Volex

Year ended 2 April 2023

ANNUAL RESULTS PRESENTATION

22 JUNE 2023

NAT ROTHSCHILD
Executive Chairman

JON BOADEN
Chief Financial Officer

Delivering ahead of our ambitious five-year plan

Another record performance

- Strong revenue growth due to robust demand and improved component availability
- Underlying operating margin enhanced to 9.3% with robust pricing

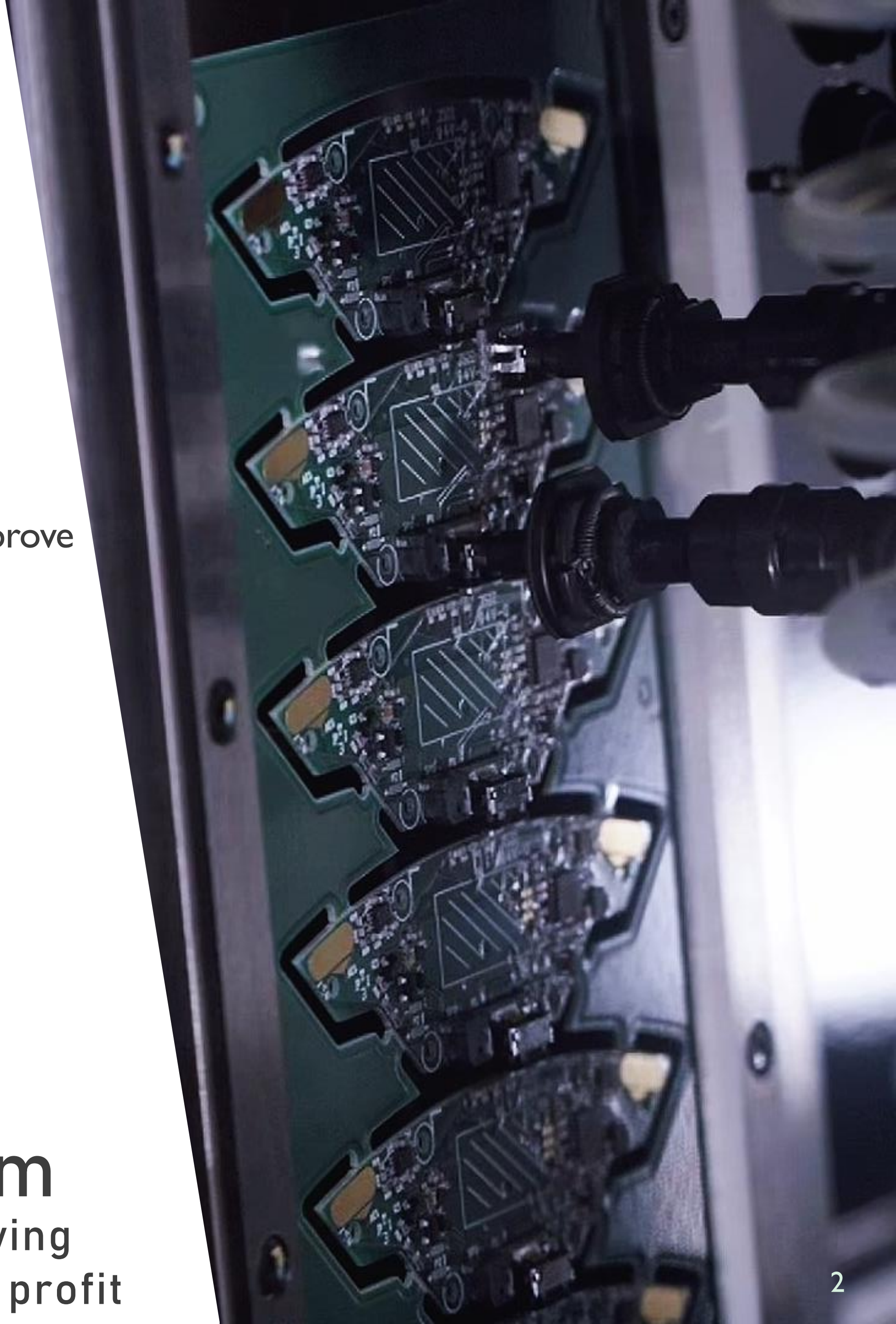
Continued strength in our chosen markets

- Significant step up in Medical and Complex Industrial Technology as supply chains improve
- Increased market share in Consumer Electricals despite macroeconomic challenges
- Electric Vehicles revenues up by a third, with a broadening product set

Investing for long-term growth

- Deepening our capability in cutting edge display technology with RDS acquisition
- Significant investment in capabilities to drive growth
- Announcing the significant acquisition of Murat Ticaret, a leading off-highway business

+11.4%	9.3%	$723m	$67m
Organic revenue growth	Underlying operating margin	Revenue	Underlying operating profit



Global footprint, supporting localisation trends

North America

5 acquisitions since FY2018

Optimisations

PCBa capability
Investment in automation
Entry into defence sub-sector

Europe

4 acquisitions since FY2018

Optimisations

Entered domestic appliance market
Capitalised on cross-sell opportunities

Asia

2 acquisitions since FY2018

Optimisations

Launched EV business
Exited un-profitable consumer business
Closed sub-scale factory in India
Vertical integration delivered
Expansion of Indonesia

North America

Opportunities

Increased penetration into EV market
Supporting customer localisation
Capacity expansion in Tijuana

Europe

Opportunities

Supporting customer localisation
Capacity expansion in Poland

Asia

Opportunities

Capacity expansion in India and Indonesia
Penetration into China EV market
Growth in Data Centre market

Developing a path to net zero by 2035

We are committed to enhancing sustainability, doing what is right and making a positive impact on our communities. We will become net zero by 2035 by reducing our scope 1 and 2 emissions, through decarbonisation of energy supply.

