# KUKA

INTERIM REPORT FOR THE 2ND QUARTER 2012

## SMART TOOLS MEET SMART PEOPLE

# SMART TOOLS MEET SMART PEOPLE

TECHNOLOGY

KUKA'S INTELLIGENT ROBOTICS AND AUTOMATION SOLUTIONS ARE ALWAYS ONE STEP AHEAD.

MARKETS

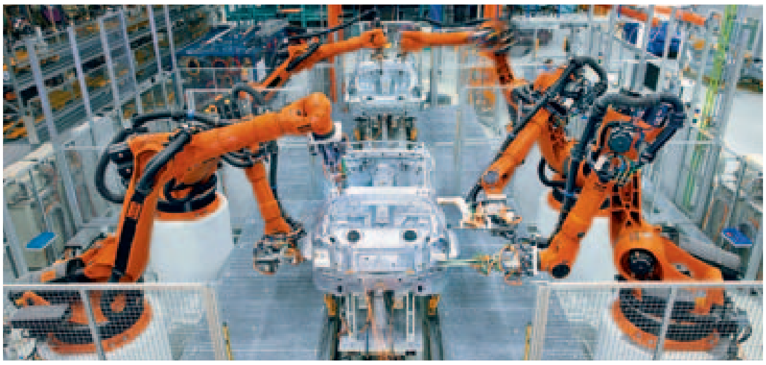
KUKA GIVES ITS WORLDWIDE CUSTOMERS A DECISIVE LEAD WHILE CONDUCTING BUSINESS SUSTAINABLY.

EMPLOYEES

KUKA'S PEOPLE WORK PASSIONATELY AND CREATIVELY. THEIR STRONG COMMITMENT AND EXPERTISE IS OUR MOST VALUABLE ASSET. KUKA OFFERS CONTINUING EDUCATION OPPORTUNITIES ACROSS THE GLOBE.

PARTNERS

KUKA'S TRUSTWORTHINESS AND RELIABILITY IS EVIDENT IN ALL ITS PARTNERSHIPS. IT'S HOW THE COMPANY ENSURES ENDURING SUCCESS FOR ALL ITS ASSOCIATES.



## KUKA ROBOTICS

KUKA Robotics' core competence is in the development, manufacturing, controlling, sales and service of industrial robots suitable for any application and any industry sector, in addition to linear units, positioners and mobile platforms.

## KUKA SYSTEMS

KUKA Systems offers its customers robot-based automation solutions. As general contractor, the division designs and builds customized production lines. The division has core competencies in processes such as welding, gluing, sealing, converting, assembling, testing and handling of metals, glass and other materials.

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# OVERVIEW

## PROFITABLE GROWTH CONTINUES

- **Orders received** in H1 / 2012 climb to EUR 1.1 billion; +32.4 %
  - Robotics generates new quarterly record for general industry orders in Q2 / 2012 – EUR 93.3 million
- **Sales revenues** jump 23 percent to EUR 816.0 million in H1 / 2012
  - Q2 / 2012: New records set by Robotics (EUR 202.0 million) and Systems (EUR 252.0 million)
- **Consolidated EBIT margin** rises to 6.2 percent in H1 / 2012 and 6.4 percent in Q2 / 2012
- **Earnings after taxes** EUR 25.6 million and free cash flow EUR -12.1 million
- **Guidance increased**

# KUKA GROUP, KEY FIGURES

| in EUR million | 6 months 2011 | 6 months 2012 | Change |
|---|---|---|---|
| Orders received | 837.4 | 1,108.8 | 32.4% |
| Order backlog (06 / 30) | 787.3 | 1,046.8 | 33.0% |
| Sales revenues | 663.4 | 816.0 | 23.0% |
| Gross profit | 137.4 | 173.7 | 26.4% |
| in % of sales revenues | 20.7% | 21.3% | - |
| Earnings before interest and taxes (EBIT) | 31.1 | 50.5 | 62.4% |
| in % of sales revenues | 4.7% | 6.2 % | - |
| Earnings before interest, taxes, depreciation and amortization (EBITDA) | 43.7 | 64.4 | 47.4% |
| in % of sales revenues | 6.6% | 7.9 % | - |
| Net result | 11.3 | 25.6 | >100% |
| Earnings per share in € | 0.34 | 0.75 | >100% |
| Capital expenditure | 9.7 | 22.8 | >100% |
| Equity ratio in % (06 / 30) | 21.8% | 24.3% | - |
| Net debts (06 / 30) | 76.7 | 45.2 | -41.1% |
| Employees (06 / 30) | 6,306 | 7,020 | 11.3% |

| in EUR million | 2ND Quarter 2011 | 2ND Quarter 2012 | Change |
|---|---|---|---|
| Orders received | 440.3 | 506.2 | 15.0% |
| Order backlog (06 / 30) | 787.3 | 1,046.8 | 33.0% |
| Sales revenues | 336.9 | 448.7 | 33.2% |
| Gross profit | 70.6 | 93.8 | 32.9% |
| in % of sales revenues | 21.0 % | 20.9 % | - |
| Earnings before interest and taxes (EBIT)* | 16.4 | 28.6 | 74.4% |
| in % of sales revenues | 4.9 % | 6.4 % | - |
| Earnings before interest, taxes, depreciation and amortization (EBITDA) | 22.9 | 35.9 | 56.8% |
| in % of sales revenues | 6.8 % | 8.0 % | - |
| Net result | 5.9 | 14.8 | >100% |
| Earnings per share in € | 0.17 | 0.43 | >100% |
| Capital expenditure | 5.6 | 10.0 | 78.6% |

* Adjusted for financing costs included in operating result (IAS 23 R)

# FOREWORD

Dear shareholders,
honored business associates:

KUKA can look back on a very successful second quarter. Our consolidated revenues were up 33 percent from last year's EUR 336.9 million to EUR 448.7 million and we generated an EBIT margin of 6.4 percent, up from 6.0 percent in Q1 / 2012. Both divisions set records for quarterly revenues. KUKA Robotics' orders received of EUR 93.3 million from general industry also represents a new quarterly record. This clearly confirms our correct strategic direction.

With the addition of the KR AGILUS to our product portfolio, we now have a small robot made by KUKA, and are systematically pursuing our strategy to enter new industry segments. The new member of the family was a star when it debuted at the leading robotics tradeshow AUTOMATICA, held in Munich. It is designed to handle payloads of 6 to 10 kg in very quick succession. KUKA's booth was one of the most visited at AUTOMATICA, where the who's who in the field of robotics meets. We presented our new KR QUANTEC generation of robots and KR C4 controller to general industry customers at the show. These products have already set new benchmarks in automotive and are now generating excitement in new general industry segments as well. The new KUKA QUANTEC console and palletizing models are suited to a wide variety of applications in industries such as metal processing, foundries and plastics. We are on track to continue growing profitably in new segments in the coming years.

We have increased our guidance for KUKA Group and are now forecasting sales revenues of EUR around 1.6 billion (previously EUR 1.5 billion) and an EBIT margin of at least 6 percent (previously 5.5 – 6.0 percent), provided market and economic conditions remain stable. KUKA has benefited substantially from the capital spending boom in the industry during the current fiscal year.

As always, our employees are giving their best.

„Smart tools meet smart people" – a vision that suits us, our products and especially our customers.

Yours truly,

Dr. Till Reuter
CEO

# CONSOLIDATED MANAGEMENT REPORT

## ECONOMIC ENVIRONMENT

### Two-track world economy

Growth in the large industrial regions, the United States and the BRIC nations, continues to be above average. In contrast, the eurozone countries are facing recession. As a result, the Ifo Institute Munich is forecasting that gross domestic product for the current year will shrink by 0.5 percent. This is also damping expectations for Germany, although growth is still expected due to strong exports to countries outside Europe. After a relatively strong increase of +0.5 % in the first quarter, the Ifo Institute is expecting German GDP to rise only 0.1 percent in the second and third quarters of this year. At the beginning of July, the European Central Bank responded to the weakening economic performance, especially in the other eurozone countries, by dropping the prime rate to 0.75 percent.

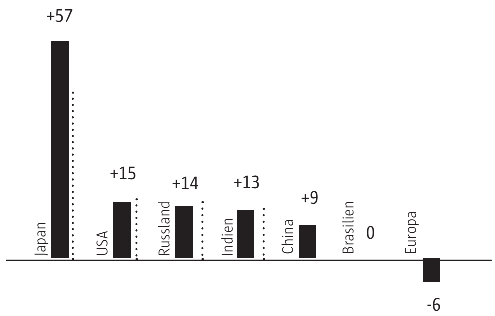
### Global car market continues to grow

The world automotive market has been able to isolate itself from general global economic developments and continues to grow according to the latest statistics published by VDA, the German automotive industry association. The leaders are Japan, the United States and Russia, growing 57 percent, 15 percent and 14 percent respectively in the first six months of this year. The other BRIC nations, China and India, also reported nearly double-digit growth rates. In contrast, the European Union's sales numbers were down 6 percent. Italy, France and Spain were down the most at -20 percent, -14 percent and -8 percent respectively. Demand in Germany, Great Britain and the new EU nations continued to be positive at +1 percent, +3 percent and +5 percent respectively.

