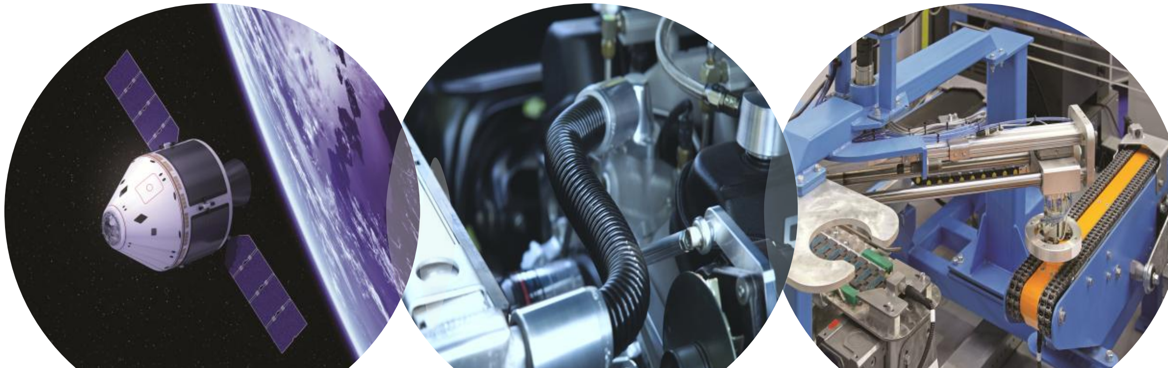
TT Electronics

2014 Preliminary Results
& Strategy Review Update

March 12, 2015



Agenda

Highlights
Richard Tyson, Chief Executive Officer

Financial Review
Mark Hoad, Chief Financial Officer

Strategy Review - Update
Richard Tyson, Chief Executive Officer

Q&A

2014 Highlights

- Challenging year for the Group
- Revenue and underlying operating profit broadly unchanged at constant currency
- Operational Improvement Programme reset, restructured and making progress
- New management team in place
- Cost improvement programme underway
- Strong balance sheet; good second half cash performance
- Final dividend maintained; +2% in full year

Financial Review

Mark Hoad, Chief Financial Officer

Income statement

Income Statement

	2014	2013†	Change	Change constant fx
Revenue (£m)	**524.3**	532.2	(1)%	3%
Operating profit (£m)*	**29.2**	30.8	(5)%	-
*Operating profit margin**	***5.6%***	*5.8%*	*(20)bps*	*(10)bps*
Exceptionals & one-offs	**(33.5)**	(11.8)	(184)%	(197)%
Net interest	**(1.6)**	(0.7)	(129)%	(129)%
Profit before tax*	**27.6**	30.1	(8)%	(3)%
EPS*	**12.9p**	14.6p	(12)%	(5)%
Dividend	**5.5p**	5.4p	2%	
Dividend cover	**2.3x**	2.7x		

*** Underlying, before exceptional and one-off costs**
† Re-presented to exclude acquisition costs from underlying operating profit

- Constant currency revenue growth at 3%
- OP unchanged at constant currency - includes £5m one-off benefit
- Increased exceptional mainly due to OIP and R&D asset impairment
- Effective tax rate 25.7%
- EPS down 5% due to tax rate and higher interest
- Dividend cover at 2.3x

Sensing & Control

Financial Summary

	2014	2013†	Change	Change constant fx
Revenue (£m)	**289.3**	285.2	1%	7%
Operating profit (£m)*	**14.2**	17.5	(19)%	(13)%
Operating profit margin*	**4.9%**	6.1%	(120)bps	(110)bps

*** Underlying, before exceptional and one-off costs**
† Re-presented to exclude acquisition costs from underlying operating profit

