discoverIE Group

Back in growth mode

H126 results

Electrical components

11 December 2025

discoverIE reported solid H126 results, with adjusted EPS growth of 6% on reported revenue growth of 2.5%. Organic revenue growth has resumed at the group level and in three out of the four operating units, and two acquisitions have just been announced. Having managed the group to grow earnings and optimise cash during an 18-month period of organic revenue reduction due to industry-wide customer destocking, the company is well-positioned to benefit as demand recovers, we believe. We see the opportunity for the wide discount to peers to narrow now that the group is back on a top-line growth trajectory.

Year end	Revenue (£m)	PBT (£m)	EPS (p)	DPS (p)	P/E (x)	Yield (%)
3/24	437.0	48.2	36.78	12.00	16.1	2.0
3/25e	422.9	50.1	38.68	12.50	15.4	2.1
3/26e	447.3	52.6	39.44	12.95	15.1	2.2
3/27e	475.6	56.9	42.36	13.55	14.0	2.3

Note: PBT and EPS as per discoverIE's adjusted metric (excludes amortisation of acquired intangibles and exceptional items).

Organic revenue growth resumes

In H126, discoverIE reported year-on-year revenue growth of 3.5% at constant exchange rates (CER), of which 0.5% was organic (Q226 +1%). Adjusted operating profit was 3.8% higher year-on-year and the margin increased 0.2pp to 14.0%. With lower net finance costs, adjusted EPS was 6% higher year-on-year. The company announced an interim dividend of 4.05p (+4% y-o-y). Gearing of 1.3x at the end of H126 was unchanged versus end- FY25. The company resumed acquisitions after a tariff-related pause, announcing the bolt-on acquisition of Keymat for £5.5m and the larger acquisition of Trival Antene for £39.9m (both subject to regulatory approval).

Q226 order intake supports positive outlook

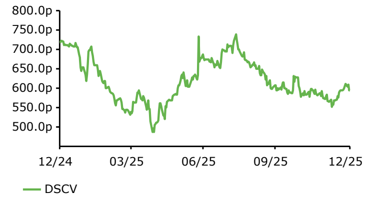
H126 order intake was up 5% CER y-o-y, with organic order intake 0.5% higher year-on-year and increasing in Q226 (Q126 -7%, Q226 8%). The Controls operating unit within Magnetics & Controls is still affected by several large US customers that are destocking, but the remainder of the group is seeing solid order demand. Management believes that the company is on track to deliver FY26 EPS in line with board expectations. We have upgraded our forecasts to reflect the two new acquisitions, which we assume will be effective from 1 April 2026, resulting in an adjusted EPS upgrade of 3.2% for FY27.

Valuation: Discount is overdone

Through a period of low revenue growth induced by industrial destocking, discoverIE has managed to grow operating profit and earnings, but over the same period, its discount to peers has widened on a P/E basis. Considering that the earnings outlook has been maintained, organic revenue growth has resumed and the company continues to make good progress towards its margin targets, we believe this discount is overdone. Recently announced earnings-accretive acquisitions signal the resumption in M&A, and with an active M&A pipeline and a disciplined approach to valuation, we expect further acquisitions to boost growth and earnings.

Price	**594.00p**
Market cap	**£567m**
Net cash/(debt) at end H126	£(90.7)m
Shares in issue	95.5m
Free float	96.0%
Code	DSCV
Primary exchange	LSE
Secondary exchange	N/A

Share price performance



%	1m	3m	12m
Abs	4.0	0.2	(16.4)
52-week high/low		754.0p	466.4p

Business description

discoverIE is a leading international designer and manufacturer of customised electronics to industry, supplying customer-specific electronic products and solutions to OEMs.

Next events

Q326 trading update	January 2026

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Investment summary

Designing and manufacturing innovative electronics for industry

discoverIE is a leading designer and manufacturer of customised electronic components for industrial applications. Over the last 15 years, the company has broadened its product range, customer base and geographical presence via a series of acquisitions. It designs and manufactures differentiated products and expansion along the supply chain has helped the company to grow operating margins. discoverIE continues to target growth both organically and via acquisition with a focus on higher-margin businesses. To grow revenues well ahead of GDP, it is focused on five structural growth markets: renewable energy, electrification of transportation, medical, security and industrial automation & connectivity. Its capital-light business model supports strong cash flow generation, with the aim of increasingly self-funding acquisitions.

Financials: EPS forecasts maintained

The company reported H126 revenue growth of 3.5% CER y-o-y, with 0.5% organic growth (Q126 0.1%, Q226 1.0%). The adjusted operating margin increased 0.2pp to 14.0% and adjusted EPS grew 6% y-o-y. Organic order intake increased 0.5% y-o-y, with several Controls customers in M&C still working through excess inventory. Net debt/EBITDA stood at 1.3x at end-H126 and after factoring in the two recently announced acquisitions, we estimate this will increase to 1.6x by the end of FY26 before reducing to 1.3x by the end of FY27. Management anticipates delivering adjusted earnings in line with board expectations for FY26; we maintain our earnings forecasts for FY26 and upgrade FY27 by 3.2% reflecting the two acquisitions.

Valuation: Revenue growth acceleration to reduce the discount

Through a period of low revenue growth induced by industrial destocking, discoverIE has managed to grow operating profit and earnings, but over the same period, its discount to peers has widened on a P/E basis. Considering that the earnings outlook has been maintained, organic revenue growth has resumed and the company continues to make good progress towards its margin targets, we believe this discount is overdone. Recently announced earnings-accretive acquisitions signal the resumption in M&A, and with an active M&A pipeline and a disciplined approach to valuation, we expect further acquisitions to boost growth and earnings.

Sensitivities: Economy, currency, pricing and acquisitions

Our estimates and discoverIE's share price will be sensitive to the following factors. Customer demand: demand will be influenced by the economic environment in Europe and increasingly in North America and Asia. Supply chain: raw materials and components are sourced globally, so the company must manage around availability. Currency: with c 78% of revenues generated in currencies other than sterling, discoverIE is exposed to the translation of euro, US dollar and Nordic-denominated subsidiary results into sterling. Pricing: discoverIE's revenues and profitability are sensitive to its ability to include in price quotes engineering time spent on designing customer solutions. The company normally passes through supplier price increases and tariffs. Acquisitions: discoverIE expects to make further acquisitions, which could add integration risk, and larger deals may require equity funding.

Company description: Innovative custom electronics

discoverIE designs and manufactures customised electronics for industry, with operations throughout Europe and increasingly outside Europe. The last 15 years have seen the integration of a series of acquisitions and a focus on growing the percentage of higher-margin specialist products, resulting in higher profitability.

Company history

discoverIE was founded in 1986 and was admitted to the official list of the London Stock Exchange in 1994 as a pure distributor of electronic components. After a change in management in 2009, through its strategy of specialisation the company has transitioned to become a designer and manufacturer of customised electronics with operations in Europe, Asia and North America. The company has made a series of design and manufacturing acquisitions since 2011 – we provide further detail in Exhibit 10. discoverIE sold its Custom Supply distribution business in FY22 and is now fully focused on higher-margin design and manufacturing. The group has c 4,500 employees across 20 countries.

Business model

discoverIE specialises in the design and manufacture of technically demanding, bespoke electronics for industrial applications and is focused on five target markets comprising c 80% of group sales – renewables, electrification of transportation, medical, security and industrial automation & connectivity – all of which are long-term structural growth markets. The market for niche electronic components, worth c $30bn, is very fragmented and discoverIE mainly competes against small, privately owned, country-specific manufacturers in one or two technology areas. The company expects to continue its active role in consolidating this market.

Decentralised structure

The company operates a decentralised business model. The 30 operating businesses are grouped into two divisions: Magnetics & Controls and Sensing & Connectivity. Each business operates independently with its own brand and management team, in alignment with discoverIE's shared vision and strategic goals. Within each division, subdivisions or clusters are structured to bring together like businesses, managed by the largest business in each cluster to reduce management overhead. All businesses have access to group functions such as legal, finance, M&A, IT communications and sustainability to support their growth.

Industrial focus leads to longer product cycles, robust margins

discoverIE's components tend to be a small but essential part of the systems they are designed into and as such, tend not to commoditise, supporting robust margins with a gross margin of c 43% in H126. discoverIE's engineers work with customers throughout their product development process, from design concept to volume manufacturing. A customer will typically take six to 24 months to move a product from design to volume production, at which point the company should earn revenues for the life of the product, typically five to seven years.

