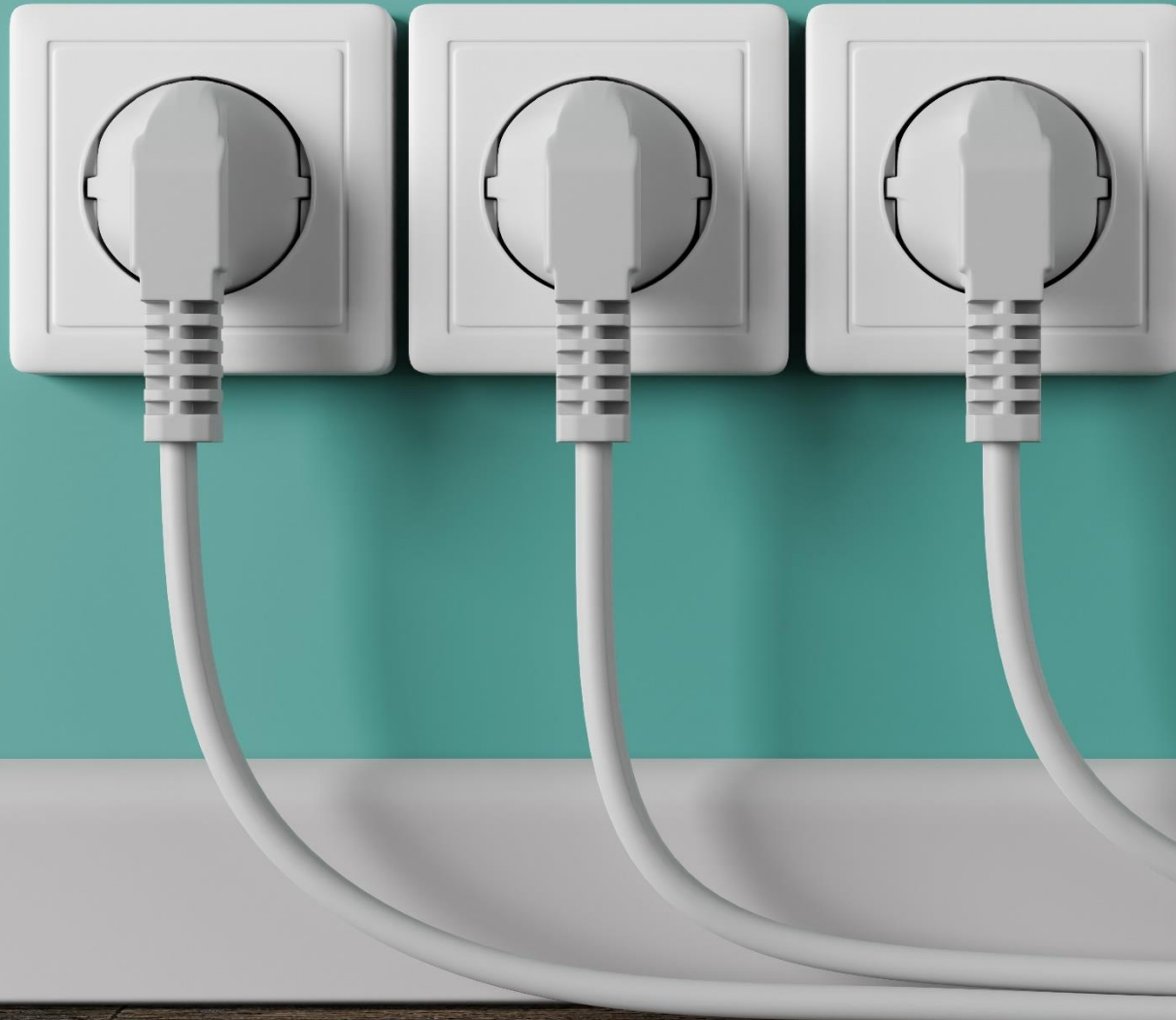




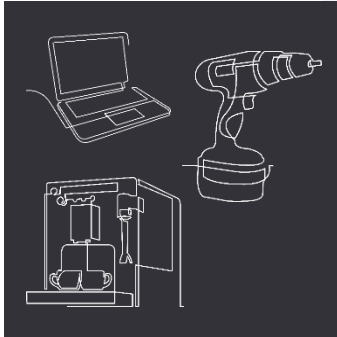
***Volex***  
CONSUMER  
ELECTRICALS  
TURKEY FACTORY VISIT



18 January 2023

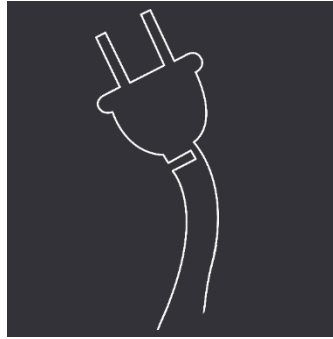
# Introduction

## Segments



Diverse exposure to variety of verticals

## Customers



Partnering blue-chip global manufacturers

## Geography



Unmatched geographical reach and capability

## Revenue



Competitive positioning is growing market share

## Margin



Market-leading margins through efficiency

## Strategy



Clear approach to develop this business

# Overview



**100+**  
Years of  
operation

**3**  
Acquisitions  
since Feb 2021

**\$262.4m**  
FY22 Revenue

**14%**  
FY22 Organic  
Revenue Growth

**6,000**  
Employees

**9**  
Production sites

**>200**  
Customers

# Leading global power cord manufacturer

Creating a compelling proposition for customers

Why choose Volex?

- Excellent reputation for quality
- Competitive pricing
- Global capability and customer service
- World-wide safety certifications
- Experts in specialist applications
- Experienced in achieving a variety of aesthetic considerations

Customers want to buy from a recognised leader who can deliver a hassle-free solution at a competitive price. The power cord is a critical element of the end product, and vital for the safe operation of the device.



