Volex – Interim Results 2015/16

Geraint Anderson, Interim CEO

Daren Morris, CFO

November 2015

Volex

This Presentation has been prepared by Volex PLC (the "Company") in connection with the publication of the Company's preliminary results for the twenty-six weeks to October 4 2015.

This Presentation does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any securities to any person in any jurisdiction to whom or in which such offer or solicitation is unlawful, nor shall it (or any part of it), or the fact of its distribution, form the basis of, or be relied on in connection with or act as any inducement to enter into, any contract whatsoever relating to any securities.

No reliance may be placed for any purpose on the completeness, accuracy or fairness of the information and opinions contained in this Presentation.

This Presentation is only addressed to, or directed at, persons in member states of the European Economic Area who are "qualified investors" within the meaning of Article 2(1)(e) of the Prospectus Directive (Directive 2003/71/EC, as amended) ("Qualified Investors"). In addition, in the United Kingdom, this Presentation is only addressed to, or directed at, (a) Qualified Investors who are persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") (Investment professionals), (b) Qualified Investors who fall within Article 49(2)(a) to (d) of the Order (High net worth companies, unincorporated associations etc.) or (c) Qualified Investors to whom, or at which, it may otherwise be lawfully made, supplied or directed (all such persons referred to above being "Relevant Persons"). Each recipient is deemed to confirm, represent and warrant to the Company that they are a Relevant Person.

This Presentation is not for distribution, directly or indirectly, in whole or in part, in or into the United States, Australia, Canada, Japan, the Republic of South Africa or any jurisdiction where it would be unlawful to do so. The distribution of this Presentation or any information contained in it may be restricted by law in certain jurisdictions, and any person into whose possession any document containing this Presentation or any part of it comes should inform themselves about, and observe, any such restrictions.

Certain statements, beliefs and opinions contained in this Presentation are or may be forward-looking statements. Forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "plans", "goal", "target", "aim", "may", "will", "would", "could" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future and may be beyond the Company's ability to control or predict. Forward-looking statements are not guarantees of future performance. No representation is made that any of these statements or forecasts will come to pass or that any forecast result will be achieved. You are cautioned not to place undue reliance on these forward-looking statements. Forward-looking statements speak only as of the date of such statements and, except as required by the Financial Conduct Authority, the London Stock Exchange or applicable law, the Company undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

