Trading Update

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discoverIE Group plc
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Full Year 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 ended 31 March 2018 ahead of announcing of its full year results on 5 June 2018.

Trading since our last update on 31 January 2018 has continued well with full year earnings anticipated to be in line with management expectations reflecting strong growth in year-on-year profitability.

Group sales for the year increased by 15%[1] on a reported basis, by 11% CER[2] and by 6% organically[3]. Cross-selling initiatives for the year were strong, generating sales of £9m, almost double the level of the prior year. Group orders for the full year grew by 5% organically. The order book at 31 March 2018 was £122m, a record year end high and 12% higher than at last year end (CER).

In the Design & Manufacturing division ("D&M"), which generates around 75% of the Group's profits, its strong performance in the first nine months continued in the final quarter with double digit organic growth in sales and orders. Sales grew across all businesses contributing to full year growth of 11% organically and orders growth of 10%. The D&M order book grew by 12% organically.

In the Custom Supply division, revenue for the year was flat organically, principally reflecting a very strong prior year final quarter with the business now being more efficient and delivering greater profitability. Strong growth in Germany and Italy was offset by softness in domestic UK demand.

Group gross margin continues to strengthen, being higher in the second half than the first.

Santon Group, acquired on 1 February 2018, is settling in well. In addition to its strong solar business, a number of new opportunities have arisen in the transportation and industrial sectors, some with customers that are common to the Group.

The results for the year demonstrate the degree to which the Group has successfully transformed into a design and manufacturing-led business over recent years and is expected to drive continuing growth.

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Notes
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.

1. Growth rates refer to the comparable prior year period unless stated. All growth rates are calculated using provisional, unaudited FY18 data which is subject to change.

2. Growth rates at constant exchange rates ("CER"). The average sterling rate of exchange for the year weakened 5% against the Euro compared with the average rate for last year, strengthened 1% against the US Dollar and weakened 2% on average against the three Nordic currencies.

3. Organic growth for the Group is calculated at constant exchange rates 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 and Santon Group which was acquired on 1 February 2018.

4. 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 (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, the Group is 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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