



FULL YEAR RESULTS FOR
THE YEAR ENDED 30 SEPTEMBER 2024

19 NOVEMBER 2024

STRONG GROWTH
AT GREAT RETURNS



DIPLOMA PLC
VALUE-ADD SOLUTIONS

AGENDA

01 OVERVIEW

02 FINANCIAL PERFORMANCE

03 STRATEGY AND BUSINESS REVIEW



01

OVERVIEW

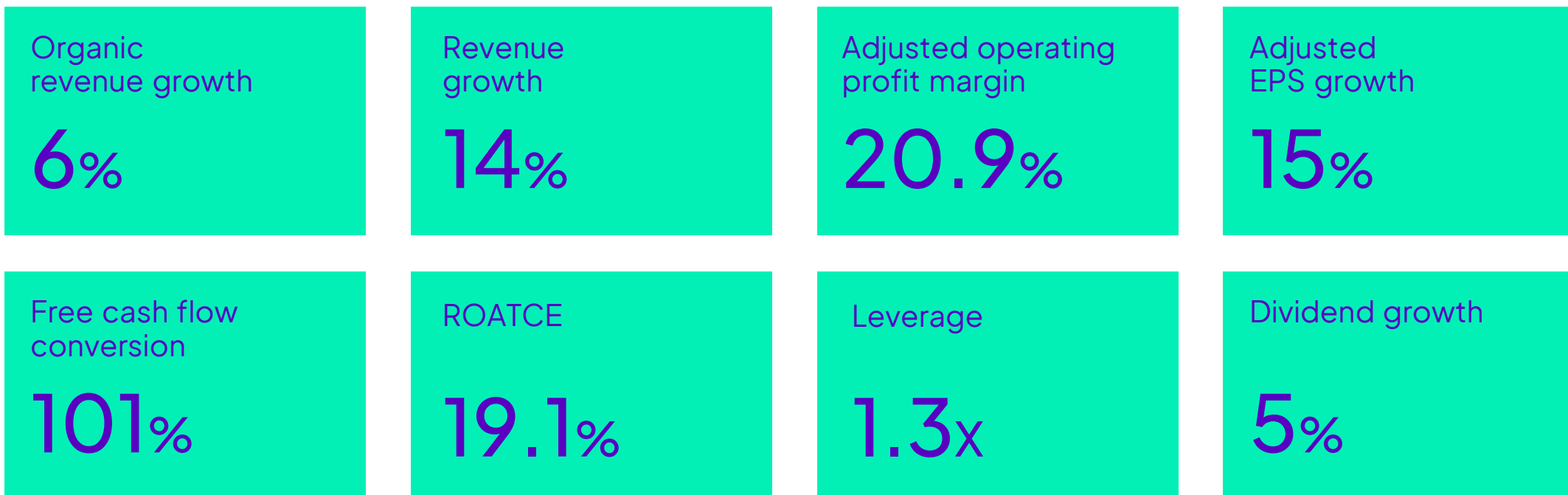
DIPLOMA PLC

GREAT PROGRESS

- **Strong performance** building on our long-term compounding track record
- **Volume-led organic growth** of 6%, despite tougher markets
- **Acquisitions:** accelerating growth at great returns and strong margins: £293m invested in 7 new businesses
- **Portfolio discipline:** disposal of 3 non-core entities for £45m
- Scaling our differentiated value-add model underpins **margin progression**
- **Discipline:** High returns, cash generation and strong balance sheet

