



PRESS RELEASE
KENDRION N.V.

Important developments in 2004

- Financial restructuring completed successfully
- Positive development of core activities has continued in fourth quarter
- Organic growth in turnover in 2004 is 5.8%
- Operating result from core activities has risen by 42% in 2004
- Result for 2004 heavily influenced by exceptional items
- Corporate Governance structure modified
- New composition Supervisory Board

Kendrion N.V. preliminary annual results for 2004

(In millions of euros)

	<u>2004</u>	<u>2003</u>
Operating result from core activities (incl. holding costs) increases with 42%	25.6	18.0
Net result from core activities (excluding exceptional items) increases with 94%	9.7	5.0
Net result from non-core activities	(1.1)	(3.2)
Exceptional items:		
- Net incidental expenses and non-recurring financing costs	(5.8)	(5.6)
- Net book profits, impairment, selling costs for disposed companies	(15.7)	(101.1)
Net result	(12.9)	(104.9)

Piet Veenema, CEO of Kendrion: "2004 was a difficult year for Kendrion. Just before the end of the year an extensive financial restructuring was finalised which made Kendrion a healthy company again. The divestment program of non-strategic activities, which started in 2003, is almost finalised, which resulted in further focus in the company. Now Kendrion can focus on enlarging its niche positions in the selected business-to-business markets. We also would like to thank our stakeholders for their trust given to the company in 2004."

Course of business

An organic growth in turnover of 5.8% was achieved in 2004. This is in line with the target set by Kendrion of at least 5% organic growth in turnover year-on-year. The core activities showed a good improvement in results in 2004. The operating result of the Kendrion Industrial Components division rose by 15% to EUR 15.8 million (2003: EUR 13.7 million). The operating result of the Kendrion Distribution Services division rose by 59% to EUR 13.3 million (2003: EUR 8.4 million). The return on sales (ROS) of the core activities rose from 4.1% in 2003 to 4.8% in 2004. The return on invested capital (ROI) of the core activities rose from 13% in 2003 to 15.8% in 2004.

The extensive financial restructuring has had a great impact on the annual result in 2004. In the end, due to impairments and high consultancy and refinancing expenses, a loss of EUR 12.9 million was suffered in 2004 (2003: EUR 104.9 million). Excluding exceptional items the net result of the core activities amounted up to EUR 9.7 million (2003: EUR 5.0 million)

Financial position

The interest-bearing debts could be reduced substantially in 2004 by the financial restructuring. At end 2004 the interest-bearing debts amount to EUR 115 million (2003: EUR 200 million). The solvency rate at the end of 2004 (including subordinated loans) is approximately 20%. As a result, the basis has been created for Kendrion's successful future development. Nevertheless, a further strengthening of the financial position by further reduction of the interest-bearing debts continues to be one of Kendrion's most important aims for 2005.

Acquisitions and sales

A new branch of Kendrion was opened in Hong Kong for the Kendrion Metal Components business area in 2004. That business area also acquired the company Ferrex Spol s.r.o. in Slovakia in 2004, and production will start there at the beginning of 2005.

Already in 2003 Kendrion started with the divestment of non-strategic activities, which process is almost completed in the meantime. In 2004 activities were divested with a total turnover of approximately EUR 310 million. This was the consequence of the decision taken by Kendrion to focus on a number of selected activities and to realize a further growth in these activities in the future. The business area Kendrion Automotive Plastics was almost fully disposed of in the year under review. For example, the Kendrion Van Niftrik company was sold to VoestAlpine and the German Automotive Plastics activities were sold to Ewing Management Group. The company Kupron Prototypes (the Netherlands) (turnover around EUR 6 million) is now the only company in this business area that still forms part of Kendrion N.V.

Finally, the non-core activities GBP Ergonomics (Sweden) and Kendrion Cetra Metaal (the Netherlands) were disposed of in 2004.

Developments in the fourth quarter

Kendrion was able to close the fourth quarter of 2004 well. The operating result for both divisions (including holding company expenses) in the fourth quarter was EUR 5.5 million (2003: EUR 2.0 million). Both divisions (Kendrion Industrial Components and Kendrion Distribution Services) were able to improve the results. In the Kendrion Industrial Components division, the improvement was realised by the Kendrion Electromagnetic Components business area. The Kendrion Metal Components business area had a difficult fourth quarter. In the Kendrion Distribution Services division, both the Vink group and the other distribution activities (Kendrion Fastening and Servico) had a good fourth quarter. The efforts to further reduce the holding company costs sorted effect as well.

