A close-up, high-angle photograph of a large, square microchip mounted on a dark circuit board. The chip is illuminated from below, casting a soft glow. The board is populated with various other components, including smaller chips, capacitors, and traces, all rendered in a cool blue color palette. The background is blurred, showing more of the board's layout.

# **CAPITAL MARKETS EVENT**

April 2024

# INTRODUCTION



# AGENDA

- 01 How we create value for our stakeholders
- 02 Our focus on Efficiency, Growth and Innovation
- 03 Medium term financial goals
- 04 Q&A
- 05 Product showcase and refreshments



**Peter France, CEO**



**Mark Hoad, CFO**



**Michael Leahan**  
EVP Commercial



**Stewart Partridge**  
EVP Operations



**Matt Yeates**  
SVP Strategy and  
Programmes



**Katelyn DeVan**  
VP Global Marketing

# TT ELECTRONICS KEY MESSAGES FOR TODAY

Compelling business fundamentals provide a strong platform for above market growth



Clear visibility to 10% margins in 2024

Laser focus on execution, unlocking value and improving returns



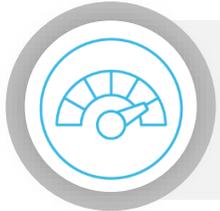
Project Dynamo: Substantial self-help potential from commercial and operational improvements

Move from divisional to function-led regional structure key to resource optimisation



Attractive medium term financials targeting 12% margins in 2026, strong FCF & mid to high teens ROIC

# STRATEGIC FOCUS



Focusing on efficiency to boost productivity and reduce costs



Enhancing collaboration and commercial focus, facilitated by moving to a function-led regional structure



Promoting innovation, design, engineering and manufacturing expertise

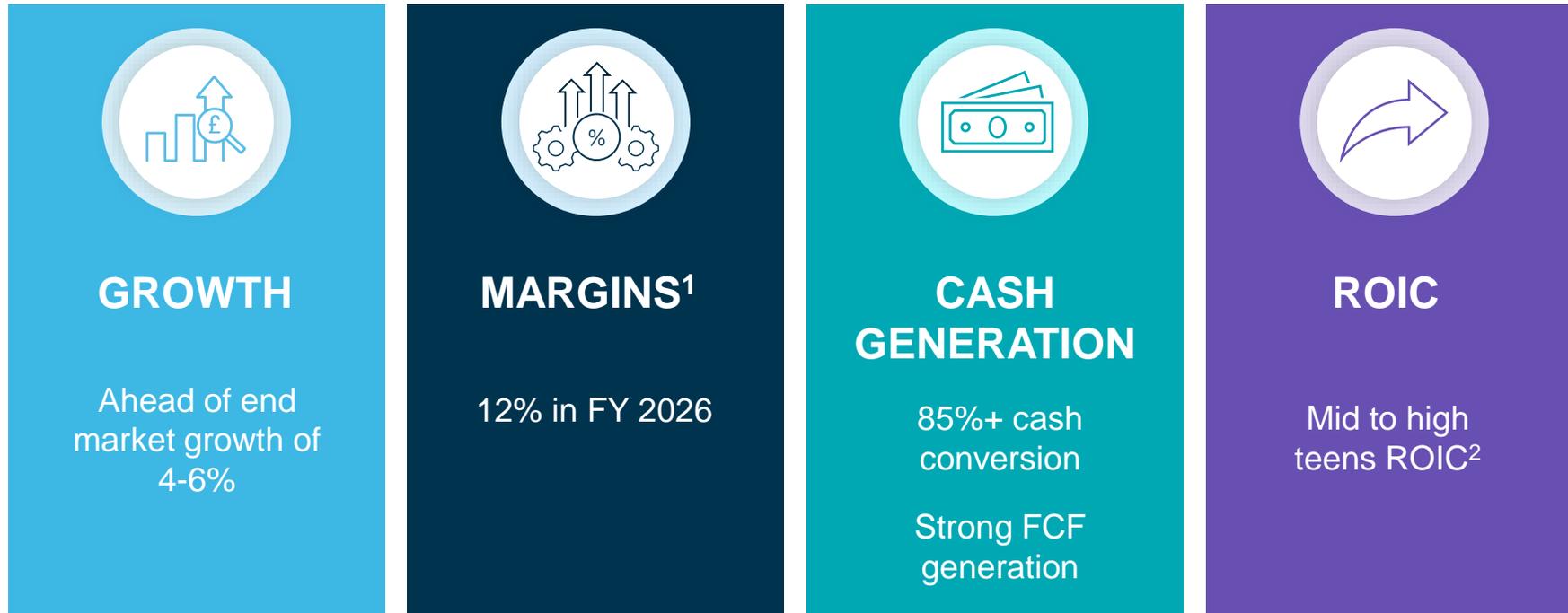


Developing our people, products and market positioning to propel sustainable growth

Unlocking value  
through  
**disciplined  
execution**

# OUR MEDIUM-TERM FINANCIAL GOALS

Committed to deliver exceptional value for shareholders



1. Adjusted operating margin
2. Pre-tax return on invested capital

**OUR VALUE OFFERING**  
**HOW WE CREATE**  
**VALUE FOR OUR**  
**STAKEHOLDERS**



## **TT ELECTRONICS: OUR PURPOSE**

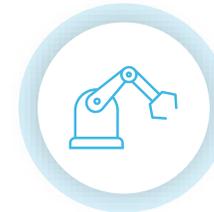
**To engineer and manufacture  
electronic solutions enabling a  
safer, healthier and more  
sustainable world**

# OUR CORE AREAS OF EXPERTISE



## ENGINEERING

We design custom technology solutions that enable smaller, lighter, and more energy efficient products used in performance critical applications



## MANUFACTURING

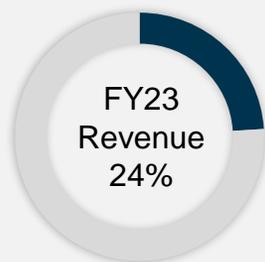
Our global manufacturing capability provides solutions for customers in highly regulated markets, from new product introduction to full scale production of complex systems

High specification, lower volume electronics with strong technical barriers to entry



# POSITIONED IN STRUCTURAL GROWTH MARKETS

## HEALTHCARE



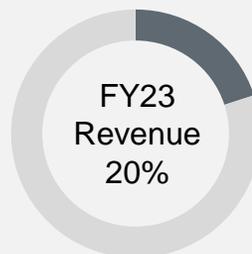
Market growth rates:  
**6 - 8% CAGR**

Growing ageing population driving accelerated pace of innovation

Increase in robotic surgical procedures providing better patient outcomes

Implantable devices competing with and replacing pharmaceutical solutions

## AEROSPACE & DEFENCE



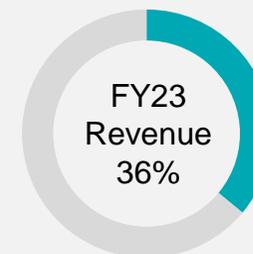
Market growth rates:  
**4 - 5% CAGR**

Increasing electrification supporting fuel efficiency and safety

Air travel rebounding strongly along with a growing global middle-class population

