

13 July 2023

DIPLOMA DELIVERS: CONTINUED STRONG PERFORMANCE

Diploma PLC, the value-add distribution group, today issues a trading update for the nine months ended 30 June 2023.

Strong year to date performance

Performance in the first nine months has been strong, in-line with our expectations. We continue to drive organic growth by positioning behind structurally growing end markets, penetrating further in core developed geographies, and extending our product range to expand addressable markets.

During the first nine months of FY 2023:

- **Organic revenue growth 9%:** broad-based, volume-led growth across the Group. Strong growth at Controls; Seals continues to perform well; and Life Sciences has sustained the positive momentum of H1.
- **Strategic acquisitions:** the Group has separately announced today the acquisition of DICSA, a market-leading distributor of fluid power solutions into the European Seals aftermarket for c.£170m. TIE, which we acquired in March for £76m to enter the US Industrial Automation end market, is performing well.
- **Eight bolt-on acquisitions:** for a total consideration of £26m, of which two have completed since H1, all at attractive valuations.
- **Reported revenue growth 21%:** net contribution of 8% from acquisitions and disposals, and a 4% foreign exchange benefit.
- **Strong operating margin:** in-line with our expectations and demonstrating the power of our resilient, value-added model which drives customer loyalty and pricing power

Confidence in full year outlook

The first nine months of FY 2023 have increased our confidence in our full year guidance of ca.7% organic revenue growth; ca.7% contribution to revenue from acquisitions net of disposals; operating margin ca.19%; and free cash flow conversion of ca.90%.

The acquisition of DICSA will be immediately accretive, adding ca.5% to EPS growth during the first full year of ownership. Our acquisition pipeline is active and we remain disciplined. We expect year end leverage of ca.1.0x following the acquisition of DICSA and before any future acquisition investment. We expect Group ROATCE to remain strong, at around 18%.

Our next scheduled update will be the publication of full year results on 20 November.

Johnny Thomson, Chief Executive Officer, and Chris Davies, Chief Financial Officer, will host a conference call for analysts and investors this morning at 8:00am (UK time). Conference call dial in details:

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NOTE TO EDITORS:

Diploma PLC is a decentralised, value-add distribution Group. Our businesses deliver practical and innovative solutions that keep key industries moving – from energy and infrastructure to healthcare.

We are a distribution group with a difference. Our businesses have the technical expertise, specialist knowledge, and long-term relationships required to deliver value-add products and services that make our customers' lives easier. These value-add solutions drive customer loyalty, market share growth and strong margins.

Our decentralised model means our specialist businesses are agile and empowered to deliver the right solutions for their customers, in their own way. As part of Diploma, our businesses can also leverage the additional resources, opportunities and expertise of a large, international and diversified Group to benefit their customers, colleagues, suppliers and communities.

We employ ca.3,000 colleagues across our three Sectors of Controls, Seals and Life Sciences. Our principal operating businesses are located in the UK, Northern Europe, North America and Australia.

Over the last fifteen years, the Group has grown adjusted earnings per share (EPS) at an average of c.15% p.a. through a combination of organic growth and acquisitions. Diploma is a member of the FTSE 250 with a market capitalisation of c.£4.1bn.

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

The person responsible for releasing this Announcement is John Morrison, Company Secretary.

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