



KSB Earnings Call 2023

Dr. Stephan Timmermann / Dr. Matthias Schmitz
3. August 2023

© Copyright KSB SE & Co. KGaA

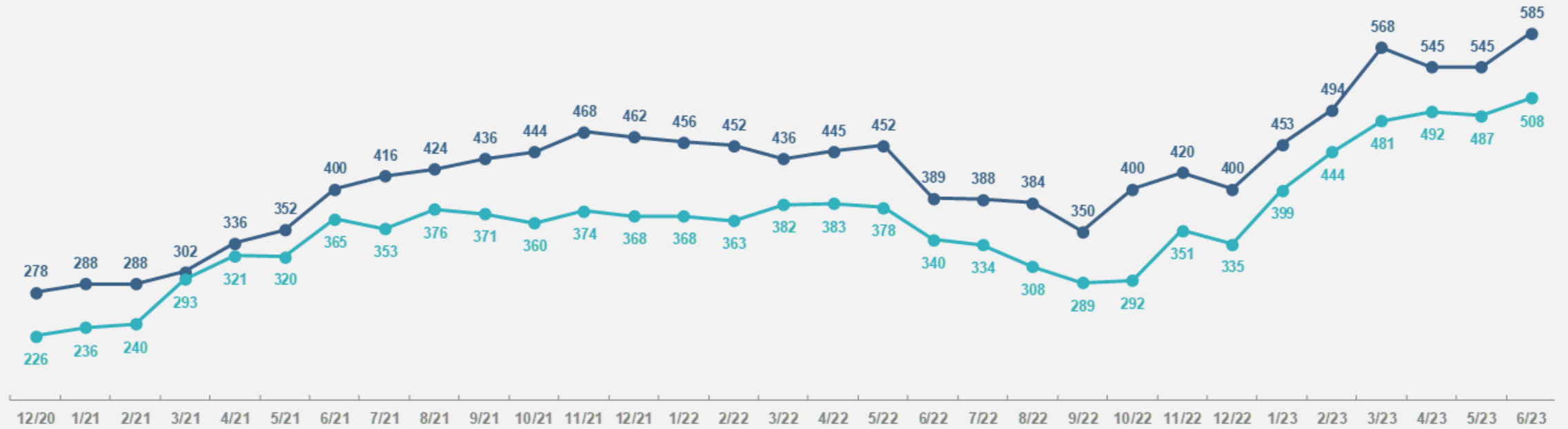


Welcome on behalf of the Executive Board



1st. KSB Earnings Call

Share price in €



FORWARD-LOOKING STATEMENTS

Disclaimer

This investor presentation contains forward-looking statements that are based on current estimates, forecasts and assumptions made by KSB Management to the best of its knowledge and other information currently available to KSB.

By their very nature, the forward-looking statements of this presentation are subject to various known and unknown risks, uncertainties and other factors, the non-occurrence or occurrence of which could cause material differences in future results of operations, financial situation, development or performance of KSB. Factors that could cause such differences include but are not limited to changes in the political, business, economic and competitive environment, effects of future legal and legislative issues, fiscal and other regulatory measures, foreign exchange rate fluctuations, interest rates, developments in raw material and personnel costs, launches of competing products or services, poor acceptance of new products or services, and changes in business strategy.

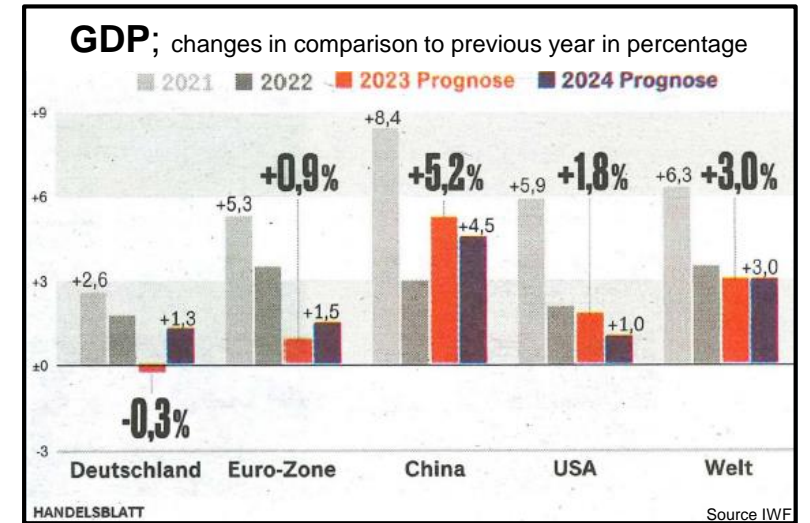
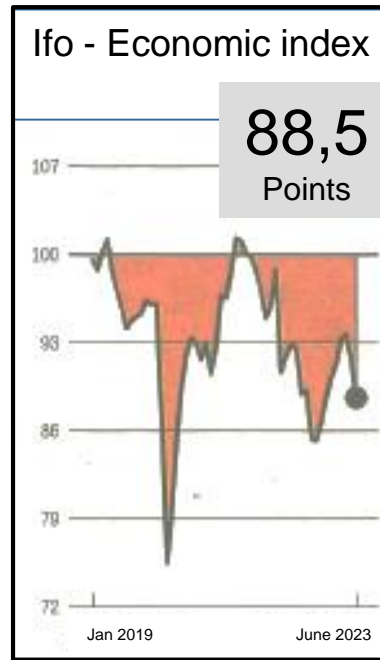
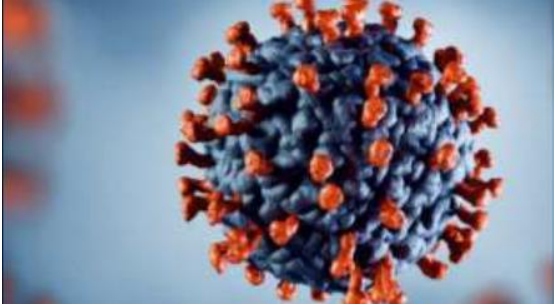
KSB does not intend and does not assume any liability whatsoever to publicly update or revise any forward-looking statements or other information contained in this presentation as a result of new information, future events or otherwise. No representation or warranty, express or implied, is made by KSB and/or its Management with respect to the completeness, fairness, correctness, reasonableness or accuracy of any information, facts, expectations or opinions contained herein. Neither KSB nor any of its affiliates or representatives shall have any liability whatsoever (in negligence or otherwise) for any losses or damages arising from any use of this presentation or its content or otherwise arising in connection with the statements given herein. This presentation includes percentage and number rounding.

Agenda

1. **Introduction: The development of KSB**
2. Financial Update
3. Outlook 2023 and Strategy 2030+
4. Q&A Session and Wrap-Up

