



2006 HALF-YEAR RESULTS

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

HIGHLIGHTS

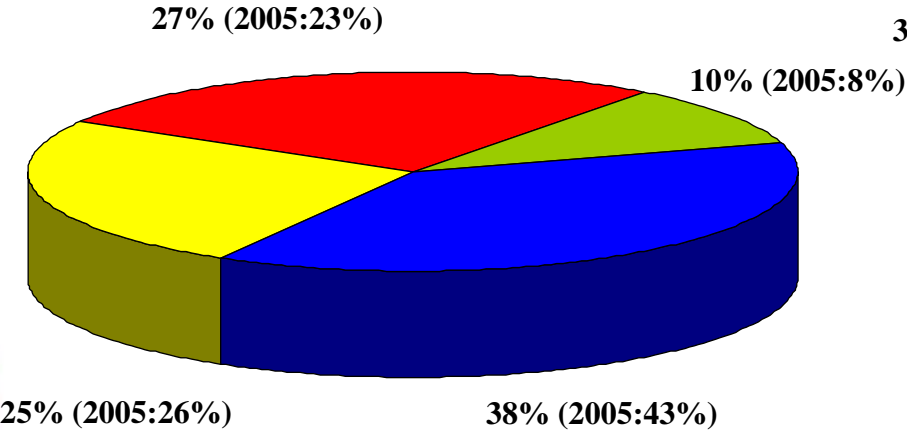
- **Strong order intake and increased revenue and operating profit before exceptional items**
- **Electronic and electrical sectors profitability improved**
- **Operating profit before exceptional items up by 10%**
- **EPS before exceptional items up 23% to 7.0p (2005 : 5.7p)**
- **Interim dividend maintained at 3.69p**

FINANCIAL SUMMARY

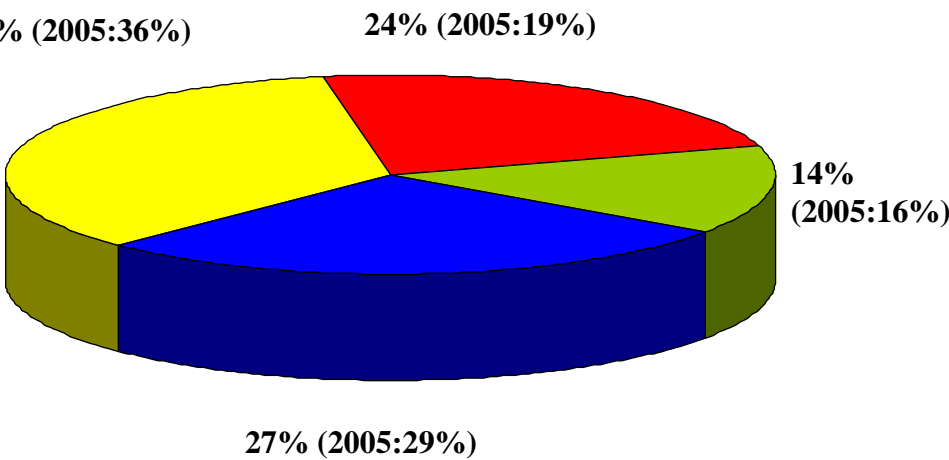
| £Ms | <u>2006</u> 1 st Half | <u>2005</u> 1 st Half | <u>2005</u> 2 nd Half | <u>2005</u> Full Year |
|--|-------------------------------------|-------------------------------------|-------------------------------------|--------------------------|
| Revenue | 301.8 | 286.4 | 278.9 | 565.3 |
| Operating profit | 17.8 | 16.2 | 13.7 | 29.9 |
| Exceptional items | - | 5.0 | (2.9) | 2.1 |
| | 17.8 | 21.2 | 10.8 | 32.0 |
| Interest to third parties | (1.6) | (1.6) | (1.5) | (3.1) |
| Finance cost on pension | (0.9) | (1.2) | (0.9) | (2.1) |
| Profit before taxation | 15.3 | 18.4 | 8.4 | 26.8 |
| Taxation | (4.5) | (5.5) | (3.0) | (8.5) |
| Profit after taxation from ongoing activities | 10.8 | 12.9 | 5.4 | 18.3 |
| Discontinued business | - | (1.4) | (3.9) | (5.3) |
| Profit after taxation | 10.8 | 11.5 | 1.5 | 13.0 |

