KENDRION

PRECISION. SAFETY. MOTION.

Q4 AND FULL-YEAR RESULTS 2022

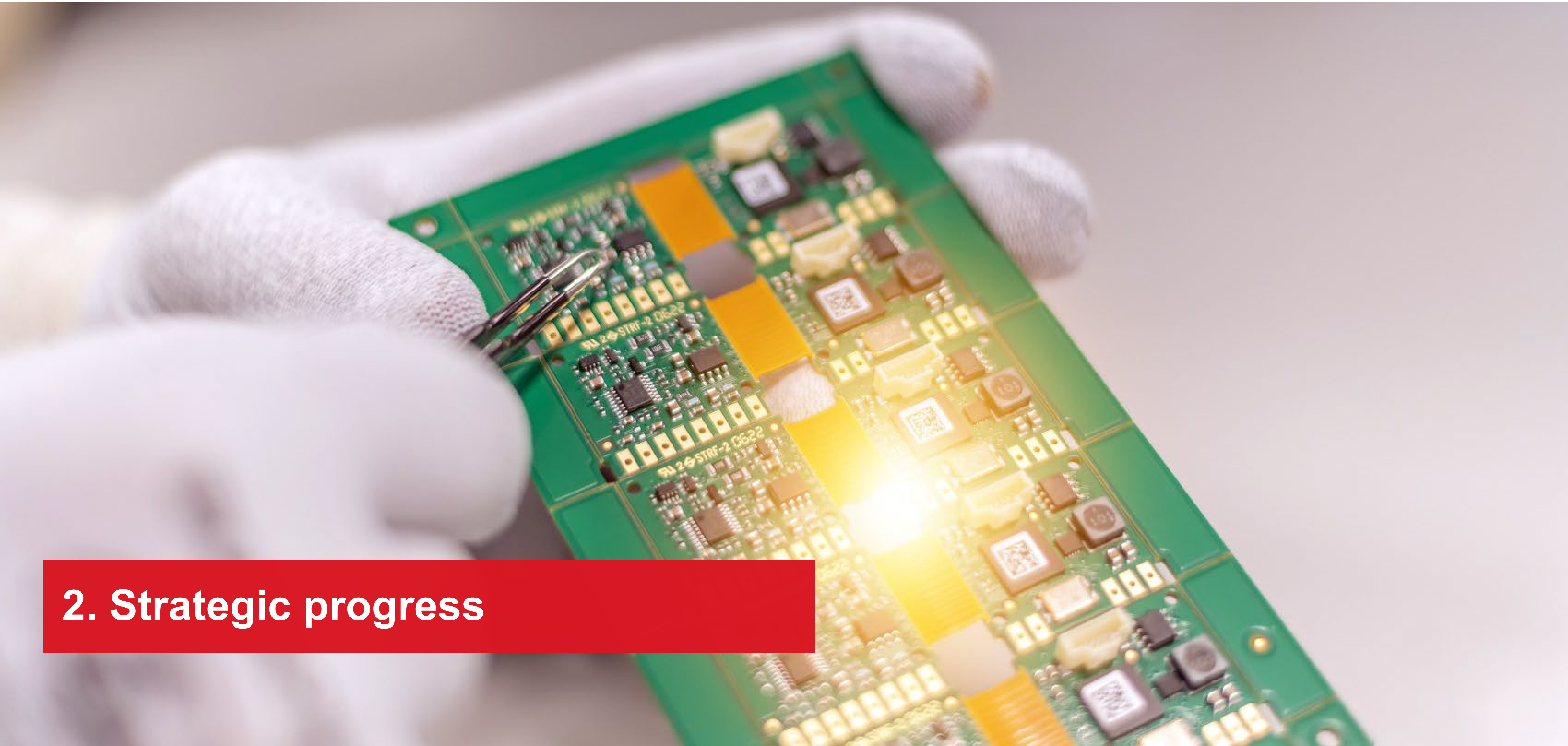
Amsterdam, 28 February 2023

AGENDA

1. Introduction
2. Strategic progress
3. Financial review
4. Operational update
5. Outlook
6. Q&A

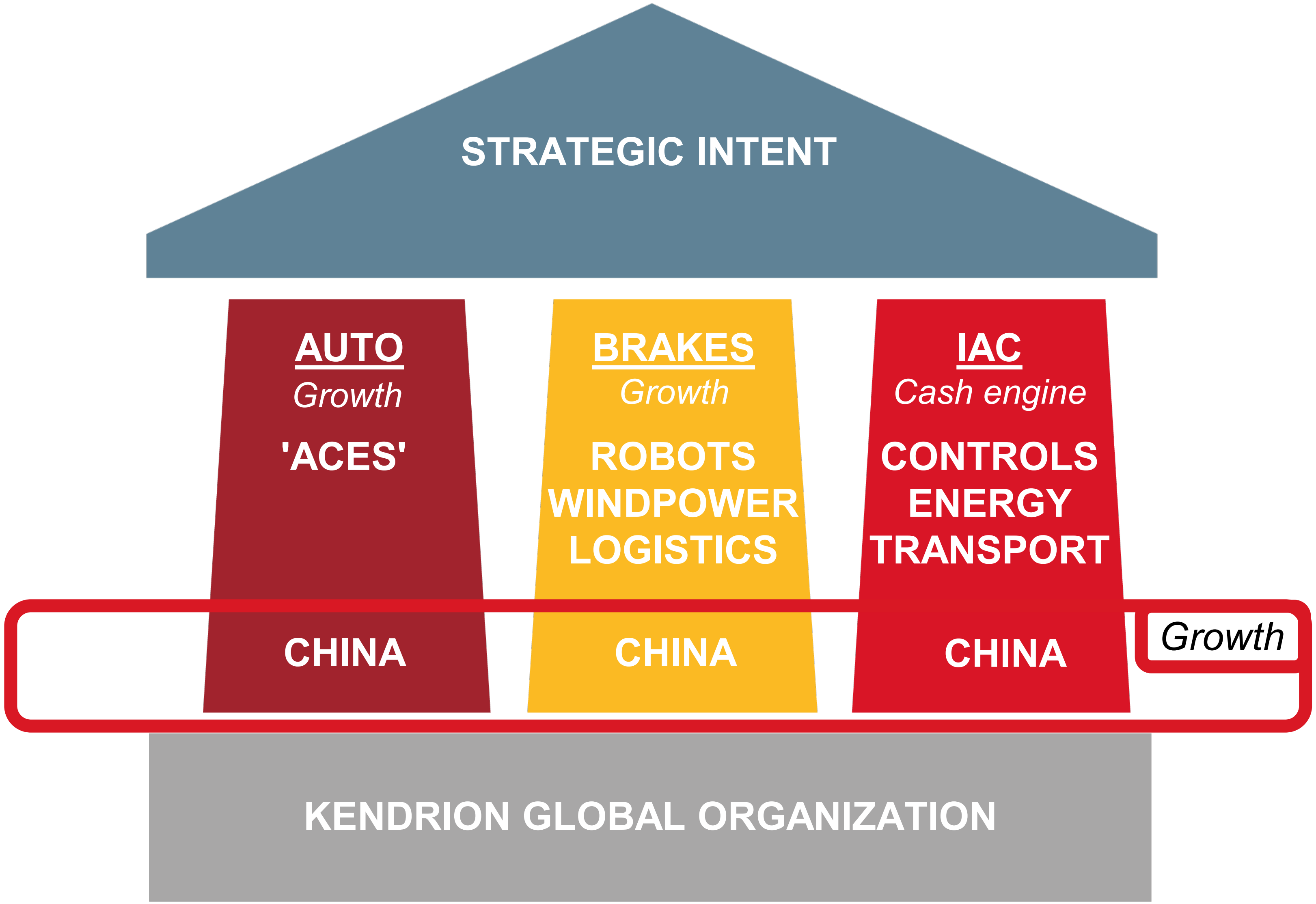
CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

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.



