



# 2007 HALF-YEAR RESULTS

To see comments made by Neil Rodgers, Chief Executive at the 2007 Half-Year Results Presentation, place your cursor over the icons. View comments with Adobe Acrobat version 6



# HIGHLIGHTS

- **Operating profit increased to £18.9m (2006 : £18.2m)**
- **EPS from continuing operations 7.4p (2006 : 7.2p)**
- **Exit from cables business**
- **Interim dividend maintained at 3.69p**

# FINANCIAL SUMMARY

£Ms	<u>2007</u> 1 <sup>st</sup> Half	<u>2006</u> 1 <sup>st</sup> Half	<u>2006</u> 2 <sup>nd</sup> Half	<u>2006</u> Full Year
<b>Revenue</b>	<b>270.5</b>	<b>272.3</b>	<b>267.1</b>	<b>539.4</b>
<b>Operating profit</b>	<b>18.9</b>	<b>18.2</b>	<b>18.3</b>	<b>36.5</b>
Exceptional item	-	-	<b>8.8</b>	<b>8.8</b>
	<b>18.9</b>	<b>18.2</b>	<b>27.1</b>	<b>45.3</b>
Interest to third parties	(2.1)	(1.5)	(2.0)	(3.5)
Finance cost on pension	(0.8)	(0.9)	(0.9)	(1.8)
<b>Profit before taxation</b>	<b>16.0</b>	<b>15.8</b>	<b>24.2</b>	<b>40.0</b>
Taxation	(4.6)	(4.7)	(7.3)	(12.0)
<b>Profit after taxation from ongoing activities</b>	<b>11.4</b>	<b>11.1</b>	<b>16.9</b>	<b>28.0</b>
Discontinued business	(14.5)	(0.3)	0.3	-
(Loss) / profit after taxation	<b>(3.1)</b>	<b>10.8</b>	<b>17.2</b>	<b>28.0</b>



**BUSINESS PERFORMANCE**



# ANALYSIS OF REVENUE BY PRODUCT

	<b>2007 1<sup>st</sup> Half</b>		<b>2006 1<sup>st</sup> Half</b>		<b>2006 2<sup>nd</sup> Half</b>		<b>2006 Full Year</b>	
	<b>£m</b>	<b>%</b>	<b>£m</b>	<b>%</b>	<b>£m</b>	<b>%</b>	<b>£m</b>	<b>%</b>
<b>Electronic:</b>								
<b>Sensors and electronic systems</b>	<b>90.7</b>	<b>34</b>	<b>99.0</b>	<b>36</b>	<b>85.8</b>	<b>32</b>	<b>184.8</b>	<b>34</b>
<b>Electronic components</b>	<b>67.5</b>	<b>25</b>	<b>71.2</b>	<b>26</b>	<b>68.7</b>	<b>26</b>	<b>139.9</b>	<b>26</b>
<b>EMS</b>	<b>44.5</b>	<b>16</b>	<b>33.0</b>	<b>12</b>	<b>39.1</b>	<b>14</b>	<b>72.1</b>	<b>14</b>
	<b><u>202.7</u></b>	<b><u>75</u></b>	<b><u>203.2</u></b>	<b><u>74</u></b>	<b><u>193.6</u></b>	<b><u>72</u></b>	<b><u>396.8</u></b>	<b><u>74</u></b>
<b>Electrical:</b>								
<b>Power systems</b>	<b>26.2</b>	<b>10</b>	<b>29.0</b>	<b>11</b>	<b>34.1</b>	<b>13</b>	<b>63.1</b>	<b>12</b>
<b>Power transmission</b>	<b>41.6</b>	<b>15</b>	<b>40.1</b>	<b>15</b>	<b>39.4</b>	<b>15</b>	<b>79.5</b>	<b>14</b>
	<b><u>67.8</u></b>	<b><u>25</u></b>	<b><u>69.1</u></b>	<b><u>26</u></b>	<b><u>73.5</u></b>	<b><u>28</u></b>	<b><u>142.6</u></b>	<b><u>26</u></b>
<b>Total – ongoing activities</b>	<b><u><u>270.5</u></u></b>	<b>100</b>	<b><u><u>272.3</u></u></b>	<b>100</b>	<b><u><u>267.1</u></u></b>	<b>100</b>	<b><u><u>539.4</u></u></b>	<b>100</b>



