



GENERAL MEETING OF SHAREHOLDERS KENDRION N.V.

11 APRIL 2022

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 2021 (for discussion)**



JOEP VAN BEURDEN, CEO
JEROEN HEMMEN, CFO

AGENDA

1. Overview
2. Ukraine, 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.

Facts and Figures (2021)

Employees



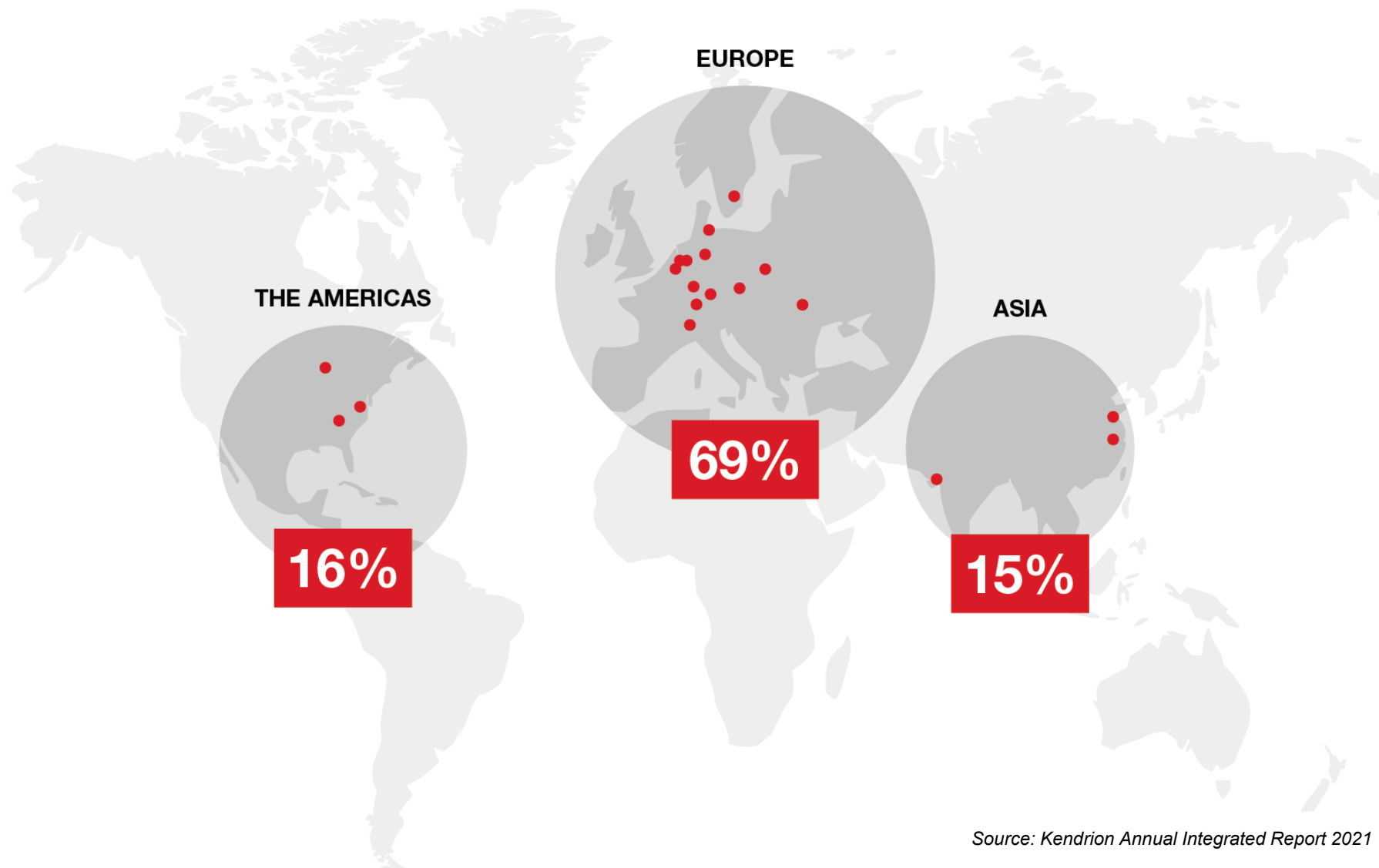
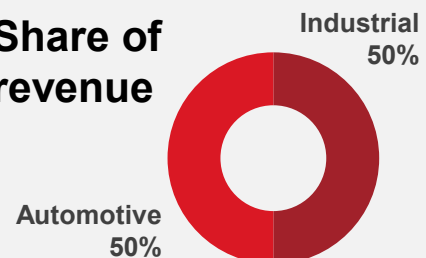
over 2,700

Revenue



€ 463,6 million

Share of revenue



OUR ORGANIZATION'S STRUCTURE

INDUSTRIAL

INDUSTRIAL BRAKES

Full-line provider of electromagnetic brakes for electromotors in industrial end markets

