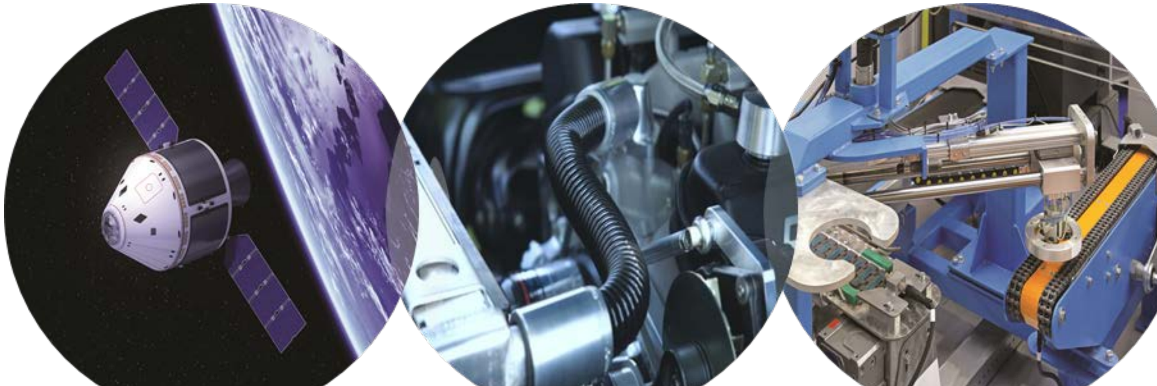
TT Electronics plc
2015 Final Results

March 2016



Review of 2015

- Successful year of transition, business now stabilised
- Operational Improvement Plan largely complete
  - Well ahead of schedule, £7 million lower cost
- Results in line with expectations, excellent cash conversion
- Final dividend maintained

Group Progress

- Step up in customer focus, pipeline improvement, new customer and contracts wins
- R&D - encouraging improvements, new launches from increased investment
- ‘BE Lean’ freeing capacity and cash
- OIP execution vastly improved
- Employee engagement and culture change
- Aero Stanrew acquisition

Aero Stanrew: Business Overview

TT Electronics

Market leader in the design, development and production of electromagnetic components and electronic sub-systems

Supply into performance critical applications

- Engine control systems
- Engine ignition and control
- Avionics
- Actuation systems
- Power systems
- Sub-sea power electronics
- Test equipment

Significant exposure to highly attractive end markets

Civil Aerospace	Defence	Oil & Gas	Space
64%	**27%**	**8%**	**1%**

High quality secure platform exposure, and embedded relationships with blue chip Tier 1 customers

AIRBUS: A380, A350, A330, A320

BOEING: 787, 777, 747, 737

F-35 LIGHTNING II

Aero Stanrew: Complementing TT's Strategy

- Clear fit with the Group's strategy
  - Robust, highly engineered products
  - Harsh environment applications
  - Highly complementary to Advanced Components division
- Strengthens our position in Aerospace & Defence market
- Significant market and customer overlap
- Strong cultural fit

Financial Review

Mark Hoad, Chief Financial Officer

Group Financial Performance

TT Electronics

£m (except where stated)	2015	2014	Change	Change constant fx
Revenue	**509.9**	524.3	(3)%	(2)%
Operating profit*	**21.7**	29.2	(26)%	(30)%
Profit before tax*	**19.2**	27.6	(30)%	(36)%
EPS* (pence)	**8.8p**	12.9p	(32)%	(36)%
Exceptionals & one-offs	**(5.4)**	(33.5)	84%	84%
Dividend (pence)	**5.5p**	5.5p	-	
Cash conversion‡ (%)	**136%**	3%		
Net debt	**(56.1)**	(14.3)		
Leverage (times)	**1.3x**	0.3x		
ROIC (%)	**9.0%**	12.1%^	(310)bps	

