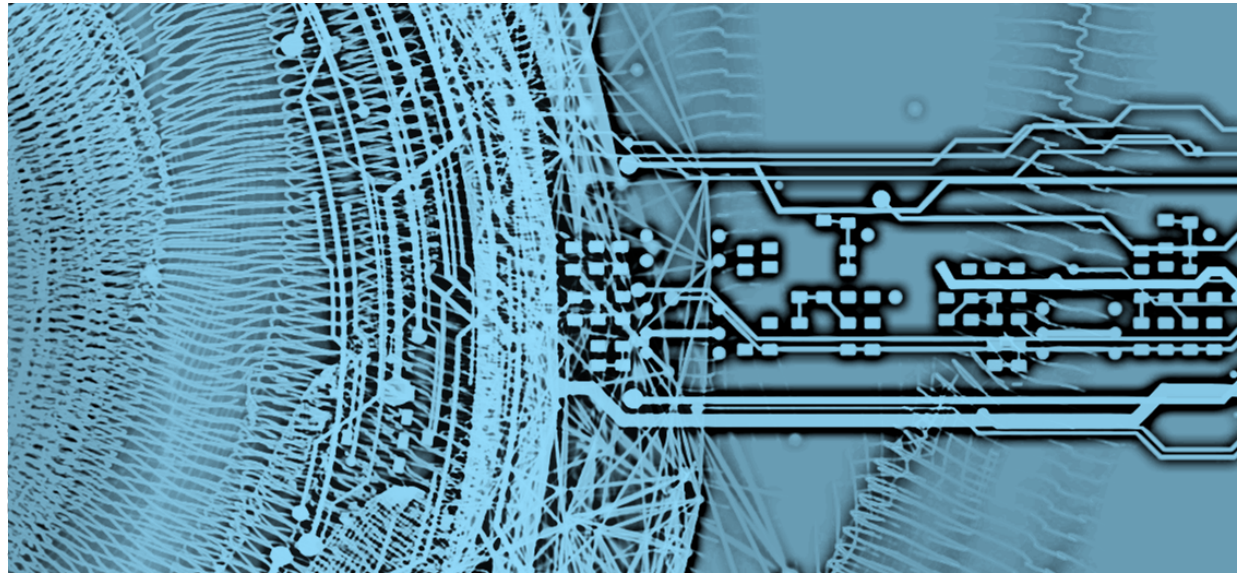


Engineering smarter solutions together

TT Electronics

Full Year 2018 Results

6 March 2019



2018 overview

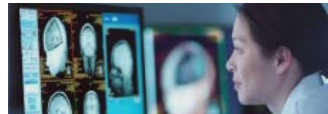
- **Excellent year for TT**
 - Strong growth in revenue and profitability
 - Margin growth driven by self-help and operational leverage
- **Investing for growth**
 - Substantial number of new customer and contract wins
 - R&D investment up 37% to £12.6m
 - 28 new custom products launched in key focus area
 - Creating value through disciplined M&A strategy
- **Well placed to make further progress in 2019 and beyond**

Strategy execution driving strong growth



Industrial

48%



Medical

21%



Aerospace and Defence

19%



Transportation

12%

% Group revenues as at FY18

Positioned in the right markets

- “Electronics everywhere”
- Investing for growth in medical and aerospace and defence markets

Working with the right customers

- Invested in business development tools and training
- Global Manufacturing Solutions won 14 new customers
- Growing with key target customers

Investing in the right products

- Revenue growth from 2015 product launches
- New platform products complemented by customised product launches

Growth momentum

- 9% H2 organic growth
- Order book remains strong

Strong profit growth and margin enhancement

Growth

- Operational leverage and business development success
- New products and customisation

Efficiency

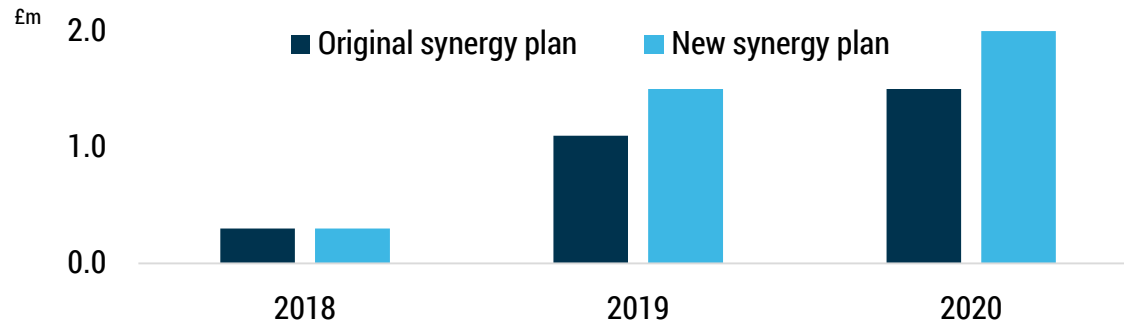
- Self-help actions driving margin enhancement
- UK operational improvement in Global Manufacturing Solutions
- H2 improvements in Power and Connectivity

Acquisitions

- Stadium and Precision delivered £5.4m profit contribution;
- 40bps margin enhancement

Stadium acquisition performing well

- Business performance ahead of expectations; 10.0% margin
- Integration complete
- Synergy a year ahead and site rationalisation underway



- Investing for growth with exciting opportunity pipeline

Adding other significant new capabilities in 2018

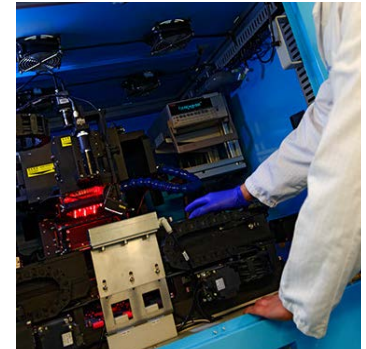


Precision

- Precision performing well; operating profit margin of 10.8%
- Integration running to plan; electromagnetic footprint optimisation
- Cross selling opportunities identified

UniRoyal joint venture

- Long-term manufacturing partner for sensing and power management devices for adjacent segments
- Combines our product expertise with UniRoyal's Chinese manufacturing and market access
- Future growth opportunities with existing customers of both companies



