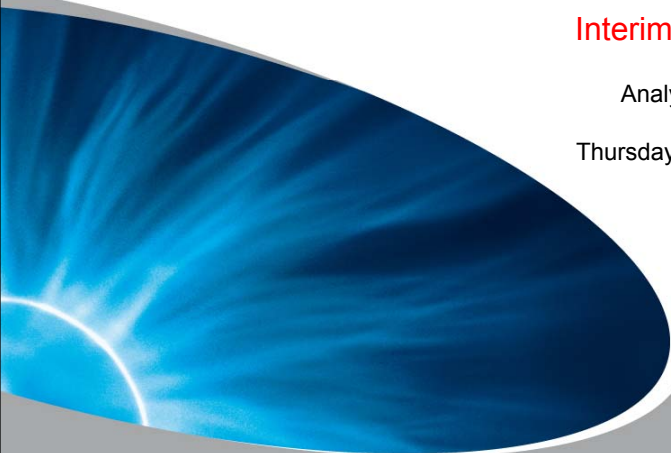




KENDRION
WE MAGNETISE THE WORLD




Interim results 2011
Analysts' meeting
Thursday, 25 August 2011



LINIG BINDER



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100 YEARS OF
ELECTROMAGNETISM

Agenda

1. Kendrion at a glance
2. Highlights for the first six months of 2011
3. Key figures
4. Review of the business units
5. Financial position
6. European Commission fine
7. Outlook
8. 100 years of electromagnetism

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**100 YEARS OF
ELECTROMAGNETISM**


1. Kendrion at a glance



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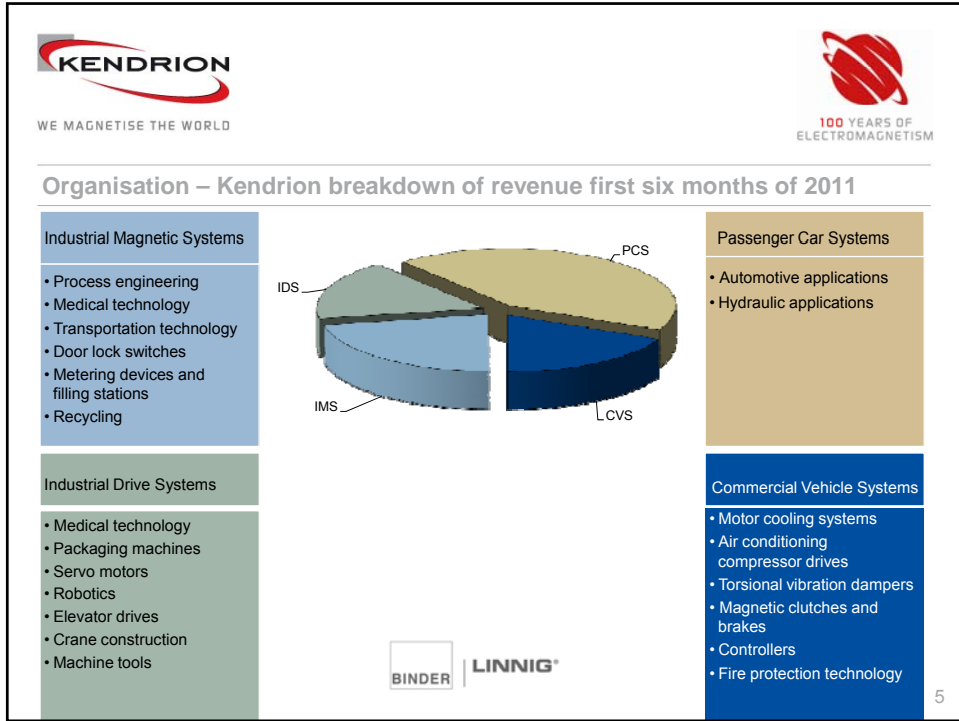
The Kendrion organisation

KENDRION N.V.

