

*Half year Results Presentation
6 months ended 30 June 2009*

20 August 2009

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- On track after the first six months, despite continuing challenging economic conditions
- Overall trading for the full year expected to remain in line with previous expectations
- Cost reduction plans accelerated in light of market conditions
- Re-structuring programme nearing completion and actions taken are having an immediate impact
- Focus is now shifting to developing and growing the business
- Good level of cash generation
- Debt reduction ahead of plan

- First Half Summary
- Strategy Implementation Update
- Group Profile
- Divisional Review
- Financial Highlights
- Current Trading and Outlook
- Q and A

- Group revenue down 19% to £237m (2008: £292m). On an underlying basis, excluding the impact of FX, Group revenue was down 29%
- Loss before tax and exceptional items of £3.9m (2008 profit: £15.0m)
- No interim dividend for 2009 in line with dividend policy
- Strong level of underlying operating cashflow at £28.4m, 19% ahead of last half year
- Net debt reduced to £100.0m (December 2008: £113.2m) and operating comfortably within banking facilities

“STRATEGIC FOCUS”

Heartland to the brand / group

Components/Connectors

- Major driver of shareholder value
- Retain and defend
- Invest long-term

Extends the existing core

Sensors

- Invest short-term
- Evaluate cost / benefit

“DEVELOPMENT”

Scalable Opportunities

IMS/Secure Power

- Have potential to deliver material increase in shareholder value
- Invest to grow
- Monitor potential through milestone achievements

“RUN FOR VALUE”

Value Businesses

General Industrial

AEI Compounds	AB Automotive
Abtest	BAS
Henley	Magnetics
Prestwick	
Circuits	WST

- Unlikely to deliver material increase in shareholder value
- Limit investment
- Manage for value

- Continued progress against initiatives identified in the Strategic Review announced on 21 January 2009
- New leaders brought in with operational experience to run Sensors and General Industrial
- Revised divisional structure enabling clear focus on delivery of strategic objectives and accountability
- Cost reduction accelerated in the first half, particularly in Germany, with majority of planned actions complete
- Annualised total cost reduction of £30.5m (£6m higher than originally indicated), with around 70% coming through in 2009
- Focus now is to complete restructuring and drive business forward

- **Interdivisional Opportunities**

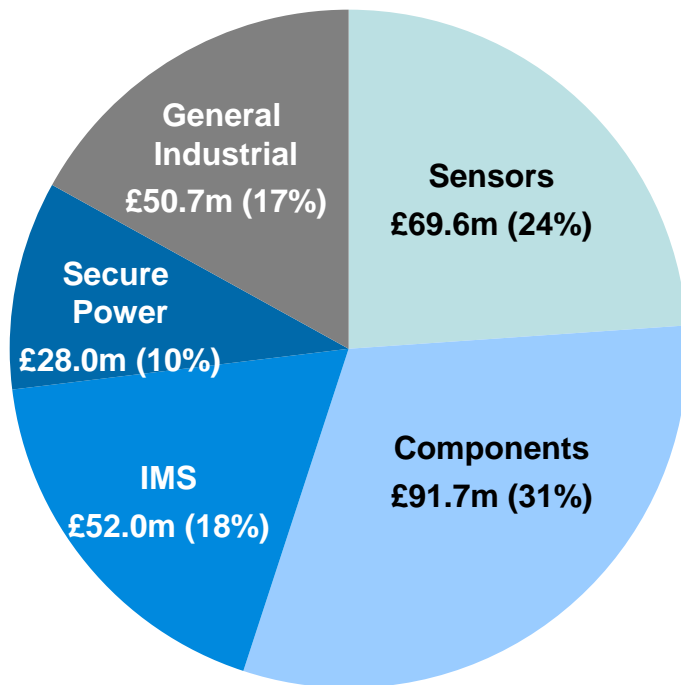
- Key account management programme progressing – CRM being applied to top 8 accounts initially and will be broadened to top 14 by year end: already receiving positive feedback from customers
- Virtual market teams established:
 - *Aerospace & Defence – secured substantial new customer in Smiths Detection*
 - *Hybrid Vehicle Electronics*
 - *Medical Electronics*

