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Volex PLC
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Volex plc

("**Volex**", the "**Group**", or the "**Company**")

Full Year Trading Update

Strong organic growth with revenue and profit ahead of expectations

Volex (AIM: VLX), the specialist integrated manufacturer of critical power and data transmission products, today issues an update on trading for the 52 weeks ended 2 April 2023 (the "Year" or "FY2023").

Full year trading ahead of market expectations

Volex has continued its positive momentum and demonstrated further progress during the Year, reflecting its compelling positions in attractive markets with strong structural growth characteristics.

Revenue is now expected to be at least $710 million, representing an increase of at least 15.5% compared with the prior year. Underlying operating profit is now expected to be at least $66 million, at least 17.4% higher than the prior year, with both revenue and underlying operating profit ahead of market expectations[1, 2].

An increase in gross margins and continued cost control improvements is expected to deliver a strengthening in underlying operating margins to 9.3% (FY2022: 9.1%). The Group has delivered margins within its targeted range for three years, managing inflationary cost challenges and demonstrating the strong competitive positioning.

Operating free cash flow in the second half of the Year was substantially higher than the first half. After capital investment, dividend payments and acquisition consideration of approximately $46 million in the Year, pre-IFRS 16 net debt is expected to be approximately $76 million. This is a reduction of $22 million since the half year and represents a covenant leverage of 1.0x[3], comfortably below the Group's target leverage corridor.

Continued outperformance of underlying markets provides strong momentum into FY2024

Against a volatile backdrop in FY2023, Volex delivered strong organic growth, ahead of its underlying markets, which has been driven by continued execution of the Group's commercial strategy which focuses on:

- Targeting structural growth markets - with the Electric Vehicles, Complex Industrial Technology and Medical sectors all delivering strong constant currency organic revenue growth in FY2023. Pleasingly, the adverse impact of post-pandemic demand normalisation in the Consumer Electricals sector is being largely offset by market share gains

- Leveraging the Group's global footprint - which is enabling the Group to benefit from heightened levels of demand in a number of territories as a result of customers re-configuring supply chains to focus on partners with high service levels and local facilities

- Expanding the Group's range of capabilities - through targeted investment the Group has continued to expand its offering which has led to a high level of new project wins with both new and existing customers

Volex is well positioned to continue investing in sustainable organic growth with a robust balance sheet and healthy cash generation. The Group has an active acquisition pipeline of value enhancing opportunities, which will support the achievement of the five-year strategy to grow revenues to $1.2 billion by the end of FY2027.

Nat Rothschild, Executive Chairman, said: "I am delighted with the strong organic growth performance delivered by the business during the period. We continue to deliver against the long-term, strategic growth plan that we unveiled last year and I firmly believe that Volex's diverse global footprint, ongoing investment plans and reputation for excellence will continue to drive ongoing outperformance versus our competitors. This, combined with our robust balance sheet and healthy cash generation, means that the Group is well positioned as we enter the new financial year."

-ENDS-

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Notes:

1. Underlying operating profit is before adjusting items which are one-off in nature and significant (such as restructuring costs, impairment charges or acquisition-related costs), the amortisation and impairment of

acquired intangible assets and share-based payment charges. This trading update is based upon unaudited management accounts information. Forward-looking statements have been made by the Directors in good faith using information available up until the date that they approved this statement. Forward-looking statements should be regarded with caution because of the inherent uncertainties in economic trends and business risks.

2. The Company has compiled forecasts from five analysts with current market forecasts for the 52 weeks ending 2 April 2023 for revenue to be in the range of $690.5 million to $695.0 million, with a consensus of $692.9 million, and for underlying operating profit to be in the range of $62.3 million to $64.0 million, with a consensus of $62.9 million.

3. Covenant leverage represents the ratio of net debt, excluding operating lease liabilities, to EBITDA excluding the impact of right of use amortisation arising on operating lease arrangements. This measure is aligned with the covenant calculations used for external debt facilities.

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