



TT ELECTRONICS HALF YEAR RESULTS

2024

CLEAR VISIBILITY TO UNCHANGED FY OUTLOOK

- Revenue up 1% organically excluding unwind of pass-through revenue
- Strong European and Asian growth offset by weakness in components demand impacting North American region
 - £9m of volume related headcount cost savings already actioned
- Adjusted operating margin unchanged at constant currency, but run-rate margin 9.3%
- Order intake up 15% over H1 2023, book to bill 110%
- Material further opportunities identified under Project Dynamo - £17m of potential benefit
 - £4m already actioned
- Board's expectations of 10% operating margin and leverage reduction to lower end of 1-2x target range unchanged

A blurred background image showing a business meeting. Several people in dark suits are gathered around a table covered with financial documents, charts, and graphs. One person in the foreground is holding a white pen over a document. The overall scene is dimly lit and out of focus, emphasizing the text overlay.

FINANCIAL REVIEW

MARK HOAD, CFO

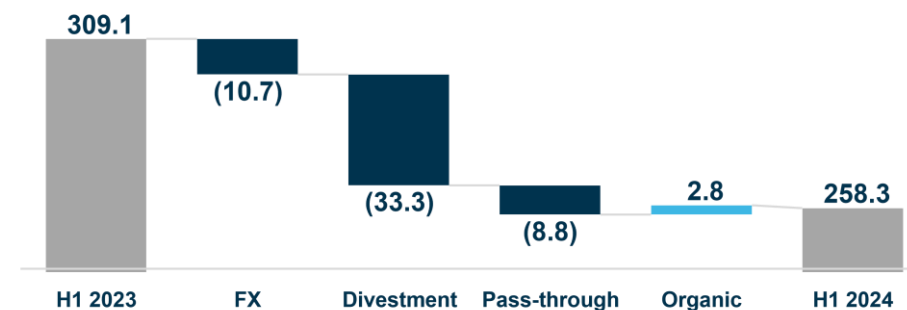
GROUP FINANCIAL PERFORMANCE

£m (except where stated)	HY 2024	HY 2023	Change	Change constant fx
Revenue	274.4	309.1	(11)%	(8)%
<i>Excl divestment</i>	258.3	275.6	(6)%	(3)%
Operating profit*	22.2	25.6	(13)%	(8)%
<i>Excl divestment*</i>	22.4	25.0	(11)%	(5)%
Operating profit margin*	8.1%	8.3%	(20)bps	-bps
<i>Excl divestment*</i>	8.7%	9.1%	(40)bps	(20)bps
Profit before tax*	17.0	20.7	(18)%	(12)%
EPS* (pence)	7.2p	8.8p	(18)%	(12)%

* Adjusted, before exceptional items

- 1% organic revenue increase excluding pass-through
- Operating profit down 8% on constant currency basis, 5% ex Albert divestment
- Adjusted operating margin of 8.1%, 8.7% ex Project Albert
- EPS down 12% due to operating profit reduction and increased interest expense

Organic Revenue (£m)



GROUP FINANCIAL PERFORMANCE

£m (except where stated)	HY 2024	HY 2023	Change
Free cash flow	(7.8)	6.9	
Net debt/EBITDA [†]	1.9x	1.7x [^]	
ROIC (%)	11.8%	12.0% [^]	(20)bps
<i>Excl divestment</i>	13.2%	13.6%	(40)bps
Dividend (pence)	2.25p	2.15p	5%

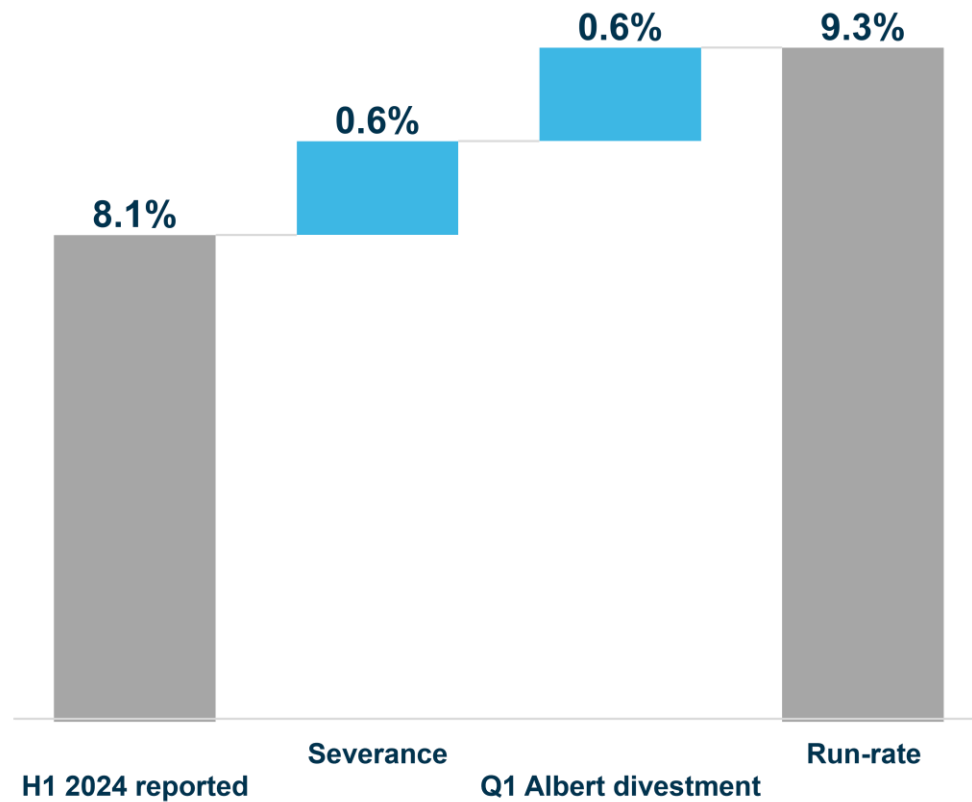
- Cash generation reflecting H1 seasonality and mix impact – growth in businesses with longer customer payment terms
- ROIC reflects lower H1 EBIT weighting, ROIC excluding divestment 13.2%
- Interim dividend increased 5%

[†] Net debt/adjusted EBITDA calculated as per bank covenant - pre-IFRS 16, proforma for acquisitions