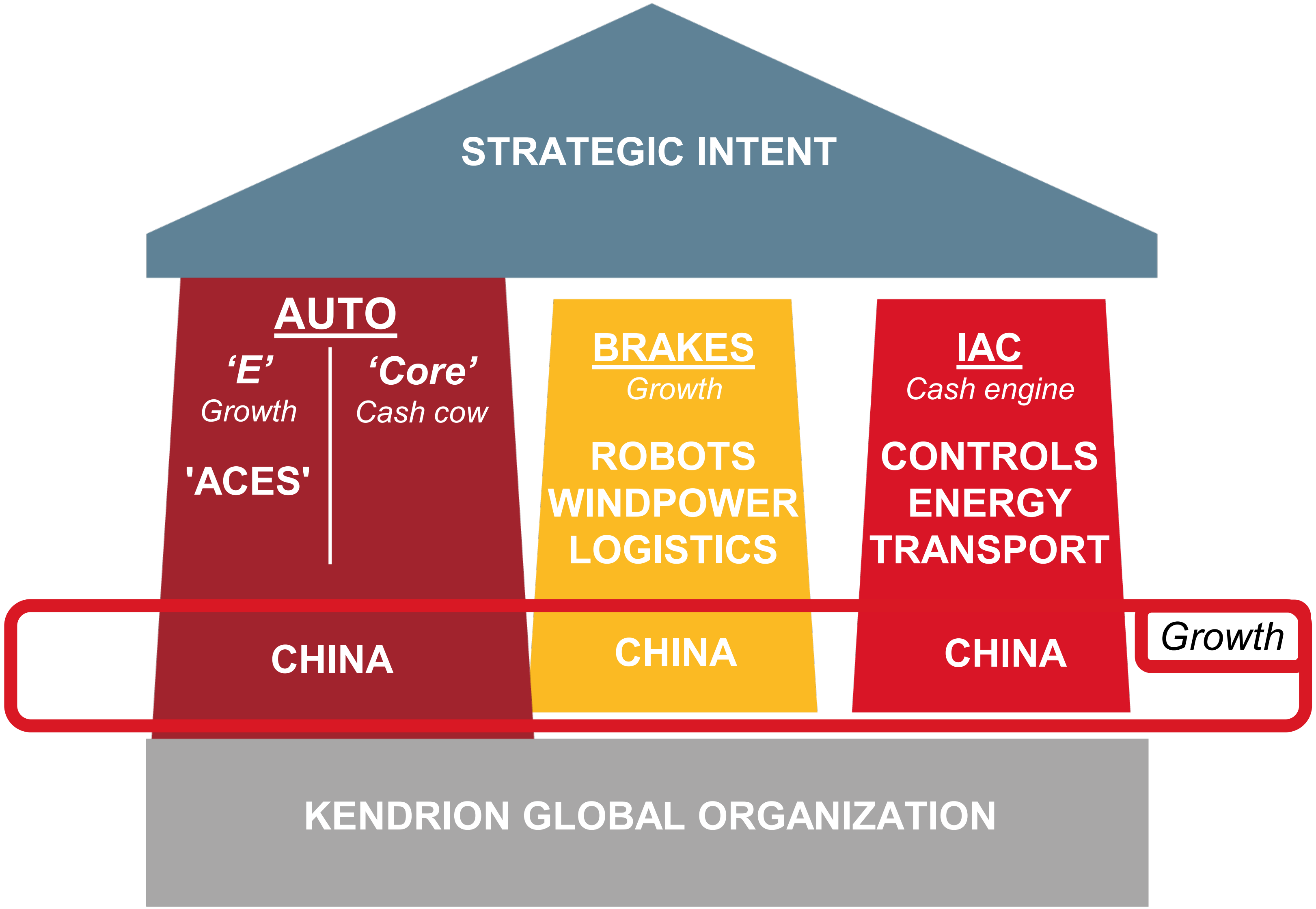
2. Strategic progress

KENDRION STRATEGIC HOUSE



KENDRION STRATEGIC HOUSE

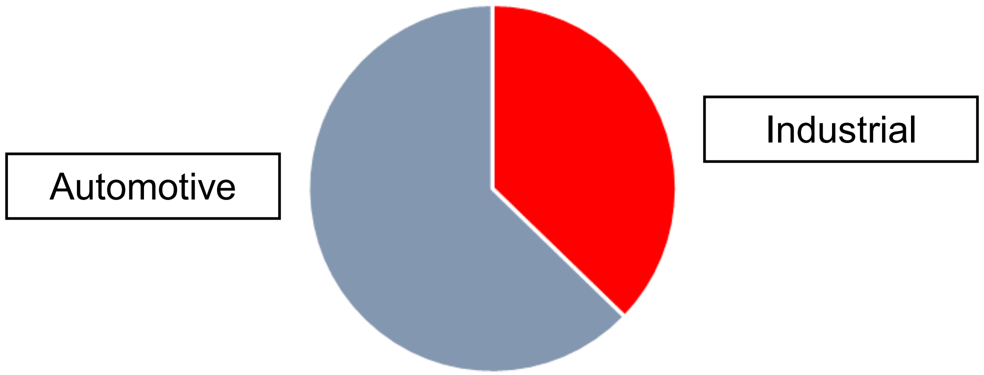
More focus on clean energy



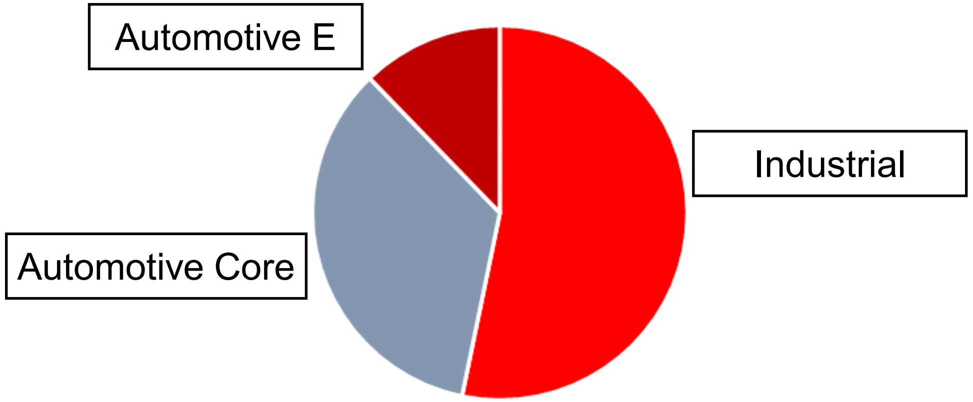
KENDRION IS TRANSFORMING

Timing		Investment EUR million
Q3 2019	Acquisition of INTORQ	77.7
Q3 2021	Acquisition of 3T	23.3
Q4 2021	Started construction of 28,000 m2 manufacturing facility in Suzhou, China	27.5
TOTAL		**128.5**

