

***Full Year Results Presentation***  
***Year ended 31 December 2008***

16 March 2009

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- 2008 Summary
- Current Trading and Outlook
- Strategy Summary and Implementation Progress
- Group Structure
- Business Review by Division
- Financial Highlights
- Summary
- Q and A

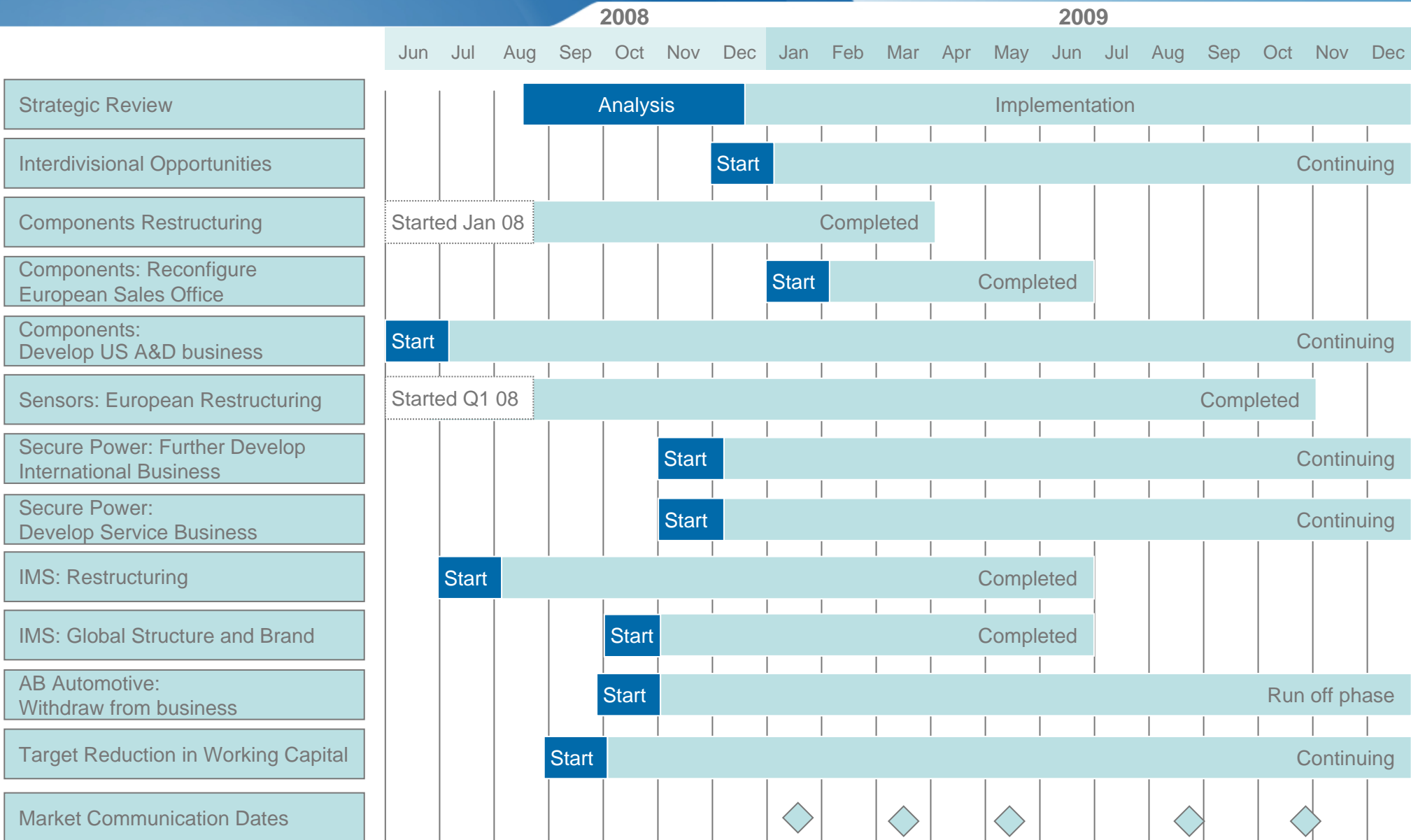
- Group revenue up 7.2% to £584m (2007: £545m) due to FX and acquisitions; on an underlying basis Group revenue was down 1.7% with rapid deterioration in the last quarter
- Profit before tax and exceptional items of £21m (2007: £33m), in line with October trading update
- Headline earnings per share of 9.2p (2007: 15.5p)
- Strong level of underlying operating cashflow at £50.1m (2007: £57.1m)
- New Chapel Electronics and Semelab acquired – both performing well
- Strategic review completed and results announced 21 January 2009

