



2006 FULL YEAR RESULTS

To see comments made by Neil Rodgers, Chief Executive at the 2006 Full Year Results Presentation, place your cursor over the icons. View comments with Adobe Acrobat version 6

HIGHLIGHTS

- **Operating profit before exceptional items growth of 21 per cent**
- **Global footprint for EMS through acquisition of Apsco**
- **39 per cent of employees now operate in low cost economies**
- **Earnings per share before exceptional profit from continuing activities increase to 14.1p compared with 10.7p in 2005**
- **Dividend for the year maintained at 10.05p per share**

FINANCIAL SUMMARY

£Ms	<u>2006</u> Full Year	<u>2006</u> 2 nd Half	<u>2006</u> 1 st Half	<u>2005</u> Total
Revenue	600.3	298.5	301.8	565.3
Operating profit	36.2	18.4	17.8	29.9
Exceptional items	8.8	8.8	-	2.1
Total	45.0	27.2	17.8	32.0
Net interest payable	(3.8)	(2.2)	(1.6)	(3.1)
Net finance cost on pension	(1.9)	(1.0)	(0.9)	(2.1)
Profit before taxation	39.3	24.0	15.3	26.8
Taxation	(11.3)	(6.8)	(4.5)	(8.5)
Profit after taxation from ongoing activities	28.0	17.2	10.8	18.3
Discontinued business	-	-	-	(5.3)
Profit after taxation	28.0	17.2	10.8	13.0

EXCEPTIONAL ITEMS

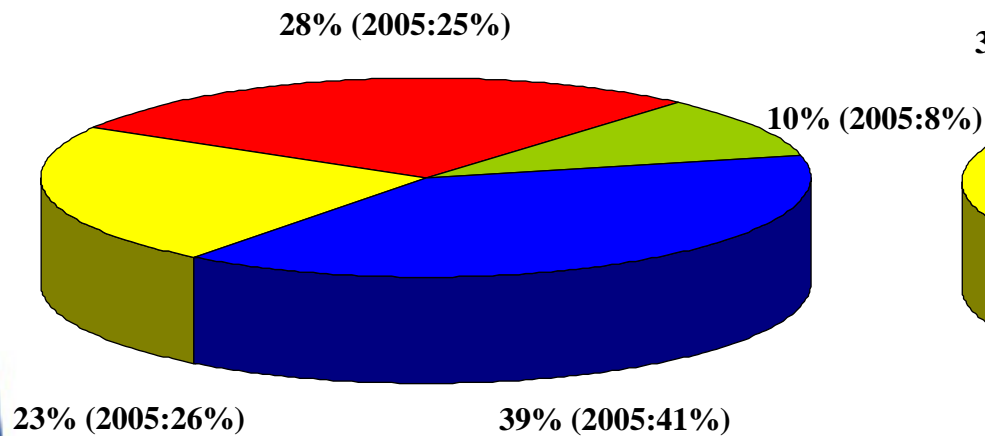
Effect of curtailment on future pension benefits	£8.8m
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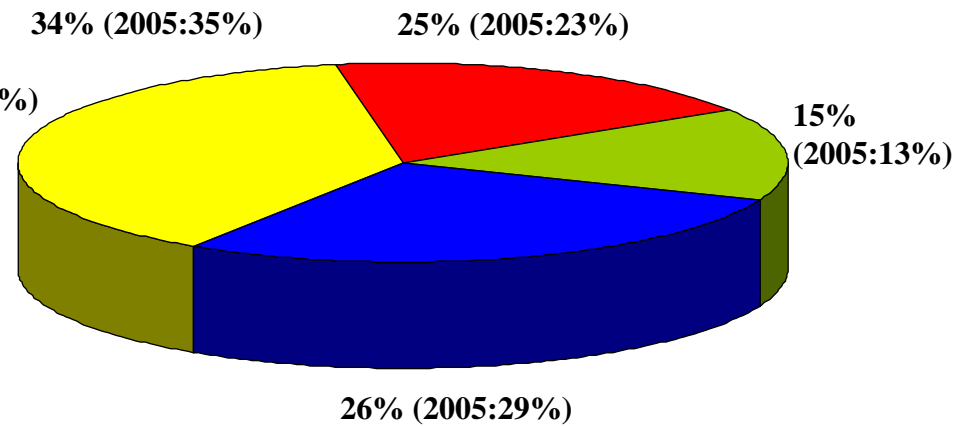
The pensionable salaries of all major UK pension schemes have been frozen for three years. This has the effect of a permanent reduction in the pensions to be paid out in three years time by approximately 8 per cent

