



WE MAGNETISE THE WORLD

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

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

I N T E R I M R E P O R T 2 0 1 1

2 5 A U G U S T 2 0 1 1

Kendrion continues positive trend in second quarter 2011

- Record second-quarter revenue of EUR 67.9 million (+22% compared to Q2 2010)
- EBITA rises to EUR 8.1 million in second quarter (+25% compared to Q2 2010)
- Market conditions remain good, growth achieved by all business units and all main markets (Germany, US and China)
- Based on today's knowledge Kendrion raises its revenue growth forecast to at least 15% for 2011, with a corresponding further improvement in profit

(x EUR 1 million)	Q2 2011	Q2 2010
Revenue	67.9	55.5
EBITA from ordinary activities	8.1	6.5
Net profit	5.4	4.0
<hr/>		
(x EUR 1 million)	HY1 2011	HY1 2010
Revenue	133.7	104.0
EBITA from ordinary activities	15.8	10.5
Net profit	10.4	6.1

- The quarterly and half year figures are unaudited -

Kendrion CEO Piet Veenema:

"The company once again achieved an excellent performance in the second quarter. Our focus on innovation and geographical distribution formed a key success factor behind this accomplishment. The growth, which began in 2010, continued robustly in the second quarter of 2011. All the business units contributed to this growth, with both our automotive and industrial activities performing at a high level. While recent economic developments obviously create uncertainty for us as well, the outlook for the second six months of 2011 is very good in view of the well-filled order books. Based on the current development we see at this time, we consequently believe that we will once again clearly surpass our target of at least 10% annual growth in revenue in 2011."

Developments first six months 2011

Revenue totalled EUR 67.9 million in the second quarter of 2011, marking a 22% increase in comparison to the second quarter of 2010. Growth of more than 3% was achieved in comparison to the first quarter of 2011 (EUR 65.8 million).

All business units contributed to the realised growth. The Industrial Magnetic Systems business unit continues to benefit strongly from the advantageous developments in the German machine manufacturing industry that is being driven by exports to the Far East. New innovative products, combined with heightened efficiency and flexibility, have led to a strong improvement in profit.

The Industrial Drive Systems business unit's success is also based on the German machine manufacturing industry. The strategy in this area is above all aimed at further expanding the existing product range and geographical distribution. This strategy has proven to be successful considering that the outlook in, for example, the Chinese market continues to improve.

The Passenger Car Systems business unit once again achieved the most rapid growth within Kendrion in the first six months of this year. Strong developments in the German automotive industry and growing revenue in the "energy-efficient diesel engines" segment have contributed to this achievement. Based on the number of acquired projects, this business unit furthermore expects to attain a larger market share in the United States in the years ahead. The related objective is consequently to expand the production facilities in this market as well.

The Commercial Vehicle Systems business unit also had an excellent first six months of 2011. Growth was achieved primarily in the bus market in Europe and the Far East. While the bus market in the United States is currently functioning at a lower level, Kendrion's activities in the truck market in this region are growing.

Commodity prices also remained at a high level in the second quarter of 2011. The effect on margins has, however, remained limited so far thanks to material price clauses with key customers and the ability to pass on increases in the sales price. The recent sharp rise in the prices of permanent magnets, which are materials that are primarily imported from China, do give cause for concern. Even though Kendrion's purchases of these materials amount to only approximately EUR 2 million annually, they are crucial for a number of Kendrion's products and the company does not expect to be able to pass on the increased materials costs in full.

As a result of good cost control and a continual focus on efficiency and flexibility, operating margin (EBITA) amounted to 11.9% in the second quarter of 2011 and 11.8% in the first six months of 2011 (full year 2010: 10.9%). Net profit equalled EUR 5.4 million in the second quarter of 2011 (Q2 2010: EUR 4 million). Earnings per share totalled EUR 0.91 (HY1 2010: EUR 0.54 per share).

- The quarterly and half year figures are unaudited -

The market conditions were also excellent in the second quarter, which is, as stated before, leading to a further tightening of the labour market. Kendrion is consequently undertaking numerous activities designed to make it attractive to both existing and new employees with a view to enabling the company to seize the opportunities furnished by the markets. Kendrion's workforce grew to a total of more than 1,400 employees in the second quarter of 2011. The company also utilised approximately 200 temporary employees.

A great deal of attention remains focussed on broadening Kendrion's activities worldwide in combination with serving as a high-quality and innovative supplier. The related further growth (both organic and through targeted acquisitions) will be sought primarily in China and the United States.