# OPERATING PROFIT BY PRODUCT

£Ms	2007 1 <sup>st</sup> Half	2006 1 <sup>st</sup> Half	2006 2 <sup>nd</sup> Half	2006 Full Year
<b>Electronic:</b>				
Sensors and electronic systems	5.5	5.7	5.9	11.6
Electronic components	4.6	4.6	6.8	11.4
EMS	1.9	2.0	(0.7)	1.3
	<u>12.0</u>	<u>12.3</u>	<u>12.0</u>	<u>24.3</u>
<b>Electrical:</b>				
Power systems	1.8	2.0	3.4	5.4
Power transmission	5.1	3.9	2.9	6.8
	<u>6.9</u>	<u>5.9</u>	<u>6.3</u>	<u>12.2</u>
<b>Total – ongoing activities</b>	<u><u>18.9</u></u>	<u><u>18.2</u></u>	<u><u>18.3</u></u>	<u><u>36.5</u></u>



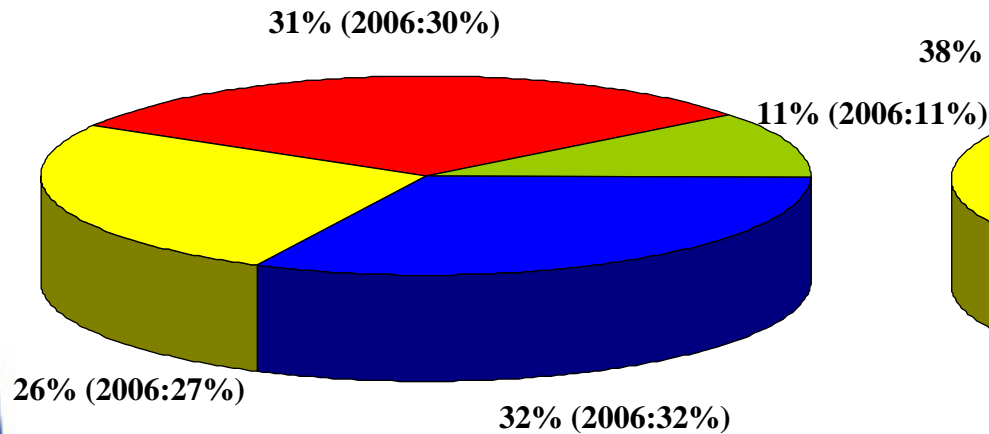
# ANALYSIS OF REVENUE BY MARKET

	<b>2007 1<sup>st</sup> Half</b>		<b>2006 1<sup>st</sup> Half</b>		<b>2006 2<sup>nd</sup> Half</b>		<b>2006 Full Year</b>	
	<b>£m</b>	<b>%</b>	<b>£m</b>	<b>%</b>	<b>£m</b>	<b>%</b>	<b>£m</b>	<b>%</b>
<b>Electronic:</b>								
Automotive	108.7	40	117.2	43	106.2	40	223.4	42
Telecom and Computer	37.0	14	37.0	13	39.0	14	76.0	14
Industrial	57.0	21	49.0	18	48.4	18	97.4	18
	<u>202.7</u>	<u>75</u>	<u>203.2</u>	<u>74</u>	<u>193.6</u>	<u>72</u>	<u>396.8</u>	<u>74</u>
<b>Electrical:</b>								
Power systems	26.2	10	29.0	11	34.1	13	63.1	12
Power transmission	41.6	15	40.1	15	39.4	15	79.5	14
	<u>67.8</u>	<u>25</u>	<u>69.1</u>	<u>26</u>	<u>73.5</u>	<u>28</u>	<u>142.6</u>	<u>26</u>
<b>Total – ongoing activities</b>	<u><u>270.5</u></u>	100	<u><u>272.3</u></u>	100	<u><u>267.1</u></u>	100	<u><u>539.4</u></u>	100

