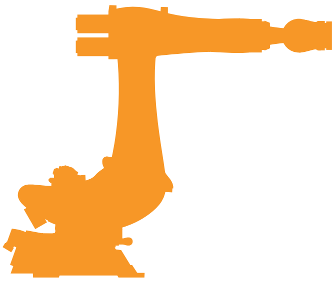
KUKA



INTERIM REPORT

Q2/15

Q2

H1/15 AND Q2/15 DEVELOPMENTS

- **ORDERS RECEIVED** RISE BY 21.4 PERCENT TO A TOTAL OF €1,439.9 MILLION IN H1/15; SWISSLOG RECEIVES ORDERS OF €233.3 MILLION
  - Orders received increase by 22.0 percent to €696.0 MILLION in Q2/15
- **SALES REVENUES** UP 52.5 PERCENT IN H1/15 TO €1,477.4 MILLION; 20.1 PERCENT EXCLUDING SWISSLOG
- **EBITDA** GROWS FROM €82.0 MILLION IN H1/14 TO €132.9 MILLION IN H1/15
- EBIT MARGIN BEFORE PURCHASE PRICE ALLOCATION AND INCL. EFFECT OF HLS SALE REACHES 7.0 PERCENT IN H1/15 (H1/14: 6.3 PERCENT)
  - EBIT margin including purchase price allocation and HLS effect ist 4.6 percent in H1/15
  - Systems has an operative EBIT margin of 8.2 percent in Q2/15 or 10.3 percent incl. sales effect of HLS Group
- **EARNINGS AFTER TAXES** IN H1/15 OF €41.5 MILLION AFTER €22.5 MILLION IN H1/14
- **GUIDANCE 2015** INCREASED: SALES REVENUES OF AROUND €2.9 BILLION AND EBIT MARGIN OF 6.5 – 7.0 PERCENT BEFORE SWISSLOG PURCHASE PRICE ALLOCATION AND INCLUDING EFFECTS FROM SALE OF HLS GROUP AND TOOLS AND DIES BUSINESS UNIT

2000

SERIES 2000

2009

KR QUANTEC

2011

KR AGILUS

KEY FIGURES

in € millions	Group H1/14	Group H1/15	Change	Swisslog H1/15	Group excl. Swisslog H1/15	Change
Orders received	1,185.7	1,439.9	21.4%	233.3	1,206.6	1.8%
Order backlog (06/30)	1,273.3	1,786.3	40.3%	477.5	1,308.8	2.8%
Sales revenues	968.6	1,477.4	52.5%	314.3	1,163.1	20.1%
Gross profit	233.2	344.3	47.6%	43.3	301.0	29.1%
in % of sales revenues	24.1%	23.3%	–	13.8%	25.9%	–
Earnings before interest and taxes (EBIT)	61.3	68.4	11.6%	-28.6	97.0	58.2%
in % of sales revenues	6.3%	4.6%	–	-9.1%	8.3%	–
Earnings before interest, taxes, depreciation and amortization (EBITDA)	82.0	132.9	62.1%	11.3	121.6	48.3%
in % of sales revenues	8.5%	9.0%	–	3.6%	10.5%	–
Earnings after taxes	22.5	41.5	84.4%	-23.1	64.6	>100%
Earnings per share in € (undiluted)	0.66	1.19	80.3%	–	–	–
Earnings per share in € (diluted)	0.65	1.13	73.8%	–	–	–
Capital expenditure	27.2	44.9	65.1%	8.2	36.7	34.9%
Equity ratio in % (06/30)	27.0%	29.1%	–	–	–	–
Net debt/liquidity (06/30)	129.5	-10.1	–	38.0	-48.1	–
Employees (06/30)	9,389	12,384	31.9%	2,515	9,869	5.1%

in € millions	Group Q2/14	Group Q2/15	Change	Swisslog Q2/15	Group excl. Swisslog Q2/15	Change
Orders received	570.5	696.0	22.0%	122.9	573.1	0.5%
Order backlog (06/30)	1,273.3	1,786.3	40.3%	477.5	1,308.8	2.8%
Sales revenues	506.1	757.6	49.7%	167.5	590.1	16.6%
Gross profit	128.1	186.1	45.3%	23.8	162.3	26.7%
in % of sales revenues	25.3%	24.6%	–	14.2%	27.5%	–
Earnings before interest and taxes (EBIT)	34.2	40.3	17.8%	-14.5	54.8	60.2%
in % of sales revenues	6.8%	5.3%	–	-8.7%	9.3%	–
Earnings before interest, taxes, depreciation and amortization (EBITDA)	44.6	73.4	64.6%	6.0	67.4	51.1%
in % of sales revenues	8.8%	9.7%	–	3.6%	11.4%	–
Earnings after taxes	10.3	26.2	>100%	-11.6	37.8	>100%
Earnings per share in € (undiluted)	0.30	0.75	>100%	–	–	–
Earnings per share in € (diluted)	0.30	0.71	>100%	–	–	–
Capital expenditure	13.1	22.7	73.3%	4.8	17.9	36.6%

FOREWORD

DEAR SHAREHOLDERS,

As Industry 4.0 establishes itself in factories, the worlds of production and IT are fusing. The key component of digital production is the robot. It supports human operators in their tasks and serves as an interface between manufacturing and IT technologies, such as the Cloud or Big Data. Entirely new realms of production are being created. This development will also change the behavior of users. A new generation is emerging who will work and live with robots as a matter of course, just as it has become normal for us to use computers, smartphones and tablets. This generation is known as "Generation R".

As a result of this development, the demand for automation solutions is growing worldwide. KUKA, in turn, is benefiting from this. The results for the first half-year of 2015 were correspondingly good. Sales in the first six months were up 19.6 percent to € 1,477.0 million compared with the previous year's figure of € 968.6 million. The EBIT margin rose to 7.0 percent in the first half-year. Swisslog contributed € 314.3 million to total Group sales. Together with our Swiss colleagues, we are working intensively on integrating Swisslog into KUKA Group.

The factory of the future is not only an opportunity for KUKA, however, but is also creating new competitive disciplines that we must face up to. This includes issues such as how standards can be defined and how shared data can be used. At the same time, data security must be assured. We are addressing these issues and working intensively, together with the worlds of science and politics as well as customers, on the practical implementation of Industry 4.0. We have the technologies and the know-how to set new trends in automation.

Customer proximity and understanding what solutions customers need are more important than ever. For this reason, we have been increasingly gearing our cross-divisional structures towards our focus markets in recent months. These include the automotive, aerospace and electronics markets, for example.

KUKA will continue to diversify globally, too, in order to be able to offer customers automation solutions worldwide. Our particular focus here is on the growth market of China, which has great automation potential. In the second quarter, we managed to win a number of important contracts in China, particularly in the automotive sector. One example is a major contract from Geely-Volvo in the mid-double-digit million euro range. The standardization of internal processes and structures is an important prerequisite for global cooperation between our employees. In this way, all KUKA staff worldwide can work together more effectively, on a Group-wide basis, and help to shape the successful development of the Group with their commitment, team spirit and enthusiasm for the technologies of the future.

The forecasts for the current financial year are highly positive. For this reason, we have increased our guidance targets for 2015. On the basis of the current general conditions, we have increased our sales forecast from around € 2.8 billion to around € 2.9 billion and are aiming for an EBIT margin of between 6.5 and 7.0 percent.

The guarantors of a successful second half-year are our high-performing and motivated employees worldwide. I wish to express my gratitude to all of them.

Sincerely,

Till Reuter

KUKA AND THE CAPITAL MARKET

The German stock markets performed very well in the first half of the year, although there was a slight weakening towards the end of the second quarter. According to the Ifo Business Climate Index, German companies have lowered their expectations due to weaker demand from emerging countries and the effects of the Greek crisis. On the other hand the relatively weak Euro-US dollar exchange rate and the unchanged low interest-rate environment acted as a support for the German equities markets. The DAX rose by almost 12 percent to 10,944 points and the MDAX by 24 percent to 19,622 points. The KUKA share outperformed the MDAX. The share price rose from € 58.98 to € 74.72, a gain of 36 percent. The shares reached a high of € 77.19 on June 26, 2015. The share price benefited continuously from a high level of interest among investors for KUKA as a result of the "Automation", "Growth in China" and "Industry 4.0" megatrends.

KUKA 2015 ANNUAL GENERAL MEETING

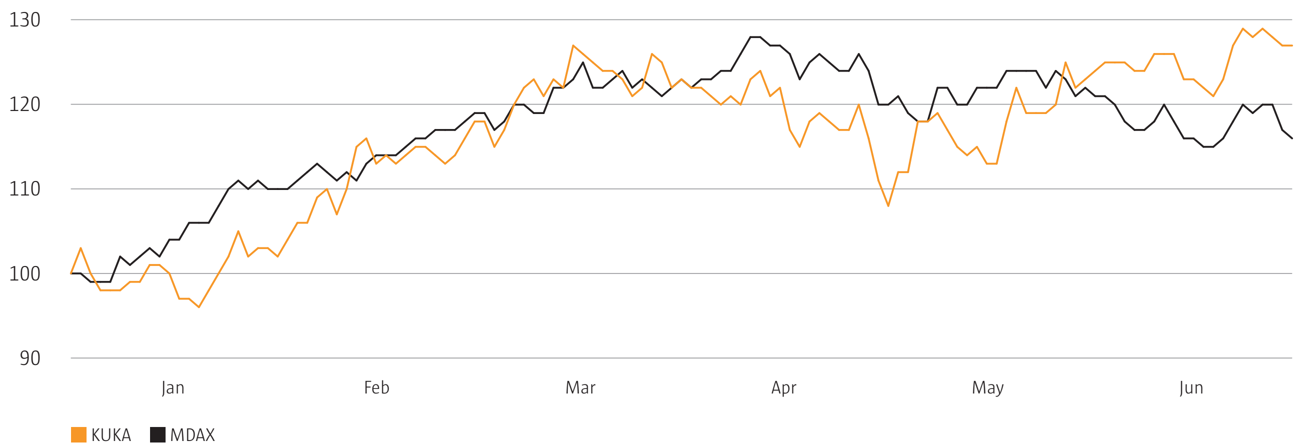
The Annual General Meeting was held at the Kongress am Park center in Augsburg. The shareholders in attendance approved all the proposed resolutions put forward by the Supervisory Board and the Executive Board by a large majority. All the members of the Supervisory Board and the Executive Board were also granted discharge for the 2014 financial year with a high level of approval. A dividend of € 0.40 per share was approved and paid for the 2014 financial year.

