



P R E S S R E L E A S E K E N D R I O N N . V .

R E S U L T S F O R 2 0 0 7

26 FEBRUARY 2008

Significant strategic advances in 2007, resumption dividend payment

- Significant headway made with strategy of Focused Acceleration, including acquisitions at Kendrion Electromagnetic and sale of Automotive Metals
- 7% organic growth in continuing operations during 2007
- In 2007 8.5% rise in operating profit on continuing operations (excluding acquisitions)
- Fourth quarter 2007 operationally satisfying
- Net profit for year down to EUR 3.7 million due mainly to loss of EUR 9.5 million on sale of Automotive Metals (2006 net profit: EUR 14.3 million)
- Kendrion optimistic for 2008
- Proposed dividend of EUR 0.38 per share

Kendrion N.V. key figures fourth quarter and full-year results for 2007

(x EUR 1 million)

	2007	2006
Operating profit	21.8	22.4
Net profit	3.7	14.3

	2007 fourth quarter Continuing operations ¹	2006 fourth quarter Continuing operations ¹	%
Revenue	129.6	121.4	6.8%
Operating profit	4.3	4.2	2.4%

	2007 Continuing operations ¹	2006 Continuing operations ^{1,2}	%
Revenue	501.0	461.4	8.6%
Operating profit	21.8	20.1	8.5%
Net profit	13.1	12.0	9.2%

¹ Excludes Automotive Metals, excluding incidental benefits in 2006 (EUR 2.3 mln of which EUR 1.1 million in 4th quarter)

² Net profit 2006 normalised (net financing charges and taxes) with effect sales Automotive Metals as of 1 January 2006

Piet Veenema, CEO of Kendrion: "During 2007 we made significant headway with our strategy of Focused Acceleration. The Kendrion Electromagnetic division performed well, and grew substantially with its acquisition of the Linnig Antriebstechnik Group. Kendrion Distribution Services also had a good year, despite disappointing results on the Dutch operations owing to problems with the introduction of a new IT system, which have now been resolved. Kendrion took a significant step in 2007 with the sale of its Automotive Metals operations, leading to substantial improvements in our risk profile. Kendrion now leads the market in two fields, and thanks to the strategic steps taken in 2007 we are confident we are in an excellent position to make the most of this in 2008."

Financial review

During the final quarter of the year Kendrion's activities were largely in line with expectations. Revenue from continuing operations (i.e. excluding Automotive Metals) rose 6.8% in the fourth quarter. Organic growth stood at 6% for the quarter and at 7% for the whole of 2007.

Excluding Automotive Metals, operating profit for 2007 amounted to EUR 21.8 million. Including Linnig Antriebstechnik's operating profit for the whole of 2007 (after allowing for the negative impact of IFRS, amounting to EUR 0.7 million), Kendrion's operating profit stood at EUR 27.3 million.

At EUR 3.7 million, net profit was down on the previous year (2006: EUR 14.3 million). This fall was attributable to the loss on the sale of Automotive Metals in 2007 and to non-recurring income in 2006 (EUR 2.3 million).

Including Linnig Antriebstechnik's profits for the entire year and excluding the book loss on the disposal of Automotive Metals, net profit would have amounted to EUR 15.1 million.

Total assets rose EUR 12 million in 2007 to EUR 303 million. Free cash flow (before acquisitions and excluding the sale of Automotive Metals) amounted to EUR 7.6 million.

Substantial investments were made during 2007 particularly at Kendrion Electromagnetic. Total investments at Kendrion Electromagnetic and Kendrion Distribution Services amounted to EUR 16 million, while depreciation totalled EUR 10 million.

Kendrion's net debt position as at 31 December 2007 was EUR 85 million.

As at 31 December 2007, Kendrion had a solvency ratio of over 29%.

In November 2007, agreement was reached with the consortium of banks on a second amendment to the financing arrangements agreed at the start of 2006. The credit facility was increased by EUR 30 million and the terms and conditions of the covenants were extended. As at 31 December 2007, Kendrion complied fully with the terms and conditions of the covenants.

Proposed dividend

In view of the company's performance, Kendrion will be proposing to the Annual General Meeting of Shareholders on 7 April that a dividend of EUR 0.38 per share be paid from the share premium account. This dividend corresponds to 30% of the profit on continuing operations after deduction of the minority share in 2007 (EUR 13.1 million).

