

FULL YEAR RESULTS FOR
THE YEAR ENDED 30 SEPTEMBER 2023

20 NOVEMBER 2023

DIPLOMA DELIVERS

SUSTAINABLE
QUALITY
COMPOUNDING



AGENDA

- 01 OVERVIEW
- 02 FINANCIAL PERFORMANCE
- 03 STRATEGY AND BUSINESS REVIEW



01

OVERVIEW

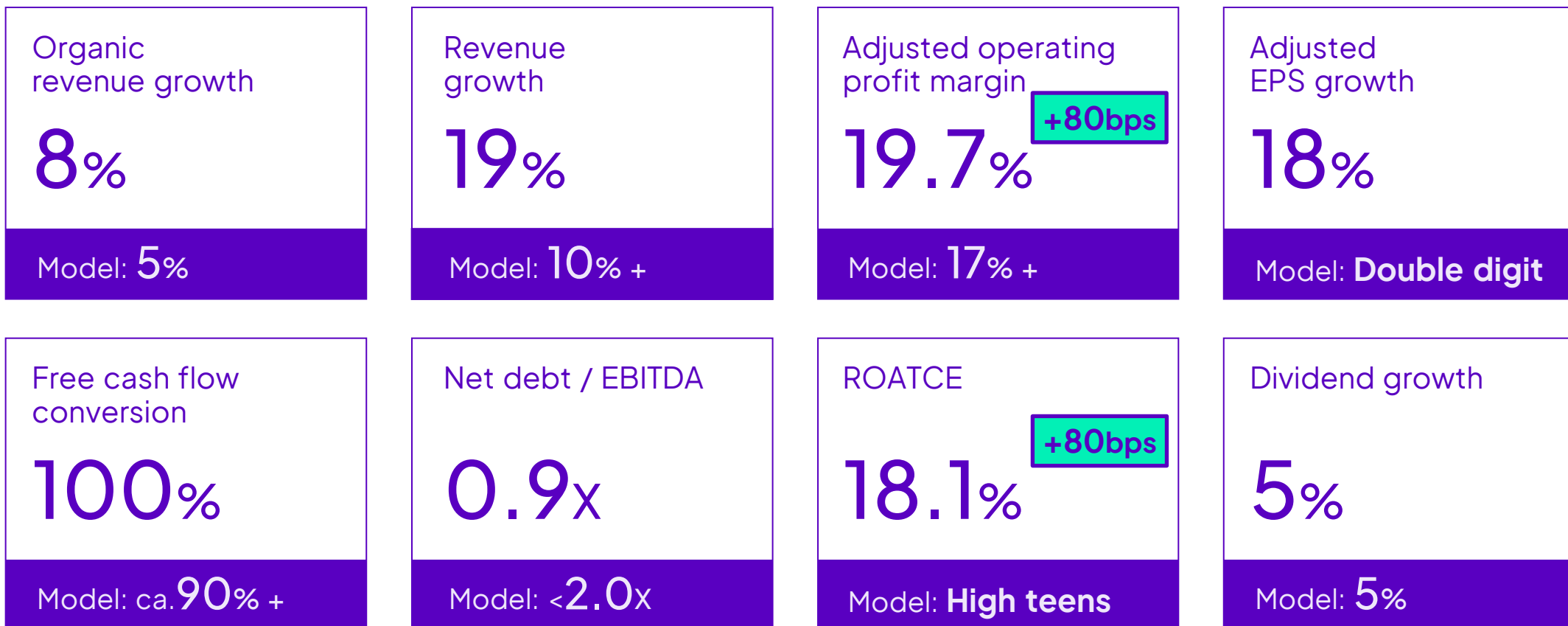
DIPLOMA PLC

GREAT PROGRESS

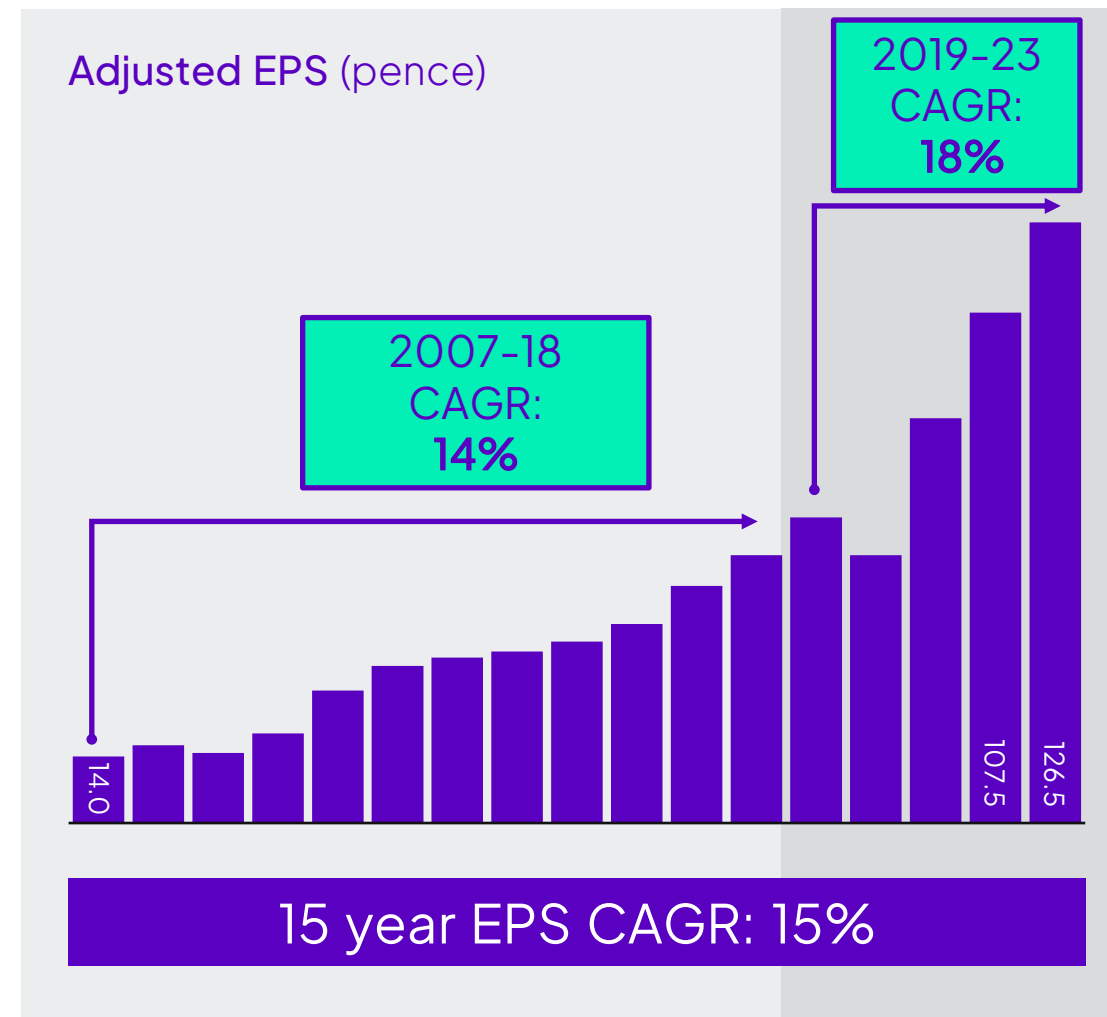
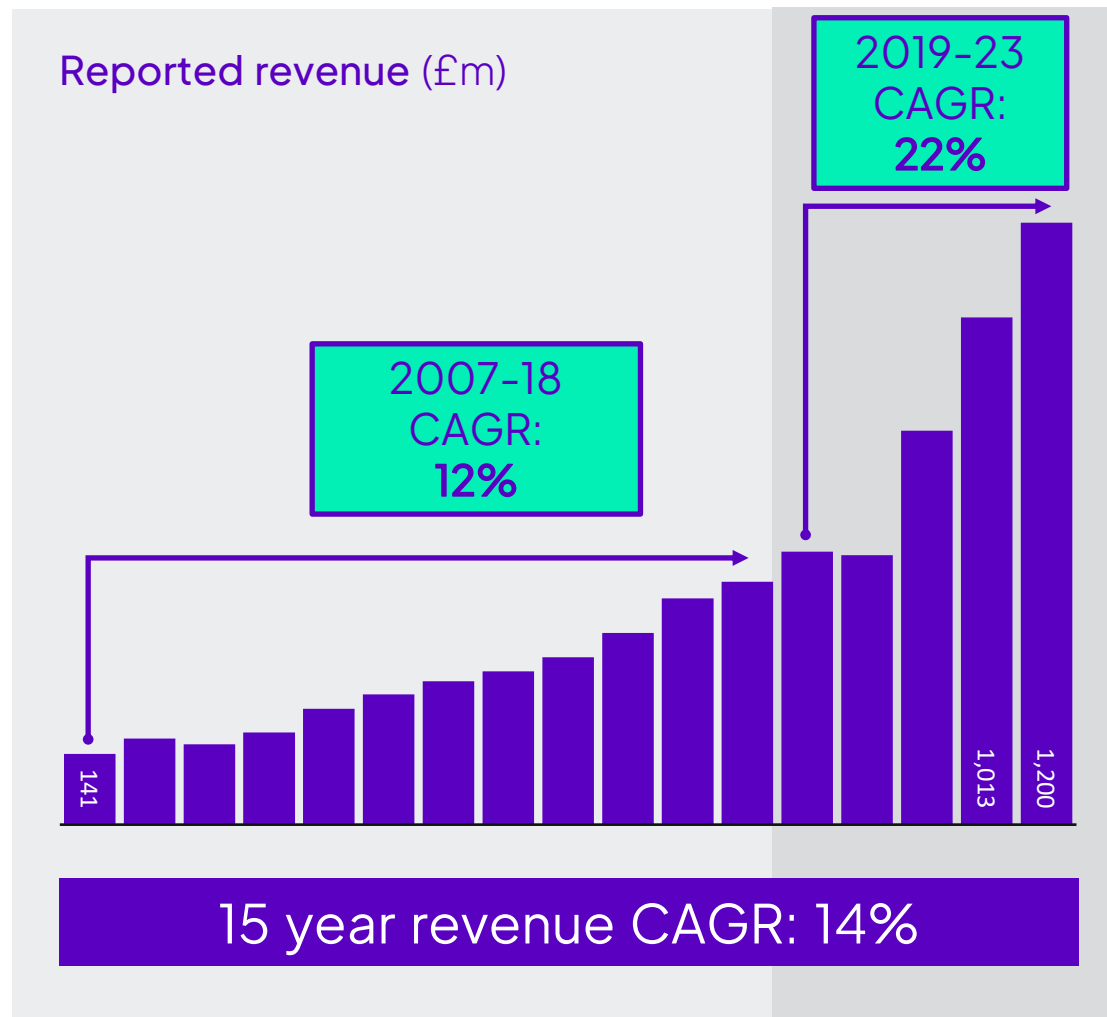
- Excellent performance building on our long-term compounding track record
- Revenue diversification initiatives delivering strong organic growth
- Good momentum into FY 2024
- High quality acquisitions accelerating organic growth: £280m invested in 12 new businesses
- Scaling our differentiated value-add model supporting margin progression
- Positive progress against all Delivering Value Responsibly targets