Former Supervisory Board members Dr. Walter Bickel, Dr. Michael Proeller and Guy Wyser-Pratte have left the Supervisory Board. Dr. Hubert Lienhard, Friedhelm Loh and Hans Ziegler were newly elected to the Supervisory Board.

INVESTORS HOLDING 3 PERCENT OR MORE OF KUKA'S SHARE CAPITAL

The free float of KUKA's shares at the end of the second quarter of 2015 was 56.9 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, AXA S.A. with 5.0 percent and Schroders Group with 3.0 percent.

KUKA'S SHARE PRICE PERFORMANCE JANUARY 1 TO JUNE 30, 2015*



* December 30, 2014 = 100 share price performance indexed, prices: XETRA

MR CONSOLIDATED MANAGEMENT REPORT

ECONOMIC ENVIRONMENT

SLIGHT RECOVERY IN THE EUROZONE

The International Monetary Fund (IMF) expects the world economy to grow by 3.3% in 2015 and 3.6% in 2016. The IMF sees growth concentrated in the industrialized nations. The forecast is for 2.5% growth of economic activity in the USA, one of the strongest economies. The major driver of this is the low price of oil, which has almost halved compared to the average price in 2015. The continuing geopolitical crises in Ukraine and the Middle East and West Africa pose risks for the world economy. Growth in China is still expected to be weak. The IMF is forecasting 6.8% growth for the current year. One reason is the weaker trading volumes, 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 at 1.5% and 1.7% in 2016. This slight recovery is supported by the weak euro and the strong fall in oil prices. However some countries are still suffering the consequences of the financial and euro crisis. Furthermore there was a shortage of investment from financial investors because future growth is expected to be slow. The IMF continues to advocate accommodating 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 1.6% 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, the significant depreciation of the euro and the easing of tensions in Greece, which are easily able to cushion the global turbulences. In July 2015 the Ifo Business Climate Index stood at 107.4 points.

DEMAND FOR CARS

Strongest demand for cars in Western Europe for five years

According to the VDA (German Association of the Automotive Industry) all three major car markets – Western Europe, China and the USA – are once again growing and all have risen significantly since the beginning of 2015. The Western European market continues to recover and recorded 8% growth in unit sales to 6.9 million new cars. The outlook for the major sales markets in this region is really positive: Spain, for example, is likely to increase by 16%. Growth in Italy and the UK is expected to reach 8% and 2% respectively. The French market is also likely to increase with a 2% rise in unit sales. The VDA predicts 5% growth in the new EU countries in 2015. Due to the high market share held by German group brands in Europe, which are also major customers of KUKA Group, the rise in sales is likely to have a positive effect on their suppliers as well. The German market has the highest volumes of car sales in Europe. In the first half of 2015 the market grew by 5% to 1.62 million cars. For the whole of 2015, the VDA expects sales growth of 2% to 3.1 million new registrations.

The Chinese car market saw sales increase by 7% to 9.5 million vehicles up to May. German manufacturers also occupy a very strong competitive position on this market where they have a market share of more than 21%. According to the VDA, competition is in fact increasing. However the potential in China is still very high: for every 1,000 people in China there are only approximately 61 vehicles at present. The equivalent figure in Germany is 540 vehicles per 1,000 inhabitants. Despite this, the growth in sales volumes is anticipated to weaken significantly in the second half of 2015, this being due, among other reasons, to the turbulence on the Chinese stock exchanges and the reticence this is causing among consumers. The China Association of Automotive Manufacturers (CAAM) has accordingly reduced its sales forecast from 7 to 3%.

The US market for light vehicles (cars and light trucks) rose by around 4% to 8.5 million vehicles by June 2015. German group brands increased by 6% over the same period and were therefore able to gain market share. The market share of German producers in the car market is a good 12% and almost 8% in the light vehicles segment.

BUSINESS PERFORMANCE

ORDERS RECEIVED

KUKA Group

During the past quarter, KUKA Group had a higher level of orders received. On the whole with new orders of almost € 700 million, it was the second-highest quarterly figure, having also benefited from Swisslog orders. Excluding Swisslog, **orders received** were at the same level as in the previous year's quarter of around € 570 million. The strong demand was supported both by the automotive and the general industry customer segments. The overall volume of orders received in KUKA Group totaled € 696.0 million, a rise of 22.0% compared with € 570.5 million in Q2/14.

In the first half of 2015, orders received totaled € 1,439.9 million or, excluding Swisslog, € 1,206.6 million. This corresponds to an increase of 21.4% (excluding Swisslog: 1.8%) in comparison with the H1/14 figure of € 1,185.7 million.

KUKA Robotics

The Robotics division was again able to generate a very high level of **orders received** in the second quarter of 2015, significantly above the € 200 million threshold. Over the past quarter, Robotics sold robots and services with a total volume of € 220.0 million. Compared with the second quarter of 2014 there was a 6.0% increase in orders.

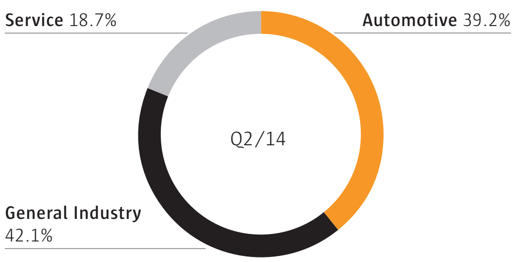
This positive performance was driven in particular by strong demand from the general industry customer segment and the service sector, and geographically from China and Europe.

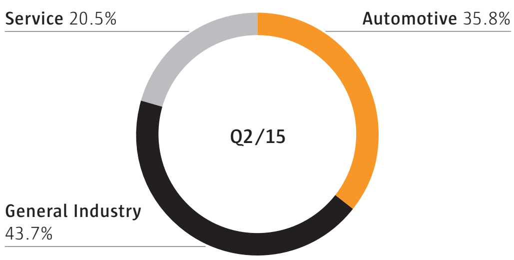
Orders received rose by 4.7% from € 443.1 million in H1/14 to € 464.1 million in H1/15.

The automotive segment generated new orders of € 78.8 million, accounting for 35.8% of the total orders received. All three German manufacturers and also several Chinese automakers placed orders with the Robotics division. Compared with the same period of the previous year, there was a decline of 3.2% (Q2/14: € 81.4 million) for reasons related to projects and model cycles. The general industry segment received new orders of € 96.1 million during the second quarter of 2015, increasing its share to 43.7%. In a year-on-year comparison with the second quarter of 2014, the increase was 10.1%. The rise reflects the success of restructuring of the sales organization and the strategic focus on this customer segment.

Performance in the service business was highly dynamic over the past quarter and continued to benefit from the rising number of KUKA robots installed throughout the world. Orders received amounting to € 45.1 million exceeded the previous year's quarterly figure by 16.2% (Q2/14: € 38.8 million). Service business therefore accounted for 20.5% of the Robotics division's total orders received.

ROBOTICS ORDERS RECEIVED BY SEGMENT
IN % OF TOTAL





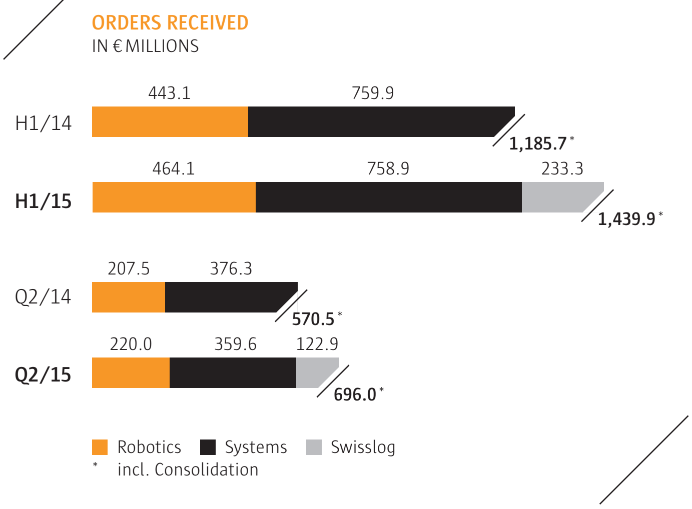
KUKA Systems

In the second quarter of 2015 the Systems division received **new orders** totaling € 359.6 million. This represented a decline of 4.4% in comparison with the same period last year (Q2/14: € 376.3 million). The reasons for the decline were the slightly more difficult market conditions on the European car market for Systems and the fact that the general industry segment had received large one-off orders in the previous year, which make it hard to compare quarters.

Systems booked € 758.9 million in new orders in the first half of 2015, almost unchanged on the € 759.9 million for the first half of 2014.

Swisslog

The **orders received** at the Swisslog division amounted to € 122.9 million in the second quarter of 2015 and to € 233.3 million in the first half of 2015. Swisslog was not consolidated in the previous year.



SALES REVENUES

KUKA Group

In the second quarter of 2015 KUKA Group had sales revenues of € 757.6 million. Swisslog contributed € 167.5 million to the consolidated figure. Sales revenues were 49.7% higher than in the second quarter of 2014. Adjusted for the revenues of Swisslog, there was still a significant rise in sales revenues of 16.6% compared with the previous year.

In the first half of 2015, sales revenues totaled € 1,477.4 million (€ 1,163.1 million excluding Swisslog). The increase was 52.5% (20.1% excluding Swisslog) compared with the H1/14 figure of € 968.6 million.

KUKA Robotics

Supported by the good levels of orders received in previous quarters and particularly in the first quarter of 2015, Robotics had sales revenues of € 217.0 million in the second quarter of 2015. This was the third highest figure ever booked by the division during a quarter. Compared to the 2014 second quarter sales revenues of € 203.4 million, this represents a rise of 6.7%. It was mainly the general industry and service segments which contributed to the growth in sales revenue compared with the previous year. Sales revenues in the automotive segment were below the previous year's level as a result of the recall policy of car manufacturers in 2015.

In the first half of 2015, sales revenues at Robotics amounted to € 452.0 million, a peak value for a half-year period. Compared with the figure for H1/14 of € 397.9 million, the rise was 13.6%.

