Volex

6 months ended 1 October 2023

H1 FY2024 RESULTS PRESENTATION

23 NOVEMBER 2023

NAT ROTHSCHILD
Executive Chairman

JON BOADEN
Chief Financial Officer

Highlights in H1

Strong growth in the first half in line with expectations

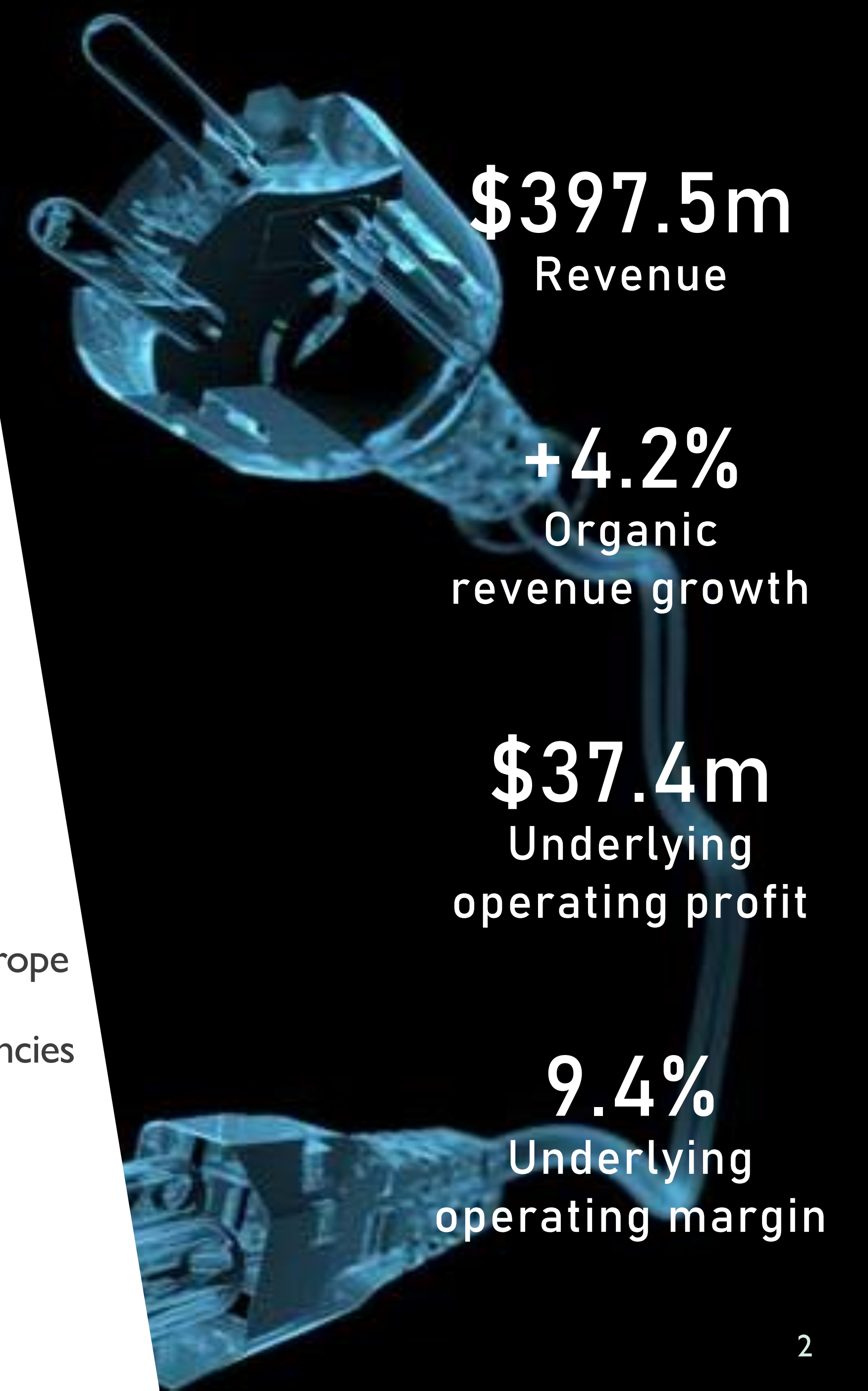
- Revenue growing despite short-term changes in demand profile
- Underlying operating margin enhanced to 9.4%

Strength in balance of our chosen markets

- Very strong growth in Medical and Complex Industrial Technology as supply chains improve
- Customer de-stocking experienced in Electric Vehicles and Consumer Electricals
- New Off-Highway sector launched with excellent growth characteristics

Investing for long-term growth

- Completed the significant acquisition of Murat Ticaret, the leading off-highway business in Europe
- Targeted investment in expansion to support growing customer demand and improve efficiencies
- Continued significant investment in capabilities to drive growth



