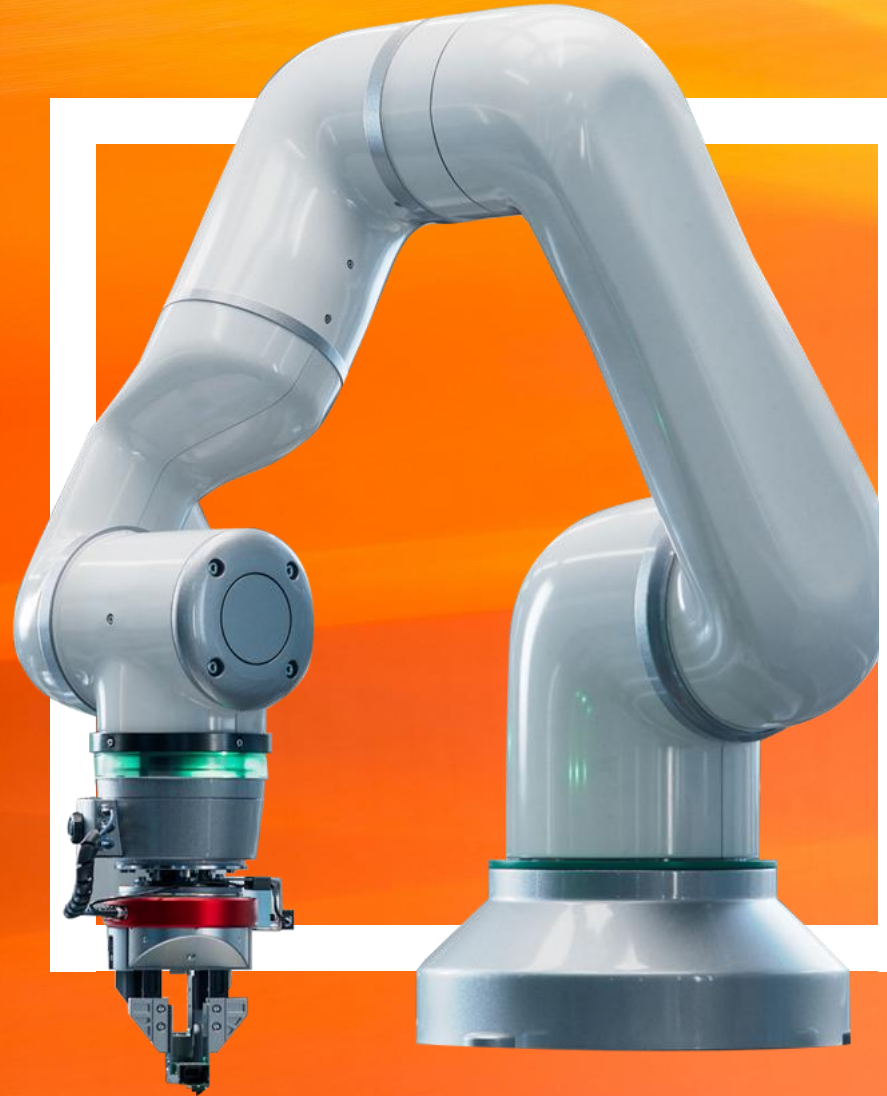




# Investor Presentation

JUNE 2025



# Who we are

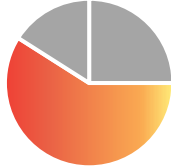
## discoverIE is:

- ❑ A FTSE 250 international **specialist electronic engineering** company
- ❑ **Designing and manufacturing** customised electronic components for industrial applications
- ❑ Supplying **Original Equipment Manufacturers (OEMs)**
- ❑ Focusing on **sustainable growth markets** - renewable energy, transportation, medical, security, and industrial & connectivity
- ❑ **Acquisitive**

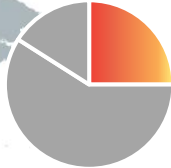
## discoverIE is NOT:

- ❑ A **distributor** or reseller
- ❑ A **contract manufacturer** or outsourcing partner
- ❑ A supplier of **standardised electronic** components
- ❑ A supplier of **consumer electronics** or electronic components for **consumer markets**

# Group overview



**Europe**  
 60%  
 Group revenue  
 1,750  
 Employees



**North America**  
 25%  
 Group revenue  
 500  
 Employees



**Asia**  
 15%  
 Group revenue  
 2,250  
 Employees

**discoverIE** is a leading international specialist electronic engineering group. We design and manufacture customised, application-specific electronic components and solutions for industrial OEMs.

**41**  
 Manufacturing sites

**30**  
 Operating businesses<sup>(1)</sup>

**c.4,500**  
 Employees globally

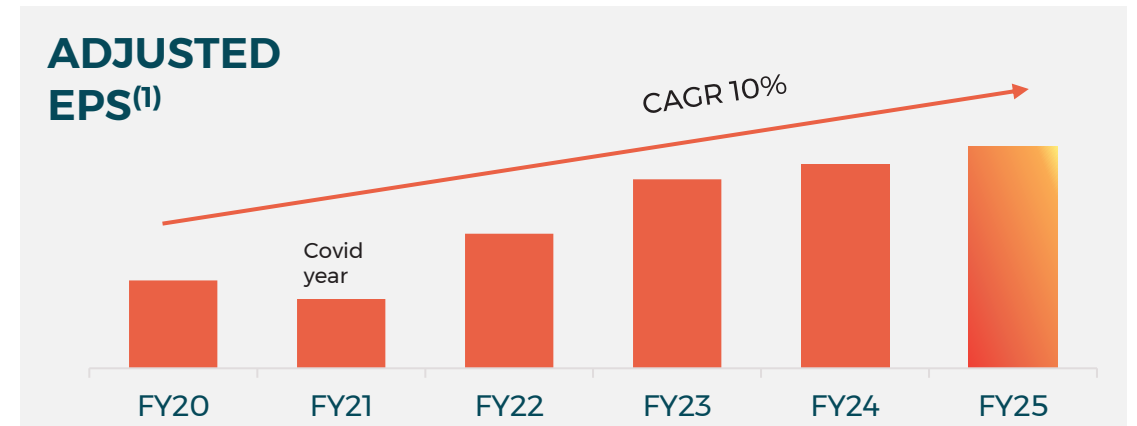
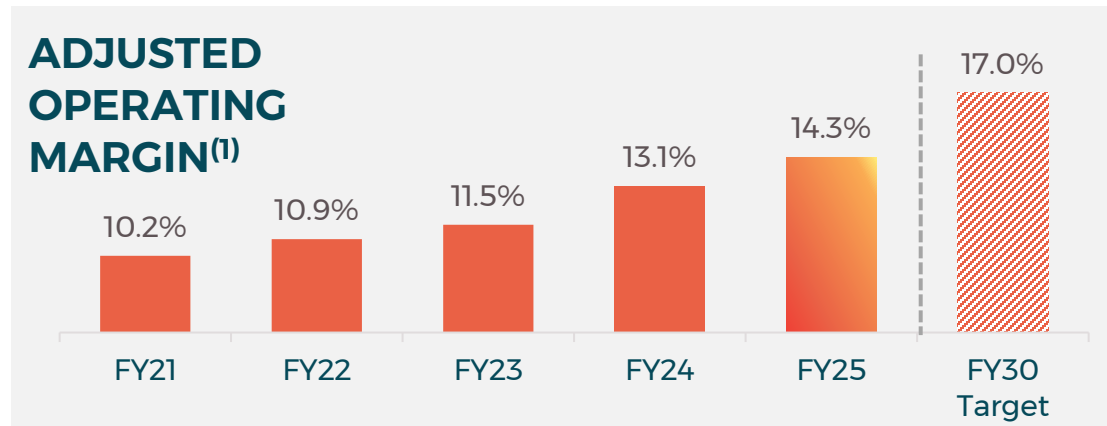
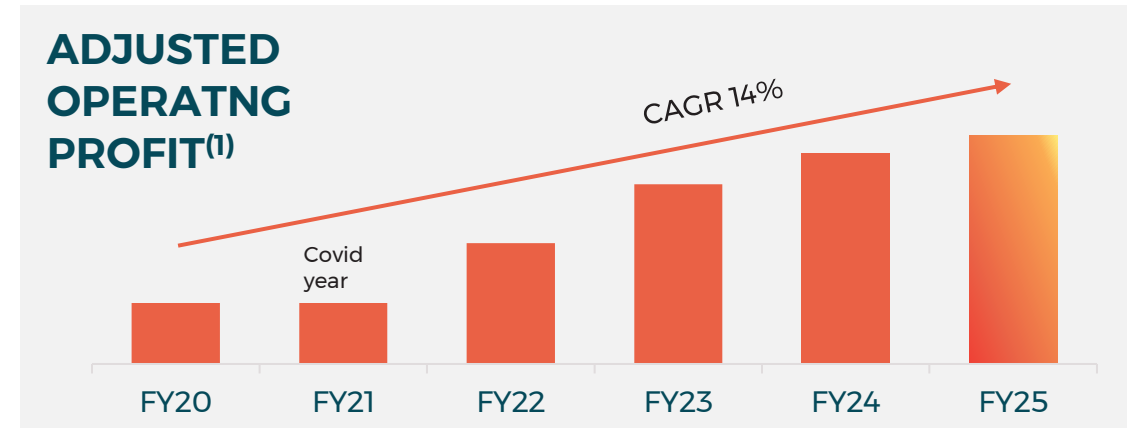
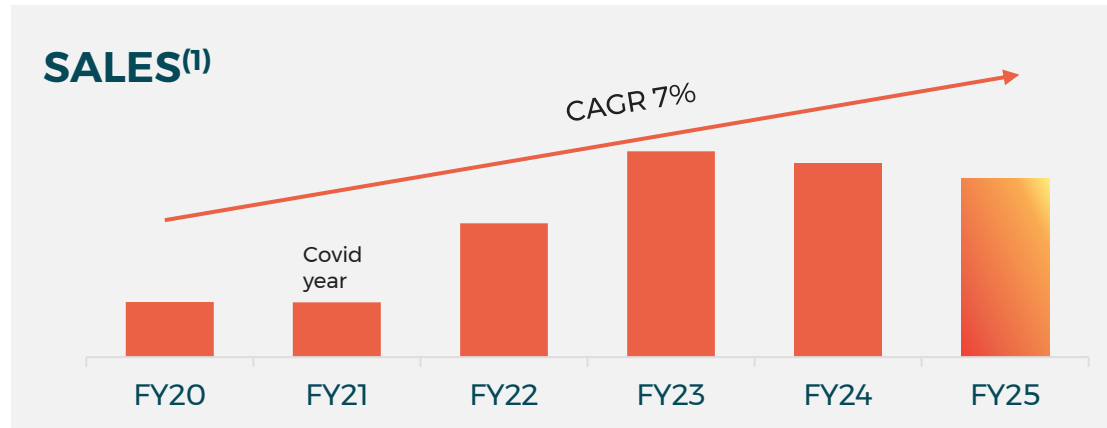
**70**  
 Countries into which our products sold

