



# KAP AG

We build market leaders!

2022 Full Year Figures

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Eckehard Forberich  
CEO



- Responsibilities: strategy, business development, M&A, Human Resources
- Overall, >25 years relevant experience as CEO, consultant, and investment banker

Marten Julius  
CFO



- Responsibilities: Finance, Controlling, Investor Relations, Internal Audit
- Overall, >25 years relevant experience in Finance & Controlling, thereof c.15 years as CFO



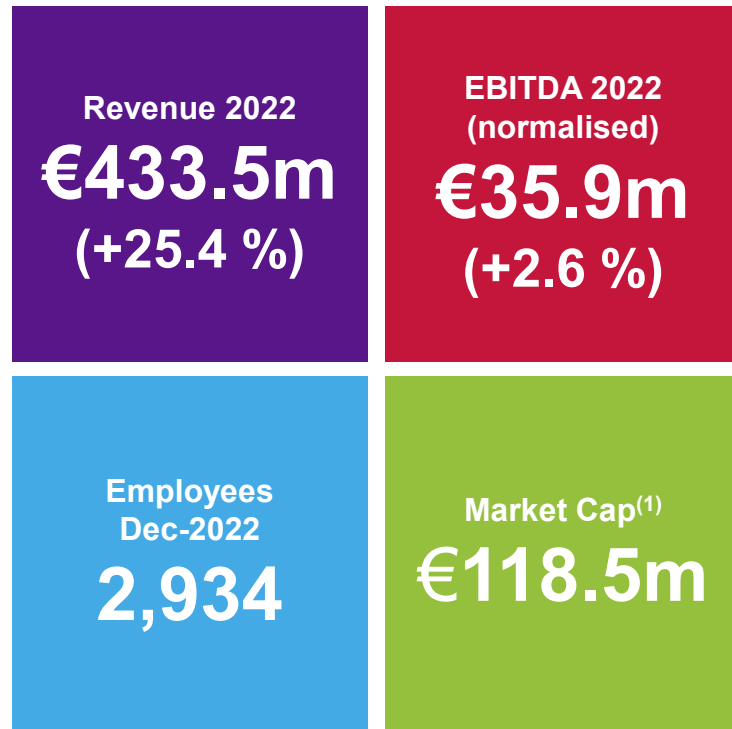
# Company overview

# Focus on attractive niche markets in selected industrial sectors

## KAP at a glance

### Industrial holding focused on midsize niche markets

- Long-term segment strategy for developing market leaders with sustainable growth potential
- Clear focus on profitable industrial sectors in attractive niche markets
- Experienced solution specialist serving individual and complex customer needs
- Global presence with 24 locations in 11 countries
- Listed on Regulatory Market of Frankfurt Stock Exchange (Prime Standard)



(1) Calculation with XETRA closing price on 29 Dec, 2022

# We develop industrial products and technological solutions for international clients

## KAP Group – Segment overview

flexible films	engineered products	surface technologies	precision components
<p><b>One of the leading specialists for extrusion coatings in Europe</b></p> <ul style="list-style-type: none"><li>Market leading in swimming pool liners, window laminates, waterproofing as well as special floors and high-end projection screens</li><li>Broad range of applications in swimming pool liners, window laminates, technical waterproofing and entertainment</li></ul>	<p><b>Leading manufacturer of technical textiles with global presence</b></p> <ul style="list-style-type: none"><li>Application in the areas of mobility, industry, mining, pharmaceuticals, consumer goods, aviation and oil &amp; gas</li><li>Special threads and fabrics improve stability and reduce weight in the end products</li><li>Great potential for the future through new developments and improved recyclability</li></ul>	<p><b>Leading market position in surface technology</b></p> <ul style="list-style-type: none"><li>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</li><li>Customised process adaptations for corrosion protection and durability as well for decorative purpose</li></ul>	<p><b>European leading manufacturer of precision components</b></p> <ul style="list-style-type: none"><li>Development and production of highly complex plastic and plastic-metal composite parts in large quantities and low tolerance</li><li>Application in electro- and electromechanical special drives such as electric motors and e-bikes, wipers and washing machines</li></ul>