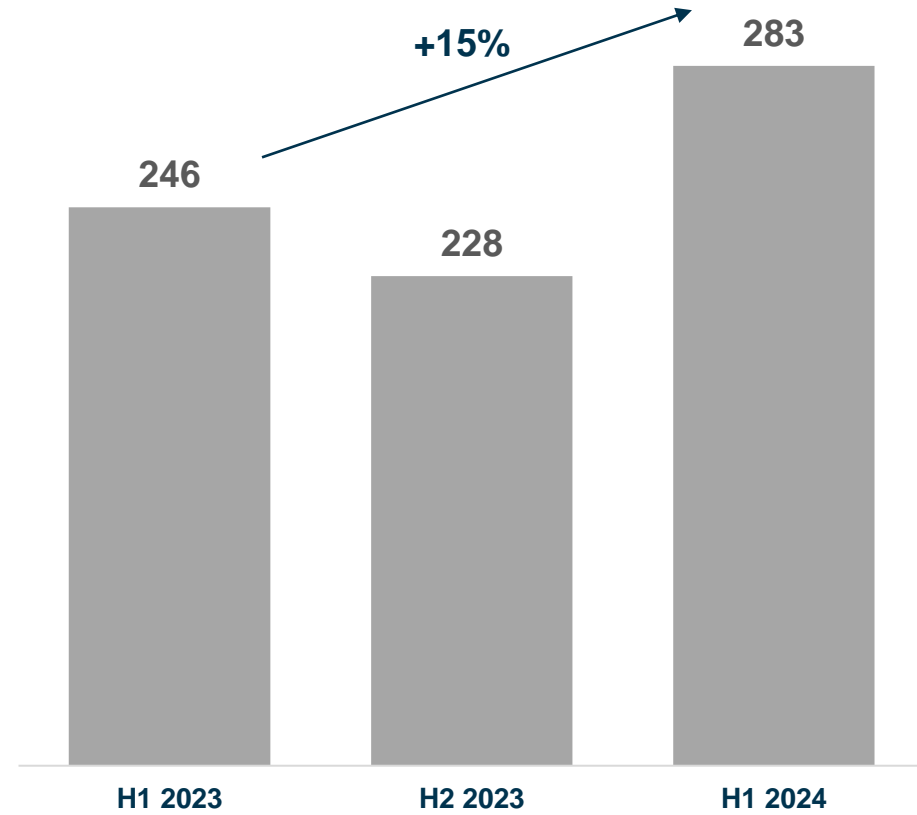
[^] FY 2023

H1 DYNAMICS POSITION GROUP WELL

Adjusted operating profit margin (%)



Order intake (£m)*



* Constant currency, excluding Project Albert



END MARKET REVENUE

£m (except where stated)	HY 2024	HY 2023	Change	Change constant fx
Healthcare	59.5	76.3	(22)%	(17)%
Aerospace & Defence	66.3	48.3	37%	40%
Automation and Electrification	88.4	88.3	0%	4%
Distribution	44.1	62.7	(30)%	(28)%

- Healthcare revenue decline includes 8% impact of pass-through revenue unwind
- Strong A&D revenue growth
- Distribution revenue reduction reflecting on-going destocking challenge in components business

NB: numbers exclude revenues associated with Project Albert divestment



EUROPE – STRONG IMPROVEMENT

	HY 2024	HY 2023	Change	Change constant fx
Revenue (£m)	77.1	81.5	(5)%	(5)%
<i>Revenue ex divestment</i>	65.3	56.0	17%	17%
Adjusted operating profit (£m)	7.5	4.3	74%	74%
<i>Adjusted OP ex divestment</i>	8.0	4.6	74%	74%
Adjusted operating margin (%)	9.7	5.3	440bps	440bps
<i>Adjusted op margin (%) ex divestment</i>	12.3	8.2	410bps	410bps

- HY revenue up 17% organic
- Adjusted operating profit up 74% and margins up 440 basis points
- Much improved performance driven by operational leverage on growth and good efficiency improvements
- Excellent order cover - confidence in further growth in H2 2024 supporting further margin improvement



NORTH AMERICA – IMPROVING ORDER DYNAMICS

	HY 2024	HY 2023	Change	Change constant fx
Revenue (£m)	95.5	115.4	(17)%	(14)%
Adjusted operating profit (£m)	4.8	13.1	(63)%	(62)%
Adjusted operating margin (%)	5.0	11.4	(640)bps	(620)bps

- Revenue decline in components business where order hiatus from distributors has persisted due to de-stocking
- Margin impacted by loss of high margin components business and associated factory inefficiencies; severance costs
- Swift cost action taken – c. 400 FTEs, £9m annualised benefit
- Sequential order intake improvement, giving confidence in H2 revenue improvement
- Second half recovery driven by headcount savings and increased revenue