- Trading conditions in the first two months of the year have become significantly more difficult
- Outlook for most of our markets is both challenging and uncertain with limited visibility of market demand
- Outlook for automotive vehicle production difficult to predict within any confidence - further rapid decline in demand for automotive products this year – Sensors division and automotive element of Components division affected
- Significant slowdown in IMS due to reduction in manufacturing demand
- Slower demand across most other businesses including Secure Power
- Traction, defence and aerospace markets proving more resilient – solid performances from our Components division in these areas

- Trading for 2009, and the medium term, likely to fall materially below management's previous expectations
- Balance sheet is sound and we continue to generate strong cash flows
- Based on management expectations, adjusted to take account of the trading environment, we continue to trade comfortably within our banking facilities with reasonable headroom within our covenants

- Acceleration of the re-structuring set out in January - more than 1100 jobs cut by end of February with plans for approximately a further 225 underway
- Total headcount reductions in 2008 and 2009 will now be higher than 1295 previously identified with increased benefit in the second half of the year
- Short-time working and temporary shutdowns across a number of sites and extensive pay freeze in place
- Continuing drive to reduce working capital
- Actions designed to help limit the impact of the current difficult trading conditions
- Progress against our strategic plan and actions taken to adjust the cost base will benefit us as markets recover

- Business re-organised into the following Divisions from 1 January 2009:
  - Components
  - Sensors
  - Integrated Manufacturing Services (“IMS”)
  - Secure Power
  - General Industrial
- Strategic focus on Components, with IMS and Secure Power representing scalable strategic opportunities
- Redefinition of Sensor division, reduced exposure to automotive with separate management to close AB Automotive
- General Industrial division to be run separately and managed for value
- Targeting 100% operating cash flow conversion, with sustained reduction of working capital and debt



- **Interdivisional Opportunities**

- Key account management program initiated – positive feedback from customers
- Virtual teams established focused on three market areas (Aerospace & Defence, Hybrid Vehicle Electronics and Medical Electronics) to pursue cross divisional opportunities

- **Components**

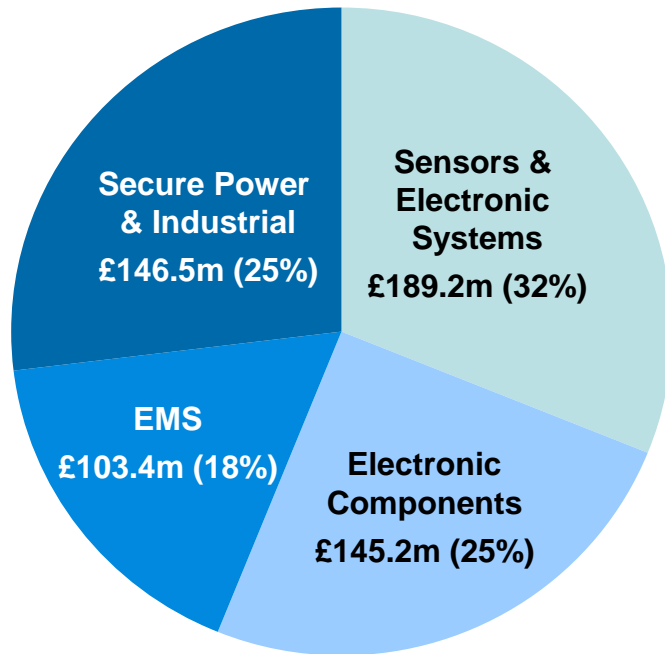
- Restructuring: Current re-structuring of the UK facility on track to be completed by end March, further headcount reductions in February
- European Sales Offices: Implementing re-organisation to allow us to better serve our customers
- US Aerospace & Defence Business: US interconnection facility awarded several contracts during 2008 to supply connectors for the US military totaling over \$90m. New range of connectors being developed

