



Investor Presentation

FEBRUARY 2025



Who we are

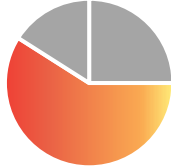
discoverIE is:

- ❑ 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**

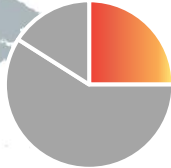
discoverIE is NOT:

- ❑ 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 market**

Group overview



Europe
59%
Group revenue
1,850
Employees



North America
25%
Group revenue
500
Employees



Asia
16%
Group revenue
2,300
Employees

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

39
Manufacturing sites

30
Operating businesses⁽¹⁾

4,650
Employees globally

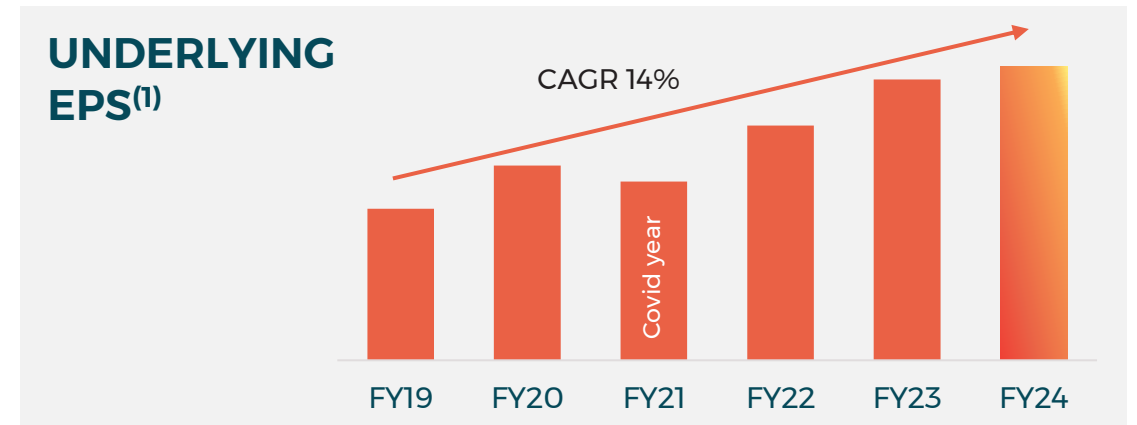
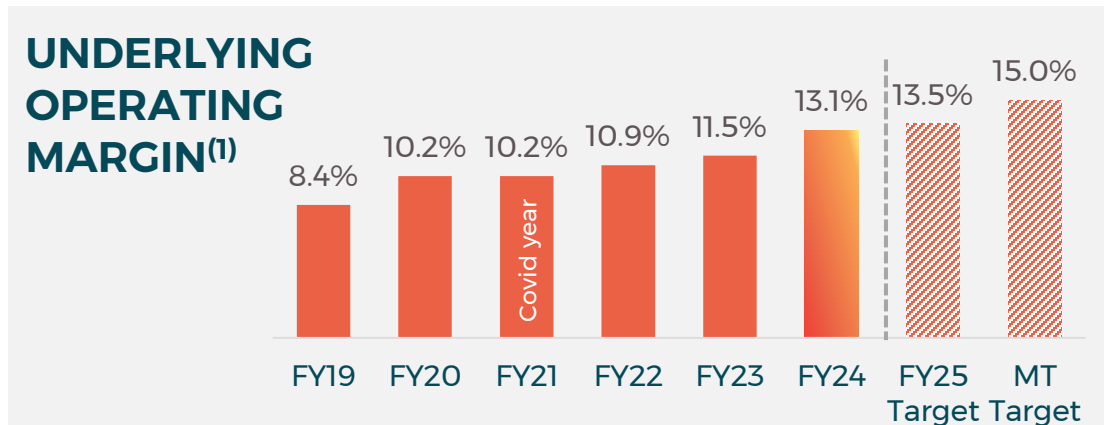
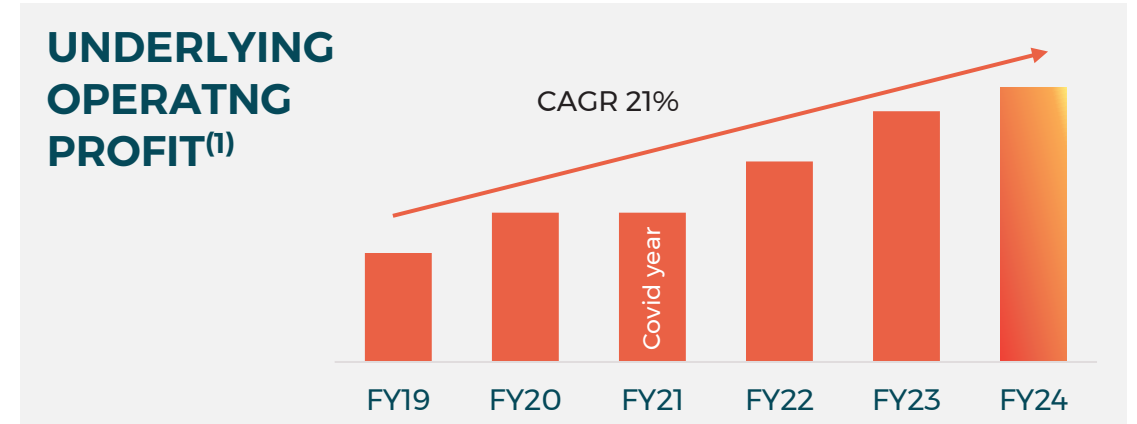
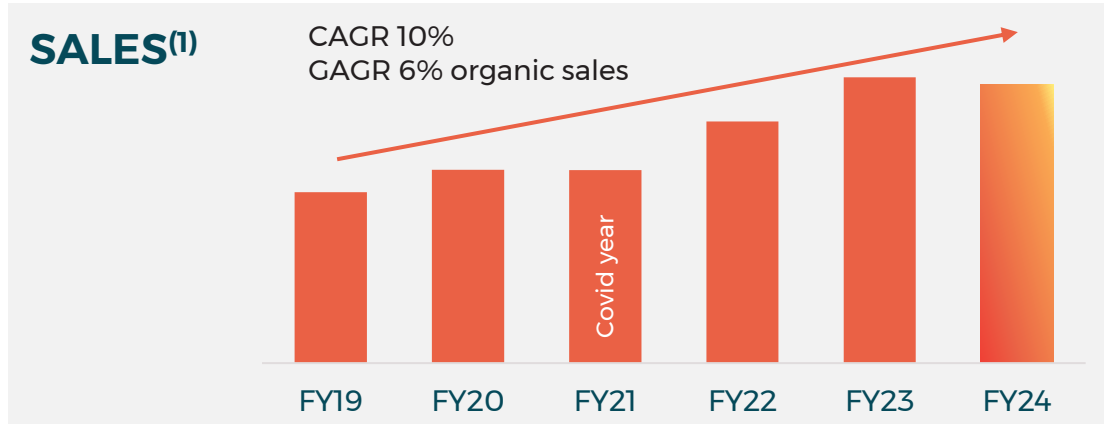
70
Countries into which our products sold

