



Press release - TKH Group N.V. (TKH)
H2 and annual results 2021

Substantial organic growth in turnover and results

Financial highlights second half 2021

- Order intake in Q4 of € 512 million (Q4 2020: € 370 million) – Growth achieved in all segments.
- Turnover in H2 2021 increased by 30.7% to € 797.9 million, organic 27.5%.
- EBITA before one-off income and expenses increased by 58.1% to € 105.2 million, driven by higher turnover and cost efficiencies.
- ROS increases to 13.2% (H2 2020: 10.9%).
- Net profit before amortization and one-off income and expenses attributable to shareholders improved by 87.6% to € 64.5 million.
- Cash flow from operating activities was € 109.7 million (H2 2020: € 150.1 million and H1 2021: € 89.3 million) - driven by working capital improvement Q4.

Financial highlights 2021

- Order book increased by 74.3% (€ 318.2 million) to € 746.6 million per year-end as a result of record high order intake of € 1,842 million (2020: € 1,294 million).
- Turnover up 18.2% at € 1,523.8 million, organic growth 15.9%.
- EBITA before one-off income and expenses 39.9% higher at € 189.6 million – Strong increase in all segments.
- ROS up to 12.4% (2020: 10.5%).
- Net profit before amortization and one-off income and expenses attributable to shareholders increased by 62.0% to € 113.9 million – Above the previously communicated bandwidth (€ 106 - € 112 million).
- Strong financial position at year-end – Net debt / EBITDA ratio 0.9.
- Dividend proposal: € 1.50 per (depository receipt for) ordinary share (2020: € 1.00).

Strategic highlights 2021

- Strong demand confirmed strength of innovative technology portfolio, leading to a sharp recovery in results.
- Innovations at a high level with 19.8% turnover share.
- Strongly positioned to benefit from growth opportunities related to megatrends, supporting future organic growth.
- Launch of new program Accelerate 2025 with new ambitious growth targets.
- New segmentation based on Smart Technologies leads to more transparency and a clear view on value creation potential.

Second half results

(in € million unless otherwise stated)	H2 2021	H2 2020	Change in %
Turnover	797.9	610.4	+ 30.7%
EBITA before one-off expenses ^{1, 2)}	105.2	66.5	+ 58.1%
Net profit before amortization and one-off income and expenses attributable to shareholders ^{1, 3)}	64.5	34.4	+ 87.6%
ROS ¹⁾	13.2%	10.9%	

Full year results

(in € million unless otherwise stated)	2021	2020	Change in %
Turnover	1,523.8	1,289.4	+ 18.2%
EBITA before one-off expenses ^{1, 2)}	189.6	135.5	+ 39.9%
Net profit before amortization and one-off income and expenses attributable to shareholders ^{1, 2, 3)}	113.9	70.3	+ 62.0%
Net profit	95.2	47.5	+ 100.4%
Net earnings per ordinary share attributable to shareholders (in €)	2.31	1.14	+ 103.0%
ROS ¹⁾	12.4%	10.5%	
ROCE	20.5%	14.0%	
Dividend proposal (in €)	1.50	1.00	

1) One-off expenses in 2020 amounted to € 6.9 million, of which € 3.2 million in H2 2020.

2) For further details, see the 'Overview of alternative performance indicators' included after the financial statements.

3) Amortization of intangible non-current assets related to acquisitions (after taxes).

Alexander van der Lof, CEO of technology company TKH: "As we publish our results today, we are proud to show such strong growth and a record high order intake of € 1,842 million. At the same time though, our thoughts go out to all people in Ukraine, and in particular our 128 employees and their families in the area of Kiev. We are deeply concerned about the war and we are monitoring the situation carefully. We will support them across our organization as much as possible in this difficult and uncertain time.

Looking back at 2021, the demand for all our technologies and innovations has strongly recovered. We have proven to possess the capabilities and entrepreneurship within our organization to cope with the exceptional increase in demand in a very short period, despite the supply-chain challenges, COVID-19 restrictions, and limits on the availability of workforce.

As a result of our Simplify & Accelerate program, TKH has transformed into a streamlined and focused technology company. This has led to a new segmentation based on our three Smart Technologies, making our performance more transparent. We launched the Accelerate 2025 program at the Capital Markets Day on 17 November with new targets for 2025, giving us a strong foundation for value creation in the coming years. In addition, we decided to increase our focus on, and commitment to, ESG and sustainability.

We are well-positioned to benefit strongly from megatrends like the energy transition, digitalization and industrial automation. To respond to the high market demand, we have decided to prepare for an expansion of our production capacity and additional capital investments in 2022 and 2023. Furthermore, by increasing our focus on Smart Technologies with more intelligent software, we can take advantage of the expected market growth and unlock the full potential of our disruptive technologies, leading to a ROS of over 17% over the medium term."

General developments

Simplification

After the successful implementation of the Simplify & Accelerate program (introduced in 2019), strongly focused on activities with higher ROS and organic growth, TKH has made significant steps to transform the organization and increase its focus on value creation during 2021. With several divestments, integrations, innovations, and acquisitions financial performance was further increased. The ROS of 13.2% in the second half year of 2021 (H2 2020: 10.9%) showed that TKH made good progress towards the ROS target.

As part of its simplification, TKH has changed to new reporting segments: Smart Vision systems, Smart Manufacturing systems, and Smart Connectivity systems. The new segmentation reporting will provide more transparency and perspective on the potential of our value creation in the coming years. To enable comparison, the previous segmentation is disclosed in the notes to financial statements.