- **Ongoing Re-structuring**

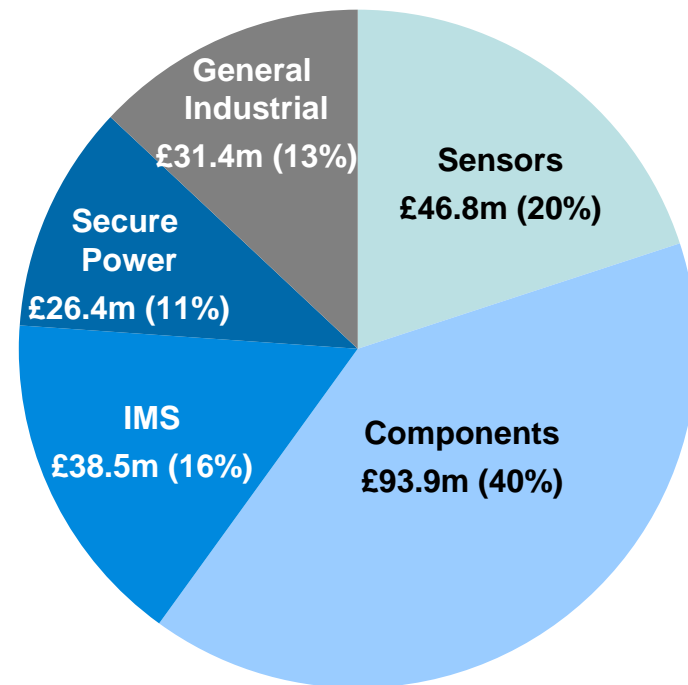
- Headcount reduced by 1,668 between June 2008 and June 2009, representing 21% of workforce. Further reductions planned for H2 2009
- Continued short-time working and temporary shutdowns as required
- Pay freeze remains in place

Revenue by Division

H1 2008



H1 2009

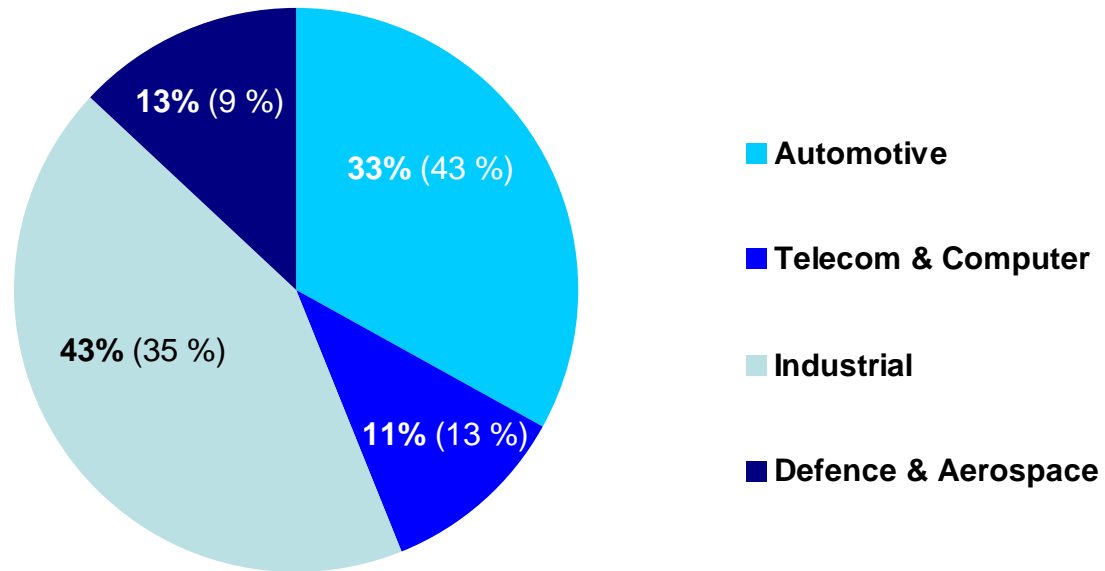


Operating Profit/Loss by Division*

	H1 2009 £m	H1 2008 £m
Components	2.4	4.8
Sensors	(4.3)	3.3
IMS	1.5	3.7
Secure Power	2.0	2.3
General Industrial	(2.2)	3.1
Total	(0.6)	17.2

(* before exceptional items)

