

# DIPLOMA PLC

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**18 JANUARY 2023**

## DIPLOMA PLC

### **Q1 TRADING UPDATE: STRONG START TO FY 2023**

Diploma plc, the international group distributing specialised products and services, today issues a trading update for the three months ended 31 December 2022 ahead of the Company's AGM today at 9:00am.

#### **Year to date performance**

Performance in the first quarter has been strong, in-line with our full year expectations. 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 three months of FY 2023:

- Organic revenue growth 10%: broad-based momentum in Controls, sustained strong growth at Seals and Life Sciences on track for sustainable growth as surgical procedures continue to recover.
- Two small bolt-on acquisitions completed at attractive valuations; we remain disciplined in our approach to acquisitions and the pipeline is encouraging.
- Reported revenue growth 30%: 11% contribution from high quality acquisitions and a 9% foreign exchange benefit.
- Strong operating margin, in-line with expectations, demonstrating the power of our resilient value-added service model which drives customer loyalty and pricing power.

#### **Full year outlook positive and unchanged**

We remain mindful of the uncertain economic outlook. However, our business model is resilient. This, together with the strong Q1 performance, underpins our continuing confidence in delivering our full year guidance: mid-single digit organic revenue growth (likely to be H1 weighted); acquisitions to add ca.6% to reported growth; and, a strong, resilient operating margin of 18-19%.

The Group's excellent long-term track record of compounding growth demonstrates the strength of the business model. We remain focused on executing our strategy of building high quality, scalable businesses for organic growth and we are confident in our long-term prospects.

Our next scheduled update will be the publication of half year results on 15 May.

**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:**

- Dial in: UK-wide +44 (0) 33 0551 0200 / UK toll free: 0808 109 0700 (US +1 786 697 3501)
- Password: Diploma

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](mailto:investors@diplomapl.com)

#### **Enquiries:**

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Further information on Diploma PLC can be found at [www.diplomaplccom](http://www.diplomaplccom)

**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.diplomaplccom](http://www.diplomaplccom)*

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