



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 N O V E M B E R 2 0 1 2

Market conditions deteriorate further in third quarter

- Q3 revenue of EUR 68.1 million (2% decrease compared to Q3 2011)
- Decrease in revenue compared to Q3 2011 primarily at the Industrial Magnetic Systems and Passenger Car Systems business units
- Q3 net profit decreases to EUR 5.3 million (Q3 2011: EUR 5.6 million)
- Kendrion maintains previously issued profit forecast and expects to realise net annual profit of EUR 16.5-17.5 million

Key figures

(x EUR 1 million)	Q3 2012	Q3 2011	Difference in %
Revenue	68.1	69.3	-2%
EBITA	7.8	8.2	-5%
Net profit	5.3	5.6	-5%
(x EUR 1 million)	Until Q3 2012	Until Q3 2011	Difference in %
Revenue	219.4	203.0	8%
EBITA	23.4	24.0	-3%
Net profit	14.7	16.1	-9%

Piet Veenema, CEO of Kendrion:

"In the third quarter we saw a distinct decrease in volumes at a number of our activities and observed increasing uncertainty regarding economic developments. This had repercussions on our business. The Industrial Magnetic Systems business unit's activities remained at a comparably low level as they did in the second quarter. Revenue at the Passenger Car Systems business unit decreased under the influence of developments in the worldwide automotive industry. Revenue at the Industrial Drive Systems and Commercial Vehicle Systems business units stayed virtually stable. Based on the most recent estimations and the measures that have been implemented, Kendrion is maintaining the previously issued profit forecast. Kendrion also remains confident in the future, due in part to the new projects that will lead to additional revenue in 2013."

- The quarterly results are not audited -

Developments in third quarter of 2012

Revenue decreased by 2% in the third quarter of 2012 compared to the third quarter of 2011 (-10% organic) and reached a level of EUR 68.1 million. Over the first nine months of 2012, revenue rose by 8% compared to the previous year.

As in the second quarter, the revenue of Industrial Magnetic Systems was approximately 15% lower in the third quarter than in the same period of the previous year. This is caused by factors including the decreased sales to the textile machinery market. The cost-saving measures introduced in Germany in the second quarter did lead to a good improvement in profit at this business unit in the third quarter. The start-up of a number of new innovative projects in the United States is expected in the coming months.

The Industrial Drive Systems business unit still realised slight growth in revenue in the third quarter. This business unit supplies primarily the German machine building industry. This market segment has performed extremely well so far, partly thanks to exports to the Far East. A limited decrease in revenue is, however, expected in the coming months, partially as a result of the decreasing exports of the German machine building industry. Preparations for a number of new projects in China are fully underway.

The Passenger Car Systems business unit had a difficult quarter under the influence of recent developments in the automotive industry. Revenue in the third quarter fell sharply in a number of market segments, including the market for smaller diesel engines and the French automobile market. The US company Kendrion FAS Controls had a difficult quarter because the sales of a number of products for the truck market dropped by more than 20%. This also resulted in a release of the provision for a possible earn-out payment totalling more than EUR 2 million in the third quarter. The preparations of the new projects for the US automotive market are still progressing entirely according to plan and the majority of the required assembly lines have now been installed.

The Commercial Vehicle Systems business unit had a good third quarter. Profits increased with virtually the same revenue, due in part to the cost-reducing measures that have been taken and because the Indian company realised a positive result.

Commodity prices were stable to slightly lower in the third quarter.

Operating margin before amortisation (excluding the release of the aforementioned earn-out provision) was 7.8% in the third quarter and 9.2% for the first nine months of 2012. This was primarily due to the lower-than-expected revenue and a planned lower margin at Passenger Car Systems and also due to the planned expenditure for future projects.

In order to be able to react promptly to volatile market movements, Kendrion continues to focus fully on flexibility in its cost structure. The number of employees decreased in the third quarter to a total of 1,700, including 100 temporary employees. A further decrease to 1,600 (including temps) is anticipated in the fourth quarter of 2012.

Financial position

In the third quarter, the balance sheet total decreased to EUR 239.4 million (end June 2012: EUR 242.3 million) due to a decrease in working capital.

Investments in the first nine months of the year totalled EUR 15.6 million with a depreciation level of EUR 7.7 million.

Investments in 2012 will amount to approximately EUR 20 million, due in part to investments in new automotive projects and the "HORIZON" ERP project. The latter project is progressing entirely on schedule.

- The quarterly results are not audited -

Kendrion's financial position is strong with a solvency ratio of approximately 42% at the end of September and a net bank debt of EUR 31.6 million.

Outlook

The uncertainties regarding economic developments, particularly with regard to the orders in December, increased further in the third quarter.

Based on the information available at this time and the most recent estimates as well as the measures that have been taken, Kendrion maintains the profit forecast stated previously in the interim report. On the basis of the information available at this time, Kendrion consequently expects net annual profit to be 15 to 20% lower than the normalised net profit in 2011 (EUR 20.5 million).

The strong financial position remains a key basis for the further development of the company's activities worldwide.

