

KAP AG

We build market leaders!

Deutsches Eigenkapitalforum (virtuell)

24. November 2021

Agenda

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Speaker:

Eckehard Forberich
CEO

Marten Julius
CFO



About KAP Group

KAP at a glance

Focus on attractive niche markets in selected industrial sectors

Industrial holding focused on upper midsize market

- Long-term segment strategy for developing market leaders with sustainable growth potential
- Clear focus on profitable industrial sectors in attractive niche markets
- Flexible specialist serving individual and complex customer needs
- Global presence with 27 locations in 11 countries
- Listed on Regulatory Market of Frankfurt Stock Exchange (Prime Standard)

Revenue 2020⁽¹⁾
€338.7m

EBITDA 2020⁽²⁾
(normalised)
€32.5m

Employees 2020
2,736

Market Cap⁽³⁾
€175.6m





(1) Including discontinued operations from the it/services segment

(2) Including discontinued operations and normalised for insurance claims from 2019, one-off costs resulting from the fire in the USA, restructuring and severance costs as well as transaction-related consulting fees.

(3) Calculation with XETRA closing price on 5 Nov, 2021

KAP Group – Segment overview

We develop industrial products and technological solutions for international clients.

| engineered products | flexible films | surface technologies | precision components |
|---|--|---|---|
| <p>Leading manufacturer of technical textiles with global presence</p> <ul style="list-style-type: none">▪ Application in the areas of mobility, industry, pharmaceuticals, consumer goods, aviation and oil & gas▪ Special threads and fabrics improve stability and reduce weight in the end products▪ Great potential for the future through new developments | <p>One of the leading specialists for extrusion coatings in Europe</p> <ul style="list-style-type: none">▪ Market leader in membranes, covers, swimming pool liners as well as special floors and high-end projection screens▪ Application in roofing, building construction, civil engineering, gardening and landscaping, agriculture, packaging and swimming pool linings | <p>Leading market position in surface technology</p> <ul style="list-style-type: none">▪ Diverse surface processes in refinement of metal surfaces for customers from the furniture, machinery and electrical industries as well as food, automotive and e-mobility▪ Customised process adaptations | <p>European leading high-tech manufacturer of precision components</p> <ul style="list-style-type: none">▪ Development and production of highly complex plastic and plastic-metal composite parts in large quantities▪ Application in electro- and electromechanical special drives such as electric motors and e-bikes |
|  |  |  |  |

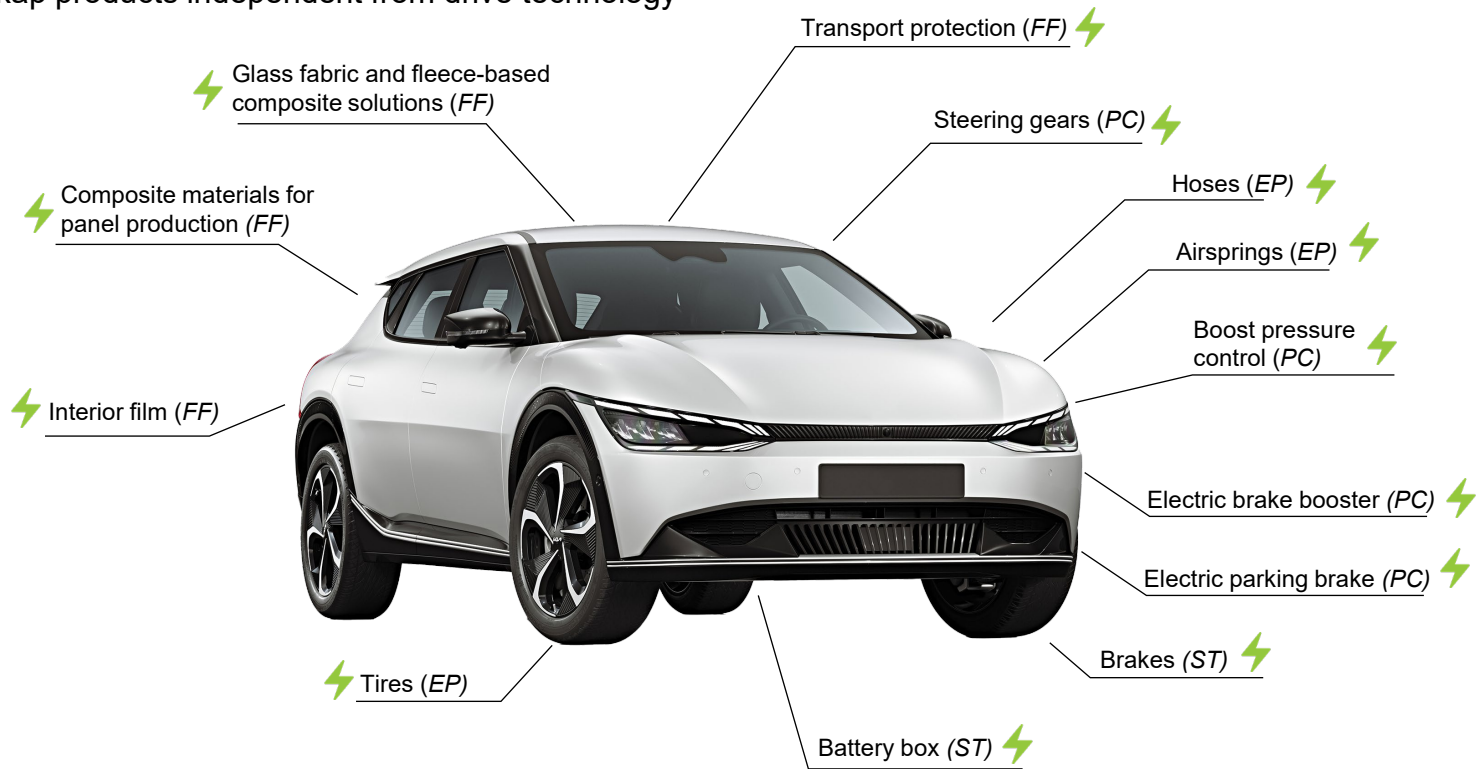
Our comprehensive product portfolio – Mobility