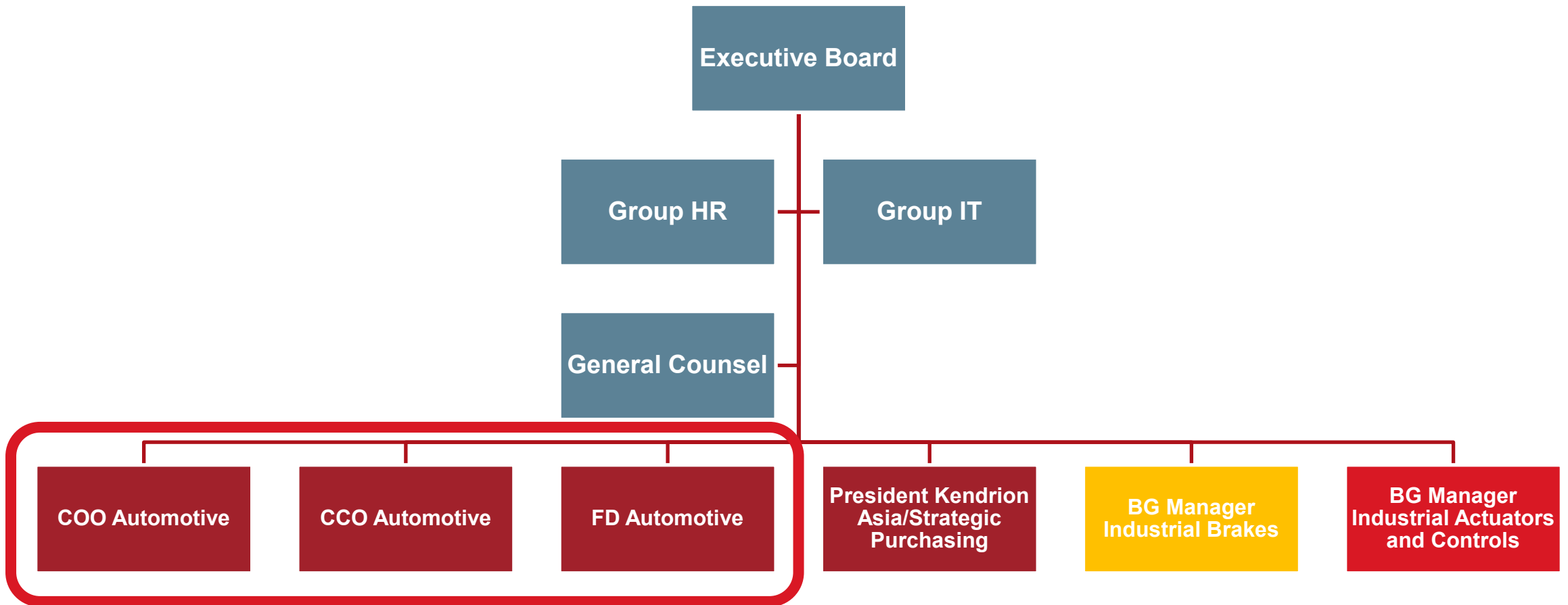
INDUSTRIAL ACTUATORS AND CONTROLS

Customized solutions for industrial applications based on electromagnetic actuators, control technology and fluid technology

AUTOMOTIVE

Innovative solutions for passenger cars and commercial vehicles focused on advanced valve technology, smart actuation and control technology to enable the transformation to Autonomous, Connected, Electric and Shared (ACES) mobility

OUR ORGANIZATION'S STRUCTURE





2. COVID-19, UKRAINE

UKRAINE

- Kendrion has limited direct exposure to the Ukraine conflict: no production facilities in the Ukraine and/or Russia, almost no revenue exposure
- Adequate screening procedures in place to monitor compliance with EU-sanctions
- As a globally active company, we are affected by the indirect effects such as the impact on the overall economy and inflationary pressures affecting the prices of our raw materials and energy consumption
- The diversity of our activities with a good balance between our industrial and automotive activities provides additional stability
- Our 'local for local' supply chain limits the exposure to long and complex supply chains
- We are working closely with our customers, suppliers, social partners, employees and other stakeholders to mitigate the volatility
- Our financial position is strong

COVID-19 PRIORITIES

- Keep our employees and their families healthy and safe: COVID-19 prevention measures continue to be in place
- Safeguard the Group's continuity



1. Business review

KEY FIGURES

Normalized (in EUR million)	Q4 2021	Q4 2020	delta
Revenue	115,8	103,1	12%
EBITDA	11,5	11,4	1%
EBITA	5,8	4,9	19%
Net profit before amortization	4,1	2,9	41%
EBITDA as a % of revenue	10,0%	11,1%	
EBITA as a % of revenue	5,1%	4,8%	

Normalized (in EUR million)	FY 2021	FY 2020	delta
Revenue	463,6	396,4	17%
EBITDA	55,8	44,6	25%
EBITA	31,9	18,9	69%
Net profit before amortization	20,6	11,7	76%
EBITDA as a % of revenue	12,0%	11,3%	
EBITA as a % of revenue	6,9%	4,8%	
Return on invested capital ¹ (12 months rolling)	15,6%	10,8%	

¹ Invested capital excluding intangibles arising from acquisitions.

- Organic revenue growth of 9% in Q4
 - Industrial reported strongest quarter of the year, representing 54% of Group revenue in Q4
 - Added value margin improvement of 70 basis points, despite increasing raw material prices
 - One off charges in Q4 include EUR 3.3 million equipment impairment in Automotive
 - Total FTE of 2,728 - including 216 temps – 272 above last year
-
- Organic revenue growth of 16% and Industrial 10% above pre-pandemic level
 - Relatively stable added value margin of 48.3% (2020: 48,5%) despite sharply increasing raw material prices
 - Organic operating cost increase of EUR 21.6 million (15%) and EUR 19.7 million including depreciation (11%), driven by abolishing short time work measures from previous year and increased activity level
 - Improved return on invested capital driven by 69% increased operating result (EBITA)

CASH FLOW AND FINANCIAL POSITION

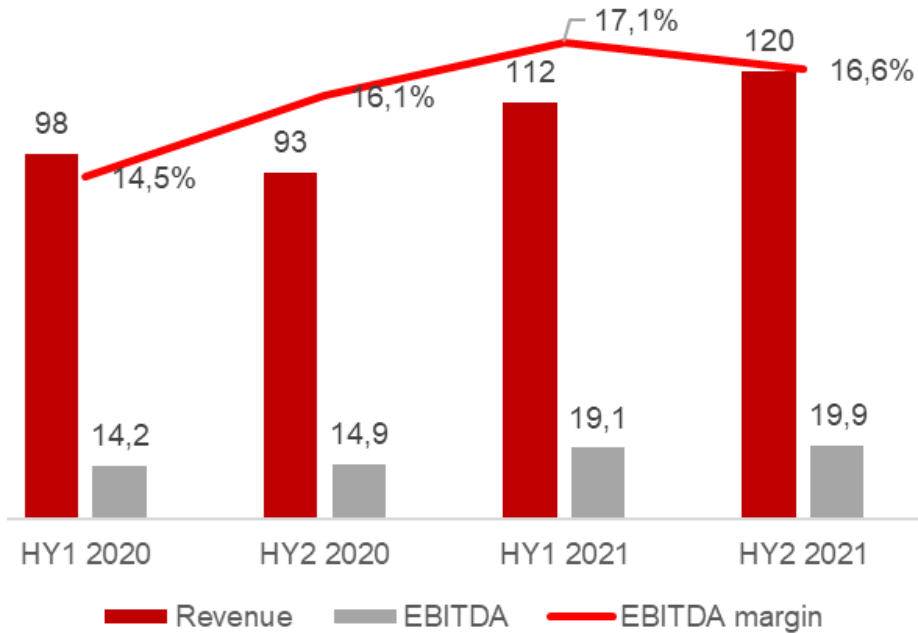
Free cash flow

- Normalized free cash flow of EUR 3.5 million, affected by high investments, buffer stocks and growth in activity level
- Working capital as a percentage of revenue of 13.8% (2020: 10.4%), affected by Industrial increased revenue share and buffer stocks
- Capital expenditure of EUR 28.9 million (2020: EUR 16.5 million), including EUR 5.9 million for construction of new facility in China