Financial review

Mark Hoad, CFO



2018 financial overview

6%

Organic revenue
growth

7.8%

Underlying operating
margins, up 110 bps

54%

Increase in EPS

88%

Cash conversion

90bps

Improvement in ROIC
to 11.5%

12%

Increase in the
dividend to 6.5p

Group financial performance

Strong performance across all financial metrics

£m (except where stated)	2018	2017 [^]	Change	Change constant fx
Revenue	429.5	361.1	19%	21%
Operating profit*	33.4	24.3	37%	42%
Operating profit margin*	7.8%	6.7%	110bps	120bps
Profit before tax*	31.5	22.0	43%	48%
EPS* (pence)	16.2	10.9p	49%	54%
Exceptionals & one-offs	(16.9)	(4.3)	(293)%	(276)%
Dividend (pence)	6.5	5.8p	12%	
Cash conversion [‡] (%)	88%	98%		
Net funds /(debt)	(41.7)	47.0		
Leverage (times)	0.9	n/a		
ROIC (%)	11.5%	10.6%	90bps	

- Revenue up 6% organically
- Operating profit up 42%
- Operating margins improved by 120bps
- Effective tax rate 16.8%
- Exceptionals: restructuring, M&A costs, GMP equalisation
- Increased dividend
- Strong balance sheet; bank facilities extended to Dec 2023
- ROIC increased to 11.5%

[^] Re-stated for IFRS 15

* Underlying, before exceptional and one-off costs

[‡] See appendix



Strong growth and margin improvement

	2018	2017	Change	Change constant fx
Revenue (£m)	149.8	142.3	5%	8%
Underlying operating profit (£m)	21.3	18.8	13%	16%
Underlying operating margin	14.2%	13.2%	100bps	90bps

- Revenue up 8% organically
 - Growth from increased volumes
 - Particular strength in optical sensing and power management product lines
- Operating profit up 16%
 - Drop through on increased volumes
 - Price increases on selected product lines
- Sales from products launched in 2015
- Contract win with sensor for robotic automation application



Growth and margins restored in H2; accretive acquisitions

	2018	2017	Change	Change constant fx
Revenue (£m)	97.9	64.5	52%	53%
Underlying operating profit (£m)	8.4	6.2	36%	40%
Underlying operating margin	8.6%	9.6%	(100)bps	(80)bps

- Organic revenue down 4% as expected
 - LTB impact in H1; 4% organic growth in H2
 - £36.4m from Stadium and Precision
 - Continued benefit from outsourcing in aerospace and defence; key accounts up 10%
- Operating profit up 40%
 - £4.6m contribution from acquisitions
 - Margin improvement in H2 to 9.9%
- E-taxi development contract; connectivity platform product launches



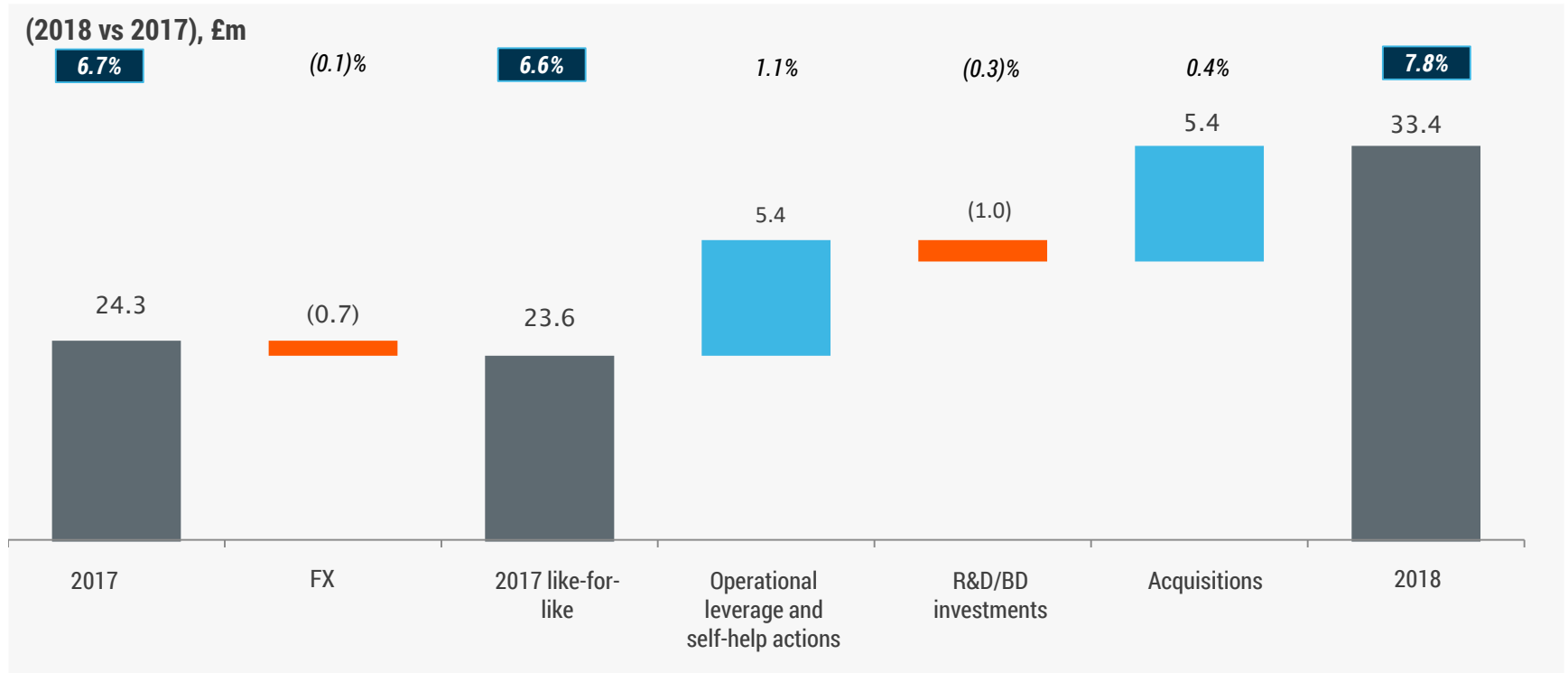
Growth and self-help driving margins

	2018	2017	Change	Change constant fx
Revenue (£m)	181.8	154.3	18%	19%
Underlying operating profit (£m)	11.3	6.5	74%	77%
Underlying operating margin	6.2%	4.2%	200bps	200bps