We provide integrated solutions for the cars of today and tomorrow.



Mobility
43%

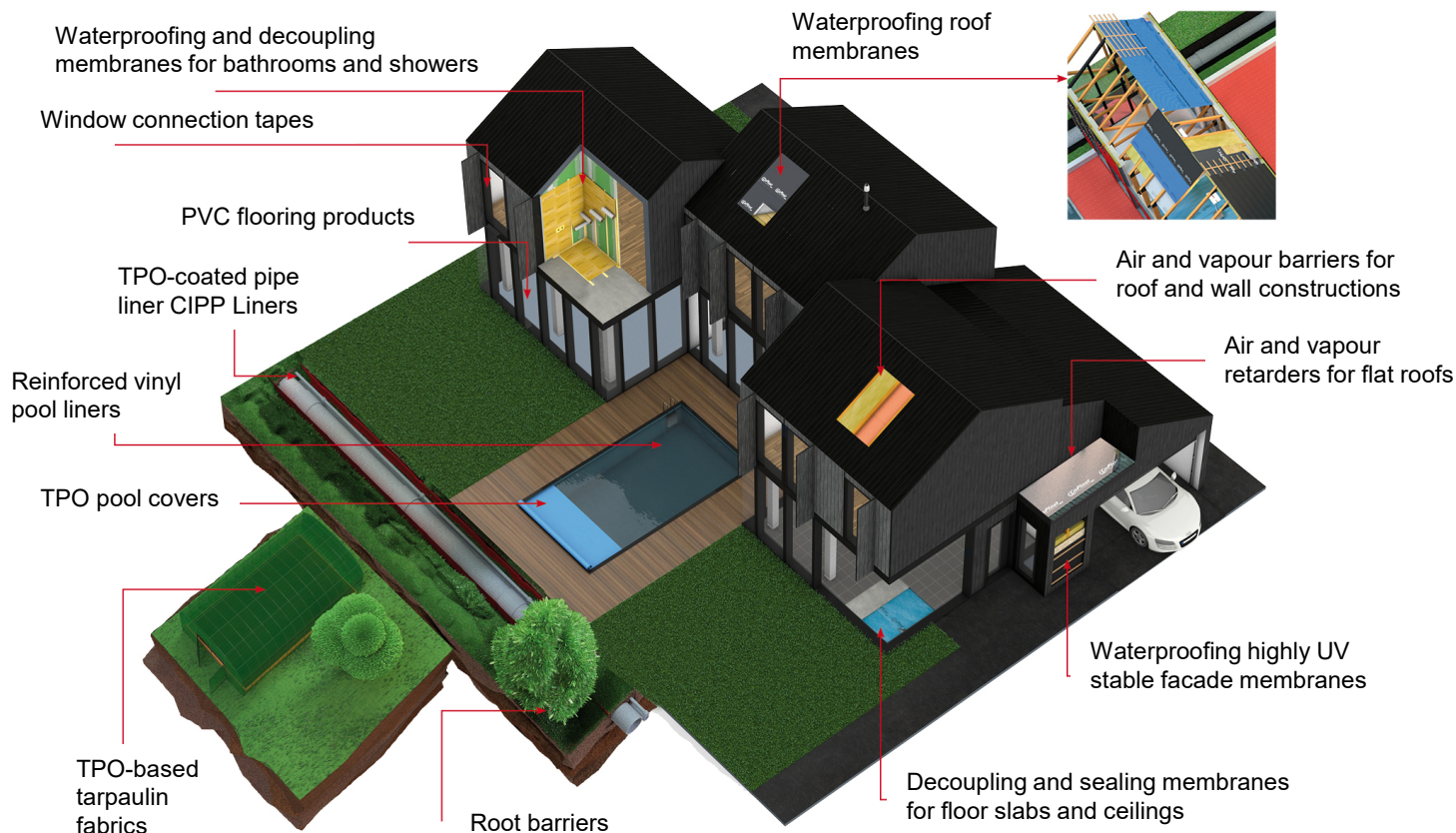
⚡ Selected kap products independent from drive technology