Pool liners



High-end Projection screens



Engineered yarns



Engineered Fabrics



Zinck Nickel



Passivation



Composite metal-plastic parts







Plastic parts



# Segment attractiveness...

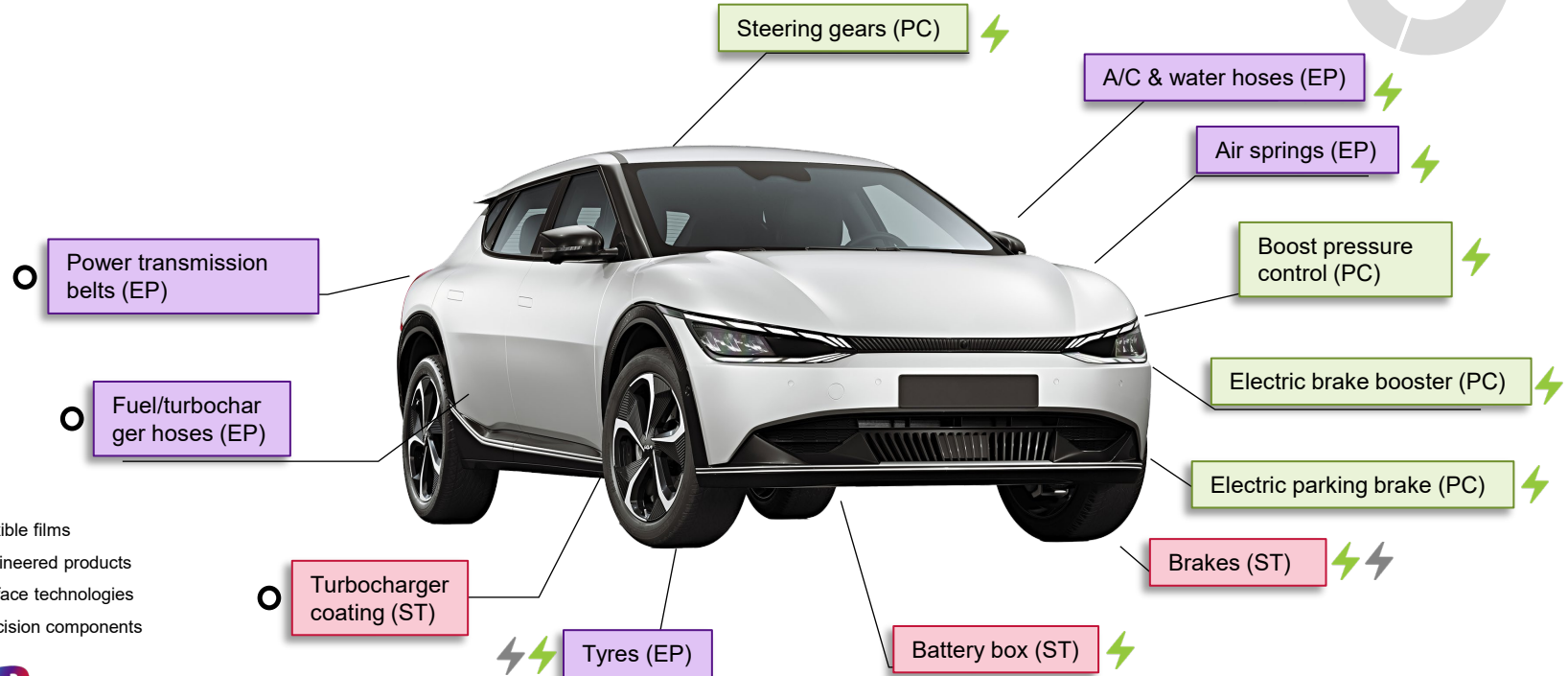
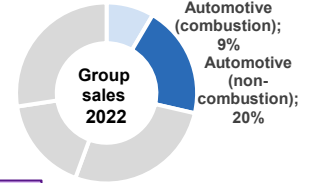
....underpinned by mega trends, defensible barriers to entry, and strong customer base

