PRESS RELEASE

KENDRION N.V.

25 FEBRUARY 2010

Further improvement in operating result in Q4 2009
Acquisition magneta GmbH & Co. KG finalised

- **Revenue in fourth quarter rises to more than EUR 40 million (Q3: EUR 39 million)**
- **Cost-reducing measures continue to produce results and the objectives of the "Springtime" reorganisation plan have been achieved**
- **EBITA increases in fourth quarter to EUR 2.4 million (Q4 2008: EUR 1.2 million)**
- **Net profit totals EUR 1.8 million in fourth quarter, due in part to a non-recurring tax gain (Q4 2008: EUR 0.2 million)**
- **Net profit of EUR 4 million for the full year 2009**
- **Free cash flow of EUR 6 million in fourth quarter**
- **Improvements are especially visible at the Passenger Car Systems and Commercial Vehicle Systems business units**
- **Agreement concerning the acquisition of magneta GmbH & Co. KG reached per today**
- **Kendrion expects to achieve the target of realising at least 10% organic growth in revenue in 2010**

	Q4 2009	Q4 2008
Revenue [1]	40.4	44.0
EBITA from ordinary activities [1]	2.4	1.2
Net profit [1, 4]	1.8	0.2

	2009	2008
Revenue [1]	149.2	204.2
EBITA from ordinary activities [1,2]	5.7	15.6
Net profit [3, 4]	4.0	8.0

[1] Exclusively electromagnetic activities
[2] Excluding provision for "Springtime" plan and effects of the sale of Vink
[3] Comparable (electromagnetic) activities and including the effects of the sale of Vink and "Springtime" for 2009
[4] Normalised 2008

Piet Veenema, CEO of Kendrion: 2009 was the first year that Kendrion focused entirely on electromagnetic systems and components. It was a year in which our company suffered negative effects from the poor economic situation. The company took prompt action by implementing the large-scale "Springtime" plan and as a result we were able to significantly reduce our cost base. Revenue recovered somewhat in the second six months of the year, in part due to the start-up of a number of new projects at primarily the Passenger Car Systems business unit. In combination with a lower cost level, we were consequently able to achieve improvements on a step-by-step basis throughout the year. We are concluding 2009 with a fourth quarter that can be deemed satisfactory in view of the current economic conditions. The time has consequently come to once again focus on further growth with our organisation and solid balance sheet. The acquisition of magneta GmbH & Co. KG is in keeping with this development.

Financial developments

Kendrion was able to continue the upward course in the fourth quarter. Revenue rose by approximately 4% compared to the third quarter of 2009. While revenue decreased by 8% in comparison to the fourth quarter of 2008, it fell by 27% for the full year 2009.

The "Springtime" cost-reduction programme introduced on 31 March 2009 has now been fully implemented. The number of jobs has been reduced from more than 1,400 at the beginning of 2009 to approximately 1,030 at the end of 2009. The company did, however, have approximately 100 temporary employees in late December 2009 and early January 2010, principally in order to absorb the fluctuations in production at the industrial business units. Staff costs decreased further in the fourth quarter and were approximately 27% lower than in the fourth quarter of 2008. The "Springtime" cost-reduction programme was aimed at reducing costs by approximately EUR 20 million on an annual basis and this target has been achieved.

Based in part on the aforementioned cost-savings, profit before amortisation (EBITA) improved further to EUR 2.4 million (Q4 2008: EUR 1.2 million) in the fourth quarter. As was the case in the third quarter, the improvements were primarily visible at the Passenger Car Systems and Commercial Vehicle Systems business units.

Net profit in the fourth quarter amounted to EUR 1.8 million (Q4 2008: EUR 0.2 million), due in part to incidental tax gains of EUR 0.4 million. Net profit for the full year 2009 totalled EUR 4 million, including the realised book profit on the sale of the Vink Group and including the costs of "Springtime".

Financial position

The balance sheet total decreased by approximately EUR 6 million in the fourth quarter of 2009 in comparison to 30 September 2009. A strong focus on managing working capital meant that inventories could be reduced by 25% in 2009. This helped make it possible to realise a free cash flow of EUR 8 million during the second six months of 2009, with EUR 6 million of this amount being realised in the fourth quarter.

Investments were furthermore limited in the fourth quarter (EUR 1.6 million). Investments for the full year 2009 amounted to EUR 5.9 million with a depreciation level of EUR 7.7 million.

In late September 2009, Kendrion strengthened its equity through a private share issue of approximately EUR 9 million and concluded a new two-year financing arrangement. In view of the financing arrangement made there will be no proposal for the distribution of dividend.

