FROM SENSOR TO SENSOR INTELLIGENCE

Annual Report 2014

SICK
Sensor Intelligence.

SICK is one of the world's leading producers of sensors and sensor solutions for industrial applications. Founded in 1946 by Dr.-Ing. h. c. Erwin Sick, the company with headquarters in Waldkirch im Breisgau ranks among the technological market leaders. With more than 50 subsidiaries and equity investments as well as numerous agencies, SICK maintains a presence all around the globe.

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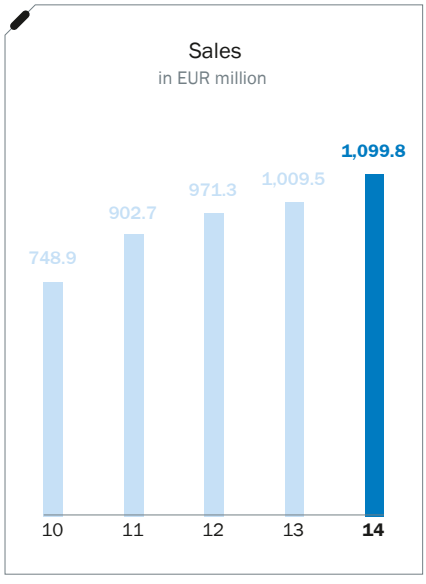
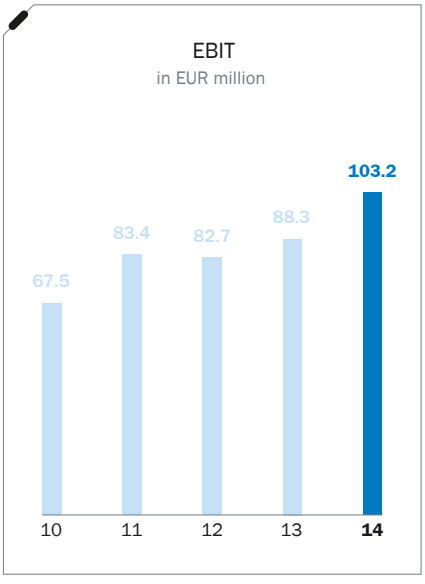
SICK AT A GLANCE

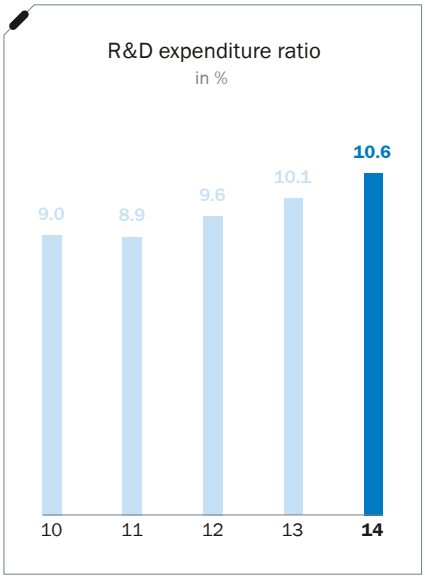
Key Figures

		2010	2011	2012[1]	2013	**2014**	Change in %
Sales	in EUR million	748.9	902.7	971.3	1,009.5	1,099.8	8.9
EBITDA	in EUR million	96.3	114.8	117.9	125.9	144.1	14.5
EBIT	in EUR million	67.5	83.4	82.7	88.3	103.2	16.9
Net income	in EUR million	42.9	52.0	58.5	59.2	69.8	17.9
Cash flow	in EUR million	41.8	39.5	76.6	81.9	83.8	2.3
Employees							
on December 31		5,193	5,853	6,302	6,597	6,957	5.5
annual average		5,053	5,674	6,154	6,506	6,820	4.8
trainees[2]		197	211	239	260	255	-1.9
Personnel expenses	in EUR million	316.9	361.8	404.2	429.0	464.2	8.2
Investments[3]	in EUR million	30.0	47.8	52.1	65.7	82.4	25.4
Depreciation	in EUR million	28.9	31.4	35.2	37.6	40.9	8.8
R&D expenditure	in EUR million	67.3	80.4	93.5	102.3	116.2	13.6
Total assets	in EUR million	507.5	576.3	611.5	649.2	762.9	17.5
Equity	in EUR million	234.3	269.3	282.9	321.6	374.6	16.5
Equity ratio	in %	46.2	46.7	46.3	49.5	49.1	
Net return on equity	in %	22.4	24.0	26.1	22.6	22.9	
ROCE	in %	20.1	21.5	19.5	19.2	19.1	
Net returns on sales	in %	5.7	5.8	6.0	5.9	6.3	
Earnings per share	in EUR	1.64	1.99	2.23	2.26	2.66	17.7

[1] adjusted in accordance with IAS 19 revised
[2] annual average
[3] in property, plant and equipment and intangible assets







BUSINESS FIELDS

Factory Automation

Automotive and parts supplier – Beverage – Consumer goods – Electronics – Food – Glass – Handling and assembly – Machine tool – Packing – Pharma and cosmetics – Printing – Robotics – Rubber and plastics – Semiconductor – Solar – Textile – Tire – Wind – Wood

Logistics Automation

Airport – Building management – Building safety and security – Courier, express, parcel and postal – Cranes – Industrial vehicles – Port – Retail and warehousing – Storage and conveyor – Traffic

Process Automation

Cement – Chemical and HPI – Maritime – Metal and steel – Mining – Oil and gas – Power – Waste and recycling

FOREWORD BY THE EXECUTIVE BOARD

Dear Shareholders, Business Associates, Employees, and Friends of SICK,

Being able to witness progress feels good.

Ten years ago, SICK directed its new corporate claim, “Sensor Intelligence.,” toward the changes in the world of automation, discernible only in rudimentary form back then. Since that time, this claim has formulated our focus on technical intelligence reaching far beyond mere sensor technology.

In the decade between 2004 and 2014, sensor intelligence was successfully positioned in automation technology, becoming an important element of Industry 4.0. In the final analysis, the possibilities of being able to produce and deliver in more efficient, flexible, and resource-saving ways and with higher quality by using a large number of data depend to a crucial extent on the reliability and robustness of the data that constitute the input of many process chains.

SICK has managed to translate this dynamic into corporate success as well, doubling business in comparison to 2004. With sales now reaching EUR 1,099.8 million, SICK has grown by 8.9 percent as compared to last year. In fact, however, the process of expanding the new possibilities of data management is just at the beginning of its development, and it will further increase demand for products made by SICK.

SICK is preparing for this by making new record investments. In the fiscal year 2014, we further converted and extended our production and development sites in Waldkirch, Reute, Donaueschingen, Dresden (all in Germany), Kunsziget (Hungary), Minneapolis (USA), and Johor Bahru (Malaysia), thus laying the foundations for future growth. In this period, the number of our staff rose by 5.5 percent to reach 6,957 employees worldwide. The acquisition of radar technologies, the founding of a new sales company in Malaysia as well as a joint venture in Chile are representative of the comprehensive claim that sensor intelligence helps our customers globally to increase productivity, protect human lives, and use scarce resources even more efficiently.

For the fiscal year 2015, we also assume that by making well-directed investments in technology and knowledge, we will grow further and create additional added value for our customers the world over.

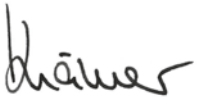
In this way, we see ourselves proceeding along the right trajectory, putting us in a leading-edge position to actively shape the major changes discussed in relation to the buzzwords “Industry 4.0,” “Industrial Internet,” and “Cyber-Physical Systems” both in the near and also in the more distant future. We would like to thank all of you for supporting us in this endeavor.

Sincerely yours,

Dr. Robert Bauer
(Chairman)

Reinhard Bösl

Dr. Mats Gökstorp



Dr. Martin Krämer

Markus Vatter

Markus Vatter, Reinhard Bösl, Dr. Robert Bauer, Dr. Mats Gökstorp, Dr. Martin Krämer (from left to right)

REPORT BY THE SUPERVISORY BOARD

During the fiscal year 2014, the Supervisory Board of SICK AG again carefully and comprehensively exercised its advisory and monitoring assignment. In this context, the Supervisory Board has accompanied particularly the strategic further development of the Company, dealing extensively with the long-term changes in the market of automation technology driven by “Industry 4.0.”

Klaus M. Bukenberger, Chairman of the Supervisory Board

The Supervisory Board continually and diligently performed in a timely fashion all duties for reporting, controlling, and approval incumbent upon it under the law, the articles of incorporation, and the rules of procedure. To this end, the Executive Board was asked to inform the Supervisory Board regularly, promptly, and comprehensively on the present course of business, the sales and order trends, profitability, strategic planning, as well as issues related to the risk situation, risk management, and compliance. Based on detailed draft resolutions submitted promptly, the Supervisory Board discussed all significant business matters, granting its approval following careful examination and consultation. In addition, the Executive Board used written monthly reports to keep the Supervisory Board posted on key events and economic figures as well as the economic environment and the anticipated development of the SICK Group. Even beyond the regular meetings, the Chairman of the Supervisory Board maintained continuous intensive exchange with the Executive Board about undertakings and concerns of special significance to the enterprise. The Chairman of the Executive Board engaged in individual talks to inform the Chairman of the Supervisory Board regularly and in detail about important decisions on the agenda, coordinating draft decisions on transactions requiring approval with him. In 2014, the work of the Supervisory Board was once again characterized by cooperative dialog and trusting exchange with the Executive Board. During the year under review, no conflicts of interest involving members of the Supervisory Board emerged in connection with the execution of their duties.

Focus of consultations within the Supervisory Board

In the period under review, the Supervisory Board convened for four regular meetings in total, on March 27, May 21, September 25 / 26, and December 18. In addition to that, time-critical resolutions were passed by way of written circulation. The supervisory body had a quorum at all times.

The meeting of the Supervisory Board on March 27, 2014, which was held at the Donaueschingen site, focused on the annual financial statements for the fiscal year 2013. For this purpose, the audit report was transmitted to the Supervisory Board immediately upon completion and in such a timely manner prior to the meeting that both the Audit Committee and the Supervisory Board were able to prepare thoroughly. In the presence of the representatives of the auditor, at this meeting the Supervisory Board dealt intensively with the submitted annual financial statements of SICK AG as of December 31, 2013, approving and adopting them. After detailed review and in accordance with the recommendation by the Audit Committee, the Supervisory Board also approved the consolidated financial statements of SICK AG as of December 31, 2013. At the same time, the Supervisory Board assented to the Executive Board's proposal regarding profit appropriation for the fiscal year 2013 and passed the agenda for the 18th regular Annual General Shareholders' Meeting of SICK AG. In addition, the Supervisory Board was presented with the dependent company report for review. In the subsequent course of the meeting, the Supervisory Board addressed, among other things, the current business development as well as the Company's long-term financing.

At the meeting on May 21, 2014, the agenda included a comprehensive report by the Executive Board about the current business situation and the implementation of the short-term and medium-term business plans prepared in the previous year. The discussions also focused particularly on the situation in the emerging markets in Asia, Eastern Europe, the Middle East, Central and South America, as well as Africa. In this connection, a detailed presentation introduced the growth strategy for the South American market and plans for founding and acquiring 50 percent of shares in the Chilean joint venture company Schädler SICK SpA.

At its meeting on September 25 and 26, 2014, the Supervisory Board dealt with the long-term corporate strategy introduced by the Executive Board and the strategy program derived from it toward Industry 4.0, as well as the resulting medium-term planning for the upcoming fiscal years. In this connection, the main emphasis of considerations was particularly on the effects of technological changes in the automation technology market and the opportunities, risks, and options for action arising from them for SICK AG's business. The Supervisory Board also consented to acquiring radar technologies of micas AG, based in Oelsnitz/Ore Mountains.

At the meeting on December 18, 2014, which took place in Reute, the Executive Board provided a detailed presentation of the budget for the year 2015 as well as the projected investment measures. The Supervisory Board granted approval to them, certainly also against the backdrop of the financing set out. The medium-term planning for the years 2015 to 2017 received approval as well. Furthermore, the Executive Board explained the merger of the US subsidiaries SICK Maihak, Inc. and SICK, Inc. effective at the end of the year. The Supervisory Board granted its approval to that scheme just as it did to real estate transactions at the site of SICK Engineering GmbH in Ottendorf-Okrilla. Beyond that, the Executive Board reported in detail on the planned foundation of a sales subsidiary in Mexico, and it presented the current situation in Russia as well as the course of business concerning the Russian subsidiary.

Committees of the Supervisory Board

In 2014, the work of the Supervisory Board was also supported by comprehensive preparation of essential topics in committees. In the year under review, the Audit Committee, the Human Resources Committee, and the Investment Committee convened meetings, in some cases several times. At each of the subsequent plenary sessions, the committee chairs reported in detail on work done by the committees. As in previous years, it was not necessary to convene the Mediation Committee in accordance with Sec. 27 (3) MitbestG ("Mitbestimmungsgesetz": German Co-Determination Act), a committee comprised of Mrs. Renate Sick-Glaser, Mr. Roberto Hernandez, Mr. Hermann Spieß, as well as Mr. Klaus M. Bukenberger acting as Committee Chairman.

The Audit Committee, comprised of Prof. Dr. Mark K. Binz, Messrs. Klaus M. Bukenberger, Roberto Hernandez, Dr. Matthias Müller, as well as Mr. Franz Bausch as Committee Chairman, convened twice during the year under review. With the auditor and representatives of the Executive Board attending, in the meeting on March 18, 2014, the committee dealt with the 2013 annual financial statements of SICK AG, the 2013 consolidated financial statements, the management reports, the proposal for profit appropriation, as well as the audit reports submitted by the auditor. The committee rigorously examined the financial statements and reports, preparing the decision for approval by the entire Supervisory Board. In its meeting on September 17, 2014, the Audit Committee discussed the internal controlling system, risk management, including the risk report, as well as the internal auditing system. Furthermore, the agenda encompassed the preparations for the choice of auditor for the years ahead.

The Human Resources Committee, which convened three times during the year under review, is comprised of Mr. Franz Bausch, Mr. Roberto Hernandez, Mrs. Renate Sick-Glaser, Mr. Hermann Spieß, and Mr. Klaus M. Bukenberger as Committee Chairman. As in every year, the Human Resources Committee dealt with questions of compensation for Executive Board members in the fiscal year 2014 as well. In addition, the Human Resources Committee prepared the extensions of Mr. Reinhard Bösl's and Dr. Martin Krämer's contracts, recommending the extensions to the Supervisory Board and implementing them after approval by the Supervisory Board.

The Investment Committee is comprised of Messrs. Franz Bausch, Engelbert Herbstritt, Roland Schiller, and Klaus M. Bukenberger as Committee Chairman. At its meeting on December 11, 2014, the Investment Committee worked through the investment planning for the year 2015 compiled by the Executive Board as well as the corresponding financial planning, and it prepared the adoption of the resolution by the Supervisory Board.

Audit of annual financial statements

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, has audited the annual financial statements of SICK AG, prepared in accordance with the provisions of the HGB ("Handelsgesetzbuch": German Commercial Code), as well as the consolidated financial statements, prepared in accordance with the International Financial Reporting Standards (IFRS), including the respective accompanying management reports dated December 31, 2014, in accordance with German generally accepted auditing standards. The auditor reported on the progress and key findings of his audit. He was also available for answering any questions. The auditor confirmed to the Supervisory Board the effectiveness of the internal control and risk management system. Moreover, he also attested that in the year under review he had not rendered any substantial services to SICK AG beyond the auditing and that there are no circumstances apt in any way to impair his independence. The audit documents and the audit reports were made available to all Supervisory Board members in a timely manner. They were subject to intensive consultations both at the meeting of the Audit Committee held on March 19, 2015 and at the Supervisory Board meeting held on March 26, 2015. The auditor has confirmed that the consolidated financial statements and the group management report meet the guidelines stipulated in Sec. 315a (1) HGB; he has issued an unqualified audit opinion for both financial statements.

Following the findings of the preliminary examination by the Audit Committee and after the final findings from its own review of the documentation submitted by the Executive Board and the auditor, the Supervisory Board did not raise any objections. The Supervisory Board approved the annual financial statements and the consolidated financial statements; the annual financial statements have thus been adopted. The Supervisory Board assented to the Executive Board's proposal regarding profit appropriation.

In addition, the Executive Board prepared a report on relationships with affiliated companies (dependent company report) and presented it to the Supervisory Board together with the audit report prepared by the auditor. The dependent company report was audited by the auditor who rendered the following audit opinion thereon: "Based on our audit and assessment in accordance with our professional duties, we confirm that

1. the actual information in the report is correct and
2. the Company's contribution with respect to the legal transactions referred to in the report was not inappropriately high."

Based on the results of its own review of the report on the Company's relationships with affiliated companies, the Supervisory Board concluded that there were no objections to the Executive Board's declaration at the close of the report on relationships with affiliated companies.

The Supervisory Board would like to thank all employees of SICK AG and its subsidiaries, the Executive Board of SICK AG, the management staff, and the employee representatives of all corporate affiliates for their commitment and performance during the fiscal year 2014.

Waldkirch im Breisgau, March 26, 2015

The Supervisory Board

Klaus M. Bukenberger
Chairman


SICK

FROM SENSOR TO SENSOR INTELLIGENCE

At SICK, we have always developed and built intelligent sensor technology. The fact that for ten years, we have shown our presence as a company under the keyword of sensor intelligence simply underscores a consistent further development of the corporate strategy.

Since 1946, SICK has stood for intelligent sensor technology and values such as innovation, the claim to technological leadership, and superior customer benefit. These values continue to constitute the firm basis of what we do. However, intelligent sensor technology, or, as SICK puts it since 2004, sensor intelligence, is also the guide toward further development of automation technology. For ten years, we have been working on the future of automation under the keyword of sensor intelligence. In doing so, we are continuously pursuing a vision of the future known today as “Industry 4.0” or “Industrial Internet.”

In this context, however, the past and the future are not disconnected from each other by any means. Rather, they constitute an inseparable unit of technological developments building upon each other.

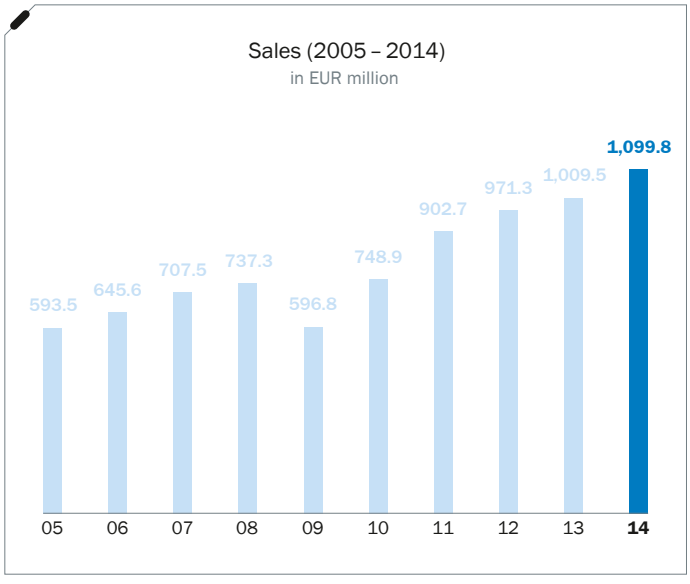
Our company founder, Dr.-Ing. h. c. Erwin Sick, worked out his vision of sensor technology with optical and mechanical precision. Thus, in the 1950s, he created unprecedented intelligent solutions, for instance, geared toward machine safety or monitoring emissions.

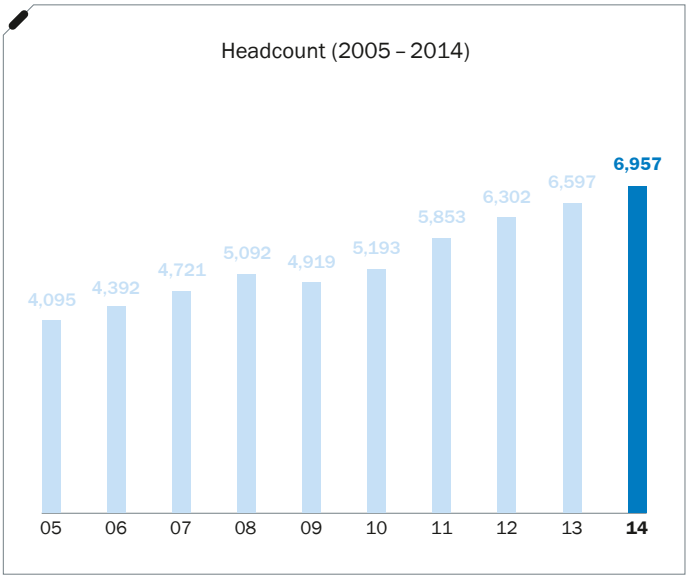
Very soon, advances in electronics made it possible to miniaturize the devices, representing an essential technology driver in automation engineering. Accordingly, by 1968 SICK already did business as “Sick Optik Elektronik.” The triumphant progress of microelectronics has been continuing to this day. A striking example of this trend is the powerful ASICs developed in-house that SICK uses, among other things, in optical and inductive sensors. The ever-increasing computing capacity of modern chips enables decentralized processing of significantly greater amounts of data, and thus also, for instance, the utilization of complex mathematical methods, resulting in entirely new dimensions concerning the extent, accuracy, and robustness of measurements. Sensor solutions doing multi-dimensional measurements, such as camera systems or laser scanners with their large data volumes, would also be unthinkable without this development.

Computing capacity thus makes possible even more intelligent sensors – though it turns into sensor intelligence only when fitted with the suitable software and application expertise.

Linking application knowledge with the flexibility of modern software architectures in intelligent ways allows the next development phase of sensor technology. It is characterized by the possibility of sensors carrying out more extensive evaluations, adapting autonomously to changes, communicating within a network, and being able to solve complex tasks within a greater integrated manufacturing system in decentralized ways. Thus, the sensor interconnects with the machine, the facility, the plant, the entire value chain, providing for transparency in production. It constitutes, therefore, the gateway to the world of Industry 4.0.

All of these virtual worlds notwithstanding, however, sensor intelligence remains one thing above all – the component of a sensor. For even the cloud and the app require a physical base in a real industrial environment and thus rugged and reliable hardware. In order to build it, you require one thing above all: decades of experience.





FACTORY
AUTOMATION

RELIABLY COUNTING AND DETECTING PACKAGES

In the course of the production process, packages need to be counted correctly and detected accurately, for example, in order to apply labels at the proper place, print production data, or package the correct number of items in a carton or film-wrapped pack.

CM / HTW high-performance packaging machine from meurer. The machine shapes cardboard secondary packages, filled with products such as beverage containers, dressing bottles, or canning jars, and feeds forward the completely order-picked packs.

Bernd Brockhoff, Key Account Manager

"Implementing customer-specific solutions allows differentiation from competitors in many areas. Close cooperation between the sales department, product management, and the development department is an important prerequisite for this, something that according to my 15-year professional experience at SICK works exceptionally well. The cooperative and goal-oriented teamwork is the foundation of innovative ideas."

Thomas Schulz, Product Manager Business Unit Photoelectric Sensors & Fibres

"To me, innovation means developing sensor solutions in direct dialog with customers and, starting from that, cooperating closely with the development and production departments to design serial products that allow the creation of more efficient, intelligent, and sustainable machines."

DeltaPac – The triumph of man over the gap. The DeltaPac MultiTask photoelectric sensor combines Delta-S-Technology®, two high-resolution energy scales, SIRIC®, and distance measurement. It enhances the efficiency and quality of packaging machines. Packages run in push-push mode, without gaps.

Independent of direction, the sensor detects object contours with radii of 1 mm up to 20 mm at an operating distance of 30 mm to 40 mm to the front edge of the object – irrespective of color and surface. It does so with the highest level of immunity to active and passive interferences, such as glare, changes in contrast, unevenness of the packaging surfaces, or electromagnetic interference. DeltaPac delivers the decisive edge in knowledge, since there is data available at any time about the number of packages present in the process, thus enabling full production monitoring without gaps.

The sensor comes as a pre-parameterized device, for example for angular or round packages, which ensures fast and error-free start-up. An alternative version with IO-Link enables individual parameterization on location by means of the machine controller and thus adjustment to the desired application at any time, which is ideal for production lines that involve frequently changing packages. The device features a compact housing (42 mm x 42 mm x 45 mm).

Correctly counting packages and accurately detecting their position within a machine might sound obvious, but it posed challenges to the manufacturers of packaging machines and their customers, for example in the beverage or pharmaceutical industries. Previously, beverage cartons or medication packages were singulated with great effort in order to position them precisely and count them flawlessly prior to the next processing step.

