



HALF YEAR RESULTS FOR
THE SIX MONTHS ENDED 31 MARCH 2024

13 MAY 2024

DIPLOMA DELIVERS

SUSTAINABLE
QUALITY
COMPOUNDING

DIPLOMA PLC
VALUE-ADD SOLUTIONS

AGENDA

01 OVERVIEW

02 FINANCIAL PERFORMANCE

03 STRATEGY AND BUSINESS REVIEW



01

OVERVIEW

DIPLOMA PLC

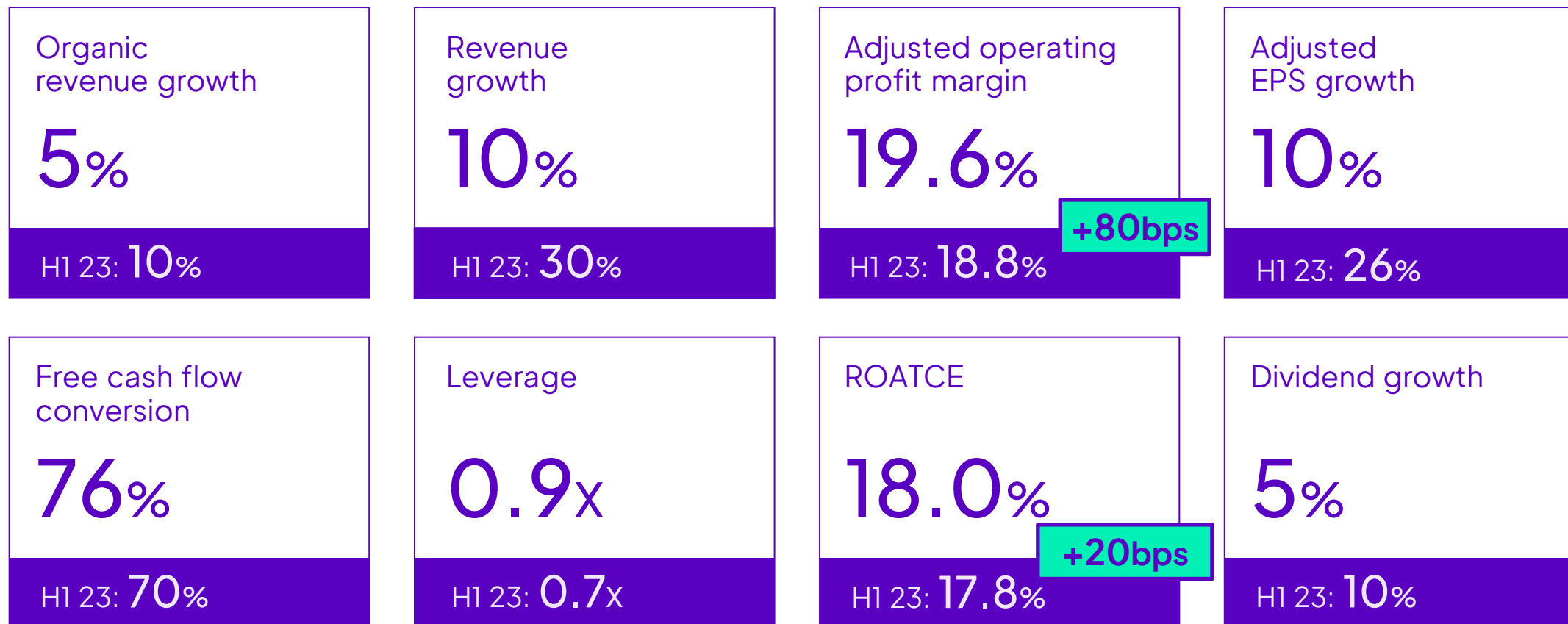
STRONG FIRST HALF, FULL YEAR UPGRADE

- Strong first half performance building on our **long-term compounding track record**
- Revenue diversification initiatives delivering strong **volume-led organic growth**
- **Acquisitions** driving growth at great returns: £284m invested in 6 new businesses¹ this year
- Scaling our differentiated value-add model to underpin sustainable **margin progression**
- **Upgrade** to full year guidance reflecting underlying momentum and recent acquisitions

Sustainable Quality Compounding

¹ Including Peerless and PAR which completed after the period end

STRONG PERFORMANCE



Margin progression delivered with sustainable organic growth

PEOPLE AND CULTURE

- Brilliant people
- Powerful **decentralised culture** is a differentiator
- **Scaling** business and Group effectively
- Building **management capability**
- Creating **networks** and **best practice** sharing





