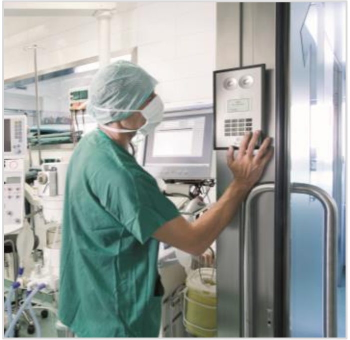
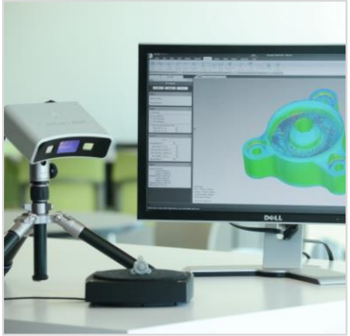





FULL YEAR RESULTS AND DEVELOPMENTS 2020

9 March 2021

CONTENT

PROFILE

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 technologies, 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 5,583 people, TKH achieved a turnover of € 1.3 billion in 2020.

TELECOM

BUILDING

INDUSTRIAL

HIGHLIGHTS & BUSINESS UPDATE 2020

HIGHLIGHTS 2020

(in million € unless stated otherwise)	H2 2020	H2 2019	Δ in %
Turnover	610.4	736.4	-17.1%
EBITA before one-off expenses [1, 2]	66.5	94.9	-29.9%
ROS [1]	10.9%	12.9%	
Net profit before amortization and one-off income and expenses attributable to shareholders [1, 3]	34.4	59.4	-42.2%

(in million € unless stated otherwise)	2020	2019	Δ in %
Turnover	1,289.4	1,489.6	-13.4%
EBITA before one-off expenses [1, 2]	135.6	172.5	-21.4%
ROS [1]	10.5%	11.6%	
Net profit before amortization and one-off income and expenses attributable to shareholders [1, 2, 3]	70.3	105.3	-33.2%
Earnings per ordinary share	€ 1.14	€ 2.72	-58.1%
Dividend (proposal) per share	€ 1.00	€ 1.50	
ROCE	14.0%	17.4%	

1) The one-off expenses in 2020 relate to costs for restructuring and integrations totaling € 8.9 million and a book profit on a business property held for sale of € 2.0 million (2019: one-off expenses of € 18.3 million). The one-off expenses for H2 amounted on balance to € 5.2 million (H2 2019: € 18.3 million).
2) For further specification, reference is made to the "Overview of alternative performance indicators", which is included after the financial statements.
3) Amortization of intangible non-current assets related to acquisitions (after tax).

- Turnover decreased by 13.4% (H2: -17.1%) – Organic -9.9% (H2: -12.5%)
- EBITA before one-off's decreased by 21.4% (H2: -29.9%)
  - Strong decline Industrial Solutions, increase Building Solutions
  - ROS decreased to 10.5% (H2: 10.9%), but improved compared to HY1 2020 from 10.2% to 10.9% in H2 2020 due to lower cost level
- Net profit before amortization and one-off income and expenses attributable to shareholders € 70.3 million (-33.2%), above communicated bandwidth of € 65 - € 69 million
- One-off expenses and impairments due to costs related to restructurings and integrations
- Good order intake in Q4, partly due to high order intake in Tire Building
- Cash flow from operating activities strongly increased in H2 to € 150.1 million (H2 2019: € 126.6 million and H1 2020: € 37.7 million) – driven by strong working capital improvement in Q4
- Strong financial position year-end – net debt / EBITDA ratio of 1.6
- Dividend proposal: € 1.00 per (depositary receipt of an) ordinary share

HIGHLIGHTS 2020

Key financial targets	Targets (mid-term)	2020	2019
ROS	> 15%	10.5%	11.6%
ROCE	22% - 25%	14.0%	17.4%
NET debt / EBITDA	< 2.0	1.6	1.5

Financial impact COVID-19

- Lower demand because customers were hindered in realization of projects. Investments were limited or postponed in markets like airports, parking garages, shipbuilding and industrial sector
- Due to measures taken, aimed at providing a safe and healthy working environment, productivity in production companies was considerably lower
- Government support (outside the Netherlands) led to a temporarily reduction of personnel costs of € 6.8 million
- Impairments related to COVID-19 of € 2.0 million
- Increase of working capital due to delayed deliveries of € 10 million, opposite effect due to delayed tax payments of € 22 million