# Global wire harness capability

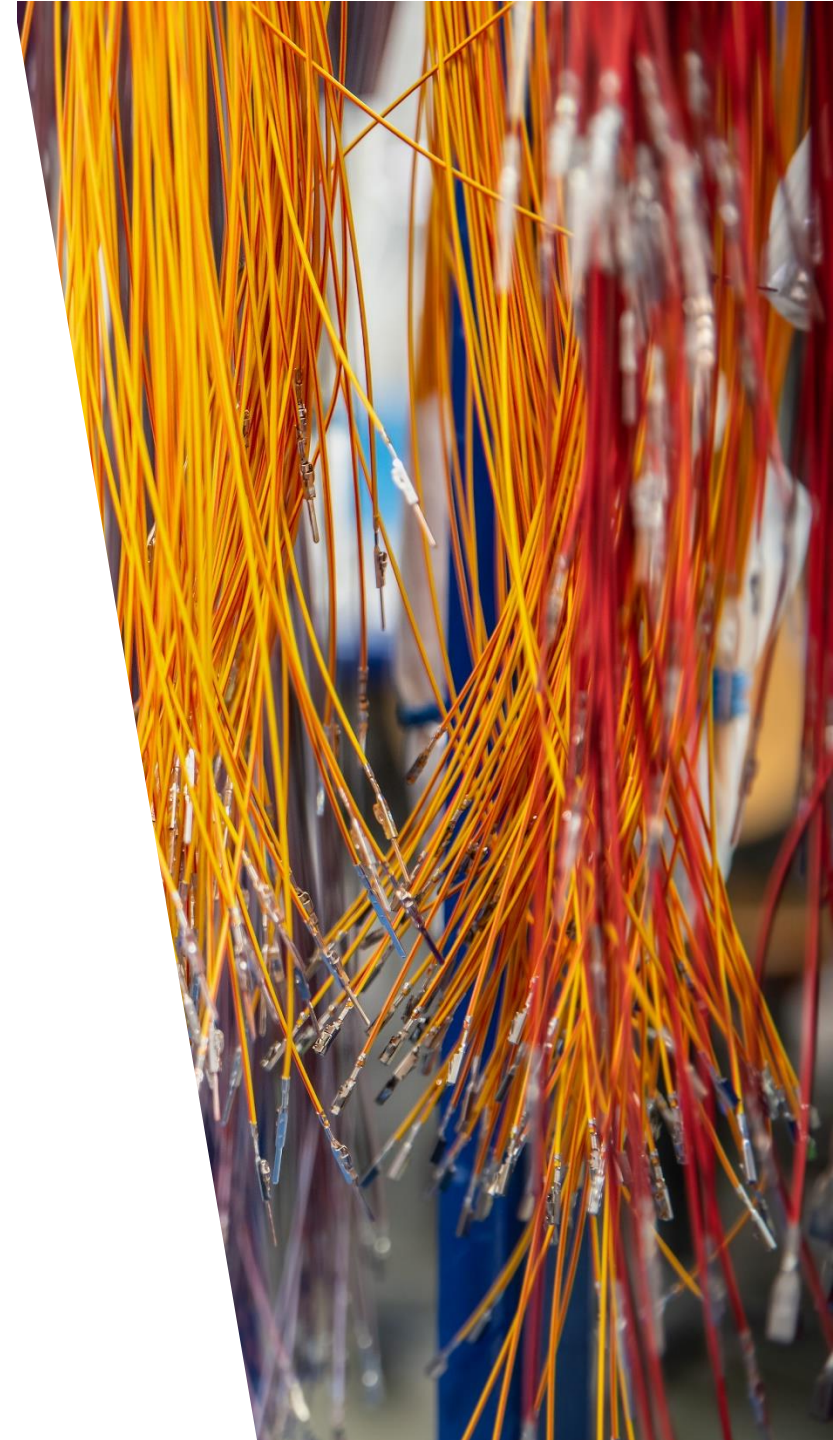
## Emerging challenger in an appealing market sector

Wire harnesses are integral to a wide range of domestic appliances. Volex has significant experience in these products through the acquisitions of DEKA and Prodamex, in addition to existing capability in Batam.

There are a number of key features that underpin this opportunity:

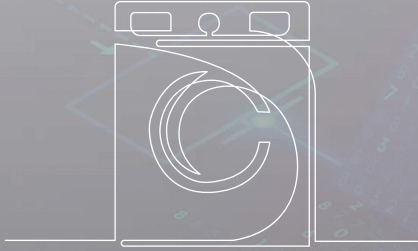
- Existing capability in North America, Europe and Asia
- Scale to achieve preferential pricing for standard connectors
- Strong relationships with major customers
- Global footprint allows us to support customer localisation initiatives
- Opportunities to vertically integrate cable production

We have a platform for growth with existing strong regional relationships with major appliance manufacturers. Volex is positioned strongly, with a range of capabilities that meet customer requirements.



# Sectors

## Domestic appliances



- Washing machines
- Refrigeration
- Air conditioning
- Coffee makers
- Hobs and ovens
- Vacuum cleaners

## IT and electronics



- Laptops
- Printers
- Desktop computers
- Networking
- Office equipment
- Games consoles

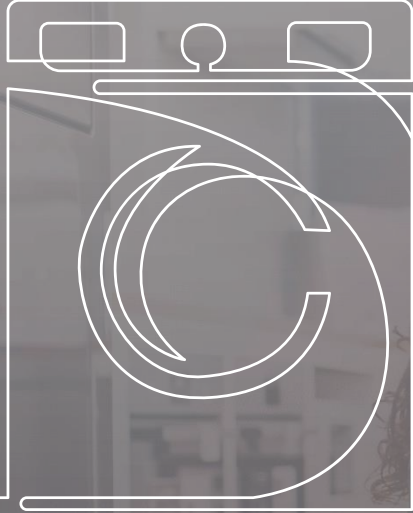
## Industrial and tools



- Home automation
- Power tools
- Pumps
- Power supply

Range of products supported is incredibly diverse, providing resilience and avoiding concentration around any particular vertical.