Revenue by Market H1 2009



- Reduction in Automotive to 33% due to significant reduction in demand and also implementation of strategy through exit from climate control
- Growth in Defence & Aerospace arising from acquisitions made in 2008 and also increase in sales by Components & Connectors businesses
- Industrial includes medical market which has grown from 1.7% to 3% of total sales

Components	2009 1 st Half £m	2008 1 st Half £m	2008 Full Year £m
Revenue	93.9	91.7	192.1
Operating Profit	2.4	4.8	9.7
Operating Profit Margin	2.6%	5.2%	5.0%

- Underlying revenue (excluding FX and acquisitions) down by 24%
- Gross margins have held up; reduction in operating profit is due to volume change offset partly by cost reductions
- Redundancy costs of £0.8m charged in half year with headcount reduction of 467
- European Sales Offices: new structure implemented with effect from 1 July
- US Aerospace & Defence Business: launched new range of military connectors, material revenue secured supplying connectors and harnesses for US mine resistant and ambush protected military vehicles

Sensors	2009 1st Half £m	2008 1st Half £m	2008 Full Year £m
Revenue	46.8	69.6	125.9
Operating Profit	(4.3)	3.3	1.1
Operating Profit Margin	-	4.7%	0.9%

- Underlying revenue (excluding FX) has fallen significantly by 42%
- Major restructuring implemented in Germany with a headcount reduction of 251 in H1 at a total cost of £6.4m, with annualised savings of £6.9m
- Closure of Romford facility completed and business transfer to China and India complete
- New divisional director joined in May 2009
- Division is now trading profitably

IMS	2009 1st Half £m	2008 1st Half £m	2008 Full Year £m
Revenue	38.5	52.0	103.4
Operating Profit	1.5	3.7	6.0
Operating Profit Margin	3.9%	7.1%	5.8%

- Underlying revenue down 39% (excluding FX)
- Headcount reduced by 130 people in the first half
- Exceptional cost of £0.7m in the first half arising from consolidation of management and sales teams in the UK
- Aylesbury plant closure announced with transfer of business to Rogerstone by March 2010
- Global sales structure introduced and launched global brand

Secure Power	2009 1st Half £m	2008 1st Half £m	2008 Full Year £m
Revenue	26.4	28.0	65.9
Operating Profit	2.0	2.3	7.8
Operating Profit Margin	7.6%	8.2%	11.8%

- Underlying revenue (excluding FX) down by 7%
- Good performance by Dale Power Solutions in the UK with an increase in sales and profits, together with some contract wins
- Ottomotores affected by problems in Mexican economy, but is pursuing a number of export projects
- Facility opened in Aberdeen to support growing customer and contract base, and four regional support centres established in Mexico
- Regional sales resource strengthened in Middle East and Latin America, key programs completed in Algeria and Kazakhstan

General Industrial	2009 1st Half £m	2008 1st Half £m	2008 Full Year £m
Revenue	31.4	50.7	97.0
Operating Profit	(2.2)	3.1	2.4
Operating Profit Margin	-	6.1%	2.5%

- Closure of Climate Control business of AB Automotive on track; business made a loss of £2.2m in H1
- Other businesses affected by an underlying reduction in revenue of 28% (excluding FX)
- Headcount reduced by 215 people across the division (including AB Automotive)
- Relocation of AEI Compounds to new facility and additional investment in capacity on track
- New divisional director joined in April
- Sale of Neosid Australia agreed in June

- Target annualised cost reduction of £30.5m (£6.0m higher than originally indicated), of which around 70% is coming through in 2009
- Group overall has been trading profitably since May as benefits offset reduction in sales
- Significant reduction in working capital of £13.1m, ahead of the full year target of £10-£15m set in Strategic Review. Target has been revised upwards to £17-£20m
- Underlying operating cash flow of £28.4m, 19% ahead of last half year, and tight control of capital expenditure have led to a reduction of £13.2m in net debt to £100.0m
- Trading well within banking facilities with a comfortable level of headroom on loan covenants

Good Progress on Cost Reductions and Cash Flow

	2009 1 st Half £m	2008 1 st Half £m	2008 Full Year £m
Revenue	237.0	292.0	584.3
Operating Profit	(0.6)	17.2	27.0
Net interest payable	(2.2)	(1.8)	(4.1)
Net finance cost on pension schemes	(1.1)	(0.4)	(1.8)
Profit before taxation and exceptional items	(3.9)	15.0	21.1
Exceptional items	(10.6)	-	(3.8)
Taxation	(0.9)	(3.9)	(5.7)
Profit after taxation	(15.4)	11.1	11.6