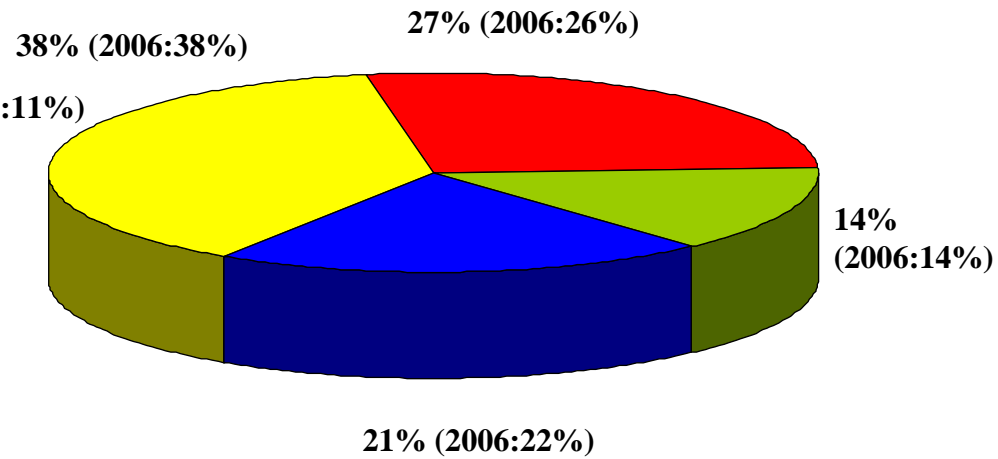


# GEOGRAPHICAL ANALYSIS OF ONGOING REVENUE

## Origin



## Destination



United Kingdom



Rest of Europe



North America

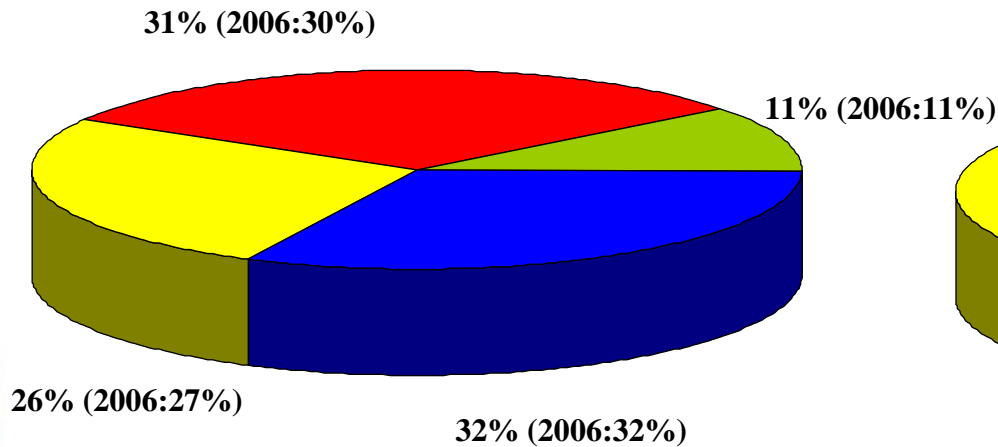


Rest of the World

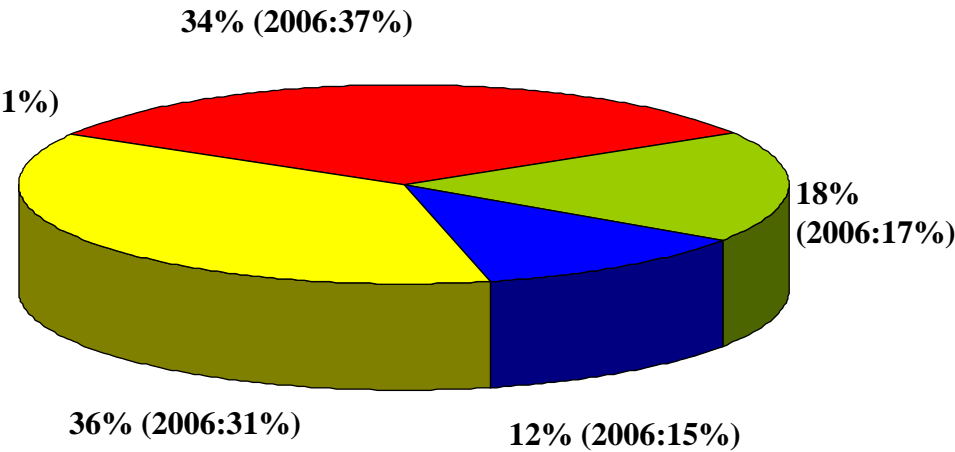
# ONGOING REVENUE AND OPERATING PROFIT BY ORIGIN



## Revenue



## Operating Profit



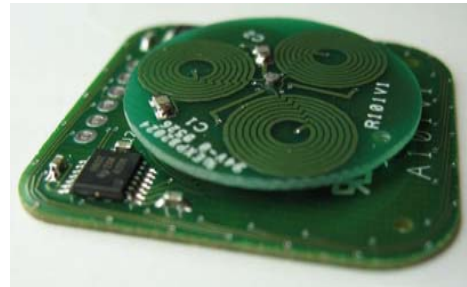
 **United Kingdom**     **Rest of Europe**     **North America**     **Rest of the World**



# SENSORS AND ELECTRONIC SYSTEMS

## Highlights

- German demand remains strong
- Autopad® production commences 2008
- Chinese manufacturing capability established
- First orders won for Indian joint venture

