

## Press release

TKH Group N.V. (TKH)  
Annual results 2010

# Innovations boost results and market share

## Highlights 2010

- Turnover up 23.0% to € 893.5 million, organic rise 16.3%.
- Strong increase EBITA to € 73.4 million, largely from the Industrial Solutions segment.
- Turnover contribution from innovations 20.9%.
- Investments in R&D and commercial organisation strengthen TKH's foundations.
- Completion of relocation three key production facilities in the Netherlands, France and China.
- Reduction net bank debt to € 63.9 million despite increased activity level.
- Dividend proposal € 0.61 per (depository receipt for an) ordinary share.

## Highlights Q4

- Turnover and profitability back at 2008 levels.
- Record order intake in Industrial Solutions.

## Outlook

- TKH expects to have a solid starting position to improve both turnover and result in 2011 compared to 2010.

## Key figures full year

(in € million unless otherwise stated)	2010	2009	Change in %
Turnover	893.5	726.4	+ 23.0
EBITA	73.4	28.5	+ 157.5
Net profit before amortisation <sup>1)</sup>	45.1	6.9	
Net profit	40.9	3.1	
Net earnings per ordinary share (in €)	1.10	0.07	
Solvency	47.1%	43.9%	
ROS	8.2%	3.9%	
ROCE	20.0%	6.9%	
Dividend proposal (in €)	0.61	0.50	

## Key figures fourth quarter

(in € million unless otherwise stated)	Q4 2010	Q4 2009	Change in %
Turnover	251.2	193.7	+ 29.7
EBITA	25.8	14.6	+ 76.2
Net profit before amortisation <sup>1)</sup>	17.9	5.6	
Net profit	16.7	4.6	
ROS	10.3%	7.6%	

<sup>1</sup> Amortisation intangible fixed assets related to acquisitions (after taxes)

Alexander van der Lof, CEO of TKH, says: *“The innovations have made a significant contribution to the substantial increase in the results and market share of TKH in 2010. The investments we have made in recent years have clearly translated into a strengthening of TKH’s position, as the resulting innovations have made our company stand out even more clearly. Our customers greatly appreciate our distinctive technology and services and this proves we are on the right track with our strategy aimed at making us a trendsetter in market niches. We will continue to extend our technological lead, while a historical record of investments into technological development in 2010 have laid a firm foundation for TKH group’s growth in the coming years.”*

### Financial developments

Turnover rose € 167.1 million or 23.0% to € 893.5 million in 2010, from € 726.4 million in 2009. Organic turnover growth corrected for the effects of raw materials prices and incidental revenues came in at 16.3%.

Industrial Solutions booked the greatest turnover growth at 40.2%. Building Solutions saw its turnover rise 16.4%, while Telecom Solutions booked a turnover increase of 1.7%. The situation in Telecom Solutions improved in the second half of 2010, with organic turnover growth of 5.1% compared with a drop of 5.9% in the first half of 2010. Over the entire year 2010, the share in overall turnover from Industrial Solutions increased to 46% from 41%, while the contribution from Telecom Solutions dropped to 17% from 20% and Building Solutions dropped to 37% from 39%.

The gross margin fell to 39.0% in 2010, from 40.8% in 2009. This drop was due to the increase in work in progress, a shift in the activities mix and higher raw materials prices. Operating costs as a percentage of turnover dropped to 30.8% in 2010 from 36.9% in 2009. The efficiency measures ensuing from the more focused deployment of resources within the group and the reduction of overhead costs contributed to this reduction. In 2010, we made targeted investments in the acceleration of innovations and the strengthening of the commercial organisation. In the course of the first quarter of 2010, we also fully reversed the measures taken in 2009 to reduce working hours.

Depreciations were below the level of 2009 (€ 16.2 million) at € 13.6 million in 2010, due to the low level of investments in 2009 and the first half of 2010.