$397.5m
Revenue

+4.2%
Organic revenue growth

$37.4m
Underlying operating profit

9.4%
Underlying operating margin

Volex today: diversified end-markets provide high degree of resilience

Resilient business

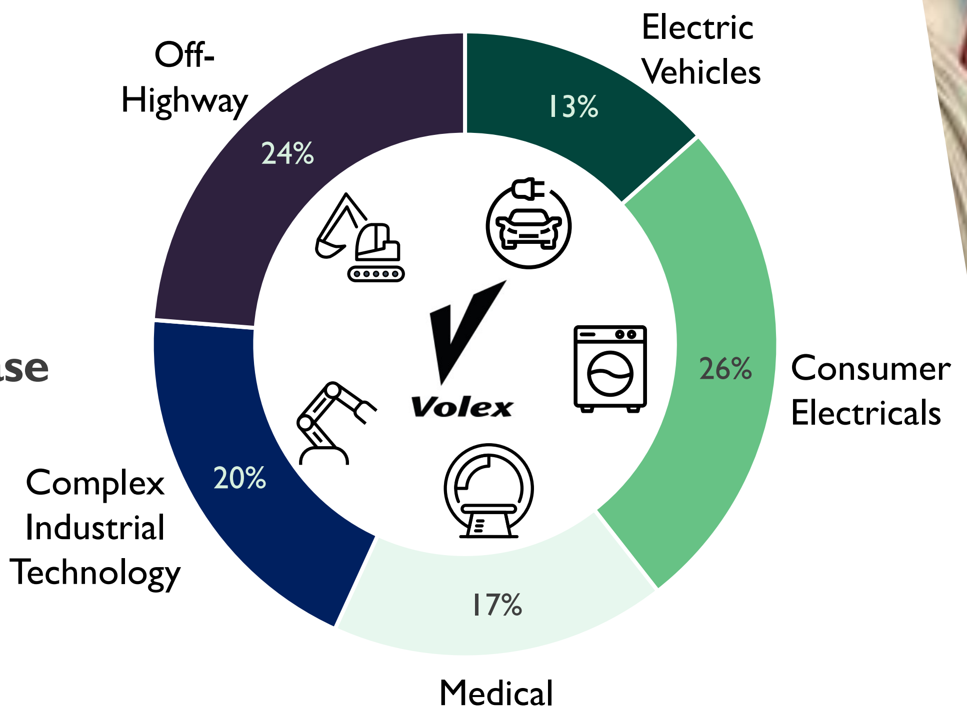
- Diversified portfolio effect across five end markets
- Reducing customer concentration
- Ability to grow through the cycle

Global, blue-chip customer base

- High emphasis on quality
- Value-add manufacturing

Supportive market dynamics

- Vertically integrated
- Fragmented markets with strong structural growth drivers



Proforma revenue by end market sector (twelve months to end of September 2023)

Firmly on track to deliver our five-year plan

5-year plan to FY2027

Revenue	Underlying operating margin	Revenue from acquisitions
$1,200m	9-10%	$200m

Key delivery objectives

- Expand EV customer base
- Vertical integration and automation in Consumer Electricals
- Support customer supply chain simplification
- Invest in next generation data centre cables
- Increase PCBa capability around the Group

Progress

- Product and customer base both widening
- Cable extrusion capability in Suzhou and Batam sites
- Building new dedicated Medical facility in India to support customer localisation
- 800Gbps cables now in production
- Significant investment in Surface Mount Technology

