

HALF YEAR RESULTS

FOR THE 26 WEEKS ENDED 4 OCTOBER 2020



OVERVIEW

A diverse and resilient business delivering improved profitability and investing in long-term growth

The acquisition of DEKA will expand our customer base and reach in Power Products

30.8% increase in underlying operating profit to deliver \$20.8m for the first half of the year

Underlying operating margin up to 10.3% from 8.1% driven by better sales mix and input cost savings

Revenue of \$202m an improvement of 3.5% against the previous period

Our acquisition of DEKA adds revenues of €44.3m¹ with operating margins of over 14% last year

Net cash before lease liabilities of \$32m and we have recently extended revolving credit facility of up to \$100m to allow for further acquisitions

Our strong performance gives us the confidence to increase our interim dividend by 10% to 1.1 pence per share

¹ Unaudited revenue for calendar year 2019

WHAT WE DO

KEY DIFFERENTIATORS



Quality and reliability

Quality and reliability is of critical importance to our premium customer base and we have an enviable reputation for safety



Manufacturing footprint

A global supplier with manufacturing sites located across nine countries and three continents



Scale

In a fragmented market, Volex is a major player benefiting from economies of scale and significant purchasing power

CORE MARKETS



Data Centre Products

Cutting edge high-speed copper data cables for use in data centres



Medical

Experts in the medical segment which is characterised by long-term relationships and high barriers to entry



Consumer Electronics

Partner of choice for premium household names in the electronics industry



Electric Vehicles

We work with market leaders in this fast-growing automotive sector

MANUFACTURING EXPERTISE

FROM POWER CORDS TO COMPLEX BOX BUILDS

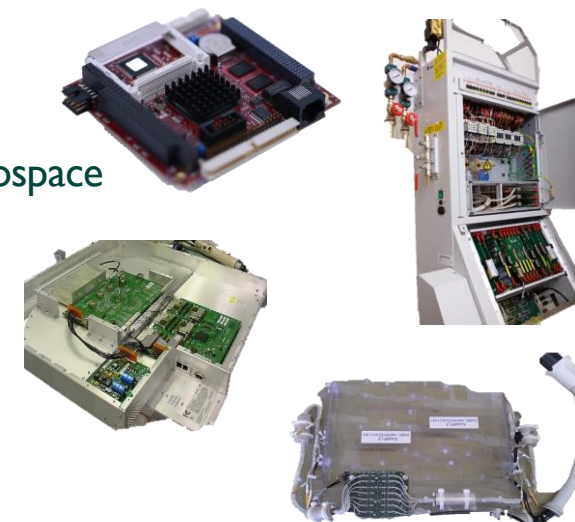
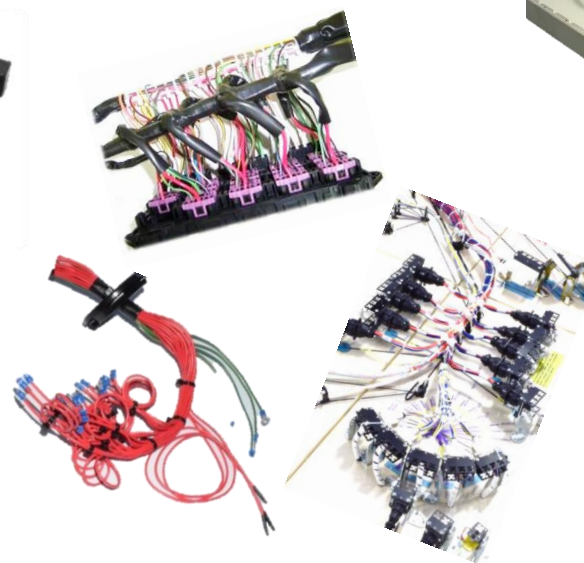
We make high-quality electronic connectors to meet international safety standards and fit with the demanding requirements of our customers



We deliver market-leading high-speed data cables which undergo end-to-end testing to ensure they surpass our customers' quality requirements



Our complex cable assemblies are used in performance-critical industries including aerospace and medical



We can take a customer's complete design and build the entire product including PCB assembly and box build

GLOBAL MANUFACTURING FOOTPRINT



We have manufacturing sites across three continents and a global supply capability covering all major markets



OPERATIONAL AND DIVISIONAL HIGHLIGHTS



Power Products

- Electric Vehicle revenue grew by 78% year-on-year
- Automation is delivering greater capacity and vertical integration is transforming our cost base



Integrated Manufacturing Services

- Second site delivering Data Centre Products reducing tariffs for core US market
- Fast response to the changing requirements of our medical customers due to Covid-19