GEOGRAPHICAL ANALYSIS OF REVENUE

Origin



Destination



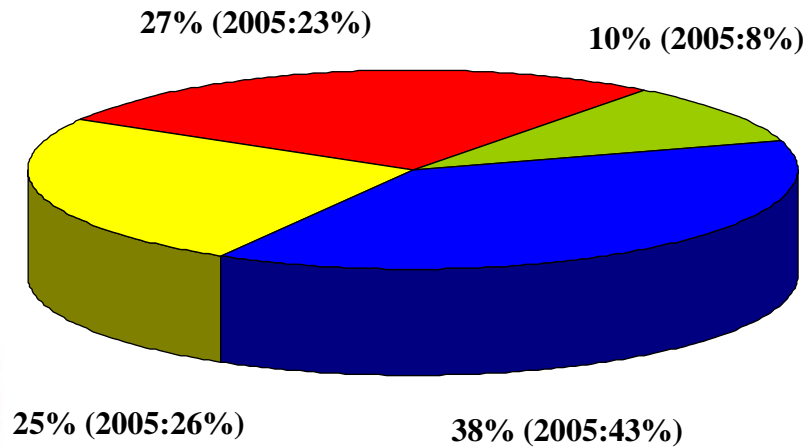
■ United Kingdom ■ Rest of Europe ■ North America ■ Rest of the World

GEOGRAPHICAL ANALYSIS OF ONGOING REVENUE

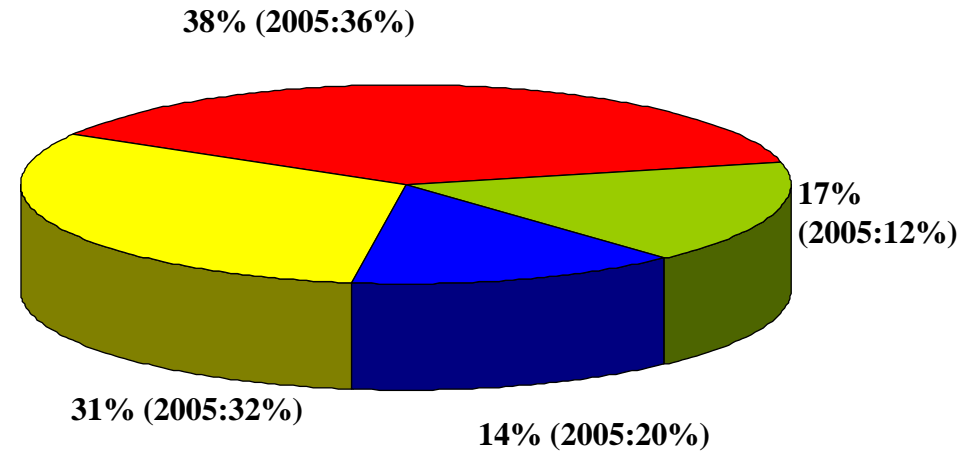
| | Origin | | | | Destination | | | |
|--------------------------|------------------------------|-----|------------------------------|-----|------------------------------|-----|------------------------------|-----|
| | 2006 1 st Half | | 2005 1 st Half | | 2006 1 st Half | | 2005 1 st Half | |
| | £m | % | £m | % | £m | % | £m | % |
| United Kingdom | 115.9 | 38 | 122.9 | 43 | 81.7 | 27 | 82.0 | 29 |
| Rest of Europe | 74.9 | 25 | 75.3 | 26 | 106.1 | 35 | 103.7 | 36 |
| North America | 81.9 | 27 | 66.4 | 23 | 70.7 | 24 | 55.8 | 19 |
| Rest of the World | 29.1 | 10 | 21.8 | 8 | 43.3 | 14 | 44.9 | 16 |
| | <hr/> 301.8 <hr/> | 100 | <hr/> 286.4 <hr/> | 100 | <hr/> 301.8 <hr/> | 100 | <hr/> 286.4 <hr/> | 100 |

