2016 Preliminary Results, 9 March 2017

TT Electronics plc

Results for the year ended 31 December 2016

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An analyst presentation will be held today at 10.00am at Numis, 10 Paternoster Square, London EC4M 7LT. A replay of the webcast will be available on the investor relations section of our website later today at www.ttelectronics.com.

Results for the year ended 31 December 2016

£ million unless otherwise stated	Underlying[1]				Statutory	
	2016	2015	Change	Change constant fx	**2016**	2015
Revenue	**569.9**	509.9	12%	3%	**569.9**	509.9
Operating profit	**31.3**	21.7	44%	26%	**27.6**	16.3
Profit before tax	**26.9**	19.2	40%	20%	**23.2**	13.8
Earnings per share (pence)	**12.0p**	8.8p	36%	19%	**10.3p**	6.5p
Return on invested capital[2]	**10.3%**	9.0%	130bps			
Cash conversion[3]	**87%**	136%				
Free cash flow[4]					**13.8**	5.1
Net debt					**(55.4)**	(56.1)
Dividend per share (pence)[5]					**5.6p**	5.5p

1. Excluding the effect of restructuring costs, asset impairments and acquisition related costs
2. Rolling 12 month underlying operating profit return on average invested capital
3. Underlying operating cash flow (underlying EBITDA less net capital expenditure excluding property disposals, capitalised development expenditure, working capital and non-cash movements) divided by underlying operating profit
4. Net cash flow from operating activities less net cash flow from investing activities less interest paid
5. Interim dividend combined with final proposed dividend

Good strategic progress and strong financial performance

- Continued customer focus driving new contract wins; strong sales performance in Asia
- Operational efficiency improvements supporting excellent profit growth
- Aero Stanrew continues to perform well and successfully integrated
- Entering 2017 with good momentum and a robust order book

Financial headlines

- Robust organic revenue performance, returned to organic revenue growth in H2
- Underlying operating profit up 26%, underlying EPS up by 19% at constant currency
- Good underlying cash conversion at 87%, further enhanced by £12.3 million from sale of properties
- Return on invested capital improving, up 130bps
- Increase in dividend reflects progress in 2016 and confidence in 2017

Richard Tyson, Chief Executive Officer, said:

"We are pleased with the strong performance achieved in 2016, ahead of expectations. This has resulted in improved growth and profitability for the Group, and our free cash flow performance has been excellent.

We have a clear and realistic strategy for TT to focus on structural growth markets where there is increasing electronic content. We continue to deploy our engineering expertise and investment in areas where we see real opportunities for growth. Despite uncertain end-markets, we enter the year with good momentum in operational efficiency improvement and a robust order book, giving us confidence of making further progress in 2017."

2016 OVERVIEW

We are pleased with the strong strategic and financial performance of the Group. 2016 trading was ahead of expectations.

Group revenue for 2016 was £569.9 million (2015: £509.9 million) an increase of 12 per cent and 3 per cent excluding the impact of foreign exchange (plus £43.0 million). As expected, revenue was flat on an organic basis (excluding the impact of exchange rates, acquisitions and disposals). Aero Stanrew contributed revenues of £18.3 million. Our sales performance has been good, particularly in Asia, delivering a robust performance in markets that remained challenging throughout the year. The Group's order book is encouraging and is slightly ahead compared to the same time last year.

Underlying operating profit increased by 44 per cent to £31.3 million (2015: £21.7 million) driven by the turnaround of Transportation Sensing and Control and the contribution from the Aero Stanrew acquisition. Excluding the positive foreign exchange movement of £3.2 million, underlying operating profit increased by 26 per cent, with £3.4 million contributed from Aero Stanrew and £3.0 million coming from self-help actions and underlying business performance. Underlying operating profit margin for the Group has improved by 120 basis points and return on invested capital is now 10.3 per cent (2015: 9.0 per cent).

Cash generation improved in the second half of the year as expected and we delivered full year cash conversion of 87 per cent (2015: 136 per cent) and a free cash inflow of £13.8 million (2015: £5.1 million), an increase of 171 per cent. Continued strong underlying cash performance was enhanced by £12.3 million of proceeds received from the sale of surplus sites in Weybridge, Fullerton and a site in Werne.

Year-end net debt was £55.4 million (2015: £56.1 million). Net debt to EBITDA was 1.0 times (2015: 1.3 times).

STRATEGIC PROGRESS

We have achieved a significant amount in 2016:

- **We have turned around the Transportation Sensing and Control division.** We have returned the division to profitable growth by positioning the business around structural growth drivers including safety, emissions and power electronics.
- **We have repositioned and invested in Industrial Sensing and Control (IS&C) and Advanced Components and will continue to do so**. We have increased the cash spent on R&D in these divisions by 13 per cent compared to 2015.
- **We have increased the level of penetration within our key customers and opened up new channels of business**. We have strengthened strategic account management across the Group and increased sales in Asia by 12 per cent at constant currency.

Our strategy is to build leading positions in markets with structural growth drivers where there is increasing electronic content. Our core capabilities are developing highly engineered electronic components and assemblies for harsh, often regulated environments. Our organisational agility is allowing us to respond quickly to changing customer and market dynamics.

Increasingly going to market as a unified business has helped unlock customer opportunities, including new business won with an existing consumer electrical equipment supplier, increasing revenues for this strategic customer account by over 50 per cent in the last two years. As a result of a collaborative 'One TT' sales effort, we secured a new contract with a global engine manufacturer, already an Aero Stanrew customer, for Application-specific Integrated Circuit (ASIC) solutions from our clean room in Bedlington.

We continue to strengthen our capabilities in markets that are strategically important due to their size or high growth rates. This includes Asia, where Group revenue has increased 12 per cent at constant currency, and in the US, where we won an important development order with a large automotive OEM.

We now have an established R&D management framework with a gated approval process and clear prioritisations for efficient R&D spend in alignment with our strategy. During the year, we spent £22.6 million on our focused R&D efforts. We are creating a culture of collaboration for innovative thinking and supporting the investment in R&D initiatives that will help drive growth for TT in the future. During the year, we launched 29 new products as a result of our R&D capabilities, an increase from the number of products launched in 2015.

