



# KSB GROUP

## INVESTOR PRESENTATION

February 2023



# FORWARD-LOOKING STATEMENTS

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# Agenda

## 1 Introduction

## 2 Core Information and Messages

## 3 Strategy

## 4 Environmental, Social and Governance (ESG)

## 5 Appendix

# Management Board

**CEO**

**Dr. Stephan Timmermann**



Member of the Executive Board  
since November 13, 2017

Appointed until 30 November 2026

**CFO**

**Dr. Matthias Schmitz**



Member of the Executive Board  
since June 1, 2017

Appointed until 31 May 2026

**CSO**

**Ralf Kannefass**



Member of the Executive Board  
since July 1, 2017

Appointed until 30 June 2026

**CTO**

**Dr. Stephan Bross**



Member of the Executive Board  
since September 15, 2017

Appointed until 14 September 2025

# Agenda

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5 Appendix

# A global flow control innovation leader – in transition

## PUMPS, VALVES AND KSB SupremeServ



## IN FIGURES

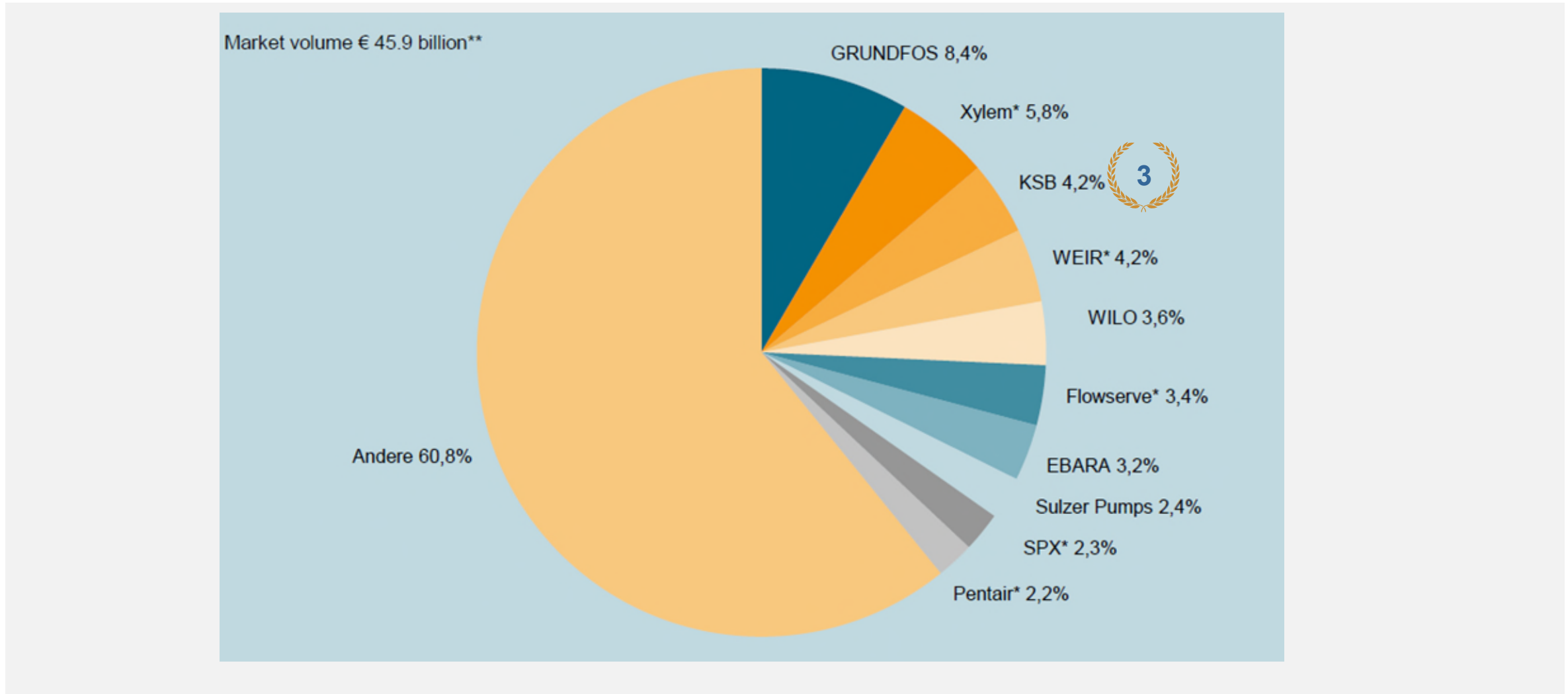
<b>1871</b> FOUNDED	<b>#3</b> GLOBALLY BY REVENUES	<b>€2.3bn</b> 2021A REVENUES
<b>33%</b> SPARES & SERVICE REV.	<b>170</b> GLOBAL SERVICES SITES	<b>6% to &gt; 8%<sup>1</sup></b> EBIT MARGIN
<b>15,000+</b> EMPLOYEES	<b>€30bn</b> INSTALLED VALUE	<b>450k</b> # OF CUSTOMERS

## SELECTED CLIENTS








Note:  
<sup>1</sup> Profitability goal 2025

# The 10 largest pump manufacturers in the world – 2021



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## Driving growth through cycles and enhancing margins

	<b>PROCESS CRITICAL PRODUCTS AND SOLUTIONS</b>	<p>Solid <b>service and replacement</b> business, <b>significant further growth</b> potential</p> <p><b>Long standing</b> client <b>relationships</b>, <b>large installed base</b> worldwide</p>
	<b>GLOBAL LEADER IN FLOW CONTROL SYSTEMS</b>	<p><b>German engineering</b>, reputation for quality and innovation <b>since 1871</b></p> <p><b>Leading market positions</b> in industrial machinery, municipal water, energy applications, mining and chemicals</p>
	<b>DIVERSIFIED MARKETS, GROWING MARKETS</b>	<p><b>Diversified focus markets to limit cyclicity</b></p> <p><b>Target to outgrow global GDP</b> by 1% p.a.</p>
	<b>CLIMB 21 – LIFTING KSB TO THE NEXT LEVEL</b>	<p><b>New organizational structure</b> with clear focus on selected end markets and increasing services and spare parts share</p> <p><b>Portfolio pruning for growth and profitability</b> in process</p>
	<b>ATTRACTIVE FINANCIAL IMPROVEMENT TRAJECTORY</b>	<p>Foundation for solid <b>sales growth in all segments</b>, <b>service share</b> to grow to 40%</p> <p>Sustainable <b>profitability goal</b> in excess of <b>8% EBIT margin</b></p>



