Q2

Half-yearly Financial Report

January 1 – June 30, 2018

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Contents

Summary

In the second quarter of 2018, GEA topped the previous year's figure for order intake, setting a new quarterly record. Second-quarter revenue was above the level of the previous year. Operating EBITDA in the second quarter was slightly above the figure for the same quarter of the previous year. The corresponding margin remained on a par with the previous year.

"Demand for our products and applications hit record levels in the second quarter of the year thanks to our innovative capabilities and leading technologies. Whereas negative currency effects produced a headwind, our latest acquisitions had a positive impact. Revenue was in line with expectations. Due to an increase in revenue and ongoing cost discipline, among other factors, operating EBITDA was slightly above the previous year's level. However, GEA was not able to make up the shortfall from the first quarter. The negative effects of a strong euro, increases in material costs and the resulting pressure on margins means that hitting our margin targets will remain a big challenge," said Jürg Oleas, CEO of GEA. "Judging by the key indicators for the first half of the year, we assume that revenue growth for the whole of 2018 will likely land at the upper end of the published corridor. However, in terms of the figures for the operating EBITDA margin and, thus, the operating cash flow driver margin, we now expect to close the financial year at the lower end of the forecasted corridor."

IFRS key figures of GEA

(EUR million)	Q2 2018	Q2 2017	Change in %	Organic change in %	Q1-Q2 2018	Q1-Q2 2017	Change in %	Organic change in %
Results of operations								
Order intake	1,383.0	1,241.1	11.4	9.9	2,485.6	2,377.1	4.6	3.4
Revenue	1,227.0	1,138.5	7.8	6.7	2,266.4	2,142.4	5.8	5.7
Operating EBITDA[1]	133.0	122.4	8.6	–	199.5	218.8	–8.8	–
as % of revenue	10.8	10.8	–	–	8.8	10.2	–	–
Operating EBIT[1]	108.9	101.9	6.9	–	152.7	178.2	–14.3	–
as % of revenue	8.9	8.9	–	–	6.7	8.3	–	–
EBIT	87.6	78.7	11.3	–	111.1	142.3	–21.9	–
Net assets								
Working capital intensity in % (average of the last 12 months)	15.8	16.1	–	–	15.8	16.1	–	–
Net liquidity (+)/Net debt (–)	–326.9	343.7	–	–	–326.9	343.7	–	–
Financial position								
Operating cash flow driver margin[2]	9.3	7.0	–	–	9.3	7.0	–	–
ROCE in % (goodwill adjusted)[3]	13.3	15.1	–	–	13.3	15.1	–	–
Full-time equivalents (reporting date)[4]	18,287	17,093	7.0	1.9	18,287	17,093	7.0	1.9
GEA Shares								
Earnings per share (EUR)	0.36	0.29	23.0	–	0.38	0.58	–34.7	–

1) Before effects of purchase price allocations and adjustments (see page 44 f.)
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)
4) Organic change without acquisitions but including other changes in the basis of consolidation

Management Report

Disclosure of the Group's course of business, including the comparable prior-year figures, is presented for the two Business Areas (BAs) 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 rules. Adding together individual amounts may, therefore, result in rounding differences in some cases.

Management

On April 18, 2018 – in the context of the generation change taking place within the Executive Board of GEA Group Aktiengesellschaft – the Supervisory Board and CFO Dr. Helmut Schmale decided by mutual agreement that the latter would leave the Executive Board prior to the scheduled expiry of his term of office at the end of March 2021. Helmut Schmale has been a member of GEA's Executive Board since 2009. He will continue to carry out his duties as before until a decision on his successor has been made.

Retirement of treasury shares

On June 21, 2018, with the consent of the Supervisory Board, GEA retired all the treasury shares (12,003,304 in total) it had purchased in the course of the share buyback initiative. This is a reduction of around 6.24 percent. The total number of GEA shares in circulation now stands at 180,492,172. GEA no longer holds any treasury shares.

Report on Economic Position

Course of business

Order intake

With order intake of EUR 1,383.0 million in the second quarter of 2018, GEA bettered its previous year's showing by 11.4 percent. This is the biggest order intake ever recorded by GEA in any quarter. Adjusted for negative exchange rate fluctuations of minus 3.8 percent and acquisition effects of plus 5.3 percent, growth amounted to 9.9 percent. Growth in order intake resulted primarily from mid-sized orders of between EUR 5 and EUR 15 million in value.

In regional terms, GEA saw its strongest growth in the period under review in North and Central Europe and in Latin America, with both regions recording clear double-digit increases.

GEA secured five major orders (each in excess of EUR 15 million) between April and June this year, i.e. three dairy projects and one project each in the customer industries beverages and pharma. These projects had a combined order volume of around EUR 120 million. In the comparable prior-year quarter, GEA posted five major orders with a total volume of around EUR 136 million.

After posting no major orders in the first quarter of the financial year, the situation in this regard is now much more positive. However, these orders will have only a limited impact on our result for the current financial year.

Order intake (EUR million)	Q2 2018	Q2 2017	Change in %	Adjusted growth in %	Q1-Q2 2018	Q1-Q2 2017	Change in %	Adjusted growth in %
BA Equipment	688.3	622.0	10.7	5.2	1,389.7	1,243.7	11.7	8.2
BA Solutions	755.3	671.5	12.5	14.9	1,217.3	1,235.6	–1.5	–0.0
Consolidation/others	–60.6	–52.5	–15.5	–	–121.4	–102.2	–18.8	–
GEA	**1,383.0**	**1,241.1**	**11.4**	**9.9**	**2,485.6**	**2,377.1**	**4.6**	**3.4**

The order intake of EUR 2,485.6 million for the first six months of 2018 saw GEA once again surpass the previous year's record for the first half of a financial year. Adjusted for exchange rate fluctuations and acquisition effects of minus 4.4 percent and plus 5.6 percent respectively, growth in order intake amounted to 3.4 percent.

Order intake by product group (BA Equipment) and application center (BA Solutions) on the basis of the last 12 months is as follows:

Order intake[1] GEA (last 12 months)	Change Q2/2018 to Q2/2017	Share[2] of order intake in %
PGs Food Processing & Packaging; Pasta, Extrusion & Milling	⬆	10
PGs Separation, Homogenizers, Flow Components, Compression	➡	25
PG Milking Dairy Farming	⬆	15
Business Area Equipment	⬆	**50**
APC Dairy	⬇	15
APC Beverage	⬆	10
APC Food	↘	10
APC Utilities	⬇	10
APC Pharma	➡	5
APC Chemical	⬆	5
Business Area Solutions	➡	**50**
GEA	↗	**100**

⬆ > 5 percentage points ↗ 1 to 5 percentage points ➡ 1 to -1 percentage points ↘ -1 to -5 percentage points ⬇ < -5 percentage points

1) external business only; PG = Product Group, APC = Application Center
2) split rounded to nearest 5 %

Order backlog

Order backlog rose to EUR 2,554.4 million, an increase of around EUR 200 million (9 percent) compared with December 31, 2017

Revenue

Group revenue in the second quarter of 2018 amounted to EUR 1,227.0 million, a robust increase of 7.8 percent compared with the prior-year figure. Adjusted for exchange rate movements (minus 4.2 percent) and acquisitions (plus 5.3 percent), revenue growth amounted to 6.7 percent.

Revenue growth in the second quarter resulted primarily from the regions of Germany, Austria, Switzerland (DACH) & Eastern Europe, and from North and Central Europe, each recording double-digit increases.

The book-to-bill ratio, i.e. the ratio of order intake to revenue, was around 1.13 in the quarter under review.

Revenue (EUR million)	Q2 2018	Q2 2017	Change in %	Adjusted growth in %	Q1-Q2 2018	Q1-Q2 2017	Change in %	Adjusted growth in %
BA Equipment	653.2	585.5	11.6	7.3	1,245.3	1,117.1	11.5	8.8
BA Solutions	633.4	601.7	5.3	7.5	1,137.4	1,122.4	1.3	3.9
Consolidation/others	–59.5	–48.7	–22.1	–	–116.3	–97.2	–19.7	–
GEA	**1,227.0**	**1,138.5**	**7.8**	**6.7**	**2,266.4**	**2,142.4**	**5.8**	**5.7**

Exchange rate movements impacted revenue to the tune of 4.6 percent in the first half of the year, while changes in the basis of consolidation produced an increase of 4.8 percent. Adjusted revenue growth thus amounted to 5.7 percent. Based on constant exchange rates compared with the previous year, revenue grew by 10.4 percent in the first half of the year. Revenue for both the second quarter of the year and for the first half of 2018 set new records, both for GEA as a whole and for the two Business Areas.

The following charts show trends in revenue and a breakdown of this financial indicator by product group (BA Equipment), application center (BA Solutions), and region based on the last 12 months of business:

Revenue[1] GEA (last 12 months)	Change Q2/2018 to Q2/2017	Share[2] of revenue in %
PGs Food Processing & Packaging; Pasta, Extrusion & Milling	↑	10
PGs Separation, Homogenizers, Flow Components, Compression	→	25
PG Milking Dairy Farming	↑	15
Business Area Equipment	↑	**50**
APC Dairy	↗	15
APC Beverage	↘	10
APC Food	↑	10
APC Utilities	↘	10
APC Pharma	↑	5
APC Chemical	↓	5
Business Area Solutions	↗	**50**
GEA	↗	**100**

↑ > 5 percentage points ↗ 1 to 5 percentage points → 1 to -1 percentage points ↘ -1 to -5 percentage points ↓ < -5 percentage points

1) External business only; PG = Product Group, APC = Application Center
2) Split rounded to nearest 5 %

Revenue by regions GEA
(last 12 months)

	Change Q2/2018 to Q2/2017	Share of revenue in %
Asia Pacific	→	22
DACH & Eastern Europe	↑	22
Western Europe, Middle East & Africa	↗	19
North- and Central Europe	↘	13
Latin America	↑	7
North America	→	18
GEA	↗	**100**

↑ > 5 percentage points ↗ 1 to 5 percentage points → 1 to -1 percentage points ↘ -1 to -5 percentage points ↓ < -5 percentage points

Business Area Equipment

Revenue in the Business Area Equipment grew strongly by 11.5 percent in the first half of 2018. On a constant exchange rate basis and adjusted for acquisitions, revenue grew by 8.8 percent.

Growth in revenue by region over the last 12 months is displayed on the table below:

Revenue by regions Business Area Equipment
(last 12 months)

	Change Q2/2018 to Q2/2017	Share of revenue in %
Asia Pacific	↓	18
DACH & Eastern Europe	↑	23
Western Europe, Middle East & Africa	↑	17
North- and Central Europe	↑	13
Latin America	↑	7
North America	↑	21
Business Area Equipment	↑	**100**

↑ > 5 percentage points ↗ 1 to 5 percentage points → 1 to -1 percentage points ↘ -1 to -5 percentage points ↓ < -5 percentage points

Business Area Solutions

Revenue in the Business Area Solutions was 1.3 percent above the previous year's figure in the first six months of the year. Adjusted for exchange rate and acquisition effects (VIPOLL), revenue increased by 3.9 percent.

The following table shows a breakdown of revenue by region over the last 12 months:

Revenue by regions Business Area Solutions
(last 12 months)

	Change Q2/2018 to Q2/2017	Share of revenue in %
Asia Pacific	↑	26
DACH & Eastern Europe	↑	21
Western Europe, Middle East & Africa	↓	20
North- and Central Europe	↓	13
Latin America	↑	7
North America	↓	13
Business Area Solutions	↗	**100**

↑ > 5 percentage points ↗ 1 to 5 percentage points → 1 to -1 percentage points ↘ -1 to -5 percentage points ↓ < -5 percentage points

Results of operations, financial position and net assets

Results of operations

For some time now, the key indicators for the operating results as used by the management for controlling purposes have been defined in the context of the guidelines on alternative performance measures published by the European Securities and Markets Authority (ESMA). Expanded in the course of 2017 for the 2018 financial year, these are as follows: Since the start of the 2018 financial year – in line with its internal control system – GEA's management has been using the operating EBITDA margin (the ratio of operating EBITDA to revenue) as a measure of its operating performance. In addition, GEA is presenting key indicators for sales revenue, operating EBITDA margin, and operating cash flow driver margin in 2018 (given constant exchange rates and in comparison with the previous year). Year-on-year exchange rates are used during the year. Thus, as in previous years, the figures for operating EBITDA and operating EBIT will be 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 strategy projects. These include restructuring costs, expenses for external consultants, outlay on scheduled and completed company acquisitions, together with other material expenses and internal costs directly attributable to the projects (see page 44 f.).

