



Q2 AND HALF YEAR RESULTS 2021

Amsterdam, 25 August 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 PRIORITIES

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



1. Business review

KEY FIGURES

Normalized (in EUR million)	Q2 2021	Q2 2020	delta
Revenue	119,3	85,1	40%
EBITDA	15,8	8,1	96%
EBITA	9,8	1,7	478%
Net profit before amortization	6,1	1,1	455%
EBITDA as a % of revenue	13,3%	9,5%	
EBITA as a % of revenue	8,2%	2,0%	

Normalized (in EUR million)	HY1 2021	HY1 2020	delta
Revenue	234,6	194,7	21%
EBITDA	31,9	21,8	46%
EBITA	19,6	9,0	118%
Net profit before amortization	12,5	5,8	116%
EBITDA as a % of revenue	13,6%	11,2%	
EBITA as a % of revenue	8,4%	4,6%	
Return on invested capital ¹ (12 months rolling)	15,5%	8,5%	

¹ Invested capital excluding intangibles arising from acquisitions.

- Organic revenue growth of 41% and Q2 revenue 4% above Q1 2021
 - Increased activity level in all Business Groups, but high volatility and delays due to continuing supply chain constraints
 - Strong increase in EBITDA driven by business recovery
 - Total FTE of 2,647 - including 260 temps - 119 above Q1 and 219 above previous year due to the increased activity level
-
- Organic revenue increase of 22% in HY1 2021
 - Good recovery in all Business Groups with organic revenue in Industrial Brakes and China significantly above pre-pandemic levels
 - EBITDA margin improves to 13.6% and ROIC to 15.5%
 - Operating leverage of 25% despite temporary cost savings in the previous year in response to the first COVID-19 lockdowns
 - Added value margin reduces 0.4% due to revenue mix and increasing material prices
 - Staff and other operating expenses EUR 10.4 million above last year, still below HY1 2019 on an organic basis

