

# Quarterly Statement

Q1 2017

January 1 to March 31, 2017

## GEA announces figures for the first quarter

Thanks to robust growth in small and mid-sized orders, GEA's order intake in the first quarter of 2017 almost matched the level of the previous year. Despite reticence on the part of customers to place major orders, the company secured order intake of EUR 1,136 million in the period under review. In terms of revenue, both Business Areas (BAs) made significant gains, with overall group revenue increasing by 6.7 percent to EUR 1,004 million. The food and pharma applications and the regions of Western Europe, Middle East & Africa and Latin America were significant sources of momentum. Operating EBITDA rose to EUR 96 million, an increase of 2.7 percent compared with the same period in the previous year.

"The macroeconomic uncertainties are expected to intensify, so we'll have to see how GEA fares in the second quarter of 2017 before venturing a prediction as to where in our performance corridor we will close the year," said Jürg Oleas, Chairman of the Executive Board of GEA, in his assessment of the situation.

## IFRS key figures of GEA

(EUR million)	Q1 2017	Q1 2016	Change in %
<b>Results of operations</b>			
Order intake	1,136.0	1,144.3	-0.7
Revenue	1,003.9	941.2	6.7
Operating EBITDA <sup>1</sup>	96.4	93.9	2.7
as % of revenue	9.6	10.0	-
Operating EBIT <sup>1</sup>	76.3	74.3	2.7
as % of revenue	7.6	7.9	-
EBIT	63.6	59.0	7.7
<b>Net assets</b>			
Working capital intensity in % (average of the last 12 months)	15.4	13.1	-
Net liquidity (+)/Net debt (-)	718.2	867.9	-17.2
<b>Financial position</b>			
Operating cash flow driver margin <sup>2</sup>	8.0	10.9	-
ROCE in % (goodwill adjusted) <sup>3</sup>	16.5	14.1	-
Full-time equivalents (reporting date)	17,035	17,173	-0.8
<b>GEA shares</b>			
Earnings per share (EUR)	0.29	0.18	61.4

1) Before effects of purchase price allocations and adjustments (see page 6)

2) Operating cash flow driver = operating EBITDA – capital expenditure + adjustment of capital expenditure in strategic projects – 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)

## Report on Economic Position

### Course of business

#### Order intake

Order intake (EUR million)	Q1 2017	Q1 2016	Change in %
BA Equipment	621.7	570.4	9.0
BA Solutions	564.1	622.2	-9.3
<b>Total</b>	<b>1,185.8</b>	<b>1,192.6</b>	<b>-0.6</b>
Consolidation/others	-49.8	-48.2	-3.2
<b>GEA</b>	<b>1,136.0</b>	<b>1,144.3</b>	<b>-0.7</b>

- Order intake in first quarter slightly below previous year due to marked fall-off in volume of major orders (orders of above EUR 15 million)
- Significant growth in orders of below EUR 1 million (basic business) and in the range between EUR 1 million and EUR 15 million
- Two major orders for dairy projects in the North America and Asia Pacific regions with a combined volume of around EUR 50 million (previous year: EUR 136 million)
- Continuing reticent approach to investment in the field of dairy processing and in the oil and gas industry contrasts with positive momentum in the pharma/chemical and food customer industries, and again in dairy farming
- Growth in the North America, Latin America and Asia Pacific regions; double-digit growth even in Western Europe, Middle East & Africa

#### Order intake by applications GEA\*

	Change Q1/2017 to Q1/2016	Share of order intake
Dairy Farming		12%
Dairy Processing		19%
Food		28%
Beverages		11%
<b>Food/Beverages</b>		<b>70%</b>
Pharma/Chemical		15%
Other Industries		15%
<b>Others</b>		<b>30%</b>
<b>GEA</b>		<b>100%</b>

> 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










- Order backlog increased to around EUR 2,390 million, a rise of almost 6 percent compared with 31 December 2016






## Revenue

Revenue (EUR million)	Q1 2017	Q1 2016	Change in %
BA Equipment	531.6	490.8	8.3
BA Solutions	520.7	495.5	5.1
<b>Total</b>	<b>1,052.3</b>	<b>986.3</b>	<b>6.7</b>
Consolidation/others	-48.4	-45.1	-7.4
<b>GEA</b>	<b>1,003.9</b>	<b>941.2</b>	<b>6.7</b>

