

**Ad-hoc announcement acc. to section 15 of the German Securities Trade Act
(Wertpapierhandelsgesetz)**

23 March 2016

**Reduced dividend for financial year 2015; cost-cutting programmes will impact
earnings of financial year 2016**

The Board of Management and the Supervisory Board of KSB Aktiengesellschaft, domiciled in Frankenthal/Pfalz, have decided today to present to the Annual General Meeting on 11 May 2016 a profit appropriation proposal which includes a dividend of € 5.50 per ordinary share (previous year: € 8.50) and € 5.76 per preference share (previous year: € 8.76). The reduction of the dividend reflects the deteriorated profitability of KSB Aktiengesellschaft.

Furthermore the Board of Management and the Supervisory Board have decided to implement a group-wide package of measures to cut material, staff and other costs. Due to the one-time costs expected to be incurred and due to the anticipated decline in sales revenue (mainly as a result of the weaker order intake in 2015), earnings before taxes (EBT) for the financial year 2016 will probably be considerably lower than those of the year 2015, both for the KSB Group and for KSB Aktiengesellschaft.

KSB Aktiengesellschaft

The Board of Management