Trading Update

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Strong trading momentum continues, ahead of Board expectations

discoverIE Group plc (LSE: DSCV, "discoverIE" or the "Group"), a leading international designer and manufacturer of customised electronics for industrial applications, today issues a trading update covering the four month period to 31 January 2022 (the "Period").

The strong trading momentum seen in the first half continued during the Period with a further strengthening of the Group's order book, and revenue significantly ahead of the prior year period and two years ago. Accordingly, the Group is on track to deliver full year underlying earnings for continuing operations ahead of the Board's previous expectations, despite ongoing supply chain headwinds.

Group orders[1] in the Period continued to be well ahead of sales, growing organically[2] by 18% year-on-year and 30% compared with two years ago. The order book at 31 January 2022 was at a record level of £216m, over 65% higher organically than both a year ago and two years ago.

Group sales[1] in the Period were 34% ahead of the prior year at CER[3], growing organically by 20% year-on-year and 17% compared with two years ago.

Trading was strong in both of the Group's new operating divisions announced separately this morning.

For the 10 months ended 31 January 2022, orders for the continuing Group grew organically by 42% year-on-year and by 32% compared with two years ago. Sales for the 10-months were 28% higher at CER and grew organically by 17% and 12% compared with last year and two years ago.

The Group has made five acquisitions over the last 16 months for a total consideration of £107m on a debt free, cash free basis. Businesses are performing well, as expected, and integrations are on track.

In the third quarter of the current financial year, the disposals of the Group's distribution businesses, Acal BFi and Vertec SA, were announced, subject to customary approvals. The disposal of Vertec SA completed in January 2022, and the disposal of Acal BFi is expected to complete during this quarter. The Group's focus is therefore now solely on the higher margin design and manufacturing operations which increases its exposure to structural growth markets and positively impacts Group operating margin.

The Group is well-funded with good liquidity and strong cash flow. Gearing at 31 January 2022 was 0.9x on a proforma basis[4]. With the Group's target gearing range being 1.5x to 2.0x, there is significant headroom for further acquisitions and the pipeline of possible acquisition opportunities remains strong.

With a clear strategy focused on long-term, high quality, structural growth markets across Europe, North America and Asia, a diversified customer base, a record order book and a strong pipeline of acquisition opportunities, the Group is well positioned to make further progress on its key priorities.

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Notes

1. Group orders and sales are for continuing operations which exclude the results of the Acal BFi and Vertec SA businesses following their disposal announcements.

2. Growth rates refer to the comparable prior year period unless stated. Organic growth for the Group compared with last year is calculated at constant exchange rates ("CER") and is shown excluding the first 12 months of acquisitions post completion (Phoenix was acquired in October 2020, Limitor in February 2021, CPI in May 2021, Antenova in August 2021 and Beacon in September 2021). Organic growth compared with two years ago excludes the first 24 months of acquisitions so also excludes Sens-Tech acquired in October 2019.

3. Growth rates at constant exchange rates ("CER"). The average sterling rate of exchange against the Euro for the period strengthened by 7% compared with the average rate for the same period last year, and by 4% on average against the three Nordic currencies, and by 1% compared with the US dollar rate.

4. Gearing ratio is defined as net debt divided by underlying EBITDA (annualised for acquisitions). Proforma gearing factors in the disposal of Acal BFi as if it had completed at the period end.

5. 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.

Notes to Editors:

About discoverIE Group plc

discoverIE Group plc is an international group of businesses that designs and manufactures innovative electronic components for industrial applications.

The Group provides application-specific components to original equipment manufacturers ("OEMs") internationally. By designing components that meet customers' unique requirements, which are then manufactured and supplied throughout the life of their production, a high level of repeating revenue is generated with long term customer relationships.

With a focus on key markets driven by structural growth and increasing electronic content, namely renewable energy, medical, transportation 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 has an ongoing commitment to reducing the impact of its operations on the environment, while its key markets are aligned with a sustainable future.

The Group's continuing operations employs c.4,500 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 FTSE250, classified within the Electrical Components and Equipment subsector.

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