Dividend proposal

The General Meeting of Shareholders to be held on 1 April next will be informed that no dividend will be paid for 2004 in view of the company's financial position.

Corporate Governance

Kendrion endorses the principles set out in the Corporate Governance Code. Developments in that area were monitored closely in 2004. The company has set itself the aim and will strive to create a Corporate Governance structure that corresponds as closely as possible to the principles and best practice provisions of the Corporate Governance code. The company will explain in its annual report where it will not comply. The Articles of Association of Kendrion N.V. are amended in accordance with present standards and consequently shareholders have more control.

Supervisory Board

Mr W. van der Kooij retired early for personal reasons in 2004, creating a vacancy that has not been filled due to the situation in which Kendrion found itself in 2004. Mr E.C. de la Houssaye will retire by rotation in 2005 and is not putting himself forward for reappointment. At the General Meeting of Shareholders on 2 April 2004 Mr H.A. van Karnebeek (Chairman) stated that he would consider his position on the Board after the financial restructuring of the company. Now that the restructuring has been completed successfully, Mr van Karnebeek has decided to make his position available with effect from 1 April 2005.

In accordance with the revised profile of the Supervisory Board, at least three new Supervisory Board members will have to be appointed. We have found Mr S.J. van Kesteren, until recently chairman of the Board of Management of Draka Holding N.V., ready to put himself forward as a candidate for appointment as Chairman of the Supervisory Board. In addition, Ms M.E.P. Sanders, who is active as a Managing Director of the investment company Matchem B.V., is willing to take a place on the Board. Discussions are proceeding at present with several candidates for the third vacancy. We expect to make further announcements on this matter at the General Meeting of Shareholders to be held in April.

Mr van Kesteren and Ms Sanders will be proposed to the next General Meeting of Shareholders for appointment as members of the Supervisory Board.

Outlook

In 2004 Kendrion completed an extensive financial restructuring. Most core activities of Kendrion have good market positions and order portfolios. As a consequence Kendrion has established a solid basis for the future. In the coming years the focus will be on autonomous growth by means of expanding these market positions and on control of working capital. Uncertain is the development of raw material prices in the coming year and its effect on Kendrion's activities. Given this uncertainty it is not possible to give a reliable prognosis about the profit in 2005.

Profile Kendrion N.V.

Kendrion N.V. is an international company, which has, approximately 2,900 employees in 17 European countries and Hong Kong.

Kendrion aims at niche marketleadership in business to business markets. Kendrion develops high quality industrial components and provides services in the field of plastic semi-manufactures and fasteners. Motivated local entrepreneurship, quality management in the broadest sense and logistic expertise are characteristic of Kendrion.

Kendrion stock is listed on the Euronext Amsterdam stock exchange and included in the Euronext index NextPrime.

Zeist, 18 February 2005

The Executive Board of Kendrion N.V.

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The preliminary annual results 2004 will be explained by Mr P. Veenema (CEO) and Mr E. Ris (CFO) at 9.00 am this morning during a press conference at the office of Kendrion N.V. in Zeist. A presentation for analysts starts at 11.00 am, also at the office of Kendrion.

Enclosures: 1. Explanation by business area
 2. Consolidated balance sheet (preliminary figures)
 3. Consolidated profit and loss account (preliminary figures)
 4. IFRS effect on Kendrion

Annex 1

Explanation by business area

Structure of divisions

Since the finalisation of the divestment of Automotive Plastics on 9 September 2004, Kendrion has two divisions: Kendrion Industrial Components and Kendrion Distribution Services. The division Industrial Components comprises of Kendrion Electromagnetic Components and Kendrion Metal Components. In addition to the Vink group the division Kendrion Distribution Services consists of Kendrion Fastening and Servico. The new structure allows for a sharper focus on Kendrion's niche market leadership in selected business-to-business markets.

Kendrion Industrial Components

Kendrion Industrial focuses on the development and production of electromagnetic components and the engineering and production of metal components. The most important home markets are Germany and Sweden. This division consists of 2 groups:

- Kendrion Electromagnetic Components, active in the field of automotive technology, electromagnetic systems and power transmission. The group has production facilities in five European countries (Germany, Austria, Spain, Switzerland and the Czech Republic);
- Kendrion Metal Components aims to become a niche market leader in specific market segments within the automotive industry (cars and trucks). The group has 9 companies, in 4 countries (Sweden, Germany, Slovakia and Hong Kong).

