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Another excellent quarter, market developments remain positive

- Record revenue in first quarter totalling EUR 65.8 million, a 36% increase compared with Q1 2010
- EBITA rises to EUR 7.7 million in first quarter (+93% compared to Q1 2010), also making it the highest operating result in the company's history
- Net profit of EUR 5.1 million (Q1 2010: EUR 2.1 million)
- All business units performing at a high level again
- Kendrion expects to achieve its target of at least 10% organic growth also in 2011

(x EUR 1 million)	Q1 2011 ¹	Q1 2010 ¹
Revenue	65.8	48.5
EBITA from ordinary activities	7.7	4.0
Net profit	5.1	2.1

¹= the quarterly figures are unaudited

Piet Veenema, CEO of Kendrion:

"The growth that began in 2010 continued convincingly in the first quarter of 2011 and led to record revenue and result. All the business units contributed to this growth, with our automotive activities leading the way. The order book is also well-filled for the coming months across the entire breadth of the business. This makes us positive for the year as a whole, whereby we expect to exceed our target of achieving at least 10% growth in revenue. While commodity prices remain a point for attention, the effect on results in the current financial year is, however, expected to be limited thanks to the measures that have been taken in the past."

Financial review

Revenue rose to EUR 65.8 million in the first quarter of 2011, marking a 36% increase in comparison to the same period of last year. Revenue grew by more than 11% in comparison to the fourth quarter of 2010 (EUR 59 million).

The increase in revenue was achieved by all four business units, led by the Passenger Car Systems business unit. Positive developments in the German automotive industry and growing revenue in the "energy-efficient diesel engines" segment have especially contributed to this result. The growth of the Commercial Vehicle Systems business unit was once again driven by increased revenue in the Far East. Growth at the Industrial Magnetic Systems business unit was driven by the good economic conditions in its industrial end markets worldwide (Europe, United States and China). The Industrial Drive Systems business unit once again realised strong growth in Germany and also made good steps forward in China.

Commodity prices once again remained at a high level in the first quarter of 2011. Various metals, including copper, are of importance for Kendrion. The effect on the margins remains limited as a result of using raw material clauses in our agreements with key customers, fixing purchase prices and being able to charge-on increases in the sales price. The consequences of the natural disaster in Japan are not expected to have a direct negative effect on Kendrion's activities.

With a good cost level, operating result before amortisation (EBITA) amounted to 11.7% (full year 2010: 10.9%). The annual target is a minimum of 10%. Net profit totalled EUR 5.1 million in the first quarter of 2011 (Q1 2010: EUR 2.1 million; Q4 2010: EUR 6.2 million including the incidental tax benefit of EUR 1.8 million).

Market conditions have noticeably improved on numerous fronts in recent quarters. A great deal of attention is consequently being devoted to recruiting qualified personnel to realise further growth. The Kendrion workforce grew by 86 in the first quarter of 2011 to a total of approximately 1,300 employees. In addition, approximately 200 temporary employees are utilised in order to provide the required flexibility.

Attention continues to be devoted to expanding the sales activities worldwide, combined with far-reaching attention for innovative and customer-focussed products. Energy efficiency, safety and sustainability play a central role in this regard.

Financial position

The balance sheet total grew by EUR 7.6 million in the first quarter of 2011, primarily as a result of increased revenue.

Investments totalled EUR 2.1 million in the first quarter with a depreciation level of EUR 2.2 million. Primarily due to the investment in a new ERP system, investments in 2011 will be several million euros above the depreciation level. The ERP project is running according to schedule.

Kendrion's financial position is extremely strong with solvency of approximately 65% at the end of March 2011.

Outlook

The order portfolio is once again well-filled for the months ahead. Kendrion consequently continues to take a positive view for the entire year 2011, although it remains difficult to state whether revenue will be sustained at the same level after the summer as in the first quarter of 2011. Kendrion nevertheless expects revenue to increase further by at least 10% and accordingly also foresees a further improvement in results in comparison to 2010.

Profile of Kendrion N.V.

Kendrion N.V., a solution provider, develops, manufactures and markets innovative high-quality electromagnetic systems and components for customers all over the world. Kendrion's operations are carried out by four business units focused on specific market segments, namely 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 market, although other countries are becoming increasingly important.

