

Press release
TKH Group N.V. (TKH)

TKH update

TKH today publishes an update on the situation that has arisen as a result of the COVID-19 outbreak and the impact this has on TKH's turnover and results. This update replaces the Market Update, scheduled for 6 May 2020.

COVID-19 situation

- The health of our people is our top priority. In the various countries where we are active, we have taken all the measures laid down in the directives of the various governments, to ensure we can safeguard the continuity of the company and the safety of the working environment.
- The outbreak of COVID-19 has a negative impact on both turnover and result. The lockdown in China, which has now been largely lifted, had a limited impact. However, the situation resulting from the lockdowns in Italy, France and the US in particular is having a greater impact. This effect is expected to be higher in the second quarter than in the first quarter of 2020 and will depend on the duration of the COVID-19 measures.
- The utilization at our production companies is lower due to the measures aimed at working as safely and healthily as possible. In addition, we are seeing the impact of lower demand due to the fact that customers have less capacity to realize projects. In a number of market segments investments have been reduced or postponed. This is in particular the case for investments in airports, parking and the industrial sector.
- TKH has sharpened its focus to respond to and anticipate changing market conditions by taking cost-cutting measures and limiting investment levels where possible.
- Due to COVID-19, TKH does not expect to make any progress this year with respect to the planned divestments in the context of its 'Simplify & Accelerate' program, beyond the divestments already made. Since the start of the program, we have already divested € 260 million turnover. The total target remains unchanged at € 300 - 350 million.

Highlights Market Update

In the first quarter of 2020, organic turnover declined by 1.9%, due to a decline at Industrial Solutions. On the other hand, turnover increased within Telecom Solutions and in particular within Building Solutions.

The operational profit (EBITA) was virtually unchanged in the first quarter of 2020, when compared with the same period in 2019. The decline at Industrial Solutions and, to a limited extent, at Telecom Solutions was offset by an increase at Building Solutions.

As at 31 March 2020, the order book increased in the three business segments compared to 31 December 2019, despite the COVID-19 situation.

The net debt/EBITDA ratio stood at 1.6 as at 31 March 2020, which means TKH was operating well within the financial ratio agreed with its banks.

The key developments per segment were as follows:

Telecom Solutions

- Fibre Optic Networks – Slight growth was achieved despite the impediments in the supply chain from China. The optical fibre production in China has been fully operational again since the end of February. In France in particular, the lockdown has resulted in a delay in the roll-out of fibre optic projects.
- Other markets – Turnover for indoor communications networks increased.

Building Solutions

- Care – Turnover was down slightly, although we are currently seeing growing demand for our communications technology for care alerts and elderly care. However, the installation opportunities at care facilities are currently limited.
- Marine & Offshore – Both turnover and the order book increased. In the first quarter, we won the contract for the connectivity system for the Kaskasi Offshore Windpark and we have good prospects of new contracts for offshore wind energy projects. We expect these to result in additional capacity utilization at our subsea connectivity plant in the second half of 2020 and in 2021.
- Tunnel & Infra – Turnover was higher than in the first quarter of 2019. Although the CEDD/Airfield Ground Lighting (AGL) technology is still well-positioned for contracts, growth is expected to slow down as a result of COVID-19 and the related investment constraints at airports due to the massive decline in demand. The demand for energy cable systems for energy networks continued to increase and made a considerable contribution to turnover growth in the first quarter.
- Parking – In North America, TKH's main market within Parking, there is a considerable negative impact on turnover from projects that have been shut down (airports and shopping malls) due to the effects of COVID-19. TKH anticipates a lower investment level in the parking segment in the upcoming quarters and is reducing its operating costs substantially. At the same time, R&D programs will be continued.
- Machine Vision – In the first quarter of 2020, a clear growth is noted compared to the same period of last year, primarily in the 3D vision segment. In China, demand has recovered reasonably well after the COVID-19 restrictions. There was an increase in demand for our vision technology, especially for new applications in consumer electronics.
- Other markets – In the building & construction segment, there are restrictions on the execution of projects which are expected to continue in the coming months. This is having an impact on turnover.

Industrial Solutions

- Tire Building – Turnover declined in line with expectations. The delivery of some projects is being postponed due to COVID-19 because of lockdown situations at some customers. The order book increased in the first quarter, on the back of a good order intake.
- Other markets – Turnover in the industrial sector is under pressure from a reluctance to invest among machine builders and in the robotics industry in particular. This is having a negative impact on TKH's industrial connectivity activities.

Outlook

The economic uncertainty resulting from the COVID-19 outbreak will have a negative impact on TKH's activities. However, TKH is optimally positioned to serve its customers and has the agility to respond to changing market conditions. TKH's solid financial position and well-filled order book provide a good starting position and offers sufficient room to resist this uncertain period.

Given the lack of insight into the duration of the current situation, it is not possible at this point in time to give a forecast for 2020. As usual, TKH aims to provide a more specific profit forecast for the full year 2020 when presenting the half-year figures on 11 August 2020, subject to unforeseen circumstances. In addition, we will provide an additional update on June 18, 2020, or earlier if circumstances so require, in the context of COVID-19.



Haaksbergen, 23 April 2020

Executive Board

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Financial calendar

7 May 2020	General Meeting of Shareholders
11 May 2020	Ex-dividend
12 May 2020	Record date
15 May 2020	Dividend payable
18 June 2020	COVID-19 update
11 August 2020	Publication interim results 2020
17 November 2020	Market Update

Profile TKH Group NV

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