Active conflict & geopolitical tensions driving demand

## AUTOMATION & ELECTRIFICATION

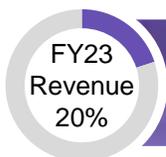


Market growth rates:  
**5 - 6% CAGR**

Increased demand for digitalisation, industrial automation and AI technology

Continued focus on climate change and sustainability

Increased investments in US semiconductor manufacturing due to CHIPS act



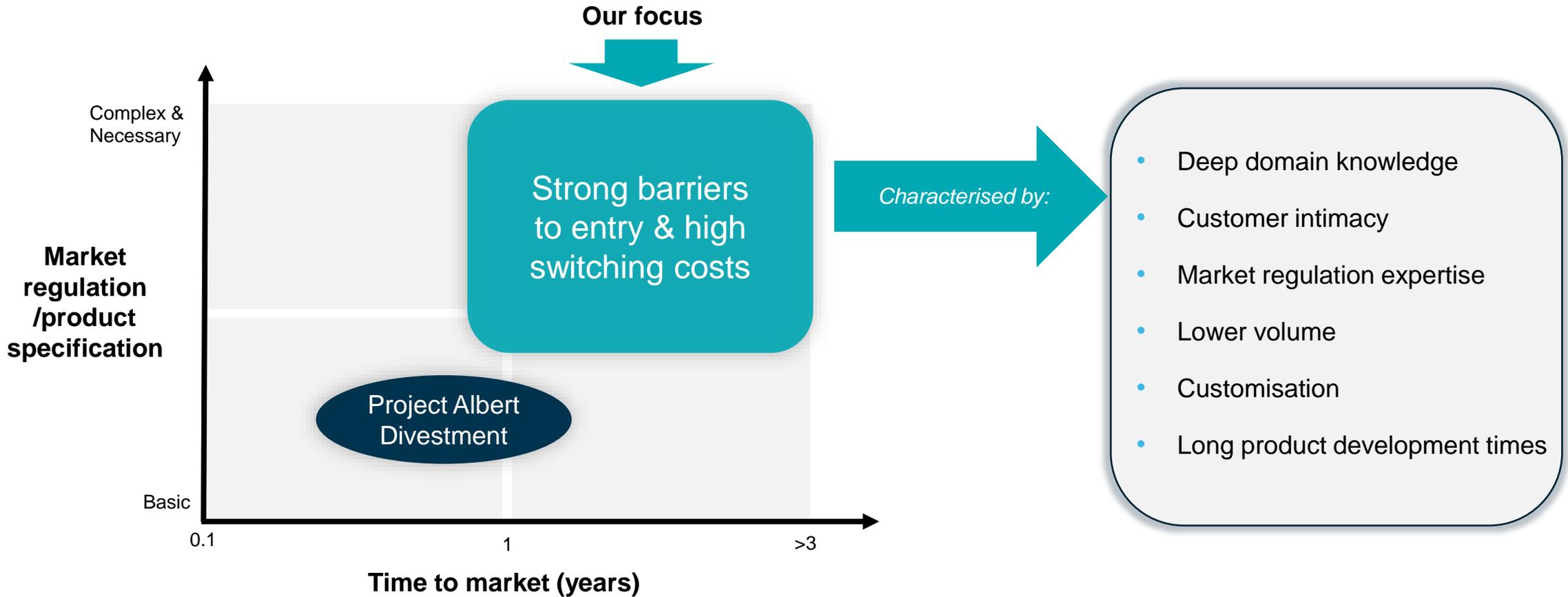
## DISTRIBUTION SALES CHANNEL

GDP+

MARKET OUTLOOK: 4-6% MEDIUM TERM GROWTH UNDERPINNED BY SUSTAINABILITY DRIVERS



# STRONG VISIBILITY AND BARRIERS TO ENTRY



# TT CAPABILITIES APPLICABLE ACROSS OUR END MARKETS

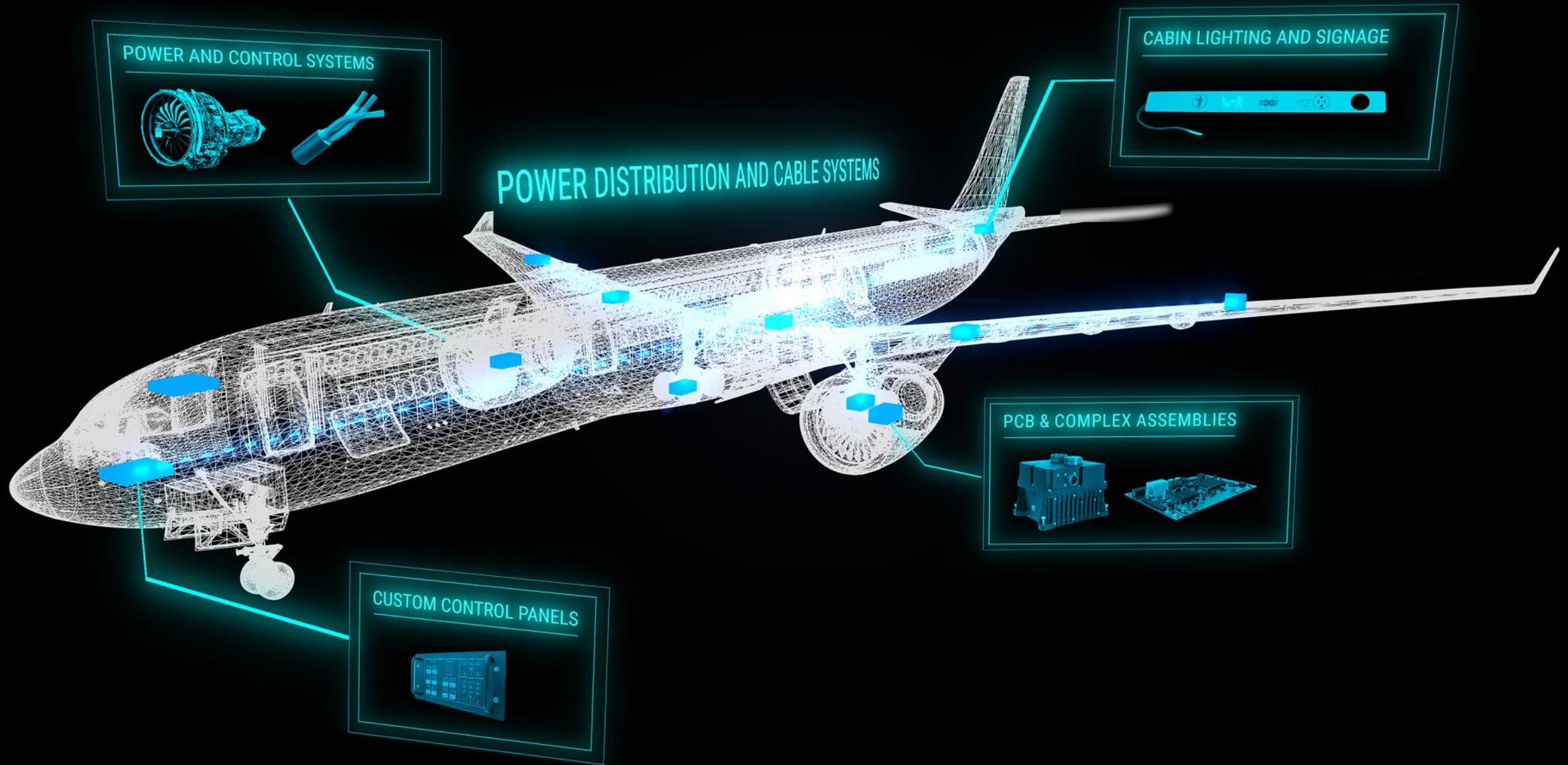
## PRODUCTS & CAPABILITY



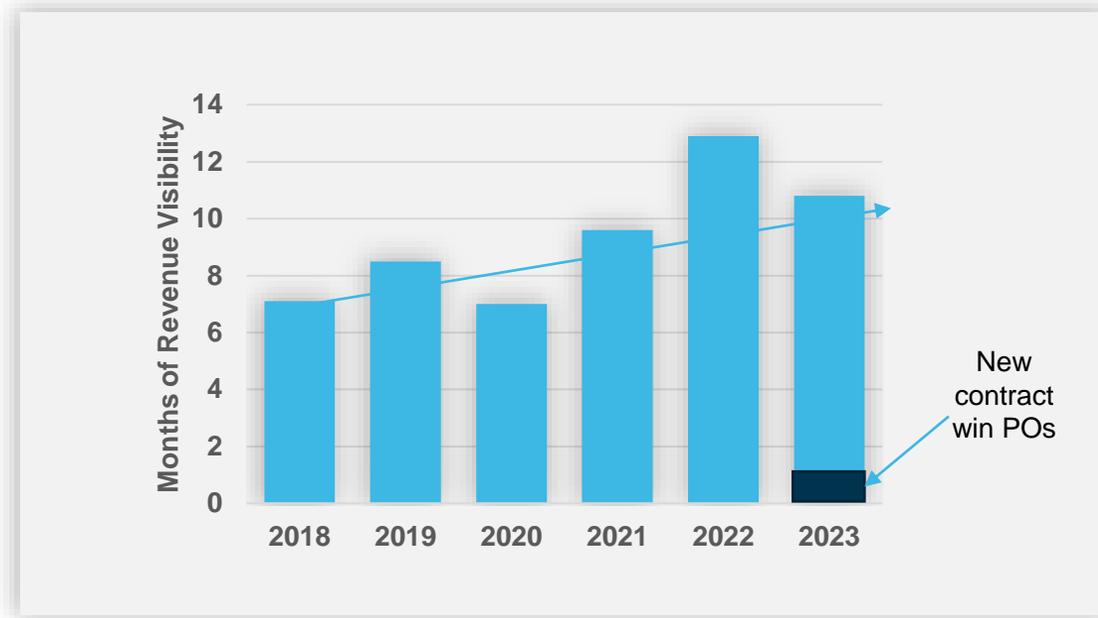
		HEALTHCARE	AEROSPACE & DEFENCE	AUTOMATION & ELECTRIFICATION
	<b>Optoelectronics</b> Sensors for integration in OEM equipment	✓	✓	✓
	<b>Resistors</b> Power and signal control & conditioning	✓	✓	✓
	<b>Magnetics</b> Electromagnetic components	✓	✓	✓
	<b>PCBA</b> SMT capability	✓	✓	✓
	<b>Cables</b> Build & assembly of wiring harnesses	✓	✓	✓
	<b>Connectors</b> Harsh environment rugged cable interconnection	—	✓	✓
	<b>Power</b> Power supplies, inverters, converters, distribution	✓	✓	✓
	<b>Racks &amp; Cabinets</b> Manufacture of complex assembly & test systems	✓	✓	✓

**HIGH REGULATION / HIGH TECHNICAL SPECIFICATION**

# VIDEO SHOWCASING OUR CAPABILITIES



# STRONG ORDER BOOK WITH RECURRING REVENUES...

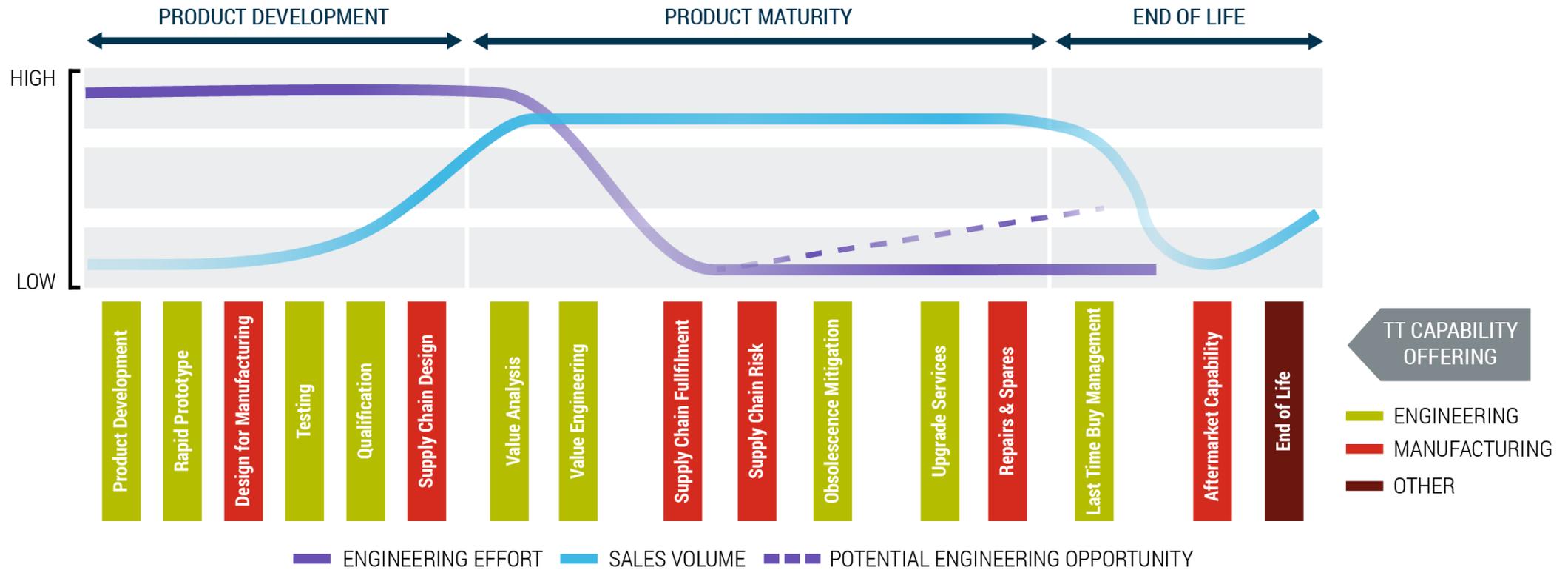