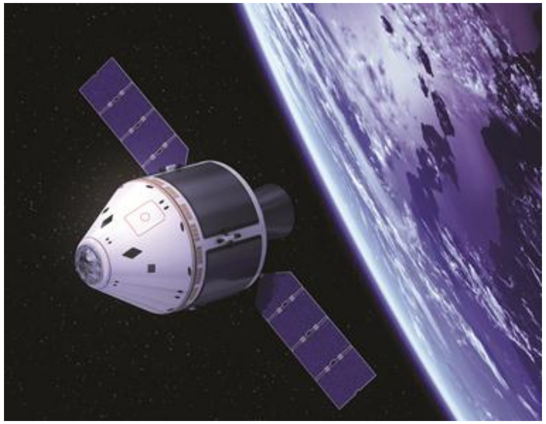
- Revenue increased 7% at constant currency, 5% organic – half relating to one-time order in Industrial Sensing & Control
- Roxspur acquisition - £3.7m revenue, £0.4m OP contribution
- Operating profit decline of 13% driven by:
  - Price-downs and adverse mix within transportation business
  - £2.5m increase in R&D investment, including Bangalore
  - Partial offset from £4m operating profit on one-time order

Components

Financial Summary

	2014	2013†	Change	Change constant fx
Revenue (£m)	98.8	100.4	(2)%	1%
Operating profit (£m)*	9.5	4.3	121%	126%
Operating profit margin*	9.6%	4.3%	530bps	530bps

* Underlying, before exceptional and one-off costs
† Re-presented to exclude acquisition costs from underlying operating profit



- Revenue marginally improved at constant currency
- Operating Profit more than doubled due to:
  - Favourable product mix
  - Improvements in underlying cost base
  - £1m operating profit from non-recurring orders on Smithfield closure
- Operating margin increased by 530 basis points

IMS

Financial Summary

	2014	2013†	Change	Change constant fx
Revenue (£m)	**136.2**	146.6	(7)%	(4)%
Operating profit (£m)*	**5.5**	9.0	(39)%	(33)%
Operating profit margin*	**4.0%**	6.1%	(210)bps	(190)bps

*** Underlying, before exceptional and one-off costs**
† Re-presented to exclude acquisition costs from underlying operating profit

- Revenue reduction due to weaker than expected demand in Europe
- Operating Profit reduction:
  – Impact of lower revenues
  – Cost increases in anticipation of volumes into Romania, which have not materialised.
- Operating margin down by 210 basis points

Exceptional Items

Exceptional Items (P&L)

(£million)	2014	2013
Restructuring costs	22.2	10.2
Acquisition related costs	1.9	1.6
Asset impairments	9.4	-
Total Exceptional Items	33.5	11.8

Exceptional Items (Cash)

(£million)	2014	2013
Total Cash	13.0	6.1

- **Restructuring costs:** £15m OIP, balance other site closures and org restructuring
- **Acquisition costs:** Roxspur plus intangible amortisation
- **Asset impairments:** accounting write-down of capitalised R&D following group business review and review of product profitability
- **Cash exceptionals:** £6m OIP, balance other site closures and organisational restructuring

Cash Flow and Debt

TT Electronics

Cash Flow & Debt

£million	2014	2013
Underlying EBITDA	51.5	51.8
Net capital expenditure	(28.0)	(23.9)
Development expenditure	(6.8)	(5.2)
Working capital	(16.8)	(9.4)
Exceptional items	(13.0)	(6.1)
Net interest and tax	(6.3)	(3.2)
Pensions & other	(3.1)	(3.5)
Free Cash Flow	(22.5)	**0.5**
Dividends	(8.7)	(8.0)
Acquisitions & disposals	(8.5)	(12.5)
Other	(0.5)	(0.4)
Net Cash Flow	(40.2)	**(20.4)**
Net Cash/(Debt)	(14.3)	26.9
Net Debt to EBITDA	0.3x	(0.5)x

- Free cash outflow driven by
  - Capital and development expenditure at 1.6x DA
  - Working capital correction on trade payables
  - Restructuring expenditure – OIP, other site closures
- Positive H2 performance
- Further demands on cash in 2015 in relation to OIP, capex
- Despite move to a net debt position, balance sheet remains strong
  - Leverage low at 0.3x
  - Ample facility headroom with £20m increase in committed facilities

