

## Corporate news

### **KAP DELIVERS SOLID PERFORMANCE IN FIRST HALF OF 2024**

- Revenue falls slightly by 6.9% to €168.4 million (previous year: €180.9 million on a comparable basis)
- Normalised EBITDA climbs 15.5% to €16.4 million (previous year: €14.2 million on a comparable basis)
- Structural measures to increase efficiency take effect in a challenging environment
- Guidance forecast for the full year 2024 confirmed

**Fulda, 29 August 2024** – KAP AG (“KAP”), a mid-sized industrial holding company listed on the stock exchange (German securities identification number: WKN 620840; ISIN: DE0006208408), delivered a solid performance in the first half of 2024 in a challenging environment. The structural measures with which the Company is rigorously responding to the weak demand are taking effect as planned.

At €168.4 million, the KAP Group’s revenue in the first half of 2024 was 6.9% below the previous year’s level of €180.9 million (on a comparable basis, i.e. excluding the subsection of the *flexible films* segment sold in April 2023). It should be noted that the level of revenue was particularly high in the first quarter of 2023 on account of pent-up demand, while demand in important submarkets increasingly returned to normal in the first half of 2024. Revenue in the *flexible films* segment developed positively, while the other segments were noticeably affected by weak customer demand in the automotive sector.

Normalised earnings before interest, taxes, depreciation and amortisation (“normalised EBITDA”) increased in the first half of 2024 by 15.5% to €16.4 million (previous year: €14.2 million on a comparable basis). This significant increase reflects the positive effects of the structural measures to increase efficiency that have been introduced and are currently in the implementation phase. The normalised EBITDA margin improved accordingly by 1.9 percentage points to 9.7% (previous year: 7.8% on a comparable basis).

The positive effects of the structural measures – as well as a slight upturn in customer demand – are even more evident when looking at the second quarter of 2024 in isolation. During this period, revenue rose by 3.0% to €85.3 million (previous year: €82.8 million on a comparable basis), while normalised EBITDA actually increased by 75.6% to €7.9 million (previous year: €4.5 million on a comparable basis).

**Marten Julius, member and Spokesman of the Management Board of KAP AG:** “It’s clear from the performance in the second quarter that we’re on the right track. Our structural measures are taking effect as planned and have already led to a noticeable improvement in the Group’s profitability. In the second half of the year, we will continue to focus on becoming even more efficient and effective at all levels. We are monitoring the economic environment closely and analysing which changes and additions to the investment portfolio would make sense and promise potential. We are actively and successfully shaping our segments. This is also evident in the development of the *flexible films* segment, whose profile we sharpened last year through the sale of a subsection, and which is now developing extremely well.”

### **Profitability of *engineered products* and *flexible films* segments increases substantially**

The performance of the *engineered products* segment in the reporting period was marked by persistently weak customer demand from the automotive sector and the optimisation of the product portfolio in the conveyor belt fabric business. Accordingly, revenue decrease by 12.1% to €57.2 million (previous year: €65.1 million). The implementation of the structural measures to increase production efficiency and streamline administrative functions proceeded according to plan. Initial positive contributions from these measures led to an increase in normalised EBITDA of 30.0% to €4.1 million (previous year: €3.2 million). The normalised EBITDA margin has improved as a result by 2.3 percentage points to 7.2% (previous year: 4.9%).

In the *flexible films* segment, revenue in the first half of 2024 increased by 4.9% to €53.5 million (previous year: €51.0 million on a comparable basis). This development reflects the good positioning of the segment companies in the pool liners segment in the first normal season since the pandemic. The period during the pandemic was characterised by an initial steep increase in demand, followed by a significant decline and a slow reduction of inventories by segment customers. The structural measures implemented are already having the planned effect in this segment as well. Accordingly, normalised EBITDA improved substantially by 25.0% to €9.5 million (previous year: €7.6 million on a comparable basis). Accordingly, the normalised EBITDA margin of 17.8% (previous year: 14.9%) was 2.9 percentage points higher than in the previous year.

The development of revenue in the *surface technologies* segment in the reporting period was marked by persistently weak demand from the automotive sector. Growth momentum remained low and, in Germany in particular, there was a noticeable fall in the number of new registrations of electric cars and, in turn, the associated demand for surface coatings for automotive parts. Against this background, revenue decrease by 11.2% to €32.5 million (previous year: €36.6 million). Lower efficiency due to a decline in the utilisation of existing capacities led to a decrease in normalised EBITDA of €0.7 million to €2.8 million (previous year: €3.5 million). The normalised EBITDA margin narrowed by 1.1 percentage points to 8.6% (previous year: 9.7%).

The *precision components* segment saw revenue decrease in the first half of 2024 by 9.2% to €25.5 million (previous year: €28.1 million). The main reasons for the decline were the reticence of customers from the automotive sector and continued sluggish demand for e-bike components. As a result of the lower capacity utilisation, normalised EBITDA came to €1.3 million (previous year: €1.7 million). The normalised EBITDA margin narrowed slightly by 0.7 percentage points to 5.3% (previous year: 6.0%).

### **Guidance forecast for the 2024 financial year confirmed**

For the 2024 financial year, the Management Board continues to expect the KAP Group's business performance to be still marked by a challenging market environment. Due to the diversified investment model and the good positioning of the four segments in their niche markets, as well as the structural measures already introduced and implemented, the Management Board continues to anticipate a moderate increase in revenue and a significant increase in normalised EBITDA relative to the previous year on a comparable basis.

The complete half-year report 2024 can be downloaded from <https://www.kap.de/en/investor-relations/reports-amp-presentations/financial-reports>.

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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 currently focuses on four distinct operating segments: *engineered products*, *flexible films*, *surface technologies* and *precision components*. KAP AG currently has over 2,300 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).