Financial position

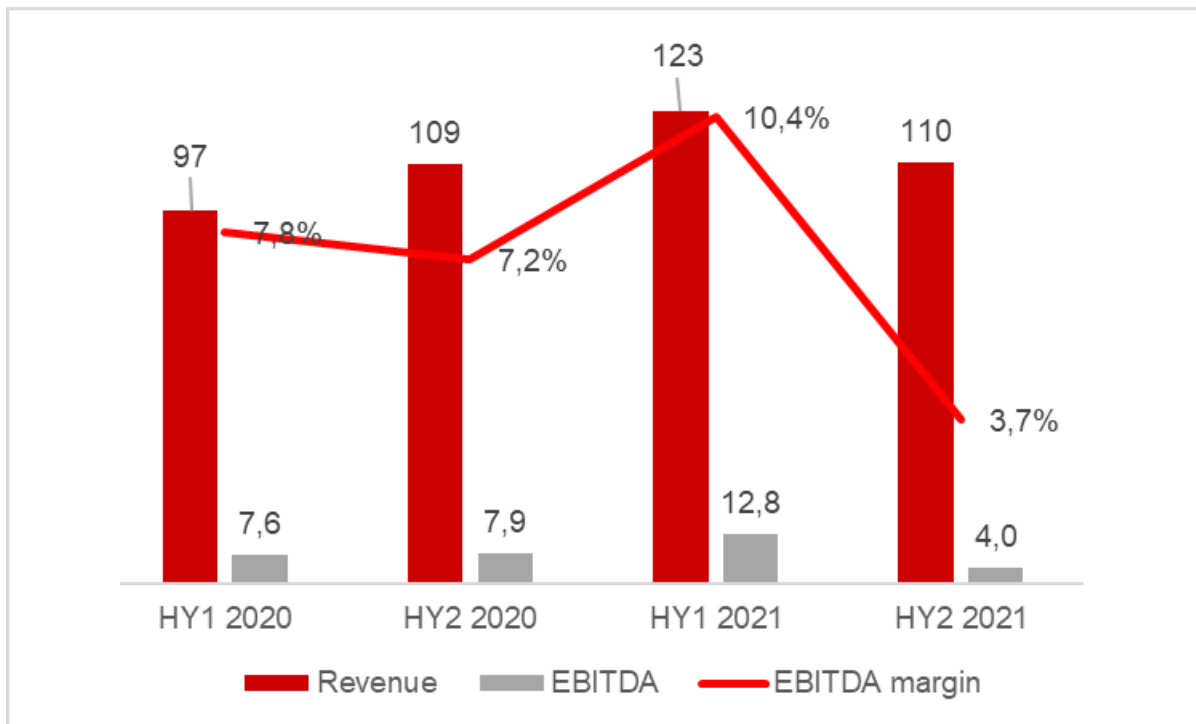
- Leverage ratio reduced to 2.3 (Q3 2021: 2.4)
- Net debt reduced from EUR 10.6 million to EUR 130.6 million in Q4. Increase of EUR 27.4 million compared to previous year, affected by the acquisition of 3T
- Liquidity position remains strong with EUR 58 million availability in cash and undrawn credit facility

INDUSTRIAL



- Industrial Brakes recorded 21% revenue increase driven by recovery of demand and ongoing trend towards electrification and automation of industrial processes
- Industrial Actuators and Controls organic revenue up 16%
- 3T added EUR 3.4 million revenue and good profitability (19% EBITDA margin)
- Added value slightly decreased as raw material prices are passed on with material surcharges with some delay (mainly in IB)
- EBITDA increase of 34% in 2021, and 34% in HY2

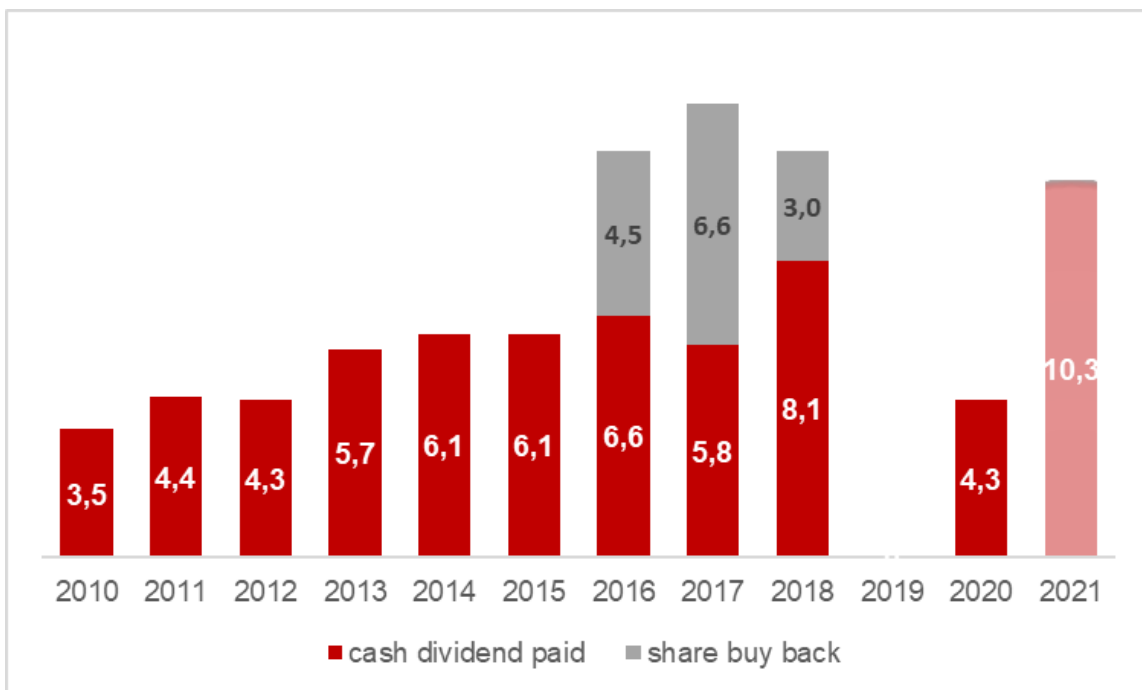
AUTOMOTIVE



- Revenue indirectly affected by semi-conductor shortages in the Automotive industry
- Organic revenue growth of 13% in 2021, compared to 2% growth in global car production
- EBITDA margin reduction in HY2 driven by higher fixed operating expenses caused by abolishment of temporary pandemic related cost measures in 2020
- Slight increase in added value margin, despite significantly increasing raw material prices
- Commercial traction continues to be strong with EUR 305 million new business nominations, book-to-bill of 1.3

DIVIDEND AND CASH RETURN

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



- 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 0.69 per share (50% pay-out of normalized net profit)
- Dividend payable in cash or in ordinary shares charged to the share premium reserve at the option of the shareholder

* 2021 proposed (100% cash assumed for illustrative purposes)

FINANCING UPDATE

Kendrion envisages a refinancing of its existing EUR 162.5 million syndicated loan facility with:

1. Kendrion has successfully raised EUR 72.5 million in an inaugural transaction in the Schuldschein market with settlement on 13 April 2022
 - Maturities of 3 years (EUR 20 million) and 5 years (EUR 52.5 million)
 - Pricing at the tight end of the range with 100bp for 3 years and 125bp for 5 years
 - Initial offering of EUR 50 million was oversubscribed by a variety of European and Asian investors
 - Pricing is linked (+/- 5bp) to an Ecovadis sustainability rating
2. An agreement on key terms with ING Bank and HSBC Bank for a sustainability linked revolving credit facility of EUR 102.5 million with a maturity of 3 years with two 1-year extension options.

