Annual Report 2014

OHB AG in Figures

The Group

in EUR 000s

	2014	2013	2012	2011	2010
Revenues	728,147	680,121	615,982	555,689	425,448
Total revenues	772,954	700,063	632,729	555,292	453,323
EBITDA	53,416	52,803	46,110	43,101	33,688
EBIT	40,400	36,353	30,997	27,276	22,730
EBT	33,874	29,728	23,979	19,517	15,384
Net income for the period	25,713	19,436	14,818	13,523	9,642
Earnings per share (EUR)	1.48	1.12	0.85	0.78	0.55
Total assets	640,613	585,407	538,757	528,239	466,396
Equity	147,199	132,705	117,332	113,577	105,170
Cash flow from operating activities	–35,020	–34,111	17,559	21,137	42,123
Equity investments	25,048	23,632	21,571	15,533	19,126
thereof capital spending	40	1,046	760	156	6,543
Employees on December 31	2,086	2,412	2,493	2,352	1,677

The Stock

in EUR

	2014	2013	2012	2011	2010
Closing price	19.70	17.55	15.15	11.40	16.60
Year high	25.06	18.63	16.50	17.45	18.34
Year low	17.45	14.76	11.16	8.25	11.50
Market capitalization at year-end	344 million	307 million	265 million	199 million	290 million
Number of shares	17,468,096	17,468,096	17,468,096	17,468,096	17,468,096

The OHB Group at a glance

OHB AG is a European space flight and technology group and one of the most important independent forces in European aviation/aerospace. With more than 30 years of experience in developing and executing innovative space technology systems and structures and its range of specific aviation/aerospace and telematics products, the OHB Group is superbly positioned to face international competition.

"Form follows function" - this is the principle under which OHB AG has been successfully positioning itself in Europe over the past few years. These strategic decisions on locations and the deliberate separation of functions across Europe allow the Group to participate in numerous European programs and missions. The two "Space Systems" and "Aerospace + Industrial Products" business units reflect the convergence of these activities and the focus on specific core skills.

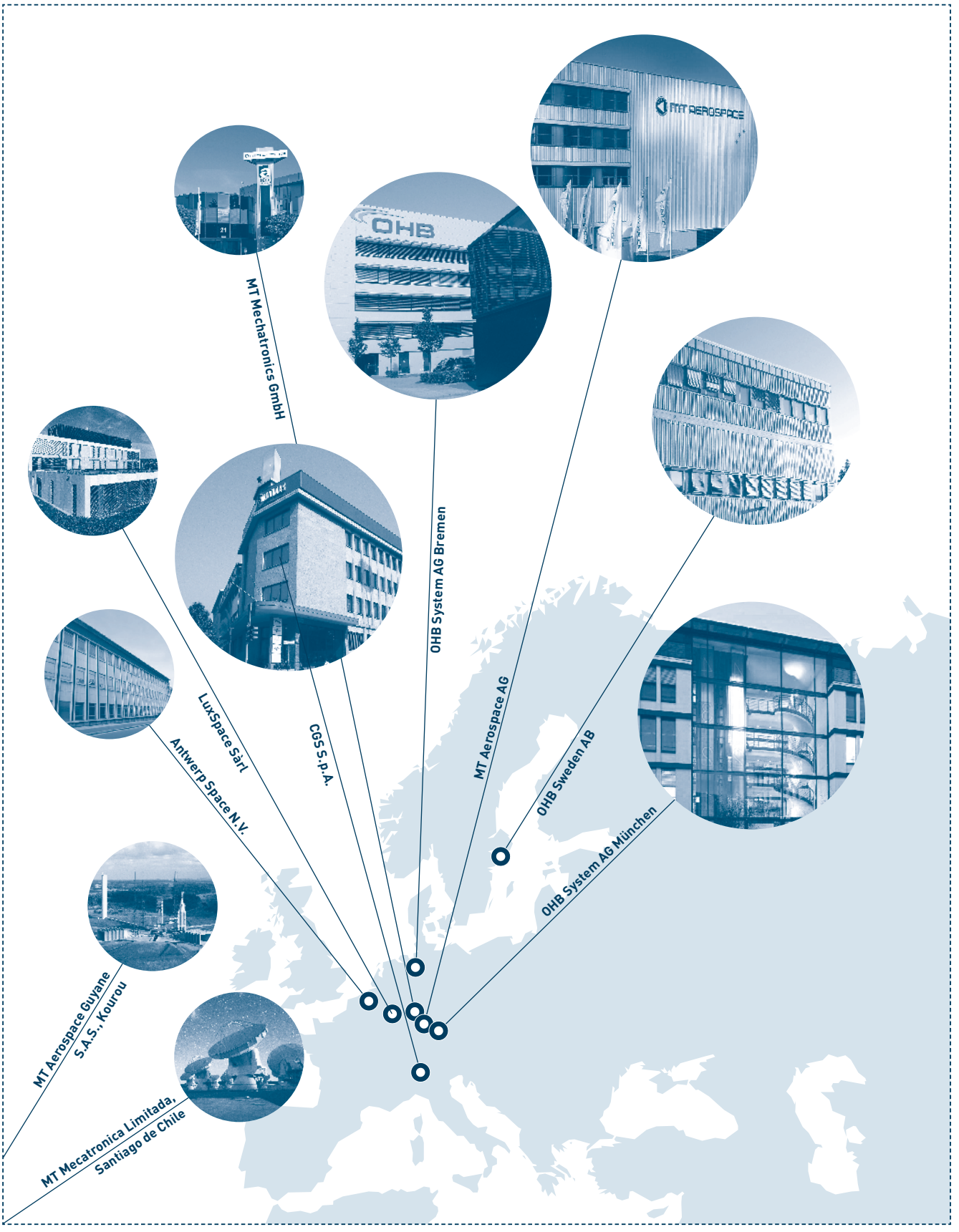
The "Space Systems" business unit focuses on developing and executing space projects. In particular, it is responsible for developing and fabricating low-orbiting and geostationary small satellites for navigation, research, communications and earth observation including scientific payloads. Its manned space flight activities chiefly entail the assembly and fitting of the International Space Station ISS, Columbus and ATV. The exploration segment works on studies and models for exploring our solar system, primarily the moon and Mars. In addition, efficient reconnaissance satellites and broadband wireless transmission of image data form core technologies for security and reconnaissance.

The "Aerospace + Industrial Products" business unit is primarily responsible for fabricating aviation and space products as well as other industrial activities. In this area, OHB has established itself as a significant supplier of aerospace structures for the aviation and space industry; among other things, it is the largest German supplier of components for the Ariane-5 program. In addition, it is an experienced vendor of mechatronic systems for antennas and telescopes and is involved in major radio telescope projects. OHB telematics systems serve the logistics industry around the world by offering efficient transport management and consignment tracking facilities.

OHB

Space Systems		Aerospace + Industrial Products	
100 %	**OHB System AG,** Bremen & Munich, Germany	70 %	**MT Aerospace AG,** Augsburg, Germany
100 %	**CGS S.p.A.,** Milan, Italy	70 %	**MT Mechatronics GmbH,** Mainz, Germany
100 %	**LuxSpace Sàrl,** Betzdorf, Luxembourg	70 %	**MT Aerospace Guyane S.A.S.,** Kourou, French Guiana
100 %	**Antwerp Space N.V.,** Antwerp, Belgium	100 %	**OHB Teledata GmbH,** Bremen, Germany
100 %	**OHB Sweden AB,** Stockholm, Sweden	74.9 %	**megatel GmbH,** Bremen, Germany

OHB Group in Europe



CONTENTS

Ulrich Schulz,
born in 1951, engineer,
member of the Management
Board of OHB AG since 2000

Marco R. Fuchs,
born in 1962, attorney,
Chief Executive Officer of
OHB AG since 2000

Dr. Fritz Merkle,
born in 1950, Dipl.-Phys.,
member of the Management
Board of OHB AG since 2014

Dear Shareholders, Customers and Business associates,

OHB has been ESA's third European systems integrator for a number of years now. Driven by our strategy of continuous and controlled growth, OHB has evolved into a European space company over the last few decades. The focus on our successful European-wide space activities particularly became evident to the outside observer in several different ways last year:

1. **Deconsolidation of the aviation activities of Aerotech Peissenberg (ATP) following OHB AG's decision not to subscribe to the issue of new share capital in May 2014, thus assuming a majority interest.**
2. **Merger of the Group's two space development and production companies OHB System in Bremen and Kayser-Threde in Munich in September 2014.**
3. **Preparation of OHB AG's conversion into a Societas Europaea (SE) by mid 2015.**

Underpinned by a further record in total revenues and earnings, the Group is leveraging its solid and reinforced capital base to react flexibly to the swift organic growth being achieved by individual subsidiaries.

Speed and flexibility characterized our Group last year when the 4M – Manfred Memorial Moon Mission was executed within the space of a few months. This had been organized in memory of my father – a visionary and the founder of our Company – and was developed and successfully completed on a very small budget to prepare for future lunar missions. My father passed away completely unexpectedly at the end of April last year.

The combination of this ability to drive new developments forward and to master new challenges in a fast-changing environment swiftly, flexibly and unconventionally on the strength of our long-standing expertise and experience will help us to tackle future tasks just as efficiently and successfully. One increasingly important aspect in this regard is the integration and coordination within the Group of state-of-the-art research and development projects such as Electra, Heinrich Hertz and PLATO as well as industrial production of a total of 22 Galileo*-FOC satellites and 6–8 Ariane 5 booster casing sets a year.

The strategies and focus recently adopted at the 2014 ESA Ministerial Council on "Europe's access to space", the development of the ARIANE 6 and Vega C launchers and Europe's space exploration strategy with the three main aspects LEO (low earth orbit), the moon and Mars harmonize particularly well with our own thrusts and strategies. What is more, we expect to benefit from the increased German contribution to the ESA budget in 2015 and beyond.

However, what is decisive for you as our shareholders is the fact that your Company's business success is also reflected in the dividend distributed to you. The Management Board and the Supervisory Board will again be asking the shareholders to approve a dividend of EUR 0.37 per share at this year's annual general meeting. Everyone investing in equities last year generally

* see Glossary

made a fortunate decision. Once again, equities as an asset class offered a lucrative alternative to other instruments and particularly benefited from the historically low interest rates. OHB stock also performed well and with a gain of 12% last year outstripped the DAX.

Outlook for 2015

Looking forward to 2015, the OHB Group will be maintaining the growth strategy which it has adopted and will be able to continue operating at high capacity utilization in all areas. Based on the current high order backlog of around EUR 2.1 billion (previous year: EUR 2.3 billion), the Management Board expects a substantial increase in consolidated total revenues to EUR 800 million in 2015 as a whole, supported by both business units, whose total revenues will be up on 2014 levels. At over EUR 53 million and more than EUR 40 million, respectively, EBITDA and EBIT should also remain stable compared with the previous year.

I would like to take this opportunity to thank all our staff at all of the Group's companies for their services, dedication and innovative ideas. If it were not for them, we would not have achieved last year's successes. All business units have contributed to the Group's growth and competitiveness. Together, we will be working with enthusiasm and vigor towards continuing our European success story.

Bremen, March 18, 2015

Marco R. Fuchs,
Chairman of the Management Board

Dear Shareholders,

In several different respects, 2014 was a very unusual year for OHB in its history spanning more than thirty years. Overshadowed by the completely unexpected loss of our beloved partner, visionary pioneer, innovative founder and long-standing committed companion Prof. Manfred Fuchs, it was also a year of change and concentration for the OHB Group.

The careful and judicious preparations for converting OHG AG into a European SE called for ongoing assistance and supervision. The transition from development work to volume production in the Galileo* satellite project and a renewed focus on the strengths of OHB's visionary and innovative spirit of development reflect the diversity and quality of this Group. Thinking up, planning and spontaneously implementing new and unconventional yet inexpensive missions looking far into the future, such as the "Manfred Memorial Moon Mission" (4M), which took completely new steps in research – this is what characterizes OHB.

This focus on the strengths and roots of space technology is also reflected in the pooling of expertise and experience in potent units and the elimination of activities outside these core skills. One aspect of this is the concentration on profitable growth by obtaining follow-up contracts from existing customers among other things.

Robert Wethmar,

Member of the Supervisory Board since 2012, born in 1961, attorney at law, Partner at law firm Taylor Wessing

Christa Fuchs,

Chairwoman of the Supervisory Board of OHB AG, Member of the Supervisory Board since 2002, born in 1938, business woman, Managing shareholder of VOLPAIA Beteiligungs-GmbH

Prof. Heinz Stoewer,

Member of the Supervisory Board since 2005, born in 1940, Dipl.-Ing., M. Sc., Professor em. Space Systems Engineering, Technical University of Delft, Netherlands, Managing director of Space Associates GmbH

* see Glossary

OHB AG together with its Supervisory Board and Management Board is committed to good and responsible corporate governance. This commitment is shared by the majority shareholders and the Group's entire management. In addition to observing high statutory and ethical standards, employees with their keen sense of responsibility attach top priority to minimizing environmental impact, the achievement of the greatest possible quality as well as the safety, health and equality of all staff. Looking ahead over the next few years, one objective will be to interest a greater proportion of women in the exciting and interesting career opportunities awaiting them in aviation/aerospace, a sector which is still heavily dominated by men, and to encourage more girls and women to embark on a technical career. In this respect, the now traditional "Girls' Day", which the Group organizes and which will be taking place this year on April 23, 2015, merely marks the beginning of a whole series of activities and measures aimed at arousing women's interest in a career in this industry. Special partnerships with universities and tertiary-education institutions as well as training and skills development for women and the targeted development of female staff right up to the management and executive level will provide additional ongoing support for this program in the future.

In 2014, the Supervisory Board performed its duties with great care in accordance with the applicable statutory requirements, the provisions of the Company's bylaws and its rules of conduct. The Supervisory Board is responsible for overseeing the Management Board by monitoring its activities and exerting influence. This latter function plays a decisive role in the Company's success not only in the short term but also on a medium and long-term basis.

The Management Board briefed the Supervisory Board regularly and comprehensively on order intake, total revenues, earnings and capacity utilization at OHB AG as well as within the individual business units, particularly updating it on the progress made in integrating recent acquisitions. The Management Board answered all of the Supervisory Board's questions in full and comprehensively. The Supervisory Board sought and received ongoing information on corporate planning, strategic development and the main acquisition projects and advised the Management Board on individual matters relating to corporate acquisitions and project tenders.

The Supervisory Board held six scheduled meetings at which it deliberated on the Group's performance, the reports submitted by the Management Board, the status of current projects, pending tender processes, planned acquisitions, the progress made in integrating the newly acquired investments and the corporate budget for 2015. Scheduled meetings of the Supervisory Board in 2014 were held on February 12, March 19, May 27, July 2, September 22 and December 17 at the Company's headquarters in Bremen.

Detailed discussion on the restructuring of the MT Subgroup, particularly with respect to the future of Aerotech Peissenberg GmbH & Co. KG (ATP), and the Management Board's report on the results of the preceding review and current status of the planned merger between OHB System AG and Erwin Kayser-Threde GmbH were the main items on the agenda of the first Supervisory Board meeting of the year held on February 12, 2014.

The meeting held on March 19, 2014 was chiefly devoted to the Management Board's report on the Group's performance in the period from January 1, 2013 through December 31, 2013, the current state of business and the forecasts for 2014. For this purpose, the Management Board submitted the annual financial statements, the consolidated financial statements and the management reports for OHB AG and the Group for 2013.

The statutory auditors from BDO AG Wirtschaftsprüfungsgesellschaft, Hamburg, personally presented the audit report and elaborated on it at this meeting. The Supervisory Board approved the annual financial statements and the consolidated financial statements of OHB AG. The Report of the Supervisory Board including the declaration of consent of the Related Parties Report prepared by the Management Board was also approved. At this meeting, the agenda of the 14th annual general meeting, which took place on July 2, including proposed resolutions for the utilization of the unappropriated surplus and the retention of a dividend of EUR 0.37 was finalized.

At the meeting held on May 27, 2014, the Management Board reported on the Group's business performance in the first quarter of 2014 as well as the current state of business. Mr. Marco Fuchs particularly described the current status of the Galileo project, reporting that the two satellites FM 1 and 2 had arrived safely in Kourou and were being prepared for launching. Moreover, he provided a brief overview on the merger between OHB System AG and Erwin Kayser-Threde GmbH. In addition, the Management Board proposed that Dr. Fritz Merkle, the managing director of Erwin Kayser-Threde GmbH, should be appointed as an additional member of the Management Board. In this position, he was to be particularly responsible for business development at the level of OHB AG to strengthen the OHB companies' competitive position as a European space group. The Supervisory Board approved Dr. Merkle's appointment effective June 1, 2014 for a period of three years expiring May 31, 2017. At the same time, he retained his position as chairman of the management of Erwin Kayser-Threde GmbH. Mr. Marco Fuchs additionally proposed the establishment of an executive committee comprising the members of the Management Board plus six further executives from OHB AG to deal with cross-company strategic matters below the Management Board level. The Supervisory Board gave its consent to this plan. Mr. Fuchs reported that as of May 13, 2014 OHB AG held only a minority interest in Aerotech Peissenberg GmbH & Co. KG.

In the meeting held on July 2, 2014, the Management Board and the Supervisory Board engaged in a preliminary review of the 14th annual general meeting, which had been held on the same day and had been characterized by a constructive and open atmosphere.

In addition, the Management Board reported on business performance in the first half of 2014 as well as the situation at MT Aerospace AG (MT), Augsburg, with particular attention paid to the opportunities and risks of a possible investment in Ariane 5ME/Ariane 6.

* see Glossary

The main business conducted at the Supervisory Board's meeting of September 22, 2014 entailed brief reports on the individual major projects as well as status reports on conditions at the subsidiaries. The Management Board of OHB AG also reported on the current status of the merger between OHB System AG and Erwin Kayser-Threde GmbH, which was scheduled for September 1, 2014 but financially already effective with retrospective effect as from January 1, 2014 on.

Held shortly before the end of the year on December 17, 2014, the Supervisory Board's sixth meeting dealt with the Group's business performance in the third quarter of 2014 and the first nine months of 2014, the current state of business and expected earnings for 2014. In addition, the provisional budget for 2015 was presented. A report was also submitted concerning the planned establishment of internal auditing structures and the procedural rules to be adopted for internal auditing. In this connection, the Supervisory Board discussed the relationship between the Management Board and internal auditing and the effects on future responsibility.

The Management Board and the Legal department tabled the compliance report for 2014 and briefed the Management Board on material events. The Management Board and the Supervisory Board also jointly issued the declaration of conformity to the German Corporate Governance Code stipulated by Section 161 of the Stock Corporation Act.

Corporate governance

The Management Board also submitted a corporate governance report to the Supervisory Board in accordance with Section 3.10 of the German Corporate Governance Code in connection with the corporate governance declaration stipulated by Section 289a of the German Commercial Code. The corporate governance declaration can be examined at OHB AG's website. The Supervisory Board regularly discussed the application and further development of the principles of corporate governance within the Company. On December 17, 2014, the Management Board and the Supervisory Board issued an updated declaration of conformance in accordance with Section 161 of the German Stock Corporation Act and made this available permanently to shareholders at the Company's website.

Approval of the annual financial statements for 2014

The annual financial statements, the consolidated financial statements and the related management reports of OHB AG for 2014 were audited by BDO AG Wirtschaftsprüfungsgesellschaft, Hamburg, and issued with an unqualified auditor's report.

These documents were made available to all members of the Supervisory Board in sufficient time. At the Supervisory Board's balance sheet meeting held on March 18, 2015, these documents were discussed in the presence and with the involvement of the statutory auditor.

The Supervisory Board did not raise any objections and accepted the results of the audit. It approved the consolidated financial statements, as a result of which they are now deemed to have been duly adopted. The Supervisory Board concurred with the Management Board's proposal for

the allocation of the Company's unappropriated surplus. The related parties report prepared by the Management Board was audited by BDO AG Wirtschaftsprüfungsgesellschaft, Hamburg, and given the following unqualified audit certificate:

"Having examined and assessed the related parties report in accordance with our duties, we hereby confirm that
1. the facts stated in the report are correct,
2. the Company's transactions as detailed in the Report were not unreasonably high."

The Supervisory Board raises no objections following its own examination and therefore approves the Management Board's related parties report.

The Supervisory Board wishes to thank the Management Board, all employees and the employee representatives for the work performed. They have once more made a contribution to a very successful year for OHB AG.

Bremen, March 18, 2015

Christa Fuchs
Chairwoman of the Supervisory Board

OBITUARY
PROF. DOTT. ING. H.C. MANFRED FUCHS
*25.7.1938 † 26.4.2014

OHB founder and visionary Prof. Dott. Ing. h.c. Manfred Fuchs passed away at the age of 75 years on April 26, 2014.

Manfred Fuchs was born in Latsch, Italy, in 1938. At the age of 17, he became the youngest pilot in Italy. He came to Germany at the age of 18. After studying aviation engineering in Munich and Hamburg, he embarked on his career with space technology company ERNO in 1961, playing a key role in projects such as ARIANE-1, SPACELAB and COLUMBUS.

In 1981 his wife Christa took over a small company known as OHB (or Otto Hydraulik Bremen as it was called at the time). In 1985, Manfred Fuchs joined this company, thus fulfilling his dream of being self-employed. Together with his wife, he laid the foundations for one of the leading European space companies, OHB AG.

Driven by his German engineering skills combined with a keen sense of politics, OHB is today one of three largest system integrators in Europe. Christa and Manfred Fuchs were the perfect match. She was responsible for financial planning, while he was the visionary strategist who made his dreams come true. Their inspiring family spirit became an intrinsic value of OHB's corporate culture.

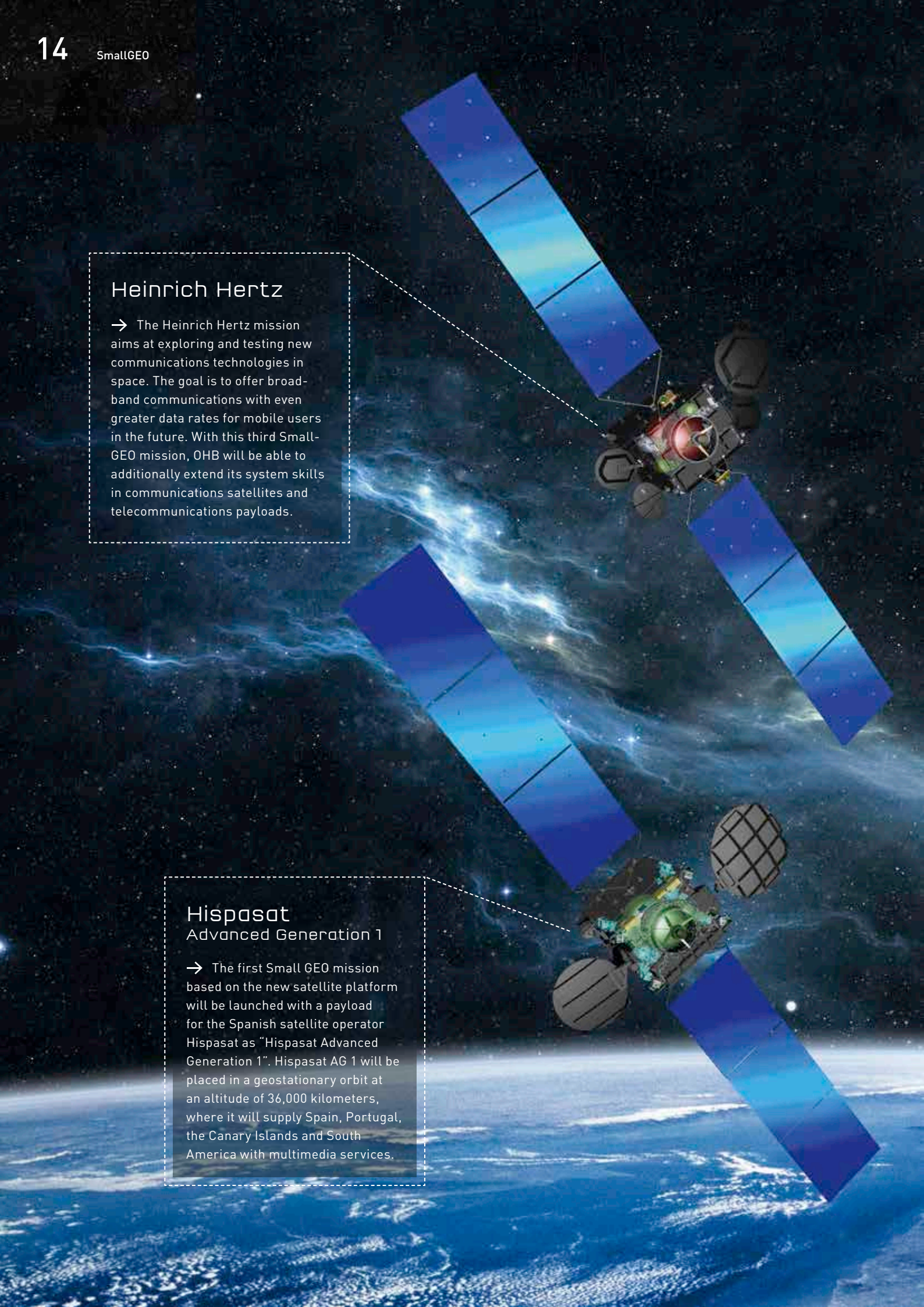
In the last few years of his life, Manfred Fuchs was a member of the Management Board at OHB AG and Chairman of the Supervisory Board of OHB System AG. He was named honorary professor by the University of Bremen in 1995 and received an honorary doctorate from the Technical University of Milan in 2005. He held numerous honorary positions and received several awards in recognition of his services, including the highest German distinction in technical sciences, the "Werner-von-Siemens Ring". Despite these accolades, Manfred Fuchs remained modest, down-to-earth and unassuming.

From left: Manfred Fuchs with Antonio Tajani / Christa and Manfred Fuchs at the Russian launch pad / Philipp Rösler welcomed by Manfred Fuchs in Bremen / Christa and Manfred Fuchs with Gerhard Schröder / Michail Gorbachev and Manfred Fuchs / Manfred Fuchs with Jean-Jacques Dordain


E D R S –
H I S P A S A T –
M
L
E L E C T R A
G
H E I N R I C H
E
R
T
Z
O

SMALLGEO – A SMALL YET FINE DESIGN

OHB has developed a “small” geostationary platform (SmallGEO) for communications satellites. The particular strength of the product lies in its modular structure. With SmallGEO, satellites can be fitted with the necessary capabilities individually and efficiently. This results in short integration times and high reliability.

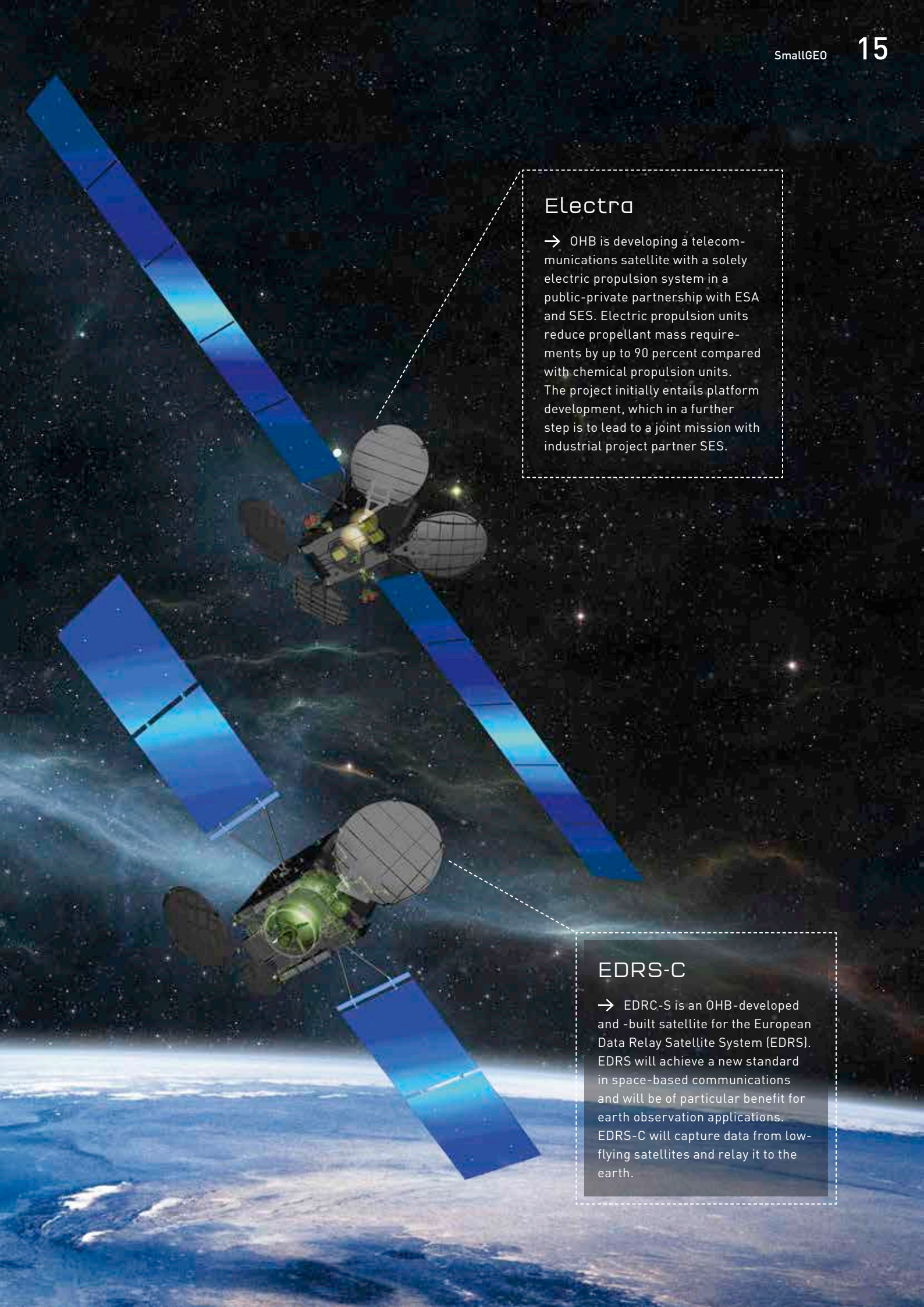


Heinrich Hertz

→ The Heinrich Hertz mission aims at exploring and testing new communications technologies in space. The goal is to offer broadband communications with even greater data rates for mobile users in the future. With this third SmallGEO mission, OHB will be able to additionally extend its system skills in communications satellites and telecommunications payloads.

Hispasat
Advanced Generation 1

→ The first Small GEO mission based on the new satellite platform will be launched with a payload for the Spanish satellite operator Hispasat as "Hispasat Advanced Generation 1". Hispasat AG 1 will be placed in a geostationary orbit at an altitude of 36,000 kilometers, where it will supply Spain, Portugal, the Canary Islands and South America with multimedia services.



Electra

→ OHB is developing a telecommunications satellite with a solely electric propulsion system in a public-private partnership with ESA and SES. Electric propulsion units reduce propellant mass requirements by up to 90 percent compared with chemical propulsion units. The project initially entails platform development, which in a further step is to lead to a joint mission with industrial project partner SES.

EDRS-C

→ EDRC-S is an OHB-developed and -built satellite for the European Data Relay Satellite System (EDRS). EDRS will achieve a new standard in space-based communications and will be of particular benefit for earth observation applications. EDRS-C will capture data from low-flying satellites and relay it to the earth.

“At the beginning is an idea”

Interview with Frank Negretti, a member of the Management Board of OHB System AG, on the past, present and future of telecommunications satellites at OHB

The history of telecommunications missions at OHB leads directly to the SmallGEO range, the OHB-developed modular and compact platform for geostationary communications satellites. A member of the Management Board of OHB System AG since 2009, Frank Negretti is responsible for telecommunications satellites and terrestrial applications among other things.

Mr. Negretti, what are the origins of the idea for SmallGEO?
SmallGEO arose in the good old OHB way. Professor Manfred Fuchs had an unusually keen intuition when it came to new developments and realized at an early stage that electronics would increasingly shrink in size and become more and more compact. He therefore asked why in spite of this satellites were constantly growing in size. Manfred Fuchs took a systematic approach to this question and the results of these considerations yielded the idea for SmallGEO. Initially, there was not much support in favor of this innovative idea of a relatively small platform for geostationary satellites. Undeterred by this, however, Manfred Fuchs initially continued to pursue his idea in a small self-financed OHB project. After a brief period of time, a core team was established with partner companies to develop the SmallGEO satellite platform. At first, all we had was the firm belief in an innovative idea – interest on the part of commercial customers did not come until far further down the road.

So, it was initially only about developing a new satellite platform?
Obviously, you always ask if there really is a market for a new product. Communications satellites were already being built in Europe at the time. However, there was no platform from Germany. This meant that it was clear from an early state that

SmallGEO's commercial success would hinge on whether it was possible for the platform to be clearly positioned in the market as a unique proposition. Market positioning is primarily defined on the basis of size and mass – in SmallGEO's case, we have a total mass of three tons. This limit was necessary to set it apart from other European telecommunications satellites. By assigning SmallGEO to this size class, we were able to ensure that it was relatively small compared to other geostationary satellites. This explains the name "SmallGEO", which was ultimately coined for the range.

And how did SmallGEO become an ESA project?
After providing the initial internal funding, OHB was able to convince ESA of the merits of the idea. Obviously, this meant that we had to enlist the assistance of other ESA countries. We were lucky enough to be able to gain Sweden, Luxembourg and the Switzerland as partners for this idea and to add companies from these countries to the SmallGEO core team. With ESA as an institutional partner, the project evolved into a public-private partnership with Spanish company Hispasat. As a satellite operator, Hispasat has an inherent interest in being able to accommodate as many uplink and downlink channels on a single satellite as possible. Accordingly, the payload was adjusted to meet its commercial needs, as a result of which the three-ton mark was exceeded. This is why our first Hispasat Advanced Generation 1 SmallGEO satellite has a mass of 3.5 tons.

