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

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Kendrion is now a focused company, market conditions are difficult

- **Following the sale of Distribution Services, Kendrion is now focused entirely on electromagnetic activities with a strong financial basis**
- **Rapid deterioration of economic conditions in Q4 2008**
- **Organic revenue of electromagnetic activities fell by 14% in Q4 2008, organic growth in revenue totalled approximately 4% for the full year 2008**
- **EBITA electromagnetic activities (including centralised costs) decreased by EUR 2.6 million in comparison to Q4 2007 to EUR 0.6 million in Q4 2008**
- **Net profit of EUR 12.9 million in 2008 (2007: EUR 3.7 million)**
- **Proposed dividend of EUR 0.97 in cash per share**
- **Difficult market conditions expected in the period ahead, substantial cost-reducing measures have already been implemented**
- **Book profit of approximately EUR 10 million in Q1 2009 following finalisation of the sale of the Vink Group**

Key figures of Kendrion N.V. for the full year 2008 and fourth quarter 2008

	2008	2007
Operating profit	11.0	9.8
Net profit	12.9	3.7

	2008 fourth quarter Continuing operations	2007 fourth quarter Continuing operations	%
Revenue	44.0	51.3	-14%
EBITA	0.6	3.2	-81%

	Full year 2008 Continuing operations [1]	Full year 2007 Continuing operations [1]	%
Revenue	204.2	196.2	4%
EBITA	14.3	15.1	-5%

[1] Including central costs

Piet Veenema, CEO of Kendrion: ‘The final steps of our “Focused Acceleration” strategy were taken in 2008. Kendrion is now a company that has a clear profile as a niche market leader in electromagnetic systems and components and that has four business units that will be developed further in the years ahead. Our objective is to generate EUR 350 million in revenue via these activities within two to three years. Our strong financial position will work to our advantage in achieving this aim, particularly under the current difficult market conditions. This means that the current crisis can consequently also offer opportunities for Kendrion. We have already implemented substantial cost-reducing measures in the fourth quarter of 2008. In addition, we will adjust our cost structure further as necessary in the months ahead, whilst maintaining our strong organisation as much as possible.”

Financial developments

Kendrion’s activities developed positively and virtually in line with the forecast in the first six months of 2008. Market conditions, however, deteriorated rapidly in the third and primarily the fourth quarter of 2008. The organic revenue decrease of the electromagnetic activities totalled 14% in the fourth quarter of 2008. Organic revenue growth for these activities for the full year 2008 was approximately 4%. The EBITA of these activities totalled EUR 14.3 million for the full-year 2008 owing to developments primarily in the fourth quarter (2007: normalised EUR 15.1 million, a decrease of 5%). EUR 0.7 million in non-recurring restructuring costs were included in the fourth quarter.

Kendrion announced the sale of the Distribution Services division (consisting of the Vink Group and the Servico company) on 26 November 2008. The sale of the Servico company was finalised before the end of 2008. The sale of the Vink Group was effected on 12 February 2009. The Distribution Services division likewise faced deteriorating conditions in 2008 in virtually all of the countries in which it operates. The division’s operating profit totalled EUR 9.4 million in 2008 (2007: EUR 12.9 million). Book profit on the sale of Distribution Services (after deducting costs, amortisation of goodwill and deferred tax assets) amounts (in part as a result of this) to approximately EUR 13 million. Approximately EUR 3 million of this amount was realised in the fourth quarter of 2008 as a result of the finalised sale of Servico, after reduction with amongst others written-off goodwill and selling expenses. Approximately EUR 10 million will be achieved in the first quarter of 2009 following the finalised sale of the Vink Group.

The organisation has been realigned in light of Kendrion’s current focus. Kendrion now has four business units that each holds a market leading position in their individual niche markets. Centralised activities are currently coordinated via Kendrion Group Services. The centralised costs will decrease by approximately EUR 1 million in 2009 thanks to both the sale of the distribution activities and organisational savings.

Net profit amounted to EUR 12.9 million in 2008 (2007: EUR 3.7 million)[1].

