

DIPLOMA PLC

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DIPLOMA PLC

Q1 TRADING UPDATE: STRONG START TO FY 2022

Diploma PLC, the international group distributing specialised products and services, today issues a trading update for the three months ended 31 December 2021 ahead of the Company's AGM today at 2:00pm.

First quarter performance

Performance in the first quarter of the year has been strong, as expected:

- Underlying revenue growth was 16% driven by our organic revenue initiatives and continued strong demand.
- All Sectors have started the year well:
 - Controls: very strong growth across the Sector, with successful end segment diversification and a continued excellent contribution from Windy City Wire.
 - Seals: strong, broad-based growth and we are starting to see market share gains in North American Aftermarket.
 - Life Sciences: a positive performance, with underlying revenue growth moderated in the first half, as expected, by one-off COVID-related revenues in the prior year.
- Reported revenue growth was 28%, reflecting the net contribution from acquisitions and the two small disposals completed last year. We remain disciplined in our approach to acquisitions and our pipeline is encouraging.
- We continue to expect underlying growth to moderate as the year progresses and comparators become more demanding. Similarly, growth in the quarter also benefited from the pass through of higher year-on-year copper prices, which added ca. 5% to underlying growth.
- Our operating margin is in-line with expectations, with a continued focus on managing supply chain pressures and tight labour markets.

Strategy

Our performance demonstrates the benefits of our long-term strategy of building high-quality, scalable businesses for organic growth. We are focused on diversification of our businesses as a route to scale, capitalising on structurally growing end markets, increasing penetration of core geographies, and expanding our product capability. We continue to develop our value-added business model in order to successfully execute our customer proposition at scale while sustaining attractive margins.

Outlook positive and unchanged

While it is still early in FY 2022, our strong first quarter performance increases our confidence in delivering our full year guidance. We remain very positive about our prospects, and are well-positioned to deliver attractive long-term growth at sustainably high margins.

Our next scheduled update will be the publication of half year results on 16 May 2022.

Johnny Thomson, Chief Executive Officer, and Barbara Gibbes, Chief Financial Officer, will host a conference call for analysts and investors this morning at 8:15am (UK time). Conference call dial in details:

- Dial in: +44 (0)330 336 9601
- Participant access code: 3653588

A replay will be available for seven days:

- Dial in: +44 (0)20 3859 5407
- Access code: 3653588

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Further information on Diploma PLC can be found at www.diplomaplc.com

Notes:

1. *This trading update is based upon unaudited management accounts and has been prepared solely to provide additional information on trading to the shareholders of Diploma PLC. It should not be relied on by any other party for other purposes. Certain statements made in this update are forward-looking statements. Such statements have been made by the Directors in good faith using information available up until the date that they approved this Statement. Forward-looking statements should be regarded with caution because of the inherent uncertainties in economic trends and business risks.*
2. *Diploma PLC uses alternative performance measures as key financial indicators to assess the underlying performance of the Group. All references in this Statement to "underlying" revenues refer to reported results on a constant currency basis, before acquired or disposed businesses (ex-growth basis) and include growth generated by acquisitions under our ownership.*
3. *A copy of this Statement, together with further information about Diploma PLC, may be viewed on its website at www.diplomaplc.com*

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