	2009 1 st Half £m	2008 Full Year £m
Sensors		
- Closure of Romford	-	(1.1)
- German restructuring	(6.4)	-
AB Automotive – climate control exit		
- Exit costs	(4.2)	(2.7)
- Profit on sale of Cardiff site	0.9	-
UK IMS business		
- Consolidation phase 1	(0.7)	-
Other restructuring	(0.2)	-
TOTAL	(10.6)	(3.8)

- Restructuring in Germany ahead of schedule, with a headcount reduction of 225 in April and a further 26 announced in June
- Exit from climate control is well advanced in dealing with long-term customer commitments and winding down operations in the UK, USA, Brazil and China
- Vacated Cardiff site sold in June with proceeds of £2.3m received in July 2009
- Phase 1 of UK IMS restructuring involved consolidation of sales and management teams at Aylesbury and Rogerstone together with a headcount reduction of 60 people. Closure of Aylesbury plant now under way

	Costs 2008 £m	Estimated Costs 2009 £m	Annualised Cost Reduction £m
AB Automotive – climate control exit	2.7	3.3	4.0
Sensors – European restructuring	-	7.5	8.2
Sensors – Romford closure	1.1	-	1.2
IMS – UK consolidation	-	1.2	1.8
Other restructuring	-	2.0	2.2
Total exceptional	3.8	14.0	17.4
Operating	2.1	1.6	13.1
TOTAL	5.9	15.6	30.5

	2009 1 st Half £m	2008 1 st Half £m	2008 Full Year £m
Operating profit	(0.6)	17.2	27.0
Depreciation	12.3	11.7	23.4
Amortisation of intangibles	6.2	5.2	10.9
Working capital	13.1	(8.7)	(5.6)
Other	(2.6)	(1.5)	(5.6)
Underlying operating cashflow	28.4	23.9	50.1
Exceptional costs	(6.3)	-	(1.7)
Special pension fund payment	-	-	(2.2)
Cash generated from operations	22.1	23.9	46.2

	2009 1 st Half £m	2008 1 st Half £m	2008 Full Year £m
Cash generated from operations	22.1	23.9	46.2
Tax and interest	(6.4)	(3.2)	(7.4)
Capital expenditure	(4.8)	(14.2)	(21.9)
Development expenditure	(3.7)	(5.4)	(10.9)
Proceeds from sale of fixed assets	1.0	2.3	5.1
Acquisitions	(1.0)	(4.2)	(13.9)
Disposals	-	-	0.9
Dividends	-	(9.9)	(15.6)
Other	-	2.0	2.0
Net cashflow	7.2	(8.7)	(15.5)
Opening net debt	(113.2)	(75.0)	(75.0)
Exchange differences	6.0	(0.6)	(22.7)
Closing net debt	(100.0)	(84.3)	(113.2)

	2009 June £m	2008 December £m	2008 June £m
Tangible and Intangible assets	202.6	235.5	192.3
Deferred tax asset	9.6	5.5	5.2
Total non-current assets	212.2	241.0	197.5
Inventories	93.2	120.0	97.2
Trade and other receivables	91.3	111.5	108.8
Cash and cash equivalents	10.8	10.1	6.5
Total current assets	195.3	241.6	212.5
Current payables and liabilities	(81.7)	(111.0)	(99.0)
Short-term borrowings	(39.2)	(51.2)	(25.3)
Net current assets	74.4	79.4	88.2
Total assets less current liabilities	286.6	320.4	285.7
Non-current provisions and liabilities	(48.4)	(35.4)	(33.7)
Long-term borrowings	(71.6)	(72.1)	(65.5)
Total net assets	166.6	212.9	186.5
Gearing	60%	53%	45%

- Facilities:
 - Total facilities available of £160m, of which £46m is working capital
 - Main term loan of £70m is with HSBC and extends to 2011
 - Two term loans of £10m renewable in September 2009 and £18.8m in December 2009. Discussions with both banks ongoing.