Talking of Hispasat Advanced Generation 1, what is the current status of this first geostationary telecommunications mission?
We have successfully completed integration in Bremen and shipped the satellite to the IABG testing center in Ottobrunn for the ensuing environmental testing campaign. The next major goal is to demonstrate the quality of Hispasat AG 1 in all aspects of the campaign.

SmallGEO is already being used in four telco missions and is being planned for many others. Does this mean that development of the satellite platform has now been completed?
Our basic approach to SmallGEO is to build the satellite around a central pipe. In conceptional terms, we divide the satellite into the payload and the platform; obviously, the specific customer payload is different for every mission. Our goal is to keep the platform as consistent as possible to reduce the learning curve with a corresponding effect on the price. With the first SmallGEO mission, the "Hispasat Advanced Generation 1", we have created a standard particularly for the necessary qualification of processes. However, that does not mean that we will be using a completely unchanged platform for future missions. This is why we have adopted an evolutionary approach, which is standing us in good stead with the EDRS-C satellite for example. We have substantially simplified the propulsion system for this second SmallGEO mission but have retained our central pipe design without any changes.

So what approach do you take with SmallGEO? "One size fits all" or "trying to get everything to fit"?
Neither. While the SmallGEO was being developed, the launcher market underwent change. With the SpaceX Falcon 9 and current price structures, it is very lucrative for satellite owners to have a weight class optimized for the launcher. And this is no longer always a 3.5 ton satellite. This satellite was planned for the European market as a "second passenger" on board the ARIANE 5 and is regularly awaited by ArianeSpace with great anticipation. The difficulty is to make sure that the second passenger is ready for launching at the same time. As satellite programs are mostly organized independently of each other, this can sometimes be difficult to achieve. Whenever the focus is on minimizing costs, the Falcon 9 is used, in which case the satellite must have a mass of under three tons to ensure optimum utilization of the launcher's capabilities. This is why a substantial design change was necessary in the development of ELECTRA, our platform with a solely electric propulsion system. Whereas SmallGEO requires 1.6 t of fuel, ELECTRA needs only 160 kg to reach its geostationary orbit.

"We have created a standard with the SmallGEO Hispasat Advanced Generation 1."

"Assuming that the launcher market stabilizes in the way that is currently being indicated, ELECTRA is an ideal solution."

Would OHB also be a second passenger on board the Falcon 9?
There are two approaches here. One possibility is for the Falcon 9 to be launched with only a single satellite, which is then released at the optimum altitude so that the satellite can go into operation in its final position as quickly as possible. The other alternative is for two satellites to be launched on board a Falcon 9 to "share" the launch costs.

It is not only the launcher market which is hotly contested but also the commercial satellite market. Is SmallGEO competitive?
The first SmallGEO satellite currently being assembled in the clean-room facilities is the first of its kind. As it has its origins in a development program, it is fitted with a number of new technologies which are still awaiting qualification or in-orbit verification. Although it is small, the satellite is highly complex and not yet cost-optimized. The challenges posed by this first geostationary telecommunications mission are anything but small and, with the assistance of ESA and Hispasat, we are on a steep learning curve. The next missions will doubtless be less complex as we will have learned a lot from the first mission and the processes are now in place. Unlike research missions, which are always unique, reproducibility is important with telco satellites. For us it is clear that once we have completed this learning curve we will enjoy a competitive edge thanks to our size and cost structures. What is more, we have a perfect answer for the market niche which has arisen as a result of new launchers for which an optimum platform is not yet available.

What importance does SmallGEO have for OHB as a whole?
OHB's forays into telecommunications provide it with a further mainstay for its future business. In my view, the next obvious step, namely to expand into the commercial satellite market, will materially supplement OHB's institutional space business. This is because, on the one hand, we do not yet have any presence in the commercial market and, on the other, the commercial approach will force us to work even more efficiently. Obviously, we face harsh competition but the methods and processes which we will develop as a result are valuable and will boost the entire company's efficiency. There is a common thread running through all of OHB's history: From the outset, we have owed our success to our ability to face up to competition.

Let us venture a glance into the future. What can we expect after SmallGEO?
(Laughs). Before we start thinking about that, we must first sign the C/D contracts for the two "Heinrich Hertz" and "ELECTRA" missions. In the case of Heinrich Hertz, a mission initiated by the German Aerospace Center (DLR), we expect to be able to seal the contract this year. With respect to ELECTRA, we are still waiting for the necessary European budget to be drawn down in full. Despite this, I assume that our next satellite mission with a SmallGEO platform will be at least partially commercial.

Is it possible that ELECTRA will be the mission that can be readily reproduced?
Assuming that the launcher market stabilizes in the way that is currently being indicated, ELECTRA is an ideal solution. We are the world's first producer to have launched an optimized platform. With this clear price advantage at the mission level, there is a strong probability that satellites with an electric propulsion system in our weight class will quickly take a substantial lead over chemical systems.

Hispasat AG1 at the end of the integration phase at OHB System AG's clean room in Bremen (top) and at the beginning of environmental impact testing at the IABG space center in Ottobrunn (bottom pictures).

HIGHLIGHTS 2014

2014 was a year of further growth for OHB AG. Here in brief are the main events of the year in chronological order.

2014 at a glance

January 2014

CGS awarded contract for OPSAT 3000 mission

Italian space company S.p.A is participating in the Italian defense ministry's "OPSAT (OPtical SATellite) 3000" program after receiving a sub-contract worth around EUR 44 million from principal contractor Telespazio S.p.A. providing for the development, design and assembly of the satellite-to-launcher interface adapter as well as launch services. The satellite is to be placed in a sun-synchronous orbit by an Arianespace Vega launcher. Scheduled for 2016, the mission will supply very high-resolution panchromatic images of the earth, permitting new generations of digital maps to be created, detection maps to be updated and digital surface models to be produced.

February 2014

Electra Industry Day at OHB in Bremen

On February 4, OHB System held Electra Industry Day in Bremen to find the best possible partners for the construction of the Electra satellite. Speaking to numerous representatives from space components suppliers from all around the world, project manager Dr. Alexander Schneider outlined the plans for the first commercial satellite with a fully electrical propulsion system, describing the high standards which it was necessary to observe in working with OHB and explaining the bidding process.

OHB is planning to build a range of products in a class covering around half of the commercial market of around 20 telecommunications satellites a year: SmallGEO FAST and SmallGEO FLEX for payloads with an output of 2 – 8 kW and a mass of 200 – 700 kg.

Following the presentations given by high-ranking representatives of ESA, DLR and satellite operator SES, OHB invited components suppliers to submit attractive bids as a basis for gaining a share of up to 20 percent of the global market. To achieve this, it is necessary for the satellite operators to harness savings during the launch procedure thanks to the substantially lighter propulsion system but also via a competitive purchase price. The components suppliers were therefore asked to define corresponding reduction targets and to show how they could contribute to making the products a success. SES had initially awarded OHB System a contract for the development of a platform for Electra (development phase B1) in October of the previous year. With this year's request for proposals, the project is now to enter the next phase of realization so that the first fully electric European satellite can be launched in 2018.

From left to right: Brigitte Zypries, Parliamentary State Secretary, German Federal Government's Aviation and Space Coordinator, Prof. Dr.-Ing. Johann-Dietrich Wörner, Chairman of the Management Board of the German Aerospace Center DLR, Jens Böhrnsen, Mayor of the Free Hanseatic City of Bremen, President of the Senate, and Marco R. Fuchs, CEO of OHB AG

February 2014

Hand-over of the core module of the Trace Gas Orbiter for **ExoMars 2016**

In a ceremony held on Monday, February 3, 2014 in the presence of the German federal government's new aviation and space coordinator, Brigitte Zypries, OHB System AG handed over the core module of the ExoMars Trace Gas Orbiter, comprising the structure, the thermal system and the drive system, to Thales Alenia Space.

Marco Fuchs, CEO of OHB System AG said: "The timely transfer marks a key step in the development of the ExoMars program. We are proud to be part of this ambitious international science and research program."

The parliamentary state secretary Brigitte Zypries made a point of experiencing live the completion of this milestone in the ExoMars program. "This was a very pleasant start to my new position as coordinator of the aviation and space industry. With the ExoMars program, the German space industry is demonstrating its outstanding skills," Brigitte Zypries said after the ceremony.

ExoMars is a joint project of ESA and the Russian space organization ROSCOSMOS, comprising two missions that will be heading for Mars in 2016 and 2018 to find answers to the question as to whether life ever existed on that planet. To this end, it will be taking soil samples from the planet's surface and analyzing them. The ExoMars program covers the key entry, descent, landing, drilling and exploration technologies.

The Trace Gas Orbiter and the "Schiaparelli" landing module will be launched in January 2016 and should reach Mars nine months later. The second mission with the ESA Rover and the Russian ground station is scheduled for May 2018 and will reach the planet at the beginning of 2019. ROSCOSMOS is ESA's most important partner on the ExoMars mission.

March 2014

Andreas Lindenthal appointed to the Management Board of OHB System AG

The Supervisory Board of OHB System AG appointed Mr. Andreas Lindenthal to the Management Board effective March 1, 2014. This additional appointment was in response to the Company's strong growth over the past few years with the aim of distributing the broader range of duties across a larger number of Management Board members.

CEO Marco R. Fuchs, who is looking forward to working with the new Management Board member, says: "With his outstanding knowledge of the industry and many years of management experience, Andreas Lindenthal is the ideal addition to the management team at OHB System."

Andreas Lindenthal has been working very successfully in the aviation and space industry for more than 25 years. Prior to joining OHB, he held numerous management positions at companies such as Dornier, Jena-Optronik, Astrium and Airbus. "An extremely exciting and business-oriented environment awaits me at OHB. I am looking forward to this new challenge and hope that I will be able to make a positive contribution to OHB System's success," he said.

May 2014

OHB at ILA Berlin Air Show 2014

In keeping with tradition, the OHB Group had a joint stand at the ILA Berlin Air Show, which was held on May 20 – 25. All the OHB companies presented their products and technologies to trade audiences and, during the public days, to the general public.

The OHB stand formed part of "Space World", an internationally unique pooling of space companies and institutions at an aviation and space show. Accompanied by the "Space Pavilion", an exhibition jointly organized by ESA, DLR and the German Aerospace Industries Association (Bundesverband der Deutschen Luft- und Raumfahrtindustrie e.V. – BDLI), this year's ILA again offered an ideal forum for conferences and talks concerning the current main issues in the space industry. Ahead of the ESA Ministerial Council, which took place in December in Luxembourg, the ILA served as a podium for discussion on future space projects with the participation of high-ranking representatives from politics, research and industry.

OHB is developing a system for locating the position of a container anywhere in the world and at any time.

May 2014

OHB subsidiary LuxSpace awarded new **ESA** contract

LuxSpace received an ESA development contract for the design of an innovative container tracking device. The project has a volume of EUR 2.5 million, of which ESA is funding 50 percent. Developed in conjunction with its two affiliates OHB Teledata (Germany) and megatel (Germany) and project partner arviem (Switzerland), the freight-tracking system uses a wireless network of sensors to determine the position and condition of freight, transmitting the data via satellite and ground stations. In addition to the technical design of the system, the project partners offer a comprehensive real-time tracking service including analysis and operating support.

"This service provides a level of transparency tracking the entire freight process which has previously been almost impossible to achieve with conventional methods," said Jochen Harms, managing director of LuxSpace.

Known as RTICM (Real Time Intelligent Cargo Monitoring), the project forms part of ESA's ARTES 20 Integrated Application Program. This innovative freight-tracking system is primarily targeted at the markets for the transportation of containers and high-quality freight.

June 2014

New appointment to **OHB AG's** Management Board

Dr. Fritz Merkle was appointed to the Management Board of OHB AG. Consequently, this body, which comprised Marco Fuchs and Ulrich Schulz following the death of Prof. Manfred, has three members again.

Dr. Merkle had been Deputy CEO of subsidiary OHB System AG for 14 years. With his decades of experience in the aviation and space industry, he boasts extensive knowledge of the Company and the sector as a whole together with the necessary farsightedness to implement the Group strategy.

A physicist with a doctorate from the University of Heidelberg, Dr. Merkle was guest researcher at the IBM Almaden research laboratory in San Jose, California, for two years after completing his studies. As well as this, he spent many years at the European Southern Observatory working on the very large telescope. After eight years as head of space technology business at Carl Zeiss in Oberkochen and Jena for eight years, he joined OHB in Bremen.

June 2014

New production hall in Sweden opened

On June 18, OHB Sweden organized a ceremony to mark the opening of its production facility with floor space of 705 square meters. More than 120 guests, including Swedish astronaut Christer Fuglesang, attended the ceremony at the Company's site in Kista Science City. OHB Sweden now has two mission control centers for the PRISMA and Odin satellites and a 450-square meter Class 8 clean room for its projects.

June 2014

Antwerp Space shipping two Omnisat systems to China

In June, Antwerp Space N.V. delivered two Omnisat systems to institutional customers in China. The equipment will be used for checking high-speed satellite transmitters and for receiving earth observation data at ground stations. Antwerp Space staff spent two weeks in China, together with its partner AA SYSTEL to conduct extensive training. Following this, the Omnisat equipment was integrated in the customer's system, after which acceptance testing was successfully completed.

Says Antwerp Space managing director Guy Van Dijck: "Antwerp Space has achieved a major step forward with the reintroduction of its Omnisat data acquisition system. We are glad to be able to demonstrate our capabilities in this market." This successful delivery of the new Omnisat system will allow Antwerp Space to offer a unique multichannel solution to its customers at an attractive price.

July 2014

LuxSpace awarded ESA contract for two microsatellites

LuxSpace signed a contract with ESA at the Farnborough Air Show in the United Kingdom for the production of two microsatellites. The contract is establishing a private public partnership, in which the final customer – exactEarth of Canada – will make significant investments alongside ESA and the participating European companies. The total contract volume for the two satellites stands at EUR 30 million.

"This is the largest contract LuxSpace has ever received as a prime contractor and constitutes the next step in its development as a systems integrator," said Jochen Harms, managing director of LuxSpace. The two satellites are to be launched in 2018 and 2019 respectively. They will have a weight of approximately 100 kg and provide very high quality AIS data for vessel detection.

July 2014

OHB AG to be converted into a Societas Europae

At the annual general meeting, the shareholders passed a resolution approving the proposal of the Management Board and the Supervisory Board to convert OHB AG into a Societas Europaea (SE). The Company's registered offices and headquarters will remain in Bremen. Upon the conversion into an SE, the previous shareholders of OHB AG will automatically become shareholders in OHB SE; accordingly, there will be no change in their shareholder status.

By adopting SE status, OHB is responding to the growing Europeanization of space technology and the Group's increasing intercultural structures. The change of corporate status will permit more uniform and clearer governance and promote an open and European corporate culture. At the same time, it will be easier for the future OHB SE to establish new branches within the European Union.

July 2014

OCAM filming ATV-5 and tracking the Ariane trajectory

On July 30, 2014, ESA's fifth and final automated transfer vehicle (ATV) "Georges Lemaître" lifted off from the space center in French-Guayana on board an Ariane-5 ES on a mission headed for the ISS. On board the launcher was a modified OCAM-2 onboard camera system developed by OHB System. It supplied images of the launch, recording the release of the ATV from the launcher for the third time. Thanks to the integrated GNSS receiver, it was possible to record the launcher's position during its trajectory.

On this mission, OHB System was responsible for the hardware and software of the on-board system and for the video-processing part of the ground segment, supporting the mission on site and evaluating the data.

MT Aerospace supplied the booster casing and the large tank domes for the central and upper stages of the Ariane-5 ES launcher. OHB System was additionally responsible for the entire cabling and the protective meteorite protection shield fitted to the ATV.

From left to right: Prof. Dr. Volker Liebig, Christine Haderthauer, Dr. Gerd Gruppe, Marco R. Fuchs and Dr. Fritz Merkle at the "topping-out celebration"

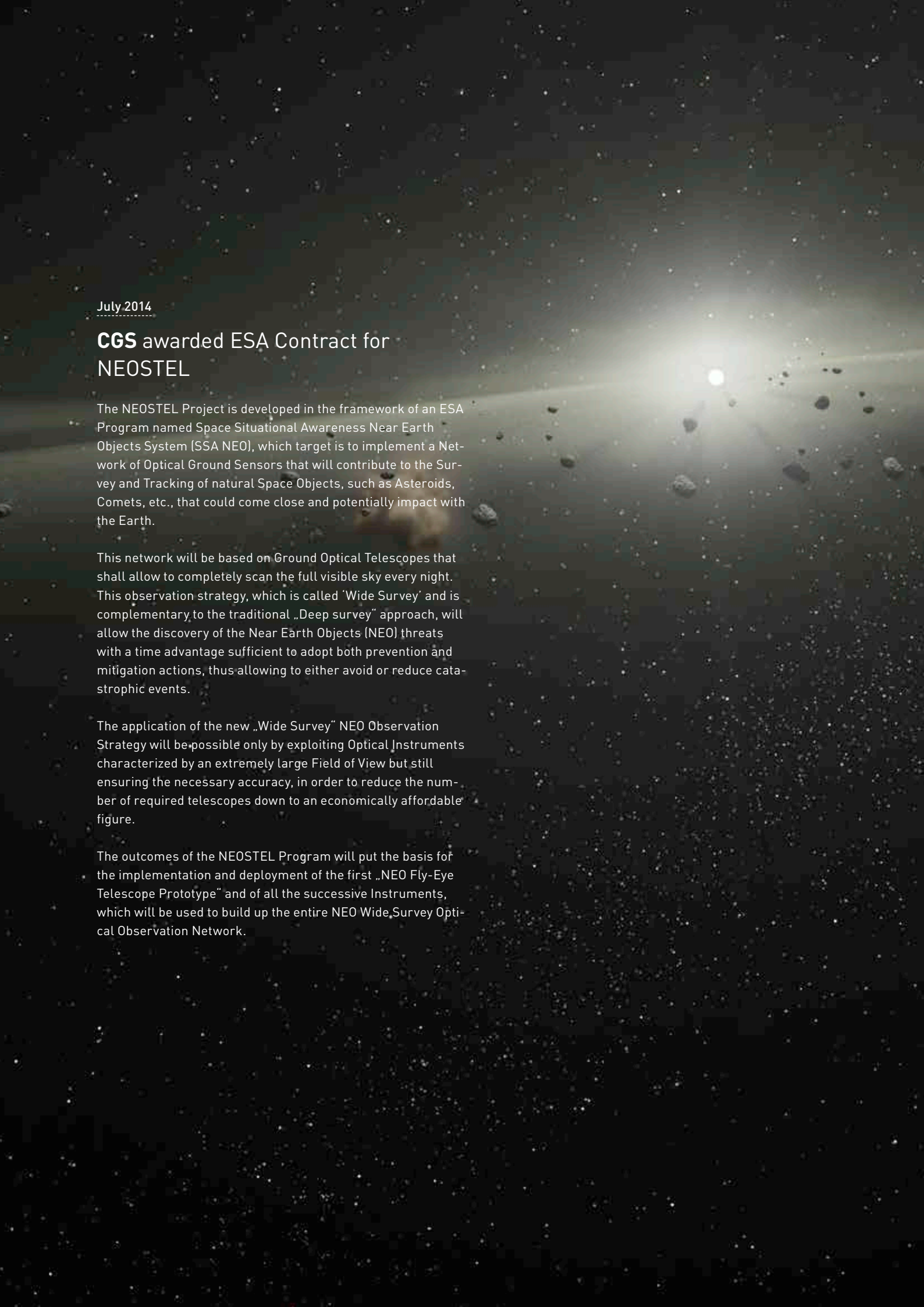
July 2014

OHB holding "topping-out celebration" for its new building in Oberpfaffenhofen

On July 23, 2014, OHB held a "topping out celebration" for its new building in Oberpfaffenhofen near Munich in the presence of 150 honorary guests. The new building will provide highly modern office facilities for all OHB employees.

Marco Fuchs, Chief Executive Officer of OHB AG, is convinced that the investment will pay off: "With our new facility in Oberpfaffenhofen, we will be able to achieve several goals at the same time: we will be expanding our satellite integration and testing capabilities and providing our staff with a single joint building. At the same time, we are in the direct vicinity of the German Space Agency DLR."

The total floor area exceeds 14,000 square meters. With an area of just under 6,000 square meters, a spacious clean-room complex (Class ISO 8 down to ISO 5) is being assembled complete with the necessary extensive technology. A further 1,000 square meters are available for laboratories.



July 2014

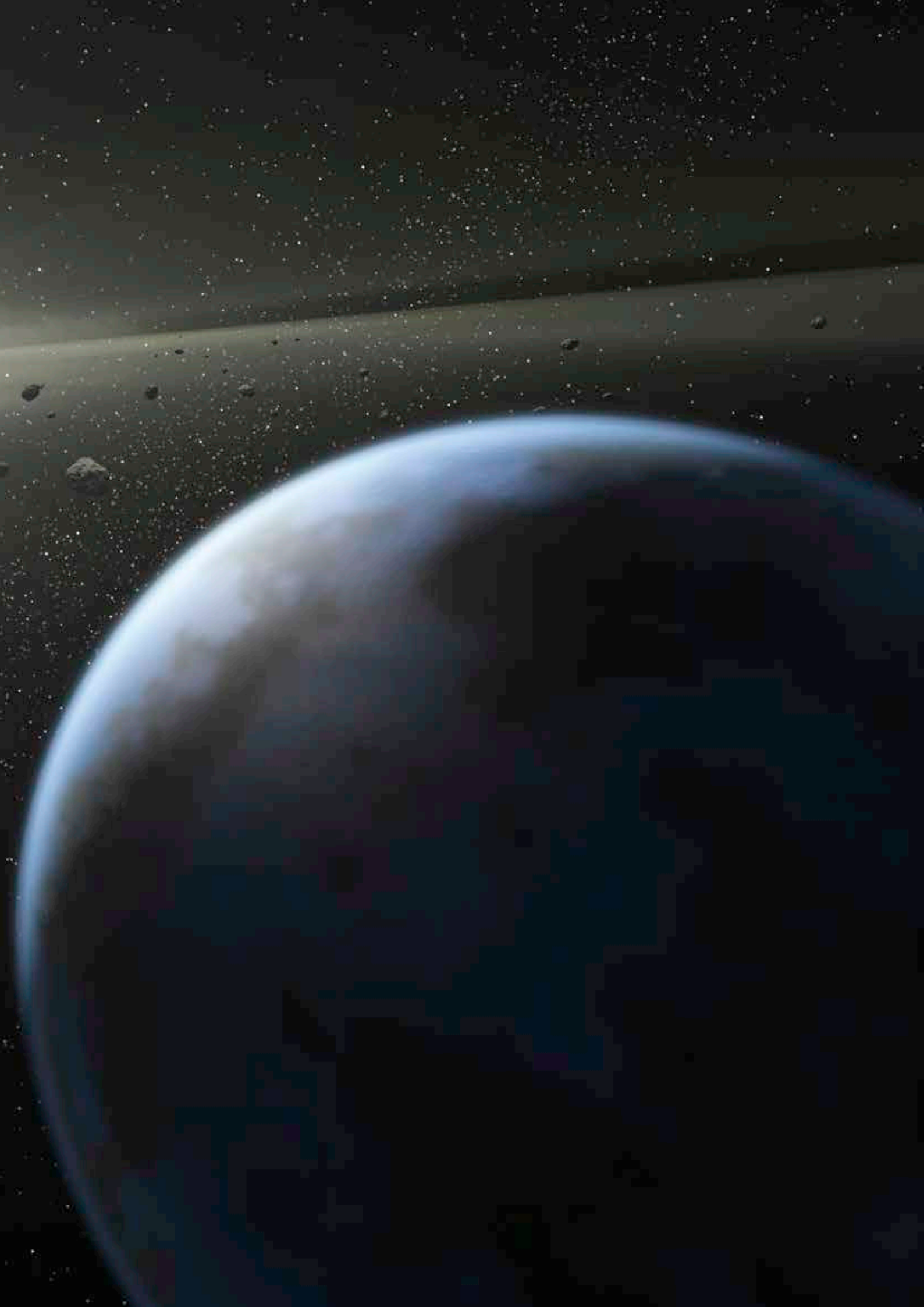
CGS awarded ESA Contract for NEOSTEL

The NEOSTEL Project is developed in the framework of an ESA Program named Space Situational Awareness Near Earth Objects System (SSA NEO), which target is to implement a Network of Optical Ground Sensors that will contribute to the Survey and Tracking of natural Space Objects, such as Asteroids, Comets, etc., that could come close and potentially impact with the Earth.

This network will be based on Ground Optical Telescopes that shall allow to completely scan the full visible sky every night. This observation strategy, which is called 'Wide Survey' and is complementary to the traditional „Deep survey" approach, will allow the discovery of the Near Earth Objects (NEO) threats with a time advantage sufficient to adopt both prevention and mitigation actions, thus allowing to either avoid or reduce catastrophic events.

The application of the new „Wide Survey" NEO Observation Strategy will be possible only by exploiting Optical Instruments characterized by an extremely large Field of View but still ensuring the necessary accuracy, in order to reduce the number of required telescopes down to an economically affordable figure.

The outcomes of the NEOSTEL Program will put the basis for the implementation and deployment of the first „NEO Fly-Eye Telescope Prototype" and of all the successive Instruments, which will be used to build up the entire NEO Wide Survey Optical Observation Network.



August 2014

First two **Galileo* FOC satellites** launched

The two Galileo FOC* satellites developed and built by OHB System AG were launched on board a Soyuz rocket, which lifted off from the Kourou space center in French-Guayana on August 22, 2014. Shortly after this, they sent their first "sign of life" to the European Space Agency's mission control center (ESOC) in Darmstadt. However, after the satellites were released from the upper stage of the launcher, it became apparent that they had not been placed in the planned orbit.

At the end of August, the team at the control center operated by the European Space Agency ESA in Darmstadt confirmed that the two satellites were in good health and were responding on a nominal and stable basis in orbit. They were thermally stable, had a steady alignment to the sun and were producing sufficient power. All the platform subsystems had been tested and found to be working properly.

OHB supported the investigations to analyze possible scenarios for salvaging the satellites.

* see Glossary

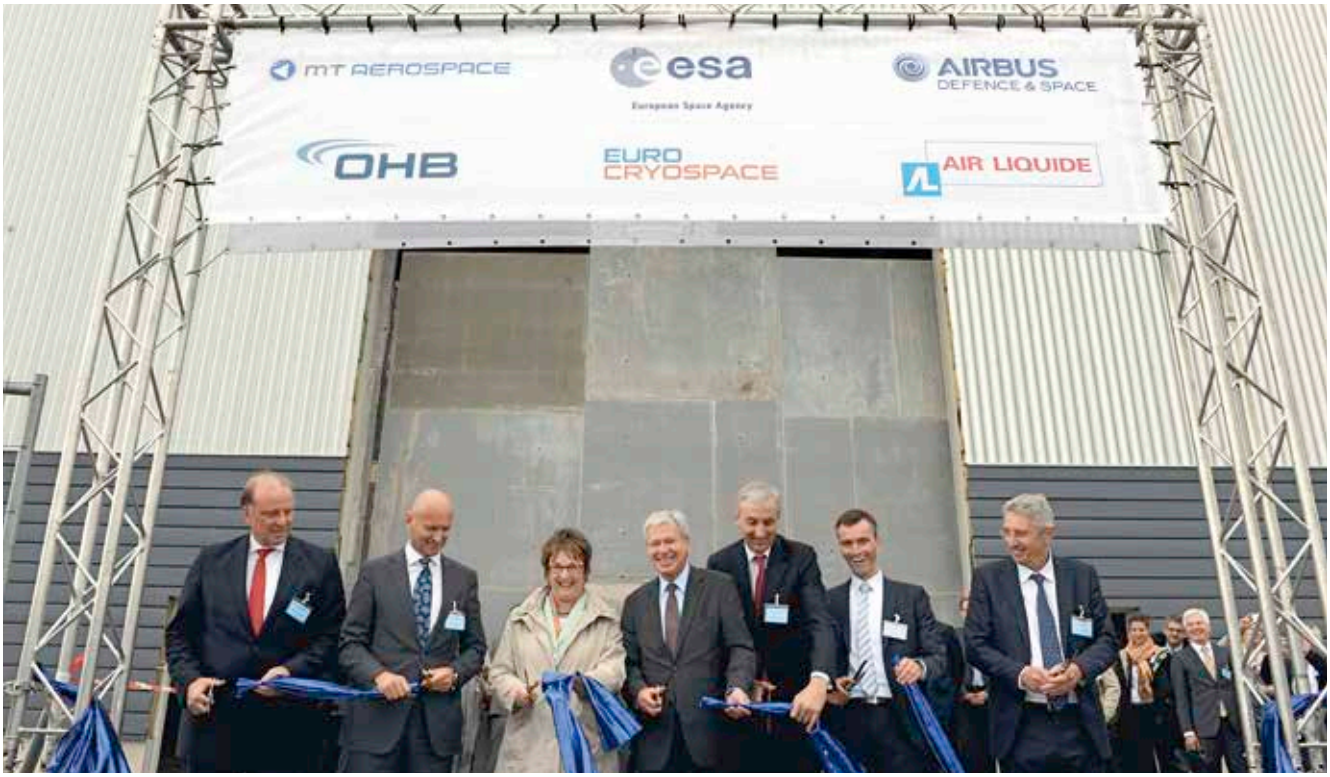
August 2014

Construction of a new production facility for **MT Aerospace**

On August 25, 2014, MT Aerospace AG symbolically opened the gates to its new production facility in Bremen for the upper stage tank for the Ariane program. "The idea of moving in directly next door to our partner Airbus Defence & Space was the logical and right thing to do," stresses the CEO of MT Aerospace, Hans J. Steininger. "In addition to the improved logistics for the production of the upper-stage tank, it demonstrates that German industry is pulling on the same end of the rope when it comes to preserving independent European access to space."

MT Aerospace received contracts for the development and qualification of the metallic propellant tank for the new Ariane-5 ME upper stage from Airbus Defence and Space, the principal contractor for the Ariane-5 ME program, and the European Space Agency ESA. The design of the production facility already takes account of the requirements of the future Ariane-6 upper stage.

Brigitte Zypries and Jens Böhrnsen (middle) attended the symbolic opening of the new production facility.



* see Glossary

September 2014

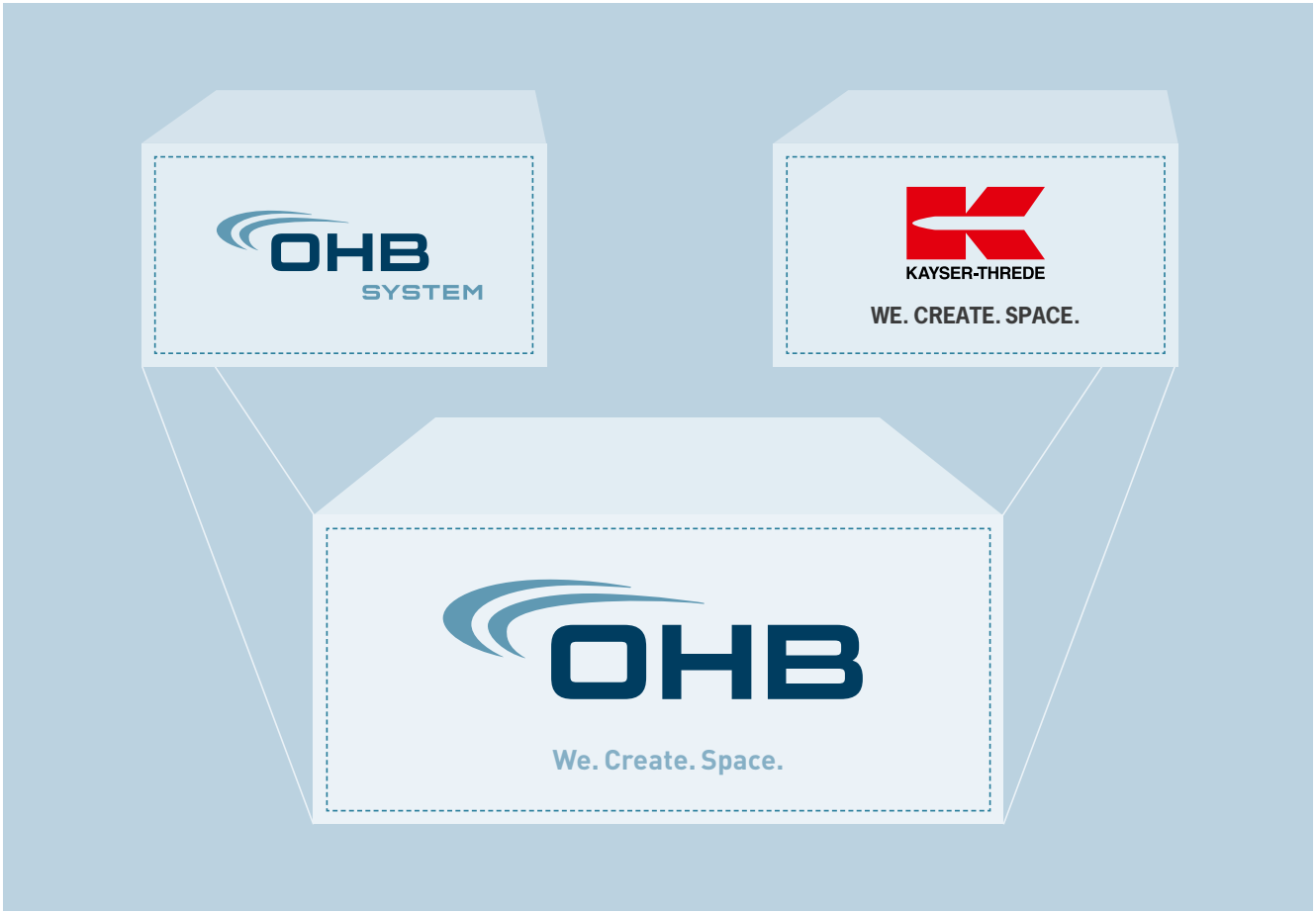
Merger of **OHB System and Kayser-Threde**

On September 1, 2014, OHB System AG, Bremen, and Erwin Kayser-Threde GmbH, Munich, merged to form a single company under the name of OHB System AG. By taking this step, OHB AG is pooling its two subsidiaries' capabilities and capacities.

