

**GENERAL MEETING OF SHAREHOLDERS
KENDRION N.V.**

12 APRIL 2021

GENERAL MEETING OF SHAREHOLDERS

Agenda item 1

- **Opening and notifications**

GENERAL MEETING OF SHAREHOLDERS

Agenda item 2.a

- **Report by the Executive Board on financial year 2020 (for discussion)**



JOEP VAN BEURDEN, CEO
JEROEN HEMMEN, CFO

AGENDA

1. Overview
2. COVID-19
3. Business review
4. Strategic and operational update
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.



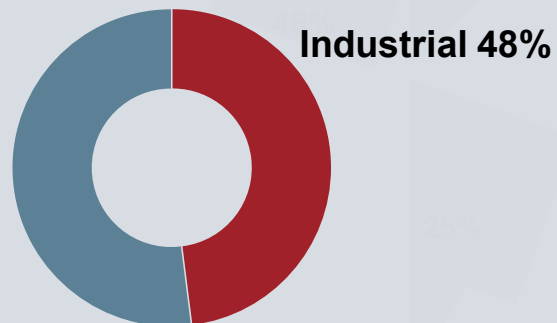
1. Overview

KENDRION AROUND THE WORLD

 **Employees
over 2,400**

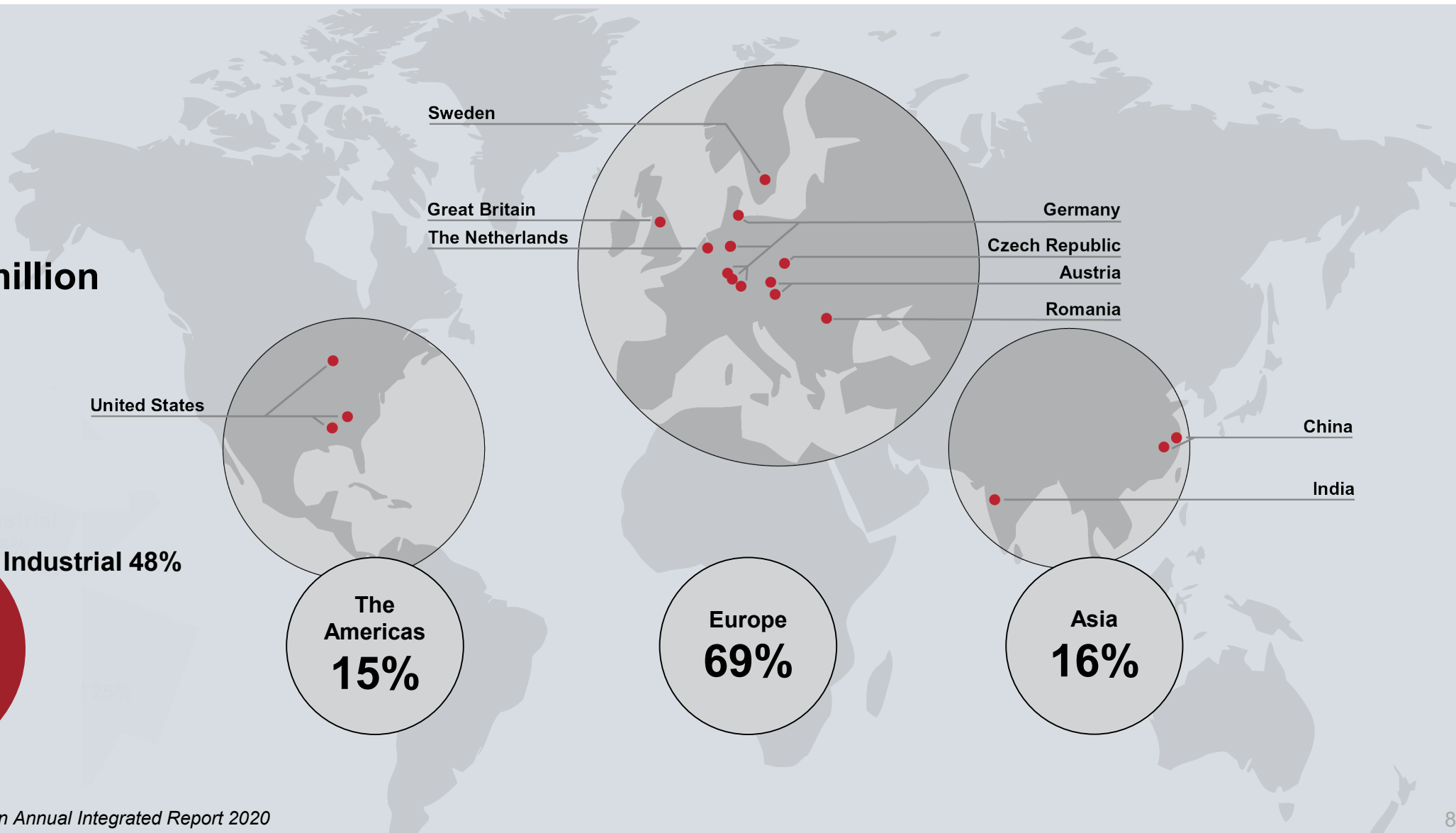
 **Revenue
EUR 396,4 million**

 **Revenue share**



Automotive 52%

Source: Kendrion Annual Integrated Report 2020



KENDRION BUSINESS GROUPS

AUTOMOTIVE

Innovative mobility solutions for passenger cars and commercial vehicles focused on drive systems, fluid control and smart actuation technologies

