

PRESS RELEASE

KAP BETEILIGUNGS-AG REPORTS FINANCIAL RESULTS FOR FISCAL YEAR 2017

- EBIT growth for the second consecutive year, up more than 50%
- Revenue increase of 409m Euro
- Continued positive outlook in 2018

Fulda, 19 February 2018 – Reporting preliminary results for the fiscal year ending 31 December 2017, the Fulda-based company KAP Beteiligungs-AG (KAP) said it continued to see strong financial performance in 2017. The company reported consolidated group revenue of €409m (2016: €386m), an increase of 6% on the previous year.

Normalised EBIT grew for the second consecutive year, reporting an increase of 57% to €20.2m (2016: €12.9m). This is above the €16.5m forecasted at Q3 2017 results in November 2017. Normalised EBIT is adjusted for impairments of €6.8m, including a €5.6m charge for the closure of the site in Haslach, Germany. Additionally, because of the sale, Kirson accounted for just nine months of 2017, while the new segment, **Surface Technology**, did not yet materially contribute to financial results, with the transactions having only closed in late 2017.

The **engineering products** segment grew revenue from €282.2m in 2016 to €286.3m in 2017 despite the sale of Kirson. Normalised EBIT increased from €11.4m in 2016 to €13.4m in 2017, reflecting the segment's continued positive performance. The market for transmission belts also returned to growth in 2017 as did the single cord business. Efficiency measures at, amongst others, sites in China and Portugal also contributed to higher margins.

The **automotive components** business also exhibited strong financial performance in 2017. Revenues increased by 16% to €122.2m (2016: €104.9m) and EBIT grew to €7.8m from €2.6m in the previous year on a normalised basis due to Haslach site closure costs. The increase was largely driven by higher demand for truck injector bodies and stronger sales of e-bike components.

The **all others** segment continued without any revenues in 2017, reporting a loss of €4.8m due to Holding costs. Due to changes, relating to the real estate project Schafflerbachstraße in Augsburg, Germany, the Board of Directors now expect the sale to complete in 2018.

For 2017, KAP reported normalised EBITDA of €40.6m, a 19.1% increase on the previous year (€34.1m). Investment in PP&E accounted for €22m compared to a depreciation of €20m. As of 31 December 2017, Net Debt was €69.8m (2016: €65.4m). The number of worldwide group employees was 2,944.

The Board of Directors expect the positive business environment to continue, helping maintain momentum in the business in 2018. Margins are expected to improve while EBITDA should continue to grow from the current €40.6m level. However, strong increases in raw material prices could have a negative impact on margins.

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On KAP Beteiligungs-AG

Industrial holding for small and mid-sized companies

KAP Beteiligungs-AG is a listed industrial holding company that has been successful in the market for years. Along a segment strategy we invest in small and mid-sized companies which need a new ownership structure for a variety of reasons. Besides common reasons such as a lack of corporate succession, financing for new investment/expansion strategies, or improving the equity structure, we also offer a new home to those firms who were not able to develop their full potential yet as part of a larger conglomerate. Furthermore, we have a successful track record of buy-and-build strategies.