The development of KSB

1^{st.} half-year 2023: year with challenges

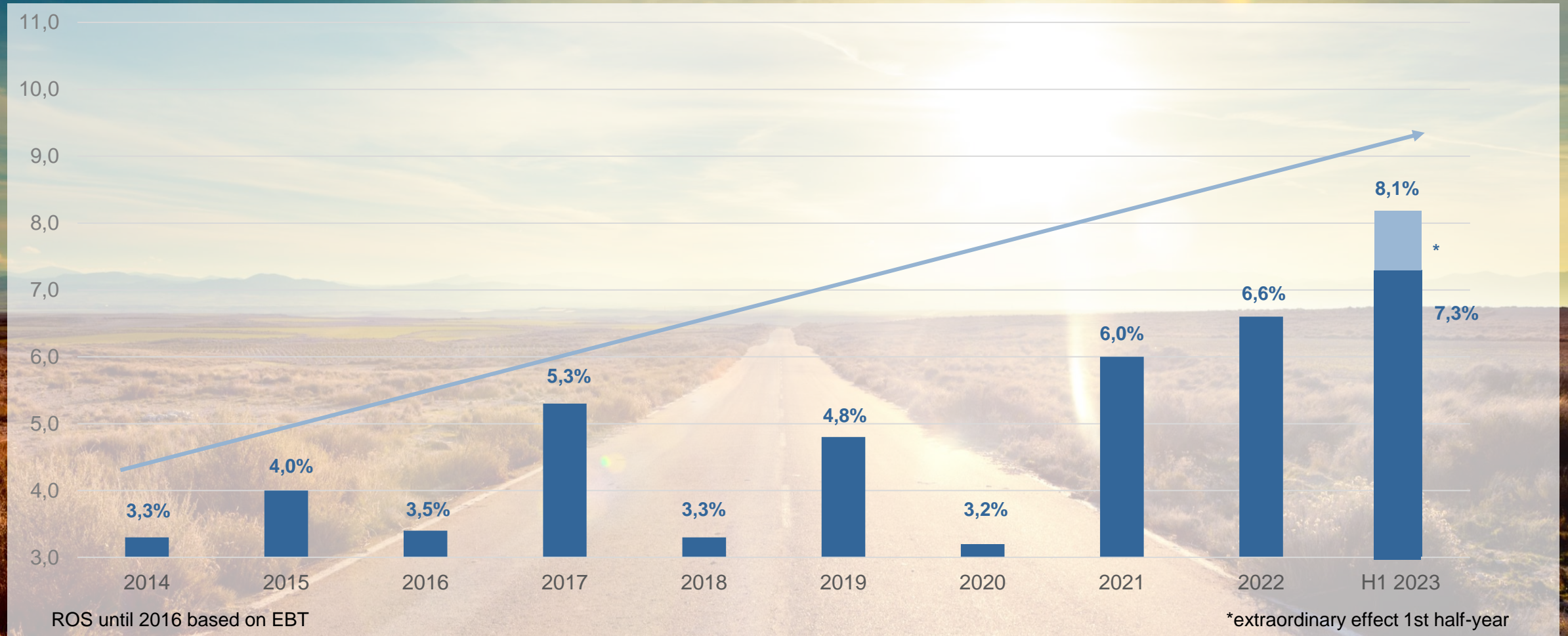


Keeping our course



- **Strengthening our organization**
- **Refining our strategy**
- **Increasing our focus**
- **Confidence**

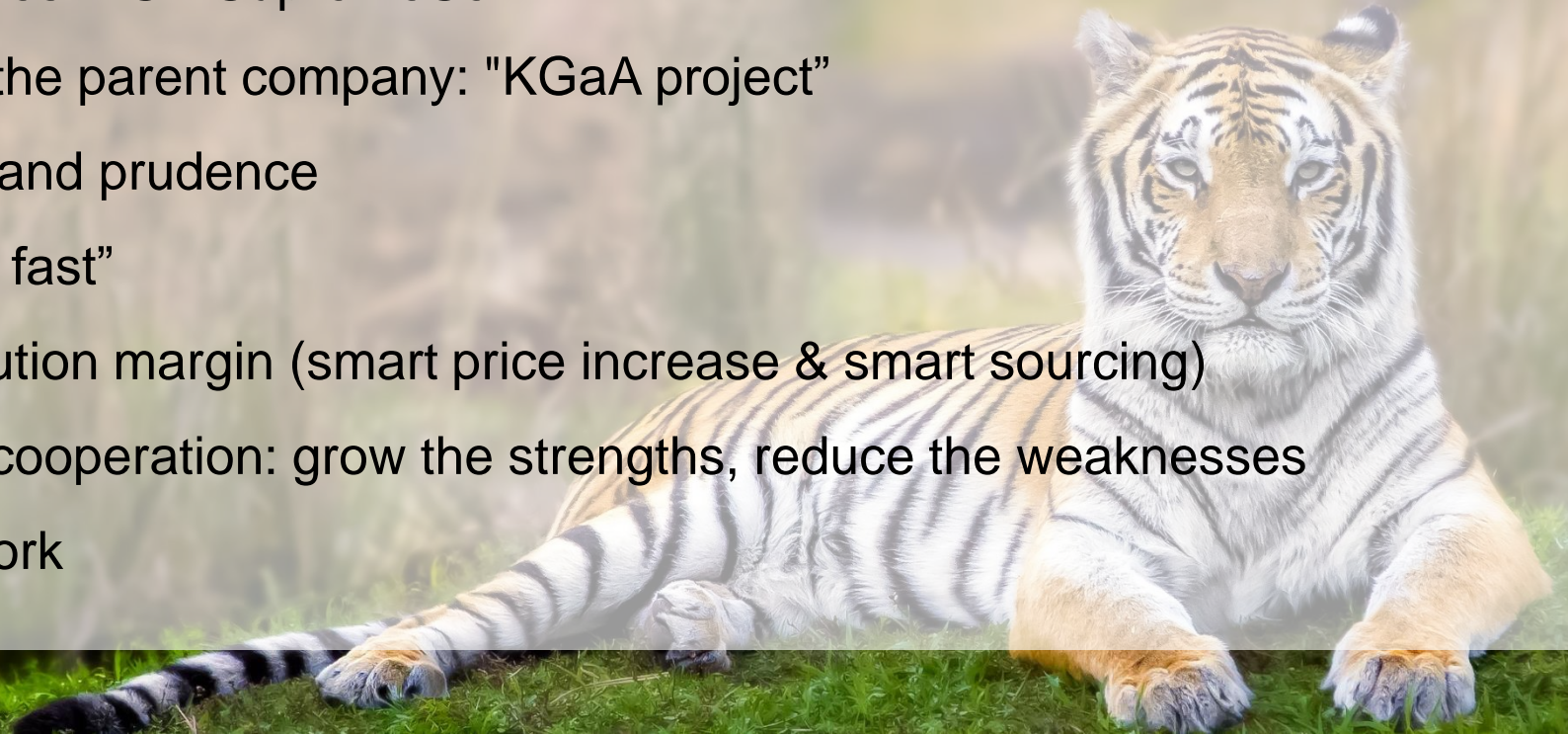
Development of ROS as of June 30th, 2023



The development of KSB

Drivers of success

- Company organization with focus on markets
- Focus on aftersales: KSB SupremeServ
- Restructuring of the parent company: "KGaA project"
- Cost awareness and prudence
- Less errors / "fail fast"
- Securing contribution margin (smart price increase & smart sourcing)
- Excellent global cooperation: grow the strengths, reduce the weaknesses
- Luck and hard work



Agenda

1. Introduction: The development of KSB
- 2. Financial Update**
3. Outlook 2023 and Strategy 2030+
4. Q&A Session and Wrap-Up

H1 2023 highlights

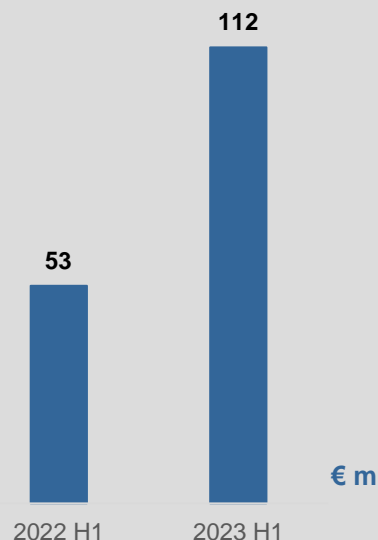
Sales revenue increased by 21 % compared to H1 2022.

The cost of materials as a percentage of total output of operations was reduced by nearly 3 % compared to H1 2022.

Staff cost as a percentage of total sales was reduced by 4 % compared to H1 2022.

EBIT increased to € 112.1 million

This represents an increase of 110 % compared with the previous year.