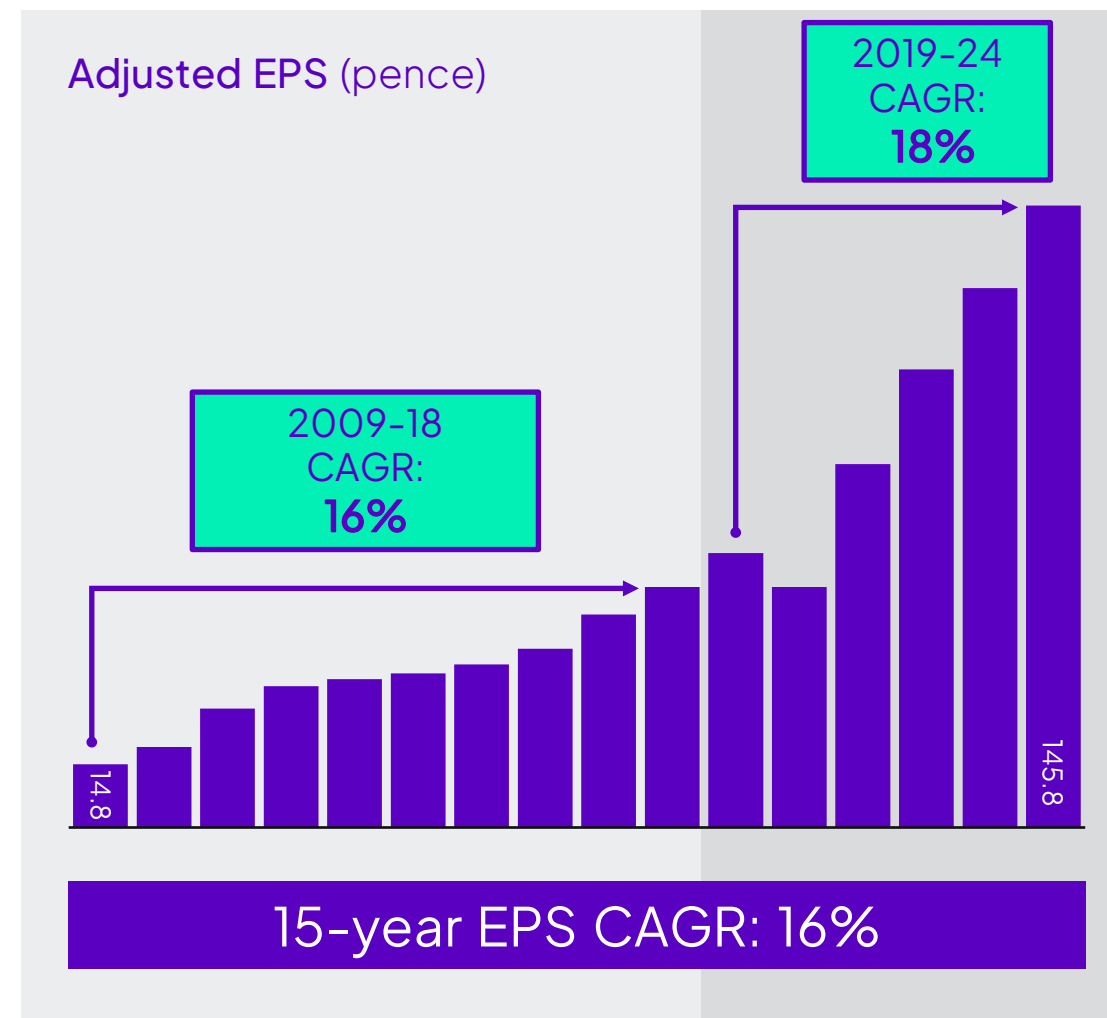
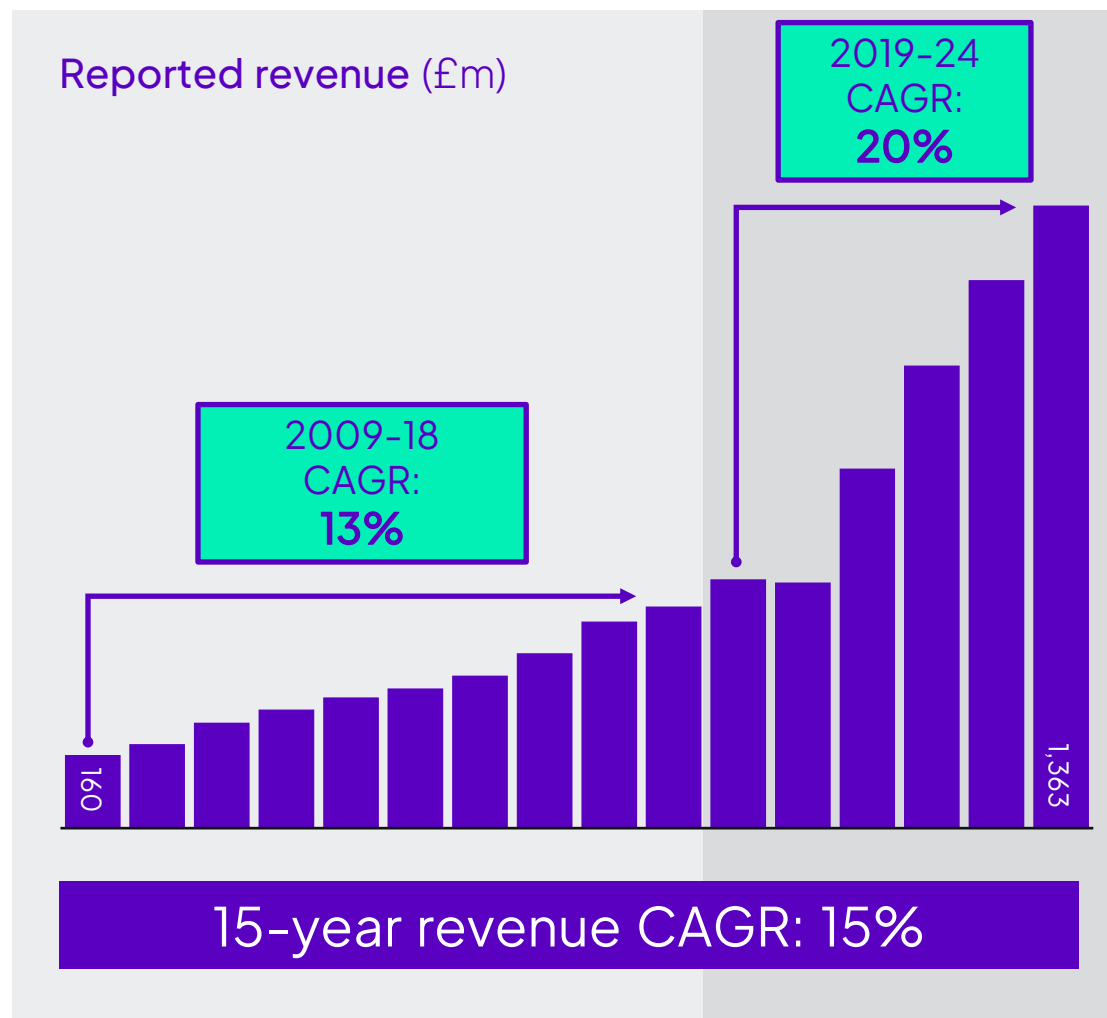
Positive outlook

STRONG PERFORMANCE



Sustainable Quality Compounding

OUR TRACK RECORD



PEOPLE AND CULTURE

- Brilliant people
- Powerful **decentralised culture**
- Developing our **management capability**
- Creating **networks** and **best practice** sharing
- Engagement score: **79%**



