

DIPLOMA PLC

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21 JULY 2022

DIPLOMA PLC

STRONG Q3 PERFORMANCE, CONFIDENT IN FULL YEAR GUIDANCE

Diploma PLC, the international group distributing specialised products and services, today issues a trading update for the nine months ended 30 June 2022.

Year to date performance

Performance in the third quarter has remained strong with organic growth of 13%. We continue to focus on revenue diversification activity to drive growth, build scale and increase resilience. We drive this diversification by positioning behind structurally growing end markets, further penetrating core developed economies and extending product ranges to expand addressable markets.

During the first nine months of FY 2022:

- Organic revenue growth was 15% driven by our organic revenue initiatives, continuing positive demand and pricing:
 - Controls: acceleration at International Controls and continued strong volume growth at Windy City Wire.
 - Seals: sustained market share gains in North American Aftermarket and broad-based growth at International Seals against a robust comparator.
 - Life Sciences: as expected, impacted by one-off COVID-related revenues in the prior year. Remain confident in a return to growth during H2.
- The impact of the pass through of higher copper prices has moderated during Q3 against a higher comparator, contributing ca. 3% to organic growth in the year to date.
- Reported revenue growth was 26%, reflecting a positive contribution from high quality acquisitions and a ca. 2% foreign exchange tailwind.
- Strategically important acquisitions completed in Q3 will accelerate future organic growth in key business lines:
 - R&G Fluid Power Group: successfully delivering on its organic and inorganic growth strategy, including two small bolt-on acquisitions for a total consideration of ca. £4 million.
 - Accuscience: exciting prospects, particularly in the high growth diagnostics segment.
- We remain disciplined in our approach to acquisitions and our pipeline is encouraging.
- Our operating margin performance continues to be strong, demonstrating the power of our value-added service model which drives customer loyalty and pricing power. We continue to successfully manage supply chain pressures, tight labour markets and inflation.

Full year outlook positive and unchanged

The Group's performance in the first nine months of FY 2022 means we are confident in delivering our full year guidance:

- Low double digit organic revenue growth.
- Reported revenue growth a little over 20%.
- Operating margin at the top end of the 18-19% guidance range.
- Strong cash generation currently expected to result in net debt/EBITDA of ca. 1.5x by year end.

www.diplomapl.com

REGISTERED IN ENGLAND. NUMBER 3899848.
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Whilst the wider macroeconomic outlook is uncertain, the Group's resilience is supported by our increasing revenue diversification, our value-added model, and strong cash generation and balance sheet. We remain focused on executing our strategy of building high-quality, scalable businesses for organic growth and are confident in our long-term prospects.

Our next scheduled update will be the publication of our full year results on 21 November 2022.

Johnny Thomson, Chief Executive Officer, and Barbara Gibbes, Chief Financial Officer, will host a conference call for analysts and investors this morning at 8:30am (UK time). Conference call dial in details:

- Dial in: +44 (0)330 165 4012
- Participant access code: 6981796

A recording of the call will be made available on the website later in the day or can be requested by contacting investors@diplomapl.com

Enquiries:

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Further information on Diploma PLC can be found at www.diplomapl.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 organic performance of the Group. All references in this Statement to "organic" 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.diplomapl.com*

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