

Corporate news

KAP CONFIRMS ANNUAL FORECAST FOR 2022 FOLLOWING ROBUST BUSINESS DEVELOPMENT IN THE FIRST QUARTER

- Growth despite difficult market environment: Group's revenue up 25.8% to €113.3 million in the first quarter
- Earnings burdened by lagged passing on of rising raw material and energy prices: Normalised EBITDA down to €10.8 million (previous year: €11.7 million)
- Forecast for 2022 confirmed: significant increase in revenue and operating result slightly above previous year's level

Fulda, 24 May 2022 – KAP AG (“KAP”), a listed, mid-sized industrial holding company, made a solid start to the 2022 financial year. At €113.3 million, revenue from continuing operations in the first quarter increased by 25.8% on the previous year's figure of €90.1 million. The start into the financial year was characterised by a challenging market environment with supply bottlenecks, significant price increases on procurement markets and the economic impact of the Russia-Ukraine war. Earnings before interest, taxes, depreciation and amortisation (EBITDA), which declined slightly to €10.5 million (previous year: €11.5 million), were impacted accordingly. Adjusted for factors not relevant to operations amounting to a net €0.3 million, normalised EBITDA decreased by 6.9% to €10.8 million (previous year: €11.6 million). At 9.5%, the normalised EBITDA margin was slightly below the minimum target margin of 10% (previous year: 12.9%). The decline in profitability is exclusively attributable to the very dynamic price increases, which can largely be passed on to customers, but only with a time lag. The Management Board confirmed the current forecast for the 2022 financial year.

Significant contribution to revenue and earnings from successfully completed acquisition

As part of the ‘Accelerate’ strategy program, KAP AG further strengthened its portfolio in the first quarter of 2022 by completing the full acquisition of Israeli plastics specialist Haogenplast Ltd (“Haogenplast”) in the *flexible films* segment. A leading supplier in the field of high-quality plastic products, the company mainly produces films for applications in the construction sector such as swimming pools, window laminates and technically high-quality weatherproof roofing. In the *flexible films* segment, Haogenplast has already contributed €13.7 million in profitable revenue, thus accelerating KAP AG's course for growth under the ‘Accelerate’ programme.

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

“The robust business development shows that, with our diversified segment portfolio and successful M&A approach, we can grow even in a volatile and uncertain market environment. The successful acquisition of vinyl specialist Haogenplast was a further important step.”

Heterogeneous development of the segments in terms of revenue and earnings

In the 2022 financial year, the *flexible films* segment continued the strong growth trend of the previous year, again reaching new record revenue in the first quarter. Overall, the segment generated revenue growth of 53.6% to €48.7 million (previous year: €31.7 million), of which €13.7 million is attributable to the Haogenplast acquisition. Normalised EBITDA rose by 39.3% to €6.7 million (previous year: €4.8 million).

Revenue in the *engineered products* segment increased by 26.3% to €38.1 million (previous year: €30.2 million). Normalised EBITDA decreased slightly to €2.5 million (previous year: €2.9 million), due to higher costs for raw materials, freight and energy.

Despite supply chain problems in the automotive sector, the *surface technologies* segment remained relatively stable with a slight decline in revenue of 0.7% to €15.7 million (previous year: €15.8 million). However, normalised EBITDA fell to €1.5 million (previous year: €3.3 million) on account of higher chemicals and energy costs.

In the *precision components* segment, revenue decreased by 8.3% to €10.9 million (previous year: €11.9 million), while normalised EBITDA dropped significantly to €0.6 million (previous year: €1.3 million). Both the supply chain and semiconductor problems on the customer side and the significant price increases on the purchasing side, which can only be passed on with a time lag, are having a negative impact on the *precision components* segment.

Forecast for the 2022 financial year confirmed

We continue to assume that the KAP Group’s business development in the 2022 financial year will be influenced noticeably by the dynamic market environment and significant supply chain disruptions. Due to our diversified investment model and the strong market positioning of our segments, we continue to expect revenue to increase significantly and operating result slightly year on year. The overall assessment already takes into account foreseeable risks arising from the Russia-Ukraine conflict, insofar as these could already be concretely assessed at the time the quarterly report was finalised.

The complete statement for the first quarter of 2022 is available to download at this [link](#).

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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 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 an attractive dividend. The Group currently has some 2,600 employees at 28 locations in twelve countries. KAP AG's shares are listed on the Regulated Market of the Frankfurt Stock Exchange (Prime Standard, ISIN DE0006208408).