	flexible films	engineered products	surface technology	precision components
Segment attractiveness	<ul style="list-style-type: none"> <li>▪ <b>Mega trends</b> such as <b>global Warming and demographic changes</b> drive business</li> <li>▪ <b>Spending growth</b> driven by new builds and need for renovation of pools built in the boom years. Also increasing demand for reinforced liner, over other more expensive solutions, such as mosaic.</li> <li>▪ <b>High entry barriers due to:</b> <ul style="list-style-type: none"> <li>– Strong customer relationships with high quality design products</li> <li>– Capital intensity of production machinery</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>Mega trends</b> support significant growth in high-end applications such as <b>light-weight manufacturing</b> and <b>sustainability</b></li> <li>▪ <b>Sustainable demand</b> for power transmission belts in several industries. Continued development from automotive to industrial applications and from original equipment to replacement markets</li> <li>▪ <b>Entry barriers are high</b> due to significant initial investments, customer certification requirements, and extensive need for chemical and production technology experience</li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>Light-weight trend and electrification in mobility/ automotive business</b> support significant growth in specific solutions for corrosion protection of a variety of metal applications</li> <li>▪ <b>Entry barriers are high</b> due to significant asset-heavy production and customer specifications. Additionally, customer proximity, and access to qualified staff is critical. KAP ST runs several training and development programmes also as part of university cooperations</li> <li>▪ <b>Critical company size</b> in the field of surface technology to win large scale projects internationally</li> </ul>	<ul style="list-style-type: none"> <li>▪ Growth of the group is supported by <b>automotive mega trends</b> such as <b>autonomous driving, electrification</b> as well as <b>light-weight manufacturing</b></li> <li>▪ <b>Entry barriers are high</b> due to significant capex, specific technological customer requirements, and customer approval processes</li> <li>▪ Proven track-record to also run low cost production sites</li> <li>▪ <b>Long lasting and resilient relationship</b> to a highly reputable customer base support organic growth</li> </ul>
Top customers				

# KAP provides integrated solutions for the cars of today and tomorrow

## Selected products

- ⚡ Selected KAP products independent from combustion engine
- ⚡ Selected KAP products with a high share of replacement parts sales
- Selected KAP products related to combustion engine






- Flexible films
- Engineered products
- Surface technologies
- Precision components



# Longer term market outlook for KAP underpinned by structural mega trends

## Mega trends

Mega trends	engineered products	flexible films	surface technologies	precision components	kap Group
 <b>Mobility</b> The future of passengers and goods transport	+	○	+	+	+
 <b>Sustainability</b> Consideration of environmental, economic and social aspects	+	+	+	+	+
 <b>Electrification</b> Hybrid or electric powertrains and batteries	+	○	+	+	+

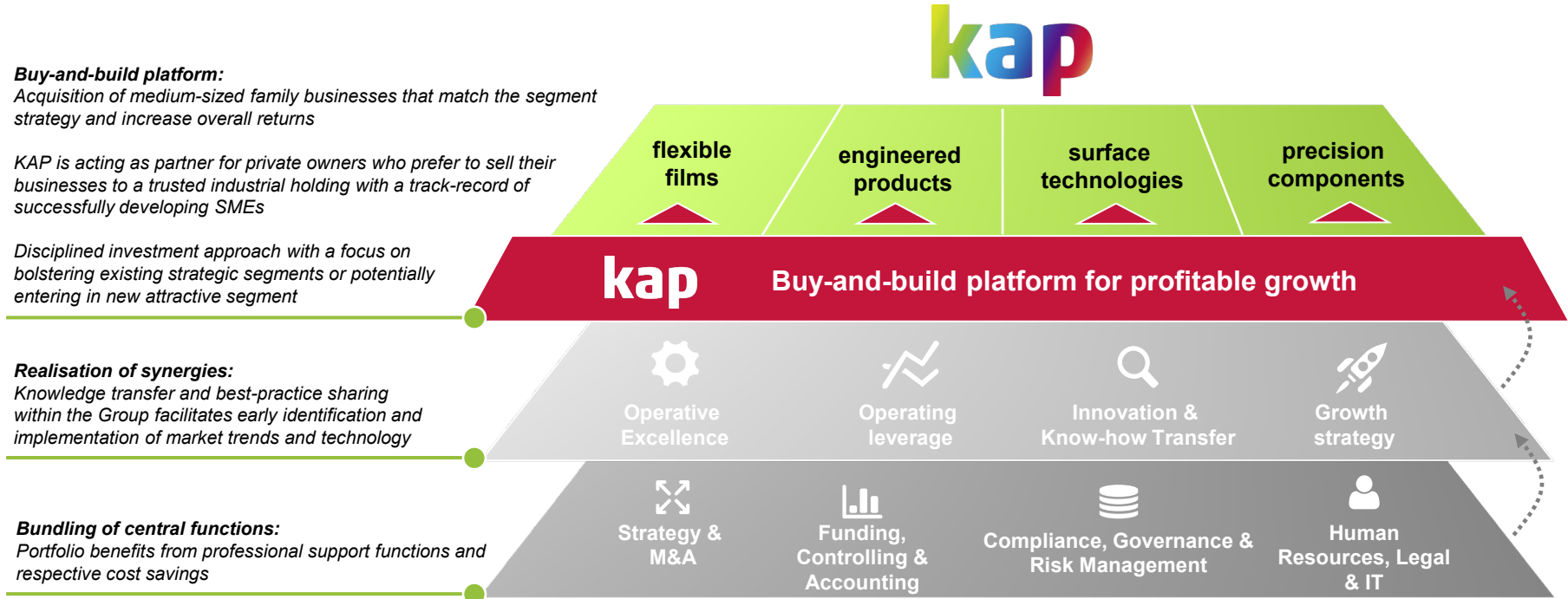
KAP's future growth path is supported by multiple long-term mega trends

