



TKH GROUP NV

Q3 2024 MARKET UPDATE – ANALYST PRESENTATION



12 NOVEMBER 2024

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.

Q3 2024 Market Update

Short term impact in Q3, strong Q4 expected

Turnover €393.3 m

Q3 2023: €458.5 m*

- 6.2% organically

EBITA €42.1 m

Q3 2023: €54.3 m*

- 13.8% organically

- Smart Manufacturing performed strongly, as did Smart Vision in challenging market circumstances.
- Smart Connectivity negatively impacted in short term:
 - Postponement of ramping up serial production of offshore wind cables at new plant in Eemshaven
 - Destocking at Digitalization
- Continued high added value at 51.5% (Q3 2023: 49.0%) due to strategic focus.
- Initiated cost saving program of €15 million well on track; together with planned higher capacity utilization will support growth in margins.
- Good order intake and sales funnel supports good order book by year end.
- Based on a good orderbook, we expect Q4 EBITA to be in line with our previous expectations and substantially higher than Q3.
- Outlook adjusted to reflect Q3 results.

Good progress in preparing for growth and accomplished most of the milestones set

* Q3 2023 turnover and EBITA excluding one-off income and expenses include the divested companies TKH France, EKB Groep and HE System Electronic.

3 Turnover and EBITA of the divestments in Q3 2023 was €39.2 million and €4.7 million respectively. For the 9 months of 2023, turnover and EBITA of the divestments amounted to €128.0 million and €17.6 million respectively.

Q3 2024 Market Update

Smart Vision systems

Turnover - 7.9% organically vs Q3 2023

Smart Manufacturing systems

Turnover - 0.2% organically vs Q3 2023

Smart Connectivity systems

Turnover - 10.8% organically vs Q3 2023

▪ Smart Vision systems

- Continued challenging market circumstances.
- 2D vision recorded modest growth.
- Decline in 3D vision, mainly due to the weakness in the battery and solar end markets.
- Security Vision's turnover decreased in Q3 2024 compared to Q3 2023 due to timing of projects.

▪ Smart Manufacturing systems

- Organic decrease in turnover, in line with expectations; compared to strong Q3 2023.
- The implemented efficiency improvements continued to pay off; in combination with the high capacity utilization at Tire Building systems continued strong result.
- The divestment of EKB was closed as part of the Accelerate 2025 strategy to focus on higher return on sales activities.

▪ Smart Connectivity systems

- Digitalization continued to be impacted by low levels of investments in the roll-out of European fibre networks and a strong destocking effect, as well as pricing pressure due to high inventory levels in the Chinese market.
- The ramp-up period of serial production in the new Eemshaven plant for offshore wind cables was postponed, impacting revenue recognition.
- Several larger projects are expected to be signed in the short term. The sales funnel is growing, confirming the very attractive offshore wind business potential.

Smart Vision systems

On the back of deliveries of larger secured orders for Q4, we expect turnover and EBITA growth in H2 2024 compared to H1 2024. The market for Machine Vision remains challenging, but TKH is on track with market share growth and larger projects have been secured that will have a positive impact on Q4.

Smart Manufacturing systems

The catch-up effects following the easing of supply chain constraints have subsided, resulting in a slightly lower turnover and EBITA in H2 2024 compared to H1 2024. For the full year, we expect Smart Manufacturing systems to perform strongly, with organic turnover and EBITA growth compared to 2023.

Smart Connectivity systems

Due to improved circumstances within the onshore and offshore electrification activities and despite continuing difficult market conditions in Digitalization, Q4 2024 EBITA is expected to be higher than Q3 2024.

On balance, and barring unforeseen circumstances, for the full year 2024, TKH expects flat organic turnover growth and an EBITA excluding one-off income and expenses of between €200 million and €210 million, based on an expected strong Q4. The 2023 EBITA excluding divestments amounted to €220 million*.

Q&A

