



# 2014 Preliminary Results & Group Refinancing

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June 2014

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# Summary

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## *Results for year ended 30 March 2014*

- Sales in line with expectations at \$400m
- Restructuring and exceptional items \$11.1m
- Operating profits of \$4.5m
- Year end net debt at \$32.2m (September 2013:\$41.4m)

## *Current Trading*

- Volex Transformation Plan (VTP) is delivering:
  - Significant new customer wins
  - Increased customer allocations
  - Year to date sales up 13% on prior year
  - Margin improvement starting to be delivered

## *Refinancing*

- Equity raise and refinancing

# Legacy Issues

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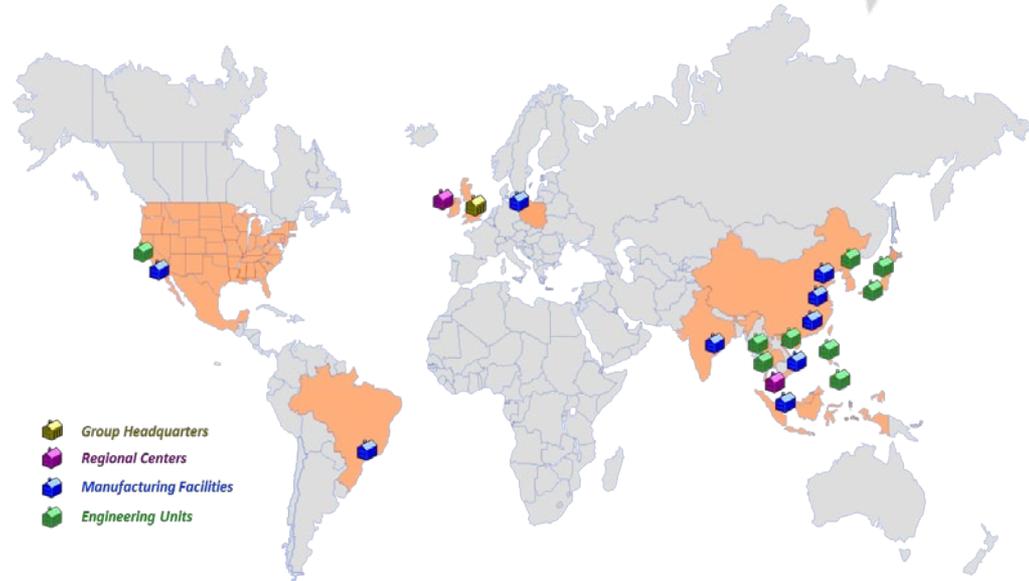


- Revenue decline
  - Business focus on high margin Data product portfolio rather than Power products
  - Price increases & strategic “no bid” decisions throughout the Power division
  - Certain large infrastructure projects coming to an end in the Data division
- Reduced margins
  - Low levels of plant utilisation
  - Sub-optimal supplier management
- Cash outflow
  - Debt increase due to capex, exceptional items and working capital

# Voalex Specifics

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- Blue chip customer base
- Voalex brand values
  - Technology and innovation
  - Quality and reliability
- Design to specification / target price due to flexible supply chain
- Global presence
  - Local for local sales, engineering, manufacturing and services



# Voilex



**Leading global provider** of interconnect solutions and power products, servicing telecommunications, datacoms / data-centre, industrial, medical, consumer electronics and home appliances sectors since 1919.

