



# Focused on growth

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Executive Chairman

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Chief Financial Officer



# Delivering robust revenue growth

- Group revenue up 44.5% year-on-year including acquisitions
- Underlying operating profit up 31.3% to \$27.3m
- Underlying operating profit margin of 9.3%
- Agreed three strategic acquisitions since last year end
- Interim dividend increased by 9.1% to 1.2 pence per share
- Customer demand is very strong, and all our facilities operated at high utilisation during the first half of the year



# Operational Highlights

- Continuing to meet customer expectations with a proactive approach to supply chain challenges
- Delivering further vertical integration in high-growth and strategically significant areas
- Our focus on product development in growth areas is securing new customer projects for H2 and beyond
- Successfully delivering cross sales opportunities
- Successfully navigating inflationary pressures and protecting margins





# FINANCIAL REVIEW

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# Financial Performance

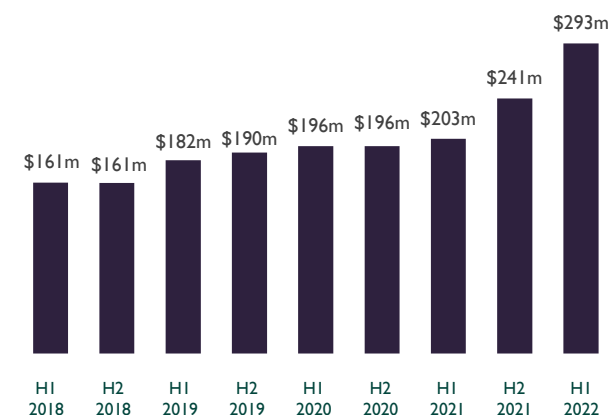
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\$m (except where stated)	HI FY22	HI FY21	Change
Revenue	292.7	202.5	44.5%
Underlying operating profit	27.3	20.8	31.3%
Underlying operating margin	9.3%	10.3%	(100) bps
Profit before tax	19.4	14.4	34.7%
Basic earnings per share	11.0 cents	10.2 cents	7.8%
Interim dividend per share	1.2 pence	1.1 pence	9.1%

- Revenue significantly ahead of last year including the acquisition of DE-KA
- Margin slightly lower than the prior period due to higher raw material costs and freight and the impact of changes in foreign exchange rates
- Central overheads continue to be well controlled
- Increased interim dividend of 1.2p

**A strong set of results from a diverse and resilient business**

Group revenue

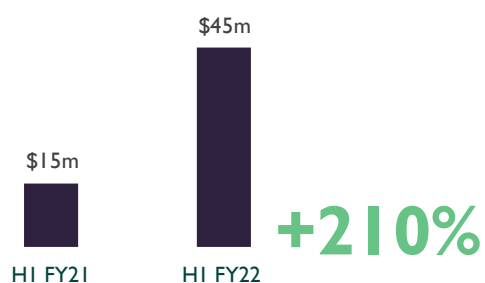


Underlying Group operating margin



# Revenue by customer sector

## Electric Vehicles

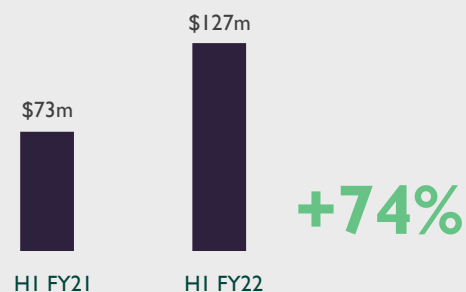


- We are continuing to make excellent progress in electric vehicles
- We work with leading OEMs either directly or through four major tier one partners
- Our go-to-market strategy allows us to work with many of the most significant automotive brands
- As competition increases, we continue to optimise our manufacturing capabilities and further lower our costs for these difficult to manufacture products
- We are successfully developing our range of products to address a variety of use cases



We work with leading manufacturers in the Electric Vehicles space who value our significant technical expertise and experience in the sector.

## Consumer Electricals



- Demand has been buoyant throughout the period reflecting high levels of consumer demand
- Our acquisition in Turkey, DE-KA, has traded very well and has supported our growth
- Anticipation of demand normalisation in the second half of the year
- We are passing on higher copper costs to our customers which has increased revenue by \$8m although there is no corresponding margin benefit
- We continue to develop new customer relationships in this important market



We are the partner of choice for premium electronics and domestic appliance manufacturers with a truly global power cord business.

# Revenue by customer sector

## Medical



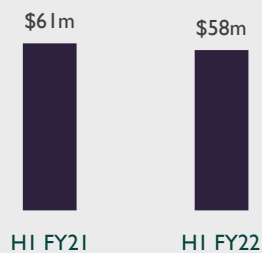
+15%

- We have seen a strong return of demand for assemblies used in large medical devices during the period
- Our major customers are reporting significant increases in order books
- Performance is above our expectations although there are some isolated challenges in the timely sourcing of some components
- We benefit from a diverse customer base who buy a wide variety of assemblies giving us the flexibility to schedule production around component availability



We deliver complex assemblies that are used to deliver critical power, control and data connectivity for medical devices.