02

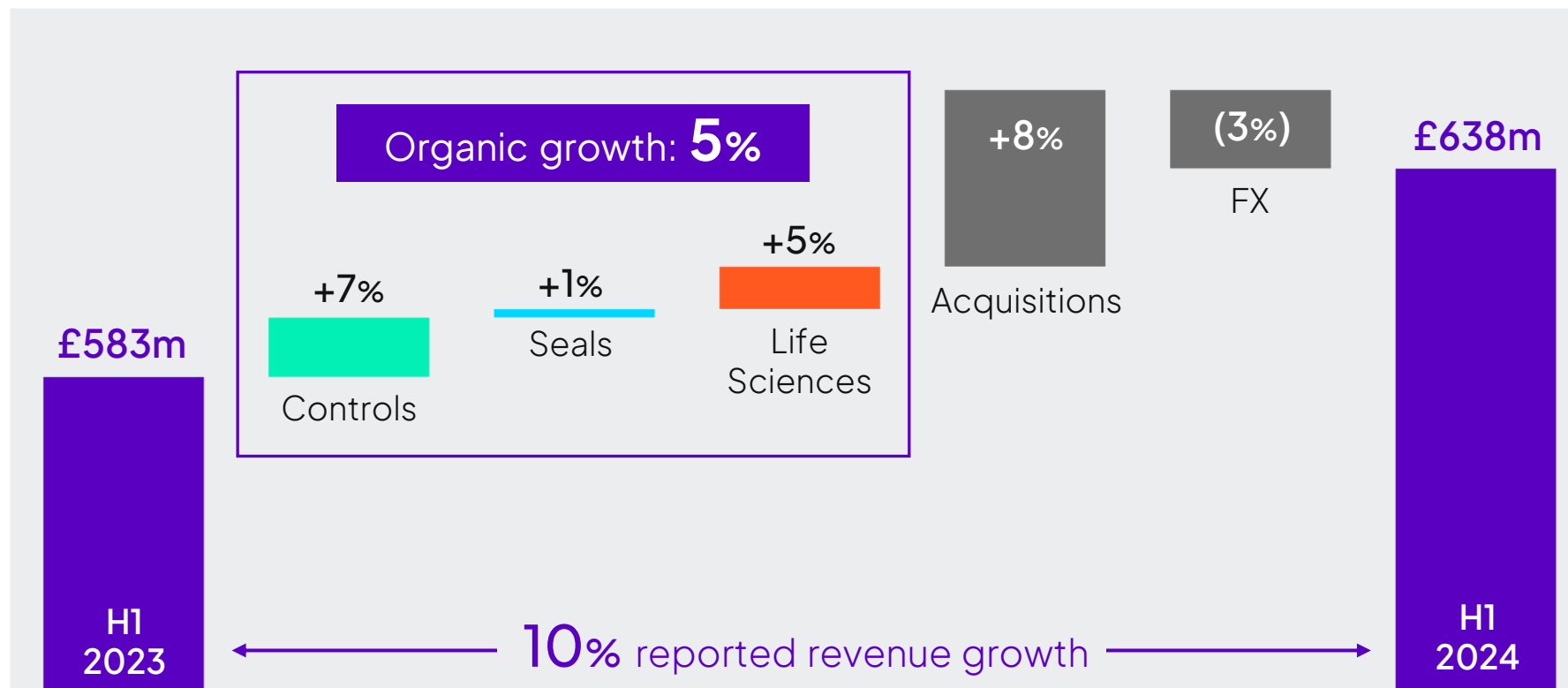
FINANCIAL
PERFORMANCE



DIPLOMA PLC

REVENUE

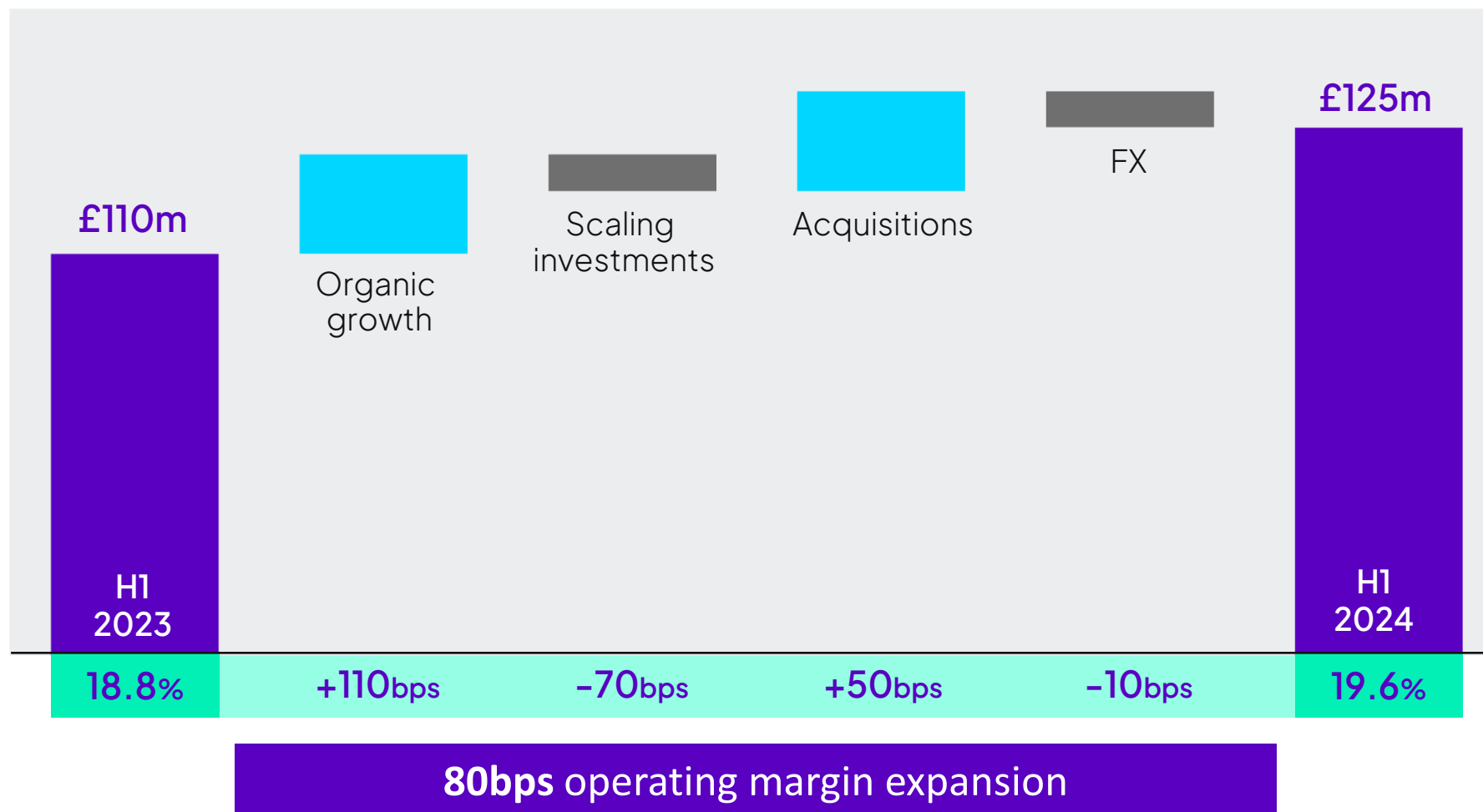
Six months ended 31 March



Revenue diversification driving strong volume-led organic growth

ADJUSTED OPERATING PROFIT & MARGIN

Six months ended 31 March



INCOME STATEMENT

Six months ended 31 March

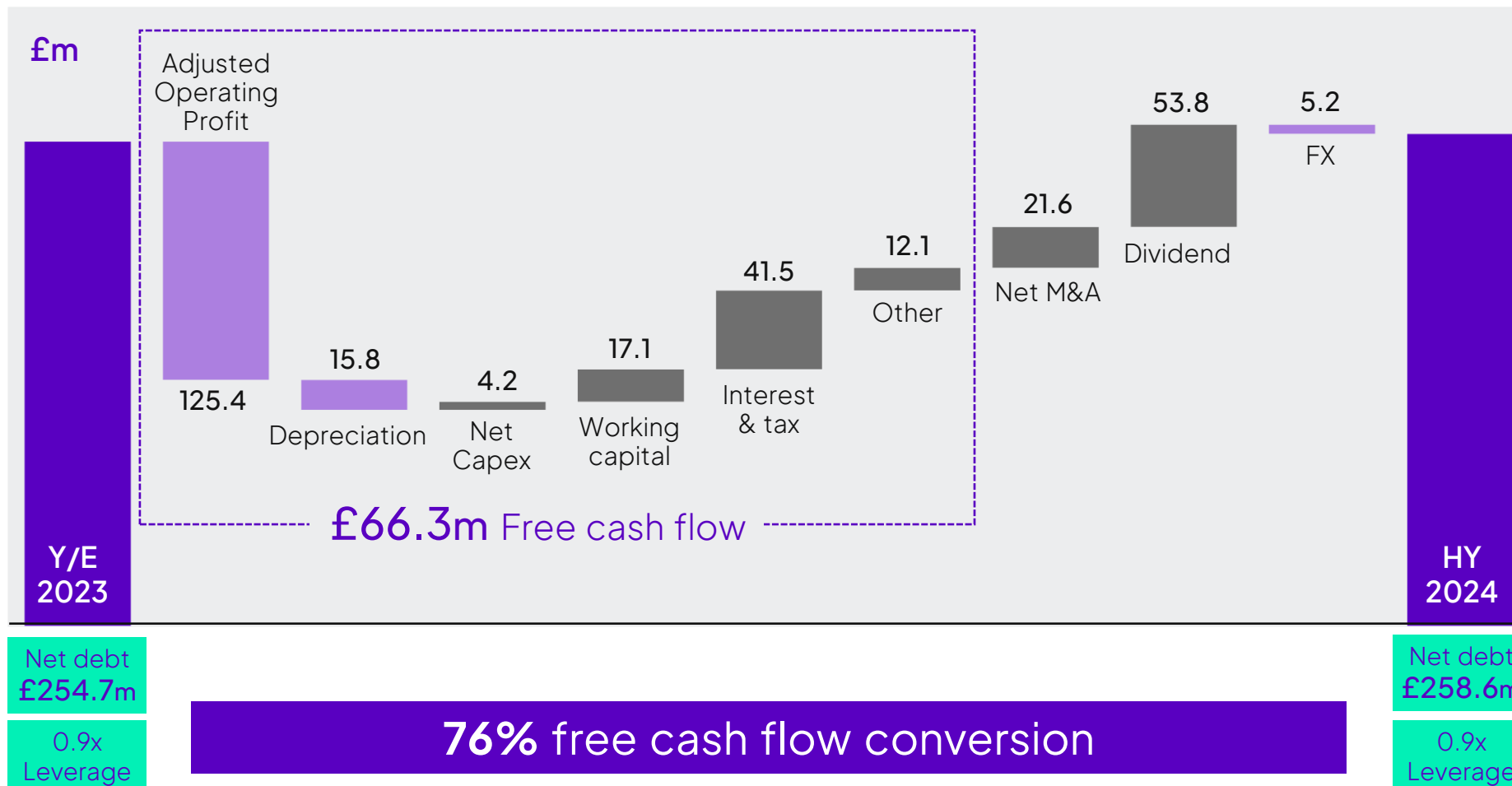
£m	H1'24	H1'23	Change
Revenue	638.3	582.8	+10%
Adjusted Operating profit	125.4	109.7	+14%
Operating margin (%)	19.6%	18.8%	
Interest expense	(10.2)	(11.0)	
Profit before tax	115.2	98.7	+17%
Effective tax rate	24%	25%	
Adjusted Earnings	87.2	74.1	+18%
Weighted average no. shares (m)	134.0	125.4	+7%
Adjusted Earnings per share	65.1p	59.1p	+10%
Interim dividend per share	17.3p	16.5p	+5%

