

TT electronics plc
Trading Update

During 2002, TT electronics plc continued to target its core markets while, at the same time, extending its penetration into the defence and medical markets. Unfortunately, demand from the telecom industry over the next two years remains uncertain. In the light of this, the TT electronics' Board decided that a re-organisation of certain subsidiaries was necessary. The UK based manufacture of ferrites has been transferred to an Indian facility together with a range of ferrites from our USA factory, whose operations have been significantly reduced. Printed circuit board production has been successfully consolidated into one factory. These changes have resulted in re-organisation and redundancy costs being incurred. In addition, there will be appropriate provisions for tangible and intangible fixed asset impairments which will be reported separately.

The Board estimates that the profit before taxation of TT electronics for the year to 31 December 2002 (before any impairment provisions) will be in line with current analysts' forecasts, albeit at the lower end of the range. At the year end TT electronics' total net indebtedness had been reduced from the previous year. In light of this, the Board confirms that, barring unknown corporate events, it intends to declare an unchanged final dividend.

The automotive electronic sensor and systems sales continue to grow successfully. Orders and contracts already booked for climate control units supplied by the North American operation show a doubling of production by 2005. New contracts won for the automotive electronic businesses were in excess of £180 million during 2002. This increased demand from the automotive industry for electronic components in vehicles and the success for those vehicles using TT electronics' products will continue to underpin future growth in this market.

In the electrical sector TT electronics has been successful in winning an order worth £3.2 million for sub-sea cable for a wind farm application. This is a new application for the TT electronics' cable operations and builds on progress made in entering new markets announced earlier this year.

TT electronics sold its entire holding of 2.3 million shares in Johnston Group PLC on 19 December 2002 at a price of £4.25 per share, realising £10.6 million and generating a profit on the sale of £1.2 million.

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