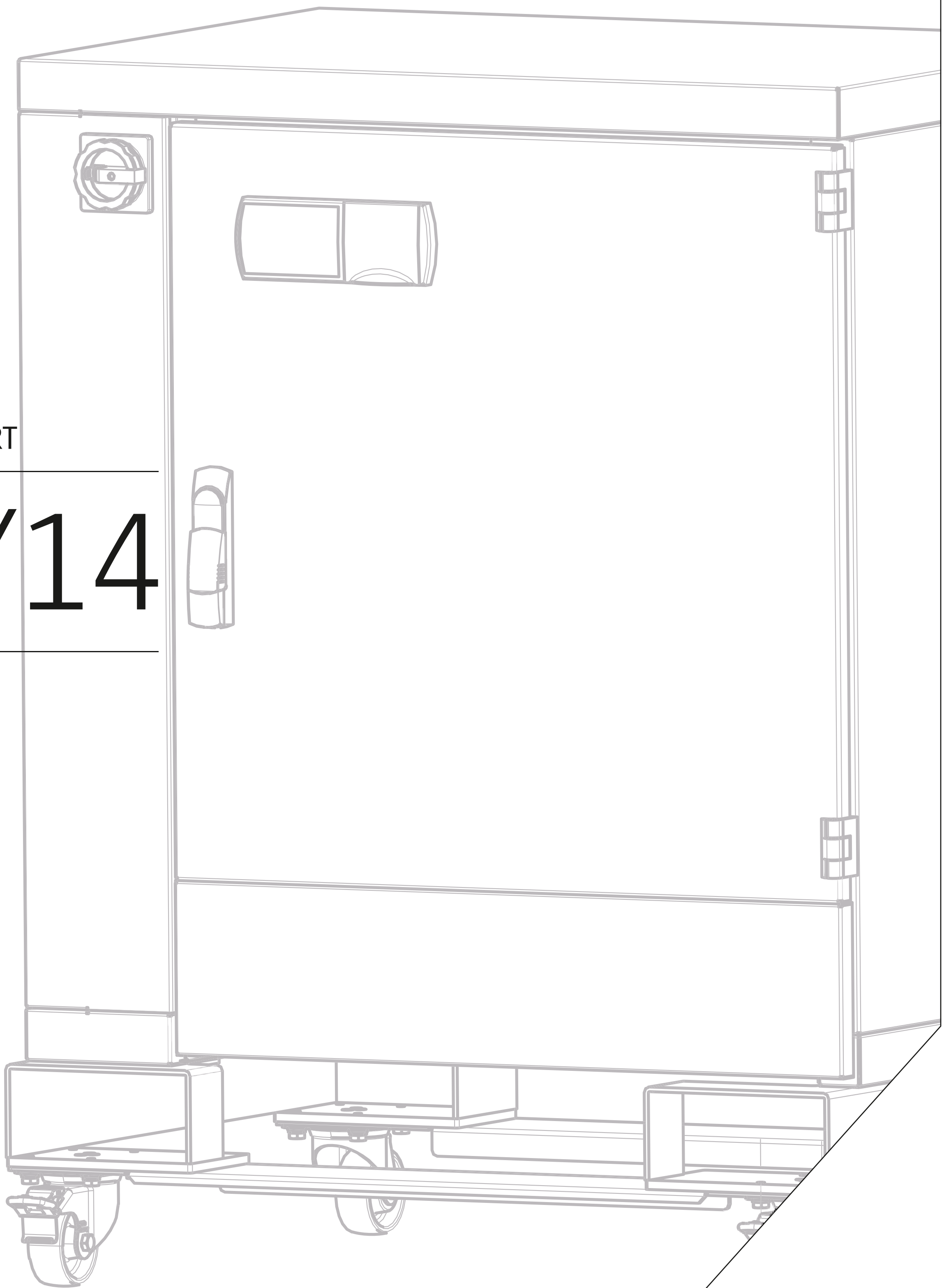
KUKA

INTERIM REPORT

Q3/14



9M/14 DEVELOPMENTS

- **Orders received** rise 21.3 percent to € 1,741.7 million in 9M/14
  - Growth accelerates in Q3/14: +30.0 percent to € 556.0 million
- **Sales revenues** up 13.6 percent to € 1,507.9 million in 9M/14
  - Both Robotics and Systems set new quarterly records in Q3/14
- **EBIT margin** 6.5 percent in 9M/14 in spite of restructuring and integration of Reis Group (9M/13: 6.6 percent)
  - Reis Group achieves turnaround: EBIT positive in Q3/14
- **Earnings after taxes** up from € 41.7 million in 9M/13 to € 45.1 million in 9M/14 in spite of one-time charge for high yield bond redemption
- **Free cash flow** posted at € 71.3 million in 9M/14, down from € 79.3 million in 9M/13
- 2014 **guidance** confirmed: sales expected to reach about € 2 billion and EBIT margin about 6.5 percent

KEY FIGURES

in € millions	9M/13	9M/14	Change
Orders received	1,435.8	1,741.7	21.3%
Order backlog (09/30)	1,003.7	1,286.1	28.1%
Sales revenues	1,327.6	1,507.9	13.6%
Gross profit	314.9	375.8	19.3%
in % of sales revenues	23.7%	24.9%	–
Earnings before interest and taxes (EBIT)	87.5	98.0	12.0%
in % of sales revenues	6.6%	6.5%	–
Earnings before interest, taxes, depreciation and amortization (EBITDA)	114.8	128.7	12.1%
in % of sales revenues	8.6%	8.5%	–
Net result	41.7	45.1	8.2%
Earnings per share in € (undiluted)	1.23	1.33	8.1%
Earnings per share in € (diluted)	n/a	1.28	–
Capital expenditure	33.8	46.9	38.8%
Equity ratio in % (09/30)	25.8%	27.6%	–
Net liquidity (09/30)	135.8	182.4	34.3%
Employees (09/30)	7,842	9,588	22.3%

in € millions	Q3/13	Q3/14	Change
Orders received	427.7	556.0	30.0%
Order backlog (09/30)	1,003.7	1,286.1	28.1%
Sales revenues	454.1	539.3	18.8%
Gross profit	105.6	137.3	30.0%
in % of sales revenues	23.3%	25.5%	–
Earnings before interest and taxes (EBIT)	30.1	36.8	22.3%
in % of sales revenues	6.6%	6.8%	–
Earnings before interest, taxes, depreciation and amortization (EBITDA)	41.2	47.1	14.3%
in % of sales revenues	9.1%	8.7%	–
Net result	14.7	22.6	53.7%
Earnings per share in € (undiluted)	0.43	0.67	55.8%
Earnings per share in € (diluted)	n/a	0.63	–
Capital expenditure	14.9	19.7	32.2%

FOREWORD

DEAR SHAREHOLDERS,

KUKA was able to extend the outstanding growth of the previous quarters into the third quarter. Sales revenues reached a new quarterly record of € 539.3 million and EBIT margin was the highest it has been this year at 6.8 percent. Given this performance, we are very confident that we will reach our targets for fiscal 2014 overall: sales of around € 2 billion and EBIT margin of around 6.5 percent.

KUKA is on the way to becoming a global automation company. In the third quarter, we took important steps to enable our further expansion. At the end of September, we held a press conference in Switzerland to outline our planned acquisition of Swisslog. After acquiring Swisslog, our general industry sales will expand from 30 percent to 50 percent and our global presence will be stronger.

Swisslog will give KUKA access to very attractive growth markets in the field of automation, such as warehouse logistics and the healthcare industry. It will allow KUKA to diversify into further market segments and boost its own sales and earnings base. Swisslog will enjoy the same benefits as other KUKA divisions, including access to global markets and joint further development of KUKA hardware and software technologies. The logistics sector is ideally suited to the use of sensitive, mobile robotic systems that are capable of driving autonomously.

KUKA has already been able to strengthen its own market share in new general industry sectors after the acquisition of Reis. Our Reis colleagues have in the meantime become part of the KUKA team and are well integrated. Furthermore, we have successfully completed the projected Reis turnaround: the EBIT of Reis turned positive in the third quarter of 2014.

KUKA offers its customers comprehensive expertise: from components, to cells, right through to complete systems, and is thus able to continuously take advantage of the automation trend.

Our performance since the beginning of the year demonstrates that we are on the right track. We are growing profitably and KUKA shares outperformed all others on MDAX in the first nine months of the fiscal year. We are aiming for the most successful year in KUKA's history, and achieving our goal will above all be thanks to the motivation and commitment of KUKA's employees. We are proud of how far we have come and our achievements motivate us to continue to help shape robot-based automation across the globe.

Sincerely,

Till Reuter

KUKA AND THE CAPITAL MARKET

KUKA SHARES – BEST STOCK OF MDAX IN 9M/14

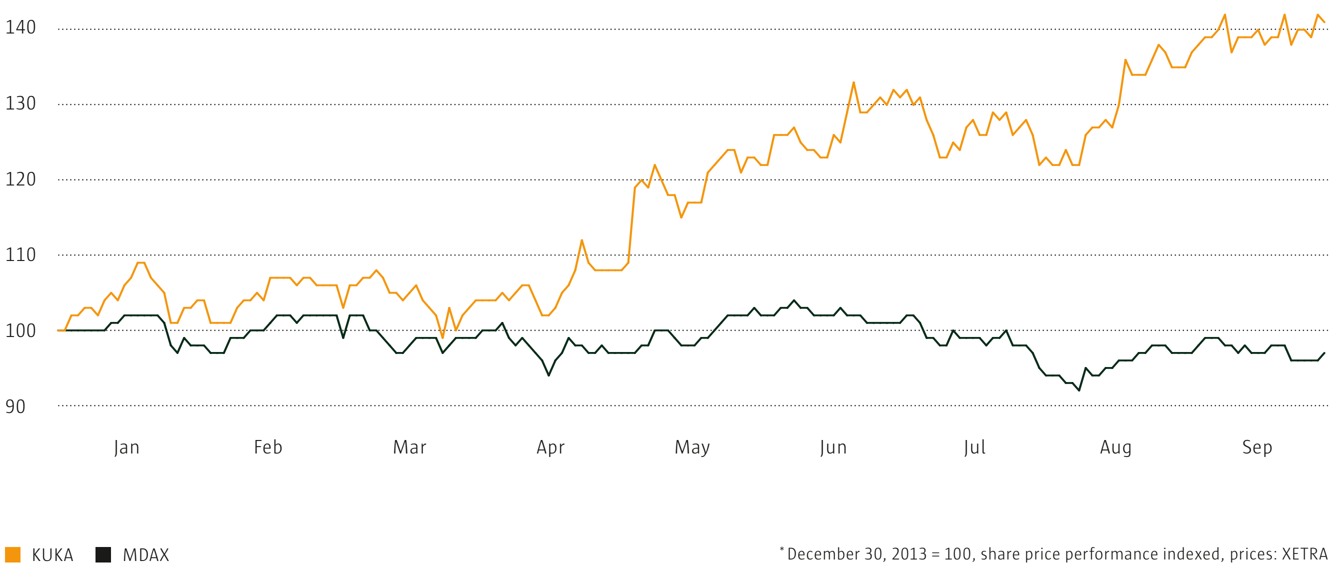
German stock markets traded in a relatively narrow range of between -10 percent and +10 percent in the first nine months of 2014. The DAX fell 1 percent to 9,474 and the MDAX slipped 3.5 percent to 15,995. The markets were driven mainly by the global crises in Ukraine and the Middle East, as well as relatively slow economic growth in a number of industrialized countries. The relatively low interest rate continues to impact positively on stock markets.