CASH FLOW AND FINANCIAL POSITION

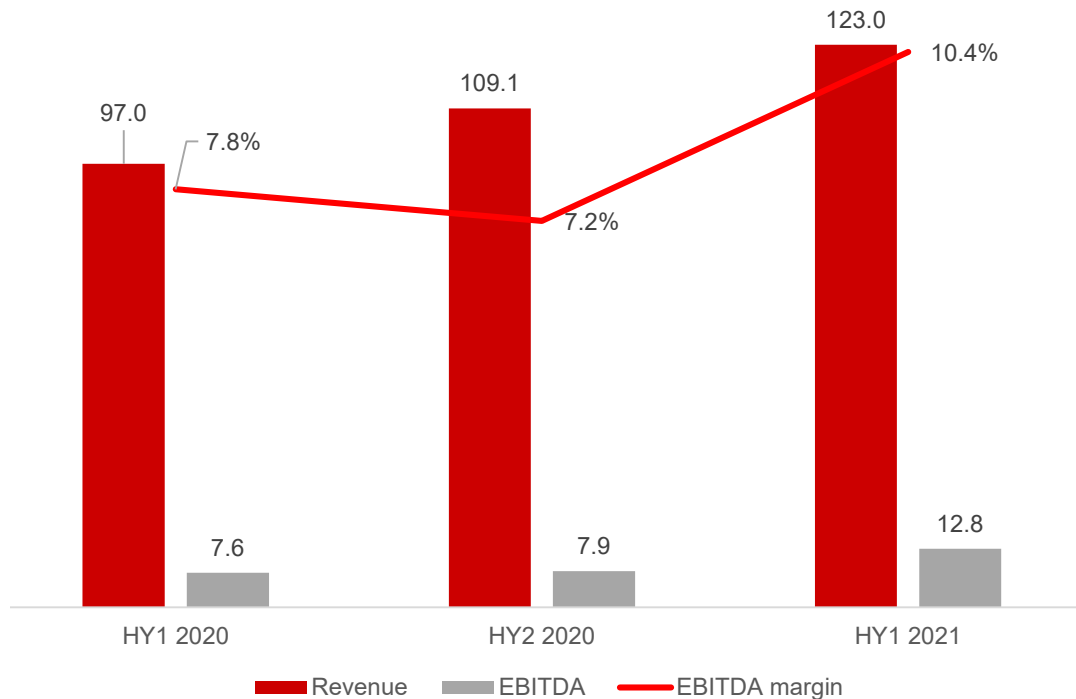
Free cash flow

- Free cash flow of EUR 1.2 million (Q2 2020: EUR 2.2 million) in Q2 despite EUR 5.5 million investments in inventory
- Free cash flow in HY1 2021 of negative EUR 4.2 million (HY1 2020: -/- EUR 4.2 million) due to higher working capital levels compared to December 2020
- Capital expenditure of EUR 10.1 million, below depreciation affected by extended lead times
- Capital expenditure for FY 2021 expected to exceed depreciation partially due to the building activities in China

Financial position

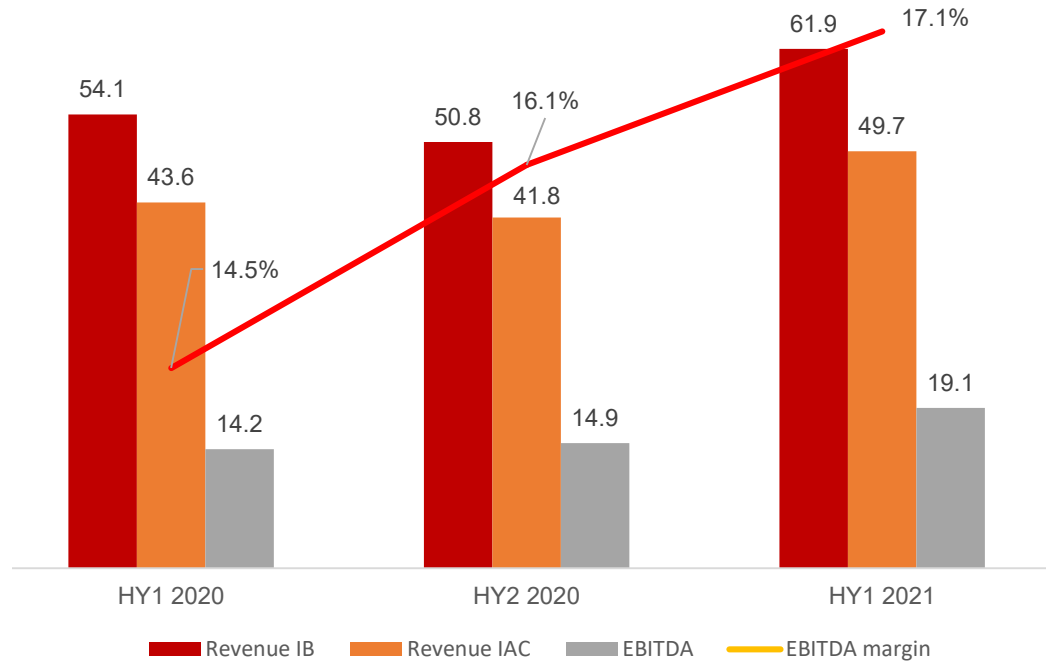
- Leverage ratio further reduced to 2.1 (Q1 2021: 2.3). Covenant relief terminated as from Q3 2021
- Net debt of EUR 112.7 million, EUR 17.8 million below the previous year and EUR 3.0 million above Q1 due to dividend payment
- Good liquidity position with around EUR 68 million available in cash and undrawn credit lines per 30 June 2021

AUTOMOTIVE



- Strong upturn in global production of passenger cars (+29%) and trucks (+28%), ongoing weak long-haul coach market
- Revenue growth of 29% in HY1 2021 at constant rates of exchange
- Demand recovery boosts 69% EBITDA increase to EUR 12.8 million
- Supply chain constraints and high order volatility affect production efficiency
- HY1 2021 investments of EUR 8.4 million, EUR 1.7 million above depreciation

INDUSTRIAL



- Broad demand recovery with German manufacturing PMI rising to 65.1 end of June
- 15% year-on-year growth at constant rates of exchange, with Industrial Brakes + 15% and Industrial Actuators and Controls + 14%
- Industrial Brakes revenue significantly exceeds pre-pandemic level of 2019 when including INTORQ on a pro-forma basis
- 35% increase in EBITDA and margin of 17.1% despite a time lag in passing on higher material prices in Industrial Brakes
- EUR 1.5 million investments, EUR 2.5 million below depreciation affected by increased lead times



