Trading Update

Released : 11 Oct 2018

RNS Number : 6495D
discoverIE Group plc
11 October 2018

For Release
7.00am, 11 October 2018

discoverIE Group plc
First Half 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 six months ended 30 September 2018, ahead of publishing its interim results on 4 December 2018.

Second quarter trading has been strong and the Group remains on track to deliver full year earnings in line with our expectations.

Organic sales growth[1] increased from 3% in the first quarter to 5% in the second quarter, driven by continued strong performance in the Design & Manufacturing division ("D&M"). This resulted in Group sales for the first half increasing by 13% CER[2] with 4% organic growth and 9% from acquisitions. Sales on a reported basis increased by 12%. Orders in the first half also increased by 13% CER and 4% organically. The Group order book has increased by 18% CER year-on-year and by 13% organically, positioning us well for further growth in the second half of the year.

In the D&M division, sales in the first half increased by 21% CER and by 5% organically. The benefits of previous design wins and strong demand from our key target markets generated strong organic growth during the period in most parts of the division. The reduction in sales at Santon, following change in its Chinese solar market, has stabilised and the business has secured a number of design wins driving good growth in new markets. D&M sales, which generate over 75% of Group profits, accounted for 61% of first half Group sales (FY 2017/18: 57%).

In the Custom Supply division, second quarter sales grew by 4% organically with an improvement in UK trading adding to a good performance in Europe. For the first half, sales grew by 2% CER and 2% organically.

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.

For further information, please contact:

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Notes

1. Growth rates refer to the comparable prior year period unless stated. 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.
2. Growth rates at constant exchange rates ("CER"). The average sterling rate of exchange weakened 1% against the Euro compared with the average rate for the same period last year, and strengthened 3% against both the US Dollar and on average against the three Nordic currencies.

3. 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.

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 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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