Of the fifty companies listed on the German MDAX, KUKA's stock was the top performer during the first nine months of 2014. The share price accelerated nearly 41 percent. In comparison, the share price performance of KUKA's peer group; that is, comparable listed shares of mechanical OEMs and automotive subsuppliers, was between -15 and +10 percent. KUKA shares rose from € 34.05 on the last trading day of 2013 to € 47.96 on September 30, 2014 and hit a new all-time high of € 49.17 in the third quarter of 2014.

FREE-FLOATING SHARES CONSTITUTE 70 PERCENT OF TOTAL SHARE CAPITAL

The free float of KUKA's shares to the end of the third quarter was 70 percent of total share capital. Investors holding over 3 percent of total share capital were: Grenzebach Group at 19.8 percent, SWocTEM GmbH at 10.0 percent, AXA S.A. at 4.99 percent and Bank of America Group at 3.1 percent.

KUKA'S SHARE PRICE PERFORMANCE DECEMBER 30, 2013 – SEPTEMBER 30, 2014*



* December 30, 2013 = 100, share price performance indexed, prices: XETRA

CONSOLIDATED MANAGEMENT REPORT

ECONOMIC ENVIRONMENT

Geopolitical crises dampen global economic growth

In its most recent forecast, the International Monetary Fund (IMF) lowered its growth projection for the global economy this year. It is now expecting growth of 3.3 percent for 2014, down from previously 3.4 percent. The IMF also lowered its 2015 forecast, from 3.9 percent to 3.8 percent. The geopolitical conflicts in Ukraine and the Middle East are weighing on the world economy, and the fallout from the financial crisis is still affecting some regions. The IMF says the outlook for the economies of the United States and China appears very positive. This year, economic growth in the United States is expected to reach 2.2 percent and 7.4 percent is forecast for China. Moderate growth of 0.8 percent is expected for 2014 in the eurozone, rising to 1.3 percent in 2015. The IMF is concerned about stagnation in the eurozone and recommends higher government spending; for example, on infrastructure. Growth in Italy and France is expected to be well below average at 0.2 percent and 0.4 percent respectively. On the other hand, Great Britain's economic growth this year is expected to be a much stronger 3.2 percent.

The IMF expects Germany's economy to grow 1.4 percent in 2014, well above the eurozone average. Still, the number has been revised downward from the 1.9 percent estimated in July of this year. The forecast for 2015 is +1.5 percent. The German Institute for Economic Research (ifo) business climate index was down for the fifth time in a row in September. It sank to 104.7 points, the lowest it has been since April 2013. The drop was greater than economists had expected. In January, the business climate index was still at 110.6. The uncertainty in the German economy is caused primarily by the international political crises.

Demand for cars

Growing car sales in China, the United States and Western Europe

Demand for cars in three major markets - China, the United States and Western Europe - was up sharply in the first nine months of 2014. In Western Europe, new vehicle registrations reached 9.2 million, a solid 5 percent higher than during the same period last year. In Germany, 2.3 million new vehicles have been registered so far this year, 3 percent more than in the first three quarters of 2013. German exports and manufacturing numbers were both 4 percent higher in the first nine months of 2014 than during the same period in 2013. According to the German Automotive Industry Association (VDA), the strong manufacturing in Germany is thanks to excellent sales in China, Great Britain and the United States. Demand for cars in the first three quarters in China, the world's largest car market, reached 13 million units, almost 13 percent more than during the same period last year. Demand for cars in Brazil and Russia continues to slump, down 9 percent and 13 percent respectively year-over-year after nine months. Sales in the United States between January and September 2014 were a solid 5 percent higher than during the same period in 2013. Sales of cars and light trucks came in at just under 12.4 million units. Most of the increase is attributable to higher demand for light trucks. It is up 10 percent so far this year. American car sales on the other hand were up just under 1 percent.

Robotics and automation

Higher sales numbers confirm global automation trend

According to the most recent forecasts issued by the International Federation of Robotics (IFR), the positive sales trend for industrial robots will continue. In the numbers released in September, the IFR forecast year-over-year growth of 15 percent for 2014. This means that 205,000 industrial robots will be sold in 2014, of which 50,000 units will be for China. The IFR is projecting average global annual growth of 12 percent from 2015 to 2017. By the end of 2017, about 2 million industrial robots are expected to be in service in factories globally, of which 400,000 are projected to be in China. Automotive and electronics are the main two industrial sectors driving the growth. The electronics industry especially is investing more and more in automating production processes. Rising demand is also expected from other general industry sectors, such as plastics, pharmaceuticals, food and metalworking. The IFR expects growth in Asia to be especially strong. This year it is projected to reach 21 percent. The potential for automation in the Chinese market is enormous. Annual sales are expected to be up at least 25 percent on average from 2015 to 2017. One million new robots will have to be installed in China before robot density is the same as in other industrial nations. Sales in the America region are expected to expand 11 percent in 2014. Demand here is being seen primarily in North America and Brazil. The IFR is expecting an increase of 6 percent for Europe in 2014. Average annual sales growth in the America region and Europe is expected to be about 6 percent between 2015 and 2017. The IFR also expects further growth in the service robotics sector, especially for logistics and autonomously navigating mobile robots.

BUSINESS PERFORMANCE

Orders received

KUKA Group

KUKA Group's orders received for the quarter just ended were strong. Overall, orders received in the third quarter of 2014 reached € 556 million, 30 percent higher than the € 427.7 million reported in Q3/13. Excellent demand from automotive and even stronger demand from general industry drove the growth. The newly acquired Reis Group and Alema contributed € 26.4 million to overall performance in the quarter just ended.

Orders received for the first nine months of 2014 totaled € 1,741.7 million, or € 1,630.3 million organically, which is 21.3 percent higher than the € 1,435.8 million generated in the first nine months of 2013. Organically, the percentage growth was 13.5.

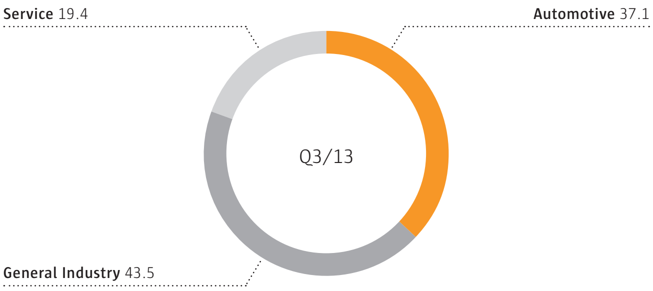
Robotics

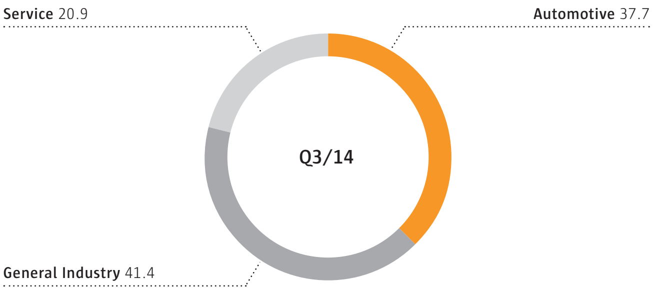
The Robotics division's orders received in the third quarter of 2014 came in at € 185.1 million. Sales were up 3.6 percent from the € 178.7 million reported in the third quarter of 2013. The year-over-year increase was driven mainly by service and automotive, while orders received from general industry were nearly the same. General industry robot sales are expected to rise in the coming quarters due to a number of new initiatives, such as shorter lead times, increased focus on target sectors, a new sales organization and newly developed general industry products. The size and timing of order releases from automotive sector frame orders had a different impact than in the two previous quarters, which led to variations in quarterly comparisons.

Orders received in the first nine months of 2014 came in at € 628.2 million, 4.8 percent higher than the € 599.2 million posted after nine months in 2013.

Orders received from the automotive segment for the quarter just ended totaled € 69.8 million, 37.7 percent of total orders received. This number was driven mainly by orders from the major German automotive customers. General industry orders received in the third quarter of 2014 came in at € 76.6 million. Last year general industry orders in the same quarter were € 77.8 million. The share of orders received in the quarter just ended from this customer segment was thus 41.4 percent of total orders received, significantly higher than automotive's. As in previous quarters, the service business also grew, driven mainly by the continuously expanding number of KUKA robots installed at customer sites. Orders received by the segment totaled € 38.7 million, 11.8 percent higher than the € 34.6 million generated in Q3/13. The service business share of total Robotics orders received was 20.9 percent.

ORDERS RECEIVED BY SEGMENT
IN % OF TOTAL



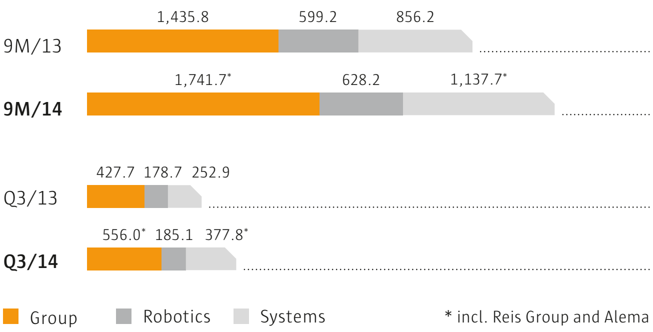


Systems

The Systems division's **orders received** in the third quarter of 2014 came in at € 377.8 million, including € 26.4 million from the newly acquired Reis Group and Alema. This is 49.4 percent higher than the € 252.9 million recorded in Q3/13. Systems posted organic orders received of € 351.4 million, still 38.9 percent higher than during the same quarter last year. The strong Systems division growth during the quarter was driven by further expansion of automation solutions in the aviation industry and the excellent demand from automotive in the United States.

Systems was able to boost orders received by 32.9 percent to € 1,137.7 million in the first nine months of 2014, up from 856.2 million after nine months in 2013. Excluding the acquired companies, growth totaled € 170.1 million or 19.9 percent.

ORDERS RECEIVED KUKA GROUP, ROBOTICS, SYSTEMS
IN € MILLIONS



Revenues

KUKA Group

KUKA Group posted a new sales revenue record in the third quarter of 2014, driven mainly by strong orders received in the first half of fiscal 2014. Both operating divisions participated in this success. KUKA Group's overall **sales revenues** rose 18.8 percent, from € 454.1 million in Q3/13 to € 539.3 million in Q3/14. The newly acquired companies contributed € 32.8 million to the result. Adjusted for the contribution from the acquired companies, organic sales revenue growth is still considerable, coming in at 11.5 percent year-over-year.

Cumulative sales revenues to the end of the first nine months of fiscal 2014 were € 1,507.9 million, with an organic share of € 1,414.7 million. Growth compared to the € 1,327.6 million reported for the first nine months of 2013 was 13.6 percent. The organic growth rate is calculated at 6.6 percent.

