

FULL YEAR RESULTS

2023 – A Year of Delivery

AGENDA FOR TODAY

- 2023 results - a year of strong delivery
- First impressions
- Opportunity to unlock further value
- Q&A





MARK HOAD, CFO

DELIVERING AGAINST OUR PRIORITIES IN 2023

Priority	2023 achievements
Positive FCF generation	FCF of £23.9m with cash conversion of 92%
Leverage reduction	Down to 1.7x ¹ , further reduction anticipated in 2024
Margin progression	Ex pass-through improved to 8.9%
P&C recovery	Substantial profit improvement and recent wins support further progress
Orderbook execution	Adjusted operating profit up 16%

ON TRACK TO DELIVER 10% MARGIN IN 2024

STRONG FINANCIAL PERFORMANCE

£m (except where stated)	2023	2022	Change	Change constant fx
Revenue	613.9	617.0	(1)%	1%
Operating profit*	52.8	47.1	12%	16%
Operating profit margin*	8.6%	7.6%	100bps	110bps
Profit before tax*	43.0	40.4	6%	11%
EPS* (pence)	19.2p	18.2p	5%	10%
Free cash flow	23.9	(13.1)		
Net debt/EBITDA [†]	1.7x	2.0x		
ROIC (%)	12.0%	10.5%	150bps	
Dividend (pence)	6.8p	6.3p	8%	

[†] Net debt/adjusted EBITDA calculated as per bank covenant - pre-IFRS 16, proforma for acquisitions

* Adjusted, before exceptional items

- Adjusted operating margin of 8.6% (8.9% ex pass-through) – up 110 basis points
- Strong cash conversion and FCF generation with further reduction in leverage
- ROIC up 150bps to 12.0% reflecting profit growth with high cash conversion



POWER & CONNECTIVITY

	2023	2022	Change	Change constant fx
Revenue (£m)	169.7	154.2	10%	10%
Adjusted operating profit (£m)	14.3	7.9	81%	83%
Adjusted operating margin (%)	8.4	5.1	330bps	330bps

- FY revenue up 10% at constant currency. Adjusted operating profit up 83%
- Benefits of growth and operational efficiency improvements driving 330bps margin improvement
- Investment in new facility for Ferranti acquisition completed
- H2 exit rate margins of 9.4% and further increased order book underpin confidence in continued improvement in margins



GLOBAL MANUFACTURING SOLUTIONS

	2023	2022	Change	Change constant fx
Revenue (£m)	299.2	323.0	(7)%	(4)%
Adjusted operating profit (£m)	27.6	25.2	10%	16%
Adjusted operating margin (%)	9.2	7.8	140bps	160bps

- Pass-through revenues starting to unwind - £10.4m reduction in year. Revenue down 1% organically ex pass-through
- Operating profit up 16% delivering 160 bps margin improvement through pricing and efficiency
- Operating margins 10% excluding pass through revenue reflecting value added customer proposition
- Capability established in existing TT Mexicali facility, increasing GMS capacity and offering increased choice to customers

