






INTRODUCTION: June 2022




We solve electronic challenges for a sustainable world

SOLVING ELECTRONIC CHALLENGES FOR A SUSTAINABLE WORLD

TT provides smart and sustainable solutions for customers globally....

-  Power
-  Sensing
-  Connectivity

...benefitting from enduring megatrends in structurally high-growth markets...

-  Healthcare
-  Aerospace & defence
-  Automation & electrification

...investing in R&D to design-in products where reliability is mission critical.



TT designs and manufactures electronics that enables our customers to be:



CLEANER

IMPROVE ENERGY EFFICIENCY



SMARTER

ENSURE ACCURACY

DRIVE AUTOMATION

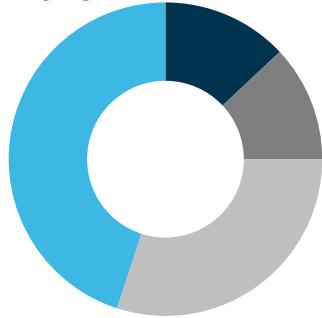


HEALTHIER

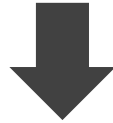
IMPROVE PATIENT OUTCOMES

GOOD EXPOSURE TO STRUCTURAL GROWTH MARKETS

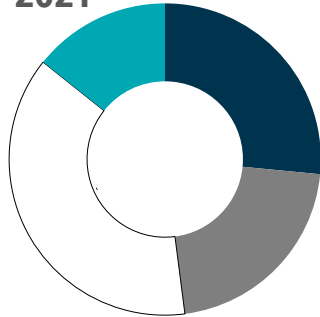
2015



- Medical (13%)
- Aerospace & defence (12%)
- Industrial (30%)
- Transportation (45%)



2021



- Healthcare (25%)
- Aerospace & defence (18%)
- Automation & electrification (39%)
- Distribution sales channel (18%)

% OF TT REVENUE 2021

MARKET







MEDIUM TERM GROWTH RATE

SUSTAINABILITY DRIVERS

25%	Healthcare	+5-7%	Demographic and social change
18%	Aerospace & defence	+3-4%	Climate change and resource scarcity
39%	Automation & electrification	+4-6%	Technological change; the digital transformation
18%	Distribution sales channel	GDP+	Technological change; the digital transformation

LONG TERM BLENDED MARKET GROWTH RATE 3-5% p.a.

MEGATRENDS DRIVING SUSTAINABLE GROWTH – ACCELERATED BY COVID-19

	MEGATRENDS	TT'S SOLUTIONS	UN SDG
 <h2>CLEANER</h2>	Climate change and resource scarcity	IMPROVE ENERGY EFFICIENCY <ul style="list-style-type: none">▪ Aircraft electrification▪ Electric and hybrid electric vehicles▪ Smart energy infrastructure	 13 CLIMATE ACTION
 <h2>SMARTER</h2>	Technological breakthrough and digital transformation	ENSURE ACCURACY; DRIVE AUTOMATION <ul style="list-style-type: none">▪ Smart city infrastructure▪ Remote patient monitoring▪ Factory automation and productivity	 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
 <h2>HEALTHIER</h2>	Demographics and social change	IMPROVE PATIENT OUTCOMES <ul style="list-style-type: none">▪ Laboratory analysis▪ Minimally invasive procedures▪ Medical diagnostics	 3 GOOD HEALTH AND WELL-BEING

The image shows two technicians in blue work uniforms and white hard hats working on a large jet engine. They are holding a long, thin component, possibly a sensor or probe, and looking at it intently. The engine's fan blades are visible in the background, creating a sense of scale and industrial setting.