"Two outstanding companies in the space industry are today joining forces to become a single satellite and payload systems specialist which will be assuming a new role in the European market on account of its scale and organizational structure," said CEO Marco Fuchs. "In this way, we will be able to leverage our own internal skills more effectively and thus operate with heightened efficiency and competitiveness. We will be benefiting from the resultant advantages as much as our customers will be," Fuchs adds.

With their different skills, the two former affiliates had previously already been working jointly on major projects such as the MTG weather satellites and the EnMAP environmental satellite. Accordingly, the merger is a logical step to reinforce and optimize the joint activities on a sustained basis and to position the two locations for the challenges which they face in their operations.

The origin of OHB System AG's new logo and motto



September 2014

LuxSpace awarded **ESA development contract**

LuxSpace, navama – technology for nature and WWF, the global conservation organization were awarded an ESA development contract for the design of an innovative fishery monitoring system.

The system will exploit satellite technology in the surveillance of fishing activities to promote legal and transparent fishing operations. Targeted at certified sustainable fisheries, the new system retraces the routes and activities of fishing vessels and assesses the conformity of fishing operations with sustainability standards and rules. Moreover, this information will be made available to seafood customers via a smartphone app. "This promising application shows how satellite technology can support fisheries which are committed to sustainable fishing practices and can significantly enhance the credibility of eco-labeled seafood products among consumers", said Jochen Harms, Managing Director of LuxSpace.

The technology can visualize routes of fishing vessels and recognize certain fishing activities. Users can notice if boundaries of marine protected areas or fish nursery areas are being respected.

October 2014

CRONUS passing first hurdle

MT is conducting the CRONUS project (CRyogenic Optimized New Upper Stage Demonstrator) under the ESA FLPP program, which is performing preparatory development work on future launch vehicles. The project has now taken a decisive step forward.

CRONUS is a tank demonstrator with a sandwich common bulkhead required to check and verify the technologies to be utilized in a future Ariane-6 upper stage. Proof of the requisite technological maturity (TRL6 in this case) was a decisive condition for participation in the new Ariane-6 upper stage.

For this reason, it was crucial for the ESA manufacturing readiness review conducted at MT Aerospace on September 9, 2014 to be completed with a high score free of any negative or critical findings. All of the project schedule, particularly the completion of the necessary hardware component, was observed. Thanks to the thorough preparations, it was possible for the ESA review board to concentrate on the main technical aspects of the MT design. ESA was impressed by the quality of the development work which MT Aerospace had completed on a tight time schedule.

CRONUS: Demonstrator for Ariane-6 upper-stage tank

October 2014

Lunar mission **memory of Prof. Manfred Fuchs**

OHB conducted a lunar mission in memory of Prof. Dott. Ing. h.c. Manfred Fuchs. The 4M (Manfred Memorial Moon Mission) was successfully launched on board a Long March 3 from the Xichang Satellite Launch Center, China, on October 23, 2014. At 21:31 hours CEST, LuxSpace announced that the first 4M signals had been picked up in Brazil.

4M was a small spacecraft which transmitted messages in memory of Prof. Manfred Fuchs and greetings from all around the world. In addition, it carried a radiation experiment on board to measure the size of an appropriate radiation shielding and a multilateration trial for spacecraft navigation for the next Moon mission. LuxSpace was responsible for the technical management of the mission and the assembly of the probe. "This is the first-ever privately financed lunar mission," said Jochen Harms, managing director of LuxSpace.

The mission was successfully completed in early November after more than 250 operating hours. During its path around the moon, all messages were transmitted several times and picked up by dozens of radio amateur stations around the globe.

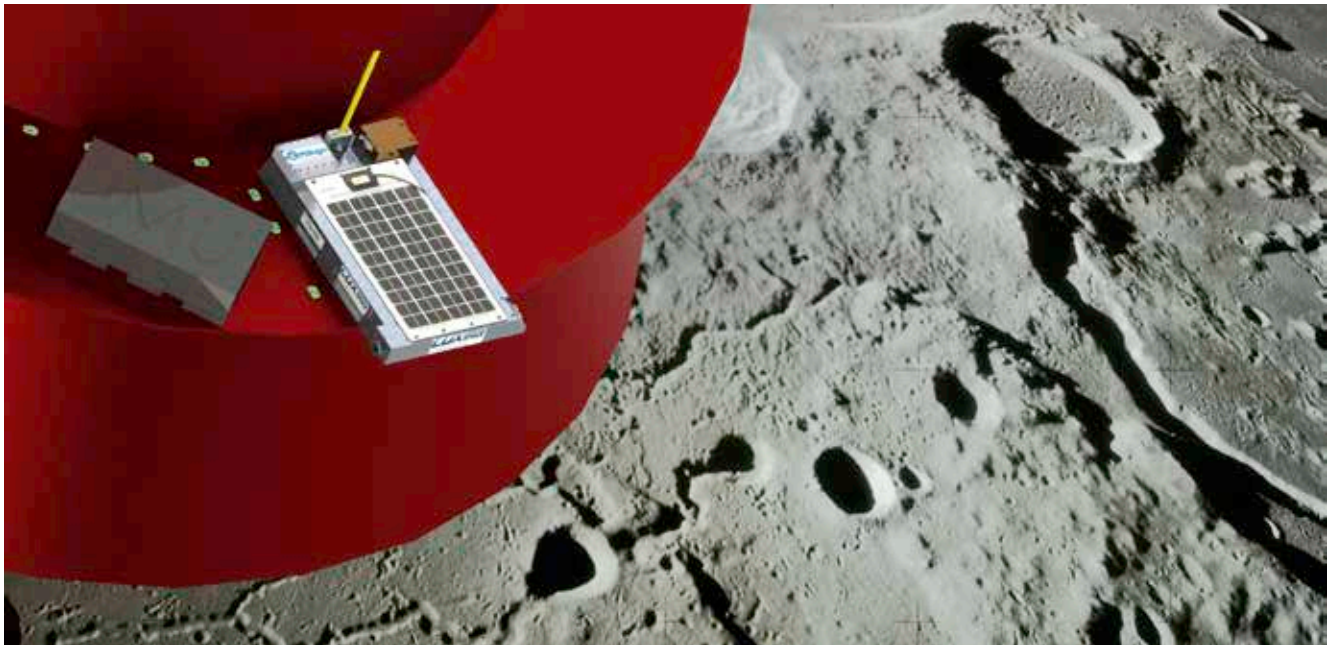
October 2014

OHB Sweden building first InnoSat

The Swedish space agency SNSB awarded OHB Sweden a contract for the construction of the first InnoSat satellite. The award had been preceded by a study in which the team in Sweden had developed an inexpensive and flexible satellite system which can be adjusted to meet the needs of different kinds of research missions. With a value of around EUR 13 million, the first mission is known as MATS (Mesospheric Airglow/Aerosol Tomography and Spectroscopy). Optical instruments fitted to the 50-kg satellite will measure mesospheric gases and luminescence at altitudes of 80 – 100 kilometers. MATS is to track two full summers in the northern and southern hemispheres from an orbit around 600 kilometers above the surface of the earth.

OHB Sweden will be building the satellite as the principal contractor in collaboration with AAC Microtech, Omnisys and Swedish research institutions. MATS is to go into operation in 2017. SNSB plans to launch a further research satellite every three years. The contract also provides for the inexpensive satellite design to be marketed outside Sweden.

Illustration of the 4M satellite built by LuxSpace



October 2014

ISS "PK-4" research laboratory successfully launched

At 08:09 hours CET on October 29, 2014, the European-Russian plasma crystal laboratory "PK-4" lifted off from the Baikonur Cosmodrome on board a Soyuz launcher headed for the International Space Station ISS. It docked with the ISS in the early afternoon as planned. As with the previous two laboratories, OHB System AG (previously Kayser-Threde GmbH) was the prime contractor and responsible in this capacity for all system tasks. "PK-4" is a permanent installation within the European Columbus research module designed to conduct experiments on complex plasmas.

OHB System has developed and assembled two racks for electricity supplies, communications and data collection. In addition, OHB System fabricated and integrated a large part of the mechanical structure as well as the control and operating software for the experiment. The "PK-4" is being installed in the European Physiology Module (EPM), which was also developed by OHB System AG and is a fixed facility for standard payloads integrated in the European space laboratory.

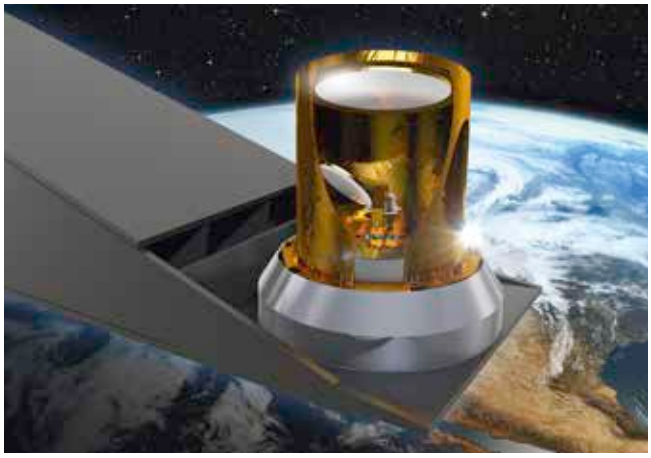
November 2014

CGS S.p.A. awarded contract for microwave imager

On November 10, 2014, CGS S.p.A. (Compagnia Generale per lo Spazio) signed a contract with Airbus Defence & Space for the assembly of the second-generation microwave imager (MWI) for the MetOp satellites. The microwave imager is an advanced instrument, which will be fitted to the Series B satellites. The MicroWave Imager instrument will provide Europe's national meteorological services and, by extension, the international users and science community with unprecedented and high-value data for meteorological and climate monitoring.

By signing this contract EUR 134 million, CGS is assuming responsibility for designing and developing the MWI from Phase B2 through to final in-orbit verification of three flight models for delivery to principal contractor Airbus Defence & Space.

The MetOp-SG satellites constitute the space segment of the EUMETSAT Polar System Second Generation (EPS-SG) program and comprise two series of satellites, "Satellite A" and "Satellite B". Each series is nominally made up of three units. The MetOp-SG satellites are being jointly developed by the European Space Agency ESA and EUMETSAT.



PLATO is to search for planets outside our galaxy

November 2014

OHB award contracts for two studies on the **PLATO comet hunter**

The PLATO (PLAnetary Transits and Oscillations of Stars) mission under ESA's Cosmic Vision program is exploring exoplanets. OHB System AG has been awarded two B1 studies: Under ESA's scientific program, it will be looking into the mission and satellite design. On behalf of DLR, it is exploring the scope for integrating the PLATO instrument comprising 34 individual telescopes plus the necessary electronics.

The space segment is made up of a service module (SVM) and a payload module (PLM). The SVM will be developed in Bremen leveraging the satellite mission experience available there, while the Munich location will handle the PLM including the payload. The ESA study has a contract value of EUR 2.5 million and a term of 18 months.

The DLR study on the scope for integrating the PLATO instrument is worth EUR 1.8 million and has a term of a good 18 months. In this way, OHB will have an opportunity of using the studies in the realization phase (B2/C/D) as a system lead manager for the satellites and the payload for ESA and DLR.

December 2014

ARIANE 6 approved at the **ESA Ministerial Council**

The responsible ministers of the 20 members states of the European Space Agency ESA as well as Canada met in Luxembourg on December 2, 2014. They passed resolutions approving total funding of almost EUR 6 billion. The German federal government will be contributing a total of some EUR 1.4 billion over the next few years. Thus, Germany alongside France will be the largest contributor to ESA.

Explained State Secretary Brigitte Zypries, the German federal government's coordinator of aerospace/aeronautics: "The 20 members states of the European Space Agency ESA agree that looking forward European space flight is to continue playing a key role in the world. This is underscored by the decision to go ahead with the future European launch vehicle Ariane-6. This not only secures European access to space. Moreover, the development and production of the launcher will ensure that technological skills are preserved and developed in Germany."

Germany will be funding an average of EUR 180 million per year and, thus, assuming around 22 percent of the new Ariane-6 program.

In addition, it will be contributing an additional EUR 310 million to the operation of the ISS through 2017 and stepping up its share in the ESA ExoMars program by EUR 15 million.

December 2014

First Galileo*-FOC satellite successfully tested after orbit maneuver

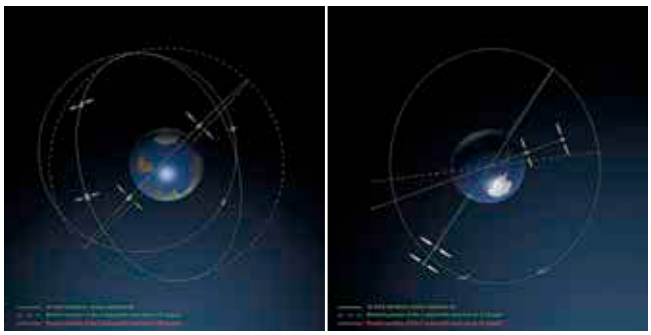
The first Galileo FOC satellite displayed excellent payload capabilities in December, competing the payload testing campaign successfully on December 18, 2014. After "Doresa" – as the satellite is called – reached its new target orbit, it was possible to activate the navigation payload. It started sending its first navigation signals successfully on November 29, 2014.

The extensive testing campaign was commenced after the satellite was moved to a orbit more suitable for navigation purposes.

A total of eleven orbit manoeuvers were performed to budge the satellite step by step upwards from the lowest point of its orbit. At the same time, it was possible to substantially reduce the satellite's exposure to the sun in its new orbit, thus ensuring reliable long-term operations. Now that the orbit is more circular, the earth sensor can be used continuously, meaning that the main antenna is aligned to the earth and allowing the navigation payload to be activated.

It is important for the satellite to cross the same position on the surface of the earth once every 20 days in its new orbit so that the ground track can be synchronized with the entire Galileo constellation.

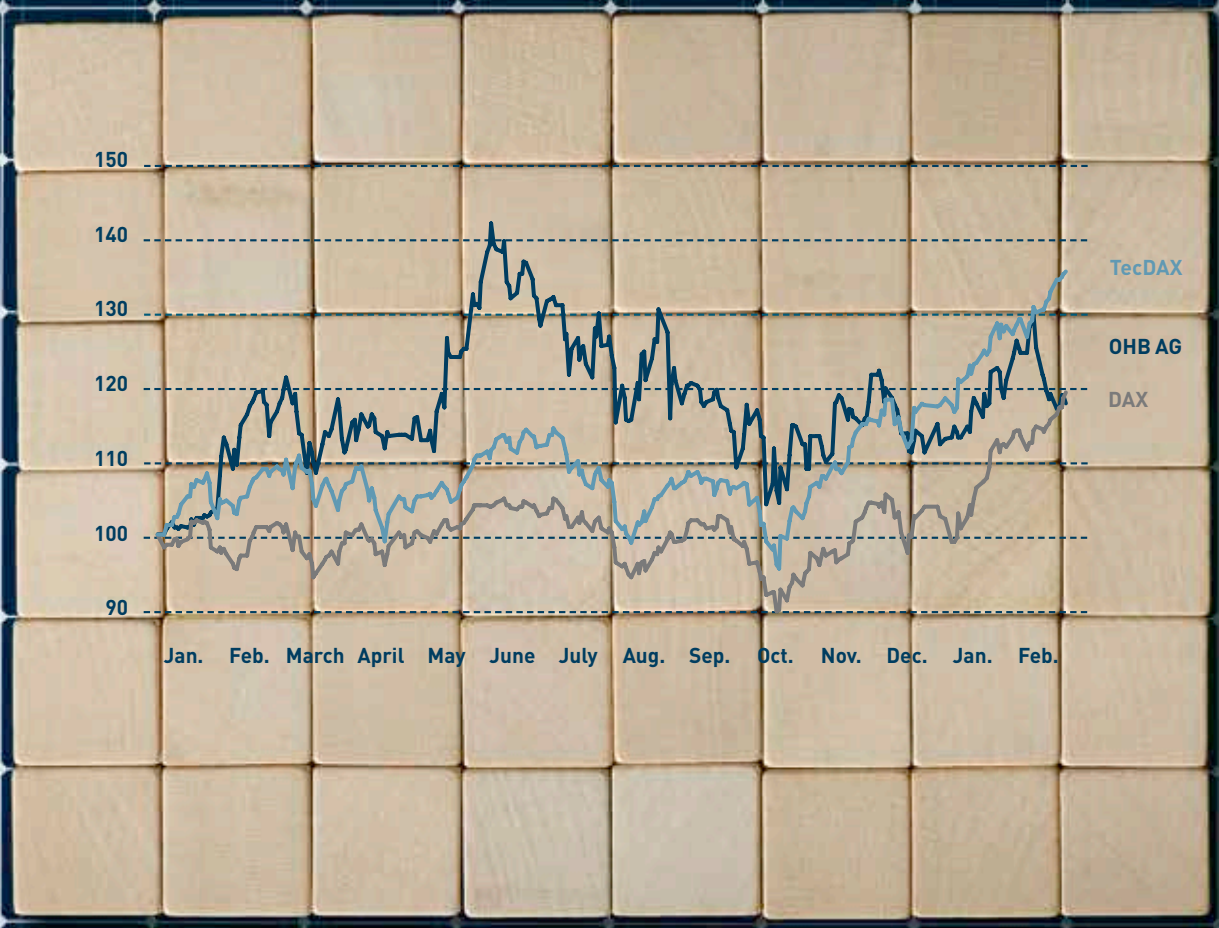
"Milena", the second Galileo FOC satellite has now also been successfully moved into a more suitable orbit.



* see Glossary

OHB STOCK

12% gains in OHB stock in the course of the year



DAX over 10,000 points for the first time

The 2014 stock market year broke a number of very different records. Thus, for example, the German benchmark DAX index passed the psychologically important 10,000 mark for the first time on June 5, 2014, while roughly one month later the US Dow Jones Index exceeded 17,000 points for the first time ever, going on to reach a further all-time high of more than 18,000 points in December. Records were also broken by IPOs, with the flotation of the Chinese company Alibaba generating proceeds of USD 25 billion. In the final quarter of the year, the European Central Bank (ECB) lowered its rates to a historically low 0.05%. The accommodative monetary policy pursued by Mario Draghi to address Europe's economic weakness also caused the euro to decline and depreciate against the US dollar by 15% in the second half of the year. In an effort to encourage lending, a negative interest rate of 0.2% was imposed in the second half of the year on balances held by commercial banks with the ECB. Stock markets also took their cues from geopolitical events, particularly the Crimean conflict, which was still ongoing as of the date on which this report went to press and resulted in economic sanctions being imposed on Russia. This triggered a slide in prices on the Moscow stock exchange and exerted pressure on the ruble.

12% advance in OHB stock in the course of the year

The German blue chip DAX index, the midcap MDAX index and the smallcap SDAX index closed the year with gains of 3%, 2% and 6%, respectively, while the TecDAX rose by 18% in an environment favoring tech stocks. OHB stock largely tracked the market as a whole and with gains of 12% was beaten only by the TecDAX. Average daily trading volumes rose slightly over the previous year to 13,771 shares (previous year: 13,322).

Stock buyback program

In accordance with the authorization granted at the annual general meeting on May 19, 2010, the Management Board decided on September 13, 2011 to execute a stock buyback program. For this purpose, up to 250,000 shares are to be purchased via the stock market via an independent bank, which has been retained to complete the program. In accordance with the authorization granted at the annual general meeting, the stock bought back may be used for several different purposes, e.g. to place the Company's shares in foreign stock markets, to pay for the acquisition of other companies, parts of companies or shares in such companies and to issue shares to the Company's employees.

OHB stock data

ISIN	DE0005936124
Ticker	OHB
Trading segment	Prime Standard
Sector	Technology
Subsector	Communications Technology
Indices	Prime All Share, Tec All Share, CDAX
Designated Sponsor	DZ BANK AG, HSBC Trinkaus & Burkhardt KGaA
Issued capital	EUR 17,468,096
Share type	No-par-value ordinary bearer shares

Treasury stock

As of December 31, 2014, OHB AG's treasury stock comprised a total of 80,496 shares, equivalent to 0.46% of its issued capital, i.e. unchanged in number since December 31, 2013.

Investor relations activities

Traditionally held in February, the capital market day marked the beginning of the investor relations year again. On February 25, the Management Board released an overview of OHB AG's current projects and guidance for the main financials for the current year. The final results for the previous year were announced on the morning of March 20 at the annual press conference held in Bremen and during the analyst conference held on the following afternoon in Frankfurt. After publication, the figures for the quarter were discussed with analysts in telephone conferences on the same day. In the course of the year, the Management Board and IR officers attended capital market conferences and road shows in Paris, Munich, Augsburg as well as Deutsches Eigenkapitalforum in Frankfurt/Main.

Adoption of SE status approved at the annual general meeting

The Company's annual general meeting was held at its head office in Bremen on July 2, 2014, approving a dividend for 2013 of EUR 0.37 per share (unchanged over the previous year). Accordingly, the total distribution amount for the 17,387,600 dividend-entitled shares came to EUR 6.4 million again. The remaining unappropriated surplus of EUR 16.0 million as shown in the financial accounts prepared in accordance with German GAAP (HGB) was carried forward. A further item on the agenda concerned the Company's conversion into a Societas Europaea (SE). Accordingly, the shareholders passed a resolution approving the plan of May 20, 2014, under which OHB AG was to be converted into a Societas Europaea and approving the articles of incorporation of OHB SE attached to this plan. The other items of the agenda, specifically the ratification of the actions of the Management Board and Supervisory Board and the appointment of an auditor for the annual and consolidated financial statements, were also passed with large majorities.

Analyst ratings

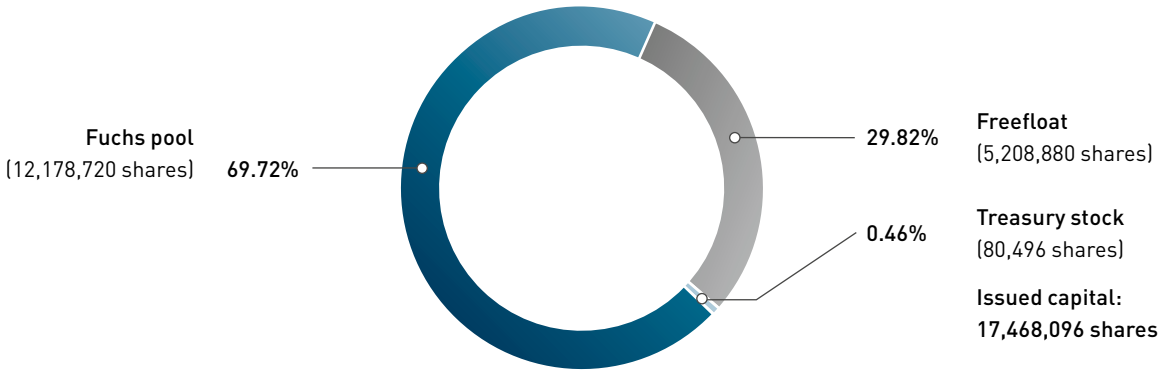
Date	Bank	Target price in EUR	Rating
March 2015	WGZ Bank	25.00	Buy
February 2015	DZ BANK	24.00	Buy
February 2015	HSBC Trinkaus & Burkhardt	24.00	Overweight
November 2014	Commerzbank	22.00	Hold

OHB stock parameters in EUR (Xetra)

	2014	2013	2012	2011
End-of-year price	19.70	17.55	15.15	11.40
High for the year	25.06	18.63	16.50	17.45
Low for the year	17.45	14.76	11.16	8.25
Market capitalization (end of year)	344 millions	307 millions	265 millions	199 millions
Average daily trading volumes (Xetra + floor)	13,771 shares	13,322 shares	11,580 shares	20,346 shares
Price/earnings ratio (P/E) (final trading day of the year)	13.31	15.67	17.82	14.62
Earnings per share (EPS)	1.48	1.12	0.85	0.78
Dividend per share	0.37*	0.37	0.37	0.35
Dividend yield (end of year)	1.88%	2.11%	2.44%	3.07%

* Subject to approval by the shareholders

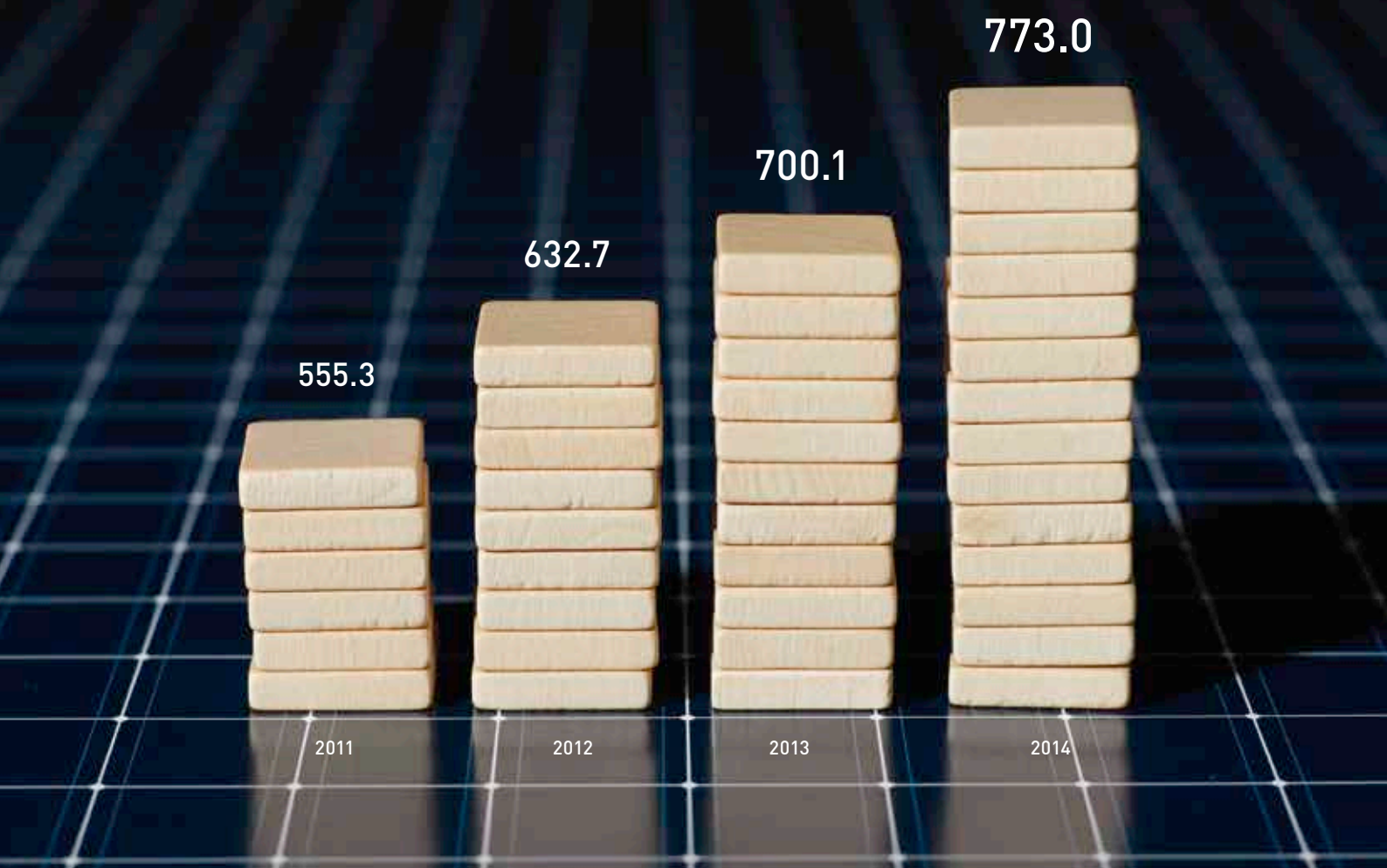
OHB AG shareholder structure on December 31, 2014



Impressions of the 11th Capital Market Day on February 12, 2015 in Bremen.

GROUP MANAGEMENT REPORT

Management report for the year from January 1, 2014 until December 31, 2014



Consolidated total revenues over four years in EUR millions

I. BUSINESS PERFORMANCE AND UNDERLYING CONDITIONS

1. OHB AG's business performance in 2014

The Company's business performance in the year under review and the resultant favorable performance indicators largely lived up to the Management Board's positive expectations. In February 2014, the Company published full-year guidance for total revenues, EBITDA and EBIT. In the course of the year, the guidance for total revenues was adjusted due to the deconsolidation of Aerotech Peissenberg, which had previously been consolidated. The full-year forecast for total revenues and EBIT was exceeded, while EBITDA fell slightly short of the forecast. Total revenues rose from EUR 700 million in 2013 to EUR 773 million, while EBIT climbed from EUR 36.4 million to EUR 40.4 million and EBITDA from EUR 52.8 million to EUR 53.4 million. In addition, consolidated net income after minority interests rose from EUR 19.4 million to EUR 25.7 million and earnings per share from EUR 1.12 to EUR 1.48. The high volume of orders on hand dropped slightly from EUR 2,340 million in the previous year to EUR 2,106 million in the year under review due to the balance of order intake and the percentage of project completion.

2. Underlying economic conditions

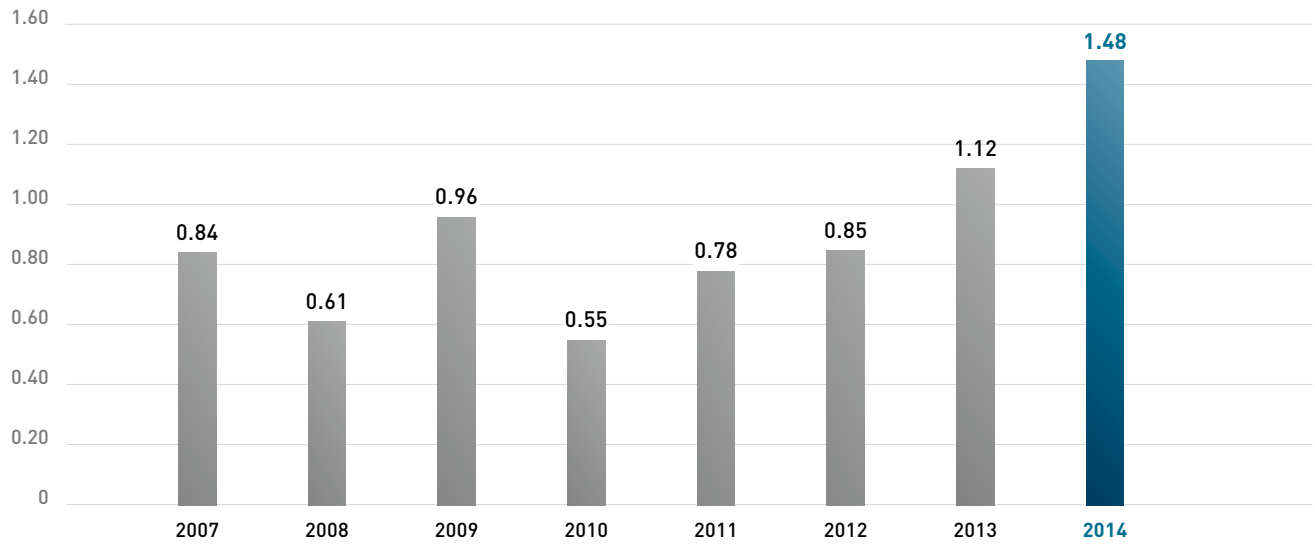
Last year, German gross domestic product (GDP) expanded by 1.6% and, hence, a good deal more quickly than in earlier years (0.4% in 2013, 0.7% in 2012). Nearly all sectors contributed to GDP growth, with the greatest gains recorded in construction, manufacturing and services. On the utilization side, consumption proved to be the main driver: The number of domestic employees rose again over the previous year, reaching a new high for the eighth consecutive year. Last year, 42 million people out of total population of 82 million were gainfully employed in Germany. This positive trend in the labor market was accompanied by a declining inflation rate, which receded from 1.5% in the previous year to 0.9% in 2014 in Germany.

3. Underlying conditions in the sector

Although space is only a niche industry, it makes a crucial contribution to the economy as a whole. Navigation satellites, for example, allow IT systems to be synchronized globally, providing the basis for global financial transactions to be executed and documented reliably. The data collected by weather satellites ensures safe flying conditions and more frequent flights, improved efficiency in agriculture, the avoidance of poor harvests and plannable leisure travel. Space travel makes an important contribution to improving environmental protection and plays a decisive role in civil and military security. In other words, space may be a small industry but it is of crucial importance for a modern and efficient economic system. The role played by space activities varies from region to region. However, they are recognized as being a key industry both politically

Earnings per share

Over eight years in EUR



and by society at large in Europe and North America in particular. Given the long-term nature of the programs and projects, macroeconomic conditions in individual countries have only a limited direct impact on current programs and projects. Moreover, depending on the region in question, commercial, civil and military space programs are often linked with each other to very differing extents or are completely independent of each other. Whereas in Europe the programs initiated by the European Space Agency (ESA) and the European Union (EU) ensure stable performance thanks to their long-term planning horizons, the US government has made what in some cases are drastic cuts to the budgets of NASA and other agencies which are potential customers for space projects over the last few years. However, signs of a substantial improvement emerged in 2014. Thus, NASA will have a budget of over USD 18 billion again in 2015, rising by around USD 0.6 billion in 2016. After two decades of uncertainty as to their future direction, space activities in the Russian Federation have received a new perspective again. That said, it is not possible to assess the ramifications for space programs of the current situation in the Russian economy following the measures taken by the West in response to the Ukraine conflict and the decline in oil prices. In particular, the United States has substantially scaled back joint activities with the Russian Federation but still remains dependent on Russia for the transportation of supplies and astronauts to the International Space Station ISS. It expects to regain the independence which it had prior to the termination of the Shuttle program from 2017, when national commercial operators become available. China, India, South Korea, Turkey and Brazil are still pursuing their ambitions of establishing their own national space flight programs and infrastructures. The establishment of a national space station and a long-term successful lunar landing initially with a rover and later with astronauts form key elements of the Chinese space program.