Review of divisions

Kendrion Electromagnetic turned in another good performance in 2007, with strong organic growth in both its automotive and industrial operations. Revenue for the whole of 2007 was up 15% at EUR 160 million, while operating profit rose 10.5% to EUR 13.7 million. This strong performance was accompanied by additional costs and investments in areas relating to the division's growth in the next few years. These include ongoing investments in China and the Czech Republic, which should result in further growth in profits in 2008. In addition, a number of new projects were launched in the second half of 2007.

Market conditions favoured Kendrion Distribution Services, which managed to build on its existing market positions in most countries. Only in Germany revenue in the final quarter of 2007 was disappointing, although the organisation expanded and strengthened its market position. In the Netherlands results bounced back in the final quarter following a difficult first nine months due to the introduction of a new IT system.

Servico's profits came under pressure in the third quarter owing to the replacement of models, but revenue and operating profit started to recover during the fourth quarter.

Holding company costs remained steady compared the previous year (excluding exceptional income of EUR 1.2 million relating to amounts released from provisions in 2006).

Tax position

Kendrion's tax position, particularly in Germany, changed during the year. It was announced in July 2007 that the tax rate would be reduced from 40% to 30% with effect from 2008. This resulted in a write-down of EUR 3.1 million, reducing our deferred tax assets.

Following the acquisition of Linnig, it was possible for losses available for relief in Germany that had not yet been attributed any value to be set off directly against Linnig's taxable profit, allowing Kendrion to recognise EUR 2.9 million in new deferred tax assets. Kendrion was also able, via its German holding company, to make use of a German tax facility under which the tax payable by Linnig for 2007 can be set off against Kendrion's losses available for setoff in Germany, generating income of EUR 1.1 million.

In addition, the German tax authorities performed an audit for the period 2001-2004. During these years Kendrion incurred heavy losses on the in this period sold sanitaryware and heating equipment operations it owned at the time as well as on the sale of its Automotive Plastics division. Of these losses, the German tax authorities rejected EUR 53.5 million (EUR 36.5 million relating to 'Körperschaftsteuer' and EUR 17 million relating to 'Gewerbesteuer'). Although Kendrion does not agree with many of the comments made by the German tax authorities, contesting them would be a time-consuming process and the chances of success would be no more than 50% (expert opinion). In view of these and other considerations, Kendrion reached a compromise with the German Tax Authorities under which some EUR 26 million relating to 'Körperschaftsteuer' and EUR 6 million relating to 'Gewerbesteuer' has been deemed invalid. As a result, deferred tax assets in Germany have been written down by EUR 1 million. As a consequence, almost all German tax losses carried forward are now valued as at 31 December 2007.

On balance, the impact on Kendrion's German tax position for 2007 was almost zero.

Furthermore Kendrion has recorded EUR 1 million deferred tax asset in the fourth quarter with respect to its tax position in Sweden.

Outlook

Following the steps taken by Kendrion in 2007 to build on its basis for growing its activities and make further improvements to its risk profile, the company's focus for the year ahead will be on the targeted expansion of existing activities. During 2008, investments will be slightly higher than depreciation. While Kendrion is optimistic, amongst others given economic uncertainty on its main domestic markets owing to the current credit crisis, it does not wish to make specific predictions concerning its performance in 2008.

Profile of Kendrion N.V.

Kendrion N.V. develops, manufactures, and markets high-quality electromagnetic components and also distributes and processes semi-finished plastics. The company has approximately 2,500 employees in 18 countries around the world.

Kendrion's mission is to build on its strong positions of leadership in its selected niche markets in Europe and be a leading international company that uses its existing know-how, innovative capabilities and commercial strengths to provide effective solutions to its industrial customers. In doing so Kendrion seeks to remain a transparent, flexible and reliable company where entrepreneurial zeal is combined with clear profit targets.

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

Zeist, 26 February 2008

Executive Board of Kendrion N.V.

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Annexes

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** These statements are derived from the audited financial statements for 2007, which will be published by 29 February 2008 at the latest. An unqualified auditor's report has been issued on the 2007 financial statements.