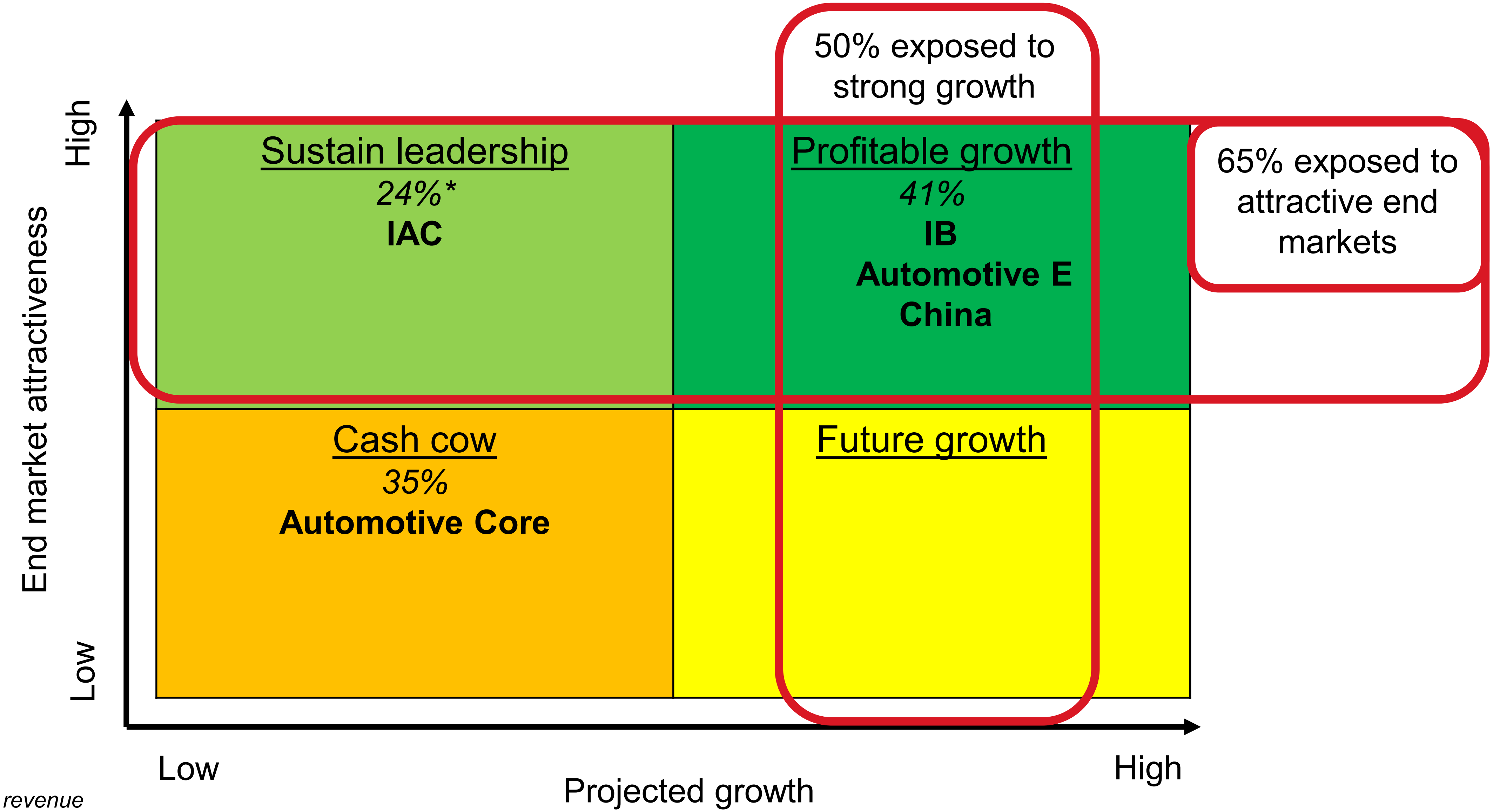
2019
100%= EUR 412.4 million
EBITDA: EUR 43.8 million



2022
100%= EUR 519.3 million
EBITDA: EUR 57.4 million



FOCUS ON CLEAN ENERGY



** Based on 2022 revenue*

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KENDRION CHINA FACTORY

Suzhou Industrial Park – 20 February

3. Business review

FINANCIAL HIGHLIGHTS

Q4 and FY 2022

	Q4 2022	Q4 2021	delta
Revenue	129,6	115,8	12%
Normalized EBITDA[1]	12,0	11,5	4%
Normalized EBITA[1]	5,9	5,8	1%
Normalized profit before amortization[1]	2,7	4,1	-34%
Net profit	(59,1)	0,2	NM
Normalized EBITDA % of revenue	9,3%	10,0%	

	FY 2022	FY 2021	delta
Revenue	519,3	464,0	12%
Normalized EBITDA[1]	57,4	55,8	3%
Normalized EBITA[1]	34,1	31,9	7%
Normalized profit before amortization[1]	21,7	20,6	5%
Net profit	(46,3)	14,4	NM
Normalized EBITDA % of revenue	11,1%	12,0%	
Normalized EBITA % of revenue	6,6%	6,9%	
Return on invested capital[1]	15,6%	15,6%	
Free cash flow[1]	3,1	3,5	
Net debt[1]	140,3	130,6	

- Net loss caused by EUR 58.5 million non-cash impairment of goodwill and other intangibles and write off tax assets in Automotive Core
- Revenue up 12% in Q4, organic growth 11% with strong growth contribution from Automotive
  - 5% sales price increases implemented to protect product margins
- Normalized EBITDA up 4%, increased added value more than offset higher costs for engineering, wages and energy
- Besides impairment Automotive Core, EUR 2.7 million costs normalized in Q4 mainly for reorganization charges in Automotive and China
- Strong Q4 free cash flow EUR 16.7 million leads positive cash flow for the year despite high investment program
- EUR 13 million reduction in net debt drives leverage ratio down to 2.4, from 2.6 at the end of Q3
- Dividend proposal of 0.72 cents per share (FY 2021: 0.69 cents). Pay out of 50% of normalized profit before amortization

[1] Non IFRS measures adjusted for items generated outside the normal course of business. Invested capital excludes goodwill and intangibles arising from acquisitions.

INDUSTRIAL ACTIVITIES

	IAC		IB		Industrial	
	Q4 22	Q4 21	Q4 22	Q4 21	Q4 22	Q4 21
Revenue	30,5	28,4	37,5	34,5	68,0	62,9
Revenue growth	7%	33%	9%	36%	8%	35%
Currency translation	1%	1%	1%	3%	1%	2%
Acquisitions		14%				7%
Organic growth at constant fx	6%	18%	8%	33%	7%	26%

	IAC		IB		Industrial	
	FY 22	FY 21	FY 22	FY21	FY 22	FY 21
Revenue	125,3	104,0	151,2	127,5	276,5	231,5
Normalized EBITDA					47,5	39,0
Normalized EBITDA % of revenue					17,2%	16,8%
Revenue growth	21%	22%	19%	21%	19%	22%
Currency translation	1%		2%		2%	
Acquisitions	9%	4%			4%	2%
Organic growth at constant fx	11%	18%	17%	21%	13%	20%
Total assets					272,8	267,3
FTE					1.346	1.261

- Revenue up 7% in Q4 and 13% in FY 2022 on the back of 20% growth in FY 2021
- Revenue growth driven by Europe and the US; moderate growth in China due to zero COVID policies and lockdowns
- Successfully protected product margins by increased average sales prices of 4% in IAC and 5% in IB
- Good operational leverage despite significant inflationary pressure on prices for raw materials, energy and wages
- Capacity enhancement investments in Villingen and China on track; total investments of EUR 8.4 million (FY 2021: EUR 5.1 million) against EUR 8.6 million depreciation (FY 2021: EUR 8.2 million)

AUTOMOTIVE ACTIVITIES

					Automotive	
					Q4 22	Q4 21
Revenue					61,6	53,3
Revenue growth					16%	-6%
Currency translation					2%	-1%
Organic growth at constant fx					14%	-5%

	Core[1]		E[1]		Automotive	
	FY 22	FY 21	FY 22	FY 21	FY 22	FY 21
Revenue	179,5	175,7	63,3	56,8	242,8	232,5
Normalized EBITDA					9,9	16,8
Normalized EBITDA % of revenue					4,1%	7,2%
Revenue growth	2%	11%	11%	19%	4%	13%
Currency translation	3%	-1%	0%	0%	2%	0%
Organic growth at constant fx	-1%	12%	11%	19%	2%	13%
Total assets					203,8	223,5
FTE					1.407	1.467