FINANCIAL AND OPERATIONAL REVIEW

Strong financial performance

Revenue

$397.5m

+11.2%

H1 FY2023: $357.5m

Underlying operating profit

$37.4m

+16.5%

H1 FY2023: $32.1m

Underlying operating margin

9.4%

+40bps

H1 FY2023: 9.0%

Organic revenue growth

4.2%

Profit before tax

$22.0m

+2.3%

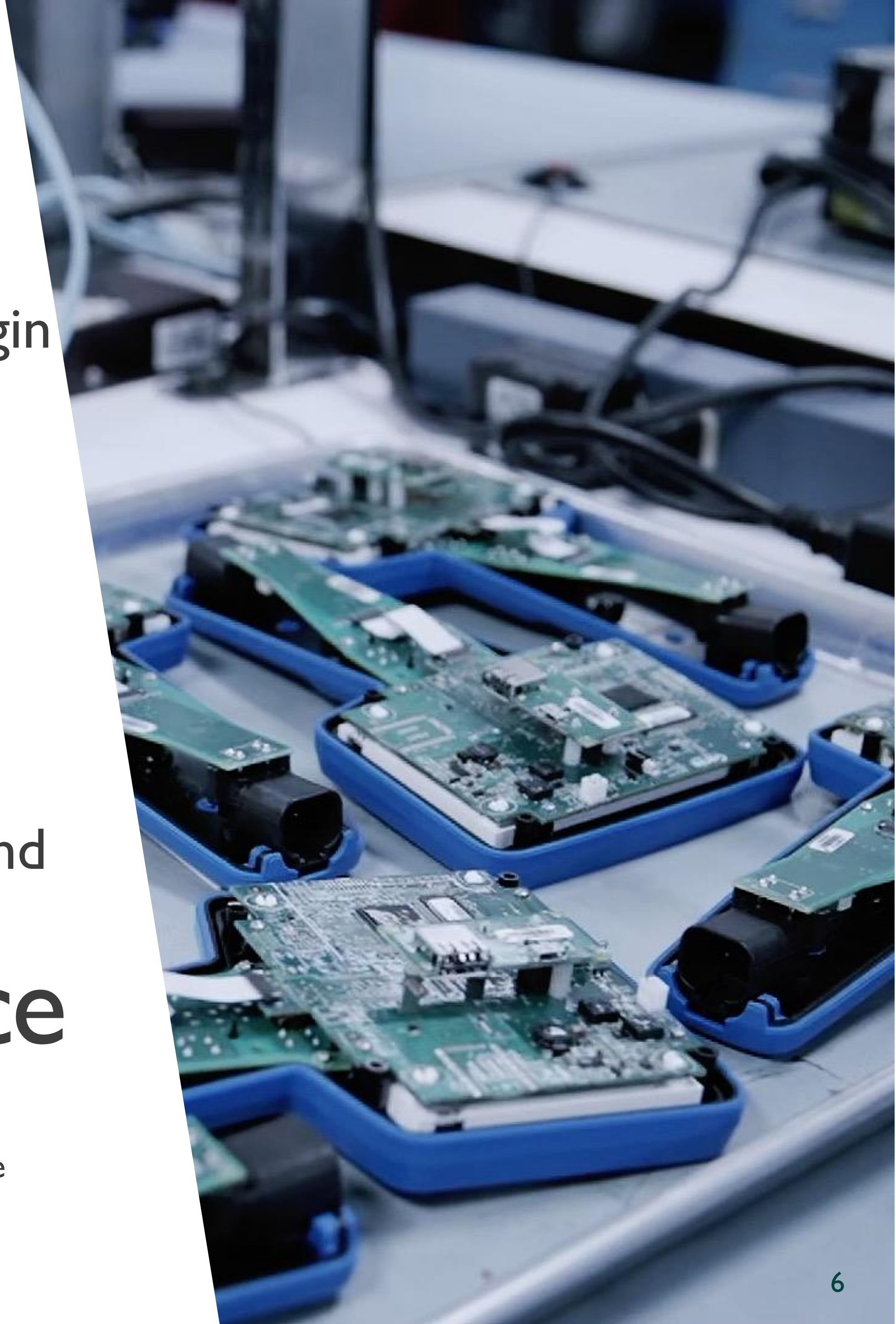
H1 FY2023: $21.5m

Interim dividend per share

1.4 pence

+7.7%

H1 FY2023: 1.3 pence



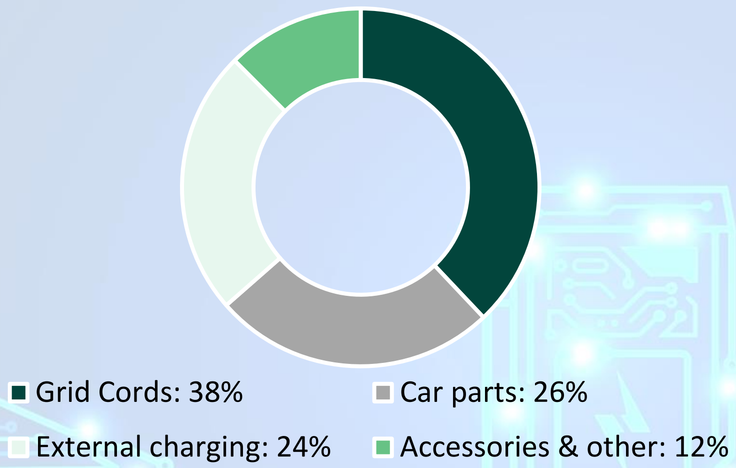
Electric Vehicles

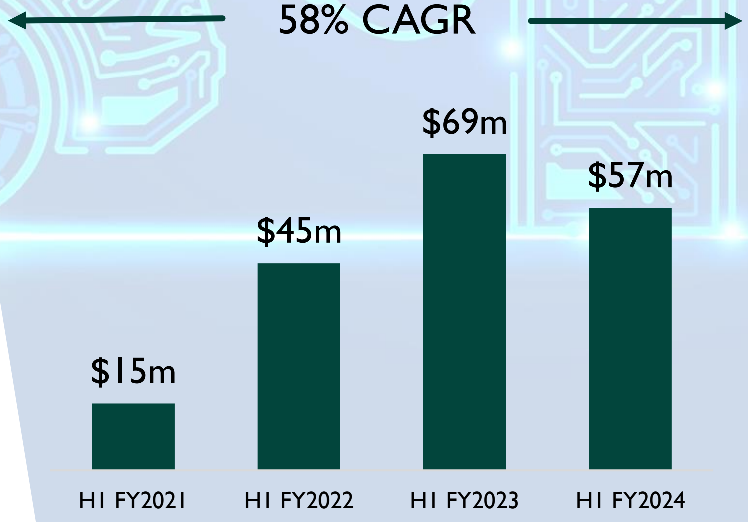
H1 FY2024 highlights

- Organic decline of 15.8% in H1 compared to a particularly strong H1 FY2023 due to customers reducing buffer stock levels, following supply chain stabilisation
- Short term variability in consumer demand
- Three-year compound annual growth rate of 58%, exceeding five-year plan projections
- Promising business pipeline with new production programmes underway in our Tijuana, Mexico facility
- Licensed partner of Tesla for the North American Charging Standard EV charging system
- EV adoption continuing to grow in the medium term
- Revenue expected to improve in late H2

Market trends

- Increasing government support and regulation
- Growing public and private charging infrastructure
- Increasing consumer awareness and acceptance
- Automotive industry is committed to electrification
- Focus on sustainability





