Good afternoon.

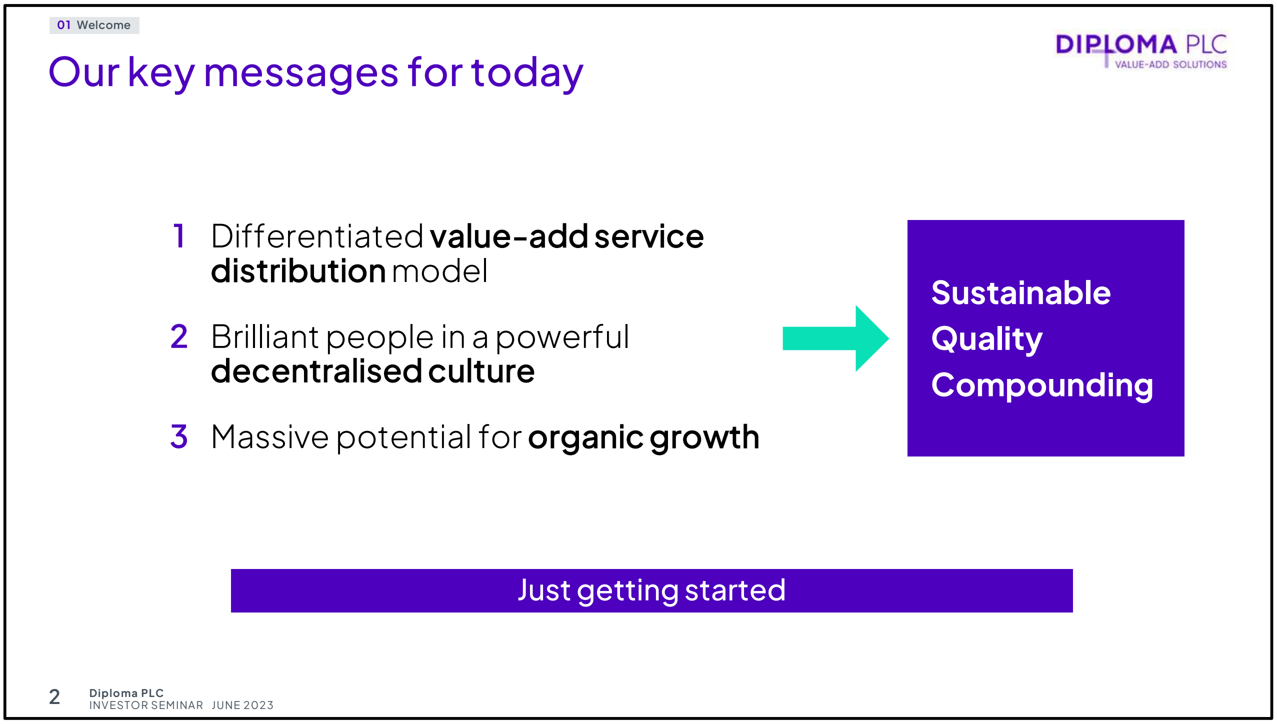
Welcome to Diploma's capital markets seminar. Thank you for coming. And thank you to those joining on the webcast too.

We're very happy to be with you today to share our story.

My name is Johnny Thomson. I've been CEO for a little over 4 years.

I know many of you already and I am grateful for the support you've given me and the Group these last few years. And I am looking forward to meeting those of you who are a little newer to our story too.

I have a great job and I love it…and…



I want to share with you the three important things that I think make Diploma special….

First, we have a differentiated value add service distribution model.

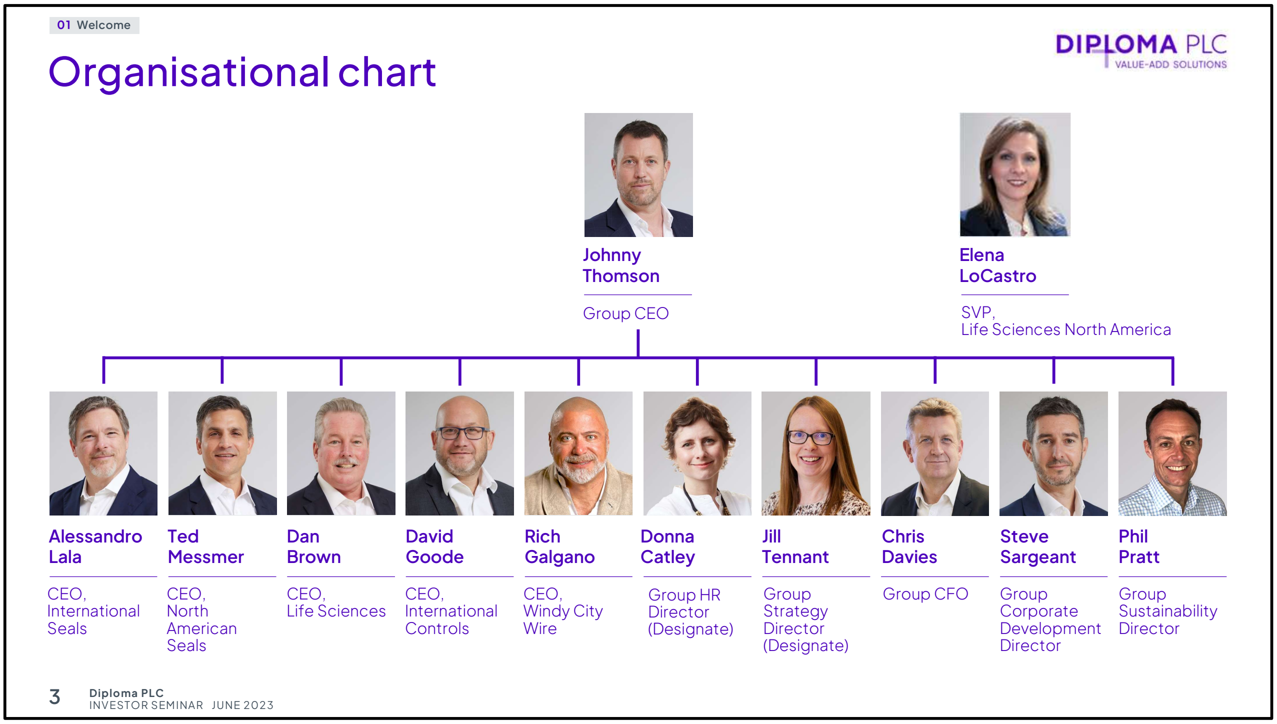
Second, it's delivered everyday by brilliant people in an empowered decentralised culture.

We're going to explain these differentiators, and how we develop the businesses and the Group to deliver them sustainably at scale.

And finally, we're really excited about the massive potential for growth. We'll share how we drive it.

These three things have delivered our quality compounding financial model for decades.

But we're only just getting started. I'm more excited now than I've ever been about Diploma's prospects.



We didn’t have an executive team 4 years ago. Now we do – they’re on the screen and here today.

• We have the CEOs of International Seals Alessandro Lala, NA Seals Ted Messmer, and International Controls David Goode. Life Sciences is run by Dan Brown and is represented today by our NA Head Elena LoCastro. You’ll also hear from Windy City Wire CEO Rich Galgano by video.

• From the Group team, we have our CFO Chris Davies, our Corp Dev Director Steve Sargeant, and our new Group Sustainability Director Phil Pratt. We also have our HR Director, Jill Tennant. Jill will become our Strategy Director soon and will be replaced by Donna Catley (somewhere in the audience).

I’m really proud of the way the team has come together, both from the inside and out, developed together through the pandemic, managing successfully a growing group. I want to say a big thank you to them for the brilliant job they do.

01 Welcome

DIPLOMA PLC
VALUE-ADD SOLUTIONS

Agenda

2.00pm	**Welcome**
2:15pm	**Value-add**
2:45pm	**Exciting Growth** 01 Organic growth 02 Complementary acquisitions
3:30pm	**Coffee break**
4.00pm	**Scale** 01 Value-add business model 02 Powerful decentralised Group
4:30pm	**Delivering Value Responsibly**
4:45pm	**Sustainable Quality Compounding**
5:00pm	**Q&A and wrap up**
5:30pm	**Drinks**

The agenda will cover the 3 key messages and give you colour and examples from the businesses across the Group. After an introduction from me, the team will take you through

• Our differentiated value add distribution model.

• Our exciting growth potential

• A session on how we scale the businesses and the group effectively.

• Delivering Value Responsibly - our environmental and social agenda.

• A finally our compounding financial model. There will be formal questions at the end. We also hope you can stay on and take a look at some of our products and services in the stands outside and chat to the team more informally over a drink.

So let’s get started.

01 Welcome

Strong foundations

DIPLOMA PLC
VALUE-ADD SOLUTIONS

Value-add distribution
Differentiated product / customer service

Growth
Strong growth over decades

People
Accountable, commercial people in decentralised culture

Acquisitions
Successful acquisition track record

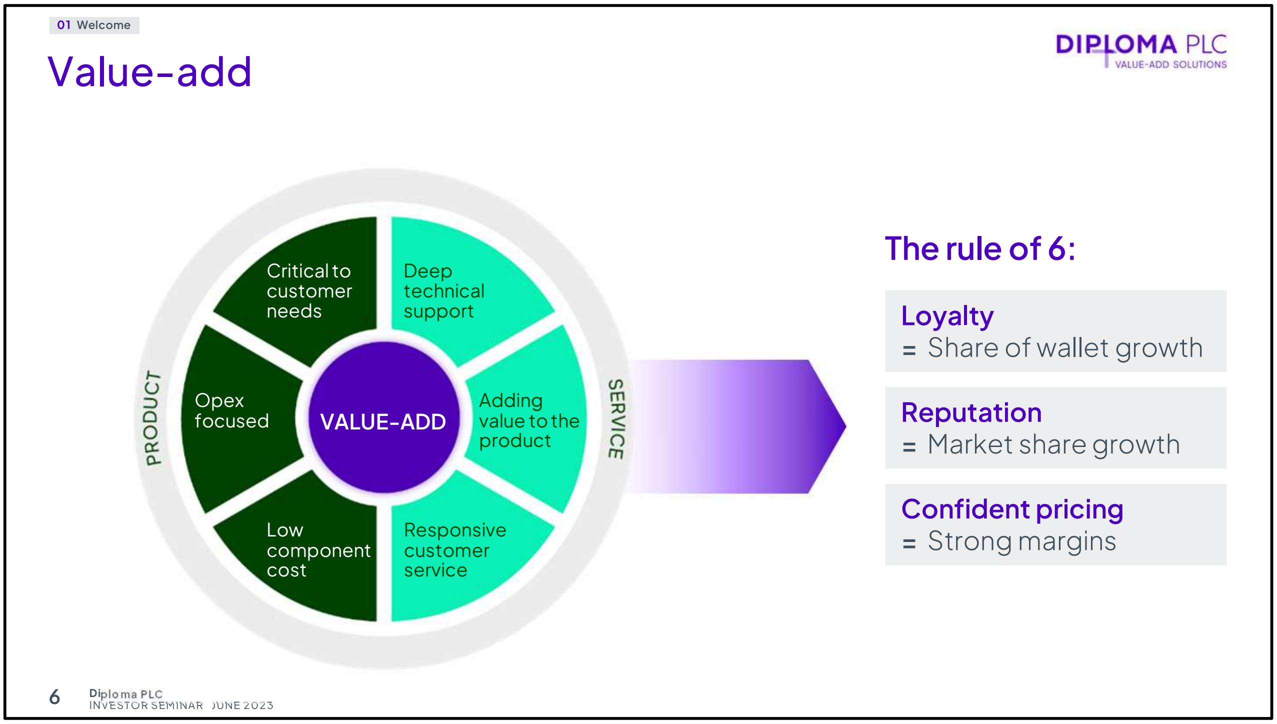
Performance
Decades of compounding performance delivery

The foundations of the Group are very strong. Created from an inspired idea, fostered with discipline, delivered consistently.

We are a value-add distribution Group. A group of small-ish businesses. Value add product and customer service is the consistent core, delivered by a brilliant team in an empowered decentralized culture, with an impressive and resilient track record of growth at attractive margins.

I inherited these foundations. And they’re the basis for our future success.

But we’ve moved the Group on to the next phase. We have ambition, transitioning from niche/GDP+ businesses to specialised high growth businesses. We have cohesion, direction and execution across clear strategic and performance objectives. And we're building a diversified and resilient platform for scale, enabling our businesses and our Group to deliver for the long term.



Our value-add business model is our key differentiator.

We're a service business as much as a distribution business. And, while we do some light assembly, we're not a manufacturer.

Our products are specialized and always with a customer service wrapper too. We create solutions to make our customers' lives easier. And the value we create is far in excess of the cost of the product. What we do is critical to our customers' value chain. We live and breathe this.

The business model drives what I call the rule of 6: loyalty and share of wallet, reputation and market share potential, pricing power and strong margins.

You'll hear some examples from Ted and the team shortly. Preserving this value-add as our businesses scale is critical to our success.

Secret sauce: powerful decentralised culture

DIPLOMA PLC
VALUE-ADD SOLUTIONS

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

Powerful decentralised culture

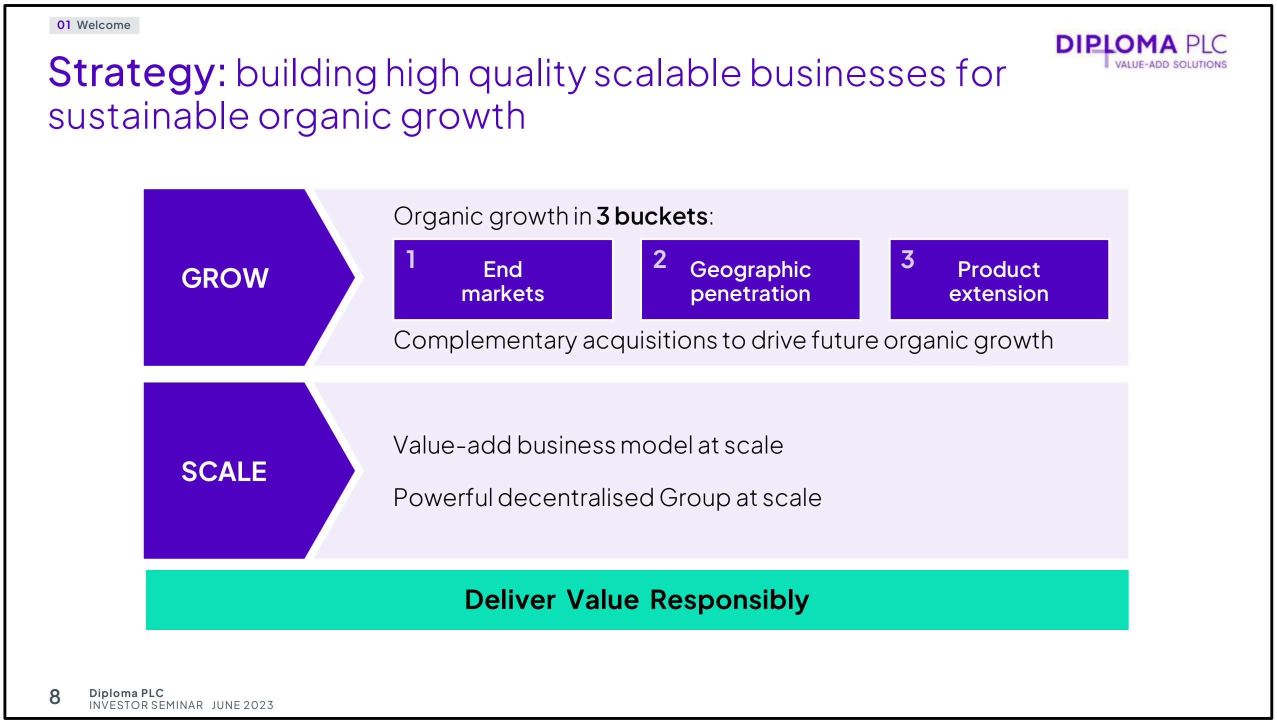
So that's the model, now I'll explain who we are.

Our purpose is to…"create, innovate and deliver value add solutions for a better future " …for our colleagues, our customers, our suppliers…

We believe in ownership at the front of the organisation. Decentralised. Why? Because our customers, our value propositions, our management, performance and strategy are all local. Success happens for us at the front end. And that defines how we behave too….

We're commercial, accountable, open minded and collaborative, driven and resilient….we're not about politics, ego and hierarchy…..

We believe that this decentralized culture is also a differentiator. It's a way of working that we all love and thrive off. Preserving this secret sauce as we scale is one of the most important parts of my job.



Our strategy is to build high quality, scalable businesses for sustainable organic growth.

We drive organic growth in what I call our 3 buckets: positioning behind structurally growing end markets, penetrating further in core developed geographies, and extending our product range to expand addressable markets. Small concentrated businesses, stepping out of their niche, taking their specialized proposition to new places – they all have fantastic opportunities which we focus around these 3 buckets. This strategy drives exciting sustainable organic growth, scale, and increased resilience.

As a Group, we focus the portfolio around key scalable business units. We complement our organic strategy with bolt-on acquisitions that accelerate organic growth at great returns. We have a strong track record for this - and a healthy pipeline to keep going.

Our value-add model and our powerful decentralised culture are our key differentiators, as I said. As we go from small to large, we naturally have to do things differently, while always preserving these differentiators. So building effective scale is key to the strategy – developing our businesses and Group to become better, not just bigger, and as such to sustain long-term delivery.

Finally, Diploma’s products and services are fantastically positioned for the sustainable economy. Our environmental and social platform Delivering Value Responsibly is embedded in our culture and commercial activity. And through it we can make a meaningful difference

Achievements…a great start…

DIPLOMA PLC
VALUE-ADD SOLUTIONS

- > Developed / entered **new markets**
- > **Developed US presence** from **25% to 45%**
- > **Extended product capability**
- > **Acquired 30 businesses** driving organic growth
- > **Windy City Wire**
- > **Disposed** of four non-core businesses
- > Strengthened the businesses' **teams, systems, facilities**
- > **Focused** the portfolio
- > High performing **leadership team**
- > Developed the **Diploma Identity**
- > **Embedded DVR** into the commercial strategy
- > Accelerated compounding **EPS to 19%**

… so much more to go for

We've made great progress in the last 4 years: we've doubled the size of the Group, diversified the portfolio and built the Group for scale.

From a growth perspective:

• We are building positions in structurally growing end markets, as you'll hear.

• Geographically, we've moved the US from 25% to 45% of the Group.

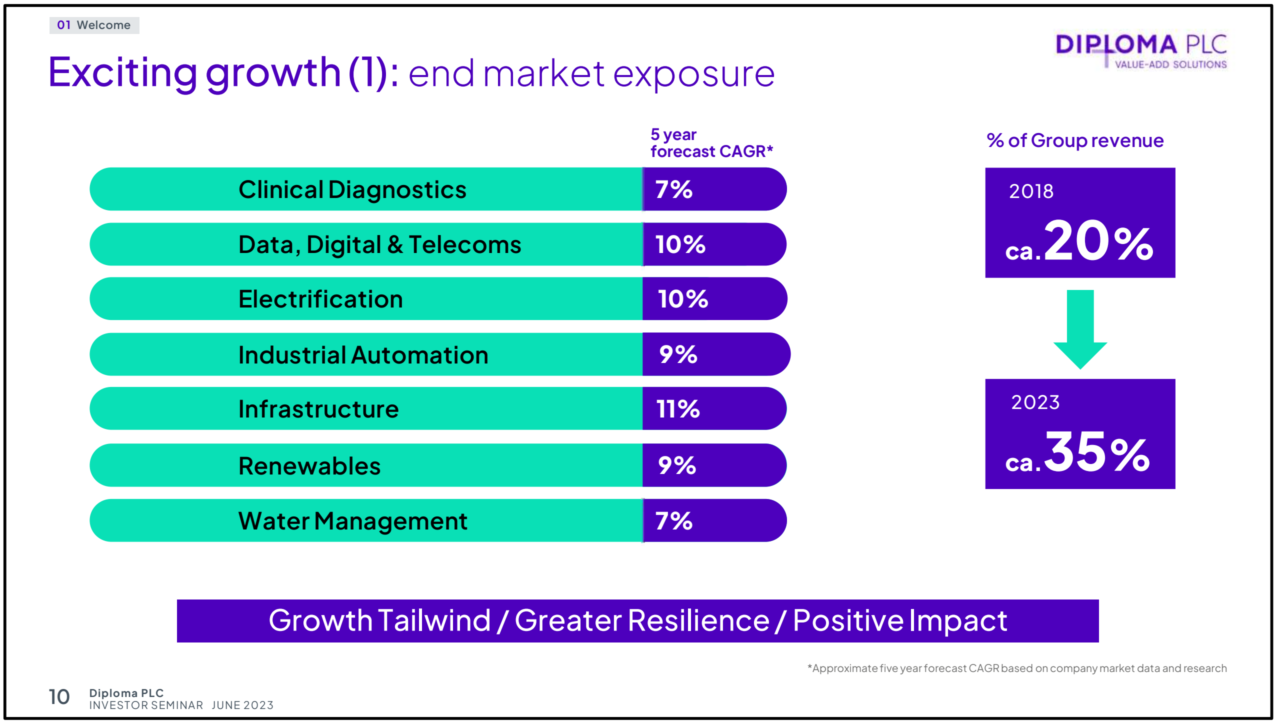
• And we've materially extended our product capability, adding 3 new verticals to the portfolio.

We have developed a more strategic and structured approach to acquisitions, bringing in 30 new businesses. Our largest acquisition, Windy City Wire, will have tripled its profits and delivered returns of over 20% in this it's third year in the Group. Keeping the portfolio focussed we've disposed of 4 small non-core businesses too.

We're developing our businesses incrementally for greater scale. And we've transformed the way we run the Group – more on this in a minute.

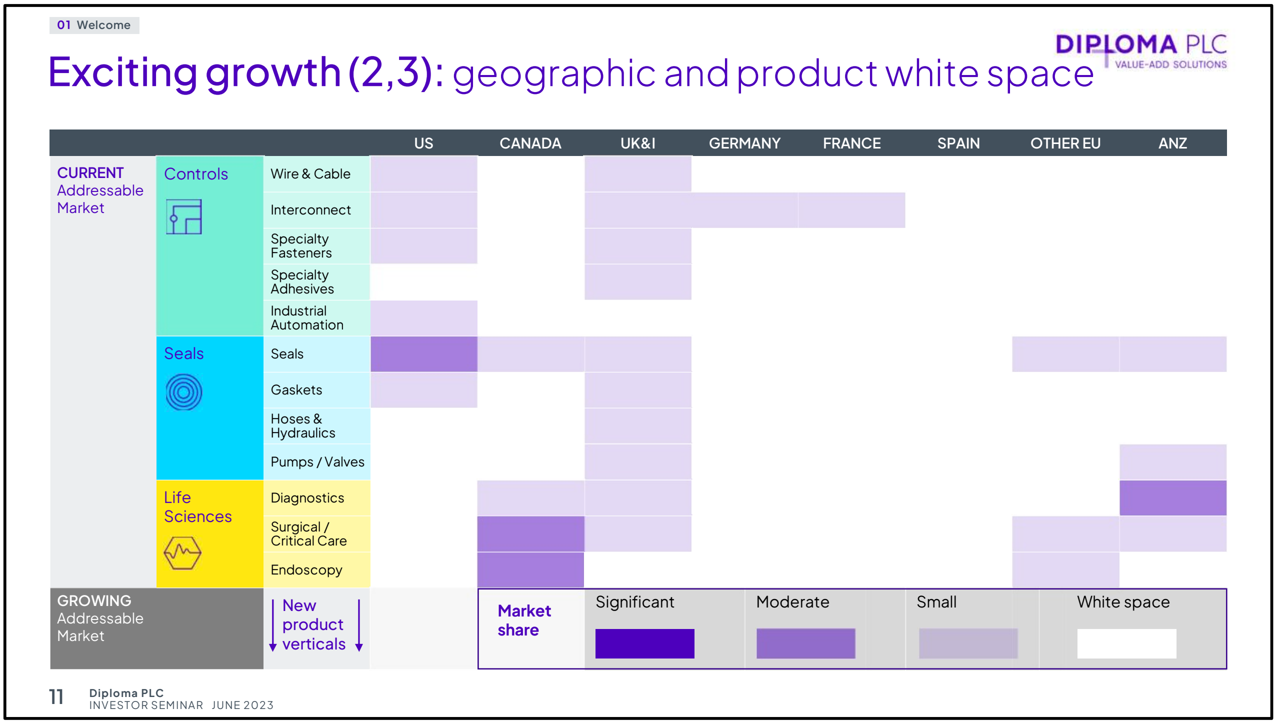
And finally, performance. Our growth has accelerated, our margins are strong, and compound EPS has accelerated to nearly 20%, all at great returns on capital.

Looking forward now, let's talk about growth. Over decades, Diploma has delivered 5% organic growth. We're aiming to do better.



How?….first let's consider our end market bucket. One of the really exciting opportunities is to access structural investment trends. Our products and services face really well into these high growth markets. We've increased our exposure but we still have very small shares. And we'll keep developing this.

This approach will increase our revenue resilience, as well as actively positioning us in the sustainable economy – what we call Positive Impact revenues. These markets should grow by anything between 5% and 10% and, with market share potential too, increasing exposure can potentially add a 1-2% tailwind to our Group organic growth over time.



Now, let's look at the significant white space opportunity in the other 2 buckets, geographic penetration and product extension.

Geographically, we are focussed on the core developed economies. As you can see, penetration is still very small today, so we don't need to go to higher risk developing markets for our growth. We have either no or small market shares in most of our product verticals across the US, Europe and the UK.

We can also add new product verticals. We don't want to go crazy with this, portfolio focus is important to us, but we'll selectively ensure it suits our business model and we have the right to scale. We have started on this with Adhesives, Fluid Power and Automation in the last few years.

We believe that this geographic penetration and product extension can also add 1-2% to our Group organic growth.

Complementary acquisitions

DIPLOMA PLC
VALUE-ADD SOLUTIONS

Strong track record:

£840m deployed

30 quality businesses

15% organic growth

16% returns

Healthy pipeline:

Huge **white space**

Fragmented markets

Well developed **processes** and **capability**

Purchaser of choice

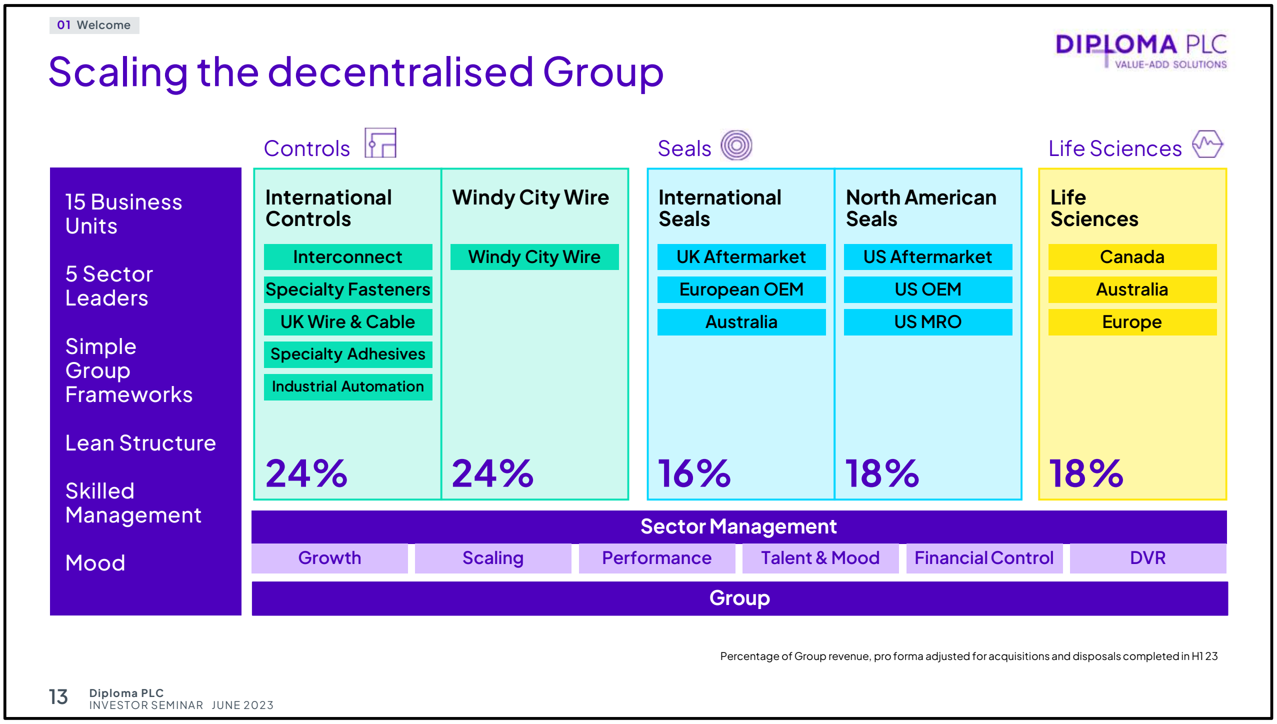
Future organic growth / Great returns

We can use our capital to accelerate our organic growth with bolt-on acquisitions. We buy quality small to medium size businesses that drive future organic growth in the 3 buckets at great returns. We have a strong track record in the last four years. We have deployed £840m on 30 businesses that have grown organically at 15% and with returns of 16% and rising.

Looking forward, we expect this to continue. We have fragmented markets, a well developed approach, and a compelling proposition to sellers. The pipeline looks very healthy.

Discipline is really important to us. It’s the underpin to successful long-term compounding. So there may be times when we do a little less – and that’s ok - we’re not buying any old rubbish. However, with a healthy pipeline we can continue to add quality businesses of strategic value, with great growth and attractive returns.

You will hear a lot more on growth from David, Steve and the team shortly.



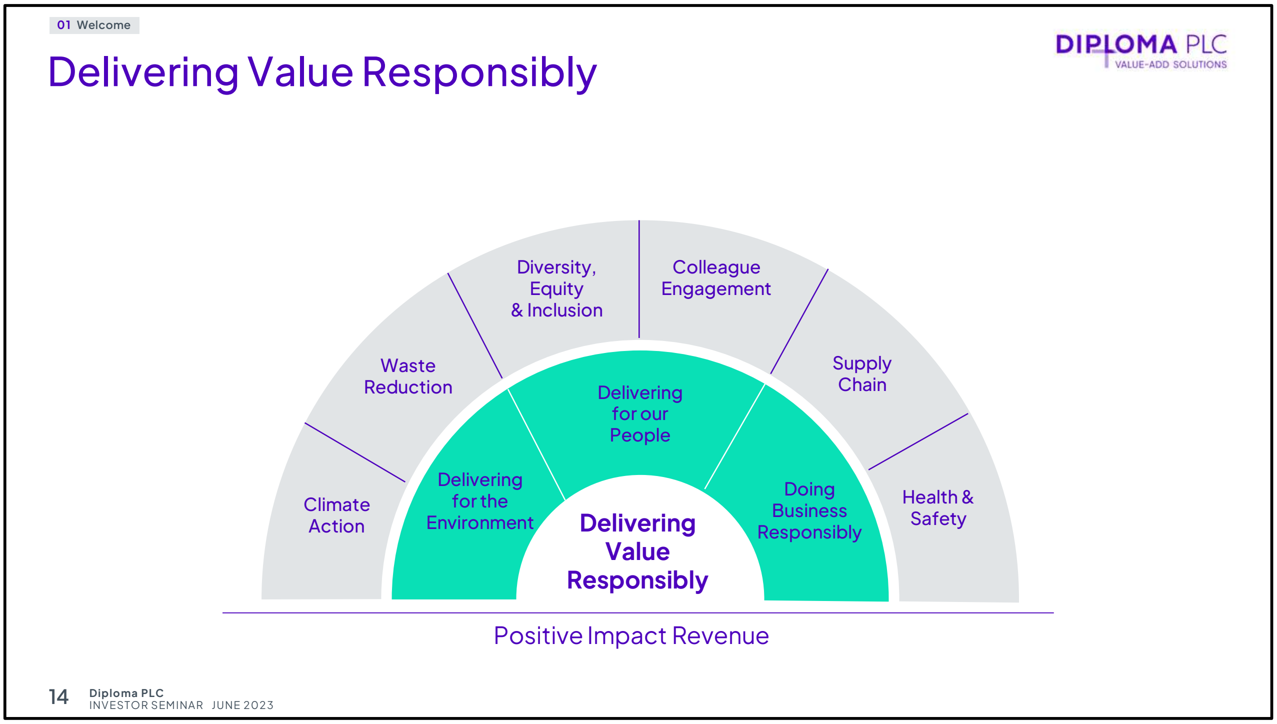
You'll also hear about our scaling journey for the businesses and the Group from Jill. For now, I want to touch on how we run the Group. We have 3 management Sectors – Controls, Seals and Life Sciences – run by 5 Sector leaders. And we have 15 business units where the customer proposition, performance and strategy live. Having grown up in scaled decentralized service organizations, I understand the principles and the pitfalls of the journey. A few principles:

First: Keep it focussed.
• This means portfolio discipline to ensure a manageable platform for scale. Despite doubling in size, we've moved from 20 to 15 business units in the last 4 years.
• We have simple and clear strategic and performance frameworks around which the Group can mobilize. This way, we preserve local ownership but ensure alignment to the Group's objectives.

Second: Lean structures with dynamic leaders
• A lean structure avoids bureaucracy in the businesses. It promotes alignment, agility and execution. The Head Office is 25. Our Sectors are generally CEO plus a few. And there is one layer between myself and the business. We naturally need a bit more structure as we scale and we carefully plan this ahead.
• To operate this way, you need great management talent. We have a brilliant leadership team. Through our development process and programmes, alongside external recruits, we are building quality and succession across the organisation.