# Optimal energy and operational efficiency drive customer value

Product	PUMPS				KSB SupremeServ				VALVES	
	Customised standard		Engineered							
Description	<ul style="list-style-type: none"> <li>Portfolio of standard and engineered centrifugal pumps, also available online</li> <li>Standard pumps with various customization options</li> <li>Several types of pumps (single stage pumps, multi stage pumps and submersible pumps)</li> <li>Engineered pumps for use in Mining and especially Energy industries</li> </ul>				<ul style="list-style-type: none"> <li>Services for pumps and valves including inspection, servicing, maintenance, repairs and consultancy offered under the KSB SupremeServ brand</li> <li>Strong focus on spare parts</li> <li>Online availability</li> </ul>				<ul style="list-style-type: none"> <li>Used in power stations, buildings, on ships and in process and water engineering systems</li> <li>Alongside globe valves, gate valves, butterfly valves, ball valves, diaphragm valves and check valves, the product range also includes actuators and positioners</li> </ul>	
Sales share	<b>€1,271m<sup>1</sup></b> 54%				<b>€767m<sup>2</sup></b> 33%				<b>€306m<sup>1</sup></b> 13%	
Parameters	<b>0.7 – 65,000</b> QUANTITY (m <sup>3</sup> /h)	<b>10 – 560</b> PRESSURE (bar)	<b>(90) – 450</b> TEMP (°C)	<b>1 – 5,300</b> HEIGHT (m)	LARGE INSTALLED BASE	DIGITAL SERVICES	HIGHLY QUALIFIED STAFF	SPARE PARTS BUSINESS	<b>(196) – 816</b> TEMP (°C)	
Online sales	<b>€150m+</b> 2021									

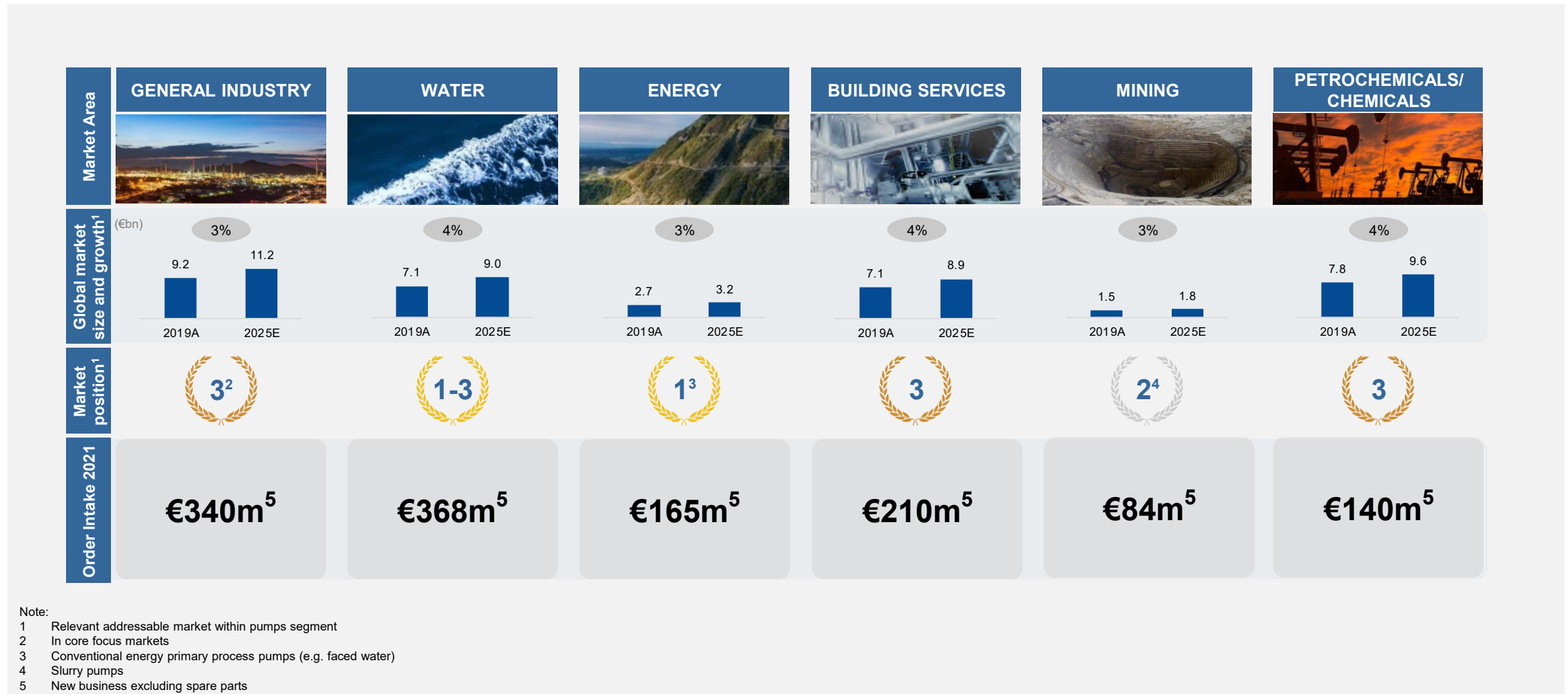
Note:

1 2021 actual, new business only

2 2021 actual, services and spare parts

# KSB Core Pump Markets - Overview

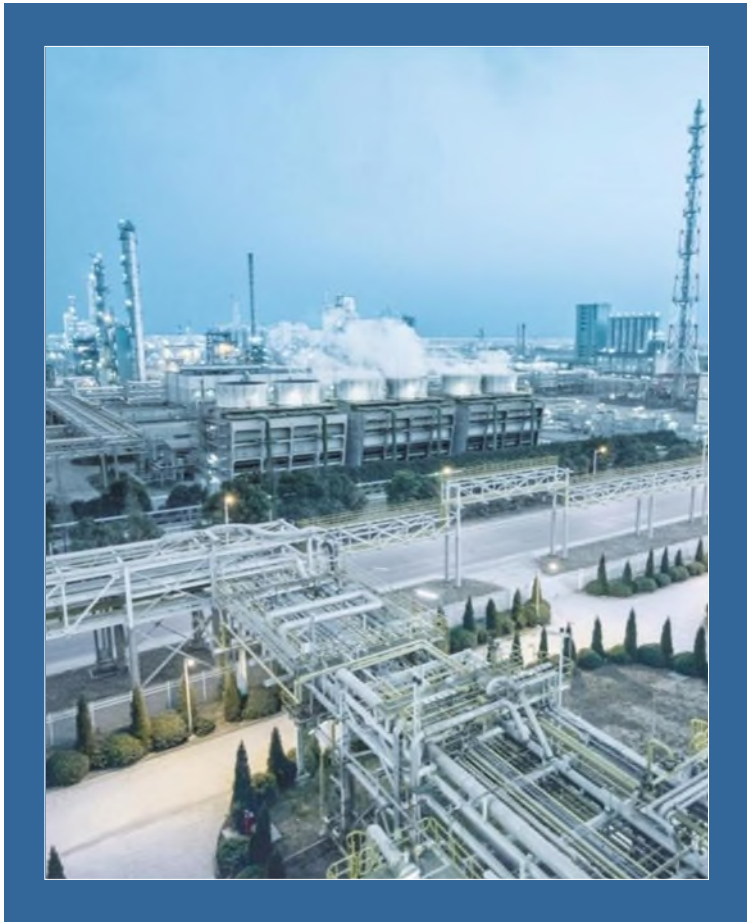
## Leading market positions in focus markets, secular growth and diversification benefit KSB



# CASE STUDY: BASF-YPC



## MEETING HIGHEST STANDARDS OF SAFETY AND EFFICIENCY



### THE CHALLENGE

- Based on BASF's main plant in Ludwigshafen, one of the largest contiguous chemical sites in China was planned to be build in Nanjing
- Safety as top priority in an environment of toxic media

### THE SOLUTION

- Our chemical and refinery experts were already involved in the design and planning of the plant
- Use of standard chemical pump CPKN, HPK as well as RDLO pumps
- Plant expansions followed at short intervals where KSB Group has won the tender

- A well-functioning service was one of the decisive factors to award the contract to the KSB Group

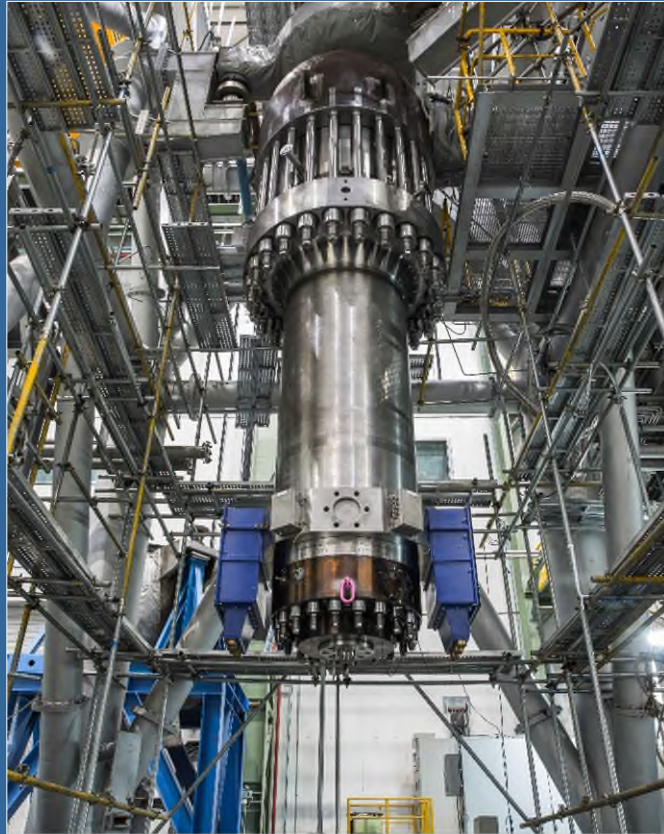
- High power density and very low energy consumption
- Maximum of operational safety and low maintenance

### SPECIFICS

### CUSTOMER BENEFITS

# CASE STUDY: NUCLEAR POWER PLANT

## FIRST MOVER – CERTIFIED FOR MODERN NUCLEAR POWER PLANTS FOR HIGHEST SAFETY



### THE CHALLENGE

- Develop a reactor coolant pump for nuclear power plants that meets the highest quality, reliability and safety requirements

### THE SOLUTION

- KSB Group has been awarded the certificate for its RUV reactor coolant pump allowing it to be used in the latest generation 3+ of Chinese nuclear power stations
- Prototype of the RUV pump has successfully passed demanding tests in Lingang (China)
- KSB Group already received first orders for supplying five pumps to Shidaowan nuclear power station

- Development period of close to ten years
- Successful certification underlines KSB Groups position as technology leader in nuclear market