- Revenue up 8% organically
 - Growth driven by Asia for Asia sales
 - Strong growth with medical customers
 - Stadium contributed £16.6m
- Operating profit up 77%
 - Self-help and operational leverage driving 200bps margin expansion
 - Customers valuing engineering-led solutions
 - £0.8m contribution from Stadium
- 14 new customers won
 - All multi-year, improving visibility

Group financial performance

Organic improvement and accretive acquisitions



Free cashflow and net funds

£m	2018	2017
Underlying EBITDA	47.0	37.1
Net capital expenditure & capitalised development	(18.9)	(14.7)
Working capital	(2.1)	(1.9)
Cash flow from discontinued operations	-	(3.4)
Exceptional items including property disposals	(7.3)	(3.7)
Net interest and tax	(8.4)	(7.4)
Pensions & other	(1.8)	(1.3)
Free Cash Flow	8.5	4.7
Dividends	(9.7)	(9.1)
Acquisitions & disposals	(78.8)	112.5
Other	(8.1)	(5.4)
Net Cash Flow	(88.1)	102.7
Cash Conversion	88%	98%
Net Funds / (debt)	(41.7)	47.0
Net Debt to EBITDA	0.9x	n/a

- Continuing to invest to support growth
- Strong working capital performance despite growth and pressure on inventory
- Good cash conversion of 88%
- Acquisition of Stadium (£59.7m) and Precision (£17.6m), outflow re Transportation disposal (£1.4m)
- Other includes cash settlement and tax on LTIPs
- Balance sheet strength

Valuation and deficit contributions

- TT contribution £5.1m in 2019, £0.2m increase p.a.
- Triennial valuation as at 5 April 2019

Stadium scheme merger

- Merging Stadium scheme into TT scheme with effect from 29 March
- Improved governance, risk management and cost efficiency
- Accelerating contributions to align funding - £3.4m in 2019

Guaranteed minimum pension equalisation

- Requirement to equalise male and female Guaranteed Minimum Pensions (GMP)
- Estimated impact on liabilities £5.8m (c. 1% of liabilities)
- Cash outflows over 20+ years

Stable funding position

- Resilient investment strategy
- 97% funded
- Schedule of contributions agreed – modest increases while growing the Group's cash flows

Restructuring costs

- c. £5m on acquisition related footprint changes

Capital and development expenditure

- Capex and devex circa £20m (1.3x DA)

Working capital

- Brexit inventory buffer build in H1
- FY neutral to small outflow

Bank facilities

- Facility size increased to £180m; term extended to December 2023
- No changes to pricing

M&A

- Investment in joint venture \$4.5m
- Precision earn-out payment \$1.1m

Tax

- Effective rate reduced to 18-20%
- Cash payments broadly in line with P&L charge

IFRS 16

- Applies from 1 January 2019
- Details in the appendix

Foreign exchange

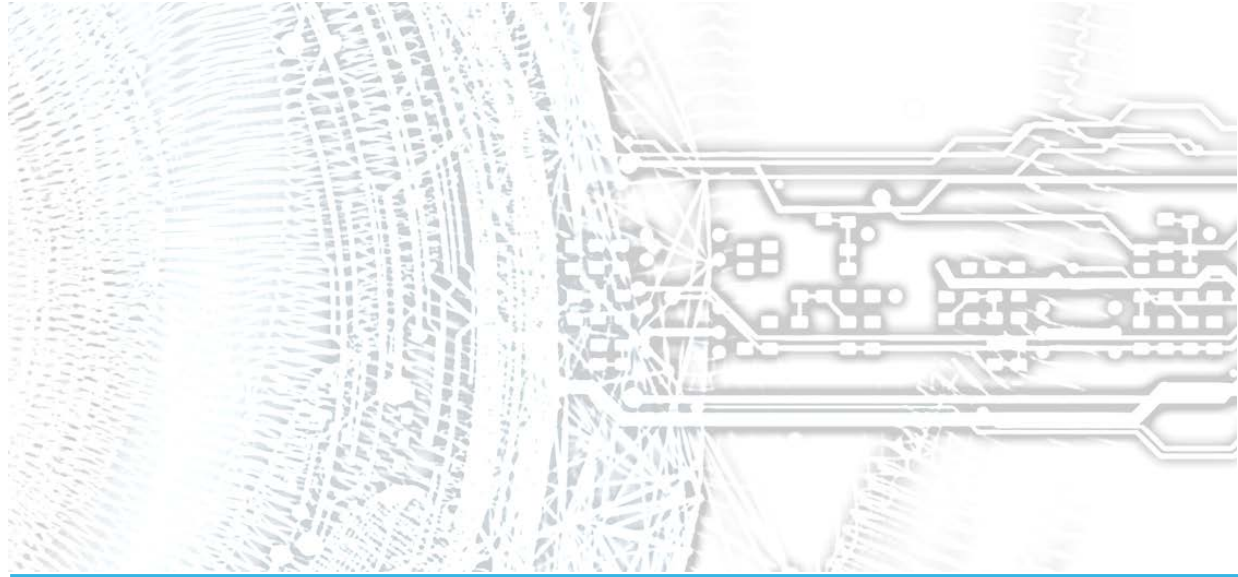
- USD 1 cent = circa £180k operating profit impact
- RMB 0.1 = circa £150k operating profit impact

Significant financial transformation over 3 years

	2015	2018	
Organic revenue growth	(3)%	6%	<ul style="list-style-type: none">• Good growth
Operating profit	£21.7m	£33.4m	<ul style="list-style-type: none">• Improved profitability
Underlying operating profit margin	4.3%	7.8%	<ul style="list-style-type: none">• Margin strongly ahead
ROIC	9.0%	11.5%	<ul style="list-style-type: none">• Value-creative return on invested capital
Leverage	1.3x	0.9x	<ul style="list-style-type: none">• Stronger balance sheet with higher investment capacity