The German automotive industry, home to KUKA AG's major customers, took advantage of the market shifts over the past few years and has achieved an outstanding position that enables it to continue to expand its share in the world's key markets. Its market share in Western Europe is now 50 percent, in Eastern Europe 46 percent and in Russia 21 percent. In China, its market share is 20 percent and in the United States it is 12 percent. The positive impact of this market share primarily benefits foreign car manufacturing. According to VDA, foreign manufacturing of German products is expected to rise 8 percent to 8.0 million units during the current year, while domestic manufacturing is expected to stagnate at a high level. Overall, the association is expecting German manufacturers to build 13.5 million vehicles in 2012, up 4 percent from last year.

CAR SALES INCL. LIGHT TRUCKS JAN. – JUNE 2012
REGIONS / COUNTRIES

Year-over-year change (in percent) Source: VDA and ACEA




### Robotics & Automation still above average

Demand for machines and systems continued to be high during the reporting period; in the second quarter of 2012, it was slightly below last year's peaks, Overall, the decline in orders received in the German mechanical and plant engineering sector slowed slightly according to VDMA, down 9 percent year-over-year in real terms in the first three months of 2012 versus -7 percent in the first six months of 2012. These developments now apply to all three markets: domestic, exports and non-euro nations. Statistics for the latter were reported for the first time.

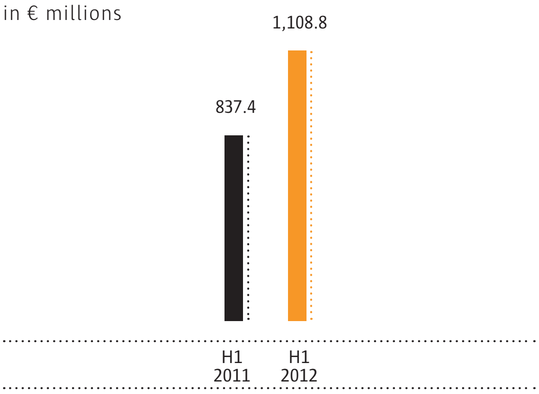
Because of the consolidation of the overall market at a steady high level, demand for robotics and automation continued to be above average. With a slight increase in orders received of 1 percent in real terms compared to last year, this VDMA sector continued to be in the upper third of all fifty tracked sectors in the first half of 2012. Demand from the eurozone countries (excluding Germany) was strong in June 2012.

## BUSINESS PERFORMANCE

The extraordinarily high **orders received** generated by KUKA Group in the first quarter of 2012, driven by large orders, was followed in the second quarter of 2012 by a similar high orders received volume of EUR 506.2 million. Both divisions contributed. Robotics generated a new quarterly record of EUR 93.3 million for general industry orders. Overall, Robotics posted orders received of EUR 210.3 million in the second quarter of 2012, up 14.8 percent from the EUR 183.2 million reported for the prior year's second quarter. The Systems division also broke last year's record, generating orders received of EUR 305.0 million, an increase of 16.1 percent from the EUR 262.8 million reported in Q2 / 2011. Most of the orders were from the automotive industry. KUKA Group's consolidated orders received in the first half of fiscal 2012 came in at EUR 1,108.8 million, exceeding the 1 billion threshold after only six months. The comparable figure for H1 / 2011 was EUR 837.4 million.

KUKA GROUP – ORDERS RECEIVED

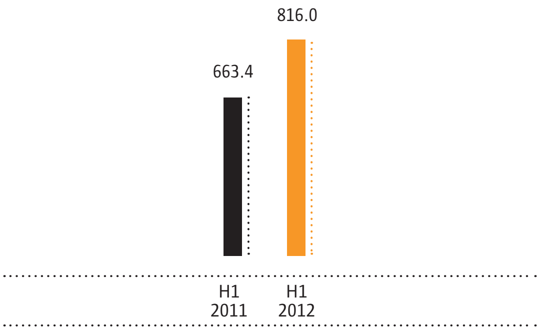
in € millions




Because of different lead times, the higher order volume generated by Robotics in the first quarter of 2012 and by Systems in prior quarters has now resulted in higher sales. KUKA Group's consolidated **sales revenues** in the second quarter of 2012 came in at EUR 448.7 million, 33.2 percent higher than the EUR 336.9 million generated in Q2 / 2011. Robotics' sales of 202.0 million exceeded the threshold of 200 million in one quarter for the first time and were up 35.0 percent year-over-year from the EUR 149.6 million reported in Q2 / 2011. Systems also posted a new record of EUR 252.0 million, up from EUR 194.3 million reported in Q2 / 2011. In the first six months of 2012, KUKA Group's cumulative consolidated sales revenues came in at EUR 816.0 million, which is 23.0 percent higher than the EUR 663.4 million reported after the first six months of 2011. Both divisions contributed equally. Robotics' sales were up 24.2 percent to EUR 354.8 million and Systems' were higher by 18.2 percent, ending at EUR 471.8 million. The book-to-bill ratio came in at 1.36 for the first half of fiscal 2012, and 1.13 in the second quarter of 2012, still a very high number.

KUKA GROUP – SALES REVENUES

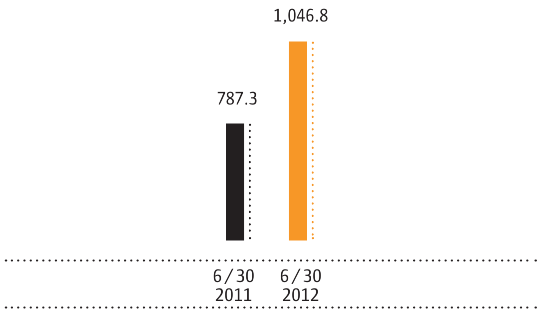
in € millions




This drove KUKA Group's **order backlog** even higher, from EUR 981.2 million at the end of the first quarter of 2012 to EUR 1,046.8 million at the end of the second quarter of 2012. Work on hand was thus up 33.0 percent from EUR 787.3 million on June 30, 2011. The Robotics division's order backlog at the end of the second quarter of 2012 was EUR 308.1 million compared to EUR 226.9 million on June 30, 2011 and the Systems division reported orders on hand of EUR 749.1 million, up from EUR 565.2 million on June 30, 2011.

### KUKA GROUP – ORDER BACKLOG

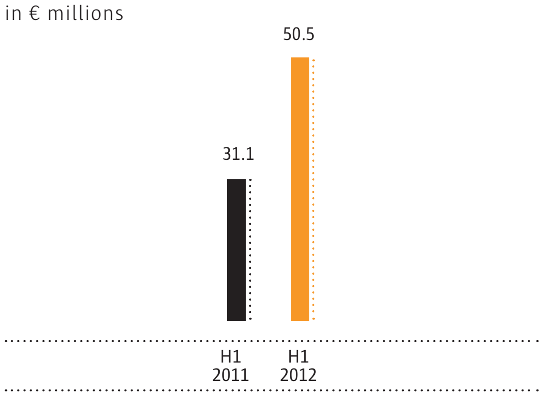
in € millions




Overall, KUKA Group generated consolidated earnings before interest and taxes (EBIT) of EUR 28.6 million for the second quarter of 2012, versus EUR 16.4 million in Q2 / 2011. EBIT margin was up from 4.9 percent last year to 6.4 percent. The main reason for this very strong growth was higher sales, but a positive exchange rate impact of EUR 2.5 million was also a contributor. The Robotics division generated an EBIT of EUR 23.9 million compared to EUR 11.9 million a year earlier and an EBIT margin of 11.8 percent. The Systems division's earnings before interest and taxes (EBIT) in the second quarter of 2012 came in at EUR 10.4 million and EBIT margin was 4.1 percent. KUKA Group generated a consolidated EBIT of EUR 50.5 million in the first half of 2012, compared to last year's EUR 31.1 million. EBIT margin was 6.2 percent versus 4.7 percent last year.

