

DIPLOMA PLC
INVESTOR
DAY 2017

Controls - Interconnect

Wednesday 1st February 2017





Gustav Röber
Director
Corporate Development

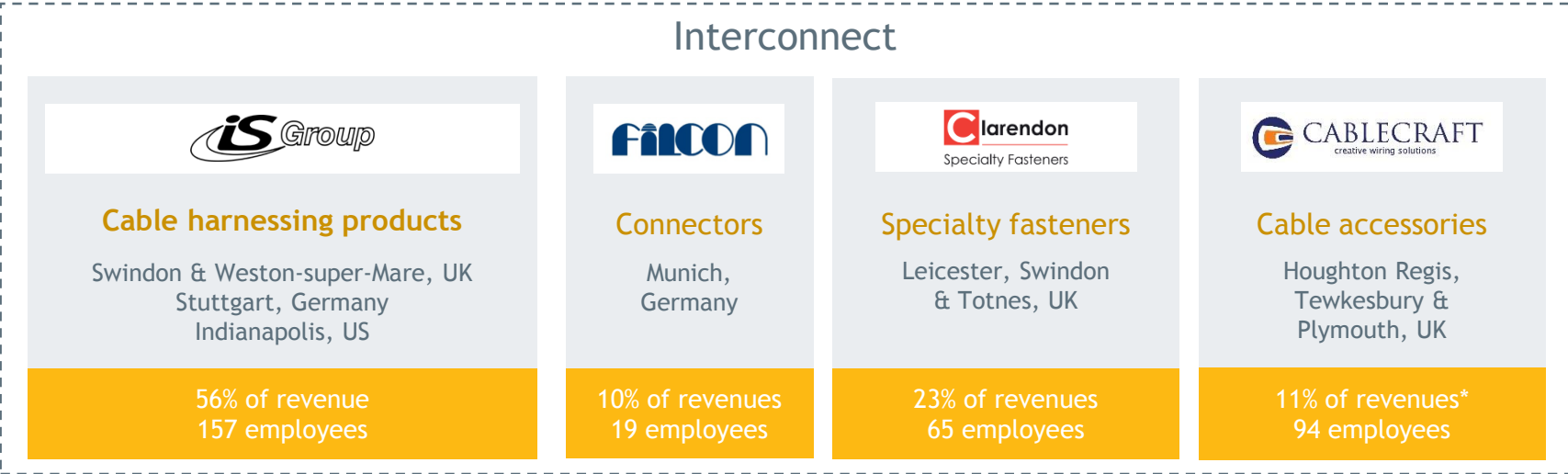


Alessandro Lala
Managing Director
IS-Group



John Hunt
Managing Director
Clarendon

Principal Businesses

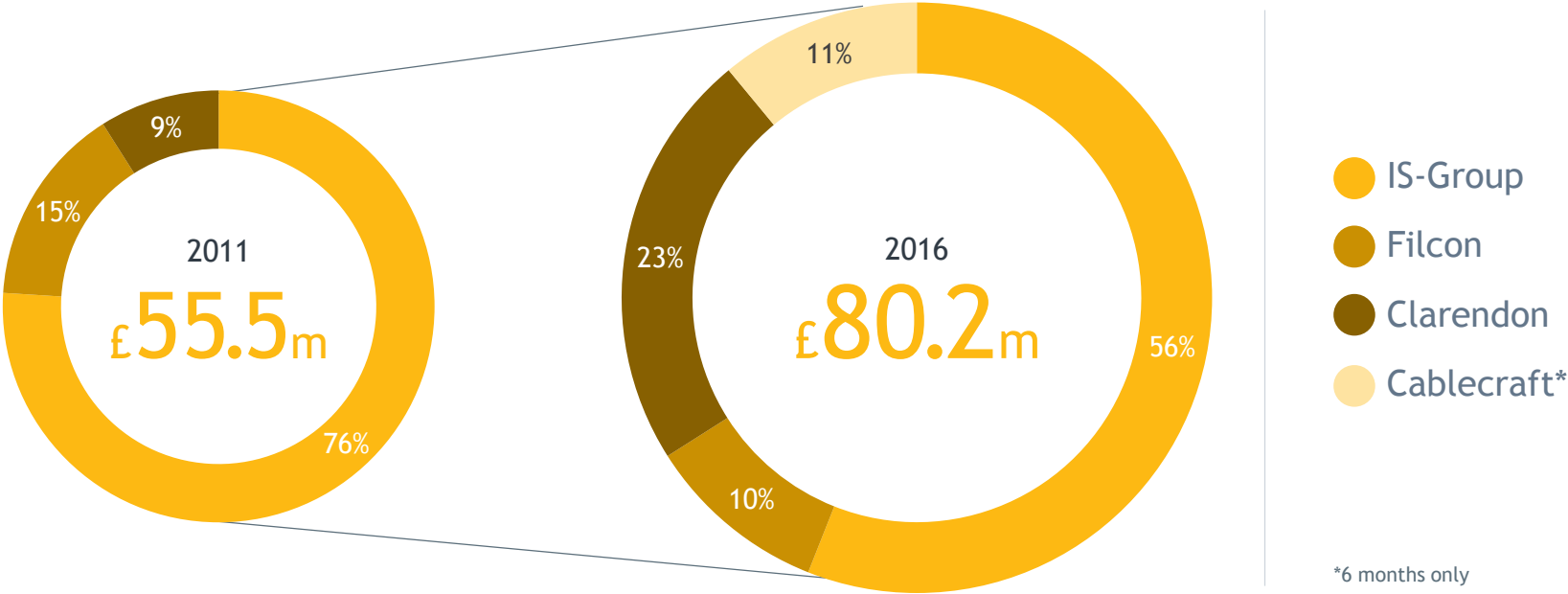


Over 90% of revenues generated in the UK and Continental Europe

*6 months only

Five Year Development

Five year revenue CAGR: 8% p.a.



Interconnect Markets



Aerospace
& Defence
36%



Industrial
29%



Motorsport
18%



Energy &
Infrastructure
15%



Medical
& Scientific
2%



Video available at:

<http://www.diplomapl.com/media-centre/video-library/>

IS-Group - Competitive Positioning



- High performance, manufacturer-branded products, sourced under long term distribution agreements
- Strong technical knowledge to specify products for customer applications
