

Market Update Q1 2024

Anticipated weak Q1; Full-year outlook reiterated

Strong margin improvement confirms strategic strength

Financial developments in the first quarter of 2024

- Turnover of € 421.0 million (-4.3% organic decline vs. Q1 2023¹)
- EBITA excluding one-off income and expenses of € 41.2 million (-21.2% organic decline vs. Q1 2023¹), affected by ramp-up costs of the new factories and destocking effects
- ROS of 9.8% (Q1 2023: 12.8%)
- Added value further improved to 51.8% (Q1 2023: 49.1%); improvement in all segments
- Order book at € 1,004 million (year-end 2023: € 970 million)
- Outlook reiterated: organic growth in turnover and EBITA in 2024

Alexander van der Lof, CEO of TKH: “We saw continued growth in Smart Manufacturing systems, while Smart Vision and Smart Connectivity systems continued to face destocking, which coupled with the ramp-up costs of the new factories resulted in an expected decline in results compared to a strong Q1 in 2023.

The substantial increase in added value is solid proof of the strong position of our innovative technologies. During the quarter, we remained focused on our strategic priorities to drive added value of our technologies and capitalize on the growth from the megatrends. Cost levels were high, but in line with anticipated growth in the coming quarters. The start of the type test production of offshore cables in our new state-of-the-art facilities in Eemshaven in Q1 marks the completion of our strategic investment program within the set time frame of 1.5 years and within budget. The sales funnel for our Eemshaven facilities is strong, with 45 projects totalling 6,000 km currently under tender.

While in Smart Connectivity systems the destocking effects in onshore energy are expected to continue throughout the year, the order intake in Smart Vision systems improved compared to the previous quarter, which is an early sign that the headwind from destocking is easing. Smart Manufacturing systems performed well in the first quarter, with order book growth driven by the reshoring, sustainability, and automation trends in the tire building sector.

We expect the second quarter to be considerably better than the first quarter, driven by growth in Smart Vision systems, continued growth in Smart Manufacturing systems, and improvements in Smart Connectivity systems. For the remainder of the year, we will benefit from the completion of our capacity expansions and an expected return to growth in Smart Vision systems. We reiterate the outlook communicated in March, and we anticipate organic growth in turnover and EBITA in 2024.”

¹ Q1 2023 turnover and EBITA excluding one-off income and expenses includes TKH France. Turnover and EBITA of TKH France in Q1 2023 amounted to € 34.8 million and € 5.4 million respectively. TKH France was divested on September 29, 2023.



Developments by technology segment

Smart Vision systems

Smart Vision systems recorded a 12.4% organic decline in turnover compared to Q1 2023. In Machine Vision, turnover decreased due to destocking, while the decrease in Security Vision was mainly due to the comparison effect of a large project in Q1 2023. Machine Vision's order intake has been increasing during Q1, and the order book reached a higher level than in the previous two quarters.

Smart Manufacturing systems

Smart Manufacturing systems recorded a 16.2% organic increase in turnover compared to Q1 2023. Tire Building performed strongly with continued high order intake and high return on sales. The market for tire building machines is expected to remain strong as a result of the continued need for sustainable products and production technologies. The introduction of AI-driven foreign object detection, reducing waste in the tire building process, was launched successfully.

Smart Connectivity systems

Smart Connectivity systems reported an organic decrease in turnover of 13.4% compared to a strong Q1 2023. The destocking in the Dutch onshore utility companies continued, leading to a significantly lower demand as anticipated. The offshore wind segment performed well, partially offsetting this lower demand. Digitalization was impacted by the ramp-up of the new fibre optic cable production facilities in Poland and challenging market circumstances. Ramp-up costs for the new plants had a considerable impact on the results.

2024 outlook

TKH reiterates its outlook as communicated on March 5, 2024. For the full year, we expect Smart Manufacturing systems to return to more normalized growth when compared to last year. In Smart Vision systems, we expect growth to return in the second half of 2024, on the back of market recovery. Within Smart Connectivity systems, we anticipate the destocking in onshore energy cables in the Netherlands to continue throughout the year. Barring unforeseen circumstances, we anticipate organic growth in turnover and EBITA in 2024.

TKH will provide a more specific outlook for the full year of 2024 at the presentation of its interim results in August 2024.

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Financial calendar

May 7, 2024	General Meeting of Shareholders
May 9, 2024	Ex-dividend date
May 10, 2024	Dividend record date
May 14, 2024	Payment of dividend
August 13, 2024	Publication Interim Results 2024
November 12, 2024	Market Update Q3 2024

About TKH

TKH Group N.V. (TKH) is a leading technology company. We specialize in the creation of innovative, client-centric technology systems that drive success in automation, digitalization, and electrification. By integrating hardware, software, and customer-focused insight, our smart technologies provide unique answers to customers' challenges. In doing so, we work to make the world better by creating ever more efficient and more sustainable systems.

With more than 7,000 employees, TKH pursues sustainable growth in a culture of entrepreneurship, working closely with customers to create one-stop-shop, plug-and-play innovations combined with software for Smart Vision, Smart Manufacturing, and Smart Connectivity technology.

Listed on Euronext Amsterdam (TICKER: TWEKA), we operate globally and focus our growth across Europe, North America, and Asia.

For further information, please visit www.tkhgroup.com.

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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.