With the refinancing Kendrion has successfully extended and diversified its maturity profile, realized funding diversification and realized more competitive terms compared to its existing facility

INITIAL ECOVADIS RATING PUTS KENDRION IN THE TOP 22% OF RATED COMPANIES

► **Ecovadis is used by procurement teams throughout the supply chain to monitor CSR/ESG practices.**

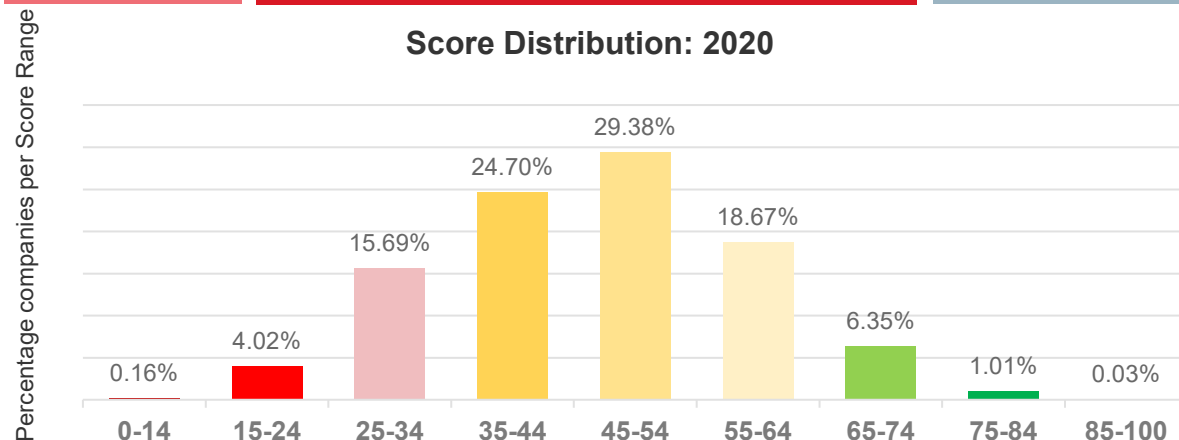
- **Kendrion** has acquired an ESG Rating to independently assess the company’s standing on Environmental, Social and Governance aspects
- **EcoVadis** – a reputable partner with more than 14 years experience and a robust methodology in place rating a total of **75,000 companies**
- **Ecovadis** is backed by reputable investors, receiving a EUR 200 million investment from CVC and a minority investment from Bain & Co in **2020**



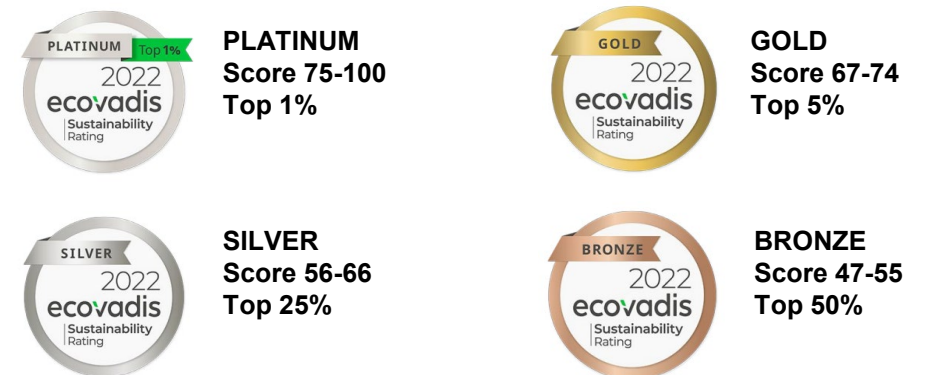
Methodology: ESG Criteria covered

21 CSR Criteria	1. Environment Operations <ul style="list-style-type: none"> • Energy Consumption & GHGs • Water • Biodiversity • Local & Accidental Pollution • Materials, Chemicals, Waste Products <ul style="list-style-type: none"> • Product Use • Product End-of-Life • Customer Health & Safety • Environmental Services & Advocacy 	2. Labour & Human Rights Human Resources <ul style="list-style-type: none"> • Employee Health & Safety • Working Conditions • Social Dialog • Career Management & Training Human Rights <ul style="list-style-type: none"> • Child, Forced Labor & Human Trafficking • Diversity, Discrimination & Harassment • External stakeholder Human Rights 	3. Ethics <ul style="list-style-type: none"> • Corruption & Bribery • Anticompetitive practices • Responsible Information Management
			4. Sustainable Procurement <ul style="list-style-type: none"> • Supplier Environmental Practices • Supplier Social practices

