209.1	326.5	56.1%
Gross profit	38.6	66.8	73.1%
in % of sales revenues	18.5%	20.5%	-
Earnings before interest and taxes (EBIT)	-1.7 *	14.7	-
in % of sales revenues	-0.8%	4.5%	-
Earnings before interest, taxes, depreciation and amortization (EBITDA)	3.9	20.8	>100%
in % of sales revenues	1.9%	6.4%	-
Net result	-11.0	5.4	-
Earnings per share in €	-0.39	0.17	-
Capital expenditure	1.9	4.1	>100%
Equity ratio in % (03/31)	21.5%	20.1%	-
Net debts (03/31)	42.3	70.1	65.7%
Employees (03/31)	5,799	6,192	6.8%

*adjusted for financing costs included in the operating result
(IAS 23 R)

FOREWORD

STRONG START FIRST QUARTER OF 2011

Dear shareholders,

Our operating divisions have kicked off the new financial year with a strong start. Orders received soared 51 percent and sales revenues jumped 56 percent compared to the year prior.

Both of our divisions reported double-digit orders received growth. Our Robotics division posted new all-time highs for orders received and sales revenue in the first quarter. Demand from general industry was especially strong. After last year's boom in the automotive industry, general industry has now caught up in both divisions. Sales revenue reported by both divisions was also very much higher than the year prior. Systems was up 51 percent and Robotics rose 58 percent. Quarterly earnings before interest and taxes (EBIT) also improved from quarter to quarter and came in at EUR 14.7 million for the quarter just ended.

We were able to expand our market position in the fast-growing countries of Asia and South America, not least because of our earlier investment in growth segments and innovative products.

The start of the current financial year has been outstanding for KUKA. This applies not only to the remarkable business numbers for the first quarter of 2011, but also the keen interest expressed by visitors to KUKA's booth at the world's largest industrial trade show in Hanover. In fact, "Smart Efficiency", which was the main theme at Hanover Fair 2011, is difficult to envision without robot-supported production process automation of the type we market, design and sell. This applies for instance to the manufacture of lighter materials. Here KUKA demonstrated new ways to automatically process carbon fiber reinforced plastics. But it also applies to using resources more efficiently. So we could reduce energy consumption of our new generation of industrial robots by up to 25 percent.

The first-quarter business numbers make me confident about the course of the financial year. Without the trust of our customers, this progress would not have been as impressive. But our employees especially deserve the highest recognition for their strong dedication.

Yours truly,



Dr. Till Reuter
CEO

GENERAL CONDITIONS

The robust **global economic growth** continued this year despite a number of burdening factors. According to the German Ministry of the Economy, Germany's gross domestic product rose in the first quarter of 2011, up 0.8 percent in comparison to the last quarter the year prior. Many experts are thus optimistic about the remainder of the year and have dramatically raised their growth forecasts. In their spring forecast, the leading economic research institutes predicted that the German economy will grow 2.8 percent (previously 2.3 percent). However, the densely populated Asian countries continue to lead global growth, with India's expansion expected to come in at 8.5 percent and China's at 9.3 percent. According to analysts, the nuclear accident in Japan will likely only briefly slow down the global economy's growth.

Germany's **automotive industry** continued to benefit from the strong demand momentum in key foreign markets in the first quarter of 2011. German carmakers' exports during this period were up 11 percent from the year prior to 1.2 million units. The German Automotive Industry Association (VDA) is shooting for a new record export volume of 4.5 million vehicles for 2011 overall, compared to 4.2 million last year.

But the domestic market is also growing satisfactorily. Here car sales rose 14 percent in the first quarter of 2011 compared to Q1/2010, to 0.8 million units - the highest level since 2006. Rising domestic and export shipments resulted in a year-over-year increase of 8 percent in German factory production volume. The total was 1.5 million cars. In China, now the world's largest car market, sales in the first three months of this year were up 12 percent to 3.1 million units and in the United States, demand for cars and light trucks soared 22 percent. However, the European market shrank after expiry of government scrapping incentives in a number of the largest national markets, declining 2.3 percent year-over-year.

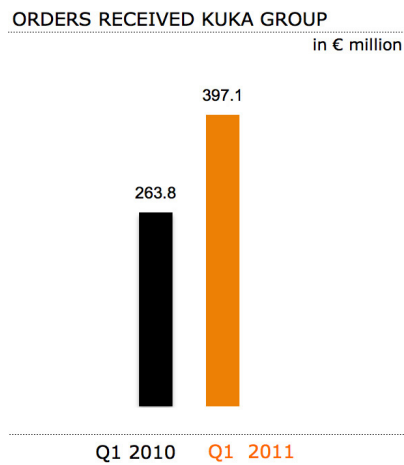
The German **mechanical and plant engineering** sector continues to grow. In the first three months of 2011, orders from Germany and abroad were up a solid 35 percent and 31 percent respectively in real terms. Overall, the sector gained 32 percent year-over-year. This is why VDMA, the German Engineering Federation, raised its forecast for the current year's production to 14 percent at Hanover Fair. At the beginning of the year, it had forecast only 10 percent. In addition, the previously published production numbers for the German mechanical and plant engineering sector for last year were corrected upwards, from 8.8 percent to 9.4 percent. With capacity loading at over 86 percent (VDMA's) member companies are back to normal levels. As a result, analysts feel that the mechanical engineering sector will have completely recovered from the results of the economic crisis by 2012.

The **robot sector** was able to recover from the prior year's economic slump in only one year. According to the IFR, the International Federation of Robotics, 115,000 industrial robots were shipped worldwide in 2010; this is more than twice the 52,500 units reported in 2009. In the first quarter of 2011, orders received by VDMA's Robotics and Automation Sector climbed 47 percent in real terms compared to the prior year's first quarter. The demand for robot-supported automation is currently growing faster than the German mechanical engineering sector overall, especially outside Germany.

