

# DIPL<sup>L</sup>OMA<sup>L</sup> DELIVERS

Welcome

**Johnny Thomson**  
Group CEO

**DIPL<sup>L</sup>OMA PLC**  
VALUE-ADD SOLUTIONS

# Our key messages for today

- 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**

# Organisational chart



**Johnny Thomson**

Group CEO



**Elena LoCastro**

SVP,  
Life Sciences North America



**Alessandro Lala**

CEO,  
International  
Seals



**Ted Messmer**

CEO,  
North  
American  
Seals



**Dan Brown**

CEO,  
Life Sciences



**David Goode**

CEO,  
International  
Controls



**Rich Galgano**

CEO,  
Windy City  
Wire



**Donna Catley**

Group HR  
Director  
(Designate)



**Jill Tennant**

Group  
Strategy  
Director  
(Designate)



**Chris Davies**

Group CFO



**Steve Sargeant**

Group  
Corporate  
Development  
Director



**Phil Pratt**

Group  
Sustainability  
Director

# Agenda

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2.00pm **Welcome**

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2:15pm **Value-add**

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2:45pm **Exciting Growth**  
01 Organic growth  
02 Complementary acquisitions

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3:30pm **Coffee break**

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4.00pm **Scale**  
01 Value-add business model  
02 Powerful decentralised Group

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4:30pm **Delivering Value Responsibly**

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4:45pm **Sustainable Quality Compounding**

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5:00pm **Q&A and wrap up**

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5:30pm **Drinks**

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# Strong foundations



## Value-add distribution

Differentiated product / customer service



## Growth

Strong growth over decades



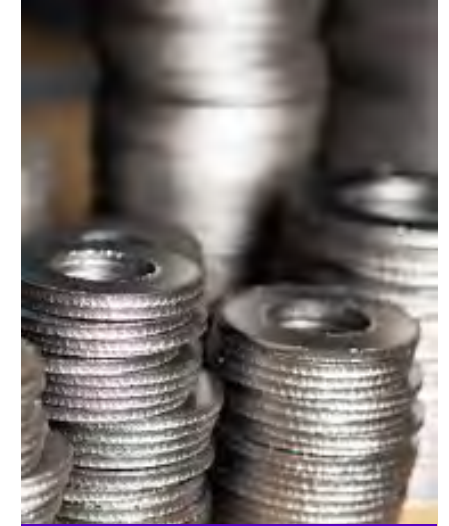
## People

Accountable, commercial people in decentralised culture



## Acquisitions

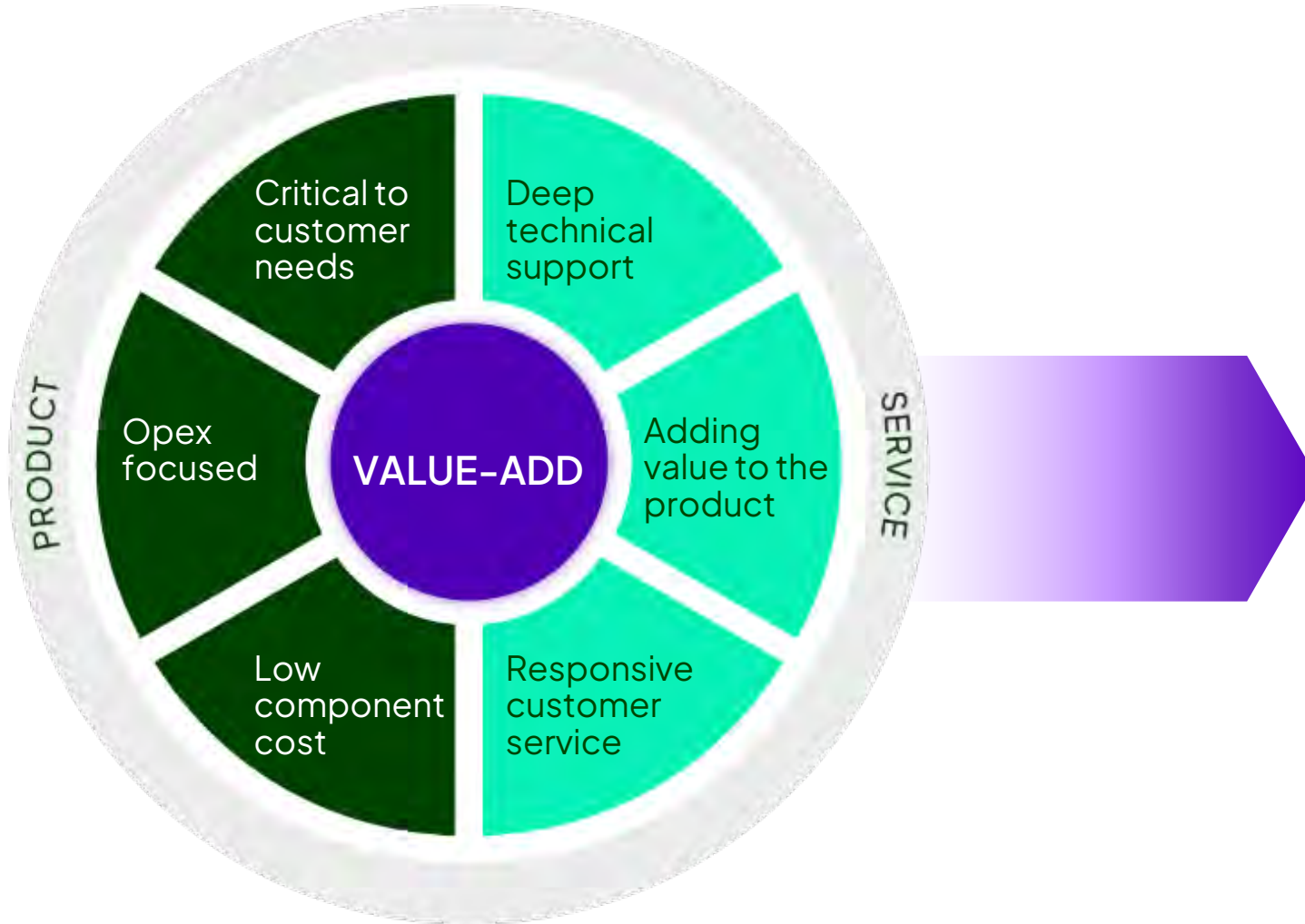
Successful acquisition track record



## Performance

Decades of compounding performance delivery

# Value-add



## The rule of 6:

### Loyalty

= Share of wallet growth

### Reputation

= Market share growth

### Confident pricing

= Strong margins

# Secret sauce: powerful decentralised culture

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



## **Customer-centric**

We are driven to add value

## **Accountable**

We are all empowered to succeed

## **Grow together**

We collaborate to create success and opportunity

## **Do the right thing**

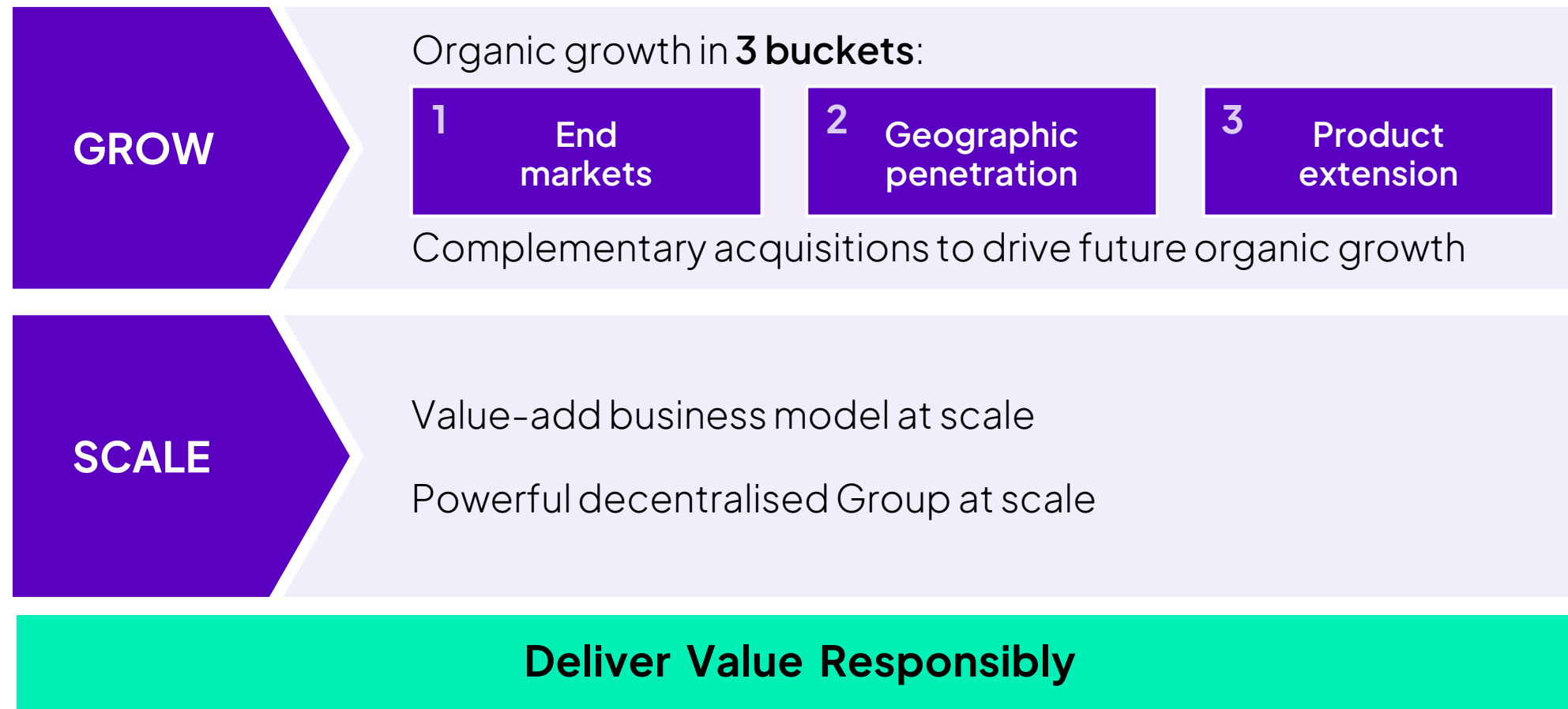
We are ambitious about delivering value responsibly

## **Down to earth**

We're low on ego

**Powerful decentralised culture**

# Strategy: building high quality scalable businesses for sustainable organic growth





# Achievements...a great start...

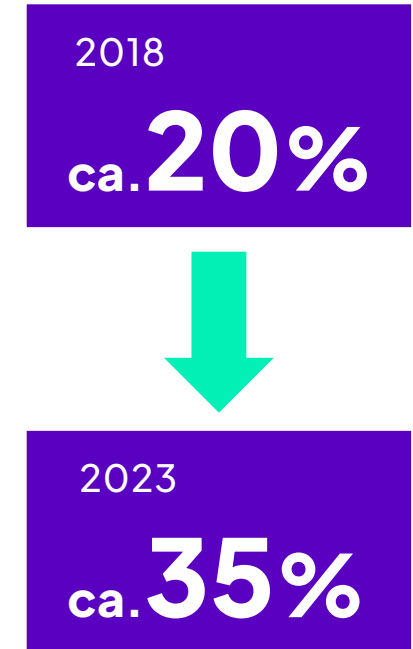
- > Developed / entered **new markets**
- > Developed **US presence** from **25% to 45%**
- > **Extended product capability**
- > **Acquired 30 businesses** driving organic growth
- > **Windy City Wire**
- > **Disposed** of four non-core businesses
- > Strengthened the businesses' **teams, systems, facilities**
- > **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

