



**THE NEW KENDRION:
Full focus on profitability**

Capital Markets Day

5 September 2024

Amsterdam - the Netherlands

AGENDA

- **Introduction**
- The new Kendrion: Full focus on profitability
- Business pillars
 - Industrial Brakes
 - Industrial Actuators & Controls
 - China
- ESG
- Financial targets
- 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, as well as statements preceded by, followed by, or including the words "believes", "expects", "anticipates", "will", "may", "could", "should", "intends", "estimates", "plans", "goal", "target", "aim", or similar expressions.

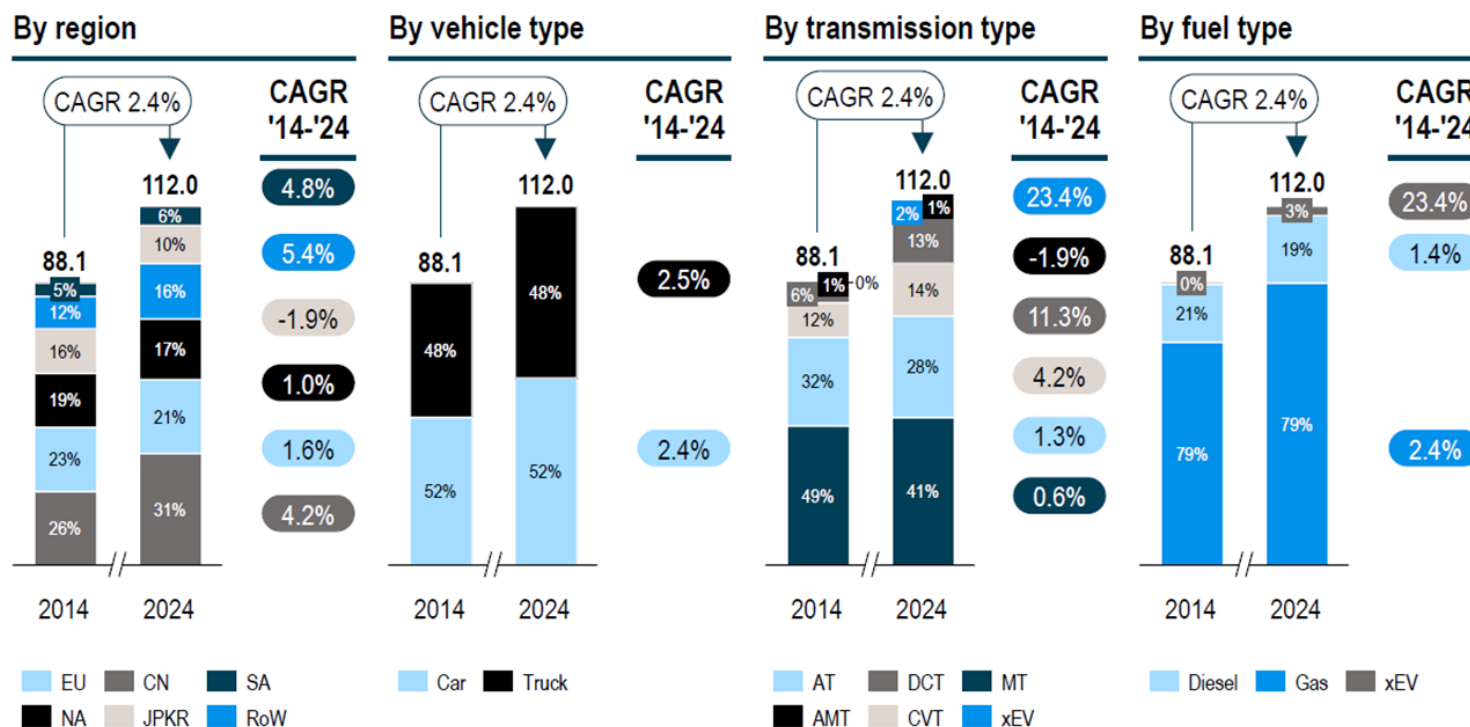
These forward-looking statements rely on a number of assumptions concerning future events and are subject to uncertainties and other factors, many of which are outside the Company's control, that could cause actual results to differ materially from such statements.

LIGHT VEHICLES IN 2014

Market volume in million units

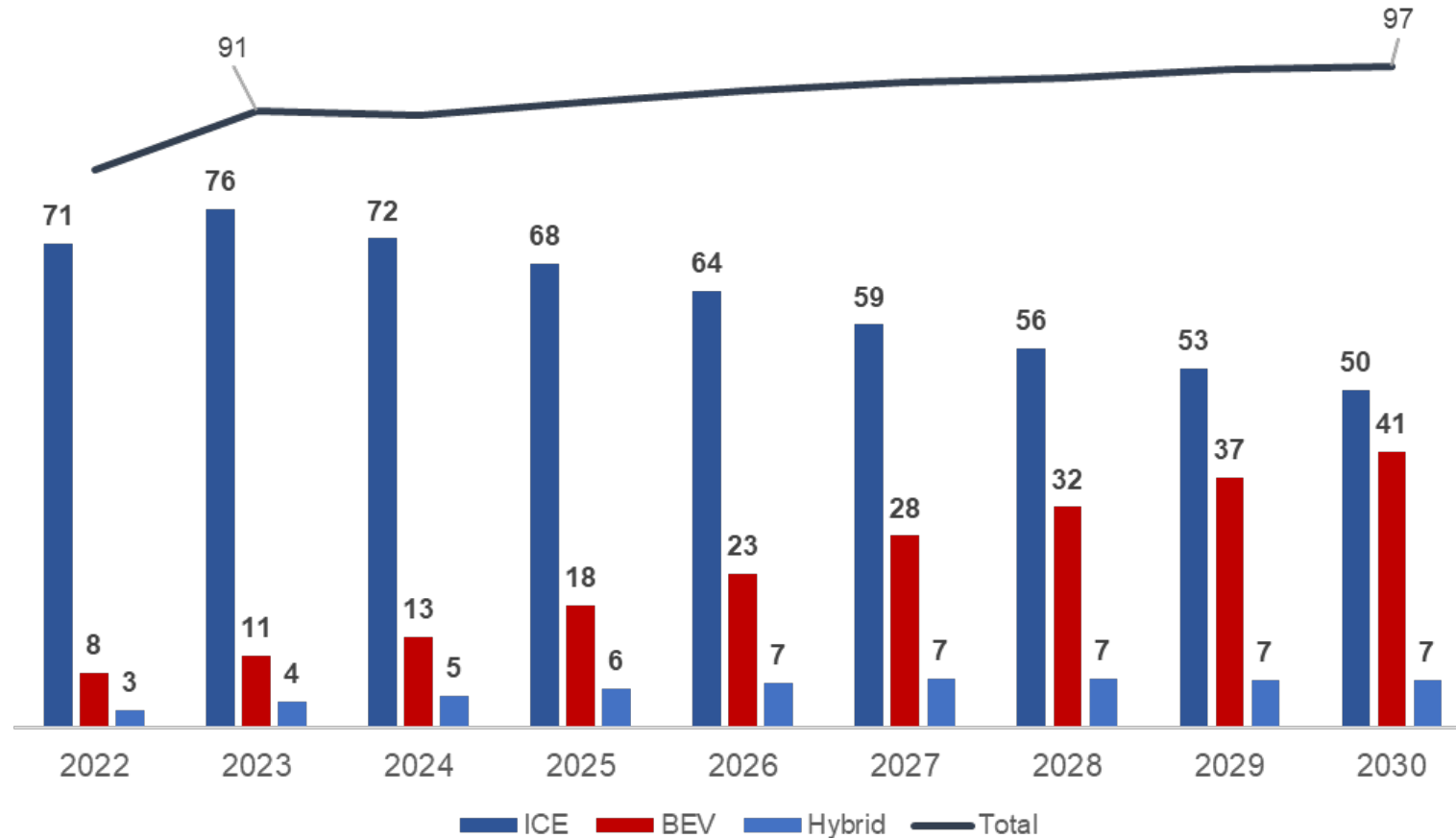
The light vehicle market has recovered to pre-recession volumes and is expected to slowly grow at 2.4% p.a. through 2024

Global light vehicle market volumes [units m]



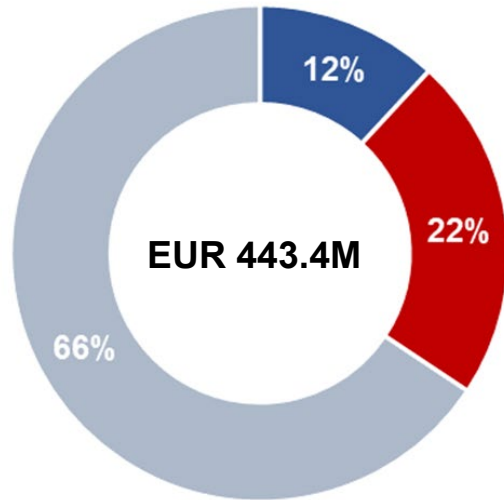
LIGHT VEHICLES IN 2024

Market volume in million units

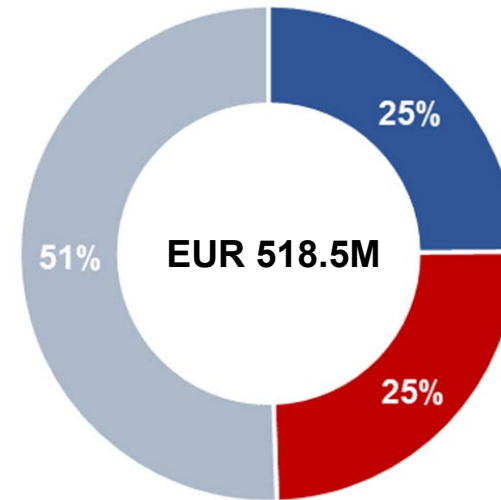


COMPOSITION OF GROUP REVENUE

Actual 2016



Actual 2023



- Industrial Brakes
- Actuators & Controls
- Automotive

DIVESTING AUTOMOTIVE: STRATEGIC RATIONALE

- The automotive industry requires substantial investments in R&D and capex, while offering lower margins compared to industrial markets
- There are limited growth opportunities in the US and Europe for an automotive Tier 1-2 supplier of Kendrion's scale
- Re-allocating resources to IB, IAC, and China provides more attractive profit and growth profiles
- The EBITDA margin profile of the group is anticipated to improve significantly
- The divestment is expected to result in a stronger balance sheet

SOLERO TECHNOLOGIES LLC TO PURCHASE KENDRION'S AUTOMOTIVE BUSINESS

Key terms of the agreement

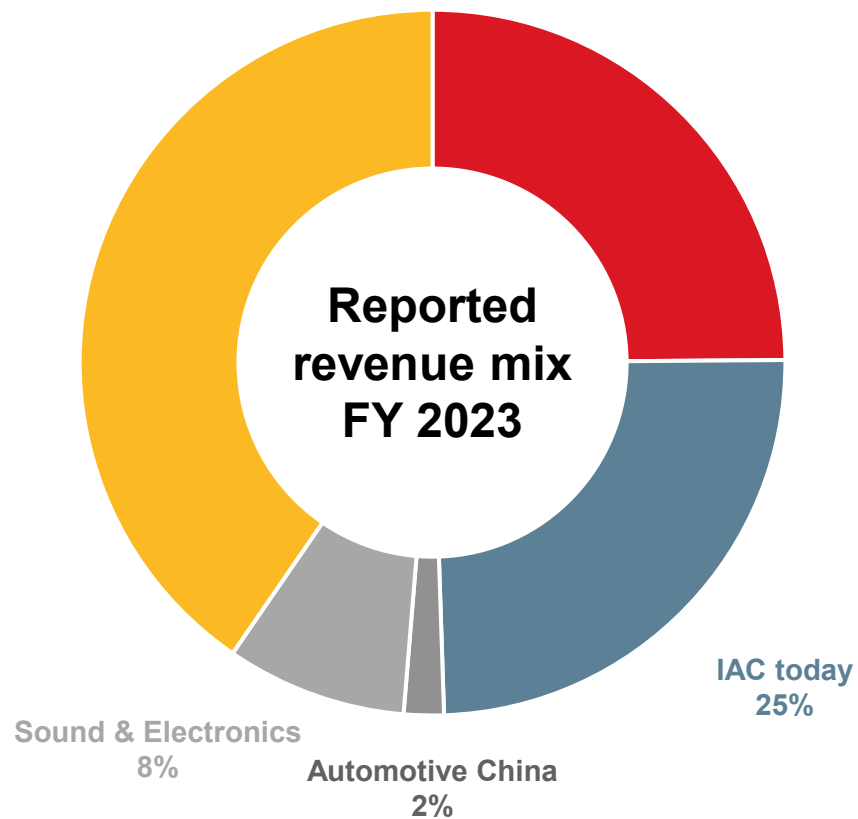
- Enterprise value of EUR 65M, to be paid fully in cash
- The automotive business will be merged with Solero, a Tier 1-2 existing portfolio company of Atar
- Cash generation until the closing date will accrue to Kendrion
- The transaction is subject to customary conditions and is anticipated to close on 10 October 2024