BUSINESS PERFORMANCE

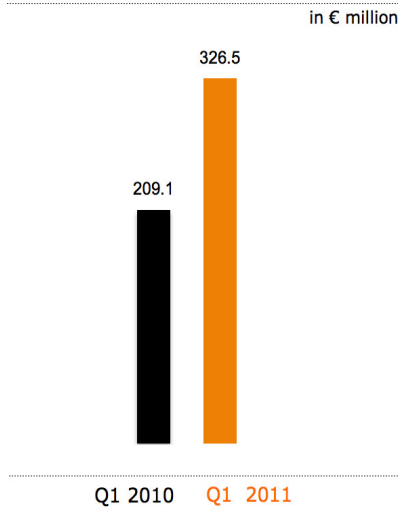
Thanks to the continued recovery of the global economy at the beginning of 2011, there is strong demand for capital goods in all parts of the world. This drove KUKA Group's **orders received** for the first quarter just ended to EUR 397.1 million from the prior year's EUR 263.8 million, a jump of 50.5 percent, almost matching the prior record posted in Q1/2008 of EUR 404.3 million. In addition to the continuing high orders from the international automotive industry, general industry orders are now also picking up substantially.

The Robotics division reached a new all-time high for a quarterly result: EUR 183.1 million, up 59.6 percent from the prior year's EUR 114.7 million. The strongest growth came from general industry customers. The Systems division also benefited from the positive general economic conditions. The division's orders received in the first quarter of 2011 reached EUR 215.8 million, up 33.5 percent from the EUR 161.6 million posted in the first quarter of 2010.



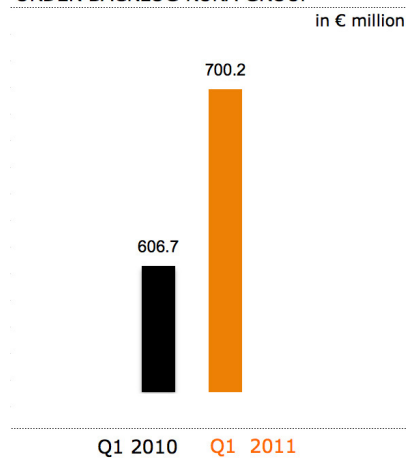
KUKA Group's **sales revenue** was also up sharply in the first quarter of 2011. It came in at EUR 326.5 million, 56.1 percent higher than the EUR 209.1 million generated in Q1/2010, and comparable to the traditionally strong fourth-quarter number of EUR 324.6 million posted in Q4/2010. Especially noteworthy was the Systems division's sales revenue, which came in at EUR 204.7 million, 50.5 percent higher than the EUR 136.0 million posted for Q1/2010. The Robotics division's growth compared to last year was similar. Sales revenue jumped 57.8 percent from EUR 86.2 million in Q1/2010 to EUR 136.0 million for the first quarter of 2011. Here too, KUKA Robotics posted a quarterly all-time high.

SALES REVENUES KUKA GROUP



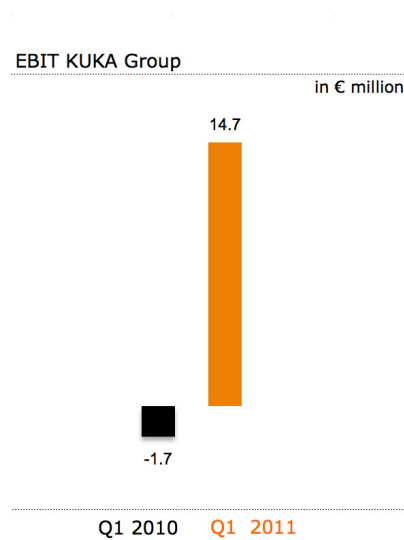
KUKA Group's book to bill ratio - that is, orders received over sales revenues - for the first quarter of 2011 was thus 1.22. KUKA Group's **order backlog** thus continued to climb, rising EUR 69.7 million or 11.1 percent, from EUR 630.5 million at the end of 2010 to EUR 700.2 million as of March 31, 2011. Order backlog was 15.4 percent year-over-year. It stood at EUR 606.7 million on March 31, 2010. The increase was primarily driven by the Robotics division, which contributed EUR 48.1 million. The Systems division's order backlog rose EUR 20.1 million.

ORDER BACKLOG KUKA GROUP



KUKA Group's **earnings before interest and taxes (EBIT)** have steadily improved from quarter to quarter since the beginning of last year and reached EUR 14.7 million in the first quarter of 2011. This very satisfactory development is mainly due to the significantly higher capacity loading, but also the process and structural improvements implemented throughout the company over the past two years. EBIT margin was 4.5 percent compared to -0.8 percent in Q1/2010. The Robotics division generated an EBIT of EUR 10.0 million in the first three months compared to EUR 0.5 million a year earlier, which represents an EBIT margin of 7.4 percent versus

0.6 percent in Q1/2010. The Systems division contributed EUR 7.7 million to KUKA Group's EBIT compared to EUR 2.1 million in Q1/2010, which represents an EBIT margin of 3.8 percent versus 1.5 percent in the first quarter of 2010. These results bring the divisions steadily closer to their EBIT target margins of 10 percent for Robotics and 5 percent for Systems.



DEVELOPMENTS IN THE DIVISIONS

ROBOTICS

ROBOTICS, KEY FIGURES

€ million	3 Months 2010	3 Months 2011	Change
Orders received	114.7	183.1	59.6%
Order backlog (03/31)	126.7	197.1	55.6%
Sales revenues	86.2	136.0	57.8%
Gross profit	21.5	42.4	97.2%
in % of sales revenues	24.9%	31.2%	-
Earnings before interest and taxes (EBIT)	0.5	10.0	>100%
in % of sales revenues	0.6%	7.4%	-
Earnings before interest, taxes, depreciation and amortization (EBITDA)	3.0	13.0	>100%
in % of sales revenues	3.5%	9.6%	-
Employees (03/31)	2,145	2,489	16.0%

In the first quarter of 2010, the **Robotics division** benefited from the continuing high demand for industrial robots and posted orders received of EUR 183.1 million, a new all-time high. However, these numbers include shifting of order releases from fourth-quarter 2010 blanket order contracts with major automotive industry customers.

Overall, the division's **orders received** were up 59.6 percent from the EUR 114.7 million reported for the prior year's first quarter.

The general industry business is gaining momentum and is complementing the strong automotive business. While the average quarterly result from general industry last year was EUR 47 million, in the first quarter of 2011, orders from this market segment totaled EUR 87.5 million. This is more than twice the prior year's first quarter of EUR 42.9 million. Robotics' orders won in this sector included a blanket order to supply 100 industrial robots for the Chinese paper industry. The first blanket order release was already received in the first quarter of 2011. The company is also supplying robots to the Brazilian brewing industry, where they are used at various bottling plants to palletize beer cans. Robotics was able to win orders from the European consumer goods industry. One of these was from Württembergische Metallwarenfabrik (WMF), which will use the robots to grind and polish cookware. The division also received an order from the French company BEL to automatically package cheese.