INDUSTRIAL BRAKES

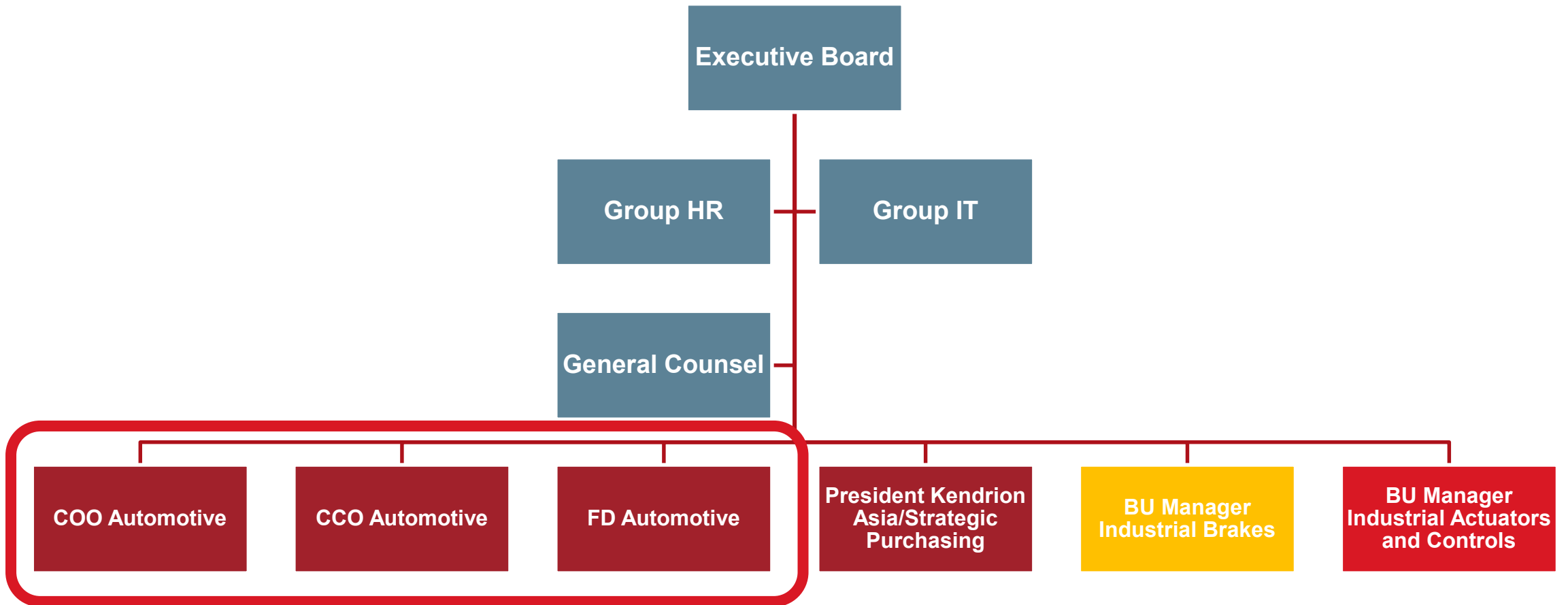
Full-line provider of electromagnetic brakes, spring-applied brakes and clutches for industrial applications

INDUSTRIAL ACTUATORS AND CONTROLS

Industrial automation, locking units and fluid control systems, customised solutions for switching, locking, holding and positioning based on electromagnetic technology