21
Countries in which we operate

£437m
Sales (FY2024)

(1) 30 operating businesses, 28 of which were acquired over the last 14 years.
(2) Group revenue breakdown is based on FY24 performance ending March 2024.

Financial highlights



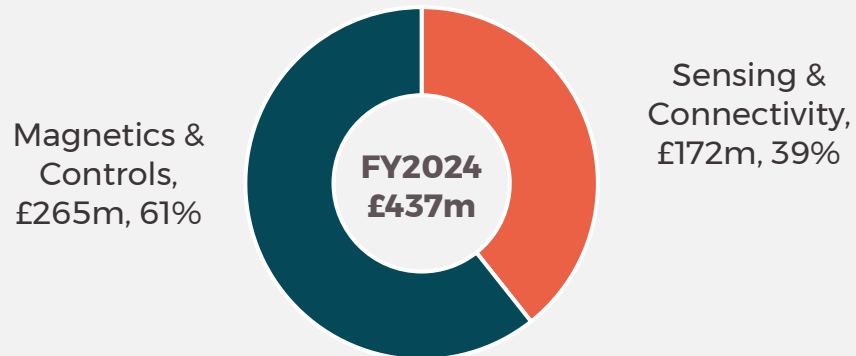
(1) Sales, underlying operating profit, underlying operating margin and underlying EPS have been restated to exclude the results of discontinued operations.

Divisional overview

Magnetics & Controls

- Power magnetics
- Interface controls and embedded computing systems
- 2 technology clusters and 2 standalone businesses across 16 countries with 21 manufacturing sites

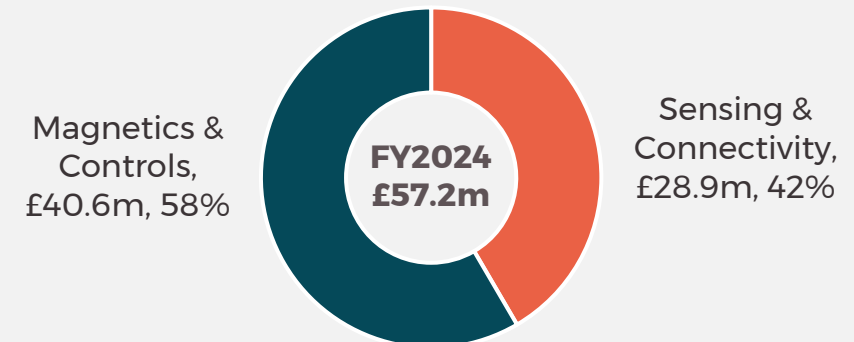
Sales



Sensing & Connectivity

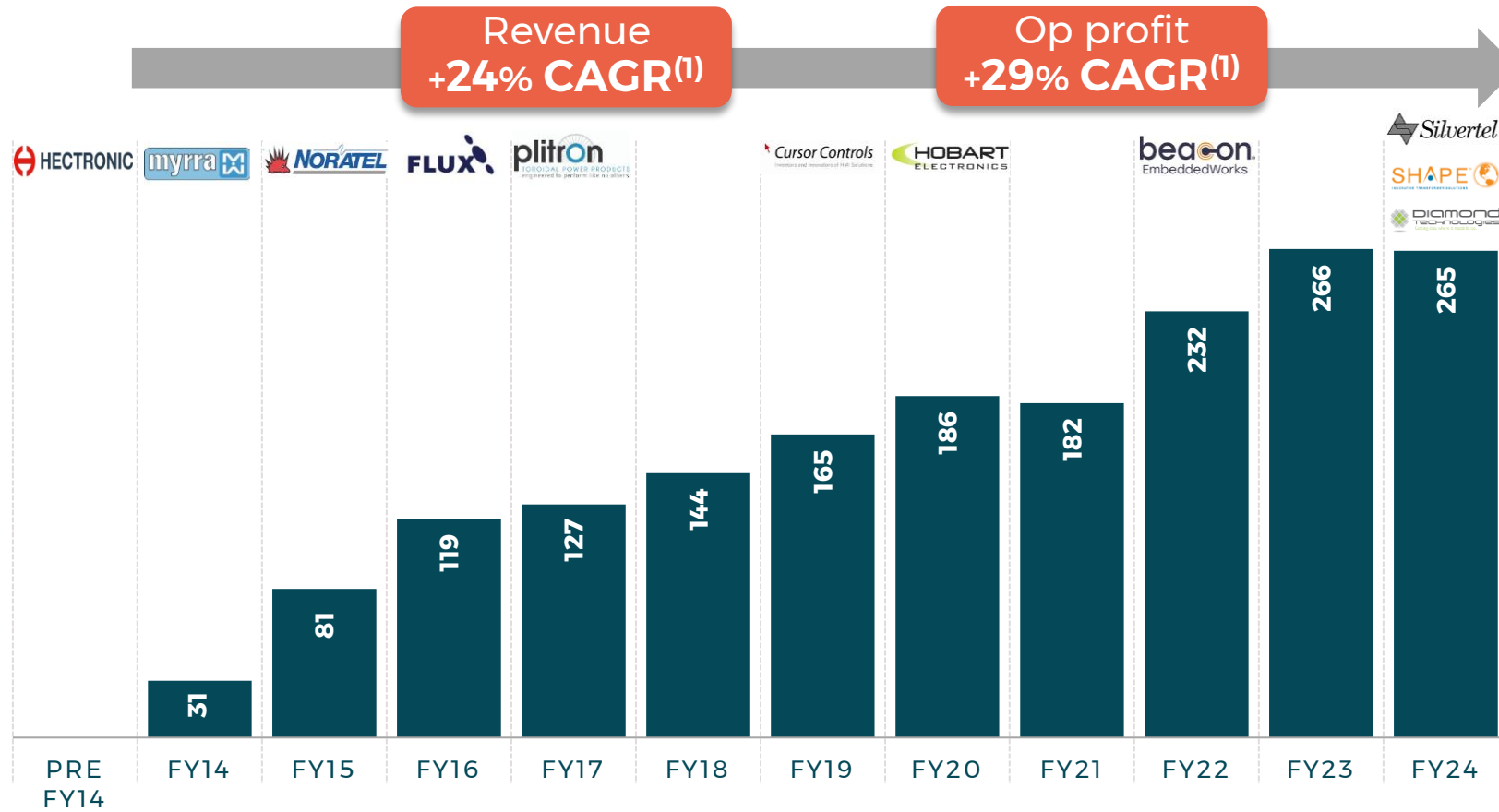
- Sensors & switches, X-ray detection and imaging
- Signal transmission, wireless and cable connection, and electromagnetic shielding
- 4 technology clusters and 4 standalone businesses across 10 countries with 17 manufacturing sites