The Advanced Robotics division received the largest single general industry order, from Siemens Healthcare. The order is for Type KR 240 MED AX medical robots, which will be used in modern x-ray imaging systems.

KUKA Robotics was able to land a blanket order from Daimler AG in the first quarter of 2011 for 3,000 of its new QUANTEC generation industrial robots, including the new KR C4 robot controller. This represents a major milestone for the successful market launch of this new generation of robots. Major releases from this blanket order are expected starting in 2012. The robots will be used at various factories owned by Daimler Group.

In addition to the strong orders received growth reported, the Robotics division's sales revenue was also up sharply. Sales revenue for the first quarter of 2011 came in at EUR 136.0 million, 57.8 percent higher than the EUR 86.2 million posted in Q1/2010. Here too, Robotics posted an all-time high.

The Robotics division's **order backlog** was driven by the strong orders received and came in at EUR 197.1 million, up EUR 48.1 million or 32.3 percent from the 2010 year-end number of EUR 149.0 million. The year-over-year increase from the EUR 126.7 million posted on March 31, 2010 was 55.6 percent. One of the reasons for the high order backlog is also the longer lead times from subsuppliers as a result of the continuing strong business growth.

The Robotics division generated **earnings before interest and taxes (EBIT)** of EUR 10.0 million in the first quarter of 2011, while in the first quarter of the year prior, it had only generated a slightly positive EBIT of EUR 0.5 million. The division's EBIT margin rose accordingly in the first quarter of 2011. It jumped from 0.6 percent in Q1/2010 to 7.4 percent, steadily nearing the target margin of 10 percent. The Robotics division's employee situation is outlined in the section on employees.

ORDERS RECEIVED BY DIVISION: ROBOTICS

€ million	3 Months 2010	3 Months 2011	Change
Automotive	50.9	68.0	33.6%
General Industry	42.9	87.5	>100%
Service	20.9	27.6	32.1%
Total Robotics	114.7	183.1	59.6%

The Robotics division reported orders received of EUR 68.0 million in the first quarter of 2011 from the automotive industry, which is up 33.6 percent from the EUR 50.9 million reported in Q1/2010. Service orders were up by a similar amount, rising 32.1 percent to EUR 27.6 million from EUR 20.9 million in the first quarter of 2010. General industry orders were up by the largest amount, with bookings of EUR 87.5 million, an increase of 104.0 percent over the EUR 42.9 million reported in the first quarter of 2010. This market segment has thus overtaken the automotive industry in absolute numbers and at the current time represents a share of 47.8 percent of the division's orders received.

SYSTEMS

SYSTEMS, KEY FIGURES

€ million	3 Months 2010	3 Months 2011	Change
Orders received	161.6	215.8	33.5%
Order backlog (03/31)	489.2	509.3	4.1%
Sales revenues	136.0	204.7	50.5%
Gross profit	16.0	22.2	38.8%
in % of sales revenues	11.8%	10.8%	-
Earnings before interest and taxes (EBIT)	2.1	7.7	>100%
in % of sales revenues	1.5%	3.8%	-
Earnings before interest, taxes, depreciation and amortization (EBITDA)	4.4	10.0	>100%
in % of sales revenues	3.2%	4.9%	-
Employees (03/31)	3,451	3,512	1.8%

The Systems division's orders received benefited from the higher demand for production systems, both in the automotive industry and general industry. At the same time, the division continues to pay attention to the price quality of the orders it accepts. The division posted **orders received** of EUR 215.8 million in the first quarter of 2011, which is 33.5 percent higher than the EUR 161.6 million generated in the first quarter of 2010.

The division's bookings in the first quarter of 2011 included important orders from two major North American carmakers to build various car body manufacturing systems. Furthermore, Systems received orders from China and the United States for several automated assembly lines.

KUKA Systems also won several orders from the solar industry from buyers in China, North America and European countries other than Germany. The orders awarded were for complete production lines for manufacturing photovoltaic modules with ratings from 50 to 160 megawatts.

The Systems division's sales revenue for the first quarter of 2011 came in at EUR 204.7 million and thus was almost the same as the prior year's traditionally strong year-end quarter result of EUR 219.3 million. This is an increase of 50.5 percent from the EUR 136.0 million reported for the first quarter of 2010.

The division's **order backlog** at the end of the quarter increased further to EUR 509.3 million, 1.9 percent higher than at the close of 2010. The year-over-year increase from the EUR 489.2 million posted on March 31, 2010 was 4.1 percent.

The Systems division's EBIT in the first quarter of 2011 came in at EUR 7.7 million, which compares to EUR 2.1 million in Q1/2010. This increase was driven mainly by the higher gross profit resulting from the sharply higher revenue. EBIT margin rose accordingly in the first quarter of 2011, to 3.8 percent from 1.5 percent in Q1/2010. The Systems division's employee situation is outlined in the section on employees.

EARNINGS, FINANCIAL POSITION AND GROUP NET WORTH

EARNINGS

KUKA Group's **sales revenue** in the first quarter of 2011 was EUR 326.5 million, 56.1 percent higher than the EUR 209.1 million generated in the first quarter of 2010. **Gross profit from sales** improved by EUR 28.2 million or 73.1 percent to EUR 66.8 million. The Group's **gross margin** rose from 18.5 percent to 20.5 percent, driven mainly by the Robotics division. Thanks to higher sales and the associated economies of scale, the division was able to increase gross margin from 24.9 percent to 31.2 percent. In addition, margins in all areas improved thanks to the impact of the successful cost optimization initiative. The Systems division's gross margin fell from 11.8 percent in Q1/2010 to 10.8 percent for the quarter just ended. This was mainly driven by a higher share of financing costs in the manufacturing costs. Adjusted for this effect, gross margin was 11.7 percent for Q1/2011 versus 11.9 percent for Q1/2010.

Overhead costs were higher, especially R&D costs, which went from EUR 6.9 million to EUR 9.7 million. The reason is increased activities related to the Group's very important technological positioning, in the area of both industrial robotics and advanced robotics. In addition to higher sales costs associated with higher sales, administration costs were up noticeably from EUR 16.1 million to EUR 20.3 million. The year prior, short work weeks and reduced overtime translated into significantly lower costs, not only in operations but also in the administrative area.

