

# KUKA



INTERIM REPORT

**Q1/15**

# Q1

## Q1/15 DEVELOPMENTS

- ▲ KUKA ACHIEVES **ORDERS RECEIVED** OF €743.9 MILLION IN THE QUARTER, A NEW RECORD
  - Organic orders received are €633.5 million, also a record level and +3.0 percent above the previous year's value
- ▲ **SALES REVENUES** RISE BY 55.6 PERCENT TO €719.8 MILLION; ORGANIC GROWTH WAS +23.9 PERCENT
- ▲ **EBITDA** UP FROM €37.4 MILLION (Q1/14) TO €59.5 MILLION (Q1/15)
- ▲ THE **EBIT MARGIN** BEFORE PURCHASE PRICE ALLOCATION REACHES 6.3 PERCENT, HAVING BEEN 5.9 PERCENT IN Q1/14
  - EBIT margin including purchase price allocation is 3.9 percent
- ▲ **GUIDANCE 2015** CONFIRMED: SALES REVENUES AROUND €2.8 BILLION AND EBIT MARGIN AROUND 5.5 PERCENT BEFORE PURCHASE PRICE ALLOCATION

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1973/



FAMULUS

1976/



IR 6/60

2000/



SERIES 2000

# KEY FIGURES

in € millions	Q1/14	Q1/15	Total change	Swisslog Q1/15	Organic Q1/15	Organic change
Orders received	615.2	743.9	20.9%	110.4	633.5	3.0%
Order backlog (03/31)	1,186.7	1,842.2	55.2%	512.7	1,329.5	12.0%
Sales revenues	462.5	719.8	55.6%	146.8	573.0	23.9%
Gross profit	105.1	158.2	50.5%	19.5	138.7	32.0%
in % of sales revenues	22.7%	22.0%	-	13.3%	24.2%	
Earnings before interest and taxes (EBIT)	27.1	28.1	3.7%	-14.1	42.2	55.7%
in % of sales revenues	5.9%	3.9%	-	-9.6%	7.4%	
Earnings before interest, taxes, depreciation and amortization (EBITDA)	37.4	59.5	59.1%	5.3	54.2	44.9%
in % of sales revenues	8.1%	8.3%	-	3.6%	9.5%	
Earnings after taxes	12.2	15.3	25.4%	-11.5	26.8	119.7%
Earnings per share in € (undiluted)	0.36	0.44	22.2%			
Earnings per share in € (diluted)	n.a.	0.42				
Capital expenditure	14.1	22.2	57.4%	3.4	18.8	33.3%
Equity ratio in % (03/31)	26.0%	27.7%	-			
Net liquidity (03/31)	150.1	30.7	-79.5%	43.9	-13.2	-108.8%
Employees (03/31)	9,392	12,331	31.3%	2,406	9,925	5.7%

# FOREWORD

## DEAR SHAREHOLDERS,

Industry 4.0 stands for the digitization of industry. KUKA plays a key role here, since automation and in particular robotics will be core elements in the factory of the future. With our products and solutions we are already prepared for the requirements of Industry 4.0, and we can offer our customers hardware and software from a single source.

The German Chancellor Angela Merkel visited us in March 2015. For our company this was not only a great honor and a special highlight, above all it was an important lead-in to an exchange of views about Industry 4.0. Industry 4.0 will fundamentally change the world in which people work and will pose new challenges for our company. KUKA believes it has a responsibility to take part in shaping this change.

The quarterly figures reflect our good start to the year 2015. In the first quarter of 2015 KUKA's reported orders received of € 743.9 million, which was 20.9 percent higher than in the previous year, for which the figure had been € 615.1 million. Sales increased 55.6 percent from € 462.5 million to € 719.8 million. This figure includes € 146.8 million sales by Swisslog.

Hannover Messe in April was a further highlight. Our trade fair motto "Hello Industry 4.0" pointed to the possibilities that KUKA already offers today for the factory of the future. KUKA sees people at the center of the factory of the future. Humans will be supported in their work by intelligent and sensitive robots such as the LBR iiwa. A combination of intelligent robots and intelligent logistics will allow us to further increase flexibility in production. At the trade fair, we also showed the opportunities opened up by our KUKA Sunrise control technology for the networked factory. The controller is based on Java, a programming language commonly used throughout the world. This allows the LBR iiwa to link into the IT world and to exploit its potential.

To be successful in the long term, we must establish the right strategic direction for our business today. The keyword is KUKA 2020. Quick and successful integration of Swisslog Holding AG in particular is critically important here. We must also pursue further structural and technological developments. This means our orientation for the Group will be based on a long-term strategy towards future requirements in those markets that are relevant to KUKA.

Demand in 2015 promises to be high, above all from the North American and Asian regions, and here especially from China. On the basis of the current economic environment and exchange rates we therefore expect for 2015 sales revenues of around € 2.8 billion and an EBIT margin of around 5.5 percent.

As a global automation powerhouse we seek to have a worldwide presence, with innovative products and highly motivated employees. We operate in a market environment where we are exposed to tough and responsive competition, and in which we can succeed only by having the best employees on our team. The KUKA team is very strong – you have only to look at the results for the last quarter to see that. Together with this team I look forward to addressing new challenges.

Sincerely,



Till Reuter

# KUKA AND THE CAPITAL MARKET

## KUKA SHARES RISE 22 PERCENT DURING THE FIRST QUARTER OF 2015

Since the start of the year, the worldwide stock markets have progressed very positively. The European stock markets have benefited from the weakening of the euro above all against the US dollar (which has helped European exports), from the relatively low oil price, the continued low interest rates and the expansive monetary policy of the European Central Bank. These positive factors have greatly outweighed the negative influences such as the crisis in Ukraine and the uncertainties associated with the possible exit of Greece from the eurozone.

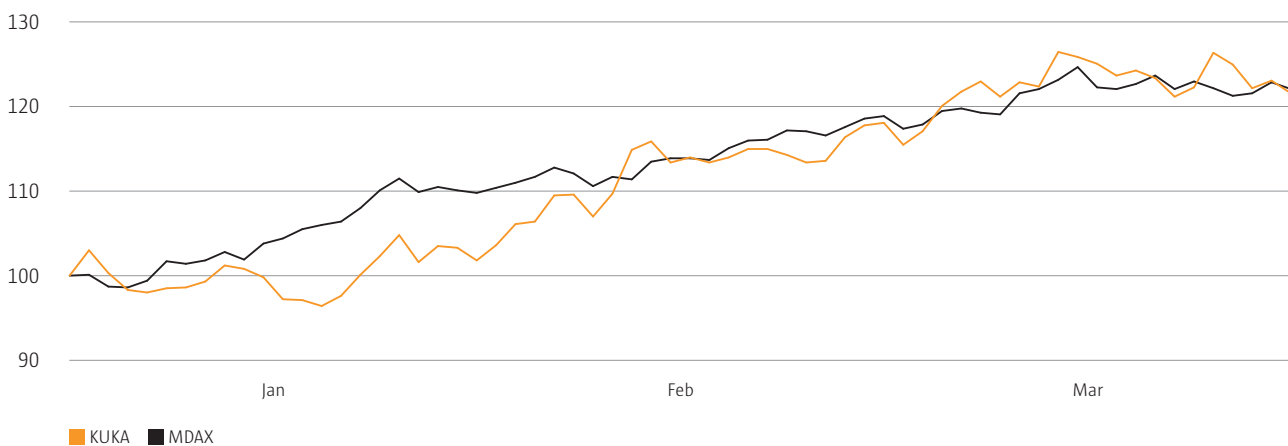
The MDAX closed on March 31, 2015 at 20,685 points, 22.1 percent above the closing value of 16,935 points at the end of 2014. KUKA shares also increased strongly in value and performed similarly to the overall market. The price of KUKA shares rose overall from €58.98 to €71.72, a gain of 21.6 percent. During the course of the first quarter, KUKA shares attained a new close-of-day record: on March 13, 2015 the share price reached € 74.63.

The good market prospects for robot-based automation, the good financial results for the full year 2014 and the outlook for the 2020 business year had definite positive effects on the performance of the KUKA share. The share prices of comparable listed mechanical engineering companies and automotive suppliers also developed positively during this period, improving between +19 percent and +40 percent.

## INVESTORS HOLDING MORE THAN 3 PERCENT OF KUKA'S SHARE CAPITAL

The free float of KUKA's shares at the end of the first quarter of 2015 was 59.9 percent of the total share capital. Investors holding more than 3 percent of the share capital were: Voith Group with 25.1 percent, SWOCTEM GmbH with 10.0 percent and AXA S.A. with 5.0 percent.

KUKA'S SHARE PRICE PERFORMANCE JANUARY 1 TO MARCH 31, 2015\*



# MPR

# CONSOLIDATED MANAGEMENT REPORT

## ECONOMIC ENVIRONMENT

### SLIGHT RECOVERY IN THE EUROZONE

The International Monetary Fund (IMF) expects the world economy to grow by 3.5% in 2015, after growth of 3.3% in 2014. The IMF sees growth concentrated in the industrialized nations. The forecast is for a 3.0% growth of economic activity in the USA. The major driver of this is the low price of oil, which has almost halved compared to the average price in 2014. The continuing geopolitical crises in Ukraine and the Middle East pose risks for the world economy. The IMF expects growth in China to continue to lose momentum. Here the IMF is forecasting 6.8% growth for the current year. One reason is the lack of stimuli from trade, while the strong rise in the dollar is also causing problems. The IMF reports that in previous years Asian companies borrowed strongly from the USA in order to benefit from the low interest rates. Growth in 2015 for the eurozone is forecast as 1.5%, compared to 0.8% in the previous year. This slight recovery is supported by the weak euro and the strong fall in the price of oil. However some countries are still suffering the consequences of the financial crisis and euro crisis, so investment is still restrained. The IMF continues to advocate loose monetary policy in the industrialized nations and recommends investment in infrastructure coupled with a labor market policy which increases the workforce participation rate of the population. The IMF forecasts growth of 1.5% for Germany in 2015. The ifo (German Institute for Economic Research) reports that the German economy is experiencing a strong upturn. They attribute this to the decline in the price of oil and the significant depreciation of the euro.