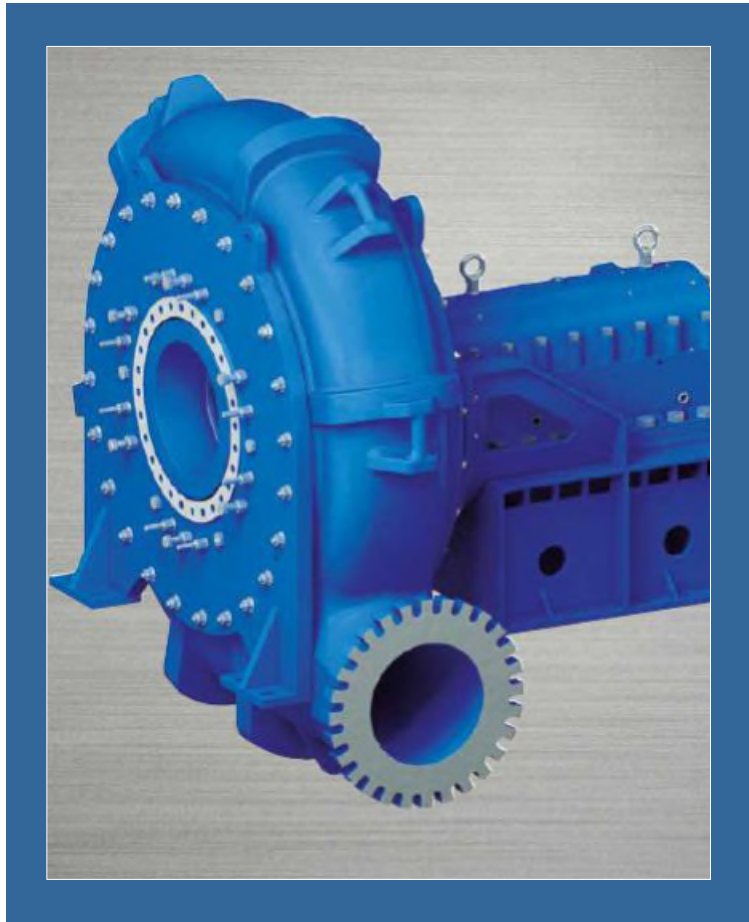
- For pumps and valves in nuclear power stations, we are certified according to German and US nuclear engineering codes
- Highest safety standards

### SPECIFICS

### CUSTOMER BENEFITS

# CASE STUDY: QUELLAVECO-MINE, PERU

## EXTENDING SERVICE LIFE OF WEAR PARTS THROUGH OWN ALLOY MATERIAL COMPETENCES



### THE CHALLENGE

- Extreme conditions
- Reliability

### THE SOLUTION

- Delivery of MDX 600 cyclone feed pumps
- KSB Group has been selected based on its excellent reputation for its sludge pumps and globally successful use of the MDX 600 pumps in copper and gold applications

- Pumps for Quellaveco are specially designed for operation under the most extreme operating conditions

- Increased output through highest pump reliability and lifetime based on own material competences
- Reduction of total operating costs

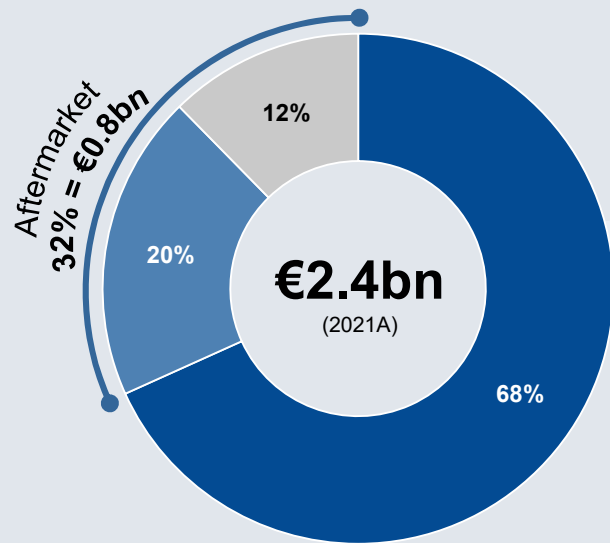
### SPECIFICS

### CUSTOMER BENEFITS

# Driving the installed base across a wide range of markets

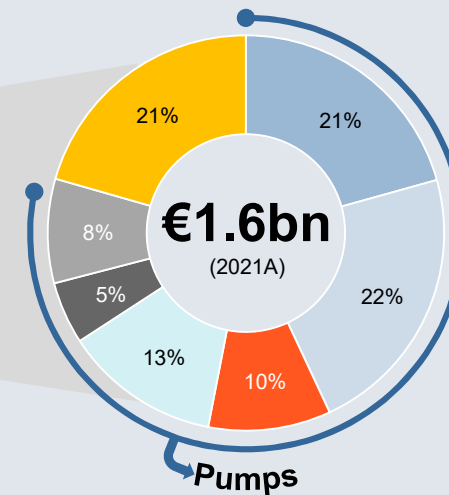
Out of €2.4bn OI1, €1.6bn is related to new business2