### KUKA GROUP – EBIT

in € millions




# DIVISIONS

## ROBOTICS

### KEY FIGURES

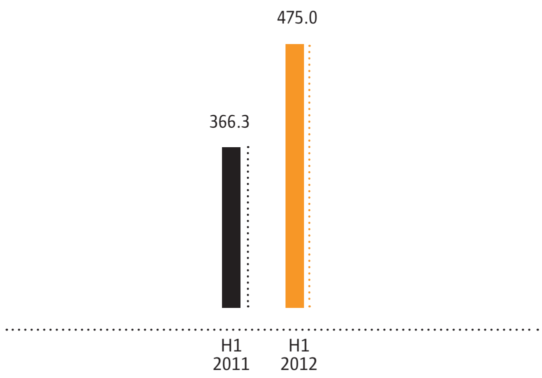
| in € millions | 2ND Quarter 2011 | 2ND Quarter 2012 | Change |
|---|---|---|---|
| **Orders received** | 183.2 | 210.3 | 14.8 % |
| Order backlog (06 / 30) | 226.9 | 308.1 | 35.8 % |
| Sales revenues | 149.6 | 202.0 | 35.0 % |
| Gross profit | 46.4 | 58.1 | 25.2 % |
| in % of sales revenues | 31.0 % | 28.8 % | - |
| Earnings before interest and taxes (EBIT) | 11.9 | 23.9 | >100 % |
| in % of sales revenues | 8.0 % | 11.8 % | - |
| Earnings before interest, taxes, depreciation and amortization (EBITDA) | 15.3 | 27.4 | 79.1 % |
| in % of sales revenues | 10.2 % | 13.6 % | - |

Demand for industrial robots continued to be strong during the reporting period. Robotics posted orders received of EUR 210.3 million in the second quarter of 2012, a solid 14.8 percent higher than the EUR 183.2 million reported for the prior year's second quarter.

Demand from general industry hit a new record. The Robotics division had orders received of EUR 93.3 million from this market segment, 5.4 percent higher than the prior record of EUR 88.5 million set in the first quarter of 2012, and a

### ROBOTICS – ORDERS RECEIVED

in € millions



remarkable 50.7 percent higher than the EUR 61.9 million generated in Q2 / 2011. KUKA Robotics received major orders from various mechanical and plant engineering customers and from aircraft maker Airbus. Orders received from the automotive industry in the second quarter of 2012 came in at EUR 84.3 million, down from the EUR 90.6 million posted in Q2 / 2011 and the extraordinarily high EUR 137.1 million generated in Q1 / 2012. The latter was driven mainly by releases related to blanket orders from European carmakers. General industry orders in the second quarter were higher than automotive industry bookings, coming in at 44.4 percent of total orders received versus 40.1 percent for automotive. The service business generated EUR 32.7 million in orders compared to EUR 30.7 million in Q2 2011, giving it a share of 15.5 percent of the total.

In the first half of 2012, the Robotics division's orders received were up substantially year-over-year, coming in at EUR 475.0 million, 29.7 percent higher than the EUR 366.3 million posted in the first half of 2011. Double-digit growth was thus reported for all three market segments. In the first six months of this year, the automotive business accounted for 46.6 percent of the total orders received, while general industry came in at 38.3 percent and the service business 15.1 percent. The prior year's numbers are shown in the following table.

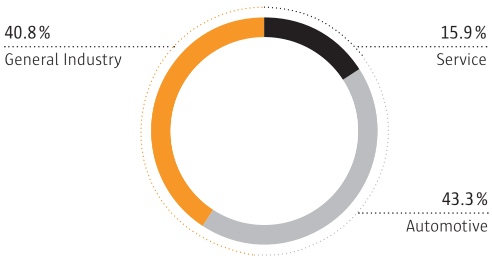
KEY FIGURES

| in € millions | 6 months 2011 | 6 months 2012 | Change |
|---|---|---|---|
| **Orders received** | 366.3 | 475.0 | 29.7 % |
| Order backlog (06 / 30) | 226.9 | 308.1 | 35.8 % |
| Sales revenues | 285.6 | 354.8 | 24.2 % |
| Gross profit | 88.8 | 109.1 | 22.9 % |
| in % of sales revenues | 31.1 % | 30.7 % | - |
| Earnings before interest and taxes (EBIT) | 21.9 | 39.8 | 81.7 % |
| in % of sales revenues | 7.7 % | 11.2 % | - |
| Earnings before interest, taxes, depreciation and amortization (EBITDA) | 28.3 | 46.8 | 65.4 % |
| in % of sales revenues | 9.9 % | 13.2 % | - |
| Employees (06 / 30) | 2,600 | 3,055 | 17.5 % |

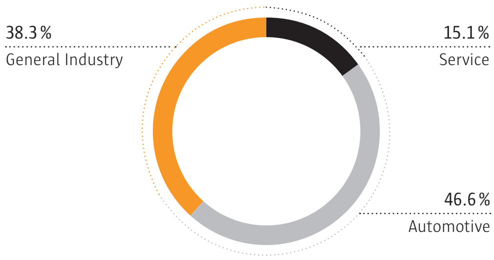
Due to strong orders received in prior quarters, Robotics' shipments also rose substantially. The Robotics division's **sales revenues** reached EUR 202.0 million in the first quarter of 2012, exceeding the EUR 200 million threshold for the first time. The result is 35.0 percent higher than the EUR 149.6 million reported in Q2 / 2011. This development was driven mainly by a large automotive share, which was just over 50 percent. In the first six months of 2012, the division's cumulative sales revenues totaled EUR 354.8 million, which is 24.2 percent higher than the EUR 285.6 million reported after the first six months of 2011. The book-to-bill ratio remained steady at a high 1.34. Last year it was 1.28. The division's **order backlog** again rose slightly in the second

## ORDERS RECEIVED BY SEGMENT

in percent of total




H1 2011




H1 2012

quarter of 2012 despite the strong sales volume, going from EUR 299.4 million last quarter to currently EUR 308.1 million. This was 35.8 percent higher than the EUR 226.9 million posted on the prior year's record date. Robotics now plans to expand its factory in Augsburg as well as expanding in China (as already announced) in order to adjust capacity to the strong market growth.

In the second quarter of 2012, the Robotics division generated **earnings before interest and taxes (EBIT)** of EUR 23.9 million versus EUR 11.9 million the year prior. This was driven mainly by the higher sales volume already discussed and a higher percentage of sales of the new KR QUANTEC / KR C4 generation of robots. Despite a relatively high share of business from the automotive sector, EBIT margin was above 10 percent at 11.8 percent, thanks also to a noteworthy positive exchange rate impact. EBIT margin was 8.0 percent at the end of Q2 / 2011. Earnings before interest and taxes (EBIT) for the first half of 2012 were thus EUR 39.8 million. EBIT margin was 11.2 percent compared to 7.7 percent for the first half of 2011.

### KUKA receives first order from Renault for 700 robots

KUKA received a large order from Renault in the first half of 2012. KUKA will deliver 700 new KR QUANTEC robots, including the KR C4 controller, up to the end of next year to Renault's factories in France, Spain, Slovenia and Russia. The order value is significantly in the double-digit million euro range.

### KR AGILUS small robot World premiere at AUTOMATICA

Robotics manufacturers, integrators and end users meet every two years at the international automation trade show AUTOMATICA, which was held from May 22 to 25 in Munich this year.

It marked the world premiere for the new family of small robots called KR AGILUS. This product family is a key building block in the strategy to expand the general industry business, which is primarily where it will be used. KUKA also presented enhancements of its new KR QUANTEC series of robots for the metal processing industry, console robots for the plastics sector, palletizers for logistics and models designed for foundries. The open architecture of the new KR C4 generation of controllers, including safety features, is common to all of the robots.

## SYSTEMS

KEY FIGURES

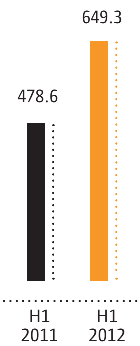
| in € millions | 2ND Quarter 2011 | 2ND Quarter 2012 | Change |
|---|---|---|---|
| Orders received | 262.8 | 305.0 | 16.1 % |
| Order backlog (06 / 30) | 565.2 | 749.1 | 32.5 % |
| Sales revenues | 194.3 | 252.0 | 29.7 % |
| Gross profit | 21.8 | 31.7 | 45.4 % |
| in % of sales revenues | 11.2 % | 12.6 % | - |
| Earnings before interest and taxes (EBIT) | 7.3 | 10.4 | 42.5 % |
| in % of sales revenues | 3.8 % | 4.1 % | - |
| Earnings before interest, taxes, depreciation and amortization (EBITDA) | 9.7 | 13.4 | 38.1 % |
| in % of sales revenues | 5.0 % | 5.3 % | - |

| in € millions | 6 months 2011 | 6 months 2012 | Change |
|---|---|---|---|
| Orders received | 478.6 | 649.3 | 35.7 % |
| Order backlog (06 / 30) | 565.2 | 749.1 | 32.5 % |
| Sales revenues | 399.0 | 471.8 | 18.2 % |
| Gross profit | 44.0 | 56.3 | 28.0 % |
| in % of sales revenues | 11.0 % | 11.9 % | - |
| Earnings before interest and taxes (EBIT) | 15.0 | 20.0 | 33.3 % |
| in % of sales revenues | 3.8 % | 4.2 % | - |
| Earnings before interest, taxes, depreciation and amortization (EBITDA) | 19.7 | 25.4 | 28.9 % |
| in % of sales revenues | 4.9 % | 5.4 % | - |
| Employees (06 / 30) | 3,513 | 3,791 | 7.9 % |

The Systems division continues to benefit from strong automotive industry demand in the project business area. In total, Systems posted **orders received** of EUR 305.0 million in the second quarter of 2012, up 16.1 percent from EUR 262.8 million reported for Q2 / 2011. Together with the strong orders received in the first quarter of 2012, orders received for the first half of 2012 totaled EUR 649.3 million, a solid 35.7 percent higher than the EUR 478.6 million posted in the first half of fiscal 2011.

