

e2v


Bringing life
to technology

Delivering 'Our vision, our future'

Chelmsford Site Visit - August 2016

WE PARTNER WITH OUR CUSTOMERS TO IMPROVE, SAVE AND PROTECT PEOPLE'S LIVES

Summary of e2v



- e2v partners with its customers to improve, save and protect people's lives
- 1750 employees in 9 engineering locations and 6 sales offices across UK, Europe, US and Asia Pacific
- Geographic revenue split of:
 - 33% N. America, 27% Europe, 24% Asia, 14% UK, 2% rest of world
- Asia Pacific revenue growth of 20%
- 3 divisions with revenue split of:
 - 44% Imaging, 34% RF Power, 22% Semiconductors

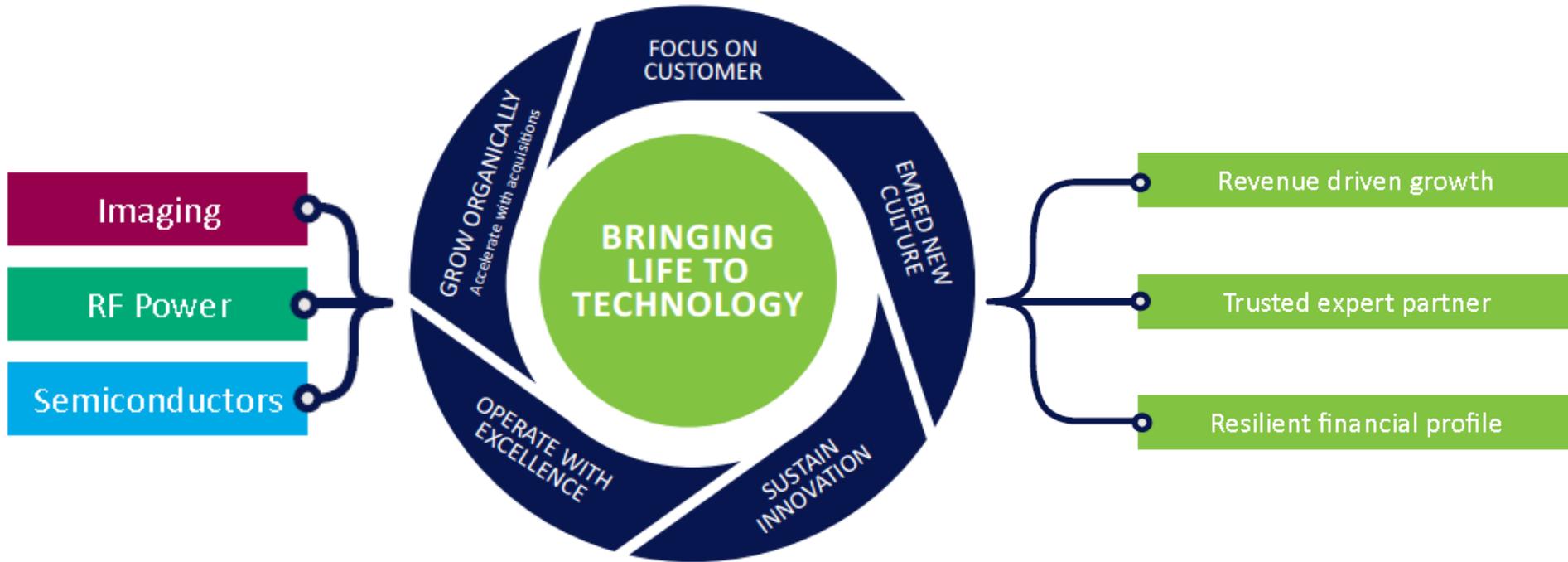
Revenue driven growth, trusted expert partner, resilient financial profile

Business model

3 divisions

Strategic drivers

Investment proposition



In all that we do: “Does this drive growth?”

Platform for growth



- Achieving growth through:
 - Taking market with innovation/service
 - Making new markets through product introductions
 - Focused R&D in growth areas (Industrial Vision, Space, Radiotherapy, Modules & ADC, IP partners, distributors)
 - Operational improvements and self help
 - Continuing culture change
 - Increased focus on acquisitions (2 completed in Industrial Vision and Semiconductors)
- Medium term growth potential in e2v end markets:
 - HIGH in automation/healthcare/environment
 - MEDIUM in communications/discovery

Structure and value proposition



Imaging - Professional Imaging

High performance image sensors and camera solutions.