OUR ORGANISATION'S STRUCTURE

Management Team as of 1 January 2020





2. COVID-19

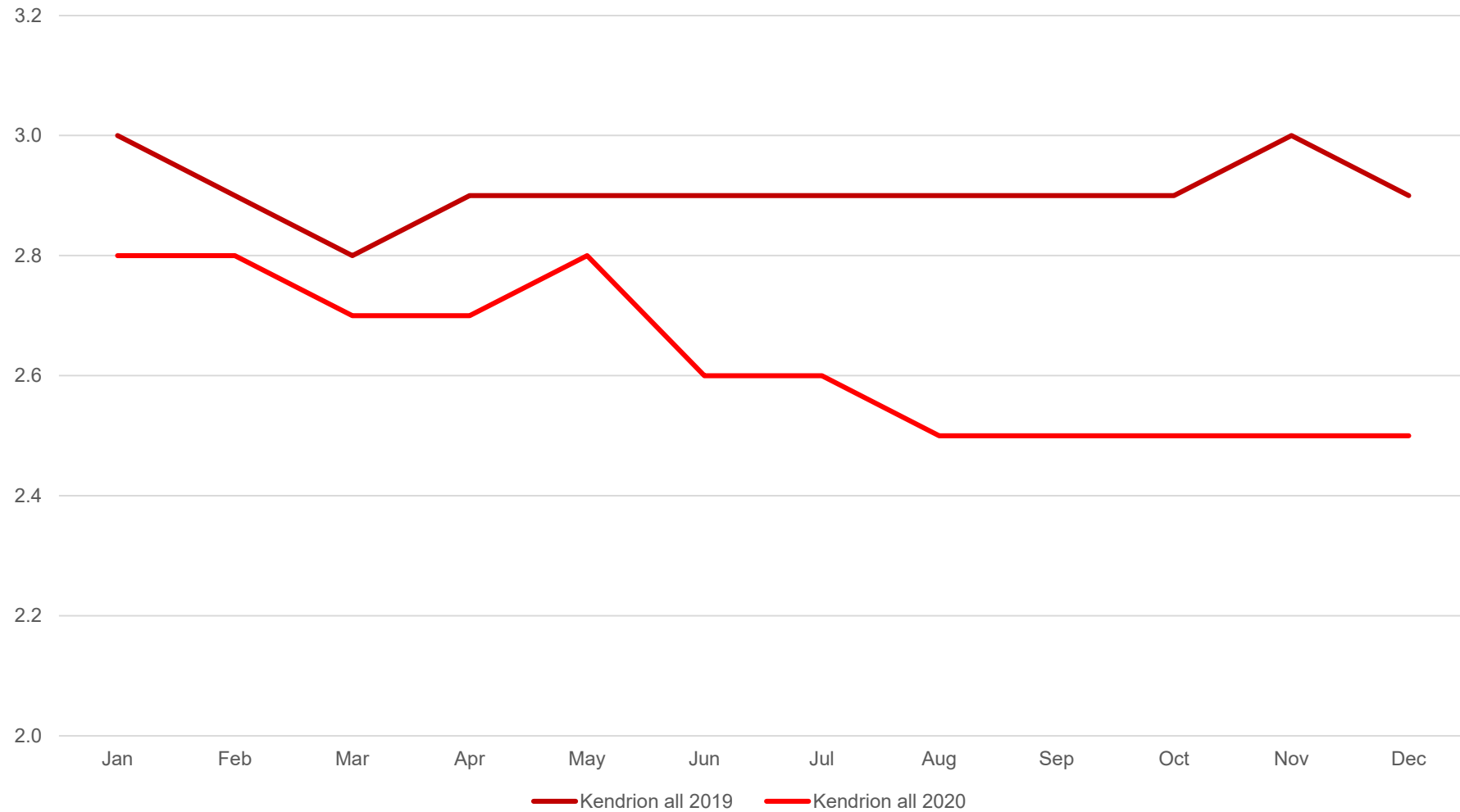
COVID-19

- Kendrion priorities unchanged
 - Keep our employees and their families healthy and safe
 - Safeguard the Group's continuity so that when the situation stabilises, our prospects are better than ever

- All COVID prevention measures continue to be enforced: home office, shift separation, face masks, professional cleaning, etc.

- Current situation:
 - Active cases: 15
 - Of which in hospital: 0
 - Number of fatalities: 1

KENDRION ILLNESS RATE 2019 - 2020





3. Business review

KEY FIGURES

Normalised (in EUR million)	Q4 2020	Q4 2019	delta
Revenue	103,1	92,3	12%
EBITDA	11,4	7,2	58%
EBITA	4,9	1,2	308%
Net profit before amortisation	2,9	0,1	2800%
EBITDA as a % of revenue	11,1%	7,8%	
EBITA as a % of revenue	4,8%	1,3%	
Return on invested capital (12 months rolling)			

Normalised (in EUR million)	FY 2020	FY 2019	delta
Revenue	396,4	412,4	-4%
EBITDA	44,6	43,8	2%
EBITA	18,9	19,8	-4%
Net profit before amortisation	11,7	12,6	-7%
EBITDA as a % of revenue	11,3%	10,6%	
EBITA as a % of revenue	4,8%	4,8%	
Return on invested capital (12 months rolling)			

- Q4 organic revenue decrease of 2%
- Industrial and passenger car segment revenue back to pre-COVID levels
- Good revenue, cost control and a strong contribution from INTORQ results in 58% increase in EBITDA
- Organic staff and other operating expenses 6% lower (EUR 2.3 million)
- EUR 2.4 million adjusted one-off operating costs in Q4, including EUR 1.6 million of capitalised R&D and EUR 0.8 million integration and restructuring costs

- Organic revenue decrease of 17% for the year
- 5% organic revenue increase China as new projects offset COVID impact
- Added value margin increase of 1.1% due to higher revenue share Industrial
- EUR 19.6 million (13%) lower organic operating costs mitigate impact COVID
- EUR 4.4 million adjusted one-off operating costs in FY 2019 (2018: EUR 5.7 million)

CASH FLOW AND FINANCIAL POSITION

Free cash flow

- Record free cash flow before acquisitions of EUR 31.5 million in 2020 (2019: EUR 25.5 million).
- Normalised working capital as a percentage of revenue stable at 10.4%, despite increased share of Industrial activities.
- Lower working capital contributed EUR 7.3 million to free cash flow, largely due to increased stock turnover.
- Investments EUR 7.8 million below depreciation, priority given to investments that protect existing or future revenue.

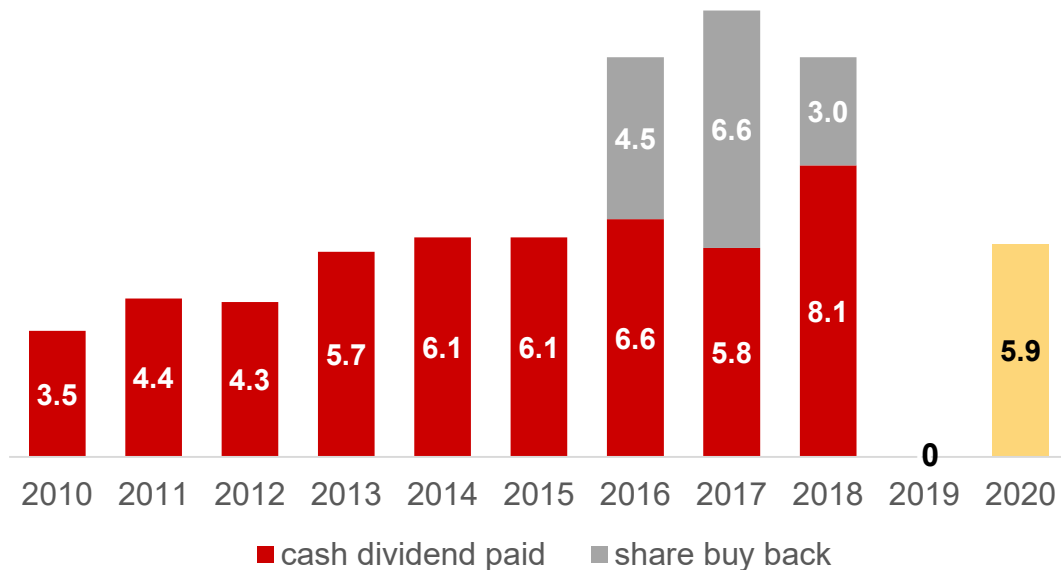
Financial position

- Leverage ratio of 2.3 well below covenant of 4.7 and down from 2.9 at the end of Q3 2020.
- Net debt reduction of EUR 19.4 million to EUR 103.2 million in Q4.
- Debt increase of EUR 55.8 million for the year includes EUR 77.7 million additional debt from the acquisition of INTORQ.
- Good liquidity position with EUR 65 million available in cash and undrawn credit lines per 31 December 2020.