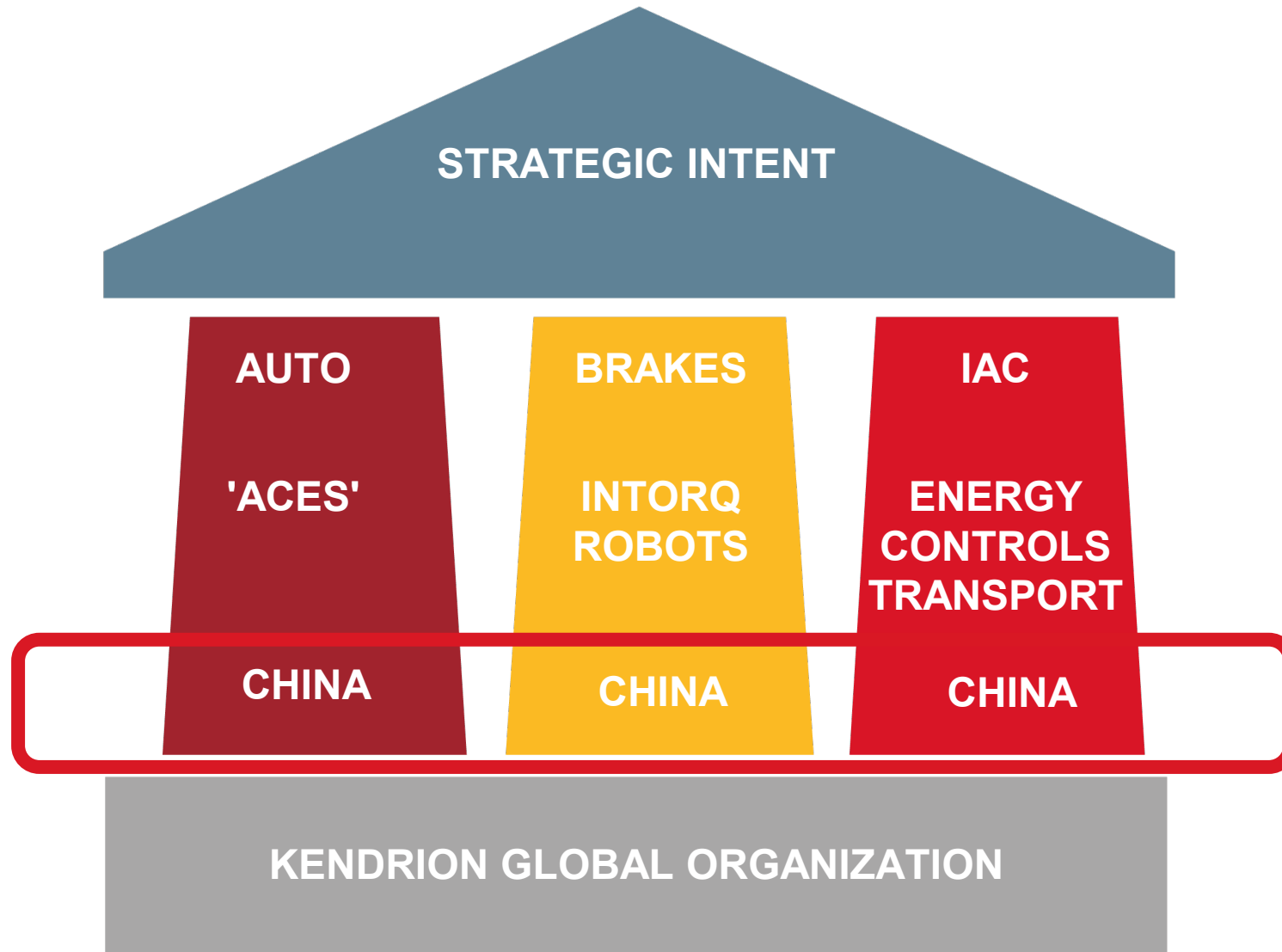
2. Strategic and operational update