Double digit EPS growth

All profit metrics are adjusted and stated before acquisition related and other charges and acquisition related finance charges

CASH FLOW

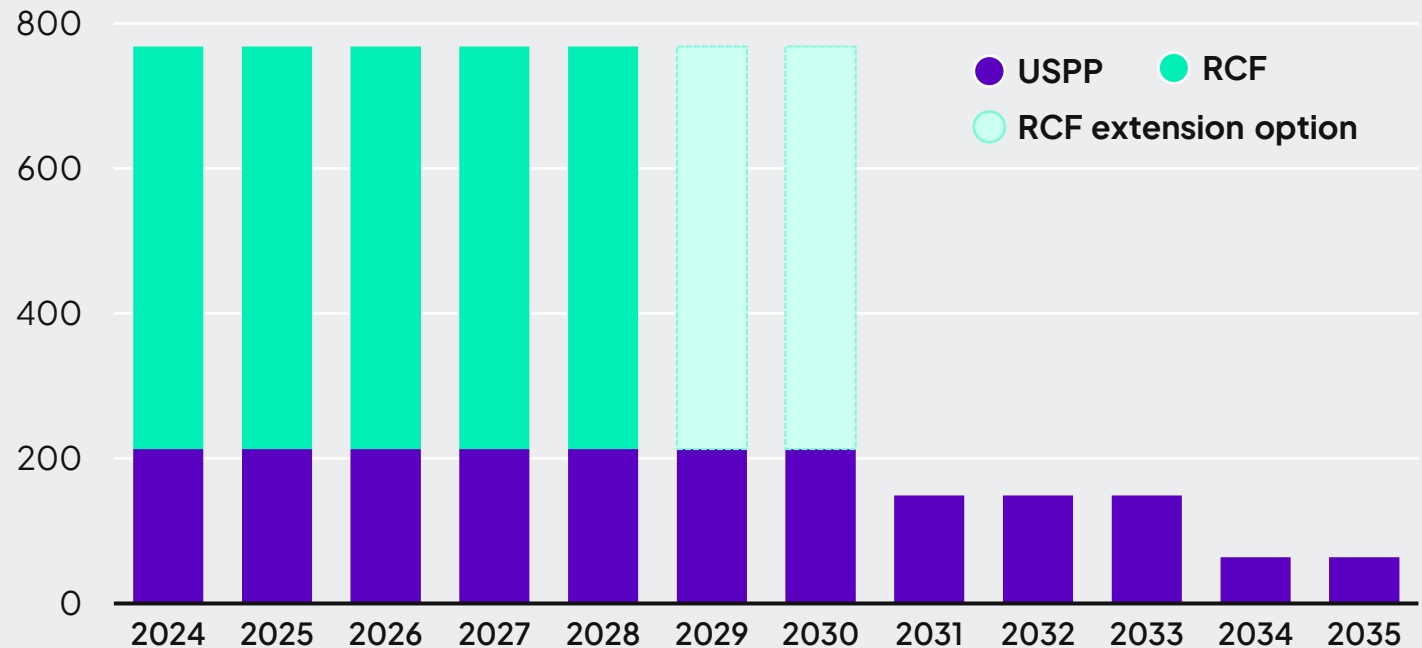
Six months ended 31 March



BALANCE SHEET STRENGTHENED

- £555m RCF
- Debut USPP
€250m @4.3%
- £506m cash and undrawn facilities at 31 March
- Average maturity of drawn debt 7.9 years
- Pension buy-in completed

Funding facilities (£m)



PUTTING CAPITAL TO WORK

PEERLESS ACQUISITION

£236m

ca. 7x
EBIT multiple

£108m
annualised revenue

15%
year 1 ROATCE

PAR ACQUISITION

£38m

ca. 7x
EBIT multiple

£13m
annualised revenue

14%
year 1 ROATCE

4 QUALITY BOLT ONS

£10m

ca. 4x
EBIT average multiple

£10m
annualised revenue

>20%
year 1 ROATCE

STRONG TRACK RECORD

£1.3bn¹
invested in 40 business

Organic growth
+16%

ROATCE
+16%

¹ Including acquisitions in FY24

Peerless and PAR transactions completed following the period end.