NB: No Project Albert impact here



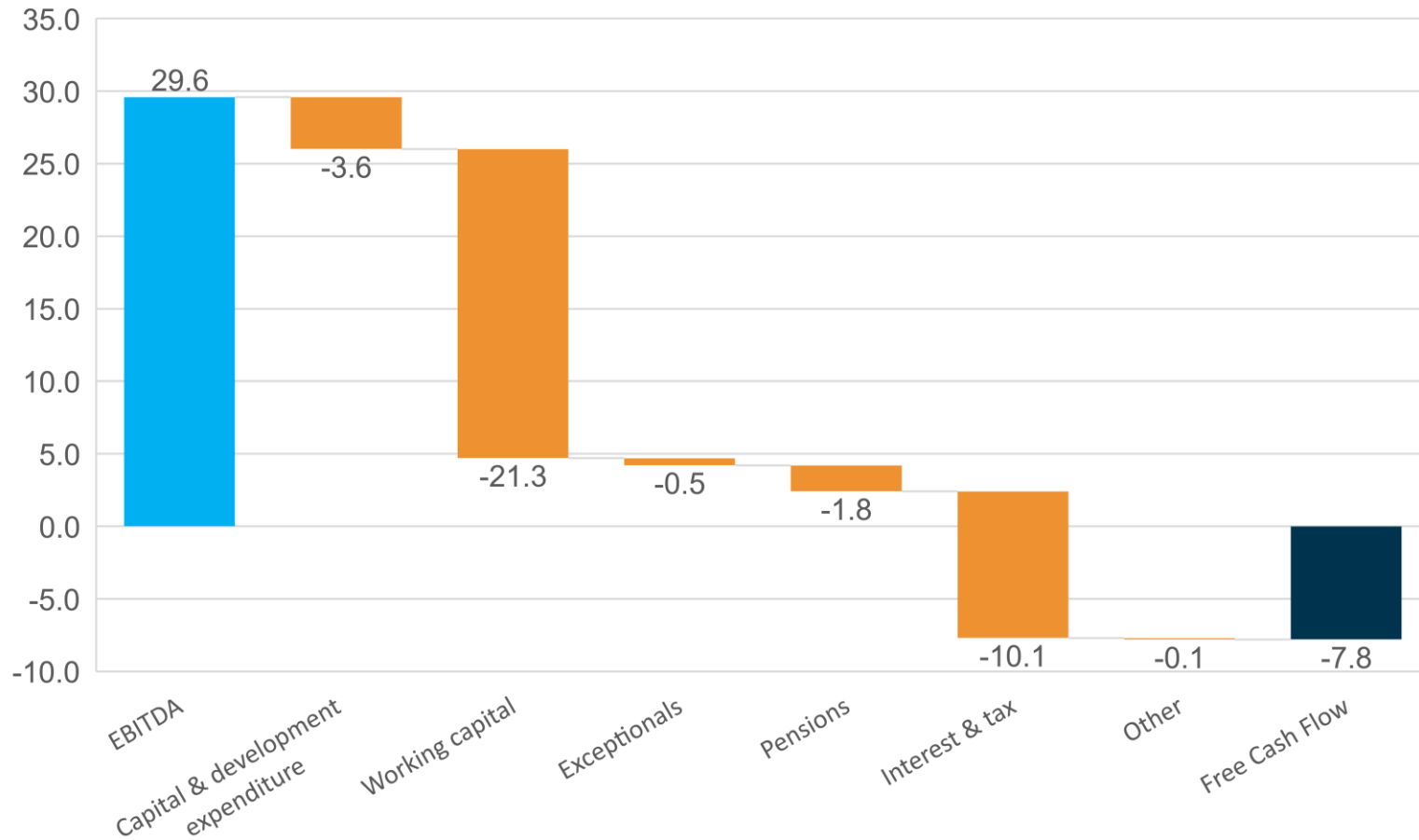


ASIA – STRONG PERFORMANCE

	HY 2024	HY 2023	Change	Change constant fx
Revenue (£m)	101.8	112.2	(9)%	(3)%
<i>Revenue ex divestment</i>	97.5	104.2	(6)%	0%
Adjusted operating profit (£m)	14.0	12.1	16%	26%
<i>Adjusted OP ex divestment</i>	13.7	11.2	22%	33%
Adjusted operating margin (%)	13.8	10.8	300bps	330bps
<i>Adjusted op margin (%) ex divestment</i>	14.0	10.8	320bps	350bps

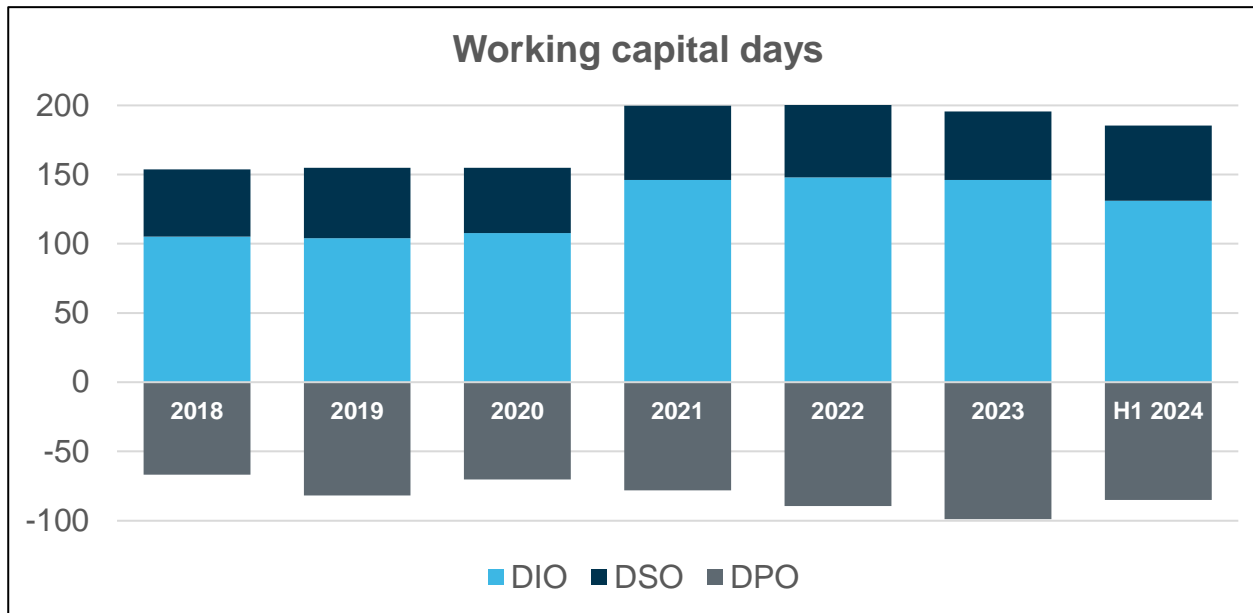
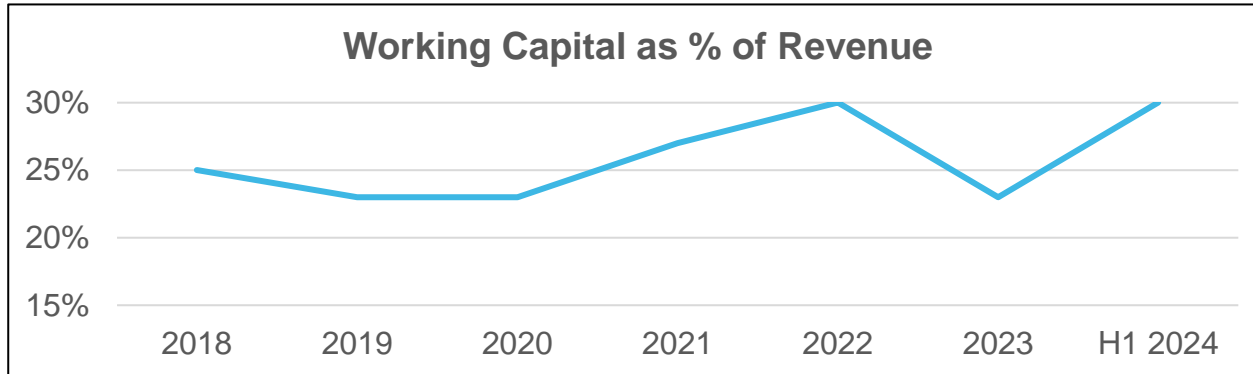
- Revenue down 3% at constant currency, flat ex divestment but 10% up excluding £9 million unwind of pass through revenues
- Adjusted operating profit growth driven by operational leverage on volume growth
- Excellent margin performance in part supported by H1 unwind of pass-through revenue
- Fully booked for balance of 2024

