

PRESS RELEASE

KAP BETEILIGUNGS-AG ACQUIRES HEICHE GRUPPE

- One of the market leaders for tailor-made surface coating solutions
- Further build-out of the new **surface technologies** segment

Fulda, May 22, 2018 – Today KAP Beteiligungs-AG (KAP) has signed an agreement to acquire Schwaigern-based Heiche Gruppe (Heiche), a second-generation family business and one of the market leaders in technologically innovative and tailor-made surface coating solutions for large-scale customers. This transaction will allow KAP to enhance its new segment **surface technologies**. With revenues of €40 million and operations at seven domestic and international sites, the addition of Heiche will more than double the surface segment's turnover. In line with statements made at its last AGM, KAP has now built up a new, highly profitable segment within a short period. On a pro forma combined basis, KAP's new Surface segment would be its most profitable business segment, with c. €70 million in turnover and an 18% EBITDA margin.

The transaction will have a cash component but it will to a larger extent be done through the issuance of new KAP shares, making the Heiche family a significant KAP shareholder.

"Through this acquisition we have significantly strengthened our **surface technologies** segment. With the addition of Heiche we achieve an important technological leap, especially through the combination with our existing three businesses", said Guido Decker, CEO of KAP Beteiligungs-AG.

Gunter Heiche, representing the Heiche family, adds: "KAP is a partner that will continue to realise the potential of our family business and maintain its traditions with respect to its employees and customers. As a significant new shareholder we realise the KAP group's great entrepreneurial potential."

Closing of the transaction is subject to approval from the relevant competition authorities.

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