Cooperating with meurer Verpackungssysteme GmbH, one of the leading producers of packaging systems, SICK developed a solution that makes redundant singulation and thus the associated slowdown of the production process. The central component of the solution is a MultiTask photoelectric sensor. The sensor barely the size of a fist, a world first in technology, is capable of accurately detecting and dependably counting items passing by on a production line in continuous, gap-free succession. It reliably detects up to 200,000 packages per hour, thus allowing substantial increases in performance of production lines and packaging machines. The result is significantly improved efficiency and reliability in production, as well as savings in energy, space, and time. With respect to this intelligent sensor, which can be adjusted to varying packages and machine speeds by means of software, SICK relies on patented Delta-S-Technology. It takes advantage of the edge contours of packages and folding boxes. Two high-resolution energy scales with the light beams from four PinPoint LEDs each are focused on the packages. In this state, the four integrated receivers of the two energy scales receive the same amount of light. There is equilibrium. An edge moving within the range of a light beam disturbs this equilibrium, creating an unambiguous signal whose quality is independent of color, size of the object, or other factors.

Embedded in the packaging machine: the sensor counting beverage packages lined up without gaps.

After counting: exact feeding of the lines with the correct number of beverage containers.

LOGISTICS
AUTOMATION

CHECKING IN BAGGAGE AT THE AIRPORT AUTOMATICALLY

Many passengers are already using online check-in for air travel. In order to reduce waiting times even further, baggage check-in is increasingly automated as well. In this way, long line-ups at the airport become a rarity.

The new self bag drop systems at Hamburg Airport fit optically well into the design of the check-in areas at Terminal 1.

CLV65x high-performance scanner with auto focus – combines top reading performance with reading algorithm further improved that is capable of precisely detecting and decoding even damaged, poorly printed, or partly obscured bar codes.

TiM3xx laser scanner – very high measurement accuracy and ambient light immunity, monitoring zone of up to 10 m; can be set up with PC or via "Touch and Teach" parameterization using preconfigured field sets.

3D camera sensor – compact design; requires only one measurement to compile a 3D depth measurement of the target area; features integrated software.

MLG-2 light grid – detects everything, even transparent objects; features very fast and very high measurement accuracy; for measuring lengths up to 3.2 m.

Klemens Jokisch, Development Engineer Software, Corporate Solution Center Logistics Automation

"Taking active part early on in an overall solution that involves a large number of sensors is a very exciting task. Only by means of good cooperation with product managers and development engineers, and of course with customers, will the interfaces of hardware and software mesh smoothly."

While air passengers can significantly reduce the time invested prior to departure by using baggage check-in systems, by employing so-called self bag drop systems, airports and airlines achieve extended utilization of capacities of check-in areas at the terminals, in addition to increased check-in convenience for travelers. For Materna ips, one of the world's leading suppliers of solutions for automated passenger check-in at airports, SICK served as a system provider to develop project-specific sensor solutions based on standard products made by SICK for the new generation of self bag drop systems at Hamburg Airport. With a passenger volume of 13.5 million air travelers, Hamburg Airport is the fifth largest airport in Germany. After checking in, passengers identify themselves at the baggage check-in kiosk using their boarding card. They place their suitcases on the conveyor belt, where the pieces are weighed and examined for suitability as check-in baggage. After that, the system prints out a self-adhesive baggage tag, which the passenger attaches to the baggage.

Intelligent sensors made by SICK read the bar code on the baggage tags, checking the height and length of the piece of luggage. Two 3D sensors deliver high-quality image data of the baggage item, using evaluation algorithms to prevent improper baggage from feeding into the baggage conveyor system. The high-performance bar code scanners, automation light grids, the 3D cameras, and the laser measuring sensor communicate with SICK's system computer or directly with the computer integrated in the self bag drop system. The sensor solutions permit precise and reliable identification of baggage items, their clearance as transportable baggage, and their transfer to the airport's baggage conveying system. As is common in the project business, the product package delivered by SICK includes not only the complete sensor technology for the self bag drop systems but also extensive engineering services, ranging from process definition and system layout to mechanical integration of the sensors into the design of Materna's self bag drop systems.

A suitcase traveling – insights into the self bag drop system. A customer at the baggage check-in system attaching the bar coded baggage tag (below). View from the conveyor belt through the baggage check-in system (right). Off in just a moment: suitcase with baggage tag immediately before transfer to the conveyor system (top).

PROCESS AUTOMATION

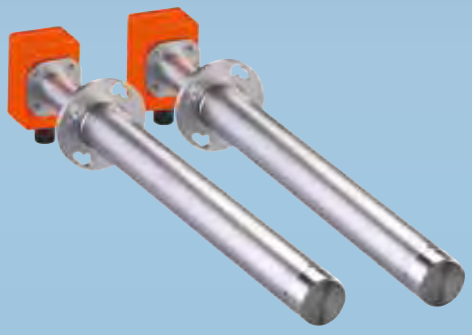
MEASURING GREENHOUSE GASES DIRECTLY IN THE STACK

Power plants and other industrial producers of greenhouse gases are facing the challenge of measuring the amount of their emissions continuously for emissions trading in climate-damaging gases and for compliance with environmental laws.

The Martinlaakso power station from a bird's eye view. Vantaan Energia, a municipal energy supplier owned by the cities of Vantaa and Helsinki, generates electricity at a capacity of 195 MW and simultaneously 330 MW of district heating by energy-efficient utilization of heat produced in the process.

GM35 in-situ gas analyzer – measures CO_2 and CO or N_2O simultaneously. The sender / receiver unit and the reflector are installed opposite each other in the gas duct. In this way, the light beam passes through the entire duct diameter twice in order to enhance accuracy; featuring integrated self-testing and control functions.

MEAC – for modern emission data management geared toward continuous detection, evaluation, visualization, and transmission of emission data and operating conditions; PC and software, automatic saving of all measured values; up to 16 measuring points can be connected; integration into process control system is possible.



FLOWSIC100 volume flow measuring device – ultra-precise and robust ultrasonic transducers made of titanium provide very high durability. The volume flow measurement can be configured as a single-path or multi-path measurement. Features automatic function control with zero and reference point testing.

Controlling greenhouse gases constitutes an important step toward global reduction of climate-damaging emissions. Therefore, the new EU regulation on emissions trading, in effect since early 2013, necessitates utmost measurement accuracy when determining greenhouse gas emissions. With respect to fuels such as hard coal, whose composition and moisture content can greatly vary, conventional methods of emission measurement require exact detection of fuel amounts, sampling of coal and ash at short intervals, lab analyses, and thus a great amount of time and effort. Safety margins necessary when using these calculation methods increase costs even further, tending to force companies to settle accounts for greater emission volumes than those actually generated.

Vantaan Energia, an energy supplier based in the conurbation of Helsinki, operates the Martinlaakso hard coal power station, one of Finland's largest cogeneration plants. For continuous measurement of greenhouse gas emissions, Vantaan Energia uses an intelligent solution made by SICK. The GHG-Control all-in-one system measures the concentration of carbon dioxide (CO_2) directly in the stack. It consists of an optical measuring device that determines the greenhouse gas concentration in the flue gas based on the absorption of infrared radiation, while in addition detecting temperature and pressure as well, however. Simultaneously, an ultrasonic flow measuring device measures the volume of the gases per hour. At minute intervals, the system's control unit calculates from the measured values the amount of greenhouse gas emissions. In this way, Vantaan Energia has real-time access to accurate measurement data on flue gas, a perfect basis for safe monitoring and precise reporting. Due to its integrated self-testing and control functions, the GHG-Control measuring system is practically maintenance-free.

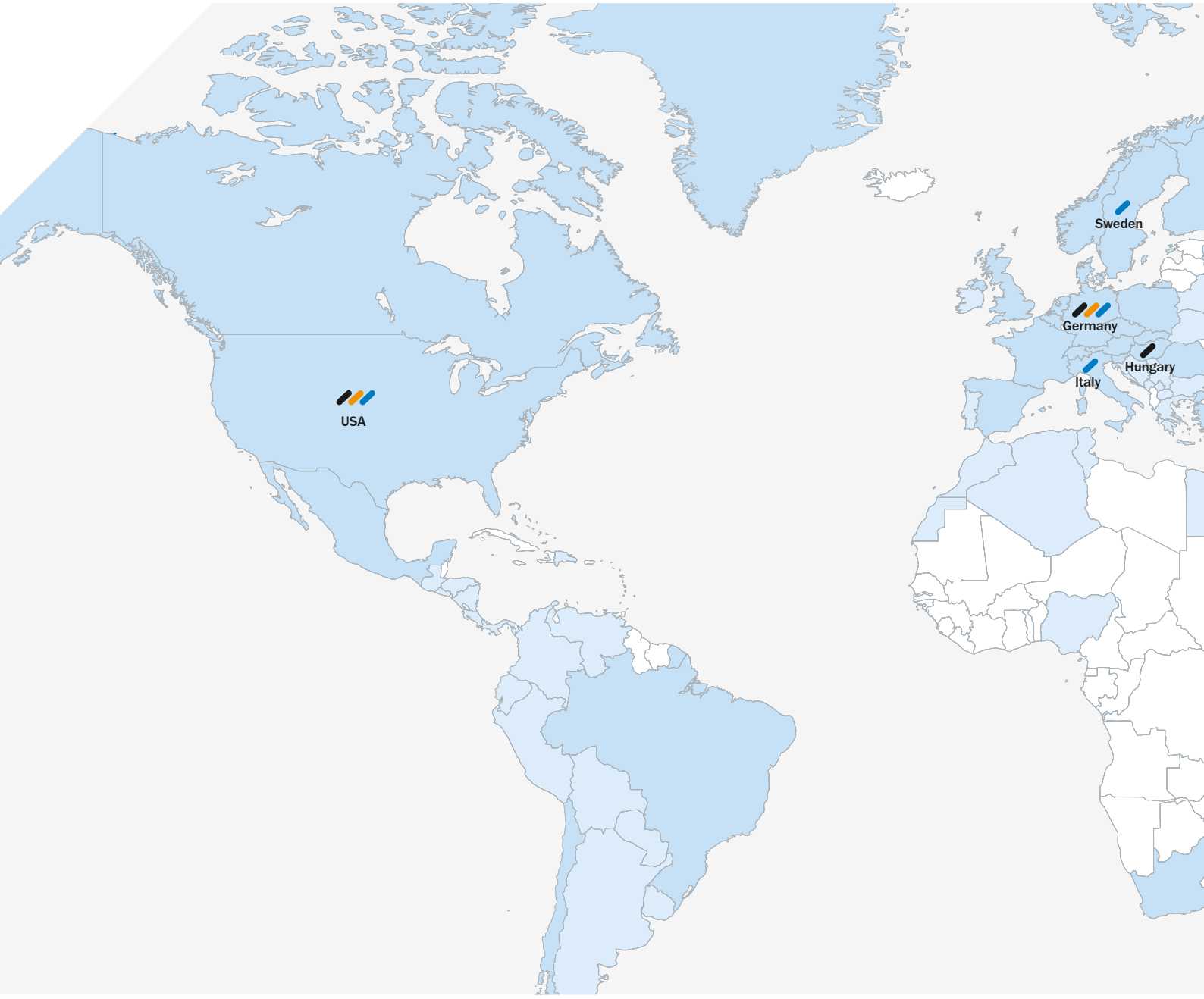
At the stack of the Martinlaakso power station: sensors of SICK's GHG-Control all-in-one system measure greenhouse gas emissions (top). The stack (middle) where the measuring devices measure the greenhouse gas emissions. Sights set on greenhouse gas emissions all the time: control room of the Martinlaakso power plant (below).

Kari Karhula, Product Manager Process Automation, SICK Finland

"As a product manager for products and systems in process automation, I cooperate closely with the product management team in Germany. We are in contact every day. Their support is really magnificent, particularly when it comes to developing new solutions or implementing complex projects."

Ralf Pakulla,
Head of Global Product Management Analyzers

"Using intelligent sensor solutions, we are implementing legal regulations concerning environmental and climate protection in smart ways. To me, international cooperation with our subsidiaries within the SICK Group and working together with our customers mean great personal enrichment."



SICK WORLDWIDE – PRESENT IN 88 COUNTRIES

Subsidiaries and representative offices in 40 countries,
agencies in another 48 countries

Production in Germany, China, Hungary,
Malaysia, and the USA

3 Regional Competence Centers – for the European, American, and Asian markets

Development in Germany, China, Italy, Japan, Singapore, Sweden, and the USA

Packaging machine from meurer: SICK photoelectric sensors (blue) check the feeding of lines with single packages.

Factory Automation Page 14

GROUP MANAGEMENT REPORT

GROUP MANAGEMENT REPORT OF SICK AG

FOR THE FISCAL YEAR 2014

CORPORATE INFORMATION

Business model

The SICK Group develops, produces and markets sensors, systems and services for automation technology. Dr. Erwin Sick founded the Company in Vaterstetten near Munich in 1946. With numerous subsidiaries, equity investments and a large number of specialized agencies around the globe, the Group is a global player. The objective is to offer customers from different target industries intelligent solutions in order to give them added value. These solutions can be a product, a system including software or individual services. The SICK Group divides its business activities into the segments Factory Automation, Logistics Automation and Process Automation.

The **Factory Automation segment** is represented in many industries. In addition to the automotive industry and the field of consumer goods, these include the machine tools, electronics and solar industries as well as drive technology. The most important tasks performed by the non-contact SICK sensors and camera systems as well as the encoders and distance measurement systems in this field include controlling manufacturing, packaging and assembly procedures as well as quality assurance. With special sensors that reliably detect invisible labeling, SICK protects against product and brand piracy, thus making a major contribution to the safety of customers and consumers. In order to reliably rule out dangers to staff working with potentially hazardous machines, SICK's products, system solutions and complete solutions under the safetyPLUS brand in the area of safety technology avert potential accident risks. With the help of the bar code, 2D code and RFID identification technologies as well as volume measurement technology, internal processes are managed to ensure top-quality end products while at the same time guaranteeing seamless traceability of packaging, an article or an electronic component.

The **Logistics Automation segment** designs and optimizes the entire logistics chain by automating material flows or making sorting, order-picking and storage processes more efficient, faster and more reliable. Identifying and directing baggage on transportation and sorting units at airports is one of the areas where solutions from the Logistics Automation segment are used. Logistics centers as well as numerous courier, express delivery and package delivery service providers use bar code readers and volume measurement systems from SICK to deliver millions of packages each year quickly and reliably to the recipient's front door. SICK solutions in the distribution centers of well-known trading firms, clothing companies, automobile manufacturers or specialist retail chains are also responsible for example for keeping the shelves in retail outlets or boutiques constantly filled and for supplying car salesrooms and garages with supplies and spare parts at short notice. The automation of sea ports is another domain in which SICK's Logistics Automation segment operates. In this field, laser scanners have proved their worth in preventing cranes from colliding as well as in positioning containers or track monitoring for container transporters. In the field of traffic, SICK sensors are used in the toll system as well as in controlling ventilation and air circulation systems, thus improving air quality and safety in tunnels.

The **Process Automation segment** provides sensors as well as tailored system solutions and services for analysis and process measurement technology. With a broad range of products for gas analysis, the concentration of a large number of substances in gas mixtures can be detected. SICK supports its customers in reducing greenhouse gases with carbon dioxide analyzers for combustion, process and drying units among others. In the field of dust measurement technology, SICK is in a position to detect dust concentrations precisely using different measurement principles, thus ensuring compliance with emission limits, or to identify process interruptions at an early stage. SICK sensor systems carry out various tasks in the area of volume flow measurement, for example determining volume flows in facilities and measuring natural gas volumes for the natural gas industry, or monitoring emissions in industrial processes. With all of these products for waste incinerators, power stations, steel and cement plants, for the oil and gas industry as well as for chemical and petrochemical facilities, SICK makes an important contribution to maintaining an environment worth living in.

Research and development activities

Continuous investment in research and development is required to secure a leading position in a highly competitive environment. SICK's solutions in the form of products, systems and services all have one goal: to make customers' lives easier by helping them to master a complex problem. In this way, they give customers a competitive edge, for example by raising productivity, increasing flexibility or saving resources. To meet this objective, the SICK Group expanded its competencies in the area of research and development once again in the past fiscal year and invested EUR 116.2 million (prior year: EUR 102.3 million). This is equivalent to 10.6 percent of sales revenue (prior year: 10.1 percent). Research and development expenses include amortization of development expenses capitalized in prior years of EUR 7.0 million (prior year: EUR 6.5 million), and the EUR 6.5 million (prior year: EUR 10.6 million) capitalized in the reporting period.

Thanks to its intensive research and development activities, the SICK Group has a broad-based product portfolio that not only meets the requirements of completely different industries but also serves markets ranging from those that respond quickly to cyclical fluctuations to those that are slower to respond. This enables the Group to compensate better for any imbalanced development of its target industries, which can result for example from economic volatility.

To diversify its product portfolio further, SICK AG acquired the industrial business of micas AG, Oelsnitz/Ore Mountains, Germany, including its radar sensors, as of October 1, 2014. In an asset deal, the corresponding customer data as well as the entire technical expertise for the production of radar industrial sensors were taken over from micas. The investment volume amounted to EUR 2.4 million. Radar sensors can reliably detect larger objects even in adverse weather conditions or despite significant pollution. They are used to prevent collisions and measure distances in large and mobile systems such as gantry cranes and ship-to-shore cranes in ports and booms of open pit excavators and dump trucks in the mining industry. Through the deal with micas, SICK has gained immediate access to another proven technology in addition to the widely used optical time-of-flight technology. SICK also plans to use the RAS400 industrial radar sensors from micas to open up further areas of application.

Further impetus for research and development (R&D) comes from intensive dialog with customers as well as new possibilities that technology offers and global megatrends. Gearing the global sales organization consistently to the industries served also creates a basis for understanding customers' needs and translating these into products and system solutions. An average of 817 employees worked on translating innovative ideas into marketable products in the fiscal year 2014. This figure is up 3.8 percent on the prior year, due in particular to the expansion of research and development capacities at the foreign locations. Staff numbers there increased by an average of 9.2 percent in the fiscal year 2014 (with now 107 R&D employees).

With **Glare**, the sensor for glare detection, SICK extended its broad offering of sophisticated technical products in the field of registration sensors in 2014 for example, thus allowing it to tap completely new market segments. The sensor can detect even small differences in glare robustly and reliably, thus making it suitable for a new area of application. It is used among other things to check sealed pharmaceutical packaging or to distinguish between objects that differ in terms of the glare levels of their surfaces. The sensor learns the object differences using a teach-in procedure and can be adapted specifically to the application by means of further product parameters (e. g., sensitivity). It is configured manually via switches on the product or automatically using the machine control via the IO-Link interface.

The compactness of machines and plants is constantly increasing – at the same time, the space available for sensor technology is decreasing. In this regard, the **W2S-2 sub miniature photoelectric sensor** sets a new performance standard. The fields benefiting from this include, among others, robotics and handling applications or applications in pharmaceutical and medical technology where objects with frequently difficult surfaces or shapes need to be detected reliably in cramped spaces, for example for gripping or positioning processes. Ultra-black objects with just one percent light remission, reflective and transparent objects are detected dependably. Another new addition to the W2S-2 sensor family is the Opto-ASIC chip set developed by SICK. The SIRIC® chip set uses the 2.5 times-increased light intensity of the PinPoint 2.0 LED so as to achieve greater sensing ranges and improved functional reserves for through-beam and retro-reflective photoelectric sensors as well as for photoelectric proximity sensors.

Precision, as little downtime as possible and a long service life are the most important requirements for inductive sensors. That is why the new **IME inductive sensors** developed in the fiscal year 2014 contain high tech in a highly confined space. By exploiting the new ASIC technology to the full, the IME is now also available as a DC 2-wire device in the sizes M8 to M30. Like the 3-wire and 4-wire devices, the electronics are ideally protected from humidity and moisture as well as from mechanical shocks and vibrations thanks to the elastic hot melt encapsulation, despite the hard casing.

In the field of safety technology, an **explosion-proof enclosure for safety light curtains** was certified for Europe (ATEX), North America (UL, IEC Ex) and Brazil (INMETRO) with the highest protection classes in the fiscal year 2014. It is ideally suited for use in paint booths, granaries, chemical processing or combustion plants for example. One unique feature is the UL certification as a package. In the past, only the housing was available on the market with corresponding UL certification. Choosing the right safety light curtain inevitably meant that further tests were needed. The SICK solution is already preconfigured, tested and certified with suitable safety light curtains from SICK. This saves the user time and money.

In the field of Process Automation, new provisions for shipping came into force at the beginning of 2015 to reduce the harmful emissions from ships' diesel engines (MARPOL Convention for Europe and North America). In response, the new **MARSIC200 gas analyzer** was developed, which is based on tried-and-tested modules of the cold-extractive gas analyzers from the GMS800 family. Its suitability for the operating conditions on ships, as well as its measuring suitability, was tested in complex qualification and certification processes. This allowed parts such as the DEFOR and FINOR modules to demonstrate their special resistance to vibrations. These modules make it possible to take the prescribed measurements of the carbon dioxide and sulfur oxide/dioxide gases, thus contributing to a decrease in air pollution.

In the area of dust measurement technology, SICK developed the **FWE200DH measuring device**, which can reliably measure dust even in wet emissions. To do this, the wet gas is dried in a bypass using a heated cyclone, and the dust concentration is then measured using optical measurement. The FWE200DH is the successor model to FWE200, which is very well accepted on the market. The technical improvements also include extended connection and data recording options. Wet emissions arise in waste incineration plants and – depending on the coal used – also in certain coal-fired power plants.

Natural gas from unconventional sources is playing an ever-increasing role in energy supply as a fuel. These sources are characterized by a relatively short life span and thus a fast reduction in extraction volumes. In addition, natural gas is 'contaminated' with liquid. The measuring technology used to date has mainly applied the classic differential and the pressure loss measured via the differential. The differential offers a low-cost, simple and very robust means of measurement. However, it does not show whether liquid is present and therefore that the measured value is grossly incorrect, nor can one differential be used to measure a source over its entire life cycle. The answer to this problem will soon be available in the form of the **FLOWSIC600 DRU gas flow measuring device** (DRU = Differential Replacement Unit), derived from the FLOWSIC600 model. Various design measures have ensured robustness against moisture, and there is also a liquid detection algorithm integrated in the device. To reduce the influence of installation effects on the measurement accuracy, the pipe route is an integral part of the measuring device. FLOWSIC600 DRU will be launched on the market in 2015.

In the area of encoders, the fiscal year 2014 saw the new all-in-one **PGT-11 Programming Box** replace a very old predecessor model that was no longer state of the art. This box can be used to parameterize and analyze all motor feedback encoders in the field. Special highlights include outputs and connections for an oscilloscope and the option to communicate with the box remotely via Wi-Fi.

The **DBS60 incremental encoder** was also launched on the market. It is part of the second product family to be developed and produced at the SICK locations in Singapore and Malaysia. The 60 mm encoder was completely redeveloped with regard to manufacturing costs and quality. All standard incremental interfaces as well as a 15 mm hollow shaft have been integrated. The encoder is available with a resolution of up to 5,000 pulses.

In the field of level measurement, the **LFP with rope probe** and the **LFP with remote amplifier** were brought to market. The LFP sensors measure the level with the help of the TDR measuring principle (TDR = Time Domain Reflectometry), which involves measuring the duration of a short impulse. With the LFP with rope probe, there is now a sensor version available that is fitted with a rope rather than a fixed stainless steel probe. The rope probe is easy to assemble and can measure levels in a measurement range of up to four meters. By contrast, the remote amplifier is helpful in constricted or inaccessible installation spaces. The measuring head and the display are designed separately from the probe and can be assembled separately. This ensures that the measured value can be read and the device can be operated in a user-friendly manner in a suitable position in the plant.

In addition, the electronic pressure switch **PAC50** was developed, which measures the pressure in pneumatic applications. The measuring range extends to both overpressure and vacuum. The switch is easy to use thanks to three large function keys and a generous display. The color of the numbers changes when the set switching points have been reached. The sensor is free of substances that hinder coating with paint or varnish and is equipped with dustproof and waterproof housing. An IO-Link interface is available for networked connection to the plant control.

REPORT ON ECONOMIC POSITION

Economic environment

The global economic climate regained stability in the course of 2014, although confidence did start to crumble in the last quarter of the year. Global industrial production increased substantially in the third quarter, ultimately reaching the year's highest figures in October and November. The largest impetus for the relatively positive development of the global economy stemmed from the USA and the emerging economies in Asia. The latter in particular proved just how robust their exports are. In the world's most important national economies, fiscal policy remained expansive in 2014 in order to stimulate the economy. In particular the US Federal Reserve, the European Central Bank and the Chinese and Japanese central banks lowered their key interest rates during the year. Economic activity was also buoyed by the low oil price. By contrast, geopolitical risks such as those emerging in Russia, Ukraine or in the Middle East had a sobering effect on the economic environment. Based on estimates by the International Monetary Fund, the global economy grew by 3.3 percent in the year 2014. The VDMA ("Verband Deutscher Maschinen- und Anlagenbau e. V.": German Engineering Federation) has forecast growth of roughly five percent in the global mechanical engineering industry.