**20**  
 Countries in which we operate

**£423m**  
 Sales (FY2025)

(1) 30 operating businesses, 28 of which were acquired over the last 14 years.  
 (2) Group revenue breakdown is based on FY25 performance ending March 2025.

# Key financial track record



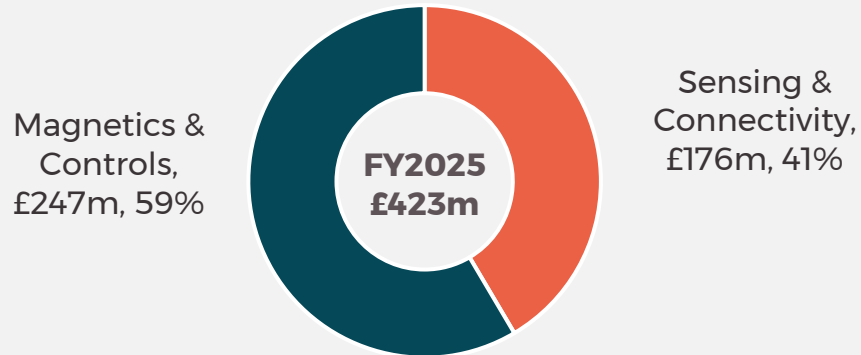
(1) Sales, adjusted operating profit, adjusted operating margin and adjusted EPS have been restated to exclude the results of discontinued operations.

# Divisional overview

## Magnetics & Controls

- Power magnetics
- Interface controls and embedded computing systems
- 2 technology clusters and 4 standalone businesses across 17 countries with 22 manufacturing sites

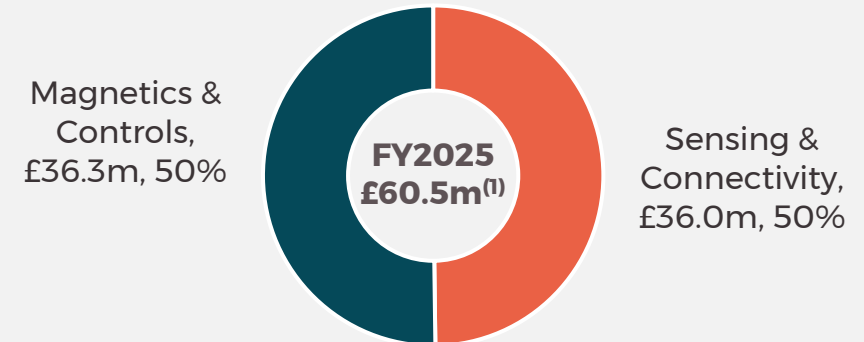
### Sales



## Sensing & Connectivity

- Sensors & switches, X-ray detection and imaging
- Signal transmission, wireless and cable connection, and electromagnetic shielding
- 4 technology clusters and 4 standalone businesses across 9 countries with 19 manufacturing sites