Our comprehensive product portfolio – Construction





We make buildings more durable and efficient.

Construction
32%



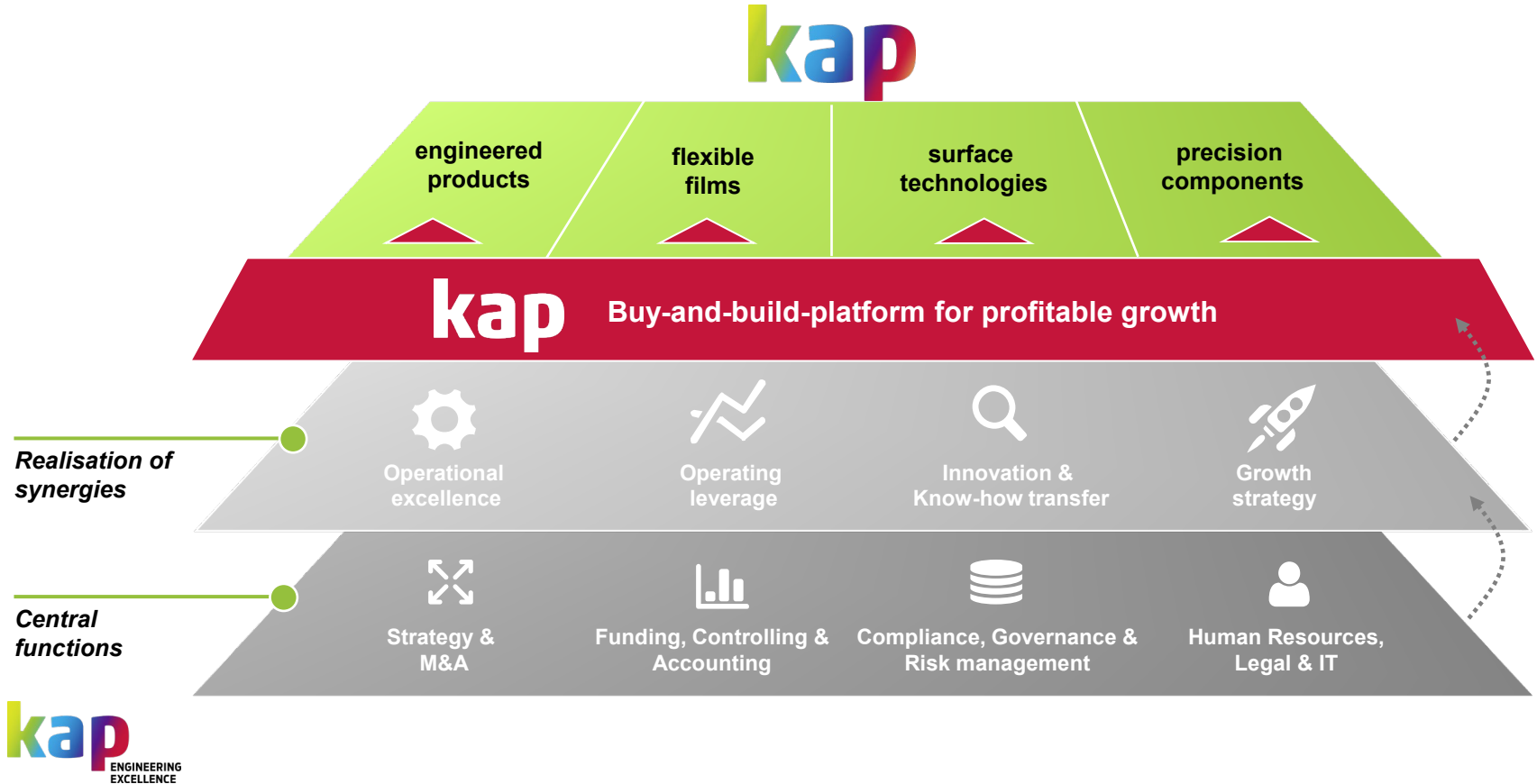
Mega trends

KAP Group benefits from all key mega trends.

| Mega trends | engineered products | flexible films | surface technologies | precision components | kap Group |
|--|---------------------|----------------|----------------------|----------------------|-----------|
|  Mobility The future of passengers and goods transport | + | + | + | + | + |
|  Cocooning Renovation and embellishment of homes | + | ++ | ○ | ○ | + |
|  Electrification Hybrid or electric powertrains and batteries | + | + | + | + | + |
|  Sustainability Consideration of environmental, economic and social aspects | + | + | + | + | + |

Business model

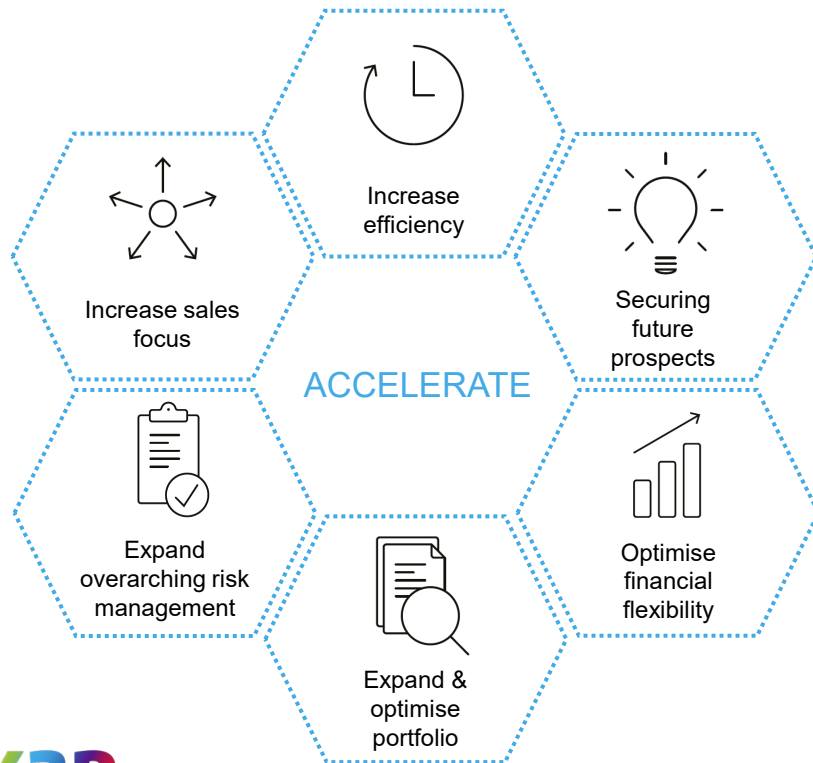
Scalable and synergistic platform for profitable growth in our key segments



ACCELERATE – Strategy programme

ACCELERATE – Strategy programme of the KAP Group

We have already achieved impressive milestones in the first nine months of the current year.



- Expansion of stake in assembly specialist NOW Contec to 100%
- Acquisition of Aero Coated Fabrics B.V. („Aero“) to strengthen extrusion coating expertise in the flexible films segment
- Start of construction of the world's most efficient and most modern passivation factory for light metal components in Jasper, US
- Sale of MEHLER Engineering and Services and it-novun
- Sale of commercial property Fulda, closing expected end of 2021
- Start of construction of new production hall with new state-of-the-art production plant and laboratory in Hessisch Lichtenau, Germany (engineered products segment)

ACCELERATE
9M 2021



9M 2021 financials

KAP Group – Highlights 9M 2021

Robust business development despite global supply chain disruptions thanks to diversified portfolio

