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KENDRION N.V.

PRESS RELEASE

19 February 2019

KENDRION MAINTAINS PROFITABILITY FOR THE YEAR DESPITE DIFFICULT AUTOMOTIVE MARKET

- **Full-year revenue declined by 3% to EUR 448.6 million (2017: EUR 461.8 million), mainly due to difficult market conditions in Automotive in the second half of 2018**
- **Normalised EBITA margin of 7.9% in 2018 (2017: 8.1%)**
- **Normalised EBITA margin of 4.2% in Q4 (Q4 2017: 5.6%)**
- **Industrial activities further increased normalised EBITA margin to 12.5% in 2018 (2017: 10.5%)**
- **Simplification measures in 2018, mostly in Passenger Cars, resulted in annualised savings of EUR 6.4 million, with full-year non-recurring costs of EUR 8.8 million**
- **Business units Passenger Cars and Commercial Vehicles combined into one Automotive group, under permanent leadership of the Executive Board**
- **Strong financial position, and more than EUR 12 million returned to shareholders**
- **Proposed dividend of EUR 0.87 per share, unchanged from 2017; pay-out ratio 52% of normalised full-year net profit**

Key figures

(x EUR 1 million unless otherwise stated)	Q4 2018[1, 2]	Q4 2017[3, 4]	Difference in %
Revenue	101.9	109.5	-7%
EBITDA	9.9	11.8	-16%
EBITA	4.2	6.1	-31%
Net profit	2.2	3.7	-41%
ROS	4.2%	5.6%	
(x EUR 1 million unless otherwise stated)	FY 2018[1, 2]	FY 2017[3, 4]	Difference in %
Revenue	448.6	461.8	-3%
EBITDA	58.5	60.0	-3%
EBITA	35.4	37.5	-6%
Net profit	22.6	23.3	-3%
ROS	7.9%	8.1%	

[1] Normalised for FY 2018 non-recurring restructuring costs of EUR 8.8 million (after tax EUR 6.5 million):
Q1 2018: EUR 1.1 million (after tax EUR 0.8 million); Q2 2018: EUR 4.8 million (after tax EUR 3.4 million)
Q3 2018: EUR 0.6 million (after tax EUR 0.6 million); Q4 2018: EUR 2.3 million (after tax EUR 1.7 million)

[2] Normalised for non recurring expense related to tax audits of EUR 2.3 million

[3] Normalised for FY 2017 non-recurring restructuring costs of EUR 5.1 million (after tax EUR 3.8 million):
Q1 2017: EUR 1.2 million (after tax EUR 0.9 million); Q2 2017: EUR 0.8 million (after tax EUR 0.6 million)
Q3 2017: EUR 1.7 million (after tax EUR 1.2 million); Q4 2017: EUR 1.4 million (after tax EUR 1.1 million)

[4] Restated due to application of IFRS 9, IFRS 15 and IFRS 16 as per 1 January 2018.

- The quarterly results are not audited -

Joep van Beurden, Kendrion CEO:

"We had a challenging second half of 2018, as the performance of our Automotive activities was negatively affected by the slowdown in the automotive end markets. Our Industrial activities continued to perform strongly. In Q4, the earlier decline in the sales of diesel cars and the production bottlenecks caused by the introduction of the new Worldwide Harmonised Light Vehicles Test Procedure (WLTP) widened into a more general drop in the sales of passenger cars, especially in Europe and China. Kendrion's automotive business felt the impact. Kendrion's Industrial activities continued to benefit from the favourable conditions in the German machine-building sector and further expanded its business with China as its main growth area.

We implemented the simplification measures we announced earlier in the Passenger Cars business unit, and all measures are effective as of 1 January 2019. Per the same date, the business units Passenger Cars and Commercial Vehicles have been combined into one Automotive group, under permanent leadership of the Executive Board. We expect this structure to enhance our global commercial visibility and to allow for better optimisation of our eight production facilities around the world.

We take a long-term view of the opportunities for both our Automotive and Industrial activities which remain intact. We continue to focus our resources and investments in Passenger Cars, specifically in the areas of electrification, autonomous driving, safety and comfort, in permanent magnet brakes for robotics and in China where we see and tap into healthy growth opportunities. We started the second phase of our capacity expansion for electromagnetic brakes, and successfully ramped up our mass production line for park lock actuators for Great Wall in China. In Europe, we further increased revenue and development activities in smart damping.

