

TKH Group – Capital Markets Day

17 November 2021

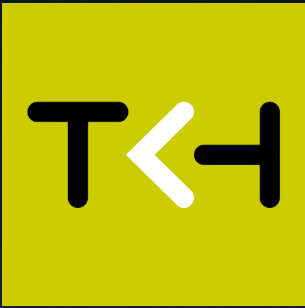


IMPORTANT INFORMATION – DISCLAIMER

Cautionary note regarding forward looking statements

Statements included in this presentation 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.



Segment Reporting

Elling de Lange
CFO



Growth scenarios: Solutions to Technology Segments

No future external targets will be provided for the three Technology Segments as we further simplify. TKH targets organic growth on group level

Turnover growth scenarios per Vertical Market

Vertical markets (in € millions)	Growth scenarios	
	<i>lower bound</i>	<i>upper bound</i>
Fibre Optic Networks	175	200
Parking	150	200
Infrastructure	150	200
Marine & Offshore	150	200
Care	70	100
Machine Vision	250	300
Tire Building Industry	450	550
Other vertical markets	450	500
Total turnover	1,845	2,250

Growth potential Machine Vision will be higher than upper bound growth scenario, which will compensate lower growth in Parking

Converted growth scenarios into technology segments

Smart Vision systems	Smart Manufacturing systems	Smart Connectivity systems
		✓
✓		
✓		✓
✓	✓	✓
✓	✓	✓
✓		
	✓	
✓	✓	✓

Updated midterm target 2025 of **> € 2 billion in turnover**

TKH SMART VISION SYSTEMS

We create state-of-the-art Vision systems

Portfolio examples



3D
Machine Vision



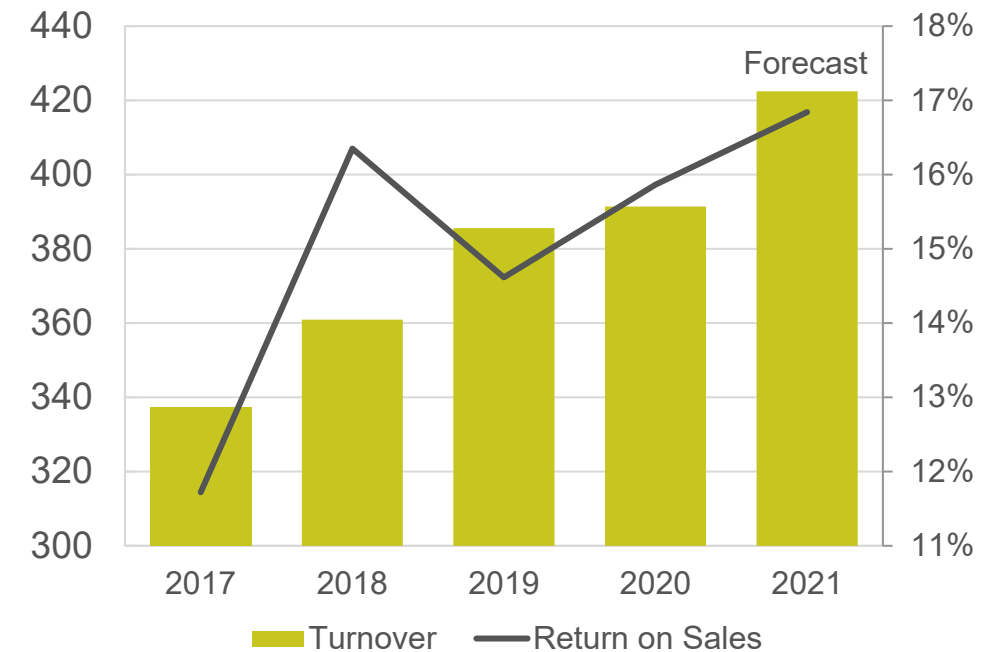
2D
Machine Vision



2D Vision &
Communication

Turnover and ROS development

in million €



TKH SMART VISION SYSTEMS

Main turnover contributor

Vision technology (86%)



Position with Vision

- Market and technology leader with 3D technology
- Strong market position in many growth markets with superior 2D technologies and service model with SMART system approach
- Full range of technology for customized and integrated systems