REVENUE AND OPERATING PROFIT BY ORIGIN

Revenue



Operating Profit



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

GEOGRAPHICAL ANALYSIS OF ONGOING REVENUE AND OPERATING PROFIT BY ORIGIN

| | Revenue | | | | Operating Profit | | | |
|--------------------------|------------------------------|-----|------------------------------|-----|------------------------------|-----|------------------------------|-----|
| | 2006 1 st Half | | 2005 1 st Half | | 2006 1 st Half | | 2005 1 st Half | |
| | £m | % | £m | % | £m | % | £m | % |
| United Kingdom | 115.9 | 38 | 122.9 | 43 | 2.4 | 14 | 3.3 | 20 |
| Rest of Europe | 74.9 | 25 | 75.3 | 26 | 5.6 | 31 | 5.1 | 32 |
| North America | 81.9 | 27 | 66.4 | 23 | 6.8 | 38 | 5.8 | 36 |
| Rest of the World | 29.1 | 10 | 21.8 | 8 | 3.0 | 17 | 2.0 | 12 |
| | <u>301.8</u> | 100 | <u>286.4</u> | 100 | <u>17.8</u> | 100 | <u>16.2</u> | 100 |



SECTOR PERFORMANCE



ANALYSIS OF REVENUE BY PRODUCT

| | 2006 1st Half | | 2005 1st Half | | 2005 2nd Half | | 2005 Full Year | |
|---------------------------------------|-------------------------------------|------------------|-------------------------------------|------------------|-------------------------------------|------------------|----------------------------|------------------|
| | £m | % | £m | % | £m | % | £m | % |
| Electronic: | | | | | | | | |
| Sensors and electronic systems | 99.0 | 33 | 97.4 | 34 | 97.6 | 35 | 195.0 | 34 |
| Electronic components | 71.2 | 23 | 65.9 | 23 | 63.7 | 23 | 129.6 | 23 |
| EMS | 33.0 | 11 | 27.4 | 10 | 32.9 | 12 | 60.3 | 11 |
| | <u>203.2</u> | <u>67</u> | <u>190.7</u> | <u>67</u> | <u>194.2</u> | <u>70</u> | <u>384.9</u> | <u>68</u> |
| Electrical: | | | | | | | | |
| Power systems | 29.0 | 10 | 25.0 | 9 | 25.4 | 9 | 50.4 | 9 |
| Power transmission | 69.6 | 23 | 70.7 | 24 | 59.3 | 21 | 130.0 | 23 |
| | <u>98.6</u> | <u>33</u> | <u>95.7</u> | <u>33</u> | <u>84.7</u> | <u>30</u> | <u>180.4</u> | <u>32</u> |
| Total – ongoing activities | <u><u>301.8</u></u> | 100 | <u><u>286.4</u></u> | 100 | <u><u>278.9</u></u> | 100 | <u><u>565.3</u></u> | 100 |



OPERATING PROFIT BY PRODUCT

| £Ms | 2006 1 st Half | 2005 1 st Half | 2005 2 nd Half | 2005 Full Year |
|-----------------------------------|------------------------------|------------------------------|------------------------------|--------------------|
| Electronic: | | | | |
| Sensors and electronic systems | 5.7 | 5.3 | 3.8 | 9.1 |
| Electronic components | 4.6 | 5.1 | 3.6 | 8.7 |
| EMS | 2.0 | 1.5 | 0.5 | 2.0 |
| | <u>12.3</u> | <u>11.9</u> | <u>7.9</u> | <u>19.8</u> |
| Electrical: | | | | |
| Power systems | 2.0 | 1.8 | 2.8 | 4.6 |
| Power transmission | 3.5 | 2.5 | 3.0 | 5.5 |
| | <u>5.5</u> | <u>4.3</u> | <u>5.8</u> | <u>10.1</u> |
| Total – ongoing activities | <u><u>17.8</u></u> | <u><u>16.2</u></u> | <u><u>13.7</u></u> | <u><u>29.9</u></u> |