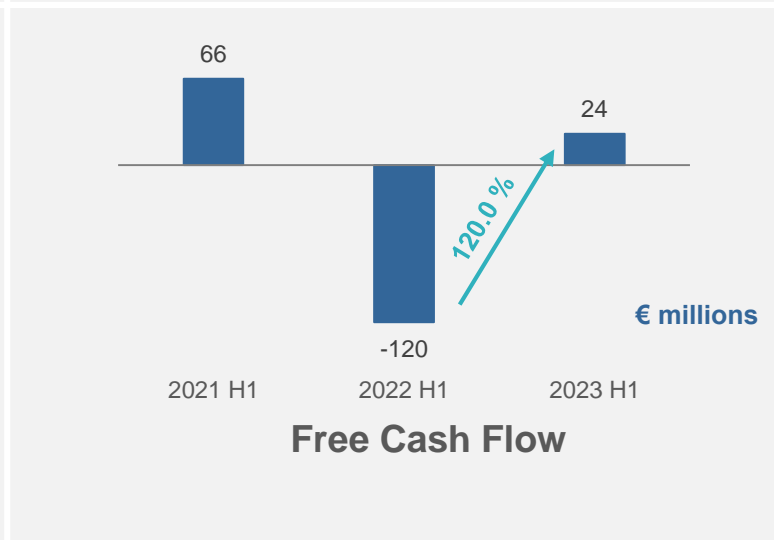
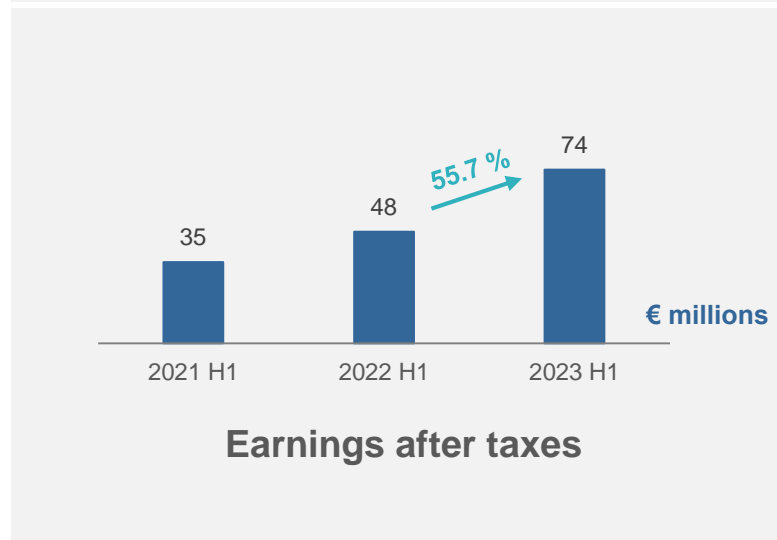
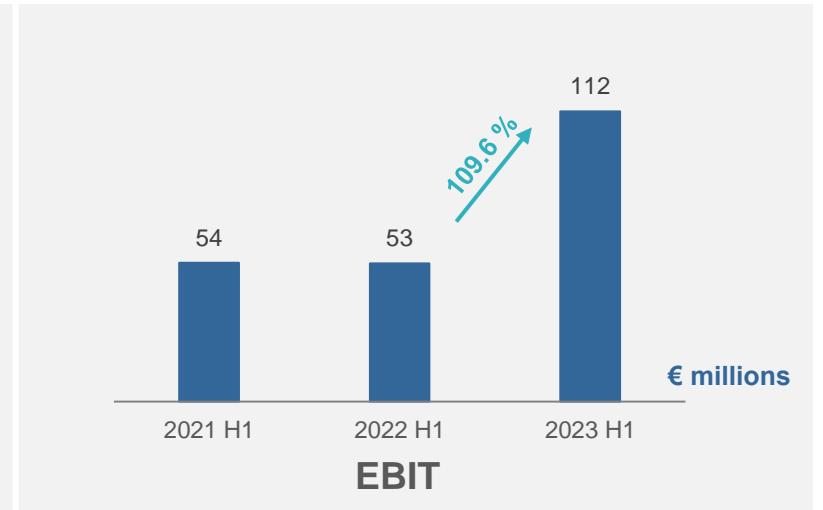
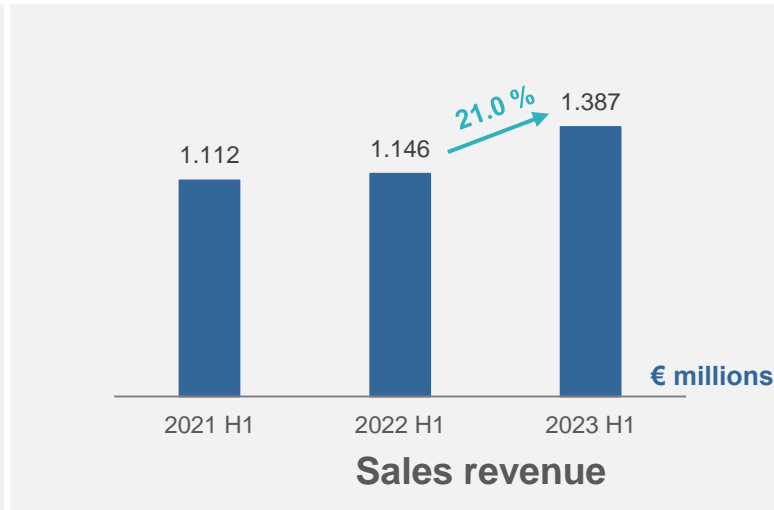
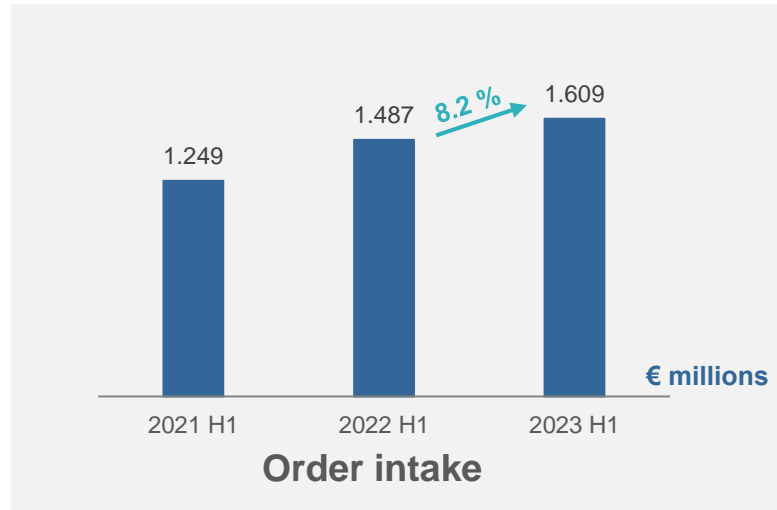


Despite dividend distributions of € 38.9 million and negative interest rate effects on the pension provisions as well as currency translation losses in OCI, the net profit for the first half of the year of € 74.1 million led to a € 13.9 million increase in **equity** to € 1,140 million.

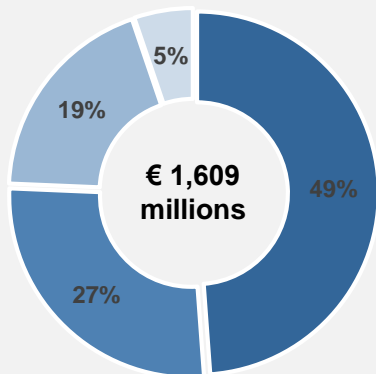
Sales revenue and EBIT are strongly supported by KSB SupremeServ.

At € 958 million, market capitalisation as at 30 June 2023 was approximately € 30 million higher than the equity attributable to the shareholders of KSB SE & Co. KGaA.

Performance of half-year key indicators of the KSB Group from 2021 to 2023

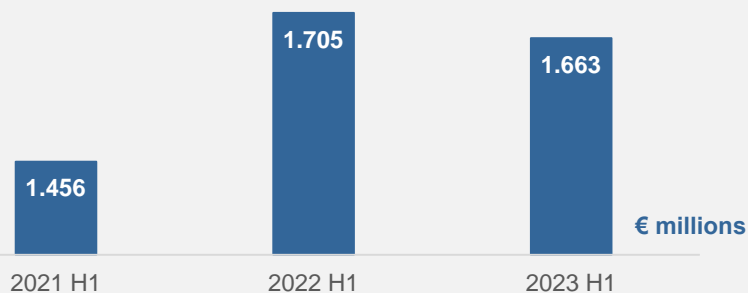


Order intake H1 2023



- Region Europe
- Region Asia / Pacific
- Region Americas
- Region Middle East / Africa / Russia

Orders on hand

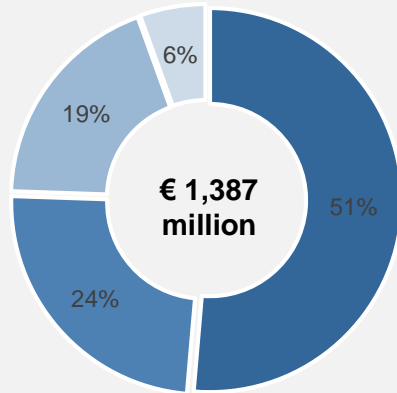


H1 2023 order intake up 8.2 % year on year to € 1,609 million

€ millions	Order intake			
	First half of 2023	First half of 2022	Change (abs.)	Change (rel.)
KSB Group	1,609	1,487	122	+8.2 %
Pumps	875	843	32	+3.8 %
Valves	221	196	25	+12.8 %
KSB SupremeServ	513	448	64	+14.4 %

Sales revenue in the first six months up by 21 % to € 1,387 million

Sales revenue H1 2023



- Region Europe
- Region Asia / Pacific
- Region Americas
- Region Middle East / Africa / Russia