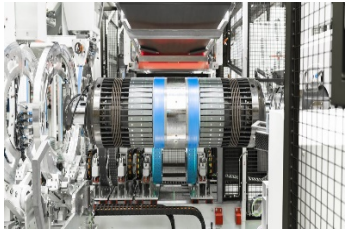
Market drivers

- High demand for automation due to movement towards Industry 4.0 - Hands off – Eyes off manufacturing
- Continued increased demand for more productivity and improved quality
- Lack of human resources and rising labor costs drive demand for automation
- Progression of cloud computing, big data, artificial intelligence and machine learning leads to demand for new technology systems
- Enlarged complexity of technology systems drives demand for technology partners
- Increased need for safe and secure Buildings & Infrastructures
- IoT advancement and rise in IoT based products leads to high priority for automation
- Trend towards advanced mobility technologies that support the increased need for enforcement and monitoring

TKH SMART MANUFACTURING SYSTEMS

We create superior Manufacturing systems

Portfolio examples



Tire Building
systems



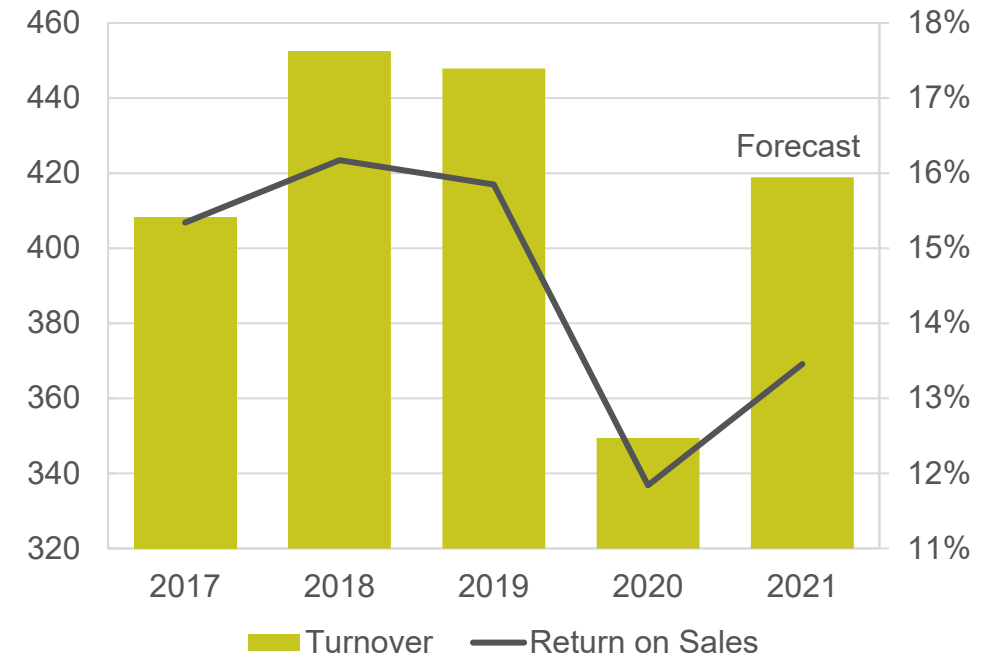
Care
systems



Industrial
Automation
systems

Turnover and ROS development

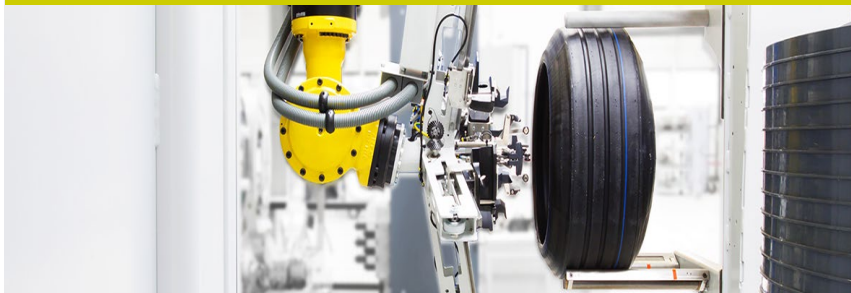
in million €



TKH SMART MANUFACTURING SYSTEMS

Main turnover contributor

Tire Building technology (69%)