Operating profit for the first three months of 2011 million was 13.0 million, which compares to EUR -1.9 million in the first three months of 2010. Taking into account the financing interest of EUR 1.7 million included in operating profit, **earnings before interest and taxes (EBIT)** came in at EUR 14.7 million. The year prior, financing interest of EUR 0.2 million was included and EBIT was EUR -1.7 million. EBIT margin for the first quarter of 2011 is 4.5 percent compared to -0.8 percent in the first quarter of 2010. Both divisions contributed to the increase. While the

Systems segment's EBIT margin improved from 1.5 percent to 3.8 percent, the Robotic segment's EBIT margin went from 0.6 percent to 7.4 percent. Both divisions further improved their EBIT margins in comparison to the fourth quarter of 2010, with Systems up 0.4 percent and Robotics up 1.1 percent.

EBITDA (earnings before interest, taxes, depreciation and amortization) was EUR 20.8 million, EUR 16.9 million higher than during the prior year's comparable period. Total depreciation in the first quarter was EUR 6.1 million versus EUR 5.6 million at the same time last year. Of this total, the Robotics division's share was EUR 3.0 million, which compares to EUR 2.5 million a year earlier. The Systems division accounted for 2.3 million, the same as the year prior, and the remaining area's share was EUR 0.8 million, also unchanged year-over-year.

Net interest expense was EUR -4.8 million, roughly the same as the previous year's EUR -5.0 million. The number includes interest expenses of EUR 1.3 million for the convertible bond, the same as last year, and EUR 4.7 million in interest for the bond issued in November 2010. Interest expense was EUR 0.5 million lower due to the more favorable guarantee fees resulting from the new financing agreement and the reclassification of financing interest of EUR 1.7 million in the first quarter of 2011 versus EUR 0.2 million in the first quarter of 2010 under operating profit as per accounting rules. The share of interest for pensions was EUR 0.8 million in Q1/2011 and EUR 0.9 million in Q1/2010. Also included is interest income associated with the financing lease for the KTPO pay-on-production contract in the United States.

Earnings before taxes (EBT) in the first three months of 2011 totaled EUR 8.2 million. This compares to EUR -6.9 million in the first quarter of 2010. Taxes paid during the period under review totaled EUR 2.8 million, versus EUR 4.1 million last year at the same time. The tax rate is 34.1%. Tax loss carry-forwards among the German consolidated companies were reduced as planned based on the positive earnings contributions.

In total, KUKA Group's **earnings after taxes** in the first quarter of 2011 jumped to EUR 5.4 million from EUR -11.0 million last year. Earnings per share improved accordingly, going from EUR -0.39 to EUR 0.17.

CONSOLIDATED INCOME STATEMENT (CONDENSED)

€ million	3 Months 2010	3 Months 2011
Sales revenues	209.1	326.5
EBIT	-1.7	14.7
EBITDA	3.9	20.8
Financial results	-5.0	-4.8
Taxes on income	-4.1	-2.8
Net result	-11.0	5.4

FINANCIAL POSITION

Cash earnings, which consist of earnings after taxes adjusted for cash-neutral depreciation on fixed assets and intangible assets and other income and expenses impacting cash, were EUR 16.4 million in the first quarter of 2011 versus EUR -4.1 million in Q1/2010. This increase was mainly driven by the improved earnings.

Cash flow from operating activities reflects mainly the change in working capital during the reporting period. The delightful business growth caused trade working capital (receivables EUR +14.0 million, inventories EUR +21.8 million, offsetting trade liabilities EUR +10.1 million) to increase by EUR 25.7 million as of March 31, 2011. The increase in other current liabilities, EUR +13.7 million, was attributable mainly to the personnel area (e.g., flexible work time and untaken vacation). As a result of these business-related investments in working capital, cash flow from operating activities went from EUR 5.6 million in the prior year's first quarter to EUR 0.5 million in the first quarter of 2011.

Capital expenditures in the first quarter of 2011 came in at EUR 4.1 million compared to EUR 1.9 million in the first quarter of 2010, and were mainly related to property, plant and equipment. Income from asset retirement during the reporting period was EUR 0.1 million versus EUR 0.9 million the year prior. Cash flow from investments was thus EUR -4.0 million compared to EUR -1.0 million in Q1/2010.

The reduced cash flow from operating activities plus cash flow from investment activities resulted in a **free cash flow** of EUR -3.5 million, which compares to last year's EUR 4.6 million.

As of March 31, 2011, KUKA Group had cash and cash equivalents totaling EUR 197.1 million compared to EUR 26.4 million in Q1/2010. Of this total, EUR 64.6 million have been earmarked to potentially repay the convertible bond, which comes due in November 2011. The substantial increase in cash and cash equivalents compared to the prior year's first quarter is primarily due to the cash injection from the capital increase in June 2010, and the bond issued in November 2010.

The Group's net debt; i.e., liquid assets minus current and non-current financial liabilities was EUR 70.1 million on March 31, 2011. This is EUR 9.8 million higher than on December 31, 2010, or EUR 27.8 million greater than on the prior year's comparable record date. However, fundamentally the Group's financing structure has improved considerably, especially with respect to the maturity dates.

CONSOLIDATED CASH FLOW (CONDENSED)

€ million	3 Months 2010	3 Months 2011
Cash Earnings	-4.1	16.4
Cashflow from operating activities	5.6	0.5
Cashflow from investing activities	-1.0	-4.0
Free Cashflow	4.6	-3.5

NET WORTH

On the **asset side** of the balance sheet, non-current assets were down EUR 8.7 million from their December 31, 2010 level. Aside from the EUR 3.3 million decline in fixed assets, this is especially driven by the receivables from the finance lease associated with the earlier redemption of the financing for the KTPO pay-on-production contract.

Receivables related to manufacturing orders and inventories drove current assets sharply higher. Further details are outlined in the financial position section. In total, non-current assets as of the March 31, 2011 were EUR 720.3 million, EUR 32.2 million higher than on December 31, 2010.

KUKA Group's total balance sheet assets rose from EUR 984.7 million on December 31, 2010 to EUR 1,008.2 million as of the period-end date. This represents an increase of EUR 23.5 million or 2.4 percent.

Equity rose from EUR 198.1 million to EUR 202.5 million in the first quarter of 2011. The quarterly profit of EUR 5.4 million and actuarial gains in connection with pension obligations of EUR 1.9 million had a positive impact. This was offset by foreign currency effects of EUR 2.9 million. The equity ratio; i.e., the ratio of equity to total assets, remained unchanged from the 20.1 percent reported on December 31, 2010.