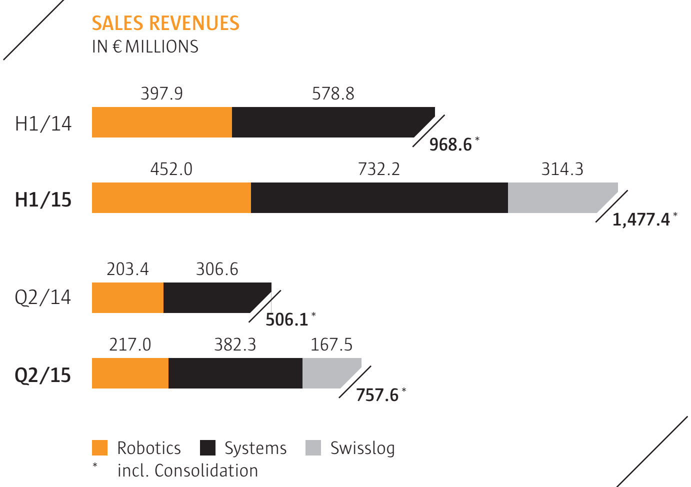
KUKA Systems

The Systems division attained sales revenues of € 382.3 million in the second quarter of 2015, which was 24.7% higher than the € 306.6 million figure for Q2/14. Like Robotics, Systems benefited from the high levels of orders received in previous quarters and was also able to achieve a high capacity utilization. The body-in-white and Reis segments recorded significant growth in sales revenues. In terms of regions, performance was particularly strong in the USA but considerable increases were also registered in Europe.

In the first half of 2015, sales revenues totaled € 732.2 million compared with € 578.8 million in the previous year. This represented a rise of 26.5%.

Swisslog

The Swisslog division achieved sales revenues of € 167.5 million in the second quarter of 2015 and € 314.3 million in the first half of 2015. The relatively high sales over the past quarter benefited from a large order received in 2014 which is now being called off by the customer. Swisslog was not consolidated in 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, was 0.92 in the second quarter of 2015 (Q2/14: 1.13) and 0.98 in the first half of 2015 (H1/14: 1.22). The strong growth in sales revenues over the past months, which led to a record sales figure in the first half of 2015, exceeded the orders received. This is why the book-to-bill ratio is below 1.

The Group order backlog was again higher and including Swisslog amounted to a value of € 1,786.3 million as at June 30, 2015. The figure therefore surpassed the previous year's level by 40.3% (June 30, 2014: € 1,273.3 million). Excluding Swisslog, the increase was 2.8%. Compared with the figure for the previous quarter, there was a slight decrease of 3.0% (March 31, 2015: € 1,842.2 million). The newly-consolidated Swisslog division had an order backlog of € 477.5 million as at June 30, 2015.

KUKA Robotics

In the second quarter of 2015 the book-to-bill ratio at the Robotics division was 1.01 and therefore at a similar level to the figure of 1.02 in Q2/14. In the first half of 2015, the value amounted to 1.03 compared with 1.11 in H1/14.

As at June 30, 2015 the order backlog totaled € 267.0 million excluding the framework contracts received particularly in the automotive segment. Compared with the figure on the same day of the previous year, this represents a decrease of 16.8% which is principally due to the performance in the automotive segment (June 30, 2014: € 321.0 million). This customer segment is characterized by very high order volumes. which can significantly affect the comparability. Compared with the figure for the previous quarter, performance was constant (March 31, 2015: € 263.1 million).

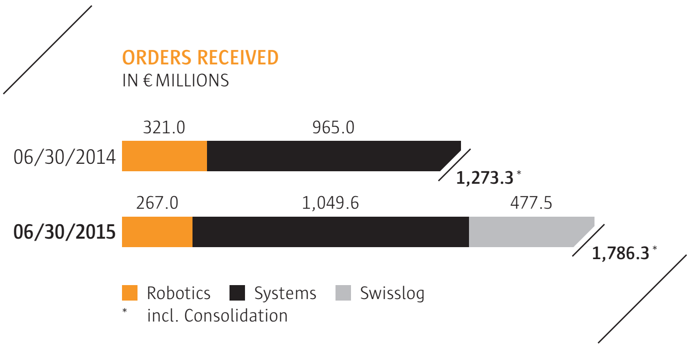
KUKA Systems

In the second quarter of 2015 Systems reported a book-to-bill ratio of 0.94. Compared with the value in the previous year this represented a decrease (Q2/14: 1.23). In the first half of 2015, the value amounted to 1.04 compared with 1.31 in H1/14.

As at June 30, 2015 Systems had an order backlog of € 1,049.6 million, which was 8.8% up on the previous year's quarter (June 30, 2014: € 965.0 million) and 2.4% down on the previous quarter (March 31, 2015: € 1,075.8 million).

Swisslog

In the first quarter of 2015 the Swisslog division recorded a book-to-bill ratio of 0.73 and the order backlog as at June 30, 2015 was € 477.5 million. The order backlog in the previous quarter was € 512.7 million. Swisslog was not consolidated in the previous year.

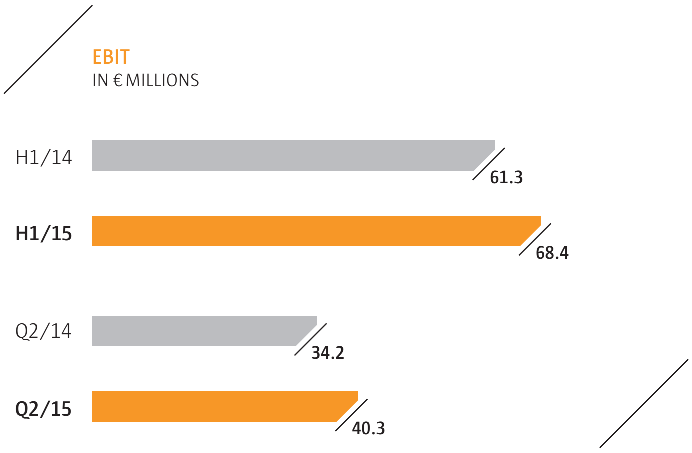


EBIT

KUKA Group

In the second quarter of 2015, KUKA Group achieved earnings before interest and taxes (EBIT) of € 40.3 million, which was 17.8% above the figure for the same quarter of the previous year (Q2/14: € 34.2 million). The purchase price allocation costs for Swisslog of € 17.8 million and the book profit from the sale of HLS Group are included in this result. Excluding this write-down, but including the book profit from the sale of HLS, EBIT amounted to € 54.8 million. At Group level this represents an EBIT margin of 5.3% with the purchase price allocation effect or 7.6% without the purchase price allocation effect. The EBIT margin was 6.8% in the previous year's quarter. On the whole, scaling effects and the relatively high capacity utilization at KUKA Group more than compensated for the additional costs of integrating Swisslog and the investments for the new Product Lifecycle Management (PLM) system and the new ERP system.

Overall EBIT rose by 11.6% from € 61.3 million in H1/14 to € 68.4 million in H1/15. The EBIT margin amounted to 6.3% in the first half year of 2014 and to 4.6% in the first half of 2015 including the purchase price allocation effect and 7.0% excluding this effect.



Robotics

Over the past quarter, the Robotics EBIT rose 10.1% from € 21.8 million (Q2/14) to € 24.0 million (Q2/15). Despite the higher expenses for research and development, the increase in the number of employees in China and the growth investment in general industry, it was nevertheless possible to increase EBIT. It was primarily the considerably higher proportion of sales revenues from general industry and from the service segment which had a highly positive effect on the profitability in this division. Over the past quarter general industry accounted for almost 50% of sales revenues. In addition the division benefited from the success of efficiency measures. The EBIT margin of 11.1% in the second quarter of 2015 was above the previous year's level of 10.7% in the same quarter.

In the first half of 2015, EBIT was € 49.9 million (H1/14: € 41.1 million) and the EBIT margin was 11.0% (H1/14: 10.3%).

Systems

The Systems division achieved an EBIT of € 39.4 million in the second quarter of 2015, which was 143.2% higher than the previous year (Q2/14: € 16.2 million). Systems benefited from the sale of the HLS segment, which contributed a book profit of € 7.9 million. Even excluding this contribution, operational business at Systems performed very well and achieved an EBIT of € 31.5 million, a rise of 84.6% on the previous year's figure. The EBIT margin improved considerably from 5.3% in Q2/14 to 10.3% (with the one-off effect from the sale of HLS) or 8.2% (excluding the one-off effect from the sale of HLS). The improvement in profitability arose from the turnaround at Reis, where restructuring costs were high in the previous year, the good price quality in the order backlog and the success of efficiency measures.

PERFORMANCE OF THE DIVISIONS

KEY FIGURES – ROBOTICS

in € millions	H1/14	H1/15	Change
Orders received	443.1	464.1	4.7%
Order backlog (06/30)	321.0	267.0	-16.8%
Sales revenues	397.9	452.0	13.6%
Gross profit	142.1	172.2	21.2%
in % of sales revenues	35.7%	38.1%	–
Earnings before interest and taxes (EBIT)	41.1	49.9	21.4%
in % of sales revenues	10.3%	11.0%	–
Earnings before interest, taxes, depreciation and amortization (EBITDA)	51.9	63.0	21.4%
in % of sales revenues	13.0%	13.9%	–
Employees (06/30)	3,521	3,893	10.6%

in € millions	Q2/14	Q2/15	Change
Orders received	207.5	220.0	6.0%
Order backlog (06/30)	321.0	267.0	-16.8%
Sales revenues	203.4	217.0	6.7%
Gross profit	79.5	89.2	12.2%
in % of sales revenues	39.1%	41.1%	–
Earnings before interest and taxes (EBIT)	21.8	24.0	10.1%
in % of sales revenues	10.7%	11.1%	–
Earnings before interest, taxes, depreciation and amortization (EBITDA)	27.6	30.8	11.6%
in % of sales revenues	13.6%	14.2%	–

KEY FIGURES – SYSTEMS

in € millions	H1/14	H1/15	Change
Orders received	759.9	758.9	-0.1%
Order backlog (06/30)	965.0	1,049.6	8.8%
Sales revenues	578.8	732.2	26.5%
Gross profit	90.7	128.3	41.5%
in % of sales revenues	15.7%	17.5%	–
Earnings before interest and taxes (EBIT)	28.0	60.3	115.4%
in % of sales revenues	4.8%	8.2%	–
Earnings before interest, taxes, depreciation and amortization (EBITDA)	36.3	69.9	92.6%
in % of sales revenues	6.3%	9.5%	–
Employees (06/30)	5,645	5,680	0.6%

in € millions	Q2/14	Q2/15	Change
Orders received	376.3	359.6	-4.4%
Order backlog (06/30)	965.0	1,049.6	8.8%
Sales revenues	306.6	382.3	24.7%
Gross profit	50.7	73.3	44.6%
in % of sales revenues	16.5%	19.2%	–
Earnings before interest and taxes (EBIT)	16.2	39.4	143.2%
in % of sales revenues	5.3%	10.3%	–
Earnings before interest, taxes, depreciation and amortization (EBITDA)	19.9	44.3	122.6%
in % of sales revenues	6.5%	11.6%	–

KEY FIGURES – SWISSLOG

in € millions	H1/15
Orders received	233.3
Order backlog (06/30)	477.5
Sales revenues	314.3
Gross profit	43.3
in % of sales revenues	13.8%
Earnings before interest and taxes (EBIT)	-28.6
in % of sales revenues	-9.1%
Earnings before interest, taxes, depreciation and amortization (EBITDA)	11.3
in % of sales revenues	3.6%
Employees (06/30)	2,515

in € millions	Q2/15
Orders received	122.9
Order backlog (06/30)	477.5
Sales revenues	167.5
Gross profit	23.8
in % of sales revenues	14.2%
Earnings before interest and taxes (EBIT)	-14.5
in % of sales revenues	-8.7%
Earnings before interest, taxes, depreciation and amortization (EBITDA)	6.0
in % of sales revenues	3.6%

FINANCIAL POSITION AND PERFORMANCE

PRESENTATION OF THE FINANCIAL STATEMENTS

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/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 (initially consolidated in December 2014) have been shown separately.