In accordance with this definition, operating EBITDA for the first half of 2018 was adjusted for expenses totaling EUR 19.1 million (previous year: EUR 20.5 million).

GEA's operating EBITDA in the second quarter of the year was EUR 10.6 million above the previous year's level. The corresponding margin was 10.8 percent, exactly the same as the value in the previous year. Here, GEA managed to reduce its overhead cost ratio. However, a strong euro and increases in material costs had a negative effect on our gross profit margin.

Despite significant growth in revenue, the Business Area Equipment was unable to increase operating profit due to the aforementioned negative effects of a strong euro and high material costs. The situation was exacerbated by disproportionate revenue growth from lower-margin product groups and a slow-down in services business within the Business Area Equipment. The Business Area Solutions succeeded in increasing its operating EBITDA in line with revenue growth. GEA has adjusted its expectations for future cash outflows for environmental and mining obligations based on information from the first half of 2018. This led to a reduction in provisions of EUR 8.8 million and a corresponding increase in other income as of June 30, 2018. In contrast to this provision release, provisions increased by EUR 8.9 million due to changes in interest rates, with a corresponding negative impact on net interest income.

Due to the weak first quarter, operating EBITDA in the first half of the year was EUR 19.3 million down on the previous year's level. The corresponding margin fell by around 140 basis points to 8.8 percent.

Based on constant exchange rates compared with the previous year, the operating EBITDA margin amounted to 8.5 percent of revenue.

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

Operating EBITDA/operating EBITDA margin* (EUR million)	Q2 2018	Q2 2017	Change in %	Q1-Q2 2018	Q1-Q2 2017	Change in %
BA Equipment	91.0	96.9	–6.0	157.2	166.2	–5.4
as % of revenue	13.9	16.5	–	12.6	14.9	–
BA Solutions	37.6	35.1	7.2	37.6	58.7	–35.8
as % of revenue	5.9	5.8	–	3.3	5.2	–
Consolidation/others	4.3	–9.6	–	4.7	–6.0	–
GEA	**133.0**	**122.4**	**8.6**	**199.5**	**218.8**	**–8.8**
as % of revenue	**10.8**	**10.8**	**–**	**8.8**	**10.2**	**–**

*) Before effects of purchase price allocations and adjustments (see page 44 f.)

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

Reconciliation of operating EBITDA to operating EBIT (EUR million)	Q2 2018	Q2 2017	Change in %	Q1-Q2 2018	Q1-Q2 2017	Change in %
Operating EBITDA*	**133.0**	**122.4**	**8.6**	**199.5**	**218.8**	**–8.8**
Realization of step-up amounts on inventories	–0.5	–0.4	–	–0.5	–0.9	–
Adjustments	–9.9	–15.3	–	–19.1	–20.5	–
EBITDA	**122.6**	**106.6**	**15.0**	**179.9**	**197.5**	**–8.9**
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	–35.0	–27.9	–	–68.8	–55.2	–
EBIT	**87.6**	**78.7**	**11.3**	**111.1**	**142.3**	**–21.9**
Depreciation and amortization on capitalization of purchase price allocation	10.9	7.4	–	21.9	14.6	–
Realization of step-up amounts on inventories	0.5	0.4	–	0.5	0.9	–
Adjustments	9.9	15.3	–	19.2	20.5	–
Operating EBIT*	**108.9**	**101.9**	**6.9**	**152.7**	**178.2**	**–14.3**

*) Before effects of purchase price allocations and adjustments (see page 44 f.)

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

Operating EBIT/operating EBIT margin* (EUR million)	Q2 2018	Q2 2017	Change in %	Q1-Q2 2018	Q1-Q2 2017	Change in %
BA Equipment	75.6	82.4	–8.3	126.6	137.7	–8.1
as % of revenue	11.6	14.1	–	10.2	12.3	–
BA Solutions	31.2	30.7	1.8	25.9	49.6	–47.7
as % of revenue	4.9	5.1	–	2.3	4.4	–
Consolidation/others	2.1	–11.2	–	0.2	–9.1	–
GEA	**108.9**	**101.9**	**6.9**	**152.7**	**178.2**	**–14.3**
as % of revenue	**8.9**	**8.9**	**–**	**6.7**	**8.3**	**–**

*) Before effects of purchase price allocations and adjustments (see page 44 f.)

Key figures: Results of operations (EUR million)	Q2 2018	Q2 2017	Change in %	Q1-Q2 2018	Q1-Q2 2017	Change in %
Revenue	1,227.0	1,138.5	7.8	2,266.4	2,142.4	5.8
Operating EBITDA*	133.0	122.4	8.6	199.5	218.8	–8.8
EBITDA	122.6	106.6	15.0	179.9	197.5	–8.9
Operating EBIT*	108.9	101.9	6.9	152.7	178.2	–14.3
EBIT	87.6	78.7	11.3	111.1	142.3	–21.9
Interest	5.5	4.3	25.8	17.3	7.5	> 100
EBT	82.1	74.3	10.5	93.8	134.8	–30.4
Income taxes	17.2	16.4	5.4	19.7	29.7	–33.6
Profit after tax from continuing operations	64.9	58.0	11.9	74.1	105.1	–29.5
Profit/loss after tax from discontinued operations	0.3	–2.6	–	–5.6	5.6	–
Profit for the period	65.1	55.4	17.5	68.5	110.8	–38.2

*) Before effects of purchase price allocations and adjustments (see page 44 f.)

The EUR 9.8 million increase in interest payments in the first half of the year was mainly due to discount unwinding costs on non-current other provisions.

An income tax rate of 21.0 percent is expected for fiscal year 2018 and this figure was also used as the basis for calculating the tax expenditure for the first six months of the year.

Discontinued operations posted a substantial loss, down EUR 5.6 million, in the first half of 2018. This was the result, in particular, of a further change in the discount rate used to measure the non-current provisions set up for the former mining activities of mg technologies. In the previous year, discontinued operations posted significant positive earnings of EUR 5.6 million, largely on the back of the remeasurement of financial obligations arising from the sale of the former GEA Heat Exchangers segment.

Consolidated profit amounted to EUR 65.1 million in the quarter under review. Following the reduction in the average number of dividend-earning shares to 180,492,172 (previous year: 188.690.273) due to the share buyback program, earnings per share amounted to EUR 0.36 (previous year: EUR 0.29). Earnings per share in the first half of the year stood at EUR 0.38 (average of 180,565,353 dividend-earning shares in circulation), compared with EUR 0.58 in the previous year (average number of 190,503,499 shares).

Financial position

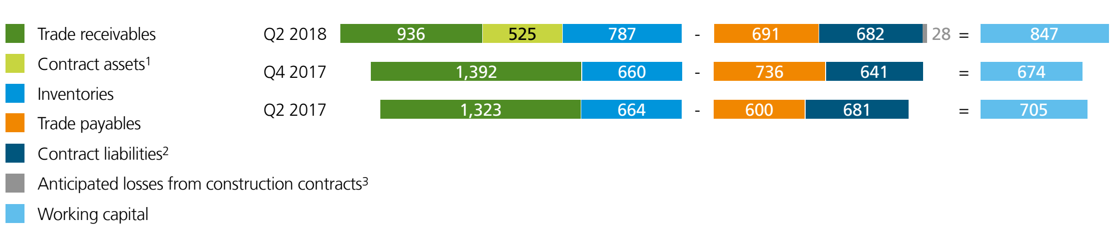
Compared with the previous year, net liquidity (including discontinued operations) fell from EUR 343.7 million to a net debt of EUR 326.9 million, principally as a result of cash outflows for acquisitions and for the share buyback program.

Overview of net liquidity incl. discontinued operations (EUR million)	06/30/2018	12/31/2017	06/30/2017
Cash and cash equivalents	269.3	250.5	498.5
Securities	–	–	0.0
Liabilities to banks	596.2	244.9	154.8
Net liquidity (+)/Net debt (–)	**–326.9**	**5.6**	**343.7**

Guarantee lines – which are mainly for contract performance, advance payments, and warranties – of EUR 1,332.2 million (December 31, 2017: EUR 1,361.2 million) were available to GEA Group as of the reporting date, of which EUR 514.4 million (December 31, 2017: EUR 524.2 million) had been utilized.

Change in Working Capital (continued operations)

(EUR million)

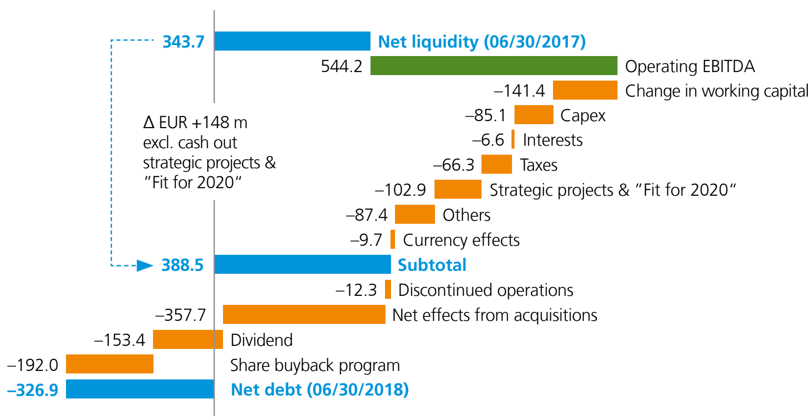


The first-time application of IFRS 15 "Revenue from Contracts with Customers" results in presentational changes to the balance sheet with beginning of the reporting period 2018. This results in a revised presentation of the balance sheet items included in working capital.
1) Previously reported under trade receivables
2) Previously reported as advance payments received
3) Previously deducted from trade receivables

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

Change in net position

(EUR million)



The consolidated cash flow statement can be summarized as follows:

Overview of cash flow statement (EUR million)	Q1-Q2 2018	Q1-Q2 2017	Change absolute
Cash flow from operating activities	–84.4	43.4	–127.8
Cash flow from investing activities	–57.1	–43.7	–13.4
Free cash flow	**–141.5**	**–0.3**	**–141.2**
Cash flow from financing activities	168.4	–411.3	579.7
Net cash flow from disposal group GEA Heat Exchangers	–0.6	–	–0.6
Net cash flow other discontinued operations	–4.3	–9.4	5.1
Change in unrestricted cash and cash equivalents	19.6	–430.6	450.2

Cash flow from operating activities attributable to continuing operations amounted to EUR minus 84.4 million since the start of the year, EUR 127.8 million below the previous year's level. This was due to a substantial increase in working capital.

Cash flow from investing activities was slightly below the level of the previous year, mainly as a result of outflows for company acquisitions in the reporting period. In contrast, payments to acquire property, plant and equipment, and intangible assets fell.

Cash flow from financing activities attributable to continued operations reflect the dividend payout (EUR 153.4 million) and, in particular, new borrower's note loans of EUR 250.0 million and the increased utilization of credit lines. In the previous year, this item had also included the dividend payment (EUR 152.8 million) and the repurchase of treasury shares (EUR 261.1 million).

Cash flow drivers

The operating cash flow driver margin for the last 12 months amounted to 9.3 percent, compared with 7.0 percent for the prior-year period.

Operating cash flow driver/operating cash flow driver margin (EUR million)	06/30/2018	06/30/2017
Operating EBITDA (last 12 months)	544.2	546.0
Capital expenditure on property, plant and equipment (last 12 months)	–110.8	–112.2
Adjustment of capital expenditure in strategic projects (last 12 months)	18.5	16.6
Change in working capital (average of the last 12 months)	–14.1	–133.7
Operating cash flow driver (operating EBITDA – capex –/+change in working capital)	**437.8**	**316.6**
as % of revenue (last 12 months)	9.3	7.0

On the basis of constant exchange rates compared with a year before, the cash flow driver margin amounted to 8.6 percent of revenue.