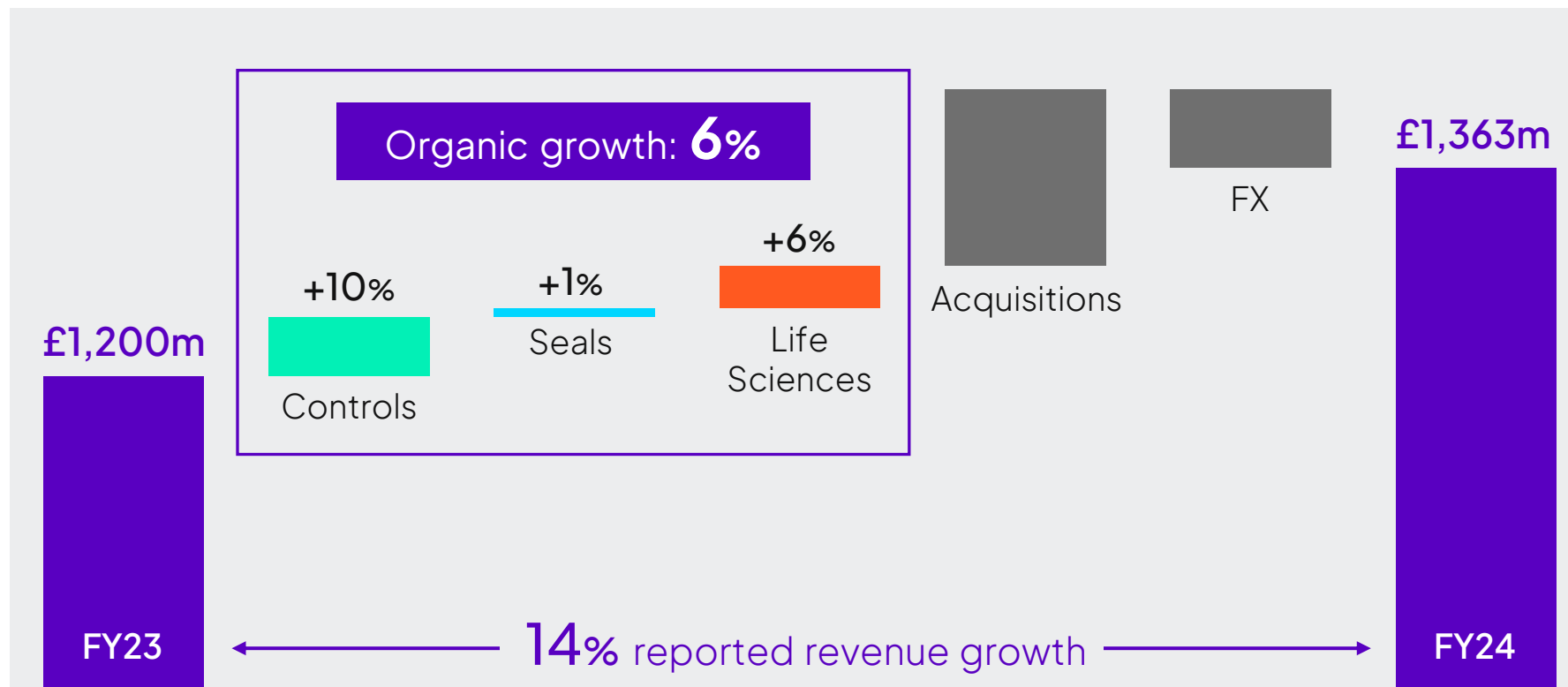


02

FINANCIAL
PERFORMANCE

REVENUE GROWTH

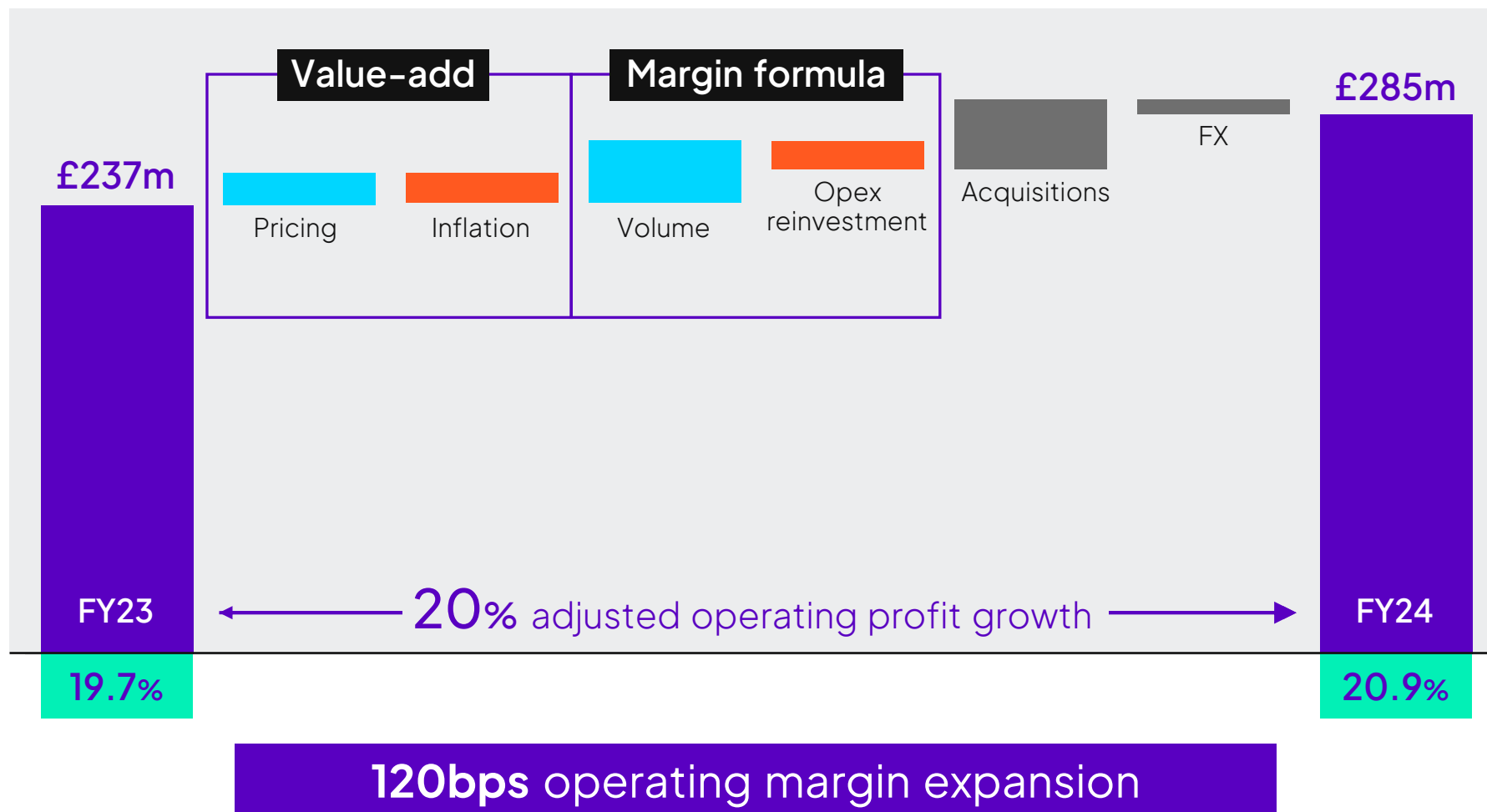
Year ended 30 September



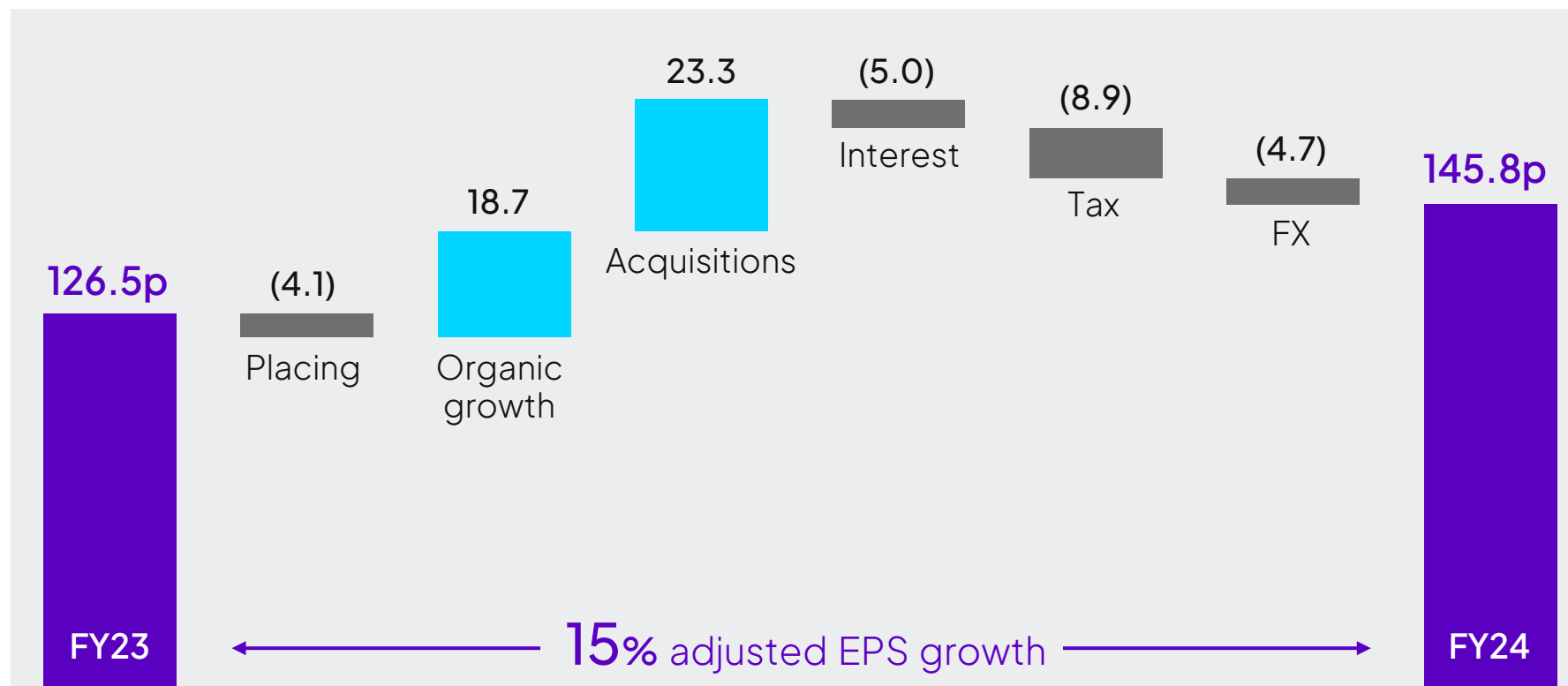
Revenue diversification driving strong volume-led organic growth