Operating profit



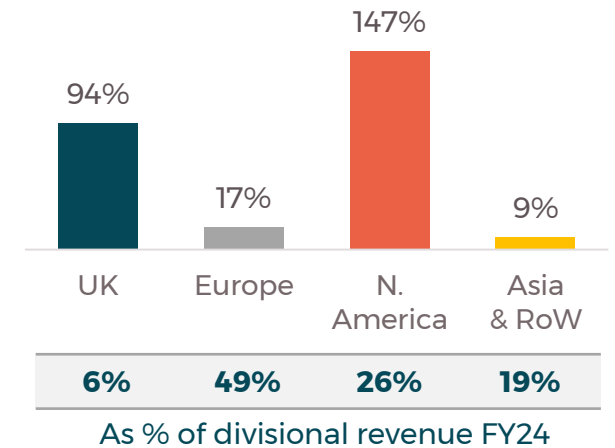
Magnetics & Controls division

Power conversion, embedded computing and interface



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

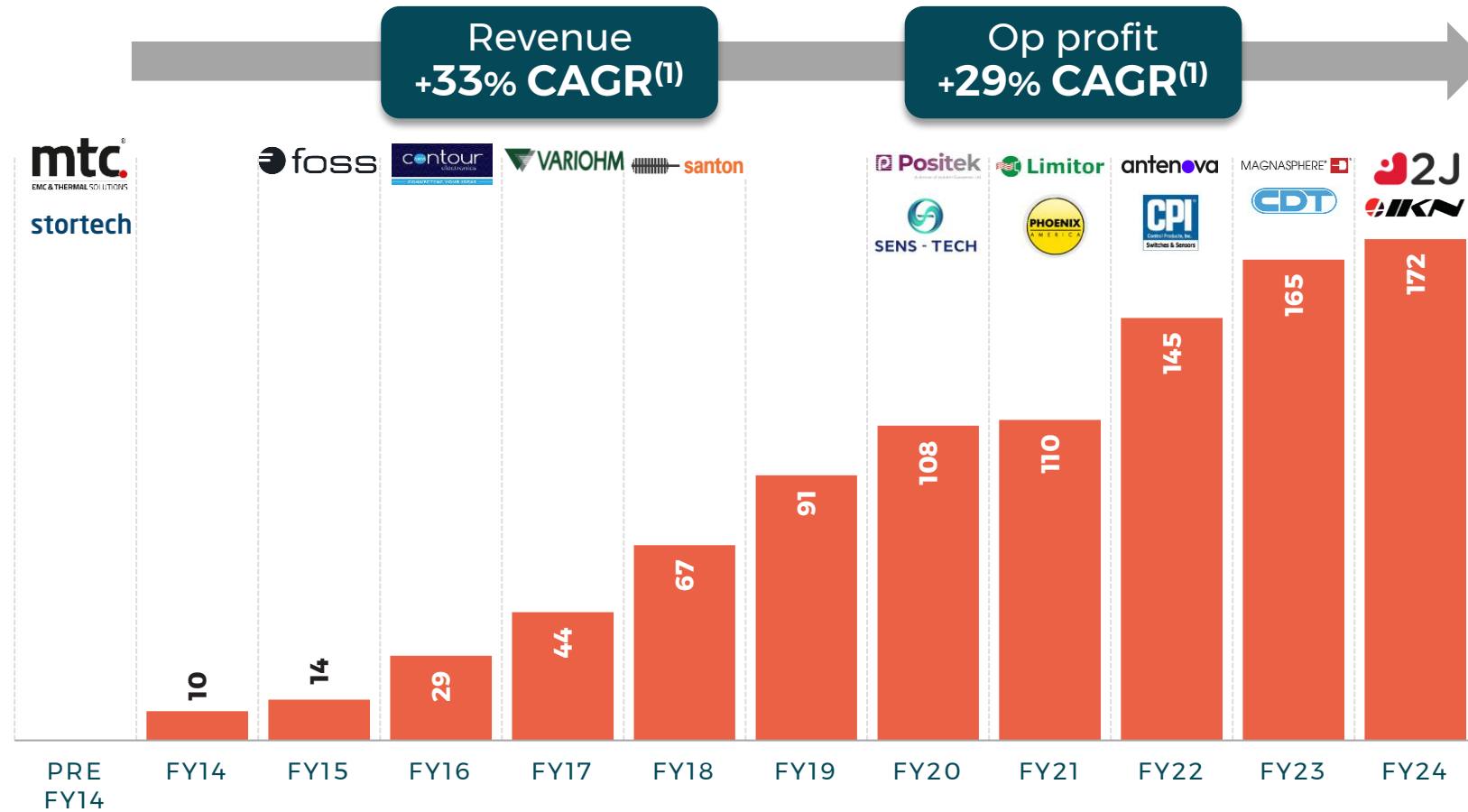
Sales growth FY20-FY24



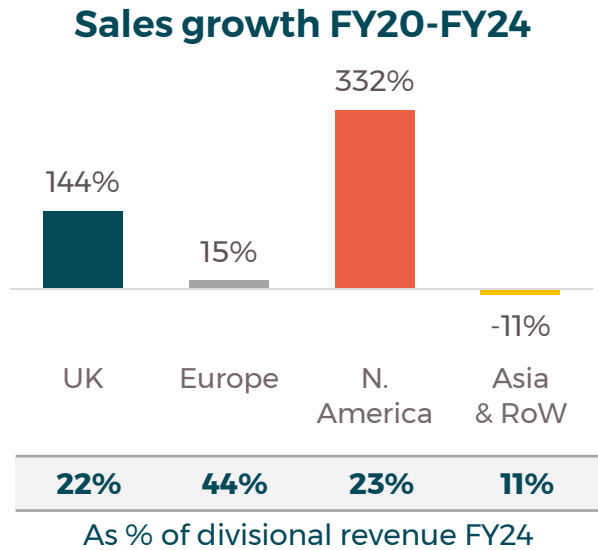
(1) At constant exchange rate. Including acquisitions.