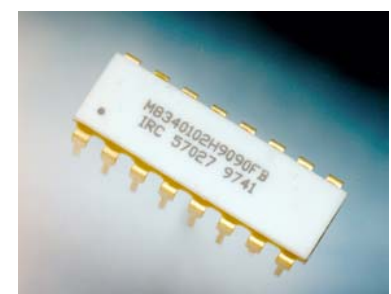
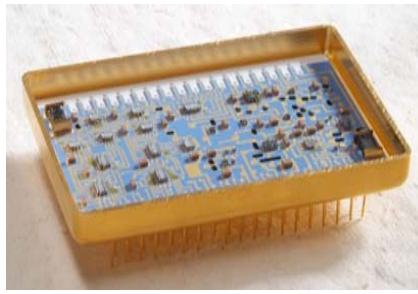




# ELECTRONIC COMPONENTS

## Highlights

- **Completed acquisition of patented DAPS technology**
- **Resistor manufacturing capability established in China**
- **Additional capacity coming on stream to support demand for thin film products**
- **Solid state lighting development projects progressing on time**

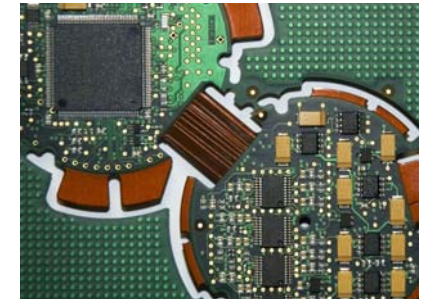




# ELECTRONIC MANUFACTURING SERVICES

## Highlights

- **Order intake 45% above H1 2006**
- **Cost problems in transfer of products to Malaysian facility**
- **Defence revenues achieve 11% of total – further growth anticipated**
- **Growth continues in China**