# Business model & latest M&A activities

# Synergistic buy-and-build platform with active portfolio management and value creation

## Business model

**KAP operates a professional holding structure that enables its portfolio companies to seize attractive market opportunities**



# Flexible films segment strengthened and focussed on growth markets

## Latest M&A Deals – Haogenplast and Vinyl-Divestment



- Located in Israel and sales focus in Middle East, Southern and Eastern Europe
- Leading manufacturer and developer of premium Vinyl products used in a wide range of applications such as:
  - Waterproofing membranes as well as decorative and technical films for swimming pools, reservoirs, roofs, windows, doors, amongst others
- Employees: 150 (Dec 2020)

### Sale of Vinyl business

- Sold business have evolved extremely successfully in recent years through targeted expansion of the product range and manufacturing capabilities
- Net sale proceeds are in the upper double-digit million euro range
- Very efficient sales process in quite bumpy markets
- Proceeds will be used for further accretive M&A activities

### Transaction rationale

- Haogenplast will complement KAP's product portfolio in the Flexible Films segment and further diversify sales by region, customers, and product portfolio, implying great synergy potential
- Acquisition will create **global leading position for reinforced pool membranes**. Generating **economics of scale & scope** in all other product segments.
- **Excellently** trained and **highly motivated staff** and **management resources** with profound process, development and market knowledge
- **Technical capabilities enhancement**, high knowledge of **laminating/printing as well as 3-D design processes** in the German plant of Elbtal will result in **accelerated roll out** of new **products** and will **solve capacity bottlenecks**

### Transaction rationale

- Focus on swimming pool liners and other high-quality specialty films
- Development inside a larger group from the respective industry **offers more appreciation potential** for the sold entities than within KAP Group
- By selling them at a profit, KAP has been able to realise a considerable appreciation in value in the interest of its stakeholders