# Domestic appliances



Diverse market that includes wire harnesses and power cords for large and small white goods. Acquisitions in Turkey and Mexico have enhanced the global footprint which is particularly important for larger appliances which are manufactured close to end markets.

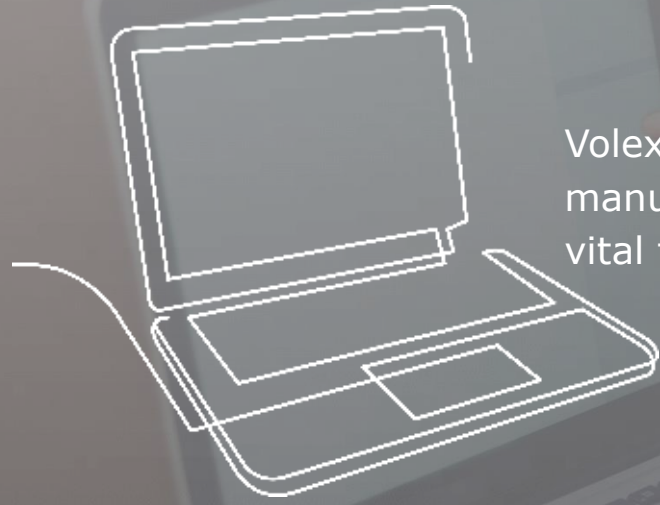
## Customer dynamics

- Market dominated by major global manufacturers operating just-in-time supply chains
- Large customers will generally have at least two suppliers
- Aesthetic requirements depend on end use and customer
- Customers value customer service including delivery on time

## End market trends

- Consumers looking for energy efficient and eco-friendly appliances to replace older technology
- Consumers are moving to smart electronics which are mostly Internet of Things (IoT) enabled
- Urbanisation is driving greater demand for domestic appliances
- Currently seeing some deferral of purchasing resulting from pressure on consumer spending in some markets

# IT equipment and electronics



Voilex has long-established relationships with a broad range of global electronics manufacturers. The power cord is a small proportion of the overall product cost, but it is vital to ensure that the end product operates as expected.

## Customer dynamics

- Support major global players in addition to specialist manufacturers
- Larger customers often have two suppliers but many smaller customers concentrate on a single source
- Aesthetic requirements become very important, particularly in the premium segment of the market
- Global customer service and engineering support are important for customers who want simplicity

## End market trends

- Technology is an important driver in the demand for new products
- The move to hybrid working has created demand for additional IT hardware at home
- End customers can be individuals but also businesses – particularly for IT hardware

# Industrial and other



This segment includes a number of different customers who use our products in commercial, industrial, medical and domestic settings. These products include pumps, power tools, home automation, business-grade power supply solutions and medical devices.

## Customer dynamics

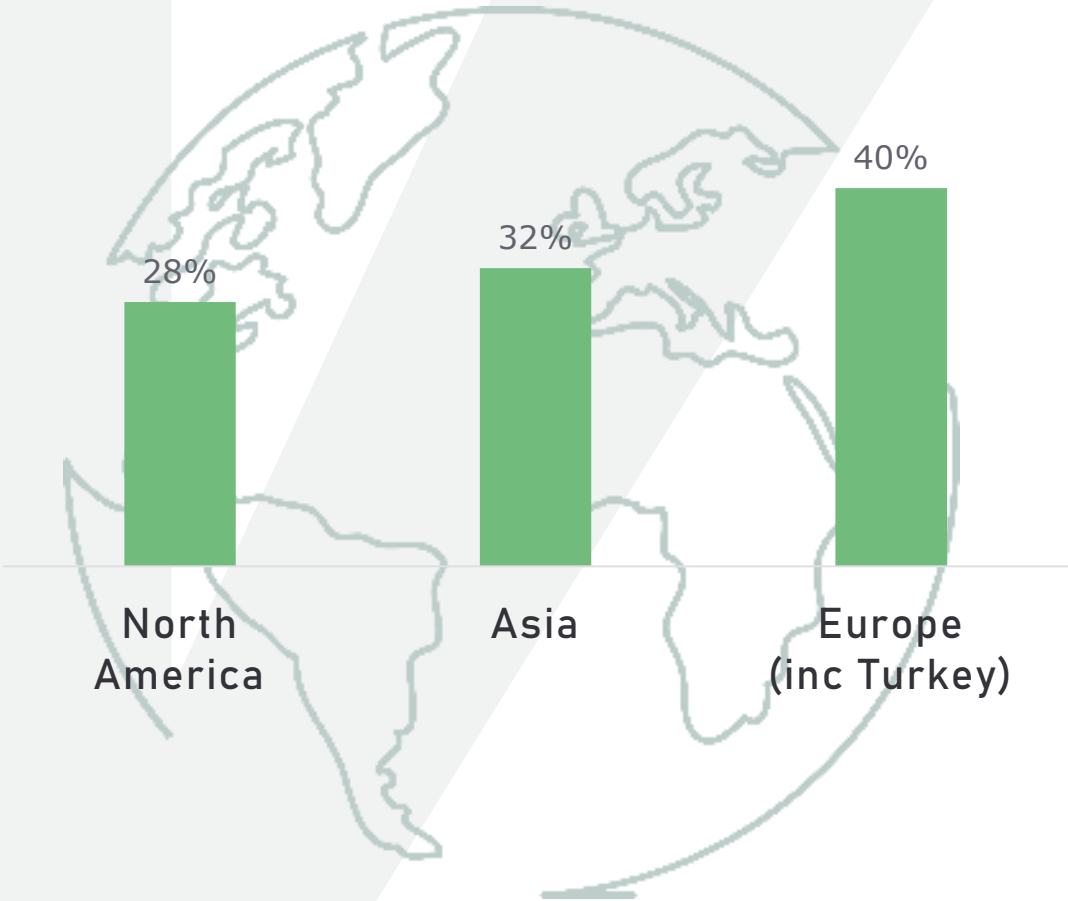
- Products are used in demanding situations so customers are focussed on quality and reliability
- Customers looking for specific products often sole source to ensure standardisation
- Many of the customers use customised components to meet their end-product design and stringent testing requirements