€ millions	Sales revenue			
	First half of 2023	First half of 2022	Change (abs.)	Change (rel.)
KSB Group	1,387	1,146	241	+21.0 %
Pumps	746	608	138	+22.7 %
Valves	184	160	24	+15.0 %
KSB SupremeServ	457	378	79	+21.1 %



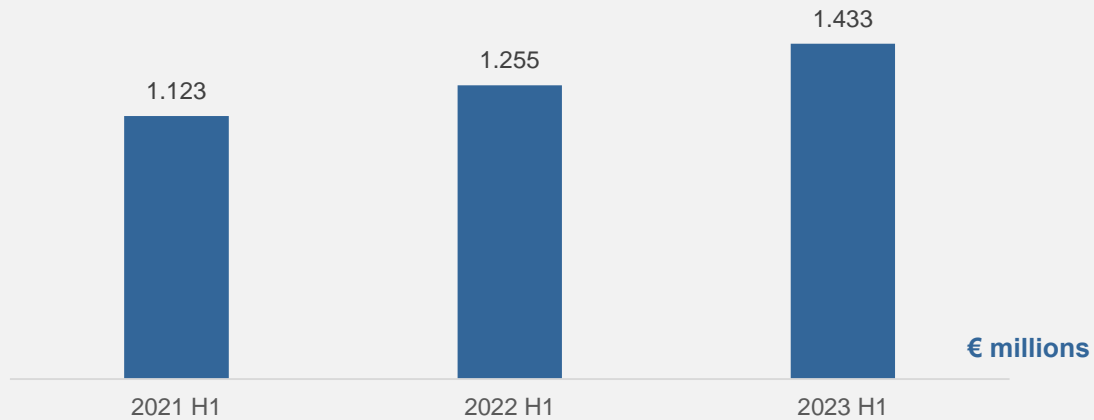
EBIT margin increased from 4.7 % to 8.1 % KSB SupremeServ was a strong earnings driver

€ millions	EBIT		
	First half of 2023	First half of 2022	Change
KSB Group	112.1* <i>ROS: 8.1 %</i>	53.5 <i>ROS: 4.7 %</i>	58.6
Pumps	19.2	10.5	8.7
Valves	4.4	-4.0	8.4
KSB SupremeServ	88.6	47.0	41.6

* Includes one-off insurance reimbursement of € 10.2 million

Development of cost of materials relative to total output of operations

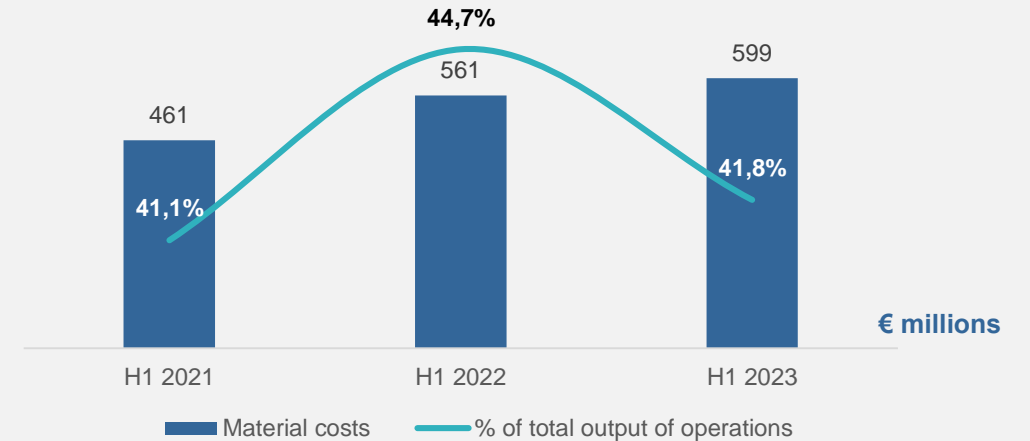
Total output of operations



Total output of operations H1 2023:

- Sales revenue: € 1,387 million
- Changes in inventories: € + 45 million
- Own work capitalised: € + 1 million

Development of material costs

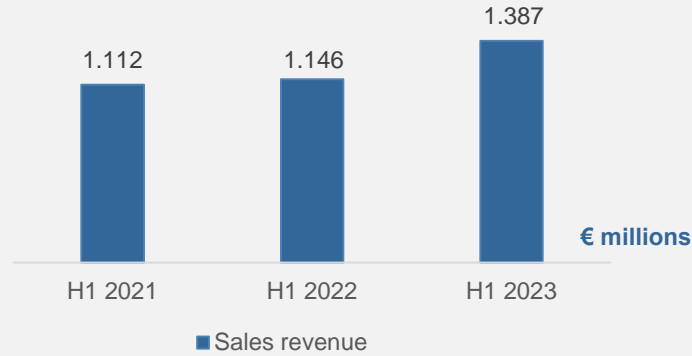


Cost of materials H1 2023:

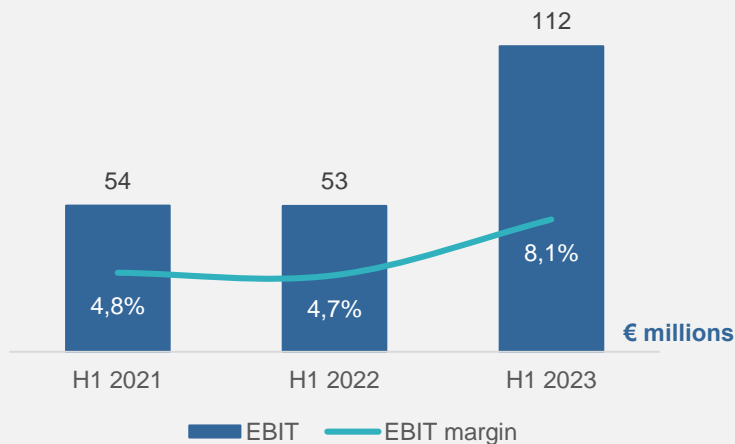
- Cost of materials as a percentage of total output of operations was reduced by around 2.9 % compared with the prior-year period to 41.8 %.

EBIT soars despite economic downturn

Sales revenue performance



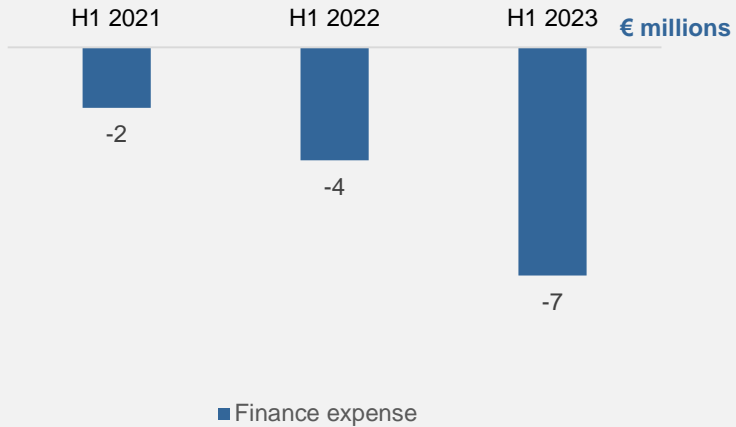
EBIT performance



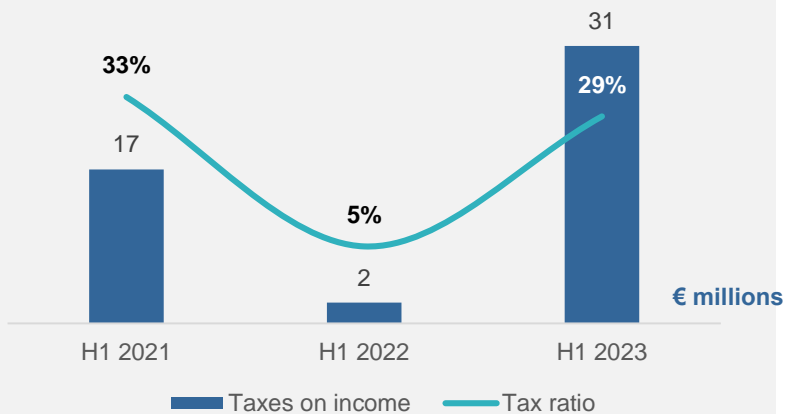
€ millions	H1 2023	H1 2022	H1 2021
Sales revenue	1,386.6	1,145.7	1,111.9
Cost of materials	599.3	560.8	461.2
<i>in % of sales revenue</i>	43.2 %	48.9 %	41.5 %
Staff costs	481.7	448.4	420.7
<i>in % of sales revenue</i>	34.7 %	39.1 %	37.8 %
Other expenses	220.1	169.9	159.3
<i>in % of sales revenue</i>	15.9 %	14.8 %	14.3 %
EBITDA	155.1	94.8	94.3
EBIT	112.1	53.5	53.6
<i>in % of sales revenue</i>	8.1 %	4.7 %	4.8 %