Over the past three years, we have significantly simplified and streamlined our organisation to improve our ability to withstand temporary economic headwinds. The past year provides evidence of just how important that is, as we continue to invest in the longer-term opportunities in front of us. Kendrion has robustly optimised its organisation, is financially healthy and relentlessly focused on important organic growth opportunities.

We propose to keep our dividend for 2018 at EUR 0.87, unchanged from 2017. We reiterate our long-term financial targets of at least 20% ROIC and an EBITDA margin of more than 15% by 2023 and look to the future with confidence, despite the short-term economic outlook."

Progress on strategy

Since 2016, we have simplified and refocused the company based on the "Simplify, Focus and Grow" pillars. This has increased our profitability, improved our resilience to market uncertainties and has placed us in a good position to benefit from important long-term trends.

The simplification measures implemented in 2018 resulted in one-off costs totalling EUR 8.8 million (2017: EUR 5.1 million), with corresponding savings on an annualised basis of EUR 6.4 million (2017: EUR 5.0 million). The table below shows all realised normalised costs and corresponding savings during the past three years.

(x EUR 1 million)	**FY 2016**	**FY 2017**	**FY 2018**
Costs	5.7	5.1	8.8
Annual savings	7.0	5.0	6.4
Cumulative costs	5.7	10.8	19.6
Cumulative annual savings	7.0	12.0	18.4

In August 2018, Kendrion announced its strategic update for 2019 – 2023. Although we will continue our activities to further improve the operational effectiveness of the organisation, the emphasis for the next five years will be on the "Focus and Grow" pillars. To this end, we continue to invest in our three focus areas: Automotive, specifically in the areas of electrification, autonomous driving, safety and comfort, in permanent magnet brakes for robotics and in China.

As a further step towards improving operational effectiveness, Kendrion implemented a new organisational structure in which the Commercial Vehicles and Passenger Cars business units and the central corporate organisation have been combined into one functional Automotive group, under direct and permanent leadership of Kendrion's Executive Board. This new structure is operational as of 1 January 2019 and is expected to enhance our global commercial visibility and to allow for better optimisation of our eight production facilities around the world. The commercial organisation of the Automotive group is led by a newly appointed Chief Commercial Officer responsible for sales, product management, R&D, and project management. The automotive factories are headed by a newly appointed Chief Operating Officer, responsible for producing and delivering the highest quality products at the lowest operational costs. We have also established a global purchasing organisation in China. The Automotive Financial Director complements the Management Team.

Furthermore, as part of the strategic update announced in August 2018, Kendrion has set three ambitious financial goals for 2023: to deliver an ROI of at least 20%, realise an EBITDA margin of more than 15% and distribute a dividend of 35 to 50% of net profit.

Financial review

Revenue

After a solid first half of 2018, in which our revenue grew by 2% and our EBITA by 10% relative to the first half of 2017, the market for passenger cars deteriorated in the second half of 2018, with weaker than expected sales in both Europe and China affecting our leading automotive customers. The Industrial activities performed strongly in 2018. New product introductions in the aerospace and machine automation segment and good performance of the medical segment contributed to top line growth.

Overall, these developments led to a decrease in revenue of 2.9% to EUR 448.6 million in 2018 from EUR 461.8 million in 2017. At constant exchange rates, the revenue decline was 2.1%. This breaks down into organic growth of 1.4% for the Industrial activities (1.8% at constant exchange rates), and a decrease of 5.1% for the Automotive activities (4.2% at constant exchange rates).

The geographical breakdown of revenue by customer location was broadly in line with 2017, with 74% from Europe, 17% from the Americas and 9% from Asia and the rest of the world.

Results

Fourth quarter of 2018

The normalised operating result before amortisation (EBITA) fell by 31% to EUR 4.2 million (Q4 2017: EUR 6.1 million). Profitability in the Industrial activities continued to increase in the fourth quarter, while the decline in revenue in Automotive was only partly offset by lower staff costs and other operating expenses. As a result, the normalised EBITA margin came in at 4.2% (Q4 2017: 5.6%).