- Ex-stock availability and full range of value-added services
- Focus on refurbishment, upgrade and maintenance programmes for equipment in service
- Support for major new build programmes where smaller quantities are required quickly





Growth Opportunities - IS-Group

1

Cable harnessing specialist

Establish a clear, differentiated identity as the dominant player in cable harnessing

2

E-commerce

Introduce advanced e-commerce platform with user-friendly front end, comprehensive product database and on-line technical support

3

Transnational EMEA distributor

Broaden coverage across EMEA region with a mix of external sales presence and digital marketing

4

Broaden product portfolio

Add new products (e.g. connectors) to fill out product portfolio and support positioning as full service supplier

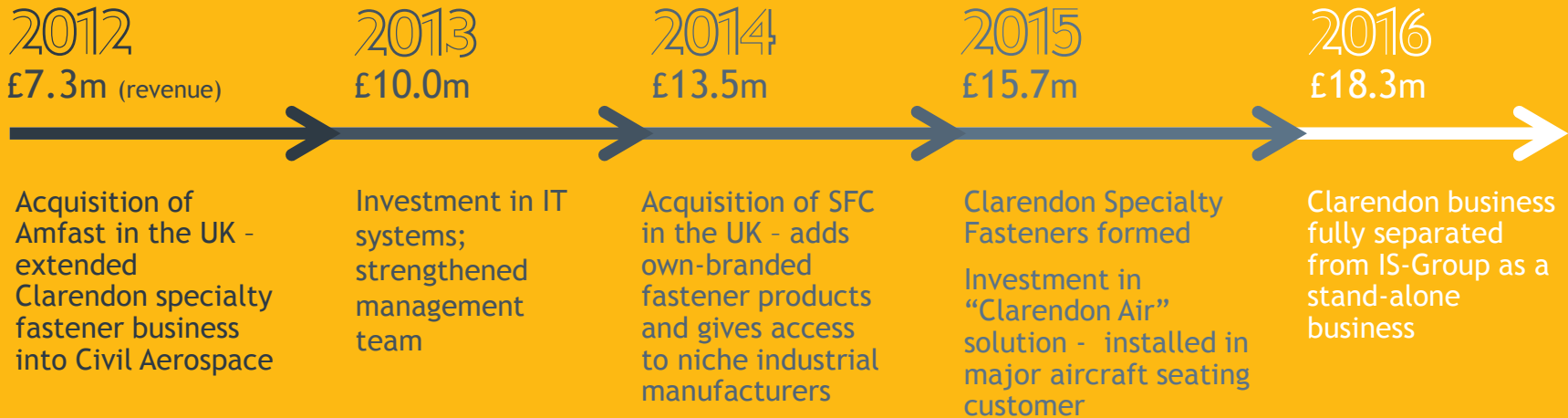
Create a broader-based European cable harnessing business