Completed

Establishing our ambitions
Committing to delivering net zero

Understanding our impact
Data led insight into our environmental impact

Strengthening governance
Board level engagement to prioritise plans

Increasing engagement
Building momentum at a site level

In progress

Publishing our roadmap
Based on scientific targets

Reducing our impact
Decarbonising our energy supply with solar and LED technology

Reporting performance
Allowing us to recognise top performing sites

Strengthening accountability
Enhancing governance at a site and regional level

Future priorities

Achieving our goals
Delivering our commitments and identifying next steps

Reducing our Impact
Full decarbonisation of energy, optimising use of onsite renewables

Leveraging successes
Knowledge-sharing and recognition for improvements

Local engagement
Adopting community-specific improvement plans

Emissions intensity improvement
13.7%

Reduced water usage
12%

Recycling rate
90%

FINANCIAL AND OPERATIONAL REVIEW

Strong financial performance

Revenue

$722.8m

+17.6%

FY2022: $614.6m

Underlying operating profit

$67.3m

+19.8%

FY2022: $56.2m

Underlying operating margin

9.3%

+20bps

FY2022: 9.1%

Organic revenue growth

11.4%

Profit before tax

$45.8m

+26.5%

FY2022: $36.2m

Total dividend per share

3.9 pence

+8.3%

FY2022: 3.6 pence

Excellent progress in Electric Vehicles

	FY2023	FY2022	Change
Revenue	**$138.3m**	**$104.2m**	**33%**
Organic growth	**33%**	**96%**	

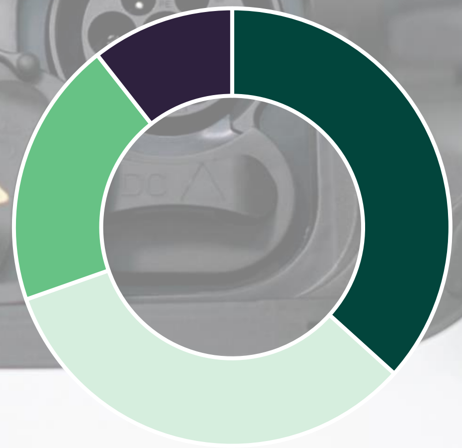
FY2023 highlights
Strong demand continued in FY2023 across a widening product range and customer base.

Structural growth drivers
- Concern for climate change and the environment
- Government incentives
- Adoption of EV technology
- Out of home charging market

Strategic progress
- High growth sector
- Customer diversification
- Industry leading design team
- Solutions for all major markets
- Increased product offering
- Vertical integration to remain a competitive low-cost producer

% of Group revenue

Sector revenue mix



Volumetric growth in Consumer Electricals

	FY2023	FY2022	Change
Revenue	**$261.8m**	**$262.4m**	**0%**
Organic growth	**(3%)**	**14%**	

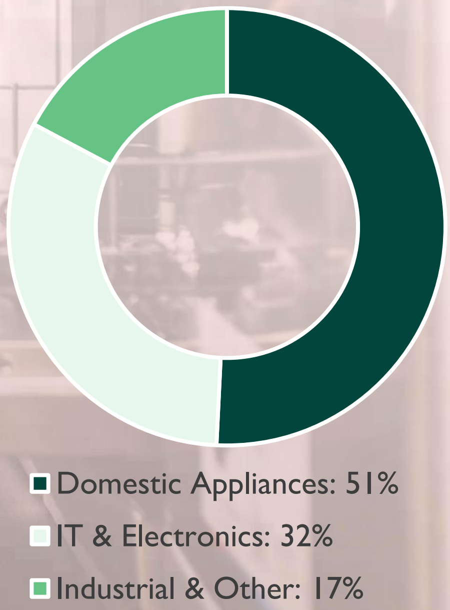
FY2023 highlights
Volumes low single digits higher despite multiple macroeconomic headwinds during the year. Offset through cost deflation.

Structural growth drivers
- Consumer desire for enhanced technology
- ‘Smart’ appliances
- Urbanisation
- Adoption of premium brands
- Feature enrichment

Strategic progress
- Vertical integration with power cable extrusion operations
- Utilising global footprint where customers are localising supply chains
- Through automation and vertical integration, we are a leading low-cost manufacturer
- Optimised product suite

% of Group revenue

Sector revenue mix



Strong growth in Medical

	FY2023	FY2022	Change
Revenue	$145.0m	$128.3m	13%
Organic growth	16%	13%	

FY2023 highlights
Medical market saw further growth in FY2023 driven by the backlogs built up during the Covid-19 pandemic.