- **Sensors**

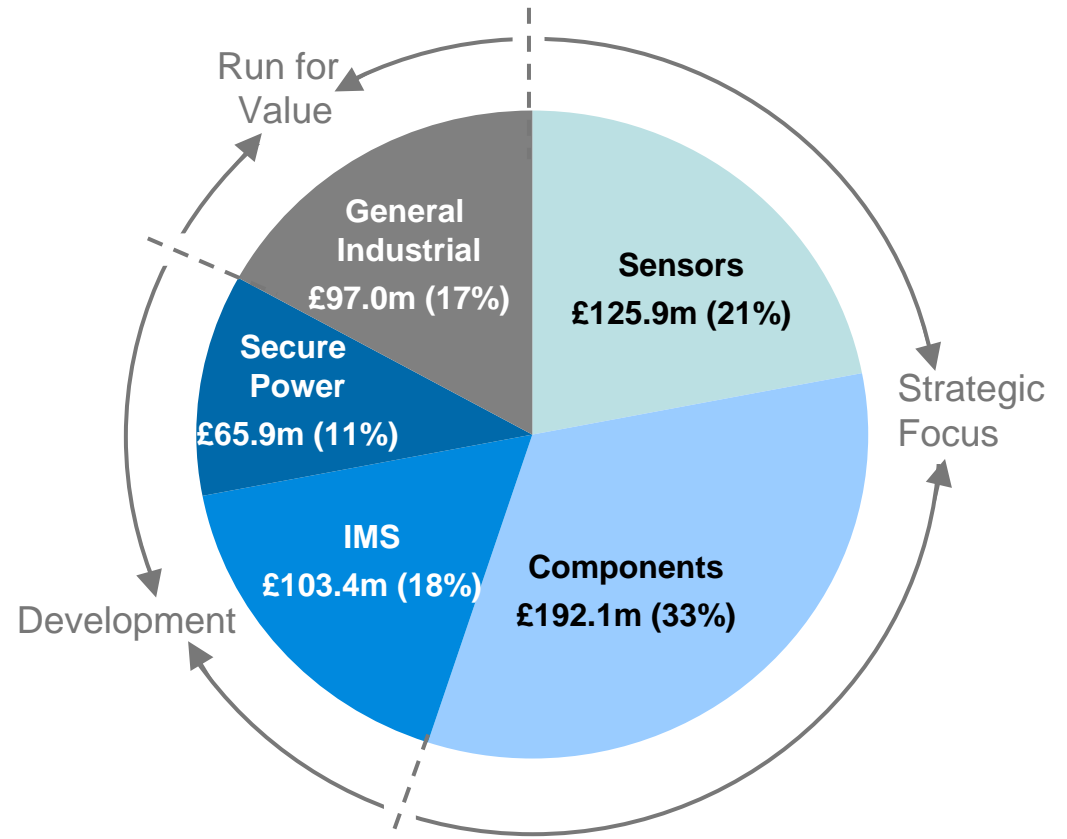
- Plans underway to reduce headcount in Germany by approximately 225 at an exceptional cost of up to £5.5m with annualised savings of c £5.0m
- Closure of AB Electronic Romford facility on track for 30 June 2009. Further 7 lines moved off-shore in 2009
- A new divisional director has been recruited

- **IMS**
  - Restructuring: headcount reduced by >100 so far in 2009. Additional actions planned
  - Global Structure & Brand: Global Sales Director recruited to lead the development of the IMS brand and global sales structure
- **Secure Power**
  - Develop Service Business: New UK Service Director appointed and 2 new service centres opened in Mexico
- **General Industrial**
  - Recruitment of new divisional director at an advanced stage
- **AB Automotive**
  - Withdraw from business: Closure of Cardiff facility on track to be completed in H1. We have continued to progress our withdrawal from this business globally
- **On-going re-structuring**
  - 1295 positions identified to be eliminated in 2008 and 2009 at time of strategy review announcement
  - More than 1100 positions eliminated in 2008 and 2009 to end February, approximately a further 225 underway in Germany
  - Total headcount reductions will now be higher than previously identified
  - Short-time working, temporary shutdowns and extensive pay freeze implemented

