Annual General Meeting of KSB SE & Co. KGaA

KSB satisfied with past financial year

Good start to 2021 anniversary year

* Strategic measures implemented systematically
* Confident outlook
* € 4.00 dividend per ordinary share

FRANKENTHAL. Against the background of a solid order book, measures introduced at an early stage to reduce costs and a very good second half of the year, Dr Bernd Flohr, Chairman of the Supervisory Board of Frankenthal-based pump and valve manufacturer KSB, expressed overall satisfaction with the 2020 financial year. Due to the repercussions of the coronavirus pandemic, order intake, sales revenue and EBIT were down on the very good prior-year results. For the current 2021 financial year, KSB expects a significant increase over the previous year in view of its robust performance in the first months of the year and a global improve­ment in the business climate. Because of the coronavirus pandemic, this year’s Annual General Meeting once again took place in virtual form only.

The volume of orders received in the 2020 financial year was € 2,143.4 million, € 310.4 million (– 12.6 %) lower than in the previous year. Sales revenue reached € 2,207.9 million, a decrease of € 175.3 million (– 7.4 %). Earnings were likewise down owing to lower sales revenue. KSB achieved EBIT of € 70.2 million (– 38.2 %), thanks to the prompt introduction of cost-cutting measures. This already includes special factors from impairment losses on goodwill in the amount of € 11.2 million. Stringent working capital management helped to further improve the net financial position by € 58.5 million to € 305.0 million.

**€ 4.00 dividend per ordinary share**

Given the reduced earnings, shareholders approved a lower dividend than the previous year’s, at € 4.00 per ordinary share (previous year: € 8.50) and € 4.26 per preference share (previous year: € 8.76). “Despite signifi­cantly lower earnings and non-cash impairment losses, we are paying this dividend to our shareholders. We are doing this in keeping with dividend continuity even in more difficult times and because we believe in the com­pany’s long-term earnings capacity,” says CEO Dr Stephan Timmermann.

**Focal points of 2020: Coronavirus, CLIMB 21, investments and sustainability**

Dr Timmermann set out in detail the measures that KSB took to minimise the impact of the coronavirus pandemic and to safeguard global production chains. In terms of strategy, the focus was on the successful imple­mentation of the CLIMB 21 project and on further expansion of the KSB SupremeServ activities. Other key activities included investments in particular in expanded capacity, modernisation of sites and rationalisation measures, as well as measures to protect the environment and to ensure sustainability.

**CLIMB 21: Market orientation and profitable growth**

In 2020, KSB continued to pursue the systematic realignment of the company, as defined in the CLIMB 21 strategy project. By focusing on markets where KSB expects long-term, profitable growth and pressing ahead with the strategic expansion of the service business operating under the KSB SupremeServ brand, KSB intends to take better advantage of the available market potential. With this in mind, the Mining, Energy, Petro­chemicals / Chemicals, Water, General Industry and Building Services Market Areas have been defined and set up on a market-geared footing. In addition, the valves business has been consolidated under a single management structure and KSB SupremeServ activities have been further expanded. In the new organisational structure, the Market Area Heads are responsible for global market expansion and coordinate operative implementation with the Regional Heads.

**Increase in profitability and earnings per share**

“In the new organisational structure the overall success of KSB is the first priority. That means that communication and collaboration as well as a uniform bonus model for all managers are essential if we are to achieve the shared goals we have set ourselves and further improve our company’s profitability. The aim is to achieve a return on sales in excess of 8 percent by 2025 and to increase the share price and earnings per share,” explains Dr Timmermann. He continues, “Although in the year of the coronavirus the new organisational structure had to be put in place without having face-to-face meetings, it worked extremely well. The results that are already visible are very promising.”

**Investment continued at a high level**

Even in such a difficult year as 2020, KSB invested just under € 100 million in new projects, capacity expansion, rationalisation and environmental protection. Around one-third of this capital expenditure took place in Germany, while one-third was accounted for by the USA, Australia and India, and one-third by other countries. Examples are capacity expansion in the competence centre for water engineering in Halle, Germany, in the state-of-the-art production of energy pumps in Shirwal, India, and in the competence centre for mining pumps in Grovetown, Georgia, USA. At the KSB SupremeServ location in Perth, Australia, a new pump test facility was built and the site that was being used was bought. In Port Arthur, USA, a centre of excellence for reverse engineering was established. And not least, at the Frankenthal site a new goods receiving facility is currently being built and the vocational training centre and main gate are being modernised.

**Sustainability: Heading for climate neutrality**

With the commitment KSB made to the United Nations Global Compact in 2010, the company supports the aims of sustainable development. Some initial significant successes have been achieved on the road to climate neutrality. For instance, production at KAGEMA (Pattensen, Germany) and KSB Italia (Concorezzo, Italy) is climate-neutral; the sites in Germany, France, Luxembourg and Spain use only green electricity. These are important contributions to reducing our CO2 footprint considerably.

**Confident outlook**

Even if the coronavirus pandemic will continue to have an impact in the first half of the year at least, KSB takes a confident view of the 2021 anniversary year. Order intake and sales revenue in the first quarter were significantly higher than in the comparative prior-year period, which was affected by the onset of the coronavirus pandemic. Order intake in the first quarter picked up again to € 600.1 million (previous year: € 588.2 million). The increase in sales revenue was more pronounced, with a rise of € 21.4 million to € 539.2 million (previous year: € 517.7 million). EBIT also improved significantly as a result of higher sales revenue and cost reductions.

**Elections to the Supervisory Board**

The shareholders present re-elected Prof. Dr Corinna Salander, Director of the German Centre for Railway Traffic Research at Eisenbahn-Bundesamt [Federal Railway Authority] in Dresden, and Gabriele Sommer, Spokesperson for the Management of TÜV Süd Management Service GmbH in Munich, to the Supervisory Board.

You will find more information in the Online Annual Report at

[KSB Online Annual Report 2020 | Annual Report 2020](https://annualreport2020.ksb.com)

*KSB is a leading international manufacturer of pumps and valves. The Frankenthal-based Group has a presence on five continents with its own sales and marketing organisations, manufacturing facilities and service operations. With a workforce of around 15,100, the KSB Group generated sales revenue of € 2.2 billion in 2020.*