Sensing & Connectivity division

Connectivity, communication and remote measurement



- 17 acquisitions⁽²⁾ – 11 in last 5 yrs
- Built 4 technology clusters - Sensors, Components, Fibre Communications & RF/Wireless
- Built N. American presence from 8% to 23% in 5 yrs



(1) At constant exchange rate. Including acquisitions.
 (2) 17 acquisitions include HiVolt and burster acquired in FY25. Stortech was part of the Group prior to the establishment of the Design & Manufacturing division.

Why invest in discoverIE

discoverIE



Investment case

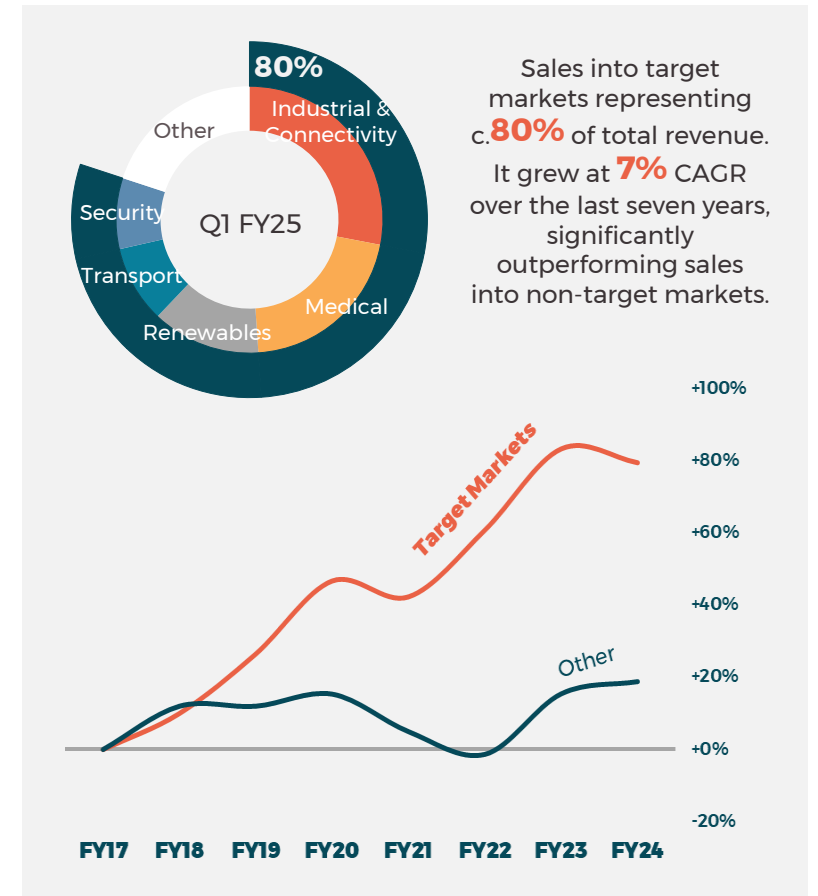
- 1 Sustainable growth markets**
Focus on industrial applications and prioritise five target markets with structural, sustainable growth
- 2 Differentiated products**
Customised electronics and systems designed and produced for specific applications, addressing a niche segment of the electronics market
- 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



Sustainable growth markets

Aligned with UN Sustainable Development Goals

Customer End Market	Sub Market	Megatrend	Medium Term Outlook	UN SDGs
Renewable energy	Wind Tidal Hydrogen	Decarbonisation & diversification	■ ■ ■ □ □ □	7 SUSTAINABLE ENERGY 13 CLIMATE ACTION
Transportation	Rail Marine Aviation Specialist vehicles	Electrification & urbanisation	■ ■ ■ ■ ■ □	11 SUSTAINABLE CITIES AND COMMUNITIES 13 CLIMATE ACTION
Medical	Clinical/surgical Diagnostics & biotech Healthcare Other medical	Digitalisation & automation	■ ■ ■ ■ □ □	3 GOOD HEALTH AND WELL-BEING
Industrial & Connectivity	Automation Communication Harsh environment Environmental & monitoring	Digitalisation & automation	■ ■ ■ ■ ■ □	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 11 SUSTAINABLE CITIES AND COMMUNITIES
Security	Access controls Detection systems Surveillance systems Space & defence	Urbanisation & defence modernisation	■ ■ ■ ■ ■ ■	11 SUSTAINABLE CITIES AND COMMUNITIES
Other	Audio / visual Oil & gas Industrial (non-UN SDGs)		■ □ □ □ □ □	

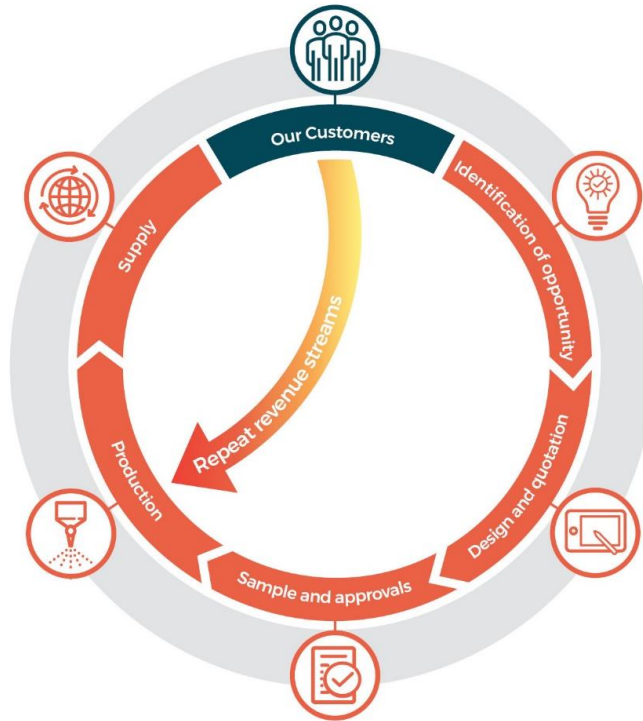


Differentiated products

Underpinned by sustained innovation

Engineering led sales

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

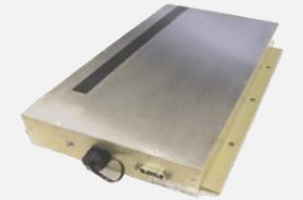


Innovation in action



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 since 2009

02
Acquire high quality businesses
with attractive growth prospects, strong and sustainable margins, and discoverIE DNA

01
Grow sales well ahead of GDP
through the economic cycle by focusing on structural growth markets



03
Generate efficiencies and improve operating margin
through clustering of businesses, effective pricing, and increased product innovation and differentiation