Full year 2018

Normalised EBITA for the full year 2018 decreased by 6% to EUR 35.4 million, equivalent to 7.9% of revenue (2017: EUR 37.5 million, 8.1% of revenue), as the positive impact of the company's simplification measures did not fully offset the negative impact of the lower revenue.

Normalised net financing costs decreased to EUR 2.8 million (2017: EUR 3.4 million), mainly due to the lower financing costs of the new credit facility that Kendrion entered into with a consortium of banks in July 2018.

The normalised income tax expense amounted to EUR 7.6 million in 2018 (2017: EUR 7.6 million). The normalised effective income tax rate for 2018 was 25% (2017: 25%). Reported tax expense in 2018 was significantly influenced by the estimated impact of tax audits in Germany. A provision of EUR 2.3 million, including EUR 0.3 million in interest, has been recognised for the expected outcome of the tax audits with respect to the audit years 2010 to 2014 and the anticipated impact on the years thereafter.

Normalised net profit in 2018 totalled EUR 22.6 million, a decrease of 3% compared with EUR 23.3 million reported for 2017. Normalised basic earnings per share amounted to EUR 1.69 (2017: EUR 1.73). Including restructuring costs, net profit in 2018 amounted to EUR 13.8 million.

Financial position
Normalised free cash flow, before payments related to the simplification measures, amounted to EUR 10.5 million in 2018 (2017: EUR 16.4 million). Increased working capital was the main reason for the lower free cash flow compared with 2017.

Total depreciation in 2018 was EUR 23.1 million, and investments are again expected to exceed depreciation charges in 2019 as we will continue to invest in new projects and production lines, for example in China and Villingen. The net debt position increased by EUR 9.9 million to EUR 80.5 million at the end of the year (2017: EUR 70.6 million). Kendrion's financial position remains strong with a solvency ratio of 48.5% at the end of 2018 (year-end 2017: 49.8%).

Number of employees

The number of employees (in FTEs) decreased by 108 in the fourth quarter to 2,465 at year-end (including 65 temporary employees). This represents a decrease of 180 FTEs relative to year-end 2017 (2,645 FTEs, including 140 temporary employees). The decrease is mainly due to a lower production level in 2018 combined with the effects of simplification measures.

Operational performance

Industrial activities

The Industrial activities consist of Industrial Magnetic Systems, Industrial Control Systems and Industrial Drive Systems.

Industrial activities – which account for 37% of Kendrion's revenue – achieved revenue of EUR 164.7 million in 2018 (2017: EUR 162.5 million). The Industrial activities posted modest revenue growth compared with a strong 2017, with most of the growth being contributed by the Industrial Control Systems business unit. All Industrial business units continued to benefit from the favourable market conditions in the German machine-building sector.

Industrial Magnetic Systems achieved further successful expansion of its business with China as its main growth area. Overall revenue declined as a result of the closure of the Swiss manufacturing activities and lower order intake from a major customer. Industrial Control Systems saw increased revenue driven mainly by favourable market conditions across its markets and new project launches. Industrial Drive Systems enjoyed a good year for electromagnetic brakes, driven in particular by the growing demand for automation in the robot and machine-building industry. In China, the first phase of the production line for permanent magnet brakes has been completed. The production line will play an important role in meeting demand for locally produced brakes in the years ahead.

Overall, the normalised EBITA margin for Kendrion's Industrial activities improved to 12.5% (2017: 10.5%).

Automotive activities

In 2018, the Automotive activities consisted of two business units: Passenger Cars and Commercial Vehicles. As of 1 January 2019, both business units and the central corporate organisation have been combined into one functional Automotive group.

Revenue for the Automotive activities – which account for 63% of Kendrion's revenue – amounted to EUR 283.9 million in 2018 (2017: EUR 299.3 million).

2018 was a challenging year for Passenger Cars with deteriorating market conditions in the second half of the year. Weaker-than-expected passenger car sales in both Europe and China affected leading major automotive customers. The backlog in test and validation procedures to comply with the new Worldwide Harmonised Light Vehicles Test Procedures (WLTP) and pressure on diesel sales also impacted Kendrion. Commercial Vehicles' revenue decreased mainly as a result of the closure of the Indian and Mexican plants.