# POWER SYSTEMS AND TRANSMISSION

## Highlights

- **Improved profit**
- **Sale of AEI Cables completes exit from cable business**
- **Continued good performance from Mexican genset operation**
- **Interconnection systems business order intake up 60% on H1 2006**





# STRATEGY

## A LOOK AT THE PAST 3 YEARS

### Reorganised operations for greater profitability

- **Exited electrical cable manufacture (2005 and 2007)**
- **Exited loss making activities in:**
  - **PCB manufacture in UK (2005)**
  - **Climate systems manufacture in France (2005)**
  - **Volume telecom EMS manufacture in UK (2006)**
- **Reorganised business units to achieve higher levels of profit**



# STRATEGY

## A LOOK AT THE PAST 3+ YEARS

### Acquired businesses to support future growth

- **Transformed EMS operations to achieve global footprint**
  - **acquired China manufacturing capability (2005)**
  - **acquired USA manufacturing capability (2006)**
  - **set up volume telecom manufacture in Malaysia (2007)**
- **Acquired new technology to support growth in global automotive markets**
  - **acquired Autopad® technology (2004 and 2007)**
  - **acquired DAPS technology (2007)**



# STRATEGY

## A LOOK AT THE PAST 3+ YEARS

### Results

- **Group operating profitability significantly enhanced**
- **Operating margins improved from 4% in 2003 to 7% in H1 2007**
- **Electrical revenue decreased to 25% in H1 2007 of group total (from 34% in 2003)**



# **STRATEGY**

## **A LOOK FORWARD**

- **Sensors and electronic systems**  
**Capitalise on our market leadership in automotive sensors in global markets**
- **Electronic components**  
**Capitalise on our specialist component technologies**
- **EMS**  
**Capitalise on the global footprint focussing on the supply of integrated systems**

# **STRATEGY**

## **A LOOK FORWARD**

- **Electrical**

**Maintain levels of profitability and generate value**

- **Power systems**

**To drive growth in expanding markets using low cost manufacturing capability and relationships with key customers**

- **Power transmission**

**To improve returns with increased low cost manufacturing**





## CASH FLOW

# CASH FLOW FROM OPERATIONS

£Ms	2007 1 <sup>st</sup> Half	2006 1 <sup>st</sup> Half	2006 2 <sup>nd</sup> Half	2006 Full Year
<b>Profit for the period</b>	<b>(3.1)</b>	<b>10.8</b>	<b>17.2</b>	<b>28.0</b>
Finance costs	3.1	2.5	3.2	5.7
Taxation	4.6	4.5	6.8	11.3
Pension curtailment gain	(1.1)	-	(8.8)	(8.8)
Provision against assets	13.5	-	-	-
Depreciation and amortisation	15.6	16.0	16.3	32.3
Gain on sale of fixed assets	(0.1)	(2.0)	-	(2.0)
Other non-cash items	-	(0.2)	0.6	0.4
Additional payments to pension funds	(6.3)	(0.8)	(6.2)	(7.0)
<b>Operating cash flow before movements in working capital</b>	<b><u>26.2</u></b>	<b><u>30.8</u></b>	<b><u>29.1</u></b>	<b><u>59.9</u></b>

# CASH FLOW FROM OPERATIONS

£Ms	2007 1 <sup>st</sup> Half	2006 1 <sup>st</sup> Half	2006 2 <sup>nd</sup> Half	2006 Full Year
<b>Operating cash flow before movements in working capital</b>	<b>26.2</b>	<b>30.8</b>	<b>29.1</b>	<b>59.9</b>
(Increase) in inventories	(8.8)	-	(0.8)	(0.8)
(Increase) / Decrease in receivables and derivatives	(6.1)	(13.0)	6.4	(6.6)
Increase / (Decrease) in payables	7.1	3.2	(17.2)	(14.0)
Exchange differences	(1.0)	(4.4)	(2.0)	(6.4)
Tax paid	<u>(2.9)</u>	<u>(2.0)</u>	<u>(5.0)</u>	<u>(7.0)</u>
<b>Cash inflow from operations</b>	<b><u>14.5</u></b>	<b><u>14.6</u></b>	<b><u>10.5</u></b>	<b><u>25.1</u></b>