The operating result before amortisation of intangible assets (EBITA) rose by 157.5% to € 73.4 million in 2010, from € 28.5 million in 2009. In 2009 restructuring costs of € 12.2 million were included. The EBITA rise was most notable in Industrial Solutions, due to the considerable increase in turnover. The relocation of three key production facilities in the Netherlands, France and China led to capacity limitations within Building and Telecom Solutions. The impact of same was counterbalanced by a net gain of € 2 million due to a divestment and by compensation for the move of a production facility in China. In the second half of 2010, Telecom Solutions showed a recovery, this could however not fully compensate the decrease in EBITA in the first half year.

The ROS increased to 8.2%, from 3.9% in 2009. The exceptional turnover and results development within Industrial Solutions contributed to the high ROS of 10.3% in the fourth quarter of 2010 (Q4 2009: 7.6%).

Amortisation expenses were up € 2.4 million at € 11.4 million, compared with € 9.0 million in 2009, due to investments in R&D, software and acquisitions.

Financial expenses dropped to € 7.1 million in 2010, from € 9.4 million in 2009, largely as a result of a lower outstanding interest bearing debt and an on balance positive exchange rate effect of € 0.4 million compared with 2009. The result from participations improved by € 1.2 million to minus € 0.1 million.

The tax burden fell to 24.7% in 2010, from 39.3% in 2009, due to a greater share of profits from countries with a lower nominal tax rate, utilisation of loss compensation and relatively lower non-tax deductible costs.

Net profit before amortisation were € 45.1 million in 2010 (2009: € 6.9 million). Net profit rose to € 40.9 million in 2010, from € 3.1 million in 2009. The ordinary earnings per share came in at € 1.10, compared with € 0.07 in 2009.

The cash flow from operational activities dropped to € 55.2 million, from € 152.3 million in 2009. The comparison with 2009 is flawed due to the strong reduction of € 116.9 million in working capital in 2009. In 2010, the working capital as a percentage of turnover was up slightly at 9.9% (2009: 9.0%).

Net investments in real estate and equipment came in at € 15.4 million in 2010; the majority of this was related to investments in production facilities. A further €19.6 million was invested in acquisitions and obtaining strategic interests. Net bank debt had fallen to € 63.9 million at year-end 2010, down € 5.5 million compared with year-end 2009. The solvency was up at 47.1%, from 43.9% in 2009. TKH operates well within the financial ratios agreed with the banks. The net debt/EBITDA ratio was 0.7 and the interest coverage ratio stood at 12.2.

The number of staff (FTEs) at year-end 2010 was 3,706, up from 3,564 at year-end 2009.

## **Progress in realisation of goals and execution of strategy**

The investments in our innovations have resulted in major steps forward in TKH's strategic development. We have further extended our technological lead in a large number of segments in the TKH group. This meant that, despite a historical record of investments in technological developments, the margin improved strongly to 8.2%. All of this combined means we took important steps towards realising the increase in the margin (ROS) target to 9 to 10% as announced in March 2009.

We have further extended our differentiating potential, which allows us to expand our leading positions in the niche markets in which TKH is active and forge new positions in other segments. The transformation is not yet complete. In the coming years we will further focus on innovation and positioning TKH activities in interesting market niches where we can achieve above-average returns.

A strong improvement in margin combined with a relatively low working capital means we realised an ROCE of 20.0% in 2010 (2009: 6.9%), which is within the targeted bandwidth of 18% to 20%. TKH therefore strengthened its financial position and the financial resources for acquisitions increased to a range of € 100 million to € 150 million. Acquisitions in combination with the geographic expansion of our activities, plus technological developments will be a high priority, with a focus on security systems.

The strong contribution from innovations in the turnover for 2010, at 20.9% (2009: 20.1%), once again illustrates the success of the TKH group. These innovations are a key driver for TKH group's organic growth.

## Developments per solutions segment

### Telecom Solutions

#### Profile

Telecom Solutions develops, produces and delivers systems for applications from basic outdoor infrastructure for telecom and CATV networks to indoor home networking. The focus is on providing customers with care-free systems due to the system guarantees we provide. Around 40% of the portfolio consists of optical fibre and copper cable for node-to-node connections. The remaining 60%, consisting of components and systems in the field of connectivity and peripheral equipment, is used mainly in the network's nodes.

