



General Meeting of Shareholders Kendrion N.V.
Amsterdam, 8 April 2019



Agenda

1. Kendrion overview
2. Business review
3. Strategic and operational update
4. Outlook
5. Q&A



Cautionary Note Regarding Forward Looking Statements

Certain statements contained in this presentation constitute forward-looking statements. These statements may include, without limitation, statements concerning future results of operations, the Company's share of new and existing markets, general industry and macro-economic trends and the Company's performance relative thereto and statements preceded by, followed by or including the words "believes", "expects", "anticipates", "will", "may", "could", "should", "intends", "estimate", "plan", "goal", "target", "aim" or similar expressions. These forward-looking statements rely on a number of assumptions concerning future events and are subject to uncertainties and other factors, many of which are outside the Company's control that could cause actual results to differ materially from such statements.

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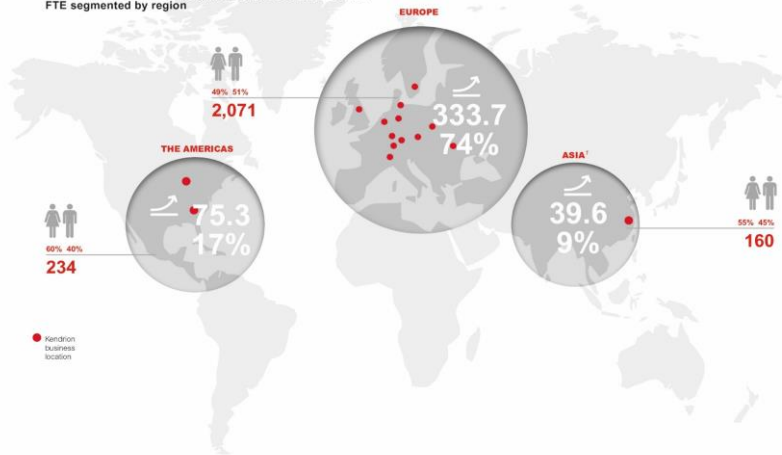
The Kendrion organisation

 <h2>AUTOMOTIVE</h2> <p>Electromagnetic systems and components for specific customer applications in the automotive industry with focus on valves, hydraulics and clutches</p>	 <h2>INDUSTRIAL</h2> <table border="1"> <tr> <td data-bbox="778 556 953 790"> <h3>INDUSTRIAL MAGNETIC SYSTEMS</h3> <p>Customised solutions for switching, locking, holding and positioning based on electromagnetic technology</p> </td> <td data-bbox="953 556 1128 790"> <h3>INDUSTRIAL CONTROL SYSTEMS</h3> <p>Industrial automation, locking units and fluid control systems</p> </td> <td data-bbox="1128 556 1303 790"> <h3>INDUSTRIAL DRIVE SYSTEMS</h3> <p>Full-line provider of electromagnetic brakes and clutches for industrial applications</p> </td> </tr> </table>	<h3>INDUSTRIAL MAGNETIC SYSTEMS</h3> <p>Customised solutions for switching, locking, holding and positioning based on electromagnetic technology</p>	<h3>INDUSTRIAL CONTROL SYSTEMS</h3> <p>Industrial automation, locking units and fluid control systems</p>	<h3>INDUSTRIAL DRIVE SYSTEMS</h3> <p>Full-line provider of electromagnetic brakes and clutches for industrial applications</p>
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Worldwide overview

Revenue (in EUR million) segmented by customer location
FTE segmented by region





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FY 2018 – group financial highlights

(x EUR 1 million unless otherwise stated)	FY 2018*	FY 2017*	
Revenue	448.6	461.8	-3%
EBITDA	58.5	60.0	-3%
EBITA	35.4	37.5	-6%
Net profit	22.6	23.3	-3%
ROS	7.9%	8.1%	

* normalised for EUR 8.8m non recurring costs (2017: EUR 5.1m) and EUR 2.3m expenses related to tax audits

- Revenue decrease of 3%; 2% at constant rates of exchange
- 3% reduction in total cost
- Annualised additional savings from simplification measures of EUR 6.4 million (EUR 8.8 million non-recurring costs)
- Normalised free cashflow before acquisitions of EUR 10.5 million (2017: EUR 16.4 million)
- EUR 30.7 million investments (depreciation: EUR 23.1 million)
- Solvency of 48.5% (2017: 49.8%)
- More than EUR 12 million capital returned to shareholders