	Voilex Power	Voilex Data	
Wire & Cable	Power	Connectors	Microwave

# Power Division



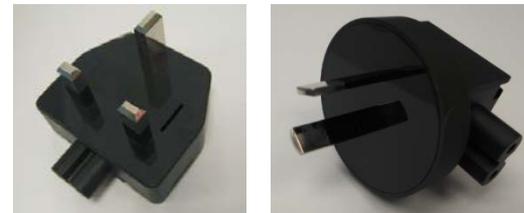
## PVC power cords



## HF power cords



## Duck-Heads

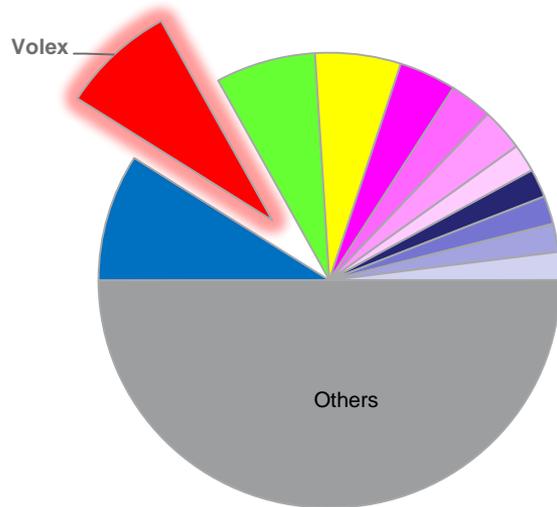


# Power Division

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## Volex Market Share



## Customer Specifics

- Dynamic customer sourcing through allocations
- Volume driven, price sensitive but engineered
- Regional safety regulations
- Increasing cosmetic requirements
- Emerging demand for localised supplier base

# Data Division

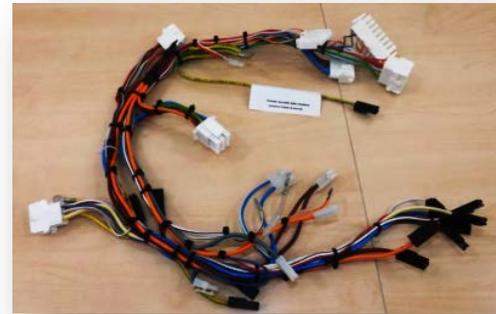
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## High Speed Cables

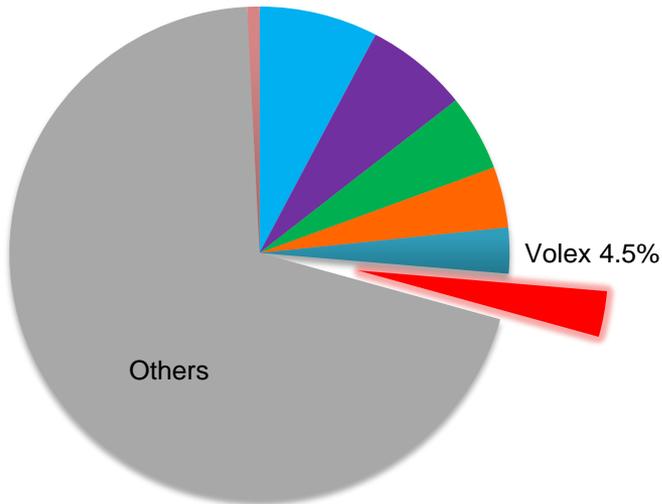


## Internal Cables / Harnesses





## Volex Market Share



## Customer Specifics

Market currently segmenting into volume and niche value providers:

- Engineered products with long lifecycle
- Technical specification and performance
- Long term established supplier-customer relationships
- Increasing requirement for value added services (support, logistics, approvals etc.)
- Emerging demand for local supplier base



# FY2014 Review

# Income Statement



\$m	FY2012	FY2013	FY2014
<b>Revenue</b>	<b>517.8</b>	<b>473.2</b>	<b>400.2</b>
Gross Profit*	102.5	85.3	66.5
<i>Gross margin*</i>	<i>19.8%</i>	<i>18.0%</i>	<i>16.6%</i>
<b>Operating Profit*</b>	<b>32.0</b>	<b>12.3</b>	<b>4.5</b>
<i>Operating margin*</i>	<i>6.2%</i>	<i>2.6%</i>	<i>1.1%</i>
Exceptionals	(5.0)	(8.0)	(11.1)
Share Based Payments	(3.9)	(0.2)	2.3
Finance costs	(3.9)	(2.2)	(3.3)
Tax	(2.0)	(2.8)	(6.6)
Profit after tax	17.2	(0.9)	(14.2)
Basic EPS*	43.7 cents	11.4 cents	(9.0) cents

