HALF YEAR RESULTS

2023

PRIORITIES FOR 2023

Orderbook execution

Margin progression

P&C recovery

Positive free cash generation

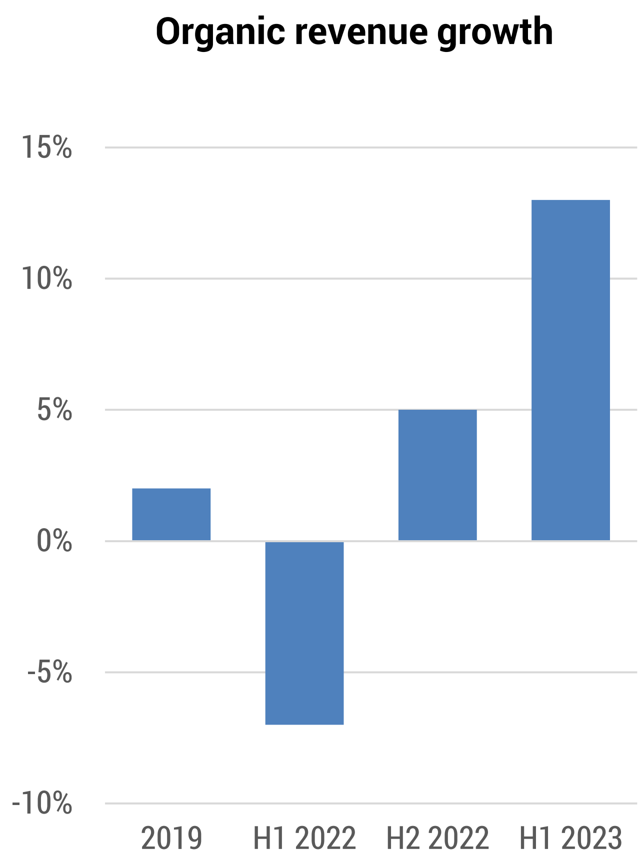
Leverage reduction

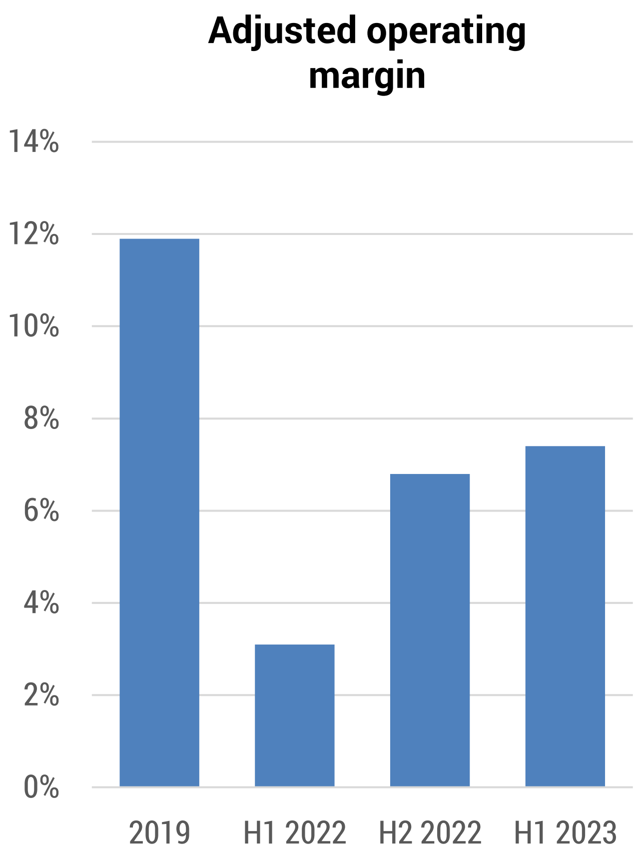
DELIVERING IMPROVED MARGINS & CASH GENERATION
INCREASED CONFIDENCE IN FULL YEAR OUTLOOK

- **Order intake** remains good, normalising as expected
  - 15 new significant contract wins in the half delivering over £150m of potential lifetime revenues
  - Order book covers 2023 anticipated revenues with good visibility for 2024
- **Orderbook execution:** continued strong revenue growth in H1
- **Improved operating margin** to 8.3%, with further improvement targeted in H2
- **Positive FCF generation** of £6.9 million, and expected to improve further in H2
- **Reduced leverage** and further delevering expected in H2
- **Forward momentum** increased confidence in delivery of Board's full year expectations