Robotics

Robotics' **sales revenues** reached a new high in the third quarter of 2014. Revenues were up 24.1 percent from the € 179.2 million reported in Q3/13, reaching € 222.4 million. The growth was driven by orders received in previous quarters. Double-digit year-over-year growth was reported for all market segments – automotive, general industry and service – in the quarter just ended.

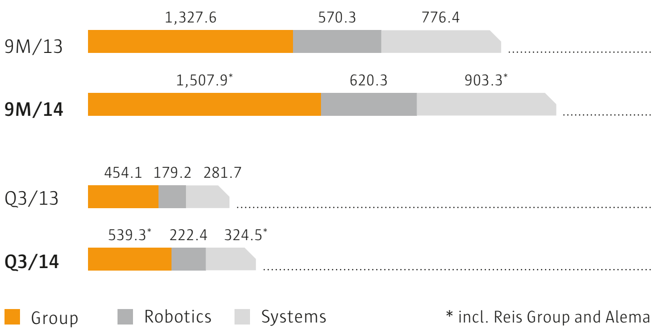
Robotics posted sales revenues of € 620.3 million for the first nine months of 2014, up 8.8 percent from the € 570.3 million posted after nine months in 2013.

Systems

The Systems division also reported **record sales** for Q3/14: € 324.5 million, 15.2 percent more than the € 281.7 million generated in Q3/13. Excluding the newly acquired companies, sales revenues were up 3.5 percent to € 291.7 million. Similar to Robotics, Systems benefited from high orders received in prior quarters, which also resulted in high capacity utilization. Systems' organic revenue growth was driven especially by the automotive sector growth in Europe, China and the United States, together with aviation industry sales, which were boosted with the help of Alema.

Cumulative sales revenues to the end of the first nine months of fiscal 2014 totaled € 903.3 million, with an organic share of € 810.1 million. Last year's number was 776.4 million.

SALES REVENUES KUKA GROUP, ROBOTICS, SYSTEMS
IN € MILLIONS



Book-to-bill ratio and order backlog

KUKA Group

The book-to-bill ratio for the quarter just ended was not at the very high level of the previous two quarters, but was still above 1. It came in at 1.03. This is the third quarter in succession it has been 1 or higher. The book-to-bill ratio for the first nine months of 2014 was 1.16.

Book-to-bill is a key indicator for KUKA. A number higher than 1 means that orders received exceed sales revenues, which is considered to be positive for the company's future revenue growth and capacity utilization. Accordingly, the Group's **order backlog** rose further and reached € 1,286.1 million on September 30, 2014. This was 28.1 percent higher than the € 1,003.7 million reported on September 30, 2013. The order backlog share for the newly acquired companies was € 94.4 million on September 30, 2014.

Robotics

The Robotics division's **book-to-bill ratio** for the second quarter of 2014 was 0.83, versus 1.00 as of Q3/13. The decline is mainly due to the strong sales during the quarter. The number was 1.01 for the first nine months of 2014, which compares to 1.05 for the first nine months of 2013.

Order backlog as of September 30, 2014, excluding frame orders, especially from automotive, was reported at € 284.2 million, 4.8 percent above the € 271.2 million posted on September 30, 2013.

Systems

Systems' **book-to-bill ratio** for the third quarter was 1.16, up sharply from the 0.90 reported at the end of Q3/13. The number was 1.26 for the first nine months of 2014, which compares to 1.10 for the first nine months of 2013.

Systems' **order backlog** as of September 30, 2014 was reported at € 1,013.9 million, of which € 94.4 million is attributable to the newly acquired companies. On September 30, 2013, order backlog was € 738.7 million.

ORDER BACKLOG KUKA GROUP
IN € MILLIONS

* incl. Reis Group and Alema

EBIT

KUKA Group

KUKA Group's earnings before interest and taxes (EBIT) for the third quarter of 2014 totaled € 36.8 million, 22.3 percent higher than the € 30.1 million reported for Q3/13. EBIT margin also improved slightly year-over-year, rising to 6.8 percent from 6.6 percent in Q3/13. Both the Robotics and Systems operating divisions posted excellent organic growth. In addition, Reis Group managed a turnaround within nine months. Integrated since the beginning of 2014, the Group was able to post a slightly positive EBIT for the quarter just ended, as planned.

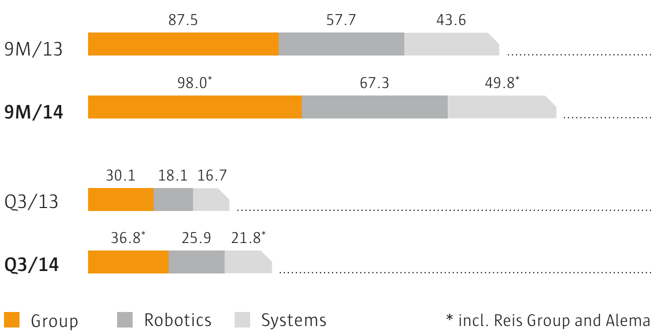
EBIT in the first nine months was reported at € 98.0 million, 12.0 percent higher than the € 87.5 million posted after nine months in 2013. EBIT margin in the same period was 6.5 percent, down slightly from 6.6 percent after the first three quarters of 2013.

Robotics

Robotics' EBIT shot up 43.1 percent, from € 18.1 million in Q3/13 to € 25.9 million in Q3/14. Above all, higher sales from service and the general industry sector, as well as successes from the "Operational Excellence" initiative, had a very positive impact on the division's profitability. The division was able to boost EBIT despite slightly higher spending for research and development and expansion in China and general industry. EBIT margin in the third quarter of 2014 set a new quarterly record of 11.6 percent and was significantly higher than the 10.1 percent reported for Q3/13.

EBIT in the first nine months of 2014 was € 67.3 million and EBIT margin was 10.8 percent. At the end of the first nine months of 2013, the numbers were € 57.7 million and 10.1 percent respectively.

EBIT KUKA GROUP, ROBOTICS, SYSTEMS
IN € MILLIONS



* incl. Reis Group and Alema

Systems

Systems' EBIT jumped 30.5 percent, going from € 16.7 million in Q3/13 to € 21.8 million in Q3/14. The result was driven primarily by the solid growth in the Systems division's organic business in the quarter just ended amid strong customer demand. EBIT margin rose accordingly, going from 5.9 percent in Q3/13 to 6.7 percent. EBIT for the first nine months of 2014 came in at 49.8 million, compared to 43.6 million during the same period last year. This result is even more remarkable given that Reis Group has been included since the beginning of 2014 with a negative EBIT. Systems' overall EBIT margin for the first three quarters was 5.5 percent, almost the same as the 5.6 percent posted at the end of nine months in fiscal 2013.

Performance of the divisions

ROBOTICS, KEY FIGURES

in € millions	9M/13	9M/14	Change
Orders received	599.2	628.2	4.8%
Order backlog (09/30)	271.2	284.2	4.8%
Sales revenues	570.3	620.3	8.8%
Gross profit	197.7	232.8	17.8%
in % of sales revenues	34.7%	37.5%	–
Earnings before interest and taxes (EBIT)	57.7	67.3	16.6%
in % of sales revenues	10.1%	10.8%	–
Earnings before interest, taxes, depreciation and amortization (EBITDA)	75.1	83.2	10.8%
in % of sales revenues	13.2%	13.4%	–
Employees (09/30)	3,313	3,579	8.0%

in € millions	Q3/13	Q3/14	Change
Orders received	178.7	185.1	3.6%
Order backlog (09/30)	271.2	284.2	4.8%
Sales revenues	179.2	222.4	24.1%
Gross profit	64.4	85.2	32.3%
in % of sales revenues	35.9%	38.3%	–
Earnings before interest and taxes (EBIT)	18.1	25.9	43.1%
in % of sales revenues	10.1%	11.6%	–
Earnings before interest, taxes, depreciation and amortization (EBITDA)	25.5	31.3	22.7%
in % of sales revenues	14.2%	14.1%	–

SYSTEMS, KEY FIGURES

in € millions	9M/13	9M/14	Change
Orders received	856.2	1,137.7	32.9%
Order backlog (09/30)	738.7	1,013.9	37.3%
Sales revenues	776.4	903.3	16.3%
Gross profit	103.6	141.8	36.9%
in % of sales revenues	13.3%	15.7%	–
Earnings before interest and taxes (EBIT)	43.6	49.8	14.2%
in % of sales revenues	5.6%	5.5%	–
Earnings before interest, taxes, depreciation and amortization (EBITDA)	51.6	62.1	20.3%
in % of sales revenues	6.6%	6.9%	–
Employees (09/30)	4,322	5,738	32.8%

in € millions	Q3/13	Q3/14	Change
Orders received	252.9	377.8	49.4%
Order backlog (09/30)	738.7	1,013.9	37.3%
Sales revenues	281.7	324.5	15.2%
Gross profit	37.0	51.3	38.6%
in % of sales revenues	13.1%	15.8%	–
Earnings before interest and taxes (EBIT)	16.7	21.8	30.5%
in % of sales revenues	5.9%	6.7%	–
Earnings before interest, taxes, depreciation and amortization (EBITDA)	19.8	25.8	30.3%
in % of sales revenues	7.0%	8.0%	–

EARNINGS, FINANCIAL AND ASSETS SITUATION

Earnings

KUKA was again able to further boost sales in the third quarter of 2014. Sales of € 539.3 million represent the third quarterly record in a row, and another 6.6 percent higher than the € 506.1 million generated in Q2/2014. This led to another all-time high after nine months: € 1,507.9 million. The number is another 13.6 percent higher than the previous record of € 1,327.6 million, set after nine months in 2013. The records set by both the Systems and the Robotics division contributed to this very satisfactory performance. Even organically; that is, without taking into consideration the sales contribution from Reis and Alema, acquired in 2014, last year's record sales of € 1,414.7 million were exceeded by 6.6 percent. Even though Group consolidated orders received in the third quarter of 2014 of € 556 million were less than the outstanding numbers reported for the first two quarters of the fiscal year, the result is still up € 128.3 million or 30.0 percent, significantly higher than the € 427.7 million reported in Q3/13. The solid orders received growth is equally evident when comparing the first nine months: € 1,741.7 million for 2014 and € 1,435.8 million for 2013. An increase of € 305.9 million or 21.3 percent. Organically, orders received of € 1,630.3 million were also up: € 194.5 million or 13.5 percent.

The companies acquired in 2014 contributed € 93.2 million to sales revenues in the first nine months of the fiscal year; orders received of € 111.4 million are attributable to the acquisitions. Reis Group completed its turnaround as announced in the third quarter. Both orders received and sales were higher and thus EBIT was slightly positive in the third quarter. The expected positive impact due to the acquisition of Alema Automation SAS, based in Bordeaux, France, has already been observed in the aviation industry. The 2013 acquisition of US-based Utica Enterprises has also proven to be a complete success. The processes, organizations and employees have now been completely integrated into KUKA. This also contributed to the growth, especially in North America. Access to the North American auto industry has further improved significantly thanks to the integration of the company. The integration and optimization measures initiated by KUKA for the aforementioned projects are bearing fruit and can be unequivocally categorized as successful.