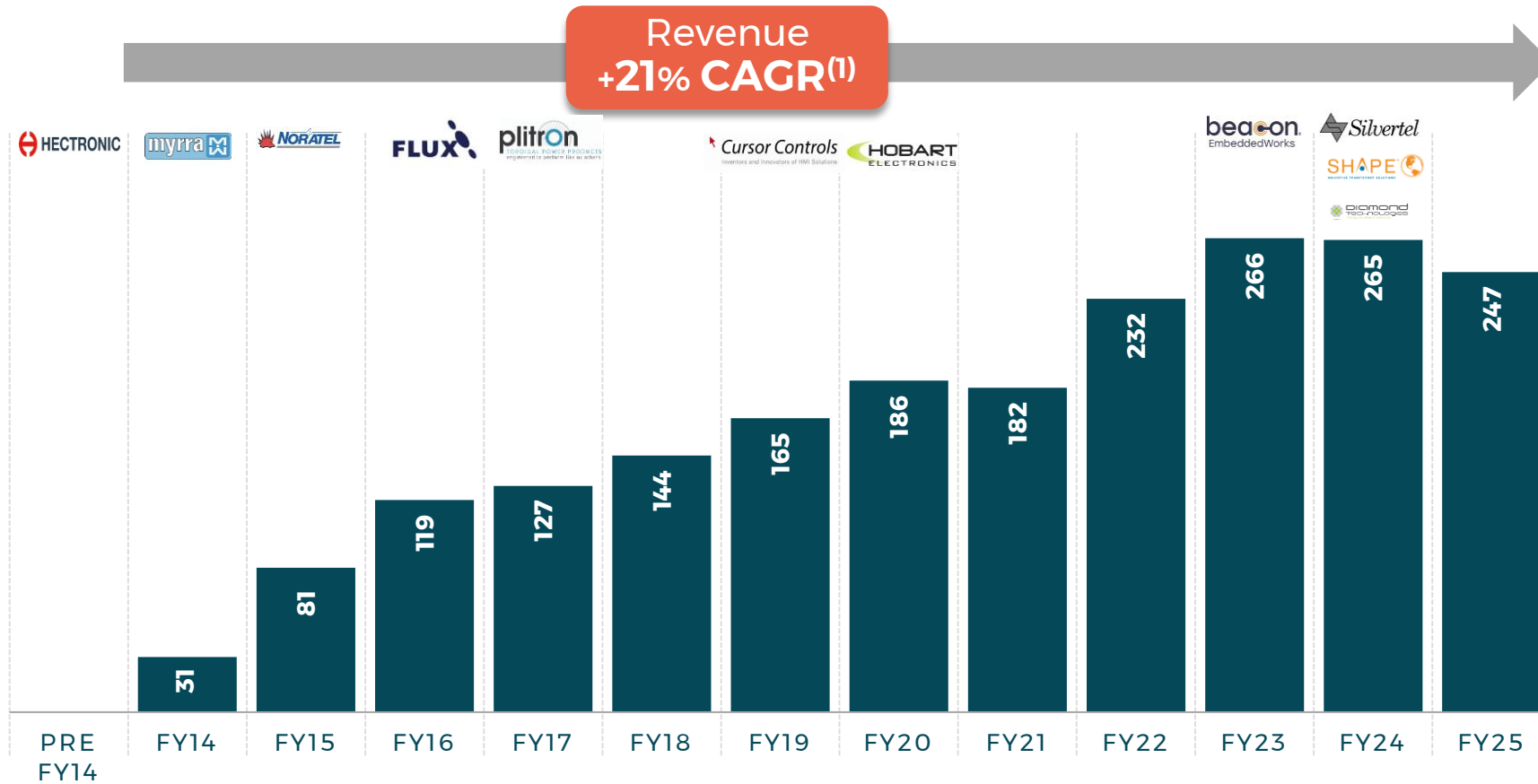
### Operating profit



(1) Group underlying operating profit includes £11.8m central cost. Underlying operating profit excludes acquisition-related costs, i.e. amortisation of acquired intangibles and transaction costs.

# Magnetics & Controls division

## Power conversion, embedded computing and interface

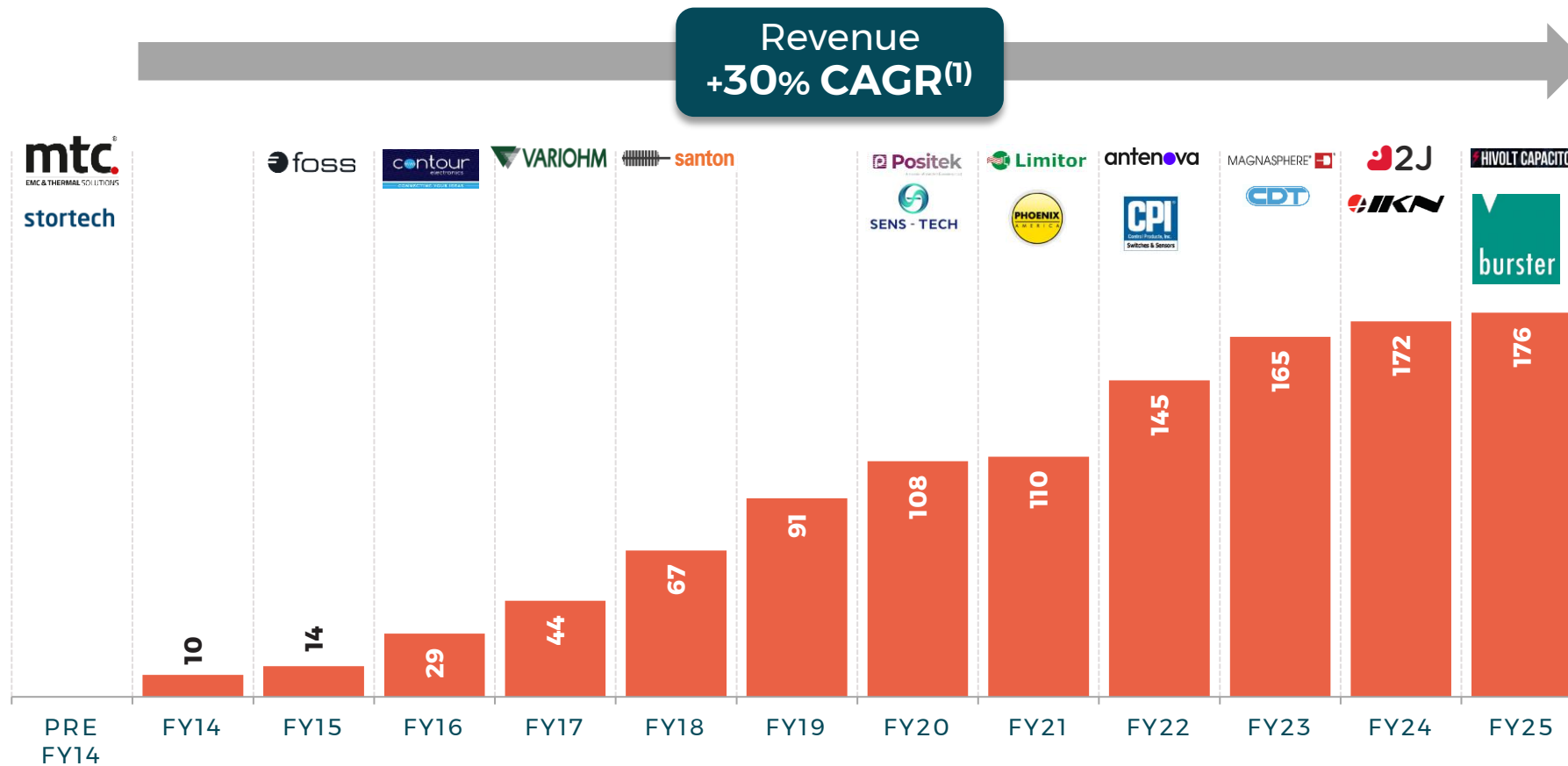


- 11 acquisitions – 4 in last 5 yrs
- Established good position in the magnetics market through consolidations
- Expanded capabilities in Controls technology area

(1) At constant exchange rate. Including acquisitions.

# Sensing & Connectivity division

## Connectivity, communication and remote measurement



- 17 acquisitions<sup>(2)</sup> – 10 in last 5 yrs
- Built 4 technology clusters - Sensors, Components, Fibre Communications & RF/Wireless
- Built N. American presence from 8% to >20% in 5 yrs

(1) At constant exchange rate. Including acquisitions.

(2) Stortech was part of the Group prior to the establishment of the Design & Manufacturing division.

# Why invest in discoverIE

discoverIE



# Investment case

- 1 Sustainable growth markets**  
Focus on industrial applications and prioritise five target markets with structural, sustainable growth
- 2 Differentiated products**  
Customised electronics and systems designed and produced for specific applications, addressing a niche segment of the electronics market
- 3 Clear & proven strategy**  
Grow well ahead of GDP organically over the economic cycle, supplementing with earnings- and margin-enhancing acquisitions
- 4 Strong financials**  
Sustainable, profitable growth and excellent cash generation with a strong balance sheet
- 5 Consistent shareholder returns**  
Disciplined capital allocation with a track record of value enhancing acquisitions and progressive dividend



# Focus on long-term growth markets

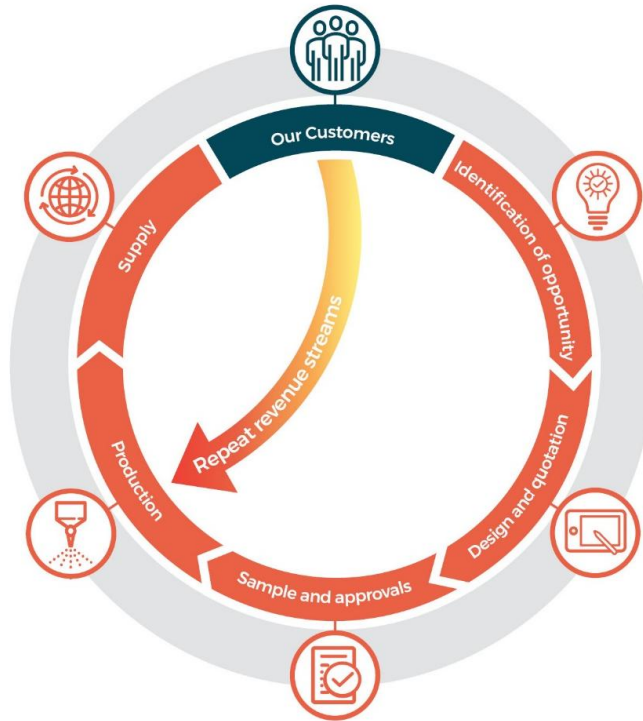
Customer End Market	Sub Market	Megatrend	Medium Term Outlook	UN SDGs
Renewable energy	Wind Tidal Hydrogen	Decarbonisation & diversification		
Transportation	Rail Marine Aviation Specialist vehicles	Electrification & urbanisation		
Medical	Clinical/surgical Diagnostics & biotech Healthcare Other medical	Digitalisation & automation		
Industrial & Connectivity	Automation Communication Harsh environment Environmental & monitoring	Digitalisation & automation		
Security	Access controls Detection systems Surveillance systems Space & defence	Urbanisation & defence modernisation		