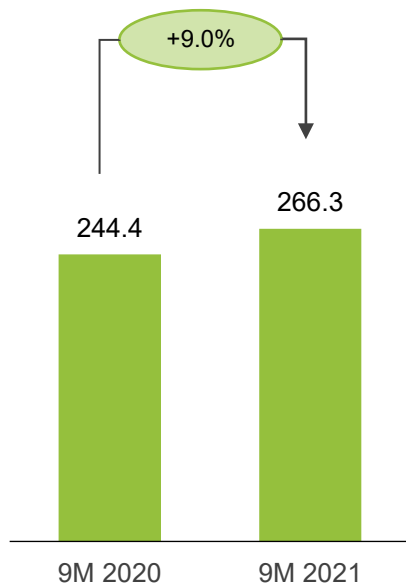
- Proven crisis resistance: Significantly lower demand in the automotive sector in Q3 2021 due to supply chain constraints were largely cushioned thanks to strong development in H1 2021 and heterogenous segment development
- Revenue development above previous year (+9%) with improved operating result (+12.8%)
- flexible films segment continues on strong growth course
- Slightly higher operating margins of 11.3% (0.4 pp): Efficiency measures and higher-value product mix could fully compensate the sharp increase in procurement costs
- Investment focus strengthened on manufacturing industrial companies by completion of it/services segment sale
- Consistent implementation of ACCELERATE measures despite challenging market environment
- CAPEX programme launched: Expansion and development of production sites, attractive acquisitions and investments in plant and machinery

9M 2021 – Earnings position KAP Group

Robust business development despite pandemic effects and supply chain disruptions

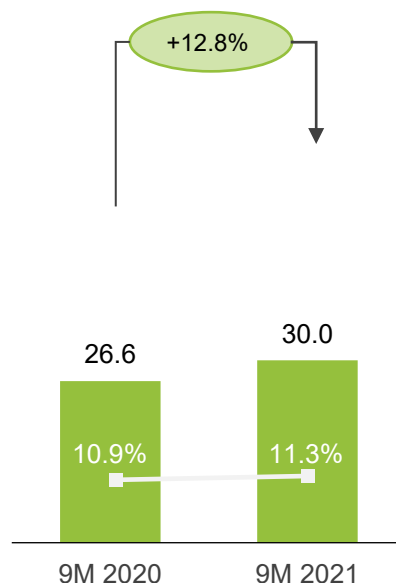
Revenue⁽¹⁾

(in €m)



Normalised EBITDA⁽¹⁾

(in €m / margin in %)



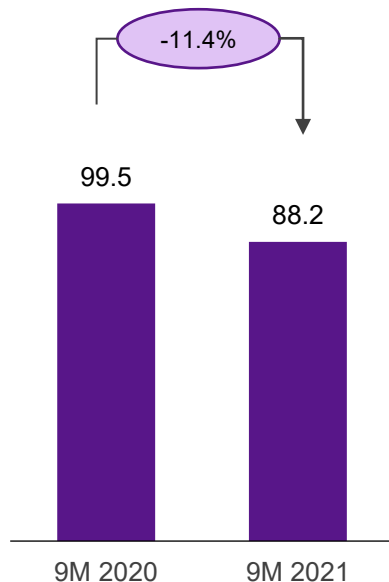
- Cushioned overall effect of pandemic and bottlenecks in supply chain on group level thanks to diversification
- Operative earnings growth in all 4 segments
- Normalised EBITDA-margin still above minimum target of 10%
- EBITDA normalisations of € 1.4 m mainly transaction-related consulting costs

9M 2021 – engineered products

Segment burdened by automotive demand decline and plant closures

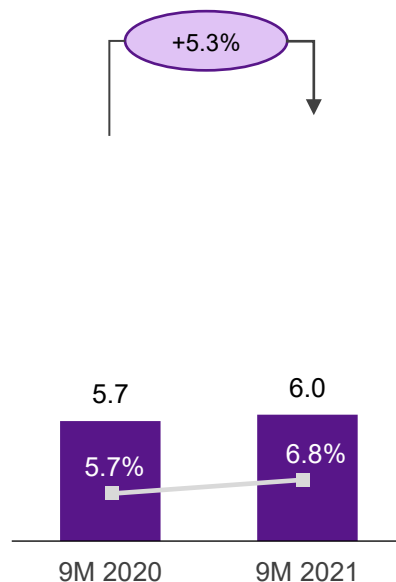
Revenue

(in €m)



Normalised EBITDA

(in €m / margin in %)