Annex 1 – Consolidated income statement

Consolidated income statement (EUR million)

	Q4 2007 ²	Q4 2006 ^{1,2}	2007	2006 ¹
Revenue	129.6	121.4	501.0	461.4
Other operating income	(0.3)	0.3	2.9	2.6
	129.3	121.7	503.9	464.0
Changes in inventories of finished goods and work in progress	1.0	(0.7)	(0.4)	(1.3)
Raw materials and subcontracted work	78.7	75.3	313.4	288.9
Staff costs	26.0	22.4	99.7	90.1
Depreciation and amortisation	3.0	2.5	10.1	9.7
Other operating expenses	16.3	16.9	59.3	54.2
Operating result before net finance costs	4.3	5.3	21.8	22.4
Finance income	0.2	0.1	0.4	0.4
Finance expense	(1.9)	(1.2)	(6.4)	(5.5)
Net finance costs	(1.7)	(1.1)	(6.0)	(5.1)
Profit before income tax	2.6	4.2	15.8	17.3
Income tax expense	4.5	(0.8)	(2.6)	(4.8)
Profit from continuing operations	7.1	3.4	13.2	12.5
Result on sale of discontinued operations (net of income tax)	(11.5)	0.4	(9.5)	1.8
Profit for the period	(4.4)	3.8	3.7	14.3
Attributable to:				
Equity holders of the company	(4.5)	3.8	3.6	14.3
Minority interest	0.1	-	0.1	0.0
Profit for the period	(4.4)	3.8	3.7	14.3
Basic earnings per share (EUR)	-0.44	0.37	0.35	1.39
Diluted earnings per share (EUR)	-0.44	0.37	0.35	1.39
Basic earnings per share continuing operations (EUR)	0.69	0.33	1.27	1.22
Diluted earnings per share continuing operations (EUR)	0.69	0.33	1.27	1.22

1 = The comparative income statement 2006 has been represented as if the at 21 December 2007 discontinued operation Automotive Metals has been discontinued from the start of the comparative period

2 = Unaudited figures for Q4 2007

Annex 2 – Consolidated balance sheet

Consolidated balance sheet as at:

(EUR million)

	31 December 2007	31 December 2006
Assets		
Property, plant and equipment	57.5	69.2
Intangible assets	49.2	16.1
Other investments, including derivatives	3.8	3.3
Deferred tax assets	21.0	20.9
Total non-current assets	131.5	109.5
Inventories	69.2	74.7
Current tax assets	2.1	0.9
Trade and other receivables	90.7	100.3
Cash and cash equivalents	9.6	5.5
Assets classified as held for sale	-	0.6
Total current assets	171.6	182.0
Total assets	303.1	291.5
Liabilities		
Equity		
Share capital	20.6	20.6
Share premium	75.2	75.2
Reserves	(11.2)	(26.5)
Retained earnings	3.6	14.3
Total equity attributable to equity holders of the company	88.2	83.6
Minority interest	0.6	0.2
Total equity	88.8	83.8
Liabilities		
Loans and borrowings	87.1	76.7
Employee benefits	7.7	7.2
Government grants received in advance	0.1	0.1
Provisions	3.0	3.5
Deferred tax liabilities	4.9	3.8
Total non-current liabilities	102.8	91.3
Bank overdraft	7.5	9.2
Loans and borrowings	0.2	7.1
Current tax liabilities	3.8	2.1
Trade and other payables	100.0	98.0
Total current liabilities	111.5	116.4
Total liabilities	214.3	207.7
Total equity and liabilities	303.1	291.5

Annex 3 – Consolidated statement of cash flows

Consolidated statement of cash flows

(EUR million)

	31 Dec. 2007	31 Dec. 2006 ¹
Cash flows from operating activities		
Profit for the period	3.7	14.3
<i>Adjustments for:</i>		
Net finance costs	6.0	5.1
Income tax expense	2.6	4.8
(Gain) loss on disposal of shares of discontinued operations	9.5	(1.8)
Depreciation of property, plant and equipment	8.7	8.5
Amortisation on intangible assets	1.4	1.2
Operating profit before changes in working capital and provisions	31.9	32.1
Change in trade and other receivables	(10.8)	(10.2)
Change in inventories	(2.7)	(5.5)
Change in trade and other payables	14.1	9.9
Change in provisions	(0.7)	(5.9)
Cash flow from operating activities	31.8	20.4
Interest paid	(5.5)	(4.6)
Income tax paid	(2.5)	(5.1)
Net cash from operating activities	23.8	10.7
Cash flows from investing activities		
Disposal of subsidiary, net of cash disposed of	31.4	0.0
Acquisition of subsidiary, net of cash acquired	(39.9)	(8.5)
Net investments in property, plant and equipment and intangible fixed assets	(16.2)	(10.4)
Net investment of other investments	(0.5)	0.6
Net cash from investing activities	(25.2)	(18.3)
Free cash flow	(1.4)	(7.6)
Cash flows from financing activities		
Long-term borrowings withdrawn	40.0	80.8
Repayment of borrowings (non current)	(27.3)	(14.3)
Repayment of borrowings (current)	(5.2)	(4.3)
Dividends paid to minority interests	-	(0.1)
Net cash from financing activities	7.5	62.1
Cash flows from (used in) discontinued operation		
Net cash from operating activities	8.7	2.3
Net cash used in investing activities	(1.0)	(2.7)
Net cash used in financing activities	(8.5)	(0.8)
Net cash from discontinued operation	(0.8)	(1.2)
Net increase in cash and cash equivalents	5.3	53.3
Effect of exchange rate fluctuations on cash held	0.5	(0.2)
	5.8	53.1
Cash and cash equivalents as at 1 January	(3.7)	(56.8)
Cash and cash equivalents as at 31 December	2.1	(3.7)