## SYSTEMS – ORDERS RECEIVED

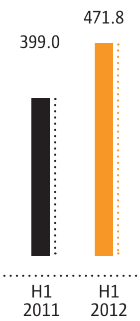
in € millions




The strong orders received in the past few months enabled the division to generate **sales revenues** of EUR 252.0 million in the second quarter of 2012, a new record result that was significantly higher than the EUR 194.3 million posted in Q2 / 2011. Overall, sales revenues in the first half year totaled EUR 471.8 million, which is 18.2 percent higher than the EUR 399.0 million reported after the first six months of 2011. The division's book-to-bill ratio also remained high at 1.38. Last year at this time it was 1.20.

## SYSTEMS – SALES REVENUES

in € millions




As a result, the Systems division's **order backlog** rose in the second quarter, from EUR 688.7 million to EUR 749.1 million. Work on hand was thus up 32.5 percent from EUR 565.2 million on June 30, 2011. The Systems division's capacity thus continues to be absorbed well into next year.

The Systems division's **earnings before interest and taxes** (EBIT) in the second quarter of 2012 came in at EUR 10.4 million versus 7.3 percent the year prior. EBIT margin was 4.1 percent for the reporting period, higher than the 3.8 percent posted at the end of Q2 / 2011, but below the 4.4 percent generated in Q1 / 2012. This result was driven by provisions recognized on inventories in the solar industry area. The division reported a cumulative EBIT of EUR 20.0 million in the first six months of 2012 versus EUR 15.0 million during the same period last year. EBIT margin was 4.2 percent this year and 3.8 percent last year.

### New orders for specialty machines

In the first half of 2012, the division received several new orders to build specialty Magnetarc and friction welding machines. The orders were placed by prominent carmakers and automotive industry parts suppliers from across the globe. They purchased both individual machines of various sizes and fully automated assembly lines. The two welding processes are especially suited to first class bonding of different types of materials. They can be used to manufacture products such as valve tappets, hydraulic components, complete vehicle axles and special components for batteries. KUKA has been a leading supplier of these specialty welding processes for years.

**About magnetarc welding:**

Magnetarc welding was developed by KUKA Systems and is a pressure welding process that relies on a magnetically driven arc in an inert gas environment.

Profiles with walls between 0.7 and 10 mm thick can be joined using this process. Suitable materials are electrically conductive and fusible, such as carbon steel and low-alloy steels, free-cutting steels, steel castings and malleable cast iron. This process is also ideal for joining combinations of these materials.

**About friction welding:**

Friction welding is distinguished by its speed, reliability and low cost. More than anything else, this process can be used to join more materials and combinations of materials than any other welding process. Other technical advantages that make friction welding a favorite include: uncompromising weldability of high-tech materials, unparalleled joint quality and short cycle times.

### KUKA Systems builds its first automated helicopter manufacturing system

KUKA Systems will build its first fully respectively partly automated helicopter manufacturing system for a customer in North America. The Bell 525 is Bell Helicopters' largest civilian helicopter to date, weighing in at eight tonnes and capable of carrying up to sixteen passengers a distance of 740 km. The new manufacturing line will be used to make the helicopter's fuselage using composites and metal. The plant is located in Amarillo, Texas.

## EARNINGS, FINANCIAL AND ASSETS

### Earnings

Revenues in the second quarter of 2012 came in at a quarterly record of EUR 448.7 million, compared to EUR 336.9 million the year prior. The first quarter's growth, which resulted in the highest quarterly revenues in a first quarter in five years, was thus continued. Overall, sales revenues in the first half of 2012 totaled EUR 816.0 million, which is 23.0 percent higher than the EUR 663.4 million reported after the first six months of 2011, and is also a record for a six month period. Gross profit on sales improved disproportionately in the first six months, rising 26.4 percent or EUR 36.3 million to EUR 173.7 million. The Group's gross margin rose accordingly and was up 0.6 percent points to 21.3 percent. This increase was driven by the Systems division, which improved its gross margin year-over-year by 0.9 percent points to 11.9 percent. The Robotics division generated a high share of orders from automotive customers, especially in the second quarter. As a result of this change in the sales mix, gross margin was down slightly, declining 0.4 percent points to 30.7 percent. The Systems division's financing costs of the manufacturing costs amounted to EUR 3.3 million, compared to EUR 3.5 million the year prior.

Overhead costs (sales, research and development and administration) totaled EUR 122.4 million versus EUR 104.1 million in H1 2011. As a percentage of sales, overhead costs were 15.0 percent, slightly under the level of last year's 15.7 percent. While costs for sales and administration rose in proportion to revenues, R&D expenses fell from EUR 20.5 million to EUR 18.0 million. It should be noted here that KUKA is working intensively on the Group's technology focus, both in industrial and advanced robotics. Important projects that are key to future growth are at the development stage and as a result the associated costs are being capitalized. They will only impact earnings when they are amortized in subsequent periods. In the first half year, EUR 8.3 million was capitalized for internally generated intangible assets, especially lightweight robots. This compares to EUR 0.9 million the year prior. Overall, there was more R&D activity this year than last in accordance with the budget. The net result of other operating expenses and income of EUR -4.2 million, which compares to EUR -5.7 million in the first half of 2012, was driven by currency exchange effects, especially related to the US dollar, Brazilian real and Japanese yen, in addition to other factors.

Overall operating profit for the first six months of this year was EUR 47.1 million, which compares to EUR 27.6 million in the first six months of 2011. Adjusted for financing charges of EUR 3.4 million included in operating profit, down from EUR 3.5 million the year prior, earnings before interest and taxes (EBIT) came in at EUR 50.5 million, up from the prior year's EUR 31.1 million. EBIT margin was 6.2 percent versus 4.7 percent the year prior. EBIT margin has thus been higher than the prior quarter's in every quarter since 2009.

| | Q1/11 | Q2/11 | Q3/11 | Q4/11 | Q1/12 | Q2/12 |
|---|---|---|---|---|---|---|
| EBIT (in EUR millions) | 14.7 | 16.4 | 19.2 | 22.3 | 21.9 | 28.6 |
| EBIT margin (in percent) | 4.5 | 4.9 | 5.2 | 5.5 | 6.0 | 6.4 |

The increase in EBIT margin is attributable to both divisions. The Systems division was able to improve its EBIT from 3.8 percent to 4.2 percent and the Robotics division's improved even more, up from 7.7 percent to 11.2 percent.

EBITDA (earnings before interest, taxes, depreciation and amortization) growth tracked the EBIT increase, going from EUR 43.7 million last year to currently EUR 64.4 million. Total depreciation in the first half of 2012 was EUR 13.9 million, versus EUR 12.6 million during the same period last year. Of this total, the Robotics division's share was EUR 7.0 million, which compares to EUR 6.4 million a year earlier. The Systems division accounted for 5.4 million compared to EUR 4.7 million the year prior, and the remaining area's share was EUR 1.5 million, unchanged year-over-year.

Net interest result improved to EUR -5.6 million from EUR -9.9 million the year prior. This is largely the result of settling the convertible bond in November 2011. The interest due on the bond was EUR 2.7 million in H1 / 2011. The net interest item includes EUR 9.4 million for interest on the convertible bond placed in November 2010, compared to EUR 9.3 million the year prior. Amendments to our Syndicated Senior Facilities Agreement and the signing of additional bilateral lines of credit improved our guarantee conditions. Despite the higher usage of credit lines as a result of the strong business volume, fees dropped EUR million 0.4. A total of EUR 172.8 million was drawn on credit lines as of June 30, 2012, versus EUR 154.7 million on June 30, 2011. Accounting-related reclassification of financing charges into operating profit had a positive impact on the net interest result; in H1 / 2012 it came in at EUR 3.4 million versus EUR 3.5 million in H1 / 2011. The share of interest for pensions was EUR 1.5 million compared to EUR 1.6 million last year. Also included is interest income associated with the financing lease for the KTPO pay-on-production contract in the United States.

Earnings before taxes (EBT) in the first six months of 2012 totaled EUR 41.5 million. This is more than double the EUR 17.7 million earned in the same time period last year. Taxes paid during the period under review totaled EUR 15.9 million, versus EUR 6.4 million last year. The tax rate is thus 38.3 percent, compared to 36.2 percent a year earlier.

KUKA Group's earnings after taxes in the first half of fiscal 2012 jumped to EUR 25.6 million from EUR 11.3 million last year. Earnings per share improved accordingly, going from EUR 0.34 to EUR 0.75.