POWER & CONNECTIVITY BACK TO GROWTH

- Commercial aerospace recovery will underpin growth over the next 3-5 years
- Favourable market backdrop for defence spend – recent BAE Tempest award
- Healthcare outlook continues to be strong within our chosen markets of Electromagnetic navigation and Implantables
- H1 margin up 430 bps to 7.4%
- Higher volumes underpin further margin recovery to 10-12%





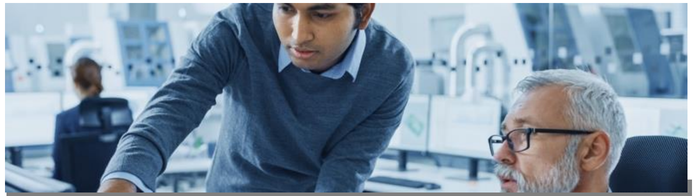
HIGHER GROWTH AND CREATING VALUE

Megatrends driving revenue growth and demand for products that contribute to a more sustainable world

4-6% revenue CAGR

A high quality, IP rich business, with cleaner, smarter and healthier solutions

10%+ operating margin within reach



Strong cash generation to invest in IP and value-enhancing acquisitions

90%+ cash conversion, 2023 FCF step-up

Organic and M&A investment improving quality of business and exposure to megatrends

FINANCIAL REVIEW
MARK HOAD, CFO

GROUP FINANCIAL PERFORMANCE

£m (except where stated)	HY 23	HY 22	Change constant fx
Revenue	309.1	269.2	12%
Operating profit*	25.6	18.3	34%
Operating profit margin*	8.3%	6.8%	140bps
Profit before tax*	20.7	15.0	33%
EPS* (pence)	8.8p	6.6p	28%
Free cash flow	6.9	(23.5)	
Net debt/EBITDA†	1.8x	2.0x‡	
ROIC (%)	12.0%	10.5%‡	150bps
Dividend (pence)	2.15p	2.00p	

- 12% organic revenue growth – good underlying growth and return to normal H1/H2 weighting
- Operating profit up 34% on constant currency basis
- Adjusted operating margin of 8.3% up 140bps, 8.6% ex pass-through revenues
- EPS up 28% at constant currency – higher interest expense and tax rate
- Free cash flow turning positive with further deleveraging as expected
- ROIC up by 150 bps to 12.0%
- HY dividend up 8% to 2.15p, reflecting strong H1 performance and positive outlook

* *Adjusted, before exceptional costs*
† *Net debt/adjusted EBITDA calculated as per bank covenant - pre-IFRS 16, proforma for acquisitions*
‡ *FY 2022*

POWER & CONNECTIVITY

	HY 23	HY 22	Change	Change constant fx
Revenue (£m)	79.9	68.8	16%	13%
Adjusted operating profit (£m)	5.9	2.1	181%	168%
Adjusted operating margin	7.4%	3.1%	430bps	430bps

- 13% organic revenue increase
- Significant margin recovery vs H1 2022 and continued improvement since H2 2022
- Ferranti move into new facility expected to complete in H2
- Improved order book for H2 and recent wins support positive medium term view
- Further H2 improvement expected

GLOBAL MANUFACTURING SOLUTIONS

	HY 23	HY 22	Change	Change constant fx
Revenue (£m)	153.8	135.3	14%	12%
Adjusted operating profit (£m)	13.8	9.4	47%	44%
Adjusted operating margin	9.0%	6.9%	210bps	200bps