The balance sheet total fell by approximately EUR 23 million in comparison to year-end 2007 and will decrease by a further EUR 120 million following the finalisation of the sale of the Vink Group. The free cash flow including Distribution Services amounted to EUR 12.9 million in 2008 and amounted to EUR 3.7 million for the continuing operations.

The investments of the continuing operations amounted to EUR 13.5 million in 2008 with a depreciation level of EUR 8.3 million. Virtually all investments related to new projects in the business unit Passenger Car Systems.

The net debt position was EUR 75 million at year-end 2008. The finalisation of the sale of the Vink Group reduces Kendrion’s debt position at year-end 2008 on a pro forma basis to approximately EUR 10 million.

Solvency was 33% on 31 December 2008 and, on a pro forma basis, more than 60% following processing of the sale of the Vink Group.

[1] For a pro forma approach to net profit for 2008 and the balance sheet on 31 December 2008 following the sale of Vink, please refer to appendices 6 and 7 with this press release.

Dividend proposal

Kendrion was required to obtain the approval of its banks for the sale of the Distribution Services division. The banks provided their approval on the condition that a dividend can be distributed of maximised EUR 10 million in 2009. Kendrion is engaged in a new round of negotiations with its banks concerning a potential expansion of its dividend possibilities in the years ahead. In view of the current developments, Kendrion will propose to the General Meeting of Shareholders on 6 April 2009 payment of a cash dividend of EUR 0.97 per share (EUR 10 million) from the share premium account.

Operational activities

The electromagnetic activities performed positively in 2008 until the fourth quarter. The Passenger Car Systems business unit, which accounts for approximately 30% of revenue, encountered the greatest difficulties in the fourth quarter as a result of the European automobile industry's stagnating sales. The revenue of this business unit remained unchanged in comparison to 2007. While the market conditions also deteriorated for the Commercial Vehicle Systems business unit, this business unit was nonetheless able to realise organic revenue growth of 15%. The Industrial Magnetic Systems business unit noted weaker demand from several industrial sectors (including the textile industry) in the summer of 2008. This weakening in demand continued in the fourth quarter and caused revenue to remain at the same level as in 2007. The company Tri-Tech LLC in the United States was acquired for this business unit in the course of 2008. The Industrial Drive Systems business unit was able to benefit from the good order portfolio of the German machinery manufacturing industry and realised organic revenue growth in 2008 of 4%.

Kendrion introduced a range of cost-reducing measures due to decreasing demand in the fourth quarter. These measures included reducing the number of temporary employees by 70. The total workforce has also been reduced by 50 employees in comparison to the summer of 2008. Approximately EUR 0.7 million in incidental costs connected with the implemented cost-reducing measures has been processed into the results for 2008. In addition, a 10-15% reduction in working hours was introduced in January 2009 at most of the German and Austrian activities. This measure can be further intensified in the coming months if necessary. Approximately 50 Kendrion managers, including the Board and Supervisory Board, are forfeiting 10% of their salary (or remuneration) for as long as the reduction of working hours is in effect.

The distribution activities also suffered seriously as a result of the economic crisis. The Vink Group first observed this development in the Scandinavian countries. Virtually all of the other Western European countries also lagged behind the revenue realised in 2007. The organic revenue decrease for the distribution activities amounted to 10% in the fourth quarter of 2008, while revenue increased by 1% for the full year 2008. The operating profit of the distribution activities decreased from EUR 12.9 million in 2007 to EUR 9.4 million in 2008.