## 2008 Revenue by division

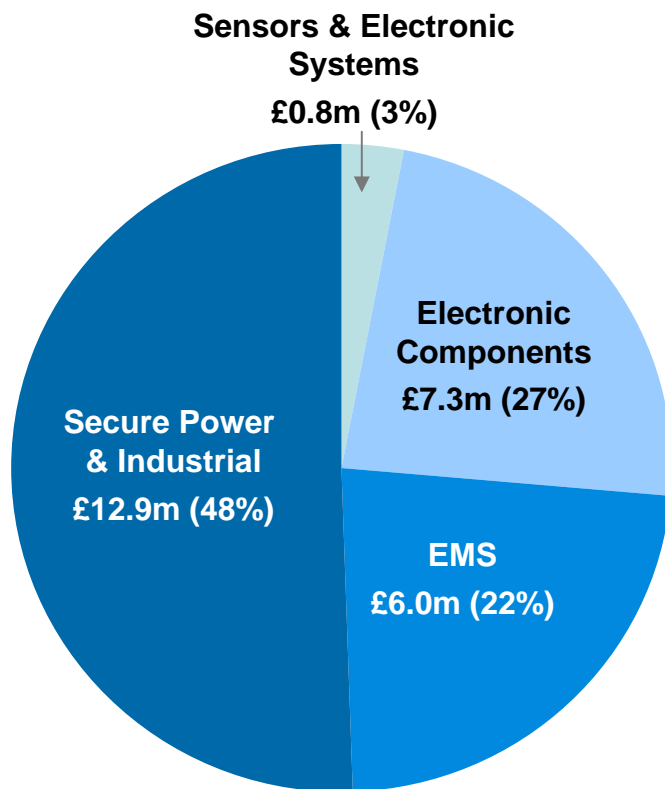


Old structure

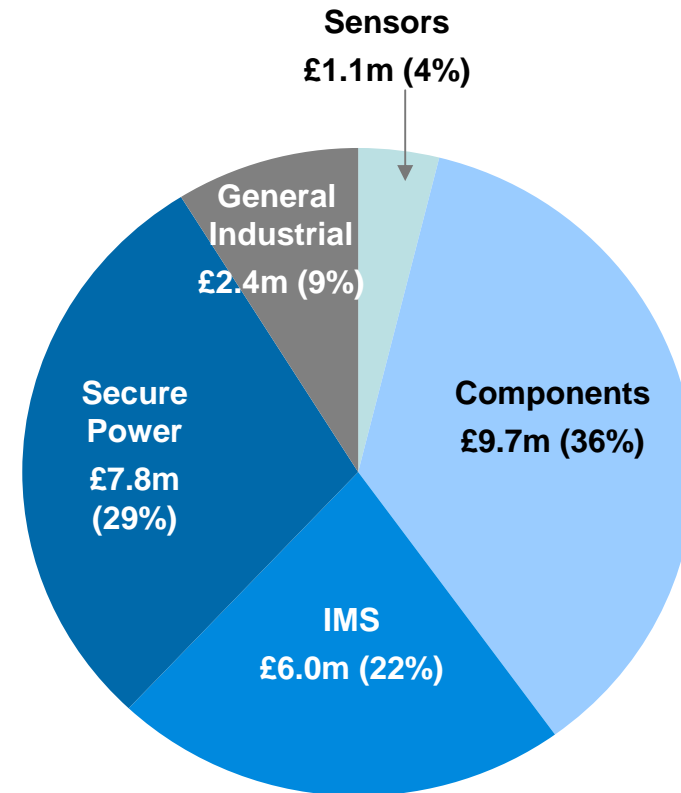


New structure

## 2008 Operating profit by division

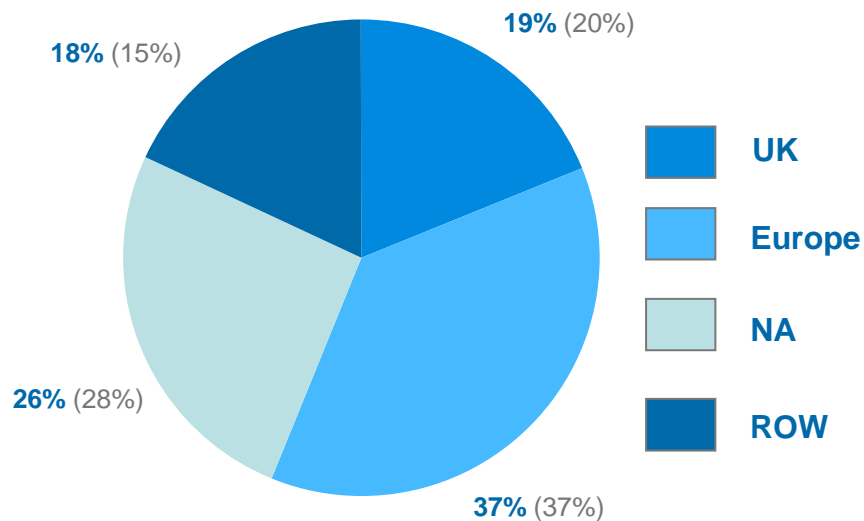


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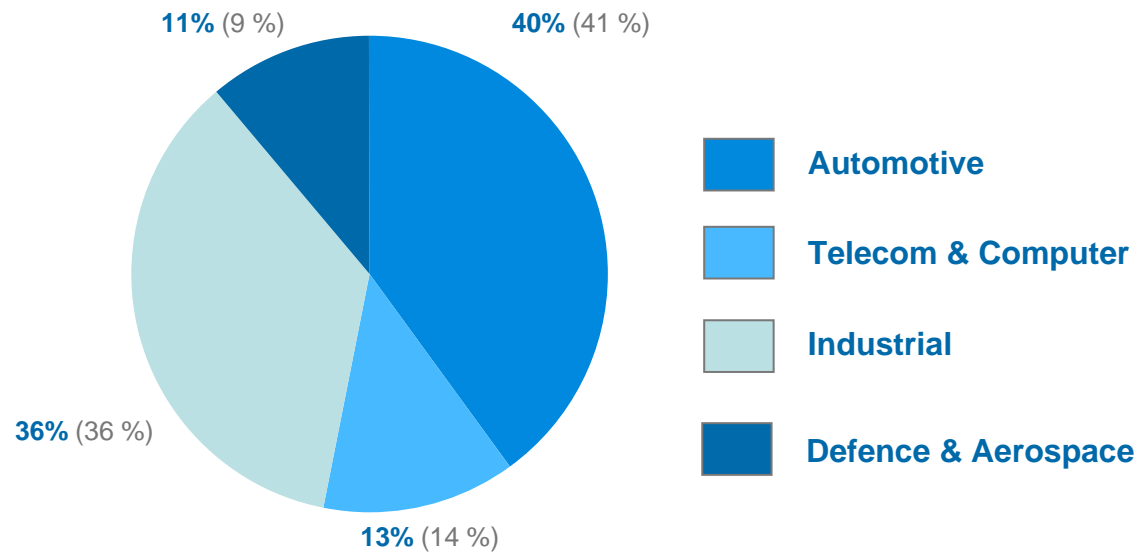


New structure

- UK and North American markets slower
- China and Middle East markets have shown good growth
- Growth in defence and aerospace



Revenue by Destination



Revenue by Market

	2008 £m	2007 £m
<b>Revenue</b>	<b>145.2</b>	<b>131.2</b>
<b>Operating profit</b>	<b>7.3</b>	<b>10.0</b>
<b>Operating profit margin</b>	<b>5.0%</b>	<b>7.6%</b>
<b>Return on capital employed</b>	<b>5.4%</b>	<b>10.1%</b>

- Underlying revenue (excluding FX and acquisition) down by 2.4%
- Operating profit reduced due to lower volumes, margin pressure and higher production costs for new products
- Redundancy costs of £1.1m charged in year with headcount reduction of around 200
- Semelab contributed profit of £0.5m on revenue of £4.6m post acquisition