1 = The comparative statement of cash flows 2006 has been represented as if the at 21 December 2007 discontinued operation Automotive Metals has been discontinued from the start of the comparative period.

Annex 4 – Consolidated statement of recognised income and expense

Consolidated statement of recognised income and expense

(EUR million)	2007	2006
Currency translation differences for non eurozone operations	(0.3)	0.2
Currency translation differences on sale of Automotive Metals	0.6	-
Effective part of changes in fair value of cash flow hedges	0.6	0.2
Income and expense recognised directly in equity	0.9	0.4
Profit for the period	3.7	14.3
Total recognised income and expense for the period	4.6	14.7
Attributable to:		
Equity holders of the parent	4.5	14.7
Minority interest	0.1	0.0
Total recognised income and expense for the period	4.6	14.7

Annex 5 – Segment reporting

(EUR million)	Kendrion Electromagnetic		Kendrion Distribution Services		Kendrion Electromagnetic		Kendrion Distribution Services	
	HY1 2007	HY1 2006	HY1 2007	HY1 2006	HY2 2007	HY2 2006	HY2 2007	HY2 2006
	Revenue	77.4	67.0	172.6	159.5	83.1	69.3	167.9
Added value / Net margin	40.0	36.9	55.5	50.1	41.0	37.5	53.9	51.6
Added value / Net margin %	51.7%	55.1%	32.2%	31.4%	49.4%	54.1%	32.1%	31.2%
Operating result	7.3	6.0	7.9	7.1	6.4	6.4	5.0	6.8
ROI (rolling over 12 months)	24.7%	22.5%	23.0%	22.2%				
ROS (rolling over 12 months)	9.2%	8.6%	4.3%	4.1%				

(EUR million)	Kendrion Electromagnetic		Kendrion Distribution Services		Holding companies / Eliminations		Consolidated	
	2007	2006	2007	2006	2007	2006	2007	2006
Revenue	160.5	136.3	340.5	325.1	-	-	501.0	461.4
Added value / Net margin	81.0	74.4	109.4	101.7	0.5	0.5	190.9	176.6
Added value / Net margin %	50.5%	54.5%	32.1%	31.3%			37.9%	38.1%
Operating result	13.7	12.4	12.9	13.9	(4.8)	(3.9)	21.8	22.4
ROI (rolling over 12 months)	22.7%	24.3%	20.3%	23.4%			15.6%	18.6%
ROS (rolling over 12 months)	8.4%	9.0%	3.8%	4.2%			4.3%	4.4%

Annex 6 – Financial calendar 2008 - 2009

Publication of 2007 full-year figures	Tuesday, 26 February 2008	Before start of trading
Press conference / analysts' meeting	Tuesday, 26 February 2008	10:00 / 11:30 a.m.
General Meeting of Shareholders	Monday, 7 April 2008	2:30 p.m.
Publication of Q1 2008 results	Wednesday, 7 May 2008	Before start of trading
Publication of H1 2008 results	Tuesday, 26 August 2008	Before start of trading
Press conference / analysts' meeting	Tuesday, 26 August 2008	10:00 / 11:30 a.m.
Publication of Q3 2008 results	Tuesday, 4 November 2008	Before start of trading
Publication of 2008 full-year figures	Tuesday, 24 February 2009	Before start of trading
Press conference / analysts' meeting	Tuesday, 24 February 2009	10:00 / 11:30 a.m.
General Meeting of Shareholders	Monday, 6 April 2009	2:30 p.m.
Publication of Q1 2009 results	Tuesday, 5 May 2009	Before start of trading
Publication of H1 2009 results	Tuesday, 25 August 2009	Before start of trading
Press conference / analysts' meeting	Tuesday, 25 August 2009	10:00 / 11:30 a.m.
Publication of Q3 2009 results	Tuesday, 10 November 2009	Before start of trading