## DEMAND FOR CARS

### **Strongest demand for cars in Western Europe for five years**

In the first quarter of 2015 the VDA (German Association of the Automotive Industry) reported growth in all three major car markets – Western Europe, China and the USA. The Western European market continued its recovery in the first quarter, with the result that March saw the highest sales volume for five years: almost 1.6 million new cars sold (+11%). In March, Spain grew by 41%, Italy by 15%, Germany and France by 9% and Great Britain by 6%. 3.4 million units (+9%) were sold in Western Europe during the first quarter. In the German car market, 6% more new cars were traded in the first quarter compared to the previous year. China achieved growth of 11% in the first three months, the US market for light vehicles (cars and light trucks) grew by nearly 6%, with most of the gain attributable to sales of light trucks. Japan saw a reduction (-15%) in the first quarter, as did Brazil (-16%) and Russia (-36%). India saw just 5% more new car sales reported.

## ROBOTICS AND AUTOMATION

### **Sales of industrial robots at a record high**

The International Federation of Robotics (IFR) estimated the worldwide sales of industrial robots in 2014 as 225,000 units. That figure is 27% up compared with the previous year. The IFR attributes this development to the automotive and electronics sectors, with the Asian market as the leading region. In China alone, around 56,000 industrial robots were sold. That represents a growth of 54% in comparison with 2013. The second strongest market worldwide was South Korea with 39,000 units, followed by Japan, the USA and Germany.

## BUSINESS PERFORMANCE

### PRESENTATION OF THE FINANCIAL STATEMENTS AS OF Q1/15

In the reporting process for KUKA Group, minor changes have been made to the presentation of the income statement and the cash flow statement compared to the previous year. These are intended to further increase the informational value of the financial statements. The information for the previous year has been adapted accordingly to provide a correct basis for comparison. Further details can be found in the notes to the quarterly report and accounting policies.

In order to allow comparison of Group quarterly figures with those of the previous year, the effects of the acquisition of Swisslog Group (which will first be consolidated in December 2014) have been shown separately.

### ORDERS RECEIVED

#### KUKA Group

In the quarter just ended the demand for robots and also for systems and solutions for automation of industrial production processes continued to be very good. Accordingly in the first quarter of 2015 KUKA Group achieved total orders received amounting to € 743.9 million. Compared to the same quarter in the previous year (Q1/14: € 615.2 million) this represents growth of 20.9%. KUKA also benefited from the first-time consolidation of the newly acquired Swisslog Group, which succeeded in winning new orders worth € 110.4 million in the first quarter of 2015. KUKA thus achieved a new quarterly record for orders received, both organically and also with Swisslog.

#### KUKA Robotics

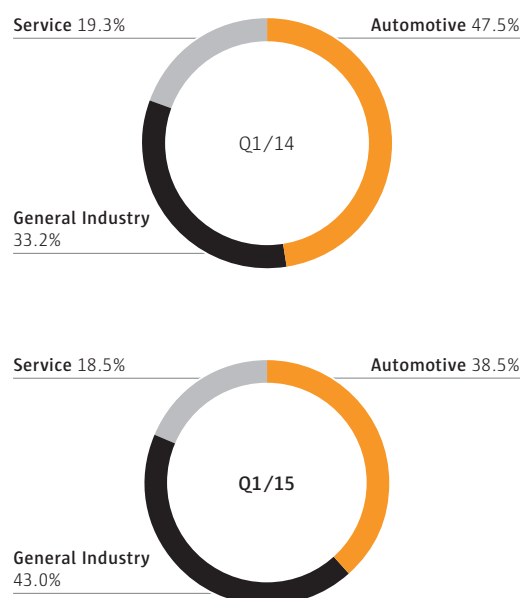
In the first quarter of 2015 the Robotics division achieved a very high volume of orders received – the second highest figure ever recorded. Robotics orders received came in at € 244.1 million, which surpassed the previous year's quarterly figure by 3.6% (Q1/14: € 235.6 million).

The figure for orders received from the automotive segment in the quarter just ended was € 94.0 million, which represented a significant increase of 45.1% compared to the fourth quarter of 2014. In the first quarter of 2015 Robotics won orders above all from European car manufacturers. In the first quarter of 2014 Robotics achieved a volume of orders received from the automotive segment of € 111.9 million.

In the quarter just ended, business for Robotics in the general industry segment was very good. Customers placed orders amounting to more than € 100 million; a level which had been achieved only once before. Overall, Robotics won orders worth € 104.9 million from the general industry sector. This represented growth of 34.1% in comparison to the same period last year (Q1/14: € 78.2 million).

The high demand for industrial robots also created positive effects on the service business, which in the first quarter of 2015 recorded a high level of orders received. Here Robotics posted orders received amounting to € 45.2 million (Q1/14: € 45.5 million). In the first quarter of 2015 the share of Service in the overall orders received by the division was 18.5%, almost the same level as the previous year (Q1/14: 19.3%). The share attributable to general industry improved markedly, from 33.2% to 43.0%, while the automotive share decreased correspondingly from 47.5% to 38.5%.

ROBOTICS ORDERS RECEIVED BY SEGMENT  
IN % OF TOTAL

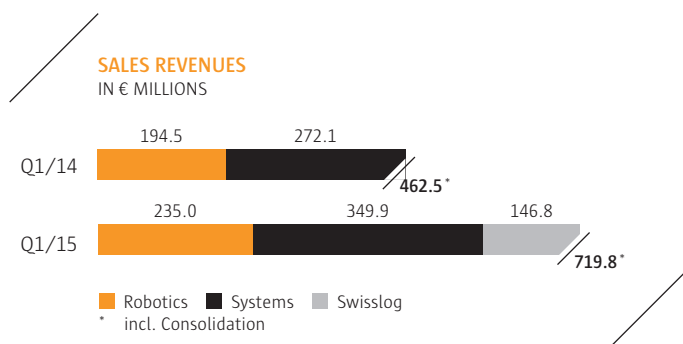
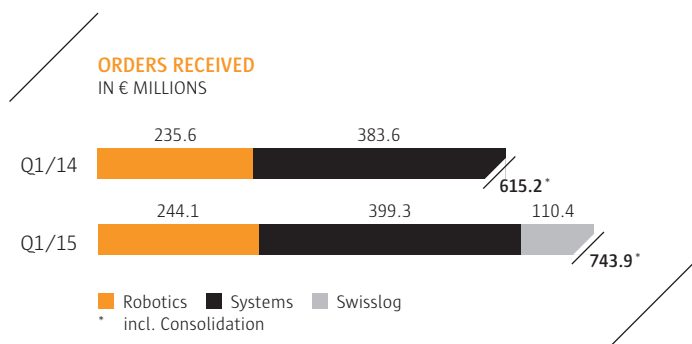


#### KUKA Systems

In the first quarter of 2015 the Systems division achieved a volume of orders received amounting to € 399.3 million. This represented growth of 4.1% in comparison to the same period last year (Q1/14: € 383.6 million). This development was driven generally by the high demand from the automotive industry, which has had highly positive effects on the body-in-white sector. From a regional perspective, business has been particularly dynamic in North America.

#### Swisslog

In the first quarter of 2015 the Swisslog division posted orders received amounting to € 110.4 million. Swisslog had not yet been consolidated in the previous year's quarter.



## SALES REVENUES

### KUKA Group

In the first quarter of 2015 KUKA Group invoiced a sales revenue volume of € 719.8 million. This represented a new record level for a quarter. Swisslog contributed € 146.8 million to this result. Business performance was also very good from an organic point of view, with KUKA achieving the second highest quarterly sales in the history of the company. Compared with the first quarter of 2014 sales increased by 55.6% (Q1/14: € 462.5 million). Disregarding the Swisslog contribution, the growth was 23.9%.

### KUKA Robotics

In the first quarter of 2015 Robotics posted sales revenues which exceeded the average values for the quarters of the previous years. Invoices for robots and services totaled € 235.0 million in the first quarter of 2015. This represented an increase of 20.8% compared with the same quarter in 2014 (Q1/14: € 194.5 million). The result was driven mainly by the automotive segment, which benefited from a large number of call-offs from framework contracts. The general industry segment likewise developed dynamically, also recording an increase in the year-on-year comparison.

### KUKA Systems

The division achieved a sales revenue volume of € 349.9 million, which was 28.6% higher than the previous year's value (Q1/14: € 272.1 million). The high levels of orders received in the previous quarters formed the basis for this strong performance.

### Swisslog

In the first quarter of 2015 the Swisslog division achieved sales amounting to € 146.8 million. Swisslog had not yet been consolidated in the same quarter of the previous year.

## BOOK-TO-BILL RATIO AND ORDER BACKLOG

### KUKA Group

The book-to-bill ratio – i. e. orders received in relation to sales revenues – benefited from the high level of orders received, and amounted to 1.03 for the quarter just ended (Q1/14: 1.33) and to 1.11 on an organic basis. This is a value similar to that for the quarterly average of the previous year and significantly higher than that for the previous quarter (FY14: 1.06 and Q4/14: 0.83). As the orders received exceeded the sales revenues in the quarter under review, the order backlog within the Group also increased and by March 31, 2015 had reached a value of € 1,842.2 million (December 31, 2014: € 1,702.5 million). Swisslog has been included in the order backlog since the end of 2014. As at the reporting date of the quarterly report Swisslog contributed € 512.7 million to the order backlog.