H1 LEVERAGE INCREASE EXPECTED TO UNWIND IN H2



- Cash performance in H1 impacted by £21m working capital outflow (see next slide)
- Minimal cash exceptional items and no UK pension contributions
- £1.8m US pension buy-out in H1
- Net debt excluding leases £110.3m
- Leverage 1.9x – visibility to reduction to lower end of the 1-2x range in H2

WORKING CAPITAL EVOLUTION



- Working capital as a % of revenue increased as lead times extended and as committed order book grew
- H1 2024 impacted by several factors:
 - H1 seasonality causing £6m outflow
 - Growth in business with longer payment terms & timing of payments
- H2 improvement from:
 - Inventory special measures expected to drive £15m improvement in H2
 - Reversal of seasonal factors

An aerial photograph of a vast solar farm, showing numerous rows of solar panels laid out in a grid pattern across a large area. The panels are dark and reflect the light, creating a rhythmic pattern of lines. In the background, there are some trees and a few buildings, suggesting a rural or semi-rural setting. The overall image has a blue tint, giving it a professional and clean appearance.

PETER FRANCE, CEO

STRATEGIC FOCUS



Focusing on efficiency to boost productivity and reduce costs



Enhancing collaboration and commercial focus, facilitated by moving to a function-led regional structure



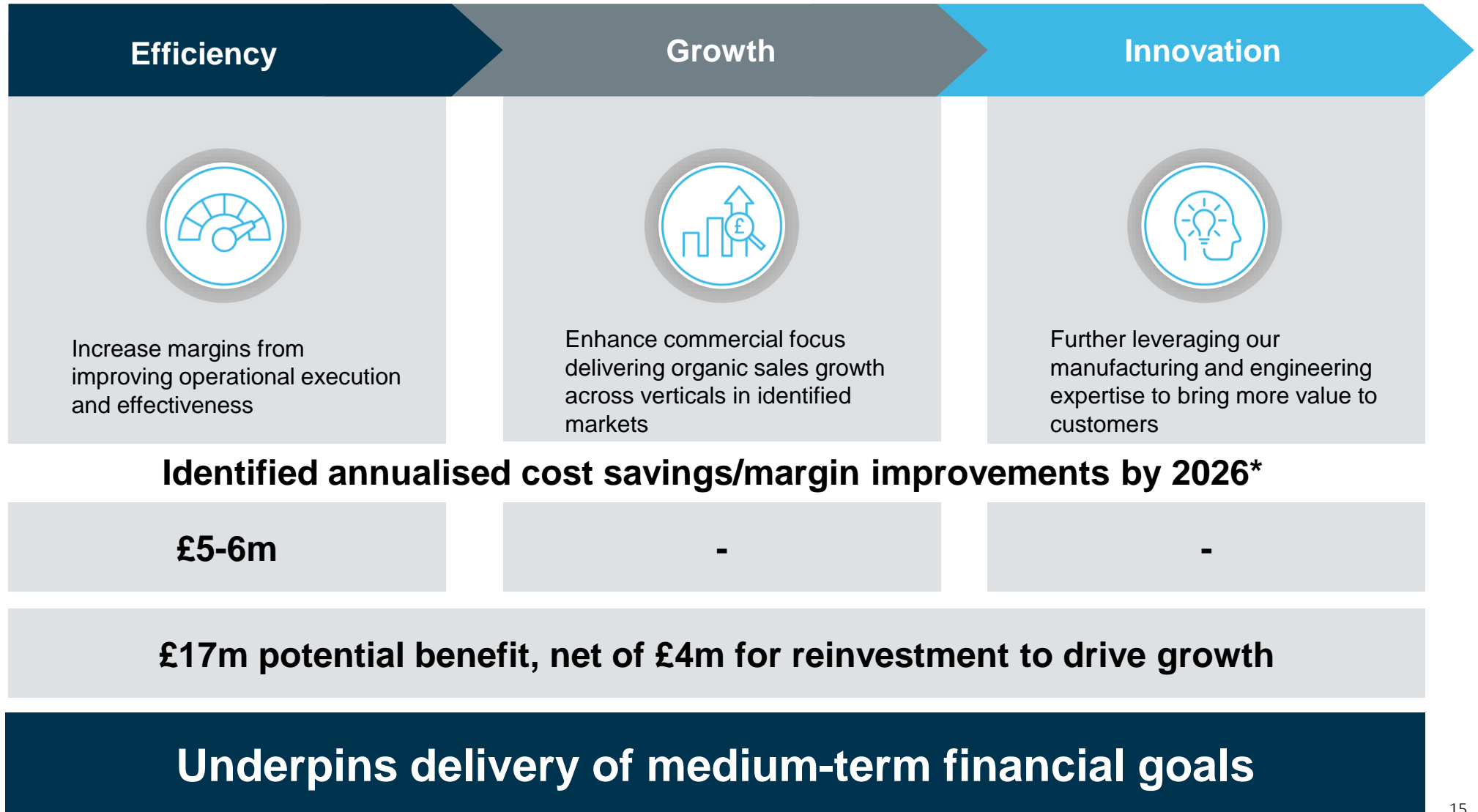
Promoting innovation, design, engineering and manufacturing expertise



Developing our people, products and market positioning to propel sustainable growth

