Preliminary results for the financial year ended 31 March 2013

28 May 2013

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Introduction

Mike McTighe, Chairman

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Rebuilding Value

1	Stringent cost control
2	Improving operational efficiency across the organisation
3	Strengthen senior sales leadership & improve effectiveness of sales team
4	Acceleration of move to higher margin business

Overview & Highlights

Ray Walsh, CEO

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Review of the Year

$m	FY2013	FY2012
Revenue	473.2	517.8
Normalised Gross Margin(i) %	18.0%	19.8%
Normalised Operating Profit(i)	12.3	32.0

(i) Before non-recurring items and share-based payments charge

- Tough year with revenue down 8.6% and gross margin down 1.8%
- Normalised gross margin > 20% in all three non-Consumer sectors
- Increased sales with largest customer offset by deterioration in trade with most other customers impacted by the challenging macroeconomic environment
- Normalised gross margin impacted by manufacturing ramp up costs in H1 and operational issues
- Decisive action taken to improve financial and operational performance

Stringent cost control

- Group-wide restructuring initiative proceeding to plan
- Cost reduction program aligned our cost base with revenue – significant reduction in opex achieved
- Cost of the program in FY2013 was $7.2m with a cash cost of $5.7m
- Estimated annual savings from the program are approximately $17.5m

Improving operational efficiency across the organisation

- Significant improvement in production efficiency in second half of year
- Scrap rates fell to 2.1% by year end from 3.6% at half year
- Labour efficiencies have helped offset minimum wage inflationary pressure
- $12.8m investment in our Shenzhen manufacturing plant and $6.0m investment in our Batam plant

Strengthen senior sales leadership & improve effectiveness of sales team

- Roger Wendelken appointed Senior Vice President of Sales and Marketing in January 2013
- Delivered significant improvements to the sales function:
  - Transition towards a key account structure
  - Strengthened sales force with further hires
  - Introduced new sales forecasting processes better aligned with finance function
  - Enhanced integration of our sales team and engineering team to create our New Business Development ('NBD') function
  - The NBD department tasked with rolling out High Speed Cables including newly acquired Active Optical Cable ('AOC') technology platform

Acceleration of move to higher margin business

- Acquisition of Applied Micro AOC technology platform in December 2012 for $1.8 million
- Improves our product offerring for high speed data applications in data centres and telecoms
- Samples of first Volex product (QSFP+ / AOC cables) will be ready June 2013, with current customer demand strong
- Market opportunity:
  - Addressable market for AOC QSFP+ alone >$100m (FY2014) rising to >$300m (FY2017)

Financial Review

Daniel Abrams, CFO

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Financial Highlights

$m	FY2013	FY2012
Revenue	473.2	517.8
Normalised Gross Margin %	18.0%	19.8%
Normalised Operating Profit	12.3	32.0
Profit before tax	1.9	19.2
Normalised Diluted EPS	11.2c	42.4c
Free Cash flow	(20.7)	18.3
Net debt	(19.5)	3.6

