

A man with a beard is shown in profile, looking towards the right. He is using his hands to frame the sun, which is low on the horizon, creating a bright starburst effect. The background features a body of water, distant mountains, and some reeds in the foreground. The overall scene is bathed in the warm, golden light of a sunset or sunrise.

Q4 AND FULL-YEAR RESULTS 2020

19 FEBRUARY 2021

AGENDA

1. COVID-19
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.

COVID-19

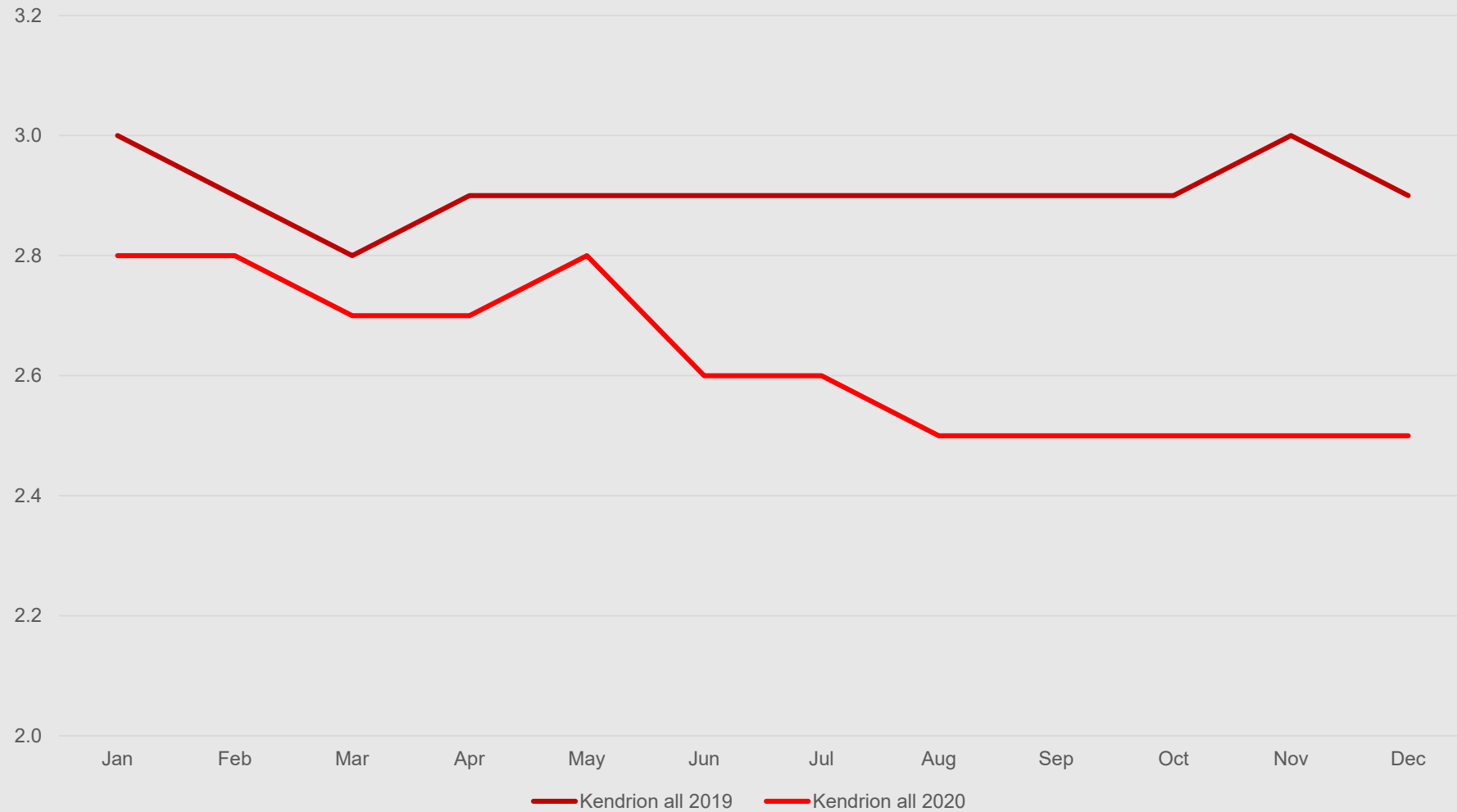
- Kendrion priorities unchanged
 - Keep our employees and their families healthy and safe
 - Safeguard the Group's continuity so that when the situation stabilises, our prospects are better than ever

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

- Current situation:
 - Active cases: 3
 - Of which in hospital: 1
 - Number of fatalities: 1

KENDRION ILLNESS RATE

12-Months rolling average



A photograph of a woman with long blonde hair and a young girl with brown hair, both smiling and looking out a window. They appear to be on a train or bus, with red handrails visible. The scene is brightly lit by sunlight coming through the window.