We highlight that discoverIE is focused on industrial original equipment manufacturers (OEMs) and does not serve the consumer electronics market (which tends to be highly commoditised with short lifetime products and often highly cyclical sales) or the semiconductor equipment market (which is highly cyclical). It also does not have high customer concentration: in H126, its top 10 customers generated 22% of revenue.

Manufacturing footprint optimised for cost and flexibility

discoverIE's custom electronic products are either designed uniquely or modified from an existing product. The large majority of products are manufactured at 41 sites across 20 countries, with the remainder manufactured by third-party contractors. This enables the company to support customers operating internationally and provides flexibility if a customer wishes to relocate production. Close to three-quarters of products are manufactured locally to the customer. Due to smaller batch sizes, production is either manual or semi-automated, which provides flexibility and results in a capital-light model. discoverIE spends less than 2% of revenue per year on its manufacturing facilities to support organic growth and another 2% on R&D (all expensed). The majority of products are manufactured in-house from raw materials and base components, with a low proportion of bought-in components. Energy costs represent less than 1% of group revenue, as operations are mainly manual or semi-automated.

Limited direct impact from US tariffs

We have previously written about discoverIE's exposure to US import tariffs. The company expects to pass on incremental tariff costs but is also seeking to mitigate them by using local manufacturing where appropriate. So far, discoverIE's customers have been mapping out their supply chains and are still in the process of deciding whether to shift the manufacturing location of products to reduce the impact of tariffs. To date, the company has been able to pass through tariff-related costs.

Diverse range of custom electronic products

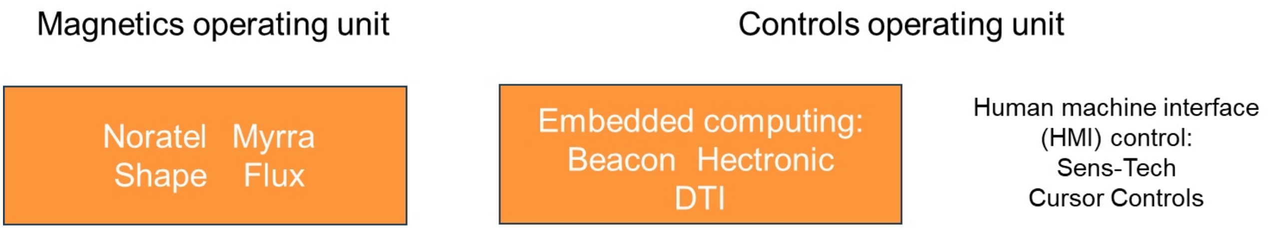
Mainly through acquisition, discoverIE has built up its design and manufacturing capability in four areas of technology: sensors, magnetics, controls and connectivity. discoverIE reports through two divisions: Magnetics & Controls (M&C) and Sensing & Connectivity (S&C). Exhibits 1 and 2 show the companies and brands reported within each division.

M&C designs, manufactures and supplies magnetic and power components, and embedded computing and interface controls for industrial applications. M&C comprises the magnetics cluster, the embedded computing cluster and two other businesses. M&C operates across 17 countries with 22 manufacturing sites (main facilities in China, India, Mexico, Poland, Sri Lanka, Thailand, the UK and the US).

S&C designs, manufactures and supplies sensing and connectivity components for industrial applications. S&C comprises one sensing cluster, three connectivity clusters and four further businesses. S&C operates across nine countries with 19 manufacturing sites (main facilities in Germany, Hungary, Slovakia, the UK and the US).

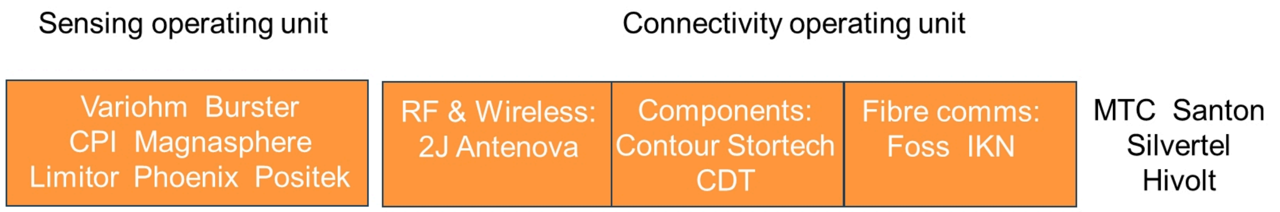
Exhibits 3 and 4 show the progression of revenue in each division and the timing of acquisitions.

Exhibit 1: Magnetics & Controls: clusters and platforms



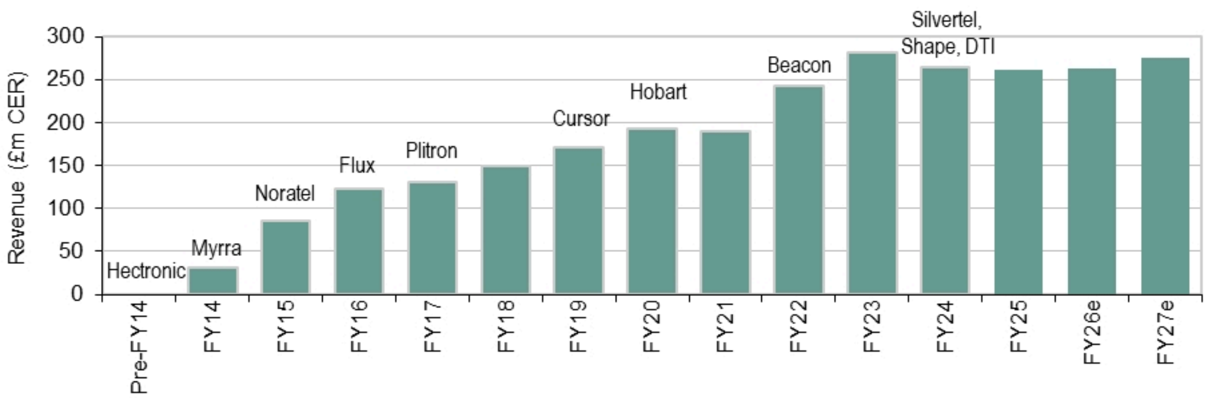
Source: discoverIE Note: Orange denotes a cluster.

Exhibit 2: Sensing & Connectivity: clusters and platforms



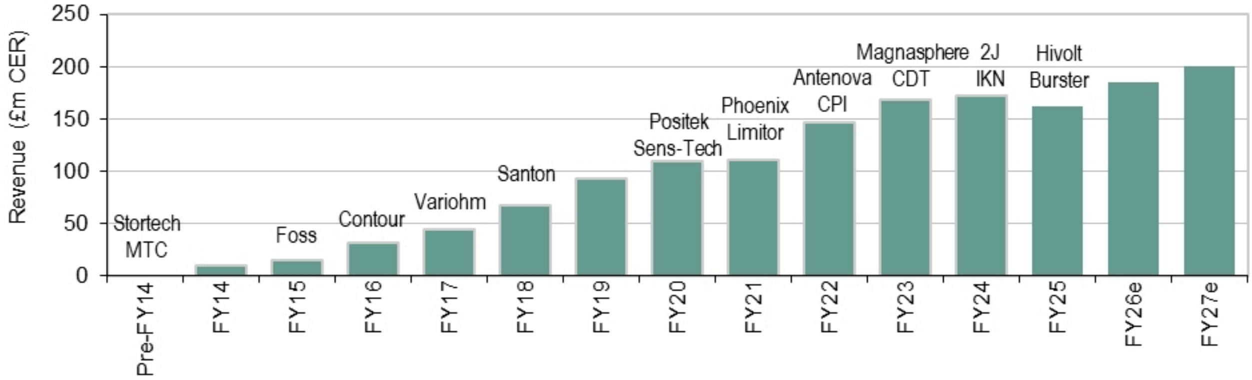
Source: discoverIE Note: Orange denotes a cluster

Exhibit 3: Magnetics & Controls revenue progression and acquisitions



Source: discoverIE, Edison Investment Research Note: Silvertel has since been moved to the S&C division.