Earnings after income taxes € 74.1 million

Finance income / expense

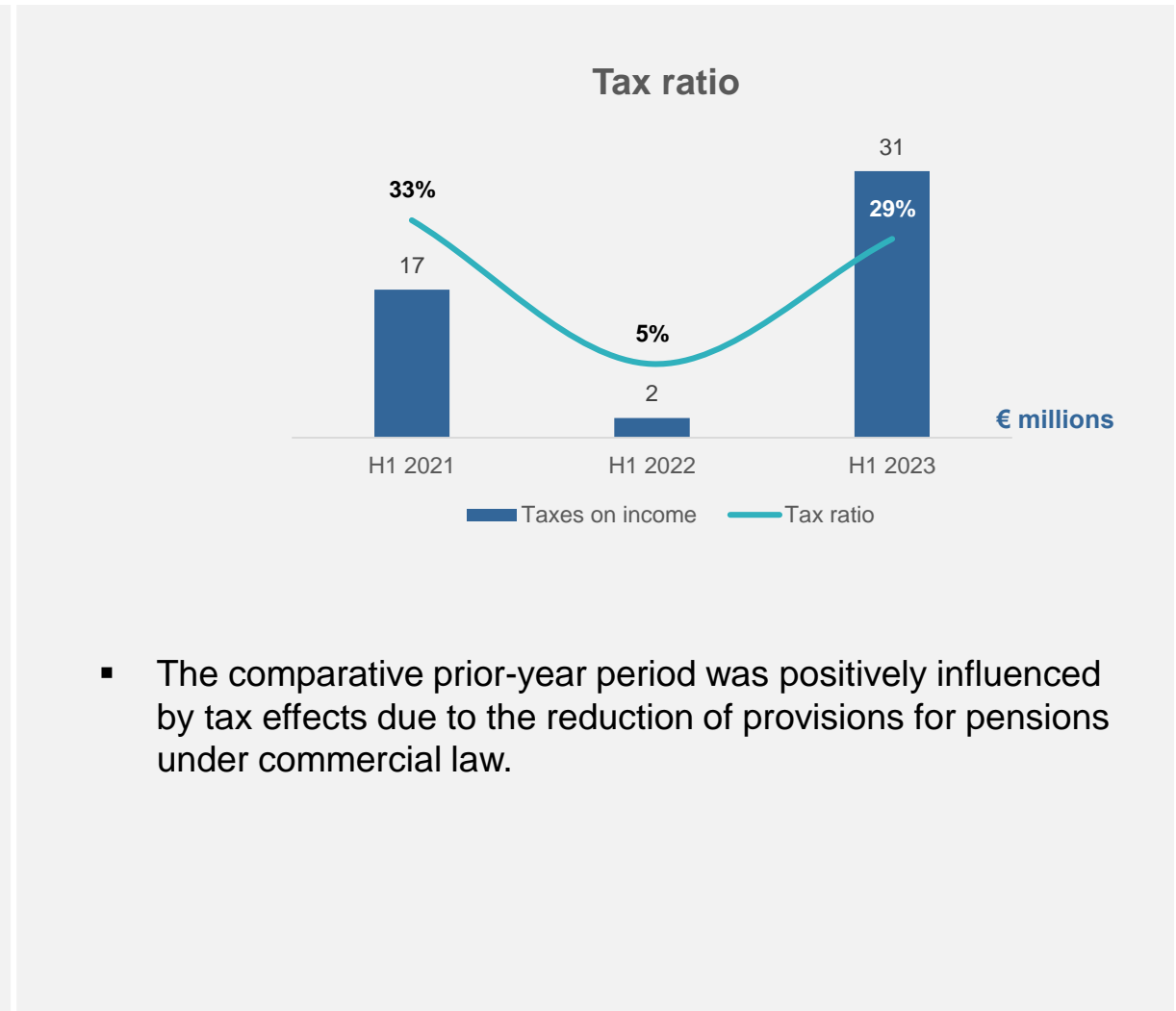
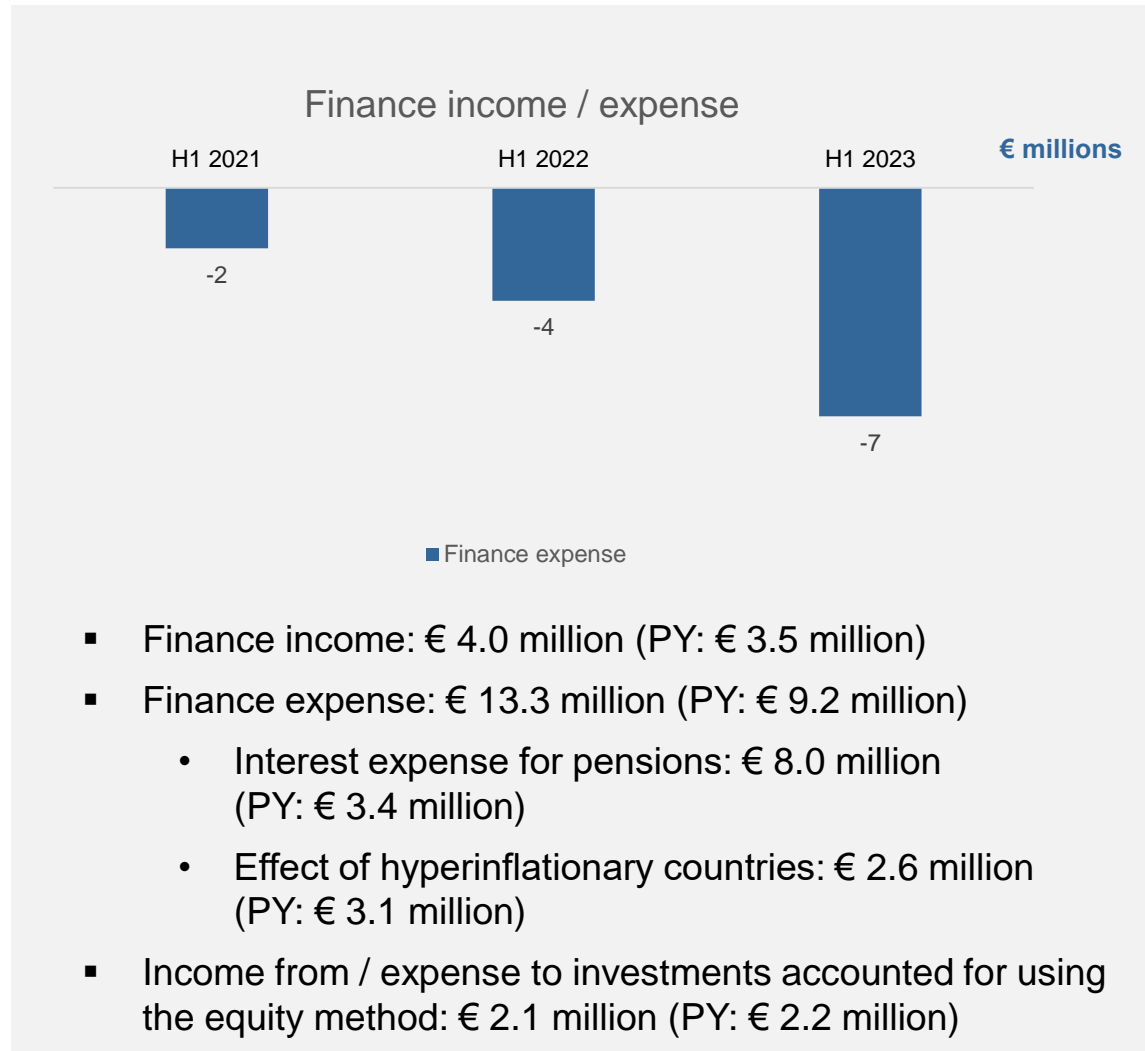