## End market trends

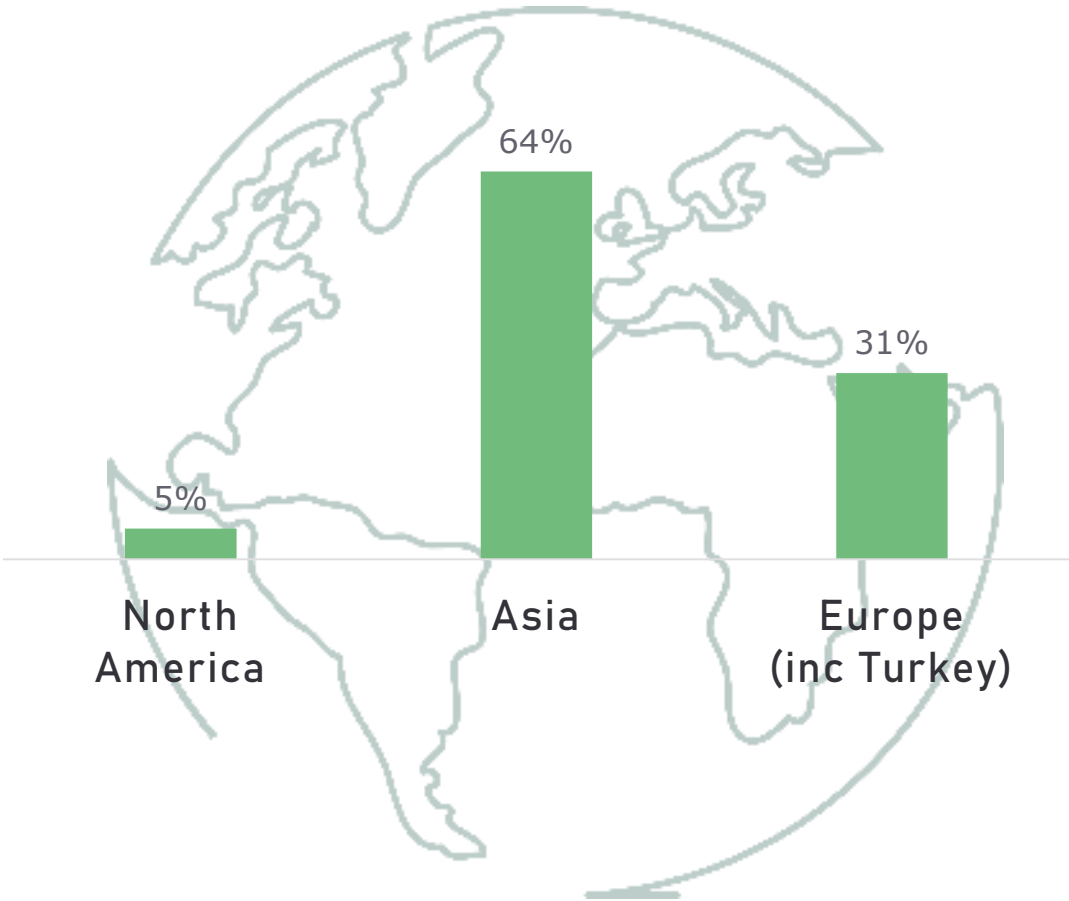
- Variety of use cases means there is significant diversification in respect of the demand profiles in this vertical
- New construction activity has begun to slow, however global RMI spend is continuing to increase as activity recovers from reduced demand during the pandemic