Exhibit 4: Sensing & Connectivity revenue progression and acquisitions



Source: discoverIE, Edison Investment Research Note: Sens-Tech has since been moved to the M&C division.

Group strategy

The group is focused on markets with sustainable growth prospects and increasing electronic content where there is an essential need for its products. It invests in initiatives and businesses that enhance design opportunities for customised products in targeted long-term structural growth markets.

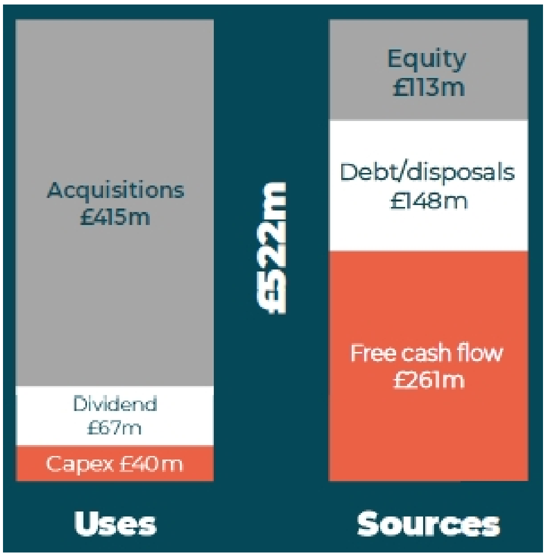
Management has transformed the company into a technology-led provider of customised electronics for industrial applications with design and manufacturing capabilities. The company has the following strategic objectives:

- **Grow sales well ahead of GDP over the economic cycle** by focusing on the structural growth markets that form the company's target markets.
- **Acquire highly differentiated businesses** with attractive growth prospects and strong operating margins, either as bolt-ons to existing clusters or as new platforms.
- **Generate operational efficiencies and improve operating margins** through clustering of businesses, moving up the value chain to higher-margin products with increased product innovation and differentiation, and value-based pricing.
- **Reduce impact on the environment** by achieving net-zero carbon emissions.

This is underpinned by the objectives of generating strong cash flows from a capital-light model and delivering long-term sustainable returns. The company has tracked progress with these objectives by setting key strategic indicators (KSIs). We discuss these in more depth below.

Capital allocation – self-funding M&A

Exhibit 5: Capital allocation, FY18–25



Source: discoverIE

At the start of its journey to build the group into a designer and manufacturer of custom electronics, the company depended heavily on equity funding for M&A. As the group has grown and cash generation has increased, the company has moved more to debt funding of acquisitions. Exhibit 5 shows the sources and use of funds since FY18.

As the company still has the ambition to grow the group further through M&A and has an active pipeline of targets, we expect that cash generation will continue to be channelled into acquisitive growth. If at some point in the future the company has excess cash, it would consider share buybacks. However, we do not expect this in the medium term.

Experienced board supports growth ambitions

To support its growth ambitions, discoverIE has constructed a board with substantial experience in acquisitions and international growth. Executive directors are Nick Jefferies (CEO since 2009) and Simon Gibbins (CFO since 2010). The board is chaired by Bruce Thompson (non-executive director (NED) at discoverIE since 2018, ex-Diploma CEO 1996–2018, non-executive chairman at Avon Technologies). Other non-executive directors include Clive Watson, the audit & risk committee chair (ex-group FD of Spectris 2006–19, NED at Breedon Group, Kier Group and Trifast, ex-audit chair of Spirax Sarco for nine years), Rosalind Kainyah, the sustainability committee chair (runs ESG consultancy Kina Advisory, NED at GEM Diamonds, WE Soda and EnQuest, previously VP external affairs and CSR at Tullow Oil) and Celia Baxter, the remuneration committee chair (previously group HR director at Bunzl for 13 years; currently NED at Dowlais Group, Volution Group and Genus).

Group executive management includes the CEO and CFO supported by, among others, group commercial director (Paul Hill), group head of corporate development (Jeremy Morcom), managing directors of each of the group's four operating units and the 100-strong management team in the operating businesses.

Tracking strategic progress

Exhibit 6 summarises the KSIs and tracks progress since FY18. We discuss the return on capital employed (ROCE), EPS and cash flow generation performance in the Financials section.

Exhibit 6: Tracking key strategic indicators

Key strategic indicator	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	H125	H126	Target
Increase adjusted operating margin	6.3%	7.0%	8.0%	10.2%	10.9%	11.5%	13.1%	14.3%	13.8%	14.0%	17% (FY30)
Sales growth: CER	11%	14%	8%	-1%	28%	15%	1%	-2%	-4%	3.5%	Well ahead of GDP through cycle
Sales growth: continuing organic	11%	10%	5%	-4%	18%	10%	-1%	-7%	-10%	0.5%	
Adjusted EPS growth	16%	22%	11%	-8%	31%	20%	5%	5%	-4%	6%	>10%
ROCE*	13.7%	15.4%	16.0%	14.5%	14.7%	15.9%	15.7%	15.8%	15.2%	15.4%	>15%
Operating cash flow generation	85%	93%	106%	128%	80%	94%	103%	103%	115%	102%	>85% of adjusted operating profit
Free cash flow generation	78%	94%	104%	136%	77%	95%	102%	106%	126%	104%	>85% of adjusted profit after tax
Reduce carbon emissions – scope 1 & 2 from CY21						35%	47%	59%	50%	63%	65% (by end CY25)

Source: discoverIE
*Return on capital employed (ROCE) calculated as adjusted operating profit over the last 12 months, including the annualisation of profits of acquired businesses, as a percentage of net assets excluding net debt, deferred consideration relating to discontinued operations, assets held for sale and legacy defined benefit pension liability.

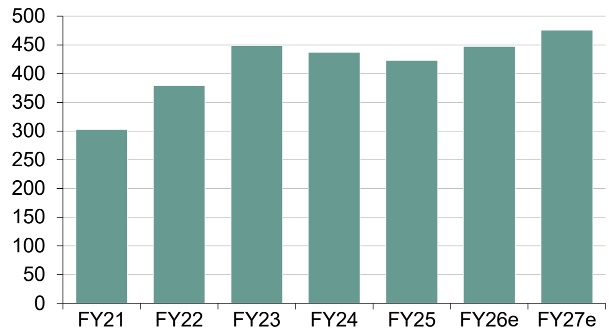
Expanding operating margins

discoverIE started life as a pure distributor of electronic components, but through a strategy of specialisation and acquisition it has transitioned to become a designer and manufacturer of customised electronic solutions. Since 2011, the company has acquired 28 businesses with design and manufacturing capabilities; these are typically much higher margin than the original distribution business, with recent acquisitions generating operating margins of 20%-plus.

From FY18 to FY25, the margin expanded from 6.3% to 14.3%, exceeding the company's previous target for a 13.5% margin by FY25. The margin increased 0.2pp y-o-y in H126 to 14.0%. The charts below show the financial performance of the continuing business over the last five years and our forecasts for FY26–27.

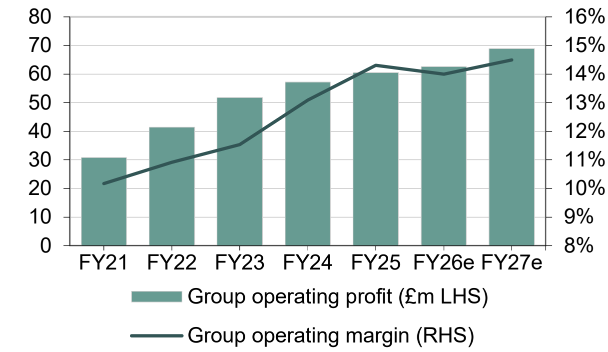
The current target is for a 17% adjusted operating margin by FY30. The company currently estimates that around a third of the margin increase will come from organic operations, with the remaining two-thirds from higher-margin acquisitions.

Exhibit 7: Revenue, FY21–27e



Source: discoverIE, Edison Investment Research

Exhibit 8: Operating profit and margin, FY21–27e



Source: discoverIE, Edison Investment Research

Targeting high-growth markets to drive organic revenue growth

As part of the group's goal to grow revenue well ahead of GDP on an organic basis, discoverIE targets higher-growth markets. These are markets that exhibit structural growth and depend on technology for product development, resulting in increasing electronic content. discoverIE aims to supply essential, mission-critical products to OEMs in these markets. With the increasing focus on ESG by investors and consumers alike, the company is keen that its target markets also align with the United Nations' Sustainable Development Goals (SDGs).