### KUKA Robotics

The book-to-bill ratio for the Robotics division in the first quarter of 2015 was 1.04, which promises well for the future development of capacity utilization in the next few quarters. The comparable value in the previous year was 1.21. The order backlog for Robotics as at March 31, 2015, disregarding the framework contracts won especially in the automotive segment, was € 263.1 million. That means this value is 17.1% lower than for the previous year (March 31, 2014: € 317.4 million), but 8.9% higher than the value at the end of 2014 (December 31, 2014: € 241.5 million).

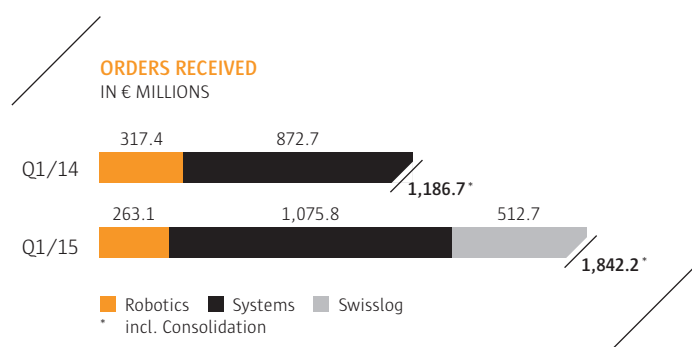
### KUKA Systems

In the first quarter of 2015 Systems reported a book-to-bill ratio of 1.14 (Q1/14: 1.41). As at March 31, 2015 the order backlog totaled € 1,075.8 million, which was € 120.4 million above the previous quarter and € 203.1 million above the comparable value as at December 31, 2014 (March 31, 2014: € 872.7 million and December 31, 2014: € 955.4 million).

### Swisslog

In the first quarter of 2015 the Swisslog division recorded a book-to-bill ratio of 0.75 and the order backlog as at March 31, 2015 was € 512.7 million. Swisslog had not yet been consolidated in the same quarter of the previous year.





## EBITDA

### KUKA Group

In the quarter just ended, KUKA Group achieved earnings before interest, taxes, depreciation and amortization of €59.5 million, which was 59.1% above the figure for the same quarter of the previous year (Q1/14: €37.4 million).

## EBIT

### KUKA Group

In the first quarter of 2015 the KUKA Group achieved earnings before interest and taxes (EBIT) amounting to €28.1 million (Q1/14: €27.1 million) and an EBIT margin of 3.9% (Q1/14: 5.9%). Depreciation in the course of purchase price allocation was taken into account here to the extent of €17.5 million. Without this depreciation, EBIT amounted to €45.6 million and the EBIT margin to 6.3%. The operating divisions performed well from an organic point of view and were able to more than compensate for the costs of Swisslog integration and capital expenditure on the new Product Lifecycle Management System (PLM).

### Robotics

In the period under consideration, the Robotics EBIT increased from €19.3 million (Q1/14) to €25.9 million (Q1/15). This development is even more notable in that the overall expenditure in research and development increased, as did the total number of employees. General industry business growth had a positive impact. The share of this sector in total sales grew slightly in the quarter just ended. The EBIT margin also improved and rose from 9.9% in the first quarter of 2014 to 11.0% in the first quarter of 2015.

### Systems

In the first quarter of 2015 the Systems EBIT improved very markedly. Overall the value rose from €11.8 million (Q1/14) to €20.9 million (Q1/15). Earnings in the quarter just ended were driven primarily by significantly positive development of the organic Systems business and the successful implementation of measures to enhance efficiency. These effects have more than compensated for the expenditure related to introduction of the new PLM system. The EBIT margin was up correspondingly to 6.0% (Q1/14: 4.3%).

### Swisslog

In the first quarter of 2015 the Swisslog division achieved an EBIT amounting to €-14.1 million and an EBIT margin of -9.6%. Disregarding the depreciation in the course of purchase price allocation the EBIT was €3.4 million and the EBIT margin 2.3%. Swisslog had not yet been consolidated in the same quarter of the previous year.

## PERFORMANCE OF THE DIVISIONS

### KEY FIGURES – ROBOTICS

in € millions	Q1/14	Q1/15	Change
Orders received	235.6	244.1	3.6%
Order backlog (03/31)	317.4	263.1	-17.1%
Sales revenues	194.5	235.0	20.8%
Gross profit	65.0	83.0	27.7%
in % of sales revenues	33.4%	35.3%	-
Earnings before interest and taxes (EBIT)	19.3	25.9	34.2%
in % of sales revenues	9.9%	11.0%	-
Earnings before interest, taxes, depreciation and amortization (EBITDA)	24.3	32.2	32.5%
in % of sales revenues	12.5%	13.7%	-
Employees (03/31)	3,501	3,800	8.5%

### KEY FIGURES – SYSTEMS

in € millions	Q1/14	Q1/15	Change
Orders received	383.6	399.3	4.1%
Order backlog (03/31)	872.7	1,075.8	23.3%
Sales revenues	272.1	349.9	28.6%
Gross profit	40.0	55.0	37.5%
in % of sales revenues	14.7%	15.7%	-
Earnings before interest and taxes (EBIT)	11.8	20.9	77.1%
in % of sales revenues	4.3%	6.0%	-
Earnings before interest, taxes, depreciation and amortization (EBITDA)	16.4	25.6	56.1%
in % of sales revenues	6.0%	7.3%	-
Employees (03/31)	5,668	5,832	2.9%

## KEY FIGURES – SWISSLOG

in € millions	Q1/15
Orders received	110.4
Order backlog (03/31)	512.7
Sales revenues	146.8
Gross profit	19.5
in % of sales revenues	13.3%
Earnings before interest and taxes (EBIT)	-14.1
in % of sales revenues	-9.6%
Earnings before interest, taxes, depreciation and amortization (EBITDA)	5.3
in % of sales revenues	3.6%
Employees (03/31)	2,406

## FINANCIAL POSITION AND PERFORMANCE

### EARNINGS

The positive development of sales during the previous years has continued into the first quarter of 2015. In the reporting period KUKA Group posted total sales revenues amounting to € 719.8 million (Q1/14: € 462.5 million). Swisslog Group, whose results were consolidated for the first time as of December 31, 2014, contributed sales revenues of € 146.8 million to this. KUKA Group's sales therefore also grew significantly on an organic basis – i. e. disregarding the contribution from Swisslog – to € 573.0 million, an increase of 23.9 percent. This is second only to the fourth quarter of 2014 in the ranking of the highest quarterly sales achieved by KUKA. The orders received figure of € 743.9 million represented a new historic record for KUKA Group. This remains true even if one leaves out the € 110.4 million contributed by the acquired group of companies (orders received Q1/15: € 633.5 million; Q1/14: € 615.2 million). The total organic growth achieved was thus 3.0%. The gross profit from sales at € 158.2 million represented an increase of € 53.1 million or 50.5% compared to Q1/14 (€ 105.1 million). When the € 19.5 million contributed by Swisslog Group is taken into account, a value of € 138.7 million remains from an organic perspective, which represents an improvement of 32.0%. In the first quarter of 2015 the Group's organic gross margin rose from 22.7% to 24.2%.

Overhead costs (sales, research & development and administration) totaled € 129.9 million versus € 78.6 million in Q1/14. Overhead costs as a percentage of sales were 18.0%, higher than last year's 17.0%. This increase is due above all to Swisslog and also is a consequence of additional depreciation based on purchase price allocation, which caused even higher overhead costs. If one eliminates these effects, the organic ratio of overhead costs to sales revenues was 16.9%, which is the same as the previous year's level.

The costs for sales showed a relative increase of 0.5 percentage points in relation to the sales revenues. Disregarding the company acquisition, the share of sales costs in the sales revenues remained at about the level of the equivalent period last year (Q1/15: 7.6 percent; Q1/14: 7.8 percent). Administration expenditure showed an increase of € 21.4 million compared with the same quarter of the previous year. Also in relation to sales revenues these were higher than for the previous year (Q1/15: 6.8%; Q1/14: 6.0%). This increase is due, in addition to the costs arising from the integration of the new companies, also to large-scale internal projects for Group-wide harmonization and optimization of the operative and support processes.

The expenses for research and development shown on the income statement amounted to € 21.3 million in the first quarter of 2015 and thus were significantly higher than for the corresponding quarter in the previous year (€ 15.0 million). This increase reflects the sustained strategic orientation of the Group towards structured expansion of investment in further developments and in new and forward-looking technologies. These include the following topics:

- ▲ Further development of the KUKA Sunrise control software
- ▲ Upgrading of and development of applications for LBR iiwa
- ▲ Development of the KR FORTEC, a new series of heavy-duty robots for payloads between 360 and 600 kg
- ▲ Applications in the mobile robotics field
- ▲ Application expertise in the aerospace sector – for example, a mobile platform with two collaborating robots has been successfully implemented for setting rivets in aircraft construction
- ▲ Development of the new "Genius" friction welding machine

Swisslog Group has also contributed a total of € 1.7 million to the increase in R&D expenditure. Swisslog is currently working on a range of projects in the fields of both healthcare solutions and warehouse & distribution solutions.

The results of KUKA's research and development work also attract attention from outside the Group. In March 2015, KUKA development projects received a double accolade. To start with, the LBR iiwa lightweight robot won the German Business Innovation Award in the "Large company" category. In addition to that, KUKA won the euRobotics Technology Transfer Award. KUKA won this prize jointly with the Albert Ludwig University of Freiburg for a successful technology transfer project entitled "Flexible Autonomous Navigation for the Industrial Shop Floor". For further details about current development projects, please refer to the company's 2014 annual report.

The costs of € 4.6 million (Q1/14: € 3.2 million) for new developments generated during the quarter were capitalized and will be reported as depreciation as per budget in subsequent financial statements. The research and development expenditure depreciation amounted to € 3.3 million (Q1/14: € 2.3 million).