Progress realization of targets and strategy

- Good progress in strategic development, despite COVID-19, driven by 'Simplify & Accelerate' program – perspective of medium-term ROS target of at least 15% remains unchanged
- Innovations with 21.1% revenue share again at a high level – breakthroughs and first orders for various innovations
- Divestment program restarted in Q4
  - Targeted divestment of activities with limited value creation in TKH environment
  - About € 260 million in turnover from intended € 300 to € 350 million already realized – divestment of ZTC and Cruxin closed in 2020
- Introduction of cost-ratio program, part of 'Simplify & Accelerate' program, with more short-term focus on financial returns
- Integrations and actions for result improvement led to one-off expenses of € 8.9 million – positive annual result effect of € 7 million
  - Relocation of cable production in Ittervoort to Haaksbergen and termination of poorly performing activities of industrial connectivity portfolio
  - Integration of Security and Parking activities and portfolio under TKH Security-brand
  - Cost savings and synergies within 2D vision activities and portfolio and further commercial cooperation between 2D and 3D Vision
- Share buyback program progress – € 18 million of announced € 25 million shares repurchased

VERTICAL MARKETS

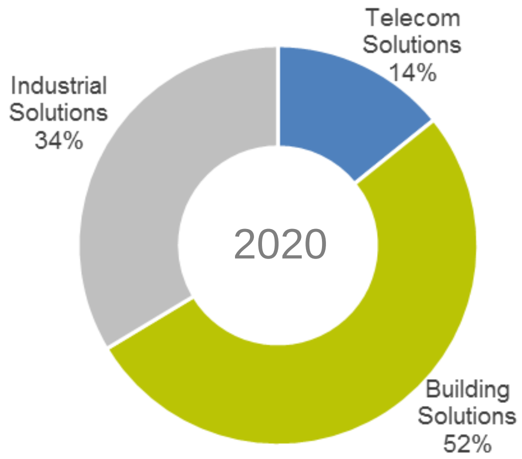
Turnover (in € millions)	**2012**	**2019**	**2020**	**Growth scenarios**	
Fibre Optics Network	80	137	122	175	200
Parking	20	59	37	150	200
Infrastructure	30	133	131	150	200
Marine & Offshore	20	54	55	150	200
Care	30	58	53	70	100
Machine Vision	95	143	173	250	300
Tire Building Industry	175	330	242	450	550
Growth verticals	**450**	**914**	**813**	**1,395**	**1,750**
Other vertical markets	652	576	476	450	500
Total	**1,102**	**1,490**	**1,289**	**1,845**	**2,250**

- Growth scenarios for coming 3-7 years
- Other vertical markets
  - Divestments mainly in other vertical markets
  - Growth at GDP rate

- Turnover share of vertical growth markets increased to 63% (2019: 61%)
- Strategic developments offer strong basis for growth and value creation:
  - Fibre Optic Networks – Increased demand for bandwidth and 5G roll-out hampered by COVID-19 restrictions
  - Parking – Impacted by COVID-19 in 2020, but synergies expected due to integration with TKH Security
  - Infrastructure – Strong growth in market for energy cables due to demand from energy transition – additional investments in production capacity initiated and operational from Q3 2021 – substantial order for Airfield Ground Lighting (CEDD / AGL technology)
  - Marine & Offshore – Order intake subsea cable systems that enable growth to more than € 40 million turnover in 2021
  - Care – Successful breakthrough Indivion (high grade medicine dosage and dispensing system) in North America
  - Machine vision – First larger order for 2D embedded vision technology (COVID-19 vaccine analysis) and expansion market share with 3D vision technology and confocal inspection technology within consumer electronics
  - Tire Building – Breakthrough of UNIXX, new technology for tire manufacturing with first serial production at customer launch
- Winning orders for our innovations gives confidence in realization of medium-term turnover targets in vertical growth markets – willingness to invest among customers is increasing again

DEVELOPMENTS PER SOLUTION 2020

REVENUE DISTRIBUTION



TELECOM SOLUTIONS

(in million €)	2020	2019	Δ in %
Turnover	183.1	200.5	- 8.6%
EBITA	23.1	30.8	- 25.0%
ROS	12.6%	15.4%	

Fibre optic networks

- Significant negative impact on deliveries from COVID-19 restrictions in Europe, particularly in France
- Increased demand for bandwidth in combination with demand from 5G – Due to lockdown not yet translated into higher order intake – Production at a lower level, which resulted in lower cost coverage
- Price pressure on optical fibre in China due to lower market volumes – Within TKH mainly offset by higher share of complementary connectivity portfolio