Kendrion obtained new business in fuel systems, engine management, transmission systems and active damping in 2018. Kendrion moved to a larger manufacturing facility in the city of Suzhou in the first quarter of 2018 in order to accommodate the strong growth in China and the promising project pipeline. Simplification measures led to decreased indirect staff costs and other operating expenses.

Various other simplification measures were implemented in the Automotive organisation in 2018, including the sale of a small R&D centre in Ilmenau, Germany, via a management buy-out, a restructuring of our manufacturing location in Malente, Germany, and the establishment of centres of excellence in the R&D organisation.

Dividend

Kendrion aims to deliver an attractive return for its shareholders while simultaneously taking into account the company's medium and long-term strategy. The company strives to distribute an annual dividend of between 35% and 50% of the annual net profit. Kendrion proposes a dividend for 2018 of 52% of the normalised net profit of EUR 22.6 million, equivalent to EUR 0.87 per share, unchanged from 2017.

Kendrion offers shareholders an opportunity to opt for dividend in cash and/or shares. The conversion price for the calculation of the stock dividend will be determined on 30 April 2019 (before the start of trading) on the basis of the weighted average share price on 23, 24, 25, 26 and 29 April 2019, for which purposes the value of the shares to be distributed will be virtually equal to the cash dividend. The dividend will be made payable on 2 May 2019.

Outlook

The long-term outlook is unchanged and remains good for both the Automotive group and the Industrial activities. Within Automotive, many opportunities are being driven by the continued disruption of the traditional passenger car and commercial vehicles markets. Our Industrial activities will continue to benefit from technical developments and innovations, especially in the market for permanent magnet brakes for robots.

The overall sentiment regarding the global economic outlook deteriorated considerably in the final months of 2018. As a result, Kendrion expects continued pressure for its Automotive activities and expects the weaker demand in these markets seen during the latter half of 2018 to continue.

For the medium term, we remain confident about our business fundamentals, with our main objective being to deliver sustainable profitable growth for the business in the medium to long term. We reiterate our medium-term targets of a Return on Investment of at least 20% and an EBITDA margin of more than 15% by 2023.

Audio webcast of full-year results 2018

Kendrion CEO Joep van Beurden and interim CFO Jeroen Hemmen will present the full-year results on Tuesday, 19 February 2019, at 11:00 a.m. CET. A live audio webcast will be available via the company website www.kendrion.com with playback facilities.

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 in 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. Kendrion – we magnetise the world.

Zeist, 19 February 2019

The Executive Board

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The 2018 financial information included in the Annexes from Consolidated Financial Statements attached to this press release are derived from the Annual Report 2018, which has been authorised for issue. The Annual Report has not yet been published by law and still has to be adopted by the Annual General Meeting on 8 April 2019.

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Annex 1 – Consolidated statement of comprehensive income

(EUR million)	Q4 2018	Q4 2017[1]	full year 2018	full year 2017[1]
Revenue	101.9	109.5	448.6	461.8
Other income	0.0	0.0	0.1	0.0
Total revenue and other income	**101.9**	**109.5**	**448.7**	**461.8**
Changes in inventories of finished goods and work in progress	2.0	0.2	(0.2)	(1.8)
Raw materials and subcontracted work	53.0	58.6	237.0	242.9
Staff costs	31.3	32.7	134.3	134.2
Depreciation and amortisation	6.2	6.4	25.4	25.7
Other operating expenses	8.0	7.6	27.9	31.6
Result before net finance costs	**1.4**	**4.0**	**24.3**	**29.2**
Finance income	0.1	0.0	0.2	0.1
Finance expense	(0.9)	(0.8)	(3.3)	(3.5)
Share profit or loss of an associate	(0.1)	-	(0.1)	-
Profit before income tax	**0.5**	**3.2**	**21.1**	**25.8**
Income tax expense	(2.3)	(0.6)	(7.3)	(6.3)
Profit for the period	**(1.8)**	**2.6**	**13.8**	**19.5**
Other comprehensive income				
Remeasurements of defined benefit plans[2]			(0.4)	0.6
Foreign currency translation differences for foreign operations[3]			2.1	(7.6)
Net change in fair value of cash flow hedges, net of income tax[3]			(0.7)	0.6
Other comprehensive income for the period, net of income tax			**1.0**	**(6.4)**
Total comprehensive income for the period			**14.8**	**13.1**
Basic earnings per share (EUR), based on weighted average	(0.13)	0.19	1.03	1.45
Basic earnings per share (EUR), based on weighted average (diluted)	(0.13)	0.19	1.03	1.44

[1] Restated due to application of IFRS 9, IFRS 15 and IFRS 16 as per 1 January 2018.

