

Press release

TKH Group N.V. (TKH)
Trading update 3rd quarter 2008

Strong third quarter TKH Group

- Turnover third quarter 2008 up 18.4% to € 247.3 million. Organic turnover growth was 9.9%.
- Innovations in security and manufacturing systems have a positive impact on organic growth.
- EBITA increased by 29.5% to € 19.5 million.
- All solutions segments show a strong organic profit growth.
- All segments showed a strong order intake in the third quarter.

Outlook

- Net profit outlook (before amortisation and before exceptional tax gain 2007 and 2008) for the financial year 2008 is adjusted to an increase of 18 to 23%.

Key figures first nine months

(in € million unless otherwise stated)

	Nine months 2008	Nine months 2007	Difference in %
Turnover	752.1	593.7	+ 26.7
EBITA	63.6	41.2	+ 54.3
Net result before amortisation ¹⁾	39.6	26.3	+ 50.5
Net result	37.1	26.3	+ 41.2
Net earnings per ordinary share before amortisation (in €)	1.13	0.77	+ 46.8
Net earnings per ordinary share (in €)	1.06	0.77	+ 32.8
Solvency	39.0%	39.6%	
ROS	8.5%	6.9%	

Key figures third quarter

(in € million unless otherwise stated)

	Q3 2008	Q3 2007	Difference in %
Turnover	247.3	208.9	+ 18.4
EBITA	19.5	15.1	+ 29.5
Net result before amortisation ¹⁾	12.5	8.9	+ 40.1
Net result	11.7	8.9	+ 30.9
ROS	7.9%	7.2%	

¹⁾ Net result before amortisation of intangible non current assets related to acquisitions (after tax).

Alexander van der Lof, CEO of technology company TKH: “The developments in the third quarter confirm the growth principles in TKH’s strategy. Despite clear signs of a weakening economy a strong organic growth has been realised, driven by innovations. However, TKH is not immune to the weakening economy and will experience the effects of this. We are capable of quickly adapting ourselves to the changing circumstances. The investments in innovations enable TKH to take up new positions in the market. This enables TKH to compensate for effects of the negative general economic developments.”.

Developments third quarter

Turnover in the third quarter 2008 increased by 18.4%, of which 9.9% was organic. The remaining growth was attributable to the companies CAE, SecurityWorks, Pantaflex, Keyprocessor and AVO Techniek, which were acquired in 2007 and 2008. Due to seasonal patterns, the third quarter is traditionally the weakest quarter within the TKH group. However, turnover in the third quarter was at approximately the same level as in the second quarter.

Telecom, Building as well as Industrial Solutions showed a turnover growth in line with the total group’s turnover growth.

EBITA rose 29.5% to € 19.5 million. All segments realised a strong growth, with Telecom Solutions and Industrial Solutions showing the strongest increase. ROS increased from 7.2% to 7.9%. Net result after amortisation was up by 30.9% to € 11.7 million.

Telecom Solutions

Within Telecom Solutions, several new projects were won for optical fibre network systems. The investment priority for optical fibre networks remained on a high level, resulting in a further increase in turnover in this segment. The segment indoor networks also showed growth. The decrease in the segment copper networks, as a result of a shift in investments from copper to optical fibre networks was limited. This was mainly due to an increased demand for connectivity solutions in Eastern Europe. Organic growth within Telecom Solutions amounted to 10.9%.

Building Solutions

Turnover in all segments within Building Solutions showed a positive development. Within building technologies, turnover was positively impacted by an increase in demand for systems which are developed to lower electricity usage and a growing demand for upgrading data communications systems. In addition, turnover growth in the security segment was driven by an increased demand for intelligent security systems. The connectivity systems segment also realised turnover growth. Organic growth within Building Solutions amounted to 6.8%.

Industrial Solutions

Growth within Industrial Solutions was positively impacted by the outsourcing trend in the industrial sector. The order intake for the tire manufacturing systems within the segment manufacturing systems remained at a high level. Within the segment connectivity systems, a limited negative impact was visible in the turnover related to

the machinery building industry. The other segments within connectivity systems realised a growth. Organic growth within Industrial Solutions amounted to 11.8%.

Results for the first nine months

Turnover in the first nine months of 2008 increased by 26.7% to € 752.1 million. Organic turnover growth was 9.7%. ROS improved from 6.9% to 8.5%. ROS improved in the Telecom, Building as well as the Industrial Solutions. EBITA in the first nine months of the year increased by 54.3% to € 63.6 million, while net profit in the same period rose 41.2% to € 37.1 million.