04
Reduce environmental impact
by achieving net zero carbon emissions

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	Operating margin	EPS growth	Cash conversion ⁽¹⁾	ROCE	Carbon reduction
Targets	>> GDP thru'cycle	15% By FY28	> 10% p.a.	> 85%	> 15%	Net Zero By CY30 ⁽³⁾
Results	6% CAGR FY15-24	+820 bps FY15-24	19% CAGR FY15-24	107% Ave. FY15-24	15.7%⁽²⁾ +410 bps since FY16	-47% Since CY21

(1) Operating cash conversion is underlying operating cash flow divided by underlying operating profit. Underlying operating cash flow is defined as underlying EBITDA adjusted for the investment in, or release of, working capital and less the cash cost of capital expenditure and lease payments

(2) ROCE in FY24. ROCE is defined as underlying operating profit, including the annualization of profits of acquired businesses, as a percentage of net assets excluding net debt, deferred consideration related to discontinued operations, assets held for sale and legacy defined benefit pension asset/(liability).

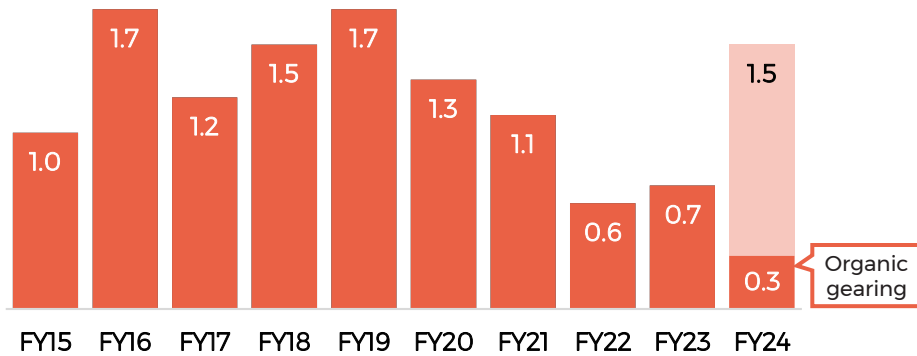
(3) Scope 1 & 2 only

Strong financials

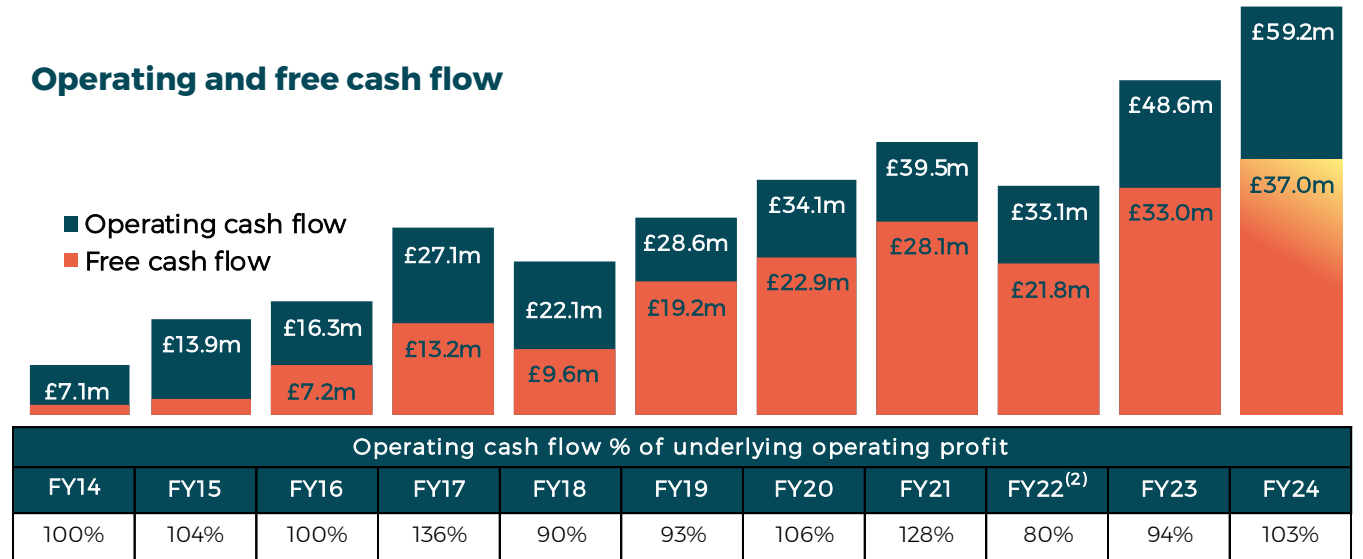
Strong cash generation and robust balance sheet supporting growth strategy

- Operating cash flow: +24% 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

Net Debt / EBITDA⁽¹⁾ ratio



Operating and free cash flow



Operating cash flow % of underlying operating profit

Fiscal Year	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22 ⁽²⁾	FY23	FY24
Operating cash flow % of underlying operating profit	100%	104%	100%	136%	90%	93%	106%	128%	80%	94%	103%

(1) Net debt divided by underlying EBITDA as annualised for acquisitions. EBITDA (pre IFRS 16) excludes non-cash items being depreciation, amortisation, shared based payments and IAS 19 legacy pension charge.

(2) FY21 and FY22 covid impact £16m swing in working capital.