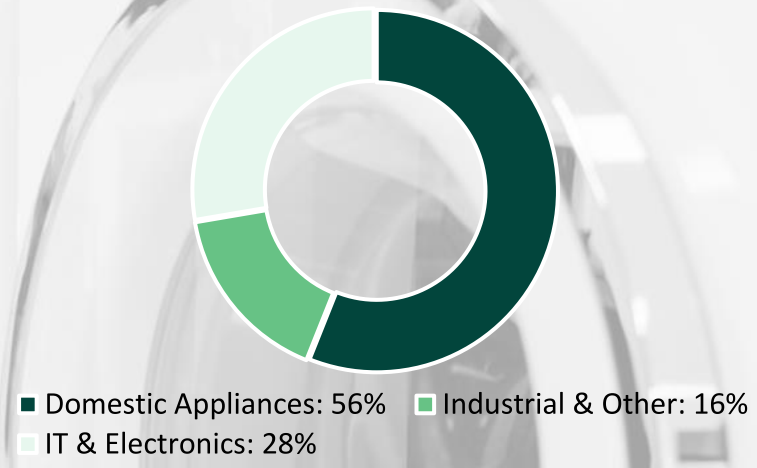
Consumer Electricals

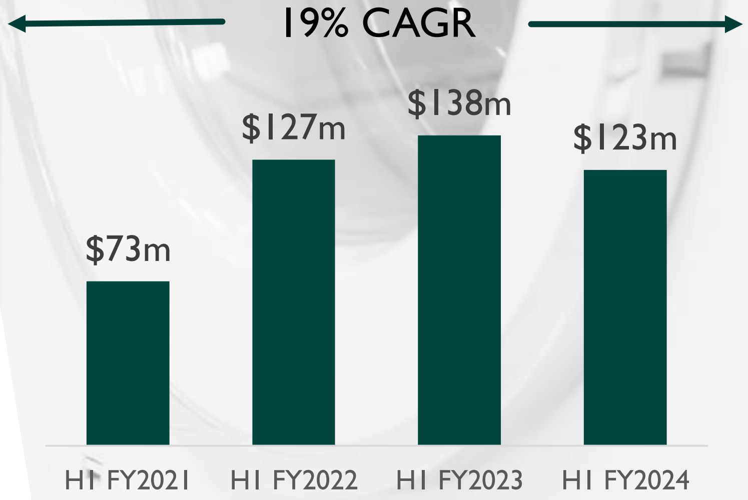
H1 FY2024 highlights

- Volex's Consumer Electricals business is now best-in-class with a high degree of vertical integration, an unrivalled global footprint and very high customer satisfaction
- After two years of strong growth, anticipated normalisation in demand driven by destocking and changes in consumer spending, saw 9.0% organic revenue decline
- Revenue also impacted by lower raw material cost pass-through
- Supply chain improvements allowing customers to reduce inventory – largely complete in Europe and on-going in North America and Asia
- Demand in Europe starting to improve; other markets still subdued with moderate recovery expected in late H2
- Competitive pricing and multi-market support leading to new customer projects, positioning Volex for growth as customer inventory levels stabilize

Market trends

- Customers seeking out more energy efficient products
- Enhanced functionality and connectivity
- Urbanisation and smaller household sizes increase demand for appliances





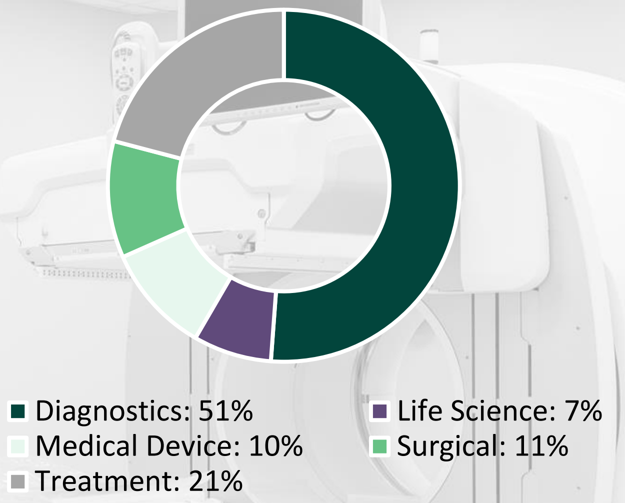
Medical

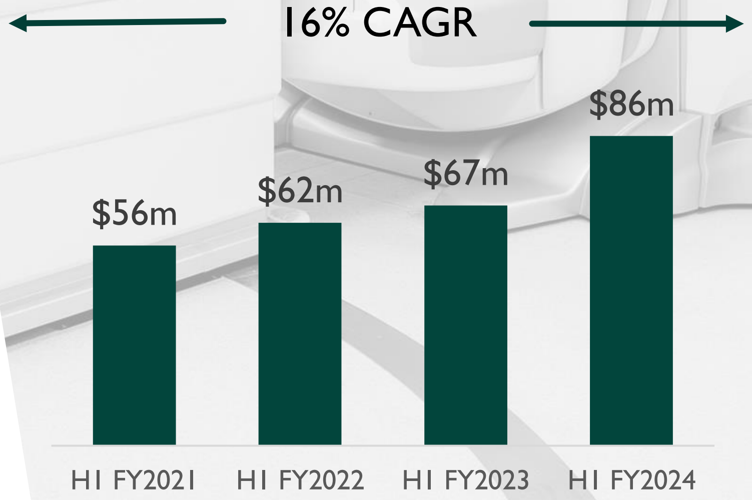
H1 FY2024 highlights

- Delivered an improvement in organic revenues of 17.8%
- Strong demand in the Medical sector, with customers using improved component availability to accelerate the delivery of strong order books
- Volex's robust supply chain for medical-grade components enables rapid response to customer needs and scaling up production
- Expectation of moderating growth rates in the future towards long-term trends
- Volex's global footprint and medical-grade manufacturing facilities position it well to continuously support customer needs

Market trends

- Improved technology sought for quicker diagnosis
- Minimising invasiveness of treatments
- Ageing population seeking access to new technology
- Improved component availability