1. 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% for the quarter
- Industrial and passenger car segment revenue back to pre-COVID levels
- Better 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 compensated COVID-19 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
- FTE increase of 140 including 281 INTORQ FTE and organic decrease of 141 FTE (6%)
- 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

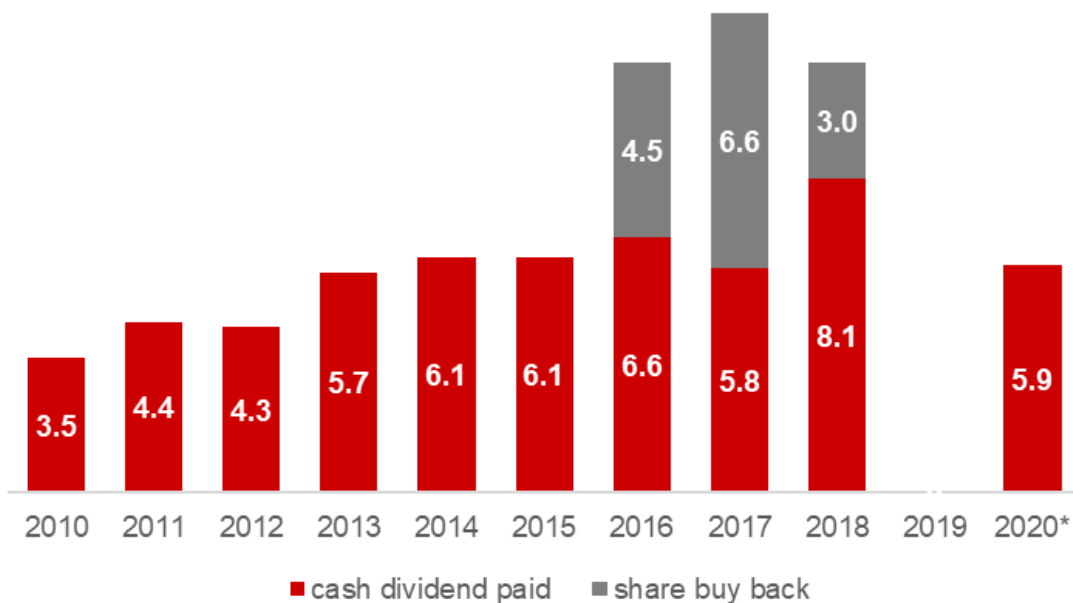
- Record free cash flow before acquisitions of EUR 31.5 million in 2020 (2019: EUR 25.5 million)
- Normalised working capital as a percentage of revenue stable at 10.4%, despite increased share of Industrial activities.
- Lower working capital contributed EUR 7.3 million to free cash flow, largely due 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

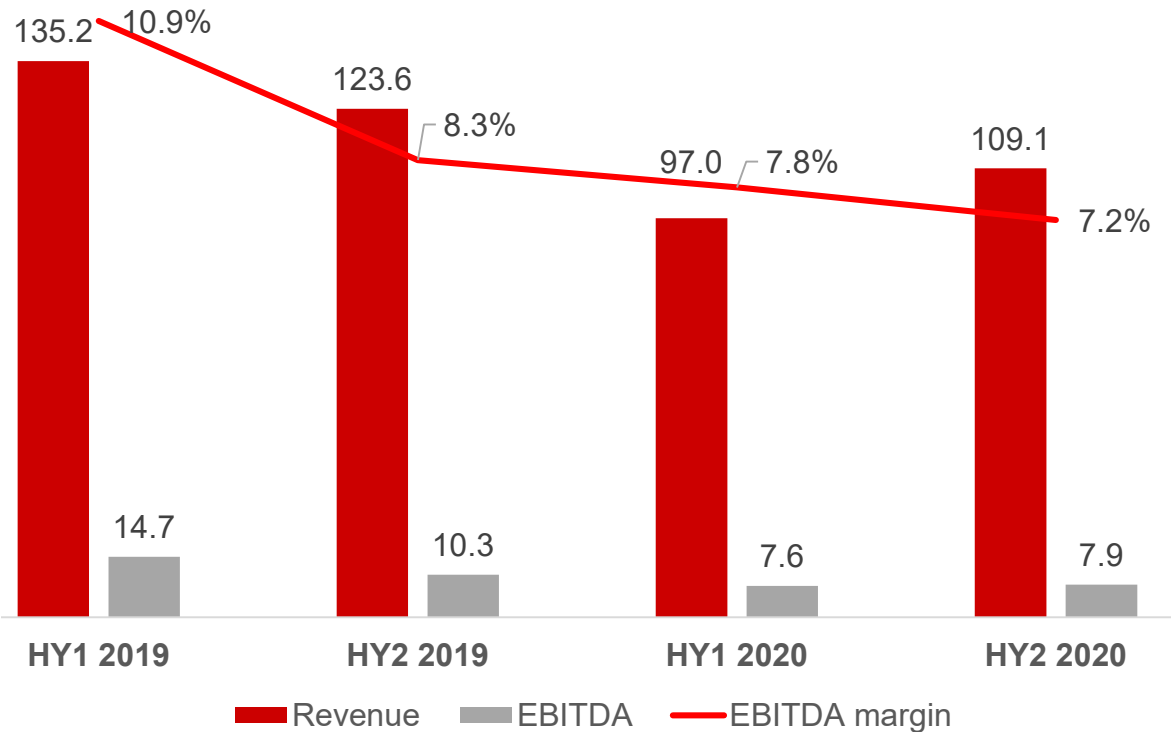
| | 2016 Actual | 2017 Actual | 2018 Actual | 2019 Actual | 2020 Proposed |
|--------------------|----------------|----------------|----------------|----------------|------------------|
| Dividend per share | 0.78 | 0.87 | 0.87 | - | 0.40 |
| Dividend yield | 2.9% | 2.2% | 4.2% | - | 2.1% |
| Pay-out | 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, giving consideration to maintaining a healthy financial position
- 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