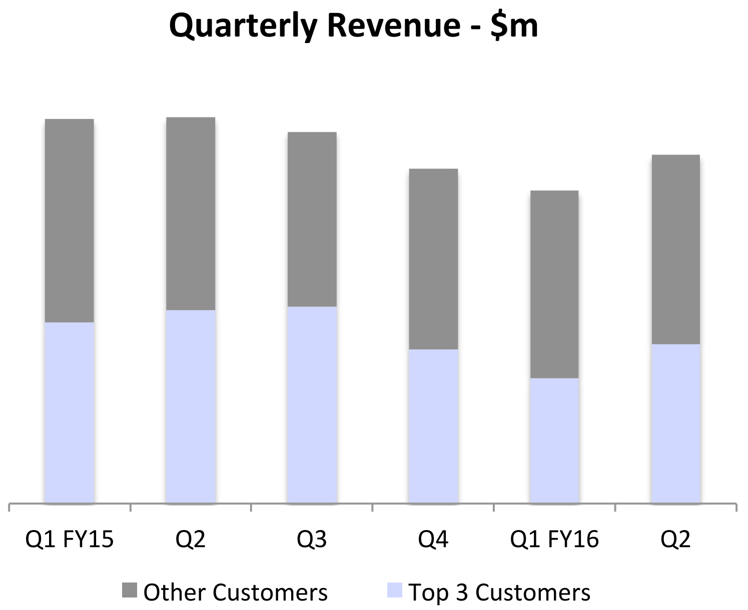
Summary

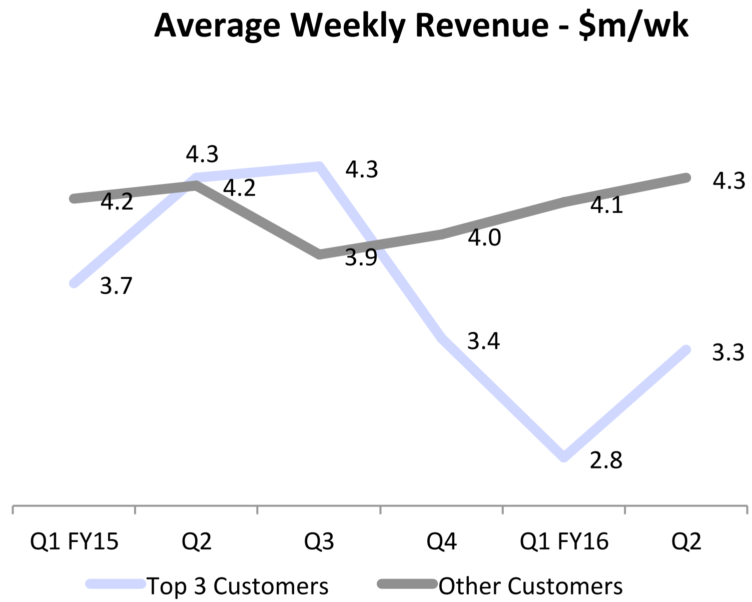
- Consolidated revenue fell 14% (8% like for like basis*)
- PC and tablet players faced falling volumes in Volex H1 2015:
  - Mac volumes increased 6% and iPad volumes fell 19%
  - PC shipments fell 9% - PC related activities represent 30% of power division revenues
- Underlying operating profit ahead at $4.2million
- Investment into stock of $8million in H1, in preparation for H2 product launches by our major customers