Lean initiatives have been a continued focus across the Group with four lean projects undertaken throughout the year. We have trained a community of Master Lean Practitioners ('MLPs') who are in turn training colleagues in lean methodologies across our sites and functions. We have run a number of 'Be Lean' projects across the business; on production lines where we have focused our efforts, we have seen significant improvements, including an example where stock turns improved by more than 30 per cent. Across the pilots, lead times were cut by between 40 and 60 per cent.

We have taken sensible steps to improve our procurement practices including focusing on our freight and logistics supply chain. Reducing the number of suppliers has improved the simplicity of our operations and created savings. For air and sea freight, our actions have seen identified savings of over 40 per cent.

Safety is of paramount importance to us and we have seen clear progress in our zero harm measures which have gained momentum. Our employees continue to manage and prioritise health and safety and 2016 saw a 55 per cent improvement in safety performance over the prior year.

Aero Stanrew was acquired in December 2015. In our first full year of ownership the business has been successfully integrated, has performed well, achieved strong order growth, and is on track to deliver return on invested capital in excess of our cost of capital this year. We continue to explore inorganic opportunities to accelerate growth in attractive markets where we can leverage our expertise to expand market presence and enhance our offerings to customers.

DIVISIONAL REVIEWS

TRANSPORTATION SENSING AND CONTROL

The Transportation Sensing and Control division develops both sensors and control solutions for automotive OEMs and tier one suppliers including powertrain providers for passenger cars and trucks. TT develops a wide range of products for multiple applications on a vehicle, from power controls, gear position and pedal sensors to fluid and emission sensors, with almost all of them focused on the safety and driver assistance features required by our customers.

	2016	2015	Change	Change constant fx
Revenue	**£237.2m**	£205.8m	15%	4%
Underlying operating profit[1]	**£3.2m**	£(1.4)m	329%	500%
Operating profit margin[1]	**1.3%**	(0.7)%	200bps	170bps

1. Excluding restructuring costs, asset impairments and acquisition related costs.

The Transportation Sensing and Control (TS&C) division has performed strongly, making a step change in performance with the division returning to profitable growth faster than expected. Revenue for the division was £237.2 million (2015: £205.8 million) up by 15 per cent. There was a positive foreign exchange impact of £22.6 million. Revenues increased by 4 per cent on an organic basis as a result of market demand in both Europe and China, together with new contract wins in China to service the growing domestic market.

Underlying operating profit was £3.2 million (2015: £(1.4) million), an increase of £4.0 million at constant currency due to the realisation of benefits from the Operational Improvement Plan, together with the impact of organic growth. There was a £0.6 million foreign exchange benefit. Operating margins improved by 200 basis points to 1.3 per cent (2015: minus 0.7 per cent).

The strong financial performance reflects the faster than expected turnaround in the business. We have gained momentum in our strategy by focusing on areas of the market where there are structural growth drivers including safety, emissions and power electronics. We have maintained our strong position in Europe while driving growth in China in the sizeable domestic market, and securing our first major win in the US earlier this year, marking our re-entry to the large US market where we see opportunity to grow market share over the medium term.

We have seen good growth in China with five new customers won during the year for position sensors in chassis applications in addition to further revenue growth with a number of existing customers. We have seen the ramp up of a new pedal platform and global crankshaft platform which has increased volumes sold in China. Our European operations have also performed strongly with significant ramp up of new contracts during the year including for remote lights, LED lighting solutions and a chassis height sensor solution.

During the year, we also launched a new automotive actuator to deliver significant improvements to our next generation haptic accelerator pedals offering power-efficient transmission and a significant weight reduction from previous generation offerings, improving our customers' fuel efficiency.

We have positioned TS&C in the right areas of the automotive market to benefit from increasing electrification, additional sensors on cars, and the market trend towards electric, hybrid electric and autonomous vehicles. New changes in emissions legislation have refocused industry efforts on turbo charged engines, where we have won a new contract during the year for our high temperature sensors for a leading

German OEM. We also have a wide range of products for exhaust after treatment including fluid quality sensors which we offer in Europe, India and Korea.

INDUSTRIAL SENSING AND CONTROL

The Industrial Sensing and Control division addresses challenging sensing requirements in terms of precision, speed of response, reliability or the physical environment in which the products operate. Its position, pressure, temperature, flow and fluid quality sensors are used for critical applications in a range of end markets including industrial automation and process control, medical and aerospace.

	2016	2015	Change	Change constant fx
Revenue	**£64.4m**	£61.0m	6%	(4)%
Underlying operating profit[1]	**£11.9m**	£11.4m	4%	(8)%
Operating profit margin[1]	**18.5%**	18.7%	(20)bps	(60)bps

1. Excluding restructuring costs, asset impairments and acquisition related costs.

Industrial Sensing and Control (IS&C) revenues increased by 6 per cent from £61.0 million to £64.4 million. There was a £6.4 million positive foreign exchange impact, with revenues decreasing by 4 per cent on an organic basis. The decrease in revenues was in large part a result of challenging North American industrial markets, although the division returned to modest growth in the second half of the year.

The division maintained strong profitability despite the decline in revenues and an increase in R&D expense to support future growth. Underlying operating profit was £11.9 million (2015: £11.4 million) up by 4 per cent. Operating profit margin was 18.5 per cent, down 20 basis points from 18.7 per cent in 2015. There was a £1.5 million foreign exchange benefit.

Our optoelectronics offerings, that combine the use of electronics and light, have seen good growth throughout the year, improving the mix of business towards higher reliability and precision offerings which have a higher margin profile.

During the year IS&C launched a number of new products to support future growth including a component that transfers electrical signals between two isolated circuits using light, to support satellites, and spacecraft. We also launched a high-performance industrial pressure transmitter for a range of industrial applications including chemical plants, mining, power generation and plastics manufacturing. Our R&D efforts will continue to provide our customers with high precision, high reliability components for industrial, medical, and transportation markets.

During the year we won a contract with an American computer hardware, software and electronics customer to design and deliver circuit board assemblies to be used in ATMs for detecting currency, cheques and deposit envelopes. We have a longstanding relationship with this customer for delivering individual infrared light emitting and detecting components as well as cable assemblies which are all core components in the new circuit board assembly contract.