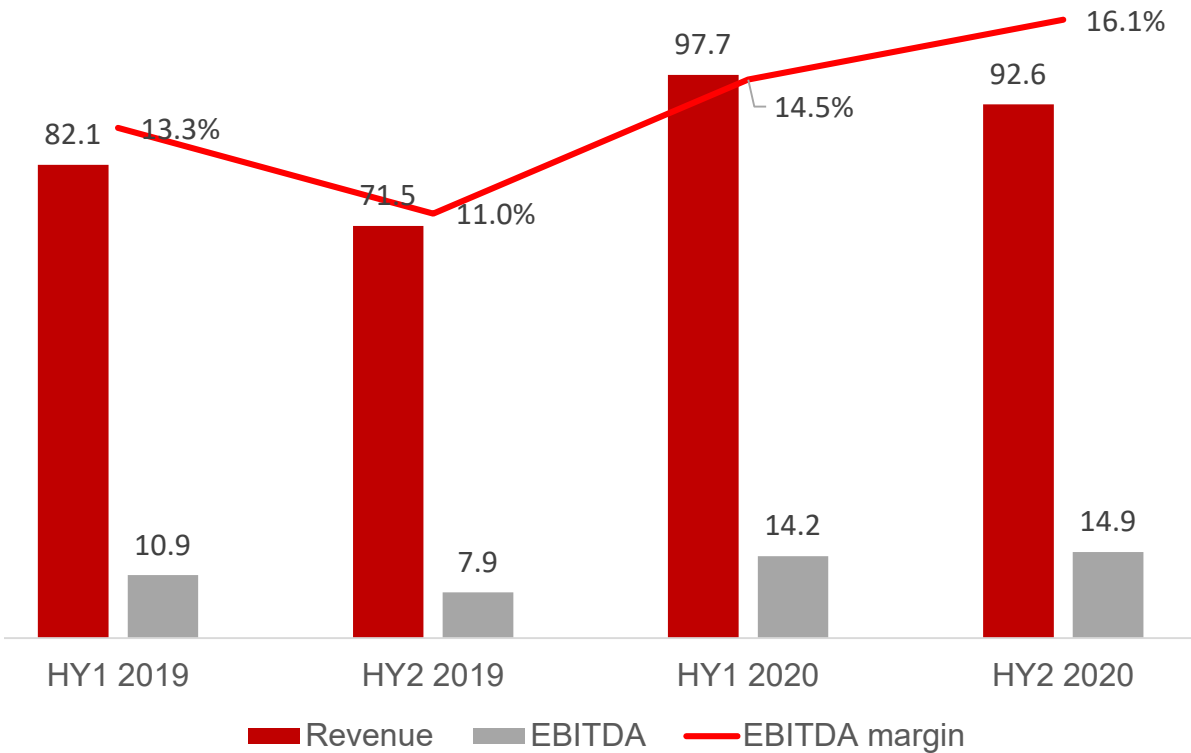
* 2020 proposed (100% cash assumed for illustrative purposes)

AUTOMOTIVE



- 2020 car production decreased 21% in Europe, 20% in the US, 4% in China and 16% globally
- Revenue decrease of 20% in 2020, 11% in HY2
- Revenue recovers in HY2 driven by passenger car segment, weak second half year for commercial vehicles
- Decrease of staff and other operating expenses EUR 11.9 million (14%) in 2020
- 2020 investments EUR 10.7 million, EUR 2.2 million below depreciation
- Investments include equipment and R&D for a transmission system, a suspension valve line in China and a suspension valve line in Sibiu

INDUSTRIAL



- Revenue increased 24%; organic decrease of 11% excluding INTORQ
- 5% organic growth in fourth quarter with strong orders in IB and IAC
- Machine building and aviation segments weak; good year for medical and wind power (China)
- EUR 7.7 (11%) lower organic costs, including EUR 2.0 million structural cost saving following Q4 2019 restructurings and EUR 1.1 million cost synergies in Industrial Actuators and Controls
- Strong contribution from INTORQ and realisation of above target synergies of EUR 2.8 million, with EUR 0.9 million effective in FY 2020
- Investments of EUR 5.9 million, substantially below depreciation