EARNINGS

Sales revenues in the first six months of the year at KUKA Group amounted to € 1,477.4 million compared with € 968.6 million in H1/14. Swisslog Group, whose results were consolidated for the first time as of December 31, 2014, contributed sales revenues of € 314.3 million to this. KUKA Group's sales therefore also grew significantly on an organic basis – i. e. disregarding the contribution from Swisslog – to € 1,163.1 million, an increase of 20.1% compared with the same period in the previous year. In the second quarter of 2015 the rise in sales revenues continued seamlessly, closing with a new quarterly record of € 757.6 million (Q2/14: € 506.1 million), a further increase of 5.3% compared with the very good first quarter of 2015. It was particularly impressive to note that Swisslog was also able to increase sales revenues by 14.1% between the first and second quarters of 2015. Group orders received at € 1,439.9 million (H1/14: € 1,185.7 million) constituted a very good result. This is still the case even when the € 233.3 million contributed by the acquired group of companies is excluded (organic orders received H1/15: € 1,206.6 million). The total organic growth thus also rose slightly by 1.8%. The gross earnings from sales at € 344.3 million represented an increase of € 111.1 million or 47.6% compared to H1/14 (€ 233.2 million). Taking into account the € 43.3 million contributed by Swisslog Group, the organic figure is € 301.0 million, which represents an improvement of 29.1%. In the first half of 2015 the Group's organic gross margin rose from 24.1% to 25.9%.

Overhead costs (sales, research & development and administration) totaled € 277.3 million versus € 169.0 million in H1/14. These overhead costs amounted to 18.8% of sales, which was higher than the previous year's level of 17.4% in H1/14. This increase is due above all to the even higher overhead costs at Swisslog, which are also a consequence of additional depreciation based on purchase price allocation. If these effects are eliminated, the organic ratio of overhead costs to sales revenues was 17.8%, only slightly higher than the previous year's level. The cost of sales showed a relative increase of 0.7 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 (H1/15: 8.1%; H1/14: 7.8%). Administrative expenses showed an organic increase of € 6.5 million compared with the same period of the previous year. This increase is due also to large-scale internal projects for Group-wide harmonization and optimization of the operative and support processes.

The research and development costs shown in the income statement amounted to € 51.9 million in the first half of 2015 and thus were significantly higher than for the corresponding period of the previous year (€ 35.4 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, in particular also in the field of Industry 4.0. KUKA is currently working on 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 also contributed a total of € 3.4 million to the increase in R&D expenditure. Swisslog is currently running a range of projects in the fields of both healthcare solutions and warehouse & distribution solutions.

In addition to its own development work, KUKA is intensifying its collaboration with other companies. In February 2014, KUKA bought shares in KBee AG, Munich, a company specializing in robot hardware, software and design. In May 2015, KUKA announced another strategic cooperation with TTTech, a leading global real-time technology business. KUKA and TTTech will be investing jointly in real-time technology platforms and in start-ups in order to implement Industry 4.0 solutions more quickly. KUKA and TTTech are making their first joint investment in a start-up in Silicon Valley focusing on real-time cloud computing.

The costs of € 5.3 million (H1/2014: € 3.3 million) for new developments generated during the quarter were capitalized and will be reported as depreciation as per budget in subsequent financial statements. Research and development expenditure depreciation amounted to € 6.6 million (H1/2014: € 5.6 million).

Overall operating profit for the first six months of this year was € 66.9 million, which compares with € 60.0 million in H1/2014. Adjusted for financing charges of € 1.5 million included in operating profit (H1/2014: € 1.3 million), earnings before interest and taxes (EBIT) came in at € 68.4 million (H1/2014: € 61.3 million). The EBIT margin for the first half of 2015 therefore fell to 4.6% compared to the figure of 6.3% for the same period of the previous year. The decline in the margin, as previously announced, is due to the planned depreciation arising from the purchase price allocation in connection with the acquisition of Swisslog Group. EBIT in the first half of the year was impacted by depreciation costs amounting to € 34.5 million. For the full year 2015 a charge against profits of approx. € 60 million is expected in this connection. Organically, i. e. without Swisslog, but including the book profit from the sale of HLS, EBIT is € 97.0 million with a much-improved EBIT margin of 8.3%. KUKA Group is therefore easily keeping up with the excellent previous quarters.

	Q1/14	Q2/14	Q3/14	Q4/14	Q1/15	Q2/15
EBIT (in € millions)	27.1	34.2	36.8	43.7	28.1	40.3
EBIT margin (in %)	5.9%	6.8%	6.8%	7.4%	3.9%	5.3%
EBIT organic (in € millions)	–	–	–	–	42.2	54.8
EBIT margin organic (in %)	–	–	–	–	7.4%	9.3%
EBITDA (in € millions)	37.4	44.6	47.2	56.1	59.5	73.4
EBITDA margin (in %)	8.1%	8.8%	8.8%	9.5%	8.3%	9.7%
EBITDA organic (in € millions)	–	–	–	–	54.2	67.4
EBITDA margin organic (in %)	–	–	–	–	9.5%	11.4%

In the Systems segment the EBIT margin was 8.2% (H1/2014: 4.8%). This considerable rise reflects various factors. Firstly in the previous year the margin was still affected by the acquisition of Reis Group. Secondly the project optimization measures taken in the past are now having a stronger effect. In addition during the reporting period, a number of projects were completed with a good level of price quality. The Robotics division achieved 11.0%, thus surpassing even the high level of the previous year (H1/2014: 10.3%). As expected, Swisslog returned a significantly negative EBIT margin of -9.1%. However this was still predominantly due to depreciation in connection with the purchase price allocation. If this is excluded, Swisslog had an EBIT margin of 1.9%.

Comparison with the previous year shows that EBITDA (earnings before interest, taxes, depreciation and amortization) rose from € 82.0 million to € 132.9 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 EBITDA. At a figure of € 121.6 million, on an organic basis, but including the book profit on HLS, there was a marked increase of 48.3% compared with the previous year. Within the reporting period depreciation and amortization costs amounted to € 64.5 million (H1/2014: € 20.7 million). € 13.1 million of this (H1/2014: € 10.8 million) was attributable to Robotics, € 9.6 million (H1/2014: € 8.3 million) to Systems, € 39.9 million (H1/2014: zero) to Swisslog and € 1.9 million (H1/2014: € 1.6 million) to other areas.

The financial result improved from € -23.3 million last year to € -5.1 million. The financial result for the previous year included one-off charges of € 17.7 million arising from the repurchase of the corporate bond on the market. The bond was fully redeemed in May 2014. During the reporting period there was a one-off charge of € 1.3 million in connection with the Syndicated Senior Facilities Agreement.

in € millions	H1/14	H1/15
Interest income from finance lease	3.0	3.5
Remaining interest and similar income	1.6	1.6
Other interest and similar income	**4.6**	**5.1**
Interest component for allocations to pension provisions	1.5	0.9
Guarantee commissions	0.3	0.4
Interest expense for the convertible bond	3.3	3.4
Interest expense for the corporate bond	5.6	–
Financing costs reclassified to operating results	-1.4	-1.6
Foreign currency gains and losses	0.4	2.2
Remaining interest and similar expenses	0.5	3.6
Current other interest and similar expenses	**10.2**	**8.9**
Current financial result	**-5.6**	**-3.8**
One-off charge on Syndicated Senior Facilities Agreement	–	1.3
Interest expense from the repurchase of corporate bond shares	17.7	–
Financial result	**-23.3**	**-5.1**

Interest income was € 5.1 million, less than the € 4.6 million in H1/2014. This includes mainly income in connection with the finance lease and income from short-term investments.

The net interest item includes € 3.4 million (H1/14: € 3.3 million) for interest on the convertible bond with a nominal value of € 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 interest charges by € 1.6 million (H1/2014: € 1.4 million). The net interest expense for pensions was € 0.9 million (H1/2014: € 1.5 million). As described in the notes to the half-yearly report, the effects of currency exchange rates in the area of financing are now shown in the financial results. The net effect for the first half amounted to € -2.2 million (H1/2014: € -0.4 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. Other interest and similar expenses include interest on the utilization of the cash credit line by subsidiaries of KUKA.

Earnings before taxes (EBT) in the first six months of 2015 amounted to € 61.8 million, compared to € 36.7 million in H1/2014. In the period under consideration, taxes amounted to € 20.3 million, compared to € 14.2 million in H1/2014. This represented a tax rate of 32.8% (H1/2014: 38.7%). The sale of HLS Group has contributed to a reduction of the effective tax rate.

In the reporting period, earnings after taxes were € 41.5 million (H1/2014: € 22.5 million). The undiluted earnings per share increased correspondingly from € 0.66 to € 1.19.

CONSOLIDATED INCOME STATEMENT (CONDENSED)

in € millions	H1/14	H1/15	H1/15 Swisslog	H1/15 organic
Sales revenues	968.6	1,477.4	314.3	1,163.1
EBIT	61.3	68.4	-28.6	97.0
EBITDA	82.0	132.9	11.3	121.6
Financial result	-23.3	-5.1	-3.3	-1.8
Taxes on income	-14.2	-20.3	8.8	-29.1
Earnings after taxes	22.5	41.5	-23.1	64.6

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. Cash earnings were € 136.3 million, € 40.3 million higher than the corresponding value for the previous year of € 96.0 million. Even on an organic basis this was an increase of € 28.2 million to € 124.2 million.