INDICATIVE REVENUE MIX IMPACT

Kendrion pre-transaction

Automotive divested:
40%

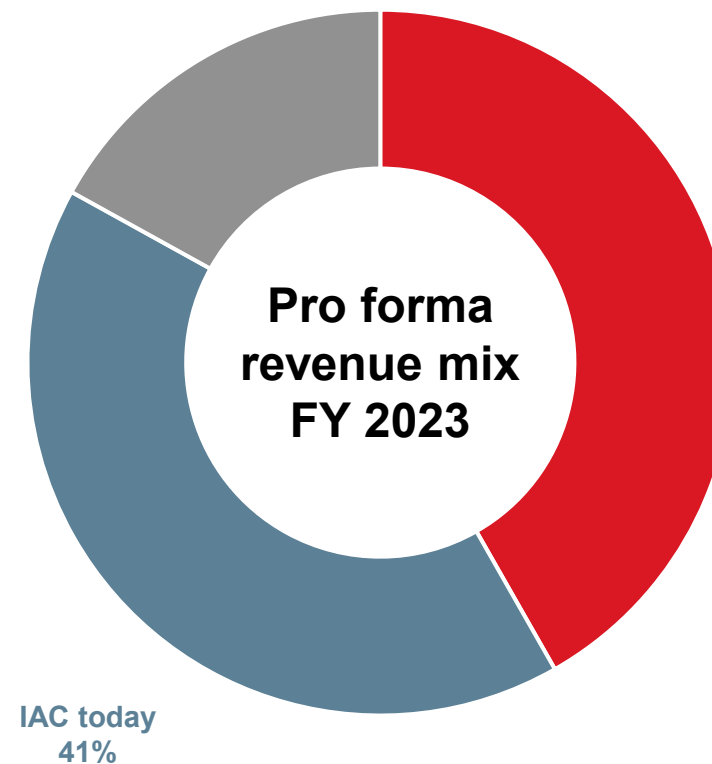
IB
25%








Kendrion post-transaction

IAC addition
17%

IB
42%



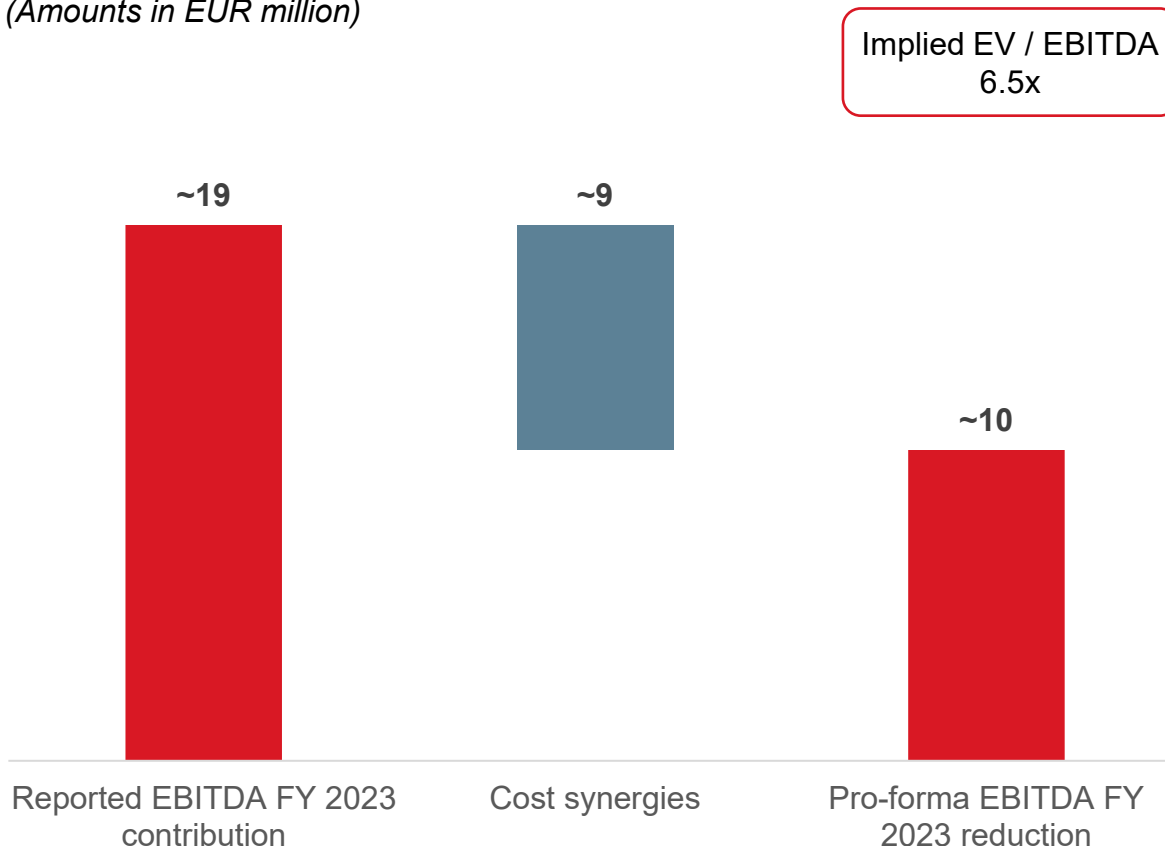
REMAINING AUTOMOTIVE ACTIVITIES TO BE INTEGRATED INTO IAC

	Suspension China	Electronics	Sound	Existing IAC	IAC Pro forma
Revenue (2023)	EUR 9.5M	EUR 22.3M	EUR 20M	EUR 127.5M	EUR 179.3M
Existing contracts	Fully honoured	Fully honoured	Fully honoured		
Future R&D investments	Continued investment with industrial-level profitability targets	No new investments	No new investments		
R&D cost reduction	None	None	~EUR 7M As of January 25		
One-off costs	None	None	~EUR 4.5M As of H2 24		
Business outlook	Growth 	Flat 	Flat 	Growth 	Growth 

TRANSACTION TO REDUCE EBITDA BY ~EUR 11M

Indicative EBITDA impact based on FY 2023

(Amounts in EUR million)



- The transaction values the sold automotive activities at an enterprise value of EUR 65M
- Assets included in the transaction scope have a combined reported EBITDA contribution of EUR 19M for FY 2023
- Anticipated cost savings amount to EUR 9M, leading to a pro forma EBITDA reduction for Kendrion of EUR 10M based on FY 2023 figures
- Implied EV/EBITDA multiple of 6.5x on the effective loss of EBITDA

SIGNIFICANT IMPROVEMENT OF FINANCIAL PROFILE

Key financials Kendrion		
Metric (EUR M)	FY 2023 Reported	FY 2023 Pro forma
Revenue	518.5	~309
Normalized EBITDA	53.1	~43.0
Normalized EBITDA margin	10.2%	~13.9%
Normalized net profit before amortization	13.9	~15.6
Net debt / EBITDA	2.7x	~2.2x

- The transaction will structurally improve Kendrion's margin profile
- Overhead resources to be aligned with remaining activities. Combined with the discontinuation of sound product development, this is expected to yield annual cost savings of approximately EUR 9M
- One-off transaction and restructuring costs of approximately EUR 9M, largely incurred in H2 2024
- Cost savings to be fully effective from 1 January 2025
- Based on FY 2023 pro forma figures, the transaction is accretive for both the EBITDA margin and EPS

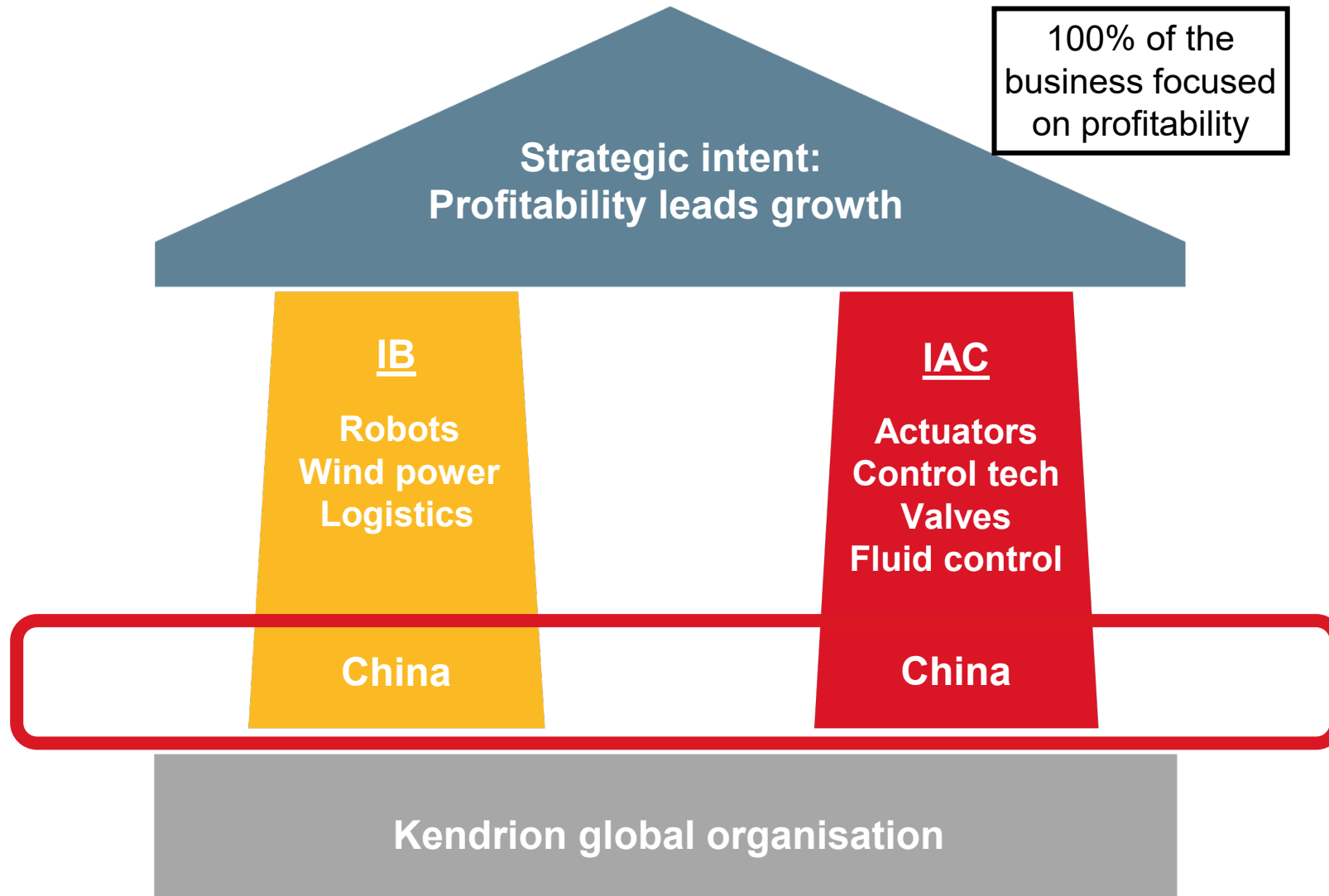
AGENDA

- Introduction
- **The new Kendrion: Full focus on profitability**
- Business pillars
 - Industrial Brakes
 - Industrial Actuators & Controls
 - China
- ESG
- Financial targets
- Q&A

KENDRION STRATEGIC HOUSE – 2020



KENDRION STRATEGIC HOUSE – 10 OCT 2024



STRATEGIC INTENT



To become a global niche leader in selected industrial market segments, with a focus on sustainably growing revenues and achieving a profitability target of at least 15% EBITDA.

Characteristics of market segments identified:

- A product opportunity with a clear USP, based on our deep expertise in valves, actuators, brakes and control technology
- The product market combination offers superior profitability, with an EBITDA margin of at least 15%
- Healthy growth potential, typically 5% or more

MARKET SEGMENTS IN FOCUS

The new Kendrion: Profitability leads growth

Focus	Avoid
<ul style="list-style-type: none"> ▪ Niches with underlying growth drivers e.g.: <ul style="list-style-type: none"> ▪ Energy transition ▪ Medical devices ▪ Automation ▪ Logistics ▪ ... ▪ Market size typically >EUR 100M ▪ Clear Unique Selling Proposition (USP): Safety, precision, reliability demands, etc. 	<ul style="list-style-type: none"> ▪ Large, commoditised, volume-driven segments e.g.: <ul style="list-style-type: none"> ▪ Automotive* ▪ Consumer products ▪ Markets overly dependent on government subsidies

* Other than existing commitments within retained automotive

FINANCIAL CRITERIA

The new Kendrion: Profitability leads growth

- New business investment decisions are made per project based on a set of financial criteria:
 - Added value margin of at least 50%
 - Steady-state, fully costed EBITDA margin >15%
 - Lifetime ROI >25%
 - Minimum lifetime revenue and EBITDA requirements per Business Group
 - Mandatory volume-based pricing for all customers

- For innovative new products, mandatory co-investment and risk-sharing by the target customer of at least 50%

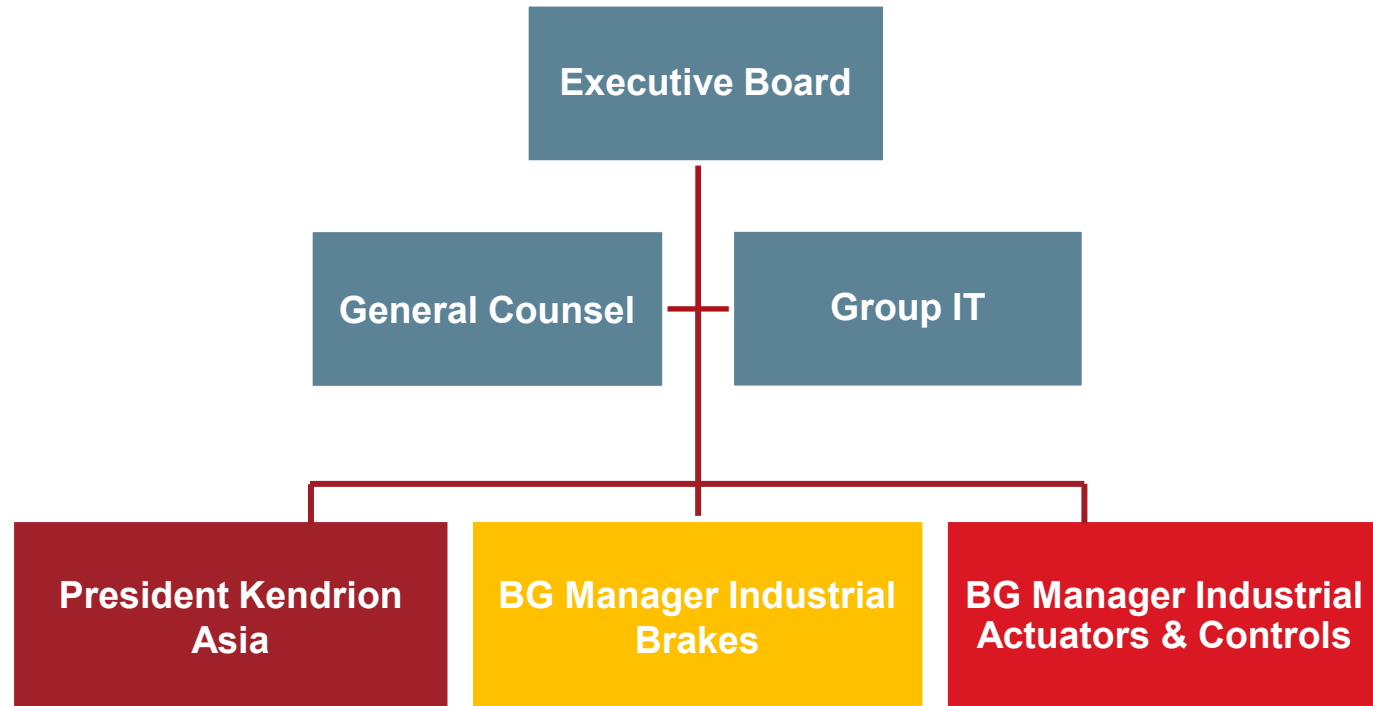
- Clear differentiator(s) through IP, specific know-how, and product USP

MERGERS & ACQUISITIONS



- Reintroduced as a strategic tool
- Clear acquisition criteria, disciplined approach:
 - Targeting industrial companies closely aligned with either IB or IAC areas of focus
 - Clear strategic fit, directly supporting Kendrion's strategic objective of profitability-led growth
 - Tangible, identifiable synergies justifying the acquisition premium
 - Strong management
 - Cultural fit
- Supported by a healthy balance sheet

