

KAP AG with a successful start to 2019 financial year

- Revenue in Q1 2019 estimated at EUR 102.6 million (+3.4% compared to Q1 2018)
- Normalised EBITDA of EUR 13.0 million surpasses strong figures from last year
- Early extension of appointment to the Management Board of CEO Guido Decker
- Industry expert Joachim Coers proposed for election of a new Supervisory Board member at the Annual General Meeting

Fulda, 8 May 2019 – KAP AG, a publicly listed, mid-sized industrial group, saw a successful start to the 2019 financial year, asserting itself on the market despite a challenging economic environment. Based on preliminary figures, revenue increased by 3.4% for Q1 2019, reaching EUR 102.6 million (previous year: EUR 99.2 million). The previous year's figure is adjusted for the revenue contributions of Geiger Fertigungstechnologie GmbH, sold in 2018. At the same time, the adjusted earnings before interest, taxes, depreciation and amortisation ("normalised EBITDA") surpassed the strong result last year at EUR 13.0 million (previous year: EUR 12.3 million). In Q1 2018, Geiger still contributed around EUR 14.1 million to the revenue figures and EUR 1.7 million to EBITDA. "As expected, our segments are benefitting early in the year from their great market positions in attractive niche markets, asserting themselves within a weak overall economy. The segment strategy along with the initiated measures to increase the revenue and the profitability in the respective segments shows first results," says Guido Decker, CEO of KAP AG. In Q1 2019, the EBITDA margin reached 12.7% (previous year: 12.4%). The equity ratio was a comfortable 49.6% on 31 March 2019 (31 December 2018: 51.6%).

Satisfactory development in the five segments

Revenue in the *engineered products* segment in Q1 2019 almost equalled the previous year's figure at EUR 42.5 million (previous year: EUR 43.2 million). EBITDA rose by 2.8% to EUR 3.7 million (previous year: EUR 3.6 million). This was mainly due to the positive effects of a sustainably improved cost base for the segment.

The *flexible films* segment remains on track for further growth. Revenues increased slightly by 1.3% in Q1 2019 to EUR 23.3 million (previous year: EUR 23.0 million) with an unchanged EBITDA of EUR 2.7 million (previous year: EUR 2.7 million).

Growth in the newest segment, *surface technologies*, was influenced by the successful takeover of the Heiche Group in H2 2018. As a result, revenues in Q1 2019 increased significantly to EUR 18.0 million (previous year: EUR 6.5 million) and EBITDA rose to EUR 3.4 million (previous year: EUR 1.2 million).

At EUR 5.3 million (previous year: EUR 8.0 million), sales revenue in the *it/services* segment in Q1 2019 were in line with expectations. However, they were 33.8% below previous year, but it must be noted that a major order was invoiced in the previous year's quarter that led to an extraordinary contribution in terms of revenue. EBITDA was EUR 0.6 million (previous year: EUR 1.0 million).

As expected, revenue in the *precision components* segment fell by 24.7% in Q1 2019 to EUR 14.6 million (previous year, not including Geiger: EUR 19.4 million). This is mainly due to the discontinuation of low-margin orders as a result of the closure of the Haslach site in 2018 and delayed start-ups of new products. EBITDA decreased by 37.9%, coming in at EUR 1.8 million (previous year, not including Geiger: EUR 2.9 million).

The quarterly report for Q1 2019 with the finalised figures will be published on 20 May 2019.

Early extension of appointment for the CEO

In its meeting on 6 May 2019, the Supervisory Board of KAP AG decided to extend the appointment of Guido Decker, CEO, early. The new mandate runs until 31. December 2023. Guido Decker has been CEO of KAP AG since 1 August 2017. "Under the leadership of Guido Decker, KAP AG has fundamentally repositioned itself over the past two years and has embarked on a successful course with the implementation of its segment strategy," said Christian Schmitz, Chairman of the Supervisory Board of KAP AG. The extension of the appointment is intended to ensure further implementation of the successful strategy.

Industry expert Joachim Coers proposed for the Supervisory Board

The Supervisory Board will propose to the Annual General Meeting of KAP AG to elect Mr. Joachim Coers, former member of the Executive Board of Tognum AG, as an independent member of the Supervisory Board. Mr. Coers would succeed Pavlin Kumchev, who resigned at the end of February 2019 and whose term of office ran until the Annual General Meeting 2022. Mr. Coers was CEO of Tognum AG as well as Chairman of the Management Board of MTU Friedrichshafen GmbH and its Labour Director. He is a proven industry expert and would also contribute this know-how to the Supervisory Board of KAP. The Annual General Meeting of KAP will take place on 3 July 2019 in Frankfurt am Main.

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About KAP AG

KAP AG is a mid-sized German industrial group with approximately 3,000 employees. We specialise in engineered products, flexible films, it/services, surface technologies and precision components, developing innovative industrial products and technological solutions for international companies from trade and industry. As a result of our dedicated long-term business strategy, we serve a number of attractive niche markets with sustainable growth potential. Our focus is to develop market-leading specialized high-margin industrial product lines within these segments. As a reliable partner in the context of succession planning, we also acquire attractively positioned medium-sized family companies with a view to strengthening our existing segments or developing new ones. Holders of KAP shares benefit from our company's growth trajectory and continuous dividend policy.