The net debt position amounted to EUR 13.9 million at year-end 2009. The decrease of more than EUR 5 million compared to the third quarter of 2009 (EUR 19 million) reflects both further reductions in inventories and the usual end-of-year effects.

At present Kendrion has no new information on the proceedings of the Court of First Instance with respect to the EC fine.

Solvency amounted to more than 60% at the end of 2009, which reflects Kendrion's strong financial position.

Activities

Passenger Car Systems and Commercial Vehicle Systems
Conditions have once again improved somewhat in the automotive sector. The improvement in profit at Passenger Car Systems is consequently attributable to increasing volumes and particularly the start-up of new projects. Commercial Vehicle Systems has benefited from a continued increase in demand worldwide (particularly in the Far East). This led to an increase in revenue in the fourth quarter of 2009 and to improved order books.

Industrial Magnetic Systems and Industrial Drive Systems
The situation at the two industrial business units is more difficult to assess. Both of these business units also achieved improved results in the fourth quarter as a result of realised cost-savings. While it remains premature to speak of a recovery for both business units, it does appear these activities already reached their lowest point several months ago. It is clearly noticeable that customers' inventory levels have been sharply reduced. This leads to greater fluctuations in the order intake.

Due in part to the finalisation of "Springtime", Kendrion is now able to once again focus fully on the market. Special sales-stimulating projects are currently being carried out in order to enable strong organic growth in the years ahead. A component of this is the attention Kendrion devotes to developing innovative solutions for its customers, which are often guided by customers' quest for energy savings, safety and sustainability.

Acquisition magneta GmbH & Co. KG

Kendrion reached an agreement with the owner of magneta GmbH & Co. KG concerning the acquisition of this company as per 25 February 2010. Magneta is located in Aerzen (Germany), has a turnover of approximately EUR 9 million and about 40 employees. The company is specialised in small electromagnetic brakes and clutches. These are amongst others applied in cash dispensers, transportation systems and in the automotive industry. It is in this respect a real niche player fitting in Kendrion's overall strategy.

The acquisition fits within Kendrion's strategy to enhance the existing operations of the industrial business units. Magneta will be part of the business unit Industrial Drive Systems and will be an important expansion for this business unit in engineering know how, product range and client base. Kendrion furthermore expects to profit from various synergy effects such as the combined use of sales channels and the exchange of product knowledge and technical know how.

It has been decided in consultation with the seller not to disclose any further details regarding the purchase price. The company will begin contributing to earnings per share immediately.

Outlook

2009 was a difficult year due to the worldwide recession. While signs of a recovery could be detected in the second half of 2009 and it appeared that the economic low point had been reached, in early 2010 there continues to be a high level of uncertainty in many countries regarding if and to what extent the cautious economic recovery will continue. This has considerably reduced the predictability of future revenue performance for all companies, including Kendrion.

Based on the measures that have been taken, Kendrion has nonetheless emerged strengthened from the crisis. Kendrion's strong balance sheet and competitive position form an excellent foundation for future developments.

Kendrion consequently expects to achieve growth in revenue in 2010 in comparison to the difficult year 2009. While this growth will be possible in part based on a slightly improved economy both in Europe and beyond, it will be facilitated to an even greater extent by the projects that have been acquired in the past and have been started in 2009. These projects have been acquired by virtually all of Kendrion's business units in general and by Passenger Car Systems in particular (including the common rail diesel projects). Kendrion expects to be able to realise the target of at least 10% organic growth in revenue in 2010 on this basis.

Investments will remain below the depreciation level in 2010 due to lower investments, particularly within the Passenger Car Systems business unit.

Kendrion continues to aim to strengthen existing market positions via acquisitions, such as the today announced acquisition of magneta GmbH & Co KG in Aerzen (Germany). While emphasis will be placed on the most important home market of Germany, further strengthening the activities in the United States and China will also receive ample attention. Kendrion furthermore expects to launch activities in India in 2010.

In view of the current uncertainty concerning the pace of economic recovery in Kendrion's most important home countries, it is not possible to make additional concrete statements regarding Kendrion's profit performance in 2010.

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 market focused business units: Industrial Magnetic Systems, Industrial Drive Systems, Passenger Car Systems and Commercial Vehicle Systems.

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

Kendrion's activities
Kendrion develops electromagnetic components for industry. Kendrion's electromagnets are used worldwide in items such as lifts, door locking systems, industrial robots, medical equipment, electrical switchbox systems, diesel engines, air-conditioning, motor cooling systems and beverage dispensers. Kendrion's key customers include Bosch, Siemens, Daimler, Continental, ZF, Evobus, Hyundai and Yutong.