Position

- Market leader in the Tire Building Industry
>70% market share
- Innovation power is the highest in the industry – vision technology is key driver for Tire Building technology success

Market drivers

- Trend towards more local manufacturing to reduce inventories ask for integrated tire manufacturing systems to address in a super-efficient way small production batch sizes
- Scarcity in human resources and rising labor costs drive demand for automation
- Increased volume and types of tires requires more flexibility in production
- Enlarged focus on road safety and security drives demand for high quality tires
- Demand to lower waste and energy consumption levels in production fuels need for advanced technology

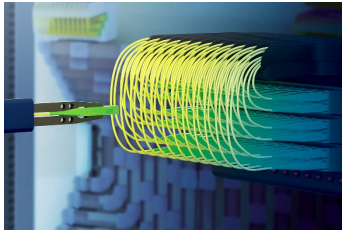
TKH SMART CONNECTIVITY SYSTEMS

We create advanced Connectivity systems

Portfolio examples



Subsea
connectivity



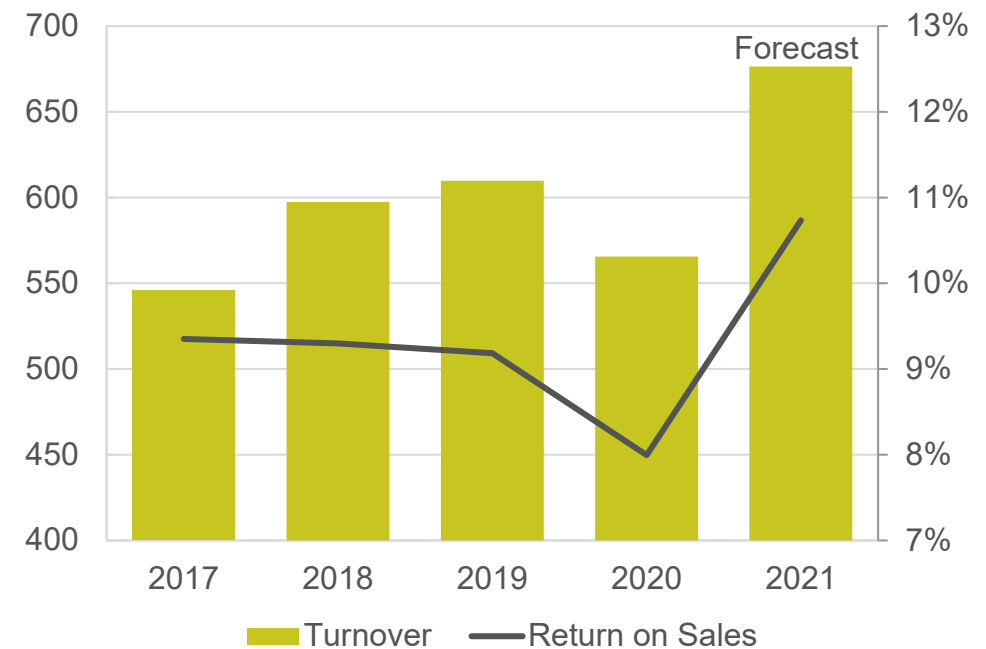
Patch robot



Fibre Optics
connectivity

Turnover and ROS development

in million €



TKH SMART CONNECTIVITY SYSTEMS

Main turnover contributors

Energy (33%)



Position

- Leading position in the Netherlands
- Strong ESG focus supports unique position and megatrend for sustainability
- Systems approach, SMART technologies and 24H delivery differentiate the position

Digitalization (38%)



Position

- Market leader in Benelux with Fibre Optics technologies and strong position in North and West Europe.
- Systems approach including SMART technologies and 24H deliveries differentiate the position