The table below illustrates the five target markets, the growth prospects of each market and examples of applications that use discoverIE products in each market.

In FY25, the business generated 79% of its revenues from these five areas. Typically, growth from target markets materially exceeds other markets. While the company does not actively stop supplying customers in non-target markets, it encourages each business to focus its sales efforts on target markets and builds this approach into acquired companies' three-year plans. As target markets typically grow faster than non-target markets, over time the contribution from target markets should grow as a percentage of total revenue.

Exhibit 9: Target markets

Customer End Market	Sub Market	Megatrend	Medium Term Outlook	UN SDGs
Renewable energy	Wind Tidal Hydrogen	Decarbonisation & diversification	■■■■■□□□	7, 13
Transportation	Rail Marine Aviation Specialist vehicles	Electrification & urbanisation	■■■■■■■□	11, 13
Medical	Clinical/surgical Diagnostics & biotech Healthcare Other medical	Digitalisation & automation	■■■■■■□□	3
Industrial & Connectivity	Automation Communication Harsh environment Environmental & monitoring	Digitalisation & automation	■■■■■■■□	9, 11
Security	Access controls Detection systems Surveillance systems Space & defence	Urbanisation & defence modernisation	■■■■■■■■	11

Source: discoverIE

Resumption of organic growth

As we have previously written, the company saw a period of strong order intake and organic revenue growth through FY22 and H123, which then moderated from Q323 and turned negative in Q324, as customers worked through the excess inventory they had ordered. In its H126 trading update in October, the company confirmed that it had returned to organic revenue growth (+1% y-o-y in Q226) and organic order growth (+8% in Q226). Once the final few large customers in the Controls business have worked down their inventory, the company should see organic revenue growth re-accelerate.

Acquisitions core to growth strategy

From 2011 discoverIE started to make a series of acquisitions of companies with design and manufacturing capabilities (see Exhibit 10 below). The company has a dedicated M&A team focused on developing and pursuing opportunities.

Criteria for acquisition targets

discoverIE's focus for future acquisitions is to target design and manufacturing companies with commercially viable technologies that can be applied to its target markets or with complementary product(s) and/or geographical capability supplying common markets and customers. The preference is to buy businesses that are successful and profitable, with good growth prospects, good margins and similar long-term growth drivers to discoverIE's focus markets, but which need scaling up.

Management considers two types of acquisition: 'platform' to create a new position in a technology and/or geography and 'bolt-on' to expand the position of an existing business. The company's M&A director is focused on sourcing new acquisition targets in discoverIE's key technological and geographical markets, namely companies with design and manufacturing capabilities in any of the group's technology areas, located in Europe, North America or Asia.

Integration strategy: Retain entrepreneurial approach

The acquired businesses are led by entrepreneurial managers and discoverIE is keen to retain this culture. To support this, acquired businesses typically continue to operate under their own brands and management, working towards agreed business plans. discoverIE has created technology clusters, where smaller businesses are taken under the wing of a larger business operating in the same product area (see Exhibits 1 and 2).

Acquired businesses can take advantage of being part of the larger group, with access to the wider discoverIE customer base, support for product development and manufacturing, centralised finance and administrative support. Efficiency improvements are achieved through knowledge-sharing among the businesses and group guidance on best practices.

Where appropriate, manufacturing is rationalised to make the most efficient use of the group's network of manufacturing facilities.

Acquisition track record

The table below summarises the acquisitions the group has made since FY12. The company has taken a disciplined approach to M&A; based on initial consideration, it has paid an average of 7.9x trailing EBIT and 1.5x trailing sales for businesses with average PBT margins of 18.5%.

Exhibit 10: Acquisition history

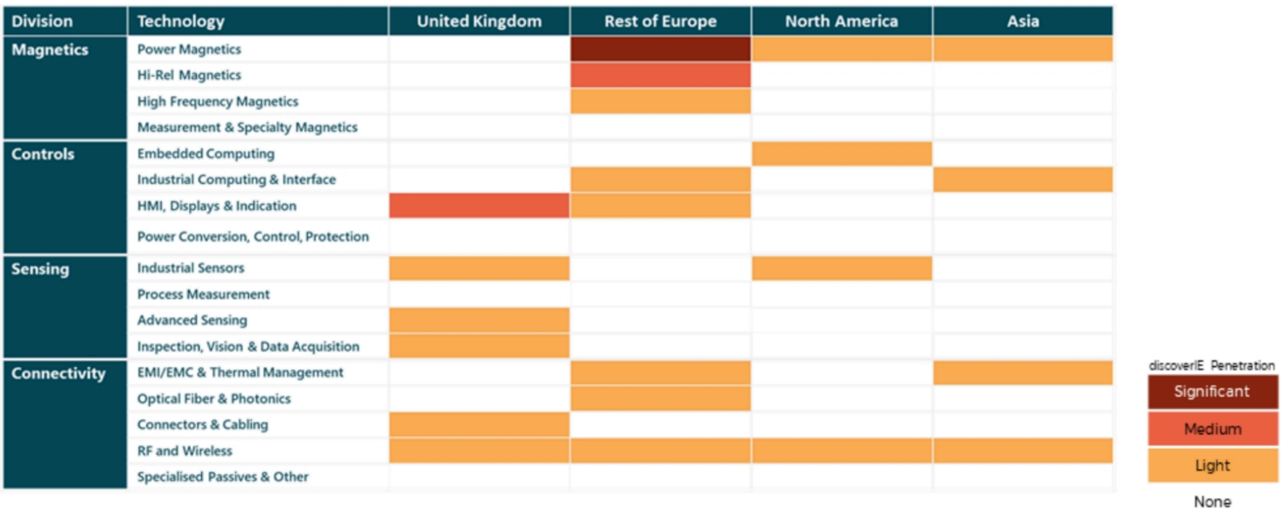
Company	Date	Product areas	Operations	Sales	Cost (£m)
Hectronic	Jun-11	Embedded computing	Sweden	Nordic region, US	1.2
MTC	Oct-11	Electro-magnetic shielding	Germany, South Korea	Europe and Aisa	2.7
Myrra	Apr-13	Transformers, coils, cores and inductors	France, Poland, China	Europe, Asia, North America, Africa	9.9
Noratel	Jul-14	Low-, medium- and high-power transformers and inductors	Nordic region, China, US, India, Poland, Sri Lanka	Europe, Asia, North America	73.5
Foss	Jan-15	Customised fibre-optic solutions	Norway, Slovakia	Norway, Eastern Europe	12.0
Flux	Nov-15	Customised magnetic solutions	Denmark, Thailand	Denmark	4.0
Contour	Jan-16	Custom cable assemblies and connectors	UK	UK	17.5
Plitron	Feb-16	Custom toroidal transformers	Canada	North America	1.8
Variohm	Jan-17	Electronic sensors, switches and motion measurement systems	UK, Germany	UK, France, Germany, US	13.3
Santon	Feb-18	DC and AC switches and switchgear	Netherlands, UK	Europe, Asia, US	23.7
Cursor Controls	Oct-18	Human-to-machine interface technology	UK, Belgium	UK, Europe, North America, Asia	19.0
Hobart	Apr-19	Customised transformers, inductors, magnetics	US, Mexico	North America	11.7
Positek	Apr-19	Sensors	UK	UK, Europe, North America, Asia Pacific	4.2
Sens-Tech	Oct-19	Specialist sensing and data acquisition modules for X-ray and optical detection applications	UK	US, Europe, Asia, UK	58.0
Phoenix	Oct-20	Magnetically actuated sensors, encoders and related products	US, Mexico	US	8.5
Limitor	Feb-21	Custom thermal safety components including temperature and current sensors, limiters and thermal switches	Germany, Hungary	Europe, US, Asia	13.2
CPI	May-21	Custom, rugged sensors and switches	US	US	8.1
Beacon EmbeddedWorks	Sep-21	Custom system-on-module embedded computing boards and related software	US	US	58.8
Antenova	Sep-21	Antennas and RF modules	UK, Taiwan, US	Europe, US, Asia	18.2
CDT	Jul-22	Customised plastic enclosures for circuit boards and membrane keypads	UK	UK, US	5.0
Magnasphere	Jan-23	High-performance magnetic sensors and switches for industrial electronics	US	US	19.1
Silvertel	Aug-23	Power-over-ethernet modules	UK	>70 countries	21.0
2J Antennas	Sep-23	High-performance antennas for industrial connectivity	Slovakia, UK, US	50 countries	45.0
Shape	Jan-24	Specialty transformer equipment	US	US	7.9
DTI	Mar-24	Customised data collection products	US	US	6.6
IKN	Mar-24	Products and services for data centres, networking and cabling systems	Norway	Norway	2.5
Hivolt	Jul-24	Specialist capacitors	Northern Ireland	UK, Europe, US	3.8
Burster	Jan-25	Specialist sensors	Germany	60 countries	25.9
Total					**496.1**

Source: discoverIE

Seeking accretive targets

The company is currently tracking more than 400 companies and has identified a pipeline of 200–300 potential targets. It is in the active outreach phase and in live deal negotiation with a number of these. The chart below shows the areas in which discoverIE already has some presence as well as areas that it is interested in but has yet to penetrate.