OI1: NEW BUSINESS VS AFTERMARKET SPLIT



■ New business ■ Spare parts business ■ Services

OI1: NEW BUSINESS BY MARKET / SEGMENT

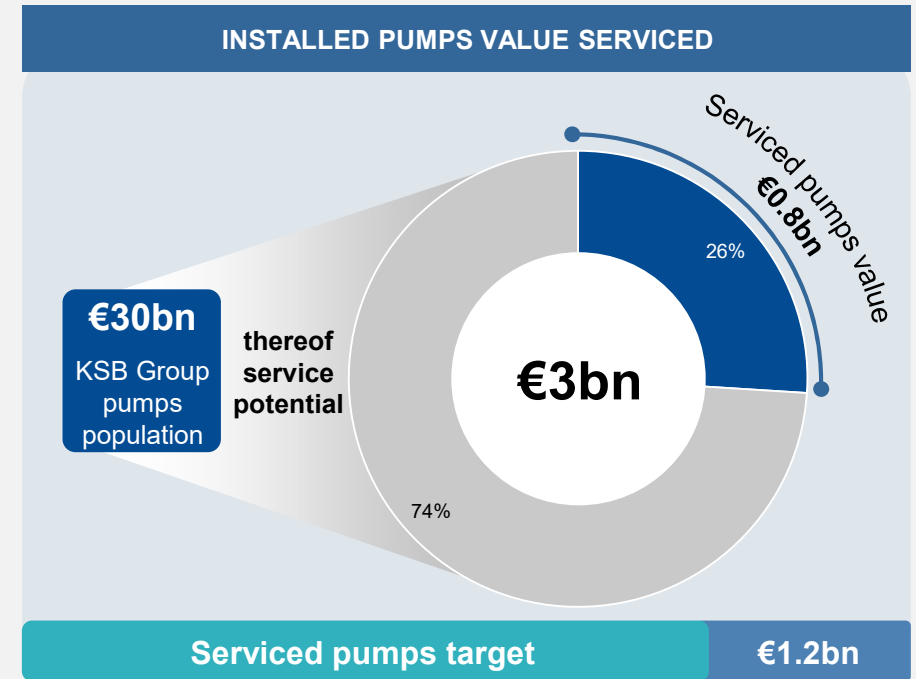
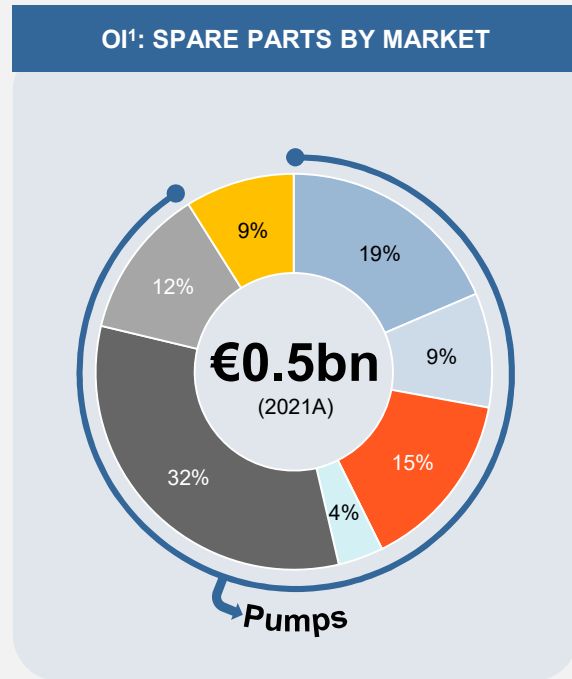


■ General Industry ■ Water ■ Energy ■ Building Services ■ Mining ■ Petrochemicals/Chemicals ■ Valves

Note:  
 1 Order intake (2021A)  
 2 Pumps € 1.3bn, Valves € 0.3bn

# Coverage set to grow from 20 % to 40 % of Installed Base

€0.8bn Service and replacement business driven by pumps



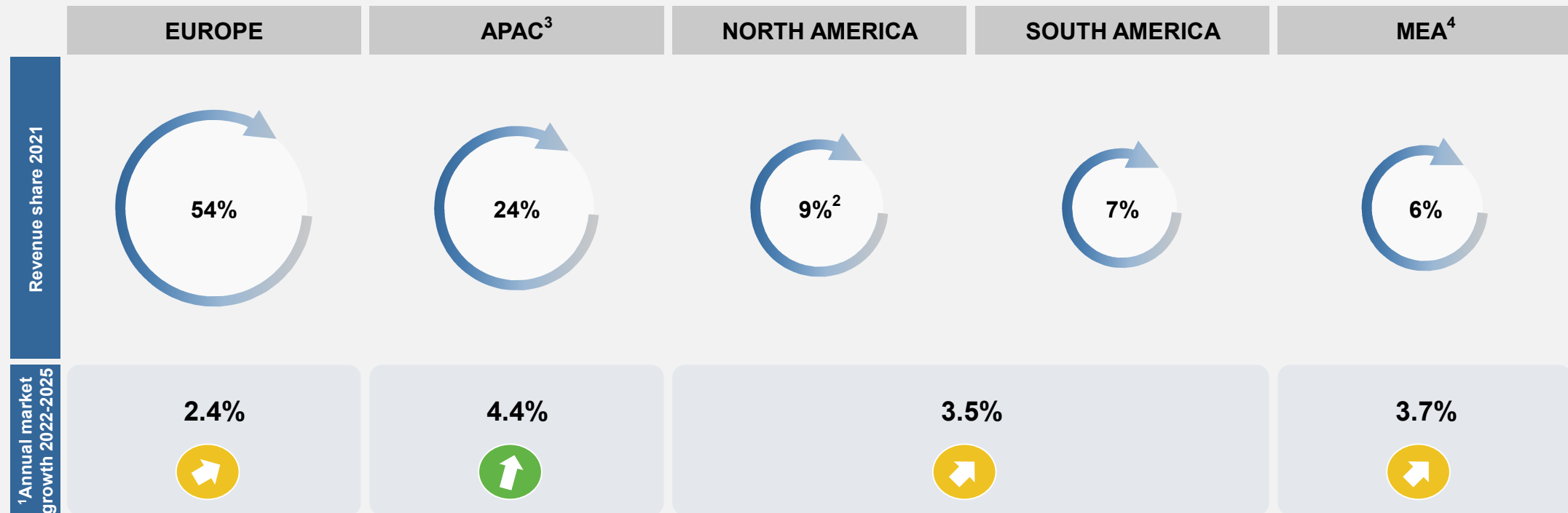
■ General Industry 
 ■ Water 
 ■ Energy 
 ■ Building Services 
 ■ Mining 
 ■ Petrochemicals/Chemicals 
 ■ Valves

Note:  
1 Order intake (2021A)

# KSB Core Information and Messages

## Expansion strategy ....

...with diversification from Europe into higher growth regions with strong regional hubs



Note:

- 1 Growth rate set up in 2021
- 2 Mostly related to Mining operations
- 3 Asia / Pacific
- 4 Middle East / Africa / Russia