DIVIDEND AND CASH RETURN

	2016	2017	2018	2019	*2020
	Actual	Actual	Actual	Actual	Proposed
Dividend per share	0,78	0,87	0,87	-	0,40
Pay-out	53%	50%	52%	-	50%
Total dividend	10,2	11,7	11,7	-	5,9

- Kendrion strives to distribute annual dividend between 35% and 50% of normalised net profit,
- Proposed dividend of EUR 0.40 per share (50% pay-out of normalised net profit).
- Dividend payable in cash or in ordinary shares charged to the share premium reserve at the option of the shareholder



* 2020 Proposed (100% cash assumed for illustrative purposes)



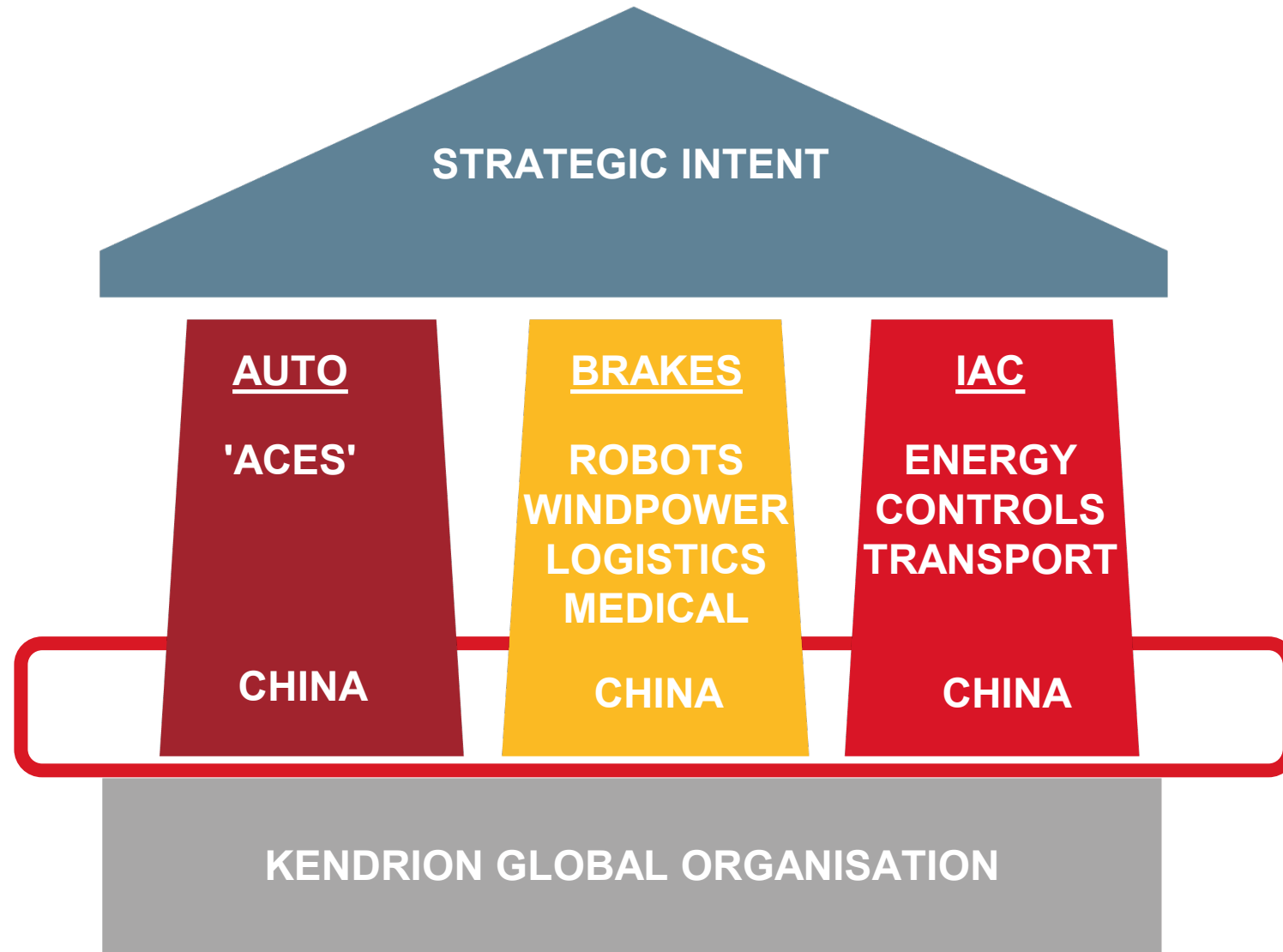
4. Strategic and operational update

Connect...

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KENDRION STRATEGIC HOUSE



OUR CULTURE OF COLLABORATION



the Kendrion Way

A global **TEAM** of actuator **SPECIALISTS**, with **COURAGE** to act, curiosity to learn from successes and **MISTAKES**, confidence to **LEARN** and **SHARE**, and open to **FEEDBACK**.