# Exciting growth (1): end market exposure



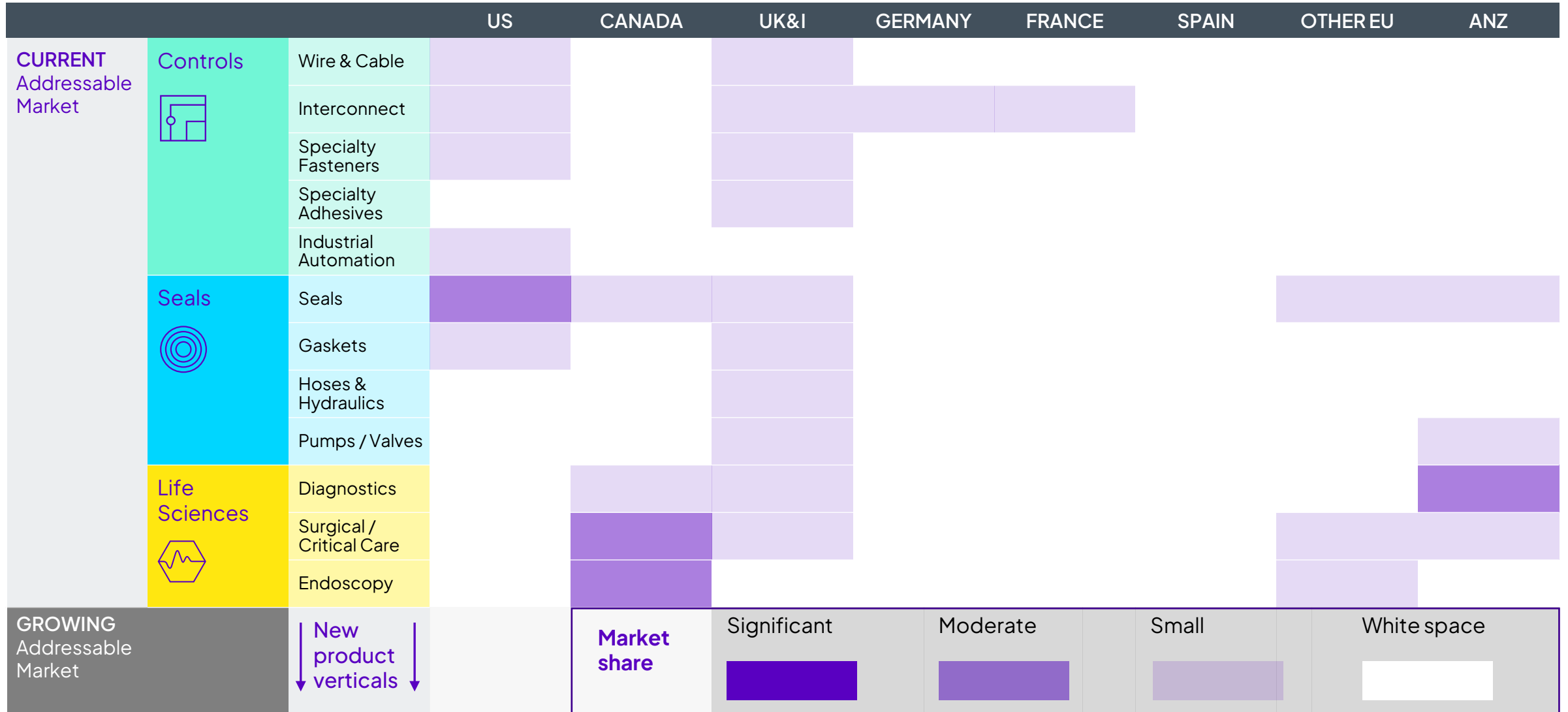
% of Group revenue



**Growth Tailwind / Greater Resilience / Positive Impact**

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

# Exciting growth (2,3): geographic and product white space



# Complementary acquisitions

## Strong track record:

**£840m** deployed

**30** quality businesses

**15%** organic growth

**16%** returns

## Healthy pipeline:

Huge **white space**

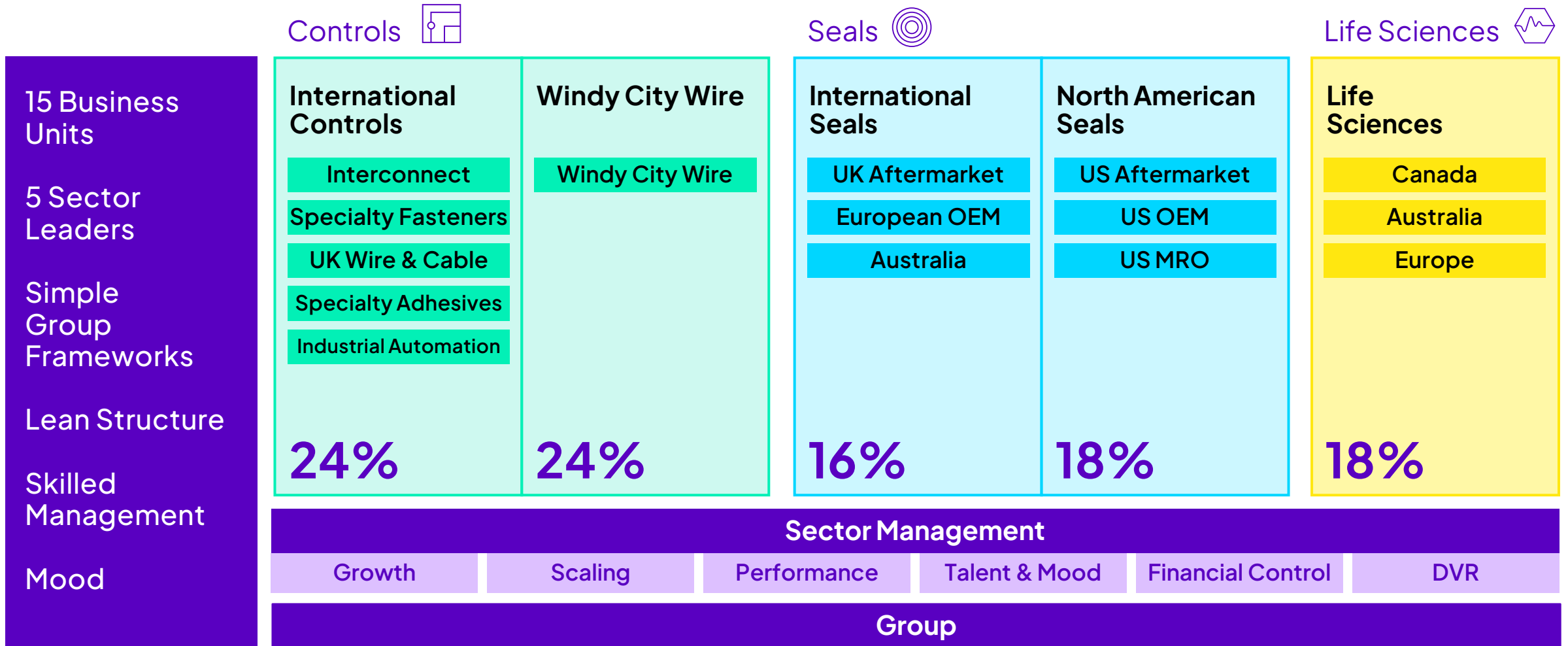
**Fragmented** markets

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

**Purchaser of choice**

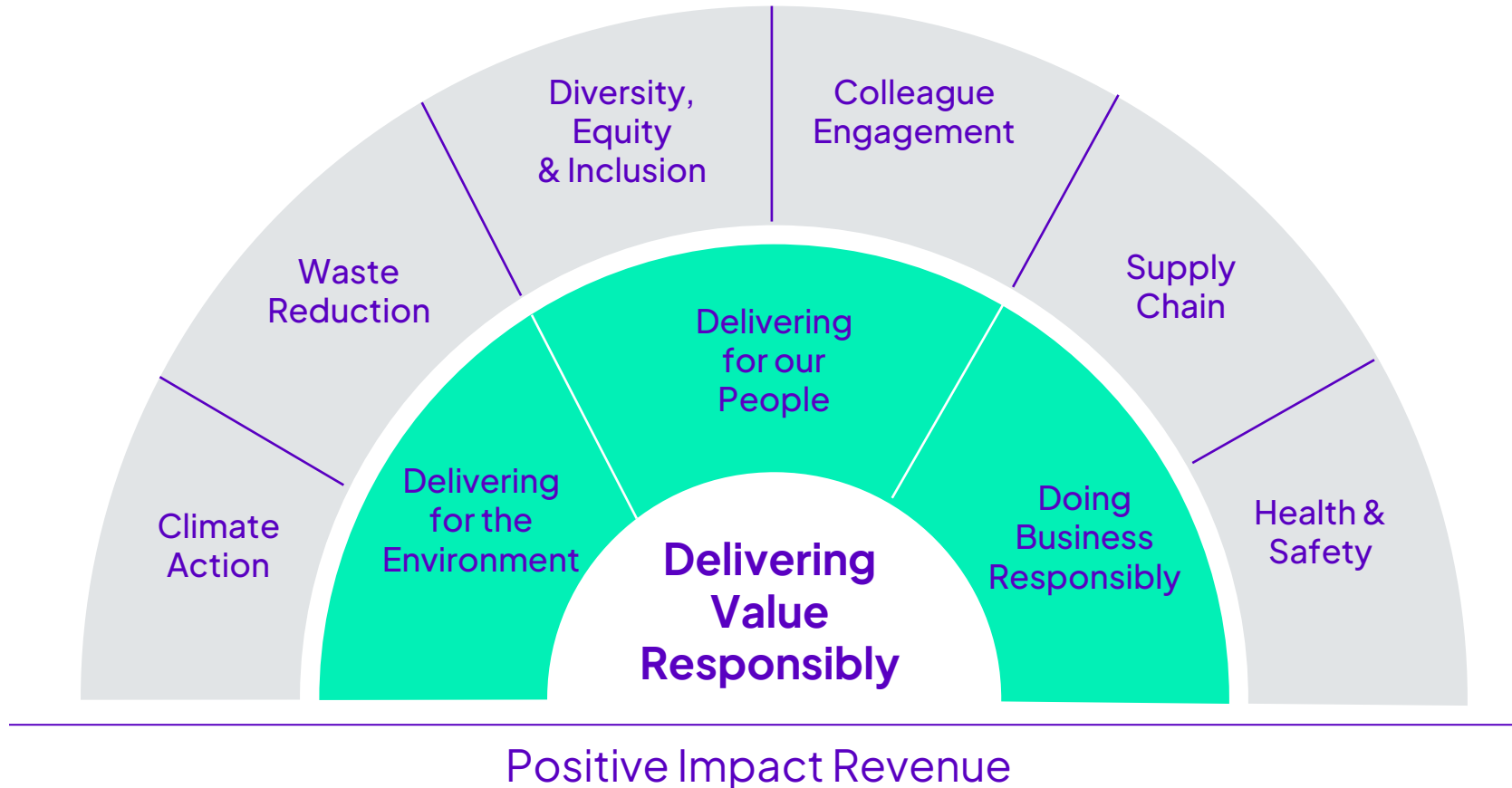
**Future organic growth / Great returns**

# Scaling the decentralised Group

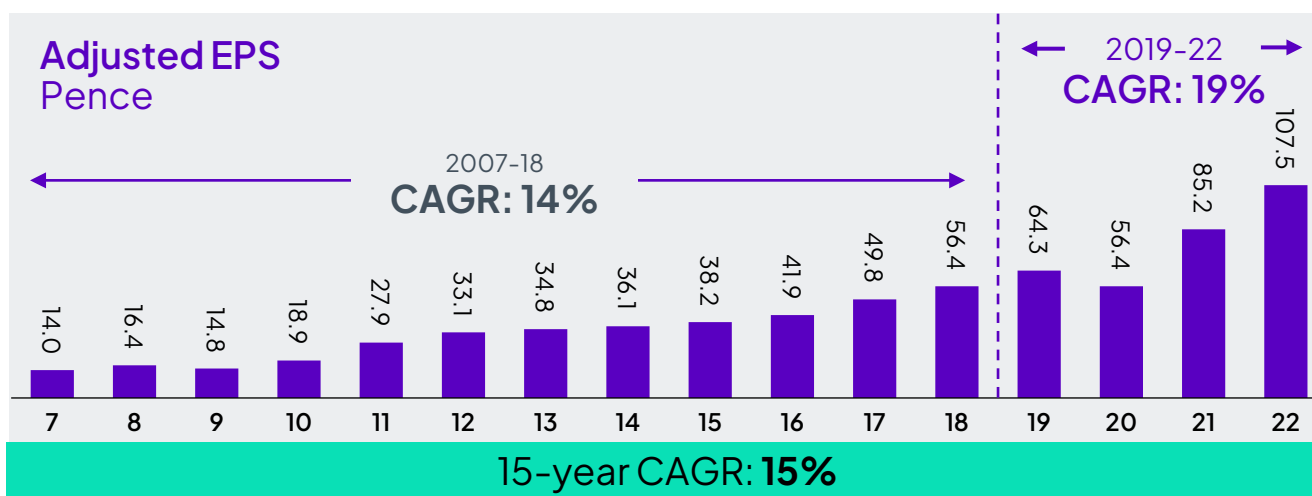
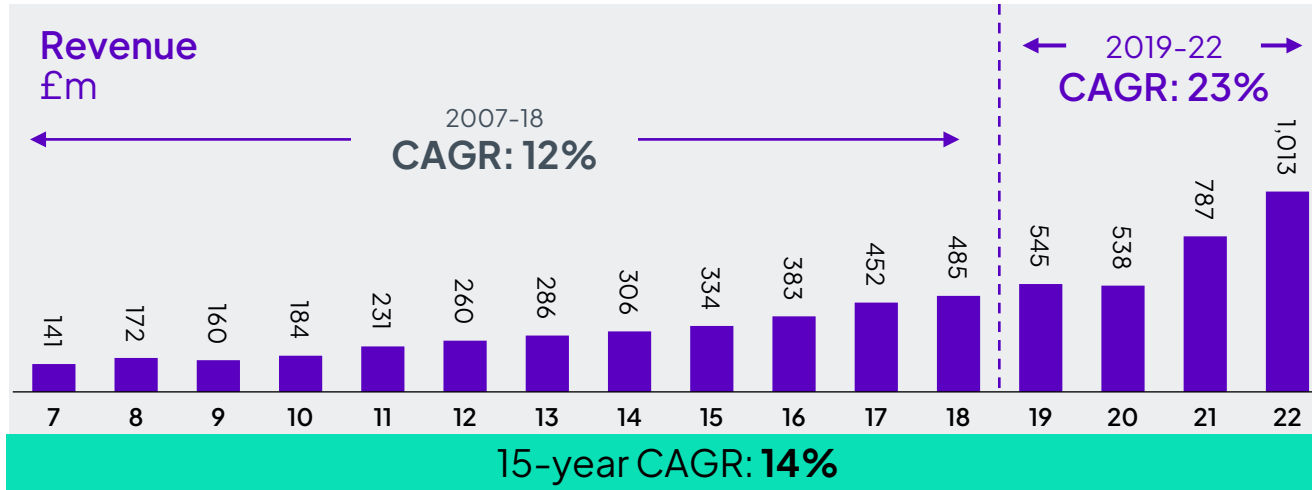


