

Financial Press Conference of KSB SE & Co. KGaA

Dr. Stephan Jörg Timmermann
24 March 2022

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This report contains **forward-looking statements**. These statements are based on the **current estimates and forecasts** of the Managing Directors and the information currently available to them. The forward-looking statements do **not represent guarantees** for the future developments and results they refer to. Rather, they depend on a variety of factors and include different **risks and uncertainties**, and are based on assumptions that might prove to be inaccurate.

The **KSB Annual Report** is now (10:00 CET) available for **download** from our web site.

Preface: Russia-Ukraine Conflict

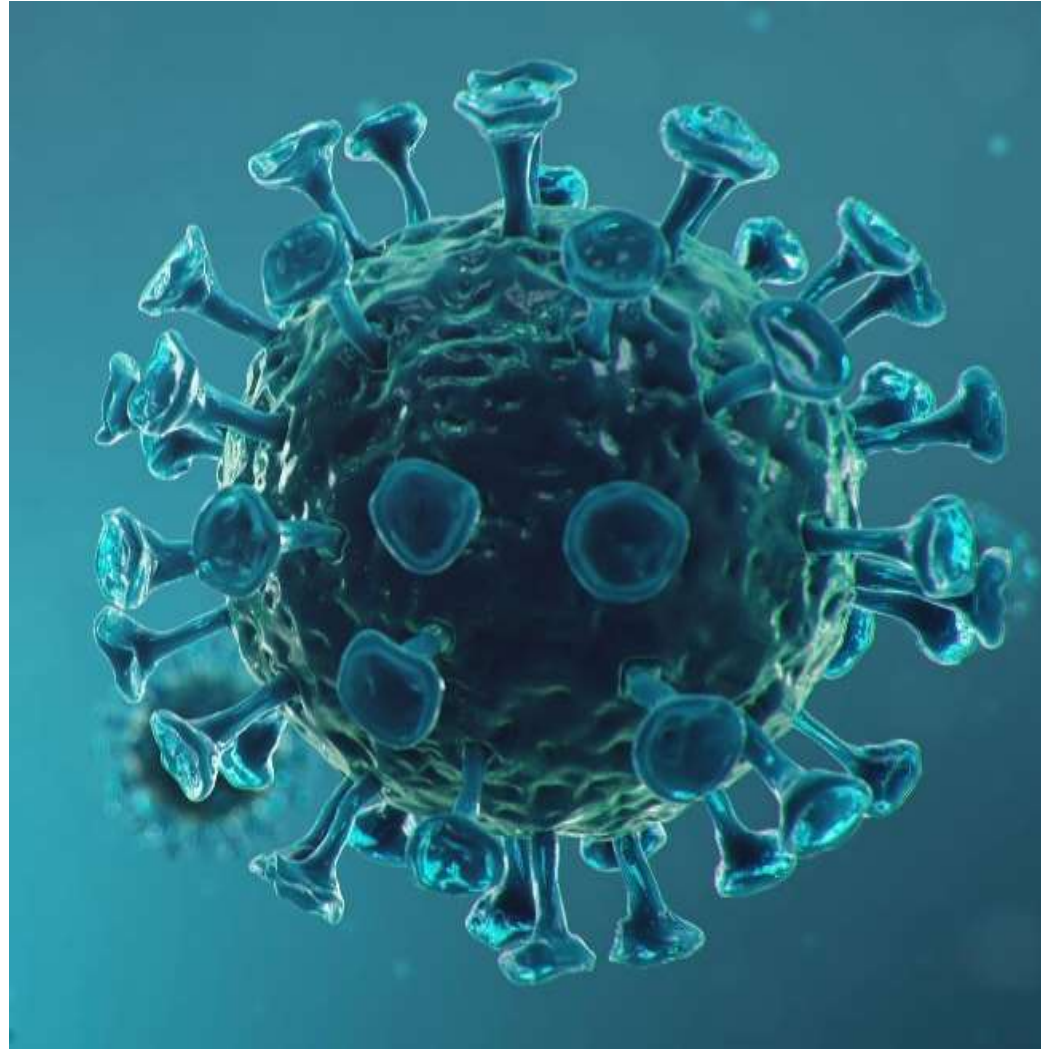


- **Disapproval**
- **Solidarity**
- **Employee care**
- **Risk minimisation**

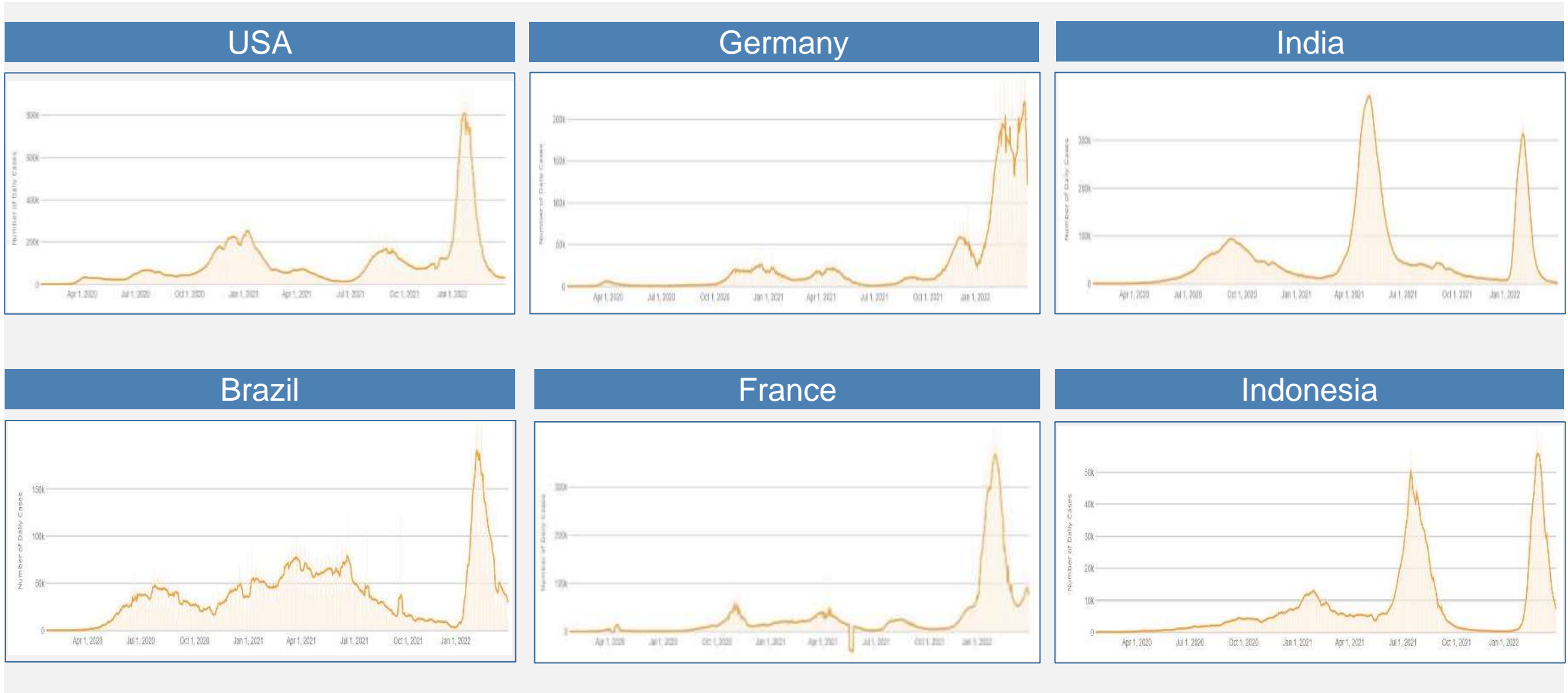
Agenda

1. Introduction: 2021 Financial Year – General Assessment
2. 2021 Business Performance in Figures
3. Focus of Activities in 2021
 - CLIMB 21
 - Investments
 - KGaA Project
4. Main Focus of 2022: Further Development of the Corporate Strategy
5. Summary: January / February 2022
6. Summary / Outlook

The second year of the pandemic – Confidently on course



COVID-19 waves in 2021 – Number of people infected



COVID-19 measures: clever, proactive, effective



Hygiene & behaviour



Contact management



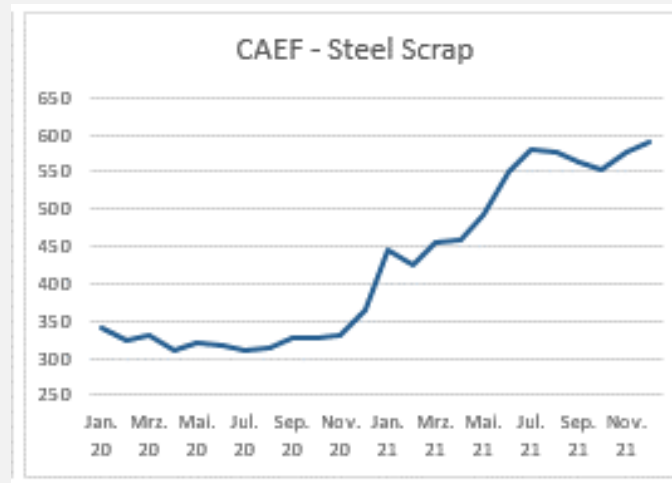
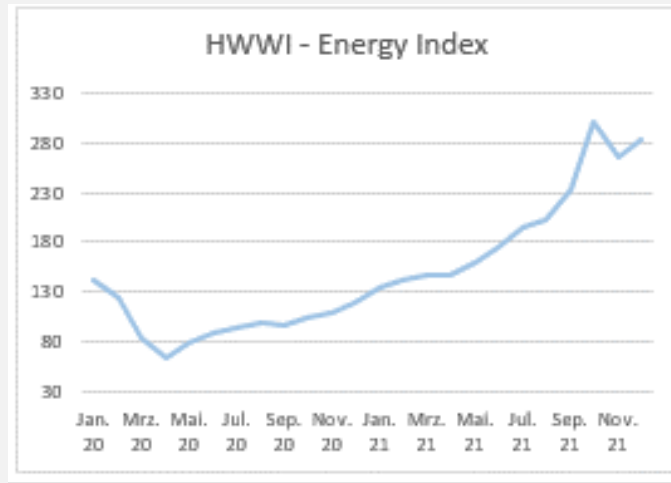
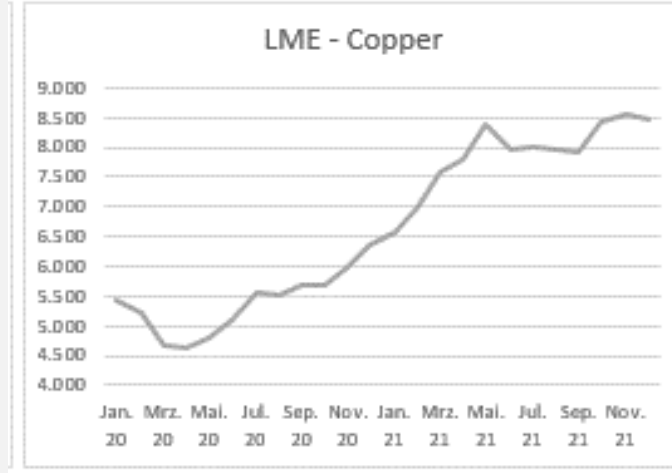
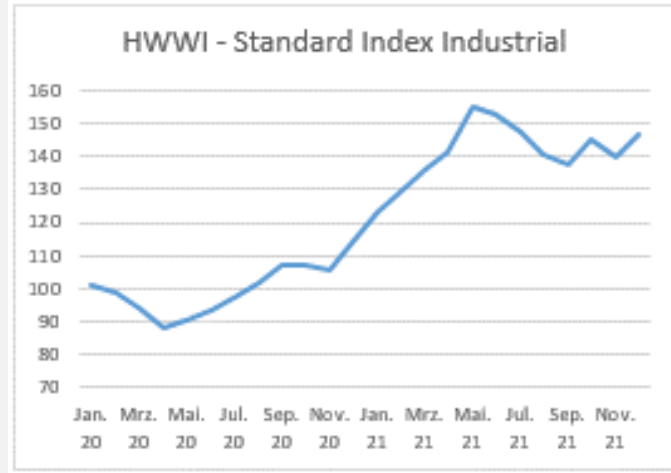
Precautions

Germany 2021:

Sick leave: 3.5 %

Fluctuation rate: < 1 %

Development of materials prices – Development of base materials in 2021



+ 21 %



Etanorm G 65-50-200-GG

The 2021 Financial Year

Price development 2021

Packaging



Transport



Solid development of the company

Customer-centric approach through market orientation

Aftermarket focus KSB SupremeServ

Adaptation of controlling (GRIP21+)