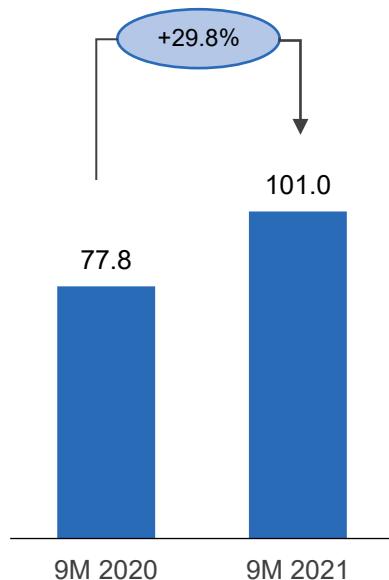
- Revenue decline mainly due to lower production capacities resulting from the closure of two plants end of 2020
- Negative impact from significant supply chain disruptions in the automotive industry
- EBITDA increase despite revenue decline due to positive impact from restructuring
- High investments in new production hall and textile laboratory at Hessisch Lichtenau site with a highly efficient state-of-the-art production plant for technical fabrics

9M 2021 – flexible films

Remains on its growth path with strong top- and bottom-line results

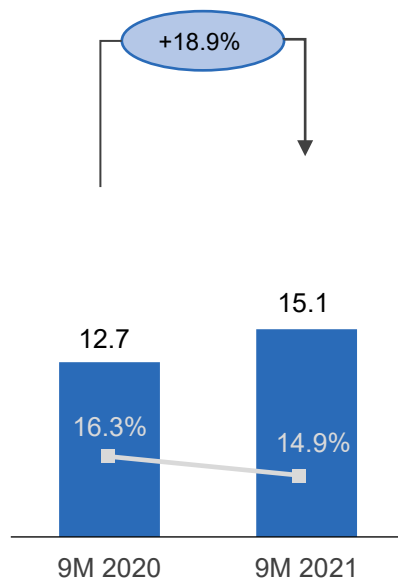
Revenue

(in €m)



EBITDA

(in €m / margin in %)



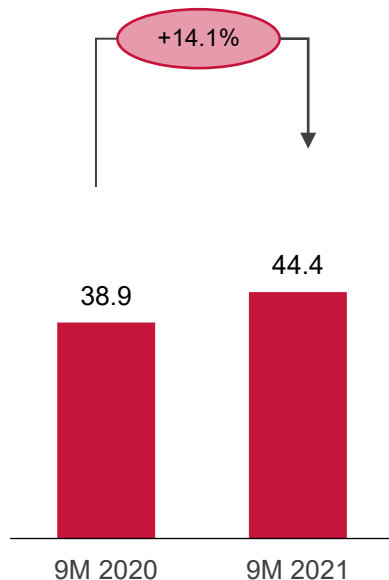
- Increased revenue due to high demand of swimming pool liners and acquisition of the extrusion specialist AerO Coated Fabrics
- Affected by price increases on the global commodity markets
- Successful implementation of ACCELERATE measures, e.g.:
 - Further professionalisation of purchasing and sales
 - Optimisation of raw material use
 - Improvement of product quality and productivity
 - Further expansion of international procurement and sales structures

9M 2021 – surface technologies

Strong development in the first six months, but slowdown in the 3rd quarter

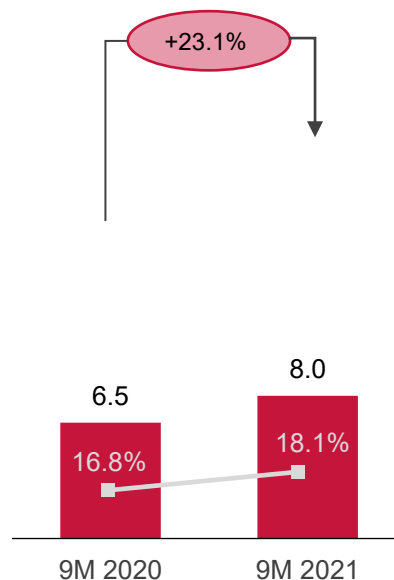
Revenue

(in €m)



Normalised EBITDA

(in €m / margin in %)



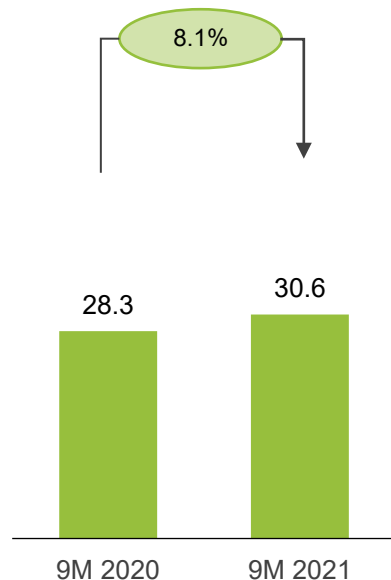
- General recovery in the automotive sector with a positive impact after a pandemic-related weak performance in the previous year
- Slowdown in Q3 due to global supply bottlenecks and postponement of orders by major customers
- Focusing on the setup of a new site in Alabama, USA, for the Tier-1 customer Daimler (production start scheduled for the end of 2021)