Space travel attracted a great deal of media attention in Europe in particular in 2014. For one thing, the "BlueDot" mission with German ESA astronaut Alexander Gerst left a strong impression on young people. He captivated hundreds of thousands of Facebook and Twitter followers with his reports from space.

As well as this, the European Rosetta mission caused an international sensation when the Philae probe landed on the surface of comet 67P Churyumov--Gerasimenko. After traveling more than ten years through space and hibernating for three years, Rosetta finally reached the comet, successfully releasing the Philae probe. Despite the rather uncontrolled landing, it was possible for a large part of the planned measurements and recordings to be completed. The data collected is still being evaluated and is expected to provide important information on the origins of our solar system and the earth as well as life on our planet. OHB System also made a small contribution to Rosetta in the form of an electronic unit supplied by OHB System Munich. The launch of the first two Galileo* satellites also marked a key milestone for OHB in 2014, albeit one which was overshadowed by the mishap occurring on board the Soyuz launcher after it lifted off from the Kourou space center. Following an adjustment to their orbit, the two satellites went into operation and are functioning superbly. Consequently, the ensuing launches will be resumed without any major modifications to the satellites in the first quarter of 2015. Held on December 2 and 3, 2014, the ESA Ministerial Council was of crucial importance for European space technology both economically and in terms of programs. In addition to important budget decisions for the next two years, a decision was particularly made to go ahead with the new Ariane 6 European launcher. The increased German contribution is an essential step towards achieving a balanced distribution of tasks in the joint European Ariane 6 project. As well as this, the European involvement in ISS until 2017 as well as further funding for the European ExoMars mission to Mars were approved. Last year also saw the launch on July 30, 2014 of the fifth and final Automated Transfer Vehicle (ATV) "Georges Lemaître" on board an Ariane-5. With its purpose of transporting supplies to the ISS and correcting its orbit, this mission was of particular significance for Europe. ATV 5 was incinerated in the atmosphere on February 15, 2015. In Germany, the national space technology budget and the country's contributions to the ESA programs of around EUR 770 million p.a. were increased slightly in 2014 as planned. The German federal government's ongoing commitment to space technology was demonstrated at the ESA Ministerial Council. Demand for Ariane 5 launch services remains steady. The enduring technical success of the Ariane-5 program with a total of 63 consecutive successful launches as of the end of 2014 should ensure a reliable launch cadence at Arianespace again in 2015.

4. Organizational and legal structure of the Group

As an aerospace and space group, OHB AG combines activities from different areas of high technology. In addition to space flight activities, aircraft components business forms a key element of its activities. The individual companies are able to retain their individuality and corporate culture within the Group, while still being bound by the decisions made by the Group holding company. OHB System AG, Bremen, and Erwin Kayser-Threde GmbH, Munich, which are both assigned to the Space Systems business unit, merged under the name of OHB System AG on September 1 with retroactive effect from January 1, 2014. The Group manages its financial condition on the basis of total revenues, EBIT and EBITDA. These parameters are defined in an annual budget and tracked during the year by means of forecasts and reports on actual figures together with deviation analyses. OHB AG itself does not engage in any operating business but supports the subsidiaries in their sales and marketing activities and thus assumes the role of an active holding com-

* see Glossary

pany. In May and July 2014, the Supervisory Board and the shareholders of OHB AG approved the Management Board's decision to convert the Company into a Societas Europaea (SE). By adopting SE status, OHB is responding to the growing Europeanization of space technology and the Group's increasing intercultural structures. The change of corporate status will permit more uniform and clearer governance and promote an open and European corporate culture. The Company established an Executive Committee in the second half of 2014 comprising members of the Management Board, other key managers at OHB AG and the managing directors of individual subsidiaries. The purpose of this Executive Committee is to achieve swifter communications between the strategy and operating levels and to implement efficient decision-making processes by leveraging the knowledge and experience held by the executives of the operating companies. OHB AG comprises two business units:

"Space Systems"
This business unit focuses on developing and executing space projects. In particular, it is responsible for developing and fabricating low-orbiting and geostationary small satellites for navigation, research, communications, earth and weather observation and reconnaissance including scientific payloads. Its manned space flight activities chiefly entail projects for the assembly and fitting of the International Space Station ISS. The exploration segment works on studies and models for exploring our solar system, primarily the moon, asteroids and Mars. Reconnaissance satellites and broadband wireless transmission of image data form core technologies for security and reconnaissance.

"Aerospace + Industrial Products"
This segment is primarily responsible for fabricating aviation and space products as well as performing other industrial activities. In this area, OHB has established itself as a significant supplier of aerospace structures for the aviation and space industry; among other things, it is the largest German supplier of components for the Ariane-5 program and an established producer of structural elements for satellites. In addition, OHB is an experienced vendor of mechatronic systems for antennas and telescopes and is involved in major radio telescope projects. OHB telematics systems serve the logistics industry around the world by offering efficient transport management and consignment tracking facilities.

II. BUSINESS PERFORMANCE

The OHB Group's favorable business performance continued again in 2014. Thus, total revenues rose by 10% over the previous year from around EUR 700 million to around EUR 773 million in the year under review. This was accompanied by a 7% increase in sales to around EUR 728 million, up from EUR 680 million the previous year. The transformation of the space industry from what was once a solely research or politically/ideologically driven segment to a user-oriented and economically significant market has formed the basis for OHB AG's continuous and sustained growth over the last one-and-a-half decades. The areas in which it engages via its subsidiaries place it in an excellent position: Space flight is a growth market in which new possibilities for using existing or new technologies are unleashing new demand. The existing applications are based on satellite systems already in operation which have a limited life expectancy and must therefore be replaced with new systems with potentially improved technology or efficiency.

1. "Space Systems" business unit
Business in the "Space Systems" business unit is chiefly characterized by long-term projects which are generally awarded by public-sector customers. The very high order backlog of EUR 1,798 million (December 31, 2014) and the broad potential for generating new project business provide the basis for high forward planning visibility.

a) Earth observation and reconnaissance
Developed and built by OHB System and put into operation between 2006 and 2008, the SAR-Lupe system with its five radar satellites, ground segments and the combined German-French reconnaissance satellite system made up of SAR-Lupe (radar images) and Helios 2 (optical images) has so far shown no signs of any degradation and is still operating very stably and to the full satisfaction of the customer (Federal Office of Bundeswehr Equipment, Information Technology and In-Service Support (BAAINBw – formerly BWB)) and the German armed forces. In this way, the German armed forces will continue to have a highly modern, reliable and capable radar satellite reconnaissance system even after almost seven years pending the implementation of the follow-up system SARah, which is scheduled for 2018/2019. The five SAR-Lupe satellites are to be operated by the SARah ground segment from 2016 on. Work on the SAR-Lupe successor SARah with substantially improved performance is proceeding according to plan. The design comprises three satellites, two satellites based on OHB System's reflector antenna technology and one satellite using the Airbus phased-array technology. All the necessary ground equipment will be supplied by OHB System and will also be used for controlling the SAR-Lupe satellites from 2016. The German federal armed

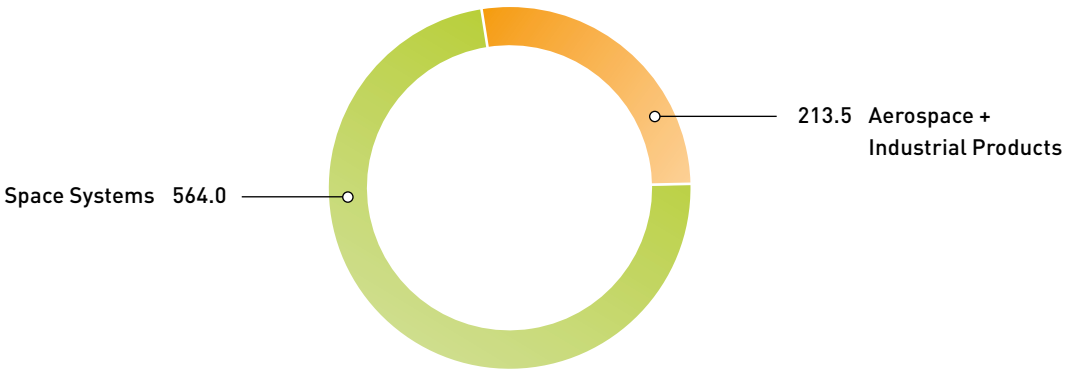
forces are considering the possibility of supplementing the three radar satellites with an optical observation satellite. At this stage, no decision has been made on whether the German federal government will procure such a satellite on a national level or make a solely financial contribution to the French CSO (Composante Spatiale Optique / Optical Space Component) program. In January 2014, CGS in Milan was awarded a contract for participation in the OPSAT 3000 mission, which will be opening up possibilities for optical reconnaissance for Italy. Substantial progress was also made by CGS towards completing the study on the realization of the OPSIS (OPtical System for Imaging and Surveillance) earth observation satellite for the Italian space agency ASI. OPSIS is primarily designed to provide an operational system for high-resolution optical earth observation. However, the program is currently not being pursued on account of the present economic conditions in Italy. The national optical earth observation program EnMAP (Environmental Mapping and Analysis Program) for DLR has now overcome the difficulties of the past and is scheduled to go into operation at the end of 2017/beginning of 2018. With its new type of hyperspectral sensors, the EnMAP environmental satellite is primarily designed to characterize and monitor the condition of the earth. It is an innovative system which can be used for many new areas of application, e.g. security. Currently, the extent to which this system can be used as a basis for a European earth observation satellite under the Copernicus program is being considered. The contract signed by OHB System and Thales Alenia Space in 2012 for the development and construction of the third-generation European weather satellite MTG (Meteosat Third Generation) is being implemented. A conversion contract was signed in 2014 for the resultant necessary adjustments to the contract for the final construction of the satellites. Consequently, realization of the MTG satellites is entering the final phase. In this way, OHB is active in all areas of earth and weather observation and reconnaissance with products ranging from radar satellites to optical observation systems.

b) Communications

At OHB System, the final phase of the assembly of the Hispasat AG1 satellite for the commercial Spanish satellite service provider Hispasat was embarked upon. Following the completion of integration work, the satellite has been with IABG in Ottobrunn since February 22, 2015 where it is undergoing extensive environmental impact testing. Under the present schedule, it is to be shipped to the Kourou space center at the end of the year. This marks the first time that the OHB-developed SmallGEO platform is being deployed directly in a satellite operator's commercial system. ESA has also selected the SmallGEO platform as a basis for the European Data Relay Satellite (EDRS-C) within the ARTES-7 program. Accordingly, OHB System is the contractor for the satellite operator Airbus Services, which will be operating it for ESA. Development work is continuing at full speed. At the same time, work on assembling the satellite has commenced. The enhancements to the SmallGEO model for use as a specialized data relay satellite in ultra-high-speed satellite-to-satellite communications are creating an important new strategic segment for OHB System in both the civilian and military market. SmallGEO was also defined by DLR as the basis for a national telecommunications mission ("Heinrich Hertz"). The contract awarded by the German Aerospace Center (DLR) for

Total revenues by business unit before consolidation and holding

2014 in EUR millions



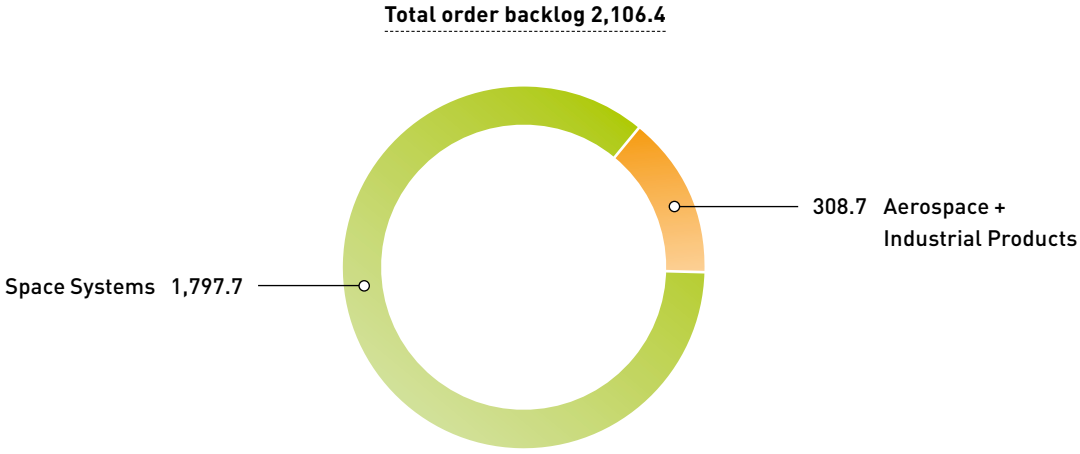
the definition of this mission in conjunction with the German Federal Ministry of Defense was completed in 2013. "Heinrich Hertz" will be used to test new types of satellite communications technology under real conditions to safeguard national system competence in geostationary communications satellites. Among other things, it is also to support the military communications of the German federal armed forces. In 2014, the German Federal Ministries of Defense and Economics finally agreed on the terms of the joint procurement of the satellite planned for mid 2015. Commenced in 2012, the preliminary studies on "Electra", the "All Electric Spacecraft" led to the award in October 2013 of a contract for the definition phase by SES-Astra from Luxembourg. As these satellites do not require any chemical propellant, they will be substantially lighter. This will lower the launch costs on the one hand and permit substantially larger payloads on the other. The final decision by ESA on whether to go ahead with the joint activities with SES and OHB System as contractors is expected for 2015.

c) Navigation

In 2013, the first two of the 22 satellites for the Galileo*-FOC (full operational capability) space segment were shipped to the ESA satellite testing facility in Noordwijk. These two satellites were launched into space for ESA on August 28, 2014 on board a Soyuz, which lifted off from the Kourou space center. However, a malfunction in the upper stage prevented them from reaching their target circular orbit. Instead, they are in an elliptical orbit around the earth. Using part of the propellant they were carrying on board, it was possible to correct the orbit sufficiently to commence comprehensive testing of the satellite platforms and payloads. The two control centers in Oberpfaffenhofen and Fucino were satisfied that the two satellites were in perfect technical condition. At this stage, no decision has been made on whether it will be possible for these two satellites to be used as part of the Galileo* system in the long term or whether they must be replaced by two new ones. The next two satellites have been tested and shipped to Kourou, where they are expected to be launched on board a Soyuz on March 27, 2015. A further two satellites are currently undergoing testing at ESTEC, while another eleven are currently in production at differing stages of completion. In the third quarter of 2013, OHB System submitted a proposal to ESA for a study on the next-generation Galileo satellites. The contract was duly awarded and work on the study has since commenced. This study will ensure that after the expiry of its planned 12-year service life the system will be equipped with new Galileo* satellites on the basis of an as yet undeveloped technology aimed at preserving its leading position in efficiency.

Order backlog by business unit

12/31/2014 in EUR millions



* see Glossary

d) Space exploration

In 2013, the central unit for the Trace Gas Orbiter developed and built under the ESA ExoMars 2016 program was completed and shipped to the prime contractor Thales Alenia Space in Cannes, France, in February 2014. Work has now also commenced on the carrier for the ExoMars 2018 mission. With the additional funding approved by the ESA Ministerial Council, OHB System was authorized to start working on the second element of the ExoMars mission.

e) Space research and robotics

OHB was again involved in several studies in connection with ESA's next European scientific research missions in 2014. In this way, it is also building up a position for itself in this classic segment of space technology. It is particularly focusing on the major JUICE mission (to Jupiter and its moons) and the two mid-sized EUKLID and PLATO missions. In 2014, two studies on PLATO were commenced; one study on the overall mission was awarded by ESA to OHB System Bremen and another one by DLR on the payload instrument package. The purpose of the PLATO mission is to search for exoplanets, i.e. planets that orbit around other stars, and to determine the extent to which they are comparable to the earth.

f) Manned spaceflight

OHB System continued to support work on board the ISS International Space Station in 2014. This included overseeing experiments as well as performing maintenance and repair work on the equipment developed and supplied by OHB System. OHB System has performed several internal studies analyzing possible scenarios for transporting supplies to the ISS after the expiry of the ATV program and exploring potential alternatives in microgravitation research following the decommissioning of the ISS in 2024 or later. This yielded a very attractive concept involving the use of the Dream Chaser® currently being developed by Sierra Nevada Corporation (SNC) in the United States. SNC and OHB have signed a corresponding partnership agreement. DLR has provided funding for these activities in 2014.

g) Ground stations

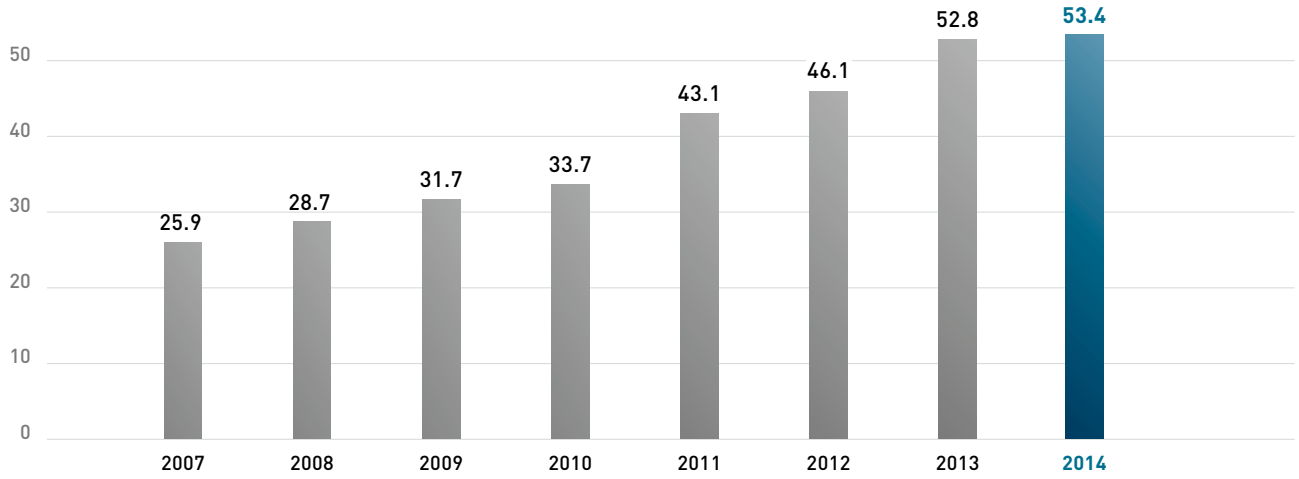
At the end of 2014, the five SAR-Lupe radar satellites achieved 36 of the 50 contractual cumulative years of operation in space. All five satellites remain in excellent condition and show no signs of any age-related degradation of their performance. OHB System's SAR-Lupe operations are scheduled to expire in 2017 but will be integrated in 2016 in the SARah ground stations, where they will continue to operate simultaneously for SARah and SAR-Lupe.

2. "Aerospace + Industrial Products" business unit

Six Ariane 5 launch vehicles lifted off successfully from the Kourou space center in 2014. As a result, Arianespace, which is responsible for operating and marketing Ariane 5, was again the market leader for commercial satellite launches. During the same period, MT Aerospace delivered six flight sets for the Ariane 5 (in the previous year, six flight sets had been delivered but four Ariane 5 launches were executed). In response to Arianespace's ongoing efforts to improve the competitiveness of Ariane 5, MT Aerospace established a multi-year cost-optimization program, which already helped to improve earnings in

EBITDA

Over eight years in EUR millions



* see Glossary

2014. In a Europe-wide competition announced by ESA for the Ariane 6 development program, MT Aerospace was able to qualify for key structures and tanks. In November 2014, MT Aerospace signed a letter of intent with Airbus Defence & Space governing its contribution to the Ariane 6 development and production plan. Under this plan, Airbus and MT Aerospace will each work on half of the German development and production contracts. The decision made by the ESA Ministerial Council in December 2014 on the development of the Ariane 6 launch vehicle was materially supported by Germany as the second largest partner. Given a national share of 23% in the total budget of EUR 3.75 billion, Germany can expect to receive contracts worth over EUR 600 million from 2015 through 2021. The main purpose of the large German share in the Ariane 6 program is to secure sophisticated technological development and production work for Germany. This also includes the development of a new production line at MT Aerospace for booster casings made from composite materials for the Ariane 6. At the new satellite tank center in August, production of the two main products and the Iridium project was successfully ramped up in 2014. Moreover, testing of a new-generation pressurized tank, which is to be used in the Meteosat Third Generation for the first time, was completed.

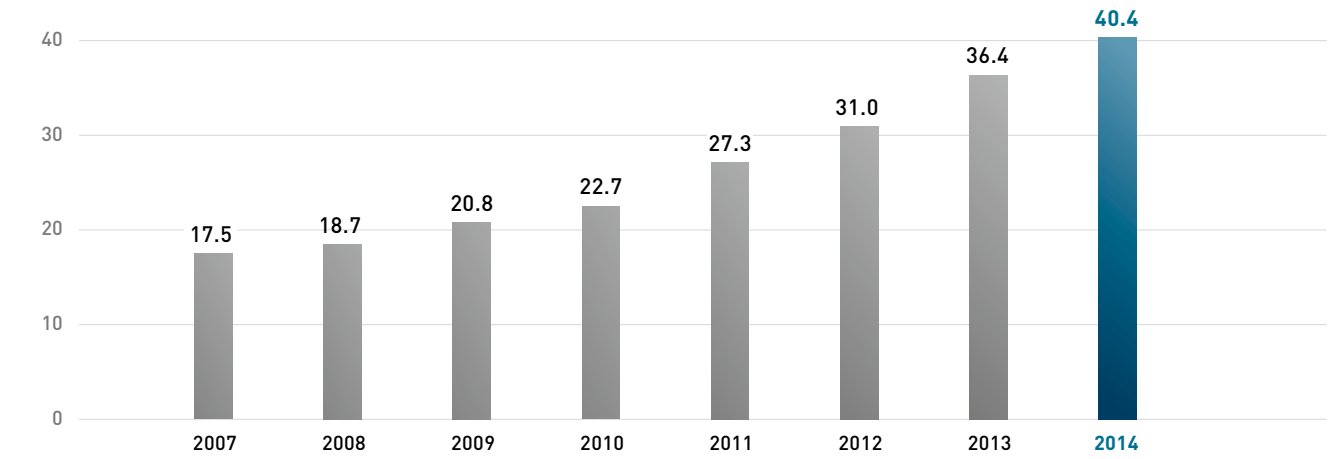
In the aviation segment, production of the fresh and waste water tanks for the Airbus A320/330 continued according to schedule. Substantial improvements to earnings were achieved in some areas thanks to cost optimization. Production of the sample A350 and A400M tanks was also ramped up according to schedule. A contract was signed with Airbus Helicopters Germany to extend the production of components for the Tiger sample by a further two years. In the year under review, a comprehensive program was implemented to secure the future viability and strengthen the competitiveness of aviation activities with the goal of reinforcing core skills within the company and optimizing costs along the entire value chain. Key elements of this program are to be rolled out this year.

In the antenna and mechatronics segment, the ALMA (Chile) and SRT (Italy) projects were completed and the ensuing operation and maintenance contracts commenced with stable results in 2014. The ground equipment segment passed all milestones in the construction of a new fueling building for the Soyuz launch vehicle at the European space center in Kourou.

Order intake for 2015/16 was good. A whole series of new contracts for antennas and telescopes were gained in 2014. These include contracts for the turnkey delivery of 13m VLBI telescopes to Norwegian and Swedish research establishments as well as the replacement of the telemetric stations operated by French space agency CNES. Working in conjunction with Chinese partner CETC54, MT Mechatronics received a contract for Ka band antennas for satellite communications, thus prevailing over the international competition. In the telematics segment, business in navigation equipment for commercial vehicles performed well, with 14,000 units delivered to Volvo Trucks, thus exceeding the forecast for 2014 by around 20%. A further increase in deliveries is expected for 2015. Special navigation software developed by our subsidiary megatel specifically for commercial vehicles will also be deployed for the first time. After a good 14 years, we delivered the last series of on-board telematics computers to our long-standing core customer MAN last year. A total of some 50,000 units were delivered to MAN

EBIT

Over eight years in EUR millions



alone. The first phase of the development activities commenced in 2013 on container tracking units for Deutsche Telekom was completed and verified in comprehensive testing in October 2014. Volume production commenced in November 2014. Additional functions required for special types of container transport are being developed under an ESA IAP program.

III. SALES AND ORDERS

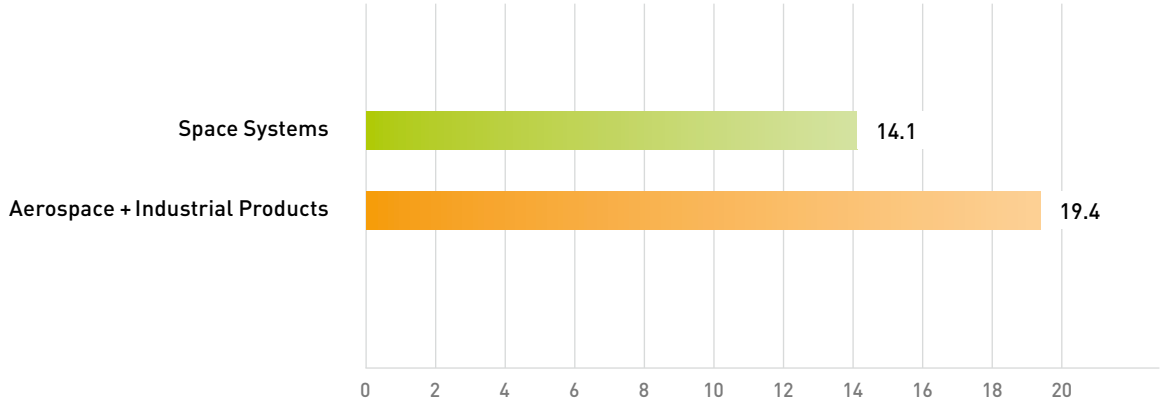
In 2014, the OHB Group's total revenues rose by EUR 72.9 million or 10% over the previous year to EUR 773.0 million. Consolidated sales came to EUR 728.1 million (previous year: EUR 680.1 million). Non-consolidated total revenues in the "Space Systems" business unit reached EUR 564.0 million in 2014 (previous year: EUR 484.5 million). Non-consolidated sales came to EUR 545.3 million (previous year: EUR 466.9 million). This encouraging performance is particularly due to progress made in the satellite programs. At EUR 213.5 million in 2014, non-consolidated total revenues in the "Aerospace + Industrial Products" business unit were down EUR 9.5 million on the previous year. The lower total revenues in this business unit are due to the deconsolidation of Aerotech Peissenberg in May 2014. With a value of EUR 2,106 million as of the reporting date (previous year: EUR 2,340 million), the OHB Group's order backlog was slightly down on the previous year. Of this the "Space Systems" business unit accounted for EUR 1,797.7 million (previous year: EUR 2,005.4 million) and the "Aerospace + Industrial Products" business unit for EUR 308.7 million as of the reporting date (previous year: EUR 335.0 million).

IV. RESULTS OF OPERATIONS

In the period under review, the OHB Group generated EBITDA of EUR 53.4 million (previous year: EUR 52.8 million) and EBIT of EUR 40.4 million (previous year: EUR 36.4 million). In this connection, it should be noted that the non-recurring effects on earnings arising from the sale of the 34% interest in ELTA S.A and the deconsolidation of Aerotech Peissenberg were offset by the updated project evaluations. Net profit after tax and non-controlling interests stood at around EUR 25.7 million in the year under review (previous year: EUR 19.4 million), while earnings per share equaled EUR 1.48 in 2014, up from EUR 1.12 in 2013. EBIT before consolidation in the "Space Systems" business unit fell from EUR 29.0 million in the previous year down to EUR 14.1 million. The increase in the cost of materials and services purchased in this business unit from EUR 322.4 million in the previous year to EUR 402.3 million as of the reporting date was due to a greater volume of subcontractor services, reflecting the progress made in the satellite programs. EBIT in the "Aerospace + Industrial Products" business unit rose from EUR 7.3 million to EUR 19.4 million. The OHB Group recorded net finance expense of EUR 6.5 million in 2014 (previous year: EUR 6.6 million). This includes other finance expense of EUR 7.824 million (previous year: EUR 7.209 million) chiefly comprising interest expense on retirement benefit provisions of EUR 3.323 million (previous year: EUR 3.565 million). The parent-company financial statements prepared according to German GAAP (HGB) for OHB AG carry an unappropriated surplus of around EUR 29.4 million for 2014. The Management Board and Supervisory Board will be asking the shareholders to approve a divi-

EBIT by business unit before consolidation and holding

2014 in EUR millions



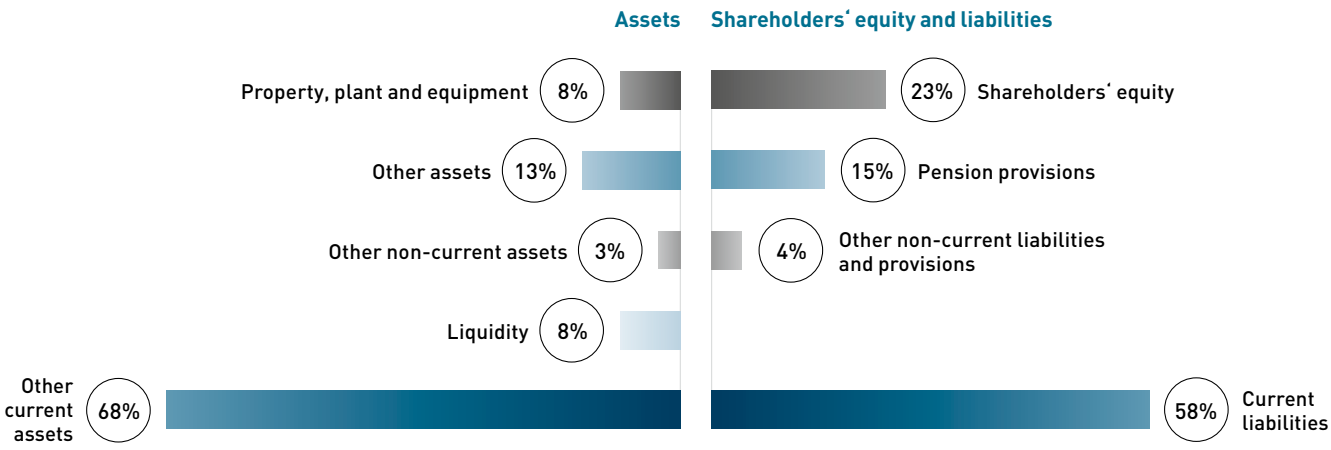
dend of EUR 0.37 per share for 2014 at this year's annual general meeting.

V. ASSETS AND FINANCIAL CONDITION

In the year under review, the OHB Group's total assets rose from EUR 585.4 million to EUR 640.6 million. The changes arising from the deconsolidation of Aerotech Peissenberg are described on page 71 of the notes to the consolidated financial statements. Group capital spending totaled EUR 25.0 million in 2014 (previous year: EUR 23.6 million). Inventories dropped in value from EUR 83.0 million to EUR 76.4 million; on the other hand, prepayments received from customers came to EUR 131.5 million (previous year: EUR 122.2 million). Cash and cash equivalents including securities were valued at EUR 53.3 million as of December 31, 2014, down from EUR 57.3 million in the previous year. A detailed analysis of the cash flow can be found in the cash flow statement in the consolidated financial statements. Equity rose by EUR 14.5 million over the previous year, coming to EUR 147.2 million as of December 31, 2014 (previous year: EUR 132.7 million). As a result, the equity ratio widened to 22.98% as of the reporting date, up from 22.67% in the previous year. The retirement benefit provisions of EUR 97.0 million at the end of 2014 continue to constitute a material item on the right-hand side of the balance sheet. The increase in current financial liabilities from EUR 68.0 million to EUR 113.8 million is due to the utilization of a credit facility established in December 2013. This is related to the timing differences between the services completed under projects measured using the percentage-of-completion method and the corresponding payment schedules for these projects, resulting in an increase of EUR 62.5 million in trade receivables over the previous year. Trade receivables of EUR 331.8 million (previous year: EUR 269.4 million) were accompanied by trade payables of EUR 84.0 million (previous year: EUR 81.0 million). The Management Board generally considers OHB AG's net assets and financial condition to be solid.

Asset structure | Total assets 12/31/2014: EUR 641 millions

In a percentage of total assets



VI. EMPLOYEES

The total number of employees dropped from 2,412 on December 31, 2013 to 2,086 on December 31, 2014 very largely as a result of the deconsolidation of Aerotech Peissenberg GmbH & Co. KG. All told, 1,646 employees were based at companies in Germany, 332 in other European countries (Italy, Sweden, Belgium, Luxembourg, France) and 108 in Chile and French-Guayana as of the reporting date. For some 1,000 employees, 2014 was dominated by the merger of Kayser-Threde GmbH with System AG. The merger of the two companies was additionally used to implement new structures for both sites. This project was successfully completed on December 31, 2014 without any layoffs – on the contrary, additional personnel was recruited at both locations to accommodate the high order intake. The "Top Employer for Engineers in 2014" certificate continued to apply after the merger and is proof of OHB System AG's appeal as an employer.

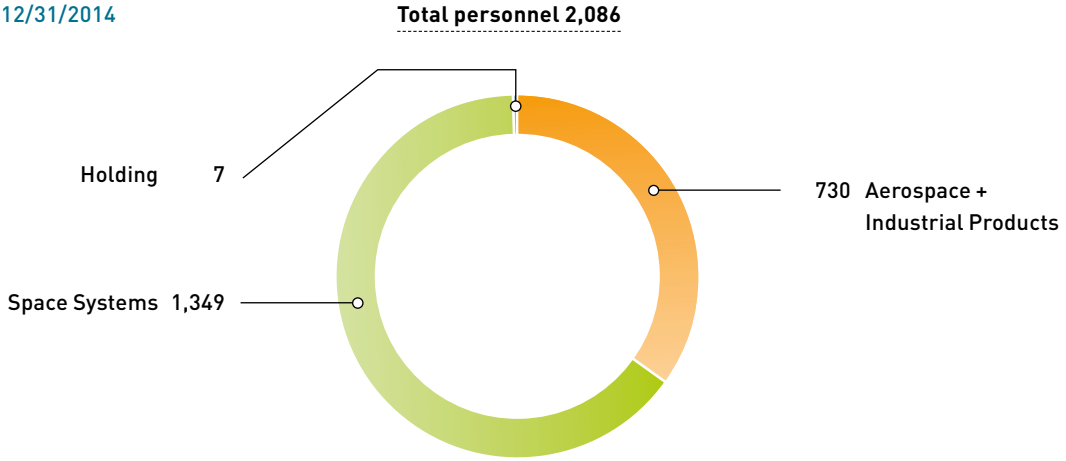
The planned conversion of OHB AG into a Societas Europaea (SE) will result in changes and additions to European co-determination at the Group level in response to its increasingly international structures. Negotiations on a corresponding co-determination agreement between the employee representatives of the European companies and Group management commenced in November 2014 and are to be completed in spring 2015 in line with the applicable statutory requirements.