Tax ratio



€ millions	H1 2023	H1 2022	H1 2021
EBIT	112.1	53.5	53.6
Finance income / expense	-7.2	-3.6	-1.9
EBT	104.9	49.9	51.7
Taxes on income	-30.8	-2.3	-17.1
Tax ratio	29.3 %	4.6 %	33.0 %
Earnings after income taxes	74.1	47.6	34.6

Finance income / expense and taxes on income

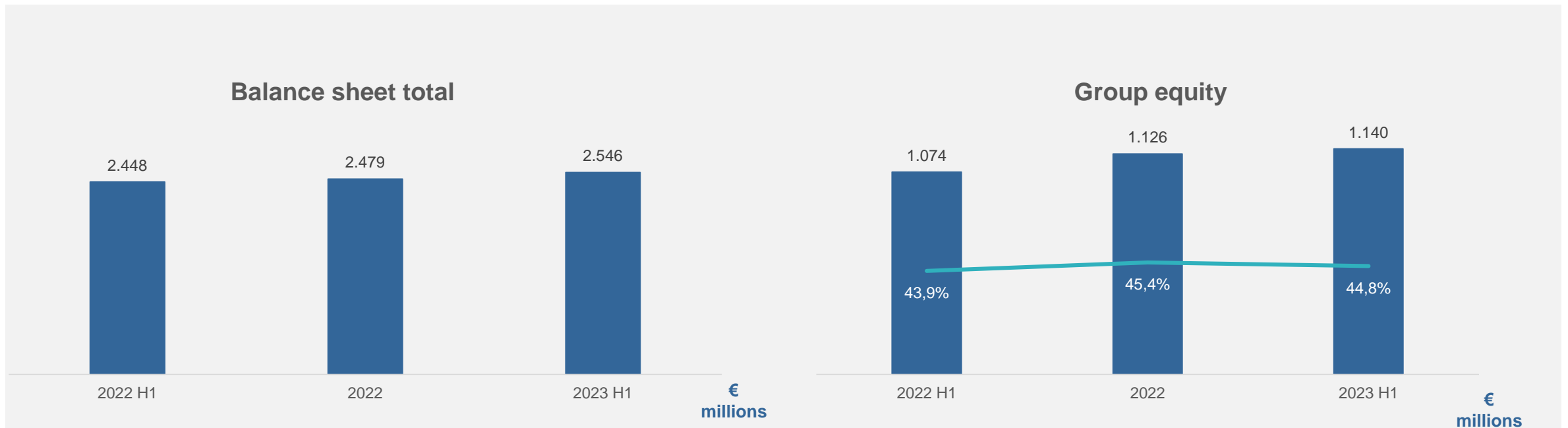




KSB Group balance sheet H1 2023 vs 2022

€ millions	30 June 2023	31 Dec. 2022	Delta vs. PY
Non-current assets	757	758	-1
Current assets	1,789	1,721	68
Total assets	2,546	2,479	67
Equity	1,140	1,126	14
Non-current liabilities	512	504	8
Current liabilities	895	849	46
Total equity and liabilities	2,546	2,479	67

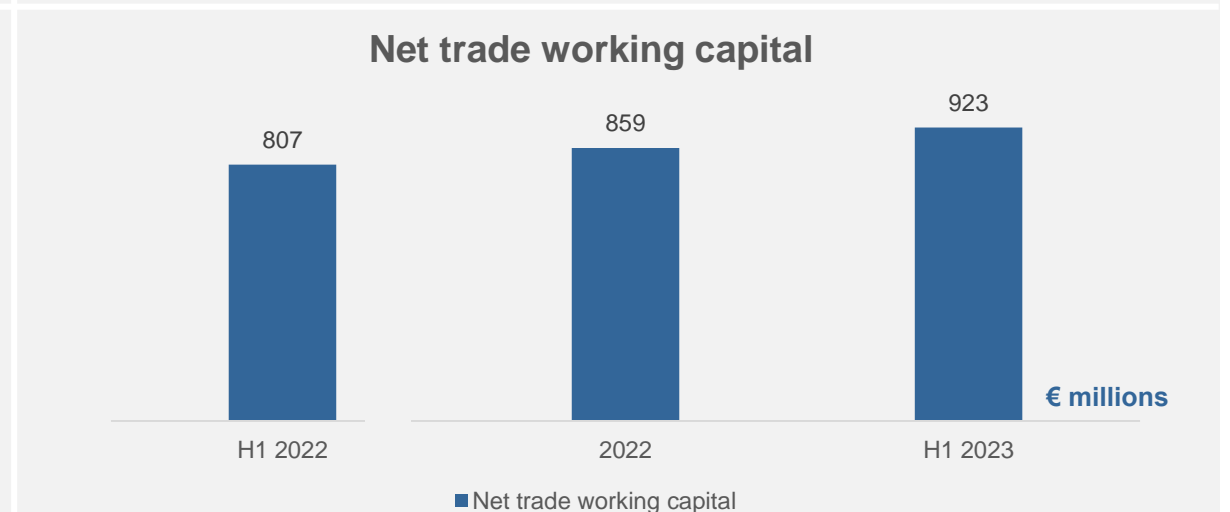
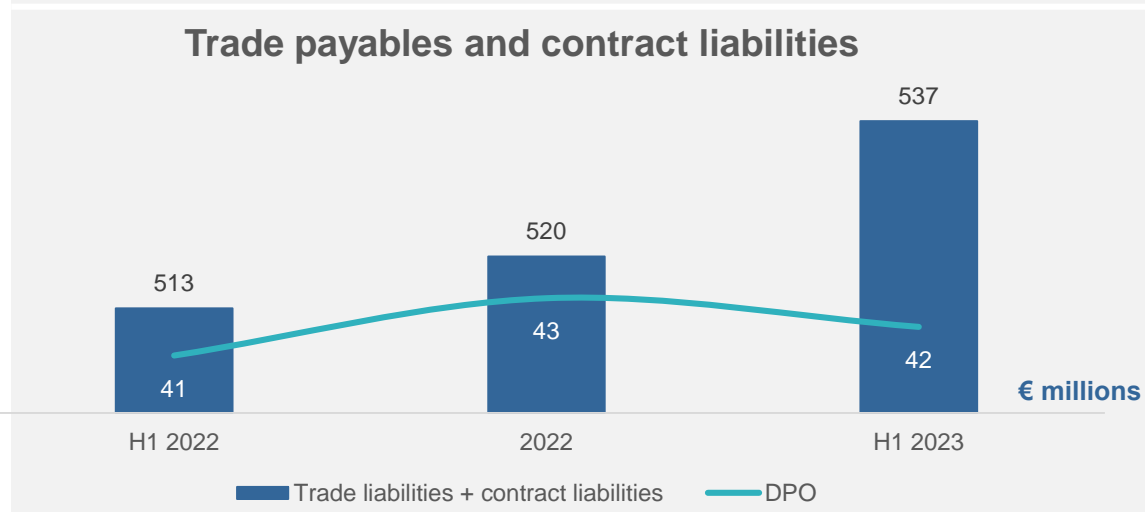
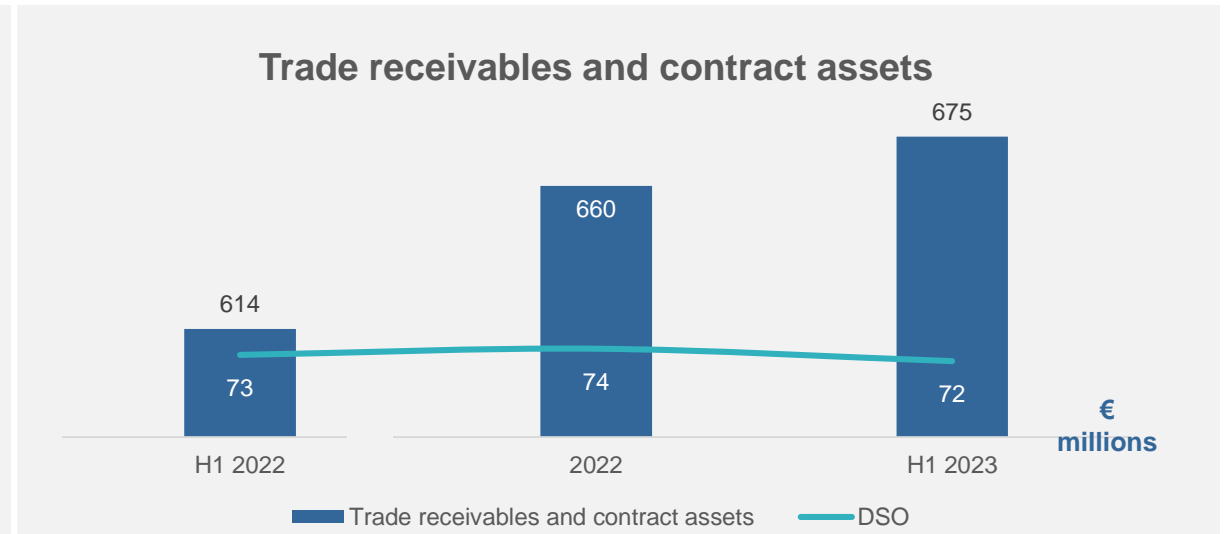
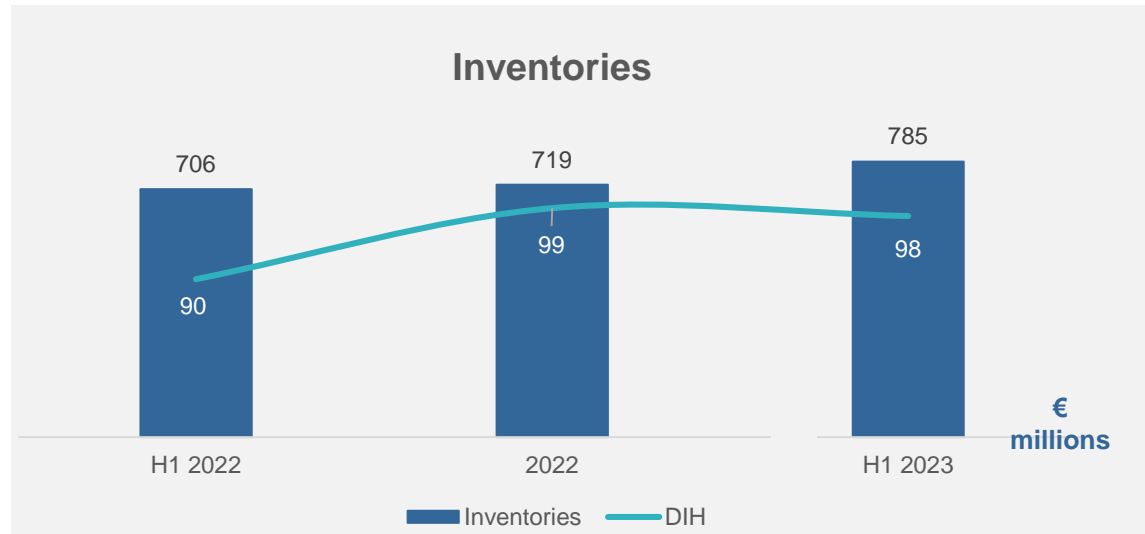
Slight increase in equity and balance sheet total