Sustainable quality compounding

EXCELLENT PERFORMANCE ACROSS ALL METRICS



OUR TRACK RECORD



POWERFUL DECENTRALISED CULTURE



Our purpose is to
create, innovate and deliver
value-add solutions
for a better future

Customer-centric

We are driven to add value

Accountable

We are all empowered to succeed

Grow together

We collaborate to create success and opportunity

Do the right thing

We are ambitious about delivering value responsibly

Down to earth

We're low on ego



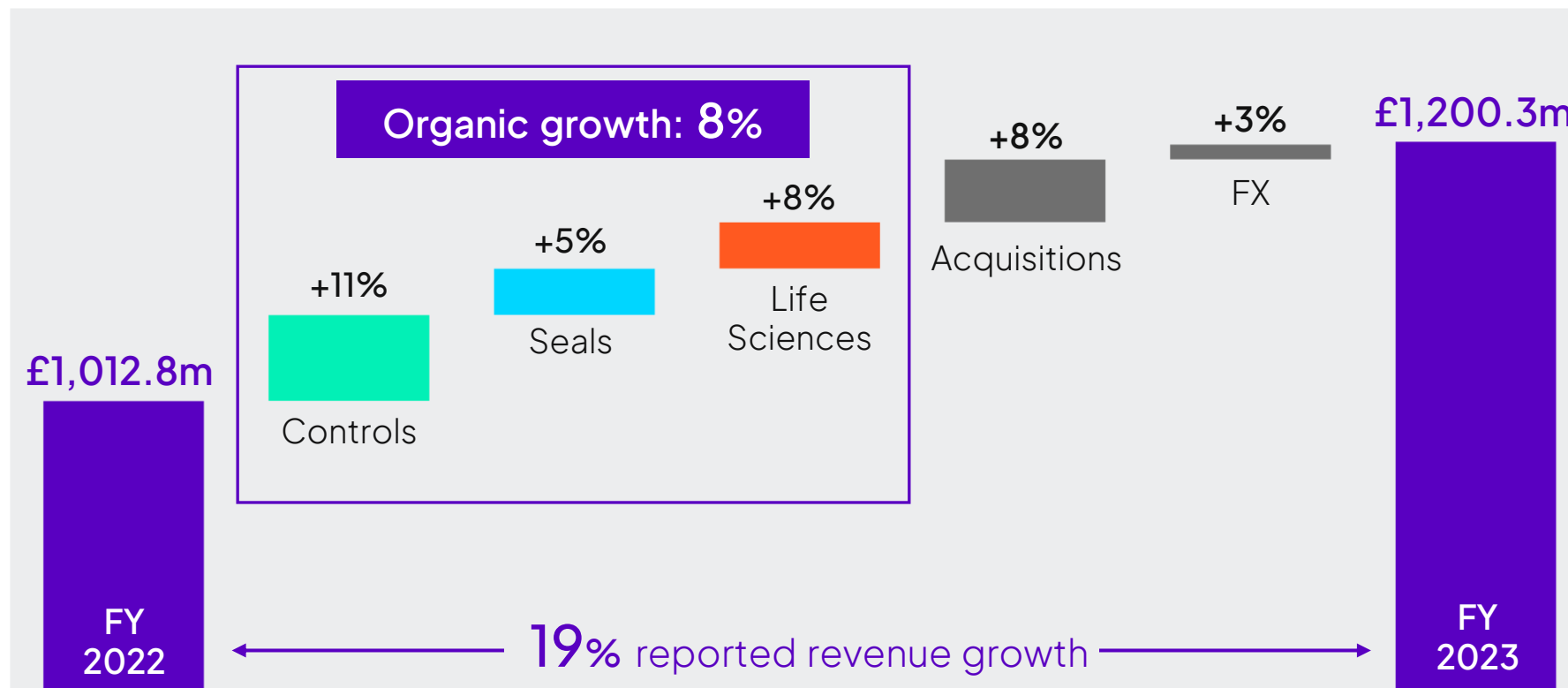