KENDRION ORGANISATION – 10 OCT 2024



AGENDA

- Introduction
- The new Kendrion: Full focus on profitability
- **Business pillars**
 - **Industrial Brakes**
 - Industrial Actuators & Controls
 - China
- ESG
- Financial targets
- Q&A

FACTS & FIGURES

Industrial Brakes (2023)



Employees
2023: 531 (direct: 278 / indirect: 253)



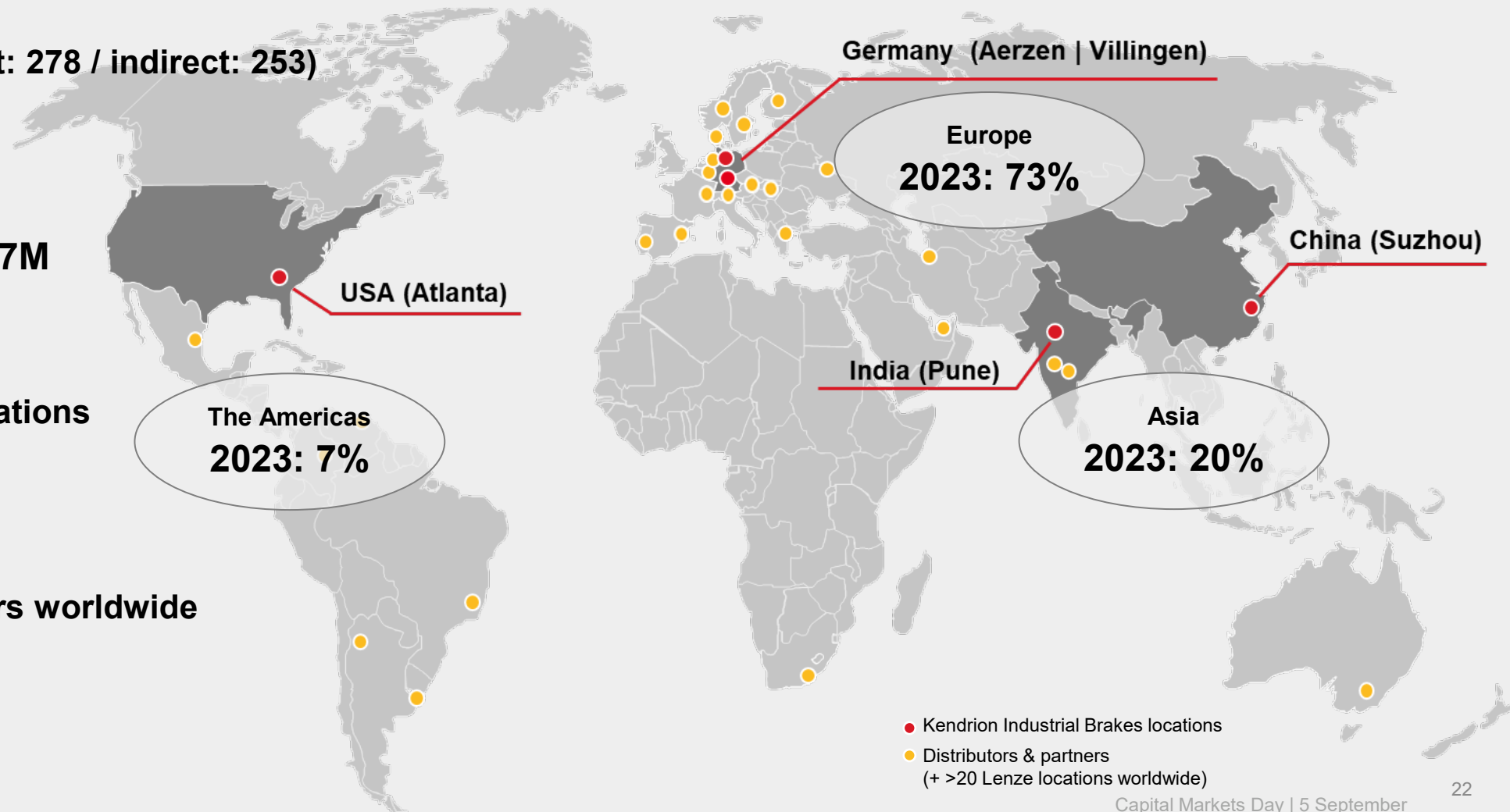
Revenue
2023: EUR 129.7M



5 Production locations









>60 Sales partners worldwide



ESTIMATED MARKET SIZES FOR INDUSTRIAL BRAKES

Projected market growth 2023-2029

		Market	
		Total market size 2023 (EUR M)	CAGR** 2023-2029 (estimated)
	Industrial robots	100–110	~7%
	Industrial trucks & AGVs	90–100	~8%
	Wind power	30–40	~9%
	Electric motors*	290–300	~5%
	Distributors & partners	90–100	~1%
	Additional niche markets***	130–150	~1%
Total		€730–800M	~6%

* Figures exclude robots, industrial trucks, AGVs, wind turbines, etc. These are considered separately.

** CAGR considers only the focus markets of IB based on different regional growth rates.

*** Cranes & hoists, elevators, doors, and medical.

Source: IFR Data; QY Research; King research; GEWC; AGV Study; Kendrion analysis

FUTURE REVENUES IN OUR FOCUS MARKETS

Based on revenue projections – forecast until 2029



Industrial robots: A steadily growing market for industrial robots. We are further expanding our competencies and supplying high-performance brakes locally from Germany and China



Industrial trucks & AGVs: Strong growth through automation in the logistics sector, driven by online retail. Kendrion offers a unique product portfolio for demanding AGV requirements



Wind power: Kendrion is a full-range supplier of pitch and yaw brakes and sets the standard for onshore and offshore wind turbine drive solutions



Electric motors: Kendrion approaches the market as a full-range brake provider, including SA and PM brakes for standard geared motors and intelligent servo motors



Distributors & partners: Stable performance with established sales partners. Growing potential through upcoming partnerships by promoting PM brakes in the Japanese servomotor market



Additional niche markets: We see medical technology as a growing niche market with high profit margins. Additionally, we are focusing on industries with minor technological changes, such as cranes and hoists, elevators, and doors

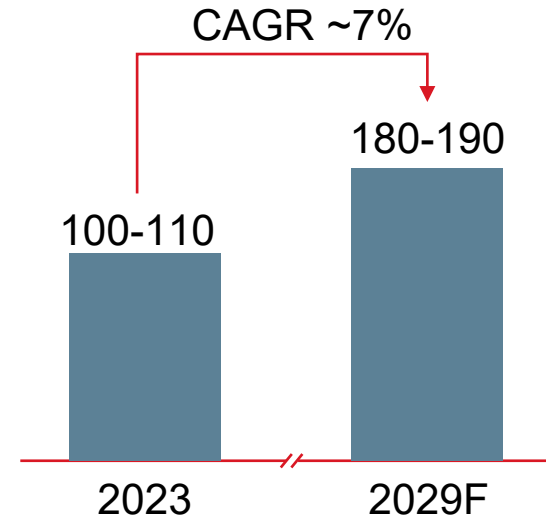
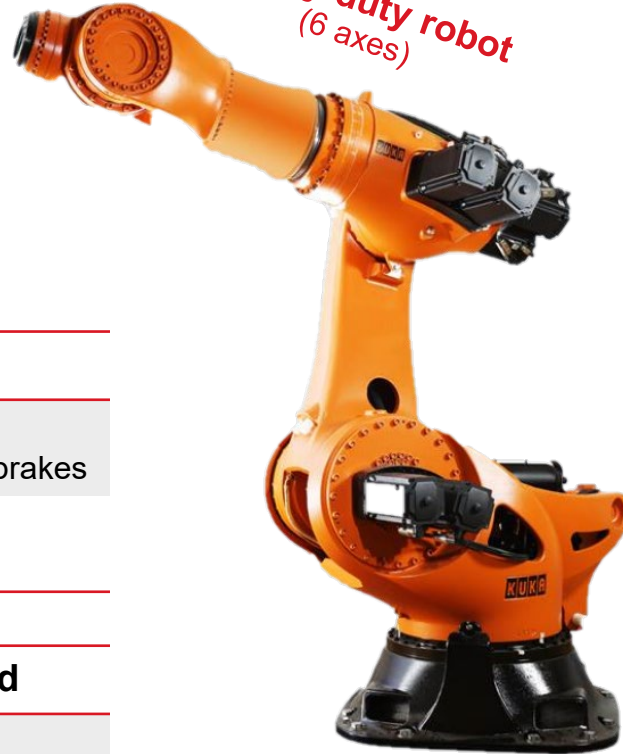
Cobot
(7 axes)



INDUSTRIAL ROBOTS*

Million Euro

Heavy-duty robot
(6 axes)



Market size 2023*

Installed 6-axis & 7-axis robots:
~420,000 robots, each with 6 to 7 brakes

Global market for brakes:
~2.5 million brakes

Market size 2029 – estimated

Installed 6-axis & 7-axis robots:
~700,000 robots, each with 6 to 7 brakes

Global market for brakes:
~4.3 million brakes

USPs / Challenges / Next steps:

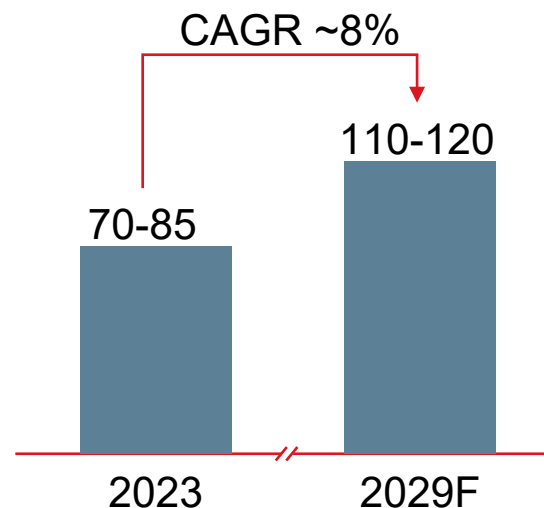
- Brake portfolio adapted for the new generation of robotic joints
- Successful localisation of PM** production line to China
- Market distortion due to government control in China
- Optimisation of the supply chain in China to support growing market demands

* Market data includes only 6- and 7-axis industrial robots and cobots which are most relevant for Kendrion IB.

** PM = Permanent Magnetic Brake.

INDUSTRIAL TRUCKS >2.5T*

Million Euro



Market size 2023*

Industrial trucks (Class 1-3):
1,091,000 trucks, each with 1 to 2 brakes

Global market for brakes:
~1.46 million brakes (average)

Market size 2029 – estimated

Industrial trucks (Class 1-3):
1,731,000 trucks, each with 1 to 2 brakes

Global market for brakes:
~2.3 million brakes (average)



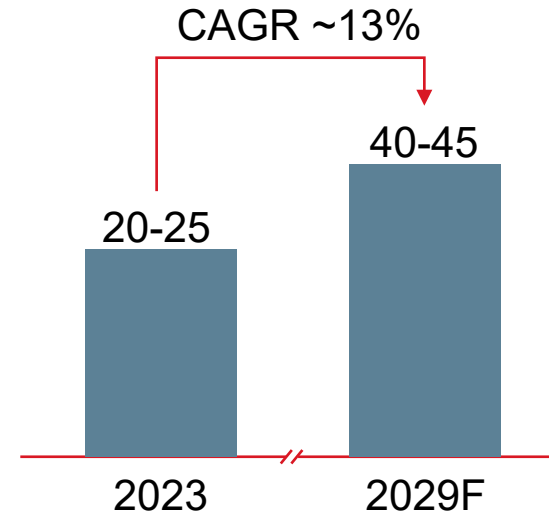
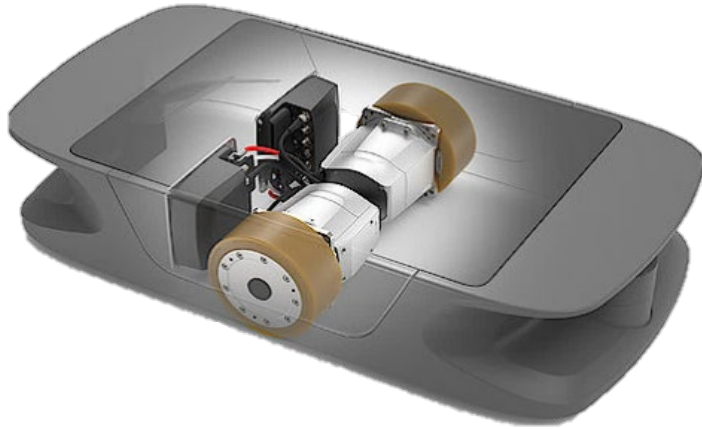
USPs / Challenges / Next steps:

- Solutions available for the entire logistic sector
- Brakes remain essential, including for new driverless solutions
- High level of competition, particularly from China
- Increase awareness of our customised solutions, high competencies, and reputation

**Market data includes only industrial trucks Class 1-3. AGVs with a payload of >2.5t are not included in the market data. These are considered separately.*

AGV / AMR <2.5T*

Million Euro



Market size 2023*

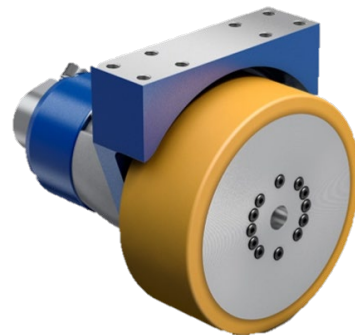
AGV/AMR with a payload of <2.5t:
325,000 units, each with 1 to 2 brakes

Global market for brakes:
~585,000 brakes

Market size 2029 – estimated

AGV/AMR with a payload of <2.5t:
666,000 units, each with 1 to 2 brakes

Global market for brakes:
~1.3 million brakes



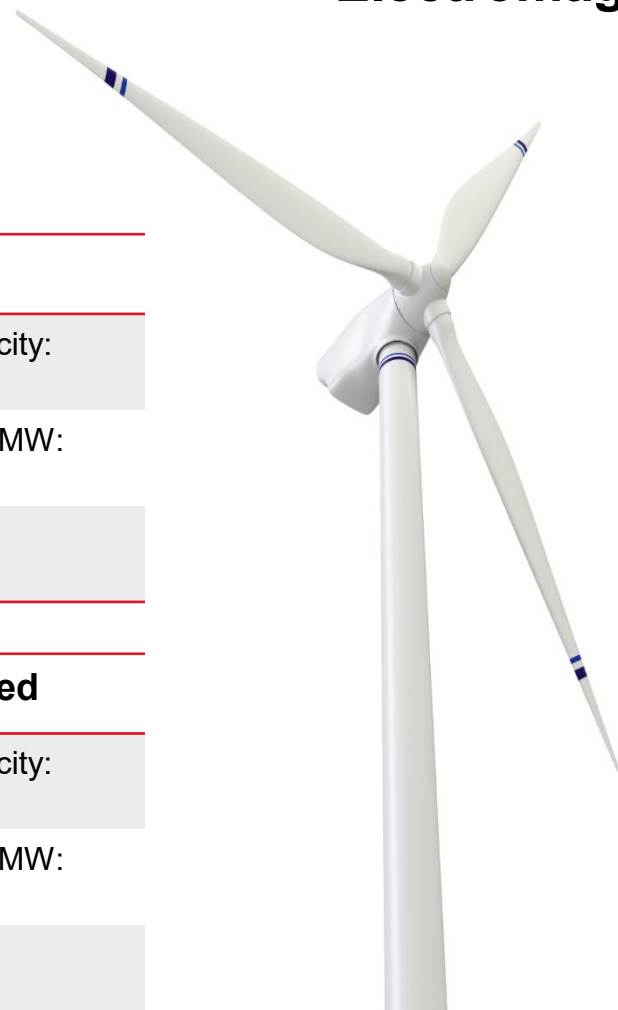
USPs / Challenges / Next steps:

- Compact brake design combined with low energy consumption
- We have supported the market with our high level of expertise from the outset and have already secured projects
- Identifying the right partners in the fragmented market with new AGV OEMs
- Increase product visibility for AGV manufacturers

* Market data includes only AGV/AMR with a payload of <2.5t that are relevant for Kendrion IB.

