

Press release
TKH Group N.V. (TKH)

TKH update

As announced in its update of 23 April 2020, TKH today publishes an interim update on the situation that has arisen as a result of the COVID-19 virus outbreak and the impact this is having on TKH's turnover and results.

COVID-19 situation

- The health of our people remains our top priority. In the various countries where we are active, we have taken all the measures laid down in the directives of the various governments, to ensure we can safeguard the continuity of the company and the safety of the working environment.
- From mid-May onwards, we have seen a decline in absenteeism, but this is still higher than average in the production environment due to the measures taken to make working as safe and healthy as possible. Productivity and capacity utilization levels were therefore lower than usual and we expect this situation to continue in the coming months.
- COVID-19 has had a negative impact on both TKH Group's turnover and results since the beginning of the outbreak. The lockdowns in France, Italy and the US, among others, had a significant impact in April and May. Following the easing of the measures in those countries in June, opportunities for deliveries have been re-emerging, but are not yet back at normal levels. In China, activity levels have recovered since March and has had only a limited impact.

Highlights Market Update H1

- Based on turnover realized up to and including May 2020 and the estimates for June, turnover in the first half of 2020 will decline organically between 8% and 9% compared with H1 2019. The decline will be strongest at Industrial Solutions and Telecom Solutions and to a lesser extent at Building Solutions.
- The operational profit before one-off income and expenses (EBITA) will decline between 13% and 16% in the first half of 2020. Here too, the decline will be strongest at Industrial Solutions and Telecom Solutions, and to a lesser extent at Building Solutions.
- A one-off charge of € 3 - 5 million will be taken in the second quarter, in the context of cost-savings measures.
- TKH continues to operate well within the financial ratio agreed with its banks.

The key developments per segment are set out below.

Telecom Solutions

- Fibre Optic Networks – The lockdown situation in Europe, and in France in particular, had a significant negative impact on deliveries in April and May. We expect this to normalize in the coming months and expect to see a recovery in the roll-out of fibre optic networks.

Building Solutions

- Care – Turnover in April and May declined slightly, although at this time there is increased demand for our communications solutions for healthcare alerts and elderly care. However, installation possibilities at healthcare facilities are currently limited due to the measures introduced at these facilities. Following the successful delivery of Indivion, the high-grade medicine dosage and

dispensing system, we have noted growing interest in large-scale investments in the Indivion technology from the US.

- Marine & Offshore – As a result of production restrictions due to the COVID-19 outbreak, production value was lower in April and May. Turnover in the shipbuilding market and in the cruise ship segment in particular has declined. In the offshore market, we won an additional large-scale contract for subsea connectivity systems for the 'Hollandse Kust Zuid' offshore wind turbine project to be realized by Vattenfall. This means capacity utilization is well covered for the coming quarters. We have good prospects of new contracts for offshore wind projects.
- Tunnel & Infra – Turnover in April and May declined as projects stagnated due to restrictions at installation firms that prevented them from carrying out work. Although the CEDD/Airfield Ground Lighting (AGL)-technology is still well-positioned for contracts, growth is expected to slow as a result of COVID-19 and related limitations in investments seen at airports due to the dramatic decline in demand. On the other hand, we have noted an increase in demand for energy cable systems for energy networks. We have decided to expand the production capacity in this area and expect this extra capacity to become operational in Q2 2021.
- Parking – In North America, TKH's main market within Parking, the freeze on projects at airports and in shopping centers as a result of the effects of the COVID-19 outbreak had a negative effect on turnover in April and May. TKH anticipates a lower investment level in the parking segment in the coming quarters and has significantly reduced its operating costs in this segment.
- Machine Vision – The growth recorded in the first quarter of 2020 continued, despite restrictions due to lockdowns, with growth mainly realized within the 3D vision segment.
- Other markets - In the building & construction segment, there are restrictions on the execution of projects and the COVID-19 measures have had an impact on production efficiency and output. We expect to see a modest recovery in the coming months.

Industrial Solutions

- Tire Building – Turnover declined as the delivery of a number of projects was postponed due to lockdown situations at customers. The restrictions due to lockdowns have now been reduced. The drop in demand at tire manufacturers has resulted in the postponement of investments. We expect order intake to decline in the coming quarters, due to the difficult situation in the tire building industry.
- Other markets – Turnover in the industrial sector is under pressure as a result of a reluctance to invest especially at machine builders and the robotics industry. This is having a negative impact on the industrial connectivity activities, primarily due to the reduction of inventories. We expect to see a modest recovery in the coming months, as the impact of inventory reductions will be more limited or no longer an issue.

Outlook

The economic uncertainty resulting from the COVID-19 outbreak are having an impact on TKH's activities and this is likely to continue in the second half of 2020. However, partly as a result of its solid financial position, TKH is optimally positioned to also benefit from the opportunities associated with its numerous innovations.

TKH will publish the definitive results for the first half of 2020 on 11 August 2020, together with a new update on the developments within TKH Group.

Haaksbergen, 18 June 2020

Executive Board

For more information: J.M.A. van der Lof MBA
Chairman of the Executive Board
 tel. + 31 (0)53 5732903
www.tkhgroup.com



Financial calendar

11 August 2020	Publication interim results 2020
17 November 2020	Market Update

Profile TKH Group NV

Technology firm TKH Group NV (TKH) is focused on high-end innovative technologies in high growth markets within three business segments: Telecom, Building and Industrial Solutions. Through a combination of four core technologies within the three business segments, TKH offers superior solutions that support to increase the efficiency, safety and security of its customers. The technologies are offered together with software to create smart technologies and one-stop-shop solutions with plug-and-play integrated technologies. TKH operates on a global scale. Its growth is concentrated in Europe, North America and Asia. Employing 5,980 people, TKH achieved a turnover of € 1.5 billion in 2019.