Other financial matters / Guidance for 2015

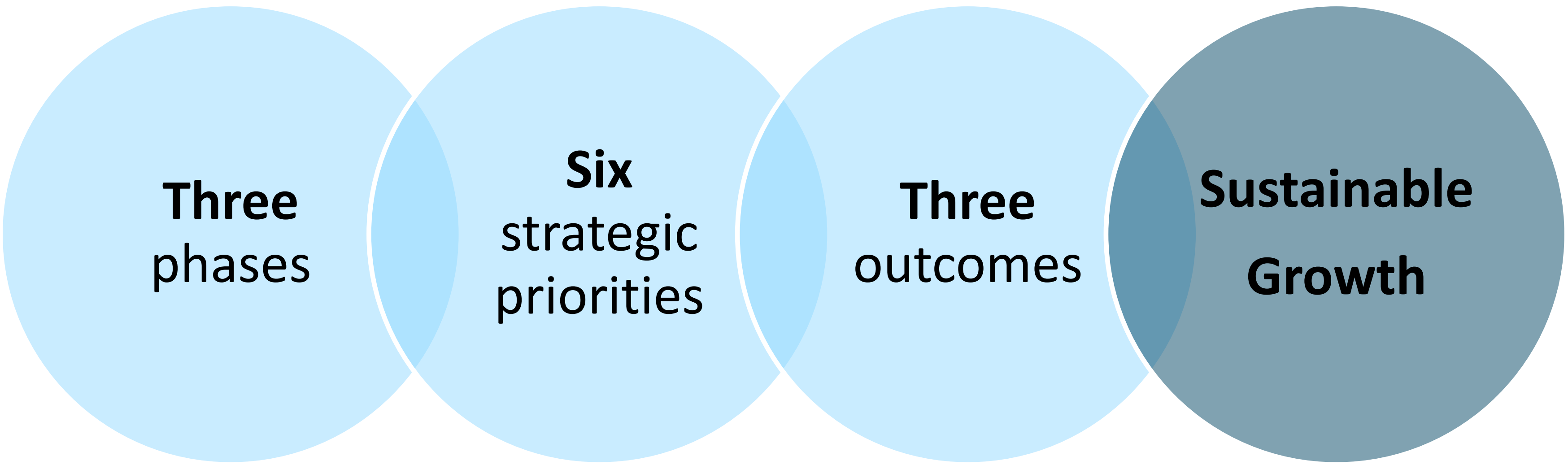
- Exceptional Items
  - Remaining OIP P&L charge £9m in 2015, £3m in 2016; cash costs £17m in 2015 and £6m in 2016
  - Circa £1m P&L and cash cost to complete other site rationalisation commenced in 2014
- Tax
  - Effective rate expected to similar to 2014
  - Cash payments circa £8-9m
- Pensions
  - Ongoing UK deficit contributions c. £4.5m
  - Next triennial valuation in 2016
- Capital and Development Expenditure
  - Depreciation and amortisation c. £23-24m
  - Capex and devex circa 1.3x DA
- Working capital
  - Working capital consumption – contract opportunity and OIP related

