Trading Update

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discoverIE Group plc
Third Quarter Trading Update

discoverIE Group plc (LSE: DSCV, "discoverIE" or the "Group"), a leading international designer, manufacturer and supplier of customised electronics to industry, today issues a trading update for the year ending 31 March 2018, covering the 3 month period from 1 October 2017 to 31 December 2017.

Trading in the third quarter continued strongly and the Group remains on track to deliver its full year performance in line with management's expectations.

Group sales for the third quarter[1] increased by 13% on a reported basis, by 12% CER and by 7% organically, primarily driven by organic growth of 11% in Design and Manufacturing. In Custom Supply, sales grew by 1% reflecting widespread growth in continental Europe, offset by softness in UK domestic demand. Cross-selling initiatives for the third quarter generated sales of £2.3m, nearly double the level of the prior year.

Group orders for the third quarter remained strong, growing by 4% organically with a book to bill ratio of 1.09, again driven by Design & Manufacturing organic growth of 10%.

As expected, Group gross margin for the third quarter improved over the first half, by some 0.5ppts.

In line with its strategy to grow its higher margin Design & Manufacturing division, the Group has several acquisition opportunities in the pipeline and has debt funding resources available.

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Notes

1. Growth rates refer to the comparable prior year period unless stated.

2. Organic growth for the Group is calculated at CER including the equivalent pre-acquisition period of Variohm which was acquired last financial year (on 20 January 2017) and excluding the sales from Acal BFi Spain which was closed during December 2016.

3. The average sterling rate of exchange weakened 2% against the Euro compared with the average rate for the same period last year, strengthened 7% against the US Dollar and was in line on average against the three Nordic currencies.

4. This trading update is based upon unaudited management accounts and has been prepared solely to provide additional information on trading to the shareholders of discoverIE Group plc. It should not be relied on by any other party for other purposes. Certain statements made in this update are forward-looking statements. Such statements have been made by the Directors in good faith using information available up until the date that they approved this update. Forward-looking statements should be regarded with caution because of the inherent uncertainties in economic trends and business risks.

5. The information contained within this announcement is deemed by the Group to constitute inside information as stipulated under

the Market Abuse Regulation, Article 7 of EU Regulation 596/2014. Upon the publication of this announcement via Regulatory Information Service, this inside information is now considered to be in the public domain.

Notes to Editors:

About discoverIE Group plc

discoverIE Group (LSE: DSCV; previously Acal plc) is an international group of businesses that designs, manufactures and supplies innovative components for electronic applications.

The Group provides application-specific components to original equipment manufacturers ("OEMs") internationally. With in-house engineering capability, we are able to design components to meet customer requirements, which are then manufactured and supplied, usually on a repeating basis, for their ongoing production needs. This generates a high level of recurring revenue and long term customer relationships.

By focussing on key markets which are driven by structural growth and increasing electronic content, namely renewable energy, transportation, medical and industrial connectivity, the Group aims to achieve organic growth that is well ahead of GDP and to supplement that with targeted complementary acquisitions.

The Group employs c.3,800 people and its principal operating units are located in Continental Europe, the UK, China, Sri Lanka, India and North America.

The Group is listed on the Main Market of the London Stock Exchange and is a member of the FTSE Small Cap Index, classified within the Electrical Components and Equipment subsector, and has revenue of £0.4bn. Over the last five years, revenue and underlying earnings per share have doubled.

This information is provided by RNS
The company news service from the London Stock Exchange

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