

## Press release

TKH Group N.V. (TKH)  
Trading update Q3 2010

# Continued improvements in turnover and profit in third quarter

## Key items third quarter

- Turnover up 23.7%, increase in all three segments.
- Excellent performance Industrial Solutions, with turnover rise of 51.9% and a further increase in order intake.
- Operational result (EBITA) up 57.9%.
- Announcement of intention to acquire Optelecom-NKF in security segment.

## Outlook

- Profit outlook: TKH expects net profit before amortisation for the full year 2010 to be at the top of the earlier predicted range of € 34 million to € 38 million and to be at least € 36 million.

## Key figures first nine months

(in € million unless otherwise stated)

	Nine months 2010	Nine months 2009	Difference in %
Turnover	642.4	532.7	+ 20.6
EBITA before exceptional charges	47.6	24.7	+ 92.6
EBITA after exceptional charges	47.6	13.9	+ 243.2
Net profit before amortisation <sup>1)</sup> and exceptional charges	27.2	9.1	+ 200.2
Net profit	24.2	-1.6	
Net earnings per ordinary share (in €)	0.65	-0.05	
Solvency ratio	44.0%	44.9%	
ROS	7.4%	4.6%	

## Key figures third quarter

(in € million unless otherwise stated)

	Q3 2010	Q3 2009	Difference in %
Turnover	221.7	179.2	+ 23.7
EBITA before exceptional charges	17.2	10.9	+ 57.9
EBITA after exceptional charges	17.2	7.3	+136.1
Net profit before amortisation <sup>1)</sup> and exceptional charges	9.3	4.6	+ 100.7
Net profit	8.2	1.1	
ROS	7.8%	6.1%	

<sup>1)</sup> Amortisation of intangible non-current assets relating to acquisitions (after taxes).

*Alexander van der Lof, CEO of technology company TKH: "The positive development of turnover and profit continued in the third quarter. The Industrial Solutions segment in particular showed excellent results. The innovations in this segment are stimulating demand among our customers due to the quality and efficiency improvements they can realise with the TKH solutions. This allowed us to once again increase growth in market share. We further increased spending on innovations and the expansion of the commercial organisation in the Telecom and Building Solutions segments, in order to increase the growth in these segments."*

### **Developments third quarter**

Turnover in the third quarter of 2010 rose 23.7% to € 221.7 million (Q3 2009: € 179.2 million). Of this total, 4.6% was due to higher raw materials costs charged on to customers. Alphasatronics, acquired in 2010, accounted for 0.7% of total turnover.

EBITA before exceptional charges was up 57.9% to € 17.2 million (Q3 2009: € 10.9 million). Industrial Solutions booked the strongest increase in EBITA, on the back of a 51.9% rise in turnover compared with the same period of last year. EBITA in Building Solutions dropped due to higher cost levels for the development of innovations and due to capacity limitations because of the relocation of two key locations in the Netherlands and France. The above-mentioned effects were more than offset by an increase in EBITA in Telecom Solutions, partly as a result of a one-off gain of net € 2 million from the divestment of the GSM activities in Poland.

In the third quarter of 2010, costs were at a comparable level to the second quarter and increased by € 5.6 million when compared to the third quarter of 2009 due to the increased level of activities. The ROS before exceptional charges increased to 7.8% compared with 6.1% in the third quarter of 2009. Net profit before amortisation and exceptional charges came in at € 9.3 million (Q3 2009: € 4.6 million). The net profit after amortisation and exceptional charges rose to € 8.2 million in the third quarter (Q3 2009: 1.1 million).

The working capital fell slightly by € 2.7 million compared to 30 June 2010. The working capital as a percentage of turnover was 11.1%. TKH operates well within the financial ratios agreed with its banks. The net bank debt at the end of the third quarter of 2010 stood at € 86.8 million, a decrease of € 8.0 million compared to the second quarter. The solvency ratio stood at 44.0% (Q3 2009: 44.9%).

### **Telecom Solutions**

In the Telecom Solutions segment, turnover came in at € 40.9 million, up 6.1% from € 38.5 million in the third quarter of 2009. Turnover was boosted particularly in the indoor telecom systems segment, as a result of growing demand from consumers for ICT and multimedia solutions. Turnover in the optical fibre networks segment was up slightly, while turnover in copper network systems dropped slightly.

## **Building Solutions**

Turnover in Building Solutions increased 7.2% to € 78.9 million, from € 73.6 million in the third quarter of 2009. TKH saw turnover rise in all three sub-segments: building technologies, security systems and connectivity systems. The increase in connectivity systems was influenced by more limited capacity due to the relocation of production capacity in the Netherlands and a central warehouse in France. This limitation will be solved in the course of the fourth quarter.

