# Press release

## GEA maintains stable earnings margin despite economic slowdown

Düsseldorf, October 28, 2015 – In the third quarter of 2015, the global economic slowdown had a negative impact on GEA's performance too, with group revenue 3.4 percent below the previous year's level. In the first nine months of the current fiscal year, however, revenue increased by 1.5 percent. Revenue in the Business Area Equipment grew by 0.9 percent during this period, while the Business Area Solutions posted growth of 1.9 percent. Service business generated growth in the region of 11 percent and now constitutes around 30 percent of overall revenue.

EBITDA in the third quarter fell to EUR 110 million, largely due to high non-recurring expenses and the lower revenue. Adjusted for non-recurring items totaling EUR 33 million, operating EBITDA amounted to EUR 144 million. The corresponding operating EBITDA margin remained at the previous year's level of 13.0 percent. By contrast, at EUR 381 million for the first nine months of the current fiscal year, operating EBITDA was above the previous year's level. The operating EBITDA margin rose to 11.7 percent, largely thanks to measures to improve efficiency already implemented.

Adjusted for non-recurring items, the cash flow driver margin for the last 12 months amounted to 10.7 percent at the end of the reporting period.

Towards the end of the third quarter, GEA succeeded in securing various major orders. Due to project scheduling, however, these orders will no longer affect fiscal year 2015.

"Unfortunately, the economic downturn left its mark on many areas in the course of the last quarter. In particular, the weakness of the milk markets and the postponement of several larger orders had a significant impact on our figures; this explains why we reduced our revenue forecast for the current fiscal year. That said, our strategic decision to introduce flatter hierarchies is to make the Group more cost-effective proved to be the correct move," says Jürg Oleas, Chairman of the Executive Board of GEA, in his appraisal of the current situation. "Thanks to a raft of measures to improve efficiency initiated or already implemented, we can corroborate our earnings forecast and even raise our expectations in terms of the relevant cash flow drivers. We are abiding by the previously advised dividend of at least EUR 0.70 per share."

GEA is still on schedule to implement its new group structure, developed as part of the "Fit for 2020" program. Several key milestones affecting Germany, the country with the most GEA employees, have been reached. Outside Germany, implementation is also progressing according to plan. By the end of the quarter under review, the workforce had been reduced by approximately 300 full-time equivalents as a result of the program.

Against a backdrop of ongoing weakness in the global economy – particularly in the emerging economies, including China – and a further reduction in IWF expectations for economic growth this year, GEA has reduced its growth target for revenue for the end of the quarter under review. The Group is now looking at a moderate decline in organic revenue (assuming unchanged exchange rates against 2014 and not including acquisition effects). The current forecast with regard to organic revenue implies moderate growth in reported revenue figures. We are still targeting operating EBITDA for fiscal year 2015 in the range of EUR 590 to EUR 640 million. Already implemented measures to improve the earnings situation, however, coupled with a reduction in the investment volume have now prompted the Group to raise its expectations for the cash flow driver margin slightly. Excluding the effects of acquisitions and non-recurring items, GEA is now expecting a value of between 9.5 and 10.0 percent in 2015, calculated as a ratio to revenue.

## GEA Group: Key IFRS figures

| (EUR million) | Q3 2015 | Q3 2014 | Change in % | Q1-Q3 2015 | Q1-Q3 2014 | Change in % |
|---|---|---|---|---|---|---|
| **Results of operations** | | | | | | |
| Order intake | 1,068.3 | 1,167.9 | –8.5 | 3,344.5 | 3,362.1 | –0.5 |
| Revenue | 1,106.6 | 1,146.0 | –3.4 | 3,263.1 | 3,214.3 | 1.5 |
| Operating EBITDA [1] | 143.7 | 149.0 | –3.6 | 381.2 | 362.2 | 5.2 |
| as % of revenue | 13.0 | 13.0 | – | 11.7 | 11.3 | – |
| Operating EBIT [1] | 122.6 | 130.2 | –5.9 | 321.2 | 306.3 | 4.8 |
| as % of revenue | 11.1 | 11.4 | – | 9.8 | 9.5 | – |
| EBIT | 83.1 | 115.4 | –28.0 | 129.8 | 272.8 | –52.4 |
| **Net assets** | | | | | | |
| Working capital intensity in % (average of the last 12 months) | | | | 12.6 | 12.1 | – |
| Net liquidity (+)/Net debt (-) | | | | 603.2 | –356.3 | – |
| **Financial position** | | | | | | |
| Cash flow dirver margin [2] | | | | 6.2 | 8.8 | – |
| ROCE in % (goodwill adjusted) [3] | | | | 14.5 | 23.2 | – |
| Full-time equivalents (reporting date) | | | | 18,000 | 18,281 | –1.5 |
| **GEA Shares** | | | | | | |
| Earnings per share (EUR) | 0.86 | 0.39 | > 100 | 0.96 | 1.05 | –9.2 |

1) Before effects of purchase price allocations and before non-recurring items
2) Cash flow driver = EBITDA - Capital expenditure - Change in Working Capital (average of the last 12 months)
3) Capital employed excluding goodwill from the acquisition of the former GEA AG by former Metallgesellschaft AG in 1999 (average of the last 12 months)

**About GEA**

GEA is one of the largest suppliers for the food processing industry and a wide range of process industries that generated consolidated revenues of approximately EUR 4.5 billion in 2014. As an international technology group, the Company focuses on process technology and components for sophisticated production processes in various end-user markets. The Group generates more than 70 percent of its revenue in the food sector that enjoys long-term sustainable growth. As of September 30, 2015, the Company employed 18,000 people worldwide. GEA is a market and technology leader in its business areas. The Company is listed in Germany's MDAX (G1A, WKN 660 200). In addition, GEA's share is a constituent of the MSCI Global Sustainability Indexes. Further information is available on the Internet at www.gea.com.

If you do not want to receive any further information from GEA, please send an email to pr@gea.com.