KGaA earnings improvement

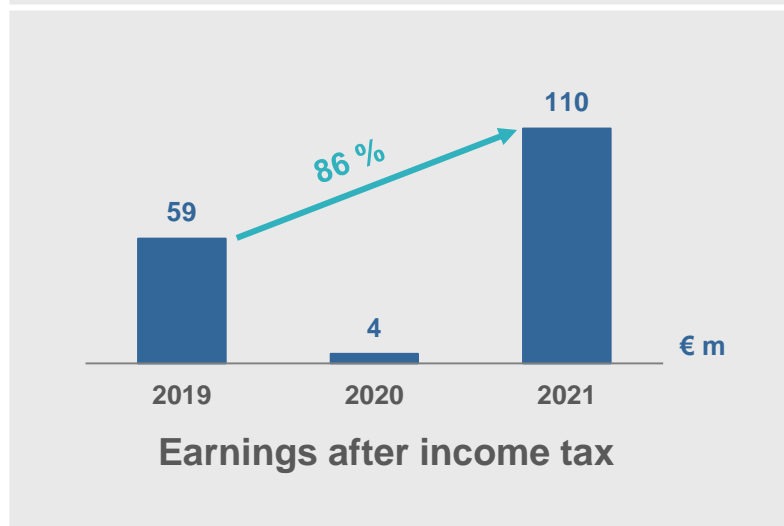
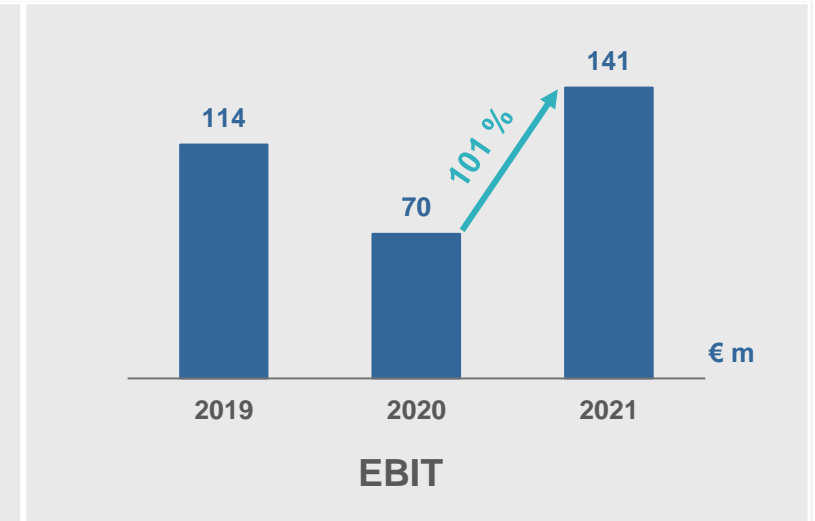
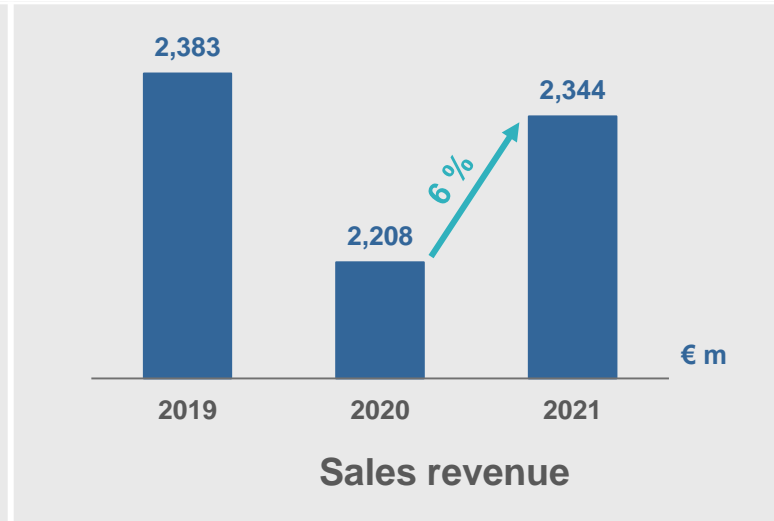
Focus on sustainability

Focus on corporate culture

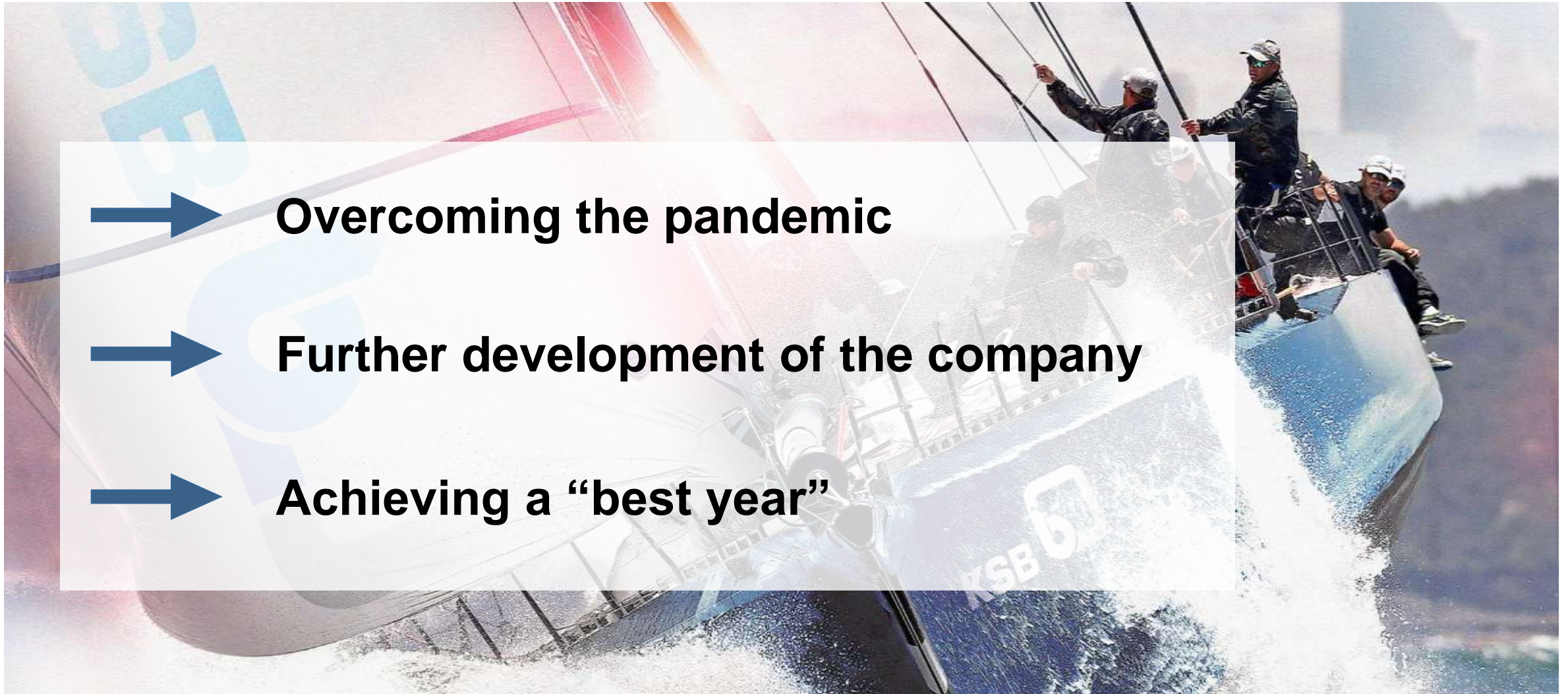
Investments



2021: Outstanding development of the key indicators



Summary



➔ **Overcoming the pandemic**

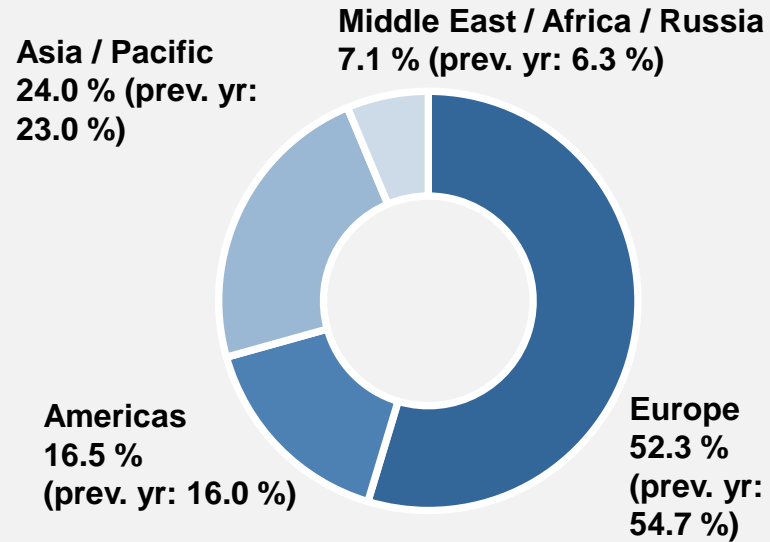
➔ **Further development of the company**

➔ **Achieving a “best year”**

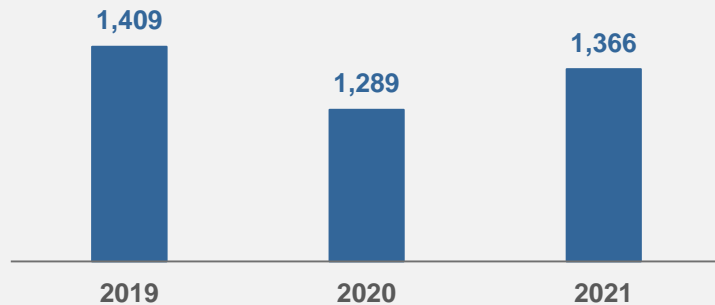
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Order intake 2021



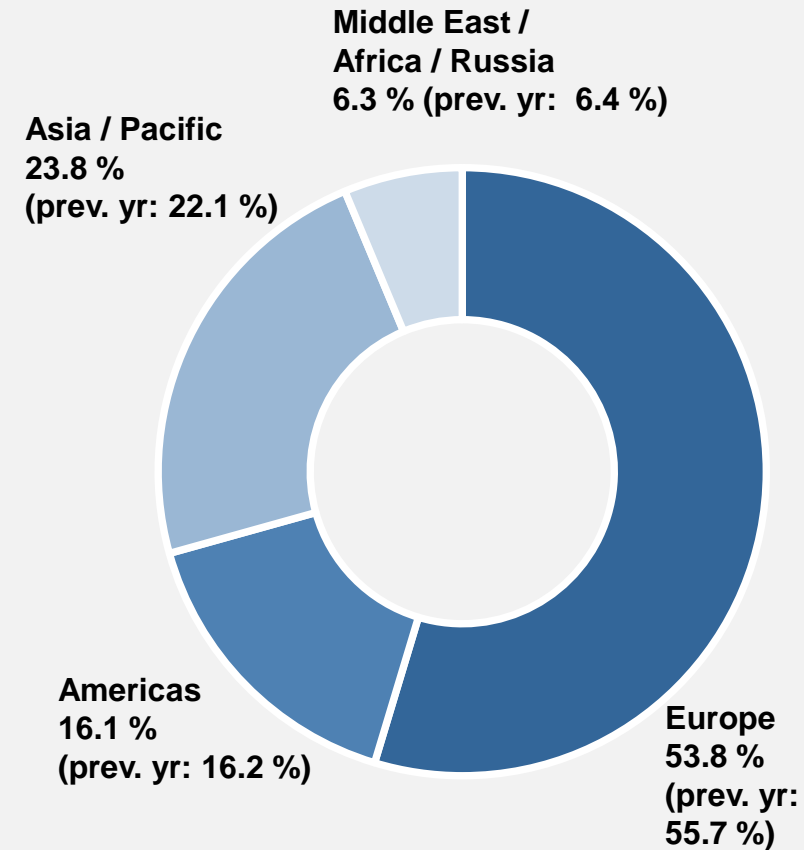
Orders on hand



Order intake in 2021 up 12 % year on year

€ million	Order intake			YoY
	First half of 2021	Second half of 2021	Total 2021	
KSB Group	1,249	1,163	2,412	269 12.6 %
Pumps	682	625	1,307	
Valves	176	163	339	
KSB SupremeServ	391	375	766	

Sales revenue 2021



2021 sales revenue increased by 6 %.
Orders on hand rose by € 77 million to € 1,366 million.