Operational review first half year 2004

Kendrion Electromagnetic Components

The business area Kendrion Electromagnetic Components had a good year 2004. Especially the segment Power Transmission made good progress with an improved market focus and production rationalisation. Also the other activities did a good job and managed to acquire a few important projects. Within a couple of months the first production activities in China will start. The business area also managed to reduce the working capital need.

<i>In EUR million</i>	2004	2003
Net turnover	112.4	104.3
Added value	63.4	59.2
Operating result	10.3	7.5
ROS	9.2%	7.2%
ROI	21.9%	14.9%

Kendrion Metal Components

The fourth quarter was slow after a good start in 2004. The first effects of the increased metal prices became noticeable. Furthermore efficiency problems occurred due to the increased turnover. Necessary measurements have been taken in order to bring back efficiency on the right level.

<i>In EUR million</i>	2004	2003
Net turnover	116.1	112.6
Added value	50.4	42.4
Operating result	5.5	6.2
ROS	4.7%	5.5%
ROI	10.5%	12.8%

Kendrion Distribution Services

In addition to the Vink group, the Kendrion Distribution Services business area consists of Kendrion Fastening and the Servico company (Belgium).

- Vink
Vink, (present in 14 countries) has with her wide product range, a good reputation in the field of trade and distribution of plastic semi-manufactures in Europe. Vink operates progressively as a solutions provider for her clients. The assortment consists of more than 20,000 articles that can be delivered from stock in Europe. The assortment includes among others sheet materials, high-quality foils and tapes, tubes and bar material. Furthermore Vink has four production facilities in Belgium, the Netherlands, Denmark and Finland where client-specific plastic components are manufactured. Vink is active in the building, advertising and industrial sectors, in particular.
- Other Distribution activities
Kendrion Fastening delivers fasteners to the industry. These fasteners are high quality materials, which are customised for specific clients.
Servico is active in Belgium and delivers heating equipment to the installation industry.

Operational review first half year 2004

Vink

2004 was a transition year for Vink. After a few difficult years, important cost reduction measurements are taken in 2003 and 2004, while also the sales activities received new impulses. This resulted in a good improvement of the results, in line with the objectives for 2004. Besides that the first signals of improvement of market conditions become visible.

<i>In EUR million</i>	2004	2003
Net turnover	259,0	247,5
Added value	81,8	73,9
Operating result ¹	9,0	4,7
ROS ¹	3,5%	1,9%
ROI ¹	20,3%	10,6%

¹ before impairment (year 2003)

Other distribution activities

Kendrion Fastening and Servico realised a good fourth quarter. Kendrion Fastening performed better and better in the course of 2004. Servico had an excellent year.

<i>In EUR million</i>	2004	2003
Net turnover	50,0	50,7
Added value	19,2	18,7
Operating result	4,2	3,7
ROS	8,5%	7,2%
ROI	20,1%	20,4%

Non-core activities

After the disposal of GBP Ergonomics in Sweden (finalised on 11 October 2004) and Kendrion Cetra Metaal in the Netherlands (finalised on 30 December 2004), Kupron Prototypes is the remaining non-core activity. An impairment loss has already been taken into account. At the disposal of GBP and Kendrion Cetra Metaal, besides the impairment of EUR 4.0 million for non-core activities, an additional book loss of EUR 1.0 million was realised. The divestment programme of Kendrion is almost finished which gives possibilities for further focus on the core activities.

Annex 2

Consolidated profit and loss account (preliminary figures)

(x EUR 1 million)

Net turnover

Changes in stock of finished product and work in progress

Total operating income

Cost of sales and subcontracted work

Added value

Personnel costs

Depreciation on intangible and tangible fixed assets

Other changes in the value of intangible and
tangible fixed assets

Exceptional reduction in value of assets

Other operating expenses

Total operating expenses

Operating results

Reduction in value of receivables that are included
in the fixed assets

Interest income and expenses

Profit on ordinary activities before tax

Taxes

Income from participations

Profit on ordinary activities after tax

Minority interests

Net result

Per share

Number of ordinary shares (x 1.000)

Net result

	Year 2004	Year 2003
	745.1	846,9
	(1.1)	0,0
	744.1	846,9
	440.6	509,8
	303.5	337,1
	174.7	202,9
	21.9	25,9
	--	3,0
	13.6	42,0
	93.0	101,0
	303.2	374,8
	0.3	(37,7)
	(1.0)	(47,0)
	(13,9)	(12,2)
	(14.6)	(96,9)
	0.8	7,3
	3.1	(0,1)
	(12.3)	(104,3)
	(0.6)	(0,6)
	(12.9)	(104,9)
	102,876	11.206
	(0.13)	(9,65)

