

Press release

TKH Group N.V. (TKH)
Trading update first quarter 2009

Inventory reductions at customers have strong negative impact on TKH's first quarter 2009 result

- Turnover first quarter 2009 down 26.1% to € 188.5 million, of which 7.3% due to decreased raw material prices.
- First quarter 2009 EBITA fell by 72.6% to € 5.5 million.
- Inventory reductions at customers and harsh winter conditions have a strong negative impact on turnover and results in January and February.
- Cost reductions and increase in added value improve results in March.

Key figures (in € million unless otherwise stated)

| | Q1 2009 | Q1 2008 | Difference in % |
|-----------------------------------|--------------------|--------------------|----------------------------|
| Turnover | 188.5 | 255.2 | - 26.1 |
| EBITA | 5.5 | 20.1 | -72.6 |
| Net profit before amortisation | 1.9 | 12.1 | -84.3 |
| Net profit | 1.1 | 11.5 | -90.8 |
| ROS | 2.9% | 7.9% | |

Alexander van der Lof, CEO TKH: "The worldwide economic crisis has a clear impact on the markets in which TKH operates. The delay in deliveries as a result of a lower activity level as well as inventory reductions at our customers have a major effect on the turnover and results of TKH. From March onwards a result improvement became visible due to stabilising inventory levels of our customers. Furthermore the effects of the measures to adapt the organisation to the market conditions became noticeable with realised cost savings of over € 6 million in the first quarter. In the coming months we will further focus on cost reductions, at the same time we will of course also keep on looking at innovations and new market positions."

Developments in the first quarter

In the first quarter 2009 turnover decreased by 26.1%. Adjusted for raw material price effects, turnover decreased by 18.8%. The decrease was offset for 2.8% by Keyprocessor, AVO Techniek and VDG Security, companies acquired in 2008.

The decrease in turnover was realised in all three business segments, where the decrease in the Telecom Solutions segment was limited. The harsh winter conditions had a clear impact on the reduced deliveries in the first months of the year for the segments Telecom and Building Solutions. In addition the stock reductions at customers had a strong impact on the segments Building and Industrial Solutions.

As of March the aforementioned effects were normalised, as a result of which turnover in March increased compared to January and February.

Mainly due to the decrease in turnover and therefore the loss of cost recovery caused EBITA to drop 72.6% from € 20.1 million in the first quarter of 2008 to € 5.5 million in the first quarter 2009. The decrease in EBITA included the negative effect of € 2.2 million as a result of the decrease in raw material prices as of the fourth quarter 2008. In March EBITA improved due to the effects of realised cost reductions and the increase in turnover compared to January and February. The decrease in costs in the first quarter compared to the fourth quarter of 2008 amounted to € 6 million. All three solutions segments realised a positive EBITA in the first quarter 2009. EBITA as a percentage of turnover (ROS) was down to 2.9% (Q1 2008 7.9%).

Net profit decreased by 90.8% from € 11.5 million in the first quarter 2008 to € 1.1 million in the first quarter 2009.

The objective to reduce debt by at least € 50 million per year-end, as already announced in March, mainly through working capital reductions and a reduced investment level, is on schedule.

To further align costs with the lower turnover and to restructure the business segments Building and Industrial Solutions, TKH will take an estimated exceptional charge of € 15 million in 2009. The main measures will be taken in the segment manufacturing systems. The portfolio of systems will be reduced, leading to an impairment. Furthermore the production facilities of the segment will be concentrated in the Netherlands and China. The total restructuring measures will structurally reduce costs with € 25 million annually.

Developments per business segment

Telecom Solutions

Within Telecom Solutions the decrease in turnover was limited and mainly the result of the harsh winter conditions, causing delays in the construction of networks and thereby impacting the delivery of systems and components of optical fibre and copper networks. In February the demand for optical fibre increased, mainly in Asia. Turnover in the indoor telecom systems segment decreased slightly due to lower consumer spending. The margin (ROS) within Telecom Solutions decreased slightly due to increased costs of raw materials and components as a result of the appreciation of Asian currencies as of the fourth quarter 2008.

Building Solutions

Within Building Solutions there was a strong growth in turnover of the segment security solutions. In the segment connectivity systems turnover decreased significantly partly due to the effects of inventory reduction at our customers. Given the relatively large share of activities in the segment connectivity systems in the field of infrastructure, the harsh winter conditions had a clear impact on turnover for this segment. The decrease in turnover within the building technologies segment was limited. Within this segment the main emphasis is on trends such as energy saving and cost reduction in the public health sector, in which TKH has a number of interesting innovations.

The margin (ROS) within Building Solutions dropped strongly due to the decrease in turnover and the corresponding loss of cost recovery. From March onwards the effects of the cost reductions became visible.

Industrial Solutions

Within Industrial Solutions turnover decreased in connectivity systems as well as manufacturing systems. In the segment connectivity systems the inventory reductions of our customers had a noticeable effect. Furthermore the demand of the machine-building sector, an important market for the segment connectivity systems, decreased, due to these customers being confronted with delayed deliveries and reduced demand. In the production facilities in Germany and Italy working hour reductions were introduced as from March to adjust the capacity to the current market circumstances

Within the segment manufacturing systems turnover decreased significantly due to delays in deliveries in the tyre manufacturing systems unit. The difficult financial situation for many tyre manufacturers resulted in a focus on maximising cash flows and therefore numerous requests were received for delay of deliveries and a low level of order intake. From March onwards, the adjustment of production capacity by means of working hour reductions and the reduction of temporary staff better aligned the costs to the expected degree of capacity utilisation for the year.

The margin (ROS) within Industrial Solutions decreased sharply due to the decrease in turnover and the resulting loss of cost recovery.

At the 2008 annual results announcement in March 2009, TKH did not give an outlook for the full year 2009. In line with previous years, TKH will strive to give an outlook for the full year at the half-year results announcement in August 2009.

Haaksbergen, 28 April 2009

Executive Board

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Timetable

27 August 2009
12 November 2009

Publication of half-year results 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 2008 TKH secured a turnover of € 997 million with 3,882 employees.