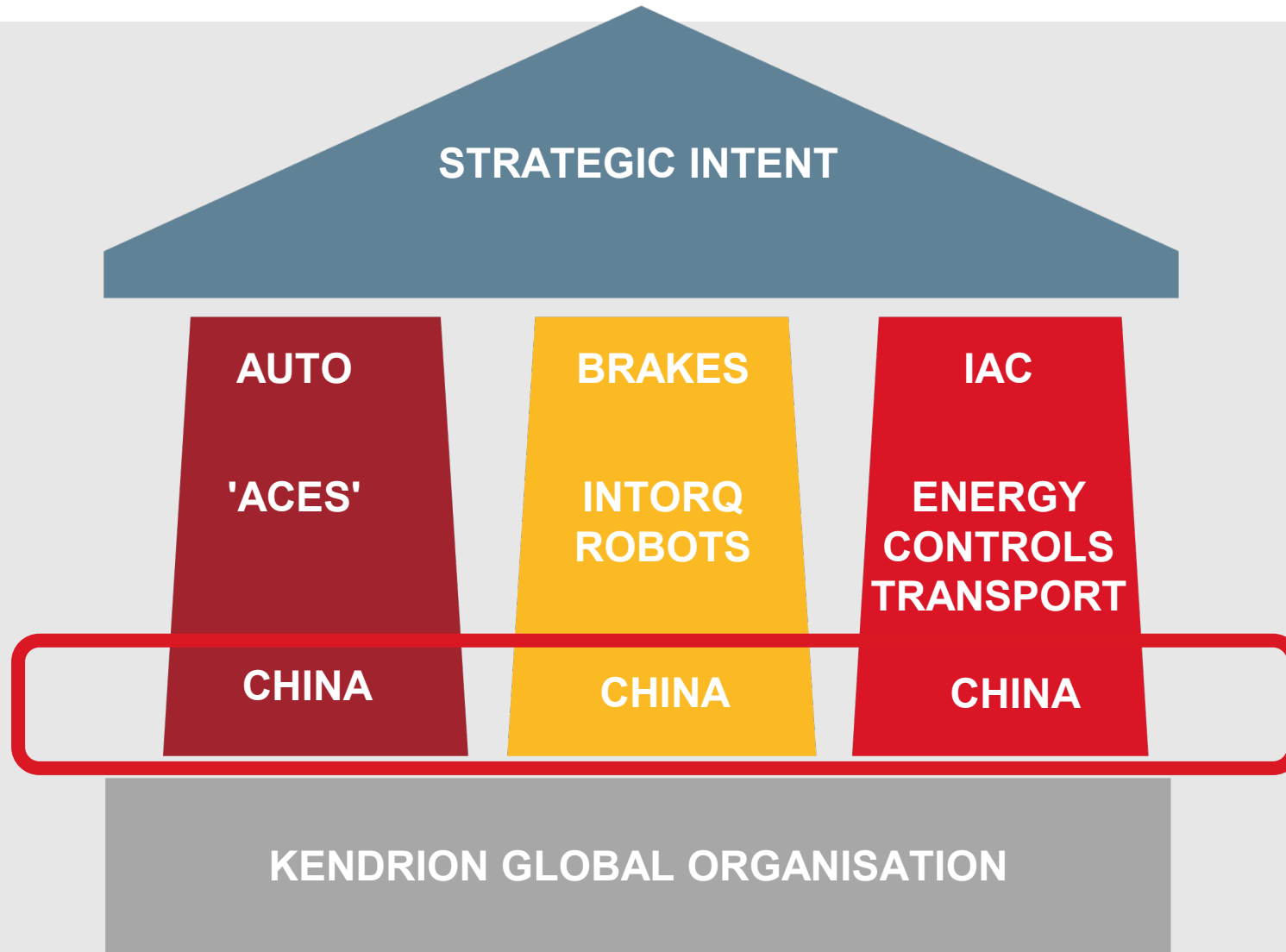
2. Strategic and operational update

Connect

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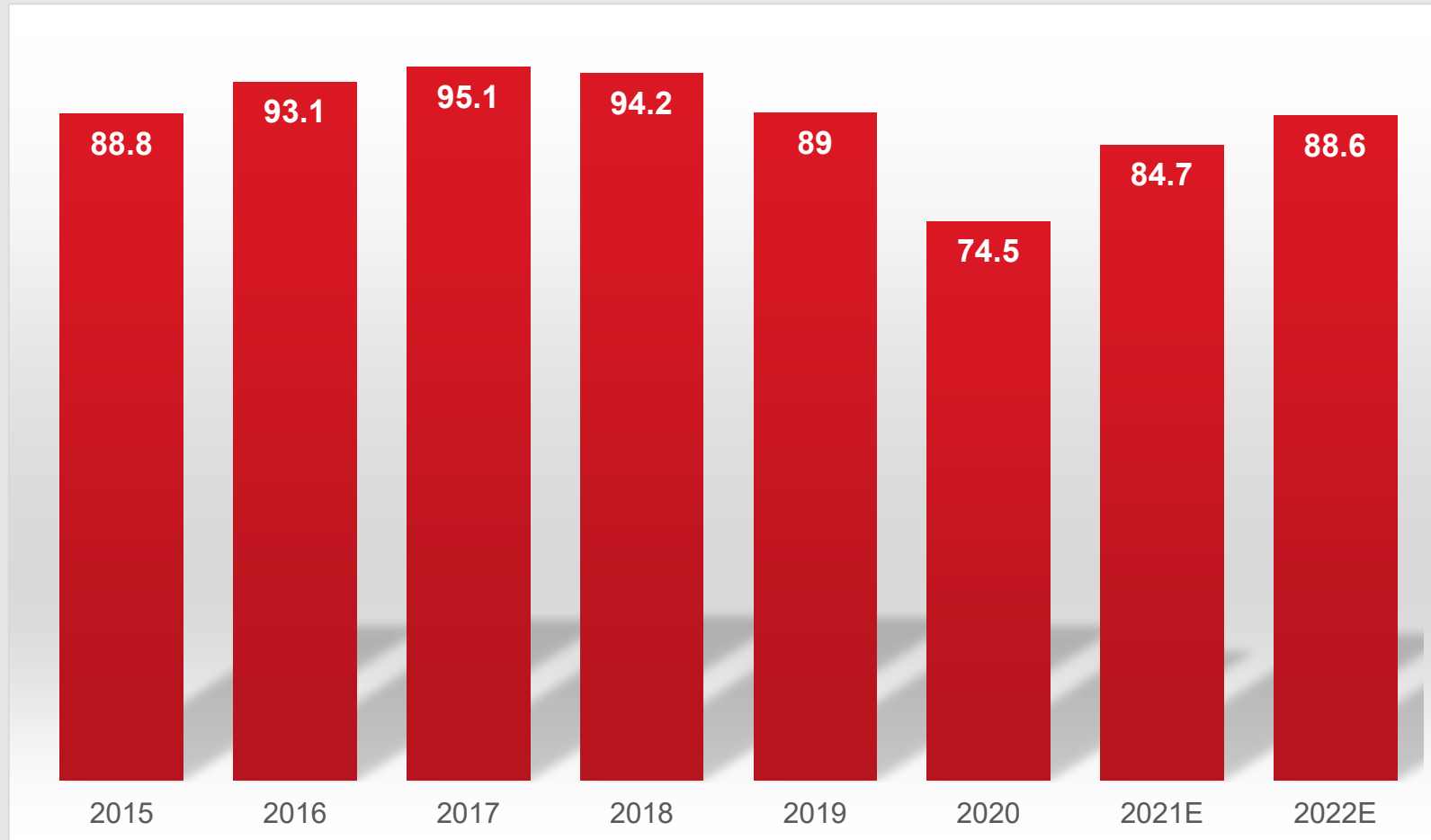
DATA