Accelerate 2025

On the Capital Markets Day in November 2021, we launched our new program Accelerate 2025, which aims to increase our turnover to more than € 2 billion and a ROS of >17% by 2025. This will be realized by unlocking the full potential of our innovations and disruptive technologies. Benefitting from megatrends such as energy transition, digitalization, industrial automation and safety and security, we will be able to take full advantage of the expected market growth.

Investments & divestments

To respond to the high market demand related to the megatrends, we have decided to prepare for an expansion of our production capacity and additional capital investments in 2022 and 2023. As part of Accelerate 2025, we expect to acquire around € 100 - € 150 million in turnover during the coming years. A further € 150 - € 200 million of turnover will be divested, as we continue to reduce activities with lower margin and growth potential. Preparations have started in 2021.

Impact of COVID-19

COVID-19 continued to have an impact on operations and financial performance in 2021. Following a slow start in the first quarter of 2021, due to the ongoing COVID-19 restrictions in several countries, we saw a strong recovery in most markets. The airport and parking industries investments were still postponed. During the year, COVID-19 restrictions caused operational challenges in commissioning equipment at customer sites. Also, our absence rate was higher than usual due to quarantine regulations and other precautions. However, despite these challenges and limitations, the organization was able to adapt very well.

Financial developments second half of 2021

Turnover was up with € 187.5 million (30.7%), leading to a total of € 797.9 million in the second half of 2021 (H2 2020: € 610.4 million). Higher raw materials prices had an upward impact of 2.7% on turnover, while higher exchange rates contributed 0.5%. On balance, TKH recorded a 27.5% organic growth in turnover. All three segments contributed to the organic growth in turnover, but Smart Manufacturing systems was the highest contributor with an organic growth of 51.8%, largely driven by the recovery in the tire building industry.

The gross margin decreased to 48.5% (H2 2020: 49.4%) due to increased raw material and component prices and a shift in product mix with a lower share in Smart Vision systems.

The operating result before amortization of intangible assets and one-off income and expenses (EBITA) increased by 58.1% to € 105.2 million in the second half of 2021 (H2 2020: € 66.5 million). All segments contributed to the increase in EBITA; Smart Vision systems contributed with +20.7%, Smart Manufacturing systems with +135.7%, and Smart Connectivity systems with +48.2%, respectively. The ROS improved to 13.2% (H2 2020: 10.9%) due to turnover growth and a lower relative cost level.

The financial result improved by € 2.3 million, largely due to a higher result from associates that benefited from the recovered market demand.

The normalized effective tax rate increased to 25.6% in the second half of 2021 compared to last year (H2 2020: 24.7%).

Net profit before amortization and one-off income and expenses attributable to shareholders increased by 87.6% to € 64.5 million (H2 2020: € 34.4 million).

Financial developments full year 2021

The recovery of the order intake, which already started in the fourth quarter of 2020, continued during 2021. We realized a high order intake of € 1,842 million (2020: € 1,294 million) on the back of a strong increase in demand for almost all our activities, leading to an order book at year-end of € 746.6 million, an increase of 74.3% compared to last year. Particularly, significant growth in order intake was realized in Machine Vision (Smart Vision systems), Tire Building (Smart Manufacturing systems), energy and digitalization (Smart Connectivity systems).



Turnover increased with € 234.4 million (18.2%) to € 1,523.8 million in 2021 (2020: € 1,289.4 million). Higher raw material prices had an upward impact of 2.6% on turnover, while exchange rates had a negative impact of 0.1%. Divestments had a downward impact of 0.2%. On balance, TKH recorded a 15.9% organic growth in turnover. All segments contributed to the organic growth in turnover. The supply-chain challenges in the availability and transportation of raw materials and components had a negative impact of about € 20 – € 30 million on our turnover in 2021, although our procurement teams managed to find solutions for the majority of issues. We responded to these challenges by increasing our stock levels and ensuring a larger supply of replacements for components, redesigning some of our products, and contracting alternative suppliers. Our pricing power enabled us to pass on most of the resulting price increases.

The geographic distribution of turnover remained mostly in line with 2020. The turnover share in the Netherlands decreased to a level of 22% of total turnover (2020: 24%), whereas the turnover share in Europe, excluding the Netherlands, increased to 45% (2020: 43%). The turnover share in Asia remained unchanged at 19%, North America decreased to 11%. The turnover share of the other geographic areas was 3%.

The gross margin decreased to 48.3% in 2021 (2020: 49.2%) due to a shift in product mix, with a larger share in Smart Connectivity systems combined with increased raw material and component prices.

Operating expenses (excluding amortization and impairments) increased by 9.6% compared with last year. As a percentage of turnover, operating expenses decreased to 35.9% in 2021, from 38.7% in 2020. The implemented integrations and cost savings accounted for a significant share of the relative reduction of costs, in combination with higher productivity and capacity utilization in TKH's production companies. At the same time, selling expenses were still low due to the ongoing COVID-19 restrictions. Depreciation came in at € 45.2 million, € 0.3 million below the level of 2020, mainly due to a lower depreciation on the right-of-use assets.

The operating result before amortization of intangible assets and one-off income and expenses (EBITA) increased by 39.9% to € 189.6 million in 2021, from € 135.5 million in 2020. All segments contributed to the increase in EBITA; Smart Vision systems contributed with +18.9%, Smart Manufacturing systems with +43.5%, and Smart Connectivity systems with +61.9%, respectively. The ROS improved to 12.4% (2020: 10.5%) due to the turnover growth and a lower relative cost level. ROS increased in all three segments.