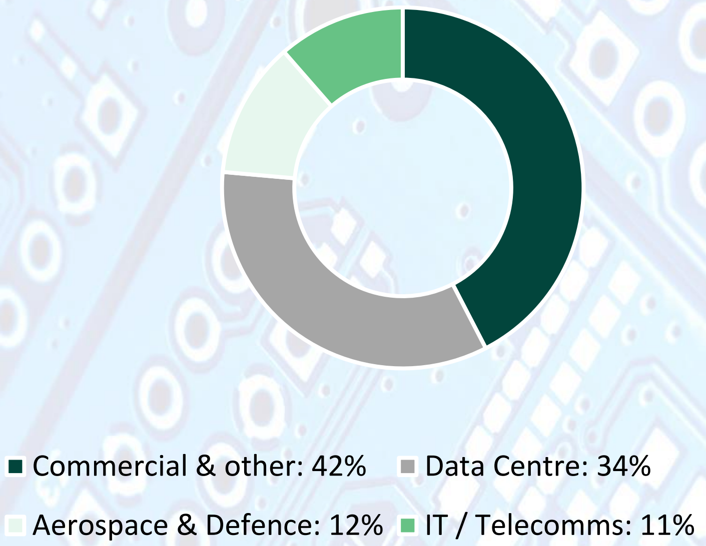
Complex Industrial Technology

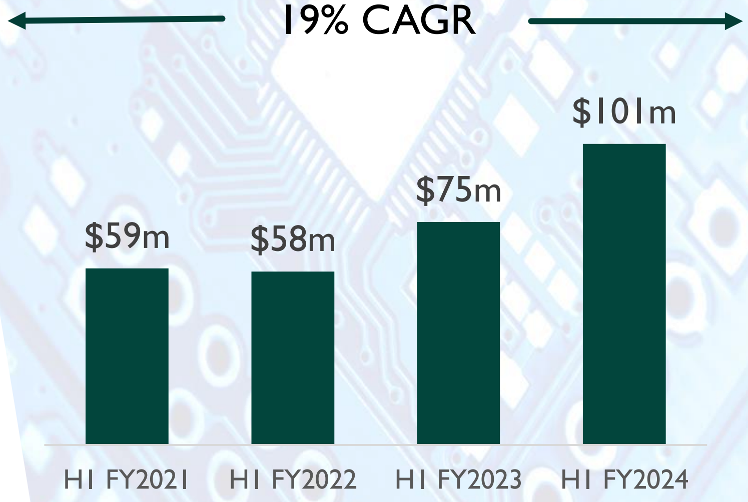
H1 FY2024 highlights

- Organic growth of 30.1% driven by supply chain improvements
- Strong growth in sales of high-speed data centre cables
- High diversification in customer end markets and capabilities within this sector
- The range of solutions and strategic locations presents advantages for new customer projects and cross-selling opportunities
- Supply chain improvements have supported increased customer demand
- Significant growth in data centre production during the period as customers deploy high-speed architecture to support demand from AI applications

Market trends

- Growth in hyperscale data-centres supporting cloud computing and deployment of AI technology
- Increased defence spending in the North American market
- Increased automation and robotics to drive efficiency in industrial processes
- Improved component availability
- Re-shoring requires additional investment in technology in new markets

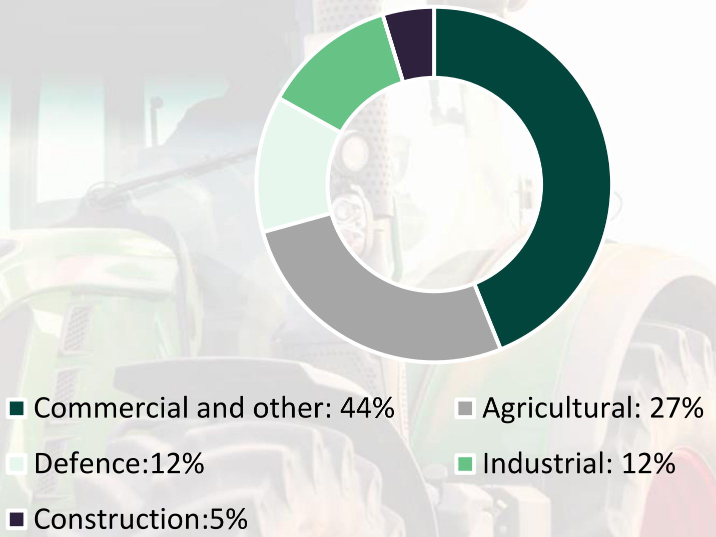




Off-Highway

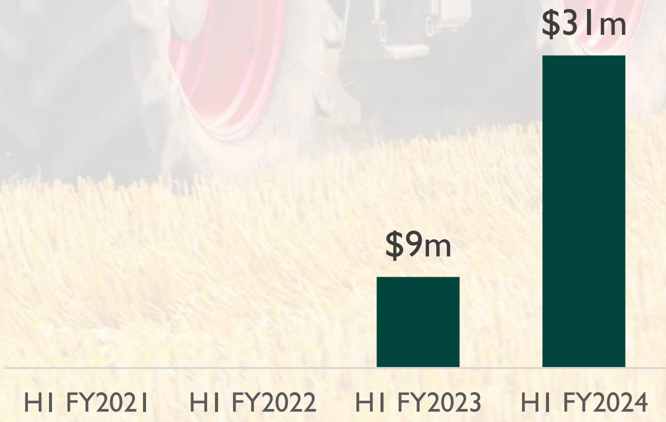
H1 FY2024 highlights

- New market sector reported separately for FY2024
- Acquisition of Murat Ticaret establishes immediate scale in the Off-Highway market, now a separate fifth market sector
- Off-highway products previously sold in North America and India, reported under Complex Industrial Technology, are now realigned to the new sector
- Organic growth of 37.6% reflecting the strong opportunities in this space
- Murat Ticaret acquisition opens significant cross-selling opportunities, especially in the fragmented North American market
- Excellent initial engagement with Murat Ticaret customers, with promising cross-selling opportunities identified alongside early-stage process optimisation steps