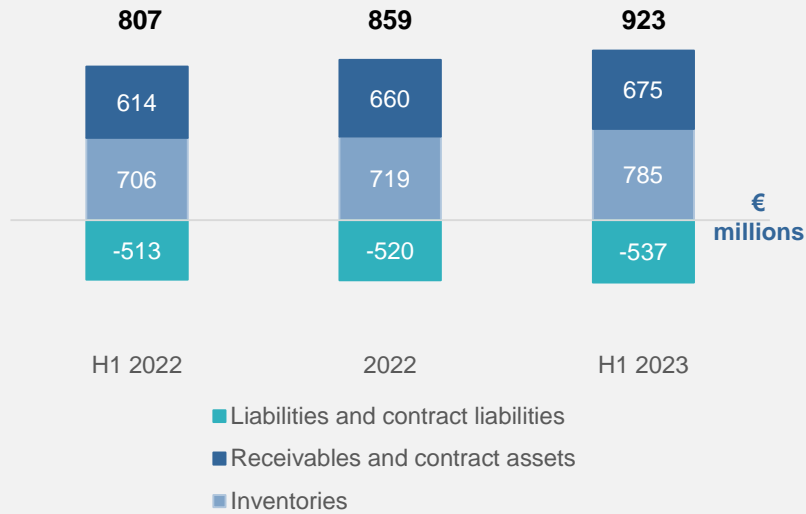
Equity increases slightly in the first half of the year due to higher operating earnings

- Earnings after taxes of € 74.1 million in H1 2023
- Dividend payment of € 38.9 million in May 2023
- OCI effects (incl. currency translation effects) of € - 21.3 million

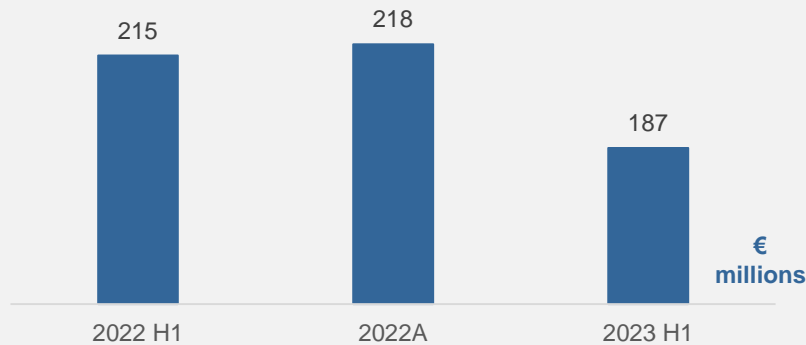
Development of important KPIs



Trade working capital



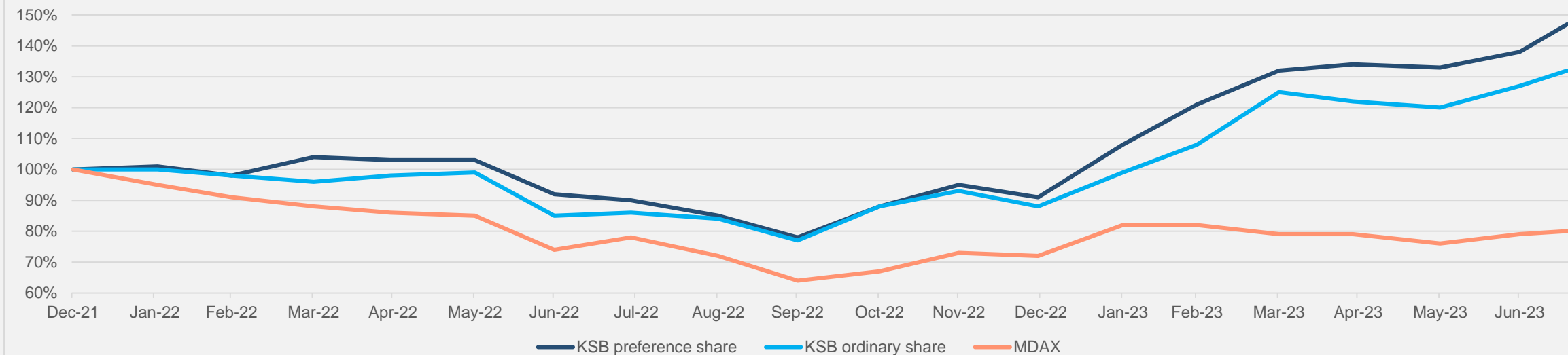
Net financial position



€ 64 million increase in trade working capital financed fully from own liquidity reserves