ADVANCED COMPONENTS

The Advanced Components division creates specialist, high performance, ultra-reliable, highly engineered electronic components for circuit protection, power management, signal conditioning and connectivity applications in harsh environments. It serves customers in the industrial, automotive, aerospace, defence and medical markets and focuses on creating value by developing innovative electronic solutions to challenging problems for our customers' electronic circuits or systems.

	2016	2015	Change	Change constant fx
Revenue	**£121.3m**	£95.3m	27%	21%
Underlying operating profit[1]	**£10.3m**	£6.0m	72%	66%
Operating profit margin[1]	**8.5%**	6.3%	220bps	230bps

1. Excluding restructuring costs, asset impairments and acquisition related costs.

Advanced Components revenues increased by 27 per cent to £121.3 million (2015: £95.3 million). The division returned to growth in the second half of the year and for the year as whole revenues increased by 3 per cent on an organic basis. Aero Stanrew contributed £18.3 million of revenues and there was a positive foreign exchange impact of £5.0 million.

There was an improvement in underlying operating profit to £10.3 million (2015: £6.0 million). The increase was due to the Aero Stanrew profit contribution of £3.4 million, together with drop-through on the organic growth. There was a positive foreign exchange benefit of £0.2 million. Operating margins increased by 220 basis points to 8.5 per cent (2015: 6.3 per cent), reflecting good efficiency improvements and the incorporation of the higher margin Aero Stanrew business.

Advanced Components released 11 new products during the year, further enhancing its position as a global leader in circuit protection, detection and power management across aerospace and defence, transportation and industrial markets. These product launches will position the division to benefit from structural growth drivers in these markets. We continue to see strong demand for wire wound resistors targeted at the smart metering business, as a result of European legislation.

We are experiencing good growth in automotive electro-magnetics due to increasing demand for high quality components for power management as our customers manage the increasing power requirement and increasing electronic content in cars. Our electromagnetic capabilities have been enhanced by the acquisition of Aero Stanrew and additional product launches including two power inductors and a transformer targeting demanding high temperatures in automotive and industrial applications.

This year we launched mag-Net®, a new connector which forms part of a soldier system for the digital battlefield. The system is for the next generation digital battlefield which enables communications for the connected solider. mag-Net® is currently being used in equipment trials with a large customer in the defence industry.

Aero Stanrew was acquired in December 2015. In our first full year of ownership the business has been successfully integrated, has performed well, achieved strong order growth, and is on track to deliver return on invested capital in excess of our cost of capital this year. As a result of a collaborative 'One TT' sales effort, we secured a new contract with a global engine manufacturer, already an Aero Stanrew customer, for Application-specific Integrated Circuit (ASIC) solutions from our clean room in Bedlington.

IMS

The IMS division draws on its manufacturing design engineering capabilities, global facilities and world-class quality standards to provide highly complex electronic manufacturing solutions to customers in the aerospace and defence, medical, and high technology industrial sectors. The business has broad capabilities ranging from printed circuit board assembly to environmental test and full systems integration. This global suite of end-to-end solutions is focused exclusively on low volume, high mix business.

	2016	2015	Change	Change constant fx
Revenue	**£147.0m**	£147.8m	(1)%	(6)%
Underlying operating profit[1]	**£5.9m**	£5.7m	4%	(11)%
Operating profit margin[1]	**4.0%**	3.9%	10bps	(20)bps

1. Excluding restructuring costs, asset impairments and acquisition related costs.

IMS revenues were down 1 per cent at £147.0 million (2015: £147.8 million). There was a positive foreign exchange impact of £9.0 million and on an organic basis, revenues declined by 6 per cent. Revenues in China were strong, with new customers won in transportation and medical markets. The division was faced with challenging industrial markets in the US which resulted in a volume reduction as project revenues ended as expected.

Underlying operating profit increased from £5.7 million in 2015 to £5.9 million in 2016. There was a positive foreign exchange benefit of £0.9 million. In China good progress with operational efficiency measures supported a strong contribution to the divisional performance. The impact of the reduction in volume in the US was mitigated in large part through a 22 per cent headcount reduction and other cost reduction actions. Operating margins were increased to 4.0 per cent (2015: 3.9 per cent).

IMS provides services to customers primarily in aerospace and defence, medical and industrial markets, all of which are responding to the need for increasing electronic content. In the medical market, we have seen strong growth in life sciences, ophthalmology and direct patient care, including winning a new contract with an Australian optometry equipment provider.

During the year, there continued to be good collaboration across IMS sites and between IMS and our other divisions. Within IMS, our UK site in Rogerstone and our Chinese site in Suzhou collaborated on a cabin lighting project for a customer. In addition, IMS has been supporting the good growth in Advanced Components by providing specialist manufacturing capabilities for engine test equipment.

During the year, we won a number of new customers in Asia in addition to expanding existing customer relationships. Sales in Asia increased by 17 per cent at constant currency. In particular, we have seen strong growth in the Chinese rail market where new business included a three year contract to provide design and manufacturing services for the Chinese metro lines. We have also started to win new customers across Asia Pacific as a result of focused sales efforts to meet growing regional demand which includes a Korean semi-conductor customer won during the year.

OTHER FINANCIAL INFORMATION

There was a £1.9 million increase in the net interest expense to £4.4 million (2015: £2.5 million) primarily as a result of the increased debt associated with the Aero Stanrew acquisition.

The underlying effective tax rate was 27.9 per cent (2015: 27.0 per cent) and basic underlying earnings per share increased by 36 per cent to 12.0 pence (2015: 8.8 pence), and by 19 per cent at constant currency.

Profit for the year improved to £16.7 million (2015: £10.4 million) after a charge for items excluded from underlying profit of £3.7 million (2015: £5.4 million). Included within this charge were restructuring costs of £4.2 million relating to the OIP and other footprint change, a £4.3 million gain on the disposal of surplus properties, in part linked to the footprint change projects, and acquisition costs of £3.8 million relating mainly to the non-cash amortisation of acquisition intangibles.

Net debt at the end of the year was £55.4 million (2015: £56.1 million). In May 2016, the Group signed a new five year £150 million multi-currency revolving credit facility to replace the £75 million multi-currency and $60 million US dollar facilities which were due to expire in August 2016. The Group had available £65.2 million of undrawn committed borrowing facilities and £57.6 million of undrawn uncommitted borrowing facilities, representing overdraft lines (£27.6 million) and the accordion facility (£30.0 million).