Score Distribution: 2020



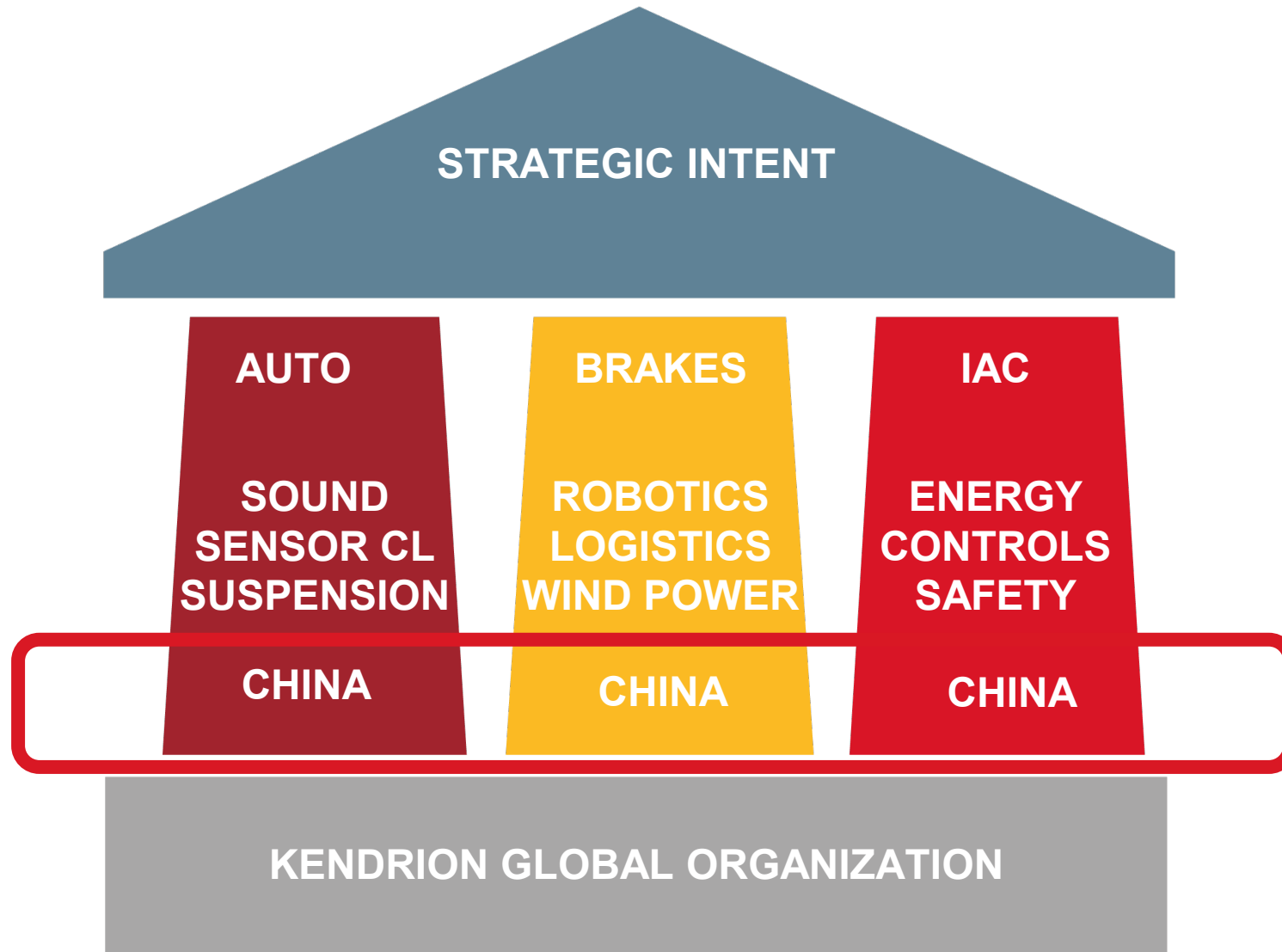
Recognition levels used for external communication





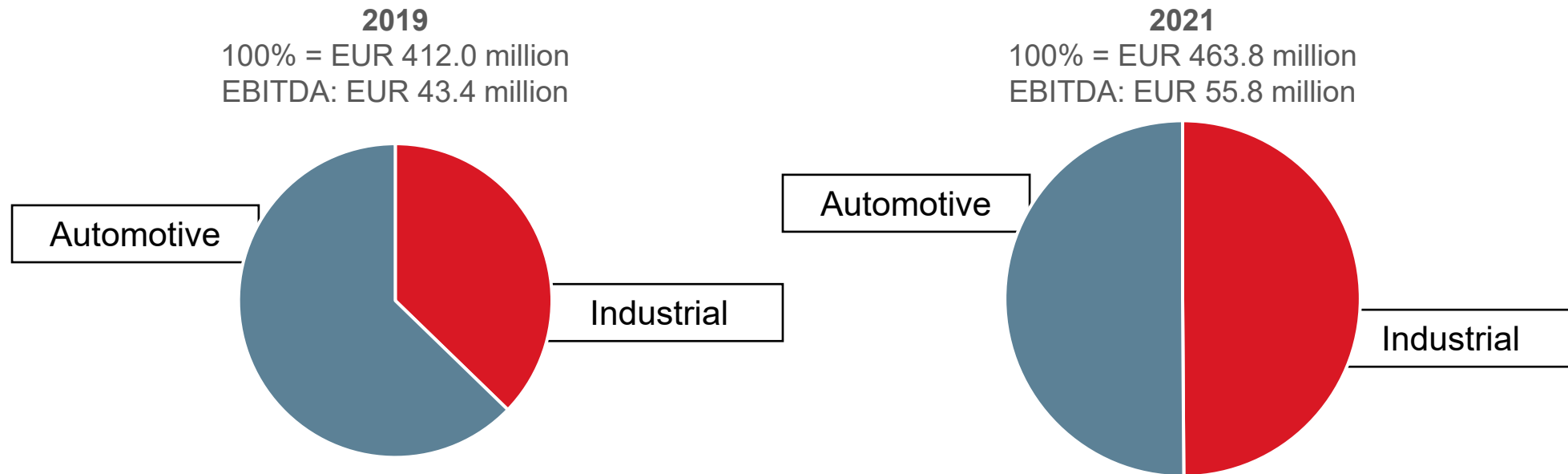
2. Strategic and operational update

KENDRION STRATEGIC HOUSE



KENDRION IS TRANSFORMING

Timing		Investment EUR million
Q1 2020	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	20.0 (estimate)
TOTAL		121.0





ACHIEVEMENTS IAC

FY 2021

Actuators

- Rotary solenoids production ramp-up for US and EU logistics market
- First samples for standard rotary lock for industrial washing machines delivered to European customers
- Start of series production for Newton CFiVe drink dispensing valves in Mishawaka, US

Controls

- Development of 20 kW inductive heating system started
- Record year for controls for inductive heating
- Integration of 3T – business alignment ongoing

Markets



Growth in all markets served especially in automation, machinery and appliances



Further stabilization of profitability in existing markets, medical market opportunity to be investigated



Significant ramp-up of production of beverage maker valves, 20% revenue growth in Q4

3T: INTEGRATION ON TRACK

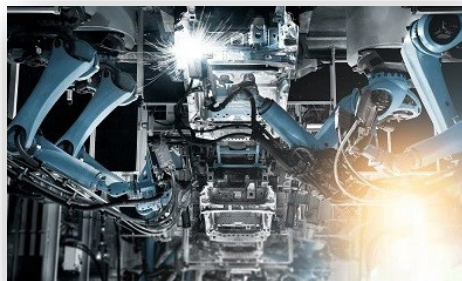


3T

3T

- Organization embedded in IAC
- Significant enhancement of IAC's control technology portfolio
- Substantial cross selling opportunities, including 3T insourcing from IAC
- First Automotive S&E engineers have been recruited in Enschede
- Development office at High Tech Campus in Eindhoven to open on 1 July 2022