GEOGRAPHICAL ANALYSIS OF REVENUE

Origin



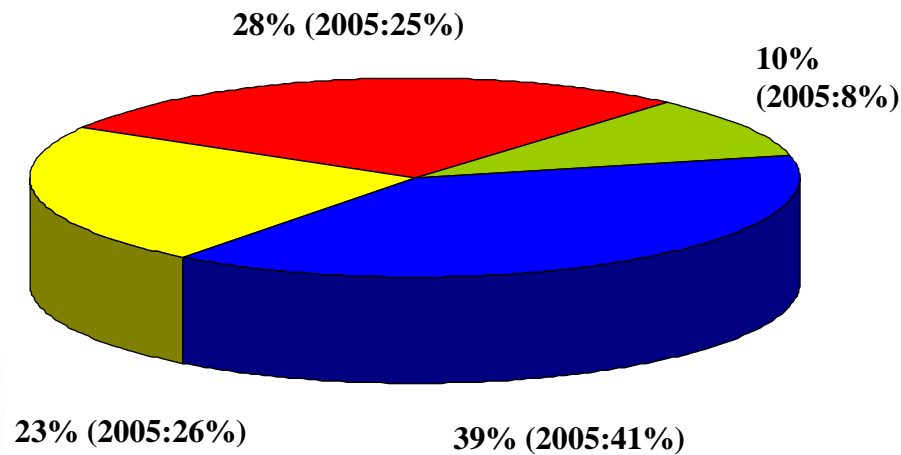
Destination



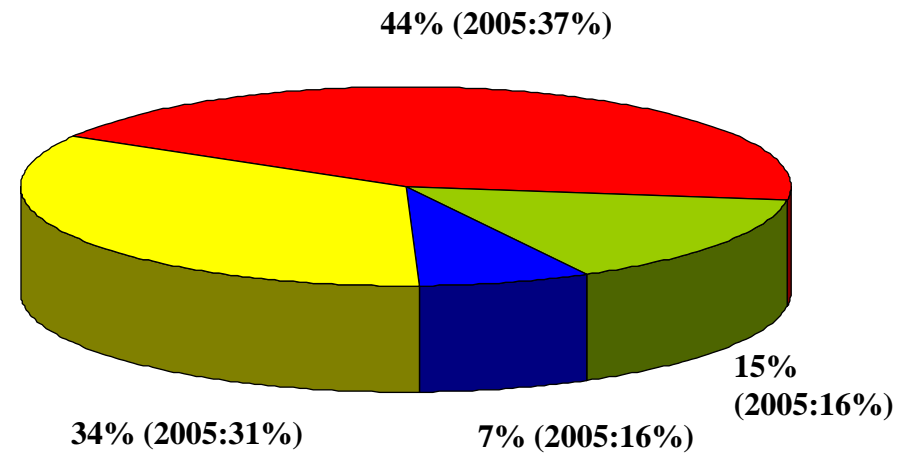
■ United Kingdom ■ Rest of Europe ■ North America ■ Rest of the World

