

**Press release – Market update Q3**

TKH Group N.V. (TKH)

**Good strategic progress for TKH, but impact COVID-19 tangible****Financial developments in third quarter**

- Result and turnover development in line with previous forecasts.
- Decline of turnover mainly in Telecom and Industrial Solutions - limited decline in Building Solutions.
- Significant increase EBITA within Building Solutions.
- Gross margin improves to 49.9% (Q3 2019: 46.7%) – in line with H1 2020.
- ROS remains stable at 10.4% (Q3 2019: 10.5%) – despite lower turnover.
- Working capital not returned to normal level due to COVID-19. Expectation is that this will improve towards the end of the year.

**Other developments**

- Integration as part of TKH's ongoing 'Simplify & Accelerate'-program is on track. A further integration of the parking and security organization has been initiated in the third quarter. This will generate both synergy benefits and new opportunities for the combination.
- As the next step in its 'Simplify & Accelerate' program, TKH is committed to translate its higher gross margin into higher profits. To achieve this, TKH will focus more on return and the cost ratio as a percentage of added value, in line with the goal to fully realize the medium term target of a ROS of at least 15%. TKH will take a one-off charge of around € 4 million in the fourth quarter for this program.

Alexander van der Lof, CEO of technology company TKH: *"The effects of COVID-19 are still very tangible, but at this moment better to oversee than at the beginning of the pandemic. More certainty of deliveries than originally expected led to an upward adjustment of the lower range of the bandwidth of the expected net result. Important progress has been made with the increase of the gross margin as a result of the change of course and focus made, as communicated at the Capital Markets Day mid last year. Despite the declined turnover, ROS could remain stable as a result of this. This provides a good perspective for the realization of the medium term ROS target of at least 15%. We have made solid progress on the development and market launch of significant innovations: Alvium 2D- and confocal 3D-vision technology – subsea connectivity – CEDD / AGL – Indivion (medicine dosing and distribution system) and UNIXX tire building technology. The winning of new contracts for our innovations gives us confidence in realizing the long-term turnover targets for our vertical growth markets. In addition, we see increasing willingness among customers to invest. We are well-positioned to anticipate to this with our available capacity."*

**Announcement share buyback program and restart divestment activities**

- Based on the strong financial foundation, TKH has decided to start a share buyback program as of 18 November 2020 worth € 25 million, with the intention to reduce the issued capital in due time. At this moment, TKH owns 2.7% TKH shares from previous share buyback programs and the company will report at the Authority Financial Markets (AFM) as soon as this percentage surpasses the notification obligation of 3%. The intention is to execute the program within a period of four months, within the conditions set by the General Meeting of Shareholders, with a maximum purchasing volume of 10% of the trading volume. With ABN AMRO, TKH has signed a 'Discretionary Management Agreement' to execute the purchase of own shares during open and closed periods, independent of TKH. TKH will report on the progress of the program on a weekly basis.
- Considering the improved situation for divestments, TKH will restart the divestment activities, which were announced mid 2019. The proceeds of the divestments will, if possible, be reinvested in an additional share buyback program. This additional program will be communicated when TKH can dispose of the liquidities of these divestments.

**Outlook 2020**

Based on an expected more restricted impact of the consequences of COVID-19 on our activities in the fourth quarter, TKH is raising its previous forecast of August 2020 for the lower end of its bandwidth for net profit before amortization and one-off income and expenses to € 65 million from € 63 million. Barring unforeseen circumstances, TKH is now forecasting a net profit before amortization and one-off income and expenses of € 65 - € 69 million for full-year 2020.

Haaksbergen, 17 November 2020

Executive Board

For more information: J.M.A. van der Lof MBA, *chairman of the Executive Board*  
tel. + 31 (0)53 5732903  
[www.tkhgroup.com](http://www.tkhgroup.com)

**Financial calendar**

|                |                                     |
|----------------|-------------------------------------|
| 9 March 2021   | Publication of annual results 2020  |
| 5 May 2021     | Market update first quarter 2021    |
| 6 May 2021     | General Meeting of Shareholders     |
| 17 August 2021 | Publication results first half 2021 |



## Profile TKH Group NV

Technology firm TKH Group NV (TKH) is focused on high-end innovative technologies in high growth markets within three business segments: Telecom, Building and Industrial Solutions. Through a combination of four core technologies within the three business segments, TKH offers superior solutions that support to increase the efficiency, safety and security of its customers. The technologies are offered together with software to create smart technologies and one-stop-shop solutions with plug-and-play integrated technologies. TKH operates on a global scale. Its growth is concentrated in Europe, North America and Asia. Employing 5,980 people, TKH achieved a turnover of € 1.5 billion in 2019.

## Definitions of innovations:

- UNIXX tire building technology – new tire building platform.
- Alvium 2D-vision technology - vision processor technology via system-on-chip applications.
- Line Confocal Imaging (LCI) technology – 3D-vision technology for inspection systems for consumer electronics that can measure variations in surface heights in both glass and opaque materials.
- Subsea connectivity system – cable systems for the transport of energy generated by offshore wind turbines.
- Airfield Ground Lighting (CEDD/AGL) – contactless energy and data distribution system for the control of airport ground lighting.
- Indivion – automatic medicine dosing and distribution system.