Cash flow from operating activities amounted to € 1.8 million. Due to business cycle considerations, Swisslog accounted for a negative amount in the single-digit million range. On an organic basis the operating cash flow was € 10.2 million, well below the previous year's figure of € 60.3 million. The main reason for this was the increase in the trade working capital requirements due to the business performance, as shown in the following table:

in € millions	12/31/2014	06/30/2015
Inventories less advance payments	194.1	235.0
Trade receivables and receivables from construction contracts	612.9	662.6
Trade payables and liabilities from construction contracts	522.2	546.8
Trade working capital	**284.8**	**350.8**

In total the trade working capital of the Group increased by € 66.0 million to € 350.8 million. The rise was mostly attributable to the Systems division.

In the first six months of 2015 the company invested € 44.9 million (H1/2014: € 27.2 million). Capital investment for tangible assets totaled € 34.3 million, mainly for technical plant and equipment as well as the new Development and Technology Center being built at Augsburg, which is scheduled for completion and use in the fourth quarter of 2015. Investments in intangible assets totaled € 10.6 million, of which € 5.3 million was for internally generated intangible assets. The sale of HLS Group gave rise to cash inflows of € 21.2 million. The gains in the single-digit million range on the sale are shown in the cash flow from current business operations. In particular, there were outflows of cash amounting to € 27.3 million associated with increasing the proportion of ownership of Swisslog Group, the acquisition of Forte Industries, contingent purchase price payments for UTICA Enterprises and a milestone payment to KBee AG. Cash inflows from financial resources invested for short-term periods at the end of the 2014 financial year amounted to € 23.4 million, with the effect that the cash flow from investment activities totaled € -23.1 million (H1/2014: € -12.3 million).

The cash flow from current business operations plus cash flow from investment activities resulted in a free cash flow of € -21.3 million, compared to € 48.0 million in H1/2014. In organic terms, i. e. excluding the contribution made by Swisslog Group, free cash flow was once again positive at € 8.7 million.

In total the cash flow from financing activities was € -38.2 million, compared to € -225.1 million in H1/2014. In the same period of the previous year, the financing cash flow was characterized by the early redemption of the corporate bond, which brought about cash outflows of € 173.0 million as well as a corresponding one-off interest charge (see explanations above). The dividend payment to KUKA shareholders of € 0.40 per share (previous year € 0.30 per share) resulted in cash outflows of € 14.3 million (previous year: € 10.2 million). Dividends amounting to € 2.6 million were paid to external shareholders of subsidiary companies during the reporting year.

As a result of this, the cash and cash equivalents available to KUKA Group at June 30, 2015 were € 136.1 million (H1/2014: € 269.3 million). The heavy decline from the previous year's value is due essentially to the cost of acquiring a majority interest in Swisslog Group in December 2014 and the increase of the trade working capital during the reporting period. Compared to December 31, 2014 the cash and cash equivalents decreased by € 56.0 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.

CONSOLIDATED CASH FLOW STATEMENT (CONDENSED)

in € millions	H1/14	H1/15	H1/14 Swisslog	H1/15 ex Swisslog
Cash earnings	96.0	136.3	12.1	124.2
Cash flow from current business operations	60.3	1.8	-8.4	10.2
Cash flow from investment activities	-12.3	-23.1	-21.6	-1.5
Free cash flow	48.0	-21.3	-30.0	8.7

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 € 2,086.8 million, an increase of 5.4%. As well as the changes described below, a significant cause of the increase was the large gain in the Swiss franc/EUR exchange rate following the decision made by the Swiss National Bank in January to abandon the minimum exchange rate of around 1.20 CHF/EUR. (The CHF/EUR spot rate was 1.2024 on December 31, 2014 and 1.0413 on June 30, 2015). This change in exchange rate alone generated an increase of the KUKA balance sheet total in the 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 € 840.4 million compared to € 798.0 million at December 31, 2014. Intangible assets in particular rose by € 24.6 million. As well as investments amounting to € 10.6 million, the above-mentioned CHF exchange rate effect was very evident here to the extent of € 45.4 million, largely in respect of goodwill. The acquisitions made during the first half of the year also contributed to increasing the goodwill by around € 10 million. 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 € 61.3 million had been booked to this (December 31, 2014: € 53.3 million). Amounts totaling € 4.5 million were included for investments in associated companies (December 31, 2014: € 5.6 million). Deferred tax assets totaled € 48.3 million (December 31, 2014: € 48.2 million). Of this amount, € 16.6 million was attributable to losses carried forward (December 31, 2014: € 11.1 million).

The value of current assets amounted to € 1,246.4 million at June 30, 2015 (December 31, 2014: € 1,181.5 million). This figure includes assets held for sale as part of the planned sale of the tools and dies business unit, amounting to € 39.6 million (December 31, 2014: € 16.5 million related to HLS Group). Further explanations regarding the current assets are included in the notes on the financial position.

Within the reporting period, equity capital increased from € 541.1 million to € 606.7 million. This was the result not only of the earnings after taxes (€ 41.5 million) but also of the contribution from exchange rate effects totaling € 49.3 million, notably related to Swiss francs (€ 38.5 million) and US dollars (€ 10.5 million). The valuation of pension provisions (€ 0.3 million) had no effect on earnings but did reduce the equity capital. Minority interests were reduced from € 16.8 million to € 10.0 million primarily due to the purchase of further shares in Swisslog Holding AG. The equity ratio, i. e. the ratio of equity capital to the balance sheet total, was 29.1%, which was much higher than at the end of the 2014 financial year (December 31, 2014: 27.3%).

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

Current liabilities increased from € 1,096.2 million at December 31, 2014 to € 1,137.1 million at June 30, 2015. The changes in trade working capital referred to above were the main reason for this. In addition, income tax payments were also high due to the positive development of earnings. A figure of € 18.7 million (December 31, 2014: € 7.3 million) was posted for liabilities associated with assets held for sale.

Due to the effects described in the explanation of the Group financial position, there was a net debt figure of € 10.1 million as at June 30, 2015, the balance of liquid assets minus current and non-current financial liabilities. The Group had a net liquidity of € 32.6 million as at December 31, 2014.

GROUP NET WORTH

in € millions	12/31/2014	06/30/2015
Balance sheet total	1,979.5	2,086.8
Equity	541.1	606.7
in % of balance sheet total	27.3%	29.1%
Net liquidity	32.6	-10.1

RESEARCH & DEVELOPMENT

In the second quarter of 2015 the research and development expenditure in KUKA Group amounted to € 30.6 million, a figure substantially higher than the corresponding period in the previous year (Q2/14: € 20.4 million). This brings research and development expenditure for the first half of the year up to € 51.9 million (H1/14: € 35.4 million).

The expenditure is attributable predominantly to the Robotics division. Systems conducts most of its research and development in conjunction with customer projects.

In the second quarter of 2015, KUKA focused on improving the existing product portfolio. In addition, activities were concentrated on pushing ahead with key technologies for Industry 4.0, human-robot collaboration, mobility and smart platforms.

INDUSTRY 4.0 – THE FACTORY OF THE FUTURE

The networking of robot-based systems with various different services and machines was also the focus of much attention during the second quarter of 2015. At Hannover Messe, KUKA exhibited the factory of the future under the motto “Hello Industry 4.0”, based on three key technological areas: human-robot collaboration, mobility and linking to the IT world through intelligent control concepts (smart platforms).

EASY CONNECTIVITY IS THE MAIN FOCUS

The focal point of KUKA’s presentation at the ICRA trade fair in May was the programming of the “Connectivity” interface family. These open interfaces allow KUKA to offer access to a variety of control levels. They enable the availability and reproducibility from the world of industry to be united with the creativity and innovation of the research sector. That means even more opportunities to use the LBR iiwa lightweight robot in research applications.

The KUKA youBot, too, offers researchers a hardware basis for the successful development of algorithms. It can be used as an experimental platform to try out new techniques and to transfer findings to other applications. The youBot is controlled using open-source software rather than a proprietary controller. It is equipped with a powerful PC board, an EtherCAT-based interface to the drive electronics and many other open interfaces for connecting sensors.

INNOVATIVE AUTOMATION SOLUTIONS FOR THE FOUNDRY ENVIRONMENT

At the GIFA foundry technology trade fair, KUKA showcased the combined strengths of the Robotics and Systems (KUKA Industries) divisions. The focus was on new robot types as well as complete solutions for permanent mold and die-casting automation. KUKA presented an extended product portfolio for the extreme environment encountered in foundries. In this context, KUKA Industries links its automation and process know-how, ensuring that the complete solution is provided from a single source, with system components and automation components perfectly integrated. As well as automation technology and control systems, the foundry industry benefits greatly from the ability of KUKA Industries to provide presses and trim tooling proven throughout the world, and from the intermeshing of all the systems and components via a central controller.

SHORTER ASSEMBLY TIMES WITH KMR IIWA AND LBR IIWA

Shorter assembly times and effective deployment of the workforce in the manufacture of satellites are the goals of the “Tomorrow’s factory” project being implemented jointly with the French company Thales Alenia Space. This involves an automated workstation with two LBR iiwa lightweight robots and a mobile platform. Both the robots and the autonomous platform operate in a clean room. In this case one of the robots collects component parts from various storage bins in a kitting application to make up a kit of parts which it presents to the next operation. The KMR iiwa brings the finished kit of parts to the satellite assembly station. The company is also planning to use a KMP omniMove transport platform to transport the finished satellites autonomously within the production shop. This enables autonomous navigation within the system, so that every workstation within the production facility can easily be accessed.

RED DOT DESIGN AWARD FOR KUKA GENIUS FRICTION WELDING MACHINE

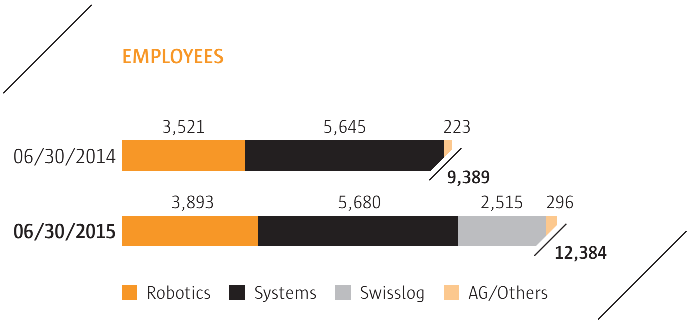
The compact modular KUKA Genius friction welding machine has won the Red Dot Design Award in the Product Design category. It scored highly for its attractive design, high functionality and simple ergonomic operation. The individual complete solution is easy to install, takes up little space and can be configured to suit the welding task required.