Amortization decreased as the amortization on certain purchase price allocations related to past acquisitions has ended.

The financial result remained stable at € 8.0 million (in expense). In 2020, a profit of € 5.5 million on divestments was included. In 2021, foreign exchange results and results from associates improved, while interest expenses were lower.

The normalized effective tax rate increased to 26.2% in 2021, from 25.4% in 2020, primarily due to increased profits at companies that are subject to higher tax rates.

Net profit before amortization and one-off income and expenses attributable to shareholders increased by 62.0% to € 113.9 million (2020: € 70.3 million). Net profit rose by 100.4% to € 95.2 million (2020: € 47.5 million). Earnings per share before amortization and one-off income and expenses amounted to € 2.77 (2020: € 1.69). Ordinary earnings per share were € 2.31 (2020: € 1.14).

The cash flow from operating activities amounted to € 199.0 million in 2021 (2020: € 187.8 million). In 2020, the cash flow was boosted by a decline in working capital, while there was little change in 2021. At year-end 2021, working capital fell as a percentage of turnover to 10.1% (2020: 12.1%) and therefore ended below the bandwidth target of 12–15%. The cash flow from net investments in property, plant, and equipment amounted on balance to € 31.0 million in 2021. It was higher than in recent years (2020: € 25.3 million), partly due to the divestment of business premises held for sale in 2020. The investments in intangible assets related to development costs, patents, licenses, and software slightly increased to € 40.5 million in 2021 (2020: € 39.2 million). TKH spent € 0.5 million on acquisitions (2020: € 0.5 million). There were no divestments in 2021 (2020: € 21.2 million).



Solvency was stable at 42.5% (2020: 42.3%). Net bank borrowings fell by € 56.3 million from the level at year-end 2020 to € 205.4 million at year-end 2021. The net debt/EBITDA ratio, calculated according to TKH's bank covenant, stood at 0.9, well within the financial ratio agreed with our banks.

At year-end 2021, TKH employed a total of 6,160 FTEs (2020: 5,704), with 376 of those as temporary employees (2020: 121 FTEs).

Developments per technology segment

Smart Vision systems

TKH creates state-of-the-art Vision systems, and Vision technology represents about 86% of the turnover of the Smart Vision systems segment. This technology encompasses 2D and 3D Machine Vision and Security Vision systems. Combining these technologies with in-house software development allows us to create unique, smart, integrated plug-and-play systems, and one-stop-shop solutions.

Key figures

(in mln. € unless otherwise stated)	2021	2020	Change in %
Turnover	429.8	393.0	+ 9.4%
EBITA before one-off income and expenses ¹⁾	73.8	62.1	+ 18.9%
ROS	17.2%	15.8%	

1) One-off expenses in 2020 of € 3.1 million due to reorganization costs.

In 2021, turnover in Smart Vision systems increased by 9.4% to € 429.8 million. Divestments executed in 2020 reduced turnover by 0.5%, and currency exchange rates had a negative impact of 0.6%. The organic growth in turnover was 10.5%, despite limitations in the supply of electronic components. The supply constraints slightly impacted turnover, although in most cases we managed to either secure most of the required components or redesigned our products to include components which were more widely available. The order book saw a growth of 91.1% compared to last year to € 139.3 million.

The added value decreased from 59.1% to 58.3%. Higher purchase prices on secured components had a negative impact on the added value as a percentage of turnover, but this was compensated by the volume growth. As a result, EBITA rose to € 73.8 million, resulting in a ROS of 17.2%.

Vision Technology – the strongest contributor to this segments' growth in 2021 was Machine Vision, in all regions and end markets. We successfully maintained our leading market position in 3D Vision for the consumer electronics and wood industry, while we also significantly grew our business in the battery, logistics, and semiconductor markets. Within 2D Vision, the Alvium portfolio with embedded vision solutions is gaining traction and sales are growing.

Turnover growth for Security Vision was at a lower rate compared to Machine Vision due to low investment levels at parking garages, shopping malls, and airports, which continued to be impacted by COVID-19 restrictions. This however, was more than compensated for by growth in other markets. By securing our supply chain, we were able to meet this higher market demand. This was particularly applicable for (video) communication and traffic monitoring systems.



Smart Manufacturing systems

TKH leverages its unique expertise and deep understanding of automating production processes in specific industries to create superior manufacturing systems. TKH engineers complete manufacturing systems and machines that contribute to highly efficient processes. Tire Building systems represent about 68% of the Smart Manufacturing systems segment turnover share.

Key figures

(in mln. € unless otherwise stated)	2021	2020	Change in %
Turnover	419.1	349.5	+ 19.9%
EBITA before one-off income and expenses ¹⁾	59.4	41.4	+ 43.5%
ROS	14.2%	11.8%	

1) One-off expenses in 2020 of € 0.3 million due to reorganization costs.

Turnover in Smart Manufacturing systems increased by 19.9% organically. Turnover grew from quarter to quarter in 2021 with a strong recovery, especially in Tire Building systems. Order book increased by 62.7% compared to the previous year-end and reached a high level of € 369.7 million on December 31, 2021.

The added value increased slightly from 48.7% to 49.0%.

EBITA was up 43.5% at € 59.4 million. The ROS improved to 14.2% due to high order intake and production output.