Market trends

- Urbanisation and infrastructure development
- Agricultural mechanisation
- Technological advancement
- Increasing demand for customization
- Launch of newer, more sustainable products



Strong underlying operating margin growth

- Inflation has been well managed with increased costs offset through efficiency savings or through customer pass-through
- Acquisitions strengthen blended margins going forward
- We continue to make targeted, customer-led investments to support long-term growth
- With sales in USD and operating costs in a mix of local currencies, there is small FX loss due to the weaker dollar

Group Cash Flow

$m	H1 FY24	H1 FY23
Underlying EBITDA	**46.8**	**38.1**
Net capital expenditure	(16.0)	(10.0)
Underlying working capital	(7.9)	(21.2)
Net interest	(3.7)	(2.3)
Tax	(6.6)	(3.6)
Other including pension	(0.7)	(0.9)
Underlying Free Cash Flow	**11.9**	**0.1**
Acquisitions, net of issue of shares	(67.6)	(7.5)
New finance leases	-	(5.7)
Dividends	(4.3)	(3.3)
Repayment of leases	(3.7)	(2.4)
Other (incl. purchase of shares)	(0.5)	(5.3)
Movement in net debt (excl. operating leases)	**(64.2)**	**(24.1)**

- Underlying EBITDA improved by 22.8%
- Covenant net debt : EBITDA ratio at 1.3x
- $50 million of term debt at fixed interest rate following an interest rate swap taken out during H1 FY2023

- Targeted investments in Capex support long-term growth
- Working capital outflow (excl. Murat Ticaret) in line with growth of business, partially offset by supply chain improvements
- Interest and tax both increased year-on-year. Impact of higher interest rates throughout the period
- Tax payments increased due to timing and fully utilising brought forward losses in prior year
- Acquisition outflow relates to Murat Ticaret and DE-KA deferred consideration

STRATEGIC UPDATE

Five-year transformation of operations through consistent implementation of strategic initiatives

Over the last five years we have completely transformed Volex into a dynamic, high-growth business aligned to profitable market sectors

Delivering growth – revenues doubled in five years

- Launched Electric Vehicle product range and expanded the manufacturing services on offer
- Expanded our PCB assembly capacity to support higher customer demand
- Developed a suite of cutting-edge products for Data Centre customers

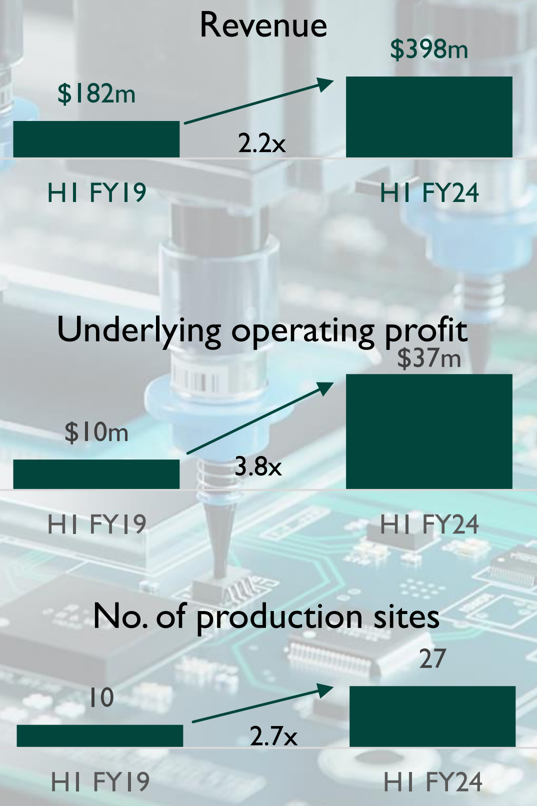
Enhancing profitability – operating profits three times higher than five years ago

- Significant investment in vertical integration to reduce manufacturing costs
- Targeted automation to improve quality and efficiency
- Evolution of the customer base to deliver better margins

Expanding capabilities – successfully acquiring and integrating attractive businesses

- Increasing our expertise in complex manufacturing through knowledge sharing
- Extending our geographic presence to better serve our global customers
- Diversifying our go-to-market sectors, including our entrance into the Off-Highway sector

Our strong strategic focus gives us great confidence in our ability to deliver our current five-year plan by the end of FY2027



Investment in growth

Programme of targeted investments, led by customer demand, localisation and capability enhancement

Mexico
PCBa / EV / complex harnesses
Tijuana: 15,000m^2 / 150% (FY24/FY25)
San Luis Potosi: 6,000m^2 / 100% (FY26)

India
Dedicated medical production facility
21,300m^2 / 159% (FY25)

Poland
Medical and Industrial
5,400m^2 / 112% (FY24)

Suzhou
EV and extrusion
11,100m^2 / 47% (FY24)

Turkey
Consumer electricals
4,200m^2 / 24% (FY23)

Batam
Extrusion and high-speed
13,500m^2 / 48% site expansion (FY24/FY25)

- Expansion to support customers' localisation requirements
- Plans developed in response to customer demand
- Locations allow for specialisation to accommodate higher-value add activities