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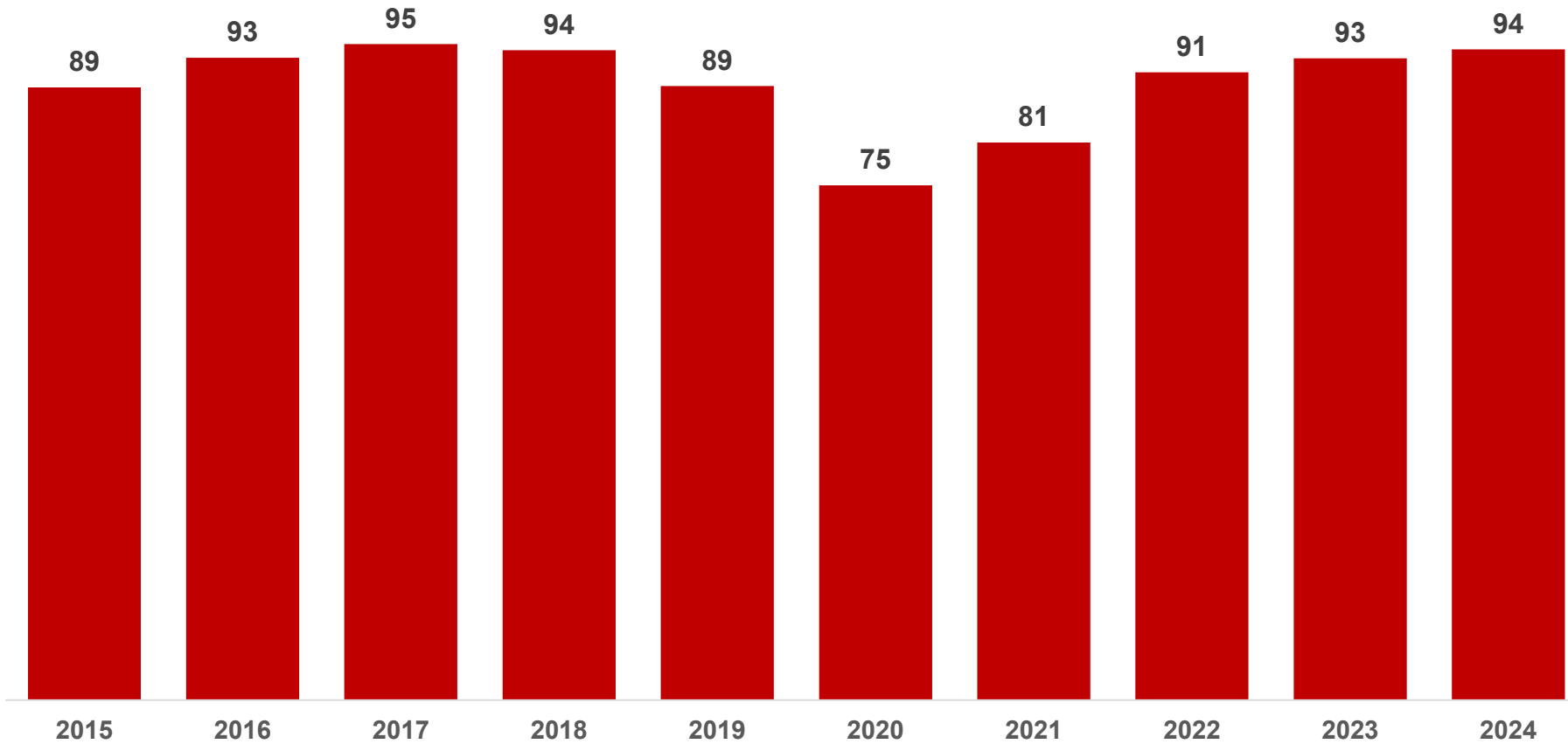
