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Volex PLC
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Volex plc

("Volex" or the "Group")

Full Year Trading Update

Further diversification and strong growth

Volex (AIM: VLX), the specialist integrated manufacturer of critical power and data transmission products, today releases a trading update for the financial year ended 31 March 2024.

Full year performance ahead of market expectations

Revenue is now expected to be at least $900 million, representing an increase of at least 25% over the prior year, including seven months contribution from the acquisition of Murat Ticaret, while underlying operating profit[1] is also now anticipated to be slightly ahead of analyst expectations[2].

This performance underscores Volex's ability to secure additional customer commitments and deliver new projects, whilst maintaining robust financial and operational discipline.

Operating profit margins improved in the second half of the year. This was partly a result of product mix, including the contribution of Off-Highway sales, offset by accelerating investment in future strategic growth initiatives to support increased, long-term customer demand.

Strong organic growth driven by attractive positions in diversified end-markets

The second half of the year saw continuing increases in organic revenue, a result of leading positions in attractive, diversified end-markets that possess structural growth characteristics. Exposure to a number of growth sectors, provides the Board with confidence in the Group's ability to make strategic progress even in volatile market conditions. The acquisition of Murat Ticaret also delivered significant incremental revenue, in a largely new end-market.

The Medical and Complex Industrial Technology sectors delivered extremely strong growth, partly due to pent-up demand arising from previous global supply chain challenges, as well as increased sales of high-speed data centre cables. Off-Highway operations achieved high growth in addition to the incremental contribution from the acquisition of Murat Ticaret.

Performance in both Electric Vehicles and Consumer Electricals improved in the second half of the year. Although revenues in these sectors remain below FY2023 levels, a reduction in the amount of customer destocking experienced in the second half creates confidence in the potential for a return to growth in the forthcoming financial year.

Continuing to invest in profitable growth opportunities

The Group's presence in attractive markets and its well-invested global manufacturing base offer significant growth opportunities. Strategic investment initiatives continued throughout the year to support customer requirements and will continue during FY2025.

In response to increasing customer demand, the Group invested in the further expansion of its global manufacturing base, creating additional capacity to facilitate growth as part of the Group's five-year growth plans which target revenues of $1.2 billion by the end of FY2027.

The integration of Murat Ticaret is progressing according to plan, with continuing positive engagement from customers and staff alike. The integration activities will accelerate in FY2025, including stepping up the investment programme in North America to replicate the success of the Off-Highway operations in Europe.

The cash generative nature of the business provides the Group with flexibility over internal growth investment and M&A activity. Cash flow was very strong in the second half of the year, with covenant leverage at the year end expected to be approximately 1.1x.

Nat Rothschild, Executive Chairman, said: "Our ability to continue to deliver strong growth in challenging markets is a testament to the quality of the team, our strategy and our ability to respond to the needs of our customers. We enter the new financial year with confidence and optimism thanks to the strong momentum generated in the current financial year, improving market conditions in the Electric Vehicles and Consumer Electricals sectors, as well as an abundance of opportunities in the new Off-Highway sector. Our continued, strategic investment initiatives will support increased customer demand as we continue to make strong progress towards the delivery of our five-year plan."

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About Volex plc

Volex plc (AIM:VLX) is a driving force in integrated manufacturing for mission-critical applications and a global leader in power and data connectivity solutions. Our diverse operations support international blue-chip customers in five key sectors: Electric Vehicles, Consumer Electricals, Medical, Complex Industrial Technology and Off-Highway. Headquartered in the UK, we orchestrate operations across 28 advanced manufacturing facilities, uniting over 12,000 dynamic individuals from 24 different nations. Our extraordinary products find their way to market through our localised sales teams and authorised distributor partners, supporting Original Equipment Manufacturers and Electronic Manufacturing Services companies across the globe. In a world that grows more digitally complex by the day, customers trust us to deliver power and connectivity that drives everything from household essentials to life-saving medical equipment. Learn more at www.volex.com.

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 ended 31 March 2024 for revenue to be in the range of $849.8 million to $873.0 million, with a consensus of $859.5 million, and for underlying operating profit to be in the range of $83.3 million to $84.6 million, with a consensus of $84.2 million.

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