OPERATING MARGIN EXPANSION

Year ended 30 September



COMPOUNDING EPS GROWTH

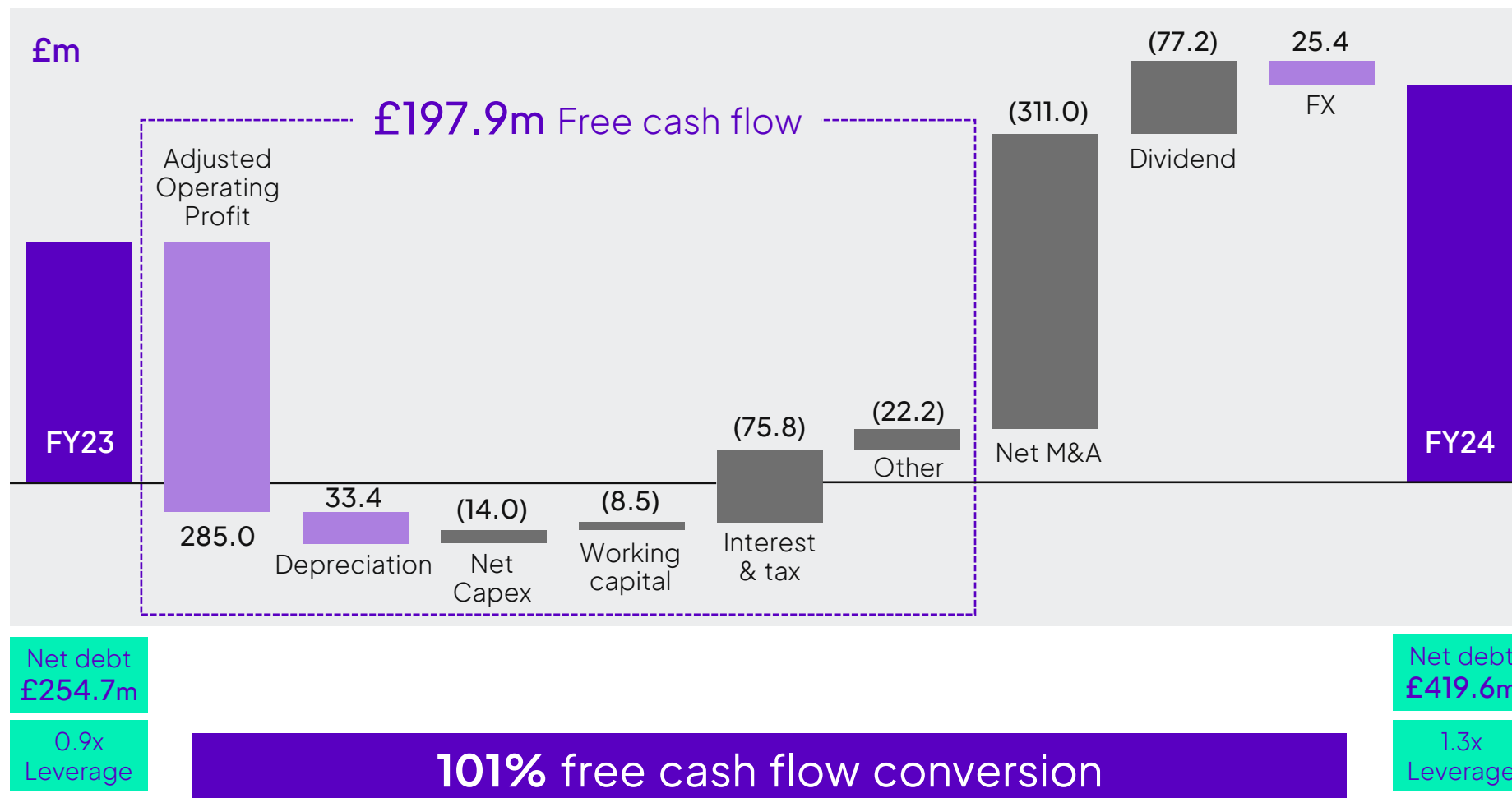


Constant currency adjusted EPS growth of 19%

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

STRONG CASH CONVERSION

Year ended 30 September



ACCELERATING GROWTH THROUGH ACQUISITIONS

PEERLESS ACQUISITION

£243_m

ca. 7x
EBIT multiple¹

22%
year 1 ROATCE²

PAR ACQUISITION

£37_m

ca. 7x
EBIT multiple¹

14%
year 1 ROATCE²

5 QUALITY BOLT ONS

£13_m

ca. 4x
EBIT average multiple¹

>20%
year 1 ROATCE²

STRONG TRACK RECORD

£1.3bn³
invested in 41 businesses

ROATCE
+17%

Putting capital to work

- 1. At the time of acquisition announcement
- 2. Based on last 12 months of EBIT to 30 September 2024
- 3. Since 2019

PORTFOLIO DISCIPLINE

THREE DISPOSALS

£45m

7x
EBIT multiple

1 CONTROLS
Gremtek (part of ISG)

2 SEALS
Kubo
Pennine (part of R&G)

MEASURED CAPITAL DISCIPLINE

7 DISPOSALS
since 2019

6x
EBIT multiple

We sell for two reasons:

- Not value-add distribution
- We're not the right home to grow and scale

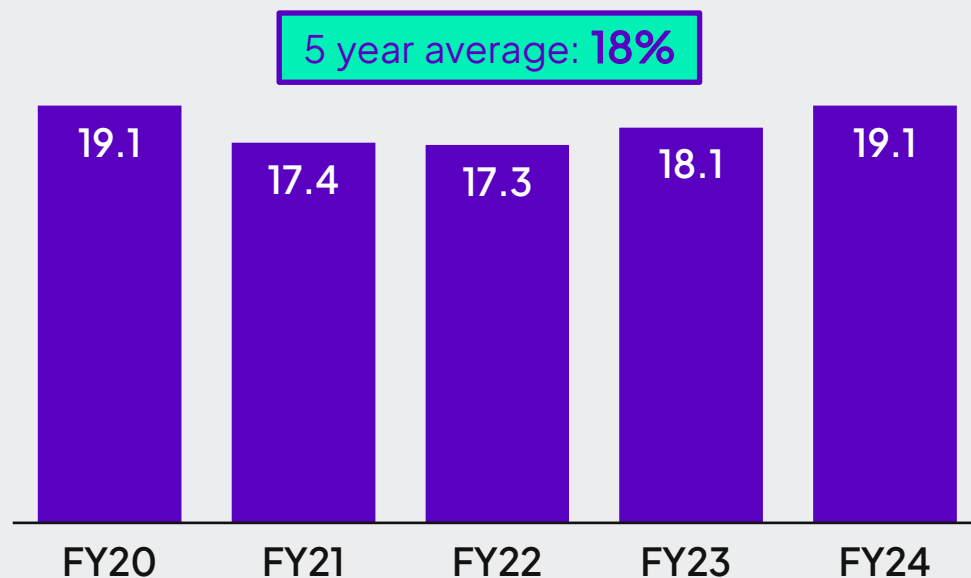
We are long-term holders:

- We do not sell because of challenging performance

Recycling at 20% ROATCE will yield 3% EPS accretion

DISCIPLINED STEWARDSHIP OF CAPITAL

ROATCE (%)



CAPITAL ALLOCATION PRIORITIES

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

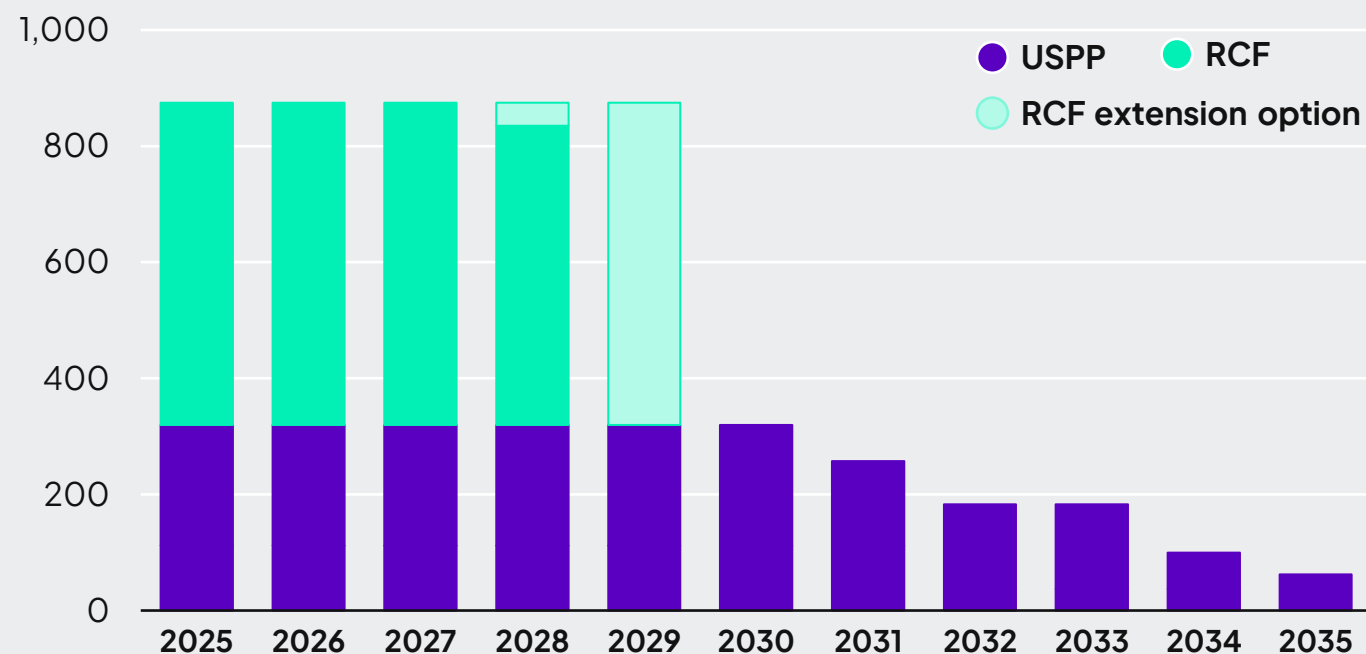
Net debt / EBITDA < 2.0x

100bps increase in ROATCE to 19.1%

BALANCE SHEET STRENGTHENED

- £555m RCF
- Debut USPP(EUR)
€250m @4.3%¹
- Subsequent USPP(USD)
\$150m @5.4%¹
- £450m cash and undrawn
facilities at 30 Sep
- Average maturity of drawn debt
7.6 years
- Pension buy-in completed

Funding facilities (£m)



Capacity to support sustained profitable growth

1. Weighted average rates

UPDATING OUR FINANCIAL MODEL

Ambitious...

