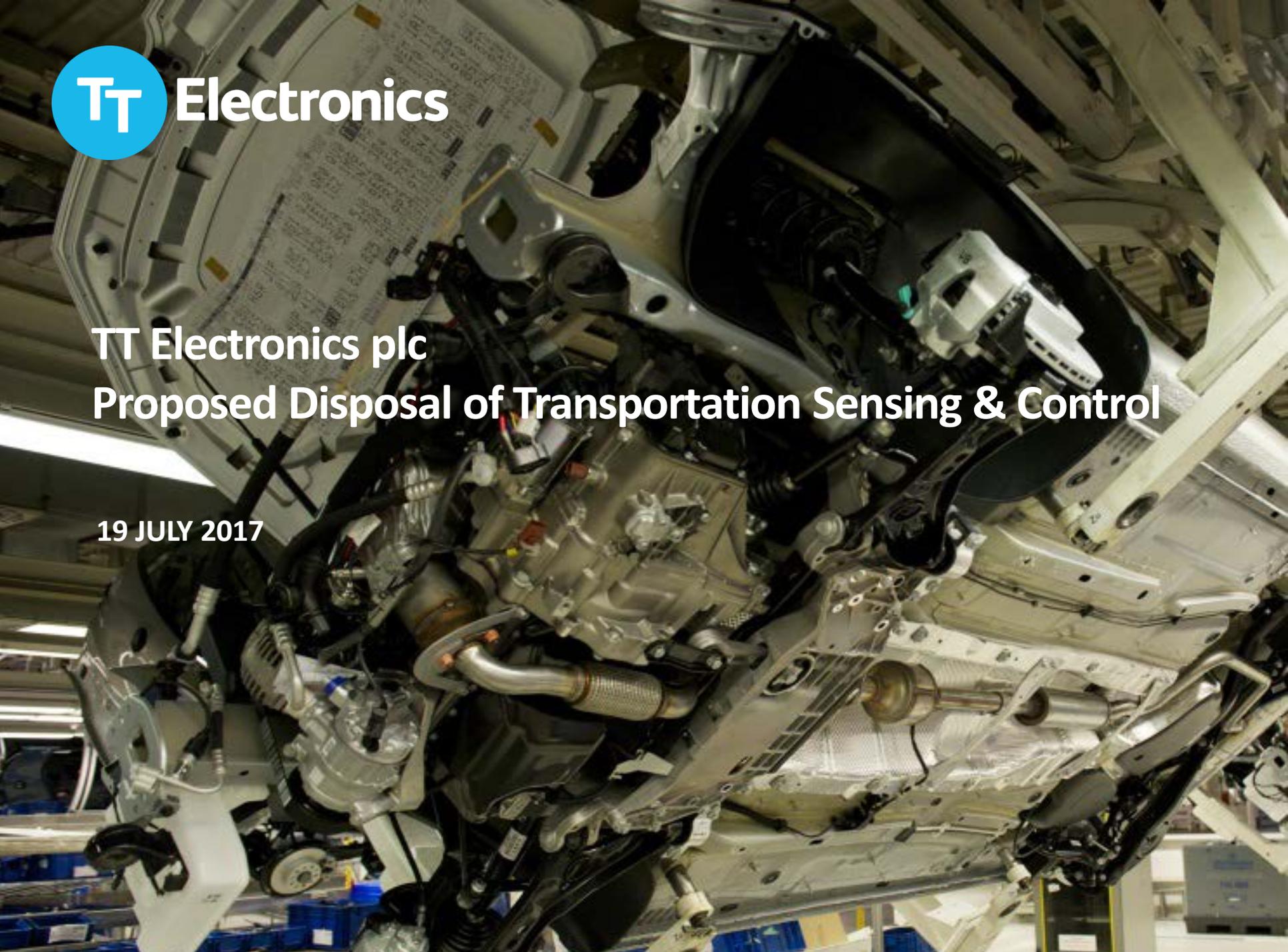




**TT Electronics**

**TT Electronics plc  
Proposed Disposal of Transportation Sensing & Control**

**19 JULY 2017**



# Proposed disposal of TS&C in line with our strategy



Proposed disposal of TS&C for £118.8m in cash

- Attractive valuation of 11.1x TS&C's FY16 underlying EBIT
- Reflects significant progress including the turn around the business and return to profit

Benefits of the disposal

- Realises value now
- Improves geographic and market balance
- Higher operating margin
- Increases financial capacity
- Greater management focus on the new TT

Use of proceeds

- Funds further growth through capital investments and acquisitions
- Eliminates net debt (£55.4m as at 31 December 2016)

Timetable

- Requires TT shareholder approval and anti-trust clearance
- Completion expected in Q4 2017

N.B. Transportation Sensing and Control Division ("TS&C")

TT Electronics plc transaction announcement 2017

# We will invest in our proven strategy

Position ourselves in structural growth markets where there is increasing electronic content...

where we have a competitive advantage or where we can differentiate ourselves using our industry expertise and focused R&D...

to ensure our business is sustainable in the long term...

and deliver growth and value for our shareholders.



