Third Quarter Trading Update

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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 2019, covering the three month period from 1 October 2018 to 31 December 2018.

Trading in the third quarter continued strongly and the Group remains on track to deliver full year earnings in line with our expectations.

Group sales for the third quarter[1] increased by 18% on a reported basis, by 20% CER[2] and by 10% organically (excluding acquisitions)[3], with organic growth of 11% in Design & Manufacturing and 9% in Custom Supply. Growth across the Group was widespread and led by our businesses in Germany and Asia. Cross-selling initiatives for the third quarter generated sales of £3.0m, an increase of 26% on the prior year.

Group orders for the third quarter remained strong, growing by 7% organically in both divisions with a book to bill ratio of 1.08. The Group order book, of which over 80% is for delivery over the next twelve months, rose to another record high of £145m, up 21% CER year-on-year and up 12% organically.

For the 9 months to 31 December 2018, Group sales increased by 15% CER and by 8% organically, with orders up 7% organically.

Cursor Controls, which was acquired in October has performed well since joining the Group with strong growth in orders and sales compared with its equivalent pre acquisition period last year. Orders in Santon, which was acquired in February 2018, also grew strongly in the period helping third quarter sales grow well compared with the prior two quarters.

Group gross margin for the third quarter remains firm and in line with the first half.

For further information, please contact:

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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 against the Euro was in line with the average rate for the same period last year, weakened 3% against the US Dollar and was up 2% on average against the three Nordic currencies.
3. Organic growth for the Group is calculated at constant exchange rates ("CER") excluding acquisitions (Santon was acquired last financial

year on 1 February 2018 and Cursor Controls was acquired this financial year on 17 October 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 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.4,300 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 has more than doubled.

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