INCREASING GUIDANCE FOR FY24

**Strong performance in
underlying business**

Contribution from
Peerless and PAR

**Positive momentum
into H2**



- 5ppts **revenue growth upgrade** (at constant currency) to **ca.16%**
 - ca.6% organic
 - ca.10% acquisitions
- 80bps **operating margin upgrade** to **ca.20.5%**
(half from strong underlying performance, half from acquisitions)
- **EPS growth upgrade** to **ca. 15%**
- **Cash conversion** **ca.90%**
- **Leverage** of **1.3x** (before any further acquisitions)

Underlying momentum and accretive acquisitions



03

STRATEGY AND BUSINESS REVIEW

DIPLOMA PLC

BUILDING HIGH QUALITY SCALABLE BUSINESSES FOR SUSTAINABLE ORGANIC GROWTH

GROW

Organic growth in 3 buckets:

1 END MARKETS

2 GEOGRAPHIC
PENETRATION

3 PRODUCT
EXTENSION

Complementary acquisitions to drive future organic growth

SCALE

Value-add business model at scale

Powerful decentralised Group at scale

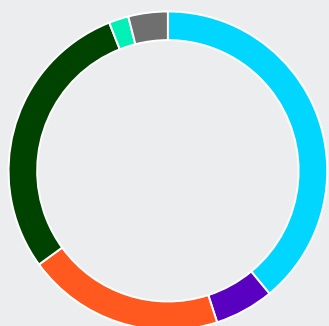
Deliver Value Responsibly

CONTROLS: EXCELLENT MARGIN PROGRESS

PERCENTAGE OF GROUP REVENUE*

49%

SECTOR REVENUE MIX



● **39%**
Windy City Wire
● **6%**
Wire & Cable (UK)
● **20%**
Interconnect
● **29%**
Specialty Fasteners
● **2%**
Specialty Adhesives
● **4%**
Industrial Automation

* Pro forma revenues adjusted for acquisitions and disposals completed during the year, plus Peerless

	H1 2024	H1 2023	Change
Revenue	£288.1m	£278.8m	+3%
Organic growth	+7%	+13%	
Adjusted operating profit	£69.9m	£64.3m	+9%
Adjusted operating margin	24.3%	23.1%	+120bps

H1 2024 highlights

- International controls: Strong organic growth with positive end market tailwinds and share gains
- Windy City Wire: Volume-led growth, with increasing exposure to datacentres
- Strategic development: Strengthened Specialty Fasteners aerospace reach through Peerless acquisition¹
- Margin +120bps: Product mix, leverage and accretive prior year acquisitions

¹ Completed on 1 May 2024

ACQUISITION OF PEERLESS

The fundamentals we look for in every deal

- **Quality value-add business** 30%+ margins
- **Strong organic growth** CAGR of 9%
- **Excellent management team** staying with the business

Strong strategic alignment

- **Structurally growing end market**
- **Geographic penetration** in US and Europe
- **Product range extension** from interiors to fuselage
- **Cross-sell opportunities**



EBIT multiple

7x

Annualised revenue

£108m

Year 1 ROATCE

15%

Year 1 EPS accretion

8%

Diploma:
The buyer of choice

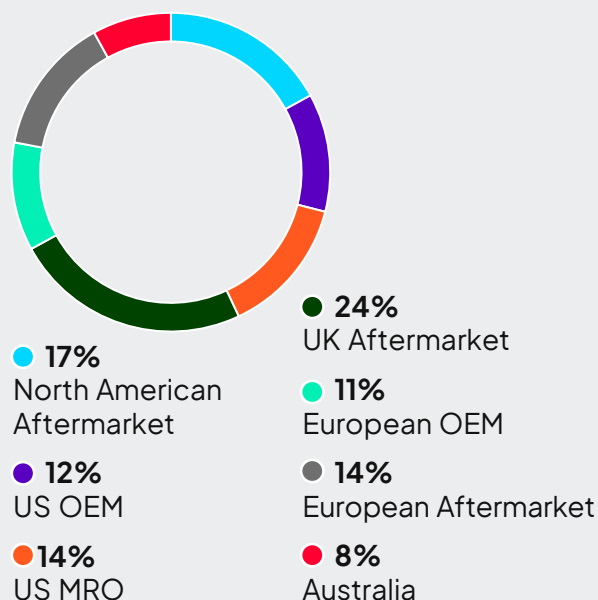
- Preserving a legacy
- Autonomy and accountability
- Access to capital
- Functional expertise and experience
- Part of a network

SEALS: RESILIENT PERFORMANCE

PERCENTAGE OF GROUP REVENUE*



SECTOR REVENUE MIX



* Pro forma revenues adjusted for acquisitions and disposals completed during the year, plus PAR Group

	H1 2024	H1 2023	Change
Revenue	£241.2m	£198.4m	+22%
Organic growth	+1%	+8%	
Adjusted operating profit	£44.3m	£35.7m	+24%
Adjusted operating margin	18.4%	18.0%	+40bps

H1 2024 highlights

- Resilient performance, improved momentum into H2
- Destocking tough in H1, now improving
- International Seals:
 - Strong organic growth from UK Aftermarket (R&G) and Australia
 - European Aftermarket (DICSA) market share gains, well set up for H2
- North American Seals: Strong demand in MRO
- Strategic development:
 - Geographical penetration and cross-sell opportunities with DICSA
 - R&G completed 3 acquisitions, including PAR Group¹