# Global capability

Customer location

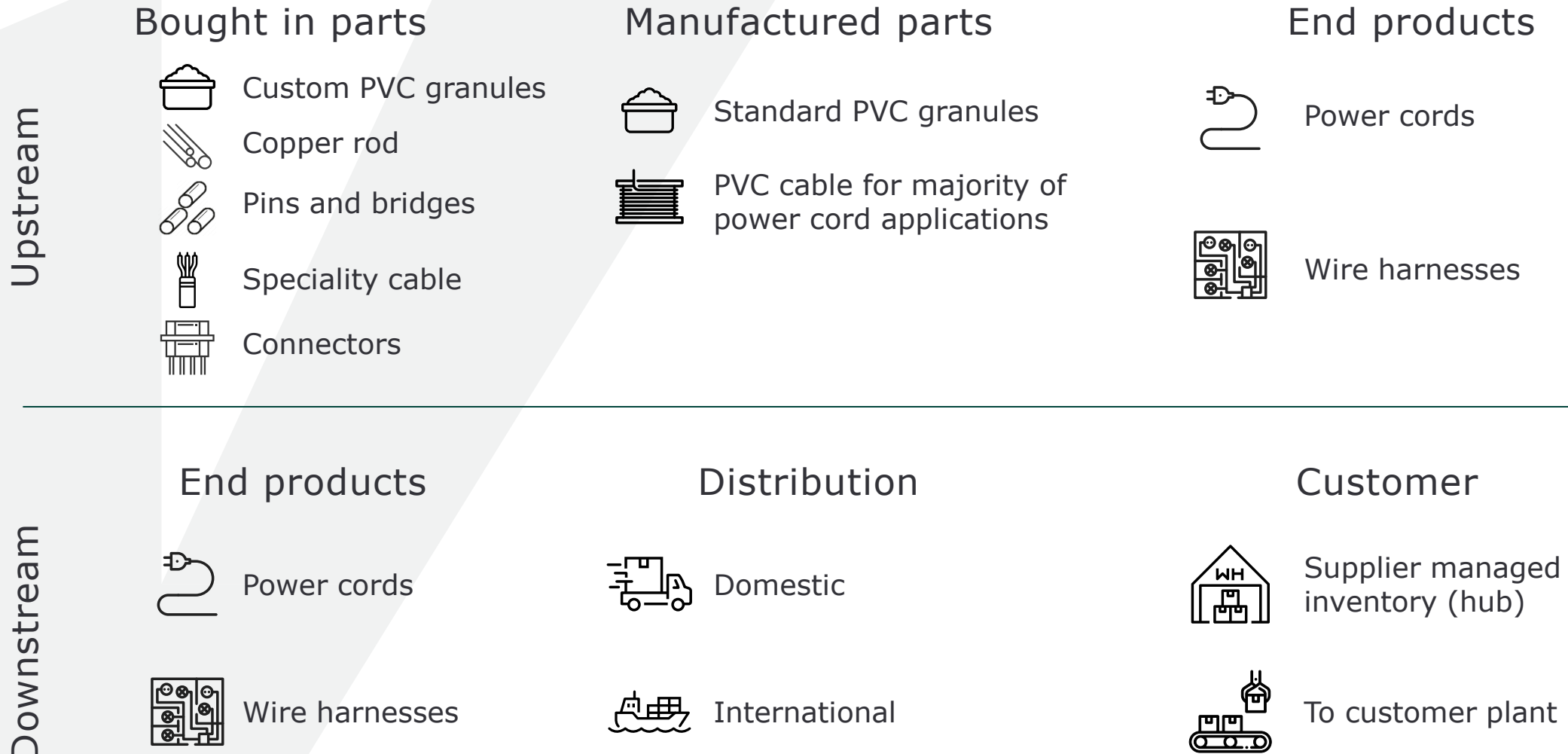


Production

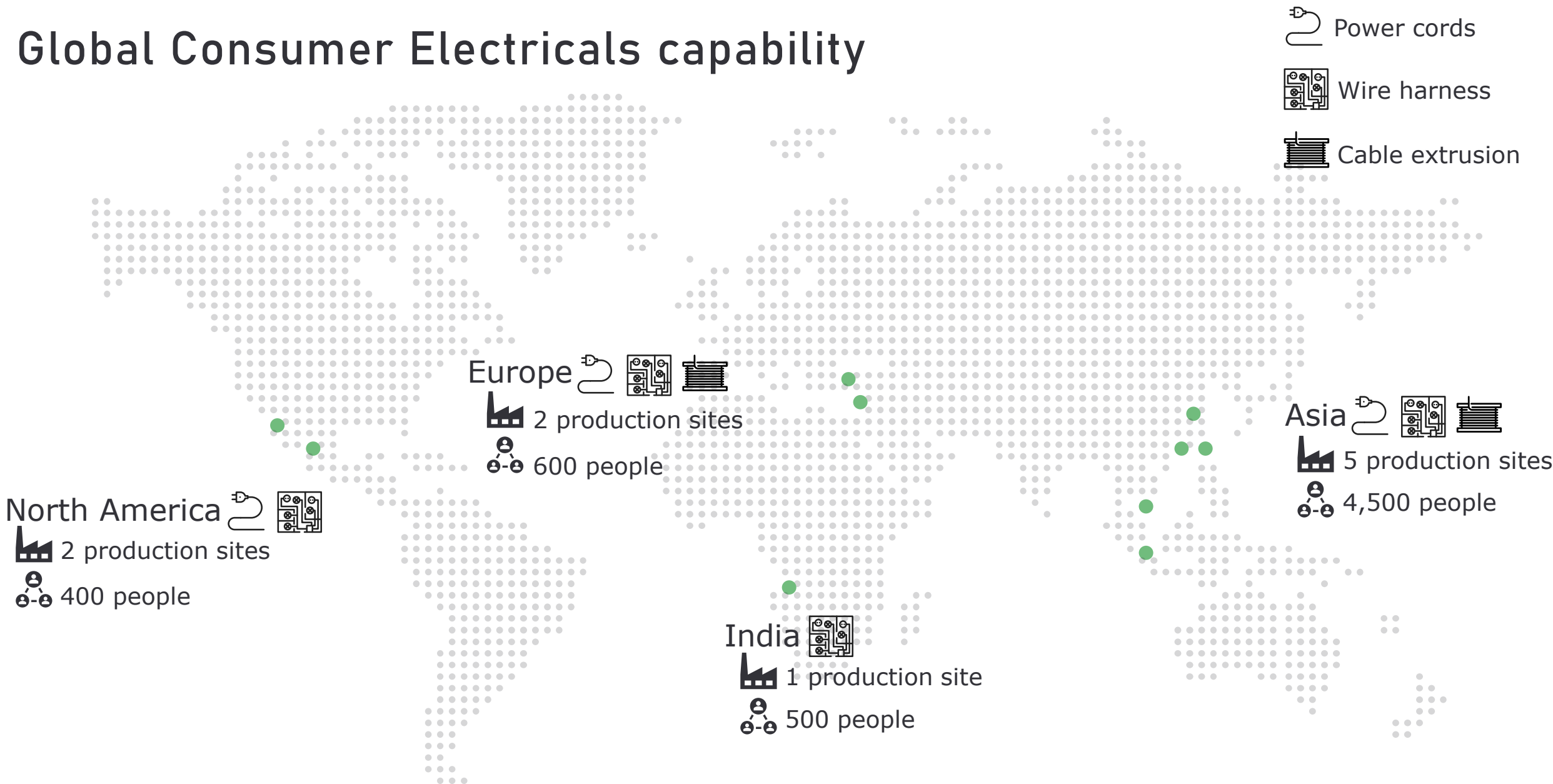


Based on FY2022 revenue. Customer location based on where the primary customer relationship is maintained. Production is based on manufacturing location.