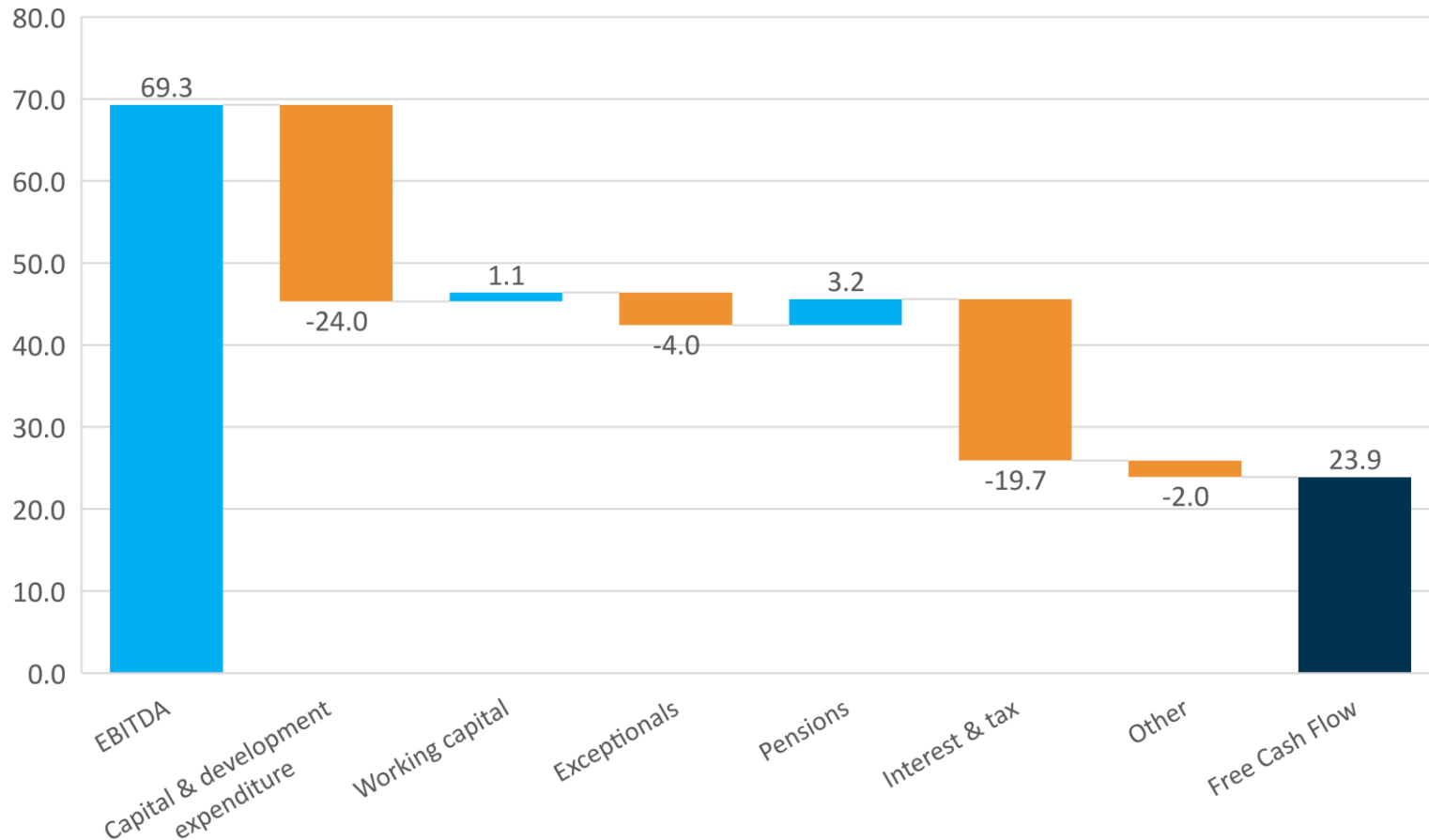


SENSORS AND SPECIALIST COMPONENTS

	2023	2022	Change	Change constant fx
Revenue (£m)	145.0	139.8	4%	4%
Adjusted operating profit (£m)	19.0	21.8	(13)%	(13)%
Adjusted operating margin (%)	13.1	15.6	(250)bps	(250)bps

- Revenue increased by 4% organically
- 13% reduction in adjusted operating profit reflects one-off HVAC breakdown in Plano – system review completed
- Order intake normalising, distributor inventory levels reducing through H1 2024
- Significant customer wins across our focus end markets supporting order intake improvement
- Revenue lower in 2024 – profit impact mitigated through cost actions and HVAC resolution

STRONG FREE CASH FLOW GENERATION LEVERAGE REDUCING



- Cash conversion of 92%
- Material step-up in free cash flow delivered
- Capex spend includes establishment of new Manchester (Ferranti) facility and creation of GMS capability within existing Mexicali facility
- Strong H2 working capital improvement, including H2 inventory inflow
- Cash exceptionals relating to M&A integration, divestment and pensions buy-out preparation
- Surplus in UK scheme resulting in initial surplus refund of £5m less tax
- Leverage reduction throughout the year and further reductions expected in 2024