Kendrion's activities

Kendrion develops advanced electromagnetic solutions for industrial applications. These are used by customers all over the world in systems such as lifts, door-locking systems, industrial robots, medical equipment, electrical switchbox systems, diesel engines, air-conditioning installations, motor cooling systems and beverage dispensers. Kendrion's key customers include a.o. Bosch, Siemens, Daimler, Continental, Delphi, Evobus, Hyundai and Yutong.

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

Zeist, 10 May 2011

The Board

Piet Veenema – Chief Executive Officer

Eiko Ris – Chief Financial Officer

Heinz Freitag – Chief Operating Officer

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Annexes

1. Consolidated statement of comprehensive income
2. Consolidated statement of financial position
3. Financial calendar 2011

Annex 1 - Consolidated statement of comprehensive income

(EUR million)

	Q1 2011	Q1 2010	2010
Revenue	65.8	48.5	221.9
Other operating income	0.1	0.0	0.8
	65.9	48.5	222.7
Changes in inventories of finished goods and work in progress	(1.8)	(2.2)	(2.4)
Raw materials and subcontracted work	34.5	25.5	110.7
Staff costs	17.7	14.8	62.0
Depreciation and amortisation	2.6	2.2	10.1
Other operating expenses	5.6	4.4	19.5
Result before net finance costs	7.3	3.8	22.8
Finance income	0.0	0.0	0.4
Finance expense	(0.5)	(0.8)	(3.4)
Net finance costs	(0.5)	(0.8)	(3.0)
Profit before income tax	6.8	3.0	19.8
Income tax expense	(1.7)	(0.9)	(3.2)
Profit from continuing operations	5.1	2.1	16.6
Attributable to:			
Equity holders of the company	5.0	2.1	16.5
Minority interest	0.1	0.0	0.1
Profit for the period	5.1	2.1	16.6
Basic earnings per share (EUR)	0.45	0.19	1.47
Diluted earnings per share (EUR)	0.45	0.19	1.47

- Quarterly figures are unaudited -

Annex 2 - Consolidated statement of financial position

(EUR million)	31 March 2011	31 March 2010	31 Dec. 2010
Assets			
Property, plant and equipment	45.6	45.6	46.5
Intangible assets	49.9	51.1	50.1
Other investments, including derivatives	0.7	0.4	0.0
Deferred tax assets	11.9	13.2	12.8
Total non-current assets	108.1	110.3	109.4
Inventories	32.6	26.4	28.2
Current tax assets	0.1	0.1	0.3
Trade and other receivables	37.8	31.0	30.2
Cash and cash equivalents	6.1	4.5	9.0
Total current assets	76.6	62.0	67.7
Total assets	184.7	172.3	177.1
Equity and liabilities			
Equity			
Share capital	22.6	22.6	22.6
Share premium	68.4	68.4	68.4
Reserves	22.9	5.8	6.8
Retained earnings	5.0	2.1	16.5
Total equity attributable to equity holders of the company	118.9	98.9	114.3
Minority interest	0.3	0.3	0.2
Total equity	119.2	99.2	114.5
Liabilities			
Loans and borrowings	4.8	19.0	2.5
Employee benefits	6.9	6.7	7.0
Government grants received in advance	0.3	0.3	0.3
Provisions	2.7	2.6	2.7
Deferred tax liabilities	3.2	3.7	3.4
Total non-current liabilities	17.9	32.3	15.9
Bank overdraft	10.3	4.9	1.7
Loans and borrowings	-	2.5	10.0
Current tax liabilities	1.1	0.8	2.0
Trade and other payables, including derivatives	36.2	32.6	33.0
Total current liabilities	47.6	40.8	46.7
Total liabilities	65.5	73.1	62.6
Total equity and liabilities	184.7	172.3	177.1

- Quarterly figures are unaudited -

Annex 3 - Financial calendar 2011

Ex-dividend date	Wednesday, 20 April 2011	
Dividend record date	Tuesday, 26 April 2011	
Dividend election period (stock or cash)	Wednesday 27 April - Wednesday 11 May 2011, 03.00 p.m.	
Publication of Q1 2011 results	Tuesday, 10 May 2011	08.00 a.m.
Determination stock dividend exchange ratio	Thursday, 12 May 2011	
Cash dividend made payable and delivery stock dividend	Monday, 16 May 2011	
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.