Strategy and outlook

Richard Tyson, CEO



Enhanced portfolio

Materially reduced automotive exposure

Structural growth markets

“Electronics everywhere”

Better geographic balance

Growth in Asia, now c.£100m revenue

Proprietary technology

Increasingly technology-rich offerings to our customers

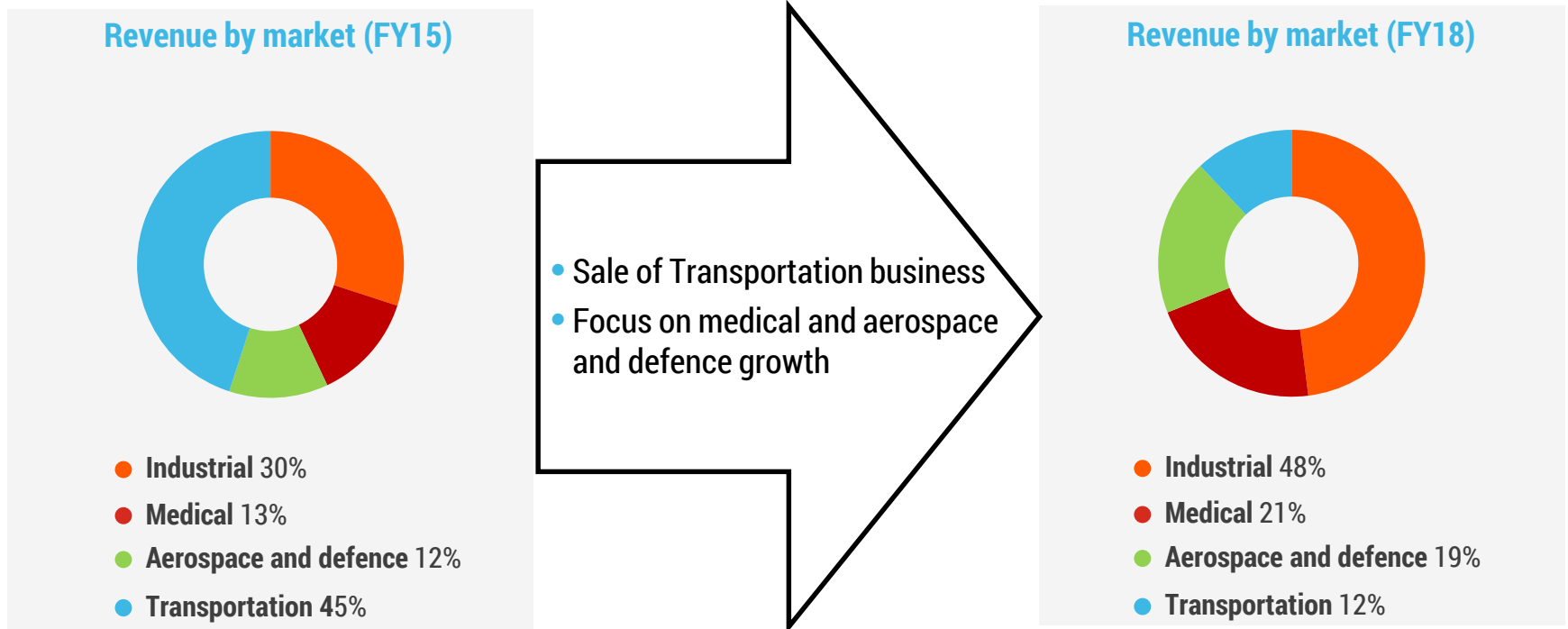
Improved footprint

Initial footprint improvement; self-help operational improvement

Strengthened balance sheet

Investment capacity deployed in higher margin, higher growth businesses

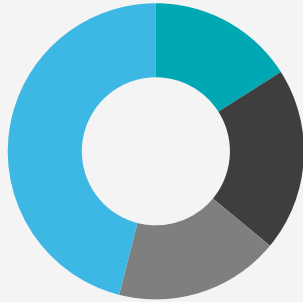
Focusing on markets with structural growth drivers



Materially reduced automotive exposure to c.6% total sales

Geographic balance with increased exposure to growing Asian markets

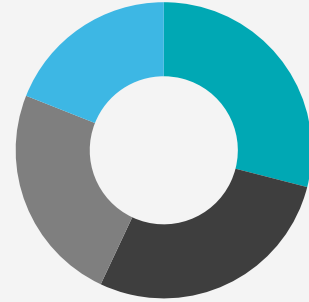
Revenue by geography (FY15)



- UK 16%
- North America 20%
- Asia and Rest of World 18%
- Rest of Europe 46%

- Better balanced business
- Increased exposure to fast growing Asian market
- Reduced European exposure