¹ Completed on 30 April 2024

R&G: JOURNEY SINCE ACQUISITION



Excellent progress to date

Strong organic growth ca.10% CAGR since 2022 acquisition

Margin progression from 13% to ca.18%

Successful bolt-on strategy

9 bolt-ons at 4-5x multiples

Significant pipeline of quality bolt ons

PAR Group acquisition highly complementary

Investing in scaling

Simplified organisation 4 distinct divisions

Strengthened management capability and capacity

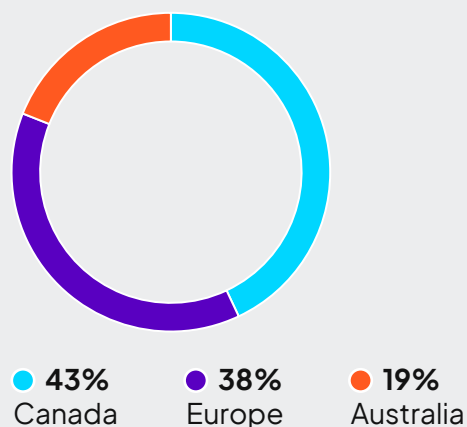
Upgraded systems and facilities

LIFE SCIENCES: CONSISTENT DELIVERY

PERCENTAGE OF GROUP REVENUE*



SECTOR REVENUE MIX



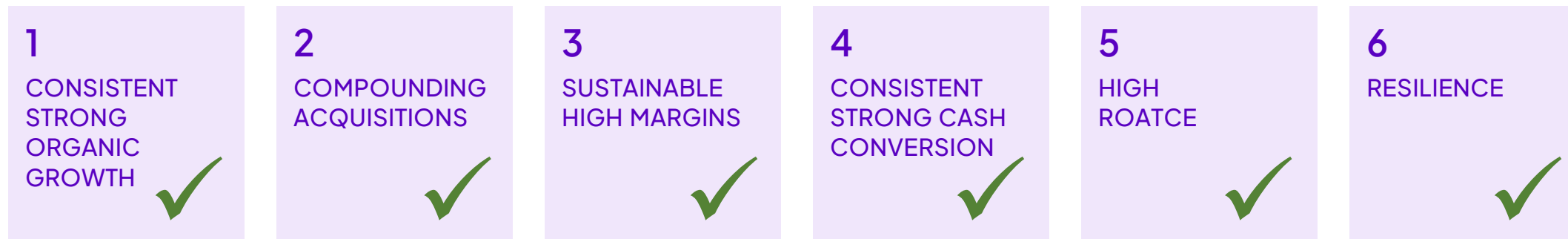
* Pro forma revenues adjusted for acquisitions and disposals completed during the year

	H1 2024	H1 2023	Change
Revenue	£109.0m	£105.6m	+3%
Organic growth	+5%	+4%	
Adjusted operating profit	£21.6m	£20.9m	+3%
Adjusted operating margin	19.8%	19.8%	-

H1 2024 highlights

- Organic growth of 5%:
 - Normalisation of market dynamics post-pandemic
 - Strong diagnostic performance, particularly in Australia
 - Surgical recovered to pre-pandemic levels
- Strategic development:
 - Expanding Business Development capability to drive future growth
 - Operational consolidation in Australia and Canada will drive improved service and margins
- Consistent, strong margins