Overall operating profit for the first three months of this year was €27.5 million, which compares with €26.5 million in Q1/14. Adjusted for financing charges of €0.6 million included in operating profit (Q1/14: €0.6 million) earnings before interest and taxes (EBIT) came in at €28.1 million (Q1/14: €27.1 million). The EBIT margin for the first quarter of 2015 has thus fallen back to 3.9% compared to the figure of 5.9% for the comparable quarter of the previous year. The decline in the margin, as previously announced, is primarily due to the planned depreciation arising from the purchase price allocation in conjunction with the acquisition of Swisslog Group. This meant that the EBIT in the first quarter was burdened with depreciation amounting to €17.5 million. For the full year 2015 a charge against profits of approx. €60 million is expected in this connection. Organically, i.e. without Swisslog, the EBIT would amount to €42.2 million at an EBIT margin of 7.4%. This shows that KUKA Group has continued seamlessly on from the outstanding fourth quarter of 2014.

	Q1/14	Q2/14	Q3/14	Q4/14	Q1/15	Q1/15 organic
EBIT (in € millions)	27.1	34.2	36.8	43.7	28.1	42.2
EBIT-Marge (in %)	5.9%	6.8%	6.8%	7.4%	3.9%	7.4%

In the Systems segment the EBIT margin was 6.0% (Q1/14: 4.3%). In the previous year the margin for Systems was still affected by the acquisition of Reis Group. The Robotics division achieved 11.0%, thus surpassing even the high level of the previous year (Q1/14: 9.9%). As expected, Swisslog returned a significantly negative EBIT margin of -9.6%. However this was still predominantly due to depreciation in connection with the purchase price allocation. If that is removed from the calculation, the Swisslog segment achieved an EBIT margin of 2.3%, i.e. slightly better than the EBIT margin of 2.2% attained in 2014 when Swisslog was still independent.

Comparison with the previous year shows that EBITDA (earnings before interest, taxes, depreciation and amortization) rose from €37.4 million to €59.5 million. The contrasting development of EBITDA in comparison to EBIT is due to the additional amortization charges arising from the purchase price allocation for Swisslog Group, since these do not impact the EBITDA. There was also a clear increase on an organic basis, with a result of €54.2 million, 44.9% up on the previous year. Within the reporting period the depreciation and amortization posted was €31.4 million (Q1/14: €10.3 million). €6.3 million of this (Q1/14: €4.9 million) was attributable to Robotics, €4.7 million (Q1/14: €4.6 million) to Systems, €19.4 million (Q1/14: zero) to Swisslog and €1.0 million (Q1/14: €0.8 million) to other areas.

The financial result improved from €-6.1 million last year to €-2.7 million. The financial result for the previous year included one-off charges of €2.4 million arising from the repurchase of the corporate bond in line with the market. The bond was repaid in full in May 2014, so no such charge will arise in 2015.

in € millions	Q1/14	Q1/15
Interest income from finance lease	1.5	1.8
Remaining interest and similar income	0.9	0.4
<b>Other interest and similar income</b>	<b>2.4</b>	<b>2.2</b>
Interest component for allocations to pension provisions	0.6	0.4
Guarantee commissions	0.2	0.2
Interest expense for the convertible bond	1.7	1.7
Interest expense for the corporate bond	3.6	-
Financing costs reclassified to operating results	-0.7	-0.7
Foreign currency gains and losses	0.1	2.0
Remaining interest and similar expenses	0.6	1.3
<b>Current other interest and similar expenses</b>	<b>6.1</b>	<b>4.9</b>
<b>Current financial result</b>	<b>-3.7</b>	<b>-2.7</b>
Interest expense from redemption of the corporate bond	-2.4	-
<b>Financial result</b>	<b>-6.1</b>	<b>-2.7</b>

Interest income was €2.2 million, less than the €2.4 million in Q1/14. This includes mainly income in connection with the finance lease and income from short-term investments.

As in the previous year, the net interest item includes €1.7 million for interest on the convertible bond valued at €150.0 million placed in February and July 2013 in two tranches. In accordance with accounting standards, the reclassification of financing charges into operating profit reduced the interest charges by €0.7 million (Q1/14: €0.7 million). The net interest expense for pensions was €0.4 million (Q1/14: €0.6 million). As described in the notes to the quarterly report, the effects of currency exchange rates in the area of financing are shown from now on in the financial results. The net effect for the first quarter amounted to €-2.0 million (Q1/14: €-0.1 million). The increase was due largely to the major appreciation of the Swiss franc against other currencies, especially against the euro, in the first quarter of 2015.

Earnings before taxes (EBT) in the first three months of 2015 amounted to €24.8 million, compared to €20.4 million in Q1/14. In the period under consideration, taxes amounted to €9.5 million, compared to €8.2 million in Q1/14. This represented a tax rate of 38.3 percent (Q1/14: 40.2 percent).

In the period under consideration, earnings after taxes were €15.3 million (Q1/14: €12.2 million). The diluted earnings per share increased correspondingly from €0.36 to €0.44.

## CONSOLIDATED INCOME STATEMENT (CONDENSED)

in € millions	Q1/14	Q1/15	Q1/14 Swisslog	Q1/15 organic
Sales revenues	462.5	719.8	146.8	573.0
EBIT	27.1	28.1	-14.1	42.2
EBITDA	37.4	59.5	5.3	54.2
Financial result	-6.1	-2.7	-3.3	0.6
Taxes on income	-8.2	-9.5	5.9	-15.4
Earnings after taxes	12.2	15.3	-11.5	26.8

## FINANCIAL POSITION

The stable income position is reflected in the cash earnings. These are derived from the earnings after taxes, adjusted for income taxes, net interest, cash-neutral depreciation on tangible and intangible assets, together with other non-cash expenses and income. The cash earnings were €61.5 million, which was €25.7 million higher than the corresponding value for the previous year of €35.8 million. Even on an organic basis this was an increase of €19.7 million to €55.5 million.

Cash flow from current business operations decreased to €22.3 million (Q1/14: €49.5 million). Company acquisitions made a negative contribution to this. Due to the business cycle, Swisslog Group in particular had a negative operating cash flow in the first quarter. On an organic basis the operating cash flow was €49.9 million, the same level as the previous year.

The movement in trade working capital has been as follows:

in € millions	12/31/2014	03/31/2015
Inventories less advance payments	194.1	205.0
Trade receivables and receivables from construction contracts	612.9	680.4
Trade payables and liabilities from construction contracts	522.2	548.3
<b>Trade working capital</b>	<b>284.8</b>	<b>337.1</b>

In total the trade working capital of the Group increased by €52.3 million to €337.1 million. Stripping out the acquisition of Swisslog Group, the trade working capital would have increased from €249.9 million at December 31, 2014 to €268.1 million at March 31, 2015.

In the first three months of 2015 we made investments amounting to €22.2 million (Q1/14: €14.1 million). Capital investment for tangible assets totaled €15.6 million, mainly for technical plant and equipment as well as additional advance payments for the new Development and Technology Center being built at Augsburg. Investments in intangible assets totaled €6.6 million, of which €4.6 million was for internally generated intangible assets. There were outflows of cash and cash equivalents amounting to €7.4 million associated with increasing the proportion of ownership of Swisslog Group, Faude Automatisierungstechnik and milestone payments to KBee AG. The cash flow from investment activities amounted to €-27.0 million in total (Q1/14: €-25.6 million).

The cash flow from current business operations plus cash flow from investment activities resulted in a free cash flow of €-4.7 million, compared to €23.9 million in Q1/14. As described above, this includes a significant negative contribution attributable to company acquisitions. On an organic basis the free cash flow was €26.2 million, which was significantly better by 9.6% than the figure for the corresponding period of the previous year. The adjusted free cash flow for the quarter was thus positive for the tenth quarter in succession.

In total the cash flow from financing activities was €2.4 million, compared to €-40.5 million in Q1/14. In the comparable quarter of the previous year the cash flow from financing activities was dominated by the repurchase of corporate bond shares in the nominal amount of €19.0 million and the takeover of liabilities associated with the company acquisition of Reis Group.

As a result of this, the cash and cash equivalents available to KUKA Group at March 31, 2015 were €199.0 million (Q1/14: €428.3 million). The heavy decline from the previous year's value was due essentially to the disbursement for acquiring a majority interest in Swisslog Group in December 2014, and to the repayment of the corporate bond in May 2014. Compared to December 31, 2014 the cash and cash equivalents rose slightly by €6.9 million (December 31, 2014: €192.1 million).

## KUKA syndicated loan successfully refinanced and extended

KUKA Aktiengesellschaft has prematurely refinanced the syndicated loan that it concluded in December 2013. The new contract provides for a surety and guarantee line in the amount of €140.0 million and a working capital line, which can also be used for sureties and guarantees, in the amount of €90.0 million. This makes available a volume €70.0 million higher than with the previous contract. In addition, structural contract adaptations have been made. Both measures are attributable to the integration of Swisslog Holding AG and its subsidiaries, in which a majority stake was acquired in December 2014. Moreover, it was possible to benefit from the improved market situation to obtain significantly improved terms.

The new credit facility will be used for general corporate financing purposes. In particular, it provides the surety and guarantee lines for the operative business of KUKA and Swisslog. The contract came into force at the start of April 2015. Further details of the Syndicated Senior Facilities Agreement can be found in the notes to the quarterly report (see page 24).

## CONSOLIDATED CASH FLOW STATEMENT (CONDENSED)

in € millions	Q1/14	Q1/15	Q1/14 Swisslog	Q1/15 organic
Cash earnings	35.8	61.5	6.0	55.5
Cash flow from current business operations	49.5	22.3	-27.6	49.9
Cash flow from investment activities	-25.6	-27.0	-3.3	-23.7
Free cash flow	23.9	-4.7	-30.9	26.2

## NET WORTH

As at the reporting date, the balance sheet total of KUKA Group had increased from €1,979.5 million at December 31, 2014 to €2,159.9 million, an increase of 9.1%. As well as the changes described below, a significant cause of the increase was the large gain in the exchange rate of the Swiss franc, following the decision made by the Swiss National Bank in January to abandon the minimum exchange rate of around 1.20 CHF/€. (The CHF/€ spot rate on December 31, 2014 was 1.2024; on March 31, 2015 it was 1.0463). This change in exchange rate alone generated an increase of the KUKA balance sheet total in the high double-digit million range, as a result of Swisslog Group balance sheet items denominated in Swiss francs.