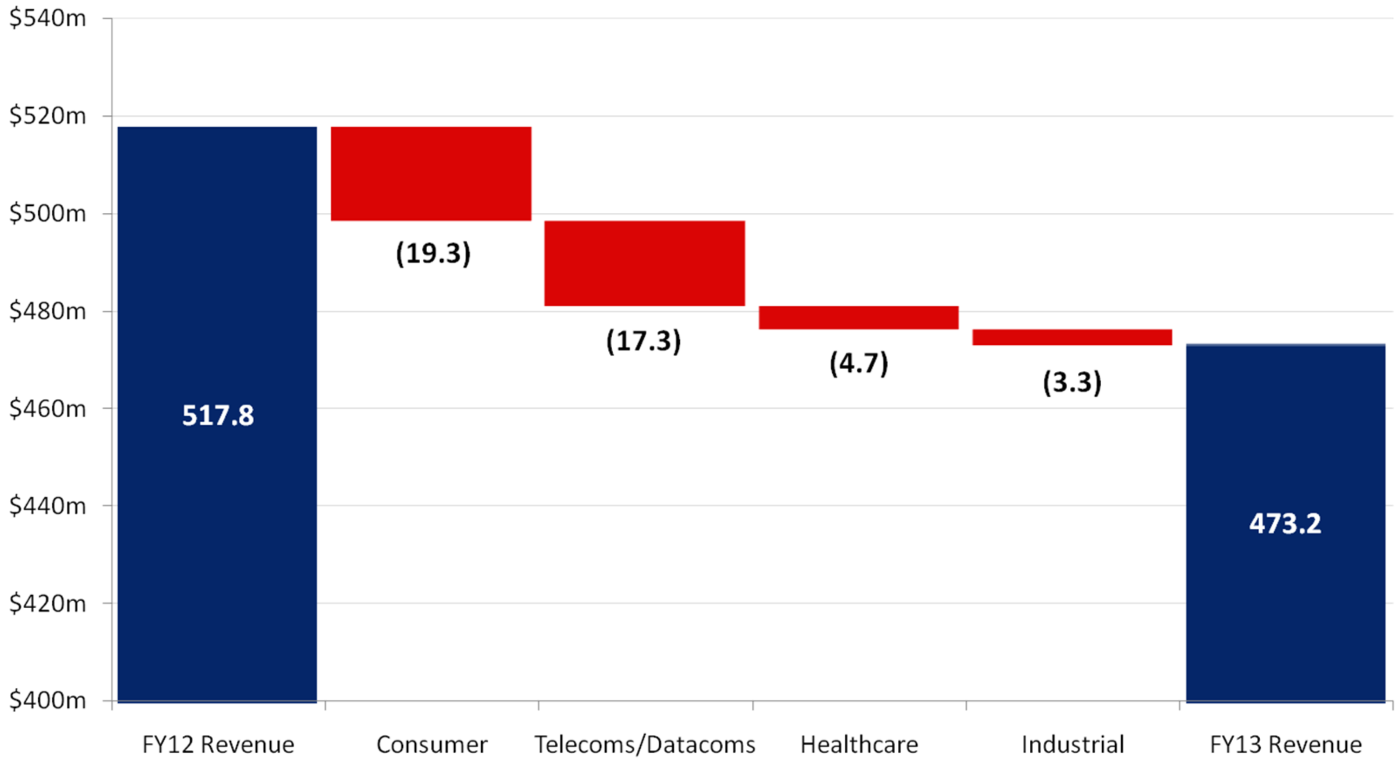
Income Statement

$m	FY2013	FY2012
Revenue	473.2	517.8
Normalised Gross Profit(i)	85.3	102.5
Normalised Gross Margin(i)	*18.0%*	*19.8%*
Normalised Operating Profit(i)	**12.3**	**32.0**
Non-recurring items	(7.9)	(5.0)
Share based payments	(0.2)	(4.0)
Operating Profit	**4.2**	**23.0**
Net finance costs	(2.3)	(3.8)
Profit on ordinary activities before taxation	**1.9**	**19.2**
Taxation	(2.8)	(2.0)
Profit for the period	**(0.9)**	**17.2**
Basic earning per share (cents)	(1.6)	30.4
Normalised(i) diluted earnings per share (cents)	11.2	42.4

(i) Normalised measures are before non-recurring items and share-based payments expense