Gross profit on sales in Q3/14 was € 137.3 million, another € 6.8 million higher than the € 130.5 million generated in Q2/14. The same applies when comparing to the first nine months of the previous year: This year's nine-month result of € 375.8 million is up a solid € 60.9 million or 19.3 percent from the € 314.9 million reported last year at the same time. The Group's consolidated gross margin for the first nine months is thus 24.9 percent, compared to 23.7 percent during the same period last year. The improvement in the Robotics division's gross margin from 34.7 percent after nine months in 2013 to 37.5 percent at the nine-month mark of 2014 is in part due to the continued focus on design-to-cost initiatives and the increasing importance of the KRC4 controlled generation of robots and AGILUS. Higher charges associated with personnel cost increases were more than offset. The very satisfactory sales and earnings growth in the Systems division was also more than enough to offset wage and salary increases, so that gross margin grew from 13.3 percent after nine months in 2013 to 15.7 percent as of the same record date in 2014. Growth in the North American region is particularly noteworthy. Here we have been seeing substantial orders received and sales growth as well as improved margin quality, especially compared to the stagnating and/or slightly declining orders received situation in Europe.

Overhead costs (sales, research and development and administration) totaled € 263.9 million versus € 216.1 million for the first nine months of 2013. Overhead costs were 17.5 percent of sales, higher than last year's 16.3 percent. The increase in cost of sales was 0.5 percent higher than actual sales growth. This increase is in part due to the acquisition of Reis Group, but also the establishment of new divisions and the associated expansion of the sales force in the Robotics segment. The continued growth we are aiming for in the general industry sector also requires a strengthened sales force. As of the record date, the Group had 899 employees working in sales. This is in accordance with the planned hiring of 155 employees since December 31, 2013 and is an increase of 168 over the size of the sales force last year at the same time. But KUKA is not only expanding its in-house sales organization; it is also working closely with partners in key markets. For example, the company jointly founded Yawei Reis Robot Manufacturing (Jiangsu) Co., Ltd. with Jiangsu Yawei Machine-Tool Co., Ltd., China to boost its global sales organization. The Chinese authorities issued a business license at the end of September 2014. This joint venture will give KUKA further access to the strongly growing Asian market.

Spending on research and development was significantly higher than last year, but according to plan. Expenditures in the first nine months of 2014 totaled € 53.8 million euros, 11.7 million more than the € 42.1 million spent after nine months in 2013.

The investment priority is enhancements and new futuristic technologies in accordance with the corporate strategy and continued engineering focus of the Group. In addition to a series of other innovations, KUKA is currently focusing on the following areas:

- KUKA Sunrise control software
- human-robot collaboration using the LBR iiwa
- mobile robotics applications
- arc welding applications
- new friction welding processes

For further details about current development projects, please refer to the company's 2013 annual report.

The research and development department will be hiring additional staff as per the budget in order to speed up progress on the many projects and minimize time-to-market of the products. The department had 446 employees as of September 30, 2014. Despite the fact that this is a highly specialized market with limited qualified personnel availability, KUKA has been able to win 86 new employees since December 31, 2013. 29 people were hired in the third quarter alone. In fact the company has added 102 employees since the prior year's record date. As a result, direct R&D personnel expenses rose from € 7.2 million to € 30.5 million and now represent 56.7 percent of total R&D expenses. Expenses for intercompany coordination of the various development projects, patent protection and indirect costs related to the higher head count (for example, building lease costs, training of the new employees) also rose. In the first nine months of 2014, researchers worked intensively on software features that could not be independently capitalized due to international accounting rules. The costs incurred and capitalized for new developments were thus € 5.0 million, € 1.9 million less than the € 6.9 million reported after nine months in 2013. The research and development expenditures include € 6.9 million in depreciation, versus € 9.3 million at the same time last year. The entire past fiscal year was marked by scheduled depreciation related to a development project, which is now fully amortized. In addition to its own development work, KUKA is intensifying its R&D collaboration with other companies. For example, in February 2014, KUKA acquired a share in the robot hardware, software and design specialist KBee AG, based in Munich, Germany. The company is consolidated at equity in KUKA's consolidated statements. It generated an expense of € 1.8 million in the first nine months of 2014, which is reported under "Income from companies consolidated at equity".

The administrative expense ratio for the first nine months of 2014 was 6.4 percent, up from 6.0 percent after nine months in 2013. Consulting costs associated with a voluntary public offer to the shareholders of Swisslog Holding AG had a noticeable impact in the third quarter. Adjusted for these factors, the administration expense ratio is at the same low level as last year.

The net result of other operating expenses and income of € -14.6 million, which compares to € -15.4 million for nine months in 2013, was driven by currency exchange effects, especially related to the Japanese yen, Chinese yuan and US dollar, in addition to other factors.

Overall operating profit for the third quarter of this year was € 35.9 million, which compares to € 28.3 million in Q3/13. Adjusted for financing charges of € 0.9 million included in operating profit, down from € 1.7 million in Q3/13, earnings before interest and taxes (EBIT) came in at € 36.8 million, up from € 30.0 million in Q3/13. This number too represents an all-time high.

	Q3/13	Q4/13	Q1/14	Q2/14	Q3/14
EBIT (in € millions)	30.0	32.9	27.1	34.1	36.8
EBIT margin (in %)	6.6	7.4	5.9	6.7	6.8

EBIT margin for the third quarter of 2014 is 6.8 percent, up from the 6.6 percent reported for Q3/13, and another slight increase over the 6.7 percent posted in the second quarter of 2014. EBIT margin for the first nine months of 2014 is 6.5 percent, compared to 6.6 percent for the first nine months of 2013. The negative impact of the integration of Reis Group disclosed in the outlook for 2014 will be almost completely offset by the Robotics and Systems segments' margin improvement. Staff pressed ahead with the programs identified to improve Reis Group's earnings situation during the acquisition phase in the third quarter of 2014. These initiatives are having an increasingly positive impact. Reis Group's EBIT was in fact slightly positive in the third quarter as projected. The aim now is to further stabilize and grow earnings.

The Systems segment's EBIT margin for the first nine months of the current fiscal year is 5.5 percent, compared to 5.6 percent after nine months in 2013. The segment's EBIT margin has risen in every quarter of 2014. In the first quarter it was 4.3 percent, in the second quarter 5.3 percent and in the third quarter it reached 6.7 percent. The Robotics division's EBIT margin for the third quarter reached 11.6 percent, another increase over the already high second-quarter 2014 EBIT of 10.8 percent. The cumulative total after nine months was also up sharply, going from 10.1 percent last year to now 10.8 percent. This was achieved in spite of the strong Japanese yen, which continued to weigh on earnings.

EBITDA (earnings before interest, taxes, depreciation and amortization) growth tracked the EBIT increase, going from € 114.8 million last year to currently € 128.7 million. Here too, KUKA was able to beat last year's all-time high. Total depreciation for the first nine months of 2013 was € 30.7 million, versus € 27.3 million at this time last year. Of this total, € 15.9 million are attributable to Robotics (€ 17.4 million in 9M/13), € 12.3 million to Systems (€ 8.0 million in 9M/13), and € 2.5 million to other (€ 1.9 million in 9M/13). The increase in the Systems division was driven mainly by the acquired companies.

Net finance costs improved from € -11.5 million last year to € -6.0 million. Adjusted for one-time effects, finance costs went from € -16.0 million last year at this time to € -23.7 million.

in € millions	9M/13	9M/14
Interest income from finance lease	5.0	4.6
Remaining interest and similar income	1.4	2.2
Other interest and similar income	**6.4**	**6.8**
Interest component for allocations to pension provisions	2.0	1.9
Guarantee commission	0.8	0.4
Interest expense for the convertible bond	2.4	5.1
Interest expense for the corporate bond	13.6	5.6
Financing costs reclassified to operating results	-4.4	-2.3
Remaining interest and similar expenses	3.5	2.1
Current other interest and similar expenses	**17.9**	**12.8**
Current financial result	**-11.5**	**-6.0**
Interest expense from the repurchase of corporate bond shares	4.5	17.7
Financial result	**-16.0**	**-23.7**

Interest income was € 6.8 million, up from € 6.4 million after nine months in 2013. This includes mainly income in connection with the finance lease and income from short-term investments.

The net interest item includes € 5.1 million for interest on the convertible bond valued at € 150.0 million placed in February and July 2013 in two tranches. At the nine month mark of 2013, this number was € 2.4 million. In May 2014, the November 2010 high yield bond was entirely redeemed prior to its maturity date. The difference between the cost of redemption and the carrying amount generated a one-time charge of € 17.7 million. This charge will be more than absorbed from savings on future interest payments at the nominal rate of 8.75 percent on the € 140.4 million nominal balance that was outstanding at the time of settlement. The interest payments were originally scheduled to be paid until the bond matured in November 2017.

Accounting-related reclassification of financing charges into operating profit had a positive impact on the net interest result; after the first nine months of 2014 it came in at € 2.3 million versus € 4.4 million at the same time last year. The net interest expense for pensions was € 1.9 million compared to € 2.0 million in 2013 at this time.

Earnings before taxes (EBT) in the first nine months of 2014 totaled € 71.8 million. This compares to € 67.4 million after nine months in 2013. At the halfway mark of the fiscal year, EBT were still less than last year, mainly because of the one-time charge from the early redemption of the high yield bond. In the third quarter, the first interest payment savings related to the redemption of the high-interest bond partially offset the one-time charge resulting from the repayment. As a result of the aforementioned operational earnings improvement, earnings before taxes also came in 6.5 percent higher than at the same time last year.

Taxes paid for the first nine months of 2014 totaled € 26.7 million, versus € 25.7 million for the same period last year. The tax rate is thus 37.2 percent, compared to 38.1 percent at the nine month mark of 2013. KUKA Group's earnings after taxes for the period covered by this report were reported at € 45.1 million, versus € 41.7 million last year. Undiluted earnings per share rose from € 1.23 to € 1.33.

Because KUKA's share price was above the conversion price of the convertible bond on the record date, 4,075,344 shares would have had to have been issued if all bondholders had exercised their conversion rights. The resulting diluted earnings per share for the first nine months of 2014 would have been € 1.28. There was no dilution in 2013. No bondholders have exercised their conversion rights to date.

CONSOLIDATED INCOME STATEMENT (CONDENSED)

in € millions	9M/13	9M/14
Sales revenues	1,327.6	1,507.9
EBIT	87.5	98.0
EBITDA	114.8	128.7
Financial results	-16.0	-23.7
Taxes on income	-25.7	-26.7
Net result	41.7	45.1

Financial position

The company's strong financial position is reflected in cash earnings, which consist of earnings after taxes adjusted for cash-neutral depreciation on property, plant and equipment and intangible assets and other income and expenses impacting cash. The one-time charge resulting from the repurchase of parts of the high yield bond is recognized under other non-cash expenses. Cash earnings came in at € 99.5 million, 28.9 percent higher than the comparable prior year's number of € 77.2 million.

Cash flow from operating activities was € 103.3 million, which compares to € 129.2 million after nine months in 2013. This negative trend was already apparent at the halfway mark of fiscal 2014. Contributors here were the changes in provisions (for details about the higher provisions, please refer to the section on net worth) and the significant increase in trade working capital as a result of the business situation, as shown in the following table:

in € millions	12/31/2013	09/30/2014
Inventories less advance payments	133.9	193.5
Trade receivables and receivables from construction contracts	348.6	415.9
Trade payables and liabilities from construction contracts	304.4	343.8
Trade working capital	**178.1**	**265.6**

Overall, trade working capital rose € 87.5 million to € 265.6 million. The 2014 acquisitions contributed about € 30 million to this increase.