[2] This item will never be reclassified to profit or loss.

[3] These items may be reclassified to profit or loss.

Annex 2 – Consolidated statement of financial position

(EUR million)	31 Dec. 2018	31 Dec. 2017[1]
Assets		
Non-current assets		
Property, plant and equipment	113.6	105.6
Intangible assets	116.1	117.9
Other investments	3.1	0.2
Deferred tax assets	13.2	12.5
Contract costs	0.4	0.5
Total non-current assets	**246.4**	**236.7**
Current assets		
Inventories	63.5	57.3
Current tax assets	1.0	1.0
Trade and other receivables	54.2	57.6
Cash and cash equivalents	10.2	7.6
Total current assets	**128.9**	**123.5**
Total assets	**375.3**	**360.2**
Equity and liabilities		
Equity		
Share capital	27.1	27.0
Share premium	39.8	49.6
Reserves	101.4	83.5
Retained earnings	13.8	19.5
Total equity	**182.1**	**179.6**
Liabilities		
Loans and borrowings	78.5	63.4
Employee benefits	19.2	19.1
Deferred tax liabilities	10.2	8.8
Total non-current liabilities	**107.9**	**91.3**
Bank overdraft	9.3	11.7
Loans and borrowings	2.9	3.1
Provisions	4.1	0.8
Current tax liabilities	1.6	1.4
Contract costs	8.2	8.5
Trade and other payables	59.2	63.8
Total current liabilities	**85.3**	**89.3**
Total liabilities	**193.2**	**180.6**
Total equity and liabilities	**375.3**	**360.2**

[1] Restated due to application of IFRS 9, IFRS 15 and IFRS 16 as per 1 January 2018.

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Annex 3 – Consolidated statement of changes in equity

(EUR million)	Share capital	Share premium	Translation reserve	Hedge reserve	Reserve for own shares	Other reserves	Retained earnings	Total equity
Balance at 1 January 2017, as previously reported	**26.8**	**56.4**	**11.6**	**(0.3)**	**-**	**68.7**	**14.9**	**178.1**
Impact of change in accounting policy	-	-	-	-	-	(0.7)	-	(0.7)
Restated balance at 1 January 2017	**26.8**	**56.4**	**11.6**	**(0.3)**	**-**	**68.0**	**14.9**	**177.4**
Restated total comprehensive income for the period								
Restated profit or loss	-	-	-	-	-	-	19.5	19.5
Other comprehensive income								
Remeasurements of defined benefit plans	-	-	-	-	-	0.6	-	0.6
Foreign currency translation differences for foreign operations	-	-	(7.6)	-	-	-	-	(7.6)
Net change in fair value of cash flow hedges, net of income tax	-	-	-	0.6	-	-	-	0.6
Other comprehensive income for the period, net of income tax	-	-	(7.6)	0.6	-	0.6	-	(6.4)
Restated total comprehensive income for the period	**-**	**-**	**(7.6)**	**0.6**	**-**	**0.6**	**19.5**	**13.1**
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners								
Issue of ordinary shares	0.2	3.5	-	-	-	-	-	3.7
Own shares repurchased	-	-	-	-	(4.5)	-	-	(4.5)
Share-based payment transactions	0.0	0.2	-	-	-	0.2	-	0.4
Dividends to equity holders	-	(10.5)	-	-	-	-	-	(10.5)
Appropriation of retained earnings	-	-	-	-	-	14.9	(14.9)	-
Restated balance at 31 December 2017	**27.0**	**49.6**	**4.0**	**0.3**	**(4.5)**	**83.7**	**19.5**	**179.6**