Tire Building – While turnover in Q1 was significantly impacted by the low order intake in Q2 and Q3 2020, there was a strong recovery leading to a record order intake in 2021 – broadly supported by intake from Asian customers as well as the tier 1 tire manufacturers. Market demand for both passenger and truck tire systems was high. Production capacity was swiftly scaled up to cope with the high order intake, which contributed to the strong improvement in results. The site acceptance of the UNIXX was delayed due to COVID-19, but the industrialization phase is progressing well. Several UNIXX modules have already been sold and successfully commissioned at customers sites. The commercial launch of the complete UNIXX platform is scheduled for 2022. Furthermore, we booked several orders for our new Revolute (combination of fully automated tire component preparation and bead assembly) and FLEXX belt maker.

Other – Turnover in Care grew at a high rate, driven by the roll-out of our INDIVION technology in North America, and our service organization in North America is scaling up to support further growth in this region. Turnover and growth in our results were also realized in industrial automation.

Smart Connectivity systems

TKH manufactures advanced Connectivity systems, and engineers complete Smart Connectivity systems with a unique, integrated system approach and sustainability proposition. Energy and Digitalization represent about 33% and 38% of the Smart Connectivity systems segment turnover share.

Key figures

(in mln. € unless otherwise stated)	2021	2020	Change in %
Turnover	692.3	565.6	+ 22.4%
EBITA before one-off income and expenses ¹⁾	73.2	45.2	+ 61.9%
ROS	10.6%	8.0%	

1) One-off income and expenses in 2020 of € 4.3 million due to reorganizations and integration costs.

Turnover in Smart Connectivity systems increased across almost all market segments by 22.4% to € 692.3 million in 2021. Higher raw material prices had an upward impact of 6.0% on turnover. On balance, turnover increased organically by 16.4%. Order intake was even higher with a growth of the order book with 85.3% to € 237.6 million compared to December 31, 2020.

Added value as a percentage of turnover decreased only slightly from 40.8% to 40.4% in 2021, although raw material prices went up during the year.

EBITA increased by 61.9% to € 73.2 million, due to turnover growth and higher production utilization. This resulted in an increase in ROS to 10.6%.

Energy – The strong demand for renewable energy sources and the expansion of the current network infrastructure are the main drivers of growth in our turnover. The extended production capacity for medium voltage energy cables became operational during the third quarter of 2021 and helped increase our production volumes. In subsea cable activities, production utilization increased significantly. The demand for Airfield Ground Lighting (CEDD/AGL) was significantly impacted by COVID-19, due to investment limitations at airports – however, the low order intake at airports was more than offset by growth in demand for energy connectivity systems.

Digitalization – Turnover increased due to high investment priority for fibre networks in Europe, and a reduced impact from lockdowns on clients' installation capacities. We saw a particularly strong recovery in France and Germany. The impact on price levels from the overcapacity of optical fibre in China started to reduce in the second half of the year. Its impact on added value was offset by a higher share of our connectivity system portfolio. In the last quarter of 2021, the European Commission imposed anti-dumping duties on imports of optical fibre cables (OFC) from China into the European Union. However, the impact of this on our 2021 results was very limited. Substantial growth was also realized in data network cable systems and broadband products for data centers and offices, especially in France and Germany.

Other – There was substantial growth in specialized connectivity systems for the machine-building and robotics industry. The building and construction market saw growth in the first half of the year, but stabilized in the second half due to limitations in supply and production capacity.



Outlook

The improved market circumstances for our technologies, combined with our capability to increase manufacturing capacity and utilization leads to a positive outlook for our business. Based on these developments, we anticipate further organic growth of turnover and result in 2022 in all segments.

Barring any unforeseen circumstances, such as a worsening of the current supply chain challenges, sustained disruption from COVID-19, or the geopolitical situation and conflict surrounding Ukraine and Russia, TKH expects the following developments per business segment in 2022.

Smart Vision systems

- Strong demand for 2D and 3D Machine Vision technologies is expected to continue into 2022, thanks to a combination of targeted programs in key markets and improved market conditions.
- For Security Vision, we expect the parking industry to recover gradually.
- We will increase investments in research & development and capacity expansion.

Smart Manufacturing systems

- Order intake for Tire Building technologies is expected to continue at a high level, driven by products such as the MAXX, MILEXX and Revolute. Additional investments in operational capacity will be executed to fulfill the anticipated demand.
- The turnover in care will grow further, driven by the successful launch and ramp-up of the INDIVION technology.
- In our other markets, mainly through our industrial automation systems, we expect growth to continue in 2022, facilitated by a production capacity expansion.

Smart Connectivity systems

- The demand in the energy infrastructure market continues to grow rapidly and as such we expanded our capacity for energy cables in the third quarter of 2021. On top of this, the order book is well filled, which will help to support a turnover increase in 2022.
- The turnover in digitalization is expected to increase, driven by rising fibre prices and the growing need for bandwidth in Europe.
- To respond to the high market demand, we have decided to prepare for an expansion of our production capacity and additional capital investments in 2022 and 2023.

As usual, TKH will provide a more specific profit forecast for the full year of 2022 at the presentation of its interim results in August 2022.

General Meeting of April 26, 2022

Nominations for reappointment to the Executive Board

The Supervisory Board announces the proposed reappointment of Mr. H.J. Voortman for a following term of four years as a member of the Executive Board of TKH Group N.V. effective from the General Meeting of April 26, 2022.