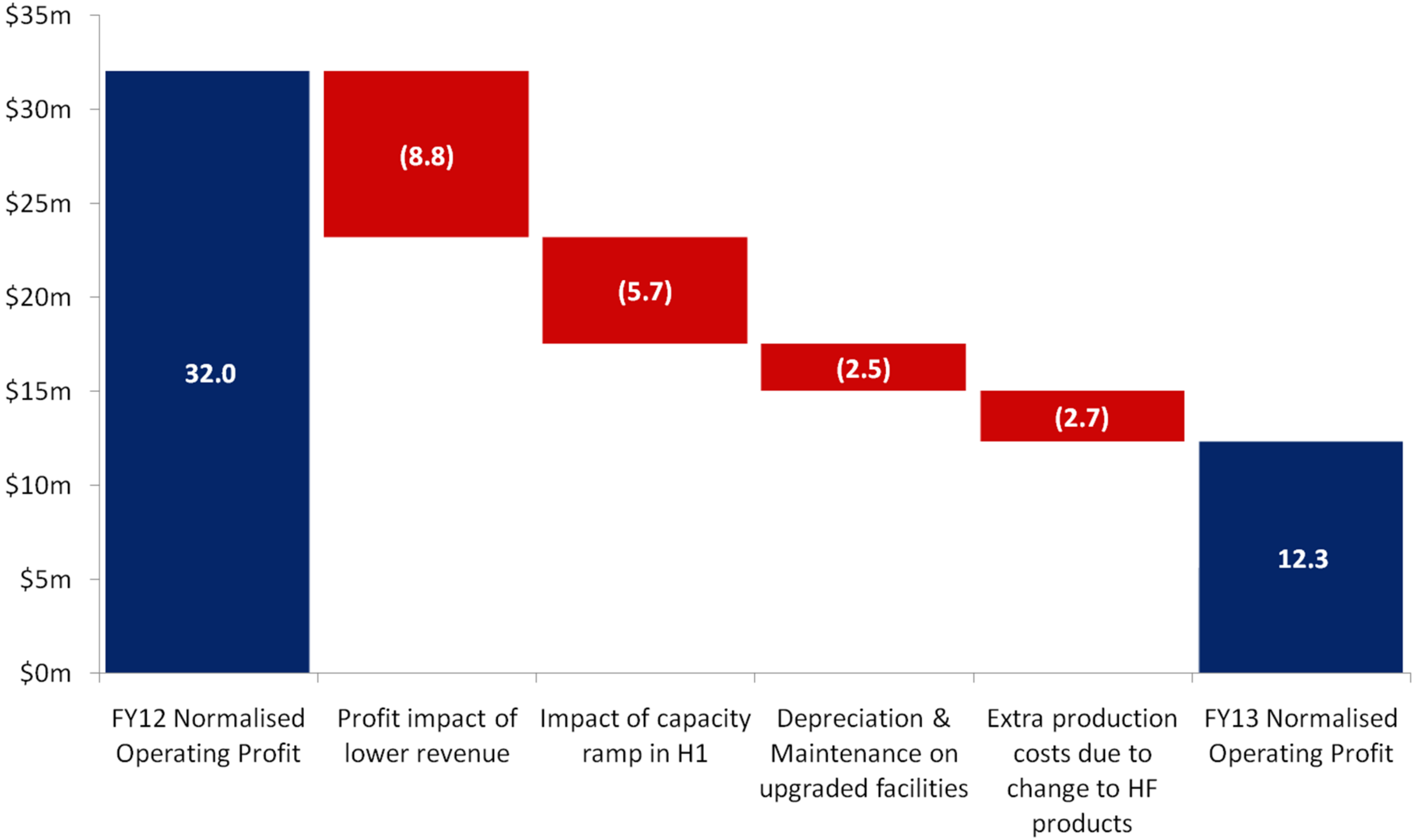
- Normalised tax rate of 36% (reported 146%)
- Adjusting for prior period adjustments the normalised tax rate would be 31%

Revenue Bridge



- Revenue with our largest customer increased during the year by 35%
- During Q1 a further $53.2m of revenue was anticipated for FY2013 which did not materialise
- During H2 Volex experienced softening demand for our products due to customer project delays and generally weaker macroeconomic conditions