	2008 £m	2007 £m
<b>Revenue</b>	<b>189.2</b>	<b>182.3</b>
<b>Operating profit</b>	<b>0.8</b>	<b>10.0</b>
<b>Operating profit margin</b>	<b>0.4%</b>	<b>5.5%</b>
<b>Return on capital employed</b>	<b>0.6%</b>	<b>9.5%</b>

- Majority of product sold into automotive market place
- Underlying revenue (before FX) down by 7%
- Operating profit affected by reduction in volumes, contracted price-downs, product mix and £0.5m of redundancy costs
- 2007 result included one-offs of £2.9m arising from grants and property profits

	2008 £m	2007 £m
<b>Revenue</b>	<b>103.4</b>	<b>92.2</b>
<b>Operating profit</b>	<b>6.0</b>	<b>4.1</b>
<b>Operating profit margin</b>	<b>5.8%</b>	<b>4.4%</b>
<b>Return on capital employed</b>	<b>17.3%</b>	<b>12.7%</b>

- Underlying sales increase (excluding FX) of 5%
- Good overall performance by the business, with some slow-down in last quarter
- Loss of customer contract in UK business in second half, resulting in redundancy costs of £0.3m

	2008 £m	2007 £m
<b>Revenue</b>	<b>146.5</b>	<b>139.2</b>
<b>Operating profit</b>	<b>12.9</b>	<b>13.6</b>
<b>Operating profit margin</b>	<b>8.8%</b>	<b>9.8%</b>
<b>Return on capital employed</b>	<b>23.9%</b>	<b>33.9%</b>

- Underlying revenue (excluding FX and acquisition) was up 1%
- Good performance in Secure Power business, assisted by FX gain in Mexico
- Reduced profit in Connectors business due to urgent military orders in 2007
- AEI Compounds and W T Henley both improved sales and operating profit over 2007
- New Chapel contributed £4.8m of revenue and £0.3m of profit post-acquisition

## 2008

- Strong level of underlying operating cash flow at £50.1m (2007: £57.1m)
- Trading well within banking facilities with a comfortable level of headroom on loan covenants
- Small increase in pension fund deficit to £18.6m and revised funding agreement reached with Trustee

## Outlook

- Targeting a reduction of £10m-£15m in working capital during 2009, with sustainable reduction in net debt

***Sound Financial Position***

	2008 £m	2007 £m
<b>Revenue</b>	<b>584.3</b>	<b>544.9</b>
<b>Operating Profit</b>	<b>27.0</b>	<b>37.7</b>
Net interest payable	(4.1)	(4.5)
Net finance cost on pension schemes	(1.8)	0.1
<b>Profit before taxation and exceptional items</b>	<b>21.1</b>	<b>33.3</b>
Exceptional items	(3.8)	-
Taxation	(5.7)	(9.3)
<b>Profit after taxation from ongoing activities</b>	<b>11.6</b>	<b>24.0</b>
Discontinued operation	-	(11.8)
<b>Profit after taxation</b>	<b>11.6</b>	<b>12.2</b>

AB Electronic – Romford Closure	2008 £m 1.1
AB Automotive – Cardiff Closure	2.7
<b>Total</b>	<b>3.8</b>

- Romford closure will result in a headcount reduction of 122 (80 in 2008, 42 in 2009) and an annualised cost reduction of £1.2m
- Cardiff closure will be completed in first half, resulting in headcount reduction of 152

	2008	2007
	£m	£m
Tax charge		
- Underlying	(6.8)	(9.3)
- Exceptional items	1.1	-
	(5.7)	(9.3)
Effective tax rate		
- Underlying	32.2%	27.9%
- After exceptional items	32.9%	27.9%

- Change in profits mix with proportionately higher contributions from USA, Mexico and China
- Reduced level of overall profits, affecting Germany in particular

	2008 £m	2007 £m
Profit before tax and exceptional items	21.1	33.3
Tax	(6.8)	(9.3)
Underlying earnings	14.3	24.0
Average number of shares (million)	155.0	154.9
Headline earnings per share (pence)	9.2p	15.5p
Basic earnings per share (pence)	7.5p	15.5p