Market drivers

Energy

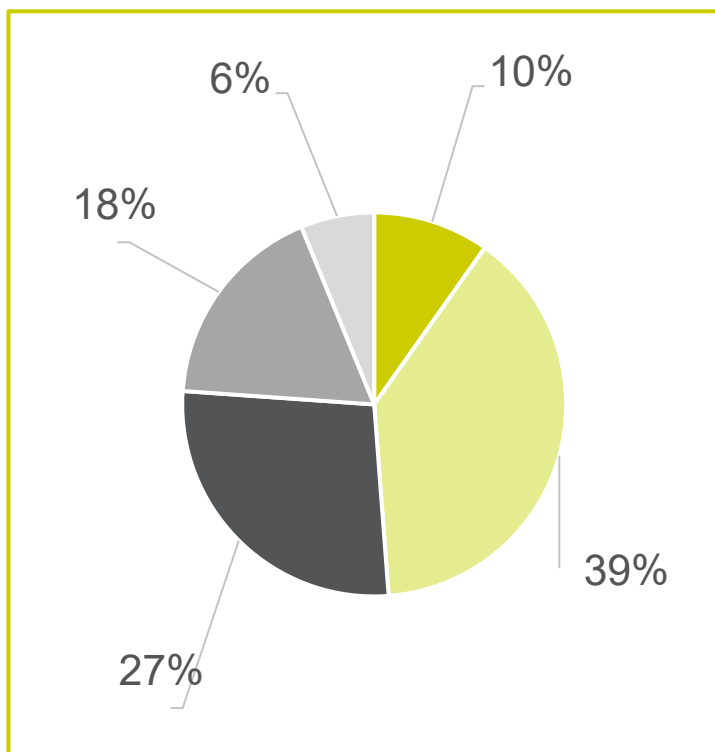
- Energy transition will require a boost in power generation from renewable sources
- Public and private ESG ambitions, budgets, and targets drive investments
- The scarcity of natural resources drive the energy transition
- Growth in demand for electricity in general and as an alternative energy source for fossil fuel

Digitalization

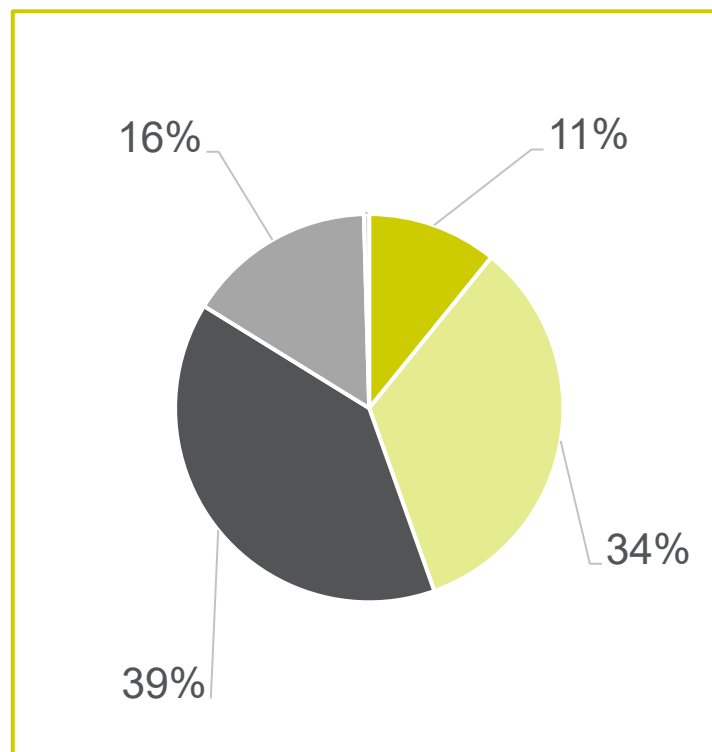
- Global need for high-speed bandwidth and data traffic
- Increased demand for connected assets (IoT)
- Need for advanced mobility – autonomous driving concepts & ITS systems leads to an increased need for data connections
- Enlarged demand for monitoring of essential network elements

Geographical split per technology segment 1)