The triennial valuation of the UK pension scheme as at April 2016 showed a deficit of £46.0 million against the Trustee’s funding objective compared with £19.1 million at April 2013. The Company will continue with the previously agreed schedule of deficit contributions. These planned contributions amount to £4.7 million in 2017, £4.9 million in 2018, £5.1 million in 2019 and £3.9 million in 2020. The total accounting deficit under the Group's defined benefit pension schemes decreased to £5.7 million (2015: £21.1 million). The reduction was due to deficit contributions to the UK scheme, together with positive asset returns and experience improvements which more than offset the impact of a reduction in discount rates and increase in inflation rate.

DIVIDEND

The Board is recommending increasing the final dividend to 3.9 pence. This, when combined with the interim dividend of 1.7 pence, gives an increased total dividend of 5.6 pence per share for the full year (2015: 5.5 pence per share). Payment of the dividend will be made on 2 June 2017 to shareholders on the register on 19 May 2017.

OUTLOOK

We are pleased with the strong performance achieved in 2016, ahead of expectations. This has resulted in improved growth and profitability for the Group, and our free cash flow performance has been excellent.

We have a clear and realistic strategy for TT to focus on structural growth markets where there is increasing electronic content. We continue to deploy our engineering expertise and investment in areas where we see real opportunities for growth. Despite uncertain end-markets, we enter the year with good momentum in operational efficiency improvement and a robust order book, giving us confidence of making further progress in 2017.

GOING CONCERN

The Directors have reviewed the budgets for 2017 and the projections for 2018 developed during the 2016 annual strategic planning cycle. The Directors have assessed the future funding requirements of the Group and compared them with the level of available borrowing facilities, recognising that the main committed facility was re-negotiated in May 2016 for a period of five years to May 2021. Based on this, the Directors are satisfied that the Group has adequate resources to continue in operational existence for at least 12 months from the date of the Audit Report. For this reason they continue to adopt the going concern basis in preparing the financial statements.

RESPONSIBILITY OF THE DIRECTORS

We confirm that to the best of our knowledge:

- The financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- The Strategic Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider the Annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

By order of the Board

Richard Tyson	**Mark Hoad**
Chief Executive Officer	Chief Financial Officer
8 March 2017	8 March 2017

Cautionary statement

This report 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.

Consolidated income statement

for the year ended 31 December 2016

£million (unless otherwise stated)	Note	2016	2015
Revenue	3	**569.9**	509.9
Cost of sales		**(461.6)**	(417.5)
Gross profit		**108.3**	92.4
Distribution costs		**(32.0)**	(29.0)
Administrative expenses		**(49.8)**	(48.2)
Other operating income		**1.1**	1.1
Operating profit		**27.6**	16.3
Analysed as:			
Underlying operating profit	3	**31.3**	21.7
Restructuring	6	**0.1**	(2.9)
Acquisition related costs	6	**(3.8)**	(0.8)
Asset impairments	6	**-**	(1.7)
Finance income	5	**0.2**	1.8
Finance costs	5	**(4.6)**	(4.3)
Profit before taxation		**23.2**	13.8
Taxation	7	**(6.5)**	(3.4)
Profit for the year attributable to owners of the Company		**16.7**	10.4
EPS attributable to owners of the Company (p)			
Basic	9	**10.3**	6.5
Diluted	9	**10.3**	6.5

Consolidated statement of comprehensive income

for the year ended 31 December 2016

£million	2016	2015
Profit for the year	**16.7**	10.4
Other comprehensive income/(loss) for the year after tax		
Items that are or may be reclassified subsequently to the income statement:		
Exchange differences on translation of foreign operations	**19.4**	2.5
Gain/(loss) on hedge of net investment in foreign operations	**7.3**	(1.2)
Loss on cash flow hedges taken to equity less amounts taken to income statement	**(0.5)**	(0.1)
Items that will never be reclassified to the income statement:		
Remeasurement of defined benefit pension schemes	**11.3**	(11.4)
Remeasurement of other post-employment benefits	**(0.2)**	0.1
Tax on remeasurement of defined benefit pension schemes	**(2.1)**	1.9
Total comprehensive income for the year attributable to the owners of the Company	**51.9**	2.2

Consolidated balance sheet

at 31 December 2016

£million	Note	2016	2015*
ASSETS			
Non-current assets			
Property, plant and equipment		92.2	89.6
Goodwill		106.5	95.2
Other intangible assets		36.7	36.6
Deferred tax assets		6.4	4.9
Total non-current assets		241.8	226.3
Current assets			
Inventories		79.6	79.9
Trade and other receivables		96.8	71.9
Income taxes receivable		0.8	-
Derivative financial instruments		0.6	0.2
Cash and cash equivalents		49.8	40.9
Total current assets		227.6	192.9
Total assets		469.4	419.2
LIABILITIES			
Current liabilities			
Borrowings		1.6	1.8
Derivative financial instruments		2.4	1.3
Trade and other payables		94.8	83.7
Income taxes payable		9.7	7.4
Provisions		7.5	12.6
Total current liabilities		116.0	106.8
Non-current liabilities			
Borrowings		103.6	95.2
Deferred tax liability		6.1	4.3
Pensions	11	5.7	21.1
Provisions		-	0.2
Other non-current liabilities		4.6	4.2
Total non-current liabilities		120.0	125.0
Total liabilities		236.0	231.8
Net assets		233.4	187.4
EQUITY			
Share capital		40.6	40.5
Share premium		2.1	1.8
Other reserves		9.6	7.0
Hedging and translation reserve		44.3	18.1
Retained earnings		134.8	118.0
Equity attributable to owners of the Company		231.4	185.4
Non-controlling interests		2.0	2.0
Total equity		233.4	187.4

* Updated to reflect remeasured fair values on the acquisition of Aero Stanrew Group Limited (see note 4) and a representation of reserves.

