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General Meeting of Shareholders Kendrion N.V.

Joep van Beurden / Frank Sonnemans

Zeist, 11 April 2016

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Agenda

1. Kendrion at a glance
2. Summary and key figures 2015
3. Business review
4. Financial results and dividend
5. 2016 and beyond

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1. Kendrion at a glance

Change in Executive Board

- Piet Veenema, Kendrion's CEO for the last twelve years, left Kendrion on 31 December 2015
- Joep van Beurden appointed as new CEO per 1 December 2015

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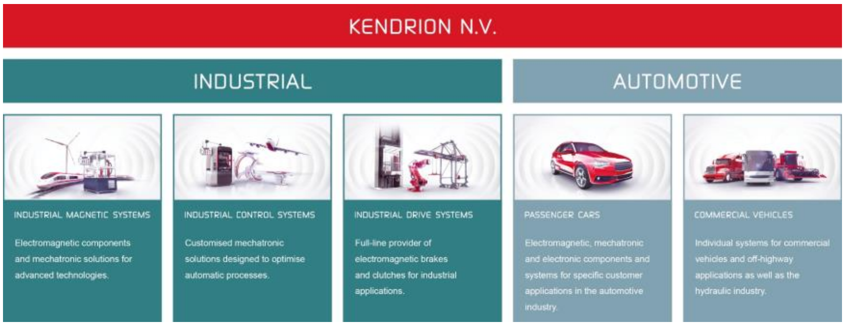
The Kendrion organisation



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Kendrion today

- Development, production and marketing of high-quality electromagnetic and electronic systems and components
- Serving leading organisations within the industrial and automotive sectors
- 2,700 employees across 15 countries worldwide
- Revenue in 2015: EUR 442 million
- Listed on Euronext's Amsterdam Market (KENDR.AS)

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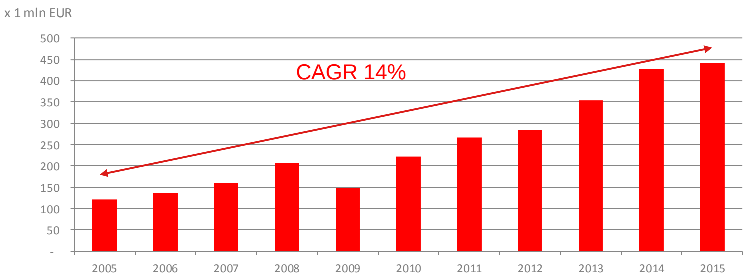
Steady growth to our ambitious targets



*Only electromagnetic companies (2005-2007)
** Kuhnke sales included from May 2013 onwards

2. Summary and key figures 2015

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Summary 2015

- Mixed market conditions
- Strong first half of the year, lower activity levels in second half in automotive and industrial activities
- Organic growth of 3%, mostly currency driven
  - Automotive growth 5%, supported by new projects, but held back by anticipated revenue decline in Automotive Control Systems
  - Stable revenue in Industrial due to delay in projects
- Strong free cash flow of EUR 21.2 million
- Modest revenue growth adversely affected our profitability as it did not offset the cost inflation, higher warranty costs and an increase in depreciation following the investment in new projects
- As a result return on sales reduced from 7.7% to 5.8%
- Net profit EUR 16.8 million (2014: EUR 20.2 million)
- Particularly weak fourth quarter with 2% lower revenue, further impacted by higher warranty and restructuring costs

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Key figures 2015

(x EUR 1 million unless otherwise stated)	FY 2015	FY 2014	Difference in %
Revenue	442.1	428.9	3%
EBITDA	45.2	49.3	-8%
EBITA	25.8	32.9	-22%
Net profit	16.8	20.2	-17%
ROS	5.8%	7.7%	
(x EUR 1 million unless otherwise stated)	**Q4 2015**	**Q4 2014**	**Difference in %**
Revenue	104.5	106.2	-2%
EBITDA	7.3	11.2	-35%
EBITA	2.4	6.9	-65%
Net profit	1.6	4.7	-66%
ROS	2.4%	6.5%	

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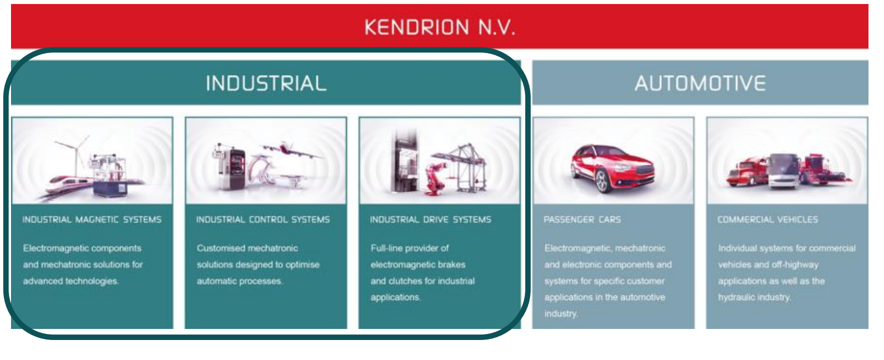
3. Business review

