

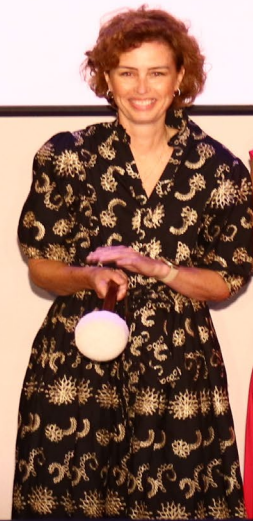
**KENDRION**

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# Q2 AND HALF YEAR RESULTS 2024

Webcast, 21 August 2024

**KENDRION**  
Celebrates 65 years  
since initial listing

14 Augustus 2024

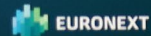
AMSTERDAM

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AUGUST

**KENDRION**  
Celebrates 65 years  
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14 Augustus 2024



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## AGENDA

1. Business review
2. Strategic and operational update
3. Outlook
4. 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.



# 1. Business review

# BUSINESS REVIEW

## Q2 and HY1 results continued operations

	Q2 2024	Q2 2023	delta
Revenue	77,7	83,9	-7%
Normalized EBITDA <sup>1)</sup>	10,6	11,9	-11%
Normalized EBITDA as a % of revenue	13,6%	14,2%	
Normalized EBITA <sup>1)</sup>	6,9	8,4	-18%
Normalized EBITA as a % of revenue	8,9%	10,0%	
Normalized profit before amortization <sup>1)</sup>	3,3	5,2	-37%
Net profit	1,0	4,6	-78%

	HY1 2024	HY1 2023	delta
Revenue	152,8	166,4	-8%
Normalized EBITDA <sup>1)</sup>	20,7	24,4	-15%
Normalized EBITDA as a % of revenue	13,5%	14,7%	
Normalized EBITA <sup>1)</sup>	13,1	17,6	-26%
Normalized EBITA as a % of revenue	8,6%	10,6%	
Normalized profit before amortization <sup>1)</sup>	8,1	11,1	-27%
Net profit	5,2	9,9	-47%

*1) non IFRS measures adjusted for items generated outside the normal course of business. Invested capital excludes goodwill and intangibles arising from acquisitions.*

- Q2 revenue decrease of 7% at constant rates of exchange
  - Continuing weak market circumstances result in industrial segment revenue decreases with 10% yoy
  - Continued operations Automotive increase 4% yoy, benefiting from Chinese ramp ups
  - Cost savings in Industrial brakes drive 6% reduction in normalized operating costs
- 
- HY1 revenue decrease of 8% at constant rates of exchange
  - Industrial decrease of 12%, partially offset by 18% growth in continued operations Automotive
  - Normalized operating costs decrease with EUR 3.9 million (6%)
  - Continued operating costs exclude costs for Automotive Sound R&D that has been terminated; rightsizing of corporate costs is not yet reflected

# BUSINESS REVIEW

## Q2 and HY1 total operations

	Q2 2024	Q2 2023	delta
Revenue	128,6	136,9	-6%
Normalized EBITDA <sup>1)</sup>	13,9	14,0	-1%
Normalized EBITDA as a % of revenue	10,8%	10,2%	
Normalized EBITA <sup>1)</sup>	7,9	8,2	-4%
Normalized EBITA as a % of revenue	6,1%	6,0%	
Normalized profit before amortization <sup>1)</sup>	3,7	4,4	-16%
Net profit	1,5	3,7	-59%

	HY1 2024	HY1 2023	delta
Revenue	261,5	273,7	-4%
Normalized EBITDA <sup>1)</sup>	30,0	29,7	1%
Normalized EBITDA as a % of revenue	11,5%	10,9%	
Normalized EBITA <sup>1)</sup>	17,9	18,1	-1%
Normalized EBITA as a % of revenue	6,8%	6,6%	
Normalized profit before amortization <sup>1)</sup>	9,5	10,0	-5%
Net profit	4,2	8,6	-51%
Return on invested capital	12,9%	14,1%	
Free cash flow	0,0	-12,5	
Net debt	149,7	160,9	

- Q2 revenue decrease of 6% at constant rates of exchange
- 90 bp improvement Added Value margin and EUR 1,7 m lower operating costs drive EBITDA margin improvement
- Normalized costs include EUR 1.9 million impairment and write off in relation to bankruptcy Automotive customer