Agenda

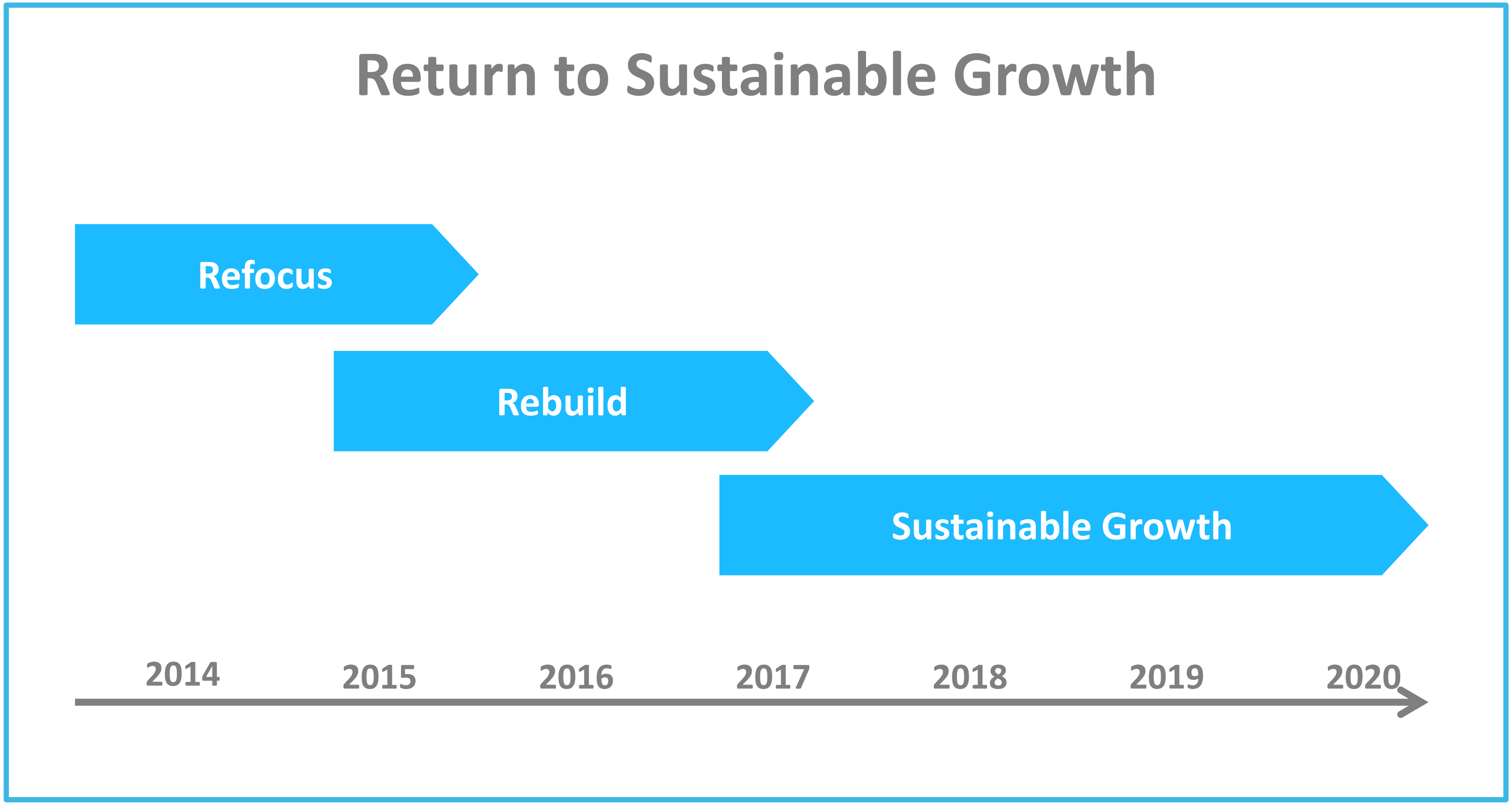
Strategy Review
Re-focus, Re-build, Sustainable Growth

Richard Tyson, Chief Executive Officer

Transforming our business performance



Transforming our performance: Three phases



Business review - Scope

Market Environment	• End use market dynamics & growth drivers • Product demand outlook
Competitive Landscape	• Competitors' business models • Positioning of TT
Customer Feedback	• 120+ customer interviews
Product performance & Investment priorities	• Product profitability • R&D programmes
Operational Performance	• Supply chain • Operational efficiency
Financial Performance	• Performance drivers, trends and benchmarks

Refocus

Business review - Conclusions

Issues		Opportunities
• Transportation Europe	Market Environment	• Performance-critical electronics expertise • Industrial S&C and Components businesses
	Competitive Landscape	
	Customer Feedback	• Customer base
• Ineffective R&D programme management	Product performance & Investment priorities	• Broad experience & capabilities
• Inconsistent focus • OIP	Operational Performance	• Sharing best practice • Increase process standardisation • Financial rigour and discipline
• Cash focus	Financial Performance	