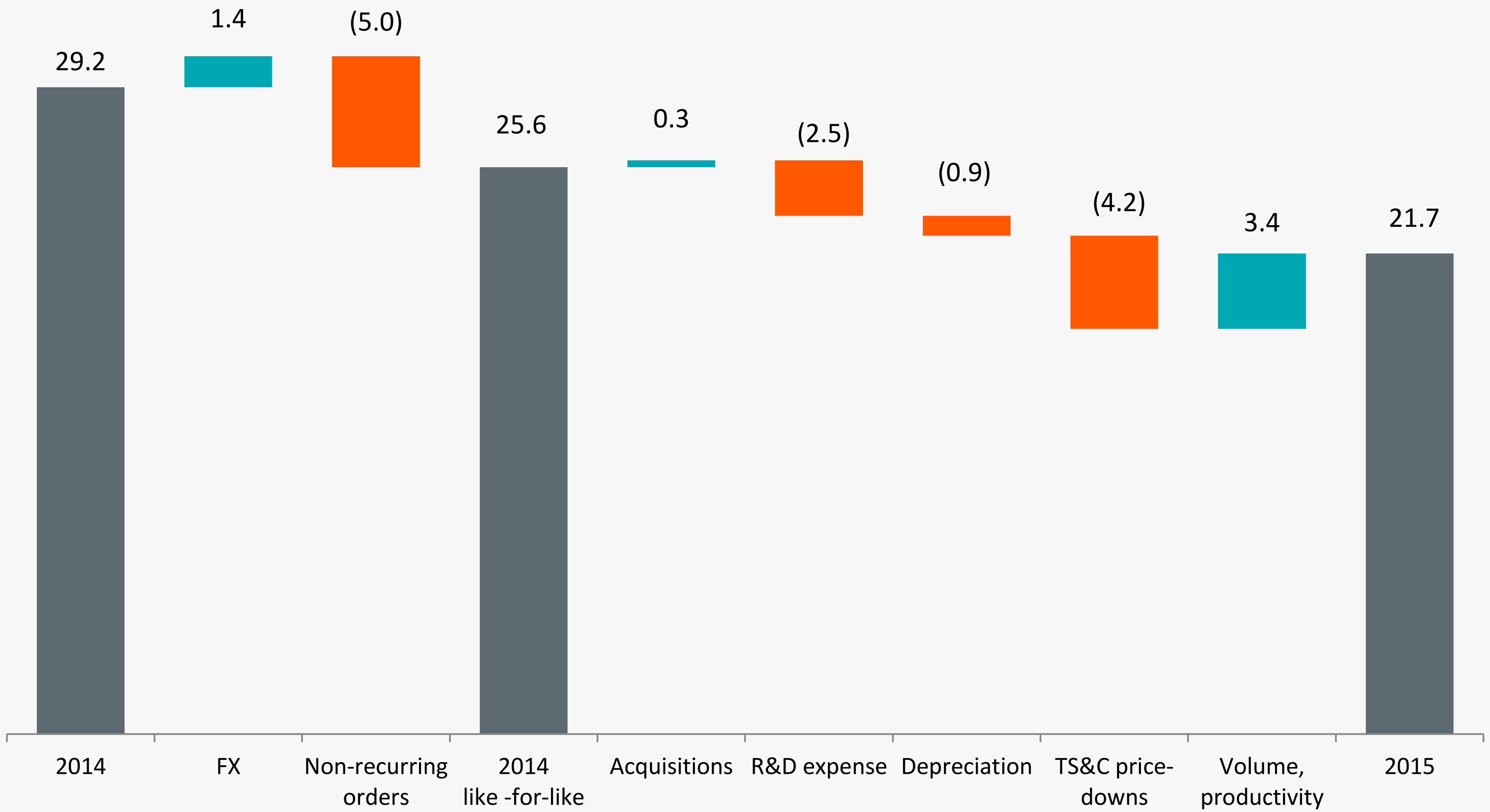
* **Underlying, before exceptional and one-off costs**

‡ **See appendix**

- Organic revenue decline 3% - 2014 one-off contracts
- OP reduced by 30% as expected
- Effective tax rate 27.0%
- Significantly reduced exceptional charge
- Excellent cash conversion
- Balance sheet strength retained

Group Operating Profit Bridge

Group Operating Profit Bridge (2015 vs 2014)