ANALYSIS OF REVENUE BY MARKET

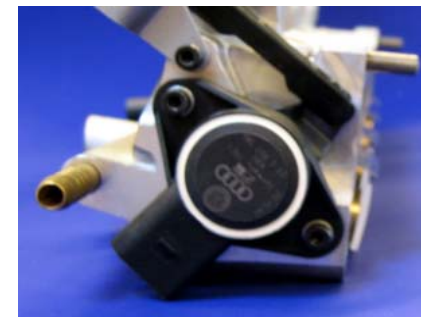
| | 2006 1 st Half | | 2005 1 st Half | | 2005 2 nd Half | | 2005 Full Year | |
|-----------------------------------|------------------------------|-----------|------------------------------|-----------|------------------------------|-----------|---------------------|-----------|
| | £m | % | £m | % | £m | % | £m | % |
| Electronic: | | | | | | | | |
| Automotive | 117.2 | 39 | 112.2 | 39 | 114.6 | 41 | 226.8 | 40 |
| Telecom and Computer | 37.0 | 12 | 32.4 | 12 | 34.2 | 12 | 66.6 | 12 |
| Industrial | 49.0 | 16 | 46.1 | 16 | 45.4 | 17 | 91.5 | 16 |
| | <u>203.2</u> | <u>67</u> | <u>190.7</u> | <u>67</u> | <u>194.2</u> | <u>70</u> | <u>384.9</u> | <u>68</u> |
| Electrical: | | | | | | | | |
| Power systems | 29.0 | 10 | 25.0 | 9 | 25.4 | 9 | 50.4 | 9 |
| Power transmission | 69.6 | 23 | 70.7 | 24 | 59.3 | 21 | 130.0 | 23 |
| | <u>98.6</u> | <u>33</u> | <u>95.7</u> | <u>33</u> | <u>84.7</u> | <u>30</u> | <u>180.4</u> | <u>32</u> |
| Total – ongoing activities | <u><u>301.8</u></u> | 100 | <u><u>286.4</u></u> | 100 | <u><u>278.9</u></u> | 100 | <u><u>565.3</u></u> | 100 |



SENSORS AND ELECTRONIC SYSTEMS

Highlights

- **German volumes maintained**
- **Further new business won utilising Autopad® technology**
- **New orders for electronic systems from US OEM for China manufacture**
- **Contract awarded for semi intelligent accelerator pedals by Japanese OEM**

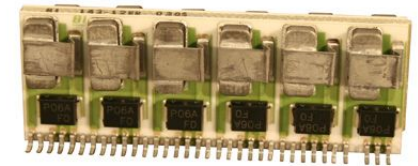
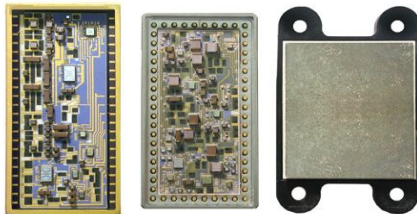
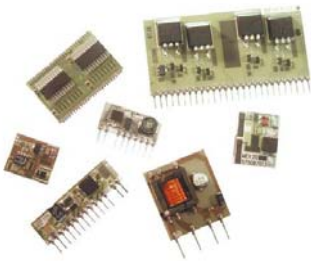




ELECTRONIC COMPONENTS

Highlights

- **Strong order intake**
- **High demand for tanfilm specialist precision products**
- **Eurofighter orders released with further intake expected**
- **Higher profitability in microcircuit business**

