



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

K E N D R I O N N . V .

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Kendrion achieves strong growth in revenue and profit in first quarter of 2010

- Revenue totalled EUR 48.5 million in the first quarter of 2010, marking a 34% increase compared to the first quarter of 2009 and a 20% increase compared to the fourth quarter of 2009
- EBITA rose to EUR 4.0 million in the first quarter of 2010 (Q1 2009: EUR -0.6 million)
- Better-than-expected revenue growth in the Passenger Car Systems and Commercial Vehicle Systems business units
- Strong revenue growth has also been realised in the industrial business units since the end of February with improving market conditions
- Previously stated forecast of organic growth in revenue of at least 10% in 2010 is repeated

	Q1 2010 ¹	Q1 2009
Revenue	48.5	36.1
EBITA from ordinary activities	4.0	-0.6 ²
Net profit	2.1	0.6 ³

Piet Veenema, CEO of Kendrion: "The positive upward trend has clearly continued in the first quarter of 2010. Revenue is picking up with respect to all our activities and we have particularly seen a rise in revenue at the industrial business units in recent months. Innovative products that save energy are especially attracting a great deal of interest. The order book is well filled for the months ahead thanks to a combination of the strengthened commercial efforts and the recovering economy. Caution does, however, remain warranted with regard to whether this recovery will be sustainable. We repeat our forecast that organic revenue will increase by at least 10% for the full year 2010."

¹) Including magneta from 1 March 2010

²) Excluding provision for "Springtime" plan (EUR 8.5 million)

³) Including book profit on Vink (EUR 10 million) and provision for "Springtime" plan (EUR 8.5 million)

Developments

Revenue rose 34% in the first quarter of 2010 (in comparison to the first quarter of 2009) to a total of EUR 48.5 million. This means revenue in the first quarter of 2010 remained 11% lower than the EUR 54.6 million in revenue achieved in the good first quarter of 2008. Revenue did, however, increase 20% in comparison to the fourth quarter of 2009 (EUR 40.4 million).

The growth in revenue was realised primarily by the Passenger Car Systems and Commercial Vehicle Systems business units. In addition to new activities for more energy-efficient diesel engines, volumes at the Passenger Car Systems business unit increased through better-than-expected sales to end customers such as Volkswagen, Audi and Daimler. Sales improved at the Commercial Vehicle Systems business unit primarily owing to an increase in sales in the Far East. Both business units benefited from increased demand for energy-saving innovations in the first quarter of 2010.

Revenue has been picking up at the Industrial Magnetic Systems and Industrial Drive Systems business units, particularly since late February. This revenue growth is evident across a broad spectrum both with respect to sales to the machine manufacturing industry and deliveries to industries including the energy and textile sectors. The magneta company that was purchased late February 2010 also got off to a good start within Kendrion and has succeeded in making a positive profit contribution in the first quarter of 2010.

Kendrion is benefiting optimally in the current market from the cost-reducing measures that were introduced in 2009. In combination with the increased revenue, this has consequently also resulted in a strong improvement in profit before amortisation (EBITA) to EUR 4 million, which represents 8% of the revenue (Q1 2009: EUR -0.6 million). Net profit amounted to EUR 2.1 million in the first quarter of 2010 (Q1 2009: EUR 0.6 million).

The current growth is being largely absorbed by flexible staff. The level of growth has, however, been so strong in recent months that it has come at the expense of efficiency at some locations within the organisation. This strong growth appears to be partially related to the measures aimed at sharply reducing inventories at the height of the crisis that customers took last year. The order intake is consequently less predictable and more subject to considerable fluctuations.

In addition to improving the efficiency and flexibility of the organisation, the focus remains primarily on sales activities and the ability to offer new and innovative solutions to end customers. Within this context, energy saving, safety and sustainability have been the related priorities for a number of years.

Financial position

The balance sheet total of Kendrion rose by EUR 20 million in the first quarter of 2010 in part due to increasing revenue and in part to the acquisition of magneta GmbH & Co. KG in Aerzen, Germany that was finalised at the end of February 2010.

Investments amounted to EUR 1.6 million in the first quarter of 2010 with a depreciation level of EUR 1.9 million. Investments are expected to remain below the depreciation level in 2010.

Kendrion's financial position remains unabatedly strong with solvency of more than 57% at the end of March 2010.

