

Interim report for the period ended 30 Sept. 2014

KSB Group reports growth in order intake

In a continuing weak economic environment, the global market for pumps and valves has revived in some areas. Water and waste water management, industrial plant engineering and energy supply utilities project business showed a positive trend and grew slightly in the first nine months of the year, but with continued high pressure on prices. Due to the longer delivery times for major projects, the partially improved order situation is not yet reflected in the sales revenue.

KSB Group		01-09/2014	01-09/2013	Change
Order intake	€ million	1,750.0	1,676.7	+ 4.4 %
Sales revenue	€ million	1,587.8	1,676.6	- 5.3 %
Employees (30 Sept.)		16,476	16,605	- 0.8 %

Order intake and sales revenue

The Group's order intake between January and September 2014 improved by € 73.3 million to € 1,750 million compared with the same period last year. Without currency translation effects, this growth would have been about € 60 million higher. The increase was primarily attributable to the pump business, which included orders for the equipment of new power plants. Order intake for valves also developed positively, aided by a major power plant order and above all by purchase orders for liquefied gas valves. Only the volume of Service orders in the first nine months was lower than in the previous year.

The companies in Europe achieved marked order growth in this period, strongly influenced by export orders. Despite the political crises in the Region Middle East / Africa, the order intake of the Group companies operating there has almost recovered to prior-year levels. The Region Asia, particularly China and South Korea,

recorded moderate growth, while order intake for the companies in the Americas and Australia fell slightly short of the previous year's level.

Consolidated sales revenue was € 1,587.8 million, € 88.8 million below the comparative figure for the previous year. This is the result of currency translation effects (€ -57 million), project postponements, and the market-induced sales revenue weakness of GIW Industries, the US subsidiary catering to the mining sector. All three segments recorded decreases: Pumps, Valves and Service.

Only the companies in the Region Middle East / Africa achieved sales revenue growth overall; all other Regions posted lower year-on-year sales revenue.

Change in number of employees

On 30 September 2014, 16,476 people were employed in the Group, 129 fewer than at the same time last year. The German companies recorded a marked decline of 149 people. This staff reduction is part of the measures taken to adapt KSB to new market conditions and improve competitiveness.

Results of operations and financial position

Consolidated earnings for the first nine months were significantly lower year on year. This is mainly attributable to the decline in sales revenue, as well as to some extent to the low margins in project business and to currency effects. The net financial position at the end of September reached the comparative prior-year figure.

Outlook

Based on the continued good development of orders received, annual order intake for 2014 will exceed the prior-year figure (€2,241.2 million). Sales revenue is expected to fall moderately short of the previous year's level (2,247.3 million). As a



result of lower sales revenue and current expenses for restructuring measures, earnings before income taxes will, as announced in August, be substantially lower than in 2013 (€ 119.4 million).

In order to improve the earnings situation, KSB has initiated additional measures at mid-year to reduce costs. These will have a positive impact on earnings in the coming year, despite pending restructuring costs. In addition, the current review of the Group strategy focuses on higher profitability and sustainable growth.