Trading Update

Released : 10 Oct 2019

RNS Number : 3673P
discoverIE Group plc
10 October 2019

7.00am, 10 October 2019

discoverIE Group plc
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 ending 30 September 2019 ahead of publishing its interim results on 28 November 2019.

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

Group sales increased[1] by 11% CER[2] for the second quarter and by 9% for the first half (on a reported and CER basis) with Group gross margin remaining consistent with the prior year.

Organically[3], Group sales grew by 6% in the second quarter, building on the 4% growth of the first quarter and resulting in 5% growth for the first half of the year. This was driven by 12% second quarter organic growth in the Design & Manufacturing division ("D&M"), leading to 7% organic growth for the division in the first half. The D&M division benefits from a diverse customer base and the focus on our target markets where we continue to experience growth ahead of the wider market. Custom Supply division organic revenues in the first half were level with last year, principally reflecting a higher proportion of sales outside the target markets. The higher margin D&M division accounted for 64% of Group sales in the first half, up from 61% at the year end.

Group orders for the second quarter grew by 7% organically, up from 3% in the first quarter, leading to first half Group order growth of 4%. Orders were similarly driven by strong growth in the D&M division, with Custom Supply division orders being down slightly. The Group order book at 30 September 2019, of which over 80% is for delivery over the next twelve months, was £153m, an increase of 15% at CER and 11% organically over last year.

Hobart and Positek, which were both acquired in April this year, are settling in well, with integration progressing as expected. 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.

Enquiries:

discoverIE Group plc		01483 544 500
Nick Jefferies	- Group Chief Executive	
Simon Gibbins	- Group Finance Director	
Instinctif Partners		0207 457 2020
Mark Garraway		
James Gray		

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 for the first half weakened 0.4% against the Euro compared 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.

This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact rns@lseg.com or visit www.rns.com.

END

TSTLFFEIISLAIIA