KENDRION STRATEGIC HOUSE



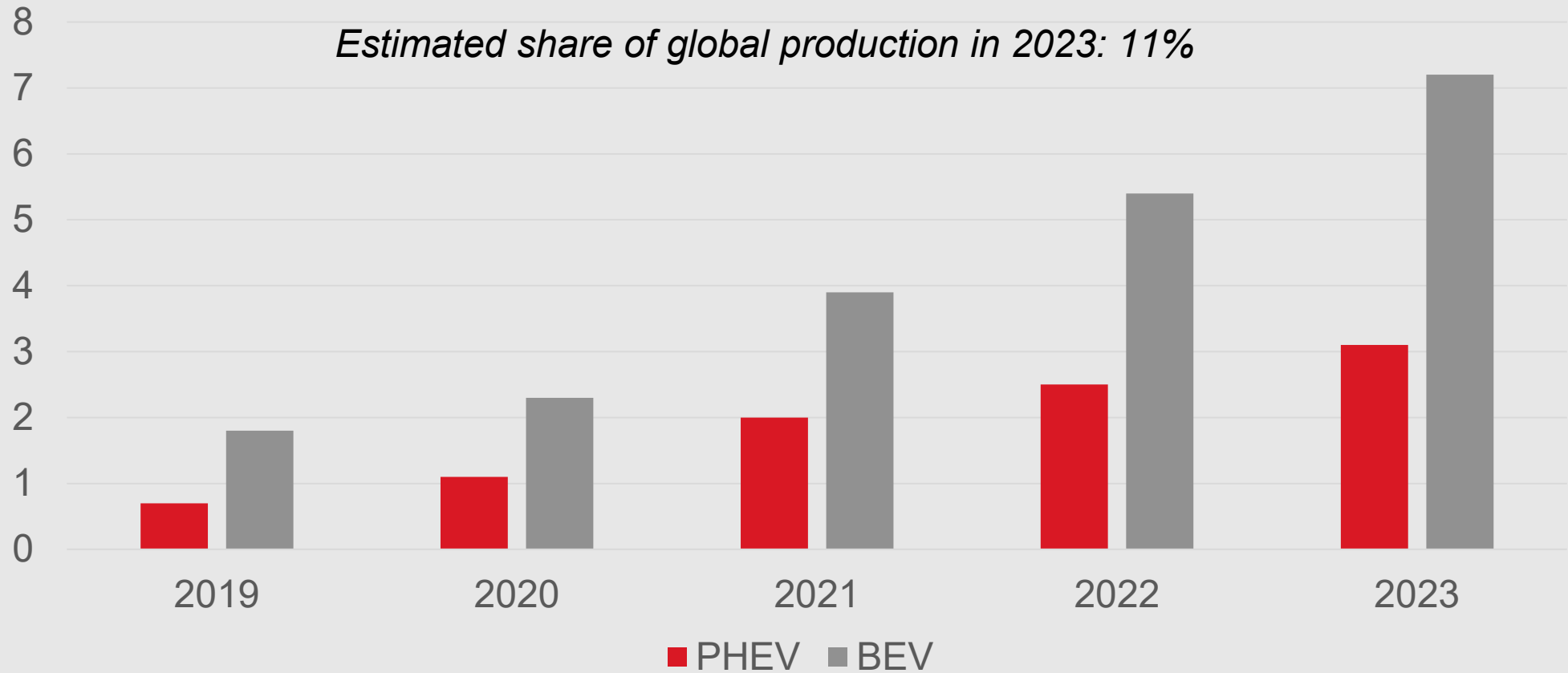
GLOBAL VEHICLE PRODUCTION

Millions of vehicles



GLOBAL ELECTRIFIED CAR SALES

Millions of vehicles

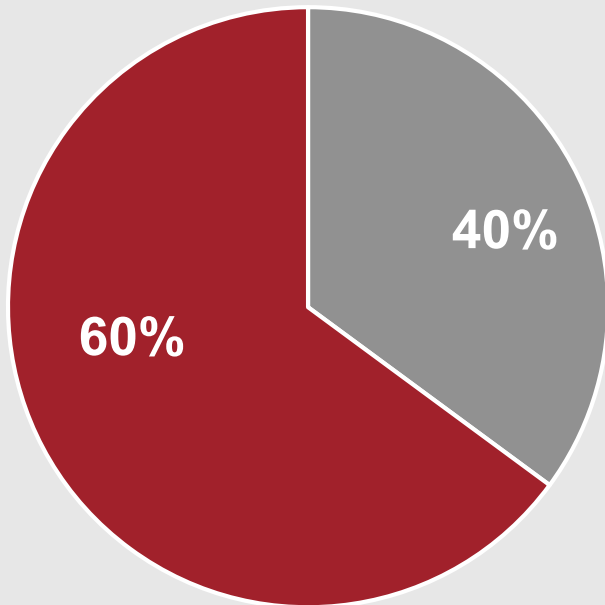




NOMINATIONS 2018 - 2020

Automotive - lifetime

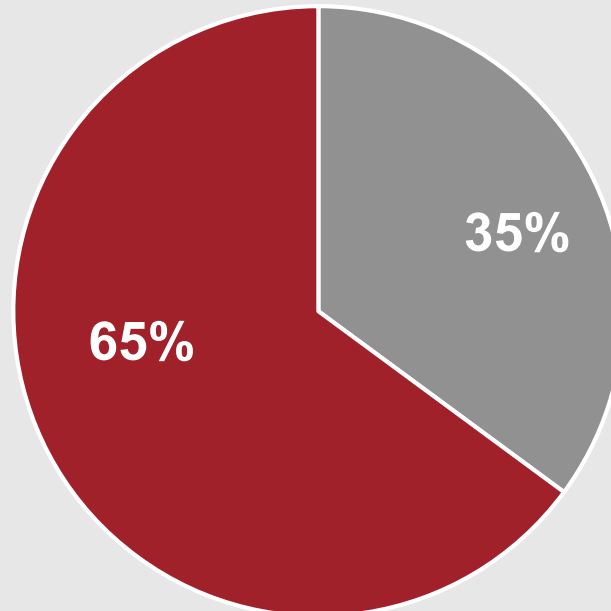
2020
100% = EUR 350 million



■ Independent ■ ICE

book-to-bill 1.7

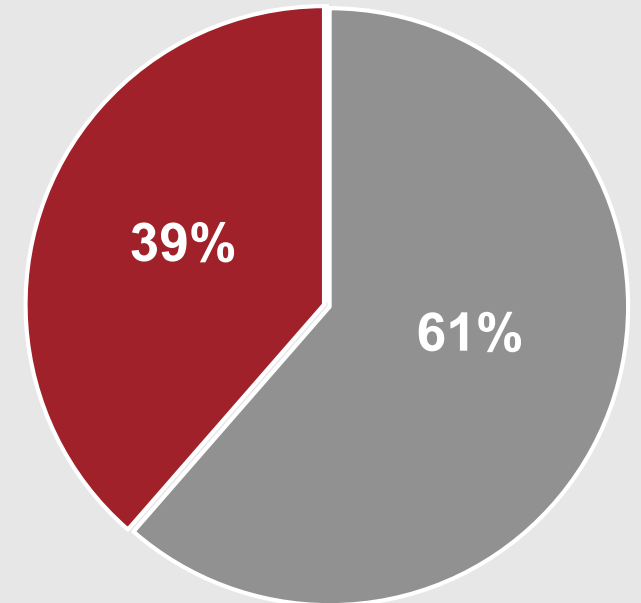
2019
100% = EUR 320 million



■ Independent ■ ICE

book-to-bill 1.25

2018
100% = EUR 340 million



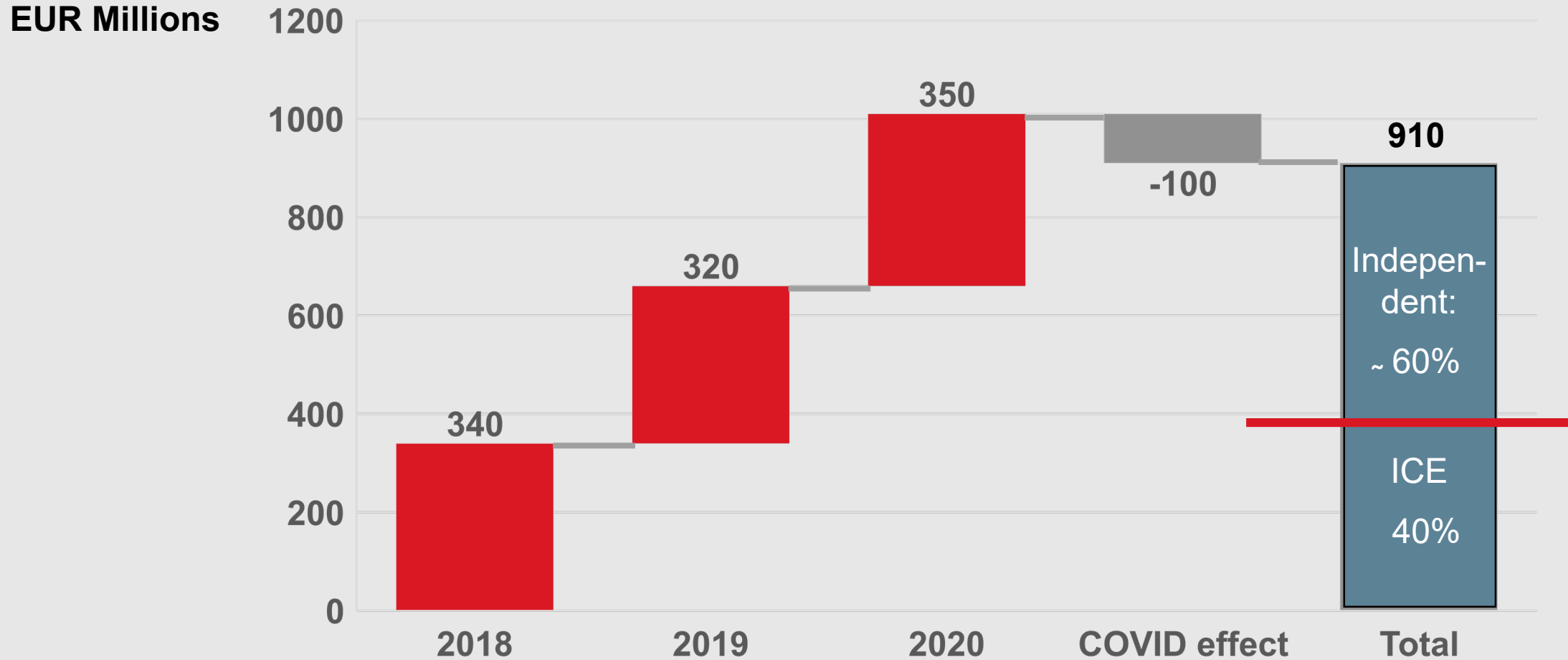
■ Independent ■ ICE technology

book-to-bill 1.20



NOMINATIONS: COVID-EFFECT

