

Corporate news

KAP AG MAKES GOOD START TO THE YEAR – REVENUE AND NORMALISED EBITDA UP IN THE FIRST QUARTER OF 2023

- Despite still challenging framework conditions, Group's revenue up 3.7% in the first three months of the year to €113.3 million
- Normalised EBITDA up 7.4% to €11.6 million
- Normalised EBITDA margin back above target of at least 10%
- Guidance forecast unchanged under difficult market conditions

Fulda, 25 May 2023 – KAP AG (“KAP”), a listed, mid-sized industrial holding company, made a good start to the 2023 financial year. At €113.3 million, revenue from continuing operations in the first quarter increased by 3.7% on the previous year's figure of €109.3 million (after minor adjustment of the previous year's figure for consolidation-related reasons). Although some target markets – particularly the construction sector – struggled with interest rate increases and hesitant demand, other markets were positively affected by easing negative effects on global supply chains.

Earnings before interest, taxes, depreciation and amortisation (EBITDA) decreased from €10.5 million to €9.5 million. Adjusted for factors not relevant for operations, particularly relating to the start-up of the new production site in Jasper, Alabama, totalling a net amount of €2.1 million, normalised EBITDA increased by 7.4% to €11.6 million (previous year: €10.8 million). Accordingly, the margin based on normalised EBITDA was 10.2% (previous year: 9.9%), thus returning above the minimum target margin of 10%.

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

“We had a very lively start to the new year, and we are already starting to reap the rewards of our focus on efficiency and margin announced for the year as a whole. That said, we won't ease up, but rather continue as we have been over the coming months to work on becoming even more efficient as we seek to generate sustainable added value for our shareholders.”

Higher financial flexibility through honing the strategy in the *flexible films* segment

The sale of parts of the flexible films segment in the first quarter not only honed this segment's strategy, but also further increased the Group's financial flexibility. A significant portion of the sales proceeds will be reinvested in other segments and sub-segments in a timely manner to strengthen their market position.

Heterogeneous development of the segments with respect to revenue and earnings

Partly due to decreasing cocooning effect associated with the Covid-19 crisis, in the first quarter the *flexible films* segment was unable to continue on its strong growth trajectory from the previous year. Revenue came to €43.0 million here (previous year: €44.7 million). It has also not been possible so far to pass on the increased energy costs to customers in full and in a timely manner. This led to a decrease in the segment's normalised EBITDA to €5.9 million (previous year: €6.7 million).

In the *engineered products* segment, revenue decreased to €36.1 million from €38.1 million in the first quarter of 2022, among other things due to a larger customer order that was completed at the end of 2022. Despite completion of this high-margin order, it was possible to raise normalised EBITDA slightly to €2.6 million due to a higher-value product mix (previous year: €2.5 million).

The two segments *surface technologies* and *precision components* that offer products also for the automotive sector, each achieved significant double-digit percentage increases in both revenue and EBITDA. This was attributable not only to price adjustments but also to growth in unit sales and to the result of consistently implemented efficiency improvements.

In the *surface technologies* segment, revenue rose significantly from €15.7 million in the first quarter of 2022 to now €19.0 million. The segment was also able to increase its normalised EBITDA significantly: from €1.5 million to currently €2.4 million.

Developments in the *precision components* segment were similarly positive. Revenue reached €15.1 million in the first quarter of 2023 (previous year: €10.9 million); normalised EBITDA rose to €1.3 million (previous year: €0.6 million).

Guidance forecast for the 2023 financial year confirmed

For the 2023 financial year, the Management Board continues to expect a slight year-on-year increase in revenue as well as in normalised EBITDA.¹

The complete interim report for the first quarter of 2023 can be downloaded from this [link](#).

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¹ Excluding the entities sold on 21 April 2023, in the previous year, revenue amounted to €360.1 million and normalised EBITDA to €23.5 million.



About KAP AG

KAP AG is a listed industrial holding company focused on upper mid-size operating companies that seizes attractive growth opportunities in their respective niche markets. Specifically, KAP AG currently focuses on four distinct operating segments: engineered products, flexible films, surface technologies and precision components. The Group lets its shareholders participate in the long-term sustainable value development through an attractive dividend. KAP AG currently has some 2,700 employees at 24 locations in eleven countries. KAP AG is a Participant of the United Nations Global Compact and adheres to its principles-based approach to responsible business. KAP AG's shares are listed on the Regulated Market of the Frankfurt Stock Exchange (Prime Standard, ISIN DE0006208408).