



---

P R E S S   R E L E A S E

K E N D R I O N   N . V .

T H I R D - Q U A R T E R   R E S U L T S   2 0 0 9

1 0   N O V E M B E R   2 0 0 9

---

**Market conditions improve step by step, cost-reducing measures are effective**

- Revenue increases by 16% in Q3 2009 in comparison to Q2 2009 (-/- 24% compared to Q3 2008)
- “Springtime” reorganisation plan virtually finalised, according to schedule
- EBITA rises by 30% in comparison to Q2 2009
- Net profit in Q3 2009 of EUR 1.0 million (Q3 2008: EUR 2.0 million)
- Positive cash flow in part thanks to a further reduction in inventories

	Q3 2009	Q3 2008
Revenue <sup>1</sup>	39.0	51.1
EBITA from ordinary activities <sup>1</sup>	2.2	3.8
Net profit <sup>3</sup>	1.0	2.0

	Until Q3 2009	Until Q3 2008
Revenue <sup>1</sup>	108.8	160.2
EBITA from ordinary activities <sup>1,2</sup>	3.3	14.4
Net profit <sup>3</sup>	2.1	7.8

---

<sup>1</sup>) Only electromagnetic activities

<sup>2</sup>) Excluding provision plan Springtime and effects disposal Vink

<sup>3</sup>) Comparative (electromagnetic) activities and for 2009 including effects disposal Vink and Springtime

## **Developments**

While market conditions remained difficult in the third quarter of 2009, the company was nonetheless able to continue the cautious upward trend that began by the end of the second quarter of 2009. Revenue fell by 24% in the third quarter in comparison to the third quarter of 2008. The decrease in revenue in the first six months of 2009 totalled 36%. Compared to the second quarter of 2009, revenue in the third quarter (which is traditionally Kendrion's weakest quarter) rose by 16%. The improvement has been manifested primarily in the Passenger Car Systems business unit. Besides slightly improved volumes of existing products, this business unit's revenue increased chiefly due to new projects. The special electromagnetic components for diesel engines contributed in particular to the improvement of the results. The Commercial Vehicle Systems business unit likewise experienced a better third quarter connected with increasing demand for products around the world in general and in the Far East in particular. While the order intake of the industrial business units (Industrial Magnetic Systems and Industrial Drive Systems) has increased somewhat in recent months, this did not have a considerable effect on revenue in the third quarter of 2009. These activities are, however, now organised more efficiently than in the past thanks to the streamlining of the (number of) production locations.

As previously announced, Kendrion introduced its "Springtime" cost-reduction programme on 31 March 2009. The aim of this plan was to reduce the number of jobs by 330 to 1,070. Kendrion seeks to realise EUR 20 million in cost-savings annually through the implementation of this plan. The number of employees was approximately 1,100 at the end of the third quarter and around 40 more employees will leave the company in the coming months. The "Springtime" plan has consequently been virtually finalised. The number of temporary employees is, however, beginning to increase slowly as a result of the increased revenue.

Staff costs decreased by 22% in the third quarter of 2009 in comparison to the third quarter of 2008. Other costs decreased by 37% in comparison to the third quarter of 2008.

While attention will continue to be devoted to cost control and cost flexibility, Kendrion can now once again concentrate fully on the market after this phase. Providing innovative solutions will constitute the main focus in this respect.

Operating profit from ordinary activities totalled EUR 2.2 million in the third quarter of 2009, representing a 30% increase in comparison to the second quarter of 2009. This reveals that the cautious upward trend that began in the second quarter of 2009 is continuing.

Net profit amounted to EUR 1 million in the third quarter of 2009 (Q3 2008: EUR 2.0 million). Net profit in the first nine months of 2009 totalled EUR 2.1 million (through Q3 2008: EUR 7.8 million). This profit includes both the stated provisions for "Springtime" and the book profit realised on the sale of the Vink Group in the first quarter of 2009.

## **Financial position**

The balance sheet total decreased by approximately EUR 3 million in the third quarter of 2009 in comparison to 30 June 2009.