Financial position

The balance sheet total rose by EUR 2.8 million in the second quarter of 2011, mainly as a result of the increased revenue.

Investments totalled EUR 4.9 million in the first six months of 2011 with a depreciation level of EUR 4.4 million.

The free cash flow for the first six months of 2011 amounted to EUR 2 million (before earn-out payment).

Kendrion has an extremely strong financial position with solvency of approximately 65% at the end of June 2011.

Outlook

Recent economic developments warrant exercising caution in making statements. The order book is once again well-filled for the coming months. A weakening of the current level of activities is not anticipated for the time being. Based on today's knowledge, Kendrion accordingly has a positive outlook for the year 2011.

The increased commodity prices are expected to have a limited effect on profits in the current financial year.

Investments will rise considerably above the depreciation level in 2011, with the new ERP project accounting for a large part of the additional investments. This project is progressing completely on schedule both in terms of the timeline and costs.

The strong financial position continues to form an important foundation for the further development of the company's activities worldwide.

Based on the developments in recent quarters and today's knowledge, Kendrion is raising its forecast for growth in revenue for the full-year 2011 to at least 15% in comparison to the full-year 2010 with a corresponding further improvement in profits.

- The quarterly and half year figures are unaudited -

"100 years of electromagnetism"

On 1 March 2011, it was 100 years ago that Kendrion established its main location in Villingen, Germany. Under the motto of "100 years of electromagnetism", this important milestone will be marked throughout the year in a befitting manner and with a range of events. Within this context, the Dr. Wilhelm Binder Symposium will be held on 10 November 2011. It will provide a forum for highlighting and discussing the most important developments in the field of electromagnetics.

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.

Declaration of the Board

The Executive Board declares that, with due regard for what has been described in this report, to its knowledge, (i) the semi-annual financial statements give a true and fair view of the assets, liabilities, financial position and profits of Kendrion N.V. and the companies jointly included in the consolidation, and (ii) the semi-annual report gives a true and fair overview of the information required pursuant to Article 5-25d sub 8 and 9 of the Netherlands Financial Supervision Act.

Zeist, 25 August 2011

The Board

Piet Veenema – Chief Executive Officer
Eiko Ris – Chief Financial Officer
Heinz Freitag – Chief Operating Officer

- The quarterly and half year figures are unaudited -

For more information:

Kendrion N.V.
Mr P. Veenema
Utrechtseweg 33
3704 HA ZEIST
THE NETHERLANDS

Tel: +31 – 30 – 699.72.68
Fax: +31 – 30 – 695.11.65
Website: www.kendrion.com

Annexes

1. Financial calendar 2011 - 2012
2. Semi-annual condensed financial statements 2011
 - 2.1. Condensed consolidated statement of comprehensive income
 - 2.2. Condensed consolidated statement of financial position
 - 2.3. Condensed consolidated statement of cash flows
 - 2.4. Condensed consolidated statement of changes in equity
 - 2.5. Risks and risk management
 - 2.6. Notes to the condensed consolidated interim report

- The quarterly and half year figures are unaudited -

Annex 1 - Financial calendar 2011 - 2012

2011

Publication of Q3 2011 results	Tuesday, 8 November 2011	08.00 a.m.
--------------------------------	--------------------------	------------

2012

Publication of 2011 full-year figures	Wednesday, 29 February 2012	08.00 a.m.
---------------------------------------	-----------------------------	------------

Analysts' meeting	Wednesday, 29 February 2012	11:30 a.m.
-------------------	-----------------------------	------------

General Meeting of Shareholders	Monday, 16 April 2012	02.30 p.m.
---------------------------------	-----------------------	------------

Publication of Q1 2012 results	Wednesday, 9 May 2012	08.00 a.m.
--------------------------------	-----------------------	------------

Publication of HY1 2012 results	Thursday, 23 August 2012	08.00 a.m.
---------------------------------	--------------------------	------------

Analysts' meeting	Thursday, 23 August 2012	11:30 a.m.
-------------------	--------------------------	------------

Publication of Q3 2012 results	Wednesday, 7 November 2012	08.00 a.m.
--------------------------------	----------------------------	------------

- The quarterly and half year figures are unaudited -



ANNEX 2

KENDRION N.V.

