Trading Update

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First 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 first quarter of the financial year ending 31 March 2019, covering the period from 1 April 2018 to 30 June 2018.

The positive trading momentum seen last year continued into the first quarter, with the Group on track to deliver earnings in line with our expectations.

Group sales in the period increased[1] by 12% CER[2] and 3% organically[3] against a strong prior year comparator, and orders increased by 16% CER and 7% organically. The Group order book, of which over 80% is for delivery over the next twelve months, rose to a record high of £135m, up 20% CER year-on-year and up 13% organically.

New project design wins, a key driver of future organic growth, also grew strongly with a number of successes in our key target markets, in particular, the renewable energy, transportation and industrial markets.

The Design & Manufacturing division ("D&M"), which generates around 75% of Group profits, saw broad-based organic growth with sales increasing by 5% and orders by 13% on an organic basis as the division continues to benefit from its focus on key structural growth markets and cross-selling.

Santon, acquired in February 2018 and operating within D&M, has won a number of new projects in its industrial and transportation business for delivery this year. Sales in its solar business slowed following a reduction of Chinese feed-in tariffs, the potential for which was anticipated in the transaction structure at the time of acquisition, and are expected to recover as the market adapts to lower subsidies.

In the Custom Supply division, sales for the first quarter grew by 1% organically with project design wins growing strongly as expected.

Group gross margin increased over the prior year, reflecting the continued focus on products with higher added value.

With a clear organic growth strategy and an active pipeline of acquisition opportunities, the Board expects to make further progress throughout the year.

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Notes

1. Growth rates refer to the comparable prior year period unless stated.
2. Growth rates at constant exchange rates ("CER"). 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 up 1% 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 Santon which was acquired last financial year on 1 February 2018.

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 plc (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 repeating revenue and long term customer relationships.

By focusing 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.4,000 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 more than doubled.

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