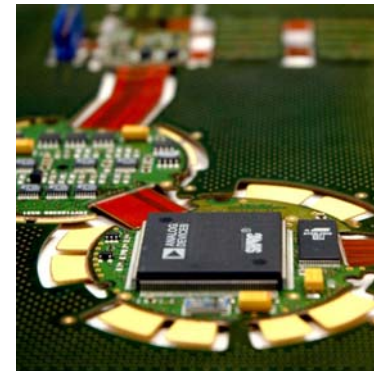




ELECTRONIC MANUFACTURING SERVICES

Highlights

- **TTeis China continues strong performance**
- **Malaysian EMS facility ramping up production**
- **Rationalisation of UK EMS underway**
- **Further business wins in defence and aerospace**





POWER SYSTEMS AND TRANSMISSION

Highlights

- Profitability improvement
- Export genset business highly successful
- Accessories and connection systems order intake strong
- T45 Destroyer cable contracts commence manufacture





OUR ONGOING STRATEGY

AUTOMOTIVE

- **Build upon the success of Autopad®**
(specifically chassis, powertrain and cockpit applications)
- **Continued rationalisation of electronic systems manufacturing**
(1 plant per region: Europe, North and South America, Asia)
- **Expand low cost manufacturing capability**
(Eastern Europe, China, India)
- **Increase new business in global markets**
(other major European markets, India, Korea, Japanese transplants)



OUR ONGOING STRATEGY

COMPONENTS

- **Establish third party resale product range sourced in China**
(testing complete, first orders placed)
- **Increase sales in Far Eastern region**
(ongoing)
- **Continue to develop visible LED lighting business**
(progress maintained)
- **Increase pace of new product launches to secure future growth**
(ongoing)



OUR ONGOING STRATEGY

ELECTRONIC MANUFACTURING SERVICES

- **Consolidate UK operations**
(loss making Northern England facility closure recently announced)
- **Continue transfer of work to low cost Chinese and Malaysian facilities**
(telephone system build transferred to Malaysia)
- **Expand customer base in China**
(new business won totalling £3 million)
- **Continue to gain new business wins in target high margin defence and commercial sectors**
(£5 million additional defence work won)



OUR ONGOING STRATEGY

POWER SYSTEMS/TRANSMISSION

- **Develop low cost third party sources of supply**
(ongoing)
- **Move accessories and cable manufacturing progressively to low cost economies**
(accessories business will commence manufacture in China October 2006)
- **Expand genset/UPS service offering following completion of consolidation**
(consolidation completed, business merger complete by year end)
- **Relocate companies from Gravesend site**
(new factory acquired, first move complete by year end)





CASH FLOW

CASH FLOW FROM OPERATIONS

| £Ms | 2006 1 st Half | 2005 1 st Half | 2005 2 nd Half | 2005 Full Year |
|--|------------------------------|------------------------------|------------------------------|--------------------|
| Profit for the period | 10.8 | 11.5 | 1.5 | 13.0 |
| Finance costs | 2.5 | 3.2 | 2.9 | 6.1 |
| Taxation | 4.5 | 4.9 | 0.3 | 5.2 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | 17.8 | 19.6 | 4.7 | 24.3 |
| Depreciation and amortisation | 16.0 | 17.2 | 20.0 | 37.2 |
| Gain on sale of fixed assets | (2.0) | (7.7) | (4.3) | (12.0) |
| Gain on sale of subsidiary | - | - | (4.1) | (4.1) |
| Other non-cash items | (0.2) | (0.3) | 0.4 | 0.1 |
| Additional payments to pension funds | (0.8) | (1.9) | (7.4) | (9.3) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Operating cash flow before movements in working capital | <u>30.8</u> | <u>26.9</u> | <u>9.3</u> | <u>36.2</u> |

