



Engineering smarter solutions together

TT Electronics plc
2017 Preliminary Results

March 2018

2017 overview

TT is becoming a higher margin, higher quality business

- Pivotal year for TT
- Strong revenue and profit growth
 - All three divisions delivered organic revenue growth
 - Realising benefits from management actions started in 2015
- Portfolio transformation with disposal of Transportation division
- Recommended cash offer for Stadium plc announced in February 2018

Portfolio transformation

Disposal of Transportation division in 2017 and offer for Stadium Group plc in 2018



Disposal of Transportation division

- Strategic progress achieved enabled us to realise value for the business earlier than anticipated
- TT is becoming a higher margin, higher quality business

Deploying our resources to drive growth

- Increased financial capacity to accelerate growth through capital investments and acquisitions
- Recommended cash offer for Stadium Group plc, February 2018



Strong organic profitable growth

Excellent business performance with organic growth from all three divisions

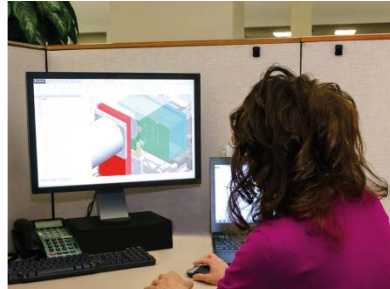


Realising benefits from management actions started in 2015

- Increased customer focus: new customer wins and sales to existing customers
- New products launched: increased R&D investment underpinning future growth
- Continuing BE Lean activities: benefits to our operations and customer performance

Strong organic profitable growth

Realising benefits from management actions started in 2015



Business development

- New customer wins include:
 - Aerospace and defence OEM in the US
- Existing customer growth include:
 - Rolls-Royce
 - Semi conductor equipment manufacturer

Value-added product solutions

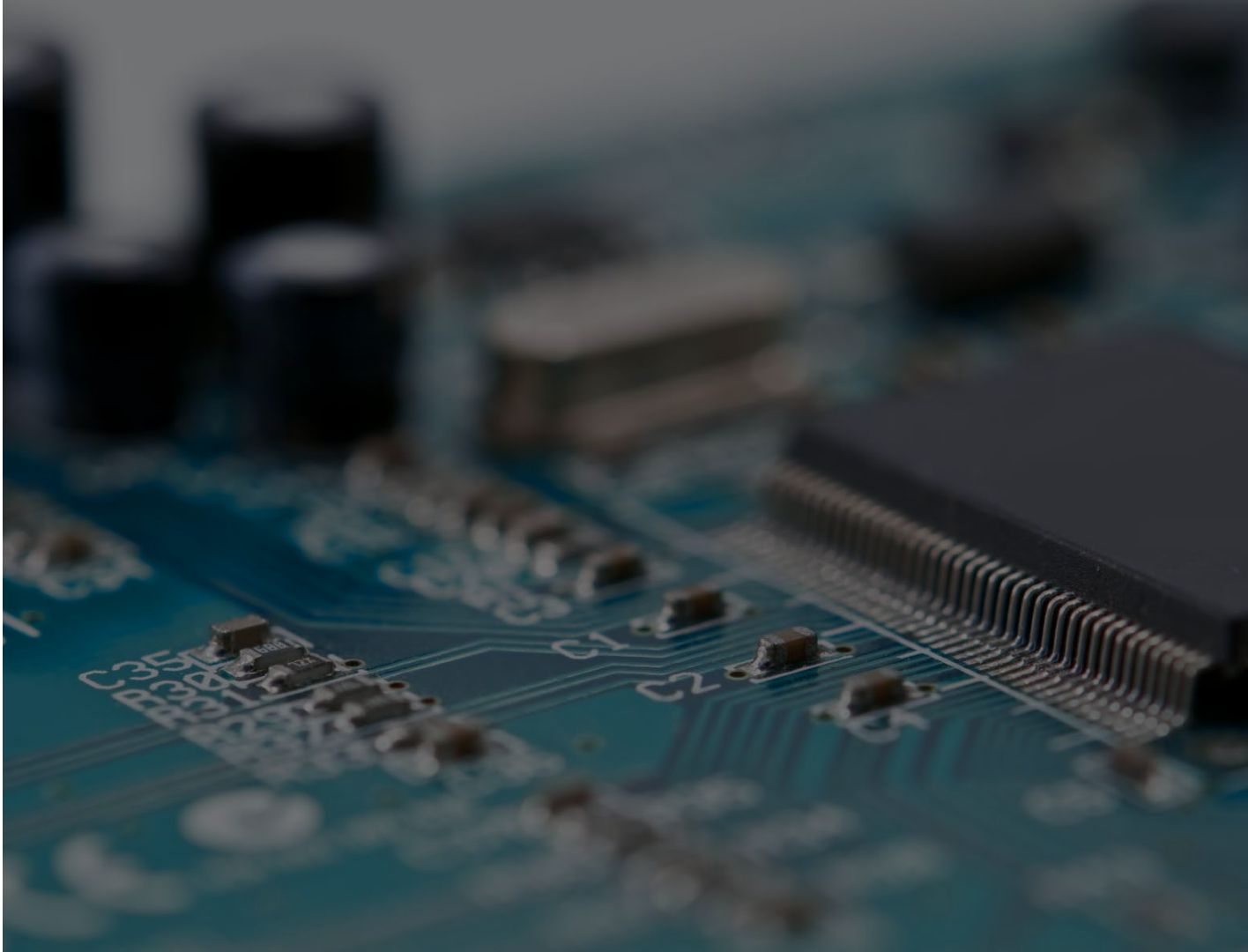
- Continued focus on R&D
 - Cash spend up 4%
 - 16 new products launched, quick-turn customisation
- Moving up the value chain
 - Adding more content to our solutions