Net assets

Condensed balance sheet (EUR million)	06/30/2018	as % of total assets	12/31/2017	as % of total assets	Change in %
Assets					
Non-current assets	3,258.6	53.8	3,233.9	56.3	0.8
thereof goodwill	1,746.0	28.8	1,725.8	30.0	1.2
thereof deferred taxes	426.3	7.0	411.3	7.2	3.6
Current assets	2,799.1	46.2	2,513.5	43.7	11.4
thereof cash and cash equivalents	269.3	4.4	250.5	4.4	7.5
thereof assets held for sale	15.5	0.3	–	–	–
Total assets	**6,057.7**	**100.0**	**5,747.4**	**100.0**	**5.4**
Equity and liabilities					
Equity	2,410.9	39.8	2,503.6	43.6	–3.7
Non-current liabilities	1,405.4	23.2	1,157.5	20.1	21.4
thereof financial liabilities	264.2	4.4	6.0	0.1	> 100
thereof deferred taxes	168.8	2.8	171.2	3.0	–1.4
Current liabilities	2,241.4	37.0	2,086.3	36.3	7.4
thereof financial liabilities	344.8	5.7	256.8	4.5	34.2
Total equity and liabilities	**6,057.7**	**100.0**	**5,747.4**	**100.0**	**5.4**

The marked increase in total assets compared with December 31, 2017 was mainly due to higher inventories and trade receivables incl. contract asset values; the increase in both items reflects the first-time consolidation of the acquired companies and, in particular, the strong organic growth of the second quarter. Receivables from tax authorities, and cash funds also increased. Although working capital as a whole rose by around EUR 173 million compared with the value at the end of 2017, average working capital over the last 12 months fell from 16.1 percent to 15.8 percent of revenue.

Compared with December 31, 2017, equity fell by EUR 92.7 million to EUR 2,410.9 million. Consolidated earnings of EUR 68.5 million together with currency translation effects (EUR 14.0 million) helped to increase equity, while the dividend payment (EUR 153.4 million) and the repurchase of treasury shares (EUR 21.0 million) served to reduce this key indicator. Adjustments made as a result of the initial application of the new IFRS 9 and IFRS 15 standards produced only a slight fall in equity of EUR 3.9 million. The equity ratio is now 39.8 percent.

By taking up new borrower's note loans in the amount of EUR 250 million, GEA increased its non-current liabilities and, through the increased utilization of credit lines, also its current liabilities compared with December 31, 2017.

Employees

Employees* by region	06/30/2018		12/31/2017		06/30/2017	
DACH & Eastern Europe	6,603	36.1%	6,398	35.8%	6,343	37.1%
North and Central Europe	2,994	16.4%	2,927	16.4%	2,943	17.2%
Asia Pacific	2,949	16.1%	2,904	16.3%	2,898	17.0%
Western Europe, Middle East & Africa	3,444	18.8%	3,401	19.0%	2,752	16.1%
North America	1,809	9.9%	1,763	9.9%	1,738	10.2%
Latin America	488	2.6%	471	2.6%	420	2.5%
Total	**18,287**	**100.0%**	**17,863**	**100.0%**	**17,093**	**100.0%**

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

The workforce increased by 1,194 compared with June 30, 2017. Of these new employees, 877 arrived in the wake of acquisitions, while 23 were the result of other changes in the basis of consolidation. Adjusted for these effects, the workforce increased by 294.

Research and development

Research and development (R&D) expenses* (EUR million)	Q2 2018	Q2 2017	Change in %	Q1-Q2 2018	Q1-Q2 2017	Change in %
R&D expenses after adjustments	28.9	23.4	23.5	51.9	45.7	13.6
R&D ratio (as % of revenue)	2.4	2.1	–	2.3	2.1	–

*) Incl. refunded expenses (contract costs)

Innovation is the key to GEA's future success. In the second quarter of 2018, GEA's main focus in the area of research and development (R&D) was the generation of tangible (customer) benefits through sustainability. Examples include initiatives to cut energy consumption, improve manufacturing yield, and reduce waste. Another focus was the digitalization of operations and processes with the aim of increasing reliability, performance and predictability.

In the quarter under review, GEA once again introduced numerous innovations into the market, for example the GEA NiSoX Valve, which celebrated its world premiere at the ACHEMA international trade fair for the process industry. This new homogenization valve can distribute particles of the desired size particularly uniformly. The main benefactors of this new technology are customers in the pharma and cosmetics industries, who rely on having the finest micro and nanoemulsions for the production of their products.

Specially designed for highly corrosive applications in the chemical industry, GEA has developed a vacuum pump made of DIABON® graphite that extracts aggressive vapors and gases. The graphite pump is much more robust and precise than conventional porcelain pumps, and it allows energy savings of more than 30 percent.

The new explosion-proof GEA TTI 150 separator for chemical applications is designed to handle the special requirements of combustible materials, and is able to separate even liquids with large differences in density efficiently. GEA also managed to reduce significantly noise emissions from the equipment.

Report on Risks and Opportunities

Aside from the issue explained below, there was no significant change in the overall assessment of risks and opportunities in the reporting period compared with the position presented in the 2017 Annual Report.

GEA's business is both international and cross-border. As such, the impact of burgeoning global trade tensions will need to be monitored carefully, and this applies also to the risks and opportunities arising from a global corporate structure with production and sales operations in over 50 countries. Developments in the first half of the year served merely to increase the likelihood of additional trade restrictions materializing.

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 identified risks in line with the relevant requirements.

Report on Expected Developments

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

Economic environment in 2018

In their most recent publications, the main economic research institutions, i.e. the International Monetary Fund (IMF), the World Bank Group, and the United Nations (UN) reaffirmed or slightly raised the forecasts presented at the start of the year. As such, they predict that global gross domestic product will rise by 3.1 percent (World Bank Group), 3.2 percent (UN, up from 3.0 percent previously), and 3.9 percent (IMF) in 2018. Nonetheless, all three institutions alluded to an increase in certain risks that could jeopardize growth. In its own appraisal, for example, the IMF referred in particular to the eurozone, which is important for GEA's business.

Business outlook

GEA's earnings forecast for 2018 as published in its annual report for 2017 is as follows:

Revenue

Thanks to an additional revenue boost from the two acquisitions, GEA is targeting revenue growth of between 5 and 6 percent for the 2018 financial year.

Earnings

The operating EBITDA margin for the current fiscal year is expected to be between 12.0 and 13.0 percent of revenue. A loss of income from the real estate divestments in fiscal year 2017 as well as the anticipated increase in IT infrastructure expenses during the 2018 fiscal year will be offset by margin improvements in the company's operating segments. In this context, the EBITDA margin of the Business Area Solutions will increase disproportionately more than that of the Business Area Equipment.

Cash flow driver margin

With respect to our operating cash flow driver margin – i.e. the net amount of operating EBITDA, the change in working capital, and capital expenditure – we are expecting a ratio to revenue of between 8.7 percent and 9.7 percent in 2018. This indicator does not include investments in strategic projects.

This outlook is based on constant exchange rates relative to 2017. Year-on-year exchange rates are used during the year. The forecast is also based on the assumption that there will be no slowdown in global economic growth. The acquisitions of Pavan Group and VIPOLL (but not other potential acquisitions in 2018) have already been factored into calculations of the key performance indicators. Further, we are assuming an absence of serious slumps in demand from relevant customer industries or shifts between these industries that could negatively impact margins.

Reported indicators at constant exchange rates

The key performance indicators developed as follows in the first half of 2018:

	Q1 – Q2 2018 reported	Q1 – Q2 2018 constant exchange rates against (2017)
Revenue (EUR million)	2,266.4	2,365.9
Growth in revenue (in %)	5.8	10.4
Operating EBITDA (EUR million)	199.5	201.7
Operating EBITDA margin (in %)	8.8	8.5
Operating cash flow driver margin* (in %)	9.3	8.6

*) Last 12 months

Clarification of the outlook

Judging by the key indicators for the first half of the year, GEA now assumes that revenue growth for the whole of 2018 will likely land at the upper end of the published corridor. However, in terms of the figures for the operating EBITDA margin and, thus, the operating cash flow driver margin, GEA now expects to close the financial year at the lower end of the forecasted corridor.

Düsseldorf, July 26, 2018

The Executive Board

Consolidated Financial Statements for the 2nd Quarter of 2018

Consolidated Balance Sheet
as of June 30, 2018

Assets (EUR thousand)	06/30/2018	12/31/2017	Change in %
Property, plant and equipment	489,526	501,448	–2.4
Investment property	2,373	2,415	–1.7
Goodwill	1,746,030	1,725,808	1.2
Other intangible assets	531,752	539,844	–1.5
Equity-accounted investments	15,319	14,414	6.3
Other non-current financial assets	47,315	38,723	22.2
Deferred taxes	426,283	411,290	3.6
Non-current assets	**3,258,598**	**3,233,942**	**0.8**
Inventories	787,343	659,580	19.4
Contract assets*	525,081	–	–
Trade receivables	936,160	1,391,993	–32.7
Income tax receivables	32,698	30,738	6.4
Other current financial assets	233,071	180,642	29.0
Cash and cash equivalents	269,264	250,507	7.5
Assets held for sale	15,487	–	–
Current assets	**2,799,104**	**2,513,460**	**11.4**
Total assets	**6,057,702**	**5,747,402**	**5.4**

*) GEA applied IFRS 15 for the first time as of January 1, 2018. For more details please refer to section "Reporting Principles" in the Notes to the Consolidated Financial Statements of the Half-yearly Financial Report 2018.

Equity and liabilities (EUR thousand)	06/30/2018	12/31/2017	Change in %
Subscribed capital[1]	520,376	489,372	6.3
Capital reserve	1,217,861	1,217,861	–
Retained earnings	619,431	756,923	–18.2
Accumulated other comprehensive income	52,702	38,247	37.8
Non-controlling interests	561	1,191	–52.9
Equity	**2,410,931**	**2,503,594**	**–3.7**
Non-current provisions	160,221	152,531	5.0
Non-current employee benefit obligations	780,600	794,716	–1.8
Non-current financial liabilities	264,238	6,008	> 100
Non-current contract liabilities[2]	660	–	–
Other non-current liabilities	30,903	33,041	–6.5
Deferred taxes	168,781	171,170	–1.4
Non-current liabilities	**1,405,403**	**1,157,466**	**21.4**
Current provisions	157,389	127,920	23.0
Current employee benefit obligations	137,803	147,071	–6.3
Current financial liabilities	344,756	256,809	34.2
Trade payables	691,870	736,906	–6.1
Current contract liabilities[2]	681,357	–	–
Income tax liabilities	34,153	28,489	19.9
Other current liabilities	185,718	789,147	–76.5
Liabilities held for sale	8,322	–	–
Current liabilities	**2,241,368**	**2,086,342**	**7.4**
Total equity and liabilities	**6,057,702**	**5,747,402**	**5.4**

1) As of 12/31/2017 issued capital
2) GEA applied IFRS 15 for the first time as of January 1, 2018. For more details please refer to section "Reporting Principles" in the Notes to the Consolidated Financial Statements of the Half-yearly Financial Report 2018.