Structural growth Drivers
- Ageing populations
- Technological advancements
- Universal healthcare
- Backlog of investment

Strategic progress
- Continued focus on market-leading quality and customer service
- Invested in expansion of facilities in sites close to customers
- Global footprint of accredited sites
- Design partnerships
- Latest manufacturing processes

% of Group revenue

Sector revenue mix

Significant expansion in Complex Industrial Technology

	FY2023	FY2022	Change
Total revenue	**$177.7m**	**$119.8m**	**48%**
Organic growth	**19%**	**(2%)**	

FY2023 highlights

Our Complex Industrial Technology end market has grown significantly over the past few years with the benefit of several acquisitions.

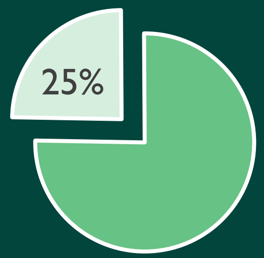
Structural growth drivers

- New and evolving technologies.
- Expansion in cloud computing, streaming
- Demand for ever-increasing cable speeds
- Factory automation

Strategic progress

- Research and development of 400Gbps products and 800Gbps products
- Strong relationships with long-term customers
- State of the art PCBA capability

% of Group revenue



Sector revenue mix

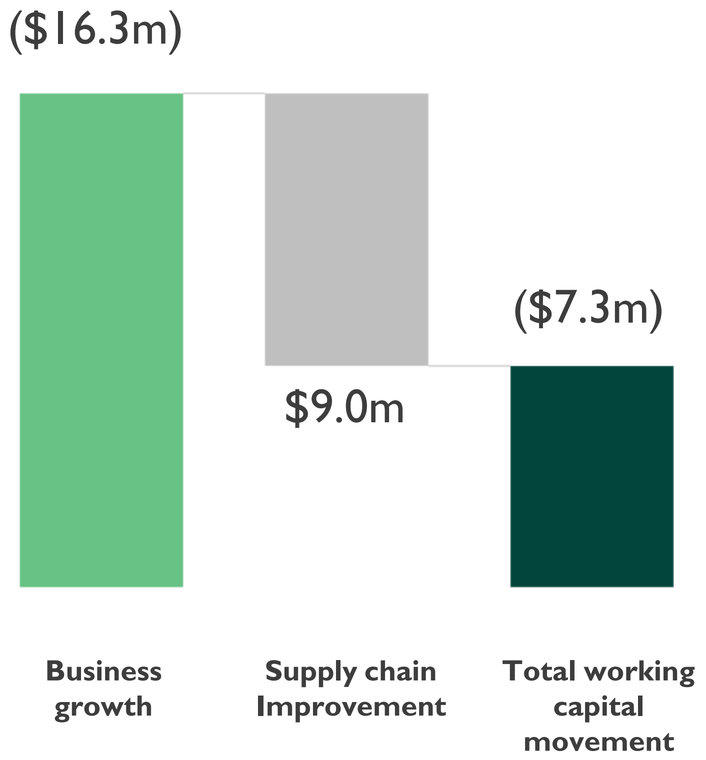
- Commercial & other: 50%
- Data Centre: 21%
- Aerospace & Defence: 16%
- IT / Telecomms: 13%

Group Cash Flow

$m	FY23	FY22
Underlying EBITDA	**81.6**	**66.1**
Net capital expenditure	(18.2)	(14.5)
Underlying working capital	(7.3)	(35.9)
Net interest and tax	(13.8)	(8.0)
Other including pension	(2.0)	(1.6)
Underlying Free Cash Flow	**40.3**	**6.1**
Acquisitions	(12.5)	(56.0)
New finance leases	(8.7)	-
Dividends	(5.7)	(7.2)
Repayment of leases	(6.9)	(4.7)
Purchase of own shares	(7.2)	(5.1)
Other	(1.3)	(0.3)
Movement in net debt (excl. operating leases)	**(2.0)**	**(67.2)**

- Underlying EBITDA improved by 23.4%
- Covenant net debt : EBITDA ratio at 1.0x
- $50 million of term debt at fixed interest rate following an interest rate swap taken out during H1 FY2023