Nominations for reappointment and appointment to the Supervisory Board

At the General Meeting of April 26, 2022, Messrs. A.J.P. De Proft MSc and R.L. van Iperen will resign from the Supervisory Board in line with the prevailing retirement schedule. Both are eligible for reappointment. Mr. De Proft has however indicated that he is not available for a next term due to increasing time constraints with his other duties. The Supervisory Board has decided to nominate Mr. Van Iperen for reappointment and nominate Mr. P. Oosterveer for appointment as a new member. Mr. Oosterveer is CEO and chairman of the Executive Board of Arcadis N.V. and has the Dutch nationality. Pending the reappointment of Mr. Van Iperen, the Supervisory Board also announces that as of the end of the upcoming General Meeting of Shareholders, Mr. Van Iperen will be appointed as chairman of the Supervisory Board.



Dividend proposal

It will be proposed to the General Meeting that it authorizes the payment of a dividend of € 1.50 per (depository receipt for a) share (2020: € 1.00). Based on the number of shares outstanding held by third parties at year-end 2021, the pay out-ratio amounts to 54.2% of the net profit before amortization and one-off income and expenses attributable to shareholders and 64.9% of the net profit attributable to shareholders respectively. It is proposed that the dividend be paid out in cash and charged to the reserves. The dividend will be payable on May 3, 2022.

Haaksbergen, March 8, 2022

Executive Board

For additional information: J.M.A. (Alexander) van der Lof,
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You can follow the presentation of the full-year results to be held at 10.00am on March 8, 2022, via video webcast (www.tkhgroup.com).

Calendar

April 25, 2022	Market Update Q1 2022
April 26, 2022	General Meeting of Shareholders
April 28, 2022	Ex-dividend date
April 29, 2022	Dividend record date
May 3, 2022	Payment of dividend
August 16, 2022	Publication interim results 2022
November 15, 2022	Market Update Q3 2022

The TKH 2021 annual report will be published in a digital format on the TKH website (www.tkhgroup.com) no later than March 15, 2022.

About TKH

TKH Group N.V. (TKH) is a leading technology company focused on advanced innovative technology systems in high-growth markets.

Our mission is to create best-in-class technologies in the field of Smart Vision systems, Smart Manufacturing systems and Smart Connectivity systems. TKH aims to create sustainable value for all its stakeholders and provides disruptive technologies that improve efficiency, sustainability, safety, and security.

The technologies are combined with internally developed software to create Smart Technologies and one-stop-shop solutions with plug-and-play integrated systems. TKH employs over 6,000 FTE employees and operates globally, with its growth concentrated in Europe, North America, and Asia.

TKH is listed on Euronext Amsterdam with the ticker symbol TWEKA. TKH reports in three segments: Smart Vision systems, Smart Manufacturing systems, and Smart Connectivity systems.

Consolidated profit and loss account

in thousands of euros	2021	2020
Total turnover	1,523,773	1,289,368
Raw materials, consumables, trade products and subcontracted work	787,253	654,977
Personnel expenses	378,267	352,852
Other operating expenses	123,526	109,081
Depreciation and result on divestment of property, plant and equipment	45,166	43,867
Amortization	51,110	53,720
Impairments	1,564	3,968
Total operating expenses	1,386,886	1,218,465
Operating result	136,887	70,903
Financial income	191	342
Financial expenses	-7,799	-8,787
Exchange differences	-680	-1,965
Share in result of associates	2,074	-3,194
Result on sale of subsidiaries	0	5,496
Fair value changes of financial liability for earn-out and put options of holders of non-controlling interests	-1,759	120
Result before tax	128,914	62,915
Tax on result	33,690	15,389
Net result	95,224	47,526
Attributable to:		
Shareholders of the company	95,212	47,520
Non-controlling interests	12	6
	95,224	47,526
Earnings per share attributable to shareholders		
Ordinary earnings per share (in €)	2.31	1.14
Diluted earnings per share (in €)	2.30	1.14
Earnings per share attributable to shareholders		
Ordinary earnings per share (in €)	2.31	1.14
Diluted earnings per share (in €)	2.30	1.14
Ordinary earnings per share before amortization (in €)	2.66	1.54
Ordinary earnings per share before amortization and one-off income and expenses (in €)	2.77	1.69



Consolidated statement of comprehensive income

in thousands of euros	2021	2020
Net result	95,224	47,526
Items that may be reclassified subsequently to profit or loss (net of tax)		
Currency translation differences	16,883	-14,165
Currency translation differences in associates	917	-303
Effective part of changes in fair value of cash flow hedges (after tax)	-870	3,098
	16,930	-11,370
Items that will not be reclassified subsequently to profit or loss (net of tax)		
Actuarial gains/(losses)	68	-325
	68	-325
Other comprehensive income (net of tax)	16,998	-11,695
Comprehensive income for the period (net of tax)	112,222	35,831
Attributable to:		
Shareholders of the company	112,254	35,865
Non-controlling interests	-32	-34
Total comprehensive income for the period (net of tax)	112,222	35,831