BUSINESS UNIT DIVESTMENT PROJECT ALBERT

- Exit from Cardiff & Hartlepool, UK & associated Dongguan, China facilities principally focused on industrial customers
- Remaining manufacturing businesses have higher quality customer base, delivering differentiated complex products, with better visibility and lower churn
- Simplified operational footprint for TT – removes 3 of 21 sites
- Meaningful step in making TT a more profitable & resilient business in attractive growth markets
- Enhances TT group margins by 50-70 basis points – 70-90 basis points in each of Power & Connectivity and GMS
- Proceeds of £21 million on a cash and debt free basis
- Group leverage of 1.5x at 31 December 2023 on a pro-forma basis
- Non-cash asset held for sale write down of £32.5 million reflected in 2023 results
- Completion expected in Q1 subject to certain restructuring steps

PENSION SCHEMES MATERIALLY DE-RISKED

- Buy-in of c. £360m pension liabilities completed in November 2022 with Legal & General
- Scheme trustee working through final data cleanse ahead of moving to buy-out
- Expect to move to buyout late 2024/early 2025 then will proceed with scheme wind-up
- Increased confidence the scheme will end up with a surplus
- Initial £5m gross refund re-paid to the Company in December 2023 (£3.2m net of tax)
- Discussions on-going regarding timing of wind-up and final surplus refund
- Buy-out of smaller US DB scheme completed in January 2024 for cash cost of £1.8m

FINANCIAL GUIDANCE FOR 2024

Revenue

- Divestment -8% inorganic
- FX headwind -2%
- Reduction in pass-through -2%
- Organic growth ex pass-through +3-4%

Adjusting operating margin

- FX headwind -3%
- On track for 10% in 2024

Interest

- £1m increase from full year impact of higher base rates and maturity of interest rate swaps
- £1m benefit from divestment

Tax

- Effective rate for year c. 25%
- Cash payments c.90-100% of adjusted P&L charge

Capital and development expenditure

- Capex and devex circa £18-20m

Working capital

- Modest working capital outflow

Adjusting items cash spend

- £2m on pensions

Pension

- US buy-out £1.8m cash cost

Divestment

- £3m cash costs of divestment

Foreign exchange

- Current rates £1 = USD \$1.27 = RMB 9.1
- USD 1 cent = c.£300k operating profit impact
- RMB 0.1 = c.£300k operating profit impact

A front-facing view of a stealth fighter jet, likely an F-35, positioned in a large hangar. The aircraft is centered in the frame, with its wings spread wide. The hangar's interior is visible, featuring a high ceiling with rows of lights and structural beams. The overall lighting is dim and blue-toned, creating a dramatic and industrial atmosphere. The text "PETER FRANCE, CEO" is overlaid in the center of the image in a bold, white, sans-serif font.