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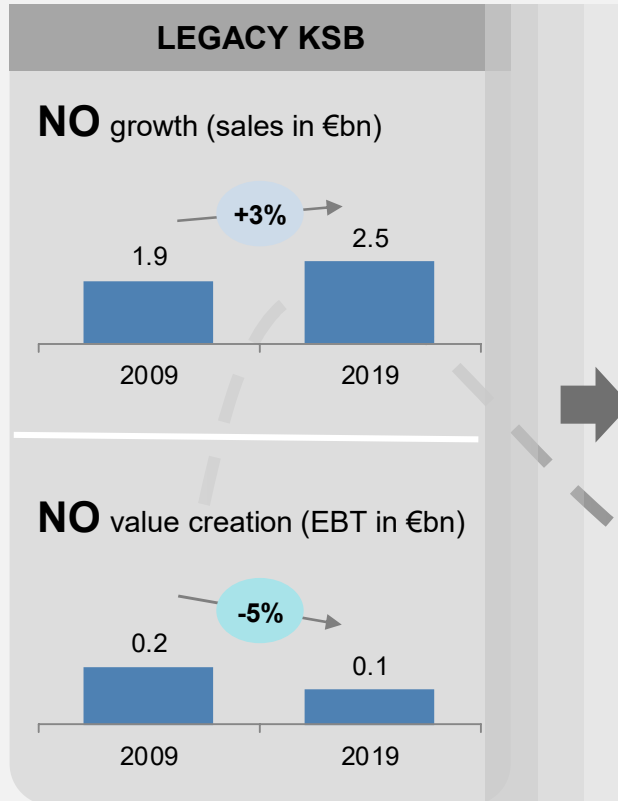
**3 Strategy**

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# Simplified, market driven new structure

New organizational structures to enhance customer focus and value-add



**Market focus**

- Review of end-markets and customer requirements
- Decision on focus areas, products and services

<b>Focusing</b>	<ul style="list-style-type: none"> <li>Strong market orientation</li> <li>Pumps structured by market area</li> <li>Services with spare part sales responsibility</li> </ul>
<b>Differentiation</b>	<ul style="list-style-type: none"> <li>Engineered pumps</li> <li>Customizable standard pumps</li> <li>Full solution analysis and offer</li> </ul>
<b>Separation</b>	<ul style="list-style-type: none"> <li>Valves as stand-alone organization with own sales</li> <li>Service with a strong “SupremeServ” branding and focus on spare parts business</li> </ul>

✓	<b>FULL BUSINESS RESPONSIBILITY</b>	✓	<b>END MARKET ACCOUNTABILITY</b>
✓	<b>LEANER STRUCTURE</b>	✓	<b>AFTERMARKET FOCUS</b>

# House of Strategy – main focus clusters



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# Unlocking KSB Group's full potential

## Path to clear value creation for KSB Group Shareholders



**MARKET**

**Focus**  
on markets with long-term growth potential  
Customer focus and profitability driving all actions

**SupremeServ**

**Raise**  
high-margin business opportunities  
Increasing share in spare parts and services

**COSTS**

**Lower**  
overall cost base  
€ 40 million cost savings

**GROWTH**

**+1%**  
Outgrow GDP p.a.

**MARGIN EXPANSION**

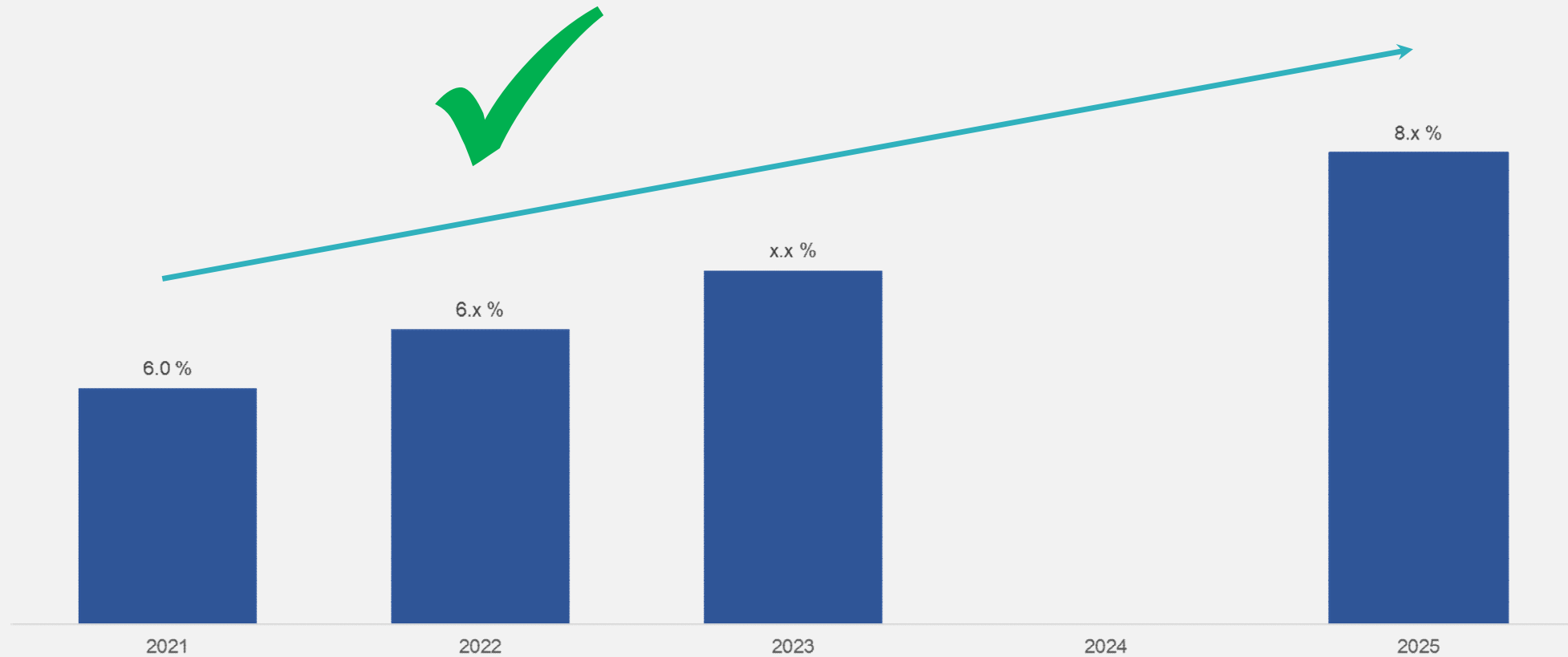
**>8%**  
Return on sales

# Boundary conditions for all: Megatrends



# Corporate objective: Sustainable, profitable growth

## Return on Sales



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## Return on expected developments