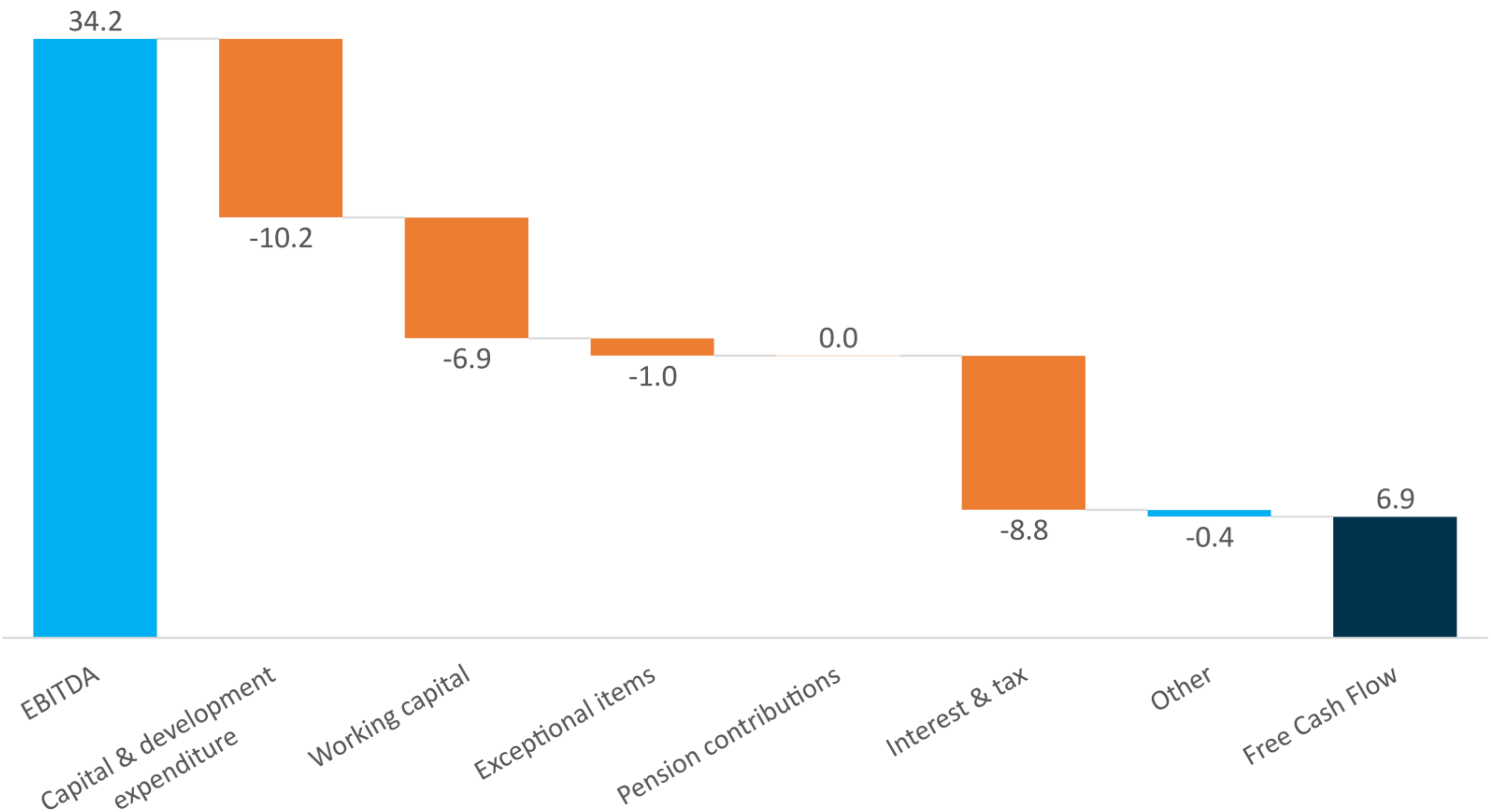
- 12% organic revenue growth, reflecting more normal H1/H2 weighting - includes c. £12m of pass-through revenues
- Order book covers revenues for balance of year, and good visibility in 2024
- Operating margins stepping up - 9.7% margin excluding pass-through element
- GMS totally transformed since 2017, delivering best in class margins and 24% ROIC

SENSORS AND SPECIALIST COMPONENTS

	HY 23	HY 22	Change	Change constant fx
Revenue (£m)	75.4	65.1	16%	11%
Adjusted operating profit (£m)	9.8	10.6	(8)%	(12)%
Adjusted operating margin	13.0%	16.3%	(330)bps	(330)bps

- Revenue grew by 11% organically reflecting healthy order book
- Machinery breakdown in June impacting H1 profit
- Broadly covered for balance of 2023 revenues; order book building for 2024 even as order intake normalises
- Margins at 13.0% against a mix boosted 16.3% comparative – H2 expected to return to mid-teens levels

FREE CASH FLOW AT AN INFLECTION POINT



- Return to healthy levels of operating cash flow – cash conversion 74%
- Continuing to invest to support customers and business improvement
  - Capex spend to enhance GMS capacity and drive future efficiency
  - H1 working capital outflow reflecting normal seasonality
- Healthy conversion of higher adjusted operating profit combined with materially lower exceptional items and no pension contributions
- Positive free cash flow at £7m as a result
- Leverage reduced to 1.8x – expect further reduction in H2
- RCF increased to £162m and one-year extension option exercised – now matures June 2027