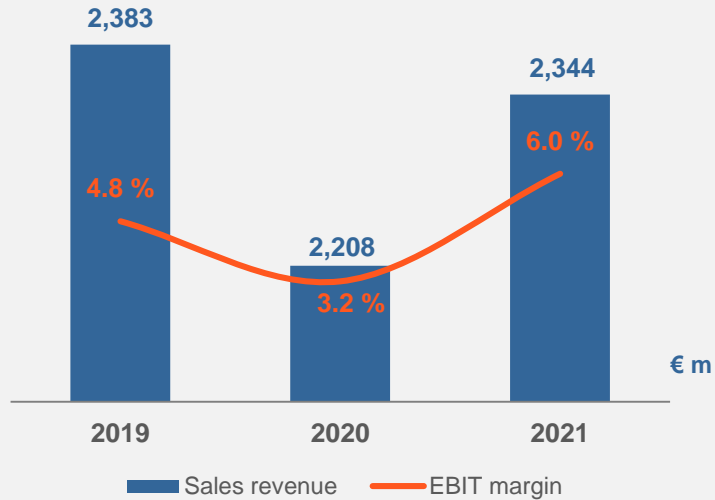
€ millions	Sales revenue			YoY
	First half of 2021	Second half of 2021	Total 2021	
KSB Group	1,112	1,232	2,344	136 6.2 %
Pumps	607	664	1,271	
Valves	139	167	306	
KSB SupremeServ	366	401	767	



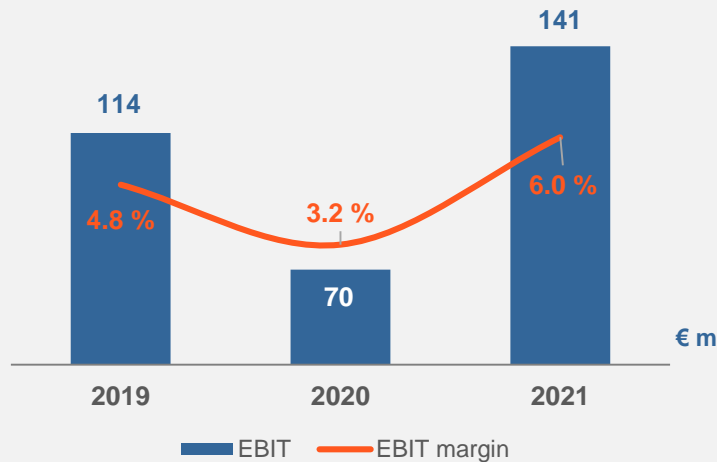
Return on sales increased from 3.2 % to 6 % and is higher than in 2019

€ millions	EBIT			YoY
	First half of 2021	Second half of 2021	Total 2021	
KSB Group	53.6	87.6	141.2 <i>ROS: 6 %</i>	71.0 101.2 %
Pumps	9.7	14.4	24.1	
Valves	-6.5	-0.1	-6.6	
KSB SupremeServ	50.4	73.3	123.7	

Sales revenue performance



EBIT performance

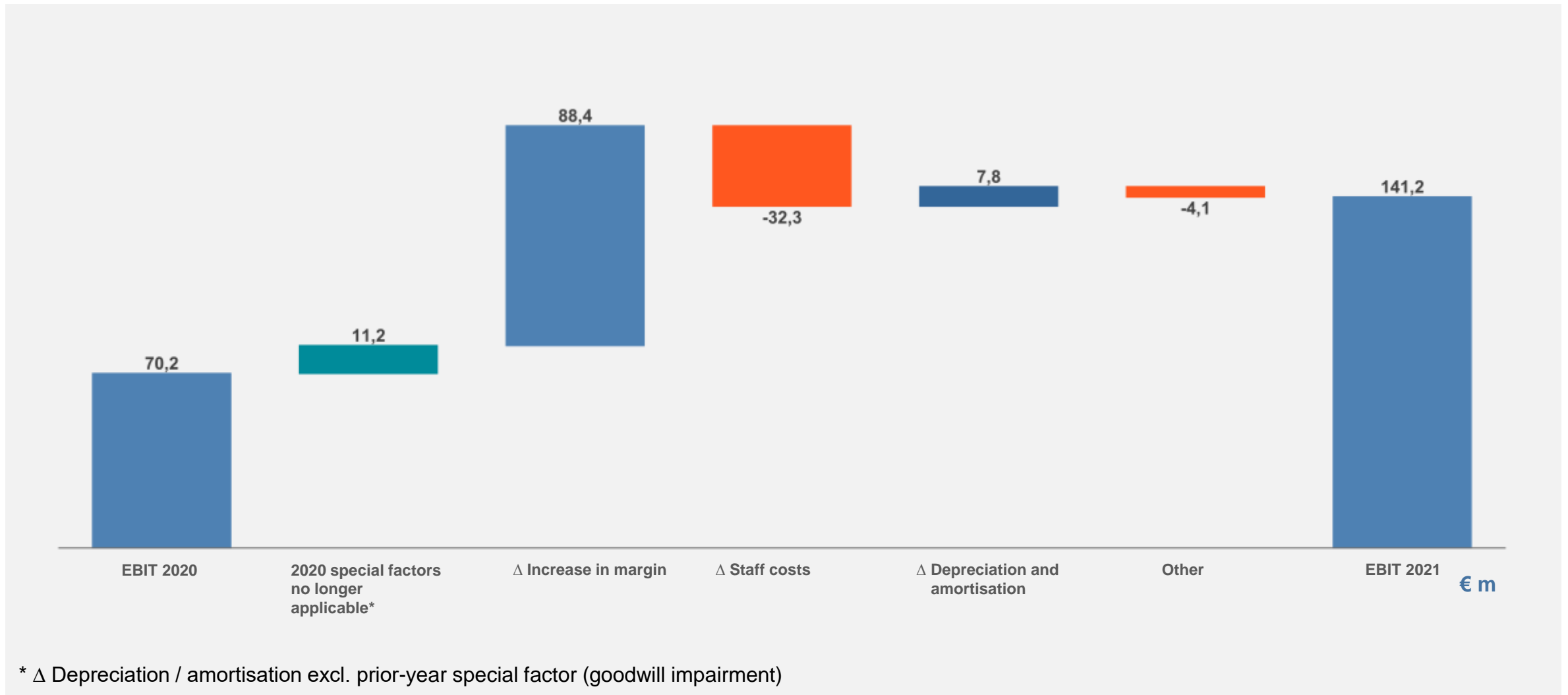


EBIT supported by profitable growth in conjunction with cost savings in KSB SE & Co. KGaA

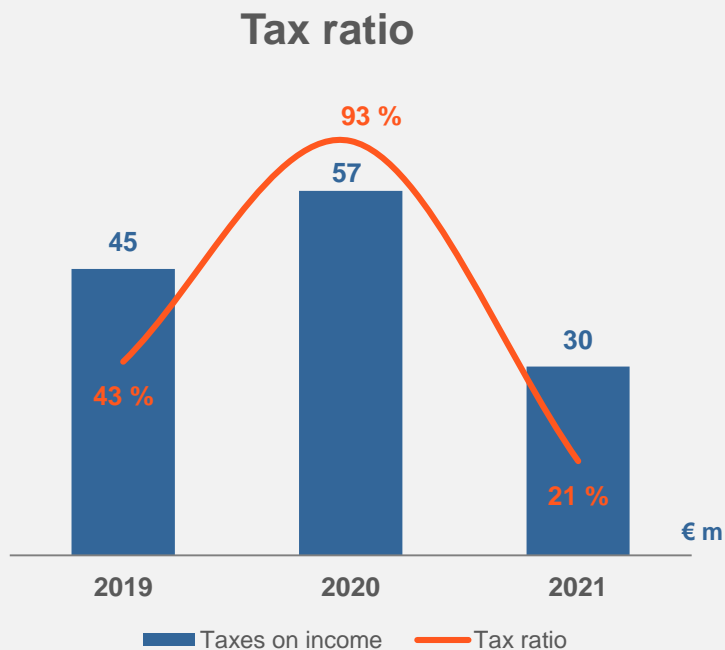
€ millions	2021	2020	2019
Sales revenue	2,344.0	2,207.9	2,383.2
Cost of materials	975.4	899.6	984.8
<i>in % of sales revenue</i>	41.6	40.7	41.3
Staff costs*	837.2	804.8	848.3
<i>in % of sales revenue</i>	35.7	36.5	35.6
Other expenses	353.2	353.0	386.1
<i>in % of sales revenue</i>	15.1	16.0	16.2
EBITDA	222.1	170.1	195.5
EBIT	141.2	70.2	113.6

* Average number of employees: 15,287(2021), 15,348 (2020), 15,591 (2019)

Earnings growth relative to 2020 driven by better margins and the elimination of “special factors”

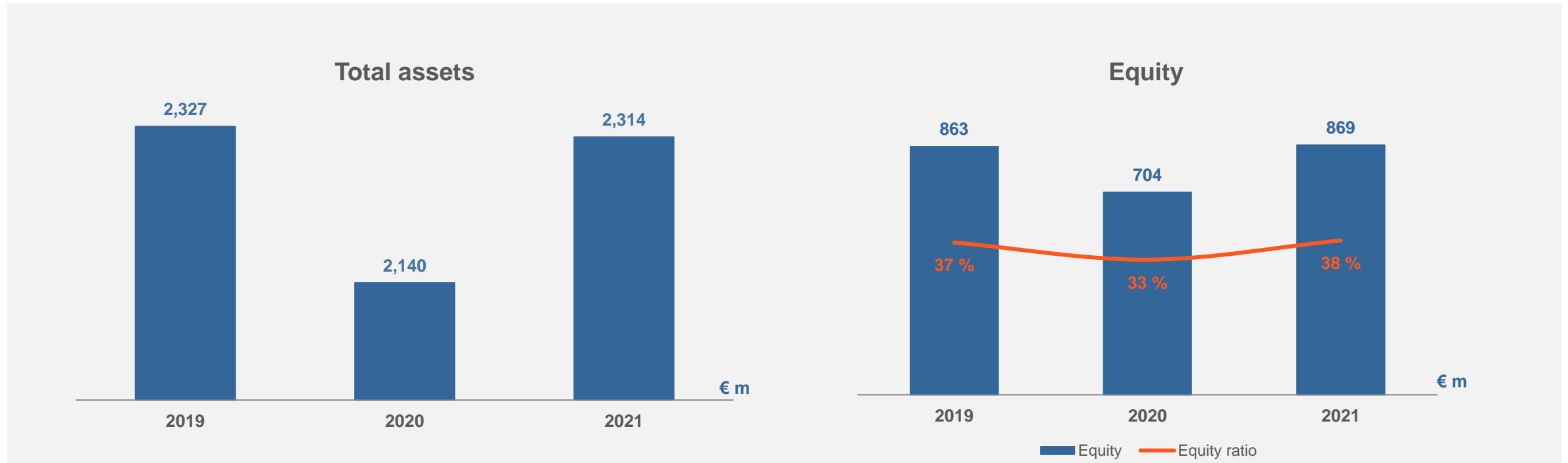


Earnings after income tax of € 110.3 million Tax ratio of 21 %



€ million	2021	2020	2019
EBIT	141.2	70.2	113.6
Finance income / expense	-1.2	-8.6	-10.2
EBT	139.9	61.6	103.4
Taxes on income	-29.6	-57.2	-44.9
Earnings after income tax	110.3	4.3	58.5

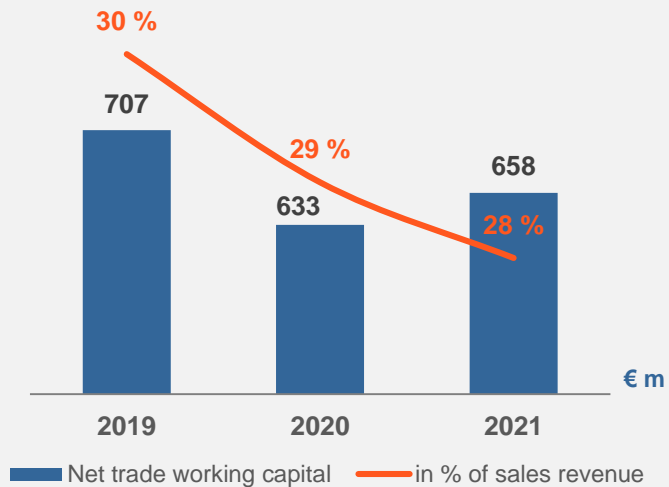
Marked increase in equity ratio despite higher total assets



Drivers of increase in equity:

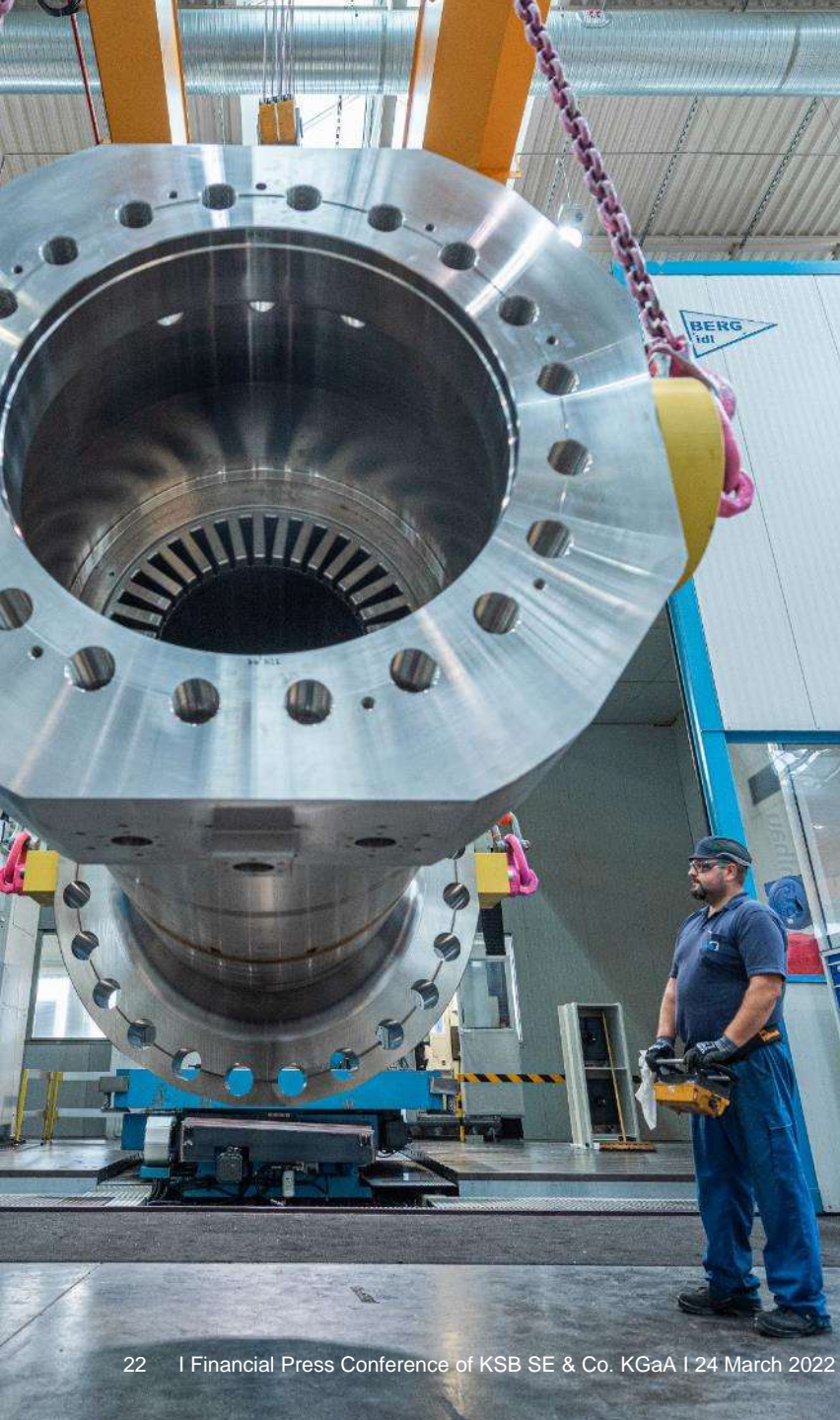
- Net profit of € 110 million
- Rising interest rates lead to € 45 million reversal of earlier pension charges

Trade working capital



Higher free cash flow due to good earnings, despite slight increase in working capital

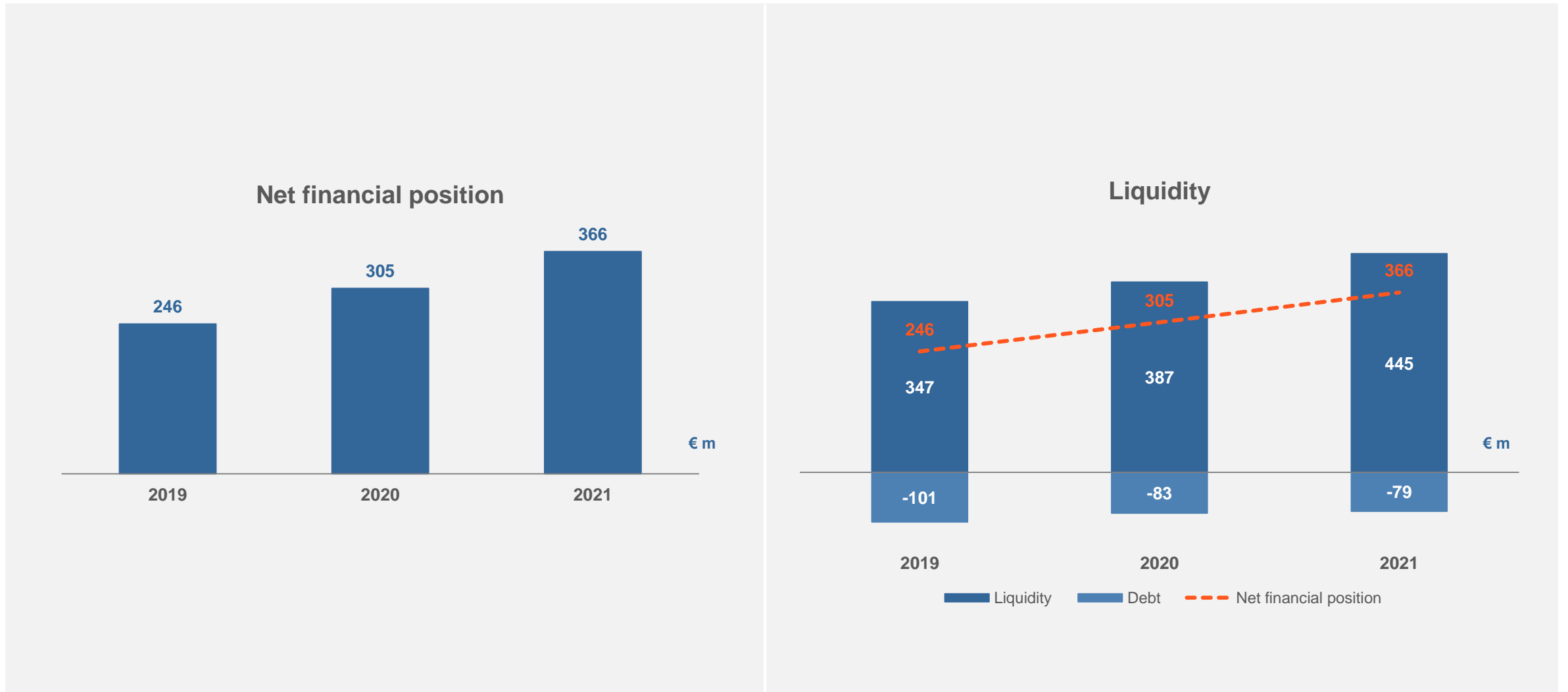
€ millions	2021	2020	2019
Cash flows			
from operating activities	163.9	183.8	144.9
Cash flows			
from investing activities	-76.4	-72.2	-74.0
Free cash flow	87.5	111.6	70.9



Strong EBITDA drives operating cash flow in 2021

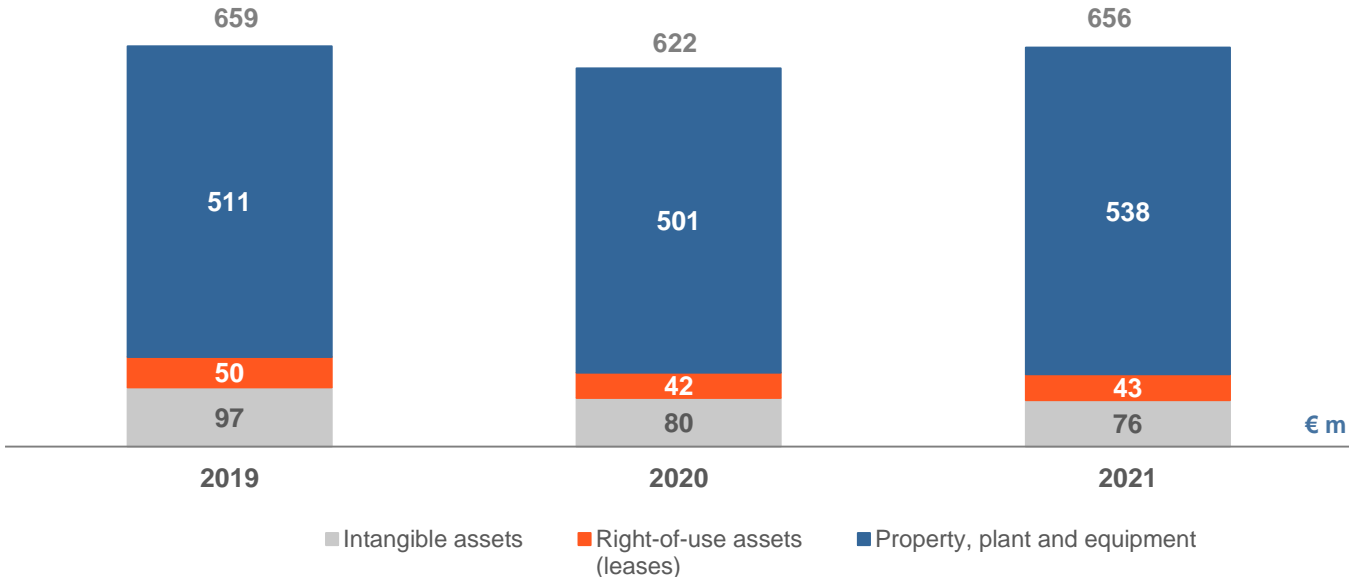
€ millions	2021	2020	2019
Cash flows			
from operating activities	163.9	183.8	144.9
EBITDA	222.1	170.1	195.5
Change in trade working capital	-25.2	38.6	0.9
Other	-33.0	-24.9	-51.5