Percentage of Group revenue, pro forma adjusted for acquisitions and disposals completed in H1 23

# Delivering Value Responsibly



# Sustainable quality compounding



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

<sup>1</sup> Average; <sup>2</sup> CAGR; <sup>3</sup> pre-IFRS16

# DIPLOMA DELIVERS

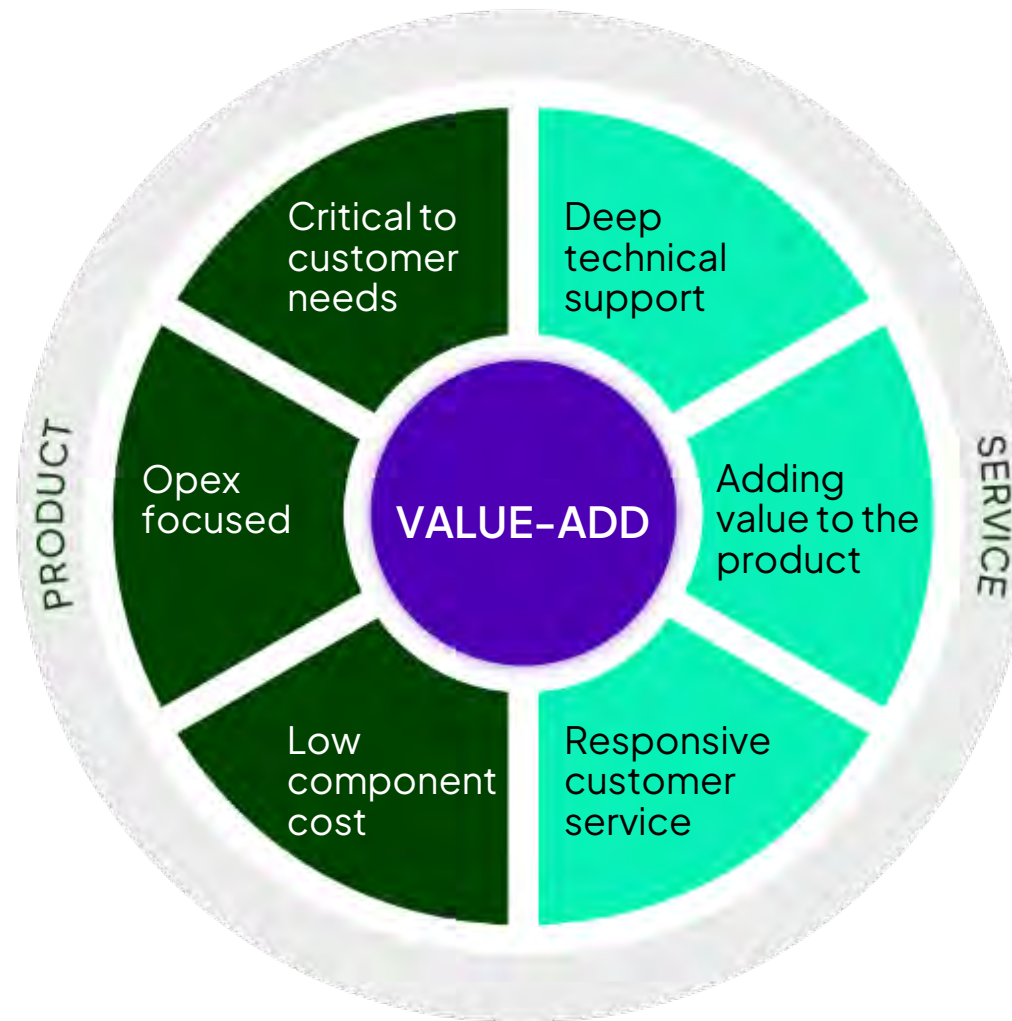
VALUE-ADD

**Ted Messmer**  
Sector CEO,  
North American Seals

**DIPLOMA PLC**  
VALUE-ADD SOLUTIONS



# Value-add



# Specialised products critical in customers' value chains...

**Low**  
component cost



**Opex**  
focused



**Critical**  
to customer needs



# ...delivered in a value-add service wrapper



**Deep**  
technical support

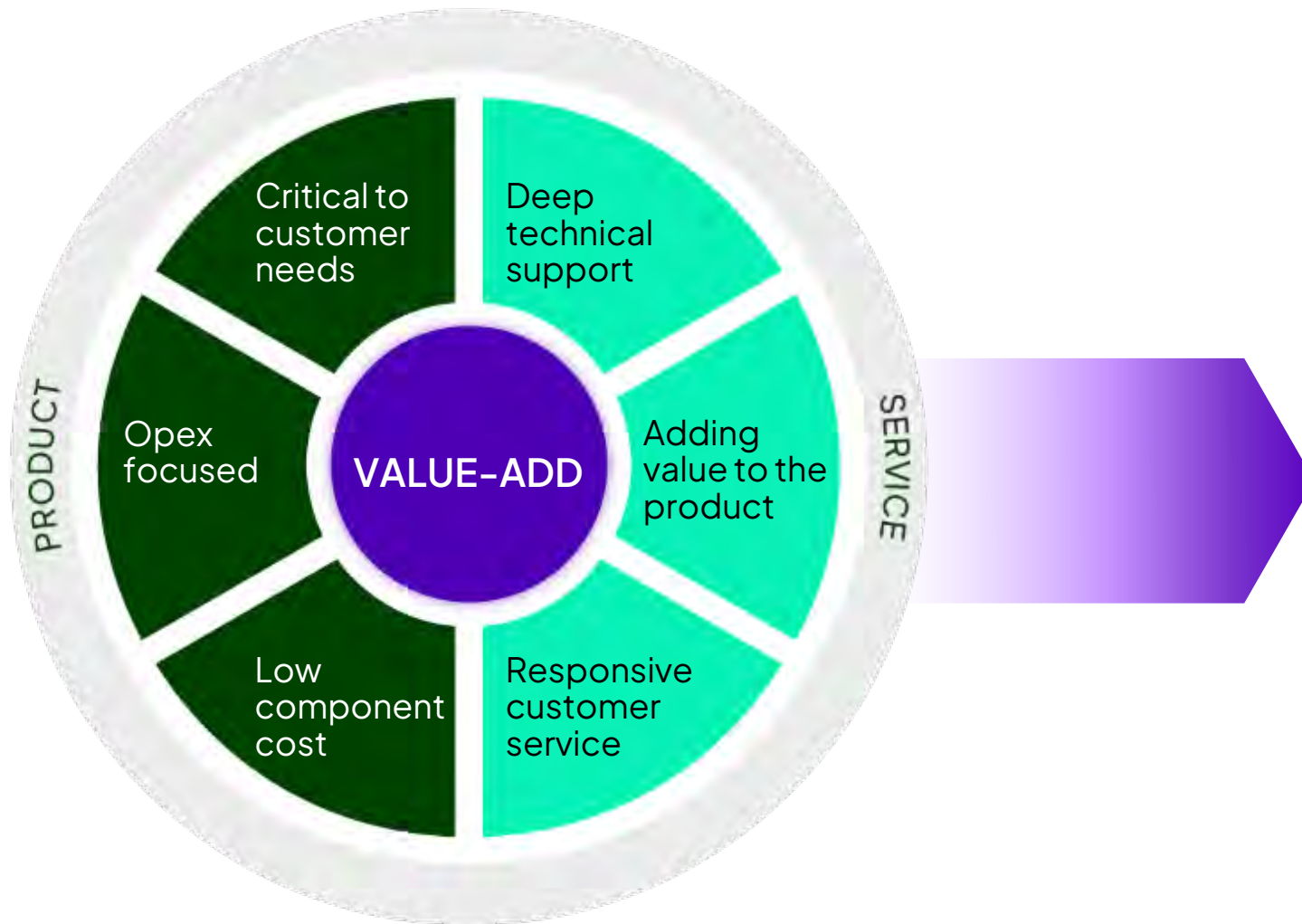


**Adding value**  
to the product



**Responsive**  
customer service

# Value-add



## The rule of 6:

### Loyalty

= Share of wallet growth

### Reputation

= Market share growth

### Confident pricing

= Strong margins

# SEALS SECTOR



# 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)

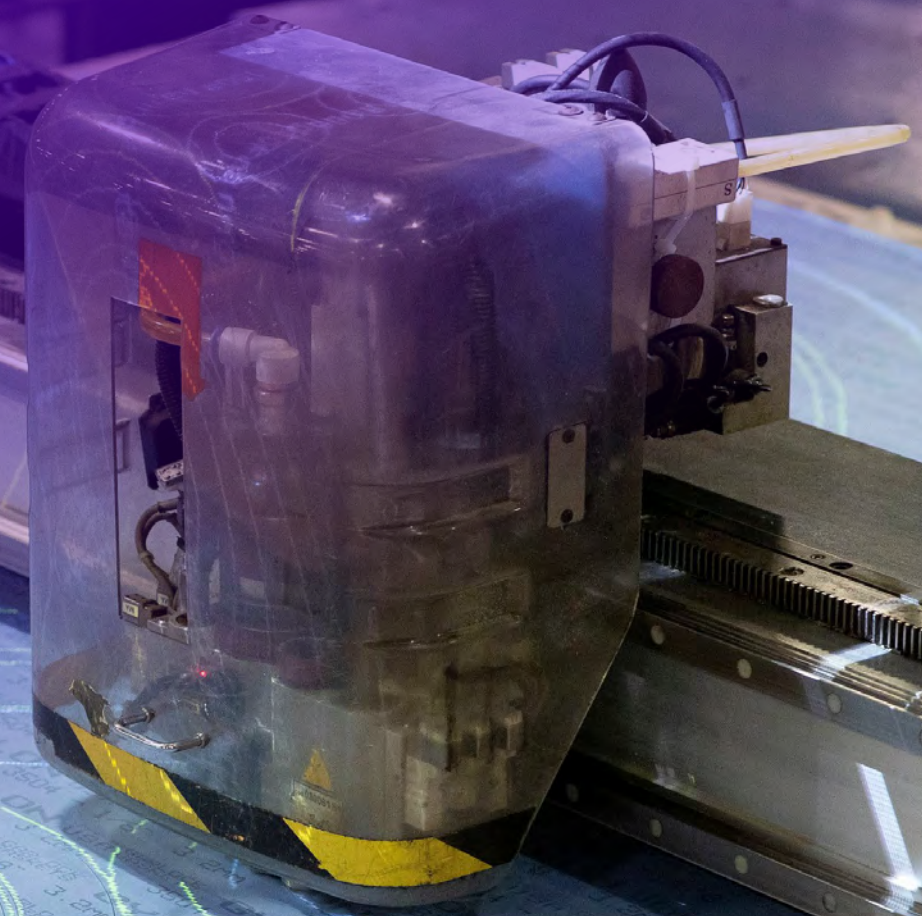
## BUSINESS UNITS

- 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

# VALUE-ADD

US MRO -  
VSP TECHNOLOGIES



## CASE STUDY

# Seals Sector: US MRO – VSP Technologies

International Seals	North American Seals
UK Aftermarket	US Aftermarket
European OEM	US OEM
Australia	<b>US MRO</b>
	<b>13%</b> of Sector revenue*

## US MRO – VSP Technologies

- **History:** acquired 2019
- **FY 2022 revenue:** £44m
- **HQ:** Virginia, USA
- Fluid sealing solutions (gaskets) used in mission-critical and hazardous environments

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

### Products

- Fluid sealing: gaskets
- Cross selling: O-rings, hoses

### Services

- Designed and customized technical solution
- Gasket use process: RideTight
- Installation, training and after sales support

### Value for the customer

- Reduced leakages: fines, reputational impact
- Reduced outages, increased uptime and opex savings