Division Industrial



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General remarks Division Industrial (1/2)

- Good market conditions in first half of the year but the German machine building market slowed down in the second half of the year as export activity dropped. Swiss market under pressure due to currency effects
- Stable revenue development in 2015 at EUR 150.8 million (2014: EUR 150.5 million)
- EBITDA reducing from EUR 16.1 million to EUR 13.8 million

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General remarks Division Industrial (2/2)

- Industrial Magnetic Systems (IMS)
  - Good performance with 5% revenue growth
  - Further transfer of production to Romania
- Industrial Control Systems (ICS)
  - Revenue reduced with 6%
  - Delay in new projects that moved to 2016
  - Efficiency projects at ICS implemented (outsourcing surface treatment, further transfer of production to Romania)
- Industrial Drive Systems (IDS)
  - Slight revenue growth
  - Large customer project phased out
  - This was compensated by high customer demand for permanent magnet brake lines
  - Delay of new projects in China
- Increasing role of the Romanian plant (transfer of product lines from IMS and ICS)

Division Automotive

General remarks Division Automotive (1/2)

- Market conditions were mixed during 2015. Activity levels in the worldwide automotive industry were high in the first half of 2015, but started to slow down just before the summer
- Revenue increased by 5% to EUR 291.3 million (2014: EUR 278.4 million)
- EBITDA reduced from EUR 31.1 million to EUR 29.7 million
- Fourth quarter: most of our customers reduced their stock levels at year-end
- Higher non-recurring product warranty costs affecting Q4 and full year results

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General remarks Division Automotive (2/2)

- Passenger Cars (PC)
  - Some impact from the Volkswagen diesel issue
  - Successful in acquiring new projects
  - Anticipated phase out of contracts reduced Automotive Control Systems growth to -9%.
  - Other activities rose by almost 10%
  - New active damping project (lifetime revenues > EUR 300 million) will now move to serial production
- Commercial Vehicles (CV)
  - Revenue growth in Commercial Vehicles of 7% on the back of stronger currencies
  - Increase in growth largely achieved outside Germany with good progress in North America, India and Mexico

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Taking Responsibility Programme 2015 – 2017: key issues

- Energy efficient, safe and sustainable products
- Attractive, safe and healthy working environment
- Efficient use of materials; sustainable business processes
- Focus on energy and Co_2 reduction
- Environmental management systems comply with ISO 14001
- Takes supply chain responsibility within its sphere of influence
- Support local communities
- Transparency and fair business conduct

- Annual CSR Report with external assurance
- Further integrated reporting under preparation
- Kendrion endorses the 10 principles of the UN Global Compact

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Taking Responsibility – some results

- > 20% Industrial products and > 40% Automotive products contribute to energy saving and emission reduction
- Energy - CO_2 of our biggest plants:
  - Reductions 2012 - 2014:
    - Relative CO_2 emission: 46%
    - Energy consumption: >10%
  - Target 2015 – 2017: 25% reduction (relative)
  - 2015 (relate):
    - CO_2 emission: +13% (gas; switch of supplier in 2016)
    - Energy consumption: +2%
- Signed Supplier Code of Conduct 368 (2014: 14)
- 36 CSR Supplier Audits (2014: 23)
- Illness rate 2.5% (2014: 2.3%)
- 41 reported accidents (2014: 50)

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4. Financial results and dividend

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Financial results and financial targets (1/5)

(x EUR 1 million unless otherwise stated)	FY 2015	FY 2014	Difference in %
Revenue	442.1	428.9	3%
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Financial position and results (2/5)

- A weak fourth quarter with a revenue of EUR 104.4 million, down 2% (Q4 2014: EUR 106.2 million), as several large customers reduced stock levels
- Weak top-line and higher non-recurring product warranty costs and the restructuring in ICS resulted in a considerably lower EBITA in Q4 of EUR 2.4 million (Q4 2014: EUR 6.9 million)
- Organic sales growth in 2015 of 3% (5% Division Automotive, flat in Division Industrial), mostly due to currency effects
- Added value remained stable at 48%, with slightly declining raw material prices
- Personnel costs increased 6% to EUR 133 million, in spite of several efficiency measures in direct labour. This was largely driven by a 4% wage inflation, one-off restructuring costs (EUR 0.9 million), currency impact and a further investment in engineering staff

