

Press release

TKH Group N.V. (TKH)

Trading update Q1 2015

Highlights

- Turnover increased 7.1% at € 336.6 million, of which acquisitions accounted for 3.2% and exchange rate impact for 1.7%.
- Turnover Building Solutions up 21.9%, of which 10.0% organic, largely driven by success of vertical growth markets.
- Turnover Industrial Solutions down 3.3% due to reduced turnover in manufacturing systems segment in Asia – order intake at healthy level.
- EBITA up by 34.9% at € 36.0 million.
- EBITA Building Solutions doubled, also increase at Industrial and Telecom Solutions.

Key figures (in € million unless otherwise stated)

	Q1 2015	Q1 2014	Difference in %
Turnover	336.6	314.4	+ 7.1
EBITA	36.0	26.7	+ 34.9
Net profit before amortisation ¹⁾ attributable to shareholders	22.6	15.5	+ 45.4
ROS	10.7%	8.5%	

¹⁾ Amortisation of intangible fixed assets related to acquisitions (after tax).

Alexander van der Lof, CEO of technology company TKH: "In line with the developments in the fourth quarter, the Building Solutions segment in particular performed well. The doubling of the operating profit in this segment proof we are well on the way to realise our margin target in this segment as well. The focus on the growth markets we defined is a key driver of our success. The other segments also performed well. The reluctance to invest among Chinese tyre manufacturers, first noted in the fourth quarter of last year, due to uncertainty regarding high import duties in North America, did have a downward impact on turnover in the segment tyre manufacturing systems. However, order intake remained healthy because of increasing demand from other regions of the world."

Developments in the first quarter

Turnover came in 7.1% higher at € 336.6 million in the first quarter of 2015 (Q1 2014: € 314.4 million). Acquisitions accounted for 3.2% of this turnover growth. Higher exchange rates of foreign currencies compared to the euro had a positive impact of 1.7% on turnover. Raw material prices had virtually no impact on turnover. On balance, organic turnover growth stood at 2.2%.

Turnover growth in Building Solutions was solid at 21.9%. Turnover at Telecom Solutions increased by 5.8%, while turnover from Industrial Solutions declined by 3.3%. Innovations once again made a considerable contribution to turnover.

The operating result before amortisation of intangible assets and extraordinary income and expenses (EBITA) increased by 34.9% to € 36.0 million in the first quarter of 2015, from € 26.7 million in the first quarter of 2014. All segments showed an increase of the operating result.

ROS improved to 10.7% in the first quarter of 2015 (Q1 2014: 8.5%).

Net profit before amortisation attributable to shareholders came in 45.4% higher at € 22.6 million in the first quarter of 2015 (Q1 2014: € 15.5 million).

Net debt increased by € 75.4 million from the year-end 2014 figure and stood at € 240.2 million. This was due to the completion of the merger squeeze-out of minority shareholders Augusta Technologie AG in March 2015, financing part of the acquisition of Commend as well as a seasonal increase in working capital. The net debt/EBITDA ratio was 1.4 and the interest coverage ratio stood at 20.9, which means TKH is operating well within the financial ratios agreed with the banks.

Telecom Solutions

As of 1 January 2015, Telecom Solutions comprises two sub-segments: indoor telecom systems and fibre network systems.

Turnover in the Telecom Solutions segment was up 5.8% at € 40.6 million. Currency exchange rates had a positive impact of 1.4% on turnover. The increase was realised in both indoor telecom systems and in fibre network systems. TKH recorded turnover growth in both Asia and Europe. EBITA improved as a result of higher capacity utilisation and efficiency improvements.

Building Solutions

As of 1 January 2015, Building Solutions comprises two sub-segments: vision & security systems and connectivity systems.

Turnover in the Building Solutions segment increased by 21.9% to € 140.5 million in the first quarter of 2015. Acquisitions accounted for 8.6% of this growth, while currency exchange rates had a positive impact of 3.2% on turnover. The effect of higher raw materials prices was limited to 0.1%. On balance, organic growth came in at 10.0%. Although market conditions in the Benelux region failed to improve, TKH recorded strong growth in both connectivity systems and vision & security systems. This success was achieved by focusing on its vertical growth markets and the related international growth, driven by innovations. The EBITA doubled.

Industrial Solutions

Industrial Solutions comprises two sub-segments: connectivity systems and manufacturing systems.

Turnover in the Industrial Solutions segment fell by 3.3% to € 155.6 million in the first quarter of 2015. Currency exchange rates had a positive impact of 0.6% on turnover. Organically, turnover declined 3.9%. This decrease was largely due to the reluctance to invest among Asian tyre manufacturers. However, with an order intake of € 85 million in manufacturing systems in the first quarter, the order book remains well filled. EBITA increased as a result of efficiency and effective cost controls.

Outlook

TKH maintains its forecast with respect to its business segments as issued at the presentation of its annual results in March 2015. As usual, TKH aims to provide a more specific indication about the profit for the full year 2015 when it presents its interim results in August 2015.

Haaksbergen, 6 May 2015

Executive Board

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Agenda

7 May 2015	General Meeting of Shareholders
11 May 2015	Ex-dividend date
12 May 2015	Dividend record date
13 until 27 May 2015	Optional period
27 May 2015	Announcement of stock dividend exchange ratio (after close of market)
1 June 2015	Dividend available for payment
18 August 2015	Publication Q2 and interim results 2015
5 November 2015	Trading update Q3 2015

Profile

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

The TKH core technologies – *vision & security, communications, connectivity and manufacturing systems* – are interlinked to form complete systems and solutions in the solutions segments and associated vertical markets. TKH's goal is to use this interlinked approach to realise far-reaching synergies between the company's various business units.

Telecom Solutions develops, produces and supplies systems ranging from outdoor infrastructure for telecom and CATV networks through to indoor home networking applications. TKH Telecom Solutions operates in two distinct sub-segments: optical fibre networks and indoor telecom systems.

Building Solutions develops, produces and supplies solutions in the field of vision & security, communications and connectivity technology that range from applications in buildings and the built environment through to integrated systems that, linked to software, provide efficiency solutions for sectors such as the construction, healthcare, parking, ship building, oil and gas, traffic and security sectors. Building Solutions operates in two distinct sub-segments: vision & 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 car and truck tyres. The core technologies in this segment are vision technology, connectivity and system integration. Industrial Solutions operates in two distinct sub-segments: connectivity systems and manufacturing systems.

TKH aspires strong market positions – based mainly on own proprietary technologies and services – with a strong regional and international positioning. TKH and its various operating companies are active worldwide. Growth is concentrated in North West and Central and Eastern Europe and Asia. In 2014, TKH booked turnover of € 1.4 billion with a workforce of 5,030 employees.