The company invested € 46.9 million in the first nine months of 2014 compared to € 33.8 million after nine months in 2013. Capital expenditures for property, plant and equipment totaling € 38.4 million are mainly for technical systems and payments for the new development and technology center being built at the corporate headquarters in Augsburg. Intangible asset investments totaled € 8.5 million, of which € 5.0 million was for internally generated intangible assets. The outflow for corporate acquisitions and shares in other companies was € 16.0 million, versus € 16.6 million at this time last year. As of September 30, 2014, 86.8 percent of the free funds that had been allocated to short-term investments on December 31, 2013 had matured as planned, leading to an inflow of € 30.4 million. Overall, cash flow from financing activities was € -32.0 million, which compares to € -49.9 million after nine months in 2013.

The cash flow from operating activities plus cash flow from investment activities resulted in a free cash flow of € 71.3 million, which compares to € 79.3 million last year at this time. Free cash flow in the third quarter was thus positive at € 48.3 million. Quarterly free cash flow has now been positive eight consecutive times.

The cash flow from financing activities for the first nine months of the year was dominated by the redemption of parts of the high yield bond, which resulted in payments totaling € 173.0 million, the dividend distribution of € 10.2 million after nine months in 2014 and the transfer of liabilities related to the corporate acquisitions. At 9M/13 the dividend distribution was € 6.8 million. Overall, cash flow from financing activities was € -200.9 million, which compares to € 123.0 million after nine months in 2013. During the same period last year, the issue of the two tranches of the convertible bond generated a cash inflow of € 158.7 million.

Notwithstanding the cash outflow from financing activities, KUKA Group still had access to funds for financing purposes totaling € 322.7 million as of September 30, 2014. This compares to € 445.2 million on the equivalent record date in 2013.

The stable financial situation is also reflected by the rating agencies' assessments. Standard & Poor's had already raised its rating twice in 2013, and in the second quarter of 2014, boosted the rating once more, mainly because financial indicators improved again after the corporate bond was redeemed. Moody's followed suit in August 2014. Standard & Poor's increased the rating from "BB-, outlook positive" to "BB, outlook stable". Moody's raised its rating from "Ba3, outlook positive" to "Ba2, outlook stable".

CONSOLIDATED CASH FLOW STATEMENT (CONDENSED)

in € millions	9M/13	9M/14
Cash Earnings	77.2	99.5
Cash flow from operating activities	129.2	103.3
Cash flow from investing activities	-49.9	-32.0
Free cash flow	79.3	71.3

Net worth

Non-current assets rose from the € 327.7 million reported on December 31, 2013 to € 430.7 million. This sharp increase is mainly due to the acquisitions in 2014. KUKA acquired intangible assets, especially expertise and technology valued in the double-digit million range. The amount reported for the first time for goodwill was € 9.6 million. The total is now € 69.2 million. The property, plant and equipment line item rose € 54.1 million. A large share of this is attributable to the research and development center in Augsburg and the German and foreign properties owned by Reis Group. The interest in KBee AG, Munich is recognized at € 3.2 million and the Chinese joint venture Yawei Reis Robot Manufacturing Co., Ltd., Jiangsu, China at € 2.5 million, both under financial assets, for a total of € 5.9 million. Deferred tax assets totaled € 38.6 million, which compares to € 25.6 million on December 31, 2013. Of this amount, € 18.5 million is for loss carryforwards. Here the comparable number for December 31, 2013 is € 14.7 million.

Current assets to September 30, 2014 were reported at € 1,079.4 million, versus € 1,049.4 million on December 31, 2013. The increases in inventories of € +83.8 million and receivables of € +67.3 million were driven mainly by the business situation and the acquisitions. The amounts were mainly offset by the drop of € 118.4 million in cash and cash equivalents after the corporate bond was redeemed.

As of the record date, KUKA Group's balance sheet total rose from € 1,377.1 million on December 31, 2013 to € 1,510.1 million, up 9.7 percent. This brings the balance sheet total back to nearly the same number reported in Q1/14 of € 1,501.7 million. In the second quarter of 2014 it had dropped to € 1,438.5 million.

Equity increased from € 379.1 million to € 416.9 million for the period covered by this report.

Earnings after taxes of € 45.1 million and the differences from currency conversions were offset by the equity-reducing impact of the change to the present value of pension obligations of € 7.9 million resulting from the adjustment on the discount rate and the dividend distribution of € 10.2 million. The equity ratio; that is, equity over total assets, is now 27.6 percent, compared to 27.5 percent on December 31, 2013.

The financial liabilities relate mainly to the € 150.0 million face value convertible bond maturing in February 2018. The dramatic drop is mainly due to the complete redemption of the corporate bond.

Current liabilities rose from € 597.3 million on December 31, 2013 to € 823.3 million as of September 30, 2014. In addition to the aforementioned change in trade working capital, this was due especially to the increase of € +98.8 million in other liabilities and accruals and the increase in other provisions of € +56.2 million. The increase in other liabilities is mainly due to the recognition of liabilities for the contingent purchase price payment for Reis Group and higher liabilities in the personnel area, such as accruals for vacation. The increase in other provisions is due to higher provisions for outstanding order costs and guarantee provisions, as well as the consolidation of Reis Group.

KUKA Group's net liquidity of € 146.5 million as of December 31, 2013, consisting of liquid assets minus current and non-current financial liabilities, rose to € 182.4 million as of the September 30, 2014 record date.

GROUP NET WORTH

in € millions	12/31/2013	09/30/2014
Total assets	1,377.1	1,510.1
Equity	379.1	416.9
in % of total assets	27.5%	27.6%
Net liquidity	146.5	182.4

RESEARCH AND DEVELOPMENT

In the third quarter of 2014, KUKA Group spent € 18.4 million on research and development, compared to € 17.8 million in Q3/13. Adding the amount spent in the first half year, the total for the first nine months of 2014 comes to € 53.8 million, which compares to € 42.1 million spent in the first nine months of 2013. This growth underscores KUKA's focus to continue to invest more heavily in the competitive advantages of innovation and quality.

Most of the R&D expenses are attributable to the Robotics division. Systems conducts some of its R&D in conjunction with customer projects.

Expanded LBR iiwa features

Additional improvements were made in LBR iiwa's force measurements. These were released at the beginning of August together with other new features, including software enhancements to improve and ensure safe human robot collaboration. LBR iiwa's modular principle was also expanded by five different media flange options that enable the same LBR iiwa to be combined with different robot flanges.

Awards for KUKA LBR iiwa and new KUKA Sunrise controller

KUKA's lightweight robot received several prizes last quarter.

In July, KUKA received the Red Dot Ward "Best of the Best" fur LBR iiwa. In making its decision, the jury was especially impressed by the unique design and innovative shape.

The product also garnered the IDEA award USA 2014 and the German Design Award 2015 in the United States.

The new Sunrise processor has also already received a prize: the Java Business Innovation Award at the JavaOne 2014 conference in San Francisco.

The Java Business Innovation award honors Java customers and partners for extraordinary innovations related to their companies and products. The Sunrise system connects KUKA's robots to the world of automation and IT by making them part of the "Internet of things".

KUKA Sunrise Version V1.3 released

KUKA's latest controller generation for the sensitive lightweight LBR iiwa robot is called Sunrise. Version 1.3 offers additional features related to human robot collaboration and thus further expands the available human-machine collaboration possibilities. It also supports additional LBR iiwa models to give customers and users the best possible functionality for their applications; for example, in addition to the standard features, optional iiwa application interfaces (multi-adapter flange) are also supported in order to ensure maximum possible adaptability to a wide variety of applications.

KUKA omniMove platform navigation – preliminary acceptance received from US aerospace customer

KUKA received an order from a US aerospace customer in 2013. The project was launched in 2013 and in Q3/14, various software features were evaluated and subjected to acceptance tests at a beta site in the facility where manufacturing will later take place. One of the things tested was the absolute positioning accuracy. The test was conducted on a connector that provides power for the automated production process and the result was an average accuracy of 1.3mm when the connector was autonomously plugged in by the robot. The customer also witnessed a test of the ability of the navigation system to follow a predefined path in the customer's manufacturing environment with an accuracy of +/-10cm.

First weld and internal presentation of the new "KUKA Genius" friction welding machine generation

KUKA Systems successfully completed the first friction weld using its new generation of KUKA friction welding machines. Customer advantages include a new user interface, improved energy efficiency and a substantially smaller footprint. The test phase will be completed within the next few weeks.

Hemming modules

The project to improve the design of KUKA Systems' hemming modules (standardized bending units for doors and hatches) is at the prototype set-up phase. Tests will begin within the next few weeks on the inner hemming module, the pre-bend module and the waistline unit. The enhanced design aims mainly to provide customer oriented features and optimize costs. The units are being designed as systems modules, so that they can be used for a wide variety of projects.

Lightweight material joining technology

Work on the "lightweight material" process development project has focused primarily on punch riveting and self-drilling screws, an area where new benchmarks have been set. Other promising processes include high-speed tack setting and self-pierce riveting. Because KUKA has its own lab, the systems and joints can be internally tested for strength after they had been designed. The process data derived from the project are recorded in the in-house technology guideline and can be used for plant engineering projects.

Specialized Reis kinematic systems adapted to KUKA technology

Work has begun on adapting the Reis robot controller to KUKA hardware at the Reis facility in Obernburg in order to take advantage of robotic controller synergies. The ultimate objective is to standardize the hardware, drive systems and process features of the two controllers. The Reis robot controller features and the reisPAD controller interface will continue to be available at KUKA Group as a second brand.

EMPLOYEES

At the end of the third quarter of 2014, KUKA group at 9,588 full-time employees, 22.3 percent more than the 7,842 working for the company at the same time last year. The increase is primarily due to the acquisition of Reis and Alema. The number of employees in the Robotics division went from 3,313 on September 30, 2013 to 3,579 on September 30, 2014, an increase of 8 percent. Most of the employees were added in China and in Germany. Systems had 5,738 employees at the end of September 2014. This includes 1,134 persons employed at Reis Group. For Systems, the increase compared to the same time last year is 1,416 persons or 32.8 percent. KUKA had 1,711 temporary employees throughout the Group at the end of the third quarter, 144 or 9.2 percent more than on September 30, 2013. Most of the increase is attributable to the Systems division and is due to the order boom in the United States. The number of employees at the Augsburg location at the end of the third quarter of 2014 was 3,173, 4.4 percent more than the 3,040 persons working at that location at the beginning of the year.

KUKA GROUP EMPLOYEES

* incl. Reis Group and Alema

RISKS AND OPPORTUNITIES

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 combined risks that could threaten the company's existence as a going concern. Strategically and also financially, the company is positioned to be capable of taking advantage of arising business opportunities.

Please refer also to of the detailed report on pages 106 and following of the 2013 annual report.