Consolidated Income Statement
April 1 – June 30, 2018

(EUR thousand)	Q2 2018	Q2 2017	Change in %
Revenue	1,227,034	1,138,464	7.8
Cost of sales	862,966	780,133	10.6
Gross margin	**364,068**	**358,331**	**1.6**
Selling expenses	143,664	132,130	8.7
Research and development expenses	21,009	17,394	20.8
General and administrative expenses	116,415	128,272	–9.2
Other income	112,743	102,386	10.1
Other expenses	106,622	104,306	2.2
Net result from impairment and reversal of impairment on financial assets and contract assets*	–1,829	–	–
Share of profit or loss of equity-accounted investments	–144	73	–
Other financial income	451	–	–
Earnings before interest and tax (EBIT)	**87,579**	**78,688**	**11.3**
Interest income	1,258	1,637	–23.2
Interest expense	6,718	5,978	12.4
Profit before tax from continuing operations	**82,119**	**74,347**	**10.5**
Income taxes	17,245	16,356	5.4
Profit after tax from continuing operations	**64,874**	**57,991**	**11.9**
Profit or loss after tax from discontinued operations	**274**	**–2,553**	**–**
Profit for the period	**65,148**	**55,438**	**17.5**
of which attributable to shareholders of GEA Group AG	65,205	55,441	17.6
of which attributable to non-controlling interests	–57	–3	< -100

*) Presentated separately due to initial application of IFRS 9

(EUR)	Q2 2018	Q2 2017	Change in %
Basic and diluted earnings per share from continuing operations	0.36	0.31	17.0
Basic and diluted earnings per share from discontinued operations	0.00	–0.01	–
Basic and diluted earnings per share	**0.36**	**0.29**	**23.0**
Weighted average number of ordinary shares used to calculate basic and diluted earnings per share (million)	**180.5**	**188.7**	**–4.3**

Consolidated Statement of Comprehensive Income
April 1 – June 30, 2018

(EUR thousand)	Q2 2018	Q2 2017	Change in %
Profit for the period	**65,148**	**55,438**	**17.5**
Items, that will not be reclassified to profit or loss in the future:			
Actuarial gains/losses on pension and other post-employment benefit obligations	8	17,468	–100.0
Items, that will be reclassified subsequently to profit or loss when specific conditions are met:			
Exchange differences on translating foreign operations	38,808	–87,007	–
Result from fair value measurement of financial instruments	–	183	–
Result of cash flow hedges	–	242	–
Other comprehensive income	**38,816**	**–69,114**	**–**
Total comprehensive income	**103,964**	**–13,676**	**–**
of which attributable to GEA Group AG shareholders	104,021	–13,673	–
of which attributable to non-controlling interests	–57	–3	< -100

Consolidated Income Statement
for the period January 1 – June 30, 2018

(EUR thousand)	Q1-Q2 2018	Q1-Q2 2017	Change in %
Revenue	2,266,397	2,142,377	5.8
Cost of sales	1,616,162	1,466,646	10.2
Gross margin	**650,235**	**675,731**	**–3.8**
Selling expenses	269,305	267,615	0.6
Research and development expenses	37,268	32,663	14.1
General and administrative expenses	242,171	239,273	1.2
Other income	246,993	180,145	37.1
Other expenses	236,118	174,697	35.2
Net result from impairment and reversal of impairment on financial assets and contract assets*	–2,349	–	–
Share of profit or loss of equity-accounted investments	367	632	–41.9
Other financial income	726	–	–
Earnings before interest and tax (EBIT)	**111,110**	**142,260**	**–21.9**
Interest income	2,291	4,018	–43.0
Interest expense	19,576	11,473	70.6
Profit before tax from continuing operations	**93,825**	**134,805**	**–30.4**
Income taxes	19,703	29,657	–33.6
Profit after tax from continuing operations	**74,122**	**105,148**	**–29.5**
Profit or loss after tax from discontinued operations	**–5,600**	**5,643**	**–**
Profit for the period	**68,522**	**110,791**	**–38.2**
thereof attributable to shareholders of GEA Group AG	68,519	110,789	–38.2
thereof attributable to non-controlling interests	3	2	50.0

*) Presentated separately due to initial application of IFRS 9

(EUR)	Q1-Q2 2018	Q1-Q2 2017	Change in %
Basic and diluted earnings per share from continuing operations	0.41	0.55	–25.6
Basic and diluted earnings per share from discontinued operations	–0.03	0.03	–
Basic and diluted earnings per share	**0.38**	**0.58**	**–34.7**
Weighted average number of ordinary shares used to calculate basic and diluted earnings per share (million)	**180.6**	**190.5**	**–5.2**

Consolidated Statement of Comprehensive Income
for the period January 1 – June 30, 2018

(EUR thousand)	Q1-Q2 2018	Q1-Q2 2017	Change in %
Profit for the period	**68,522**	**110,791**	**–38.2**
Items, that will not be reclassified to profit or loss in the future:			
Actuarial gains/losses on pension and other post-employment benefit obligations	3,786	18,970	–80.0
Items, that will be reclassified subsequently to profit or loss when specific conditions are met:			
Exchange differences on translating foreign operations	13,953	–93,162	–
Result from fair value measurement of financial instruments	–	117	–
Result of cash flow hedges	–	479	–
Other comprehensive income	**17,739**	**–73,596**	**–**
Total comprehensive income	**86,261**	**37,195**	**> 100**
thereof attributable to GEA Group AG shareholders	86,258	37,193	> 100
thereof attributable to non-controlling interests	3	2	50.0

Consolidated Cash Flow Statement
April 1 – June 30, 2018

(EUR thousand)	Q2 2018	Q2 2017
Profit for the period	65,148	55,438
plus income taxes	17,245	16,356
minus profit or loss after tax from discontinued operations	–274	2,553
Profit before tax from continuing operations	82,119	74,347
Net interest income	5,460	4,341
Earnings before interest and tax (EBIT)	**87,579**	**78,688**
Depreciation, amortization, impairment losses, and reversal of impairment losses on non-current assets	34,995	27,929
Other non-cash income and expenses	4,289	3,679
Employee benefit obligations from defined benefit pension plans	–10,293	–10,336
Change in provisions and other employee benefit obligations	–8,977	–1,323
Losses and disposal of non-current assets	–105	–403
Change in inventories including unbilled construction contracts*	–47,587	–4,703
Change in trade receivables	–90,732	–28,854
Change in trade payables	54,592	46,442
Change in other operating assets and liabilities	3,112	–33,975
Tax payments	–9,500	–16,858
Cash flow from operating activities of continued operations	**17,373**	**60,286**
Cash flow from operating activities of discontinued operations	–3,371	–3,263
Cash flow from operating activities	**14,002**	**57,023**
Proceeds from disposal of non-current assets	546	1,119
Payments to acquire property, plant and equipment, and intangible assets	–24,558	–31,855
Payments from non-current financial assets	–263	–
Interest income	584	1,632
Dividend income	1,561	1,545
Payments to acquire subsidiaries and other businesses	6,530	–
Cash flow from investing activities of continued operations	**–15,600**	**–27,559**
Cash flow from investing activities of discontinued operations	–244	–4,706
Cash flow from investing activities	**–15,844**	**–32,265**
Dividend payments	–153,418	–152,812
Payments for acquisition of treasury shares	–3,069	–228,786
Payments from finance leases	–989	–1,062
Proceeds from finance loans	206,967	2,408
Interest payments	–812	–2,943
Cash flow from financing activities of continued operations	**48,679**	**–383,195**
Cash flow from financing activities of discontinued operations	–14	–12
Cash flow from financing activities	**48,665**	**–383,207**
Effect of exchange rate changes on cash and cash equivalents	–1,202	–10,323
Change in unrestricted cash and cash equivalents	**45,621**	**–368,772**
Unrestricted cash and cash equivalents at beginning of period	223,491	866,180
Unrestricted cash and cash equivalents at end of period	**269,112**	**497,408**
Restricted cash and cash equivalents	158	1,071
Cash and cash equivalents total	**269,270**	**498,479**
less cash and cash equivalents classified as held for sale	–6	–
Cash and cash equivalents reported in the balance sheet	**269,264**	**498,479**

*) Including advanced payments received

Consolidated Cash Flow Statement
for the period January 1 – June 30, 2018

(EUR thousand)	Q1-Q2 2018	Q1-Q2 2017
Profit for the period	68,522	110,791
plus income taxes	19,703	29,657
minus profit or loss after tax from discontinued operations	5,600	–5,643
Profit before tax from continuing operations	93,825	134,805
Net interest income	17,285	7,455
Earnings before interest and tax (EBIT)	**111,110**	**142,260**
Depreciation, amortization, impairment losses, and reversal of impairment losses on non-current assets	68,789	55,214
Other non-cash income and expenses	5,834	5,852
Employee benefit obligations from defined benefit pension plans	–20,586	–20,672
Change in provisions and other employee benefit obligations	–15,933	–35,160
Losses and disposal of non-current assets	–366	–486
Change in inventories including unbilled construction contracts*	–138,152	–48,519
Change in trade receivables	–10,140	65,115
Change in trade payables	–31,049	–13,563
Change in other operating assets and liabilities	–26,737	–73,908
Tax payments	–27,166	–32,733
Cash flow from operating activities of continued operations	**–84,387**	**43,400**
Cash flow from operating activities of discontinued operations	–4,532	–4,329
Cash flow from operating activities	**–88,919**	**39,071**
Proceeds from disposal of non-current assets	773	3,508
Payments to acquire property, plant and equipment, and intangible assets	–43,601	–51,440
Payments from non-current financial assets	–263	–24
Interest income	1,263	2,491
Dividend income	1,622	2,104
Payments to acquire subsidiaries and other businesses	–16,904	–348
Cash flow from investing activities of continued operations	**–57,110**	**–43,709**
Cash flow from investing activities of discontinued operations	–299	–5,048
Cash flow from investing activities	**–57,409**	**–48,757**
Dividend payments	–153,418	–152,812
Payments for acquisition of treasury shares	–24,022	–261,054
Payments from finance leases	–1,992	–2,051
Proceeds from finance loans	206,967	8,310
Proceeds from bond issue	249,500	–
Repayments of finance loans	–107,015	–
Interest payments	–1,541	–3,666
Cash flow from financing activities of continued operations	**168,479**	**–411,273**
Cash flow from financing activities of discontinued operations	–68	–35
Cash flow from financing activities	**168,411**	**–411,308**
Effect of exchange rate changes on cash and cash equivalents	–2,464	–9,602
Change in unrestricted cash and cash equivalents	**19,619**	**–430,596**
Unrestricted cash and cash equivalents at beginning of period	249,493	928,004
Unrestricted cash and cash equivalents at end of period	**269,112**	**497,408**
Restricted cash and cash equivalents	158	1,071
Cash and cash equivalents total	**269,270**	**498,479**
less cash and cash equivalents classified as held for sale	–6	–
Cash and cash equivalents reported in the balance sheet	**269,264**	**498,479**

*) Including advanced payments received

Consolidated Statement of Changes in Equity
as of June 30, 2018

				Accumulated other comprehensive income					
(EUR thousand)	Subscribed capital*	Capital reserves	Retained earnings	Translation of foreign operations	Result from fair value measurement of financial instruments	Result of cash flow hedges	**Equity attributable to shareholders of GEA Group AG**	Non-controlling interests	**Total**
Balance at Jan. 1, 2017 (192,495,476 shares)	**520,376**	**1,217,861**	**1,067,812**	**189,962**	**–467**	**–518**	**2,995,026**	**578**	**2,995,604**
Profit for the period	–	–	110,789	–	–	–	**110,789**	2	**110,791**
Other comprehensive income	–	–	18,970	–93,162	117	479	**–73,596**	–	**–73,596**
Total comprehensive income	–	–	129,759	–93,162	117	479	**37,193**	2	**37,195**
Purchase of treasury shares	–19,664	–	–255,376	–	–	–	**–275,040**	–	**–275,040**
Redemption of shares	–	–	–	–	–	–	**–**		**–**
Dividend payment by GEA Group AG	–	–	–152,812	–	–	–	**–152,812**	–	**–152,812**
Change in other non-controlling interests	–	–	–	–	–	–	**–**	–11	**–11**
Balance at June 30, 2017 (185,221,613 shares)	**500,712**	**1,217,861**	**789,383**	**96,800**	**–350**	**–39**	**2,604,367**	**569**	**2,604,936**
Balance at Jan. 1, 2018 (181,026,744 shares)	**489,372**	**1,217,861**	**756,923**	**38,749**	**–502**	**–**	**2,502,403**	**1,191**	**2,503,594**
Adjustments IFRS 9	–	–	–1,032	–	502	–	**–530**	–	**–530**
Adjustments IFRS 15	–	–	–3,390	–	–	–	**–3,390**	–	**–3,390**
Adjusted balance at Jan. 1, 2018	**489,372**	**1,217,861**	**752,501**	**38,749**	**–**	**–**	**2,498,483**	**1,191**	**2,499,674**
Profit for the period	–	–	68,519	–	–	–	**68,519**	3	**68,522**
Other comprehensive income	–	–	3,786	13,953	–	–	**17,739**	–	**17,739**
Total comprehensive income	–	–	72,305	13,953	–	–	**86,258**	3	**86,261**
Purchase of treasury shares	–1,445	–	–19,508	–	–	–	**–20,953**	–	**–20,953**
Redemption of shares	32,449		–32,449				**–**	–	**–**
Dividend payment by GEA Group AG	–	–	–153,418	–	–	–	**–153,418**	–	**–153,418**
Change in other non-controlling interests	–	–	–	–	–	–	**–**	–633	**–633**
Balance at June 30, 2018 (180,492,172 shares)	**520,376**	**1,217,861**	**619,431**	**52,702**	**–**	**–**	**2,410,370**	**561**	**2,410,931**

*) As of 06/30/2017 and 01/01/2018 issued capital

Notes to the Consolidated Financial Statements

1. Reporting Principles

1.1 Basis of presentation

The interim financial statements of GEA Group Aktiengesellschaft, Düsseldorf/Germany (entry HRB 65691 in the commercial register of the Local Court of Düsseldorf) 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 second 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 July 26, 2018.