Refocus

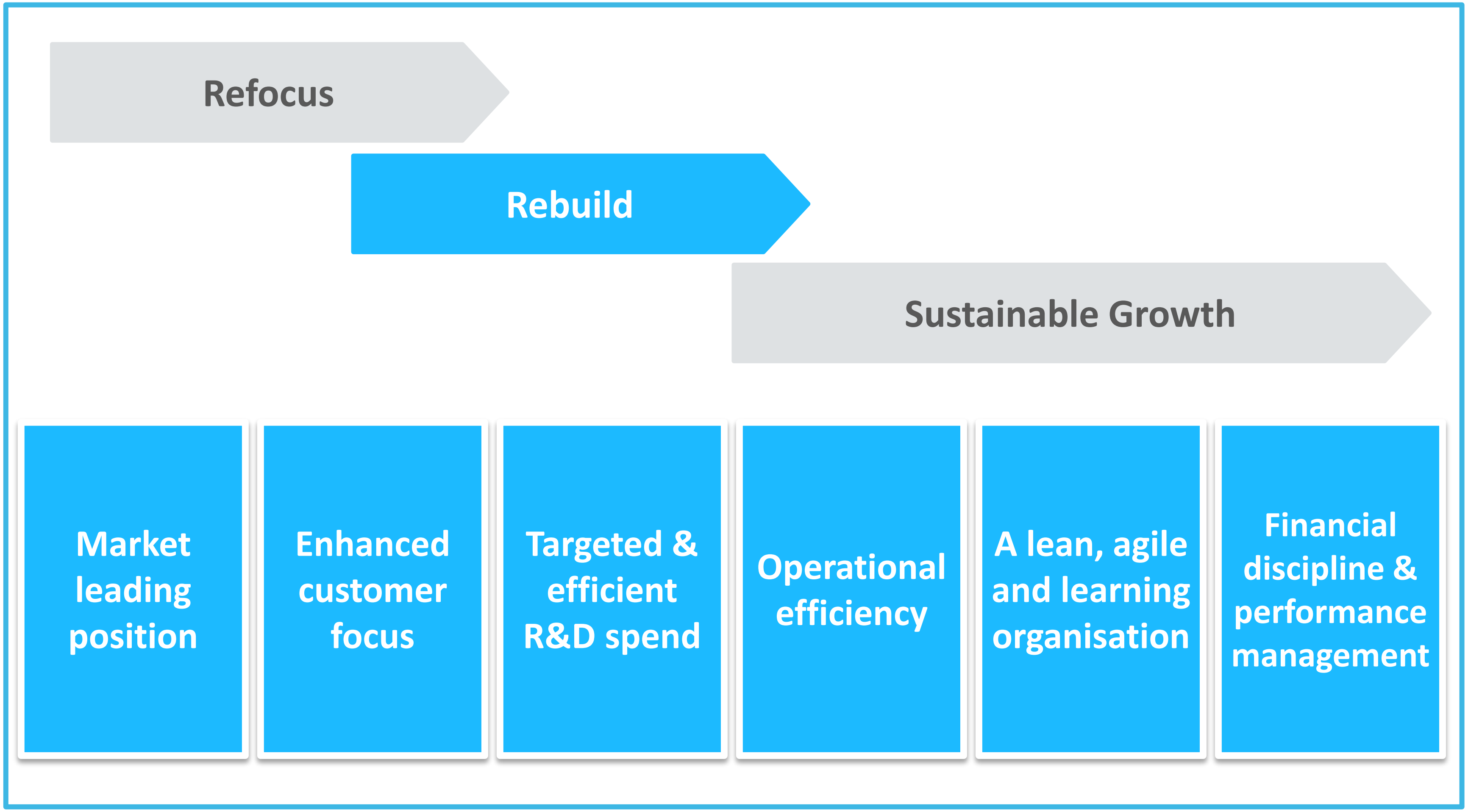
Operational Improvement Plan: Re-set & progressing

- Large, complex project now underway.
- Final agreement reached with the trade union and workers council late 2014
- As of March 2nd, three lines established in Romania, Qualification progressing
- 10 lines planned for move in 2015. Final lines planned for move in 2016
- Project completion in H1 17 following final qualifications
- Detailed plans for each move in place, monitored and reviewed regularly