Key market segments



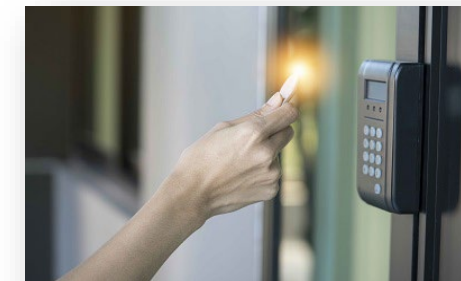
High complex machinery



Testing and measurement



Medical technology



Security & safety



ACHIEVEMENTS IB

FY 2021



Key messages

- Substantial volume growth
- Smooth transition of UK service business to Villingen
- Despite a difficult supply chain, key customers delivered in time

Products

- Continued success with newly introduced brake portfolio focused on robotics and logistic market segments
- Vision 2030 – product portfolio project initiated – to define direction and growth strategy

Key initiatives

- Project to further expand manufacturing capabilities in Suzhou

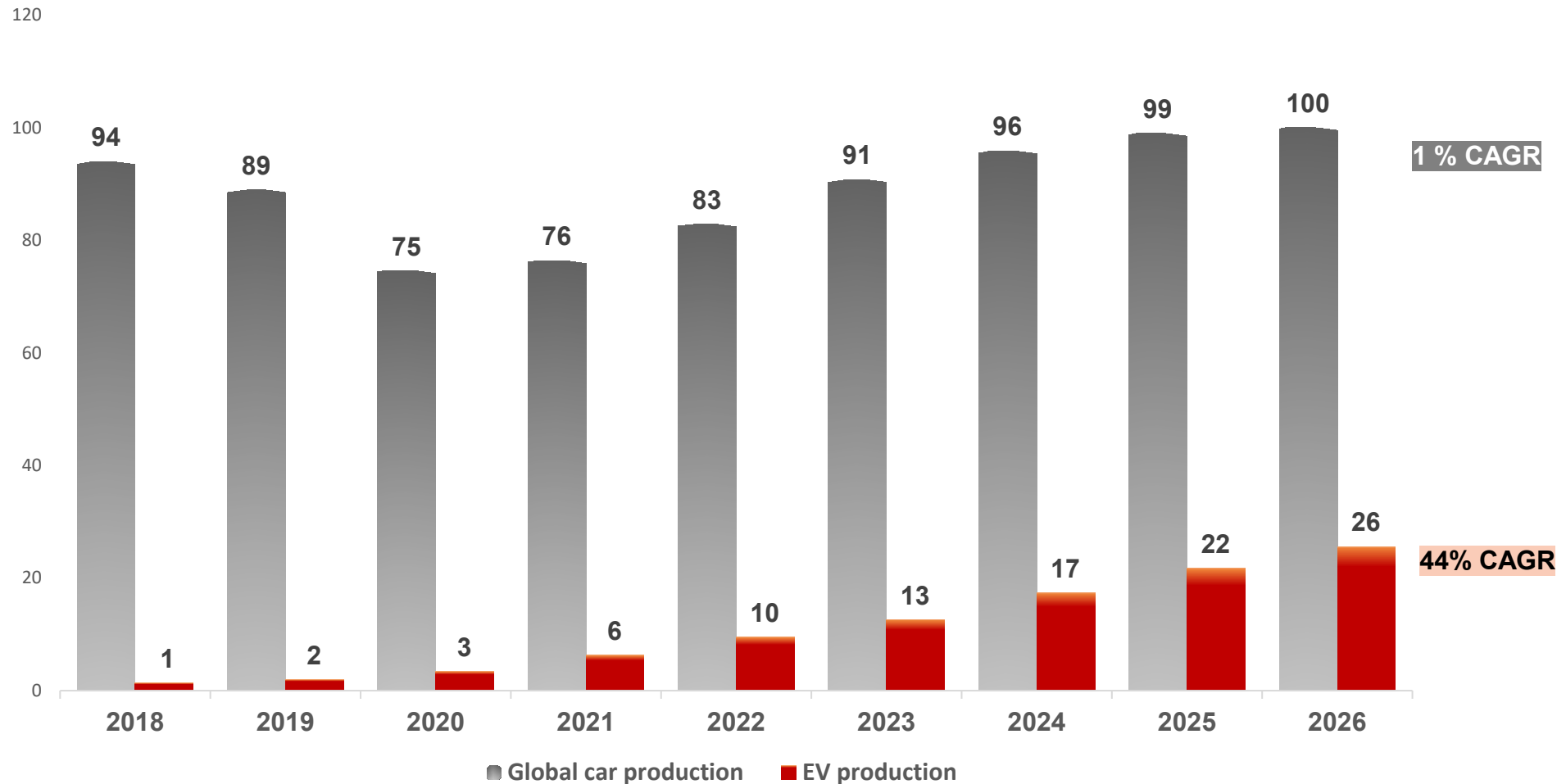
VIDEO AGV





GLOBAL PASSENGER CAR PRODUCTION

Million units



Source: IHS Markit January 2022

ENTERING A NEW AUTOMOTIVE ERA

ACES adoption accelerates further



Major OEMs accelerate ACES shift

- Mercedes Benz shows Vision EQXX at CES: a concept car with range of 1,000 km (*The Verge*)
- Ford to spend up to \$200 million reorganizing for shift to electric cars (*Bloomberg*)
- GM aiming at mass production of new BEV models using brand new ULTIUM platform (*GM.com*)
- Launch of electrical SUV's and pick-up trucks in US by Ford, GM and others (*Forbes*)

Consumer electronics companies enter the Automotive market

- Sony unveils the Vision S car at CES 2022 (*Sony.com*)
- Foxconn sets sights on building EVs in Europe, India, Latin America (*Autonews Europe*)
- Apple is rumored to work on a car codenamed project Titan (*AutoEvolution*)