# Supply chain requirements



# Global Consumer Electricals capability



# Creating strength and depth in our Consumer Electricals business

## High growth - low margin (Pre-2017)

- Focus on sales growth but low margin
- Very reliant on a few large customers
- Lost expertise and capability
- No vertical integration or automation

## Transformation (2017-2021)

- Exited low margin business
- Diversified customer base
- Standardised products
- Invested in targeted automation

## Profitable growth (2021 onwards)

- Highly cost competitive
- Vertically integrated and automated
- Diversified customer base
- Global footprint
- Widening the product portfolio

# Acquisitions have enhanced our Consumer Electricals business



## Best customers

- Gained new customers
- Achieved cross-selling success
- Expanded existing relationships



## Global capability

- Enhancing global footprint
- Created localisation opportunities
- Diversified supply chains



## Competitive manufacturing

- Delivered vertical integration
- Enhanced supply chain scale
- Shared best practice

# DE-KA was an excellent acquisition that has enhanced the Group



## Best customers

- Relationships with major European white goods manufacturers
- Significant cross selling success already
- Enabled us to negotiate global supply agreements with major customers
- Exciting organic growth opportunity



## Global capability

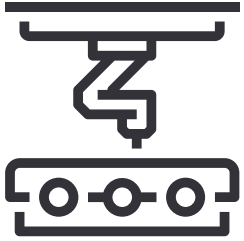
- Created immediate scale in Europe
- Enhanced geographic and sector diversity
- Located in a low-cost region close to Europe
- Two production sites in Turkey specialising in different product classes



## Competitive manufacturing

- Best in class automation and vertical integration
- Very strong knowledge of how to optimise production
- Strong management team who have stayed with the business

# Economic context in Turkey



## Manufacturing expertise

- Home to major domestic appliance manufacturing businesses



## Skilled workforce

- Excellent availability of skilled employees and a dynamic labour market



## Exchange rate and currency movements

- Significant devaluation of currency in recent years mitigated by making sales in EUR



## Inflation

- Inflation in local currency terms is high but DE-KA passes through changes to customers



# DE-KA acquisition structure

## Deal structure

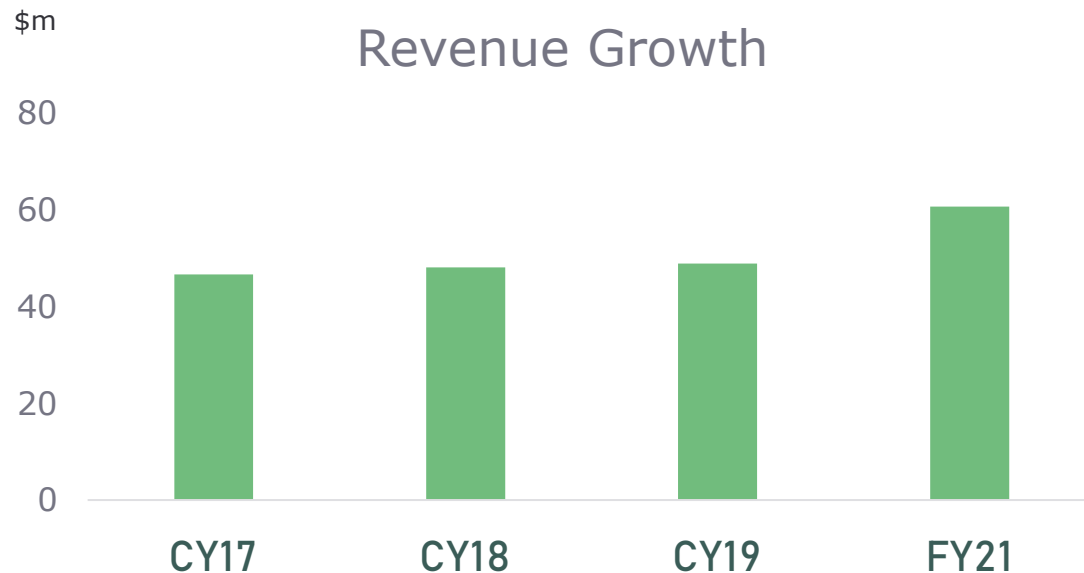
Day one (Feb 2021):  
€37m cash at closing and €2m deferred payment  
3.3m Volex shares

Earnout:  
€13m contingent earnout in cash  
Up to €2.5m working capital payment

## Performance against earnout

Earnout based on EUR EBITDA achievement  
against a stretching growth target

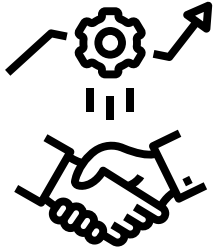
Year one earnout: Exceeded  
Year two earnout: Exceeded  
Year three earnout: On track



The graph shows calendar year revenues as previously disclosed in H1 FY2021 results presentation, converted to USD, with FY21 results disclosed in FY2021 results presentation



# Strategic opportunities



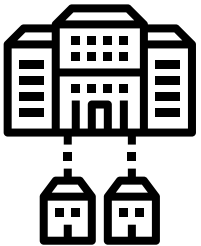
## Cross selling

- Acquisitions have created new customer relationships and we are actively selling our capabilities to new and existing customers



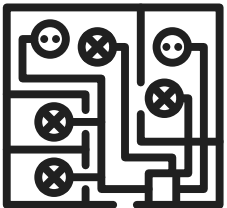
## Localisation

- Customers are looking to reduce supply chain complexity, creating opportunities to leverage Volex's extensive manufacturing footprint