Investments in the third quarter were limited (EUR 0.4 million). Total investments in the first nine months of 2009 amounted to EUR 4.1 million with a depreciation level of EUR 5.7 million.

Kendrion strengthened its equity in late September through a private share issue of approximately EUR 9 million and furthermore entered into a new two-year financing arrangement, which will be finalised in the coming weeks.

The net debt position at the end of September 2009 totalled more than EUR 19 million, compared to more than EUR 30 million at the end of June 2009. This decrease was achieved both through the effects of the aforementioned issue and the free cash flow realised in the third quarter of approximately EUR 2 million. The reduction of inventories made a significant contribution to the total free cash flow.

Solvency amounted to 60% at the end of September 2009 and this clearly reflects Kendrion's strong financial position.

### **Outlook**

As stated above, the economic situation for Kendrion is gradually improving. While this cautious upward trend is expected to continue, it will only be possible to refer to a genuinely improved level of activities once Kendrion's industrial activities also pick up further.

In view of the current uncertainty regarding the pace of the recovery of the economic situation, Kendrion does not wish to make statements at this time regarding the profit performance for the entire year 2009.

Kendrion's strong financial and competitive position will continue to form the foundation for future developments and Kendrion expects to emerge stronger from the current economic crisis.

### **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 and air-conditioning and motor cooling systems. Kendrion continues to expand its field of operation via measures such as the acquisition of Tri-Tech, a company that manufactures electromagnetic components for beverage dispensers. Kendrion's key customers include Bosch, Siemens, Daimler, Continental, ZF, Evobus, Hyundai and Yutong.

Zeist, 10 November 2009

The Board

P. Veenema – Chief Executive Officer

E. Ris – Chief Financial Officer

H. Freitag – Chief Operating Officer

**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](http://www.kendrion.com)

**Annexes**

*Consolidated interim condensed financial statements*

1. Consolidated income statement
2. Consolidated balance sheet
3. Reconciliation between condensed consolidated official income statement and financial information Q3 results
4. Financial calendar 2009 - 2010

## Annex 1 – Consolidated income statement

(EUR million)	Q3 2009 <sup>3</sup>	Q3 2008 <sup>1,2</sup>	period ended 30-9-2009	period ended 30-9-2008 <sup>1,2</sup>	2008 <sup>2</sup>
Revenue	39.0	51.1	108.8	163.5	207.4
Other operating income	(0.1)	(0.9)	0.8	1.2	0.9
	38.9	50.2	109.6	164.7	208.3
Changes in inventories of finished goods and work in progress	0.3	(1.1)	2.5	(3.1)	(1.5)
Raw materials and subcontracted work	19.0	25.0	49.9	84.5	103.9
Staff costs	11.3	14.4	42.9	46.4	61.0
Depreciation and amortisation	2.3	2.0	6.6	6.0	8.3
Other operating expenses	4.1	6.5	14.8	17.9	25.6
<b>Result before net finance costs</b>	<b>1.9</b>	<b>3.4</b>	<b>(7.1)</b>	<b>13.0</b>	<b>11.0</b>
Finance income	0.0	0.2	0.2	(0.6)	0.2
Finance expense	(0.9)	(0.9)	(3.1)	(2.8)	(4.3)
<b>Net finance costs</b>	<b>(0.9)</b>	<b>(0.7)</b>	<b>(2.9)</b>	<b>(3.4)</b>	<b>(4.1)</b>
<b>Profit before income tax</b>	<b>1.0</b>	<b>2.7</b>	<b>(10.0)</b>	<b>9.6</b>	<b>6.9</b>
Income tax expense	0.0	(1.3)	(1.8)	(2.9)	(1.8)
<b>Profit from continuing operations</b>	<b>1.0</b>	<b>1.4</b>	<b>(11.8)</b>	<b>6.7</b>	<b>5.1</b>
Result on sale of discontinued operations (net of income tax)	-	1.2	13.9	6.1	7.8
<b>Profit for the period</b>	<b>1.0</b>	<b>2.6</b>	<b>2.1</b>	<b>12.8</b>	<b>12.9</b>
Attributable to:					
Equity holders of the company	1.0	2.6	2.0	12.7	12.8
Minority interest	0.0	0.0	0.1	0.1	0.1
<b>Profit for the period</b>	<b>1.0</b>	<b>2.6</b>	<b>2.1</b>	<b>12.8</b>	<b>12.9</b>
Basic earnings per share (EUR)	0.09	0.25	0.18	1.25	1.25
Diluted earnings per share (EUR)	0.09	0.25	0.18	1.25	1.25
Basic earnings per share continuing operations (EUR)	0.09	0.14	-0.71	0.65	0.50
Diluted earnings per share continuing operations (EUR)	0.09	0.14	-0.71	0.65	0.50