- Increasing visibility to our order book year-on-year
- 37 new contract wins in 2023, with a potential lifetime value of £250m
  - 80% of the remaining lifetime value not declared in order book visibility  
(Purchase orders released on rolling programme horizon)

- Recurring order book growing from new contract wins
- Strong business development pipeline feeding new demand and revenue growth
- Organisational focus on growth will unlock new opportunities across sectors and known 'white-space'

# LONG TERM CUSTOMER COLLABORATION THROUGH LIFECYCLE

FY23 Revenue 20%	<b>AEROSPACE &amp; DEFENCE</b>	0-5 yrs	3-30 yrs	30-50 yrs
FY23 Revenue 24%	<b>HEALTHCARE</b>	0-5 yrs	3-15 yrs	15-30 yrs
FY23 Revenue 36%	<b>AUTOMATION &amp; ELECTRIFICATION</b>	0-2 yrs	1-5 yrs	5-10 yrs



# BLUE CHIP CUSTOMERS LONG TERM RELATIONSHIPS



Healthcare customer logos:

- Elekta
- Waters™
- AZENTA LIFE SCIENCES
- midmark®
- ThermoFisher SCIENTIFIC
- Abbott
- Medtronic
- BREAS

Healthcare



Aerospace & Defence customer logos:

- ROLLS ROYCE
- Parker
- MEGGITT
- Honeywell
- KONGSBERG
- Collins Aerospace
- SAFRAN AEROSPACE DEFENCE SECURITY
- BAE SYSTEMS INSPIRED WORK
- ULTRA
- RBSL
- LEONARDO
- MBDA MISSILE SYSTEMS
- THALES
- MAROTTA®

Aerospace & Defence



Automation & Electrification customer logos:

- CASCO
- APPLIED MATERIALS
- VOLTSERVER DIGITAL ELECTRICITY™
- EDWARDS
- GE
- Schneider Electric
- EVERETT DENNISON
- ENTRUST SECURING A WORLD IN MOTION
- ALSTOM