Operational excellence

- Continued skills development
 - Trained new cohort of MLPs using our own BE Lean experts
- Favourable lead times and increased capacity resulted in market share gains

Financial review

Mark Hoad, CFO



Financial overview

Pivotal year for TT with strong revenue and profit growth

- 5% organic revenue growth
- Underlying operating profit up 12%, PBT up 28% at constant currency
- Underlying operating margins increased to 6.8%, up by 60 basis points
- Excellent underlying cash conversion at 98%
- 140 basis points increase in return on invested capital to 10.6%

Group financial performance

Continuing operations

Strong improvement against all key financial metrics

£m (except where stated)	2017	2016	Change	Change constant fx
Revenue	360.0	332.7	8%	5%
Operating profit*	24.3	20.6	18%	12%
Profit before tax*	22.0	16.1	37%	28%
EPS* (pence)	10.9p	7.8p	40%	30%
Exceptionals & one-offs	(4.3)	(1.8)	(139)%	(139)%
Dividend (pence)	5.8p	5.6p	4%	
Cash conversion [‡] (%)	98%	79%		
Net funds /(debt)	47.0	(55.4)		
Leverage (times)	n/a	1.0x		
ROIC (%)	10.6%	9.2%	140bps	

* Underlying, before exceptional and one-off costs

‡ See appendix

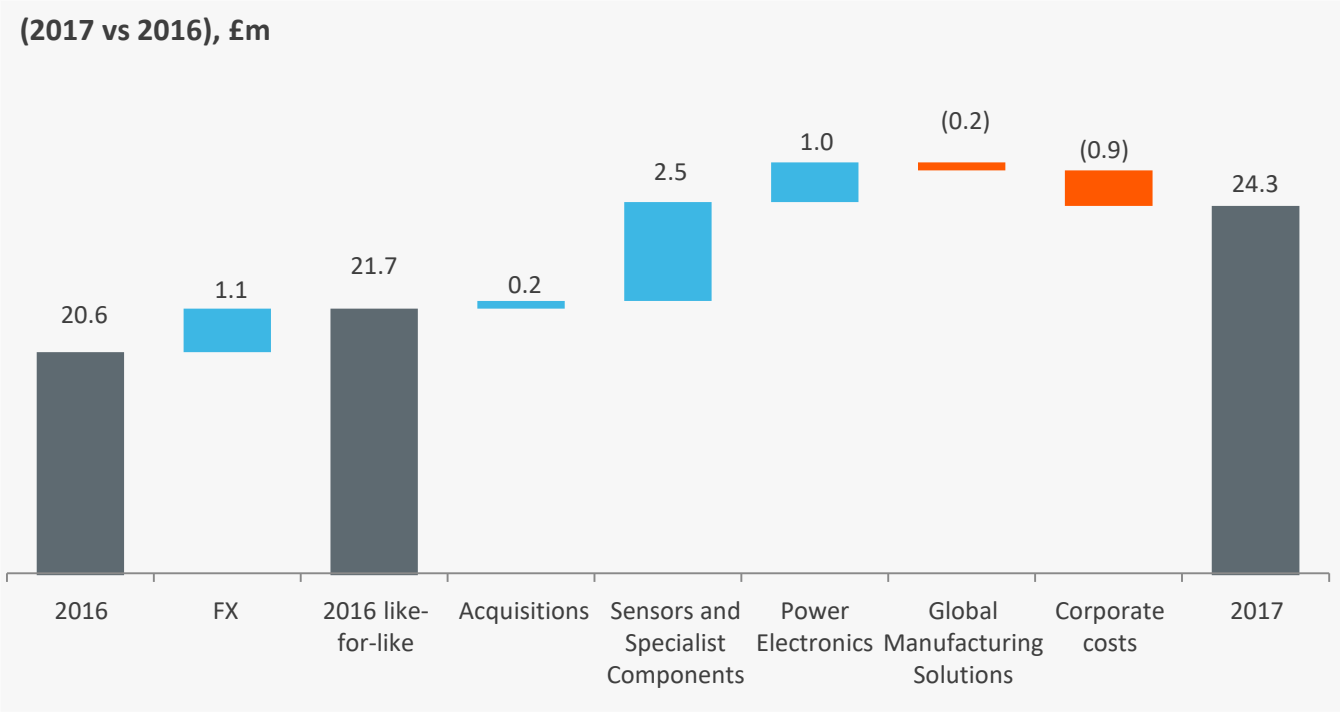
TT Electronics plc preliminary results 2017