Unlocking value
through
**disciplined
execution**

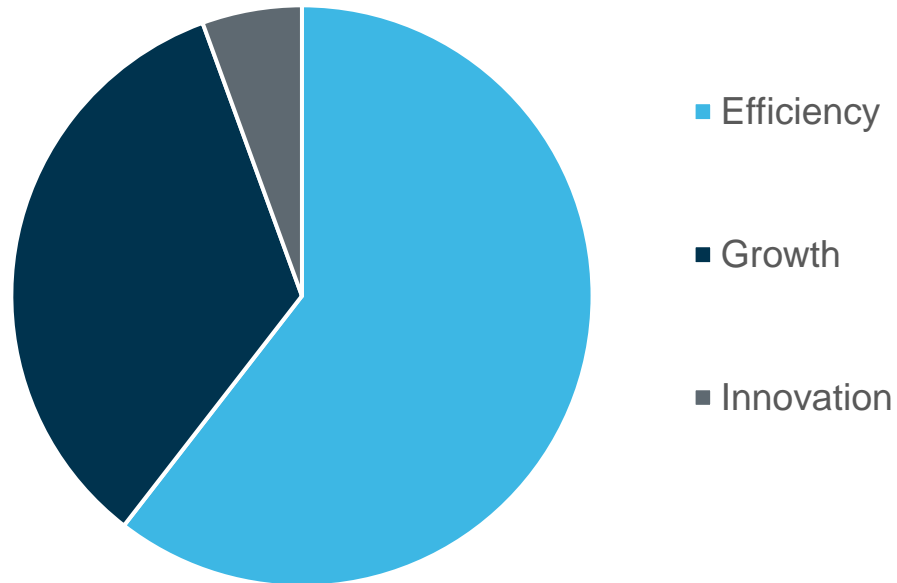
SIGNIFICANTLY INCREASED OPPORTUNITY POTENTIAL TO UNLOCK VALUE



*Against 2023 baseline

INCREASED STRUCTURAL IMPROVEMENTS

% split of savings

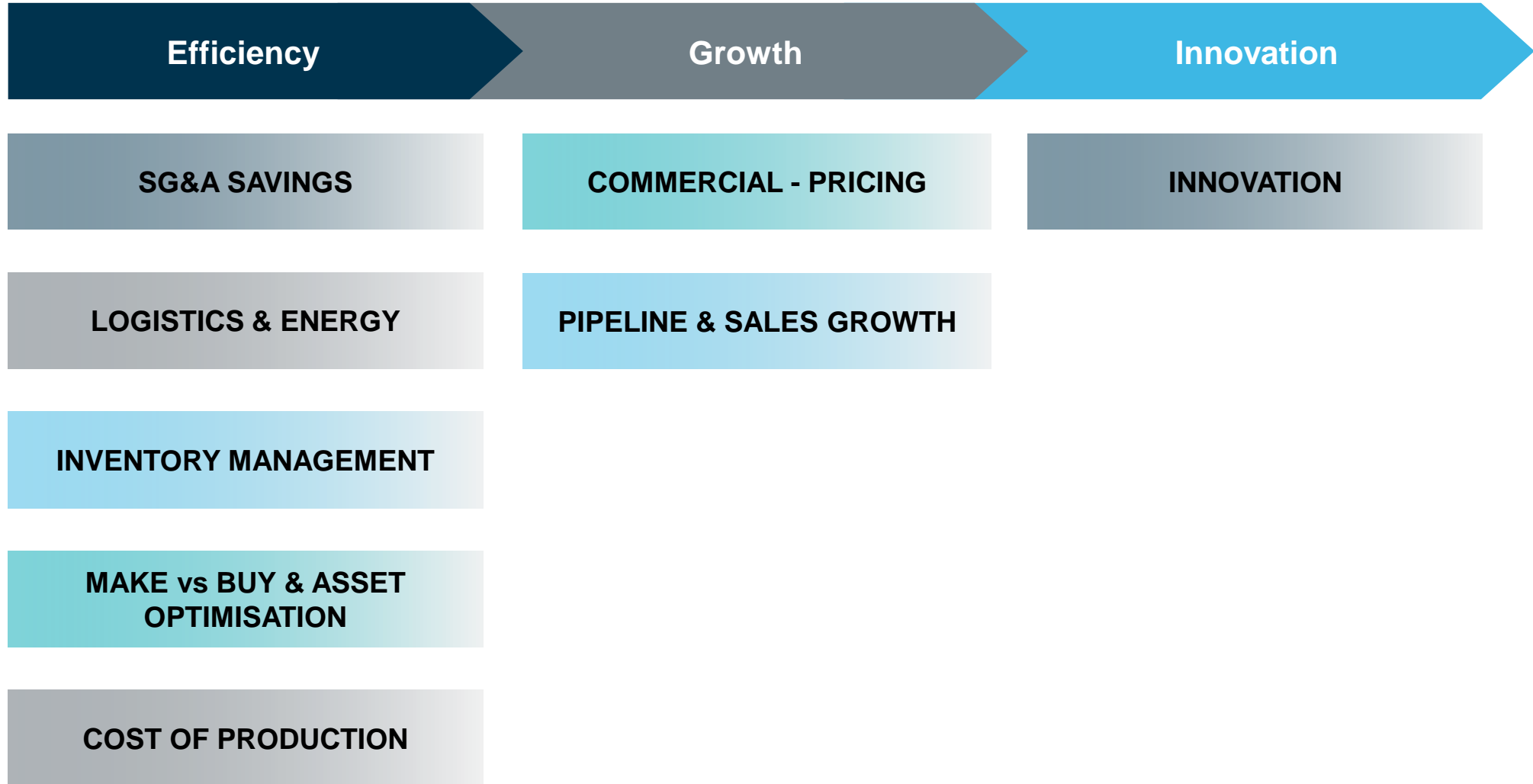


£17m net opportunity

- £6m of SG&A savings
- £8m of additional efficiency projects scoped
- £7m of growth and innovation benefits
- £(4)m reinvestment to support delivery and growth

- £17 million run-rate opportunity potential identified net of £4 million p.a. to be reinvested to drive growth and underpin FY26 margin ambition - £4 million already actioned
- Inventory measures support £15 million H2 2024 working capital improvement and a further £15 million cash benefit by 2026