KRC ROBOTSTAR – THE NEW ROBOT CONTROLLER FROM KUKA INDUSTRIES

KRC ROBOTstar is the new robot controller from KUKA Industries: innovative, smart and ready for Industry 4.0. The ROBOTstar-VI robot controller from Reis has been seamlessly integrated into the KUKA KR C4 controller platform, with the Reis control software making optimum use of the standard components of the KR C4 (control cabinet, servos, drive bus and I/Os). Operation and programming are performed using the proven intuitive reisPAD touch control panel. The KRC ROBOTstar is an open system for digital communication with other network participants – from a host computer through external programming and simulation systems to standard tablet PCs (consumer devices) for operating the controller. Because of this exceptionally broad connectivity the KRC ROBOTstar controller forms the ideal basis for future Industry 4.0 applications in the intelligent factory.

EMPLOYEES

At the end of the second quarter of 2015 KUKA Group's workforce totaled 12,384 employees. In comparison with the figure of 9,389 for the previous year this represents an increase of 31.9%. The total includes 2,515 employees of Swisslog, who have been included in the KUKA workforce since the end of 2014. In the Robotics division the number of employees rose by 10.6% from 3,521 to 3,893. The new employees were hired primarily for the general industry business, service and research & development. At June 30, 2015 the Systems division employed a total of 5,680 staff. In comparison with the figure of 5,645 at the same date in the previous year, this is an increase of 0.6%. The number of temporary workers at Group level rose from 1,596 (June 30, 2014) to 1,865 (June 30, 2015). The other non-operations departments employed 296 staff compared to 223 in the previous year. At June 30, 2015 the number of employees at the Augsburg site was 3,051.



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 general conditions, KUKA expects good demand in the 2015 financial year, particularly from the North America and Asia regions, and especially from China. Demand in Europe is expected to remain relatively stable or to rise slightly. 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 stably 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 around € 2.9 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 environment and the development of sales, KUKA Group expects to achieve an EBIT margin of 6.5 to 7.0% before PPA (purchase price allocation) for Swisslog, and including the positive effects of the sale of HLS Group and the tools and dies business unit. 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 they will help make further improvements in efficiency. Taking account of the 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.

EVENTS AFTER THE BALANCE SHEET DATE

COMPLETION OF THE TAKEOVER OF SWISSLOG HOLDING AG, BUCHS/SWITZERLAND

On June 18, 2015 the administrative boards of the two companies to be merged approved the terms of the merger settlement and agreed to present to an Extraordinary General Meeting on July 28, 2015 the cash settlement for acquisition from the outstanding minority shareholders in Swisslog Holding AG, Buchs/Switzerland. The Extraordinary General Meeting approved the proposal. Consequently the Swisslog Holding AG shares have been delisted from the SIX Swiss Exchange as a result of the fusion. The last trading day was July 28, 2015.

SALE OF THE TOOLS AND DIES BUSINESS UNIT

On June 19, 2015 KUKA announced the sale of the tools and dies business unit to Porsche AG. The tools and dies business unit, with sites in Schwarzenberg/Erzgebirge and in Dubnica/Slovakia, has around 600 employees and is part of the Systems division. The takeover is still subject to approval by the anti-trust authorities. Agreement to proceed is expected in the third quarter of 2015.

KUKA RAISES FORECAST FOR THE 2015 FINANCIAL YEAR

In an ad hoc disclosure dated July 29, 2015, KUKA announced that sales revenues of around € 2.9 billion (previously: around € 2.8 billion) and an EBIT margin in the range of 6.5% to 7.0% (previously: around 5.5%) are now anticipated for the 2015 financial year, prior to Swisslog PPA and including book profits from the sale of HLS Engineering Group and the tools and dies business unit.

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

INTERIM REPORT (CONDENSED)

CONSOLIDATED INCOME STATEMENT

of KUKA Aktiengesellschaft for the period January 1 to June 30, 2015

in € millions	Q2/14	Q2/15	H1/14	H1/15
Sales revenues	506.1	757.6	968.6	1,477.4
Cost of sales	-378.0	-571.5	-735.4	-1,133.1
Gross profit	**128.1**	**186.1**	**233.2**	**344.3**
Selling expenses	-39.7	-66.8	-75.4	-126.1
Research and development expenses	-20.4	-30.6	-35.4	-51.9
General and administrative expenses	-30.3	-50.0	-58.2	-99.3
Other operating income	1.9	10.8	4.2	13.7
Other operating expenses	-5.4	-9.5	-7.4	-11.8
Earnings from companies valued at equity	-0.7	-0.6	-1.0	-2.0
Earnings from operating activities	**33.5**	**39.4**	**60.0**	**66.9**
Reconciliation to earnings before interest and taxes (EBIT)				
Financing costs included in cost of sales	0.7	0.9	1.3	1.5
Earnings before interest and taxes (EBIT)	**34.2**	**40.3**	**61.3**	**68.4**
Depreciation and amortization	10.4	33.1	20.7	64.5
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**44.6**	**73.4**	**82.0**	**132.9**
Net interest income	2.2	2.9	4.6	5.1
Net interest expense	-19.4	-5.3	-27.9	-10.2
Financial result	**-17.2**	**-2.4**	**-23.3**	**-5.1**
Earnings before taxes	**16.3**	**37.0**	**36.7**	**61.8**
Taxes on income	-6.0	-10.8	-14.2	-20.3
Earnings after taxes	**10.3**	**26.2**	**22.5**	**41.5**
of which: attributable to minority interests	0.0	-0.6	0.0	-1.0
of which: attributable to shareholders of KUKA AG	10.3	26.8	22.5	42.5
Earnings per share (undiluted) in €	**0.30**	**0.75**	**0.66**	**1.19**
Earnings per share (diluted) in €	**0.30**	**0.71**	**0.65**	**1.13**

STATEMENT OF COMPREHENSIVE INCOME

of KUKA Aktiengesellschaft for the period January 1 to June 30, 2015

in € millions	Q2/14	Q2/15	H1/14	H1/15
Earnings after taxes	10.3	26.2	22.5	41.5
Items that may potentially be reclassified to profit or loss				
Currency translation adjustments	0.5	-5.6	-0.6	50.6
Items that are not reclassified to profit or loss				
Changes of actuarial gains and losses	-3.9	10.3	-7.4	0.7
Deferred taxes on changes of actuarial gains and losses	0.9	-3.1	1.7	-1.1
Changes recognized directly in equity	**-2.5**	**1.6**	**-6.3**	**50.2**
Comprehensive income	**7.8**	**27.8**	**16.2**	**91.7**
of which: attributable to minority interests	0.0	-0.8	0.0	0.2
of which: attributable to shareholders of KUKA AG	7.8	28.6	16.2	91.5

CONSOLIDATED CASH FLOW STATEMENT

of KUKA Aktiengesellschaft for the period January 1 to June 30, 2015

in € millions	H1/14	H1/15
Earnings after taxes	**22.5**	**41.5**
Income taxes	17.4	34.7
Net interest	22.9	5.1
Depreciation/amortization on intangible assets	8.5	48.1
Depreciation/amortization on tangible assets	12.2	16.4
Other non-payment-related income	-6.6	-15.1
Other non-payment-related expenses	19.1	5.6
Cash earnings	**96.0**	**136.3**
Result on the disposal of assets	0.1	-8.0
Changes in provisions	31.5	8.2
Changes in current assets and liabilities:		
Changes in inventories	-36.8	-30.3
Changes in receivables and deferred charges	-69.5	-51.7
Changes in liabilities and deferred charges (excl. financial debt)	50.4	-27.2
Income taxes paid	-9.7	-24.3
Investment/financing matters affecting cash flow	-1.7	-1.2
Cash flow from current business operations	**60.3**	**1.8**
Payments from disposals of fixed assets	2.1	0.7
Payments for capital expenditures on intangible assets	-5.1	-10.6
Payments for capital expenditures on tangible assets	-22.1	-34.3
Payments for investment in financial investments	0.0	-0.3
Payments received from financial assets in the course of short-term funds management	22.3	23.4
Payments received from the sale of consolidated companies and other business units	0.0	21.2
Payments for the acquisition of consolidated companies and other business units	-13.8	-27.3
Interest received	4.3	4.1
Cash flow from investment activities	**-12.3**	**-23.1**
Free cash flow	**48.0**	**-21.3**
Dividend payments	-10.2	-16.9
Proceeds/payments from the issuance/repayment of bonds and similar liabilities	-173.0	–
Proceeds from/payments for the acceptance/repayment of bank loans	-16.9	-17.8
Payments from grants received	1.7	1.2
Interest paid	-26.7	-4.7
Cash flow from financing activities	**-225.1**	**-38.2**
Payment-related changes in cash and cash equivalents	**-177.1**	**-59.5**
Changes in cash and cash equivalents related to acquisitions	4.3	-3.1
Exchange-rate-related and other changes in cash and cash equivalents	1.0	6.6
Changes in cash and cash equivalents	**-171.8**	**-56.0**
(of which net increase/decrease in restricted cash)	(-0.2)	(4.4)
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)
Cash and cash equivalents at the end of the period	**269.3**	**136.1**
(of which restricted cash at the end of the period)	(6.1)	(6.8)

CONSOLIDATED BALANCE SHEET

of KUKA Aktiengesellschaft as of June 30, 2015

ASSETS

in € millions	12/31/2014	06/30/2015
Non-current assets		
Intangible assets	430.4	455.0
Tangible assets	233.8	240.7
Financial investments	0.6	2.8
Investments accounted for at equity	5.6	4.5
	670.4	**703.0**
Finance lease receivables	66.1	67.6
Income tax receivables	3.4	3.3
Other long-term receivables and other assets	9.9	18.2
Deferred taxes	48.2	48.3
	798.0	**840.4**
Current assets		
Inventories	272.4	311.0
Receivables and other assets		
Trade receivables	273.8	285.9
Receivables from construction contracts	339.1	376.7
Finance lease receivables	6.9	7.9
Income tax receivables	9.7	14.7
Other assets, prepaid expenses and deferred charges	71.0	74.5
	700.5	**759.7**
Cash and cash equivalents	192.1	136.1
Assets held for sale	16.5	39.6
	1,181.5	**1,246.4**
	1,979.5	**2,086.8**