OIP (£m)	To date	2015	2016	2017	Total / Run Rate
P&L charge	(18.1)	(8.6)	(3.3)	-	(30.0)
Cash cost	(7.2)	(17.1)	(5.7)	-	(30.0)
Run-rate benefit	1.3	1.3	2.8	3.8	5.5

First line established Jan 2015 as planned

Six strategic priorities – Unlocking our potential



Three outcomes

Expertise in performance-critical electronics

Improved Customer Performance	Improved Operational Performance	Improved Returns and Cash Generation

Transforming our business performance
- cultural, operational and financial.

Summary & Outlook

- 2015, an important year of transition as the new strategic direction is implemented
  - Engage new organisation and mobilise to deliver
  - Launch process improvement initiatives
  - Clear R&D investment plans aligned to customer opportunities
  - OIP continuing to progress to plan
  - Clear control of and focus on balance sheet
- Cautious 2015 outlook especially in Europe.
- The benefits of the new strategic plan not expected to be seen until 2016.
- Building a solid platform for a return to sustainable profitable growth and to improve value for shareholders.

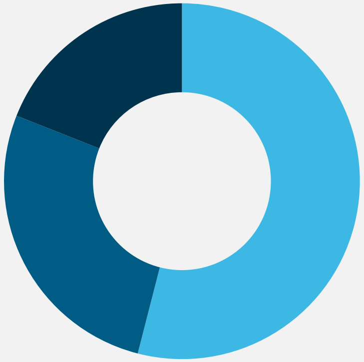
Q&As

Appendix

Appendix: TT Electronics Business

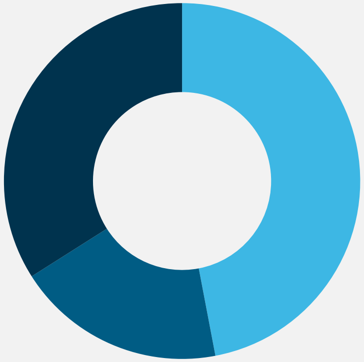
Revenue (2014)

- Sensing & Control 55%
- IMS 26%
- Components 19%



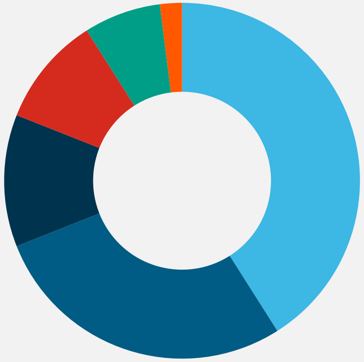
Operating Profit (2014)

- Sensing & Control 49%
- IMS 19%
- Components 32%



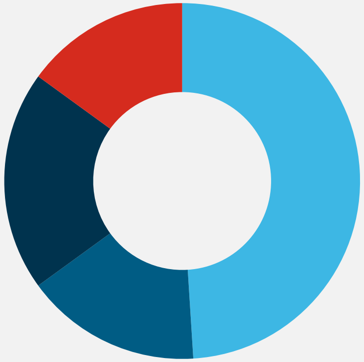
Revenue by market (2014)

- Passenger Car 41%
- Industrial 28%
- Aerospace & Defence 12%
- Other transp. 10%
- Medical 7%
- Other 2%



Revenue by region (2014)

- Rest of Europe 49%
- UK 16%
- North America 20%
- Asia 15%



Appendix: Impact of FX

Sales	Sensing and Control	IMS	Components	Group
At 2013 rates	304.4	141.2	101.3	**546.9**
FX impact (adverse) / favourable	(15.1)	(5.0)	(2.5)	**(22.6)**
As published	289.3	136.2	98.8	**524.3**

Operating Profit				
At 2013 rates	15.2	6.0	9.7	**30.9**
FX impact (adverse) / favourable	(1.0)	(0.5)	(0.2)	**(1.7)**
As published	14.2	5.5	9.5	**29.2**

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