



Dr Stephan Timmermann

Dear Shareholders and Business Partners,

2018 was the first year in which we, the new Management team of KSB, took charge of shaping the future of our company. Unfortunately the earnings achieved by our company remained significantly below the targets we had set ourselves and were also very disappointing with regard to our performance for shareholders. However, in view of the political and economic environment and the measures initiated, we are generally satisfied with the 2018 financial year. KSB's order intake increased by € 38.2 million to € 2,303.5 million and sales revenue by € 41.0 million to € 2,245.9 million. Without currency translation effects, our order intake of € 2,399.5 million and sales revenue of € 2,338.5 million would have been significantly higher than in 2017 and in line with our forecasts.

2018 was also the year in which we had to make high provisions and write-downs to account for both impairment risks and current political developments. In addition to the previously reported provisions for a large project in Great Britain, these included impairment losses on part of our activities in South Korea and France and provisions for the current Iran business.

We are charting a course for sustainable growth.

We are confident that by sharpening our focus as a company, we will be able to achieve long-term growth. Therefore, we are currently analysing our markets with the objective of better aligning our product portfolio with the segments that offer us the greatest potential for profitable growth. On this basis, we will develop an ambitious structural and growth programme in order to sustainably increase our profitability.

This includes measures for improving our efficiency and quality as well as for modernising the image and appearance of our locations. By investing in our infrastructure, we are also making ourselves a more attractive employer.

Our aim is for 2019 to be a year in which we can make further progress with our financial figures.

We are improving structures and processes.

We will initiate a series of measures to sustainably improve our cost situation. To this end, we will be continuing to consolidate our production network, streamline our production units and reduce the large variety of type series. Our goal is to scale down the high complexity of our product portfolio in order to cut costs, however without significantly limiting what we offer our customers.

In the field of electronic sales, we already have a Web Shop which sets the standard in our industry. A 70-strong e-sales team is currently working on implementing an end-to-end sales process for our standard products which will cover the entire customer journey. From summer 2019, we will then have an integrated platform solution with product catalogues and configurators allowing our customers to easily and conveniently select and order their products, all in a digital environment. This system will put us in a leading position ahead of our competitors in the area of electronic sales.

We offer innovative services.

Under the KSB SupremeServ brand name, we are taking our global service to a new professional level that goes far beyond the standard services of inspection, maintenance and repair while placing a greater strategic focus on our spare parts business. Retrofit measures for high energy savings, reverse engineering solutions for efficiently reproducing components without design drawings, additive manufacturing² of spare parts via 3D printing and data glasses for remote guidance with service work – these methods and processes are a testimony to our position as technology leader for activities in the Service segment. This is what our new brand name, KSB SupremeServ, stands for.

Our Business Innovation Lab², which was ranked by a German business magazine as one of the “Best German digital labs” in 2017, supports KSB SupremeServ with new product ideas and business models. Digital technologies and smart sensors provide the basis for our customers to check the status of their pumps and valves using cloud-based system data. They can then make informed decisions about scheduling professional service work and replacing spare parts.

We work with the best worldwide.

The KSB brand stands for technical excellence, but it is above all our employees that play the decisive role in customer satisfaction. Highly qualified and committed, they ensure that new customers become regular customers – and remain so. By pursuing this goal, we are stepping up our commitment to strengthening the professional qualifications and training of our employees around the world. At the same time, we are creating an inspiring and motivating work environment. This will also help us to recruit young skilled personnel to meet the challenges of the future. In 2018, our training programme once again resulted in us being ranked as one of “Germany’s best training companies” among 600 training companies.

We intend to conquer the market with the best employees and the best products. Combined with our new growth programme, over the coming years we will expand our business worldwide and increase profitability. We would like to take this opportunity to show you – our shareholders and business partners – that it is clearly worth investing in KSB. We are confident that the measures initiated will ensure that our company continues to develop successfully and sustainably.



Dr Stephan Timmermann, CEO