VII. RESEARCH AND DEVELOPMENT

In the year under review, OHB spent roughly EUR 20.1 million (previous year: EUR 22.1 million) on internally funded research and development (R+D). Part of the R+D activities (EUR 4.0 million; previous year: EUR 3.9 million) are being funded by various institutions such as the European Union, the German Federal Government and the German states and Italy. Development work of EUR 13.9 million was capitalized in 2014, up from EUR 10.8 million in the previous year. In accordance with European Union directives, subsidies account for between 25% and 75% of the total costs depending on the degree of completion of the development project. In the "Space Systems" business unit, one of the main focuses was on basic space research. In addition to new and enhanced technologies, the focus was on new types of mission concepts, such as low-flying satellite constellations for ultra-high-resolution earth observation. A further aspect entailed technologies for enhancing and future-proofing the SmallGEO platform particularly in the light of commercial customers' requirements. The "Aerospace + Industrial Products" business unit performed the following development work on new products and preparations for involvement in new programs. In the launcher components segment, the largest customer-funded development project in 2014 was the qualification of a new upper stage tank for the A5 Mid-Life Evolution. In this connection, MT Aerospace signed contracts with Airbus Defence & Space and ESA with a total value of around EUR 63 million in the first quarter of 2014. All the development milestones planned for 2014 were successfully completed including the production of preliminary components. The construction and

Staff

Total personnel by business units 12/31/2014



start-up of a new production facility in Bremen proceeded according to schedule. The decision by the ESA Ministerial Council to develop the Ariane 6 and therefore not to fully complete development work on the A5ME did not have any impact on business in 2014. However, all development tasks which are also necessary for the new Ariane 6 configuration are to be continued. This particularly applies to production facilities. All targets in the development of the tank domes for the main stage of the US Space Launch Systems for Boeing were achieved and the components for the first flight set delivered. Production is to commence this year. The focus of the technology projects in 2014 was on preparations for efficient production processes for Ariane 6. The development of a fully automated production process for composite materials made from thermoplastic was successfully completed. This process permits the robot-based production of composite structures for use in launcher engines and sub-stages. Likewise, the development of highly efficient production processes for cryo-propellant tanks was completed. This entails spin-forming large panels from highly rigid aluminum-lithium alloys as well as friction-stir welding of these components to assemble large stage tanks with a capacity of up to 150 tons of propellant for use in the Ariane 6. The tanks produced using this technology were successfully tested in 2014. MT Aerospace supplied the control flaps made from high-temperature-resistant ceramic composites for IXV, the ESA experimental space glider. The vehicles successfully completed re-entry testing including a water landing at the beginning of 2015. This technology will be used if the Ariane 6 stages undergo further development for re-use.

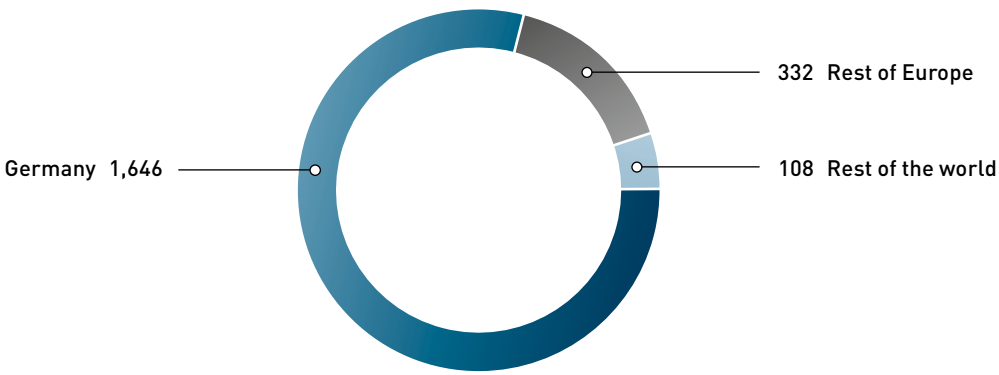
In the aviation segment, preliminary development of a new-generation fresh-water tank for the Airbus A320NEO allowing a reduction in production costs was successfully completed. MT Aerospace will be readying the tank for volume production as a single-source supplier.

In the antenna and mechatronics segment, a new-generation Ka band antenna went into operation successfully. This antenna system is not only suitable for ESA as the first customer but also for other low-earth satellites.

Staff

Total personnel by regions 12/31/2014

Total personnel 2,086



VIII. QUALITY AND ENVIRONMENTAL MANAGEMENT, DATA PROTECTION AND PROCESSES

1. Quality and environmental management

Quality and environmental management is monitored and regularly updated on a non-centralized basis by the individual companies.

Working on behalf of OHB AG, OHB System keeps track of the validity of the necessary certificates for coordinating selected individual processes and for harnessing synergistic benefits arising from the implementation of these processes at the following companies:

- OHB System AG, Site Bremen and Munich, Germany
- CGS S.p.A., Milan, Italy
- LuxSpace Sàrl, Betzdorf. Luxembourg
- Antwerp Space N.V., Antwerp, Belgium
- OHB Sweden AB, Stockholm, Sweden
- MT Aerospace AG, Augsburg, Germany
- MT Mechatronics GmbH, Mainz, Germany
- OHB Teledata GmbH, Bremen, Germany
- megatel Informations- und Kommunikationssysteme GmbH, Bremen, Germany

Legal responsibility for implementation of the certificate requirements in product-related operational quality processes rests with the individual companies.

Certification of the individual companies' quality management encompasses the sum total of distribution, systems management, development, procurement, production and maintenance of products for space and environmental technology, information and communications technology as well as software products and services.

a) OHB System AG – Bremen site

EN 9100:2009 Quality Management System (aviation/aerospace) based on ISO 9001:2008 Quality Management System

OHB System, the Bremen site is certified for system guidance, design development, production and operations for aerospace products as well as reconnaissance and communication technologies. This certification involves inclusion in the BDLI supplier list for the aviation industry and in the global OASIS database managed by IAQG. The certificate QS-3674 HH issued by Germanischer Lloyd is valid until May 2015.

AQAP 2110/-2210 (military products)

The site Bremen holds a valid certification issued by the German Federal Office of Bundeswehr Equipment, Information Technology and In-Service Support (BAAINBw) in accordance with AQAP 2110 (NATO quality assurance requirements for design, development and production) and AQAP 2210 (software quality assurance) for the development, production, sales & marketing in the area of aerospace, reconnaissance and satellite and communication technology.

The BAAINBw certificate is contract- and product-related valid until May 2015.

OHB System AG – Munich site

ISO 9001:2008 Quality Management System (aviation/aerospace)

OHB System, the Munich site is certified for development, manufacture and sales of systems for aerospace, scientific and industrial applications. The DEKRA certificate No. 41294186/6 is valid until July 2015. Certification in accordance with EN 9100 is planned for both sites in 2015.

ISO 14001:2004 Environmental Management

Observance of the environmental management requirements stipulated by this standard is at the site Munich overseen by an environmental management officer; formal certification is not necessary.

b) CGS S.p.A.

EN 9100:2009 Quality Management System (aviation/aerospace) based on ISO 9001:2008 Quality Management System

GGS is certified for design, construction and integration of satellites, payload and ground equipment. Design and development of hardware and software solutions for aerospace applications. Research and development of innovative technologies for aerospace applications. The certificate No. AS/77/13/S issued by RINA Services covers the CGS sites in Milan, Tortona and Rome and is valid until December 2016.

c) LuxSpace Sàrl

ISO 9001:2008 Quality Management System (base certification)

LuxSpace is certified for the design and development, procurement and sales of space systems and related services. The certificate 158377-2014-AQ-GER-DAkkS issued by DNV GL is valid until June 2017.

d) Antwerp Space N.V.

ISO 9001:2008 Quality Management System (base certification)

Certification for a quality management system in accordance with ISO 9001:2008 was successfully completed at the beginning of 2012. The certificate QS-8094 HH issued by Germanischer Lloyd is valid until February 2015.

e) OHB Sweden AB

ISO 9001:2015 Quality Management System (aviation/space and defence)

The relocation to Kista brought both new facilities and new/revised processes, leading to a revision of the quality management system. With the release of ISO 9001:2015 in Q3 2015, re-certification to this new standard will occur in Q4 2015 / Q1 2016.

f) MT Aerospace AG

EN 9100:2009 Quality Management System (aviation/aerospace) based on ISO 9001:2008 Quality Management System

MT Aerospace is certified for the development, production and tests of components and subsystems for aerospace, aviation, defence and industrial applications. This certification involves inclusion in the BDLI supplier list for the aviation industry and in the global OASIS database managed by IAQG. The certificate QS-8086 HH issued by Germanischer Lloyd is valid until February 2015.

Valid approval certifications have been issued by the German Federal Aviation Office for the production (LBA EASA Part 21, Section A, Part G, certificate DE.21G.0048) and for maintenance (LBA EASA Part 145, certificate DE.145.0253) of airborne vehicles.

g) MT Mechatronics GmbH

ISO 9001:2008 Quality Management System (base certification)

MT Mechatronics GmbH is certified for consultancy, conceptual and design studies, detailed design, manufacturing, installation, commissioning, system integration and service for turnkey communication antennas, radio- and optical large telescopes, mechatronical devices for institutional and industrial applications, launch facilities for the European Space Program. The certificate 455233 QM08 issued by DQS is valid until November 2015.

h) OHB Teledata GmbH

ISO 9001:2008 Quality Management System (base certification)

OHB Teledata is certified for sales, procurement, development, production and service for products and projects of telematics and telecommunications and battery management. The extension of the certificate QS-2276 HH issued by Germanischer Lloyd valid until July 2014 has been assigned to DNV GL and will be finalized in Q2 2015.

ISO 14001:2009 Environmental Management

OHB Teledata is maintaining a certified environmental management system. The extension of the certificate EM-4595 HH issued by Germanischer Lloyd valid until November 2014 has been assigned to DNV GL and will be finalized in Q2 2015.

i) megatel Informations- und Kommunikationssysteme GmbH

ISO 9001:2008 Quality Management System (base certification)

megatel is certified for sales, development and service for information technology products and projects. The certificate 163223-2014-AQ-GER-DAkkS issued by DNV GL is valid until July 2017.

2. Data privacy

Compliance with the German Federal Data Privacy Act

The data privacy officers at the individual companies in Germany who are formally registered with the responsible state data privacy agencies safeguard the privacy of personal data in accordance with the German Federal Data Privacy Act as most recently amended. Local implementation of the data privacy requirements is set forth in manuals and process descriptions and monitored by the responsible data privacy officers.

3. Processes

OHB System and CGS are maintaining qualified processes in accordance with ECSS (European Cooperation for Space Standardization) for welding of surface-mounted devices (SMDs), including FPGA with 352 connectors.

OHB System actively supports the following standardization boards:

- Eurospace Standardization Working Group (e.g. ECSS)
- EAQG Space Forum (EN 9100)
- DIN Normenausschuss Luft- und Raumfahrt

REACH (Registration, Evaluation, Authorization and Restriction of Chemicals)

Regulation (EC) No. 1907/2006 (REACH)

EU rules came into effect on June 1, 2007 governing the management of chemical substances in the EU for all industrial products. These rules primarily set out regulations for the registration and monitoring of hazardous substances accounting for more than 0.1 percentage by weight in the product (according with registration in the REACH database).

All OHB companies are aware of this registration duty and impose this requirement on their subcontractors.

IX. SIGNIFICANT EVENTS OCCURRING AFTER THE END OF THE PERIOD UNDER REVIEW

There were no significant reportable event between the balance sheet date and the date on which the annual report for 2014 was prepared.

X. OUTLOOK

1. "Space Systems" business unit

In 2015 and beyond, the "Space Systems" business unit will be concentrating on continuing its successful work on the Galileo*, Hispasat AG1, Meteosat Third Generation (MTG), EnMAP and SARah projects. Studies on the new concept for the "Electra" geostationary satellites will be continued. A request for a proposal is expected to be received in 2015 from DLR for the national telecommunications satellite "Heinrich Hertz". ESA is systematically continuing the ExoMars program. Following the shipment of the central module for the orbiter in the 2016 mission, negotiations for the carrier for the 2018 mission are currently still ongoing. In 2015, OHB System plans to submit a proposal for the ESA BIOMASS mission as principal contractor and for the JUICE research mission as a partner to principal contractor Thales Alenia Space. Preliminary studies on the second-generation Galileo* commenced in 2014 to explore more advanced designs for the European navigation system. A series of requests for proposals for elements of the ESA earth observation and science mission as well as contracts for further studies are expected for 2015. Depending on the program, OHB plans to submit proposals either as a principal or subcontractor. With respect to national Italian programs, CGS intends to systematically broaden its role as second player in Italy for satellite missions, both for science and remote sensing. Budgetary decisions in the EU, on the part of ESA and in the national space programs in Germany and Italy as well as the other countries in which OHB companies are located point to largely stable underlying conditions and a sufficiently firm basis for future planning. With its current and planned projects and programs, OHB AG's "Space Systems" business unit is ideally positioned to maintain the level which it has achieved on a sustained basis and to continue growing successfully.

2. "Aerospace + Industrial Products" business unit

In the "Aerospace + Industrial Products" business unit, the existing order backlog will ensure continued production and delivery of components for the Ariane 5 in 2015 and 2016. The cost-optimization program which has already been commenced will be systematically continued. The development of launch vehicle components will be dominated by the ramp-up of the Ariane 6 development program on the one hand and the phasing-out of the A5ME program on the other. Acceptance testing and qualification of the production facilities already designed for the Ariane 6 will be completed as planned. The development program for the US Space Launch System could be increased with additional involvement in the development of the new upper stage. Several development contracts for the satellite tanks are expected to commence and will expand the tank portfolio. The technology programs will be focusing on the development of composite technology for the Ariane 6 booster. To this end, the first model on a scale of 1:1 will be assembled and tested.

In the aviation segment, the program for achieving cost efficiency and enhancing competitiveness will be implemented. This also involves the transfer of work to more inexpensive suppliers. The production rate for the A350 and A400M products will be increased substantially in 2015, accompanied by intensive optimization measures. Development work will primarily concentrate on the successful development of the A320NEO tank for volume production. The successful completion of the KoLiBri project will open up opportunities for MT Aerospace to position itself as a supplier of CFRP booster casings.

Order backlog is sufficient to ensure utilization of the existing capacity in the antenna and mechatronics segments in 2015. Further contracts for larger telescope projects are expected for 2015, thus providing the basis for solid ongoing business. Business activities in the area of satellite communications antennas should expand in the medium term. In the ground equipment segment, a contract for the modernization of the booster integration hall in Kourou is expected to be awarded this year. In the truck navigation segment, deliveries of over 14,000 units for Volvo Trucks are planned for 2015. In addition, a proposal for the development of a more powerful follow-up model was submitted to Volvo Trucks at the end of 2014. The improved efficiency of the electronic systems should ensure deliveries to the customer beyond 2016. Following the completion of the first phase of the container tracking project, an initial batch of 1,000 – 2,000 units is to be shipped by the end of 2015.

3. Outlook

The Management Board expects continued growth in consolidated total revenues in the OHB Group to more than EUR 800 million in 2015. EBITDA should exceed EUR 53 million and EBIT 40 million in 2015. Given the higher order backlog and upbeat outlook for the current year, we assume that the Group's net assets and financial condition will also remain strong. In 2014, total revenues and EBIT exceeded the forecast for the year, while EBITDA fell slightly short of the forecast. It should be expressly noted in connection with forward-looking statements that actual events may differ materially from expectations of future performance.

* see Glossary

XI. INTERNAL CONTROL AND RISK MANAGEMENT

The control and risk management system forms an integral part of the corporate, planning, accounting and control processes and constitutes a material component of the management system. The Product Quality and Purchasing departments particularly monitor suppliers so that operating and technical risks can be assessed more reliably and suitable precautions taken. Monthly and quarterly reporting constitutes an integral part of OHB AG's risk management operations and has been widened to include all of the Group's companies. Group-wide controlling instruments supported by business intelligence software are used for reporting purposes. This primarily entails comparisons of the actual/required figures and deviation analyses. Budgeting, regular forecasts and ongoing reporting discussions supplement standardized reporting in the two business units. Appropriate precautions are taken in the accounting and consolidation process to ensure full implementation of the double-sign-off principle. Access restrictions to the IT system ensure a high degree of data security. In addition, the accounting system complies with the requirements of public-sector contract awarding rules. Customer payment practices are monitored on an ongoing basis to minimize financial risks. In addition to a multi-level reminder system, controlling methods include regular reports to the Management Board. The OHB Group's customer base comprises a large proportion of public-sector customers both directly and indirectly. For this reason, the risk of payment defaults is very small. Over the past few years, there have been virtually no payment defaults, meaning that adjustments to or the prolongation of individual receivables have not been necessary. Payments on account received comprise part payments remitted upon the completion of specific project milestones. In this way, it is possible to minimize liquidity risks and working capital requirements. Following the credit facility agreement signed in December 2013 for EUR 250 million, funding requirements can now be covered inexpensively.

XII. OPPORTUNITY AND RISK REPORT

OHB AG's Management Board permanently monitors the Group's operating, market and financial risks and is integrated in all main business and capex decision-making processes in order to ensure the Group's sustained business success. The opportunities and risk management system used by the OHB Group is primarily supported by the Quality Management and Finance/Controlling departments. Assisted by the central departments, the Management Board observes and analyzes trends in the sector, market and economy as a whole on an ongoing basis. The basis for opportunities and risk management is formed by a detailed monthly report for overseeing orders and costs. Reporting also covers all business development, research and development activities and allows potential opportunities and risks to be identified at an early stage. The subsidiaries submit standardized monthly or quarterly reports to OHB AG covering all processes, opportunities and risks of relevance. The individual business units deploy different software systems for generating reports, e.g. SAP or business intelligence solutions. We consider the following types of risk to be relevant for OHB AG's business activities:

1. Sector risks, risks in underlying conditions

The "Space Systems" business unit primarily works for public-sector customers. Order intake is exposed to risks arising from the budgets of public-sector customers (chiefly the EU, the European Space Agency ESA, national ministries such as the German Federal Ministries of Economics, Defense and Transportation as well as the national space agencies). This market has been consolidating over the past few years. However, this situation is, if anything, favorable for OHB AG in view of its special standing as a German systems provider for space technology. Consequently, further significant growth is not possible and can only be found in the commercial and export markets. This segment has been closely observed and analyzed for a number of years and preliminary activities in this direction are being prepared. In the "Aerospace + Industrial Products" business unit, the greatest market risk is in mechatronic systems for antennas and telescopes due to the heavy dependency on the global market for scientific radio and optical telescopes as the award of such contracts is materially determined by the provision of the necessary funding by the national governments involved.

2. Strategic risks

The "Aerospace + Industrial Products" business unit is heavily exposed to the fortunes of the ARIANE program. A further challenge entails securing market share in the aviation components industry. In the "Space Systems" business unit, current risks relate to the completion of ongoing projects within the agreed period and in line with the specified level of quality. A further main factor is the successful completion of development projects within the stipulated periods and in line with the contractual prices. Advance outlays have been made for the development of strategically important product segments, the costs of which must be recouped from the development of business in the corresponding applications. Looking ahead, sufficient order receipts will be necessary to maintain the current high order backlog.

3. Sourcing risks

The OHB Group constantly optimizes its supply chain by continually monitoring the buy-side market and tracking inventories and increasingly taking measures to safeguard the local availability of supplies. As a result, it has been possible to reduce response times for problem reports. In addition, it is continuing to tap new sources around the world. In the "Aerospace + Industrial Products" business unit, the cost of raw materials remained predominantly steady in the course of 2014. The agreed delivery periods were very largely observed by the suppliers. The "Space Systems" business unit is exposed to only sporadic supply-side risks in the sourcing of subsystems. As a rule, there is sufficient advance notice of these risks, meaning that shortfalls occur only rarely.

4. Project risks

The risk management system used for bid-costing and ongoing project management involves regular escalated reporting to the project managers, the directors, the Management Board of OHB AG and the management of the operating companies. All projects as of a specific size are subject to regular review by the Management Board and form part of a continuous monitoring process covering technical performance, schedule compliance and budget checking. Given the systems underlying our business model, there are inherent risks in the observance of schedules as well as development risks.

5. IT risks

The Group's business processes rely on information services and systems in all areas. The primary purpose is to ensure smooth operations of all IT systems and networks to support development and production processes as well as commercial application software. A further key aspect of the IT security strategy is to control access to data and to monitor data traffic both inside and outside the enterprise. OHB has installed special Internet access software and systems to additionally enhance its networks with incoming and outgoing data. In addition, it performed intensive activities at its Bremen site to prepare for basic BSI certification.

6. Financial risks

Most goods and services procured are invoiced in euro. Foreign-currency transactions in the dollar region may result in translation gains or losses. In the aviation segment, the dollar-denominated orders and receivables were hedged. The securities entail long-term investments with acceptable risks. A conclusive assessment of the risk situation is not possible due to the current situation in the financial markets. Further information is available in the IFRS 7 disclosures contained in the notes to the consolidated financial statements. Working capital requirements can be reduced substantially by means of progress billings. A credit facility agreement was signed in December 2013 with a syndicate of seven banks to avert liquidity risks. Market interest rates have dropped significantly over the past few years. With respect to retirement benefit provisions, we do not expect to see any further significant change in interest rates in the future.

7. Personnel risks

The OHB Group employs a large number of highly qualified people, on whose motivation and dedication its success depends. However, Group expertise is spread over many people, meaning that there is only very limited dependence on individual specialists. Staff fluctuation is low at the OHB Group. Despite the flourishing labor market in the highly specialized aviation and aerospace industry, the OHB Group has been able to find suitable specialists to cover its personnel requirements in most areas. Temporary peak requirements are covered by using temporary or loan staff. Looking ahead, personnel requirements will continue to be analyzed and planned carefully, with corresponding allocations made. Training and skills development remain an important instrument for minimizing personnel risks.

8. Summary

Throughout 2014, the OHB Group's exposure was for the most part confined to the risks described. In the light of current market trends and the outlook for the Company's business, its order backlog and its financial situation, the Management Board considers future risks to the Group to be manageable. No risks to the Group's going-concern status are currently discernible.

9. Opportunity and risk report

The observance and evaluation of and business response to opportunities and the potential which they harbor as well as the response to risks call for professional management, which is combined in the OHB Group's opportunity and risk management system.

10. Material opportunities

The space market offers interesting opportunities for growth in view of the constant addition of new technical areas of relevance. Systematic observation of all relevant requests for proposals on a European and also a national level within the EU allows the OHB Group to take part in virtually all major bidding processes in Europe. With its European-wide presence and strong national companies specializing in selected technologies and applications in the space industry, OHB additionally has the opportunity of bidding for space contracts which are awarded to individual nations in accordance with the geographic return principle within ESA alongside EU-wide bids. In the individual countries, the Group's national companies are additionally able to bid for contracts and projects awarded by the national space agencies. The high degree of specialization of the individual companies within the OHB Group generally means that when it bids for a major ESA project it receives the status of lead-manager or subcontractor of the lead-manager. OHB's specific space expertise is based on the long-standing experience of the responsible persons within the Group as well as basic research and development performed in this area allowing promising future areas and developments in space flight to be identified and responses to them defined. Telecommunications, the growing exploration, mapping and depiction of the earth by means of space technology are increasingly evolving into promising areas of application. For this purpose, the Group uses its own funds which are utilized in close consultation with its customers. As with business risks, project management may also generate opportunities from systematic claim management based on the project review process.

XIII. COMPENSATION REPORT

The compensation paid to the members of the Management Board comprises fixed and variable components. The service contracts currently in force with the members of the Management Board (duration of contracts for Marco Fuchs: July 1, 2012 until June 30, 2015; duration of contract for Ulrich Schulz: July 1, 2012 until June 30, 2016, duration of contract for Dr. Fritz Merkle: October 1, 2014 until August 31, 2017) provide for variable compensation to be determined on the basis of a direct share in profit (percentage of EBT) in the case of Marco Fuchs and Ulrich Schulz. In Dr. Fritz Merkle's case, the variable compensation is based on a combination of agreed personal targets and the Company's business performance. There is currently no provision for any share-based compensation components or compensation components with a long-term incentive. In the event of the death of a Management Board member, his surviving dependents are entitled to receive continued payment of that member's fixed compensation for a further period of six months. The members of the Management Board are entitled to a company car. The compensation paid to the members of the Management Board breaks down as follows: The total fixed compensation paid in 2014 came to EUR 0.799 million (previous year EUR 0.880 million), while the variable component equaled EUR 1.041 million (previous year EUR 0.840 million). The breakdown by members of the Management Board is as follows: Marco R. Fuchs received a sum of EUR 0.345 million (previous year: EUR 0.345 million) as fixed compensation including all benefits as well as advances towards health and pension insurance and a non-cash benefit in the form of contributions of EUR 1.7k (previous year: EUR 1.7k) towards an endowment policy. Variable compensation equaled EUR 0.446 million (previous year: EUR 0.360 million). Prof. Dott. Ing. h.c. Manfred Fuchs, who passed away on April 26, 2014, received a sum of EUR 0.090 million (previous year: EUR 0.278 million) as fixed compensation including all benefits such as advances towards health. Variable compensation equaled EUR 0.446 million (previous year: EUR 0.360 million). In addition, payments of EUR 0.012 million were made by OHB System AG pursuant to a pension commitment assumed in 1988 under which he was to receive a sum of EUR 3,000 a month upon turning 65 years. Ulrich Schulz received a sum of EUR 0.217 million (previous year: EUR 0.217 million) as fixed compensation including all benefits as well as advances towards health and pension insurance and a non-cash benefit in the form of contributions of EUR 1.2k (previous year: EUR 1.2k) towards an endowment policy. Variable compensation equaled EUR 0.149 million (previous year: EUR 0.120 million).

Dr. Fritz Merkle was appointed to OHB AG's Management Board effective June 1, 2014 following Prof. Manfred Fuchs who died in April 2014. In the period prior to signing a service contract with OHB AG effective October 1, 2014, he received compensation from OHB System AG. He received an amount of EUR 0.082 million for all activities for the OHB Group in this period (June 1 – September 30, 2014). For his services from October 1, 2014, Dr. Fritz Merkle received a sum of EUR 0.065 million as fixed compensation including all benefits such as advances towards health and pension insurance. In addition, the costs of an existing life insurance policy of EUR 0.4k were assumed. In addition, he received compensation under old contracts for the period from January 1, 2014 through May 31, 2014 during which he was not a member of the Management Board of OHB AG but held management positions at OHB System AG and Kayser-Threde GmbH. In her capacity as chairwoman of the Supervisory Board, Mrs. Christa Fuchs received a sum of EUR 0.030 million for 2014 (previous year: EUR 0.030 million), while Mr. Robert Wethmar received EUR 0.020 million (previous year: EUR 0.020 million) and Prof. Heinz Stoewer EUR 0.020 million (previous year: EUR 0.020 million). Variable compensation components were dispensed with for the members of the Supervisory Board. Mrs. Christa Fuchs was paid compensation of EUR 0.064 million (previous year: EUR 0.128 million) for her advisory services for members of the OHB Group in the year under review.

XIV. DISCLOSURES IN ACCORDANCE WITH SECTION 315 (4) OF THE GERMAN COMMERCIAL CODE

Breakdown of the subscribed capital (No. 1)

Issued capital stood at EUR 17,468,096.00 on the balance sheet date and was divided into 17,468,096 no-par-value bearer shares.

Restrictions to voting rights or the transfer of shares (No. 2)

Prof. Dott. Ing. h.c. Manfred Fuchs, Christa Fuchs and Marco R. Fuchs, who are also shareholders of VOLPAIA Beteiligungs-GmbH, and VOLPAIA Beteiligungsgesellschaft mbH in their capacity as shareholders of OHB AG, entered into a pooling contract on December 20, 2001 providing for the coordinated exercise of voting rights with respect to present and future share holdings. On February 4, 2009, the parties signed an addendum to this pooling contract imposing on them restrictions with respect to the sale of the shares held in the pooling contract. On July 10, 2009, the parties signed a revised version of the pooling contract. Romana Fuchs Mayrhofer joined this pool in January 2010. A total of 69.72% of the Company's issued capital is held in this pooling contract. There are no changes in the total number of pooled voting rights as a result of Prof. Manfred Fuchs' death in April 2014.

Shares exceeding 10% of the voting capital (No. 3)

As of the balance sheet date, Marco R. Fuchs held 18.23% of OHB AG's subscribed capital (3,184,796 shares). The share of

16.39% (2,863,064 shares) previously held by Prof. Manfred Fuchs is currently still under estate administration. VOLPAIA Beteiligungs GmbH holds a further 21.35% of the Company's shares. Together with the shares held by Christa Fuchs (8.02%, 1,400,690 shares) and Romana Fuchs Mayrhofer (5.72%, 1,000,000 shares), 69.72% (12,178,720) of the Company's shares are subject to a pooling contract providing for the coordinated exercise of voting rights as of the balance sheet date.

Statutory stipulations and provisions contained in the Company's bylaws with respect to the appointment and dismissal of members of the Management Board and amendments to the bylaws (No. 6)

With respect to the appointment and dismissal of members of the Management Board, reference is made to the statutory provisions contained in Sections 84 and 85 of the German Stock Corporation Act. In addition, Article 7 (1) and (2) of the OHB AG's bylaws in the version dated June 8, 2012 stipulate that the Supervisory Board is to appoint the members of the Management Board and determine their number. A member of the Management Board may be appointed Chairman. In addition, the Supervisory Board is empowered to appoint members of the Management Board as deputy to the Chairman of the Management Board. The procedure for amending the bylaws is governed by Sections 133, 179 of the German Stock Corporation Act. Article 20 of OHB AG's bylaws also authorizes the Supervisory Board to make amendments to the bylaws affecting only their wording.

Powers of the Management Board to issue or buy back shares (No. 7)

At the annual general meeting held on May 19, 2010, the shareholders passed a resolution authorizing the Management Board to buy back up to 10% of the Company's share capital in existence as of the date of the resolution until May 18, 2015. Authorization was granted to use the Company's shares for all purposes permitted by law including but not limited to:

- the placement of the Company's shares in foreign stock exchanges,
- the acquisition of all or parts of other entities or shares therein,
- offering and transferring shares to the employees of the Company or other related entities in accordance with Sections 15 et seq. of the German Stock Corporation Act.

The Company held 80,496 shares as treasury stock as of the balance sheet date. This is equivalent to around 0.46% of its share capital. At the annual general meeting held on May 19, 2010, the shareholders authorized the Management Board to increase with the Supervisory Board's approval the Company's share capital by up to EUR 8,734,048.00 on a cash or non-cash basis by issuing new shares once or several times on or before May 18, 2015. The new shares may also be issued to the Company's employees. In addition, the Company's Management Board was authorized – subject to the Supervisory Board's approval – to exclude the shareholders' subscription rights

- for fractional amounts;
- for part of the authorized capital up to a maximum of EUR 1,746,809.00 provided that the new shares are issued in return for cash capital contributions at a price not materially less than the stock-market price;
- for a part of the authorized capital up to a maximum of EUR 8,734,048.00 provided the new shares
  - are issued as consideration for the acquisition of all or part of other companies or entities or other assets and such acquisition is in the interests of the Company; or
  - are issued as consideration for cash capital contributions to have the Company's stock listed in a foreign market in which it has previously not been admitted to trading.

The Management Board is additionally authorized subject to the Supervisory Board's approval to determine the extent and nature of the option rights and the other conditions of issue. Please refer to the corresponding parts of the notes on the consolidated financial statements for further information.

XV. CORPORATE GOVERNANCE DECLARATION

The corporate governance declaration was officially published on OHB AG's website in March 2015. The Internet address is: www.ohb.de → Investor Relations → Corporate Governance → Corporate governance declaration

Corporate Governance Bericht

In June 2002, a commission installed by the German Federal Government published recommendations known jointly as the "German Corporate Governance Code" setting out standards of conduct and behavior for companies. Corporate governance includes the entire management and supervision system and seeks to make the rules applicable in Germany more transparent to national and international investors in the interests of strengthening confidence in the management of German companies. The Supervisory Board and the Management Board of OHB AG are committed to the principles embodied in the Code as a means of ensuring value-oriented corporate governance and supervision and welcome the adoption of these principles in Germany.

Management Board and Supervisory Board shareholdings

As of the balance sheet date, Christa Fuchs, chairwoman of the Supervisory Board, held 1,400,690 shares, Prof. Heinz Stoewer, a member of the Supervisory Board, 1,000 shares and Marco R. Fuchs, chairman of the Management Board, 3,184,796 shares. The 2,863,064 shares previously held by Prof. Manfred Fuchs were still under estate administration as of the reporting date. The other members of the Management Board Dr. Fritz Merkle and Ulrich Schulz held 1,000 and 54 shares, respectively. On December 31, 2014, VOLPAIA Beteiligungs-GmbH held 3,730,170 shares. Christa Fuchs held 20% and Marco R. Fuchs 25% of the capital of VOLPAIA Beteiligungsgesellschaft as of the reporting date. The 35% share in VOLPAIA Beteiligungs-GmbH previously held by Prof. Manfred Fuchs was still under estate administration as of the reporting date.

Directors' dealings

In the year under review, members of the Company's Management Board and Supervisory Board as well as related legal entities did not report any securities transactions.