New financing arrangement

Kendrion and the consortium of banks have reached an agreement concerning a modified financing arrangement in connection with the sale of Distribution Services that went into effect on 12 February 2009 (immediately after the finalisation of the Vink transaction). The following principal elements have been established in comparison to the situation on 31 December 2008:

- EUR 30 million committed revolving credit facility for working capital until 23 November 2010
- EUR 20 million junior facility until 23 November 2009;
- EUR 50 million stand-by acquisition facility until 23 November 2009
- Permission for payment of a non-recurring dividend payment of EUR 10 million in 2009 (normally 30% of net profit)

Outlook

Kendrion's risk profile has been markedly lowered in recent years. As of early 2009, Kendrion now focuses on the development, production and sale of electromagnetic components. Kendrion's strong financial position, which partially ensues from this focus, provides a crucial foundation for future developments. Kendrion's activities are based virtually exclusively on long-term relationships with customers and suppliers. The current economic crisis affects all market players, however, and this is why Kendrion is required to carefully track developments at these market players and to take measures as necessary. It furthermore appears that the trend of the fourth quarter of 2008 is continuing in the first quarter of 2009. Kendrion has already introduced measures aimed at lowering cost levels in both the fourth quarter of 2008 and in January 2009. Further measures will be implemented as required in 2009. Kendrion will naturally endeavour to only implement those measures that will not endanger the development of its strong market positions in the years ahead. Kendrion's solid financial basis provides a good starting point for withstanding the crisis and for tapping into any acquisition opportunities that arise.

In view of the current economic developments and the prevailing uncertainties, it is not possible at this time to make concrete statements regarding Kendrion's profit development in 2009.

Profile of Kendrion N.V.

Kendrion N.V. develops, manufactures, and markets high-quality electromagnetic systems and components. The activities of Kendrion are performed in four business units: *Industrial Magnetic Systems, Industrial Drive Systems, Passenger Car Systems and Commercial Vehicle Systems.* The electromagnets are used worldwide in items such as lifts, door locking systems, industrial robots, medical equipment, electrical switchbox systems, diesel engines and air-conditioning and motor cooling systems.

Kendrion has leading positions in a number of business-to-business niche markets. With around 1,400 employees worldwide, it achieves annual revenue of approximately EUR 200 million. Germany is Kendrion's main home market.

Kendrion aims to be a leading international company that leverages its existing know-how, innovative capabilities and commercial strengths to provide effective solutions to its industrial customers. In doing so, Kendrion is committed to remaining a transparent, flexible and reliable company in which entrepreneurial zeal is combined with clear profit targets. Kendrion aims to further strengthen its position as a fast-growing high-tech company in the future by organic growth, strategic acquisitions and generating an attractive return on invested capital. Kendrion's objective is to become a major player worldwide.

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

Zeist, 24 February 2009

Board of Kendrion N.V.

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Appendices

1. Consolidated income statement **
2. Consolidated balance sheet **
3. Consolidated cash flow statement **
4. Consolidated statement of recognised income and expense **
5. Income statement reconciliation
6. Normalised income statement
7. Pro-forma balance sheet as at 31 December 2008
8. Financial calendar 2009 - 2010

** These statements, except for the quarterly figures in annex 1, have been derived from the audited financial statements 2008, which will be published no later than 27 February 2009. An unqualified auditors' report has been provided in connection with the financial statements 2008.

Annex 1 – Consolidated income statement

(EUR million)	Q4 2008 [1,3]	Q4 2007 [1,2,3]	2008	2007
Revenue	44.0	47.0	207.4	168.9
Other operating income	(0.4)	(0.7)	0.9	1.1
	43.6	46.3	208.3	170.0
Changes in inventories of finished goods and work in progress	1.6	1.0	(1.5)	(0.4)
Raw materials and subcontracted work	19.4	24.1	103.9	87.3
Staff costs	14.6	12.7	61.0	48.6
Depreciation and amortisation	2.2	2.1	8.3	6.6
Other operating expenses	8.0	5.0	25.6	18.1
Result before net finance costs	**(2.2)**	**1.4**	**11.0**	**9.8**
Finance income	1.0	(0.2)	0.2	0.1
Finance expense	(1.6)	(0.7)	(4.3)	(3.9)
Net finance costs	**(0.6)**	**(0.9)**	**(4.1)**	**(3.8)**
Profit before income tax	**(2.8)**	**0.5**	**6.9**	**6.0**
Income tax expense	1.2	4.7	(1.8)	0.4
Profit from continuing operations	**(1.6)**	**5.2**	**5.1**	**6.4**
Result on sale of discontinued operations (net of income tax)	1.7	(9.7)	7.8	(2.7)
Profit for the period	**0.1**	**(4.5)**	**12.9**	**3.7**
Attributable to:				
Equity holders of the company	0.1	(4.5)	12.8	3.6
Minority interest	(0.0)	(0.0)	0.1	0.1
Profit for the period	**0.1**	**(4.5)**	**12.9**	**3.7**
Basic earnings per share (EUR)	0.01	-0.44	1.25	0.35
Diluted earnings per share (EUR)	0.01	-0.44	1.25	0.35
Basic earnings per share continuing operations (EUR)	-0.27	0.05	0.50	0.62
Diluted earnings per share continuing operations (EUR)	-0.27	0.05	0.50	0.62