PROJECT DYNAMO NEAR-TERM FOCUS



SG&A AND LOGISTICS/ENERGY



ISSUE : Duplication of overhead through divisional structure

ISSUE : Elevated UK energy costs and inefficient use of logistics providers

SG&A savings £6m

Logistics & Energy

As shared at CME:

- Travel savings
- Headcount savings
- Pension & other discretionary

Logistics:

- Consolidation of multiple providers to shortlist of preferred providers by region
- Implementation of rules for freight mode

Energy:

- Enhanced procedures for demand forecasting and centralised buying of requirements

INVENTORY MANAGEMENT UNDERPINNING CASHFLOW



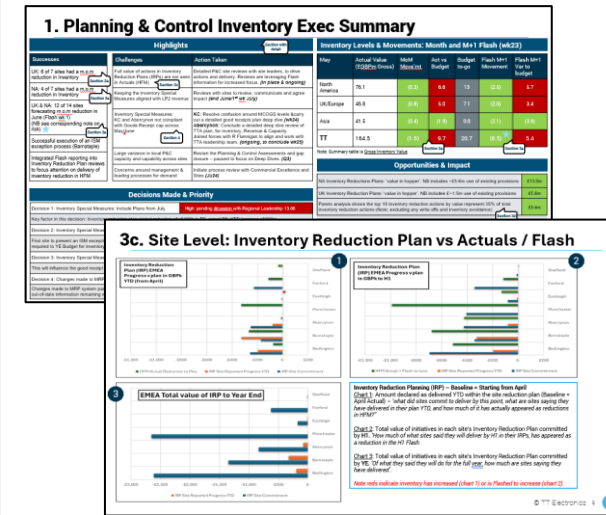
ISSUE : Increased inventory levels caused by order book growth, supply chain issues and production planning processes

ACTIONS

- Short term mitigation actions to drive inventory reduction:
- 7 sites in special measures with spending caps & elevation of delegated authorities for any stock build
- Site by site inventory reduction plans with high frequency reviews

Process improvement actions implemented:

- Review of key parameters – processing times, safety stock, Minimum Order Quantities
- Focus on factory planning capabilities – capacity modelling, lead time setting
- Focus on order management practices – order book maintenance, change processes, exception messages



£15m supporting H2 2024 working capital improvement and a further £15m incremental cash benefit by 2026



MAKE VS BUY AND COST OF PRODUCTION



ISSUE : Value leakage through outsourcing

ISSUE : Current processes leading to higher production costs in 4 manufacturing sites

Make vs Buy

ACTIONS

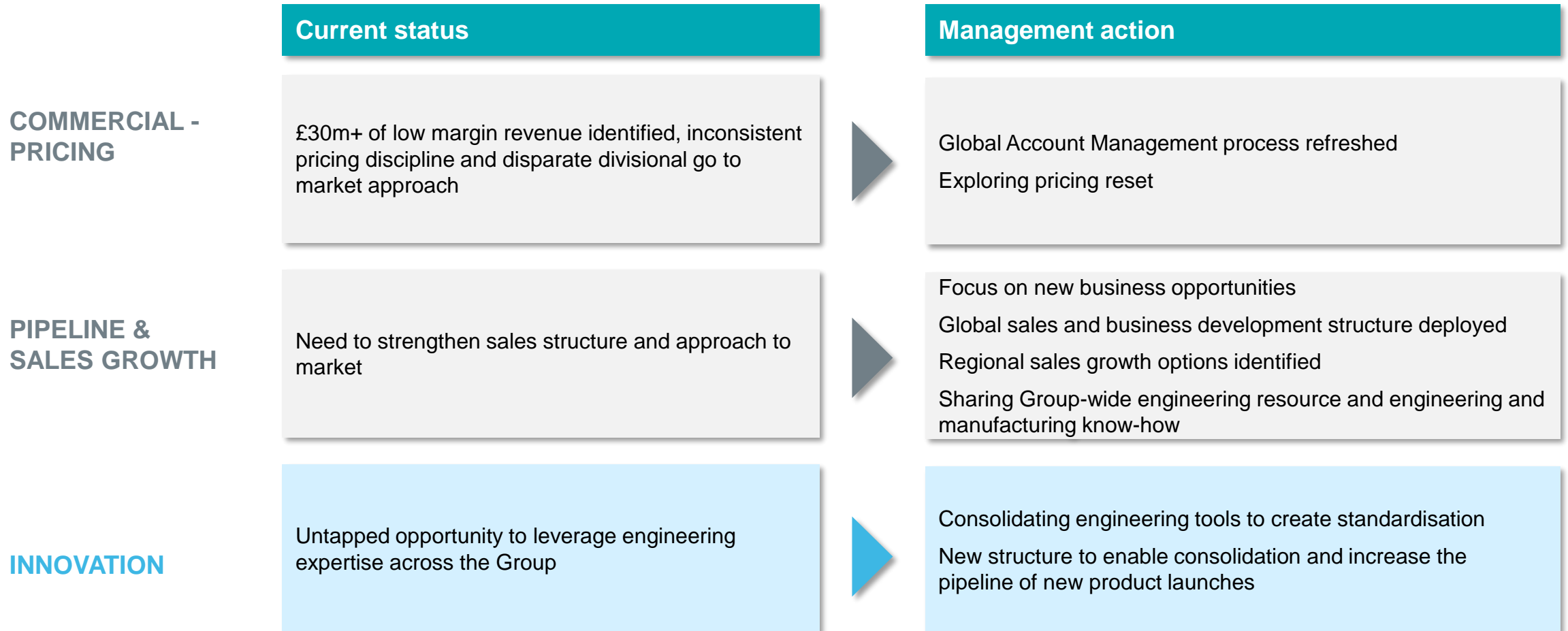
- Creating Centres of Excellence for connectors, machining, PCBAs, testing capability
- Implementing process best practice
- £30m+ of spend identified with potential to make in-house
 - Initially targeting to insource around a third of this revenue

Cost of Production

ACTIONS

- Teams formed to focus on delivering improvements – leveraging the functional organisation
- Focus on rework root cause diagnostics, process yield and throughput improvements
- Investment in capex to improve machine reliability