# Differentiated products

## Underpinned by sustained innovation

### Engineering-led sales model

- Detailed **technical knowledge** of applications and design
- Unique **understanding of customers' needs**
- **Custom designed solution** or standard products engineered to meet customers' specific needs

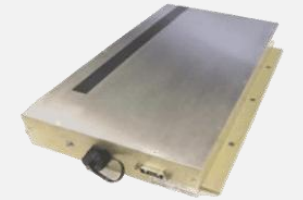


### Innovation in action



#### Linear X-ray detection sensor

- X-Ray detector head and signal processor for material detection
- High speed, high-definition data acquisition and read-out
- Fully customised



**Primary market:**  
Airport security, food processing

**Other markets:**  
Waste management



Bio-fuel sorting



Waste sorting



Mineral & ore detection

# Clear and proven strategy

**01**

**Grow sales well ahead of GDP**

through the economic cycle by focusing on structural growth markets

**04**

**Reduce environmental impact**

by achieving net zero carbon emissions



**02**

**Acquire high quality businesses**

with attractive growth prospects, strong and sustainable margins, and discoverIE DNA

**03**

**Generate efficiencies and improve operating margin**

through clustering of businesses, effective pricing, and increased product innovation and differentiation

Generate strong cash flows and deliver long-term sustainable returns

Culture and values

# Strong financials

Delivering against targets through the economic cycle

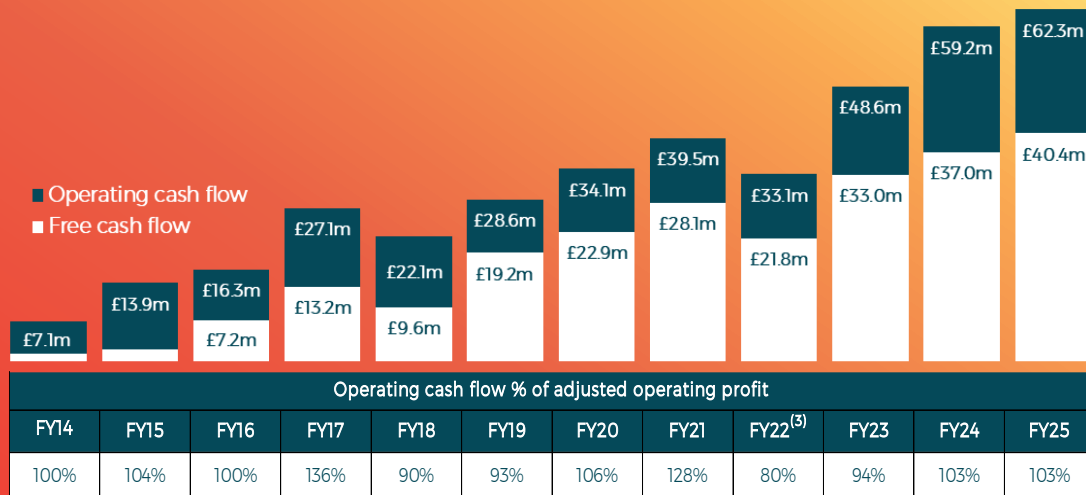
	Organic sales growth	Adj. operating margin	Adj. EPS growth	Cash conversion	ROCE	Carbon reduction
Targets	>>GDP thru' cycle	17%* By FY30 (NEW)	>10% p.a.	>85%	>15%	Net Zero By CY30 <sup>(1)</sup>
Results FY15-24	+6% CAGR	+8.2ppts	+19% CAGR	>100%	+4.1ppts To 15.7% <sup>(2)</sup>	-47% Since CY21
FY25 Results	-7% (H2: -4%)	14.3% +1.2ppts	+5% (H2: +15%)	106%	15.8%	-59% Since CY21

\* New increased target of 17% (10<sup>th</sup> raise in 15 years)

(1) Scope 1 & 2 only; -65% by CY25  
(2) ROCE in FY24

# Strong financials

## Strong cash generation and robust balance sheet supporting growth strategy



- Operating cash flow: +21% CAGR for 10 years
- Conversion rates >100%
- Capex light: c.1.5% of sales p.a.
- £215m free cash flow in last 7yrs → growth strategy

□ Disciplined balance sheet management: target 1.5x to 2.0x gearing

### Gearing<sup>(1)</sup>



(1) Net debt divided by adjusted EBITDA (pre IFRS16) as annualised for acquisitions.

# Consistent shareholder returns

## Disciplined capital allocation drives increasing returns

**£261m free cash flow<sup>(1)</sup> since FY18**

**□ c.75% into growth investments**

- Capacity & production growth projects (typical payback terms 2-4yrs)
- Acquisitions – technology platforms (9-12x multiple) or cluster bolt-ons (4-8x multiple) to drive growth & margin expansion

**□ c.25% to shareholders via progressive div policy**

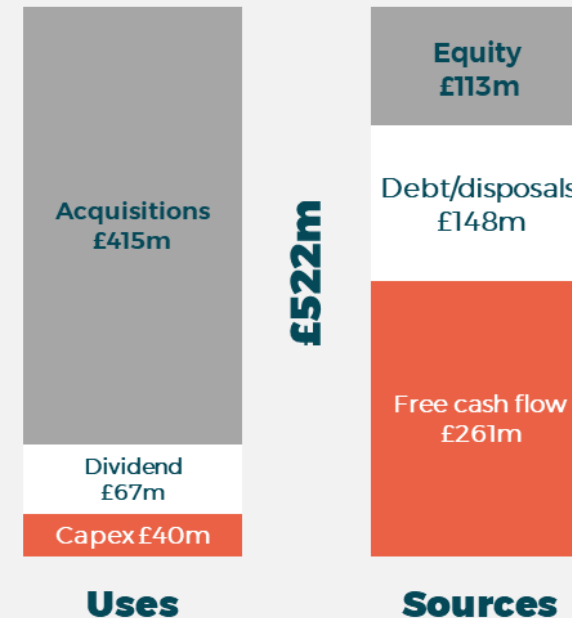
**□ Ongoing portfolio discipline**

- Sales of lower-margin distribution business (FY22) & solar unit (FY24)

**□ Share buybacks**

- Only considered if holding surplus cash & acquisition multiples unattractive

### Capital allocation

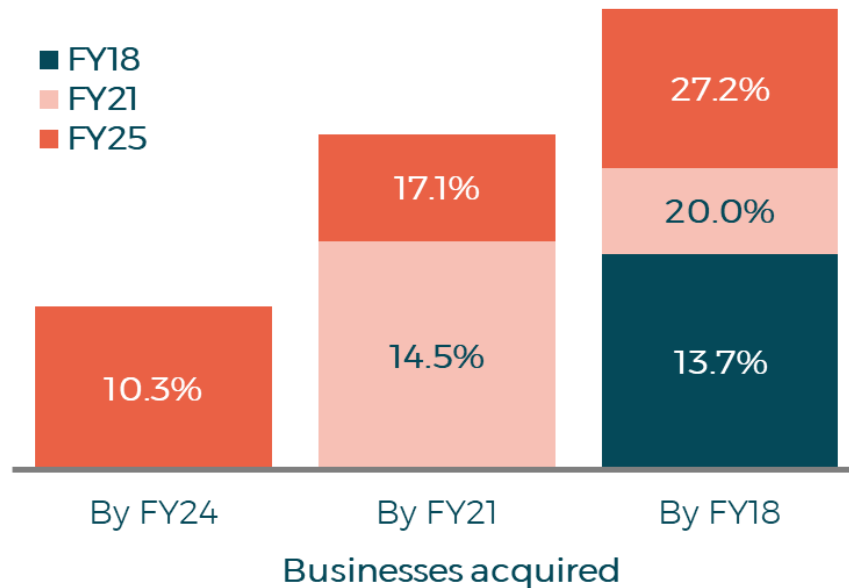


(1) Free cash flow above is quoted before capex.