#### Key figures full year Telecom Solutions

(in € million unless otherwise stated)	2010	2009	Change in %
Turnover	151.8	149.2	+ 1.7
EBITA	13.9	14.6	- 4.5
ROS	9.2%	9.8%	

Turnover in the Telecom Solutions segment rose 1.7% to € 151.8 million. The divestment in the third quarter of 2010 of the GSM activities in Poland had a negative impact of 2.2% on turnover. The increase in turnover was realised in the indoor telecom systems segment. The other segments, copper network systems and fibre network systems, showed a slight drop in turnover.

EBITA fell to € 13.9 million. The drop in EBITA was largely due to lower capacity utilisation as a result of the cold winter in the first quarter of 2010 and the increased raw materials costs due to the higher value of Asian currencies. The situation improved in the second half of the year and EBITA increased slightly compared to the same period of the previous year. In addition, the divestment of the GSM activities generated an exceptional gain of € 2 million. Disregarding this one-off item, EBITA in the second half also showed an increase compared with the first half of the year.

#### Indoor telecom systems - home networking systems, broadband connectivity, IPTV-software solutions – turnover share 4.9%

Turnover was up 11.3%, on the back of higher consumer spending levels and increased priority for investments in multimedia systems and auxiliary equipment for upgrading broadband connections. Activities for IPTV solutions also increased, while the market responded positively to the introduction of the compact IPTV system for small-scale solutions in the care and hospitality market.

#### Fibre network systems – fibre optic, fibre optic cable, connectivity systems and components, active equipment – turnover share 7.1%

Turnover dropped by 0.9%. The drop in the first half due to the severe frost period was compensated for almost entirely by an increase of 12.1% in the second half. Pressure on the margins came from a worldwide strong increase in optical fibre production capacity as well as the higher purchasing value of the raw materials due to the increase in the value of Asian currencies.

Worldwide demand for optical fibre increased by 1%. Volume growth at TKH was more or less at the same level as the growth in the market. The investment priority for optical fibre networks continued to increase and investment financing in Europe was more favourable than in 2009. In view of the increase in the number of projects in the pipeline, we expect further growth in investments in optical fibre networks. Anticipating the expected increase in demand, we have decided to double TKH group's production capacity for optical fibre as per the end of 2011. We also decided to participate in a joint venture for the production of pre-forms. TKH acquired a 12.5% stake in this joint venture. The investment strengthens TKH's position in the worldwide market for optical fibre systems.

**Copper network systems – copper cable, connectivity systems and components, active equipment – turnover share 5.0%**

Turnover in this segment dropped by 2.9% which is in line with the drop in demand due to a shift in priority from investments in copper networks to optical fibre networks. In the fourth quarter of 2010, turnover was up more than 16% compared with the fourth quarter of 2009, due to a brief recovery of maintenance investments in copper networks.

## Building Solutions

### Profile

*Building Solutions develops, produces and delivers solutions in the field of efficient electro technical technology ranging from applications within buildings to technical systems which, linked to software, provide efficiency solutions for the care and security sectors. The know-how focuses on connectivity systems combined with efficiency solutions to reduce the throughput-time for the realisation of installations within buildings. In addition, the segment focuses on intelligent video, intercom and access monitoring systems for a number of specific sectors, including elderly care, parking and security for buildings and work sites.*

### Key figures full year Building Solutions

(in € million unless otherwise stated)	2010	2009	Change in %
Turnover	329.5	283.1	+ 16.4
EBITA	21.2	16.0	+ 32.5
ROS	6.4%	5.7%	

Turnover within the Building Solutions segment rose to € 329.5 million. Higher raw materials prices had a positive impact of 6.3% on turnover. The growth was booked primarily on infrastructure projects, projects for alternative energy applications and security solutions. The market for building and construction projects continued to decline in the Netherlands. However, the situation in this market in France improved. The relocation of production capacity in the Netherlands and the relocation of the central logistics centre in France had a slightly negative impact on turnover in the second half of the year. The restrictions were lifted in the course of the fourth quarter of the year.