In **Germany**, the economy experienced robust growth during the year in an international comparison. Growth was driven first and foremost by the domestic market; low interest on borrowings in particular encouraged private households and companies alike to make investments. Consumer spending and government spending rose noticeably as a result, while investments in equipment (chiefly machines and vehicles) also ran at a high level. Additionally, German exporters were more competitive in terms of price. There was a palpable rise in exports in the fall of the year in particular, spurred on by the weakening of the euro. Industrial production also increased from September onwards. The VDMA expects real production of machines and equipment in Germany to grow by a good one percent. Exports in 2014 were also up on the prior-year level, driven by a high level of demand from the USA – where reindustrialization continued unabated – and from Southeast Asia and the European Union.

In **Europe**, economic activity developed unevenly. Gross domestic product rose only hesitantly in the year 2014 on account of the persisting debt crisis. Industrial production improved again over the course of the year, but remained very weak in Italy in particular, although there has been a slight improvement in the economic mood in Italy more recently. The mechanical engineering industry in the eurozone developed only moderately in the first two quarters, but recovered considerably in the second half of the year. The VDMA estimates growth of the industry in the eurozone at approximately one percent. While the UK economy experienced above-average growth, Spain performed very poorly.

The **USA** proved to be the ultimate growth engine for the global economy in the past year. The economy there stabilized more and more over the course of the year. This is primarily attributable to private consumption and higher net exports. Industrial growth was up again in the last quarter in particular. The mechanical engineering industry also developed dynamically, with the continuing reindustrialization process keeping investments in equipment at a high level. According to a VDMA estimate, the USA's growth figures will surpass the prior year by roughly six percent.

In **China**, economic growth in 2014 slowed somewhat by comparison. The rather average performance in the global economy hampered the Chinese economy, particularly because exports declined. The government focused primarily on strengthening domestic consumption and making economic activity more environmentally friendly. According to a VDMA estimate, the mechanical engineering industry grew substantially by around nine percent. Impetus for growth stemmed for example from the booming food industry, benefiting the packaging machine manufacturers. The automotive supplier industry also recorded growth.

By contrast, **Japan's** economic development changed from quarter to quarter, with gross domestic product collapsing especially in the second and third quarters before recovering again in the fourth quarter. Industrial production improved over the course of the year, but the mechanical engineering industry suffered somewhat from the consequences of the continuing weakening of the yen. After double-digit growth in the first two quarters, growth tailed off towards the end of the year. VDMA estimates for Japan are very optimistic nonetheless, predicting growth somewhere in the region of ten percent.

Results of operations

The SICK Group continued on its course for growth in the fiscal year 2014. With **orders received** of EUR 1,122.8 million in total, the prior-year figure (EUR 1,010.6 million) was surpassed by 11.1 percent. This is a particularly significant achievement in view of the modest economic environment, in particular in Germany and Europe. **Sales** were also up, amounting to EUR 1,099.8 million as of the end of the year (2013: EUR 1,009.5 million). This is 8.9 percent more than in the prior year. In light of the fact that the VDMA expects the mechanical engineering industry to grow by roughly five percent globally in 2014, the SICK Group has thus outperformed average figures. The high single-digit growth forecast at the beginning of the past fiscal year was thus achieved. Although the fiscal year 2014 started rather modestly, revenue increased steadily over the course of the year before reaching a new record level in the fourth quarter. Because of the strong surge at the end of the year, the book-to-bill ratio of 102.1 percent as of December 31, 2014 was up significantly on the prior year (100.1 percent).

The **Factory Automation segment** closed the fiscal year 2014 with sales of EUR 621.7 million. This constitutes a 7.2 percent rise on the prior-year level (EUR 580.0 million). This development was fueled in particular by the automotive industry, where SICK sales experienced low double-digit growth overall. The Asian automobile industry presented itself as the main growth driver, with sales almost doubling in the Asia / Pacific region. Sales in the field of mechanical engineering rose almost by a double-digit figure. Sales growth with the electronics, solar and wind energy industry as well as with the consumer goods industry and drive technology was somewhat lower, but sturdy nonetheless.

Business developed at a similar level in the **Logistics Automation segment**, where sales stood at EUR 260.6 million at the end of the year. Compared with a sales figure of EUR 242.8 million in the prior year, segment growth thus totals 7.3 percent. In intralogistics, the chief increase was in demand for equipment for the retail trade and for courier, express, parcel and postal service providers. Sales with these industries were up by more than 20 percent on the 2013 level at the end of the fiscal year. The area of storage and conveyor matched its prior-year performance. By contrast, the equipping of airports lagged behind expectations and failed to match the prior-year level. The growth in transport logistics was buoyed in particular by the especially positive development in sales from providing equipment for ports and industrial handling and conveying equipment, while sales with traffic solutions and providing equipment for cranes fell short of prior-year figures. The building automation business field saw an increase in sales of almost one third.

The highest percentage growth was recorded in the **Process Automation segment**, with sales up 16.5 percent year on year to a total of EUR 217.5 million (prior year: EUR 186.7 million). The largest relative sales growth was attributable to the infrastructure area, which closed the fiscal year almost 20 percent above the 2013 level. This development is due in the main to a rise in demand for equipment for power plants and cement factories. The area of waste and recycling was moderately above the prior-year level. Sales growth of almost 15 percent was recorded in the primary industries area, driven first and foremost by the recovery seen in the metal and steel industries after a very difficult 2013. Sales with the chemicals industry rose by almost ten percent, while the area of mining saw growth approaching five percent. The fiscal year 2014 was also much more positive than the prior year for the oil and gas industry, with SICK noting a sales increase in excess of ten percent in the field.

Thanks to its **global presence**, the SICK Group can participate in the development of all major growth regions around the globe.

On the home market of **Germany**, customers in most target industries perceived the economic environment as similarly uncertain as in the year 2013 right up until the middle of the year. It was not until the second half of the year that demand gradually returned and the willingness to invest was renewed. The weakening of the euro in the second half of the year meant that exports also grew. While Factory Automation and Logistics Automation developed well, Process Automation remained slightly below the prior-year level. In total, sales for the region were up by 6.8 percent on the prior year, precisely within the range forecast at the beginning of the fiscal year.

The **Europe, Middle East and Africa (EMEA)** region grew even stronger at a rate of 8.5 percent. The recovery in this sales region forecast at the beginning of the year did thus eventuate, albeit at a somewhat lower level than predicted. The upward trend was borne evenly by all segments. There was strong sales growth in the UK in particular as well as in some Eastern European countries (Poland, Czech Republic). The recovery continued in Italy and in Spain, with a return to solid growth figures.

Growth was equally strong in the **North, Central and South America (Americas) region**. It was the economic revival in the USA as a result of the expansive monetary policy of the US Federal Reserve in particular which led to sales growth of likewise 8.5 percent. This meant that the sales forecast was also met in this sales region. However, the growth was not reflected in all of the segments. On the one hand, Process Automation was able to raise sales by nearly 30 percent on the back of concluding large projects in the gas industry and Logistics Automation grew by over ten percent. On the other, Factory Automation fell slightly short of the prior-year figure. The Brazilian subsidiary SICK Solução also succeeded in raising its sales considerably, due not only to the fact that the second Brazilian company Ação Solução em Sensores was integrated in the course of the fiscal year 2014.

The strongest growth in the fiscal year 2014 was recorded in the **Asia / Pacific region**, where 13.3 percent growth meant that the sales forecast for 2014 was exceeded. Within that region, Process Automation benefited from continued high demand for environmental measuring technology in China. There was comparably high demand for SICK safety technology, as almost the entire range of SICK safety components has now been certified in accordance with Chinese norms. For this reason, Factory Automation experienced similarly high growth to Process Automation in the Asia / Pacific region. The investment climate was poorer in Logistics Automation, however, causing it to fall short of the prior-year level. The upward trend also continued in India, with an excellent growth rate of more than 44 percent. Growth in Korea was also up by a quarter.

The **regional distribution of sales** was as follows in the fiscal year 2014:

Sales by region *in EUR k*	**2014**	2013	Change *in %*
Germany	245,993	230,429	6.8
Europe, Middle East and Africa (EMEA)	427,219	393,867	8.5
North, Central and South America (Americas)	223,282	205,714	8.5
Asia / Pacific	203,291	179,505	13.3
Total	**1,099,785**	**1,009,515**	**8.9**

At EUR 329.8 million, **cost of materials** was 7.5 percent higher than in the prior year (EUR 306.9 million). However, the increase was lower than the rise in sales. This development is due first and foremost to further-improved procurement management and internal process optimization, for example in inventory management, as well as to positive currency effects. As a result, the ratio of cost of materials to sales has decreased from 29.9 percent to 29.6 percent.

Personnel expenses, on the other hand, rose by 8.2 percent to EUR 464.2 million in total (prior year: EUR 429.0 million) – and thus also at a lower rate than sales – owing chiefly to the negotiated pay increase in Germany as well as the global increase in employees in sales, R&D and production.

Depreciation and amortization reflect the high level of investing activities in the fiscal year 2014, in particular in building measures as well as machines and operating resources. At EUR 40.9 million, depreciation and amortization in the fiscal year 2014 were 8.8 percent higher than in the prior year (EUR 37.6 million).

At EUR 179.4 million, **other operating expenses** also increased (2013: EUR 168.5 million). The 6.5 percent rise was primarily due to higher selling and administrative expenses and higher purchased services in the area of research and development, an investment in the continuous expansion of the Group's innovation capacity. **Other operating income** dropped marginally by 1.5 percent to EUR 6.8 million (prior year: EUR 6.7 million), due in particular to a rise in the income from grants and subsidies as well as from welfare facilities. Consequently, the **net balance of other operating income and other operating expenses** rose from EUR 161.8 million to EUR 172.6 million. This is 6.7 percent more than in the prior year.

The **currency results** deteriorated somewhat, primarily on account of the development of the US dollar. At the end of 2014, the currency loss therefore amounted to EUR 3.8 million, making it greater than the prior-year loss of EUR 2.0 million.

Net investment expense deteriorated to EUR 0.4 million (prior year: net expense of EUR 0.2 million) on account of the necessary start-up investments for the new entities in the SICK Group, notably for the new subsidiary founded in Chile as well as the joint venture SICK Metering Systems in Belgium in place since 2012.

Earnings developed very well on the whole in the fiscal year 2014. **Earnings before interest and tax (EBIT)** of EUR 103.2 million were recorded, constituting a 16.9 percent rise on the prior-year level, when EBIT stood at EUR 88.3 million. The fiscal year 2014 was characterized by an even more efficient use of materials than in the prior year and the conscious management of non-personnel operating expenses. The **EBIT margin** as a percentage of sales rose to 9.4 percent as a result (prior year: 8.7 percent). This meant that the high single-digit percentage of sales figure forecast at the beginning of the year was met.

The **tax rate** remained virtually unchanged at 28.9 percent (prior year: 29.0 percent).

After deducting the tax burden, the share in the **consolidated net income for the year** that is attributable to the shareholders of SICK AG thus amounts to EUR 69.8 million, which is a rise of 17.9 percent on the prior year (EUR 59.2 million). Because of this positive development, the **net return on sales** increased to 6.3 percent (prior year: 5.9 percent).

Net assets

Total assets rose by 17.5 percent to EUR 762.9 million (prior year: EUR 649.2 million), outpacing sales growth in the fiscal year 2014.

At EUR 295.2 million, **non-current assets** rose by 19.8 percent on the prior year (EUR 246.5 million). This development was mostly due to **property, plant and equipment**, which rose by 24.4 percent from EUR 170.3 million to EUR 211.9 million, chiefly in connection with building measures at the German locations (including the new production buildings in Reute and Dresden as well as the high-rise car park in Waldkirch and the logistics center in Buchholz) and the purchase of machines and operating resources. There was an even sharper rise in **deferred tax assets** to EUR 22.8 million, up 38.2 percent on the end of the prior year (EUR 16.5 million). This was due to deferred tax effects on the change in inventories as well as to the increase in pension obligations. The highest percentage increase was in **financial assets**, which totaled EUR 2.3 million and thus surpassed the prior-year figure (EUR 1.3 million) by 76.9 percent. **Intangible assets** amounted to EUR 58.3 million, on a par with the prior fiscal year.

The sales growth in the course of the reporting year is also reflected in the development of **current assets**. These saw a rise of 16.1 percent to EUR 467.7 million (prior year: EUR 402.7 million). **Inventories** were increased further, amounting to EUR 210.9 million as of December 31, 2014. This constitutes a rise of 17.1 percent on the prior-year level (EUR 180.1 million), due primarily to increased project stocks at SICK MAIHAK China and the US subsidiary SICK Maihak, Inc. in particular. Days of Inventory Outstanding (DIO) increased by five days to 69 days as a result (prior year: 64 days). In line with the rise in business activity, **trade receivables** also increased by 17.1 percent to EUR 201.4 million (prior year: EUR 172.0 million). Because they increased at a faster rate than sales, Days of Sales Outstanding (DSO) rose by five days to 66 days as of the end of the year (prior year: 61 days). **Other assets** rose by 12.4 percent overall to EUR 36.2 million (prior year: EUR 32.2 million) on account of higher prepaid expenses. In addition, **cash and cash equivalents** climbed by 27.1 percent to EUR 15.0 million (prior year: EUR 11.8 million).

On the equity and liabilities side, the SICK Group recorded a further increase in **equity** thanks to the positive development of earnings. Equity amounted to EUR 374.6 million at the end of the year, which represents a 16.5 percent jump on the prior year (EUR 321.6 million). Nevertheless, the **equity ratio** decreased marginally to 49.1 percent (prior year: 49.5 percent) because high working capital requirements meant that debt capital rose at an even higher rate than equity. The dividend distribution at a customary level also contributed to this development.

In order to guarantee stable and futureproof financing of the Group, **non-current liabilities** were raised in the fiscal year 2014, coming to EUR 150.5 million as of December 31, 2014 (prior year: EUR 105.1 million). This corresponds to a rise of 43.2 percent. In direct connection with this, **non-current financial liabilities** almost doubled due to the issue of two new loans against a promissory note. Total financial liabilities now amount to EUR 76.9 million as a result (prior year: EUR 39.5 million). **Non-current provisions** rose to EUR 71.9 million, thus exceeding the prior-year level of EUR 61.4 million by 17.1 percent. This is due in the main to a rise in pension provisions on account of a fall in discount rates.

The higher sales volume in the fiscal year 2014 is reflected in a marginal increase in **current liabilities**, which grew by a total of 6.8 percent to EUR 237.7 million (prior year: EUR 222.5 million). This was contributed to by a rise (up 4.1 percent) in **current trade payables** as a consequence of higher prepayments received, in particular for large project orders from subsidiaries. Liabilities thus amounted to EUR 89.2 million as of the end of the year (prior year: EUR 85.7 million). **Other current liabilities** also increased, from EUR 68.0 million to EUR 81.1 million. This corresponds to a 19.3 percent increase and reflects the rise in liabilities of the Group to employees. It mainly involves SICK AG. The rise was also a result of the measurement of forward exchange contracts. There was an almost identical rise in **other current provisions**, which increased by 19.1 percent to EUR 19.3 million on account of higher warranty provisions (prior year: EUR 16.2 million). **Tax liabilities** rose sharply, totaling EUR 19.0 million as of year-end and thus surpassing the prior-year figure of EUR 7.0 million) by 171.4 percent. By contrast, **current financial liabilities** fell sharply (down 36.2 percent), amounting to just EUR 29.1 million at the end of the year (prior year: EUR 45.6 million) because of the scheduled repayment of loans.

Financial liabilities totaled EUR 106.0 million and therefore exceeded the 2013 figure of EUR 85.1 million by 24.6 percent. A figure of EUR 29.1 million thereof had a remaining term of less than one year, while EUR 76.9 million was due in more than one year. A total of EUR 104.0 million of the total financial liabilities were to banks (prior year: EUR 81.3 million). The liabilities from finance leases amounted to EUR 1.7 million (prior year: EUR 3.1 million), and other financial liabilities totaled EUR 0.5 million (prior year: EUR 0.8 million). Non-current liabilities to banks are mostly subject to fixed interest, with interest rates ranging between 1.38 percent and 4.25 percent. A total of EUR 2.7 million of the financial liabilities are secured by land charges (prior year: EUR 7.0 million).

Because the high sales level led to a rise in current trade receivables and in inventories due to the project stocks that could not be compensated for by the growth in current liabilities, **working capital** rose by 21.2 percent to EUR 323.1 million (prior year: EUR 266.5 million). Since working capital rose at twice the rate of sales, Days of Working Capital (DWC) increased from 95 to 106 days. There was a correspondingly large increase of 24.3 percent in **net debt** from EUR 73.3 million to EUR 91.1 million, chiefly due to a high level of investing activities and the dividend distribution alongside the rise in working capital.

Financial position

At EUR 107.0 million, **cash flow from ordinary operations** decreased marginally on the prior year (EUR 108.7 million) on account of a rise in inventories. A dividend of EUR 17.0 million was paid in the fiscal year 2014 that was financed from the **cash flow from operating activities**. This cash flow of EUR 83.8 million (prior year: EUR 81.9 million) was also used to finance intensive investing activities.

Investments during the fiscal year 2014 totaled EUR 82.4 million excluding financial assets, a rise of 25.4 percent on the prior year (EUR 65.7 million). In **Germany**, investment activity centered on the construction measures at the locations in Reute (construction of a new production building, acquisition of the Tobian building), Dresden (construction of a new office and production building), Buchholz (construction of a new distribution center) and Waldkirch (construction of a new high-rise car park and R&D building). In the **EMEA** region, the largest investment was made at the location in Hungary, where new production facilities were acquired. Production facilities also featured in the investments in the **North, Central and South America** region, with the subsidiary SICK, Inc. in Minneapolis, USA, acquiring new machines for production. The largest single investment in the **Asia / Pacific** region was a new production line for encoders at the production location in Malaysia.

The net assets, financial position and results of operations developed very positively once again in the fiscal year 2014, as evidenced by the rise in EBIT and consolidated net income for the year. The SICK Group thus has an extremely solid capital base, which forms an excellent foundation for further expansion of the business activities and thus further growth for the Group.

Quality and environmental management

SICK sensors make a major contribution to the automation of industrial production and logistics processes, thus raising the productivity of facilities and the quality of products. SICK therefore sees itself as sharing responsibility with its customers as their partner and wishes to contribute actively to reducing the materials use and energy consumption in production and in the operation of its products. As a company that is managed in a modern way, SICK is aware of its responsibility to its employees, to society and to the environment. SICK's overarching objective is thus to improve corporate environmental protection above and beyond compliance with official regulations. An internal control system and external audits ensure compliance with quality and environmental management requirements and processes. Matrix certification was carried out successfully once again by TÜV NORD in the reporting year, confirming that SICK AG and all of the German subsidiaries in the SICK Group apply a quality and environmental management system that satisfies the requirements of DIN EN ISO 9001 and DIN EN ISO 14001. As part of the environmental management system, all operating requirements and processes related to the environment are analyzed in order to minimize or, if possible, eliminate negative effects on the environment. An interdisciplinary committee of experts examines new and amended statutory regulations and norms in terms of their relevance for SICK AG and advises the areas concerned of any steps that need to be implemented. In addition, SICK AG introduced a comprehensive environmental management system in accordance with EMAS (Eco-Management and Audit Scheme) and an energy management system in accordance with DIN EN ISO 50001 at the Waldkirch and Reute locations back in 2012. This was extended to include SICK Vertriebs-GmbH in Düsseldorf in the past fiscal year. Moreover, conformity with norms is ensured by internal and external inspections (compliance audits), by open and direct dialog with the authorities responsible and by involvement in external professional bodies. In recognition of SICK AG's multifaceted commitment to environmental protection and sustainability and to putting these values at the core of its corporate strategy and culture, the Group was awarded the "Umweltpreis des Landes Baden-Württemberg" environmental award in the fiscal year 2014.

Employees

The growth experienced by the SICK Group is thanks primarily to the competence and dedication of its employees. 360 new staff joined the Group globally in the fiscal year 2014. At the end of the year, the headcount at the SICK Group was 6,957 in total, which is 5.5 percent more than at the end of 2013 (6,597 employees). These new skilled staff allowed SICK in particular to strengthen the areas of research and development, production as well as global sales further. As of the end of the year, 4,147 employees or 59.6 percent of the workforce worked in **Germany**. This signifies a rise of 3.9 percent on the level at the end of the prior year (3,991 employees). The percentage increase in headcount was somewhat greater **internationally**, with the workforce increasing by 7.8 percent compared with the end of 2013 to reach 2,810 as of December 31, 2014. This is 204 more staff than in the prior year. The production location in Hungary saw a significant increase in headcount, as did the Regional Product Center Asia at the production and development locations in Malaysia and Singapore. In addition, some sales subsidiaries invested in hiring staff, for example SICK Czech Republic, SICK Poland, SICK Russia and SICK MAIHAK China as well as Sick Optic-Electronic Hong Kong. Sales capacities were also extended at the comparatively new subsidiaries SICK Canada and SICK Dubai.

Employees as of December 31	2014	2013	Change *in %*
Germany	4,147	3,991	3.9
Europe, Middle East and Africa (EMEA)	1,278	1,201	6.4
North, Central and South America (Americas)	593	568	4.4
Asia / Pacific	939	837	12.2
Total	**6,957**	**6,597**	**5.5**

The **average age of SICK's workforce** was 40.4 in 2014, which is somewhat lower than in the prior year (40.6 years old). The average **length of service** remained the same as in the prior year, still amounting to 9.3 years. The percentage of women in the workforce of the SICK Group rose slightly, with **women** making up 34 percent of the workforce in the past fiscal year and **men** accounting for 66 percent. In the prior year, these figures were 33 percent and 67 percent respectively. **Employee turnover** in the SICK Group stood at 4.3 percent (prior year: 3.9 percent).

SICK is particularly committed to its responsibility as a reliable and secure employer. Flexible working time models, active promotion of healthy living and tailored advanced training help to bind the employees to the Group for the long term. At EUR 8.0 million, the **cost of basic and advanced training** and thus of the global addition of skills was thus 3.9 percent higher than in the prior year (EUR 7.7 million). The SICK Group employed an average of 255 **trainees** in the fiscal year 2014 (prior year: 260). Proof of the excellent quality of the training provided by SICK was provided in the past year with the success of Sören Langer, who won the "Deutsche Meisterschaften der Industrieelektroniker" (German championships for industrial electronics apprentices) and thus qualified for the WorldSkills world championships in 2015.

In addition to basic training, SICK also sees **tailored advanced training** as an important tool for meeting the challenge of demographic change in particular. Employees of all ages get the opportunity to make use of advanced training options that are specially geared to their needs. Consequently, lifelong learning is part of everyday working life at SICK. Internal advanced training is coordinated by the Sensor Intelligence Academy (SIA), which was created in the past year as a further development of the SICK Academy. The advanced training offerings focus on developing competencies for new business fields, for example system construction or service, and on promoting efficient collaboration throughout the Group.

The offering is complemented by extensive programs to promote healthy living. These go far beyond what is required by law and are seamlessly integrated in the daily work routine. A **system of integrated risk assessment** to deal with physical, psychological and psychosocial strains in the workplace has now become an integral component in the Group. The workplaces are analyzed systematically in terms of potential risks. Measures are then developed to reduce or eliminate these risks and the effectiveness of these measures is assessed on a continuous basis. The system of integrated risk assessment at SICK AG acts as an early warning system to detect critical developments in everyday working life at an early stage. **Reintegration management** helps employees to overcome their incapacity for work, eases their return to work and supports them in preventing a repeat absence. The fiscal year 2014 also heralded the introduction of the "**Azubifit**" program. This program aims to raise the health awareness of the apprentices by offering health promotion activities tailored to the target group. The chief topics addressed include addiction prevention, nutrition and exercise as well as stress management.

Under the "SensorING" motto, SICK offers a specially tailored 12-month **trainee program** to graduates with qualifications in natural sciences or with technical degrees in order to introduce high potentials to specialist and project tasks at an early stage. In addition to comprehensive training in different technologies, development tools and project management methods, the graduates are given the opportunity to participate in various development projects and to take on responsibility for subprojects. There is also an option to spend time at an international SICK subsidiary in the SICK Group in order to gain experience in the process of cooperation at an international level.

The employees appreciate and value these offerings. SICK AG's strong performance in last year's "**Best Workplaces in Germany**" competition again bears testimony to this fact. The title recognizes a special quality and appeal as an employer and is awarded annually by the Great Place to Work® Institute in Germany and the German Federal Ministry of Labor and Social Affairs. In 2014, SICK AG ranked in the Top 100 best employers in Germany for the twelfth time in a row and received the platinum Trust Champion Award in recognition of this achievement. SICK won third place in the "2,001 – 5,000 employees" size category. In addition to an audit of the corporate culture, the results are primarily based on the feedback provided by employees and executives at SICK AG. The award represents a workplace culture shaped by trust, identifying with the employer and team spirit as well as an employee-oriented approach to personnel and management tasks.

