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In Q3 2011 upward trend continues

- Record revenue in Q3 of EUR 69.3 million (+17% compared to Q3 2010)
- EBITA increases to EUR 8.2 million in Q3 (+15% compared to Q3 2010)
- Growth achieved by three of the four business units; only CVS's profit is slightly lower, mainly due to start-up costs for greenfield operation in India
- Market conditions remained favourable in Q3 for virtually all operations
- Kendrion maintains its forecast of at least 15% revenue growth for 2011, with a corresponding further improvement in profit

(x EUR 1 million)	Q3 2011	Q3 2010
Revenue	69.3	59.0
EBITA from ordinary activities	8.2	7.1
Net profit	5.6	4.2

(x EUR 1 million)	Until Q3 2011	Until Q3 2010
Revenue	203.0	163.0
EBITA from ordinary activities	24.0	17.6
Net profit	16.1	10.4

Kendrion CEO Piet Veenema:

"The company has had an excellent third quarter. Although there is a lot of focus on the current economic uncertainty, we noticed little of that at Kendrion in the third quarter. The revenue growth that began in 2010 continued into the third quarter, and like in the first six months of the year this growth was driven by innovative products and geographical distribution. All operations performed strongly, and the growth of our automotive business was particularly impressive. Only the Commercial Vehicle Systems business unit achieved a slightly lower quarterly profit, which was mainly related to the start-up costs of our new operations in India. We are maintaining our previous forecast of a minimum of 15% revenue growth in 2011 with a corresponding further improvement in profit. "

- The quarterly figures are unaudited -

Developments in the first nine months of 2011

The favourable developments during the first six months continued into the third quarter, and revenue was up 17% from the third quarter of 2010. In spite of the summer months, third-quarter revenue was up 2% from the second quarter. Revenue for the first nine months of 2011 was up 25% from the same period last year. Kendrion continues to benefit from the booming German industry, which is driven mainly by strong exports to the Far East.

The Industrial Magnetic Systems business unit had another excellent quarter with further increasing revenue and profit. This indicates that the market strategy based on market segmentation is starting to pay off. The US production facilities were further expanded in the third quarter, in preparation of a number of new projects to be launched in 2012.

The Industrial Drive Systems business unit increased its revenue and profit. The German machine-building industry, this business unit's main market, has been performing extremely well. The business unit was able to increase the number of key customers, as well as achieve further revenue growth in the Chinese market.

The Passenger Car Systems business unit continued to grow rapidly in the third quarter. As reported, this success was driven mainly by the strong German automotive industry and the sharp revenue growth in the "energy-efficient diesel engines" segment. Preparations for the projects acquired in the US market are on schedule.

The Commercial Vehicle Systems business unit showed satisfying quarterly results, although these were tempered somewhat mainly by the start-up costs of the new manufacturing site in Pune, India. This facility is expected to be operational by the end of the fourth quarter. The outlook for the Indian market is favourable for the coming years, and several new projects are currently being prepared for this market. The business unit's margins were down slightly due to the sharp increase in the prices of permanent magnets at the end of the second quarter. In recent weeks, however, the market for permanent magnets (at a higher price level) has re-stabilised.

Thanks to effective cost control and a continuous focus on efficiency and flexibility, operating margin (EBITA) in the third quarter amounted to 11.8% - the same as the margin for the first six months of 2011 (in 2010 up to and including Q3, EBITA was 10.7%). Net profit for the third quarter totalled EUR 5.6 million (Q3 2010: EUR 4.2 million) and EUR 16.1 million up to and including the third quarter. This resulted in earnings per share of EUR 1.40 for the first nine months (versus EUR 0.92 for the first nine months of 2010).

Flexibility is a key priority for Kendrion, not least because it allows the company to respond quickly if necessary during times of weak economic growth. Kendrion continues to work with more than 200 temporary employees out of a total of more than 1,600 employees.

Financial position

The company's balance sheet total increased to EUR 190.9 million in the third quarter, mainly due to the sustained revenue growth.

Investments up to and including the third quarter totalled EUR 8.3 million, while depreciation amounted to EUR 6.7 million and amortisation totalled EUR 1.3 million.

Free cash flow for the third quarter was EUR 3.6 million (cumulative up to and including Q3 and excluding earn-out payments, it totalled EUR 5.5 million).

Kendrion's financial position is very strong, with a solvency ratio of around 67% as at the end of September.

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ERP system

The rollout of the HORIZON project (the implementation of a new ERP system) is proceeding according to plan. In early October, Passenger Car Systems in Villingen, Germany, was the first of our major plants to migrate to the new ERP software provided by IFS.

The transition proceeded as planned and was completed without any major problems. Over the next several quarters, a number of smaller operations will be switching to the new software, with the next major plant to follow suit in mid-2012. The HORIZON project is scheduled to be completed in mid-2013.

EU fine

As reported by Kendrion on 31 October 2011, the General Court of the European Union in Luxembourg announced that it will render a decision on 16 November 2011 at 9:15 a.m. in the case brought by Kendrion N.V. relating to the EUR 34 million fine (excluding interest). This fine was imposed on the company by the European Commission on 30 November 2005 due to a violation of the European competition rules by its former subsidiary Fardem Packaging B.V. At the same time, the Court will also rule in the separate case brought by Fardem Packaging B.V.