PROGRESSING ON SUSTAINABILITY

Target framework 2019-2023

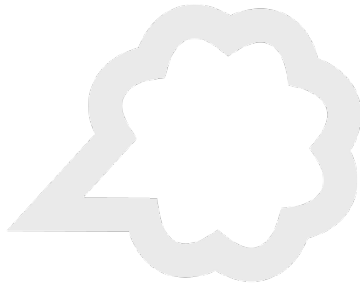
2019-2023 TARGET FRAMEWORK

Relative reduction of energy consumption

TARGET 2023
15%

2020 ACTUAL

↓ 1.3%

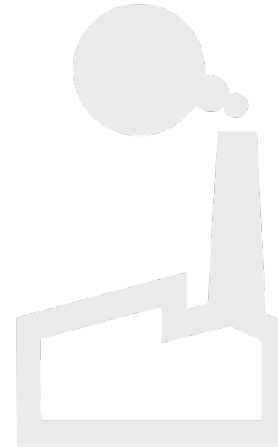


Relative reduction of CO₂ emission

TARGET 2023
15%

2020 ACTUAL

↓ 3.2%



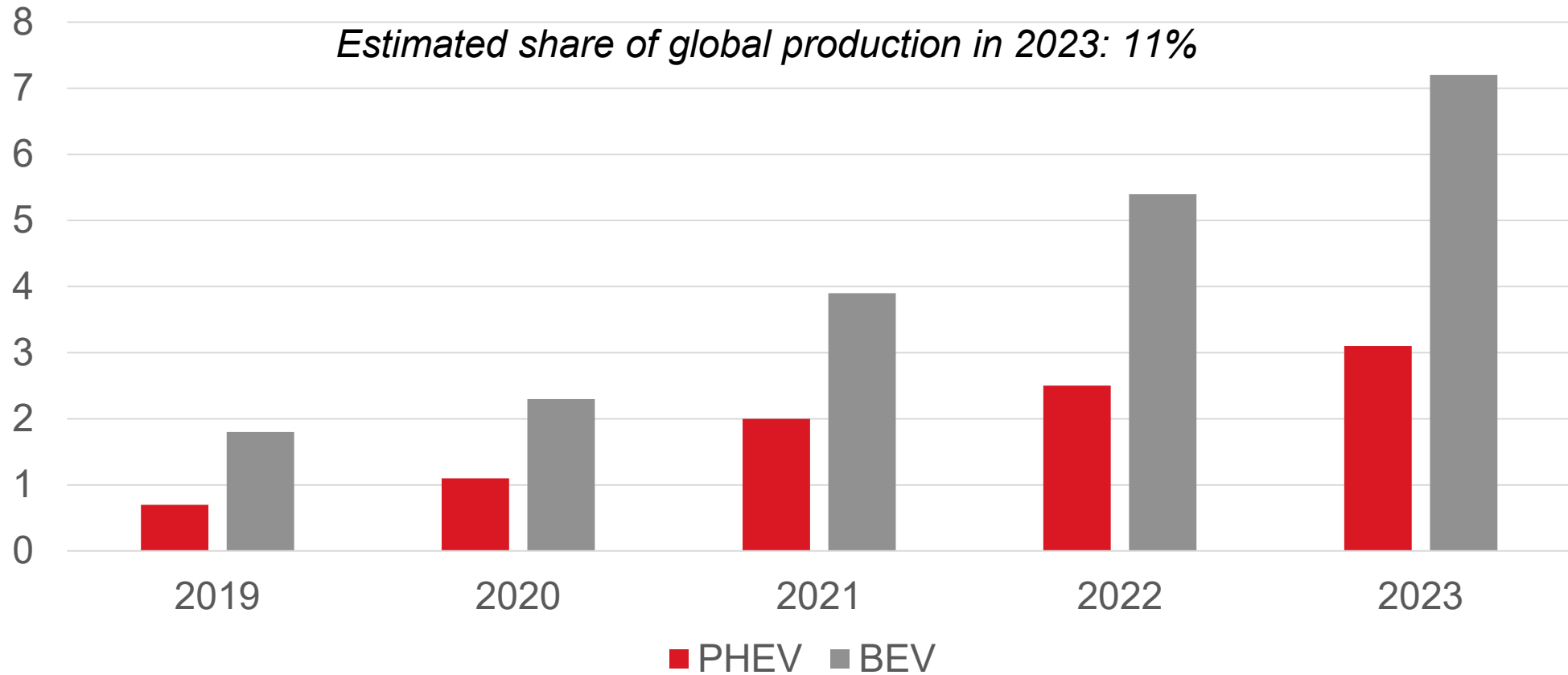
Maintain a responsible product portfolio

- Products that keep you safe
- Products that reduce climate impact
- Products that improve health