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Automotive

- Deteriorating market circumstances for Passenger Cars, especially in Europe and China
- Commercial Vehicles impacted by lower revenues from Asian customers and the closure of the Mexican plant; agricultural activities in Czech Republic ongoing strong
- Revenue FY 2018 decreased by 5% to EUR 283.9 million
- Return on Sales in FY 2018 of 5.2% (2017: 7.0%), with lower cost levels not offsetting reduced revenues
- Simplification measures announced in Passenger Cars fully implemented
- Capital investments in new production lines for transmission systems in China and Romania, active damping in Austria, Czech Republic and Romania, and engine management in Germany

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Industrial

- FY 2018 revenue increase of 1%; 2% at constant rates of exchange
- Strongest year on record with a Return on Sales of 12.5% (2017: 10.5%)
- Reduced revenues at Industrial Magnetic Systems as a result of low order intake from a major customer
- Good growth in Industrial Control Systems with strong demand in medical and machine automation
- Stable revenues and a step-up in profitability for Industrial Drive Systems; ongoing growth in electromagnetic brake segment
- Capital investments focused on production lines for permanent magnet brakes in China and valves for medical and machine automation applications in Romania

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Dividend and cash return

	2015 Actual	2016 Actual	2017 Actual	2018 Proposed
Dividend per share	0.78	0.78	0.87	0.87
Dividend yield*	3.2%	2.9%	2.2%	4.2%
Pay out %	61%	53%	50%	52%
Total dividend (xmillion EUR)	10.2	10.3	11.7	11.7

- The proposed dividend is equivalent to an amount of EUR 0.87 per share, equal to 2017
- In 2017 and 2018 Kendrion launched share buyback programmes to neutralise the dilutive effect of the stock portion of the optional dividend



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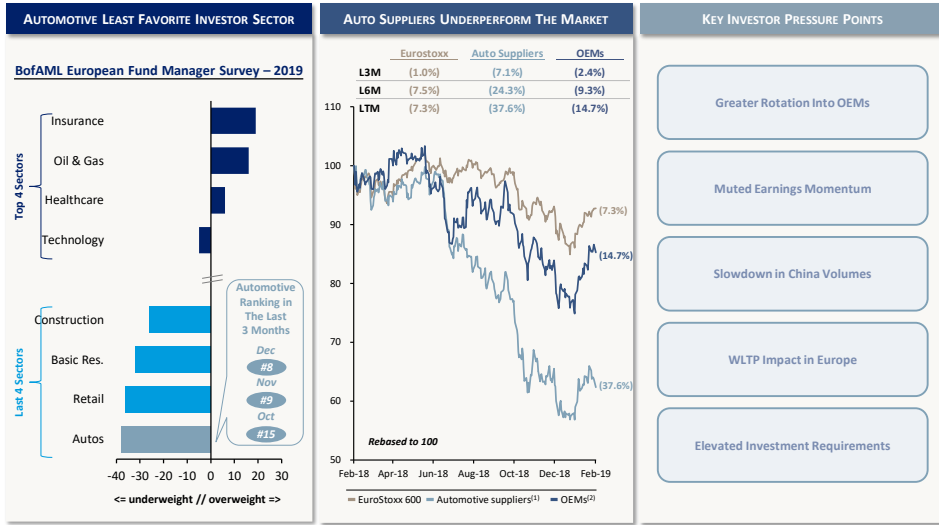


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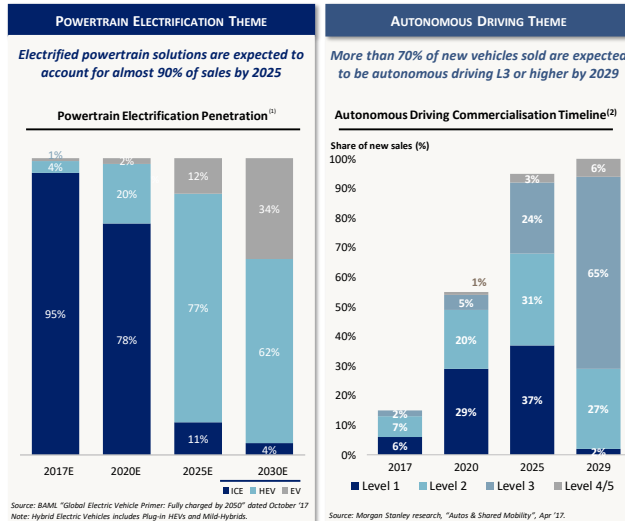
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Auto Investor Sentiment Remains Muted



4 Source: FactSet as of February 2019, BofAML January 2019 European Fund Manager Survey.
 (1) Automotive supplier companies include: Autoliv, BorgWarner, Brembo, Continental, Ekingklinger, Faurecia, Gestamp, Hella, Leoni, Norma Group, Plastic Omnium, Rheinmetall, Schaeffler, SHW, Sogefi, Stabilus and Valeo.
 (2) OEMs companies include: Daimler, BMW, Volkswagen, Renault, Peugeot SA.

