7.00am, 25 July 2019

discoverIE Group plc

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 2020, covering the period from 1 April 2019 to 30 June 2019.

Trading in the first quarter has been good against strong comparators and the Group is on track to deliver full year earnings in line with the Board's expectations.

Group sales for the first quarter[1] increased by 8%, both on a reported and CER[2] basis, and by 4% organically[3], with organic growth of 4% in the Design & Manufacturing division ("D&M") and 3% in the Custom Supply division. Sales in the higher margin D&M division were 64% of Group sales, up from 61% at the year end, with gross margin for the Group in line with last year.

Group orders which grew 3% organically, were well ahead of sales in the period with a book to bill ratio of 1.09 in D&M and 1.07 in Custom Supply. The Group order book, of which over 80% is for delivery over the next twelve months, rose further to £154m, an increase of 13% at CER and 8% organically over last year.

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

Hobart and Positek, which were both acquired in April this year, are settling in well, with integration underway. Both businesses are high quality, high margin custom design businesses, selling into international markets, and further build our business in line with our strategic objectives.

With a clear strategy focused on markets that offer long term sustainable organic growth prospects 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.

2. Growth rates at constant exchange rates ("CER"). The average sterling rate against the Euro was in line with the average rate for the same period last year, weakened 6% against the US Dollar and was up 2% on average against the three Nordic currencies.

3. Organic growth for the Group is calculated at CER and is shown excluding the first 12 months of acquisitions (Cursor Controls was acquired last financial year on 17 October 2018); Hobart and Positek were both acquired on 16 April 2019.

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.4,400 people and its principal operating units are located in Continental Europe, the UK, China, India, Sri Lanka 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 over £400m. Over the last five years, revenue and underlying earnings per share have both more than doubled.