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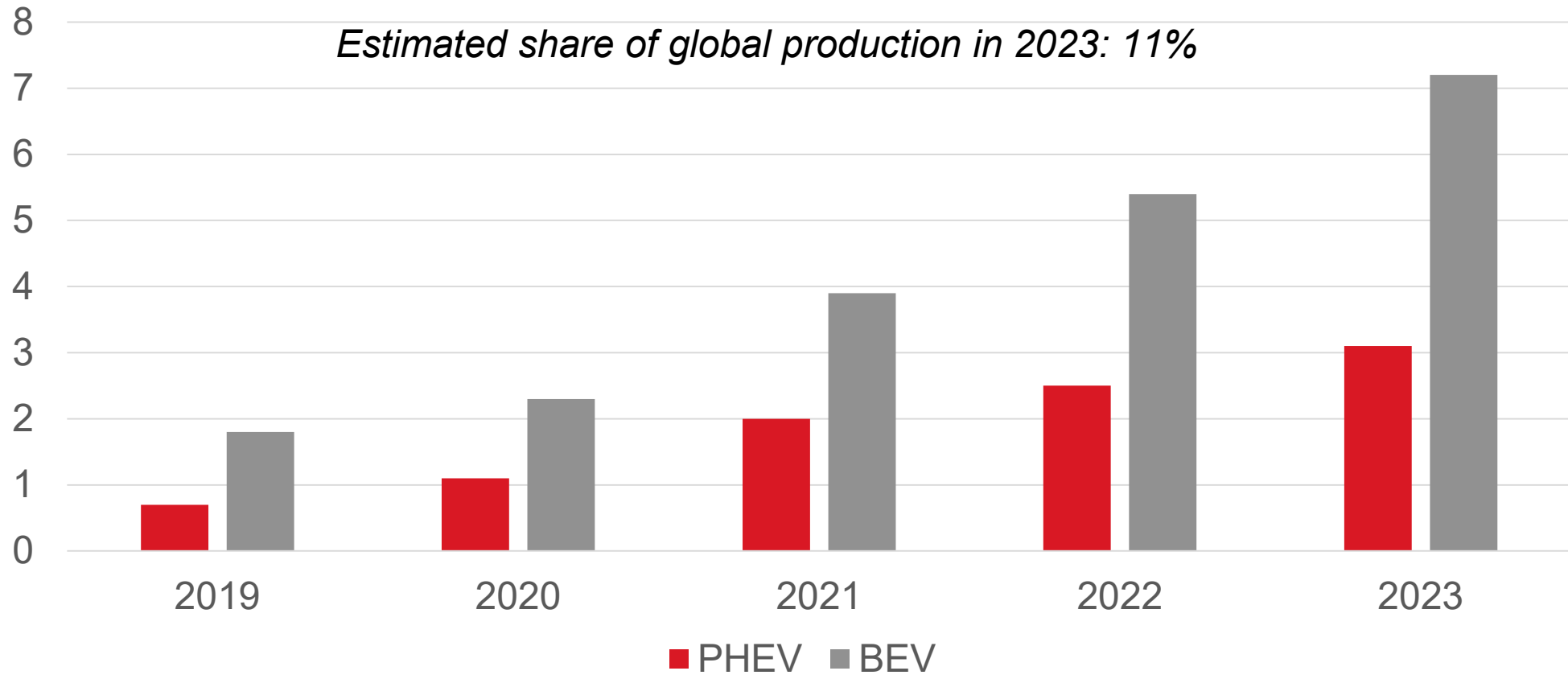
GLOBAL VEHICLE PRODUCTION