WIND POWER MARKET DATA

Electromagnetic brake volume



Market size 2023

Global installed wind power capacity:
116 GW (all wind turbines)

Installed wind turbines with Ø4.5 MW:
~26,000 turbines

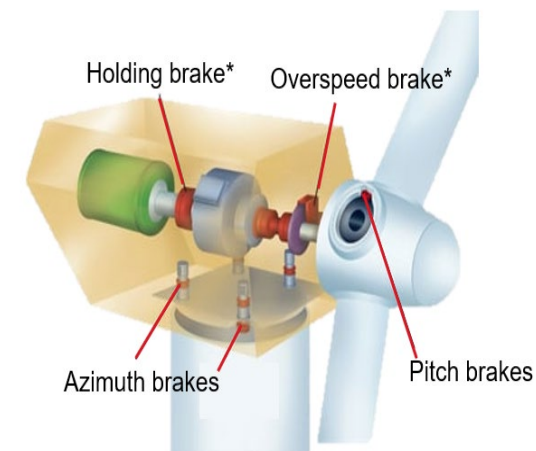
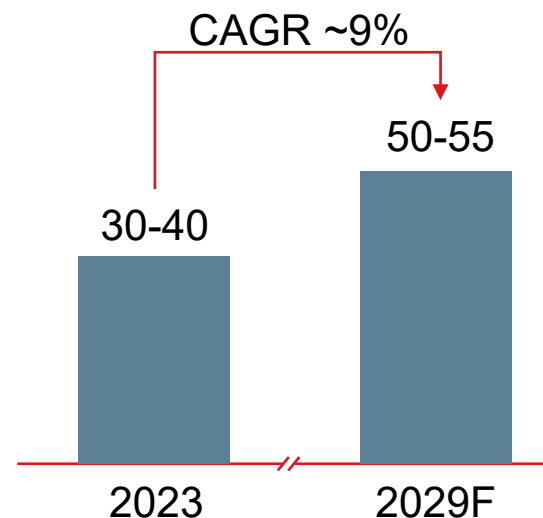
Global market for brakes:
~206,000 brakes

Market size 2029 – estimated

Global installed wind power capacity:
190 GW (all wind turbines)

Installed wind turbines with Ø6.5 MW:
~29,000 turbines

Global market for brakes:
~352,000 brakes

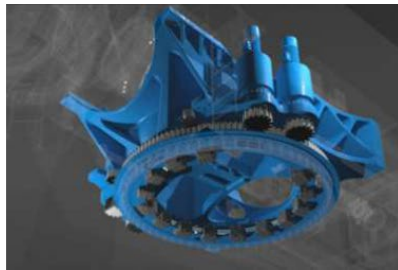
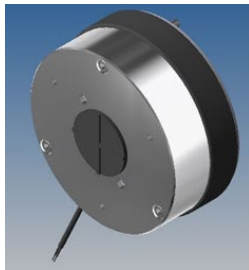


USPs / Challenges / Next steps:

- Excellent knowledge of the application
- Full localisation of brake production and supply chain established
- Technology shift in large turbines & condition monitoring
- Further development of strong technical competence and service levels to meet market changes

SUCCESS STORY: SIEMENS GAMESA RENEWABLE ENERGY

Kendrion sets new market standards



Business case project 40874:

- Development of a yaw brake for the new SG5X, SG10, SG11, and NG9 wind turbines
- Brake with very tight characteristic torque tolerances
- Enhanced requirements for corrosion protection
- Special requirements for the brake's serviceability
- Brake development carried out in close cooperation with the SGRE development department in Denmark

Results:

- ~EUR 450K / 3,600 brakes per year
- Set a new standard for further yaw drive projects

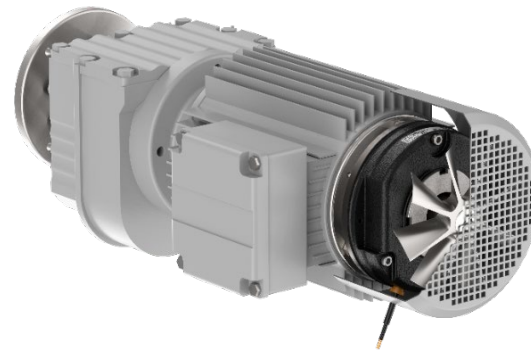
Project 40874 is in series production today:

- Follow-up projects for additional new SGRE wind turbines are being realised through this project
- Kendrion INTORQ is now a development partner of SGRE

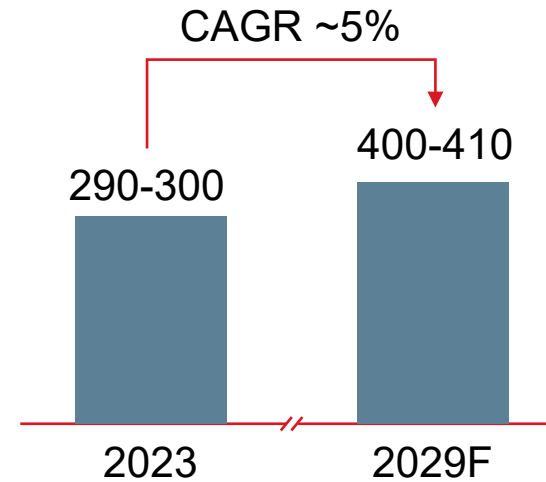
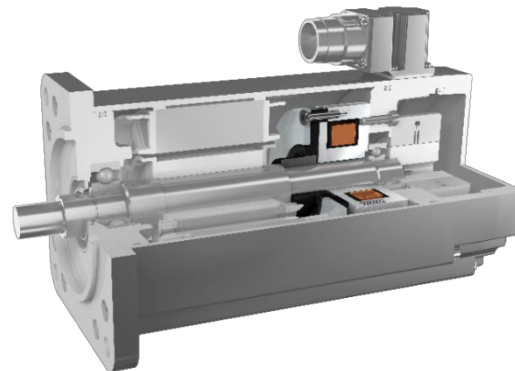
ELECTRIC MOTORS*

Million Euro

Geared motors
(Externally mounted brake)



Servo motors
(Integrated brake)



Market size 2023*

Geared motors:
~26 million motors (~25% with brakes)

Servo motors:
~1.8 million motors (~30% with brakes)

Global market for brakes:
~7 million brakes

Market size 2029 – estimated

Geared motors:
~35.5 million motors (~25% with brakes)

Servo motors:
~2.2 million motors (~30% with brakes)

Global market for brakes:
~9.5 million brakes

USPs / Challenges / Next steps:

- Full-range provider with strong portfolio SA** and PM brakes
- Increasing cost pressure as Chinese competitors enter the European market with customised motors for EU standards
- Defend existing revenues by optimising the supply chain, production site, and products

* Robots, industrial trucks, AGVs, wind turbines, etc. are not included in the market data. These are considered separately.

** SA [Spring-Applied Brake]

MEDICAL SURGICAL ROBOTS

Emerging market

Brake solutions for robotic joints

- High precision and superior quality brakes are essential for surgical treatment to ensure patient safety
- Medical customers depend on suppliers with expertise in testing and documentation to meet medical requirements
- Kendrion is one of the few brake manufacturers capable of fulfilling these high standards

USPs:

- Compact design combined with high braking torques
- Backlash-free torque transmission



Current customers



PM Brakes




SA Brakes



BUSINESS OPPORTUNITIES

New customer projects




Customer: Schneider Electric
Application: Servo Motor (S4F100)
Product: High Torque 06, 07
Project status: 
Turnover: EUR 1.5M (potential / p.a.)

Project pipeline:

Servo motor S4F70 – EUR 2M potential / p.a.
 Servo motor S4F140 – EUR 630K potential / p.a.

“high performance brakes for the new, high volume Servo4Future© generation of Schneider Electric”

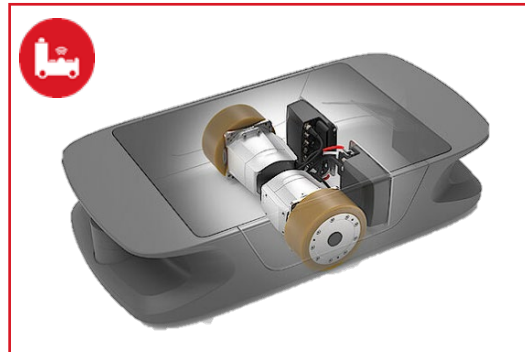



Customer: Johnson & Johnson
Application: Surgical Robot
Product: Servo Line 02
Project status: 
Turnover: EUR 150K (potential / p.a.)

Project outlook:

Robotic joint 4 & 5 in same robot to be equipped with a compact SA brake

“compact and energy efficient brake solution with unique properties - J&J surgical robot competes with market leader Intuitive / Da Vinci”




Customer: Wittenstein
Application: Wheel Drive f. AGV
Product: Servo Slim Line 09
Project status: 
Turnover: EUR 300K (potential / p. a.)

Project outlook:

Two further wheel drive sizes for smaller loads in planning

“new generation of a compact servo Wheel Drive for AGVs, AMRs and other mobile platforms with vehicle masses between 1 t and 3 t”



Customer: FERTIG Motors
Application: Servo Motor (BM070)
Product: High Torque 04
Project status: 
Turnover: EUR 550K (potential / p.a.)

Project pipeline:

Motor BM080 – EUR 480K potential / p.a.

“successful displacement of our competitor KEB for the high-runner servo motor at FERTIG Motors”

SUMMARY

Sales strategy & focus markets

- Excellent outlook for further innovations and growth in our focus markets, which are expected to grow by more than 5% per year
- Customer-oriented product portfolio development
- Invest in products with a clear USP, based on our strong expertise in brakes, and with the potential to generate at least 15% EBITDA
- Customer and market centricity as the cornerstone of our sales strategy



Industry 4.0



Automation



Sustainability



Digitalisation

AGENDA

- Introduction
- The new Kendrion: Full focus on profitability
- **Business pillars**
 - Industrial Brakes
 - **Industrial Actuators & Controls**
 - China
- ESG
- Financial targets
- Q&A

IAC FACTS & FIGURES

Pro forma including retained automotive activities



Employees

2023: 992 (direct: 637 / indirect: 355)