On the assets side, non-current assets rose to €854.8 million compared to €798.0 million at December 31, 2014). Within this, intangible assets in particular rose by €29.0 million. As well as investments amounting to €6.6 million, the above-mentioned CHF exchange rate effect was very evident here to the extent of €22.1 million, in respect of goodwill. The increase in tangible assets reflected amongst other things continued progress in completing the Development and Technology Center at Augsburg. As at the reporting date, a value of €57.8 million had been booked to this (December 31, 2014: €53.3 million). Amounts totaling €5.1 million were included for investments in associated companies (December 31, 2014: €5.6 million) and were reported under financial investments. Deferred tax assets totaled €53.3 million (December 31, 2014: €48.2 million). Of this amount, €15.8 million was attributable to losses carried forward (December 31, 2014: €11.1 million).

The value of current assets amounted to €1,305.1 million at March 31, 2015 (December 2014: €1,181.5 million). This figure includes assets held for sale as part of the planned sale of part of a division, amounting to €16.7 million (December 2014: €16.5 million). Further explanations of the current assets are included in the notes on the financial position.

Within the reporting period, the equity increased from €541.1 million to €598.5 million. This was the result not only of the earnings after taxes (€15.3 million) but also of the contribution from exchange rate effects totaling €56.2 million, notably Swiss francs (€40.4 million) and US dollars (€10.4 million). The evaluation of pension provisions had no effect on earnings but did reduce the equity. Because of the renewed lower interest rates in comparison with those prevailing at the end of fiscal 2014, actuarial losses amounting to €7.6 million had to be booked against equity. Minority interests were reduced from €16.8 million to €12.7 million primarily due to the purchase of further shares in Swisslog Holding AG. The equity ratio, i.e. the ratio of equity to the balance sheet total was 27.7%, which was slightly higher than at the end of fiscal 2014 (December 31, 2014: 27.3 percent).

The financial liabilities predominantly relate to the convertible bond maturing in February 2018.

The current liabilities increased from €1,096.2 million at December 31, 2014 to €1,202.3 million at March 31, 2015. In addition to the exchange rate effects described above, the seasonal increase in liabilities in the personnel sector such as accruals for unused leave also contributed to this. Details of the liabilities for the trade working capital are included in the notes on the financial position. A figure of €8.2 million (December 31, 2014: €7.3 million) was posted for liabilities associated with assets held for sale.

The existing net liquidity of the Group, i.e. the liquid assets less the current and non-current financial liabilities, amounting to €32.6 million at December 31, 2014, declined slightly to €30.7 million.

### GROUP NET WORTH

in € millions	12/31/2014	03/31/2015
Balance sheet total	1,979.5	2,159.9
Equity	541.1	598.5
in % of balance sheet total	27.3%	27.7%
Net liquidity	32.6	30.7

## RESEARCH & DEVELOPMENT

During the first quarter of 2015 the expenditure on research and development by KUKA Group amounted to €21.3 million (Q1/14: €15.0 million). This meant that the capital investment was considerably higher than during the same period last year.

R&D expenses are attributable predominantly to the Robotics division. Systems conducts most of its research and development in conjunction with customer projects.

In the first quarter of 2015, KUKA focused on expanding the existing product portfolio. This also included key technologies for Industry 4.0, such as human-robot collaboration, mobility and smart platforms, which KUKA presented at Hannover Messe.

### RESEARCH PROJECTS FOR THE NEXT GENERATION OF BODY-IN-WHITE PRODUCTION

KUKA Systems is currently working intensively on concepts for the next generation of body-in-white production. This involves development of systems and control concepts which will fulfill the desire for customized vehicles to be manufactured in a mass-production facility using systems from KUKA. Since the start of 2014, for example, KUKA Systems has been involved in the research factory for body-in-white production, and since the end of 2014 has been a member of the ARENA 2036 research association. The “Matrix body-shop” concept is intended to create a versatile body production environment in which the individual process steps are performed in standardized cells. These cells are served by AGVs (Automated Guided Vehicles) which deliver the required production tools and clamping tools so that various different types and derivatives can be manufactured on a single line. The AGVs also perform the component logistics activities.

## ENERGY EFFICIENCY IN SYSTEMS ENGINEERING

In 2014 a software tool was developed by which the energy consumption of a system can be estimated at a very early stage in the planning of a production facility so that more energy-efficient alternatives can be quickly developed. For this purpose, the tool is used to determine the anticipated energy consumption of various components in the quantity breakdown of the system. Currently the measures for increasing the energy efficiency are being evaluated, with not only the saving in energy being ascertained but also any additional costs and effects on the system being investigated. Each set of results is summarized in an action profile and loaded into the energy calculation tool.

## SUCCESSFUL TECHNOLOGY TRANSFER

In the quarter just ended, KUKA succeeded in winning the prestigious euRobotics Technology Transfer Award. KUKA won this prize jointly with the Albert Ludwig University of Freiburg for a successful technology transfer project entitled "Flexible Autonomous Navigation for the Industrial Shop Floor". The technology transfer project contained various procedures for autonomous navigation. This enabled the implementation of completely new production and logistics concepts in the aerospace and general industry (GI) sectors using KUKA heavy-duty omniMove platforms. Autonomous navigation forms the basis for various mobile robotic applications and can be applied to any vehicle, with or without a robot arm.

## GERMAN BUSINESS INNOVATION AWARD FOR THE LBR IIWA

In addition KUKA won the German Business Innovation Award in the "Large company" category with the LBR iiwa lightweight robot. The German Business Innovation Award is the world's first innovation award and is presented in four categories. These prizes recognize the most significant scientific, technical, entrepreneurial and intellectual innovations in German business.

## EXPANSION OF THE RANGE OF PRESSES

In recent months the Reis SEP range of presses for trimming stamped parts has been expanded by adding new sizes. This new range is characterized by systematic modularization. This offers the customer a wide spectrum of different variants, without sacrificing the concept of standardization. In conjunction with the Dialog IV control system, the SEP range offers the customer new functions, a user-friendly, intuitive operator interface and powerful interfaces for control and data transfer in an Industry 4.0 environment. There are now already 30 machines either in service or being built by the Systems division.

## SYNERGIES IN THE FIELD OF LASER TECHNOLOGY

The Systems division unites the laser competence of KUKA and the laser technology of Reis. For many years Reis has been developing and producing both the LASERspy safety sensor for laser booths and also optics for various laser processes. The synergies arising from this can now be utilized within KUKA, not only for processes such as laser brazing, laser welding, laser cutting for plastics and metal but also for innovative process technologies such as laser hybrid welding or laser contract welding.

## MOBILE LOGISTICS MEETS INTELLIGENT ROBOTICS

KUKA exhibited the automated "CarryPick" goods-to-person system at Hannover Messe, as the first joint application with Swisslog. "CarryPick" consists of mobile racks, AGVs, multifunctional "ProPick" workstations and Swisslog's WM6 warehouse management system. Within a defined warehouse area, AGVs drive underneath mobile racks stocked with goods, lift them and transport them to picking workstations. Here the goods can be taken from the racks or placed back into storage. The WM6 system issues jobs to the fleet management software which controls the AGVs. The vehicles receive signals from the fleet manager via WLAN communication and navigate on the basis of DataMatrix codes affixed to the floor. Vehicles can charge their batteries during operation, either inductively or at mobile charging mats. An LBR iiwa robot is positioned alongside the picking workstation to assist the picking operation, without a safety fence. It too receives data on jobs from a system. It selects the ordered goods from containers as they pass, picks them up using suction grippers supported by a 2D vision system, and places them in a picking compartment.

## EMPLOYEES

The number of people employed by KUKA Group rose 31.3% in the first quarter of 2015. The total workforce was up from 9,392 to 12,331. This includes the Swisslog employees. As at March 31, 2015, Swisslog employed 2,406 people. The Robotics division's headcount rose from 3,501 to 3,800, an increase of 8.5%. The new employees were hired primarily for the general industry business, service and research & development. At KUKA Systems the number of employees was up about 2.9%, increasing from 5,668 to 5,832. The number of temporary workers at Group level rose slightly from 1,477 to 1,795. The other non-operations departments had 293 employees versus 223 last year.



## OPPORTUNITIES AND RISK REPORT

Overall, KUKA Group's named risks relate to the business performance of the divisions and financial risks associated with currency exchange rate fluctuations and corporate financing. The Executive Board is not aware of any individual or aggregated risks that could threaten the company's existence. Strategically and financially, the company is positioned to be able to take advantage of business opportunities. Please also refer to the detailed report on pages 45 and following of the 2014 annual report/management report.

## OUTLOOK

Given the current economic forecasts and the general conditions, KUKA expects good demand in the 2015 financial year, especially from North America and Asia, particularly China. Demand in Europe should develop relatively stable to slightly rising overall. From a sector perspective, general industry growth is expected to be positive. This is due in part to the high potential for automation solutions as well as the positive economic prospects for general industry customers.

Automotive customers have already significantly increased investments over the past few years. Demand in 2015 should therefore develop relatively stable altogether, with positive influences from China and the United States.