Millions of vehicles



GLOBAL ELECTRIFIED CAR SALES

Millions of vehicles



Source: IHS Markit 01/2021

ACCELERATING 'ACES' MOBILITY



Several significant government initiatives towards electrification

- Biden administration plan calls for USD 100 billion EV rebate program
- Germany targeting up to EUR 10 million EV's on streets by 2030

All major OEMs and Tier 1 are heavily investing in the ACES

- Daimler launched all-electric EQ series
- Volkswagen is expanding all-electric ID series
- GM to introduce 30 new EV models by 2030

Software and electronics content in all vehicles keeps increasing significantly

- Volkswagen maps out software-centric future with own Operating System
- Software upgradability and over-the-air updates treated as critical features of future cars



COMMERCIAL TRACTION

Automotive



AVAS Sound Phantone® product line: design wins continue

- Two global OEM's selected latest platform release
- Production ramp planned for 2nd half of 2022 in China and Europe
- Sound experience and cybersecurity as key differentiators

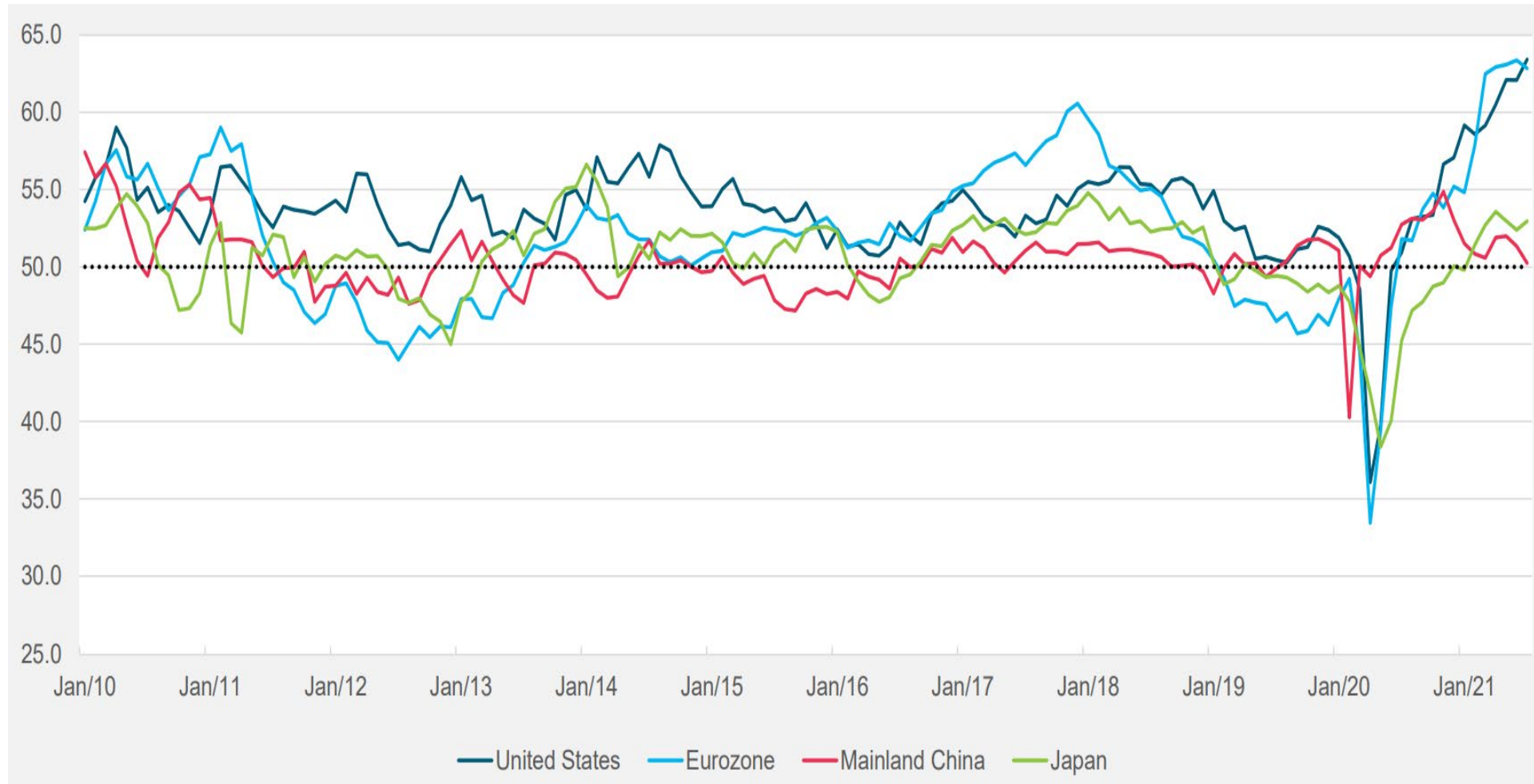
Signed partnership to develop turn-key sensor cleaning system with leading Tier 1

- Product expected to be in production from 2024 onwards
- Autonomous driving cars (Level 4/5) as target market
- Strong industry interest from OEM's and robotaxi fleet





GLOBAL MANUFACTURING PMI



Source: IHS Markit 08/2021

ACHIEVEMENTS HY1 2021

IB



Key messages

- Our ambitious growth targets are reinforced with our newly aligned and unified global R&D organization
- Excellent customer satisfaction due to highly delivery performance

Products

- Existing product portfolio extended to serve upcoming electrification market
- Expanded product portfolio for wind turbines

Markets

- Several strategic touches and successes with existing/ new customers

COMMERCIAL TRACTION

IB



Overarching strategy

- Clear focus on global growth markets has been confirmed by successful project wins
- Regional growth strategy combined with global presence

