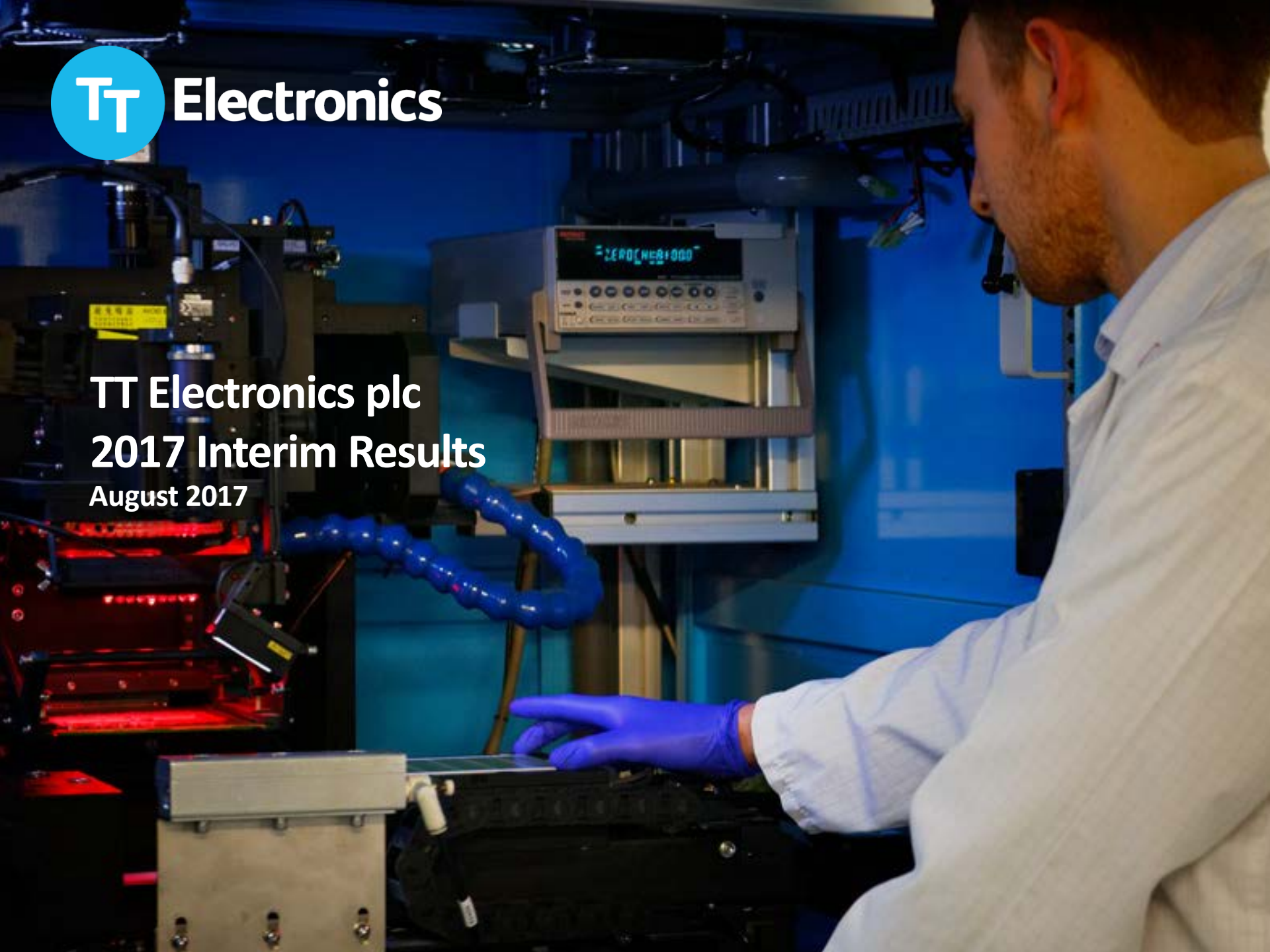




**TT Electronics plc**  
**2017 Interim Results**  
August 2017

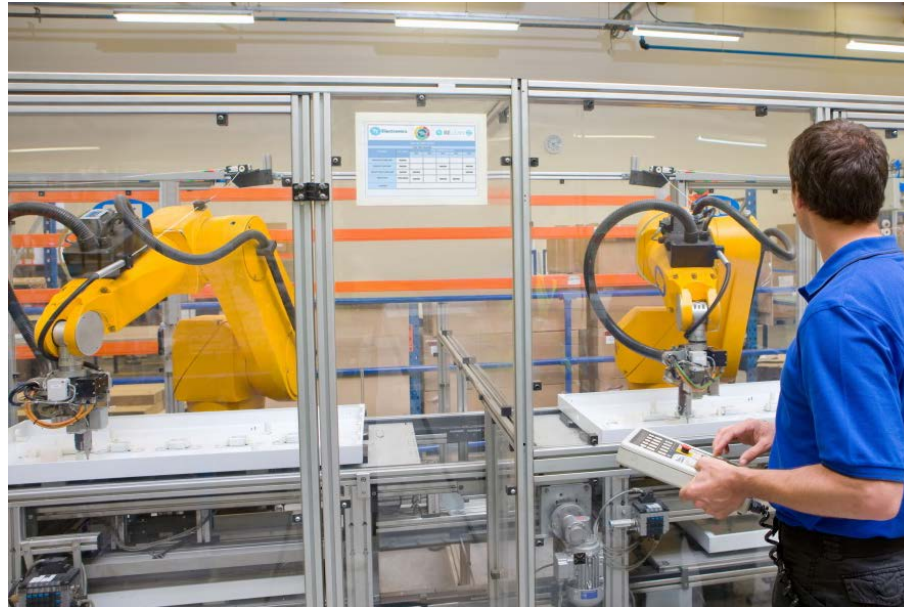


- Proposed sale of TS&C division for £118.8m, making TT a higher margin, higher quality business
- Increased financial capacity to accelerate growth through capital investments and acquisitions
- Strong business performance in the first half
- Business structure optimised to allow better coordination of routes to market
- Good progress in continuing operations; further product launches, favourable order momentum, and continued operational efficiency improvements

# A new focus for TT



46% Group  
revenue\* by  
market



Market growth from electronics future proofing next generation technology including 'smarter home', 'factory 4.0' and higher specification consumer products

\*Continuing operations

23% Group  
revenue\* by  
market



Market growth from the more electric aircraft; demand for electrical components with reduced size, weight and power consumption

\*Continuing operations

19% Group  
revenue\* by  
market



Market growth from increasing demand for more sophisticated diagnostic, imaging and monitoring equipment; constant drive towards improved patient safety

\*Continuing operations

12% Group  
revenue by  
market\*