Exhibit 11: Target areas for acquisitions



Source: discoverIE

After the Burster acquisition at the start of the year, the company paused acquisitions to assess the outcome of the new tariff situation. With H126 results, the company indicated the resumption in M&A with the announcement of a small bolt-on deal. It is acquiring UK-based Keymat, a designer and manufacturer of assistive interface electronics, for £5.5m upfront plus a £2.2m earn-out. Keymat will sit alongside Cursor Controls in the M&C division.

On 4 December, the company announced the acquisition of Trival Antene (Trival), a Slovakian-based designer and manufacturer of communication antennae and masts for defence and professional applications. Initial cash consideration is €45.5m/£39.9m with deferred consideration payable within 12 months of €1.65m/£1.45m and an earn-out of up to €5.5m/£4.8m subject to performance conditions in the period to the end of FY28. Trival's antennae are used principally in land-based defence applications including handheld, manpack, mobile and fixed radio communications across c 70 countries. In CY24, Trival generated revenue of €12.7m/£11.1m and an adjusted operating margin well ahead of the group's medium term target of 17%. The deal is subject to regulatory approval and is expected to close by the end of FY26. Trival will join the Connectivity unit within the S&C division.

At the end of H126, the company had a net debt position of £91m and gearing of 1.3x adjusted EBITDA. The company has a £240m revolving credit facility (RCF) that has been extended to May 2030 with the option of a further two-year extension. It also has access to an £80m accordion facility; the RCF can be used for acquisitions and working capital. The company targets a gearing range of 1.5–2.0x. The company stated that post both acquisitions, pro forma gearing as at the end of H126 would increase to 1.8x, well within the target range. The revised RCF includes a higher gearing covenant of 3.5x (previously 3.0x) and management confirmed that it would consider temporarily exceeding gearing of 2x if the right acquisition presented itself.

Carbon emissions reduction

In FY23, discoverIE set net-zero carbon emission targets, including a 65% reduction in absolute Scope 1 and 2 emissions from the level in CY21 by the end of CY25. By the end of H126, the company had reduced absolute emissions by 63% compared to CY21 through a combination of switching to clean or renewable energy sources, implementing energy efficiency measures and the use of heat pumps where appropriate. We discuss discoverIE's approach to ESG in more depth below.

Well established ESG strategy

The company's purpose is to design and manufacture innovative electronics while reducing its environmental impact and making a positive social contribution. To ensure the latter two aims are met, the company has a well established ESG strategy.

Governance structure in place

The company has a non-executive director, Rosalind Kainyah, with in-depth ESG experience. She established and chairs the sustainability committee, which includes all board members, to help set the group's overall strategy and ensure the board has access to the knowledge and skills required in this area. Below this, the group sustainability team drives initiatives throughout the group and liaises with operating companies to consider what is practical and feasible. In FY24, a dedicated ESG manager was appointed.

Each member of the group executive committee has a specific ESG responsibility and targets within their personal objectives relating to ESG, with a proportion of annual bonus dependent on achievement of those targets. The company has also rolled out ESG objectives to the management of individual operating businesses.

Net-zero targets set; scope 1 and 2 reductions underway

In FY23, the company set net-zero carbon emission targets (Science Based Targets initiative (SBTi)-aligned). The commitment is to reach net-zero greenhouse gas (GHG) emissions across the value chain by 2040 (ie scope 1, 2, and 3). On a shorter-term basis, the company is aiming to reduce absolute scope 1 and 2 GHG emissions by 90% by 2030 (from 2021 base year), and absolute scope 3 emissions by 42% by 2030 (from 2023 base year). Longer term, the company is aiming to maintain the 90% scope 1 and 2 reduction from 2030 to 2040, and to reduce scope 3 emissions by 90% by 2040 (from 2023 base year). The SBTi approved these targets in May this year.

Nearly three-quarters of scope 1 and 2 emissions in CY21 came from purchased electricity, followed by natural gas, company-owned vehicles and refrigerants. To reduce emissions, the company put in place its reduce/replace/remove strategy.

Exhibit 12: Selected ESG targets

	Action	Milestones
Reduce	Reduce energy intensity by promoting process efficiency, employee awareness and engagement	▪ Reduce energy intensity by 10% by 2030
Replace	Install solar panels in Sri Lanka and Thailand	▪ Completed in mid-2023
	Switch to zero emission energy sources through direct tariffs or renewable energy certificates ("RECs")	▪ 80% zero emission energy by 2025, and 100% by 2030
	Replace gas heating with electric options	▪ 90% by 2029
	Replace company-owned cars with fully electric vehicles	▪ 100% EV by 2030
Remove	Remove all refrigerants	▪ 100% removed by 2025
	Invest in carbon removal projects to remove residual emissions	▪ From 2030 onwards

Source: discoverIE

Scope 3 analysis more complex, being refined over time

In FY24, the company introduced a new carbon reporting system across the group and completed a detailed calculation of scope 3 emissions. This accounted for categories one to nine but did not include categories 10 to 12 (processing of sold products, use of sold products, end-of-life treatment of sold products). This resulted in a calculation of scope 3 emissions of 198,879tCO_2e making up c 98% of group emissions across scope 1, 2 and 3. The largest source of scope 3 emissions was from purchased goods and services (c 75%), followed by freight (c 22%), employee commuting (c 1%) and fuel and energy-related activities (c 1%).

In FY25, a more detailed analysis was carried out, this time including categories 10, 11 and 12, which are much more complex to measure as they depend on data from customers. The data for categories 1–9 was restated for CY23 to 226,341tCO_2e, reflecting acquisitions and correction of upstream transport data. For CY24, the equivalent figure was 288,044tCO_2e. The company believes the increase is due to improved availability and accuracy of data rather than any underlying increase in emissions. The emissions from categories 10–12 dwarf this, at 2,454,608tCO_2e, making up 90% of scope 3 emissions. Total CY24 scope 3 emissions of 2,680,950tCO_2e were 1.5% higher than in CY23.

The company expects to iterate the process of collecting data. Over the next year, the company plans to publish a GHG accounting manual for staff to guide them in data collection and ensure accuracy, to complete the equivalent exercise for CY25 scope 3 emissions and develop a transition plan for scope 3 emissions in line with the recommendations of the Transition Plan Taskforce.

TCFD reassessment finds no material change in profile

In FY23, the company completed a detailed scenario analysis and quantified the potential financial impact of climate change per Task Force on Climate-Related Financial Disclosures (TCFD) requirements. Based on the 2DS (2ºC warming or lower) and BAU (business as usual) TCFD scenarios, the net financial impact over the seven-year period to 2030 is immaterial and represents c 1–2% of group operating cash flows. In early 2025, the company carried out a reassessment of its climate-related risks and opportunities, incorporating newly acquired businesses, and found no material change in the climate-related risk profile of the group.

Key performance indicators

The table below shows the company's performance against the targets it has set and progress from the prior year.