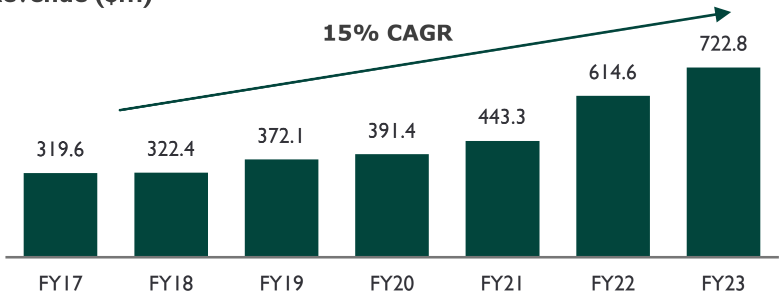
Working capital movements



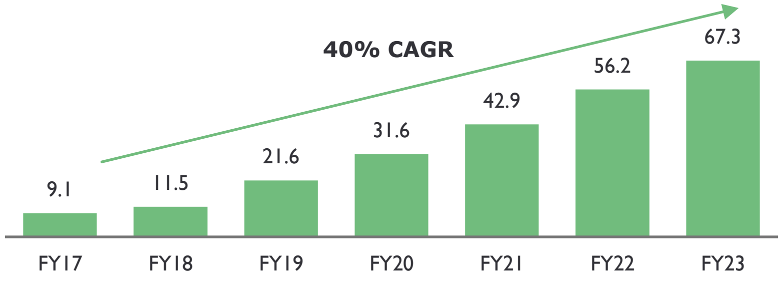
STRATEGIC UPDATE

Track record of value creation

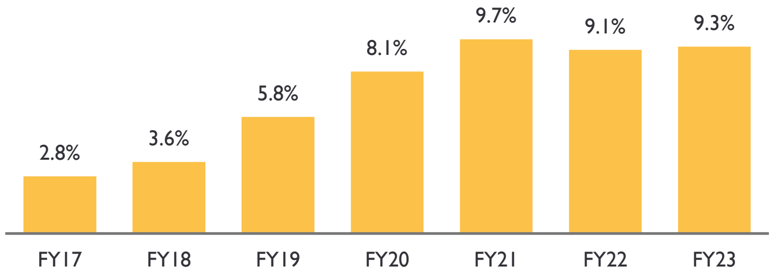
Revenue ($m)



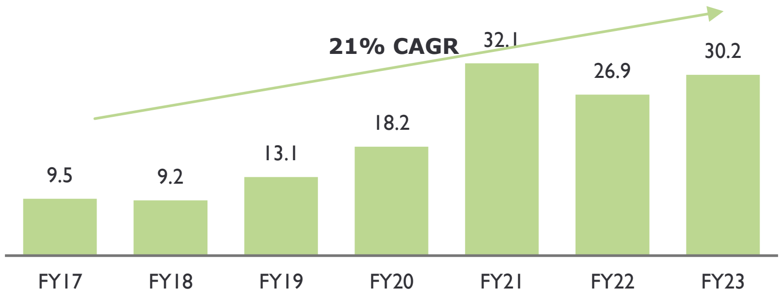
Underlying operating profit ($m)



Underlying operating margin (%)



Underlying basic EPS[1] (c)



- Doubled revenues since FY19, with CAGR (excluding acquisitions) of 8%
- Maintained operating margin above 9% for the last three years
- Significant increases in profit and EPS

Note(s): 1) FY21 underlying EPS includes 8.5 cents for one-off recognition of deferred tax assets

Successful acquisition strategy

- Additional value add capabilities
- Strategic geographic location
- Deep customer relationships
- Attractive valuation
- Industry we understand well

Strong track record of acquisitions

Year	Business	Country	Consideration	EV/EBITDA
FY19	MC Electronics	USA	$4m	2.3x
FY19	Silcotec Europe	Slovakia	$14m	5.0x
FY20	GTK (UK) Limited	UK	$18m	6.5x
FY20	Ta Hsing industries Ltd	China	$5m	8.3x
FY21	Deka Elektroteknik	Turkey	$85m	6.6x
FY21	Servatron	USA	$19m	4.2x
FY22	Irvine Electronics	USA	$15m	3.0x
FY22	inYantra Technology	India	$13m	8.2x
FY23	Prodamex & Terminal & Cable	Mexico	$19m	7.7x
FY23	Review Display Systems	UK	$9m	3.7x

Acquisition summary shows the total consideration and the EV/EBITDA multiple on acquisition

- Our acquisitions generate excellent returns on investment
- 11 businesses acquired in the last five years for total consideration of $201 million
- Targeted integration approach that prioritises sales synergies and operational efficiencies to accelerate returns
- The businesses we acquired in FY2019 have already achieved cash payback