The financial liabilities consist mainly of the convertible bond due in November 2011 and the corporate bond, which matures in November 2017.

Current liabilities rose from EUR 491.7 million on December 31, 2010 to EUR 514.2 million on March 31, 2011, driven mainly by the aforementioned increase in trade payables and other current liabilities.

KUKA Group's **working capital** as of March 31, 2011 totaled EUR 98.3 million, EUR 13.5 million higher than the number reported at the end of the 2010 financial year. Further information hereto is outlined in the financial position section.

GROUP NET WORTH

€ million	12/31 2010	3/31 2011
Total assets	984.7	1,008.2
Equity	198.1	202.5
in % of total assets	20.1%	20.1%
Net debts	-60.3	70.1

RESEARCH AND DEVELOPMENT

KUKA Group's R&D expenses reached EUR 9.7 million in the first quarter of 2011, 40.5 percent higher than in the first quarter of 2010. The reason for the increase is renewed spending on the Group's very important technological positioning, as well as on industrial robotics and advanced robotics.

About 97 percent of this amount is attributable to the Robotics division. KUKA established KUKA Laboratories GmbH in this division in order to press ahead with robotics developments in growth markets such as health care and service robotics. The Systems division's R&D expenses are mainly incurred while processing customer orders.

EMPLOYEES

As business volume expanded, KUKA hired new employees in specific areas. In spite of this, KUKA Group's overall workforce increased only under proportionally in the first quarter, totaling 6,192 employees compared to 5,990 on December 31, 2010. The Robotics division's workforce expanded, particularly at the Hungarian manufacturing facility and in Germany. The total number of employees rose by 142 to 2,489 as of the end of the quarter. The Systems division's workforce increased by 56 to 3,512 persons. While the number of employees in the central departments remained relatively unchanged, there was an increase in the manufacturing area.

KUKA also employed more temporary staff in the first quarter of 2011 to handle the expanding business volume. As of the end of the first quarter, the number of part-time workers had gone by 107 to 950.

RISK MANAGEMENT

The events in Japan on March 11, 2011 had no negative impact on KUKA Group's first-quarter 2011 results. Neither do we currently foresee any impact on the business operations for the remainder of the current financial year.

A special task force is continuously monitoring the situation in Japan. The staff is in day-to-day contact with their local partners in Japan so that they can respond quickly to any changes in the risk situation. Suppliers from the affected regions are currently in full production and completely fulfilling orders. KUKA is also fully receiving all material deliveries.

Aside from these developments, there has been no material change in KUKA Group's risk situation since the end of the 2010 financial year.

Please refer to pages 66 and following of the detailed risk report in the 2010 annual report in this regard.

OUTLOOK

In fiscal 2010, KUKA established the preconditions for profitable growth. Taking into account the continued recovery of the world's economy, which has returned to stable growth, we expect sales revenue to continue rising substantially and operating earnings (EBIT) to increase disproportionately at the Group level in 2011.

Provided the world economy continues to perform as expected, KUKA Group expects to generate sales revenue of at least EUR 1.2 billion in 2011. Higher capacity utilization, an improved sales revenue mix with a higher share from general industry and a lower breakeven point should enable the company to generate an EBIT margin of at least five percent in 2011.

KUKA AND THE CAPITAL MARKET

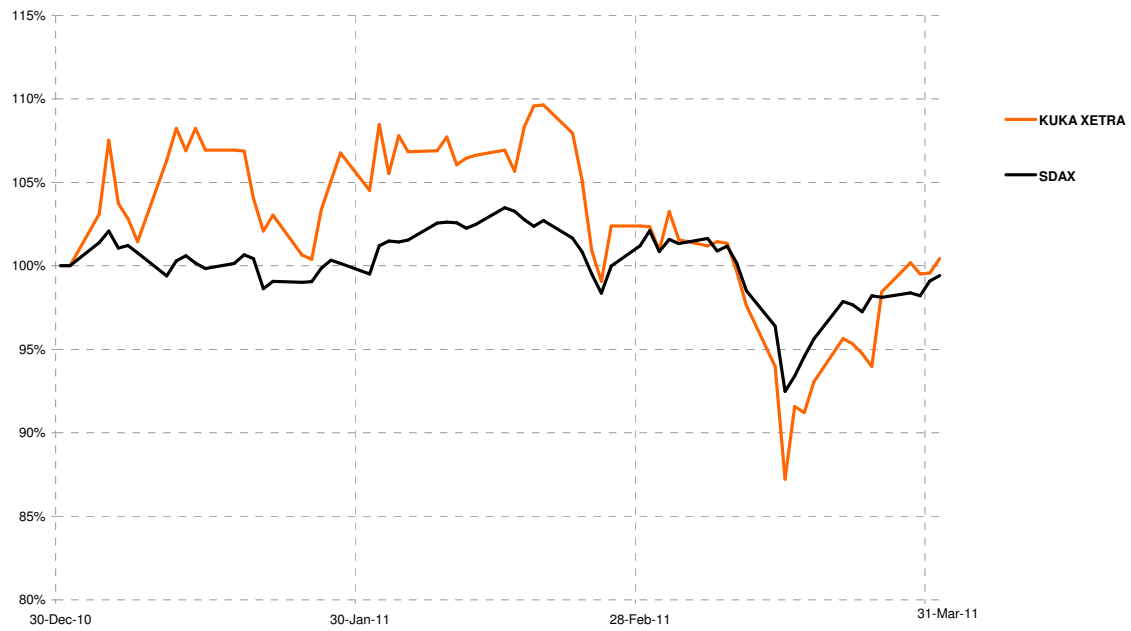
WORLD EVENTS STOP STOCK MARKET RALLY

German stocks listed in the various index market segments were unable to extend the prior year's rally due to various macroeconomic events that weighed on investor sentiment in the first quarter of 2011. At the same time, earnings reported by Germany's major industrial companies at the end of their financial periods were on average two-thirds higher than during the prior year. According to accountants Ernst & Young, the dividends to be distributed by these companies totaled EUR 25.6 billion, almost the same amount that was distributed prior to the crisis. However, the good news was overshadowed by world events. This includes particularly the political unrest in the Arab countries on the Mediterranean, the natural and nuclear disaster in Japan, and negotiations associated with the indebtedness of a number of European Union member states. Overall, Germany's leading DAX index trended sideways during the first quarter of 2011, up only 1.8 percent, while the SDAX, the index of fifty medium-size listed companies, was down slightly at -0.6 percent.