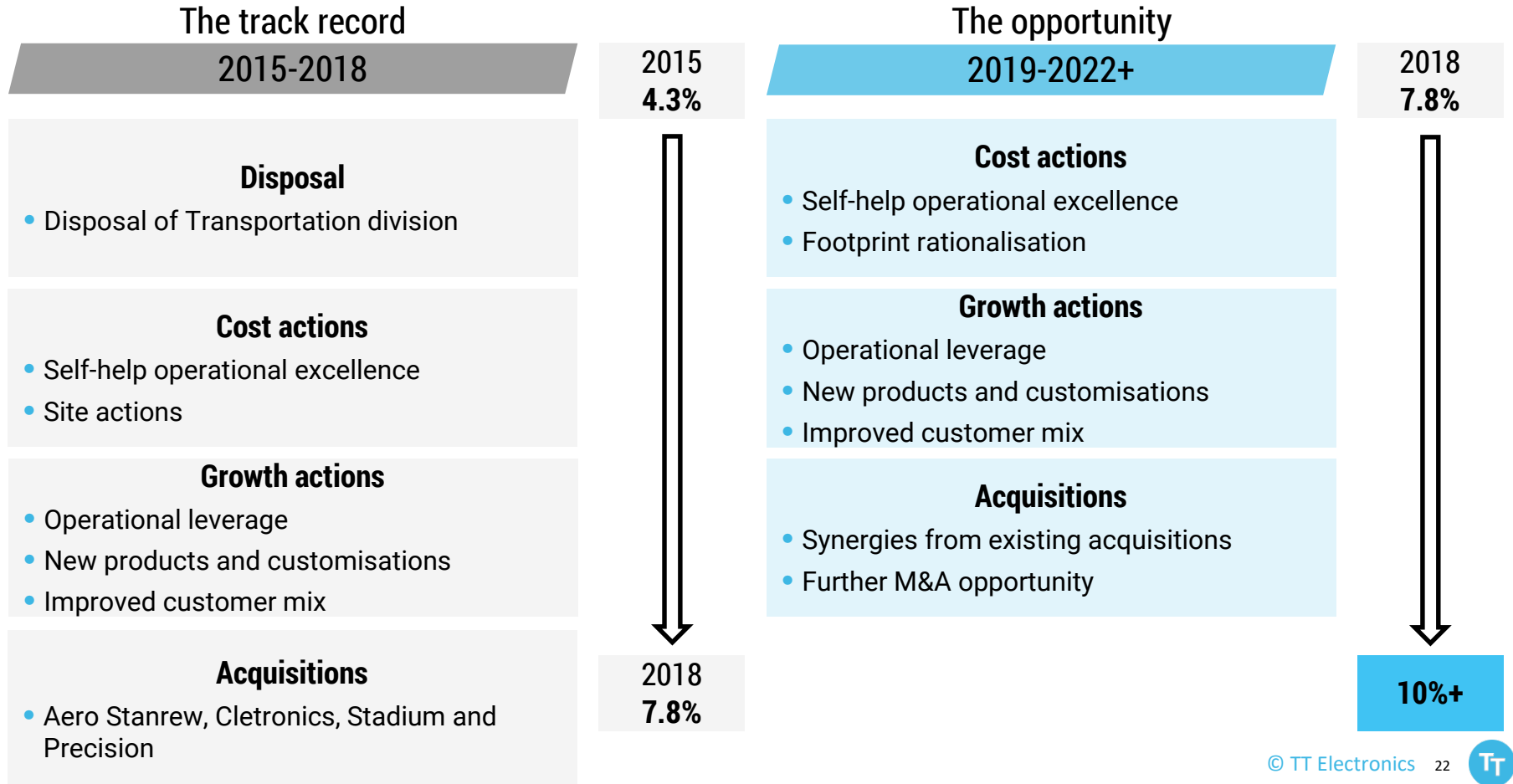
Revenue by geography (FY18)



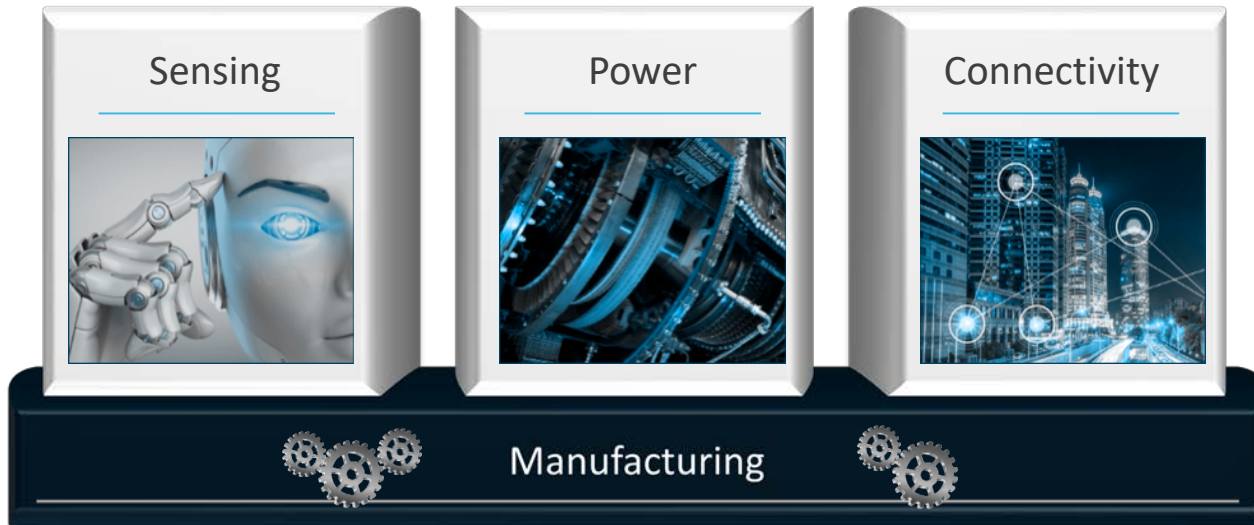
- UK 29%
- North America 28%
- Asia and Rest of World 24%
- Rest of Europe 19%

Asia now c.£100m of revenue

Drivers of margin enhancement



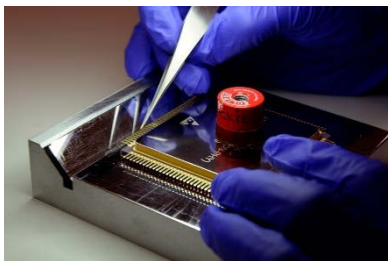
TT is a global provider of engineered electronics for performance critical applications





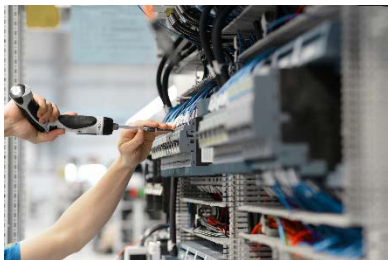
Sensors and Specialist Components

- UniRoyal JV – manufacturing up and running
- Increased focus on custom products
- Development of broader and deeper relationships with key customers



Power and Connectivity

- Securing opportunities from North American aerospace and defence primes
- Launch and commercialisation of Connectivity platform products
- Site rationalisation following acquisitions



Global Manufacturing Solutions

- Growth across all regions
- Development of long-term aerospace and defence relationships
- Increased revenue from more complex products and engineering-led solutions

Strong performance on all key metrics

Organic growth ahead of the market	+6% organic revenue	✓
R&D investment to support growth	+37% to £12.6m	✓
Operating margin progression	Up 120 bps to 7.8%	✓
Cash conversion of 80%+	88%	✓
Improving ROIC	Up 90bps to 11.5%	✓
Targeted, complementary acquisitions	2 acquisitions	✓
Progressive dividend policy	+12% to 6.5p	✓