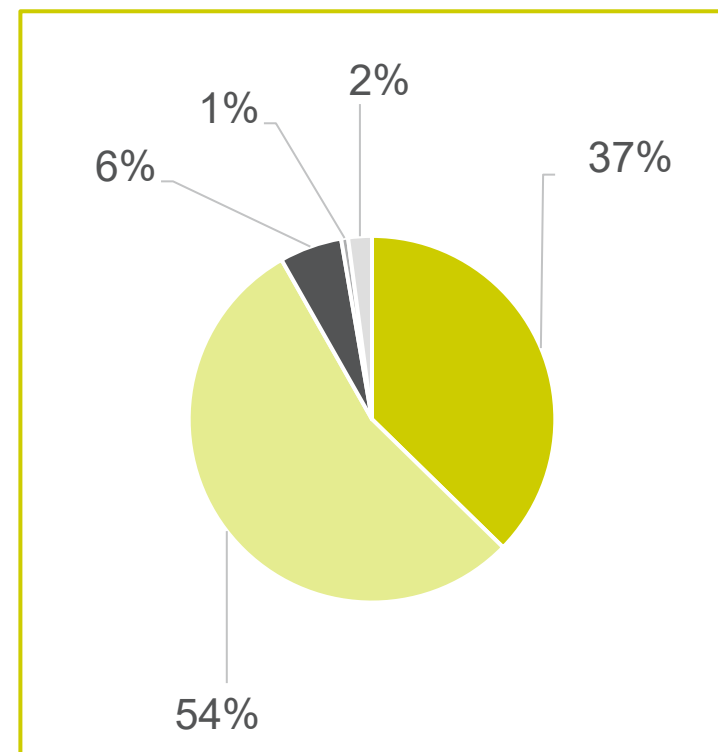
Smart Vision systems



Smart Manufacturing systems



Smart Connectivity systems



1) Based on H1 2021.

■ Netherlands ■ Europe ■ Asia ■ North America ■ Other

P&L split based on Smart Technology segments

Actual 2020

	Smart Vision systems	Smart Manufacturing systems	Smart Connectivity systems	Other	Total 2020
Turnover	391.4	349.5	565.6	-17,1	1,289.4
Added value	231.1	170.4	230.9	2.0	634.4
Added value	59.1%	48.7%	40.8%		49.2%
EBITDA	77.4	49.4	66.2	-12,0	181.0
EBITA	62.1	41.4	45.2	-13,2	135.5
ROS	15.9%	11.8%	8.0%		10.5%
FTE	1,846	1,679	2,092	87	5,704
Capital Employed	471.6	128.5	316.6	6,7	923.3
ROCE	12.7%	33.2%	13.8%		14.0%

Actual H1 2021

(amounts in million €)

	Smart Vision systems	Smart Manufacturing systems	Smart Connectivity systems	Other	Total H1 2021
Turnover	210.9	185.0	338.2	-8.4	725.8
Added value	123.1	89.8	136.6	0.1	349.7
Added value	58.4%	48.5%	40.4%		48.2%
EBITDA	44.8	23.6	45.8	-7.7	106.5
EBITA	37.6	19.7	35.2	-8.1	84.4
ROS	17.9%	10.7%	10.4%		11.6%
FTE	1,854	1,823	2,193	81	5,951
Capital Employed	483.6	89.9	341.2	10.2	924.8
ROCE	13.8%	27.9%	18.2%		15.6%

Remarks

- 'Other' includes head office, group support, divestments (Cruxin, divested in 2020) and eliminations.
- Capital employed: Non-current assets + working capital -/- lease liabilities = Equity -/- Cash + Interest bearing debt (excluding lease liabilities).
- ROCE per segment is based on EBITA divided by average capital employed.