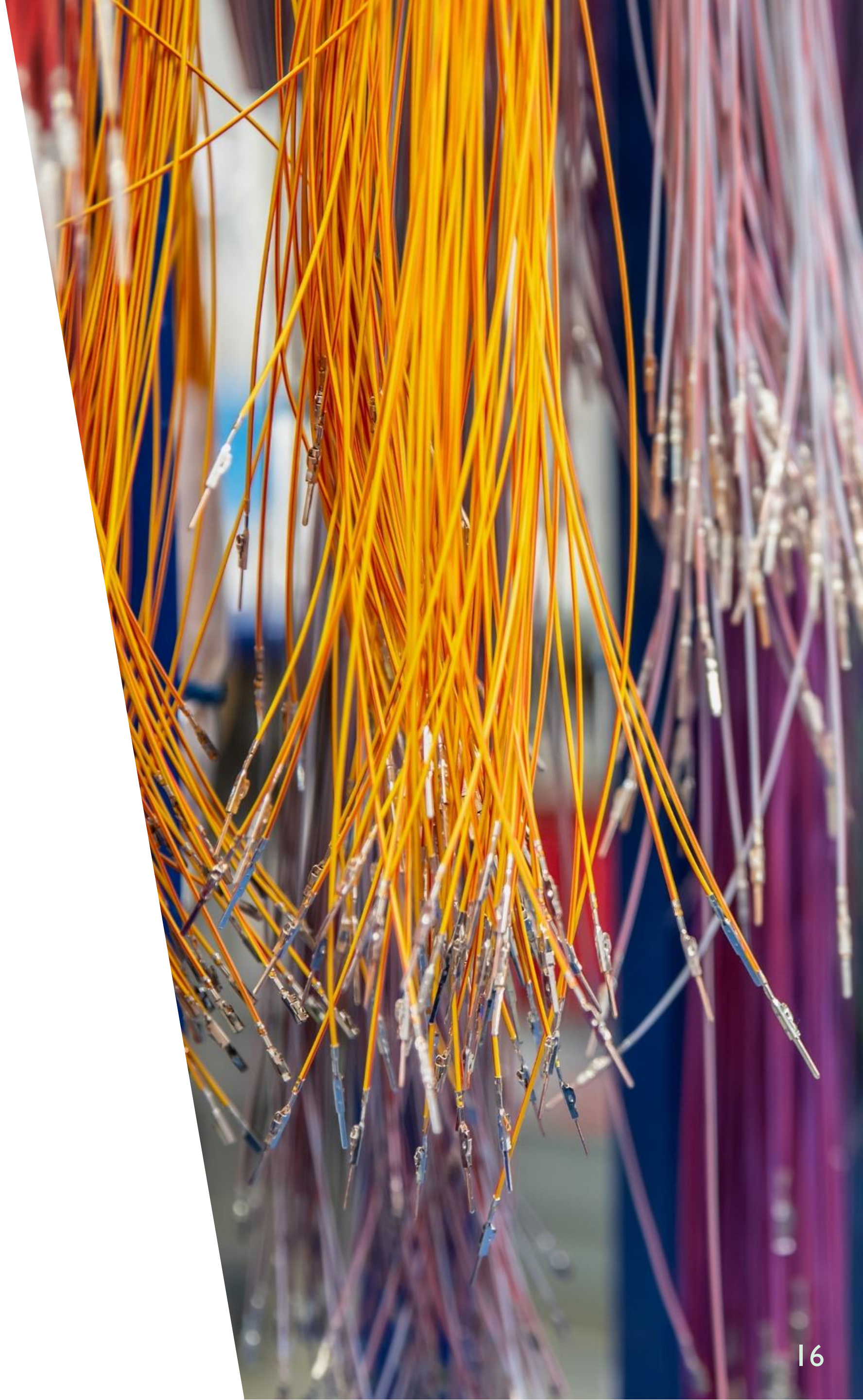
ACQUISITION OF MURAT TICARET

Agreed acquisition of Murat Ticaret for up to €178.1m

- Leading manufacturer of complex wire harnesses
- Headquartered in Turkey with an international manufacturing footprint
- Significant global exposure to the off-highway manufacturing market
- Excellent customer relationships and a strong management team
- Highly profitable business with a demonstrable financial track record
- Expected to be mid-teens earnings enhancing in the first full year of ownership
- Enterprise value multiple of 5.3x CY22 EBITDA

€158m CY2022 Revenue	5.3x CY2022 EBITDA	Mid teens earnings enhancing	ROIC > WACC Year 1

A strategically compelling and complementary transformational acquisition



Murat Ticaret – business overview and investment highlights

- **Market leading wire harnessing manufacturer**
- **Diverse and long-term customer base**
- **Strong regional footprint**
- **Track record of profitable growth and strong prospects**
- **Opportunity to expand capacity to meet expected demand**
- **Experienced management team committed to the business**

Leader in the attractive off-highway sector with excellent customers

- Leading vertically integrated wire harness and battery cable manufacturer
- Supported by a strong customer base including major global manufacturers and tier one suppliers, providing a solid foundation for continued growth
- Strong management team will remain with the business and continue to focus on delivering high-quality, cost-effective products

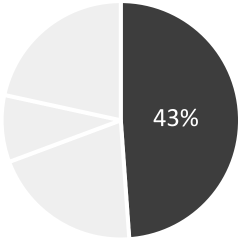
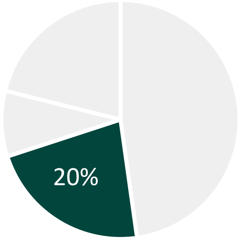
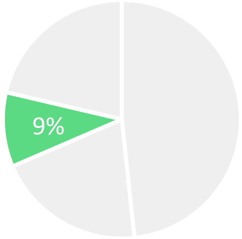
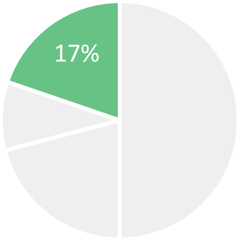
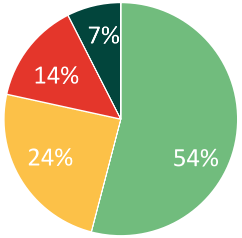
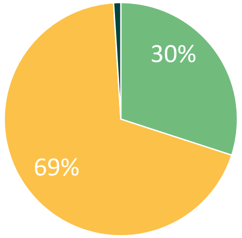
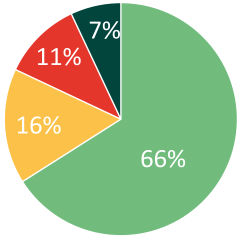
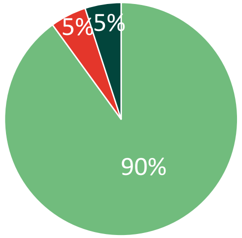
Highly profitable business with a strong track record