GROUP CONSOLIDATED INCOME STATEMENT (CONDENSED)

| in € millions | 6 months 2011 | 6 months 2012 |
|---|---|---|
| Sales revenues | 663.4 | 816.0 |
| EBIT | 31.1 | 50.5 |
| EBITDA | 43.7 | 64.4 |
| Earnings from financing activities | -9.9 | -5.6 |
| Taxes on income | -6.4 | -15.9 |
| Earnings after taxes | 11.3 | 25.6 |

## Financial position

The significant improvement in the financial position is reflected in cash earnings, which consist of earnings after taxes adjusted for cash-neutral depreciation on fixed assets and intangible assets and other income and expenses impacting cash. These came in at EUR 45.8 million, 20.2 million higher than the comparable prior year's number of EUR 25.6 million.

Cash flow from operating activities was EUR 10.3 million, which compares to EUR -25.5 million in the first half of 2011. This reflects the steady increase in working capital as a result of the very satisfactory business growth that continued into the second quarter. On December 31, 2011, tightened trade working capital was EUR 274.6 million. It increased by an additional EUR 75.9 million to EUR 350.5 million to June 30, 2012. Receivables were up EUR 95.4 million, inventories up EUR 24.1 million and offsetting liabilities totaled EUR 43.6 million. Receivables from manufacturing orders were up, especially in the Assembly & Test and Body Structure units. At EUR 255.5 million, they are EUR 61.2 million higher than the number reported on December 31, 2011. The reduction in other property plant and equipment of EUR 23.3 million is primarily due to lower value added tax receivables. Overall, cash flow from operating activities rose to EUR 10.3 million despite the EUR 35.8 million business-volume-driven increase in working capital.

The company invested EUR 22.8 million in the first six months of 2012 compared to EUR 9.7 million in H1 / 2011. In addition to the investment of EUR 12.0 million in property plant and equipment, especially machinery (for example, CNC machining center, laser and friction welding machines and presses), this reflects the increased investment in research and development and the associated increase in the intangible assets' share of investments. These are now at 47.4 percent compared to 25.8 percent in H1 / 2011. Income from asset retirement during the reporting period was EUR 0.4 million versus EUR 0.2 million the year prior. Cash flow from investments was thus EUR -22.4 million compared to EUR -9.5 million.

The improved cash flow from operating activities plus cash flow from investment activities resulted in a free cash flow of EUR -12.1 million, which compares to last year's EUR -35.0 million.

Cash flow from financing activities was reported at EUR -2.2 million, compared to EUR 19.3 million the year prior. The year prior, a cash injection of EUR 23.7 million resulting from the sale of treasury shares was included here.

As of June 30, 2012, KUKA Group thus had cash and cash equivalents totaling EUR 154.5 million, compared to EUR 121.4 million in H1 / 2011. Of the cash and cash equivalents of EUR 186.0 million recognized on the balance sheet dated June 30, 2011, EUR 64.6 million were earmarked to repay the convertible bond due in November 2011. The substantial increase in cash and cash equivalents compared to the prior year's first half is primarily due to the earnings growth.

KUKA Group's net debt; that is, liquid assets minus current and non-current financial liabilities, was EUR 45.2 million as of June 30, 2012, higher than the EUR 32.6 million reported on December 31, 2011.

CONSOLIDATED CASH FLOW (CONDENSED))

| in € millions | 6 months 2011 | 6 months 2012 |
|---|---|---|
| Cash earnings | 25.6 | 45.8 |
| Cash flow from operating activities | -25.5 | 10.3 |
| Cash flow from investing activities | -9.5 | -22.4 |
| Free cash flow | -35.0 | -12.1 |

GROUP ASSETS

| in € millions | 12/31/2011 | 06/30/2012 |
|---|---|---|
| Total assets | 1,078.0 | 1,165.4 |
| Shareholders' equity | 252.4 | 282.8 |
| In percent of total assets | 23.4 % | 24.3 % |
| Net debt | 32.6 | 45.2 |

### Net worth

On the asset side, non-current assets were up only EUR 6.2 million from the EUR 303.2 million reported on December 31, 2011. Fixed assets increased EUR 9.0 million while deferred taxes were lower.

Current assets were sharply higher, especially receivables and inventories. Further details are provided in the financial position section. Current assets totaled EUR 862.2 million as of June 30, 2012, EUR 81.2 million higher than on December 31, 2011.

As of the record date, KUKA Group's total balance sheet rose from EUR 1,078.0 million on December 31, 2011 to EUR 1,165.4 million, up 8.1 percent.

Equity rose from EUR 252.4 million to EUR 282.8 million in the first half year, driven by earnings after taxes of EUR 25.6 million. Foreign currency effects, particularly related to the US dollar and the Brazilian real increased equity by EUR 4.6 million. The equity ratio is now 24.3 percent, compared to 23.4 percent on December 31, 2011.

Financial liabilities relate mainly to the corporate bond due November 2017.

Non-current liabilities rose from EUR 527.9 million on December 31, 2011 to EUR 584.2 million as of June 30, 2012, driven mainly by the aforementioned increase in liabilities, as well as current loans.

KUKA Group's working capital rose steadily in the first half of the fiscal year. At the end of 2011, it totaled EUR 98.9 million, on March 31, 2012 it was EUR 114.1 million and on June 30, 2012 it was EUR 140.3 million, representing an increase of EUR 41.4 million for 2012. Further information hereto is outlined in the financial position section.

## RESEARCH & DEVELOPMENT

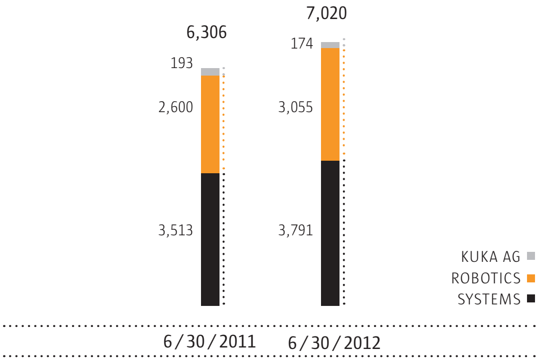
KUKA Group's research and development spending totaled EUR 18.0 million in the first half of 2012. This was down from EUR 20.5 million the year prior due to a higher capitalization ratio. The higher capitalization is offset primarily by new developments and enhancements related to the robot product families and the lightweight robot (LWR). Traditionally, the Robotics division's product business accounts for more than 90 percent of these expenses, while the Systems division conducts its research almost exclusively in conjunction with customer orders.

The Robotics division unveiled its small robot KR AGILUS at the international trade show for automation, AUTOMATICA, which was held from May 22 to 25 in Munich. This new family of products covers the lower payload range from 6 to 10 kg and is distinguished by its speed, short cycle times and high precision. KR AGILUS is especially designed for pick and place tasks in general industry. As only robot in this class, KR AGILUS has a safe operation feature that greatly facilitates cooperation between humans and machines and makes mechanical axis monitoring redundant. The new small robot family of products will be expanded in future years to cover additional food, clean room and waterproof applications.

## EMPLOYEES

In line with the steady increase in business volume, KUKA's workforce also expanded in the second quarter of 2012. In total, the employee count increased by 714, bringing the total to 7,020 from 6,306 at the end of the second quarter. This represents an increase of about 11 percent. The increase in comparison to the end of 2011 is 431 persons or 6.5 percent. Most of the new hires went to the manufacturing and sales departments, reflecting the continuing strong growth of both divisions. Additional contract workers were also hired, primarily in manufacturing. The total count went from 1,118 at the halfway mark of 2011 to 1,290 to the end of the first half of 2012. There were thus 212 more contract workers than at the end of 2011, (1,078 persons).

KUKA GROUP EMPLOYEES




The Robotics division's workforce to the end of the reporting period rose to 3,055. This is almost 18 percent or 455 persons more than at the same time last fiscal year. A total of 209 new employees were added, mostly in Hungary, driven by order volume. The Robotics division also hired an additional 151 persons at its Augsburg location, bringing the total to 1,349 as of June 30, 2012, compared to 1,198 on June 30, 2011.

The Systems division had 3,791 employees as of the end of the reporting period. This represents an increase of 278 persons, or about 8 percent more than at the same time last fiscal year.

KUKA AG had 174 employees as of June 30, 2012, versus 193 on June 30, 2011. This decrease is primarily due to the reintegration of IT employees into the Robotics and Systems divisions.

## RISKS AND OPPORTUNITIES

From an overall risk perspective, KUKA Group is primarily exposed to business performance and fiscal risks. The executive board is not aware of any individual or aggregated risks that could threaten the company's existence. Strategically and financially, the company is positioned to be able to take advantage of business opportunities.