Outlook

The trend at customers, in particular in the connectivity systems segment within Building and Industrial Solutions, to reduce inventory levels before the end of the year, is expected to have a negative impact on the deliveries in the fourth quarter. The changing economic circumstances have a limited impact on the other segments within Telecom, Building and Industrial Solutions.

In addition, as a result of the recent copper price decrease by more than 35% in a short period of time and based on the current copper market price, TKH Group's results will be negatively impacted by a charge of € 6.5 million net in the fourth quarter. On the other hand TKH will book an exceptional tax gain of € 2 million. Furthermore due to the structurally improved profitability of activities related to telecom assets, the exceptional depreciation of these assets in 2002 was partly reversed, resulting in a one-off gain of € 2.7 million net. On balance this results in a charge of € 1.8 million net in the fourth quarter.

Summarizing, TKH expects the net result for the financial year of 2008 (after amortisation and exceptional tax gain), barring unforeseen circumstances, to amount to approximately € 48 to € 50 million. As a result the expected net profit growth (before amortisation and before the exceptional tax gain 2007 and 2008) for the financial year 2008 is adjusted to an increase of 18 to 23%.

Haaksbergen, 20 November 2008

Executive Board

For more information:

J.M.A. (Alexander) van der Lof MBA,
Chairman of the Executive Board
Tel.: (+31)(0)53 573 2901
Website: www.tkhgroup.com

Agenda

11 March 2009	Publication Full year Results 2008
28 April 2009	Annual General Meeting
6 May 2009	Trading Update Q1 2009
27 August 2009	Publication half-year results 2009
12 November 2009	Trading Update Q3 2009

Profile

Technology company, TKH Group NV (TKH) is an internationally operating group of companies specialised in creating and supplying innovative Telecom, Building and Industrial Solutions.

At TKH the solutions play the central role, not the kind of activity. In the business segments Telecom Solutions, Building Solutions and Industrial Solutions, basic technologies in the field of ICT and electro technology from the various business units, often in partnership with suppliers, are consolidated into total solutions.

Specialists in the field of marketing, process development, design, engineering and logistics add consultancy and project implementation to offer a tailor made solution. These locally developed concepts are subsequently offered internationally, in order to optimally capitalize on the expertise and knowledge within TKH.

The Telecom Solutions consist of solutions ranging from basic infrastructure to home networking applications, for both the outdoor and indoor telecom (ICT) -markets. TKH Telecom Solutions can be divided into three sub segments: Fibre Networks, Copper Networks and Indoor Telecom Systems.

The Building Solutions comprise solutions ranging from efficient electrical engineering to ICT systems for the care sector. Building Solutions can be divided into three sub segments: Building Technologies, Security Systems and Connectivity Systems.

The Industrial Solutions consist of advanced manufacturing systems for the car and truck tyre manufacturing industry and connectivity systems for the medical, robot, automotive and machine building industry.

Continuous focus on research and development provides a product and services portfolio that safeguards technologically advanced solutions. With its group companies, TKH group is active all over the world. Its growth is concentrated on Northwest, Central and Eastern Europe and Asia. In 2007 TKH secured a turnover of € 837.8 million with 3,577 employees.

TKH Solutions-segmentation first half year 2008

Segmenten	Sub-segmenten	Business-model					Markten	
Telecom Solutions		17%	R&D and System engineering	Inhouse Manufacturing	Outsourced Manufacturing	Assembling	Service	<ul style="list-style-type: none">> Telecomoperators> Kabeloperators> Serviceproviders> Telecominstallateurs> Telecomretailers> Woningbouwverenigingen
	Indoor telecom systems	5%						
	Fibre network systems	6%						
	Copper network systems	6%						
Building Solutions		35%	R&D and System engineering	Inhouse Manufacturing	Outsourced Manufacturing	Assembling	Service	<ul style="list-style-type: none">> Utiliteitsmarkt (installateurs en groothandel)> Overheid> Verkeersinfrastructuur> Zorginstellingen> Parkeerorganisaties> Scheepsbouw en offshore> Spoorwegen> Energiebedrijven
	Building technologies	8%						
	Security systems	7%						
	Connectivity systems	20%						
Industrial Solutions		48%	R&D and System engineering	Inhouse Manufacturing	Outsourced Manufacturing	Assembling	Service	<ul style="list-style-type: none">> Machinebouwindustrie> Procesindustrie> Bandenbouwindustrie> Medische industrie> Robotindustrie> Automotive industrie> Blikverwerkende industrie
	Connectivity systems	28%						
	Manufacturing systems	20%						