Consolidated balance sheet

in thousands of euros	31-12-2021	31-12-2020
Assets		
Non-current assets		
Intangible assets and goodwill	537,062	577,330
Property, plant and equipment	222,487	219,900
Right-of-use assets	68,797	77,357
Associates	28,699	25,540
Other receivables	748	1,872
Deferred tax assets	15,277	14,322
Total non-current assets	873,070	916,321
Current assets		
Inventories	294,736	236,714
Trade and other receivables	185,318	157,363
Contract assets	150,131	124,230
Contract costs	4,566	3,314
Current income tax	1,310	1,776
Cash and cash equivalents	100,135	121,645
Total current assets	736,196	645,042
Assets held for sale	88,184	4,594
Total assets	1,697,450	1,565,957
Equity and liabilities		
Group equity		
Shareholders' equity	721,930	661,820
Non-controlling interests	53	86
Total group equity	721,983	661,906
Non-current liabilities		
Interest-bearing loans and borrowings	333,804	409,508
Deferred tax liabilities	55,965	55,061
Retirement benefit obligation	4,716	5,844
Other non-current financial liabilities	2,160	3,408
Provisions	8,772	5,741
Total non-current liabilities	405,417	479,562
Current liabilities		
Interest-bearing loans and borrowings	47,589	57,143
Trade payables and other payables	324,696	258,717
Contract liabilities	127,044	73,931
Current income tax liabilities	7,845	11,008
Other financial liabilities	4,989	4,542
Provisions	20,687	19,148
Total current liabilities	532,850	424,489
Liabilities directly associated with assets held for sale	37,200	0
Total equity and liabilities	1,697,450	1,565,957

Consolidated statement of changes in group equity

in thousands of euros	Total shareholders' equity	Non- controlling interests	Total group equity
Balance on 1 January 2020	704,516	304	704,820
Net result	47,520	6	47,526
Total other comprehensive income	-11,655	-40	-11,695
Total comprehensive income	35,865	-34	35,831
Capital contribution	5	7	12
Dividends	-62,566		-62,566
Acquisition of non-controlling interests	0	-191	-191
Share and option schemes	2,335		2,335
Purchased shares for share buy-back program	-7,144		-7,144
Purchased shares for share and option schemes	-12,821		-12,821
Sold shares for share and option schemes	1,630		1,630
Balance on 31 December 2020	661,820	86	661,906
Net result	95,212	12	95,224
Total other comprehensive income	17,042	-44	16,998
Total comprehensive income	112,254	-32	112,222
Dividends	-41,126	-1	-41,127
Share and option schemes	3,869		3,869
Purchased shares for share buy-back program	-18,428		-18,428
Purchased shares for share and option schemes	-9,214		-9,214
Sold shares for share and option schemes	12,755		12,755
Balance on 31 December 2021	721,930	53	721,983

Consolidated cash flow statement

in thousands of euros	2021	2020
Cash flow from operating activities		
Operating result	136,887	70,903
Depreciation, amortization and impairment	97,972	103,025
Share and option schemes not resulting in a cash flow	3,869	2,335
Result on disposals	-72	-1,567
Changes in provisions	4,404	-811
Changes in working capital	-3,531	42,504
Cash flow from operations	239,529	216,389
Interest received	192	344
Interest paid	-7,655	-9,001
Income taxes paid	-33,050	-19,905
Net cash flow from operating activities (A)	199,016	187,827
Cash flow from investing activities		
Investments in intangible assets and goodwill	-40,692	-39,562
Divestments of intangible assets and goodwill	194	355
Purchases of property, plant and equipment	-33,551	-31,097
Disposals of property, plant and equipment	2,545	1,664
Dividends received from associates	31	
Repayments on loans	630	94
Divestment of associates	-212	
Divestments of assets held for sale		3,853
Acquisition of subsidiaries less cash and cash equivalents acquired	-495	-481
Divestment of subsidiaries classified as held-for-sale less transferred cash		21,178
Net cash flow from investing activities (B)	-71,550	-43,996
Cash flow from financing activities		
Dividends paid	-41,127	-62,566
Settlement of financial liabilities regarding put options of non-controlling interests and earn-out	-4,032	-614
Capital contribution non-controlling interests		12
Acquisition of non-controlling interests		-191
Purchased shares for share buy-back program	-18,428	-7,144
Purchased shares for share and option schemes	-9,214	-12,821
Sold shares for share and option schemes	12,755	1,630
Payment of lease liabilities	-15,570	-16,005
(Repayments)/proceeds from long-term debts	-71,501	-4,985
(Repayments)/proceeds from other long-term debts	2,782	-513
Change in short-term borrowings	15,884	-47,676
Net cash flow from financing activities (C)	-128,451	-150,873
Net increase/(decrease) in cash and cash equivalents (A+B+C)	-985	-7,042
Exchange differences	3,388	-3,490
Change in cash and cash equivalents	2,403	-10,532
Cash and cash equivalents at 1 January	65,614	76,146
Cash and cash equivalents at 31 December	68,017	65,614

Notes to the financial statements

1. Information by segment

Smart Technology segmentation (November 2021 onwards)