- Revenue up 5%
- Operating profit up 12%, PBT up 28%
- Effective tax rate 20.0%
- Exceptionals: restructuring, M&A costs and PIE credit
- Increased dividend
- Significant net funds and financial capacity

Group operating profit bridge

Continuing operations

Positive divisional performance driving profit growth





Sensors and Specialist Components

Financial Summary

	2017	2016	Change	Change constant fx
Revenue (£m)	142.3	129.5	10%	6%
Underlying operating profit (£m)	18.8	15.6	21%	15%
Underlying operating margin	13.2%	12.0%	120bps	110bps

- Organic revenue up 6%
 - Good underlying market demand
 - Market share gains in current sensing, circuit protection and signal conditioning
- Operating profit up 15%
 - Drop through on increased volumes
- 110bps margin improvement



Power Electronics

Financial Summary

	2017	2016	Change	Change constant fx
Revenue (£m)	64.2	56.2	14%	14%
Underlying operating profit (£m)	6.2	5.0	24%	24%
Underlying operating margin	9.7%	8.9%	80bps	80bps

- Revenue up 14%, up 12% organically
 - Cletronics contributed revenue of £1.4m
 - Increased sales to existing customers
 - One-off last time buy activity
- Improvement in underlying operating profit, up 24%
 - Operational leverage on revenue growth
- 80bps margin improvement



Global Manufacturing Solutions

Financial Summary

	2017	2016	Change	Change constant fx
Revenue (£m)	153.5	147.0	4%	2%
Underlying operating profit (£m)	6.5	6.3	3%	(3)%
Underlying operating margin	4.2%	4.3%	(10)bps	(20)bps

- Returned to growth in H2 as expected, FY revenues up 2%
 - Strong growth in Asia
 - New medical customers won in the year
- Operating profit down 3%
 - Improvement in H2 on increased revenue
- Operating margins returned to benchmark levels

Free cash flow and net funds

Significant financial capacity to drive growth

£m	2017	2016
Underlying EBITDA	37.1	32.8
Net capital expenditure & capitalised development	(14.7)	(13.0)
Working capital	(1.9)	(5.4)
Cash flow from discontinued operations	(3.4)	11.0
Exceptional items including property disposals	(3.7)	1.5
Net interest and tax	(7.4)	(10.5)
Pensions & other	(1.3)	(2.6)
Free Cash Flow	4.7	13.8
Dividends	(9.1)	(8.9)
Acquisitions & disposals	112.5	-
Other	(5.4)	-
Net Cash Flow	102.7	4.9
<i>Cash Conversion</i>	98%	79%
Net Funds	47.0	(55.4)
Net Debt to EBITDA	n/a	1.7x

- Capital and development expenditure at 1.1x DA
- Good working capital performance against backdrop of growth
- Additional receipts from AVX in relation to trading balances
- Excellent cash conversion of 98%
- Other includes £6.2m share purchase to satisfy LTIP vests
- Balance sheet strength