\*Underlying measure before Share Based Payments and Exceptional items

# Power Division

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<b>\$m</b>	<b>FY2012</b>	<b>FY2013</b>	<b>FY2014</b>
<b>Revenue</b>	<b>332.6</b>	<b>323.1</b>	<b>265.4</b>
Gross profit*	60.4	48.5	34.5
<i>Gross margin*</i>	<i>18.2%</i>	<i>15.0%</i>	<i>13.0%</i>
Operating costs	(28.6)	(29.7)	(27.2)
<b>Operating profit*</b>	<b>31.8</b>	<b>18.8</b>	<b>7.3</b>
Operating margin*	9.6%	5.8%	2.7%

\*Underlying measure before Share Based Payments and Exceptional items

- Decline in revenue due to reduced customer allocations following insensitive price increases
- Margins impacted by operational gearing effect and increased depreciation
- Operating costs reduced to mitigate impact of falling sales
- Revenue growth underway due to new business and increased customer allocations

# Data Division

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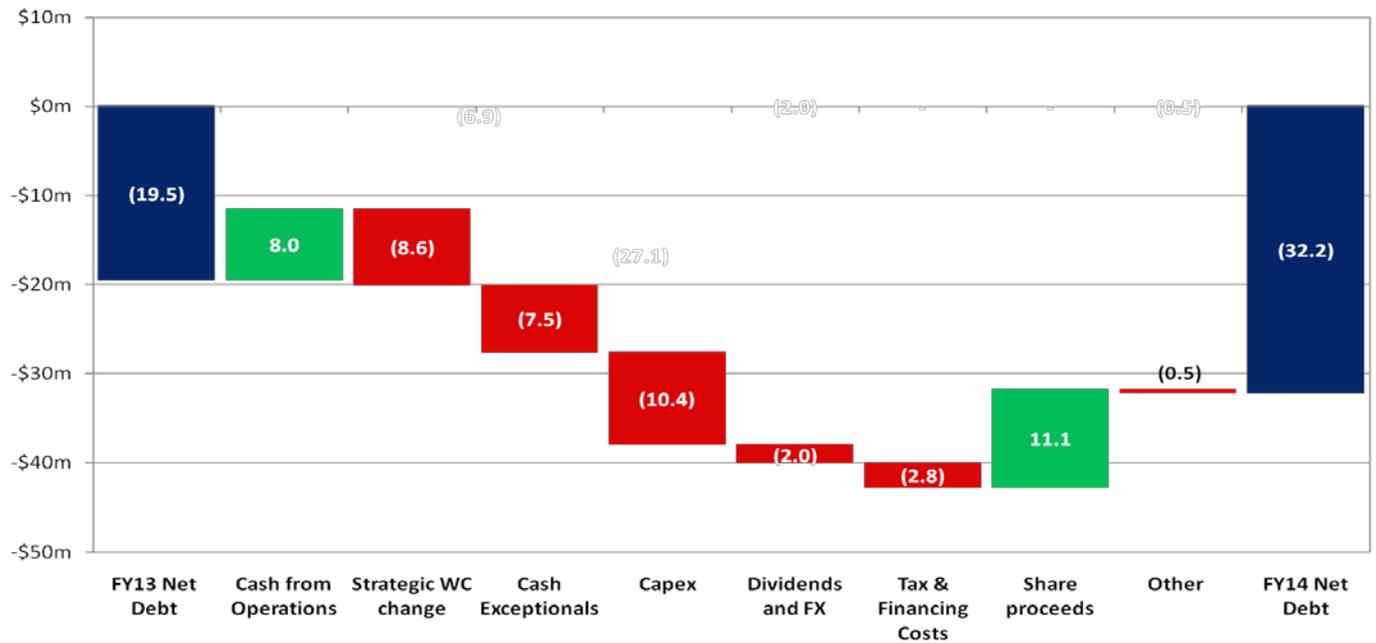


<b>\$m</b>	<b>FY2012</b>	<b>FY2013</b>	<b>FY2014</b>
<b>Revenue</b>	<b>185.1</b>	<b>150.1</b>	<b>134.8</b>
Gross profit*	42.1	36.7	32.0
Gross margin*	22.7%	24.5%	23.8%
Operating costs	(25.0)	(24.0)	(19.4)
<b>Operating profit*</b>	<b>17.1</b>	<b>12.8</b>	<b>12.7</b>
Operating margin*	9.2%	8.5%	9.4%