On the basis of the current general conditions and exchange rates, KUKA is expecting sales revenues of approximately € 2.8 billion. The sales development will profit from the first-time consolidation of Swisslog. In addition, both customer segments – general industry and automotive – and from a regional viewpoint, China and North America, will make a positive contribution to sales development. Based on the current economic general conditions and the development of sales, KUKA Group expects to achieve an EBIT margin of approximately 5.5% before PPA (purchase price allocation) for Swisslog. Investments in growth in general industry and China as well as the integration and restructuring costs for Swisslog are having an impact on the EBIT margin. In addition, the introduction of project lifecycle management software at Systems and ERP software to be used throughout the Group will result in higher costs during 2015, but in subsequent years these will help make a considerable improvement in efficiency. Taking account of expenditure for PPA, KUKA Group expects a lower EBIT margin. In the coming years, after restructuring and an increase in efficiency at Swisslog, a positive contribution to value added is anticipated for KUKA Group.

# INTERIM REPORT (CONDENSED)

## GROUP CONSOLIDATED INCOME STATEMENT

of KUKA Aktiengesellschaft for the period January 1 to March 31, 2015

in € millions	Q1/14	Q1/15
<b>Sales revenues</b>	462.5	719.8
Cost of sales	-357.4	-561.6
<b>Gross income</b>	<b>105.1</b>	<b>158.2</b>
Selling expenses	-35.7	-59.3
Research and development expenses	-15.0	-21.3
General and administrative expenses	-27.9	-49.3
Other operating income	2.3	2.9
Other operating expenses	-2.0	-2.3
Earnings from companies valued at equity	-0.3	-1.4
<b>Earnings from operating activities</b>	<b>26.5</b>	<b>27.5</b>
<b>Reconciliation to earnings before interest and taxes (EBIT)</b>		
Financing costs included in cost of sales	0.6	0.6
<b>Earnings before interest and taxes (EBIT)</b>	<b>27.1</b>	<b>28.1</b>
Depreciation and amortization included in EBIT	10.3	31.4
<b>Earnings before interest, taxes, depreciation and amortization (EBITDA)</b>	<b>37.4</b>	<b>59.5</b>
Net interest income	2.4	2.2
Net interest expense	-8.5	-4.9
<b>Financial result</b>	<b>-6.1</b>	<b>-2.7</b>
<b>Earnings before taxes</b>	<b>20.4</b>	<b>24.8</b>
Taxes on income	-8.2	-9.5
<b>Earnings after taxes</b>	<b>12.2</b>	<b>15.3</b>
of which: attributable to minority interests	0.0	-0.4
of which: attributable to shareholders of KUKA AG	12.2	15.7
<b>Earnings per share (undiluted) in €</b>	<b>0.36</b>	<b>0.44</b>
<b>Earnings per share (diluted) in €</b>	<b>n.a.</b>	<b>0.42</b>

## STATEMENT OF COMPREHENSIVE INCOME

of KUKA Aktiengesellschaft for the period January 1 to March 31, 2015

in € millions	Q1/14	Q1/15
Earnings after taxes	12.2	15.3
<b>Items that may potentially be reclassified to profit or loss</b>		
Translation adjustments	-1.1	56.2
<b>Items that are not reclassified to profit or loss</b>		
Changes of actuarial gains and losses	-3.5	-9.6
Deferred taxes on changes of actuarial gains and losses	0.8	2.0
<b>Changes recognized directly in equity</b>	<b>-3.8</b>	<b>48.6</b>
<b>Comprehensive income</b>	<b>8.4</b>	<b>63.9</b>
of which: attributable to minority interests	0.0	1.0
of which: attributable to shareholders of KUKA AG	8.4	62.9



## CONSOLIDATED CASH FLOW STATEMENT

of KUKA Aktiengesellschaft for the period January 1 to March 31, 2015

in € millions	Q1/14	Q1/15
<b>Earnings after taxes</b>	<b>12.2</b>	<b>15.3</b>
Income taxes	6.7	17.5
Net interest	6.1	2.7
Depreciation/amortization on intangible assets	3.8	23.5
Depreciation/amortization on tangible assets	6.5	7.9
Other non-payment-related income	-0.7	-7.7
Other non-payment-related expenses	1.2	2.3
<b>Cash earnings</b>	<b>35.8</b>	<b>61.5</b>
Result on the disposal of assets	0.0	-0.1
Changes in provisions	9.9	-1.1
Changes in current assets and liabilities:		
Changes in inventories	-15.8	-11.9
Changes in receivables and deferred charges	17.6	-26.4
Changes in liabilities and deferred charges (excl. financial debt)	5.4	4.5
Income taxes paid	-2.7	-3.5
Investment/financing matters affecting cash flow	-0.7	-0.7
<b>Cash flow from operating activities</b>	<b>49.5</b>	<b>22.3</b>
Payments from disposals of fixed assets	0.2	0.4
Payments for capital expenditures on intangible assets	-4.5	-6.6
Payments for capital expenditures on tangible assets	-9.6	-15.6
Payments for the acquisition of consolidated companies and other business units	-13.8	-7.4
Interest received	2.1	2.2
<b>Cash flow from investment activities</b>	<b>-25.6</b>	<b>-27.0</b>
<b>Free cash flow</b>	<b>23.9</b>	<b>-4.7</b>
Proceeds/payments from the issuance/repayment of bonds and similar liabilities	-20.9	-
Proceeds from/payments for the acceptance/repayment of bank loans	-17.7	4.3
Payments from grants received	0.7	0.7
Interest paid	-2.6	-2.6
<b>Cash flow from financing activities</b>	<b>-40.5</b>	<b>2.4</b>
<b>Payment-related changes in cash and cash equivalents</b>	<b>-16.6</b>	<b>-2.3</b>
Changes in cash and cash equivalents related to acquisitions	4.3	-
Exchange-rate-related and other changes in cash and cash equivalents	-0.5	9.2
<b>Changes in cash and cash equivalents</b>	<b>-12.8</b>	<b>6.9</b>
(of which net increase/decrease in restricted cash)	(5.1)	(4.5)
Cash and cash equivalents at the beginning of the period	441.1	192.1
(of which restricted cash at the beginning of the period)	(6.1)	(2.4)
<b>Cash and cash equivalents at the end of the period</b>	<b>428.3</b>	<b>199.0</b>
(of which restricted cash at the end of the period)	(11.2)	(6.9)

## CONSOLIDATED BALANCE SHEET

of KUKA Aktiengesellschaft as of March 31, 2015

ASSETS	12/31/2014	03/31/2015
in € millions		
<b>Non-current assets</b>		
Intangible assets	430.4	459.4
Non-current assets	233.8	248.5
Financial investments	0.6	0.7
Investments accounted for at equity	5.6	5.1
	<b>670.4</b>	<b>713.7</b>
Finance lease receivables	66.1	72.5
Income tax receivables	3.4	3.3
Other long-term receivables and other assets	9.9	12.0
Deferred taxes	48.2	53.3
	<b>798.0</b>	<b>854.8</b>
<b>Current assets</b>		
Inventories	272.4	296.8
Receivables and other assets		
Trade receivables	273.8	333.4
Receivables from construction contracts	339.1	347.0
Finance lease receivables	6.9	8.0
Income tax receivables	9.7	11.4
Other assets, prepaid expenses and deferred charges	71.0	92.8
	<b>700.5</b>	<b>792.6</b>
Cash and cash equivalents	192.1	199.0
Assets held for sale	16.5	16.7
	<b>1,181.5</b>	<b>1,305.1</b>
	<b>1,979.5</b>	<b>2,159.9</b>

**LIABILITIES**

in € millions	12/31/2014	03/31/2015
<b>Equity</b>		
Subscribed capital	92.8	92.8
Capital reserve	176.5	176.5
Revenue reserves	255.0	316.5
Minority interests	16.8	12.7
	<b>541.1</b>	<b>598.5</b>
<b>Non-current liabilities</b>		
Financial liabilities	137.0	137.9
Other liabilities	18.2	20.0
Pensions and similar obligations	121.7	133.8
Deferred taxes	65.3	67.4
	<b>342.2</b>	<b>359.1</b>
<b>Current liabilities</b>		
Financial liabilities	22.5	30.4
Trade payables	274.6	353.8
Advances received	78.3	91.8
Liabilities from construction contracts	247.6	194.5
Accounts payable to affiliated companies	0.1	0.1
Income tax liabilities	24.9	40.9
Other liabilities and deferred income	290.8	327.1
Other provisions	150.1	155.5
Liabilities from assets held for sale	7.3	8.2
	<b>1,096.2</b>	<b>1,202.3</b>
	<b>1,979.5</b>	<b>2,159.9</b>

## DEVELOPMENT OF GROUP EQUITY

of KUKA Aktiengesellschaft for the period January 1 to March 31, 2015

in € millions	Number of shares outstanding	Subscribed capital	Capital reserve	Revenue reserves			Equity to shareholders	Minority interests	Total
				Translation gains/losses	Actuarial gains and losses	Annual net income and other revenue reserves			
<b>01/01/2015</b>	<b>35,708,315</b>	<b>92.8</b>	<b>176.5</b>	<b>9.7</b>	<b>-17.2</b>	<b>262.5</b>	<b>524.3</b>	<b>16.8</b>	<b>541.1</b>
Earnings after taxes						15.7	15.7	-0.4	15.3
Other earnings				54.8	-7.6		47.2	1.4	48.6
<b>Comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>54.8</b>	<b>-7.6</b>	<b>15.7</b>	<b>62.9</b>	<b>1.0</b>	<b>63.9</b>
Other changes						-1.4	-1.4	-5.1	-6.5
<b>03/31/2015</b>	<b>35,708,315</b>	<b>92.8</b>	<b>176.5</b>	<b>64.5</b>	<b>-24.8</b>	<b>276.8</b>	<b>585.8</b>	<b>12.7</b>	<b>598.5</b>