Objectives regarding the composition of the Supervisory Board

OHB AG seeks to implement the principle of diversity in the composition of the Supervisory Board and has formulated the following objectives in this connection. The members of the Supervisory Board as a whole (i.e. in its entirety and not necessarily each individual member of the Supervisory Board) should meet the following requirements:

- knowledge of the aviation/aerospace industry, particularly space technology
- several years of practical experience in industry and public organizations/agencies
- extensive knowledge gained over many years in finance, accounting, bookkeeping and administration.

In addition, the principle of diversity is implemented by ensuring an appropriate degree of female representation on the Supervisory Board. As well as this, a combination of members from technical and commercial backgrounds is sought. The number of independent members as defined in Article 5.4.2 of the Corporate Governance Code is to equal at least one.

Status of implementation

A high degree of diversity in terms of gender, expertise and international experience has been achieved with the appointment of Mrs. Christa Fuchs, the founder of OHB System and commercial managing director with many years of experience, to the position of chairwoman of the Supervisory Board, Professor Heinz Stoewer as an internationally renowned space technology expert and former leading manager of ESA and managing director of the German Space Agency and Robert Wethmar as a partner in an internationally active law firm.

DECLARATION OF CONFORMITY BY OHB AG PURSUANT TO SECTION 161 OF THE STOCK CORPORATION ACT CONCERNING THE GERMAN CORPORATE GOVERNANCE CODE

OHB AG welcomes the German Corporate Governance Code and the fact that it is embodied in statutory law. The Management Board and the Supervisory Board of OHB AG declare that the Company conformed to the recommendations of the Corporate Governance Code Commission appointed by the German Federal Government and will continue to do so in the future. This declaration of conformity is based on the June 24, 2014 version of the Corporate Governance Code. OHB AG departs from the principles of the German Corporate Governance Code in only a small number of points:

Disclosures on compensation of the Management Board (4.2.5)

OHB AG discloses the compensation paid to its Management Board in detail in the annual compensation report, which is included in the management report. We do not consider any additional disclosures such as those recommended in 4.2.5 to be appropriate in the light of reporting relevance.

Age limits for the Management Board (5.1.2)
OHB AG does not set a maximum age for members of the Management Board as this would limit the availability of Management Board members for appointment by the Supervisory Board.

Formation of Supervisory Board committees (5.3)
OHB AG's Supervisory Board has not formed any committees on account of the small number of members (three).

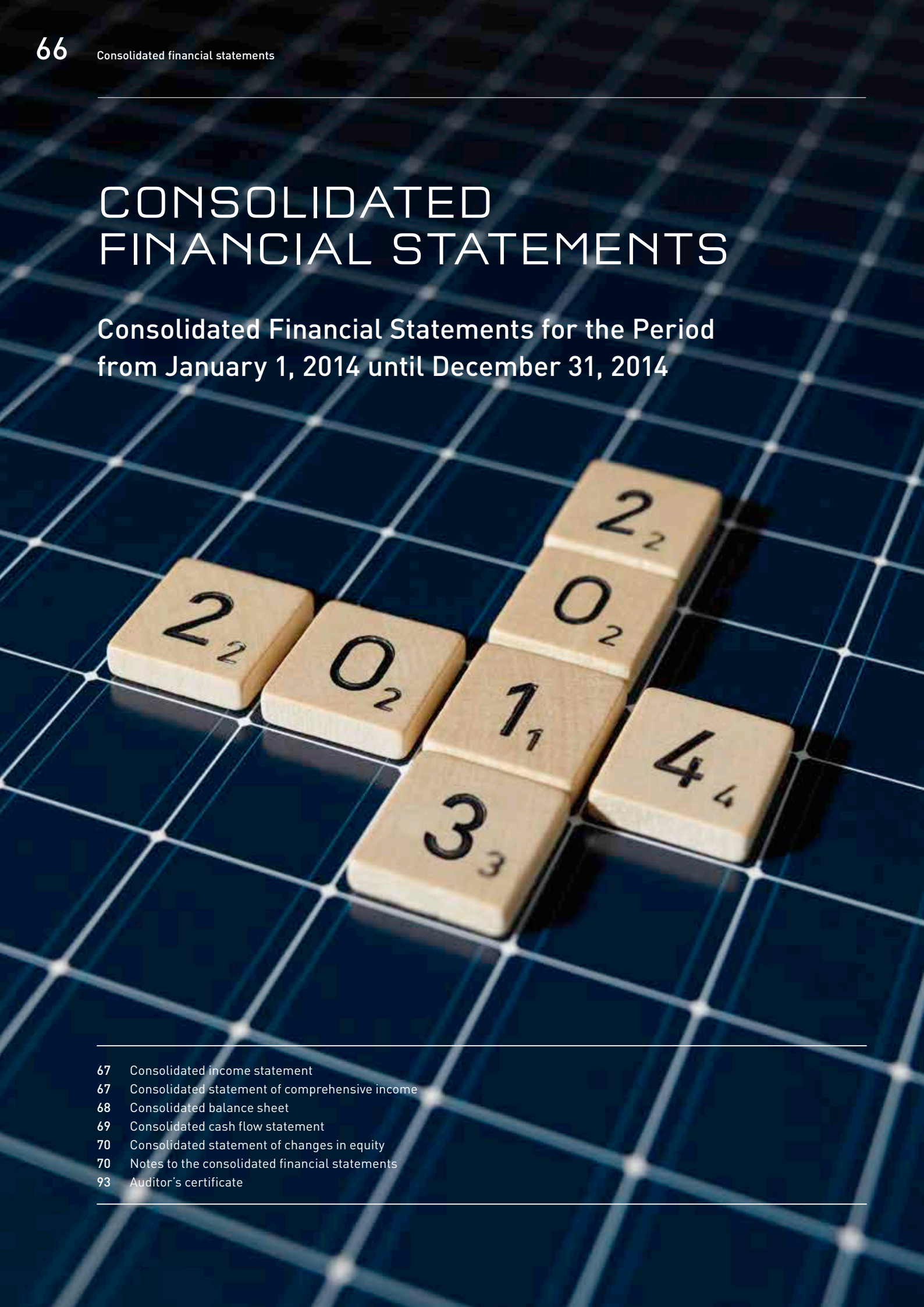
Age limits for the Supervisory Board (5.4.1)
The Corporate Governance Code recommends defining maximum ages for the members of the Supervisory Board. The Supervisory Board is elected by the shareholders of OHB; accordingly, a defined age limit is not a desirable factor for selection purposes.

Management Board and Supervisory Board of OHB AG

Bremen, December 17, 2014

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Financial Statements for the Period from January 1, 2014 until December 31, 2014



I. CONSOLIDATED INCOME STATEMENT

	Note	2014	2013
		in EUR 000s	
1. Sales	(1)	728,147	680,121
2. Increase/decrease in inventories of finished goods and work in progress	(2)	11,707	–4,085
3. Other own work capitalized		14,732	12,990
4. Other operating income	(3)	18,368	11,037
5. Total revenues		**772,954**	**700,063**
6. Cost of materials	(4)	497,265	422,629
7. Staff costs	(5)	176,322	182,185
8. Depreciation and amortization	(6)		
9. Other operating expenses		13,016	16,450
10. Operating profit (EBIT)		45,951	42,446
11. Other interest and similar income	(7)	**40,400**	**36,353**
12. Other financial expenses	(7)	1,601	1,258
13. Currency translation gains/losses		7,824	7,209
14. Net profit/loss from shares carried at equity	(7)	–210	32
15. Investment income	(7)	0	–576
16. Net financial income/expense		–93	–130
17. Earnings before taxes		**–6,526**	**–6,625**
18. Income taxes	(8)	**33,874**	**29,728**
19. Consolidated net income for the year		4,706	9,660
20. Minority interests	(9)	**29,168**	**20,068**
21. Consolidated net income for the year after minority interests		–3,455	–632
22. Consolidated profit carried forward		**25,713**	**19,436**
24. Consolidated profit		87,484	75,558
25. Number of shares		**113,197**	**94,994**
26. Earnings per share (basic, EUR)		17,387,600	17,387,600
27. Earnings per share (diluted, EUR)		1.48	1.12
		1.48	1.12

II. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	2014	2013
		in EUR 000s	
Consolidated net income for the year		**29,168**	**20,068**
Exchange difference on translating foreign operations	(21)	–130	–100
Net gains/losses from the measurement of financial assets recorded under equity	(21)	1,732	3,582
Cashflow Hedges	(21)		
Recycling		0	0
Gains/losses arising during the year		–45	–37
Actuarial gains/losses		–7,625	–1,526
Other comprehensive income after tax		**–6,068**	**1,919**
Comprehensive income		**23,100**	**21,987**
Of which attributable to			
equity holders of OHB AG		21,676	20,633
other equity holders		1,424	1,354

III. CONSOLIDATED BALANCE SHEET

Assets

in EUR 000s

	Note	December 31, 2014	December 31, 2013
Goodwill	(10)	7,687	7,687
Other intangible assets	(10)	48,278	42,174
Property, plant and equipment	(11)	54,270	70,282
Shares carried at equity	(12)	0	683
Other financial assets	(13)	23,539	22,591
Non-current assets		**133,774**	**143,417**
Other non-current receivables and assets	(14)	1,611	2,277
Securities	(16)	1,665	1,631
Deferred taxes		14,758	10,398
Other non-current assets		**18,034**	**14,306**
Property, plant and equipment/non-current assets		**151,808**	**157,723**
Inventories	(15)	76,354	83,048
Trade receivables	(14)	331,823	269,355
Other tax receivables	(14)	1,968	1,201
Other non-financial assets	(14)	25,336	16,800
Securities	(16)	2,846	3,021
Cash and cash equivalents	(17)	50,478	54,259
Current assets		**488,805**	**427,684**
Total assets		**640,613**	**585,407**

Shareholders' equity and liabilities

in EUR 000s

	Note	December 31, 2014	December 31, 2013
Subscribed capital	(18)	17,468	17,468
Additional paid-in capital	(19)	14,923	14,923
Retained earnings	(20)	521	521
Other comprehensive income	(21)	–6,876	–3,593
Treasury stock	(22)	–781	–781
Consolidated profit		113,197	94,994
Shareholders' equity excluding minority interests		**138,452**	**123,532**
Minority interests	(23)	8,747	9,173
Shareholders' equity		**147,199**	**132,705**
Provisions for pensions and similar obligations	(24)	96,974	96,290
Other non-current provisions	(25)	2,757	3,269
Non-current financial liabilities	(26)	5,012	12,898
Non-current advance payments received on orders	(27)	395	3,038
Deferred tax liabilities		19,410	18,114
Non-current liabilities and provisions		**124,548**	**133,609**
Current provisions	(25)	24,627	29,764
Current financial liabilities	(28)	113,784	67,965
Trade payables	(29)	83,967	80,950
Current advance payments received on orders	(30)	131,128	119,123
Tax liabilities		3,909	6,797
Other current liabilities	(31)	11,451	14,494
Current liabilities		**368,866**	**319,093**
Total equity and liabilities		**640,613**	**585,407**

IV. CONSOLIDATED CASH FLOW STATEMENT

	in EUR 000s	
	2014	**2013**
Operating EBIT	40,400	36,353
Income taxes paid	–9,188	–6,194
Other non-cash expenses (+)/income(–)	–3,804	0
Depreciation/amortization	13,016	16,450
Changes in pension provisions*	–4,018	–2,848
Gross cash flow	**36,406**	**43,761**
Increase(–) in own work capitalized	–13,944	–11,458
Increase(–)/decrease (+) in inventories	–17,642	–641
Increase(-)/decrease(+) in receivables and other assets incl. accruals and deferrals	–80,968	–68,933
Increase(+)/decrease (–) in liabilities and current provisions	33,467	–3,228
Increase(+)/decrease (–) in advance payments received	14,466	11,778
Profit (–)/loss (+) from the disposal of assets	–6,805	–5,390
Cashflow from operating activites	**–35,020**	**–34,111**
Payments made for investments in non-current assets	–11,104	–12,174
Payments received from the disposal of assets	918	7,802
Net reduction from loss of controll	–4,701	0
Payments received from decrease of financial assets	7,550	0
Interest and other financial income	1,472	1,178
Cashflow from investing activites	**–5,865**	**–3,194**
Dividend payout	–6,433	–6,433
Payments made/received for other financial instruments	192	0
Payments made for the settlement of financial liabilities	–32,857	–45,087
Payments received from raising borrowings	83,196	60,678
Minority interests	–2,173	–36
Interest and other financial expenses*	–4,501	–3,732
Cashflow from financing activities	**37,424**	**5,390**
Changes to cash and cash equivalents	1,240	–31,915
Currency-related changes to cash and cash equivalents	–320	–62
Cash and cash equivalents at the beginning of the period	54,259	86,236
Cash and cash equivalents at the end of the period	**50,478**	**54,259**

Cash and cash equivalents at the end of the period and current financial instruments		
January 1	**58,911**	**95,415**
Changes in cash and cash equivalents including securities and current financial instruments	–3,922	–36,504
December 31	**54,989**	**58,911**

* including reclassifications 2013 of EUR 3,608,000

Notes on the cash flow statement on page 90.

V. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in EUR 000s	Subscribed capital	Additional paid-in capital	Retained earnings	Other comprehensive income	Consolidated profit	Treasury stock	Shareholders' equity excluding minority interests	Minority interests	Shareholders' equity
Note	(18)	(19)	(20)	(21)		(22)		(23)	
December 31, 2012	**17,468**	**15,094**	**521**	**–6,260**	**81,991**	**–781**	**108,033**	**9,299**	**117,332**
Dividend payment (EUR 0.37 per share)	0	0	0	0	–6,433	0	–6,433	0	–6,433
Comprehensive income	0	0	0	2,667	19,436	0	22,103	–90	22,013
Other changes	0	–171	0	0	0	0	–171	–36	–207
January 1, 2013	**17,468**	**14,923**	**521**	**–3,593**	**94,994**	**–781**	**123,532**	**9,173**	**132,705**
Dividend payment (EUR 0.37 per share)	0	0	0	0	–6,433	0	–6,433	0	–6,433
Comprehensive income	0	0	0	–4,360	25,713	0	21,353	1,748	23,101
Other changes	0	0	0	1,077	–1,077	0	0	–2,174	–2,174
December 31, 2014	**17,468**	**14,923**	**521**	**–6,876**	**113,197**	**–781**	**138,452**	**8,747**	**147,199**

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

General information

The Company has its head office at Karl-Ferdinand-Braun-Str. 8 in 28359 Bremen, Germany. OHB AG exercises the function of an active holding company which manages the subsidiaries within the OHB Group. The Group is primarily engaged in the production and distribution of products and projects as well as the provision of high-technology services particularly in the areas of space and aeronautic technology, telematics and satellite services.

Accounting principles and methods

In accordance with Regulation (EC) 1606/2002 issued by the European Parliament and the Council on July 19, 2002, OHB AG is required to prepare consolidated financial statements in accordance with international accounting standards (IFRS/IAS). The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS/IAS) applicable in the EU in the light of the interpretations of the International Financial Reporting Interpretations Committee (IFRIC/SIC) as well as the supplementary provisions contained in Section 315 a of the German Commercial Code. The consolidated financial statements have been prepared in accordance with the going-concern principle. The Group manages its capital with the aim of ensuring that all Group members are able to operate in accordance with the going-concern principle and with the aim of maximizing income from its investments by optimizing its equity and debt capital. Managed capital comprises solely the equity of EUR 147 million (previous year: EUR 133 million) shown on the face of the consolidated financial statements. The overall strategy pursued by the Group was unchanged over 2013. The externally imposed capital requirements which are currently not at risk are additionally taken into account.

In addition to the consolidated balance sheet, consolidated income statement and the consolidated statement of comprehensive income, the consolidated annual financial statements include a consolidated cash flow statement and a statement of changes in consolidated equity. The notes contain the declaration required by Section 285 No. 16 of the German Commercial Code confirming that the disclosures stipulated by Section 161 of the German Stock Corporation Act have been duly made. The income statement has been compiled using the total-cost method.

The reporting currency is the euro. Unless otherwise stated, all amounts are reported in millions of euros (EUR million). It should be noted that the use of rounded figures and percentages may result in differences due to commercial rounding.

Consolidation methods

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. All material subsidiaries under the legal or constructive control of OHB AG have been consolidated.

Any remaining positive difference between the cost of acquiring the shareholdings and the net assets calculated at their fair values is recognized as goodwill under IAS 3.32. The full goodwill method is applied.

Sales, expenses, income as well as receivables and liabilities between consolidated companies are netted and any inter-Group profits eliminated. The carrying amounts of companies consolidated using the equity method are adjusted to allow for the proportionate profit/loss attributable to such companies.

Acquired businesses

No acquisitions were executed during this period.

Consolidated companies

OHB AG's consolidated financial statements include OHB AG, eight domestic and five non-domestic subsidiaries and a further non-domestic associate accounted for using the equity method. The table entitled "Consolidation perimeter" sets out the subsidiaries and associates together with the relative size of the share held. Compared with the previous year, the number of companies consolidated was reduced by two. Kayser-Threde GmbH, STS Systemtechnik Schwerin GmbH and Timtec Teldatrans GmbH were merged with OHB System AG. In this connection, KT Beteiligungs GmbH & Co. KG was dissolved and its assets transferred to OHB AG. The reduction in the share in Aerotech Peissenberg GmbH & Co. KG as a result of the issue of new share capital subscribed to by other shareholders resulted in the deconsolidation of this company in May 2014. Consequently, it is now recognized using the equity method of accounting within the "Aerospace + Industrial Products" business unit. On the date on which it was deconsolidated, Aerotech-Peissenberg GmbH & Co. KG had non-current assets of EUR 22.596 million (December 31, 2013: EUR 23.205 million), current assets of EUR 39.750 million (December 31, 2013: EUR 41.226 million), liabilities of EUR 48.819 million (December 31, 2013: EUR 56.726 million) and provisions of EUR 15.312 million (December 31, 2013: EUR 13.416 million). The 34% share in ELTA S.A., which had hitherto be reported using the equity method of accounting, was sold in December 2014.

In addition, shares were held in other companies (see table entitled "Further equity interests and financial assets", page 74). In accordance with the principle of materiality pursuant to the IFRS/IAS framework, the companies stated in the table, which are fundamentally subject to compulsory consolidation (OHB share › 20%), are not included in the consolidation perimeter. These companies' cumulative current sales and EBIT are not considered to make any material contributions to consolidated earnings. Subsidiaries with discontinued or minimal business activities which are of only minor importance for obtaining a true and fair view of the OHB Group's net assets, financial condition and results of operations as well as its cash flow are not consolidated. The share holdings shown in the tables entitled "Consolidation perimeter" and "Further investments and financial assets" correspond to the voting rights held.

OHB AG's consolidated financial statements include the following companies: see "consolidation perimeter" table.

Currency translation

Most outgoing invoices are denominated in euro. Incoming and outgoing invoices denominated in a foreign currency are converted and recognized on the balance-sheet date. Foreign-currency bank balances were translated at the end-of-year exchange rate. The annual financial statements of the independent non-domestic subsidiary OHB Sweden AB were prepared in its domestic currency (SEK) and translated using the functional currency principle in accordance with IAS 21.

Consolidated companies

Name of company	Share held (%)	Consolidation
OHB System AG, Bremen (Germany)	100.0	Fully consolidated
ORBCOMM Deutschland Satellitenkommunikation AG, Bremen (Germany)[1]	100.0	Fully consolidated
CGS S.p.A., Milan (Italy)	100.0	Fully consolidated
OHB Sweden AB, Stockholm (Sweden)	100.0	Fully consolidated
Antwerp Space N.V., Antwerp (Belgium)	100.0	Fully consolidated
LuxSpace Sàrl, Betzdorf (Luxembourg)	100.0	Fully consolidated
MT Aerospace Holding GmbH, Bremen (Germany)	70.0	Fully consolidated
MT Aerospace AG, Augsburg (Germany) [2]	100.0	Fully consolidated
MT Aerospace Grundstücks GmbH & Co. KG, Munich (Germany) [3]	100.0	Fully consolidated
MT Mechatronics GmbH, Mainz (Germany) [3]	100.0	Fully consolidated
MT Aerospace Guyane S.A.S., Kourou (French Guiana) [3]	100.0	Fully consolidated
Aerotech Peissenberg GmbH & Co. KG, Peissenberg (Germany) [2]	43.3	At Equity
OHB Teledata GmbH, Bremen (Germany)	100.0	Fully consolidated
megatel Informations- und Kommunikationssysteme GmbH, Bremen (Germany)	74.9	Fully consolidated

[1] held by OHB System AG
[2] held by MT Aerospace Holding GmbH
[3] held by MT Aerospace AG

The foreign-currency difference arising from translation of the equity capital is recorded within equity from unrealized gains/losses.

Summary of significant accounting policies

The International Accounting Standards Board (IASB) and IFRIC have revised the following standards and interpretations which are subject to compulsory application from 2014:

- **IFRS 10** Consolidated Financial Statements – IFRS 10 replaces the guidance on consolidation contained in IAS 27. IAS 27 now provides guidance on accounting for subsidiaries, associates and joint ventures in the investor's separate financial statements. IFRS 10 now contains guidance on consolidation which had previously been included generally in IAS 27 and specifically for special-purpose entities in SIC 12. It introduces a uniform control concept. Thus, an investor controls an investee if it has power over the investee, exposure to variable returns from its involvement and the ability to use its power over the investee to affect the amount of the return. The application of this amended standard did not give rise to any changes to the consolidated financial statements.
- **IFRS 11** Joint Arrangements – IFRS 11 provides guidance on situations in which a company has an interest in arrangements that are jointly controlled. IFRS 11 replaces the guidance in IAS 31 and SIC 13. As a result of the modified definitions, there are now two "kinds" of joint arrangements: joint operations and joint ventures. The classification of jointly managed assets (IAS 31) has now been included in joint operations. The previous option of proportionate consolidation for joint ventures under IAS 31 has been abolished. Instead, joint ventures must be accounted for in the consolidated financial statements using the equity method. As before, joint operations are accounted for on a proportionate basis in the separate and consolidated financial statements of the joint operators. These rules are not relevant for the OHB Group.
- **IFRS 12** Disclosures of Interests in other Entities – replaces the guidance in IAS 27, IAS 28, IAS 31 and SIC 12 on the disclosures to be included in the notes. Accordingly, it provides uniform guidance on the disclosure duties for all kinds of interests in other entities. Under the new standard, companies must disclose information enabling the users of the financial statements to evaluate the nature of and risks associated with their interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities. The disclosures in the consolidated financial statements have been duly enhanced.
- **IAS 27** Separate Financial Statements – IAS 27 has been modified by the new consolidation package standards (IFRS

IFRS adopted in European law	**Effective date (EU)**
Annual improvement of IFRS - period 2011-2013	To be applied in accounting periods beginning on or after July 1, 2014
IFRIC 21 – Disposals	To be applied in accounting periods beginning on or after June 17, 2014

IFRS not yet adopted in European law	**Effective date**
IFRS 9 Financial Instruments	January 1, 2018
IFRS 14 Regulatory Deferral Accounts	January 1, 2016
IFRS 15 Revenue from Contracts with Customers	January 1, 2017
Investment Entities: Applying the Consolidation Exception (Amendments to **IFRS 10, IFRS 12** and **IAS 28**)	January 1, 2016
Disclosure Initiative (Amendments to **IAS 1**)	January 1, 2016
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to **IFRS 10** and **IAS 28**)	January 1, 2016
Equity Method in Separate Financial Statements (Amendments to **IAS 27**)	January 1, 2016
Bearer Plants (Amendments to **IAS 16** and **IAS 41**)	January 1, 2016
Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to **IAS 16** and **IAS 38**)	January 1, 2016
Accounting for Acquisitions of Interests in Joint Operations (Amendments to **IFRS 11**)	January 1, 2016
Defined Benefit Plans: Employee Contributions (Amendments to **IAS 19**)	July 1, 2014
Annual Improvements to **IFRSs** 2010-2012 Cycle	July 1, 2014
Annual Improvements to **IFRSs** 2012-2014 Cycle	January 1, 2016

10, IFRS 11). Following the publication of the new IFRS 10, IAS 27 now only provides guidance on accounting for subsidiaries, joint ventures and associates and the corresponding disclosures in the notes to the separate financial statements under IFRS. The application of this amended standard did not give rise to any changes to the consolidated financial statements.

- **IAS 28**, Investments in Associates and Joint Ventures – The amendments relate to the changes to IAS 36 as a result of the publication of IFRS 13. With the introduction of IFRS 13, the disclosure requirements in IAS 36 were too broad in some cases. Thus, for example, it would have been necessary to disclose the recoverable amount of a cash-generating unit with goodwill or intangible assets of an indefinite useful life regardless of whether any impairment was recorded. Under the amended guidance, the recoverable amount must now only be disclosed if an impairment was recognized in the period in question. These rules are not relevant for the OHB Group.
- Disclosures on recoverable amount in the case of non-financial assets (amendments to **IAS 36** – the amendments relate to the changes to IAS 36 as a result of the publication of IFRS 13. With the introduction of IFRS 13, the disclosure requirements in IAS 36 were too broad in some cases. Thus, for example, it would have been necessary to disclose the recoverable amount of a cash-generating unit with goodwill or intangible assets of an indefinite useful life regardless of whether any impairment was recorded. Under the amended guidance, the recoverable amount must now only be disclosed if an impairment was recognized in the period in questions. In addition, the amendments clarify and extend the disclosure requirements with respect to impaired assets whose recoverable amount was determined on the basis of their fair value less cost to sell. The application of this amended standard did not give rise to any changes to the consolidated financial statements.
- Novation of derivatives and continuation of hedge accounting (amendments to **IAS 39**) – the purpose of the amendments is to prevent any effects on hedge accounting when derivatives required for novation are necessary. As a result of the amendments to IAS 39, the novation of a derivative does not lead to the dissolution of the hedge provided that certain conditions are cumulatively satisfied. The application of this amended standard did not give rise to any changes to the consolidated financial statements.
- Joint Arrangements and Disclosure of Interests in Other Entities – transition guidance (amendments to **IFRS 10, IFRS 11** and **IFRS 12**) – the purpose of the amendments is to clarify the first-time application of IFRS 10. Additionally, further exceptions are defined in all the standards of the consolidation package. In addition, the restatement of the comparison figures arising from retrospective application is required only for the (immediately) preceding period even if reporting covers more than one comparison period. These rules are not relevant for the OHB Group.
- Investment entities (amendments to **IFRS 10**, **IFRS 12** and **IAS 27**) – the amendments to IFRS 10, IFRS 12 and IAS 27 define the term "investment entity". In addition, a parent company which is an investment entity is required to measure its shares in individual associates at fair value through profit and loss in the consolidated and separate financial statements. These rules are not relevant for the OHB Group.
- Offsetting of a financial asset and a financial liability (amendments to **IAS 32**) – this amendment clarifies a number of rules pertaining to the offsetting of financial assets and financial liabilities on the balance sheet. These rules are not relevant for the OHB Group.

The IASB has issued the standards, interpretations and revisions to existing standards set out in the table on page 72 which are not yet compulsory and do not become so until future reporting periods and which OHB AG has not adopted on a voluntary early basis. On the basis of a preliminary assessment, the application of the above-mentioned standards and interpretations will not exert any material influence on the presentation of the financial statements. The Management Board of OHB AG has decided not to apply the aforementioned standards before the accounting periods in which application becomes mandatory.

Changes in accounting policy

There have been no changes in the recognition or measurement principles compared with the previous year.

Recognition of revenues

Revenues and other operating income from series production are recognized on the date on which the services or goods are provided or risk passes to the customer. With respect to long-term contract construction, the percentage-of-completion method provided for in IAS 11 is applied, subject to reasonable discounts on the basis of a true and fair view to allow for unexpected future risks to the extent that it is possible to calculate the partial profit with adequate precision on the basis of the percentage of completion. For this purpose, the percentage of completion is determined on the basis of the contract costs which have arisen as of the reporting date relative to the expected total contract costs. Revenues from contracts are calculated by multiplying the percentage of completion with the contractually agreed proceeds including any subsequently agreed additions. Long-term projects in progress on the reporting date (remaining durations of between one and ten years) are recognized as revenue on the basis of production

costs plus refundable administrative overhead costs provided that a partial profit can be estimated with a reasonable degree of reliability. Partial profits are recognized in other projects using generally accepted principles.

Own work capitalized

Development expenditure is recognized as an asset pursuant to IAS 38.57 if a newly developed product or process can be clearly delineated, is technically feasible and is intended either for the Company's own use or for sale. A further condition is that it must be sufficiently likely for the development expenditure to be recouped from future cash flows. Such expenditure is recognized on the basis of the production costs incurred, primarily development hours multiplied by the applicable hourly rate. In the year under review, research and development costs of EUR 2.168 million (previous year: EUR 7.380 million) were recorded as expense as the criteria provided for in IAS 38.57 were not satisfied. Of the total development costs of EUR 20.1 million (previous year: EUR 22.1 million), an amount of EUR 13.9 million (previous year: EUR 10.8 million) was capitalized and EUR 4.0 million (previous year: EUR 3.9 million) received in the form of grants. In the year under review, the internally produced intangible assets of one Group company were reassessed, resulting in an increased useful life with a positive effect on earnings of EUR 0.981 million. The income from development grants is recognized upon the occurrence of the related costs. Income from grants is reported gross, i.e. it is not netted with expenses. At the moment, there is no evidence indicating that the conditions imposed by the providers of grants cannot be satisfied.

Net finance expense

Net finance income/expense includes the share of profits of associates accounted for using the equity method as well as other investments including profit from the sale of financial assets, adjustments to the value of financial assets, other interest expenditure on liabilities, dividends, interest income on receivables and foreign-currency gains and losses. Interest income is recorded in the income statement using the effective interest method. Dividends are reported in the income statement upon a resolution to distribute a dividend being passed. Interest expenditure on pension provisions are also reported as other interest expenditure.

Further investments and financial assets

Name of company	Share held (%)	Share in capital EUR 000s	Shareholders' equity 000s	Profit/loss 000s	latest annual financial statement
RST Radar Systemtechnik GmbH, Salem (Germany)*	24.0	190	1,018	49	2013
OHB France S.A., Paris (France)*	100.0	37	n/a	n/a	n/a
OHB-ElectroOPtics GmbH, Bremen (Germany)*	50.0	13	10	–1	2013
beos GmbH, Bremen (Germany)	12.0	60	399	14	2012
ATB GmbH, Bremen (Germany)	5.0	26	503	27	2013
OHB Marine Technologies GmbH, Bremen (Germany)*	100.0	25	603	–1	2013
COSMOS International Satellitenstart GmbH, Bremen (Germany)*	49.9	13	205	7,181	2013
Cosmos Space Systems AG, Bremen (Germany)*	66.6	40	59	2	2013
Telemondo International GmbH, Bremen (Germany)*	100.0	26	13	0	2013
KT Verwaltungsgesellschaft mbH, Bremen (Germany)*	100.0	25	23	0	2013
Antares S.c.a.r.l., San Giorgio Del Sannio (Italy)*	24.0	58	190	0	2013
Arianespace Participation, Evry (France)	8.3	8,328	n/a	n/a	n/a
MT Dezentrale Energiesysteme GmbH, München (Germany)*	100.0	1,022	1,023	0	2014
MT Mecatronica Limitada, Santiago de Chile (Chile)*	99.9	530	–172	–185	2014
MT Mecatronica s.r.l., Cagliari (Italy)*	100.0	10	8	–2	2014
MT Management Service GmbH, Augsburg (Germany)*	100.0	26	n/a	n/a	n/a
ORBCOMM Inc., Rochelle Park, NJ (USA)	4.7	12,008	158,904	3,735	2013

* not consolidated in the year under review for materiality reasons

Intangible assets

As of each reporting date, OHB reviews the carrying amounts of its intangible assets to identify any evidence of impairment.

In this case, the recoverable amount of the asset in question is calculated to determine the amount of any impairment. The recoverable amount is defined as the fair value less possible costs to sell or the value in use, whichever is the greater.

Intangible assets acquired from third parties primarily comprise software programs and licenses. These are written down on a straight-line basis over a period of between one and fifteen years. Internally generated assets are written down on a straight-line basis over their expected useful life of four to eight years. For the purpose of identifying any impairment, goodwill must be allocated to each cash-generating unit within the Group expected to derive any benefit from the synergistic effects of the business combination. Cash-generating units to which part of the goodwill is allocated are subject to annual impairment testing. If there is any evidence of impairment of a cash-generating unit, it is tested more frequently for impairment. If the recoverable amount of a cash-generating unit is less than its carrying amount, the impairment loss is initially assigned to the carrying amount of all goodwill allocated to the unit and then on a proportionate basis to the other assets on the basis of the carrying amount of each asset within the unit. The use of growth rates is of only subordinate importance as planning is primarily influenced by specific projects.

Property, plant and equipment

As of each reporting date, OHB reviews the carrying amounts of its property, plant and equipment to identify any evidence of impairment. In this case, the recoverable amount of the asset in question is calculated to determine the amount of any impairment. The recoverable amount is defined as the fair value less possible costs of sale or the value in use, whichever is the greater. Assets classed as property, plant and equipment are carried at historical cost less scheduled straight-line depreciation over their expected useful lives. Subsequent expenditure on assets which does not increase their value or materially extend their useful lives is expensed. Material additions and improvements are recognized as assets. Disposals are reflected in historical acquisition costs as well as accumulative depreciation. Profit and loss from the disposal of assets are recorded within operating income/expenses. The following depreciation periods are applied to property, plant and equipment: between ten and 33 years for buildings, five to ten years for machinery and technical equipment and three to ten years for other equipment as well as operating and business equipment.

Financial assets

Shares in associates

Shares in associates are reported at historical cost including the share in their profit/loss for the year.

Other financial assets

Other financial assets are reported at historical cost (less any impairments) or, if market prices can be identified, at their fair value. A test to identify any objective evidence of impairment is performed as of each reporting date. This item comprises the investments in ORBCOMM Inc., details of whose stock market prices were available as of the reporting date. Adjustments resulting from fair value accounting are recognized under equity. The deferred tax arising from this is reported under deferred tax liabilities. Other financial assets are set out in the table entitled "Further investments and financial assets".