LIABILITIES

in € millions	12/31/2014	06/30/2015
Equity		
Subscribed capital	92.8	92.8
Capital reserve	176.5	176.5
Revenue reserves	255.0	327.4
Minority interests	16.8	10.0
	541.1	**606.7**
Non-current liabilities		
Financial liabilities	137.0	138.9
Other liabilities	18.2	12.3
Pensions and similar obligations	121.7	130.0
Deferred taxes	65.3	61.8
	342.2	**343.0**
Current liabilities		
Financial liabilities	22.5	7.3
Trade payables	274.6	351.5
Advances received	78.3	76.0
Liabilities from construction contracts	247.6	195.3
Accounts payable to affiliated companies	0.1	0.1
Income tax liabilities	24.9	40.1
Other liabilities and deferred income	290.8	295.6
Other provisions	150.1	152.5
Liabilities from assets held for sale	7.3	18.7
	1,096.2	**1,137.1**
	1,979.5	**2,086.8**

DEVELOPMENT OF GROUP EQUITY

of KUKA Aktiengesellschaft for the period January 1 to June 30, 2015

				Revenue reserves					
in € millions	Number of shares outstanding	Subscribed capital	Capital reserve	Translation gains/losses	Actuarial gains and losses	Annual net income and other revenue reserves	Equity to shareholders	Minority interests	Total
01/01/2015	**35,708,315**	**92.8**	**176.5**	**9.7**	**-17.2**	**262.5**	**524.3**	**16.8**	**541.1**
Earnings after taxes						42.5	42.5	-1.0	41.5
Other earnings				49.4	-0.4		49.0	1.2	50.2
Comprehensive income	**–**	**–**	**–**	**49.4**	**-0.4**	**42.5**	**91.5**	**0.2**	**91.7**
KUKA AG dividend						-14.3	-14.3		-14.3
Other changes						-4.8	-4.8	-7.0	-11.8
06/30/2015	**35,708,315**	**92.8**	**176.5**	**59.1**	**-17.6**	**285.9**	**596.7**	**10.0**	**606.7**

DEVELOPMENT OF GROUP EQUITY

of KUKA Aktiengesellschaft for the period January 1 to June 30, 2014

				Revenue reserves					
in € millions	Number of shares outstanding	Subscribed capital	Capital reserve	Translation gains/losses	Actuarial gains and losses	Annual net income and other revenue reserves	Equity to shareholders	Minority interests	Total
01/01/2014	**33,915,431**	**88.2**	**94.5**	**-2.2**	**-4.9**	**202.2**	**377.8**	**1.3**	**379.1**
Earnings after taxes						22.5	22.5		22.5
Other earnings				-0.6	-5.7		-6.3		-6.3
Comprehensive income	**–**	**–**	**–**	**-0.6**	**-5.7**	**22.5**	**16.2**	**–**	**16.2**
KUKA AG dividend						-10.2	-10.2		-10.2
Other changes						3.4	3.4		3.4
06/30/2014	**33,915,431**	**88.2**	**94.5**	**-2.8**	**-10.6**	**217.9**	**387.2**	**1.3**	**388.5**

NOTES ON THE QUARTERLY REPORT (CONDENSED)

GROUP SEGMENT REPORT

of KUKA Aktiengesellschaft for the period January 1 to June 30, 2015

	Robotics		Systems		Swisslog	KUKA AG and other companies		Reconciliation and consolidation		Group	
in € millions	H1/14	H1/15	H1/14	H1/15	H1/15	H1/14	H1/15	H1/14	H1/15	H1/14	H1/15
Orders received	443.1	464.1	759.9	758.9	233.3	–	–	-17.3	-16.4	1,185.7	1,439.9
Order backlog (06/30)	321.0	267.0	965.0	1,049.6	477.5	–	–	-12.7	-7.8	1,273.3	1,786.3
Group external sales revenues	391.4	436.5	577.2	726.6	314.3	–	–	–	–	968.6	1,477.4
in % of Group sales revenues	40.4%	29.5%	59.6%	49.2%	21.3%	–	–	–	–	100.0%	100.0%
Intra-Group sales revenues	6.5	15.5	1.6	5.6	0.0	–	–	-8.1	-21.1	–	–
Sales revenues by division	**397.9**	**452.0**	**578.8**	**732.2**	**314.3**	**–**	**–**	**-8.1**	**-21.1**	**968.6**	**1,477.4**
Gross profit	**142.1**	**172.2**	**90.7**	**128.3**	**43.3**	**–**	**–**	**0.4**	**0.5**	**233.2**	**344.3**
in % of sales revenues of the division	35.7%	38.1%	15.7%	17.5%	13.8%	–	–	–	–	24.1%	23.3%
EBIT	**41.1**	**49.9**	**28.0**	**60.3**	**-28.6**	**-8.3**	**-11.0**	**0.5**	**-2.2**	**61.3**	**68.4**
in % of sales revenues of the division	10.3%	11.0%	4.8%	8.2%	-9.1%	–	–	–	–	6.3%	4.6%
EBITDA	**51.9**	**63.0**	**36.3**	**69.9**	**11.3**	**-6.7**	**-9.1**	**0.5**	**-2.2**	**82.0**	**132.9**
in % of sales revenues of the division	13.0%	13.9%	6.3%	9.5%	3.6%	–	–	–	–	8.5%	9.0%
Assets	388.8	425.9	715.2	820.2	580.1	223.2	511.5	-173.5	-438.5	1,153.7	1,899.2
Number of employees (06/30)	3,521	3,893	5,645	5,680	2,515	223	296	–	–	9,389	12,384

IFRS/IAS ACCOUNTING STANDARDS

KUKA Aktiengesellschaft, headquartered in Augsburg, has prepared its interim financial statements for the period ending June 30, 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 (IAS) 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 comparison to the end of year the scope of consolidation has changed due to the acquisition, foundation and sale of companies and also due to mergers.

The table below shows the development of the scope of consolidation since January 1, 2015:

Number of fully consolidated companies	Robotics	Systems	Swisslog	Other	Total
Status as of 01/01/2015	**24**	**46**	**30**	**3**	**103**
First-time consolidations	–	–	4	–	4
Deconsolidations	–	-3	–	–	-3
Mergers	-1	-1	–	–	-2
Status as of 06/30/2015	**23**	**42**	**34**	**3**	**102**
of which, Germany	1	10	5	3	19
of which, abroad	22	32	29	–	83

Number of associated companies	Robotics	Systems	Swisslog	Other	Total
Status as of 06/30/2015	**1**	**1**	**–**	**–**	**2**

ADDITIONS OF COMPANIES

The additions relate to the acquisition or foundation of:

- Forte Industrial Equipment Systems Inc., Mason, Ohio/USA
- Swisslog Automation GmbH, Karlsruhe
- Swisslog Middle East LLC, Dubai/United Arab Emirates
- KUKA Beteiligungen (Schweiz) AG, Buchs/Switzerland

Swisslog Automation GmbH, Karlsruhe was founded in the second quarter of 2015 (further details can be found under "Company acquisitions").

In February, Swisslog AG, Buchs/Switzerland, 100% subsidiary of Swisslog Holding AG, Buchs/Switzerland, together with Al Tayer Group, founded Swisslog Middle East LLC, Dubai/United Arab Emirates. In accordance with the articles of association, Swisslog holds 49.0% (corresponding to < € 0.1 million) of the share capital. However, Swisslog has an interest of 51.0% in the income and nominates the majority of members on the administrative board, with the effect that the company is fully incorporated into KUKA Group. In total the business operations in 2015 are still of minor significance.

KUKA Beteiligungen (Schweiz) AG, Buchs/Switzerland was founded in the second quarter. The purpose of the company is to implement the planned merger settlement with the outstanding shareholders of Swisslog Holding AG, Buchs/Switzerland (for further details refer to the "Events of material importance after the end of the reporting period").

DISPOSALS AND MERGERS OF COMPANIES

The disposals relate to the sale in the second quarter of HLS Engineering Group, headquartered in Augsburg, to two financial investors.

HLS Group employs around 250 people and is active in the field of systems and mechanical engineering services. KUKA will continue to work with HLS Group, but following the sale will concentrate more strongly on its core business. The following companies are owned by HLS Group:

- HLS Ingenieurbüro GmbH, Augsburg
- HLS Czech s.r.o., Mlada Boleslav/Czech Republic
- HLS Vietnam CO., LTD. Ho Chi Minh City/Vietnam.

In addition, in the first quarter of 2015, KUKA Laboratories GmbH, Augsburg, Germany was merged into KUKA Roboter GmbH, Augsburg, Germany, and Reis Holding Corp. USA, Elgin, Illinois, USA was merged into Reis Robotics USA Inc., Elgin, Illinois, USA.

ACQUISITIONS

FORTE INDUSTRIAL EQUIPMENT SYSTEMS INC., MASON, OHIO/USA ("FORTE")

In April 2015, 100.0% of the shares in FORTE, a renowned system integrator for the automation of warehouses, headquartered in Mason, Ohio, USA, were acquired. The company specializes in services in the fields of solutions design, system integration and software technology for distribution centers. FORTE plans, designs and implements intralogistics systems using its own warehouse execution software.

The acquisition strengthens the strategy of the Swisslog segment in the North American market by adding a complementary range of products and services, and increases the range of market coverage especially in the segments of eCommerce and pharmaceuticals.

€ 11.4 million of the € 12.9 million purchase price was paid immediately in cash. The remaining purchase price is due within 18 months and is covered by specific contractual guarantees. Cash and cash equivalents of € 1.4 million were transferred. No shares in previously fully consolidated companies of KUKA Group were acquired.

In the financial year, revenues of € 5.1 million are attributable to the acquisition with a balanced result. If the company had already been taken over at the beginning of 2015, this would have created additional revenues of around € 3.6 million and a net loss for the year of € -0.1 million.

The allocation of the purchase price to the assets and liabilities that were taken over is based on a preliminary evaluation. This affects especially the taxation implications of the acquisition.

The following table shows the carrying amounts assumed as a result of the purchase of the divisions immediately prior to the acquisition as well as the opening balance sheet in fair values (provisional).

	Carrying amounts assumed	Opening balance sheet in fair values
Intangible assets	0.0	3.9
Tangible assets	0.2	0.2
Inventories	0.3	0.3
Receivables and other assets	2.9	2.9
Liabilities and provisions	4.4	4.4

The acquired intangible assets consist to a large extent of rights to names, technology and orders on hand. Receivables and inventories primarily concern orders in house at the time of the acquisition. Contingent liabilities were not transferred. No deferred taxes arising from the takeover have to be taken into account. The transaction thus led to goodwill of € 8.6 million. The goodwill reflects first and foremost the future synergies described above.