### End markets

- Petrochemical processing, transportation
- Power generation
- Pulp & paper

### Geography

- Headquartered in Virginia
- Strong regional presence on East Coast, Gulf Coast and Midwest



# Value Add at VSP



# VSP: conclusion



**VSP:** A value-add distributor of fluid-sealing solutions for mission critical applications

- 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

# LIFE SCIENCES SECTOR

**Elena LoCastro**  
SVP, Life Sciences  
North America

# Life Sciences value-add



## 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%**

# Life Sciences: critical role in the value chain



- **Diploma occupies a critical position in the healthcare value chain**
  - **For suppliers:** customer relationships, fast tracking market access, local expertise (marketing, business development), attractive economics
  - **For customers:** expertise, access to broad portfolio of innovative products that improve patient care, training and support
- **Focus on specialised, innovative technologies**



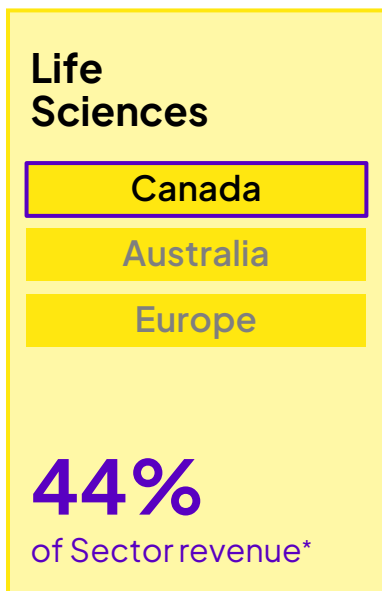
# VALUE-ADD<sup>L</sup>

LIFE SCIENCES  
CANADA

└

## CASE STUDY

# Life Sciences Sector: Canada



## Life Sciences Canada

- **History:** Somagen (2004); Ascernis (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 adjusted for acquisitions and disposals completed in H1 23

# Somagen: specialised diagnostics products



## Cancer

- Early detection of colorectal cancer: better patient care, improved survival rates
- Faecal immunochemical test (FIT) screening method – for early detection of blood, which may be associated with colorectal cancer, changing outcomes



## Allergy & Autoimmunity

- Allergy blood tests => correct diagnosis, more comprehensive patient management plan
- Quality testing supports complex autoimmune disease diagnosis e.g. rheumatoid arthritis, systemic lupus, celiac disease



## Cellular Pathology

- Best-in-class automation and workflow solutions enable the production of high-quality standardised slides for assessment of biopsy tissue



## Clinical Chemistry / Core Laboratory

- Accuracy of HbA1C testing vital to early diagnosis of diabetes, monitoring of disease and treatment
- Quality control products relied on by laboratories to ensure reporting accuracy and confidence in results



## Fertility IVF

- Assisted reproductive technology: dynamic, scientifically advanced and life-altering field of medicine supporting families with infertility management
- Laboratory and clinical products used for in vitro fertilisation procedures



# Somagen: strong long-term relationships

## Why customers choose us

Scientific foundation, consultive selling

Trusted partner

Scale across Canada

Best in class portfolio

Logistics and inventory management

Service and support

## Why suppliers choose us

Market and customer access

Deep market and regulatory insight

Commercialisation support

Scale and cost benefits of distribution network

Partner operating as an extension of their brand

Local expertise, access to talent

**Technical expertise is the cornerstone of our relationships**

# 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

# CONTROLS<sup>L</sup> SECTOR<sub>L</sub>

**David Goode**  
Sector CEO,  
International Controls



# 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

# VALUE-ADD<sup>L</sup>

INDUSTRIAL  
AUTOMATION - TIE



## CASE STUDY

# Controls Sector: Industrial Automation – TIE

<b>International Controls</b>  <div style="background-color: #009688; color: white; padding: 2px; margin-bottom: 2px;">Interconnect</div> <div style="background-color: #009688; color: white; padding: 2px; margin-bottom: 2px;">Specialty Fasteners</div> <div style="background-color: #009688; color: white; padding: 2px; margin-bottom: 2px;">UK Wire &amp; Cable</div> <div style="background-color: #009688; color: white; padding: 2px; margin-bottom: 2px;">Specialty Adhesives</div> <div style="background-color: #009688; color: white; padding: 2px; margin-bottom: 2px; border: 2px solid #009688;">Industrial Automation</div> <p style="font-size: 2em; font-weight: bold; color: #009688;">6%</p> <p>of Sector revenue*</p>	<b>Windy City Wire</b>  <div style="background-color: #009688; color: white; padding: 2px; margin-bottom: 2px;">Windy City Wire</div>
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## 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

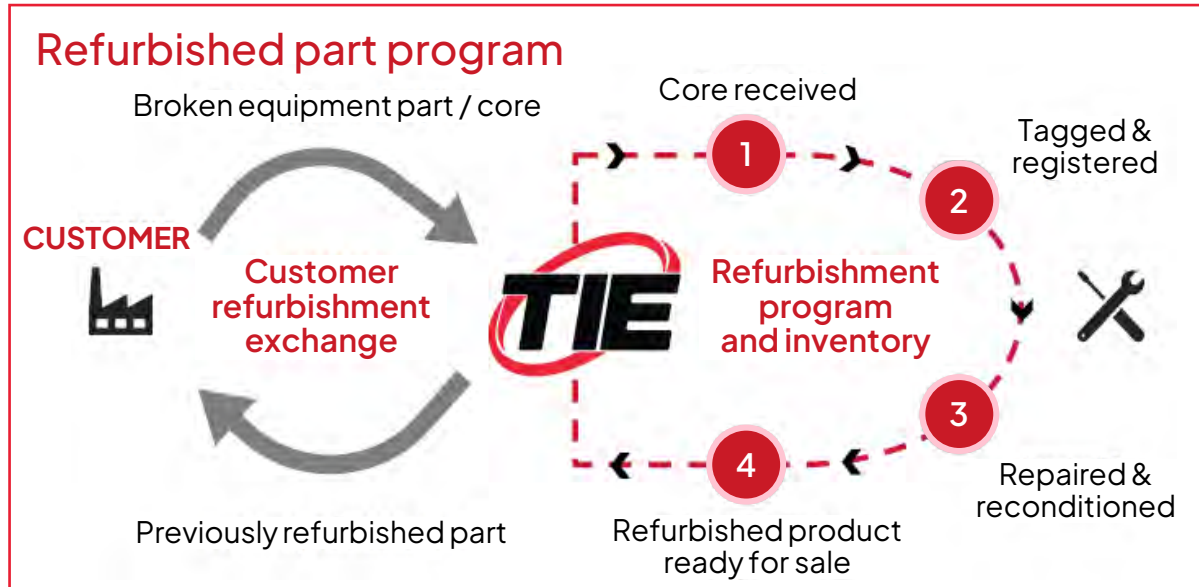
- Facilities in Tennessee and Michigan access key industrial corridors
- Significant geographic white space in the US

### Industrial Automation – TIE

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

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

# 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

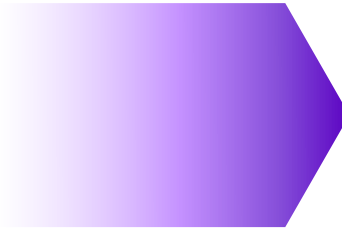
# TIE: a compelling value proposition for customers

## Cost effective, high quality aftermarket solutions which:

- Minimise downtime
- Extend useful asset lives
- Improve customer ROI
- Offer compelling value vs OEMs

## Meaningful barriers to entry

- Market sweet spot
- 5-20 year-old vintages; small-/mid-sized customers
- OEMs: waning support post-warranty
- Considerable barriers for smaller players