- Excellent year for TT
- Investing for growth
- Better positioned to navigate uncertain macroeconomic conditions
- Well placed to make further progress in 2019 and beyond

Appendix



Appendix: The TT Electronics business

Revenue (FY18)

- **Sensors and Specialist Components** 35%
- **Power and Connectivity** 23%
- **Global Manufacturing Solutions** 42%



Revenue by market (FY18)

- **Industrial** 48%
- **Medical** 21%
- **Aerospace and defence** 19%
- **Transportation** 12%



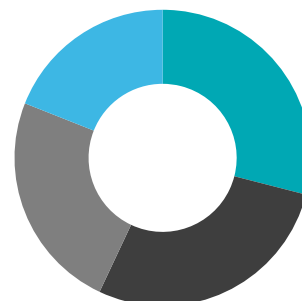
Underlying operating profit (FY18)

- **Sensors and Specialist Components** 64%
- **Power and Connectivity** 25%
- **Global Manufacturing Solutions** 34%
- **Central costs** (23)%



Revenue by geography (FY18)

- **UK** 29%
- **North America** 28%
- **Asia and Rest of World** 24%
- **Rest of Europe** 19%



Appendix: Impact of FX

	Sensors and Specialist Components	Power and Connectivity	Global Manufacturing Solutions	Corporate	Group
Sales (£m)					
2018	149.8	97.9	181.8		429.5
2017 at 2018 rates	138.7	64.1	152.4		355.2
FX impact	(3.6)	(0.4)	(1.9)		(5.9)
2017 as published*	142.3	64.5	154.3		361.1
Operating Profit (£m)					
2018	21.3	8.4	11.3	(7.6)	33.4
2017 at 2018 rates	18.4	6.0	6.4	(7.2)	23.6
FX impact	(0.4)	(0.2)	(0.1)	-	(0.7)
2017 as published*	18.8	6.2	6.5	(7.2)	24.3

*restated for IFRS 15

Appendix: Cash conversion

Cash Conversion (£m)	FY2018	FY2017
Underlying EBITDA (continuing operations)	47.0	37.1
Net capital expenditure	(15.2)	(13.1)
Capitalised development expenditure	(3.7)	(1.6)
Working capital	(2.1)	(1.9)
Other	3.5	3.4
Underlying Operating Cash Flow	29.5	23.9
Underlying operating profit - continuing operations	33.4	24.3
<i>Cash conversion – continuing operations</i>	88%	98%

Appendix: Cash conversion

Cash Conversion (£m)	FY2018	FY2017
Underlying EBITDA (continuing operations)	47.0	37.1
Net capital expenditure	(15.2)	(13.1)
Capitalised development expenditure	(3.7)	(1.6)
Working capital	(2.1)	(1.9)
Other	3.5	3.4
Underlying Operating Cash Flow	29.5	23.9
Underlying operating profit - continuing operations	33.4	24.3
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Appendix: IFRS 16

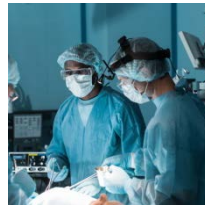
- New accounting standard for leases effective 1 January 2019
- Requires operating leases to be recognised as finance leases on the balance sheet
- No restatement of comparatives
- No net cash flow or bank covenant impact – bank covenants continue to be calculated according to the prior standard
- Summary accounting impacts expected to be:
 - c. £1 million increase to operating profit and interest; PBT impact de-minimus
 - c. £19-22million increase to reported assets and net debt
 - c. £5 million operating lease expense to depreciation
 - c. £5 million movement from cash flow from operating activities to cash flow from financing activities



WHO WE ARE

We are a global provider of engineered electronics for performance critical applications.

We design and manufacture electronics that sense, manage power and connect to other things – and often these products are mission-critical, operating in harsh environments.





SENSING



POWER



CONNECTIVITY



MANUFACTURING

OUR PURPOSE

To solve our customers' toughest electronics challenges by engineering smarter solutions together.

Our design and manufacturing engineers are experts in their field. Whether you need engineered solutions for electronic component design, power management, IoT connectivity or end-to-end manufacturing solutions, we have the skills and resources to transform your product ideas into tangible devices.