SUSTAINABLE QUALITY COMPOUNDING



- Strong first half performance building on our **long-term compounding track record**
- Revenue diversification initiatives delivering strong **volume-led organic growth**
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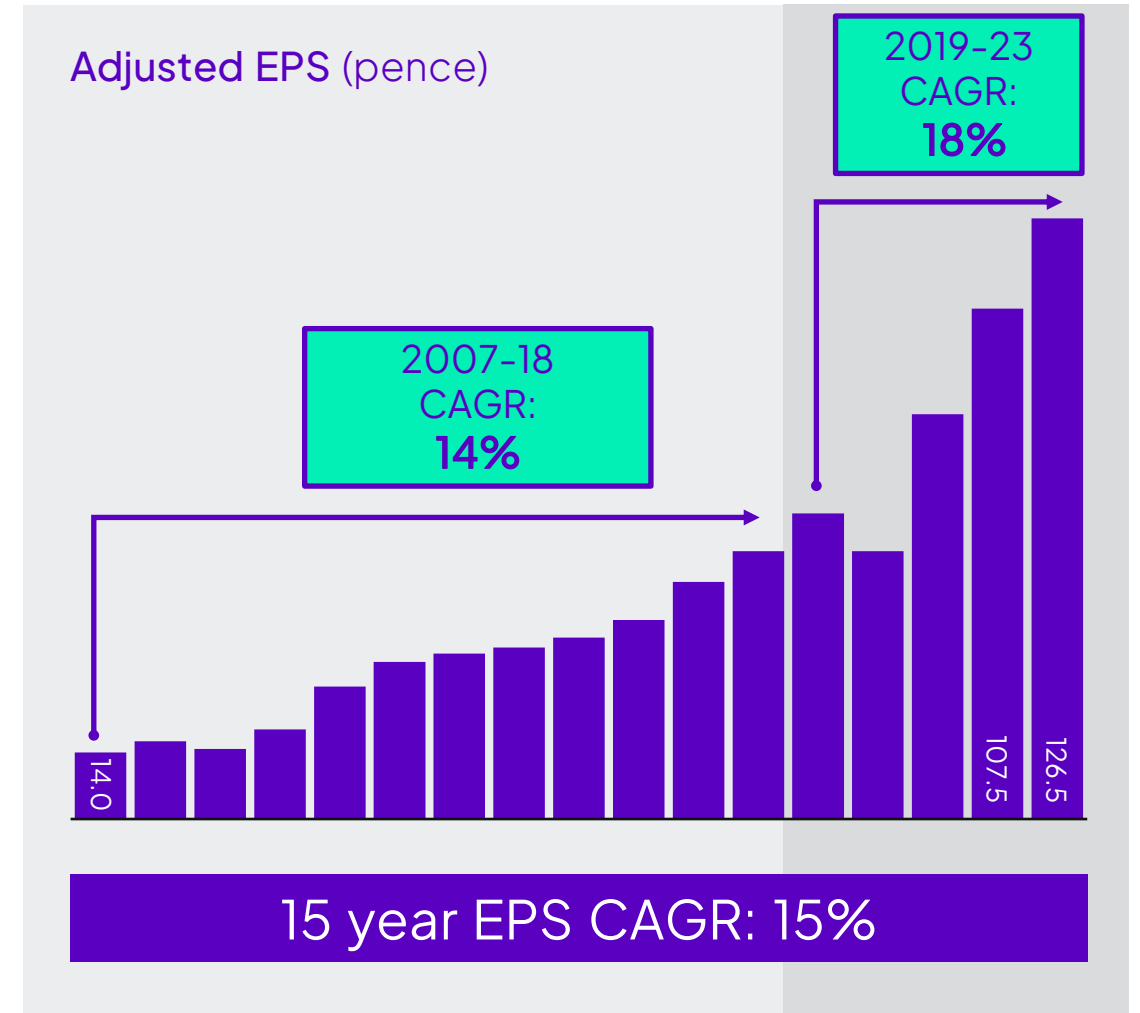
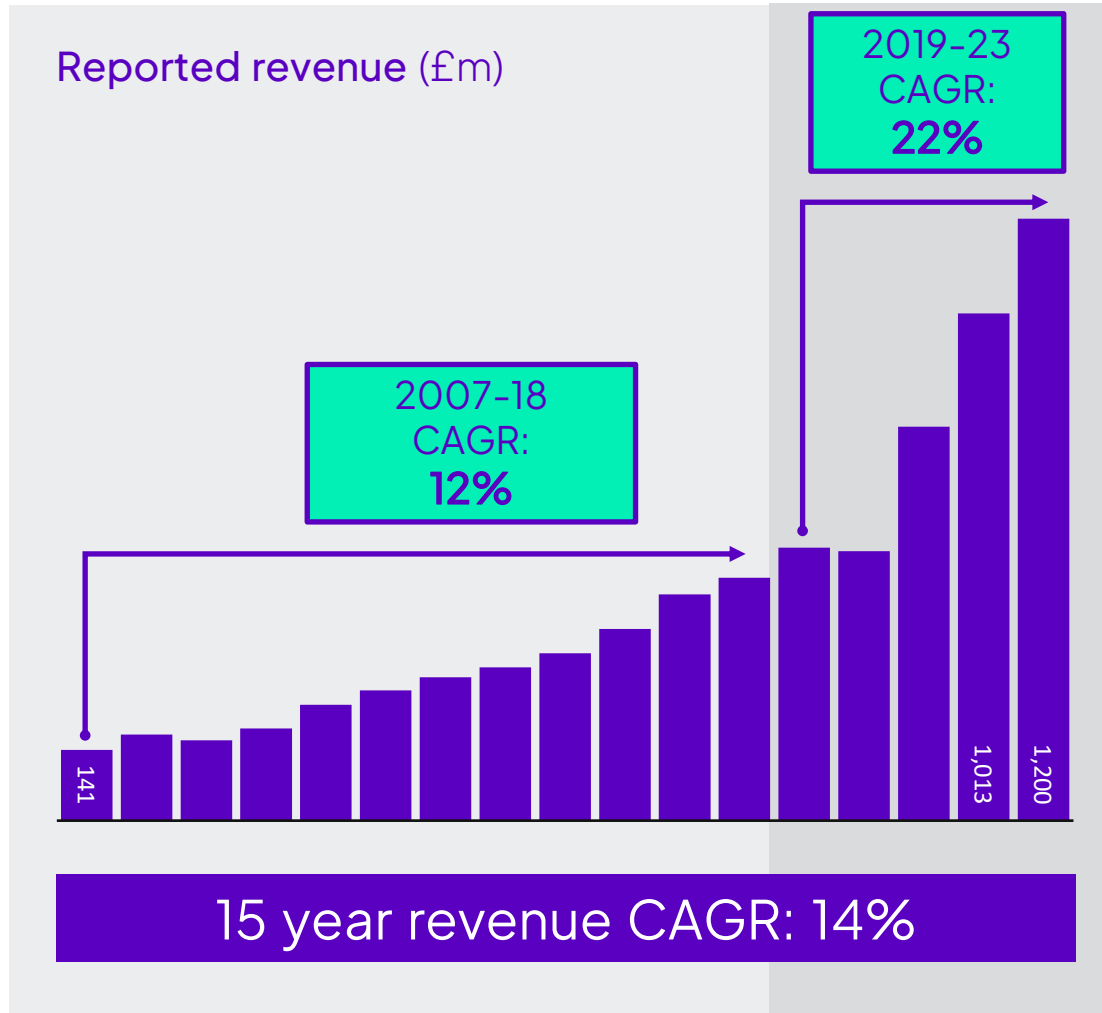
A close-up photograph of industrial machinery, specifically a series of metallic rollers or pulleys arranged in a row. The rollers are made of polished metal and are mounted on a dark, industrial frame. A semi-transparent purple rectangular overlay is positioned on the right side of the image, containing the text '04' and 'APPENDIX'.