Consistent shareholder returns

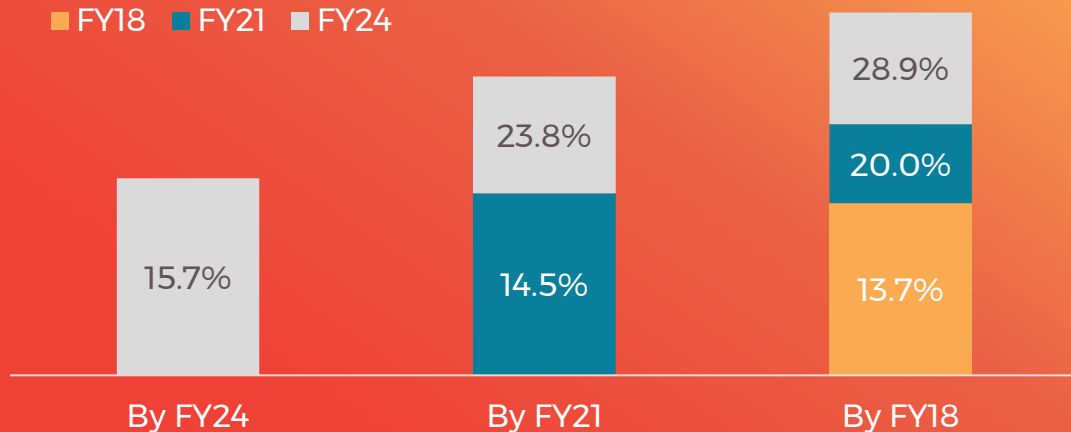
Disciplined capital allocation drives increasing returns

Increasing returns from acquisitions over time

- ROCE of businesses owned in FY18 was 13.7%
 - ROCE increased to 20.0% by FY21; increased further to 28.9% by FY24
- A similar picture delivered with ROI

ROCE⁽¹⁾

FY18 FY21 FY24



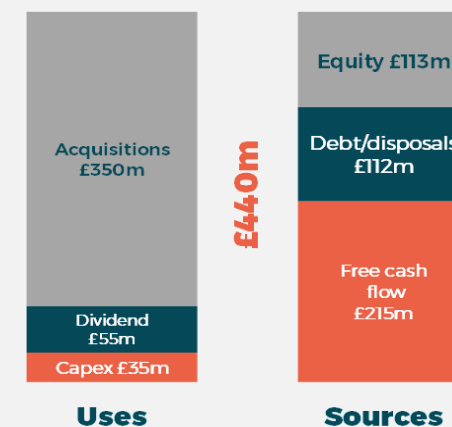
£215m of free cash flow over last 7yrs

- 75%: growth investments:
 - Capacity & production growth (typical payback terms 2-4 yrs)
 - Acquisitions - technology platforms (9-12x multiple) or cluster bolt-ons (4-8x multiple) to drive growth & margin expansion
- 25%: returned to shareholders via progressive dividend policy

Ongoing portfolio discipline

- Sales of distribution business (FY22) and solar business unit (FY24)

Total capital allocation (last 7yrs)



(1) ROCE is defined as operating profit of the acquired business as a percentage of capital employed, which includes goodwill and acquired intangibles but excludes lease liabilities. (2) Free cash flow above is quoted before capex.

Consistent shareholder returns

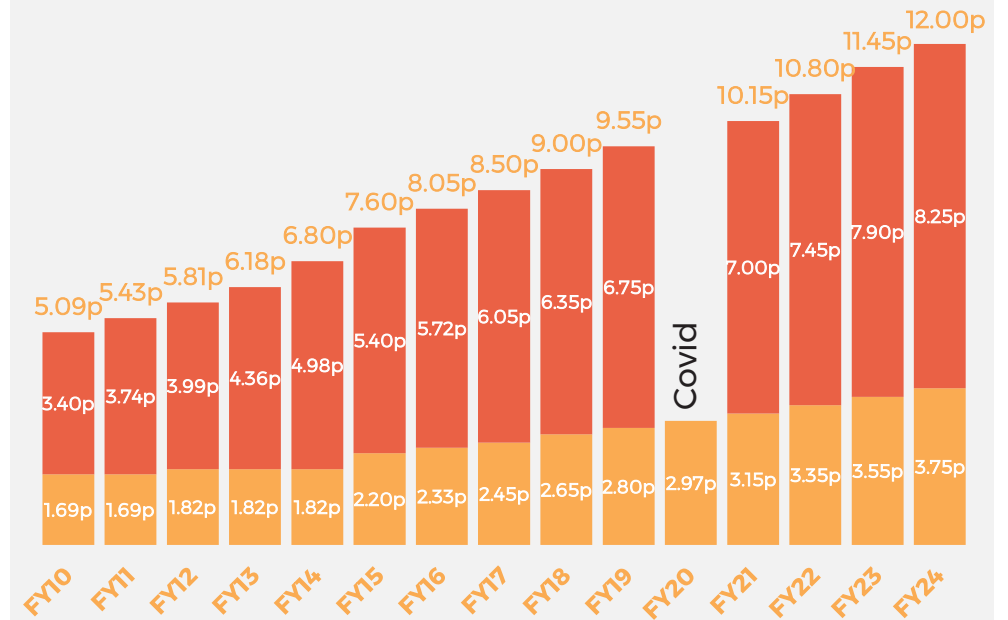
Compounding organic growth, efficiencies and a long-term approach

Our Value Creation Model



We aim to provide investors with:

- TSR of 15-20% p.a.
- Last 10 years = 17% CAGR⁽¹⁾
- A progressive dividend
- Last 10 years = 6% CAGR⁽¹⁾



(1) FY2013/14 to FY2023/24.