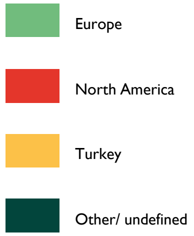
- CY22 revenue of €158m with pro-forma EBITDA of €33.4m
- EBITDA margins of c.20% over the last three years; expected to be 17%-19% in the medium term after increased investment
- Well invested and capex light business, with average cash conversion of c.80% over the last 3 years[1]

A highly complementary business with similar characteristics which fit the Volex model

Notes
1 Cash conversion defined as: (EBITDA – Capex) / EBITDA

Murat Ticaret – product and end market overview

	Agricultural	Commercial	Construction	Industrial
Revenue breakdown CY22[1]	 43%	 20%	 9%	 17%
End applications	• Tractors, harvesters, hoeing machines	• Buses, minibuses, coaches, trams, road sweepers and refuse collection vehicles	• Telescopic handlers, backhoe loaders, compactors and excavators	• Material handling equipment e.g. fork trucks and lifting and safety equipment
Expected growth rates[2]	8.6%	6.9%	7.0%	5.7%
Geographic breakdown CY22	 7%, 14%, 24%, 54%	 30%, 69%	 7%, 11%, 16%, 66%	 5%, 5%, 90%

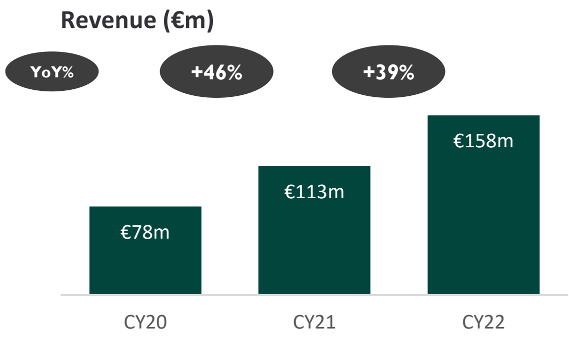


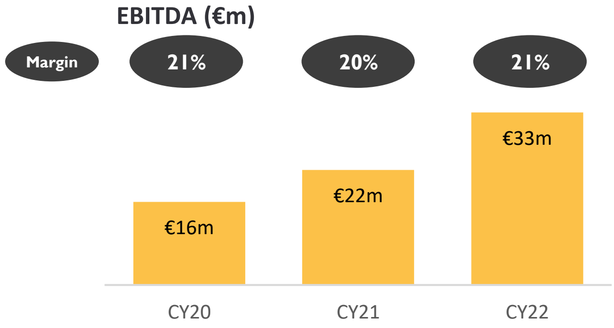
Notes
1. The revenue breakdown shown represents 88% of overall revenue- the remaining 12% is generated from other segments such as passenger vehicles
2. Expected growth rates based on market research data

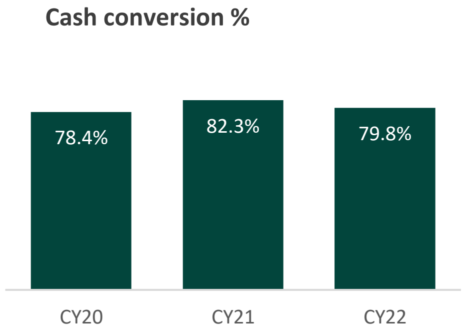
Excellent track record and financial profile

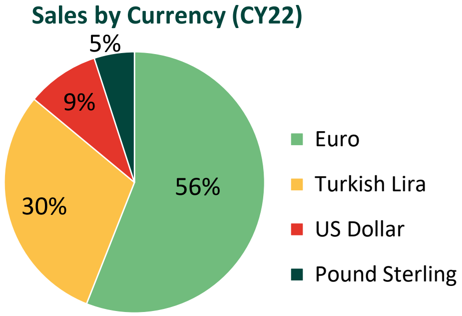
Financial overview

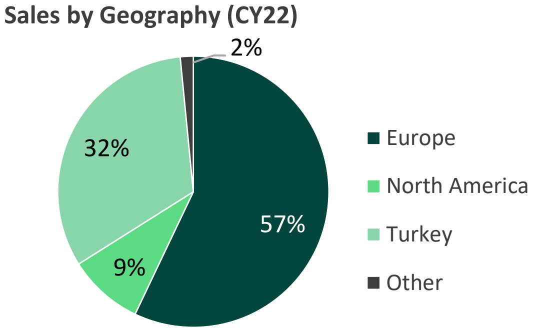
- Revenue has doubled in the last three years due to strong customer demand for agile and competitive manufacturing solutions
- EBITDA margins of c.20% over the last three years
- Well invested and capex light business, with average cash conversion of c.80% over the last 3 years
- Strong start to CY23, with revenue growth in line with management expectations
- Euro based business with minimal exposure to Turkish Lira