## DEVELOPMENT OF GROUP EQUITY

of KUKA Aktiengesellschaft for the period January 1 to March 31, 2014

in € millions	Number of shares outstanding	Subscribed capital	Capital reserve	Revenue reserves			Equity to shareholders	Minority interests	Total
				Translation gains/losses	Actuarial gains and losses	Annual net income and other revenue reserves			
<b>01/01/2014</b>	<b>33,915,431</b>	<b>88.2</b>	<b>94.5</b>	<b>-2.2</b>	<b>-4.9</b>	<b>202.2</b>	<b>377.8</b>	<b>1.3</b>	<b>379.1</b>
Earnings after taxes						12.2	12.2	0.0	12.2
Other earnings				-1.1	-2.7		-3.8		-3.8
<b>Comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-1.1</b>	<b>-2.7</b>	<b>12.2</b>	<b>8.4</b>	<b>0.0</b>	<b>8.4</b>
Other changes						3.2	3.2		3.2
<b>03/31/2014</b>	<b>33,915,431</b>	<b>88.2</b>	<b>94.5</b>	<b>-3.3</b>	<b>-7.6</b>	<b>217.6</b>	<b>389.4</b>	<b>1.3</b>	<b>390.7</b>

# NOTES ON THE QUARTERLY REPORT (CONDENSED)

## GROUP SEGMENT REPORT

of KUKA Aktiengesellschaft for the period January 1 to March 31, 2015

in € millions	Robotics		Systems		Swisslog	KUKA AG and other companies		Reconciliation and consolidation		Group	
	Q1/14	Q1/15	Q1/14	Q1/15	Q1/15	Q1/14	Q1/15	Q1/14	Q1/15	Q1/14	Q1/15
Orders received	235.6	244.1	383.6	399.3	110.4	-	-	-4.0	-9.9	615.2	743.9
Order backlog (03/31)	317.4	263.1	872.7	1,075.8	512.7	-	-	-3.4	-9.4	1,186.7	1,842.2
Group external sales revenues	191.1	226.5	271.4	346.4	146.8	-	-	-	-	462.5	719.8
in % of Group sales revenues	41.3%	31.5%	58.7%	48.1%	20.4%	-	-	-	-	100.0%	100.0%
Intra-Group sales	3.4	8.5	0.7	3.5	0.0	-	-	-4.1	-12.0	-	-
<b>Sales revenues by division</b>	<b>194.5</b>	<b>235.0</b>	<b>272.1</b>	<b>349.9</b>	<b>146.8</b>	-	-	<b>-4.1</b>	<b>-11.9</b>	<b>462.5</b>	<b>719.8</b>
<b>Gross profit</b>	<b>65.0</b>	<b>83.0</b>	<b>40.0</b>	<b>55.0</b>	<b>19.5</b>	-	-	<b>0.1</b>	<b>0.7</b>	<b>105.1</b>	<b>158.2</b>
in % of sales revenues of the division	33.4%	35.3%	14.7%	15.7%	13.3%	-	-	-	-	22.7%	22.0%
<b>EBIT</b>	<b>19.3</b>	<b>25.9</b>	<b>11.8</b>	<b>20.9</b>	<b>-14.1</b>	<b>-4.3</b>	<b>-4.4</b>	<b>0.3</b>	<b>-0.2</b>	<b>27.1</b>	<b>28.1</b>
in % of sales revenues of the division	9.9%	11.0%	4.3%	6.0%	-9.6%	-	-	-	-	5.9%	3.9%
<b>EBITDA</b>	<b>24.3</b>	<b>32.2</b>	<b>16.4</b>	<b>25.6</b>	<b>5.3</b>	<b>-3.6</b>	<b>-3.4</b>	<b>0.3</b>	<b>-0.2</b>	<b>37.4</b>	<b>59.5</b>
in % of sales revenues of the division	12.5%	13.7%	6.0%	7.3%	3.6%	-	-	-	-	8.1%	8.3%
Assets	349.0	432.0	646.0	809.2	582.4	230.0	518.4	-175.0	-437.7	1,050.0	1,904.3
Number of employees (03/31)	3,501	3,800	5,668	5,832	2,406	223	293	-	-	9,392	12,331

## IFRS/IAS ACCOUNTING STANDARDS

KUKA Aktiengesellschaft, headquartered in Augsburg, has prepared its interim financial statements for the period ending March 31, 2015 in line with the IAS 34 "Interim Financial Reporting Guidelines" as adopted by the European Union. The company has elected to prepare a condensed version in accordance with this standard. The condensed Group interim financial statements should be read in conjunction with the consolidated financial statements as of December 31, 2014. Unless stated to the contrary, all values are stated in € millions.

The consolidated Group financial statements were prepared according to the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) as approved by the European Union. The term IFRS also includes all valid international accounting standards (IAS). The interpretations of the Standing Interpretations Committee (SIC) and the International Financial Reporting Standards Interpretations Committee (IFRS IC) – supplemented by the guidelines stipulated in section 315a para. 1 of the German Commercial Code (HGB) – were also taken into consideration.

## SCOPE OF CONSOLIDATION

In relation to the year end, the scope of consolidation was reduced by the merger of KUKA Laboratories GmbH, Augsburg, Germany with KUKA Roboter GmbH, Augsburg, Germany, and by the merger of Reis Holding Corp. USA, Elgin, Illinois, USA and Reis Robotics USA Inc., Elgin, Illinois, USA.

The following tables show the changes to the group of consolidated companies since January 1, 2015:

Number of fully consolidated companies	Robotics	Systems	Swisslog	Other	Total
<b>Status as of 01/01/2015</b>	<b>24</b>	<b>46</b>	<b>30</b>	<b>3</b>	<b>103</b>
Mergers	-1	-1	-	-	-2
<b>Status as of 03/31/2015</b>	<b>23</b>	<b>45</b>	<b>30</b>	<b>3</b>	<b>101</b>
of which, Germany	1	11	4	3	19
of which, abroad	22	34	26	-	82

Number of associated companies	Robotics	Systems	Swisslog	Other	Total
<b>Status as of 03/31/2015</b>	<b>1</b>	<b>1</b>	-	-	<b>2</b>

## ACQUISITIONS

Swisslog Group, Buchs (AG), Switzerland was acquired and first consolidated at the end of 2014, as too was Faude Automatisierungstechnik GmbH, Gärtringen, Germany. For further details please refer to the company's 2014 annual report.

During the first quarter of 2015 KUKA bought shares in Swisslog Holding AG on the open market to increase its holding from 94.5% to 96.3%.

## INVESTMENTS IN ASSOCIATED COMPANIES

As at the reporting date, the investment carrying amount of the two associated companies KBee AG, Germany, and Yawei Reis Robot Manufacturing (Jiangsu) Co., Ltd., China, was valued at €5.1 million on the balance sheet; the effect on earnings was €-1.4 million.

In the first quarter of 2015 a contractual milestone payment of €1.4 million was made to KBee AG. For further details please refer to the company's 2014 annual report.

## ACCOUNTING POLICIES

The same valuation methodology and accounting principles as those used for the consolidated financial statements for the 2014 financial year were applied in preparing this consolidated interim report.

In respect of acquisitions made during the preceding year, KUKA Group has further optimized its internal reporting. This has resulted in minor changes to the presentation of external reports in respect of the income statement and the cash flow statement. The previous year's figures have been adapted accordingly to allow comparison.

In particular the following changes of presentation which affect the income statement have been made:

- ▲ As well as the reconciliation of the operating profit to the EBIT (earnings before interest and taxes), the EBIT will from now on be additionally reconciled to the EBITDA (earnings before interest, taxes, depreciation and amortization). As a result of this, for the first quarter of 2014 amortization of capitalized borrowing costs for intangible assets was reclassified from the reconciliation of the operating profit to the EBIT to the reconciliation of the EBIT to the EBITDA (€0.1 million).
- ▲ Since the start of the financial year, currency translation gains and losses from the operating areas (for instance receivables or liabilities for goods and services in foreign currency) have been reported within the cost of sales. The effects of currency exchange rates arising from financial activities, on the other hand, are reported as a balance within other interest charges and similar income and expenses. This change in

reporting has led in the previous year's comparative figures to reclassification of €8.8 million which was previously other operating income, and €11.8 million of what were previously other operating expenses. Of the balance of €3.0 million, €2.9 million was reclassified as cost of sales and €0.1 million as other interest and similar expenses. Whilst this had no effect on the earnings after taxes, the reclassification results in an EBITDA of €37.4 million for the comparable quarter of the previous year, which is now €0.1 million higher. At the same time, the financial result for the previous year has decreased by this amount.

The following changes in presentation were made in the cash flow statement:

- ▲ From 2015 onwards, dividends received will be shown within the investment cash flow instead of within the operating cash flow.
- ▲ Based on DRS 21, interest paid and grants received will no longer be shown within the operating cash flow but instead within the financing cash flow. Interest received will no longer be shown within the operating cash flow but instead within the investment cash flow. Implementation of these changes for 2014 resulted in a reduction of €0.2 million in operating cash flow and an increase of €2.1 million in investment cash flow. This resulted in a free cash flow figure higher by €1.9 million and a financing cash flow figure lower by €1.9 million.

For further information on the valuation methodology and accounting principles please refer to the consolidated financial statements dated December 31, 2014, which form the basis of the interim report presented here. This is also available on the Internet at [www.KUKA.com](http://www.KUKA.com).

## CHANGES IN ACCOUNTING POLICIES

The following new standards and interpretations have become mandatory since the start of the 2015 financial year:

- ▲ Amendments to IAS 19: Employee Contributions
- ▲ IFRIC 21: Levies
- ▲ Annual Improvements 2010 – 2012
- ▲ Annual Improvements 2011 – 2013

The first-time application of these standards and interpretations led to only slight effects on the consolidated financial statements, or to no effects on them at all.

## EARNINGS PER SHARE

Undiluted/diluted earnings per share break down as follows:

	Q1/14	Q1/15
Net result attributable to shareholders of KUKA AG (in € millions)	12.2	15.7
Weighted average number of shares outstanding	33,915,431	35,708,315
Undiluted earnings per share (in €)	0.36	0.44
Diluted earnings per share (in €)	n. a.	0.42

Undiluted earnings per share due to shareholders of KUKA Aktiengesellschaft were calculated in accordance with IAS 33 and the weighted average number of shares outstanding for the year.