ACCOMPLISHMENTS LAST 12 MONTHS

Returns Enhanced

Margins up 140 basis points
ROIC up 310 bps to 12.0%

Debt facilities extended

RCF matures 2027
Complemented by PP debt

Cash Flow Inflecting

£17m of free cash generation
Leverage reduced 0.6x to 1.8x

Pension de-risked

Buy-in completed with L&G
Scheme surplus £29m

RICHARD TYSON, CEO

PRIORITIES FOR 2023

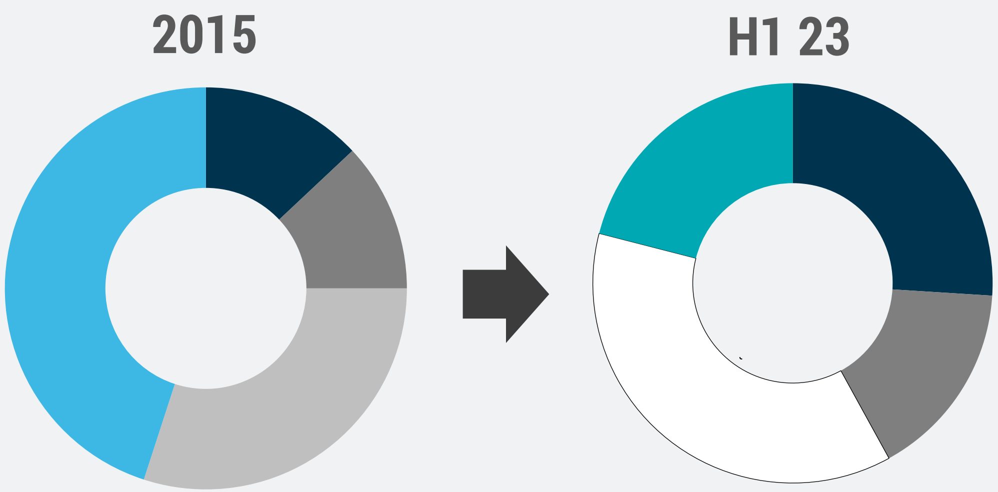
Priority	H1 Progress	
Orderbook execution	✓	Revenue growth of 12%
Margin progression	✓	Ex pass-through improved to 8.6%, more to come in H2
P&C recovery	✓	On track and recent wins support continued progress
Positive FCF generation	✓	Returned to positive free cashflow following investment period
Leverage reduction	✓	Down to 1.8x[1], further reduction anticipated by December 2023

FURTHER PROGRESS EXPECTED IN H2

[1] *Net debt/adjusted EBITDA*

TT ELECTRONICS THE TRANSFORMATION

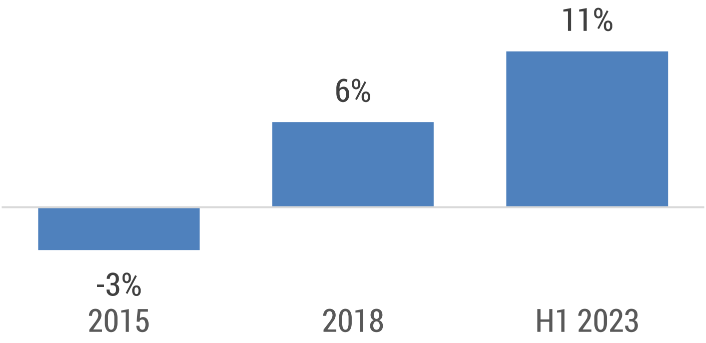
SHIFT IN END MARKET EXPOSURES



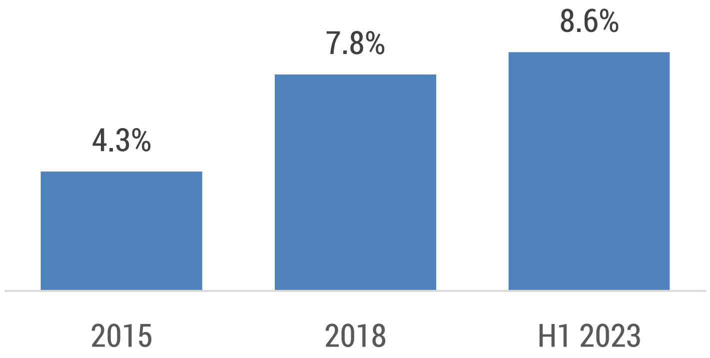
2015	H1 23
Medical (13%)	Healthcare (26%)
Aerospace & Defence (12%)	Aerospace & Defence (16%)
Industrial (30%)	Automation & Electrification (37%)
Transportation (45%)	Distribution sales channel (21%)