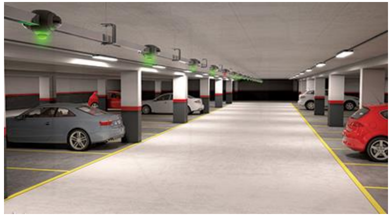
Other markets

- Growth in broadband products for home offices
- Number of projects postponed due to COVID-19
- Mid-2020, production of telecom copper cable portfolio was terminated – Turnover already decreased to low level in recent years

BUILDING SOLUTIONS

(in million €)	2020	2019	Δ in %
Turnover	672.5	745.0	- 9.7%
EBITA before one-off expenses [1)]	77.3	75.5	+ 2.4%
ROS	11.5%	10.1%	

1) The one-off expenses concern costs of € 8.6 million for restructuring and integration (2019: € 17.2 million).



Machine Vision

- Strong organic growth was achieved in H1, despite restrictions caused by lockdowns
- Strong growth in demand for our 3D vision technology for new applications in consumer electronics industry contributed significantly to growth in H1 – Growth leveled off in H2
- Achievement of cost efficiency through integration of 2D vision activities – Contribution to EBITA and ROS-improvement

Infrastructure

- Turnover remained stable on balance
- Increased investment needs for energy networks by network companies – Positive effect on demand for energy cable systems, despite restrictions for installers to carry out work – Expansion of our production capacity, operational from Q3 2021
- Airfield Ground Lighting (CEDD / AGL) technology faced COVID-19 effects and related investment constraints at airports – Increase in revenue in Q4 due to large order for Istanbul Sabiha Gökçen Airport
- Postponement of projects in traffic monitoring systems led to a decrease in turnover

Care

- Increased market demand for communication technology for care alarms and elderly care – Turnover decreased because of limited installation possibilities at care institutions due to COVID-19

BUILDING SOLUTIONS

(in million €)	2020	2019	Δ in %
Turnover	672.5	745.0	- 9.7%
EBITA before one-off expenses [1)]	77.3	75.5	+ 2.4%
ROS	11.5%	10.1%	

1) The one-off expenses concern costs of € 8.6 million for restructuring and integration (2019: € 17.2 million).

Marine & Offshore

- Sharp turnover growth due to orders for subsea connectivity systems acquired in 2019 – Depressed result caused by low occupancy and start-up costs due to new cable types
- New orders won with Kaskasi Offshore Wind Farm and Hollandse Kust Zuid – most will be produced in 2021
- Drop in demand from stagnation in construction of cruise ships – More than offset by growth in subsea connectivity systems

Parking

- Main market North America negatively impacted by shutdown of projects and tenders at airports and shopping centers due to COVID-19
- Significant reduction of operating costs in anticipation of lower investment level at customers
- Integration of parking and security organization started in Q3 – Optimization of synergies

Other markets

- Limitations in execution of projects in building & construction market
- Effect from COVID-19 safety measures on production output

INDUSTRIAL SOLUTIONS

(in million €)	2020	2019	Δ in %
Turnover	433.7	544.2	- 20.3%
EBITA before one-off expenses [1)]	47.3	81.4	- 41.8%
ROS	10.9%	15.0%	

1) One-off income and expenses due to a book profit on the sale of a business property of € 2.0 million and restructuring costs of € 0.3 million (2019: expense of € 1.1 million).

Tire building

- Postponement of completion of various projects due to lockdowns at customer sites – Turnover decreased
- Drop in demand at tire manufacturers led to postponement of investments – Lower order intake in Q2 and Q3, recovery in Q4 with a relatively high share of orders from China – Share of top 5 tire manufacturers still limited
- Development of UNIXX (new tire-building platform) progressing well – Completion delayed due to temporary closure of location of launching customer
- Decrease EBITA due to decline revenue in combination with lower productivity level and limited reduction of operating expenses

Care

- Breakthrough in North-America for large-scale roll-out of Indivion technology, high-end automated medicine dosage and dispensing system
- Turnover growth in H2

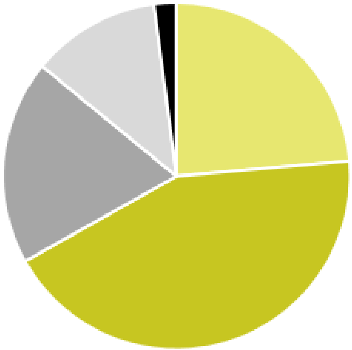
Other markets

- Industrial sector is reluctant to invest, particularly machine builders and robot industry – Negative impact on turnover in industrial connectivity activities, mainly due to reduction of inventories