02

FINANCIAL
PERFORMANCE

DIPLOMA PLC

REVENUE

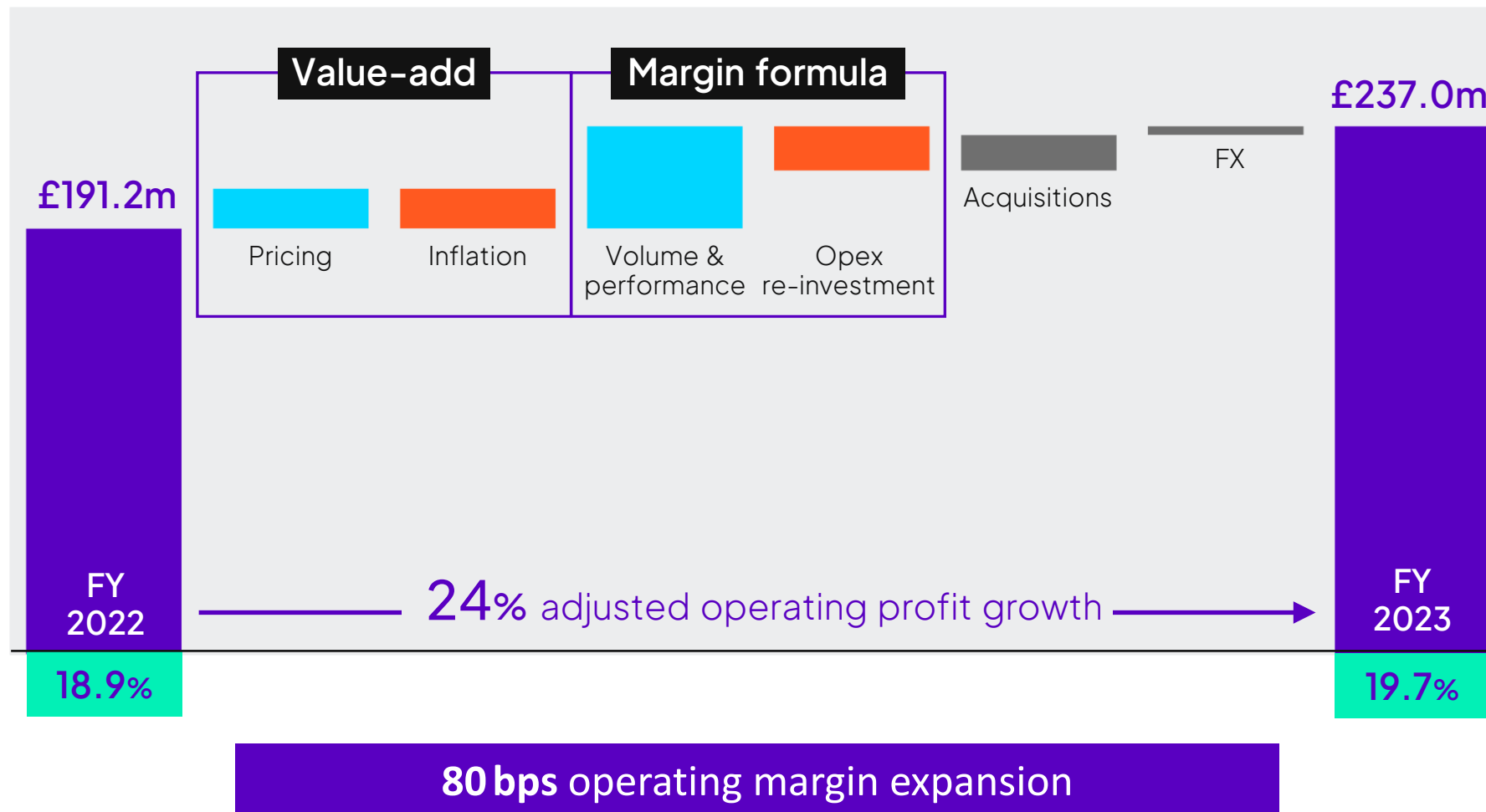
Year ended 30 September



Revenue diversification driving very strong organic growth

ADJUSTED OPERATING PROFIT

Year ended 30 September



INCOME STATEMENT

Year ended 30 September

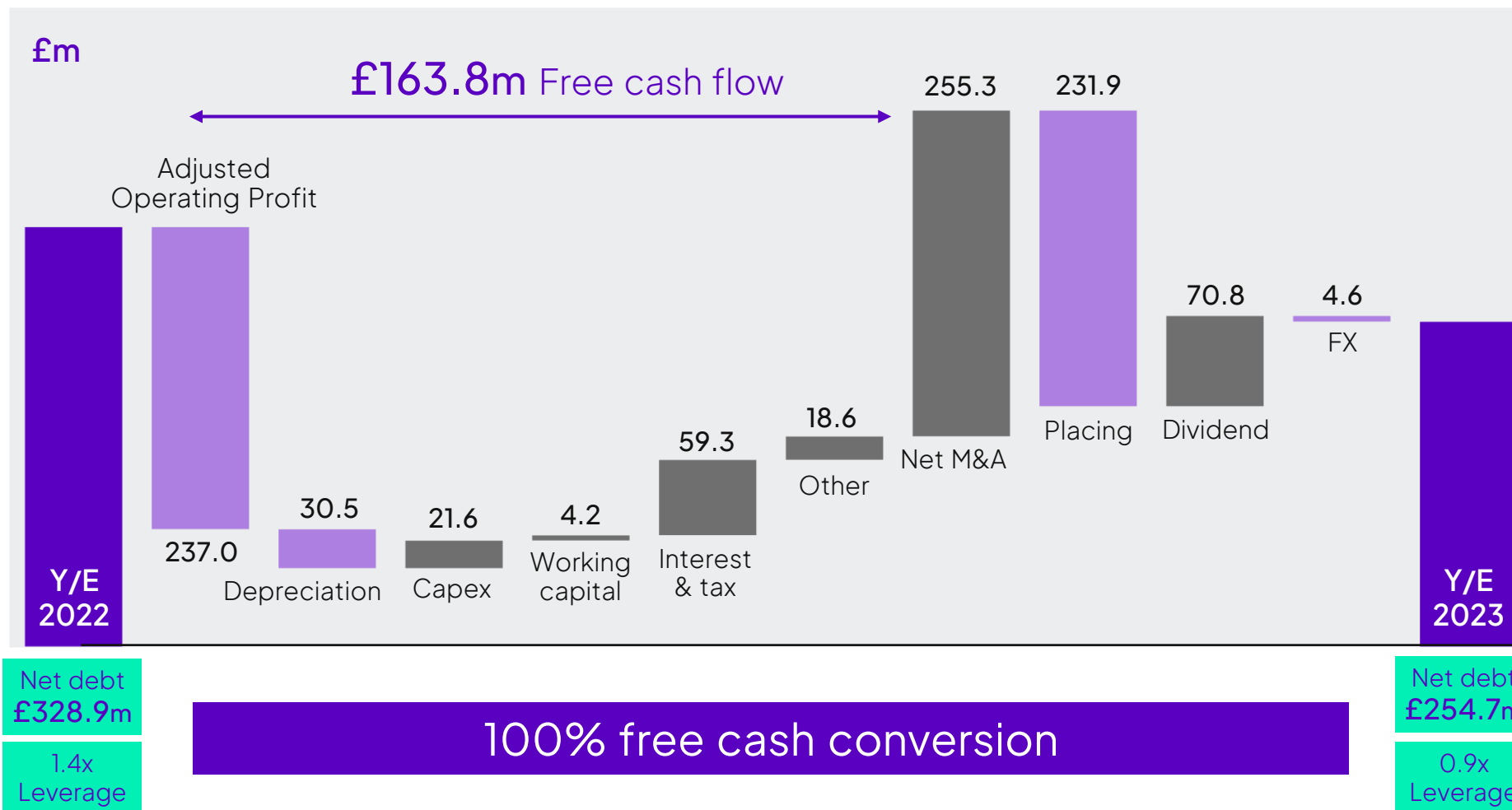
£m	2023	2022	Change
Revenue	1,200.3	1,012.8	+19%
Operating profit	237.0	191.2	+24%
Operating margin (%)	19.7%	18.9%	
Interest expense	(20.4)	(11.6)	
Profit before tax	216.6	179.6	+21%
Effective tax rate	24.0%	25.0%	
Earnings	164.0	133.9	+22%
Earnings per share	126.5p	107.5p	+18%
Total dividend per share	56.5p	53.8p	+5%

Adjusted EPS growth of 18%

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

CASH FLOW

Year ended 30 September



STRONG BALANCE SHEET

- £555m bank debt refinanced: maturities extended to July 2028
- Leverage reduced to 0.9x
- Cash and undrawn facilities: £297m
- Evaluating facilities to extend and diversify funding structure
- Pension in surplus