EBITA increased to € 21.2 million. This rise was the result of the turnover growth, despite higher costs associated with investments and the strengthening of the



commercial organisation. These investments had a particularly strong positive impact in the sub-segments building technologies and security systems. We also anticipated a further expansion of our market share, with a particular focus on internationalisation. The impact on the results of the limitations in production capacity and logistics capacity were offset by income related to the relocation of a production facility in China.

The ROS increased slightly despite higher costs associated with investments in both innovations and the commercial organisation.

**Building technologies – energy-saving light and light switch systems, energy management systems, care systems, structured cabling systems – turnover share 8.0%**

Turnover was up 3.0% despite the reluctance to invest in the building and construction market. Innovations in the field of energy-saving systems and systems for the care sector resulted in turnover growth. We increased the investments in product and market development in the context of the continued internationalisation of this portfolio and the expansion of our technological lead in a number of segments.

**Security systems – systems for CCTV, video/audio analysis and detection, intercom, access control and registration, central control room integration – turnover share 10.0%**

Turnover increased by 10.5%. This growth was due to the international roll-out of TKH's security systems. The lower investments within the building and construction sector restricted growth in this segment. We gained new market positions in France, Poland, Germany and Scandinavia, as a result of the strengthening of our international commercial organisation and through the innovations in the security portfolio. TKH's differentiating potential in the field of video analysis and detection systems and integrated security solutions in particular enabled the company to establish new market positions. One breakthrough was TKH's development of a customised integrated security solution for the retail market, which makes it possible to optimise the efficiency and turnover in a store. TKH made key moves towards increasing the turnover contribution from the security segment to 20% in 2012, partly through the acquisition of Optelecom-NKF, as announced at the end of 2010.

**Connectivity systems – specialty cable, connectivity components and systems for shipping, rail, infrastructure, solar and wind energy as well as installation and energy cable for niche markets – turnover share 18.9%**

Turnover was up 27.0% in this segment, with 13.4% of this rise due to increased raw material prices. Turnover improved considerably due to increased demand for both solar connectivity and infrastructure systems and further internationalisation in this segment for marine and offshore projects. The margins for projects in the building and construction sector came under pressure from the low investment levels in the sector. Although some customers once again invested in inventory build-up, customers still demanded short delivery times for most projects due to inventory limitations. The capacity limitations due to the relocation of production capacity meant we were not always able to respond adequately at all times. We build and opened a new factory in China for data communication and specialty cable to replace the existing location. We closed a production facility in The Netherlands and relocated the capacity to one of the other production facilities in The Netherlands.

## Industrial Solutions

### Profile

*Industrial Solutions, develops, produces and delivers solutions ranging from specialty cable, plug and play cable systems to integrated systems for the production of car and truck tyres. Its knowledge in the field of automation of production processes and the improvement of the reliability of production systems gives TKH the distinctive ability to respond to the need in a number of specialised industrial sectors, such as tyre manufacturing, robotics, medical and machine construction industries, to increasingly outsource the construction of production systems or modules.*

### Key figures full year Industrial Solutions

(in € million unless otherwise stated)	2010	2009	Change in %
Turnover	412.2	294.1	+ 40.2
EBITA	47.8	5.4	+ 786.7
ROS	11.6%	1.8%	

Turnover in the Industrial Solutions segment increased to € 412.2 million. Higher raw materials prices boosted the turnover by 7.2%. The turnover increase came from both connectivity systems and manufacturing systems. The increase was greatest in manufacturing systems, at 50.8%. A strong increase in the willingness to invest in capital goods in the industrial sector was a key factor in the higher turnover. In addition, we gained considerable market share through the investments in recent years in the field of innovations and the commercial organisation. The resilience of the organisation that enabled this growth to be realised has been extremely valuable. It is also obvious we made the right choices in 2009, by preparing for growth opportunities despite the very low level of activities at the time.