FINANCIAL PERFORMANCE 2020

GEOGRAPHICAL DISTRIBUTION OF TURNOVER

Geographical distribution of turnover (in %)



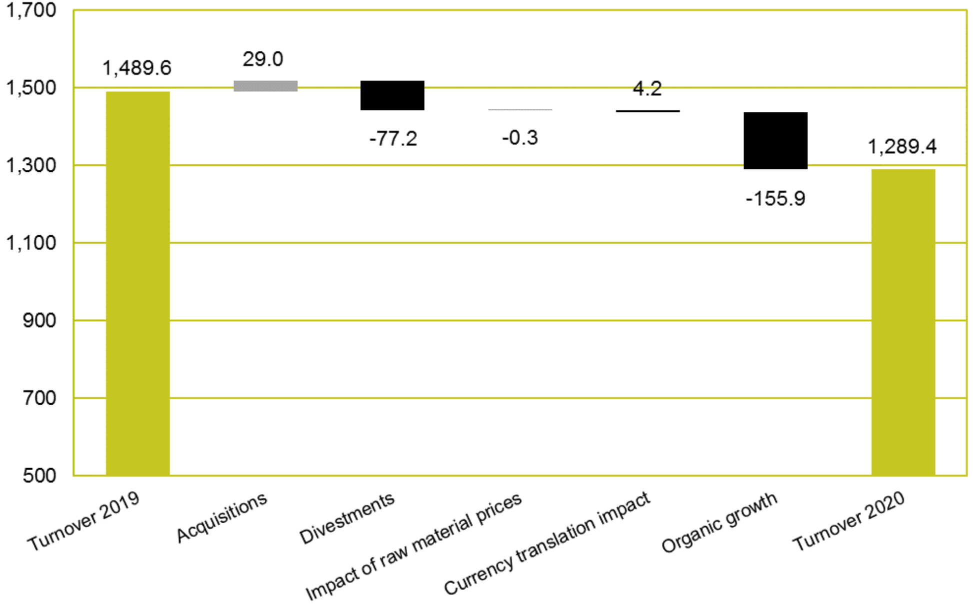
	2020
Nederland	24
Europa (overig)	43
Azië	19
Noord-Amerika	12
Overig	2

	2019
Nederland	20
Europa (overig)	43
Azië	22
Noord-Amerika	13
Overig	2

TURNOVER AND ADDED VALUE

(in € million)	2020		2019		Δ in %
Turnover	**1,289.4**		**1,489.6**		**- 13.4%**
Raw materials and subcontracted work	-651.8		-771.4		
Added value	**637.6**	**49.4%**	**718.2**	**48.2%**	**- 11.2%**

Change in turnover (in € million)

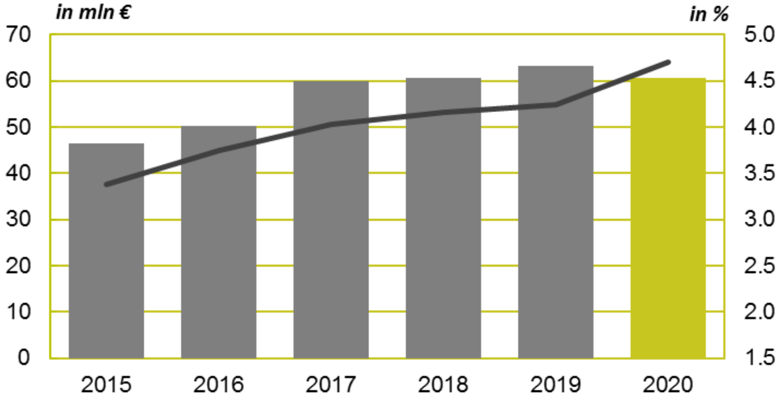


- Organic turnover growth of -9.9%
- Turnover growth from acquisitions of 1.9%
  - Commend AG (1 April 2019)
  - ParkEyes (1 April 2019)
  - SVS-Vistek (1 September 2019)
  - FocalSpec (31 October 2019)
- Turnover decline due to divestments of 5.2%
  - ZTC (1 January 2020)
  - Cruxin (1 April 2020)
- Limited turnover impact from raw material prices and foreign currencies (-0,3%)
- Gross margin increased to 49.4% (2019: 48.2%) mainly due to:
  - Acquisitions with higher added value
  - Divestments with lower added value
  - Higher turnover share of Machine Vision