Global growth markets



Robotics & automation



Industrial trucks



Wind power plants



AGVs



Medical



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), logistics, machinery automation and electrical distribution

Control products

- Functional Safety Integrity Level 2 (SIL2) solutions available
- Launch of new drive controller for Automated Guided Vehicles (AGV)
- 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



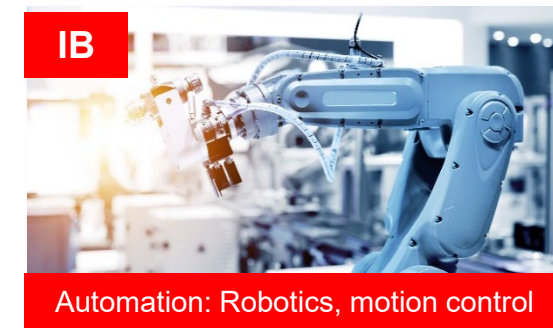
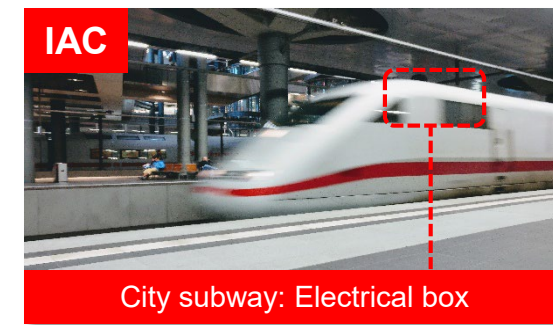
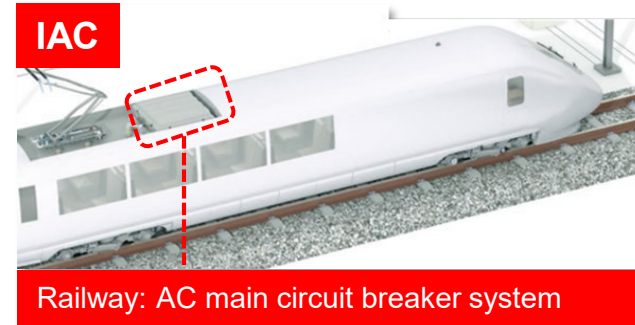
Growth potential in fluid control increased – beverage dispensers and medical devices

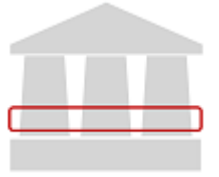


COMMERCIAL TRACTION CHINA

New business development

- Nominations continue to be higher than size of the business
- Significantly opportunity in industrial market driven by China government's 14th 5-year plan:
 - High speed railway: main circuit breaker system
 - Green energy: wind power
 - Automation: Robotics and motion control





PLANNED NEW FACTORY IN SIP, SUZHOU

CHINA



30 years land-use-right acquired at Suzhou Industrial Park (SIP)

- Phase I: 27,248m²
- Phase II: 16,105m²
- **Automatic warehouse designed, enhancing overall efficiency**
 - 5,500 pallets
 - 3,345 boxes spaces
- **Factory design completed, start construction imminent**



PROGRESSING ON SUSTAINABILITY

Responsible product portfolio

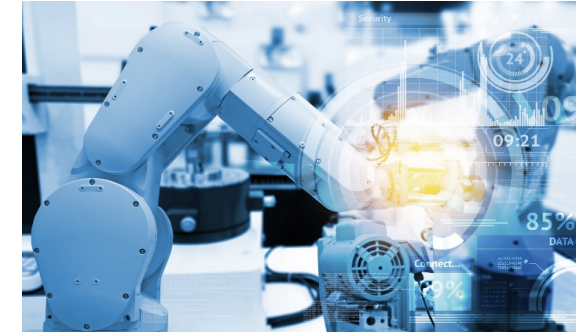
- Products that keep you safe
- Products that reduce climate impact
- Products that improve health



Electrification



Wind power



Robotics

Diversity matters!