- HY1 revenue decrease of 4% at constant rates of exchange
- 80 bp improvement Added Value margin and EUR drive EBITDA margin improvement
- Favorable currency result more than offset higher interest charge, leading to EUR 0,4 million more favorable currency results
- Tax rate on normalized income of 30,0% (HY1 2023: 24,7%)

*1) non IFRS measures adjusted for items generated outside the normal course of business. Invested capital excludes goodwill and intangibles arising from acquisitions.*

## INDUSTRIAL ACTIVITIES

	IAC		IB		Industrial	
	Q2 24	Q2 23	Q2 24	Q2 23	Q2 24	Q2 23
Revenue	32,2	33,2	30,2	36,0	62,4	69,2
Revenue growth	-3%	10%	-16%	0%	-10%	5%
Currency translation	0%	-1%	0%	-2%	0%	-1%
Organic growth at constant fx	-3%	11%	-16%	2%	-10%	6%

	IAC		IB		Industrial	
	HY1 24	HY1 23	HY1 24	HY1 23	HY1 24	HY1 23
Revenue	64,5	66,3	58,4	74,8	122,9	141,1
Normalised EBITDA					18,2	23,3
Normalised EBITDA % of revenue					14,8%	16,5%
Revenue growth	-3%	6%	-22%	1%	-13%	4%
Currency translation	0%	-1%	0%	-2%	-1%	-1%
Organic growth at constant fx	-3%	7%	-22%	3%	-12%	5%
Total assets					274,5	277,6
FTE					1.191	1.272

- Strong medical, aviation and control technology largely compensates weak general manufacturing markets in IAC
- IB reports 7% revenue improvement compared to Q1 in continuing weak end markets in Germany and China
- Revenue loss partially compensated by Added Value margin improvement and 7% reduction in operating costs
- Investments of EUR 3.1 million (HY1 2023: EUR 4.4 million) EUR 1.3 million below depreciation

## AUTOMOTIVE ACTIVITIES

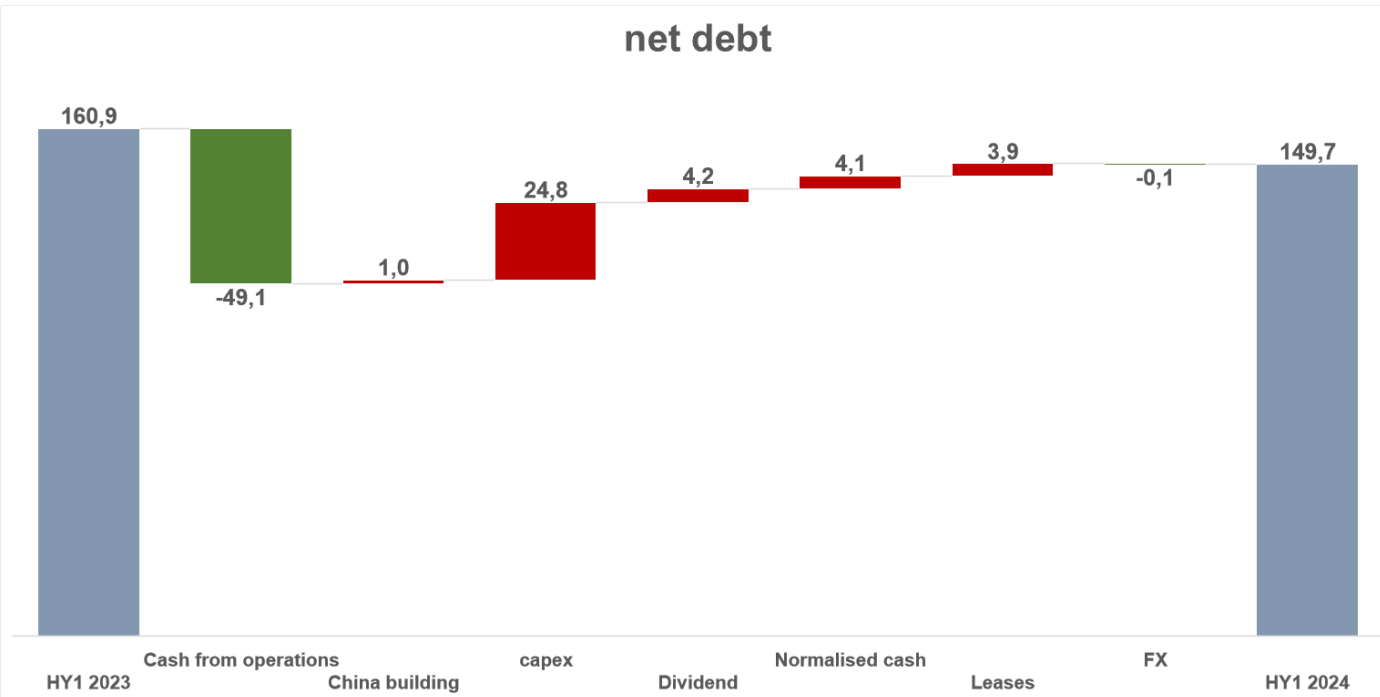
	Continued		Discontinued		Automotive	
	Q2 24	Q2 23	Q2 24	Q2 23	Q2 24	Q2 23
Revenue	15,3	14,7	50,9	53,0	66,2	67,7
Revenue growth	4%		-4%		-2%	11%
Currency translation	0%				0%	-1%
Organic growth at constant fx	4%		-4%		-2%	12%