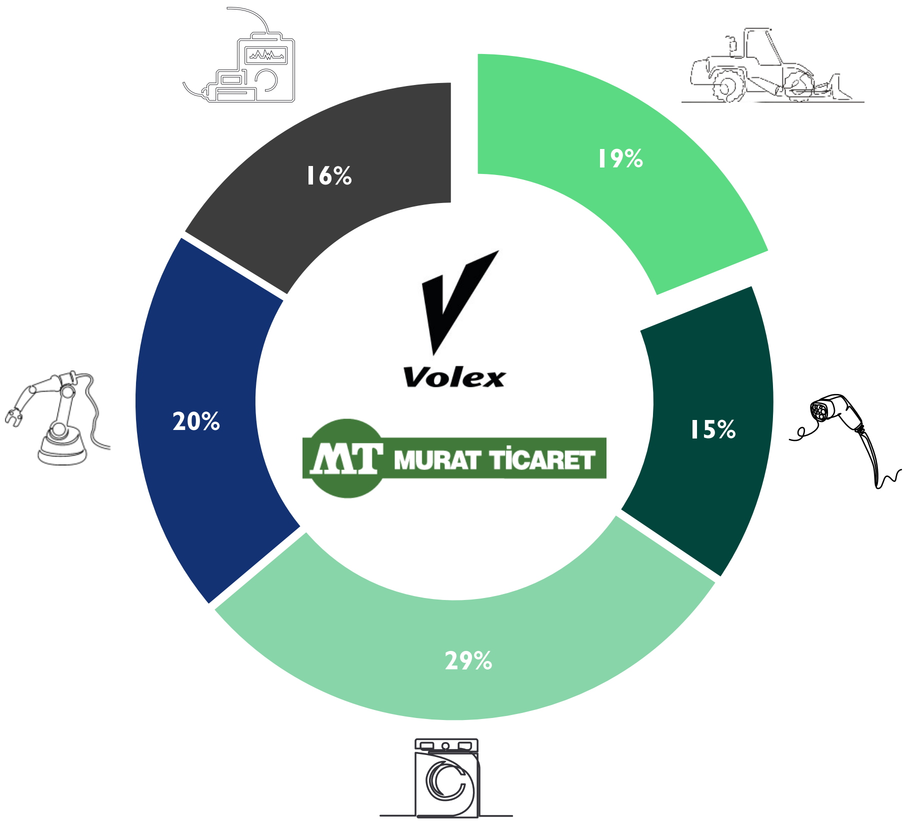


Outlook

- Revenue expected to grow in line with blended market growth rate of c.7% per annum
- Increased capital spend to support development of the business's technical capabilities
- Expected underlying operating margins of 15% - 16%, with blended group pro forma underlying operating margin of approximately 10% in the first full year of ownership, improving to more than 10% over time

Notes
1 Cash conversion defined as: (EBITDA – Capex) / EBITDA

Compelling strategic rationale and growth opportunity from combination



Proforma revenue by end market segment (Volex FY23 and Murat Ticaret CY22)

Access to new, fifth growth market - broader product offer and customer base

- Diversifies and unlocks combined customer base
- High single digit growth rates anticipated in end markets
- Adding non-competing, complementary products to Volex's capabilities across a broad range of geographies

Attractive opportunity to develop North American sales

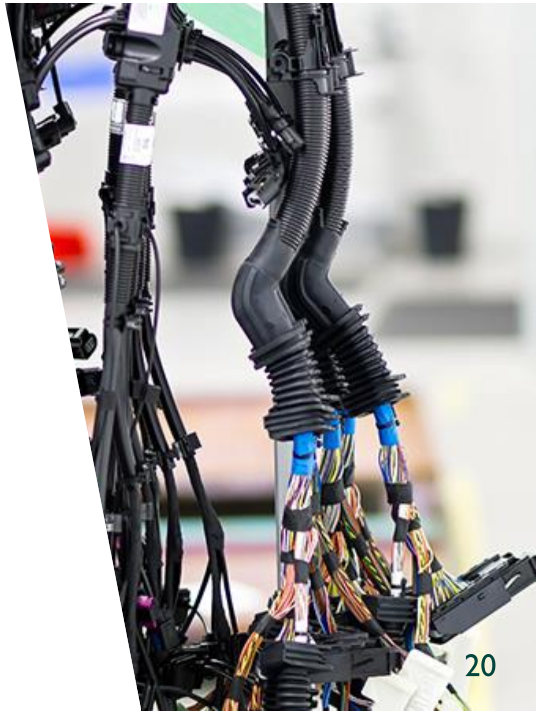
- Opportunity to expand operations in an attractive, fragmented North American market, which is the largest market for agricultural equipment in the world
- Leverage Volex's existing footprint in North America