Financial position and results (3/5)

- Increase in other operating expenses largely due to non-recurring product warranty costs (EUR 3.0 million higher, mainly in Automotive), business development projects (EUR 0.8 million) and higher repairs and maintenance costs (EUR 1.1 million)
- Increase in R&D costs from EUR 23.2 million to EUR 26.4 million, supporting future business development
- Depreciation rose by EUR 3.0 million due to new projects not yet fully contributing to results
- As a result EBITA margin decreased from 7.7% in 2014 to 5.8% in 2015

Financial position and results (4/5)

- Net finance costs for the full year decreased to EUR 3.3 million (2014: EUR 4.6 million) due to the continued reduction in net debt levels and lower average interest rates on borrowings (1.9% versus 2.7% in 2014) following the new financing agreement in August 2014
- Income tax expenses in 2015 amounted to EUR 1.9 million (2014: EUR 4.7 million). The effective tax rate for 2015 was 10.3% (2014:18.9%) and was positively influenced by incidental tax benefits of EUR 2.5 million. Excluding these benefits, the effective tax rate would have been 24% (2014: 23%)
- Net profit in 2015: EUR 16.8 million (2014: EUR 20.2 million)

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Financial position and results (5/5)

- In control of working capital, year-end position improving to 9.8%% (2014: 10.5%)
- Investments exceeded depreciation (EUR 19.4 million), as expected
- Investments in property, plant and equipment amounted to EUR 22.3 million, main project in 2015 was active damping line in Austria which moves to serial production in Q1 2016
- Cash proceeds from disinvestments amounted to EUR 2.5 million
- Strong free cash flow of EUR 21.2 million (2014: 17.1 million) in spite of high investment programme
- Decrease in net debt to EUR 69.1 million (2014: EUR 83.0 million)
- Strong financial position with solvency of 50% (2014: 46%) and improved net debt cover of 1.5 (2014: 1.7)
- > EUR 100 million available for acquisitions

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Dividend

- Kendrion strives to distribute an annual dividend of between 35% and 50% of the annual net profit
- Minimum solvency of at least 35%
- In the light of the strong financial position and business fundamentals, Kendrion's Executive Board proposes to increase the pay-out ratio for 2015 and maintain the dividend amount per share at the level of last year
- A proposal will be submitted to the shareholders for the payment of an optional dividend of 61% of the net profit of 2015 (EUR 16.8 million)
- The dividend is equivalent to an amount of EUR 0.78 per share (2014: EUR 0.78)

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5. 2016 and beyond

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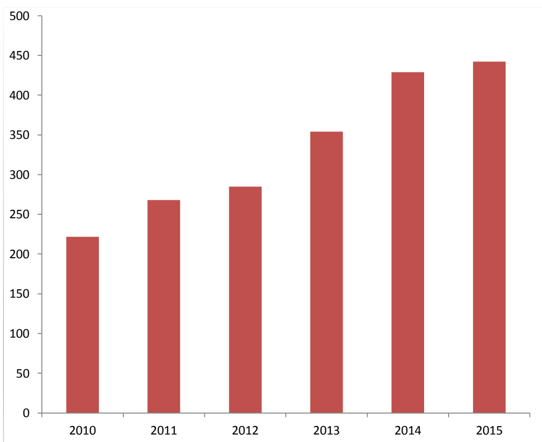
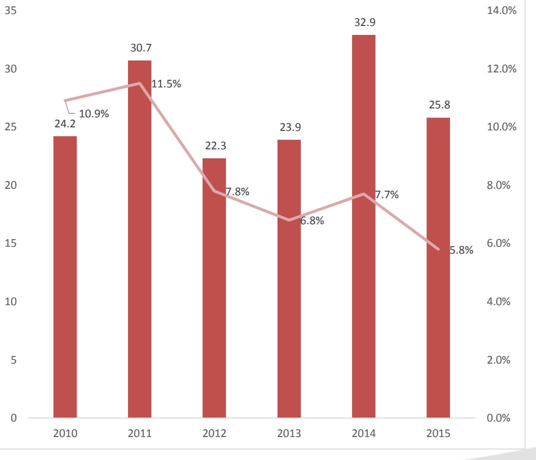
Revenues have grown…



… but not profits



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Going forward…

- We remain confident about our business fundamentals and our ability to continue to grow both our top and bottom line through the business cycle
- Our main focus will be to ensure that the substantial top-line growth we have realised in the past years will be better reflected in our profitability

The Executive Board expects to provide a more comprehensive update on Kendrion's financial objectives as part of the strategic update which will take place on Tuesday, 3 May 2016 with the first quarter results.

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www.kendrion.com