TT ELECTRONICS THE TRANSFORMATION

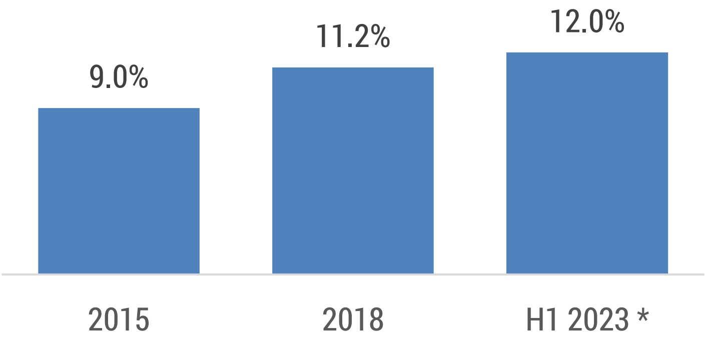
Organic revenue growth ex pass-through revenues



Group adjusted operating margin ex pass-through revenues

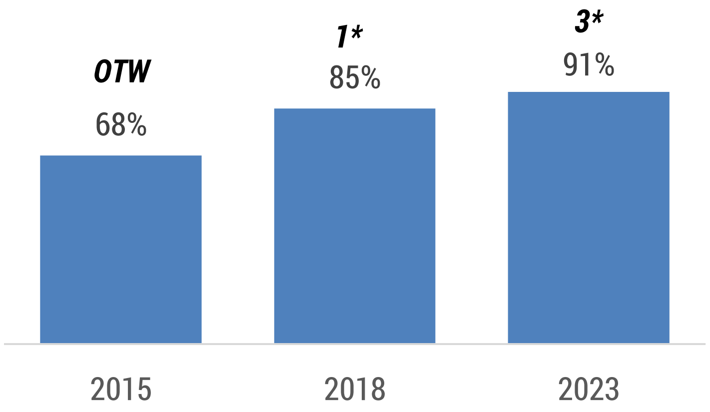


Return on invested capital



** Rolling 12 months*

Employee survey response rate & engagement



OTW = One to watch

BUILDING A SUSTAINABLE BUSINESS

Our technologies enable our customers to meet their sustainability objectives

CLEANER **SMARTER** **HEALTHIER**

Sustainability drives our revenue growth and how we run our business

Environmental

Net Zero target by 2035 for Scope 1&2

- Achieved 54% reduction in scope 1&2 a year ahead of plan
- Ambition to deliver 10% YoY emissions reductions

Social

Employee engagement 2023 survey – 3* world class engagement achieved

Governance

- 3 of 8 Board members are female
- Equality, Diversity & Inclusion focus

GROWTH : MAXIMISING THE OPPORTUNITY IN OUR TARGET END MARKETS

Healthcare

Surgical navigation & Implantables

- 2 major manufacturing wins with a top tier medtech company
- 10 new development project wins including 2 new clinical applications

6-8% medium term growth

Aerospace and Defence

Defence

- Technology development win for BAE Tempest programme

Aerospace

- Momentum starting to build in our P&C business

4-5% medium term growth

Automation and Electrification

Automation

- AMI win in Kuantan to support its Singapore strategy following on from our global supplier award