GLOBAL ELECTRIFIED CAR SALES

Millions of vehicles

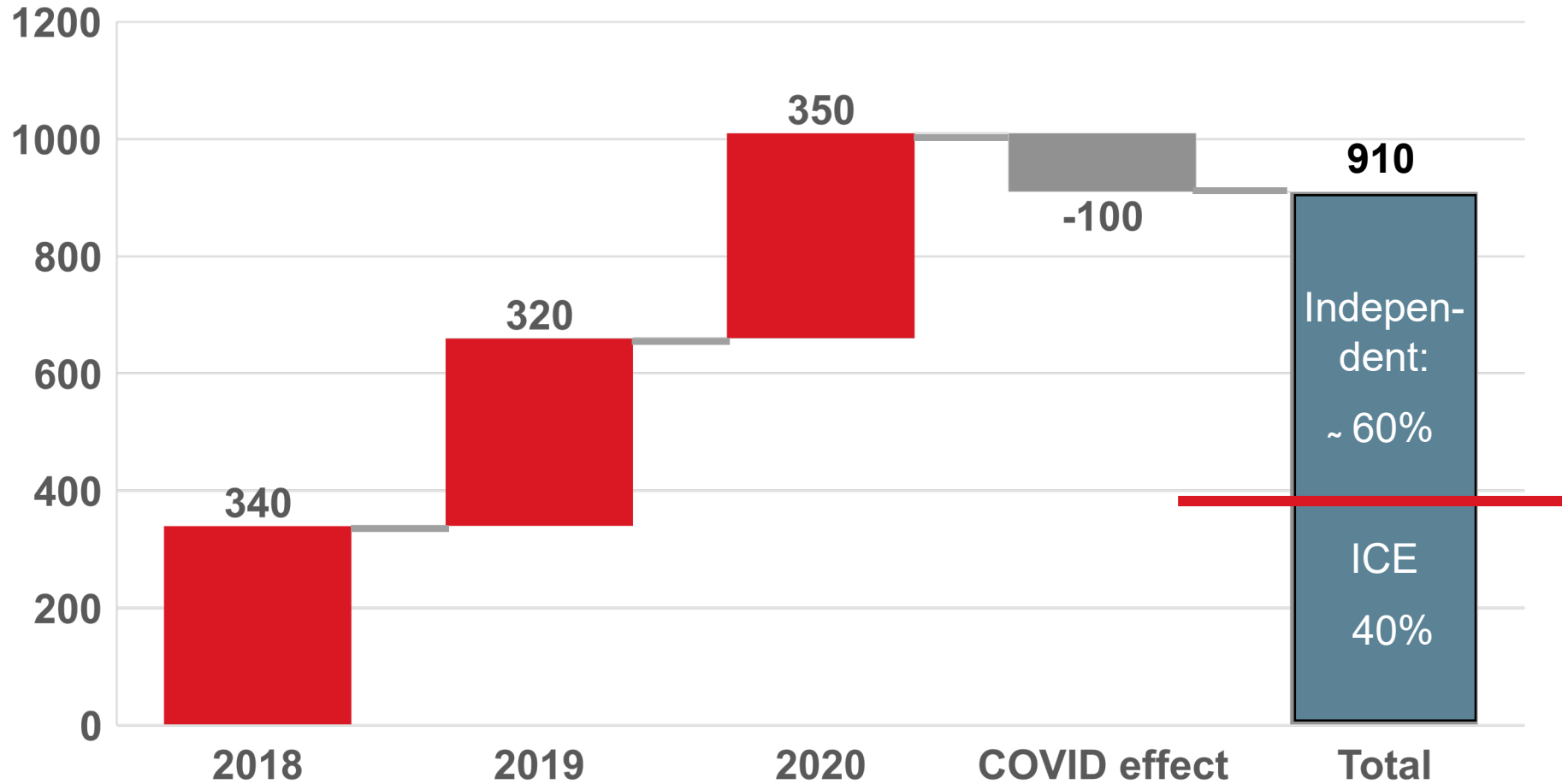




NOMINATIONS: 2018 - 2020

Automotive - lifetime

EUR Millions

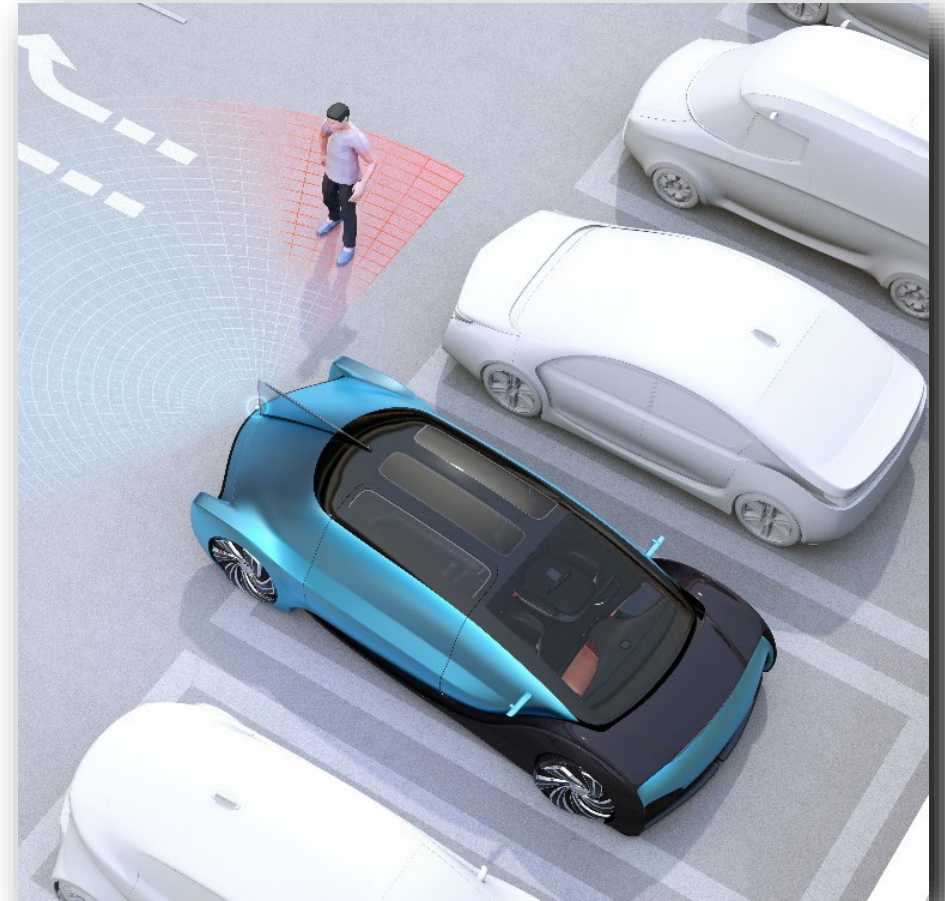


ADDRESSING BEV/PHEV GROWTH MARKET

Phantone® AVAS sound platform



- Introduced the new AVAS Sound Phantone® product line
 - Active sound dissipation in electrified cars outside
 - Sound resembling a classic combustion engine vehicle inside the cabin
- Phantone® is a one-stop shop solution integrating:
 - Electronic Control Unit compatible with OEM's electrical system's architecture
 - Mature software enabling plug-and-play use of complex sound algorithms
 - Design tool allowing OEM's own, branded, acoustic design
 - Ecosystem of partners to integrate loudspeakers and additional software
- In 2020, several global OEM's and brands selected Phantone®
- SOP first project: 2021