- Strong recovery of revenue in Q4 with 14% organic growth in Q4; 2% for the year
- Good growth in Automotive E; most nominations won in 2021 and 2022 start will start production in 2023 and 2024
- Average sales price increase of 5% realized to offset price inflation on raw materials
- European car production decreased 1% in 2022; global car production increased 6% (source IHS Markit)
- EBITDA margins under pressure due to ongoing low production volume levels, high costs for engineering and inflationary pressure on material costs and energy
- Investments excluding China building and central services of EUR 10.9 million (FY 2021: EUR 14.7 million) against depreciation of EUR 12.7 million (FY 2021: EUR 13.3 million); investments include various production lines for new projects in Automotive E

[1] Pro-forma revenue for Automotive Core and Automotive E. Automotive split in Core and E effective as from 31 December 2022

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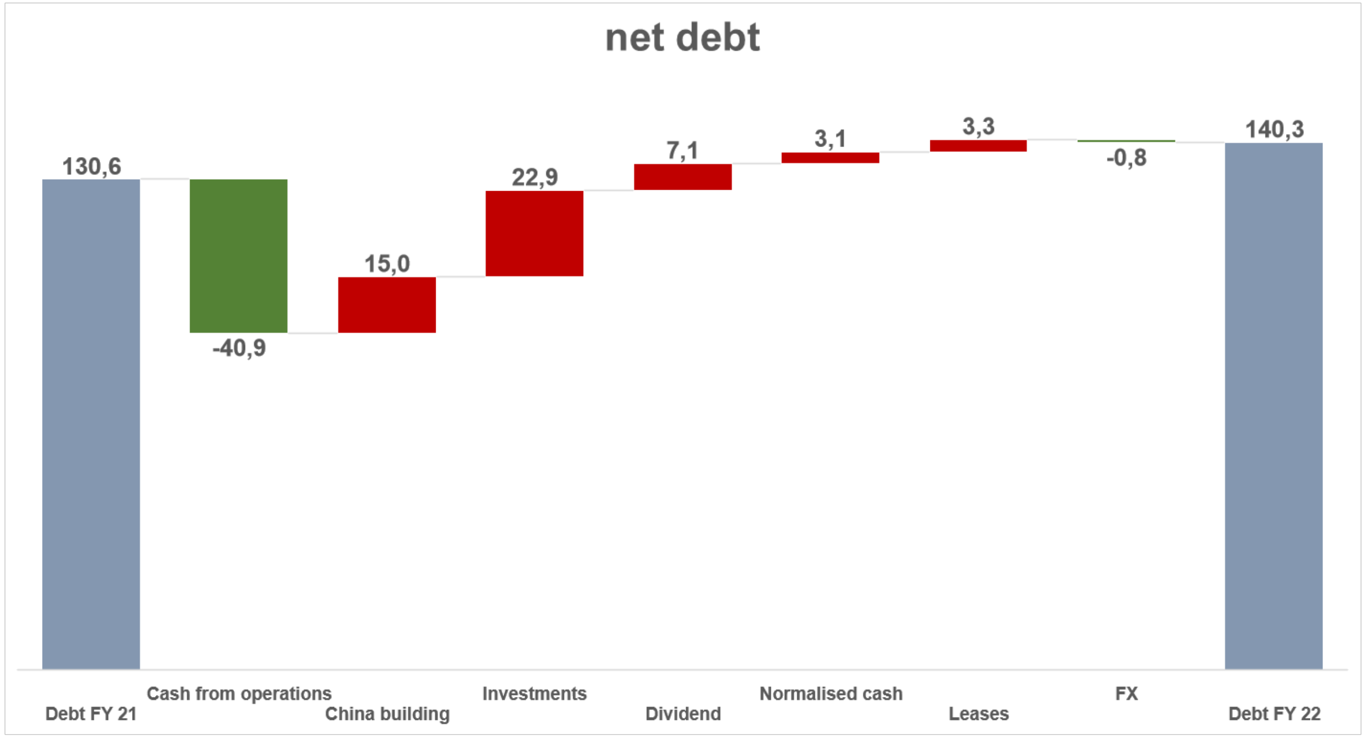
CASH FLOW AND NET DEBT



- Normalized net cash from operations of EUR 40.9 million, up 26% due to lower increase working capital
- Strong Q4 free cash flow of EUR 16.7 million leads to EUR 3.1 million normalized free cash for the year (FY 2021: EUR 3.5 million)
- High investments driven by construction of new manufacturing facility in China; total investments of EUR 37,9 million
- Working capital as percentage of revenue decreases to 13.2% (FY 2021: 14.0%)
- Leverage ratio decreased from 2.6 in Q3 to 2.4 in Q4; 0.1 increase from last year due to EUR 9.7 million higher net debt
- Good liquidity position with EUR 58 million availability in cash and undrawn credit facilities

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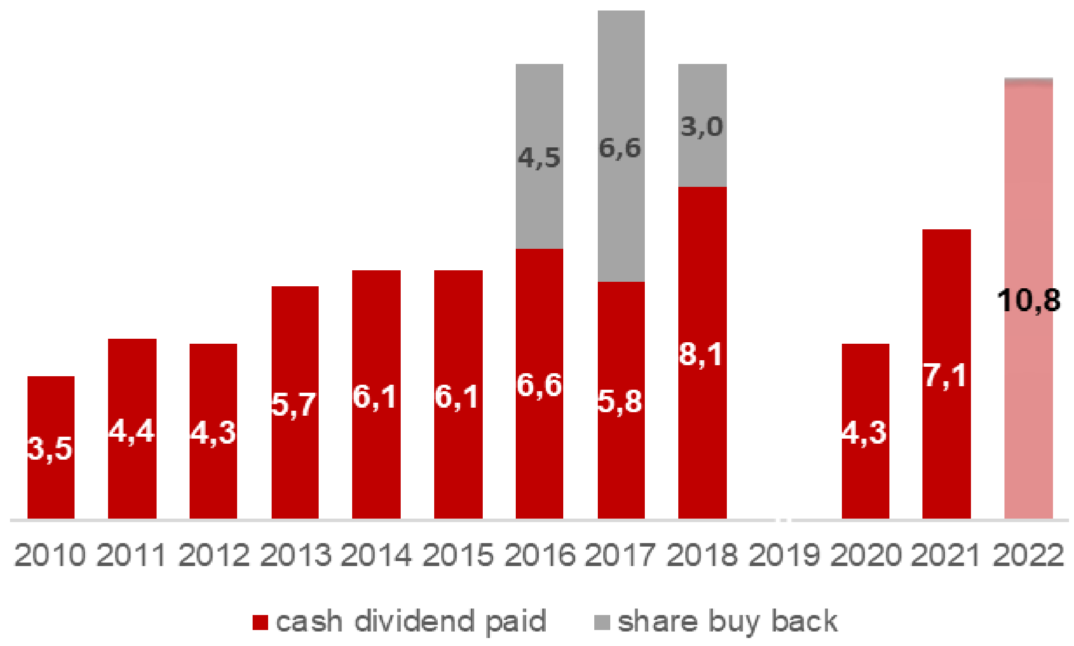
DIVIDEND AND CASH RETURN

	2016 Actual	2017 Actual	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022* Proposed
Dividend per share	0,78	0,87	0,87	-	0,40	0,69	0,72
Pay-out	53%	50%	52%	-	50%	50%	50%
Total dividend	10,2	11,7	11,7	-	5,9	10,3	10,8