Automation & Electrification



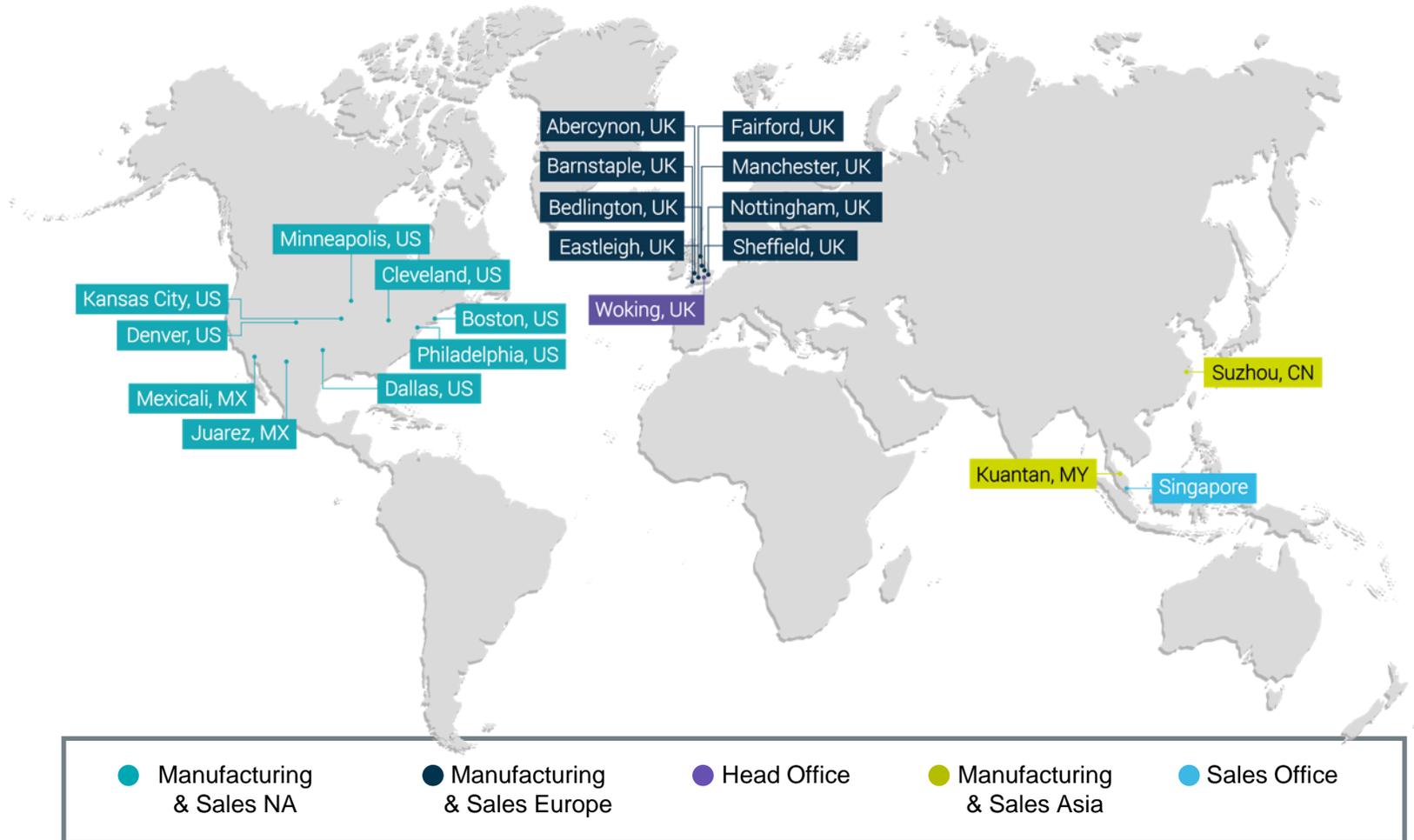
Distribution sales channel customer logos:

- tij
- AVNET®
- ARROW
- RichardsonRFPD An Arrow Company
- FUTURE ELECTRONICS
- MOUSER ELECTRONICS
- MAXMEGA

Distribution sales channel



# GLOBAL PRESENCE REGIONAL CUSTOMER PROXIMITY



- Broad footprint across North America, UK and Asia
- Increases resilience and offers proximity to customer end markets
- Recent expansion of manufacturing capabilities in Mexico and Malaysia enhances customer choice

# PEOPLE & CULTURE – A GENUINE COMPETITIVE ADVANTAGE

## PASSION



### Employee Survey Response

TT Electronics **91%**

Big Company Average **64%**

Year-on-year Rating Improvement

2023	★	★	★
2021	★	★	
2020	★		

## EXPERTISE



Long-serving team members with deep knowledge of our customers & processes

Engineering partnerships with leading edge academic institutions

Blue-chip leadership experience from across our market sectors

## VALUES



**THE  
TT  
WAY**



We do the right thing



We achieve more together



We get the job done



We bring out the best in each other



We champion expertise

## SUSTAINABILITY



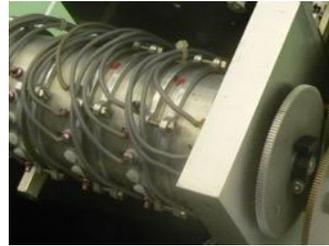
Kuantan, Malaysia installed a major solar photovoltaic system generating over 1GWh per year of renewable electricity.

Juarez, Mexico successfully eliminated air leaks saving approximately 26T CO2 emissions.

SMART energy management system monitors energy use and eliminates waste in Suzhou, China

# OUR COMMITMENT TO A SUSTAINABLE WORLD

## CLEANER



Customised potentiometers for UK nuclear energy application

## SMARTER



Complex assembly for remote power 5G high-bandwidth technology used in smart factory/agri' applications

## HEALTHIER



High reliability & performance double sided chip-resistors for ER life-pack

Our commitments enable our growth & customers to meet their sustainability objectives

## ACHIEVEMENTS

### Scope 1 & 2

62% reduction achieved to date ahead of 2019 baseline plan



Sustainability plans are delivering ahead of targets

## IMPROVED 2030 TARGETS

Net Zero target Scope 1&2 emissions (original objective 2035)

