

DIPLOMA PLC

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PRELIMINARY RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

Strong growth at great returns

	FY 24	FY 23	Change
Revenue	£1,363.4m	£1,200.3m	+14%
Organic revenue growth	6%	8%	
Adjusted operating profit	£285.0m	£237.0m	+20%
Adjusted operating margin	20.9%	19.7%	+120bps
Statutory operating profit ⁽¹⁾	£207.4m	£183.3m	+13%
Free cash flow	£197.9m	£163.8m	+21%
Free cash flow conversion	101%	100%	
Adjusted earnings per share	145.8p	126.5p	+15%
Basic earnings per share ⁽¹⁾	96.5p	90.8p	+6%
Leverage	1.3x	0.9x	
Total dividend per share	59.3p	56.5p	+5%
ROATCE	19.1%	18.1%	+100bps

All alternative performance measures are defined in note 15 to the Condensed Consolidated Financial Statements.

¹ Statutory operating profit and basic earnings per share in the prior year include an exceptional gain on the disposal of Hawco of £12.2m

- **Strong, volume-led organic revenue growth of 6%.**
- **Reported revenue growth of 14%:** 10% from acquisitions, partially offset by FX.
- **Adjusted operating margin up 120 basis points to 20.9%,** reflecting our value-add proposition; operational leverage; disciplined cost management; and accretive acquisitions.
- **Highly effective capital allocation:** £293m invested in seven quality businesses at 6x EBIT. Disposal of three non-core business entities after the year end for £45m at 7x EBIT.
- **Excellent return on capital** across the Group with ROATCE up 100 basis points to 19.1%.
- **Strong free cash flow** conversion of 101% reflecting disciplined working capital management.
- **Positive outlook** for FY25.

Commenting, Johnny Thomson, Diploma's Chief Executive said:

"Thanks to my brilliant colleagues for another excellent year. Whilst some markets have been a little tougher this year, the quality of the team, our businesses, and the diversified portfolio, have driven a strong performance.

"I am pleased with our organic growth, our margin progress, and the acquisitions we've made. Our discipline has been equally important: delivering great returns, cash flows, and selling some non-core businesses.

"It's been another great year to add to our long-term compounding track record and, while it's a tougher environment, I'm feeling positive about the year ahead, and our long term prospects."

Revenue diversification driving organic growth and increasing resilience

- **Controls +10%:** Driven by market share gains and structural tailwinds.
- **Seals +1%:** Resilient performance in challenging markets.
- **Life Sciences +6%:** Outperformance in stabilised markets.

Complementary acquisitions driving future organic growth at excellent returns

- Peerless acquired for £243m, performing very well.
- PAR Group acquired for £37m, adding scale to R&Gs Seals & Gaskets division.
- Five additional bolt-ons acquisitions for a total of £13m.
- Highly effective allocation of capital, acquisitions together delivering 20% ROATCE in year one.
- Healthy M&A pipeline diversified by sector, size and geography. Strong cash flow and balance sheet provides capacity to self-fund disciplined acquisitive growth.

Scaling effectively for sustainable growth

- Continued focus on management development initiatives to sustain growth.
- Three new state-of-the-art facilities opened to support future growth in the UK and Europe, making it 10 new facilities in the last five years.
- Continued improvements against our Delivering Value Responsibly targets.
- Further strengthened balance sheet: committed facilities of £880m with maturities up to 2036.

FY25 guidance

- At constant currency, we expect: organic growth of ca. 6%; acquisitions announced to date (net of disposals) to add ca. 2% to reported revenue; and an operating margin of ca. 21%.

Preliminary results

Diploma's preliminary results for the year ended 30 September 2024 have been submitted in full unedited text to the Financial

Diploma's preliminary results for the year ended 30 September 2024 have been submitted in full unedited text to the Financial Conduct Authority's National Storage Mechanism and will be available shortly for inspection at [National Storage Mechanism | FCA](https://www.ms-pdf.londonstockexchange.com/ms/6947M_1-2024-11-18.pdf). The results are also available at http://www.ms-pdf.londonstockexchange.com/ms/6947M_1-2024-11-18.pdf and the corporate website, www.diplomapl.com.

Dividends

For the financial year ended 30 September 2024 (FY24), the Board has recommended a final dividend of 42.0p per share (2023: 40.0p), making the proposed full year dividend 59.3p (2023: 56.5p), up 5%, in line with the Board's dividend policy.

The final dividend for FY24 is subject to approval by shareholders at the Annual General Meeting on 15 January 2025 and, if approved, will be paid on 31 January 2025 to shareholders on the register at 17 January 2025. Shares will trade ex-dividend from 16 January 2025.

Notes:

- Diploma PLC uses alternative performance measures as key financial indicators to assess the underlying performance of the Group. These include organic growth, adjusted operating profit/adjusted operating margin, adjusted earnings per share, free cash flow/free cash flow conversion, leverage and ROATCE. Definitions of these metrics is set out in note 15 to the Condensed Consolidated Financial Statements in this Announcement.*
- Certain statements contained in this Announcement constitute forward-looking statements. Such forward-looking statements involve risks, uncertainties and other factors which may cause the actual results, performance or achievements of Diploma PLC, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such statements. Such risks, uncertainties and other factors include, among others, exchange rates, general economic conditions and the business environment.*

A presentation for analysts and investors will be held at 09:00 GMT. This will be streamed live via webcast and audio conference call.

Register your attendance for the webcast at: https://brmedia.news/DPLM_FY_24

Conference call dial in details:

- Dial in: UK-Wide: +44 (0) 33 0551 0200 / UK Toll Free: 0808 109 0700
- Password: Diploma Full Year

A recording of the presentation will be available after the event on our website:
<https://www.diplomapl.com/investors/financial-presentations/>

For further information please contact:

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NOTE TO EDITORS:

Diploma PLC is a value-add distribution Group. Our businesses deliver practical and innovative solutions that keep key industries moving.

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. 3,600 colleagues across our three Sectors of Controls, Seals and Life Sciences. Our principal operating businesses are located in North America, the UK, Europe, and Australia.

Diploma aims to deliver sustainable quality compounding - ambition with discipline, and over the last fifteen years, the Group has grown adjusted earnings per share (EPS) at an average of ca. 16% p.a. through a combination of organic growth and acquisitions.

Diploma is a member of the FTSE 100.

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

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

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