



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

K E N D R I O N N . V .

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Best quarter ever, outlook raised further

- **Market conditions remain good, growth continues in all key home markets (Germany, China and US)**
- **Q3 2010 revenue totals EUR 59 million, representing an increase of 51% compared to Q3 2009, growth achieved in all business units**
- **Q3 2010 revenue increases by 6% compared to Q2 2010**
- **EBITA climbs to EUR 7.1 million (12% of revenue) in Q3 2010 (Q3 2009: EUR 2.2 million, Q2 2010 EUR 6.5 million)**
- **Focus on innovation and geographical spread is successful**
- **Kendrion expects to achieve at least 40% growth in revenue in 2010 with net profit of at least EUR 13 million**
- **Kendrion intends to pay a dividend for 2010**

(x EUR 1 million)	Q3 2010 ¹	Q3 2009
Revenue	59.0	39.0
EBITA from ordinary activities	7.1	2.2
Net profit	4.2	1.0

(x EUR 1 million)	Until Q3 2010 ¹	Until Q3 2009
Revenue	163.0	108.8
EBITA from ordinary activities	17.6	3.3 ²
Net profit	10.4	2.1 ³

¹⁾ Including Kendrion Magneta from 1 March 2010 (revenue included in first nine months: EUR 6.6 million)

²⁾ Excluding provision for "Springtime" plan (EUR 8.5 million)

³⁾ Including book profit on Vink (EUR 10 million) and provision for "Springtime" plan (EUR 8.5 million)

Piet Veenema, CEO of Kendrion:

"We are extremely pleased with the results achieved in the third quarter. It was the best quarter ever for the electromagnetic activities despite the summer holiday season falling into this period. Our focus has remained fully on innovation and flexibility and this is reflected in this excellent result. We have revised the outlook upwards for the full year 2010 to expected growth in revenue of at least 40% in comparison to 2009 with net profit of at least EUR 13 million. Based on this outlook, we are also announcing our intention to pay out 30% of the net profit realised in 2010 in dividend."

Developments in third quarter of 2010

It was possible to continue the positive developments in the first six months of 2010 in the third quarter of this year. Revenue in the third quarter of 2010 increased by 51% in comparison to the third quarter of 2009. It is striking that revenue in the third quarter was even 6% higher than in the second quarter of 2010 even though the summer holiday season always takes place in the third quarter. Every effort consequently had to be made during the summer months in order to be able to fulfil the sharply heightened demand. This development applied to all four business units and was driven in part by continuing strong German industrial exports to the Far East.

The Industrial Magnetic Systems business unit saw both its revenue and profitability improve further in the quarter under review. This business unit is clearly benefiting from the increased efficiency ensuing from the measures implemented earlier this year, including moving production to Romania. A number of new innovative projects in the medical sector also made a major contribution to the growth in revenue.

The Industrial Drive Systems business unit saw its revenue increase sharply in the quarter under review. This rise is due to a number of factors including the revenue of the German mechanical engineering once again rising considerably, new innovative products (including a new security system for ski lifts) providing an impetus for revenue and the Kendrion Magneta company acquired earlier this year developing favourably.

The Passenger Car Systems business unit continued to profit from sharply increased German automobile industry sales in the third quarter. As stated previously in relation to this development, Kendrion is benefiting to a large degree from the success of the new energy-efficient diesel engines for which it supplies a number of key components.

The Commercial Vehicle Systems business unit saw its revenue once again rise primarily outside of Europe during the quarter under review. Efforts aimed at achieving further growth in the truck markets are beginning to bear fruit, with growth in the United States especially being achieved according to plan. The Far East is likewise an important growth market for this business unit. A production unit will be launched in India in the coming months. A new market innovation for cooling of generators (winner of the Kendrion Innovation Award 2010) is already making a substantial contribution to revenue.

The cost-reducing measures implemented in 2009 also significantly influenced Kendrion's profit performance in the third quarter. Combined with the growth in revenue, this resulted in a further rise in operating result before amortisation (EBITA) to EUR 7.1 million. Operating result before amortisation amounted to 12% in the third quarter (Q1 8%, Q2 11%). This made the third quarter of 2010 the best quarter ever for the electromagnetic activities despite it traditionally being Kendrion's weakest quarter.

Kendrion focuses a great deal of attention on the aspect of flexibility. It is Kendrion's aim to be able to respond in a timely fashion to economically weaker periods in the future as well. Within this context, the company is seeking to maintain or further develop the increased flexibility that ensued following the measures implemented during the crisis last year. Kendrion is currently still

working with approximately 180 temporary employees. The number FTE's increased by only 45 to 1,200 in the third quarter even though revenue once again rose during this quarter.

Net profit amounted to EUR 4.2 million in the third quarter (Q3 2009: EUR 1 million) and EUR 10.4 million in the first nine months of 2010 (first nine months of 2009: EUR 2.1 million). As a result, earnings per share totalled EUR 0.92 in the first nine months of 2010 (first nine months 2009: EUR 0.18).

Financial position

Kendrion's balance sheet total remained slightly below the total at the end of the second quarter at EUR 175.2 million.

Investments through the third quarter of 2010 amounted to EUR 5.4 million with a depreciation level of EUR 6.2 million. Investments for 2010 are expected to be approximately equal to the level of depreciation.

The free cash flow totalled EUR 5.5 million in the third quarter (total through Q3: EUR 9.9 million).

The net debt position was EUR 12.9 million at the end of September 2010. Solvency amounted to 61% at the end of September.

Outlook

Strong growth in revenue also continued in the third quarter despite the summer holiday season falling into this period. The order portfolio remains unabatedly strong and there are no signs of a downward trend. A weaker December can nonetheless be expected if customers lower production in order to further reduce inventories. Kendrion expects to be able to achieve growth in revenue of at least 40% in 2010 in comparison to 2009 with net profit of at least EUR 13 million in 2010.