The mission statement with its core values of "Independence," "Innovation" and "Leadership" shapes the **corporate culture** of the SICK Group. "Leadership" means not only technology and market leadership but also the development of the management culture. The actions of all employees in the SICK Group are based on the same principles and values all around the world. Increasing globalization makes good governance and constructive cooperation more and more important, and more and more challenging at the same time. In order to master this challenge successfully, the "Principles of leadership and cooperation" were established in the Group. These serve as a guide for employees in their everyday work. A fundamental underlying principle is that cultural differences are respected and valued and that there is openness to opinions and perspectives from other cultural groups. This principle is seen as an opportunity for employees and the Group to continue to develop. Furthermore, the executives in the SICK Group support the ability and willingness of the employees to cooperate at an international level to allow them to master the challenges of a complex global environment. Treating each other with respect helps to meet these challenges with success. The international HR policy in the SICK Group is characterized by the principle of decentralization. Nevertheless, the Group is dedicated to ensuring that all employees at SICK around the world experience a comparable management and corporate culture. This is based on uniform conditions and selected and standardized global HR tools.

SUBSEQUENT EVENTS

With effect as of January 1, 2015, the US subsidiary SICK, Inc. with its registered offices in Minneapolis as well as SICK Maihak, Inc. with its registered offices in Houston were merged into one sales subsidiary, which in future will be responsible for the Factory, Logistics and Process Automation segments. By bundling the resources of both companies, the entire SICK solutions portfolio is now offered on the local market as a one-stop shop. This will allow sales growth to be realized more efficiently in future.

OPPORTUNITY AND RISK REPORT

General

As a fundamental component of corporate management, the Executive Board of SICK AG implemented a risk management system in order to detect deviations from defined objectives and take countermeasures at an early stage. These deviations can be positive (opportunity) or negative (risk). As part of the **risk management system**, significant **opportunities** and **risks** are identified regularly, analyzed and communicated to the Executive Board. Furthermore, they are integrated in the group-wide planning and control systems and continuously monitored.

In addition, the **compliance management system** was developed further in the past fiscal year. Compliance in this context is not seen just as a statutory requirement that has to be met. Compliance should create added value for SICK by avoiding damage to the Group's assets and reputation, reducing risks for the Executive Board, the Supervisory Board and the employees, creating a long-term strategic reputation-related and competitive advantage and contributing to enhanced efficiency and process optimization. For the best possible interlinking and bundling of the experience available at SICK, the Compliance Committee was set up in

the field of compliance. This committee provides a forum for exchange on fundamental topics, for consolidating the risk environment, drawing up standards and for working towards compliance with provisions and monitoring of the effectiveness of measures. The Compliance Committee reports to the Corporate Compliance Officer in performing its tasks. This position is integrated in the Executive Board and is held by Dr. Martin Krämer, who is also responsible for the Legal Counsel Office. He is in charge of supervising and monitoring compliance-relevant aspects and has an accountability and reporting duty vis-à-vis the Executive Board and other executive bodies.

The **SICK Code of Conduct** is an important component of compliance management that sets out the principles applying to corporate and personal conduct at SICK. It is binding on all staff worldwide. By introducing the Code of Conduct, SICK focuses primarily on preventing inappropriate behavior. The Code of Conduct provides guidance and aims to raise awareness of the fact that failure to comply with laws and rules of ethics could result in damage to SICK, its business partners and employees.

SICK has taken out insurance policies to wholly or partially cover certain risks. A central insurance management unit exists for this purpose.

System and industry

Changes in the global economic framework conditions have an impact on the markets relevant for SICK and thus have a significant influence on the risk situation of the SICK Group. SICK therefore counters the risk of weak economic performance in significant target industries by diversifying its customer base. In addition, the Factory, Logistics and Process Automation segments are subject to different market mechanisms. Slowing global economic growth can nevertheless affect the net assets, financial position and results of operations of the SICK Group in a negative manner. For example, an economic downturn impacts on customers in the form of a drop in sales or increased difficulty in accessing the capital markets. This could prevent customers from paying their outstanding invoices on time or in full, which would be detrimental to the earnings and cash flows.

However, times of economic crisis also bring with them opportunities for SICK, as these are often the times when customers scrutinize their existing processes in order to realize cost savings by means of process optimization. The pressure on industry to rationalize and to optimize production processes and make them more flexible has been and continues to be an opportunity for SICK, because such activities involve the use of state-of-the-art automation systems. SICK takes advantage of this opportunity to continue to work on innovative and tailored products, systems and services while at the same time using targeted training measures to develop sales know-how further.

Development activities

Our business model is founded primarily on the existence of an independent market for sensor systems and on the conviction that by concentrating on sensor solutions it is possible to offer intelligent and high-quality products and to produce these efficiently. In line with its “SICK Sensor Intelligence.” claim, SICK thus focuses on sensor technology for industrial applications while exploiting all possibilities and facets that sensor technology offers. These possibilities, in particular in the form of higher-performance processors and storage technologies as well as the integration of application knowledge in the software of individual products, ensure that SICK sensors are moving more and more towards sensor intelligence. Such intelligence is essential in order to succeed in moving industrial manufacturing and logistics processes forward towards a Smart Factory, otherwise known as the “Industry 4.0” discussion. Industry 4.0 thus promises huge growth potential for SICK sensors. In order to exploit this potential, it is essential that SICK’s products are compliant with as many automation systems as possible. Consequently, one of SICK’s focal areas of development is connectivity. SICK is involved in the industry bodies of various associations in order to promote the continued development of open and defined interfaces. The Group also monitors other technologies and trends considered relevant for the future development of the SICK Group and, after appropriate appraisal, incorporates these in development or cooperation processes. But at SICK a solution is not understood to mean products alone. This is why the business model is additionally supported by the system and service business. Both areas concentrate on providing customers with complex solutions that go beyond the individual product and that have been customized to the respective requirements.

In addition to constantly monitoring market developments, the SICK Group has a systematic product development process that takes account of all key market-related, technical and economic aspects with the aim of achieving technology leadership. This is because only permanent product and process innovations constitute significant success factors for securing and expanding our competitive position. Because new developments are becoming more and more complex, however, risks in the form of misjudgment or exceeding development and start-up costs are also becoming more prevalent. Nevertheless, the opportunities outweigh the risks. Especially when complex solutions need to be developed, which frequently have to satisfy very different requirements depending on the industry, our extensive industry competence and our deep technical understanding often help us to translate customer needs into a competitive solution. We are continuing to work on expanding these competencies, thus reducing the risk of excessive development costs. The decades of innovation at SICK are evidence of the fact that we know how to leverage opportunities in this area successfully and are in a position to mitigate the risks. Furthermore, our intellectual property is protected by patents and contractual arrangements where feasible. A central patent unit monitors the protection of the Group’s own rights and the avoidance of infringing third-party intellectual property rights.

Quality and production

Due to the safety and process-related requirements of its products, systems and services, the SICK Group is obliged to comply with high quality standards. Because of the environment in which certain products are used, malfunctions can lead to personal injury, financial loss or environmental damage as well as consequential loss. For this reason, both the quality management system and process management in development and production are of particular significance for the SICK Group. An integrated quality management system is therefore in place to ensure high product quality and reliability. Measures start at the very outset at the product development stage using analytical methods. The requisite quality of suppliers is ensured by always entering into quality assurance agreements and monitoring the quality of supplier parts. The quality assurance measures continue throughout the individual stages of the production process, right through to a precisely defined approval procedure for the production and sale of products. This due care is supplemented by field observation after delivery of the products. Quality assurance and monitoring procedures are employed for this purpose. Additional quality standards and processes apply to products designed for personal safety and accident prevention and devices that need to meet the special requirements for explosive environments. Here too, compliance is monitored by independent inspection institutes.

Procurement

Procurement markets have been becoming more volatile in recent years and default risks are on the increase. The SICK Group counters these risks using long-term partnerships with tried-and-trusted suppliers. For this reason, an internal classification system is firmly in place that evaluates major supplier quality from a commercial and strategic perspective. In order to meet additional requirements, suppliers are obliged to follow a Code of Conduct for suppliers that is based on the Company's Code of Conduct. Suppliers outside the EU also have to adhere to the European Union's substance bans that are relevant for the SICK Group. Foresight in concluding comprehensive agreements with strategic partners ensures that the Group can maintain or even improve its ability to deliver at a high level. Dependency on individual suppliers and the risk of price fluctuations vary according to the importance and quantity of the components and whether there are alternative suppliers for the components in question. Sudden price fluctuations due to the cost of materials or supply bottlenecks for certain product groups are countered using a forward-looking planning system that includes strategies to safeguard prices in good time as well as strategic buffer stocks. Technology-specific procurement market observation and analysis as part of the strategic commodity management system ensures additional reliability. The further development of the process for strategically relevant components also helped to guarantee supply. This process defines certain measures that influence stock levels depending on the degree of dependency. This means that buffer stock requirements are secured if a risk does eventuate. There is also sufficient time to use alternative procurement sources.

Personnel

The economic success of an innovative high-tech firm like SICK is not possible without highly qualified specialist staff. In response to the intensifying competition for qualified staff, which is compounded by demographic change, SICK's approach has been to actively present itself as an attractive and secure employer on the global labor market in line with its mission statement. For some years now, SICK has also been using social media channels very successfully to address specifically younger skilled workers in a manner that is appropriate for the target group. The international alignment of the Group with manufacturing and development facilities located in the most important growth regions of the world is additionally reducing dependence on regional labor markets. In addition, the concept of lifelong learning is well established in the SICK Group, with the internal Sensor Intelligence Academy (SIA) – but also external trainers and seminars – providing basic and advanced training for its staff. The development and support of high potentials at an early stage is equally well established, for example in the form of the International Leadership Program. Additionally, a national development program for executives was implemented in 2014 with the title "SICK Leadership Challenge." It supports high potentials in order to fill even more senior management positions from within the Group in the future. In order to retain employees in the long term, SICK also provides adequate remuneration systems combined with a human resources policy that considers the needs of families. In light of the demographic change that is taking place, it is hugely important to promote the health of each and every employee at SICK as well as their ability to perform and to learn. This is why a system of integrated risk assessment is now firmly established in the Group, which serves to recognize physical and psychological strains in the workplace in good time and to eliminate these strains.

Environmental management

Increased ecological awareness in the Group and at our customers is opening up two-fold opportunities for SICK. On the one hand, market potential results from the development of innovative products that contribute to more resource efficiency or to compliance with certain environmental norms and thus to improved environmental protection at our customers. On the other, if we succeed in raising the energy efficiency of our own production processes further, then we can realize cost benefits alongside protecting the environment. By developing new production technologies and applying internationally recognized energy management systems, we wish to help to meet more stringent regulatory environmental protection regulations and by doing so to minimize the risks of any environmental harm being caused by us, for example by using materials in production that are harmful to the environment. Our conformity with norms, which is verified at regular intervals by the regulatory authorities responsible, also means that we can reduce emissions and waste further and improve energy efficiency. This allows us not only to make a contribution to sustainable climate protection and to conserving natural resources but also to benefit from cost and competitive advantages. In a time where there are high levels of public awareness of ecological issues, incorporating environmental and climate protection in the corporate strategy and culture also raises the attractiveness of the SICK Group as an employer and increases employee retention.

Information technology

An information technology infrastructure that functions without disruption is the foundation for all business processes running smoothly. The SICK Group thus invests continuously in modern IT systems to ensure in this way that the IT solutions used throughout the Group are competitive and adequate for the Group's needs well into the future. Comprehensive data back-up concepts and facilities minimize potential risks of data loss. Company-wide security measures also ensure that data is protected against third-party access and harmful virus attacks.

RISK REPORTING ON THE USE OF FINANCIAL INSTRUMENTS

The debt finance of the Group is primarily denominated in euro. The Group's creditors are banks and insurance companies with which a long-term business relationship exists. There are sufficient credit lines for future investment needs, and liquidity is ensured from today's perspective. The Group uses forward exchange contracts and options to hedge against foreign currency risks.

The international nature of SICK's business entails a large number of cash flows in different currencies. The SICK Group is particularly exposed to currency fluctuations between the euro and the US dollar. Other significant foreign currencies include the Chinese renminbi, the pound sterling, the Brazilian real, the Australian dollar and the Polish zloty. Depending on the expected risk potential, exchange rates are hedged using traditional forward contracts or options over varying periods. In 2014, part of the exposure for the main currencies for the SICK Group expected for the fiscal year 2015 was hedged.

Credit risk is countered by only maintaining business relationships with first-class banks. Default risks from receivables are minimized by ongoing monitoring of the creditworthiness of the counterparty and by limiting the aggregated risks from the individual counterparty. One major component here is a framework that contains guidelines for granting and monitoring credit limits. By applying these rules, the default rate for receivables (as a percentage of sales) is maintained at a constant low level, coming to 0.12 percent in the fiscal year 2014 (2013: 0.15 percent).

For further explanations on risk reporting on the use of financial instruments, reference is made to the disclosures in the notes to the consolidated financial statements under G. (35) "Financial risk management."

REPORT ON EXPECTED DEVELOPMENTS

Forward-looking statements

The forward-looking statements in this management report are based on assessments of future developments made by the Executive Board. The statements and forecasts were made on the basis of the information available at the present time. Unknown risks, uncertainties and other factors could mean that the actual results, developments or the performance of the Group may deviate from the forecasts, estimates and statements.

Cautiously optimistic economic outlook for the year 2015

The forecast for the development of the global economy in 2015 was very optimistic at the end of 2014 and beginning of 2015, with most research institutes assuming gradual growth in the global economy. Low commodity prices and the expansive monetary policy of many central banks are expected to be the main contributing factors. Based on the estimate by the International Monetary Fund, global gross domestic product is forecast to rise by 3.8 percent in 2015. Based on these framework conditions, we expect our sales to increase at a similarly strong level to 2014.

Industry 4.0 offers major growth opportunities for SICK

The pressure to rationalize production, logistics and other processes all over the world remains high. The discussion surrounding Industry 4.0 adds a new dimension to this topic, which offers major development opportunities for SICK. The idea of a Smart Factory can only be implemented if robust and intelligent sensors reliably record the data volumes required for Industry 4.0 concepts. In other words, Big Data is not possible without sensor systems. In the future, SICK will gear its product portfolio to recognizing interrelationships at the customer and thus increasing the transparency in the customer's application so that the customer can make better decisions. SICK sensors have to solve the customer's problems in a simple manner that contributes to improving performance or conserving resources. This applies to all target industries. Thanks to its broad product and service portfolio, its system and solution competence, its extensive industry expertise and global presence, the SICK Group is in an excellent position to respond to customer demands for intelligent automation solutions that provide this added value, particularly in the context of Industry 4.0. We also assume that the sturdy development of the global economy currently forecast for the coming year will further boost our customers' willingness to invest and with it demand for SICK products, systems and services.

In view of the circumstances outlined above, our current forecasts assume that sales in the SICK Group will experience high single-digit percentage growth once again in the fiscal year 2015. The sales region in **Germany** will likely be able to raise sales by around ten percent on the back of the very positive economic prospects. We are forecasting high single-digit percentage growth for the **Europe, Middle East and Africa (EMEA)** region, as we assume that Italy and Spain, the countries most affected by the euro crisis, will continue to recover. Further impetus for growth is also likely to stem once again from Eastern Europe. We view the development in the **North, Central and South America (Americas)** region with similar optimism, also anticipating high single-digit percentage sales growth there. Brazil is likely to contribute to this development. The integration of former distributor Ação Solução em Sensores into the existing subsidiary SICK Solução there has opened up new opportunities for growth, especially in the field of safety technology for the automotive industry. The founding of the joint venture in Chile in June 2014 holds additional growth potential: The new company Schädler SICK SpA has assumed the support function for the three segments Factory, Logistics and Process Automation throughout Spanish-speaking South America, and functions as a local competence center and service center. The joint venture was set up because the Group saw a great deal of potential for boosting sales in the South American countries in a highly diversified way that spans many industries. While Chile and Peru offer opportunities for SICK in the field of mining in particular, Argentina traditionally has a strong automotive industry. There is growth potential for all three segments in Colombia, and in Ecuador the area of Industrial Instrumentation has been displaying a sustained period of growth. This growth is to be increased further in the coming fiscal year. Sales at the sales companies in North America will grow at roughly the same rate as the sales region as a whole. We predict sales growth of between five and eight percent for the **Asia / Pacific** region. While China in particular continues to provide a growing market for our products, especially in the field of environmental measuring technology or safety solutions, the pace of growth will likely slow somewhat compared with prior years. By contrast, India's growth trajectory is set to continue unabated.

In view of the sales growth combined with a measured approach to costs and the focus on raising efficiency in global cooperation, we expect EBIT to constitute a high single-digit percentage of sales in the coming fiscal year.

The primary aim of capital management is to maintain liquidity and the equity ratio at a stable high level in the next fiscal year and thus ensure a low-risk and flexible financing structure. Dividend payments will continue to be made within the target corridor for the planned capital base taking investment requirements into account. The Group's further growth will also be safeguarded by maintaining sufficient liquidity as well as short-term and long-term credit lines that offer flexibility in covering refinancing needs.

Development of non-financial performance indicators

In the coming fiscal year, corporate environmental management at SICK will continue to pursue the aim of creating measurable economic added value for the Group by taking a sustainable approach to the environment. The focal areas include the reduction of carbon emissions, environmentally friendly production (especially in terms of resource and energy efficiency as well as the management of harmful substances) and the development of products that make a contribution to environmental protection.

The personnel policy of the SICK Group will continue to be geared to its commitment to being a fair employer globally with high performance standards that employees enjoy working for and where they remain for a long period. This is because particularly in times of challenging market conditions, qualified and high-performing employees are the basic prerequisite for stable growth. As a result, personnel activities in the fiscal year 2015 will focus on the area of basic training as well as applicant management in order to forge links between SICK and potential skilled staff at an early stage and kindle their enthusiasm for the Company. We assume that the headcount of the SICK Group will rise by a large single-digit percentage figure in the coming fiscal year. A variety of health promotion and occupational health and safety measures, including in particular the company-wide application of the system of integrated risk assessment, will make a vital contribution towards maintaining the efficiency of the employees at its current level. Flexible working times as well as the childcare facilities offered allow SICK employees to achieve a balance between work and family life. Through intensive competency management, the SICK Group will also ensure that the employees are involved in continuous further development, both professional and personal, and that executives in particular are trained in contributing actively to the strategic further development of the Group and can contribute to the Group's growth. There will be a special focus on knowledge management as well as on strengthening the competencies for cross-departmental cooperation in a global environment.

The forecasts for the coming year are therefore predominantly positive, giving us reason for optimism. However, in 2015 we will once again have to face the challenge that the economic environment may change very quickly and that it will be more difficult to predict business development as a result. Nevertheless, our global presence, our broad portfolio of solutions and the fact that we are adopting a proactive approach to the challenges of Industry 4.0 at a technological and organizational level provide an excellent basis from which to shape the fiscal year 2015 in a successful manner.

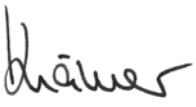
Waldkirch im Breisgau, February 23, 2015

The Executive Board

Dr. Robert Bauer
(Chairman)

Reinhard Bösl

Dr. Mats Gökstorp



Dr. Martin Krämer

Markus Vatter

Self bag drop system at Hamburg Airport: view from the conveyor belt through the baggage check-in system. Easy to discern on the left of the photo: laser scanner from SICK (blue).

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GROUP FINANCIAL STATEMENTS

GROUP FINANCIAL STATEMENTS OF SICK AG

FOR THE FISCAL YEAR 2014

Consolidated income statement

of SICK AG for the period from January 1 to December 31, 2014

in EUR k	Notes	2014	2013
Sales	(1)	1,099,785	1,009,515
Changes in inventory		-2,406	-2,776
Own work capitalized	(2)	17,629	19,069
Cost of materials	(3)	329,782	306,943
GROSS PROFIT		**785,226**	**718,865**
Personnel expenses	(4)	464,224	428,929
Depreciation and amortization	(5)	40,880	37,607
Other operating expenses	(6)	179,420	168,537
Other operating income	(7)	6,818	6,731
Currency results	(8)	-3,843	-1,998
OPERATING RESULTS		**103,677**	**88,525**
Net investment income/expense	(9)	-442	-220
of which net income/expense from investments accounted for using the equity method		-473	-235
EARNINGS BEFORE INTEREST AND TAX (EBIT)		**103,235**	**88,305**
Interest expense	(10)	4,452	4,995
Interest income	(11)	340	329
EARNINGS BEFORE TAX		**99,123**	**83,639**
Income tax	(12)	28,599	24,245
Consolidated net income		**70,524**	59,394
of which attributable to shareholders of SICK AG		69,827	59,172
of which attributable to non-controlling interests		697	222
EARNINGS PER SHARE (BASIC AND DILUTED) IN EUR / SHARE	**(13)**	**2.66**	**2.26**

Consolidated statement of comprehensive income

of SICK AG for the period from January 1 to December 31, 2014

in EUR k	Notes	2014	2013
CONSOLIDATED NET INCOME		**70,524**	**59,394**
OTHER COMPREHENSIVE INCOME			
Items that will never be reclassified to profit or loss			
Remeasurement of pension obligations		-9,112	3,390
Tax effect		2,494	-714
Remeasurement of pension obligations		-6,618	2,676
Items that were or that can be reclassified to profit or loss			
Currency translation differences		6,183	-6,105
Tax effect		0	0
Currency translation differences		6,183	-6,105
OTHER COMPREHENSIVE INCOME		**-435**	**-3,429**
Comprehensive income		**70,089**	**55,965**
of which attributable to shareholders of SICK AG		69,240	55,780
of which attributable to non-controlling interests		849	185

Consolidated statement of cash flows

of SICK AG for the period from January 1 to December 31, 2014

in EUR k	Notes	2014	2013
CONSOLIDATED NET INCOME		**70,524**	**59,394**
Adjustments for:			
Income tax		28,599	24,245
Net interest		4,112	4,666
Depreciation and amortization		40,880	37,607
Losses (income) from the disposal of non-current assets		210	74
Expenses / income from financial investments		473	235
Other non-cash transactions		9,232	5,540
Change in inventory		-27,348	-5,005
Change in trade receivables and other assets		-31,849	-28,786
Change in non-current provisions		1,556	-3,858
Change in trade payables and other liabilities		10,566	14,538
CASH FLOW FROM ORDINARY OPERATIONS		**106,955**	**108,650**
Interest paid		-3,220	-3,899
Interest received		340	329
Income tax paid		-20,272	-23,154
CASH FLOW FROM OPERATING ACTIVITIES		**83,803**	**81,926**
Cash received from disposals of non-current assets		466	368
Cash paid for investments in property, plant and equipment		-68,190	-43,094
Cash paid for investments in intangible assets		-11,866	-16,597
Cash paid for investments in financial assets		-1,211	0
Cash paid for the acquisition of a business unit		-2,400	-2,978
CASH FLOW FROM INVESTING ACTIVITIES		**-83,201**	**-62,301**
Sale / acquisition of treasury shares		-67	-84
Cash paid to owners		-17,032	-17,033
Payment of finance lease liabilities		-1,434	-2,647
Cash received from loans		57,594	30,324
Cash repayments of loans		-36,807	-33,179
CASH FLOW FROM FINANCING ACTIVITIES		**2,254**	**-22,619**
Net increase (decrease) in cash and cash equivalents		2,856	-2,994
Effect of changes in foreign exchange rates and changes in consolidated entities on cash and cash equivalents		265	-211
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		**11,848**	**15,053**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**14,969**	**11,848**

For additional explanations, reference is made to the disclosures in the notes to the consolidated financial statements in D. “Consolidated statement of cash flows.”

Consolidated statement of financial position

of SICK AG as of December 31, 2014

ASSETS *in EUR k*	Notes	2014	2013
A. Non-current assets			
I. Intangible assets	(14)	58,279	58,333
II. Property, plant and equipment		211,877	170,347
III. Investments accounted for using the equity method	(15)	2,042	867
IV. Other financial assets	(16)	213	442
V. Deferred taxes	(12)	22,809	16,477
		295,220	**246,466**
B. Current assets			
I. Inventories	(17)	210,907	180,114
II. Trade receivables	(18)	201,404	172,005
III. Tax receivables	(19)	4,154	6,584
IV. Other assets	(20)	36,233	32,194
V. Cash and cash equivalents	(21)	14,969	11,848
		467,667	**402,745**
		762,887	**649,211**

EQUITY AND LIABILITIES

in EUR k

	Notes	2014	2013
A. Equity			
I. Issued capital	(22)	26,405	26,405
II. Capital reserves	(23)	22,188	22,119
III. Treasury shares	(24)	-3,427	-3,360
IV. Revenue reserves	(25)	327,504	275,228
Equity attributable to the shareholders		372,670	320,392
V. Non-controlling interests		1,967	1,219
		374,637	**321,611**
B. Non-current liabilities			
I. Financial liabilities	(27)	76,931	39,519
II. Provisions and other liabilities	(28)	71,899	61,370
III. Deferred taxes	(12)	1,682	4,226
		150,512	**105,115**
C. Current liabilities			
I. Financial liabilities	(27)	29,149	45,635
II. Other provisions	(28)	19,298	16,183
III. Tax liabilities	(29)	19,022	7,047
IV. Trade payables	(30)	89,191	85,668
V. Other liabilities	(31)	81,078	67,952
		237,738	**222,485**
		762,887	**649,211**

Consolidated statement of changes in equity

of SICK AG as of December 31, 2014

in EUR k	Issued capital	Capital reserves	Treasury shares	
BALANCE AS OF JANUARY 1, 2013	**26,405**	**22,094**	**-3,276**	
Consolidated net income				
Other comprehensive income				
Comprehensive income				
Change in treasury shares		25	-84	
Dividend payment				
Other changes				
BALANCE AS OF DECEMBER 31, 2013	**26,405**	**22,119**	**-3,360**	
BALANCE AS OF JANUARY 1, 2014	**26,405**	**22,119**	**-3,360**	
Consolidated net income				
Other comprehensive income				
Comprehensive income				
Change in treasury shares		69	-67	
Dividend payment				
Other changes				
Balance as of December 31, 2014	**26,405**	**22,188**	**-3,427**	

Other comprehensive income includes effects from the remeasurement of pension obligations and from currency translation.

