



TKH GROUP NV

Q3 2023 ANALYST PRESENTATION



14 NOVEMBER 2023

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.

Market Update Q3 2023

Turnover € 458.5m

Q3 2022: € 451.2m
+ 1.6% organically

EBITA € 54.3m

Q3 2022: € 55.2m
- 1.7%

ROS 11.8%

Q3 2022: 12.2%

Order book € 994.4m

June 30, 2023: € 999.9m

- Amidst challenging market circumstances, performed well during Q3 2023
- Added value increased, effect of sales price increases and easing of supply chain constraints
- EBITA impacted by cost increases due to additional personnel for ramp-up of new plants
- € 200m strategic investment program progressing according to plan
- Closed divestment of cable distribution activities, TKH France (one-off net profit of € 20m)
- Second € 25m share buyback program of this year started
- Acceleration of divestment opportunities in coming 12 months – use of funds for investments in our core technologies as well as further share buyback programs

Strong strategic progress despite challenging market circumstances

Market Update Q3 2023

Smart Vision systems

Turnover - 6.9% vs Q3 2022

ROS ↓ vs H1 2023

Smart Manufacturing systems

Turnover + 28.0% vs Q3 2022

ROS ↑ vs H1 2023

Smart Connectivity systems*

Turnover ↓ 7.8% vs Q3 2022

ROS vs H1 2023

* Includes TKH France, divestment closed on September 29, 2023

Smart Vision systems

- Turnover at Security Vision stable, Machine Vision declined due to destocking effects and lower demand in consumer electronic and factory automation
- ROS impacted by lower activity level whilst keeping cost levels stable in anticipation of next upturn

Smart Manufacturing systems

- Strong turnover and EBITA growth, driven by easing of component shortages, continued strong order book and reduction of operational inefficiencies
- Orderbook and order intake remain high

Smart Connectivity systems

- Onshore energy cable turnover was impacted by destocking, due to delays encountered by utility companies with roll-out of network infrastructure projects
- Offshore energy cable capacity was underutilized due to postponement of an order to 2024, as previously communicated
- Framework agreement awarded for single-source supply of inter-array cables for all of Vattenfall's European windfarms in coming years
- Fibre optic and specialty cable plants in Poland opened in September and are rapidly ramping up
- Closing of cable production activities in China due to EU and UK anti-dumping duties on fibre optic cables – One-off costs in Q4 of 2023

Outlook

Smart Vision systems

Smart Vision systems continues to face strong destocking effects and weakened market conditions in several end markets. As a result, we now expect EBITA to decrease slightly in H2 2023 compared to H1 2023

Smart Manufacturing systems

The outlook for Smart Manufacturing systems has improved, with turnover and EBITA expected to grow in H2 2023 compared to H1 2023

Smart Connectivity systems

As communicated earlier, Smart Connectivity systems H2 2023 EBITA and turnover are expected to be lower than H1 2023

On balance, for the full year 2023, TKH reiterates the earlier communicated outlook of an EBITA before one-off income and expenses between € 230 million and € 240 million, however EBITA is expected to be at the lower end of the forecasted range. This results into a net profit before amortization and one-off income and expenses attributable to shareholders at the lower end of the € 126 million to € 134 million range, barring unforeseen circumstances.



Q&A