# Consistent shareholder returns

Returns increasing over time

Compounding organic growth, efficiencies and a long-term approach



## Increasing returns for acquisitions held since FY18, FY21 & FY24

- ROCE of businesses owned in FY18 was 13.7%
  - By FY21, ROCE on these deals increased to 20.0%
  - By FY25, increased further to 27.2%
- A similar picture delivered with ROI
- Over time 15.8% ROCE in FY25 can become 30%+ organically

# Consistent shareholder returns

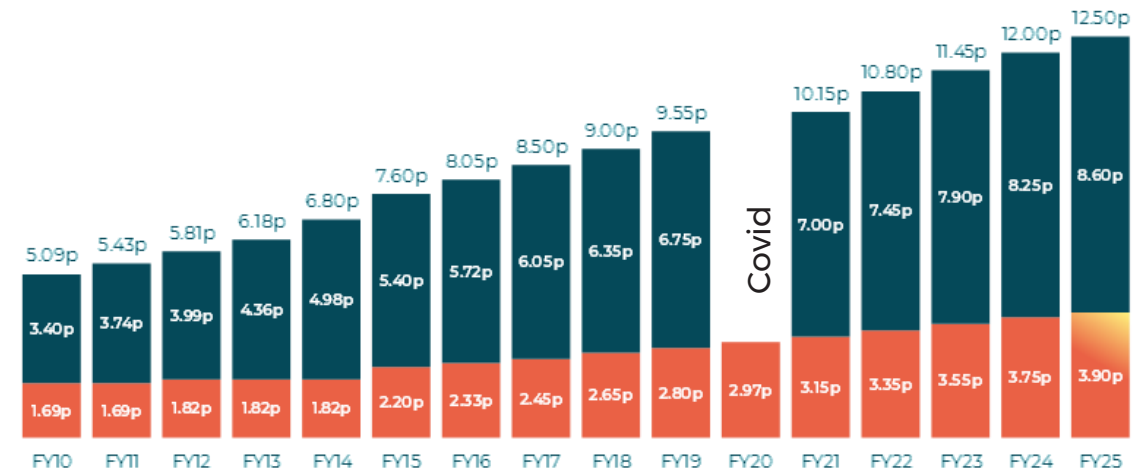
## Compounding organic growth, efficiencies and a long-term approach

### Our Value Creation Model



### We aim to provide investors with:

- TSR of 15-20% p.a.
  - Last 10 years = 254%
- A progressive dividend
  - Last 10 years = 5% CAGR



# Sustainability

discoverIE 



# A responsible business

**discoverIE commits to reach net-zero GHG emissions across the value chain by 2040, with near-term science-based targets to:**

- Reduce absolute Scope 1 & 2 GHG emissions by 90% by 2030 from a 2021 base year
- Increase active annual sourcing of renewable electricity to 100% by 2030
- Reduce absolute Scope 3 GHG emissions by 42% by 2030 from a 2023 base year

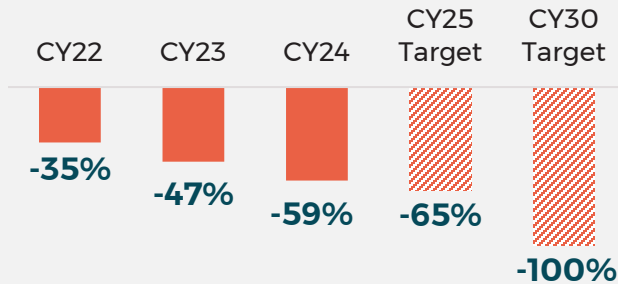


# ESG progress

## Our Planet

Supporting the shift to a low carbon economy

### Carbon reduction<sup>(1)</sup>

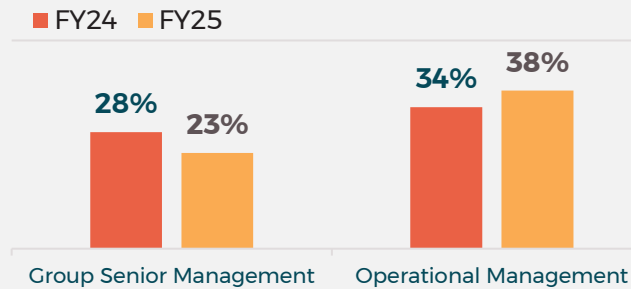


- **59% absolute reduction in Scope 1 & 2 emissions vs CY21 baseline, on track to meet CY25 target of 65% reduction**
- Energy intensity<sup>(1)</sup> reduced by 22% vs CY21, with 83% of our electricity from renewable or clean sources (CY23: 72%), one year ahead of our 80% target
- 50% of company cars now electric or hybrid (FY24: 40%), meeting our FY25 target

## Our People

Creating a diverse workforce and safe environment

### Gender diversity



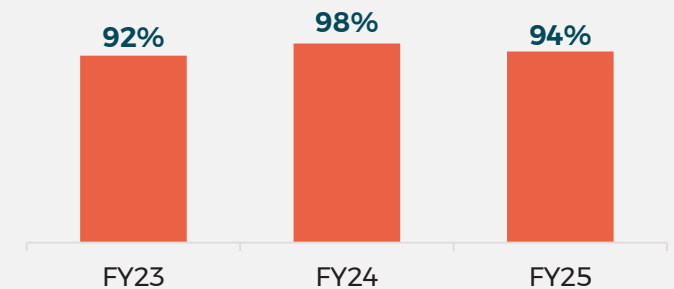
- **Female representation in the combined Group senior management and Group operational management increased to 33% (FY24: 32%)**
- 73% of the workforce work in operations with ISO 45001 certification (FY24: 60%)
- Lost time incident frequency rate increased to 0.25 (FY23: 0.20)<sup>(2)</sup>

(2) We have tightened our definition of a Lost Time Incident to be an incident resulting in a loss of ≥1 workday from previously ≥5 workdays.

## Our Products

Ensuring product quality, reliability and sustainability

### ISO 9001 accreditation



- **94% of Group products manufactured under ISO 9001 (CY23: 98%). The reduction was due to new acquisitions that are not ISO 9001 certified.**
- 3 more sites achieved ISO 14001 accreditation; 74% of Group sales (CY23: 69%) now from operations with ISO 14001

(1) Energy intensity - kWh/£m revenue.

# Creating products for a sustainable world



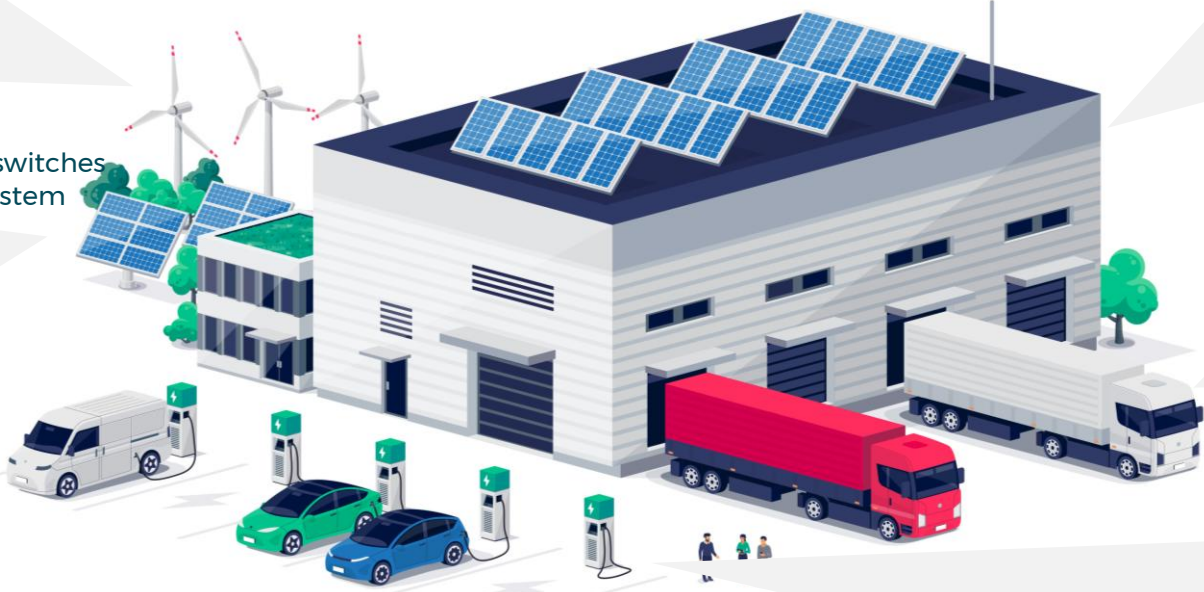
Liquid-cooled transformers to reduce harmonics, which increases wind system efficiencies