Zero waste to landfill

Zero single use plastics

Scope 3 assessment & measuring underway in key categories

Affirm a future commitment to



# VERTICALLY INTEGRATED MANUFACTURING VIDEO

OUR PRODUCTS

• OPTOELECTRONIC SUBASSEMBLIES

• PASSIVE COMPONENTS

• ELECTROMAGNETICS

• PCB ASSEMBLY

• POWER CONVERSION AND CONTROL

• CUSTOMISED CABLE ASSEMBLIES

• COMPLEX ASSEMBLIES AND TEST SOLUTIONS

Encapsulations





# PROJECT DYNAMO



# THREE FOCUSED PILLARS UNLOCKING VALUE



# ORGANISATIONAL CHANGE MOVING FROM DIVISIONS TO FUNCTION-LED STRUCTURE ACROSS 3 REGIONS



## DIVISION STRUCTURE



# ORGANISATIONAL CHANGE MOVING FROM DIVISIONS TO FUNCTION-LED STRUCTURE ACROSS 3 REGIONS



## FUNCTION STRUCTURE

Commercial, operations, innovation, HR, finance & legal functions

North America  
c.£230m

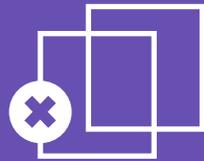
Europe  
c.£120m

Asia  
c.£200m

# ORGANISATIONAL CHANGE ENABLING IMPROVED PERFORMANCE



## FUNCTIONAL LEVERAGE FOR EFFICIENCY



Duplication of  
functional  
resource  
eliminated