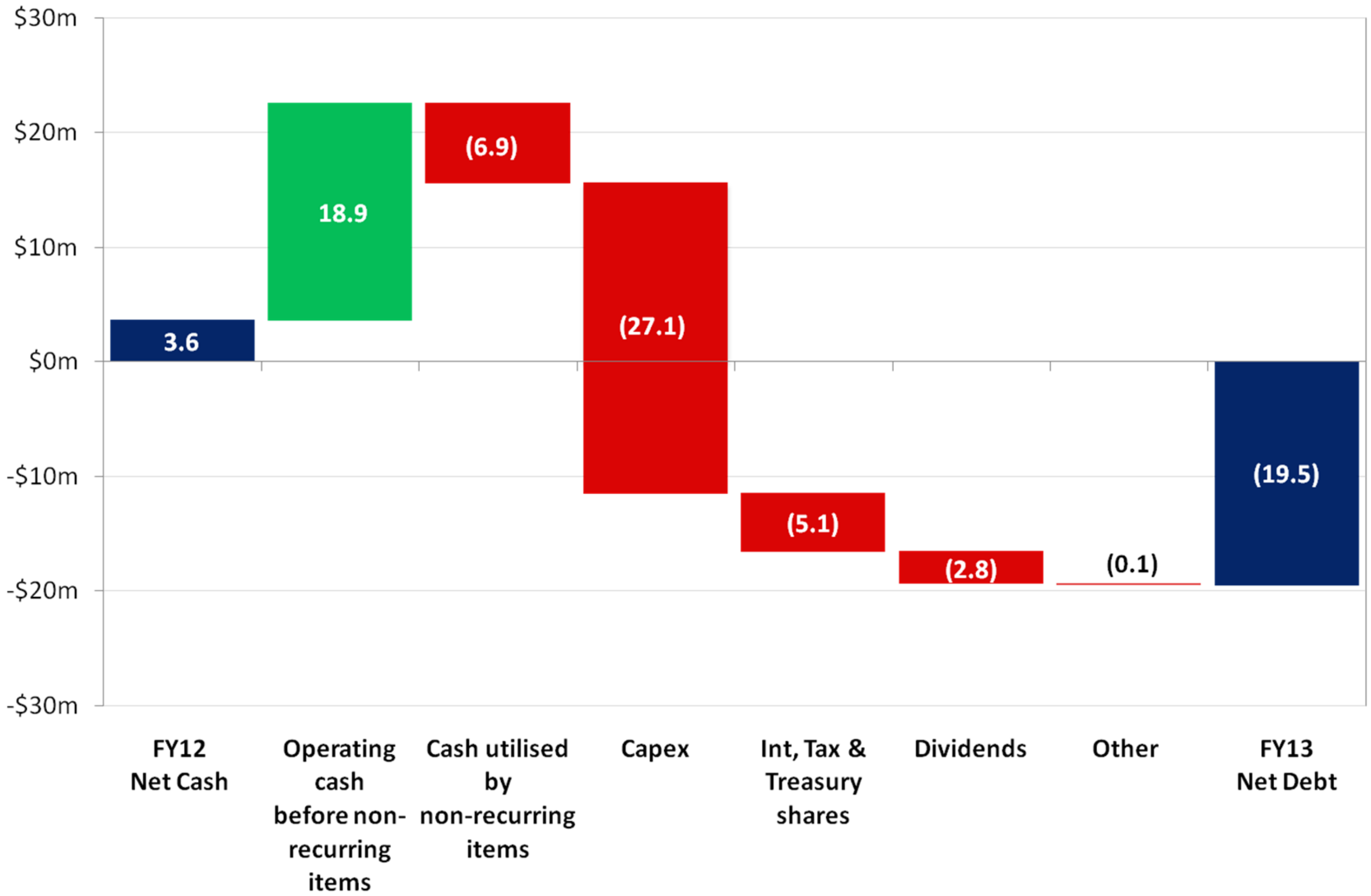
Normalised Operating Profit Bridge



Restructuring Programme

- Group-wide staffing levels reduced from H1 peak of 9,750 to 7,300 by y/e
- $7.2 million restructuring charge with a cash cost of $5.7m
- From the peak cost position in H1 FY2013, annualised cost savings of approximately $17.5m
- Further consideration in FY2014 of manufacturing and distribution footprint to ensure alignment with customer needs

Net cash / debt bridge



- Move from net cash to net debt largely due to the $27.1m of net capex spend
- Working capital % of sales kept consistently at 6.1% throughout the year
- Guidance for FY2014 capital expenditure circa $13m (1.5 x depreciation)

Dividend

- Proposed final dividend of 3.0 cents per share (FY2012: 3.0 cents)
- Payment due in October 2013
- Scrip dividend alternative to be offered
- Total dividend for the year of 5.0 cents per share (FY2012: 4.5 cents)

Sector Performance

	Sales $m		Normalised Gross Margin %	
	FY2013	FY2012	FY2013	FY2012
Consumer	311.0	330.4	14.7%	17.9%
Telecoms/Datacoms	82.2	99.4	23.7%	21.2%
Healthcare	46.9	51.7	27.3%	27.5%
Industrial	33.0	36.3	21.5%	22.6%
Total	**473.2**	**517.8**	**18.0%**	**19.8%**

- Strong normalised gross margins seen in all three non-Consumer sectors. These three sectors include products with the greatest amount of Volex content
- R&D costs expensed in the year total $3.9 million (FY2012: $4.6 million) representing 1% of sales (FY2012: 1%)

Consumer

	Sales $m		Normalised Gross Margin %	
	FY2013	FY2012	FY2013	FY2012
Consumer	311.0	330.4	14.7%	17.9%