Increased proceeds from Transportation division disposal

£10m increase in net proceeds

£m	Circular	
	Total	Latest Total
Proceeds	118.8	123.2
Costs and tax	(18.1)	(12.2)
	100.7	111.0

- Proceeds increased due to £4.4m working capital adjustment
- Costs and tax improved by £5.9m with expected tax burden significantly reduced
- £113.7m net proceeds in 2017; £2.7m net outflow in 2018

Other financial matters / guidance for 2018

Restructuring costs

- £2m cash costs for Global Manufacturing Solutions Romania (P&L expense in 2017)

Capital and development expenditure

- Capex and devex circa £17m (1.2x DA)

Working capital

- Neutral to small outflow

Interest charge

- Costs relate to commitment fees and fee amortisation
- Interest on new debt - LIBOR +1.25% up to 1.0x leverage

Tax

- Effective rate at lower end of 20-22% guidance range
- Cash payments circa 90% of P&L charge

Pensions

- UK deficit contributions £4.9m in 2018, increasing £0.2m p.a.

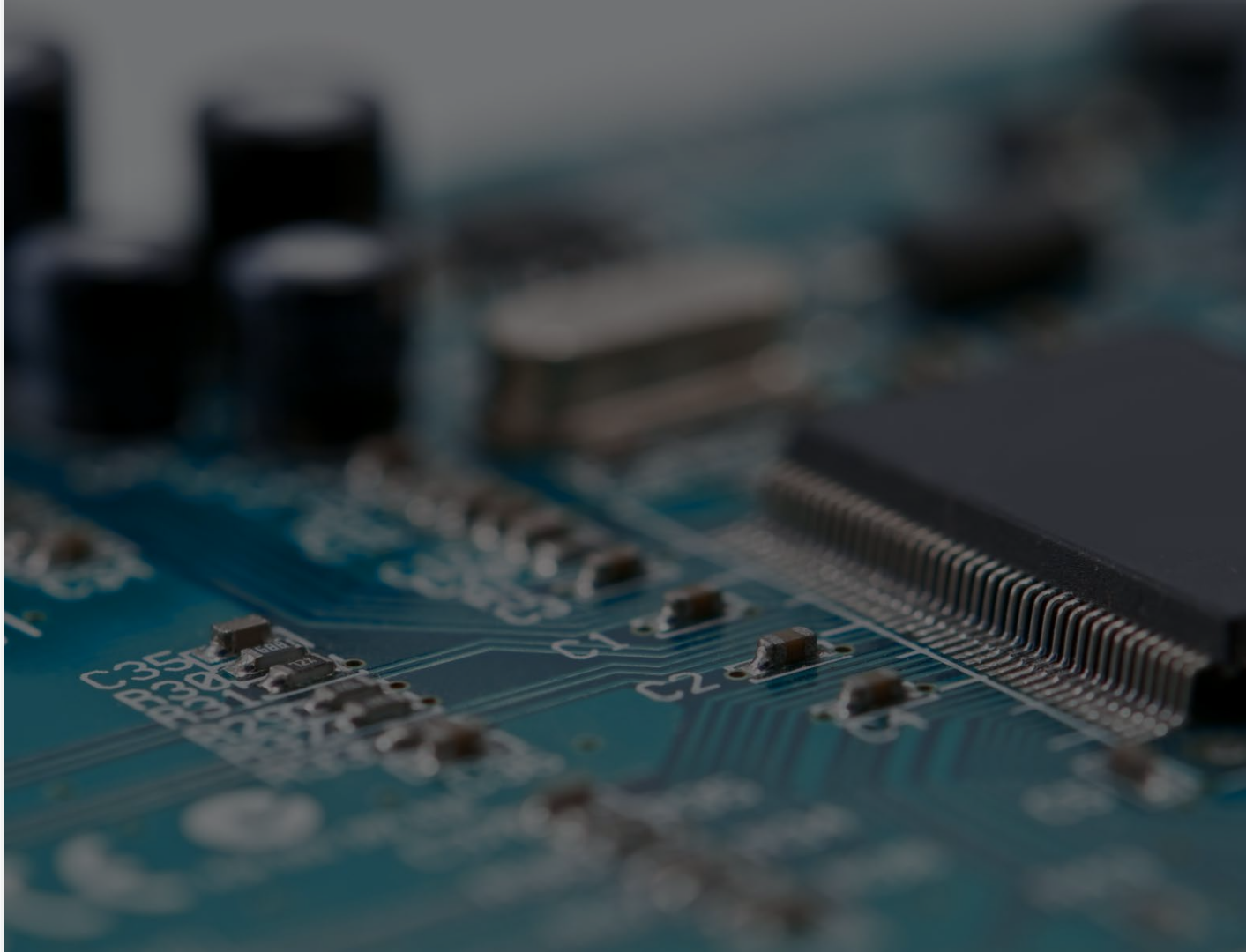
Foreign exchange

- USD 1 cent = circa £150k operating profit impact
- RMB 0.1 = circa £100k operating profit impact
- At US\$1.40, operating profit headwind circa £2m vs 2017

All figures exclude impact from offer for Stadium Group plc

Strategy and outlook

Richard Tyson, CEO



Our strategy

The right strategy to deliver growth and value for our shareholders

Clear market focus

- We are focused on building leading positions in areas of the market where there are structural growth drivers, and the proliferation of electronics is driving demand for our solutions

Creating differentiated capabilities

- We concentrate our time and resources on market areas where our industry expertise and R&D investment creates strong and differentiated capabilities valued by our customers