Approved by the Board of Directors on 8 March 2017 and signed on their behalf by:

Richard Tyson	**Mark Hoad**
Director	Director

Consolidated statement of changes in equity

for the year ended 31 December 2016

£million	Share capital	Share premium*	Hedging and translation reserve	Other reserves*	Retained earnings	Sub-total	Non-controlling interest	Total
At 1 January 2015	39.8	1.5	16.9	1.9	125.7	185.8	2.0	187.8
Profit for the year	–	–	–	–	10.4	10.4	–	10.4
Other comprehensive income								
Exchange differences on translation of foreign operations	–	–	2.5	–	–	2.5	–	2.5
Loss on hedge of net investment in foreign operations	–	–	(1.2)	–	–	(1.2)	–	(1.2)
Loss on cash flow hedges taken to equity less amounts taken to income statement	–	–	(0.1)	–	–	(0.1)	–	(0.1)
Remeasurement of defined benefit pension schemes	–	–	–	–	(11.4)	(11.4)	–	(11.4)
Remeasurement of other post-employment benefits	–	–	–	–	0.1	0.1	–	0.1
Tax on remeasurement of defined benefit pension schemes	–	–	–	–	1.9	1.9	–	1.9
Total other comprehensive income	–	–	1.2	–	(9.4)	(8.2)	–	(8.2)
Transactions with owners recorded directly in equity								
Equity dividends paid by the Company	–	–	–	–	(8.7)	(8.7)	–	(8.7)
Share-based payments	–	–	–	1.6	–	1.6	–	1.6
Deferred tax on share-based payments	–	–	–	0.1	–	0.1	–	0.1
New shares issued	0.7	0.3	–	3.4	–	4.4	–	4.4
At 31 December 2015	**40.5**	**1.8**	**18.1**	**7.0**	**118.0**	**185.4**	**2.0**	**187.4**
Profit for the year	**–**	**–**	**–**	**–**	**16.7**	**16.7**	**–**	**16.7**
Other comprehensive income								
Exchange differences on translation of foreign operations	**–**	**–**	**19.4**	**–**	**–**	**19.4**	**–**	**19.4**
Gain on hedge of net investment in foreign operations	**–**	**–**	**7.3**	**–**	**–**	**7.3**	**–**	**7.3**
Loss on cash flow hedges taken to equity less amounts taken to income statement	**–**	**–**	**(0.5)**	**–**	**–**	**(0.5)**	**–**	**(0.5)**
Remeasurement of defined benefit pension schemes	**–**	**–**	**–**	**–**	**11.3**	**11.3**	**–**	**11.3**
Remeasurement of other post-employment benefits	**–**	**–**	**–**	**–**	**(0.2)**	**(0.2)**	**–**	**(0.2)**
Tax on remeasurement of defined benefit pension schemes	**–**	**–**	**–**	**–**	**(2.1)**	**(2.1)**	**–**	**(2.1)**
Total other comprehensive income	**–**	**–**	**26.2**	**–**	**9.0**	**35.2**	**–**	**35.2**
Transactions with owners recorded directly in equity								
Equity dividends paid by the Company	**–**	**–**	**–**	**–**	**(8.9)**	**(8.9)**	**–**	**(8.9)**
Share-based payments	**–**	**–**	**–**	**2.4**	**–**	**2.4**	**–**	**2.4**
Deferred tax on share-based payments	**–**	**–**	**–**	**0.2**	**–**	**0.2**	**–**	**0.2**
New shares issued	**0.1**	**0.3**	**–**	**–**	**–**	**0.4**	**–**	**0.4**
At 31 December 2016	**40.6**	**2.1**	**44.3**	**9.6**	**134.8**	**231.4**	**2.0**	**233.4**

*Updated to reflect a representation of reserves to transfer £3.4 million on the acquisition of Aero Stanrew Group Limited from share premium to merger reserve.

Consolidated cash flow statement

for the year ended 31 December 2016

£million	Note	2016	2015
Cash flows from operating activities			
Profit for the year		**16.7**	10.4
Taxation		**6.5**	3.4
Net finance costs		**4.4**	2.5
Restructuring		**(0.1)**	2.9
Asset impairments		**-**	1.7
Acquisition related costs		**3.8**	0.8
Underlying operating profit		**31.3**	21.7
Adjustments for:			
Depreciation of property, plant and equipment		**18.3**	15.9
Amortisation of intangible assets		**5.3**	4.4
Other items		**1.8**	1.0
Decrease in inventories		**9.3**	2.2
(Increase)/decrease in receivables		**(17.5)**	3.5
Increase/(decrease) in payables		**1.1**	(1.1)
Underlying operating cash flow		**49.6**	47.6
Special payments to pension funds		**(4.5)**	(4.3)
Restructuring and acquisition related costs		**(10.8)**	(10.1)
Net cash generated from operations		**34.3**	33.2
Net income taxes paid		**(7.7)**	(7.9)
Net cash flow from operating activities		**26.6**	25.3
Cash flows from investing activities			
Interest received		**0.2**	0.1
Purchase of property, plant and equipment		**(17.4)**	(15.1)
Proceeds from sale of property, plant and equipment and grants received		**13.1**	0.8
Development expenditure		**(1.5)**	(1.3)
Purchase of other intangibles		**(4.2)**	(2.5)
Acquisitions of businesses		**-**	(39.8)
Cash with acquired businesses		**-**	1.6
Net cash flow from investing activities		**(9.8)**	(56.2)
Cash flows from financing activities			
Issue of share capital		**0.3**	0.5
Interest paid		**(3.0)**	(2.2)
Repayment of borrowings		**(113.7)**	(2.9)
Proceeds from borrowings		**114.6**	44.6
Other items		**(0.3)**	–
Finance leases		**(0.3)**	(0.1)
Dividends paid by the Company		**(8.9)**	(8.7)
Net cash flow from financing activities		**(11.3)**	31.2
Net increase in cash and cash equivalents		**5.5**	0.3
Cash and cash equivalents at beginning of year	10	**40.3**	39.4
Exchange differences	10	**4.0**	0.6
Cash and cash equivalents at end of year	10	**49.8**	40.3
Cash and cash equivalents comprise			
Cash at bank and in hand		**49.8**	40.9
Bank overdrafts	10	**–**	(0.6)
	10	**49.8**	40.3

1 General information

The information set out below, which does not constitute full financial statements, is extracted from the audited financial statements of the Group for the year ended 31 December 2016 which:

- was approved by the Directors on 8 March 2017;
- contained an unqualified audit report that did not contain statements under section 498(2) or (3) of the Companies Act 2006;
- will be available to the shareholders and the public in April 2017; and
- will be filed with the Registrar of Companies following the Annual General Meeting.