Fact: *A typical e2v camera system can inspect four tons of rice per hour.*

Imaging – Space Imaging

High performance and high quality space qualified imaging sensors and arrays, and high speed, high resolution sensors for earth observation satellites.

Fact: *e2v has designed and delivered imaging sensors and subsystems for over 150 space missions, including Rosetta, Hubble and New Horizons.*



RF Power

Components and subsystems that deliver high performance and high reliability radio frequency power generation for healthcare, industrial and defence applications.

Facts: *Every minute someone around the globe is treated for cancer using e2v technology, and over 90% of the world's radiotherapy machines use this technology.*

e2v Gunn diodes are used in radar speed guns by law enforcement in the US to ensure road vehicles are compliant with speed limits.



Semiconductors

High reliability semiconductors and board-level solutions and specialist applications expertise to meet the demanding specifications that aerospace and defence customers require, with security of supply.

Facts: *e2v helps safely transport over 2 billion air passengers every year.*

Over 500 e2v data converters are being used to observe the largest area of our universe to date on board the CHIME radio telescope.

Driven by customers, markets and opportunities

Professional Imaging



- Imaging (Professional and Space) represents 44% of Group revenue at £103.5 million
 - Fastest growth in the Group, with 16.7% revenue growth overall
 - Two thirds of revenue from Professional Imaging, with underlying growth from stronger demand in automatic data collection, machine vision sensors and optical inspection CMOS cameras
 - Adjusted operating profit for Imaging overall of £15.7 million, an increase of 69%, with Professional Imaging delivering improved margins
- Circa 270 employees globally
 - Main manufacturing in France and Spain, with new office in Japan offering greater in-country engineering support /local expertise to secure new opportunities with global players
- End market drivers of automation, healthcare, environment, discovery and safety, with key customers including Canon, Carl Zeiss Meditec and Basler

Professional Imaging



- FY 17 focus
 - Grow revenue from new products and markets in industrial vision and sensors
 - AnaFocus to continue to grow custom design programmes and sensor sales
 - Industrial vision as R&D investment priority area to drive growth
 - Well positioned to start to take advantage of 5 year plan in China for automation to support quality drive to 'made in China'
- FY 17 view is good growth

Semiconductors



- Semiconductors represents 22% of Group Revenues at £52.4million
 - Adjusted operating profit of £14.2 million, an increase of 19.3%
 - Significant improvement in margin due to improved product mix, with growth in higher margin lines, good cost control and improved operating performance
 - Market growth for high reliability products in civil aviation applications and own designed space qualified data converters winning market share
- Circa 320 employees globally, with manufacturing in France and US, led by new President, Pierre Garnier
- End market drivers of communications, safety and automation with key partners/customers including Boeing, Raytheon, Everspin, Maxim and Micron
- Continuing investment in growing key strategic partnerships, such as sole provider reseller agreement with Peregrine for worldwide space market

Semiconductors



- Simplified business and value proposition
 - Realigned sales and engineering resources to support 3 levels of offering – component, multichip module and subsystem
 - Restructured US operations reducing costs and positioning the business for future growth
- FY 17 focus
 - Grow revenue from Peregrine, other product line acquisitions and microprocessor last time buys
 - Integrate SP Devices and delivery of first year plan
 - Continue to invest in cards, subsystems and own IP development, moving up the value chain to provide customers with board level solutions and specialist applications expertise
- FY 17 view is step-up

Progress on 'Our vision, our future'



Site tour today focused on:

- Progress in RF Power

- **Making market** with RF SafeStop, our technology for remote vehicle stopping/engine immobilisation

- Driving **operational effectiveness/efficiencies** with 'Project Sunrise', showing improvements in on time delivery, inventory/cycle times, reduction in overdues and rework/scrap, all within a smaller footprint with better workspace management

- Improved **customer feedback** and **employee engagement**

'you are our strongest partner, the one who we have the best relationship with'

you are... 'as responsive as a Chinese company'

- Showcasing **radiotherapy** (1 of our 4 areas of focus and R&D spend), with the manufacturing of magnetrons/thyratrons for the healthcare market, supporting increased demand from Asia

Progress on 'Our vision, our future'



Site tour today focused on:

- Progress in Space Imaging

- Driving **operational improvements**, including the expansion of our new clean room for CCD and CMOS image sensors, delivering high quality product by minimising potential defects

- Improved **customer feedback** and **employee engagement**

'we appreciate the quality of e2v products'