Exhibit 13: ESG performance indicators

Action	Target	CY24	CY23
Reduce Scope 1 & 2 emissions (base year CY21)	65% by end CY25	59%	47%
Electricity from renewable sources	80% by CY25, 100% by CY30	83%	72%
Move car fleet to electric	Car fleet 50% electric/hybrid vehicles by CY25, 100% by CY30	50%	40%
Reduce energy intensity (kWh/£m revenue) - base year CY21	10% by CY30	20%	30%
Voluntary staff turnover	Less than 15% per annum	14%	9%
Global workforce operating at sites with ISO 45001 accreditation	80% of workforce by CY25	73%	60%
Group products manufactured under ISO 9001	80% of products	94%	98%
Revenue generated from operations with ISO 14001 certification	80% of operations by revenue covered by CY25	74%	69%

Source: discoverIE

External reviews validate approach

The company has an MSCI 'A' rating. The company is 'top-rated' by Morningstar Sustainalytics for both Europe and the technology hardware industry. In February this year, the company was awarded a 'B' rating for its 2024 climate disclosure by the Carbon Disclosure Project, a significant improvement on its previous rating.

Sensitivities

Our estimates and the discoverIE share price will be sensitive to the following factors:

- **Customer demand:** customer demand will be influenced by the economic environment in Europe and, increasingly, the US and Asia-Pacific. It will also be sensitive to the gain or loss of major customers, although in FY25 no customer made up 10% or more of sales.
- **Supply chain:** discoverIE buys raw materials and components from suppliers around the world and will be affected by the cost and availability of these supplies as well as the cost and availability of freight to transport them.
- **Currency:** translational – with c 80% of revenues in non-sterling currencies, discoverIE is exposed to the translation of euro, US dollar and Nordic-denominated subsidiary results into sterling, which decreased growth in sales and adjusted operating profit by 1pp in H126. Transactional – discoverIE sells mainly in euros, US dollars, sterling and Nordic currencies, and purchases mainly in US dollars and euros. discoverIE hedges with forward contracts to the extent that the exposure cannot be passed to the customer.
- **Pricing:** discoverIE's revenues and profitability are sensitive to the company's ability to include within price quotes engineering time spent on designing customer solutions. The company aims to pass through supplier price increases and tariffs, with very few fixed-price contracts.
- **Acquisitions:** the company is likely to make further acquisitions, which could add integration risk and will require funding.

Financials

Review of H126 results

The company reported H126 revenue growth of 2.5% with 0.5% organic growth, a 5% contribution from the acquisitions of Hivolt and Burster, a 2% reduction from the disposal of the Santon solar business and a 1% reduction from fx. S&C revenue increased 14% y-o-y and 7% on an organic CER basis. M&C revenue declined 4% y-o-y and 3% on an organic CER basis.

Gross margin increased on an organic basis by 0.4pp to 43.5% and the company invested an additional 2.5% in operating expenses, mainly for engineering. Adjusted operating profit increased 4% y-o-y or 5% CER with the margin expanding by 0.2pp to 14.0%. S&C profitability improved reflecting higher revenue and the contribution from acquisitions. M&C profitability declined, reflecting the lower proportion of higher margin Controls business in the mix.

Reported operating profit is after amortisation of acquired intangibles (£8.2m), a net reduction in contingent consideration of £1.3m, fair value adjustments of £0.8m on acquired inventory and £0.2m costs related to ongoing acquisitions. Net finance costs reduced 11% y-o-y to £4.7m as the company benefited from lower average debt and lower interest rates. The tax rate on adjusted PBT was 24.7%, up 0.7pp due to the geographic mix of profits. Adjusted EPS was 6% higher y-o-y. The company announced an interim dividend of 4.05p (+4% y-o-y). Net debt reduced 8% y-o-y to £90.7m.

Exhibit 14: H126 results highlights

£m	H126	H125	H125 CER	Reported y-o-y	CER y-o-y	Organic y-o-y
Revenues	216.4	211.1	209.2	2.5%	3.5%	0.5%
Magnetics & controls	126.7	132.4	131.0	-4.3%	-3.0%	-3.0%
Sensing & connectivity	89.7	78.7	78.2	14.0%	15.0%	7.0%
Adjusted operating profit						
Magnetics & controls	19.9	21.4	21.1	-7.0%	-5.7%	
Sensing & connectivity	16.4	13.6	13.5	20.6%	21.5%	
Unallocated	(6.1)	(5.9)	(5.9)	3.4%	3.4%	
Total adjusted operating profit	30.2	29.1	28.7	3.8%	5.2%	
Total adjusted operating margin	14.0%	13.8%		0.2%		
Magnetics & controls	15.7%	16.2%		-0.5%		
Sensing & connectivity	18.3%	17.3%		1.0%		
Reported operating profit	22.3	21.1		5.7%		
Adjusted EPS (p) - diluted	19.5	18.4		6.0%		
Reported EPS (p) - diluted	13.5	12.2		10.7%		
Net debt	90.7	98.7		-8.1%		

Source: discoverIE

Key strategic indicator performance

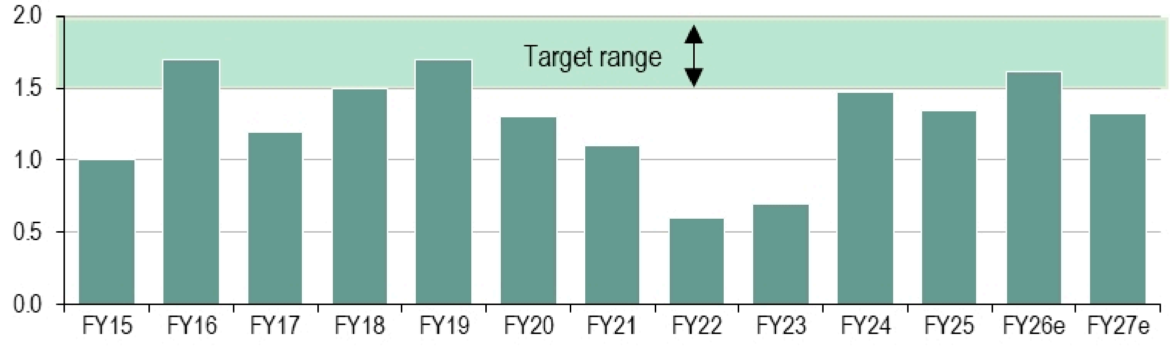
Referring back to Exhibit 6:

- **Sales growth:** the business has shown strong organic growth since FY18, well ahead of GDP, apart from in COVID-affected FY21. Organic growth slowed through FY24 and declined in FY25 as the macroeconomic environment weakened and customers worked through excess inventory. As we noted above, the company has returned to organic growth.
- **EPS growth:** excluding FY21, the company has grown adjusted EPS at or ahead of its target rate every year to FY23. While EPS only grew 5% in FY24 and FY25, this was despite declining revenues due to customer destocking, higher interest rates and higher net debt to fund acquisitions. EPS growth was slightly higher in H126 at 6%.
- **ROCE:** at 15.4%, the company was ahead of its ROCE target in H126 and slightly higher than a year ago. Acquisitions usually bring the level of ROCE down and then grow over time as synergies are realised. For example, for deals done prior to FY18, ROCE has grown to 27.2%.
- **Operating cash conversion:** H126 operating cash conversion was well ahead of the target level.
- **Free cash flow conversion:** H126 free cash flow conversion was also well ahead of the target level.

Gearing to remain within or below the target range over the forecast period

At the end of H126, the company had used £128.5m of its £240m RCF. The chart below shows discoverIE's gearing levels since FY15, with gearing only higher than 1.5x on two occasions, after the acquisitions of Contour and Cursor Controls. The lower level of gearing in FY21–23 reflects the focus on cash preservation during COVID, which included a brief pause in acquisitions, as well as equity fund-raising in FY22 to partially fund the acquisitions of Beacon EmbeddedWorks and Antenova. Our forecasts, including the recently announced Keymap and Trival deals but absent any further acquisitions, assume that gearing reaches 1.6x by the end of FY26 and 1.3x by the end of FY27.

Exhibit 15: Year-end gearing, FY15-27e



Source: discoverIE, Edison Investment Research

Outlook and changes to forecasts

At a group level, H126 orders increased 4% y-o-y, 5% CER and 0.5% on an organic CER basis, resulting in a book-to-bill of 0.99x for H1. The order book was £157m at the end of H126, down 3.7% half-on-half and equating to roughly 4.3 months of sales, down from seven months at the peak of inventory constraints. The company estimated this is now at a normalised level.