**SEMI-ANNUAL CONDENSED
FINANCIAL STATEMENTS 2011**

- The quarterly and half year figures are unaudited -



Annex 2.1 – Condensed consolidated statement of comprehensive income

(EUR million)	Q2 2011	Q2 2010	period ended 30-6-2011	period ended 30-6-2010	2010
Revenue	67.9	55.5	133.7	104.0	221.9
Other operating income	0.1	0.2	0.2	0.2	0.8
	68.0	55.7	133.9	104.2	222.7
Changes in inventories of finished goods and work in progress	(0.9)	(0.8)	(2.7)	(3.0)	(2.4)
Raw materials and subcontracted work	35.1	27.2	69.6	52.7	110.7
Staff costs	17.8	15.9	35.5	30.7	62.0
Depreciation and amortisation	2.7	2.4	5.3	4.6	10.1
Other operating expenses	5.5	4.9	11.1	9.3	19.5
Result before net finance costs	7.8	6.1	15.1	9.9	22.8
Finance income	0.0	0.0	0.0	0.0	0.4
Finance expense	(0.5)	(0.6)	(1.0)	(1.4)	(3.4)
Net finance costs	(0.5)	(0.6)	(1.0)	(1.4)	(3.0)
Profit before income tax	7.3	5.5	14.1	8.5	19.8
Income tax expense	(1.9)	(1.5)	(3.6)	(2.4)	(3.2)
Profit from continuing operations	5.4	4.0	10.5	6.1	16.6
Attributable to:					
Equity holders of the company	5.4	4.0	10.4	6.1	16.5
Minority interest	0.0	0.0	0.1	0.0	0.1
Profit for the period	5.4	4.0	10.5	6.1	16.6
Other comprehensive income					
Foreign currency translation differences for foreign operations			(0.4)	1.4	1.1
Net change in fair value of cash flows hedges, net of tax			0.1	0.5	0.9
Other			-	-	-
Other comprehensive income for the period, net of income tax			(0.3)	1.9	2.0
Total comprehensive income for the period			10.2	8.0	18.6
Attributable to:					
Equity holders of the company			10.1	8.0	18.5
Minority interest			0.1	0.0	0.1
Total comprehensive income for the period			10.2	8.0	18.6
Basic earnings per share (EUR)	0.47	0.36	0.91	0.54	1.47
Diluted earnings per share (EUR)	0.47	0.36	0.91	0.54	1.47

- The quarterly and half year figures are unaudited -

Annex 2.2 – Condensed consolidated statement of financial position

(EUR million)	30 June 2011	30 June 2010	31 Dec. 2010
Assets			
Property, plant and equipment	45.8	45.4	46.5
Intangible assets	49.7	51.5	50.1
Other investments, including derivatives	0.7	0.4	0.0
Deferred tax assets	10.9	12.6	12.8
Total non-current assets	107.1	109.9	109.4
Inventories	34.6	28.4	28.2
Current tax assets	0.1	0.2	0.3
Trade and other receivables	39.0	33.6	30.2
Cash and cash equivalents	6.7	4.5	9.0
Total current assets	80.4	66.7	67.7
Total assets	187.5	176.6	177.1
Equity and liabilities			
Equity			
Share capital	22.9	22.6	22.6
Share premium	64.6	68.4	68.4
Reserves	23.1	6.7	6.8
Retained earnings	10.4	6.1	16.5
Total equity attributable to equity holders of the company	121.0	103.8	114.3
Minority interest	0.3	0.2	0.2
Total equity	121.3	104.0	114.5
Liabilities			
Loans and borrowings	4.1	16.3	2.5
Employee benefits	6.9	6.8	7.0
Government grants received in advance	0.2	0.4	0.3
Provisions	2.7	2.6	2.7
Deferred tax liabilities	3.2	3.7	3.4
Total non-current liabilities	17.1	29.8	15.9
Bank overdraft	5.7	3.3	1.7
Loans and borrowings	5.2	3.8	10.0
Current tax liabilities	1.4	1.2	2.0
Trade and other payables, including derivatives	36.8	34.5	33.0
Total current liabilities	49.1	42.8	46.7
Total liabilities	66.2	72.6	62.6
Total equity and liabilities	187.5	176.6	177.1