KUKA SHARE PRICE ALSO FLAT

KUKA's share price tracked the general stock market trend in the first quarter of 2011. During the first six weeks, the stock traded in a range between EUR 17 and 18 and reached a high of EUR 18.20 on February 18. In the second half of the quarter, the nuclear accident in Japan caused KUKA share price's to drop briefly to EUR 14.48. The event had the same impact on many listed shares. However, the share price had largely recovered by the end of the quarter. On March 31 the stock closed at EUR 16.67, up 0.4 percent from the price at which it was trading at the beginning of the year. The share prices of comparable listed mechanical engineering companies during the period under review were significantly weaker, declining between 10 percent and 12 percent.

KUKA'S SHARE PRICE PERFORMANCE



INTERIM REPORT (CONDENSED)

GROUP CONSOLIDATED INCOME STATEMENT

€ million	3 Months 2010	3 Months 2011
Sales revenues	209.1	326.5
Cost of sales	-170.5	-259.7
Gross profit	38.6	66.8
Selling expenses	-18.3	-20.2
Research and development expenses	-6.9	-9.7
General and administrative expenses	-16.1	-20.3
Other operating income	10.2	13.1
Other operating expenses	-9.4	-16.7
Result from operating activities	-1.9	13.0
Reconciliation to earnings before interest and taxes (EBIT)		
Financing costs included in cost of sales	0.2	1.7
Earnings before interest and taxes (EBIT)	-1.7	14.7
Net interest income	2.2	2.3
Net interest expense	-7.2	-7.1
Financial results	-5.0	-4.8
Earnings before tax	-6.9	8.2
Taxes on income	-4.1	-2.8
Net result	-11.0	5.4
thereof minority interests in profits	0.0	0.0
thereof shareholders of KUKA AG	-11.0	5.4
Earnings per share (diluted/undiluted) in €	-0.39	0.17

COMPREHENSIVE INCOME

€ millions	3 Months 2010	3 Months 2011
Earnings after taxes	-11.0	5.4
Translation adjustments	5.6	-2.9
Changes of actuarial gains and losses	-2.6	2.4
Deferred taxes on changes of actuarial gains and losses	0.8	-0.5
Other comprehensive income	3.8	-1.0
Comprehensive income	-7.2	4.4
of which: attributable to minority interests	0.0	0.0
of which: attributable to shareholders of KUKA AG	-7.2	4.4

CONSOLIDATED CASH FLOW

€ million	3 Months 2010	3 Months 2011
Net result	-11.0	5.4
Depreciation/amortization on intangible assets	1.9	2.5
Depreciation/amortization on tangible assets	3.7	3.6
Other non-payment-related income	-1.4	-2.4
Other non-payment-related expenses	2.7	7.3
Cash Earnings	-4.1	16.4
Result on the disposal of assets	-0.1	0.0
Changes in provisions	-9.0	-9.7
Changes in current assets and liabilities:		
Changes in inventories	-18.2	-22.5
Changes in receivables and deferred charges	1.1	-21.2
Changes in liabilities and deferred charges (without debts)	35.9	37.5
Cash flow from operating activities	5.6	0.5
Payments from disposals of fixed assets	0.9	0.1
Payments for capital expenditure on intangible assets	-0.6	-1.1
Payments for investments on tangible assets	-1.3	-3.0
Cash flow from investing activities	-1.0	-4.0
Free cash flow	4.6	-3.5
Payment for repaying liabilities due to banks and liabilities similar to bonds	-41.0	-1.4
Cash flow from financing activities	-41.0	-1.4
Payment-related change in cash and cash equivalents	-36.4	-4.9
Exchange-rate-related and other changes in cash and cash equivalents	1.6	-1.4
Change in cash and cash equivalents	-34.8	-6.3
(of that net increase/decrease in restricted cash)	(0,0)	(-4,4)
Cash and cash equivalents at the beginning of the period	61.2	134.4
Cash and cash equivalents at the end of the period	26.4	132.5
Restricted cash	0.0	64.6
Cash and cash equivalents acc. to balance sheet	26.4	197.1

CONSOLIDATED BALANCE SHEET

ASSETS

€ million	12/31/2010	03/31/2011
Non-Current assets		
Fixed assets		
Intangible assets	76.5	75.1
Tangible assets	85.8	83.9
Financial investments and investments in associates	1.0	1.0
	163.3	160.0
Long-term finance lease receivables	77.8	72.1
Long term tax receivables	9.0	9.2
Other long-term receivables and other assets	12.0	10.7
Deferred taxes	34.5	35.9
	296.6	287.9
Current assets		
Inventories	158.0	179.8
Receivables and other assets		
Trade receivables	125.7	122.3
Receivables from construction contracts	166.1	183.5
Current finance lease receivables	4.1	3.9
Current tax receivables	3.6	2.8
Other assets, prepaid expenses and deferred charges	27.2	30.9
	326.7	343.4
Cash and cash equivalents	203.4	197.1
	688.1	720.3
	984.7	1,008.2

EQUITY AND LIABILITIES

€ million	12/31/2010	03/31/2011
Equity	198.1	202.5
Non-current liabilities, provisions and accruals		
Non-current financial liabilities	192.8	193.1
Other non-current liabilities	13.6	13.2
Pensions and similar obligations	70.2	67.3
Deferred taxes	18.3	17.9
	294.9	291.5
Current liabilities		
Current financial liabilities	70.9	74.1
Trade payables	148.6	158.7
Advances received	49.0	51.3
Liabilities from construction contracts	39.6	44.4
Accounts payable to affiliated companies	0.1	0.1
Other current liabilities and deferred income	14.3	9.5
Provision for taxes	80.3	94.0
Other provisions	88.9	82.1
	491.7	514.2
	984.7	1,008.2

CHANGES TO GROUP EQUITY

					Revenues reserves					
	Number of shares outstanding	Subscribed capital in € million	Capital reserve in € million	Treasury stock in € million	Translation gains/ losses in € millions	Actuarial gains and losses in € millions	Annual net income and other revenue reserve s in € millions	Equity to shareholder s in € millions	Minority interests in € millions	Total in € millions
01/01/2011	32,588,091	88.2	75.4	-27.9	-3.0	1.7	62.2	196.6	1.5	198.1
Comprehensive income					-2.9	1.9	5.4	4.4	0.0	4.4
Other changes			-0.5				0.5	0.0		0.0
03/31/2011	32,588,091	88.2	74.9	-27.9	-5.9	3.6	68.1	201.0	1.5	202.5