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 up individual amounts may result in rounding differences.

With the exception of the pronouncements applicable for the first time as of January 1, 2018, the accounting policies applied to the accompanying interim financial statements are the same as those applied as of December 31, 2017, and are described in detail on pages 132 to 159 of the Annual Report containing GEA's IFRS consolidated financial statements.

1.2 Accounting pronouncements applied for the first time

The initial application of the new accounting standards IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers" has given rise to changes in accounting methods, and these are described in the following. The initial application of other accounting standards and interpretations had no material effect on the interim financial statements.

IFRS 9 "Financial Instruments"

IFRS 9 was initially applicable as of January 1, 2018 and it led to a change in the accounting principles. These will be explained in section 1.3 of the notes to the consolidated financial statements of December 31, 2017. In accordance with IFRS 9, GEA selected not to restate its prior-period figures. Differences in the carrying amounts of the financial assets and liabilities arising from the application of IFRS 9 are presented in the retained earnings as of January 1, 2018. The effect of initial application on the opening balance of the retained earnings and on the accumulated other comprehensive income as of January 1, 2018 is as follows:

(EUR thousand)	Retained earnings	Accumulated other comprehensive income/Result from fair value measurment of financial instruments
Increase of expected credit losses from trade receivables and other financial assets	–561	–
Increase of expected credit losses from contract assets	–148	–
Reclassification of financial instruments "available for sale" to "measured at fair value through profit or loss"	–722	722
Deferred tax	399	-220
Adjustemnt IFRS 9 as of 01/01/2018	**–1,032**	**502**

Classification and measurement

Under IFRS 9, financial assets are classified and measured on the basis of an entity's business model for managing them and on the assets' contractual cash flow characteristics. On January 1, 2018, GEA analyzed which business models were applicable to the financial assets it holds and then assigned them to the corresponding measurement categories according to IFRS 9.

The table below shows a breakdown of financial instruments according to the original measurement categories under IAS 39 and a breakdown of the same instruments under IFRS 9, together with the corresponding carrying amounts at the time of initial application:

(EUR thousand)	IAS 39 measurement category	IFRS 9 measurement category	Carrying amount in accordance with IAS 39 as of 12/31/2017	Carrying amount in accordance with IFRS 9 as of 01/01/2018
Trade receivables	Loans and receivables	Measured at amortized cost	834,943	834,456
Trade receivables	Loans and receivables	Measured at fair value recognized in other comprehensive income	91,807	91,733
Cash and cash equivalents	Loans and receivables	Measured at amortized cost	250,507	250,507
Other financial assets	Loans and receivables	Measured at amortized cost	93,783	93,783
Other financial assets	Available-for-sale	Measured at fair value recognized in other comprehensive income	295	295
Other financial assets	Available-for-sale	Measured at fair value through profit or loss	8,525	8,525
Other financial assets	Measured at fair value through profit or loss	Measured at fair value through profit or loss	3,952	3,952
Total financial assets			**1,283,812**	**1,283,251**
Trade payables	Measured at amortized cost	Measured at amortized cost	736,906	736,906
Financial liabilities	Measured at amortized cost	Measured at amortized cost	245,149	245,149
Financial liabilities	Measured at fair value through profit or loss	Measured at fair value through profit or loss	11,107	11,107
Other liabilities	Measured at amortized cost	Measured at amortized cost	108,386	108,386
Other liabilities	Measured at fair value through profit or loss	Measured at fair value through profit or loss	594	594
Total financial liabilities			**1,102,142**	**1,102,142**

Due to factoring arrangements, certain trade receivables have been classified as "measured at fair value through other comprehensive income", at the time of initial application. Under IAS 39, such assets were classified as "loans and receivables" and measured at amortized cost.

GEA's financial assets include a receivable relating to the former mining activities of Metallgesellschaft AG that has been classified as "measured at fair value through profit or loss". Under IAS 39, this financial asset was classified as "available-for-sale" and measured at fair value through other comprehensive income. The losses recognized in accumulated other comprehensive income were reclassified to retained earnings as of January 1, 2018.

In the case of equity instruments not held for sale, GEA chose to recognize changes in fair value in other comprehensive income. Under IAS 39, financial instruments such as these were classified as "available-for-sale".

The table below shows how the classification and measurement of financial assets has been affected by the initial application of IFRS 9:

(EUR thousand)	Carrying amount in accordance with IAS 39 as of 12/31/2017	Reclassification	Remeasurement	Carrying amount in accordance with IFRS 9 as of 01/01/2018
Financial assets measured at amortised cost				
Loans and receivables (IAS 39)	1,271,040	–91,807	–487	1,178,746
of which trade receivables	926,750	–91,807	–487	834,456
of which cash and cash equivalents	250,507	–	–	250,507
of which other financial assets	93,783	–	–	93,783
Available-for-sale (IAS 39)	295	–295	–	–
of which other financial assets	295	–295	–	–
Total financial assets measured at amortised cost (IFRS 9)	**1,271,335**	**–92,102**	**–487**	**1,178,746**
Financial assets measured at fair value recognized in other comprehensive income				
Loans and receivables (IAS 39)	–	91,807	–74	91,733
of which trade receivables	–	91,807	–74	91,733
Available-for-sale (IAS 39)	8,525	–8,230	–	295
of which other financial assets	8,525	–8,230	–	295
Total financial assets measured at fair value recognized in other comprehensive income (IFRS 9)	**8,525**	**83,577**	**–74**	**92,028**
Financial assets measured at fair value through profit or loss				
Available-for-sale (IAS 39)	–	8,525	–	8,525
of which other financial assets	–	8,525	–	8,525
Measured at fair value through profit or loss (IAS 39)	3,952	–	–	3,952
of which other financial assets	3,952	–	–	3,952
Total financial assets measured at fair value through profit or loss (IFRS 9)	**3,952**	**8,525**	**–**	**12,477**

The remeasurement of financial assets is related to the application of the new impairment model under IFRS 9.

New impairment model

Under the new impairment model, not only incurred losses but also expected credit losses are recognized. The resulting implications for the Group's retained earnings are presented on page 24.

IFRS 9 states that for trade receivables and contract assets the life-time expected credit losses have to be recorded at initial recognition of this assets (so called "Simplified Approach"). GEA calculates the expected credit losses according to risk categories, while taking historic default rates and certain macroeconomic indicators into account. The assignment to a specific risk category is based on common credit risk characteristics and the aging of the receivables. Within the simplified approach, an individual value adjustment is made when one or more events that adversely affect the debtor's financial standing have occurred.

Contract assets relate to ongoing work that has yet to be invoiced. Essentially, they exhibit the same risk characteristics as trade receivables for the same contract type. GEA has thus concluded that the loss rates calculated for trade receivables that are not overdue constitute a best estimate with which to represent the loss rates for contract assets.

Cash and cash equivalents, along with other financial assets that are not measured at fair value through profit or loss, are also subject to the impairment rules applicable under IFRS 9. The impairment requirement identified at initial application was negligible.

The table below reconciles the impairments on financial assets and contract assets as of December 31, 2017 with the opening balance of these impairments under IFRS 9 as of January 1, 2018:

(EUR thousand)	Impairment losses in accordance with IAS 39 as of 12/31/2017	Retrospective adjustment of retained earnings over the opening balance	Impairment losses in accordance with IFRS 9 as of 01/01/2018
Financial assets	61,634	561	62,195
Contract assets	–	148	148
Total	**61,634**	**709**	**62,343**

Hedge accounting

As of January 1, 2018, GEA had not designated any cash flow hedges. Therefore, the initial application has no implications for GEA.

IFRS 15 "Revenue from Contracts with Customers"

GEA applied IFRS 15 and its clarifications for the first time on January 1, 2018. A thorough description of the new standard with explanations regarding procedures of analyzing the implications for GEA can be found in section 1.3 of the notes to the consolidated financial statements of December 31, 2017. The standard was introduced according to the "modified retrospective" method. Thus, the cumulative effect of initially applying IFRS 15 amounting to EUR 3,390 thousand (after tax) was recognized as a reduction to the opening balance of retained earnings. In this context, GEA availed itself of the practical expedients provided, applying IFRS 15 only to contracts that have yet to be fulfilled at the time of initial application. In addition, GEA elected not to restate its prior-period figures upon initial application.

Aside from the effect described above, application of the new standard will have the following implications for GEA:

- According to IFRS 15, transfer of control is the key criterion for revenue recognition. The accounting treatment differs depending on whether control passes at a specific point in time or over time.

  Business Area Solutions: Here, GEA generates revenue largely on the basis of construction contracts with just one performance obligation. Revenues from what are essentially customer-specific project contracts will continue to be recognized "over time" rather than at a point in time, as GEA will generally be creating an asset that has no alternative use and will be legally entitled to "remuneration plus margin" for good/services already provided. In the case of the generally immaterial customer-specific production orders for which revenue recognition "over time" pursuant to IFRS 15 is no longer admissible, revenue recognition will be deferred at the time of acceptance. As of January 1, 2018, the change led to a fall in retained earnings of EUR 397 thousand taking deferred taxes into account. As of January 1, 2018, the change also resulted in a fall in trade receivables to the benefit of inventories. As regards the Business Area Solutions, the application of IFRS 15 resulted in a decrease in revenue compared to IAS 11 of EUR 465 thousand in the interim financial statement.

  Business Area Equipment: Here, GEA generates revenue principally from the sale of standardized, modularized machines and accessories, which generally – as in the past – occurs at a specific point in time, i.e. when the goods are delivered. Apart from the sale of standardized, modularized machines and accessories, this BA generates income on a lesser scale from construction contracts with just one performance obligation. Revenues from these customer contracts will continue to be recognized "over time" rather than at a point in time insofar as GEA is creating an asset that has no alternative use and is legally entitled to "remuneration plus margin" for good/services already provided. As of January 1, 2018, the change led to a fall in retained earnings of EUR 2,924 thousand, taking deferred taxes into account. As of January 1, 2018, the change also resulted in a fall in contract assets to the benefit of inventories. As regards the Business Area Equipment, the application of IFRS 15 produced a rise in revenue compared to IAS 11 of EUR 22,412 thousand in the interim financial statement.

- Under IFRS 15, revenue recognition is no longer dependent solely on the timing of the transfer of the principal risks and rewards to the customer, but also on the point at which control is transferred. Depending on the terms and conditions of supply, transfer of control sometimes occurs after the transfer of the principal risks and rewards. This deferred realization of revenue is reflected in the interim financial statement as a EUR 5,021 thousand decrease in revenues.

- IFRS 15 stipulates that costs arising from the acquisition of customer-specific project contracts have to be capitalized separately and must be depreciated over the contract duration. Such costs will, therefore, not be taken into account when measuring the progress of a contract (stage of completion). They are reported under inventories. All told, this change will not materially affect how the company's net assets and results of operations are presented.

