



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 .

7   M A Y   2 0 1 3

**Revenue and profit performance in Q1 2013 in line with expectations**

- Revenue in Q1 2013 totalling EUR 71.4 million (-/-8% compared to Q1 2012, +9% compared to Q4 2012)
- EBITA in Q1 2013 EUR 4.9 million (-/-43% compared to Q1 2012; +113% compared to Q4 2012)
- Market developments remain difficult to forecast; no detailed profit forecast for FY 2013
- Kendrion announces the acquisition of Kuhnke AG

**Key figures**

(x EUR 1 million unless otherwise stated)	Q1 2013 <sup>1</sup>	Q1 2012 <sup>1</sup>	Difference in %
Revenue	71.4	77.3	-8%
EBITA	4.9	8.6	-43%
Net profit	2.6	5.3	-51%

<sup>1</sup> The quarterly figures are unaudited

Piet Veenema, Kendrion's CEO:

"As expected, it was a difficult first quarter, mainly because of the slow start in January and market conditions, particularly in the automotive sector. On the positive side, the first quarter was much better than the fourth quarter of 2012. The order books continued to improve too. As reported, we expect a number of new projects in the second half of the year to lead to an organic increase in revenue and profits. Preparations for these projects are on schedule."

**Financial review**

**Revenue**

The decrease in revenue vis-à-vis the first quarter of 2012 was completely organic and came to 8%. It was mainly a result of lower demand in the European automotive industry. Compared with revenue in the third and fourth quarters of 2012 revenue grew organically by 5% and 9% respectively.

Revenue and profits in the Industrial Magnetic Systems business unit will increase again in the course of the year. Various projects in the United States are in the start-up phase and sales to the German textile machinery industry are picking up as well. Activities in the Industrial Drive Systems

business unit are growing steadily. Revenue in the Passenger Car Systems business unit fell by 11% in the first quarter owing to declining volumes in the European automotive industry. The new projects starting up in Europe and the United States are expected to increase revenue again in the second half of the year. Revenue also fell in the Commercial Vehicle Systems business unit in the first quarter and there are no signs of this market segment picking up significantly any time soon.

## **Results**

Commodity prices (especially copper) fell in the first quarter. However, this will not visibly affect the gross margin over the next few months owing to the existing price agreements with suppliers and customers.

The operating result before amortisation was EUR 4.9 million (6.9%) in the first quarter of 2013. This was a drop of 43% from 2012's exceptionally good first quarter. However, this was more than double the figure for the fourth quarter of 2012 (normalised EUR 2.3 million), mainly thanks to increased revenue and cost control.

Net profit was EUR 2.6 million, a fall of more than 50% from 2012's exceptionally good first quarter and a rise of 18% vis-à-vis the normalised figure for the fourth quarter of 2012.

Compared to the figure for the end of 2012 the number of FTE employees grew by more than 80 (mainly temporary employees) to 1,700, including the current approximately 150 temporary employees. Kendrion continues to focus on maintaining flexibility.

## **Financial position**

The balance sheet total increased by EUR 16 million in the first quarter of 2013, mainly as a result of a higher working capital due to increased revenues in the first quarter 2013 compared to the fourth quarter of 2012.

Investments amounted to EUR 3.5 million in the first quarter at a depreciation level of EUR 2.6 million. Investments in 2013 will be substantially higher than the depreciation level, mainly on account of new automotive projects and the implementation of the ERP system "HORIZON". The ERP project is completely on schedule; the Industrial Magnetic Systems business unit switched to the new ERP system IFS on 1 April 2013.

With a solvency ratio of more than 43% at the end of March 2013, Kendrion's financial position is strong.

## **Outlook**

Uncertainty continues about the way the global economy will develop in the course of the year. The US market is expected to pick up further but opinions have been mixed recently on developments in Germany.

The order books continued to grow further in the first quarter. Various new projects will also be starting in the United States, Germany and China in the second half of the year.

However, given the current economic uncertainty, it is still difficult to make a definite profit forecast for the whole year.

## **Acquisition of Kuhnke**

Kendrion reached agreement on 6 May 2013 with the shareholders and management of Kuhnke AG ("Kuhnke") on its acquisition of Kuhnke. Kuhnke had revenue of some EUR 110 million in 2012 and approximately 1,100 employees. Kuhnke has branches in Malente (Germany, approximately 500 employees), Sibiu (Romania, approximately 560 employees) and sales offices in various locations including Kristianstadt (Sweden). Kuhnke operates in the automotive industry, with revenues of approximately EUR 70 million in 2012, and the automation industry, with revenues of approximately EUR 40 million in 2012 (generated in the machine manufacturing and medical sectors). Kendrion has agreed to acquire all issued shares in Kuhnke for a combination of cash and newly issued ordinary shares in Kendrion's capital.

## **Profile 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, Heavy Duty 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 and gasoline engines, air-conditioning installations, motor cooling systems and beverage dispensers. Kendrion's key customers include a.o. Bosch, Continental, Daimler, Delphi, Eaton, Evobus, Hyundai, Siemens and Yutong.

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

Zeist, 7 May 2013

The Executive Board

## **For more information, please contact:**

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

Tel: +31 (0)30 – 699 72 68

Fax: +31 (0)30 – 695 11 65

Website: [www.kendrion.com](http://www.kendrion.com)

## **Disclaimer**

This announcement is for information purposes only and is not intended to constitute, and should not be construed as, an offer to sell or a solicitation of any offer to buy the securities of Kendrion N.V. (the "Company", and such securities, the "Securities") in the United States, Australia, Canada or Japan or in any other jurisdiction.