Engineering smarter solutions with our customers

- We are committed to solving our customers' toughest electronics challenges by engineering smarter solutions together



Transportation



Industrial



Aerospace
and Defence



Medical

Strategy in action

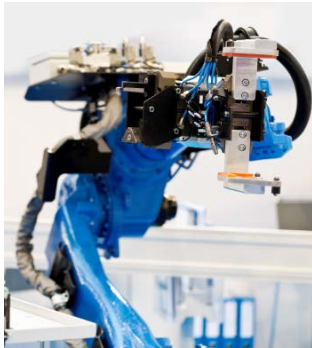
Driving growth for our future



Structural growth drivers in our markets

Areas of our markets where there is increasing electric content

Industrial



Market growth trends:

- 'Factory 4.0'
- 'Smarter home'
- Higher specification consumer products

46%

Group revenue by market

Aerospace and defence



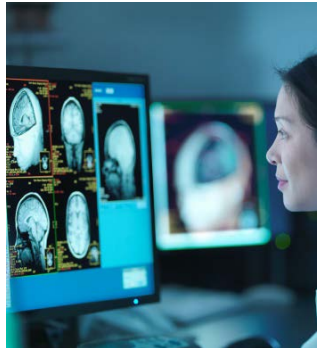
Market growth trends:

- The 'more electric aircraft'
- 'miniaturising' incl. reduced size, weight and power consumption

22%

Group revenue by market

Medical



Market growth trends:

- More sophisticated diagnostic, imaging and monitoring equipment
- Patient safety improvements

20%

Group revenue by market

Transportation



Market growth trends:

- Electric and hybrid electric vehicles
- Increasing electronic content in rail

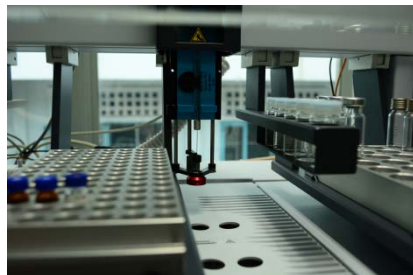
12%

Group revenue by market

Investing in our capabilities for growth

Investing for growth where we have the strongest capabilities

Sensors and Specialist Components



Focus for growth

- Optoelectronic assembly solutions
- Current sensing, circuit protection and signal conditioning
- Automotive power inductors

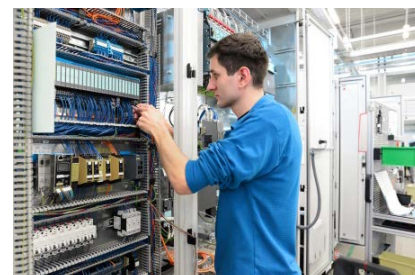
Power Electronics



Focus for growth

- Electromagnetics
- Power assembly solutions
- Power and control microcircuits

Global Manufacturing Solutions

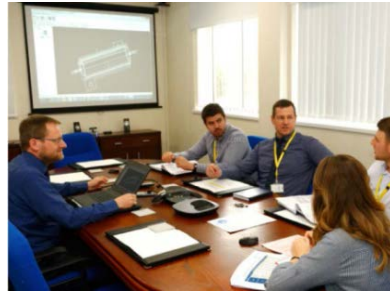


Focus for growth

- Design for manufacture
- Manufacturing assembly and systems integration
- Reliability and functional testing