9M 2021 – precision components

Significantly improved operating margins despite challenging environment

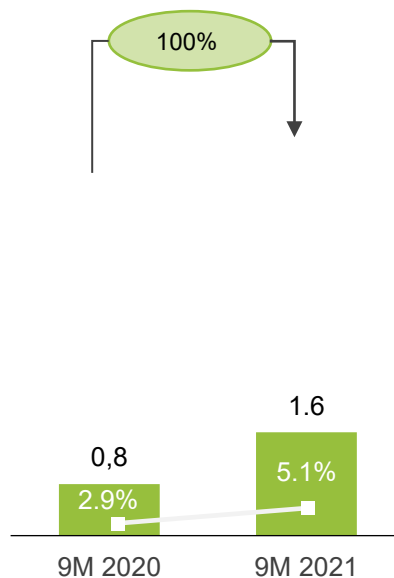
Revenue

(in €m)



Normalised EBITDA

(in €m / margin in %)



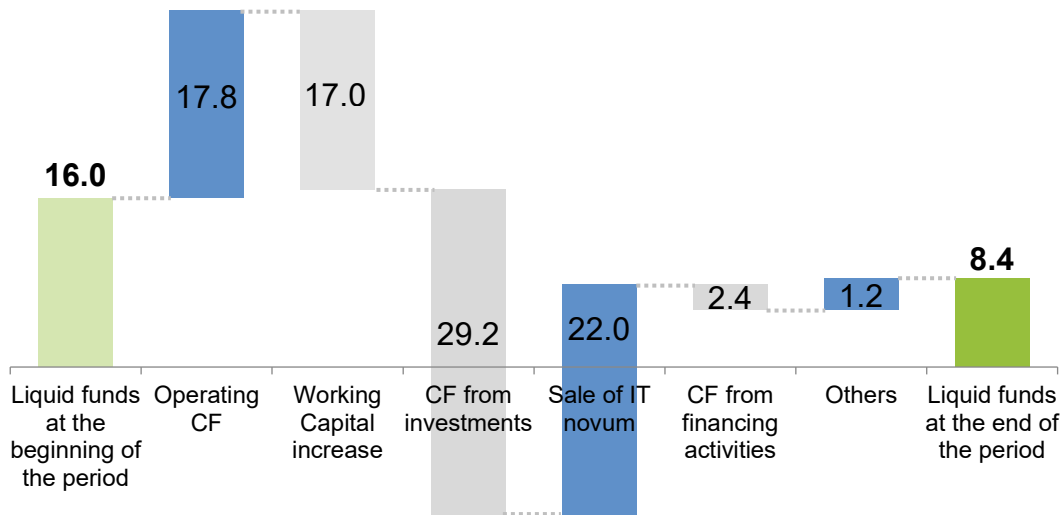
- Revenue increase mainly due to recovery of the automotive sector in first six month
- Shifts in client demand in Q3 due to supply chain disruptions
- Strong impact of efficiency measures implemented under ACCELERATE
- Various sales offensive launched in the e-bike segment

9M 2021 – Consolidated statement of cash flows

Strong investments despite challenging market environment

Cash flow items 9M 2021

(in €m)



