

Corporate News

KAP ACHIEVED SIGNIFICANTLY IMPROVED OPERATING RESULT IN 2021

- Revenue grows to €345.8 million, up 7.2% year on year
- Normalised EBITDA increased by 12.0% to €35.3 million
- Revenue and earnings in the upper and middle range of the forecast target corridor, respectively

Fulda, 15 March 2022 – KAP AG (“KAP”), a mid-sized industrial holding company listed on the stock exchange, generated revenue from continuing operations of €345.8 million in the 2021 financial year according to preliminary and unaudited figures (previous year: €322.7 million). Revenue was thus around 7% higher than in the previous year and in the upper range of the forecast of €320 to 350 million, which had been revised upward in August 2021. Normalised earnings before interest, taxes, depreciation and amortisation (normalised EBITDA) amounted to €35.3 million (previous year: €31.4 million), exceeding the previous year’s figure by 12%. Normalised EBITDA thus reached the mid-range of the most recent expectations, which ranged between €32 and 38 million. The normalised EBITDA margin increased by 0.5 percentage points to 10.2% (previous year: 9.7%), exceeding the target of 10.0%. This once again demonstrates KAP AG’s crisis resilience, thanks to its diversified positioning, in a year marked by numerous global uncertainties.

Eckehard Forberich, member and Spokesman of the Management Board of KAP AG:

“Considering in particular the much more difficult market conditions in the second half of the year, we are very satisfied with our business performance. We have accelerated the transformation of the KAP Group as planned within the framework of 'Accelerate' and set an important course for the future. As part of a comprehensive investment programme, we have invested both in expanding and modernising our sites as well as in the acquisition of companies that ideally complement our core segments. Together with our customers, we can thus work today on the technological solutions of tomorrow and thereby further expand our leading market positions in niche markets.”

Segments affected by supply chain disruptions to varying degrees

Business performance in the segments was again heterogeneous in 2021. In the *engineered products* segment, production capacity was reduced as planned compared with 2020, with a corresponding decrease in revenue of around 7%. Operating profit, however, increased significantly. The *surface technologies* and *precision components* segments, which are more focused on the automotive sector, were particularly affected by dynamic market developments and disruptions to global supply chains, especially in the second half of the year. As a result, the positive business performance of the first half of the year in these segments could not be continued until the end of the year.

Despite the tougher market conditions, the *surface technologies* segment achieved revenue growth of almost 8% and continued to generate an attractive normalised EBITDA margin. In the *precision components* segment, revenue decreased moderately by around 2% and normalised EBITDA also declined. The most significant growth was recorded by the *flexible films* segment: revenue rose by roughly 28% in 2021 thanks to revenue increases in the construction and swimming pool films sectors and the strengthened market position resulting from the acquisition of the extrusion specialist AerO Coated Fabrics, Netherlands. Segment operating profit was also significantly higher than in the previous year. The *it/services* segment, which was sold at the end of June 2021, has been accounted for as a discontinued operation in accordance with the applicable IFRS requirements.

Strengthening the portfolio through M&A transactions

As part of the 'Accelerate' strategy programme, KAP AG further focused its portfolio in the 2021 financial year as well as in the first few months of the current financial year. On the one hand, the *it/services* segment and the commercial property in Fulda were sold. With these divestments, KAP strengthened its investment focus on industrial production companies.

On the other hand, KAP AG made two portfolio-strengthening acquisitions in the *flexible films* segment with the takeover of extrusion specialist AerO Coated Fabrics and plastics specialist Haogenplast. AerO Coated Fabrics is a highly specialised extrusion company and manufacturer of thermoplastic composites based in the Netherlands. As a leading supplier of premium plastics products with registered offices in Israel, Haogenplast mainly manufactures films for applications in the construction sector, such as swimming pools, window laminates and high-tech weatherproof roofing.

Solid financing structure despite high capital expenditure

Despite the challenging environment and high investments, KAP AG was able to maintain its solid capital structure in the 2021 financial year. Net financial debt was reduced further during the year and amounted to around €52 million as of 31 December 2021 (previous year: around €55 million). As part of working capital management, inventories were increased in response to the volatile situation and shortages on the raw material markets. Due to the high level of capital expenditure and increased inventories, free cash flow was negative at a low level of around €-1 million (previous year: around €+34 million).

Annual report 2021

The complete audited annual report 2021, including the forecast for the 2022 financial year and the dividend proposal to the Annual General Meeting for the 2021 financial year, will be published on 28 April 2022 and will be available on our website at [link](#).



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About KAP AG

KAP AG is a listed industrial holding company focused on upper mid-size operating companies offering attractive growth opportunities in their respective niche markets. Specifically, KAP AG focuses on four distinct operating segments: engineered products, flexible films, surface technologies and precision components. The Company uses targeted acquisitions to strengthen its existing operating segments or takes advantage of new market opportunities. KAP allows its shareholders to participate in its long-term profitable growth through a stable dividend. The Group currently has some 2,500 employees at 28 locations in 12 countries. KAP AG's shares are listed on the Regulated Market of the Frankfurt Stock Exchange (Prime Standard, ISIN DE0006208408).