Inventories

Inventories are recognized at historical cost or the lower net recoverable value prevailing on the reporting date. Production costs comprise the individual costs of material and production, overhead costs of material and production as well as depreciation and amortization expense in connection the production equipment. They also include overhead administration costs. Part of the inventories were measured using the moving average method.

Receivables

Receivables and other assets are reported at their settlement amount. If in individual cases there are justified doubts as to whether receivables can be retrieved, they are written down or recorded at the lower recoverable value.

In the case of consolidated companies with construction contracts as defined in IAS 11 on their books, the percentage-of-completion method is applied allowing for reasonable discounts on the basis of a true and fair view to take account of unexpected future risks as far as it is possible to calculate the partial profit with adequate precision on the basis of the percentage of completion. Construction projects in progress on the reporting date (remaining durations of between one and eight years) are recognized as assets on the basis of production costs plus prorated refundable administrative overhead costs provided that a partial profit can be estimated with a reasonable degree of reliability. Projects for which partial profits have been recognized are reported under revenues pursuant to IAS 11.22. The corresponding contract costs are recognized as cost of materials/services in the fiscal year in question.

Securities/financial instruments

The fair values are determined on the basis of the stock market prices as of the reporting date. Non-current securities are measured in accordance with IAS 39 and IFRS 7 (Reclassification of Financial Assets).

Deferred income taxes

Pursuant to IAS 12, temporary differences between the carrying amount of assets or liabilities on the balance sheet and their tax base in accordance with IFRS/IAS give rise to deferred income taxes. The OHB Group applies a uniform domestic tax rate of 32% for calculating deferred income taxes.

Equity

IAS 32 (Financial Instruments: Disclosure and Presentation) stipulates that equity must not include any contractual obligation to deliver cash or any other financial asset to another entity. OHB AG defines equity as subscribed capital, the share premium, unrealized gains and losses recognized within equity, retained earnings and accrued profit brought forward.

Retirement benefit provisions

Obligations under defined benefit plans are calculated using the projected unit credit method in accordance with IAS 19 (Employee Benefits). The expected benefits are deferred over the entire period of service of the employees.

Other provisions

Other provisions have been reliably assessed for matters resulting in an outflow of enterprise resources to settle present obligations in accordance with IAS 37. Estimates are primarily based on detailed calculations.

Liabilities

Liabilities comprise financial liabilities, trade payables and other liabilities. Financial liabilities are reported at amortized cost. Any differences between historical cost and the settlement amount are reported in accordance with the effective interest method. Other liabilities are recognized at their nominal or settlement amount.

Estimates

Proper and full preparation of the consolidated financial statements requires to some degree the use of estimates and assumptions, which affect the assets and liabilities reported, the disclosure of contingent liabilities and receivables on the balance sheet and the income and expenses recognized. The actual amounts may vary from these estimates and assumptions in individual cases. Any adjustments are taken to the income statement upon further knowledge becoming available. The value of goodwill is determined in an annual impairment test. This test involves estimates of future cash inflows. Future changes in the general economic environment and the situation of the sector or Company may result in a reduction in net cash inflows and, hence, impair the value of the goodwill. Technical progress, deterioration in the market situation or damage may necessitate non-scheduled depreciation of property, plant and equipment. The percentage-of-completion method is applied to long-term construction contracts provided that the applicable conditions are satisfied. For this purpose, the costs incurred are divided by the total costs to calculate the percentage of completion. Pension provisions are calculated on the basis of a number of premises and assumed trends, the application of biometric probabilities as well as generally accepted approximation methods to determine pension obligations. Actual payment obligations arising over time may vary from these. Tax provisions and impairment testing of deferred tax assets are also based on estimates. In determining the value of deferred tax assets, uncertainty may arise with respect to the interpretation of complex tax legislation as well as the amount and timing of future taxable income. Other provisions are recognized in the light of available knowledge and using the customary scope for discretion. In view of the current conditions in the economy and the financial markets, it is not possible at this stage to make any reliable assumptions on the range of possible adjustments which may need to be made to the estimates in 2015.

VII. NOTES ON THE CONSOLIDATED INCOME STATEMENT

(1) Sales

Revenues from construction contracts as defined in IAS 11 came to EUR 619.819 million in 2014 (previous year: EUR 506.830 million). The related contract costs stood at EUR 597.591 million (previous year: EUR 476.507 million). The resultant earnings before interest and taxes (EBIT) for 2014 equaled EUR 22.228 million (previous year: EUR 30.324 million).

Sales break down by business unit as follows:

in EUR 000s	2014	2013
Space Systems	545,286	466,927
Aerospace + Industrial Products	193,993	220,316
Consolidation	–11,131	–7,122
Total	**728,147**	**680,121**

Additional disclosures on POC measurement (IAS 11)

in EUR 000s	Net assets	Net liabilities	Total
Expenses + profit	1,585,879	376,020	**1,961,899**
Prepayments received	1,302,305	447,938	**1,750,243**
Amount shown on balance sheet	**283,574**	**–71,918**	**211,656**

(2) Increase/decrease in inventories of finished goods and work in progress

The increase in inventories of finished goods and work in progress primarily relates to the increase of EUR 11.0 million in the "Aerospace + Industrial Products" business unit (previous year: decrease of EUR 3.7 million). All told, inventories rose by EUR 11.7 million (previous year: decline of EUR 4.1 million).

(3) Other operating income

The other operating income of EUR 18.368 million (previous year: EUR 11.037 million) includes income from the sale of the shares in ELTA S.A. of around EUR 7 million and the proceeds from the deconsolidation of ATP of EUR 3.8 million. Income from grants stands at EUR 3.975 million (previous year: EUR 3.892 million).

(4) Cost of materials

in EUR 000s	2014	2013
Cost of raw materials and goods purchased	325,787	301,294
Cost of services bought	171,478	121,335
Total	**497,265**	**422,629**

(5) Staff costs

in EUR 000s	2014	2013
Wages and salaries	146,330	151,700
Social security and expenditure on retirement benefits	29,992	30,485
Total	**176,322**	**182,185**

Retirement benefits and retirement benefit provisions came to EUR 4.734 million (previous year: EUR 4.447 million).

(6) Depreciation and amortization

No non-scheduled depreciation/amortization was required in the year under review. Further details on depreciation/amortization are set out in the consolidated statement of changes in assets.

Analysis of deferred taxes and assets

in EUR 000s	2014		2013		2014	2013
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities	Change effecting net income	Change effecting net income
Intangible assets and property, plant and equipment	50	13,126	217	12,379	–914	–1,709
Financial assets	382	337	393	310	–8	–105
Current assets	12	13,248	125	13,919	538	–2,194
Provisions	13,424	135	11,776	8	–1,503	2,519
Liabilities	403	0	177	28	254	–354
Tax losses and credits	8,044	121	6,546	306	1,683	647
Balance	–7,557	–7,557	–8,836	–8,836	0	0
Total	**14,758**	**19,410**	**10,398**	**18,114**	**50**	**–1,196**

(7) Net finance income/expense

The interest income of EUR 1.601 million (previous year: EUR 1.258 million) primarily comprises interest earned on the investment of cash in fixed-term deposits.

The other finance expense of EUR 7.824 million (previous year: EUR 7.209 million) chiefly relates to interest expenditure on retirement benefit provisions of EUR 3.323 million (previous year: EUR 3.565 million) and borrowing costs of EUR 3.013 million (previous year: EUR 1.951 million).

Share of profit/loss of associates

The share of profit/loss of associates comprises the share in the profit of EUR 0 (previous year: loss of EUR 0.576 million) sustained by ELTA S.A. The proportionate share in the profit or loss of Aerotech Peissenberg GmbH & Co. KG stands at EUR 0 million in 2014.

(8) Income taxes

Actual income tax of EUR 5.078 million (previous year: EUR 3.759 million) arose with respect to the consolidated German companies; income tax of EUR 0.439 million (previous year: EUR 1.099 million) arose outside Germany. Domestic income taxes in 2014 were calculated in detail using different tax rates. Deferred tax assets are recognized pursuant to IAS 12. The domestic deferred income tax is calculated on the basis of tax rates of 32%.

Reconciliation of tax expense

in EUR 000s	2014	2013
Taxes at a tax rate of 32.00%	10,840	9,513
Reductions in tax expenses as a result of partially tax-exempt income	–3,332	–1
Tax losses utilized	–5,154	–386
Non-deductible operating expenses	1,316	335
Other tax effects	–452	–6
Off-period tax expense	1,768	197
Differences in foreign tax rates	–280	8
Effective tax expense	**4,706**	**9,660**

Deferred income taxes

The deferred income tax assets primarily arise from the difference in provisions for retirement benefit commitments in accordance with tax laws on the one hand and IFRS on the other.

In 2014, deferred income tax assets of EUR 0.811 million (previous year: EUR 1.196 million) were recognized in profit and loss. Two subsidiaries recognized deferred income tax assets on unused tax losses of EUR 1.754 million (previous year: EUR 0.823 million). Deferred income taxes were recognized on the unused tax losses of EUR 5.096 million reported by Antwerp Space N.V. for the first time due to the sustained positive business performance. Deferred income taxes were recognized on that part of the unused tax losses which are expected to be settled in the coming eight years in accordance with the company's plans.

(9) Non-controlling interests

Non-controlling interests are valued at EUR 3.455 million (previous year: EUR 0.632 million) and chiefly relate to MT Aerospace Holding GmbH. The MT Holding subgroup, in which OHB AG holds a 70% share, generated total revenues of EUR 199.150 million (previous year: EUR 211.943 million), EBIT of EUR 19.489 million (previous year: EUR 6.557 million) and EBITDA of EUR 24.209 million (previous year: EUR 14.362 million).

IFRS/IAS earnings per share

Basic earnings per share are calculated by dividing the post-tax earnings attributable to the shares in question by the total number of shares with dividend entitlement. This indicator may be diluted by so-called potential shares – particularly options and subscription rights. There were no comparable rights as of the reporting date. Accordingly, there is no difference between basic and diluted earnings per share. The Company's share capital stands at EUR 17,468,096.00. The calculations were based on 17,387,600 shares as the Company held an annual average of 80,496 treasury shares. The consolidated net profit of EUR 25.713 million (previous year: EUR 19.436 million) net of non-controlling interests was used for calculation purposes. Earnings per share for 2014 came to EUR 1.48 (previous year: EUR 1.12).

VIII. NOTES ON THE CONSOLIDATED BALANCE SHEET

(10) Goodwill and other intangible assets

The balance sheet for the year ending December 31, 2014 includes goodwill of EUR 7.687 million (previous year: EUR 7.687 million).

Goodwill

in EUR 000s	2014	2013
Goodwill from consolidation of:		
OHB System Munich	5,003	5,003
CGS S.p.A.	801	801
OHB System Bremen	681	681
megatel GmbH	646	646
ORBCOMM Deutschland AG	556	556
Total	**7,687**	**7,687**

Goodwill was tested for impairment at the level of the cash generating units as designated in the above table. Goodwill underwent impairment testing as of December 31, 2014. No impairments were identified. The recoverable amount was calculated on the basis of the value in use, which in turn was determined

by using a discounted cash flow method. This was based on the forecasts covering a period of five years approved by management for the companies concerned. A pre-tax weighted average cost of capital (WACC) of 9.10% (previous year: 10.90%) was applied to domestic goodwill and of 12.80% (previous year: 14.60%) to non-domestic goodwill. The other intangible assets chiefly comprise own work capitalized (see consolidated statement of changes in assets). Goodwill and other intangible assets are analyzed on pages 88/89. The definitions of the CGUs have been modified in the light of the mergers in 2014. The former Kayser-Threde CGU is now referred to as OHB System Munich and, in contrast to the previous year, is no longer a legally independent entity. The goodwill attributable to STS Systemtechnik Schwerin GmbH and Timtec Teldatrans GmbH has been allocated to the OHB System Bremen CGU. An increase in the WACC of 1 percentage point would not result in an impairment.

(11) Property, plant and equipment

Additions in the year under review primarily entailed technical/electronic laboratory equipment, technical equipment and machinery, hardware, operating and business equipment and minor-value assets. With the exception of the land charges referred to in "Other financial obligations", there are no restrictions on the ownership rights to the remaining assets classed as property, plant and equipment. The depreciation amounts are set out in the consolidated statement of changes in assets. No impairments were recognized. Property, plant and equipment are analyzed on pages 88/89.

(12) Shares in associates

This item comprises the share in the equity of ATP, Peissenberg. The majority shareholder exercises a controlling influence on this entity's business model. ATP recorded total revenues of EUR 62.855 million, EBIT of EUR 1.378 million and EBITDA of EUR 3.470 million in 2014 from the date on which it was accounted for using the equity method. It had non-current assets of EUR 28.913 million and current assets of EUR 36.534 million as of December 31, 2014. As the company had negative equity as of the reporting date, this item stands at EUR 0 (previous year: ELTA EUR 0.683 million).

(13) Other financial assets

The increase in fair value recognized within equity of EUR 1.760 million (previous year: EUR 3.625 million) relates to the remeasurement of the shares held in ORBCOMM Inc. It was remeasured on the basis of the stock market price of ORBCOMM Inc. as of December 31, 2014 and the USD/EUR exchange rate as of the same date. The statement of comprehensive income includes net gains/losses from the measurement of financial assets of EUR 1.732 million (previous year: EUR 3.582 million).

(14) Current and non-current receivables and other assets

Receivables and other assets are recognized at amortized cost. Receivables of EUR 1.611 million (previous year: EUR 2.277 million) are due for settlement in more than one year. The carrying amounts of current assets and other receivables primarily match their fair value. Receivables of EUR 202.988 million (previous year: EUR 215.174 million) relate to construction contracts recognized using the percentage-of-completion method. Receivables and other assets mainly comprise current and non-current loans; there are no material interest or default risks. As of the reporting date, currency forwards worth USD 11.2 million had been transacted to hedge underlying contracts of USD 10.7 million to cover the exports of a consolidated company. The difference is reported as cashflow hedges for expected order receipts in 2014. Trade receivables are due for settlement in less than one year and are reported at amortized cost, which generally equals their settlement amount net of any adjustments.

Reasonable adjustments are made to allow for discernible risks. As of the reporting date, adjustments of a total of EUR 1.563 million (previous year: EUR 3.794 million) had been made. Other tax receivables chiefly comprise income tax refund claims.

(15) Inventories

Inventories dropped over the previous year to EUR 76.354 million (previous year: EUR 83.048 million). Prepayments received are not netted with inventories.

in EUR 000s	2014	2013
Raw materials and supplies	11,249	18,105
Unfinished goods and services	48,153	49,491
Finished goods and merchandise	1,828	6,178
Prepayments made	15,124	9,274
Total	**76,354**	**83,048**

Prepayments made were allocated to inventories due to their close relationship. Impairments were recognized on work in progress and included in profit and loss in the year under review.

(16) Securities

As of the reporting date, the securities portfolio was valued at EUR 4.512 million (previous year: EUR 4.652 million). This breaks down as follows: financial assets at fair value through profit or loss EUR 2.846 million (previous year: EUR 2.830 million) and loans and receivables EUR 1.666 million (previous year: EUR 1.822 million). Financial risks primarily comprise liquidity, market price and counterparty default risks. There are no material short-term liquidity or counterparty default risks as low-risk investment funds are selected for the most part. In the interests for averting market price risks, virtually all cash is invested in funds which can be redeemed at short notice in order to achieve broad risk diversification.

(17) Cash and cash equivalents

Cash and cash equivalents were valued at EUR 50.478 million on the reporting date (previous year: EUR 54.259 million) and comprised cash in hand and cash at banks. The cash at banks is due within three months and is exposed to only a minimal risk of any change in value.

(18) Subscribed capital

Since September 30, 2009, the Company's issued capital has equaled EUR 17,468,096.00 and is divided into 17,468,096 no-par-value ordinary bearer shares equivalent to a notional share of EUR 1.00 each in the Company's issued capital. Of these shares, an unchanged number of 5,208,880 compared with the previous year is free float. There is one vote for each share held.

(a) Contingent capital

At their annual general meeting held on January 23, 2001, the Company's shareholders passed a resolution to increase the Company's share capital by approving the issue of a total of EUR 516,404.00 in the form of up to 516,404 bearer shares on a contingent basis. The contingent capital increase is to be used for granting options to entitled persons under a staff compensation system. No such staff compensation systems are currently in operation. The contingent capital increase may only be implemented if the holders of such options exercise these. The new shares are dividend-entitled for the first time in the year in the course of which they are issued. The Management Board is authorized subject to the Supervisory Board's approval to determine the specific conditions for such contingent capital increase. In the event that options are granted to members of the Company's Management Board, the Supervisory Board is authorized to determine the specific conditions for such contingent capital increase.

(b) Authorized capital

At their annual general meeting held on May 19, 2010, the shareholders passed a resolution authorizing the Company's Management Board – with the Supervisory Board's approval – to raise the share capital once or repeatedly by a total of up to EUR 8,734,048.00 on a cash or non-cash basis (authorized capital) on or before May 18, 2015. The new shares may also be issued to the Company's employees. The Company's Management Board was authorized – subject to the Supervisory Board's approval – to exclude the shareholders' subscription rights in the following cases:
(1) for fractional amounts;
(2) for part of the authorized capital 2010 up to a maximum of EUR 1,746,809.00 provided that the new shares are issued in return for cash capital contributions at a price not materially less than the stock-market price (Section 186 (3) Sentence 4 of the German Stock Corporation Act);
(3) for a part of the 2010 authorized capital up to a maximum of EUR 8,734,048.00 provided the new shares
- are issued as consideration for the acquisition of all or part of other companies or entities or other assets and such acquisition is in the interests of the Company provided that such acquisition is in the interests of the Company; or
- are issued as consideration for cash capital contributions to have the Company's stock listed in a foreign market in which it has previously not been admitted to trading.

The Management Board is additionally authorized subject to the Supervisory Board's approval to determine the extent and nature of the option rights and the other conditions of issue.

(c) Authorization to acquire and sell treasury stock

At the annual general meeting held on May 19, 2010, the shareholders authorized the Company to buy back treasury stock of up to a total of 10% of the Company's share capital on or before May 18, 2015. Upon this authorization taking effect, the authorization granted on May 13, 2009 for the acquisition and utilization of treasury stock was revoked.

a) The Company is authorized to buy back a total of up to 10% of its own share capital in the amount existing as of the date on which the resolution was passed. At no time may the shares acquired by the Company together with other treasury stock already acquired or still held by it or attributable to it in accordance with Sections 71d, 71e of the German Stock Corporation Act exceed more than ten percent (10%) of its share capital.

The authorization may be exercised by the Company in full or in part, once or repeatedly or for different purposes and may also be exercised by dependent companies or companies in which OHB AG holds a majority stake for their account or for third-party account.

The authorization expires on May 18, 2015. The authorization granted by the shareholders in their resolution passed on May 13, 2009 was canceled upon this new authorization taking effect.

b) The acquisition of shares must comply with the equal treatment principle (Section 53a of the Stock Corporation Act) and is executed at the Management Board's discretion either via the stock market (1) or in a public offering addressed to all shareholders (2). In the second case, the provisions of the Securities Acquisition and Transfer Act must be observed where applicable.

Changes in equity not recognised through the income statement

in EUR 000s	2014			2013		
	before tax	tax effects	net	before tax	tax effects	net
Exchange difference on translating foreign operations	–130	0	–130	–86	0	–86
Net gains/losses from the measuremenmt of financial assets recorded under equity	1,760	–28	1,732	3,625	–43	3,582
Cashflow Hedges	–65	20	–45	–37	11	–26
Actuarial gains/losses	–10,648	3,024	–7,625	–1,501	698	–803
Total	**–9,083**	**3,016**	**–6,068**	**2,001**	**666**	**2,667**

(1) If the Company buys back its own shares via the stock market, the purchase price paid per share (net of transaction costs) may not be any more than 10% above or below the average closing price of the stock in XETRA trading (or an equivalent replacement system) on the Frankfurt stock exchange on the last three trading days prior to acquisition of the shares.

(2) If the Company buys back its own shares in a public offering addressed to all shareholders, the purchase price paid per share (net of transaction costs) may not be any more than 10% above or below the average closing price of the stock in XETRA trading (or an equivalent replacement system) on the Frankfurt stock exchange on the fifth, fourth and third trading days prior to the publication of the offer. If such a public offering is oversubscribed, the shares must be bought back on a quota system. Provision may be made for the preferred acceptance of a lower volume of up to 100 shares offered per shareholder and rounding in accordance with commercial provisions.

c) The Management Board is authorized to utilize the treasury stock acquired through the exercise of the authorization mentioned above for all purposes permitted by law, including but not limited to the following:

(1) Acting with the approval of the Supervisory Board it may use the treasury stock to have the Company's stock traded on foreign stock exchanges to which it has hitherto not been admitted.

(2) Subject to the approval of the Supervisory Board, it may offer or transfer the treasury stock to third parties for the purpose of acquiring companies, parts of companies or equity interests including but not limited to additions to existing equity interests.

(3) It may offer the treasury stock to the employees of the Company or other entities related to it in accordance with the definition in Sections 15 et seq. of the German Stock Corporation Act as employee shares.

(4) Acting with the approval of the Supervisory Board, it may redeem the treasury stock without any need for a resolution of the shareholders approving such redemption or related activities.

d) The Management Board is authorized – subject to the approval of the Supervisory Board and without any obligation for a further resolution to be passed by the shareholders – to sell the treasury stock acquired in accordance with the above authorization or in any other manner either publicly or in the form of an offer to the shareholders provided that the sale is for cash and the price offered is not materially less than the price at which equivalent stock issued by the Company is trading on the stock market on the date of the sale. For the purposes of the above rule, the stock market price is defined as the arithmetic mean of the price fixed for the Company's stock in the closing auctions in XETRA trading (or an equivalent replacement system) on the Frankfurt/Main stock exchange on the last five trading days before the date of the sale. This authorization is limited to a total of 10% of the Company's share capital. The maximum of 10% is reduced by the prorated share in the share capital accounted for by shares which are issued during the term of this authorization as part of an equity issue in which pre-emptive shareholder rights are excluded in accordance with Section 186 (3) Sentence 4 of the German Stock Corporation Act. The volume covered by the authorization is also reduced by an amount equaling the prorated share in the share capital accounted for by conversion and/or option rights under bonds issued since the date on which this authorization takes effect in connection with which pre-emptive shareholder rights are excluded in accordance with Section 186 (3) Sentence 4 of the German Stock Corporation Act.

e) The aforementioned authorizations may be utilized once or repeatedly, in part or in full, individually or jointly.

f) The shareholders' pre-emptive subscription rights with respect to the Company's treasury stock are excluded in cases in which it is used in accordance with the authorizations described in c) (1) – (3) and d) above.

(19) Share premium

The share premium primarily comprises the cash proceeds from the stock-market flotation.

(20) Retained earnings

Retained earnings includes the negative goodwill arising from the consolidation of newly acquired companies up until 2002.

(21) Unrealized gains and losses recognized under equity

This equity item relates to the fair-value measurement of the shares held in ORBCOMM Inc. on the basis of the stock price on the reporting date net of the carrying values. This adjustment was recognized within equity.

In the year under review, no provisions which had been set aside in earlier years were released to profit and loss or netted against acquisition costs. It also includes the foreign currency translation differences arising in connection with independent subsidiaries.

(22) Treasury stock

On September 13, 2011, the Management Board of OHB AG decided to implement a stock buyback program and to acquire up to 250,000 of the Company's shares in accordance with a resolution passed by the shareholders at the annual general meeting on May 19, 2010. Upon this authorization taking effect, the authorization granted on May 13, 2009 for the acquisition and utilization of treasury stock was revoked. The purpose of the treasury stock is to place the Company's shares in foreign stock markets, to pay for the acquisition of other companies, parts of companies or shares in such companies and to issue shares to the Company's employees. The Company has been buying back shares on the stock market floor since September 14, 2011. Since the beginning of the buyback program, a total of 13,542 shares have been acquired at an average price of EUR 11.0145. No shares were bought back in the year under review.

As of December 31, 2014, OHB AG's treasury stock comprised a total of 80,496 shares, equivalent to 0.46% of its issued capital.

(23) Non-controlling interests

The non-controlling interests are valued at EUR 8.747 million (previous year: EUR 9.173 million) and primarily relate to the co-shareholders in the MT Aerospace subgroup. The non-controlling interests received dividends of EUR 2.173 million in the year under review (previous year: EUR 0.036 million). As of the reporting date, MT Holding, in which OHB AG holds a 70% interest , had non-current assets of EUR 54.642 million (previous year: EUR 78.779 million), current assets of EUR 166.403 million (previous year: EUR 173.470 million), equity of EUR 14.107 million (previous year: EUR 16.512 million), non-current debt capital of EUR 104.914 (previous year: EUR 119.374 million) and current debt capital of EUR 102.023 million (previous year EUR 116.362 million).

(24) Retirement benefit provisions

Retirement benefit obligations break down as follows:

in EUR 000s	2014	2013
Retirement benefits	93,994	94,340
Similar obligations	2,979	1,950
Retirement benefit obligations	**96,674**	**96,290**

OHB Group has made arrangements for retirement benefits for entitled employees in both business units. The amount of the future benefits is generally based on the length of service, amount of remuneration and position held within the Company. The direct and indirect obligations encompass those under existing pensions and entitlement to future pensions and retirement benefits. Reinsurance has been taken out to cover retirement benefit obligations. Not all of these reinsurance policies satisfy the conditions for classification as plan assets. The latter are reported within other non-current assets. The reinsurance policies which satisfy the conditions for classification as plan assets are netted with the retirement benefit obligations. There were no extraordinary expenses or income as a result of the termination of any plans or on account of the curtailment or

Statement of changes in provisions

in EUR 000s	Balance on December 31, 2013	Added	Utilized	Released	Balance	Changes to consolidated companies	Balance on December 31, 2014
Pension provisions	96,290	15,189	4,159	1,076	0	–9,270	96,974
– of which non-current	96,290	15,189	4,159	1,076	0	–9,270	96,974
Other provisions	33,033	27,630	25,796	1,441	0	–6,042	27,384
– of which non-current	3,269	2,432	765	467	0	–1,712	2,757
Total	**129,323**	**42,819**	**29,955**	**2,517**	**0**	**–15,312**	**124,358**

transfer of benefits in the year under review. A net cash outflow comparable to the previous year is expected for 2015 (Note 4). The calculation of post-retirement benefit obligations takes account of market interest rates as well as trends in wages and salaries, pensions and fluctuations on the basis of the following actuarial assumptions:

- Discount rate: 2.15% (previous year: 3.60%)
- Wage/salary trend: 2.75% (previous year 2.75%)
- Wage drift: 0.00% (previous year 0.00%)
- Pension drift: 1.25% (previous year 1.75%)

The following alternative actuarial assumptions apply to the subsidiary CGS S.P.A.:

- Wage/salary trend: 0.00% (previous year 0.00%)
- Pension drift: 3.00% (previous year 3.00%)

The following alternative actuarial assumptions apply to the subsidiary Antwerp Space N.V.:

- Discount rate: 1.75% (previous year: 3.15%)
- Wage/salary trend: 1.00% (previous year 1.00%)
- Pension drift: 2.00% (previous year 2.00%)
- Expected return on plan assets: 1.75%(previous year: 3.15%)

These parameters are also applied in the following year to the calculation of the cost of the entitlement acquired. The total cost of defined benefit pension commitments breaks down as follows:

in EUR 000s	2014	2013
Current service cost	874	927
Interest expense	3,323	3,608
Expect income – from plan assets	–203	–227
Total	**3,994**	**4,308**

The present values of the defined benefit obligations changed as follows:

in EUR 000s	2014	2013
Present value of the defined benefit obligations on January 1	100,282	97,488
Changes in the companies consolidated	–10,120	0
Present value of the entitlement acquired in the year	874	928
Interest expenditure on entitlement already acquired	3,323	3,607
Payments from provisions	–4,734	–4,631
Actuarial gains (–)/losses (+)	10,410	2,890
Present value of the defined benefit obligations on December 31	**100,035**	**100,282**

The plan assets break down as follows:

in EUR 000s	2014	2013
Value of plan assets on January 1	6,497	6,729
Payments made	–680	–517
Expected income	203	227
Actuarial gains (+)/losses(–)	21	58
Retirement benefit obligations	**6,041**	**6,497**

Actual income from plan assets came to EUR 0.224 million (previous year: EUR 0.286 million).

The present value is reconciled with the defined benefit (defined benefit liability (+)/defined benefit asset (–)) as follows:

in EUR 000s	2014	2013
Actual present value of the defined benefit obligation on December 31	100,035	100,282
Fair value of plan assets	–6,041	–6,497
Retirement benefit obligations recorded on the balance sheet	**93,994**	**93,785**

The retirement benefit obligation breaks down into a defined benefit liability and defined benefit asset as follows:

in EUR 000s	2014	2013
Defined benefit asset	0	–555
Defined benefit liability	93,994	94,340

The change in the present value of the defined benefit obligations as a result of consolidation changes relates to the deconsolidation of Aerotech Peissenberg GmbH & Co. KG effective May 31 and the transfer of eligible employees and recipients of benefits from MT Aerospace AG to the newly established entity MT Management Service GmbH. In addition, the present value of the defined benefit obligations as of December 31 includes actuarial losses of EUR 9.363 million for MT Aerospace AG and EUR 0.766 million for Antwerp Space N.V. particularly as a result of declining interest rates.

As a result of the lower interest rate, a net retirement benefit liability (defined benefit asset < -defined benefit liability) of EUR 0.414 million (previous year: EUR –0.555 million) arose at the subsidiary Antwerp Space N.V.

The present value of the defined benefit obligations of EUR 0.407 million (previous year: EUR 0.691 million) was calculated in accordance with the entry age normal method. The fractional values are computed using actuarial principles on the basis of the 2005 G biometric tables compiled by Prof. Dr. Klaus Heubeck and an interest rate of 4.58%. With respect to these provisions, it is assumed that the application of the projected unit credit method provided for in IAS 19 does not result in any major differences in this item. If the discount rate were 0.25% lower, the present value of the retirement benefit obligations would increase by EUR 3.361 million. If the discount rate were 0.25% higher, the present value of the retirement benefit obli-

gations would decrease by EUR 3.258 million. If the rate by which pensions rise were 0.25% higher, the present value of the retirement benefit obligations would increase by EUR 2.648 million. If the rate by which pensions rise were 0.25% lower, the present value of the retirement benefit obligations would decrease by EUR 2.594 million.

(25) Other provisions (current and non-current)

Non-current provisions primarily comprise provisions for phased retirement scheme obligations in the "Aerospace + Industrial Products" business unit. Current provisions of EUR 4.597 million (previous year: EUR 13.182 million) were set aside for the cost of purchased materials and services for which deliveries had already been received but for which the corresponding invoices were still outstanding. Other provisions primarily relate to obligations towards employees of EUR 13.395 million (previous year: EUR 12.604 million).

(26) Non-current financial liabilities

This mostly entails non-current liabilities towards banks owed by the Italian subsidiary CGS S.p.A. in an amount of EUR 4.855 million (previous year: EUR 2.342 million). The reduction in the overall item compared with the previous year is largely due to the deconsolidation of Aerotech Peissenberg GmbH & Co. KG. These liabilities are due for settlement in more than twelve months after the reporting date. The average interest rate on these liabilities stands at 1.2%.

(27) Non-current prepayments received

This entails prepayments made by customers for contracts under construction which are due for completion in more than twelve months. They are measured at their nominal amounts.

(28) Current financial liabilities

This entails current liabilities towards banks held by OHB AG (EUR 33.000 million), OHB System AG (EUR 77.181 million), MT

Carrying amounts of financial instruments by type in 2014

in EUR 000s	Financial assets	Trade receivables	Other receivables and assets	Securities and cash and cash equivalents	Total
Held-to-maturity assets (HtM)	0	0	0	0	**0**
Loans and receivables (LaR)	0	330,328	29,372	50,478	**410,178**
Available-for-sale assets (AfS)	23,539	0	0	0	**23,539**
Trading assets (FAHfT)	0	0	0	2,846	**2,846**

in EUR 000s	Financial liabilities	Trade payables	Advance payments received on orders	Other liabilities	Total
Financial liabilities measured at amortised cost (FLAC)	118,796	83,967	130,027	16,613	**349,403**
Trading liabilities (FLHfT)	0	0	0	0	**0**

Carrying amounts of financial instruments by type in 2013

in EUR 000s	Financial assets	Trade receivables	Other receivables and assets	Securities and cash and cash equivalents	Total
Held-to-maturity assets (HtM)	0	0	0	0	**0**
Loans and receivables (LaR)	0	269,355	20,279	56,081	**345,715**
Available-for-sale assets (AfS)	22,591	0	0	0	**22,591**
Trading assets (FAHfT)	0	0	0	2,830	**2,830**

in EUR 000s	Financial liabilities	Trade payables	Advance payments received on orders	Other liabilities	Total
Financial liabilities measured at amortised cost (FLAC)	80,863	80,950	122,161	21,291	**305,265**
Trading liabilities (FLHfT)	0	0	0	0	**0**

Net gains/losses by category in 2014

in EUR 000s		Historical cost	Fair value	Net fair-value gains/losses recognized in equity	Net profit/loss for the period
Financial assets at fair value through profit and loss	FAFVPL	2,920	2,846	0	28
of which financial instruments designated using the fair value option		0	0	0	0
of which held for trading		2,920	2,846	0	28
Held-to-maturity financial assets	HtM	0	0	0	0
Loans and receivables	LaR	410,178	410,178	0	35
Available-for-sale financial assets	AfS	18,813	23,539	1,760	0
Financial liabilities at fair value through profit and loss	FLFVPL	0	0	0	0
of which financial instruments designated using the fair value option		0	0	0	0
of which held for trading		0	0	0	0
Financial liabilities at amortized cost	FLAC	349,403	349,403	0	0

Net gains/losses by category in 2013

in EUR 000s		Historical cost	Fair value	Net fair-value gains/losses recognized in equity	Net profit/loss for the period
Financial assets at fair value through profit and loss	FAFVPL	2,920	2,818	0	123
of which financial instruments designated using the fair value option		0	0	0	0
of which held for trading		2,920	2,830	0	123
Held-to-maturity financial assets	HtM	0	0	0	0
Loans and receivables	LaR	345,715	345,715	0	80
Available-for-sale financial assets	AfS	18,813	22,591	3,625	0
Financial liabilities at fair value through profit and loss	FLFVPL	0	0	0	0
of which financial instruments designated using the fair value option		0	0	0	0
of which held for trading		0	0	0	0
Financial liabilities at amortized cost	FLAC	305,265	305,265	0	0

Liquidity risks

Loan settlement periods

in EUR 000s	Less than one year	One to two years	Three to five years	More than five years	**Total**
Non-current financial obligations	157	3,975	880	0	5,012
Non-current prepayments received	0	394	0	0	394
Current financial liabilities	113,784	0	0	0	113,784
Trade payables	75,432	0	0	0	75,432
Current prepayments received on orders	127,272	3,856	0	0	131,128
Tax liabilities	3,909	0	0	0	3,909
Other current liabilities	11,451	0	0	0	11,451
Total	**332,005**	**8,225**	**880**	**0**	**341,110**

Aerospace AG (EUR 9.968 million) and the Italian subsidiary CGS S.p.A. (EUR 2.588 million). There were no liabilities under operating leases as of the reporting date.