Cutbacks in state subsidies and international competitors, especially from Asia, are currently exerting strong pressure on the solar sector. Special conditions apply to any orders KUKA Group takes from the solar industry; for instance, payment terms (first class security guarantees, progress payments, etc.). Given the developments in this sector, KUKA is continuously reviewing the strategic aspects of this market segment. In order to avoid payment default, the company focuses especially on the ratings and liquidity situation of the respective solar industry customers. Special provisions were also made for the orders KUKA is currently processing, which mainly support the aforementioned measures.

Due to the continuing euro debt crisis, future economic developments are somewhat uncertain. Although KUKA currently sees no signs of weaker business performance, a special task force is continuously monitoring the situation. This task force is comprised of representatives of the Robotics and Systems divisions, as well as staff from various holding company central departments. It reports regularly to the Executive Board.

Please refer also to of the detailed report on pages 82 and following of the 2011 annual report.

## OUTLOOK

The strong results of the first half of 2012 demonstrate that KUKA Group can successfully maintain its profitable growth. They have established a solid foundation for fiscal 2012.

KUKA continues to benefit from the unbroken trend to launch new models in automotive, along with fuel-efficient engines and innovations such as lightweight construction, all of which result in significant capital spending. The automotive industry also continues to invest in expanding its capacity in the BRIC nations and in existing factories in Europe and the United States.

Our general industry customers also continue to invest increasingly in robot-based automation. With new products such as the KR AGILUS, developed especially for general industry, and our special focus on growth markets such as inert gas welding, we expect to grow faster than the market in the general industry sector.

We have increased our guidance for 2012 based on the growth in the first half of 2012 and our customers' strong capital spending. Given unchanged general conditions, KUKA now expects sales revenues of about EUR 1.6 billion for fiscal 2012. Based on this sales forecast, we now expect to generate an EBIT margin of at least 6 percent.

# KUKA AND THE CAPITAL MARKET

## Return of the euro crisis

After the unusually good start into the current year, concerns about the exit of Greece and high interest rates on Italian and Spanish bonds gained the upper hand in the stock markets in the second quarter of 2012. During the reporting period, the DAX and MDAX were down 7.6 percent and 3.4 percent respectively from the end of the prior quarter. Nevertheless, both indices have made strong gains in the first half of 2012, rising 8.8 percent and 16.3 percent respectively. Once again, the MDAX, the index of medium-size companies, outperformed the DAX, where blue-chip companies are listed.

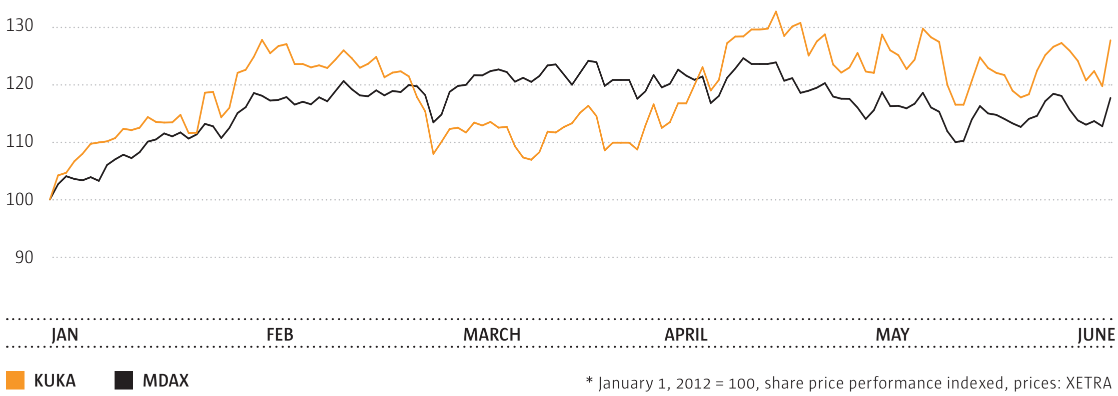
## KUKA shares outperform indices

The rise in KUKA's share price was very satisfying. At the beginning of May, the company reported strong demand for robot-based automation for the first quarter of 2012, which drove orders received up substantially. The stock price hit a high of EUR 18.39 during this period. It subsequently trended flat in a range between EUR 17 and EUR 18. Overall, KUKA's share price was up 10.2 percent in the second quarter of 2012. KUKA shares also outperformed the MDAX by a significant margin in the first half of 2012, rising 25.5 percent. The company's peer group of mechanical and plant engineering companies performed in line with the MDAX, declining 9 percent on average in the second quarter of 2012 and rising 17 percent in the first half of 2012. KUKA's share price thus outperformed that of its peers both in the second quarter and first half of fiscal 2012.

## Capital Market Day at AUTOMATICA 2012

KUKA held this year's Capital Market Day in conjunction with AUTOMATICA 2012 on May 22. Numerous analysts and investors accepted the invitation to attend the trade show. On this occasion, the Executive Board presented its enhanced strategy to expand the company's general industry business. The launch of the small robot KR AGILUS, which saw its debut on the AUTOMATICA, is part of the strategy. The new product family covers the lower payload range of industrial robots (6 kg – 10 kg) which KUKA had not been able to address with own products up to now. Small robots are used primarily in general industry due to their small payloads; for example, in the food, plastics, electronics and machine tool sectors.

KUKA'S SHARE PRICE PERFORMANCE JANUARY 1 TO JUNE 30, 2012*




* January 1, 2012 = 100, share price performance indexed, prices: XETRA

# INTERIM REPORT (CUMULATIVE)

## GROUP CONSOLIDATED INCOME STATEMENT

| in € millions | 2ND Quarter 2011 | 2ND Quarter 2012 | 6 months 2011 | 6 months 2012 |
|---|---|---|---|---|
| **Sales revenues** | **336.9** | **448.7** | **663.4** | **816.0** |
| Cost of sales | -266.3 | -354.9 | -526.0 | -642.3 |
| **Gross profit** | **70.6** | **93.8** | **137.4** | **173.7** |
| Selling expenses | -23.7 | -29.9 | -43.9 | -55.8 |
| Research and development expenses | -10.8 | -9.2 | -20.5 | -18.0 |
| General and administrative expenses | -19.4 | -26.6 | -39.7 | -48.6 |
| Other operating income | 6.8 | 5.9 | 19.9 | 18.4 |
| Other operating expenses | -8.9 | -7.0 | -25.6 | -22.6 |
| **Result from operating activities** | **14.6** | **27.0** | **27.6** | **47.1** |
| **Reconciliation to earnings before interest and taxes (EBIT)** | | | | |
| Financing costs included in cost of sales | 1.8 | 1.6 | 3.5 | 3.4 |
| **Earnings before interest and taxes (EBIT)** | **16.4** | **28.6** | **31.1** | **50.5** |
| Net interest income | 2.3 | 2.3 | 4.6 | 5.1 |
| Net interest expense | -7.4 | -4.8 | -14.5 | -10.7 |
| **Financial results** | **-5.1** | **-2.5** | **-9.9** | **-5.6** |
| **Earnings before tax** | **9.5** | **24.5** | **17.7** | **41.5** |
| Taxes on income | -3.6 | -9.7 | -6.4 | -15.9 |
| **Net result** | **5.9** | **14.8** | **11.3** | **25.6** |
| thereof minority interests in profits | 0.1 | 0.0 | 0.1 | 0.0 |
| thereof shareholders of KUKA AG | 5.8 | 14.8 | 11.2 | 25.6 |
| **Earnings per share (diluted / undiluted) in €** | **0.17** | **0.43** | **0.34** | **0.75** |

## STATEMENT OF COMPREHENSIVE INCOME

| in € millions | 2ND Quarter 2011 | 2ND Quarter 2012 | 6 months 2011 | 6 months 2012 |
|---|---|---|---|---|
| **Earnings after taxes** | **5.9** | **14.8** | **11.3** | **25.6** |
| Translation adjustments | -0.5 | 5.5 | -3.4 | 4.6 |
| Changes of actuarial gains and losses | 0.1 | -0.5 | 2.5 | -1.5 |
| Deferred taxes on changes of acturial gains and losses | 0.0 | 0.2 | -0.5 | 0.4 |
| **Other comprehensive income** | **-0.4** | **5.2** | **-1.4** | **3.5** |
| **Comprehensive income** | **5.5** | **20.0** | **9.9** | **29.1** |
| of which: attributable to minority interests | 0.1 | 0.0 | 0.1 | 0.0 |
| of which: attributable to shareholders of KUKA AG | 5.4 | 20.0 | 9.8 | 29.1 |