GROWTH AND INNOVATION ACTIONS



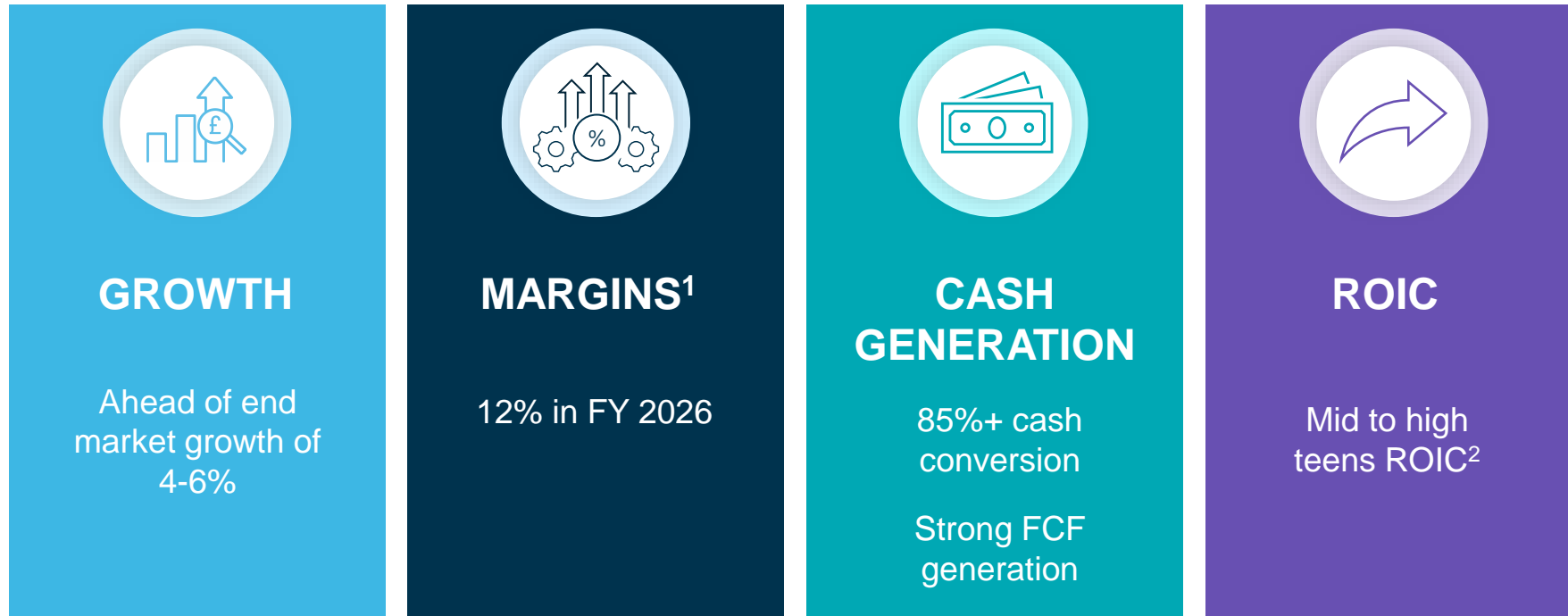


OUTLOOK

- Completion of Albert divestment, continued focus on execution, cost savings already actioned and strong order book underpin second half delivery
- The Board's expectations remain unchanged and the business remains on track to deliver 10% adjusted operating margin for the year
- FY24 leverage – visibility to reduction to lower end of 1-2x target range

OUR MEDIUM-TERM FINANCIAL GOALS

Committed to deliver exceptional value for shareholders



Project Dynamo actions making TT stronger for the future

1. Adjusted operating margin
2. Pre-tax return on invested capital

Q&A

FINANCIAL GUIDANCE FOR 2024

Revenue

- Divestment £16m in FY 24, £68m in HY23
- FX headwind -2%
- Reduction in pass-through -2%
- Organic growth ex pass-through +3-4%

Adjusting operating margin

- FX headwind -3%
- On track for 10% in 2024

Interest

- £1m increase from full year impact of higher base rates and maturity of interest rate swaps
- £0.5m benefit from lower net debt

Tax

- Effective rate for year c.25%
- Cash payments c.90-100% of adjusted P&L charge

Capital and development expenditure

- Capex and devex circa £15-18m

Working capital

- Modest working capital outflow

Adjusting items cash spend

- £1-2m on pensions & M&A activities

Pension

- US buy-out £1.8m cash cost

Foreign exchange

- Current rates £1=USD \$1.27=RMB 9.1
- USD 1 cent = c.£300k operating profit impact
- RMB 0.1 = c.£300k operating profit impact



POWER & CONNECTIVITY

	HY 2024	HY 2023	Change	Change constant fx
Revenue (£m)	83.8	79.9	5%	7%
Adjusted operating profit (£m)	7.2	5.9	22%	26%
Adjusted operating margin (%)	8.6	7.4	120bps	130bps



GLOBAL MANUFACTURING SOLUTIONS

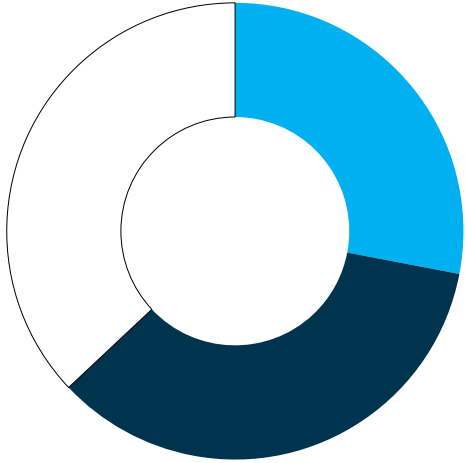
	HY 2024	HY 2023	Change	Change constant fx
Revenue (£m)	138.7	153.8	(10)%	(5)%
Adjusted operating profit (£m)	16.1	13.8	17%	27%
Adjusted operating margin (%)	11.6	9.0	260bps	290bps