On a divisional basis, S&C order intake declined 10% on an organic basis reflecting very strong order intake in H125, and H126 book-to-bill was 0.92x. M&C is seeing good performance in the Magnetics part of the business, but there are still six large customers in the Controls business that continue to work through excess inventory. M&C orders increased 7% on an organic basis and book-to-bill was 1.04x.

During H126, the company's products were designed into projects with an estimated lifetime value of £210m, up 2% y-o-y. Management noted that a material number of designs won a year ago have yet to convert to orders, providing strong foundations for future growth as the destocking phase comes to an end.

Management believes it is on track to deliver FY26 adjusted earnings in line with the board's expectations. We maintain our adjusted operating profit and adjusted EPS forecasts for FY26. We have factored in the cost of the Keymat and Trival acquisitions at the end of FY26 and factored in revenue and EBIT contributions from the start of FY27. This results in a 3.2% upgrade to our FY27 adjusted EPS forecast.

Exhibit 16: Changes to forecasts

£m	FY26e old	FY26e new	Change	y-o-y	FY27e old	FY27e new	Change	y-o-y
Revenues	447.3	447.3	0.0%	5.8%	461.4	475.6	3.1%	6.3%
EBITDA	77.6	77.3	-0.4%	3.5%	79.6	84.5	6.2%	9.3%
EBITDA margin	17.4%	17.3%	-0.1pp	-0.4pp	17.3%	17.8%	0.5pp	0.5pp
Adjusted operating profit	62.6	62.6	0.0%	3.5%	64.50	68.93	6.9%	10.1%
Adjusted operating margin	14.0%	14.0%	0.0pp	-0.3pp	14.0%	14.5%	0.5pp	0.5pp
Normalised operating profit	65.0	64.2	-1.2%	2.7%	66.9	71.3	6.6%	11.1%
Normalised operating margin	14.5%	14.4%	-0.2pp	-0.4pp	14.5%	15.0%	0.5pp	0.6pp
Adjusted PBT	52.6	52.6	0.0%	4.9%	55.0	56.9	3.5%	8.2%
Normalised PBT	55.0	54.2	-1.5%	4.0%	57.4	59.3	3.4%	9.5%
Normalised net income	40.8	40.2	-1.5%	0.3%	42.6	43.9	3.1%	9.2%
Normalised diluted EPS (p)	41.2	40.6	-1.5%	-0.1%	42.8	44.1	3.1%	8.6%
Adjusted diluted EPS (p)	39.4	39.4	0.0%	1.9%	41.0	42.4	3.2%	7.4%
Reported basic EPS (p)	24.9	27.6	11.1%	7.9%	26.7	30.2	13.3%	9.3%
Dividend per share (p)	13.0	13.0	-0.4%	3.6%	13.6	13.6	0.0%	4.6%
Net (debt)/cash	(88.6)	(121.3)	36.9%	28.7%	(70.5)	(102.6)	45.4%	-15.5%
Net debt/EBITDA (x)	1.3	1.6			1.0	1.3		

Source: Edison Investment Research

Valuation

Exhibit 17 shows financial metrics for discoverIE's peer group and Exhibit 18 shows the valuation metrics. For the peer group, we use companies active in the electronics market and acquisitive industrial companies. discoverIE's stock is down 19% over the last year despite our EPS forecast for FY26 being slightly higher than a year ago. The stock trades at a 41% discount to the average of its broader UK industrial technology peer group on an FY26e P/E basis but at an even larger discount compared to peers with a similar decentralised operating model (such as Halma and Spirax).

During a tough period where organic revenue has been in decline, the company has managed to grow operating profit and earnings through careful cost and working capital management as well as targeted acquisitions. However, this has not been reflected in the share price, we assume because investors are more focused on top-line growth, resulting in the widening discount to peers. Now that organic revenue has returned to growth and the company has resumed acquisitions, we see scope for revenue and profit to accelerate ahead of our conservative forecasts.

Exhibit 17: Peer group financial performance

	Y/e	Share price (p)	Market cap (£m)	Rev growth (%)		EBITDA margin (%)		EBIT margin (%)	
				CY	NY	CY	NY	CY	NY
discoverIE	**31-Mar**	**594**	**572**	**5.8**	**6.3**	**17.3**	**17.8**	**14.0**	**14.5**
Diploma	30-Sep	5,445	7,320	7.3	5.7	24.4	24.2	21.8	21.6
Gooch & Housego	30-Sep	600	163	14.7	6.8	16.1	16.8	10.4	11.4
TT electronics	31-Dec	131	234	(5.5)	2.8	9.8	11.1	6.4	7.8
XP Power	31-Dec	917	257	(7.5)	6.5	14.9	17.8	7.7	10.8
Avon Protection	30-Sep	1,794	543	7.3	6.7	17.9	18.3	15.3	15.7
Halma	31-Mar	3,652	13,877	12.2	8.6	24.6	24.4	21.8	21.8
Spectris	31-Dec	4,142	4,200	8.8	5.4	19.6	21.2	14.4	16.6
Spirax-Sarco Engineering	31-Dec	6,855	5,062	0.8	5.3	23.2	24.6	19.2	20.3
Average				***4.8***	***6.0***	***18.8***	***19.8***	***14.6***	***15.7***
Median				***7.3***	***6.1***	***18.7***	***19.7***	***14.9***	***16.1***
Premium/(discount) to average				**1.0pp**	**0.3pp**	**-1.5pp**	**-2.0pp**	**-0.6pp**	**-1.2pp**
Premium/(discount) to median				**-1.6pp**	**0.2pp**	**-1.4pp**	**-2.0pp**	**-0.9pp**	**-1.6pp**

Source: Edison Investment Research, LSEG Data & Analytics. Note: As at 9 December.

Exhibit 18: Peer valuation metrics

	EV/Sales		EV/EBITDA		EV/EBIT		P/E		Div yield (%)	
	CY	NY	CY	NY	CY	NY	CY	NY	CY	NY
discoverIE	**1.5**	**1.4**	**8.6**	**7.8**	**10.3**	**9.3**	**15.1**	**14.0**	**2.2**	**2.3**
Diploma	4.7	4.5	19.4	18.6	21.8	20.8	28.5	26.8	1.2	1.3
Gooch & Housego	1.2	1.1	7.4	6.6	11.5	9.8	13.4	11.2	2.2	2.3
TT electronics	0.7	0.6	6.7	5.7	10.3	8.2	16.4	10.9	1.3	2.6
XP Power	1.6	1.5	10.8	8.5	20.8	14.0	42.2	18.7	0.0	1.6
Avon Protection	2.3	2.2	13.1	12.1	15.4	14.0	19.3	17.2	1.4	1.6
Halma	5.7	5.3	23.2	21.5	26.2	24.2	33.0	30.4	0.7	0.8
Spectris	3.4	3.2	17.5	15.3	23.7	19.6	27.3	22.4	2.1	2.2
Spirax-Sarco Engineering	3.5	3.3	14.9	13.3	18.0	16.2	23.5	21.0	2.5	2.6
Average	***2.9***	***2.7***	***14.1***	***12.7***	***18.4***	***15.8***	***25.5***	***19.8***	***1.4***	***1.9***
Median	***2.9***	***2.7***	***14.0***	***12.7***	***19.4***	***15.1***	***25.4***	***19.9***	***1.4***	***1.9***
Premium/(discount) to average %	**(48.7)**	**(48.7)**	**(39.3)**	**(38.3)**	**(44.0)**	**(41.3)**	**(40.8)**	**(29.3)**	**52.6**	**21.8**
Premium/(discount) to median %	**(48.6)**	**(48.8)**	**(38.8)**	**(38.2)**	**(46.8)**	**(38.4)**	**(40.7)**	**(29.4)**	**60.4**	**19.7**

Source: LSEG Data & Analytics. Note: As at 9 December.

Active M&A environment boosts multiples

Average peer group valuations have been boosted by recent bid activity. The final bid for Spectris of 4175p per share was 105% above the share price prior to bid rumours. The bid for TT Electronics by Cicor Technologies initially valued the company at 155p (mix of cash and equity), 63% above the prior day's closing share price. It has since declined to 133p (40% higher than the pre-bid price) as the bidder's share price has fallen by 16% since the announcement.