2 Basis of accounting

The consolidated financial statements have been prepared on a historical cost basis modified by the revaluation of financial assets and derivatives held at fair value and by the revaluation of certain property, plant and equipment at the transition date to International Financial Reporting Standards (IFRS). The consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board (IASB) and interpretations issued by the IFRS Interpretations Committee of the IASB, as adopted by the European Union, and in accordance with the provisions of the Companies Act 2006.

The financial statements have been prepared using consistent accounting policies.

Adoption of new and amendments to published standards and interpretations effective for the Group for the year ended 31 December 2016 did not have any impact on the financial position or performance of the Group.

Comparative financial information for the year ended 31 December 2015 has been updated to reflect remeasured fair values on the acquisition of Aero Stanrew Group Limited. The effect on the balance sheet was to decrease trade and other receivables by £0.3 million and to increase goodwill by £0.3 million. Reserves have been re-presented to transfer £3.4 million on the acquisition of Aero Stanrew Group Limited from share premium to the merger reserve.

3 Segmental reporting

The Group is organised into four divisions, as shown below, according to the nature of the products and services provided. The presentation of these divisions is consistent with the information reviewed by the chief operating decision maker. The chief operating decision maker is the Board of Directors.

The operating segments are:

– Transportation Sensing and Control – The Transportation Sensing and Control division develops both sensors and control solutions for automotive OEMs and tier one suppliers including powertrain providers for passenger cars and trucks. The division develops a wide range of sensors for multiple applications on a vehicle, from gear position and pedal sensors to fluid and emission sensors and with almost all of them focused on safety and driver assistance features required by our customers;

– Industrial Sensing and Control – The Industrial Sensing and Control division addresses challenging sensing requirements in terms of precision; speed of response; reliability or physical environment in developing position, pressure, temperature, flow and fluid quality sensors which are used for critical applications in a range of end markets including industrial automation, industrial process control, medical and aerospace sectors;

3 Segmental reporting (continued)

– Advanced Components – The Advanced Components division creates specialist, high performance, ultra-reliable, highly engineered electronic components for circuit protection, power management, signal conditioning and connectivity applications in harsh environments. The division serves customers in the industrial, automotive, aerospace, defence and medical markets and focuses on creating value by developing innovative electronic solutions that solve especially challenging problems for our customers' electronic circuits or systems; and

– Integrated Manufacturing Services – The IMS division draws on its manufacturing design engineering capabilities, global facilities and world-class quality standards to provide highly complex electronic manufacturing solutions to customers in the aerospace and defence, medical, and high technology industrial sectors. The division has broad capabilities ranging from printed circuit board assembly to environmental test and full systems integration. This global suite of end-to-end solutions is focused exclusively on low volume, high mix business.

The accounting policies of the reportable segments are the same as the Group's accounting policies.

As detailed in note 6, the key performance measure of the operating segments is underlying operating profit. Segment underlying operating profit represents the profit earned by each segment after allocation of central head office administration costs and is reviewed by the chief operating decision maker. Note 14 provides a definition of underlying operating profit and other alternative performance measures.

Group financing (including finance costs and finance income) and income taxes are managed on a Group basis and are not allocated to operating segments.

Goodwill is allocated to the individual cash generating units which are smaller than the segment which they are part of.

a) Income statement information – continuing operations

					2016
£million	Transportation Sensing and Control	Industrial Sensing and Control	Advanced Components	Integrated Manufacturing Services	Total
Sales to external customers	**237.2**	**64.4**	**121.3**	**147.0**	**569.9**
Segment underlying operating profit	**3.2**	**11.9**	**10.3**	**5.9**	**31.3**
Adjustments to underlying operating profit (note 6)					**(3.7)**
Operating profit					**27.6**
Net finance costs					**(4.4)**
Profit before taxation					**23.2**

3 Segmental reporting (continued)

£million	Transportation Sensing and Control	Industrial Sensing and Control	Advanced Components	Integrated Manufacturing Services	2015 Total
Sales to external customers	205.8	61.0	95.3	147.8	509.9
Segment underlying operating profit	(1.4)	11.4	6.0	5.7	21.7
Adjustments to underlying operating profit (note 6)					(5.4)
Operating profit					16.3
Net finance costs					(2.5)
Profit before taxation					13.8

There are no significant sales between segments.

b) Geographic information

Revenue by destination

The Group operates on a global basis. Revenue from external customers by geographical destination is shown below. Management monitor and review revenue by region rather than by individual country given the significant number of countries where customers are based.

£million	2016	2015
United Kingdom	**96.9**	82.6
Rest of Europe	**259.1**	234.5
North America	**103.3**	101.9
Central and South America	**3.1**	2.4
Asia	**102.8**	84.6
Rest of the World	**4.7**	3.9
Total continuing operations	**569.9**	509.9

No individual customer directly accounts for more than 10% of Group revenue. Revenue from services is less than 1% of Group revenues. All other revenue is from the sale of goods.

4 Acquisitions

On 18 December 2015 the Group acquired Aero Stanrew Group Limited. The consideration was paid through a combination of £39.8 million in cash and the issue of 2,575,669 shares (with a fair value of £4.0 million) to key members of the management team.

As consideration exceeds the £21.4 million of net assets acquired (including identifiable intangible assets of £18.9 million), goodwill of £22.4 million has been recognised on the balance sheet.

Comparative financial information for the year ended 31 December 2015 has been updated to reflect remeasured fair values on the acquisition of Aero Stanrew Group Limited. The effect on the balance sheet was to decrease trade and other receivables by £0.3 million and to increase goodwill by £0.3 million. The measurement period closed on 17 December 2016 with no further adjustments to provisional fair values.

5 Finance costs and finance income

£million	2016	2015
Interest expense	(2.9)	(2.2)
Foreign exchange losses	(0.3)	(1.5)
Net interest on post retirement benefits	(0.7)	(0.4)
Amortisation of arrangement fees	(0.7)	(0.2)
Finance costs	**(4.6)**	(4.3)
Interest income	0.2	0.1
Foreign exchange gains	-	1.7
Finance income	**0.2**	1.8
Net finance costs	**(4.4)**	(2.5)

6 Alternative performance measures

This financial information includes alternative performance measures that are not prepared in accordance with IFRS. These alternative performance measures have been selected by management to assist them in making operating decisions because they represent the underlying operating performance of the Group and facilitate internal comparisons of performance over time.