EBITA was up € 47.8 million, putting the result above the record level of 2008. The measures taken in 2009 to improve efficiency, reduce overhead costs and optimise the portfolio made a major contribution to the improvement of the results. The higher turnover combined with the many innovations also had a positive effect on the higher result. This resulted in an ROS of 11.6%, up from 1.8% in 2009.

### **Connectivity systems – specialty cable systems and modules for the medical, robot, automotive and machine building industries – turnover share 23.6%**

Turnover was up 31.4%. The higher raw materials prices had a positive effect of 13.2% on turnover. The turnover rise began in the second quarter of the year due to a strong increase in investment levels in the automotive sector. The strong growth in the robotics industry and machine building industry, especially in Germany, contributed to a strong growth in turnover. The trend towards outsourcing more complete modules and systems to cooperative partners is continuing, which allowed us to gain further market share. The sector for medical systems also showed growth. Measures to reduce working hours were completely reversed in the course of the first quarter of 2010.

**Manufacturing systems – advanced manufacturing systems for the production of car and truck tyres, can washers, product handling systems and machine operating systems – turnover share 22.5%**

Turnover was up 50.8%, due to a strong increase in order intake since the fourth quarter of 2009. There was a considerable increase in market share in the tyre manufacturing systems segment, to more than 60% from 40% in the outsourced market. The market share vis-à-vis Asian competitors grew particularly strongly, which translated into a considerable turnover rise in Asia. Innovations allowed us to further improve efficiency, production flexibility and the quality of the products. The considerably stronger financial position of our customer compared with 2009, together with the high return on investments for our customer, created more room for investments. The order intake during the year rose to a new record in the fourth quarter. Developments in other activities in the manufacturing systems segment were also positive.

### **Dividend proposal**

The General Meeting of Shareholders to be held on 17 May 2011 will be asked to approve the payment of a dividend of € 0.61 per (depository receipt for a) share (2009: € 0.50). This represents a pay-out ratio of 55% of the net profit. The proposal is for an optional dividend in either cash or in stock to be charged to the reserves. The determination of the stock dividend will take place one day after the optional period expires on the basis of the average share price during the final five days of trading of said optional period, which ends on 6 June 2011. The dividend will become payable in either cash or stock on 14 June 2011.

### **Nomination Supervisory Board**

Due to the retirement of Mr. A. van der Velden as a member of the Supervisory Board as of 19 October 2010, there is a vacancy on the Board. The Supervisory Board has determined that it is desirable for the Board to once again comprise five members in the future and has determined up a profile for the new member of the Supervisory Board to be appointed, taking into consideration the current profile outline. The General Meeting can recommend nominees for Supervisory Board membership to the Supervisory Board, taking into consideration the current profile. The central works council has also been informed of the vacancy that has arisen and the relevant profile.

### **Outlook**

The market conditions in most of the segments in which TKH is active have improved and show perspective for growth.

Within Telecom Solutions, we expect continued increases in investments in optical fibre networks and growth resulting from innovations within the indoor telecom systems segment. The turnover in copper networks will continue to decline, in line with developments in recent years.



The Building Solutions segment is a mixed bag. On the one hand, there is perspective for growth on the back of the innovations within the portfolio, while on the other hand the outlook for the building and construction market is challenging. On balance, we expect to realise growth in the Building Solutions segment.

The order portfolio for Industrial Solutions is at a high level, which put the segment in a positive starting position. We expect increased investments in the industrial sector, which will mean we will realise growth in this segment, too.

On balance, TKH expects to have in a good starting position, barring unforeseen circumstances, to improve the results for 2011 compared with 2010.

Haaksbergen, 9 March 2011

Executive Board

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## Agenda

11 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 customers 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 customers 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 2010, TKH booked turnover of € 894 million with a workforce of 3,706 employees.