Revenue

2023: EUR 179.3M

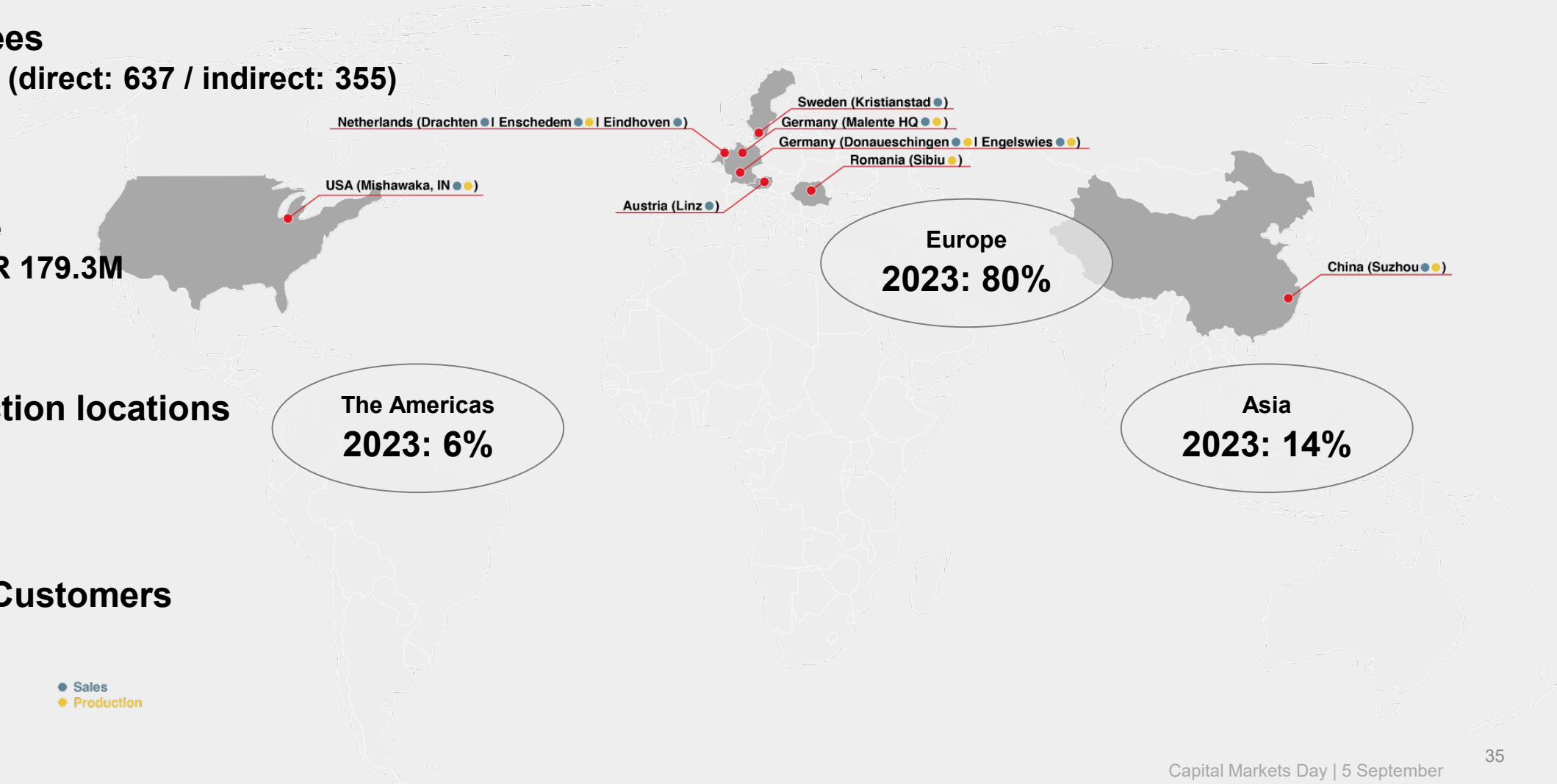


6 Production locations



>12,000 Customers

● Sales
● Production



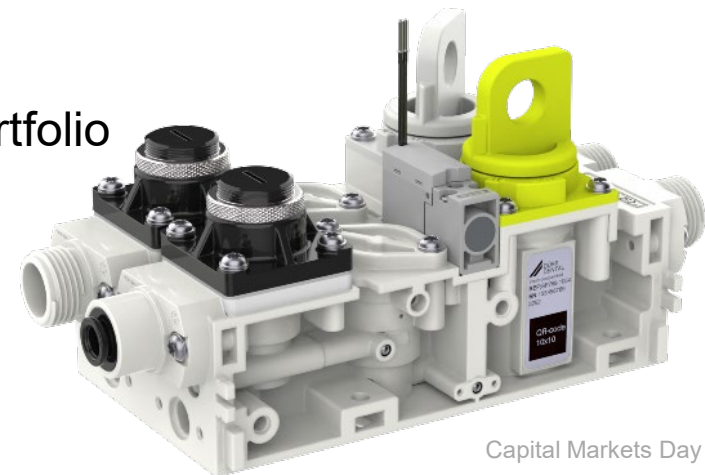
ESTIMATED MARKET SIZES FOR INDUSTRIAL ACTUATORS & CONTROLS

Market growth projection: 2023-2029

		Market	
		Total market size 2023 (EUR M)	CAGR** 2023-2029 (estimated)
Healthcare / Medical equipment	<ul style="list-style-type: none"> • Fluid technology • Locks & solenoids 	>500	~5%
Sustainability / energy consumption and efficiency	<ul style="list-style-type: none"> • Inductive heating systems • NPP – pilot actuators 	>250	~9%
Manufacturing automation (AGVs, warehouses, machines)	<ul style="list-style-type: none"> • Control systems • Solenoid products • Embedded controls 	>10,000	~6%
Smart & remote operated locking systems	<ul style="list-style-type: none"> • Locking systems & solenoids 	>100	~7%
Convenient store / beverage dispenser	<ul style="list-style-type: none"> • Flow control valves 	>100	~6%

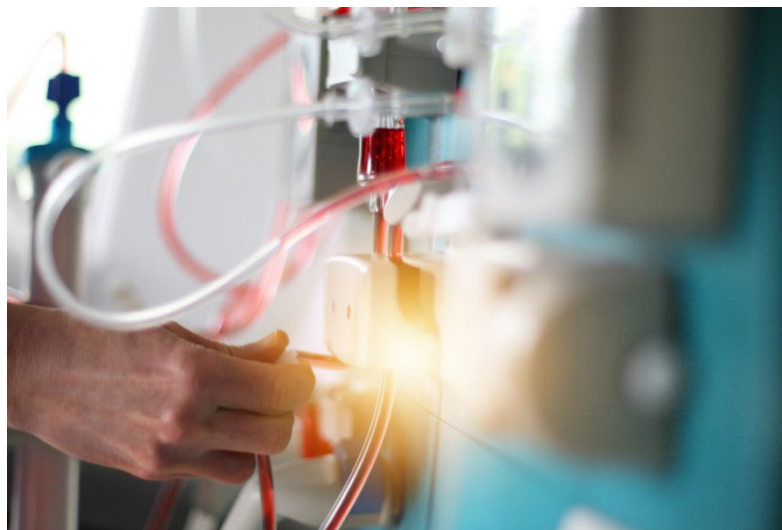
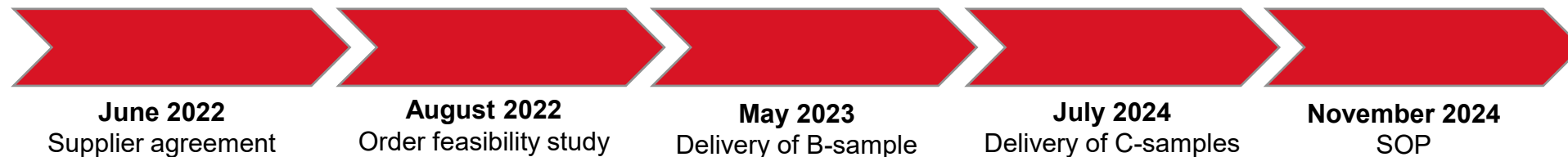
HEALTHCARE / MEDICAL EQUIPMENT

- The market is growing steadily at approximately 5%
- We develop fluid control products for dialysis, dental, anaesthesia, and laboratory devices
- Requirements are constantly increasing due to Medical Device Regulation (MDR):
 - Traceability, bio-compatibility (cleanliness), certification, material compliance, etc.
 - Not all competitors can keep up with these demands
- Kendrion's advantages include the cost base in Sibiu, market knowledge, IP, and top customers
- Kendrion continuously extends its existing product portfolio



DIALYSIS PROJECT

Fresenius Medical Care (D/USA)



Fresenius Medical Care

- EUR 19.5B revenue, 120,000 employees
- Worldwide leading in dialysis products and services

Business case:

- Replacement of the current pinch valve solenoid (price, reliability, customisation)
- Kendrion's long-term expertise in solving issues related to dialysis exchangeable plastic tube pinching
- Large project involving Kendrion's new generation of power pinch valves (with further opportunities for ongoing projects)

Potential revenue:

- EUR 1.5M annually from 2025
- Ramp-up expected in 2024

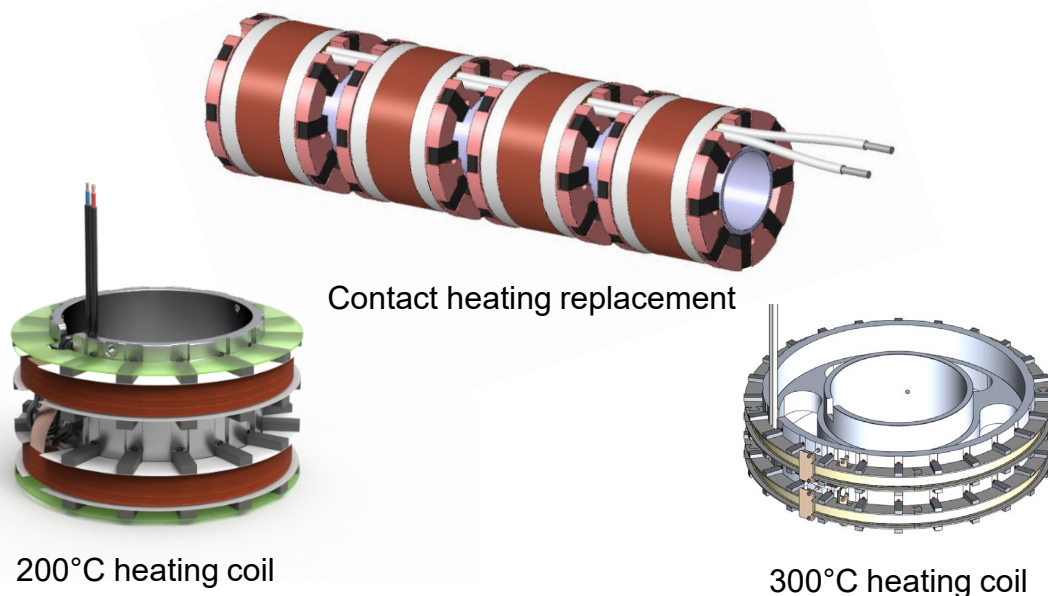
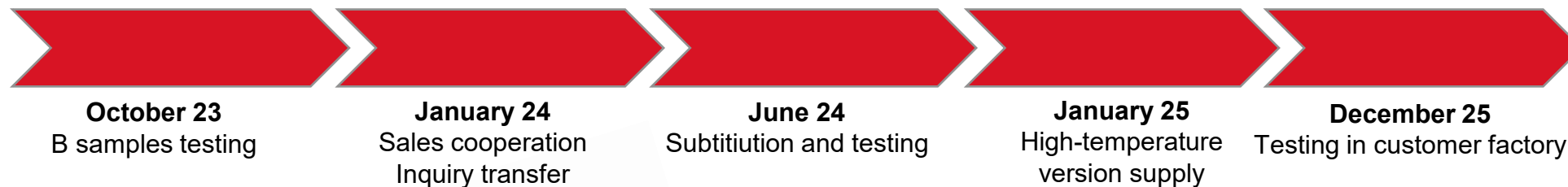
ENERGY / ENERGY EFFICIENCY

- The market is expected to grow by approximately 9%
- Inductive heating can reduce energy consumption by up to 50%:
 - There is no competition at our efficiency level
 - The effort required for costumers to change the heating process in their machines is relatively high
 - The market is growing rapidly: inductive heating reduces CO₂ emissions and decreases energy costs
- Worldwide, the construction of nuclear power plants is increasing:
 - Kendrion's pilot valve solenoids are used in secondary cooling circuits
 - 3T's advanced drive control knowledge enhances energy efficiency
 - Other areas can be addressed, as we are certified
- Kendrion's electrical grid circuit breaker solenoids are used in Europe, the US, and China:
 - The market is competitive, but high voltage circuit breakers still offer more than 15% EBITDA
 - Major customers include ABB, Siemens, Eaton, Scheider, Socomec, and others



TOP OPPORTUNITY HEATING APPLICATIONS 2024

Matthews International Corporation (USA/D)



Matthews International Corporation

- EUR1.8B revenue, 12,000 employees
- Specialises in coating machinery (e.g. battery foils)

Business case:

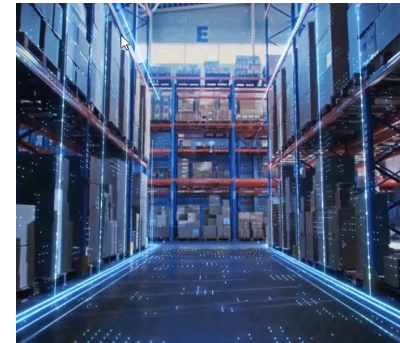
- Inductively heated calander rolls
- High-precision machinery with minimal tolerance
- Highly accurate heating system with a tolerance of +/- 1°C
- High power efficiency of up to 97%
- Kendrion's innovative power made it possible

Potential:

- Multiple machines per type each year
- Revenue potential exceeding EUR 1M annually from 2026

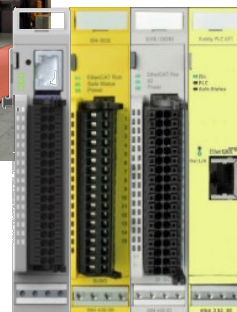
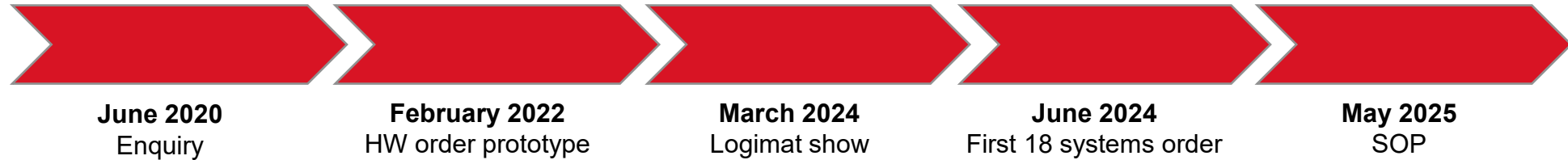
MANUFACTURING AUTOMATION

- The market is growing with around 6% as the automation of machines continues
- Kendrion has a broad and innovative portfolio for AGVs and RGVs:
 - IB's slim line brakes, shuttle finger solenoids, drive control, SIL2 safety solution, etc.
- 3T's semiconductor machine service for ASML has significant potential:
 - Double the current level of engineering services in control
 - Expand engineering services to power generation
 - Start delivering series products in low quantities
 - Expand to other machine manufacturers
- Kendrion's FIO-line brand-label programme is attractive and used by well-known companies:
 - Safety integrated, hardware independent CODESYS programming, customer-specific modules
 - Major customers: Lenze, Parker, KEB, Berghof, etc.



FIO & SAFETY OPPORTUNITY

Jungheinrich Projektlösungen AG & Co.KG (D)



RGV Shuttle System

- EUR 5.5B revenue, 21,000 employees across 40 countries
- Jungheinrich AG is a German company and one of the world's leading intralogistics providers

Business case:

- Control system and I/O for a shuttle system
- Functional safety requirements
- Kendrion provides CODESYS PLC programming software, including fail-safe over EtherCAT
- Kendrion's integrated fail-safe FIO system

Potential:

- Deliveries expected to start in early 2025
- Revenue potential exceeding EUR 0.5M annually starting 2025

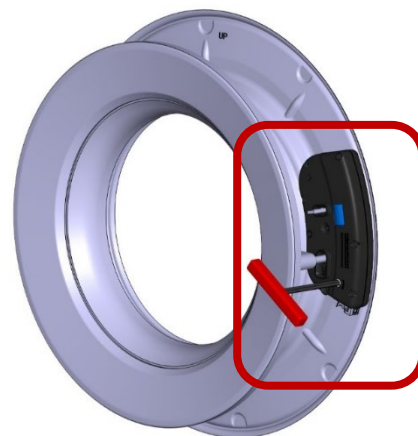
SMART & REMOTE OPERATED LOCKING

- Market size exceeds EUR 100M and is growing at approximately 7%
- Kendrion is the market leader for professional washing machine locks in Europe
- Kendrion offers an extensive product portfolio for solenoids and locks, including motor- and solenoid- driven solutions
- Enables remote access to locks, such as via smartphone
- Active in various niches, including appliances, laundry, professional kitchen equipment, and laboratory equipment
- Significant expertise, a large IP/patent portfolio, and a low-cost base (Sibiu)
- Strong market position in Europe, with a high rate of opportunity and project implementation
- Post and parcel boxes offer further potential with higher quantities
- Additional possibilities with memory-shaped metal operated locks



MOTORISED INDUSTRIAL DOOR LOCK OPPORTUNITY

Gorenje (Slovenia & China)



Gorenje d.d. (Hisense Group)

- EUR 2B revenue, 3,600 employees (Gorenje d.d.)
- Specialises in washing machines, refrigerators, household appliances

Business case:

- Gorenje to implement a motorised lock, a key USP for the ASKO Heavy Duty washing machine
- Gorenje currently manufactures 100,000 ASKO machines annually
- Tooling costs will be amortized over the high yearly demand

Potential revenue:

- EUR 2.6M annually starting from 2025

FLOW CONTROL FOR COVENIENT STORES & BEVERAGE DISPENSERS

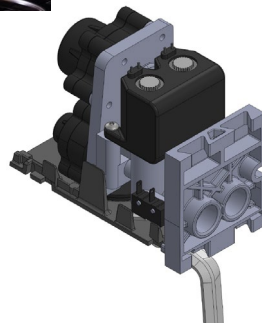
Newton

- The market is growing at approximately 6%
- The beverage dispenser valve market is predominantly US-based
- Middleby is a major player in beverage and food service equipment
- We have successfully entered the market with Newton CFV
- Revenue is growing rapidly at 50% per year, with a healthy EBITA margin
- Current projects include collaborations with Starbucks, Coca Cola, Pepsi, McDonalds, Nestle, and Dunkin Donuts
- Middleby plans to introduce more beverage devices:
 - Alcohol-free beer on tap
 - Syrup-added coffee machine
- There is potential for further expansion within the Middleby Corporation with additional products
- A second collaboration with Newton CFV has started, targeting other markets through Newton II



FLUID TECHNOLOGY OPPORTUNITY

Newton/ Middleby (USA)



Middleby Corporation

- USD 2.7B revenue, 9,770 employees (2018)
- Market leader in commercial, residential, and industrial foodservice

Business case:

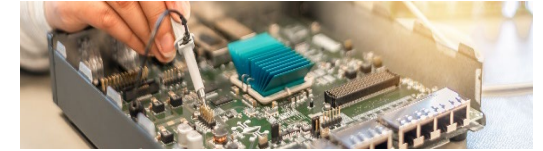
- Currently over one million valves in service in North America
- Backwards compatibility with existing equipment
- Newton Flow Control to replace costly ceramics components
- Kendrion isolation valves to replace existing solenoid valves
- Higher accuracy and consistent taste => goal syrup supplier
- Reduced ongoing service costs => goal operators

Potential:

- New equipment, replacement of existing equipment, and aftersales
- EUR 3M annually, currently ramping up

3T STATUS & STRATEGY

- Kendrion 3T offers electronic and embedded controls co-development services
- Strategy sharpened, with revenue growth of around 10% per year
- Profitability as expected
- High demand in the Netherlands for critical and complex embedded controls applications: ASML, VDL, defence industry
- 3T extended Kendrion's knowledge base in both quality and quantity
- Addressed the need for more employees with a new office in Drachten
- 3T helped enhance the Kendrion brand in the Netherlands
- Kendrion facilitated the introduction of 3T services into the DACH region for further opportunities



100+ innovators



40+ years



Enschede, Eindhoven, Drachten



Part of Kendrion since 2021



KENDRION ELECTRONICS BUSINESS

Sibiu plant

- Malente Automotive site to be discontinued from 1 January 2025:
 - Relocation to Sibiu for a better cost structure
 - Synergy effects with existing sound production in Sibiu
- Existing production will be managed separately and in accordance with IAC standards:
 - Increase margins
 - Streamline processes and improve transparency
 - Overhead to be kept to a minimum
 - Focus on cash flow and limit investments
- Separate legal entity required:
 - Shield Industrial from unnecessary automotive standards and certificates
 - Allow for clear separation in investment and resources



STRATEGIC SUMMARY

- Solid business with significant ongoing innovation, strong intellectual property, pricing power, and top customers
- Crucial to identify the right product/market mix in a fragmented market environment
- Growth potential has improved across all three technology segments: actuators, controls, and valves
- Main market drivers include energy, electrification, health, factory and logistics automation



AGENDA

- Introduction
- The new Kendrion: Full focus on profitability
- **Business pillars**
 - Industrial Brakes
 - Industrial Actuators & Controls
 - **China**
- ESG
- Financial targets
- Q&A

FACTS & FIGURES

China (year-end 2023)



Employees

2023: 196 (direct: 67 / indirect: 129)



Revenue

2023: EUR 43.5M



One Kendrion

The entire organisation is located at one site









~300 Customers



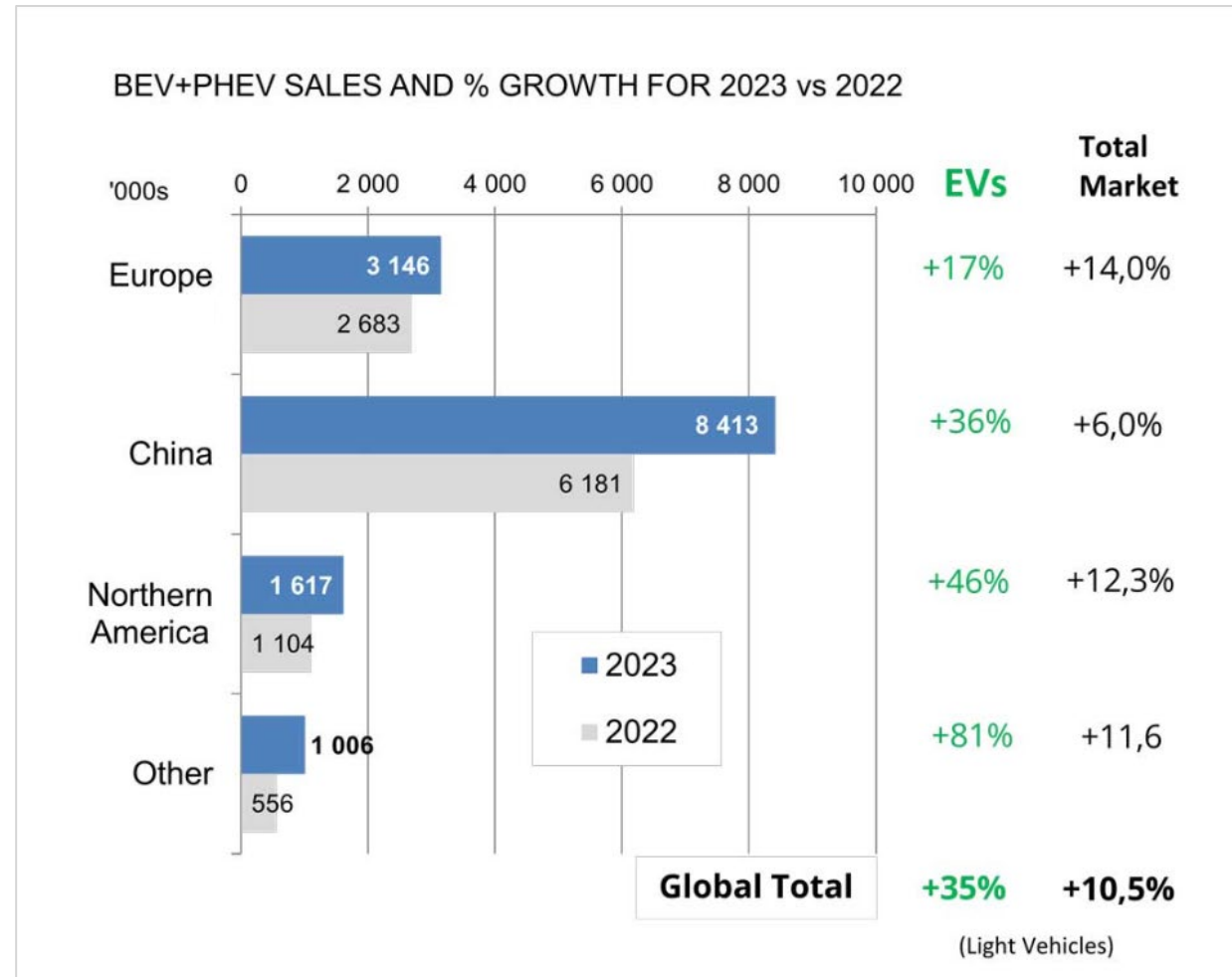
FOCUSED MARKETS CHINA

Projected market growth 2023–2029

Market	Total market size 2023 (EURO M)	CAGR** 2023-2029 (estimated)	Image
Industrial robots	50-60	5~7%	 Robotics & automation
Electric motors *	180-220	3~5%	 Wind power
Wind power	20	3~5%	 Power transmission
Energy	40	~10%	 Railway
Railway	10	~5%	 Medical
Medical	30	~12%	 Electric power door
EV suspension	110-130	~30%	
Total	EUR 440-510M		

*Figures exclude industrial robots
 **Source: Kendrion analysis

CHINA: THE LARGEST EV MARKET



*Data source: [Global EV Sales for 2023 - EV Volumes \(ev-volumes.com\)](https://www.ev-volumes.com)

WINNING LOCALISATION STRATEGY IN CHINA



- Local for local:
 - China can achieve independence in business execution and profitability, despite occasional geopolitical risks



- Enhance competitiveness in the China market:
 - Design products to meet local market requirements
 - Provide fast response and service to local customers



- Compete successfully against local competition:
 - Be more cost-competitive locally
 - Achieve speed to market compared to local competitors

R&D LOCALISATION PROGRESS

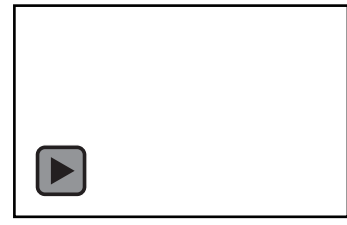
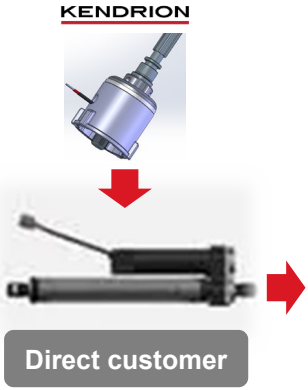
Existing product platform

	IAC		IB	Automotive (smart actuators)
	Linear solenoid	Valves and solenoids*		
Finished	95%	20%	80%	70%
	<ul style="list-style-type: none"> IE Testing Design 	<ul style="list-style-type: none"> Testing 	<ul style="list-style-type: none"> IE Testing Design 	<ul style="list-style-type: none"> IE Testing Design
To be completed	5%	80%	20%	30%
	<ul style="list-style-type: none"> R&D: Optimise design 	<ul style="list-style-type: none"> R&D: Localise design 	<ul style="list-style-type: none"> PMB design/validation/process realisation Material localisation 	<ul style="list-style-type: none"> R&D: Train local engineers
	100% completed end 2024	100% completed end 2025	100% completed end 2024	100% completed mid-2026

* Rotary and holding solenoids

INNOVATIVE INTEGRATION – IB

Successful design-in of industrial brakes into electrical power door for EVs in China



- So far, 8 vehicle models have incorporated Kendrion’s EPD brake, with more to come
- Kendrion is a pioneer in this new application with years of field application know-how accumulated
- EPD is in the beginning stage, with a penetration rate of less than 5% in EVs
- 2nd generation planned for rollout in 2025 with improved cost/performance to further strengthen our market-leading position

ENERGY – POWER TRANSMISSION & DISTRIBUTION (PTD)

Million Euro

Market size 2023

Investment in power transmission and distribution (PTD) in China: €65,900 million

Demand for isolation switches, circuit breakers, and combined appliances: ~150,000 sets

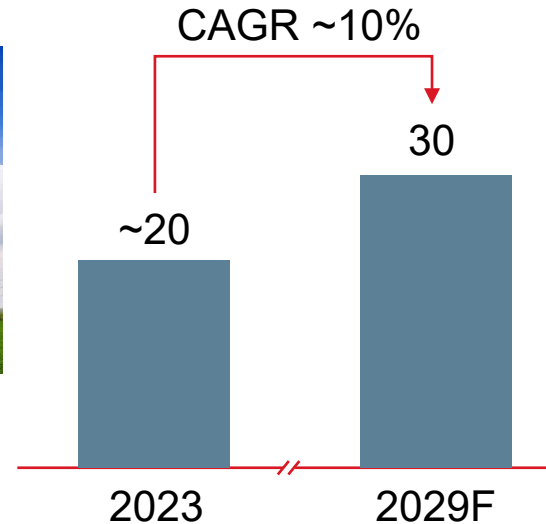
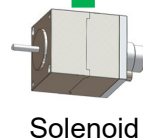
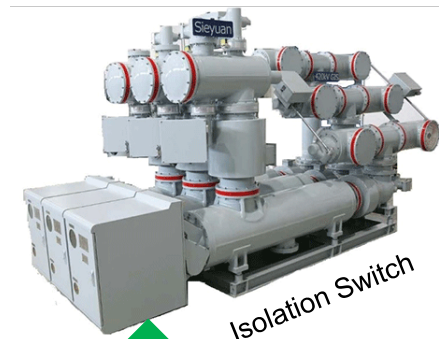
China market for solenoids: ~600,000 solenoids

Market size 2029 – estimated

Investment in power transmission and distribution (PTD) in China: €116,700 million

Demand for isolation switches, circuit breakers, and combined appliances: ~266,000 sets

China market for solenoids: ~1,063,000 solenoids

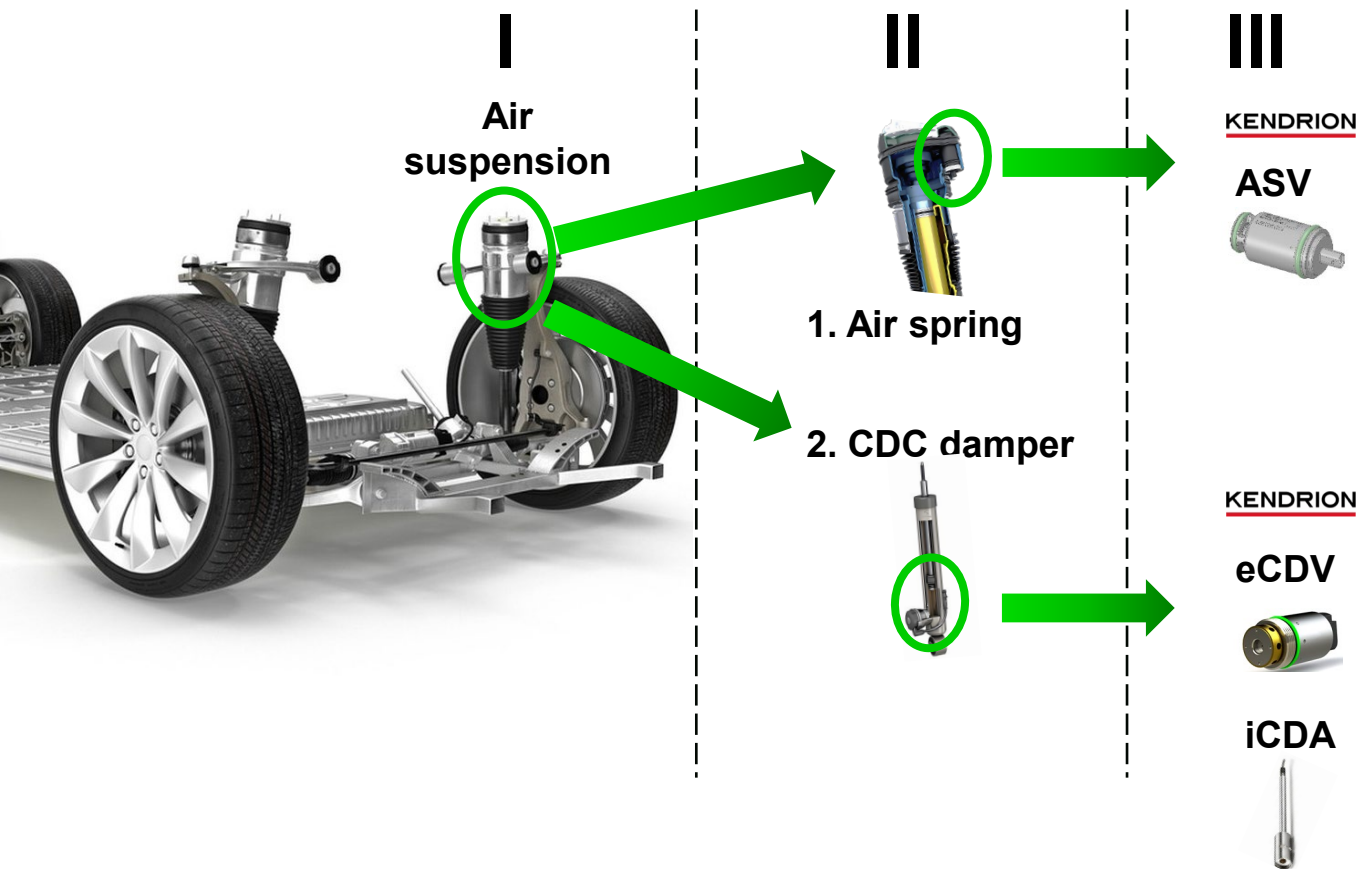


USPs / Challenges / Next steps:

- Existing major supplier to local transmission and distribution enterprises, e.g., Sleyuan, Siemens
- Recognised performance of reliability and stability in PTD applications
- Customised technical ability
- Early involvement in joint development with customers

MARKET FOCUS

Attractive suspension market in China for our smart actuators



2028 market potential

EV:	23M X 30%	X 4	≈ 28M pcs	} 28.6 X 10-12€ ≈ Total EUR 300M
Non-EV:	8M X 2%	X 4	≈ 0.6M pcs	

Qty. of car produced	Estimated % of cars fitted with ASV valve	4 valves in 1 car	Estimated market required valves	Average selling price	Market potential

CDC damper has the same market size as Air spring / ASV @ EUR 300M

*Data source: Estimation by public data

STRATEGIC SUMMARY

- All China-based business is 'local for local': design, sales, engineering support, production, and supply chain
- Focus on profitability: EBITDA and ROIC targets in China are aligned with Group goals
- One site serving China ensures efficiency and effectiveness



Local for local design / production

AGENDA

- Introduction
- The new Kendrion: Full focus on profitability
- Business pillars
 - Industrial Brakes
 - Industrial Actuators and Controls
 - China
- **ESG**
- Financial targets
- Q&A

OUTLINE 2024-2028 ESG PLAN



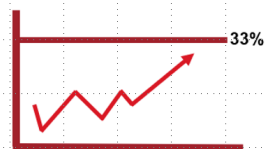
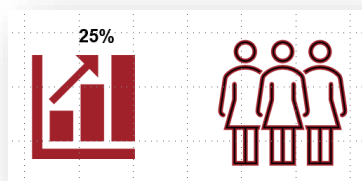
Natural Capital

- Achieve a further 70% reduction in CO₂ emissions
- Establish reporting frameworks for Scope 1, 2 and 3 reporting



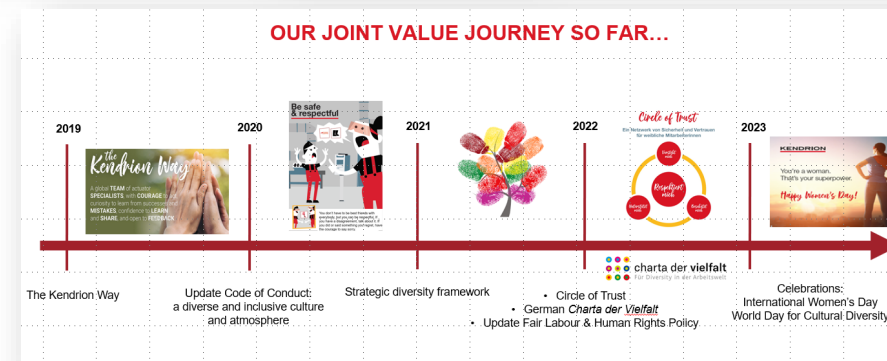
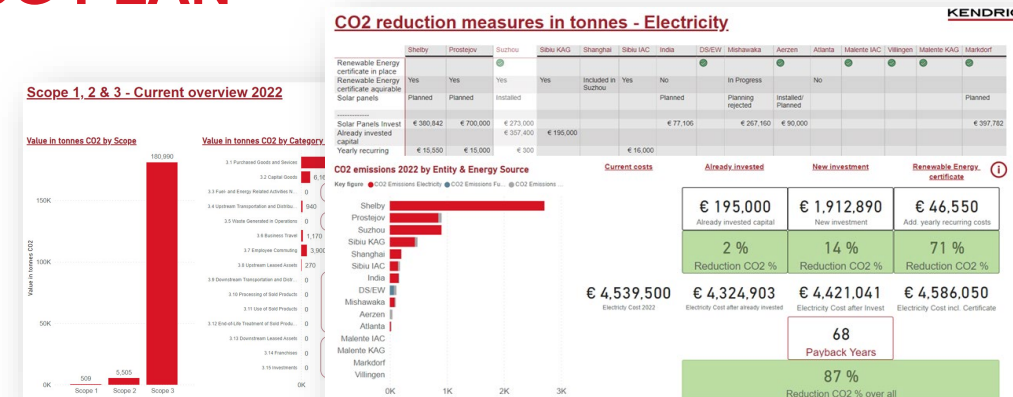
Social & Human Capital

- Implement gender and diversity ambition at Business Group level for indirect staff, aiming for a 25% improvement over time with a minimum threshold of 33%
- Continue progressing corporate norms and values



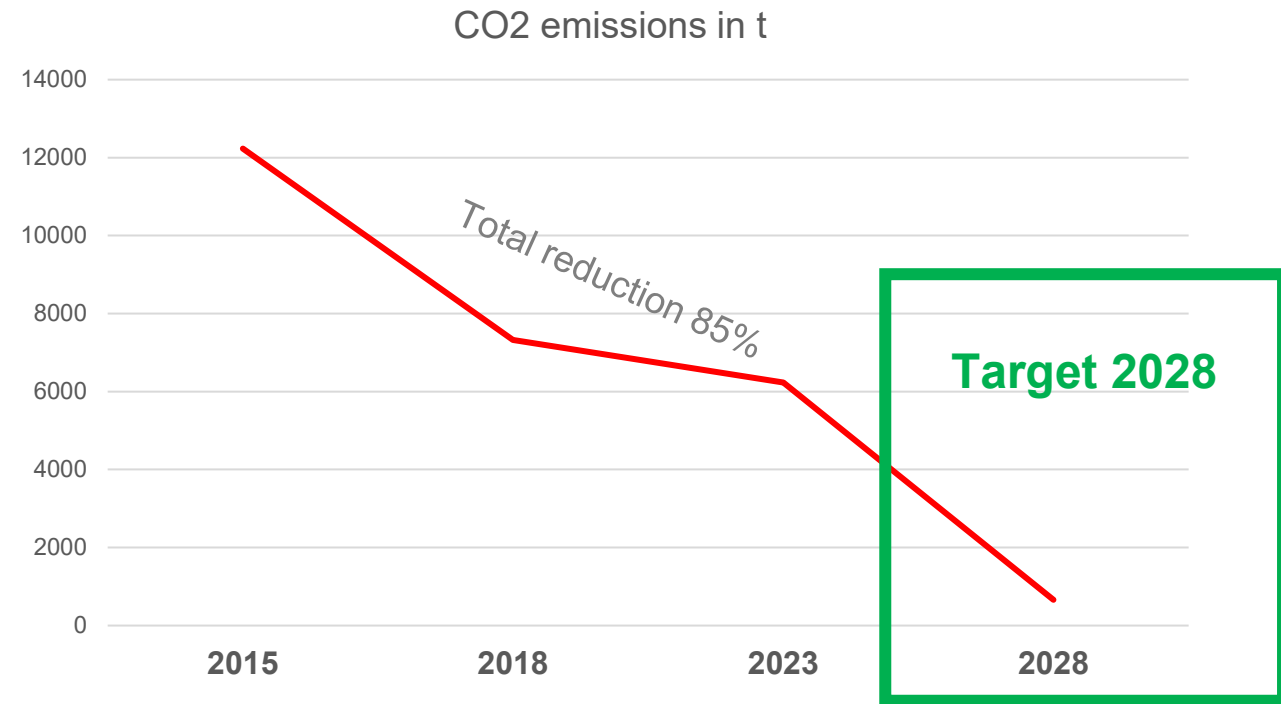
Responsible Business Conduct

- Integrate ESG metrics into the sourcing process
- Sustain ESG ratings from EcoVadis and CDP
- Meet disclosure requirements (e.g., EU Taxonomy, CBAM, CSRD, and CSDDD)



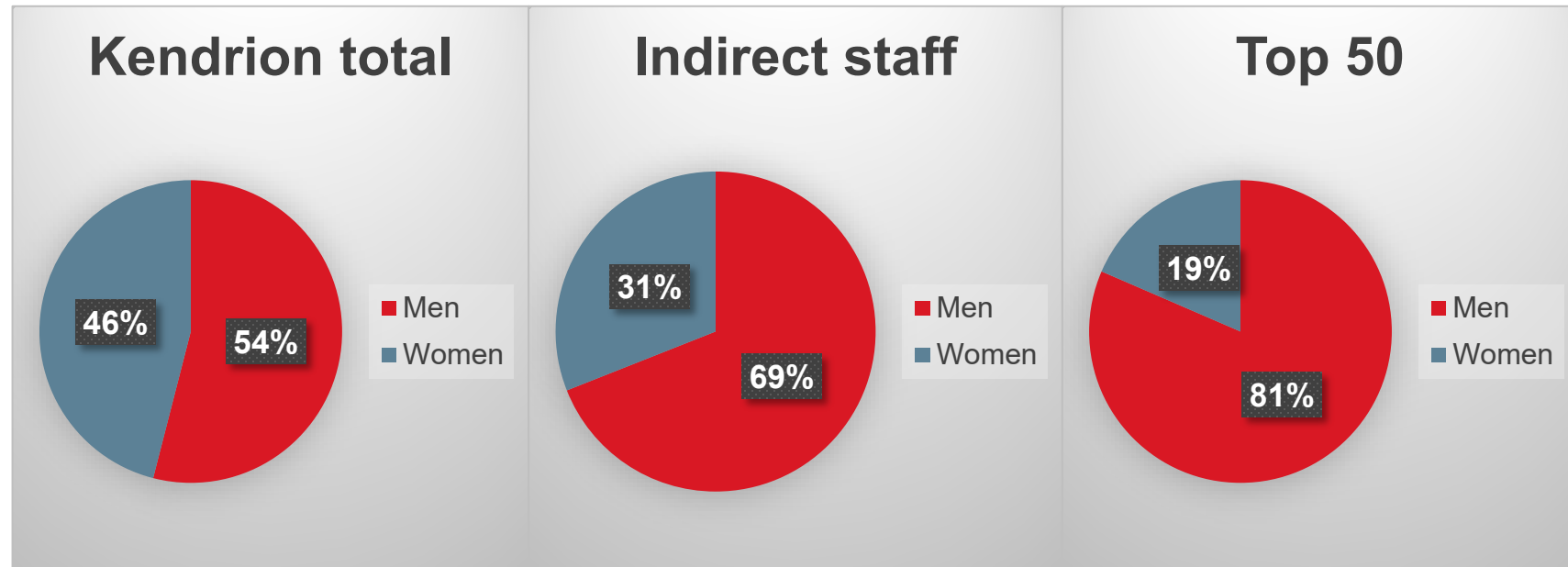
EMISSIONS SCOPE 1 & 2

Year	CO2 emission in t	Emission reduction %
2015	12.321	
2018	7.322	40.6%
2023	6.231	14.9%
2023 (pro forma continued operations)	2.186	
2028	656	70.0%



GENDER DIVERSITY 2023

	Kendrion total		Indirect staff		Top 50	
	Men	Women	Men	Women	Men	Women
2023	54%	46%	69%	31%	81%	19%
2028 Ambition			67%	33%	67%	33%



ECOVADIS SUSTAINABILITY RATING 2024

Kendrion top 15% of rated companies

KENDRION NV (GROUP)

Amsterdam - Netherlands | [Manufacture of general-purpose machi...](#)

Company size: L | Assessment scope: Group

Overall score

↗ **65**/100

Percentile

85th



Year-over-year improvement

- 2023: top 19% of rated companies (61/100)
- 2022: top 22% of rated companies (58/100)



61/100

81st percentile



58/100

78st percentile

i

AGENDA

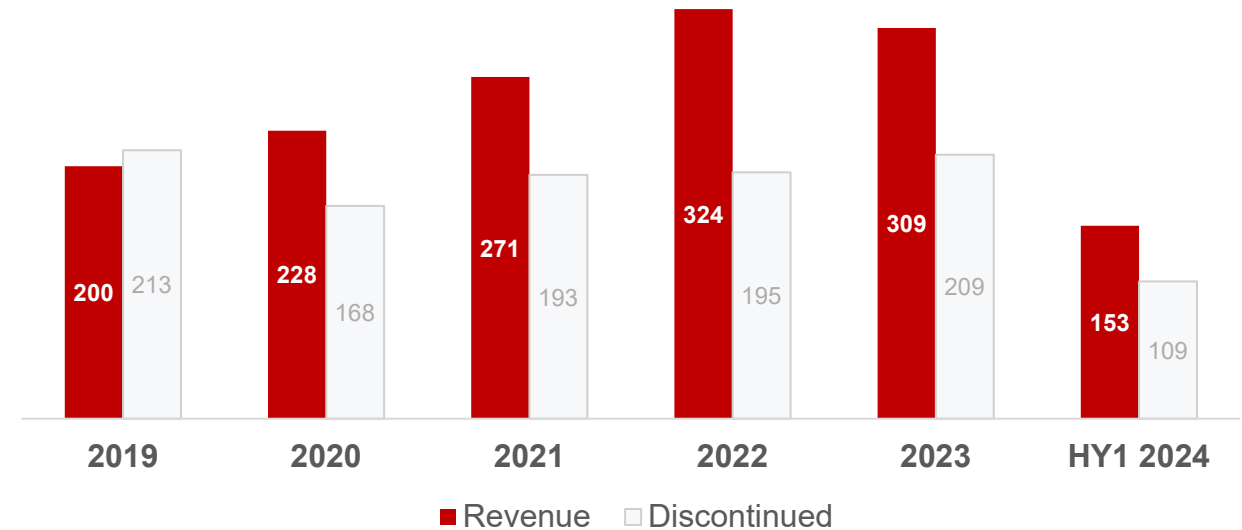
- Introduction
- The new Kendrion: Full focus on profitability
- Business pillars
 - Industrial Brakes
 - Industrial Actuators & Controls
 - China
- ESG
- **Financial targets**
- Q&A

