

K E N D R I O N N . V .**P R E S S R E L E A S E****5 N o v e m b e r 2 0 1 9****Kendrion to acquire INTORQ to create a leading industrial brake company****Strengthening position in industrial brakes and expanding footprint in China****Enterprise value of EUR 80 million (on a cash and debt free basis)****Strong strategic fit with significant synergy potential, leading to double digit EPS accretion in first year after acquisition****Share buyback programme cancelled**

Kendrion today announced that it has entered into a definitive agreement to acquire INTORQ GmbH & Co. KG. The transaction is valued at an enterprise value of EUR 80 million (on a cash and debt free basis), representing a multiple of 10.4 times FY 2018/19 EBITDA, and 8.0 times FY 2018/19 EBITDA including expected run-rate cost synergies. INTORQ is headquartered in Aerzen (Germany). Closing is subject to customary conditions and is expected to take place in the first quarter of 2020. The acquisition is expected to result in double digit EPS accretion in its first year.

INTORQ manufactures spring-applied brakes and electromagnetic brakes and clutches for electrical drive technologies. INTORQ products are used in a diverse range of applications, including geared and servomotors, electric forklifts, wind power, cranes, hoists, elevators and escalators. INTORQ has production sites in Aerzen (Germany), Shanghai (China), Atlanta (the U.S.) and Pune (India) and produces approximately 1 million brakes and clutches per year. INTORQ has annual revenues of around EUR 57 million and nearly 300 employees.

Joep van Beurden, CEO of Kendrion:

"This transaction substantially strengthens our position in industrial brakes and further expands our footprint in China. The acquisition creates a leading industrial brake company which provides our customers with a broad set of industrial brake technology products, while optimising operational efficiencies. INTORQ has built a high-performance company based on high quality products and a long and successful relationship with their customers. We highly value INTORQ's culture and way of working and we look forward to welcoming the team from INTORQ into our Group."

Dr. Eckard Menzel, Managing Director INTORQ GmbH & Co. KG:

"We are delighted to be teaming up with Kendrion's industrial drives business unit. The combined product range of Kendrion and INTORQ will create a strong product offering to the market of brakes for electrical drives globally. Under the roof of a strong partner the INTORQ offer of leading brakes and clutches to the global market will be much better continued."

Expanding Kendrion's position in brakes for industrial automation and robots

Kendrion focuses on opportunities in brakes for industrial automation and robots, China as a region and automotive actuators, especially to enable Autonomous, Connected, Electric Shared vehicles, the so-called "ACES". Kendrion consistently demonstrates its confidence in the future and its readiness to continue investments in key growth opportunities despite difficult market conditions.

With its strong position and deep knowledge of the spring-applied brake technology, proven product portfolio and successful and sizeable presence in Shanghai and Aerzen, INTORQ complements Kendrion's business unit Industrial Drive Systems (IDS) that has a strong position and broad product portfolio in permanent magnet brake technology. Both INTORQ and Kendrion are well-positioned to profit from growing end markets. The combination with INTORQ, creates a leading industrial brake company with a full range of high-quality industrial brakes in an expanded number of growth markets in Europe, China, the U.S. and India. Specific shared end-markets include electric motors, wind power and elevators. Complimentary markets include geared motors, forklifts, cranes and hoists.

Substantial run rate cost synergy potential

The transaction is expected to generate substantial run rate cost synergies of more than EUR 2 million per year, largely to be achieved in the first year. The synergies stem from tangible and well-identified cost savings including the integration of selected manufacturing sites in Europe, China and the U.S.

Financing structure

Kendrion has secured EUR 75 million of committed bridge financing with a maturity of twelve months provided by ING. Kendrion anticipates refinancing this committed bridge financing with a combination of equity and debt. With respect to the equity component, Kendrion envisages making use of its treasury shares and/or current shareholder authorisations.

In this context, Kendrion will cancel its currently ongoing share buyback programme of 625,000 shares (as announced on 13 August 2019) as per today. Up to 4 November 2019, 235,592 shares have been repurchased for a total amount of EUR 4.2 million. Repurchased shares will not be cancelled.

Transaction impact on Kendrion revenue mix

Upon closing of the acquisition, Kendrion will generate over 20% of its sales in its industrial brakes business unit, bringing significant diversification benefits to the group. Post-acquisition the group expects Kendrion's to generate around 55% of its business in automotive and 45% in industrial applications.

Advisors

ING Corporate Finance acted as financial advisor and Allen & Overy acted as legal advisor to Kendrion. Deutsche Bank acted as financial advisor and ARQIS Rechtsanwälte acted as legal advisor to the sellers.

Audio webcast

Kendrion CEO Joep van Beurden and CFO Jeroen Hemmen will present the Q3 2019 results and details of the intended acquisition of INTORQ on Tuesday, 5 November 2019 at 11.00 a.m. at the Mövenpick Hotel Amsterdam City Centre, Piet Heinkade 11, 1019 BR Amsterdam. A live audio webcast will be available on www.kendrion.com with playback functionalities.

Profile of Kendrion N.V.

Kendrion develops, manufactures and markets high-quality electromagnetic systems and components for industrial and automotive applications. For over a century, we have been engineering precision parts for the world's leading innovators in passenger cars, commercial vehicles and industrial applications. As a leading technology pioneer, Kendrion invents, designs and manufactures complex components and customised systems as well as local solutions on demand.

We are committed to the engineering challenges of tomorrow, and taking responsibility for how we source, manufacture and conduct business is embedded into our culture of innovation. Rooted in Germany, headquartered in the Netherlands and listed on the Amsterdam stock exchange, Kendrion's expertise extends across Europe, to the Americas and Asia. Created with passion and engineered with precision.

Amsterdam, 5 November 2019

The Executive Board

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