GEOGRAPHICAL ANALYSIS OF REVENUE AND OPERATING PROFIT BY ORIGIN

Revenue



Operating Profit



United Kingdom **Rest of Europe** **North America** **Rest of the World**



SECTOR PERFORMANCE

ANALYSIS OF REVENUE BY PRODUCT



	2006 Full Year		2006 2nd Half		2006 1st Half		2005 Total	
	£m	%	£m	%	£m	%	£m	%
Electronic:								
Sensors and electronic systems	184.8	31	85.8	29	99.0	33	195.0	34
Electronic components	139.9	23	68.7	23	71.2	23	129.6	23
EMS	72.1	12	39.1	13	33.0	11	60.3	11
	<u>396.8</u>	<u>66</u>	<u>193.6</u>	<u>65</u>	<u>203.2</u>	<u>67</u>	<u>384.9</u>	<u>68</u>
Electrical:								
Power systems	63.1	11	34.1	11	29.0	10	50.4	9
Power transmission	140.4	23	70.8	24	69.6	23	130.0	23
	<u>203.5</u>	<u>34</u>	<u>104.9</u>	<u>35</u>	<u>98.6</u>	<u>33</u>	<u>180.4</u>	<u>32</u>
Total	<u><u>600.3</u></u>	100	<u><u>298.5</u></u>	100	<u><u>301.8</u></u>	100	<u><u>565.3</u></u>	100

ANALYSIS OF OPERATING PROFIT BY PRODUCT



£Ms	2006 Full Year	2006 2 nd Half	2006 1 st Half	2005 Total
Electronic:				
Sensors and electronic systems	11.6	5.9	5.7	9.1
Electronic components	11.4	6.8	4.6	8.7
EMS	1.3	(0.7)	2.0	2.0
	<u>24.3</u>	<u>12.0</u>	<u>12.3</u>	<u>19.8</u>
Electrical:				
Power systems	5.4	3.4	2.0	4.6
Power transmission	6.5	3.0	3.5	5.5
	<u>11.9</u>	<u>6.4</u>	<u>5.5</u>	<u>10.1</u>
	<u><u>36.2</u></u>	<u><u>18.4</u></u>	<u><u>17.8</u></u>	<u><u>29.9</u></u>

ANALYSIS OF REVENUE BY MARKET

	2006 Full Year		2006 2nd Half		2006 1st Half		2005 Total	
	£m	%	£m	%	£m	%	£m	%
Electronic:								
Automotive	223.4	37	106.2	36	117.2	39	226.8	40
Telecom and computer	76.0	13	39.0	13	37.0	12	66.6	12
Industrial	97.4	16	48.4	16	49.0	16	91.5	16
	<u>396.8</u>	<u>66</u>	<u>193.6</u>	<u>65</u>	<u>203.2</u>	<u>67</u>	<u>384.9</u>	<u>68</u>
Electrical:								
Power systems	63.1	11	34.1	11	29.0	10	50.4	9
Power transmission	140.4	23	70.8	24	69.6	23	130.0	23
	<u>203.5</u>	<u>34</u>	<u>104.9</u>	<u>35</u>	<u>98.6</u>	<u>33</u>	<u>180.4</u>	<u>32</u>
Total	<u><u>600.3</u></u>	100	<u><u>298.5</u></u>	100	<u><u>301.8</u></u>	100	<u><u>565.3</u></u>	100





SENSORS AND ELECTRONIC SYSTEMS

Highlights

- Profits up 27 per cent
- Further Autopad® orders won in 2006
- £11m steering sensors contract won in Korea using new DAPS technology
- Agreement entered to form a joint venture to benefit from growth in the Indian automotive market

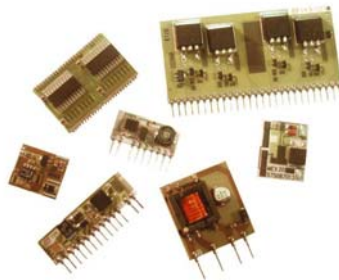
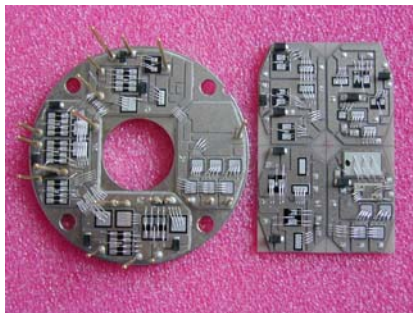




