

Interim report for the period ended 31 March 2013

KSB Group: Business expected to pick up in the second half of the year

KSB expects further growth in order intake and sales revenue in the current year. Given that demand in Europe is stagnating or even declining, a focus is on the opportunities offered by the non-European markets. While business with standard pumps and valves developed positively overall in the first quarter, the project business was affected by the continuing reluctance on the part of many investors in the power plant construction sector and by weaker demand in the water and waste water industries.

KSB Group		01-03/2013	01-03/2012	Change
Order intake	€ million	520.1	573.5	- 9.3 %
Sales revenue	€ million	512.3	524.4	- 2.3 %
Employees (31 March)		16,576	15,892	+ 4.3 %

Order intake and sales revenue

In the first three months of the year, the KSB Group received orders amounting to €520.1 million. This was 9.3 percent lower than during the comparative prior-year period. All three Business Units – Pumps, Valves and Service – suffered declines. The reluctance of the energy sector to realise new large-scale plants and the postponement of water and waste water projects had a particularly adverse effect.

The companies in the Region Americas and in the Region Middle East / Africa increased their order intake compared with the same quarter in the previous year. By contrast, the Asian KSB subsidiaries received fewer new project contracts, which reduced their overall order volumes. In Europe too, order intake was weaker than in

the first three months of the previous year. The total value of orders received by KSB AG fell by 10.2 percent to € 189.0 million.

Consolidated sales revenue, at €512.3 million, was down by 2.3 percent on the first quarter of 2012. This slight decline was mainly the result of the devaluations of the Brazilian, Indian and South African currencies against the euro and affected only the Business Unit Pumps, while sales revenue for valves and services rose considerably.

The companies in North America and Australia and the Group companies in the Region Europe increased their overall sales revenue. KSB AG, however, posted a decline of 3.8 percent to € 180.7 million.

The consolidated order intake and sales revenue figures include newly consolidated companies, which achieved an order intake of € 13.5 million and sales revenue of € 13.1 million from January to March of this year.

Change in number of employees

The number of employees in the Group as at 31 March 2013 increased by 4.3 percent year on year to 16,576. The majority of the 684 additional employees are attributable to the newly consolidated companies.

Results of operations and financial position

Consolidated earnings before taxes for the first quarter of 2013 were distinctly positive, but were lower than in the same period of the previous year. The Group's net financial position, which amounted to € 141.2 million at the turn of the year, had improved slightly by the end of March. The Group continues to have sufficient means at hand to implement strategic projects.

Outlook

Due to the postponement of several project contracts, the growth planned for 2013 is now expected to manifest itself in the business figures only in the second half of the year. We anticipate sustained growth through to the end of the year in the general business with standard pumps and valves.

As a result of the expected moderate increase in business volume accompanied by the implementation of measures affecting costs, KSB currently anticipates further growth in earnings before income taxes (2012: € 132.8 million).