Transportation Sensing and Control

Financial Summary

	2015	2014	Change	Change constant fx
Revenue (£m)	**205.8**	230.5	(11)%	(3)%
Op. (loss)/profit (£m)*	**(1.4)**	1.4	(200)%	(171)%
Operating margin*	**(0.7)%**	0.6%	(130)bps	(100)bps

* Underlying, before exceptional and one-off costs

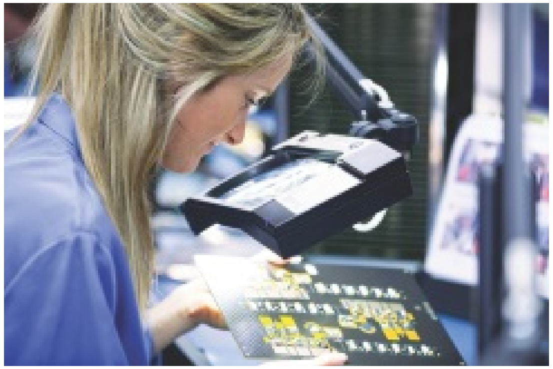
- Modest organic revenue decline
  - Circa 2% price-downs
  - China growth offsetting reduction in Europe
- Operating profit decline due to
  - Price-downs; increased R&D expense
  - Early OIP benefit realisation - £1.0m impact
- Operating loss stabilised – H2 2015 breakeven pre-foreign exchange

Industrial Sensing and Control

Financial Summary

	2015	2014	Change	Change constant fx
Revenue (£m)	**61.0**	58.8	4%	(3)%
Operating profit (£m)*	**11.4**	12.8	(11)%	(18)%
Operating margin*	**18.7%**	21.8%	(310)bps	(330)bps

* Underlying, before exceptional and one-off costs



- Strong like-for-like performance
- 10% organic revenue decline
  - More than accounted for by prior year one-off orders
  - £4m contribution from Roxspur acquisition
- Operating profit down by 18%
  - £4.0m adverse impact from absence of one-off order
  - £0.5m OIP benefits realised

Advanced Components

Financial Summary

	2015	2014	Change	Change constant fx
Revenue (£m)	95.3	98.8	(4)%	(7)%
Operating profit (£m)*	6.0	9.5	(37)%	(38)%
Operating margin*	6.3%	9.6%	(330)bps	(320)bps

* Underlying, before exceptional and one-off costs

- 7% organic revenue decline
  – Prior period includes £2m from non-recurring orders on Smithfield closure
  – Weak H2 performance in shorter cycle resistors business
- Operating profit reduction due to
  – Absence of high margin Smithfield product
  – Drop-through from resistors revenues

IMS

Financial Summary

	2015	2014	Change	Change constant fx
Revenue (£m)	**147.8**	136.2	9%	4%
Operating profit (£m)*	**5.7**	5.5	4%	(11)%
Operating margin*	**3.9%**	4.0%	(10)bps	(50)bps

* Underlying, before exceptional and one-off costs

- Revenue increased by 4% organically
  - Strong performance in China and US
- Operating profit
  - Positive drop-through on increased revenues
  - Higher allocation of central costs

Free Cash Flow and Net Debt

Free Cash Flow £m	**2015**	**2014**
Underlying EBITDA	**42.0**	51.5
Net capital expenditure	**(16.8)**	(28.0)
Capitalised development expenditure	**(1.3)**	(6.8)
Working capital	**4.6**	(16.8)
Exceptional items	**(10.1)**	(13.0)
Net interest and tax	**(10.0)**	(6.3)
Pensions & other	**(3.3)**	(3.1)
Free Cash Flow	**5.1**	**(22.5)**
Cash Conversion	***136%***	***3%***

	2015	**2014**
Net Debt	**(56.1)**	(14.3)
Net Debt to EBITDA	**1.3x**	0.3x

- Tighter control over capital and development expenditure - 0.9x DA
- Much improved working capital performance
- Exceptional spend reduced
- Increased interest due to higher debt, £1.5m tax catch-up from 2014
- Pension deficit contributions £4.3m

- Excellent cash conversion
- Aero Stanrew £38.2m acquisition cost
- Balance sheet strong for continued investment