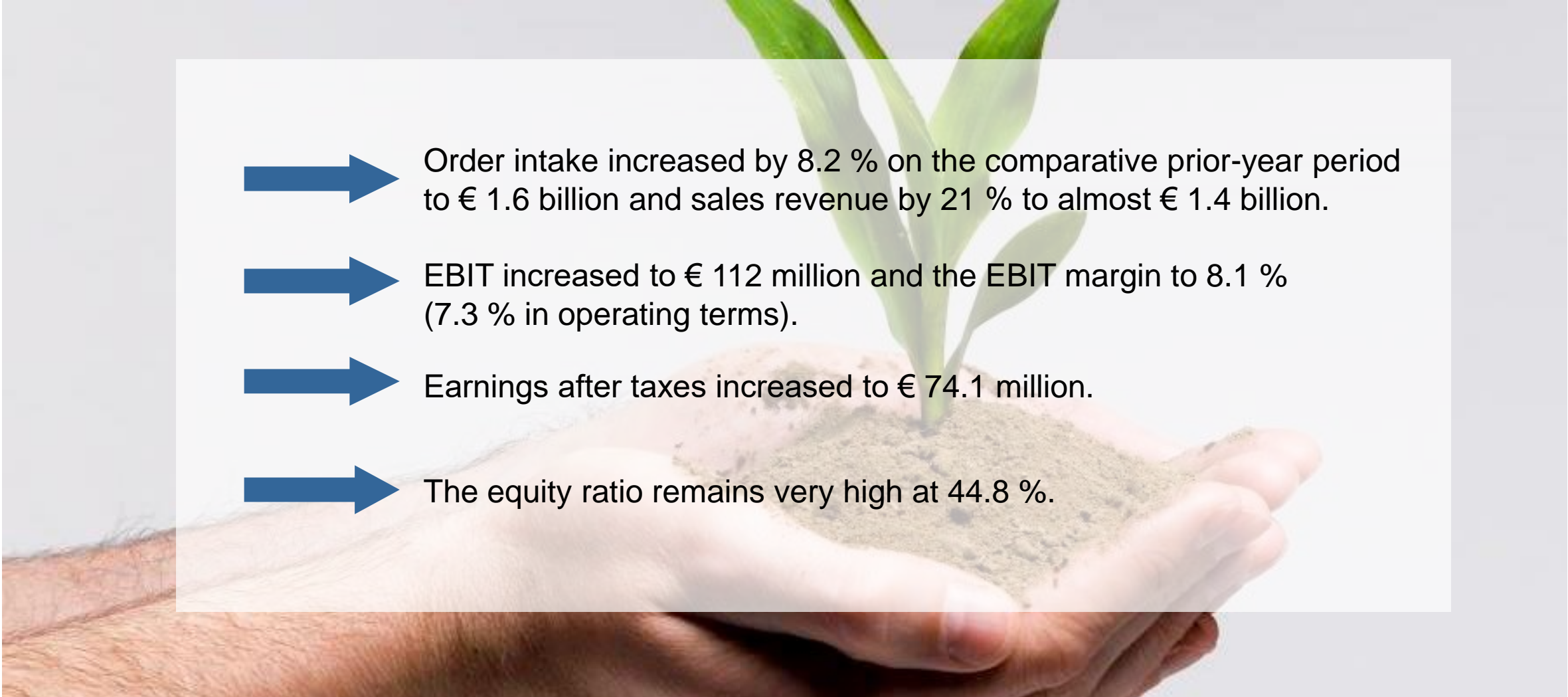
€ millions	H1 2023	H1 2022	Delta vs. PY
Cash flows from operating activities	57.8	-88.9	146.7
Cash flows from investing activities	-34.0	-31.5	-2.5
Free cash flow	23.8	-120.4	144.2
Net financial position	186.7	218.3	-31.6

KSB SE & Co. KGaA share price performance



	30 June 2022	31 Dec. 2022	30 June 2023
Earnings per ordinary share in €	21.84	59.05	35.30
Ordinary share price on the reporting date in €	389	400	585
Market capitalisation on reporting date in € m	638.9	644.3	957.9

Successful first half of 2023 for KSB

- 
- ➔ Order intake increased by 8.2 % on the comparative prior-year period to € 1.6 billion and sales revenue by 21 % to almost € 1.4 billion.
 - ➔ EBIT increased to € 112 million and the EBIT margin to 8.1 % (7.3 % in operating terms).
 - ➔ Earnings after taxes increased to € 74.1 million.
 - ➔ The equity ratio remains very high at 44.8 %.

Agenda

1. Introduction: The development of KSB
2. Financial Update
- 3. Outlook 2023 and Strategy 2030+**
4. Q&A Session and Wrap-Up

Adaption of the forecast

Outlook 2022 for 2023

- **Order Intake: 2.750 – 3.000 Mio. €**
- **Sales: 2.500 – 2.850 Mio. €**
- **EBIT: 165 – 200 Mio. €**

Outlook July 2023 for 2023

- **Order Intake: 2.900 – 3.100 Mio. €**
- **Sales: 2.800 – 2.950 Mio. €**
- **EBIT: 210 – 230 Mio. €**

Drivers of success: Change Programmes

2018

KSB SupremeServ

2019

KSB VOICE



KSB CLIMB 21

2020

Improvement in KGaA earnings

(red list countries)

2021

Strategy 2030+

- Customer centricity
- Market orientation
- Striving for profitability
- Efficiency and effectiveness
- Employee satisfaction

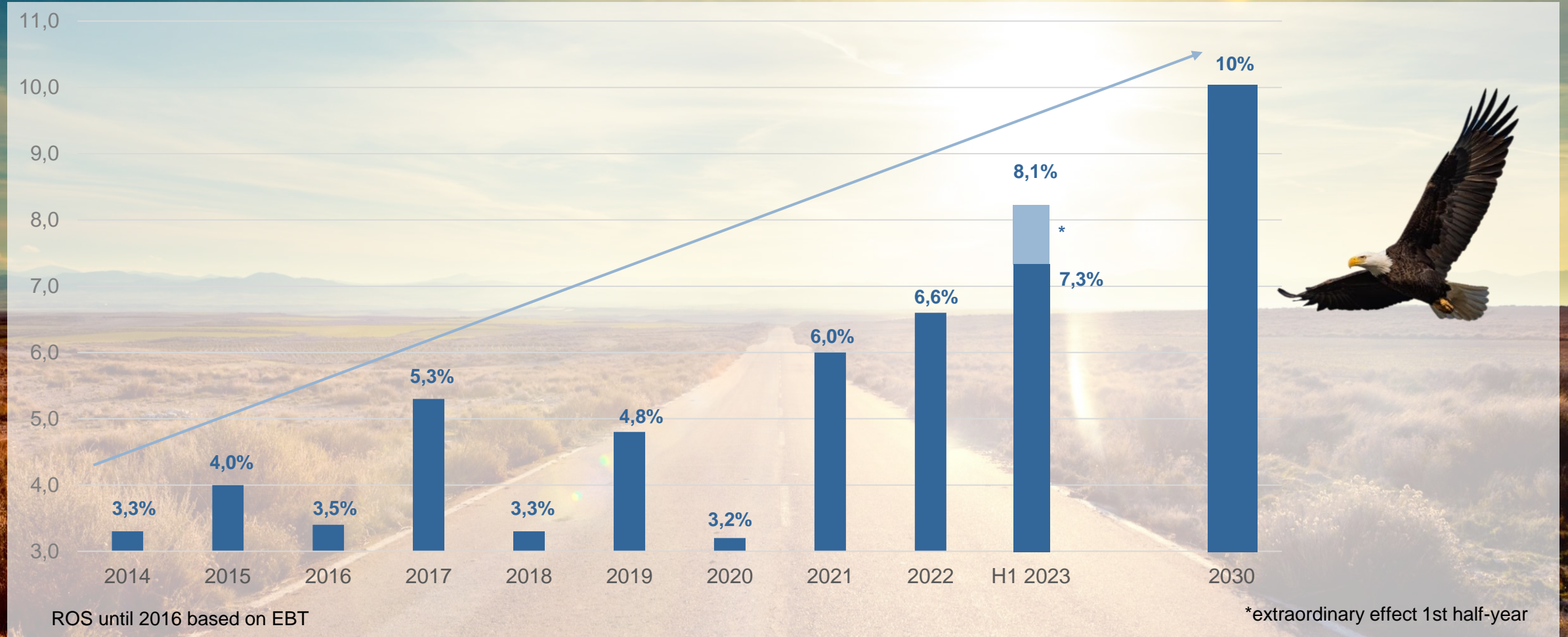
Strategy house 2030+



Selected Objectives for 2030 (Strategy 2030+)

- **> € 4 billion order intake**
- **Being among the top 3 in our markets**
- **Approx. 40 % KSB SupremeServ sales revenue**
- **10 % ROS**
- **> 50 % intelligent products**
- **Professional in standard and engineered business**
- **Best- in-class processes and quality leadership**
- **2040: climate neutral**

Development of ROS





CAPITAL MARKET DAY

SAVE THE DATE

September 20, 2023 // 10:00 a.m. – 03:00 p.m.

at KSB SE & Co. KGaA in 67227 Frankenthal / Germany

Summary January to June 2023

- **Increasing growth and profitability:
KSB SupremeServ and market orientation**
- **Strategy 2030+: the success story continues**
- **Confident to present a good financial year 2023**
- **Necessary: work, frugality, focus and a bit of luck**

Agenda

1. Introduction: The development of KSB
2. Financial Update
3. Outlook 2023 and Strategy 2030+
4. **Q&A Session and Wrap-Up**

Questions & Answers