New segment reporting

Reporting is in accordance with IFRS and will contain the following information:

KPI	Group	Segment
Turnover	✓	✓
Added value	✓	✓
Operating expenses	✓	
EBITDA	✓	✓
Depreciation	✓	✓
EBITA	✓	✓
<i>Return on Sales (ROS)</i>	✓	✓
One-offs	✓	✓
Amortization	✓	✓
EBIT	✓	✓
Financial result	✓	
Result before tax	✓	
Tax	✓	
Net result	✓	
Innovation rate	✓	
Order intake	✓	
Order book	✓	
FTE	✓	✓

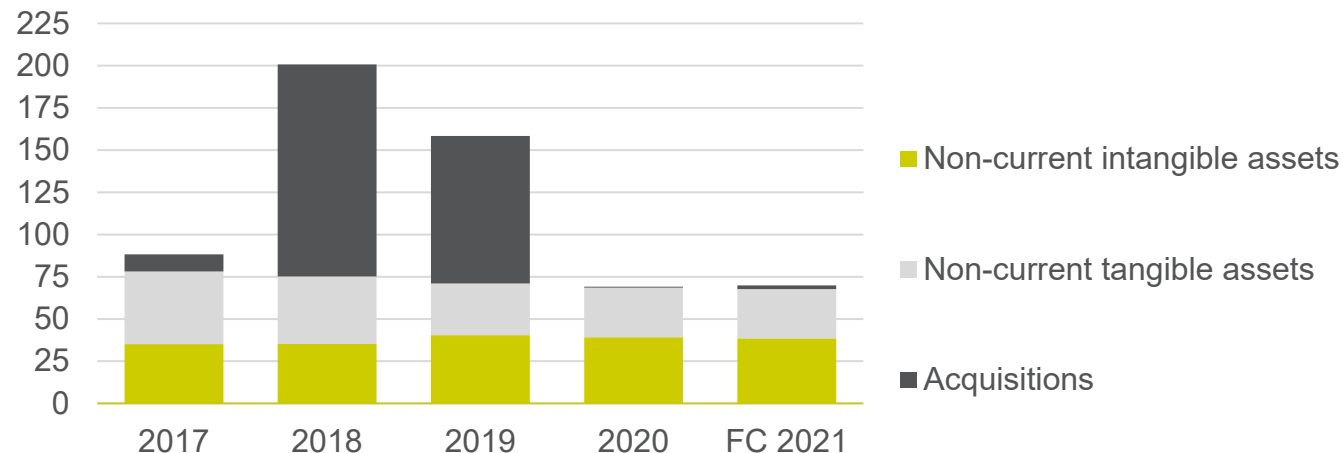
KPI	Group	Segment
Non-current tangible investments	✓	
Non-current intangible investments	✓	
Right-of-use investments	✓	
Acquisitions	✓	
Total investments	✓	✓
Assets	✓	✓
Assets held for sale	✓	✓
Other associates	✓	✓
Total assets	✓	✓
Liabilities	✓	✓
Working Capital	✓	
Capital Employed	✓	✓
<i>Return on Capital Employed (ROCE)</i>	✓	✓
Net debt	✓	
Free Cash Flow	✓	
Turnover per geography	✓	✓
Non-current assets per geography	✓	
FTE per geography	✓	

Capital allocation

Cash generated will be reinvested in businesses with above average growth potential and/or distributed to shareholders

Investments

in million €



- > Large share of investment in developments costs (intangible assets) mainly relate to Smart Vision Systems and Smart Manufacturing Systems. Future investment level will remain in line with current percentage of turnover.
- > Tangible assets will fluctuate around between € 30 – 40 million, with higher investment levels for strategic investments (increase capacity and capabilities)
- > Acquisitions that strengthen our portfolio of proprietary technologies or strengthen our sales network

Dividend and share buy-back

- > TKH aims for an attractive return for its shareholders, which is also reflected in an appropriate dividend policy
- > Based on the growth targets for the coming years, TKH will aim for a pay-out of between 40% and 70%
- > TKH strives for Net debt / EBITDA < 2.0
- > Structural excess cash, like for example proceeds from divestments, can be used for share buy back programs and/or dividends

Key messages



‘Simplify & Accelerate’ program from 2019 led to strong focus on activities with higher ROS and higher organic growth, bringing ROS target of >15% in sight

Strong post-COVID recovery during 2021 shows strong market position and successful strategy of the TKH Group

Introducing a new simplified segmentation delivering increased transparency on value creation of activities

Prioritizing ESG in our strategy and actions, driven to improve our impact on sustainability

Ready for next phase of value creation: launching new program ‘Accelerate 2025’ with new strategic priorities and targets