'e2v people know their job, they know their respective roles, the organization is healthy, this gives trust'

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RF Power

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RF Power



- RF Power represents 34% of Group Revenue at £80.5million
 - Modest growth in radiotherapy, commercial and industrial markets, with modest margin improvement
- Circa 540 employees globally
 - Manufacturing in Chelmsford
 - Two separate units created for Lincoln defence activities
- End market drivers of healthcare, automation, safety and communications, with key customers including Accuray, Elekta, Varian, BAE Systems and Airbus

RF Power

- FY 17 Focus
 - Growth and R&D focus on radiotherapy
 - Grow Lincoln defence activities from existing programmes
 - Ongoing reorganisation of Chelmsford site to drive further operational efficiency, consolidate footprint of activities that support the portfolio and provide options for use of vacated space
- FY 17 view is steady

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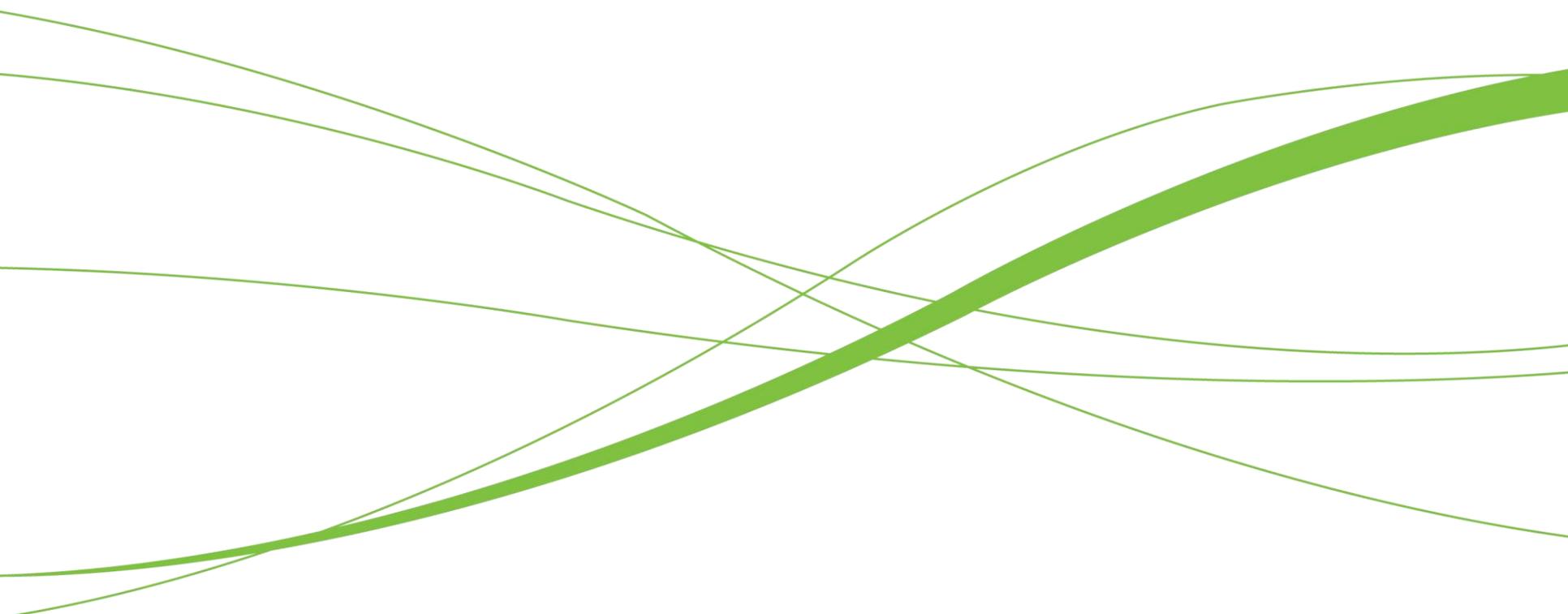
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Space Imaging

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Space Imaging

- Imaging represents 44% of Group revenue at £103.5 million
 - One third of revenue from Space Imaging
 - Revenue growth from delivery of Space programmes
- Circa 340 employees with manufacturing in UK and France
- End market drivers of environment and discovery, with key customers including ESA, NASA, Ball Aerospace, Lockheed Martin, Astrium and Thales
- FY 17 focus
 - Embedding the operational enhancements and delivering ongoing margin improvement
- FY 17 view is good growth

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