  – 2015/16 focus on managing H2 through improving operational performance

** Half of the delta is due to extra week in FY15 and half due to currency*

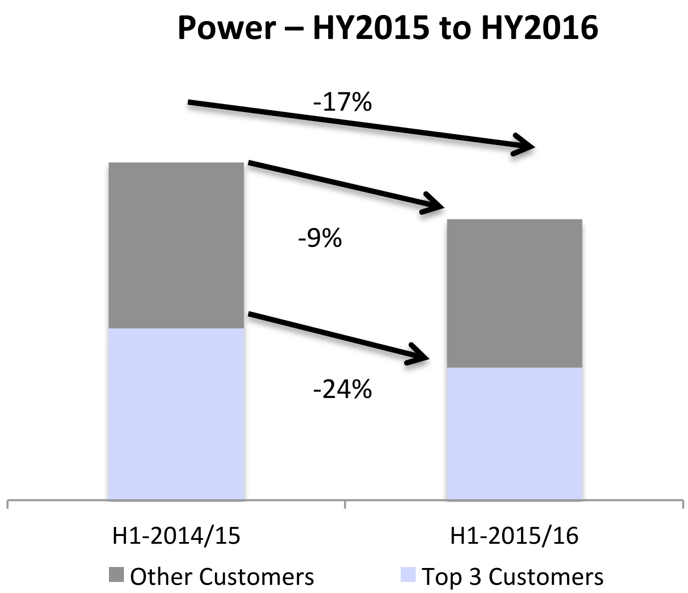
Recent Revenue Progression

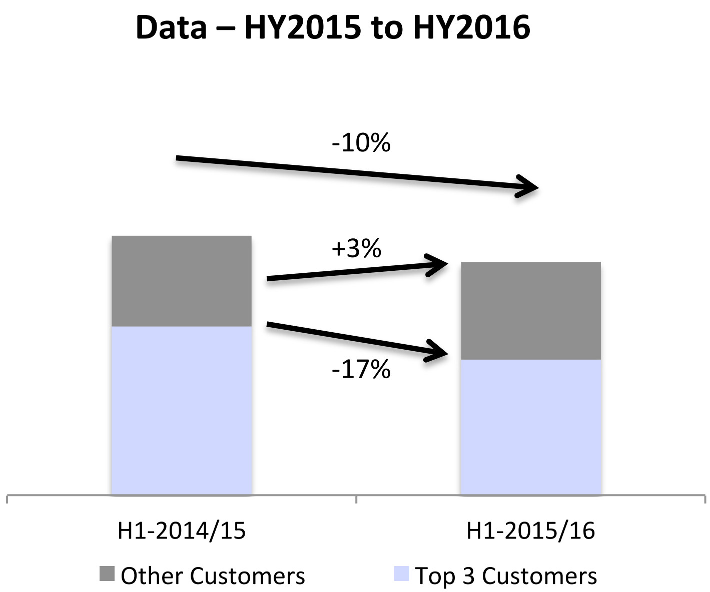




- Revenue fell from Q2PY to Q1CY, and now showing a recovery
  - Demand from top 3 customers fell at the start of this calendar year
  - Revenue from other customers remained more stable
- Revenue share of top 3 customers reduced from 49% to 43%

H1 Revenue Performance



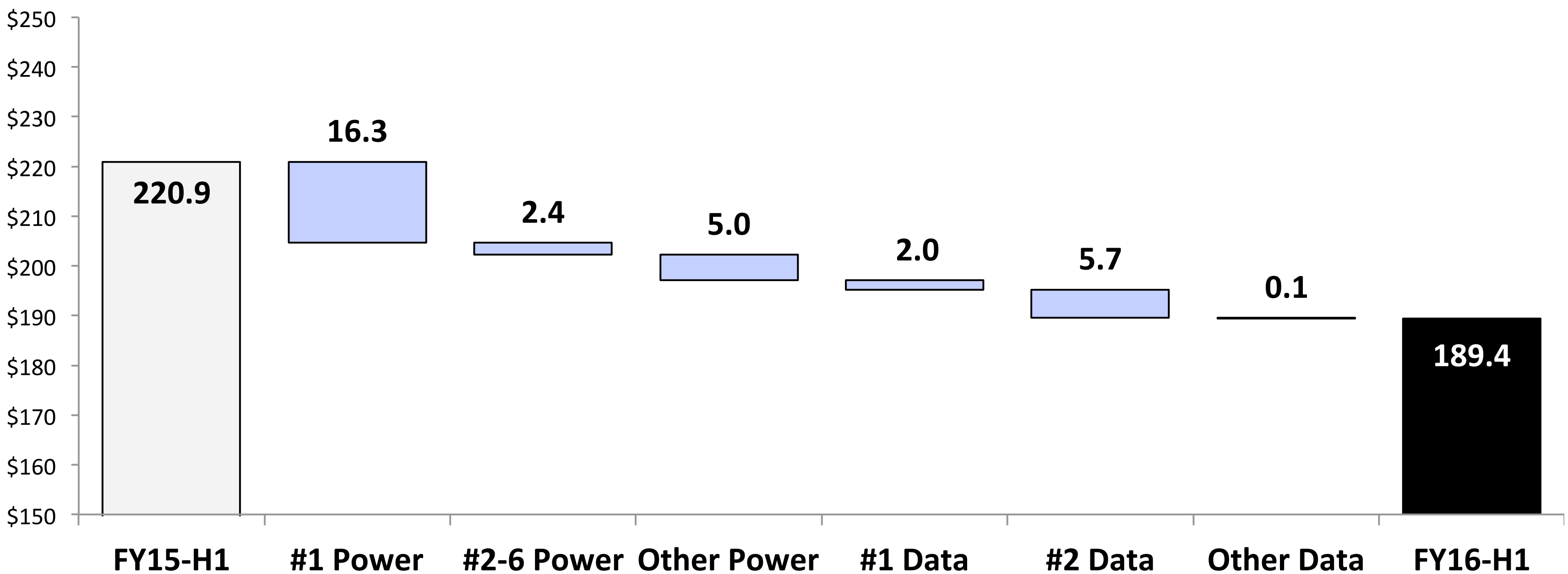


- Sales fell from $141 to $117 million
- Reduced demand across all major customers in H1
- Approximately $2m revenue fall due to fall in Cu price and $5m due to extra week in PY H1
- 12% decline in sales on like for like basis
- Growth expected in H2

