

P R E S S R E L E A S E

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**SIGNIFICANT GROWTH OF REVENUE AND OPERATING RESULT IN Q3,
GOOD DEVELOPMENT CONTINUES**

- Revenue of EUR 107.0 million in Q3 2014 (10.2% organic growth)
- Revenue growth of 26% in first nine months 2014 (of which 9.4% organic growth)
- EBITA increased 33% in Q3 2014, growth attributable to both divisions
- Return on Sales 8.0% in Q3 2014 (YTD 2014 8.1%, FY 2013 6.8%)
- Good market conditions continue in both the industrial and the automotive activities

Key figures ¹

(x EUR 1 million unless otherwise stated)	Q3 2014	Q3 2013	Difference in %
Revenue	107.0	97.1	10%
EBITA	8.5	6.4	33%
Net profit	5.0	2.8	79%
(x EUR 1 million unless otherwise stated)	YTD 2014	YTD 2013	Difference in %
Revenue	322.7	255.5	26%
EBITA	26.1	17.3	51%
Net profit	15.5	8.6	80%

¹ EBITA and net profit adjusted for non-recurring items:

- Q3 2013: Release of earn-out provision for Kuhnke EUR 4.3 million, non-recurring costs mainly relating to the restructuring and integration of Kuhnke (EUR 3.3 million; after tax EUR 2.5 million)
- Q2 2013: Non-recurring costs relating to the Kuhnke acquisition (EUR 1.8 million), along with a non-recurring tax gain of EUR 1.6 million

Piet Veenema, CEO of Kendrion:

"Kendrion continued to perform well in the third quarter. The strongest growth again came from projects that were started up in the past year. It is good to see that this growth was achieved in both divisions. Market conditions were good and a slowdown in growth is not foreseeable so far. We accordingly expect a continuation of the good developments for both of our divisions, while noting that, as is the case every year, there are still uncertainties concerning the production volume of the Automotive Division in the month of December. As start-up costs in the third quarter had a less substantial impact than expected, the margin remained at a satisfactory level; we therefore look ahead to the future with confidence."

Financial review

Revenue

In the third quarter, organic revenue growth amounted to 10.2% (excluding currency effects), mainly due to good economic conditions and new projects launched in the last twelve months. The Industrial Division realised organic growth of 4.8% in revenue and the Automotive Division achieved growth of 13.6%. This growth reflects the success of the focus on new innovative products and market segments.

Results

Third quarter 2014

The operating result before amortisation increased to EUR 8.5 million (normalised Q3 2013: EUR 6.4 million), due to the good turnover development, but also due to a further improved operating result in the Industrial Division. The operating result in the Automotive Division also increased compared to the third quarter 2013. The margin of this division was however slightly lower than in the first half year 2014, due to higher materials costs related to the planned start-up of new projects as announced in August. The integration of the former Kuhnke activities in Kendrion has been successfully completed.

First nine months 2014

The operating result before amortisation in the first nine months 2014 increased to EUR 26.1 million (normalised first nine months 2013 EUR 17.3 million). This was reflected in a Return on Sales of 8.1% (first nine months 2013: 6.8%). The good turnover development as well as measures taken in 2013 at Kuhnke are the main reasons for this improvement. The improvement is more or less equal in both divisions.

Net finance costs in the first nine months 2014 were EUR 4.0 million, at the same level as in 2013.

Income tax expense for the first nine months 2014 was EUR 4.0 million, resulting in an effective tax rate of 20.5%.

Net profit in the first nine months 2014 increased to EUR 15.5 million (normalised first nine months 2013 EUR 8.6 million). Normalised earnings per share amounted to EUR 1.19 (EUR 0.69 in 2013).

Financial position

The balance sheet total decreased by approximately EUR 1.4 million in the third quarter compared to the balance sheet as at 30 June 2014. The net debt position at the end of the third quarter was EUR 95.3 million, EUR 3.4 million lower than at the end of the first half year. Free cash flow in the first nine months (excluding the EUR 43.8 million fine paid to the European Commission on 3 April 2014) was EUR 3.5 million (free cash flow in the first nine months 2013 was EUR -5.5 million).

Investments amounted to EUR 14.3 million in the first nine months, at a depreciation level of EUR 12.0 million. Investments in 2014 will be substantially higher than the depreciation level, largely due to new automotive projects and the implementation of the new ERP system.

Kendrion's financial position is strong, with a solvency ratio of 43% at the end of September 2014.

Number of employees

The number of employees in the third quarter totalled 2,797, including 126 temporary employees (Q3 2013: 2,807 employees including 130 temporary workers). The decrease is the result of efficiency measures taken at Kendrion Kuhnke following the acquisition, partly offset by increased activity levels.

ERP Project HORIZON

The ERP "HORIZON" project is progressing well. In August, Kendrion (Shelby) transferred to the new IFS system. The conversion of the business units Industrial Control Systems and Automotive Control Systems (the former Kuhnke activities) is scheduled for the end of 2014. After this transfer the HORIZON project will be nearly completed.

Outlook

Although the uncertainty about the developments in Kendrion's most important home market Germany increased, Kendrion does not see a slowdown in its most important markets so far. Both the German machine equipment market (the most important market segment for the Industrial Division), and the German and US passenger car markets (the most important market segments for the Automotive Division) are operating at a stable level. The order entry is also still at a strong level.