# Financials 2022

# Strong growth in revenues – EBITDA also up – margin below target

## KAP Group – Highlights FY 2022

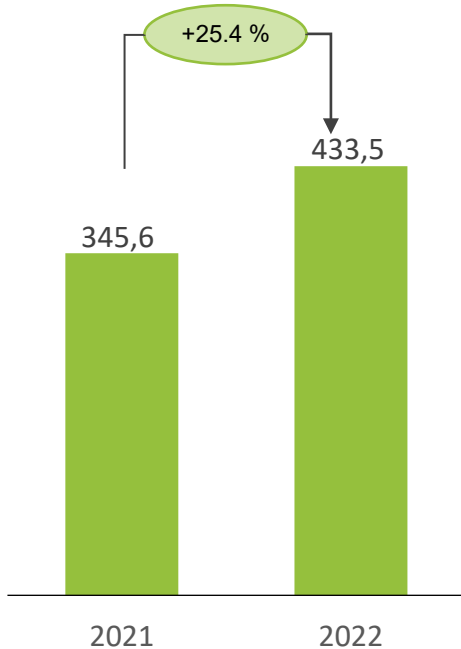
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- Various challenges remain:
  - supply chain issues in automotive industry
  - rise in energy and material costs
  - Some clients with considerable exposure to Russia and/or building market
- Cost increases have been put forward to customers only partially and only with a time gap
- KAP proves its crisis resilience: Revenues grew strongly (+ 25.4 %), EBITDA also up (+ 2.6 %) – all figures in line with FY 22 guidance
- EBITDA margin at 8.3 %, so below target of 10 % due to above challenges
- M&A activities with sense of proportion: Haogenplast acquisition strengthens high-quality vinyl product range

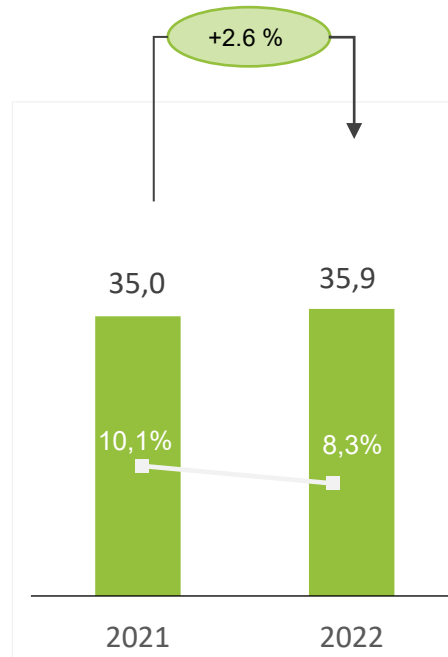
# Revenue and EBITDA up despite various crises

## FY 2022 – Earnings position KAP Group

**Revenue**  
(in €m)



**Normalised EBITDA**  
(in €m / margin in %)



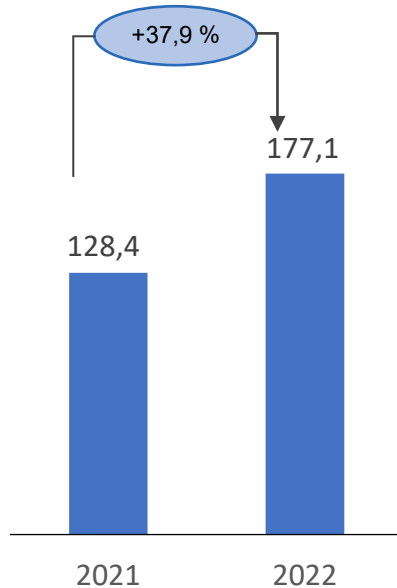
- Strong growth in revenue
- Multiple negative impacts weigh especially on normalised EBITDA and margin
- All figures in line with FY 22 guidance
- Normalised EBITDA margin below target range of 10 %
- All segments with significant increase in revenue

# Strong revenue growth combined with solid EBITDA increase

## FY 2022 – flexible films

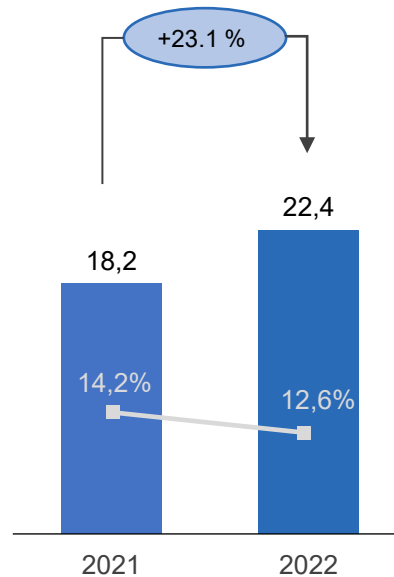
### Revenue

(in €m)



### Normalised EBITDA

(in €m / margin in %)