Higher earnings lead to further improvement in the net financial position



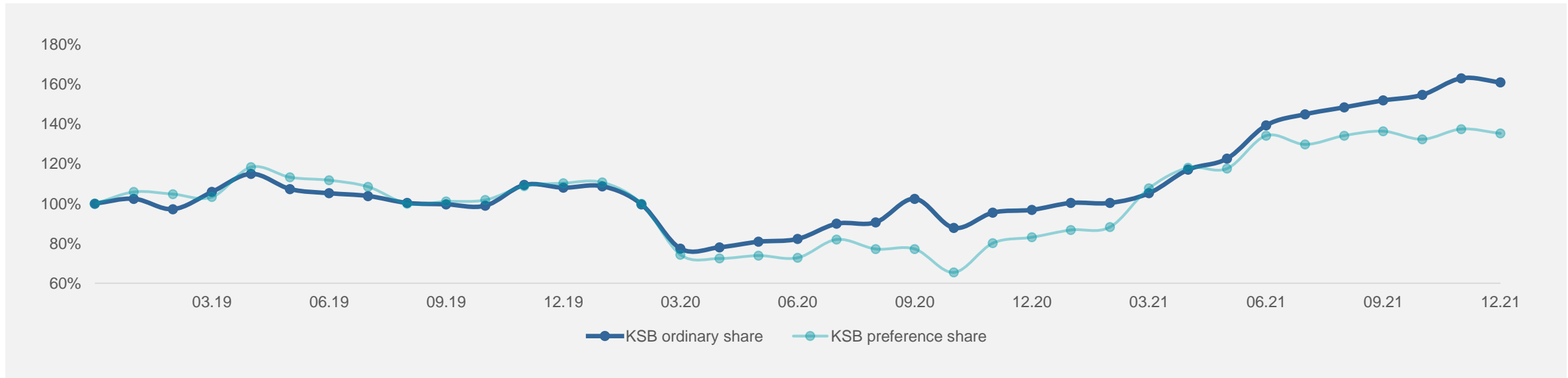


Investment ratio stable at 4.5 %



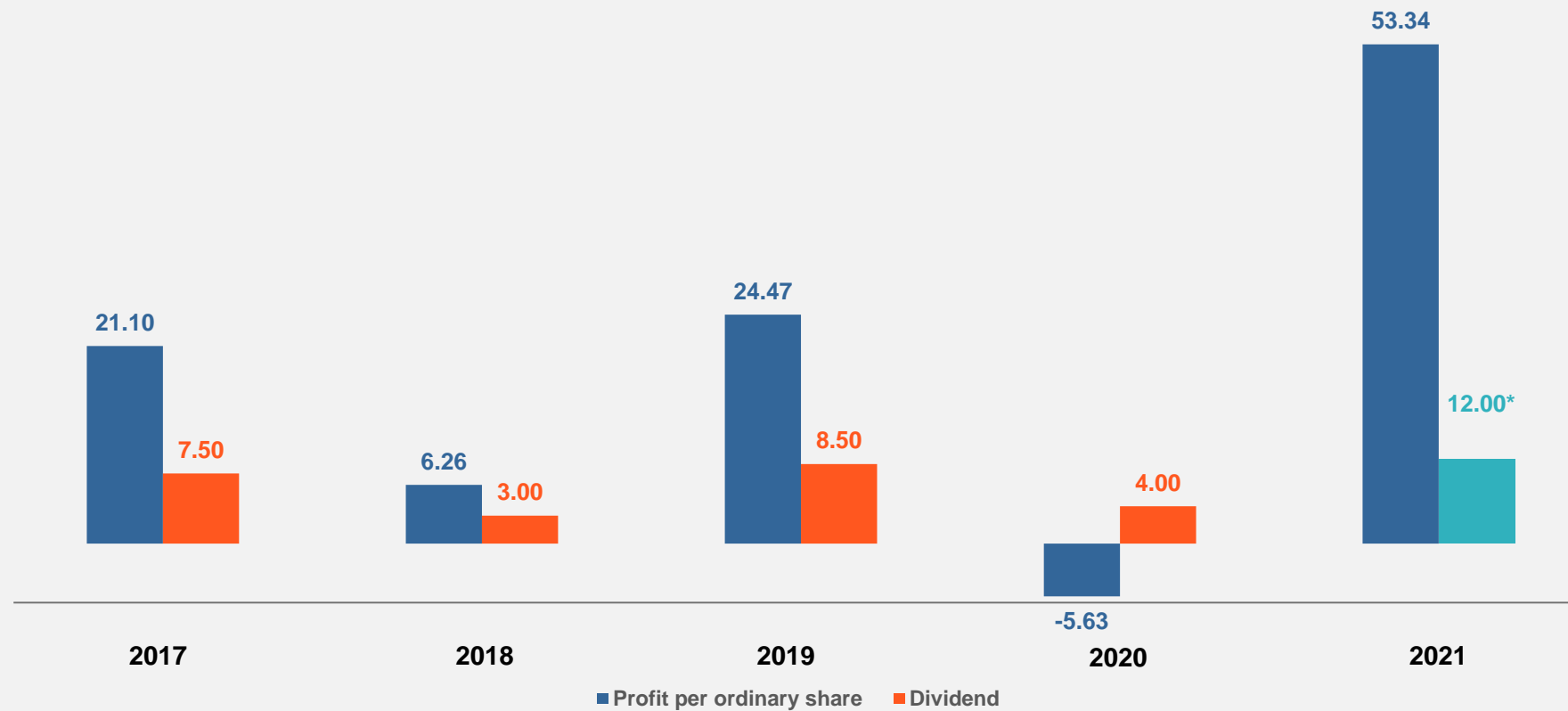
Acquisitions 2021: € 104 million (4.4 % of sales revenue)
 Acquisitions 2020: € 98 million (4.4 % of sales revenue)
 Acquisitions 2019: € 107 million (4.5 % of sales revenue)

Positive share price performance



	2019	2020	2021
Share price on 31 Dec. in €	310	278	462
Market capitalisation on 31 Dec. in € millions	536	442	728
Earnings per ordinary share in €	24.47	-5.63	53.34

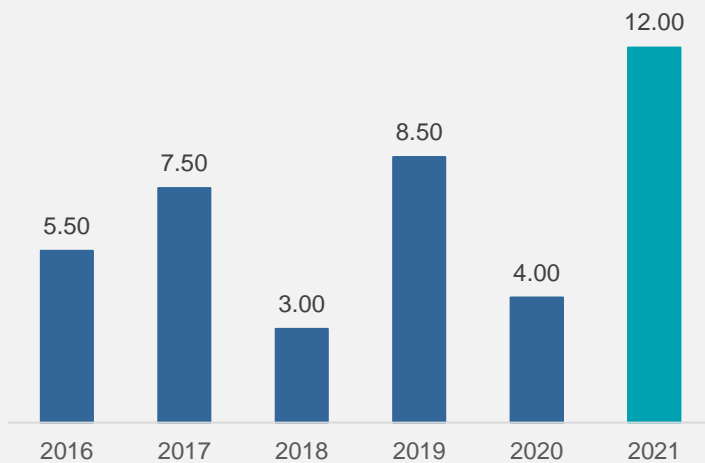
Dividend proposal: € 9.00 for ordinary shares plus € 3.00 anniversary dividend



* € 9.00 dividend plus € 3.00 anniversary dividend to be recommended at the AGM

Dividend proposal: € 9.00 for ordinary shares plus € 3.00 anniversary dividend

**KSB dividend development
(ordinary share) in €**



Dividend per	2019	2020	2021*
Ordinary share	€ 8.50	€ 4.00	€ 12.00
Preference share	€ 8.76	€ 4.26	€ 12.26

* Incl. the anniversary dividend of € 3.00 for ordinary and preference shares

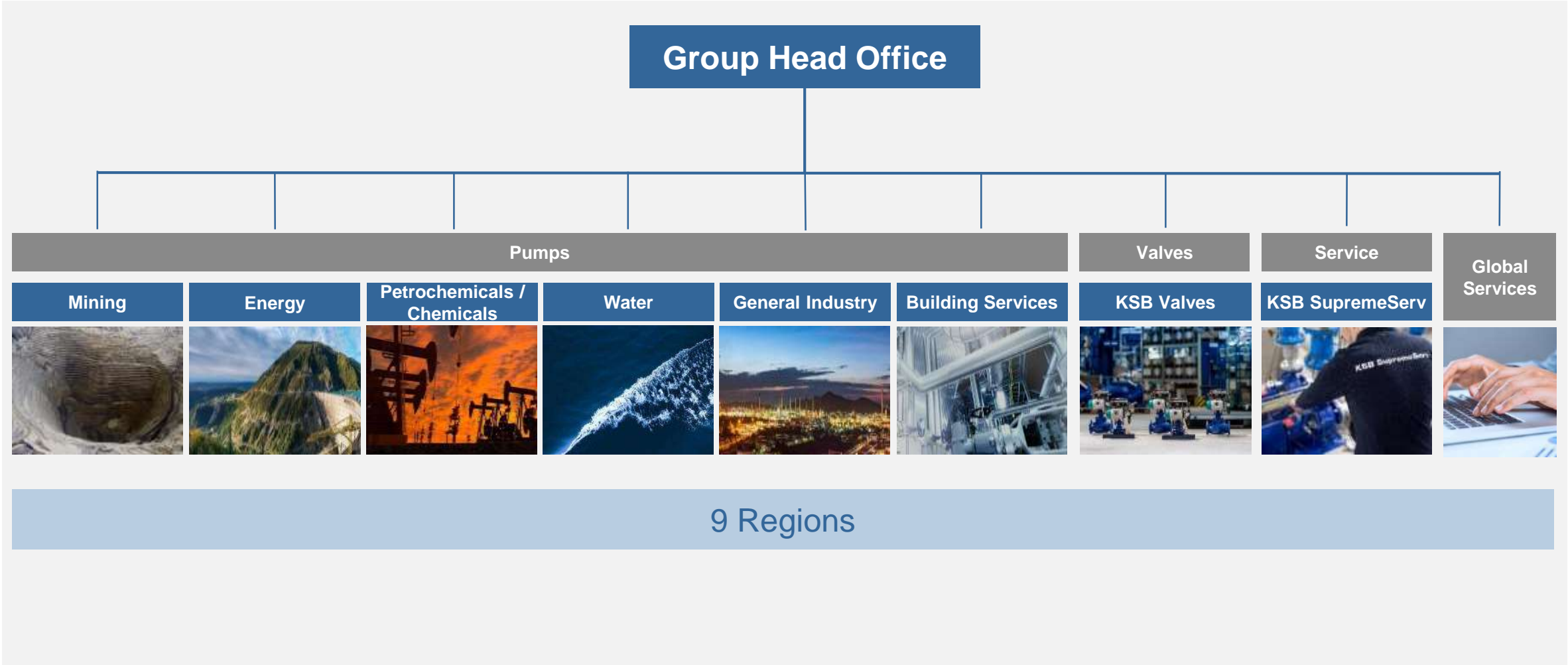
Performance of key indicators of the KSB Group from 2019 to 2021



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Overview of Market Areas organisation









Success and stability through the matrix

Market

Mining	Energy	Petro-chemicals / Chemicals	Water	General Industry	Building Services	Valves	KSB SupremeServ
							

Regions

EC	EW	EU	AMN	AMS	ASN	ASW	ASS/P	MEA/R
								

Pumps Segment: Water Market Area

Order intake 2021: € 368 million

- **Sales qualification:
Regional / Local
Application Centres (RAC / LAC)**
- **The Water Campus**



Irrigation projects Egypt

Pumps Segment: Mining Market Area

Order intake 2021: € 84 million

- **KSB Mining community:
Global focus on key clients**
- **Expansion:
Dewatering / Fire-fighting / Dredging**



Imperial Oil – Kearl: Oil sands mining account in Canada

Pumps Segment: Energy Market Area

Order intake 2021: € 165 million

- **Professionalisation of the international production network:
Germany / India / China**
- **Expansion of the renewable energies business,
CCS (carbon capture / storage)**
- **Core competence: hydrogen**



RUV pump

Pumps Segment: Petrochemicals / Chemicals Market Area

Order intake 2021: € 140 million

- **Focus on China**
- **Localisation**
- **Expansion of Chemicals, scaling back of Petrochemicals**



LPG cavern reference project, India

Pumps Segment: General Industry Market Area

Order intake 2021: € 340 million

- **Expansion of global market presence: Asia / USA**
- **Expansion of profitable niches: food industry**
- **Qualification / applications know-how**



Val d'Isère ski resort making snow with Multitec pumps

Pumps Segment: Building Services Market Area

Order intake 2021: € 210 million

- **Architect involvement:
KSBuilding Consult | KSB Select**
- **Expansion of Fire-fighting**



Valves Segment

Order intake 2021: € 339 million

- **Developing a management team**
- **Developing own sales organisation**
- **Earnings enhancement programme:
Pegnitz / La Roche-Chalais**



South Korea Doosan Yanbu IWP plant – € 1.2 million – butterfly valves

Order intake 2021: € 766 million

- **Expansion of the service centres worldwide**
- **Focus on spare parts**
- **Expansion of the KSB SupremeServ Academies**

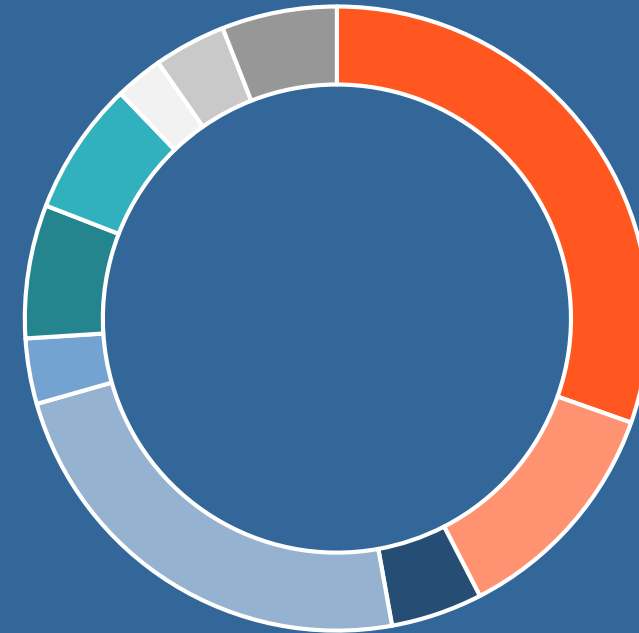


Overview of the investment projects



Investments in 2021: € 104 million

- **Capacity expansion**
(€ 45.6 million)
- Environmental protection / regulatory requirements
(€ 2.2 million)
- **Productivity enhancement**
(€ 30.8 million)
- Rationalisation investment
(€ 6.9 million)
- Replacement investment
(€ 12.6 million)



- Europe Central
- Europe West
- Europe EU
- Americas North
- Americas South
- Asia North
- Asia West
- Asia South / Pacific
- Middle East / Africa / Russia
- Rest

Strategic Investments

Overview GIW (USA)