- Under IFRS 15 regulations on balance sheet presentation, advance payments received must also be included when determining the contract balance on a contract-to-contract basis. Under IAS 11 and IAS 18, advance payments received are disclosed separately on the balance sheet. The particular implications for GEA in this regard concern the need to include advance payments on construction contracts, which, in accordance with IAS 11, were not included in the account balances of construction contracts. On the whole, this change will not have a significant impact on the company's net assets.
- IFRS 15 explicitly requires that due but as yet unreceived advance payments from customers are carried on the balance sheet, and this will result in an increase in total assets and liabilities. All told, however, this change will not have a material effect on how the company's net assets are presented.
- Anticipated losses resulting from customer contracts for which revenue is being recognized "over time" must be reported as provisions and measured in accordance with IAS 37 (gross presentation). Up to now, anticipated losses from construction contracts have been recognized immediately as an expense in accordance with IAS 11 and netted against the gross amount due from the customer (net presentation under trade receivables). This gave rise to a change in presentation which, as of January 1, 2018, led to an increase in contract assets as well as provisions each amounting to EUR 26,901 thousand. As for the interim financial statement, the application of IFRS 15 has produced an increase in total assets and liabilities of EUR 27,986 thousand compared with the previous regulations under IAS 11.
- Up to now, account balances from construction contracts have been reported as a component of the trade receivables or other current liabilities. The application of IFRS 15 means that such balances must now be disclosed as a component of the contract assets or liabilities. Advance payments in respect of orders, too, must now be carried as contract liabilities rather than other current liabilities.

GEA makes use of the following practical expedients provided for by IFRS 15:

- Incremental costs of obtaining a contract are expensed immediately if the depreciation period would be one year or less.
- The effects of significant financing components can be ignored if the vendor expects, at contract inception, that the period between the transfer of a promised good or service to the customer and the date of payment will be one year or less.

The table below shows the effect of applying the "modified retrospective" method to the items of the opening balance sheet as of January 1, 2018. The following table contains only those items on the financial statement that have been adjusted:

Assets (EUR thousand)	12/31/2017 Before accounting changes (IAS 11/IAS 18)	Presentational changes	Changes in timing of recognition	01/01/2018 After accounting changes (IFRS 15)
Inventories	659,580	460	19,176	679,216
Trade receivables	1,391,993	–465,353	–23,611	903,029
Contract assets	–	492,144	–	492,144
Current assets	**2,513,460**	**27,251**	**–4,435**	**2,536,276**
Equity and liabilities (EUR thousand)				
Retained earnings	756,923	–17	–3,373	753,533
Equity	**2,503,594**	**–17**	**–3,373**	**2,500,204**
Deferred taxes	171,170	–6	–1,063	170,101
Non-current liabilities	**1,157,466**	**–6**	**–1,063**	**1,156,397**
Current provisions	127,920	27,274	–	155,194
Current contract liabilities	–	641,469	–	641,469
Other current liabilities	789,147	–641,469	–	147,678
Current liabilities	**2,086,342**	**27,274**	**–**	**2,113,616**

The two following tables show the effects of IFRS 15 on the consolidated balance sheet and the consolidated income statement as of June 30, 2018, compared with the situation that would have arisen had IAS 11 and IAS 18 been preserved. The following tables contain only those items on the financial statement that have been adjusted:

Assets (EUR thousand)	06/30/2018 Before accounting changes (IAS 11/IAS 18)	Presentational changes	Changes in timing of recognition	06/30/2018 After accounting changes (IFRS 15)
Inventories	780,033	449	6,861	787,343
Trade receivables	1,439,880	–497,264	–6,456	936,160
Contract assets	–	525,081	–	525,081
Current assets	**2,770,433**	**28,266**	**405**	**2,799,104**
Equity and liabilities (EUR thousand)				
Retained earnings	621,255	–8	–1,816	619,431
Equity	**2,412,755**	**–8**	**–1,816**	**2,410,931**
Non-current contract liabilities	–	660	–	660
Other non-current liabilities	31,563	–660	–	30,903
Deferred taxes	169,850	–6	–1,063	168,781
Non-current liabilities	**1,406,472**	**–6**	**–1,063**	**1,405,403**
Current provisions	129,123	28,266	–	157,389
Current contract liabilities	–	681,357	–	681,357
Other current liabilities	863,777	–681,343	3,284	185,718
Current liabilities	**2,209,804**	**28,280**	**3,284**	**2,241,368**

(EUR thousand)	01/01/2018 - 06/30/2018 Before accounting changes (IAS 11/IAS 18)	Change	01/01/2018 - 06/30/2018 After accounting changes (IFRS 15)
Revenue	2,249,461	16,936	2,266,397
Cost of Sales	1,601,208	14,954	1,616,162
Gross margin	**648,253**	**1,982**	**650,235**
Earnings before interest and tax (EBIT)	**109,128**	**1,982**	**111,110**
Profit before tax from continuing operations	**91,843**	**1,982**	**93,825**
Income taxes	19,287	416	19,703
Profit after tax from continuing operations	**72,556**	**1,566**	**74,122**
Profit after tax from discontinuing operations	**–5,600**	**–**	**–5,600**
Profit for the period	**66,956**	**1,566**	**68,522**
Basic and diluted earnings per share	**0.37**	**0.01**	**0.38**

In accordance with the extended disclosure requirements of the standard, GEA is disaggregating its revenues from contracts with customers according to revenue elements as well as geographical regions. The disaggregation of the revenues corresponds with the description in segment reporting (see section 7).

Amendments to IFRS 2 "Share-based Payment" – Classification and measurement of share-based payment transactions – published by the IASB in June 2016

The amendments to IFRS 2 serve to clarify the classification and measurement of share-based payment transactions. The clarifications address the issue of how vesting conditions affect the measurement of cash-settled, share-based payments, and how changes in the classification of certain share-based payment transactions should be accounted for on the balance sheet.

Amendments to IAS 40 "Investment property" – Classification of property under construction – issued by the IASB in December 2016

The amendment to IAS 40 serves to clarify the cases in which property under construction or development begins or ceases to be classified as "investment property". Up to now, the classification of property under construction or development as investment property was not clearly regulated owing to the exhaustive nature of the list of standard cases giving rise to a change in use of a property. As this list is no longer explicitly exhaustive, property under construction can also fall under the corresponding classification regulation in the future.

Improvements to IFRSs 2014-2016 Cycle – amendments under the IASB's annual improvements project – published by the IASB in December 2016

The improvements result from the IASB's annual improvements process, which is designed to make minor amendments to standards and interpretations. They comprise minor amendments to two standards in total (IFRS 1 and IAS 28).

IFRIC 22 "Foreign Currency Transactions and Advance Consideration" – issued by the IASB in December 2016

IFRIC 22 addresses an issue with regard to the application of IAS 21 "Effects of Changes in Foreign Exchange Rates". The interpretation clarifies the date that is to be used for determining the exchange rate for transactions that include the receipt or payment of advance consideration in a foreign currency. As such, the date of the transaction for the purpose of determining the exchange rate is the date of initial recognition of the asset or liability arising from the advance payment.

1.3 Accounting pronouncements not yet applied

IFRS 16 "Leases" – issued by the IASB in January 2016

For the expected effects of the initial application of the new IFRS 16 standard on lease accounting in the 2019 financial year we refer to the notes disclosure in the 2017 consolidated financial statements. GEA still assumes the expected effects described there. These include a higher balance sheet total due to the increase of lease liabilities, with the corresponding right-of-use assets recognized on the assets side of the balance sheet, and, as a consequence due to this , an increase in financial liabilities and a reduction in the equity ratio. Due to the new accounting for operating lease expenses as depreciation on right-of-use assets and as interest expenses on lease liabilities, GEA expects the initial application of IFRS 16 to have a positive effect on EBITDA and, respectively, on EBIT in the 2019 financial year.

GEA considers that the biggest part of capitalized right-of-use assets will relate to real estate and vehicles. The quantitative effects of the new standard will depend, among other things, on the transition method GEA applies. As of today however, GEA still intends to apply the modified retrospective approach when applying IFRS 16 for the first time. Moreover, the composition of the Group-wide leasing portfolio at the time of initial application and the degree to which the Group avails itself of practical expedients will play a significant role in determining the impact of initial application.

Throughout the reporting period, GEA continued its assessment of the potential consequences of the new regulations on its consolidated financial statements as part of a Group-wide project to implement IFRS 16. The selection process for an appropriate intragroup software solution for classifying and measuring future lease contracts within GEA has now been concluded and the software will now be implemented.

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

Revised Conceptual Framework – published by the IASB in March 2018

The revised conceptual framework now contains eight full chapters, with new sections on measurement, presentation and disclosure, as well as derecognition. In addition, the section on defining the terms "asset" and "liability" and the section recognition of assets and liabilities in financial statements have been revised. The terms "prudence", "stewardship", "measurement uncertainty" and "substance over form" were also redefined in the interest of clarity.

GEA does not expect the initial application of the revised conceptual framework to materially affect its financial reporting.

The revised conceptual framework must be applied for fiscal years beginning on or after January 1, 2020.

1.4 Interim financial reporting principles

These interim financial statements present a true and fair view of the Company's net assets, financial position, and results of operations 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. Production errors, 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 half of 2018:

	Number of companies
Consolidated Group as of December 31, 2017	**215**
German companies (including GEA Group AG)	32
Foreign companies	183
Initial consolidation	4
Merger	-4
Deconsolidation	–2
Consolidated Group as of June 30, 2018	**213**
German companies (including GEA Group AG)	32
Foreign companies	181

A total of 52 subsidiaries (December 31, 2017: 48) 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. Acquisitions

3.1 Companies acquired

In 2018, GEA acquired the following company by way of a share deal:

Business	Head office	Acquisition Date	Percentage of voting interest (%)	Consideration transferred (EUR thousand)
VIPOLL d.o.o.	Križevci pri Ljutomeru (Slovenia)	January 3, 2018	100.0	14,932

On January 3, 2018, GEA completed the purchase of shares in the Slovenian corporate group VIPOLL and, in the process, acquired all the shares of VIPOLL's parent company, VIPOLL d.o.o.

VIPOLL specializes in the production and supply of filling equipment for carbonated soft drinks, beer, and dairy products, and will be assigned to the Business Area Solutions. The VIPOLL takeover will strengthen GEA's "Beverages Application Center". The takeover will see GEA strengthen its market position as a full solution provider for the beverages industry, while expanding its portfolio of equipment for filling glass bottles, cans, as well as PET bottles for non-sensitive products.

The transaction costs for the acquisition amounted to EUR 282 thousand. The transaction costs associated with the acquisition are reported in other expenses.

In addition, in January 2018, GEA fully acquired another business which, viewed individually, was relatively insignificant. The acquisition will, however, strengthen the Business Area Equipment's competitive position in its existing fields of business.

3.2 Consideration paid

The consideration paid is composed as follows:

Business (EUR thousand)	Cash	Contingent consideration	Total
VIPOLL d.o.o.	14,932	–	**14,932**

Due to a price adjustment clause, the actual consideration paid for VIPOLL of EUR 19,924 thousand was EUR 4,992 thousand less than the amount given in the consolidated financial statement of December 31, 2017.

3.3 Assets acquired and liabilities assumed

At the time of the acquisition, the following assets were acquired and liabilities assumed:

Fair value (EUR thousand)	VIPOLL d.o.o.
Property, plant and equipment	2,114
Intangible assets	5,260
Deferred taxes	1,813
Non-current assets	**9,187**
Inventories	1,105
Trade receivables	3,041
Contract assets	808
Income tax assets	440
Other current assets	1,358
Cash and cash equivalents	51
Current assets	**6,803**
Total assets	**15,990**
Other non-current liabilities	776
Deferred taxes	1,002
Non-current liabilities	**1,778**
Current provisions	575
Current obligations to employees	811
Current financial liabilities	2,974
Trade payables	3,922
Current contract liabilities	4,351
Other current liabilities	1,025
Current liabilities	**13,658**
Total liabilities	**15,436**
Net assets acquired	**554**
of which attributable to GEA Group AG	554
of which attributable to non-controlling interests	–
Acquisition cost	14,932
Goodwill of GEA Group AG	14,378

The fair value and gross amount of the receivables acquired are calculated as follows:

Trade receivables (EUR thousand)	Gross amount	Contractual Cashflows not expected to be collectable	Fair value
VIPOLL d.o.o.	3,041	–	3,041

Purchase price allocation for VIPOLL with respect to the identification and measurement of the assets acquired and liabilities assumed is preliminary. There is particular uncertainty regarding the identification and measurement of intangible assets and property, plant and equipment.

The goodwill arising from the acquisition of EUR 14,378 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. It is not expected that any of the goodwill arising on acquisition will be tax deductible.