REVENUE DEVELOPMENT

Delivered 2019 – HY1 2024 – Million Euro

Growth drivers

- Strong 7% CAGR until 2022, followed by decrease in 2023 due to a sharp market decline in industrial manufacturing markets
- Organic revenue grew at 4% CAGR since 2019, excluding discontinued operations
- Industrial revenue grew 4% CAGR since 2019, while the continued operations of Automotive increased with 5% CAGR
- Discontinued Automotive revenue remained stable compared to FY 2019

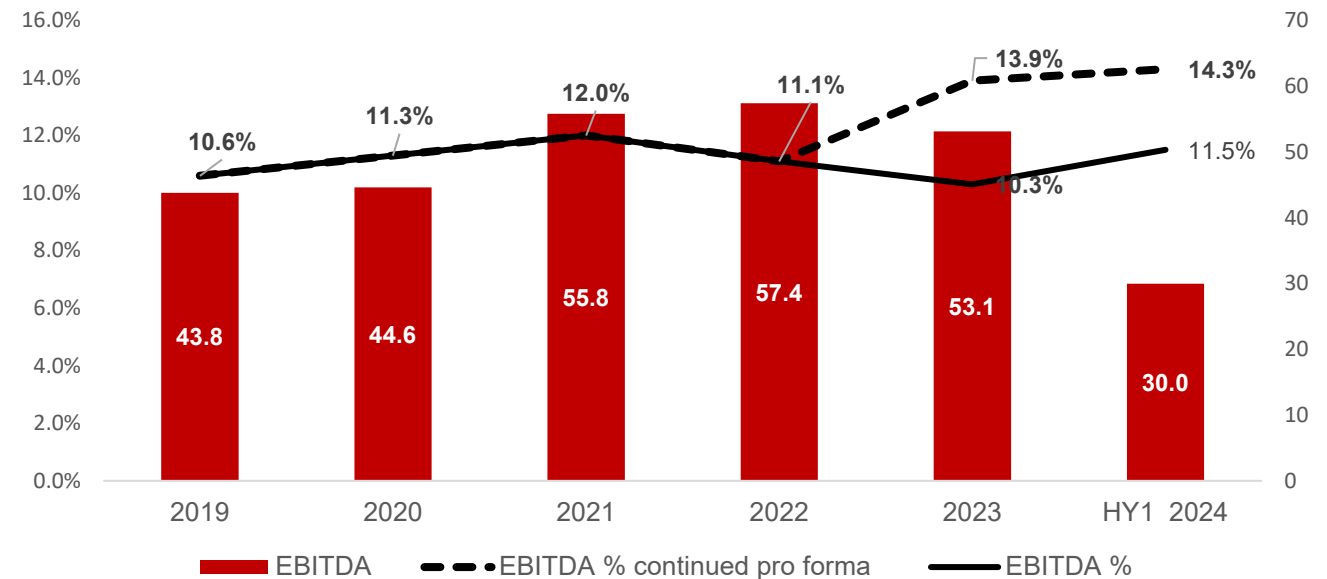


EBITDA DEVELOPMENT

Delivered 2019 – HY1 2024 – Million Euro

Industrial drives profitability

- Industrial margin increased from 12.1% in 2019 to 17.2% in 2022 and 14.1% in 2023
- Automotive margin decreased from 9.6% in 2019 to 4.1% in 2022 and 6.5% in 2023
- Pro forma 2023 and HY1 2024 for continued operations show margin accretion as a result of the Automotive divestment

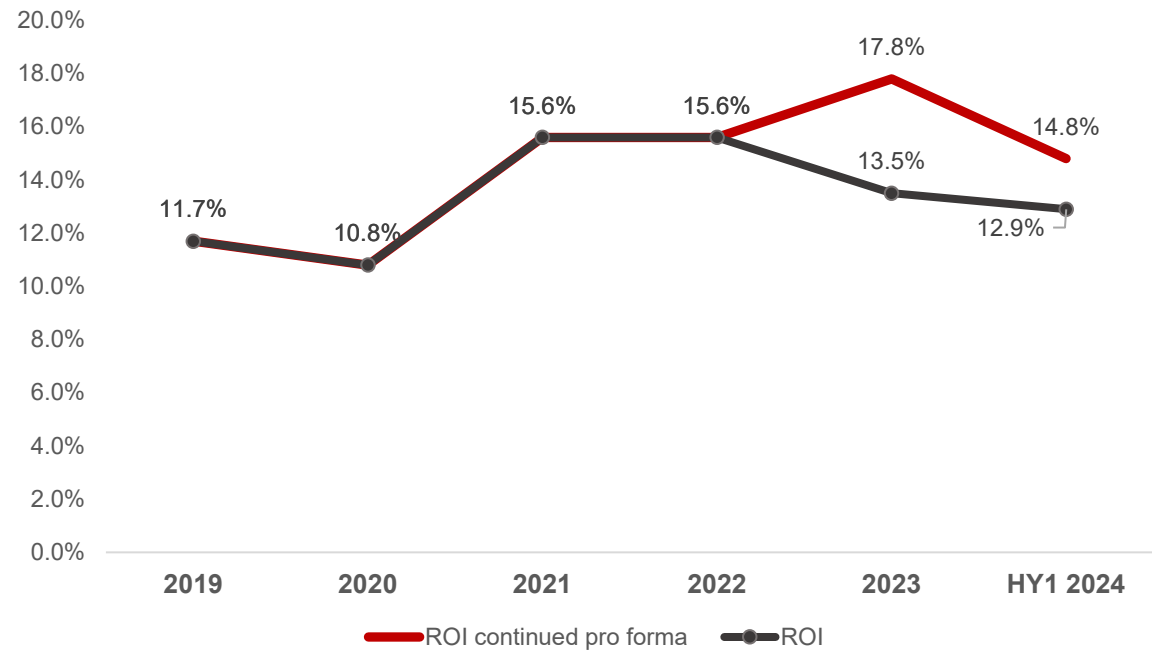


ROI DEVELOPMENT

Delivered 2019 – HY1 2024

Continued operations ROI accretive

- Pro forma ROI from continued operations of 17.3% in 2023, compared with 13.5% before the divestment
- ROI HY1 2024 affected by seasonal effects on working capital and reduced Industrial profitability in HY2 2023



THE NEW KENDRION: TARGET FINANCIAL MODEL

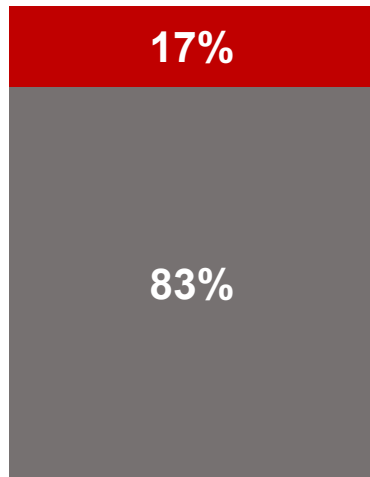
	pro forma 2023	2027	Drivers
Revenue	EUR 309.1 M	EUR 360 - 390 M	Revenue growth expectation 5-8% CAGR
Added value margin	51.0%	50%-52%	Margin evolution driven by positive pricing and negative mix effects
Staff costs	30.5%	27% - 29%	Productivity improvement; leveraging revenue growth
Other operating expenses	6.5%	6% - 7%	Aborbing dissynergies corporate services (IT)
Depreciation	4.6%	4.5%	Increase capital efficiency offsets higher depr. software and R&D
R&D costs	EUR 13.6 M	~EUR 14 M	No major gaps in capacity / capabilities
Capex	EUR 22 M	~EUR 14 M	Increased capital efficiency
Working capital % of revenue	16.2%	~16.0%	Reduction inventory in transit offsets sales mix-related increases
Effective tax rate	26.7%	~25%	Based on 2024 tax legislation

THE NEW KENDRION TARGET FINANCIAL MODEL

Focus on cost flexibility to deal with industry cyclicality

Product costs

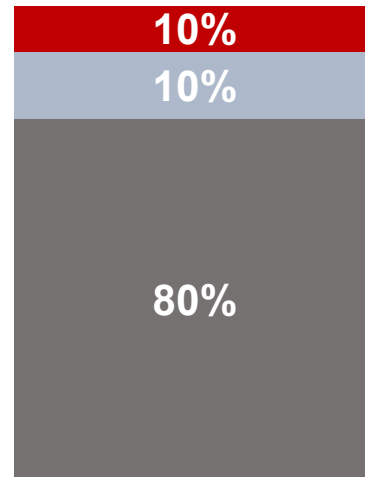
Majority of costs base is outsourced material



■ Materials purchased ■ Labor

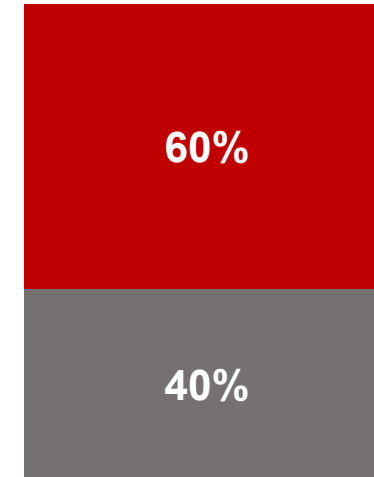
Flexible workforce

Hour bank and variable pay provides additional flexibility



■ Permanent ■ Fixed term ■ Temporary

Direct / indirect employees



■ Direct staff ■ Indirect staff

REVENUE

Growth projection underpinned by a tangible project pipeline

	2023 (EUR M)	CAGR '23-27	Growth drivers
Machine building	50	3-5%	Industrial automation, electrification
Electric motors	45	3-5%	Industrial automation, electrification
Robotics	10	>10%	Industrial automation, collaborative robots
Energy	35	5-8%	Inductive heating, NPP, wind power
Logistics	15	>10%	AGV's, warehouse automation, parcel sorting
Medical	20	8-10%	Fluid technology
Infrastructure	30	0-3%	Construction; safety & security
Mobility	60	8-10%	EV smart suspension
Other	45	3-5%	Industrial appliance locking
	310		

KENDRION CAPITAL ALLOCATION

Shareholder distributions

- At least 50% of profit ¹⁾
- Share buybacks on the agenda ¹⁾

Disciplined capex

- 25% IRR hurdle rates
- Capex ~ to depreciation up to 2027

Capital allocation

Targeted M&A

- Clear strategic fit
- Tangible synergies to justify premium

Strong balance sheet

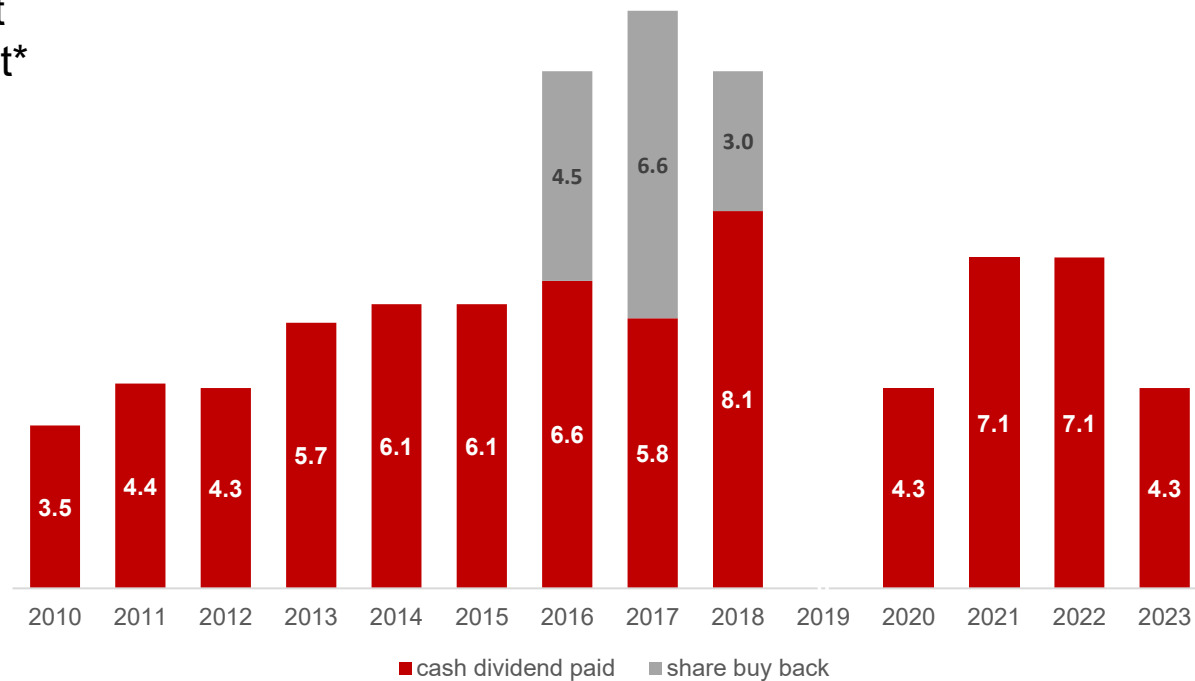
Leverage ratio between 1.50 and 2.25 through the cycle

1) Subject to Board approval

KENDRION CAPITAL ALLOCATION

- Consistent payout of approximately 50% of normalised net profit; the 2019 dividend was not paid due to COVID-19
- Policy change from 30–50% to at least 50% of normalised net profit*
- Share buybacks are on the agenda*

	2016 Actual	2017 Actual	2018 Actual	2019 Actual	2020 actual	2021 actual	2022 actual	2023 actual
Dividend per share	0,78	0,87	0,87	-	0,40	0,69	0,72	0,45
Pay-out	53%	50%	52%		50%	50%	50%	50%
Total dividend	10,2	11,7	11,7	-	5,9	10,3	10,8	6,9



*Subject to Board approval

2027 TARGET FRAMEWORK

The new Kendrion financial targets

	Existing 2020–2025	New 2025–2027
Revenue	Target: 5% annual organic growth (2019-2025)	Expectation: 5-8% annual growth (2024-2027)
EBITDA margin	At least 15% from 2025	15%-18% from 2025
ROI*	At least 25% from 2025	23%-27% from 2027
Dividend	30%-50% of Normalised Net Profit	At least 50% of Normalised Net Profit

AGENDA

- Introduction
- The new Kendrion: Full focus on profitability
- Business pillars
 - Industrial Brakes
 - Industrial Actuators & Controls
 - China
- ESG
- Financial targets
- **Q&A**



Q&A

KENDRION



THANK YOU

PRECISION. SAFETY. MOTION.