OPERATING EXPENSES AND EBITA

(in € million)	2020		2019		Δ in %
Turnover	**1,289.4**		**1,489.6**		**-13.4%**
Raw materials and subcontracted work	-651.8		-771.4		
Added value	**637.6**	**49.4%**	**718.2**	**48.2%**	**-11.2%**
Operating expenses	502.1	38.9%	545.7	36.6%	**-8.0%**
EBITA before one-off income and expenses	**135.5**	10.5%	**172.5**	11.6%	**-21.4%**

R&D expenditure



- Operating expenses decreased with 8.0%
  - Acquisitions (+1.3%)
  - Divestments (-2.2%)
  - Decrease of turnover related expenses
  - Cost-saving programs and integrations
  - Working time reductions due to government support (-1.2%)
  - FX-effect (-0.5%)
- Cost to turnover ratio increased from 36.6% to 38.9%
  - Divestments
  - Lower productivity level at manufacturing companies
- R&D expenditure decreased to € 60.6 million (2019: € 63.2 million)
- Depreciation decreased with € 1.5 million to € 43.9 million due to book profit on sale of assets of € 1.6 million (2019: € 0.3 million)
- EBITA decreased by 21.4%
  - Telecom Solutions -25.0%
  - Building Solutions +2.4%
  - Industrial Solutions -41.8%
- ROS: 10.5% (2019: 11.6%)
  - Improvement in H2 compared to H1 2020 from 10.2% to 10.9% (H2 2019: 12.9%) due to a lower cost level

ITEMS BELOW EBITA

(in € million)	2020		2019		Δ in %
EBITA before one-off income and expenses	**135.5**	10.5%	**172.5**	11.6%	**-21.4%**
One-off expenses	6.9		18.3		
Amortization	53.7		50.1		
Impairments	4.0		5.0		
Operating result	**70.9**		**99.1**		
Financial expenses	-10.4		-10.1		
Result from associates	-3.2		0.4		
Result from sale of companies	5.5		0.0		
Change in value financial liabilities	0.1		-0.1		
Result before taxes	**62.9**		**89.3**		
Taxes	15.4		20.6		
Net profit continuing operations	**47.5**	**3.7%**	**68.7**	**4.6%**	**-30.8%**
Net profit discontinued operations	0.0		45.2		
Total net profit	**47.5**	**3.7%**	**113.9**	**7.7%**	**-58.3%**
Net profit before amortization and one- off income and expenses attributable to shareholders	**70.3**	**5.5%**	**105.3**	**7.1%**	**-33.2%**

- One-off expenses and impairments mainly related to 'Simplify & Accelerate' program and acquisitions – Part of impairment linked to COVID-19 effects
- Increase of amortization due to higher R&D investments in recent years
- Interest expenses decreased by € 0.8 million, which was offset by higher adverse currency effects of € 1.1 million
- Result from associates decreased
  - CCG: Amortization on 'purchase price allocations' of € 2.8 million, of which € 1.6 million relates to 2019, reduced results
  - Shin-Etsu: Lower volumes and prices of preforms at preform producer in China
- Book profit of € 5.5 million from divestment of ZTC
- Effective tax rate increased to 24.5% (2019: 23.1%)
  - Lower profit contribution from low tax rate countries
  - Partial capitalization of tax losses
  - Impact of change in Dutch tax rate
- Net profit from discontinued operations in 2019 related to divestment of majority of our industrial connectivity activities (CCG)

BALANCE SHEET 31 DECEMBER 2020

(in € million)	31-12-2020	31-12-2019
Intangible non-current assets	577.3	596.4
Tangible non-current assets	219.9	230.9
Right-of-use assets	77.4	80.8
Investment property		
Other associates	25.5	28.6
Receivables	1.9	2.0
Deferred tax assets	14.3	21.0
Total non-current assets	**916.3**	**959.7**
Inventories	236.7	238.8
Receivables	157.4	182.1
Contract assets	124.2	115.7
Contract costs	3.3	1.9
Current income tax	1.8	1.6
Cash and cash equivalents	121.6	79.0
Total current assets	**645.0**	**619.1**
Assets held for sale	4.6	38.7
Total assets	**1,565.9**	**1,617.5**