DC safety switches for solar system



Temperature sensors for monitoring electric motor in e-trucks to prevent over heating



Antennas, sensors, PoE modules and fibre optic & cable connections for modern warehouse management



Microcomputer for temperature-controlled food and drug delivery trucks



Nanocrystalline cores and magnetics enabling fast charging for hyperchargers

# Appendices



# FY25 full year results

## for the year ended 31 March 2025

### **Operating profit +8% CER**

- ❑ Record operating margin of 14.3%, +1.2ppts
- ❑ Margin target raised to 17% by FY30 (from 15%)

### **Sales 2% lower CER as industry wide inventory correction works through**

- ❑ 7% lower organically yoy (H1: -10%, H2: -4%)

### **Q4 organic orders +15% in both divisions**

- ❑ FY orders +2% organic (S&C +13%; M&C -6%)
- ❑ £161m order book, 4.5 months sales coverage

### **Adjusted EPS up 5% despite higher interest**

Excellent cash flow

- ❑ Free cash +9% to £40m, 106% conversion

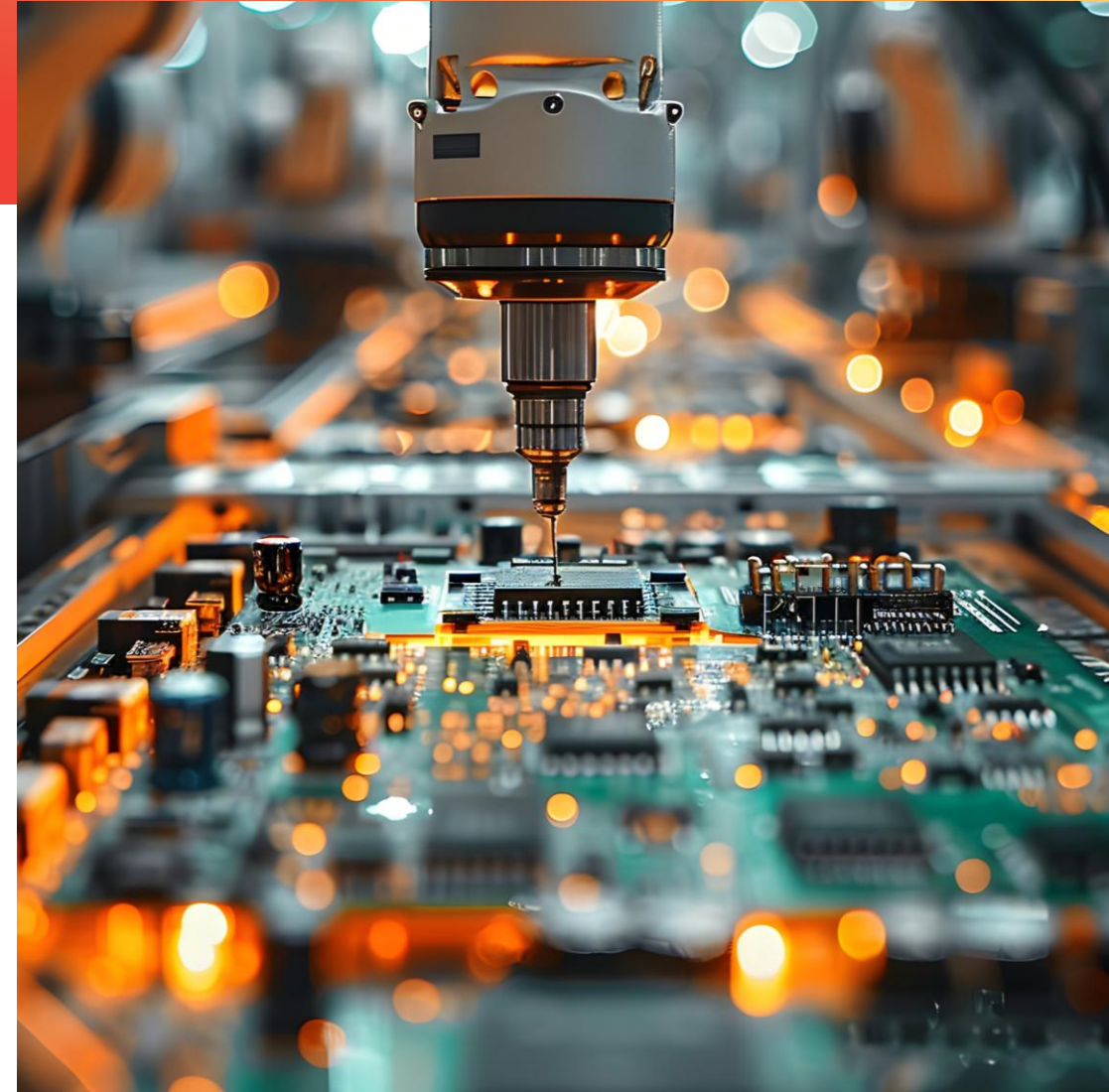
### **Carbon emissions reduced by 59% since CY21**

- ❑ On track for 65% reduction by CY25 and net-zero by CY30

### **Two bold-on acquisitions for £29m**

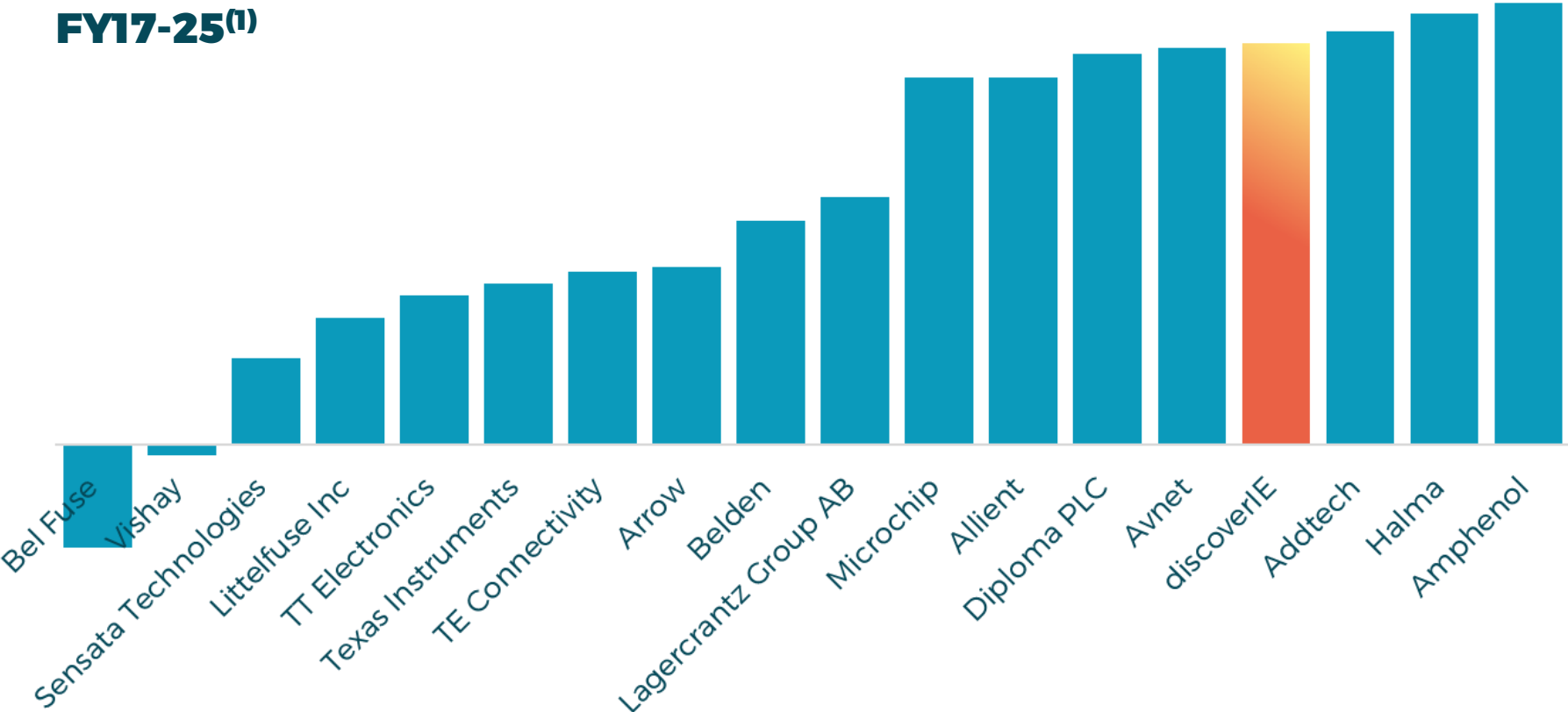
### **Strong pipeline of acquisition opportunities**

