

Interview With the Board of Management

It is a year since INDUS launched its new strategy. The Group has now found its new rhythm. In this interview, the Board of Management gives its first interim assessment and looks ahead to the coming year.



Board of Management (from left to right): Rudolf Weichert, Gudrun Degenhart, Dr.-Ing. Johannes Schmidt, Dr. Jörn Großmann, Axel Meyer

Dr. Schmidt: Commercial success is not getting any easier in the current geopolitical environment...

That's certainly true. But I am and remain optimistic for INDUS. When times get tough it is precisely Mittelstand companies that are agile enough to find ways of achieving their aims. Like our portfolio companies. Now, I don't want to make the current market out to be better than it is. The environment has been extremely uncomfortable for several years. And the new flashpoint in the Middle East will make navigating the already challenging market situation in 2026 much more difficult.

But our attitude is that we do not complain, but rather tackle the issues head-on. That means we grow through acquisitions, we expand our international footprint and

we build on our engineering competence. And even when external conditions get in our way, we stay on the course.

You are referring to the growth strategy: EMPOWERING MITTELSTAND. What is your initial assessment after the first year?

Following the launch last March, the outlines of our pathway to 2030 are taking shape: We bought five new companies in 2025. We have already completed the acquisition of an SME company in 2026 and signed the purchase agreement for a further company – this time in Italy. This will further expand our engineering competence and our presence on the international markets that are important for us.

But the key to growth is not only acquisitions, but also our existing portfolio companies. And they did a good job in 2025. In a market environment that remained difficult, business performance improved steadily over the course of



“Our pathway to 2030 is taking shape: We are growing through acquisitions, we are expanding our international footprint and we are building on our engineering competence.”

DR.-ING. JOHANNES
SCHMIDT

the year. From an annual perspective, we reported the best earnings in the third quarter and the highest revenue in the fourth.

Our segment management is the key driver of technological developments. It has really found its feet now and is having an increasingly powerful impact: The segment companies are working together even more in the technology fields. We started our venture clienting program in 2025, which promotes cooperation between our Group and technology start-ups. This accelerates access to new technologies and expands the business model with the latest vital key expertise, such as digital excellence and AI.

Mr. Weichert: That brings us to the figures for 2025. How did the year go?

We have developed a strategy that keeps us stable when times are difficult. Last year's results were ultimately in line with expectations: On a year-on-year basis, revenue rose slightly to EUR 1.74 billion and adjusted EBITA fell slightly to EUR 147.8 million. This reflects the very demanding challenges presented by the economy and the tariff situation. The adjusted EBITA margin was a good 8.5%. Given the tense economic and geopolitical conditions, these are figures we can be satisfied with.

"Our earnings performance shows that we have developed a strategy that pulls us through even when times are tough."

RUDOLF WEICHERT

Over the course of the year we reduced working capital and increased our operating cash flow, which took our free cash flow at year-end to EUR 124 million, above our target of EUR 90 million. The repayment term, which is the rate of net debt to EBITDA, was 2.5 years. Here too, we are within the target range. That puts us in a comfortable position. This year again we aim to pay a good dividend of EUR 1.30.

Let us look ahead: What guidance is INDUS giving for 2026?

We are still operating in a difficult market environment, but we remain optimistic. We anticipate moderate growth for the Group. Specifically, we are projecting revenue of EUR 1.80 to 1.95 billion and adjusted EBITA of EUR 150 to 170 million. The adjusted EBITA margin should be between 7.5% and 9.5%.





“With the 2025 acquisitions in the Engineering segment we have expanded our engineering competence and given internationalization another boost.”

AXEL MEYER

What developments are you expecting for net assets and financial position?

INDUS will continue to stand on very stable economic foundations going forward. We want to see our equity ratio back at 40% again by year-end 2026. Our strong statement of financial position is not only an important signal to our investors and banks, but also to company vendors.

Our debt repayment term will likely increase to 2.7 years in the coming year. Working capital will go up in the Materials Solutions segment as a result of, in some cases, very strong increases in material prices. But we have certainly not lost sight of the way back to our range of 2.0 to 2.5 years.

Mr. Meyer: The Engineering segment completed a number of acquisitions in 2025. What can you tell us about them?

Good things all round. Stud welding specialist HBS and its US subsidiary SUNBELT joined the KÖSTER portfolio in early 2025 and contribute a complementary product range. HBS is also an excellent regional fit, because the US was a market where KÖSTER had not previously been very active, so that can now change with SUNBELT.