- Development, production and marketing of high-quality electromagnetic components
- 1,600 employees (including 200 temps) in 13 countries
- Turnover HY1 2011: approximately EUR 130 million
- Listed company on NYSE Euronext's Amsterdam Market

 <p>Industrial Magnetic Systems Electromagnetic components tailored to the individual needs of advanced industries.</p> <p style="text-align: center; font-size: small;">BINDER</p>	 <p>Industrial Drive Systems Electromagnetic brakes and clutches for the industrial drive technology.</p> <p style="text-align: center; font-size: small;">BINDER</p>	 <p>Passenger Car Systems Project solutions for specific customer applications in the automotive and special vehicle industries.</p> <p style="text-align: center; font-size: small;">BINDER</p>	 <p>Commercial Vehicle Systems Individual energy-saving systems for commercial vehicles and off road applications.</p> <p style="text-align: center; font-size: small;">LINNIG</p>
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Kendrion committed to being a high-performer in selected business units

	Target	Realisation 2010	Realisation HY1 2011
Organic growth	>10% per year	43%	28%
ROS	>10%	10.9%	11.9%
ROI	>17.5%	18.7%	20.9%
Solvency	≥ 30%	64.7%	64.7%
EBITDA/Interest-bearing debt	<3.00	0.16	0.21
Free cash flow	Healthy	105% of net profit	Healthy
Dividend	30% of net profit	40% of net profit	n.a.

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Global activities Kendrion

America
Brazil
Mexico
USA

Europe
Austria
Czech Republic
Germany
Great Britain
Italy
Netherlands
Rumania
Switzerland

Asia
China
India

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Our core competences

Kendrion

Customer

Experience in electromagnetism

Dynamic further growth of specialist knowledge

Success


Innovation management excellence

Cutting-edge green technology solutions


Benefit from the cross-divisional know-how

Identification with customer demands

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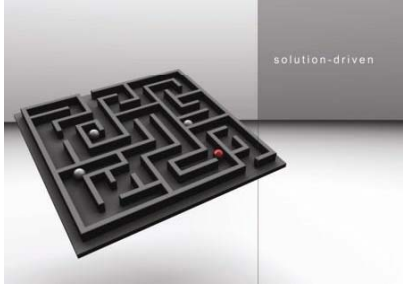


Technology and innovation

- **We have passion**
We passionately develop products for our customers
- **We are driven**
We identify ourselves with our customers and develop customer-specific and solution-driven products




innovative




solution-driven

- **We are ambitious**
Our drive for fulfilling customer demands and solutions inspires us in developing innovative products
- **We are Kendrion**
Your dynamic partner with innovation and productivity strength


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Modular production and processes



Low volume production



Medium-sized series



High volume production

Clean room technology

End of line testing


Environmental testing

ISO 9001

ISO 14001


TS 16949

Innovative solutions




from a single source!

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Kendrion's strategy

- A clearly defined profile of a multinational, fast-growing high-tech company
- Ambitious growth targets (EUR 350 million in revenue in 2012/2013)
- Strategic acquisitions
- Further improvement of geographical distribution across continents
- Stronger growth outside Europe (USA, China, India)
- Financially strong

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Priorities for 2011

- Improving geographical distribution
- Strengthening market segmentation approach
- Strengthen/maintain flexibility
- HORIZON IT project
- Strengthening knowledge management
- Innovation Calendar

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2. Highlights for the first six months of 2011



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Highlights for the first six months of 2011

- Very good first six months of the year
- Perfect market conditions
- Major benefit from new products
- Organic growth in revenue in HY1 2011: 28%
- Growth in all business units and all main home markets (Germany, USA and China)
- Sharp rise in commodity prices, but effect is limited
- Great deal of attention must be focused on purchasing permanent magnets (rare earth materials)
- Efficiency further increased due to growth
- Strong order book

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3. Key figures for the first six months of 2011



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Key figures for the first six months of 2011

(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
(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

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INDUSTRIAL MAGNETIC SYSTEMS

4a. Review of the business units



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INDUSTRIAL MAGNETIC SYSTEMS

General

- Operations: electromagnetic components and systems for industrial applications
- Focus markets: mechanical engineering, energy sector and medical sector
- Highly innovative, customised solutions
- Global player with operations in Germany, Switzerland, Austria, Italy, China and the USA; agencies in a.o. France
- Project business (70%) and standard solutions (30%)
- Competitors: a large number of (usually smaller) niche players in Germany, Italy and the USA
- Fast-growing market in China, but with poor quality

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INDUSTRIAL MAGNETIC SYSTEMS

First six months of 2011

- Strong growth in revenue in HY1 2011 (+19%), due in part to the good developments in German industry
- Improved efficiency thanks to new production structure
- Low-cost facility in Romania is growing fast
- Strong return progress
- Many new projects due to focus on growth industries (textile machines, energy efficiency)
- International footprint (USA and China) is a major advantage
- Expansion in China is a key focus with an increasing number of Chinese customers