Market growth from increasing electronic content in automotive, off-road and rail;  
market trend towards electric and hybrid electric vehicles

\*Continuing operations

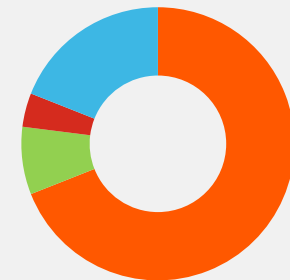


## Sensors and Specialist Components

40% of Group revenue\*

- Focus for growth
  - Optoelectronic assembly solutions
  - Circuit protection, current sensing and signal conditioning
  - Power inductors for automotive
- Market trends include
  - 'Industry 4.0'
  - Increased connectivity
  - Reduced size and weight, increased packaging density and power efficiency
- Investing for growth
  - Integrated sales approach
  - Focused R&D

### Divisional revenue by market (HY 17)



- Industrial 69%
- Aerospace and defence 8%
- Medical 4%
- Transportation 19%

\*Continuing operations



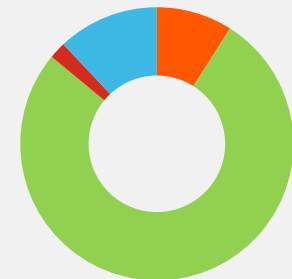


Power Electronics

**18%** of Group revenue\*

- Focus for growth
  - Electromagnetics
  - Power assembly solutions
  - Power and control microcircuits
- Market trends include
  - 'The more electric aircraft'
  - Reduced size and weight, increased packaging density and power efficiency
  - Increasing customer outsourcing
- Investing for growth
  - Focused R&D
  - Higher level assemblies
  - Increasing number of strategic relationships

Divisional revenue by market (HY 17)