Capability and facilities

- Relocated Suzhou plant to new state of the art facility
- Batam ramp up delivered ahead of schedule and delivering high speed cables to our core US data centre market
- Commenced work on new cable extrusion plant in Batam which will be operational in summer 2021

We are continuing to invest in capability to deliver long-term growth

ACQUISITION OF DEKA

- Consideration of up to €61.8million subject to achieving 2020 and 2021 profit targets
- Represents a multiple of 6.9x 2021 EBITDA
- Consideration satisfied with:
 - 3.3m Volex shares
 - €37m in cash at closing
 - €15m contingent earnout in cash

€m	CY2017	CY2018	CY2019
Revenue	39.1	42.4	44.3
Operating profit	5.0	6.9	6.5
Operating margin	12.8%	16.3%	14.7%

- DEKA is headquartered in Turkey with 3 production facilities and 450 employees
- Leading power cord manufacturer for European white goods market
- Strategic Rationale for Volex
 - Located in low-cost region close to Europe
 - Supplier to all the leading manufacturers
 - Best in class automation and vertical integration
 - Exciting organic growth potential
 - Strong management to remain with the business
- DEKA accelerates our strategy of creating the most efficient and lowest cost producer in the industry, providing an immediate and scalable European platform
- Volex Power Products revenue increases to circa \$230m per annum on a pro forma basis

8 year revenue and EBITDA CAGR of 9% and 28% respectively

ACQUISITION OF DEKA



HQ Cayirova, Turkey

Cable Extrusion



Automated Production



Final Inspection



DEKA brings additional diversity in terms of customers and end markets

COVID-19 IMPACT



People

- Response to Covid-19 started in February 2020 following precautionary closures of our Chinese facilities
- Put in place sensible best practice measures to protect our people
- Our COO, John Molloy, and his team quickly rolled out these measures across our global business



Customers

- We have supported our medical customers in the production of respiratory care devices
- We have worked closely with our customers to help them manage variability in demand
- We intensified our global supply chain planning to ensure we can meet customer commitments



Planning

- Our prevention measures are still in place to keep our people safe
- Situation remains dynamic and challenging and we continue to adapt our measures to local conditions
- Prevention activity cannot guarantee we will not see any disruption as a result of the pandemic

We remain vigilant in the face of the challenges that Covid-19 poses

FINANCIAL RESULTS



FINANCIAL HIGHLIGHTS

Improved profitability

- Underlying operating profit margins are significantly better at 10.3%
- Careful cost control, vertical integration and automation are improving margins
- Benefit of lower input costs including favourable FX rates

Extended borrowing facilities

- Refinanced in November 2020 with new three-year revolving credit facility with HSBC, Citi and JP Morgan
- Achieved more flexible covenants to facilitate further acquisitions

Reinvestment and return

- Interim dividend to increase by 10%
- Continuing to make value-creating acquisitions
- Investing in our business with a focus on long-term growth

We are well positioned for growth

FINANCIAL PERFORMANCE

\$m (except where stated)	HI FY21	HI FY20	Change
Revenue	202.5	195.7	3.5%
Underlying operating profit	20.8	15.9	30.8%
Underlying operating margin	10.3%	8.1%	220 bps
Profit before tax	14.7	9.7	41.2%
Underlying basic EPS	13.7 cents	8.8 cents	55.7%
Interim dividend per share	1.1 pence	1.0 pence	10.0%

- Revenue ahead of last year despite the pandemic creating variable demand
- Margin improvement from a favourable product mix and lower input costs
- Central overheads consistent with prior period with savings in travel costs
- Increased interim dividend of 1.1p

A strong set of results from a diverse and resilient business

INTEGRATED MANUFACTURING SERVICES – FINANCIAL OVERVIEW

\$m (except where stated)	HI FY21	HI FY20	Change
Revenue	114.7	104.6	9.7%
Underlying operating profit	15.2	11.7	29.9%
Underlying operating margin	13.3%	11.2%	210 bps

- Revenue increase includes Data Centre Products where sales were up 57% compared to HI FY20
- Margin improvement resulting from:
 - Improved product mix with more Data Centre Products
 - Cost savings and efficiencies delivered