CLEANER:

COMBINING CAPABILITIES ACROSS TT TO DRIVE KEY ACCOUNT GROWTH

Climate change and resource scarcity

- Next generation avionics and satellite power modules
- Moving up the value chain – investing in capabilities in partnership with customer for designed-in solutions
- Cross selling - increased opportunity pipeline for all divisions, and extended to Covina and Torotel
- Working on Aerospace Technology Institute (ATI) funded project developing high power DC/DC power conversion for electrification of military and commercial aerospace
- Contract with renewable energy provider to provide voltage converters in offshore substations
- Working on a complete end to end supply chain solution for a next generation silicon carbon (SiC) inverter, a key component in high performance electric vehicles

SMARTER:



TECHNOLOGICAL BREAKTHROUGH AND THE DIGITAL TRANSFORMATION

Moving up the value chain and leveraging relationships

- Automation products including digital security
- Moving up the value chain – from sensors to assemblies
- Growth from cross-selling between divisions
- Designed-in repeat revenues from customer partnerships for R&D
- New product launch FlexSense™ a revolutionary optical sensory array for industrial and surgical robotics, radiation therapy and lab analysis
- High performance resistors for technology and innovation customers



HEALTHIER:

ACQUISITIONS EXTENDING CAPABILITIES AND DRIVING GROWTH

Demographic and social change

- Extending TT's capabilities through acquisition – differentiated technology with higher margins. Moving up the value chain
- Developing smaller implantable devices for improved patient outcomes
- Benefiting from TT's scale, capabilities and R&D investment
- Investing in surgical navigation and robotics market. Driven by emerging clinical applications that provide physicians with exceptionally accurate catheter placement
- New customer wins e.g. Azenta Life Sciences who needed a manufacturing partner in Asia to mitigate global supply chain risks



BUILDING A SUSTAINABLE BUSINESS



Environmental

Net Zero target by 2035 for Scope 1&2 emissions

- 25% reduction in emissions delivered in 2021
- Targeting a 50% reduction by the end of 2023
- Using renewable energy where possible
- Site specific projects to reduce energy consumption

Scope 3 emissions assessment & actions underway



Social

- Employee engagement – 85% participation rate and maintained 2* ranking by Best Companies survey
- InTTernship, apprentice and graduate schemes
- 23% female representation in Senior team
- Launch of Leadership programme for women including mentoring and advocacy
- ED&I education programme



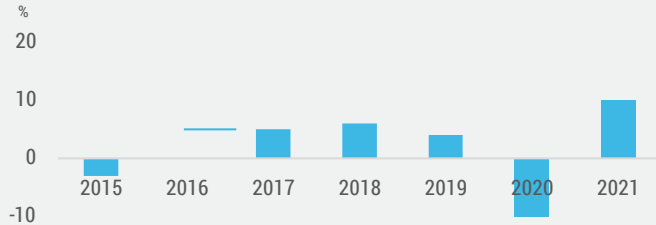
Governance

- 33% female representation on the Board
- ED&I Policy
- Compliance with the TCFD requirements

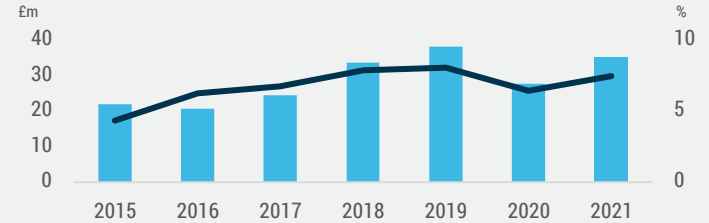
Sustainability drives revenue growth and how we run our business