Finally: Mood…the beat of the organization
• Decentralization doesn't mean isolation. We visit and review all of the businesses and sectors regularly as you would expect to ensure alignment and execution.
• But outside the formality, I am always actively managing the mood. Regular individual and collective touchpoints allows us to be agile, manage pace, execute better.

Within all of this, we always preserve our differentiated decentralized culture – our secret sauce. But we can do that while enjoying the benefits of a big Group. We call it the Diploma Identity – creating leadership networks, collaboration and best practice sharing. We become more than the sum of our parts.



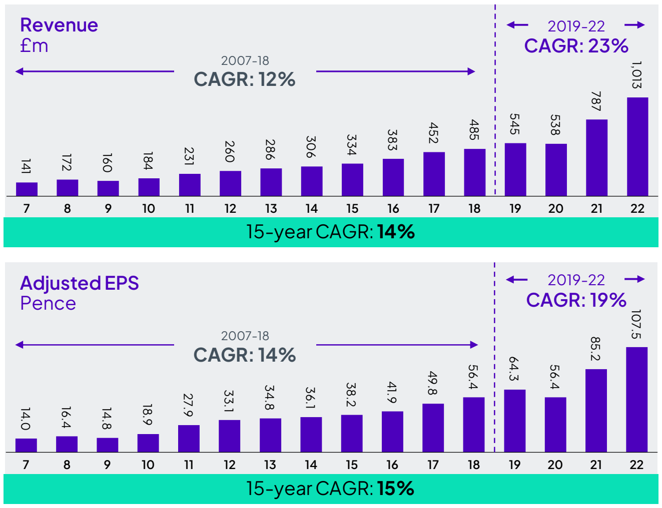
Delivering Value Responsibly is an important part of our culture – we like to do things the right way. It will also be a big part of our commercial success too.

Our products and services are well positioned for the sustainable economy. As a distributor, we look to work with partners who can support with our emissions targets. And as a service organisation, we ensure our workplace is safe, inclusive, and engaging for our colleagues. We can make a meaningful difference.

We have a framework. And we're making great progress against our targets as Phil will show you later.

Sustainable quality compounding

DIPLOMA PLC VALUE-ADD SOLUTIONS



	3-year	Model
Organic growth[1]	7%	5%
Total growth[2]	23%	10%+
EBIT margin[1]	18%	17%+
EPS growth[2]	19%	Double digit
Cash conversion[1]	102%	90%
ROATCE[1]	18%	High teens
Leverage[1,3]	0.8x	<2x

[1] Average; [2] CAGR; [3] pre-IFRS 16

And finally, then, what can you expect Diploma to deliver?

We have a long-term track record of quality compounding with 15% compound EPS growth; we have a clear and attractive financial model; and we've been out-performing it in recent years.

For the future, we're excited about our prospects…

• We have massive organic growth potential – an ambition beyond the 5% model.

• A proven acquisition track record, enhancing growth at great returns. And with a healthy pipeline to keep that going.

• Our strong margins are sustainable. I would expect that over time they may edge up as the benefits of scale and performance outweigh scaling investment.

• We believe discipline is a critical underpin for long term delivery. Strategic discipline around portfolio and management bandwidth. Financial discipline around cash, capital allocation, returns and a conservative balance sheet.

• And finally we have a strong leadership team….

So, we're only just getting started…and you should expect sustainable quality compounding into the future too.

Enough from me, now Ted will lead us through a session on our value-add model.

Thank You Johnny………Good Afternoon…… my name is Ted Messmer, and I am the Sector CEO for North America Seals.

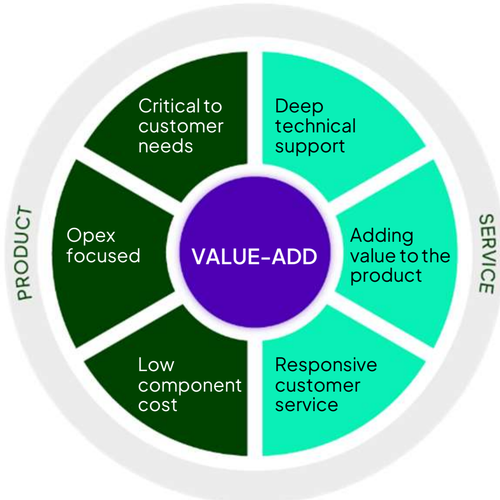
I joined Diploma a year and half ago, after twenty plus years of experience in global industrial businesses, to include Corning, Danaher, and Carlisle.

One of the first things that struck me about Diploma was how much value we bring to the market without the huge R&D budgets and capital investments of my previous companies. And by the way…. delivering higher margins than most of them.

The purpose of this session is to explain our value-add proposition, to showcase it with some examples, and clearly demonstrate how we provide a unique customer experience.

DIPLOMA PLC
VALUE-ADD SOLUTIONS

Value-add



Providing Value Add Solutions is our core. Everything about Diploma is based on this fundamental…. It’s how we think, its why we exist.

Our businesses serve multiple types of industries. They range from the highly technical needs of healthcare and chemical processing, to the service and speed demands of hydraulic repair and cable installation. We aim to make our customer’s lives easier and to solve their problems.

There are two aspects to our value add…

First, we distribute specialised products which are critical components in our customers’ value chains, which have a low costs relative to their overall spend; and usually fall into their operating expenses rather than capital budgets.

Second, we supplement these products with a ‘service wrapper’ of technical expertise or other aspects that increase convenience or reduce costs for our customers

DIPLOMA PLC
VALUE-ADD SOLUTIONS

Specialised products critical in customers' value chains…

Low
component cost

Opex
focused

Critical
to customer needs

So let me start with product…..

Just a few examples of what we do…we ensure customers use the proper fasteners to assemble aircraft and formula 1 cars,

We specify highly engineered gasket material and torque settings for transporting toxic materials,

And we guarantee delivery of laboratory products needed for cancer diagnosis.

In other words…. our products cannot fail and must be delivered on time.

We THRIVE in offering solutions which meet technical specifications, or can survive harsh, demanding conditions. This translates into Very Tangible Value-Add, by Increasing our Customers' Uptime and Decreasing their Risk of Failure.

At the same time, our products are generally at a low cost compared to overall operating budget, which is why customers are happy to pay a little more for our products and services!

……..

Now let's look at that service wrapper…

...delivered in a value-add service wrapper

Deep
technical support

Adding value
to the product

Responsive
customer service

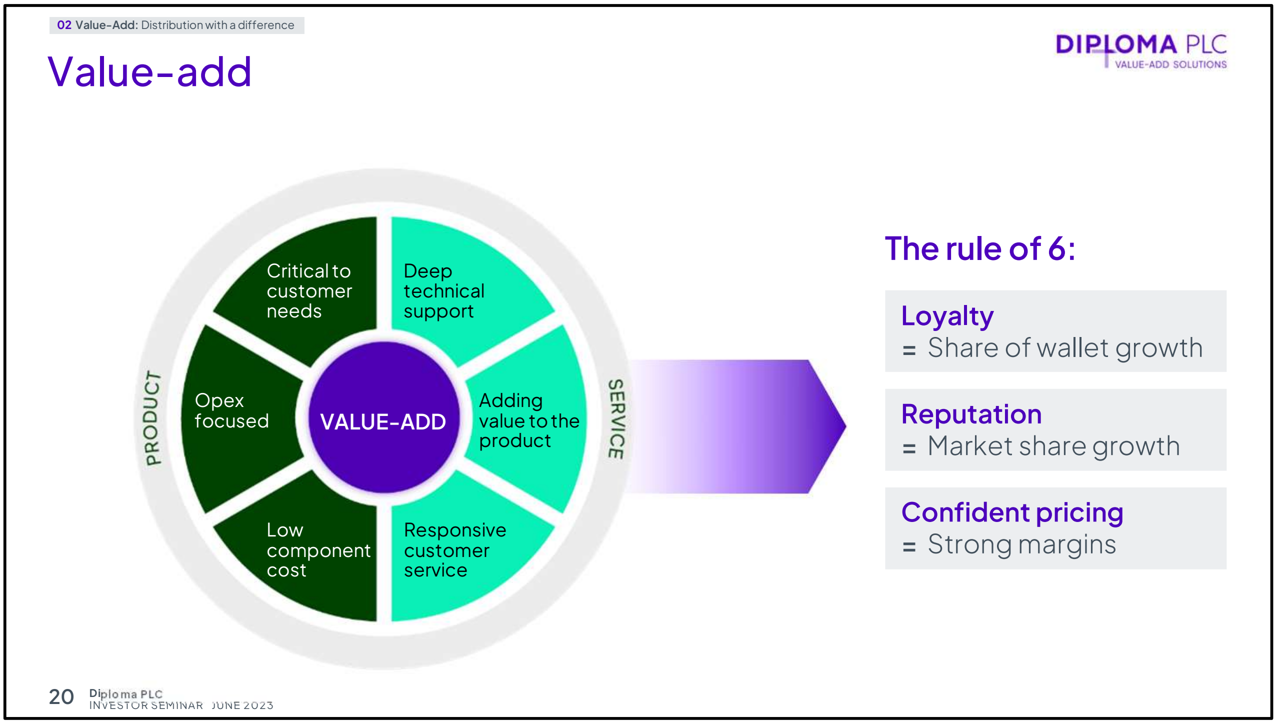
Many of our businesses offer Deep technical support, allowing customers to tap into our extensive product knowledge and application expertise.

This might be obvious in Life Sciences where our technical sales teams sell cutting edge products to surgeons. But its not just there…in Seals for example, our chemical engineers develop proprietary material compounds to meet a broad array of industrial applications.

We also save our customers time and money with some of the most innovative kitting and packaging solutions in the distribution industry…… such as Windy City's rackpack solution which has proven to reduce labour by around 20-30%.

Responsive Customer Service is the foundation of success in all our businesses. Our decentralized model keeps us close to customers and responsive to their needs. In a little over a year, I have heard many a story of employees driving overnight in their trucks to get a critical product to a customer.

Its that passion for what we do and who we serve which drives Diploma's value-add every day



That differentiated, value-add proposition is at the heart of each of our businesses, and it delivers three important outcomes…

Firstly: loyalty, and therefore share of wallet. We build great customer retention by offering a service they simply cannot get anywhere else…which then often expands beyond their initial product requirement. You will hear in a minute from VSP, who have successfully expanded beyond gaskets, into new sealing and fluid conveyance applications.

Secondly: a strong reputation, and therefore growing market share. For example, the reputation of Hercules Aftermarket has spread far beyond its Eastern US roots and has doubled its position in the Midwest and West Coast by continuing to deliver on its reputation for service excellence.

And finally pricing power, and therefore gross margins. Customers recognise and appreciate the value we provide and are willing to pay us for that value.

Our value-add is Not Homogeneous,…. Every business is Unique.

So let's bring the value-add to life with some examples… starting with my own Seals Sector.

DIPLOMA PLC
VALUE-ADD SOLUTIONS

Seals value-add

PRODUCTS	• Seals and O-rings • Gaskets • Industrial hoses & couplings • Hydraulic hoses • Pneumatic components
SERVICES	• Designing solutions • Technical support • Cutting/moulding • Convenience (stock, customisation, kitting, speed)
BUSINESS UNITS	• UK Aftermarket **24%** - R&G • European OEM **14%** - Kubo / M Seals • Australia **10%** - Diploma Australia Seals • US OEM **16%** - Hercules OEM • US MRO **13%** - VSP • NA Aftermarket **23%** - Hercules

%s are pro forma adjusted for acquisitions and disposals completed in H1 23

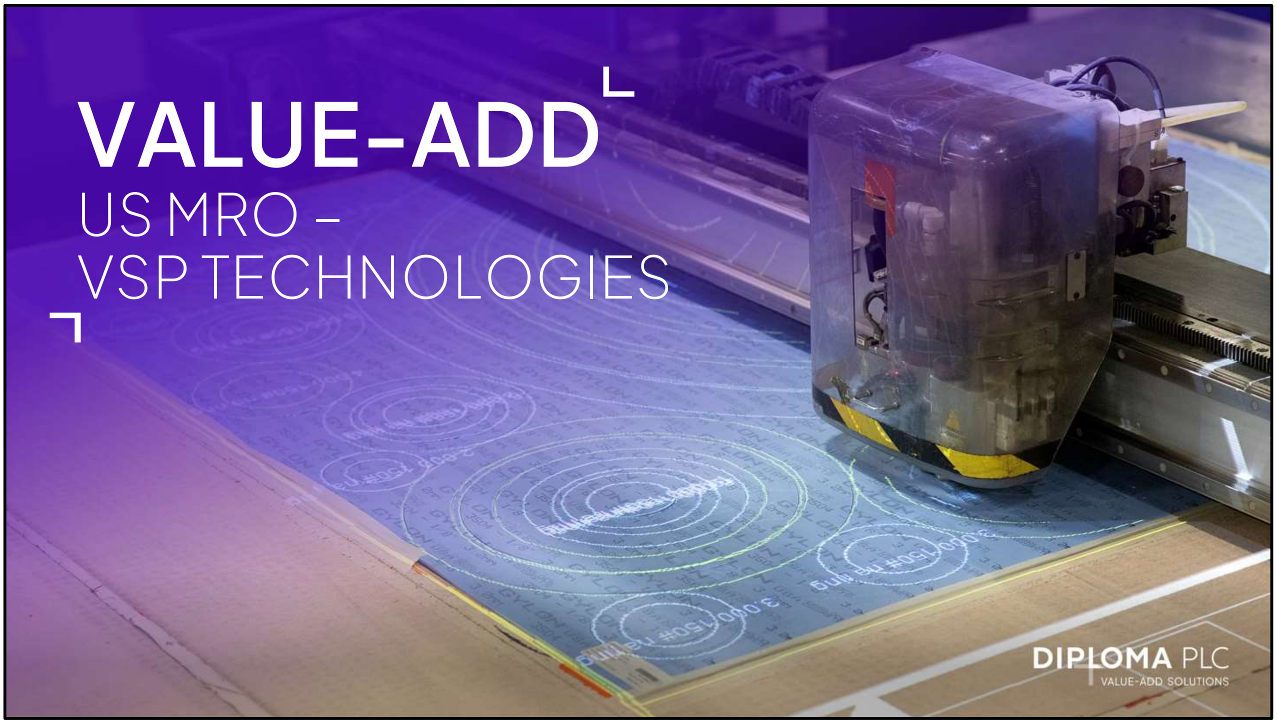
To put the Seals Sector into context……

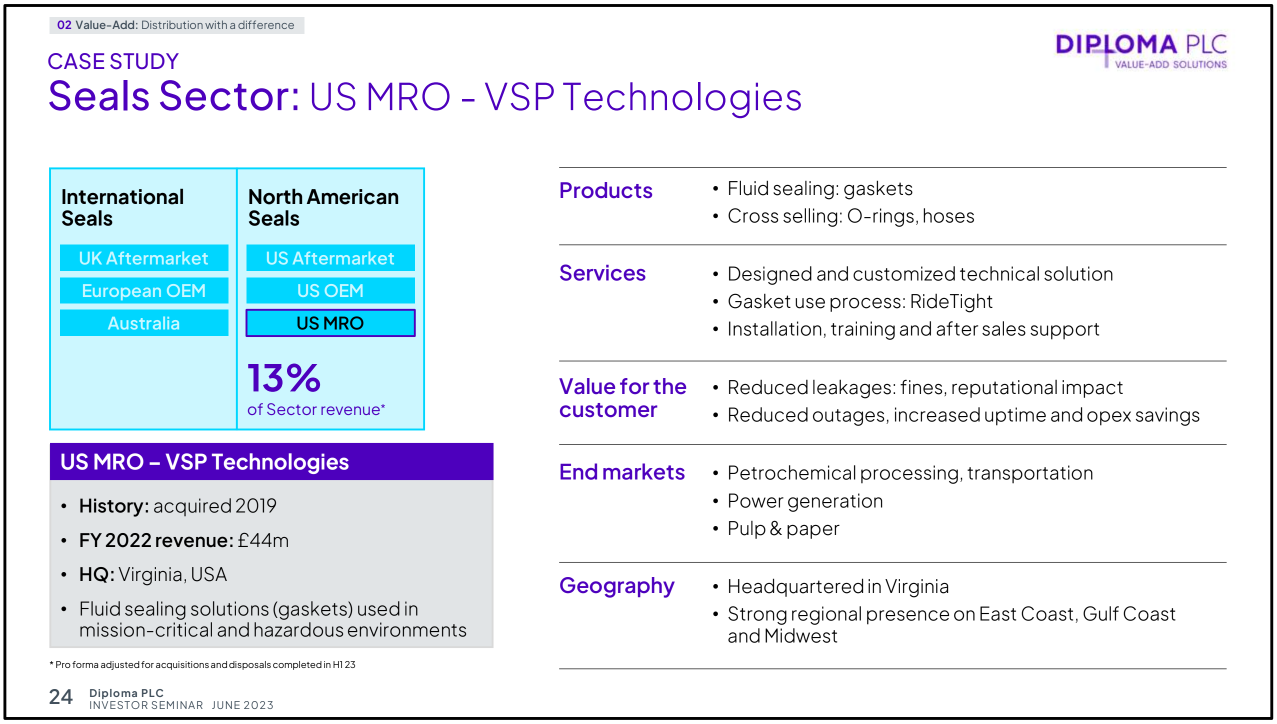
We have historically concentrated on hydraulic seals as our primary product. The acquisition of VSP in 2019 allowed us to expand into gasket applications, and then in 2022, we acquired R&G which brought industrial and hydraulic hoses, as well as pneumatics products…..giving us a much broader fluid power portfolio

Our services are varied – they can be technical such as designing proprietary seals…or they can be about customer convenience, inventory availability, kitting and speed to market

We have 6 clearly defined business units. Around two thirds of the Sector is opex-driven in Aftermarket and MRO.

Our US MRO business represents 13% of the Sector, and is where I am going to focus next …


VALUE-ADD
US MRO –
VSP TECHNOLOGIES
DIPLOMA PLC
VALUE-ADD SOLUTIONS



VSP is a perfect example of Diploma's Value-add solutions

• We acquired the business in 2019 and it has been a great success story.

• Today revenues are £44m, up 21% since 2019, and with strong gross margins

• Historically VSP sold custom gaskets used in Chemical Processing, Power Generation and other heavy industries. Since our acquisition, they have successfully broadened their flow control product lines, cross selling O-rings and hoses from other sector businesses to their existing customers.

• And what they do is special. They are selling a solution that reduces leakages and downtime in mission critical and hazardous environments such as rail transportation of toxic materials.

• Their solutions reduce customer operating costs, and they have tangible environmental benefits too.

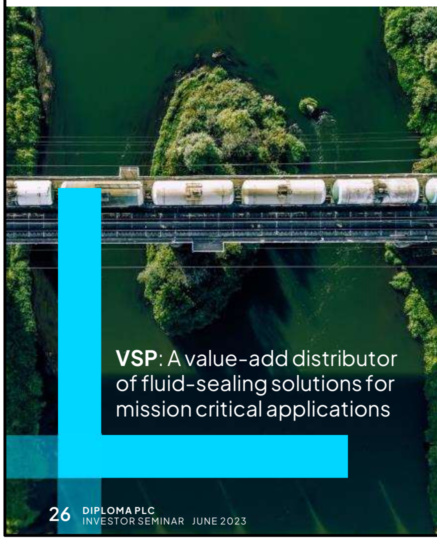
• But let me hand over to Tyler, who runs the business, and will tell you more….

Value Add at VSP

02 Value-Add: Distribution with a difference

VSP: conclusion

DIPLOMA PLC
VALUE-ADD SOLUTIONS



- A complete solutions provider
- Mission critical products
- Technical solutions
- Reputation drives customer loyalty and high gross margins
- Material value creation for the customer:
  - Over $200m documented savings
  - Enhanced environmental safety
- Growth drivers:
  - Increasing safety regulation
  - Geographic penetration
  - Product adjacencies, including cross-selling

As you can see, VSP is a great example of Diploma's value-add model….. I am truly inspired by they way they continue to bring innovative product and service solutions to the market, while at same time expanding into new regions across the US. Moreover, the push for increased safety regulation will only benefit VSP's quality proposition. All together, VSP has a very bright and high-growth future.

With that, I would like to turn it over to Elena, who will tell you about our Life Sciences value-add story….

Thank you Ted. Good afternoon, my name is Elena LoCastro. Today I'm representing the Lifesciences Sector.

My current role is SVP Lifesciences for North America, and I'm based in Canada. I'm new to the SVP LS role, however I've been part of the Diploma organization for 20+ years.

In 2004, Diploma acquired Somagen Diagnostics which is the Canadian company where I spent many years of my career. Just before my current role, I was the Managing Director at Somagen for over 12 years.

My background is Medical Laboratory Science, and my passion is healthcare and innovative technologies.

Life Sciences value-add

DIPLOMA PLC VALUE-ADD SOLUTIONS

PRODUCTS	• Diagnostic equipment and instruments • Medical devices and equipment – surgical, endoscopy, critical care products • Related consumables, reagents, and control products
SERVICES	• Access to market-leading product portfolios • Clinical and technical expertise, consultative approach • Installation, user training, implementation support • After-sales support • Economically viable market access for manufacturers
BUSINESS UNITS	• Canada **44%** • Europe **38%** • Australia **18%**

%s are pro forma adjusted for acquisitions and disposals completed in H1 23

To begin, I’d like to share an overview of the Lifesciences value add model.

Simplistically, our Life Sciences Sector provides value-add products and services into three areas:

1. MedTech – including products used in surgical procedures in operating theatres and endoscopy

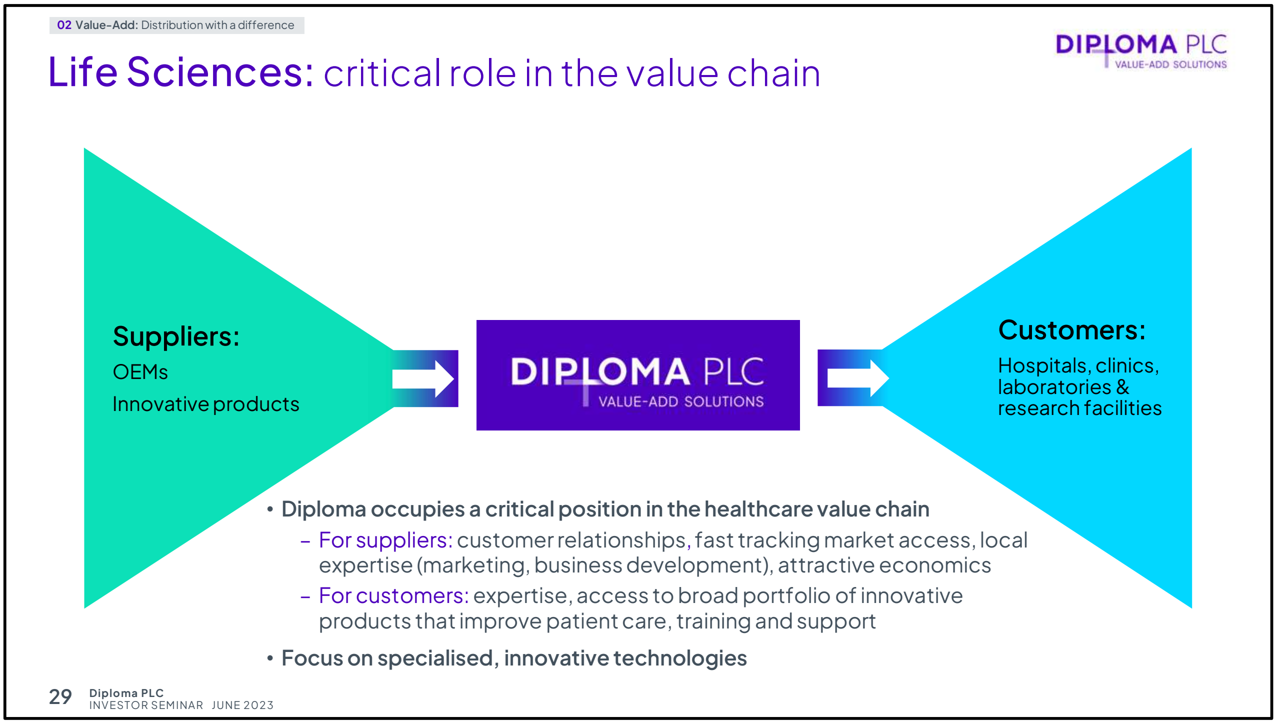
2. Diagnostics – providing testing equipment and services for clinical laboratories

3. Scientific – including bio-pharma, food safety testing and other research oriented products

Our customers are typically hospitals, clinical laboratories, and research facilities. Our suppliers are generally small to medium sized highly specialised manufacturers.

Across our businesses, we generally operate a ‘capital and consumables’ model – advising on, selling and installing capital equipment and then benefiting from an exclusive ongoing consumables revenue stream.

The key to our business is our technical value add; we provide scientific focus, clinical expertise and consultative support.



Let’s discuss our role in the healthcare value chain:

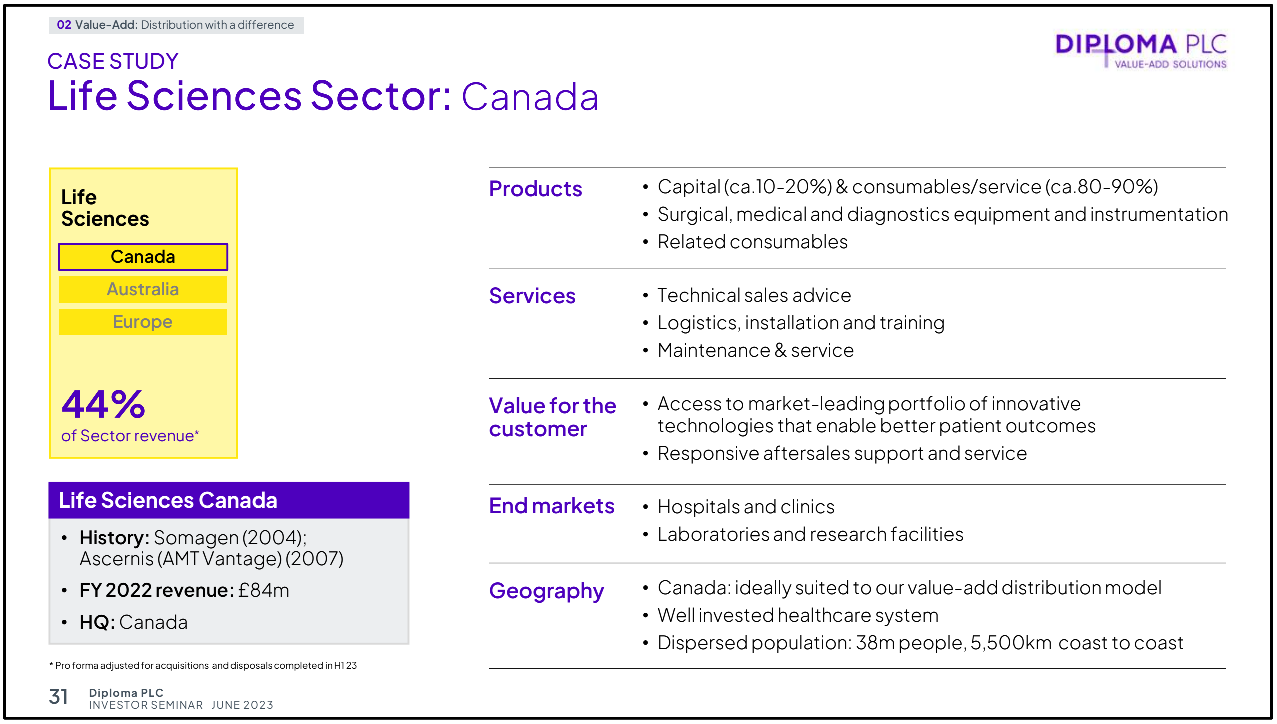
Life Sciences plays a vital role in understanding and defining current and emerging medical needs and matching those to innovative products. Our products can be anything from surgical systems to endoscopes to instruments and consumables for diagnostic testing.

For customers, we are a trusted and valued supplier. We give our customers unsurpassed technical support and access to a portfolio of best-in-class products. Our relationships are with the surgeons, clinicians and medical lab professionals…they are our buyers.

Our suppliers are manufacturers of high-quality products for whom we are a trusted partner providing a cost-effective route to market with local regulatory, operational, commercial and technical/scientific expertise. We partner under long-term exclusive distribution agreements within defined geographies for specific products.

And because of this, we are tightly embedded in the value chain.

Let’s now take a closer look at Life Sciences Canada.



We are Canada's largest distributor of specialty diagnostics and specialized medical devices. We provide a broad range of surgical, endoscopy and diagnostic solutions through our businesses, that is AMT, Vantage and Somagen.

Canada is a public healthcare system and delivery is managed by each province and territory. Our commercial relationships, strategy and operational delivery therefore address the customer base spread across a large geography. We have a fantastic team of 93 in the commercial and technical group, and we serve over 800 customers. We have approximately 7000 active products with over 150 in the pipeline and 112 supply partners.

Over the next few minutes, I will take you through our Canadian diagnostics business, Somagen. This slide sets out the product areas we represent. I won't go through all of these, but want to pick out a few…

Cancer: we're all aware that early detection of cancer leads to improved patient outcomes. We've partnered with a FIT (Faecal Immunochemical Testing) supplier to offer a range of laboratory products which are used within provincial colorectal cancer screening programs.

Allergy: Most of us have heard of cases where children suffer from severe allergies, such as peanut butter. Our allergy component products provide diagnostic information to help discriminate between genuine food allergy, and cross reactions to other allergens such as pollen. These tests are critical as they contribute to identifying a patent's allergic severity and treatment options, impacting their overall quality of life.

Core Laboratory: Everyone is familiar with diabetes and the life changing impacts when dealing with this condition. Through precise diagnostics, our clinical chemistry products provide quality results which contribute to the treatment and management of this disease. ,

Cellular Pathology: Our pathology solutions enable the production of high-quality, standardized tissue slides for assessment of surgically removed biopsy tissue. The tissue slides are produced by the pathology laboratory using a sequence of histology or specialized equipment and consumables provided by Somagen. Once produced, these slides are reviewed by Pathologists who focus on the unique microscopic structures and staining patterns to assist clinicians with diagnosis, staging and prognosis for various diseases.

In all of these areas we provide solutions that are critical to a patient's healthcare journey.

DIPLOMA PLC
VALUE-ADD SOLUTIONS

Somagen: strong long-term relationships

Why customers choose us	Why suppliers choose us
Scientific foundation, consultive selling	Market and customer access
Trusted partner	Deep market and regulatory insight
Scale across Canada	Commercialisation support
Best in class portfolio	Scale and cost benefits of distribution network
Logistics and inventory management	Partner operating as an extension of their brand
Service and support	Local expertise, access to talent

Technical expertise is the cornerstone of our relationships

The great examples of product solutions that we've just seen, together with our technical expertise provide great value, but also, these create strong relationships.

Long-term relationships with our customers and suppliers are key to our success.

On the customer side, our long-term relationships are based on trust which we've built up over decades. Customers want to work with us because:

• We have technical salespeople – they are specialists who help customers identify what specific products best fits their needs.

• We provide best-in-class products.

• We're established and reliable, with customer reach from coast to coast.

• And we follow all of that up with great service – from national logistics and inventory management capability to post-sale technical service and support which is critical in healthcare.

We also have great supplier relationships, many lasting for several decades. Suppliers provide us with innovative products, and in return they get:

• Customer access – and as we grow, scale is increasingly important making us THE route to market.

• Market access – our suppliers benefit from our local market knowledge and expertise, including the procurement processes.

• Support through the commercialisation process, including clearing complex regulatory hurdles.

• And scaled distribution and logistics capability.

02 Value-Add: Distribution with a difference

DIPLOMA PLC
VALUE-ADD SOLUTIONS

Somagen: conclusion

- Market leader in Canadian diagnostics
- Highly skilled talent
- World-class technical expertise critical to:
  - Innovative portfolio
  - Strong, long-term customer relationships
  - Best-in-class supplier partnerships
- Competitive position reinforced by scale
- Growth drivers:
  - New product development
  - Scale: access to market for manufacturers
  - Scale: talent and expertise differentiating for customers

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To conclude, the diagnostics space is very dynamic.

Our passion is improving patient outcomes. We are at the forefront of exciting developments in neurology, gene therapy, next generation diagnostic solutions, and advanced molecular diagnostics.

We have a great product portfolio. And we have an encouraging pipeline to fuel future growth.

Finally, our people, they are the value-add. They drive the proposition and the growth.

Now I'll hand over to David to talk about value-add in Controls.

Good afternoon everybody, my name is David Goode and I'm the sector CEO for Controls. I joined Diploma just over 4 years ago. Before that I spent a number of years with Essentra latterly heading up their European Components business.

I'm responsible for Diploma's Controls businesses in Europe, the UK and North America. The last four years have seen a tremendous transformation in my sector.

Throughout the growth journey, one thing that has remained central has been value-add.