## Consolidated profit and loss account

*In thousands of euros*

	<b>2010</b>	<b>2009</b>
<b>Net turnover</b> <sup>1)</sup>	<b>884,727</b>	<b>724,261</b>
Other operating income	<u>8,793</u>	<u>2,175</u>
<b>Total turnover</b>	<b>893,520</b>	<b>726,436</b>
Costs of raw materials, consumables, trade products and subcontracted work	<b>544,970</b>	430,129
Personnel expenses	<b>174,216</b>	170,487
Depreciation	<b>13,605</b>	16,249
Amortisation	<b>11,375</b>	9,015
Impairment	<b>335</b>	3,742
Other operating expenses	<u>87,342</u>	<u>81,071</u>
<b>Total operating expenses</b> <sup>2)</sup>	<b>831,843</b>	<b>710,693</b>
<b>Operating result</b>	<b>61,677</b>	<b>15,743</b>
Financial income and expenses	<b>-7,140</b>	-9,385
Share in result of associates	<u>-105</u>	<u>-1,322</u>
Result before tax	<b>54,432</b>	<b>5,036</b>
Tax on profit	<b>13,556</b>	<b>1,986</b>
<b>Net result</b>	<b><u>40,876</u></b>	<b><u>3,050</u></b>
Attributable to:		
Shareholders of the company	<b>40,205</b>	<b>2,652</b>
Minority interest	<u>671</u>	<u>398</u>
	<b><u>40,876</u></b>	<b><u>3,050</u></b>
<b>Earning per share</b>		
Weighted average number of shares (x 1,000)	<b>36,662</b>	35,894
Weighted average number of shares for the purpose of diluted earnings per share (x 1,000)	<b>36,704</b>	36,086
Ordinary earnings per share before amortisation (in €) <sup>3)</sup>	<b>1.21</b>	0.18
Ordinary earnings per share (in €)	<b>1.10</b>	0.07
Diluted earnings per share (in €)	<b>1.10</b>	0.07

<sup>1)</sup> Inclusive changes in inventory of finished goods, work in progress and construction contracts of € 53.2 million (2009: € -53.9 million).

<sup>2)</sup> The total operating expenses of 2009 include, besides exceptional impairment losses, € 12.2 million for non-recurring expenses as a result of restructuring. These costs relate to Personnel costs.

<sup>3)</sup> Non-IFRS disclosure.

## Consolidated balance sheet

*In thousands of euros*

	2010	2009
<b>Assets</b>		
<u>Non-current assets</u>		
Intangible non-current assets	167,770	167,273
Tangible non-current assets	153,737	147,929
Investment property	3,363	3,334
Financial non-current assets	11,346	2,112
Deferred tax assets	7,782	7,858
<b>Total non-current assets</b>	<b>343,998</b>	<b>328,506</b>
<u>Current assets</u>		
Inventories	137,336	114,957
Receivables	165,260	146,263
Cash and cash equivalents	23,027	43,554
<b>Total current assets</b>	<b>325,623</b>	<b>304,774</b>
Assets held for sale	7,165	8,850
<b>Total assets</b>	<b>676,786</b>	<b>642,130</b>
<b>Equity and liabilities</b>		
<u>Group equity</u>		
Shareholders' equity	317,465	280,536
Minority interest	1,565	1,324
<b>Total group equity</b>	<b>319,030</b>	<b>281,860</b>
<u>Non-current liabilities</u>		
Non-current liabilities	55,000	72,000
Deferred tax liabilities	30,337	29,968
Provision for pensions	12,016	12,613
Other provisions	8,511	8,668
<b>Total non-current liabilities</b>	<b>105,864</b>	<b>123,249</b>
<u>Current liabilities</u>		
Borrowings	31,943	40,944
Trade and other payables	211,554	179,866
Current income tax liabilities	5,523	3,483
Provisions	2,872	12,728
<b>Total current liabilities</b>	<b>251,892</b>	<b>237,021</b>
<b>Total equity and liabilities</b>	<b>676,786</b>	<b>642,130</b>