## Complex Industrial Technology



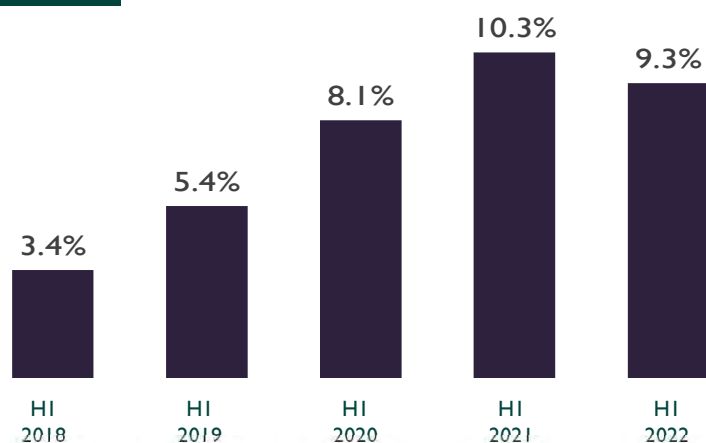
-4%

- There has been strong demand from customers requiring complex assemblies for industrial technology applications
- The comparative period included particularly strong demand for high-speed data centre products as customers built up inventory
- We have successfully developed a 400Gbps product and we anticipate strong demand
- There will be a transitional period as customers consume existing 100Gbps inventory before production ramps up for the new generation technology



Combines our leading high speed data centre products with complex harnesses and complete assemblies for sophisticated industrial technology customers in diverse markets.

# Margin progression



- Our year-on-year margin improvement reflects the activities we have undertaken in recent years to optimise margins. H1 2021 margins benefitted from favourable input costs and product mix

- Vertical integration for our power business
- Higher proportion of complex products with a beneficial mix effect
- Continuous improvement and targeted automation

- Margin benefits from operating cost efficiencies were partially offset by changes in product mix
- FX rates had a negative impact on margins as the US dollar remained weak against the Renminbi
- Copper and freight cost rose significantly since H1 last year and had an adverse impact on margin despite pass-through of costs
- In Asia, we benefited from temporary reductions in employer payroll taxes last year, which held back current year margins
- The contribution from DE-KA had a favourable impact on operating margin

**Margins have held up well despite significant supply chain headwinds**



# Group Cash Flow

\$m	H1 FY22	H1 FY21
<b>Underlying EBITDA</b>	<b>31.8</b>	<b>24.3</b>
Net capital expenditure	(4.9)	(2.5)
Underlying working capital	(19.2)	(11.0)
Net interest and tax	(3.9)	(2.0)
Other including pension	(0.8)	(0.6)
<b>Underlying Free Cash Flow</b>	<b>3.0</b>	<b>8.2</b>
Acquisitions	(10.8)	(1.1)
Adjusting items	(0.6)	(0.2)
Dividends	(4.7)	(3.8)
Repayment of debt/leases	(2.0)	0.5
Share based payments	(2.0)	(1.6)
Other	0.0	0.0
<b>Net Cash Flow</b>	<b>(17.1)</b>	<b>2.0</b>



- Underlying EBITDA improved by 30.9%
- Working capital movement includes higher goods-in-transit due to longer shipping times. Compared to H1 FY21 we are holding 6 days more inventory
- We are investing in capital expenditure to deliver growth
- Acquisition spend includes cash payment for DE-KA
- We have exercised the accordion feature in our RCF giving debt facilities of \$100m

**Healthy cash generation allowing for further investment in capabilities and facilities**

# STRATEGY AND OPERATIONS

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## Investment case

### DELIVERING PROFITABLE GROWTH

Revenue up  
44.5% year-  
on-year

We are  
focused on  
growth areas  
where we can  
achieve attractive  
margins to customers  
who appreciate our high  
standards of service and  
quality.

### OPERATIONAL EXCELLENCE

Optimising  
margins as  
we grow

We are  
committed to  
continuous  
improvement every-  
where in our business  
to drive strong cash  
flows and to exceed  
customer expectations.

### ACQUISITIONS

3 acquisitions  
announced  
this year

We have a  
strong balance  
sheet and an  
excellent track  
record of buying  
businesses in industries  
we understand well for  
attractive multiples.

# Strategy



## Product Development

- Work with customers to understand requirements
- Enhance reputation for quality
- Alert to technological developments
- R&D team concentrating on EV and high-speed cable developments



## Customer Focus

- Put customer at the heart
- Strong, regular and transparent communication
- Enhancing sales team to ensure deep understanding of customers



## Operational Excellence

- Pursue efficiency savings and process improvements.
- Best-in-class organization leveraging global footprint and scale.
- Focus on continuous improvement around the Group



## Investment and Acquisition

- Acquisitions are a key part of our strategy
- Significant investment opportunities in existing business
- Strong balance sheet and availability of funding



## People

- Senior management aligned around clear set of goals
- Roll-out of global ERP system to provide catalyst for process change
- Plans to invest in strong performers and support local initiatives