€m	2021	Forecast 2022	Preliminary report on financial year 2022
Order intake	2,412	2,800 – 3,000	2,862
Sales revenue	2,344	2,300 – 2,600	2,573
EBIT	141	130 – 170	“upper End of the forecast”

The continuing uncertainties relating to the COVID-19 pandemic and increasing geopolitical tension may have a negative impact on the forecasts made. Moreover, bottlenecks in the supply chains and price increases on the procurement markets can also have a negative impact on the forecast. In addition, the acts of war that started in Ukraine in February 2022 are resulting in considerable further uncertainties for the 2022 financial year, the impact of which KSB cannot currently estimate.

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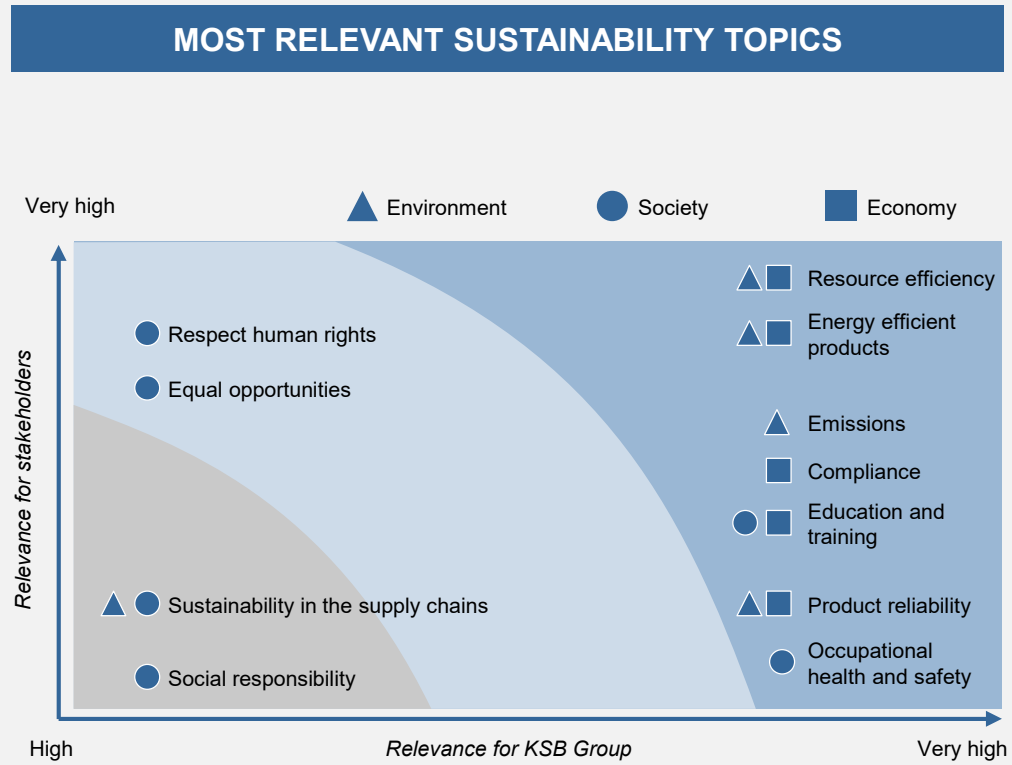
5 Appendix



# Sustainable development goals



# With a focus on climate protection, health, safety and social responsibility



### GLOBALY INTEGRATED MANAGEMENT SYSTEM

High standards worldwide

### FOLLOWING UN GLOBAL COMPACT PRINCIPLES

Fundamental responsibilities of the business in the areas of human rights, labor, environment and anti-corruption