Alternative performance measures are presented as management believe they provide investors with a means of evaluating performance of the Group on a consistent basis, similar to the way in which management evaluates performance, that is not otherwise apparent on an IFRS basis, given that certain non-recurring, infrequent or non-cash items that management does not believe are indicative of the underlying operating performance of the Group are included when preparing financial measures under IFRS.

The Directors consider there to be four main alternative performance measures: underlying operating profit, free cash flow, underlying EPS (see note 9) and underlying effective tax rate.

Underlying operating profit

This has been defined as operating profit from continuing operations excluding the impacts of significant restructuring programmes, significant one-off asset impairments and business acquisition and divestment related activity. Business acquisition and divestment related items include the amortisation of intangible assets recognised on acquisition, the writing off of the pre-acquisition profit element of inventory written up on acquisition, other direct costs associated with business combinations and adjustments to contingent consideration related to acquired businesses. Items related to significant restructuring programmes include the impact of the Operational Improvement Plan initiated in 2014, other significant changes in footprint (including movement of production facilities and sale of properties) and significant costs of management changes.

6 Alternative performance measures (continued)

£million	2016 Operating profit	2016 Tax	2015 Operating profit	2015 Tax
As reported	**27.6**	**(6.5)**	16.3	(3.4)
Restructuring				
Operational Improvement Plan	**(2.9)**	**0.2**	(1.8)	1.1
Other restructuring	**(1.3)**	**0.6**	(0.7)	0.2
Property items	**4.3**	**(0.7)**	–	–
Charges associated with management changes	**-**	**-**	(0.4)	0.1
	0.1	**0.1**	(2.9)	1.4
Asset impairments	**-**	**-**	(1.7)	-
Acquisition related costs				
Contingent consideration	**-**	**-**	0.8	–
Release of divestment provision	**0.9**	**-**	–	–
Amortisation of intangible assets arising on business combinations	**(3.5)**	**0.7**	(0.8)	0.2
Other acquisition related costs	**(1.2)**	**0.2**	(0.8)	0.2
	(3.8)	**0.9**	(0.8)	0.4
Total items excluded from underlying measure	**(3.7)**	**1.0**	(5.4)	1.8
Underlying measure	**31.3**	**(7.5)**	21.7	(5.2)

Restructuring £0.1 million credit (2015: £2.9 million charge)

In the year ended 31 December 2016 restructuring costs related to further costs incurred on the Operational Improvement Plan initiated in a previous year, costs associated with other site restructuring (net of a release for certain sites) and a credit of £4.3 million arising on sale of properties (net of a write down of certain properties).

In the year ended 31 December 2015 total restructuring costs of £2.9 million were incurred, of which £1.8 million related to the Operational Improvement Plan, £0.7 million related to other restructuring costs and £0.4 million related to the change of management structure.

Impairments £nil (2015: £1.7 million)

In the year ended 31 December 2015 asset impairment costs of £1.7 million were incurred, relating mainly to the North American resistors business, reflecting the downturn in activity experienced in the second half of the year.

Acquisition related costs £3.8 million (2015: £0.8 million)

In the year ended 31 December 2016 acquisition costs amounted to £3.8 million which included a credit of £0.9 million relating to the release of a provision established for warranty liabilities arising from a divestment that are no longer required, £3.5 million amortisation of acquisition intangibles and £1.2 million of other costs, relating primarily to the integration of Aero Stanrew.

In the year ended 31 December 2015 acquisition costs amounted to £0.8 million which related to £0.8 million of acquisition related costs, £0.8 million of amortisation of acquired intangible assets and a £0.8 million credit relating to the reversal of an accrual for deferred acquisition consideration.

Free cash flow

This has been defined as net cash flow from operating activities less cash flow from investing activities (excluding acquisitions and disposal proceeds) less interest paid.

6 Alternative performance measures (continued)

£million	2016	2015
Net cash flow from operating activities	26.6	25.3
Net cash flow from investing activities	(9.8)	(56.2)
Acquisition of business	-	39.8
Cash with acquired businesses	-	(1.6)
Interest paid	(3.0)	(2.2)
Free cash flow	13.8	5.1

Underlying earnings per share

This is the profit for the year attributable to owners of the Company adjusted to exclude the items not included within underlying operating profit divided by the weighted average number of shares in issue during the year (see note 9).

Underlying effective tax rate

This is defined as the tax charge, adjusted to exclude items not included within underlying operating profit divided by underlying profit before tax, which is also adjusted to exclude the items not included within underlying operating profit.

£million	2016	2015
Underlying operating profit	31.3	21.7
Net finance costs	(4.4)	(2.5)
Underlying profit before tax	26.9	19.2
Underlying tax (see above)	7.5	5.2
Underlying effective tax rate	27.9%	27.0%

7 Taxation

a) Analysis of the tax charge for the year

£million	2016	2015
Current tax		
Current income tax charge	6.5	7.1
Adjustments in respect of current income tax of previous year	1.7	(1.5)
Total current tax charge	8.2	5.6
Deferred tax		
Relating to origination and reversal of temporary differences	(1.7)	(2.2)
Total tax charge in the income statement	6.5	3.4

UK tax is calculated at 20.0% (2015: 20.25%) of taxable profits. Overseas tax is calculated at the tax rates prevailing in the relevant countries. The Group's effective tax rate for the year from continuing operations was 28.2% (the underlying tax rate was 27.9% (see note 6)).

Included within the total tax charge above is a £1.0 million credit relating to items reported outside underlying profit (2015: £1.8 million).

7 Taxation (continued)

b) Reconciliation of the total tax charge for the year

£million	2016	2015
Profit before tax from continuing operations	23.2	13.8
Profit before tax multiplied by the standard rate of corporation tax in the UK of 20.0% (2015: 20.25%)	4.6	2.8
Effects of:		
Overseas tax rate differences	0.9	0.7
Income not taxable and items not deductible for tax purposes	(1.0)	0.4
Adjustment to current tax in respect of prior years	1.7	(1.5)
Impact on deferred tax arising from changes in tax rates	0.2	0.1
Recognition and utilisation of tax losses and other items not previously recognised	(0.7)	(0.1)
Current year tax losses and other items not recognised	2.5	2.0
Adjustment to value of deferred tax assets	(1.7)	(1.0)
Total tax charge reported in the income statement	6.5	3.4

The enacted UK corporation tax rate applicable is 19% from 1 April 2017 and 17% from 1 April 2020.