1 = The comparative income statement Q3 2008 and cumulative to September 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.

## Annex 2 – Consolidated balance sheet

(EUR million)	30 Sep. 2009	30 Sep. 2008	31 Dec. 2008
<b>Assets</b>			
Property, plant and equipment	45.7	58.8	46.7
Intangible assets	41.8	57.7	43.3
Other investments, including derivatives	0.7	2.9	1.3
Deferred tax assets	13.7	19.6	15.2
<b>Total non-current assets</b>	<b>101.9</b>	<b>139.0</b>	<b>106.5</b>
Inventories	25.6	75.8	30.3
Current tax assets	0.1	0.9	0.7
Trade and other receivables	27.8	96.3	24.1
Cash and cash equivalents	3.1	6.9	3.7
Assets classified as held for sale			115.2
<b>Total current assets</b>	<b>56.6</b>	<b>179.9</b>	<b>174.0</b>
<b>Total assets</b>	<b>158.5</b>	<b>318.9</b>	<b>280.5</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	22.6	20.6	20.6
Share premium	68.4	71.3	71.3
Reserves	1.3	(8.4)	(11.4)
Retained earnings	2.1	12.7	12.8
<b>Total equity attributable to equity holders of the company</b>	<b>94.4</b>	<b>96.2</b>	<b>93.3</b>
Minority interest	0.2	0.2	0.2
<b>Total equity</b>	<b>94.6</b>	<b>96.4</b>	<b>93.5</b>
<b>Liabilities</b>			
Loans and borrowings	0.7	96.2	20.8
Employee benefits	6.5	8.0	6.6
Government grants received in advance	-	0.1	-
Provisions	2.6	4.9	2.6
Deferred tax liabilities	3.6	6.0	3.7
<b>Total non-current liabilities</b>	<b>13.4</b>	<b>115.2</b>	<b>33.7</b>
Bank overdraft	1.9	9.5	13.3
Loans and borrowings	20.0	0.1	51.7
Current tax liabilities	0.8	4.9	1.5
Trade and other payables	27.8	92.8	31.2
Liabilities classified as held for sale			55.6
<b>Total current liabilities</b>	<b>50.5</b>	<b>107.3</b>	<b>153.3</b>
<b>Total liabilities</b>	<b>63.9</b>	<b>222.5</b>	<b>187.0</b>
<b>Total equity and liabilities</b>	<b>158.5</b>	<b>318.9</b>	<b>280.5</b>

### **Annex 3 - Reconciliation between condensed consolidated income statement and financial information Q3**

#### **EBITA**

Results before net finance costs	-7.1
Provision for Springtime	8.5
Charges recorded under book profit with respect to disposal of Vink	1.0
Amortisation intangible assets	<u>0.9</u>
EBITA	<u><u>3.3</u></u>

#### **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	<u>-2.6</u>
Net book profit on the disposal of Vink	<u><u>10.0</u></u>

#### **Comparitive figures**

The comparitive figures for the third quarter and the first nine months for 2009 are normalised and as such differ from the figures in the income statement

#### **Annex 4 - Financial calendar 2009 - 2010**

Publication of 2009 full-year figures	Thursday, 25 February 2010	08.00 a.m.
Analysts' meeting	Thursday, 25 February 2010	11:30 a.m.
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.