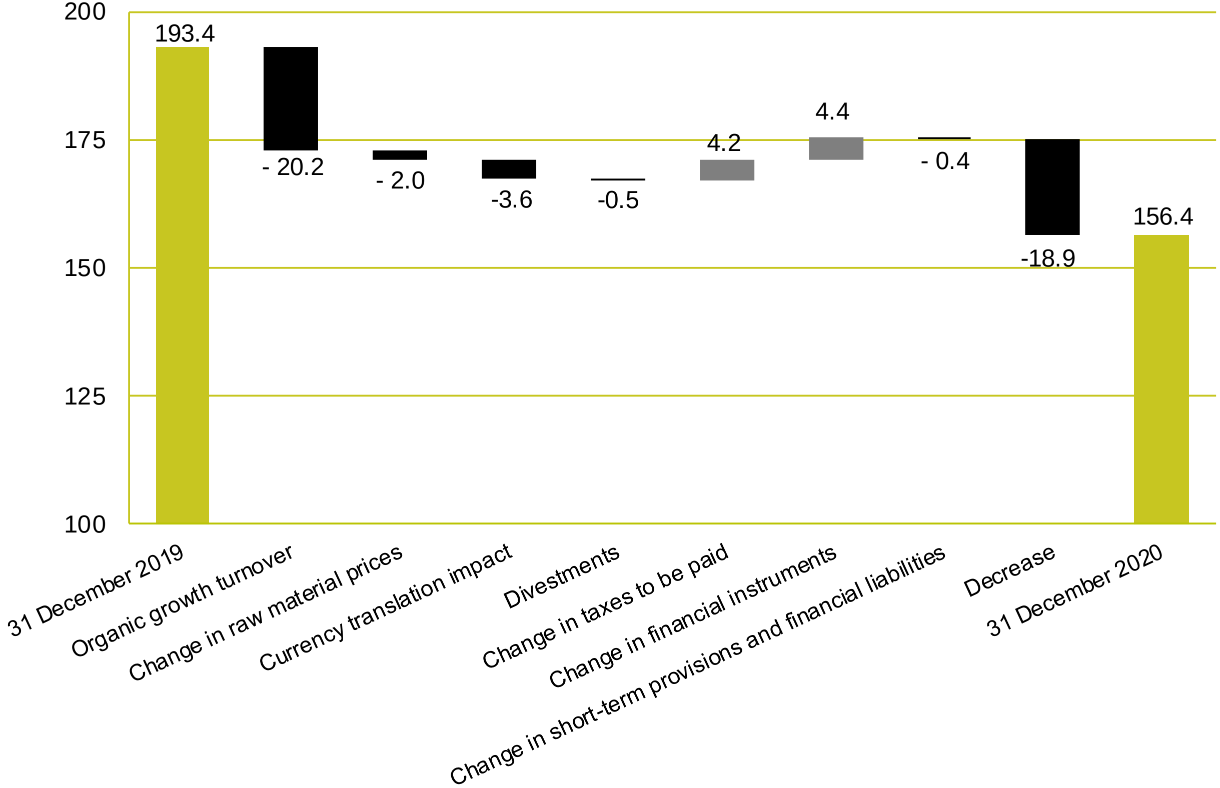
(in € million)	31-12-2020	31-12-2019
Shareholders' equity	661.8	704.5
Non-controlling interests	0.1	0.3
Total group equity	**661.9**	**704.8**
Interest bearing loans and borrowings	409.5	415.8
Deferred tax liabilities	55.1	65.5
Retirement benefit obligation	5.9	5.8
Financial liabilities	3.4	5.0
Provisions	5.7	6.3
Total non-current liabilities	**479.6**	**498.4**
Interest bearing loans and borrowings	57.1	58.1
Trade payables and other payables	258.8	259.8
Contract liabilities	73.9	49.2
Current income tax liabilities	11.0	11.8
Financial liabilities	4.5	3.7
Provisions	19.1	19.1
Total current liabilities	**424.4**	**401.7**
Liabilities directly associated with assets held for sale	0.0	12.6
Total equity and liabilities	**1,565.9**	**1,617.5**

- Cash and cash equivalents includes € 56.0 million (2019: € 10 million) that are part of a balance and interest compensation schemes.
- Assets held for sale decreased due to divestments of ZTC and Cruxin
- Solvency of 42.3% (2019: 43.6%)