Automotive - lifetime



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



INDUSTRIAL BRAKES: INTEGRATION COMPLETE

IB



- Smooth and successful integration of INTORQ into the Kendrion family including full alignment of all support functions
- Run rate synergies of EUR 2.8 million achieved, including successful relocation of IDS Aerzen
- Balancing of volume variations in production combined with stable and secure supply chain resulted in excellent delivery performance despite COVID lockdowns

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



ICS/IMS

- BU IAC - Industrial Control Systems and Industrial Magnetic Systems - successfully integrated
- Synergy savings of EUR 1.6 million 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



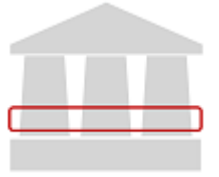
Improved position in diverse niche markets – medical and non-medical devices, machinery automation



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 Groups significantly higher than size of business

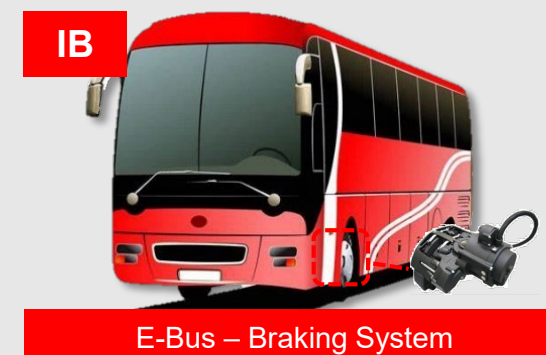
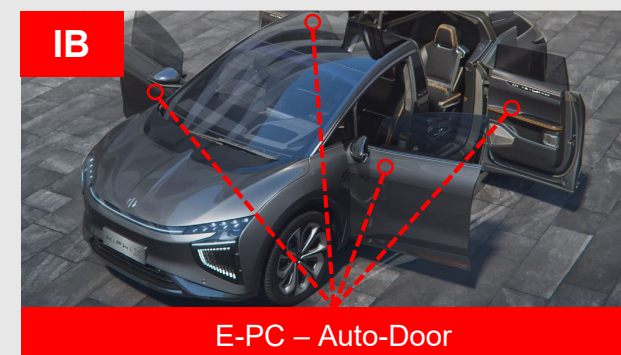
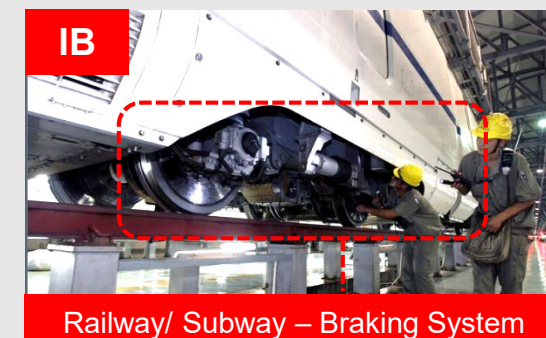
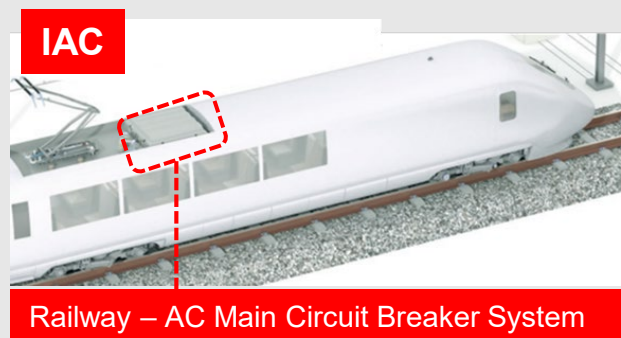
- **28,000 m2 building site with 30 years of Land-Use-Right agreed at favorable conditions**