02 **Value-Add:** Distribution with a difference

DIPLOMA PLC
VALUE-ADD SOLUTIONS

Controls value-add

PRODUCTS	• Premium low voltage and other wire & cable • Electrical interconnect: connectors, sleeving, harnesses • Specialty adhesives • Aerospace-grade fasteners • Components for automation robots and CNC machines
SERVICES	• Convenience (inventory, labelling, customised assemblies kitting, speed) • Quality control • Repair and servicing • Automated inventory replenishment
BUSINESS UNITS	• Windy City Wire **49%** • UK Wire & Cable **8%** • Interconnect **23%** • Fasteners **11%** • Specialty Adhesives **3%** • Industrial Automation **6%**

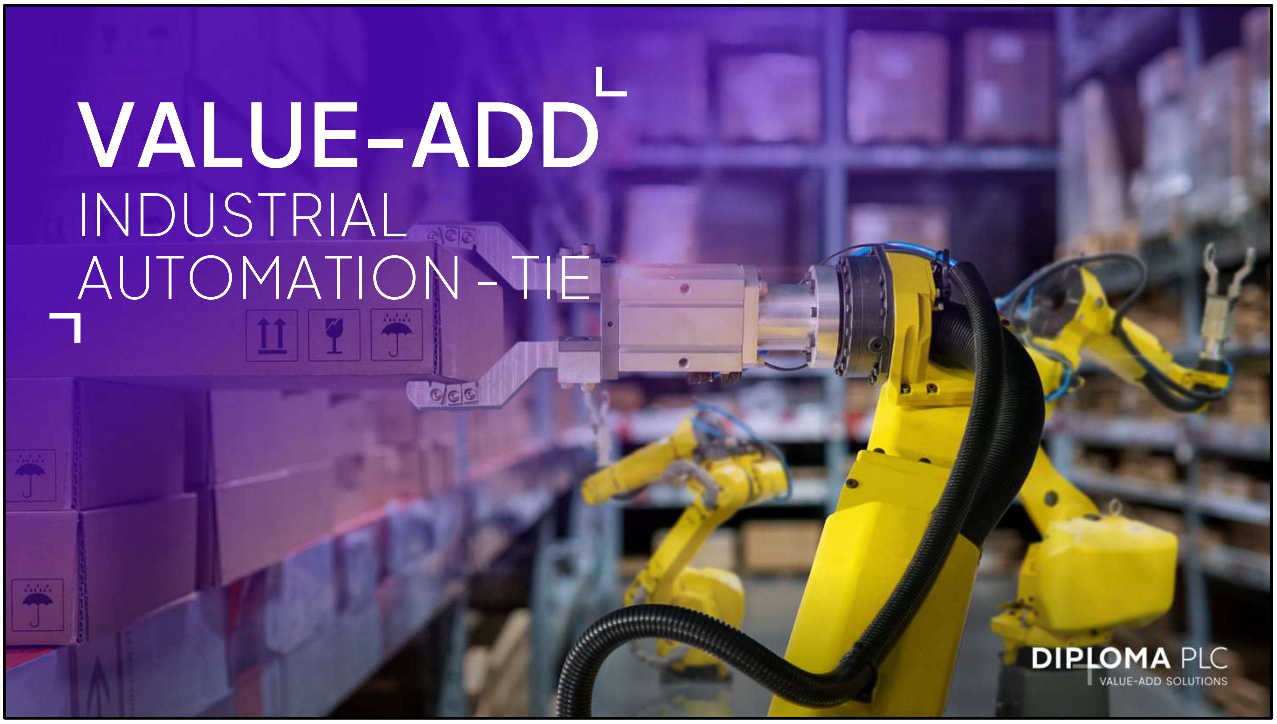
%s are pro forma adjusted for acquisitions and disposals completed in H1 23

The Controls sector operates in growing markets such as Civil Aerospace, Energy, Infrastructure, Defence, and Motorsport.

In those markets we offer a range of products from interconnect solutions to wire and cable, speciality fasteners, adhesives and most recently automation solutions.

The one thing all our products have in common is they come with value-add….That might be technical support, repairs & servicing, customer convenience, or product configuration

-Where we have a product we always seek to offer a value-add service.



I would now like to talk about our most recent acquisition, TIE.

Automation is a segment that we have been targeting for some time. We had carefully mapped the market, searching for an attractive entry point.

In TIE we found a customer service value-add business with strong margins and entry into the attractive automation space with accretive organic growth potential - and all at an attractive multiple

02 Value-Add: Distribution with a difference

DIPLOMA PLC
VALUE-ADD SOLUTIONS

CASE STUDY

Controls Sector: Industrial Automation - TIE

International Controls	Windy City Wire
Interconnect	Windy City Wire
Specialty Fasteners	
UK Wire & Cable	
Specialty Adhesives	
Industrial Automation	

6% of Sector revenue*

Industrial Automation - TIE

- **History:** acquired 2023
- **FY 2022 revenue:** £25m
- **HQ:** Nashville, Tennessee

Products	• Refurbished CNC parts and repair services • Full suite of robotics aftermarket solutions: parts, repairs, field service and robot refurbishment
Services	• Inventory breadth and depth • Technical support • Repair & refurbishment services
Value for the customer	• Downtime minimised • Asset life extension • Attractive value versus OEMs
End markets	• Opex-focused • Thousands of customers across diverse industrial end markets
Geography	• Facilities in Tennessee and Michigan access key industrial corridors • Significant geographic white space in the US

* Pro forma adjusted for acquisitions and disposals completed in H1 23

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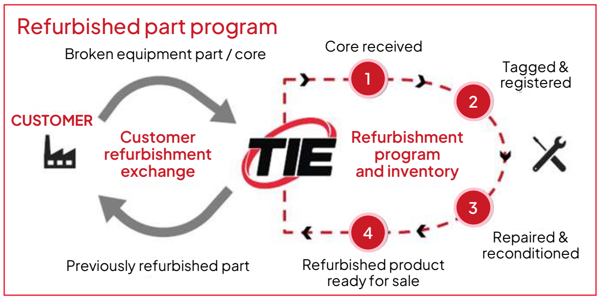
TIE is a market leading value-add distributor of aftermarket parts and repair services into the fast-growing US industrial automation end market.

It is head-quartered in Nashville with two further branches near Detroit.

It generates revenue of around £31 million…with strong gross margins, offering a range of services from distribution of hard-to-find parts to full reconditioning of robots and CNC machines. This is a real “circular economy” business.

DIPLOMA PLC VALUE-ADD SOLUTIONS

TIE: differentiated aftermarket capability



Value-add proposition based on:

- Unmatched inventory: >100k parts, inc. hard-to-find parts and older vintages
- Technical expertise: 40+ skilled technicians with experience across 250+ platforms
- Speed to market: same day response to enquiries, next day shipping

Refurbished part programme:

- Strategic procurement programme
- Differentiated exchange discount programme creates entrenched relationships
- Testing labs to ensure quality

TIE offers a broad range of products and services into the Robotic and CNC machine markets.

• It provides Refurbished industrial robots configured by TIE (like the one sitting outside in the foyer).

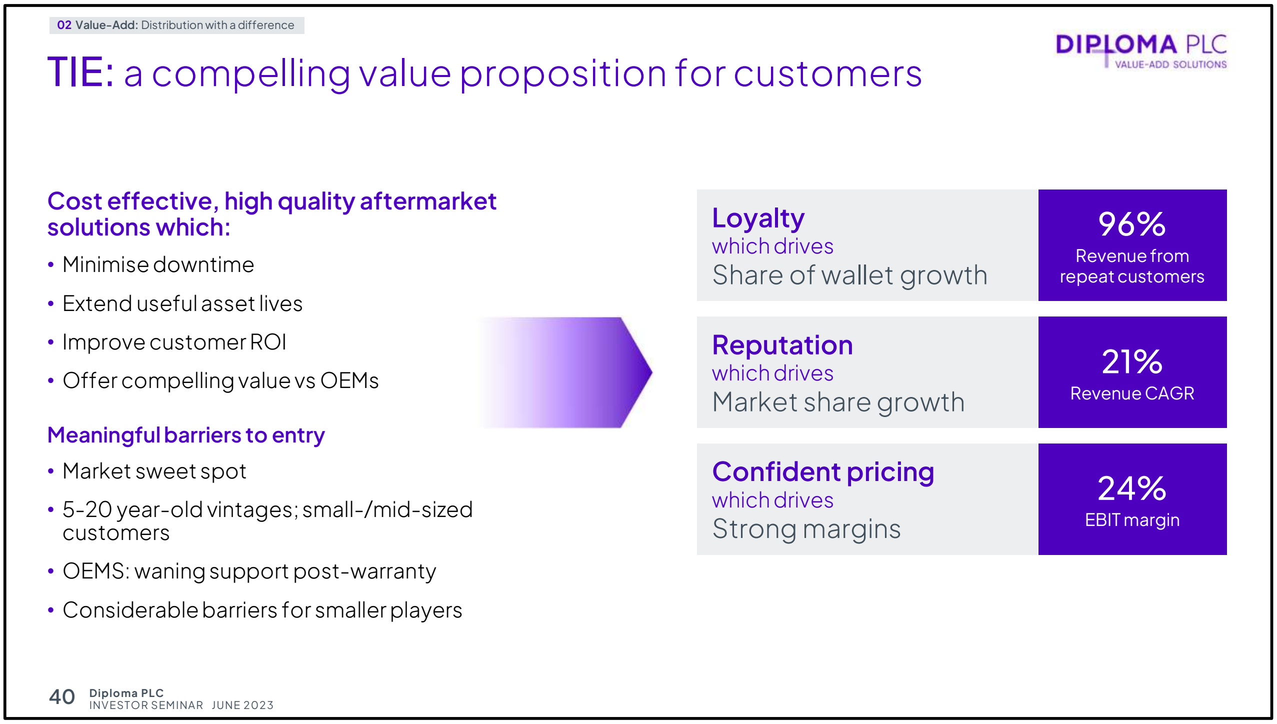
• It supplies over 100,000 spare parts for robots and CNC machines.

• And it repairs industrial electronic components and servo motors,So back to the core question, what is TIE’s value-add?

• First, un-rivalled inventory – including older vintages and hard to find parts.

• Second, repairing out of warranty equipment. TIE’s inventory-exchange program allows customers to send in their old machine and receive a reconditioned machine in exchange. TIE then harvest the parts which reinforces their parts availability advantage.

• Finally, TIE offers great technical support with a team of trained technicians able to identify issues and design solutions for breakdowns.



What all of this means is that the value to the customer is vastly in excess of the cost of the solution. The Value add significantly reduce downtime, increase the asset-life and ROI, and does so at an attractive price point.

From a competitive perspective, TIE occupies a sweet-spot in the market focused on older, out of warranty machines – below where the OEMs operate and above where smaller competitors can challenge effectively. In many ways the value-add that TIE provides mirrors our Seals aftermarket proposition. It's a model we like.

The success of TIE's model is shown clearly in its results:

• They have outstanding Customer Loyalty – 96% of revenues from repeat customers in a growing business. A little like Windy City Wire or Hercules After-Market, once they have a customer they keep them. They therefore have a large base of repeat customers.

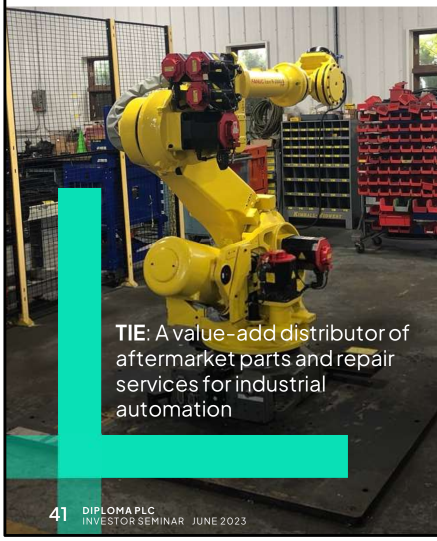
• Their Reputation is driving market share gains, with revenue growth well ahead of market growth.

• And operating margins are amongst the strongest in the Group at 24%.

02 Value-Add: Distribution with a difference

DIPLOMA PLC
VALUE-ADD SOLUTIONS

TIE: conclusion



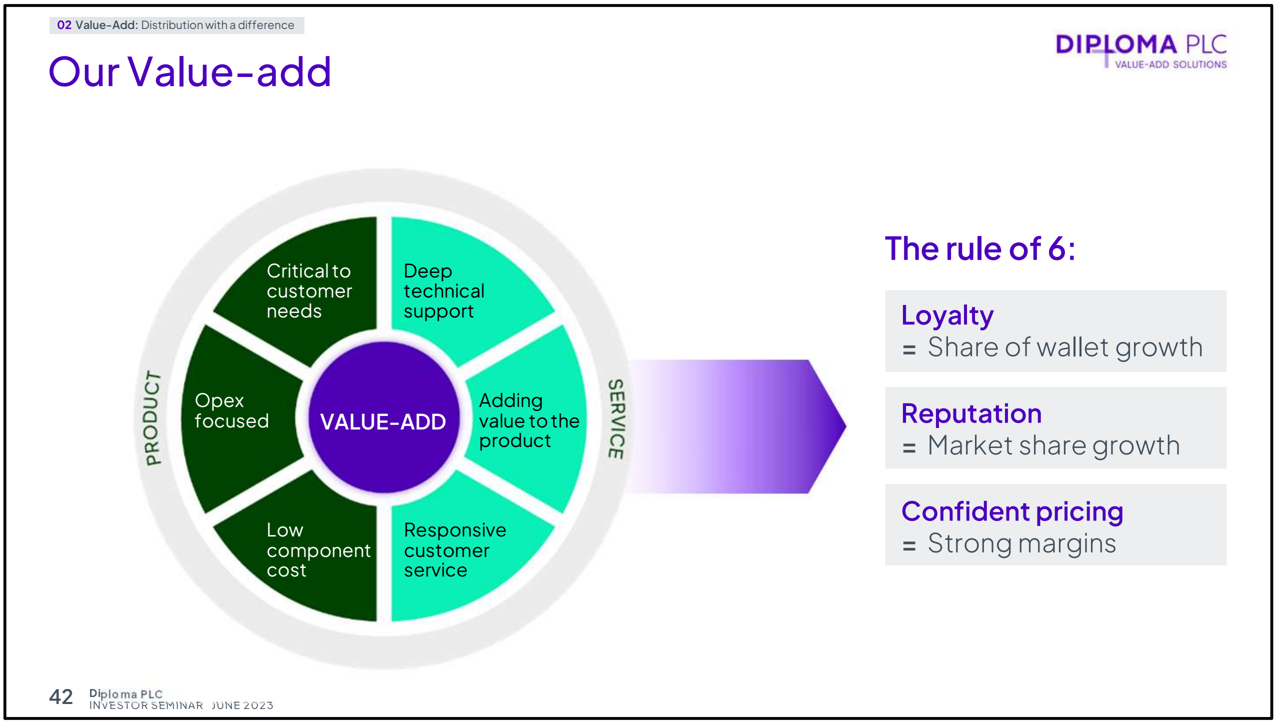
- **Differentiated aftermarket capability and value-add** based on breadth of inventory, technical expertise, speed to market
- **High barriers to entry**
- **Compelling customer value proposition:** drives retention, market share gains and sustainably strong margins
- **Circular economy:** refurb & lifecycle support
- **Future growth:**
  - Increasing automation
  - Geographic expansion in the US
  - Cross selling (Diploma products/customers)

So in conclusion TIE has a differentiated aftermarket capability and a clear value add proposition.

The business has great circular economy credentials, keeping older machines running and recycling parts, and has a long growth runway ahead from an ageing installed base as well as structural growth in automation which is being driven by onshoring of US manufacturing and tight labour pools. We can also support TIE's penetration across more industrial regions of the US.

TIE is a fantastic Diploma style business, it is the start of our journey in Automation, and it's a journey that we're excited to be on.

Now back to Ted..



Thank you David and Elena, those were Great examples.

The combination of specialized product AND service is our value-add – it's Distribution With A Difference!

This sets Diploma apart…and it underpins our growth, our resilience and our margins:

• It means our customers are loyal, and our businesses have a great track record of increasing share of customer wallets

• It builds reputation, and that drives market share gains

• And it shows up in our strong margins as we can price for the SOLUTION that we provide, not just a product

Hopefully, that has brought our value-add to life For You? Now we are going to move on to Growth and I'll hand you back to David...


DIPLOMA DELIVERS
EXCITING GROWTH
David Goode
Sector CEO, International Controls
DIPLOMA PLC
VALUE-ADD SOLUTIONS

Thanks Ted.

Growth strategy: key messages

DIPLOMA PLC
VALUE-ADD SOLUTIONS

- **Massive growth potential:** organic growth is our priority
- **Revenue diversification strategy** drives organic growth, builds scale, increases resilience
- **Complementary acquisitions** are driving great organic growth at excellent returns
- **Our track record on growth is strong**: the Group today is bigger, more diverse and more resilient than ever
- **We are better positioned for future growth:** all of our businesses have fantastic opportunities

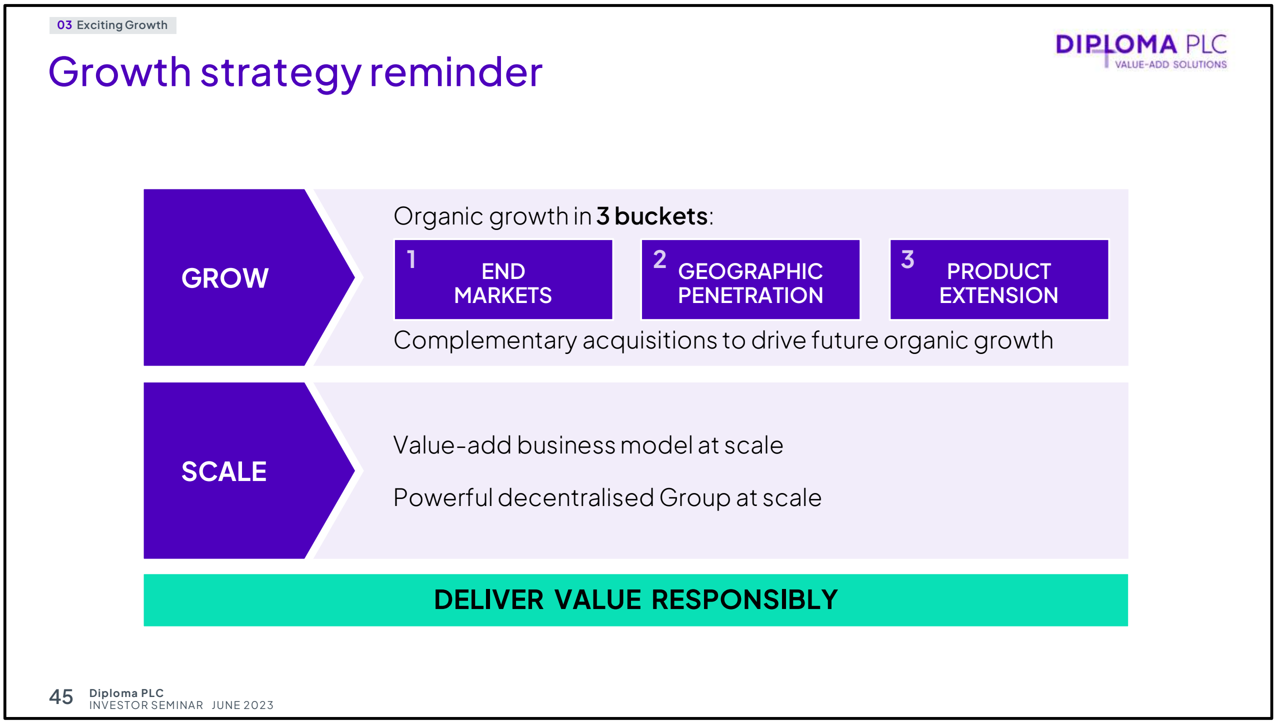
When it comes to growth, organic growth is our number one priority. Our revenue diversification strategy focuses growth into three buckets: structurally growing markets, geographic penetration and product expansion.

This diversification not only drives growth and scale, it also increases our resilience.

All of our businesses have fantastic opportunities, which means that our growth is not reliant on any one factor, but sustainable for the long-term.

In fragmented markets, acquisitions can also play a role in driving our future organic growth. Steve will talk to this later.

Our success as a group is built around growth, Johnny has told you he is as excited as he has ever been about it. We all are – and I hope that at the end of today you'll understand just why that is!



To recap what you heard earlier, our growth strategy is to diversify our revenues across three buckets – let me just put a little colour around each of them:-

Firstly, in structurally growing end markets. We have positioned the group into end markets with 5 year growth CAGR forecast of 7% or over. In 2018 20% of our revenues were into these markets. It is now 35% and it is growing…

We are still committed to the areas we have traditionally been strong in such as defence, aerospace, and surgical, but by pushing into these high growth end markets, it allows us to increase our tailwind and resilience, while also adding to our positive impact.

The second bucket is around penetrating core geographies. We have already talked to the point that our market share is still very small in the verticals we're already present in.

The US has been, and continues to be a focus – it has increased from 25% to 45% of the Group. Europe will play an important part in our future plans as well. We have almost zero market share in the big European economies, and we would love to establish quality positions with businesses that can drive market share.

Put simply, we can grow in our core territories, within our existing product verticals, at pace, for many years to come.

The last bucket is around extending product capability. This could be by improving our value add, cross sell, or by adding new product verticals. We do this selectively and strategically. In Controls, we have recently added Speciality Adhesives and Industrial Automation. Of course, any new vertical needs to support value-add distribution, and we have to be able to grow and scale it.

03 Exciting Growth

Journey to great execution

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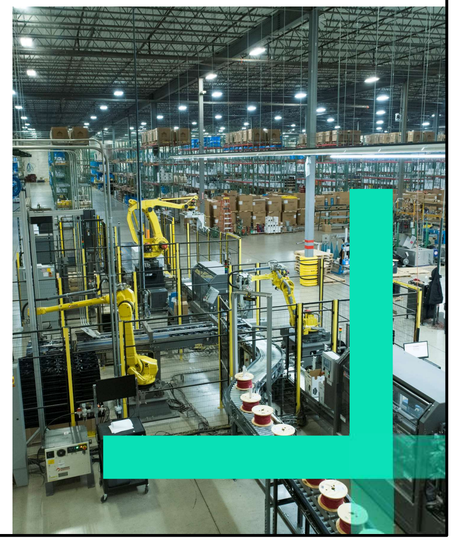
VALUE-ADD SOLUTIONS

- B2B sales processes
- Complementary technical / key account management with:
  - Better hunting / business development capability
  - Strategic sales leadership
- Co-ordinated multi-business sector opportunities
- Group strategy function to position for end market mega trends



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INVESTOR SEMINAR JUNE 2023

While we position our activities across the 3 buckets, it is also important that we deliver maximum value from the growth opportunities. With this in mind, there is a journey to better execution which is consistent across the Group.

We are transitioning from niche/GDP+ to specialised high growth businesses. This means that we need to complement existing technical key account management with business development or hunting capabilities.

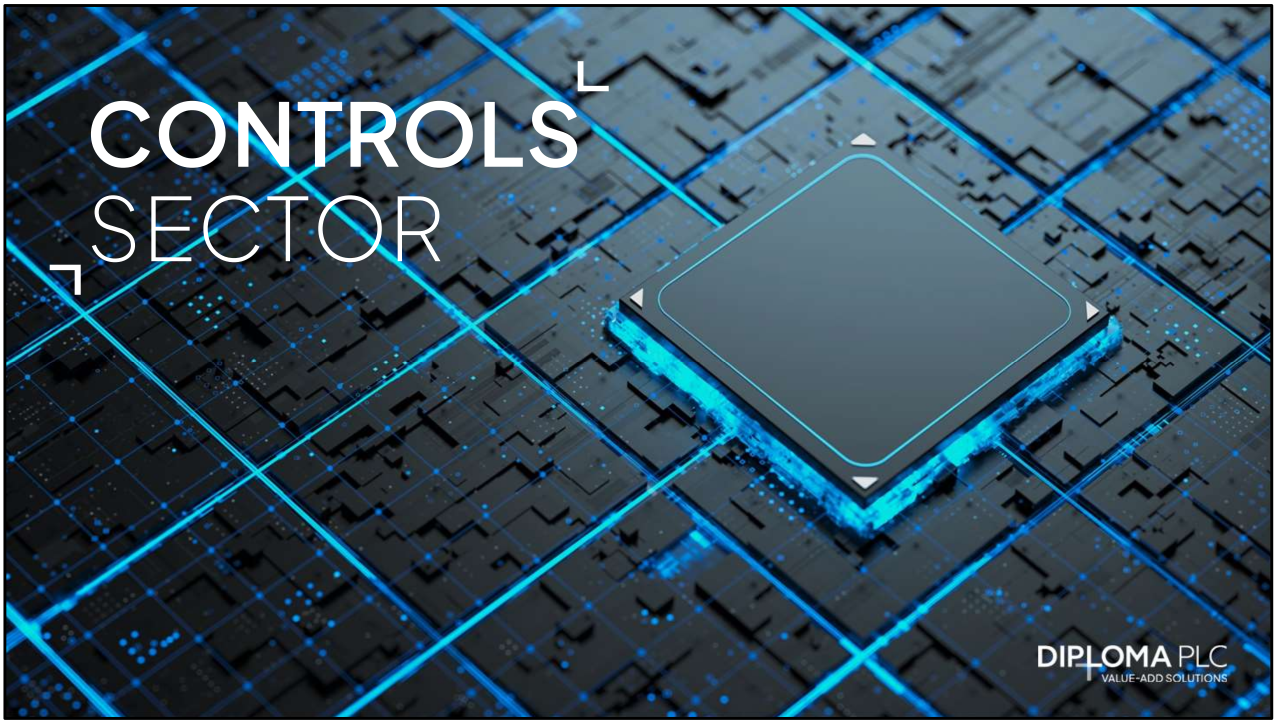
This transition will drive our organic growth progress in all 3 buckets. We are also taking advantage of our growing group.

We are starting to co-ordinate at Sector level to unify approaches to certain market opportunities, and to cross-sell.

With Jill moving into a newly created Group Strategy role, we will provide greater support, insight, and co-ordination to accelerate our exposure to high growth end segments I touched on earlier.

We are still near the start of our journey, we are improving, but there is much more to do!

Let me try and bring some of this to life now looking across the sectors, starting with my own - Controls.


CONTROLS
SECTOR
DIPLOMA PLC
VALUE-ADD SOLUTIONS

Controls: a Sector transformed

DIPLOMA PLC
VALUE-ADD SOLUTIONS

FY 2022 REVENUE

£493m

48%

H1 23 pro forma % of Group revenue

FY 2022 OPERATING PROFIT

£105.8m

FY 2022 OPERATING MARGIN

21.5%

SECTOR REVENUE MIX*

Windy City Wire	49%
Wire & Cable (UK)	8%
Interconnect	23%
Fasteners	11%
Adhesives	3%
Industrial Automation	6%

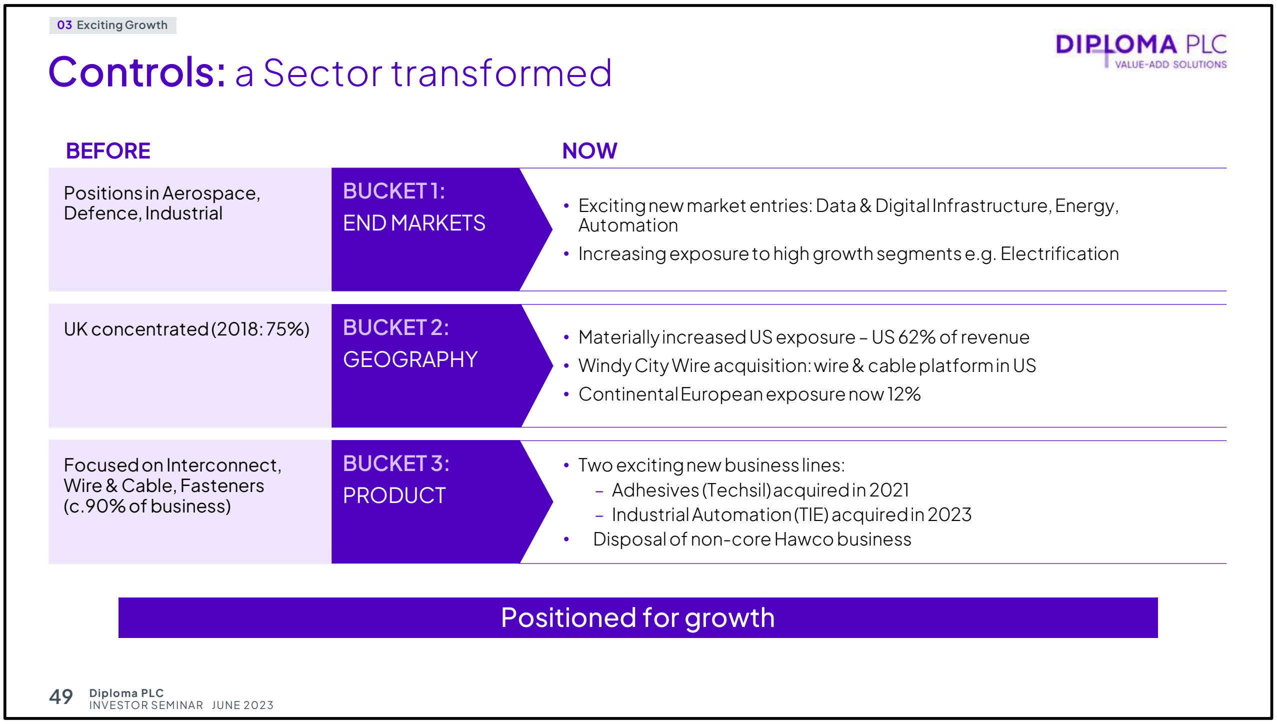
* Pro forma H1 23 adjusted for acquisitions & disposals

- Positioned behind structurally growing end markets
- From UK concentrated to internationally diversified
- WCW acquisition in the US
- Streamlined to 6 key scalable product business units
- Sector 3-yr CAGR 40%

Controls is a near £500 million sector today with operating margins of over 20%.

We have diversified behind structurally growing end markets. We have improved geographic diversification, particularly in the US, and also in Europe. And we have broadened our product capability with entry into Automation and Specialty Adhesives.

Windy City Wire was a significant milestone, establishing a platform for Wire & Cable in the US and extending our reach into building automation and data.



Controls serves diverse end markets - industrial automation, civil aerospace, defence, medical, energy and other structurally growing end segments.

Geographically, we have transformed Controls. In 2018, it was predominantly a UK business – today over half of revenues are from the US, and we've grown in Europe too.

We have six streamlined product business units – three of these have been in the group some time, but are now diversifying and scaling.

And we have added two new verticals in industrial automation and Specialty Adhesives…more on those later. Mindful of portfolio discipline, we also disposed of one business line this year.

The streamlined structure ensures we are focussed, and allows for greater coordination between businesses to maximise their potential moving forward, including through enhanced cross sell.

Exciting end market potential

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VALUE-ADD SOLUTIONS

	Electrification	Data & Digital Infrastructure	Automation	Energy	Aerospace & defence
MARKET DYNAMICS	• Electrification of transport • Infrastructure requirements	• Roll out of 5G / 6G • Data centre expansion • Smart buildings	• Growing, ageing installed base • US onshoring • Structural labour shortages	• Infrastructure investment • Energy security • Renewables investment	• Civil aerospace recovery, fleet replacement • Increased defence spending
DIPLOMA	• Some exposure in UK (Adhesives) • Material opportunities across the Group	• Some exposure at WCW, Adhesives • Opportunities across the Group	• Some US exposure (TIE) • Opportunities US / Continental Europe / UK	• Some exposure in Continental Europe • Opportunities across the Group	• Strong position in Fasteners in the UK with opportunities in US / Europe

Significant end market potential

Now let me talk about End markets…. We've made great progress and have successfully pivoted into structurally growing markets such as data and digital infrastructure, electrification and automation.

We have driven outstanding growth in Adhesives through sales into the Electric Vehicles market…and in Interconnect through sales into the clean Energy sector. In Windy City we have won business in 5G rollout and data centre expansion.

We've made a start, but still lots to go after.

Geographic penetration potential

DIPLOMA PLC
VALUE-ADD SOLUTIONS

USA	
Interconnect Fasteners Industrial Automation	Regional bases established, very small market share
Windy City Wire	National coverage, low share
Adhesives	Market entry opportunity

UK & EUROPE	
Interconnect Fasteners	Regional bases established, very small market share
Industrial Automation Wire & Cable Adhesives	Market entry opportunities

Establishing platform for future growth

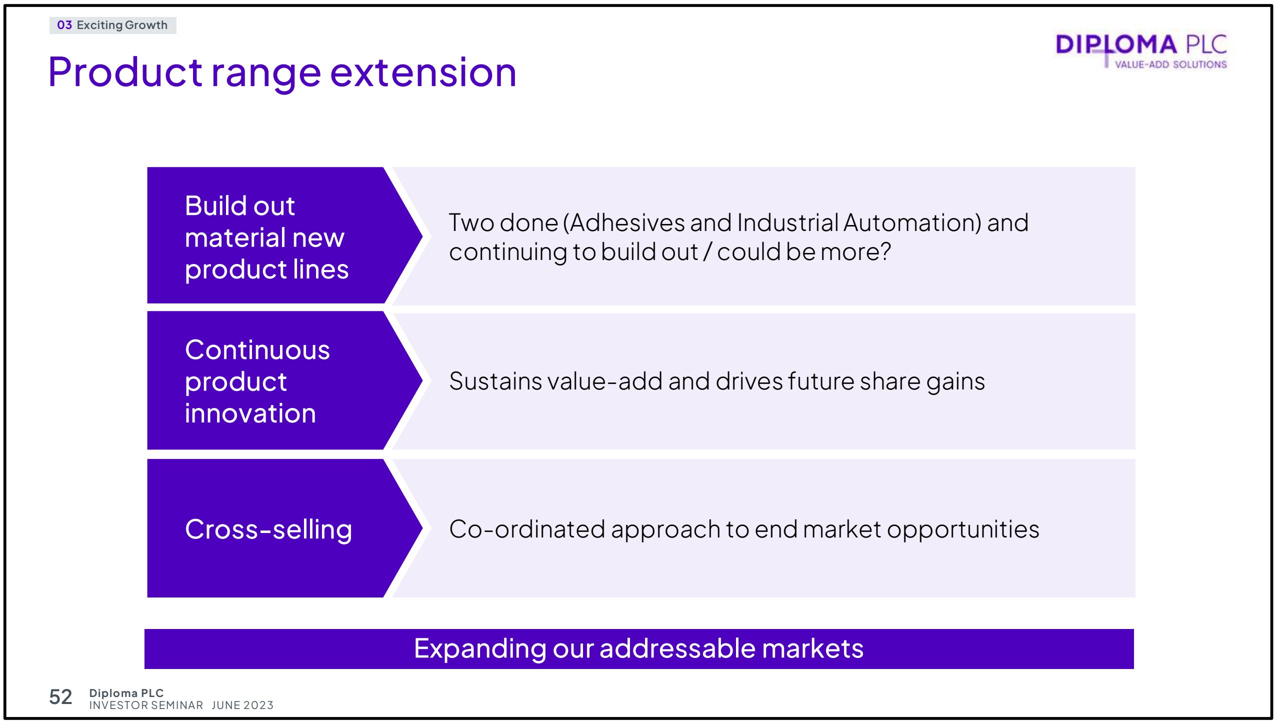
We are now well placed in the three core markets of the US, Europe and UK.