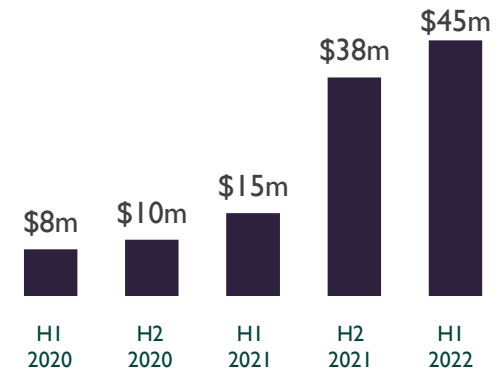


## Focus on Electric Vehicles

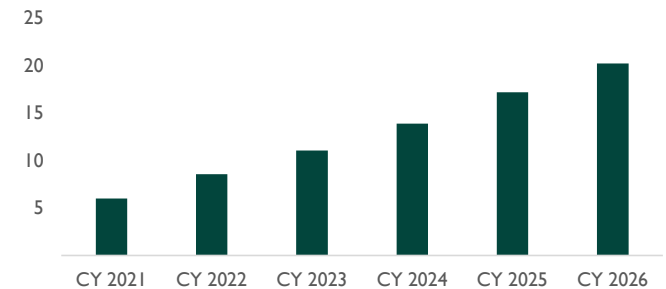
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- We have grown our customer base in EV where we offer a range of EV charging products
- We have invested in vertical integration to optimise our cost base and maintain our competitive pricing position
- In addition to our market leading grid cords, we have a variety of other products for out-of-home charging solutions
- We are the only global producer of grid cords with manufacturing facilities on three continents
- To-date we have grown Electric Vehicles revenue organically with very limited capital investment

EV revenue



IHS Forecast Electric Vehicle Production per Year (m)



**We have a clear strategy to maintain our leading position in the EV market**

# Investing in growth

## Targeted investment in areas where we can achieve excellent growth

### Customer projects Creating customer value by investing in value-add opportunities

Supporting our largest customers with specific capabilities to deliver their projects, often with commercial contracts to underwrite the value of the investment



Automation to support new customer wins for power

### Product development Locking in growth by creating our own technology

Focus on high growth areas including electric vehicles, data centre products and technical cables where we see good opportunities in the future

Additional EV production capacity in Suzhou



### Optimisation Delivering efficiency at our manufacturing sites to improve margin

Deploying our technical specialists to identify incremental improvements that offer benefits in costs, quality and cycle times



Continuous improvement opportunities to assure exceptional quality

### Central spend Supporting growth, improving responsiveness and building a better business

Includes investment in sales and marketing, enhancing our leadership team and creating unified global processes through an ERP implementation

Improvements to the group's cyber security infrastructure



# Acquisition update



Announced 12 Nov 2020  
Completed 18 Feb 2021  
Plants in North and South Turkey

- Leading power cord and wiring harness supplier for European domestic appliance market
- Highly automated production with lowest cost, vertically integrated power cord products
- Provides us with global reach in power cords and access to white goods customers
- Cross sales opportunities on wiring harnesses for domestic appliance customers



We completed this acquisition in February 2021 and the integration is going well with the business performing ahead of our expectations



Announced 26 Aug 2021  
Completed 29 Oct 2021  
Plant in California USA

- Successful defence, military aerospace and medical manufacturer
- Specialises in complex printed circuit board assemblies for mission critical applications
- Long-term programmes and excellent relationships
- Allows us to create a differentiated PCBA offering for customers in North America alongside existing capability in Servatron and new investment at our plant in Tijuana



Irvine is a great addition to our capabilities giving us access to the attractive North American defence market

# Acquisition update

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Announced 8 Oct 2021  
Completion expected Q3 FY2022  
Plant in Central Mexico

- Strategically located manufacturer of wiring harnesses for the domestic appliances market
- Excellent facilities located in a competitive area of Mexico with a blue chip customer base
- This deal gives us an additional site in Mexico that can deliver higher-volume requirements which complements our existing speciality plants in the region
- Cross sales opportunities with our Asian and European operations



When Prodamex completes, we will have a global domestic appliances harness business creating cross-selling opportunities and the potential for cost synergies on raw materials



Announced 8 Oct 2021  
Completion expected Q3 FY2022  
Plant in Canada

- Established manufacturer of defence and off-highway wiring harnesses
- Versatile capabilities delivering dependable solutions where performance and reliability are critical
- Expands our defence capabilities
- Opens up opportunities in the attractive off-highway market
- Provides us with a footprint in Canada



TC will allow us to accelerate our efforts in the defence market as well as providing the capability to manufacturer off-highway automotive harnesses





# Outlook

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- Robust first half and strong demand puts us on track to deliver on full-year expectations
- We are working closely with our customers to deal with component shortages and, at present, our facilities are running at high utilisation levels
- We have an exciting pipeline of acquisition opportunities and our strong balance sheet provides flexibility
- Our targeted investment in people, products and capabilities is delivering revenue growth
- We continue to make excellent progress towards our five-year strategic goals





# QUESTIONS?

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