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**PRESS RELEASE  
KENDRION N.V.**

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**Most important developments in first quarter 2006**

- **Net result for first quarter satisfactory at EUR 3.3 million (Q1 2005 standardised EUR 3.3 million)**
- **Development of Kendrion Electromagnetic and Kendrion Distribution Services moderately positive**
- **Kendrion Metal Components shows slight recovery compared to second half year 2005; further reorganisation to achieve improvement in profitability**
- **One-off high financing costs in first quarter 2006 as a result of the refinancing, as previously announced**

**Kendrion N.V. key figures for first quarter 2006**

(In millions of euros)

	<u>Q1 2006</u>	<u>Q1 2005*</u>
Turnover up by 4%	137.9	131.7
Operating result (including holding company costs) practically the same	6.0	6.2
Net profit remains the same	3.3	3.3

\* Standardised = stripped of non-recurring book profits and losses, non-recurring income and expenditure and the results of sold units

## **Performance**

Kendrion's activities developed largely as expected in the first quarter. Turnover rose by over 4%. The operating result remained practically the same. Financing costs (EUR 1.9 million) were high on a one-off basis due to an up-front fee (still to be amortised) of EUR 0.5 million relating to the refinancing at end 2004.

Kendrion Electromagnetic showed further growth in turnover (over 10%) and operating result. The profit improvement was achieved particularly in Kendrion Electromagnetic's automotive activities. In addition, the operating result of this business area was also positively influenced by a one-off book profit from the sale of real estate.

Despite a fall in turnover of over 9%, Kendrion Metal Components managed to achieve a positive operating result again after a difficult second half of 2005, although the good result in the first quarter of 2005 from high-volume stamping was not equalled. The high-volume stamping activities of the Kendrion SKA joint venture in Germany obtained a substantially better result relative to the first quarter 2005. It has been decided to further reorganise the safety activities of Kendrion Metal Components, particularly in connection with the desired improvement in profitability. Overall, the number of jobs at Kendrion Metal Components will be reduced by around 60 to 600 in the course of 2006. The expected reorganisation costs will be around EUR 1.0 million in the course of the year.

Kendrion Distribution Services achieved an increase in turnover of 6%, but saw continuing pressure on margins in a number of countries. Market conditions are likely to improve further for the Vink group in 2006. Vink's strategy remains unchanged, focusing on a further strengthening of regional market leadership and increase in turnover in France and Germany.

Servico performed well in the first quarter of 2006.

## **Financial position**

The balance sheet total is up by EUR 13.0 million relative to end 2005, to EUR 269 million, which is related to normal seasonal patterns.

Investment in the first quarter amounted to EUR 2.1 million, with a depreciation level of EUR 3.3 million.

The solvency rate at end March is nearly 27%. The new financing agreement with a consortium of four banks was finalised at the end of March 2006. Kendrion was able to agree more favourable financing arrangements. The effect of the lower interest charges under the new financing agreement finalised at the end of March will only become evident as of the second quarter of this year, although not in as much as originally planned, due to the imposed fine of the European Commission late 2005.

## **Outlook**

Kendrion has a satisfactory quarter behind it. Kendrion Electromagnetic is developing positively. Attention will focus particularly on the further improvement of profitability at Kendrion Metal Components on the longer term and on improving Vink's market position in a number of countries. The economic climate appears to be improving slightly for most of Kendrion's activities. It is still too early to give a concrete profit forecast for 2006.

## **Profile Kendrion N.V.**

Kendrion N.V. designs, manufactures and sells high-quality electromagnetic and metal components. It also processes and distributes semi-finished plastics. The company currently has approximately 2,600 employees in 16 countries in Europe, Far East and the United States.

Kendrion's mission is to be a leading international company that with its existing know-how, innovative capacity and commercial strengths will provide effective solutions to its customers. In doing so Kendrion seeks to be a transparent, flexible and reliable company in which entrepreneurial zest is combined with clear profit objectives.

Kendrion stock is listed on the Euronext Amsterdam stock exchange and included in the Euronext Small Cap index.

Zeist, 9 May 2006

The Executive Board of Kendrion N.V.

## **For additional information:**

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## **Annexes**

1. Consolidated profit and loss account
2. Consolidated balance sheet
3. Financial calendar 2006 - 2007

## Annex 1

### Consolidated profit and loss account

(x EURO 1.000.000)