Also based on the information available at this time, Kendrion looks to the future with confidence, primarily due to new projects in both the automotive and industrial markets that will lead to additional revenue in 2013.

Dr. Wilhelm Binder Day - the 2nd Kendrion Innovation Event 2012

Kendrion is committed to providing innovative solutions to its customers. On Thursday, 22 November 2012, the company will be hosting the second "Dr. Wilhelm Binder Day" in Villingen-Schwenningen, Germany. A number of interesting guest speakers will be sharing their thoughts, and the business units will demonstrate some key innovations.

To register for the event, please visit www.kendrion.com.

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 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.

- The quarterly results are not audited -

Zeist, 7 November 2012

The Executive Board

Piet Veenema – Chief Executive Officer
Eiko Ris – Chief Financial 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

Annexes

1. Consolidated statement of comprehensive income
2. Consolidated statement of financial position
3. Financial calendar 2013

- The quarterly results are not audited -

Annex 1 - Consolidated statement of comprehensive income

(EUR million)			period ended	period ended	
	Q3 2012	Q3 2011	30-9-2012	30-9-2011*	2011*
Revenue	68.1	69.3	219.4	203.0	267.9
Other operating income	2.6	0.2	3.5	0.4	1.0
Total revenue and other operating income	70.7	69.5	222.9	203.4	268.9
Changes in inventories of finished goods and work in progress	0.1	(1.1)	(0.8)	(3.8)	(4.2)
Raw materials and subcontracted work	35.4	36.5	114.3	106.1	139.1
Staff costs	19.1	18.5	60.7	54.0	72.8
Depreciation and amortisation	3.2	2.7	9.5	8.0	10.8
Other operating expenses	5.7	5.1	17.6	16.2	61.9
Result before net finance costs	7.2	7.8	21.6	22.9	(11.5)
Finance income	0.1	0.1	0.1	0.1	0.1
Finance expense	(1.3)	(0.5)	(3.7)	(1.5)	(2.1)
Net finance costs	(1.2)	(0.4)	(3.6)	(1.4)	(2.0)
Profit before income tax	6.0	7.4	18.0	21.5	(13.5)
Income tax expense	(0.7)	(1.8)	(3.3)	(5.4)	(6.6)
Profit for the period	5.3	5.6	14.7	16.1	(20.1)
Attributable to:					
Equity holders of the company	5.3	5.6	14.6	16.0	(20.2)
Minority interest	0.0	0.0	0.1	0.1	0.1
Profit for the period	5.3	5.6	14.7	16.1	(20.1)
Basic earnings per share (EUR)	0.45	0.49	1.26	1.40	(1.79)
Diluted earnings per share (EUR)	0.45	0.49	1.26	1.40	(1.79)

* Restated for comparison reasons.

- The quarterly results are not audited -

Annex 2 - Consolidated statement of financial position at 30 September

(EUR million)	30 Sept. 2012	30 Sept. 2011*	31 Dec. 2011*
Assets			
Property, plant and equipment	62.1	46.4	55.2
Intangible assets	75.5	50.5	76.0
Other investments, including derivatives	0.8	0.6	0.5
Deferred tax assets	7.5	10.0	9.3
Total non-current assets	145.9	107.5	141.0
Inventories	39.4	35.7	38.5
Current tax assets	3.0	0.2	1.0
Trade and other receivables	41.6	40.5	39.6
Cash and cash equivalents	9.5	7.0	9.2
Total current assets	93.5	83.4	88.3
Total assets	239.4	190.9	229.3
Equity and liabilities			
Equity			
Share capital	23.2	22.9	22.9
Share premium	59.9	64.6	64.6
Reserves*	3.3	22.4	22.3
Retained earnings	14.6	16.0	(20.2)
Total equity attributable to equity holders of the company	101.0	125.9	89.6
Minority interest	0.3	0.3	0.3
Total equity	101.3	126.2	89.9
Liabilities			
Loans and borrowings	25.0	2.3	23.3
Employee benefits*	7.8	7.8	8.3
Government grants received in advance	0.1	0.2	0.1
Provisions	45.0	2.7	46.4
Deferred tax liabilities	5.6	3.1	6.2
Total non-current liabilities	83.5	16.1	84.3
Bank overdraft	16.1	4.2	0.3
Loans and borrowings	-	5.6	11.5
Current tax liabilities	0.6	1.3	1.2
Trade and other payables	37.9	37.5	42.1
Total current liabilities	54.6	48.6	55.1
Total liabilities	138.1	64.7	139.4
Total equity and liabilities	239.4	190.9	229.3

* Restated for comparison reasons.

- The quarterly results are not audited -

Annex 3 - Financial calendar 2013

Publication of 2012 full-year figures	Wednesday, 27 February 2013	08.00 a.m.
Analysts' meeting	Wednesday, 27 February 2013	11.30 a.m.
General Meeting of Shareholders	Monday, 15 April 2013	02.30 p.m.
Publication of Q1 2013 results	Wednesday, 8 May 2013	08.00 a.m.
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.

- The quarterly results are not audited -