					Revenues reserves					
	Number of shares outstanding	Subscribed capital in € million	Capital reserve in € million	Treasury stock in € million	Translation gains/ losses in € millions	Actuarial gains and losses in € millions	Annual net income and other revenue reserves in € millions	Equity to shareholders in € millions	Minority interests in € millions	Total in € millions
01/01/2010	27,932,650	76.1	47.0	-27.9	-9.9	2.1	72.0	159.4	1.4	160.8
Comprehensive income					5.6	-1.8	-11.0	-7.2	0.0	-7.2
Other changes								0.0		0.0
03/31/2010	27,932,650	76.1	47.0	-27.9	-4.3	0.3	61.0	152.2	1.4	153.6

NOTES ON THE QUARTERLY REPORT (CONDENSED)

GROUP SEGMENT REPORT

€ million	Robotics		Systems		KUKA AG and other companies		Reconciliation and consolidation		Group	
	3 Months 2010	3 Months 2011	3 Months 2010	3 Months 2011	3 Months 2010	3 Months 2011	3 Months 2010	3 Months 2011	3 Months 2010	3 Months 2011
Group external sales revenues	73.3	121.8	135.6	204.5	0.2	0.2	-	-	209.1	326.5
as a % of Group sales revenues	35.1%	37.3%	64.8%	62.6%	0.1%	0.1%	-	-	100.0%	100.0%
Intra-Group sales	12.9	14.2	0.4	0.2	2.6	2.7	-15.9	-17.1	-	-
Sales revenue by division	86.2	136.0	136.0	204.7	2.8	2.9	-15.9	-17.1	209.1	326.5
Result from operating activities	0.5	10.0	1.9	6.0	-6.5	-2.9	2.2	-0.1	-1.9	13.0
Financing costs included in cost of sales	-	-	0.2	1.7	-	-	-	-	0.2	1.7
Earnings before interest and taxes (EBIT)	0.5	10.0	2.1	7.7	-6.5	-2.9	2.2	-0.1	-1.7	14.7
as a % of sales revenues of the division	0.6%	7.4%	1.5%	3.8%	-	-	-	-	-0.8%	4.5%
as a % of Group external sales revenues	0.7%	8.2%	1.5%	3.8%	-	-	-	-	-0.8%	4.5%
EBITDA	3.0	13.0	4.4	10.0	-5.7	-2.1	2.2	-0.1	3.9	20.8
as a % of sales revenues of the division	3.5%	9.6%	3.2%	4.9%	-	-	-	-	1.9%	6.4%
as a % of Group external sales revenues	4.1%	10.7%	3.2%	4.9%	-	-	-	-	1.9%	6.4%
Assets (03/31/2011 / 03/31/2010)	249.2	282.4	504.8	500.6	175.8	173.8	-192.1	-190.8	737.7	766.0
Payroll (03/31)	2,145	2,489	3,451	3,512	203	191	-	-	5,799	6,192

IFRS/IAS ACCOUNTING STANDARDS

KUKA Aktiengesellschaft, headquartered in Augsburg, elected to prepare condensed interim financial statements for the period ending March 31, 2011 in line with the IAS 34 Interim Financial Reporting guidelines as adopted by the European Union. The condensed interim report should be read in conjunction with the Group's consolidated financial statements to December 31, 2010.

The consolidated financial statements for 2010 were prepared according to the International Financial Reporting Standards (IFRS) and the International Accounting Standards (IAS) of the International Accounting Standards Board (IASB), the interpretations of the Standing Interpretation Committee (SIC) as well as the International Financial Reporting Interpretation Committee (IFRIC), as approved by the European Union, supplemented by the guidelines stipulated in article 315a, paragraph 1 of the German Commercial Code (HGB).

GROUP OF CONSOLIDATED COMPANIES

A total of forty-seven companies are included in the Group consolidated interim financial statements, two more than on the December 31, 2010 record date. In addition to KUKA Aktiengesellschaft, it includes six companies registered inside Germany and forty firms domiciled outside Germany, for which KUKA Aktiengesellschaft either directly or indirectly holds majority voting rights.

In comparison to December 31, 2010, the following companies were founded and added to the scope of consolidation:

- KUKA Robotics (China) Co. Ltd., Shanghai, China and
- KUKA Systems SRL, Sibiu, Romania

The change in the scope of consolidation does not impair comparability with the previous year.

ACCOUNTING AND VALUATION METHODS

The same valuation methodology and accounting principles as those used for the consolidated financial statements for the business year ending 2010 were applied in preparing this consolidated interim report, with the exception of the changes described in the following. For further information, please refer to the consolidated financial statements dated December 31, 2010, which form the basis of the interim report presented here. The latter are available on the Internet at www.KUKA.com.

CHANGES TO ACCOUNTING AND VALUATION POLICIES

The following new standards and interpretations have come become mandatory since the start of the 2011 financial year:

- IFRS 1 – limited exemption from comparative IFRS 7 disclosures for first time adopters
 - IAS 24 (rev. 2009) – related party disclosures
 - Amendments to IAS 32 – classification of rights Issues
 - Improvements to IFRSs (2010), *
 - Amendments to IFRS 14 – prepayments of a minimum funding requirement
 - IFRIC 19 – extinguishing financial liabilities with equity instruments
- * affects the following standards: IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 27, IAS 34 and IFRIC 13

The new standards and interpretations are not applicable to or have little impact on KUKA's consolidated statements.

EARNINGS PER SHARE

Undiluted/diluted earnings per share break down as follows:

		3 Months 2010	3 Months 2011
Net result attributable to shareholders of KUKA AG	in € millions	-11.0	5.4
Weighted average number of shares outstanding	shares	27,932,650	32,588,091
Earnings per share	in €	-0.39	0.17

According to IAS 33, undiluted earnings per share were calculated on the basis of Group consolidated earnings after taxes and the weighted average number of shares outstanding for the year.

In the first three months of 2010, the weighted average number of shares in circulation was 27.9 million. The capital increase in June 2010 increased the weighted average number of shares outstanding in the first three months of 2011 to 32.6 million.