# GROUP CASH FLOW

£Ms	2007 1 <sup>st</sup> Half	2006 1 <sup>st</sup> Half	2006 2 <sup>nd</sup> Half	2006 Full Year
<b>Cash inflow from operations</b>	<b>14.5</b>	<b>14.6</b>	<b>10.5</b>	<b>25.1</b>
Capital expenditure	(15.0)	(9.2)	(11.4)	(20.6)
Purchase of patents	(0.6)	-	-	-
Development expenditure	(4.4)	(4.9)	(3.7)	(8.6)
Sale of fixed assets and grants received	3.3	4.4	2.7	7.1
Acquisition of business	-	-	(14.7)	(14.7)
Interest paid (net)	(2.0)	(1.4)	(2.4)	(3.8)
Ordinary dividend paid	(9.9)	(9.9)	(5.7)	(15.6)
<b>Net cash flow before financing</b>	<b>(14.1)</b>	<b>(6.4)</b>	<b>(24.7)</b>	<b>(31.1)</b>
Movement of loans and finance leases	(0.1)	(0.1)	10.1	10.0
<b>(Decrease) in cash and cash equivalents</b>	<b><u>(14.2)</u></b>	<b><u>(6.5)</u></b>	<b><u>(14.6)</u></b>	<b><u>(21.1)</u></b>

# ASSETS HELD FOR SALE

£Ms

<b>Non-current assets – plant and equipment</b>	<b>1.5</b>
<b>Inventories</b>	<b>17.3</b>
<b>Trade and other receivables</b>	<b>15.3</b>
<b>Trade and other payables</b>	<b><u>(5.4)</u></b>
	<b>28.7</b>
<b>Less provision against assets</b>	<b><u>(13.5)</u></b>
<b>Net assets held for sale</b>	<b><u><u>15.2</u></u></b>

# GROUP BALANCE SHEET

£Ms	2007 June	2006 December	2006 June
Non-current assets	174.5	177.7	176.1
Deferred tax asset	<u>8.6</u>	<u>21.0</u>	<u>22.6</u>
	<b>183.1</b>	<b>198.7</b>	<b>198.7</b>
Inventories	<u>91.0</u>	<u>99.8</u>	<u>93.9</u>
Receivables and financial instruments	95.9	105.2	108.3
Cash and cash equivalents	<u>5.0</u>	<u>9.5</u>	<u>22.2</u>
	<b>191.9</b>	<b>214.5</b>	<b>224.4</b>
Current payables and liabilities	(95.2)	(89.5)	(107.4)
Short term borrowing	<u>(21.5)</u>	<u>(11.5)</u>	<u>(8.5)</u>
<b>Net current assets</b>	<b><u>75.2</u></b>	<b><u>113.5</u></b>	<b><u>108.5</u></b>
Assets held for sale	15.2	-	-
<b>Total assets less current liabilities</b>	<b>273.5</b>	<b>312.2</b>	<b>307.2</b>
Non-current provisions and liabilities	(4.8)	(8.2)	(8.6)
Long term borrowings	(67.0)	(69.0)	(62.5)
Deferred tax and pension provisions	<u>(38.3)</u>	<u>(78.0)</u>	<u>(71.1)</u>
<b>Total net assets</b>	<b><u>163.4</u></b>	<b><u>157.0</u></b>	<b><u>165.0</u></b>

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

- **Move to higher margin business**
- **Generate product revenues for new technologies**
- **Exploit existing technologies in emerging markets**
- **Acquisitions as appropriate**
- **Current trading in line with expectations**



**A World Leader in Sensor and Electronic Component Technology**