

Corporate news

## **KAP DEVELOPS IN LINE WITH ADJUSTED EXPECTATIONS IN A DIFFICULT ENVIRONMENT IN 2023 AND IMPLEMENTS FURTHER MEASURES TO INCREASE EFFICIENCY IN 2024**

- Revenue reaches €316.7 million and normalised EBITDA €15.1 million (adjusted for the companies sold in April 2023)
- Business develops in line with adjusted annual guidance forecast
- Dividend to be suspended to strengthen the capital and financing base
- Further adjustments and efficiency improvements are planned for the current financial year

**Fulda, 14 March 2024** – KAP AG (“KAP”), a medium-sized industrial holding company listed on the stock exchange, generated revenue of €337.0 million in the 2023 financial year according to preliminary figures. The decline of 22.3% on the previous year is mainly due to the sale of a subsection of the *flexible films* segment as well as adverse economic factors. Excluding the divested operations in the reporting period, revenue amounted to €316.7 million, down 12.1% year on year.

Normalised earnings before interest, taxes, depreciation and amortisation (normalised EBITDA) totalled €16.8 million in 2023, falling short of the previous year’s figure by 53.2%. The margin came to 5.0% (previous year: 8.3%). This was due in particular to declines in earnings in the *engineered products*, *flexible films* and *surface technologies* segments. Normalised EBITDA without the contributions to earnings of the divested companies decreased by 35.7% to €15.1 million. This results in a normalised EBITDA margin of 4.8% for 2023 (previous year: 6.5%).

KAP is therefore in line with the guidance forecast as adjusted in August 2023, in which the Management Board expected significantly lower revenue and significantly lower normalised EBITDA for the full year, in each case with an anticipated year-on-year change in the low double-digit percentage range.

**Marten Julius, member and Spokesman of the Management Board of KAP AG:** “2023 was dominated by geopolitical tensions, rising energy costs and adverse economic factors. Although we have developed in line with our adjusted expectations, we cannot be satisfied with our earnings for the year. We have already made structural adjustments to make the KAP Group and its segments even more efficient and leaner and to increase profitability again. In any case, we have to constantly challenge our position in order to remain competitive in the long term. In light of the measures already largely implemented, we are optimistic about KAP’s development in the current financial year.”

### **Heterogeneous business development in the segments**

Revenue in the *flexible films* segment decreased by 44.5% year on year to €98.3 million. On a comparable basis, that is excluding the companies divested in April 2023, revenue was down 24.8%. The development in the reporting year is primarily due to the sluggish sell-off of our customers’ high

inventories and the general slowdown in the construction industry. Having said that, the megatrends of climate change and demographic change as well as the declining number of public swimming pools will have a positive impact on the development of this segment in the long term. The first signs of a trend reversal were already noticeable at the end of 2023 in the form of rising order volumes. Normalised EBITDA decreased by 56.3% to €9.8 million (previous year: €22.4 million), down 21.4% on a comparable basis.

In the *engineered products* segment, both revenue and normalised EBITDA fell significantly. This is primarily due to the economic influences in the automotive sector and the expiry of a high-margin customer contract at the end of 2022. At €116.7 million, revenue was 19.9% below the previous year's figure, while normalised EBITDA came to €3.1 million (previous year: €9.2 million). Extensive structural adjustments to further increase production efficiency and streamline organisational structures have already been initiated.

The weak global economy in the automotive industry was also clearly felt in the *surface technologies* segment. Nevertheless, it was possible to increase revenue slightly. The segment's revenue reached €68.6 million (previous year: €65.3 million). Normalised EBITDA totalled €5.4 million in the reporting year (previous year: €6.8 million).

On the back of a higher-quality product mix, price adjustments and rigorously implemented efficiency enhancement measures in established production processes as well as a sharper focus on profitable niche markets, the *precision components* segment was able to increase both revenue and EBITDA year on year. At €53.4 million, revenue was thus 17.1% above the previous year's figure, while normalised EBITDA came to €2.3 million (previous year: €-0.1 million).

### **Dividend for the 2023 financial year**

KAP AG's Management Board has decided to propose to the Annual General Meeting to be convened on 12 July 2024 that no dividend be distributed for the 2023 financial year. The KAP Group's financial performance in the 2023 financial year was not immune to the global crises and the associated economic challenges, which had a direct impact.

Extensive structural adjustments have already been initiated and implemented in order to make the KAP Group and its segments more efficient and leaner and to increase profitability again. One aim is to strengthen the KAP Group's capital and financing base by foregoing the dividend. The Company will generally continue to strive to allow shareholders to participate in the Company's business performance through an attractive dividend in the coming years.

### **Rigorously implementing the strategy**

As part of the segment strategy, KAP continued to strategically develop its portfolio in the 2023 financial year. In this context, a total of seven companies of the *flexible films* segment were sold to Kingspan Holding GmbH, a company of Kingspan Group Plc., Ireland.



The complete and audited annual report 2023 and the guidance forecast for the 2024 financial year will be available to download KAP AG's website from 26 April.

**Contact:**

KAP AG

Kai Knitter

Head of Investor Relations & Corporate Communications

[investorrelations@kap.de](mailto:investorrelations@kap.de)

+49 661 103 327

**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 2,600 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 (General Standard, ISIN DE0006208408).