STRONG TRACK RECORD OF DELIVERY

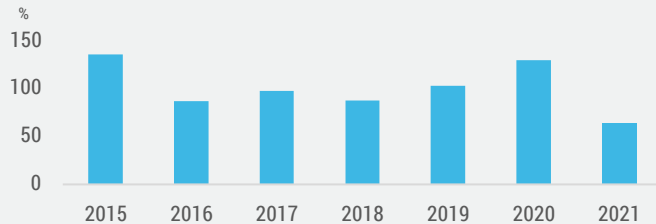
ORGANIC REVENUE GROWTH



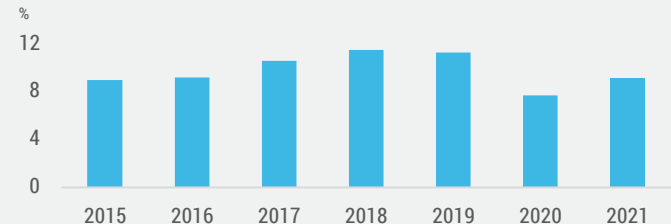
OPERATING PROFIT AND MARGIN



CASH CONVERSION SUPPORTING REINVESTMENT



RETURN ON INVESTED CAPITAL



Progress temporarily impacted by COVID-19 in 2020

Strong 2021 performance - organic revenue growth 10%, run-rate margins 8.1%

TRANSFORMING THE BUSINESS

DOUBLE DIGIT MARGINS THROUGH SELF-HELP, GROWTH & PORTFOLIO CHANGE

- Self-help: £13-14m run rate benefit by 2023 from site closures and overhead reduction
- Growth: Operational leverage on growth – 3–5% p.a. market growth
- Acquisitions of higher margin business such as Torotel and Ferranti with synergy opportunities





DELIVERING VALUE THROUGH M&A

Covina and Torotel acquisitions already delivering

- Integrated ahead of plan
- Torotel enhances our US Power electronics capabilities and strengthens our position in the US defence markets
- Leveraging Torotel's blue-chip aerospace and defence customer relationships across TT's businesses
- Covina integration has created additional rationalisation opportunities with Torotel
- Delivered 10% margin and on track to hit ROIC acquisition hurdles

Ferranti Power & Control

- Adds further technology capability, IP and scale to our Power business
- Valuable long-term customer relationships and positioned on programmes with leading global aerospace and defence customers
- Expected to contribute mid-teens operating margins
- Cost synergies of £0.4m expected by year 3

Demonstrates ability to create value through consolidation of fragmented niche markets

INVESTMENT GUIDED BY A CLEAR CAPITAL ALLOCATION POLICY

Free cash flow priorities

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

Application

- 1 £11.4m investment in R&D; £14.9m capex spend; £5.9m on self-help net of property disposals
- 2 £11.4 paid in year, 19% increase proposed for FY2021 dividend
- 3 Torotel integrated; Ferranti acquired January 2022; total acquisition spend since 2020 >£55m
- 4 Leverage of 1.7x net debt to EBITDA

TARGET LEVERAGE WITHIN RANGE OF 1.0-2.0X EBITDA

TT INVESTMENT CASE: DELIVERING GROWTH AND CREATING VALUE



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

3-5% revenue CAGR



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

10%+ operating margin



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

90%+ cash conversion and strong free cash flow generation




Investment in R&D and M&A improving quality of business and exposure to megatrends

APPENDIX



OUR DIVISIONS



Power and Connectivity	Global Manufacturing Solutions	Sensors and Specialist Components
Revenue: £140.2m Operating profit: £7.8m Operating profit margin: 5.6%	Revenue: £220.1m Operating profit: £18.3m Operating profit margin: 8.3%	Revenue: £115.9m Operating profit: £16.4m Operating profit margin: 14.2%
 Power	 Sensing	 Connectivity
Higher value-add product solutions and sub-assemblies	Higher-level complex electronic assemblies	Components and sub-assemblies
<p style="text-align: center;">Continued technology investment to develop higher-value product offerings and cross-selling to TT customers across healthcare, aerospace, defence, automation and electrification markets</p>		

SUMMARY INCOME STATEMENT

£m	2021	2020
Revenue	476.2	431.8
Adjusted operating profit	34.8	27.5
Net finance cost	(3.3)	(3.7)
Adjusted profit before taxation	31.5	23.8
Adjusting items	(15.5)	(20.9)
Profit before taxation	16.0	2.9
Taxation	(3.2)	(1.6)
Profit after taxation	12.8	1.3

CASH CONVERSION

£m	2021	2020
Adjusted operating profit	34.8	27.5
Depreciation and amortisation	16.1	17.0
Net capital expenditure	(14.9)	(9.9)
Capitalised development expenditure	(1.9)	(3.3)
Working capital	(14.7)	3.6
Other	3.3	0.9
Operating cash flow after capex¹	22.7	35.8
Operating profit	34.8	27.5
<i>Cash conversion</i>	65%	130%

¹ Excludes the net proceeds of the Covina property sale (£5.8 million).

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.

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