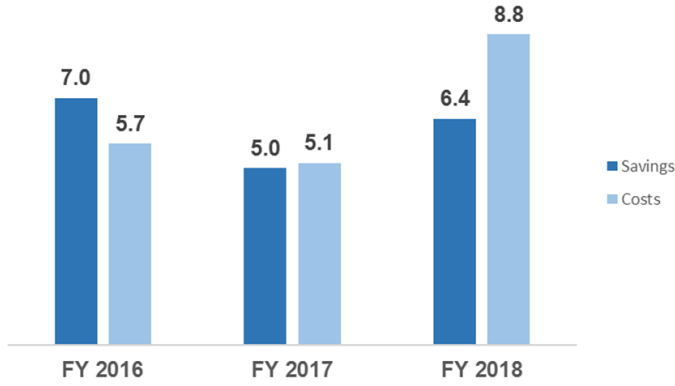
Technology Disruption Amplifying Current Uncertainty



(1) Very Strict CO2 emission reduction to 10 g/km in 2050, representing the global warming goal of a maximum increase of 2 degrees Celsius transferred to the transportation industry.
 (2) Level 1: The driver is in control of the vehicle at all times; Level 2: Partial automation using ADAS, driver responsible for monitoring driving; Level 3: Auto-pilot "eyes off" driving; Level 4: Fully automated "brain off" driving.
 (3) Including taxis, excluding car rental.



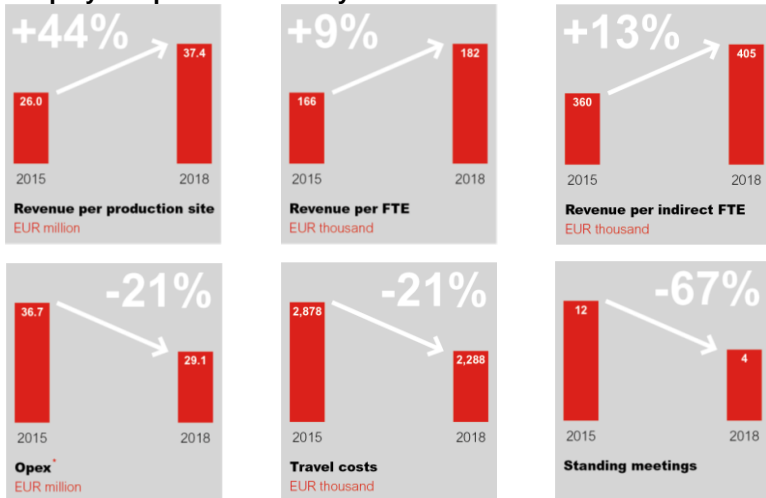
Simplify – EUR 18.4 million savings at EUR 19.6 million one-off costs



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Simplify – improved efficiency



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KENDRION

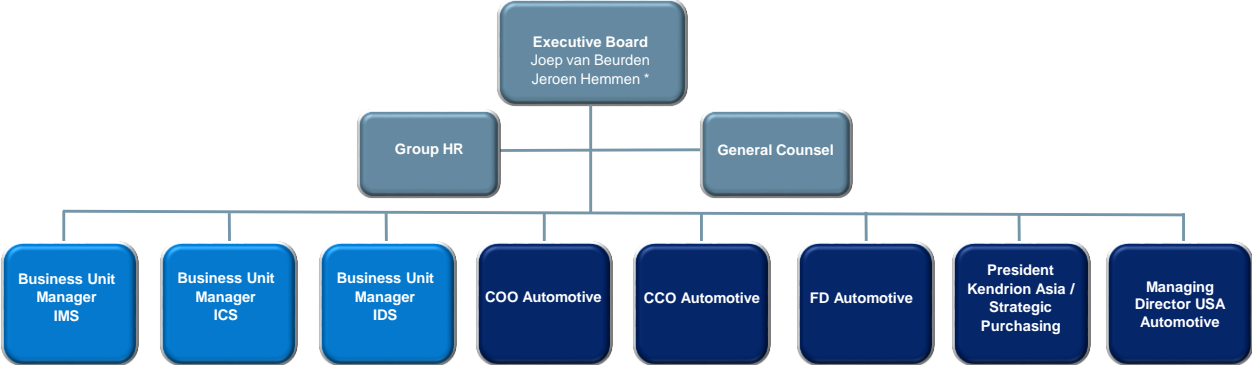
PRECISION. SAFETY. MOTION.