- Industrial 9%
- Aerospace and defence 77%
- Medical 2%
- Transportation 12%

\*Continuing operations

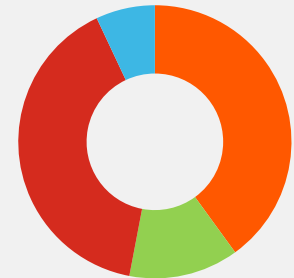


## Global Manufacturing Solutions

**42%** of Group revenue\*

- Focus for growth
  - PCB assembly and box build
  - Design for manufacture and testing
  - Full systems integration
- Market trends include
  - Proliferation of electronics
  - Increasing customer outsourcing
  - Globalisation of supply chains
- Investing for growth
  - Development of manufacturing solutions
  - Increased value added engineering

### Divisional revenue by market (HY 17)



- Industrial 40%
- Aerospace and defence 13%
- Medical 40%
- Transportation 7%

\*Continuing operations

- TT is a profitable, growing business, with good cash conversion, able to execute major organisational and portfolio change.
- We have positioned TT for:



## Financial review

**Mark Hoad, Chief Financial Officer**

- Strong organic revenue growth reflecting market demand and success in gaining market share
- Underlying operating profit up 11%, PBT up 28%
- Group underlying operating margins now 6.1%
- Strong cash flow performance with excellent cash conversion
- 80 basis point improvement in return on invested capital to 10.0%
- Dividend increased to 1.75p

# Group financial performance

Continuing operations



£m (except where otherwise stated)	H1 2017	H1 2016	Change	Change constant fx
Revenue	<b>180.0</b>	159.2	13%	6%
Operating profit*	<b>10.9</b>	8.3	31%	11%
Profit before tax*	<b>9.5</b>	5.9	61%	28%
EPS* (pence)	<b>4.6p</b>	2.3p	100%	53%
Exceptionals & one-offs	<b>(4.1)</b>	(3.5)	(17)%	(14)%
Dividend (pence)	<b>1.75p</b>	1.7p		
Cash conversion <sup>‡</sup> (%)	<b>128%</b>	63%		
Net debt	<b>(56.0)</b>	(55.4) <sup>^</sup>		
Leverage (times)	<b>0.9x</b>	1.0x <sup>^</sup>		
ROIC (%)	<b>10.0%</b>	9.2% <sup>^</sup>	80bps	

- Revenue up 6%
- Operating profit up 11%, PBT up 28%
- Effective tax rate 20.6%, down from c.28% for total Group
- Exceptional charge – M&A incl. sale of TS&C
- Excellent cash conversion
- Improvement in ROIC