SENSORS & SPECIALIST COMPONENTS

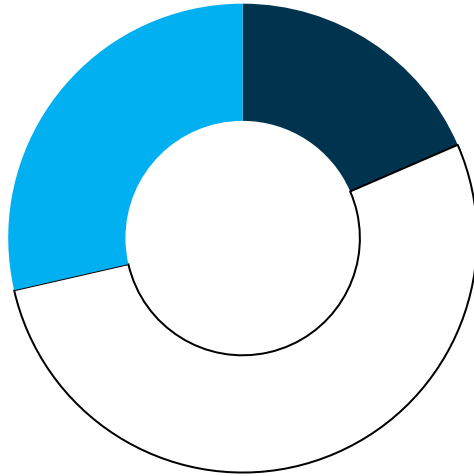
	HY 2024	HY 2023	Change	Change constant fx
Revenue (£m)	51.9	75.4	(31)%	(29)%
Adjusted operating profit (£m)	3.0	9.8	(69)%	(68)%
Adjusted operating margin (%)	5.8	13.0	(720)bps	(710)bps

THE TT ELECTRONICS BUSINESS



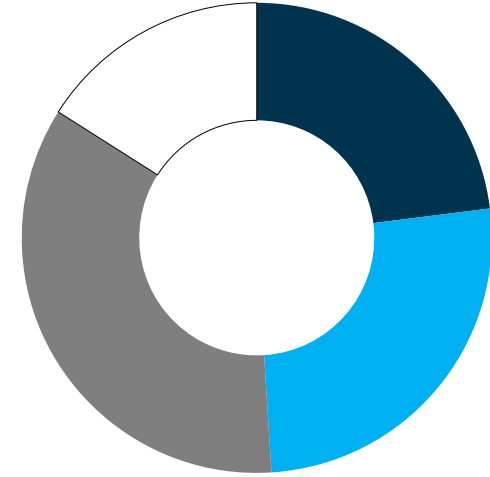
Revenue (HY 24)

- Europe 28%
- North America 35%
- Asia 37%



Underlying operating profit (HY 24)

- Europe 34%
- North America 22%
- Asia 63%
- Central costs (18)%



Revenue by end market (HY 24)

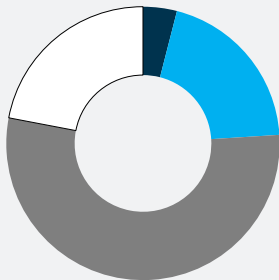
- Healthcare 23%
- Aerospace & Defence 26%
- Automation & Electrification 35%
- Distribution sales channel 16%

REVENUE BY MARKET AND GEOGRAPHY

Europe

Revenue by market (%)

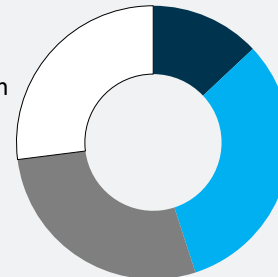
- Healthcare 4%
- Automation & Electrification 20%
- Aerospace & Defence 54%
- Distribution sales channel 22%



North America

Revenue by market (%)

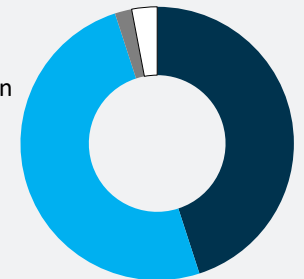
- Healthcare 13%
- Automation & Electrification 32%
- Aerospace & Defence 28%
- Distribution sales channel 27%



Asia

Revenue by market (%)

- Healthcare 45%
- Automation & Electrification 50%
- Aerospace & Defence 2%
- Distribution sales channel 3%



SUMMARY INCOME STATEMENT

£m	H1 2024	H1 2023
Revenue	274.4	309.1
Adjusted operating profit	22.2	25.6
Net finance cost	(5.2)	(4.9)
Adjusted profit before taxation	17.0	20.7
Adjusting items	(7.1)	(4.7)
Profit before taxation	9.9	16.0
Taxation	(3.9)	(4.1)
Profit after taxation	6.0	11.9

SUMMARY OF REVENUE AND OPERATING PROFIT BY REGION IMPACT OF FX

	Europe	North America	Asia	Corporate	Group
Revenue (£m)					
2024	77.1	95.5	101.8	-	274.4
2023 at 2024 rates	81.5	111.6	105.3	-	298.4
FX impact	-	(3.8)	(6.9)	-	(10.7)
2023 as published	81.5	115.4	112.2	-	309.1
Operating Profit (£m)					
2024	7.5	4.8	14.0	(4.1)	22.2
2023 at 2024 rates	4.3	12.5	11.1	(3.8)	24.1
FX impact	-	(0.6)	(1.0)	0.1	(1.5)
2023 as published	4.3	13.1	12.1	(3.9)	25.6

INCOME STATEMENT – ADJUSTING ITEMS

£m	H1 2024	H1 2023
Operating profit	15.1	20.9
Adjusted to exclude:		
Restructuring and other items		
Restructuring	-	(0.3)
Pension related costs	(0.8)	(0.9)
	(0.8)	(1.2)
Acquisition related costs		
Amortisation of intangible assets arising on business combinations	(1.4)	(2.7)
Ferranti acquisition and integration costs	-	(0.4)
Torotel acquisition and integration costs	-	(0.4)
Project Albert costs	(4.9)	-
	(6.3)	(3.5)
Total operating reconciling items	(7.1)	(4.7)
Adjusted operating profit	22.2	25.6

CASH CONVERSION

£m	H1 2024	H1 2023
Adjusted operating profit	22.2	25.6
Depreciation and amortisation	7.4	8.6
Net capital expenditure	(3.1)	(9.3)
Capitalised development expenditure	(0.5)	(0.9)
Working capital	(21.3)	(6.9)
Other	1.9	1.9
Operating cash flow after capex	6.6	19.0
Operating profit	22.2	25.6
<i>Cash conversion</i>	30%	74%

MOVEMENT IN NET DEBT

£m	H1 2024	H1 2023
Operating cash flow after capex	6.6	19.0
Net interest and tax	(10.1)	(8.8)
Pensions (US scheme)	(1.8)	-
Lease liability repayments	(2.0)	(2.3)
Restructuring and acquisition related costs	(0.5)	(1.0)
Free cash flow	(7.8)	6.9
Dividends	(8.2)	(7.5)
Lease payments	2.0	2.3
Acquisitions and disposals	19.5	-
Equity issued	0.4	0.1
Other	(7.3)	-
Increase in net debt	(1.4)	1.8
Opening net debt including held for sale	(126.2)	(138.4)
Disposed of leases	2.6	-
New leases	(1.2)	(0.5)
FX and other non cash items	(0.8)	(1.7)
Closing net debt	(127.0)	(138.8)

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.