- Significant growth in first-quarter revenue in both Business Areas, but particularly in the Business Area Equipment
- Marked growth in the food customer industry, and in the pharma sector
- Growth in revenue in the North America and Asia Pacific regions; double-digit growth even in Western Europe, Middle East & Africa and Latin America








### Revenue by applications GEA\*






	Change Q1/2017 to Q1/2016	Share of revenue
Dairy Farming		12%
Dairy Processing		20%
Food		26%
Beverages		12%
<b>Food/Beverages</b>		<b>71%</b>
Pharma/Chemical		15%
Other Industries		15%
<b>Others</b>		<b>29%</b>
<b>GEA</b>		<b>100%</b>

 > 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 Q1/2017 to Q1/2016	Share of revenue
Asia Pacific		23%
DACH & Eastern Europe		20%
Western Europe, Middle East & Africa		18%
North- and Central Europe		14%
Latin America		6%
North America		18%
<b>GEA</b>		<b>100%</b>

 > 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

## Results of operations

- Operating EBITDA somewhat above previous year, while operating EBITDA margin fell slightly from 10.0 percent to 9.6 percent
- Following a rise in the second half of 2016, the number of temporary workers still well above the previous year's level despite countermeasures initiated by both Business Areas
- Business Area Equipment: highly competitive marine business, revenue growth in the lower-margin emerging markets, disproportionate growth in volume of lower-margin product groups, and also re-alignment of the method for allocating intra-group services in the course of 2016 conspired to exert pressure on earnings
- Business Area Solutions: improvement in margins, but pressure brought to bear by creation of new sales and service organization and allocation of intra-group services

Operating EBITDA/operating EBITDA margin* (EUR million)	Q1 2017	Q1 2016	Change in %
BA Equipment	69.3	72.3	-4.1
as % of revenue	13.0	14.7	-
BA Solutions	23.6	26.5	-10.9
as % of revenue	4.5	5.3	-
<b>Total</b>	<b>92.9</b>	<b>98.8</b>	<b>-5.9</b>
<b>as % of revenue</b>	<b>8.8</b>	<b>10.0</b>	<b>-</b>
Consolidation/others	3.5	-4.9	-
<b>GEA</b>	<b>96.4</b>	<b>93.9</b>	<b>2.7</b>
<b>as % of revenue</b>	<b>9.6</b>	<b>10.0</b>	<b>-</b>

\*) Before effects of purchase price allocations and adjustments (see page 6)

Reconciliation of operating EBITDA to operating EBIT (EUR million)	Q1 2017	Q1 2016	Change in %
<b>Operating EBITDA*</b>	<b>96.4</b>	<b>93.9</b>	<b>2.7</b>
Realization of step-up amounts on inventories	-0.4	-0.1	-
Adjustments	-5.1	-8.5	-
<b>EBITDA</b>	<b>90.9</b>	<b>85.2</b>	<b>6.6</b>
Depreciation of impairment losses on property, plant, and equipment, and investment property, and amortization of and impairment losses on intangible assets and goodwill, as reported in the statement of changes in non-current assets	-27.3	-26.2	-
<b>EBIT</b>	<b>63.6</b>	<b>59.0</b>	<b>7.7</b>
Depreciation and amortization on capitalization of purchase price allocation	7.2	6.7	-
Realization of step-up amounts on inventories	0.4	0.1	-
Adjustments	5.1	8.5	-
<b>Operating EBIT*</b>	<b>76.3</b>	<b>74.3</b>	<b>2.7</b>

\*) Before effects of purchase price allocations and adjustments (see page 6)

## Cash flow drivers

Operating cash flow driver/operating cash flow driver margin (EUR million)	03/31/2017
Operating EBITDA (last 12 months)	568.8
Capital expenditure on property, plant and equipment (last 12 months)	-97.6
Adjustment of capital expenditure in strategic projects	1.6
Change in working capital (average of the last 12 months)	-107.9
<b>Operating cash flow driver (operating EBITDA – capex +/- change in working capital)</b>	<b>364.9</b>
<b>as % of revenue (last 12 months)</b>	<b>8.0</b>