### Loyalty

which drives

Share of wallet growth

**96%**

Revenue from repeat customers

### Reputation

which drives

Market share growth

**21%**

Revenue CAGR

### Confident pricing

which drives

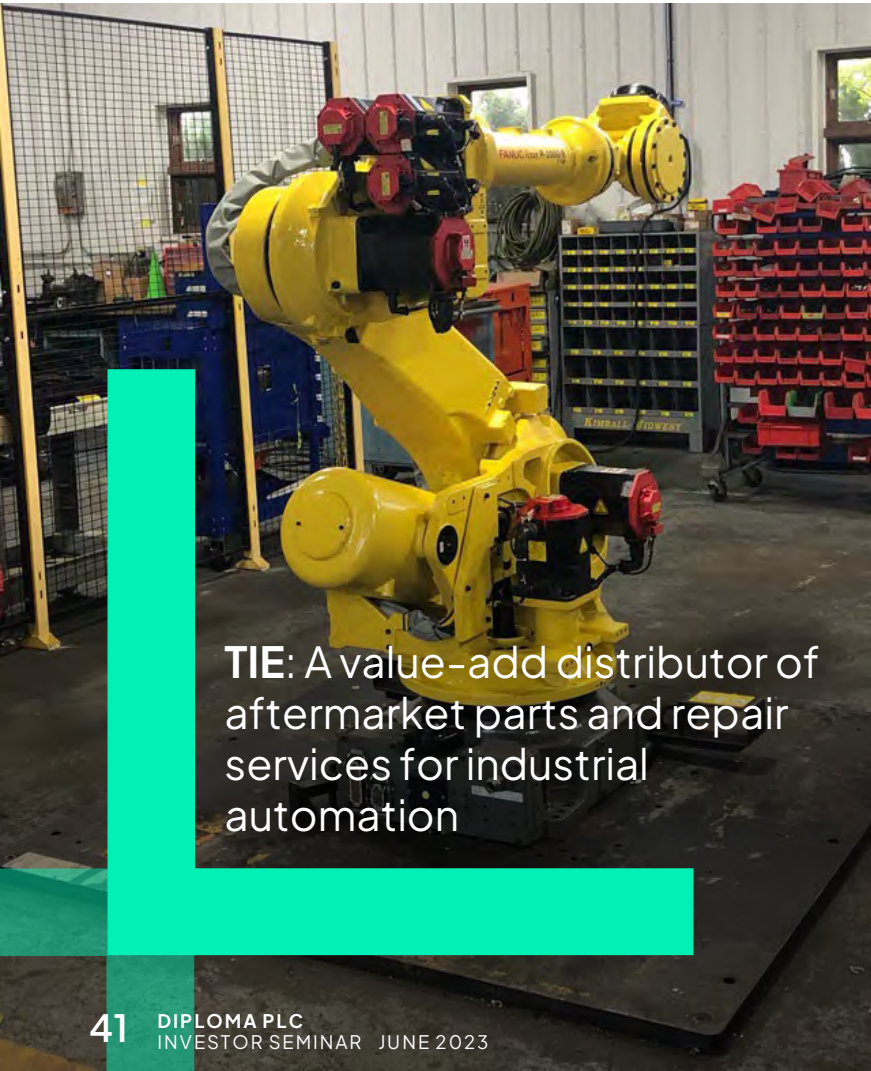
Strong margins

**24%**

EBIT margin



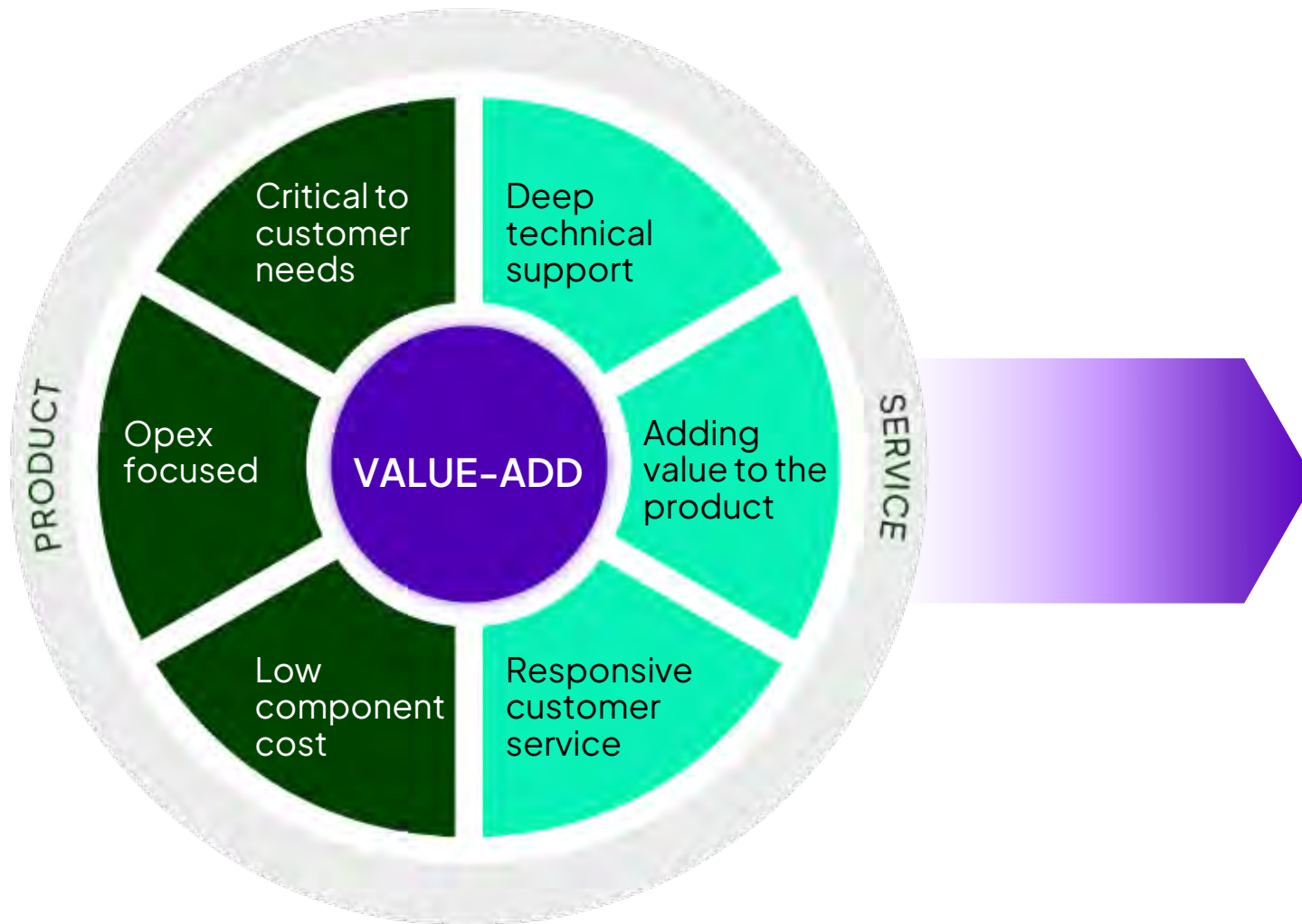
# TIE: conclusion



**TIE:** A value-add distributor of aftermarket parts and repair services for industrial automation

- 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)

# Our Value-add



## The rule of 6:

### Loyalty

= Share of wallet growth

### Reputation

= Market share growth

### Confident pricing

= Strong margins



# DIPLOMA DELIVERS EXCITING GROWTH

**David Goode**  
Sector CEO, International Controls

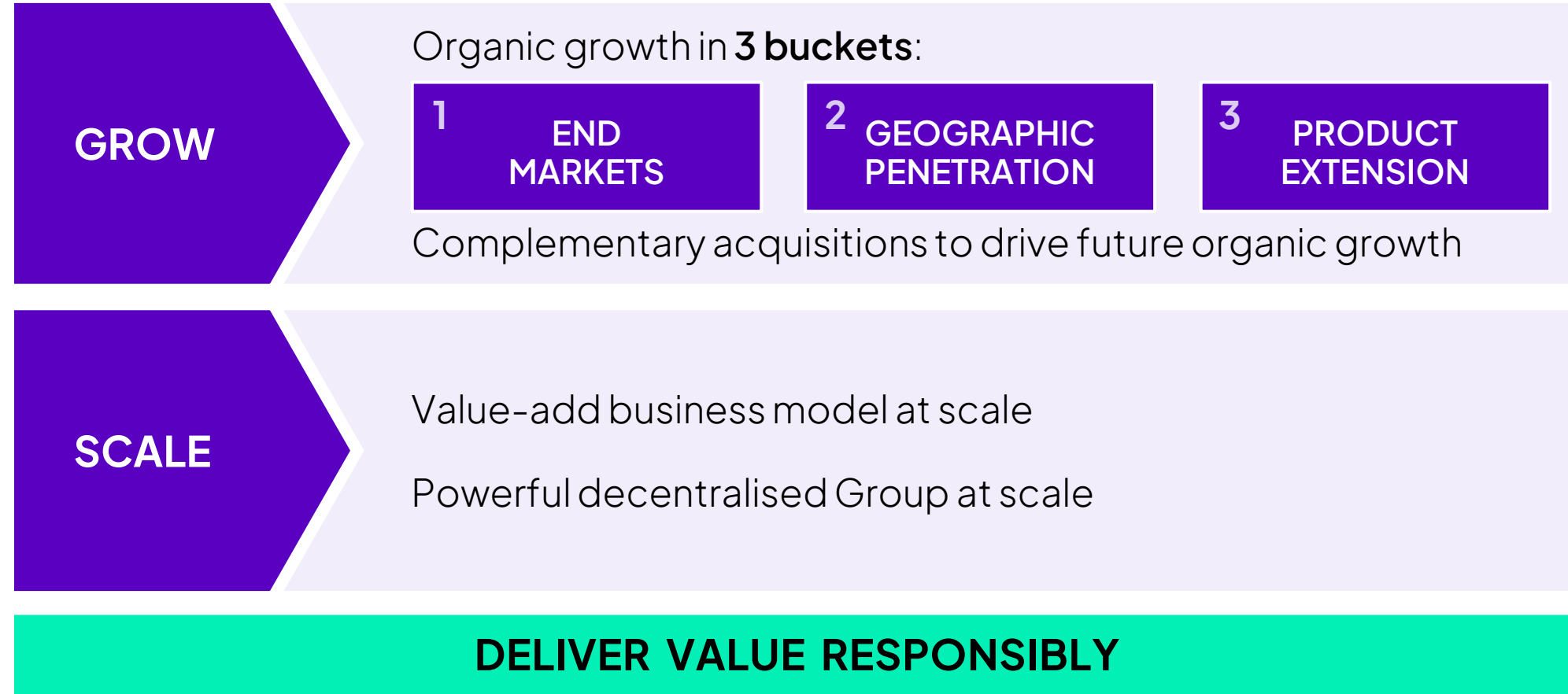
# Growth strategy: key messages



**ORGANIC  
GROWTH**  
is the Group's  
number one priority

- **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

# Growth strategy reminder



# Journey to great execution

- 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



# CONTROLS SECTOR

# Controls: a Sector transformed

## 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	<b>49%</b>
Wire & Cable (UK)	<b>8%</b>
Interconnect	<b>23%</b>
Fasteners	<b>11%</b>
Adhesives	<b>3%</b>
Industrial Automation	<b>6%</b>

\* 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: a Sector transformed

## BEFORE

Positions in Aerospace, Defence, Industrial

### BUCKET 1: END MARKETS

## NOW

- Exciting new market entries: Data & Digital Infrastructure, Energy, Automation
- Increasing exposure to high growth segments e.g. Electrification

UK concentrated (2018: 75%)

### BUCKET 2: GEOGRAPHY

- Materially increased US exposure – US 62% of revenue
- Windy City Wire acquisition: wire & cable platform in US
- Continental European exposure now 12%

Focused on Interconnect, Wire & Cable, Fasteners (c.90% of business)

### BUCKET 3: PRODUCT

- Two exciting new business lines:
  - Adhesives (Techsil) acquired in 2021
  - Industrial Automation (TIE) acquired in 2023
- Disposal of non-core Hawco business

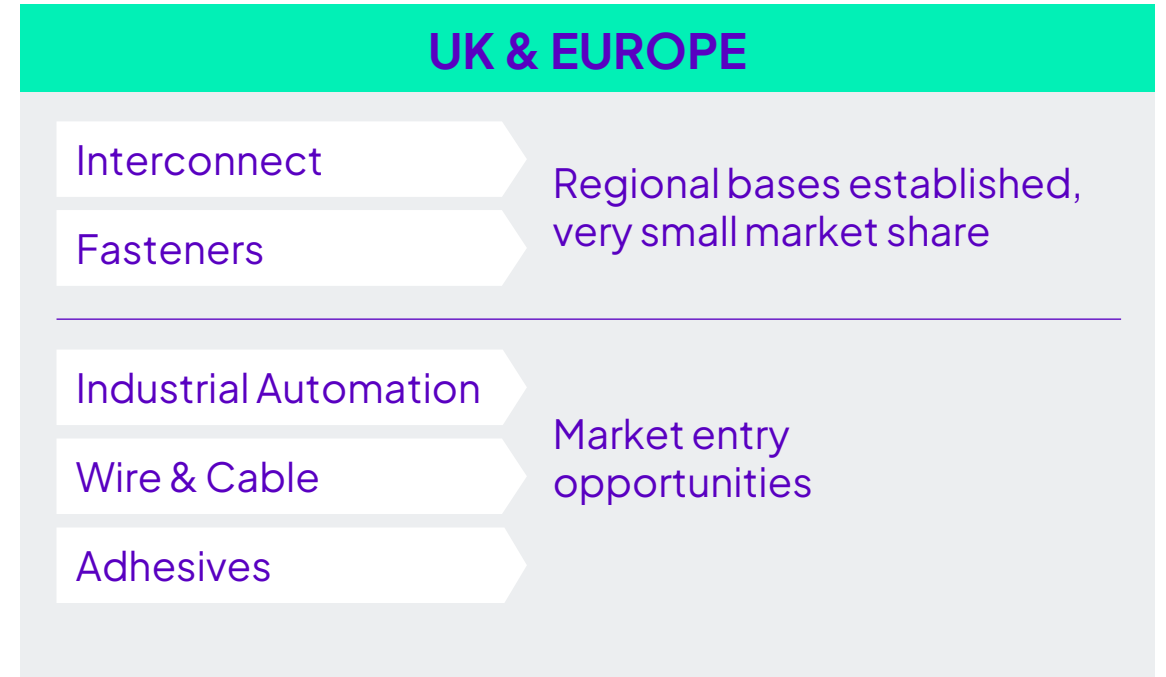
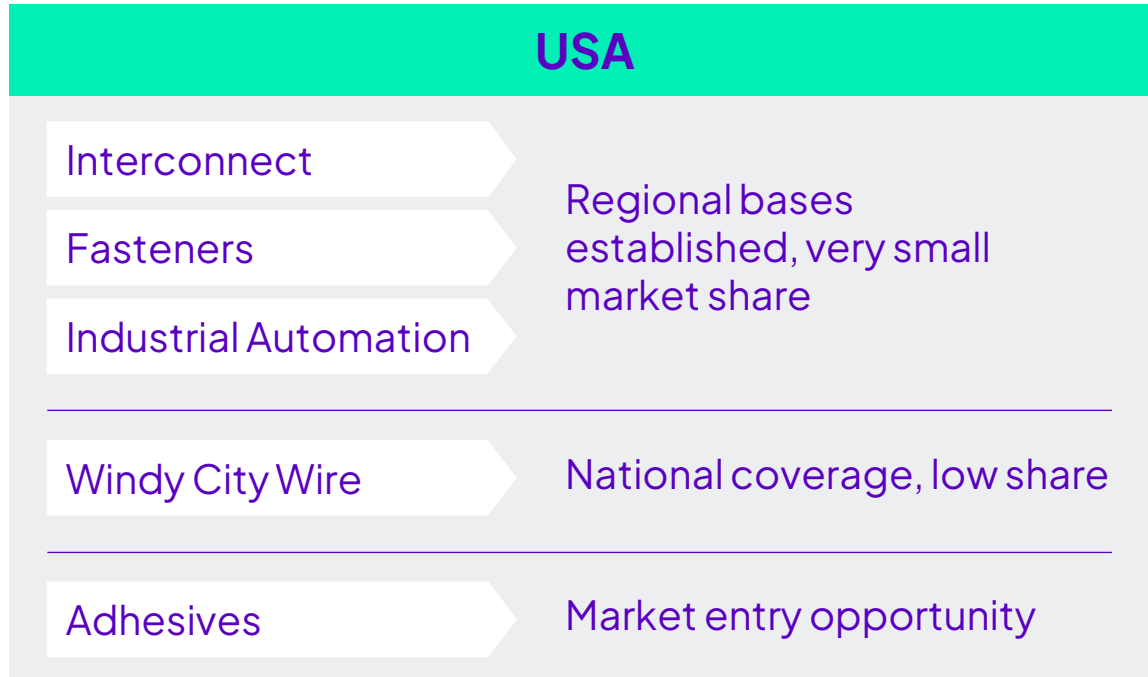
Positioned for growth