- Sales decreased from $80 to $72 million
- Significant decline in largest customers continued
- Growth across other accounts
- Flat sales on like for like basis

Sales Bridge

Revenue declined from $221million to $189million



- Largest falls were with largest customers
- The prior period, when adjusted for one less week in H1 16, constant copper and currency, would have been $17m lower than reported

Operational Priorities for FY16

- Continue to, and improve focus on our major customers
- Continue to, and improve through our CRM, our sales effectiveness and account management
- Continue to, and improve our Divisional execution through process improvement
- Continue to, and improve factory performance
- Continue to, and improve new product introduction and development

Continue intense focus on cost control

Financial Review

Financial Summary

$m	FY14	FY15	H1-15	H1-16
Revenue	**400.2**	**423.4**	**220.9**	**189.4**
Gross Profit	66.5	70.8	38.0	31.6
- Gross Margin	*16.6%*	*16.7%*	*17.2%*	*16.7%*
Operating Costs	(62.0)	(62.0)	(34.5)	(27.4)
Operating Profit*	4.5	8.8	3.5	4.2
*- Operating Margin**	*1.1%*	*2.1%*	*1.6%*	*2.2%*
Exceptional Items	(11.6)	(12.5)	(8.0)	(1.3)
Share Based Payments	2.3	(0.3)	0.5	0.9
Finance Costs	(2.7)	(2.6)	(1.7)	(0.9)
Tax	(6.6)	(3.5)	(1.0)	(2.0)
Profit After Tax	**(14.2)**	**(10.1)**	**(6.7)**	**1.0**
Underlying EPS (cents)	(8.6)	2.8	1.0	1.5
Cash Generated by Operations	(8.2)	12.8	3.0	2.5
Net Cash / (Debt)	(32.2)	1.9	(5.6)	(5.4)

*Underlying measure before Share Based Payments and Exceptional Items

- Sales decline as a result of lower customer demand and delays to new product launches
- Gross margins slightly lower due to operational gearing
- Significant reduction in operating costs as a result of tight cost control in the first half
- Exceptional items relate to severance cost to reduce opex and a right sizing of our Brazilian operation
- Net debt has increased with our seasonal increase in working capital

Exceptional Costs

$m	FY14	FY15	H1-15	H1-16
Product Portfolio Realignment	-	5.8	5.8	-
Restructuring Costs	8.6	5.2	2.0	1.2
Financing	1.6	0.1	0.1	-
Provision for Historic Tax Claims	0.8	0.1	0.1	-
Movement in Onerous Lease Provisions	0.6	1.1	-	0.1
Other	-	0.2	-	-
Exceptional Costs	**11.6**	**12.5**	**8.0**	**1.3**

- Rationalisation costs relate to the departure of CEO, Power CFO, Power procurement personnel and Group Treasurer
- We have also right-sized our operation in Brazil which is facing very difficult market conditions. The performance of this site remains under review
- Onerous lease provisions relate to the costs of vacant properties in the UK and Asia

Divisional Profits

$m	FY14	FY15	H1-15	H1-16	*Change*
Revenue					
- Data	148.0	149.7	79.8	72.0	*-9.8%*
- Power	252.2	273.7	141.1	117.4	*-16.8%*
- Total	**400.2**	**423.4**	**220.9**	**189.4**	*-14.3%*
Divisional Gross Profit*					
- Data	33.2	34.2	18.7	16.4	*-12.3%*
- Power	33.2	36.7	19.4	15.2	*-21.6%*
- Total	**66.5**	**70.9**	**38.1**	**31.6**	*-17.1%*
Divisional Operating Profit*					
- Data	9.9	11.2	6.7	5.5	*-18.1%*
- Power	1.1	5.4	2.6	1.4	*-46.4%*
- Total	11.0	16.6	9.3	6.9	*-26.0%*
Central Costs	(6.4)	(7.8)	(5.8)	(2.6)	
Operating Profit	**4.5**	**8.8**	**3.5**	**4.2**	*21.2%*