- The quarterly and half year figures are unaudited -

Annex 2.3 – Condensed consolidated statement of cash flows

(EUR million)	30 June 2011	30 June 2010	31 Dec. 2010
Cash flows from operating activities			
Profit for the period	10.5	6.1	16.6
<i>Adjustments for:</i>			
Net finance costs	1.0	1.4	3.0
Income tax expense	3.6	2.4	3.2
Depreciation of property, plant and equipment	4.4	3.8	8.4
Amortisation of intangible assets	0.9	0.8	1.7
Reversal of impairment of property, plant and equipment	-	-	(0.2)
	20.4	14.5	32.7
Change in trade and other receivables	(8.9)	(7.3)	(4.6)
Change in inventories	(6.6)	(4.1)	(4.3)
Change in trade and other payables	6.2	5.6	4.3
Change in provisions	(0.2)	0.4	0.6
	10.9	9.1	28.7
Interest paid	(1.7)	(1.3)	(2.4)
Interest received	0.0	-	0.2
Tax paid	(2.3)	(0.4)	(0.8)
Net cash flows from operating activities	6.9	7.4	25.7
Cash flows from investing activities			
Acquisition of subsidiary, net of cash received	(2.2)	(8.1)	(8.2)
Investments in property, plant and equipment	(4.5)	(5.2)	(13.2)
Disinvestments of property, plant and equipment	0.7	2.1	4.6
Investments in intangible fixed assets	(1.1)	-	(0.3)
Disinvestments of intangible fixed assets	0.0	-	-
(Dis)investments of other investments	0.0	0.1	0.6
Net cash from investing activities	(7.1)	(11.1)	(16.5)
Free cash flow	(0.2)	(3.7)	9.2
Cash flows from financing activities			
Proceeds from borrowings (non current)	1.6	1.3	-
Repayment of borrowings (non current)	-	-	(11.8)
Proceeds from borrowings (current)	-	2.5	-
Repayment of borrowings (current)	(4.2)	-	8.8
Dividends paid	(3.5)	-	-
Change in shares held in own Company	0.1	(0.1)	(0.1)
Proceeds from issue of share capital	-	-	-
Net cash from financing activities	(6.0)	3.7	(3.1)
Change in cash and cash equivalents	(6.2)	(0.0)	6.1
Cash and cash equivalents at 1 January	7.3	1.0	1.0
Effect of exchange rate fluctuations on cash held	(0.1)	0.2	0.2
Cash and cash equivalents end of period	1.0	1.2	7.3

- The quarterly and half year figures are unaudited -

Annex 2.4 - Condensed consolidated statement of changes in equity

EUR million	Share capital	Share premium	Translation reserve	Hedge reserve	Reserve for own shares	Other reserves	Retained earnings	Total	Minority interest	Total equity
Balance at 1 Januari 2010	22.6	68.4	0.5	(0.9)	(0.4)	1.8	3.9	95.9	0.2	96.1
Total comprehensive income for the period										
Profit or loss							16.5	16.5	0.1	16.6
Other comprehensive income										
Foreign currency translation differences for foreign operations			1.1					1.1		1.1
Net change in fair value of cash flow hedges, net of tax				0.9				0.9		0.9
Total other comprehensive income	-	-	1.1	0.9	-	-	-	2.0	-	2.0
Total comprehensive income for the period	-	-	1.1	0.9	-	-	16.5	18.5	0.1	18.6
Transactions with owners, recorded directly in equity										
Contributions by and distributions to owners										
Issue of ordinary shares							-	-		-
Own shares acquired					(0.1)			(0.1)		(0.1)
Dividends to equity holders								-		-
Total contributions by and distributions to owners						3.9	(3.9)	-	(0.1)	(0.1)
Changes in ownership interests in subsidiaries that do not result in a loss of control										
Balance at 31 December 2010	22.6	68.4	1.6	0.0	(0.5)	5.7	16.5	114.3	0.2	114.5
Other comprehensive income										
Foreign currency translation differences for foreign operations			(0.4)					(0.4)		(0.4)
Net change in fair value of cash flow hedges, net of tax				0.1				0.1		0.1
Total other comprehensive income	-	-	(0.4)	0.1	-	-	-	(0.3)	-	(0.3)
Total comprehensive income for the period	-	-	(0.4)	0.1	-	-	10.4	10.1	0.1	10.2
Transactions with owners, recorded directly in equity										
Contributions by and distributions to owners										
Issue of ordinary shares	0.3	2.9						3.2		3.2
Own shares acquired					0.1			0.1		0.1
Dividends to equity holders		(6.7)						(6.7)		(6.7)
Total contributions by and distributions to owners						16.5	(16.5)	-		-
Changes in ownership interests in subsidiaries that do not result in a loss of control										
Balance at 30 June 2011	22.9	64.6	1.2	0.1	(0.4)	22.2	10.4	121.0	0.3	121.3

- The quarterly and half year figures are unaudited -

Annex 2.5 – Risks and risk management

Pages 29 to 37 of Kendrion N.V.'s 2010 Annual Report set out the risks to which the company is exposed in conducting its business operations. These risks are divided into the following groups:

- Strategic & Business Risk Management;
- Operational Risk Management;
- Financial Reporting Risk Management;
- Compliance and Regulatory.