Note: during the AGM a Kendrion movie including introduction of the new corporate design is presented

KENDRION

PRECISION. SAFETY. MOTION.

KENDRION MANAGEMENT TEAM As per 1 January 2019



* On 29 March 2019 Kendrion announced that it nominates Jeroen Hemmen (45) for appointment as CFO of Kendrion N.V. at the extraordinary general meeting of shareholders on 7 June 2019

FOCUS



Passenger Cars

- New business in fuel systems, engine management, transmission systems and active damping
- New functional Automotive organisation to increase commercial visibility and to further optimise our production facilities

Robotics

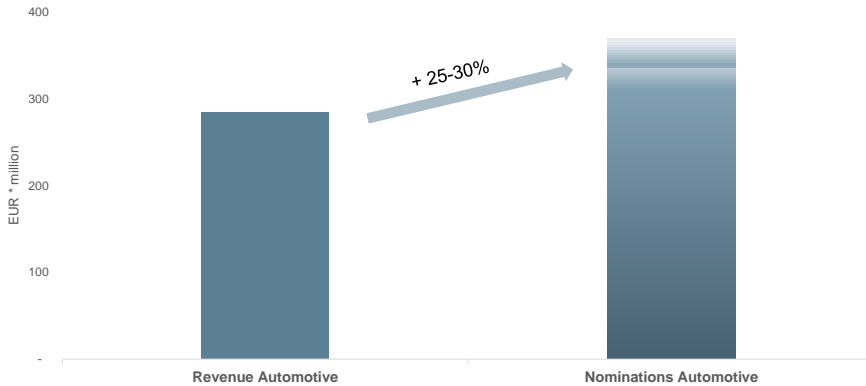
- Strong growth in electromagnetic brakes
- Phase one of production capacity expansion in Suzhou completed, phase 2 started
- R&D activities center around brake technology for collaborative robots

China

- Larger manufacturing facility in Suzhou in anticipation of strong growth
- New production line for park lock ramping on plan
- Significant nominations received with excellent commercial momentum

GROW

2018 nominations in Automotive exceed revenue



GROW



- Long-term growth opportunities for both our Automotive and Industrial activities intact
- Kendrion has robustly optimised its organisation, is financially healthy and relentlessly focused on important organic growth opportunities, despite short term headwinds
- Healthy level of nominations in 2018 in the Automotive group, significantly higher than current annual revenue

CORPORATE SOCIAL RESPONSIBILITY
Target framework 2019 - 2023

 Natural Capital	 Social and Human Capital	 Responsible Business Conduct
<p>15% Relative reduction of energy consumption</p> 	<p>Recurring annual improvement of health & safety figures number of accidents per 1,000 FTE, lost time injury rate per 1,000 FTE, group-wide illness rate</p>	<p>Maintain a responsible product portfolio Products that Keep you Safe, Products that Reduce Climate Impact and Products that Improve Health</p>
<p>15% Relative reduction of CO₂ emission</p> 	<p>The establishment of a Global Diversity Committee, responsible for advancing diversity</p>	<p>Sustainable sourcing Sourcing only from approved suppliers and conducting at least 25 implementation audits annually</p>
<p>Implementation of the waste management hierarchy in global waste management practices</p>	<p>The implementation of a global company culture campaign along the theme 'Growth through Innovation and Continuous Improvement'</p>	<p>Continuous improvement and strengthening of the Global Legal Compliance and Governance Framework to secure responsible business conduct</p>
	<p>Rewarding 10 community investment initiatives per year through Together@Kendrion</p>	



4. Outlook

OUTLOOK

- The overall sentiment regarding the global economic outlook deteriorated considerably in the final months of 2018
- Kendrion expects continued pressure for its Automotive activities and expects the weaker demand in these markets seen during the latter half of 2018 to continue
- The long-term outlook is unchanged and remains good for both the Automotive group and the Industrial activities

LONG-TERM TARGETS 2023

- ROI* 2023: > 20.0%
- EBITDA 2023: > 15%
- Dividend policy: 35 – 50% of net profit (unchanged)

* Before potential acquisitions

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DIVIDEND

	2013	2014	2015	2016	2017	2018 (proposal)
Dividend per share (EUR)	0.55	0.78	0.78	0.78	0.87	0.87
Dividend yield *	2.3%	3.6%	3.2%	2.9%	2.2%	4.2%
Pay-out (EUR million)	7.2	10.1	10.3	10.4	11.7	11.7
Pay-out percentage	50%	50%	61%	53%	50%	52%

* Based on share price per 31 December

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NEW OFFICE
Vesta Building, Amsterdam Zuidoost



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KENDRION

PRECISION. SAFETY. MOTION.