- Kendrion strives to distribute annual dividend between 35% and 50% of normalized net profit before amortization, giving consideration to maintaining a healthy financial position
- Proposed dividend of EUR 0.72 per share (2021: EUR 0.69 per share); 50% pay-out of normalized profit before amortization
- Dividend payable in cash or in ordinary shares charged to the share premium reserve at the option of the shareholder

** 2022 proposed (100% cash assumed for illustrative purposes)*

4. Operational update

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ACHIEVEMENTS IAC

FY 2022

Actuators

- High demand for rotary solenoids related to logistics
- Standard rotary lock for industrial washing machines in series production
- Newton fluid control valve business further increasing – high interest from all major convenient store operators (Circle K, 7-Eleven)

Controls

- FIO modules demand doubled
- High demand for inductive heating solutions
- 3T – increased opportunities with ASML, Priva, NXP
- Supply chain and material constraints well managed

Markets

Textile industry is slowing down, aircraft industry is ramping up, demand for solenoids and controls has increased

Focus on profitability in existing markets, growth opportunities in electrical switchgear trip coils

Footprint in fluid control valves for beverage makers significantly increased; strong and sustainable growth perspective

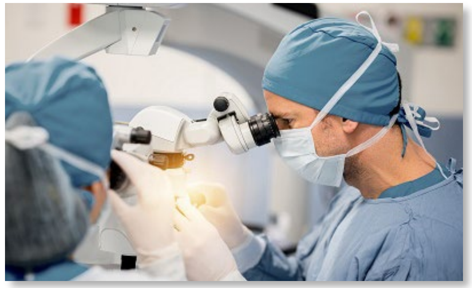
ACHIEVEMENTS IAC
3T

- New organizational structure with 3 business units implemented
- Shaping 3T's strategy ongoing – high complex machinery has priority
- Cooperation projects and technology exchange within IAC
- Sales opportunities include development and manufacturing
- S&E engineers supporting Automotive 'E' developments

Key market segments

High complex machinery

Testing and measurement



Medical technology

Security & safety

ACHIEVEMENTS IB

FY 2022

Achievements

- Strong growth, despite ongoing material shortages, logistical tightness and capacity restrictions
- Good operational leverage despite investment in future growth
- Establishment of local R&D competence in China
- Successful inventory reduction and cash generation during Q4

Key initiatives

- Moved into larger factory near Atlanta, GA
- Prepare move into new China plant from Shanghai and Suzhou facilities
- Continue with the digital customer journey

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COMMERCIAL TRACTION

IB

Momentum continues

- Over 125 active commercial projects: a record
- Increased focus on global growth markets especially in China and US
- Additional customers added: Hilti, Nord and more
- Several new products in development