Kendrion therefore expects the good developments of several successive quarters in the Industrial Division to continue. A further continuation of growth is also expected in the Automotive Division, however with the usual uncertainty about the production level at the end of the year. The planned start-up costs of the new projects will again put some pressure on the operating margin in the fourth quarter 2014.

Due to this uncertainty, Kendrion is unable to provide a specific revenue and profit forecast for the full year 2014.

Profile of Kendrion N.V.

Kendrion N.V., a solution provider, develops, manufactures and markets innovative high-quality electromagnetic and mechatronic systems and components for customers all over the world. Kendrion's operations are carried out by two divisions with a total of seven business units that are focused on specific market segments, namely the Industrial Division's Industrial Magnetic Systems, Industrial Control Systems and Industrial Drive Systems business units and the Automotive Division's Passenger Car Systems, Automotive Control Systems, Commercial Vehicle Systems and Heavy Duty Systems business units.

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 and mechatronic solutions for industrial and automotive 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 Bosch, Continental, Daimler, Delphi, Evobus, Hyundai, Siemens, ThyssenKrupp Bilstein, Volkswagen, Wabco, Yutong and ZF.

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

Zeist, 6 November 2014

The Executive Board

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Annexes

1. Consolidated statement of comprehensive income
2. Consolidated statement of financial position
3. Financial calendar 2014 - 2015

Annex 1 – Consolidated statement of comprehensive income

(EUR million)	Q3 2014	Q3 2013	period ended 30-09-2014	period ended 30-09-2013	full year 2013
Revenue	107.0	97.1	322.7	255.5	354.0
Other income	0.1	4.4	0.2	4.5	4.6
Total revenue and other income	107.1	101.5	322.9	260.0	358.6
Changes in inventories of finished goods and work in progress	(1.6)	(0.2)	(5.0)	(0.3)	1.6
Raw materials and subcontracted work	58.2	50.5	172.9	132.5	181.7
Staff costs	30.3	31.4	94.1	79.3	108.6
Depreciation and amortisation	5.0	4.4	14.6	11.2	16.0
Other operating expenses	7.5	8.9	22.8	22.9	29.8
Result before net finance costs	7.7	6.5	23.5	14.4	20.9
Finance income	0.0	0.1	0.2	0.2	0.3
Finance expense	(1.3)	(1.7)	(4.2)	(4.3)	(5.5)
Net finance costs	(1.3)	(1.6)	(4.0)	(4.1)	(5.2)
Profit before income tax	6.4	4.9	19.5	10.3	15.7
Income tax expense	(1.4)	(0.3)	(4.0)	(0.1)	1.0
Profit for the period	5.0	4.6	15.5	10.2	16.7
Attributable to:					
Equity holders of the Company	5.0	4.6	15.5	10.2	16.7
Profit for the period	5.0	4.6	15.5	10.2	16.7
Basic earnings per share (EUR), based on weighted average	0.38	0.35	1.19	0.82	1.33
Diluted earnings per share (EUR)	0.38	0.35	1.19	0.82	1.33
Normalised earnings per share (EUR), based on weighted average	0.38	0.22	1.19	0.69	1.14

- The quarterly results are not audited –

Annex 2 – Consolidated statement of financial position

(EUR million)	30 Sept. 2014	30 Sept. 2013	31 Dec. 2013
Assets			
Non-current assets			
Property, plant and equipment	82.6	79.8	80.5
Intangible assets	122.7	121.0	120.9
Other investments, including derivatives	0.8	0.7	0.5
Deferred tax assets	14.0	13.7	15.1
Total non-current assets	220.1	215.2	217.0
Current assets			
Inventories	54.0	52.2	46.9
Current tax assets	4.3	3.9	3.3
Trade and other receivables	58.9	59.0	49.6
Cash and cash equivalents	10.8	16.4	18.0
Total current assets	128.0	131.5	117.8
Total assets	348.1	346.7	334.8
Equity and liabilities			
Equity			
Share capital	26.1	25.9	25.9
Share premium	68.8	74.3	74.4
Reserves	38.2	18.7	17.1
Retained earnings	15.4	10.2	16.7
Total equity	148.5	129.1	134.1
Liabilities			
Loans and borrowings	103.5	76.0	64.6
Employee benefits	17.5	18.8	18.0
Government grants received in advance	-	0.1	0.1
Provisions	0.6	48.8	2.0
Deferred tax liabilities	11.6	12.2	11.0
Total non-current liabilities	133.2	155.9	95.7
Bank overdraft	1.8	3.4	1.8
Loans and borrowings	0.8	-	0.6
Current tax liabilities	1.5	0.6	1.0
Trade and other payables	62.3	57.7	101.6
Total current liabilities	66.4	61.7	105.0
Total liabilities	199.6	217.6	200.7
Total equity and liabilities	348.1	346.7	334.8

- The quarterly results are not audited -

Annex 3 - Financial calendar 2014 - 2015

2014

Publication of Q3 2014 results	Thursday, 6 November 2014	08:00 a.m.
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2015

Publication of 2014 full-year figures	Thursday, 26 February 2015	08:00 a.m.
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Analysts' meeting	Thursday, 26 February 2015	11:30 a.m.
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General Meeting of Shareholders	Monday, 13 April 2015	02:30 p.m.
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Publication of Q1 2015 results	Thursday, 7 May 2015	08:00 a.m.
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Publication of HY1 2015 results	Thursday, 20 August 2015	08:00 a.m.
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Analysts' meeting	Thursday, 20 August 2015	11:30 a.m.
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Publication of Q3 2015 results	Thursday, 5 November 2015	08:00 a.m.
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