Substantial headroom to fund further growth

DISCIPLINED CAPITAL ALLOCATION

i

Invest for organic growth

Capital-light model (ca. 2% revenue) drives 90%+ cash conversion

2023: **100%**

ii

Targeted acquisitions to drive future organic growth

Acquisitions deliver 20% ROATCE over time

iii

Return to shareholders

Progressive dividend, 5% growth

iv

Maintain a prudent balance sheet

Net debt to EBITDA < 2.0x

2023: **0.9x**

High teens ROATCE

2023: **18.1% +80bps**

PUTTING CAPITAL TO WORK

Year ended 30 September

10 BOLT ONS

£33m

Under 5x
EBIT average multiple

£33m
annualised revenue

PORTFOLIO
MANAGEMENT

£23m

Disposal
of lower margin, lower growth
Hawco business

2 STRATEGIC
ACQUISITIONS

T.I.E.
£76m

9.8x
EBIT multiple
£31m
annualised revenue

DICSA
£170m

9.0x
EBIT multiple
£80m
annualised revenue

GUIDANCE FOR FY24

Revenue diversification

Double digit revenue growth

Organic: **+5%**

Acquisitions: **+6%**

Value-add: sustainable high margins

Consistently high at

19.7%

Highly cash generative

Cash conversion

90%+

Confident outlook



03

STRATEGY AND BUSINESS REVIEW

DIPLOMA PLC

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








BUCKET 1: END MARKET EXPOSURE



Positioning behind structurally growing end markets

* Approximate five year forecast CAGR based on company market data and research

BUCKETS 2 & 3: GEOGRAPHIC & PRODUCT WHITE SPACE

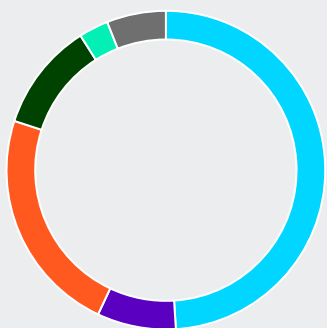
			US	CANADA	UK&I	GERMANY	FRANCE	SPAIN	OTHER EU	ANZ
CURRENT Addressable Market	Controls 	Wire & Cable	Light Purple		Light Purple					
		Interconnect	Light Purple		Light Purple	Light Purple	Light Purple			
		Specialty Fasteners	Light Purple		Light Purple	Light Purple				
		Specialty Adhesives			Light Purple					
		Industrial Automation	Light Purple							
	Seals 	Seals	Dark Purple	Light Purple	Light Purple				Light Purple	Light Purple
		Gaskets	Light Purple		Light Purple					
		Hoses & Fittings			Light Purple	Light Purple	Light Purple	Dark Purple	Light Purple	
		Pumps / Valves			Light Purple					Light Purple
	Life Sciences 	Diagnostics		Light Purple	Light Purple					Dark Purple
		Surgical / Critical Care		Dark Purple	Light Purple				Light Purple	Light Purple
		Endoscopy		Dark Purple					Light Purple	
	GROWING Addressable Market	↓ New product verticals ↓			Market share	Significant 	Moderate 	Small 	White space 	

CONTROLS: DOUBLE-DIGIT ORGANIC GROWTH

PERCENTAGE OF GROUP REVENUE*

44%

SECTOR REVENUE MIX



● **49%** Windy City Wire
● **8%** Wire & Cable (UK)
● **23%** Interconnect
● **12%** Specialty Fasteners
● **3%** Specialty Adhesives
● **5%** Industrial Automation

* Pro forma revenues adjusted for acquisitions and disposals completed during the year

	FY 2023	FY 2022	Change
Revenue	£568.4m	£492.8m	+15%
Organic growth	+11%	+24%	
Adjusted operating profit	£136.6m	£105.8m	+29%
Adjusted operating margin	24.0%	21.5%	+250bps

FY 2023 highlights

- Windy City Wire
 - 7% organic growth and 24% profit growth against strong comparative
 - EBIT nearly tripled and >20% ROATCE in year 3 post-acquisition
- Excellent performance in International Controls with organic growth +15%
- Strategic development:
 - Industrial Automation market entry with T.I.E.
 - Two smaller bolt-on acquisitions in Specialty Adhesives and UK Wire and Cable
 - Disposal of lower growth, lower margin Hawco business
- Margin +250bps: Positive operating leverage and Hawco disposal

T.I.E.: INDUSTRIAL AUTOMATION END MARKET ENTRY



A new strategic vertical

- Fast growing, attractive end segment
 - T.I.E. differentiated by strong aftermarket capability
 - Value-add proposition based on deep technical expertise
-

Significant growth potential

- Structural growth trends – onshoring, aging installed base
 - Circular economy: refurb & lifecycle support
 - Product growth potential in robotics / CNC machines
-

Progress since acquisition in March

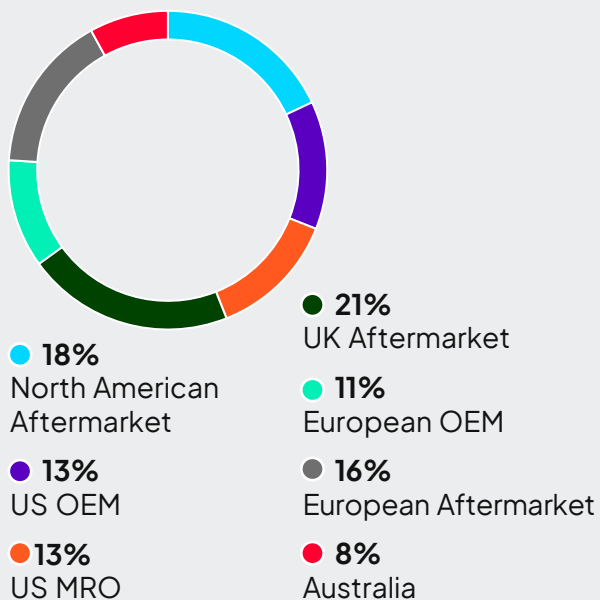
- Performing in line with expectations
- Invested in sales capabilities
- Starting to identify cross-selling opportunities