Outlook

Due to the overall uncertainty regarding the economy, we are cautious about making any statements as of now - particularly for the month of December, where it is currently difficult to predict how many customers will be scaling down production in order to reduce stocks. After a good month of October Kendrion is also expecting a high activity level for the month of November. Based on current information, the company is maintaining its previous forecast of at least 15% revenue growth for 2011 with a corresponding further improvement in profit.

Investments for 2011 will exceed the depreciation level by several million euros. The ERP project accounts for a significant portion of the additional investments.

"100 years of electromagnetism"

On 1 March of this year, Kendrion commemorated the centennial anniversary of its corporate headquarters in Villingen, Germany. Under the banner of "100 years of electromagnetism", the company celebrated this feat on a number of occasions. A Dr. Wilhelm Binder Symposium has been scheduled for 10 November 2011, which will focus on the main trends and developments in electromagnetics. Several speakers will be giving presentations at this symposium, including members of the Kendrion Innovation Board, company employees, external experts and representatives of customers based in Germany, India and the United States.

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 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.

- The quarterly figures are unaudited -

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, 8 November 2011

The Board

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

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Annexes

1. Condensed consolidated income statement
2. Consolidated balance sheet
3. Financial calendar for 2012

- The quarterly figures are unaudited -

Annex 1 - Condensed consolidated income statement

(EUR million)	Q3 2011	Q3 2010	period ended 30-9-2011	period ended 30-9-2010	2010
Revenue	69.3	59.0	203.0	163.0	221.9
Other operating income	0.2	0.1	0.4	0.3	0.8
	69.5	59.1	203.4	163.3	222.7
Changes in inventories of finished goods and work in progress	(1.1)	0.5	(3.8)	(2.6)	(2.4)
Raw materials and subcontracted work	36.5	28.6	106.1	81.4	110.7
Staff costs	18.5	15.3	54.0	46.1	62.0
Depreciation and amortisation	2.7	2.6	8.0	7.2	10.1
Other operating expenses	5.1	5.4	16.2	14.6	19.5
Result before net finance costs	7.8	6.7	22.9	16.6	22.8
Finance income	0.1	0.0	0.1	(0.0)	0.4
Finance expense	(0.5)	(0.8)	(1.5)	(2.1)	(3.4)
Net finance costs	(0.4)	(0.8)	(1.4)	(2.1)	(3.0)
Profit before income tax	7.4	5.9	21.5	14.5	19.8
Income tax expense	(1.8)	(1.7)	(5.4)	(4.1)	(3.2)
Profit from continuing operations	5.6	4.2	16.1	10.4	16.6
Attributable to:					
Equity holders of the company	5.6	4.2	16.0	10.3	16.5
Minority interest	0.0	0.0	0.1	0.1	0.1
Profit for the period	5.6	4.2	16.1	10.4	16.6
Basic earnings per share (EUR)	0.49	0.37	1.40	0.92	1.47
Diluted earnings per share (EUR)	0.49	0.37	1.40	0.92	1.47

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Annex 2 - Consolidated balance sheet

(EUR million)	30 Sept. 2011	30 Sept. 2010	31 Dec. 2010
Assets			
Property, plant and equipment	46.4	45.3	46.5
Intangible assets	50.5	50.2	50.1
Other investments, including derivatives	0.6	0.4	0.0
Deferred tax assets	10.0	11.8	12.8
Total non-current assets	107.5	107.7	109.4
Inventories	35.7	27.7	28.2
Current tax assets	0.2	0.3	0.3
Trade and other receivables	40.5	34.0	30.2
Cash and cash equivalents	7.0	5.6	9.0
Total current assets	83.4	67.6	67.7
Total assets	190.9	175.3	177.1
Equity and liabilities			
Equity			
Share capital	22.9	22.6	22.6
Share premium	64.6	68.4	68.4
Reserves	23.4	6.4	6.8
Retained earnings	16.0	10.3	16.5
Total equity attributable to equity holders of the company	126.9	107.7	114.3
Minority interest	0.3	0.2	0.2
Total equity	127.2	107.9	114.5
Liabilities			
Loans and borrowings	2.3	12.6	2.5
Employee benefits	6.8	6.9	7.0
Government grants received in advance	0.2	0.4	0.3
Provisions	2.7	2.6	2.7
Deferred tax liabilities	3.1	3.5	3.4
Total non-current liabilities	15.1	26.0	15.9
Bank overdraft	4.2	1.4	1.7
Loans and borrowings	5.6	4.5	10.0
Current tax liabilities	1.3	1.9	2.0
Trade and other payables, including derivatives	37.5	33.6	33.0
Total current liabilities	48.6	41.4	46.7
Total liabilities	63.7	67.4	62.6
Total equity and liabilities	190.9	175.3	177.1

- The quarterly figures are unaudited -

Annex 3 - Financial calendar for 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.