8 Dividends

	2016 pence per share	2016 £million	2015 pence per share	2015 £million
Final dividend for prior year	3.8	6.2	3.8	6.0
Interim dividend for current year	1.7	2.7	1.7	2.7
	5.5	8.9	5.5	8.7

The Directors recommend a final dividend of 3.9 pence per share which when combined with the interim dividend of 1.7 pence per share gives a total dividend for the year of 5.6 pence per share. The Group has a progressive dividend policy. The final dividend will be paid on 2 June 2017 to shareholders on the register on 19 May 2017.

9 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of shares in issue during the year.

Underlying earnings per share is based on the underlying profit after interest and tax.

Pence	2016	2015
Basic earnings per share	10.3	6.5
Diluted earnings per share	10.3	6.5

9 Earnings per share (continued)

The numbers used in calculating underlying, basic and diluted earnings per share are shown below.

Underlying earnings per share:

£million	2016	2015
Continuing operations		
Profit for the year attributable to owners of the Company	**16.7**	10.4
Restructuring	**(0.1)**	2.9
Asset impairments	**-**	1.7
Acquisition related costs	**3.8**	0.8
Tax effect of above items (see note 7)	**(1.0)**	(1.8)
Underlying earnings	**19.4**	14.0
Underlying earnings per share (pence)	**12.0**	8.8

The weighted average number of shares in issue is as follows:

Million	2016	2015
Basic	**162.2**	159.2
Adjustment for share awards	**-**	0.1
Diluted	**162.2**	159.3

10 Reconciliation of net cash flow to movement in net debt

£million	Net cash	Borrowings and finance leases	Net debt
At 1 January 2015	39.4	(53.7)	(14.3)
Cash flow	0.3	(41.6)	(41.3)
Non-cash items	-	(0.2)	(0.2)
Exchange differences	0.6	(0.9)	(0.3)
At 1 January 2016	**40.3**	**(96.4)**	**(56.1)**
Cash flow	**5.5**	**(0.6)**	**4.9**
Non-cash items	**-**	**(1.8)**	**(1.8)**
Exchange differences	**4.0**	**(6.4)**	**(2.4)**
At 31 December 2016	**49.8**	**(105.2)**	**(55.4)**

Net cash includes overdraft balances of £nil (2015: £0.6 million).

11 Retirement benefit schemes

Defined contribution schemes

The Group operates 401(k) plans in North America and defined contribution arrangements in the rest of the world. The assets of these schemes are held independently of the Group. The total contributions charged by the Group in respect of defined contribution schemes were £2.7 million (2015: £2.4 million).

11 Retirement benefit schemes (continued)

Defined benefit schemes

During the year the Group operated a significant defined benefit scheme in the UK and schemes in the USA (which includes a post retirement medical benefit element). The Group's main scheme is the UK plan which commenced in 1993 and increased in size in 2006 and 2007 through the merger of the UK former schemes. The parent company is the sponsoring employer in the UK plan. The UK plan is governed by TTG Pension Trustees Limited (the "Trustee") that has control over the operation, funding and investment strategy in consultation with the Group.

The triennial valuation of the UK scheme as at April 2016 showed a deficit of £46.0 million against the Trustee's funding objective compared with £19.1 million at April 2013. The Company has agreed additional fixed contributions extending to 2020 with the UK Scheme, based on the actuarial deficit at April 2016. These planned contributions amount to £4.7 million, £4.9 million, £5.1 million and £3.9 million to be paid over the next four years. In addition, the Company has set aside £3.0 million over the last three years to be utilised in agreement with the Trustee for reducing the long-term liabilities of the scheme. Both the UK and USA schemes are closed to new members and the UK scheme was closed to future accrual in 2010.

The amounts recognised in respect of the pension deficit in the Consolidated balance sheet are:

£million	**2016**	2015
Fair value of assets	**546.2**	442.2
Present value of defined benefit obligation	**(551.9)**	(463.3)
Net liability recognised in the Consolidated balance sheet	**(5.7)**	(21.1)

Amounts recognised in the consolidated income statement are:

£million	**2016**	2015
Scheme administration costs	**1.2**	0.8
Net interest cost	**0.7**	0.4
Settlements and curtailments	**(0.6)**	-

12 Related party transactions

Transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note.

No related party transactions have taken place in 2016 or 2015 that have affected the financial position or performance of the Group.

13 Principal risk and uncertainties

The Group continues to be exposed to a number of operational and financial risks and has an established, structured approach to identifying, assessing and managing those risks. These risks relate to the following areas: general economic downturn; contractual risks; pricing and margin pressures; research and development; people and capability; supplier resilience; and legal and regulatory compliance.

14 Alternative performance measure definitions

This financial information includes alternative performance measures that are not prepared in accordance with IFRS. These alternative performance measures have been selected by management to assist them in making operating decisions because they represent the underlying operating performance of the Group and facilitate internal comparisons of performance over time.

Alternative performance measures are presented as management believe they provide investors with a means of evaluating performance of the Group on a consistent basis, similar to the way in which management evaluates performance, that is not otherwise apparent on an IFRS basis, given that certain non-recurring, infrequent or non-cash items that management does not believe are indicative of the underlying operating performance of the Group are included when preparing financial measures under IFRS.

The Group uses the following alternative performance measures:

Underlying operating profit

Definition: Operating profit from continuing operations excluding the impacts of significant restructuring programmes, significant one-off asset impairments and business acquisition and divestment related activity.

Free cash flow

Definition: Net cash flow from operating activities less net cash flow from investing activities less interest paid.

Underlying earnings per share

Definition: Profit for the year attributable to the owners of the Company adjusted to exclude the items not included within underlying operating profit divided by the weighted average number of shares in issue during the period. We have chosen EPS as a KPI as it is a standard metric to determine corporate profitability for shareholders. In addition, it is a measure used as one of the performance conditions in the Group’s Long Term Incentive Plan.

Underlying effective tax rate

Definition: The tax charge adjusted to exclude items not included within underlying operating profit divided by underlying profit before tax, which is also adjusted to exclude the items not included within underlying operating profit.