SEALS: CONSISTENT GROWTH

PERCENTAGE OF GROUP REVENUE*



SECTOR REVENUE MIX



* Pro forma revenues adjusted for acquisitions and disposals completed during the year

	FY 2023	FY 2022	Change
Revenue	£419.0m	£331.4m	+26%
Organic growth	+5%	+14%	
Adjusted operating profit	£79.0m	£62.6m	+26%
Adjusted operating margin	18.9%	18.9%	unchanged

FY 2023 highlights

- International Seals:
 - Organic growth +9%. Excellent trading performance in R&G in the UK
- North American Seals:
 - Organic growth +1% against strong comparator (FY 2022: +16%)
 - Strong growth in North American Aftermarket and MRO businesses
- Destocking across our European and North American OEM businesses; near-term growth expected to remain subdued
- Strategic development:
 - Acquisition of DICSA, a European aftermarket platform in fluid power solutions
 - Bolt-ons: 3 in North America; 4 into R&G in the UK

DICSA: EUROPEAN FLUID POWER PLATFORM



Adds to established positions in US and UK

- High quality distributor of hydraulic hoses, fittings and components
 - Aftermarket business with highly diversified customer base
 - Presence in key European markets with significant further potential
-

Strong strategic fit

- Value-add proposition underpins accretive margins
 - Impressive organic growth track record (long-term CAGR 11%)
 - Excellent management team motivated for the next phase of growth
-

Progress since acquisition in July

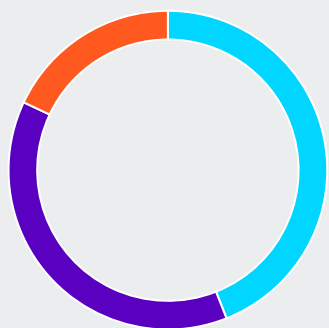
- Successful integration with Group financial processes
- Positive engagement within Seals Sector – exploring cross-selling opportunities

LIFE SCIENCES: BUILDING MOMENTUM

PERCENTAGE OF GROUP REVENUE*



SECTOR REVENUE MIX



● **42%** Canada
● **39%** Europe
● **19%** Australasia

* Pro forma revenues adjusted for acquisitions and disposals completed during the year

	FY 2023	FY 2022	Change
Revenue	£212.9m	£188.6m	+13%
Organic growth	+8%	-4%	
Adjusted operating profit	£43.2m	£41.0m	+5%
Adjusted operating margin	20.3%	21.7%	(140)bps

FY 2023 highlights

- Return to encouraging growth:
 - Continued recovery in surgical and operating room procedures
 - Normalising healthcare investment post-pandemic
 - Strong diagnostic performance
- Strategic development: Bolt-on in Denmark
- Strong margins accretive to Group; temporary dilution:
 - Accuscience (lower margin, lower capital intensity) full year impact
 - Significant scaling agenda in core geographies underpins future margins

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 teams	Employee Survey scores	Key suppliers aligned to our ethical code	Lost time accident freq. rate																																				
<table border="1"> <tr><td>2021</td><td>NA</td></tr> <tr><td>2022</td><td>7.4</td></tr> <tr><td>2023</td><td>7.2</td></tr> </table>	2021	NA	2022	7.4	2023	7.2	<table border="1"> <tr><td>2021</td><td>NA</td></tr> <tr><td>2022</td><td>60%</td></tr> <tr><td>2023</td><td>32%</td></tr> </table>	2021	NA	2022	60%	2023	32%	<table border="1"> <tr><td>2021</td><td>24%</td></tr> <tr><td>2022</td><td>27%</td></tr> <tr><td>2023</td><td>28%</td></tr> </table>	2021	24%	2022	27%	2023	28%	<table border="1"> <tr><td>2021</td><td>79%</td></tr> <tr><td>2022</td><td>79%</td></tr> <tr><td>2023</td><td>80%</td></tr> </table>	2021	79%	2022	79%	2023	80%	<table border="1"> <tr><td>2021</td><td>NA</td></tr> <tr><td>2022</td><td>59%</td></tr> <tr><td>2023</td><td>73%</td></tr> </table>	2021	NA	2022	59%	2023	73%	<table border="1"> <tr><td>2021</td><td>10.1</td></tr> <tr><td>2022</td><td>10.6</td></tr> <tr><td>2023</td><td>9.5</td></tr> </table>	2021	10.1	2022	10.6	2023	9.5
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Progress against all our priorities