The Securities are not and will not be registered under the US Securities Act of 1933, as amended (the "US Securities Act") and will also not be registered with any authority competent with respect to securities in any state or other jurisdiction of the United States. The Securities may not be offered or sold in the United States without either registration of the securities or an exemption from registration under the US Securities Act being applicable. The Company has registered no part of the offering of the Securities in the United States or any other jurisdiction, nor has it the intention to do so. The Company has no intention to make a public offering of Securities in the United States.

## **Annexes**

1. Consolidated statement of comprehensive income
2. Consolidated statement of financial position at 31 March
3. Financial calendar 2013 - 2014

## **Annex 1 - Consolidated statement of comprehensive income**

(EUR million)

	<b>Q1 2013</b>	<b>Q1 2012</b>	<b>2012</b>
Revenue	71.4	77.3	284.9
Other operating income	0.0	0.1	5.1
<b>Total revenue and other operating income</b>	<b>71.4</b>	<b>77.4</b>	<b>290.0</b>
Changes in inventories of finished goods and work in progress	1.2	(2.9)	1.0
Raw materials and subcontracted work	35.9	42.0	148.2
Staff costs	21.3	20.6	79.8
Depreciation and amortisation	3.2	3.2	12.7
Other operating expenses	5.4	6.4	23.9
<b>Result before net finance costs</b>	<b>4.4</b>	<b>8.1</b>	<b>24.4</b>
Finance income	0.0	0.0	0.1
Finance expense	(1.1)	(1.1)	(5.0)
<b>Net finance costs</b>	<b>(1.1)</b>	<b>(1.1)</b>	<b>(4.9)</b>
<b>Profit before income tax</b>	<b>3.3</b>	<b>7.0</b>	<b>19.5</b>
Income tax expense	(0.7)	(1.7)	(1.5)
<b>Profit for the period</b>	<b>2.6</b>	<b>5.3</b>	<b>18.0</b>
Attributable to:			
Equity holders of the company	2.6	5.2	17.9
Minority interest	-	0.1	0.1
<b>Profit for the period</b>	<b>2.6</b>	<b>5.3</b>	<b>18.0</b>
Basic earnings per share (EUR), based on weighted average	0.22	0.46	1.55
Diluted earnings per share (EUR)	0.22	0.46	1.55
Normalised earnings per share (EUR), based on weighted average	0.22	0.46	1.16

- The quarterly results are not audited -

## Annex 2 - Consolidated statement of financial position at 31 March

(EUR million)	31 March 2013	31 March 2012	31 Dec. 2012
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	62.7	56.3	61.8
Intangible assets	75.1	74.9	74.5
Other investments, including derivatives	0.6	1.1	0.7
Deferred tax assets	10.7	8.3	10.5
<b>Total non-current assets</b>	<b>149.1</b>	<b>140.6</b>	<b>147.5</b>
<b>Current assets</b>			
Inventories	35.8	41.3	35.2
Current tax assets	2.3	1.5	3.0
Trade and other receivables	47.0	46.7	34.5
Cash and cash equivalents	11.8	7.8	9.9
<b>Total current assets</b>	<b>96.9</b>	<b>97.3</b>	<b>82.6</b>
<b>Total assets</b>	<b>246.0</b>	<b>237.9</b>	<b>230.1</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	23.2	22.9	23.2
Share premium	59.9	64.6	59.9
Reserves	20.9	3.2	2.1
Retained earnings	2.6	5.2	17.9
<b>Total equity attributable to equity holders of the company</b>	<b>106.6</b>	<b>95.9</b>	<b>103.1</b>
Minority interest	-	0.3	-
<b>Total equity</b>	<b>106.6</b>	<b>96.2</b>	<b>103.1</b>
<b>Liabilities</b>			
Loans and borrowings	29.8	21.3	25.8
Employee benefits	7.0	6.5	7.1
Government grants received in advance	0.1	0.2	0.1
Provisions	43.9	46.6	43.6
Deferred tax liabilities	6.2	6.1	6.2
<b>Total non-current liabilities</b>	<b>87.0</b>	<b>80.7</b>	<b>82.8</b>
Bank overdraft	7.3	17.5	5.4
Current tax liabilities	0.7	1.6	0.7
Trade and other payables	44.4	41.9	38.1
<b>Total current liabilities</b>	<b>52.4</b>	<b>61.0</b>	<b>44.2</b>
<b>Total liabilities</b>	<b>139.4</b>	<b>141.7</b>	<b>127.0</b>
<b>Total equity and liabilities</b>	<b>246.0</b>	<b>237.9</b>	<b>230.1</b>

- The quarterly results are not audited -

### **Annex 3 - Financial calendar 2013 - 2014**

#### **2013**

Cash dividend made payable and delivery stock dividend	Thursday, 9 May 2013	
Publication of HY1 2013 results	Wednesday, 21 August 2013	08.00 a.m.
Analysts' meeting	Wednesday, 21 August 2013	11.30 a.m.
Publication of Q3 2013 results	Wednesday, 6 November 2013	08.00 a.m.

#### **2014**

Publication of 2013 full-year figures	Thursday, 27 February 2014	08.00 a.m.
Analysts' meeting	Thursday, 27 February 2014	11.30 a.m.
General Meeting of Shareholders	Monday, 14 April 2014	02.30 p.m.
Publication of Q1 2014 results	Thursday, 8 May 2014	08.00 a.m.
Publication of HY1 2014 results	Thursday, 21 August 2014	08.00 a.m.
Analysts' meeting	Thursday, 21 August 2014	11.30 a.m.
Publication of Q3 2014 results	Thursday, 6 November 2014	08.00 a.m.