EVENTS AFTER THE BALANCE SHEET

On September 25, 2014, KUKA Aktiengesellschaft published an advance notice of a voluntary public offer to shareholders of Swisslog Holding AG at the same time it completed a transaction agreement with Swisslog Holding AG, Buchs (AG), Schweiz. KUKA Aktiengesellschaft is offering Swisslog Holding AG shareholders by way of a public offer CHF 1.35 per common share nominally valued at CHF 0.01. The offer prospectus was published on October 6, 2014. At the end of the grace period of ten trading days required by Swiss takeover legislation, the offer became open to acceptance and will remain so until presumably November 17, 2014 (4 PM CET). KUKA Aktiengesellschaft reserves the right to extend the term of the offer. The offer is subject to receipt of acceptance by shareholders owning at least 66 2/3 percent of outstanding Swisslog shares. The published offer prospectus and other documents related to the offer are available on KUKA Aktiengesellschaft's home page.

KUKA Aktiengesellschaft plans to partly finance the offer by a capital increase. The Executive Board of KUKA Aktiengesellschaft, with approval of the Supervisory Board as of September 25, 2014, therefore resolved to increase the share capital of the company, subject to the success of the offer, by way of a partial utilization of authorized capital 2011, by an amount of € 4,661,498.40 to € 92,841,619.00 in exchange for cash contributions. Up to 1,792,884 common shares with a face value of nominally € 2.60 per share and entitled to dividends effective fiscal 2014 are to be issued. Shareholders' subscription rights will be excluded in accordance with the articles of incorporation.

Aside from the aforementioned, there have been no material events after the balance sheet date of this report that impact the financial, assets or earnings position of the Group.

OUTLOOK

Given the current economic forecasts from the IMF, KUKA expects increased demand in fiscal 2014, particularly from North America and Asia, especially from China. Overall, current economic trends should have a positive impact on earnings. From a sector perspective, general industry growth is expected to be strong. This is due in part to the high potential for automation solutions, as well as the positive economic prospects for general industry customers. Capital spending by the automotive industry has been high over the past few years.

Based on current general conditions, KUKA expects sales revenues for fiscal 2014 of around € 2.0 billion, up approximately 10 percent from last year. The newly acquired Reis Group will contribute to the sales growth. Based on the current economic general conditions, KUKA Group is expecting an EBIT margin of around 6.5 percent for fiscal 2014. The main reason it is expected to be slightly lower than last year is the first-time consolidation of Reis Group. A one-time expense related to the integration and restructuring of Reis is included in the first half year of 2014 in this regard.

INTERIM REPORT (CONDENSED)

GROUP CONSOLIDATED INCOME STATEMENT (CUMULATIVE)

of KUKA Aktiengesellschaft for the period January 1 – September 30, 2014

in € millions	Q3/13	Q3/14	9M/13	9M/14
Sales revenues	454.1	539.3	1,327.6	1,507.9
Cost of sales	-348.5	-402.0	-1,012.7	-1,132.1
Gross profit	**105.6**	**137.3**	**314.9**	**375.8**
Selling expenses	-30.6	-38.9	-93.7	-114.3
Research and development expenses	-17.8	-18.4	-42.1	-53.8
General and administrative expenses	-25.5	-37.6	-80.3	-95.8
Other operating income	5.3	7.3	22.8	26.5
Other operating expenses	-8.7	-13.0	-38.2	-41.1
Income from companies consolidated at equity	–	-0.8	–	-1.8
Result from operating activities	**28.3**	**35.9**	**83.4**	**95.5**
Reconciliation to earnings before interest and taxes (EBIT)				
Financing costs included in cost of sales	1.7	0.9	4.1	2.5
Earnings before interest and taxes (EBIT)	**30.0**	**36.8**	**87.5**	**98.0**
Net interest income	2.0	2.2	6.4	6.8
Net interest expense	-7.4	-3.0	-22.4	-30.5
Financial results	**-5.4**	**-0.8**	**-16.0**	**-23.7**
Earnings before tax	**22.9**	**35.1**	**67.4**	**71.8**
Taxes on income	-8.3	-12.5	-25.7	-26.7
Net result	**14.6**	**22.6**	**41.7**	**45.1**
thereof minority interests in profits	0.0	0.0	0.0	0.0
thereof shareholders of KUKA AG	14.6	22.6	41.7	45.1
Earnings per share (undiluted) in €	**0.43**	**0.67**	**1.23**	**1.33**
Earnings per share (diluted) in €	**n/ a**	**0.63**	**n/a**	**1.28**

INTERIM FINANCIAL STATEMENTS (CUMULATIVE)

of KUKA Aktiengesellschaft for the period January 1 – September 30, 2014

in € millions	Q3/13	Q3/14	9M/13	9M/14
Earnings after taxes	14.6	22.6	41.7	45.1
Items that may potentially be reclassified to profit or loss				
Translation adjustments	-2.3	8.5	-1.8	7.9
Items that are not reclassified to profit or loss				
Changes in the share of net assets of investments in associates	–	-0.3	–	2.9
Changes of actuarial gains and losses	0.2	-2.8	2.7	-10.2
Deferred taxes on changes of acturial gains and losses	-0.1	0.6	-0.7	2.3
Changes recognized directly in equity	**-2.2**	**6.0**	**0.2**	**2.9**
Comprehensive income	**12.4**	**28.6**	**41.9**	**48.0**
of which: attributable to minority interests	0.0	0.0	0.0	0.0
of which: attributable to shareholders of KUKA AG	12.4	28.6	41.9	48.0

CONSOLIDATED CASH FLOW STATEMENT

of KUKA Aktiengesellschaft for the period January 1 – September 30, 2014

in € millions	9M/13	9M/14
Net result	41.7	45.1
Depreciation/amortization on intangible assets	14.3	13.0
Depreciation/amortization on tangible assets	13.2	18.1
Other non-payment-related income	-1.5	-7.9
Other non-payment-related expenses	9.5	31.2
Cash Earnings	**77.2**	**99.5**
Result on the disposal of assets	0.2	0.0
Changes in provisions	22.3	45.2
Changes in current assets and liabilities:		
Changes in inventories	10.3	-38.6
Changes in receivables and deferred charges	-52.4	-41.1
Changes in liabilities and deferred charges (without debts)	71.6	38.3
Cash flow from operating activities	**129.2**	**103.3**
Payments from disposals of fixed assets	0.5	0.5
Payments for capital expenditure on intangible assets	-12.0	-8.5
Payments for investments on tangible assets	-21.8	-38.4
Payments for investments in consolidated companies	-16.6	-16.0
Payments due to investment funds as part of short-term financial management	–	30.4
Cash flow from investing activities	**-49.9**	**-32.0**
Free cash flow	**79.3**	**71.3**
Dividend of KUKA AG	-6.8	-10.2
Proceeds/payments from the issuance/repayment of bonds and liabilities similar to bonds	131.1	-173.0
Proceeds from/payments for the acceptance/repayment of bank loans	-1.3	-17.7
Cash flow from financing activities	**123.0**	**-200.9**
Payment-related change in cash and cash equivalents	**202.3**	**-129.6**
Changes in cash and cash equivalents related to acquisitions	–	5.5
Exchange-rate-related and other changes in cash and cash equivalents	-1.4	5.7
Change in cash and cash equivalents	**200.9**	**-118.4**
(of which net increase/decrease in restricted cash at the beginning of the period)	–	-1.9
Cash and cash equivalents at the beginning of the period	244.3	441.1
(of which restricted cash at the beginning of the period)	–	6.1
Cash and cash equivalents at the end of the period	**445.2**	**322.7**
(of which restricted cash at the end of the period)	–	4.2

CONSOLIDATED BALANCE SHEET

of KUKA Aktiengesellschaft as of September 30, 2014

ASSETS

in € millions	12/31/2013	09/30/2014
Non-Current assets		
Fixed assets		
Intangible assets	92.5	118.9
Tangible assets	133.6	187.7
Financial investments	0.2	5.9
	226.3	**312.5**
Long-term finance lease receivables	**61.9**	**65.5**
Long term tax receivables	**4.8**	**3.2**
Other long-term receivables and other assets	**9.1**	**10.9**
Deferred taxes	**25.6**	**38.6**
	327.7	**430.7**
Current assets		
Inventories	**186.2**	**270.0**
Receivables and other assets		
Trade receivables	167.5	163.4
Receivables from construction contracts	181.1	252.5
Current finance lease receivables	5.3	6.6
Current tax receivables	7.1	9.6
Other assets and deferred charges	61.1	54.6
	422.1	**486.7**
Cash and cash equivalents	**441.1**	**322.7**
	1,049.4	**1,079.4**
	1,377.1	**1,510.1**

EQUITY AND LIABILITIES

in € millions	12/31/2013	09/30/2014
Equity		
Subscribed capital	88.2	88.2
Capital reserve	94.5	94.5
Revenue reserves	195.1	232.9
Minority interests	1.3	1.3
	379.1	**416.9**
Non-current liabilities		
Non-current financial liabilities	288.1	136.6
Other non-current liabilities	14.7	17.2
Pensions and similiar obligations	73.4	83.4
Deferred taxes	24.5	32.7
	400.7	**269.9**
Current liabilities		
Current financial liabilities	6.5	3.7
Trade payables	171.7	226.8
Advances received	52.3	76.5
Liabilities from construction contracts	132.7	117.0
Accounts payable to affiliated companies	0.1	0.0
Provision for taxes	7.1	17.4
Other current liabilities and deferred income	132.2	231.0
Other provisions	94.7	150.9
	597.3	**823.3**
	1,377.1	**1,510.1**

CHANGES TO GROUP EQUITY

of KUKA Aktiengesellschaft for the period January 1 – September 30, 2014

in € millions	Number of shares outstanding	Subscribed capital	capital reserve	Revenues reserves				Equity to shareholders	Minority interests	Total
				Translation gains/losses	Actuarial gains and losses	Assessment of associates	Annual net income and other revenue reserves			
01/01/2014	**33,915,431**	**88.2**	**94.5**	**-2.2**	**-4.9**	**–**	**202.2**	**377.8**	**1.3**	**379.1**
Comprehensive income				7.9	-7.9	2.9	45.1	48.0	0.0	48.0
Dividend of KUKA AG							-10.2	-10.2		-10.2
Employee share program							0.0	0.0		0.0
Other changes							0.0	0.0		0.0
09/30/2014	**33,915,431**	**88.2**	**94.5**	**5.7**	**-12.8**	**2.9**	**237.1**	**415.6**	**1.3**	**416.9**

CHANGES TO GROUP EQUITY

of KUKA Aktiengesellschaft for the period January 1 – September 30, 2013

in € millions	Number of shares outstanding	Subscribed capital	capital reserve	Revenues reserves				Equity to shareholders	Minority interests	Total
				Translation gains/losses	Actuarial gains and losses	Assessment of associates	Annual net income and other revenue reserves			
01/01/2013	**33,915,431**	**88.2**	**67.5**	**-0.1**	**-10.2**	**–**	**150.7**	**296.1**	**1.4**	**297.5**
Comprehensive income				-1.8	2.0		41.7	41.9	0.0	41.9
Dividend of KUKA AG							-6.8	-6.8		-6.8
Employee share program							-0.1	-0.1		-0.1
Other changes			27.0		0.6			27.6		27.6
09/30/2013	**33,915,431**	**88.2**	**94.5**	**-1.9**	**-7.6**	**–**	**185.5**	**358.7**	**1.4**	**360.1**

NOTES ON THE QUARTERLY REPORT (CONDENSED)