	Revenue reserves	Equity attributable to the shareholders	Non-controlling interests	Equity
	236,560	**281,783**	**1,087**	**282,870**
	59,172	59,172	222	59,394
	-3,392	-3,392	-37	-3,429
	55,780	55,780	185	55,965
		-59		-59
	-17,033	-17,033		-17,033
	-79	-79	-53	-132
	275,228	**320,392**	**1,219**	**321,611**
	275,228	**320,392**	**1,219**	**321,611**
	69,827	69,827	697	70,524
	-587	-587	152	-435
	69,240	69,240	849	70,089
	0	2		2
	-17,032	-17,032		-17,032
	68	68	-101	-33
	327,504	**372,670**	**1,967**	**374,637**

IFRS NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF SICK AG

AS OF DECEMBER 31, 2014

A. General disclosures

General

The consolidated financial statements of SICK AG, Waldkirch, for the year 2014 were prepared according to the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB), London, United Kingdom, as adopted by the EU, and according to the additional requirements of German commercial law pursuant to Sec. 315 a (1) HGB ("Handelsgesetzbuch": German Commercial Code). The consolidated financial statements consist of the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity and notes to the consolidated financial statements. SICK AG also prepared a group management report.

SICK AG, with registered offices in Waldkirch, Erwin-Sick-Str. 1, Germany, and filed with the commercial register of Freiburg im Breisgau local court under HRB 280355 is the parent company of the SICK Group.

Economic background

SICK is one of the leading global manufacturers of intelligent sensors and sensor solutions for industrial applications. The Group has been in the sensor technology business for more than 65 years, has almost 7,000 employees worldwide today and comprises 43 consolidated subsidiaries in over 30 countries as well as numerous equity investments and agencies.

The Company has production sites in Germany, China, Malaysia, Hungary and the United States. SICK is well positioned internationally and has a worldwide distribution network with its own subsidiaries, equity investments and sales representatives in all major industrial countries.

Summary of significant accounting policies

All IFRSs subject to mandatory adoption as of December 31, 2014 have been applied. These include the International Accounting Standards (IAS) as well as the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC). The Group has decided not to early adopt standards or interpretations that are not yet effective. These standards and interpretations are listed in G. (41) "Accounting standards not early adopted."

The fiscal year of the SICK Group and all the entities included in consolidation is the calendar year.

The group currency is the euro. As a rule, all amounts are stated in thousands of euro (EUR k). Deviations from this rule are indicated accordingly. Due to rounding-off, it is possible that some figures do not add up precisely to the sums stated.

The consolidated financial statements have been prepared on the basis of the historical cost convention, apart from derivatives, equity-settled share-based payment transactions, financial instruments classified as available for sale and current receivables and liabilities in foreign currency. These are reported at fair value.

The income statement has been prepared using the nature of expense method.

Effects of new accounting standards

The accounting principles applied were virtually unchanged on the prior year, except for the following new and amended IFRSs and IFRIC interpretations effective in the year 2014:

IFRS 10	"Consolidated Financial Statements"
IFRS 11	"Joint Arrangements"
IFRS 12	"Disclosure of Interests in Other Entities"
IFRS 10, IFRS 11 and IFRS 12 (revised)	"Transition Guidance"
IFRS 10, IFRS 11 and IAS 27 (revised)	"Investment Entities"
IAS 27 (revised)	"Separate Financial Statements"
IAS 28 (revised)	"Investments in Associates and Joint Ventures"
IAS 32 (revised)	"Offsetting Financial Assets and Financial Liabilities"
IAS 36 (revised)	"Recoverable Amount Disclosures for Non-financial Assets"
IAS 39 (revised)	"Novation of Derivatives and Continuation of Hedge Accounting"

IFRS 10 governs which entities should be included in the consolidated financial statements based on a comprehensive concept of control. IFRS 11 governs the accounting treatment of joint arrangements and makes the treatment dependent on the nature of the rights and duties arising from the arrangement. IFRS 12 contains extensive reporting requirements for all types of interests in other entities. The pronouncements were applied retrospectively.

The changes mentioned in the table have not materially impacted the Group's financial position or performance.

B. Consolidation principles

Consolidation methods

The consolidated financial statements include the financial statements of SICK AG and its subsidiaries as of December 31, 2014. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control by the parent ceases.

For a list of group entities, reference is made to pages 92 and 93 of this Annual Report.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Comprehensive income within a subsidiary is attributed to the non-controlling interest even if it results in a deficit balance. A change in the ownership interest of a subsidiary which does not involve a loss of control is accounted for as an equity transaction.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is the aggregate of the consideration transferred, measured at acquisition date fair value, and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Costs incurred in the course of the acquisition are expensed.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for the non-controlling interest over the net identifiable assets acquired and liabilities of the Group assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss after reexamination.

Associates and joint ventures are consolidated using the equity method.

Basis of consolidation

Besides SICK AG, the consolidated financial statements include five (prior year: seven) German and 38 (prior year: 37) fully consolidated foreign subsidiaries (purchase method) in which SICK AG has the direct or indirect majority of voting rights as of the end of the reporting period December 31, 2014.

Business combinations

As of October 1, SICK AG acquired the industrial business of micas AG, Oelsnitz / Ore Mountains, Germany, allowing SICK to offer collision awareness systems with radar sensors in future, thereby rounding off its offering for applications in ports, mines and heavy industry.

SICK AG acquired the assets as part of an asset deal. The purchase price of EUR 2,400 k was paid in cash. The purchase price allocation was completed in the reporting period. Non-current assets of EUR 2,376 k and inventories of EUR 24 k were recognized in the course of the acquisition. No material transaction costs were incurred during the acquisition.

Since the date of purchase accounting, the acquisition has not had a material impact on the Group's revenue and EBIT.

Investments accounted for using the equity method

In the reporting year, SICK Automatisierung International GmbH, Waldkirch, Germany, founded the joint venture Schädler SICK SpA with its registered offices in Santiago de Chile, Chile, together with Chilean business partners. By establishing the joint venture, SICK is strengthening the three segments Factory, Logistics and Process Automation in Spanish-speaking South America. Like the equity investments in SICK Metering Systems N.V., Kalmthout, Belgium, SICK kluge GmbH, Königswartha, Germany, and SICK OPTEX Co., Ltd., Kyoto, Japan, the entity is included in the consolidated financial statements at equity.

Changes in the basis of consolidation

In the reporting year, SICK IBEO GmbH, Hamburg, Germany, and IBEO Automobile Sensor GmbH, Hamburg, Germany, were merged into SICK Management GmbH, Waldkirch, Germany. In Brazil, Ação Solução em Sensores Ltda., Porto Alegre, Brazil, was merged into SICK Solução em Sensores Ltda., São Paulo, Brazil.

Currency translation

Foreign currency business transactions are translated at the exchange rate prevailing on the date of the transaction. Gains and losses from the settlement of such business transactions and from the translation of monetary assets and liabilities are disclosed in the income statement.

The separate financial statements of foreign subsidiaries are translated using the functional currency method in accordance with IAS 21 "The Effects of Changes in Foreign Exchange Rates." Generally speaking, the entities work independently of one another for financial and economic purposes. The functional currency is the local currency of these entities.

Assets and liabilities and contingent liabilities and other financial obligations are translated at the closing rate. The income and expenses in the income statement and thus the net profit or loss for the year disclosed in the income statement are translated at the annual average rate.

The currency difference arising from translation is offset against the revenue reserves in the item currency translation difference.

Goodwill and adjustments of assets and liabilities resulting from the purchase of a foreign entity are translated at the closing rate.

When translating the financial statements of foreign entities accounted for using the equity method, the equity is measured in accordance with the same principles used for consolidated subsidiaries.

Currency translation was based on the following exchange rates:

Exchange rate 1 EUR =	ISO code	**Closing rate Dec. 31, 2014**	Average exchange rate 2014	Closing rate Dec. 31, 2013	Average exchange rate 2013
Australia	AUD	1,4989	1,4731	1,5396	1,3771
Brazil	BRL	3,2704	3,1232	3,2519	2,8686
Canada	CAD	1,4199	1,4674	1,4636	1,3684
Chile	CLP	741,36	757,6238	724,4884	658,253
China	CNY	7,5977	8,1898	8,3314	8,1774
Czech Republic	CZK	27,7225	27,5348	27,4032	25,9861
Denmark	DKK	7,4403	7,4549	7,4599	7,4579
Hong Kong	HKD	9,4733	10,3077	10,6753	10,3015
Hungary	HUF	314,72	308,6583	297,023	296,9299
India	INR	77,755	81,0899	85,2246	77,8158
Israel	ILS	4,7924	4,7487	4,7765	4,7955
Japan	JPY	147,065	140,4435	144,5122	129,6499
Malaysia	MYR	4,2549	4,3492	4,5204	4,1821
Norway	NOK	9,074	8,3563	8,3614	7,8058
Poland	PLN	4,2984	4,1851	4,1508	4,1967
Russia	RUB	68,3769	50,9893	45,2582	42,3272
Singapore	SGD	1,616	1,6832	1,7392	1,662
South Africa	ZAR	14,1711	14,403	14,5035	12,8279
South Korea	KRW	1,341.3500	1,399.2354	1,452.9692	1,452.6108
Sweden	SEK	9,5784	9,0987	8,8263	8,6507
Switzerland	CHF	1,2031	1,2145	1,2267	1,2309
Taiwan	TWD	38,7467	40,2812	41,0539	39,3812
Turkey	TRY	2,8346	2,9065	2,945	2,5324
United Arab Emirates	AED	4,4839	4,8823	5,0565	4,8754
United Kingdom	GBP	0,7853	0,8064	0,8331	0,8493
USA	USD	1,221	1,3292	1,3767	1,3281

C. Accounting policies

Significant accounting judgments, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of income, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The main judgments, estimates and assumptions are explained in detail below:

Impairment tests for goodwill are carried out at least once a year at the level of the cash-generating unit. The recoverable amount of the cash-generating units has been determined based on a value in use calculation. To calculate this, cash flow projections are based on medium-term planning approved by the management. The basic assumptions and the carrying amounts are explained in more detail in F. (14) “Intangible assets.”

Development costs are capitalized in accordance with the accounting policy presented. Initial recognition of development costs is based on an assessment by management that the development is both technically and economically feasible. In determining the amounts to be capitalized, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits. For a presentation of the carrying amounts of the capitalized development costs, reference is made to pages 86 and 87 of this Annual Report.

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded.

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Further details on taxes are presented in E. (12) “Income tax.”

The cost of defined benefit plans and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that can differ from actual developments in the future. These include future anticipated increases in salaries and pensions, the determination of discount rates as well as of biometric data. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Further information about the assumptions used is given in F. (28) “Provisions and other liabilities.”

Revenue recognition

Revenue contains sales of products and services as well as freight and packaging revenue, less discounts and rebates. Revenue for sales of products is recognized upon transfer of risk and title to the customer when the compensation has been contractually agreed or is determinable and the associated receivables are likely to be settled. If the contract prescribes inspection by the customer, the revenue is generally not recognized until this inspection has been performed. Revenue from the provision of services is recognized when the services are rendered.

Recognition of expenses and other income

Operating expenses are recognized upon utilization of the underlying services or on the date they are incurred. Interest expenses and income are recorded in the period in which they are incurred.

Goodwill

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not subject to scheduled amortization, but tested for impairment at least annually in accordance with IAS 36.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group’s cash-generating units that are expected to benefit from the business combination. Further details are presented in F. (14) “Intangible assets.”

Intangible assets (excluding goodwill)

Intangible assets acquired separately are initially measured at cost. The cost of an intangible asset acquired within the scope of a business combination is its fair value on the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets are capitalized. As regards intangible assets, it is initially important to determine whether they have a finite or an indefinite useful life. Intangible assets with a finite useful life are amortized over their useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at the end of each fiscal year at the latest. Changes in the expected useful life or the expected pattern of consumption of the future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. Amortization of intangible assets with a finite useful life is reported in the income statement under the expense category depreciation and amortization. Intangible assets with an indefinite useful life are tested for impairment at least once a year either individually or at the cash-generating unit level. Such intangibles are not subject to systematic amortization. Industrial rights and similar rights and assets as well as licenses to such rights and assets disclosed under intangible assets are amortized over a useful life of three to eight years.

Development costs are capitalized at cost if the recognition criteria of IAS 38 are met. The capitalized development costs generally relate to product innovations; the other internally generated intangible assets include process-related developments and software developments.

Production costs comprise the costs directly allocable to the development process. Borrowing costs are capitalized if the recognition criteria are met. Capitalized development costs and other internally generated intangible assets are amortized systematically over a useful life of four to six years.

Property, plant and equipment

Property, plant and equipment is measured at cost less systematic depreciation over the estimated useful life. These costs comprise the costs for replacement parts which are recognized at the time they are incurred, provided they meet the recognition criteria. The cost of self-constructed plant and equipment includes all costs which can be directly allocated to the production process as well as an appropriate portion of production-related overheads. This also includes production-related depreciation, a proportionate amount of production-related administrative expenses as well as pro rata welfare costs. Borrowing costs for long-term construction projects are capitalized if the recognition criteria are met. Depreciation of property, plant and equipment is mainly charged using the straight-line method of depreciation. The depreciation period and the depreciation method are reviewed at least at each fiscal year-end and adjusted for any significant changes.

Specifically, the carrying amounts are based on the following useful lives:

Buildings	10 – 50 years
Technical equipment and machinery	3 – 15 years
Other equipment, furniture and fixtures	3 – 15 years

Impairment losses

An impairment test is performed for all intangible assets (including goodwill) and items of property, plant and equipment if the situation or changes in circumstances indicate that the carrying amount of the assets exceeds the recoverable amount. In addition, goodwill is subjected to an annual impairment test.

If the recoverable amount of the asset falls short of the carrying amount, an impairment loss is recognized. The recoverable amount is the higher of the fair value of the assets less costs to sell and the value in use. The fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction less the costs necessary to make the sale. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. The recoverable amount is determined for each asset individually or, if that is not possible, for the cash-generating unit to which the asset belongs.

With the exception of goodwill, impairment losses recognized in prior years are reversed where there is an indication that the impairment recognized for the asset no longer exists or has decreased. The reversal is posted as a gain in the income statement. A reversal or reduction of an impairment loss, however, may not exceed the carrying amount of the asset which would have resulted if no impairment losses had been recognized in prior periods.

Financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.

The Group's financial assets mainly include cash, trade receivables, unlisted financial instruments, loan receivables, other assets and derivative financial instruments with a positive fair value.

The Group's financial liabilities chiefly include trade and other payables, bank overdrafts, loans and borrowings, liabilities from finance leases and derivative financial instruments with a negative fair value. SICK does not make use of the option to classify financial assets or financial liabilities at fair value through profit or loss upon initial recognition (fair value option).

Financial instruments are split into the following classes based on their nature:

- financial assets and liabilities measured at (amortized) cost
- financial assets and liabilities measured at fair value
- finance lease liabilities

For further information, see G. (36) "Financial instruments."

Financial instruments are recognized in the consolidated statement of financial position if a contractual obligation results from the financial instrument. Regular way purchases or sales of financial assets, i. e., purchases or sales under a contract whose terms require delivery of the asset within the time frame established, generally by regulation or convention in the marketplace concerned, are recorded on the date of trading. Financial instruments are initially measured at fair value. The Group takes the directly attributable transaction costs into account in the calculation of the carrying amount only if the financial instruments are not measured at fair value through profit or loss.

Subsequent measurement of financial assets and liabilities depends on their classification into the following categories:

- available-for-sale financial assets
- loans and receivables
- financial liabilities measured at amortized cost or
- financial assets and financial liabilities held for trading

The Group does not make use of the category for financial instruments held to maturity.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the other categories. After initial measurement, available-for-sale financial assets are measured at fair value with unrealized gains or losses recognized in other comprehensive income until the investment is derecognized, at which time the cumulative gain or loss recorded in other comprehensive income is recognized in the income statement, or determined to be impaired, at which time the cumulative loss recorded in other comprehensive income is recognized in the income statement. Under available-for-sale assets, the Group mainly reports shares in unlisted entities, which were valued at amortized cost, since the fair value could not be determined reliably due to a lack of market values. A sale is not planned.

If the fair values of available-for-sale financial assets fall below cost and there is objective evidence, such as a downgraded credit rating or decline in earnings capability, that the asset is impaired, the Group reverses the accumulated loss recognized directly in equity and releases it to the consolidated income statement. The Group reinstates impairment losses of debt instruments in subsequent periods if the reasons for impairment cease to apply.

Loans and receivables

The Group measures financial assets classified as loans and receivables at amortized cost less impairments using the effective interest method. Impairments that serve to take into account the expected default risks are recognized in the form of allowances for individual risks or general credit risks. To determine allowances for general credit risks, financial assets that could potentially be impaired are grouped together by similar credit risk characteristics and collectively evaluated for impairment and impaired as necessary. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the income statement. Receivables and associated allowances are derecognized when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Group.

Interest-free loans and receivables or those with low interest compared to the market level due in more than one year are discounted.

Financial liabilities

With the exception of the derivative financial instruments, financial liabilities are measured at amortized cost using the effective interest method.

Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments such as forward currency contracts and interest rate swaps to hedge its foreign market risks and interest rate risks respectively. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The Group did not conclude any derivative financial instruments during the fiscal years 2014 and 2013 that meet the criteria for hedge reporting pursuant to IAS 39.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Inventories

Inventories are measured at the lower of cost and net realizable value. In addition to direct costs, cost includes an appropriate portion of necessary materials and production overheads as well as production-related depreciation that can be directly allocated to the production process. Administrative and welfare costs that can be allocated to the production process are also considered. Inventories having a similar nature are measured using the weighted average cost formula. Borrowing costs are not capitalized. Appropriate allowance is made for inventory risks associated with slow-moving stocks, reduced salability, etc. When the circumstances that previously caused inventories to be written down below cost no longer exist, the write-down is reversed.

Deferred taxes

Deferred tax assets and liabilities are recognized for all temporary differences between the carrying amounts in the tax accounts and the IFRS statement of financial position in accordance with the balance sheet liability method. Deferred tax assets also include tax credits that result from the expected utilization of existing unused tax losses in subsequent years and the realization of which can be assumed with reasonable assurance. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply based on tax laws that have been enacted or substantively enacted in the individual countries at the time of realization.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilized. Unrecognized deferred tax assets are reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be realized.

For transactions and other events recognized in other comprehensive income, any taxes on income are also reported in other comprehensive income, not through profit or loss.

Deferred tax assets and deferred tax liabilities are offset if the Group has a legally enforceable right to offset current tax assets and current tax liabilities and these relate to income taxes levied by the same taxation authority on the same taxable entity.

Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in the income statement on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Share-based payments

Members of the Executive Board of SICK AG receive a remuneration component in the form of equity instruments ("equity-settled transactions") that is measured at fair value. For more details, reference is made to the comments on the remuneration of the members of the Executive Board of SICK AG in G. (38) "Related party disclosures."

Provisions for pensions and similar obligations

The Group's post-employment benefits include both defined contribution plans and defined benefit plans.

The Group's net obligation in terms of defined benefit plans is calculated separately for each plan by estimating the future payments that the employees have earned in the current period and in earlier periods. This amount is discounted and the fair value of any plan assets is deducted from that figure.

The calculation of the defined benefit obligations is carried out annually by a recognized actuary using the projected unit credit method. If the calculation results in a potential asset for the Group, the asset recognized is limited to the present value of any economic benefit in the form of any future reimbursements from the plan or reductions in future contributions to the plan. Any applicable minimum funding requirements are taken into consideration in the calculation of the present value of any economic benefit.

Remeasurements of the net liability from defined benefit plans are recognized directly in other comprehensive income. Remeasurement involves the actuarial gains and losses, the return on plan assets (excluding interest) and the effect of any limit on a defined benefit asset (excluding interest). The Group calculates the net interest expenses (income) on the net liability (asset) from defined benefit plans for the reporting period by applying the discount rate that was used to measure the defined benefit obligation at the beginning of the annual reporting period. This discount rate is applied to the net liability (asset) from defined benefit plans as of that date. Any changes are taken into account which result in the net liability (asset) from defined benefit plans during the reporting period as a result of contributions and benefit payments. Net interest expenses and other expenses for defined benefit plans are recognized in the interest result.

If the plan benefits are amended or a plan is curtailed, the resulting amendment is recognized directly in profit or loss. The Group recognizes gains and losses from the settlement of a defined benefit plan on the settlement date.

Under defined contribution plans, the entity pays fixed contributions into a state or private pension fund in accordance with legal or contractual provisions or on a voluntary basis and will have no legal or constructive obligation to pay further contributions. The current contribution payments are disclosed in the personnel expenses of the respective year.

Further details about pension obligations are given in F. (28) "Provisions and other liabilities."

Other provisions

Pursuant to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets," provisions are recognized when an entity has a current obligation from a past event which will probably lead to an outflow of resources embodying economic benefits in future and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision for recognizable risks and uncertain obligations is based on its probability of occurrence and is not offset against rights of recourse. The amount needed to settle the obligation also includes any expected cost increases at the end of the reporting period. Provisions for warranty claims are recognized taking account of the past or estimated future claims pattern. Non-current provisions due in more than one year are discounted where the effect of the time value of money is material.

Accounting for leases – the Group as the lessee

Leases are classified as finance leases if substantially all the risks and rewards incidental to ownership of an asset have been transferred to the lessee. All other leases are operating leases.

At the inception of the lease, the Group recognizes finance leases and the corresponding liabilities to the lessor as assets in its statement of financial position at amounts equal to the fair value of the leased asset or, if lower, the present value of the future minimum lease payments, and liabilities from finance leases. Depreciation is charged over the shorter of the lease term of the asset and its useful life. The outstanding liability is reduced over the lease term. At the beginning of the lease, the difference between the total lease obligation and the fair value of the leased asset is the finance charge which is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Lease and rent payments paid by the Group under an operating lease are recognized as an expense on a straight-line basis over the lease term.

Government grants

Government grants related to assets are generally deducted from the cost of the subsidized asset.

Government grants related to income are recorded as other operating income to reflect the effect of the corresponding expenses on profit and loss.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. The Group capitalizes borrowing costs for all eligible assets.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This applies regardless of whether the price is directly observable or has been estimated using a valuation technique.

When calculating the fair value of an asset or a liability, the Group takes into account certain features of the asset or liability that market participants would also take into consideration when setting the pricing for the purchase of the respective asset or the transfer of the liability as of the end of the reporting period. In these consolidated financial statements, the fair value for measurement and / or disclosure requirements is calculated on this basis.

The fair value is not always available as a market price. Often it has to be calculated based on different measurement parameters. Fair value is rated as Level 1, 2 or 3 depending on the availability of observable parameters and the significance of those parameters for the calculation of the fair value as a whole. The breakdown as of the end of each reporting period is based on the following:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly (derived from prices)
- Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

Contingent liabilities / assets

Contingent liabilities pursuant to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" are defined as a possible obligation whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. This pertains to obligations which are not likely to lead to an outflow of resources embodying economic benefits or for which it is not possible to measure the amount of the obligation with sufficient reliability. Pursuant to IAS 37, contingent liabilities are not disclosed in the statement of financial position. They are, however, disclosed in the notes unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not shown in the statement of financial position. However, they are disclosed in the notes to the financial statements when an inflow of economic benefits is probable.

Exemption from the duty of stock corporations to prepare financial statements

For the fiscal year 2014, the following subsidiaries made use of the exemption pursuant to Sec. 264 (3) HGB:

- SICK Engineering GmbH, Ottendorf-Okrilla
- SICK Management GmbH, Waldkirch
- SICK STEGMANN GmbH, Donaueschingen
- SICK Vertriebs-GmbH, Düsseldorf

D. Consolidated statement of cash flows

General

The consolidated statement of cash flows presents the source and utilization of cash flows. In accordance with IAS 7 "Statement of Cash Flows," a distinction is made in the statement of cash flows between cash flows from operating activities and cash flows from investing and financing activities.

The cash and cash equivalents presented in the statement of cash flows contain all cash and cash equivalents shown in the statement of financial position, i. e., cash in hand, checks and bank balances provided they are available within three months. Cash and cash equivalents are not subject to any restrictions.