Organic revenue growth is our first priority

5%

Total revenue growth accelerated by quality acquisitions*

10%

Value-add drives strong operating margins

20%+

Compounding EPS growth

Double digit

...with Discipline

Capital-light business model drives strong cash conversion

90%

Capital stewardship focused on strong ROATCE

High teens

Balance sheet discipline maintains prudent leverage

< 2.0x

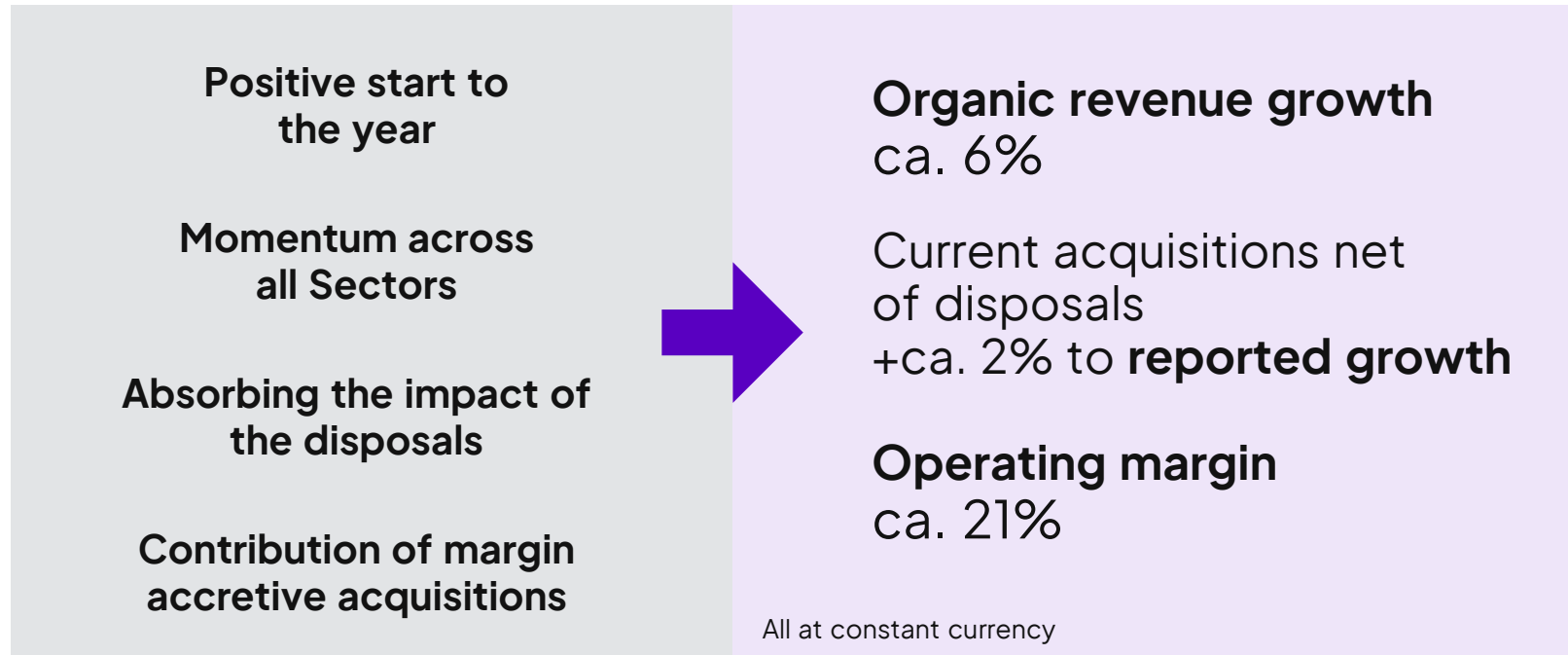
Return to shareholders with a progressive dividend

5%

Sustainable Quality Compounding

* At constant currency

FY25 GUIDANCE



Positive outlook



03

STRATEGY AND BUSINESS REVIEW

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

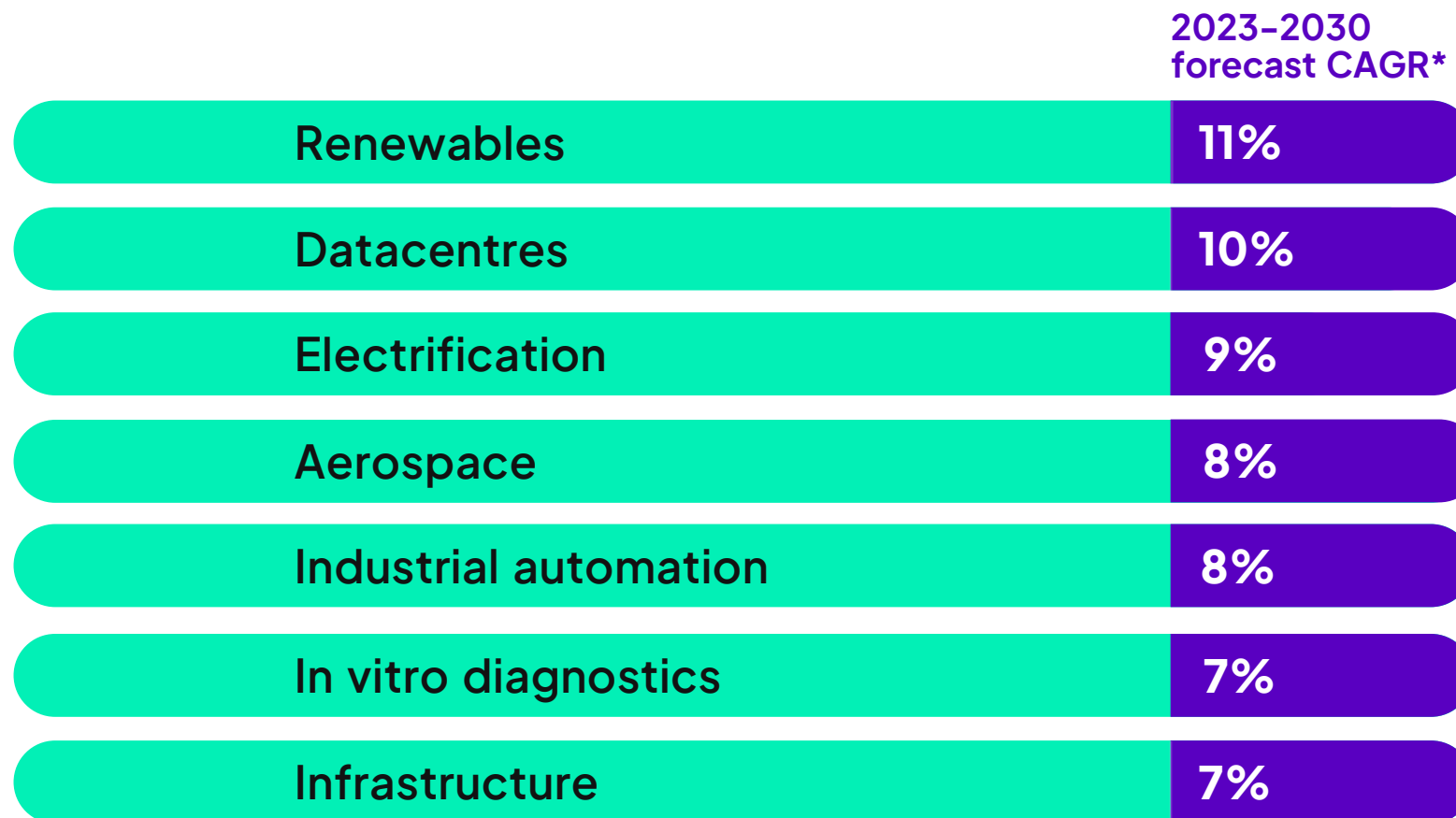
SCALE

Value-add business model at scale

Powerful decentralised Group at scale




Deliver Value Responsibly

END MARKETS (BUCKET 1)



* Approximate growth rates based on company market data and research

SIGNIFICANT “WHITE SPACE” (BUCKETS 2 & 3)