## Report on Post-Balance-Sheet-Date Events

- On 20 April 2017, GEA Group Aktiengesellschaft's Annual General Meeting approved the proposal made by the Supervisory Board and the Executive Board to pay an unchanged dividend of EUR 0.80 per share for fiscal year 2016

Düsseldorf, May 9, 2017

## Financial Information

In accordance with the internal management system as described in the 2016 Annual Report, the key indicators for the operating result as used by the management for controlling purposes are operating EBITDA and operating EBIT. Thus, these key indicators were adjusted for items which, in the opinion of the management, do not reflect GEA's financial achievements in the period under review. This relates, on the one hand, to adjustments for purchase price allocation effects that were determined for all significant past acquisitions, and, on the other, to the adjustment of expenses for the following strategic projects:

- “OneGEA Finance”, which aims to align the financial information and management systems to the new functional OneGEA organization
- “Operational Excellence” to optimize engineering, production and procurement
- “IT Excellence” to standardize and outsource the IT platform as the basis for digital transformation
- “Digitalization” to develop GEA's digital product portfolio
- Projects to effect acquisitions

The indicators were also adjusted for ongoing expenses in respect of the now concluded “Fit for 2020” project.

These include restructuring costs, expenses for external consultants, together with other material expenses and internal costs directly attributable to the projects.

In accordance with this definition, operating EBIT for the first quarter of 2017 was adjusted for follow-up expenses for the “Fit for 2020” project totaling EUR 4.2 million (last year's adjustment was EUR 8.5 million). Last year's expenses included, in addition to negative restructuring costs of EUR -7.8 million, external consulting and the implementation of the Shared Service Center.

## Consolidated Balance Sheet as of March 31, 2017

Assets (EUR thousand)	03/31/2017	12/31/2016	Change in %
Property, plant and equipment	478,427	485,046	-1.4
Investment property	3,634	3,662	-0.8
Goodwill	1,504,677	1,505,629	-0.1
Other intangible assets	423,397	428,801	-1.3
Equity-accounted investments	16,289	15,929	2.3
Other non-current financial assets	39,570	38,654	2.4
Deferred taxes	492,816	502,117	-1.9
<b>Non-current assets</b>	<b>2,958,810</b>	<b>2,979,838</b>	<b>-0.7</b>
Inventories	670,690	611,405	9.7
Trade receivables	1,280,817	1,390,397	-7.9
Income tax receivables	31,904	25,832	23.5
Other current financial assets	194,656	165,942	17.3
Cash and cash equivalents	867,045	929,120	-6.7
Assets held for sale	5,253	5,403	-2.8
<b>Current assets</b>	<b>3,050,365</b>	<b>3,128,099</b>	<b>-2.5</b>
<b>Total assets</b>	<b>6,009,175</b>	<b>6,107,937</b>	<b>-1.6</b>

Equity and liabilities (EUR thousand)	03/31/2017	12/31/2016	Change in %
Issued capital	518,097	520,376	-0.4
Capital reserve	1,217,861	1,217,861	-
Retained earnings	1,084,943	1,067,812	1.6
Accumulated other comprehensive income	182,994	188,977	-3.2
Non-controlling interests	574	578	-0.7
<b>Equity</b>	<b>3,004,469</b>	<b>2,995,604</b>	<b>0.3</b>
Non-current provisions	137,010	138,751	-1.3
Non-current employee benefit obligations	801,994	807,652	-0.7
Non-current financial liabilities	5,879	10,238	-42.6
Other non-current liabilities	46,815	48,181	-2.8
Deferred taxes	143,109	144,930	-1.3
<b>Non-current liabilities</b>	<b>1,134,807</b>	<b>1,149,752</b>	<b>-1.3</b>
Current provisions	135,735	144,465	-6.0
Current employee benefit obligations	156,493	181,424	-13.7
Current financial liabilities	160,993	165,719	-2.9
Trade payables	568,938	624,817	-8.9
Income tax liabilities	30,189	33,317	-9.4
Other current liabilities	817,551	812,839	0.6
<b>Current liabilities</b>	<b>1,869,899</b>	<b>1,962,581</b>	<b>-4.7</b>
<b>Total equity and liabilities</b>	<b>6,009,175</b>	<b>6,107,937</b>	<b>-1.6</b>