\*Underlying measure before Share Based Payments and Exceptional items

- Reduction in revenue due to end of Indian 3G roll out and USA 4G roll out
- Margins maintained
- Order intake now increasing due to new 4G roll outs and new internal cable products
- Revenue growth being delivered

# Cash Flow



- Net debt increased due to supplier payment profiles and flagship capex projects in 2012
- Share proceeds relate to December 2013 share issue
- Following current fund raising exercise net debt falls to \$4 million

# Balance Sheet



\$m	FY2013	FY2014
Goodwill & Intangibles	7.1	8.7
Property, Plant & Equipment	39.7	38.7
Other	5.3	1.3
<b>Non-current Assets</b>	<b>52.1</b>	<b>48.7</b>
Inventories	43.0	40.0
Trade & Other Receivables	85.3	78.3
Cash and Bank Balances	25.0	13.7
<b>Current Assets</b>	<b>153.3</b>	<b>132.0</b>
Trade & Other Payables	98.1	79.4
Overdraft	1.2	-
Tax liabilities	5.9	5.8
Other	3.3	5.3
<b>Current liabilities</b>	<b>108.5</b>	<b>90.5</b>
Borrowings	43.3	45.9
Provisions	2.6	2.7
Other	5.4	4.8
<b>Non-current assets</b>	<b>51.3</b>	<b>53.4</b>
<b>Net Assets/ Total Shareholder Equity</b>	<b>45.6</b>	<b>36.7</b>
<b>Net Debt</b>	<b>19.5</b>	<b>32.2</b>

# The Refinancing

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## BANK FACILITIES

- Existing \$75m revolving credit facility expired in June 2015
- Current debt \$33m (vs \$32m at year end)
- Extended and amended facility agreed with current banking syndicate
- Revolving Credit Facility of \$45m
  - Three year term to June 2017
  - Normal covenants – net debt/EBITDA and Interest cover
  - Interest margin materially reduced
- Net equity fundraising proceeds will repay existing facility and make proforma debt \$4m

# The Refinancing (cont'd)

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## **EQUITY ISSUE**

- 4 for 11 Open Offer to shareholders raising £18.1m gross (\$30.3m)
- Investec has underwritten and procured sub-underwriters for the Open Offer

## **EXPECTED TIMETABLE**

- Announcement of Results, Share Issue and new Bank Facilities – 12 June
- General Meeting of Shareholders to approve the Share Issue – 1 July
- Expected Admission for New Ordinary Shares – 2 July



# Update on Volex Transformation Plan

# Restoring Value

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- Defined and implemented the Volex Transformation Plan
- Hired new Board and Executive management team
- Initiated people transformation within sales and operations
- Implemented two division structure and four sales regions
- Returned to revenue growth at improved margins
- Enforcing localisation and design to cost
- Continuously improving supplier management
- Refinancing provides flexibility to execute recovery

# Voilex Transformation Plan (VTP)



## Scope

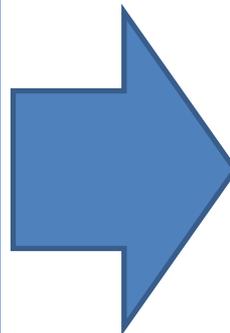
- Deliver sustainable and profitable revenue growth by aggressively leveraging Voilex competitive strengths

## Areas of focus

- Local customer proximity across sales and supply chain
- Increase efficiency in supplier management and operations
- Evolve product offering around market and industry specific requirements
- Improve cost and cash management
- People excellence and accountability

## Business structure

- Two divisions – Power and Data
- Four sales regions and global footprint



**Customer Relationship Management**

**Supply Chain Management**

**Portfolio Lifecycle Management**

**Finance Management**



# Outlook

# FY2015 Outlook

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- Volex Transformation Plan is delivering:
  - Revenue growing
  - Margins improving
  - Cash neutral
- Revenue in April and May 13% higher than prior year
- Factory loading for Q1 indicates revenue will be:
  - 10% ahead of Q1 FY2014; and
  - 4% ahead of Q4 FY2014
- Strong order intake for higher margin products
- Factory utilisation and improving procurement savings being delivered
- Solid foundation for continued and sustainable growth