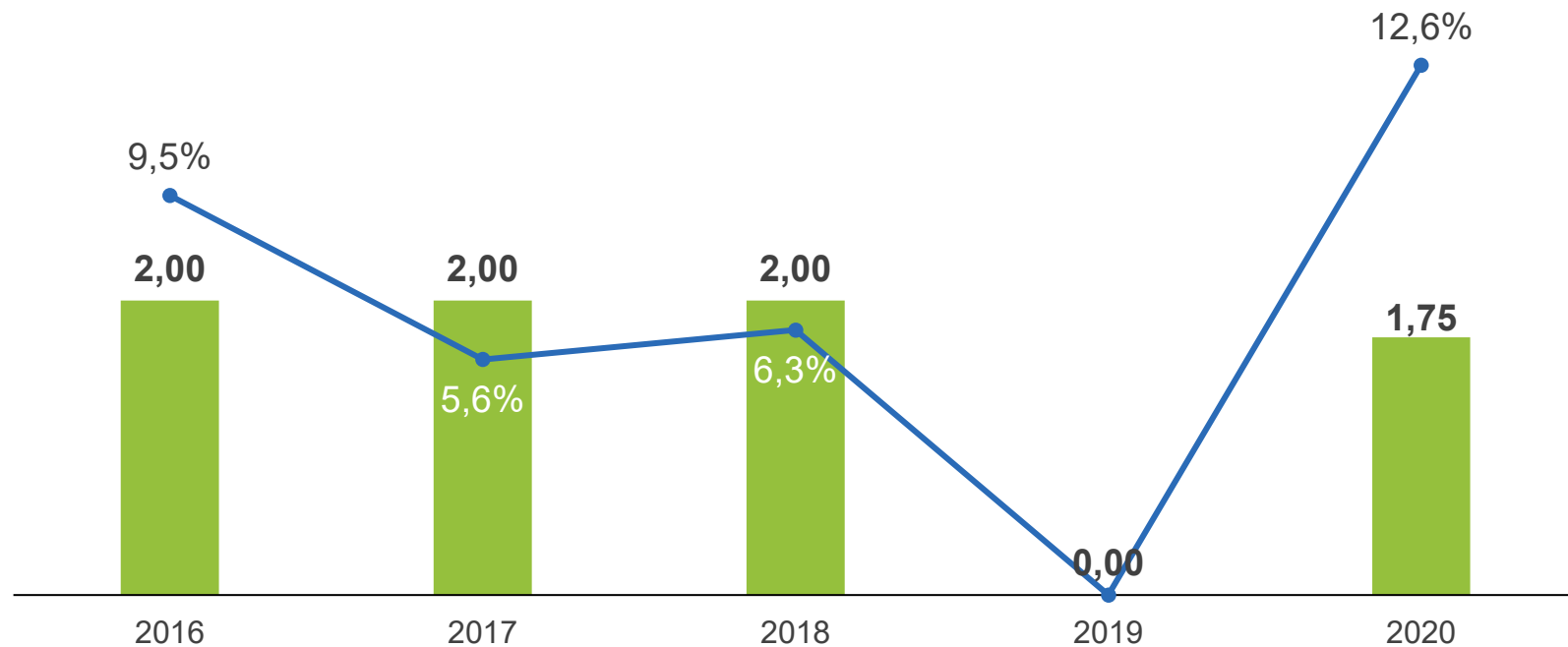
- € 22 m: Cash in from sale of it-novum
- € 29 m: Significant investments in property, plant, and equipment according to current CAPEX programme focusing on:
 - Jasper, Alabama, US (ST)
 - Hessisch Lichtenau, Germany (EP)
 - Aero Extrusion (FF)
 - E-bike segment capacities (PC)
- € 18 m: Positive Operating Cash Flow
- Growth related increase in working capital, also includes working capital swing in Q1

Dividend track record

Stable and high shareholder returns in the last five years

Dividend per share
(in €)

— Dividend yields



Special situation
due to COVID-19

Outlook

Outlook

We expect the continuing operations to generate revenues of between €320 and €350 million

Guidance 2021

(excl. it/services)

COVID-19

Previous Guidance

- Revenues: €300 – 330 million
- Normalised EBITDA: €27 – 33 million

Revised guidance (26 Aug 2021)

- Revenues: €320 – 350 million
- Normalised EBITDA: €32 – 38 million

The revised forecast was based on the assumption that the recovery of the target markets continues unchanged, that there are no additional negative effects on raw material prices and supply chains, e.g. for semiconductors, and that there are no more severe restrictions due to the Corona pandemic in the further course of the fiscal year.

KAP – Investment Case

What matters to us in the interest of our shareholders

Value-adding buy & build platform
for scalable mid-market
businesses

Benefiting from mega trends in
attractive niche markets

International expansion

Excellent M&A network

**Sustainable
growth.**

**Technological
leadership.**

TOP 1-3 market positions in all
relevant target markets

Recognised quality and innovation
leader

Excellent customer base

High investment in the future

Diversified industry portfolio in
attractive niche markets

Reliable partner for small and
medium-sized enterprises

Solid financing

**Diversified
business
model.**

**High
shareholder
returns.**

Attractive margins through
operational excellence

High value realisation on the sale
of developed companies

High potential for synergies

Stable and attractive dividend

We are looking forward to your questions.

IR contact

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