(EUR million)	Share capital	Share premium	Translation reserve	Hedge reserve	Reserve for own shares	Other reserves	Retained earnings	Total equity
Balance at 1 January 2018	**27.0**	**49.6**	**4.0**	**0.3**	**(4.5)**	**83.7**	**19.5**	**179.6**
Total comprehensive income for the period								
Profit or loss	-	-	-	-	-	-	13.8	13.8
Other comprehensive income								
Remeasurements of defined benefit plans	-	-	-	-	-	(0.4)	-	(0.4)
Foreign currency translation differences for foreign operations	-	-	2.1	-	-	-	-	2.1
Net change in fair value of cash flow hedges, net of income tax	-	-	-	(0.7)	-	-	-	(0.7)
Other comprehensive income for the period, net of income tax	-	-	2.1	(0.7)	-	(0.4)	-	1.0
Total comprehensive income for the period	**-**	**-**	**2.1**	**(0.7)**	**-**	**(0.4)**	**13.8**	**14.8**
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners								
Issue of ordinary shares	0.1	1.6	-	-	-	-	-	1.7
Own shares sold	-	-	-	-	4.5	(0.5)	-	4.0
Own shares repurchased	-	-	-	-	(6.6)	-	-	(6.6)
Share-based payment transactions	0.0	0.2	-	-	-	0.0	-	0.2
Dividends to equity holders	-	(11.6)	-	-	-	-	-	(11.6)
Appropriation of retained earnings	-	-	-	-	-	19.5	(19.5)	-
Balance at 31 December 2018	**27.1**	**39.8**	**6.1**	**(0.4)**	**(6.6)**	**102.3**	**13.8**	**182.1**

[1] Restated due to application of IFRS 9, IFRS 15 and IFRS 16 as per 1 January 2018.

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Annex 4 – Consolidated statement of cash flows

(EUR million)	full year 2018	full year 2017[1]
Cash flows from operating activities		
Profit for the period	13.8	19.5
Adjustments for:		
Net finance costs	3.1	3.4
Share profit or loss of an associate	0.1	-
Income tax expense	7.3	6.3
Depreciation of property, plant and equipment and software	23.1	22.5
Amortisation of other intangible assets	2.3	3.2
Impairment of fixed assets	0.7	1.0
Share-based payments	0.2	0.3
	50.6	**56.2**
Change in trade and other receivables	3.6	(4.9)
Change in inventories	(6.0)	(6.0)
Change in trade and other payables	(5.6)	2.0
Change in provisions	0.8	(2.1)
Change in contract liabilities	(0.3)	2.7
	43.1	**47.9**
Interest paid	(2.4)	(2.7)
Interest received	0.2	0.1
Tax paid	(4.2)	(3.8)
Net cash flows from operating activities	**36.7**	**41.5**
Cash flows from investing activities		
Acquisition of equity-accounted investee	(2.6)	-
Investments in property, plant and equipment	(28.1)	(24.6)
Disinvestments of property, plant and equipment	0.7	0.6
Investments in intangible fixed assets	(3.3)	(4.5)
Disinvestments of intangible fixed assets	0.0	0.2
(Dis)investments of other investments	(0.7)	(0.0)
Net cash from investing activities	**(34.0)**	**(28.3)**
Free cash flow	**2.7**	**13.2**
Cash flows from financing activities		
Payment of lease liabilities	(2.1)	(2.2)
Proceeds from borrowings (non current)	17.0	-
Repayment of borrowings (non current)	-	(13.3)
Proceeds from borrowings (current)	0.0	0.0
Proceeds from the issue of share capital	0.0	0.0
Own shares bought	(6.6)	(4.5)
Dividends paid	(5.8)	(6.6)
Net cash from financing activities	**2.5**	**(26.6)**
Change in cash and cash equivalents	5.2	(13.4)
Cash and cash equivalents at 1 January	(4.1)	9.7
Effect of exchange rate fluctuations on cash held	(0.2)	(0.4)
Cash and cash equivalents at at 31 December	0.9	(4.1)

[1] Restated due to application of IFRS 9, IFRS 15 and IFRS 16 as per 1 January 2018.