Sustainability

discoverIE 



A sustainable business



SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

BUSINESS
AMBITION FOR **1.5°C**



CDP
Climate Change
2024


B

MSCI
ESG RATINGS



AA

CCC	B	BB	BBB	A	AA	AAA
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SUSTAINALYTICS
a Morningstar company

Negligible Risk

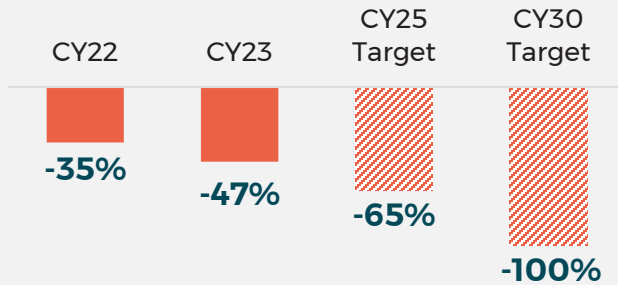
NEGL	LOW	MED	HIGH	SEVERE
0-10	10-20	20-30	30-40	40+

FY24 ESG progress

Our Planet

Supporting the shift to a low carbon economy

Carbon reduction⁽¹⁾

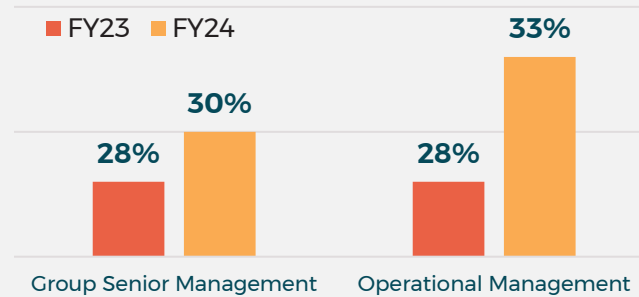


- 47% absolute reduction vs CY21 baseline, on track to meet CY25 target of 65% reduction
- Energy intensity reduced by 11% yoy, with 72% of our electricity from clean sources
- Committed to achieve Net Zero for Scope 1 & 2 by 2030 and Scope 3 by 2040

Our People

Creating a diverse workforce and safe environment

Gender diversity

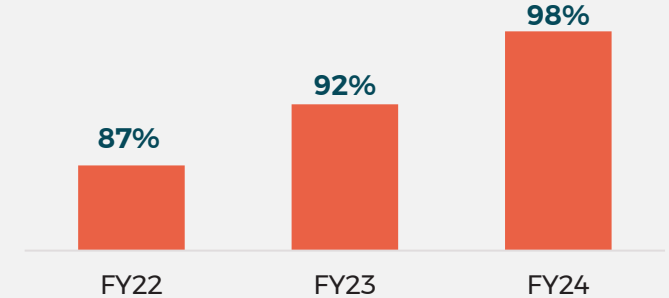


- Diversity increasing – Operational management female representation 33% (FY23: 30%); Group senior management 28%
- 60% of the workforce work in operations with ISO 45001 certification (CY22: 48%)

Our Products

Ensuring product quality, reliability and sustainability

ISO 9001 accreditation



- 98% of Group products manufactured under ISO 9001 Quality Management Systems certification (CY22: 92%)
- 69% of Group sales (CY22: 59%) now from businesses that are ISO 14001 Environmental Management Systems certified

(1) Scope 1 & 2 reduction

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

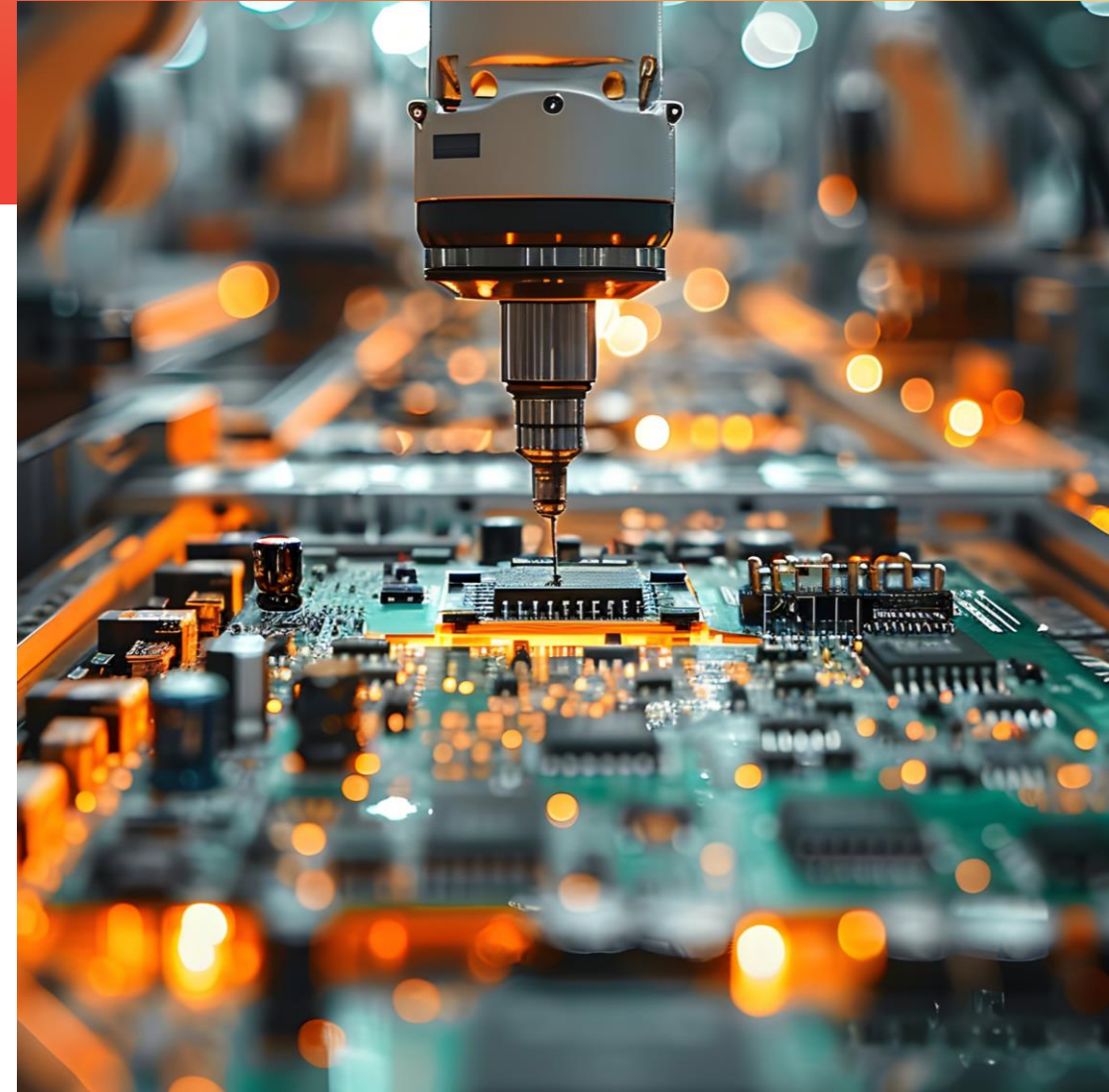
Appendices



First half trading update

for the six months ending 30 September 2024

- ❑ On track to meet the Board's underlying earnings expectations for the year
- ❑ Group sales -4% at CER (Q1: -6%, Q2: -2%)
 - ❑ Organic sales -10% (Q1: -12%, Q2: -7%)
 - ❑ Acquisitions +8%, offset by the solar disposal of 2%
- ❑ Gross margin remained robust; on track to achieve underlying operating margin target of 13.5% by March 2025 and 15% over the medium term
- ❑ Orders +8% at CER; organically, orders +1% yoy and +5% sequentially
- ❑ Book-to-bill improved to 0.98 (H1 FY24: 0.87; H2 FY24: 0.91)
- ❑ Design win +8% yoy, with an ELV of £205m (33% higher than two years prior)
- ❑ Completed the acquisition of HiVolt for £3.8m
- ❑ Gearing at 30 Sep reduced to 1.45x, below the lower end of the target range of 1.5x to 2.0x



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.