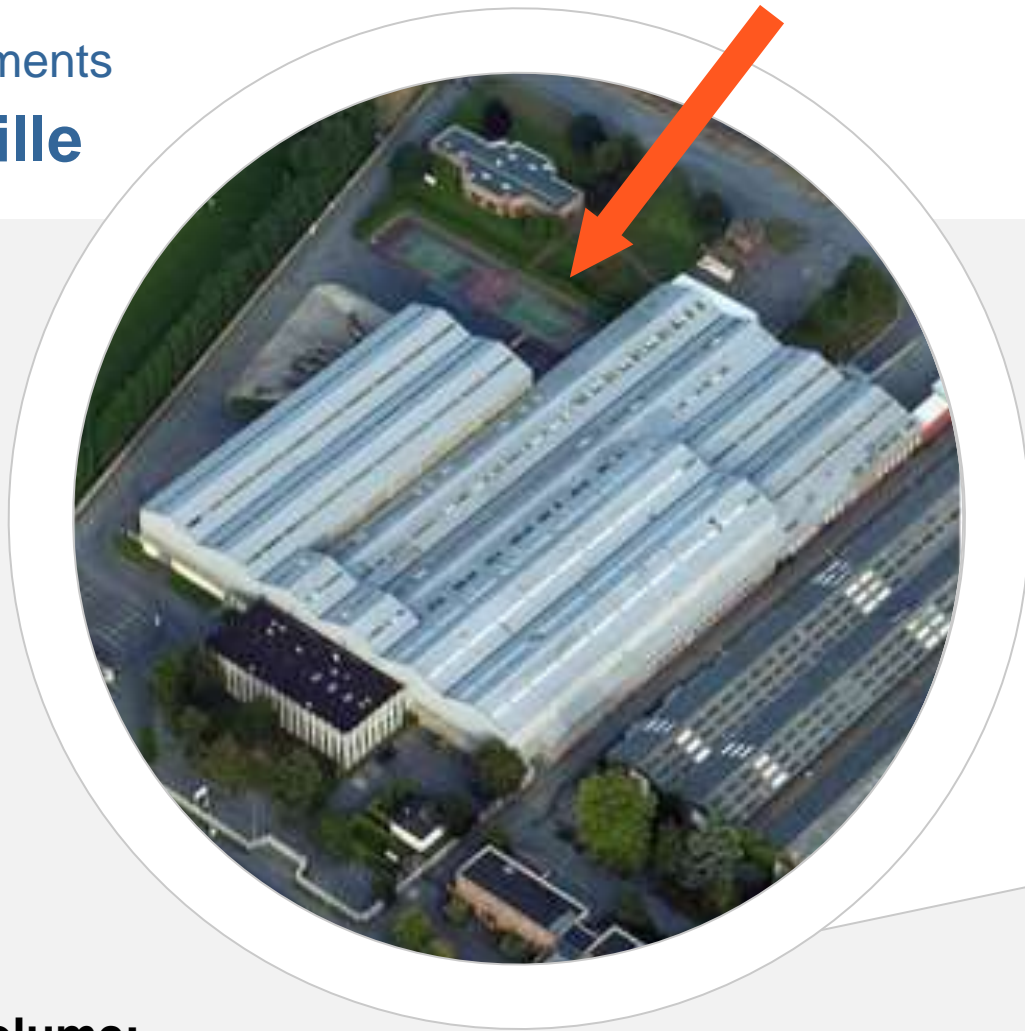


Objective:
Capacity expansion

Investment volume:
€ 38.0 million



Strategic Investments Overview Lille



Objective:
Expansion,
digitalisation

Investment volume:
€ 13.4 million



Overview Standard Alloys (USA)





Objective:
Complete new construction

Investment volume:
€ 12.2 million



Strategic Investments

Overview DP Alphen

Objective:
Modernisation

Investment volume:
€ 8.5 million



Overview Cibitung (Indonesia)