## Vertical integration

- Cost competitiveness has been enhanced through in-house manufacturing, allowing us to secure additional customer projects and win market share

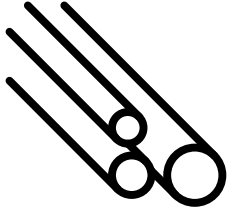


## Wire harness market

- Volex has the opportunity to be a challenger in the market for wire harnesses used in domestic appliances which is a significant opportunity

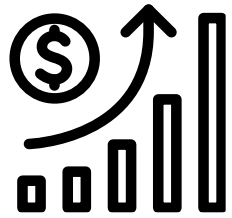


# Managing effectively



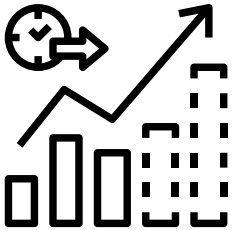
## Copper pass-through

- Absolute margins are protected by copper pass-through clauses in the majority of contracts or through hedging agreements with customers



## Inflation

- Regular repricing allows inflationary cost pressures to be dealt with on a timely basis, with majority of contracts refreshed quarterly



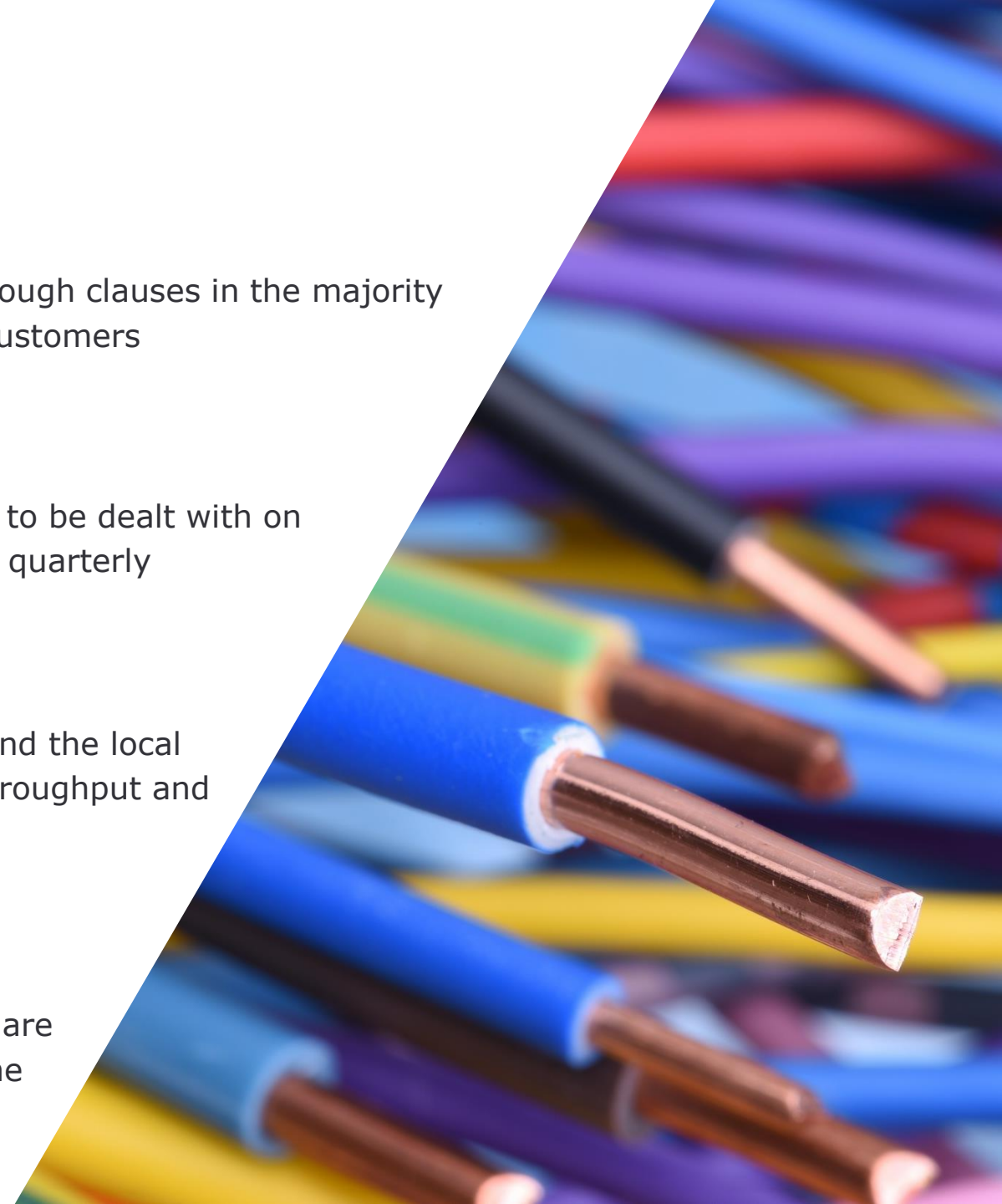
## Visibility

- Pricing mechanism locks in volume commitments and the local manufacturing teams use experience to manage throughput and capacity in each plant



## Pricing pressure and commoditisation

- Although pricing is competitive and some products are generic, a high-quality component is essential to the safety and functionality of the end product which prevents a “race to the bottom”



# Competitive advantages



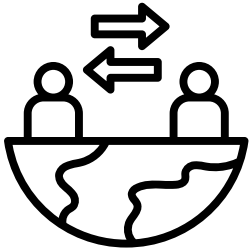
## Best cost manufacturer

- Able to win business and gain market share through competitive pricing while still achieving margin targets due to our investment in vertical integration and automation