Annex 5 – Information about reportable segments

(x EUR 1 million unless otherwise stated)	Industrial FY 2018	Industrial FY 2017[2]	Automotive FY 2018	Automotive FY 2017[2]	Corporate activities FY 2018	Corporate activities FY 2017[2]	Consolidated FY 2018	Consolidated FY 2017[2]
Revenue from transactions with third parties	164.7	162.5	283.9	299.3	-	-	448.6	461.8
Inter-segment revenue	0.1	0.1	0.6	0.5	-	-	0.7	0.6
EBITA	20.1	16.1	6.3	16.9	0.2	(0.6)	26.6	32.4
EBITA margin	12.2%	9.9%	2.2%	5.6%	-	-	5.9%	7.0%
EBITA[1]	20.5	17.1	14.7	21.0	0.2	(0.6)	35.4	37.5
EBITA margin[1]	12.5%	10.5%	5.2%	7.0%	-	-	7.9%	8.1%
Reportable segment assets	134.9	125.1	225.5	220.6	14.9	14.5	375.3	360.2
Reportable segment employees (FTE)	922	903	1,505	1,703	38	39	2,465	2,645

[1] Normalised for non-recurring restructuring costs of EUR 8.8 million for FY 2018 and of EUR 5.1 million for FY 2017.

[2] Restated due to application of IFRS 9, IFRS 15 and IFRS 16 as per 1 January 2018.

Annex 6 – Reconciliation of normalised to reported 2018 figures

(x EUR 1 million)	FY 2018	FY 2017[1]
Reported result before net finance costs	24.3	29.2
Reported amortisation	2.3	3.2
Reported operating result before amortisation (EBITA)	**26.6**	**32.4**
One-off income related to simplifying measures in other income	(0.1)	-
One-off costs related to simplifying measures in raw materials	0.8	0.2
One-off costs related to simplifying measures in staff costs	6.4	3.2
One-off costs related to simplifying measures in other operating expenses	1.7	1.7
Normalised EBITA	**35.4**	**37.5**
Reported amortisation	(2.3)	(3.2)
Reported net finance costs	(3.1)	(3.4)
One-off costs related to tax audit in finance expense	0.3	-
Reported share profit or loss of an associate	(0.1)	-
Normalised profit before income tax	**30.2**	**30.9**
Reported income tax expense	(7.3)	(6.3)
One-off costs related to tax audit in income tax expense	2.0	-
Impact one-off costs on income tax expense	(2.3)	(1.3)
Normalised profit for the period	**22.6**	**23.3**

[1] Restated due to application of IFRS 9, IFRS 15 and IFRS 16 as per 1 January 2018.

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Annex 7a – Impact on interim financial statements adoption IFRS 9, IFRS 15 and IFRS 16

Consolidated statement of comprehensive income

Impact of changes in accounting policies

(EUR million)	For the year ended 31 December 2017		
	As previously reported	**Adjustments**	**As restated**
Revenue	461.8	-	461.8
Other income	0.0	-	0.0
Total revenue and other income	**461.8**	**-**	**461.8**
Changes in inventories of finished goods and work in progress	(1.8)	-	(1.8)
Raw materials and subcontracted work	242.9	-	242.9
Staff costs	134.2	-	134.2
Depreciation and amortisation	23.5	2.2	25.7
Other operating expenses	34.3	(2.7)	31.6
Result before net finance costs	**28.7**	**0.5**	**29.2**
Finance income	0.1	-	0.1
Finance expense	(3.0)	(0.5)	(3.5)
Profit before income tax	**25.8**	**-**	**25.8**
Income tax expense	(6.3)	0.0	(6.3)
Profit for the period	**19.5**	**0.0**	**19.5**
Other comprehensive income for the period, net of income tax	(6.4)	(0.0)	(6.4)
Total comprehensive income for the period	**13.1**	**0.0**	**13.1**

There is no material impact on the Group's basic or diluted earnings per share for the year ended 31 December 2017.

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Annex 7b – Impact on interim financial statements adoption IFRS 9, IFRS 15 and IFRS 16