Global growth markets

Robotics & automation

Industrial trucks

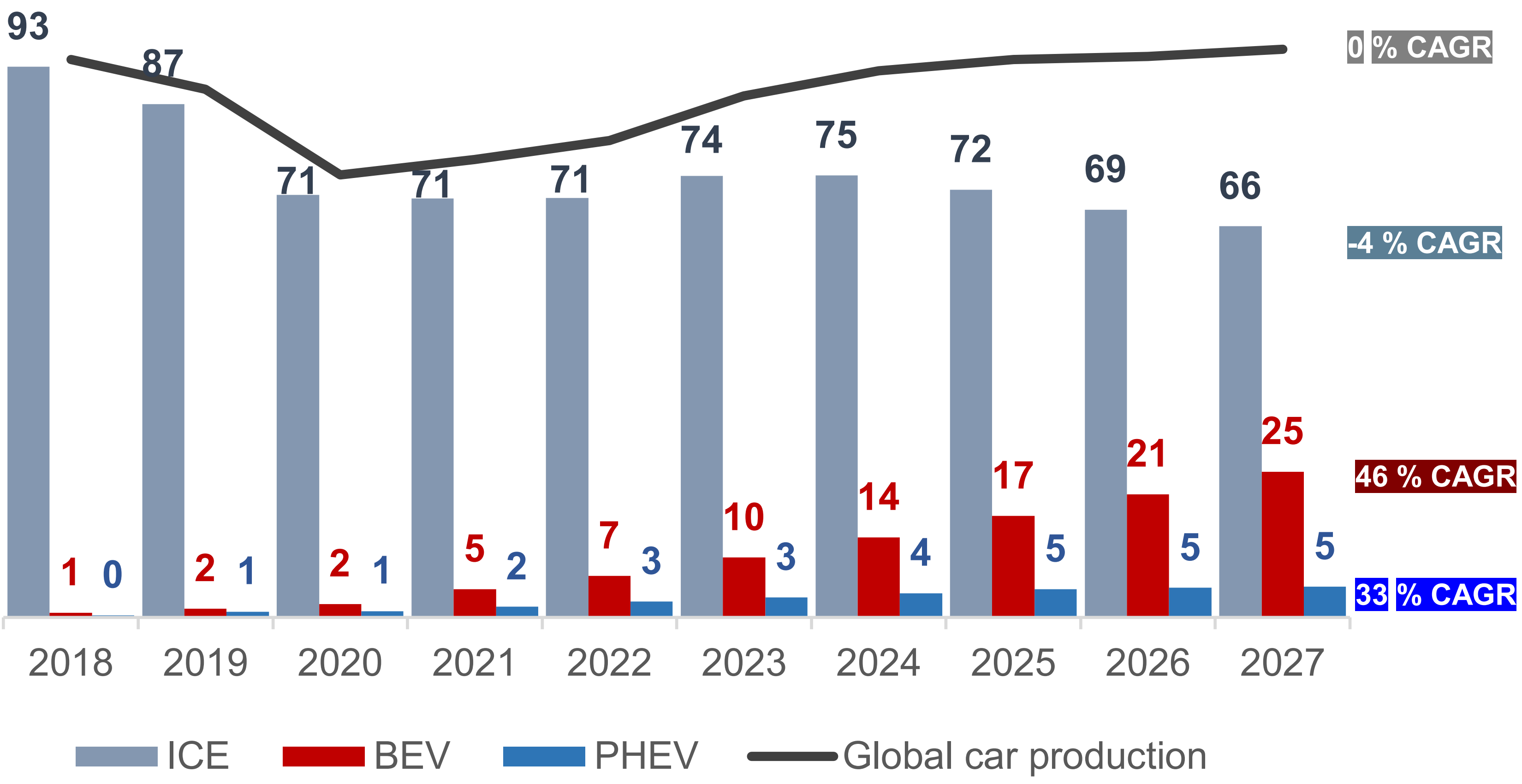
Wind power plants

AGVs

Medical

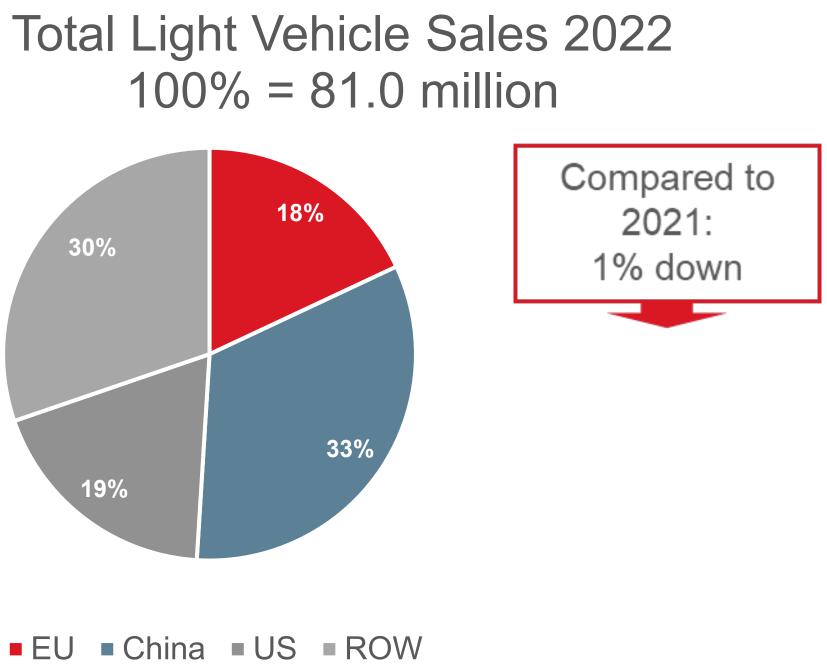
ELECTRIFICATION CONTINUES TO ACCELERATE

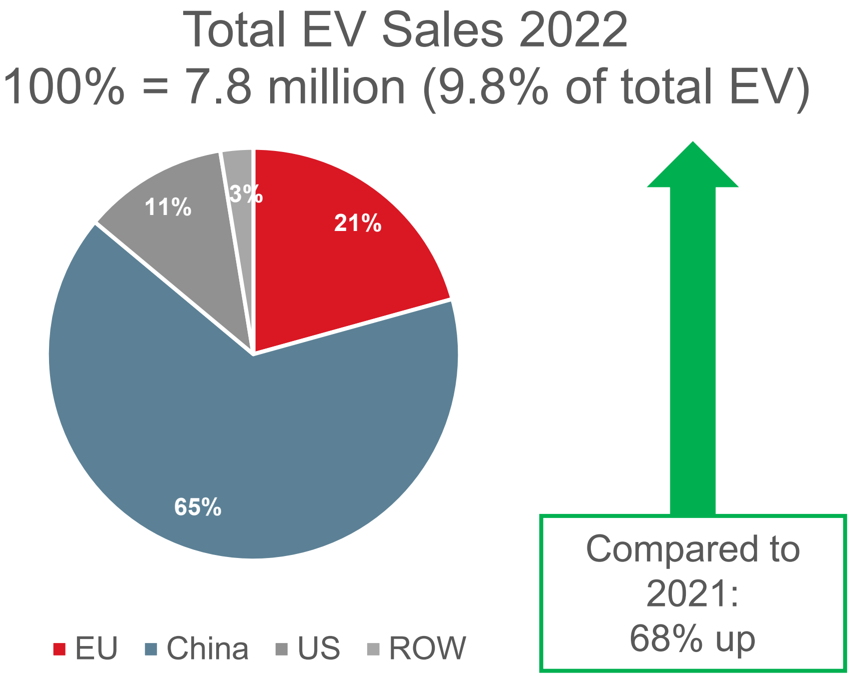
Million units



Source: IHS Markit May 2022

LIGHT VEHICLE SALES 2022





Source: LMC Automotive; WSJ

BEV ADOPTION ACCELERATES FURTHER

The unstoppable shift to EVs and the end of the ICE (age)

- New ICE models to drop from 75 in 2023e to fewer than 10 p.a. from 2026e onwards *(BofA)*
- New BEV launches in 2023e of 105 globally peak at 125 new launches in 2024e *(BofA)*
- BMW overall unit sales declines by 5% in 2022. BMW EV sales more than doubled (*WSJ*)
- VW sales down 7% to 8,3 million vehicles. VW EV sales up 26% to 0.6 million vehicle (*WSJ*)

Chinese market for EVs is developing fast

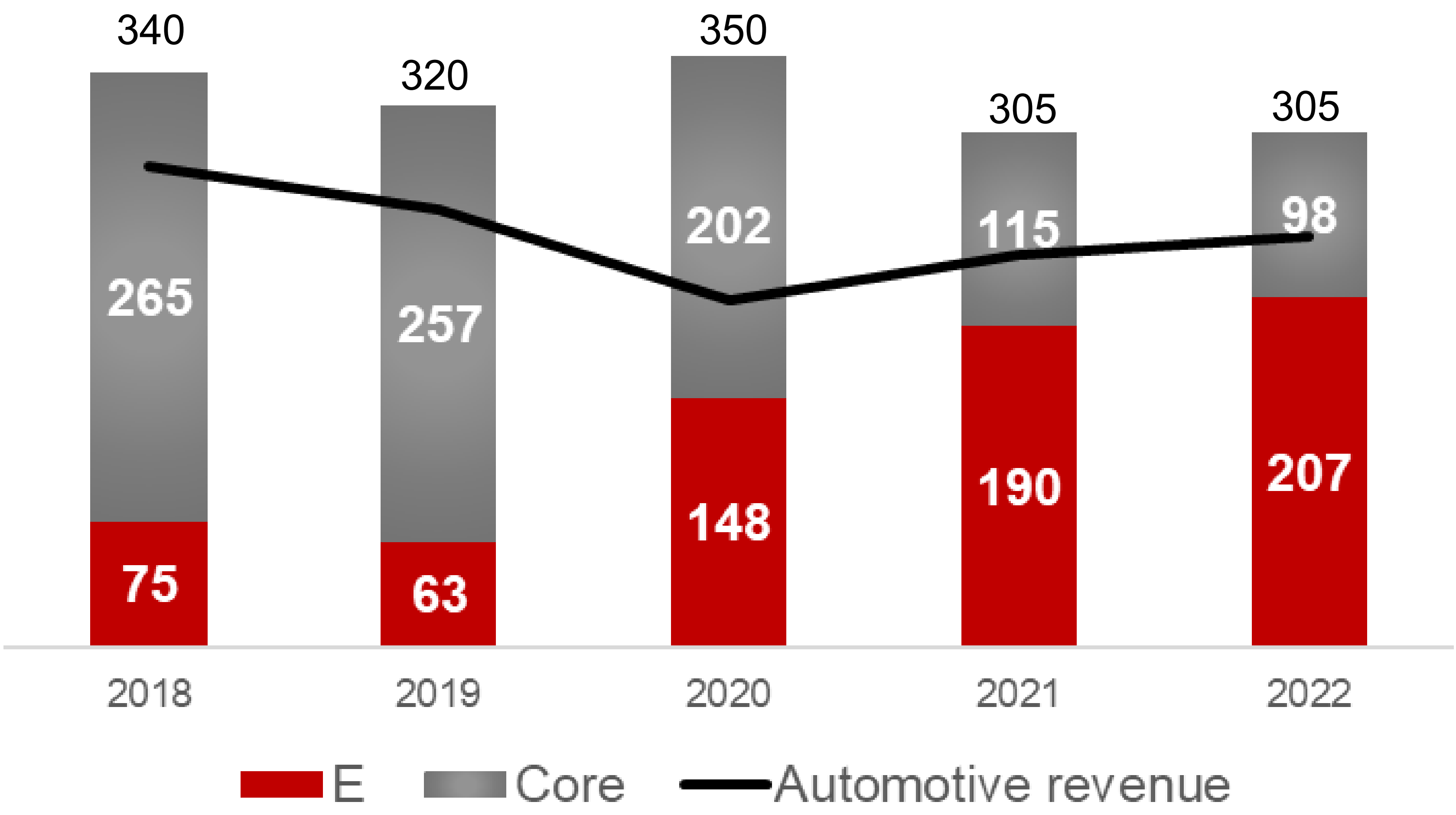
- 1 in 5 vehicles sold today is an EV, China represented 2/3 of global EV sales in 2022
- Well-developed charging network, low electricity prices and driving restrictions for combustion engines
- Local car makers engineer new models in 2.5 years compared to 4 years for VW in Germany

Governments are mandating the end of the combustion engine

- Germany: By 2030, all new cars registered in the country must be emissions-free
- UK: In 2030, the sale of new gasoline and diesel cars will be banned, with hybrid vehicles allowed until 2035
- California, US: By 2035, all new passenger vehicles sold in California must be zero-emission, which includes battery-electric, hydrogen fuel cell, and plug-in hybrid vehicles