Acquisition of Murat Ticaret for $195m

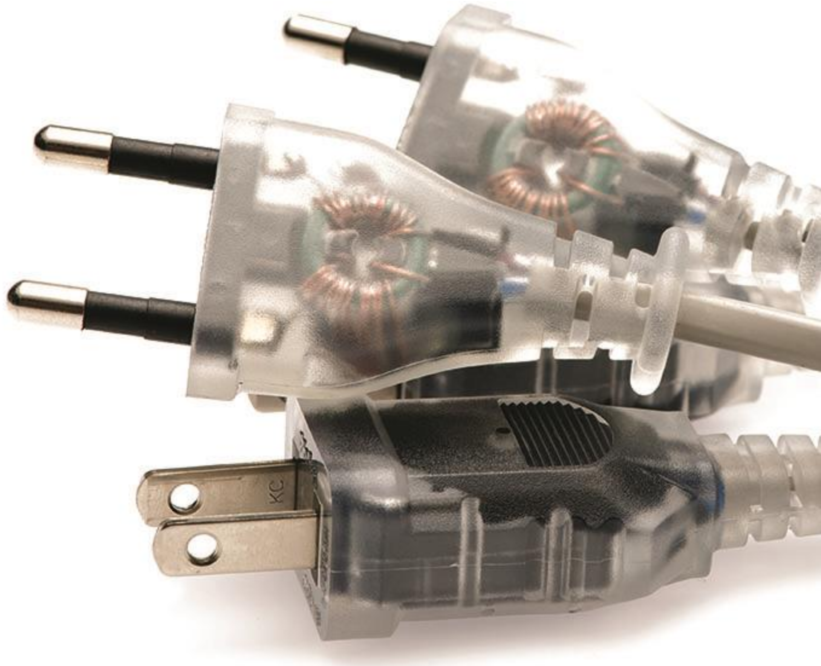
Acquisition rationale	12-week integration findings
Access to new, fifth growth market	• Excellent initial customer engagement • Highly fragmented market with strong growth potential • Securing incremental customer projects
Attractive opportunity to develop North American sales	• Large, fragmented market • Ability to leverage existing Volex footprint
Opportunity for synergies	• Promising cross-selling prospects • Optimisation of processes taking place