GROUP SEGMENT REPORT

of KUKA Aktiengesellschaft for the period January 1 – September 30, 2014

	Robotics		Systems		KUKA AG and other companies		Reconciliation and consolidation		Group	
in € millions	9M/13	9M/14	9M/13	9M/14	9M/13	9M/14	9M/13	9M/14	9M/13	9M/14
Orders received	599.2	628.2	856.2	1,137.7	–	–	-19.6	-24.2	1,435.8	1,741.7
Order backlog	271.2	284.2	738.7	1,013.9	–	–	-6.2	-12.0	1,003.7	1,286.1
Group external sales revenues	553.4	607.2	774.2	900.7	0.0	0.0	–	–	1,327.6	1,507.9
as a % of Group sales revenues	41.7%	40.3%	58.3%	59.7%	0.0%	0.0%	–	–	100.0%	100.0%
Intra-Group sales	16.8	13.1	2.2	2.6	0.0	0.0	-19.0	-15.7	–	–
Sales revenue by division	**570.2**	**620.3**	**776.4**	**903.3**	**0.0**	**0.0**	**-19.0**	**-15.7**	**1,327.6**	**1,507.9**
Operating profit/loss	**197.7**	**232.8**	**103.6**	**141.8**	**–**	**0.0**	**13.6**	**1.2**	**314.9**	**375.8**
as a % of Group sales revenues	34.7%	37.5%	13.3%	15.7%	–	–	–	–	23.7%	24.9%
EBIT	**57.7**	**67.3**	**43.6**	**49.8**	**-15.3**	**-19.5**	**1.5**	**0.4**	**87.5**	**98.0**
as a % of sales revenues of the division	10.1%	10.8%	5.6%	5.5%	–	–	–	–	6.6%	6.5%
EBITDA	**75.1**	**83.2**	**51.6**	**62.1**	**-13.3**	**-17.1**	**1.4**	**0.5**	**114.8**	**128.7**
as a % of Group sales revenues	13.2%	13.4%	6.6%	6.9%	–	–	–	–	8.6%	8.5%
Assets (09/30)	341.0	382.6	577.7	712.4	175.6	224.0	-176.0	-160.2	918.3	1,158.8
Employees (09/30)	3,313	3,579	4,322	5,738	207	271	–	–	7,842	9,588

IFRS accounting standards

KUKA Aktiengesellschaft, headquartered in Augsburg, prepared its interim financial statements for the period ending September 30, 2014 in line with the IAS 34 Interim Financial Reporting guidelines as adopted by the European Union. The company elected to prepare a condensed version in accordance with this standard. The condensed interim report should be read in conjunction with the Group's consolidated financial statements to December 31, 2013. Unless otherwise noted, numbers are reported in millions of euro.

The interim consolidated financial statements were prepared according to the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) as approved by the European Union. The IFRS designation includes the still valid International Accounting Standards (IAS) and the International Financial Reporting Standards (IFRS). The interpretations of the Standing Interpretations Committee (SIC) and the International Financial Reporting Standards Interpretations Committee (IFRS IC), supplemented by the regulations applicable according to section 315a, clause 1 of the German Commercial Code (HGB) were also applied.

Scope of consolidation

In comparison to the end of last year, the acquired companies Reis Group (twenty-five companies in total), based in Obernburg, Germany and Alema Automation SAS, based in Bordeaux, France, were added to the group of fully consolidated companies. All of the new companies belong to the Systems segment. C.M.A-Technology SRL, based in Sibiu, Romania, was merged with KUKA Systems SRL, also based in Sibiu, Romania and HLS Autotechnik (India) Pvt. Ltd., Pune, India was merged with KUKA Systems (India) Pvt. Ltd., Pune, India. Two associated companies, KBee AG, München, Germany, and Yawei Reis Robot Manufacturing (Jiangsu) Co., Ltd., Yangzhou, China, were also incorporated into the consolidated statements using the at equity method (for further information see "Investments in associated companies"). The former company belongs to the Robotics segment and the latter to the Systems segment. As a result of a change in the business model, the Systems segment's Thai subsidiary was transferred to the Robotics segment.

The following table shows the changes to the group of consolidated companies since January 1, 2014:

Number of fully consolidated companies	Robotics	Systems	Other	Total
as of 01/01/2014	**23**	**25**	**3**	**51**
First consolidation	0	26	0	26
Merger	0	-2	0	-2
Intragroup reclassification	1	-1	0	0
as of 09/30/2014	**24**	**48**	**3**	**75**
thereof Germany	2	13	3	18
thereof abroad	22	35	0	57

Number of associated companies	Robotics	Systems	Other	Total
as of 09/30/2014	**1**	**1**	**0**	**2**

Acquisitions

In order to strengthen its market presence and penetrate new markets, the Systems segment acquired Reis Group, based in Obernburg, Germany, and Alema Automation SAS, based in Bordeaux, France. These companies were incorporated into the consolidated financial statements based on preliminary numbers.

Reis Group

Reis Group, based in Obernburg, Germany was acquired at the beginning of the year. Reis Group's parent company is Reis Group Holding GmbH & Co. KG, based in Obernburg, Germany, which is managed by Reis Holding GmbH, based in Obernburg, Germany. Reis is mainly a systems integrator that also develops and manufactures industrial robots and robot controllers. The company applies robots and systems in numerous industrial processes such as welding, cutting and laser machining, as well as making castings and plastic components, and supplies to a variety of sectors; from automotive to chemicals, electronics and white goods. KUKA expects the acquisition to result in further penetration of general industry markets and enable it to strengthen its presence in China. Future synergies are also expected in the product development area.

The deal to acquire all shares of Reis Holding GmbH and contribute capital to the limited liability capital of Reis Group Holding GmbH & Co. KG, after which KUKA became the majority shareholder with a 51 percent stake, was signed subject to certain conditions on December 21, 2013 (see also the "Events after the reporting period" section in the 2013 annual report). These conditions were met in January 2014. Reis Group is 100 percent consolidated into KUKA Group effective January 1, 2014 under the terms of the anticipative method as outlined in IAS 32.

Reis Holding GmbH was acquired at a cost of € 1. KUKA contributed € 2.1 million in capital to Reis Group Holding GmbH & Co. CG in January 2014. Future obligations comprise primarily the claim for surrender of the property in Obernburg, fixed and performance related amounts at the time of the potential acquisition of the remaining limited partner's shares according to civil law in 2017 and a guaranteed annual dividend distribution to the original shareholders.

Cash and cash equivalents of € 4.9 million were transferred as part of the deal. Shares of previously fully consolidated companies were not acquired. As of September 30, 2014, sales of 81.8 million and a net loss for the year of 10.5 million are attributable to the acquisition.

Alema Automation

On February 26, 2014, the company acquired all the shares of Alema Automation SAS, based in Bordeaux, France. Alema supplies automation solutions to the aviation industry and has specialized applications expertise in the field of automated drilling and riveting of aircraft components. KUKA expects future synergies related to executing its general industry growth strategy from the expertise acquired, especially in the aviation industry.

The purchase price of € 11.4 million was immediately paid. Cash and cash equivalents of € 0.6 million were transferred as part of the deal. Shares of previously fully consolidated companies were not acquired.

As of September 30, 2014, sales of 11.4 million and a net income for the year of 0.8 million are attributable to the acquisition. If the company had already been consolidated at the beginning of 2014, they would have contributed € 2.0 million to revenues and reduced net earnings by € 0.3 million.

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.

in € millions	Carrying amounts assumed	Opening balance sheet in fair values
Intangible assets	1.1	1.8
Tangible assets	0.1	0.1
Inventories	1.3	1.4
Receivables and other assets	9.9	9.9
Liabilities and provisions	11.7	11.7

The acquired intangible assets consist mainly of software licenses, patents, customer lists and orders on hand. Receivables and inventories relate mainly to the orders in house at the time of the acquisition. Contingent liabilities were not assumed. Deferred tax liabilities of € 0.3 million resulted from the acquisition. The transaction resulted in goodwill of € 9.6 million. The goodwill reflects mainly future synergies in the area of market penetration in the aviation industry.

Investments in associated companies

On February 27, 2014, KUKA Group acquired a 45.0 percent stake in KBee AG, Munich, Germany. The company develops and sells robot hardware, software and design. Plans call for developing a number of innovative automation and robotics applications for the first time. The shareholders of KBee AG have either contributed expertise, or financial means, as in the case of KUKA. The contractually agreed further injection of capital will depend on achieving specified milestones.

The partial acquisition will be included in the financial statements according to the equity method as per IAS 28, since a material influence on the company exists. Initially, the investment carrying amount will be recognized as the share of equity. The initial difference between the cash injection and share of equity (€ 3.2 million) was reported under equity without affecting net income. The share of the company's earnings or losses attributable to KUKA will be reported directly in the income statement under the item "Result of companies consolidated at equity" under earnings before interest and taxes. As of September 30, 2014, KUKA held a 40.0 percent interest after shares related to a KUKA Group upper management level shareholding program were transferred as agreed. Accordingly, the amount recognized in equity rose 0.3 million to € 2.9 million. An overall loss of € 1.8 million was recognized to September 30, 2014. The book value as of the record date is € 3.2 million.

KUKA Group also announced on June 24, 2014 that it had formed a joint venture, Yawei Reis Robot Manufacturing (Jiangsu) Co., Ltd., with Jiangsu Yawei Machine-Tool Co., Ltd., China. KUKA holds a 49 percent interest and Yawei 51 percent. A business license was granted by the Chinese authorities at the end of September 2014 and the interest was recognized for the first time on September 30, 2014. The term of the agreement is ten years. The company will be headquartered at Yawei's site in Yangzhou, China. The Chinese partner Yawei is one China's leading manufacturers of sheet-metal working machines and has been listed on the stock exchange since 2011. The joint venture will give KUKA further access to the Asian market, one of the Group's primary targets for further growth. The cooperation between Reis and Yawei in the linear robot sector will also help KUKA sell products in the metal processing industry, in which Yawei commands a strong position. Both joint venture parties can thereby use their market presence for sales. The interest will be included in the financial statements according to the equity method as per IAS 28, which must also be applied for joint arrangements as per IFRS 11. The book value as of the record date is € 2.5 million.

Accounting and valuation methods

The same valuation methodology and accounting principles as those used for the consolidated financial statements for the business year ending 2013 – with the exception of investments in the above associated companies and the changes outlined below – were applied in preparing this consolidated interim report. For further information, please refer to the consolidated financial statements dated December 31, 2013, which form the basis of the interim report presented here. The latter are also available on the Internet at www.KUKA.com.

Changes to accounting and valuation policies

The following new standards and interpretations have come become mandatory since the start of fiscal 2014:

- IFRS 10, Consolidated Financial Statements
- IFRS 11, Joint Arrangements
- IFRS 12, Disclosures of Interests in other entities
- New version of IAS 27, Separate Financial Statements
- New version of IAS 28, Investments in Associates and Joint Ventures
- Amendments to IAS 32, Offsetting Financial Assets and Financial Liabilities
- Investment entities: amendments to IFRS 10, IFRS 12 and IAS 27
- Transitional provisions related to IFRS 10, IFRS 11 and IFRS 12
- Amendments to IAS 36, Recoverable Amounts Disclosures for Non-financial Assets
- Amendments to IAS 39, Novations of Derivatives and Continuation of Hedge Accounting
- IFRIC 21, Levies

The first-time applications of these standards and interpretations had only a minor or no impact on the consolidated financial statements.