Consistent best  
practice  
deployment



Better talent  
development

# ORGANISATIONAL CHANGE ENABLING IMPROVED PERFORMANCE



## CUSTOMER ALIGNED ACCOUNT MANAGEMENT



Consistent  
approach to  
customers  
from one - TT



Improves  
engagement  
for new business  
opportunity  
collaboration



Resource  
efficient



# ORGANISATIONAL CHANGE ENABLING IMPROVED PERFORMANCE



## INCREASE ASSET UTILISATION



Constraints removed from sites aligned to divisions



Capex efficiency improvements



Centre of Excellence approach



Make vs buy improvements



# ORGANISATIONAL CHANGE ENABLING IMPROVED PERFORMANCE



## SALES OPPORTUNITIES WITHIN REGIONS



Maximise sales  
with existing  
customers



Increase vertical  
sales opportunity



Leverage  
inter-company  
potential

# ORGANISATIONAL CHANGE MOVING FROM DIVISIONS TO FUNCTION-LED STRUCTURE ACROSS 3 REGIONS



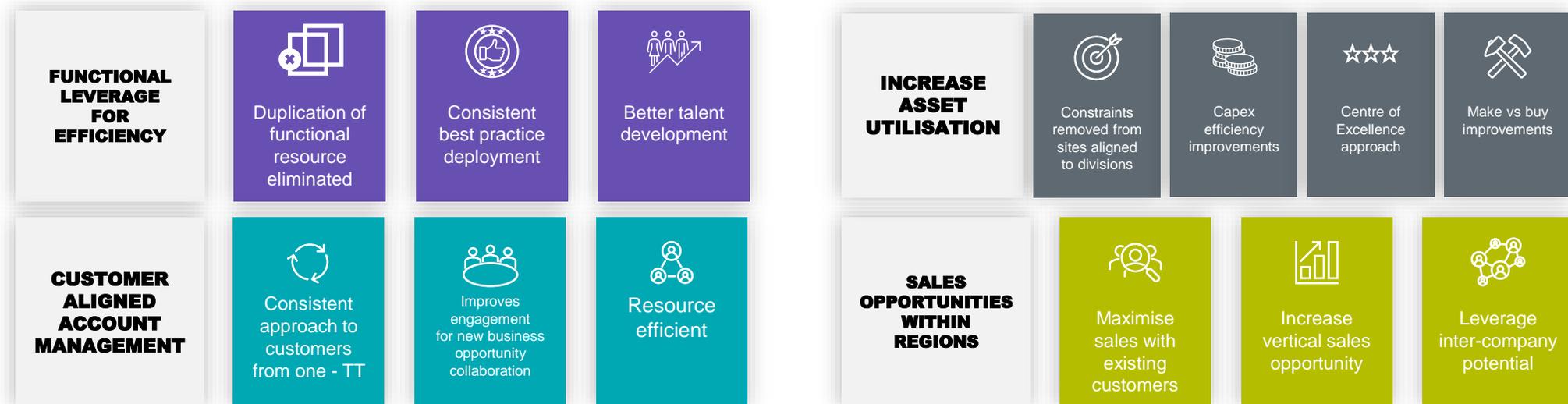
## DIVISION STRUCTURE



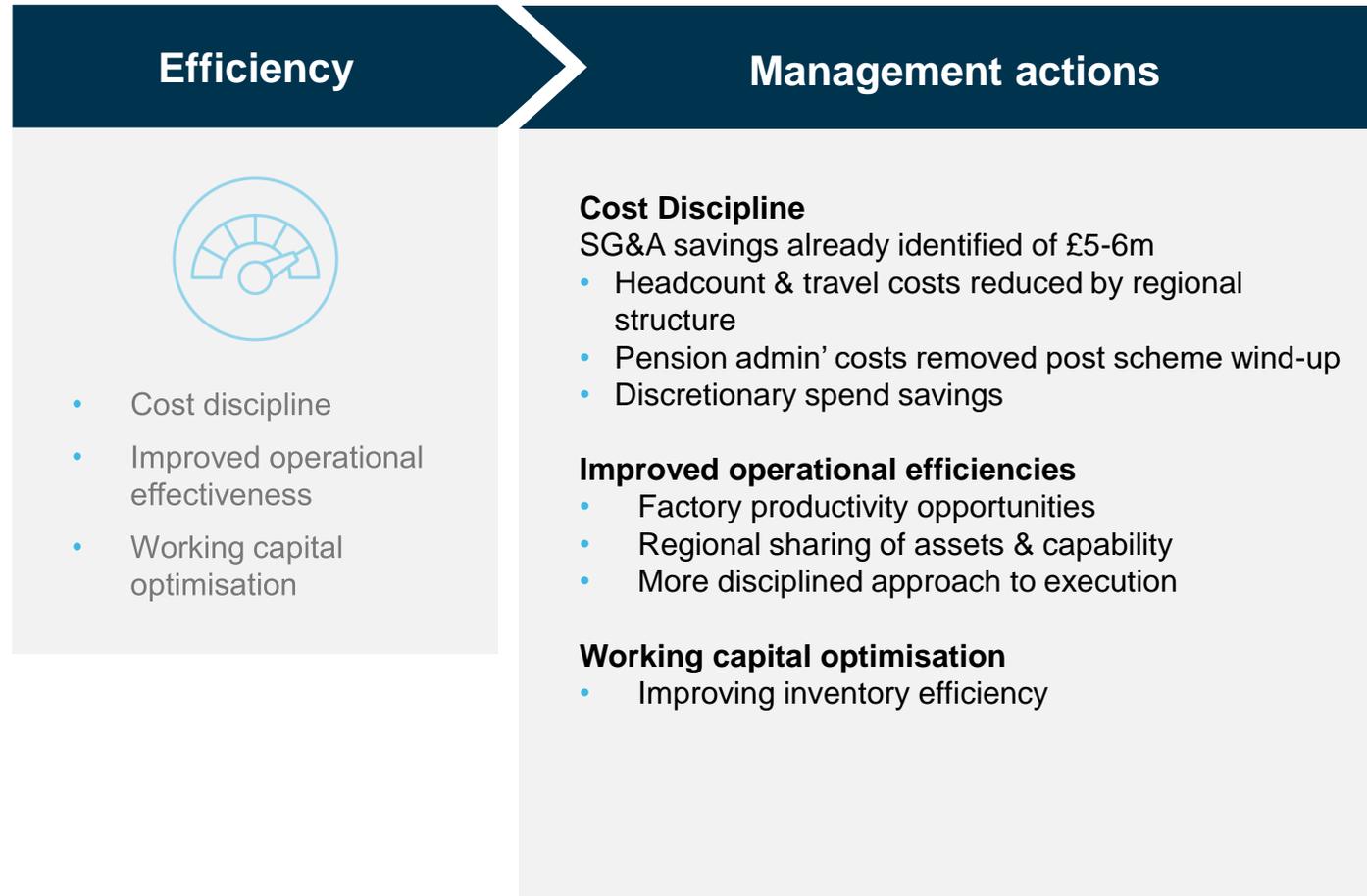
## FUNCTION STRUCTURE



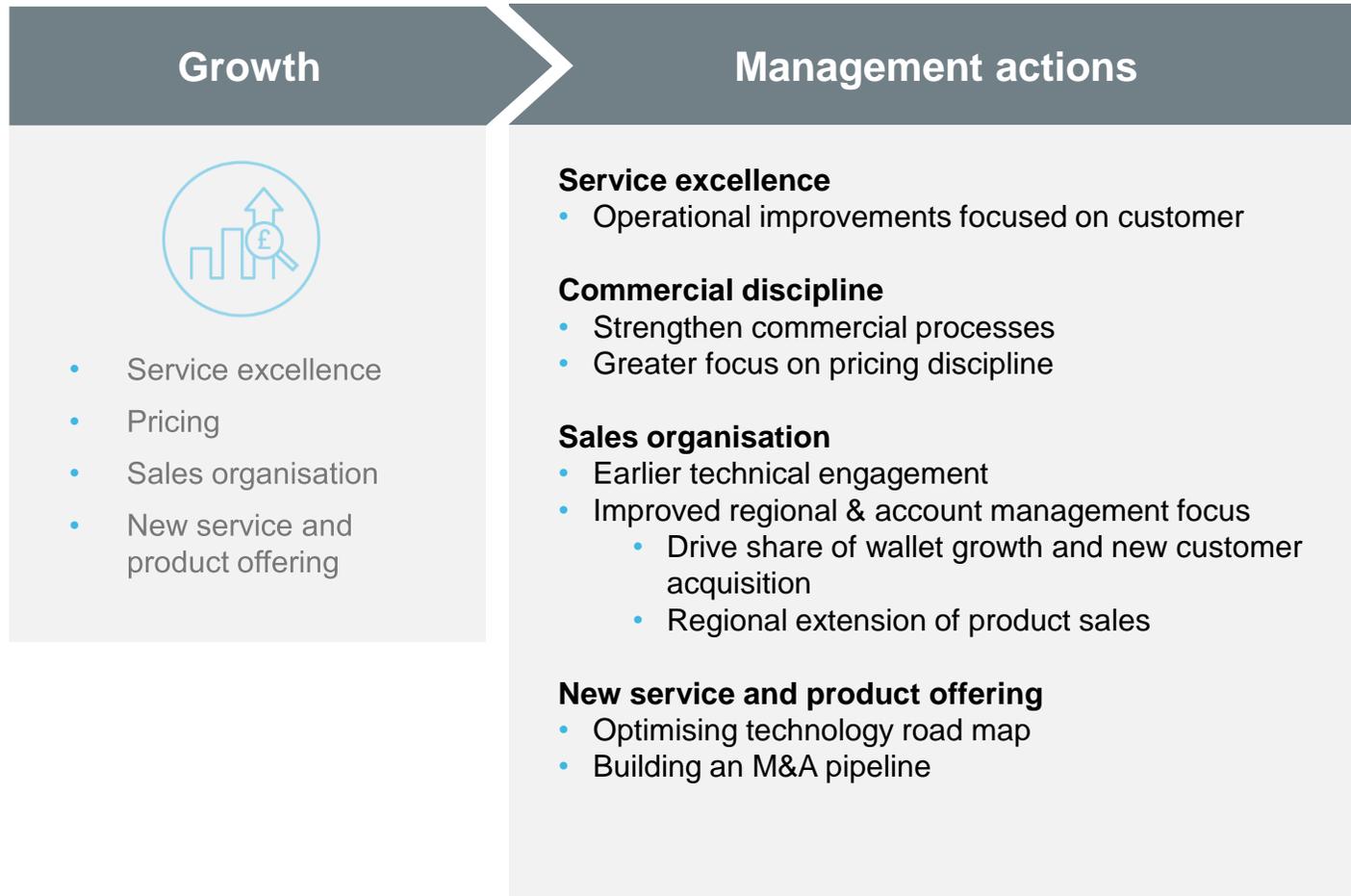