3.4 Impact on consolidated revenue and consolidated profit

Since its acquisition, the VIPOLL corporate group has contributed to consolidated revenue and consolidated profit after tax as follows:

(EUR thousand)	Sales	Profit for the period
VIPOLL d.o.o.	15,775	1,022

The figure provided for consolidated revenue and consolidated profit after tax is the amount that would have resulted had the corporate group been purchased on January 1, 2018.

3.5 Cash outflows

The acquisition of the VIPOLL corporate group resulted in the following cash outflows in 2018:

(EUR thousand)	Q2 2018
Consideration transferred	14,932
less contingent consideration	–
Purchase price paid	14,932
less cash acquired	–51
Net cash used in acquisition	**14,881**

Outflows of EUR 16,904 thousand from acquisitions were recognized in the cash flow statement for the fiscal year 2018.

3.6 Acquisitions in the previous year

Allocation of the purchase price for the Pavan corporate group acquired in the previous year is still provisional in terms of the identification and measurement of the assets acquired and the liabilities assumed. In particular, uncertainty still exists with regard to the identification and measurement of the intangible assets, and property, plant and equipment. On this basis, there has been no change with regard to the identified assets and assumed liabilities as reported in the consolidated financial statement of December 31, 2017.

4. Balance sheet disclosures

4.1 Cash credit lines

The cash credit lines were composed of the following items as of June 30, 2018:

(EUR thousand)	Maturity	06/30/2018 approved	06/30/2018 utilized	12/31/2017 approved	12/31/2017 utilized
Bilateral credit lines including accured interests	until further notice	401,963	345,663	299,155	244,922
Borrower's note loan (2023)	February 2023	128,000	128,000	–	–
Borrower's note loan (2025)	February 2025	122,000	122,000	–	–
Syndicated credit line ("club deal")	August 2022	650,000	–	650,000	–
Total		**1,301,963**	**595,663**	**949,155**	**244,922**

On February 26, 2018 GEA Group Aktiengesellschaft took out a borrower's note loan in the amount of EUR 250,000 thousand. The loan comprises four separate tranches with maturities of five and seven years, each divided into a fixed and a variable-interest part.

4.2 Financial instruments

The following tables provide an overview of the composition of financial instruments as of June 30, 2018, by class within the meaning of IFRS 7 as well as by measurement category.

(EUR thousand)	Carrying amount 06/30/2018	Measurement in accordance with IFRS 9			Measurement in accordance with other IFRSs	Fair value 06/30/2018
		Amortized cost	Fair value through profit or loss	Fair value recognized in other comprehensive income		
Assets						
Trade receivables	936,160	822,296	–	113,864	–	936,160
Income tax receivables	32,698	–	–	–	32,698	32,698
Cash and cash equivalents	269,264	269,264	–	–	–	269,264
Other financial assets	280,386	96,822	26,930	295	156,339	280,386
By IFRS 9 measurement category						
Financial assets measured at amortized cost	1,188,382	1,188,382	–	–	–	1,188,382
of which trade receivables	822,296	822,296	–	–	–	822,296
of which cash and cash equivalents	269,264	269,264	–	–	–	269,264
of which other financial assets	96,822	96,822	–	–	–	96,822
Financial assets measured at fair value recognized in other comprehensive income	114,159	–	–	114,159	–	114,159
of which trade receivables	113,864	–	–	113,864	–	113,864
of which other financial assets	295	–	–	295	–	295
Financial assets measured at fair value through profit or loss	26,930	–	26,930	–	–	26,930
of which other securities	8,237	–	8,237	–	–	8,237
of which derivatives not included in hedging relationships	18,693	–	18,693	–	–	18,693
Liabilities						
Trade payables	691,870	691,870	–	–	–	691,870
Financial liabilities	608,994	596,504	7,739	–	4,751	609,915
of which liabilities under finance leases	4,751	–	–	–	4,751	4,751
Income tax liabilities	34,153	–	–	–	34,153	34,153
Other liabilities	216,621	111,412	594	–	104,615	226,630
By IFRS 9 measurement category						
Financial liabilities measured at amortized cost	1,399,786	1,399,786	–	–	–	1,410,716
of which trade payables	691,870	691,870	–	–	–	691,870
of which bonds and other securitized liabilities	250,450	250,450	–	–	–	251,351
of which liabilities to banks	345,732	345,732	–	–	–	345,752
of which loan liabilities to unconsolidated subsidiaries	322	322	–	–	–	322
of which other liabilities to affiliated companies	22,766	22,766	–	–	–	22,766
of which other liabilities	88,646	88,646	–	–	–	98,655
Financial liabilities at fair value through profit or loss (derivatives not included in a hedging relationship and contingent consideration)	8,333	–	8,333	–	–	8,333

(EUR thousand)	Carrying amount 12/31/2017	Measurement in accordance with IAS 39: Amortized cost	Measurement in accordance with IAS 39: Fair value through profit or loss	Measurement in accordance with IAS 39: Fair value recognized in other comprehensive income	Measurement in accordance with other IFRSs	Fair value 12/31/2017
Assets						
Trade receivables	1,391,993	926,750	–	–	465,243	1,391,993
of which PoC receivables	465,243	–	–	–	465,243	465,243
Income tax receivables	30,738	–	–	–	30,738	30,738
Cash and cash equivalents	250,507	250,507	–	–	–	250,507
Other financial assets	219,365	114,958	3,952	8,525	91,930	219,365
By IAS 39 measurement category						
Loans and receivables	1,271,040	1,271,040	–	–	–	1,271,040
of which cash and cash equivalents	250,507	250,507	–	–	–	250,507
of which trade receivables	926,750	926,750	–	–	–	926,750
of which other financial assets	93,783	93,783	–	–	–	93,783
Held-to-maturity investments	–	–	–	–	–	–
Available-for-sale investments	29,700	21,175	–	8,525	–	29,700
Financial assets at fair value through profit or loss (derivatives not included in a recognized hedging relationship)	3,952	–	3,952	–	–	3,952
Liabilities						
Trade payables	736,906	736,906	–	–	–	736,906
Financial liabilities	262,817	245,149	11,107	–	6,561	262,817
of which liabilities under finance leases	6,561	–	–	–	6,561	6,561
Income tax liabilities	28,489	–	–	–	28,489	28,489
Other liabilities	822,188	108,386	594	–	713,208	826,463
By IAS 39 measurement category						
Financial liabilities at amortized cost	1,090,441	1,090,441	–	–	–	1,094,716
of which trade payables	736,906	736,906	–	–	–	736,906
of which bonds and other securitized liabilities	–	–	–	–	–	–
of which liabilities to banks	244,922	244,922	–	–	–	244,922
of which loan liabilities to unconsolidated subsidiaries	227	227	–	–	–	227
of which other liabilities to affiliated companies	23,623	23,623	–	–	–	23,623
of which other liabilities	84,763	84,763	–	–	–	89,038
Financial liabilities at fair value through profit or loss (derivatives not included in a hedging relationship and contingent consideration)	11,701	–	11,701	–	–	11,701

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	06/30/2018			
	Carrying amount	Fair value		
(EUR thousand)		Level 1	Level 2	Level 3
Financial assets measured at fair value				
Trade receivables	113,864	–	113,864	–
Other securities	8,237	–	–	8,237
Other equity investments	295	–	–	295
Derivatives not included in hedging relationships	18,693	–	18,693	
Financial liabilities measured at fair value				
Derivatives not included in hedging relationships	7,739	–	7,739	–
Contingent consideration	594	–	–	594
Financial liabilities not measured at fair value				
Promissory note bonds	250,450	–	251,351	–
Liabilities to banks	345,732	–	345,752	–
Other financial liabilities	37,910	–	15,831	32,088

Recurring fair value measurements	12/31/2017			
	Carrying amount	Fair value		
(EUR thousand)		Level 1	Level 2	Level 3
Financial assets measured at fair value				
Derivatives not included in hedging relationships	3,952	–	3,952	–
Available-for-sale financial assets valued at fair value	8,525	–	–	8,525
Financial liabilities measured at fair value				
Derivatives not included in hedging relationships	11,107	–	11,107	–
Contingent consideration	594	–	–	594
Financial liabilities not measured at fair value				
Promissory note bonds	–	–	–	–
Liabilities to banks	244,922	–	244,922	–
Other financial liabilities	39,736	–	10,016	33,995

No transfers occurred between the levels of the fair value hierarchy in the first six months of fiscal year 2018.

The fair values of trade receivables, cash and cash equivalents, and other financial receivables and liabilities essentially correspond to the carrying amounts; this is due to the predominantly short remaining maturities.

In the case of certain trade receivables measured at fair value due to existing factoring arrangements, that fair value is calculated on the basis of yield curves observable in the market. These are categorized within Level 2 of the fair value hierarchy.

The fair value of derivatives is determined using quoted exchange rates and yield curves observable in the market. Accordingly, these are categorized within Level 2 of the fair value hierarchy.

A receivable relating to the former raw material activities of Metallgesellschaft AG that had previously been written off was allocated to Level 3 financial instruments; its fair value is determined by means of a present value calculation on the basis of the debtor's payment plan. As the debtor operates a copper mine, its payment plan is influenced by the price of copper. Gains and losses from the subsequent measurement of the receivable are carried in profit or loss from discontinued operations. The following table shows a reconciliation of the opening and closing balances of the fair value:

(EUR thousand)	
Fair value 12/31/2017	**8,525**
Redemption	–192
Interest income	130
Currency translation	–226
Revaluation	–
Fair value 06/30/2018	**8,237**

GEA's other equity investments are also categorized within Level 3 of the hierarchy. The fair value is determined using inputs that are not based on observable market data. No significant changes in the fair value were identified in the first half of the year.

Financial liabilities resulting from contingent purchase price considerations are assigned to Level 3. 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. No significant changes in the fair value were identified in the first half of the year.

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.

Included in other financial liabilities is a contractual obligation undertaken in the context of a company acquisition. The fair value of this instrument is measured using contractual cashflows on the basis of the yield curve, taking into account credit spreads. Accordingly, these are categorized within Level 2 of the fair value hierarchy.

Certain other financial liabilities resulting from the sale of the GEA's former Heat Exchangers Segment are categorized within Level 3 of the fair value hierarchy, since their fair value is measured on the basis of the present value of future cash outflows expected on the basis of contractual obligations associated with the sale.

4.3 Provisions

GEA has adjusted its expectations for future cash outflows for environmental and mining obligations based on information from the first half of 2018. This led to a reduction in provisions of EUR 8.8 million and a corresponding increase in other income as of June 30, 2018. In contrast to this provision release, provisions increased by EUR 8.9 million due to changes in interest rates, with a corresponding negative impact on net interest income.

5. Consolidated income statement disclosures

Income tax expense

The income taxes disclosed for continuing operations in the interim reporting period were calculated using an estimated tax rate of 21.0 percent (previous year: 22.0 percent).

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

6.1 Share buyback program/treasury shares

Under a resolution adopted by the Annual General Meeting on April 16, 2015, GEA is authorized to purchase own shares up to a total of 10 percent of the share capital. This right was exercised effectively starting March 8, 2017. The buyback was conducted for the purpose of retiring the shares and was completed on February 6, 2018. On June 21, 2018, GEA, with consent of the Supervisory Board, retired all the treasury shares. Retiring the no-par value bearer shares (Section 8(3) AktG) increased the share capital to EUR 32,449 thousand. A capital reduction did not take place. The notional capital attributable to these shares was therefore not deducted from the issued capital, but rather reduced the retained earnings accordingly by EUR 32,449 thousand. The total number of GEA shares in circulation now stands at 180,492,172. This corresponds to a reduction of around 6.24 percent. GEA no longer holds any treasury shares.

6.2 Translation of foreign operations

The change in exchange differences on translating foreign operations amounted to EUR 13,953 thousand in the first half of 2018 (previous year: EUR -93,162 thousand) and resulted primarily from the rise of the U.S. dollar against the euro.

7. Segment Reporting

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 largely standardized to customer-specific 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, for example extrusion and milling equipment. 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 food and beverages, pharma, and chemical industries.