\* Underlying, before exceptional and one-off costs

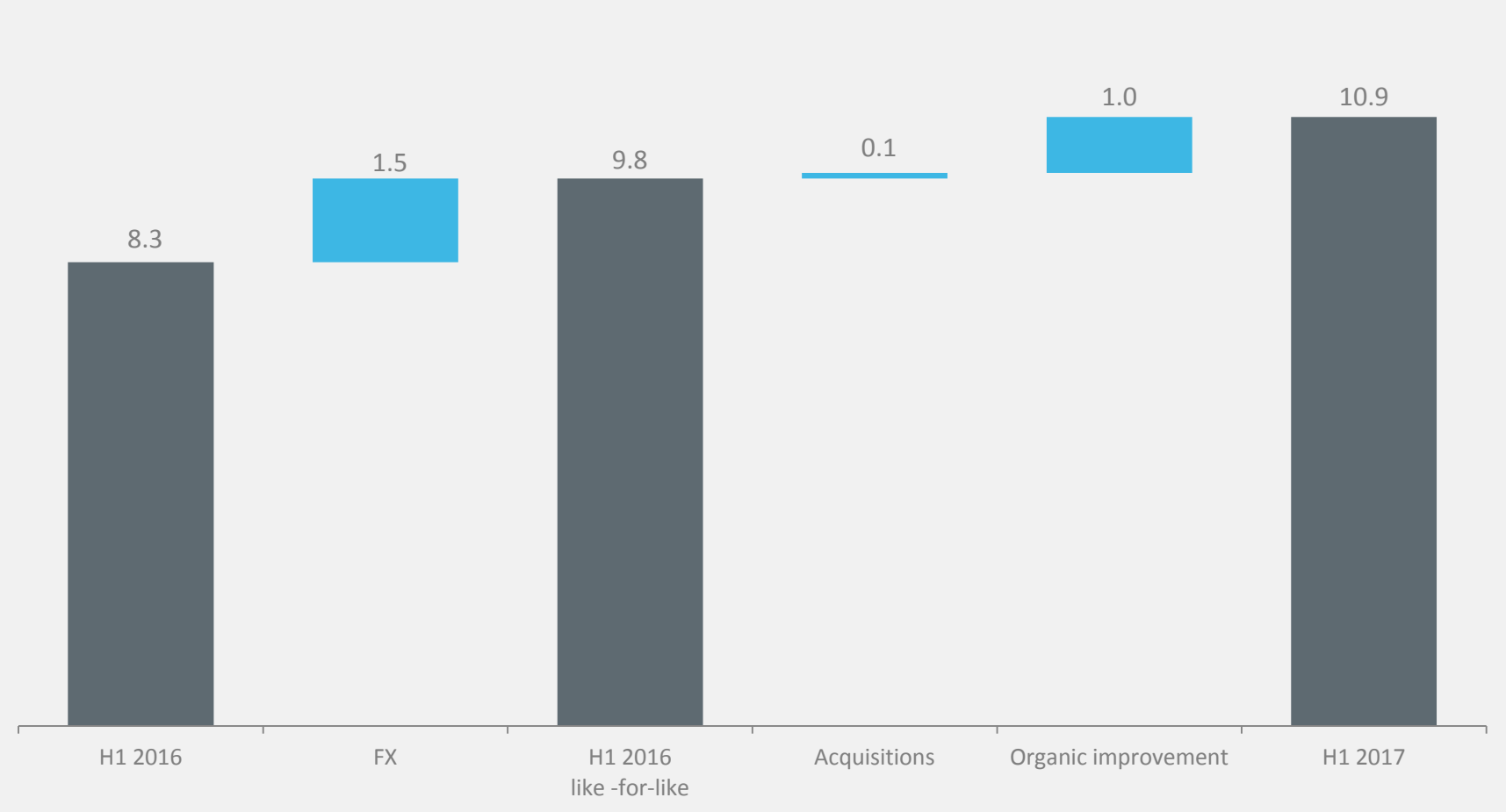
‡ See appendix

<sup>^</sup> Full year 2016

# Group operating profit bridge

Continuing operations

Group Operating Profit Bridge (H1 2017 vs H1 2016), £m



# The new TT business segments

Continuing operations



Revenue £m	Sensors and Specialist Components	Power Electronics	Global Manufacturing Solutions	Corporate	Group
H1 2016	60.6	26.3	72.3	-	159.2
% change	17%	25%	5%	-	13%
<b>H1 2017</b>	<b>71.0</b>	<b>33.0</b>	<b>76.0</b>	-	<b>180.0</b>
<b>Operating Profit £m</b>					
H1 2016	7.1	1.9	2.4	(3.1)	8.3
% change	21%	79%	4%	(16)%	31%
<b>H1 2017</b>	<b>8.6</b>	<b>3.4</b>	<b>2.5</b>	<b>(3.6)</b>	<b>10.9</b>



## Financial Summary

	H1 2017	H1 2016	Change	Change constant fx
Revenue (£m)	<b>71.0</b>	60.6	17%	6%
Op. profit/(loss) (£m)*	<b>8.6</b>	7.1	21%	5%
Operating margin*	<b>12.1%</b>	11.7%	40bps	(20)bps

\* Underlying, before exceptional and one-off costs



- 6% organic revenue growth
  - Improved underlying market demand
  - Market share gains in specialist current sensing and circuit protection components
- Operating profit up 5% at constant currency
  - Drop through on increased volume
  - Adverse mix impact from lower EPS sales; expected to normalise in H2

## Financial Summary

	H1 2017	H1 2016	Change	Change constant fx
Revenue (£m)	<b>33.0</b>	26.3	25%	25%
Op. profit/(loss) (£m)*	<b>3.4</b>	1.9	79%	79%
Operating margin*	<b>10.3%</b>	7.2%	310bps	310bps

\* Underlying, before exceptional and one-off costs



- Revenue up 25% at constant currency, up 23% organically
  - Continued penetration in aerospace and defence market
  - One-off last time buy activities associated with move from Fullerton, US to Bedlington, UK
- Operating profit increased by 79% at constant currency
  - Drop-through on increased revenue
- 310 basis point margin improvement