We also note that in October, Molex, a subsidiary of Koch Industries, announced the acquisition of Smiths Interconnect, a subsidiary of Smiths Group, for an enterprise value of £1.3bn. This valued the interconnect business on a trailing EBITDA multiple of 15x versus discoverIE on 9.2. The business reported strong organic growth of 22.5% for the most recently reported year (12 months ended 31 July 2025), although this is a fairly cyclical business as it is exposed to the semiconductor, industrial and aerospace and defence industries. Over the last five years, the business generated a revenue CAGR of 6% (including acquisitions) and an average operating margin of 15.4% compared to 7.3% and 12.0%, respectively, for discoverIE.

Exhibit 19: Financial summary

£m	2021	2022	2023	2024	2025	2026e	2027e
Year end 31 March	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
PROFIT & LOSS							
Revenue	302.8	379.2	448.9	437.0	422.9	447.3	475.6
EBITDA	44.0	56.1	65.4	71.1	74.7	77.3	84.5
Normalised operating Profit (before am, SBP and except.)	31.9	44.8	54.3	59.5	62.5	64.2	71.3
Adjusted operating Profit (before am. and except.)	30.8	41.4	51.8	57.2	60.5	62.6	68.9
Amortisation of acquired intangibles	(11.1)	(14.0)	(15.8)	(16.2)	(16.2)	(16.4)	(16.4)
Exceptionals	(2.6)	(6.5)	(1.4)	(9.8)	(1.9)	(0.2)	(1.0)
Share-based payments	(1.1)	(3.4)	(2.5)	(2.3)	(2.0)	(1.6)	(2.4)
Operating Profit	17.1	20.9	34.6	31.2	42.4	46.0	51.5
Net Interest	(3.6)	(3.8)	(5.5)	(9.0)	(10.4)	(10.0)	(12.0)
Profit Before Tax (norm)	28.3	41.0	48.8	50.5	52.1	54.2	59.3
Profit Before Tax (FRS 3)	13.5	17.1	29.1	22.2	32.0	36.0	39.5
Tax	(4.0)	(7.4)	(7.8)	(6.7)	(7.4)	(9.4)	(10.3)
Profit After Tax (norm)	21.6	30.8	36.1	37.9	40.1	40.2	43.9
Profit After Tax (FRS 3)	9.5	9.7	21.3	15.5	24.6	26.6	29.2
Discontinued operations	2.5	15.5	0.0	0.0	0.0	0.0	0.0
Net income (norm)	21.6	30.8	36.1	37.9	40.1	40.2	43.9
Net income (FRS 3)	12.0	25.2	21.3	15.5	24.6	26.6	29.2
Average number of shares outstanding (m)	88.8	93.0	95.4	95.8	96.0	96.3	96.8
EPS - normalised & diluted (p)	23.4	32.1	36.7	38.5	40.7	40.6	44.1
EPS - adjusted, diluted (p)	22.4	29.4	35.2	36.8	38.7	39.4	42.4
EPS - IFRS basic (p)	13.5	27.1	22.3	16.2	25.6	27.6	30.2
EPS - IFRS diluted (p)	13.0	26.3	21.7	15.8	25.0	26.9	29.4
Dividend per share (p)	10.15	10.80	11.45	12.00	12.50	12.95	13.55
EBITDA Margin (%)	14.5	14.8	14.6	16.3	17.7	17.3	17.8
Normalised operating margin (before amortisation, SBP and except.) (%)	10.5	11.8	12.1	13.6	14.8	14.4	15.0
discoverIE adjusted operating margin (%)	10.2	10.9	11.5	13.1	14.3	14.0	14.5
BALANCE SHEET							
Fixed Assets	244.6	326.5	335.9	381.0	396.9	431.1	421.3
Intangible Assets	190.8	263.3	272.0	329.5	336.4	367.1	353.9
Tangible Assets	45.9	45.4	44.4	41.1	50.4	53.9	57.3
Deferred tax assets	7.9	17.8	19.5	10.4	10.1	10.1	10.1
Current Assets	183.6	266.2	249.8	287.7	298.1	277.3	301.7
Stocks	67.7	77.8	90.0	80.1	82.9	88.9	94.5
Debtors	84.9	78.0	74.6	88.8	74.4	79.7	84.7
Cash	29.2	108.8	83.9	110.8	139.3	107.3	121.0
Current Liabilities	(107.8)	(190.3)	(151.2)	(185.4)	(195.5)	(202.5)	(208.4)
Creditors	(102.2)	(114.2)	(107.3)	(101.0)	(94.3)	(101.3)	(107.2)
Lease liabilities	(4.8)	(4.7)	(4.0)	(5.7)	(6.2)	(6.2)	(6.2)
Short-term borrowings	(0.8)	(71.4)	(39.9)	(78.7)	(95.0)	(95.0)	(95.0)
Long-term Liabilities	(112.0)	(112.0)	(130.9)	(181.7)	(191.5)	(181.9)	(171.7)
Long-term borrowings	(75.6)	(67.6)	(86.7)	(136.1)	(138.6)	(133.6)	(128.6)
Lease liabilities	(16.7)	(16.4)	(14.8)	(14.4)	(21.2)	(21.2)	(21.2)
Other long-term liabilities	(19.7)	(28.0)	(29.4)	(31.2)	(31.7)	(27.1)	(21.9)
Net Assets	208.4	290.4	303.6	301.6	308.0	324.0	342.8
CASH FLOW							
Operating Cash Flow	56.8	42.5	52.1	66.0	70.5	72.4	78.3
Net Interest	(3.1)	(3.3)	(4.8)	(7.7)	(10.0)	(9.5)	(11.5)
Tax	(7.2)	(7.1)	(9.0)	(12.5)	(10.6)	(14.0)	(15.4)
Capex	(3.9)	(6.2)	(5.6)	(4.9)	(6.1)	(9.0)	(9.0)
Acquisitions/disposals	(20.5)	(46.8)	(25.1)	(82.8)	(16.7)	(47.4)	(3.5)
Financing	(6.6)	47.2	(7.5)	(9.3)	(7.5)	(7.3)	(7.3)
Dividends	(2.8)	(9.4)	(10.5)	(11.2)	(11.7)	(12.2)	(12.8)
Net Cash Flow	12.7	16.9	(10.4)	(62.4)	7.9	(27.0)	18.8
Opening net cash/(debt)	(61.3)	(47.2)	(30.2)	(42.7)	(104.0)	(94.3)	(121.3)
HP finance leases initiated	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	1.4	0.1	(2.1)	1.1	1.8	0.0	0.0
Closing net cash/(debt)	(47.2)	(30.2)	(42.7)	(104.0)	(94.3)	(121.3)	(102.6)

Source: discoverIE, Edison Investment Research

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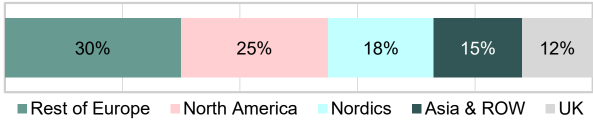
Revenue by geography



Management team

Non-executive chairman: Bruce Thompson

Bruce joined discoverIE as a non-executive director in 2018 and was appointed non-executive chairman from 1 November 2022. From 1996 to 2018 he was the CEO of Diploma. He is also non-executive director of Avon Technologies.

CEO: Nick Jefferies

Nick joined discoverIE as group chief executive in January 2009. He had previously held senior positions for over 15 years with leading international distributors of electronic components and computer products, such as Electrocomponents and Arrow Electronics. He originally trained as an electronics design engineer with Racal Defence (now part of Thales).

CFO: Simon Gibbins

Simon was appointed as group finance director in July 2010. A chartered accountant, he was previously global head of finance and deputy CFO at Shire. Before joining Shire in 2000, he spent six years with ICI in various senior finance roles, both in the UK and overseas. His earlier career was spent with Coopers & Lybrand in London.

Principal shareholders	%
Van Lanschot Kempen Investment Management	10.3%
Blackrock	8.0%
Impac Asset Management	5.8%
Swedbank Robur	5.6%
Aberdeen	4.2%
Montanaro Asset Management	4.1%
Columbia Threadneedle	3.5%
Danske Bank Asset Management	3.2%
NFU Mutual	3.1%
ClearBridge (formerly Martin Currie)	3.0%

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