- Product line massively strengthened by Haogenplast acquisition
- Increase in raw material and energy prices put forward quite successfully to clients
- Reduced building economy and former exposure to Russia burdens clients<sup>(1)</sup>
- Revenue up 37.9 %
- Normalised EBITDA also up significantly (+23.1 %)
- Margin slightly down from 14.2 % to 12.6 %

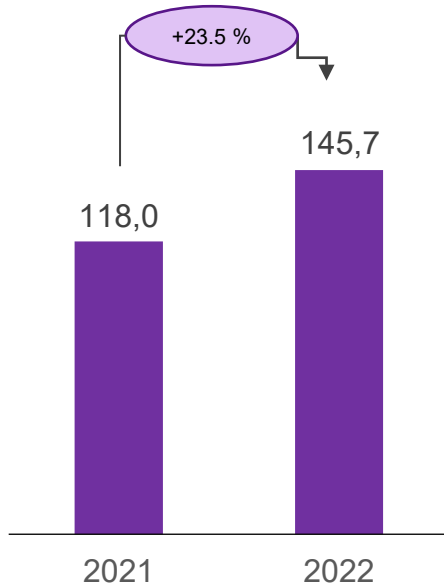


# More than 20 percent growth in revenue and EBITDA

## FY 2022 – engineered products

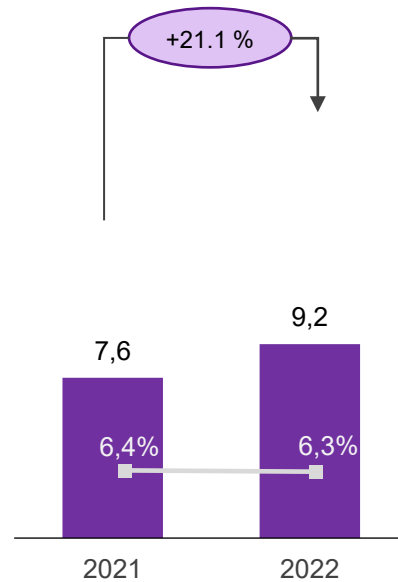
### Revenue

(in €m)



### Normalised EBITDA

(in €m / margin in %)



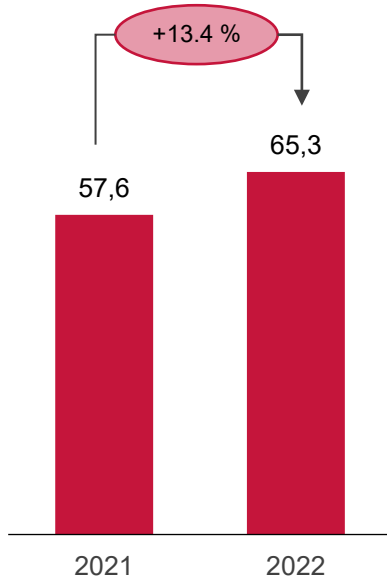
- Improved product range and several optimisation efforts with significant impacts
- Revenue up 23.5 % to 145.7 Mio EUR
- Normalised EBITDA up 21.1 % to 9.2 Mio. EUR
- Normalised EBITDA margin at 6.3 %, so below target of 10 %

# Automotive industry burdened by supply chain challenges

## FY 2022 – surface technologies

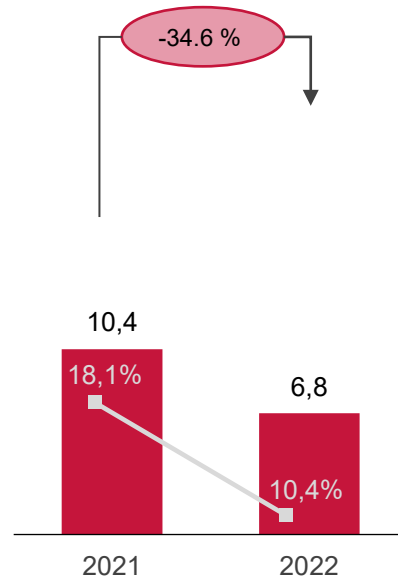
### Revenue

(in €m)



### Normalised EBITDA

(in €m / margin in %)