ELECTRONIC COMPONENTS

Highlights

- **Strong order intake – up by 9 per cent from 2005**
- **First Anotherm™ orders won for flat screen LCD TV's**
- **Anotherm™ automotive orders taken worth £50m with expected delivery commencing 2009**
- **Achieved 4,700 design-ins to yield up to £50m sales per annum**

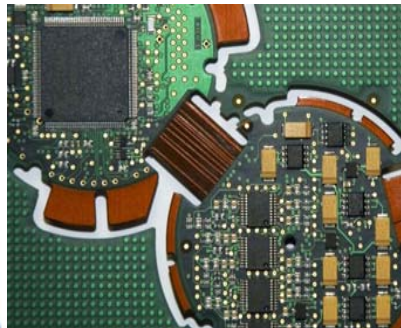




ELECTRONIC MANUFACTURING SERVICES

Highlights

- Acquisition of Apsco transforms EMS operations into global service provider
- Consolidation of UK operations with closure of loss-making UK manufacturing facility
- China and Malaysia operations expanded further
- £16m of new business won in defence





ELECTRICAL

Highlights

- **Operating profit up by 18 per cent**
- **Mexican low cost genset operation achieves strong growth in sales and profits**
- **Cable accessory manufacturing successfully relocated in the UK**
- **Cable accessories and connection systems manufacturing established in China**
- **Connection system business wins highly profitable defence sales of £12m and expands further into US market**





GROUP STRATEGY

**To focus upon core technologies and
improve margins in key business areas**

- **Target organic sales growth from:**
 - **innovative technologies**
 - **emerging markets**
 - **wider product offering**
 - **design-ins**
- **Selective acquisitions in core business sectors**
- **Focus on efficient and low cost manufacturing**



SECTOR STRATEGY

SENSORS AND ELECTRONIC SYSTEMS

- **Build upon success of new sensor technology**
- **Grow sales in emerging markets**
- **Expand low cost manufacturing capability**
- **Continued rationalisation of electronic systems**

SECTOR STRATEGY



COMPONENTS

- **New product development to hold world leading position in specialist technologies**
- **Sell private label products to broaden product offering**
- **Focus on new product design-ins to secure long-term future sales growth**
- **Establish TT electronics as a niche player in the emerging solid state (visible LED) “Lighting Revolution”**
- **Target sales growth in emerging markets**

SECTOR STRATEGY



ELECTRONIC MANUFACTURING SERVICES

- **Capitalise on position as global EMS provider**
- **Continue to grow low cost manufacturing operations in Malaysia and China**
- **Target high margin defence and medical business**
- **Maintain high margin strategy (target 10 per cent ROS)**

SECTOR STRATEGY

ELECTRICAL



- **Continue development of low cost sources of supply**
- **Establish lowest cost manufacturing capability**
- **Focus on higher margin areas**

CONCLUSION

- **TT electronics profits up 21 per cent on 2005**
- **Focus upon electronics with electrical performing strongly**
- **Technology leader with drive on new product development**
- **Balanced portfolio of businesses serving the following markets:**
 - **Automotive**
 - **Telecom/Computer**
 - **Defence/Aerospace**
 - **Industrial**
- **Global manufacturing specialist with established low cost manufacturing sites**
- **Experienced management running well controlled operations**
- **Solid foundation for long-term growth**



CASH FLOW

CASH FLOW FROM OPERATIONS

£Ms	2006 Full Year	2006 2 nd Half	2006 1 st Half	2005 Full Year
Profit for the year	28.0	17.2	10.8	13.0
Finance costs	5.7	3.2	2.5	6.1
Taxation	11.3	6.8	4.5	5.2
	<u>45.0</u>	<u>27.2</u>	<u>17.8</u>	<u>24.3</u>
Depreciation and amortisation	32.3	16.3	16.0	37.2
Gain on sale of fixed assets	(2.0)	-	(2.0)	(12.0)
Gain on sale of subsidiary	-	-	-	(4.1)
Other non cash items	(8.4)	(8.2)	(0.2)	0.1
Additional payment to pension funds	(7.0)	(6.2)	(0.8)	(9.3)
Operating cash flow before movements in working capital	<u>59.9</u>	<u>29.1</u>	<u>30.8</u>	<u>36.2</u>

CASH FLOW FROM OPERATIONS (CONTD.)