(EUR million)	BA Equipment	BA Solutions	Others	Consolidation	GEA
Q2 2018					
Order Intake	688.3	755.3	–	–60.6	**1,383.0**
External revenue	606.0	621.1	–	–	**1,227.0**
Intersegment revenue	47.2	12.3	–	–59.5	**–**
Total revenue	653.2	633.4	–	–59.5	**1,227.0**
Operating EBITDA*	91.0	37.6	4.3	–	**133.0**
as % of revenue	13.9	5.9	–	–	**10.8**
EBITDA	90.0	37.3	–4.7	–	**122.6**
Operating EBIT*	75.6	31.2	2.1	–	**108.9**
as % of revenue	11.6	4.9	–	–	**8.9**
EBIT	66.0	28.5	–6.9	–	**87.6**
as % of revenue	10.1	4.5	–	–	**7.1**
Additions to property, plant and equipment and intangible assets	14.4	32.5	2.6	–	**49.6**
Depreciation and amortization	24.0	8.7	2.2	–	**35.0**
Q2 2017					
Order Intake	622.0	671.5	–	–52.5	**1,241.1**
External revenue	543.7	594.8	–	–	**1,138.5**
Intersegment revenue	41.8	6.9	–	–48.7	**–**
Total revenue	585.5	601.7	–	–48.7	**1,138.5**
Operating EBITDA*	96.9	35.1	–9.6	–	**122.4**
as % of revenue	16.5	5.8	–	–	**10.8**
EBITDA	93.1	32.5	–19.0	–	**106.6**
Operating EBIT*	82.4	30.7	–11.2	–	**101.9**
as % of revenue	14.1	5.1	–	–	**8.9**
EBIT	73.8	25.5	–20.6	–	**78.7**
as % of revenue	12.6	4.2	–	–	**6.9**
Additions to property, plant and equipment and intangible assets	10.6	6.2	15.3	–	**32.1**
Depreciation and amortization	19.3	7.0	1.7	–	**27.9**

*) Before effects of purchase price allocations and adjustments (see page 44 f.)

(EUR million)	BA Equipment	BA Solutions	Others	Consolidation	GEA
Q1 - Q2 2018					
Order Intake	1,389.7	1,217.3	–	–121.4	**2,485.6**
External revenue	1,150.5	1,115.9	–	–	**2,266.4**
Intersegment revenue	94.9	21.4	–	–116.3	**–**
Total revenue	1,245.3	1,137.4	–	–116.3	**2,266.4**
Operating EBITDA[1]	157.2	37.6	4.7	–	**199.5**
as % of revenue	12.6	3.3	–	–	**8.8**
EBITDA	155.5	37.1	–12.7	–	**179.9**
Operating EBIT[1]	126.6	25.9	0.2	–	**152.7**
as % of revenue	10.2	2.3	–	–	**6.7**
EBIT	107.5	20.9	–17.3	–	**111.1**
as % of revenue	8.6	1.8	–	–	**4.9**
ROCE in %[2]	15.2	13.4	–	–	**13.3**
Segment assets	4,344.5	2,993.1	3,335.7	–4,615.7	**6,057.7**
Segment liabilities	2,065.3	1,741.9	2,612.5	–2,772.9	**3,646.8**
Working Capital (reporting date)[3]	660.1	195.1	–2.5	–5.6	**847.1**
Additions to property, plant and equipment and intangible assets	29.4	38.0	3.9	–	**71.3**
Depreciation and amortization	48.1	16.1	4.6	–	**68.8**
Q1 - Q2 2017					
Order Intake	1,243.7	1,235.6	–	–102.2	**2,377.1**
External revenue	1,032.7	1,109.7	–	–	**2,142.4**
Intersegment revenue	84.5	12.7	–	–97.2	**–**
Total revenue	1,117.1	1,122.4	–	–97.2	**2,142.4**
Operating EBITDA[1]	166.2	58.7	–6.5	0.5	**218.8**
as % of revenue	14.9	5.2	–	–	**10.2**
EBITDA	160.5	54.8	–18.4	0.5	**197.5**
Operating EBIT[1]	137.7	49.6	–9.6	0.5	**178.2**
as % of revenue	12.3	4.4	–	–	**8.3**
EBIT	122.6	40.6	–21.4	0.5	**142.3**
as % of revenue	11.0	3.6	–	–	**6.6**
ROCE in %[2]	18.6	14.0	–	–	**15.1**
Segment assets	3,822.1	2,915.3	3,487.4	–4,557.4	**5,667.4**
Segment liabilities	1,753.1	1,647.0	2,359.5	–2,697.3	**3,062.5**
Working Capital (reporting date)[4]	606.3	121.5	–16.1	–6.1	**705.6**
Additions to property, plant and equipment and intangible assets	24.3	11.5	17.6	–	**53.4**
Depreciation and amortization	38.0	14.2	3.1	–	**55.2**

1) Before effects of purchase price allocations and adjustments (see page 44 f.)
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 = non-current assets + working capital
3) Working capital = inventories + trade receivables + contract assets – trade payables – contract liabilities – provisions for anticipated losses (POC)
4) Working capital = inventories + trade receivables – trade payables – advance payments received

Consolidation comprises the intersegment revenue from transactions between operating segments. Intersegment revenue is calculated using standard market prices.

(EUR million)	BA Equipment	BA Solutions	Consolidation	GEA
Q1 - Q2 2018				
Revenue by revenue element				
From construction contracts	114.2	833.1	–22.8	**924.5**
From sale of goods and services	668.9	43.9	–68.1	**644.7**
From service agreements	462.2	260.4	–25.5	**697.2**
Total	**1,245.3**	**1,137.4**	**–116.3**	**2,266.4**
Revenue by geografical region				
Germany	146.4	74.3	–12.4	**208.3**
Asia Pacific	207.2	298.9	–19.3	**486.8**
ACH & Eastern Europe	133.5	161.8	–11.9	**283.4**
Western Europe, Middle East & Africa	235.0	200.7	–23.0	**412.7**
North- and Central Europe	182.7	159.0	–30.1	**311.6**
Latin America	84.7	84.9	–7.7	**161.9**
North America	255.7	157.7	–11.7	**401.7**
Total	**1,245.3**	**1,137.4**	**–116.3**	**2,266.4**

Q1 - Q2 2017				
Revenue by revenue element				
From construction contracts	6.7	853.7	–9.0	**851.4**
From sale of goods and services	665.0	15.2	–65.7	**614.5**
From service agreements	445.5	253.5	–22.5	**676.5**
Total	**1,117.1**	**1,122.4**	**–97.2**	**2,142.4**
Revenue by geografical region				
Germany	147.0	64.3	–14.6	**196.6**
Asia Pacific	228.5	261.5	–18.9	**471.1**
ACH & Eastern Europe	103.3	120.2	–9.1	**214.4**
Western Europe, Middle East & Africa	178.2	261.8	–17.5	**422.5**
North- and Central Europe	145.3	168.9	–25.5	**288.6**
Latin America	65.6	82.3	–4.1	**143.8**
North America	249.2	163.5	–7.4	**405.3**
Total	**1,117.1**	**1,122.4**	**–97.2**	**2,142.4**

As described in the 2017 Annual Report, since the start of the 2018 financial year – in line with its internal control system – GEA's management has been using the operating EBITDA margin (the ratio of operating EBITDA to revenue) as a measure of its operating performance. Thus, the key indicators for the operating EBITDA 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 strategy projects.

These include restructuring costs, expenses for external consultants, outlay on scheduled and completed company acquisitions, together with other material expenses and internal costs directly attributable to the projects. The following strategic projects were underway in the period under review:

- "Restructuring/Footprint": measures to optimize the production network, including ongoing expenses in respect of the "Fit for 2020" program
- "IT Transformation": to standardize and outsource the IT platform as the basis for digital transformation, and to roll out a uniform ERP system
- "Steering Systems": to align the financial information and management systems to the new fully functional OneGEA organization

On this basis, operating EBITDA in the first six months of the financial year was adjusted for expenses totaling EUR 19.1 million (previous year: EUR 20.5 million). Of these expenses, EUR 7.0 million (previous year: EUR 12.4 million) was accounted for by "Restructuring/Footprint". EUR 1.8 million (previous year EUR 11.2 million) of this total was attributable to ongoing expenses in respect of the "Fit for 2020" program. In the period under review, the "IT Transformation" and "Steering Systems" projects gave rise to expenditures of EUR 2.6 million and EUR 8.1 million respectively (previous year: EUR 1.9 million and EUR 5.0 million respectively). Expenses in connection with company acquisitions recorded during the first half of the year amounted to EUR 0.4 million (previous year: EUR 0.1 million). As in the previous year, other expenditure on strategy projects amounting to EUR 1.2 million was attributable to other projects.

In accordance with the internal management system, the profitability of the two business areas is measured using earnings before interest, tax, depreciation and impairment losses/reversals of impairment (EBITDA), along with earnings before interest and tax (EBIT). These indicators correspond to the values shown in the income statement.

Impairment losses include all impairment losses on property, plant, and equipment, intangible assets, and investment property.

Reconciliation of operating EBITDA to EBIT (EUR million)	Q2 2018	Q2 2017	Change in %	Q1-Q2 2018	Q1-Q2 2017	Change in %
Operating EBITDA	**133.0**	**122.4**	**8.6**	**199.5**	**218.8**	**–8.8**
Depreciation of property, plant and equipment, investment property, and amortization of intangible assets	–24.1	–20.6	–	–46.9	–40.7	–
Operating EBIT	**108.9**	**101.9**	**6.9**	**152.7**	**178.2**	**–14.3**
Depreciation and amortization on capitalization of purchase price allocation	–10.9	–7.4	–	–21.9	–14.6	–
Realization of step-up amounts on inventories	–0.5	–0.4	–	–0.5	–0.9	–
Adjustments	–9.9	–15.3	–	–19.2	–20.5	–
EBIT	**87.6**	**78.7**	**11.3**	**111.1**	**142.3**	**–21.9**

Reconciliation EBITDA to EBIT (EUR million)	Q2 2018	Q2 2017	Change in %	Q1-Q2 2018	Q1-Q2 2017	Change in %
EBITDA	**122.6**	**106.6**	**15.0**	**179.9**	**197.5**	**–8.9**
Depreciation of property, plant and equipment, investment property, and amortization of intangible assets	–35.0	–27.9	–25.3	–68.8	–55.2	–24.6
EBIT	**87.6**	**78.7**	**11.3**	**111.1**	**142.3**	**–21.9**

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 2017 Annual Report.

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

Reconciliation of working capital to total assets (EUR million)	06/30/2018	06/30/2017
Working capital (reporting date)	**847.1**	**705.6**
Working capital (reporting date) of Ruhr-Zink	–0.4	–0.3
Non-current assets	3,258.6	2,926.2
Income tax receivables	32.7	28.4
Other current financial assets	233.1	222.2
Cash and cash equivalents	269.3	498.5
Assets held for sale	15.5	5.3
plus trade payables	691.9	600.4
plus contract liabilities	682.0	–
plus anticipated losses from construction contracts	28.0	–
plus advance payments in respect of orders and construction contracts	–	325.1
plus gross amount due to customers for contract work	–	356.1
Total assets	**6,057.7**	**5,667.4**

8. Related party transactions

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

9. Events after the End of the Reporting Period

On July 9, 2018, GEA Group Aktiengesellschaft concluded a loan agreement in respect of EUR 150 million with the European Investment Bank (EIB). Due to mature in 2025, the loan will be used to fund expenditure on research, development and innovation. By doing so, GEA is exploiting the current extremely attractive financing conditions in order to secure and expand its enduring solid financial base over time.

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of the group, and the interim management report of the group includes a fair review of the development and performance of the business and the position of the group, together with a description of the material opportunities and risks associated with the expected development of the group for the remaining months of the fiscal year.

Düsseldorf, July 26, 2018

The Executive Board

Jürg Oleas   Dr. Helmut Schmale   Steffen Bersch   Niels Erik Olsen   Martine Snels

Financial Calendar

October 29, 2018 .... Quarterly Statement for the period to September 30, 2018

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 report includes forward-looking statements on GEA Group Aktiengesellschaft, its subsidiaries and associates, and on the economic and political conditions that may influence the business performance of 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 Half-yearly Financial Report
This Half-yearly Financial Report statement 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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Excellence • Passion • Integrity • Responsibility • GEA-versity

GEA is a global technology company with multi-billion euro sales 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. In addition, the company is included in selected MSCI Global Sustainability Indexes.

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