

Press Release

TKH Group N.V. (TKH)
Trading update 1st quarter 2011

TKH books record turnover in first quarter 2011

- Turnover rises 39.9% to € 278.6 million.
- EBITA improved with 83.7% to € 23.0 million.
- Industrial Solutions realized excellent results.
- Lower tax burden due to utilization of tax benefits Dutch innovation box.

Key figures (in mln €, unless stated otherwise)

	Q1 2011	Q1 2010	Difference in %
Turnover	278.6	199.1	+ 39.9
EBITA	23.0	12.5	+ 83.7
Net profit before amortisation ¹⁾	16.3	7.5	+ 117.8
Net profit	15.0	6.5	+ 131.4
ROS (in %)	8.3	6.3	

¹⁾ Amortisation of acquisitions and related intangible assets (after taxes).

Alexander van der Lof, CEO of technology company TKH: "Turnover and profit developed successful during the first quarter, which was a continuation of the positive line seen in the previous quarters. TKH was able to realise the strong turnover growth due to its efficient organisation and timely measures to expand capacity. Our innovative strength enabled us to win new market share on a number of fronts. As a result of higher turnover and better capacity utilization our EBITA increased more than proportionately."

Developments first quarter

Turnover rose by € 79.5 million (39.9%) to € 278.6million (Q1 2010: € 199.1 million), with 32.7% organic growth and 4.3% due to increased prices of raw materials. Acquisitions accounted for 2.9% of the turnover growth. Turnover increased by € 27.5 million compared with the fourth quarter of 2010.

Industrial Solutions booked the highest turnover growth with 61.1% compared with the first quarter of 2010. Telecom Solutions saw turnover increase by 7.0%, while Building Solutions booked 30.7% higher turnover.

TKH's operating result before amortisation (EBITA) was up by 83.7% to € 23.0 million in the first quarter of 2011, from € 12.5 million in the first quarter of 2010. The increase was due to the strong rise in turnover and the subsequent increase in capacity utilization. The ROS increased to 8.3% (Q1 2010: 6.3%). Amortisation increased by € 0.4 million to € 2.9 million (Q1 2010: € 2.5 million) due to investments in R&D and the acquisitions of Alphatronics and Optelecom-NKF.

Financial expenses rose to € 1.7 million in the first quarter of 2011 from € 1.1 million the first quarter of 2010. This increase was primarily due to increased bank debts and a less positive currency difference of € 0.5 million compared with the first quarter of 2010.

The effective tax burden decreased to 18.4% (Q1 2010: 28.0%) due to the application of the innovation box of the Dutch tax authority. Of the realized tax advantages, € 1.0 million is related to previous periods, due to which the normalised tax burden amounted to 23.7%.

Net profit before amortisation amounted to € 16.3 million, a rise of 117.8% compared with the first quarter of 2010 (€ 7.5 million). Net profit for the first quarter of 2011 came in at € 15.0 million, a rise of 131.4% compared with the same period in 2010 (€ 6.5 million).

Net bank debts increased by € 42.9 million to € 1068 million from year-end 2010, as a result of higher operational levels, acquisitions, investments and the increase in working capital to 13% of turnover.

Telecom Solutions

Turnover in the Telecom Solutions segment rose by 7.0% to € 37.1 million. This turnover increase came primarily from the sub-segments fibre network systems and indoor telecom systems. Fibre network systems booked an increase in turnover, while last year turnover was under pressure due to the cold winter. Furthermore, European investments in fibre networks were under less pressure from the limitations on financing for fibre projects. Turnover in the sub-segment copper network systems fell due to a shift in priorities towards optical fibre systems and as a result of the divestment of the GSM activities in the third quarter of 2010. EBITA increased.

Building Solutions

Turnover in the Building Solutions segment rose by 30.7% to € 100.6 million. Acquisitions accounted for 7.6% of this growth, while increased prices of raw materials accounted for 5.0%, which means organic growth came in at 18.1%. All three sub-segments – building technologies, security systems and connectivity systems – booked higher turnover and profit. The strong growth of the activities in the field of solar (cable) systems contributed to the positive developments in connectivity systems. The integration of Optelecom-NKF in the security cluster is progressing well. EBITA increased, despite the one-off costs related to the acquisition of Optelecom-NKF.

Industrial Solutions

Turnover in the Industrial Solutions segment rose by 61.1% to € 140.9 million, with 5.3% of this due to increased prices of raw materials. Connectivity systems booked a significant increase in turnover, partly due to the sharp increase in demand for industrial systems in Germany. Manufacturing systems booked the strongest increase, as turnover virtually doubled compared with the first quarter of 2010. The order intake was slightly lower than in previous quarters. The sharp increase in

turnover and the resultant capacity utilisation and efficiency led to a sharp rise in EBITA for Industrial Solutions in the first quarter of 2011.

Outlook

TKH reiterates its forecast, announced at the publication of the 2010 annual results in March 2011, to the effect that barring unforeseen circumstances both turnover and profit for 2011 will be higher than in 2010. In line with previous years, TKH will be aiming to provide a forecast for the full year at the publication of its first-half results in August 2011.

Haaksbergen, 11 May 2011

Executive Board

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Calendar

24 May 2011	Annual General Meeting of Shareholders
24 August 2011	Q2 and first-half 2011 results
10 November 2011	Trading update Q3 2011

Profile

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.