- Financial covenants:
  - Net debt, based on financial covenant as agreed with banks, of € 261.8 million (2019: € 300.6 million)
  - Net debt/EBITDA of 1.6 (31 December 2019: 1.5)

WORKING CAPITAL

Changes in working capital (in € million)



- Working capital as percentage of turnover decreased to 12.1% (2019: 13.0%)
- Use of non recourse factoring:

31-12-2020	€ 43.6 million
30-06-2020	€ 42.6 million
31-12-2019	€ 38.7 million

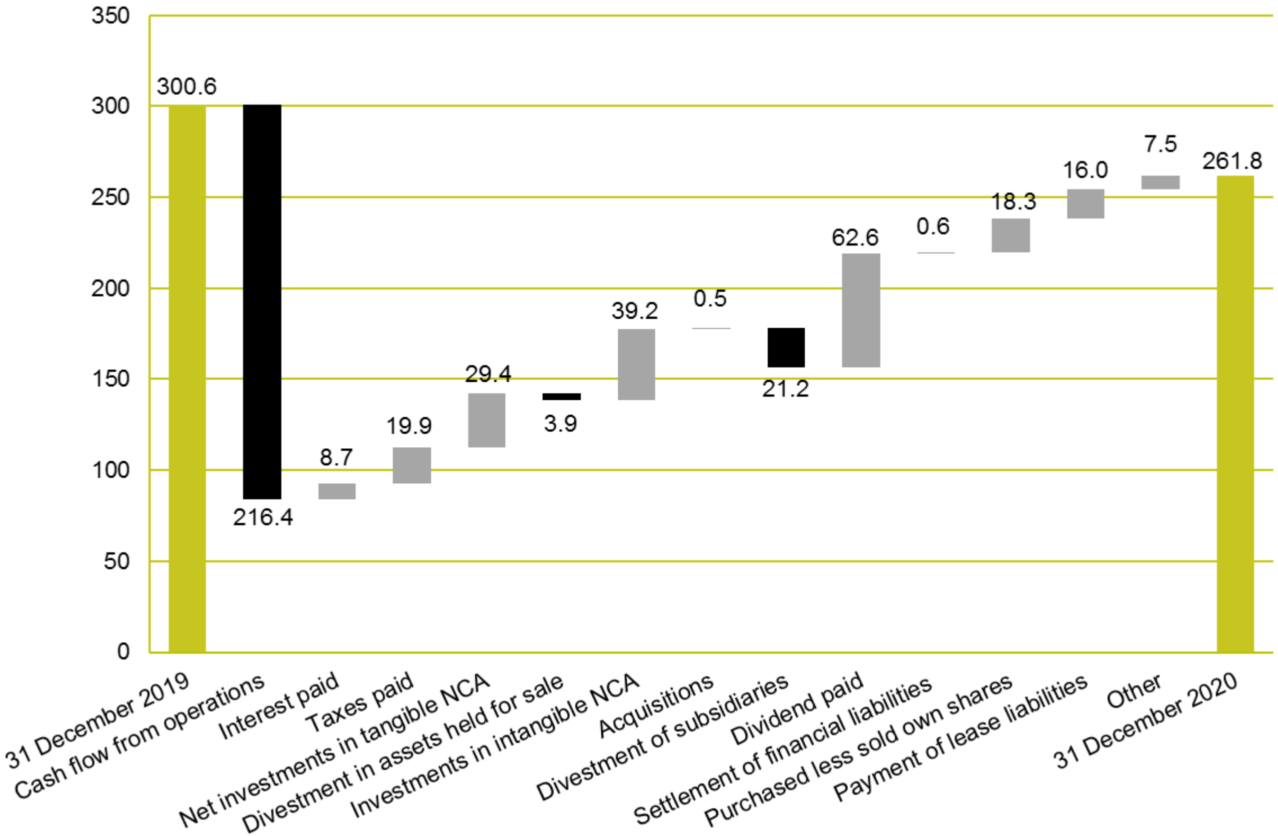
- Use of supply chain finance:

31-12-2020	€ 27.5 million
30-06-2020	€ 25.3 million
31-12-2019	€ 24.8 million

- COVID-19 effects on working capital netted under ‘Decrease’:
  - Decrease due to deferred tax payments originated from H1 2020 of € 22 million – payable in H1 2021
  - Increase due to postponement of delivery and completion of various projects, particularly in Industrial Solutions, due to lock-down – impact of € +10 million

NET DEBT DEVELOPMENT

Change in net debt (in € million)