	Continued		Discontinued		Automotive	
	HY1 24	HY1 23	HY1 24	HY1 23	HY1 24	HY1 23
Revenue	29,9	25,3	108,8	107,3	138,7	132,6
Normalised EBITDA	2,4	1,0	9,4	5,4	11,8	6,4
Normalised EBITDA % of revenue	8,0%	4,0%	8,6%	5,0%	8,5%	4,8%
Revenue growth	18%		1%		5%	10%
Currency translation	0%		0%		0%	0%
Organic growth at constant fx	18%		1%		5%	10%
Total assets	83,3		100,0		183,3	213,3
FTE	423		913		1.336	1.380

- 2% lower revenues compared to strong Q2 2023
- Volumes and prices drive 5% increase in HY1 revenue
- Profit margin expansion driven by improved Added Value margin and stable costs
- Investments of EUR 10.9 million (HY1 2022: EUR 13.2 million), including EUR 5.7 million for China building (HY1 2022: EUR 5.3 million)
- Investments of EUR 8.6 million (HY1 2023 10.9 million), EUR 0.9 million above depreciation



## CASH FLOW AND NET DEBT



- Break even normalized cash flow in HY1, compared with +/- EUR 12.5 million in HY1 2023 (including EUR 6.7 million related to the China building)
- EUR 10 million reduction in working capital compared to HY1 2023 drive EUR 11.2 reduction in net debt
- EUR 4.2 million cash dividend paid out in in Q2 2024
- Leverage ratio of 2.8 at the end of Q2, equal to Q2 2023
- Good liquidity position with EUR 60 million availability in cash and undrawn facilities



## 2. Strategic and operational update

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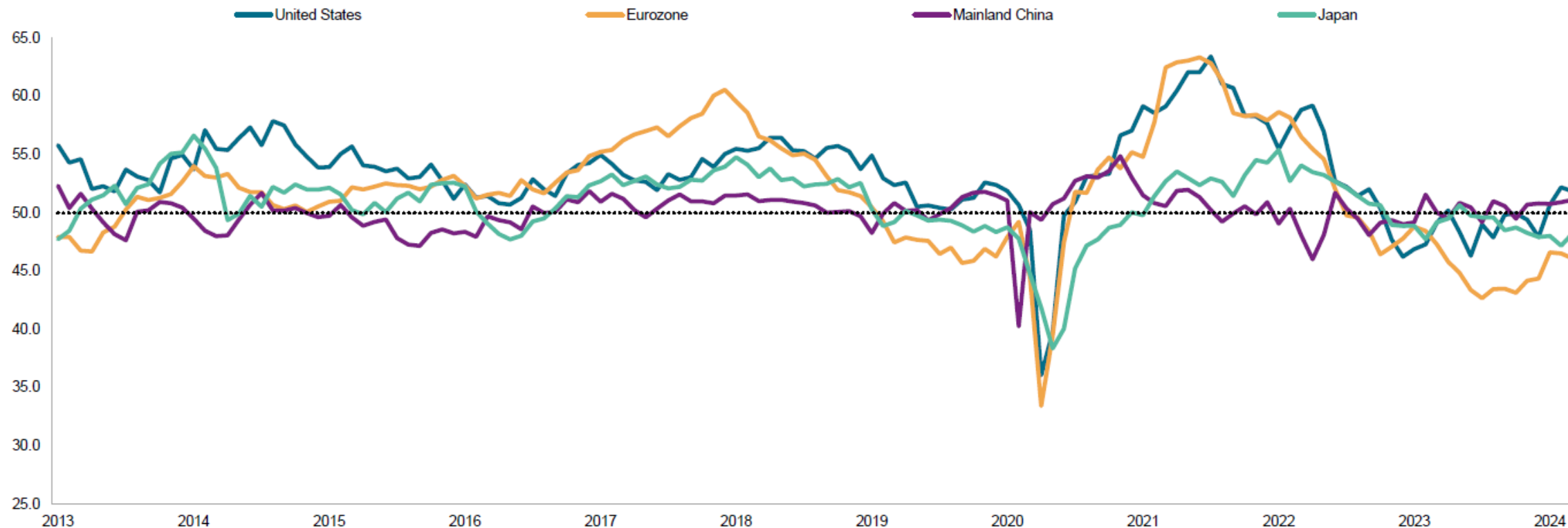
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# MANUFACTURING PMI