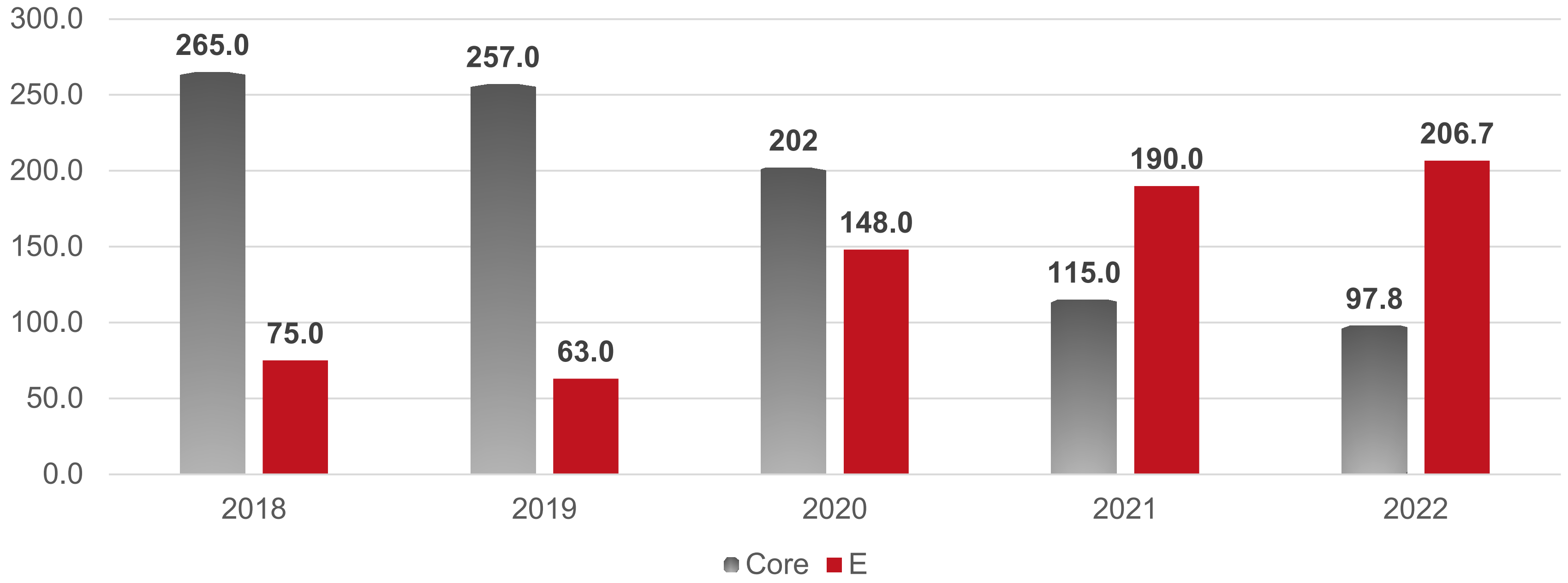
AUTOMOTIVE NOMINATIONS 2018 - 2022

EUR 1.5 billion business wins since 2018*



** Adjusted for net effect of cancellations and extensions of legacy revenue*

AUTOMOTIVE NOMINATIONS 2018 - 2022 (2)



Automotive nominations 2018 - 2022				
	Total	Average per year	Revenue 2022	Book/bill average
E	683	137	63	2.2
Core*	817	163	180	0.9

** Adjusted for net effect of cancellations and extensions of legacy revenue*

COMMERCIAL TRACTION AUTOMOTIVE E

FY 2022

AVAS Sound Phantone® product line: SOP launches in 2023

- More car models within one major OEM equipped with our AVAS Sound products
- Phantone SOPs mid 2023 in China and Europe for major OEM brands
- Next generation software-only solutions being defined

Suspension: continued momentum

- SOPs of first eCDV projects expected in China in mid 2023
- Strong interest in eCDV product with major suspension OEMs globally
- Air suspension roadmap defined with options for intelligent actuation

Sensor Cleaning: market introduction shifting towards the future

- Nomination won for first generation sensor cleaning valve with European top 3 OEM
- Strategic collaboration with Tier 1 Kautex stopped due to significant delayed market opportunity for more complex sensor cleaning products

COMMERCIAL TRACTION

CHINA

New business development

- Nominations continue to be higher than size of the business
- Significant opportunity driven by China government's 14th 5-year plan (2021-2025), emphasizing energy transition.

Automotive E

eCDV

ASV

Suspension system

IB

E-mobility: Auto-door system

Wind Power: wind turbines

Automation: robotics, motion control

IAC

Medical: oxygen generator

Medical: anesthesia machine

Medical: hemodialysis apparatus

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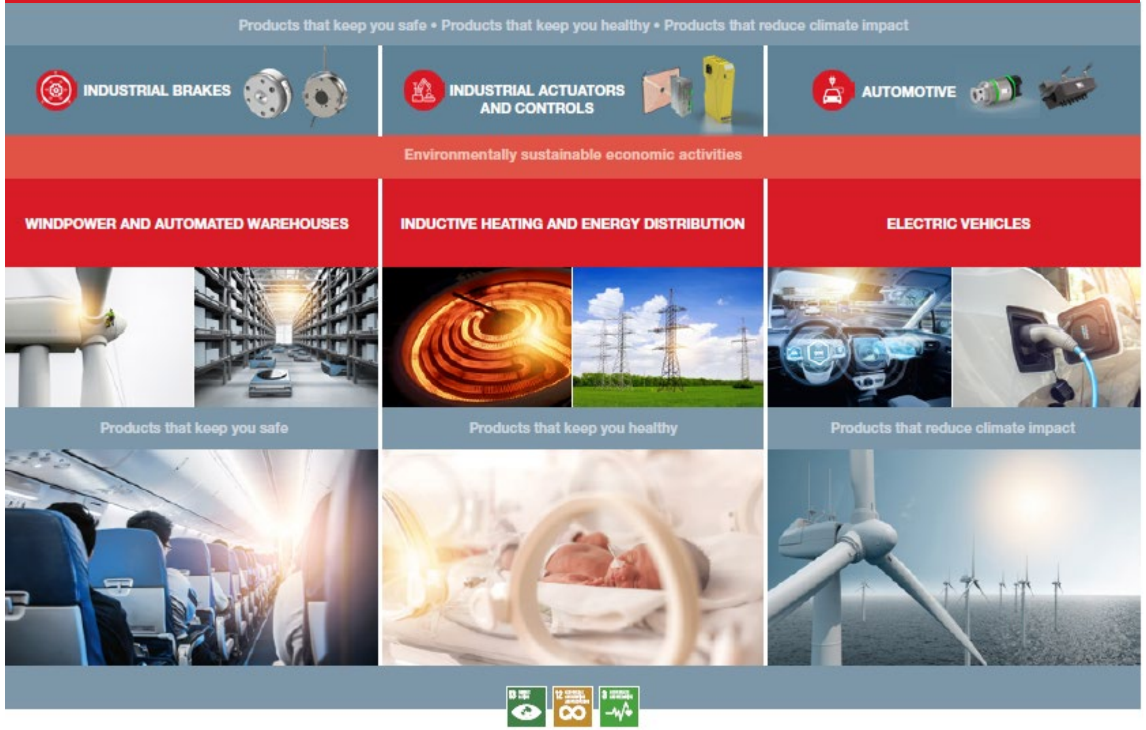
Suzhou Industrial Park

PROGRESSING ON SUSTAINABILITY

Concluding 2019-2023 target framework

	Target	Achieved 2022
Relative reduction of energy consumption	15%	16.82%
Relative reduction of CO2 emission	15%	29.94%