Exceptional Items

Exceptional Items (P&L) £m	2015	2014
Restructuring costs	2.9	22.2
Acquisition related costs	0.8	1.9
Asset impairments	1.7	9.4
Total Exceptional Items	5.4	33.5

Exceptional Items (Cash) £m	2015	2014
Total Cash	10.1	13.0

- **Restructuring costs:** Mainly OIP related
- **Acquisition costs:** Deal costs and intangible amortisation, net of credit relating to Roxspur earnout
- **Impairments:** Mainly relates to North American resistors business following H2 downturn
- **Cash exceptionals:** OIP, management re-organisation

Other Financial Matters / Guidance for 2016

TT Electronics

- Restructuring costs
  - Remaining OIP P&L charge £4m; cash costs £6m in 2016, £2m in 2017-2020
  - Further footprint change circa £7m cash cost – even split over 2016 and 2017 likely

- Capital and development expenditure
  - Depreciation and amortisation circa £23-24m
  - Capex and devex circa 1.1-1.2x DA
- Working capital
  - Modest working capital outflow
- Tax
  - Effective rate expected to be similar to 2015
  - Cash payments circa 100% of P&L charge
- Pensions
  - UK deficit contributions £4.5m
  - Next triennial valuation imminent
- Foreign exchange
  - USD 1 cent = circa £100k operating profit impact
  - EUR 1 cent = circa £40k operating profit impact

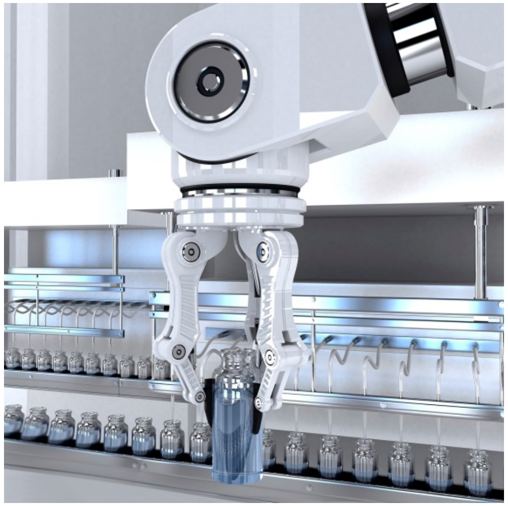
Divisional Review and Outlook

Richard Tyson, Chief Executive Officer

Transportation Sensing and Control

- Early contract wins in target growth markets
  - Next-gen haptic pedal
  - Wins in China on pedals, temperature sensors, crankshaft sensors
  - Global project for chassis height sensor
- Good progress on product innovation
  - Development order for linear sensor for suspension systems
  - Extension of capabilities in high temperature sensors
  - Launch of AdBlue® optical fluid sensor for NOx emission reduction

Industrial Sensing and Control



- Strong Underlying organic performance
- Key programme wins
  - First production order for latest phased diode array
  - Offset large one off order through multiple wins for position and torque sensors for recreational and off-road vehicles
- Roxspur integration complete

Advanced Components

- Multiple new product launches
- Record number of new customer positions won
- Invested in new state-of-the art cleanroom - opened Jan 2016
- Aero Stanrew acquisition to team up with Power & Hybrid business

IMS

- Strong growth in China supported by additional contract wins
  - Metro train systems
  - Domestic narrow body aircraft
- Global contract renewal with one of largest customers
- Renewal of division-wide NADCAP certifications; major customer audits; customer awards

Summary and Outlook

TT Electronics

- Successful year of transition, business now stabilised
- Results in line with expectations, cash performance excellent
- Strategy execution on track
- OIP largely complete, further footprint changes
- Tougher macro-economic environment
- Self-help and Aero Stanrew contribution mean progress in 2016