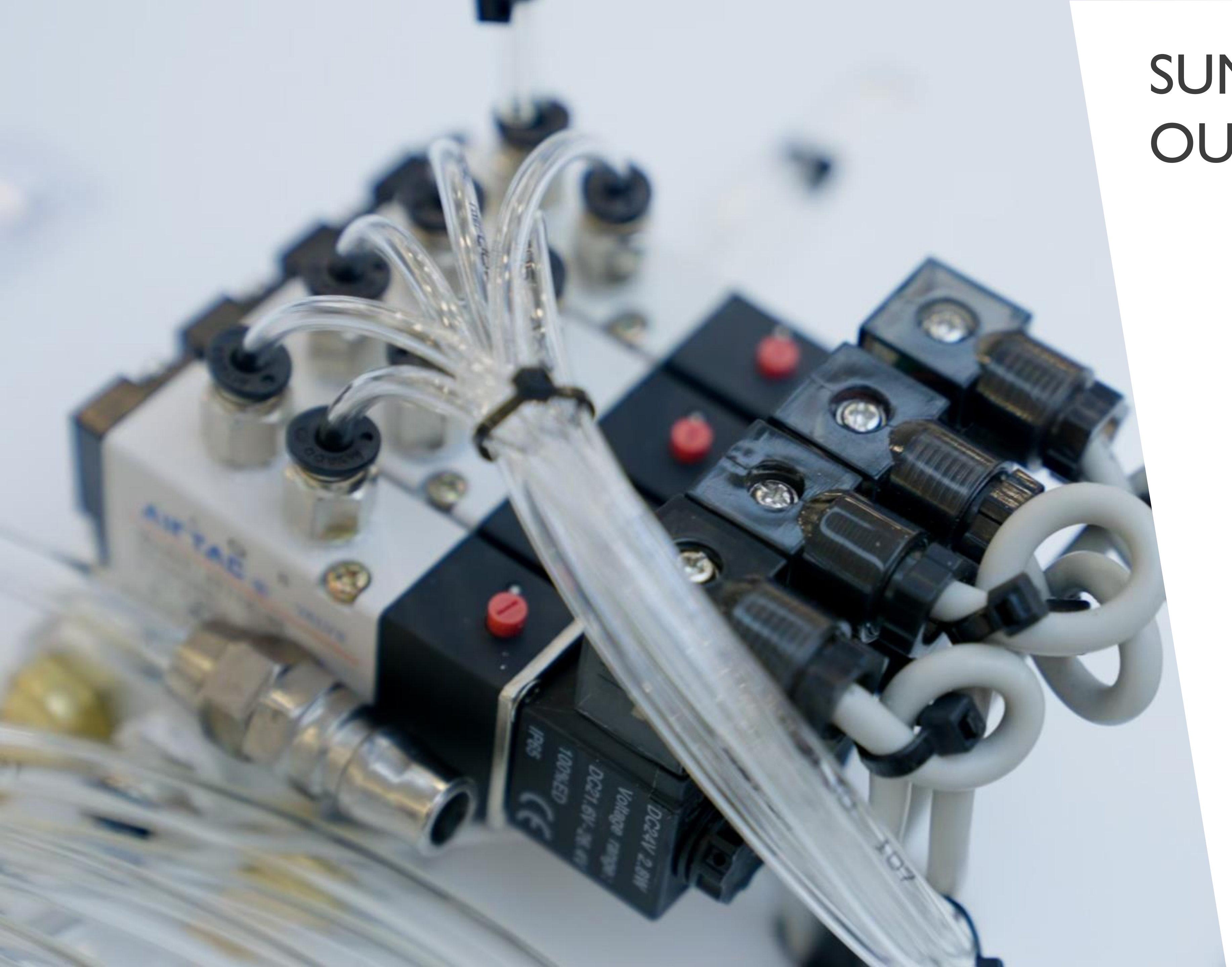
Wide range of cross-selling opportunities

- Able to market the full range of Volex production capabilities to the acquired customer base

Supply chain scale, enhanced footprint and cost benefits

- Eight manufacturing sites across three countries
- Additional scale increases purchasing power of the supply chain
- Operational efficiency benefits





SUMMARY AND OUTLOOK

Performance ahead of our five-year plan targets

5-year plan to FY2027

Revenue	Underlying operating margin	Revenue from acquisitions
$1,200m	9-10%	$200m
By end of FY2027		

- Revenue growth firmly ahead of plan
- Murat Ticaret acquisition blends up underlying operating margins
- After the Murat Ticaret acquisition, revenue from acquisitions on an annualised historical basis will be $185m since FY22
- Winning new business due to localisation, for example a $30m EV contract win in Mexico
- Delivering profitable growth while maintaining a robust balance sheet

Summary and outlook

- Record performance, strong profitable growth and cash generation
- Performance ahead of the five-year plan
- Murat Ticaret acquisition provides entrance with scale into the attractive off-highway sector driving diversification
- Positive start to FY2024, with good levels of demand from our customers
- Structural long-term growth drivers remain in place
- Acquisition of Murat Ticaret to blend operating margins up post completion

Compelling organic growth profile and significant acquisition – creating value for shareholders

APPENDICES

Capital allocation to deliver sustainable growth

Capital expenditure focused on high-growth areas	Invest to drive organic growth Payback in 2 years for many projects	Target net debt to EBITDA of 1.5x-2.0x (based on covenant net debt which excludes IFRS 16 leases)
Acquire and integrate attractive businesses	Enhance capability, grow customer base, acquire at attractive valuations	
Sustainable through cycle dividend	Dividend progressively increased to full year total of 3.9p (up 8.3%)	
Return of capital	Only where capital cannot be deployed to create greater value	

Balance sheet

$m	FY2023	FY2022
Goodwill and intangible assets	124.1	129.9
Property, plant and equipment	84.6	62.8
Investments	2.6	1.5
Inventories	120.5	119.3
Trade and other receivables	155.5	138.2
Trade and other payables	(151.0)	(147.7)
Pensions and provisions	(3.9)	(5.6)
Taxation (net)	4.0	5.4
Lease liabilities	(34.8)	(20.9)
Net debt excluding lease liabilities	(68.9)	(74.4)
Net assets	**232.7**	**208.5**

Volex