- ❑ c.£80m funding headroom to end of FY26 with gearing reduced to 1.3x



# Through cycle organic growth

## Cumulative Organic Revenue Growth FY17-25<sup>(1)</sup>

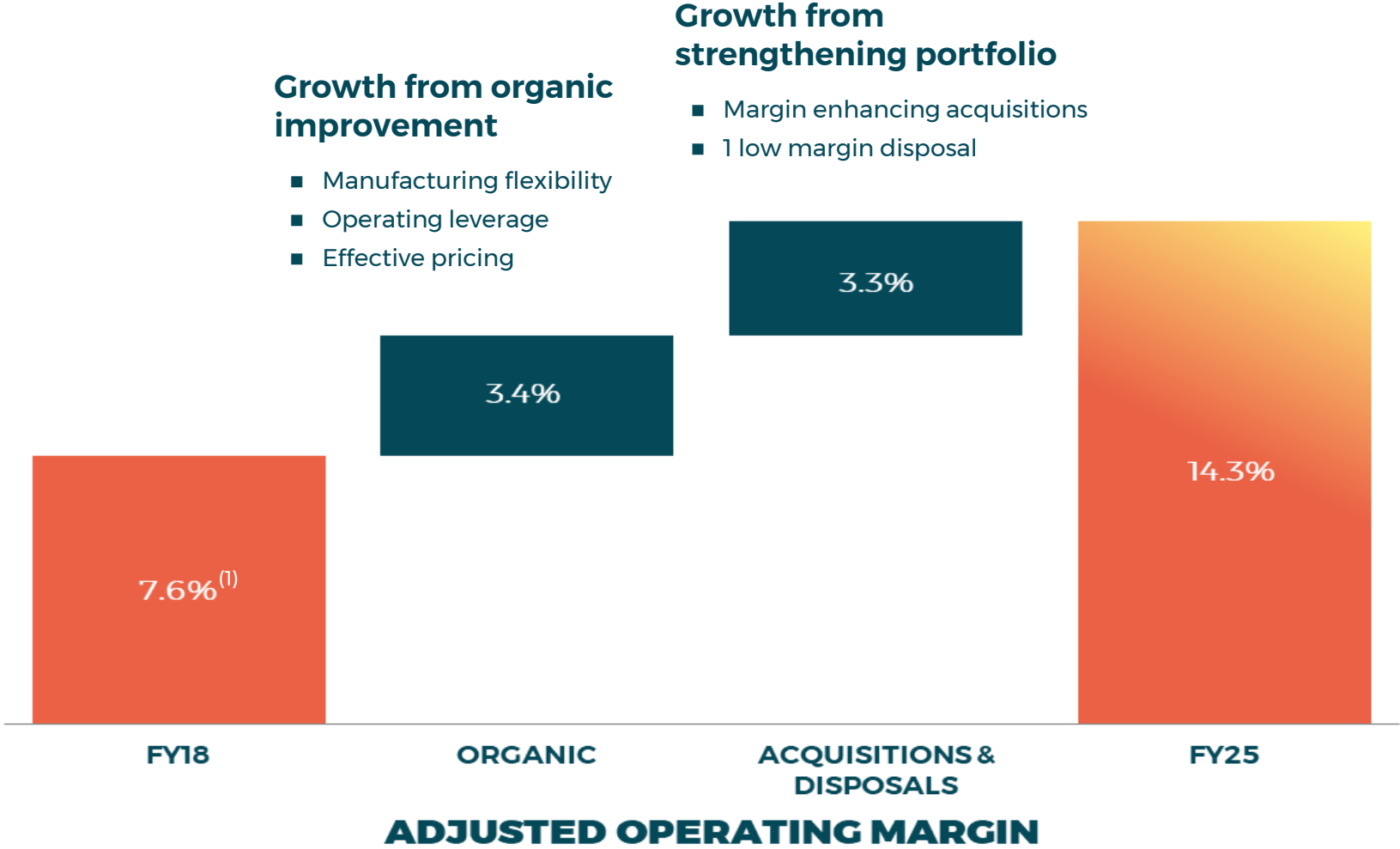


Organic sales growth since April 2018 to December 2024

discoverIE performance in the upper quartile

(1) Source: Company Reports

# Margin improvements over the last 7 years



(1) On a continuing revenue basis, i.e. excluding Acal BFi which was disposed of in FY2021/22.

# Board of Directors



## **Bruce Thompson - Non-Executive Chairman**

Bruce joined the Board as a Non-Executive Director in February 2018. He is also Chairman of Avon Protection plc. He retired in 2018 as Chief Executive Officer of Diploma plc after 22 years. Bruce brings a wide range of strategic and leadership expertise to the Board with proven experience of growing international industrial businesses. Bruce is also a Non-Executive Director and Chairman of Avon Protection plc.



## **Nick Jefferies - Group Chief Executive**

Nick was appointed Group Chief Executive in January 2009. His experience of electronics and the components industry comes from holding senior positions for over 15 years with leading international distributors of electronic components and computer products, such as Electrocomponents plc and Arrow Electronics. Nick originally trained as an Electronics Design Engineer with Racal Defence (now part of Thales plc).



## **Simon Gibbins - Group Finance Director**

Simon was appointed as Group Finance Director in July 2010. A Chartered Accountant, he was previously Global Head of Finance and Deputy CFO at Shire plc. Prior to joining Shire in 2000, he spent 6 years with ICI plc in various senior finance roles, both in the UK and overseas. His earlier career was spent with Coopers & Lybrand in London.



## **Celia Baxter - Non-Executive Director**

Celia joined the Board on 1 June 2023. She has years of executive and board experience, including 13 years as Group HR Director at Bunzl plc, and a good understanding of decentralised, acquisitive international businesses. Celia is also a Senior Independent Director and Remuneration Committee Chair at Dowlais plc, and a Non-Executive Director of Volution Group plc.



## **Rosalind Kainyah MBE - Non-Executive Director**

Rosalind was appointed as a Non-Executive Director in November 2021, with effect from 1 January 2022. She has extensive experience in sustainability matters and currently runs Kina Advisory, an ESG consultancy. Previously, she was VP, External Affairs & Corporate Social Responsibility at Tullow Oil and held various roles at De Beers SA, latterly as President of De Beers Inc. in the US. Rosalind is also a Non-Executive Director at GEM Diamond Ltd, WE Soda Limited and EnQuest plc.