## Consolidated cash flow statement

*In thousands of euros*

	<u>2010</u>	<u>2009</u>
<b>Cash flow from operating activities</b>		
Operating result	61,677	15,743
Depreciation and amortisation	26,279	29,257
Share and option schemes not resulting in a cash flow	821	747
(Gain)/loss on sale or disposal of tangible assets	-964	-251
Changes in provisions	-6,138	5,723
Changes in working capital	-7,012	116,893
Cash flow from operations	<u>74,663</u>	<u>168,112</u>
Interest paid	-7,157	-9,013
Income tax paid	-12,306	-6,809
<b>Net cash flow from operating activities (A)</b>	<u><u>55,200</u></u>	<u><u>152,290</u></u>
<b>Cash flow from investing activities</b>		
Dividend received from non-consolidated associates	70	0
Investments in tangible non-current assets	-20,977	-10,937
Divestments in tangible non-current assets	2,917	1,573
Result on investments and divestments of investment property	-12	186
Disposals of assets held for sale	2,649	300
Acquisitions of subsidiaries	-12,192	-802
Acquisitions of associates	-1,183	-1,009
Investments in intangible non-current assets	-3,813	-5,863
Investments in financial non-current assets	-6,262	0
<b>Net cash flow from investing activities (B)</b>	<u><u>-38,803</u></u>	<u><u>-16,552</u></u>
<b>Cash flow from financing activities</b>		
Dividends paid	-10,576	-14,409
Purchase shares for share and options schemes	-2,010	-758
Sold shares for share and option schemes	1,507	675
Repayments of long-term debts	-17,000	-57,275
Change in short-term borrowings	-9,001	-29,679
<b>Net cash flow from financing activities (C)</b>	<u><u>-37,080</u></u>	<u><u>-101,446</u></u>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<u><u>-20,683</u></u>	<u><u>34,292</u></u>
Exchange differences	156	-257
<b>Change in cash and cash equivalents</b>	<u><u>-20,527</u></u>	<u><u>-34,035</u></u>
Cash and cash equivalents at 1 January	<u>43,554</u>	<u>9,519</u>
Cash and cash equivalents at 31 December	<u><u>23,027</u></u>	<u><u>43,554</u></u>



## Consolidated statement of changes in group equity

<i>In thousands of euros</i>	<u>2010</u>	<u>2009</u>
<b>Balance as at 1 January</b>	<b>281,860</b>	<b>293,493</b>
Net result	40,876	3,050
Changes in cashflow hedges	797	-646
Revaluations of property	1,000	48
Change in tax rate	103	0
Revaluation of available-for-sale financial assets	1,861	0
Exchange differences	2,819	-383
<b>Total result</b>	<b>47,456</b>	<b>2,069</b>
Dividends paid	-9,598	-13,886
Dividends to minority shareholders	-978	-523
Acquisitions	-28	43
Share and option schemes (IFRS 2)	821	747
Purchased shares for share and option schemes	-2,010	-758
Sold shares for share and option schemes	1,507	675
<b>Balance at 31 December</b>	<b>319,030</b>	<b>281,860</b>

## Consolidated statement of comprehensive income

<i>In thousands of euros</i>	<u>2010</u>	<u>2009</u>
<b>Result for the period</b>	<b>40,876</b>	<b>3,050</b>
Currency translation differences	2,819	-383
Effective portion of fair value changes of cash flow hedges (after taxes)	797	-646
Revaluation of property	1,000	2,037
Revaluation of available-for-sale financial assets	1,861	0
Result arising on impairment of assets classified as held-for-sale	0	-1,989
Change in tax rate	103	0
<b>Net income and expense recognized directly in equity</b>	<b>6,580</b>	<b>-981</b>
<b>Total result for the period</b>	<b>47,456</b>	<b>2,069</b>
<b>Attributable to:</b>		
Shareholders of the company	46,785	1,671
Minority interests	671	398
<b>Total result for the period</b>	<b>47,456</b>	<b>2,069</b>

## Notes to the financial statements

### 1. Accounting principles for financial reporting

For the accounting principles of the financial statements of TKH Group N.V. we refer to the annual report of 2010.

