

Press release

TKH Group N.V. (TKH)

Trading update 1st quarter 2014

Highlights

- Turnover up 10.2% to € 314.4 million, organic growth 11.6%.
- Increase turnover Industrial Solutions by 23.8% - further increase order portfolio – again a record order intake tyre manufacturing systems.
- Turnover at Building Solutions down 2.2% - market conditions building- and construction sector did not improve.
- Increase turnover Telecom Solutions with 2.0% - positive impact mild winter.
- EBITA up 39.2% to € 26.7 million.

Key figures (in € million unless otherwise stated)

	Q1 2014	Q1 2013	Difference in %
Turnover	314.4	285.3	+ 10.2
EBITA	26.7	19.2	+ 39.2
Net profit before amortisation 1) attributable to shareholders	15.5	10.1	+ 54.3
ROS	8.5%	6.7%	

1) Amortisation of intangible fixed assets related to acquisitions (after tax).

Alexander van der Lof, CEO of technology company TKH: "The results improvement is mainly due to the positive development of the order intake during 2013 within the segment Industrial Solutions. The global investments in capital goods have further increased and also TKH's market position developed positive. The TKH-technologies meet the important trend towards further enhancing efficiency, quality, flexibility and the level of automation in production processes. In the past few months the order intake again increased, forming a good basis to realise growth in the coming quarters. The decreased demand in the building and construction sector with the segment Building Solutions was for the greater part compensated by the good development in the defined vertical growth markets."

Developments first quarter

In the first quarter turnover was up 10.2% to € 314.4 million (Q1 2013: € 285.3 million). Acquisitions contributed 0.3% to turnover. Reduced raw materials prices passed on to our customers had a negative effect of 1.7% on turnover. On balance, organic turnover was up by 11.6%.

With 23.8%, Industrial Solutions realised the sharpest increase in turnover. Telecom Solutions increased turnover by 2.0%. Turnover within Building Solutions however decreased by 2.2%.

Operating result before amortisation of intangible assets (EBITA) was up 39.2% to € 26.7 million in the first quarter of 2014, from € 19.2 million in the first quarter of 2013. Industrial Solutions booked the strongest EBITA increase as a result of the sharp turnover increase and an improved efficiency.

In the first quarter of 2014 ROS increased to 8.5% (Q1 2013: 6.7%).

Amortisation charges rose by € 0.6 million to € 6.7 million (Q1 2013: € 6.1 million) as a result of the investments and acquisitions in 2013.

Financing costs were reduced by € 1.1 million compared with the first quarter of 2013. This decrease is the result of a lower interest rate following the refinancing in October 2013 and the expiration of some interest rate swaps.

The tax burden increased from 22.2% in the first quarter of 2013, to 23.9% in the first quarter of 2014.

Net profit before amortisation attributable to shareholders came in at € 15.5 million in the first quarter of 2014 (Q1 2013: € 10.1 million), an increase of 54.3%.

Net bank debt increased with € 1.2 million to € 186.9 million compared with 31 December 2013, due to an increase in working capital as a result of the turnover growth. The net debt/EBITDA ratio stood at 1.4 and the interest coverage ratio at 12.6. TKH operates well within the financial ratios agreed with its banks.

Telecom Solutions

Within the segment Telecom Solutions turnover increased by 2.0% to € 38.4 million. Turnover in optical fibre networks improved significantly, due to the mild winter in Europe and the shift in investments in copper network systems to optical fibre networks. EBITA improved as a result of a higher utilisation rate and efficiency improvements, despite pressure on margins due to the current overcapacity at a number of manufacturers of optical fibre.

Building Solutions

Turnover within the segment Building Solutions was down by 2.2% to € 115.2 million in the first quarter of 2014. Lower raw materials prices passed on to customers had a negative effect on turnover of 2.1%. Acquisitions contributed 0.6% to turnover growth. As a result of difficult market conditions in the building and construction sector the organic turnover decline was on balance 0.7%. The turnover decrease was compensated within the segment vision & security systems as well as the segment connectivity systems as a result of growth in the defined vertical growth markets *Parking* and *Marine, Oil & Gas*. The segment building technologies showed a slight decrease due to the reluctance to invest in the Dutch health care sector. The impact of the turnover decrease on EBITA was compensated by the efficiency measures taken in 2013 and the focus on vertical growth markets.

Industrial Solutions

Within the segment Industrial Solutions turnover increased by 23.8% to € 160.8 million in the first quarter of 2014. Reduced raw material prices passed on to customers had a negative impact of 1.6% on turnover. Organically turnover was up 25.4%. Within the segment connectivity systems turnover rose due to customers' improved investment levels in capital goods. Turnover in the segment manufacturing systems significantly increased as a result of the high order intake during 2013. Also in 2014 this positive trend continued with again a record order intake of more than € 100 million in the first quarter. Especially the order intake from Asia was at a high level. EBITA increased sharply as a result of the turnover growth, an improved efficiency and a better distribution of the utilisation rate across the production locations currently present.

Outlook

TKH maintains the outlook for its business segments as presented at the publication of the annual results in March 2014. As usual, we will aim to give a more specific indication of the estimated profit for the full year 2014 at the presentation of the half-year results in August 2014.

Haaksbergen, 8 May 2014

Executive Board

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Agenda

14 May 2014	General Meeting of Shareholders 2014
16 May 2014	Ex-dividend date
20 May 2014	Dividend record date
21 May until 3 June 2014	Optional period
3 June 2014	Determination stock dividend exchange ratio (after closing stock exchange)
6 June 2014	Cash dividend made payable and delivery stock dividend
19 August 2014	Publication interim figures 2014
6 November 2014	Trading update Q3 2014

Profile

Technology company TKH Group NV (TKH) is an internationally active group of companies specialising in the creation and delivery of innovative Telecom, Building and Industrial Solutions.

The TKH core technologies – vision & security, communications, connectivity and manufacturing systems – are interlinked to form complete systems and solutions in the solutions segments and associated vertical markets. TKH's goal is to use this interlinked approach to realise far-reaching synergies between the company's various business units.

Telecom Solutions develops, produces and supplies systems ranging from outdoor infrastructure for telecom and CATV networks through to indoor home networking applications. TKH Telecom Solutions operates in three distinct sub-segments: optical fibre networks, copper networks and indoor telecom systems.

Building Solutions develops, produces and supplies solutions in the field of vision & security, communications and connectivity technology that range from applications in buildings and the built environment through to integrated systems that, linked to software, provide efficiency solutions for sectors such as the construction, healthcare, parking, ship building, oil and gas, traffic and security sectors. Building Solutions operates in three distinct sub-segments: building technologies, vision & security systems and connectivity systems.

Industrial Solutions develops, produces and supplies solutions ranging from specialty cable, "plug and play" cable systems through to integrated systems for the production of car and truck tyres. The core technologies in this segment are vision technology, connectivity and system integration. Industrial Solutions operates in two distinct sub-segments: connectivity systems and manufacturing systems.

TKH's continuous focus on research and development gives the company a portfolio of products and services that guarantee technologically-advanced solutions. TKH and its various operating companies are active worldwide. Growth is concentrated in North West and Central and Eastern Europe and Asia. In 2013, TKH booked turnover of € 1.2 billion with a workforce of 4,802 employees.