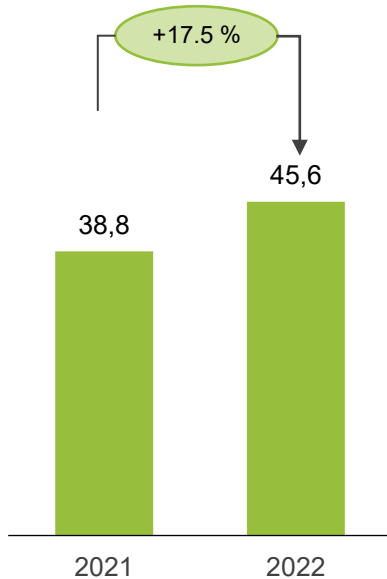
- Global supply chain problems in the automotive industry with impact on the segment
- Rising costs for energy and raw materials were not absorbed fully and in-time by the market
- Revenue up 13.4 % to 65.3 Mio. EUR
- Normalised EBITDA down by nearly 34.6 %
- Normalised EBITDA margin also down to 10.4 %, but still above target of 10 %

# Revenue up, but EBITDA significantly down on the backdrop of automotive industry

## FY 2022 – precision components

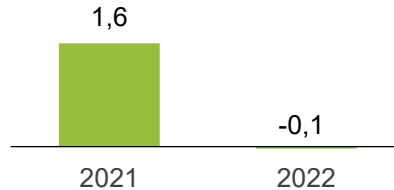
### Revenue

(in €m)



### Normalised EBITDA

(in €m)



- Increased prices were not fully and not in-time put forward to clients
- Segment with exposure to automotive manufacturers faces industry problems like global supply chain disruptions
- Revenue up by 17.5 %
- Normalised EBITDA down significantly to -0.1 Mio. EUR

# Outlook

# High forecast uncertainty due to Russia-/Ukraine war and ongoing supply chain issues

## Outlook

### Forecast 2023

#### Results FY 22

- Revenues: € 433.4 million
- Normalised EBITDA: € 35.9 million

#### Guidance 2023

- Revenues: slightly above FY 22\*
- Normalised EBITDA: slightly above FY 22\*

### Assumption

Our overall assessment takes into account the foreseeable effects on the KAP Group's business development at the time the annual report was completed, resulting from the Russia-Ukraine war and the ongoing supply chain issues affecting some of our end clients. Additional effects resulting from the war or the supply chain issues, which could not be specifically assessed at the time of the completion of the annual report, may subsequently change the forecast.

\*In the previous year, excluding the companies for which a sale agreement was signed on 6 March 2023 agreement was concluded on 6 March 2023, turnover amounted to EUR 360.1 million and and the normalised EBITDA was EUR 23.5 million.

# KAP AG as a buy & build platform for scalable medium-sized businesses

## Strategic midterm vision of the KAP Group



Strategic midterm vision of the KAP Group		
Regions	Segments	Customer industries
<p>Basis: Industrial holdings in Germany and selected production sites globally</p> <p>Orientation towards customers' global manufacturing footprints in growth markets in Southern and Eastern Europe, Asia and the USA</p>	<p>Focus on medium-sized manufacturing companies in attractive niche markets</p> <p>Diversified industry segments with different technology focuses</p>	<p>Selected growth pockets of <b>Construction industry</b></p> <p><b>Automotive</b> (independent on way of drive)</p> <p><b>General Industrials</b></p> <p><b>Health / Pharma</b></p>

# Case What matters to us in the interest of our shareholders

## KAP – Investment

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

Benefiting from **mega trends** in  
attractive niche markets

International **expansion**

High potential for **synergies**

**Sustainable  
growth.**

**Technological  
leadership.**

**TOP 1-3 market positions** in all  
relevant target markets

Recognised **quality** and  
**innovation** leader

Excellent **customer** base

High **investment and returns**  
in the future

Diversified industry portfolio in  
**attractive niche markets**

**Reliable partner** for small and  
medium-sized enterprises

**Solid** financing

Proven crisis **resilience**

**Diversified  
business  
model.**

**Attractive  
shareholder  
returns.**

Attractive **margins** through  
operational excellence

Attractive **dividend**

High **value realisation** on the sale  
of developed companies

**Shareholder-value focus** also  
from anchor shareholder

# IR contact

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