Since June, the US-based precision metal fabrication business METFAB has strengthened the international manufacturing capacities of the MBRAUN Group. METFAB enables MBRAUN to increase its vertical integration in North America and secures fabrication capacities that we need for the rapidly growing local business with large-scale orders.

Then at the end of the year we signed the purchase agreement for PRO VIDEO, a provider of professional media equipment and large-scale audiovisual projects. PRO VIDEO has a high proportion of service revenue and its engineering

competence sets it apart from the competition in its market niche. The profitable market for audiovisual media technology is a growth sector, with fast development cycles thanks to the New Work trend. That is something we want to be part of.

How is the segment performing?

In terms of revenue, we had to accept a slight decline of 2.3% to EUR 583.0 million. The adjusted EBITA margin was 9.2%. In view of the difficult economy that is still very reasonable. Incoming orders developed well, rising by almost 27% or EUR 141.4 million. This was driven primarily by orders in long-term plant engineering projects.

The German engineering sector continues to face a challenging market situation. But we do not intend to stagnate: We want to keep growing, also by means of acquisitions. We are assuming that business will pick up again slightly in 2026. We predict slightly higher revenue and moderately higher earnings, with a margin of 8.5% to 10.5%. The fact that the fourth quarter went very well gives us cause for optimism.

Talking about “more acquisitions” – what are you looking at?

To start with, we kicked off the year by closing the acquisition of AMIRA for MBRAUN. The Italian specialist in bio-decontamination solutions strengthens our footprint in southern Europe and is another channel for improving our access to exciting modern technologies. So the year has got off to a good start already.

As far as other acquisitions are concerned, we are concentrating on our six technology fields. In Flow Technology and Surveillance, Measuring & Media Technology in particular we see a market environment where we can find interesting targets. The North American market is still interesting for us in regional terms. But we also see potential in Latin America and Asian markets. Fundamentally, we have a clear set of criteria when we screen the market: A new acquisition can improve our competitive position, expand the product portfolio and increase vertical integration. Alternatively, the acquisition can facilitate the process of internationalization and enable access to new markets that have not been addressed to date – both customer groups and entire sectors.

Dr. Großmann: The Infrastructure segment also gained new players in 2025.

Indeed, there were three of them: Our HAUFF-TECHNIK subsidiary bought two specialists in infrastructure networks. KETTLER strengthens our market position in water and gas networks. There is an urgent need to expand supply networks in Germany, and pipes need regular maintenance, so we see great growth potential in this area. The same applies to ELECTRO TRADING, a Swedish distributor of products for electricity grids and renewable energy. The acquisition gives HAUFF-TECHNIK direct access to the Scandinavian market. The two companies have worked together successfully for many years. This is a good basis on which to now drive international expansion forward together.

TRIGOSYS, the third acquisition, expands the product range of our portfolio company BETOMAX with formwork products. This enables BETOMAX to offer a wider technological range of system solutions for concrete construction. We also see clear cross-selling potential for both brands on their joint growth path.

How is business going?

Our infrastructure investments increased revenue by 6.7% on a consolidated basis, which is significantly more dynamic than the market. Segment earnings were roughly the same as the previous year. The margin of 10.4% was in line with our expectations. Overall, we can say that the companies performed well in 2025 in a market environment that remains difficult.

The newbuild market for industrial and residential property is expected to remain subdued in the current year also. Nevertheless, we are expecting a moderate increase in revenue and a steep rise in adjusted EBITA. Both prices and volumes are expected to go up. We anticipate a margin of 10-12%.

INDUS is currently completing more add-on acquisitions. What is the background to that?

An add-on acquisition has several advantages: It complements, strengthens or completes the existing business. The risk is generally lower, because we are already familiar with the basic concept of the business model. The portfolio company making the acquisition is therefore up to speed straight away and so can develop the business quickly. In addition, the multiples for smaller companies, which determine how much we have to pay for it, are generally lower than for larger companies. In other words, we can leverage more potential for a smaller outlay.

We are also looking at targets in the construction chemicals sector. FS-BF already gives us a good position in this attractive market. And within our technology fields you can be sure that we will not miss any suitable opportunities either. From a geographic perspective, we are also looking at North America, where our companies already have a good number of locations. That is something other portfolio companies can emulate.