The US is a great opportunity for us. We have a good national presence through Windy City wire, yet still have small market share. In the wider sector, we are only just starting in the US in Interconnect, Fasteners and Automation.

Our journey in Europe is still in its infancy – we have little presence in Interconnect and Fasteners, and nothing in Wire and Cable, Adhesives or Automation…. Massive white space.

Finally, in the UK, we have good positions in both Interconnect and Specialty Fasteners, with further market share potential, but we're small in Wire & Cable and have nothing in Automation.

In short, geographically we have masses of potential to grow.



There are broadly three ways in which we increase product ranges…

Firstly, we can add new verticals like adhesives and automation. I'm sure these won't be the last.

Second, we are continuously innovating to keep our value-add offers current, Rich will tell you more about what Windy City are doing later

And third, we are increasing cross selling opportunity, For example, our in our specialty fasteners business we have quoted on new tenders and won business for our aerospace customer base, selling adhesives. The close working relationship between specialty fasteners and techsil has meant we have been able to meet the customer need to be benefit of both businesses.

Of course, what all this does is expand our addressable markets…

DIPLOMA PLC
VALUE-ADD SOLUTIONS

CASE STUDY

Controls Sector: Specialty Adhesives

International Controls	Windy City Wire
Interconnect	Windy City Wire
Specialty Fasteners	
UK Wire & Cable	
Specialty Adhesives	
Industrial Automation	
3% of Sector revenue*	

Specialty Adhesives – Techsil

- **History:** acquired August 2021
- **FY 2022 revenue:** £13m
- **HQ:** Warwickshire, UK

Products	• Specialty adhesives and sealants • Thermal management products • Specialty silicones
Services	• Technical sales, specification and support • Own brand
Value for the customer	• Technical, consultative solution sell • Customer convenience – repacking, specialist storage, stock management, packaging and labelling, kitting
End markets	• Automotive (inc. EVs), electronics, aerospace & defence, telecoms and manufacturing industries
Geography	• Strong UK position: significant geographic diversification potential

* Pro forma H1 23 adjusted for acquisitions & disposals

Let's look at a specific example where there are opportunities in all three buckets – Specialty Adhesives.

Techsil was acquired in August 2021. Revenues were £10 million and have grown strongly to £13m last year.

It is a UK based distributor selling specialty silicones, adhesives and sealants – and it adds value through, technical sales & support, own branding & technical specification.

DIPLOMA PLC
VALUE-ADD SOLUTIONS

CASE STUDY

Specialty Adhesives: Techsil

Identified as a strategically attractive product adjacency in growing markets

Excellent progress to date

Organic growth + Acquisitions to drive organic growth

- 20% CAGR post-acquisition
- **End markets:** EVs, telecoms
- **Geography:** strong UK position
- **Product:** attractive adjacency

- **Two bolt-ons** for ca.£5m
- **Strategic fit:** product portfolio
- **Outstanding returns**

Already doubled to ca.£20m revenue* at 30% operating margin

Significant future opportunity in all 3 buckets

End markets: growth in electrification

Geography: further UK consolidation; US/Continental European opportunity

Product: continued innovation

Exciting future growth prospects

* Annualised based on H1 23 run rate

Techsil has been a fantastic success – and it has so much potential.

The business is well aligned with structurally growing end markets such as EV's, providing solutions for battery bonding and circuit board encapsulation, to name just two. It also serves telecoms and Defence. This has helped drive an organic CAGR of 20% since acquisition.

It has a strong management team and business model, which has enabled us to add two 'bolt-on' acquisitions for £5m at 4x multiples.

As "lift and shift" acquisitions, the deal returns are fantastic, however more importantly they gave us greater exposure to additional attractive markets such as aerospace.

Today, based on H1 run rates, the business is on track to have doubled in size to around £20m under our ownership, all at 30% operating margins.

Techsil has significant opportunity across all three of our growth buckets – UK consolidation, geographic white space in the US and Europe, and exceptional end market potential.

CASE STUDY

Controls Sector: Windy City Wire

DIPLOMA PLC
VALUE-ADD SOLUTIONS

International Controls	Windy City Wire
Interconnect	Windy City Wire
Specialty Fasteners	49% of Sector revenue*
UK Wire & Cable	
Adhesives	
Industrial Automation	

Windy City Wire

- **History:** acquired 2020
- **FY 2022 revenue:** £249m
- **HQ:** Chicago, US

Products	• Premium quality , low voltage wire and cable • Unique offerings: SmartWire, Rackpack Field Systems Solutions
Services	• Convenience – glide technology reduces friction for easy pulling; packaged for optimum storage and usage • Technical specification / consultation
Value for the customer	• Significant labour cost reductions • Speed to market / control of supply chain
End markets	• Building automation • AV / voice / data • Fire and security
Geography	• Nationwide across the US with a network of 19 facilities giving scale, critical mass and speed to market

* Pro forma H1 23 adjusted for acquisitions & disposals

You’re now going to hear from Rich Galgano on his business, Windy City Wire – Windy City has a great track record of double digit organic growth and it’s prospects are just as compelling

Windy City Wire

DIPLOMA PLC
VALUE-ADD SOLUTIONS

What a great business, now over to Ted on Growth in Seals.

Thank You David

DIPLOMA PLC
VALUE-ADD SOLUTIONS

Seals: excellent progress

FY 2022 REVENUE

£331m

34%

H1 23 pro forma % of Group revenue

FY 2022 OPERATING PROFIT

£62.6m

FY 2022 OPERATING MARGIN

18.9%

SECTOR REVENUE MIX*

UK Aftermarket	24%
European OEM	14%
Australia	10%
NA Aftermarket	23%
US OEM	16%
US MRO	13%

* Pro forma H1 23 adjusted for acquisitions & disposals

- Diversified end market exposures
- Stronger geographical base
- Product: broadening from Seals / Hydraulics to Fluid Power
- Implemented distribution platform for NA Seals in Louisville
- Sector 3-yr CAGR 15%

The Seals Sector has delivered an impressive 15% CAGR over the last 3 years, and continues to generate very attractive operating margins. It's also worth noting that Seals was the most resilient Sector throughout the pandemic.

Our success is directly attributable to the teams' efforts to diversify end markets, create better geographical positions, and broaden our product offering.

03 Exciting Growth

DIPLOMA PLC
VALUE-ADD SOLUTIONS

Seals: excellent progress

BEFORE		NOW
US construction focus	BUCKET 1: END MARKETS	• Structural growth markets: Pharma, Medical, Food & Beverage • Early stage: Wind and Water • Strong Infrastructure position
Subscale in UK and Australia Russian exposure	BUCKET 2: GEOGRAPHY	• Built out quality Australian business • Exited Russia • Scale in UK through UK Aftermarket R&G acquisition • Accelerating market share gains in US (Louisville)
Concentrated solely on Seals	BUCKET 3: PRODUCT	• VSP acquired in 2019 – Gaskets • R&G acquired in 2022 – Fluid Power • Australian acquisitions – Water Protection Products / Pumps

Diversification paying off: most resilient sector during the pandemic

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INVESTOR SEMINAR JUNE 2023

If we look back, even just a few years ago, the Seals sector was very narrowly focused, lacked diversification and scale.

• We were heavily concentrated on seals products sold into the US construction market.

• Our UK and Australian businesses were subscale and we were exposed to a tenuous Russian market.

Today, the Sector is in a much better position to generate future growth.

• We have diversified well beyond the Construction space

• Seals' geographic footprint is much stronger after exiting Russia, consolidating businesses in Australia, building scale in UK, And bolstering our position in the US

• Our Product range has also been transformed, with the additions of VSP and R&G

And while this is all Great News… we are only getting started….

Exciting end market potential

DIPLOMA PLC
VALUE-ADD SOLUTIONS

	Energy / Renewables	Environmental safety	Infrastructure	Water
MARKET DYNAMICS	• Wind farm growth • Solar farms and connected infrastructure • Nuclear build and maintenance	• Security of industrial facilities • Safe transportation of hazardous product	• US infrastructure bills • European Green Deal initiatives • UK levelling up	• New infrastructure and leak reduction • Waste management
DIPLOMA	• Some Continental European exposure • Expansion opportunities into UK/US	• US MRO quality proposition • Opportunity US/UK/Continental Europe	• US and UK exposure • Opportunity to expand in Continental Europe	• Strong position in Australia • Opportunity in US / Continental Europe

Well positioned against key structural growth drivers

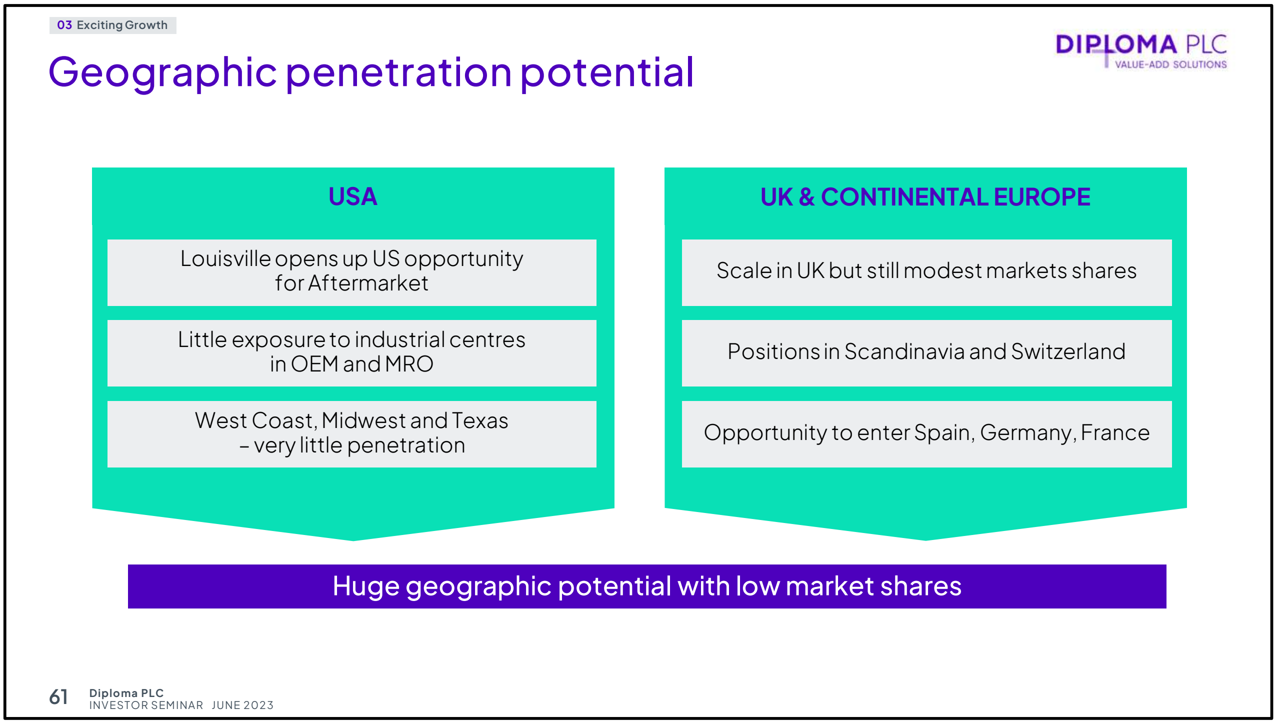
The Seals Sector has increased its exposure and participation in several robust, high-growth markets to include renewable energy, water, manufacturing, and infrastructure projects.

Just to give you a few exciting examples …..

• Our M Seals business won the Vestas contract, putting us on the biggest wind turbine ever deployed

• We’ve built a very strong water management portfolio in Australia, which we believe will open up opportunities in our other regions.

• In the US, we are well positioned to benefit from the trillion dollar Infrastructure Investment as well as the resurgence of onshore manufacturing

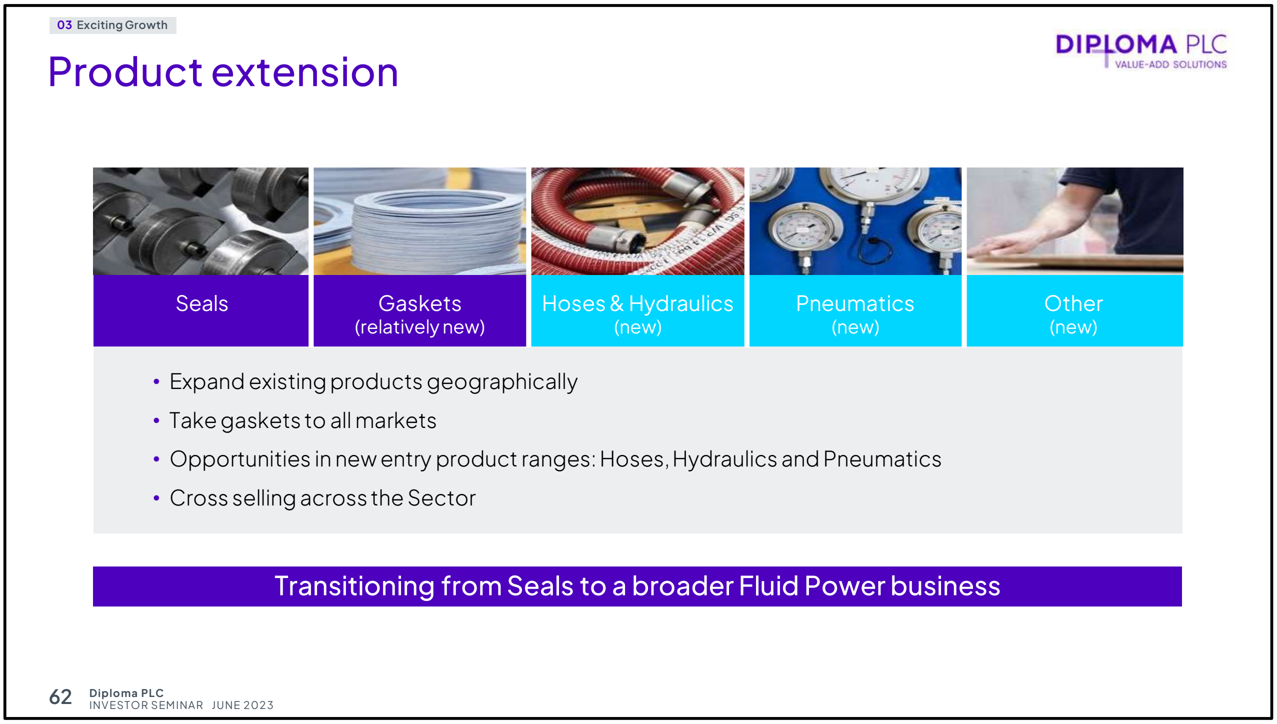


The Seals Sector has also made excellent strides in expanding its geographical presence

- The Louisville facility has not only improved our quality, delivery, and productivity. It has opened the door for our Hercules aftermarket business to take significant share in Central and Western US

- Our OEM and MRO businesses are still very concentrated, and have tremendous opportunities to grow positions in large, industrial regions they don't serve today.

- And we have significant room to expand our position in continental Europe



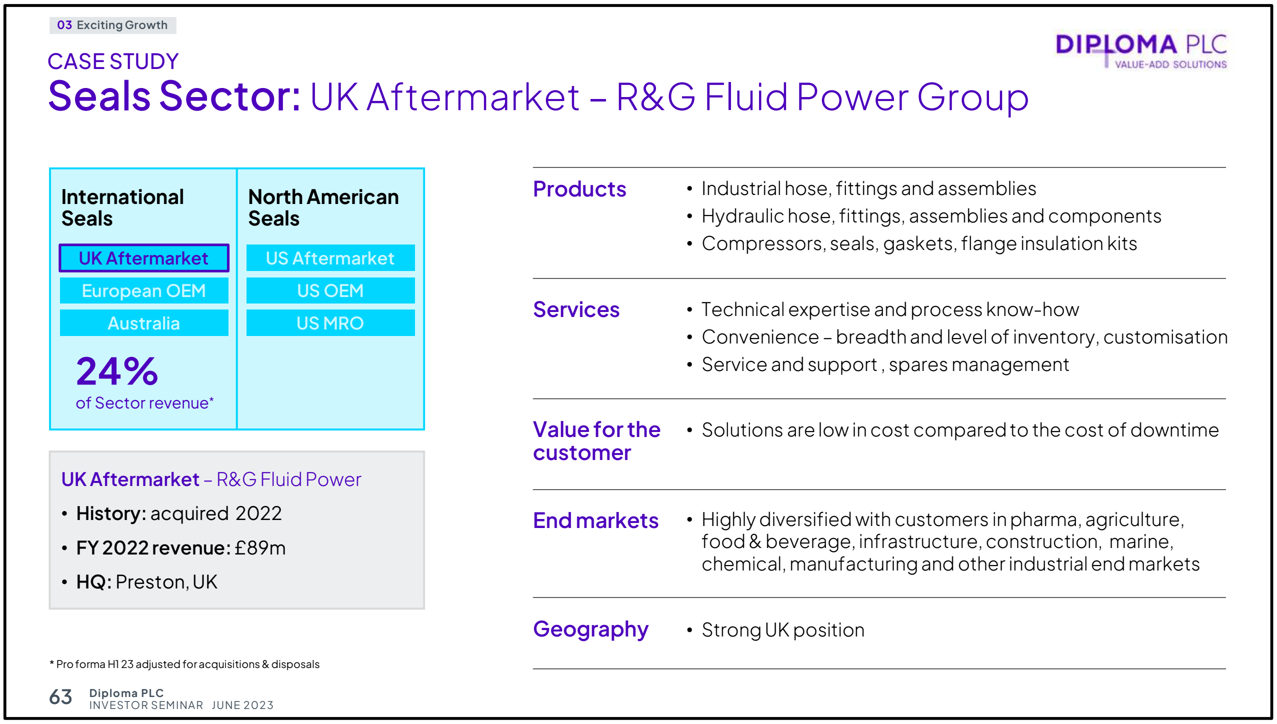
When it comes to Product, we have a much broader offering, as we continue to diversify our flow control and fluid power portfolio

With more products in our arsenal and deep customer relationships, we are seeing huge opportunities to increase share of wallet.

In parallel, we are scaling our commercial capabilities and synergies, through….

- Robust sales processes
- Coordinated cross-selling
- Investments in ecommerce, digital marketing, and commercial talent

Alessandro will now share another example of our Sector’s growth potential…

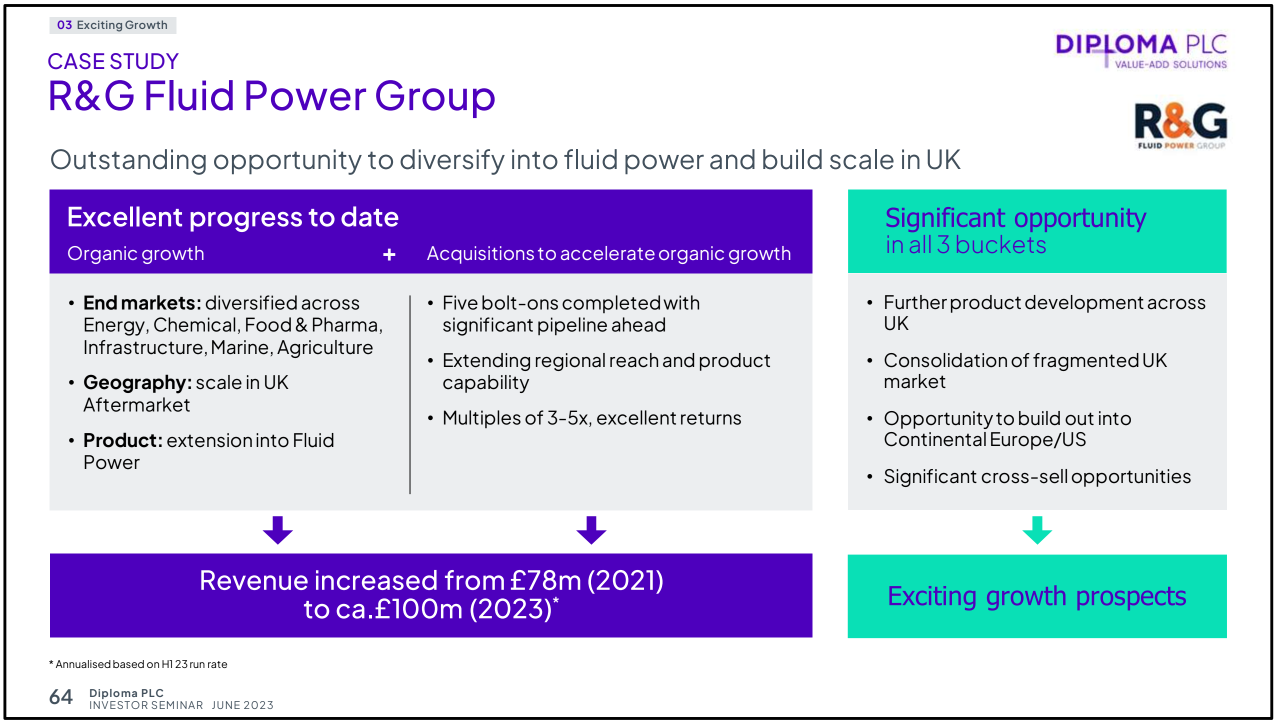


Thanks Ted. My name is Alessandro Lala. I'm an engineer by background and I've been with Diploma for over 17 years. I've been in my current role as CEO of International Seals since 2019 – and to echo what Ted has just said, the Sector has come a really long way since then.

I'll talk more about what we've done in Australia a little later, but now I'd like to give you some more colour on our UK Aftermarket business – which is essentially R&G Fluid Power, which we acquired last year.

R&G is the Group's second largest acquisition and has strategically transformed the sector.

First of all, it provided an opportunity to diversify our product range moving from the traditional seals and gaskets business to the wider fluid power portfolio of products like fittings, industrial and hydraulic hoses and customized assemblies. It gave us scale in the UK where we had a small presence. And brought us a team of young, talented individuals – led indeed, by the Managing Director, Richard Davies who has stayed on to run the business. And finally, as you will hear from Steve in a minute, it also met all of our financial criteria.



It’s been a great success story – between 2021 and 2023 R&G has grown revenue from £78m to £100m, and its margin has increased by 400 bps. Next year we could be at £150m in revenue! We have done this through a combination of organic growth and bolt on acquisitions.

The company organic growth track record is very strong – high single digits pre acquisition and 15% since they joined the Group. I have been impressed by their commercial drive and how their natural entrepreneurial spirit allows them to continue penetrating regions of the UK and push product diversification through their sales channels.

Also, I am very proud of how we successfully and quickly merged the existing FPE seals business, a company that has been with Diploma for more than 20 years, into the R&G Group, so creating a coherent more than £20m seals and gaskets aftermarket business in the UK.

The R&G bolt-on acquisition strategy - acquiring small businesses at 3 or 4x multiples – has also driven revenue growth. They acquire bolt-ons to extend their footprint in the UK and their product capability. And quite often, these are more of a ‘lift and shift’, bringing new products or customers into R&G - and then leveraging cross-selling opportunities. The acquisition pipeline is very healthy – they’ve delivered 5 bolt-ons at excellent returns under our ownership, and there are lots more to come in the next months.

Looking ahead, R&G has exciting prospects in all three of our ‘growth buckets’

• Firstly, the company maintains a clear focus on the UK aftermarket and targets many diverse end market segments.

• Then, they have great geographic potential – R&G will continue to take share in and consolidate a fragmented UK market. The opportunity to build out the product offering across Europe and the US is hugely exciting

• There is a significant number of product cross selling opportunities across existing businesses – rubber seals being a primary example - and recent bolt on acquisitions.

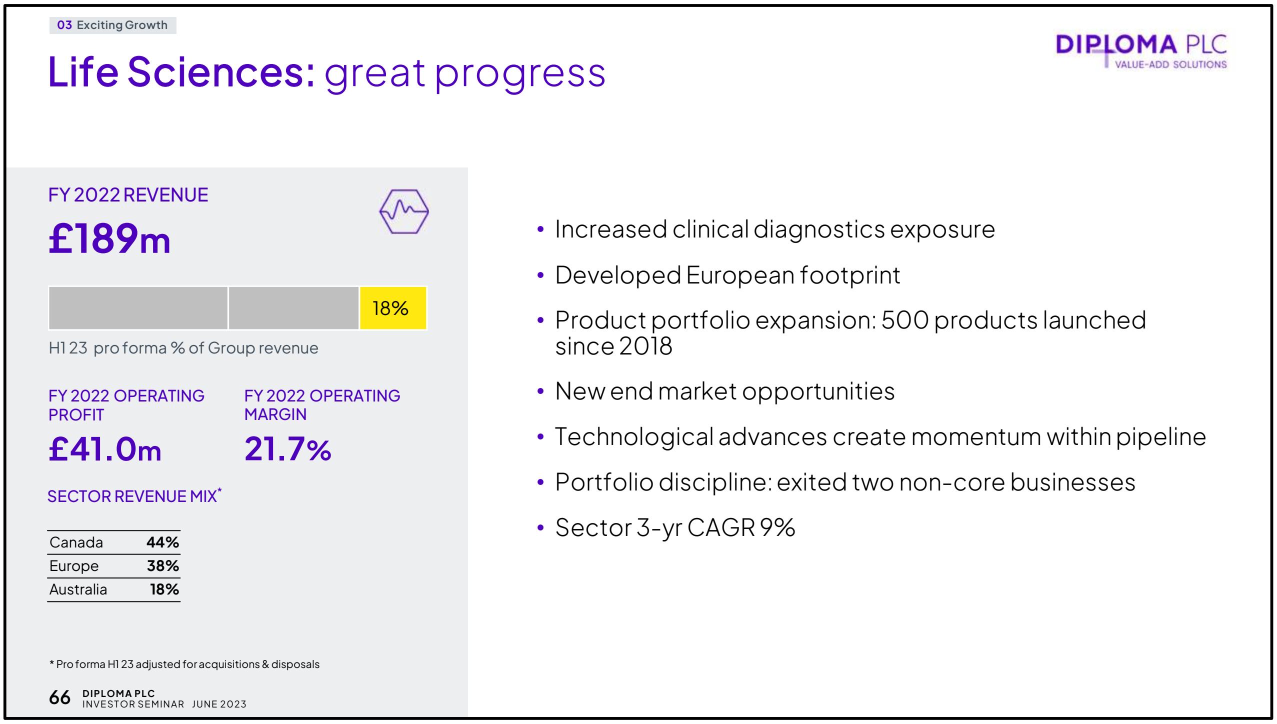
• And finally, we have only started developing our e-commerce strategy and this has a huge potential.

We are working to streamline the business effectively for greater scale and a growing margin. For example, we have just opened a new National Distribution Centre for hydraulic products in Lincoln and created a Centre of Excellence for hose assemblies in Liverpool.

R&G has been a great addition to the Group; we’re delighted with how the team has integrated and how the business is delivering - and we’re looking forward to more of the same.

Now we're going to move on to Growth in Life Sciences - and here's Elena.

Thank you Alessandro.



We’re very proud of the strategic progress we’ve made at Life Sciences over the last 4 years - increased exposure to high growth end markets, a more diversified geographic footprint, and a more streamlined portfolio.

But perhaps the most important area of progress relates to the product pipeline – this is the Sector’s lifeblood, I’m going to talk a little more about how we’ve stepped up a gear in this area.

The Sector is developing and well positioned in a fast-changing environment and we feel very positive about our future prospects. But to begin, let’s touch on some of the achievements of the last 4 years….

DIPLOMA PLC
VALUE-ADD SOLUTIONS

Life Sciences: great progress

BEFORE		NOW
Narrow range of end markets	BUCKET 1: END MARKETS	• Increased exposure to high growth diagnostics sector • Surgical backlogs provide multi-year tailwinds • Next generation technologies create opportunities: gene therapy, molecular diagnostics, minimally invasive surgery
Australia and Canada	BUCKET 2: GEOGRAPHY	• Built European pillar (Scandinavia/Ireland) with more to go for
Narrow product portfolio	BUCKET 3: PRODUCT	• Acquisition opportunities; disposal of non-core testing businesses • Increased focus on product pipeline management, 500 products launched since 2018 • Scale benefits attracting new suppliers

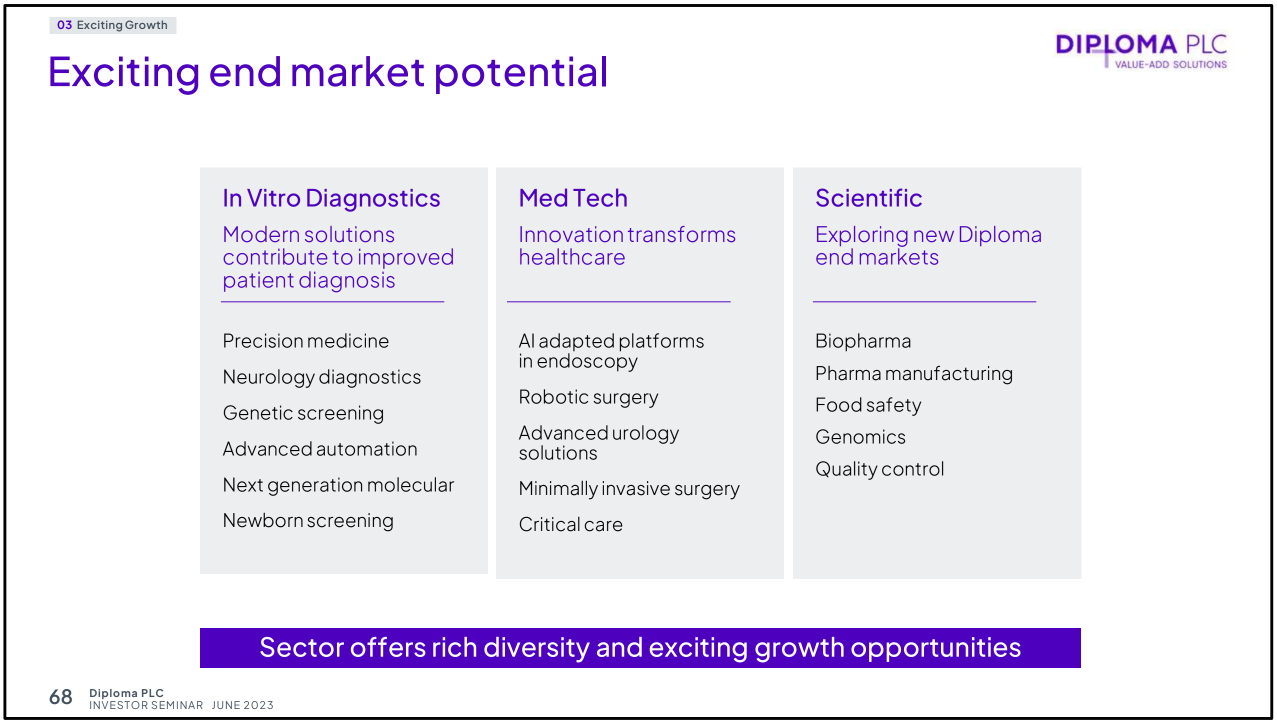
Scaled diversified platforms, better positioned for growth

First, we've really broadened our end markets – particularly our exposure to, and expertise in, the high growth clinical diagnostics space. Additionally, surgical backlogs will provide multi-year tailwind across all our geographies. And we're really excited about new generation technologies in areas like molecular diagnostics and minimally invasive surgeries.

Second, we've diversified our geographic footprint by building out our European pillar, with acquisitions in Scandinavia and Ireland – and there's more we can do here.

And we've made fantastic progress with product pipeline management …since 2018 we've launched over 500 products including in new areas such as urology, hematology, critical care, therapeutic drug monitoring and gynaecology… and the pipeline today is stronger than it has ever been.