In the first three months of 2015, the weighted average number of shares in circulation was 35.7 million (March 31, 2014: 33.9 million shares). The increase in relation to the comparative period is due to the capital increase performed in November 2014. Some stock dilution could arise in the future if bondholders convert their convertible bonds issued in February and July 2013 to shares, because capital was conditionally increased. Throughout the first quarter of 2015 the average share price was higher than the conversion price of €36.8067. As at the reporting date, the closing share price in Xetra trading on the Frankfurt Stock Exchange was €71.90, which was higher than the conversion price. A conversion on the closing date would thus potentially have been possible. However, so far there has been no actual conversion in any case. IAS 33.32 requires that all the potentially convertible shares are taken into account when calculating the diluted earnings per share.

## EQUITY

Since the capital increase in November 2014 (for details see the 2014 annual report) the share capital of KUKA Aktiengesellschaft has been €92,841,619.00 (March 31, 2014: €88,180,120.60). This is subdivided into 35,708,315 (March 31, 2014: 33,915,431) of no-par-value bearer shares outstanding. Each share carries one vote.

During the first quarter of 2015, KUKA Group increased its stake in Swisslog Holding AG from 94.5% to 96.3%. Due to the effects of exchange rate variations and pro rata minority earnings, the carrying amount in equity arising from the minority holdings decreased from €16.8 million to €12.7 million.

## IAS 19 EMPLOYEE BENEFITS

Because of the renewed decline in discount rates, actuarial losses on pension provisions occurred again and had to be booked in the first quarter of 2015. This refers especially to the following discount rates: 1.35% in Germany (December 31, 2014: 1.90%), 3.75% in the USA (December 31, 2014: 3.95%) and 0.75% in Switzerland (December 31, 2014: 1.00%). This resulted in actuarial losses of €9.7 million for the defined benefit obligation (DBO). The income of €0.1 million from external pension funds was above expectations. The actuarial result was reported under equity as an income-neutral sum of €7.6 million in consideration of deferred taxes.

## CONVERTIBLE BOND

In 2013 KUKA Aktiengesellschaft issued a convertible bond with a total nominal amount of €150.0 million in two tranches. The bond was issued in denominations of €100,000. The initial conversion price is €36.8067 per share, which means the conversion ratio is 2,716.8967 shares per €100,000 unit. In total, the bond entitles holders to convert their holdings into up to 4,075,344 new bearer shares of KUKA Aktiengesellschaft (of which 1,597,535 are for the tranche in February 2013 and 2,477,809 for the tranche in July 2013). The conversion rights are valid for the entire term of the convertible bond. The bond carries an interest coupon of 2.0% p. a. Interest payments are made on February 12 and August 12 every year.

## SYNDICATED SENIOR FACILITIES AGREEMENT

KUKA Aktiengesellschaft prematurely refinanced the syndicated loan that it concluded in December 2013, and at the same time redeemed the existing Swisslog Holding AG syndicated senior facilities agreement. The new contract was signed on March 30, 2015 and came into force on April 2, 2015. This provides for a surety and guarantee line in the amount of €140.0 million and a working capital line, which can also be used for sureties and guarantees, in the amount of €90.0 million. This makes available a volume €70.0 million higher than with the previous contract. In addition, structural contract adaptations have been made. Both measures are attributable to the integration of Swisslog Holding AG and its subsidiaries, in which a majority stake was acquired in December 2014. The syndicated senior facilities agreement is unsecured and contains only the customary equal treatment clauses and negative pledges. Moreover, it was possible to benefit from the improved market situation to obtain significantly improved terms, so that for instance the gearing (ratio of net financial liabilities to equity) is no longer part of the financial covenant. Thus all that remains is a lower limit to the interest coverage ratio (ratio of EBITDA to net interest expense) and an upper limit to the leverage (ratio of net financial liabilities to EBITDA). During the integration of Swisslog, the consortium of banks was expanded to include the consortium banks from the old contract with Swisslog Holding AG.

As at the reporting date, before conclusion of the new syndicated senior facilities agreement, the utilization of the guarantee facility and cash credit line for the two syndicated senior facilities agreements of KUKA Aktiengesellschaft and Swisslog Holding AG amounted to a total of €131.9 million (December 31, 2014: €136.1 million). For further details about the redeemed syndicated senior facilities agreements please refer to the company's 2014 annual report.

## LINES OF CREDIT FROM BANKS AND SURETY COMPANIES

The guarantee facilities promised by banks and surety companies outside the syndicated senior facilities agreement amounted at March 31, 2015 to an unchanged figure of €89.0 million (December 31, 2014: €89.0 million) and were available to be utilized in full. As at the reporting date, the amount exercised was €43.1 million (December 31, 2014: €41.2 million).

## ASSET-BACKED SECURITIES PROGRAM

In June 2011, KUKA Group set up an ABS (Asset-Backed Securities) facility with a volume of €25.0 million. Under the terms of this facility, €10.4 million had been taken up by March 31, 2015, compared to €3.1 million by December 31, 2014.

## FINANCIAL INSTRUMENTS REPORTED AT FAIR MARKET VALUE

IFRS 13 defines how to determine fair market value and expands on disclosures related to the fair market value. The standard does not include any requirements regarding the cases for which fair value is to be used. Here, fair value is defined as the price that would be paid by independent market participants in an arm's length transaction at the evaluation date if an asset were sold or a liability transferred. In accordance with IFRS 13, assets and liabilities evaluated at market values are to be attributed to the three levels of the fair value hierarchy. The three levels of the fair value hierarchy are defined as follows:

### **Level 1**

Quoted prices in active markets for identical assets or liabilities

### **Level 2**

Inputs other than quoted prices that are observable either directly or indirectly

### **Level 3**

Inputs for assets and liabilities that are not based on observable market data.



The following table shows the breakdown of the financial assets and liabilities measured at fair value:

#### 03/31/2015

in € millions	Level 1	Level 2	Level 3	Total
Financial assets	0.5	2.5	0.3	3.3
Financial liabilities	-	13.2	-	13.2

#### 12/31/2014

in € millions	Level 1	Level 2	Level 3	Total
Financial assets	-	2.9	-	2.9
Financial liabilities	-	1.2	-	1.2

The financial assets of level 1 mainly relate to mixed fund units. The assets in level 2 mainly relate to forward exchange transactions carried as assets or liabilities. The value is determined with the aid of standard financial mathematical techniques, using current market parameters such as exchange rates and counterparty credit ratings (mark-to-market method) or quoted prices. Middle rates are used for this calculation. The financial assets of level 3 were measured using the discounted future cash flows from the sale of a minority interest of Swisslog Group.

All other financial instruments are reported at amortized cost. The market values here reflect mainly the book values, with the exception of the convertible bond. As at the reporting date, the market value of the convertible bond was € 295.8 million versus € 246.5 million at December 31, 2014, and the book value was € 138.2 million, compared with € 138.0 million at December 31, 2014.

## ASSETS AND LIABILITIES HELD FOR SALE

Assets and liabilities held for sale at December 31, 2014 related once again to the planned sale of part of the Systems segment. The values reported did not change significantly during the course of the first quarter of 2015. For further details please refer to the company's 2014 annual report.

## SEGMENT REPORTING

The internal reporting and organizational structure subdivides KUKA into the KUKA Robotics, KUKA Systems and Swisslog segments. Key financial indicators are determined for all three segments. Earnings before interest and taxes (EBIT) together with earnings before interest, taxes, depreciation and amortization (EBITDA) are used as the key indicators in regard to presentation of segment earnings.

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

## CASH FLOW STATEMENT

The cash flow statement shows changes to KUKA Group's liquidity position in accordance with IAS 7. This item comprises all funds recognized on the balance sheet as cash and cash equivalents; i.e. cash in hand, checks and cash balances with financial institutions, provided that they are available within three months. Cash and cash equivalents of € 6.9 million (December 31, 2014: € 2.4 million) were subject to availability restrictions. The increase arose primarily in connection with a government-funded contract in Brazil.

## CONTINGENT LIABILITIES AND OTHER FINANCIAL COMMITMENTS

There has been no material change in other financial obligations and contingent liabilities since December 31, 2014.

## RELATED PARTY DISCLOSURES

The list of related companies and persons has remained unchanged since December 31, 2014. In the first three months of the financial year, services to the value of € 0.3 million were performed by related persons or companies, and services to the value of € 0.2 million were received by them. As at the reporting date, the sums outstanding in relation to dealings with related persons amounted to € 0.1 million for receivables and € 0.5 million for liabilities. Of these amounts, services received to the value of € 0.2 million and liabilities of € 0.2 million are attributable to Voith Group. Services performed to the value of € 0.2 million and liabilities amounting to € 0.2 million are attributable to Yawei Robot Manufacturing, China. KUKA has an obligation to inject further cash in the single-digit million range between now and the end of 2016 depending on further developments and the achievement of certain milestones in connection with the stake the company holds in Munich-based KBee AG.

## EVENTS OF MATERIAL IMPORTANCE AFTER THE END OF THE REPORTING PERIOD

From the balance sheet date to the date of this report there have been no events subject to reporting requirements that had an impact on the financial position and performance of the company.

Augsburg, May 5, 2015

The Executive Board

Dr. Till Reuter

Peter Mohnen

# FINANCIAL CALENDAR 2015

ANNUAL GENERAL MEETING, AUGSBURG JUNE 10, 2015

ANNUAL REPORT TO MID-YEAR AUGUST 5, 2015

INTERIM REPORT FOR THE FIRST NINE MONTHS NOVEMBER 11, 2015

This quarterly report was published on May 6, 2015 and is available in German and English. In the event of doubt, the German version applies.

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