“The Infrastructure segment outperformed the market. Both prices and volumes are expected to go up this year.”

DR. JÖRN
GROßMANN



“The challenges for the Materials Solutions segment are rapidly changing. At the same time, we are getting lots of inquiries from new customer groups.”

GUDRUN DEGENHART

Ms. Degenhart: The Materials Solutions segment is currently particularly exposed to the challenging markets. Why is that?

Because the drivers of our business are closely linked to the current market turbulence. Customer requirements change very fast or even abruptly disappear. Our companies have to respond flexibly to that. One example from sheet metalworking: Yesterday one of our companies supplied large quantities of housings for a manufacturer of coffee machines, with a large volume of US exports. Today it is working on components for humanoid robots for a start-up, among other things.

Engineering competence for the Materials Solutions segment is much more complex today. It is not just about solving a specific manufacturing problem. The key lies in the entire value chain, from developing materials and new manufacturing technologies through to complete service and logistics concepts for our customers. At the same time, it is exposed to a lot of friction: Purchasing is more volatile; prices change suddenly. The reality that the companies in our segment have to face today is the need to keep adapting across all stages of the value chain.

That sounds like an impossible task. What is your solution?

Firstly I would like to accentuate the positive: We are currently getting many inquiries from new sectors and new customers, precisely because things are changing so fast. One example is a medical devices business that needs special housings for the machines used to identify cancer cells in hospitals. These kinds of new, often innovative orders are the key to our growth going forward.

Another vital factor for more flexibility and efficiency is the use of AI. To be more specific, AI accelerates our materials development by a large multiple. Cobots are already making first-class welded joints. And we can determine precisely for our customers how long a jackhammer chisel can be used at a particular location. But people are still needed. Whether a company is still successful in ten years time ultimately depends on curiosity and flexibility; it comes down to developing solutions faster, questioning established methods, and not thinking that the company has already found the best solution.

I will ask you the same question about concrete figures and the near future. How do things look in your segment?

As expected, segment revenue contracted slightly by 1.8% in 2025. Earnings amounted to EUR 51.9 million, so 4.0% up on the previous year. The margin was 9.4%. US tariff policies, Chinese export controls and rising material prices gave us a hard time in 2025. We quickly found solutions to ensure that the companies could develop their operations positively over the course of the year. We increased the earnings contribution in the second half-year. Demand recovered in some sectors, like agricultural technology for instance. But we also took a hard look at our expenses and boosted efficiency. In some cases we also saw orders being brought forward in expectation of higher tariffs and rising raw material prices.

The operating environment in the segment is set to remain turbulent in the current year. The sharp rise in the cost of tungsten alloys will have a significant impact on revenue and earnings. Working capital will increase significantly as a result. This is due to supply chain disruptions caused by Chinese export restrictions, coupled with increasing global demand and the designation of the sector as a critical resource. As a result, market prices have risen sharply recently. This excess demand is expected to continue in 2026. Direct and indirect competitive disadvantages in the United States as a result of tariffs are also having a negative impact. The margin will be between 6% and 8%.

As far as our ambitions for the future go, we have our eye on the ball in the Materials Solutions segment. We are looking for businesses with extensive materials competence: in materials manufacturing and processing, and in application technology. In short, we are open to a broad range of materials and technologies. We are particularly interested in companies that operate in demanding, technology-driven

sectors and have built their market position on a strong foundation of expertise in materials, processes, applications and the supply chain.

Dr. Schmidt: How is INDUS as a Group looking ahead to the coming months?

Even if the operating environment does not justify any euphoria, we are confident that we can achieve moderate growth in 2026. We are doing our homework and getting to grips with the challenges. We are maintaining stability and making it through this phase with decent margins. The order backlog at year-end was significantly higher than the previous year. This is not a guarantee that the tide has turned, but it is at least a good sign.

As far as our medium-term ambition goes, we remain focused, despite the external headwinds. In any event we are well positioned to exploit opportunities systematically as soon as the global political environment calms down again. But for this to happen we need the right amount of tailwind.

Talking about transformation. How much energy does INDUS have left to tackle climate change?

In view of the current debate about looser regulations that is a very good question. Last year we exceeded by 1.5 percentage points our target of reducing emission intensity by at least 6%. And regardless of the political mood swings, we have a clear opinion on the subject. Sustainable business is part of our DNA. So here too, we will stick to our game plan. We think and act for the long term – well beyond quarters and financial years.