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 Non-Executive Director and Chair of the Remuneration Committee at DS Smith plc and Dowlais 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.



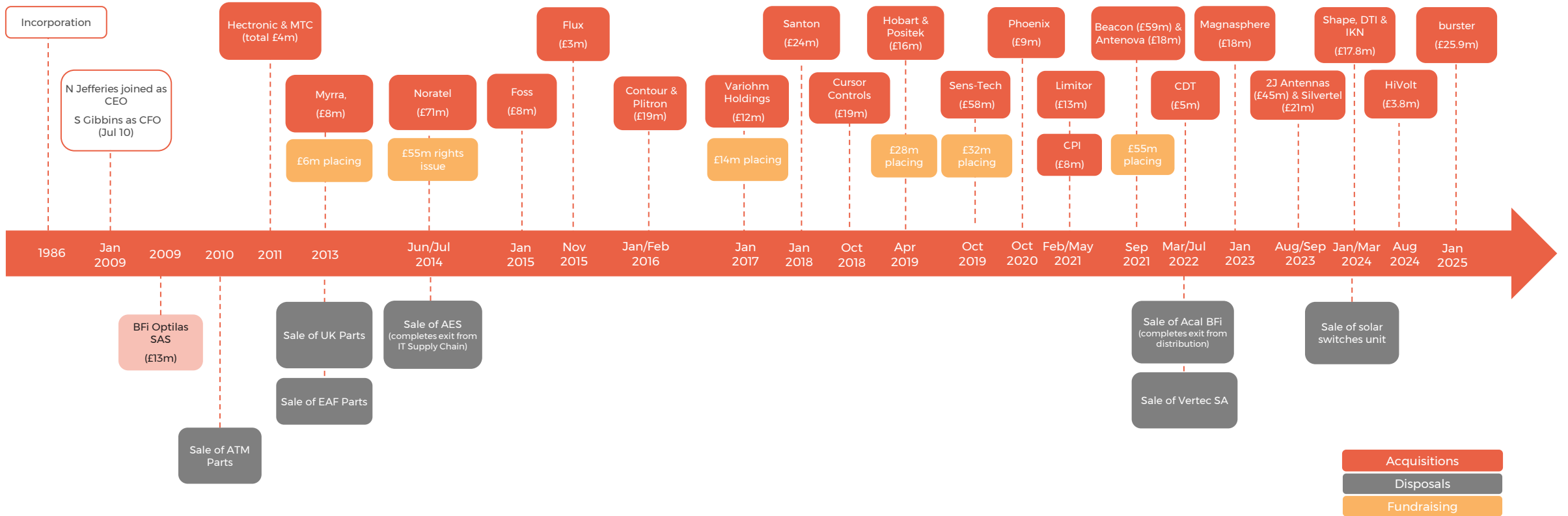
Clive Watson - Non-Executive Director

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 13 years with

- 28 design & manufacture acquisition for c.£500m
- 7 disposals



Group structure



Cluster

Magnetics & Controls

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

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	FY24
Revenue growth	20% CAGR ⁽¹⁾	
Op profit growth	32% CAGR ⁽¹⁾	
Operating margin	11%	20%
Organic ROCE	21%	36%
ROCE	21%	19%
ROI	16%	18%
Working capital/ sales ratio	16.1%	17.5%
US/Asia sales	9%	40%



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 2 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 = 25%

Vestas



SIEMENS



Franklin Electric



Abbott



ROHDE & SCHWARZ



BOMBARDIER
the evolution of mobility



SAAB



AIRBUS

Schneider Electric

Valeo



ABB



KONGSBERG

TW



Ingersoll Rand

GYRUS ACMI



PHILIPS



Honeywell



DIEHL

Google

FUJITSU

& the European 'Mittelstand'

Share and shareholder information

Share information as of 24 January 2025

Ticker	DSCV
Exchange	London Stock Exchange
Index	FTSE 250
Industry	Industrials
Sector	Electronics & Electrical Equipment
Total shares in issue	96.4m
Market cap	£650m
Dividend (FY2023/24)	12.0p
Next reporting date	Mid April - FY trading update
MSCI ESG rating	AA
Sustainalytics rating	Regional Top Rated (Europe)

High quality shareholders

- Top 10 holders represent 50%
- Next 15 (24%) – Capital Group, L&G, Financiere de l’Echiquier, Invesco, Lazard AM, Vanguard Group, Danske Bank AM, Berenberg AM, M&G, Dimensional Fund, Metzler, Royce, JM Finn, Eaton Vance, Canaccord Genuity Wealth
- 36% of shareholders from North America, Continental Europe and ROW
- Directors/management ownership: 4%

Top 10 shareholders

	Country	% of shares issued*
Kempen Capital	The Netherlands	9.2%
Impax Asset Management	UK	7.4%
BlackRock	UK/US	6.4%
Columbia Threadneedle	UK	4.9%
Montanaro Asset Management	UK	4.5%
Abrdn	UK	4.5%
Swedbank Robur	Sweden	3.9%
Martin Currie	UK	3.4%
NFU Mutual	UK	3.1%
Charles Stanley	UK	2.9%

*as of 9 January 2025

A vibrant nighttime cityscape featuring a complex highway interchange with long-exposure light trails in orange and yellow. The skyline is filled with illuminated skyscrapers, including a prominent tower with a blue glow. Overlaid on the scene are numerous white, glowing arcs that connect various points across the city, suggesting a network or data flow. The overall atmosphere is dynamic and modern.

Thank You

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