Appendix: Extensive leadership experience; a team to be proud of



Richard Tyson
Chief Executive Officer

- Cobham
- TRW



Mark Hoad
Chief Financial Officer

- BBA Aviation
- RMC Group



Tim Roberts
EVP Sensors and
Specialist Components

- Spirent



Tom Garvey
EVP Power Electronics

- Cobham
- Thales



Charlie Peppiatt
EVP IoT Solutions

- Stadium Group
- Laird Connectivity



Michael Leahan
EVP Global Manufacturing
Solutions

- Marotta
- Lucas Aerospace



Neil Fleming
EVP Corporate
Development

- Ontario Teachers' Pension Plan



Sarah Hamilton-Hanna
EVP Human Resources

- Tate & Lyle
- AB Mauri



Lynton Boardman
Group General Counsel
and Company Secretary

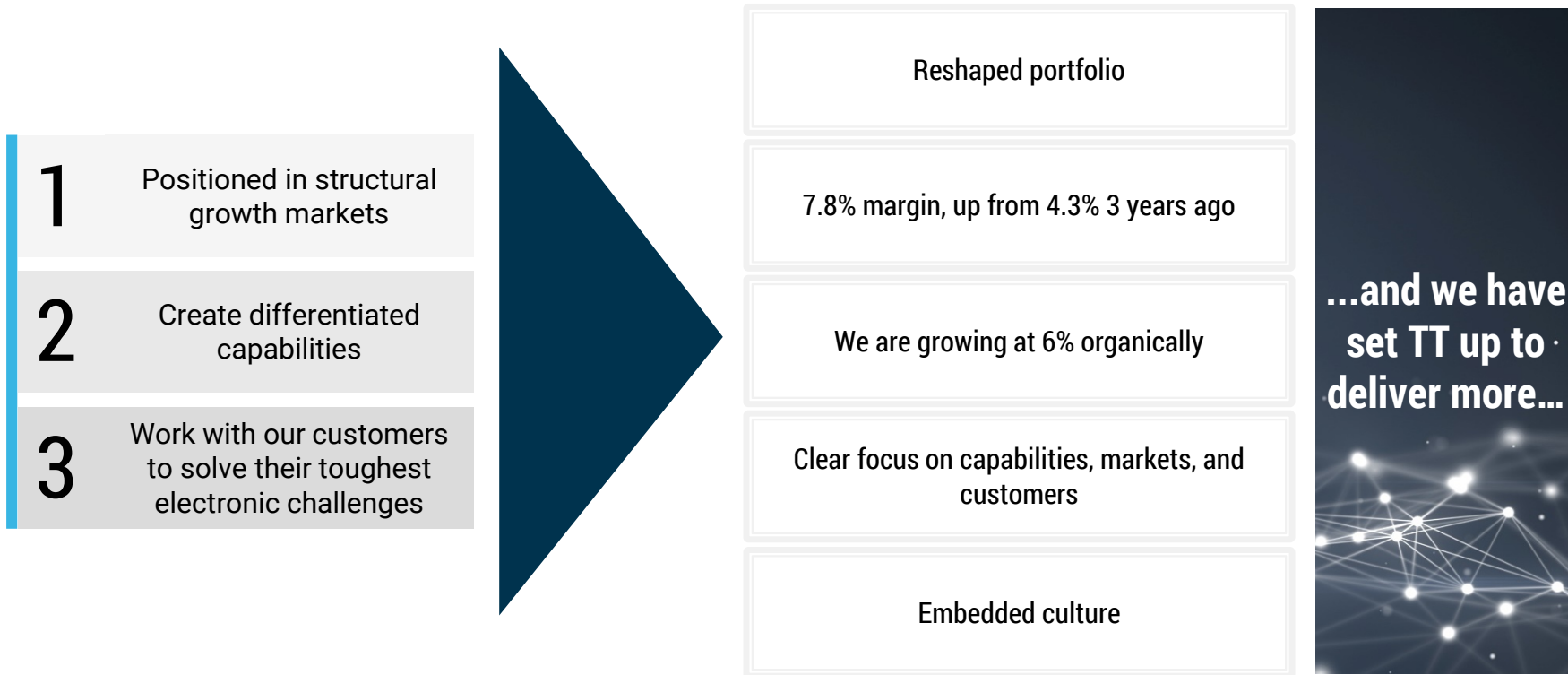
- Syngenta
- QinetiQ Group



Emma Darke
Head of Investor Relations
and Communications





- Xchanging plc
- Deloitte LLP

Appendix: Our strategy is delivering



Appendix: Market growth driving demand for our solutions

Structural growth drivers leading to increasing sales for our sensing, power management and connectivity capabilities

	% revenues as at FY18	Example end application	Key macro trend
 <p>Industrial</p>	48%	<ul style="list-style-type: none"> Automation and control Energy and smart devices Infrastructure 	<ul style="list-style-type: none"> Robotics and industrial automation More efficient energy usage Connectivity
 <p>Medical</p>	21%	<ul style="list-style-type: none"> Advanced surgical devices Imaging and direct patient care Laboratory automation and diagnostics 	<ul style="list-style-type: none"> Population growth and ageing Innovation in diagnostics and direct patient care Medical device connectivity
 <p>Aerospace and Defence</p>	19%	<ul style="list-style-type: none"> Commercial and military aircraft Space and satellite Defence systems and vehicles 	<ul style="list-style-type: none"> Growing passenger numbers Electrification of aircraft to reduce size, weight and power consumption Increased defence spending
 <p>Transportation</p>	12%	<ul style="list-style-type: none"> Electric and hybrid electric vehicles Rail infrastructure and equipment 	<ul style="list-style-type: none"> High-speed rail infrastructure Global asset and logistics tracking Shift away from fossil fuels

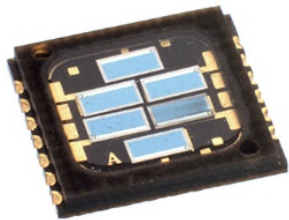
Appendix: Aligning R&D to structural growth markets



Market: Industrial



Application: Robotic arm in automated production



TT product: Sensor – optoelectronic encoder

- c.6% CAGR in automation and control to 2023
- Over 20 years experience in industrial automation; over 10 million units shipped
- High resolution sensor optimises robot performance
- Next platform development underway; 2019 launch schedule

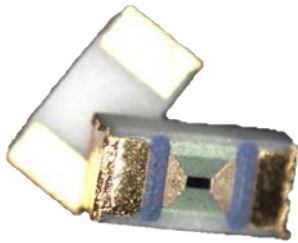
Appendix: Scalable platform approach for revenue growth across multiple markets



Market: Industrial



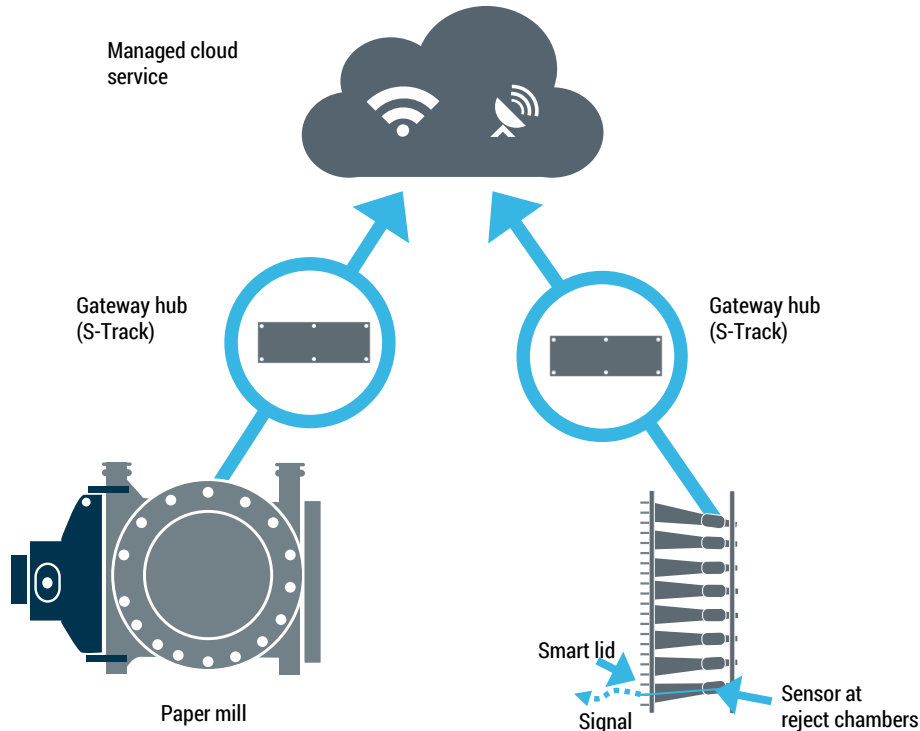
Application: Detonators for demolition and mining