## **Industrial Solutions**

Turnover in the Industrial Solutions segment increased 51.9% to € 102.0 million, from € 67.2 million in the third quarter of 2009. Both connectivity systems and manufacturing systems contributed to the higher turnover, with manufacturing systems making the greatest contribution to the increase. The considerable growth in turnover resulted partly from growing demand for capital goods, as well as an increase in market share due to the strong innovations. Order intake is showing a rising trend.

## **Developments first nine months**

Turnover in the first nine months of 2010 was up 20.6% at € 642.4 million. Of this increase, 5.8% was due to higher raw materials prices charged on to customers. The EBITA before exceptional charges in the first nine months rose by 92.6% to € 47.6 million (2009: € 24.7 million). Net profit before amortisation and exceptional charges in the first nine months rose by 200.2% to € 27.2 million (2009: € 9.1 million). Net profit after amortisation and exceptional charges rose to € 24.2 million in the first nine months.

## **Recent developments**

This morning, TKH announced it has entered into a merger agreement in respect of the intended acquisition (so-called cash merger) of the activities of Optelecom-NKF Inc. in Germantown, United States. Optelecom is listed on the NASDAQ and is a supplier of advanced video surveillance solutions. Its range includes IP cameras, video servers/codecs, network video recorders, fiber transmission equipment, video management software and video content analyses. Optelecom-NKF delivers complete solutions for traffic monitoring and security of airports, seaports, casinos, prisons, utilities, public transit, hospitals and industrial areas. The company has 120 employees, of which 70% is active in the Netherlands and has an annual turnover level of around € 25 million, with activities in Europe, the United States and Asia. We expect to finalise the transaction in the first quarter of 2011 and expect the takeover to have a positive impact on TKH's earnings per share as of 2012. The acquisition will be financed from available funds.

## Outlook

The order portfolio within Telecom Solutions has increased and there are signs of fewer restrictions with respect to the financing of new projects for optical fibre networks. Investments in the maintenance of copper telecom networks remain at a low level.

It is expected that in Building Solutions, investments in the utility sector in Europe will drop. On the other hand, some market segments are showing growth, including the market for infrastructure projects and the market for alternative energy generation. The innovations in the TKH group in the field of security and energy-saving systems also offer perspective for growth.

The increased value of Asian currencies and higher raw materials prices are having a negative impact on margins in the Telecom and Building Solutions segments.

In Industrial Solutions, order intake is at a high level in all market segments in which TKH is active. The order portfolio is well filled and capacity utilisation is showing a rising trend.

Barring unforeseen circumstances and based on the results realised in the first nine months of the year and the outlook for the coming months, TKH expects net profit before amortisation for the full year 2010 to be at the higher end of the earlier predicted range of € 34 million to € 38 million, and to be at least € 36 million.

Haaksbergen, 11 November 2010

Executive Board

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## Key dates

9 March 2011	Annual results 2010
4 May 2011	Trading update Q1 2011
17 May 2011	General Meeting
24 August 2011	Q2 and first half results 2011
10 November 2011	Trading update Q3 2011



## Profile TKH

Technology company TKH Group NV (TKH) is an internationally active group of companies that specialises in the creation and delivery of innovative Telecom, Building and Industrial Solutions.

TKH specialises in solutions rather than certain types of activity. In TKH's business segments Telecom Solutions, Building Solutions and Industrial Solutions basic technologies in the fields of ICT and electro-technology from the various operating companies are combined – frequently in partnership with suppliers - to develop total solutions.

Specialists in the fields of marketing, process development, design, engineering and logistics add the final touch of advice and project implementation to enable TKH to offer its clients truly custom-made solutions. We subsequently offer these locally-developed concepts internationally, making optimal use of TKH's in-house experience and know-how.

Telecom Solutions develops, produces and supplies systems ranging from outdoor infrastructure for telecom and CATV networks through to indoor home networking applications. The focus in this business is to provide clients with systems that are totally care-free due to the accompanying system guarantees we provide. TKH Telecom Solutions operates in three distinct sub-segments: optical fibre networks, copper networks and indoor telecom systems.

Building Solutions develops, produces and supplies solutions in the field of efficient electro-technology ranging from applications within buildings through to technical systems that – combined with software – provide efficiency solutions for the care and security sectors. Building Solutions operates in three distinct sub-segments: building technologies, security systems and connectivity systems.

Industrial Solutions, develops, produces and supplies solutions ranging from specialty cable, "plug and play" cable systems through to integrated systems for the production of care and truck tyres. Industrial Solutions operates in two distinct sub-segments: connectivity systems and manufacturing systems.

TKH's continuous focus on research and development gives the company a portfolio of products and services that guarantee technologically-advanced solutions. TKH and its various operating companies are active worldwide. Growth is concentrated in North West and Central and Eastern Europe and Asia. In 2009, TKH booked turnover of € 726 million with a workforce of 3,564 employees.