PETER FRANCE, CEO

FIRST IMPRESSIONS **STRONG PLATFORM**

STRUCTURAL GROWTH MARKETS

DIFFERENTIATED PRODUCTS AND TECHNOLOGY

ORDER BOOK VISIBILITY

GLOBAL BLUE-CHIP CUSTOMERS

BROAD GEOGRAPHIC FOOTPRINT AND QUALITY PEOPLE

OPPORTUNITY TO UNLOCK FURTHER VALUE

OPPORTUNITIES TO UNLOCK FURTHER VALUE

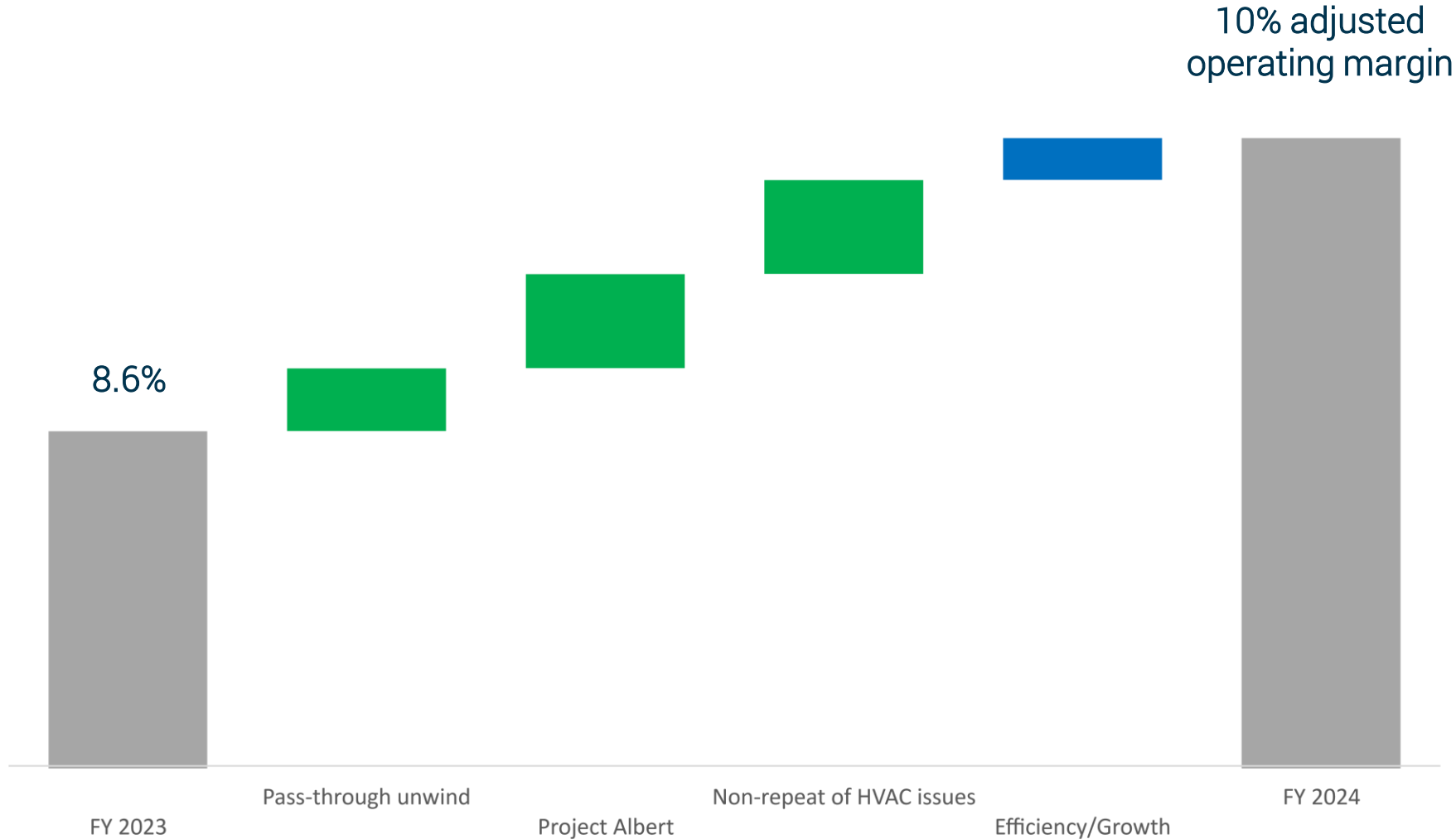


MORE DETAIL AT CAPITAL MARKETS EVENT

DELIVERING AGAINST OUR PRIORITIES IN 2023

Priority	2023	2024
Positive FCF generation	✓	
Leverage reduction	✓	
Margin progression	✓	
P&C recovery	✓	
Orderbook execution	✓	
Portfolio simplification- Project Albert		✓

MARGIN IMPROVEMENT TO 10% IN 2024 ACTIONS ALREADY UNDERWAY



- Pass-through materially reducing from FY23 and expected to have fully unwound during FY24
- Targeting completion of divestment end of Q1
- Efficiency actions already underway & HVAC issues resolved
- Growth supported by order book visibility