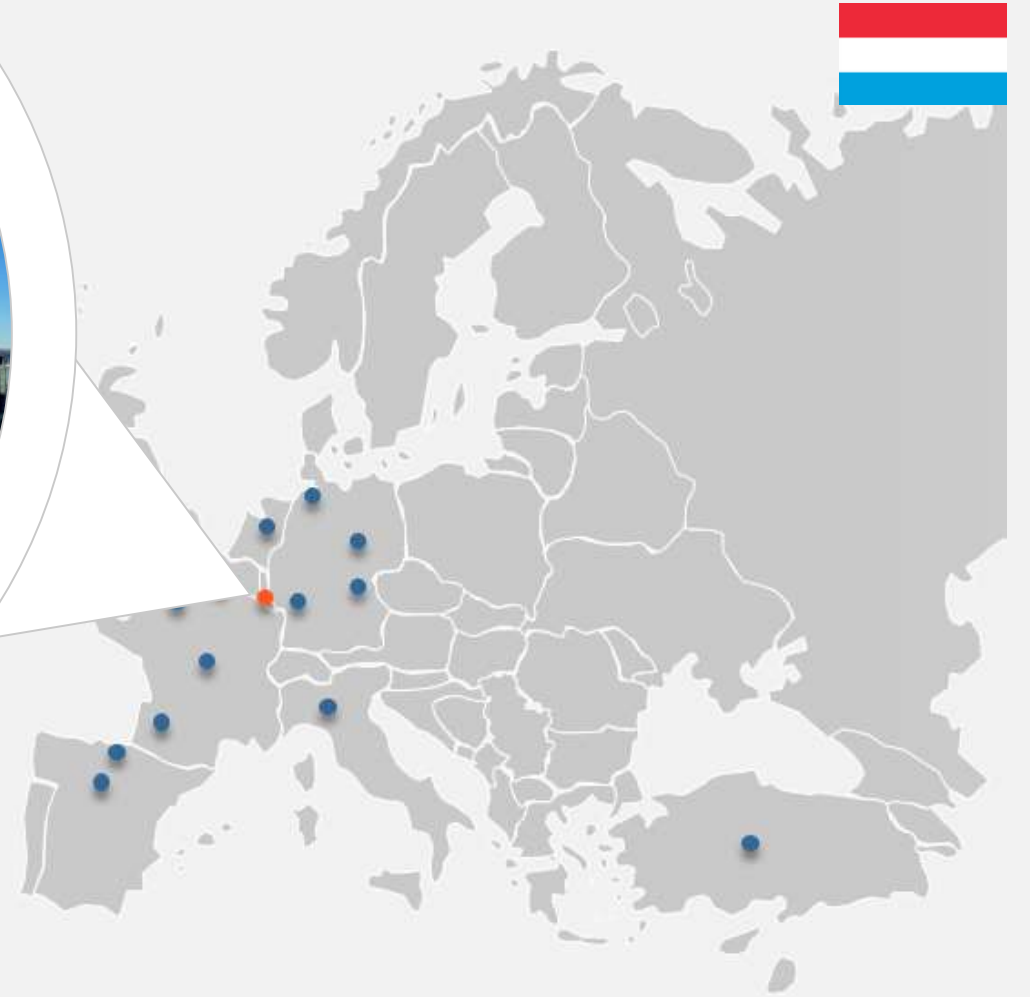
Objective:
Capacity expansion

Investment volume:
€ 3.9 million



Strategic Investments

Overview SISTO



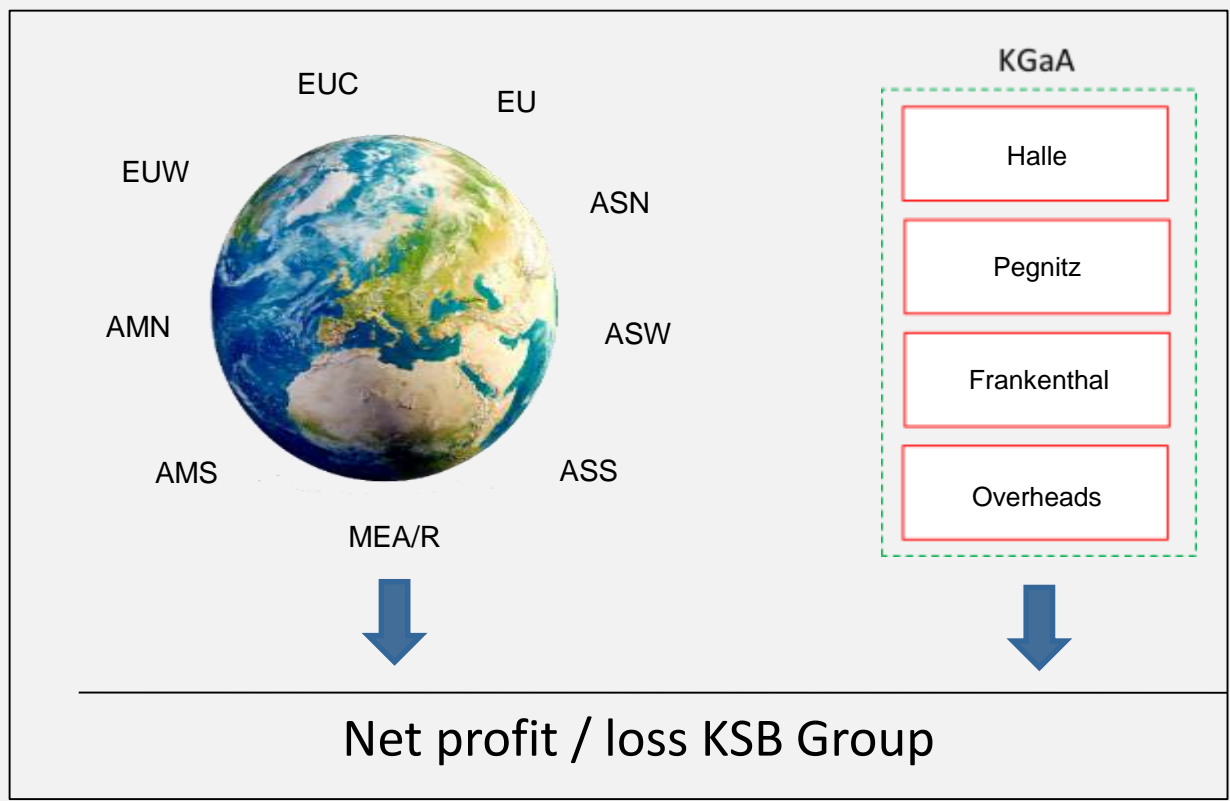
Objective:
Capacity expansion

Investment volume:
€ 3.7 million

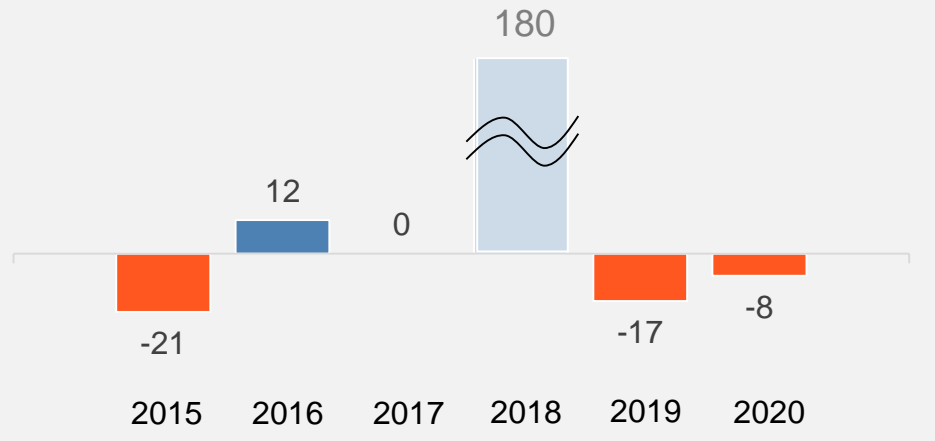


KGaA Project

Classification of KGaA and earnings development



Net profit / loss KGaA

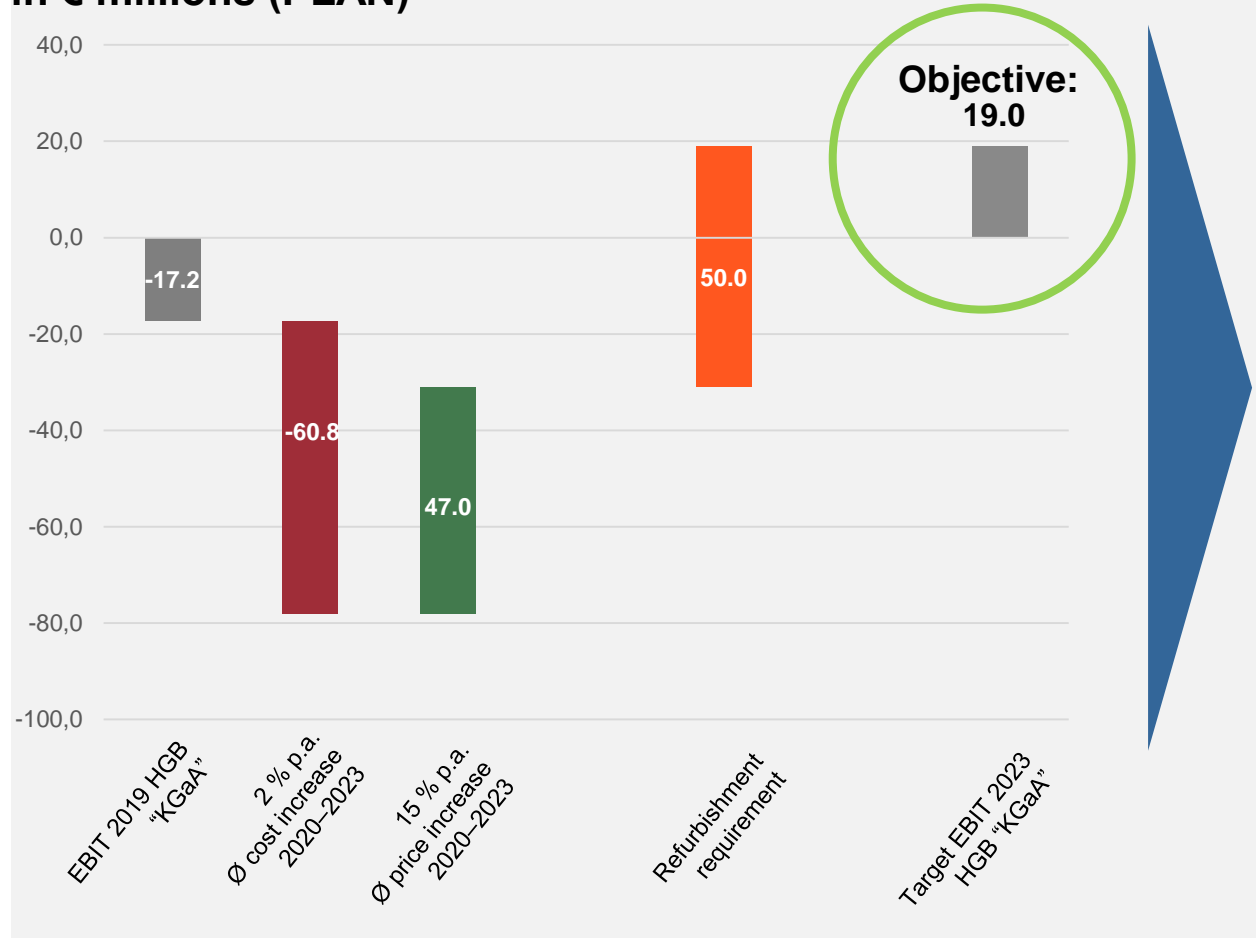


€ millions

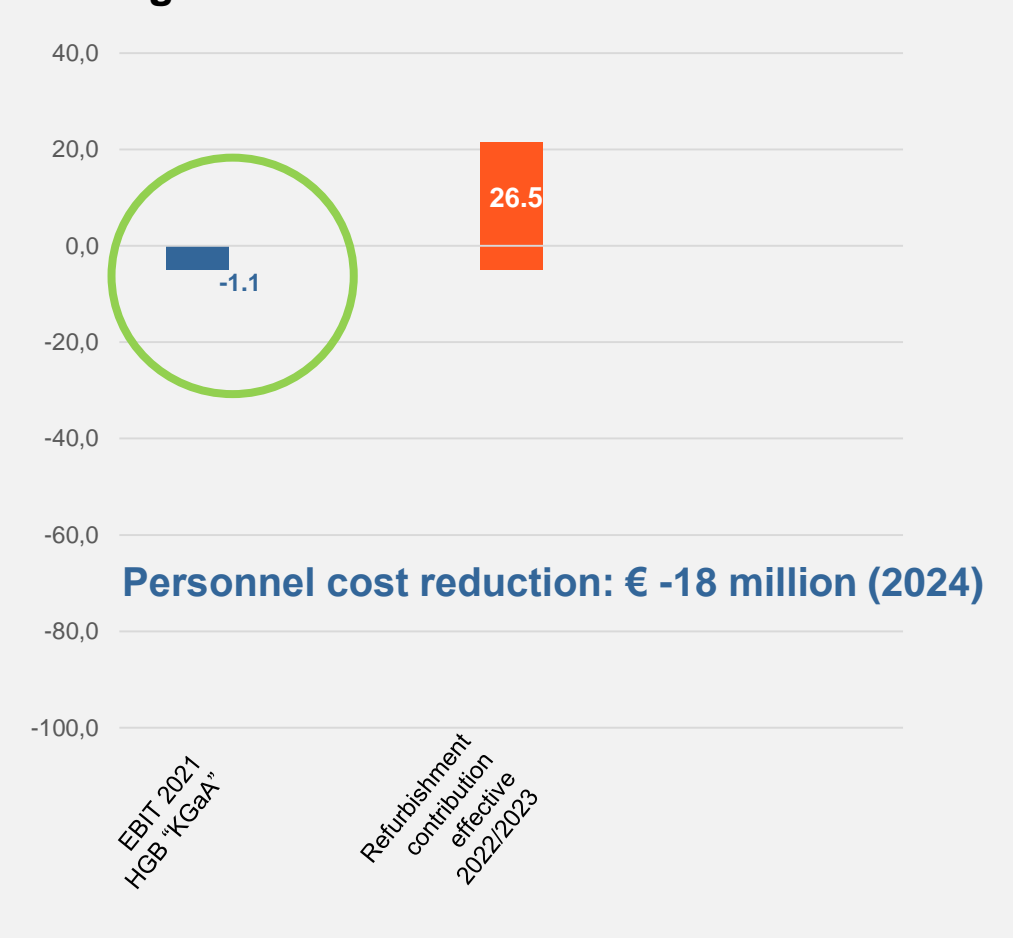


Earnings enhancement KGaA: Summary

Calculation of KGaA refurbishment requirement in € millions (PLAN)



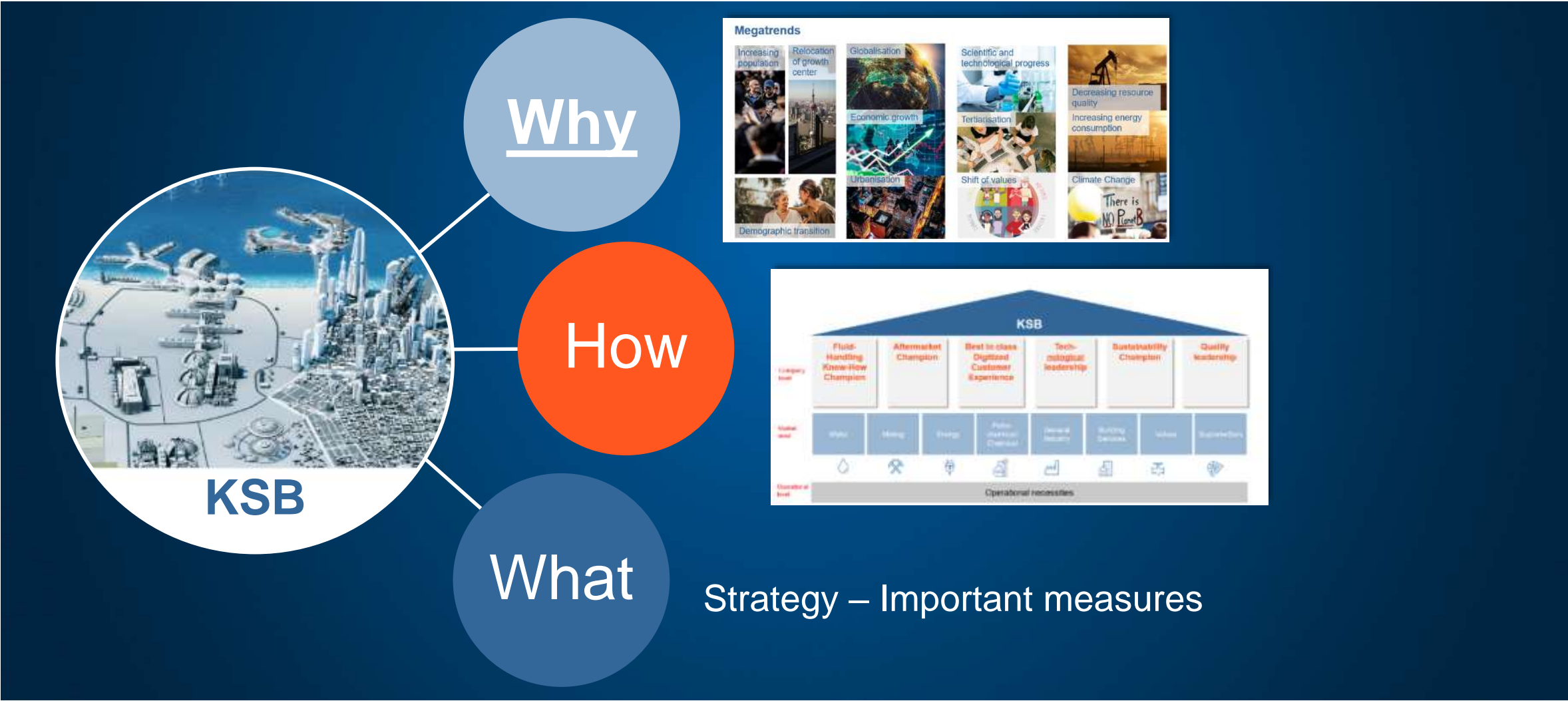
EBIT for 2021 under HGB and open earnings enhancement measures



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Strategy development process