# Exciting end market potential

	Electrification	Data & Digital Infrastructure	Automation	Energy	Aerospace & defence
<b>MARKET DYNAMICS</b>	<ul style="list-style-type: none"> <li>• Electrification of transport</li> <li>• Infrastructure requirements</li> </ul>	<ul style="list-style-type: none"> <li>• Roll out of 5G / 6G</li> <li>• Data centre expansion</li> <li>• Smart buildings</li> </ul>	<ul style="list-style-type: none"> <li>• Growing, ageing installed base</li> <li>• US onshoring</li> <li>• Structural labour shortages</li> </ul>	<ul style="list-style-type: none"> <li>• Infrastructure investment</li> <li>• Energy security</li> <li>• Renewables investment</li> </ul>	<ul style="list-style-type: none"> <li>• Civil aerospace recovery, fleet replacement</li> <li>• Increased defence spending</li> </ul>
<b>DIPLOMA</b>	<ul style="list-style-type: none"> <li>• Some exposure in UK (Adhesives)</li> <li>• Material opportunities across the Group</li> </ul>	<ul style="list-style-type: none"> <li>• Some exposure at WCW, Adhesives</li> <li>• Opportunities across the Group</li> </ul>	<ul style="list-style-type: none"> <li>• Some US exposure (TIE)</li> <li>• Opportunities US / Continental Europe / UK</li> </ul>	<ul style="list-style-type: none"> <li>• Some exposure in Continental Europe</li> <li>• Opportunities across the Group</li> </ul>	<ul style="list-style-type: none"> <li>• Strong position in Fasteners in the UK with opportunities in US / Europe</li> </ul>

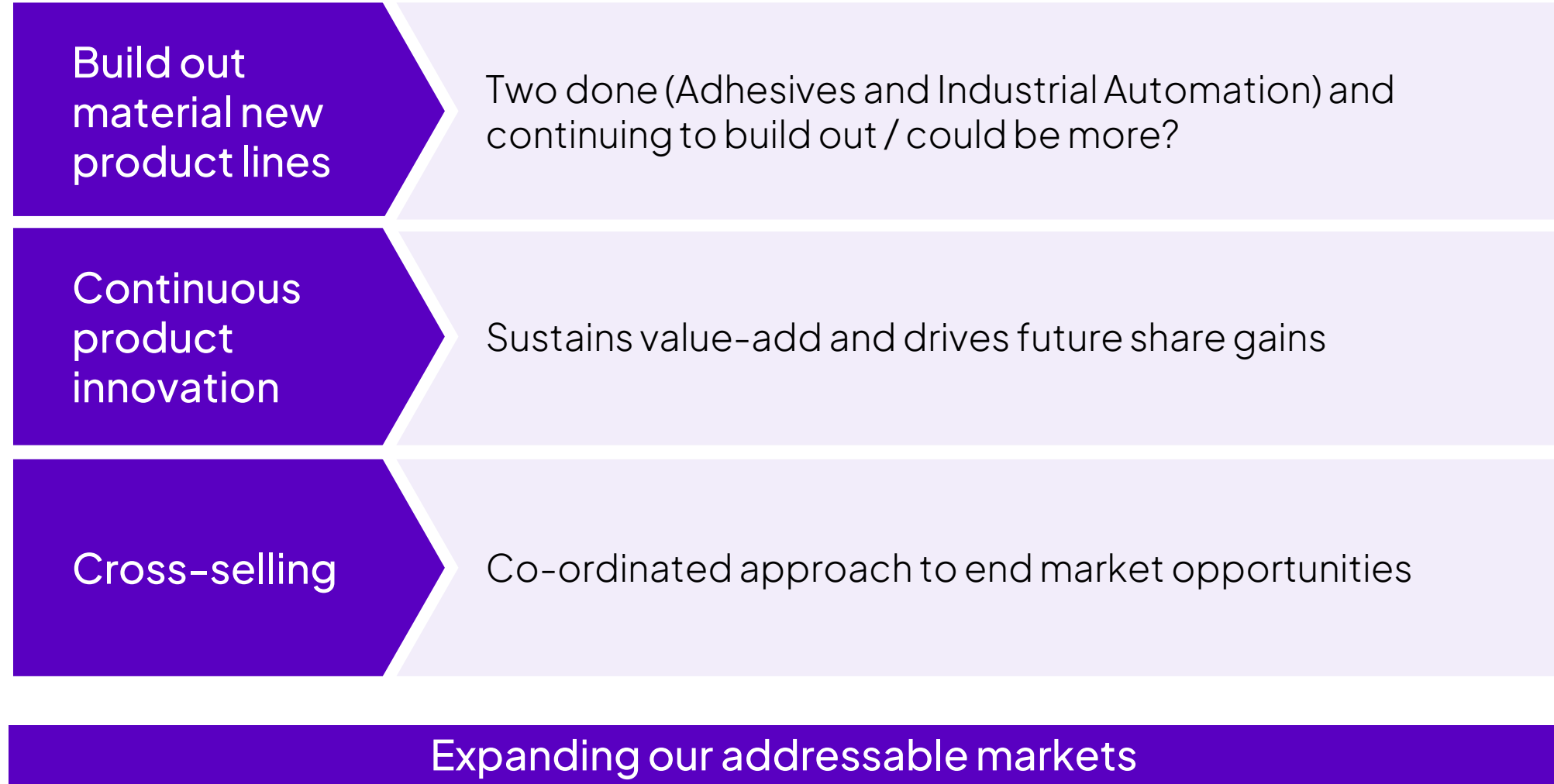
Significant end market potential

# Geographic penetration potential



Establishing platform for future growth

# Product range extension



## CASE STUDY

# Controls Sector: Specialty Adhesives

<b>International Controls</b>  <div style="background-color: #009688; color: white; padding: 2px; text-align: center;">Interconnect</div> <div style="background-color: #009688; color: white; padding: 2px; text-align: center;">Specialty Fasteners</div> <div style="background-color: #009688; color: white; padding: 2px; text-align: center;">UK Wire &amp; Cable</div> <div style="border: 2px solid #009688; background-color: #009688; color: white; padding: 2px; text-align: center; margin: 2px;"><b>Specialty Adhesives</b></div> <div style="background-color: #009688; color: white; padding: 2px; text-align: center;">Industrial Automation</div> <p style="font-size: 2em; font-weight: bold; color: #009688;">3%</p> <p>of Sector revenue*</p>	<b>Windy City Wire</b>  <div style="background-color: #009688; color: white; padding: 2px; text-align: center;">Windy City Wire</div>
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## Specialty Adhesives – Techsil

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

\* Pro forma H1 23 adjusted for acquisitions & disposals

## 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

## 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

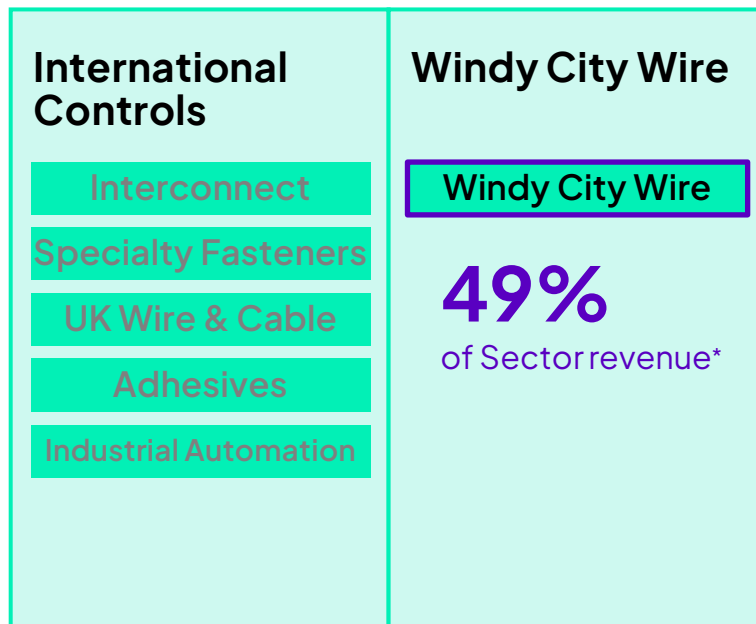


Exciting future growth prospects

\* Annualised based on H1 23 run rate

## CASE STUDY

# Controls Sector: Windy City Wire



## Windy City Wire

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

\* Pro forma H1 23 adjusted for acquisitions & disposals

## 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

# Windy City Wire





# SEALS SECTOR

GE UK EN1092

# Seals: excellent progress

## FY 2022 REVENUE

# £331m



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%

# 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**

# Exciting end market potential

<b>MARKET DYNAMICS</b>	<b>Energy / Renewables</b> <ul style="list-style-type: none"> <li>• Wind farm growth</li> <li>• Solar farms and connected infrastructure</li> <li>• Nuclear build and maintenance</li> </ul>	<b>Environmental safety</b> <ul style="list-style-type: none"> <li>• Security of industrial facilities</li> <li>• Safe transportation of hazardous product</li> </ul>	<b>Infrastructure</b> <ul style="list-style-type: none"> <li>• US infrastructure bills</li> <li>• European Green Deal initiatives</li> <li>• UK levelling up</li> </ul>	<b>Water</b> <ul style="list-style-type: none"> <li>• New infrastructure and leak reduction</li> <li>• Waste management</li> </ul>
	<b>DIPLOMA</b> <ul style="list-style-type: none"> <li>• Some Continental European exposure</li> <li>• Expansion opportunities into UK/US</li> </ul>	<ul style="list-style-type: none"> <li>• US MRO quality proposition</li> <li>• Opportunity US/UK/Continental Europe</li> </ul>	<ul style="list-style-type: none"> <li>• US and UK exposure</li> <li>• Opportunity to expand in Continental Europe</li> </ul>	<ul style="list-style-type: none"> <li>• Strong position in Australia</li> <li>• Opportunity in US / Continental Europe</li> </ul>

Well positioned against key structural growth drivers

# Geographic penetration potential

## USA

Louisville opens up US opportunity for Aftermarket

Little exposure to industrial centres in OEM and MRO

West Coast, Midwest and Texas – very little penetration

## UK & CONTINENTAL EUROPE

Scale in UK but still modest markets shares

Positions in Scandinavia and Switzerland

Opportunity to enter Spain, Germany, France

**Huge geographic potential with low market shares**

# Product extension



Seals



Gaskets  
(relatively new)



Hoses & Hydraulics  
(new)



Pneumatics  
(new)



Other  
(new)

- Expand existing products geographically
- Take gaskets to all markets
- Opportunities in new entry product ranges: Hoses, Hydraulics and Pneumatics
- Cross selling across the Sector

Transitioning from Seals to a broader Fluid Power business

## CASE STUDY

# Seals Sector: UK Aftermarket – R&G Fluid Power Group

International Seals	North American Seals
UK Aftermarket	US Aftermarket
European OEM	US OEM
Australia	US MRO
<b>24%</b> of Sector revenue*	

## UK Aftermarket – R&G Fluid Power

- **History:** acquired 2022
- **FY 2022 revenue:** £89m
- **HQ:** Preston, UK

\* Pro forma H1 23 adjusted for acquisitions & disposals

## Products

- Industrial hose, fittings and assemblies
- Hydraulic hose, fittings, assemblies and components
- Compressors, seals, gaskets, flange insulation kits

## Services

- Technical expertise and process know-how
- Convenience – breadth and level of inventory, customisation
- Service and support, spares management

## Value for the customer

- Solutions are low in cost compared to the cost of downtime

## End markets

- Highly diversified with customers in pharma, agriculture, food & beverage, infrastructure, construction, marine, chemical, manufacturing and other industrial end markets

## Geography

- Strong UK position

## CASE STUDY

## R&amp;G Fluid Power Group



Outstanding opportunity to diversify into fluid power and build scale in UK

### Excellent progress to date

Organic growth

+

Acquisitions to accelerate organic growth

- **End markets:** diversified across Energy, Chemical, Food & Pharma, Infrastructure, Marine, Agriculture
- **Geography:** scale in UK Aftermarket
- **Product:** extension into Fluid Power

- Five bolt-ons completed with significant pipeline ahead
- Extending regional reach and product capability
- Multiples of 3-5x, excellent returns



Revenue increased from £78m (2021)  
to ca.£100m (2023)\*

### Significant opportunity in all 3 buckets

- Further product development across UK
- Consolidation of fragmented UK market
- Opportunity to build out into Continental Europe/US
- Significant cross-sell opportunities



Exciting growth prospects

\* Annualised based on H1 23 run rate



# LIFE SCIENCES<sup>L</sup> SECTOR<sub>L</sub>

A photograph of two scientists in a laboratory setting. They are wearing blue lab coats, white surgical masks, and blue hairnets. One scientist is pointing at a computer monitor on the left side of the frame. The background is dark and out of focus, showing some laboratory equipment. The overall color palette is dominated by blues and greys, with a dark blue overlay on the right side.