POSITIVE OUTLOOK FOR 2024

- Mindful of wider macro environment but TT is well-aligned with global megatrends, driving demand from high-growth markets
- Strength and level of visibility in our order book underpin our confidence for the FY
- Operational improvement initiatives are underway
- On track to deliver 10% operating margin in 2024
- Strong free cash flow generation and a continued reduction in leverage expected

Capital Markets Event on 9 April focused on how we will unlock further value and detail our medium-term financial targets

A close-up photograph of a person's hands holding a silver tablet. The person is wearing a bright blue suit jacket. The background is a blurred, circular pattern of light and dark segments, resembling a large wheel or a decorative architectural element. The text 'THANK YOU' is centered in white, bold, sans-serif font over the tablet.

THANK YOU

BUILDING A SUSTAINABLE BUSINESS

Our technologies enable our customers to meet their sustainability objectives

CLEANER

TT developed a custom, high-voltage optoisolator for a solar panel inverter system



SMARTER

Ultra lightweight, high voltage DC-DC converters for use on electric aircraft platforms



HEALTHIER

TT developed physically smaller current sensors with improved environmental performance and long-term stability for use in a defibrillation charge control circuit



Sustainability drives our revenue growth and how we run our business

Environmental

Net Zero target by 2035 for Scope 1&2 emissions

Achieved 62% reduction in scope 1&2

Site specific plans to reduce energy consumption

Scope 3 assessment & measuring underway in key categories

Social

Employee engagement – achieved a 3* ranking by Best Companies

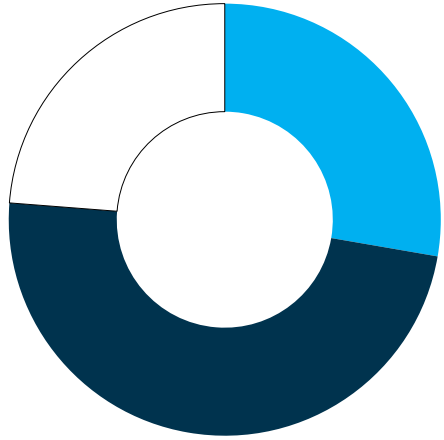
InTTernship, apprentice and graduate schemes

Governance

29% female representation on the Board

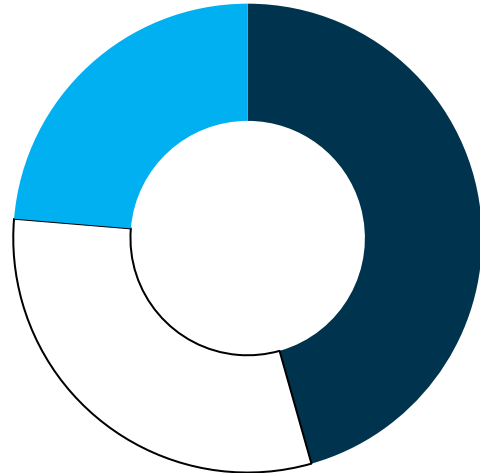
ED&I planning/development at Board and senior management level

THE TT ELECTRONICS BUSINESS



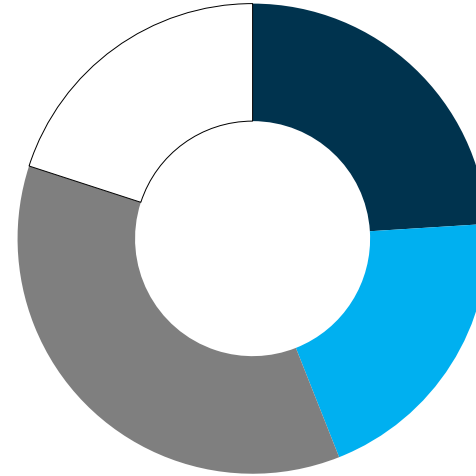
Revenue (2023)

- Power & Connectivity 28%
- Global Manufacturing Solutions 49%
- Sensors & Specialist Components 23%