PMI remains below long-term average, indicating weaker global growth in HY1 2024

Purchasing managers' index data



As of Apr 15, 2024.

\*Data through March 2024.

Source: S&P Global Market Intelligence.

## CURRENT ECONOMIC CLIMATE

- Eurozone economy continues to be slow
  - H1 growth of 0.3% in 2024, expectation FY 2024 of 0.7%, compared to 0.8% over FY 2023
  - Business activity in Germany lackluster, S&P Global flash composite purchasing managers' is at 43.2 (above 50 represents growth)
- China still relatively weak
  - GDP forecast for 2024 at 4.9% compared to 5.2% over FY 2023
  - Exports are low
  - Continued risk of deflation
- US relatively good
  - GDP growth forecast for 2024 at 2.6% compared to 2.5% over 2023
  - Uncertainties and vulnerabilities remain high, uncertainty of the timing of interest rate cuts and the Presidential Election in November

## DIVESTING AUTOMOTIVE: STRATEGIC RATIONALE

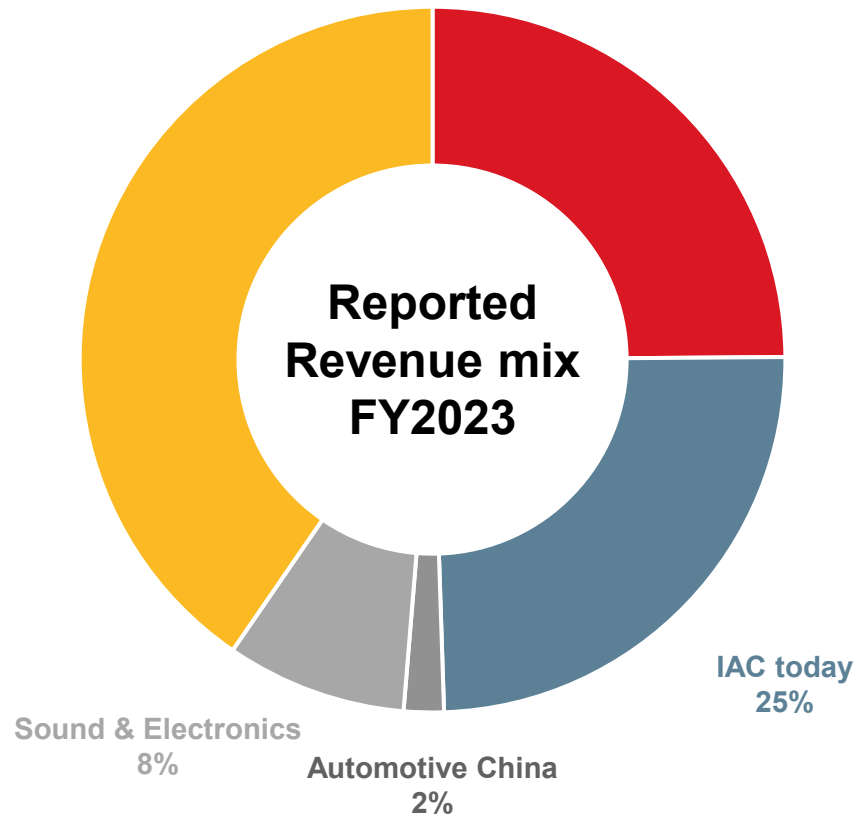
- Automotive industry requires substantial investments in R&D and capex, while offering lower margins compared to industrial markets
- Limited growth available in US and Europe for an Automotive Tier 1-2 of Kendrion's scale
- Resource re-allocation to IB, IAC and China that have more attractive profit and growth profiles
- EBITDA margin profile of the group to improve materially
- Better balance sheet