### 2. Segmented information

In thousands of euros

	Telecom solutions		Building solutions		Industrial solutions		Unallocated		Totaal	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
<b>First half year</b>										
<b>Net turnover</b>	70,264	74,041	160,341	134,352	190,010	145,087			420,615	353,480
<b>Segment EBITA</b>	5,374	8,060	11,076	3,928	18,309	-1,573	-4,378	-3,841	30,381	6,574
Ammortisation & impairments	-443	-384	-3,000	-2,098	-1,862	-1,851	-7		-5,312	-4,333
<b>Operating result</b>	4,931	7,676	8,076	1,830	16,447	-3,424	-4,385	-3,841	25,069	2,241
Financial income and expenses									-2,352	-5,557
Result associates									24	-350
Taxes									-6,777	1,021
<b>Net result</b>									15,964	-2,645
<b>Second half year</b>										
<b>Net turnover</b>	81,491	75,187	169,205	148,785	222,209	148,984	0	0	472,905	372,956
<b>Segment EBITA</b>	8,544	6,513	10,158	12,099	29,535	6,969	-5,231	-3,655	43,006	21,926
Ammortisation & impairments	-470	-435	-3,192	-3,915	-2,571	-4,074	-165	0	-6,398	-8,424
<b>Operating result</b>	8,074	6,078	6,966	8,184	26,964	2,895	-5,396	-3,655	36,608	13,502
Financial income and expenses									-4,788	-3,828
Result associates									-129	-972
Taxes									-6,779	-3,007
<b>Net result</b>									24,912	5,695
<b>Total</b>										
<b>Net turnover</b>	151,755	149,228	329,546	283,137	412,219	294,071			893,520	726,436
<b>Segment EBITA</b>	13,918	14,573	21,234	16,027	47,844	5,396	-9,609	-7,496	73,387	28,500
Ammortisation & impairments	-913	-819	-6,192	-6,013	-4,433	-5,925	-172		-11,710	-12,757
<b>Operating result</b>	13,005	13,754	15,042	10,014	43,411	-529	-9,781	-7,496	61,677	15,743
Financial income and expenses									-7,140	-9,385
Result associates									-105	-1,322
Taxes									-13,556	-1,986
<b>Net result</b>									40,876	3,050

### 3. Overview of net profit definitions

*In thousands of euros*

	2010	2009
Net profit attributable to shareholders of the company	40,205	2,652
Net profit attributable to minority shareholders	671	398
<b>Net profit</b>	<b>40,876</b>	<b>3,050</b>
Amortisation of acquisition-related intangible assets based on "purchase price allocations"	6,014	5,544
Taxes on the amortisation	-1,824	-1,716
<b>Net profit before amortisation and exceptional charges</b>	<b>45,066</b>	<b>6,878</b>

### 4. Annual report

The Consolidated profit and loss account, Consolidated balance sheet, Consolidated statement of changes in group equity and Consolidated cash flow statement, as included in this press release, are based on the annual accounts prepared as of 31 December 2010, which have not yet been published in compliance with legal requirements. In accordance with Section 2:395 of the Dutch Civil Code, we report that our auditor, Deloitte Accountants B.V., has issued an unqualified auditor's report on the annual accounts dated March 8, 2011. For the understanding required to make a sound judgement as to the financial position and results of TKH Group N.V. and for a satisfactory understanding of the scope of the audit by Deloitte Accountants B.V., this press release should be read in conjunction with the annual accounts from which this press release has been derived, together with the auditor's report thereon issued by Deloitte Accountants B.V. We expect to be able to publish these documents at the beginning of April 2011. The annual accounts will be submitted to the General Meeting of Shareholders on 17 May 2011 for approval.