CASH FLOW FROM OPERATIONS

| £Ms | 2006 1 st Half | 2005 1 st Half | 2005 2 nd Half | 2005 Full Year |
|--|------------------------------|------------------------------|------------------------------|-------------------|
| Operating cash flow before movements in working capital | 30.8 | 26.9 | 9.3 | 36.2 |
| Decrease in property | - | 0.1 | - | 0.1 |
| Decrease / (Increase) in inventories | - | 1.5 | 3.6 | 5.1 |
| (Increase) / Decrease in receivables and derivatives | (13.0) | (6.4) | 19.2 | 12.8 |
| Increase / (Decrease) in payables | 3.2 | 3.0 | (2.9) | 0.1 |
| Exchange differences | (4.4) | 1.6 | 2.4 | 4.0 |
| Tax paid | (2.0) | (5.8) | (2.9) | (8.7) |
| Cash inflow from operations | 14.6 | 20.9 | 28.7 | 49.6 |

GROUP CASH FLOW

| £Ms | 2006 1 st Half | 2005 1 st Half | 2005 2 nd Half | 2005 Full Year |
|---|------------------------------|------------------------------|------------------------------|--------------------|
| Cash inflow from operations | 14.6 | 20.9 | 28.7 | 49.6 |
| Capital expenditure | (9.2) | (6.8) | (8.8) | (15.6) |
| Development expenditure | (4.9) | (5.2) | (3.5) | (8.7) |
| Proceeds of sale of property, plant and equipment and grants received | 4.4 | 17.4 | 3.9 | 21.3 |
| Proceeds from sale of subsidiary | - | - | 7.8 | 7.8 |
| Acquisition of business | - | (8.8) | (1.3) | (10.1) |
| Interest paid (net) | (1.4) | (1.8) | (1.6) | (3.4) |
| Ordinary dividend paid | (9.9) | (9.8) | (5.8) | (15.6) |
| Net cash flow before financing | (6.4) | 5.9 | 19.4 | 25.3 |
| Movement of loans and finance leases | (0.1) | (1.5) | 8.7 | 7.2 |
| (Decrease)/increase in cash and cash equivalents | <u>(6.5)</u> | <u>4.4</u> | <u>28.1</u> | <u>32.5</u> |

GROUP BALANCE SHEET

| £Ms | 2006 June | 2005 December | 2005 June |
|--|---------------------|---------------------|---------------------|
| Non-current assets | 176.1 | 186.2 | 192.8 |
| Deferred tax asset | <u>22.6</u> | <u>30.0</u> | <u>23.0</u> |
| | <u>198.7</u> | <u>216.2</u> | <u>215.8</u> |
| Inventories | 93.9 | 93.9 | 100.2 |
| Receivables and financial instruments | 108.3 | 95.1 | 115.7 |
| Cash and cash equivalents | <u>22.2</u> | <u>24.0</u> | <u>18.0</u> |
| | 224.4 | 213.0 | 233.9 |
| Current payables and liabilities | (107.4) | (101.7) | (107.3) |
| Short term borrowing | <u>(8.5)</u> | <u>(4.0)</u> | <u>(77.9)</u> |
| Net current assets | <u>108.5</u> | <u>107.3</u> | <u>48.7</u> |
| Total assets less current liabilities | 307.2 | 323.5 | 264.5 |
| Non-current provisions and liabilities | (8.6) | (8.4) | (9.7) |
| Long term borrowings | (62.5) | (67.1) | (5.6) |
| Deferred tax and pension provisions | <u>(71.1)</u> | <u>(96.3)</u> | <u>(79.0)</u> |
| Total net assets | <u>165.0</u> | <u>151.7</u> | <u>170.2</u> |

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

FT *electronics plc*



THE FUTURE

OUTLOOK

- **Continue to develop low cost manufacturing in China and Malaysia**
- **Grow visible light emitting diodes component, inductive sensor and new component businesses**
- **Build upon success of new product introductions**
- **Continue to explore substantial acquisition opportunities**
- **Well positioned for a successful 2006**



A World Leader in Sensor and Electronic Component Technology