1 = The results of Distribution Services (including the bookprofit of Servico in 2008) are allocated under 'Result on sale of discontinued operations'.

2 = The comparative income statement Q4 2007 + full year 2007 has been represented as if the at 21 December 2007 discontinued operation Automotive Metals has been discontinued from the start of the comparative period

3 = Quarterly figures unaudited

Annex 2 – Consolidated balance sheet

EUR million	2008	2007
>> **Assets**		
Property, plant and equipment	46.7	57.5
Intangible assets	43.3	49.2
Other investments, including derivatives	1.3	3.8
Deferred tax assets	15.2	21.0
Total non-current assets	**106.5**	**131.5**
Inventories	30.3	69.2
Current tax assets	0.7	2.1
Trade and other receivables	24.1	90.7
Cash and cash equivalents	3.7	9.6
Assets classified as held for sale	115.2	-
Total current assets	**174.0**	**171.6**
Total assets	**280.5**	**303.1**
>> **Equity and liabilities**		
Equity		
Share capital	20.6	20.6
Share premium	71.3	75.2
Reserves	(11.4)	(11.2)
Retained earnings	12.8	3.6
Total equity attributable to equity holders of the company	**93.3**	**88.2**
Minority interest	0.2	0.6
Total equity	**93.5**	**88.8**
Liabilities		
Loans and borrowings	20.8	87.1
Employee benefits	6.6	7.7
Government grants received in advance	-	0.1
Provisions	2.6	3.0
Deferred tax liabilities	3.7	4.9
Total non-current liabilities	**33.7**	**102.8**
Bank overdraft	13.3	7.5
Loans and borrowings	51.7	0.2
Current tax liabilities	1.5	3.8
Trade and other payables	31.2	100.0
Liabilities classified as held for sale	55.6	-
Total current liabilities	**153.3**	**111.5**
Total liabilities	**187.0**	**214.3**
Total equity and liabilities	**280.5**	**303.1**

Annex 3 – Consolidated cash flow statement

EUR million	2008	2007 [1]
Cash flows from operating activities		
Profit for the period	12.9	3.7
Adjustments for:		
Net finance costs	4.1	3.8
Income tax expense	1.8	(0.4)
Result on discontinued operations	(7.8)	2.7
Depreciation of property, plant and equipment	7.0	5.2
Amortisation of intangible assets	1.3	1.4
	19.3	16.4
Change in trade and other receivables	9.8	(6.0)
Change in inventories	(0.2)	(1.0)
Change in trade and other payables	(6.9)	4.1
Change in provisions	0.1	(0.1)
	22.1	13.4
Interest paid	(3.1)	(3.3)
Tax paid	(1.9)	(1.2)
Cash flows from operating activities	**17.1**	**8.9**
Cash flows from investing activities		
Disposal of subidary, net of cash disposed of	12.9	31.4
Acquisition of subsidairy, net of cash acquired	(11.9)	(38.3)
Investments in property, plant and equipment	(18.0)	(14.1)
Disinvestment of property, plant and equipment	4.8	4.3
Investments in intangible assets	(0.3)	(0.5)
(Dis) investments of other investments	0.1	(0.1)
Net cash from investing activities	**(12.4)**	**(17.3)**
Free cash flow	4.7	(8.4)
Cash flows from financing activities		
Income borrowings (non-current)	-	40.0
Repayment of borrowings (non-current)	(44.2)	(27.3)
Income borrowings (current)	51.7	-
Repayment of borrowings (non-current)	-	(4.5)
Dividend	(3.9)	-
Nett cash from financing activities	**3.6**	**(8.2)**
Net cash from operating activities of discontinued operations	12.0	25.0
Net cash from investing activities of discontinued operations	(2.6)	(9.8)
Net cash from financing activities of discontinued operations	(29.4)	(12.6)
Total cash flow of discontinued operations	**(20.0)**	**2.6**
Change in cash and cash equivalents	(11.7)	2.3
Effect of exchange rate fluctuations on cash held	(0.0)	0.1
	(11.7)	2.4
Cash and cash equivalents as at 1 January	2.1	(3.7)
Cash and cash equivalents as at 31 December	(9.6)	(1.3) [2]
	(11.7)	2.4