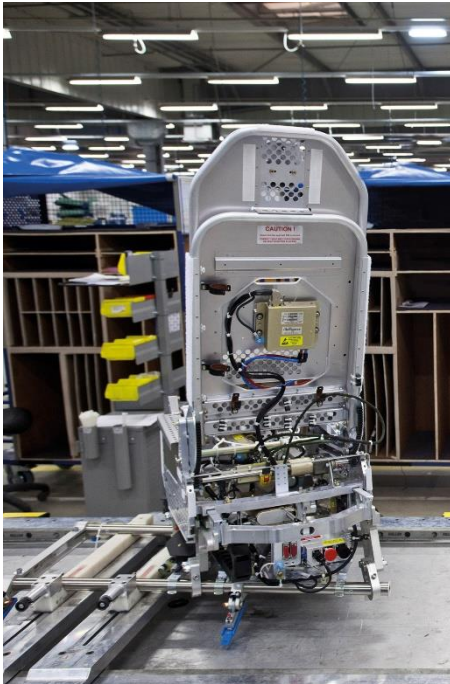
Specialty Fasteners

Clarendon Specialty Fasteners

Acquire, Build, Grow strategy



Clarendon Air Solution



Once lower bin is empty, release stock from the upper bin

Material handler scans the frames (no need to scan each barcode)

Scan is sent to our ERP, and orders are automatically generated



Material handler receives parts and replenishes the bins

Parts are shipped same or next day

Warehouse operator picks the parts and packs them



Growth Opportunities - Clarendon



1

Aircraft interiors growth

Continue to penetrate the Aircraft Interiors market in Europe, Asia and emerging markets

2

Value-added services

Implement Clarendon Air solution together with enhanced digital presence through customer portals

3

Engineered products

Develop sales of own-manufactured products into Aerospace and Defence

4

Acquisitions

Acquire specialised Aerospace fastener distributors in mainland Europe and North America

Building a larger, broader-based specialty fastener business



CABLECRAFT

creative wiring solutions

Cablecraft Acquisition

Extension of Interconnect activities

- Acquired in March 2016
- Leading supplier of cable accessory products used to identify, connect, secure and protect electrical cables
- Own-branded and manufactured products account for 70-80% of revenues
- Extends the range of markets served:
 - Rail and signalling
 - Electrical contracting
 - Control panels and automation



Case Study - Crossrail

- The London Crossrail project has a length of 62 miles
- Rail infrastructure requires cable and cable accessories that are certified for use on the railways
- Cablecraft's products will be principally used when the signalling systems are installed



Project success factors:

- Dedicated Rail Team
- Network Rail and London Underground certified products, including low smoke, zero halogen products
- Ex-stock availability
- Crimping training for rail engineers
- Certified tools and calibration

Growth Opportunities - Cablecraft

**1**

Post-acquisition investment

Strengthen salesforce and sales structure to focus on growth markets and generate higher revenue growth

2

Product development

Continue developing own branded products to support customers' requirement

3

Cross selling

Each business in Interconnect has access to different suppliers and products; these products can be sold more broadly

4

Acquisitions

Specialised niche distributors (e.g. Ident) to strengthen market position and/or to enter the European or North American markets

Extending Interconnect activities with own-branded products

Key Messages

1

The Interconnect business has developed substantially over the five years

2

A robust platform with high barriers to entry has been established

3

There is substantial further runway for growth over the next five years:

- Create a broader-based European cable harnessing business
- Build a larger, broader-based specialty fastener business
- Extend Interconnect activities with own-branded products
- Explore opportunities outside UK and Northern Continental Europe

4

We have a strong management team to deliver on the growth opportunities