	Smart Vision systems		Smart Manufacturing systems		Smart Connectivity systems		Other and eliminations		Total	
In thousands euros	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
First half year										
Turnover	210,934	204,667	185,028	195,305	338,246	290,895	-8,361	-11,909	725,847	678,958
Added value	123,130	121,263	89,771	94,965	136,645	116,054	148	446	349,694	332,728
Added value in %	58.4%	59.2%	48.5%	48.6%	40.4%	39.9%			48.2%	49.0%
EBITDA	44,792	39,857	23,610	28,539	45,766	30,214	-7,668	-6,718	106,500	91,892
EBITA	37,609	32,081	19,706	24,548	35,193	19,577	-8,131	-7,200	84,377	69,006
ROS	17.8%	15.7%	10.7%	12.6%	10.4%	6.7%			11.6%	10.2%
One-off income and expenses		-953		-26		-2,656		-20	0	-3,655
Amortization	-18,930	-21,327	-4,665	-4,604	-1,927	-1,984	-41	-43	-25,563	-27,958
Impairments	-186	-1,700	45	-93		256	-28		-169	-1,537
Operating result	18,493	8,101	15,086	19,825	33,266	15,193	-8,200	-7,263	58,645	35,856
Second half year										
Turnover	218,844	188,289	234,026	154,155	354,075	274,689	-9,019	-6,723	797,926	610,410
Added value	127,630	110,911	115,646	75,385	143,297	114,876	253	491	386,826	301,663
Added value in %	58.3%	58.9%	49.4%	48.9%	40.5%	41.8%			48.5%	49.4%
EBITDA	43,720	37,671	43,744	20,818	49,148	35,989	-8,385	-5,383	128,227	89,095
EBITA	36,182	29,976	39,685	16,836	38,014	25,644	-8,697	-5,944	105,184	66,512
ROS	16.5%	15.9%	17.0%	10.9%	10.7%	9.3%			13.2%	10.9%
One-off income and expenses		-2,176		-292		-1,661		857	0	-3,272
Amortization	-18,658	-19,172	-4,896	-4,433	-1,976	-2,124	-17	-33	-25,547	-25,762
Impairments	-2,051	-1,230	6	-115	653	-1,086	-3		-1,395	-2,431
Operating result	15,473	7,398	34,795	11,996	36,691	20,773	-8,717	-5,120	78,242	35,047
Full year										
Turnover	429,778	392,956	419,054	349,460	692,321	565,584	-17,380	-18,632	1,523,773	1,289,368
Added value	250,760	232,174	205,417	170,350	279,942	230,930	401	937	736,520	634,391
Added value in %	58.3%	59.1%	49.0%	48.7%	40.4%	40.8%			48.3%	49.2%
EBITDA	88,512	77,528	67,354	49,357	94,914	66,203	-16,053	-12,101	234,727	180,987
EBITA	73,791	62,057	59,391	41,384	73,207	45,221	-16,828	-13,144	189,561	135,518
ROS	17.2%	15.8%	14.2%	11.8%	10.6%	8.0%			12.4%	10.5%
One-off income and expenses		-3,129		-318		-4,317		837	0	-6,927
Amortization	-37,588	-40,499	-9,561	-9,037	-3,903	-4,108	-58	-76	-51,110	-53,720
Impairments	-2,237	-2,930	51	-208	653	-830	-31		-1,564	-3,968
Operating result	33,966	15,499	49,881	31,821	69,957	35,966	-16,917	-12,383	136,887	70,903
Other information										
Order book	139,308	72,903	369,689	227,203	237,566	128,227			746,563	428,333
ROCE	15.3%	12.6%	59.4%	33.2%	22.0%	13.6%			20.5%	14.0%

1) EBITDA and EBITA are before one-off income and expenses

Solutions segmentation (until November 2021)

In thousands euros	Telecom Solutions		Building Solutions		Industrial Solutions		Unallocated		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
First half year										
Net turnover	107,808	95,053	383,458	344,880	234,581	239,025			725,847	678,958
Segment EBITA	14,440	12,334	48,100	36,447	27,855	26,958	-6,018	-6,733	84,377	69,006
ROS	13.4%	13.0%	12.5%	10.6%	11.9%	11.3%			11.6%	10.2%
One-off expenses				-3,629		-26				-3,655
Amortization	-588	-560	-20,192	-22,655	-4,770	-4,731	-13	-12	-25,563	-27,958
Impairments			-215	-1,384	46	-153			-169	-1,537
Operating result	13,852	11,774	27,693	8,779	23,131	22,048	-6,031	-6,745	58,645	35,856
Second half year										
Net turnover	111,362	88,082	399,356	327,653	287,208	194,675			797,926	610,410
Segment EBITA	14,904	10,774	48,055	40,810	49,320	20,370	-7,095	-5,442	105,184	66,512
ROS	13.4%	12.2%	12.0%	12.5%	17.2%	10.5%			13.2%	10.9%
One-off income and expenses				-4,977		1,705				-3,272
Amortization	-417	-579	-20,119	-20,621	-5,011	-4,560		-2	-25,547	-25,762
Impairments		182	-1,400	-2,412	5	-201			-1,395	-2,431
Operating result	14,487	10,377	26,536	12,800	44,314	17,314	-7,095	-5,444	78,242	35,047
Full year										
Net turnover	219,170	183,135	782,814	672,533	521,789	433,700			1,523,773	1,289,368
Segment EBITA	29,344	23,108	96,155	77,257	77,175	47,328	-13,113	-12,175	189,561	135,518
ROS	13.4%	12.6%	12.3%	11.5%	14.8%	10.9%			12.4%	10.5%
One-off income and expenses				-8,606		1,679				-6,927
Amortization	-1,005	-1,139	-40,311	-43,276	-9,781	-9,291	-13	-14	-51,110	-53,720
Impairments		182	-1,615	-3,796	51	-354			-1,564	-3,968
Operating result	28,339	22,151	54,229	21,579	67,445	39,362	-13,126	-12,189	136,887	70,903

The turnover breakdown per vertical market is as follows:

in thousands of euros	2021	2020
Fibre Optics Networks	151,341	121,837
Parking	33,679	37,119
Infrastructure	146,994	130,557
Marine & Offshore	74,181	55,303
Care	63,124	52,129
Machine Vision	199,454	173,391
Tire Building Industry	285,940	242,467
Other vertical markets	569,060	476,565
Total turnover	1,523,773	1,289,368