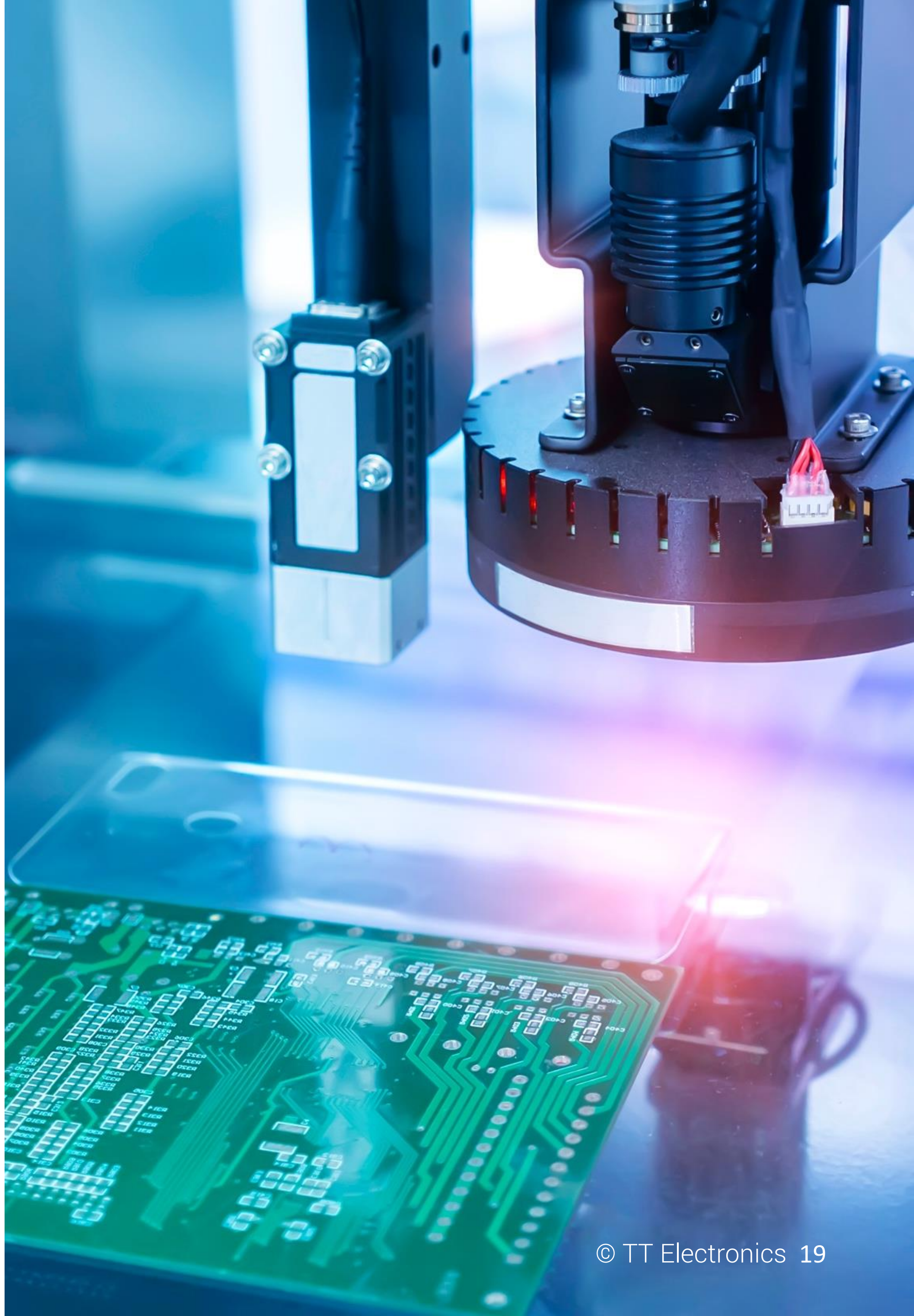
Electrification

- Multiple further wins for sensors used in electric vehicles. For custom electric power steering sensors for small commercial vehicles

5-6% medium term growth

ROBUST ORDER BOOK GIVING GOOD VISIBILITY

- Order intake normalising with delivery of strong H1 revenue
- 15 significant contract wins in the first half, delivering over £150m of potential lifetime revenues
- Order book provides visibility for balance of 2023 revenues with cover building for 2024
- Visibility c.40% higher than pre COVID
- Opportunities to facilitate re-shoring with customers not reflected in order book



POSITIVE OUTLOOK

Good momentum in structural growth markets

Order intake good whilst normalising as expected, visibility remains materially ahead of pre-Covid levels

Further margin improvement targeted in H2; 10% milestone within reach

Positive FCF generation

Increased confidence in delivering our expectations for the full year

THANK YOU

FINANCIAL GUIDANCE FOR 2023

Adjusting items cash spend

- £1m on pensions
- £2m on M&A integration

Capital and development expenditure

- Capex and devex circa £22-24m

Working capital

- No meaningful unwind of inventory levels until supply chain constraints ease
- Full year working capital flows +/- £nil

Pension

- No further deficit contributions
- Assess buy-out of UK scheme during 2023

Tax

- Effective rate for year increasing to c.25% due to change in UK rate
- Cash payments c.80% of adjusted P&L charge

Foreign exchange

- USD 1 cent = c.£350k operating profit impact
- RMB 0.1 = c.£350k operating profit impact

CAPITAL ALLOCATION PRIORITIES

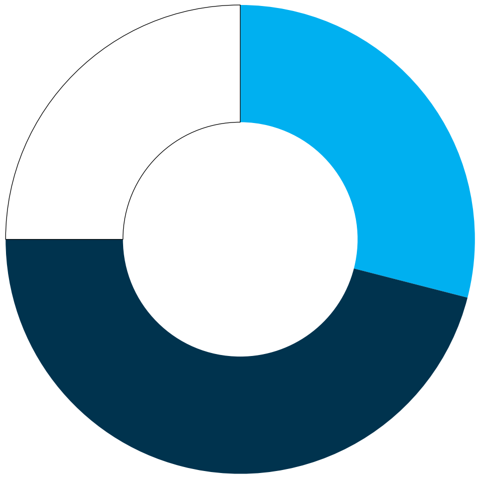
Our objective is to maintain a strong financial position and provide flexibility for growth

Free cash flow priorities

1. Maximise organic investment including R&D to support growth
2. Maintain our progressive dividend policy
3. Continue to support our strategy with targeted, complementary M&A - disciplined hurdle rates
4. Return excess capital to shareholders