2023 Revenue proforma ex Albert



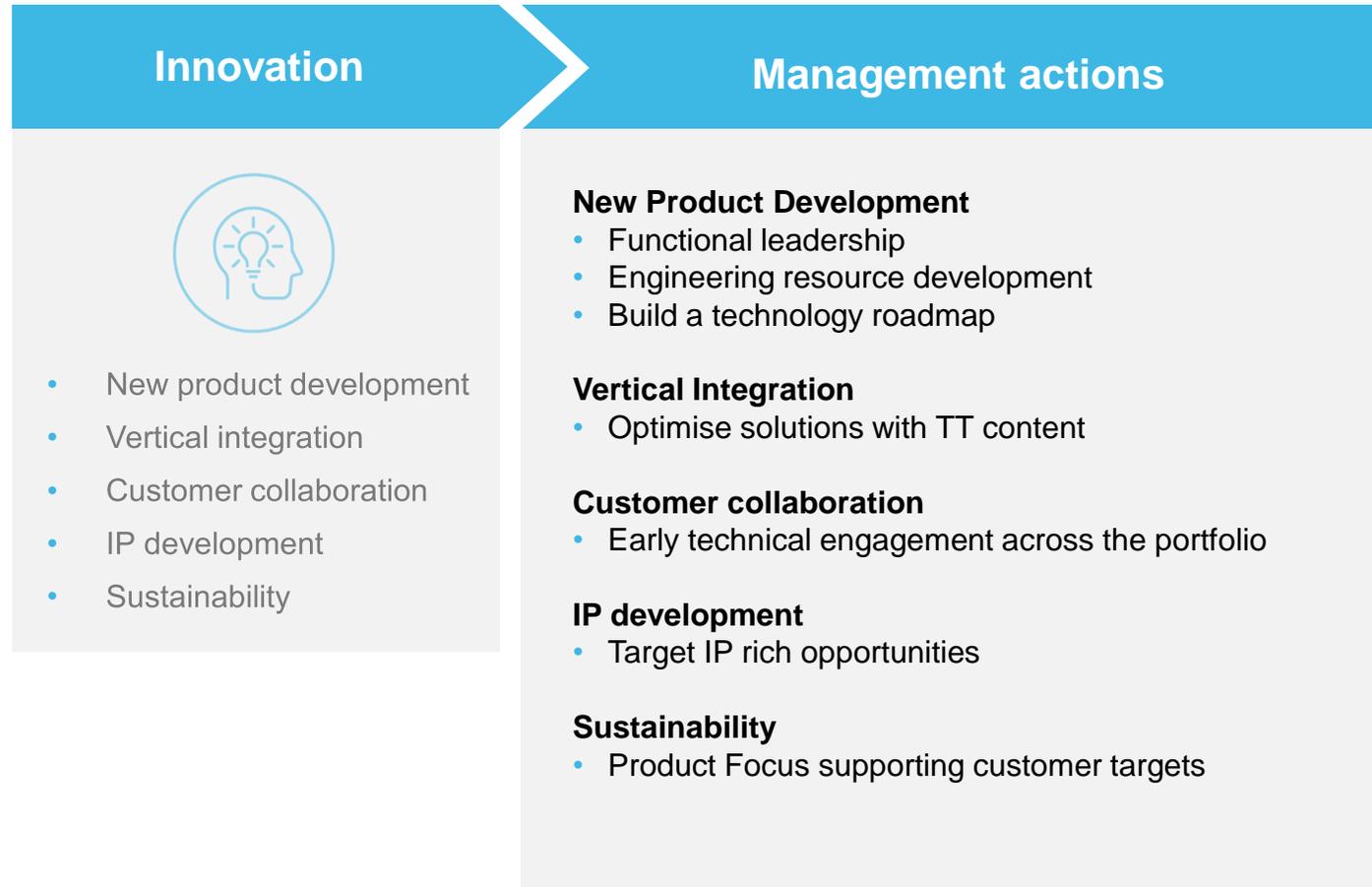
# EFFICIENCY TO UNLOCK VALUE



# GROWTH OPPORTUNITIES TO UNLOCK VALUE



# INNOVATION TO UNLOCK VALUE



# MARK HOAD, CFO

# MOMENTUM IN FINANCIAL PERFORMANCE

Margin  
improvement  
underway

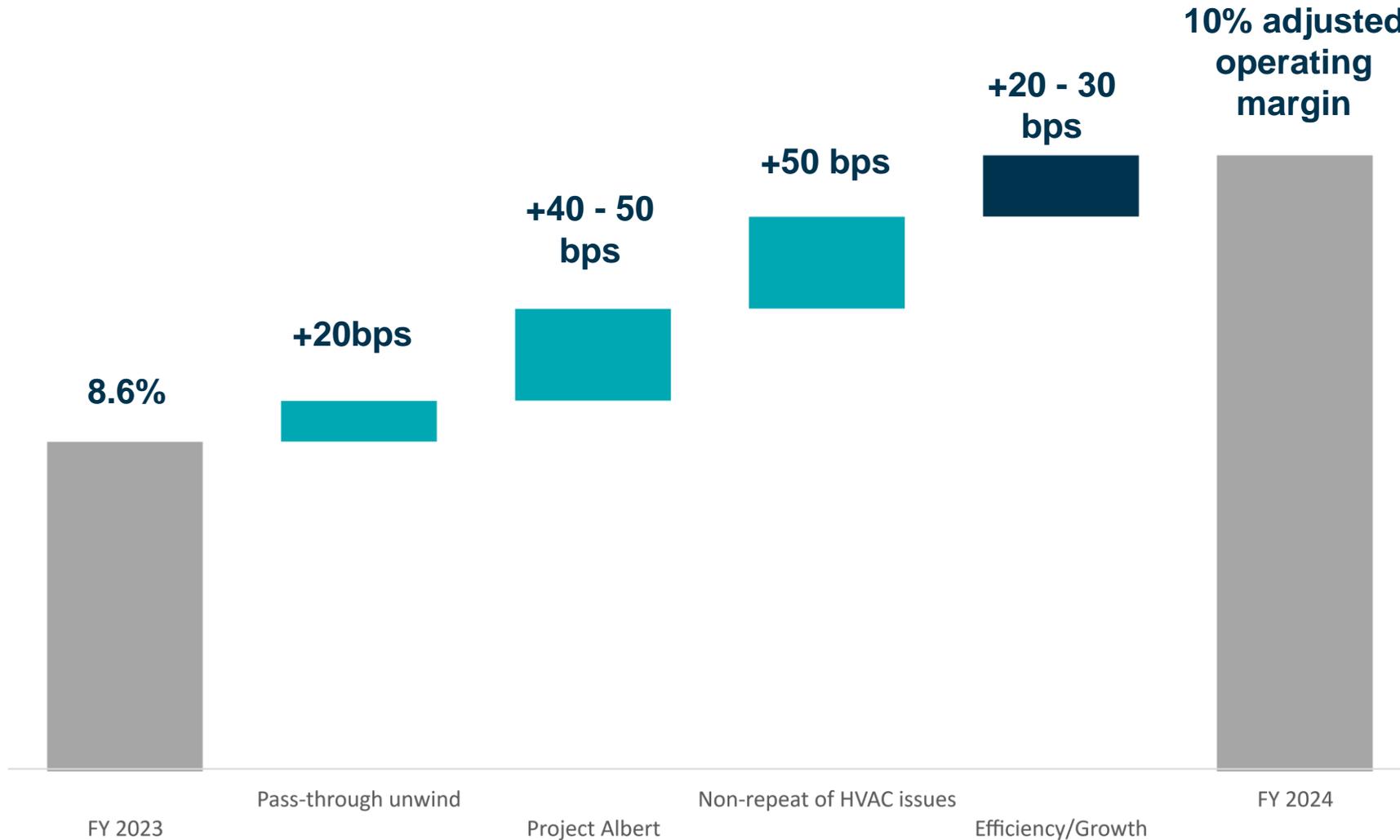
Inflection point  
reached in cash  
generation

ROIC improved to  
12.0%

Leverage  
reducing – will  
create capital  
allocation  
optionality



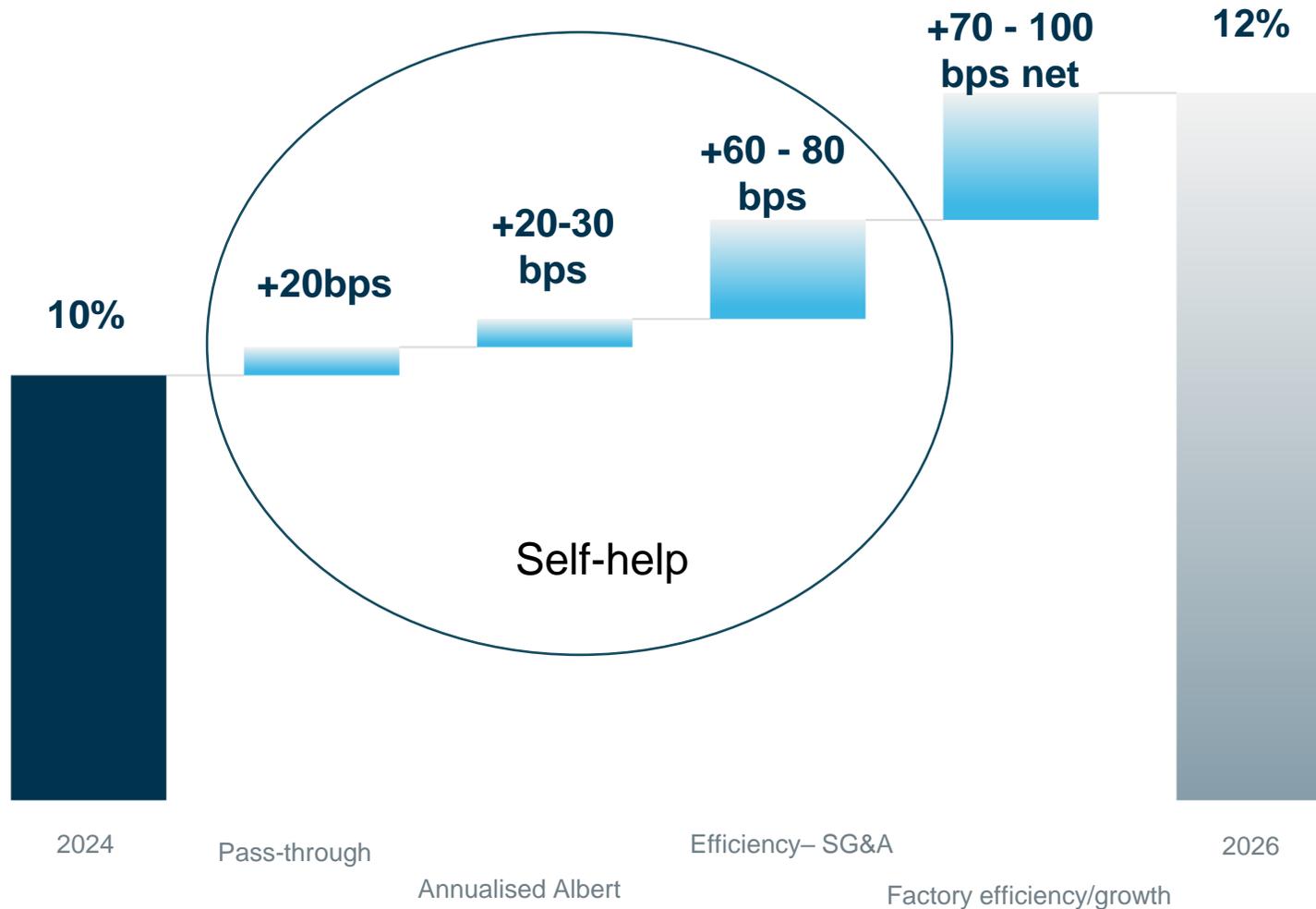
# MARGIN IMPROVEMENT TO 10% IN 2024



- Pass-through reduced in FY23, further reduction in FY24, gone by FY25
- Divestment completed 31 March 2024
- Efficiency actions already underway & HVAC issues resolved
- Growth supported by order book visibility



# CLEAR PATH TO 12% MARGIN in 2026



- Several levers to drive margin improvement from here:
  - Unwind of pass-through in 2024 & FY Albert effect
  - SG&A reduction - identified
  - Factory efficiency & growth
- Innovation additive over medium term