Software and electronics content in all vehicles keeps increasing significantly

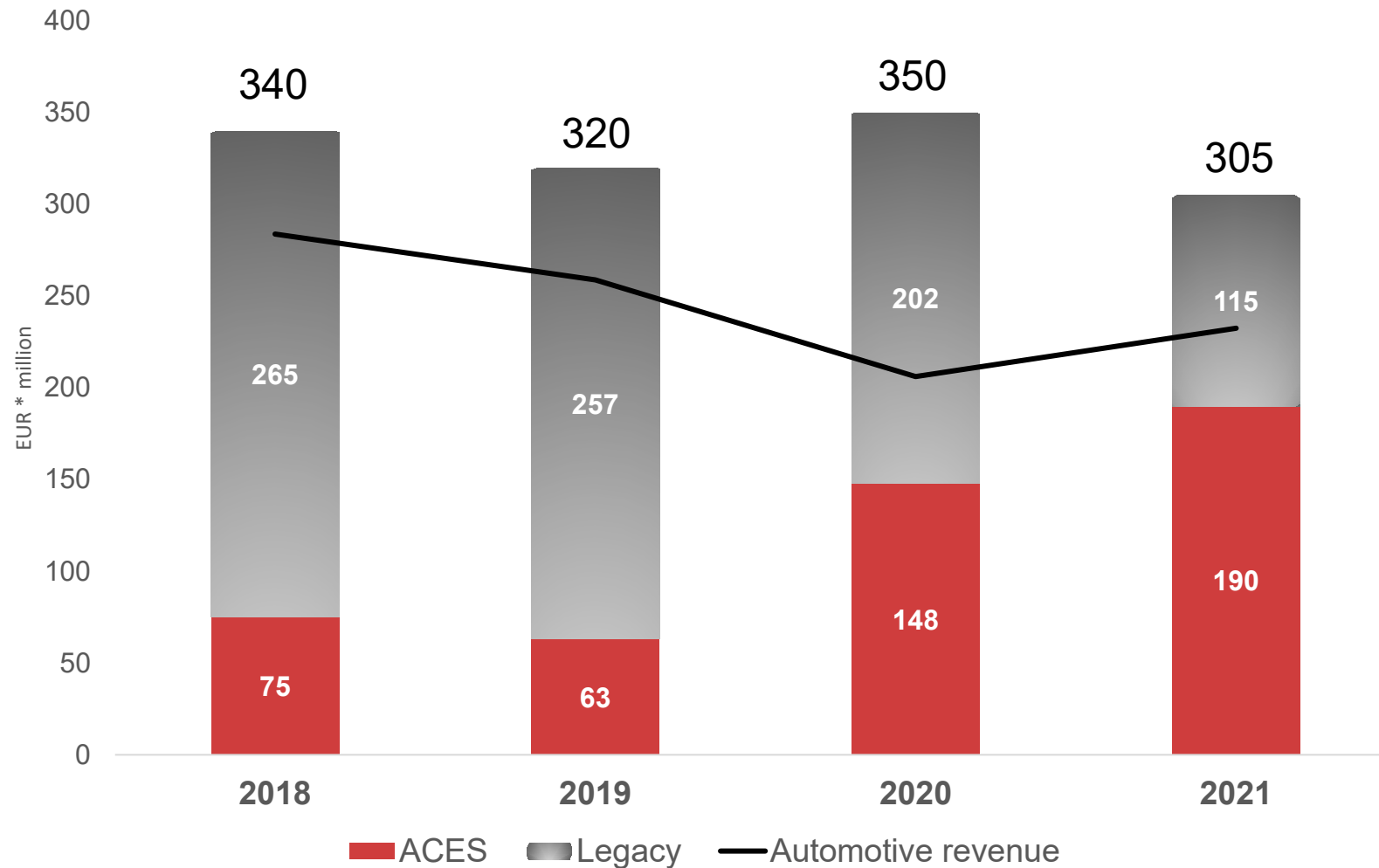
- VW established new subsidiary CARIAD to enable software defined vehicles (*Volkswagenag.com*)
- Software upgradability and over-the-air updates treated as critical features of future cars (*JDPower.com*)



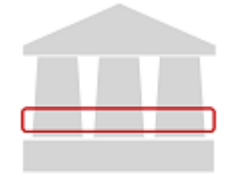


AUTOMOTIVE NOMINATIONS

EUR 1.25bn business wins since 2018: average book-to-bill of 1.3*



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

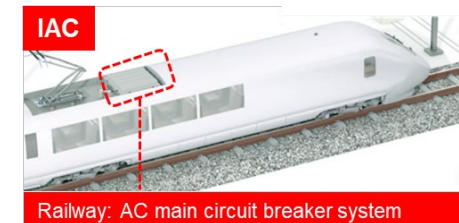
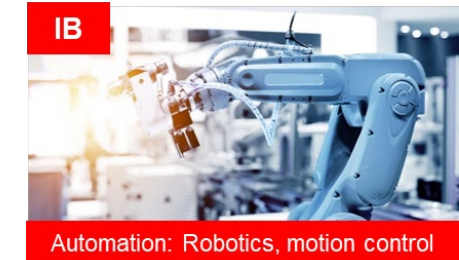


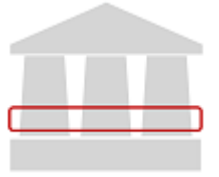
COMMERCIAL TRACTION CHINA

New business development

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

Automotive Green energy Electric vehicle
 Biotech 5G Environment
 Robotics Medical
 Protection





PLANNED NEW FACTORY IN SIP, SUZHOU CHINA



- 30 years land-use-right acquired at Suzhou Industrial Park
 - Phase I: 27,248 m²
 - Phase II: 16,105 m²
- Automatic warehouse designed will enhance overall efficiency
 - 5,500 pallets
 - 3,345 boxes spaces
- Official construction since 1 December 2021
- Completed pile construction at end 2021
- Expect to complete basement construction in March 2022

VIDEO NEW FACTORY IN CHINA



SUSTAINABLE PRODUCT CONTRIBUTIONS



INDUSTRIAL BRAKES
INDUSTRIAL ACTUATORS AND CONTROLS
AUTOMOTIVE

Products that keep you safe • Products that keep you healthy • Products that reduce climate impact

RESPONSIBLE PRODUCT PORTFOLIO

PRODUCTS THAT KEEP YOU SAFE PRODUCTS THAT KEEP YOU HEALTHY PRODUCTS THAT REDUCE CLIMATE IMPACT

ENVIRONMENTALLY SUSTAINABLE ECONOMIC ACTIVITIES

WINDPOWER AND AUTOMATED WAREHOUSES INDUCTIVE HEATING AND ENERGY DISTRIBUTION ELECTRIC VEHICLES



PROGRESSING ON SUSTAINABILITY

Target framework 2019-2023

2019-2023 TARGET FRAMEWORK

Relative reduction of energy consumption



TARGET 2023
15%

2021 ACTUAL

↓8%

Relative reduction of CO₂ emission



TARGET 2023
15%

2021 ACTUAL

↓17.9%

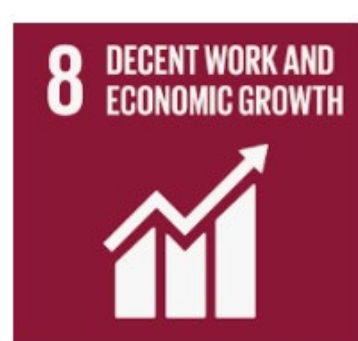
REALIZED IN 2021

- Enhanced focus on the development of sustainable products and expansion of relevant capabilities
- Reduction relative CO₂ emissions from energy by production plants by 54% compared to 2015
- Completed review on decarbonization strategies and mitigation plans

Waste management

REALIZED

- 5.5% reduction total waste
- Recycling rate increased from 82% to 83%
- Distribution hazardous waste (9%) and non-hazardous waste (91%)





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 normalized
net profit

* Invested capital excluding goodwill and intangibles arising from acquisitions

KENDRION



THANK YOU

PRECISION. SAFETY. MOTION.