Cash flows from investing activities and financing activities are derived from the actual cash payments, while cash flows from operating activities are calculated indirectly from consolidated net income. When performing the indirect calculation, changes in items of the statement of financial position considered in connection with ordinary activities are adjusted for effects from currency translation and from acquisition and sales of subsidiaries and other business units. Interest paid and received and included as cash inflow from operating activities as well as dividends received and income taxes paid are disclosed separately. Investing activities comprise additions to property, plant and equipment and financial assets, as well as additions to purchased intangible assets. This item also shows any additions resulting from the recognition of development costs and other internally generated intangible assets.

E. Notes to the consolidated income statement

(1) Sales

For a breakdown of sales by segment and region, reference is made to the group management report.

(2) Own work capitalized

in EUR k	**2014**	2013
Capitalized development work	6,473	10,551
Own work for self-constructed intangible assets and property, plant and equipment	11,156	8,518
Total	**17,629**	**19,069**

(3) Cost of materials

in EUR k	**2014**	2013
Cost of materials and supplies and of purchased goods	311,243	290,139
Cost of purchased services	18,539	16,804
Total	**329,782**	**306,943**

(4) Personnel expenses and number of employees

in EUR k	**2014**	2013
Wages and salaries	386,752	355,291
Social security, pension and other benefit costs	77,472	73,638
Total	**464,224**	**428,929**

The wages and salaries item includes termination benefits of EUR 2,339 k (prior year: EUR 2,910 k).

Employees

	2014			2013		
in EUR k	**Germany**	**Abroad**	**Total**	Germany	Abroad	Total
Average headcount (excluding trainees):	3,843	2,722	6,565	3,718	2,528	6,246
of which in research and development	(710)	(107)	(817)	(689)	(98)	(787)
Trainees	238	17	255	227	33	260
Total	**4,081**	**2,739**	**6,820**	**3,945**	**2,561**	**6,506**

(5) Depreciation and amortization

This item pertains to intangible assets and property, plant and equipment.

(6) Other operating expenses

in EUR k	**2014**	2013
Administrative and selling expenses	84,290	82,966
Cost of purchased services and repairs	58,899	53,173
Rent and lease expenses	22,138	22,088
Other expenses	14,093	10,310
Total	**179,420**	**168,537**

(7) Other operating income

In addition to cost reimbursements, other operating income includes income from subsidies and other sales.

(8) Currency results

in EUR k	**2014**	2013
Exchange gains	17,082	21,926
Exchange losses	20,925	23,924
Total	**-3,843**	**-1,998**

(9) Net investment income / expense

in EUR k	**2014**	2013
Expense from investments accounted for using the equity method	-473	-235
Income from other equity investments	31	15
Total	**-442**	**-220**

(10) Interest expense

This item includes interest and similar expenses. For details on the interest effects in relation to pension provisions, reference is made to F. (28) “Provisions and other liabilities.”

In the reporting period, borrowing costs of EUR 305 k (prior year: EUR 105 k) were capitalized in non-current assets. The interest rates used range from 2.2 percent to 3.5 percent (prior year: 4 percent).

(11) Interest income

This position contains other interest and similar income of EUR 340 k (prior year: EUR 329 k).

(12) Income tax

in EUR k	**2014**	2013
Current income taxes		
current tax expense / income (-) for the reporting period	34,093	18,491
tax expense / income (-) relating to other periods	1,048	309
Deferred tax expense / income (-)		
from temporary measurement differences	-6,382	5,719
from unused tax losses	-160	-274
Total	**28,599**	**24,245**

The current tax expense is reduced by EUR 58 k (prior year: EUR 317 k) through the use of previously unrecognized tax losses.

Current income tax expense includes corporate income tax (including solidarity surcharge) and trade tax of German entities and comparable income taxes of foreign entities. Withholding taxes are also disclosed here.

As of the end of the reporting period, the German entities have a corporate income tax credit of EUR 973 k (prior year: EUR 1,297 k), of which EUR 947 k relates to SICK AG (prior year: EUR 1,262 k). After discounting, the existing corporate income tax credit was recognized as a tax asset with a present value of EUR 969 k as of December 31, 2014 (prior year: EUR 1,282 k). Of this, EUR 943 k relates to SICK AG (prior year: EUR 1,248 k).

As in the prior year, no deferred taxes were recognized as of the end of the reporting period on retained earnings by subsidiaries for the foreseeable future. Timing differences in connection with investments in subsidiaries on which no deferred tax liabilities have been recognized amount to around EUR 6,346 k (prior year: EUR 5,146 k).

Deferred taxes of EUR 5,690 k (prior year: EUR 3,196 k) relate to business events recorded in the statement of financial position which lead to a direct increase in equity as of the end of the reporting period.

The income tax expense reported as of the end of the reporting period amounting to EUR 28,599 k (prior year: EUR 24,245 k) is EUR 147 k lower (prior year: EUR 10 k lower) than the estimated tax expense of EUR 28,746 k (prior year: EUR 24,255 k). The table below reconciles the estimated tax expense to the income taxes reported:

in EUR k	**2014**	2013
Earnings before tax	99,123	83,639
Theoretical tax rate (%)	29.0	29.0
ESTIMATED TAX EXPENSE	**28,746**	**24,255**
Reasons for the change in theoretical tax expense:		
Deviating foreign tax rates	-2,090	-1,455
Tax rate change	-182	167
Taxes from other periods	1,048	309
Tax-free income	-20	-93
Non-deductible expenses	1,706	1,515
Recognition of corporate income tax credits, other tax assets	-32	-399
Use of unused tax losses that have not yet been recognized	-58	-317
Capitalized deferred taxes on unused tax losses in prior years	-160	-274
Other	-359	537
Income taxes reported	**28,599**	**24,245**
Effective tax rate (%)	28.9	29.0

As in the prior year, the calculation of the estimated tax expense for the fiscal year 2014 is based on a theoretical tax rate of 29 percent. This rate is derived from the corporate income tax rate applicable in Germany of 15 percent plus the solidarity surcharge of 5.5 percent of that figure and an average trade tax burden in Germany of 13.2 percent.

Deferred tax assets and liabilities relate to the following:

	Deferred tax assets		**Deferred tax liabilities**	
in EUR k	**2014**	2013	**2014**	2013
Intangible assets	287	1,470	8,040	7,614
Property, plant and equipment / financial assets	257	368	4,434	4,850
Inventories	13,125	10,166	1,299	1,799
Other current assets	2,443	147	3,606	2,915
Liabilities	27,236	19,497	5,558	3,098
Unused tax losses	785	1,069	0	0
GROSS VALUE	**44,133**	**32,717**	**22,937**	**20,276**
Write-downs of deferred tax assets	-69	-190	0	0
Offsetting	-21,255	-16,050	-21,255	-16,050
Carrying amount	**22,809**	**16,477**	**1,682**	**4,226**

The recognition of deferred tax assets is based on management's estimate that sufficient taxable profits will be available in future and that these will lead to realization of the capitalized deferred taxes. This estimate is based on the findings of the past fiscal years as well as on the estimated taxable income.

Valuation allowances of EUR 69 k (prior year: EUR 190 k) were recognized on deferred tax assets on timing differences of EUR 248 k (prior year: EUR 604 k).

Unused tax losses developed as follows:

in EUR k	**2014**	2013
Unused tax losses		
on which no deferred tax assets were recognized	267	537
of which available for offset for more than 10 years	(177)	(537)
on which deferred tax assets were recognized	2,918	3,637
Total	**3,185**	**4,174**

(13) Earnings per share

in EUR k	**2014**	2013
Consolidated net income	70,524	59,394
of which attributable to non-controlling interests	-697	-222
of which attributable to shareholders of SICK AG	**69,827**	**59,172**
Number of shares (weighted average) in thousands	26,205	26,206
Earnings per share (basic and diluted) in EUR / share	2.66	2.26

In accordance with IAS 33, basic earnings per share are calculated by dividing consolidated net income for the year attributable to the shareholders of SICK AG by the weighted average number of shares outstanding during the year. As SICK AG has only issued no-par value bearer shares, there are no dilutive effects.

F. Notes to the consolidated statement of financial position

For (14) we also refer to the consolidated statement of changes in non-current assets presented on pages 88 and 89 of this Annual Report.

(14) Intangible assets

The goodwill acquired from business combinations was allocated to the Factory Automation, Logistics Automation and Process Automation cash-generating units for impairment testing. These correspond to the segments. The carrying amounts of the goodwill allocated to the cash-generating units Factory Automation, Logistics Automation and Process Automation amount to EUR 9,589 k (prior year: EUR 10,392 k), EUR 6,310 k (prior year: EUR 6,581 k) and EUR 2,282 k (prior year: EUR 1,524 k) respectively.

The recoverable amount of the Factory Automation, Logistics Automation and Process Automation cash-generating units is determined based on a value in use calculation. To calculate this, cash flow projections are based on medium-term planning approved by the management for a three-year period. The financial planning is adjusted to reflect the current information available. Beyond the three-year period, an appropriate growth factor customary for the industry is assumed for the following two years. A terminal growth rate of one percent is used for the subsequent years.

This planning is based on appropriate assumptions on macro-economic trends, expected growth rates on the relevant markets and market shares as well as historical developments. The figures allocated to the key assumptions are based on external sources of information. A discount rate of 12.0 percent (prior year: 12.2 percent) before taxes has been used for the cash flow forecast. If the discount rate were raised by one percentage point to 13.0 percent, there would also be no need for a write-down.

The carrying amounts of the capitalized development costs and of the other internally generated intangible assets amount to EUR 26,531 k (prior year: EUR 25,519 k).

The following amounts were recognized in profit or loss for research and development activities in relation to product innovations:

in EUR k	**2014**	2013
Research costs and non-capitalizable development costs	109,132	95,810
Amortization of development costs	7,026	6,522
Total	**116,158**	**102,332**

Expenses for other self-constructed intangible assets are not included in the amounts listed.

(15) Investments accounted for using the equity method

The table below provides a summary of financial information for four joint ventures that are individually immaterial. These entities are presented in the list of group entities on pages 92 and 93 of this Annual Report.

in EUR k	**2014**	2013
Carrying amounts of the shares:	2,042	867
Share in:		
Income from continuing operations	-372	-235
Other comprehensive income	0	0
Comprehensive income	**-372**	**-235**

(16) Other financial assets

in EUR k	**2014**	2013
Other equity investments	194	271
Sundry other financial assets	19	171
Total	**213**	**442**

(17) Inventories

in EUR k	**2014**	2013
Materials and supplies	79,568	70,012
Work in process	55,010	48,639
Finished goods and goods for resale	75,214	60,060
Payments on account	1,115	1,403
Total	**210,907**	**180,114**

Based on the gross value, the value of the inventories was impaired by EUR 28,912 k (prior year: EUR 25,964 k).

(18) Trade receivables

in EUR k	**2014**	2013
Trade receivables due from		
third parties	201,049	172,002
entities accounted for using the equity method	355	3
Total	**201,404**	**172,005**

Appropriate allowance is made for any risk of receivables being uncollectible. As in the prior year, the receivables are generally due in up to one year.

Write-downs on trade receivables break down as follows:

in EUR k	**2014**	2013
AS OF JANUARY 1	**6,289**	**6,124**
Exchange rate differences	327	-172
Utilization / reversals	1,266	1,515
Additions	2,473	1,852
As of December 31	**7,823**	**6,289**

(19) Tax receivables

This item records income tax receivables.

(20) Other assets

in EUR k	**2014**	2013
Other tax assets	6,553	5,119
Prepaid expenses	6,181	4,694
Derivative financial instruments (held for trading)	825	3,891
Other	22,674	18,490
Total	**36,233**	**32,194**

(21) Cash and cash equivalents

Bank deposits payable on demand are reported in this item as well as checks and cash. Changes in cash and cash equivalents are shown in the statement of cash flows.

(22) Issued capital

As in the prior year, capital stock totals EUR 26,405,400 and is divided into a total of 26,405,400 no-par bearer shares. The imputed nominal value amounts to EUR 1.00 per share.

On the basis of the resolution of the Annual General Shareholders' Meeting of June 17, 2010, the Executive Board was authorized, subject to the approval of the Supervisory Board, to acquire – once or several times – up to 2,640,540 treasury shares for the purpose of redemption or resale in the period up to August 31, 2015.

(23) Capital reserves

The capital reserves relate exclusively to share premiums in connection with the capital increases implemented at SICK AG and treasury shares transferred. Owing to the provisions of German stock corporation law, dividends may not be distributed from the capital reserves.

(24) Treasury shares

On December 31, 2014, SICK AG had 201,375 (prior year: 201,390) treasury shares with a nominal value of EUR 201 k (prior year: EUR 201 k); this is equivalent to 0.8 percent of the capital stock (prior year: 0.8 percent).

Reconciliation of the number of outstanding shares:

in EUR k	**2014**	2013
OPENING BALANCE	**26,204,010**	**26,206,238**
Acquisition of treasury shares	-4,985	-4,128
Disposal of treasury shares	+5,000	+1,900
Closing balance	**26,204,025**	**26,204,010**

(25) Revenue reserves

Revenue reserves include the profits of SICK AG and consolidated subsidiaries earned in prior years and not yet distributed as well as additions due to equity-settled share-based payment transactions. The item also includes exchange gains of EUR 866 k (prior year: losses of EUR 5,163 k) as well as losses from the remeasurement of the pension obligations amounting to EUR 19,575 k (prior year: losses of EUR 10,465 k) less deferred taxes of EUR 5,690 k (prior year: EUR 3,196 k).

(26) Proposed dividend

Pursuant to Sec. 58 (2) AktG (“Aktiengesetz”: German Stock Corporations Act), the proposed dividend is based on the retained earnings reported in the commercial financial statements of SICK AG.

Pursuant to the resolution of the Annual General Shareholders’ Meeting of SICK AG of May 21, 2014, a dividend of EUR 0.65 per share was distributed from the retained earnings of SICK AG as of December 31, 2013 for the fiscal year 2013, i. e., taking into account treasury shares totaling EUR 17,032 k that are not entitled to dividends.

For the past fiscal year 2014, the Company plans to distribute a dividend of EUR 0.70 per share, i. e., taking into account treasury shares totaling EUR 18,343 k that are not entitled to dividends.

The individual components of equity and their development in 2014 and 2013 are shown in the consolidated statement of changes in equity.

(27) Non-current and current financial liabilities

	2014 of which due in			**2013 of which due in**		
in EUR k	**Total**	**less than 1 year**	**> 1 year**	Total	less than 1 year	> 1 year
Liabilities to banks	103,955	27,612	76,343	81,297	44,079	37,218
Finance lease liabilities	1,650	1,537	113	3,085	1,556	1,529
Other financial liabilities	475	0	475	772	0	772
Total	**106,080**	**29,149**	**76,931**	**85,154**	**45,635**	**39,519**

The item for other financial liabilities contains the non-current portion of derivatives of EUR 475 k (prior year: EUR 772 k).

Financial liabilities due in more than five years come to a total of EUR 41,897 k (prior year: EUR 21,306 k).

Non-current liabilities owed to banks are predominantly fixed-interest loans. The interest rates range from 1.38 percent to 4.25 percent.

Non-current liabilities from leases are subject to customary market interest rates.

For additional information about the interest risks, reference is made to G. (35) "Financial risk management."

Financial liabilities contain secured liabilities of EUR 2,693 k (prior year: EUR 6,968 k). The collateral has been provided in the form of land charges.

(28) Provisions and other liabilities

Non-current provisions and liabilities break down as follows:

in EUR k	**2014**	2013
Provisions for pensions and similar obligations	61,089	50,518
Other non-current provisions	10,212	9,891
Other non-current liabilities	598	961
Total	**71,899**	**61,370**

The other non-current liabilities relate to an obligation from a business combination.

Provisions for pensions and similar obligations

Pension provisions are recorded as a result of benefit plans for old age, disability and surviving dependents' pension obligations. The benefits vary according to local legal, tax and economic conditions and are usually based on the length of service and salary.

The Group's post-employment benefits include both defined contribution plans and defined benefit plans.

In the case of defined contribution plans, the Company makes voluntary contributions to state or private pension funds based on legal or contractual provisions. No further payment obligations arise for the Company from the payment of contributions. The current contribution payments are disclosed as a personnel expense for the respective year. Not including contributions to the statutory pension insurance, these amounted to EUR 5,998 k in total in the fiscal year 2014 (prior year: EUR 5,016 k).

In addition, some of the company pension schemes consist in defined benefit plans which guarantee the beneficiary a monthly old-age pension for life after reaching retirement age. These are co-funded by the Company and by the employees.

If pension obligations are reinsured with insurance firms, these employer's liability insurance claims are netted with the provisions and disclosed as plan assets if the criteria of IAS 19 are satisfied.

The amounts recognized in the income statement are as follows:

in EUR k	**2014**	2013
Current service cost	3,540	2,879
Interest expense / interest income	1,371	1,313
Other	50	49
Total	**4,961**	**4,241**

The amounts cited are generally recorded in the personnel expense of the period; the interest components from the obligations are reported as interest expense.

The defined benefit obligation developed as follows:

in EUR k	**2014**	2013
AS OF JANUARY 1	**70,491**	**71,678**
Expenses recognized in income		
Current service cost	3,540	2,879
Interest cost	2,139	1,968
Benefits paid	-2,640	-2,458
Amounts recognized in other comprehensive income		
Change in financial assumptions	9,121	-3,350
Experience adjustments, gains / losses	-28	-582
Employee contributions	299	288
Exchange rate differences / other changes	6	68
As of December 31	**82,928**	**70,491**

The average term of the defined benefit obligations in Germany is between 17.4 and 20.5 years (prior year: 13.2 and 15.9 years).

Changes in the fair value of plan assets are as follows:

in EUR k	**2014**	2013
AS OF JANUARY 1	**19,973**	**19,458**
Expenses / income recognized in income		
Interest income	562	494
Amounts recognized in other comprehensive income		
Return on plan assets	131	-478
Employer contributions	1,590	1,574
Benefits paid	-524	-992
Exchange rate differences / other changes	107	-83
As of December 31	**21,839**	**19,973**

The plan assets chiefly concern employer's liability insurance claims against insurance companies. The Group expects to contribute a similar amount to its defined benefit pension plans in the fiscal year 2014 as in the past fiscal year.

The amounts recognized in the statement of financial position for defined benefit obligations are as follows:

in EUR k	**2014**	2013
Defined benefit obligation	82,928	70,491
Fair value of plan assets	21,839	19,973
Provisions for pensions and similar obligations	**61,089**	**50,518**

Reimbursement rights developed as follows:

in EUR k	**2014**	2013
AS OF JANUARY 1	**6,510**	**5,151**
Expenses / income recognized in income		
Interest income	206	161
Amounts recognized in other comprehensive income		
Experience adjustments, gains / losses	-150	-64
Employer contributions	1,409	1,299
Benefits paid	-4	-37
Other changes	10	0
As of December 31	**7,981**	**6,510**

Amounts recognized in other comprehensive income from the remeasurement of the pension obligations are as follows:

in EUR k	**2014**	2013
Change in financial assumptions	9,121	-3,350
Experience adjustments, gains/losses	122	-518
Return on plan assets	-131	478
Total	**9,112**	**-3,390**

Sensitivity

The quantitative sensitivity analysis leads to the following effect on the defined benefit obligations of the German entities subject to these changes in important assumptions:

in EUR k		**2014**	2013
Discount rate	(+1%)	-7,096	-7,397
Discount rate	(-1%)	8,636	8,454
Future salary increases	(-0.5%)	-445	-351
Future salary increases	(+0.5%)	496	434
Future pension increases	(-0.25%)	-1,549	-1,198
Future pension increases	(+0.25%)	1,620	1,248
Life expectancy	(+1 year)	3,936	1,857

The method used to calculate the sensitivity of the obligations to the authoritative actuarial assumptions was the same as that used to calculate the obligation. The effects of the changes in assumptions were determined separately in each case. As a result, possible interdependencies were not analyzed. If a number of assumptions are simultaneously changed, the total impact does not necessarily equate to the sum of the individual effects.

The following amounts are expected to be paid out next year as part of the defined benefit plan obligation:

in EUR k	**2015**
Contributions by employer	1,587
Benefits paid by employer	2,278
Benefits paid from plan assets	301

Assumed developments on the capital markets over the period in which the obligation is fulfilled are reflected both in the discount rate and in the estimated return on plan assets.

The calculation of the pension provisions in Germany is based on the following assumptions:

in %	**2014**	2013
Discount rate as of December 31	2.00	3.25
Expected return on plan assets	2.00	3.00
Future salary increases	3.00	3.00
Futre pension increases	2.00	2.00

Other provisions

Other non-current and current provisions developed as follows:

in EUR k	Jan. 1, 2014	Exchange rate differences / changes in basis of consolidation	Utilization	Reversal	Additions	Discount rate adjustment	Dec. 31, 2014
Personnel and welfare expense	8,810	25	1,223	233	1,868	118	9,365
Warranties and onerous contracts	9,010	244	6,508	574	9,684	0	11,856
Sundry other provisions	8,254	406	2,546	541	2,696	20	8,289
Total	**26,074**	**675**	**10,277**	**1,348**	**14,248**	**138**	**29,510**

The provisions for personnel expenses and welfare costs essentially comprise special German phased retirement obligations ("Altersteilzeit"), long-service bonus obligations, severance payments and similar obligations.

The provisions for warranties and onerous contracts mainly contain obligations from statutory warranty and non-contractual warranty agreements.

Sundry other provisions account for various discernible individual risks and contingent liabilities based on their probable occurrence.

Other provisions are classified based on their expected utilization as follows:

	2014 of which due in			2013 of which due in		
in EUR k	**Total**	**less than 1 year**	**> 1 year**	Total	less than 1 year	> 1 year
Personnel and welfare expense	9,365	1,068	8,297	8,810	1,376	7,434
Warranties and onerous contracts	11,856	11,856	0	9,010	9,010	0
Sundry other provisions	8,289	6,374	1,915	8,254	5,797	2,457
Total	**29,510**	**19,298**	**10,212**	**26,074**	**16,183**	**9,891**

(29) Tax liabilities

This item records income tax liabilities.

(30) Trade payables

in EUR k	2014	2013
Trade payables due to		
third parties	88,686	85,538
entities accounted for using the equity method	365	57
other	140	73
Total	**89,191**	**85,668**

As in the prior year, the liabilities are generally due in less than one year.

(31) Other liabilities

in EUR k	**2014**	2013
Liabilities to employees	56,106	46,372
Other tax liabilities	12,187	10,798
Derivative financial instruments held for trading	3,902	809
Social security liabilities	2,966	2,695
Deferred income	796	1,302
Sundry other liabilities	5,121	5,976
Total	**81,078**	**67,952**

As in the prior year, other liabilities are generally due in less than one year.

G. Other notes

(32) Contingent liabilities

As an internationally active company with various areas of business, the Group is exposed to many legal risks. This is especially true of risks relating to warranties, tax litigation and other legal disputes. The outcome of currently pending and/or future litigation cannot be predicted with certainty. Decisions may therefore result in expenses that are not fully covered by insurance and that may have significant effects on the business and its results. Group management does not expect pending litigation to result in judgments that will significantly and negatively influence the financial position and performance of the Group.

(33) Contingent liabilities and other financial obligations

Contingent liabilities

This position contains guarantees and warranties of EUR 400 k (prior year: EUR 1,222 k). If claims arise, there is a risk of immediate cash outflows in these amounts.

Other financial obligations

in EUR k	**2014**	2013
Obligations from operating leases		
due within 12 months	16,731	15,390
due in 13 to 60 months	35,523	27,039
due in more than 60 months	1,041	1,278
Total	**53,295**	**43,707**

The obligations from operating leases mainly relate to rent for office space, vehicles and furniture and fixtures. There are prolongation options for individual agreements. There are no significant restrictions imposed on the Group by entering into these lease agreements.

In addition, the Group has purchase obligations (mainly for property, plant and equipment) and the like amounting to EUR 31,255 k (prior year: EUR 25,592 k) which are due in the next 12 months as well as several maintenance agreements which will lead indefinitely to other financial obligations of EUR 20,870 k per year (prior year: EUR 20,567 k).

The remaining financial obligations are on a scale customary for the industry.

(34) Leases

Lessee

The net carrying amount of assets covered by finance leases breaks down as follows:

in EUR k	**2014**	2013
Industrial rights and licenses	1,964	3,781
Other equipment, furniture and fixtures	208	179
Total	**2,172**	**3,960**

The finance leases are generally designed to include a purchase option and the automatic transfer of ownership. There are no significant restrictions imposed by lease agreements.

Minimum lease installments over the remaining terms of the finance lease agreements and their present value are as follows:

in EUR k	**2014**	2013
due within 12 months	1,537	1,556
due in 13 to 60 months	85	1,586
due in more than 60 months	30	0
Minimum lease payments from finance leases	1,652	3,142
less expected future interest payments	-2	-57
PRESENT VALUE OF MINIMUM LEASE PAYMENTS	**1,650**	**3,085**
Residual term of liabilities		
due within 12 months	1,537	1,556
due in 13 to 60 months	84	1,529
due in more than 60 months	29	0
Total	**1,650**	**3,085**

(35) Financial risk management

Through its financial activities, the Group is subject to various risks that are assessed, managed and monitored by a systematic and documented risk management system which aims to avoid concentrations of risk.

