Trading Update

Released : 28 Jul 2022

RNS Number : 9790T
discoverIE Group plc
28 July 2022

For Release
7.00am, 28 July 2022

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Strong organic growth continues

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 for the first three months of the financial year ending 31 March 2023 ("the Period").

The strong organic sales growth reported last financial year continued in the first quarter this year[1] with underlying earnings of the Group for the Period ahead of the Board's expectations.

Group sales in the Period were 27% ahead of last year at CER[2], increasing by 17% organically[3] with a similar organic growth profile in both divisions to that reported last financial year.

Orders were stronger than expected and continued to be ahead of sales with a book to bill ratio of 1.09. The order book at 30 June 2022 increased to a new record level of £240m (31 March 2022: £224m), being 40% higher than a year ago organically. As the year progresses, we expect the orderbook level to begin to normalise as it converts into sales.

Gross margins in the Period continued to be resilient and the semiconductor sourcing issues flagged last year, impacting two of our 21 businesses, have improved although remain tight.

One of the Group's 31 production facilities is located in Sri Lanka where, despite the current unrest, our operations remain at expected output levels. We are supporting local employees with cost of living subsidies, food and transportation. Contingency plans are being developed to temporarily move production to other Group facilities if the situation demands it. The site's output accounts for around 6% of Group sales.

The recently acquired CDT group[4] is settling in well to our Contour cluster within the Sensing & Connectivity division and the integration is on track.

With a clear strategy focused on long-term, high quality, structural and sustainable growth 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 good progress on its key priorities.

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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 strengthened 2% against the Euro compared with the average rate for the same period last year and strengthened 3% on average against the three Nordic currencies while weakening by 10% against the US Dollar.

3. Organic growth for the Group compared with last year is calculated at CER and is shown excluding the first 12 months of acquisitions post completion (CPI in May 2021, Antenova in August 2021 and Beacon in September 2021).

4. The CDT group was acquired on 30 June 2022 for £5.0m on a debt free cash free basis.

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:

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 through its two divisions, Magnetics & Controls, and Sensing & Connectivity. 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 sustainable key markets driven by structural growth and increasing electronic content, namely renewable energy, medical, electrification of transportation and industrial automation & connectivity, the Group aims to achieve organic growth that is well ahead of GDP and to supplement that with complementary acquisitions. The Group has an ongoing commitment to reducing the impact of its operations on the environment and with its key markets aligned with a sustainable future, MSCI has awarded the Group an ESG "A" rating.

The Group employs c.5,000 people across 20 countries with its principal operating units located in Continental Europe, the UK, China, Sri Lanka, India and North America.

discoverIE 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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