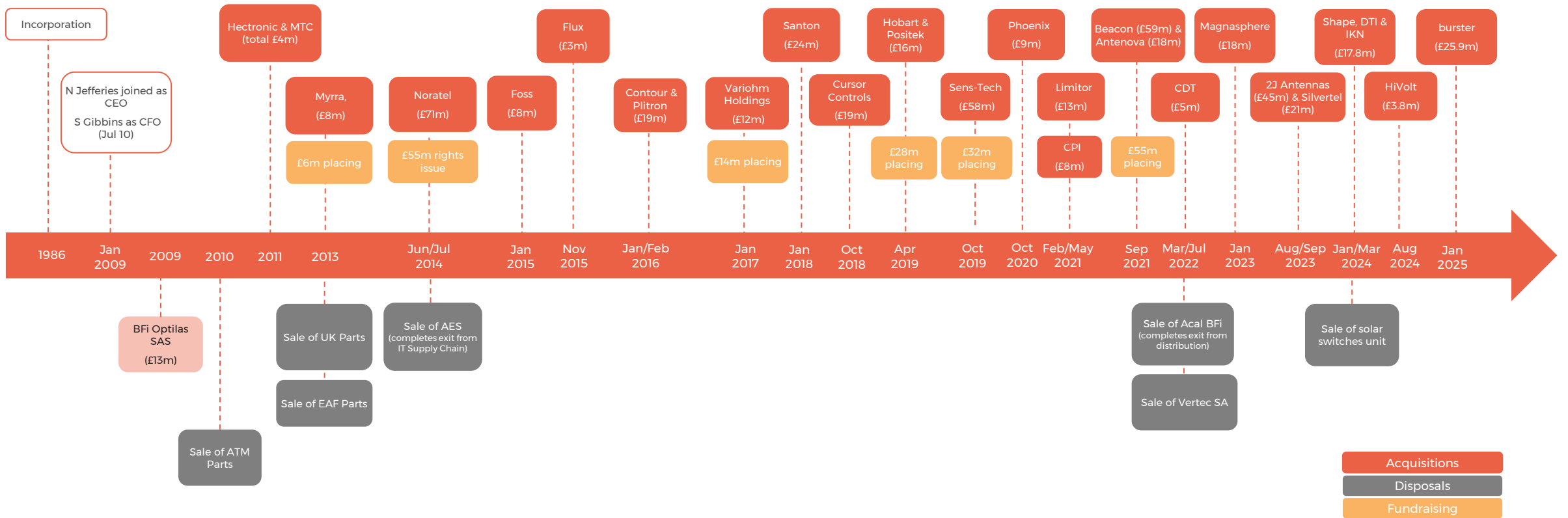
## **Clive Watson - Non-Executive Director**

Clive, a Chartered Accountant, became a Non-Executive Director and Chair of the Audit & Risk Committee in September 2019. He is also a Non-Executive Director at Breedon Group plc, Kier Group plc and Trifast plc and was Non-Executive Director and Chair of the Audit Committee at Spirax-Sarco Engineering plc for 9 years. During his executive career he was Group Finance Director of Spectris plc for 13 years until 2019.

# History since incorporation

Transformed from a regional distributor to a designer and manufacturer of niche electronic engineering group in 14 years with

- 28 design & manufacture acquisition for c.£520m
- 7 disposals



# Group structure



Cluster

## Magnetics & Controls

**NORATEL**  
SHARP

**SHAPE™**  
INNOVATIVE TRANSFORMER SOLUTIONS

**myrra**

**FLUX**

**Cursor Controls**  
Inventors and Innovators of HMI Solutions

**HECTRONIC**  
an acof group company

**beacon**  
EmbeddedWorks

**Diamond Technologies**  
Getting data where it needs to be.

**Vertec** **Silvertel**

Magnetic components for use in power conversion, signal conditioning and switching

Controls components for use in remote control, monitoring, communication and interface control

## Sensing & Connectivity

**VARIOHM GROUP**

**CPI**  
Control Products, Inc.  
Switches & Sensors

**SENS-TECH**

**MAGNASPHERE**

**PHOENIX AMERICA**

**burster**

**Limitor**

**Positek**  
A Division of Variohm Electronics Ltd

**santon**  
superior switch solutions

**mtc**  
EMC & THERMAL SOLUTIONS

**HIVOlt CAPACITORS**

**foss**

**IKN**

**2J antenova**

**contour electronics**

**stortech**

**CDT**

Sensing components for sensing, measuring and controlling temperature, movement, pressure, force, position, load, weight and incline, x-ray detection and imaging

Connectivity components for switching, transmitting & receiving wirelessly, fibre optic components, electromagnetic shielding, cable connection

# Acquisition case study – Variohm

## Building a successful sensing cluster

	FY17	FY25
Revenue growth	18% CAGR	
Op profit growth	29% CAGR	
Operating margin	11%	21%
Organic ROCE	21%	24%
ROCE	21%	18%
ROI	16%	21%
Working capital/ sales ratio	16.1%	17.5%
US/Asia sales	9%	45%



**Acquired:** January 2017

**Products:** Sensors & switches

**Division:** Sensing & Connectivity

**Developments since acquisition:**

- Developed long term strategic plan
- Organic growth in target markets
- 6 bolt-on acquisitions
- Cross-selling into European & US markets
- Inter-business production in Germany, Hungary & US
- Internationalised with 3 North American acquisitions and 3 European
- Upscaled top team – new Finance Director, Sales Director & Marketing Director
- Upscaled finance and sales teams
- Upgraded ERP system
- Integrated Group risk, control & ESG policies

# Our customers

Low customer concentration: top 10 = 21%

**Vestas**



**SIEMENS**



**Franklin Electric**



**Abbott**

**GRUNDFOS**



**ROHDE & SCHWARZ**



**HOLOGIC**

**BOMBARDIER**  
the evolution of mobility

**Atlas Copco**



**SAAB**



**AIRBUS**

**Schneider Electric**

**Valeo**

**GYRUS ACMI**



**ABB**



**KONGSBERG**

**TW**

**IR**  
Ingersoll Rand



**PHILIPS**

**SEL**



**TELEDYNE FLIR**

**Google**

**FUJITSU**

**Faiveley**  
TRANSPORT

**Honeywell**

**DIEHL**

& the European 'Mittelstand'

# Share and shareholder information

## Share information as of 12 June 2025

<b>Ticker</b>	DSCV
<b>Exchange</b>	London Stock Exchange
<b>Index</b>	FTSE 250
<b>Industry</b>	Industrials
<b>Sector</b>	Electronics & Electrical Equipment
<b>Total shares in issue</b>	96.36m
<b>Market cap</b>	£647m
<b>Dividend (FY2024/25)</b>	12.5p
<b>Next reporting date</b>	24 July – AGM & Q1 trading update
<b>MSCI ESG rating</b>	A
<b>Sustainalytics rating</b>	Regional Top Rated (Europe)

## High quality shareholders

- Top 10 holders represent 50%
- Next 15 (25.1%) – Capital Group, Danske Bank AM, L&G, Financiere de l’Echiquier, SEB AM, M&G, Vanguard Group, Invesco, Dimensional Fund, Berenberg AM, Royce, Chelverton, Canaccord Genuity Wealth, Eaton Vance, JM Finn
- 37% non-UK holding (9% N. America, 27% Europe, 1% RoW)
- Directors/management ownership: 4%

## Top 10 shareholders

	Country	% of shares issued*
<b>Van Lanschot Kempen</b>	The Netherlands	10.5%
<b>BlackRock</b>	UK/US	7.0%
<b>Impax Asset Management</b>	UK	6.8%
<b>Montanaro Asset Management</b>	UK	4.4%
<b>Aberdeen</b>	UK	4.2%
<b>Swedbank Robur</b>	Sweden	4.2%
<b>Columbia Threadneedle</b>	UK	3.5%
<b>Martin Currie</b>	UK	3.5%
<b>NFU Mutual</b>	UK	3.1%
<b>Charles Stanley</b>	UK	2.8%

\*as of 9 May 2025

A nighttime cityscape featuring a prominent highway interchange with light trails from cars. The skyline is filled with illuminated skyscrapers, including the Petronas Twin Towers. A network of glowing white lines connects various points across the city, suggesting a digital or communication network. The overall scene is vibrant and modern.

# Thank You

Investor Relations Contact:  
E: [IR@discoverIEplc.com](mailto:IR@discoverIEplc.com)  
T: +44 (0) 1483 544 522