Earnings per share

Undiluted and diluted earnings per share break down as follows:

	9M/13	9M/14
Net result attributable to shareholders of KUKA AG (in € millions)	41.7	45.1
Weighted average number of shares outstanding (numbers)	33,915,431	33,915,431
Earnings per share undiluted (in €)	1.23	1.33
Earnings per share diluted (in €)	n/a	1.28

Undiluted earnings per share due to shareholders of KUKA Aktiengesellschaft were calculated as per IAS 33 on the basis of Group consolidated earnings after taxes and the weighted average number of shares outstanding for the year.

A total of 33.9 million shares were outstanding during the period covered by this report. 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. The average share price on the stock exchange for the first nine months of 2014 was continuously higher than the conversion price of € 36.8067. On the record date, the share price closed at € 47.85 in Xetra trading on the Frankfurt stock exchange. Bondholders could thus potentially have converted their bonds as of the record date. However, to date no actual conversions have taken place. All potentially convertible shares have been incorporated into the calculation of diluted earnings per share in accordance with IAS 33.32.

Shareholders' equity

The subscribed share capital of KUKA Aktiengesellschaft of € 88,180,120.60 is subclassified into 33,915,431 no par value bearer shares. Each share entitles its holder to one vote.

IAS 19 employee benefits

The balance sheet employee benefits account rate of return as of September 30, 2014 and as per IAS 19 for German companies is 2.35 percent per annum and 4.25 percent per annum in North America. On December 31, 2013 it was 3.55 percent for German companies and 4.80 percent in North America. This resulted in actuarial losses of € 10.2 million for the defined benefit obligation (DBO). Investment income growth from external pension funds was as expected. The actuarial losses were reported under equity as an income-neutral sum of € 7.9 million in consideration of deferred taxes.

Convertible bond

In February 2013, KUKA Aktiengesellschaft issued a convertible bond with a face value of € 58.8 million maturing in February 2018 (tranche 1) and increased the size by € 91.2 million in July 2013 (tranche 2). The convertible bond thus now has a total face value of € 150 million. The bond was issued in denominations of € 100,000. The conversion price is € 36.8067 per share. The conversion ratio is thus 2,716.8967 shares for each € 100,000 bond. In total, the bond entitles bondholders to convert their holdings into up to 4,075,344 new bearer shares of KUKA Aktiengesellschaft (of which 1,597,535 are for tranche 1 and 2,477,809 for tranche 2). The conversion rights are valid for the entire term of the convertible bond. The convertible bond carries an interest coupon of 2.0 percent p.a.. Interest is paid twice a year; on February 12 and August 12.

Bond

The entire remainder of € 140.4 million of the corporate bond issued by KUKA Aktiengesellschaft in November 2010 was redeemed as announced on May 15, 2014 at a market rate of 108.36 percent. The original nominal face value was € 202.0 million. KUKA was thus able to further optimize its financing portfolio. The early redemption resulted in a one-time interest expense of € 17.7 million, which will be offset by over € 40 million in interest payments that would have been payable until the original redemption date of 2017.

Syndicated loan

In December 2013, KUKA Group refinanced the secured Senior Facilities Agreement dated 2010 in view of the significantly improved business conditions. The new Syndicated Senior Facilities Agreement comprises a total of € 160.0 million (of which € 50.0 million is a cash credit line and € 110.0 million a line of credit for guarantee facilities) with a term to maturity of five years. The cash credit line may also be used as a line of credit for guarantee facilities. The new Syndicated Senior Facilities Agreement is unsecured and contains only typical equal treatment and negative pledges.

Line of credit utilization totaled € 44.1 million as of record date versus € 53.9 on December 31, 2013; the existing operating line of credit was utilized in the amount of € 7.3 million (of which € 4.3 million is for guarantees). As of December 31, 2013, the number was € 3.4 million, only cash.

As a result of the changes to the constituent members of the bank consortium for the new Syndicated Senior Facilities Agreement compared to the old, the banks that are no longer members had to be reimbursed for the associated guarantees. The same applies for banks that are not members of the KUKA bank consortium that had issued LCs for Reis Group companies. This was done case-by-case by way of cash deposits in the amount of the still active guarantees held by these banks into pledged bank accounts. KUKA will only have access to these monies after expiry of the guarantees or returning the guarantees in question. The number of outstanding guarantees issued by non-member banks has now been substantially reduced. The remaining amounts are reported as restricted cash (for further information please refer to "Cash flow").

Lines of credit from banks and surety companies

The lines of credit from banks and surety companies not included in the Syndicated Senior Facilities Agreement totaled € 89.0 million as of September 30, 2014 versus € 72.8 million as December 31, 2013. As of the record date, the company had utilized € 43.1 million versus € 50.4 million on December 31, 2013.

ABS program

As outlined in the 2013 annual report, KUKA implemented an ABS program (asset-backed securities) totaling € 25.0 million in June 2011. Under the terms of this program, € 18.7 million were utilized as of September 30, 2014, which compares to € 4.1 million on December 31, 2013.

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 name any cases in which such fair market values are to be reported. The fair market value is the price that arm's-length investors would pay on the valuation record date when buying an asset or transferring a liability under typical market conditions. In accordance with IFRS 13, assets and financial liabilities measured 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:

Step 1

Quoted price in active markets for identical assets or liabilities.

Step 2

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

Step 3

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

Affected by this in KUKA Group are primarily the forward exchange transactions carried as an asset (September 30, 2014: € 0.6 million; December 31, 2013: € 3.6 million) and those carried as liabilities (September 30, 2014: € 6.5 million; December 31, 2013: € 2.2 million) related to foreign exchange derivatives. These are measured according to step 2. The values are 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. Average prices are used for this calculation.

All other financial instruments are reported at amortized cost. The market values here are reflected mainly by the carrying amounts with the exception of the convertible bond. As of the record date, the market value of the convertible bond was € 209.2 million versus € 172.8 million on December 31, 2013, and the book value € 136.3 million versus € 134.2 million on December 31, 2013.

Segment report

The internal reporting and organizational structure subdivides KUKA into the KUKA Robotics and KUKA Systems segments. Key financial indicators are determined for both segments. Earnings before interest and taxes (EBIT) is used as the key indicator in regard to managing segment profits.

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

Cash flow statement

The cash flow statement shows changes to KUKA Group's liquidity position in accordance with IAS 7. This item comprises all funds recognized on the balance sheet as cash and cash equivalents; that is, cash in hand, checks and cash balances with financial institutions, provided that they are available within three months. Of the total, € 4.2 million is reported as restricted cash. This compares to € 6.1 million on December 31, 2013. The restricted cash relates mainly to the new Syndicated Senior Facilities Agreement and the companies acquired this fiscal year.

Contingent liabilities and other financial commitments

There has been no material change in other financial obligations and contingent liabilities since December 31, 2013. 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. No material financial obligations or liabilities were assumed in connection with the acquisition of Reis Group and Alema with the exception of the purchase order commitments from normal business operations.

Related parties

Parties related to KUKA Group include mainly members of the Executive and Supervisory boards as well as non-consolidated companies in which KUKA Aktiengesellschaft directly or indirectly holds a material share of the voting rights, or companies that directly or indirectly hold a material share of the voting rights of KUKA Aktiengesellschaft.

Since December 31, 2013, the number of parties and persons related to the associated companies KBee AG, Munich, and Yawei Reis Robot Manufacturing Co., Ltd., Jiangsu, China has grown as defined by IAS 24.9 (for further information regarding relations to the companies, please refer to "Investments in associated companies" above). No material services were provided to or received from related persons or companies in the first nine months of the fiscal year. Outstanding receivables or liabilities as of the record date are immaterial.

Grenzebach Maschinenbau GmbH, Asbach-Bäumenheim/Bayern, reduced its holdings in KUKA Aktiengesellschaft to less than 20 percent according to a notification dated November 20, 2013 and is thus no longer reported as a related party (IAS 24.9 in conjunction with IAS 28.5). In the first nine months of the fiscal year, consolidated companies belonging to the Group provided goods and services to Grenzebach Group totaling € 2.2 million and received € 12.6 million in goods and services. At the end of the first nine months of 2013 these numbers were € 4.3 million and € 14.8 million respectively. As of the record date, receivables totaled € 0.3 million and liabilities € 1.1 million. The year prior, on September 30, 2013, receivables were at € 0.3 million and liabilities at € 0.9 million.

All transfer prices are market oriented and set in accordance with the “dealing at arm’s length” principle.

Events of major importance after the end of the reporting period

On September 25, 2014, KUKA Aktiengesellschaft published an advance notice of a voluntary public offer to shareholders of Swisslog Holding AG at the same time it completed a transaction agreement with Swisslog Holding AG, Buchs (AG), Schweiz. KUKA Aktiengesellschaft is offering Swisslog Holding AG shareholders by way of a public offer CHF 1.35 per common share nominally valued at CHF 0.01. The offer prospectus was published on October 6, 2014. At the end of the grace period of ten trading days required by Swiss takeover legislation, the offer became open to acceptance and will remain so until presumably November 17, 2014 (4 PM CET). KUKA Aktiengesellschaft reserves the right to extend the term of the offer. The offer is subject to receipt of acceptance by shareholders owning at least 66 2/3 percent of outstanding Swisslog shares at the end of the term of the offer. The published offer prospectus and other documents related to the offer are available on KUKA Aktiengesellschaft’s home page.

KUKA Aktiengesellschaft plans to partly finance the offer by a capital increase. The Executive Board of KUKA Aktiengesellschaft, with approval of the Supervisory Board as of September 25, 2014, therefore resolved to increase the share capital of the company, subject to the success of the offer, by way of a partial utilization of authorized capital 2011, by an amount of € 4,661,498.40 to € 92,841,619.00 in exchange for cash contributions. Up to 1,792,884 common shares with a face value of nominally € 2.60 per share and entitled to dividends effective fiscal 2014 are to be issued. Shareholders’ subscription rights will be excluded in accordance with the articles of incorporation.

Aside from the aforementioned, there have been no material events after the balance sheet date of this report that impact the financial, assets or earnings position of the Group.

Augsburg, November 5, 2014

The Executive Board

Dr. Till Reuter Peter Mohnen

FINANCIAL CALENDAR 2015

February 11 .... Preliminary figures FY14
March 25 .... Press conference FY14
May 6 .... Q1/15
June 10 .... Annual general meeting
August 5 .... Q2/15
November 11 ..... Q3/15

This quarterly report was published on November 5, 2014 and is available in German and English. In the event of doubt, the German version applies.

DISCLAIMER

The Group interim report contains forward-looking statements based on assumptions and estimates made by the management of KUKA Aktiengesellschaft. Although management is of the opinion that these assumptions and estimates are accurate, future actual developments and future actual results could deviate significantly from these assumptions and estimates due to a variety of different factors. Some of these factors could, for example, include a change in the overall economic climate, exchange rates and interest rates, as well as changed conditions in the markets themselves. KUKA Aktiengesellschaft makes no guarantees that future developments and actual future results will align with the assumptions and estimates contained in this report, nor does it accept any liability for same.

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