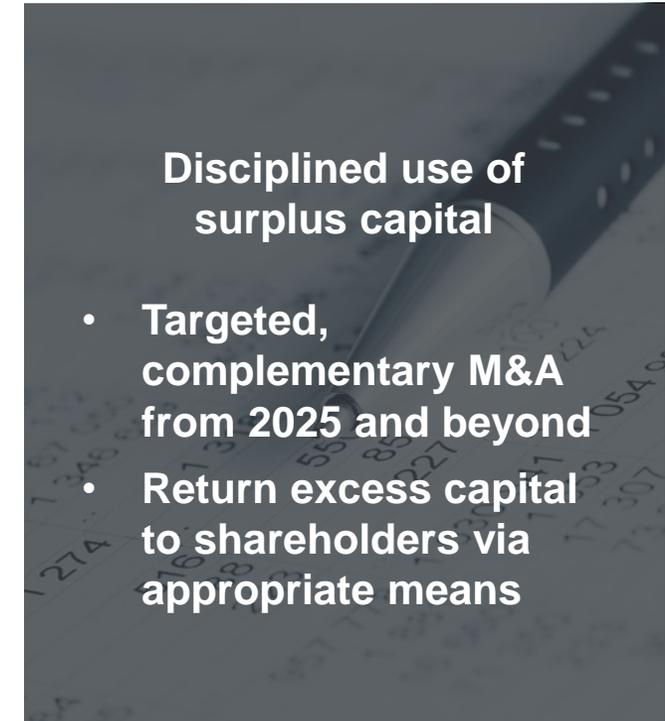
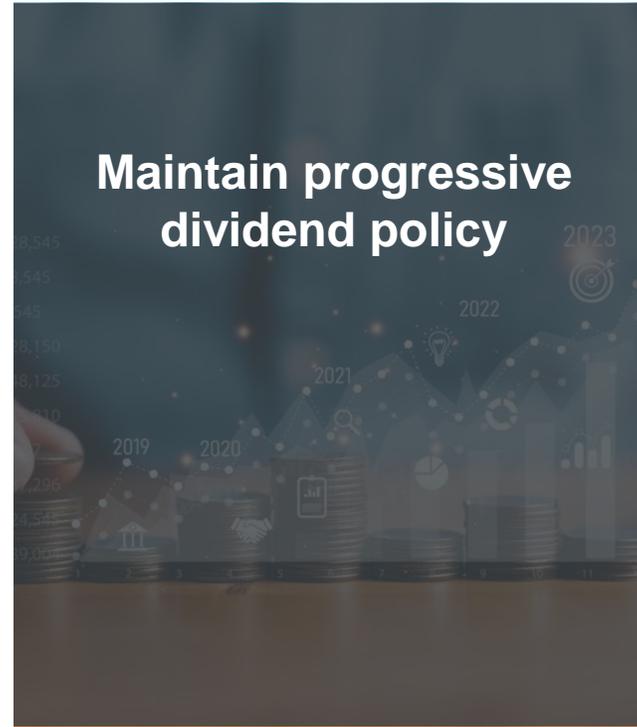
# STRONG CASH CONVERSION OF 85%+

Cash flow item	Comment	% of Operating Profit
Operating profit		100%
Capex – depreciation	Capex c. 1.0x-1.2x depreciation, opportunity through greater asset sharing	-10% to 0%
Working capital	20-25% of revenue growth consumed in working capital, some structural opportunity in inventory	-10% to 0%
Other	No other major items expected, modest non-cash add backs	+5%
Operating cash conversion		<b>85%+</b>

- Alongside EBITDA growth, with minimal cash exceptionals and no future pension contributions, ability to de-lever 0.3-0.4x per annum

# CAPITAL ALLOCATION TO DRIVE GROWTH AND RETURNS

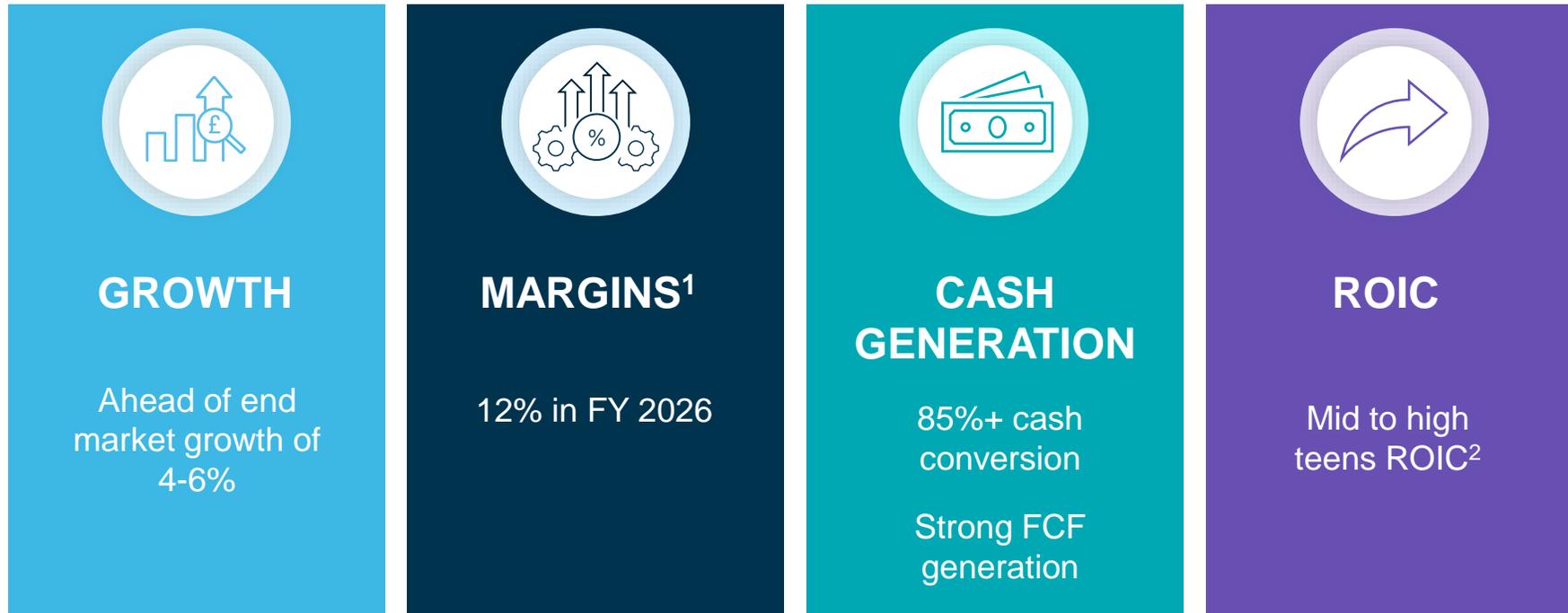
Free cash flow priorities:



Target leverage 1.0-2.0x net debt to EBITDA

# OUR MEDIUM-TERM FINANCIAL GOALS

Committed to excellent outcomes for shareholders



1. Adjusted operating margin
2. Pre-tax return on invested capital



## KEY TAKEAWAYS

**PETER FRANCE**



# TT ELECTRONICS KEY MESSAGES FOR TODAY

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Project Dynamo: Substantial self-help potential from commercial and operational improvements

Move from divisional to function-led regional structure key to resource optimisation



Attractive medium term financials targeting 12% margins in 2026, strong FCF & mid to high teens ROIC

# PRODUCT SHOWCASE

1

Healthcare



Katelyn DeVan

2

Aerospace &  
Defence



Matt Yeates

3

Automation &  
Electrification



Stewart Partridge

## THE PROCESS:

- 3 smaller groups take 10 minutes at each of these 3 stations
- A chance to ask questions and appreciate the application of TT engineering and manufacturing capabilities

# Q&A



# TT ATTENDEES TODAY



**Peter France**

Chief Executive Officer



**Mark Hoad**

Chief Financial Officer



**Michael Leahan**

EVP Commercial



**Stewart Partridge**

EVP Operations



**Clare Nicholls**

EVP Human Resources



**Ian Buckley**

Group General Counsel



**Kirsty Smith**

Group Tax &  
Treasury Director



**Matt Yeates**

SVP Strategy and  
Programmes



**Katelyn DeVan**

VP Global Marketing



**Kate Moy**

Head of Investor Relations



**Jennifer Chase**

Group Financial Controller



# 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.