Sustainable products contributions



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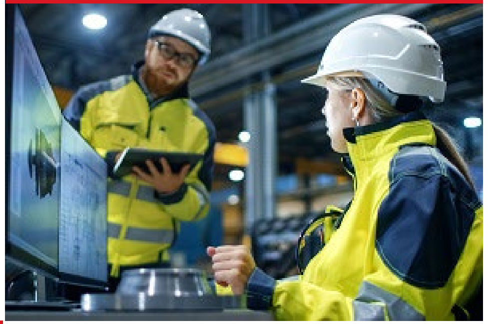
PROGRESSING ON SUSTAINABILITY 2024 - 2028

Accelerating ambitions beyond 2023

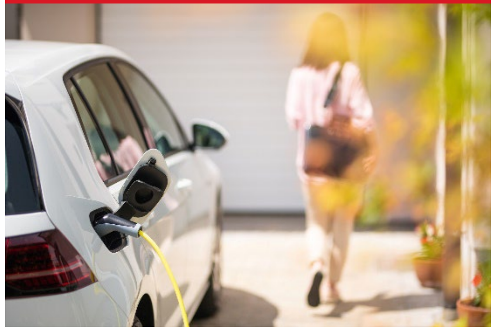
Increase renewable energy

Sustainable sourcing

Health and safety



Reduce emissions



Gender diversity

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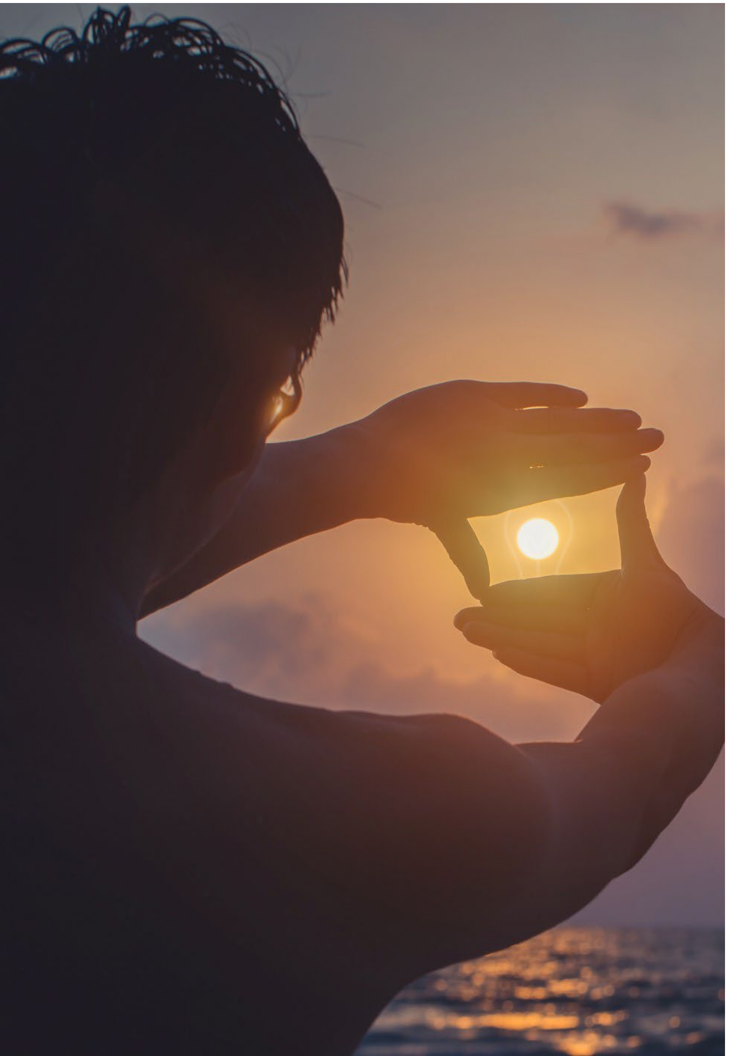
3. Outlook

OUTLOOK 2023



- Expect current economic environment to continue in first half of 2023
- Potentially better in the second half as China re-opens
- Inflation expected to decline, but to stay above pre-pandemic levels
- Substantial and sustained opportunity for growth with products that help advance the global push towards electrification and clean energy
- Positive business fundamentals, with our main objective: delivery of sustainable profitable growth

LONG-TERM TARGETS

Revenue

Average organic growth at least 5% per year *

EBITDA margin

At least15% in 2025

ROIC

At least 25% in 2025

Dividend

Between 35% - 50% of normalized net profit

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

PROGRESS TOWARDS TARGETS

2019 - 2022

(EUR million)	2020	2022	Growth
Revenue	396.4	519.3	+31%
EBITDA	44.6	57.4	+29%
(% of revenue)	11.3%	11.1%	
EBITA	18.9	34.0	+80%
(% of revenue)	4.8%	6.6%	
ROIC	10.8%	15.6%	+44%

6. Q&A

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APPENDIX – RECONCILIATION NON IFRS MEASURES

Bridge from EBITDA to Normalized Net Profit before amortization

EUR million	2022	2021
Reported result before net finance costs	(34,6)	23,9
Reported depreciation and amortisation	28,0	27,8
Reported operating result before depreciation & amortisation (EBITDA)	**(6,6)**	**51,7**
less: Depreciation on PP&E	(20,9)	(21,1)
less: Amortisation on non-PPA related intangibles	(2,4)	(2,8)
Reported operating result before amortisation (EBITA)	**(29,9)**	**27,8**
Normalization of one-off costs and (benefits) related to:		
Restructuring measures - Automotive	5,1	0,4
Restructuring measures - Industrial	0,3	1,2
Impairments Goodwill and other intangibles - Automotive	57,3	-
Impairments PP&E - Automotive	1,0	3,4
Impairments PP&E - Industrial	0,3	-
Other One-off costs / (benefits) - Automotive	-	(1,2)
Other One-off costs / (benefits) - Industrial	-	0,4
Total Normalizations	**64,0**	**4,1**
Normalized EBITDA	**57,4**	**55,8**
Normalized EBITDA margin	***11,1%***	***12,0%***
Normalized EBITA	**34,1**	**31,9**
Normalized EBITA margin	***6,6%***	***6,9%***
Reported amortisation on PPA related intangibles	(4,7)	(3,9)
Reported net finance costs and share profit or loss of an associate	(5,1)	(3,8)
Normalization related to credit facility	0,5	-
Normalized interest charges and release of currency translation reserve	0,2	(0,0)
Normalized profit before income tax	**25,0**	**24,2**
Reported income tax expense	(6,6)	(5,7)
Normalization related to tax audits	0,5	0,4
Normalization related to deferred income tax adjustment	1,2	-
Impact one-off costs and benefits on income tax expense	(1,9)	(1,2)
Amortisation after tax	3,5	2,9
Normalized net profit for the period before amortization	**21,7**	**20,6**

Free cash flow

EUR million	2022	2021
Net cash flow from operating activities	37,9	27,8
Net cash flow from investing activities	(37,9)	(48,8)
Free cash flow	**0,0**	**(21,0)**
Normalizations	3,1	24,5
Normalized free cash flow	**3,1**	**3,5**

Invested capital at 31 December

EUR million	2022	2021
Property, plant and equipment	131,6	121,9
Intangible assets	126,5	183,4
Net working capital	65,7	61,7
Other fixed assets	0,7	0,9
Invested capital	**324,5**	**367,9**
less: Goodwill and other intangibles related to acquisitions	(111,2)	(171,2)
Operating invested capital	**213,3**	**196,7**
Impact one-off costs and benefits on invested capital	4,5	8,5
Normalized invested capital	**217,8**	**205,2**

Return on Investment % (ROI)

EUR million - unless stated otherwise	2022	2021
Normalised EBITA	34,1	31,9
Normalised Invested capital	217,8	205,2
Return on Investment % (ROI)	**15,6%**	**15,6%**