COMMERCIAL TRACTION CHINA

Business review & new market development

- Strong growth in IB market, mainly from wind power application
 - Positive market outlook results from China government's long term green energy policy.
- Aggressive new business development to support substantial growth over the coming years.
 - Automotive market is recovering after COVID-19, and new nomination opportunities are increasing.
 - Explored more industrial applications for both IAC and IB
 - Good progress on several markets, including Railway, Electric Door for Passenger Car and E-Bus.



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



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





3. Outlook

OUTLOOK

- The overall sentiment regarding the global economic outlook remains uncertain for the coming period
- We do expect a gradually improving global economy in the course of 2021
- As the longer-term impact of the pandemic remains uncertain, we will continue to focus on our liquidity and cost levels
- The long-term outlook is unchanged and remains good for both the Automotive Group, our Industrial activities and China



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

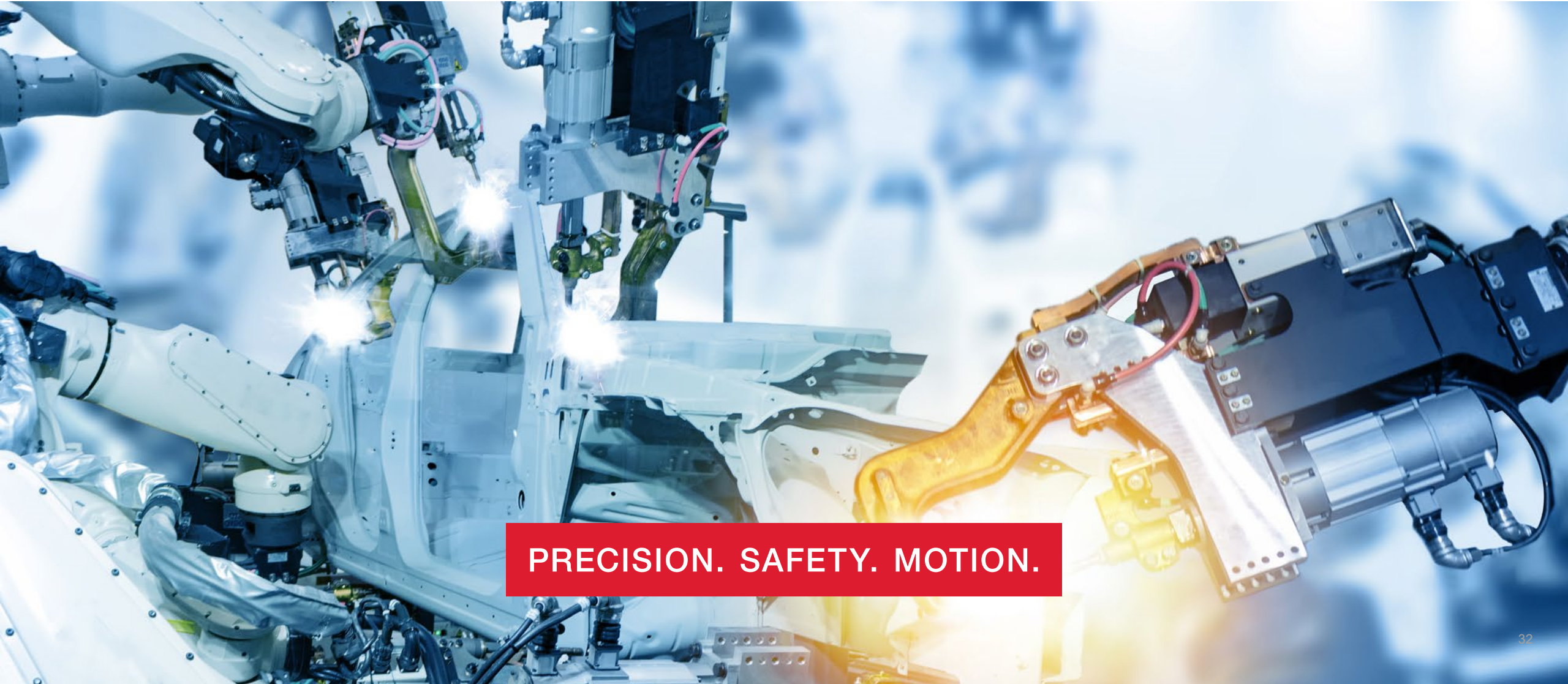
Between 35% - 50% of
normalised net profit

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



4. Questions & Answers

KENDRION



PRECISION. SAFETY. MOTION.