Zeist, 25 February 2010

The Board

P. Veenema – Chief Executive Officer
E. Ris – Chief Financial Officer
H. Freitag – Chief Operating Officer

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Annexes

1. Comprehensive consolidated statement of income *
2. Consolidated statement of financial position as at 31 December*
3. Consolidated statement of cash flows *
4. Reconciliation between consolidated income statement and financial information Q4 results
5. Financial calendar 2010 – 2011

* These statements, except for the quarterly figures in annex 1, have been derived from the audited financial statements 2009, which will be published no later than 26 February 2010. An unqualified auditors' report has been provided in connection with the financial statements 2009.

Annex 1 – Comprehensive consolidated statement of income

(EUR million)

	Q4 2009	Q4 2008 [1,2]	2009	2008 [2]
Revenue	40.4	44.0	149.2	207.4
Other operating income	0.3	(0.4)	1.0	0.9
	40.7	43.6	150.2	208.3
Changes in inventories of finished goods and work in progress	1.9	1.6	4.4	(1.5)
Raw materials and subcontracted work	19.2	19.4	69.2	103.9
Staff costs	10.6	14.6	53.5	61.0
Depreciation and amortisation	2.3	2.2	8.8	8.3
Impairment of other investments	-	-	0.9	-
Other operating expenses	4.6	8.0	18.4	25.6
Result before net finance costs	**2.1**	**(2.2)**	**(5.0)**	**11.0**
Finance income	0.0	1.0	0.2	0.2
Finance expense	(0.6)	(1.6)	(3.6)	(4.3)
Net finance costs	**(0.6)**	**(0.6)**	**(3.4)**	**(4.1)**
Profit before income tax	**1.5**	**(2.8)**	**(8.4)**	**6.9**
Income tax expense	0.3	1.2	(1.5)	(1.8)
Profit from continuing operations	**1.8**	**(1.6)**	**(9.9)**	**5.1**
Result on sale of discontinued operations (net of income tax)	(0.0)	1.7	13.9	7.8
Profit for the period	**1.8**	**0.1**	**4.0**	**12.9**
Attributable to:				
Equity holders of the company	1.8	0.1	3.9	12.8
Minority interest	0.0	(0.0)	0.1	0.1
Profit for the period	**1.8**	**0.1**	**4.0**	**12.9**
Basic earnings per share (EUR)	0.16	0.01	0.37	1.25
Diluted earnings per share (EUR)	0.16	0.01	0.37	1.25

1 = The comparative income statement Q4 2008 has been represented as if the discontinued operation Distribution Services per 18 December 2008 and 12 February 2009 has been discontinued from the start of the comparative period.

2 = Inclusive Vink UK and Ireland.

- The quarterly figures are unaudited -

Annex 2 – Consolidated statement of financial position

(EUR million)	31 Dec. 2009	31 Dec. 2008
Assets		
Property, plant and equipment	45.3	46.7
Intangible assets	41.4	43.3
Other investments, including derivatives	0.6	1.3
Deferred tax assets	13.3	15.2
Total non-current assets	**100.6**	**106.5**
Inventories	22.4	30.3
Current tax assets	0.3	0.7
Trade and other receivables	24.8	24.1
Cash and cash equivalents	4.7	3.7
Assets classified as held for sale	-	115.2
Total current assets	**52.2**	**174.0**
Total assets	**152.8**	**280.5**
Equity and liabilities		
Equity		
Share capital	22.6	20.6
Share premium	68.4	71.3
Reserves	1.0	(11.4)
Retained earnings	3.9	12.8
Total equity attributable to equity holders of the company	**95.9**	**93.3**
Minority interest	0.2	0.2
Total equity	**96.1**	**93.5**
Liabilities		
Loans and borrowings	13.6	20.8
Employee benefits	6.5	6.6
Provisions	2.6	2.6
Deferred tax liabilities	3.2	3.7
Total non-current liabilities	**25.9**	**33.7**
Bank overdraft	3.7	13.3
Loans and borrowings	1.3	51.7
Current tax liabilities	0.3	1.5
Trade and other payables, including derivatives	25.5	31.2
Liabilities classified as held for sale	-	55.6
Total current liabilities	**30.8**	**153.3**
Total liabilities	**56.7**	**187.0**
Total equity and liabilities	**152.8**	**280.5**