Let's take a closer look at end markets…



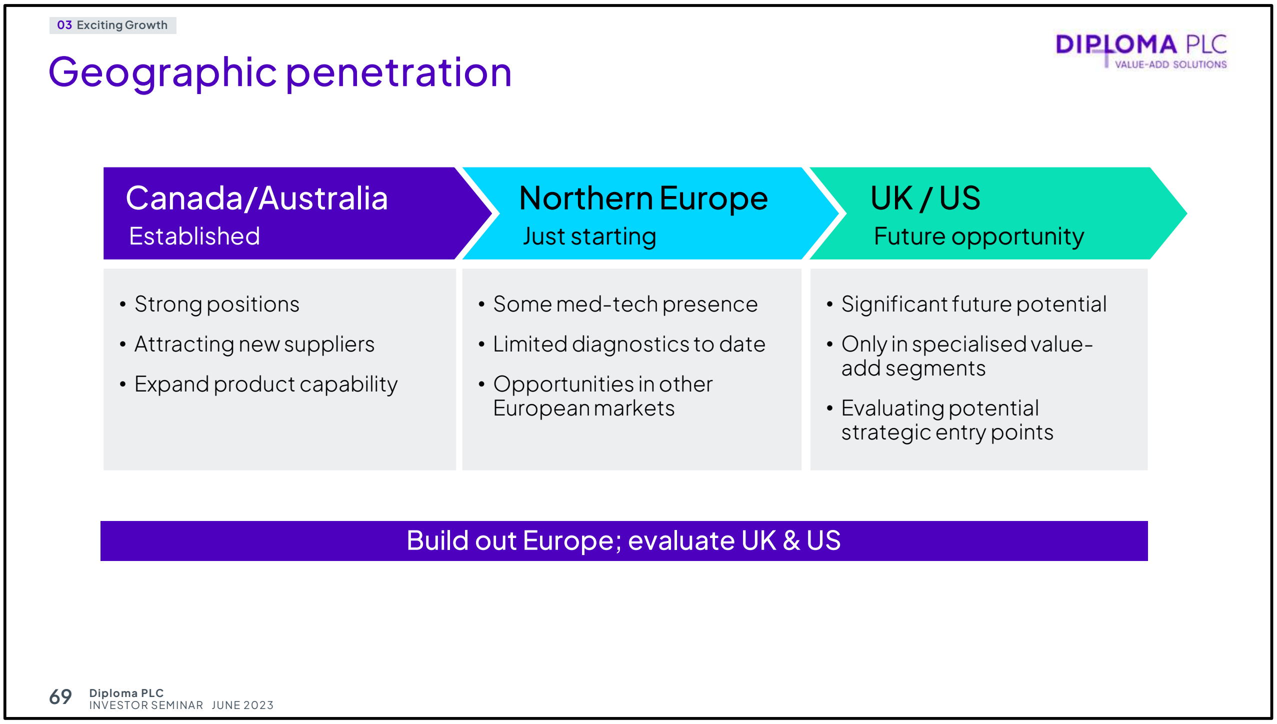
On this slide, I've set out 3 of the key growth end markets – in some cases it might be because they are new, innovative areas, while others, particularly Scientific, are well established but new for Diploma.

First IVD's, that is In Vitro Diagnostics, which is what we do at Somagen and Abacus. This involves test kits and instrument systems used in a clinical laboratory to test a patient's blood, or other specimen types such as biopsy tissues. We're very successful in the IVD space, as mentioned earlier. In addition, we're exploring opportunities in newer areas such as precision medicine which is where a patient's genetic information is used to specifically target the right treatments, to the right patients.

Then there's the MedTech market which we operate in through AMT, Vantage in Canada and through Simonsen and Weel in the Nordics. This market is rapidly responding to newer challenges such as labor shortages. Increased efficiencies, automation and improved patient outcomes are key customer priorities generating demand and growth potential.

One growth area within Medtech is Minimally Invasive Surgery, in demand because it improves patient care while reducing costs to healthcare systems. This is a focus area with continued investment, our clinical expert teams have even provided "Master Classes" where customers can learn modern techniques directly from their peers.

And the third key end market is Scientific - consumables and instrument systems for use in biopharma, clinical research, and food safety. Scientific is new to Diploma and we are excited to build out our strategy here

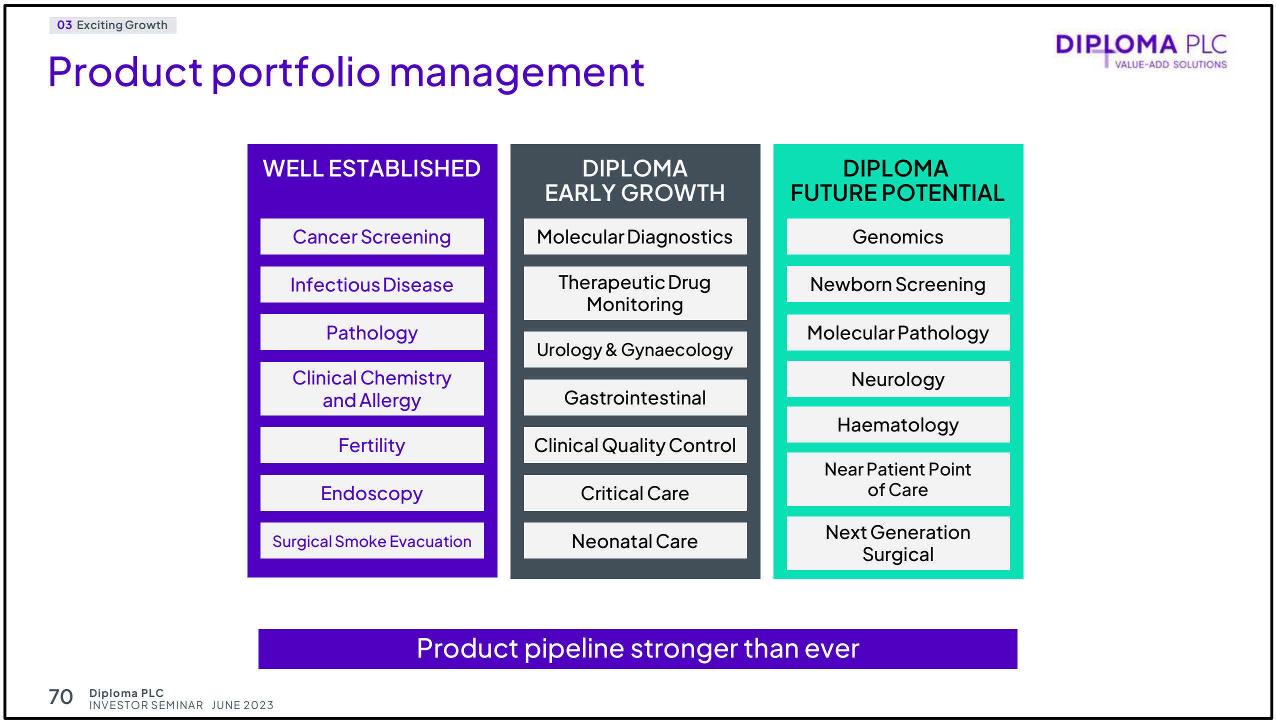


As mentioned earlier, we’ve diversified our geographic footprint. What’s really exciting is that our geographic penetration opportunity is huge.

Despite being well established, we’re far from finished in our core Canadian and Australian markets where there are opportunities, particularly from a product perspective for example haematology in Australia, or next generation laboratory automation in Canada.

We’ve built scale in Europe with Simonsen & Weel , Kungshusen, and Accuscience. But there is more to reach for, in diagnostics and in Medtech.

And finally, the UK and US, both huge markets, are a possibility – we are still in evaluation mode but are examining whether there is a role for a value-add distributor in the highly specialised areas in which we already operate.



Let's turn to our product pipeline, which is stronger than ever as we continue to invest in business development and new technology expertise.

We group our portfolio into three categories:

First – our well-established portfolio, where we have great experience and expertise. This includes endoscopes, surgical smoke evacuation technologies, laboratory tests for cancer screening, pathology instruments as well as technologies used by fertility clinics. This part of the portfolio might be well established – but it is also growing.

Second, our early growth portfolio - areas with scope to increase market share and where investment is increasing. This includes critical care equipment, laboratory molecular diagnostics and specialized surgical laparoscopes. We invest in staff training, marketing and more frequent opportunities to demonstrate the technology to our customers. We anticipate steep growth in these areas.

Then there's future potential – some of the new and most exciting and innovative areas of investment – such as newborn screening for life threatening rare diseases, and emerging neurology biomarkers

CASE STUDY

Life Sciences Sector: Canada

DIPLOMA PLC VALUE-ADD SOLUTIONS

Life Sciences

- Canada
- Australia
- Europe

44% of Sector revenue*

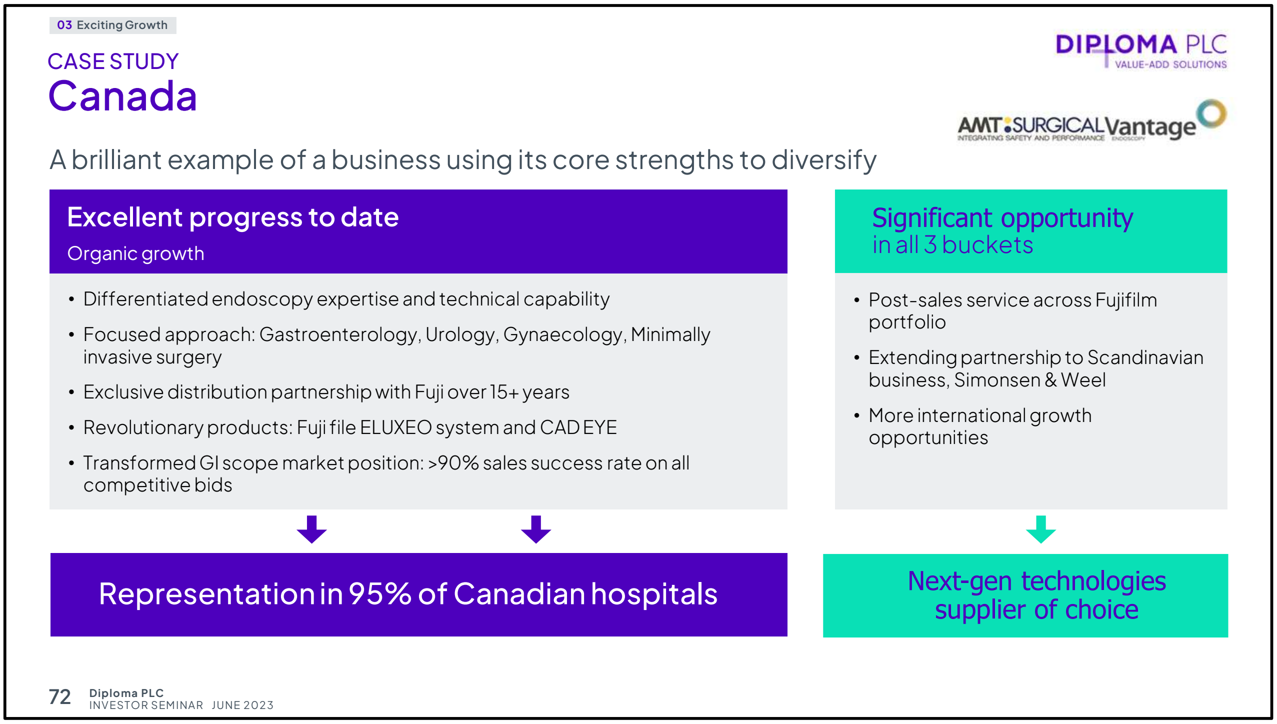
Life Sciences Canada

- **History:** built up organically and via acquisitions – Somagen (2004); AMT Vantage (2007)
- **FY 2022 revenue:** £84m
- **HQ:** Canada

Products	• Capital (ca.10-20%) & consumables/service (ca.80-90%) • Surgical, medical and diagnostics equipment and instrumentation • Related consumables
Services	• Technical sales advice • Logistics, installation and training • Maintenance & service
Value for the customer	• Access to market-leading portfolio of innovative technologies that enable better patient outcomes • Responsive aftersales support and service
End markets	• Hospitals and clinics • Laboratories and research facilities
Geography	• Canada: ideally suited to our value-add distribution model • Well invested healthcare system • Dispersed population: 38m people, 5,500km coast to coast

* Pro forma H1 23 adjusted for acquisitions & disposals

I'm going to share a case study from our Canadian Life Sciences business, specifically on the medical side of the Sector which is over half of Canadian Life Sciences revenues.



The Canadian medical business is a market leader in surgical specialty technologies. And another focus area is endoscopy – where high tech scopes combined with cameras and software are used by gastroenterologists to look at structures inside a patient's body.

In Canada, we have a strong market position in endoscopy. This team has deep clinical expertise and customer relationships, selling into 95% of Canadian hospitals. We work with several OEMs, including a 15 -year relationship with Fuji.

The latest Fuji endoscope technology is the innovative Eluxeo platform with the CAD EYE Artificial Intelligence technology. Simplified, this improves the detection and characterization of lesions that are typically hard to discover during routine endoscopy. Detecting these lesions is of high clinical value. .

Our Canadian team quickly responded to the new technology opportunity by creating clinical and commercial strategies to demonstrate the AI power of this system, directly in the hands of the GI specialists.

We've successfully implemented this scope system in many hospitals across Canada, and we expect continued demand and growth.

This technology opportunity extends beyond Canada to Scandinavia where we have leveraged our strong relationship with Fuji to obtain distribution rights for Simonsen and Weel, now the exclusive partner for the Fuji platform in Denmark.

So much progress. Very exciting! And with that, I will hand you over to Steve who is going to talk to you about acquisitions..

Hello, it’s great to see you all here today.

I’m Steve Sargeant, the Corporate Development Director, responsible for all our M&A activity across the group

I’ve been in M&A for over 20 years, starting on the investment banking side before moving into corporate development with Bunzl and then Sysco Corporation

3 years ago I saw the fantastic opportunity that existed at Diploma to significantly accelerate M&A activity and take advantage of the huge growth potential

And that’s what I’m going to talk about today – complementary acquisitions to drive future organic growth.

M&A: overview

DIPLOMA PLC
VALUE-ADD SOLUTIONS

01 Strong track record

- Why we make acquisitions
- What are our criteria
- How we help acquired businesses drive value
- Value creation track record

02 Healthy pipeline

- Significant white space and fragmented markets
- Enhanced process and team successfully delivering
- Diploma as a purchaser of choice
- Growing / healthy pipeline
- Discipline

I'll spend a few minutes going through our track record – driving great returns by buying high quality businesses and then helping them grow and develop

And then, we will look forward, covering the vast opportunity we have in front of us…..An opportunity that is driven by significant white space and fragmented markets, capability improvements, and being a buyer of choice, generating a healthy pipeline.

So starting with our strong track record…

We make acquisitions to drive future organic growth

DIPLOMA PLC
VALUE-ADD SOLUTIONS

Why?

- Fragmented markets
- Accelerate strategic execution
- Build scale
- Broaden diversity for resilience
- Generate good returns with our capital
- Enhance our management expertise

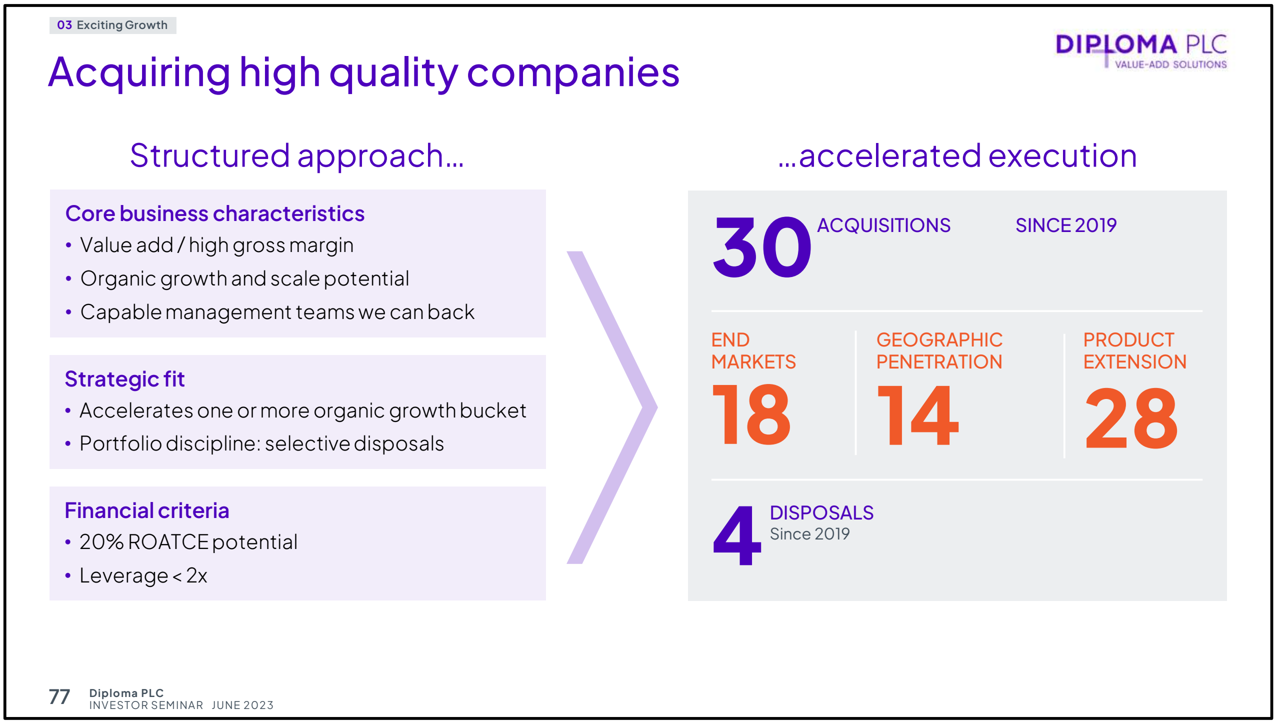
We make acquisitions to accelerate our organic growth.

Our acquisitions can help our businesses accelerate behind an exciting end market, penetrate a given geography, or add product capability.

Acquisitions help us build scale and resilience

With a low capital intensity business model, we drive great returns with our capital.

There are other benefits too, like new talent and expertise to enhance our management capability.



We have stringent criteria for what an attractive target looks like – it's important that every business we bring into the group meets our business, strategic and financial objectives – we acquire high quality companies

This is consistent with how we've always done acquisitions at Diploma - the core characteristics we look for are the same as ever: what's the value-add proposition; does the business have organic growth potential; and does it have a great management team we can back?

Will the target allow us to accelerate organic growth in one or more of our three growth buckets?

Portfolio management is important too, we need to ensure that businesses we acquire fit into our focused portfolio. We've also disposed of 4 businesses in the last 2 years that did not meet our strategic objectives.

And of course the financial returns need to be attractive, without overstretching our balance sheet

We help acquired businesses develop and grow…

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- Management expertise
- Professionalise sales approach to drive organic growth
- 3 buckets: end market, geography, product
- Identify and drive cross-selling synergies across the group
- Better margins and cash management
- Environmental and social potential
- Leadership network

We buy quality businesses, and then, within the structure of our decentralized model, we develop them

We provide overarching management expertise, both at sector and group level

We professionalise the sales approach, usually putting more structure around driving organic growth across our 3 buckets

- For example, after acquiring gaskets business VSP in 2019, we developed its capabilities in o-rings kits, and in two years it converted 98% of its customer base from buying just gasket kits to both gasket and o-ring kits, generating an additional $6m of annual revenue

Our broad network of companies allows us to provide introductions to other members of the group, to generate cross-selling synergies

- TIE has already helped our interconnect group access some industrial automation customers, and has also received introductions from Hercules OEM into its customer base

As most of our acquisitions are from owner/managers, there is usually opportunity to improve margins and cash management, which of course drives better returns for the group over time.

ESG is not usually a focus for small owner-managed businesses, and we can often make a material difference to environmental and social outcomes

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...which has driven a strong track record of creating value

Accelerated execution	2015 - 2018		2019 to date
Average Deals per Year	2	→	8
Average Annual Spend	£30m	→	£120m (Excluding Windy City Wire)
Average Size	£15m	→	£15m (Excluding Windy City Wire)

2019 to date

INVESTMENT
£840m

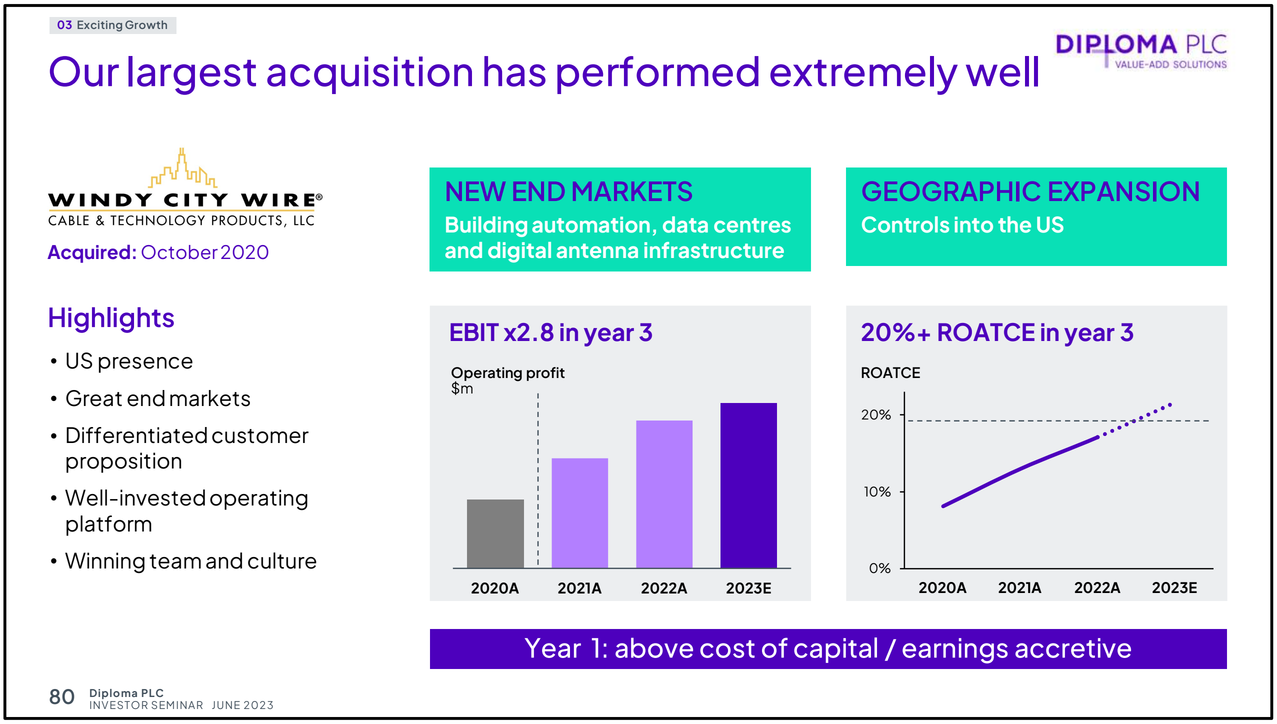
ORGANIC GROWTH SINCE ACQUISITION
15%

AVERAGE ROATCE
16%↑

Acquiring high quality businesses and helping them improve further has led to a track record over the last 4 years of significant value creation.

Firstly we've significantly accelerated our deal flow with a more strategic, structured and proactive approach – historically Diploma completed around 2 acquisitions per year - since 2019 we've averaged 8 a year

But more importantly, we have maintained good discipline and generated great returns throughout that acceleration – average organic growth since acquisition is 15%, with an average return on the £840m of capital deployed of 16% and rising



Our biggest acquisition to date, Windy City Wire, has been a phenomenal success

It has given us a strong US presence in Controls, in great end markets

Returns were above our cost of capital, and it’s been earnings enhancing, both from year 1

And since then, we’ve almost tripled EBIT and grown ROATCE to over 20% in 3 years, considerably quicker than expected

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Our second largest acquisition is also ahead of expectations

R&G FLUID POWER GROUP

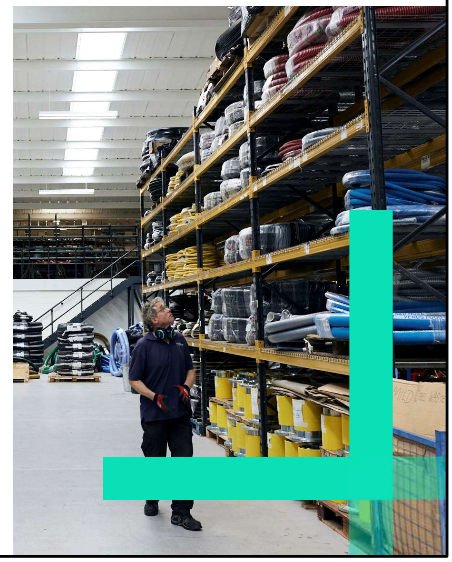
Acquired: April 2022

GEOGRAPHIC EXPANSION
Scale in the UK

- Aftermarket value-add proposition
- UK scale
- Significant product cross-selling

PRODUCT EXTENSION
Fluid Power

- Above cost of capital and earnings accretive from year 1
- 15% organic growth
- 5 bolt-on acquisitions in the first 12 months under Diploma (average multiple < 5x) with excellent pipeline
- ROATCE from 10% to 13% in first year

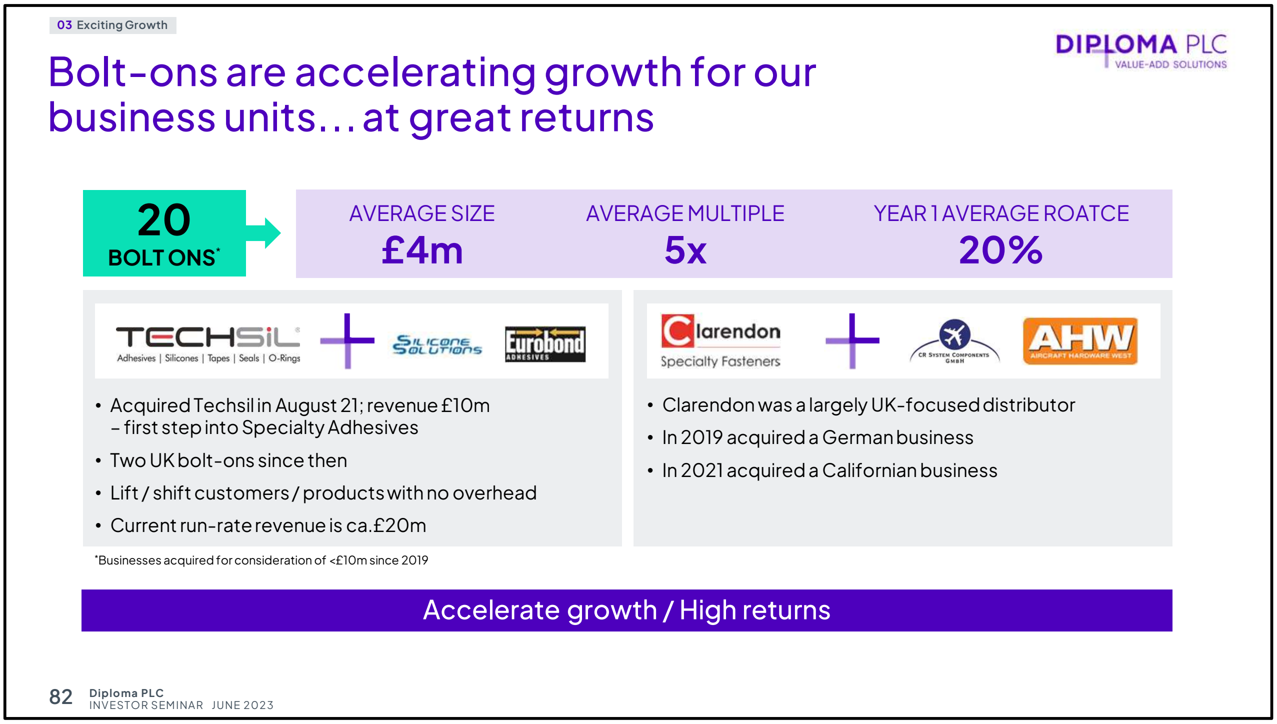


Our next biggest acquisition, R&G Fluid Power, has been with Diploma for just over a year now and it’s been a great start

As you heard from Alessandro, it’s provided our Seals sector with important scale in the UK, and it has broadened our product offering from seals and gaskets into the wider fluid power space

As with Windy City Wire, returns were above our cost of capital, and it’s been earnings enhancing, both from year 1

Organic growth in its first year within Diploma is 15%, and in addition to that we’ve invested in 5 highly accretive bolt-ons, with plenty more to go after

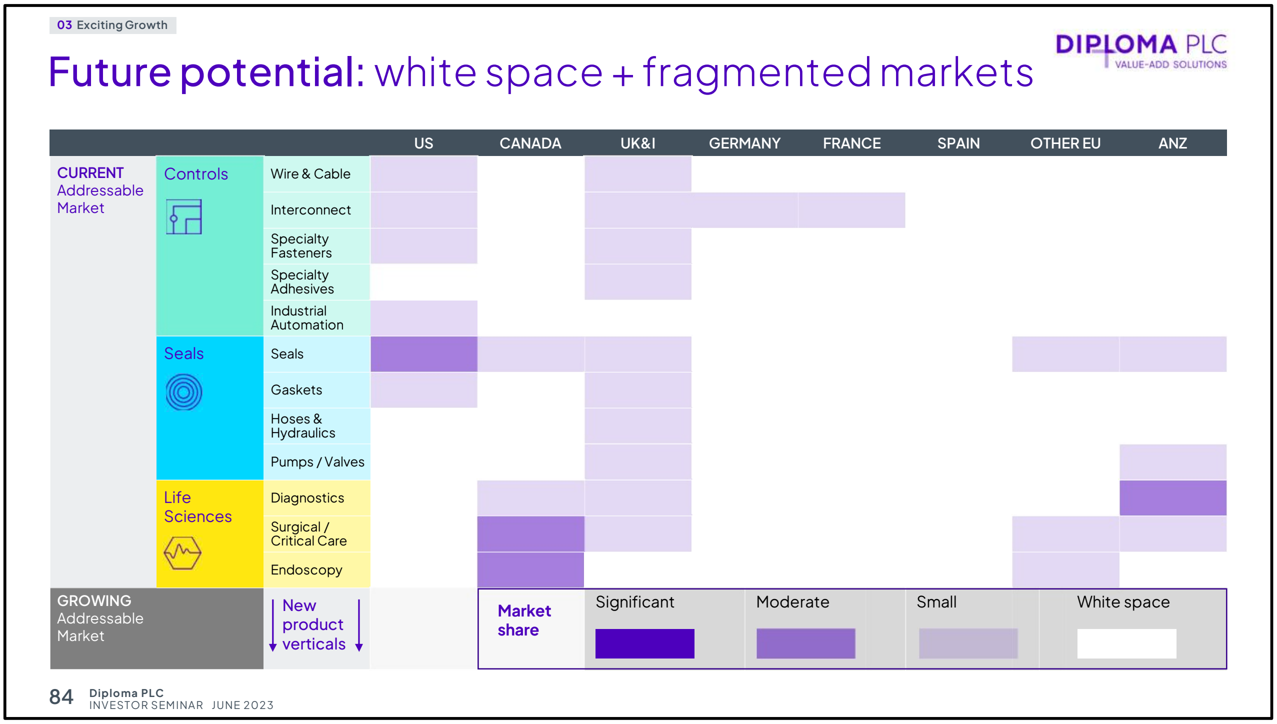


Those larger deals are great, but the smaller acquisitions are just as important – we've done 20 of the sub-£10m value acquisitions since 2019 with an average price of £4m, at an average multiple of 5x and 20% return on capital in year 1

As well as generating great returns themselves, they've also helped us develop platforms to accelerate future growth

- Techsil is a great example, as David has already explained. Quality core business, great organic growth, 2 small bolt-ons at low multiples
- Clarendon Specialty Fasteners is a slightly different situation – that business was heavily UK-focused within a very international aerospace market; we acquired one German and one Californian business to provide a more global reach, be more attractive to global aerospace customers and accelerate organic growth
- • There are loads of examples across the group. More of our businesses (like R&G and Techsil) are building the capability to deliver small bolt-ons. We want to do more of these.

So that's a bit about the success we've had in the past, which we're very proud of, but we're even more excited about the future



You've seen this slide already today and it's very relevant for acquisitions - we have a vast amount of white space to go after

The US continues to be an important market – it is so fragmented and we have small shares of our markets

And we're underpenetrated in Continental Europe – we currently have very little in Germany or France, and nothing in Spain

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A great team and rigorous processes

SOURCING	• Multiple channels • Structured collaboration with Sectors and businesses • Increased volume of direct inbound
PROCESS	• Origination and execution managed by Corporate Development • Sectors / businesses own the deal and relationship • Well-defined due diligence process
STRUCTURE	• No one-size-fits-all approach • Always an element of incentive / retention • Deal structure tailored to drive right behaviours
GOVERNANCE	• CEO/CFO approval before making indicative offers • CEO/CFO approval prior to signing • Full Board approval for acquisitions above a threshold

We've developed our capabilities and processes over the past couple of years

When I arrived at Diploma in 2020, there were 3 people in the M&A team, and we've gradually built out capability and resource – we are now 7 strong, allowing us to accelerate whilst still maintaining discipline and strategic focus

We source our deals from various different channels – a blend of internally generated ideas from the businesses and corporate development, supplemented by an ever-increasing stream of incoming opportunities

We have clearly defined processes, managed by corporate development but in full collaboration with the sectors and businesses, who need to sponsor, own and be accountable for the deal

We are not bound by any one transaction structure – we flex based on the specific goals of the transaction, to drive the right behaviours, usually related to retaining and incentivizing key people

And we have strict governance rules with a clear approval process, whilst still being agile

A winning proposition for sellers

DIPLOMA PLC
VALUE-ADD SOLUTIONS

"Diploma provided complete transparency throughout the process, negotiations were fair, and their approach gave me the sense of a very caring culture."

Greg Fowler,
FITT Resources (Australian Seals)

"Diploma invest for the long term. The decentralised model is the same as ours, giving management teams the autonomy to make decisions and run their businesses."

