



P R E S S R E L E A S E

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KENDRION REPORTS STRONG FIRST QUARTER; UPWARD TREND CONTINUES

- Revenue in Q1 2014 totalling EUR 105.2 million (47% increase from Q1 2013, 6.2% organic growth in revenue)
- EBITA in Q1 2014 EUR 8.3 million (71% increase from Q1 2013), in part due to the Kuhnke acquisition, completed on 14 May 2013
- Return on sales in Q1 2014 7.9% (6.8% in the whole of 2013)
- Further improvement in market conditions of both the industrial and automotive activities

Key figures

| (x EUR 1 million unless otherwise stated) | Q1 2014 ¹ | Q1 2013 ¹ | Difference in % |
|---|----------------------|----------------------|-----------------|
| Revenue | 105.2 | 71.4 | 47% |
| EBITA | 8.3 | 4.9 | 71% |
| Net profit | 5.0 | 2.6 | 92% |

¹ The quarterly figures are unaudited

Piet Veenema, Kendrion's CEO:

"During the first quarter Kendrion succeeded in continuing the upward trend that began in mid-2013. Our core business generated quarterly revenue of more than EUR 100 million – for the first time in the company's history. Our profitability also exhibited a further improvement. The economic conditions are favourable, in particular in Germany, our most important home market. This is also reflected in the further increase in our order book. The measures implemented earlier at our latest acquisition, Kuhnke, have contributed to an increase in its profitability. All-in-all, Kendrion is well on track."

Financial review

Revenue

Organic growth in revenue amounted to 6.2% in the first quarter, due to a combination of new projects launched in 2013 and the improvement of economic conditions. The Industrial Division recorded 5.6% organic growth in revenue, and the Automotive Division 6.4%. As compared to the fourth quarter of 2013 organic growth in revenue was 6.0%.

The favourable developments in the Industrial Division are expected to continue in the coming months. The Division's three business units are all developing well, in particular due to the growth in the European machine building sector. The Automotive Division also observes an upward trend that is not due solely to the recent start-up of new products in the German passenger car segment, but also to the improving conditions in the global bus and truck market.

Results

Raw material prices have remained stable, whereby copper prices have fallen slightly in the past months. However, with the price agreements reached with suppliers and customers this will have virtually no effect in the short term.

The operating result before amortisation (EBITA) was EUR 8.3 million in the first quarter of 2014, a 71% increase compared to the first quarter of 2013. This is equivalent to a 23% increase in EBITA, exclusive of the Kuhnke acquisition, compared to the first quarter of 2013.

EBITA as a percentage of revenue was 7.9%, a significant increase compared to the fourth quarter of 2013 (6.8%). This increase was due to the improved performance achieved by both divisions.

Net profit in the first quarter of 2014 was EUR 5.0 million (Q1 2013: EUR 2.6 million). This increase in profit was in part due to the contribution made by Kuhnke and in part to the improved performance of both divisions.

The number of employees increased by 82 from the end of 2013 to 2,838 FTEs, including 128 temporary employees. Kendrion continues to focus on maintaining flexibility.

Financial position

The balance sheet total increased by EUR 11 million in the first quarter of 2014, mainly as a result of the increased level of activities.

The appropriate control of the company's working capital resulted in Kendrion's net debt remaining virtually unchanged from the level at the end of 2013, at EUR 49.5 million. The company had, as will be known, already formed a provision for the fine that the European Commission imposed on Kendrion at the end of last year. This fine was paid in full on 3 April 2014 (EUR 43.8 million).

Investments amounted to EUR 3.8 million in the first quarter, at a depreciation level of EUR 3.9 million. Investments in 2014 will be substantially higher than the depreciation level, once again largely due to new automotive projects and the implementation of the new ERP system. The ERP roll-out remains on schedule. The last implementation of the new ERP system is scheduled for the Kendrion (Shelby) and Kendrion Kuhnke companies, Kendrion's latest acquisitions, in 2014.

Kendrion, with a solvency ratio of more than 40% at the end of March 2014, is in a strong position.

Outlook

Kendrion has a favourable view of the developments in the coming months, in part due to the good economic prospects in its most important home market, Germany and the USA.

The order books continued to grow further in the first quarter. A number of new projects will be launched during the course of the year, in particular in Germany and China.

In 2014, Kendrion forecasts further growth in revenue as a result of the favourable development in both divisions. However, in view of the unpredictability of the longer-term economic developments it is still difficult to issue a specific forecast for the whole of 2014.

Profile Kendrion N.V.

Kendrion N.V., a solution provider, develops, manufactures and markets innovative high-quality electromagnetic and mechatronic systems and components for customers all over the world. Kendrion's operations are carried out by two divisions with a total of seven business units that are focused on specific market segments, namely the Industrial Division's Industrial Magnetic Systems, Industrial Control Systems and Industrial Drive Systems business units and the Automotive Division's Passenger Car Systems, Automotive Control Systems, Commercial Vehicle Systems and Heavy Duty Systems business units.

Kendrion has leading positions in a number of business-to-business niche markets. Germany is Kendrion's main market, although other countries are becoming increasingly important.

Kendrion's activities

Kendrion develops advanced electromagnetic and mechatronic solutions for industrial and automotive applications. These are used by customers all over the world in systems such as lifts, door-locking systems, industrial robots, medical equipment, electrical switchbox systems, diesel and gasoline engines, air-conditioning installations, motor cooling systems and beverage dispensers. Kendrion's key customers include Bosch, Continental, Daimler, Delphi, Evobus, Hyundai, Siemens, ThyssenKrupp Bilstein, Volkswagen, Wabco, Yutong and ZF.

