

Press release

TKH Group N.V. (TKH)
Trading update 3rd quarter 2009

Lower turnover decline in third quarter

Highlights third quarter

- Turnover down 27.5%, with the effect of raw material prices accounting for 3.7%.
- Clear improvement within Building Solutions due to large contribution of innovations.
- Modest recovery of willingness to invest leads to higher order intake within Industrial Solutions.
- EBITA before exceptional charges down 44.1%.
- EBITA before exceptional charges up 31.4% compared to Q2.
- Exceptional charge of € 4.4 million in Q3 for earlier announced reorganisations.
- Cost reductions up to €10.1 million.
- Further reduction of debt level on schedule with €17.7 million.

Outlook

- Reiteration outlook: the net result before exceptional charges is expected to improve in the second half of 2009 compared to the first half of 2009.

Key figures first nine months

(in € million unless otherwise stated)

	Nine months 2009	Nine months 2008	Difference in %
Turnover	532.7	752.1	- 29.2
EBITA before exceptional charges	24.7	63.6	- 61.1
EBITA after exceptional charges	13.9	63.6	- 78.2
Net profit before amortisation ¹⁾ and exceptional charges	9.1	39.6	- 77.1
Net profit	- 1.6	37.1	
Net earnings per ordinary share (in €)	- 0.05	1.06	
Solvency	44.9%	39.0%	
ROS	4.6%	8.5%	

Key figures third quarter

(in € million unless otherwise stated)

	Q3 2009	Q3 2008	Difference in %
Turnover	179.2	247.3	- 27.5
EBITA before exceptional charges	10.9	19.5	- 44.1
EBITA after exceptional charges	7.3	19.5	- 62.6
Net profit before amortisation ¹⁾ and exceptional charges	4.6	12.5	- 62.9
Net result	1.1	11.7	- 90.7
ROS	6.1%	7.9%	

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 realised cost reductions and debt reduction are well on schedule. Therefore, our anticipated recovery of our results is well progressing. The unchanged high level of innovation resulted in a strengthening of our position in important market segments. The improved turnover development within Building Solutions was amongst others the result of this development and had a positive effect on the third quarter results. Within Industrial Solutions the first modest signs of recovery of the order intake are becoming visible."

Developments third quarter

Turnover in the third quarter decreased by 27.5% to € 179.2 million (Q3 2008: €247.3 million). Of this reduction, 3.7% was due to the drop in raw material prices passed on to customers. The companies acquired in 2008, Ithaca, AVO Techniek and VDG Security, contributed 2.2% to turnover. Due to seasonal patterns, the third quarter is traditionally the weakest quarter within the TKH group. The improvement was most visible in Building Solutions, driven by innovations.

EBITA before exceptional charges was down 44.1% to €10.9 million (Q3 2008: €19.5 million). EBITA showed the strongest decrease within Industrial Solutions as a result of the drop in turnover of 42.6% compared to the third quarter 2008. Building Solutions and Telecom Solutions showed a limited decrease in EBITA.

In line with the earlier announced reorganisation programme of € 15 million for the full year 2009, an exceptional charge of € 4.4 million was taken in the third quarter, of which € 3.6 million is accounted for under EBITA. Costs decreased further in the third quarter with € 10.1 million. ROS before exceptional charges rose from 5.0% in the second quarter 2009 to 6.1% in the third quarter. Net profit before amortisation and exceptional charges amounted to € 4.6 million (Q3 2008: €12.5 million). Net profit after amortisation and exceptional charges decreased in the third quarter to € 1.1 million (Q3 2008: €11.7 million).

The reduction of the debt level, which will amount to at least €70 million for the full year 2009, is on schedule, thereby further improving the balance sheet. In the third quarter, the debt level was reduced further by € 17.7 million. As a result of this reduction, the total net debt per end of the third quarter was € 61 million lower. Amongst others due to the reduced net debt TKH is operating well within the financial ratios as laid down in the loan agreements.

Telecom Solutions

Within Telecom Solutions turnover decreased compared to the third quarter 2008 by 15.8% from € 45.7 million to € 38.5 million. In line with the first half year turnover in optical fibre networks rose slightly, while turnover in indoor networks and outdoor copper network systems fell. Again, in the third quarter turnover in copper networks was negatively impacted by low maintenance investments by telecom operators and turnover in indoor networks by lower spending levels among consumers.

Building Solutions

Turnover within Building Solutions was down by 13.0% compared to the third quarter 2008 from € 84.5 million to € 73.6 million. Compared to the first half year, this segment showed a clear improvement in turnover, in all three sub segments: building technologies, security systems and connectivity systems. The lower turnover decline was driven mainly by innovations.

Industrial Solutions

Within the Industrial Solutions segment, turnover dropped by 42.6% compared to the third quarter 2008 from € 117.1 million to € 67.2 million. This decline was equally strong in both sub segments, connectivity systems en manufacturing systems. The decline in turnover stabilized on the second quarter level. In the third quarter, order intake increased compared to the previous quarter and a better outlook in a number of end markets of our clients was reflected in a modest recovery of the willingness to invest.

Developments first nine months

Turnover in the first nine months of 2009 decreased by 29.2% to €532.7 million. Of this reduction, 4.3% was due to the drop in raw material prices passed on to customers. EBITA before exceptional charges for the first nine months fell by 61.1% to €24.7 million. Net profit before amortisation and exceptional charges for the first nine months decreased by 77.1% to € 9.1 million. Net result after amortisation and exceptional charges for the first nine months amounted € 1.6 million negative.

Outlook

The market conditions in the three segments TKH is active still remains uncertain, despite the modest signs of recovery. The innovations make the TKH group more resilient in the economic crisis. TKH reiterates its expectation that the net result before exceptional charges will improve in the second half of 2009 compared to the first half of 2009.

Haaksbergen, 12 November 2009

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

Timetable

10 March 2010	Publication of full year results 2009
27 April 2010	Annual General Meeting
6 May 2010	Trading Update Q1 2010
25 August 2010	Publication half-year results 2010
11 November 2010	Trading Update Q3 2010

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.

TKH Solutions-segmentation first half-year 2009

SEGMENTS	SUB SEGMENTS	SUBDIVISION	BUSINESS MODEL					MARKETS
Telecom Solutions		21%						<ul style="list-style-type: none"> • Telecom operators • Cable operators • Service providers • Telecom installers • Telecom retailers • Housing association
	Indoor Telecom Systems	6%						
	Fibre Network Systems	9%						
	Copper Network Systems	6%						
Building Solutions		38%						<ul style="list-style-type: none"> • Utility market (installers and whole sale) • Government • Traffic infrastrucutre • Care institutions • Parking organisation • Marine and offshore • Rail • Energy companies
	Building Technologies	9%						
	Security Systems	11%						
	Connectivity Systems	18%						
Industrial Solutions		41%						<ul style="list-style-type: none"> • Machinery building industry • Process industry • Tyre building industry • Medical industry • Robot industry • Automotive industry • Can making industry
	Connectivity Systems	23%						
	Manufacturing Systems	18%						