## Consolidated Income Statement

### January 1 – March 31, 2017

(EUR thousand)	Q1	Q1		Change in %	
	2017	2016	2016		
	Total	Excluding restructuring	Restructuring expenses	Total	
Revenue	1,003,913	941,212	–	941,212	6.7
Cost of sales	686,513	646,100	–4,537	641,563	7.0
<b>Gross margin</b>	<b>317,400</b>	<b>295,112</b>	<b>4,537</b>	<b>299,649</b>	<b>5.9</b>
Selling expenses	135,485	122,319	–1,526	120,793	12.2
Research and development expenses	15,269	15,429	–725	14,704	3.8
General and administrative expenses	111,001	112,145	–2,456	109,689	1.2
Other income	77,759	85,544	–	85,544	–9.1
Other expenses	70,391	79,937	1,389	81,326	–13.4
Share of profit or loss of equity-accounted investments	559	383	–	383	46.0
Other financial expenses	–	37	–	37	–
<b>Earnings before interest and tax (EBIT)</b>	<b>63,572</b>	<b>51,172</b>	<b>7,855</b>	<b>59,027</b>	<b>7.7</b>
Interest income	2,381	–	–	1,686	41.2
Interest expense	5,495	–	–	18,373	–70.1
<b>Profit before tax from continuing operations</b>	<b>60,458</b>	–	–	<b>42,340</b>	<b>42.8</b>
Income taxes	13,301	–	–	8,045	65.3
<b>Profit after tax from continuing operations</b>	<b>47,157</b>	–	–	<b>34,295</b>	<b>37.5</b>
<b>Profit or loss after tax from discontinued operations</b>	<b>8,196</b>	–	–	<b>32</b>	<b>&gt; 100</b>
<b>Profit for the period</b>	<b>55,353</b>	–	–	<b>34,327</b>	<b>61.3</b>
thereof attributable to shareholders of GEA Group AG	55,348	–	–	34,328	61.2
thereof attributable to non-controlling interests	5	–	–	–1	–

(EUR)	Q1	Q1	Change
	2017	2016	in %
Basic and diluted earnings per share from continuing operations	0.25	0.18	37.6
Basic and diluted earnings per share from discontinued operations	0.04	0.00	> 100
<b>Basic and diluted earnings per share</b>	<b>0.29</b>	<b>0.18</b>	<b>61.4</b>
<b>Weighted average number of ordinary shares used to calculate basic and diluted earnings per share (million)</b>	<b>192.3</b>	<b>192.5</b>	<b>–0.1</b>



## Consolidated Cash Flow Statement

### January 1 – March 31, 2017

(EUR thousand)	01/01/2017 – 03/31/2017	01/01/2016 – 03/31/2016
Profit for the period	55,353	34,327
plus income taxes	13,301	8,045
minus profit or loss after tax from discontinued operations	-8,196	-32
Profit before tax from continuing operations	60,458	42,340
Net interest income	3,114	16,687
<b>Earnings before interest and tax (EBIT)</b>	<b>63,572</b>	<b>59,027</b>
Depreciation, amortization, impairment losses, and reversal of impairment losses on non-current assets	27,285	26,180
Other non-cash income and expenses	2,173	4,887
Employee benefit obligations from defined benefit pension plans	-10,336	-12,714
Change in provisions and other employee benefit obligations	-33,837	-61,737
Losses and disposal of non-current assets	-83	-200
Change in inventories including unbilled construction contracts*	-43,816	-63,035
Change in trade receivables	93,969	97,311
Change in trade payables	-60,005	-87,624
Change in other operating assets and liabilities	-39,933	-33,724
Tax payments	-15,875	-18,111
<b>Cash flow from operating activities of continued operations</b>	<b>-16,886</b>	<b>-89,740</b>
Cash flow from operating activities of discontinued operations	-1,066	4,431
<b>Cash flow from operating activities</b>	<b>-17,952</b>	<b>-85,309</b>
Proceeds from disposal of non-current assets	2,389	1,100
Payments to acquire property, plant and equipment, and intangible assets	-19,585	-12,999
Payments from non-current financial assets	-24	-
Interest income	859	947
Dividend income	559	-
Payments to acquire subsidiaries and other businesses	-348	-
<b>Cash flow from investing activities of continued operations</b>	<b>-16,150</b>	<b>-10,952</b>
Cash flow from investing activities of discontinued operations	-342	-842
<b>Cash flow from investing activities</b>	<b>-16,492</b>	<b>-11,794</b>
Payments for acquisition of treasury shares	-32,268	-
Payments from finance leases	-989	-750
Repayments of finance loans	-	-3,193
Proceeds from finance loans	5,902	-
Interest payments	-723	-5,462
<b>Cash flow from financing activities of continued operations</b>	<b>-28,078</b>	<b>-9,405</b>
Cash flow from financing activities of discontinued operations	-23	5
<b>Cash flow from financing activities</b>	<b>-28,101</b>	<b>-9,400</b>
Effect of exchange rate changes on cash and cash equivalents	721	-5,275
<b>Change in unrestricted cash and cash equivalents</b>	<b>-61,824</b>	<b>-111,778</b>
Unrestricted cash and cash equivalents at beginning of period	928,004	1,172,778
Unrestricted cash and cash equivalents at end of period	866,180	1,061,000
Restricted cash and cash equivalents	865	628
<b>Cash and cash equivalents total</b>	<b>867,045</b>	<b>1,061,628</b>