			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 	IVD								
		Medtech								
		Scientific								
GROWING Addressable Market		<div>↓ New product verticals ↓</div>	Market share		Significant	Moderate	Small	White space		

SALES EXECUTION

GREAT KEY ACCOUNT MANAGEMENT

- Relationships
- Agile and responsive
- Technical know-how
- Share of wallet
- End market concentrated



GREAT BUSINESS DEVELOPMENT

- Strategic sales leadership
- Developing new markets
- Broader end market knowledge
- Scalable sales processes
- Hunter capability and culture

Improving our growth execution

STRONG AND BROAD ACQUISITION PIPELINE



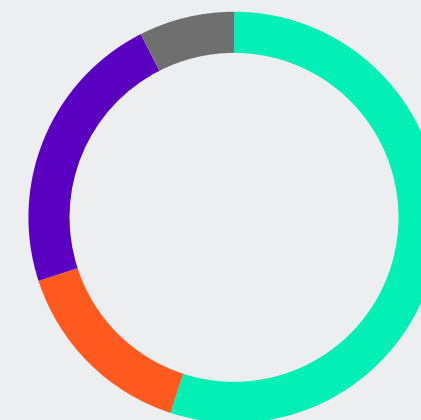
AVERAGE **SIZE** **ca.£25m**
by enterprise value

WELL **DIVERSIFIED**
by sector /geography (by number of opportunities)

SEALS
46%

CONTROLS
32%

LIFE SCIENCES
22%



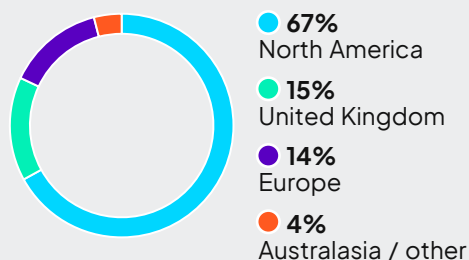
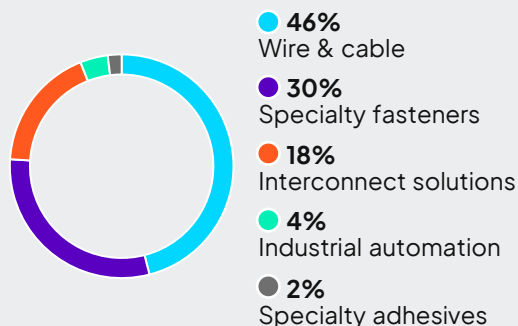
US Europe
UK Australia

CONTROLS: EXCELLENT PROGRESS

PERCENTAGE OF GROUP REVENUE*

52%

SECTOR REVENUE MIX



* Pro forma revenues adjusted for acquisitions and disposals completed since the start of FY24

	FY24	FY23	Change
Revenue	£652.4m	£568.4m	+15%
Organic growth	+10%	+11%	
Adjusted operating profit	£169.9m	£136.6m	+24%
Adjusted operating margin	26.0%	24.0%	+200bps

FY24 highlights

- International Controls: share gains and positive end market tailwinds
- Peerless¹: Very strong start
- Windy City Wire: Volume-led growth, supported by diversification into datacentres
- Disposed of Gremtek, part of ISG, in October FY25
- Margin +200bps: Product mix, leverage and accretive acquisitions

¹ Completed on 1 May 2024

PEERLESS: FANTASTIC START

A great acquisition....

- **Excellent management team** remain with the business
- **Quality value-add business** strong margins
- Reputation for **quality product and availability**
- **Strong organic growth** historic 9% CAGR
- **Structurally growing** end market
- **Diversified customer base**



...Exciting prospects

- **10 year+** new build **backlog**
- **Buoyant MRO** environment
- Highly **complementary** to existing fasteners business
- **Well positioned** in the supply chain
- **Really strong performance** (which will moderate)

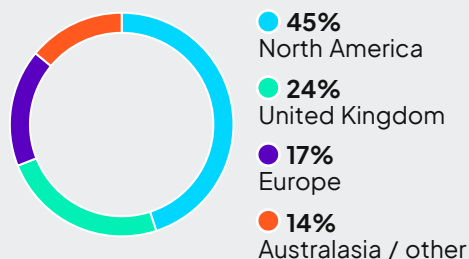
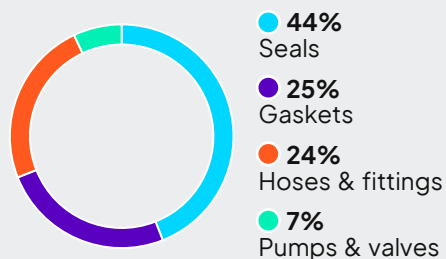


SEALS: RESILIENT PERFORMANCE

PERCENTAGE OF GROUP REVENUE*



SECTOR REVENUE MIX



* Pro forma revenues adjusted for acquisitions and disposals completed since the start of FY24

	FY24	FY23	Change
Revenue	£489.1m	£419.0m	+17%
Organic growth	+1%	+5%	
Adjusted operating profit	£90.7m	£79.0m	+15%
Adjusted operating margin	18.5%	18.9%	-40bps

FY24 highlights

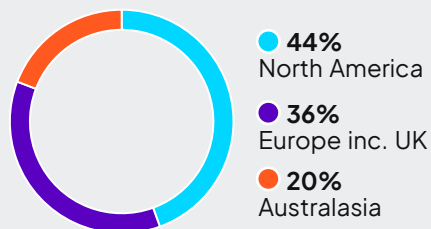
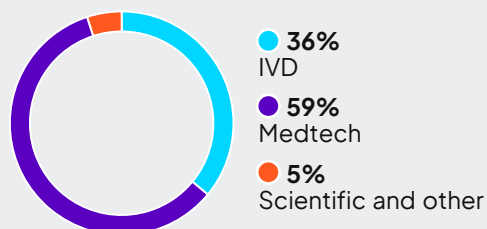
- Resilient performance in challenging markets
- Destocking normalised in H2 but industrial markets still tough
- International Seals: Renewables and water treatment business gave some balance
- North American Seals: Strong performance in VSP
- Opportunity taken to invest in businesses, strengthening position for future growth
- Strategic development:
 - 4 acquisitions in UK expanding end markets and extending product range
 - Disposed of 2 small non-core European entities
 - Cross-sell opportunities with DICSA starting

LIFE SCIENCES: GOOD MOMENTUM

PERCENTAGE OF GROUP REVENUE*



SECTOR REVENUE MIX



	FY24	FY23	Change
Revenue	£221.9m	£212.9m	+4%
Organic growth	+6%	+8%	
Adjusted operating profit	£46.8m	£43.2m	+8%
Adjusted operating margin	21.1%	20.3%	+80bps