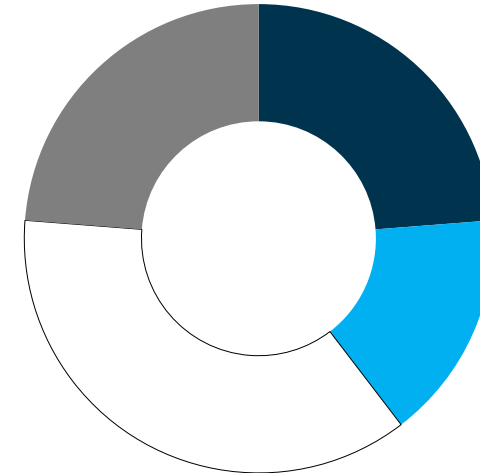
Underlying operating profit (2023)

- Power & Connectivity 27%
- Global Manufacturing Solutions 52%
- Sensors & Specialist Components 36%
- Central costs (15)%



Revenue by market (2023)

- Healthcare 24%
- Aerospace & Defence 20%
- Automation & Electrification 36%
- Distribution sales channel 20%



Revenue by geography (2023)

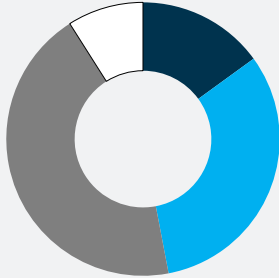
- UK 23%
- Rest of Europe 16%
- North America 37%
- Asia and RoW 24%

REVENUE BY MARKET AND GEOGRAPHY BY DIVISION

Power and Connectivity

Revenue by market (%)

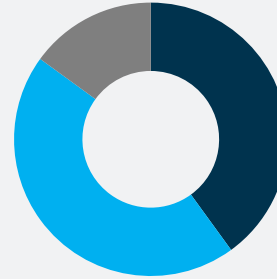
- Healthcare 15%
- Automation & Electrification 32%
- Aerospace & Defence 44%
- Distribution channel 9%



Global Manufacturing Solutions

Revenue by market (%)

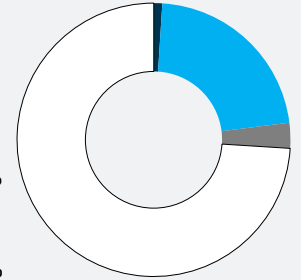
- Healthcare 40%
- Automation & Electrification 45%
- Aerospace & Defence 15%



Sensors and Specialist Components

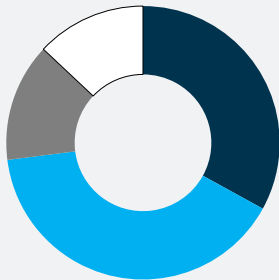
Revenue by market (%)

- Healthcare 1%
- Automation & Electrification 22%
- Aerospace & Defence 3%
- Distribution channel 74%



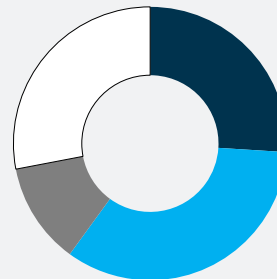
Revenue by geography (%)

- UK 33%
- North America 40%
- Rest of Europe 14%
- Asia and RoW 13%



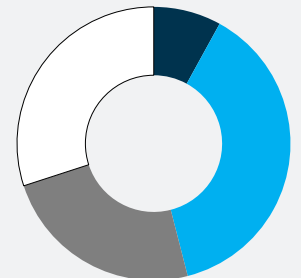
Revenue by geography (%)

- UK 26%
- North America 34%
- Rest of Europe 12%
- Asia and RoW 28%



Revenue by geography (%)

- UK 8%
- North America 38%
- Rest of Europe 24%
- Asia and RoW 30%



SUMMARY INCOME STATEMENT

£m	2023	2022
Revenue	613.9	617.0
Adjusted operating profit	52.8	47.1
Net finance cost	(9.8)	(6.7)
Adjusted profit before taxation	43.0	40.4
Adjusting items	(44.1)	(50.5)
Profit before taxation	(1.1)	(10.1)
Taxation	(5.7)	(3.1)
Profit after taxation	(6.8)	(13.2)