- Strategic diversity framework
- Driving organizational change
- Intent aligned with action

DRIVE FOR PERFORMANCE

Diversity is an indicator of an organization's drive for high performance

THE STRENGTH OF DIVERSITY

Diverse teams make our organization more creative and innovative

RIGHT MIX

Having the right mix of people in the right jobs, with the right capabilities



3. Outlook

OUTLOOK

- The global economy has improved, underlying demand is strong in both Automotive and Industrial markets
- Expect continuation of constraints in the supply chain and upward pressure on raw material prices
- Broad-based energy transition towards electrification is advancing
- Driving growth opportunities in our focus areas of Automotive, Industrial Brakes and China
- Positive business fundamentals, with our main objective the delivery of sustainable profitable growth



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

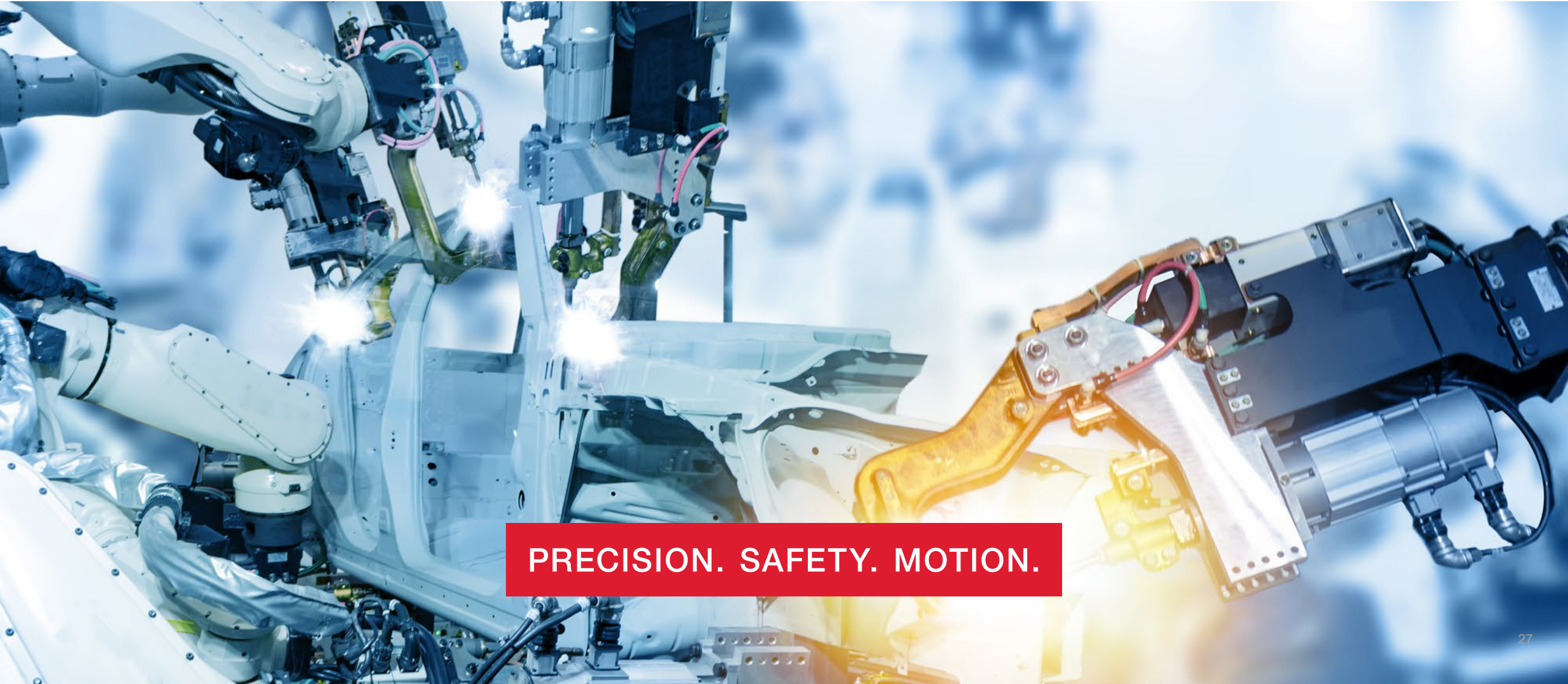
Between 35% - 50% of normalized
net profit

* Invested capital excluding goodwill and intangibles arising from acquisitions



4. Questions & Answers

KENDRION



PRECISION. SAFETY. MOTION.