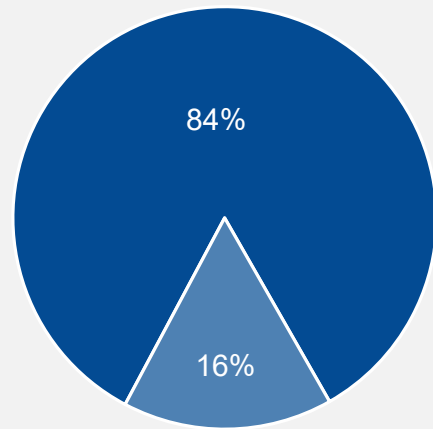
### CONCISE SUSTAINABILITY GOALS

Reaching nine sustainability goals by 2025

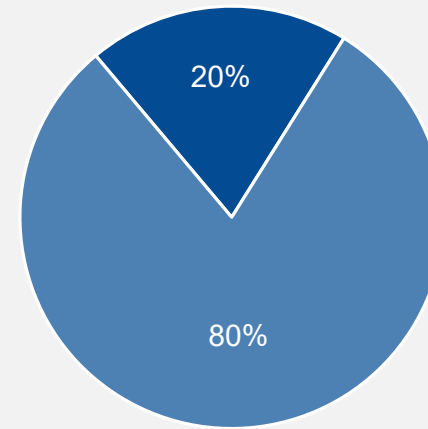
# Shareholding Structure

ORDINARY SHARES	
# SHARES	% OF SHARE CAPITAL
886,615	51%

PREFERENCE SHARES	
# SHARES	% OF SHARE CAPITAL
864,712	49%



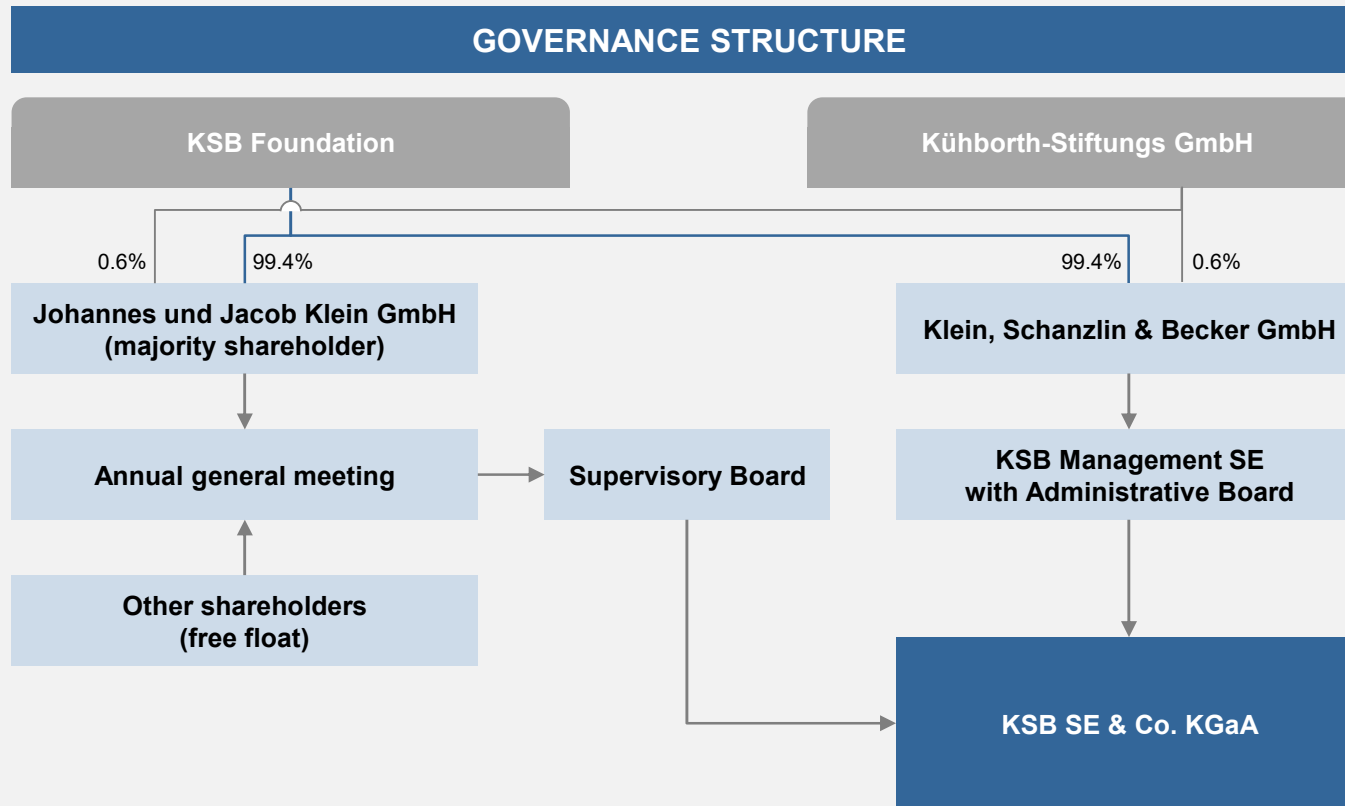
■ Johannes & Jacob Klein GmbH ■ Free Float



■ Johannes & Jacob Klein GmbH ■ Free Float

# KSB Corporate Governance

## Governance Structure



**COMMENTARY**

- **Legal form:**  
KGaA, Kommanditgesellschaft auf Aktien / limited partnership by shares
- KSB SE & Co. KGaA is managed by the general partner KSB Management SE (with Non-executives and Executive Directors)

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# Assets

(€m)	2021A	H1/2022A
<b>Non-current asstes</b>	<b>720</b>	<b>741</b>
Intangible assets	76	74
Right-of-use assets	43	41
Property, plant and equipment	538	553
Non-current financial assets	1	1
Other non-financial assets	8	9
Investments accounted for using the equity methode	20	23
Deferred tax asstes	34	41
<b>Current assets</b>	<b>1.594</b>	<b>1.707</b>
Inventories	529	706
Contract assets	80	89
Trade receivables	479	525
Other financial assets	80	83
Other non-financial assets	39	58
Cash and cash equivalentents	387	246
Assets held for sale	-	-
<b>Total</b>	<b>2.314</b>	<b>2.448</b>

## Equity and Liabilities

(€m)	2021A	H1/2022A
<b>Equity</b>	<b>869</b>	<b>1,074</b>
<b>Non-current liabilities</b>	<b>667</b>	<b>508</b>
Deferred tax liabilities	9	10
Provisions for employee benefits	629	471
Other provisions	2	2
Financial liabilities	27	25
<b>Current liabilities</b>	<b>778</b>	<b>866</b>
Provisions for employee benefits	8	8
Other provisions	94	93
Financial liabilities	52	56
Contract liabilities	157	208
Trade payables	272	305
Other financial liabilities	27	32
Other non-financial liabilities	157	153
Income tax liabilities	11	11
Liabilities held for sale	-	-
<b>Total</b>	<b>2.314</b>	<b>2.448</b>

# Income Statement

(€m)	2021A	H1/2021A	H1/2022A
<b>Sales revenue</b>	<b>2.344</b>	<b>1.112</b>	<b>1.146</b>
<b>Total output of operations</b>	<b>2.360</b>	<b>1.123</b>	<b>1.255</b>
Other income	28	12	19
Cost of materials	-975	-461	-561
Staff costs	-837	-421	-448
Depreciation and amortization expenses	-81	-41	-41
Other expenses	-354	-159	-170
<b>EBIT</b>	<b>141</b>	<b>54</b>	<b>54</b>
Financial income / expenses (net)	-1	-3	-6
Income from / expense to investments accounted for using the equity method	0	1	2
<b>EBT</b>	<b>140</b>	<b>52</b>	<b>50</b>
Taxes on income	-30	-17	-2
<b>Net profit</b>	<b>110</b>	<b>35</b>	<b>48</b>





**Thank you !**