## CONSOLIDATED CASH FLOW STATEMENT

| in € millions | 6 months 2011 | 6 months 2012 |
|---|---|---|
| **Net result** | **11.3** | **25.6** |
| Depreciation / amortization on intangible assets | 5.0 | 5.3 |
| Depreciation / amortization on tangible assets | 7.6 | 8.7 |
| Other non-payment-related income | -5.4 | -1.4 |
| Other non-payment-related expenses | 7.1 | 7.6 |
| **Cash Earnings** | **25.6** | **45.8** |
| Result on the disposal of assets | 0.0 | 0.0 |
| Changes in provisions | -10.0 | 6.0 |
| Changes in current assets and liabilities: | | |
| Changes in inventories | -35.2 | -22.9 |
| Changes in receivables and deferred charges | -79.4 | -67.7 |
| Changes in liabilities and deferred charges (without debts) | 73.5 | 49.1 |
| **Cash flow from operating activities** | **-25.5** | **10.3** |
| Payments from disposals of fixed assets | 0.2 | 0.4 |
| Payments for capital expenditure on intangible assets | -2.5 | -10.8 |
| Payments for investments on tangible assets | -7.2 | -12.0 |
| **Cash flow from investing activities** | **-9.5** | **-22.4** |
| **Free cash flow** | **-35.0** | **-12.1** |
| Proceeds from capital increases | 0.0 | 0.0 |
| Proceeds from the sale of treasury shares | 23.7 | 0.0 |
| Proceeds / payments from the issuance / repayment of bonds and liabilities similiar to bonds | -4.4 | -2.2 |
| **Cash flow from financing activities** | **19.3** | **-2.2** |
| **Payment-related change in cash and cash equivalents** | **-15.7** | **-14.3** |
| Exchange-rate-related and other changes in cash and cash equivalents | -1.7 | 0.0 |
| **Change in cash and cash equivalents** | **-17.4** | **-14.3** |
| (of that net increase / decrease in restricted cash) | (-4.4) | 0.0 |
| Cash and cash equivalents at the beginning of the period | 134.4 | 168.8 |
| **Cash and cash equivalents at the end of the period** | **121.4** | **154.5** |
| Restricted cash | 64.6 | 0.0 |
| **Cash and cash equivalents acc. to balance sheet** | **186.0** | **154.5** |

## GROUP BALANCE SHEET

### ASSETS

| in € millions | 12/31/2011 | 06/30/2012 |
|---|---|---|
| **Non-Current assets** | | |
| **Fixed assets** | | |
| Intangible assets | 78.8 | 84.2 |
| Tangible assets | 87.6 | 91.2 |
| Financial investments and investments in associates | 0.2 | 0.2 |
| | **166.6** | **175.6** |
| **Long-term finance lease receivables** | **75.7** | **75.3** |
| **Long term tax receivables** | **7.6** | **7.9** |
| **Other long-term receivables and other assets** | **12.1** | **11.8** |
| **Deferred taxes** | **35.0** | **32.6** |
| | **297.0** | **303.2** |
| **Current assets** | | |
| **Inventories** | **195.4** | **219.5** |
| **Receivables and other assets** | | |
| Trade receivables | 145.5 | 179.7 |
| Receivables from construction contracts | 194.3 | 255.5 |
| Current finance lease receivables | 4.6 | 5.0 |
| Current tax receivables | 6.0 | 4.9 |
| Other assets, prepaid expenses and deferred charges | 66.4 | 43.1 |
| | **416.8** | **488.2** |
| **Cash and cash equivalents** | **168.8** | **154.5** |
| | **781.0** | **862.2** |
| | **1,078.0** | **1,165.4** |

## EQUITY AND LIABILITIES

| in € millions | 12/31/2011 | 06/30/2012 |
|---|---|---|
| **Equity** | **252.4** | **282.8** |
| | | |
| **Non-current liabilities, provisions and accruals** | | |
| Non-current financial liabilities | 194.0 | 194.5 |
| Other non-current liabilities | 13.3 | 12.7 |
| Pensions and similiar obligations | 70.4 | 70.9 |
| Deferred taxes | 20.0 | 20.3 |
| | **297.7** | **298.4** |
| **Current liabilities** | | |
| Current financial liabilities | 7.4 | 5.2 |
| Trade payables | 167.2 | 211.4 |
| Advances received | 67.1 | 70.9 |
| Liabilities from construction contracts | 93.4 | 92.8 |
| Accounts payable to affiliated companies | 0.1 | 0.0 |
| Other current liabilities and deferred income | 6.1 | 10.9 |
| Provision for taxes | 109.6 | 113.6 |
| Other provisions | 77.0 | 79.4 |
| | **527.9** | **584.2** |
| | | |
| | **1,078.0** | **1,165.4** |

## CHANGES TO GROUP EQUITY

| in € millions | Number of shares outstanding | Subscribed capital | Capital reserve | Treasury stock | Revenues reserves: Translation gains / losses | Revenues reserves: Actuarial gains and losses | Revenues reserves: Annual net income and other revenue reserves | Equity to shareholders | Minority interests | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| **01/01/2012** | 33,915,431 | 88.2 | 67.5 | 0.0 | -0.2 | 0.2 | 95.2 | 250.9 | 1.5 | 252.4 |
| Comprehensive income | | | | | 4.6 | -1.1 | 25.6 | 29.1 | 0.0 | 29.1 |
| Sale of treasury shares | | | | | | | | 0.0 | | 0.0 |
| Employees share proramm | | | | | | | 1.3 | 1.3 | | 1.3 |
| Other changes | | | | | | | | 0.0 | | 0.0 |
| **06/30/2012** | **33,915,431** | **88.2** | **67.5** | **0.0** | **4.4** | **-0.9** | **122.1** | **281.3** | **1.5** | **282.8** |

| in € millions | Number of shares outstanding | Subscribed capital | Capital reserve | Treasury stock | Revenues reserves: Translation gains / losses | Revenues reserves: Actuarial gains and losses | Revenues reserves: Annual net income and other revenue reserves | Equity to shareholders | Minority interests | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| **01/01/2011** | 32,588,091 | 88.2 | 75.4 | -27.9 | -3.0 | 1.7 | 62.2 | 196.6 | 1.5 | 198.1 |
| Comprehensive income | | | | | -3.4 | 2.0 | 11.2 | 9.8 | 0.1 | 9.9 |
| Sale of treasury shares | 1,327,340 | | | 27.9 | | | -4.2 | 23.7 | | 23.7 |
| Employee share proramm | | | | | | | 0.8 | 0.8 | | 0.8 |
| Other changes | | | -0.5 | | | | 0.4 | -0.1 | | -0.1 |
| **06/30/2011** | **33,915,431** | **88.2** | **74.9** | **0.0** | **-6.4** | **3.7** | **70.4** | **230.8** | **1.6** | **232.4** |

# NOTES ON THE QUARTERLY REPORT (CONDENSED)

## GROUP SEGMENT REPORTING

| | Robotics | | Systems | | KUKA AG and other companies | | Reconciliation and consilidation | | Group | |
|---|---|---|---|---|---|---|---|---|---|---|
| in € millions | 6 months 2011 | 6 months 2012 | 6 months 2011 | 6 months 2012 | 6 months 2011 | 6 months 2012 | 6 months 2011 | 6 months 2012 | 6 months 2011 | 6 months 2012 |
| Group external sales revenues | 264.6 | 344.9 | 398.4 | 471.1 | 0.4 | 0.0 | - | - | 663.4 | 816.0 |
| as a % of Group sales revenues | 39.9 % | 42.3 % | 60.0 % | 57.7 % | 0.1 % | 0.0 % | - | - | 100.0 % | 100.0 % |
| Intra-Group sales | 21.0 | 9.9 | 0.6 | 0.7 | 5.0 | 0.0 | -26.6 | -10.6 | - | - |
| **Sales revenue by division** | **285.6** | **354.8** | **399.0** | **471.8** | **5.4** | **0.0** | **-26.6** | **-10.6** | **663.4** | **816.0** |
| **Result from operating activities** | **21.9** | **39.7** | **11.5** | **16.7** | **-6.2** | **-6.3** | **0.4** | **-3.0** | **27.6** | **47.1** |
| Financing costs included in cost of sales | - | 0.1 | 3.5 | 3.3 | - | - | - | - | 3.5 | 3.4 |
| **Earnings before interest and taxes (EBIT)** | **21.9** | **39.8** | **15.0** | **20.0** | **-6.2** | **-6.3** | **0.4** | **-3.0** | **31.1** | **50.5** |
| as a % of sales revenues of the division | 7.7 % | 11.2 % | 3.8 % | 4.2 % | - | - | - | - | 4.7 % | 6.2 % |
| as a % of Group external sales revenues | 8.3 % | 11.5 % | 3.8 % | 4.2 % | - | - | - | - | 4.7 % | 6.2 % |
| **EBITDA** | **28.3** | **46.8** | **19.7** | **25.4** | **-4.7** | **-4.7** | **0.4** | **-3.1** | **43.7** | **64.4** |
| as a % of sales revenues of the division | 9.9 % | 13.2 % | 4.9 % | 5.4 % | - | - | - | - | 6.6 % | 7.9 % |
| as a % of Group external sales revenues | 10.7 % | 13.6 % | 4.9 % | 5.4 % | - | - | - | - | 6.6 % | 7.9 % |
| Assets (06 / 30 / 2012/ 12 / 31 / 2011) | 284.8 | 364.8 | 581.6 | 603.8 | 174.5 | 176.5 | -174.4 | -174.6 | 866.5 | 970.5 |
| Payroll (06 / 30) | 2,600 | 3,055 | 3,513 | 3,791 | 193 | 174 | - | - | 6,306 | 7,020 |

## IFRS / IAS ACCOUNTING STANDARDS

KUKA Aktiengesellschaft, headquartered in Augsburg, prepared its interim financial statements for the period ending June 30, 2012 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, 2011.

