



# AGENDA

for the Annual General Meeting of Shareholders ('AGM') of TKH Group N.V., to be held at Restaurant 't Hagen, Scholtenhagenweg 36, Haaksbergen, the Netherlands, on Monday 6 May 2019, at 2:30 p.m.

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## **1. OPENING**

## **2. REPORT OF THE EXECUTIVE BOARD, ANNUAL FINANCIAL STATEMENTS, DIVIDEND AND DISCHARGE**

- a. Presentation of the report of the Executive Board and the annual financial statements for the 2018 financial year
- b. Discussion of the remuneration policy in 2018
- c. Adoption of the annual financial statements for the 2018 financial year
- d. Explanation of the policy concerning reserves and dividends
- e. Declaration of the dividend for 2018 and the timing of its payment
- f. Discharge of the members of the Executive Board for their management duties
- g. Discharge of the members of the Supervisory Board for their supervisory duties

## **3. REMUNERATION SUPERVISORY BOARD**

## **4. THE ENGAGEMENT OF THE EXTERNAL AUDITOR TO AUDIT THE ANNUAL FINANCIAL STATEMENTS FOR THE 2020 FINANCIAL YEAR**

## **5. AUTHORIZATION OF THE EXECUTIVE BOARD TO ACQUIRE SHARES IN THE COMPANY**

## **6. REAPPOINTMENT OF THE EXECUTIVE BOARD AS THE COMPETENT AUTHORITY TO DECIDE ON:**

- a1. the issuance of ordinary shares and cumulative financing preference shares
- a2. the restriction or exclusion of shareholders' pre-emptive rights with respect to the issuance of shares referred to under a1.

## **7. ANY OTHER BUSINESS AND CLOSE**

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Please note: items 2c, 2e, 2f, 2g, 3, 4, 5, 6a1 and 6a2 will be put to a vote.

# EXPLANATORY NOTES

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## ITEM 2

- b. Information on the remuneration of Executive Board members during the 2018 financial year, as stated in the remuneration report on page 72-73 of the Report of the Executive Board as part of the TKH Annual Report 2018, will be put forward for discussion.
- d. The policy of TKH Group NV ('TKH') is aimed at securing an attractive return for the shareholder, which is reflected in an appropriate reserve and dividend policy. Healthy balance sheet ratios are very important to the continuity of the company. In determining the distributable dividend, TKH takes into account the amount of profit the company needs to retain to carry out its plans in the medium term, while maintaining a solvency rate of at least 35%. In light of the growth targets for the coming years, TKH will aim -as in previous years- for a pay-out of between 40% and 70%.
- e. The AGM will be asked to approve the payment of a dividend for 2018 of € 1.40 per (depository receipt of an) ordinary share (2017: € 1.20). Based on the outstanding shares at year-end 2018, this amounts to a pay-out ratio of 48.6% of net profit before amortization and one-off income and expenses attributable to shareholders, and 54.2% of net profit. The proposal is for the dividends to be charged to reserves in cash. The dividend will be payable on 13 May 2019.

## ITEM 3

An adjustment of the remuneration of the members of the Supervisory Board is now desirable on the basis of market conformity and the increased activities of the Supervisory Board, its chairman and the committees of the Supervisory Board. It is proposed to increase the fixed remuneration for the chairman of the Supervisory Board from € 47,000 to € 60,000 per year as per 1 January 2019 and the fixed remuneration of the members of the Supervisory Board from € 36,000 to € 45,000 per year. It is proposed to adjust the fixed remuneration of a membership in the Audit Committee, for the chairman from € 8,000 to € 10,000 and every member from € 6,000 to € 7,000. It is also proposed to grant a remuneration for a membership in the Selection and Appointment Committee as per 1 January 2019, of € 8,000 for the chairman and

€ 6,000 for each member. The remuneration for the Remuneration Committee remains unchanged, and is in accordance with the proposed remuneration for the Selection and Appointment Committee. Furthermore, it is proposed that, if circumstances require that the members of the Supervisory Board have to perform substantially more than normal activities, they will receive for this kind of activities a remuneration of € 1,000 for each day part.

In accordance with Article 20 of the Articles of Association, the General Meeting is asked to determine the remuneration of the members of the Supervisory Board and his chairman in accordance with this proposal.

## ITEM 4

Pursuant to Section 32.1 of the articles of association, the AGM is authorized to engage an external auditor to audit the financial statements. The Audit Committee has independently evaluated the performance of Ernst & Young Accountants LLP (EY) as the external auditor for the financial year 2018 and the effectiveness of the audit process, partly by means of feedback from interested parties within TKH. In view of the outcome of this evaluation and of what was subsequently adopted with regard to the planning and execution of the external audit for the

financial year ended 31 December 2018, the Audit Committee advised the Supervisory Board to nominate EY for reappointment as the external auditor of TKH for the audit of the financial statements for the 2020 financial year.

On the recommendation of the Audit Committee, the Supervisory Board proposes to the AGM that EY once again be commissioned to audit the TKH financial statements for the financial year 2020.

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## ITEM 5

This concerns a proposal to authorize the Executive Board, for a period of 18 months from 6 May 2019 and within the limits of the law and the articles of association, to repurchase for valuable consideration, on the stock market or otherwise, (depository receipts of) shares in the company up to a maximum of 10% of the issued capital of TKH at the time of repurchase. TKH shall not hold, through the repurchase of shares, more than 10% of the issued capital at the time of repurchase. The price of the (depository receipts of) ordinary shares being repurchased must be between the amount equal to the par value they represent, on the one hand, and the amount equal to one-hundred-and-ten percent (110%) of the market price, on the other.

Market price is defined as the average of the highest price on each of the five trading days preceding the date of acquisition of a (depository receipt of) ordinary share as shown in the Official Price List of Euronext Amsterdam N.V. The price for priority shares shall be equal to their par value. The price for cumulative financing preference shares and cumulative protection preference shares will be equal to the sum that TKH would have to pay by virtue of the provisions of the TKH articles of association if the shares were being withdrawn.

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## ITEM 6

Proposal to designate the Executive Board, for a period of 18 months with effect from 6 May 2019, as the body that is authorized, subject to the approval of the Supervisory Board, to decide to (i) the issue of ordinary shares and cumulative financing preference shares, including the granting of rights to subscribe to shares and (ii) restrict or exclude pre-emptive rights. The designation will apply to ordinary shares and cumulative financing preference shares, taken together, up to and including a total of ten percent (10%) of the total nominal value of the issued shares.