CAPITAL INCREASE IN JUNE 2010

In June 2010, a rights issue consisting of 4,655,441 shares was placed. KUKA Aktiengesellschaft's equity is thus now EUR 88,180,120.60. The recapitalization was implemented by issuing rights with a ratio of 6:1. At an issue price of EUR 2.60 per share, the subscription price was EUR 9.75. The difference between the subscription price and issue price is reported in the capital reserve, taking into account commissions and taxes. After subtracting direct transaction costs, the company received a cash injection of EUR 42.8 million.

The share capital is subclassified into 33,915,431 no par shares. Each share is equal to one vote. The company bought back 1,327,340 shares in 2008. There are thus 32,588,091 shares in circulation as of March 31, 2011.

IAS 19 EMPLOYEE BENEFITS

The balance sheet employee benefits account rate of return of 4.95 percent p.a. effective December 31, 2010 was adjusted to 5.30 percent p.a. for German companies as of March 31, 2011 in accordance with IAS 19, which resulted in actuarial gains totaling EUR 2.3 million in the first quarter of 2011. The rate of return applied to North American companies remains unchanged at 5.40 percent p.a. Investment income from external pension funds exceeded expectations, resulting in actuarial gains of EUR 0.1 million. The actuarial result was reported under equity as an income-neutral sum of EUR 1.9 million in consideration of deferred taxes.

RESTRUCTURING

In 2009, the company decided upon and announced an extensive restructuring plan that would affect the entire Group. Execution of the plan started in 2009. It continued and was largely completed as planned during the 2010 financial year. Financial obligations related to the restructuring program as of December 31, 2010 totaled EUR 4.7 million. As of March 31, 2011, the financial obligations total EUR 3.5 million, of which EUR 2.5 million are allocated to the Systems division and EUR 0.8 million to the Robotics division. In the first quarter of 2011, accruals of EUR 0.1 million for restructuring measures were reversed.

BOND

In November 2010, KUKA Aktiengesellschaft placed a bond with a face value of EUR 202.0 million. The bond was purchased at 99.3605 percent and resulted in a cash injection of EUR 200.7 million. The bond was issued in denominations of EUR 50,000 and has a coupon rate of 8.75 percent per annum. Interest is paid on May 15 and November 15. The bond matures no later than November 15, 2017.

CONVERTIBLE BOND

In May 2006, KUKA placed a convertible bond with a face value of EUR 69.0 million, collateralized by KUKA Aktiengesellschaft, via its subsidiary KUKA Finance B.V., Amsterdam / Netherlands. The bond has a coupon rate of 3.75 percent. The bond was issued in denominations of EUR 50,000.00 and grants rights for conversion into up to 2,748,632 no par shares of KUKA Aktiengesellschaft. The conversion price is thus currently EUR 25.1034 per share. The bond matures on November 9, 2011.

An escrow account has been set up and sufficient funds deposited to fulfill the convertible bond obligations (restricted cash balance). KUKA Aktiengesellschaft has bought back EUR 4.5 million in shares of the convertible bond as of March 31, 2011. The associated expense of EUR 0.1 million was reported under the financial expense account.

SYNDICATED LOAN

In March 2010, KUKA Aktiengesellschaft successfully concluded an agreement on amending the original 2006 Syndicated Senior Facilities Agreement totaling EUR 336.0 million (of which EUR 146.0 million is a cash credit line and EUR 190.0 million a working capital guarantee) and has thus secured KUKA Group's financing.

In November 2010, KUKA Aktiengesellschaft completed its financial restructuring by signing a new Syndicated Senior Facilities Agreement and placing the bond. The Syndicated Senior Facilities Agreement comprises a total of EUR 200.0 million (of which EUR 50.0 million is a cash credit line and EUR 150.0 million a working capital guarantee) and matures at the end of March 2014.

For additional information about the Syndicated Senior Facilities Agreement, please refer to the December 31, 2010 annual report.

SEGMENT REPORTING

The internal reporting and organizational structure subdivides KUKA into the KUKA Robotics and KUKA Systems segments. Key financial indicators are determined for both segments. Earnings before interest and taxes (EBIT) is used as the key indicator in regard to managing segment profits.

The main elements of the segment reports are contained in the management report on the operating business divisions, Robotics and Systems, as well as in the tables at the beginning of the notes to the quarterly report.

CASH FLOW STATEMENT

The cash flow statement shows changes to KUKA Group's liquidity position in accordance with IAS 7. This cash holdings consists of funds recognized on the balance sheet as cash and cash equivalents; i.e., cash in hand, checks and cash balances with financial institutions, provided that they are available within three months. Of the cash injected, EUR 64.6 million have been deposited to an escrow account and can be used to fulfill the convertible bond obligations (restricted cash balance). None of the remaining cash is subject to restrictions related to disposal.

CONTINGENT OBLIGATIONS AND COMMERCIAL COMMITMENTS

There has been no material change in other financial obligations and contingent liabilities since December 31, 2010.

RELATED PARTIES

There have been no changes in dealings with related persons or companies since December 31, 2010.

In total, the value of goods and services supplied to related parties in the first three months of the financial year was EUR 3.2 million. The goods and services received by the Group from related parties were worth EUR 5.3 million. As of March 31, 2011, receivables totaled EUR 3.9 million and liabilities EUR 0.5 million. The market oriented transfer prices are in accordance with the "dealing at arm's length" principle.

EVENTS OF MAJOR IMPORTANCE AFTER THE END OF THE REPORTING PERIOD

There were no events of material significance after the close of the reporting period.

On May 9, 2011, KUKA AG published an ad hoc announcement as per article 15 of the German Securities Trading Act, in which it raised its guidance for the current financial year. Please see the management report section "Outlook" for further details in this regard.

Augsburg, May 11, 2011

The executive board

Dr. Till Reuter

Stephan Schulak

NOTE

The Group interim report contains forward-looking statements based on assumptions and estimates made by the management of KUKA Aktiengesellschaft. Although management is of the opinion that these assumptions and estimates are accurate, future actual developments and future actual results could deviate significantly from these assumptions and estimates due to a variety of different factors. Some of these factors could, for example, include a change in the overall economic climate, exchange rates and interest rates, as well as changed conditions in the markets themselves. KUKA Aktiengesellschaft makes no guarantees that future developments and actual future results will align with the assumptions and estimates contained in this report, nor does it accept any liability for same.

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