Outlook

Revenue has increased further in recent months under the influence of improved economic conditions. The order book for the coming months is also well filled. While Kendrion is in positive spirits, it nonetheless remains difficult at this stage to state whether revenue will stay at the same level after the summer as it has in the first quarter of 2010.

In view of this uncertainty, it is therefore difficult to make concrete statements regarding the profit performance for the full year 2010. Kendrion nonetheless repeats that it expects to realise organic growth in revenue of at least 10% in 2010. Within this context, the strong financial position remains an important basis for the future development of Kendrion. Kendrion will continue to focus on (energy-saving) innovations. Kendrion is well positioned to benefit from global sustainability trends.

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, 11 May 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 March
3. Financial calendar 2010 – 2011

Annex 1 – Comprehensive consolidated statement of income

(EUR million)

	Q1 2010	Q1 2009	2009
Revenue	48.5	36.1	149.2
Other operating income	0.0	0.7	1.0
	48.5	36.8	150.2
Changes in inventories of finished goods and work in progress	(2.2)	1.0	4.4
Raw materials and subcontracted work ¹	25.5	16.3	68.2
Staff costs ¹	14.8	20.8	55.5
Depreciation and amortisation	2.2	2.2	8.8
Impairment of other investments	-	-	0.9
Other operating expenses ¹	4.4	6.9	17.4
Result before net finance costs	3.8	(10.4)	(5.0)
Finance income	0.0	0.1	0.2
Finance expense	(0.8)	(1.3)	(3.6)
Net finance costs	(0.8)	(1.2)	(3.4)
Profit before income tax	3.0	(11.6)	(8.4)
Income tax expense	(0.9)	(1.7)	(1.5)
Profit from continuing operations	2.1	(13.3)	(9.9)
Result on sale of discontinued operations (net of income tax)	-	13.9	13.9
Profit for the period	2.1	0.6	4.0
Attributable to:			
Equity holders of the company	2.1	0.6	3.9
Minority interest	0.0	0.0	0.1
Profit for the period	2.1	0.6	4.0
Basic earnings per share (EUR)	0.19	0.06	0.35
Diluted earnings per share (EUR)	0.19	0.06	0.35

¹ = Allocation of temporary personnel and other personnel costs under Staff costs (2009 re-allocated).

- The quarterly figures are unaudited -

Annex 2 – Consolidated statement of financial position

(EUR million)	31 March 2010	31 March 2009	31 Dec. 2009
Assets			
Property, plant and equipment	45.6	48.1	45.3
Intangible assets	51.1	43.4	41.4
Other investments, including derivatives	0.4	1.1	0.6
Deferred tax assets	13.2	13.9	13.3
Total non-current assets	110.3	106.5	100.6
Inventories	26.4	29.8	22.4
Current tax assets	0.1	0.9	0.3
Trade and other receivables	31.0	24.5	24.8
Cash and cash equivalents	4.5	4.9	4.7
Total current assets	62.0	60.1	52.2
Total assets	172.3	166.6	152.8
Equity and liabilities			
Equity			
Share capital	22.6	20.6	22.6
Share premium	68.4	71.3	68.4
Reserves	5.8	0.8	1.0
Retained earnings	2.1	0.5	3.9
Total equity attributable to equity holders of the company	98.9	93.2	95.9
Minority interest	0.3	0.3	0.2
Total equity	99.2	93.5	96.1
Liabilities			
Loans and borrowings	19.0	20.8	13.6
Employee benefits	6.7	7.0	6.5
Government grants received in advance	0.3	-	-
Provisions	2.6	3.7	2.6
Deferred tax liabilities	3.7	3.8	3.2
Total non-current liabilities	32.3	35.3	25.9
Bank overdraft	4.9	5.3	3.7
Loans and borrowings	2.5	0.0	1.3
Current tax liabilities	0.8	1.7	0.3
Trade and other payables, including derivatives	32.6	30.8	25.5
Total current liabilities	40.8	37.8	30.8
Total liabilities	73.1	73.1	56.7
Total equity and liabilities	172.3	166.6	152.8

- The quarterly figures are unaudited -

Annex 3 – Financial calendar 2010 – 2011

2010

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	Thursday, 25 August 2011	08.00 a.m.
Analysts' meeting	Thursday, 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.