## Financial Summary

	H1 2017	H1 2016	Change	Change constant fx
Revenue (£m)	<b>76.0</b>	72.3	5%	(2)%
Op. profit/(loss) (£m)*	<b>2.5</b>	2.4	4%	(11)%
Operating margin*	<b>3.3%</b>	3.3%	0bps	(30)bps

\* Underlying, before exceptional and one-off costs



- Organic revenue decline 2%
  - Strong demand in Asia; contract wins in US
  - Weakness in European demand
- Operating profit declined 11%
  - Cost action taken in Europe; benefits in H2
- Operating margins broadly maintained

# Free cash flow and net debt

<b>Free Cash Flow</b>	<b>H1 2017</b>	<b>H1 2016</b>
£m		
Underlying EBITDA	<b>17.5</b>	14.2
Net capital expenditure	<b>(6.1)</b>	(4.3)
Capitalised development expenditure	<b>(0.8)</b>	(0.3)
Working capital	<b>2.0</b>	(5.6)
Cash flow from discontinued operations	<b>3.7</b>	4.1
Exceptional items	<b>(4.1)</b>	(7.8)
Net interest and tax	<b>(4.4)</b>	(4.2)
Pensions and other	<b>(1.0)</b>	(1.0)
<b>Free Cash Flow</b>	<b>6.8</b>	<b>(4.9)</b>
<b>Cash Conversion (continuing operations)</b>	<b>128%</b>	<b>63%</b>
	<b>H1 2017</b>	<b>YE 2016</b>
<b>Net Debt</b>	<b>(56.0)</b>	(55.4)
<b>Net Debt to EBITDA</b>	<b>0.9x</b>	1.0x

- Ongoing discipline around group capital and development expenditure
  - 1.0x DA for H1
- Working capital inflow
  - Impact of revenue growth offset by timing of creditor payments
- Excellent cash conversion
- Balance sheet strength
  - Pro-forma 30 June 2017 net cash position c.£55m, taking account of disposal proceeds

# Other financial matters / guidance for FY 2017

## *Continuing operations*

---

- Capital and development expenditure
  - Depreciation and amortisation circa £13m
  - Capex and devex circa 1.0-1.1x DA
- Working capital
  - Neutral to modest outflow for full year
- Tax
  - Effective rate 20-22%
- Pensions
  - UK deficit contributions £4.7m
  - Further benefits from Pensions Increase Exchange (“PIE”) in H2
- Restructuring & other exceptional costs
  - PIE benefits broadly offset restructuring P&L expense
- Foreign exchange
  - USD 1 cent = circa £150k operating profit effect
  - RMB 0.1 = circa £100k operating profit effect

## Summary and outlook

**Richard Tyson, Chief Executive Officer**

- Proposed sale of TS&C division for £118.8m, making TT a higher margin, higher quality business
- Our first half performance and order momentum reinforce our confidence of making further progress in 2017
- TT is a profitable, growing business, with good cash conversion, able to execute major organisational and portfolio change
- We have positioned TT for:

Organic growth ahead of the market

Cash conversion of 80%+

R&D investment to support growth

Operating margin progression

Improving ROIC

Targeted, complementary acquisitions

Progressive dividend policy





# Appendix

# Appendix: Discontinued operations: Transportation Sensing and Control

## Financial Summary

	H1 2017	H1 2016	Change	Change constant fx
Revenue (£m)	<b>131.9</b>	117.8	12%	1%
Op. profit/(loss) (£m)*	<b>6.5</b>	5.4	20%	8%
Operating margin*	<b>4.9%</b>	4.6%	30bps	30bps

\* Underlying, before exceptional and one-off costs



- Revenue growth of 1% at constant currency
  - Growth despite tougher macro-economic conditions
- Operating profit up 8%
  - Continued product mix improvement
  - Operational efficiency offsetting price downs which remain c.2%

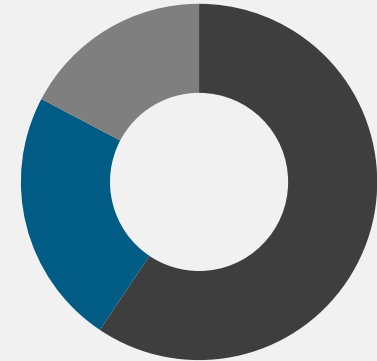
## Revenue (H1 2017)