SUMMARY OF REVENUE AND OPERATING PROFIT BY DIVISION

IMPACT OF FX

	Power and Connectivity	Global Manufacturing Solutions	Sensors and Specialist Components	Corporate	Group
Revenue (£m)					
2023	169.7	299.2	145.0	-	613.9
2022 at 2023 rates	153.8	312.1	139.8	-	605.7
FX impact	(0.4)	(10.9)	-	-	(11.3)
2022 as published	154.2	323.0	139.8	-	617.0
Operating Profit (£m)					
2023	14.3	27.6	19.0	(8.1)	52.8
2022 at 2023 rates	7.8	23.7	21.8	(7.8)	45.5
FX impact	(0.1)	(1.5)	-	-	(1.6)
2022 as published	7.9	25.2	21.8	(7.8)	47.1

INCOME STATEMENT – ADJUSTING ITEMS

£m	2023	2022
Operating profit	8.7	(3.4)
Adjusted to exclude:		
Restructuring and other items		
Restructuring	2.0	6.4
Pension restructuring costs	1.9	2.0
Pension enhanced value transfer	-	11.8
Other costs	0.2	-
Asset impairments		
Goodwill impairment	-	17.7
Assets held for sale	32.5	-
Other impairments	-	5.4
Acquisition related costs		
Amortisation of intangible assets arising on business combinations	4.6	6.0
Ferranti acquisition and integration costs	1.3	1.1
Torotel acquisition and integration costs	0.4	0.1
Disposal costs	1.2	-
Total operating reconciling items	44.1	50.5
Adjusted operating profit	52.8	47.1

CASH CONVERSION

£m	2023	2022
Adjusted operating profit	52.8	47.1
Depreciation and amortisation	16.5	16.1
Net capital expenditure	(22.4)	(11.7)
Capitalised development expenditure	(1.6)	(2.3)
Working capital	(0.5)	(38.8)
Other	4.0	5.3
Operating cash flow after capex	48.8	15.7
Operating profit	52.8	47.1
<i>Cash conversion</i>	92%	33%

LEVERAGE CALCULATION

£m	2023	2022
Adjusted operating profit	52.8	47.1
Depreciation and amortisation	16.5	16.1
Adjustment for IFRS 16	(5.3)	(5.1)
Covenant EBITDA	64.0	58.1
Net debt excluding leases	(105.4)	(115.3)
FX	0.4	0.1
Other committed funds	(1.6)	-
Covenant Net Debt	(106.6)	(115.2)
Leverage	1.7x	2.0x

MOVEMENT IN NET DEBT

£m	2023	2022
Operating cash flow after capex	48.8	15.7
Net interest and tax	(19.7)	(13.4)
Lease liability repayments	(4.4)	(4.3)
Acquisition, restructuring and disposal related costs	(4.0)	(11.1)
Pensions	3.2	-
Free cash flow	23.9	(13.1)
Dividends	(11.3)	(10.2)
Acquisitions and disposals	(3.6)	(8.3)
Equity issued	1.3	0.4
Other	3.2	1.3
Increase in net debt	13.5	(29.9)
Opening net debt	(138.4)	(102.5)
Leases acquired	-	(0.2)
New leases	(3.4)	(2.3)
FX and other non cash items	1.1	(3.5)
Closing net debt as per balance sheet	(127.2)	(138.4)
Cash and leases held within assets and liabilities held for sale	1.0	-
Closing net debt including assets and liabilities held for sale	(126.2)	(138.4)

CAUTIONARY STATEMENT

For the purposes of the following disclaimers, references to this 'document' shall be deemed to include references to the presenters speeches, the question and answer session and any other related verbal or written communications.

This document contains forward-looking statements. These have been made by the Directors in good faith based on the information available to them up to the time of their approval of this report. The Directors can give no assurance that these expectations will prove to have been correct. Due to the inherent uncertainties, including both economic and business risk factors underlying such forward-looking information, actual results may differ materially from those expressed or implied by these forward-looking statements.

The Directors undertake no obligation to update any forward-looking statements whether as a result of new information, future events or otherwise.