\*) Including advanced payments received

**Consolidated Statement of Changes in Equity**  
as of March 31, 2017

(EUR thousand)	Issued capital	Capital reserves	Retained earnings	Accumulated other comprehensive income			Equity attributable to shareholders of GEA Group AG	Non-controlling interests	Total
				Translation of foreign operations	Result of available-for-sale financial assets	Result of cash flow hedges			
<b>Balance at Jan. 1, 2016</b> <b>(192,495,476 shares)</b>	<b>520,376</b>	<b>1,217,861</b>	<b>962,515</b>	<b>144,527</b>	<b>-234</b>	<b>-1,416</b>	<b>2,843,629</b>	<b>570</b>	<b>2,844,199</b>
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
Purchase of treasury shares	-	-	-	-	-	-	-	-	-
Change in other non-controlling interests	-	-	-	-	-	-	-	-12	-12
<b>Balance at March 31, 2016</b> <b>(192,495,476 shares)</b>	<b>520,376</b>	<b>1,217,861</b>	<b>975,931</b>	<b>93,702</b>	<b>-74</b>	<b>-1,238</b>	<b>2,806,558</b>	<b>557</b>	<b>2,807,115</b>
<b>Balance at Jan. 1, 2017</b> <b>(192,495,476 shares)</b>	<b>520,376</b>	<b>1,217,861</b>	<b>1,067,812</b>	<b>189,962</b>	<b>-467</b>	<b>-518</b>	<b>2,995,026</b>	<b>578</b>	<b>2,995,604</b>
Profit for the period	-	-	55,348	-	-	-	55,348	5	55,353
Other comprehensive income	-	-	1,502	-6,154	-66	237	-4,481	-	-4,481
Total comprehensive income	-	-	56,850	-6,154	-66	237	50,867	5	50,872
Purchase of treasury shares	-2,279	-	-39,719	-	-	-	-41,998	-	-41,998
Change in other non-controlling interests	-	-	-	-	-	-	-	-9	-9
<b>Balance at March 31, 2017</b> <b>(191,406,028 shares)</b>	<b>518,097</b>	<b>1,217,861</b>	<b>1,084,943</b>	<b>183,808</b>	<b>-533</b>	<b>-281</b>	<b>3,003,895</b>	<b>574</b>	<b>3,004,469</b>

## Financial Calendar

July 26, 2017 .....	Half-yearly Financial Report for the period to June 30, 2017
October 26, 2017 .....	Quarterly Statement for the period to September 30, 2017

### The GEA Stock: Key data

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

### American Depository Receipts (ADR)

CUSIP .....	361592108
Symbol .....	GEAGY
Sponsor .....	Deutsche Bank Trust Company Americas
ADR-Level .....	1
Ratio .....	1:1

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

#### Note regarding the rounding of figures

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

#### Note to the quarterly statement

This quarterly statement is the English translation of the original German version; in case of deviations between these two, the German version prevails.

## We live our values.

Excellence • Passion • Integrity • Responsibility • GEA-versity

GEA is a global technology 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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