ACHIEVEMENTS 2020

IB



Key messages

- Strong financial performance
- Inauguration of new production plant in Pune, India
- Strengthening global sales alignment, underpinned with regional manufacturing

Products

- Excellent global pipeline based on our full line of electromagnetic brakes & clutches
- Product launch of new spring applied brake family

Markets

- Excellent traction and growth opportunity in wind power continues
- Considerable expansion in Intralogistics

COMMERCIAL TRACTION

IB



Overarching strategy

- Clear focus on global growth markets
- Leveraging global presence: each region has established a clear and differentiated growth strategy
- Investing in IT to transform IB into a more digital enabled organisation

Global growth markets



Robotics & Automation



Industrial Trucks



Wind Power Plants



AGVs

INDUSTRIAL ACTUATORS AND CONTROLS: INTEGRATION COMPLETE



IAC

- BU IAC Industrial Control Systems and Industrial Magnetic Systems successfully integrated
- Synergy savings of 1.6 m€ achieved
- Market position improved in distinct verticals
- Production facility in Romania significantly expanded

Key market segments



Machinery



Logistic/Transportation



Energy distribution



Fluid control

COMMERCIAL TRACTION

IAC



Actuator products

- Production started for Industrial Locks for devices like PCS testers, freezers, centrifuges etc.
- Competitiveness improved through insourcing of key valves
- Growth in medical business (dialysis, anesthesia)
- On-line solenoid products search engine optimized

Control products

- Functional Safety Integrity Level 2 (SIL2) solutions available
- New drive controller for Automated Guided Vehicles (AGV) launched
- Inductive heating samples provided for applications like paper coating/embossing and industrial ovens

Markets



Improved position in diverse niche markets – medical and non-medical devices, machinery automation



Growth opportunities in electrical distribution and on-board railway market



Growth potential in fluid control increased – beverage dispensers and medical devices



ACHIEVEMENTS 2020

CHINA

- **Continued business growth during COVID-19 period**
 - Revenue increase of 72% (including INTORQ Shanghai)
 - Organic revenue growth of 5% (excluding INTORQ Shanghai)

- **INTORQ Integration**
 - Completed integration between Kendrion China and INTORQ Shanghai
 - One China IB management covering both Suzhou and Shanghai

- **New business development**
 - Lifetime 2020 nominations across all business units significantly higher than size of business

- **New Chinese factory**
 - 28,000 m2 building site with 30 years of land-use-right agreed at favourable conditions

PLANNED NEW FACTORY IN SIP, SUZHOU

CHINA



Located in SIP, Suzhou

- Suzhou Industrial Park (SIP), is recognized as the most high-tech area in Suzhou

Planned floor area: 40,161m²

- Phase I: 27,727m²
- Phase II: 12,434m²

Strong support from Suzhou government

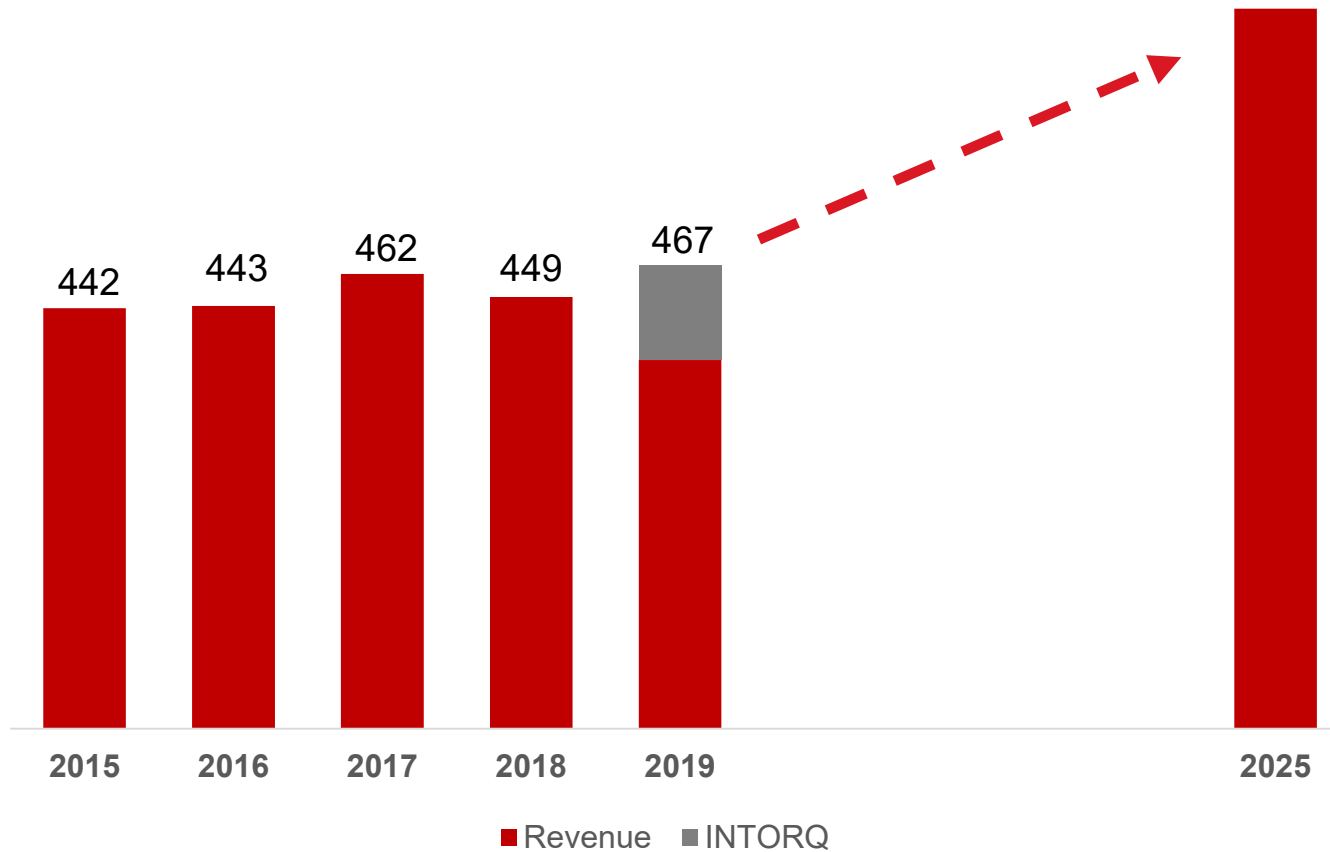
- Favorable conditions for 30 years of land-use-right