SUSTAINABLE QUALITY COMPOUNDING



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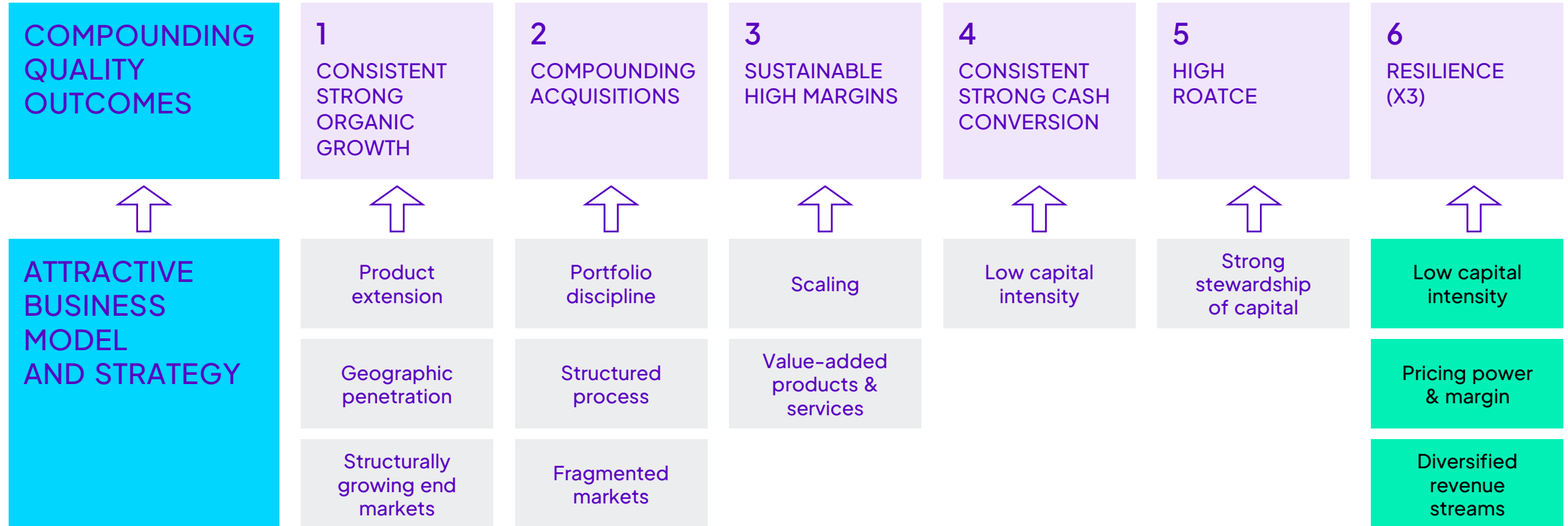


04

APPENDIX

DIPLOMA PLC

DNA OF A QUALITY COMPOUNDER



FINANCIAL KPIS

Five year trends

	2023	2022	2021	2020	2019
Revenue	£1,200.3m	£1,012.8m	£787.4m	£538.4m	£544.7m
Reported growth	+19%	+29%	+46%	-1%	+12%
Organic growth	+8%	+15%	+12%	-7%	+5%
Adjusted operating margin	19.7%	18.9%	18.9%	16.2%	17.8%
Working capital (% revenues)	16.0%	15.6%	15.8%	16.0%	16.5%
Free cash flow	£163.8m	£120.4m	£108.8m	£72.5m	£56.5m
Free cash conversion (%)	100%	90%	103%	113%	78%
ROATCE	18.1%	17.3%	17.4%	19.1%	22.9%

Average
over
five years:

Organic
revenue growth

7%

CAGR revenue
growth

20%

Adjusted
operating margin

18%

CAGR adjusted
EPS growth

18%

Free cash flow
conversion

97%

ROATCE

19%

SECTOR REVENUE AND PROFIT

	Revenue		
	2023 £m	2022 £m	Change
Controls	568.4	492.8	+15%
Seals	419.0	331.4	+26%
Life Sciences	212.9	188.6	+13%
Group	1,200.3	1,012.8	+19%

	Organic growth	
	2023 %	2022 %
	+11%	+24%
	+5%	+14%
	+8%	(4)%
Group	+8%	+15%

	Adjusted operating profit		
	2023 £m	2022 £m	Change
Controls	136.6	105.8	+29%
Seals	79.0	62.6	+26%
Life Sciences	43.2	41.0	+5%
Central costs	(21.8)	(18.2)	+20%
Group	237.0	191.2	+24%

	Adjusted operating margin		
	2023 %	2022 %	Change
	24.0	21.5	+250bps
	18.9	18.9	unchanged
	20.3	21.7	-140bps
	-	-	-
Group	19.7	18.9	+80bps

BALANCE SHEET

£m, as at 30 September	2023	2022
Goodwill and acquisition intangible assets	959.2	827.3
Tangible and other intangible assets	63.4	53.7
Net lease liabilities	(8.7)	(6.7)
Net working capital	214.3	184.2
Trading capital employed - reported	1,228.2	1,058.5
<i>Working capital as % of revenue</i>	16.0%	15.6%
<i>ROATCE</i>	18.1%	17.3%
Retirement benefit assets/(obligations), net	6.5	6.4
Acquisition liabilities and assets, net	(19.6)	(29.6)
Net bank debt	(254.7)	(328.9)
Minority interests and deferred tax, net	(64.8)	(44.4)
Total shareholders' funds (excluding minority interests)	895.6	662.0