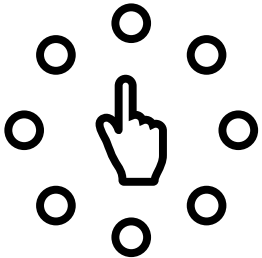
## Global footprint

- Have capacity and capability in the right locations to match with our customers' requirements, in addition, our regional footprint helps minimise freight costs and reduces supply chain complexity



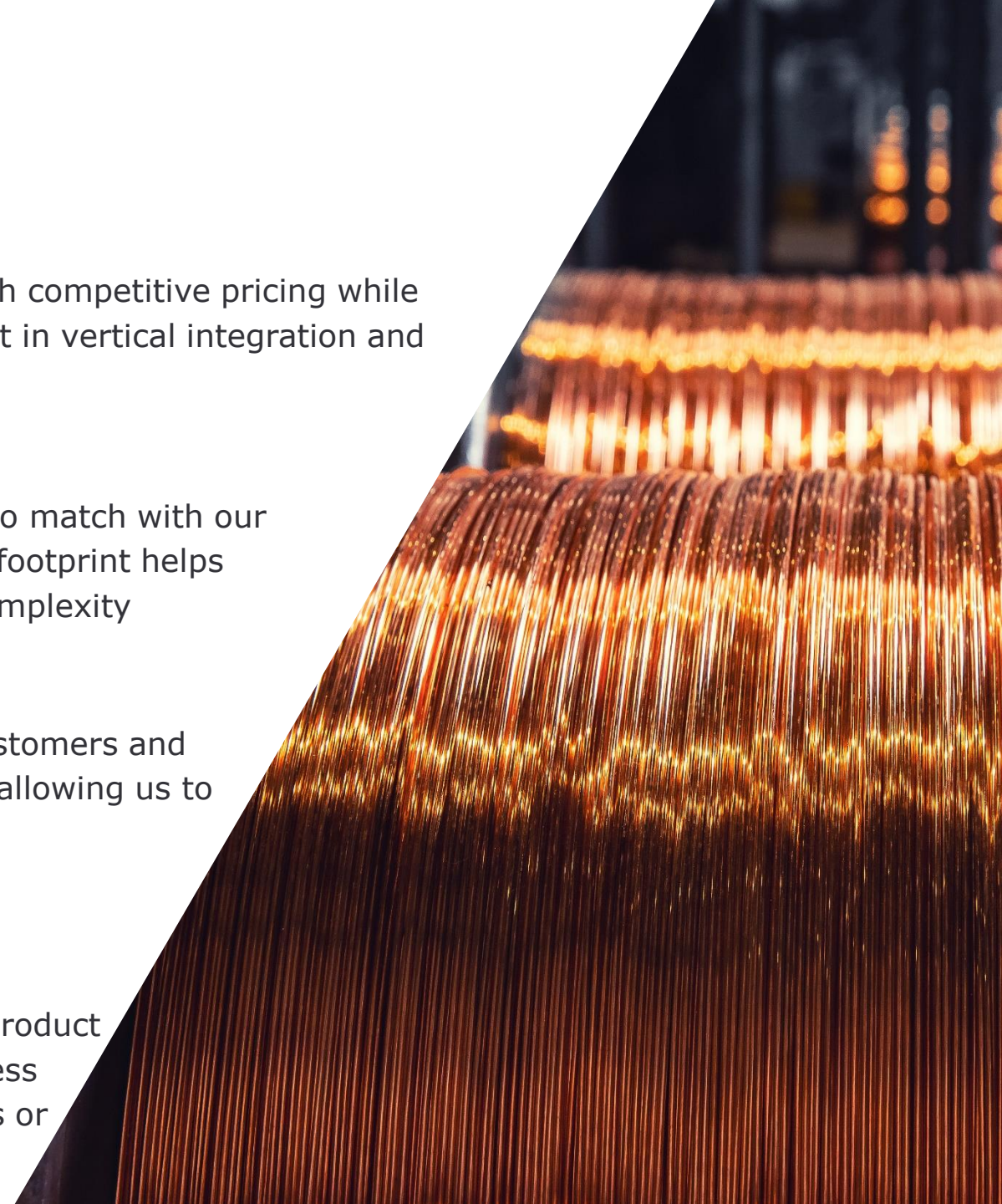
## Customer support

- We offer global customer service to support our customers and we have talented product development engineers, allowing us to solve customers' real world challenges

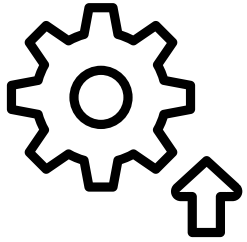


## Diversification and range of products

- We are a diverse business in terms of customers, product set and geography. This results in a resilient business avoiding concentration around particular customers or product sets

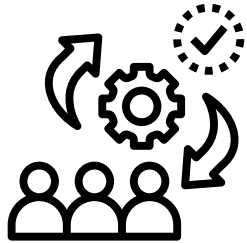


# Continuing to deliver progress



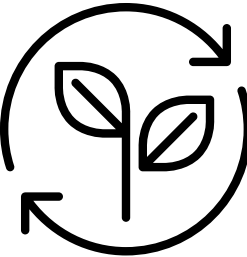
## Targeted investment to deliver growth and efficiency

- Capital investment requirements are relatively modest, with a focus on supporting new customer projects with tooling, delivering targeted automation and driving further process efficiencies



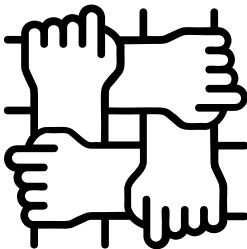
## Continuous improvement culture

- Have a well established continuous improvement methodology that identifies improvements and reduces waste and re-work



## Sustainability

- All facilities are capturing important KPIs to identify sustainability projects and manage the environmental impact of production



## Collaboration and innovation

- Cross-functional teams of experts working closely to optimise programme delivery and implement the long-term strategy