SWISSLOG AUTOMATION GMBH, KARLSRUHE

In April 2015 KUKA also acquired a range of technologies and personnel from Grenzebach Automation GmbH in Karlsruhe, Germany, in order to further strengthen its competence in the fields of automated guided vehicles (AGVs) and logistics robots. Swisslog Automation GmbH, Karlsruhe was initially founded in the course of the takeover.

The acquisition consistently follows the strategy of positioning Swisslog more strongly in the eCommerce and multi-channel segments and expanding the production logistics area. The purchase price amounted to a total of € 1.1 million, which was paid in cash.

Swisslog Group, Buchs/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. Both purchase price allocations remain unfinalized in respect of the capitalized intangible assets and the associated effects arising on taxation.

KUKA bought further shares in Swisslog Holding AG on the open market to increase its interest from 94.5% to 96.6%. Completion of the takeover was initiated (see also "Events of material importance after the end of the reporting period").

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 € 4.5 million; the effect on earnings was € -2.0 million. The stake in KBee AG was increased by a contractual milestone payment of € 1.4 million in the first quarter. 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. External reporting has been adapted with the aim of providing the users of the financial statements with this information as well, which is customary as a decision-making basis. This has resulted in minor reporting changes in 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, amortization of capitalized borrowing costs for intangible assets was also reclassified from the reconciliation of the operating profit to EBIT to the reconciliation of EBIT to EBITDA.
- 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 amounts from the other operating income (€ 6.2 million for Q2/14 and € 15.0 million for H1/14) and from the other operating expenses (€ 8.9 million for Q2/14 and € 20.7 million for H1/14) to the cost of sales (€ 2.4 million for Q2/14 and € 5.3 million for H1/14) and to other interest and similar expenses (€ 0.3 million for Q2/14 and € 0.4 million for H1/14). Whilst the earnings after taxes remain unaffected, the reclassification results in a higher EBIT (€ 0.2 million for Q2/14 and € 0.3 million for H1/14) together with a financial result reduced 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. Implementation of this change for 2014 results in an increase of € 20.7 million in operating cash flow and an increase of € 4.3 million in investment cash flow. This results in a free cash flow figure higher by € 25.0 million and a financing cash flow figure lower by € 25.0 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.

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:

	H1/14	H1/15
Net result attributable to shareholders of KUKA AG (in € millions)	22.5	42.5
Weighted average number of shares outstanding	33,915,431	35,708,315
Undiluted earnings per share (in €)	0.66	1.19
Diluted earnings per share (in €)	0.65	1.13

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 six months of 2015, the weighted average number of shares in circulation was 35.7 million (June 30, 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 half 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 € 74.72, 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 (June 30, 2014: € 88,180,120.60). This is subdivided into 35,708,315 (June 30, 2014: 33,915,431) of no-par-value bearer shares outstanding. Each share carries one vote.

During the first half of 2015, KUKA Group increased its stake in Swisslog Holding AG from 94.5% to 96.6%. 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 € 10.0 million.

IAS 19 EMPLOYEE BENEFITS

Changes in the discount rates affect the pension provisions and give rise to actuarial gains and losses. The development of discount rates applied by KUKA for countries with significant pension obligations is shown in the table below:

	12/31/2014	06/30/2015
Germany	1.90%	2.30%
Switzerland	1.00%	0.75%
UK	3.70%	3.90%
Sweden	2.50%	2.50%
USA	3.80 – 3.95%	4.21 – 4.35%

Overall an actuarial gain of € 0.7 million arose for the Defined Benefit Obligation (DBO) and for the funds invested in external pension funds. After allowance for deferred taxation, the actuarial effects were reported under equity as an income-neutral sum of € -0.4 million.

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 was € 36.8067 per share, which meant the conversion ratio was 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 the utilization of the guarantee facility and cash credit line from the syndicated senior facilities agreement of KUKA Aktiengesellschaft amounted to a total of € 99.4 million (December 31, 2014: € 136.1 million, including the former syndicated senior facilities agreement of Swisslog Holding AG). 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 June 30, 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 € 46.1 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, € 19.8 million had been taken up by June 30, 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:

06/30/2015

in € millions	Level 1	Level 2	Level 3	Total
Financial assets	0.3	2.0	0.3	2.6
Financial liabilities	–	5.7	–	5.7

12/31/2014

in € millions	Level 1	Level 2	Level 3	Total
Financial assets	0.3	0.8	0.2	1.3
Financial liabilities	–	7.3	–	7.3

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.

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 € 306.2 million versus € 246.5 million at December 31, 2014, and the book value was € 140.0 million, compared with € 138.0 million at December 31, 2014.

ASSETS AND LIABILITIES HELD FOR SALE

In June 2015 KUKA gave notice of the sale of the tools and dies business unit to Porsche. Since due to contractual conditions such as approval by anti-trust authorities the sale of the company had not yet been completed by the balance sheet date, in accordance with IFRS 5 the transaction is reported under assets and liabilities held for sale. The relevant carrying amounts are shown in the following table:

in € millions	06/30/2015
Intangible and tangible fixed assets	16.2
Inventories and trade receivables	12.2
Other assets	11.2
Cash and cash equivalents	0.0
Total assets	**39.6**
Provisions and non-current liabilities	14.1
Other liabilities	4.6
Total provisions and liabilities	**18.7**
Net assets	**20.9**

The associated assets were subjected to an impairment test. No impairment losses were applicable.

The assets and liabilities held for sale at December 31, 2014 relate to the sale of HLS Group. There were no material changes in this context up to the time of deconsolidation of HLS Group in the second 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) are used as the key indicator with regard to managing segment profits.

The main elements of the segment reports are contained in the management report on the Robotics, Systems and Swisslog operating divisions, as well as in the tables at the beginning of the notes to this interim 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 € 6.8 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 six months of the financial year, services to the value of € 0.5 million were performed by related persons or companies, and services to the value of € 0.5 million were received by them. As at the reporting date, the sums outstanding in relation to dealings with related persons amounted to € 0.2 million for receivables and € 0.1 million for liabilities. Of these amounts, services received to the value of € 0.3 million are attributable to Voith Group. Services performed to the value of € 0.2 million and receivables 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

COMPLETION OF THE TAKEOVER OF SWISSLOG HOLDING AG, BUCHS/SWITZERLAND

On June 18, 2015 the administrative boards of the two companies to be merged approved the terms of the merger settlement and agreed to present to an Extraordinary General Meeting on July 28, 2015 the cash settlement for acquisition from the outstanding minority shareholders in Swisslog Holding AG, Buchs/Switzerland. The Extraordinary General Meeting approved the proposal. Consequently the Swisslog Holding AG shares have been delisted from the SIX Swiss Exchange as a result of the fusion. The last trading day was July 28, 2015.

SALE OF THE TOOLS AND DIES BUSINESS UNIT

On June 19, 2015 KUKA announced the sale of the tools and dies business unit to Porsche AG. The tools and dies business unit, with sites in Schwarzenberg/Erzgebirge and in Dubnica/Slovakia, has around 600 employees and is part of the Systems division. The takeover is still subject to approval by the anti-trust authorities. Agreement to proceed is expected in the third quarter of 2015.

The sale enables KUKA to focus even more strongly on its core business of robot-based automation solutions.

KUKA RAISES FORECAST FOR THE 2015 FINANCIAL YEAR

In an ad hoc disclosure dated July 29, 2015, KUKA announced that sales revenues of € 2.9 billion (previously: € 2.8 billion) and an EBIT margin in the range of 6.5% to 7.0% (previously: around 5.5%) are now anticipated for the 2015 financial year, prior to Swisslog PPA and including book profits from the sale of HLS Engineering Group and the tools and dies business unit.

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

RESPONSIBILITY STATEMENT

"To the best of our knowledge and belief, and in accordance with the applicable reporting principles for interim financial reporting, the Group's condensed interim financial statements give a true and fair view of the assets, liabilities, financial position and income of the Group, and the Group's interim management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group in the rest of the financial year."

Augsburg, August 4, 2015

The Executive Board

Dr. Till Reuter Peter Mohnen

DECLARATION BY THE AUDITORS

TO KUKA AKTIENGESELLSCHAFT, AUGSBURG

We have reviewed the condensed consolidated interim financial statements - consisting of the condensed income statement, statement of comprehensive income, consolidated cash flow statement, condensed balance sheet, changes to Group equity statement and selected explanatory notes - and the interim Group management report of KUKA Aktiengesellschaft, Augsburg, for the period from January 1, 2015 to June 30, 2015, all of which form part of the half-year report as per section 37w of the German Securities Trading Act (WpHG). Preparation of the condensed consolidated interim financial statements in accordance with IFRS for interim reporting as adopted by the EU, and the interim Group management report in accordance with the applicable provisions of the German Securities Trading Act (WpHG) for interim group management reports is the responsibility of the parent company's Executive Board. Our responsibility is to issue a statement on the condensed consolidated interim financial statements and the interim Group management report based on our review.

We conducted our review of the condensed consolidated interim financial statements and the interim Group management report in accordance with the German standards for the review of financial statements stipulated by the Institute of Public Auditors in Germany (IDW). According to these standards, we are required to plan and conduct our review so that we can be reasonably certain through critical evaluation that the condensed consolidated interim financial statements have been prepared in all material respects in accordance with the IFRS requirements as applicable to interim financial reporting, and as adopted by the EU, and that the interim Group management report has been prepared in all material respects in accordance with the applicable provisions of the German Securities Trading Act (WpHG). A review is primarily restricted to interviews with company employees and analytical evaluations and is therefore less rigorous than an audit. Since we have not conducted an audit, we are unable to express an audit opinion.

When conducting our review, we did not encounter any issues that lead us to conclude that the condensed consolidated interim financial statements have not been prepared in all material respects in accordance with the IFRS requirements as applicable to interim financial reporting, and as adopted by the EU. Nor did we conclude that the interim Group management report has not been prepared in all material respects in accordance with the provisions of the German Securities Trading Act (WpHG) as applicable to interim group management reports.

Munich, August 4, 2015

KPMG
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Karl Braun (Auditor)	Rainer Rupprecht (Auditor)

FINANCIAL CALENDAR 2015

INTERIM REPORT FOR THE FIRST NINE MONTHS	NOVEMBER 11, 2015

This quarterly report was published on August 5, 2015 and is available in German and English.
In the event of doubt, the German version applies.

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