Margin improvements delivered through operating efficiencies and product mix

POWER PRODUCTS – FINANCIAL OVERVIEW

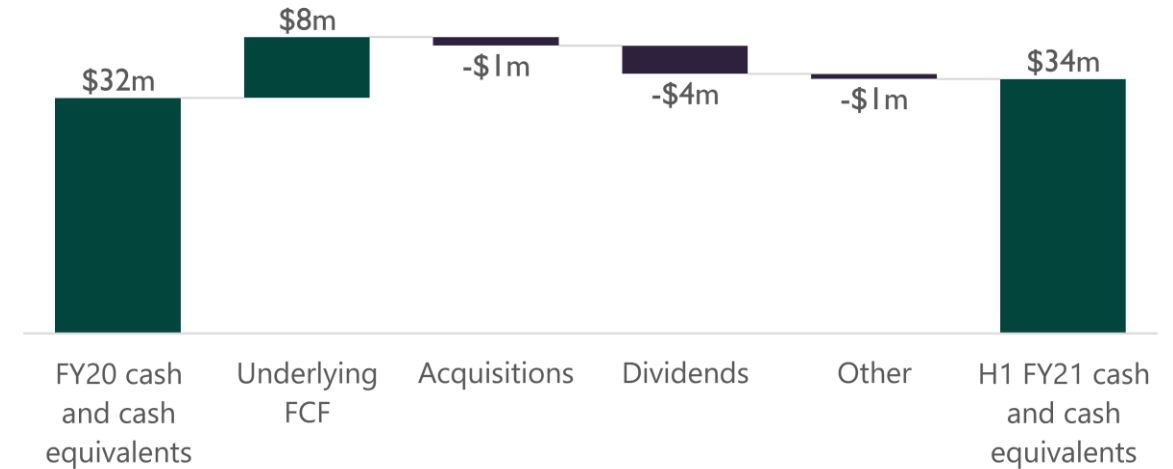
\$m (except where stated)	HI FY21	HI FY20	Change
Revenue	87.7	91.1	-3.7%
Underlying operating profit	8.5	7.1	19.7%
Underlying operating margin	9.7%	7.8%	190 bps

- Slow start to the year with some customers having low demand due to Covid-19
- Demand in the second quarter of FY21 was high with strong demand from consumer electronics customers
- Profitability continues to improve due to efficiency programmes and lower costs
- Growth in demand for electric vehicle products is resulting in increased volumes

Strategic repositioning to improve margins and provide strong cash generation

GROUP CASH FLOW

\$m	HI FY21	HI FY20
Underlying EBITDA	24.3	17.8
Net capital expenditure	(2.5)	(1.7)
Underlying working capital	(11.0)	(0.0)
Net interest and tax	(2.0)	(2.8)
Other including pension	(0.6)	(0.3)
Underlying Free Cash Flow	8.2	13.0
Acquisitions	(1.1)	(22.7)
Adjusting items	(0.2)	(1.4)
Dividends	(3.8)	-
Repayment of debt/leases	0.5	(1.9)
Share issue/(share purchase)	(1.6)	0.4
Other	0.0	0.0
Net Cash Flow	2.0	(12.6)



- Underlying EBITDA improved by 36.5%
- Working capital outflow primarily due to re-stocking after customers drew down additional stock in FY20
- Acquisition spend in HI FY21 was deferred consideration on previous acquisitions
- Dividend outflow of \$3.8m represents 2.0 pence final dividend for FY20

Healthy cash generation allowing for further investment in capabilities and facilities

OUTLOOK

The Board remains confident in delivering on full year expectations, absent any material disruptions to our business that may be caused by Covid-19

The longer-term prospects for our business remain strong

Robust first half performance with key customers increasing demand through the period creating a strong forward order book for Q3

Continuing to invest in increasing capacity in our key facilities to meet customer demand and to implement vertical integration

We continue to monitor the dynamic and evolving situation in relation to the Covid-19 pandemic closely

The acquisition of DEKA helps accelerate our Power Products strategy

Mindful of the impact that future Government-imposed restrictions designed to control the spread of the virus could have on our business

We have a strong acquisition pipeline and the resources to execute further M&A activity

SUMMARY

Well positioned with a diverse customer base

- We have long-term relationships with an excellent range of blue-chip customers
- DEKA gives us access to new high quality customers and a provides opportunities for revenue synergies
- Our diverse customer base and global footprint have contributed to a robust performance in a challenging environment

Compelling range of capabilities and assets

- We are moving up the value curve by offering more complex integrated manufacturing solutions
- We are investing in expanding and developing our facilities to respond to customer demand
- Management team own 25% of Volex and are focused on adding value for all shareholders

Strong balance sheet and good cash generation

- Our business is cash generative with a track record of improving profitability
- We have a strong balance sheet and have extended our borrowing facilities to allow us to expand
- Operating in sectors where we have a deep understanding and a good reputation

Ready for further expansion

- Reliable execution of sequential acquisitions that add value and cash generation from day one
- Agile approach to acquisitions with an earnout based model that differentiates us from traditional acquirors
- Light-touch integration approach which is tailored to maintain the strengths of the acquired organisations

We are a strong business with great prospects