Annex 3

Consolidated balance sheet (before profit appropriation, preliminary figures)

	1) 31 December 2004	1) 31 December 2003
(x EUR 1 million)		
ASSETS		
<u>Fixed assets</u>		
Intangible fixed assets	4.6	4,9
Tangible fixed assets	84.5	128,8
Financial fixed assets	30.0	27,2
	119.1	160,9
<u>Current assets</u>		
Stocks	83.6	117,8
Receivables	98.0	119,5
Cash at bank and in hand	4.5	4,2
	186.1	241,5
Total	305.2	402,4
LIABILITIES		
<u>Shareholders' equity</u>	55.1	7,8
Minority shares	1.9	1,7
Equalisation account investment contributions	0.3	0,7
<u>Provisions</u>	18.2	25,1
Long-term debts		
Subordinated loans	6.1	--
Bank debts	7.3	13,3
Short-term debts		
Subordinated loans	--	14,8
Interest-bearing debts	112.3	191,2
Other liabilities	104.0	147,8
	216.3	353,8
Total	305.2	402,4

¹ After impairment of EUR 0.7 million (2003: EUR 42 million)

Annex 4

IFRS effects on Kendrion as of 1 January 2004

Kendrion shall apply IFRS as the basis for its reporting as per financial year 2005. The comparative figures for 2004, as included in the figures for 2005, shall also be based on IFRS. Although most IFRS standards are final and have now been ratified by the European Commission and the relevant legislators, a number of standards have only been recently published and are still not definitively confirmed and ratified. Moreover, some standards are still subject to various interpretations. Therefore, every conclusion about the influence of the transition from the Dutch GAAP to IFRS is provisional. Moreover, every conclusion is still subject to auditing.

The comparative figures for 2004 included in the annual accounts for 2005 shall be adjusted according to the IFRS standards that are applicable at that point in time; the adjusted balance sheet as per 1 January 2004 shall become the IFRS opening balance sheet.

Based on the current standards and interpretations, the following issues are important for Kendrion:

Goodwill IFRS 3

- Up to and including the year 2000, Kendrion charged the goodwill for acquired companies to shareholders' equity based on the principles valid at the time. Kendrion shall not capitalise this goodwill retrospectively in the IFRS opening balance sheet.
- For take-overs after 2001, Kendrion used a straight-line depreciation of goodwill over the estimated life. The book value of this goodwill shall be the value on the transition date on the IFRS opening balance sheet. Based on IFRS 3 (business combinations), this will not be depreciated further, but the value of goodwill will be periodically compared with the actual value (impairment test).

Employee benefits IAS 19

At Kendrion, several pension and other employee benefits are applicable in various European countries. In many companies, a so-called contribution scheme is in use, as a result of which IFRS has no impact. At a number of companies, "defined benefit schemes" are in use. Some of these companies use industry schemes in which the pension benefits are not personalised and use is made of the special regulation in the IAS standard. For the remaining companies, the standard has an impact of at least € 3.0 million. The impact mainly derives from the Vink and the Electromagnetic business areas.

Deferred taxes

Resulting from the one time IFRS conversion impact on equity, capitalized deferred taxes will be amended. However, this impact will be minor because the biggest impact on deferred taxes (asset side) relates to the fiscal unit in the Netherlands and because in the Netherlands the fiscal losses are valued at its maximum amount (i.e. expected fiscal profit in the coming 5 years).

Other issues

One of the subsidiary companies of Kendrion has a material operational lease agreement which could lead to the obligation of on-balance presentation due to application of IFRS. Analysis of this topic is not final yet. The effect would be an increase of the balance-sheet total, both on tangible fixed and long-term loans.

The accounting rules for subsidiaries could result in a different treatment of one of the Kendrion Metal Components companies. This would mean that the entity will no longer be consolidated in the figures, but will be presented as an associate at the face of the balance sheet. The result would be decreasing balance sheet total and EBIT. The net result remains unaffected.

In addition to the above-mentioned issues, a number of other differences that are of negligible significance are identified between the current principles and IFRS. Examples are stocks, leases.

The method of presentation in the annual accounts under IFRS shall be substantially modified compared with the presentation that is now customary.

As Kendrion did not yet close the books for IFRS, the impact concerning the year 2004 cannot be assessed yet.