[1] = Restated for comparison reasons
2 = Cash excluding Distribution Services

Annex 4 – Consolidated statement of recognised income and expense

EUR million	2008	2007
Currency translation differences for non-euro zone operations	(1.5)	(0.3)
Currency translation differences on sale of Automotive Metals	-	0.6
Net changes in fair value of cash flow hedges transferred to the profit and loss account	(1.9)	0.6
Other	(0.2)	-
Income and expense recognised directly in equity	**(3.6)**	**0.9**
Profit for the period	12.9	3.7
Total recognised income and expense for the period	**9.3**	**4.6**
Attributable to:		
Equity holders of the company	9.2	4.5
Minority interest	0.1	0.1
Total recognised income and expense for the period	**9.3**	**4.6**

Annex 5 – Income statement reconciliation

EUR million	2008	2007
Result before net financing costs	11.0	9.8
Normalisation operating profit Linnig	-	5.6
Book loss sale activities Vink UK and Ireland (2008), selling expenses Distribution Services (2008) and management fee	2.0	(1.0)
Amortisation intangible assets	1.3	0.7
EBITA continuing operations	**14.3**	**15.1**

- Unaudited figures -

Annex 6 – Normalised income statement

EUR million	2008
Electromagnetic	19.2
Holding companies	3.6-
EBITA	15.6
Amortisation on intangible assets	1.3-
Result before net finance costs	**14.3**
Net finance costs	2.5-
Result before income tax	**11.8**
Income tax expenses	3.8-
Net profit	**8.0**

Comparison with the official income statement

EUR million	Normalised 2008	2008
Revenue	204.2	207.4
Other operating income	0.9	0.9
	205.1	208.3
Total expenses	190.8	197.3
Resuls before net financing costs	**14.3**	**11.0**
Net finance costs	**(2.5)**	**(4.1)**
Profit before income tax	**11.8**	**6.9**
Income tax expense	(3.8)	(1.8)
Profit from continuing operations	**8.0**	**5.1**
Result on sale of discontinued operations (net of income tax)	-	7.8
Profit for the period	**8.0**	**12.9**

- Unaudited figures -

Annex 7 – Pro-forma balance sheet as at 31 December 2008 *

EUR million	
Total non-current assets	103.9
Total current assets	58.4
Total assets	162.3
Total equity	103.5
Total non-current liabilities	11.5
Bank debt	13.3
Total current liabilities	34.0
Total equity and liabilities	162.3

* After sale Vink as per status 31 December 2008

- Unaudited figures -

Annex 8 – Financial calendar 2009 - 2010

Publication of 2008 full-year figures	Tuesday, 24 February 2009	08.00 a.m.
Analysts' meeting	Tuesday, 24 February 2009	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	08.00 a.m.
Publication of H1 2009 results	Tuesday, 25 August 2009	08.00 a.m.
Analysts' meeting	Tuesday, 25 August 2009	11:30 a.m.
Publication of Q3 2009 results	Tuesday, 10 November 2009	08.00 a.m.
Publication of 2009 full-year figures	Thursday, 25 February 2010	08.00 a.m.
Analysts' meeting	Tuesday, 25 February 2010	11:30 a.m.