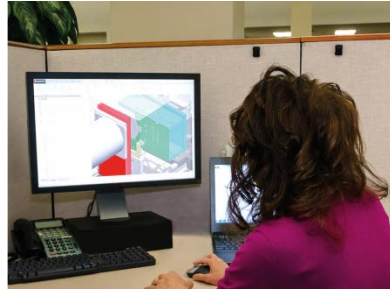
Driving organic performance

Additional investments to deliver more value-added solutions to our customers



Business development

- Develop sales approach to match business model evolution
- Increased focus on strategic customer accounts



Value-added product solutions

- Enhance product capabilities through increased R&D
- Continued development of new products



Operational excellence

- Continue to optimise our operations
- Improve our supply chain efficiency

Recommended offer for Stadium

Accelerates strategy of building leading positions in sectors where increasing electrification is fuelling the demand for our highly engineered electronic solutions

Benefits of the acquisition

- Greater presence in attractive sectors
- Enhanced product capabilities in power electronics and connectivity
- Extended R&D capabilities
- Complementary customer base providing cross selling opportunities

Expected synergies

- Removal of PLC cost duplication;
- Consolidation of sales and operations networks in North America; and
- Procurement savings, mainly based on expected benefits of scale

Technology Products

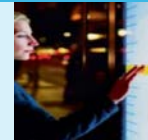
Connectivity

Wireless IoT connectivity solutions



Power products

Standard and customised power and cable products



HMI

Intelligent human machine interface

Electronic Assemblies

Fully integrated electronic assembly solutions

Note: No statement in this presentation is intended as a profit forecast or estimate for any period and no statement in this presentation should be interpreted to mean that earnings or earnings per share for TT or Stadium, as appropriate, for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per share for TT Electronics plc or Stadium, Group plc as appropriate.

Summary and outlook

Confident of making strong progress in 2018

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



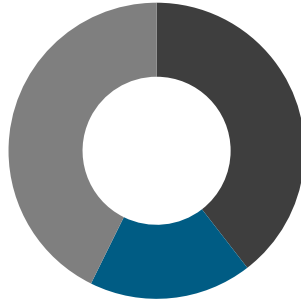
- Pivotal year for TT
- Strong organic revenue and profit growth
- Transforming the portfolio
- Momentum gives us confidence in making strong progress in 2018

Appendix

Appendix: The TT Electronics business

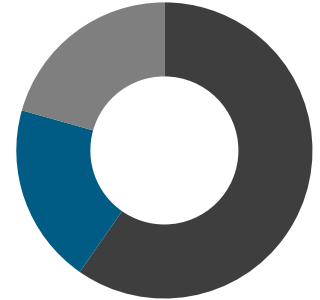
Revenue (FY17)

- Sensors and Specialist Components 39%
- Power Electronics 18%
- Global Manufacturing Solutions 43%



Underlying operating profit (FY17)

- Sensors and Specialist Components 77%
- Power Electronics 26%
- Global Manufacturing Solutions 27%
- Central costs (30)%



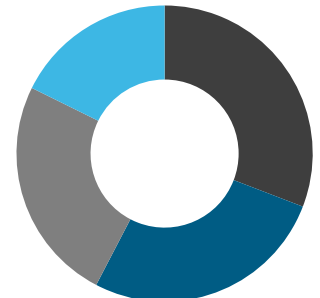
Revenue by market (FY17)

- Industrial 46%
- Aerospace and defence 22%
- Medical 20%
- Transportation 12%



Revenue by geography (FY17)

- North America 31%
- UK 27%
- Asia and Rest of World 24%
- Rest of Europe 18%



Appendix: Impact of FX

	Sensors and Specialist Components	Power Electronics	Global Manufacturing Solutions	Corporate	Continuing Operations
Sales (£m)					
2017	142.3	64.2	153.5	-	360.0
2016 at 2017 rates	134.5	56.3	151.2	-	342.0
FX impact	5.0	0.1	4.2	-	9.3
2016 as published	129.5	56.2	147.0	-	332.7
Operating Profit (£m)					
2017	18.8	6.2	6.5	(7.2)	24.3
2016 at 2017 rates	16.3	5.0	6.7	(6.3)	21.7
FX impact	0.7	-	0.4	-	1.1
2016 as published	15.6	5.0	6.3	(6.3)	20.6