Annex 3 – Consolidated statement of cash flows

EUR million	2009	2008
Cash flows from operating activities		
Profit for the period	4.0	12.9
Adjustments for:		
Net finance costs	3.4	4.1
Income tax expense	1.5	1.8
Result on discontinued operations	(13.9)	(7.8)
Depreciation of property, plant and equipment	7.3	7.0
Amortisation of intangible assets	1.5	1.3
Impairment of financial fixed assets	0.9	
	4.7	19.3
Change in trade and other receivables	(0.8)	9.8
Change in inventories	7.8	(0.2)
Change in trade and other payables	(3.5)	(6.9)
Change in provisions	(0.2)	0.1
	8.0	22.1
Interest paid	(3.2)	(3.1)
Tax paid	(0.9)	(1.9)
Net cash from operating activities	**3.9**	**17.1**
Cash flows from investing activities		
Disposal of subsidiary, net of cash disposed of	77.1	12.9
Acquisition of subsidiary, net of cash received (earn out payments)	(1.7)	(11.9)
Investments in property, plant and equipment	(13.9)	(18.0)
Disinvestments of property, plant and equipment	8.0	4.8
Investments in intangible fixed assets	(0.1)	(0.3)
Disinvestments of intangible fixed assets	0.1	
(Dis)investments of other investments	0.1	0.1
Net cash from investing activities	**69.6**	**(12.4)**
Free cash flow	73.5	4.7
Cash flows from financing activities		
Income borrowings (non current)		
Repayment of borrowings (non current)	(7.0)	(44.2)
Income borrowings (current)	-	51.7
Repayment of borrowings (current)	(50.5)	
Dividends paid	(10.0)	(3.9)
Change in shares held in own company	(0.1)	
Proceeds from issue of share capital	9.1	
Net cash from financing activities	**(58.5)**	**3.6**
Cash flow of discontinued operations		
Net cash from operating activities of discontinued operations	(6.6)	12.0
Net cash from investing activities of discontinued operations	(1.1)	(2.6)
Net cash from financing activities of discontinued operations	3.4	(29.4)
Total cash flow of discontinued operations	**(4.3)**	**(20.0)**
Change in cash and cash equivalents	10.7	(11.7)
Effect of exchange rate fluctuations on cash held	(0.1)	-
	10.6	(11.7)
Cash and cash equivalents as at 1 January	(9.6)	2.1
Cash and cash equivalents as at 31 December	1.0	(9.6)
	10.6	(11.7)

Annex 4 – Reconciliation between consolidated income statement and financial information Q4 results

EBITA

Results before net finance costs	-5.0
Provision for Springtime	8.5
Charges recorded under book profit with respect to disposal of Vink	1.0
Amortisation intangible assets	1.2
EBITA	5.7

Book profit disposal Vink

Result on sale of discontinued operations including operational result until 12 February 2009	13.9
Charges recorded under book profit with respect to disposal of Vink	-1.0
Net finance costs related to disposal Vink, recorded under Net finance costs	-0.3
Write-off deferred tax assets, recorded under Income tax expenses	-2.6
Net book profit on the disposal of Vink	10.0

Comparitive figures

The comparitive figures in this press release for the fourth quarter and the full year for 2009 are normalised and as such differ from the figures in the statement of comprehensive income

Annex 5 – Financial calendar 2010 – 2011

2010

General Meeting of Shareholders	Wednesday, 7 April 2010	02.30 p.m.
Publication of Q1 2010 results	Tuesday, 11 May 2010	08.00 a.m.
Publication of HY1 2010 results	Tuesday, 24 August 2010	08.00 a.m.
Analysts' meeting	Tuesday, 24 August 2010	11:30 a.m.
Publication of Q3 2010 results	Tuesday, 9 November 2010	08.00 a.m.

2011

Publication of 2010 full-year figures *	Monday, 28 February 2011	08.00 a.m.
Analysts' meeting	Monday, 28 February 2011	11:30 a.m.
General Meeting of Shareholders *	Monday, 4 April 2011	02.30 p.m.
Publication of Q1 2011 results	Tuesday, 10 May 2011	08.00 a.m.
Publication of HY1 2011 results	Tuesday, 25 August 2011	08.00 a.m.
Analysts' meeting	Tuesday, 25 August 2011	11:30 a.m.
Publication of Q3 2011 results	Tuesday, 8 November 2011	08.00 a.m.

* The House of Representatives of the Dutch Parliament (Tweede Kamer) adopted the legislative proposal for the implementation of the EU Directive on the exercise of shareholder rights on 8 December 2009. One of the provisions of this proposal prescribes that meetings shall be convened with a notice of at least 42 days. If the Senate of the Dutch Parliament (Eerste Kamer) does not amend this provision of the legislative proposal then the financial calendar for 2011 may need to be changed.