TT product: Power management - signal conditioning

- Launched a major new platform for signal conditioning in 2015 following 2 years of development
- New technology delivering
 - Extreme precision
 - Leading moisture resilience
- Technology for aerospace and defence applied to industrial applications

Appendix: Industrial connectivity in action



Example: Paper mill

What

- Developing a connectivity solution for preventative maintenance in a paper mill
- Ability to monitor filtration cylinders for blockages

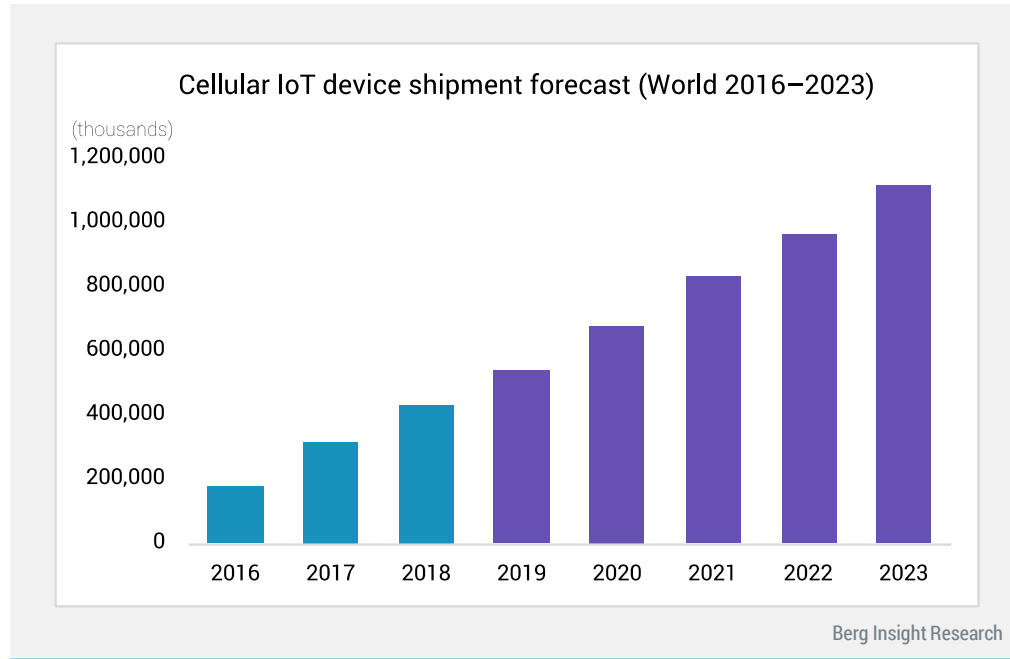
How

- Custom connectivity device can be linked to pressure sensor from Sensors division

Value to customer

- Reduced downtime
- Improved yields
- Optimised preventative maintenance

Appendix: Positive market fundamentals in industrial IoT



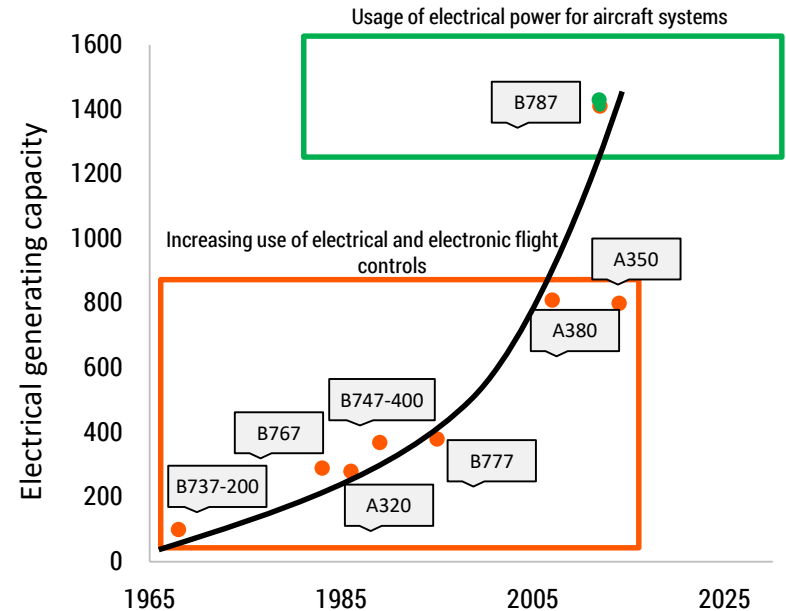
- Large, established market; adoption underway and accelerating
- Exponential growth; appetite to monitor and manage data to improve efficiency



Appendix: Electrification of aircraft means growing demand

- Hydraulics and pneumatics replaced with electrical systems
- Electrification increasing exponentially
- 1% weight decrease results in c.10% increase in profits
- Aviation electronics expected to grow at c.7% CAGR to 2022

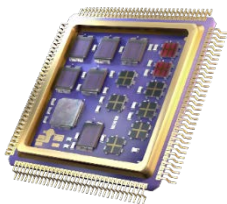
Step change in electronic generating capacity in successive platforms



Source: TT Electronics and Roland Berger

Appendix: Moving up the value chain

Component heritage



Power and Control Microcircuit

Transformer Rectifier Unit



Flyback Transformer



Ruggedised Power Module



Wound Components



Manufacturing and system design support

TT Designed Prototypes



ATRU (Auto Transformer Rectifier Unit)

Value Added Products



Power Distribution Panel