Chris Ford,
R&G (UK Aftermarket)

Over two thirds have retained leadership post-acquisition

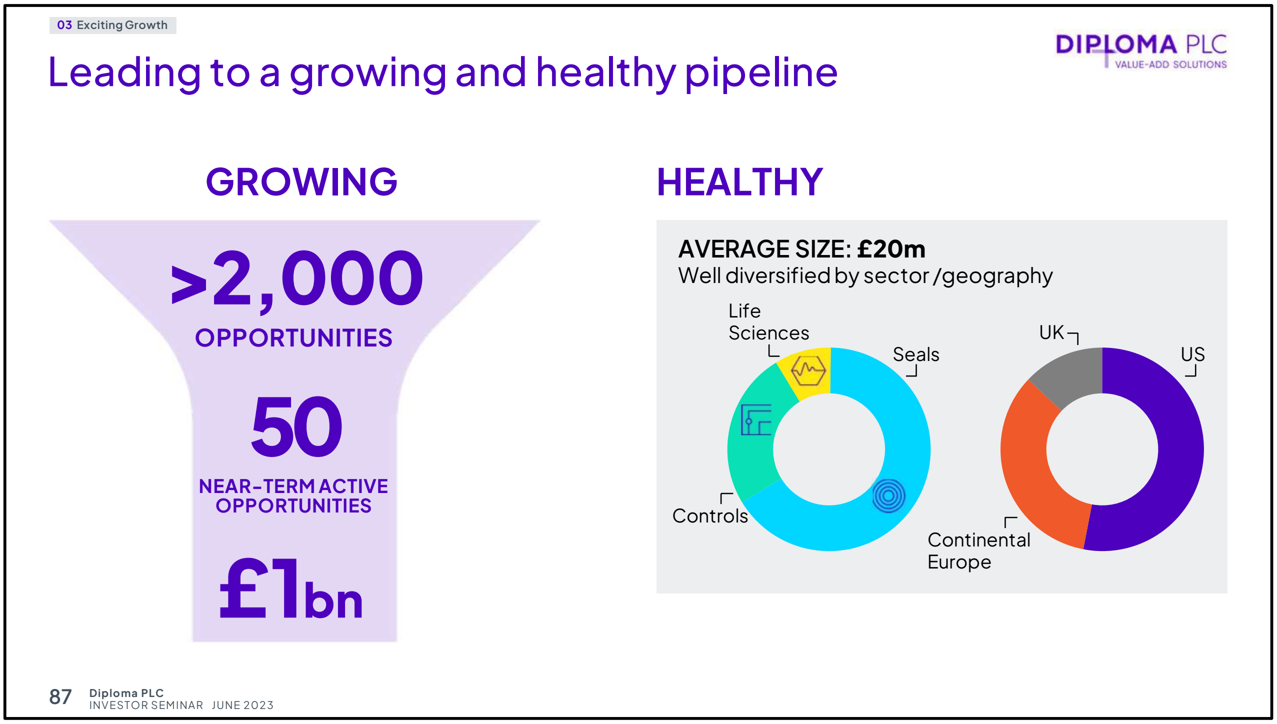
Our business model and culture make us attractive to a small business owner. We seek to preserve the legacy and heritage, and we are in it for the long term too. These are clear differentiators compared with private equity and many strategic buyers.

We spend a lot of time considering the emotional journey that business owners go through when they decide to sell their business, helping them to understand what life at Diploma would be like.

We believe all this gives us a competitive advantage in processes where price is not the only decision driver

Along with the testimonials on the slide, I'd like to play you a short video where Tyler Ragsdale of VSP and Rich Galgano of Windy City Wire explain why they chose Diploma as the right home for their businesses

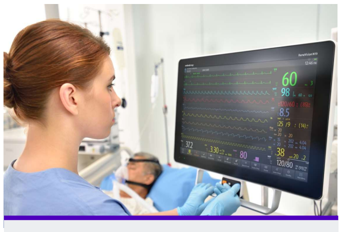
Thanks to Rich and Tyler for expressing our winning proposition so clearly. This proposition is why over two-thirds of our businesses have retained their leaders post-acquisition.



The white space and fragmented markets, our strong processes and winning proposition to business owners have led to a growing and healthy pipeline containing over 2,000 names

We are currently working on around 50 active opportunities at various stages along the deal lifecycle. Encouragingly, the pipeline is healthy with average size in the typical Diploma range of £20m and well-diversified by geography and sector, to not put pressure on any one management team in the Group.

We maintain our discipline

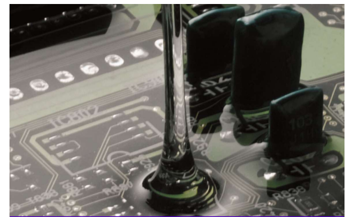


Core business characteristics

- Value-add / high gross margin
- Organic growth and scale potential
- Capable management teams we can back

Strategic fit

- Accelerates one or more organic growth buckets
- Portfolio discipline: selective disposals
- Management bandwidth



Financial criteria

- 20% ROATCE potential
- Leverage < 2x

We know that discipline is key to continued success. That discipline is about the core business model characteristics. It’s about portfolio, management bandwidth and of course it’s about returns. With a bigger pipeline, we can be more selective – and we do walk away from far, far more than we complete.

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Conclusion:
Acquisitions driving future organic growth – huge potential

Our approach

- We acquire high quality companies that meet our business, strategic and financial goals
- We help acquired businesses develop and grow
- We have been successful – a strong track record of creating value

Exciting future

- Considerable white space and fragmented markets
- Well-developed processes and team
- Sellers like us – competitive advantage
- Very healthy near-term pipeline

So a quick recap…

Acquisitions are a core part of Diploma's strategy – they drive future organic growth

We have deployed £840m in the last 4 years at returns of 16% and growing.

Looking forward, we have so much white space to go after, in fragmented markets

We've invested in the team and developed our processes

We have a competitive advantage - sellers like us.

And all of this means we have huge potential - a total pipeline of over 2,000 targets that keeps growing………… the future is very exciting!

Now back to David to wrap up the growth section.


CONCLUSION
DIPLOMA PLC
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Thanks Steve, So to conclude.

Organic growth is our number one priority. We have made a great start, but we're really only at the beginning – we have so much to go for across all of our businesses - in growth end markets, geographically, and through product extension.

And as you've just heard, we can complement this with acquisitions to drive future growth….

Today the Group is better positioned than it has ever been, and we have multiple growth opportunities which we are strategically focusing on. This is an exciting time to be a part of Diploma, I'm sure you can see why.

With that, we will take a break – please help yourselves to tea, coffee just outside the auditorium. The event is being webcast live and so I ask that you are back and seated again for 4:00pm sharp, thank you.


COFFEE
BREAK
Resume at 4pm
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VALUE-ADD SOLUTIONS

Welcome back. My name is Jill Tennant and I am currently the HR Director, though as Johnny mentioned earlier I am soon to move into a new role of Strategy Director.. I joined Diploma in 2019, with 25 years of experience in a mix of FTSE and Private Equity businesses.

I love working at Diploma, it's intense but rewarding. Our business model and culture are special, I am proud of the business I joined, proud of what we've delivered in the last 4 years and excited about the future. I am going to explain how important Scaling is to our success today.

Scaling strategy: key messages

DIPLOMA PLC VALUE-ADD SOLUTIONS

- Our value-add business model and empowered decentralised culture are differentiators
- Improve the business value-add proposition at scale
- Manage a bigger, decentralised Group successfully
- Drive performance improvement
- Scaling is a journey…**so much to go for**

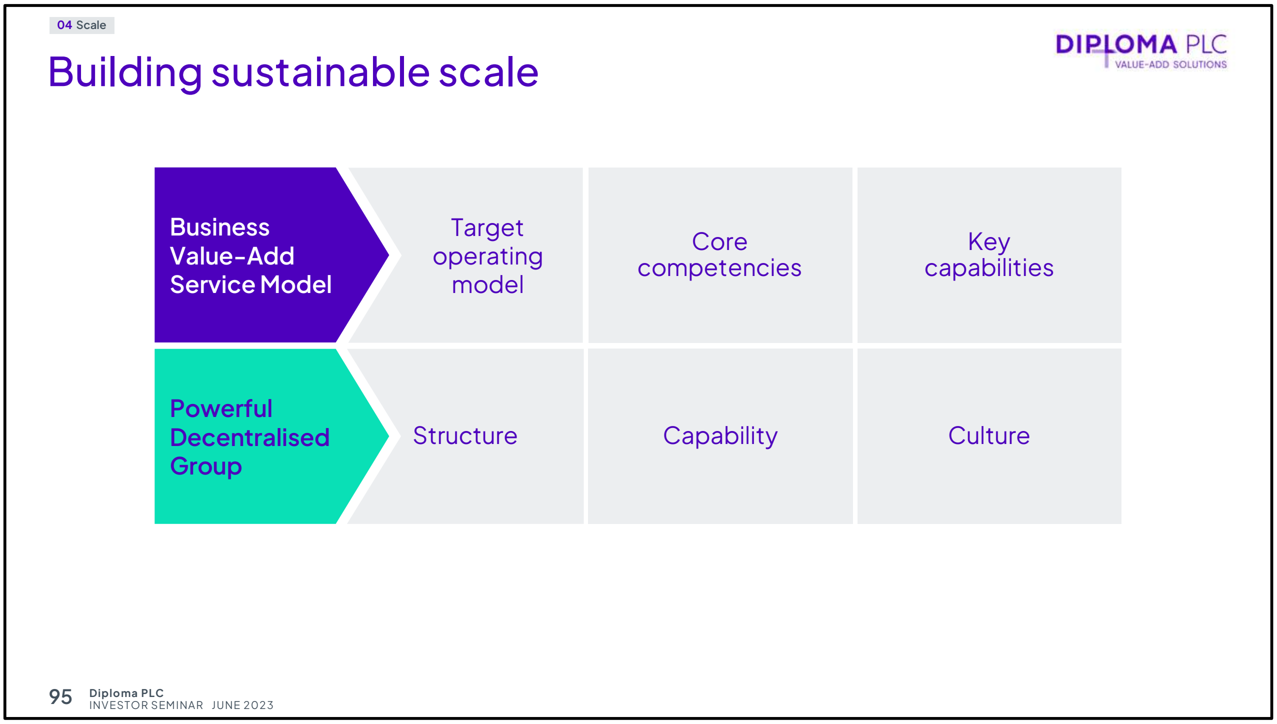
Sustaining for the long term

You have heard all about the growth. This session is just as important! Because it's about how we sustain delivery for the long-term.

Our differentiators are our value-add business model and our secret sauce – our decentralised culture. As the businesses get significantly bigger, to both preserve and enhance their customer proposition, they have to deliver their business models differently.

Similarly, as our Group gets bigger, we want to preserve the decentralised culture-"the secret sauce" but simultaneously manage successfully at greater scale. And we can do even better when we complement the decentralised culture with the network and best practice of the Group. This is what we describe as the Diploma identity and I am going to be touching on that quite a bit during this session.

We call this scaling. Scaling is a journey. It's carefully planned as part of our strategy and it guarantees our delivery for the long-term.

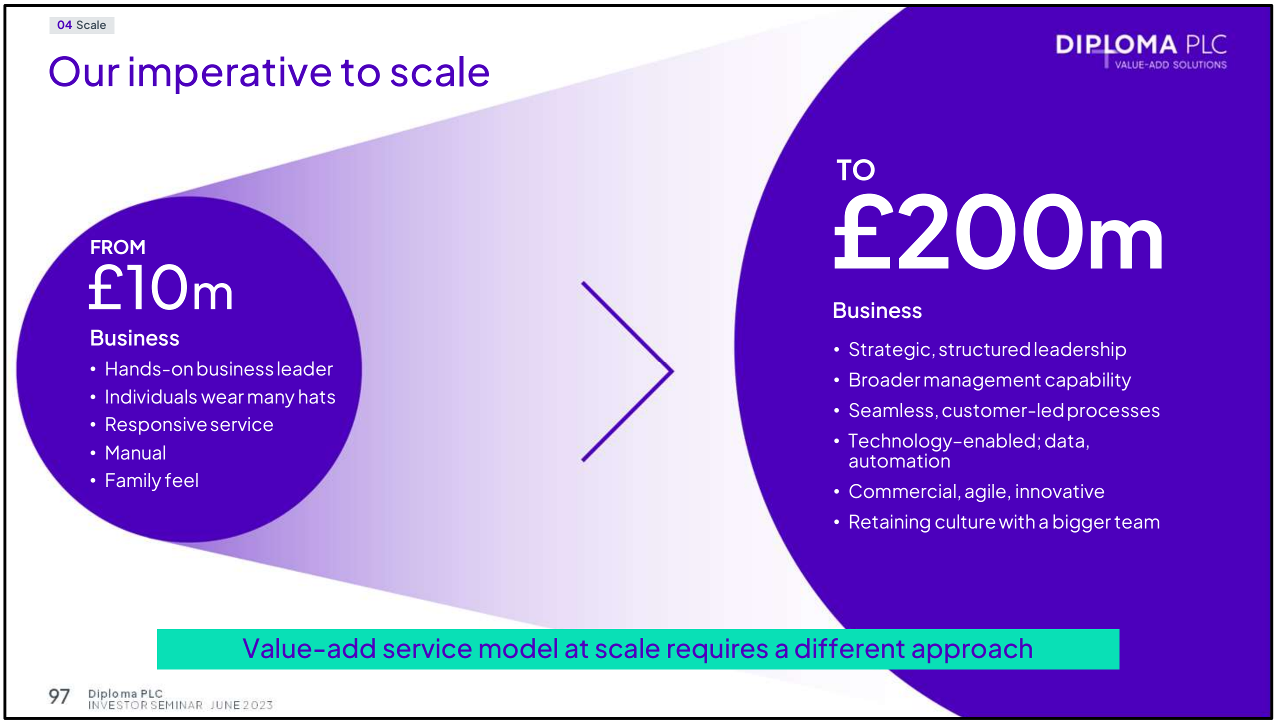


This is how we will do it.

For our businesses to scale successfully, they design their operating model of the future, the processes or core competencies that underpin it, and the capability (talent technology, facility) they will need to deliver it.

For the Group, we have some principles to running a decentralised Group at scale and around these we need the right structure, capability and culture, which includes the Diploma identity that I mentioned a few minutes ago.

We begin with our businesses and how they are scaling their value-add models. I'll explain our approach and then bring it to life with some real life examples.



Running a £200m pound business is very different to running a £10m business.

It's a careful balance. Smaller businesses have many great qualities: customer responsiveness, family culture, accountability and quick decisions. However, they tend to be manual, informal, tactical, reliant on one person. The owner takes his or her 5 customers out after the trade show, takes their orders the next morning, picks the seals from the storage room and posts them in an envelope.

Bigger business requires a different approach –strategic, structured management; broad management team; great processes and technology. The art is to retain the essence of what made the business successful when it was small and deliver value-add at scale.

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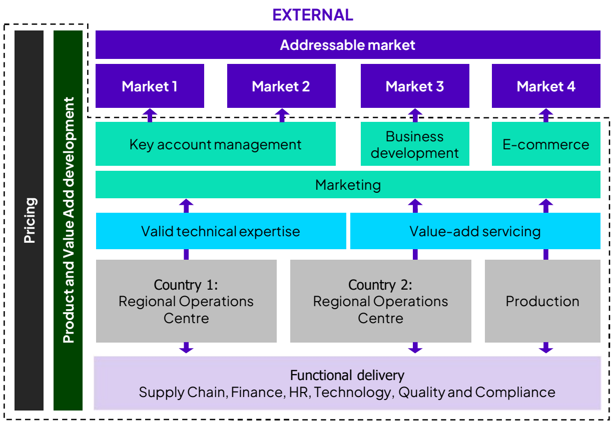
Our scaling framework

Example of a TOM



Target Operating Model (TOM)
- Long-term vision
- Structured plan

Scaling plans
- Core competencies
- Capabilities

Financial plans
- Performance improvement
- Incremental investment

Implementation plan
- Timing / roadmap
- Resource / governance

Structured approach to business scale

Scaling is much more than hiring a few people and leasing some extra warehouse space. To help our businesses we have a simple Scaling framework

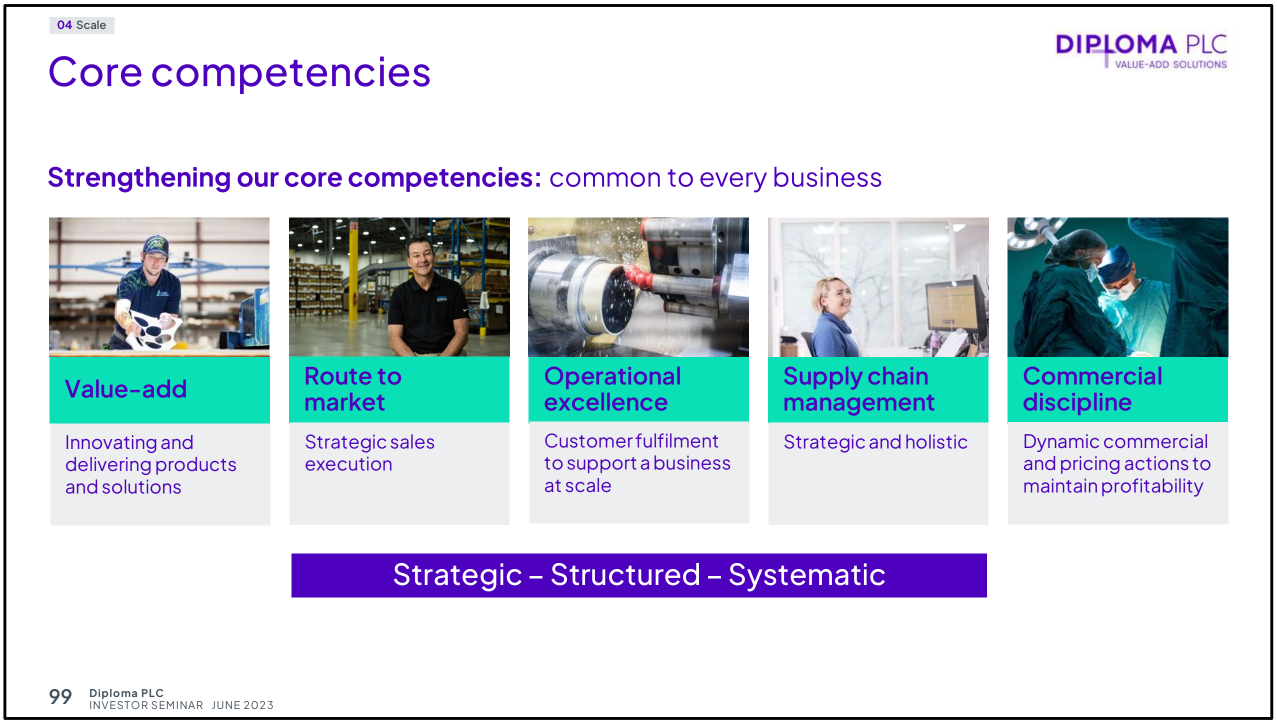
It starts by setting out a vision and ambition for the business. Then the business management team builds their target operating model– how will they operate the business to be successful at scale.

This enables them to create Scaling plans which map out improvements in core competencies and key capabilities.

Their plans have to make financial sense using the benefits of scale to reinvest and therefore sustain operating margins.

The day to day running of the business can’t be affected so we have to get the pace and resourcing right so we can scale and grow at the same time.

We’ll take you through some great examples of how we have done this, because whilst each business is unique the consistency between them enables us to learn faster and improve execution (that’s the power of the Diploma Identity).



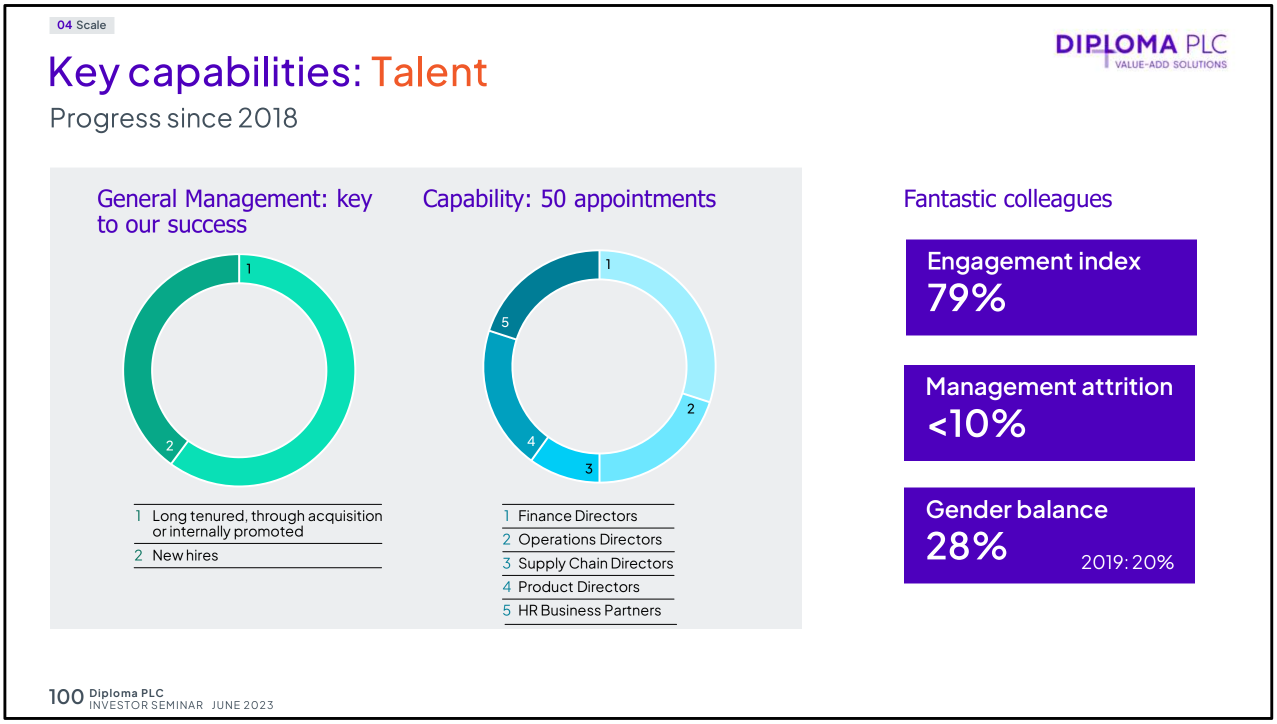
Whilst our businesses have different customer propositions and operating models the core competencies shown here are common to all of our businesses. Strengthening them means becoming more strategic, structured and systematic – improving customer service and performance.

For example:

• We are developing our Supply Chain competency across North American Seals with a new Supply Chain Director focusing on improving capability across all three business lines driving improvements to customer service and resilience.

• In our UK Wire & Cable business previously stand-alone businesses have been integrated and are moving to a new facility with much better technology and automation.

• And the recent inflationary environment has proved our commercial discipline. Our businesses moved quickly to leverage the pricing power of the value-add model.



Building capability means talent, technology and facility for us.

Let's start with talent. It's such an important topic for us and Johnny and I spend a lot of time on it.

Our first focus is our General Managers. They are the key to our success and we are delighted with them. When they all come together the atmosphere is electric. We've been fortunate enough that some have come to us through acquisition, we have hired strategically and we make huge efforts to develop the talent for this cohort.

Our second focus area has been building functional capability. As businesses grow, we need capability in key functions such as Sales, Finance, Operations, Supply Chain, Technical and HR and we have really moved the dial here in the last couple of years

As we develop, we want to build more internal capability and rely less on the outside. We have development programmes in place across our leadership – we call it Leadership at Scale. Our managers are enjoying the journey and in a few weeks we will be hosting the graduation for 35 of our leaders who have completed the 2023 development programme. Management attrition is below 10% and tenure averages over 7 years.

As a service business, strong colleague engagement is a competitive advantage. . Our businesses have a community feel. We prioritise safety, diversity, wellbeing and opportunity. We communicate extensively to motivate, align, engage. Hot off the press we just received our 2023 engagement survey results. We had an outstanding 86% response rate. Despite the pressures of growth, scaling and the macroenvironment for the 3rd year in a row, our engagement levels have held at 79%.

04 Scale

Key capabilities: Technology

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Technology

- Early on technology journey
- Each business has different needs
- Opportunities to improve service and efficiency
  - E-commerce
  - ERPs
  - Automation

Progress since 2018

- Increased technology capability
- Managed pace: around 5 change programmes p.a.
- >15 ERP/WMS implementations
- ca.10 e-ecommerce solutions

Future focus

- Continuous improvement
- 4 change programmes due for completion in 2023
- Taking advantage of new technologies

Technology is incremental and business-led

Moving on to Technology

It's important to note that technology will play more of a role in some businesses than others. Life Science's scientific relationship model does not lend itself to technology as much as more transactional value-add models like NA Seals Aftermarket. In the latter, we have advanced e-commerce platforms, automated operational technology and fit for purpose ERPs. It's a business by business approach.

Having said that, we have implemented more than 15 ERPs and Warehouse Management Systems and around 10 e-commerce solutions over the last few years.

E-commerce solutions are not right for all our businesses, but where they are, we are investing – and we now have small, but growing, webstores at in our North American and UK Aftermarket Seals businesses.

Key capabilities: Facility

Facility

- Capacity for exciting growth
- Improved customer fulfilment
- Productivity
- Environmental footprint and health & safety
- Colleague engagement

Progress since 2018

- 15 facility moves completed

Future focus

- Continuous improvement
- Strategic footprint

Facility improvements deliver value-add model at scale

The right facility is key. Apart from ensuring capacity for growth, improved processes and automated solutions deliver better customer outcomes more economically. We also look to create better environmental outcomes along with an improved workplace..

Our biggest facility move was the NA Seals Aftermarket switch from Clearwater, Florida to Louisville, Kentucky in 2020. This has really improved our growth prospects. And the Autostore automated distribution capability, alongside better proximity to a key UPS hub, has driven next day customer fulfilment to 99.5%. We have made a further 14 facility moves in the last few years, all of which have developed capabilities. As we scale, the economics make this an even more attractive investment.

Now we would like to present some case studies of our businesses scaling their value-add model, starting with Alessandro in the Seals Sector.

04 Scale

CASE STUDY

Seals Sector: Australian Seals

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International Seals	North American Seals
UK Aftermarket	US Aftermarket
European OEM	US OEM
Australia	US MRO

10% of Sector revenue

Australian Seals

- **History:** built up via organic growth and acquisitions (Anti-Corrosion Technology '22; FITT Resources '21; Pump n Seal '20)
- **Revenue:** £32m
- **HQ:** Sydney & Perth, Australia

Products	• Sales, pumps, valves and other fluid sealing products • Corrosion prevention/protection coatings and sealants
Services	• Technical engineering expertise • Repair services • Consulting and training
Value for the customer	• Cost-effective solutions that improve efficiency & reliability, reduce energy consumption and downtime • Environmental/safety – leakage prevention
End markets	• Water & wastewater • Natural resources, infrastructure and process industries
Geography	• Strong Australian presence

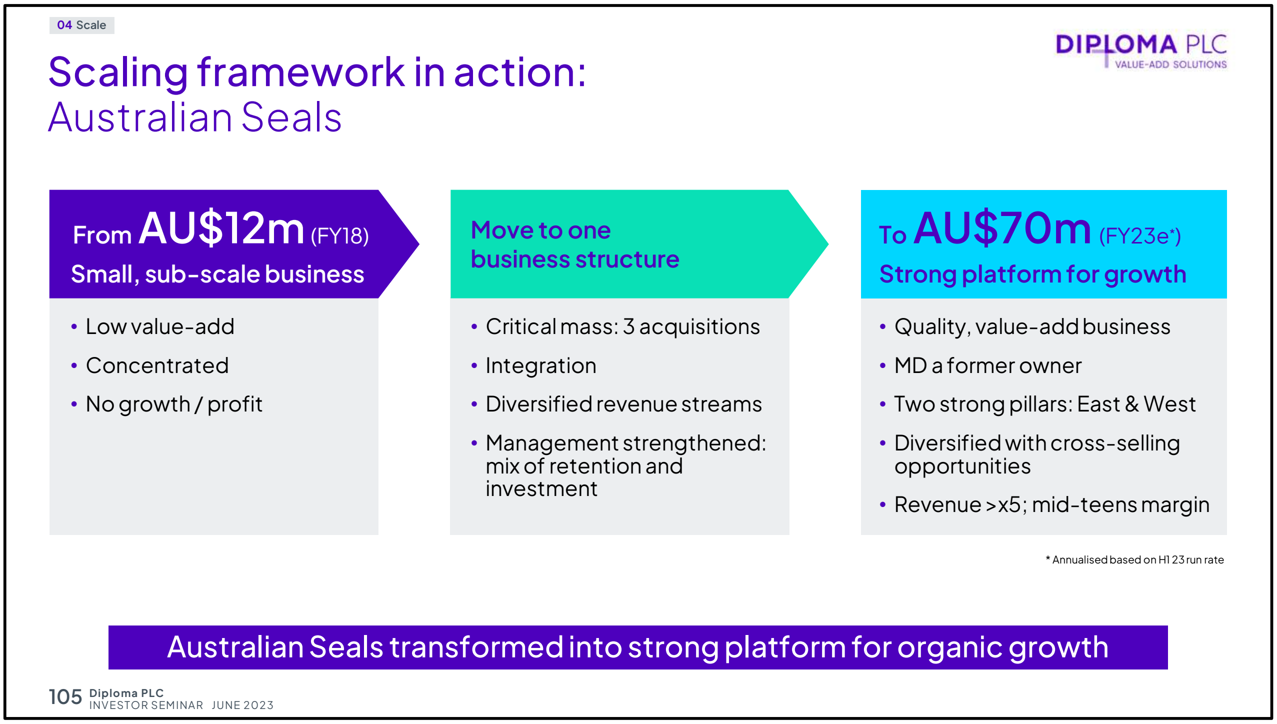
Thank you Jill

Australian Seals sits within my patch in International Seals.

The business today is about £32m in revenue and sells a diverse range of seals, pumps, valves and sealing products together with technical advice and repair services providing customers with cost effective solutions.

More recently, we have added anti-corrosion products thanks to the acquisition of the ACT business in Brisbane.

Many of our solutions play a key role in leak prevention, including toxic leaks, and asset protection across a diverse range of end markets like wastewater, tunnel construction and mining.



The Australian Seals business in 2018 generated revenue of AU$12m and was low quality, with almost no profit. We have since acquired 3 quality businesses which we have merged to create a strong business platform with a compelling value add proposition and good margins.

We have renovated and expanded our facilities in Perth and on the East coast relocating the old businesses to the improved premises.

Then we have focused on improving our route to market, operations and supply chain performance.

Despite the distance and the impossibility to travel during the pandemic, we have managed to on-board and develop a quality management team that has defined a diversified growth strategy across Australia with exciting end markets like water management and dewatering.

We have now scaled to build one holistic platform, now at AU$70m with exciting prospects, led by Greg Fowler, who was the owner and founder of one of the acquired businesses.

And this is our scaling journey at Australian Seals. Jill, back to you!

Scaling framework in action: Australian Life Sciences

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Our next example is also Australia and here's the Australian Life Sciences team to explain their scaling journey.

Scaling framework in action: Windy City Wire

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Our most developed example of scale is Windy City Wire...and here's Rich to tell you about it

04 Scale

Business value-add service model conclusion

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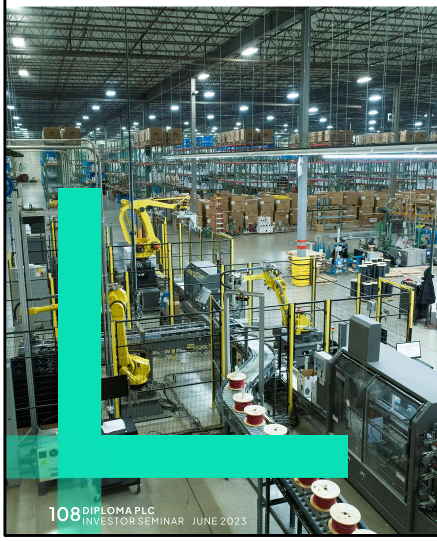

- Our differentiated value-add business model is critical to success
- Our scaling framework creates bigger and better businesses with great customer propositions
- The journey is consistent but not the same
- It is incremental in nature
- Achieved a huge amount already
- Continuing to scale our businesses will sustain our performance for the long term

To conclude this section, we have shown the importance of scaling our value-add business models and explained our approach.

Continuing to scale our businesses will sustain our performance for the long-term.

Just as important as scaling the businesses, is scaling the Group. I am going to spend a few minutes on this now, outlining:

• Our decentralised values – what Johnny described as our 'secret sauce'

• How we scale the decentralised Group

• The role – and benefits of – the Group

• And the Diploma identity which complements the decentralised culture

Powerful decentralised Group

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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

Powerful decentralised culture

So, what makes our de-centralised culture so powerful? It is the fact we have aligned purpose and values and clear guiding principles. It's values-led, not a rule book.

Our values are rooted both in the clarity of local accountability and execution

So, if I am a General Manager for a Diploma business then my mission is to add value to my customers and help them grow. I am fully accountable for the performance of my business and I am empowered to make decisions and lead my team. AND I feel good to be part of Diploma leadership , I have a network of brilliant colleagues who I can call for advice. There is guidance for me to follow from Diploma but I make decisions which I believe in. Finally, I'm confident and back my business to perform but my feet are firmly on the ground because whilst I had strong performance in the last period, I have to keep delivering.

It's a powerful formula.