Appendix: Cash Conversion

Cash Conversion (£m)	2017	2016
Underlying EBITDA (continuing operations)	37.1	32.8
Net capital expenditure	(13.1)	(12.2)
Capitalised development expenditure	(1.6)	(0.8)
Working capital	(1.9)	(5.4)
Other	3.4	1.9
Underlying Operating Cash Flow	23.9	16.3
Underlying operating profit - continuing operations	24.3	20.6
<i>Cash conversion – continuing operations</i>	98%	79%
<i>Cash conversion - discontinued operations</i>	(27)%	103%

Exceptional Items

Exceptional Items (P&L) £m	2017	2016
Restructuring costs	(1.6)	2.0
Acquisition related costs	(2.7)	(3.8)
Asset impairments	-	-
Total Exceptional Items	(4.3)	(1.8)

Exceptional Items (Cash) £m	2017	2016
Restructuring costs	(4.5)	(9.2)
Acquisition related costs	(0.4)	(1.6)
Property disposals	1.2	12.3
Total Cash	(3.7)	1.5

- Restructuring costs: restructuring £3.7m offset by PIE £1.9m and property disposals gains £0.2m
- Acquisition costs: Amortisation of acquisition intangibles £2.3m and M&A costs £0.4m
- Cash exceptionals: £4.5m of footprint projects, £0.4m acquisition related costs offset by £1.2m property disposals

Recommended offer for Stadium

Stadium's technologies underpinned by electronic assembly capabilities

Technology Products

Connectivity

Wireless IoT connectivity solutions

Applications include:

- Connected car
- Smarter home
- Wearable technologies

Products include:

Wireless communication and data sharing between electronic devices utilising connectivity technology platforms.



Power products

Standard and customised power and cable products

Applications include:

- Industrial robotics
- LED lighting
- Medical equipment

Products include:

Power supplies and solutions and USP power switches.



HMI

Intelligent human machine interface

Applications include:

- High-end automotive
- Aircraft cabin controls
- Medical equipment

Products include:

Innovative thin film backlighting and capacitive touch technology and custom control panel solutions.

Electronic Assemblies

Fully integrated electronic assembly solutions

Offering includes:

Electronic assembly, box build, test and systems integration

Note: No statement in this presentation is intended as a profit forecast or estimate for any period and no statement in this presentation should be interpreted to mean that earnings or earnings per share for TT or Stadium, as appropriate, for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per share for TT Electronics plc or Stadium, Group plc as appropriate.

Disclaimer

IMPORTANT INFORMATION

- 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 certain “forward-looking statements” with respect to the financial condition, results of operations and businesses of TT Electronics plc and certain of the plans and objectives of TT Electronics plc with respect to these items. Forward-looking statements are sometimes, but not always, identified by their use of a date in the future or such words as “anticipates”, “aims”, “due”, “could”, “may”, “should”, “expects”, “believes”, “intends”, “plans”, “targets”, “goal” or “estimates”. By their very nature forward-looking statements are inherently unpredictable, speculative and involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. These factors include, but are not limited to, changes in the economies and markets in which the TT Electronics group operates; changes in the regulatory and competition frameworks in which the TT Electronics group operates; changes in the markets from which the TT Electronics group raises finance; the impact of legal or other proceedings against or which affect the TT Electronics group; technological developments; and changes in interest and exchange rates. All written or verbal forward-looking statements, made in this document or made subsequently, which are attributable to TT Electronics plc or any member of its group or persons acting on their behalf are expressly qualified in their entirety by the factors referred to above. TT Electronics plc does not intend to update these forward-looking statements.
- This document is not an offer to sell, exchange or transfer any securities of TT Electronics plc and is not soliciting an offer to purchase, exchange or transfer such securities in any jurisdiction.
- Neither TT Electronics plc nor any member of its group or persons acting on their behalf shall have any liability whatsoever for loss howsoever arising, directly or indirectly, from use of the information contained within this document and neither TT Electronics plc nor any member of its group or persons acting on their behalf makes any representation or warranty, express or implied, as to the accuracy or completeness of the information contained within this document.
- Past performance of securities of TT Electronics plc cannot be relied upon as a guide to the future performance of securities of TT Electronics plc.