- Loan covenants with HSBC (tested annually):

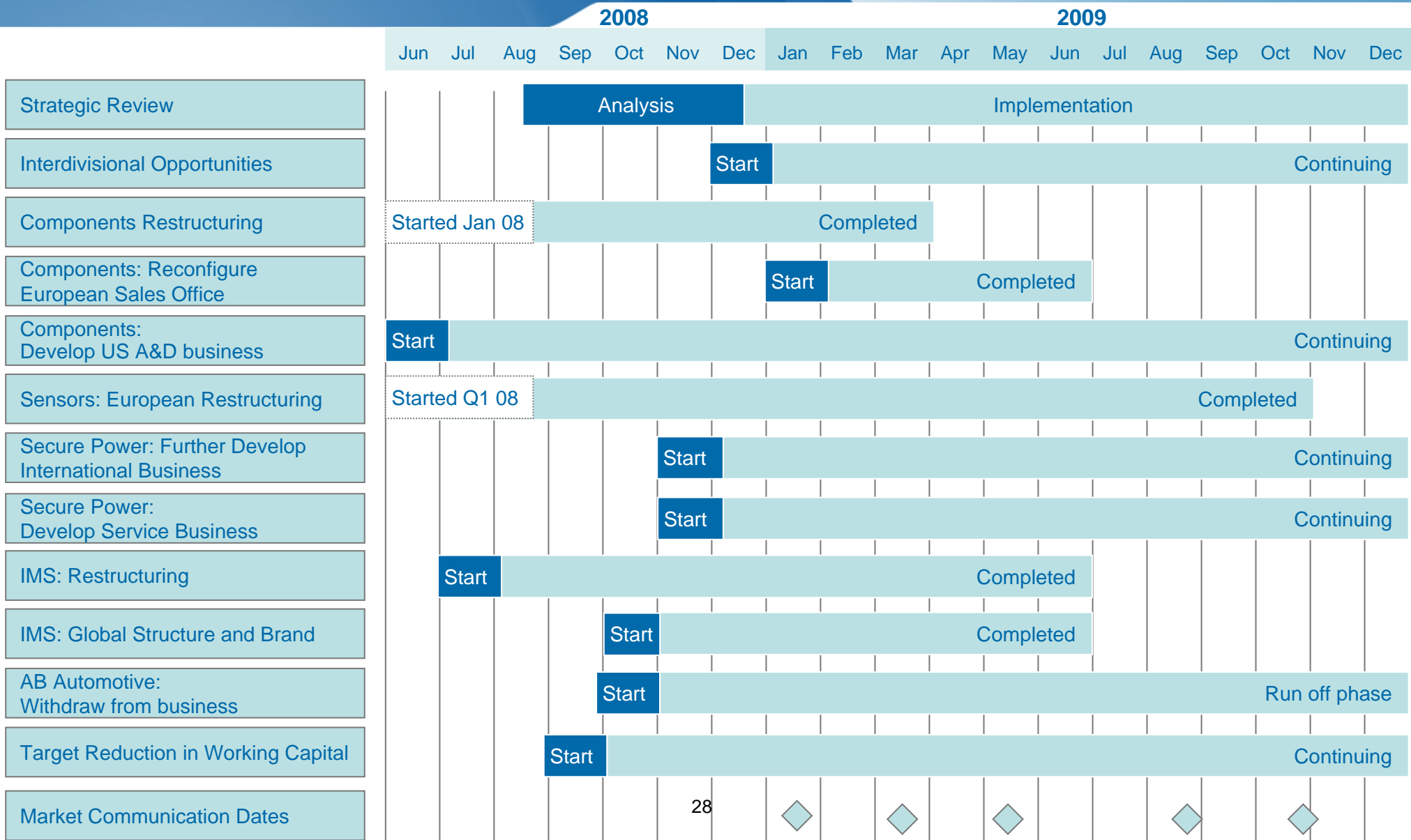
	<u>Term</u>	<u>Pro-forma</u> <u>June 2009*</u>
- Gross debt / EBITDA (before exceptional items)	< 3	2.5
- EBITDA (before exceptional items) / gross interest	> 6	9.6