# Life Sciences: great progress

## FY 2022 REVENUE

# £189m



H1 23 pro forma % of Group revenue

## FY 2022 OPERATING PROFIT

# £41.0m

## FY 2022 OPERATING MARGIN

# 21.7%

## SECTOR REVENUE MIX\*

Canada	<b>44%</b>
Europe	<b>38%</b>
Australia	<b>18%</b>

\* Pro forma H1 23 adjusted for acquisitions & disposals

- Increased clinical diagnostics exposure
- Developed European footprint
- Product portfolio expansion: 500 products launched since 2018
- New end market opportunities
- Technological advances create momentum within pipeline
- Portfolio discipline: exited two non-core businesses
- Sector 3-yr CAGR 9%

# Life Sciences: great progress

## BEFORE

Narrow range of end markets

### BUCKET 1: END MARKETS

## NOW

- 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**

# Exciting end market potential

## In Vitro Diagnostics

Modern solutions contribute to improved patient diagnosis

---

Precision medicine

Neurology diagnostics

Genetic screening

Advanced automation

Next generation molecular

Newborn screening

## Med Tech

Innovation transforms healthcare

---

AI adapted platforms in endoscopy

Robotic surgery

Advanced urology solutions

Minimally invasive surgery

Critical care

## Scientific

Exploring new Diploma end markets

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Biopharma

Pharma manufacturing

Food safety

Genomics

Quality control

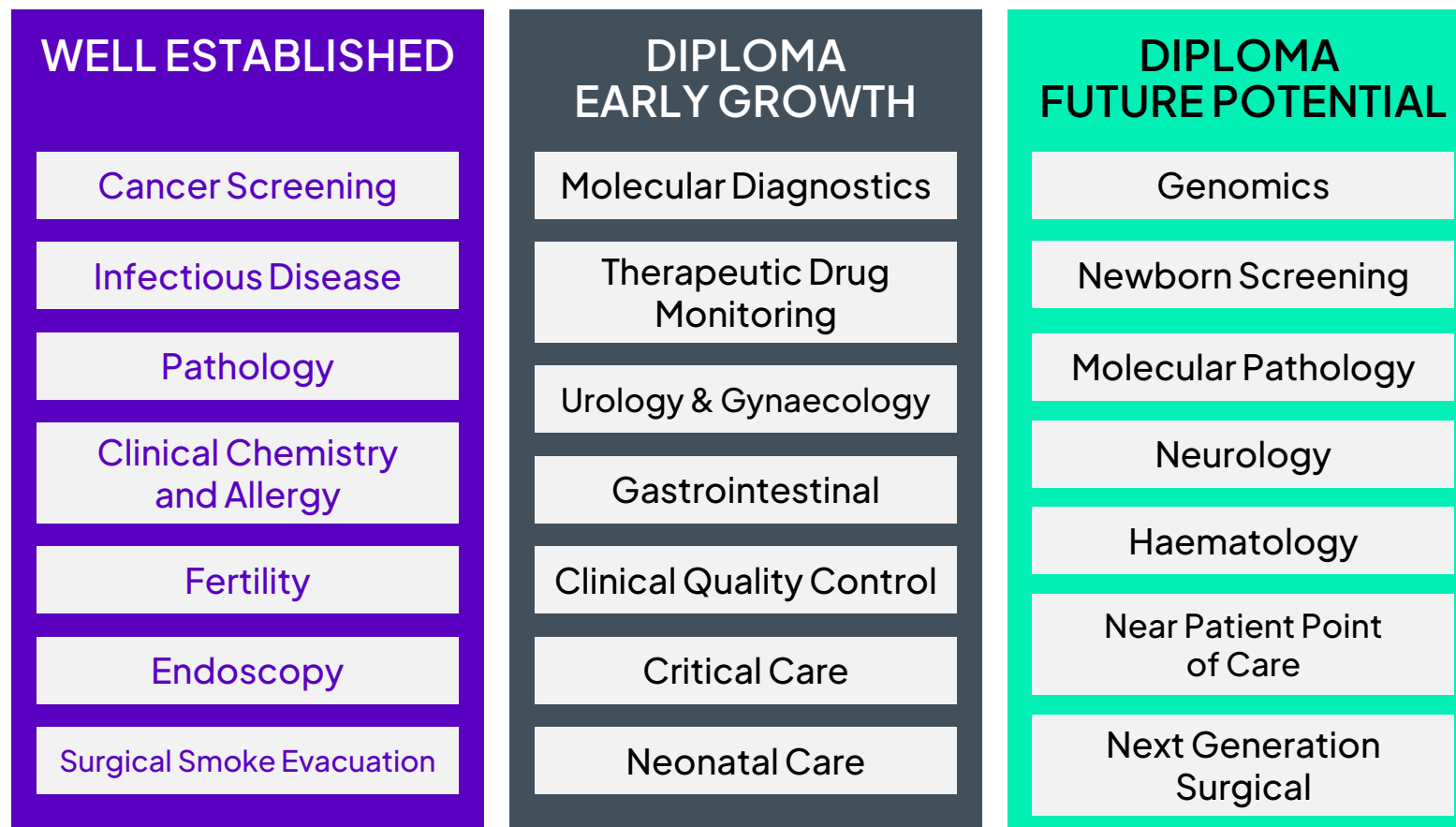
**Sector offers rich diversity and exciting growth opportunities**

# Geographic penetration



Build out Europe; evaluate UK & US

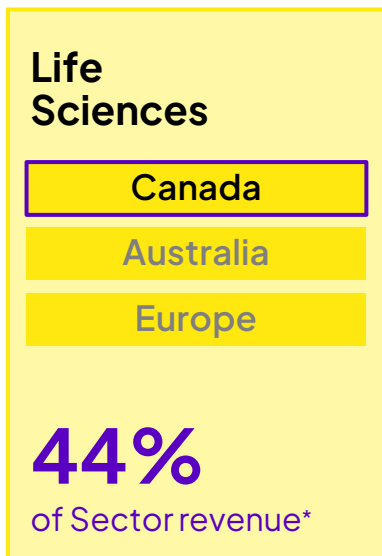
# Product portfolio management



Product pipeline stronger than ever

## CASE STUDY

# Life Sciences Sector: Canada



## 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

# CASE STUDY Canada



A brilliant example of a business using its core strengths to diversify

## Excellent progress to date

### Organic growth

- Differentiated endoscopy expertise and technical capability
- Focused approach: Gastroenterology, Urology, Gynaecology, Minimally invasive surgery
- Exclusive distribution partnership with Fuji over 15+ years
- Revolutionary products: Fuji file ELUXEO system and CADEYE
- Transformed GI scope market position: >90% sales success rate on all competitive bids



**Representation in 95% of Canadian hospitals**

## Significant opportunity in all 3 buckets

- Post-sales service across Fujifilm portfolio
- Extending partnership to Scandinavian business, Simonsen & Weel
- More international growth opportunities



**Next-gen technologies  
supplier of choice**



A man in a dark shirt and trousers is walking through a long aisle of server racks in a data center. The scene is lit with a strong blue hue, creating a professional and technological atmosphere. The racks are on both sides of the aisle, and the floor is made of light-colored tiles.

# DIPLOMA DELIVERS<sup>L</sup>

COMPLEMENTARY ACQUISITIONS  
TO DRIVE FUTURE ORGANIC GROWTH

**Steve Sargeant**  
Group Corporate  
Development Director

# M&A: overview

## 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

# STRONG TRACK RECORD

  
WINDY CITY WIRE

**DIPLOMA PLC**  
VALUE-ADD SOLUTIONS

# We make acquisitions to drive future organic growth

## Why?

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



# Acquiring high quality companies

## Structured approach...

### 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 bucket
- Portfolio discipline: selective disposals

### Financial criteria

- 20% ROATCE potential
- Leverage < 2x



## ...accelerated execution

**30** ACQUISITIONS SINCE 2019

END  
MARKETS

**18**

GEOGRAPHIC  
PENETRATION

**14**

PRODUCT  
EXTENSION

**28**

**4** DISPOSALS  
Since 2019

# We help acquired businesses develop and grow...

- 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



# ...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 <small>(Excluding Windy City Wire)</small>
Average Size	£15m		£15m <small>(Excluding Windy City Wire)</small>

## 2019 to date

### INVESTMENT

**£840m**

### ORGANIC GROWTH SINCE ACQUISITION

**15%**

### AVERAGE ROATCE

**16% ↑**

# Our largest acquisition has performed extremely well



Acquired: October 2020

## Highlights

- US presence
- Great end markets
- Differentiated customer proposition
- Well-invested operating platform
- Winning team and culture

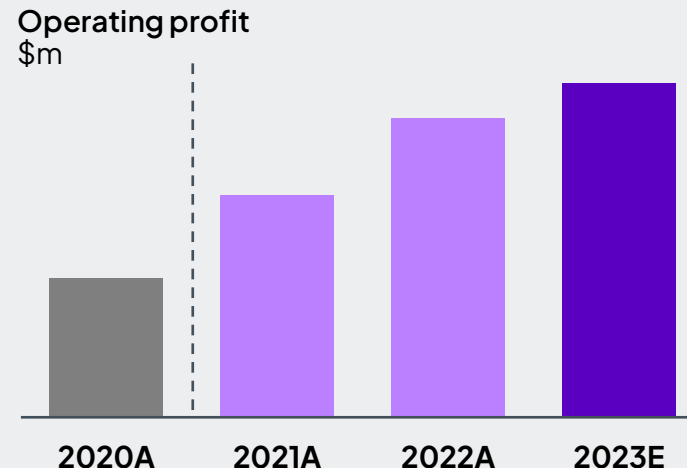
### NEW END MARKETS

Building automation, data centres and digital antenna infrastructure

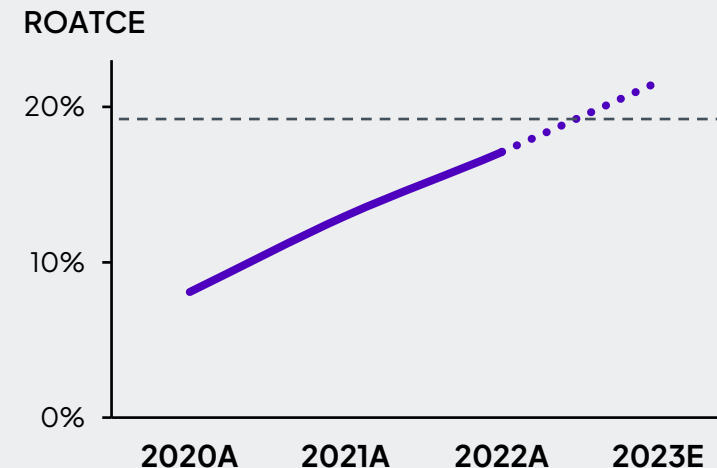
### GEOGRAPHIC EXPANSION

Controls into the US

### EBIT x2.8 in year 3



### 20%+ ROATCE in year 3



Year 1: above cost of capital / earnings accretive



# Our second largest acquisition is also ahead of expectations



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



# Bolt-ons are accelerating growth for our business units... at great returns

**20**  
BOLT ONS\*

AVERAGE SIZE  
**£4m**

AVERAGE MULTIPLE  
**5x**

YEAR 1 AVERAGE ROATCE  
**20%**

**TECHSIL**  
Adhesives | Silicones | Tapes | Seals | O-Rings



**SILICONE SOLUTIONS**

**Eurobond**  
ADHESIVES

- Acquired Techsil in August 21; revenue £10m – first step into Specialty Adhesives
- Two UK bolt-ons since then
- Lift / shift customers / products with no overhead
- Current run-rate revenue is ca.£20m

**Clarendon**  
Specialty Fasteners



**CR SYSTEM COMPONENTS GMBH**

**AHW**  
AIRCRAFT HARDWARE WEST

- Clarendon was a largely UK-focused distributor
- In 2019 acquired a German business
- In 2021 acquired a Californian business