## INDICATIVE REVENUE MIX IMPACT

### Kendrion pre-transaction

Automotive divested:  
40%

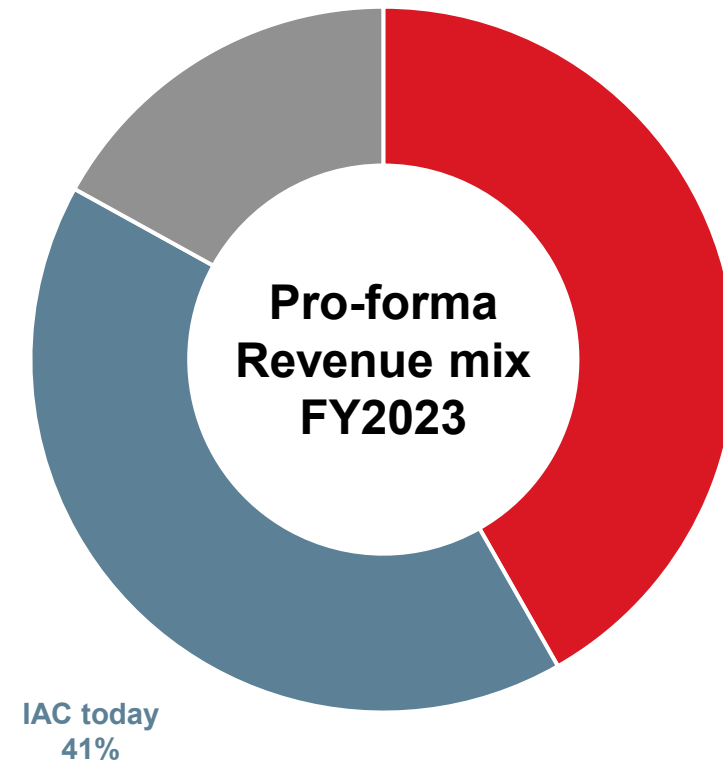
IB  
25%



### Kendrion post-transaction

IAC addition  
17%

IB  
42%

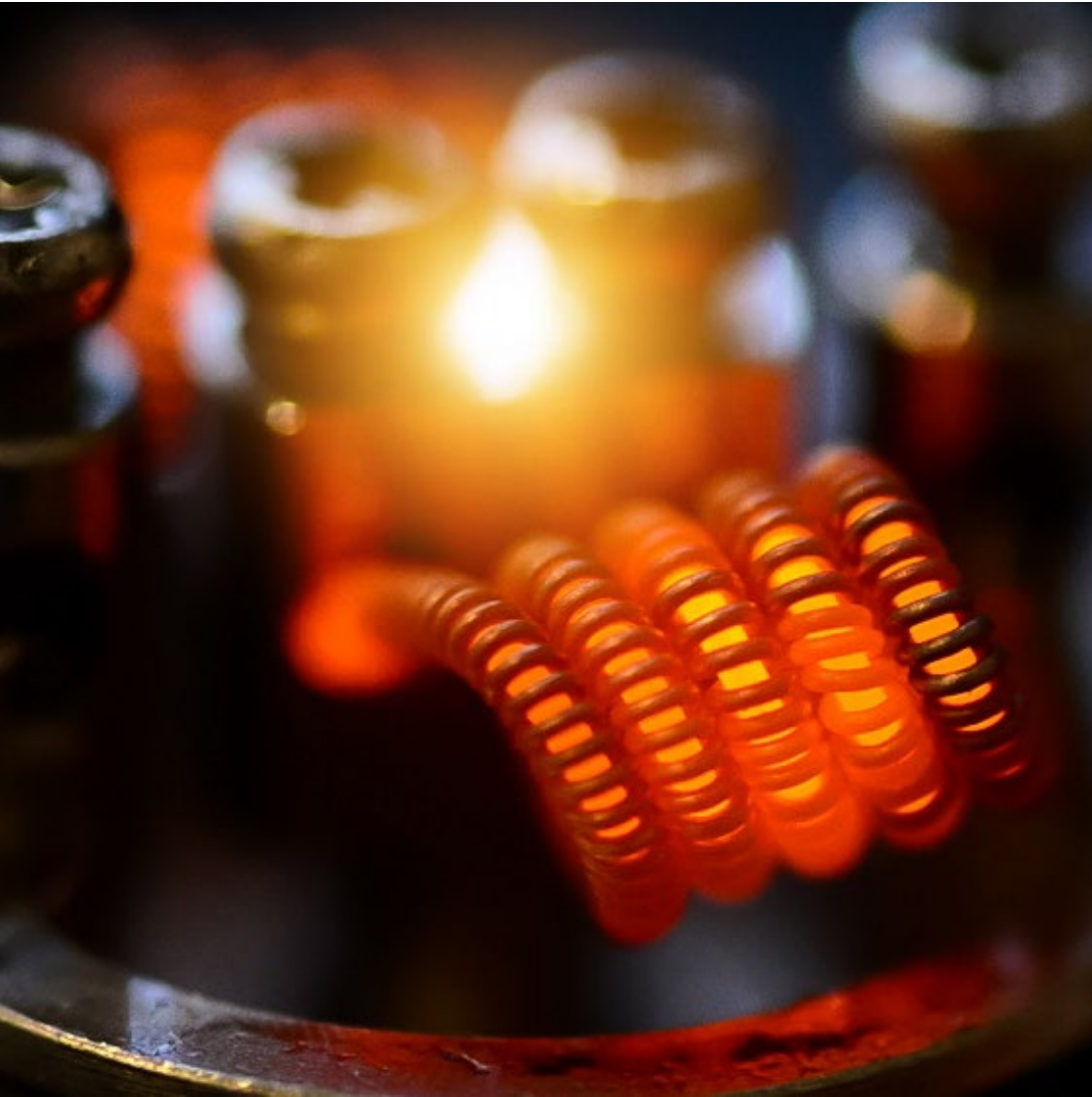


## INDUSTRIAL BRAKES



- HY1 revenue down 22% as the market slow-down from H2 2023 continued, - some improvement in Q2 2024 compared to Q1
- Several major market segments running stable on lower level: industrial robots, general machinery automation, wind energy
- Demand from key customers stable – IB market position is intact
- Several cost control measures have been implemented and will continue to be enforced to protect profitability and cash generation
- AGV target market product campaign is running successfully together with IAC
- High precision brakes are designed into medical operation robots – main activities are in US market
- Sustained success with current and new clients, driven by comprehensive product lineup and the shift to new product categories in warehouse automation, medical solutions and collaborative robots (cobots)

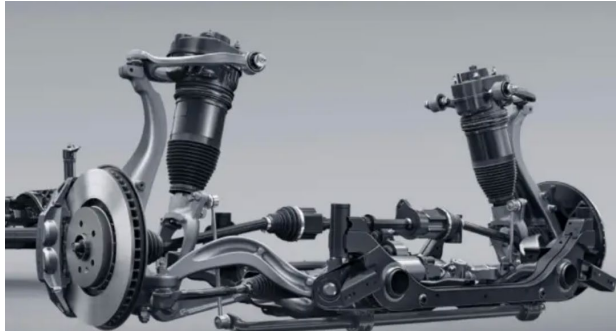
## INDUSTRIAL ACTUATORS AND CONTROLS



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- HY1 revenues down 3% in line with expectations.
  - Markets trending up: aircraft products, electrical distribution, beverage dispensing valves, laser shutters, inductive heating systems
  - Markets trending stable on low level: textile machinery, general machinery automation
  - Healthy Added Value margins; successfully passing on of raw material price increases