(EUR million)	1 January 2017			31 December 2017		
	As previously reported	Adjustments	As restated	As previously reported	Adjustments	As restated
Property, plant and equipment	85.5	14.5	100.0	90.4	15.2	105.6
Deferred tax assets	16.0	0.2	16.2	12.3	0.2	12.5
Contract costs	-	-	-	-	0.5	0.5
Trade and other receivables	54.5	-	54.5	58.1	(0.5)	57.6
Other	191.1	-	191.1	184.0	-	184.0
Total assets	**347.1**	**14.7**	**361.8**	**344.8**	**15.4**	**360.2**
Retained earnings	14.9	0.0	14.9	19.5	0.0	19.5
Other	163.2	(0.7)	162.5	160.8	(0.7)	160.1
Total equity	**178.1**	**(0.7)**	**177.4**	**180.3**	**(0.7)**	**179.6**
Loans and borrowings	63.7	15.4	79.1	50.4	16.1	66.5
Deferred tax liabilities	10.9	0.0	10.9	8.8	0.0	8.8
Contract costs	-	5.8	5.8	-	8.5	8.5
Trade and other payables	68.4	(5.8)	62.6	72.3	(8.5)	63.8
Other	26.0	-	26.0	33.0	-	33.0
Total liabilities	**169.0**	**15.4**	**184.4**	**164.5**	**16.1**	**180.6**
Total equity and liabilities	**347.1**	**14.7**	**361.8**	**344.8**	**15.4**	**360.2**

Annex 7c – Impact on interim financial statements adoption IFRS 9, IFRS 15 and IFRS 16

Consolidated statement of cash flows

Impact of changes in accounting policies

(EUR million)	For the year ended 31 December 2017		
	As previously reported	Adjustments	As restated
Profit for the period	19.5	0.0	19.5
Adjustments for:			
Net finance costs	2.9	0.5	3.4
Income tax expense	6.3	(0.0)	6.3
Depreciation of property, plant and equipment and software	20.3	2.2	22.5
Other	4.5	-	4.5
Changes in working capital excluding cash and debt	(8.3)	-	(8.3)
Interest paid	(2.2)	(0.5)	(2.7)
Interest received	0.1	-	0.1
Tax paid	(3.8)	0.0	(3.8)
Net cash flows from operating activities	**39.3**	**2.2**	**41.5**
Net cash from investing activities	**(28.3)**	**-**	**(28.3)**
Free cash flow	**11.0**	**2.2**	**13.2**
Payment of lease liabilities	-	(2.2)	(2.2)
Other	(24.4)	-	(24.4)
Net cash from financing activities	**(24.4)**	**(2.2)**	**(26.6)**
Change in cash and cash equivalents	(13.4)	-	(13.4)
Cash and cash equivalents at 1 January	9.7	-	9.7
Effect of exchange rate fluctuations on cash held	(0.4)	-	(0.4)
Cash and cash equivalents at 31 December	(4.1)	-	(4.1)

Annex 8 – Financial calendar 2019 - 2020

2019

Publication of FY 2018 results	Tuesday, 19 February 2019	07.30 a.m.
Analysts' meeting	Tuesday, 19 February 2019	11.00 a.m.
Record date Gen. Meeting of Shareholders	Monday, 11 March 2019	
General Meeting of Shareholders	Monday, 8 April 2019	02.30 p.m.
Ex-dividend date	Wednesday, 10 April 2019	
Dividend record date	Thursday, 11 April 2019	
Dividend election period (stock and/or cash)	Friday, 12 April - Mon. 29 April 2019, 03.00 pm	
Determination stock dividend exchange ratio	Tuesday, 30 April 2019	
Cash dividend made payable and delivery stock dividend	Thursday, 2 May 2019	
Publication of Q1 2019 results	Tuesday, 7 May 2019	07.30 a.m.
Analysts' call	Tuesday, 7 May 2019	11.00 a.m.
Publication of HY1 2019 results	Tuesday, 13 August 2019	07.30 a.m.
Analysts' meeting	Tuesday, 13 August 2019	11.00 a.m.
Publication of Q3 2019 results	Tuesday, 5 November 2019	07.30 a.m.
Analysts' call	Tuesday, 5 November 2019	11.00 a.m.

2020

Publication of FY 2019 results	Tuesday, 18 February 2020	07.30 a.m.
Analysts' meeting	Tuesday, 18 February 2020	11.00 a.m.
General Meeting of Shareholders	Monday, 6 April 2020	02.30 p.m.
Publication of Q1 2020 results	Tuesday, 5 May 2020	07.30 a.m.
Analysts' call	Tuesday, 5 May 2020	11.00 a.m.
Publication of HY1 2020 results	Tuesday, 18 August 2020	07.30 a.m.
Analysts' meeting	Tuesday, 18 August 2020	11.00 a.m.
Publication of Q3 2020 results	Tuesday, 3 November 2020	07.30 a.m.
Analysts' call	Tuesday, 3 November 2020	11.00 a.m.