04




APPENDIX

DIPLOMA PLC

OUR TRACK RECORD



SIGNIFICANT “WHITE SPACE”

			US	CANADA	UK&I	GERMANY	FRANCE	SPAIN	OTHER EU	ANZ
CURRENT Addressable Market	Controls 	Wire & Cable								
		Interconnect								
		Specialty Fasteners								
		Specialty Adhesives								
		Industrial Automation								
	Seals 	Seals								
		Gaskets								
		Hoses & Fittings								
		Pumps / Valves								
	Life Sciences 	Diagnostics								
		Surgical / Critical Care								
		Endoscopy								
GROWING Addressable Market										
New product verticals				Market share	Significant	Moderate		Small		White space

DISCIPLINED CAPITAL ALLOCATION

High teens ROATCE

H1 24: 18.0% +20bps

i

Investment for organic growth

Capital-light model
(ca. 2% capex/revenue)
drives 90%+ cash conversion

ii

Targeted acquisitions to drive future organic growth

Acquisitions deliver 20%
ROATCE over time

iii

Returns to shareholders

Progressive dividend,
5% annual growth

iv

Balance sheet prudence

Net debt / EBITDA
< 2.0x

DELIVERING VALUE RESPONSIBLY

Delivering for the Environment		Delivering for our People		Doing Business Responsibly																																					
Climate Action	Waste Reduction	Diversity, Equity & Inclusion	Colleague Engagement	Supply Chain	Health & Safety																																				
Scope 1 & 2 emission intensity (tCO ₂ e/ £1mill)	Waste sent to landfill	Women in senior management teams	Employee Survey scores	Key suppliers aligned to our ethical code	Lost time accident freq. rate																																				
<table><tr><td>2021</td><td>NA</td></tr><tr><td>2022</td><td>7.4</td></tr><tr><td>2023</td><td>7.2</td></tr></table>	2021	NA	2022	7.4	2023	7.2	<table><tr><td>2021</td><td>NA</td></tr><tr><td>2022</td><td>60%</td></tr><tr><td>2023</td><td>32%</td></tr></table>	2021	NA	2022	60%	2023	32%	<table><tr><td>2021</td><td>24%</td></tr><tr><td>2022</td><td>27%</td></tr><tr><td>2023</td><td>28%</td></tr></table>	2021	24%	2022	27%	2023	28%	<table><tr><td>2021</td><td>79%</td></tr><tr><td>2022</td><td>79%</td></tr><tr><td>2023</td><td>80%</td></tr></table>	2021	79%	2022	79%	2023	80%	<table><tr><td>2021</td><td>NA</td></tr><tr><td>2022</td><td>59%</td></tr><tr><td>2023</td><td>73%</td></tr></table>	2021	NA	2022	59%	2023	73%	<table><tr><td>2021</td><td>10.1</td></tr><tr><td>2022</td><td>10.6</td></tr><tr><td>2023</td><td>9.5</td></tr></table>	2021	10.1	2022	10.6	2023	9.5
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Progress against all our priorities

FINANCIAL KPIS

Five year trends

	2023	2022	2021	2020	2019	5yr average growth
Revenue	£1,200.3m	£1,012.8m	£787.4m	£538.4m	£544.7m	
Reported growth	+19%	+29%	+46%	(1%)	+12%	20%
Organic growth	+8%	+15%	+12%	(7%)	+5%	7%
Adjusted operating margin	19.7%	18.9%	18.9%	16.2%	17.8%	18%
Adjusted EPS growth	+18%	+26%	+51%	(12%)	+14%	18%
Free cash flow	£163.8m	£120.4m	£108.8m	£72.5m	£56.5m	
Free cash conversion (%)	100%	90%	103%	113%	78%	97%
ROATCE	18.1%	17.3%	17.4%	19.1%	22.9%	19%

SECTOR REVENUE AND PROFIT

	Revenue		
	H1 24 £m	H1 23 £m	Change
Controls	288.1	278.8	+3%
Seals	241.2	198.4	+22%
Life Sciences	109.0	105.6	+3%
Group	638.3	582.8	+10%

	Organic growth	
	H1 24 %	H1 23 %
	+7	+13
	+1	+8
	+5	+4
Group	+5	+10

	Adjusted operating profit		
	H1 24 £m	H1 23 £m	Change
Controls	69.9	64.3	+9%
Seals	44.3	35.7	+24%
Life Sciences	21.6	20.9	+3%
Central costs	(10.4)	(11.2)	
Group	125.4	109.7	+14%

	Adjusted operating margin		
	H1 24 %	H1 23 %	Change
	24.3	23.1	+120bps
	18.4	18.0	+40bps
	19.8	19.8	-
	-	-	-
Group	19.6	18.8	+80bps

BALANCE SHEET

£m, as at 31 March	H1 24	H1 23
Goodwill and acquisition intangible assets	919.6	826.1
Tangible and other intangible assets	62.5	53.4
Net lease liabilities	(6.6)	(7.0)
Net working capital	237.3	195.5
Trading capital employed – reported	1,212.8	1,068.0
<i>ROATCE</i>	18.0%	17.8%
Retirement benefit assets, net	1.1	8.8
Acquisition liabilities and assets, net	(20.9)	(23.1)
Net bank debt	(258.6)	(154.0)
Minority interests and deferred tax, net	(60.4)	(43.0)
Total shareholders' funds (excluding minority interests)	874.0	856.7