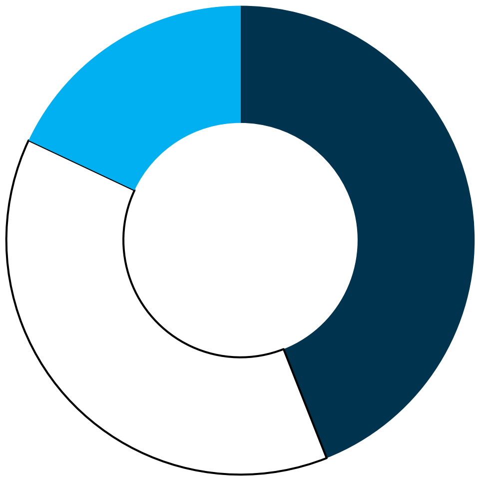
TARGET LEVERAGE WITHIN RANGE OF 1.0-2.0X EBITDA

THE TT ELECTRONICS BUSINESS



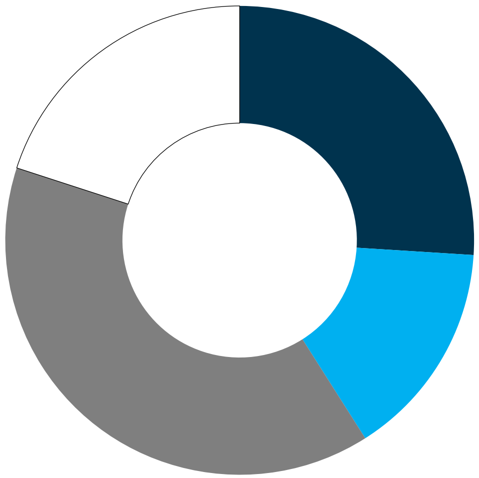
Revenue (H1 2023)

- Power & Connectivity 26%
- Global Manufacturing Solutions 50%
- Sensors & Specialist Components 24%



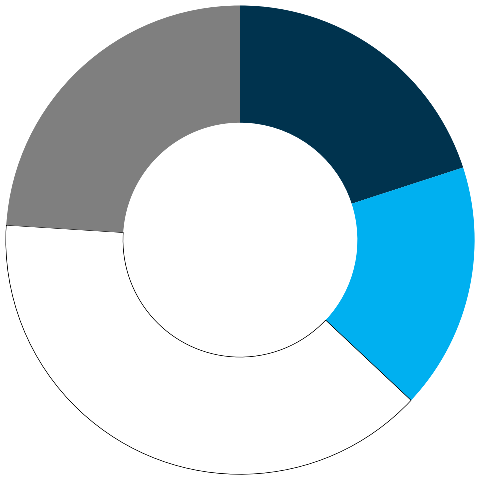
Underlying operating profit (H1 2023)

- Power & Connectivity 23%
- Global Manufacturing Solutions 54%
- Sensors & Specialist Components 38%
- Central costs (15)%



Revenue by market (H1 2023)

- Healthcare 26%
- Aerospace & Defence 16%
- Automation & Electrification 37%
- Distribution sales channel 21%



Revenue by geography (H1 2023)

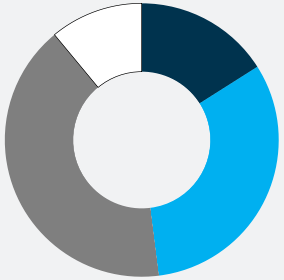
- UK 23%
- Rest of Europe 17%
- North America 36%
- Asia and RoW 24%

H1 REVENUE BY MARKET AND GEOGRAPHY BY DIVISION

Power and Connectivity

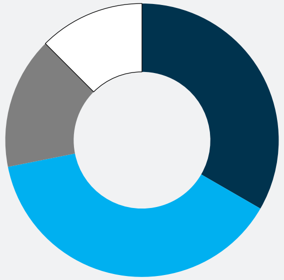
Revenue by market (%)

- Healthcare 16%
- Automation & electrification 32%
- Aerospace & defence 41%
- Distribution sales channel 11%



Revenue by geography (%)

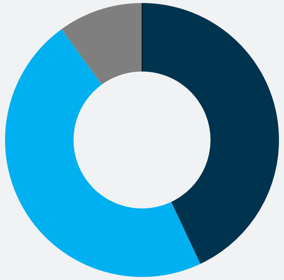
- UK 32%
- North America 41%
- Rest of Europe 15%
- Asia and RoW 12%