£Ms	2006 Full Year	2006 2 nd Half	2006 1 st Half	2005 Full Year
Operating cash flow before movements in working capital	59.9	29.1	30.8	36.2
(Increase)/decrease in property and derivatives	(1.0)	(0.9)	(0.1)	0.8
(Increase)/decrease in inventories	(0.8)	(0.8)	-	5.1
(Increase)/decrease in receivables	(5.6)	7.3	(12.9)	12.1
(Decrease)/increase in payables	(14.0)	(17.2)	3.2	0.1
Exchange differences	(6.4)	(2.0)	(4.4)	4.0
Tax paid	(7.0)	(5.0)	(2.0)	(8.7)
Cash generated from operations	<u>25.1</u>	<u>10.5</u>	<u>14.6</u>	<u>49.6</u>

GROUP CASH FLOW

£Ms

	2006 Full Year	2006 2nd Half	2006 1st Half	2005 Total
Cash inflow from operations	25.1	10.5	14.6	49.6
Capital expenditure	(20.6)	(11.4)	(9.2)	(15.6)
Development expenditure	(8.6)	(3.7)	(4.9)	(8.7)
Proceeds from sale of assets and grants received	7.1	2.7	4.4	21.3
Proceeds from sale of subsidiary	-	-	-	7.8
Acquisition of business	(14.7)	(14.7)	-	(10.1)
Interest paid (net)	(3.8)	(2.4)	(1.4)	(3.4)
Ordinary dividend paid	<u>(15.6)</u>	<u>(5.7)</u>	<u>(9.9)</u>	<u>(15.6)</u>
Net cash flow before financing	(31.1)	(24.7)	(6.4)	25.3
Movement of loans and finance leases	<u>10.0</u>	<u>10.1</u>	<u>(0.1)</u>	<u>7.2</u>
Increase in cash	<u>(21.1)</u>	<u>(14.6)</u>	<u>(6.5)</u>	<u>32.5</u>

GROUP BALANCE SHEET

£Ms

	2006 December	2006 June	2005 December
Non-current assets	177.7	176.1	186.2
Deferred tax asset	<u>21.0</u>	<u>22.6</u>	<u>30.0</u>
	<u>198.7</u>	<u>198.7</u>	<u>216.2</u>
Inventories	99.8	93.9	93.9
Receivables and financial instruments	105.2	108.3	95.1
Cash and cash equivalents	<u>9.5</u>	<u>22.2</u>	<u>24.0</u>
	214.5	224.4	213.0
Current payables and liabilities	(89.5)	(107.4)	(101.7)
Short-term borrowings	<u>(11.5)</u>	<u>(8.5)</u>	<u>(4.0)</u>
Net current assets	<u>113.5</u>	<u>108.5</u>	<u>107.3</u>
Total assets less current liabilities	<u>312.2</u>	<u>307.2</u>	<u>323.5</u>
Non-current provisions and liabilities	(8.2)	(8.6)	(8.4)
Long-term borrowings	(69.0)	(62.5)	(67.1)
Deferred tax and pension provisions	<u>(78.0)</u>	<u>(71.1)</u>	<u>(96.3)</u>
Total net assets	<u><u>157.0</u></u>	<u><u>165.0</u></u>	<u><u>151.7</u></u>

The logo for FT electronics plc features a stylized 'FT' monogram in a bold, blue, sans-serif font. The 'FT' is enclosed within a circular border composed of small blue dots. To the right of this symbol, the words 'electronics plc' are written in a blue, italicized, sans-serif font. A solid blue curved shape is visible on the left side of the image.

FT *electronics plc*



THE FUTURE

OUTLOOK

- **Improved performance with recent cost reductions and elimination of loss-makers**
- **Improvement in dividend cover**
- **Introduction of new products driving demand forward**
- **Momentum across the group is positive**
- **Successful acquisition of Apsco and Indian joint venture, further acquisitions in 2007**



A World Leader in Sensor and Electronic Component Technology