* Based on EBITDA for previous 12 months

- Trading conditions in the first half of 2009 have been very challenging with de-stocking in many markets due to the severe economic downturn in Q1
- Whilst there are signs of some stability in recent weeks in certain markets, we have yet to see any signs of a sustained recovery. There remains very limited visibility with orders being received on shorter lead times
- We have accelerated our cost reduction programmes and are well-advanced in having a cost base aligned to the current levels of demand
- Group now trading profitably
- Overall trading for the full year is expected to remain in line with our previous expectations

- Continued progress across the Group in implementing the strategic plan
- Focused on meeting customers needs in key market segments
- Cost reduction plans accelerated in light of market conditions, increased benefit in second half
- Good level of cash generation in first half and target revised upwards for second half
- Moving emphasis to developing and growing the business through customer focus, product innovation and operational improvements
- Well-placed to benefit from any recovery in market demand

Appendix



	2009 1 st Half £m	2008 1 st Half £m	2008 Full Year £m
Tax charge			
- Underlying	0.9	3.9	6.8
- Exceptional items	-	-	(1.1)
	0.9	3.9	5.7
Effective tax rate			
- Underlying			32%
- After exceptional items			33%

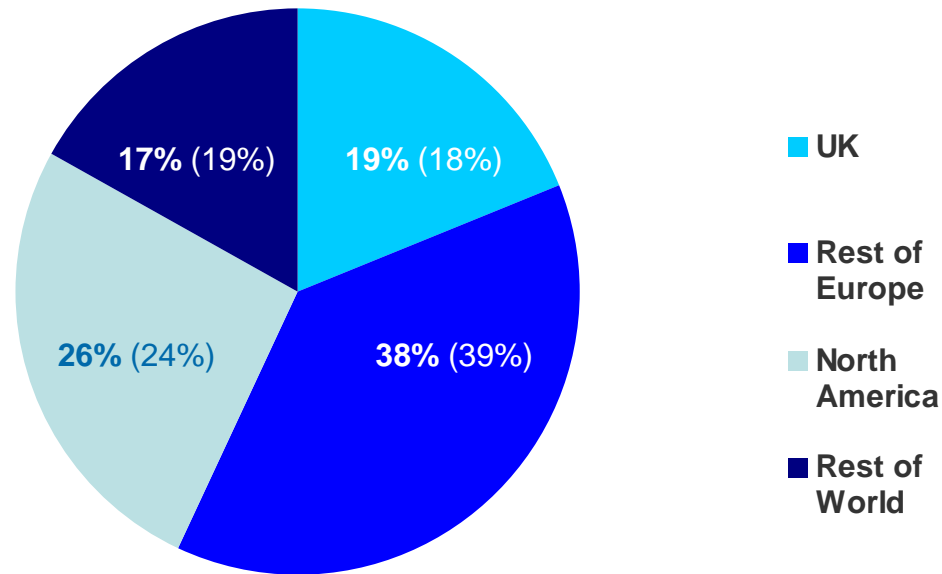
- Tax charge arises from profits generated by overseas countries, in particular Mexico and China
- No tax payable in UK due to brought forward and current year losses

	2009 1 st Half £m	2008 1 st Half £m	2008 Full Year £m
Profit before tax and exceptional items	(3.9)	15.0	21.1
Tax	(0.9)	(3.9)	(6.8)
Underlying Earnings	(4.8)	11.1	14.3
Average number of shares (million)	155.0	155.0	155.0
Headline earnings per share (pence)	(3.1)p	7.2p	9.2p
Basic earnings per share (pence)	(9.9)p	7.2p	7.5p

	2009 June £m	2008 June £m	2008 December £m
Fair value of assets	268.5	282.1	283.1
Liabilities	(301.7)	(302.8)	(301.7)
Deficit	(33.2)	(20.7)	(18.6)

- Deficit increase caused by market fall in value of assets
- Pensionable salaries frozen since April 2006 and agreement to continue for a further 2 years
- Revised funding agreement reached in January 2009 fixing deficit contributions out to 2016, under which payment for 2009 of £2.2m to be made in December

Revenue by Destination H1 2009



- Increase in UK arising from Semelab and New Chapel acquisitions, and also good performance by Secure Power in the UK service market
- Increase in North America due to FX, increased IMS sales into USA market and some Semelab penetration
- Rest of World affected by weaker markets in Far East, South Africa, Middle East and Latin America