Kendrion believes that the nature and potential impact of the risks in these groups is also relevant to the second part of 2011, noting that:

Kendrion will continue to effectively monitor risks and will adapt its monitoring measures as new risks arise or current risks change.

Market conditions have become significantly less predictable, making it more difficult to estimate business performance. In addition, the global economy appears to have become more volatile, with economic fluctuations occurring more frequently and at an accelerated pace.

- The quarterly and half year figures are unaudited -

Annex 2.6 - Notes to the condensed consolidated interim report

1. Reporting entity

Kendrion N.V. (the "Company") is located in Zeist, the Netherlands. The Company's condensed consolidated interim report for the first six months of 2011 covers the Company and its subsidiaries (collectively referred to as the "Group") and the Group's interests in associated entities.

The Group's consolidated financial statements for the 2010 financial year are available upon request from the Company's registered office at Utrechtseweg 33, 3704 HA Zeist, the Netherlands, or through www.kendrion.com.

2. Statement of compliance

This condensed consolidated interim report was prepared in compliance with International Financial Reporting Standards (IFRS) IAS 34, "Interim Financial Reporting". The report does not contain all the information required for full financial statements and is to be reviewed in conjunction with the Group's consolidated financial statements for 2010.

This condensed consolidated interim report was approved by the Board and the Supervisory Board on 24 August 2011.

3. Primary accounting principles

Unless otherwise stated below, the accounting principles implemented by the Group in this condensed consolidated interim report are identical to the principles applied in the consolidated financial statements for the 2010 financial year.

4. Estimates

The preparation of interim reports requires the management to make assessments, estimates and assumptions that affect the application of accounting principles, the reported value of assets and liabilities and the level of income and expenditure. The actual results may vary from these estimates.

Unless otherwise stated below, in the preparation of this condensed consolidated interim report, the significant assessments made by the management in applying the Group's accounting policies and the principal sources of estimation are identical to the assessments and sources applied in preparing the consolidated financial statements for the 2010 financial year.

5. Financial risk management

The Group's objectives and policy with respect to financial risk management correspond to the objectives and policy set out in the consolidated financial statements for 2010.

6. Seasonal aspects of business operations

Kendrion is not affected by seasonal factors. Generally, the number of business days is lower in the second half of the year due to the holidays during the third quarter and in the month of December.

7. Changes in the Group

No changes occurred in the first six months of 2011.

- The quarterly and half year figures are unaudited -

8. Main currencies

The main exchange rates for the first six months of 2011 were as follows:

	Per 30 June 2011	Per 31 Dec. 2010	Average over HY1
GBP	0.9025	0.8607	0.8746
CHF	1.2071	1.2504	1.2627
CZK	24.3451	25.0608	24.4678
CNY	9.3416	8.8220	9.2154
USD	1.4453	1.3362	1.4097
MXN	16.9765	16.5475	16.7977
BRL	2.2601	2.2177	2.2844
RON	4.2435	4.2620	4.1843
INR	64.5619	59.6516	63.3112

9. Property, plant and equipment

Capital commitments

During the first six months of 2011, the Group entered into agreements for the acquisition of tangible fixed assets at an amount of EUR 4 million (compared to EUR 3.1 million for the first six months of 2010).

10. Intangible assets

The intangible fixed assets increased by EUR 1.1 million principally as a result of the implementation of the Horizon Project (ERP package). On account of the Horizon project, the group furthermore entered into agreements in the first six months of 2011 for the purpose of acquiring intangible fixed assets for an amount of EUR 1.6 million.

11. Financial instruments

The value of derivative instruments in the balance sheet has decreased by EUR 0.1 million during the first six months and on balance nil per 30 June.

Since year-end 2010, there have been no material changes related to market risk sensitivity (i.e. in relation to currencies, interest and price).

12. Contingent liabilities

The information concerned (pages 110/111, point 18) contained in the 2010 consolidated financial statements continues to apply in full.

13. Related parties

The term "related parties" is referred to on pages 119-121, point 28 of the Annual Report 2010.

14. Segment reporting

We refer to page 76 under (s) in the Annual Report 2010 about Segment Reporting. This paragraph explains a.o. that the operating segments have been aggregated into one single reportable operating segment on the consolidated level of Kendrion as a group, based on the internal reporting structure of Kendrion and criteria of IFRS 8.

- The quarterly and half year figures are unaudited -