- Strong positive cash flow from operations, driven by a decrease in working capital
- Net-investments in tangible and intangible assets (€ 68.6 million), mainly:
  - Investments in R&D
  - Expansion, replacement and upgrade of production capacity
- Divestment of subsidiaries ZTC and Cruxin in H1 2020
- Cash dividend of € 1.50 paid per (depositary receipt of) ordinary share in 2020
- Purchased shares include € 7.1 million for the share buyback program

FREE CASH FLOW

(in € million)	H1 2020	H2 2020	2020	2019	2018
Operating result from continued operations	35.9	35.0	70.9	99.1	129.2
Operating result from discontinued operations			0.0	8.9	13.5
Operating result [1)]	35.9	35.0	70.9	108.0	142.7
Depreciation, amortization and impairment	52.4	50.7	103.1	100.6	70.0
EBITDA adjusted	**88.3**	**85.7**	**174.0**	**208.6**	**212.7**
Change in working capital	-40.2	82.7	42.5	0.1	-55.2
Taxes paid	-11.5	-8.4	-19.9	-27.4	-28.0
Other	4.5	-4.6	-0.1	9.8	3.2
Cash flow from operations before interest	**41.1**	**155.4**	**196.5**	**191.1**	**132.7**
Payment of lease liabilities	-8.8	-7.2	-16.0	-15.8	
Capital expenditure (tangible)	-12.1	-17.3	-29.4	-30.6	-40.0
Capital expenditure (intangible)	-17.7	-21.5	-39.2	-40.4	-35.2
Free Cash Flow ('FCF')	**2.5**	**109.4**	**111.9**	**104.3**	**57.5**
EBITDA to FCF conversion	2.8%	127.7%	64.3%	50.0%	27.0%

1) Including one-off expenses and impairments.

- Substantial growth in FCF compared to previous years
- FCF-conversion improved due to relative strong working capital decrease in H2 2020 combined with lower EBITDA.
- Payments for acquisitions and proceeds from divestments have not been included in FCF
- FCF-conversion is traditionally low in the first half year and strong in second half.

OUTLOOK

OUTLOOK

Although the macroeconomic uncertainties resulting from COVID-19 will persist in the near future, we expect the global economy to gradually improve in 2021. However, we expect that the effects of COVID-19 will continue to be noticeable in H1 2021. Without escalation of the aforementioned circumstances and barring unforeseen circumstances, TKH expects the following developments per business segment for the year 2021:

Telecom Solutions

- Fibre optics networks: Investments in Europe are expected to increase further. Due to COVID-19 restrictions in H1 2021, sales will not yet reach pre-COVID level. Current overcapacity in Chinese market can translate into margin pressure, but compensation expected through better product mix and focus on FTTH projects.
- On balance, an increase in both turnover and result is expected.

Building Solutions

- Machine Vision: Further growth is expected, driven by new technologies such as Alvium 2D- and confocal 3D-visiontechnology.
- Infrastructure: Further increase in turnover is expected due to increased investment need for energy networks by network companies. Growth is expected for CEDD / AGL activities based on the contracted and identified projects.
- Marine & Offshore: Strong growth is expected for subsea cable systems based on solid order intake 2020. This will more than compensate for drop in demand for cruise ship cable systems.
- Parking: Limited recovery is expected as impact of COVID-19 are still noticeable.
- Care: Sales are expected to increase in 2021 due to normalization of COVID-19 restrictions and increase in demand for health care domotic solutions.
- In the other activities a partial recovery from the COVID-19-related revenue decline in 2020 is expected.
- ‘Simplify & Accelerate’-program will also have a positive impact on result.
- On balance, an increase in both turnover and result is expected.

Industrial Solutions

- Tire Building: Due to very low order intake in Q2 and Q3 2020, sharp decline is expected in both turnover and result in H1 2021. High order intake in Q4 2020 and expected order intake in Q1 2021 provides good perspective for increase in turnover and result in H2 2021.
- Industrial Care: Increase in turnover is foreseen due to international roll-out of Indivion.
- The other Industrial activities are expected to recover in 2021.
- On balance, a decline in both turnover and result is expected within this segment.

Due in particular to the impact of the low order intake in Tire Building in Q2 and Q3 2020, the profit of TKH in H1 2021 will be lower than in H1 2020. For the full year 2021, TKH expects to record a higher profit. As usual, TKH will express a concrete expectation for the profit for the whole of 2021 at the presentation of the half-year figures in August 2021.

TKH Group the solution provider

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.