Multi-disciplinary team engaged on delivering integration plans

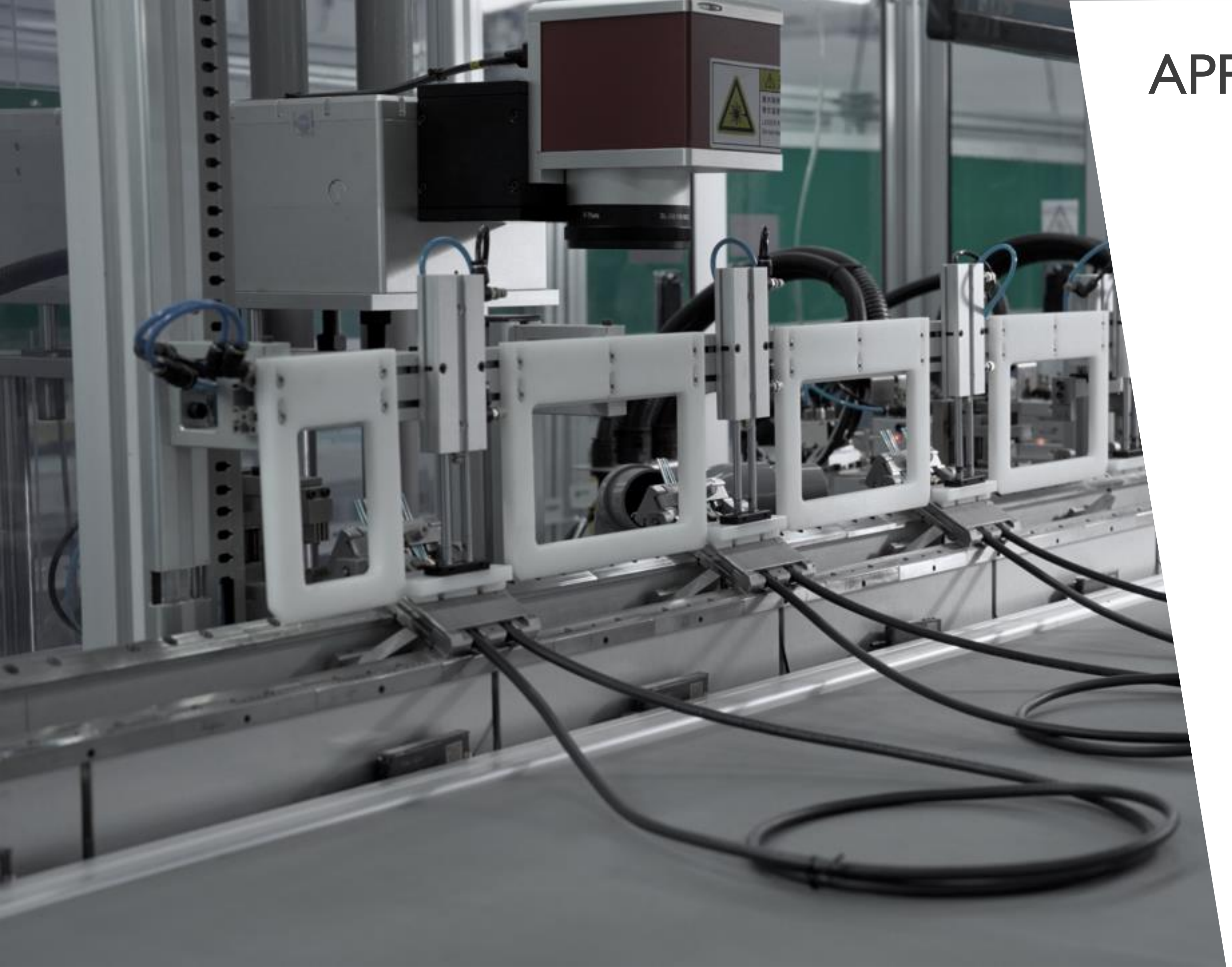
SUMMARY AND OUTLOOK

Summary and outlook

- Diversified end-markets delivered strong Group performance
- Launched new Off-Highway sector with acquisition of Murat Ticaret
- Sector mix will continue to improve operating margins through H2
- Structural long-term growth drivers remain in place
- Excellent progress against the five-year plan
- Full year expectations remain unchanged



Momentum has carried into the second half with continued sales growth and a robust order book



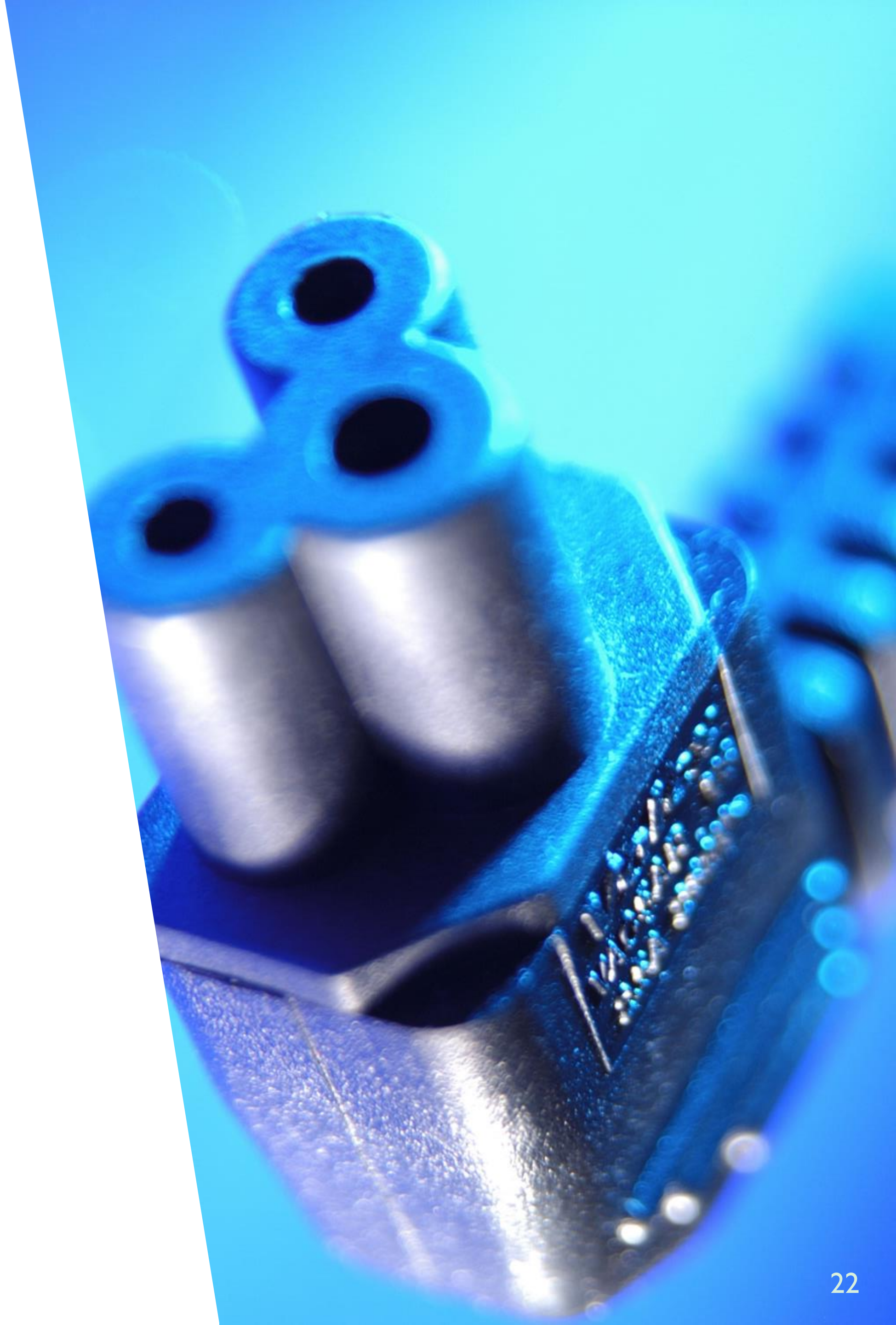
APPENDICES

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 1.0 - 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 (interim dividend up 7.7%)	
Return of capital	Only where capital cannot be deployed to create greater value	

Balance sheet

$m	H1 FY2024	H1 FY2023
Goodwill and intangible assets	253.9	116.5
Property, plant and equipment	121.9	68.6
Investments	6.5	2.2
Inventories	180.4	127.0
Trade and other receivables	203.3	158.4
Trade and other payables	(256.7)	(155.7)
Pensions and provisions	(9.1)	(3.8)
Taxation (net)	(14.6)	4.7
Operating lease liabilities	(33.1)	(18.2)
Net debt excl. operating lease liabilities	(140.6)	(98.8)
Net assets	**311.9**	**200.9**



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