…building momentum to return us to sustainable, profitable growth

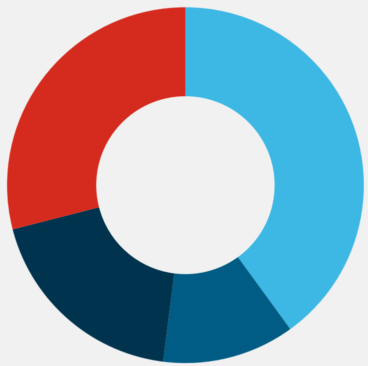
Q&As

Appendices

Appendix: TT Electronics Business

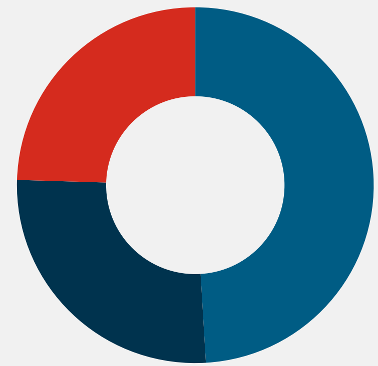
Revenue (FY 2015)

- **Transportation Sensing & Control** 40%
- **Industrial Sensing & Control** 12%
- **Advanced Components** 19%
- **IMS** 29%



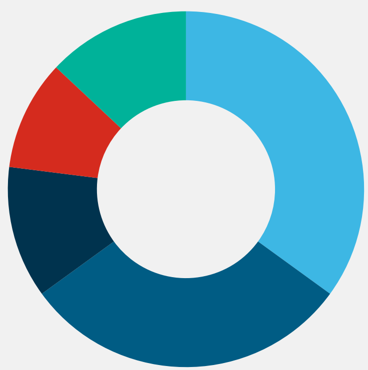
Operating Profit (FY 2015)

- **Transportation Sensing & Control** -6%
- **Industrial Sensing & Control** 52%
- **Advanced Components** 28%
- **IMS** 26%



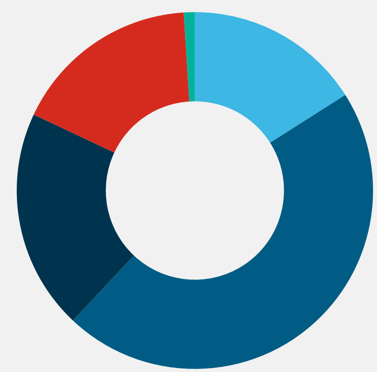
Revenue by market (FY 2015)

- **Passenger Car** 35%
- **Industrial** 30%
- **Aerospace & Defence** 12%
- **Other transp.** 10%
- **Medical** 13%



Revenue by region (FY 2015)

- **UK** 16%
- **Rest of Europe** 46%
- **North America** 21%
- **Asia** 17%
- **Rest of the World** 1%



Operational Improvement Plan: Progress

- Large, complex project has progressed very well
- All twelve lines now transferred and qualified
- Layout tidy-up in Germany completed H2 2016
- Project well ahead of schedule and expected to be completed £7m inside plan

OIP £m	To 2014	2015	2016	2017-2020	Total / Run Rate
P&L charge	(18.1)	(1.8)	(2.5)	(1.1)	(23.5)
Cash cost	(7.2)	(7.4)	(6.4)	(2.0)	(23.0)
Run-rate benefit	1.3	2.8	4.5	5.0	5.0

Photos: Timisoara site

Appendix: Impact of FX

Sales (£m)	Transportation Sensing and Control	Industrial Sensing and Control	Advanced Components	IMS	Group
At 2014 rates	224.4	56.9	92.2	141.6	**515.1**
FX impact (adverse) / favourable	(18.6)	4.1	3.1	6.2	**(5.2)**
As published	205.8	61.0	95.3	147.8	**509.9**
Operating Profit (£m)					
At 2014 rates	(1.0)	10.5	5.9	4.9	**20.3**
FX impact (adverse) / favourable	(0.4)	0.9	0.1	0.8	**1.4**
As published	(1.4)	11.4	6.0	5.7	**21.7**

Appendix: Cash Conversion

Cash Conversion (£m)	2015	2014
Underlying EBITDA	**42.0**	51.5
Net capital expenditure	**(16.8)**	(28.0)
Capitalised development expenditure	**(1.3)**	(6.8)
Working capital	**4.6**	(16.8)
Other	**1.0**	1.0
Underlying Operating Cash Flow (£m)	**29.5**	**0.9**
Underlying Operating Profit	**21.7**	29.2
Cash Conversion	***136%***	***3%***

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