FY24 highlights

- Organic growth momentum in stabilised markets
- Strong performance and market share gains in Australia and Canada. Portfolio refocusing in Europe
- Strategic development:
 - Significant scaling investments will drive improved growth, service and efficiency
 - Business Development capability to drive future growth
 - Leveraging cross-sector expertise, capabilities and relationships
- Strong margin performance

SCALING LIFE SCIENCES

- Scaling **strategy in action** – investing to drive improvement
- **Investment in talent** – Sector leadership and regional management
- **Upgraded facilities** – forming hubs in key locations
- **Commercial benefits** – improved service and efficiency
- A **platform ready for growth**



SUSTAINABLE QUALITY COMPOUNDING



- **Strong performance** building on our long-term compounding track record
- **Volume-led organic growth** of 6%, despite tougher markets
- **Acquisitions:** accelerating growth at great returns and strong margins: £293m invested in 7 new businesses
- **Portfolio discipline:** disposal of 3 non-core entities for £45m
- Scaling our differentiated value-add model underpins **margin progression**
- **Discipline:** High returns, cash generation and strong balance sheet
- **Positive outlook**



04

APPENDIX

DIPLOMA PLC

INCOME STATEMENT

Year ended 30 September

£m	FY 24	FY 23	Change
Revenue	1,363.4	1,200.3	+14%
Adjusted Operating profit	285.0	237.0	+20%
Operating margin (%)	20.9%	19.7%	
Financial expense, net	(27.0)	(20.4)	
Profit before tax	258.0	216.6	+19%
Effective tax rate	24%	24%	
Adjusted Earnings	196.1	164.6	+19%
Weighted average no. shares (m)	134.0	129.7	+3%
Adjusted Earnings per share	145.8p	126.5p	+15%
Total dividend per share	59.3p	56.5p	+5%

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

SECTOR REVENUE AND PROFIT

	Revenue		
	FY 24 £m	FY 23 £m	Change
Controls	652.4	568.4	+15%
Seals	489.1	419.0	+17%
Life Sciences	221.9	212.9	+4%
Group	1,363.4	1,200.3	+14%

	Organic growth	
	FY 24 %	FY 23 %
	+10	+11
	+1	+5
	+6	+8
	+6	+8

	Adjusted operating profit		
	FY 24 £m	FY 23 £m	Change
Controls	169.9	136.6	+24%
Seals	90.7	79.0	+15%
Life Sciences	46.8	43.2	+8%
Central costs	(22.4)	(21.8)	-3%
Group	285.0	237.0	+20%

	Adjusted operating margin		
	FY 24 %	FY 23 %	Change
	26.0	24.0	+200bps
	18.5	18.9	(40)bps
	21.1	20.3	+80bps
	-	-	-
	20.9	19.7	+120bps

BALANCE SHEET

£m, as at 30 September	FY24	FY23
Goodwill and acquisition intangible assets	1,048.9	959.2
Tangible and other intangible assets	66.0	63.4
Net lease liabilities	(6.4)	(8.7)
Net working capital	276.5	214.3
Trading capital employed – reported	1,385.0	1,228.2
<i>ROATCE</i>	19.1%	18.1%
Retirement benefit assets, net	1.5	6.5
Acquisition liabilities and assets, net	(23.6)	(19.6)
Net debt	(419.6)	(254.7)
Minority interests and deferred tax, net	(55.3)	(64.8)
Total shareholders' funds (excluding minority interests)	888.0	895.6

FINANCIAL KPIS

Five year trends

	5yr average	2024	2023	2022	2021	2020
Reported revenue growth	20% ¹	+14%	+19%	+29%	+46%	(1%)
Organic revenue growth	7%	+6%	+8%	+15%	+12%	(7%)
Adjusted operating margin	19%	20.9%	19.7%	18.9%	18.9%	16.2%
Adjusted EPS growth	18% ¹	+15%	+18%	+26%	+51%	(12%)
Free cash conversion	101%	101%	100%	90%	103%	113%
ROATCE	18%	19.1%	18.1%	17.3%	17.4%	19.1%
Leverage ratio	1.2x	1.3x	0.9x	1.4x	1.1x	n/a
Dividend growth	16%	5%	5%	26%	42%	3%

¹5-year CAGR

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 team	Employee Survey scores	Key suppliers aligned to our ethical code	Lost time accident freq. rate																																																
<table><tr><td>FY21</td><td>NA</td></tr><tr><td>FY22</td><td>7.6</td></tr><tr><td>FY23</td><td>7.6</td></tr><tr><td>FY24</td><td>5.7</td></tr></table>	FY21	NA	FY22	7.6	FY23	7.6	FY24	5.7	<table><tr><td>FY21</td><td>NA</td></tr><tr><td>FY22</td><td>60%</td></tr><tr><td>FY23</td><td>32%</td></tr><tr><td>FY24</td><td>23%</td></tr></table>	FY21	NA	FY22	60%	FY23	32%	FY24	23%	<table><tr><td>FY21</td><td>24%</td></tr><tr><td>FY22</td><td>27%</td></tr><tr><td>FY23</td><td>28%</td></tr><tr><td>FY24</td><td>30%</td></tr></table>	FY21	24%	FY22	27%	FY23	28%	FY24	30%	<table><tr><td>FY21</td><td>79%</td></tr><tr><td>FY22</td><td>79%</td></tr><tr><td>FY23</td><td>80%</td></tr><tr><td>FY24</td><td>79%</td></tr></table>	FY21	79%	FY22	79%	FY23	80%	FY24	79%	<table><tr><td>FY21</td><td>NA</td></tr><tr><td>FY22</td><td>59%</td></tr><tr><td>FY23</td><td>73%</td></tr><tr><td>FY24</td><td>90%</td></tr></table>	FY21	NA	FY22	59%	FY23	73%	FY24	90%	<table><tr><td>FY21</td><td>NA</td></tr><tr><td>FY22</td><td>3.4</td></tr><tr><td>FY23</td><td>3.0</td></tr><tr><td>FY24</td><td>3.6</td></tr></table>	FY21	NA	FY22	3.4	FY23	3.0	FY24	3.6
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ORGANIC GROWTH

Definition: Organic revenue growth is the incremental constant currency revenue generated by Diploma businesses in a period compared to the equivalent period in the prior year. For businesses acquired during the year, organic growth includes the growth or decline in revenue measured from the point of acquisition.

Acquisition impact on organic growth – illustration:

Company A, bought by Diploma on day 1 of H2, generated revenue of £45m in the first six months under Diploma ownership, (£40m in the comparative prior year period). Diploma recognises the £5m revenue growth as organic revenue

	Base business	Company A	Group
Prior year revenue (£m)	1,500	40	1,540
Current year revenue (£m)	1,575	45	1,620
Organic growth %	5.0	12.5	5.2

Reported revenue growth
= 8.0% (£1,620m from £1,500m)

Organic revenue growth
= 5.2% (£1,620m from £1,540m)

Acquisition revenue growth
= 2.7% (£1,540m from £1,500m)