The Group is exposed to market price risks due to changes in exchange rates or interest rates. On the procurement side, the Group faces commodity price risks. Furthermore, the Group is subject to credit risks resulting primarily from trade receivables. There are also liquidity risks in connection with the credit and market price risks or a deterioration in operations or disruptions on the financial markets. These financial risks could impact negatively on the financial position and performance of the Group.

Details of the Group's management of market risks (exchange rates, interest rates, commodity prices), credit risks and liquidity risks are presented below.

(a) Exchange rate risks

The Group performs foreign currency transactions worldwide and is therefore subject to exchange rate fluctuations which have an effect on the assets and earnings of the Group denominated in euro. Foreign currency risks in financing stem from financial receivables and liabilities in foreign currency and loans in foreign currency granted to finance group entities. As far as operations are concerned, the individual group entities mainly carry out their activities in their functional currency. There is also an intensive exchange of goods and services between the group entities.

Furthermore, there are transaction-related exposures due to financial assets and liabilities listed in foreign currencies. Exchange rate risks are managed by forward exchange contracts and options. Derivative financial instruments are used to hedge future sales revenue against exchange rate risks. Portions of the exposure expected for the next fiscal year in the most important currencies for the Group are hedged.

Risks from the use of derivative financial instruments include, on the one hand, counterparty risks which can be avoided in the selection process. On the other, they lie in the change in the fair value of derivatives; this is, however, generally counterbalanced by the opposing development of the fair value of the underlying.

The hedged sales revenue amount is calculated on the basis of the estimate for the coming fiscal year. This is derived mostly from past figures based on sales revenue which are highly probable. The figures are monitored constantly.

IFRS 7 requires that sensitivity analyses be carried out to present market risks, showing how profit or loss and equity would have been affected by changes in the relevant risk variables. Apart from exchange rate risks, the Group is exposed to interest rate risks. The periodic expenses are determined by relating the hypothetical changes of the risk variables to the financial instruments as of the end of the reporting period. It is assumed that the financial instruments as of the end of the reporting period are representative for the entire year.

Exchange rate risks or currency risks as defined by IFRS 7 arise on financial instruments that are denominated in a currency other than the functional currency and that have a monetary nature; differences from the translation of financial statements to the group currency caused by exchange rates are not taken into account. The relevant risk variables are all currencies (other than the functional currency) in which the Group uses financial instruments.

The currency sensitivity analyses are based on the following assumptions:

- Significant non-derivative monetary financial instruments are either denominated in functional currency or transferred to the functional currency using derivatives.
- Interest income and expenses from financial instruments are also either reported directly in functional currency or transferred to the functional currency using derivatives. As a result, there cannot be any material effects on the volumes under consideration.

If the euro had been ten percent stronger or weaker against the USD, BRL, GBP, AUD, PLN and CNY as of December 31, 2014, earnings before tax would have been EUR 9,164 k (prior year: EUR 10,223 k) higher and EUR 7,576 k (prior year: EUR 7,619 k) lower respectively.

If the euro had been ten percent stronger, the change in earnings would have been as follows for the individual currency pairs: EUR / USD: EUR 4,535 k higher (prior year: EUR 6,389 k higher); EUR / BRL: EUR 260 k higher (prior year: EUR 569 k higher); EUR / GBP: EUR 1,320 k higher (prior year: EUR 1,033 k higher); EUR / AUD: EUR 916 k higher (prior year: EUR 974 k higher); EUR / PLN: EUR 52 k higher (prior year: EUR 408 k higher) and EUR / CNY: EUR 2,081 k higher (prior year: EUR 850 k higher).

If the euro had been ten percent weaker, the change in earnings would have been as follows for the individual currency pairs: EUR / USD: EUR 3,894 k lower (prior year: EUR 3,785 k lower); EUR / BRL: EUR 260 k lower (prior year: EUR 569 k lower); EUR / GBP: EUR 1,320 k lower (prior year: EUR 1,033 k lower); EUR / AUD: EUR 916 k lower (prior year: EUR 974 k lower); EUR / PLN: EUR 52 k lower (prior year: EUR 408 k lower) and EUR / CNY: EUR 1,134 k lower (prior year: EUR 850 k lower).

(b) Interest rate risks

By interest rate risks, the Group means the negative effects on the financial position and performance resulting from changes in interest rates. The external financing consists primarily of fixed-interest rate loans. This is one of the methods used to manage these risks. In addition, derivative financial instruments including interest swaps are used in risk management. Due to the structure of assets and liabilities, interest rate risks are mostly linked to liabilities to banks. Fixed-interest agreements amounting to EUR 83,122 k (prior year: EUR 65,726 k) have been entered into for these. In addition, floating-interest liabilities to banks of EUR 10,000 k (prior year: EUR 10,000 k) were effectively rendered fixed-interest liabilities by using interest rate swaps.

The interest rate hedges fall short of the floating-interest loans by EUR 10,833 k as of the end of the year (prior year: EUR 5,571 k).

Of the liabilities to banks, an amount of EUR 27,612 k (prior year: EUR 44,079 k) is due for repricing within a year, while EUR 76,343 k (prior year: EUR 37,218 k) of these liabilities are due for repricing at a later date.

Under IFRS 7, interest rate risks are presented using sensitivity analyses. These present the effects of changes in market interest rates on interest payments, interest income and expenses, other comprehensive income and, if applicable, on equity. The interest rate sensitivity analyses are based on the following assumptions:

- Market interest rate fluctuations of non-derivative financial instruments with fixed interest only affect profit or loss if they are measured at fair value. Therefore, the financial instruments with fixed interest that are measured at amortized cost do not constitute interest rate risks as defined by IFRS 7.
- Market interest rate fluctuations affect the interest result of non-derivative financial instruments with floating interest for which the interest payments are not designed as underlyings using cash flow hedges against interest rate risks, and are thus included when calculating the earnings-related sensitivities.
- Market interest rate fluctuations of interest derivatives (interest rate swaps, interest/currency swaps) that are not part of a hedge relationship pursuant to IAS 39 affect the other financial result (measurement result from adjusting the financial assets to the fair value) and are therefore taken into account when calculating the earnings-related sensitivities.
- Currency derivatives are not subject to any interest rate risks and therefore do not affect interest rate sensitivities.

If the market interest level had been 100 basis points higher as of December 31, 2014, earnings before tax would have been EUR 186 k higher (prior year: EUR 256 k higher). The hypothetical effect on earnings results from the potential positive effects from interest derivatives of EUR 240 k (prior year: EUR 345 k) and potential negative effects from non-derivative floating-rate financial liabilities and assets of EUR 54 k (prior year: EUR 89 k).

If the market interest level had been 100 basis points lower as of December 31, 2014, earnings before tax would have been EUR 203 k lower (prior year: EUR 260 k lower). The hypothetical effect on earnings results from the potential negative effects from interest derivatives of EUR 257 k (prior year: EUR 349 k) and potential positive effects from non-derivative floating-rate financial liabilities and assets of EUR 54 k (prior year: EUR 89 k).

(c) Commodity price risks

The Group is exposed to risks from changes in commodity prices that stem from the procurement of the goods used in production. The Group generally does not use derivative financial instruments to hedge against this risk. Instead, the Group minimizes the risk in relation to quality and procurement assurance aspects using a procurement strategy adjusted to reflect current circumstances and changes. This involves continuously assessing potential procurement sources according to regional, technological, qualitative and price aspects, approving the sources and embedding these in development and production processes accordingly. Sudden price fluctuations due to the cost of materials or supply bottlenecks for certain product groups are countered using a planning basis that is constantly updated and also includes strategic buffer stocks.

(d) Credit risks

Credit risk describes the risk of financial loss resulting from counterparties failing to discharge their contractual payment obligations. Credit risk involves both the direct risk of default and the risk of a deterioration in creditworthiness, linked to the risk of a concentration of individual risks.

Credit risk is countered by only maintaining business relationships with first-class banks. Default risks from receivables are minimized by ongoing monitoring of the creditworthiness of the counterparty and by limiting the aggregated risks from the individual counterparty.

Business with major customers is subject to special credit monitoring. However, measured in terms of the overall risk potential from the default risk, the receivables from these customers are not significant enough to constitute an extraordinary concentration of risk.

The following table provides information on the extent of the credit risk included in trade receivables (without specific bad debt allowances):

in EUR k	**2014**	2013
Neither impaired nor past due as of the end of the reporting period	155,465	130,567
Not impaired as of the end of the reporting period but past due by the following time periods:		
less than 30 days	21,884	23,244
31 to 90 days	8,095	7,397
91 to 360 days	3,855	2,023
more than 361 days	1,115	1,350

There was no indication as of the end of the reporting period that any impairment losses needed to be recognized on the trade receivables recorded as not impaired.

(e) Liquidity risks

Liquidity risk describes the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Group generates liquidity primarily from operations and external financing. The funds are chiefly used to finance working capital and capital expenditures. The Group controls its liquidity by maintaining sufficient cash and cash equivalents and lines of credit at banks in addition to cash inflows from operating activities. Cash and cash equivalents comprise cash and other assets.

At the end of 2014, short- and long-term lines of credit and loans totaled EUR 185,624 k (prior year: EUR 150,152 k), of which EUR 103,955 k (prior year: EUR 81,297 k) was utilized.

Operative liquidity management comprises a cash concentration process whereby cash and cash equivalents are pooled on a daily basis. This allows liquidity surpluses and shortages to be controlled in line with the requirements of the Group as a whole as well as of individual group entities. The maturities of financial assets and financial liabilities as well as estimates of cash flows from operating activities are included in short- and medium-term liquidity management. Detailed information is included in F. (27) “Non-current and current financial liabilities.”

The following repayment schedule shows how the payments made for financial liabilities as of December 31, 2014 influence the Group’s liquidity situation.

The schedule describes the procedure for undiscounted

- principal and interest payments for financial liabilities,
- net payments for derivative financial instruments as a total for the respective year,
- payments for trade payables and
- payments for other financial liabilities.

The undiscounted payments are subject to the following conditions:

- If the contractual party can demand a payment at different times, the liability is reported at the earliest possible repayment date.
- Derivative financial instruments include derivatives with negative fair values.
- The interest payments for floating-rate financial instruments are calculated on the basis of forward interest rates. This procedure corresponds to calculating the fair value of other financial instruments.

The financial liabilities of the Group have the following terms. The disclosures are based on contractual payments without discounting.

in EUR k	Total	**2015**	2016	**2017**	2018	**2019**	≥ 2020
Liabilities to banks	112,772	29,344	8,932	3,823	3,689	23,644	43,340
Liabilities from finance leases	1,652	1,537	29	0	56	0	30
Derivative financial instruments	4,256	4,178	78	0	0	0	0
Trade payables	89,191	89,191	0	0	0	0	0
Other financial liabilities	6,265	5,643	622	0	0	0	0
Total	**214,136**	**129,893**	**9,661**	**3,823**	**3,745**	**23,644**	**43,370**

The cash flows from the derivative financial instruments are shown as net figures. These include foreign exchange contracts which break down into a cash outflow of EUR 108,028 k and a cash inflow of EUR 104,126 k.

There are also derivative financial instruments with a positive market value that break down into a cash outflow of EUR 64,623 k and a cash inflow of EUR 65,448 k.

As of December 31, 2013, the financial liabilities of the Group had the following terms. The disclosures are based on contractual payments without discounting.

in EUR k	Total	**2014**	2015	**2016**	2017	**2018**	≥ 2019
Liabilities to banks	87,661	46,844	8,466	6,768	1,684	1,577	22,322
Liabilities from finance leases	3,142	1,556	1,508	38	0	40	0
Derivative financial instruments	1,555	1,154	333	68	0	0	0
Trade payables	85,668	85,668	0	0	0	0	0
Other financial liabilities	7,190	6,164	350	676	0	0	0
Total	**185,216**	**141,386**	**10,657**	**7,550**	**1,684**	**1,617**	**22,322**

The retained liquidity as well as short-term and long-term lines of credit give the Group adequate flexibility to cover the Group's refinancing needs. The Group is not subject to any concentration of liquidity risk on account of the diverse nature of its financing sources and its cash and cash equivalents.

(f) Capital management

The Group's primary capital management objective is to ensure that it maintains a healthy equity ratio with a low-risk and flexible financing structure in order to support its business activity.

The Group manages the way its capital base is structured in light of changes in economic conditions and adjusts it accordingly. To adjust the way its capital base is structured, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made to the objectives and guidelines as of December 31, 2014 or December 31, 2013.

The Group monitors its capital taking into account the underlying parameters, e. g., consolidated net income, mainly using the equity ratio. The equity ratio is the ratio of equity in the statement of financial position to total assets. As of December 31, 2014, the equity ratio amounted to 49.1 percent (prior year: 49.5 percent).

(36) Financial instruments

(a) Fair value of financial instruments

Financial assets and financial liabilities regularly measured at fair value:

	Level 1		Level 2		Level 3		Total	
in EUR k	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
Assets								
Other financial assets	0	0	825	3,891	0	0	825	3,891
thereof derivatives not used for hedging	0	0	825	3,891	0	0	825	3,891
Equity and liabilities								
Other financial liabilities	0	0	4,377	1,581	0	0	4,377	1,581
thereof derivatives not used for hedging	0	0	4,377	1,581	0	0	4,377	1,581

The fair value of securities that are included in the portfolio of available-for-sale financial assets and held-for-trading financial assets is determined based on the market price at the end of the reporting period, if available.

The fair value of forward exchange contracts is measured using the closing rates on the forward exchange markets. The fair values are calculated on the basis of the mean exchange rate. The calculation method and the variables used are in line with the provisions of IAS 39. In the case of interest swaps, the fair value is calculated as the present value of the estimated future cash flows including accrued interest based on the market value.

The fair value of options is measured using either the Black-Scholes or Heath-Jarrow-Morton option-pricing models. The fair value of all the instruments mentioned above has been confirmed to the Group by the banks that arranged the respective contracts for the Group.

Obligations from contingent consideration from acquisitions are calculated as the present value of estimated future cash flows.

During the reporting periods ending December 31, 2014 and December 31, 2013, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

Financial assets and financial liabilities not regularly measured at fair value:

	Level 1		Level 2		Level 3		Total	
in EUR k	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
Assets								
Other financial assets	0	0	213	442	0	0	213	442
Trade receivables	0	0	201,404	172,005	0	0	201,404	172,005
Other assets	0	0	9,302	7,332	0	0	9,302	7,332
Cash and cash equivalents	0	0	14,969	11,848	0	0	14,969	11,848
Equity and liabilities								
Liabilities to banks	0	0	98,031	81,658	0	0	98,031	81,658
Finance lease liabilities	0	0	1,650	3,085	0	0	1,650	3,085
Trade payables	0	0	89,191	85,668	0	0	89,191	85,668
Other liabilities	0	0	4,577	5,795	1,142	1,142	5,719	6,937

The carrying amounts of trade receivables and payables, other assets, cash and cash equivalents and other liabilities closely correspond to the fair values due to the short-term maturities.

For liabilities to banks and from finance leases, the present value of the future cash flows was calculated on the basis of matched market interest rates. Other liabilities also include obligations from contingent consideration from acquisitions calculated as the present value of estimated cash flows.

For the presentation of the carrying amounts, reference is made to pages 90 and 91 of this Annual Report.

Measurement of the financial instruments held as of December 31 at fair value gave rise to the following total gains and losses.

Total income and expenses from assets and liabilities measured at fair value:

	Assets		Liabilities	
in EUR k	**2014**	2013	**2014**	2013
Recognized in the income statement:				
Derivatives not used for hedging	-288	3,110	-4,377	-1,582
Other	0	0	0	-144
Recognized in equity:				
Derivatives used for hedging	0	0	0	0

Income and expenses from measuring held-for-trading financial assets and liabilities at fair value are presented in the currency results or the interest expense and income.

For the presentation of the carrying amounts and fair values by class and category, reference is made to pages 90 and 91 of this Annual Report.

(b) Net results by measurement category

The following table presents the net gains and losses from financial instruments taken into account in the income statement (excluding derivative financial instruments included in hedge accounting):

Categories pursuant to IAS 39:

in EUR k	**2014**	2013
Loans and receivables	-618	-699
Financial assets and financial liabilities at fair value through profit or loss (held for trading)	-6,575	2,042
Financial liabilities at amortized cost	-3,476	-2,913
Total	**-10,669**	**-1,570**

The net gains and losses from loans and receivables chiefly include the effects of interest, currencies and impairments.

The net gains and losses from financial assets and financial liabilities at fair value through profit or loss include the results of changes in fair value and from interest income and expenses from these financial instruments.

The net gains and losses from financial liabilities at amortized cost relate first and foremost to results from interest expenses.

(c) Total interest income and expenses

The total interest income and expenses for financial assets and financial liabilities not measured at fair value through profit or loss are as follows:

in EUR k	**2014**	2013
Total interest income	284	305
Total interest expenses	-3,605	-3,999
Total	**-3,321**	**-3,694**

(d) Derivative financial instruments

As of the end of the reporting period, the replacement values of the derivative financial instruments are as follows:

	Contract value or nominal value		Positive replacement value		Negative replacement value	
in EUR k	**2014**	2013	**2014**	2013	**2014**	2013
Currency instruments without hedging relationship						
Forward exchange contracts	130,203	120,723	468	2,897	3,902	809
Currency options (OTC) [1]	38,546	21,935	357	994	0	0
Total currency instruments	**168,749**	**142,658**	**825**	**3,891**	**3,902**	**809**
Interest instruments without hedging relationship						
Interest rate swap	10,000	10,000	0	0	475	772
Total interest instruments	**10,000**	**10,000**	**0**	**0**	**475**	**772**

[1] OTC: over-the-counter

The foreign currency instruments are principally used to hedge exchange rate risks in USD, CNY, AUD, GBP, PLN and BRL. Currency instruments of EUR 168,749 k (prior year: EUR 142,658 k) have maturities of less than 12 months.

The interest instruments primarily serve to hedge interest exposures relating to floating-rate liabilities to banks in euro. The maximum term is two years.

(37) Government grants

The Group reports government grants of EUR 2,517 k in the fiscal year (prior year: EUR 2,577 k) which are earmarked. EUR 2,655 k (prior year: EUR 2,163 k) of the grants received were deducted from the acquisition costs of the related assets. This amount includes payments for grants from 2014 and 2013. Government grants mainly consist of subsidies provided for the capital expenditures at the locations in Dresden and Hungary to support regional economic development. If earmarked subsidies are not used for the designated purpose, they may have to be repaid.

The Group also reported government grants for research and development projects of EUR 1,578 k (prior year: EUR 1,170 k); these are not dependent on the success of the projects. These were recognized as income in full in 2014 in accordance with the percentage of completion of the projects.

(38) Related party disclosures

Related parties are members of the Executive Board, members of the Supervisory Board of the Group, members of the Sick family, joint ventures as well as Sick Holding GmbH, Freiburg, Germany. Sick Holding GmbH, Freiburg, is the ultimate parent company of SICK AG.

All transactions with joint ventures are made at normal market prices.

The table below provides the total amount of transactions with related parties for the fiscal year, which relate mostly to joint ventures:

in EUR k	**2014**	2013
Goods and services sold	651	0
Goods and services purchased	2,749	521
Receivables as of the end of the reporting period	3,081	1,355
Liabilities as of the end of the reporting period	365	37

The Group's goods and services sold mainly relate to deliveries of goods. The Group mainly received goods deliveries and development services as part of the goods and services purchased. No bad debt allowances were recognized on trade receivables.

As in the prior year, there were no transactions between the Group and Sick Holding GmbH, Freiburg, during the fiscal year other than dividends paid.

In the Group as of December 31, 2014, as in the prior year, there are no receivables and liabilities due from or to members of the Executive Board, apart from outstanding remuneration.

The members of the Executive Board of SICK AG are classified as key management personnel.

Remuneration of EUR 3,497 k (prior year: EUR 4,043 k) granted to these individuals includes short-term employee benefits of EUR 3,047 k (prior year: EUR 2,648 k) expensed in the reporting period, termination benefits of EUR 0 k (prior year: EUR 1,000 k), post-employment benefits of EUR 343 k (prior year: EUR 366 k) as well as other long-term benefits of EUR 107 k (prior year: EUR 29 k) of which EUR 53 k (prior year: EUR 15 k) can relate to share-based payments.

A long-term incentive arrangement ("LTI") was concluded with the members of the Executive Board of SICK AG in the fiscal years 2012, 2013 and 2014. One of the prerequisites for receiving the LTI is to belong to the Executive Board of SICK AG for a period of three years.

The assessment base for the LTI is a positive value added accumulated over three fiscal years (either 2012 to 2014, 2013 to 2015 or 2014 to 2016, depending on the contract, referred to as the "time frame"). The LTI is measured as a percentage of the average value added calculated in this period. It is limited to a certain percentage of the fixed remuneration of the last year in the time frame. At the end of the time frame, the LTI is paid out in shares in SICK AG (max. 50 percent) and in cash (min. 50 percent). In the fiscal year 2014, 5,000 shares were paid out at a price of EUR 30.50 at the end of the 2011 to 2013 time frame under the LTI. The obligations from the cash settlement amount to EUR 291 k as of December 31, 2014. The percentage of shares is determined by the Company, taking treasury shares into account. The rate authoritative for translating the percentage to be paid out in shares is the current rate specified by the tax authorities or the respective market price on the date of maturity. If a member of the Executive Board leaves during this three-year period, any entitlement to an LTI for this period is forfeited.

The SICK shares transferred as part of the LTI must be kept in a custodian account with a blocking notice stating that the shares can only be issued subject to the approval of the Company. These shares can only be accessed if the member steps down from the Executive Board or retires.

The 50 percent share of the LTI that can be paid in shares – at the discretion of SICK AG – is treated as an equity-settled transaction (IFRS 2.34) and is recognized in equity accordingly. Measurement as of December 31, 2014 was based on the consolidated financial statements as of December 31, 2012 to 2014 as well as the planning for the Group for future fiscal years, taking the contractually stipulated limit into account. Based on the share price of EUR 30.50 observed in the fiscal year 2014, this share of the LTI amounting to EUR 291 k corresponds to approximately 9,541 shares.

Compensation to former members of management and their surviving dependents totaled EUR 1,045 k in the fiscal year (prior year: EUR 1,042 k). Provisions totaling EUR 13,778 k (prior year: EUR 13,034 k) were recognized for pension obligations for this group of persons.

Remuneration of the Supervisory Board of SICK AG came to EUR 740 k (prior year: EUR 758 k) for supervisory board activities and to EUR 461 k (prior year: EUR 489 k) for activities for SICK AG. Additional compensation for advisory services was not paid.

As of December 31, 2014, as in the prior year, the Sick family has no receivables or liabilities due from or to the Group.

(39) Stock option plans

From 1999 to 2003, SICK AG had annual employee stock option plans. Around 1.3 million shares were issued as part of employee stock option plans, of which SICK AG has since repurchased 0.3 million shares at market price.

(40) Fees and services provided by the auditors

The following table shows, on aggregate, the fees incurred for the services provided by the auditor Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, in the fiscal year 2014:

in EUR k	**2014**	2013
Audits of the financial statements	329	381
Other attestation services	151	135
Tax advisory services	4	9
Other services	10	5
Total	**494**	**530**

(41) Accounting standards not early adopted

The Group elected not to early adopt standards and IFRIC interpretations which have already been issued but have not entered into force yet. Generally speaking, the Group intends to adopt all standards when their adoption becomes mandatory for the first time.

The following list of standards and interpretations issued are those that the Group reasonably expects to have a material impact on disclosures, financial position or performance when applied at a future date. The Group intends to adopt these standards when they become effective.

IFRS 9	"Financial Instruments"
IFRS 15	"Revenue from Contracts with Customers"
IAS 1	"Presentation of Financial Statements"

The EU has not yet approved IFRS 9, which was issued in July 2014. It replaces the existing guidelines on IAS 39 "Financial Instruments: Recognition and Measurement." Companies musst apply IFRS 9 for the first time to reporting periods beginning on or after January 1, 2018, although early adoption is permitted. The Group is currently assessing the potential impact of the standard on its future financial position and performance.

IFRS 15 has not yet been approved by the EU. The standard sets an extensive framework for determining whether, in what amount and at what point in time revenue is recognized. It replaces existing guidelines on recognizing revenue, including IAS 18 "Revenue," IAS 11 "Construction Contracts," and IFRIC 13 "Customer Loyalty Programmes." Companies must apply IFRS 15 for the first time to reporting periods beginning on or after January 1, 2017, although early adoption is permitted. The Group is currently assessing the potential impact of the standard on its future financial position and performance.