	ACTUAL Q1 2006	ACTUAL Q1 2005 *	ACTUAL 2005 *
Revenue	137,9	131,7	520,1
Other operating income	1,3	1,2	5,4
Changes in inventories of finished goods and work in progress	-0,4	-1,1	-2,2
	138,8	131,8	523,3
Raw material and subcontracted work	85,1	79,1	317,8
Employee expense	28,7	28,2	110,1
Depreciation and amortisation expense	3,3	3,4	13,5
Impairment of assets	0,0	0,0	0,3
Other operating expenses	15,7	14,9	59,2
<b>Operation result before financing costs</b>	<b>6,0</b>	<b>6,2</b>	<b>22,4</b>
Change in value of receivables included in the non-current assets			
Financial income	0,0	0,4	1,3
Financial expense	-1,9	-2,1	-6,9
Net financing costs	-1,9	-1,7	-5,6
Share of result associates	0,3	0,1	0,6
<b>Result before tax</b>	<b>4,4</b>	<b>4,6</b>	<b>17,4</b>
Income tax expense	-1,1	-1,3	-4,9
<b>Result for the period</b>	<b>3,3</b>	<b>3,3</b>	<b>12,5</b>
<b>Attributable to:</b>			
Equity holders of the parent	3,3	3,3	12,5
Minority interest			
<b>Result for the period</b>	<b>3,3</b>	<b>3,3</b>	<b>12,5</b>
Basic earnings per share (EUR)	0,03	0,03	0,12
Diluted earnings per share (EUR)	0,03	0,03	0,12

\* Normalised profit and loss account

## Annex 2

### Consolidated balance sheet

(x euro 1.000.000)

#### Assets

Property, plant and equipment

Intangible assets

\* goodwill

\* software

Investments in associates

Other investments

Deferred tax assets

**Total non-current assets**

Stock

Income tax receivable

Trade and other receivables

Cash and cash equivalents

**Total current assets**

**Total assets**

	March 31 2006	March 31 2005	Dec 31 2005
Property, plant and equipment	64,6	76,8	65,5
Intangible assets			
* goodwill	4,9	4,9	4,9
* software	1,9	1,9	2,1
Investments in associates	2,3	2,0	1,9
Other investments	3,4	10,1	3,7
Deferred tax assets	20,7	21,4	20,7
<b>Total non-current assets</b>	<b>97,8</b>	<b>117,1</b>	<b>98,8</b>
Stock	70,6	82,7	67,0
Income tax receivable	1,5	1,8	0,6
Trade and other receivables	95,4	103,2	80,8
Cash and cash equivalents	3,7	3,3	8,5
<b>Total current assets</b>	<b>171,2</b>	<b>191,0</b>	<b>156,9</b>
<b>Total assets</b>	<b>269,0</b>	<b>308,1</b>	<b>255,7</b>

#### Liabilities

##### Equity

Issued capital

Share premium reserve

Reserves

Retained earnings

Total equity attributable to equity holders of the parent

Minority interest

**Total equity**

##### Liabilities

Interest-bearing loans and borrowings

Employee benefits

Deferred government grants

Provisions

Deferred tax liabilities

**Total non-current liabilities**

Bank overdraft

Interest-bearing loans and borrowings

Income tax payable

Trade and other payables

**Total current liabilities**

**Total equity and liabilities**

	20,6	20,6	20,6
	75,2	75,2	75,2
	-27,1	-43,4	-44,4
	3,3	3,6	17,5
	72,0	56,0	68,9
	0,2	0,2	0,2
<b>Total equity</b>	<b>72,2</b>	<b>56,2</b>	<b>69,1</b>
Interest-bearing loans and borrowings	6,6	10,6	13,9
Employee benefits	8,6	10,2	8,5
Deferred government grants	0,2	0,3	0,2
Provisions	5,9	5,3	7,4
Deferred tax liabilities	3,4	5,5	3,3
<b>Total non-current liabilities</b>	<b>24,7</b>	<b>31,9</b>	<b>33,3</b>
Bank overdraft	73,4	113,3	65,3
Interest-bearing loans and borrowings	4,5	4,2	4,8
Income tax payable	2,2	2,6	1,6
Trade and other payables	92,0	99,9	81,6
<b>Total current liabilities</b>	<b>172,1</b>	<b>220,0</b>	<b>153,3</b>
<b>Total equity and liabilities</b>	<b>269,0</b>	<b>308,1</b>	<b>255,7</b>

### **Annex 3**

#### **FINANCIAL CALENDAR 2006 - 2007**

Publication of 1st quarter results 2006	Tuesday 9 May 2006	Pre market hours
Publication of 1st half year results 2006	Tuesday 29 August 2006	Pre market hours
Press and analysts meeting	Tuesday 29 August 2006	10.00 and 11.30 am
Publication of 3rd quarter results 2006	Tuesday 7 November 2006	Pre market hours
Publication of annual results 2006	Tuesday 27 February 2007	Pre market hours
Press and analysts meeting	Tuesday 27 February 2007	10.00 and 11.30 am
General Meeting of Shareholders	Monday 2 April 2007	02.30 pm
Publication of 1st quarter results 2007	Tuesday 8 May 2007	Pre market hours
Publication of 1st half year results 2007	Tuesday 28 August 2007	Pre market hours
Press and analysts meeting	Tuesday 28 August 2007	10.00 and 11.30 am
Publication of 3rd quarter results 2007	Tuesday 6 August 2007	Pre market hours