How we scale this powerful decentralised Group is guided by some clear principles…

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How we scale our decentralised Group

- Keep it focused
- Decision making close to the customer
- Flat structures – network, not hierarchy
- Simple, consistent processes and frameworks
- Simple, aligned goals and targets
- Clear decision rights
- Consistent rhythm
- Clear communication

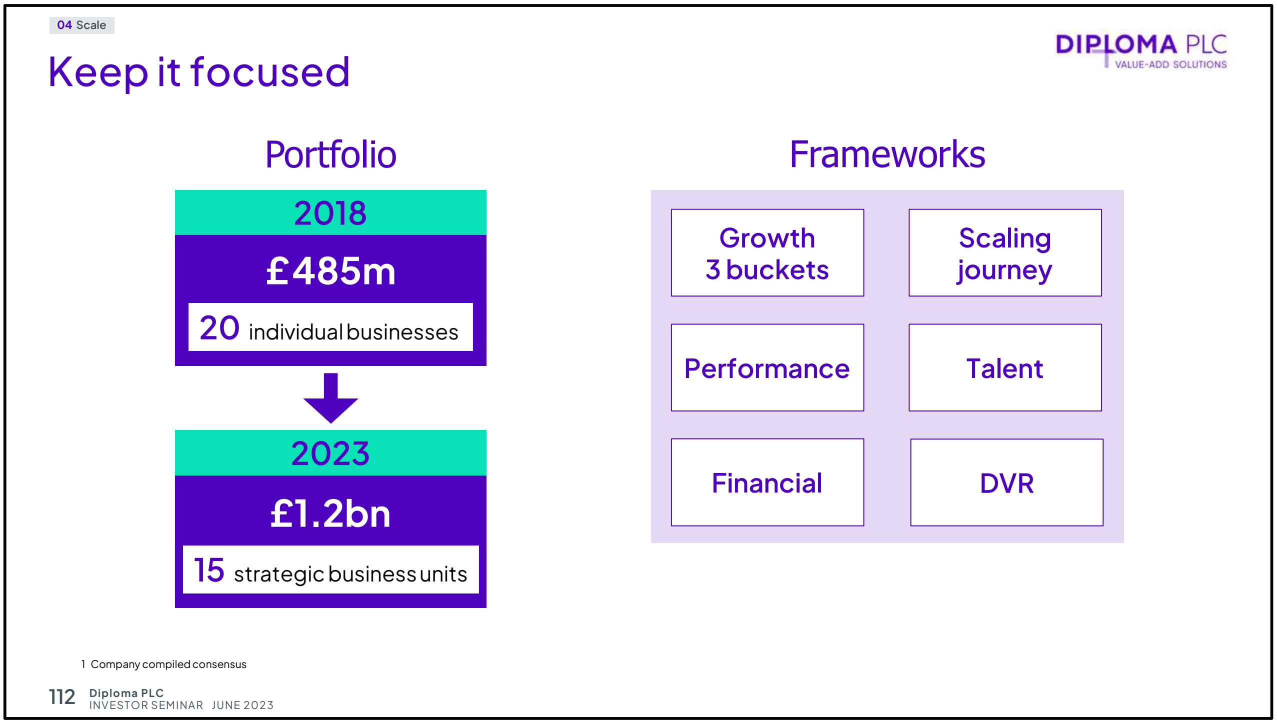
Agility, pace and great execution

We believe in ownership at the front of the organisation so we push commercial decision making down to the local business level where our managers are accountable and empowered to take decisions to drive their business.

But this happens within a framework which sets context and ensures control. It requires goals and targets which are tightly aligned between the Group and the businesses; a consistent ‘rhythm’ to manage against them.

Together these drive agility, pace and great execution.

But above all, we keep it focussed…



First is portfolio discipline to ensure a manageable Group. The Sector structure is really just a management construct, below which we operate 15 business units. These business units have been built from consolidating smaller businesses to create scaled platforms with a single leadership team and integrated facilities and technology.

Overall this means that we are now operating a £1.2.bn turnover Group through 15 business units, when 4 years ago we were running a Group less than half that size through 20 business units.

The second example of keeping it focused relates to our consistent, simple frameworks.

These cover Growth - in the 3 buckets - you have seen that today. The business scaling framework I discussed earlier. But we also have a financial framework that Chris will speak to, a DVR framework that Phil will cover as well as frameworks for talent development..

For our businesses it means that they are focused on a handful of things that really matter. For the Group we have great visibility and control over the businesses without stifling them. It means our decision making together is agile.

04 Scale

Role of the Group

What

Define and drive strategy

↓

Governance & frameworks

↓

Performance management & capital allocation

↓

Create networks

↓

Develop talent

↓

Foster the ‘mood’ for great execution

Why

Our businesses get:

1. Inspiration to grow – markets, products, geography
2. Investment to grow and scale
3. Commercial synergy
4. Development – Leadership at Scale
5. Community and best practice sharing

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We have a very lean Group centre - about 25 people. Its ethos is SUPPORT to the businesses - not command and control. The centre has some clearly defined roles:

1. We define the overall Group strategy and cascade it down to the businesses.

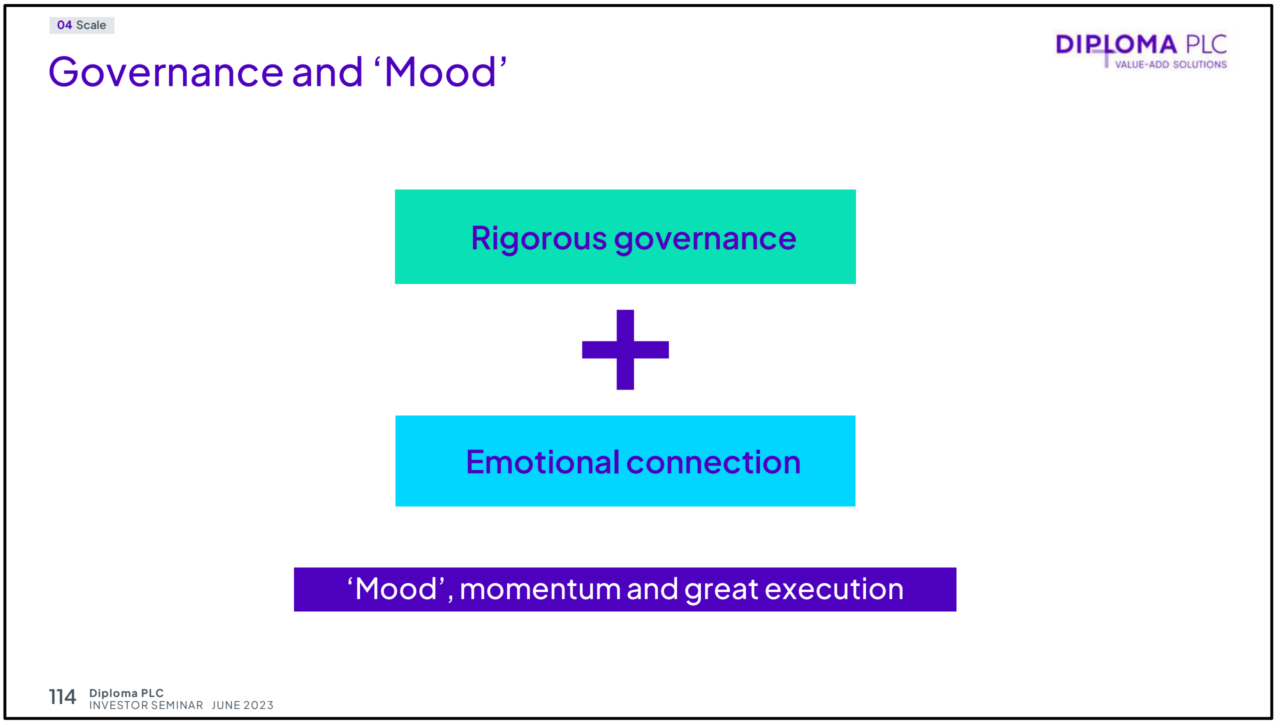
2. We develop the frameworks to govern the business as I laid out on the last slide…as well as validating that governance through roles such as internal audit.

3. We drive performance - though a weekly, monthly and quarterly rhythm of structured review points that keeps us close to our businesses.

4. We join the dots and help our businesses take advantage of the commercial synergy of being part of a Group.

5. We develop talent and we foster the mood for great execution.. This should not be under estimated, and I’ll expand on that a little on the next couple of slides

We help people to lift their heads. It’s a healthy mix of challenge and support. This creates real, tangible benefits for each of our businesses.



We talk about "mood" a lot internally. We believe that this comes from the combination of rigorous governance…and emotional connection.

Decentralised doesn't mean isolated. Our businesses may be empowered and accountable, but they operate within a set of frameworks and rigorous governance as I said earlier.

Organisational mood is forged through constant communication and through strong connection with our managers. This allows us to feel the individual and collective momentum and therefore to adjust focus, adjust pace, and ensure positive energy….

And that combination drives momentum and execution

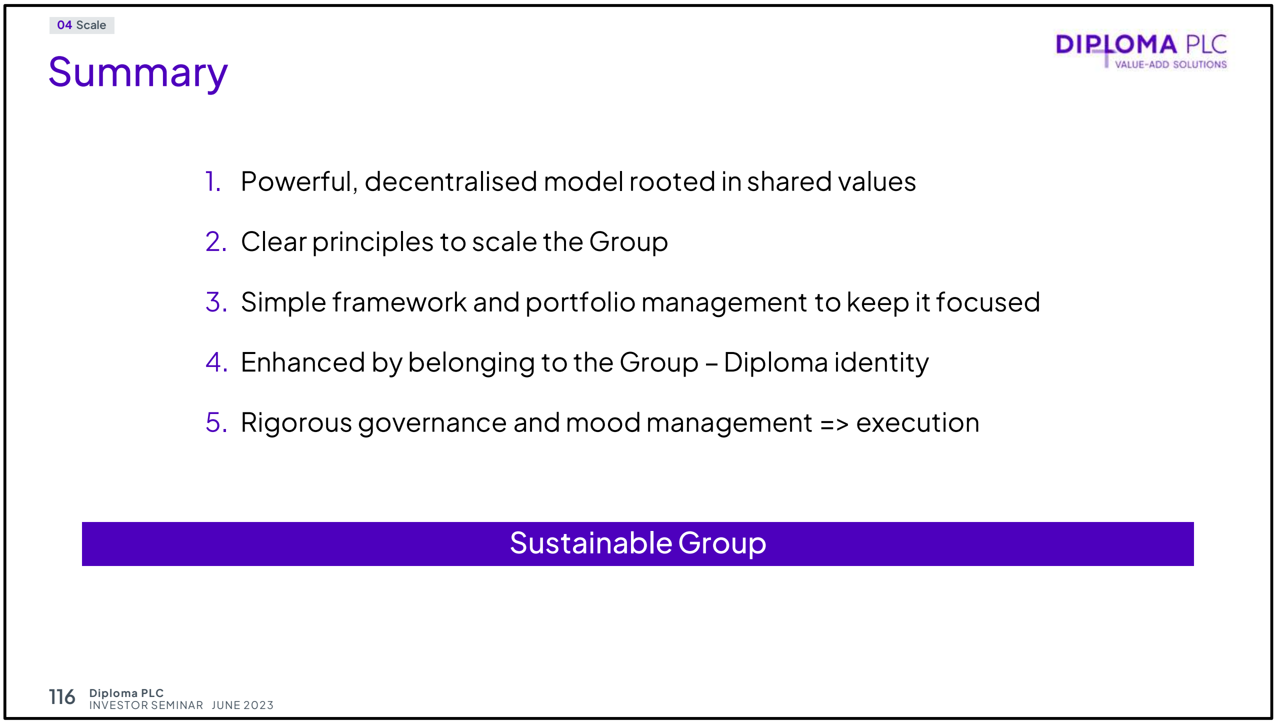
Diploma identity

- Network of leaders
- Sharing best practice
- Collaborating on commercial opportunities
- Sharing talent
- Group incentives

Local empowerment and power of the Group

I hope we have explained why our decentralised culture matters and why we are focused on preserving it.

Our businesses really value each other and value being part of Diploma. Group incentives help reinforce the power of the collective. We have expanded our Group Share Plan to include our General Managers. They remain incentivised for delivery of their business performance but also benefit from Group performance. We are fostering this with sensitivity and over time. The combination of decentralised with the Diploma identity is rare and very powerful..



To conclude our decentralised culture is our secret sauce; preserving it is key. We have clear principles to scale the Group. And we can do even better when we complement the decentralised culture with the network and best practice of the Group. Scaling is a vital part of our strategy and will sustain our performance for the long-term.

Now on to our Sustainability strategy, and here's Phil

Good afternoon everyone – I'm Phil Pratt, Group Sustainability Director.

My role along with Johnny and the Executive team, is to define and deliver a progressive and robust sustainability strategy.

A strategy not only about doing the right thing, but also about creating commercial value.

I've spent the past 15 years in sustainability roles and prior to joining Diploma, I was Chief Sustainability Officer at THG and before that European head of Sustainability & Corporate affairs for Danone – the French food business

During the next 10 minutes I want to share with you:

- Where…and how.. we believe we can make the most meaningful difference
- What our sustainability framework is – we call it DVR - Delivering Value Responsibly
- And what our progress to date has been and importantly, what our future priorities will be

Making a meaningful difference in our way

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As a distributor, where we sell: Positive Impact Revenue

As a distributor, where we buy: managing carbon emissions

As a service business: looking after our people

We are determined to make a difference.

That means having objectives that are clearly linked to our business model.

It also means ensuring that our objectives are embedded in the business strategy and commercial or operational activities.

As a distributor, by far the biggest impact we can have is where we sell to and where we buy from.

Where we sell to …means ensuring that our products and resources are contributing to a sustainable future that has positive impacts….Positive impact revenue

Where we buy from…means ensuring we have an ethical supply chain and that we are focussing on key environmental and social issues such as managing emissions down to net zero in a sensible timeframe.

As a service organisation too, our people are critical to our success. We promote a safe, inclusive and supportive culture where all our colleagues can thrive.

Let's start with Positive impact Revenue…….

Accessing the green-clean economy

DIPLOMA PLC
VALUE-ADD SOLUTIONS

	Controls	Life Sciences	Seals
Power	✓		✓
Water	✓		✓
Healthcare		✓	
Transport	✓		✓
Green clean economy		**$4tn**	

Positive impact opportunities in structurally growing end markets

- **Renewables:** design, quality control and sourcing of shaft seals for wind turbines in European OEM Seals
- **Water management:** Australian Seals' provision of pumps and technical advice for Snowy 2.0 renewable energy project
- **Clinical diagnostics:** Abacus technical diagnostics expertise to supply lung cancer test, reducing detection from 18 days to 2 days
- **Electrification:** adhesive, sealing and coating solutions for electric vehicles in Specialty Adhesives

Diploma well placed to access green-clean opportunity worth $4 trillion by 2030

Our businesses are already delivering Positive Impact Revenue, for example;

• In renewables, I recently visited M-Seals in Denmark and saw first-hand the enormous, 3 metre wide shaft seals that they design and supply to Vestas for installation in wind turbines

• FITT Resources in Australia provide technical advice and pumps for the Snowy 2.0 hydro-project –generating enough power for approximately half a million homes.

• Again in Australia, Abacus one of our healthcare businesses has worked closely with a supplier to bring to market a lung cancer diagnostic test that reduced time from biopsy to detection from 18 days to just 2

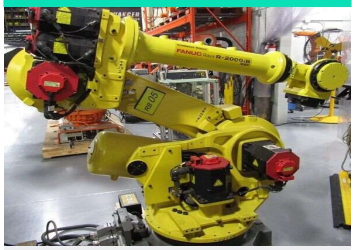
• And in transport - Techsil in the UK works to supply Electric vehicle manufacturers with specialty coatings that insulate and dissipate heat from car batteries

These fast-growing growth pools offer exciting commercial opportunities for Diploma - be that through electrification in controls, wind and water in seals or diagnostics in life sciences. And as you have heard from David & the rest of the team, tapping into these sorts of structurally growing end markets is a key part of our growth strategy.

It's estimated that the sectors where Diploma operates or could operate have the potential to be worth more than $4 Trillion by 2030 and we are only just getting started……

Diploma in the circular economy

US



TIE Industrial

Technical support and refurbishment of industrial robots with inventory exchange program

UK

R&G Fluid Power Group

Supplier of replacement fluid power products enabling repair and continued us of hydraulic machinery

AUSTRALIA

Big Green Surgical

Providing re-usuable instruments for use in operating theatres, reducing waste by up to 70%

The other element of Positive Impact revenue is the Circular Economy and to be honest it's something we haven't spoken much about in the past.

This is the business model that involves the leasing, reusing, repairing, refurbishing and recycling of existing products and materials. These solutions extend product life cycles and deliver efficiency gains, while at the same time reducing resource consumption and therefore ecological impact.

Across all regions, many of our businesses are already contributing to the circular economy;

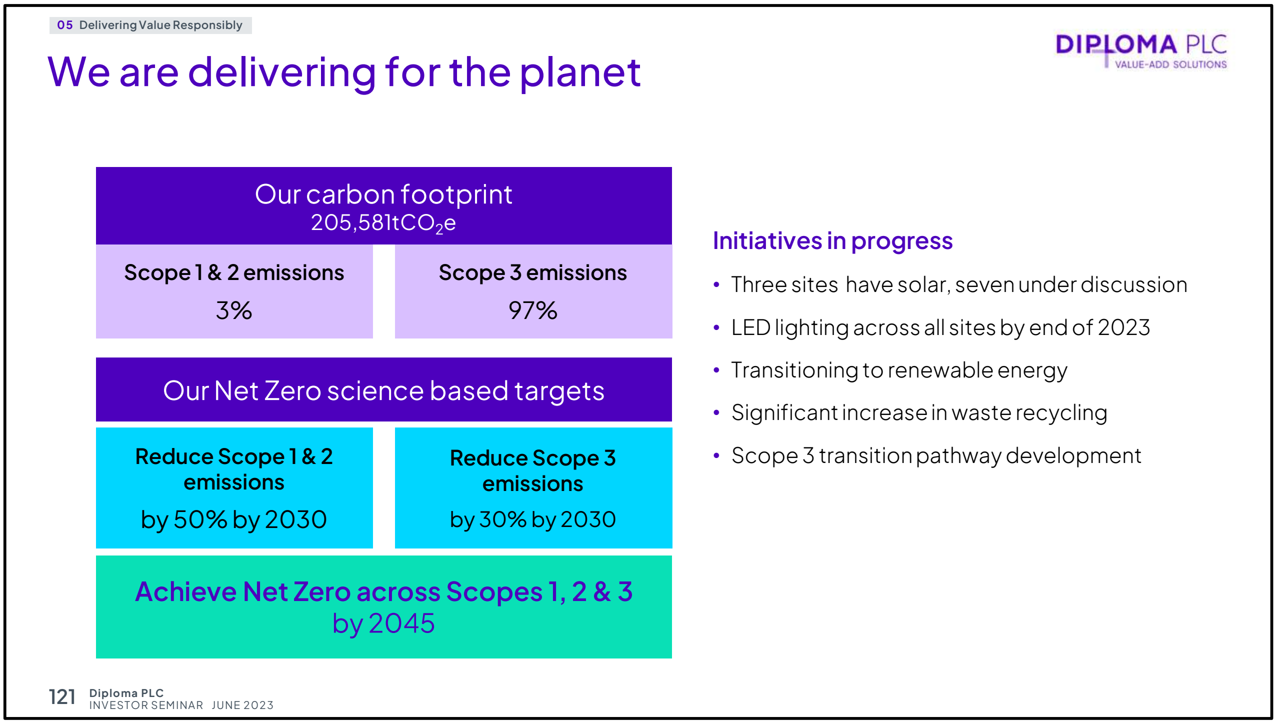
• TIE, in the US, keeps ageing automation machinery in operation and reduces scrappage through its inventory exchange programme.

• R&G Fluid Powe is the largest supplier of replacement hoses for hydraulic industrial machinery in the UK, this enables repair and continued use of this equipment

• and again in Australia, the Resposable product line carried by Big Green Surgical, reduces operating theatre waste by up to 70%, by providing reusable products that have smaller, disposable elements.

These businesses that support the repair and aftermarket– similar to Hercules in the US – keep machinery running for longer and reduce emissions and waste.

The outcome is less impact on climate change, less use of the earth's resources, and importantly less overall cost for our customers and we aim to do more of this, as we expand our aftermarket and repair businesses.



As a distributor we know we play a vital role in the supply chain, delivering outstanding service for our customers whilst ensuring we are acting responsibly.

We recently submitted our Net Zero targets to SBTI, and we hope to have them validated by the end of the calendar year.

Our annual total footprint across all scopes is just over 205,000 tonnes of CO2 equivalent, with scope 3 representing 97% of that.

As you can see, our own scope 1 & 2 emissions are relatively small, but we take our responsibility seriously. Similarly though, we have to act and address scope 3 emissions across our value chain and will work with suppliers to develop reduction plans.

Our Net Zero targets are;

- 50% reduction in scope 1 & 2 emissions by 2030
- 30% reduction in scope 3 emissions by 2030
- and to achieve Net zero across all scopes by 2045

This isn't new for us though; we've been addressing our greenhouse gas emissions for a long time and there are several initiatives in progress already.

But setting our Net Zero targets means we can further step-up, as we develop our reduction pathways and engage our suppliers.

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We are delivering for our colleagues

- Employee survey response rate 86%
- Engagement rate 79%*
- 88% of colleagues believe their manager empowers them
- Women representation in the senior management team has increased from 20% to 28% since 2020
- Female focus groups
- Year on year reductions in accident frequency rates

* Estimate; majority of surveys completed

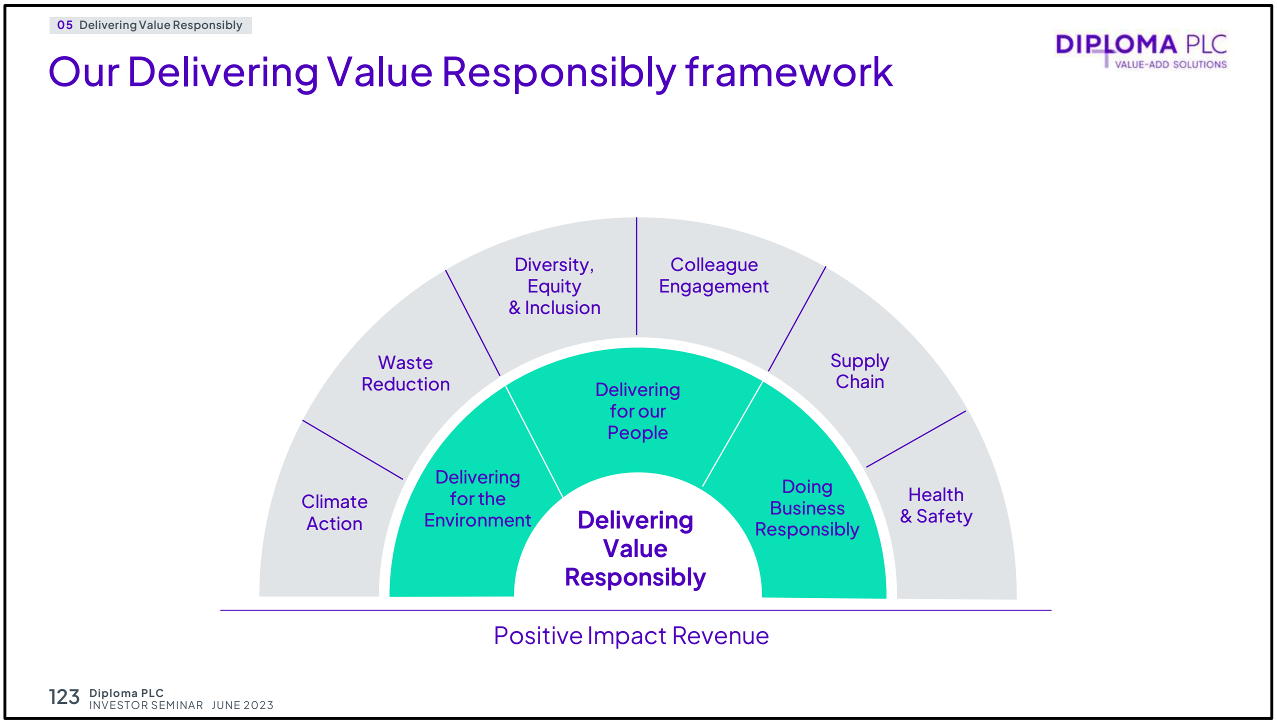
Our people are the foundation of our business. They deliver value-add to our customers, they execute against our strategy and they are essential to our ongoing success.

Our targets focus on diversity, equity & inclusion and colleague engagement, and we've made some good progress against each…

• We have increased female representation in the Senior Management Team from 20 to 28% since 2020. But we need to do better, and we have conducted female focus groups across the Group to understand the challenges women in our businesses may be facing and what we can do to support and help them excel.

• We pride ourselves on our colleague engagement. As Jill mentioned, our latest survey results are again high and stable at 79%, and for us it's a definite competitive advantage. Many colleagues have grown up with the business and with each other, and have tremendous loyalty. We make sure that remains the case by continuously communicating with them and creating safe and diverse environments for them to thrive.

• The safety of our colleagues is paramount, and work continues to drive a pro-active health and safety culture across the group. Our NA Seals businesses launched a safety network in 2022,to share best practices and learnings. The result was injury days reduced by 59% and LTIs decreased by 66%



So, how do we manage DVR into our business strategy, activity and culture? We have a framework.

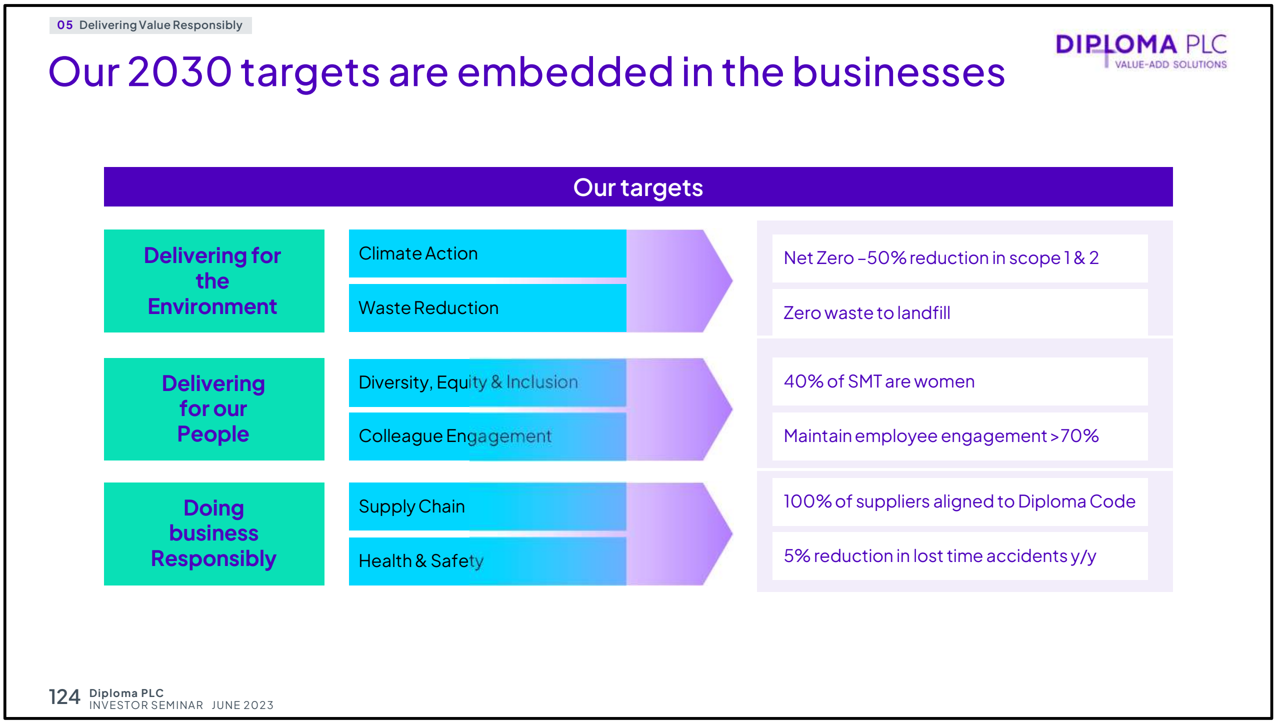
It consists of three strategic priorities;

- Delivering for the environment
- Delivering for our people
- And Doing Business Responsibly

As you can see, each strategic priority has two key focus areas.

As I mentioned earlier, DVR is not just about doing the right thing – it's also important that it drives business value and so delivering Positive Impact Revenue underpins our framework.

The framework is purposefully simple and lean – ensuring we focus on what is right and more importantly, to make sure we deliver against it. Given the nature and power of our decentralised model – this simplicity and focus is vital.



Behind the frameworks sits our 2030 targets and there are just six, ensuring we all remain focussed on what's important

Our 2030 targets are;

- Reducing our scope 1 & 2 emissions by 50%
- Zero waste to landfill
- Having a gender balance senior management team made up of at least 40% women
- Maintaining our employee engagement scores at above 70%
- Having all our key suppliers aligned to our ethical code
- And working to constantly reduce our lost time accident rate by a minimum of 5% year on year

Let's now look at our full set of DVR targets and the progress we have made…

Significant progress made against all our priorities

DIPLOMA PLC
VALUE-ADD SOLUTIONS

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_2e/ £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
2021 12.5	2021 NA	2021 24%	2021 79%	2021 NA	2021 8.0
2022 10.5	2022 57%	2022 27%	2022 79%	2022 59%	2022 6.5
YTD 7.5	YTD 40%	YTD 28%	YTD 79%*	YTD 69%	YTD 5.8

* Estimate; majority of surveys completed

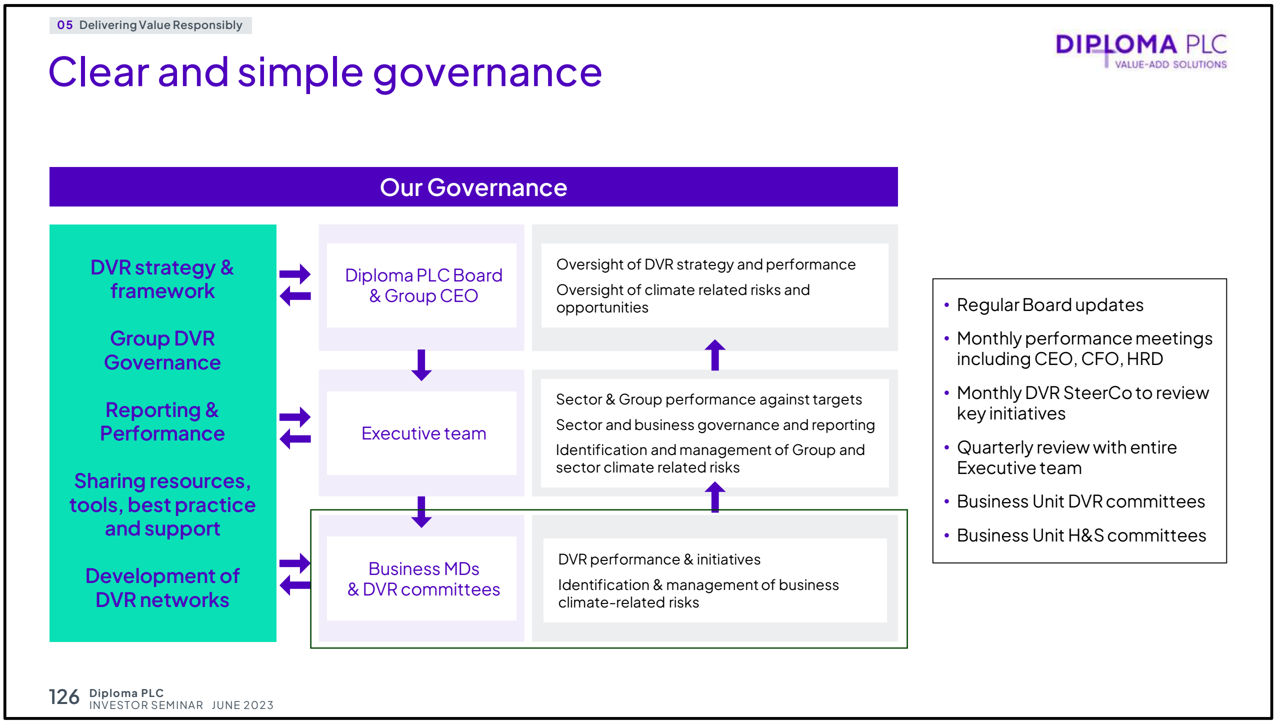
This slide shows our DVR scorecard.

What this shows is that we have made real progress across the board.

I won't go through it all, but to highlight a few in areas I haven't already touched on…

- Between 2021 and 2022 we reduced our scope 1 & 2 GGE emissions intensity by 16%. An example of how this was achieved is the upgrade and consolidation of the logistics centre for Hercules Aftermarket business in US, into one facility based in Louisville. This has resulted in 30% reduction in energy usage and a 30% reduction in scope 2 emissions
- Another area of progress is in our supply chain, we've identified about 600 key suppliers across all our businesses and to-date almost 70% of them are aligned to our ethical supplier code

Turning now to how we actually govern DVR…



We have a clear governance framework, designed to maximise the impact of our decentralise model and delivery by our businesses.

The Board have regular updates on the DVR strategy and progress, and we have a Group DVR Steering body which meets monthly and is chaired by Johnny.

We also have monthly DVR performance meetings which Johnny and other members of the exec. attend, where we review overall business and sector performance – highlighting good practices but also identifying hotspots which may require closer oversight or action.