(29) Trade payables

Liabilities are reported at their settlement amount. All liabilities are due for settlement within one year.

(30) Current prepayments received

This item comprises prepayments made by customers for contracts under construction due for completion in less than twelve months.

(31) Other current liabilities

These primarily entail personnel-related obligations.

Additional disclosures on financial instruments

Originated financial assets primarily comprise other financial assets, receivables, securities available for sale and held to maturity and cash and cash equivalents. The available-for-sale and held-for-trading financial assets are reported at their fair value and the other financial assets at amortized cost. Originated financial liabilities primarily comprise liabilities measured at amortized cost. Holdings of originated financial instruments are reported on the face of the balance sheet and measured at their maximum default risk. Adjustments are made for all discernible risks of default in financial assets. Financial instruments for which market prices are available are classified as available-for-sale financial assets; this category comprises solely such assets. Current financial liabilities chiefly comprise amounts drawn on a credit facility, utilization of which is subject to compliance with two financial covenants at the level of the OHB Group. The historical cost of loans and receivables mostly equals their fair value (nominal amount less any impairment). The fair value of financial liabilities at amortized cost is derived from their discounted settlement amounts. Otherwise, fair values are determined by reference to listed prices.

Measurement hierarchy for financial assets at fair value through profit and loss

Level 1: Financial instruments traded in active markets, the listed prices of which are applied for measurement purposes.
Level 2: Financial instruments are measured using methods with parameters which are derived directly or indirectly from observable market data.
Level 3: Financial instruments are measured using methods with parameters which are not based solely on observable market data.

Of the financial assets at fair value through profit and loss, an amount of EUR 2.846 million (previous year: EUR 2.818 million) refers to current securities the fair values of which are calculated in accordance with Level 1. The fair values of the available-for-sale financial assets of EUR 12.008 million (previous year: EUR 10.248 million) are calculated in accordance with Level 1. The other fair values of EUR 11.531 million (previous year: EUR 12.343 million) were calculated using Level 3.

Segment reporting

	Space Systems		Aerospace + Industrial Products	
in EUR 000s	**2014**	**2013**	**2014**	**2013**
Sales	545,286	466,927	193,993	220,316
of which internal sales	2,744	338	8,387	6,697
Total revenues	563,972	484,465	213,537	223,079
Cost of materials and services purchased	402,296	322,385	102,578	106,214
EBITDA	**21,030**	**36,396**	**25,493**	**16,322**
Depreciation and amortization	6,985	7,398	6,052	9,069
EBIT	**14,046**	**28,998**	**19,441**	**7,253**
Non-current assets	68,755	55,326	48,345	71,643
Current assets	350,346	285,198	186,700	195,236
Total assets	**419,101**	**340,524**	**235,045**	**266,879**
Equity	82,400	68,871	22,999	25,211
Liabilities	336,701	271,653	212,046	241,668
Total equity and liabilities	**419,101**	**340,524**	**235,045**	**266,879**
Investments net of financial assets	20,728	12,978	4,271	9,602

Credit risks

Credit risks are generally low, the portfolio of receivables is broadly diversified (no risk clustering) and business is transacted only with investment-grade counterparties. In addition, however, general credit risks may always occur as a result of specific economic conditions. The Group as a whole does not take out any credit insurance for receivables as a large part of its customer base is made up of public-sector agencies.

Currency risk

The USD/EUR exchange rate influences income in aviation business. More than 80% of orders and receivables denominated in US dollars were hedged by means of currency forwards for 2014.

Interest risks

Generally speaking, investments with low interest rates are preferred so as to avert interest risks and are subject to normal market fluctuation. Short-term loans are raised to cover requirements of current assets arising from project payment cycles. For this purpose, funds under a loan facility agreement with a market-based floating interest rate component are used.

A 1% change in the interest rate on such drawings would result in additional expense of around EUR 1.300 million.

IX. OTHER INFORMATION

Segment reporting

IFRS 8 stipulates that operating segments are to be defined on the basis of internal segment reporting which is regularly reviewed by the Company's chief operating decision maker with respect to the allocation of resources to these segments and the assessment of their profitability. The main management indicators used within the OHB Group are total revenues, EBIT and EBITDA. Information reported to the Management Board as the chief operating decision maker for the purposes of allocating resources to the Company's segments as well as the assessment of their profitability mostly covers the types of goods and services which are produced or provided.

The Group comprises the following reportable segments as defined in IFRS 8:

- Space Systems
- Aerospace + Industrial Products

The "Space Systems" segment chiefly develops and executes space projects. The "Aerospace + Industrial Products" segment is primarily responsible for fabricating aviation and space products as well as other industrial activities.

The segments are described in detail in the Group management report Segment income, expenses and earnings also entail business relations between the business units. These transfers were netted in full. The measurement principles applied in segment reporting are identical to those applied in the preparation of the consolidated financial statements. The

Reconciliation				Total	
Holding company		Consolidation			
2014	2013	2014	2013	2014	2013
0	0	–11,131	–7,122	728,147	680,121
0	0	–11,131	–7,035	0	0
13,847	5,185	–18,403	–12,666	772,954	700,063
0	0	–7,609	–5,970	497,265	422,629
6,893	**85**	**0**	**0**	**53,416**	**52,803**
30	34	–51	–51	13,016	16,450
6,862	**51**	**51**	**51**	**40,400**	**36,353**
53,513	52,505	–36,839	–36,057	133,774	143,417
51,997	59,385	–82,204	–97,829	506,839	441,990
105,510	**111,890**	**–119,043**	**–133,886**	**640,613**	**585,407**
67,925	64,215	–26,125	–25,593	147,199	132,705
37,585	47,674	–92,918	–108,293	493,414	452,702
105,510	**111,890**	**–119,043**	**–133,886**	**640,613**	**585,407**
9	7	0	0	25,008	22,587

Consolidated statement of changes in assets

For the year from January 1 until December 31, 2014	Production and aquisition costs						
	Balance on January 1, 2014	Revaluations	Disposals deconsolidation	Additions	Disposals	Reclassi-fications	Balance on December 31, 2014
	EUR 000s	EUR 000s	EUR 000s	EUR 000s	EUR 000s	EUR 000s	EUR 000s
I. Goodwill	8,957	0	0	0	0	0	8,957
II. Intangible assets							
Concessions and industrial property rights	2,055	0	0	2	0	0	2,057
Software acquired	14,259	0	–3,181	1,212	338	15	11,967
Software produced	75,854	0	–2,931	13,944	12	0	86,855
III. Property, plant and equipment							
Operating and business equipment	105,382	0	–14,492	9,782	2,724	–15	97,933
Property and plant	58,557	0	–12,017	68	5	0	46,603
IV. Financial assets							
Investments in affiliated companies	63	0	0	26	0	0	89
Investments in associated companies	683	0	0	0	683	0	0
Other investments	41,087	1,760	–105	14	747	0	42,009
Total	**306,897**	**1,760**	**–32,726**	**25,048**	**4,509**	**0**	**296,470**

For the year from January 1 until December 31, 2013	Production and aquisition costs						
	Balance on January 1, 2013	Revaluations	Additions from first-time consolidation	Disposals	Reclassi-fications	Umbuchungen	Balance on December 31, 2013
	EUR 000s	EUR 000s	EUR 000s	EUR 000s	EUR 000s	EUR 000s	EUR 000s
I. Goodwill	8,957	0	0	0	0	0	8,957
II. Intangible assets							
Concessions and industrial property rights	2,044	0	0	5	0	6	2,055
Software acquired	13,133	0	0	1,242	110	–6	14,259
Software produced	64,396	0	0	11,458	0	0	75,854
III. Property, plant and equipment							
Operating and business equipment	97,457	0	0	9,798	1,873	0	105,382
Property and plant	58,478	0	0	83	4	0	58,557
IV. Financial assets							
Investments in affiliated companies	63	0	0	0	0	0	63
Investments in associated companies	1,259	0	0	0	576	0	683
Other investments	36,462	3,625	0	1,046	46	0	41,087
Total	**282,249**	**3,625**	**0**	**23,632**	**2,609**	**0**	**306,897**

Accumulated depreciation					Book values	
Balance on January 1, 2014	Disposals deconsolidation	Additions	Disposals	Balance on December 31, 2014	Balance on December 31, 2014	Balance on December 31, 2013
EUR 000s	EUR 000s	EUR 000s	EUR 000s	EUR 000s	EUR 000s	EUR 000s
1,270	0	0	0	1,270	7,687	7,687
1,968	0	21	0	1,989	68	87
10,802	–1,494	980	338	9,950	2,017	3,457
37,224	–993	4,443	12	40,662	46,193	38,630
70,259	–7,180	6,225	2,473	66,831	31,102	35,123
23,398	–1,306	1,348	5	23,435	23,168	35,159
0	0	0	0	0	89	63
0	0	0	0	0	0	683
18,559	0	0	0	18,559	23,450	22,528
163,480	**–10,973**	**13,017**	**2,828**	**162,696**	**133,774**	**143,417**

Accumulated depreciation					Book values	
Balance on January 1, 2013	Additions from first-time consolidation	Additions	Disposals	Balance on December 31, 2013	Balance on December 31, 2013	Balance on December 31, 2012
EUR 000s	EUR 000s	EUR 000s	EUR 000s	EUR 000s	EUR 000s	EUR 000s
1,270	0	0	0	1,270	7,687	7,687
1,947	0	21	0	1,968	87	97
9,742	0	1,169	109	10,802	3,457	3,391
31,560	0	5,664	0	37,224	38,630	32,836
63,925	0	7,428	1,094	70,259	35,123	33,532
21,234	0	2,168	4	23,398	35,159	37,244
0	0	0	0	0	63	63
0	0	0	0	0	683	1,259
18,559	0	0	0	18,559	22,528	17,903
148,237	**0**	**16,450**	**1,207**	**163,480**	**143,417**	**134,012**

holding company is shown separately as most of the equity interests are held on this level. OHB AG exercises the function of an active holding company.

Sales (non-consolidated) break down by product group as follows:

in EUR 000s	2014	2013
Space technology	732,066	619,729
Aviation	56,129	82,374
Antennas	9,329	21,467
Telematics	7,217	5,033
Process control technology	5,155	4,186
Total	**809,896**	**732,789**

OHB AG's non-consolidated sales break down by region (location of customer) as follows:

in EUR 000s	2014	2013
Germany	267,990	202,132
Rest of Europe	510,501	520,673
Rest of the world	31,405	9,984
Total	**809,896**	**732,789**

With sales of EUR 109.037 million, EUR 143.399 million and EUR 96.675 million, respectively, three customers in the "Space Systems" segment each account for more than 10% of the OHB Group's total sales. Non-current assets with a carrying amount of EUR 116 million (previous year: EUR 130 million) are located in Germany and those with a carrying amount of EUR 37 million (previous year: EUR 28 million) are located in other countries.

Notes on the cash flow statement

Liquidity comprises cash and cash equivalents. The net outflow from the loss of control refers to the deconsolidation of the cash and cash equivalents held by ATP in the "Aerospace + Industrial Products" business unit. There were no other effects on cash. Deconsolidation resulted in a non-cash inflow of EUR 3.804 million.

Other financial obligations

Financial obligations under leases are valued at EUR 91.856 million (previous year: EUR 51.678 million); of this, an amount of EUR 12.589 million (previous year: EUR 11.409 million) is due for settlement in less than one year, an amount of EUR 37.662 million (previous year: EUR 27.718 million) in one to five years and an amount of EUR 41.605 million (previous year: EUR 12.551 million) in more than five years. Operating leases entail financial obligations of EUR 1.471 million (previous year: EUR 1.696 million) due for settlement in one to five years; an amount of EUR 0.659 million (previous year: EUR 0.714 million) is due for settlement in less than one year, an amount of EUR 0.801 million (previous year: EUR 0.936 million) is due for settlement in one to five years and an amount of EUR 0.011 million (previous year: EUR 0.046 million) in more than five years. The main operating leases are for buildings and have a term of one to five years. There are no purchase options. Following the transfer of business activities held by a Group company to a subsidiary, there are other financial obligations of EUR 1.305 million (previous year: EUR 3.577 million) due for settlement in less than one year in the form of letters of comfort. There are no other obligations necessitating an outflow of resources. As of the reporting date, there were obligations under guarantees of EUR 36.332 million (previous year: EUR 63.301 million). The participating companies have assumed joint and several liability for obligations under the credit facility. OHB AG has issued a letter of comfort in favor of a customer for the completion of two projects/contracts by Group members and, in one case, a guarantee in favor of the customer.

Employees

The average head count stood at 2,174 in the year under review (previous year: 2,437). As of December 31, 2014, there were 1,349 employees in the "Space Systems" business unit (previous year: 1,219), 730 employees in the "Aerospace + Industrial Products" business unit (previous year: 1,185) and 7 employees in the holding company (previous year: 8).

X. MANAGEMENT BOARD AND SUPERVISORY BOARD

The Company's Management Board comprises:
- Mr. Marco Fuchs, Lilienthal, CEO
- Dr. Fritz Merkle, Bremen (since June 1, 2014)
- Mr. Ulrich Schulz, Bremen
- Prof. Manfred Fuchs, Bremen (passed away on April 26, 2014).

The Company's Supervisory Board comprises:
- Mrs. Christa Fuchs, Bremen, managing shareholder of VOLPAIA Beteiligungs-GmbH, Bremen, chairwoman
- Prof. Heinz Stoewer, St. Augustin, Professor em. Space Systems Engineering, Technical University of Delft, Netherlands, managing director of Space Associates GmbH, St. Augustin
- Mr. Robert Wethmar, Hamburg, partner at law firm Taylor Wessing

Offices held by members of the Company's Management Board and Supervisory Board in other supervisory boards and management bodies in 2014:
- Mr. Marco R. Fuchs, ZARM Technik AG, Bremen, chairman of the supervisory board; MT Aerospace AG, Augsburg, chairman of the supervisory board (Group mandate); ORBCOMM

Inc. Rochelle Parl , NJ, United States, member of the board of directors (Group mandate); CGS S.p.A., Milan, Italy, Jacobs University Bremen gGmbH, member of the supervisory board

- Prof. Dott. Ing. h.c. Manfred Fuchs, (passed away on April 26, 2014), OHB System AG, Bremen, chairman of the supervisory board (Group mandate); MT Aerospace AG, Augsburg, member of the supervisory board (Group mandate); CGS S.p.A., Milan, Italy, chairman of the board of directors (Group mandate)
- Mrs. Christa Fuchs, ORBCOMM Deutschland AG, Bremen, chairwoman of the supervisory board (Group mandate); Cosmos Space Systems AG, Bremen, chairwoman of the supervisory board (Group mandate); OHB System AG, Bremen, chairwoman of the supervisory board, from June 17, 2014.

Securities held by members of the Company's Management Board and Supervisory Board

as of December 31, 2014	Shares	+/– 2014/13
Christa Fuchs, Chairwoman of the Supervisory Board	1.400.690	–
Professor Heinz Stoewer, Member of the supervisory board	1.000	–
Marco R. Fuchs, Chief Executive Officer	3.184.796*	–
Dr. Fritz Merkle, member of the Management Board	1.000	–
Ulrich Schulz, member of the Management Board	54	–

* plus the 2,863,064 shares previously held by Prof. Manfred Fuchs, the rights from which passed to Marco R. Fuchs as of the reporting date.

Exemption from the duty to disclose the financial statements of the Group companies

At their meeting of March 18, 2014, the shareholders of OHB-System AG passed a resolution to adopt the exemption provisions in Section 264 (3) of the German Commercial Code with respect to disclosure of the annual financial statements.

Related parties disclosures

Related parties as defined in IAS 24 comprise Christa Fuchs, Romana Fuchs Mayrhofer, Prof. Dott. Ing. h.c. Manfred Fuchs, Marco R. Fuchs, Ulrich Schulz, Prof. Heinz Stoewer and Robert Wethmar. The following companies are related parties:

- OHB Grundstücksgesellschaft Achterstraße GmbH & Co. KG, Bremen
- OHB Grundstücksgesellschaft, Kitzbühler Straße GmbH & Co. KG, Bremen
- OHB Grundstücksgesellschaft, Universitätsallee GmbH & Co. KG, Bremen
- OHB Grundstücksgesellschaft, Karl-Ferdinand-Braun-Straße GmbH & Co. KG, Bremen
- VOLPAIA Beteiligungs-GmbH, Bremen
- Apollo Capital Partners GmbH, Munich
- Immobiliare Gallarate S.r.l., Milan
- KT Grundstücksverwaltungs GmbH & Co. KG, Munich
- Schloß Annaberg GmbH, Latsch, Italy

Business transactions with related parties are conducted on arm's length terms. In the year under review, sales and other income of EUR 0 million (previous year: EUR 0.002 million) arose from transactions with related parties, while expenditure on goods and services purchased and rentals came to around EUR 4.673 million (previous year: EUR 5.151 million) at Group companies. Outstanding receivables as of the reporting date were valued at EUR 0 million (previous year: EUR 0.152 million). As of December 31, 2014, there were liabilities of EUR 1.113 million (previous year: EUR 0.007 million). Reference should also be made to the Company's explanations on the related parties report included in the management report in accordance with Section 312 of the German Stock Corporation Act.

Declaration of conformity with the Corporate Governance Code pursuant to Article 161 of the Joint Stock Companies Act

The Management Board and the Supervisory Board have published the declaration required pursuant to Section 161 of the German Stock Corporation Act confirming that, apart from a few small exceptions (see Corporate Governance on page 64), the Group already conforms to the German Corporate Governance Code and will continue to do so in the future. The declaration of conformance is available on the Internet at: http://www.ohb.de/investor-relations/corporate-governance/entsprechenserklaerung.html

Allocation of earnings

The parent-company financial statements prepared for OHB AG pursuant to German GAAP (HGB) for the year ending December 31, 2014 carry net profit for the year of EUR 29,365,915.44. OHB AG exercises the function of an active holding company. Its main assets comprise investments which were carried at a value of EUR 44.514 million on the balance-sheet date. OHB AG's equity stood at EUR 68.604 million on December 31, 2014. The Company's single-entity financial statements carry cash and cash equivalents of EUR 3.799 million. Income of EUR 4.977 million under profit transfer agreements and from the share of profit of associates of EUR 5.118 million made a particular contribution to net profit for 2014. The Management Board will be asking the shareholders to pass a resolution providing for the allocation of the Company's unappropriated surplus of EUR 29,366 for 2014 (as specified in the table entitled "Allocation of unappropriated surplus"). The figures stated for the total dividend and the amount to be carried forward are based on the number of dividend-entitled shares as of the date of the Management Board's allocation proposal.

Pursuant to Section 71b of the German Stock Corporation Act, the Company's treasury stock (80,496 shares) as of the reporting date is not dividend-entitled. If the number of shares held as treasury stock on the date on which the shareholders pass a resolution adopting the proposal for the allocation of the Company's unappropriated surplus is greater or smaller than on the reporting date, the amount payable to the shareholders will be increased or, as the case may be, decreased by the amount attributable to the difference in the number of shares. The amount to be carried forward will be adjusted accordingly. However, there will be no change in the distributable dividend per dividend-entitled share.

If necessary, the shareholders will be presented with a correspondingly modified proposal for the allocation of the Company's unappropriated surplus. The dividend distributed for 2013 came to EUR 0.37 per dividend-entitled share (17,387,600 shares), resulting in a total payout of EUR 6,433,412.00. In addition, an amount of EUR 15,970,928.46 was carried forward. The unappropriated surplus came to EUR 22,404,340.46 in 2013.

Allocation of earnings

in EUR 000s	2014
Dividend of EUR 0.37 proposed for each dividend entitled share (17,387,600 shares)	6,433,412,00
Amount to be carried forward	22,932,503,44
Unappropriated surplus	29,365,915,44

Compensation

As a matter of principle, the compensation paid to the members of the Management Board comprises fixed and variable components. There is currently no provision for any share-based compensation components or compensation components with a long-term incentive. In the event of the death of a Management Board member, his surviving dependents are entitled to receive continued payment of that member's fixed compensation for a further period of six months.

The principles of the compensation system as well as the individualized compensation paid to the Management Board are described in detail in the compensation report, which forms part of the management report (page 62). The total compensation paid to the members of the Management Board for 2014 came to EUR 1.840 million (previous year: EUR 1.720 million). Of this, variable components account for EUR 1.041 million, fixed components for EUR 0.799 million, contributions to endowment policies for EUR 3.3k and payments under a pension commitment for EUR 12k.

The total compensation paid to members of the Supervisory Board for 2014 came to EUR 70k (previous year: EUR 70k). Of this, the chairwoman of the Supervisory Board received EUR 30k and the other two members of the Supervisory Board a total of EUR 40k. Variable compensation components were dispensed with. Mrs. Christa Fuchs received arms-length compensation of EUR 0.064 million (previous year: EUR 0.128 million) for advisory services rendered for OHB Group companies in the year under review.

Audit fees

In the period under review, the OHB Group recorded the following fees paid to BDO AG Wirtschaftsprüfungsgesellschaft, Hamburg, the auditors of its financial statements:

- Auditing of annual and consolidated financial statements: EUR 0.226 million (previous year: EUR 0.235 million)
- Tax consulting services: EUR 0.056 million (previous year: EUR 0.136 million)
- Other services: EUR 0.019 million (previous year: EUR 0.011 million)

Events after the reporting date

There were no significant reportable event between the reporting date and the date on which the annual report for 2014 was prepared.

The consolidated financial statements were approved by the Management Board for publication following the Supervisory Board's meeting of March 18, 2015.

The Management Board
Bremen, March 16, 2015

Marco R. Fuchs

Dr. Fritz Merkle

Ulrich Schulz

XI. AUDITOR'S CERTIFICATE

We have audited the consolidated financial statements prepared by the OHB AG, Bremen, comprising the statement of financial position, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the notes to the consolidated financial statements, together with the group management report for the financial year from January 1, 2014 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 § 315a(1) of the HGB are the responsibility of the legal representatives of the parent company. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 of the HGB and the 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 financial information of those components consolidated, the scope of the consolidation, the accounting and consolidation principles used and the 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 § 315a(1) of the HGB 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.

Hamburg, March 16, 2015
BDO AG Wirtschaftsprüfungsgesellschaft

Declaration of the management Board

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

The Management Board
Bremen, March 16, 2015

Contact information

OHB AG
Karl-Ferdinand-Braun-Straße 8
28359 Bremen, Germany

Marco R. Fuchs
Chief Executive Officer

Martina Lilienthal
Investor Relations
Phone: +49 (0) 421 2020-720
Fax: +49 (0) 421 2020-613
ir@ohb.de

Martin Stade
Corporate Communications
Phone: +49 (0) 421 2020-620
Fax: +49 (0) 421 2020-613
pr@ohb.de

Imprint

Copy and content:
OHB AG, Bremen, Germany
PvF Investor Relations, Eschborn, Germany
moskito Kommunikation und Design, Bremen, Germany

Concept and design:
moskito Kommunikation und Design, Bremen, Germany

Photos:
Arianespace, Evry, France
Astrium GmbH, Bremen, Germany
BAAINBw, Koblenz, Germany
Carl-Christian Meyer, Bremen, Germany
Carsten Heidmann Fotografie, Bremen, Germany
CGS S.p.A., Mailand, Italy
CNES, Paris, France
Council of European Aerospace Societies
ESA, CNES, ARIANESPACE, Optique Video du CSG (JM Guillon)
ESA, Paris, France (AOES Medialab, J. Huart,
Anneke Le Floc'h, Optique Vid.o du CSG)
ESO, Garching/Munich (Igor Chekalin,
M. Kornmesser und Nick Risinger)
Ingo Wagner
iStockphoto
LuxSpace Sarl, Betzdorf, Luxembourg
MT Aerospace, Augsburg, Germany
MT Mechatronic GmbH, Mainz, Germany
NASA, Washington, USA
NASA/JPL (Caltech/Cornell/Arizona State Univ.), USA
OHB AG, Bremen, Germany
OHB Sweden, Kista, Sweden
OHB System AG, Bremen, Germany
SNC, Sparks, NV, USA

Editing:
Zertani Die Druck GmbH, Bremen, Germany

Printed by:
BerlinDruck, Achim bei Bremen, Germany

www.ohb.de

◄ Glossary

Calendar of events in 2015

Annual press conference and release of annual report for 2014, Bremen	March 19
Analyst conference, Frankfurt/Main	March 19
3 month report/analyst conference call	May 13
Annual general meeting, Bremen	May 21
6 month report/analyst conference call	August 13
9 month report/analyst conference call	November 11
Analyst presentation at Deutsches Eigenkapitalforum, Frankfurt/Main	November 23–25

Glossary

AQAP Allied Quality Assurance Publications; series of standards developed by NATA from the military standard for quality assurance systems

ARTES-7 Long-term ESA plan for developing a European communications satellite network using the latest laser communications

ASI Agenzia Spaziale Italiana; Italian space agency

ATV Automated Transfer Vehicle; unmanned space transporter for supply flights to the ISS

BAAINBw Federal Office of Bundeswehr Equipment, Information Technology and In-Service Support (formerly BWB German Federal Office of Defense Technology and Procurement)

BDLI German Federal Aviation and Space Industry Association

BIOMASS Earth observation programme of the European Space Agency

Blue Dot Name of the 6-month mission launched in May 2014 by ESA astronaut Alexander Gerst being on board the International Space Station ISS

BMVg German Federal Ministry of Defense

BMWi German Federal Ministry of Economics and Technology

CFRP Carbon fiber-reinforced plastic

COLUMBUS Name of the European module of the International Space Station

CPS Chemical Propulsion System

DAX German bluechip share index, tracking the performance of the 30 largest shares listed on the Frankfurt stock exchange

DEKRA Testing body for determining the roadworthiness of vehicles, certification services, safety checks and examination of technical equipment

Design-to-cost Designing and Engineering in terms of costs considering the given circumstances

DLR Deutsches Zentrum für Luft- und Raumfahrt; German Space Agency

Dream Chaser® The Dream Chaser Space System mission is to provide NASA with a transportation service for crew and cargo to the International Space Station

EBIT Earnings before interest and taxes

EBITDA Earnings before interest, taxes, depreciation and amortization

EBT Earnings before taxes

EDRS-C Dedicated satellite for the European Data Relay Satellite System for implementing a data network in space using optical satellite communications

Electra Fully electrically driven satellite based on the SmallGEO platform

EnMAP Environmental Mapping and Analysis Programme; satellite for hyperspectral terrestrial observation

EOEP ESA Earth Observation Envelope Programme

EPS Earnings per share

ESA European Space Agency

EU European Union

EUMETSAT European Organisation for the Exploration of Meteorological Satellites;

European Southern Observatory Intergovernmental research organisation for astronomy that has built and operated some of the largest and most technologically-advanced telescopes in the world

ExoMars Scientific mission of the European Space Agency and ROSCOSMOS to explore the Mars

FOC Full operational capability; final satellite configuration for the operation of a system

Galileo The Full Operational Capability phase of the Galileo programme is managed and fully funded by the European Union. The Commission and ESA have signed a delegation agreement by which ESA acts as design and procurement agent on behalf of the Commission. The views expressed in this Press Release can in no way be taken to reflect the official opinion of the European Union and/or ESA."Galileo" is a trademark subject to OHIM application number 002742237 by EU and ESA.

Heinrich Hertz Satellite mission based on the SmallGEO platform to explore new communications technologies in space

Hispasat AG1 Hispasat Advanced Generation 1

HGB German Commercial Code

IAC International Astronautical Congress; yearly space symposium that takes place in different event locations

IAS International Accounting Standards

IFRS International Financial Reporting Standards

ISS International Space Station

MTG Meteosat Third Generation; programme to develop, build and launch third-generation weather satellites

NADCAP National Aerospace and Defense Contractors Accreditation Programme; certification of special aviation,space and defense processes

NASA National Aeronautics and Space Administration; US space agency

OPSIS OPtical System for Imaging and Surveillance, satellite mission operated by the Italian space agency ASI

Philae Lander in the Rosetta comet mission with 10 instruments on board to examine material collected from the comet 67P/Tschurjumow-Gerasimenko

R+D Research and development

REACH Registration, Evaluation, Authorization of Chemicals; EU chemicals regulation

RoHS Restriction of the use of certain hazardous substances; EU directive to limit the use of certain dangerous materials in electrical and electronic devices

ROSCOSMOS Space Agency of Russia

SAR-Lupe Synthetic Aperture Radar-Lupe; system of small satellites with a process for enhancing the quality of radar images

SmallGEOs Small geostationary satellites for telecommunications and multimedia applications

Rosetta Mission organized by the European Space Agency ESA to explore the origins of our solar system; the mission comprises an orbiter and the Philae lander.

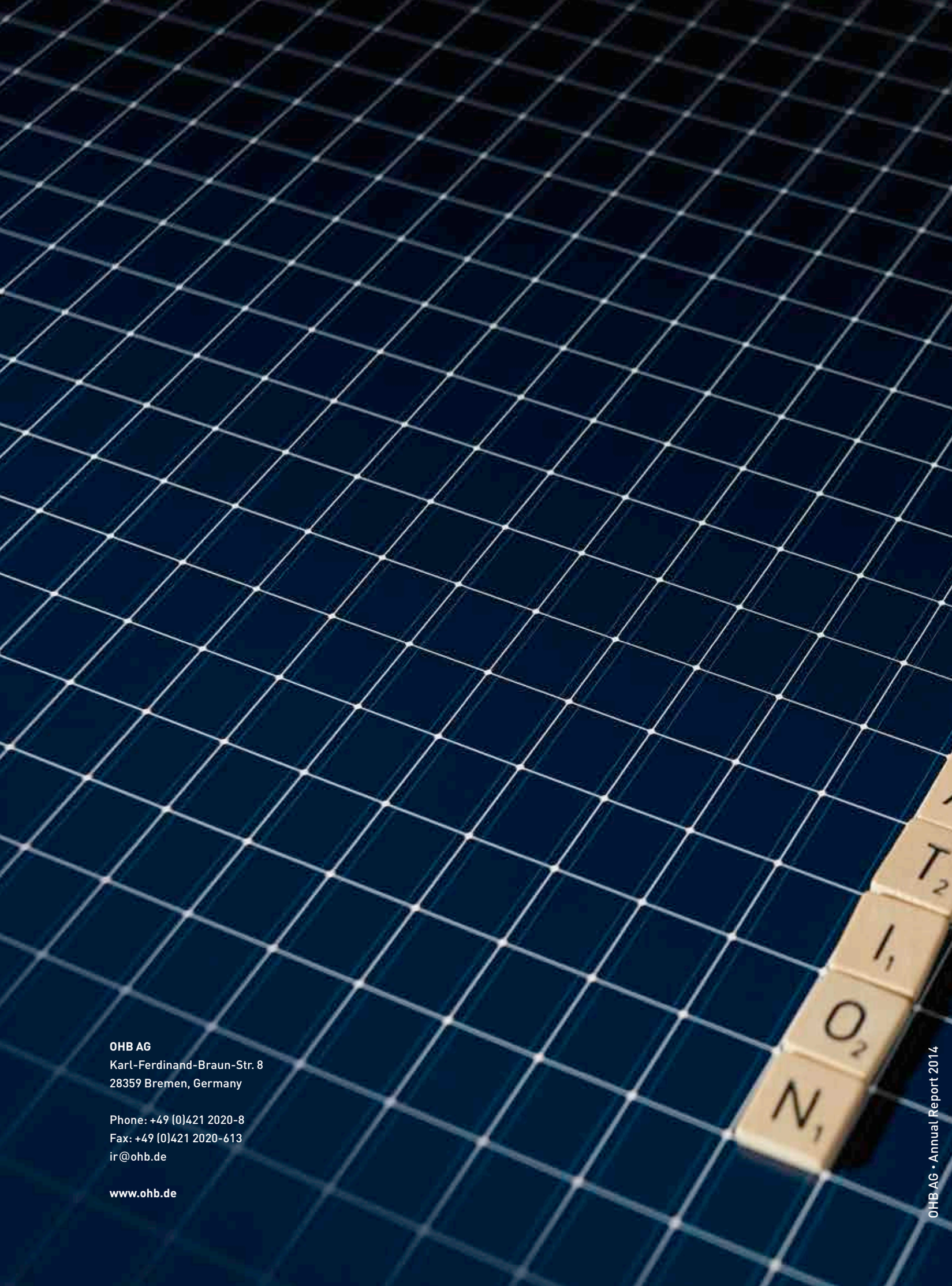
TecDAX German stock index, that tracks the performance of the 30 largest German companies from the technology sector in terms of order book turnover and market capitalization

Telematics A system linking telecommunications and IT

TET Technology mule; core element of the national "On-Orbit Verification of New Techniques and Technologies" project

TRL Technology Readiness Level; is a measure used to assess the maturity of evolving technologies

USD US-Dollar



OHB AG
Karl-Ferdinand-Braun-Str. 8
28359 Bremen, Germany

Phone: +49 (0)421 2020-8
Fax: +49 (0)421 2020-613
ir@ohb.de

www.ohb.de