Strategy – Important measures

Megatrends

Population growth



New growth centres



Globalisation



Scientific-technical progress



Resource quality & quantity



Economic growth



Service economy



Rising use of energy



Demographic shift

Urbanisation



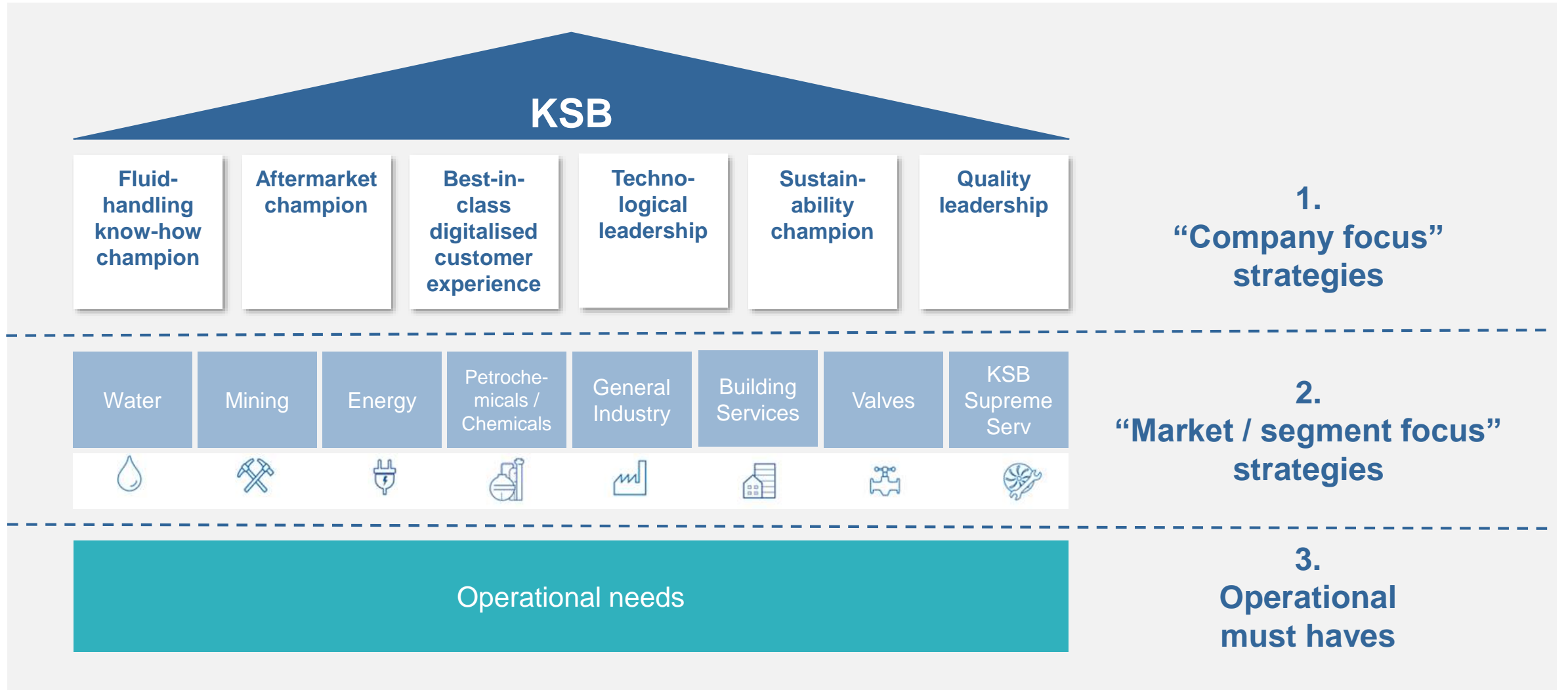
Changing values



Climate change

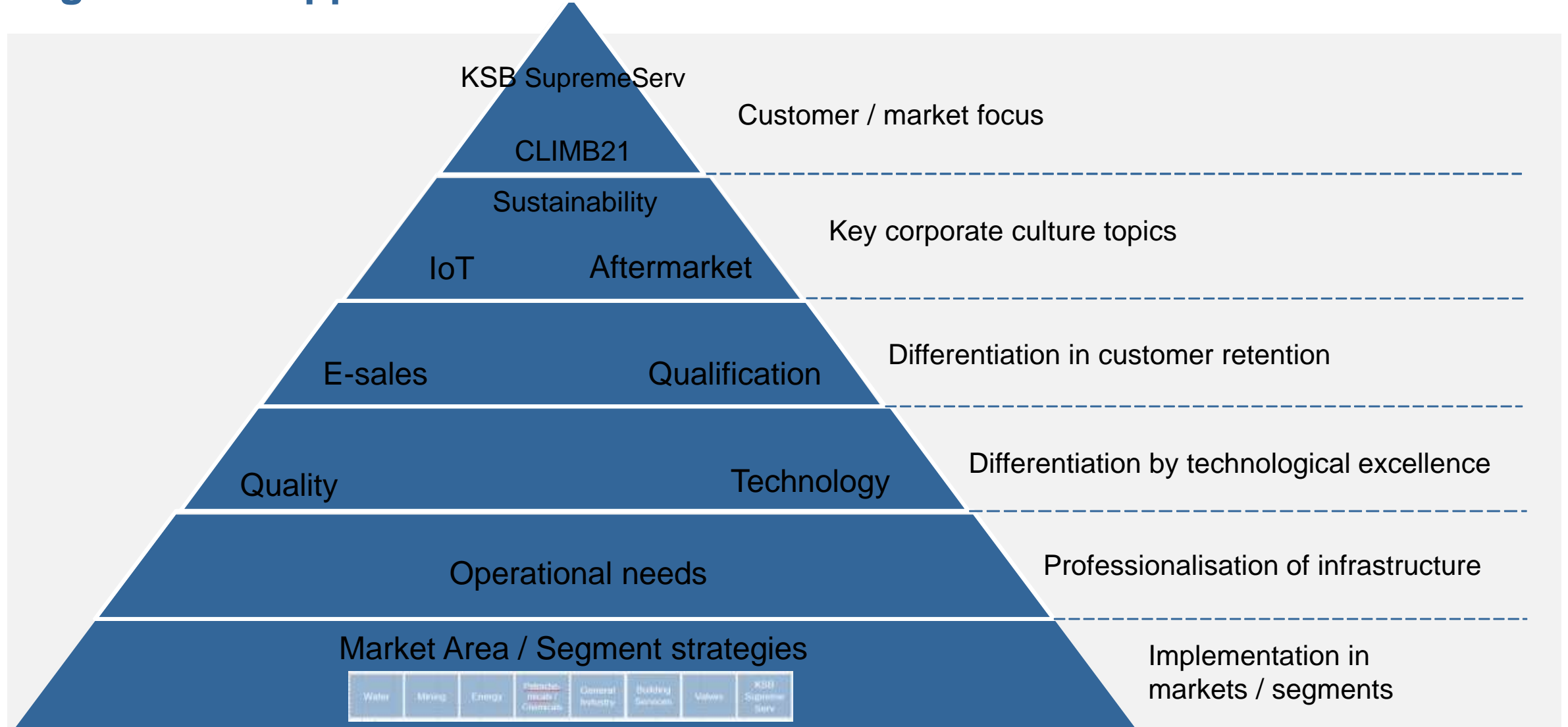


“House of Strategy” – Three focus clusters



Logic behind approach

2017



SUSTAINABILITY

Global CSR goals for 2025

Environment / climate protection



Environmental impact assessment
Carbon footprint / recycling

30 %
reduction in CO₂ emissions

CO₂-saving products (climate protection)



850,000 tonnes
less CO₂ by using KSB pumps

Suppliers

90 %
assessed suppliers



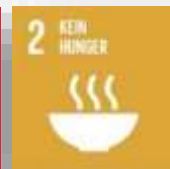
Safety

Reduction in occupational accidents



Society

25
social projects / year



Employees

80 %
employee satisfaction

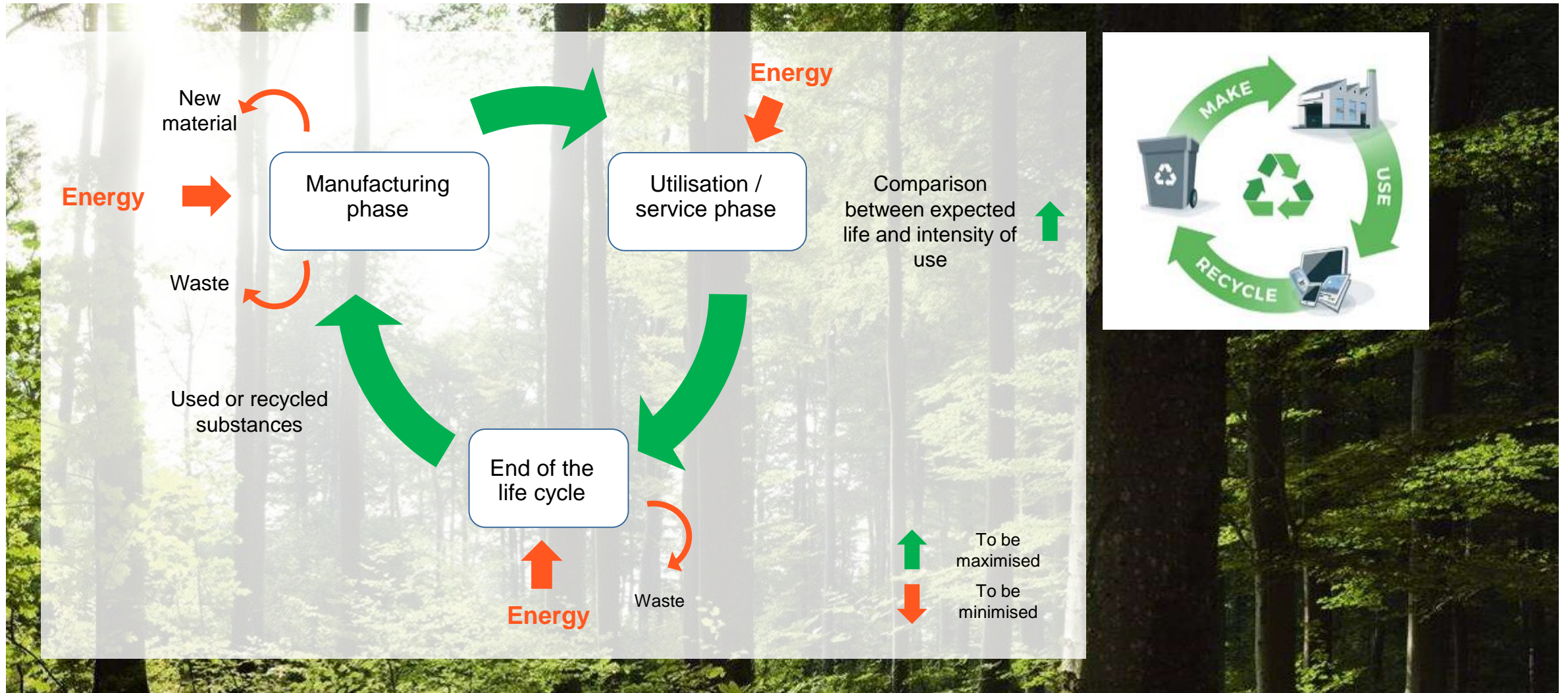


20 %
women in management positions



30 hours
training per employee per year

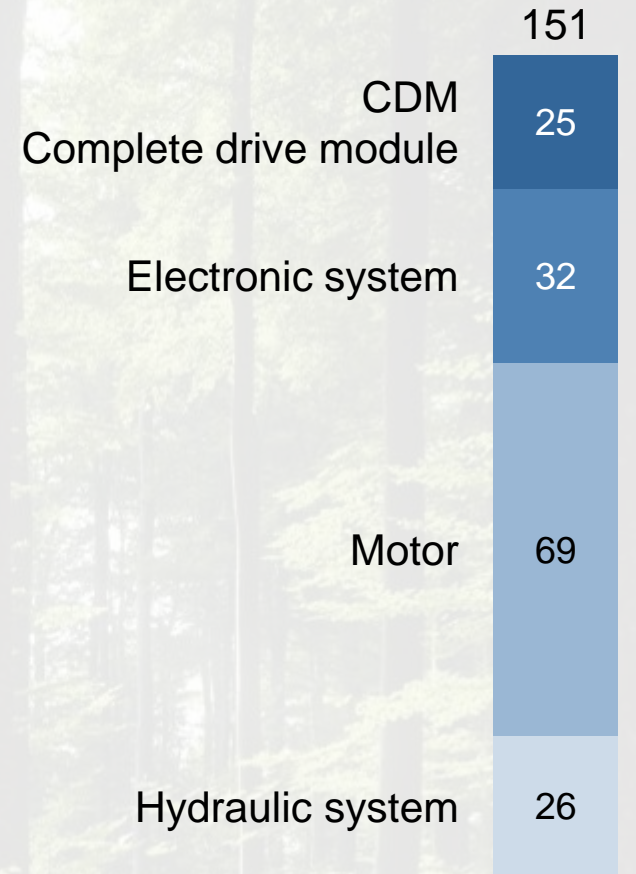
Circular economy / Material circularity indicator



Calculating the CO₂ emissions of our products

EtaLine / EtaLine Pro carbon emissions reduced to a minimum

151 kg CO₂ equivalent



Carbon emissions by main component in kg CO₂ equivalent



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2022 financial year: Predictability in an unpredictable environment

January / February:

- Very good order intake
- Satisfactory sales revenue

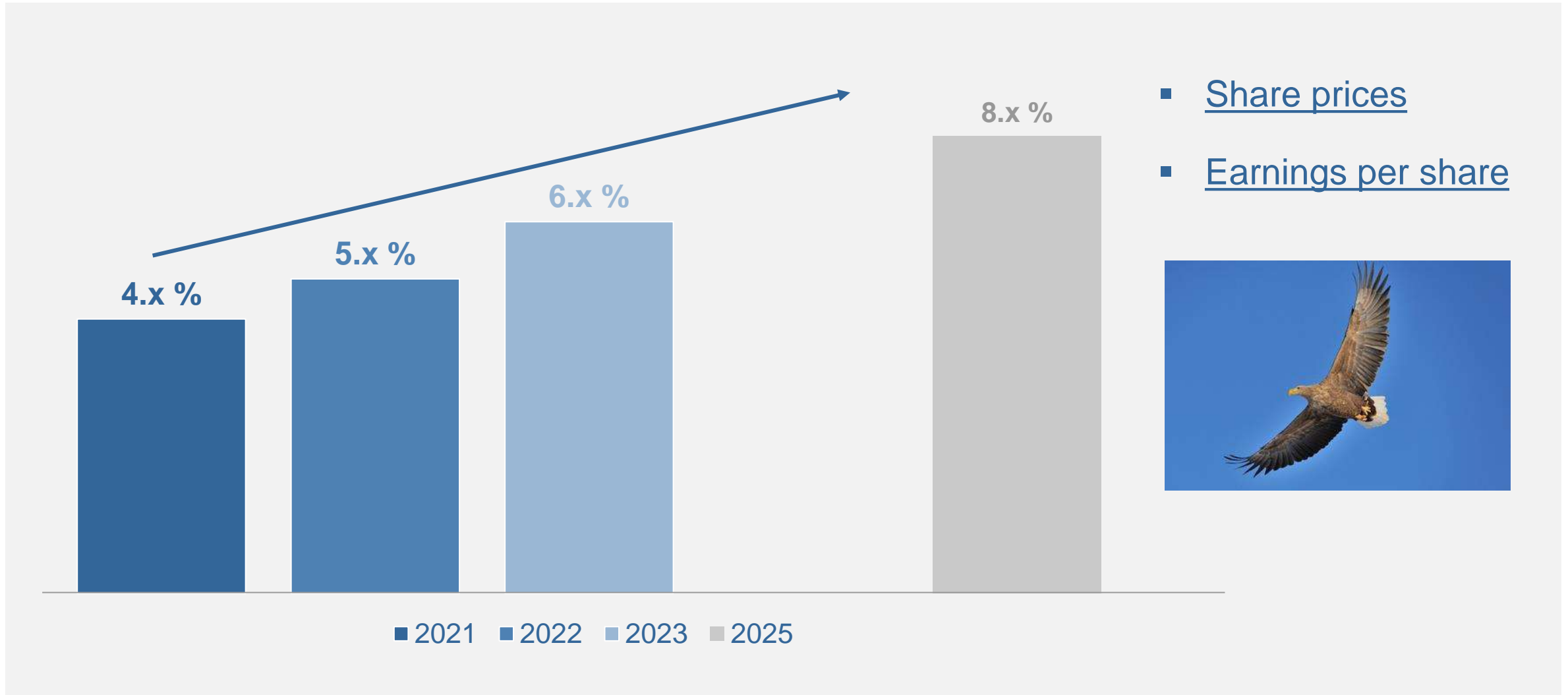


Complex global disruptions

- Challenges of purchasing parts, raw materials and energy
- Uncertainties relating to the Ukraine conflict
- Coronavirus-related challenges

→ Confident of achieving the set goals

Financial press conference 2022: sustainable, profitable growth



Summary

- Very good 2021 financial year
- Solid basis for profitable growth
- Reference variable: increasing return on sales
- Honing the corporate strategy
- Challenge: impact of COVID-19 pandemic and Ukraine conflict