2. Order book

The following table shows the expected future revenue regarding contractual performance obligations that are not (or partially) completed on the balance sheet date:

in thousands of euros	2021	2020
Expected to be recognized as revenue within 1 year	705,061	408,168
Expected to be recognized as revenue between 1 and 2 years	35,809	17,945
Expected to be recognized as revenue after 2 years	5,693	2,221
Total	746,563	428,334

3. Overview of alternative performance indicators

in thousands of euros (unless stated otherwise)	2021	2020
Net profit	95,224	47,526
Less: Non-controlling interests	-12	-6
Net profit attributable to the shareholders of the company	95,212	47,520
Amortization of intangible assets from acquisitions	19,240	22,907
Taxes on amortization	-5,045	-6,014
Net profit before amortization attributable to the shareholders of the company	109,407	64,413
One-off costs for restructurings, integrations, divestments and acquisitions		6,927
Result from divestments and purchase price allocations in the result of associates	1,556	-2,143
Impairments	1,564	3,968
Fair value changes of financial liability for earn-out and put options of holders of non-controlling interests	1,759	-120
Tax impact on one-off expenses and benefits	-391	-2,723
Net profit before amortization and one-off income and expenses attributable to the shareholders of the company	113,895	70,322

Other applied definitions:

- Added value: Total turnover less cost of materials and subcontracted work for products sold and services delivered.
- Capital Employed: group equity plus long-term debts plus short-term debts to credit institutions minus cash and cash equivalents.
- Debt leverage ratio (Net Debt / EBITDA): long-term liabilities plus current liabilities to credit institutions minus cash and cash equivalents divided by EBITDA.
- EBITA: result before financial income and expenses, taxes, impairments and amortization and one-off income and expenses.
- EBITDA: result before financial income and expenses, taxes, impairments, depreciations and amortization and one-off income and expenses.
- ROCE (Return On Capital Employed): EBITA over the last twelve months divided by capital employed at the beginning of the period plus capital employed at the end of the period divided by two.
- ROS (Return On Sales): EBITA divided by the total turnover as a percentage.

4. Statutory capital

The issued capital was reduced with 623,334 ordinary shares on 23 November 2021 following the resolution on the Annual General Meeting on 6 May 2021. The number of shares that has been cancelled relate to the depositary receipts of shares that have been purchased under the share-buyback program initiated on November 18, 2020 with a value of € 25 million. As a result, the number of (depositary receipts of) shares outstanding with third parties as per December 31, 2021 was 41,177,544.

5. Events after balance sheet date

No events of fundamental significance for insight into the financial statements and the preceding period occurred after balance sheet date.

However, after balance sheet date, the geopolitical situation and conflict surrounding Russia-Ukraine escalated, which can impact our operations and outlook. For the financial statements 2021, this is treated as a non-adjusting event. In 2021, TKH realized in Ukraine a turnover of € 1 million (2020: € 1 million) and in Russia a turnover of € 10 million (2020: € 21 million). At December 31, 2021, the order book related to Russian and Ukrainian customers was in total € 11 million, but the amount of outstanding contract assets and receivables are limited. Furthermore, TKH has a subsidiary based in Kiev (Ukraine) with 128 employees active in the assembly of specialized connectivity systems and a turnover of € 7 million realized within the group. The equipment, right-of-use assets and inventories have a book value of about € 4 million, of which a part has been transported to Poland.



6. Annual report

The consolidated balance sheet, consolidated profit and loss account, consolidated statement of comprehensive income, consolidated statement of changes in group equity and consolidated cash flow statement, as included in this press release, are based on the financial statements 2021, which have not yet been published in compliance with legal requirements. The financial figures have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and are prepared using the principles, which are applied in the financial statements for the year ended December 31, 2021. Further disclosures and description of the accounting principles as required under IFRS are not included in these financial figures. For a full understanding, this press release should be read in conjunction with the financial statements 2021 of TKH Group N.V. The Annual Report will be published ultimately on March 15, 2022. The Annual Report will be submitted to the General Meeting of Shareholders on April 26, 2022 for approval.

In accordance with Section 2:293 and 395 of the Dutch Civil Code, we report that our auditor, Ernst & Young Accountants LLP has issued an unqualified auditor's report on the financial statements dated March 7, 2022. For the understanding required to make a sound judgment as to the financial position and results of TKH Group N.V. and for a satisfactory understanding of the scope of the audit by Ernst & Young Accountants LLP, this press release should be read in conjunction with the financial statements from which this press release has been derived, together with the auditor's report thereon issued by Ernst & Young Accountants LLP. No audit was performed on the included half year figures.

Disclaimer

Statements included in this press release that are not historical facts (including any statements concerning investment objectives, other plans and objectives of management for future operations or economic performance, or assumptions or forecasts related thereto) are forward-looking statements. These statements are only predictions and are not guarantees. Actual events or the results of our operations could differ materially from those expressed or implied in the forward-looking statements. Forward-looking statements are typically identified by the use of terms such as "may", "will", "should", "expect", "could", "intend", "plan", "anticipate", "estimate", "believe", "continue", "predict", "potential" or the negative of such terms and other comparable terminology.

The forward-looking statements are based upon our current expectations, plans, estimates, assumptions and beliefs that involve numerous risks and uncertainties. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond our control. Although we believe that the expectations reflected in such forward-looking statements are based on reasonable assumptions, our actual results and performance could differ materially from those set forth in the forward-looking statements.