Kendrion's shares are listed on NYSE Euronext's Amsterdam market.

Zeist, 8 May 2014

The Executive Board

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Annexes

1. Consolidated statement of comprehensive income
2. Consolidated statement of financial position at 31 March
3. Financial calendar 2014 - 2015

Annex 1 – Consolidated statement of comprehensive income

| (EUR million) | Q1 2014 | Q1 2013 | full year 2013 |
|--|--------------|--------------|-------------------|
| Revenue | 105.2 | 71.4 | 354.0 |
| Other income | 0.0 | 0.0 | 4.6 |
| Total revenue and other income | 105.2 | 71.4 | 358.6 |
| Changes in inventories of finished goods and work in progress | (2.5) | 1.2 | 1.6 |
| Raw materials and subcontracted work | 56.0 | 35.9 | 181.7 |
| Staff costs | 31.7 | 21.3 | 108.6 |
| Depreciation and amortisation | 4.8 | 3.2 | 16.0 |
| Other operating expenses | 7.8 | 5.4 | 29.8 |
| Result before net finance costs | 7.4 | 4.4 | 20.9 |
| Finance income | 0.1 | 0.0 | 0.3 |
| Finance expense | (1.5) | (1.1) | (5.5) |
| Net finance costs | (1.4) | (1.1) | (5.2) |
| Profit before income tax | 6.0 | 3.3 | 15.7 |
| Income tax expense | (1.0) | (0.7) | 1.0 |
| Profit for the period | 5.0 | 2.6 | 16.7 |
| Attributable to: | | | |
| Equity holders of the company | 5.0 | 2.6 | 16.7 |
| Profit for the period | 5.0 | 2.6 | 16.7 |
| Basic earnings per share (EUR), based on weighted average | 0.38 | 0.22 | 1.33 |
| Diluted earnings per share (EUR) | 0.38 | 0.22 | 1.33 |
| Normalised earnings per share (EUR), based on weighted average | 0.38 | 0.22 | 1.14 |

Annex 2 – Consolidated statement of financial position

| (EUR million) | 31 March 2014 | 31 March 2013 | 31 Dec. 2013 |
|--|------------------|------------------|-----------------|
| Assets | | | |
| Non-current assets | | | |
| Property, plant and equipment | 80.3 | 62.7 | 80.5 |
| Intangible assets | 120.2 | 75.1 | 120.9 |
| Other investments, including derivatives | 0.4 | 0.6 | 0.5 |
| Deferred tax assets | 15.0 | 10.7 | 15.1 |
| Total non-current assets | 215.9 | 149.1 | 217.0 |
| Current assets | | | |
| Inventories | 51.8 | 35.8 | 46.9 |
| Current tax assets | 2.9 | 2.3 | 3.3 |
| Trade and other receivables | 58.8 | 47.0 | 49.6 |
| Cash and cash equivalents | 16.5 | 11.8 | 18.0 |
| Total current assets | 130.0 | 96.9 | 117.8 |
| Total assets | 345.9 | 246.0 | 334.8 |
| Equity and liabilities | | | |
| Equity | | | |
| Share capital | 25.9 | 23.2 | 25.9 |
| Share premium | 74.4 | 59.9 | 74.4 |
| Reserves | 33.7 | 20.9 | 17.1 |
| Retained earnings | 5.0 | 2.6 | 16.7 |
| Total equity | 139.0 | 106.6 | 134.1 |
| Liabilities | | | |
| Loans and borrowings | 64.3 | 29.8 | 64.6 |
| Employee benefits | 17.9 | 7.0 | 18.0 |
| Government grants received in advance | 0.0 | 0.1 | 0.1 |
| Provisions | 1.7 | 43.9 | 2.0 |
| Deferred tax liabilities | 10.9 | 6.2 | 11.0 |
| Total non-current liabilities | 94.8 | 87.0 | 95.7 |
| Bank overdraft | 1.3 | 7.3 | 1.8 |
| Loans and borrowings | 0.4 | - | 0.6 |
| Current tax liabilities | 1.5 | 0.7 | 1.0 |
| Trade and other payables | 108.9 | 44.4 | 101.6 |
| Total current liabilities | 112.1 | 52.4 | 105.0 |
| Total liabilities | 206.9 | 139.4 | 200.7 |
| Total equity and liabilities | 345.9 | 246.0 | 334.8 |

Annex 3 - Financial calendar 2014 - 2015

2014

| | | |
|--|---------------------------|------------|
| Determination stock dividend exchange ratio | Thursday, 8 May 2014 | |
| Publication of Q1 2014 results | Thursday, 8 May 2014 | 08.00 a.m. |
| Cash dividend made payable and delivery stock dividend | Monday, 12 May 2014 | |
| Publication of HY1 2014 results | Thursday, 21 August 2014 | 08.00 a.m. |
| Analysts' meeting | Thursday, 21 August 2014 | 11.30 a.m. |
| Publication of Q3 2014 results | Thursday, 6 November 2014 | 08.00 a.m. |

2015

| | | |
|---------------------------------------|----------------------------|------------|
| Publication of 2014 full-year figures | Thursday, 26 February 2015 | 08.00 a.m. |
| Analysts' meeting | Thursday, 26 February 2015 | 11.30 a.m. |
| General Meeting of Shareholders | Monday, 13 April 2015 | 02.30 p.m. |
| Publication of Q1 2015 results | Thursday, 7 May 2015 | 08.00 a.m. |
| Publication of HY1 2015 results | Thursday, 20 August 2015 | 08.00 a.m. |
| Analysts' meeting | Thursday, 5 November 2015 | 08.00 a.m. |