The EU has not yet approved the revised version of IAS 1 published in December 2014. The changes relate to clarifications of the presentation of the financial statements and must be applied for the first time to reporting periods beginning on or after January 1, 2016. The Group is currently assessing the potential impact of the standard on the future presentation of its consolidated financial statements.

(42) Subsequent events

With effect as of January 1, 2015, SICK Maihak, Inc., Minneapolis, Minnesota, USA, transferred its entire operations to SICK, Inc., Minneapolis, Minnesota, USA. SICK, Inc., Minneapolis, Minnesota, USA, will in future be responsible for all three segments. By bundling the resources of both companies, the Group is now also able to offer the entire portfolio in all business models as a one-stop shop in the USA. This measure serves as a basis for further growth.

(43) Executive Board and Supervisory Board disclosures

Executive Board

Dr. Robert Bauer, Emmendingen (Chairman of the Executive Board)
Products & Technology

Reinhard Bösl, Freiburg
Systems & Industries

Dr. Mats Gökstorp, Freiburg
Sales & Service

Dr. Martin Krämer, Waldkirch
Human Resources, Procurement, Legal & Compliance

Markus Vatter, Vörstetten
Finance, Controlling & IT

Supervisory Board

In accordance with Sec. 95 AktG in conjunction with Art. 8 paragraph 1 of the articles of incorporation and bylaws, the Supervisory Board has 12 members. Six members are elected by the Annual General Shareholders' Meeting and six by the employees in accordance with the provisions of the 1976 MitbestG ("Mitbestimmungsgesetz": German Co-Determination Act). The members of the Supervisory Board are:

Gisela Sick, Waldkirch
Honorary Chairwoman
Retired

Shareholder representatives:

Klaus M. Bukenberger, Schenkenzell (Chairman)
Corporate Governance Consulting, Stuttgart

Franz Bausch, Hinterzarten
Tax consultant, chartered accountant

Prof. Dr. Mark K. Binz, Stuttgart
Lawyer

Dr. Ronaldo H. Schmitz, Frankfurt
Former member of the Executive Board of Deutsche Bank AG, Frankfurt

Renate Sick-Glaser, Freiburg
Managing Director of Sick Holding GmbH, Freiburg

Prof. Dr. Dr. h.c. mult. Horst Wildemann, Munich
Head of the Research Institute for Management, Logistics and Production at the Technical University of Munich

Employee representatives:
Roberto Hernandez, Waldkirch (Deputy Chairman)
Chairman of the Works Council of SICK AG, Waldkirch
Chairman of the Central Works Council of SICK AG, Waldkirch

Engelbert Herbstritt, Waldkirch
Deputy Chairman of the Works Council of SICK AG, Waldkirch
Chairman of the Group Works Council

Dr. Matthias Müller, Braunschweig
Head of Finance in the Federal Presidium of the DGB ("Deutscher Gewerkschaftsbund": Confederation of German Trade Unions), Berlin

Gabriele Pontiggia, Winden
Human Resources Consultant of SICK AG, Waldkirch

Roland Schiller, Hinterzarten
Member of the Management Board of SICK AG, Waldkirch

Hermann Spieß, Breisach
Director of IG Metall trade union, Freiburg and Lörrach

(44) Approval of the consolidated financial statements

The consolidated financial statements were approved by the Executive Board on February 23, 2015. The financial statements were then submitted to the Supervisory Board for review.

Waldkirch, February 23, 2015

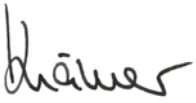
SICK AG

The Executive Board

Dr. Robert Bauer
(Chaiman)

Reinhard Bösl

Dr. Mats Gökstorp



Dr. Martin Krämer

Markus Vatter

Consolidated statement of changes in non-current assets
for the period from January 1 to December 31, 2014

Non-current assets	Acquisition or production costs					
in EUR k	Balance as of Jan. 1, 2014	Currency translation differences	Additions	Disposals	Reclassifications	**Balance as of Dec. 31, 2014**
I. Intangible assets						
1. Purchased industrial property rights and similar rights and assets as well as licenses to such rights and assets	61,658	321	5,643	816	0	66,806
2. Goodwill	19,521	-316	0	0	0	19,205
3. Capitalized development costs and other internally generated intangible assets	74,727	0	8,498	0	0	83,225
4. Payments on account	102	14	46	0	0	162
	156,008	**19**	**14,187**	**816**	**0**	**169,398**
II. Property, plant and equipment						
1. Land and buildings including buildings on third-party land	133,459	578	31,327	1,290	8,868	172,942
2. Technical equipment and machinery	114,570	144	11,323	5,025	5,125	126,137
3. Other equipment, furniture and fixtures	105,944	2,228	10,974	4,225	309	115,230
4. Payments on account and assets under construction	18,451	8	14,621	0	-14,302	18,778
	372,424	**2,958**	**68,245**	**10,540**	**0**	**433,087**
Total	**528,432**	**2,977**	**82,432**	**11,356**	**0**	**602,485**

Additions include an acquisition in Germany (industrial property rights and similar rights: EUR 2,321 k and property, plant and equipment: EUR 55 k).

	Accumulated depreciation / amortization						Net carrying amounts	
	Balance as of Jan. 1, 2014	Currency translation differences	Additions	Disposals	Reclassifications	**Balance as of Dec. 31, 2014**	**Balance as of Dec. 31, 2014**	Balance as of Dec. 31, 2013
	47,443	282	6,492	816	0	53,401	13,405	14,215
	1,024	0	0	0	0	1,024	18,181	18,497
	49,208	0	7,486	0	0	56,694	26,531	25,519
	0	0	0	0	0	0	162	102
	97,675	**282**	**13,978**	**816**	**0**	**111,119**	**58,279**	**58,333**
	47,871	289	4,742	1,259	236	51,879	121,063	85,588
	76,984	15	11,857	4,838	-216	83,802	42,335	37,586
	77,222	1,791	10,303	3,767	-20	85,529	29,701	28,722
	0	0	0	0	0	0	18,778	18,451
	202,077	**2,095**	**26,902**	**9,864**	**0**	**221,210**	**211,877**	**170,347**
	299,752	**2,377**	**40,880**	**10,680**	**0**	**332,329**	**270,156**	**228,680**

Consolidated statement of changes in non-current assets
for the period from January 1 to December 31, 2013

Non-current assets	Acquisition or production costs					
in EUR k	Balance as of Jan. 1, 2013	Currency translation differences	Additions	Disposals	Reclassifications	**Balance as of Dec. 31, 2013**
I. Intangible assets						
1. Purchased industrial property rights and similar rights and assets as well as licenses to such rights and assets	54,378	-481	7,817	643	587	61,658
2. Goodwill	17,025	-158	2,654	0	0	19,521
3. Capitalized development costs and other internally generated intangible assets	66,457	-14	12,002	3,718	0	74,727
4. Payments on account	684	-6	11	0	-587	102
	138,544	**-659**	**22,484**	**4,361**	**0**	**156,008**
II. Property, plant and equipment						
1. Land and buildings including buildings on third-party land	121,001	-401	11,441	181	1,599	133,459
2. Technical equipment and machinery	103,748	-513	9,172	2,593	4,756	114,570
3. Other equipment, furniture and fixtures	103,898	-2,168	9,199	5,914	929	105,944
4. Payments on account and assets under construction	12,381	-9	13,363	0	-7,284	18,451
	341,028	**-3,091**	**43,175**	**8,688**	**0**	**372,424**
Total	**479,572**	**-3,750**	**65,659**	**13,049**	**0**	**528,432**

Additions include the acquisition in Brazil (industrial property rights and similar rights: EUR 652 k, goodwill: EUR 2,654 k and property, plant and equipment: EUR 81 k).

	Accumulated depreciation / amortization						Net carrying amounts	
	Balance as of Jan. 1, 2013	Currency translation differences	Additions	Disposals	Reclassifications	**Balance as of Dec. 31, 2013**	**Balance as of Dec. 31, 2013**	Balance as of Dec. 31, 2012
	41,849	-397	6,575	584	0	47,443	14,215	12,529
	1,024	0	0	0	0	1,024	18,497	16,001
	46,225	-13	6,714	3,718	0	49,208	25,519	20,232
	0	0	0	0	0	0	102	684
	89,098	**-410**	**13,289**	**4,302**	**0**	**97,675**	**58,333**	**49,446**
	43,884	-185	4,294	122	0	47,871	85,588	77,117
	69,352	-273	10,442	2,537	0	76,984	37,586	34,396
	74,775	-1,489	9,582	5,646	0	77,222	28,722	29,123
	0	0	0	0	0	0	18,451	12,381
	188,011	**-1,947**	**24,318**	**8,305**	**0**	**202,077**	**170,347**	**153,017**
	277,109	**-2,357**	**37,607**	**12,607**	**0**	**299,752**	**228,680**	**202,463**

Carrying amounts and fair values
by measurement category in EUR k

Assets	Measure-ment category pursuant to IAS 39	Carrying amount 2014	Carrying amount pursuant to IAS 39: (Amortized) cost	at fair value not through profit and loss	at fair value through profit and loss	Carrying amount pursuant to IAS 17	Other carrying amounts	Fair value 2014
Other financial assets								
Other equity investments	FAAFS	194	194					194
Other financial assets	FAAFS	19	19					19
Trade receivables	LAR	201,404	201,404					201,404
Other assets								
Derivatives held for trading	FAHFT	825			825			825
Other	FAAFS / LAR / N / A	22,674	9,302				13,372	22,674
Cash and cash equivalents	LAR	14,969	14,969					14,969
Equity and liabilities								
Financial liabilities								
Liabilities to banks	FLAC	103,955	103,955					98,031
Finance lease liabilities	N / A	1,650				1,650		1,650
Other financial liabilities	FLHFT	475			475			475
Trade payables	FLAC	89,191	89,191					89,191
Other liabilities								
Derivatives held for trading	FLHFT	3,902			3,902			3,902
Other	FLAC	5,719	5,719					5,719
Of which aggregated by measurement category pursuant to IAS 39:								
Financial assets held for trading (FAHFT)		825			825			
Loans and receivables (LAR)		225,618	225,618					
Financial assets available for sale (FAAFS)		270	270					
Financial liabilities held for trading (FLHFT)		4,377			4,377			
Financial liabilities at amortized cost (FLAC)		198,865	198,865					

Carrying amounts and fair values
by measurement category in EUR k

			Carrying amount pursuant to IAS 39					
Assets	Measurement category pursuant to IAS 39	**Carrying amount 2013**	(Amortized) cost	at fair value not through profit and loss	at fair value through profit and loss	Carrying amount pursuant to IAS 17	Other carrying amounts	**Fair value 2013**
Other financial assets								
Other equity investments	FAAFS	271	271					271
Other financial assets	FAAFS	171	171					171
Trade receivables	LAR	172,005	172,005					172,005
Other assets								
Derivatives held for trading	FAHFT	3,891			3,891			3,891
Other	FAAFS/LAR/N/A	18,490	7,332				11,158	18,490
Cash and cash equivalents	LAR	11,848	11,848					11,848
Equity and liabilities								
Financial liabilities								
Liabilities to banks	FLAC	81,297	81,297					81,658
Finance lease liabilities	N/A	3,085				3,085		3,085
Other financial liabilities	FLHFT	772			772			772
Trade payables	FLAC	85,668	85,668					85,668
Other liabilities								
Derivatives held for trading	FLHFT	809			809			809
Other	FLAC	6,937	6,937					6,937
Of which aggregated by measurement category pursuant to IAS 39:								
Financial assets held for trading (FAHFT)		3,891			3,891			
Loans and receivables (LAR)		191,185	191,185					
Financial assets available for sale (FAAFS)		442	442					
Financial liabilities held for trading (FLHFT)		1,581			1,581			
Financial liabilities at amortized cost (FLAC)		173,902	173,902					

List of main shareholdings
as of December 31, 2014

Name and registered office of the entity	Investment in %	Indirect investment via No.	Consolidation
Parent company			
SICK AG, Waldkirch / Germany			
I. Shares in affiliates			
1. SICK S.à.r.l., Emerainville / France	100.0		
2. SICK (UK) Ltd., St. Albans / United Kingdom	100.0		
3. SICK, Inc., Minneapolis, Minnesota / USA	100.0		
4. SICK B.V., Bilthoven / Netherlands	100.0		
5. SICK AG, Stans / Switzerland	100.0		
6. SICK Pty Ltd, Heidelberg West, VIC / Australia	100.0		
7. SICK A / S, Birkerød / Denmark	100.0		
8. SICK NV / SA, Zellik-Asse / Belgium	100.0		
9. SICK K.K., Tokyo / Japan	100.0		
10. SICK Optic-Electronic S.A., Sant Just Desvern / Spain	100.0		
11. SICK Engineering GmbH, Ottendorf-Okrilla / Germany [1]	100.0		
12. SICK Oy, Vantaa / Finland	100.0		
13. SICK Pte. Ltd., Singapore / Singapore	100.0		
14. SICK AS, Rud / Norway	100.0		
15. SICK AB, Vårby / Sweden	100.0		
16. SICK Sp. z o.o., Warsaw / Poland	100.0		
17. SICK Solução em Sensores Ltda., São Paulo / Brazil	100.0		
18. Sick Optic-Electronic Co., Ltd., Hong Kong / China	100.0		
19. SICK S.p.A., Vimodrone (MI) / Italy [2]	100.0		
20. SICK Kft., Kunsziget / Hungary	100.0		
21. SICK GmbH, Wiener Neudorf / Austria	100.0		
22. SICK spol. s r.o., Prague / Czech Republic	100.0		
23. SICK Management GmbH, Waldkirch / Germany [1]	100.0		
24. SICK Maihak, Inc., Minneapolis, Minnesota / USA	100.0	3	
25. SICK Co., Ltd., Seoul / Korea	85.0		
26. SICK Automatisierung International GmbH, Waldkirch / Germany	100.0		
27. SICK China Co., Ltd., Guangzhou / China	100.0	18	
28. SICK STEGMANN GmbH, Donaueschingen / Germany [1, 3]	100.0	23	
29. SICK MAIHAK (Beijing) Co. Ltd., Beijing / China	85.0		
30. SICK IVP AB, Linköping / Sweden	100.0		
31. Sensörler ve İleri Cihazlar Kontrol A.Ş., Istanbul / Turkey	100.0		
32. OOO SICK, Moscow / Russia [4]	100.0	26	
33. SICK Vertriebs-GmbH, Düsseldorf / Germany [1]	100.0		
34. SICK d.o.o., Ljubljana / Slovenia	100.0	21	N

Name and registered office of the entity	Investment in %	Indirect investment via No.	Consolidation
35. SICK INDIA Pvt. Ltd., Mumbai / India	100.0	26	
36. SICK Sensors Ltd., Misgav / Israel	100.0		
37. SICK S.R.L., Timisoara / Romania [5]	100.0	26	N
38. SICK TAIWAN Co., Ltd., Taipei / Taiwan	100.0		
39. SICK Automation Solutions S.A. de C.V., Tlalnepantla / Mexico	100.0	26	N
40. SICK Ltd., Moncton, New Brunswick / Canada	100.0	3	
41. SICK Automation Southern Africa (Pty) Ltd., Roodepoort, Johannesburg / South Africa	51.0	26	
42. SICK Sdn. Bhd., Johor Bahru / Malaysia	100.0	44	
43. SICK System Engineering AG, Buochs / Switzerland	100.0		
44. SICK Product Center Asia Pte. Ltd., Singapore / Singapore	100.0		
45. SICK Flow Solutions LLC i. L., Moscow / Russia [6]	100.0	26	
46. SICK FZE, Dubai / United Arab Emirates	100.0	26	
47. SICK Sensor (Malaysia) Sdn. Bhd., Kuala Lumpur / Malaysia	100.0	26	N
II. Investments and other interests			
48. SICK OPTEX Co., Ltd., Kyoto / Japan	50.0		A
49. SICK kluge GmbH, Königswartha / Germany	50.0	11	A
50. Beijing BAIF-Maihak Analytical Instrument Co., Ltd., Beijing / China	15.0		N
51. Puls Design A / S, Hvidovre / Denmark	25.0	7	N
52. WABE gGmbH, Waldkirch / Germany	16.7		N
53. SICK Metering Systems N.V., Kalmthout / Belgium	50.0	11	A
54. Schädler SICK SpA, Santiago de Chile / Chile	50.0	26	A

[1] The entities have exercised the exemption provision pursuant to Sec. 264 (3) HGB.
[2] 10 percent of the shares are held by SICK Engineering GmbH, Ottendorf-Okrilla / Germany (No. 11).
[3] 6 percent of the shares are held by SICK AG, Waldkirch / Germany.
[4] 15 percent of the shares are held by SICK AG, Waldkirch / Germany.
[5] 0.5 percent of the shares are held by SICK AG, Waldkirch / Germany.
[6] 1 percent of the shares are held by SICK Management GmbH, Waldkirch / Germany (No. 23).

N The entities marked N are not included in the consolidated financial statements on grounds of immateriality.
A The entities marked A are included in the consolidated financial statements at equity.

Martinlaakso power station: easy to notice as well due to the bright orange measuring devices – monitoring of flue-gas desulfurization, also using measuring technology made by SICK.

Process Automation Page 22

SERVICE

AUDIT OPINION *

We have audited the consolidated financial statements prepared by SICK AG, Waldkirch, comprising the income statement, the statement of comprehensive income, the statement of financial position, the statement of cash flows, the statement of changes in equity as well as the notes to the consolidated financial statements together with the group management report for the fiscal year from January 1 to December 31, 2014. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB ("Handelsgesetzbuch": German Commercial Code) and the supplementary provisions of the articles of incorporation and bylaws is the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated financial statements and the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Sec. 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU, the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB and the supplementary provisions of the articles of incorporation and bylaws and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Freiburg im Breisgau, March 20, 2015

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Nietzer
Wirtschaftsprüfer
[German Public Auditor]

Busser
Wirtschaftsprüfer
[German Public Auditor]

* Translation of the German audit opinion concerning the audit of the financial statements and management report prepared in German.

THE EXECUTIVE BOARD OF SICK AG

Dr. Robert Bauer, Chairman

Products & Technology
Member of the Executive Board since January 1, 2000

Dr. Robert Bauer came to the company in 1994 as Division Manager of Research & Development in the area of automation technology; in 1998, he assumed overall responsibility on the Management Board for Research & Development. Born in Munich in 1960, Robert Bauer studied Electrical Engineering with special emphasis on Electrophysics / Optics at the Technical University of Munich and he received his doctorate in 1990.

Reinhard Bösl

Systems & Industries
Member of the Executive Board since July 1, 2007

Born in the East Bavarian Parkstein in 1958, Reinhard Bösl studied Computer Science in Munich. Afterwards he held a variety of positions at Witron Logistik + Informatik GmbH, Parkstein, and became the company's Managing Director in 1998. Since 2004, he had been active in management positions at Krones AG, Neutraubling, including as Managing Director of the subsidiary Syskron GmbH.

Dr. Mats Gökstorp

Sales & Service
Member of the Executive Board since May 1, 2013

Born in Stockholm in 1965, Dr. Mats Gökstorp studied Computer Engineering at Linköping University in Sweden and at Case Western Reserve University in the USA. He received his doctorate in 1995. He joined the small university spin-off company Integrated Vision Products AB, where he learned all aspects of entrepreneurship and became the company's Managing Director in 2001. Since 2003, he has held various positions within the SICK Group. In 2007, he was appointed to the Management Board, first as Division Manager and later with overall responsibility for Customer Fulfillment.

Dr. Martin Krämer

Human Resources, Procurement, Legal & Compliance
Member of the Executive Board since July 1, 2012

Born in Rottweil in 1960, Dr. Martin Krämer studied law at the universities of Tübingen and Freiburg im Breisgau. He received his doctorate in 1998. From 1991 onward, he practiced initially as a lawyer and partner at the law firm of Dr. Müller und Kollegen in Künzelsau. Subsequently, he changed to the Lidl & Schwarz Corporate Group, where he worked as Head of the Legal Division. Four years later, he assumed his position as Head of the Legal Department at SICK AG.

Markus Vatter

Finance, Controlling & IT
Member of the Executive Board since July 1, 2006

Markus Vatter was born in Wiesbaden in 1966. After obtaining his degree at the Technical University in Darmstadt, the industrial engineer started his professional career at Robert Bosch GmbH, Stuttgart. Afterwards he worked for Müller Weingarten AG, before changing to KaVo Dental GmbH, Biberach, in 2001. His most recent position there had been that of a Commercial Managing Director.

THE SUPERVISORY BOARD OF SICK AG

Gisela Sick, Waldkirch (Honorary Chairwoman)
Retired

Klaus M. Bukenberger, Schenkenzell (Chairman)
Corporate Governance Consulting, Stuttgart
Member of the Supervisory Board since 2002

Additional Supervisory Board memberships:
- Carl Mahr GmbH & Co. KG, Göttingen, Chairman of the Advisory Board
- Deutsche Bank AG, Stuttgart, member of the Advisory Board
- ILLIG Maschinenbau GmbH & Co. KG, Heilbronn, member of the Advisory Board
- Investcorp Group, London (United Kingdom), Advisory Director
- 7-Industries B.V., Amsterdam (Netherlands), member of the Supervisory Board
- TRICOR AG, Bad Wörishofen, Deputy Chairman of the Supervisory Board

Franz Bausch, Hinterzarten
Tax consultant, chartered accountant
Member of the Supervisory Board since 1999

Additional Supervisory Board membership:
- Deutsche Steuerberater-Versicherung – Pensionskasse des steuerberatenden Berufs VVaG, Bonn, Chairman of the Supervisory Board

Prof. Dr. Mark K. Binz, Stuttgart
Lawyer
Member of the Supervisory Board since 2007

Additional Supervisory Board memberships:
- Faber-Castell AG, Stein, Deputy Chairman of the Supervisory Board
- Festo AG, Esslingen am Neckar, member of the Supervisory Board
- Festo Management AG, Vienna (Austria), member of the Supervisory Board
- Fielmann Aktiengesellschaft, Hamburg, Chairman of the Supervisory Board
- Wormland Unternehmensverwaltung GmbH, Hanover, Chairman of the Supervisory Board

Engelbert Herbstritt, Waldkirch *
Deputy Chairman of the Works Council of SICK AG, Waldkirch
Chairman of the Group Works Council
Member of the Supervisory Board since 2012

Roberto Hernandez, Waldkirch (Deputy Chairman) *
Chairman of the Works Council of SICK AG, Waldkirch
Chairman of the Central Works Council of SICK AG, Waldkirch
Member of the Supervisory Board since 2007

Dr. Matthias Müller, Braunschweig *
Head of Finance in the Federal Presidium of the DGB ("Deutscher Gewerkschaftsbund": Confederation of German Trade Unions), Berlin
Member of the Supervisory Board since 2002

Additional Supervisory Board memberships:
- Berufsfortbildungswerk Gemeinnützige Bildungseinrichtung des DGB GmbH (bfw), Düsseldorf, member of the Supervisory Board
- BGAG GmbH, Frankfurt, member of the Advisory Board
- RWE Power AG, Essen, member of the Supervisory Board

Gabriele Pontiggia, Winden *
Human Resources Consultant of SICK AG, Waldkirch
Member of the Supervisory Board since 2012

Roland Schiller, Hinterzarten *
Member of the Management Board of SICK AG, Waldkirch
Member of the Supervisory Board since 2002

Dr. Ronaldo H. Schmitz, Frankfurt
Former member of the Executive Board of Deutsche Bank AG, Frankfurt
Member of the Supervisory Board since 2005

Additional Supervisory Board membership:
- Cabot Corporation, Boston (USA), member of the Board of Directors

Renate Sick-Glaser, Freiburg
Managing Director of Sick Holding GmbH, Freiburg
Member of the Supervisory Board since 2007

Hermann Spieß, Breisach *
Director of IG Metall trade union, Freiburg and Lörrach
Member of the Supervisory Board since 2002

Additional Supervisory Board membership:
- Constellium Deutschland GmbH, Singen,
  Deputy Chairman of the Supervisory Board

Prof. Dr. Dr. h. c. mult. Horst Wildemann, Munich
Head of the Research Institute for Management, Logistics and Production at the Technical University of Munich
Member of the Supervisory Board since 2007

Additional Supervisory Board memberships:
- Egon Großhaus GmbH, Lennestadt,
  Chairman of the Advisory Board
- Hamberger Industriewerke GmbH, Stephanskirchen,
  member of the Advisory Board
- Interroll Holding AG, S. Antonino (Switzerland),
  member of the Supervisory Board
- iwis motorsysteme GmbH & Co. KG, Munich,
  Chairman of the Advisory Board
- Möhlenhoff GmbH, Salzgitter,
  Chairman of the Advisory Board
- ZEPPELIN GmbH, Garching,
  member of the Supervisory Board

* Employee representative

FINANCIAL CALENDAR 2015

2015

April 14, 3 p.m.	**Annual Press Conference** Hanover Trade Fair, Convention Center, Conference Room 12
May 12, 5 p.m.	**Annual General Shareholders' Meeting** SICK AG's company restaurant, Waldkirch
May 13	Dividend payment
August	Publication of the 2015 half-year figures

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SICK

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