## FY2016 Financial Summary

	Revenue £m	Op profit* £m	Margin
<b>2016 Reported</b>	<b>569.9</b>	<b>31.3</b>	<b>5.5%</b>
TS&C contribution	(237.2)	(10.7) <sup>+</sup>	
<b>Continuing operations</b>	<b>332.7</b>	<b>20.6</b>	<b>6.2%</b>
Anticipated cost saving <sup>±</sup>	-	1.0	
	<b>332.7</b>	<b>21.6</b>	<b>6.5%</b>



\* Underlying, before exceptional and one-off costs

<sup>+</sup> Underlying operating profit before £7.5m central cost allocation

<sup>±</sup> Anticipated cost savings have been applied retrospectively to FY16

- Segment operating profit of £3.2m after £7.5m central cost allocation; £1m cost saving
- Bulk of central overhead to be retained by TT to support future growth
- Group moves into a net cash position with resultant interest savings
- Underlying group tax rate to fall to 20-22 per cent reflecting change in geographic spread
- Future segmental reporting being considered

- The right time to realise the value of TS&C for the benefit of TT and its shareholders
  - Attractive price reflects significant progress turning around the business and returning it to profit
- An important step for TT, in line with our proven strategy
  - Continue to focus on structural growth markets where there is increasing electronic content
- Improves financial capacity
  - Fund further growth through capital investments and acquisitions
- TT will be:

Higher margin

Higher quality

More balanced across  
markets and geographies

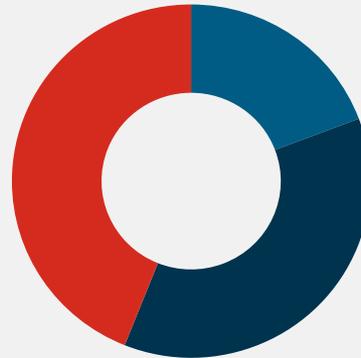
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# Appendices

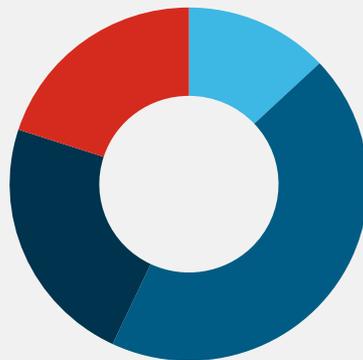
## Revenue (restated as at FY 2016)

- Industrial Sensing & Control 19%
- Advanced Components 37%
- IMS 44%



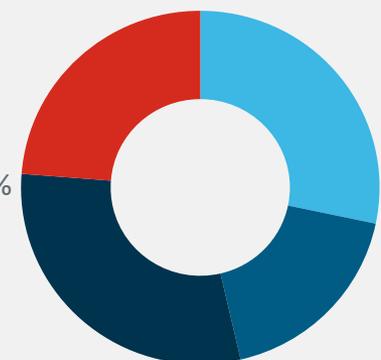
## Revenue by market (restated as at FY 2016)

- Transportation 13%
- Industrial 44%
- Aerospace & Defence 23%
- Medical 20%



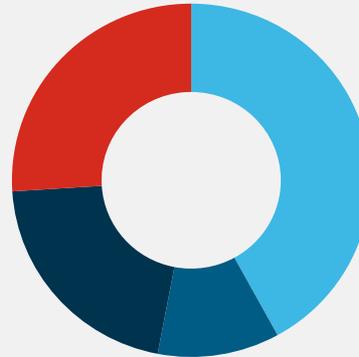
## Revenue by region (restated as at FY 2016)

- UK 28%
- Rest of Europe 18%
- North America 30%
- Asia and Rest of World 24%



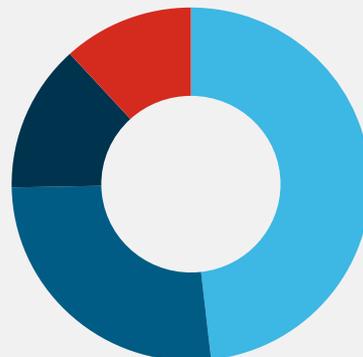
## Revenue (FY 2016)

- Transportation Sensing & Control 42%
- Industrial Sensing & Control 11%
- Advanced Components 21%
- IMS 26%



## Revenue by market (FY 2016)

- Transportation 48%
- Industrial 27%
- Aerospace & Defence 13%
- Medical 12%



## Revenue by region (FY 2016)

- UK 17%
- Rest of Europe 46%
- North America 18%
- Asia and Rest of World 19%