- 35% increase in revenue with our largest customer off-set by decline in our remaining customer base
- Gross margin decline due to ramp up in direct and indirect manufacturing headcount in H1 FY2013
- For FY2014 we anticipate margin improvement due to:
  - full year effect of actions taken to date
  - removing low margin business
  - selected price increases

Telecoms/Datacoms

	Sales $m		Normalised Gross Margin %	
	FY2013	FY2012	FY2013	FY2012
Telecoms/Datacoms	82.2	99.4	23.7%	21.2%

- Lower revenue due to decreased network spend from teleco operators
  - Observed in all regions other than North America where revenues grew by 16% due to mobile broadband investment
- Growth in Datacoms business where high speed copper and passive optical products performed well
- Gross margin up due to better sales mix
- FY2014 key focus is growing revenue with new proprietary technology products such as AOC

Healthcare

	Sales $m		Normalised Gross Margin %	
	FY2013	FY2012	FY2013	FY2012
Healthcare	46.9	51.7	27.3%	27.5%

- Fall in revenue due to a combination of :
  - design release delays
  - destocking at major customer
- Gross margins remained strong
- FY2014 challenging, however, healthy pipeline of new business (non-imaging systems)

Industrial

	Sales $m		Normalised Gross Margin %	
	FY2013	FY2012	FY2013	FY2012
Industrial	33.0	36.3	21.5%	22.6%

- Revenue down as customers reduced their capital expenditure and their programmes were delayed
- Gross margins decreased marginally
- During FY2014 we expect to integrate AOC technology into a number of Industrial products to provide competitive optical offering

Summary and Outlook

Mike McTighe, Chairman

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Summary and Outlook

- FY2013 Summary
  - Tough year of trading
  - Restructuring to ‘right-size’ the business and realign our sales function
  - Investment in our ongoing manufacturing capabilities
  - Acquisition of AOC technology accelerates our Volex content product portfolio
- FY2014 Outlook
  - Trading environment expected to be tough in the short term, especially in H1 FY2014
  - Current trading in line with Board expectations
  - Further consideration of manufacturing and distribution footprint to ensure alignment with customer needs
  - Focus on improving quality of revenue

Q&A

All

Appendix

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Balance Sheet

$m	FY2013	FY2012
Goodwill	2.9	3.1
Property, plant and equipment and intangible assets	43.8	22.9
Other non-current assets	5.4	5.6
Total Non-current Assets	**52.1**	**31.6**
Inventories	43.0	49.8
Receivables	85.3	107.8
Cash and cash equivalents	25.0	43.6
Total Current Assets	**153.3**	**201.2**
Payables & Bank overdrafts	(100.3)	(126.2)
Current tax liabilities	(5.9)	(5.9)
Provisions	(2.3)	(1.1)
Total Current Liabilities	**(108.5)**	**(133.2)**
Bank loans	(43.3)	(37.4)
Retirement benefit obligation	(3.0)	(3.0)
Provisions and other non-current liabilities	(5.0)	(7.9)
Total Non-current Liabilities	**(51.3)**	**(48.3)**
Net Assets / Total Shareholders Equity	**45.6**	**51.3**

Cash flow

$m	FY2013	FY2012
Operating cash flow before working capital movements	**8.8**	**27.5**
Movement in working capital	3.2	8.8
Cash generated by operations	**12.0**	**36.3**
Cash generated by operations before non-recurring items	18.9	41.0
Cash utilised by non-recurring items	(6.9)	(4.7)
Tax and interest payments	(5.6)	(6.0)
Net capital expenditure	(27.1)	(12.0)
Free cash flow	**(20.7)**	**18.3**
Financing activities (including treasury share cash flows)	3.5	5.5
Net increase / (decrease) in cash and cash equivalents	**(17.2)**	**23.7**
Gross borrowings	(44.5)	(39.9)
Cash and bank balances	25.0	43.6
Net cash / (debt) at the end of the period	**(19.5)**	**3.6**

Capital expenditure

Project	FY2013 $m
Shenzhen Factory Upgrade	12.8
Batam Factory Expansion	6.0
Brazil Factory	0.5
IT projects	0.5
AOC acquisition	1.8
Other	5.5
Net capex	**27.1**

- Significant increase in FY2013 capital expenditure – primarily in relation to the upgrade of our two main manufacturing facilities
- $1.8m spend on the AOC technology platform