  - Major dialysis devices and appliances (industrial washing machines) projects in implementation phase for start of production in 2025
  - Opportunity pipeline higher than ever, and continued interest in new products such as industrial locks, inductive heating, and valve products



## CHINA



- HY1 revenues up 4% (7% in CNY) despite weakness in the market for Industrial Brakes
- EBITDA up 100% vs. 1H 2023, after new factory integration
- HY1 Automotive revenue almost tripled (183%) as some of our new projects started to ramp up
- Good traction in IAC on both existing customers and new market development : revenue up 20%
- IB market has started to shown a gradual recovery in both robotics and wind power markets
- New business development opportunities:
  - IB: Electronic Power Door
  - IAC: Medical market and smart actuators for the EV suspension market



**3. Outlook**

## OUTLOOK

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- For the second half of 2024, we expect a similar economic climate as in the first half
- Europe: slow recovery in a weak trading environment, particularly in Germany
- US stable, depends on timing of interest rate cuts
- China, within striking distance of achieving their goal of 5% economic growth for 2024, but lower activity compared to historical levels
- For the longer term, we are confident that as a pure-play industrial company, we can leverage significant organic growth opportunities driven by the global transition toward cleaner energy, and other opportunities





## 4. Questions & Answers

# KENDRION

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PRECISION. SAFETY. MOTION.