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INDUSTRIAL DRIVE SYSTEMS

4b. Review of the business units



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INDUSTRIAL DRIVE SYSTEMS

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General

- Operations: electromagnetic brake and clutch systems for industrial drive technology
- Two production sites in Germany; international sales are coordinated through UK sales office
- Global market leader in permanent magnetic brake systems
- Substantial project business (80% of revenue), in addition to services business (20% of revenue)
- Innovative business unit with many new products
- Competitors: limited number of players with revenues between EUR 10 million and EUR 50 million

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INDUSTRIAL DRIVE SYSTEMS

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First six months of 2011


- Once again strong organic revenue growth in HY1 2011 (+29%)
- Improved efficiency; flexibility remains point of interest
- Growth primarily attributable to positive developments in the German machine manufacturing industry (exports to China)
- Strong focus on A and B customers
- Significant focus on expansion in China and USA; in China numerous new projects
- Kendrion Magneta (acquired in 2010) has many new projects as well

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PASSENGER CAR SYSTEMS

4c. Review of the business units



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PASSENGER CAR SYSTEMS

General

- Operations: electromagnetic components and systems for the automotive industry
- Production sites in Germany, Austria, the Czech Republic, Romania and China
- Serves European Original Equipment Manufacturers (Daimler, Volkswagen (incl. Audi), PSA) and more and more in the USA
- Focus on energy efficiency, emission reduction, safety and comfort
- Established strong position with high-quality electromagnetic valves for common-rail technology
- Existing expertise can be extended to other markets (e.g. gasoline, off-road, trucks)

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PASSENGER CAR SYSTEMS

First six months of 2011

- Strong organic revenue growth in HY1 2011 (+42%), mainly through activities for the European automotive industry
- Next to it strong growth in special vehicles (hydraulic valves for the agro industry)
- Growth across the entire product range and in all locations; large number of projects
- Leading position in electromagnetic valves for diesel engines is increasingly starting to pay off
- New projects in USA in gasoline engines > EUR 25 million as of 2014, including electromagnetic valves for common rail systems in gasoline engines
- Priority given to innovations (technology radar)
- Company follows trends in engine management (increasingly smaller engines, switchable units, fuel efficiency and carbon reduction)

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COMMERCIAL VEHICLE SYSTEMS

4d. Review of the business units



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COMMERCIAL VEHICLE SYSTEMS

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General

- Operations: components and total cooling systems for buses, trucks, special vehicles and generators
- Global market leader in electromagnetic cooling systems for luxury coaches
- Sites in Germany, USA, Mexico, Brazil, China and India
- USPs are energy-efficiency and convenience
- Increasingly a systems provider
- Service business (approximately 50% of revenue) forms an important basis

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COMMERCIAL VEHICLE SYSTEMS

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First six months of 2011

- Good revenue growth in HY1 2011 (+15%)
- German bus market picking up, weak market in the USA
- Growth driven by Far East (China and Korea)
- Continued focus on truck market in coming years (USA, India, Brazil)
- New-market penetration for generators (innovation) has been successful, generating substantial revenue
- Start-up in India has been realised; distribution slightly delayed due to slow decision-making in India

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5. Financial position



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Financial position


- Free cash flow HY1 2011: EUR 2 million (Q2 2011: EUR 3.8 million)
- Working capital is under control
- Strong balance sheet; solvency: 64.7%)
- Funds available for acquisitions > EUR 40 million

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7. European Commission fine



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European Commission fine

- Fine imposed in 2005 (EUR 34 million)
- Reason: alleged involvement of former subsidiary Fardem Packaging in cartel during period 1995-2002
- According to three respected law firms, Kendrion stands a good chance of successfully defending itself before the General Court in Luxembourg
- Kendrion made a provision of EUR 2.2 million
- Public hearing held on 9 March 2011
- Court will likely render judgement 8-12 months after hearing (or later)

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7. Outlook



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Outlook for 2011

- Nervous sentiment impels cautious statements
- Very strong order book
- Operations remain strong; no sign of a decline
- Investment significantly above depreciation level (ERP project)
- Strong financial position
- At least 15% growth in revenue with a corresponding improvement in profit is forecast

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8. 100 years of electromagnetism

 **100 YEARS OF ELECTROMAGNETISM**

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 **100 YEARS OF ELECTROMAGNETISM**

100 years of electromagnetism

- 1911: Kendrion Binder established in Villingen, Germany
- Celebration of 100 years of electromagnetism in 2011
- Various events to be organised for key stakeholders
- Special event on 15 September 2011 for important stakeholders
- Dr. Wilhelm Binder Symposium will take place on 10 November 2011

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