- Sensors and Specialist Components 40%
- Power Electronics 18%
- Global Manufacturing Solutions 42%



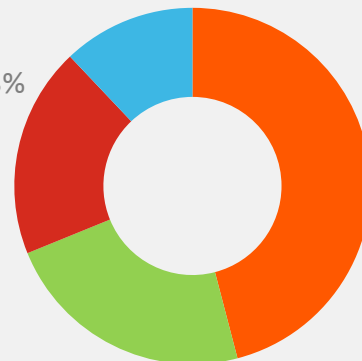
## Operating profit (H1 2017)

- Sensors and Specialist Components 79%
- Power Electronics 31%
- Global Manufacturing Solutions 23%
- Corporate (33)%



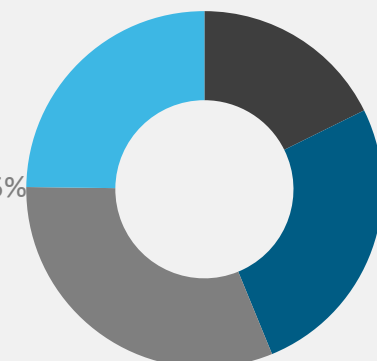
## Revenue by market (H1 2017)

- Industrial 46%
- Aerospace and defence 23%
- Medical 19%
- Transportation 12%



## Revenue by region (H1 2017)

- Rest of Europe 18%
- UK 26%
- North America 31%
- Asia and Rest of World 25%



## Appendix: Impact of FX

<b>Revenue</b> £m	Sensors and Specialist Components	Power Electronics	Global Manufacturing Solutions	Corporate	<b>Continuing operations</b>
H1 2017	71.0	33.0	76.0	-	<b>180.0</b>
2016 at H1 2017 rates	66.7	26.5	77.4	-	<b>170.6</b>
FX impact	6.1	0.2	5.1	-	<b>11.4</b>
2016 as published	60.6	26.3	72.3	-	<b>159.2</b>
<b>Operating Profit</b>					
£m					
H1 2017	8.6	3.4	2.5	(3.6)	<b>10.9</b>
2016 at H1 2017 rates	8.2	1.9	2.8	(3.1)	<b>9.8</b>
FX impact	1.1	-	0.4	-	<b>1.5</b>
2016 as published	7.1	1.9	2.4	(3.1)	<b>8.3</b>

## Appendix: Exceptional and one-off Items

### Exceptional Items (P&L)

£m	H1 2017	H1 2016
Restructuring and other costs	(0.1)	(1.9)
M&A related costs	(4.0)	(1.6)
<b>Total Exceptional Items</b>	<b>(4.1)</b>	<b>(3.5)</b>

### Exceptional Items (Cash)

£m	H1 2017	H1 2016
Restructuring costs	(2.5)	(6.9)
M&A related costs	(1.6)	(0.9)
<b>Total Cash</b>	<b>(4.1)</b>	<b>(7.8)</b>

- **Restructuring & other costs:** £1.1m of planned restructuring costs offset by gain on pension scheme and property gains
- **Acquisition costs:** Amortisation of acquisition intangibles, costs of TS&C disposal
- **Cash exceptionals:** £2.5m of OIP and other footprint projects, £1.6m of M&A related costs largely associated with TS&C disposal

# Appendix: Cash Conversion

<b>Cash Conversion</b>	<b>H1 2017</b>	<b>H1 2016</b>
£m		
Underlying EBITDA (continuing operations)	<b>17.5</b>	14.2
Net capital expenditure	<b>(6.1)</b>	(4.3)
Capitalised development expenditure	<b>(0.8)</b>	(0.3)
Working capital	<b>2.0</b>	(5.6)
Other	<b>1.3</b>	1.2
Cash flow from discontinued operations	<b>3.7</b>	4.1
<b>Underlying operating cash flow</b>	<b>17.6</b>	<b>9.3</b>
Underlying operating profit – continuing operations	<b>10.9</b>	8.3
Underlying operating profit – discontinued operations	<b>6.5</b>	5.4
<b><i>Cash conversion – continuing operations</i></b>	<b>128%</b>	63%
<b><i>Cash conversion – discontinued operations</i></b>	<b>57%</b>	76%

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