The consolidated financial statements for 2011 were prepared according to the International Financial Reporting Standards (IFRS) and the International Accounting Standards (IAS) of the International Accounting Standards Board (IASB), the interpretations of the Standing Interpretation Committee (SIC) as well as the International Financial Reporting Interpretation Committee (IFRIC), as approved by the European Union, supplemented by the guidelines stipulated in article 315a, paragraph 1 of the German Commercial Code (HGB).

## GROUP OF CONSOLIDATED COMPANIES

In dem Konzernzwischenabschluss sind wie zum Geschäftsjahresende 2011 insgesamt 48 Gesellschaften einbezogen, Neben der KUKA Aktiengesellschaft werden sechs Gesellschaften mit Sitz im Inland sowie 41 Gesellschaften mit Sitz im Ausland einbezogen. bei denen die KUKA Aktiengesellschaft direkt oder indirekt über die Mehrheit der Stimmrechte verfügt,

## ACCOUNTING AND VALUATION METHODS

The Group interim report contains forty-eight companies, the same as on the December 31, 2011 period end. In addition to KUKA Aktiengesellschaft, it includes six companies registered inside Germany and forty-one firms domiciled outside Germany, for which KUKA Aktiengesellschaft either directly or indirectly holds majority voting rights.

## CHANGES TO ACCOUNTING AND VALUATION POLICIES

The following new standards and interpretations have become mandatory since the start of the 2012 financial year:

- IFRS 7 Financial Instruments: Disclosure about transition of financial assets
- Changes to IFRS 1, Serious hyperinflation and elimination of fixed data*
- Amendment to IAS 12, Deferred Taxes: Recognition of underlying assets*

* Pending endorsement by the European Union.

The new standards and interpretations have no or little impact on KUKA's consolidated statements.

## EQUITY BASED REMUNERATION

KUKA employees of the German companies were able to acquire KUKA shares as part of an employee share program. Based on a staggered holding period of 1, 3 and 5 years, employees are credited with a bonus share for every ten KUKA shares purchased. In addition to the subscribed shares, employees were granted an additional 50 percent shares as an incentive. The number of bonus shares available to all employees was capped at 75,000, the same as the year prior. KUKA employees acquired a total of 109,530 shares.

## EARNINGS PER SHARE

Undiluted / diluted earnings per share break down as follows:

| | | 6 months 2011 | 6 months 2012 |
|---|---|---|---|
| Net result attributable to shareholders of KUKA AG | in € millions | 11.2 | 25.6 |
| Weighted average number of shares outstanding | shares | 32,942,048 | 33,915,431 |
| Earnings per share | in € | 0.34 | 0.75 |

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.

In the first six months of 2011, the weighted average number of shares in circulation was 32.9 million. The sale of treasury shares in May 2011 increased the weighted average number of shares outstanding to 33.9 million in 2012.

## SHAREHOLDERS' EQUITY

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

The capital reserve applies to KUKA Aktiengesellschaft. The change compared to June 30, 2011 resulted from the budgeted repayment of the convertible bond in November 2011.

The Executive Board of KUKA Aktiengesellschaft, with the approval of the Supervisory Board, resolved to sell treasury shares in the second quarter of 2011. The shares were sold for EUR 18.60 each. After deducting the usual commissions, the company received EUR 23.7 million. Following the sale of the treasury shares, the total number of shares in circulation is 33,915,431.

## IAS 19 EMPLOYEE BENEFITS

The balance sheet employee benefits account rate of return as of June 30, 2012 and as per IAS 19 for German companies is 4.50 percent per annum and 4.15 percent per annum in North America. On December 31, 2011 it was 4.70 percent for German companies and 4.40 percent in North America. This resulted in actuarial losses for defined benefit obligation of EUR 1.5 million. Investment income from external pension funds was more or less in line with expectations. The actuarial result was reported under equity as an income-neutral sum of EUR 1.1 million in consideration of deferred taxes.

## SYNDICATED SENIOR FACILITIES AGREEMENT

In November 2010, KUKA Aktiengesellschaft completed its financial restructuring by signing a new Syndicated Senior Facilities Agreement and placing a corporate bond with a face value of EUR 202.0 million.

The Syndicated Senior Facilities Agreement comprises a total of EUR 200.0 million (of which EUR 50.0 million is a cash credit line and EUR 150.0 million a line of credit for LCs) and matures at the end of March 2014. According to an amendment to the Syndicated Senior Facilities Agreement in the second quarter of 2012, the company can now elect to use the cash credit line bilaterally as a credit line with the individual banks in the consortium.

Line of credit utilization totaled EUR 113.6 million as of the balance sheet date versus EUR 128.7 on December 31, 2011; the existing operating line of credit was utilized in the amount of EUR 2.5 million compared to EUR 3.8 million on December 31, 2011.

For additional information about the Syndicated Senior Facilities Agreement, please refer to the December 31, 2011 annual report.

## OTHER BILATERAL LINES OF CREDIT

Additional approved lines of credit totaling EUR 62.0 million exist with surety companies and banks. This compares to EUR 52.0 million on December 31, 2011. The company can utilize up to EUR 45.0 million of the lines of credit according to the terms of the Syndicated Senior Facilities Agreement. At the end of the second quarter, the company had utilized EUR 42.1 million versus EUR 36.3 million on December 31, 2011.

The Syndicated Senior Facilities Agreement also allows KUKA to utilize further project related lines of credit to a total of EUR 35.0 million. As of the record date, EUR 17.1 million had been utilized.

## ASSET-BACKED SECURITIES (ABS) PROGRAM

As outlined in the 2011 annual report, KUKA has two ABS programs (Asset-Backed Securities) to a maximum of EUR 50.0 million. A total of EUR 28.0 million were utilized as of June 30, 2012, which compares to EUR 22.5 million on December 31, 2011.

For additional information about the ABS programs, please refer to the annual report dated December 31, 2011.

## SEGMENT REPORTING

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. These cash holdings consist of 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. None of the cash reported as of the record date is subject to restrictions related to disposal.

## CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

There has been no material change in other financial obligations and contingent liabilities since December 31, 2011.

## RELATED PARTIES

There have been no changes in dealings with related persons or companies since December 31, 2011.

In total, the value of goods and services supplied to related parties in the first six months of the financial year was EUR 13.1 million. The goods and services received by the Group from related parties were worth EUR 14.6 million. As of June 30, 2012, receivables totaled EUR 6.7 million and liabilities EUR 1.5 million. The market oriented transfer prices are in accordance with the "dealing at arm's length" principle.

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

There were no events of material significance after the close of the reporting period.

## RESPONSIBILITY STATEMENT FROM LEGAL REPRESENTATIVES

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

Augsburg, August 7, 2012

The Executive Board

Dr. Till Reuter Peter Mohnen

## DECLARATION BY THE AUDITORS

To KUKA Aktiengesellschaft, Augsburg

We have reviewed the condensed consolidated interim financial statements consisting of the condensed income statement, comprehensive income, condensed cash flow statement, condensed balance sheet, changes to Group equity statement and selected explanatory notes, and the interim Group management report of KUKA Aktiengesellschaft, Augsburg, all of which form part of the half-year report as per section 37w of the German Securities Trading Act (WpHG), for the period from January 1, 2012 to June 30, 2012. Preparation of the condensed consolidated interim report according to IFRS for interim reporting as adopted by the EU, and the interim Group management report according to the German Securities Trading Act guidelines for interim group management reports is the responsibility of the company's executive board. Our responsibility is to issue a statement on the condensed consolidated interim financial statements and the interim Group management report based on our review.

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

When conducting our review, we did not encounter any issues that lead us to conclude that the condensed consolidated interim financial statements have not been prepared in all material respects in accordance with IFRS as applicable to interim financial reporting, and as adopted by the EU. Neither did we conclude that the interim Group management report has not been prepared in all material respects in accordance with the provisions of the German Securities Trading Act as it applies to interim group management reports.

Munich, August 7, 2012

KPMG
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

(German public auditor) (German public auditor)

# FINANCIAL CALENDAR 2012

**NOVEMBER 7, 2012** **INTERIM REPORT FOR THE FIRST NINE MONTHS**

This quarterly report was published on August 7, 2012 and is available in German and English from KUKA AG's Public / Investor Relations department. 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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