Photovoltaic panels on the roof

- Potentially generate 1.10MWh, up to 60% internal energy requirement



ANNUAL ORGANIC GROWTH AT LEAST 5%



Drivers:

- Increased content per car and increased application uptake in Automotive
- Market and application growth in industrial automation, logistics and wind power in Industrial Brakes
- Market growth and increased share in China
- Selective niche markets in Industrial Actuators and Controls



LONG-TERM TARGETS

Revenue

Average organic growth at least 5% per year

EBITDA margin

At least 15% in 2025

ROIC

At least 25% in 2025

Dividend

Between 35% - 50% of normalised net profit

** Invested capital excluding goodwill and intangibles arising from acquisitions*

A photograph of an offshore wind farm at sunrise. The sun is low on the horizon, creating a bright glow and casting long shadows. Several wind turbines are visible, with the one in the foreground being the most prominent. The sky is a mix of blue and orange, and the water is dark with some ripples.

5. Questions & answers

GENERAL MEETING OF SHAREHOLDERS

Agenda item 2.b

- **Report by the Supervisory Board on financial year 2020 (for discussion)**



Questions & answers

GENERAL MEETING OF SHAREHOLDERS

Agenda item 3

- **Remuneration report 2020 (for advice)**



Questions & answers

GENERAL MEETING OF SHAREHOLDERS

Agenda item 4

- **Adoption of the 2020 financial statements (for resolution)**

The independent auditor's report

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS 2020

- Auditor's report presented on pages 181-191 in the annual report
- Signed February 18, 2021
- Other information included in the annual report

AREAS OF FOCUS

Key audit matters:

- Valuation of goodwill – focus on CGU Automotive
- General IT controls
- Purchase price allocation INTORQ acquisition
- Bank Covenants

Other attention areas:

- Remuneration report
- Fraud and compliance
- COVID-19

CSR REPORT

- Presented on pages 192-194 in the annual report
- Integrated report with limited assurance report on defined KPI's

MATERIALITY

- Materiality for the financial statements as a whole € 1.2 million (2019: € 1.9 million),
- Reporting threshold 5% - > € 60 thousand
- Materiality at component level < 60% of group materiality, often statutory requirements
- Qualitative considerations for selected areas

SCOPE / GROUP AUDIT

- Full scope audits on 15 entities
- Revenue audit scope coverage of 96%
- NL Team: Holding Entities, US Component, Specified Audit Procedures at Group Level and Desktop Reviews on non-significant entities

Consolidated and company financial statements of Kendrion N.V.



Questions & answers

GENERAL MEETING OF SHAREHOLDERS

Agenda item 5.a

- **Dividend policy (for discussion)**



Questions & answers

GENERAL MEETING OF SHAREHOLDERS

Agenda item 5.b

- **Dividend over financial year 2020 (for resolution)**



Questions & answers

GENERAL MEETING OF SHAREHOLDERS

Agenda item 6.a

- **Discharge of the members of the Executive Board (for resolution)**



Questions & answers

GENERAL MEETING OF SHAREHOLDERS

Agenda item 6.b

- **Discharge of the members of the Supervisory Board (for resolution)**



Questions & answers

GENERAL MEETING OF SHAREHOLDERS

Agenda item 7

- **Appointment Mr. F.J. van Hout as member of the Supervisory Board
(for resolution)**



Questions & answers

GENERAL MEETING OF SHAREHOLDERS

Agenda item 8

- **Reappointment of Deloitte Accountants B.V. as external auditor of Kendrion N.V.
(for resolution)**



Questions & answers

GENERAL MEETING OF SHAREHOLDERS

Agenda items 9.a and 9.b

- **Authorisation to issue Kendrion N.V. shares and to restrict or exclude pre-emptive rights (for resolution)**



Questions & answers

GENERAL MEETING OF SHAREHOLDERS

Agenda item 10

- **Authorisation to repurchase Kendrion N.V. shares for resolution)**



Questions & answers

GENERAL MEETING OF SHAREHOLDERS

Agenda item 11

- **Any other business**



Questions & answers

GENERAL MEETING OF SHAREHOLDERS

Agenda item 12

- Closing

KENDRION

A large white truck with a trailer is driving on a road. The scene is set at sunset, with a bright sun low on the horizon, creating a warm, golden glow and lens flare effects. The sky is filled with dark, dramatic clouds. The truck is in motion, with some motion blur on the wheels and the trailer. The overall mood is one of reliability and industry.

THANK YOU

PRECISION. SAFETY. MOTION.