Global Manufacturing Solutions

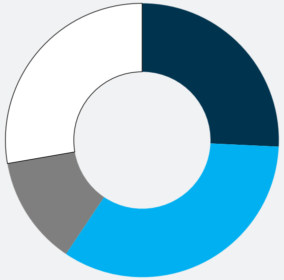
Revenue by market (%)

- Healthcare 43%
- Automation & electrification 47%
- Aerospace & defence 10%
- Distribution sales channel 0%



Revenue by geography (%)

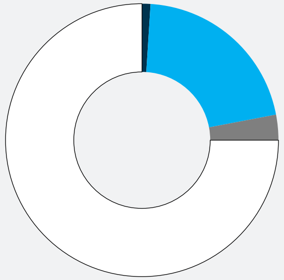
- UK 26%
- North America 34%
- Rest of Europe 13%
- Asia and RoW 27%



Sensors and Specialist Components

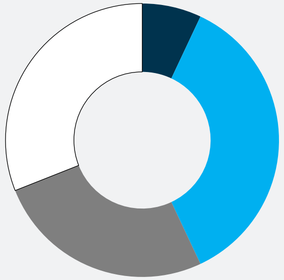
Revenue by market (%)

- Healthcare 1%
- Automation & electrification 21%
- Aerospace & defence 3%
- Distribution sales channel 75%



Revenue by geography (%)

- UK 7%
- North America 36%
- Rest of Europe 26%
- Asia and RoW 31%



SUMMARY INCOME STATEMENT

(£m)	H1 2023	H1 2022
Revenue	309.1	269.2
Adjusted operating profit	25.6	18.3
Net finance cost	(4.9)	(3.3)
Adjusted profit before taxation	20.7	15.0
Adjusting items	(4.7)	(9.4)
Profit before taxation	16.0	5.6
Taxation	(4.1)	(1.5)
Profit after taxation	11.9	4.1

SUMMARY OF REVENUE AND OPERATING PROFIT BY DIVISION
IMPACT OF FX

	Power and Connectivity	Global Manufacturing Solutions	Sensors and Specialist Components	Corporate	Group
Revenue (£m)					
HY 2023	**79.9**	**153.8**	**75.4**	**-**	**309.1**
HY 2022 at HY 2023 rates	71.0	137.5	68.1	-	**276.6**
FX impact	2.2	2.2	3.0	-	**7.4**
HY 2022 as published	68.8	135.3	65.1	-	269.2
Operating Profit (£m)					
HY 2023	**5.9**	**13.8**	**9.8**	**(3.9)**	**25.6**
HY 2022 at HY 2023 rates	2.2	9.6	11.1	(3.8)	**19.1**
FX impact	0.1	0.2	0.5	-	**0.8**
HY 2022 as published	2.1	9.4	10.6	(3.8)	18.3

INCOME STATEMENT – ADJUSTING ITEMS

£m	H1 2023	H1 2022
Operating profit	20.9	8.9
Adjusted to exclude:		
Restructuring and other items		
Restructuring	(0.3)	(4.5)
Pension related items	(0.9)	(1.0)
	(1.2)	(5.5)
Acquisition related costs		
Amortisation of intangible assets arising on business combinations	(2.7)	(3.1)
Torotel acquisition and integration costs	(0.4)	(0.1)
Ferranti Power & Control acquisition and integration costs	(0.4)	(0.6)
Other acquisition related costs	-	(0.1)
	(3.5)	(3.9)
Total operating reconciling items	(4.7)	(9.4)
Adjusted operating profit	25.6	18.3

CASH CONVERSION

£m	H1 2023	H1 2022
Adjusted operating profit	25.6	18.3
Depreciation and amortisation	8.6	7.9
Net capital expenditure	(9.3)	(5.0)
Capitalised development expenditure	(0.9)	(1.0)
Working capital	(6.9)	(33.0)
Other	1.9	2.8
Operating cash flow after capex[1]	19.0	(10.0)
Cash conversion	*74%*	*(55)%*

MOVEMENT IN NET DEBT

£m	H1 2023	H1 2022
Operating cash flow after capex	19.0	(10.0)
Net interest and tax	(8.8)	(4.6)
Lease repayments	(2.3)	(1.9)
Restructuring and acquisition related costs	(1.0)	(7.0)
Free cash flow	6.9	(23.5)
Dividends	(7.5)	(6.7)
Lease payments	2.3	1.9
Acquisitions	-	(8.3)
Equity issued	0.1	0.2
Other	-	(0.2)
Increase in net debt	1.8	(36.6)
Opening net debt	(138.4)	(102.5)
FX and other non cash items	(2.2)	(2.9)
Closing net debt	(138.8)	(142.0)

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.