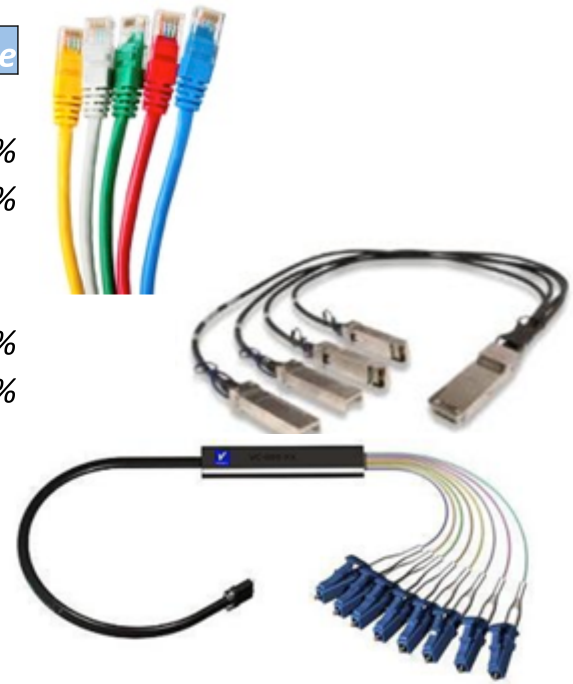
*Underlying measure before Share Based Payments and Exceptional Items

- Costs allocated onto the divisions include HR, IT and Operations.
- Central costs going forward include costs related to the London head office and the UK listing – central finance, HR, legal, the non-executive and executive directors

Data Division

$m	FY14	FY15	H1-15	H1-16	*Change*
Revenue	**148.0**	**149.7**	**79.8**	**72.0**	*-9.8%*
Gross Profit*	33.2	34.2	18.7	16.4	*-12.3%*
*Gross Margin**	*22.5%*	*22.8%*	*23.4%*	*22.8%*	
Operating Costs	23.4	23.0	12.0	10.9	*-9.2%*
Operating Profit*	9.9	11.2	6.7	5.5	*-17.9%*
*Operating Margin**	*6.7%*	*7.5%*	*8.4%*	*7.6%*	

*Underlying measure before Share Based Payments and Exceptional Items



- Revenue decline due to reduction of business with the largest customers
- Focus on operating cost savings helped to offset the decline in gross profit caused by lower sales
- Expect further progress in the second half of the year