	2008	2007
Pence per share		
Interim	3.69	3.69
Final	-	6.36
<b>Total</b>	<b>3.69</b>	<b>10.05</b>
Dividend cover	2.5	1.5

- As announced in Strategic Review, no final dividend is proposed for 2008
- Dividend policy defined to maintain cover of a minimum of 2x underlying EPS
- Policy of progressively increasing dividends whilst maintaining cover at this level

	2008 December £m	2007 December £m
Fair value of assets	283.1	298.2
Liabilities	(301.7)	(315.6)
Deficit	(18.6)	(17.4)

- Asset values benefited from new investment strategy implemented from H2 2007
- Pensionable salaries freeze since April 2006 and proposal to continue for a further 2 years
- Revised funding agreement reached in January 2009 fixing deficit contributions out to 2016

	2008 £m	2007 £m
Operating profit	27.0	37.7
Depreciation	23.4	21.7
Amortisation of intangible assets	10.9	9.6
Working capital	(5.6)	(6.4)
Other	(5.6)	(5.5)
<b>Underlying operating cashflow</b>	<b>50.1</b>	<b>57.1</b>
Exceptional costs	(1.7)	-
Special pension fund payment	(2.2)	(14.2)
<b>Cash generated from operations</b>	<b>46.2</b>	<b>42.9</b>

	2008 £m	2007 £m
Cash generated from operations	46.2	42.9
Tax and interest	(7.4)	(12.0)
Capital expenditure	(21.9)	(29.4)
Development expenditure	(10.9)	(10.1)
Proceeds from sale of fixed assets and grants received	5.1	7.1
Acquisitions	(13.9)	-
Disposals	0.9	10.8
Dividends	(15.6)	(15.6)
Other	2.0	0.8
Net cashflow	(15.5)	(5.5)
Opening net debt	(75.0)	(71.0)
Exchange differences	(22.7)	1.5
Closing net debt	(113.2)	(75.0)

	2008 December £m	2007 December £m
Tangible and Intangible assets	235.5	181.6
Deferred tax asset	5.5	4.2
<b>Total non-current assets</b>	<b>241.0</b>	<b>185.8</b>
Inventories	120.0	91.0
Trade and other receivables	111.5	95.1
Cash and cash equivalents	10.1	7.6
<b>Total current assets</b>	<b>241.6</b>	<b>193.7</b>
Current payables and liabilities	(111.0)	(82.9)
Short-term borrowings	(51.2)	(16.8)
<b>Net current assets</b>	<b>79.4</b>	<b>94.0</b>
<b>Total assets less current liabilities</b>	<b>320.4</b>	<b>279.8</b>
Non-current provisions and liabilities	(16.8)	(14.3)
Long-term borrowings	(72.1)	(65.8)
Pensions	(18.6)	(17.4)
<b>Total net assets</b>	<b>212.9</b>	<b>182.3</b>
<b>Gearing</b>	<b>53%</b>	<b>41%</b>

- Facilities:

- Total facilities available of £166m, of which £60m is working capital
- Main term loan of £70m is with HSBC and extends to 2011
- Drawn down in US\$, with a requirement to re-balance to £70m in June 2009
- Two term loans of £10m renewable in September 2009 and £20.4m in December 2009. Preliminary discussions with both banks positive.

- Loan covenants with HSBC:

	<u>Target</u>	<u>December 2008</u>
- Gross debt / EBITDA (before exceptional items)	< 3	2.0
- EBITDA (before exceptional items) / gross interest	> 6	13.6

- Comfortable level of headroom on covenants at December 2008 and for 2009 based on current management expectations which have been adjusted to take account of the trading environment

- Outlook for major markets extremely challenging and uncertain
- A slowdown across many of our businesses with a rapid decline in automotive and a significant slowdown in IMS
- Traction, aerospace and defence markets proving more resilient
- Significant actions taken to reposition the business and contain costs
- Balance sheet is sound and we continue to generate strong cash flows
- Progress against our strategic plan and actions taken to adjust the cost base will benefit us as markets recover

***Deliver Shareholder Value***