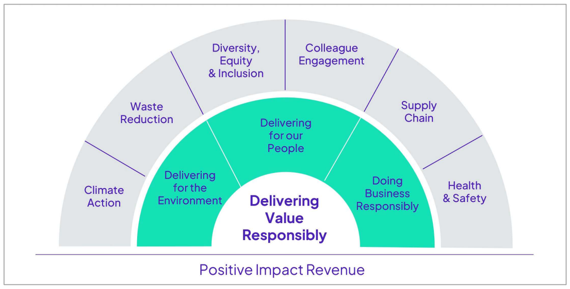
We get buy-in from businesses through participation in training, workshops and sharing of insights. This is what facilitates them being embedded into the commercial and operational plans of our businesses

It's in the businesses though, where the action really happens, and this is where the accountability for delivery rightly lies. One thing I have learned in the short time since joining Diploma – is that once our people get their teeth into something – they really do make it happen.

A great example of this being incorporated into a business, is in our Pennine Pneumatics business. They supply large scale integrated compressed air systems, maintenance and service support, and they now talk to customers about emissions reduction and net zero alongside and energy reduction and cost saving as a primary component of their value-add proposition

DIPLOMA PLC
VALUE-ADD SOLUTIONS

A significant opportunity



- Driving Positive Impact and Circular Economy Revenue
- Managing towards significant emissions reductions by 2030
- Driving improvement across our DVR framework

So, to close I want to re-emphasize that we see huge potential in driving positive impact revenue through the green-clean opportunity and participating in the circular economy

And like any other well-run company, we are absolutely committed to doing business the right way, across all areas of our business

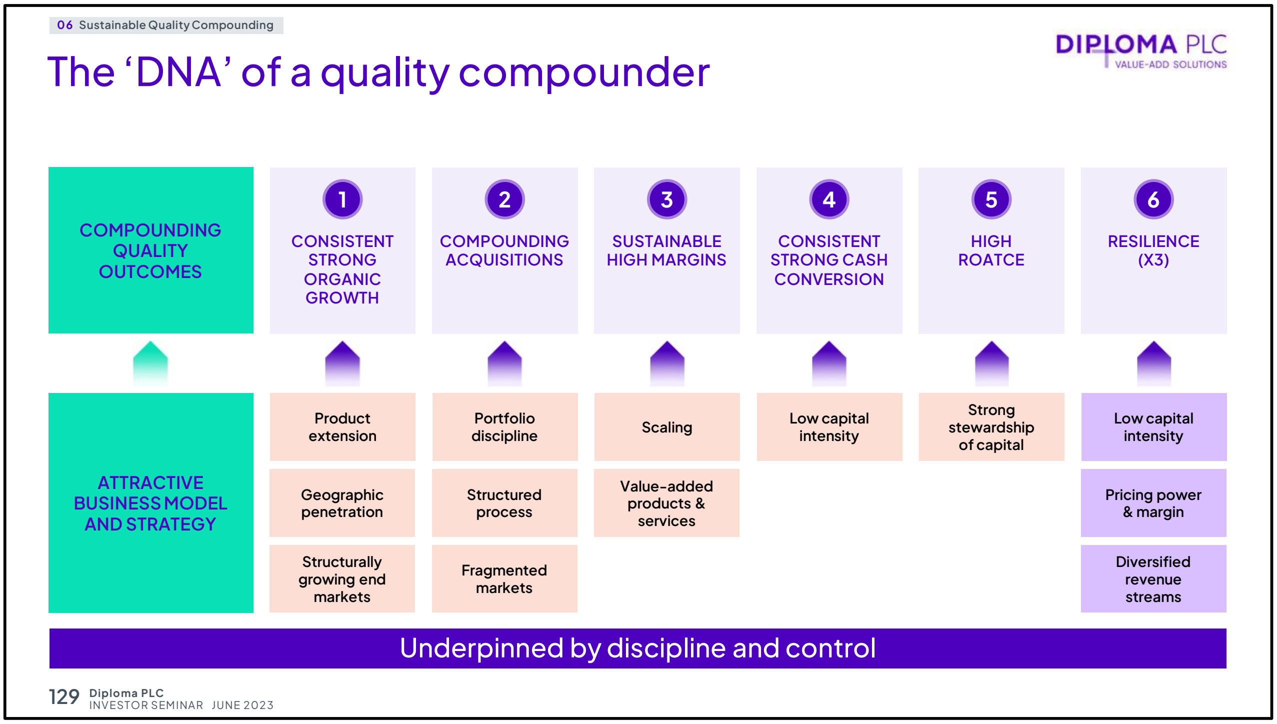
We have clear priorities; we've set clear goals and we've embedded them in the business

As we look ahead, we will be focusing on;

- Driving positive impact and circular revenue
- Managing towards significant emission reductions by 2030
- and Driving improvement across our DVR framework

Thank you - now over to Chris, who will bring it all together in numbers

Thanks Phil…and good afternoon everyone. Over the next 15 minutes or so, I will attempt to show how everything we have talked about so far this afternoon leads to sustainable, quality compounding financial outcomes.



This slide shows how we think about quality compounding.

Today you have seen evidence of the attractive business model and strategy at the bottom of this slide.

I am now going to show you how this will continue to generate quality, compounding financial outcomes:

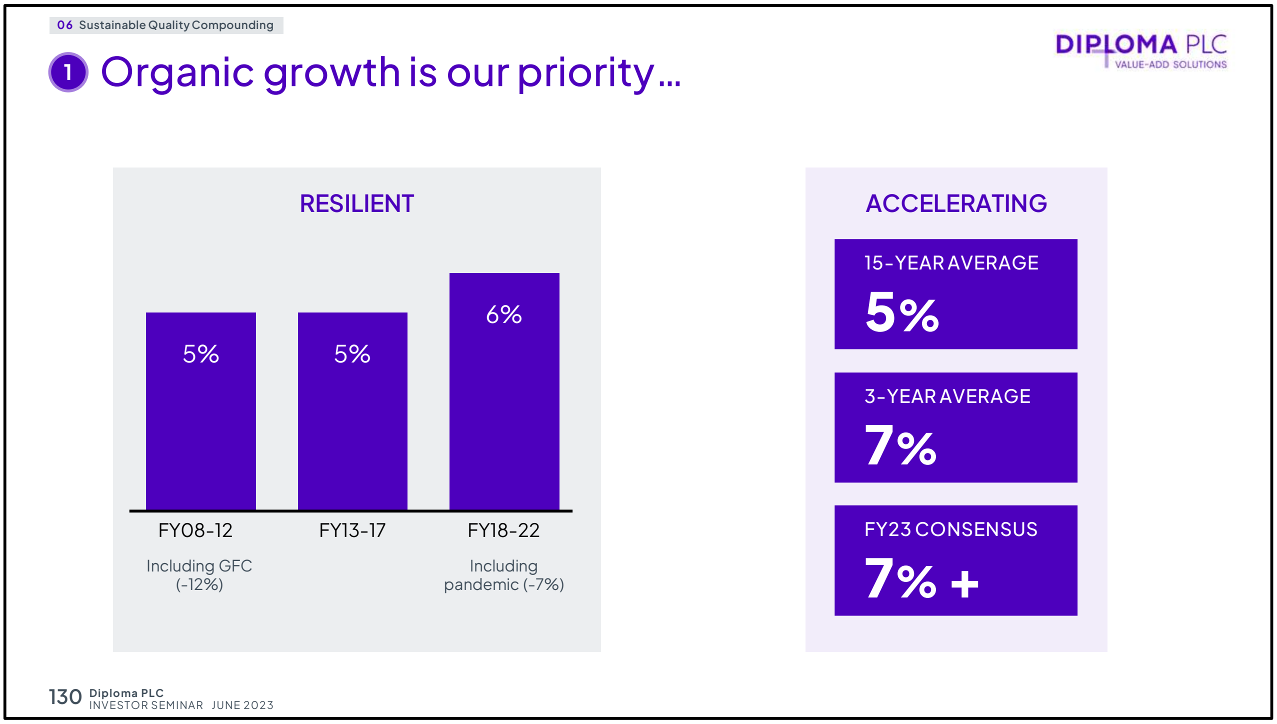
- Consistent, strong organic revenue growth
- Accelerated by acquisitions
- Sustainable high margins
- Consistently converting to strong free cash flow
- High ROATCE

…And alongside this…resilience…in revenue, in margins, and in cash.

I will remind you of our financial model which will continue to deliver strong shareholder value…even before our ambition to beat it!

I will emphasise why discipline, and the right controls environment, is a critical underpin to this.

So lets start with organic growth…



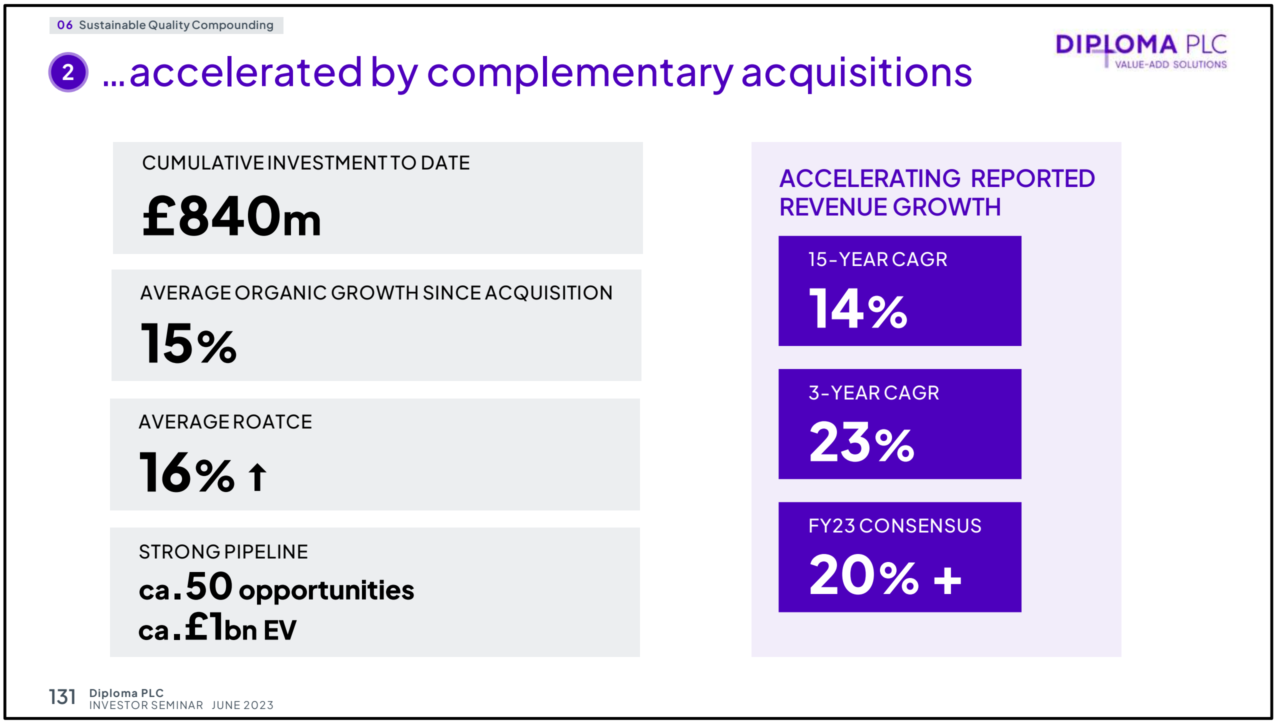
As you have heard today, our number one priority at Diploma is organic growth… and we have grown revenue organically – and volume-led – by around 5% over the last 15 years.

This is resilient AND accelerating.

Lets start with resilience. I've shown three five-year time periods on this chart. One of them includes the financial crisis and one includes the pandemic. You can see the consistency of delivery even through these macro shocks. During the financial crisis, revenue dropped by 12% in a single reporting period before bouncing straight back. During the pandemic in 2020, the dip reduced to 7% with a more diversified business...And we have flattened that curve further since then – we are becoming MORE revenue-resilient.

Our organic growth is accelerating through the three buckets we have talked about today. We have a tailwind as we pivot into structurally growing end-markets…and we boost this as we become better at geographic and product extension. Organic growth has ticked up to 7% over the last 3 years.

Our "financial model" sets out organic growth of 5%, but clearly our current performance…and our ambition…is a little higher than this….- and we believe we have the opportunities to deliver more, as you have heard today.



Acquisitions accelerate this organic growth…

In fragmented markets there is plenty of ‘white space’ and, with our improved process and capability, many opportunities for us to continue to expand into it.

As well as boosting overall revenue from day one, the acquisitions we have completed in the last four years have grown organically by 15% under our ownership. And at great returns – already at 16%, nearly double our cost of capital – and growing.

Net, our total revenue growth has averaged 14% over the last 15 years, accelerating to 23% over the last three.

Importantly, our acquisition processes are very disciplined...

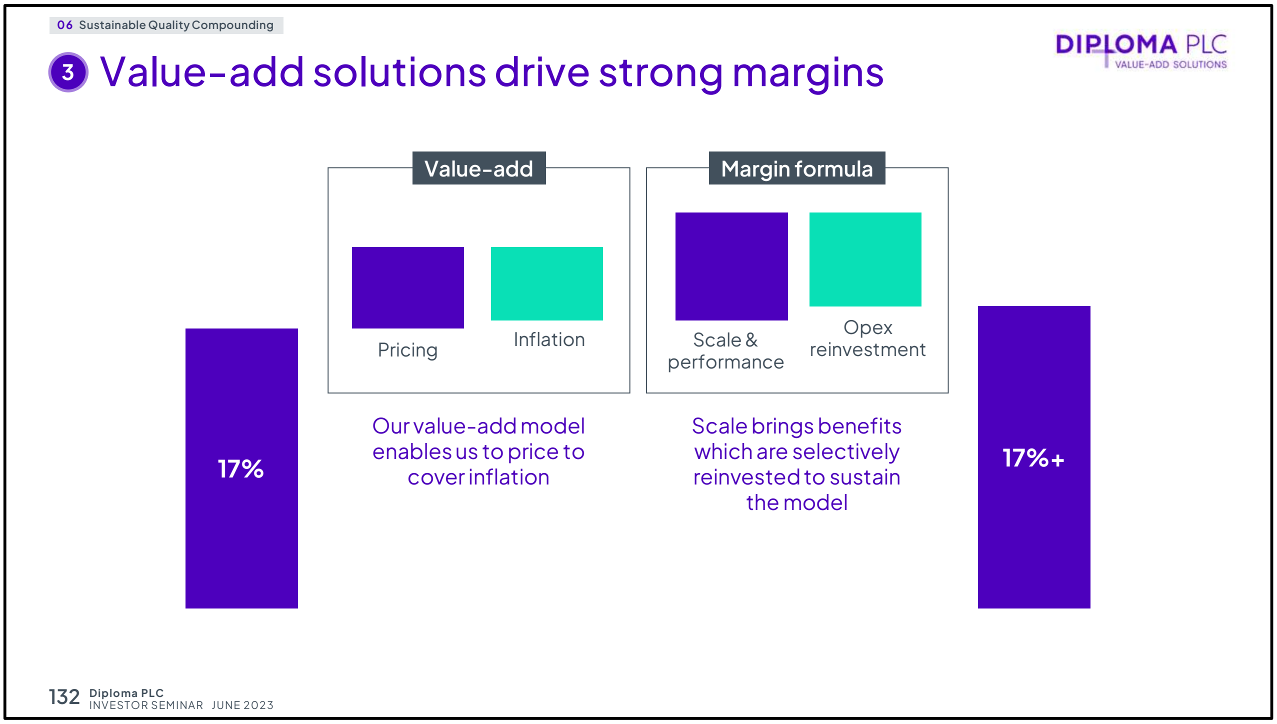
Portfolio discipline – are we acquiring businesses that will drive the strategy?

Organisational discipline – do we have the management bandwidth to execute?

Financial discipline – an unerring focus on driving ROATCE and managing balance sheet leverage.

We have a healthy near-term pipeline…. so we are confident about continued delivery.

Lets turn to margins…



The combination of strong growth and value-add drives high margins – with Group operating margin of at least 17%

We think about our margins in two stages…

The first is value-add. Offering products and services that our customers truly value, enables us to confidently price to cover inflation…across every aspect of our cost base.

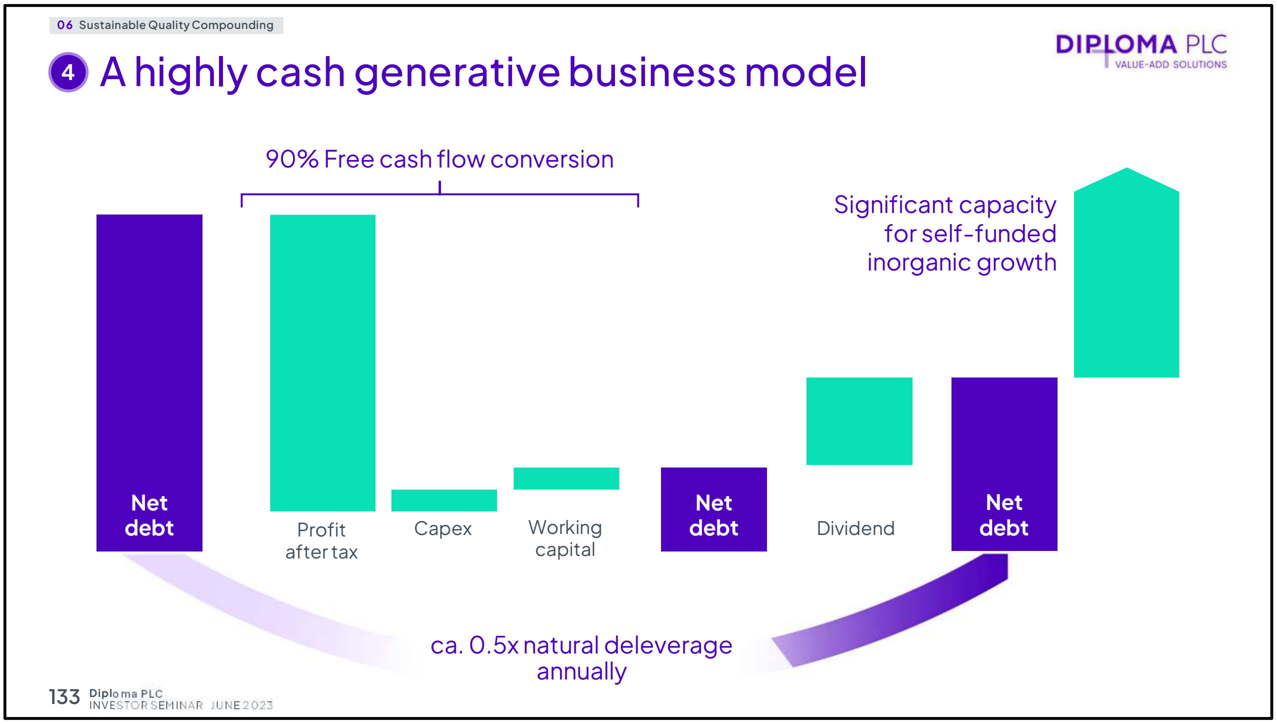
The second we call our “margin formula”. As our businesses grow, they deliver operational leverage and performance improvements. We then selectively reinvest into scaling: adding the talent, facilities and technology that enable them to continue to offer their value-add services as they grow.

And I should note here…our margins are resilient. They stayed above 16% through the global financial crisis and the pandemic.

Our “financial model” sets out operating margin at 17%, but again, our ambition is a little higher than this as operating leverage and performance benefits outweigh investment needs over the medium term.

And by the way today we're delivering 19%

So, to cash flow…



This is a low capital-intensity business with capex expenditure typically around 2% of revenue as we selectively invest in upgrading facilities and systems to scale our businesses.

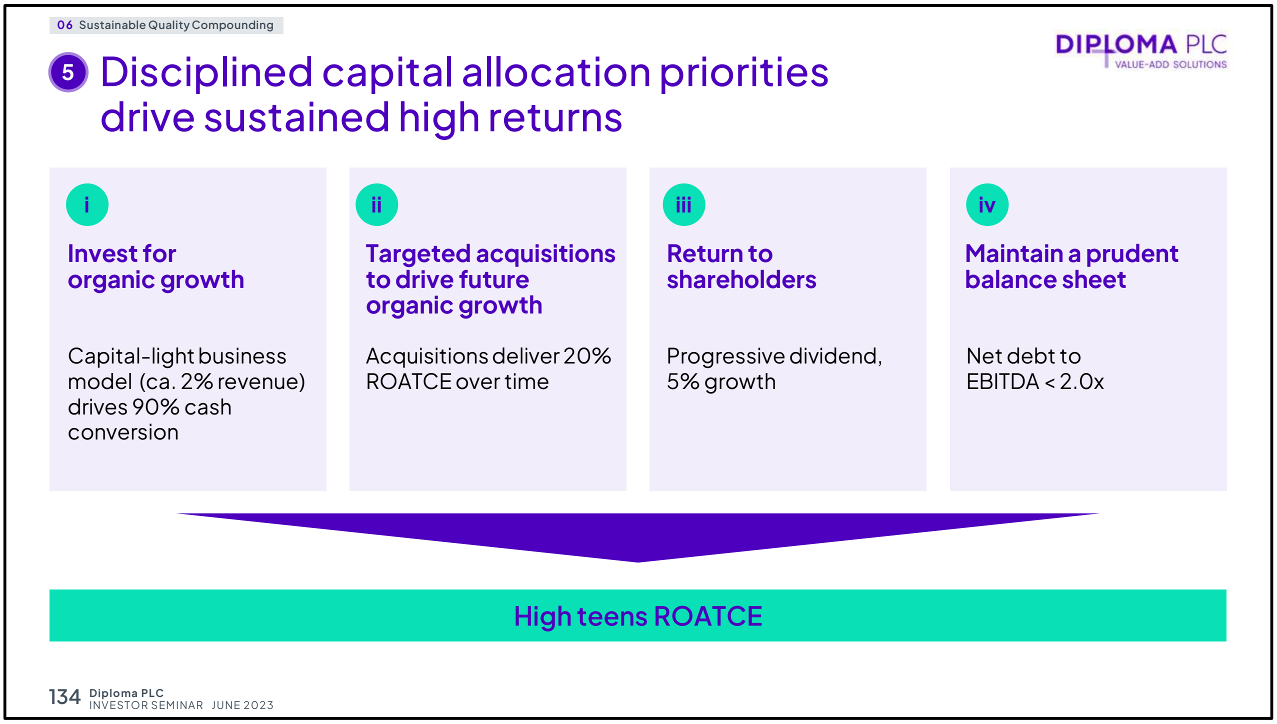
This drives sustainably high cashflow – with cash conversion of around 90%.

So, after paying a progressive dividend. this would naturally de-lever the balance sheet at around half a turn of EBITDA…..- before any acquisition investment.

With net debt currently below one times EBITDA and a policy ceiling of two times, we therefore have significant capacity for self-funded inorganic growth.

And, our cash flow is resilient too! During the financial crisis and the pandemic, free cash conversion exceeded 100%.

Let me turn now to our capital allocation framework…



As I hope you know by now, our first priority is organic growth and as I just said, we are a capital-light Group. Importantly, where we do invest, we generate strong returns. As an example, the move to our Louisville facility generated an internal rate of return of 32%...or put another way, ROATCE of over 100% last year!

Our second priority is to accelerate this growth through acquisitions. We target 20% ROATCE…with smaller bolt-ons achieving this in year one…and bigger deals typically getting there in three to five years.

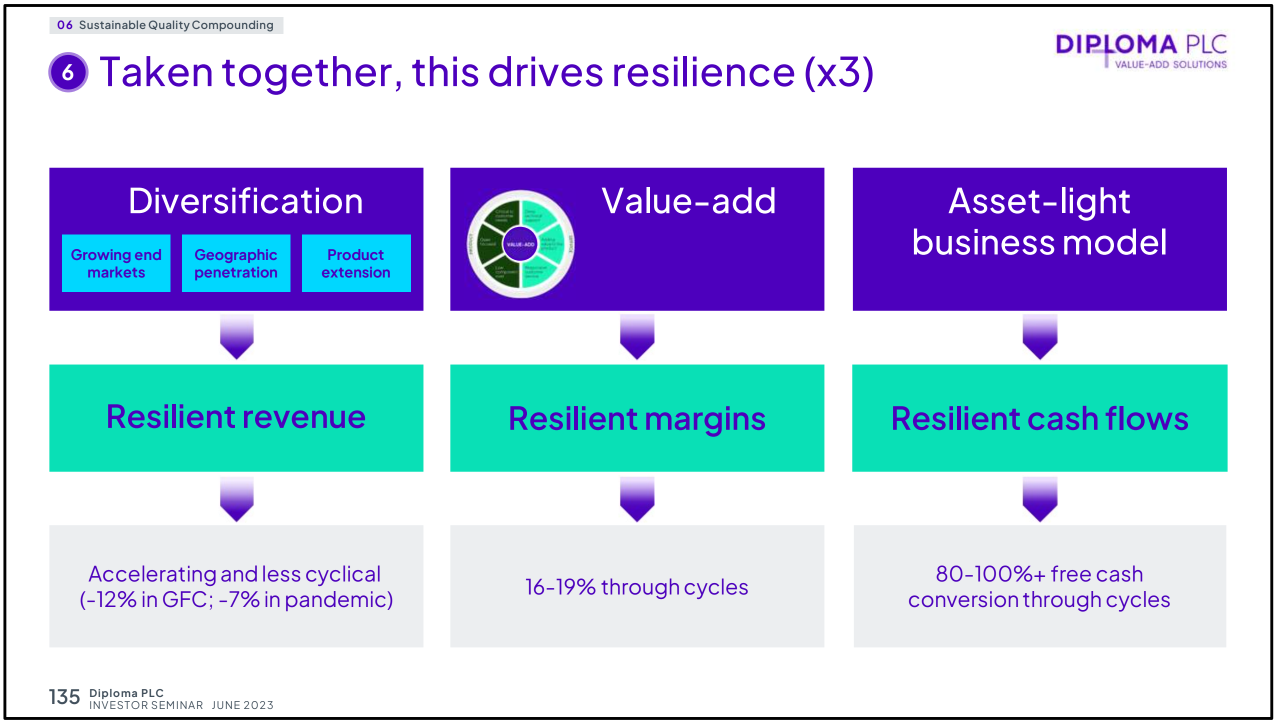
Let me say a few words on ROATCE…as its not the most common of returns metrics…

Its basically a fully loaded return on invested capital that removes any accounting distortions and keeps us honest to generate returns on the total cash originally invested.

We target ROATCE in the high teens. This is as much art as science…there is little point in having ROATCE in the mid twenties whilst deploying no capital. We believe that 'high teens' hits the right balance between putting our capital to work and maintaining a high level of balance sheet discipline.

We balance the highly attractive growth opportunities available to us with a growing dividend for shareholders…as we have done for over twenty years. We will continue our progressive dividend policy and expect to increase the ordinary dividend by 5% each year.

And finally, underlying all of this is balance sheet discipline and we will maintain leverage below two times EBITDA.



We have focused a lot on growth today…but our business model is resilient too.

As you have heard, we typically deliver critical products, at low component cost, into our customers' opex budgets, supporting high value end-applications…And that drives resilience.

Let me remind you of the three pillars of our resilience that I have highlighted through this section…

Firstly, ongoing diversification in the three buckets we have discussed today drives revenue resilience. You saw that in the shallowing of the curve through the global financial crisis and the pandemic…and we have further diversified since then.

Second, the value-add nature of our products and services drives margin resilience. Our margins stayed above 16% even at the lowest point of these macro shocks.

And third, our low capital intensity drive resilient cash flows. Cash conversion exceeded 100% through those periods.

This is a very important point. Diploma has consistently demonstrated strong profitable growth AND resilience.

Underpinned by control

Culture & tone	Fit for purpose tools & frameworks
Clear & simple policies	Effective systems
Executive / Board oversight	Great Finance teams
Three lines of defence	External expertise

I'd now like to say a few words on controls as we think this is a critical aspect of quality compounding.

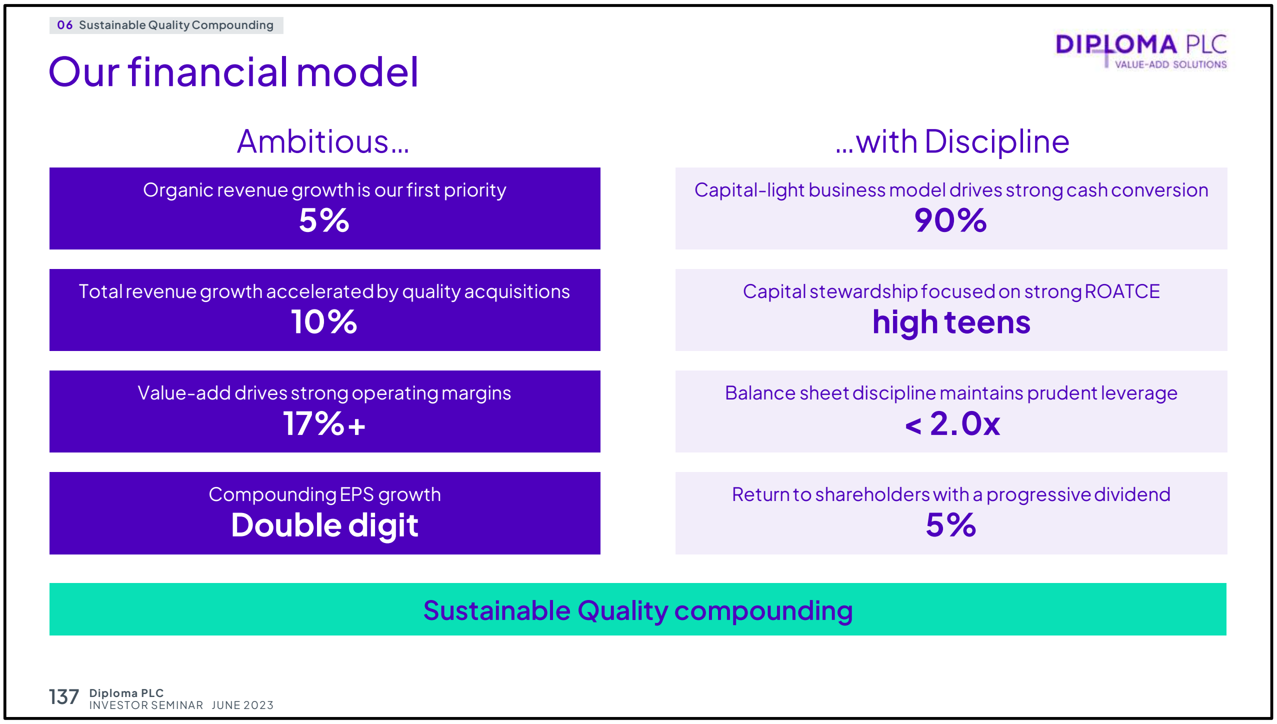
In a fast-paced, high growth, decentralised business, an appropriate "safety net" of discipline and controls is key to balancing the commercial and performance drive of the businesses.

It all starts with the 'tone at the top' and the culture set by the people presenting today. Of course we drive for great performance, but we constantly reinforce the need for discipline in decision making and execution.

We leverage a set of simple, fit-for-purpose tools and frameworks which set the requirements for risk management, core financial controls, delegated authorities and such like. I have good – weekly – visibility right across the Group to ensure that we are appropriately balancing good control with commercial accountability. Too much and we risk stifling the business; too little and we open ourselves up to risk.

And we have invested to resource this area. We have up-skilled the Finance teams across the businesses in recent years as they form the critical "first line of defence" operating most of our key controls. Our Group Finance team and Sector CFOs operate as a "second line of defence" monitoring how businesses are operating and stepping in where necessary.

In my experience across a number of global organisations, I feel we have got the balance right here. But, fundamentally this is like any other aspect of Scaling we have discussed today, it is an ongoing journey and we will continue to evolve the controls environment as we grow.



So, to pull all of this back together, everything we have talked about today drives a compelling set of financial outcomes which we call our "financial model"

The financial model is not a forecast, it is there to give you a sense of what you can expect to see in terms of sustainable delivery.

In and of itself, it would deliver great shareholder value…and our ambition is to beat it.

We ARE Ambitious…
• Our financial model sets out organic growth of 5%...but we would like to do a bit better than that, and believe we have the opportunities to do so
• We complement this with quality acquisitions for double-digit reported growth
• Our financial model sets out 17% operating margins…but again, we would like to do a bit better than that as we have done for the last few years
• And all of this will lead to double-digit compounding EPS growth

And we balance that with Discipline…
• Our businesses are capital-light and highly cash generative…generating cash conversion of 90%
• This helps to keep leverage below two times as we invest for growth.
• We are obsessive about returns. ROATCE is our number one measure of sustainable success…and high teens is about right.
• We are committed to a progressive dividend…and we intend to grow it 5% every year.
• And I have mentioned a number of non-financial aspects of discipline over the last 15 minutes, from the strategic and organisational discipline underpinning investment decisions to the accountable culture we have fostered.

With this balance of ambition and discipline we will continue to deliver sustainable quality compounding...for years to come!

I'll now hand over to Johnny for Q and A.

Thank you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DELIVERS
Q&A and wrap up
DIPLOMA PLC
VALUE-ADD SOLUTIONS

Our key messages for today

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VALUE-ADD SOLUTIONS

1 Differentiated **value-add service distribution** model

2 Brilliant people in a powerful **decentralised culture**

3 Massive potential for **organic growth**

Sustainable
Quality
Compounding

Just getting started


DIPLOMA
DELIVERS
Thank you
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