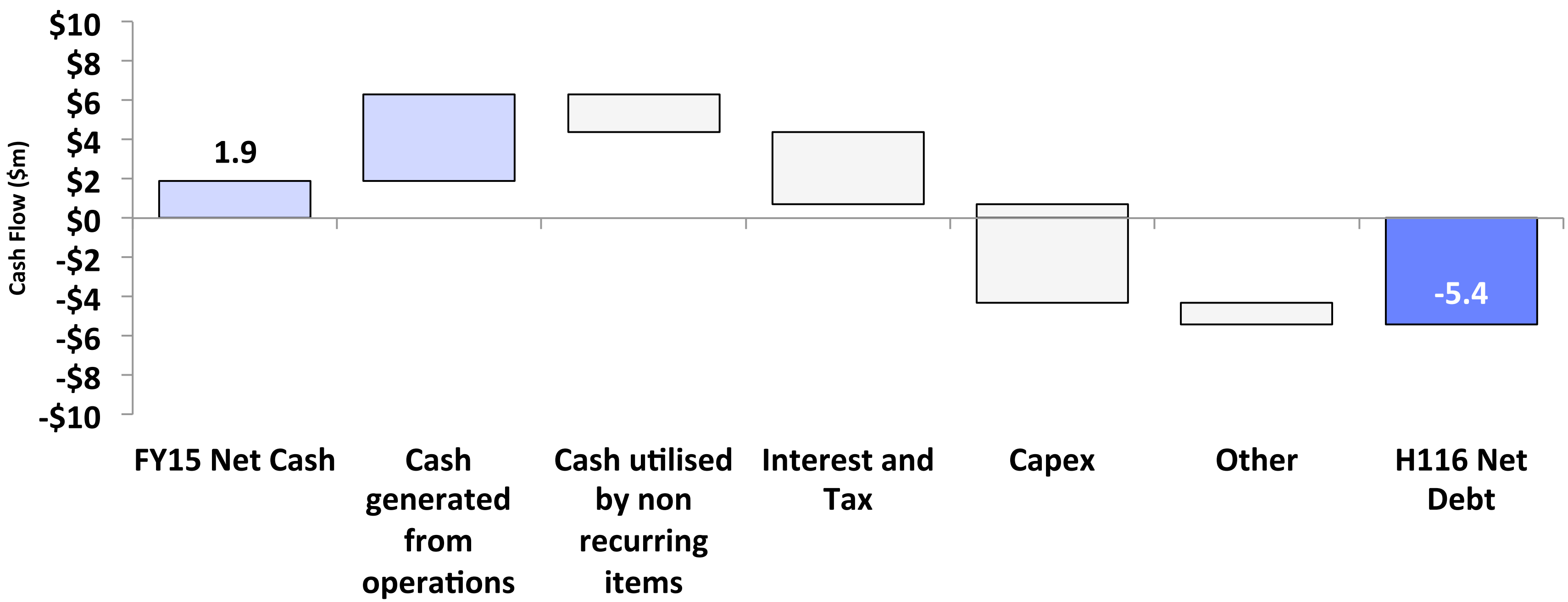
Power Division

$m	FY14	FY15	H1-15	H1-16	*Change*
Revenue	**252.2**	**273.7**	**141.1**	**117.4**	*-16.8%*
Gross Profit*	33.2	36.7	19.4	15.2	*-21.6%*
*Gross Margin**	*13.2%*	*13.4%*	*13.7%*	*12.9%*	
Operating Costs	32.2	31.4	16.8	13.8	*-17.9%*
Operating Profit*	1.1	5.4	2.6	1.4	*-46.2%*
*Operating Margin**	*0.4%*	*2.0%*	*1.8%*	*1.2%*	

*Underlying measure before Share Based Payments and Exceptional Items

- Delays with major customers and reduced end-market demand resulted in material reduction in sales
- Significant reduction in cost base – in the factories and in the support functions (group CFO has dual-role)
- Managed to maintain profitability in spite of revenue reduction

Cash Flow



- Increased investment into the business in H1
- Aim for cash neutrality year on year
- Plan to refinance our bank facilities in early 2016

Balance Sheet

$m	FY15	H1-FY16
Goodwill & Intangibles	4.3	4.4
Property, Plant and Equipment	35.2	36.4
Other	1.9	2.0
Non-current Assets	**41.4**	**42.8**
Inventories	43.4	51.6
Trade & other receivables	75.2	76.4
Cash and bank balances	33.7	30.0
Current Assets	**152.3**	**158.1**
Trade & other payables	88.4	95.3
Overdraft	7.5	7.1
Tax liabilities	6.7	5.8
Other	5.2	4.4
Current Liabilities	**107.8**	**112.6**
Borrowings	24.3	28.3
Provisions	1.5	1.5
Other	5.6	5.5
Non-current Liabilities	**31.4**	**35.3**
Net Assets	**54.5**	**53.0**
Capital Employed	85.9	88.3
2014/15 EBIT / Average Capital Employed	10.0%	n/a

- Increase in inventory driven by major customer product launch
- Net debt steady with increased investment in H1 16

Outlook

- Operational focus – drive revenue growth, overhaul procurement structure and improve efficiency and utilisation of our resources (people and facilities)

- Short term volatility expected to continue with our largest customers

- Market conditions are soft – China, APAC and Japanese customers experiencing reduced demand

- H2 revenue is expected to show an increase over H1, as our larger customers finally launch new products

Operational Priorities for FY16

- Continue to, and improve focus on our major customers
- Continue to, and improve through our CRM, our sales effectiveness and account management
- Continue to, and improve our Divisional execution through process improvement
- Continue to, and improve factory performance
- Continue to, and improve new product introduction and development

Continue intense focus on cost control