GENERAL MEETING OF SHAREHOLDERS

Agenda item 2.b

- **Report by the Supervisory Board on financial year 2021 (for discussion)**

GENERAL MEETING OF SHAREHOLDERS

Agenda item 3.a

- **Adoption of the 2021 financial statements (for resolution)**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS 2021

- Auditor's report presented on pages 187-199 in the annual report
- Signed February 25, 2022
- Other information included in the annual report

CSR REPORT

- Presented on pages 200-202 in the annual report
- Integrated report with limited assurance report on defined KPI's

Materiality

- Materiality for the financial statements as a whole € 1.5 million (2020: € 1.2 million);
- Reporting threshold 5% -> € 75 thousand
- Materiality at component level did not exceed € 675k.
- Qualitative considerations for selected areas

Scope / group audit

- Revenue audit scope coverage of 92%
- 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.

AREAS OF FOCUS

- Key audit matters:
 - Valuation of goodwill – focus on CGU Automotive
 - General IT controls
 - Purchase price allocation 3T acquisition
 - Group Audit
- Other attention areas:
 - Remuneration report
 - Fraud and compliance
 - COVID-19

GENERAL MEETING OF SHAREHOLDERS

Agenda item 3.b

- **Dividend over financial year 2021 (for resolution)**

GENERAL MEETING OF SHAREHOLDERS

Agenda item 4.a

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

GENERAL MEETING OF SHAREHOLDERS

Agenda item 4.b

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

GENERAL MEETING OF SHAREHOLDERS

Agenda item 5

- **Remuneration report 2021 (for advice)**

GENERAL MEETING OF SHAREHOLDERS

Agenda item 6

- **Revisions to remuneration policy for Supervisory Board (for resolution)**

GENERAL MEETING OF SHAREHOLDERS

Revisions to remuneration policy for Supervisory Board (for resolution)

Annual base fee	Current	Proposed	Delta
Chairman Supervisory Board	EUR 45,000	EUR 59,000	31%
Member Supervisory Board	EUR 35,000	EUR 41,800	19%

Annual committee fee	Current	Proposed	Delta
Chair Audit Committee	EUR 6,000	EUR 7,200	20%
Member Audit Committee	EUR 5,000	EUR 6,000	20%
Chair HR Committee	EUR 6,000	EUR 7,200	20%
Member HR Committee	EUR 5,000	EUR 6,000	20%

GENERAL MEETING OF SHAREHOLDERS

Agenda item 7.a and 7.b

- **7.a Authorisation to issue shares (for resolution)**
- **7.b Authorisation to restrict or exclude pre-emptive rights (for resolution)**

GENERAL MEETING OF SHAREHOLDERS

Agenda item 8

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

GENERAL MEETING OF SHAREHOLDERS

Agenda item 9

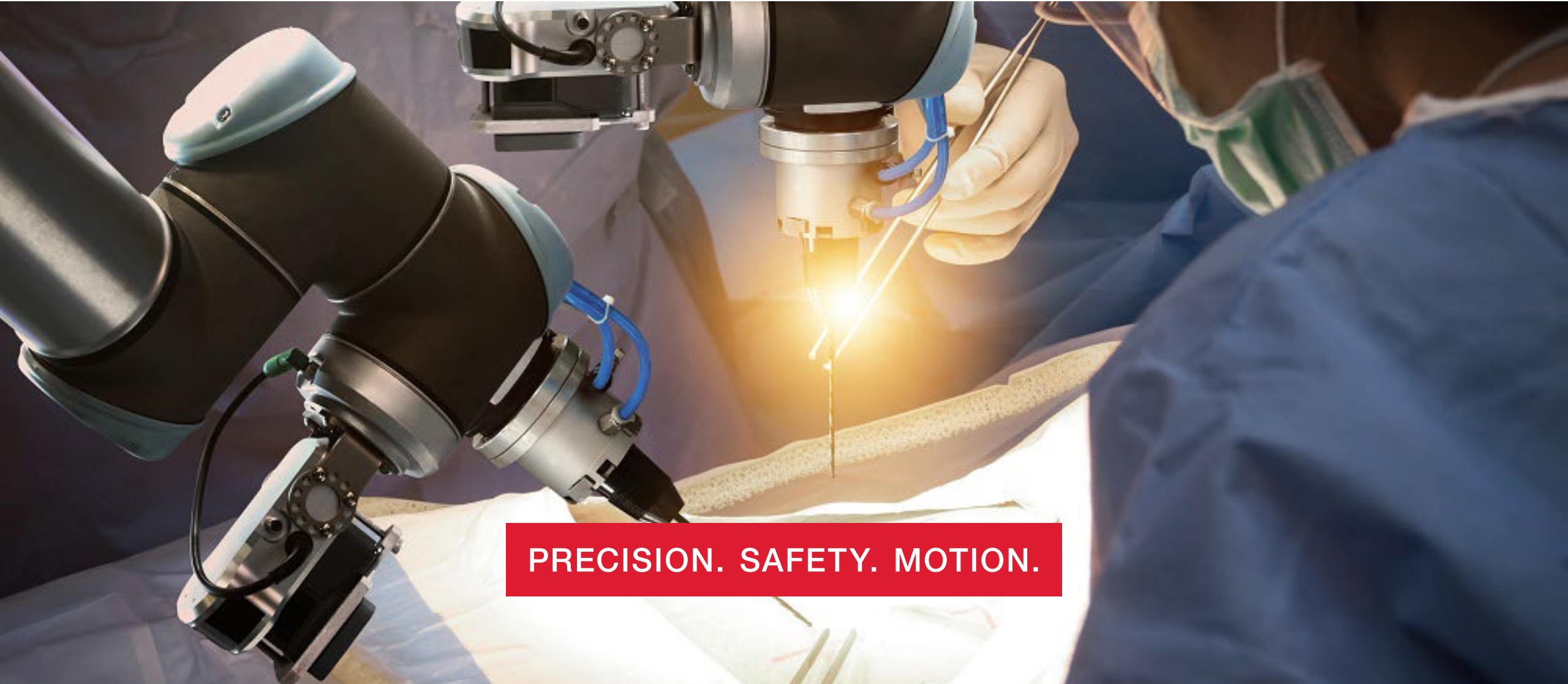
- **Any other business**

GENERAL MEETING OF SHAREHOLDERS

Agenda item 10

- Closing

KENDRION



PRECISION. SAFETY. MOTION.