Based on the current insights and cash flow performance, Kendrion intends to pay out 30% of the net profit realised in 2010 in dividend.

Dr. Wilhelm Binder Day - 1st Kendrion Innovation Event

Kendrion organised the first Dr. Wilhelm Binder Days in early October 2010. The events were attended by a total of approximately 350 guests and 500 Kendrion employees. A number of new innovative products in the field of energy efficiency and safety were displayed during the event. The participants in the Dr. Wilhelm Binder Days gave the event a very high rating.

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, air-conditioning, motor cooling systems and beverage dispensers. Kendrion's key customers include Bosch, Siemens, Daimler, Continental, ZF, Evobus, Hyundai and Yutong.

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

Zeist, 9 November 2010

The Board

Piet Veenema – Chief Executive Officer

Eiko Ris – Chief Financial Officer

Heinz Freitag – Chief Operating Officer

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Annexes

1. Condensed statement of comprehensive income
2. Condensed statement of financial position
3. Financial calendar 2011

Annex 1 - Condensed statement of comprehensive income

(EUR million)	Q3 2010	Q3 2009	period ended 30-9-2010	period ended 30-9-2009	2009
Revenue	59.0	39.0	163.0	108.8	149.2
Other operating income	0.1	(0.1)	0.3	0.8	1.0
	59.1	38.9	163.3	109.6	150.2
Changes in inventories of finished goods and work in progress	0.5	0.3	(2.6)	2.5	4.4
Raw materials and subcontracted work ¹	28.6	18.8	81.4	49.4	68.2
Staff costs ¹	15.3	11.7	46.1	44.0	55.5
Depreciation and amortisation	2.6	2.3	7.2	6.6	8.8
Impairment of other investments	-	-	-	-	0.9
Other operating expenses ¹	5.4	3.9	14.6	14.2	17.4
Result before net finance costs	6.7	1.9	16.6	(7.1)	(5.0)
Finance income	0.0	0.0	0.0	0.2	0.2
Finance expense	(0.8)	(0.9)	(2.1)	(3.1)	(3.6)
Net finance costs	(0.8)	(0.9)	(2.1)	(2.9)	(3.4)
Profit before income tax	5.9	1.0	14.5	(10.0)	(8.4)
Income tax expense	(1.7)	0.0	(4.1)	(1.8)	(1.5)
Profit from continuing operations	4.2	1.0	10.4	(11.8)	(9.9)
Result on sale of discontinued operations (net of income tax)	-	-	-	13.9	13.9
Profit for the period	4.2	1.0	10.4	2.1	4.0
Attributable to:					
Equity holders of the company	4.2	1.0	10.3	2.0	3.9
Minority interest	0.0	0.0	0.1	0.1	0.1
Profit for the period	4.2	1.0	10.4	2.1	4.0
Basic earnings per share (EUR)	0.37	0.09	0.92	0.18	0.37
Diluted earnings per share (EUR)	0.37	0.09	0.92	0.18	0.37

¹ = Allocation of temporary personnel and other personnel costs under Staff costs (2009 re-allocated).

Annex 2 - Condensed statement of financial position

(EUR million)	30 Sep. 2010	30 Sep. 2009	31 Dec. 2009
Assets			
Property, plant and equipment	45.3	45.7	45.3
Intangible assets	50.2	41.8	41.4
Other investments, including derivatives	0.4	0.7	0.6
Deferred tax assets	11.8	13.7	13.3
Total non-current assets	107.7	101.9	100.6
Inventories	27.7	25.6	22.4
Current tax assets	0.3	0.1	0.3
Trade and other receivables	34.0	27.8	24.8
Cash and cash equivalents	5.6	3.1	4.7
Total current assets	67.6	56.6	52.2
Total assets	175.3	158.5	152.8
Equity and liabilities			
Equity			
Share capital	22.6	22.6	22.6
Share premium	68.4	68.4	68.4
Reserves	6.4	1.3	1.0
Retained earnings	10.3	2.1	3.9
Total equity attributable to equity holders of the company	107.7	94.4	95.9
Minority interest	0.2	0.2	0.2
Total equity	107.9	94.6	96.1
Liabilities			
Loans and borrowings	12.6	0.7	13.6
Employee benefits	6.9	6.5	6.5
Government grants received in advance	0.4	-	-
Provisions	2.6	2.6	2.6
Deferred tax liabilities	3.5	3.6	3.2
Total non-current liabilities	26.0	13.4	25.9
Bank overdraft	1.4	1.9	3.7
Loans and borrowings	4.5	20.0	1.3
Current tax liabilities	1.9	0.8	0.3
Trade and other payables, including derivatives	33.6	27.8	25.5
Total current liabilities	41.4	50.5	30.8
Total liabilities	67.4	63.9	56.7
Total equity and liabilities	175.3	158.5	152.8

Annex 3 - Financial calendar 2011

Publication of 2010 full-year figures	Monday, 28 February 2011	08.00 a.m.
Analysts' meeting	Monday, 28 February 2011	11:30 a.m.
General Meeting of Shareholders *	Monday, 18 April 2011	03.00 p.m.
Publication of Q1 2011 results	Tuesday, 10 May 2011	08.00 a.m.
Publication of HY1 2011 results	Thursday, 25 August 2011	08.00 a.m.
Analysts' meeting	Thursday, 25 August 2011	11:30 a.m.
Publication of Q3 2011 results	Tuesday, 8 November 2011	08.00 a.m.

* The General Meeting of Shareholders has been postponed from 4 April 2011 to 18 April 2011, 15.00 hours due to a recent change in legislation that provides that the meeting must be convened at least 42 days in advance.