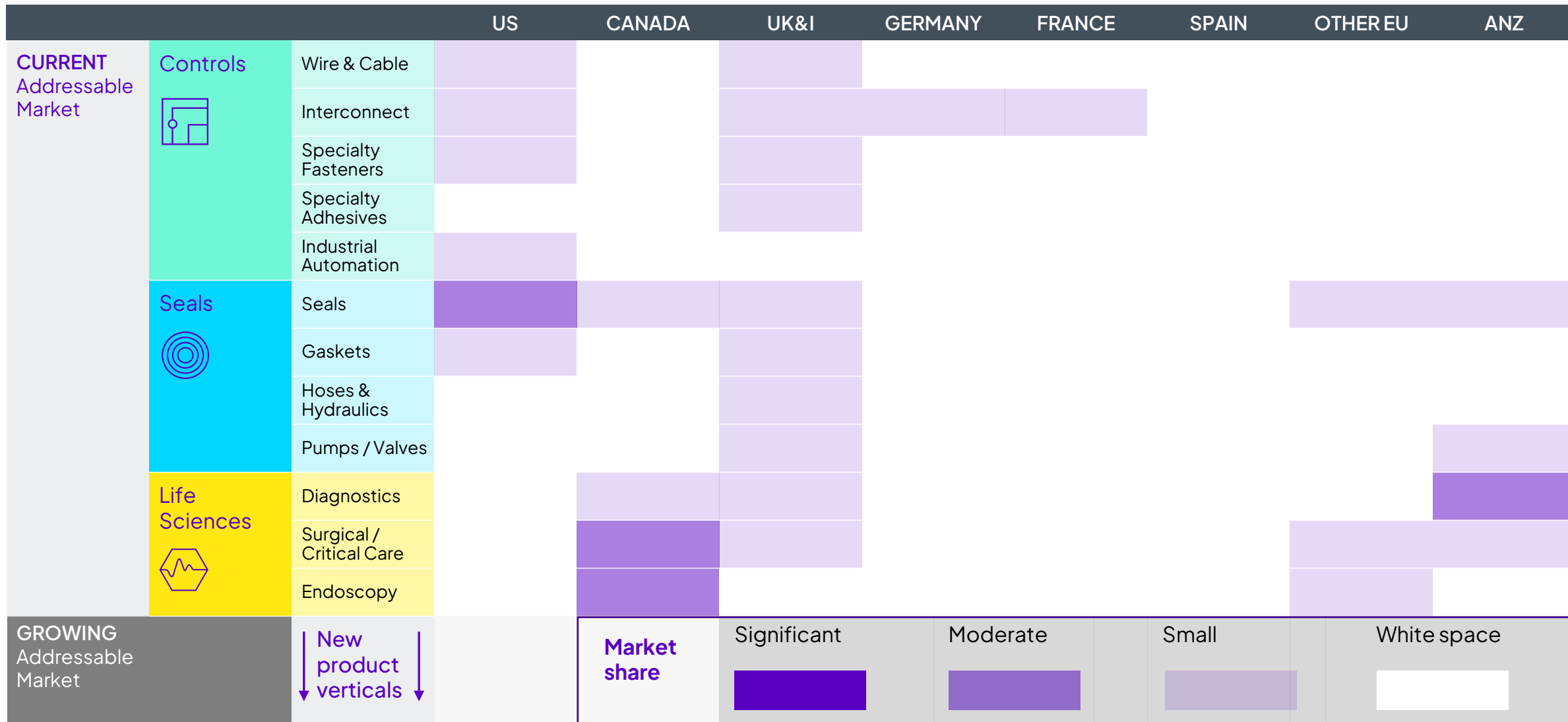
\*Businesses acquired for consideration of <£10m since 2019

**Accelerate growth / High returns**

# HEALTHY PIPELINE



# Future potential: white space + fragmented markets



# 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

# A winning proposition for sellers



“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**

# Leading to a growing and healthy pipeline

## GROWING

**>2,000**  
OPPORTUNITIES

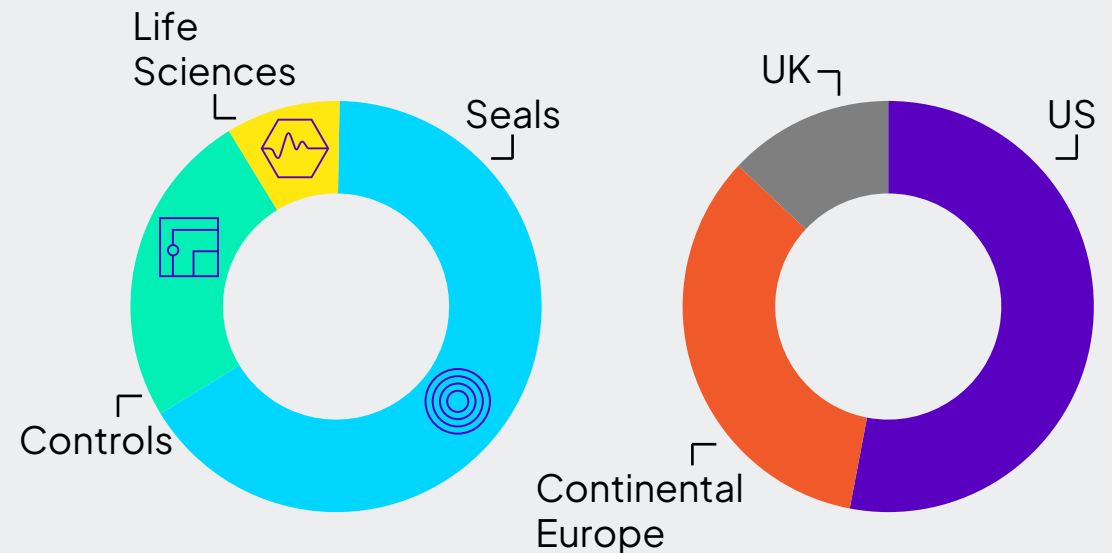
**50**  
NEAR-TERM ACTIVE  
OPPORTUNITIES

**£1bn**

## HEALTHY

**AVERAGE SIZE: £20m**

Well diversified by sector /geography



# We maintain our discipline



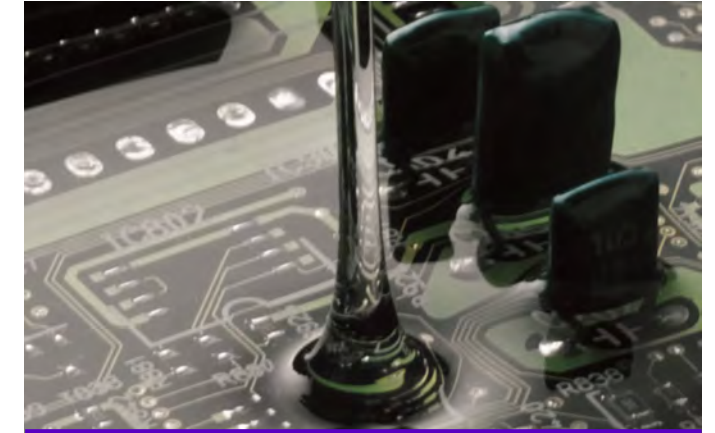
## Core business characteristics

- 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



# 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

# CONCLUSION



DESIGN DATA	
1	Component A
2	Component B
3	Component C
4	Component D
5	Component E
6	Component F
7	Component G
8	Component H
9	Component I
10	Component J

DESIGN DATA	
1	Component A
2	Component B
3	Component C
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1	Component A
2	Component B
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8	Component H
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10	Component J

# Growth strategy: key messages



**ORGANIC  
GROWTH**  
is the Group's  
number one priority

- **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

# DIPLOMA DELIVERS

## SCALE

**Jill Tennant**

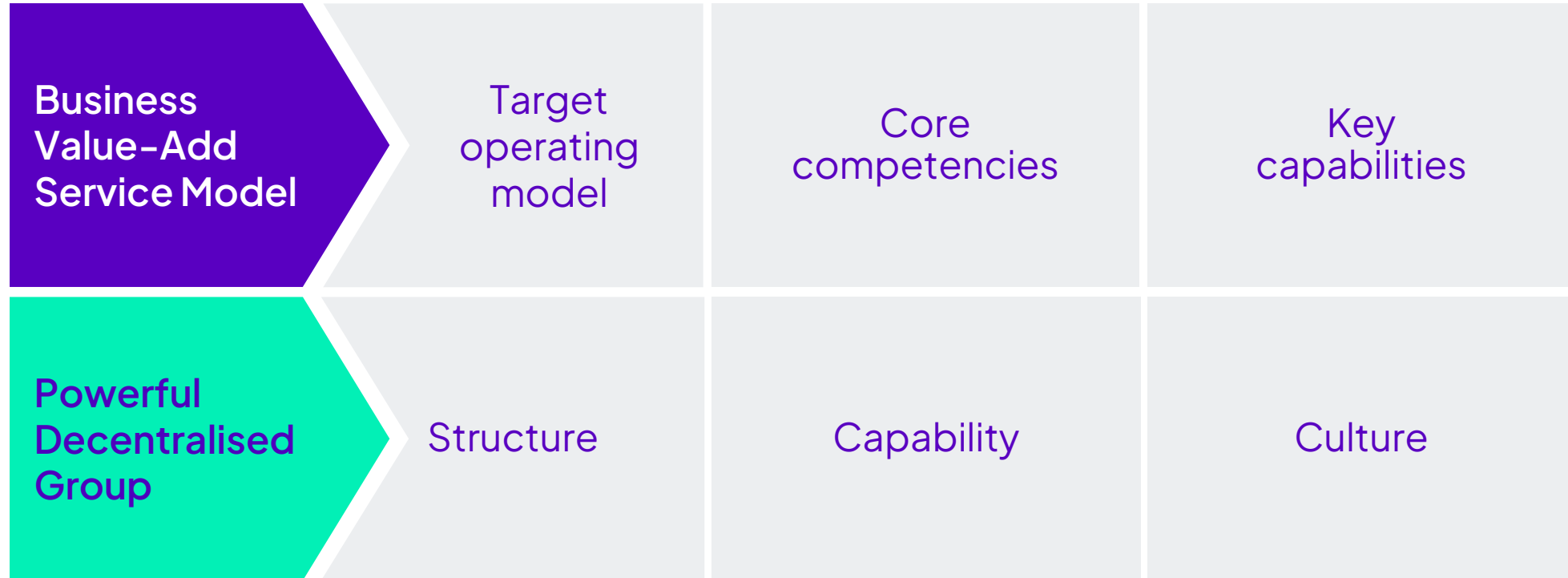
Group HR Director

# Scaling strategy: key messages

- 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

# Building sustainable scale



# BUSINESS VALUE-ADD SERVICE MODEL



# Our imperative to scale

FROM  
**£10m**

## Business

- Hands-on business leader
- Individuals wear many hats
- Responsive service
- Manual
- Family feel



TO  
**£200m**

## Business

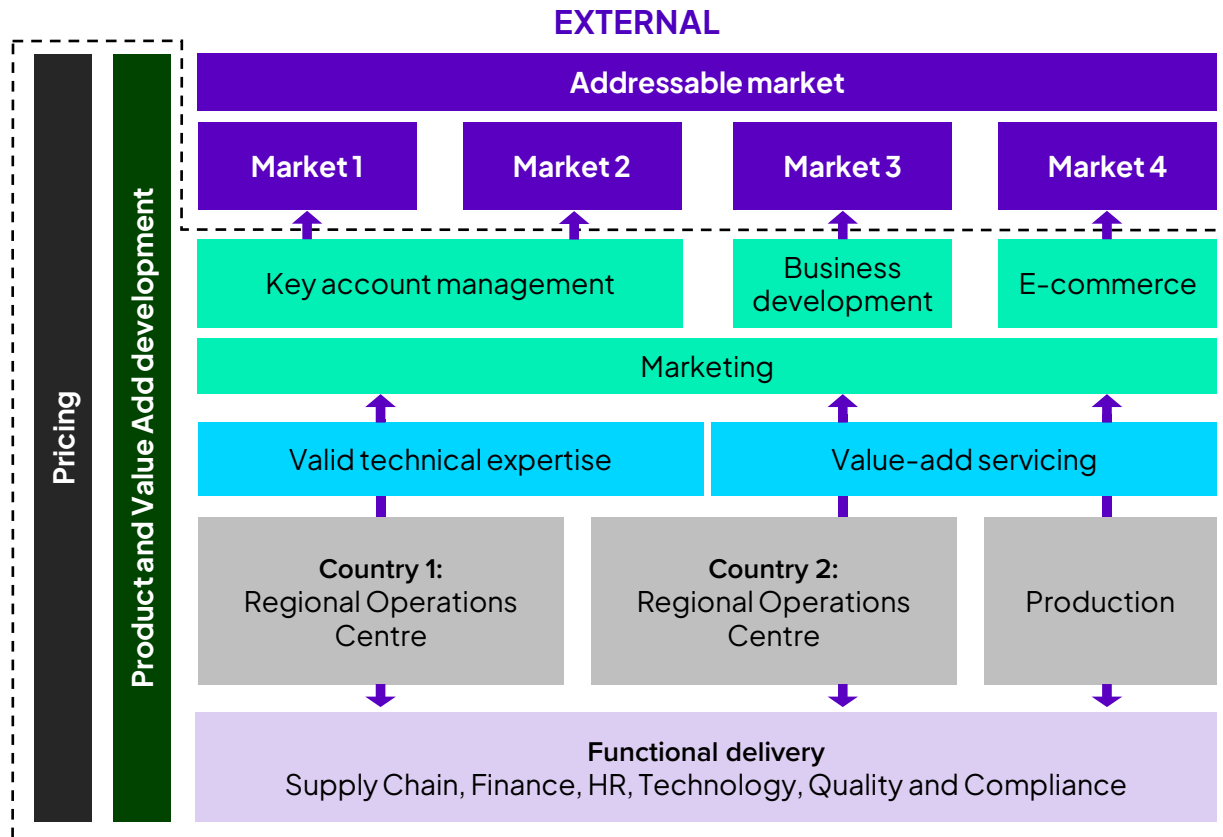
- Strategic, structured leadership
- Broader management capability
- Seamless, customer-led processes
- Technology-enabled; data, automation
- Commercial, agile, innovative
- Retaining culture with a bigger team

Value-add service model at scale requires a different approach



# 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**

# Core competencies

**Strengthening our core competencies: common to every business**



## Value-add

Innovating and delivering products and solutions



## Route to market

Strategic sales execution



## Operational excellence

Customer fulfilment to support a business at scale



## Supply chain management

Strategic and holistic



## Commercial discipline

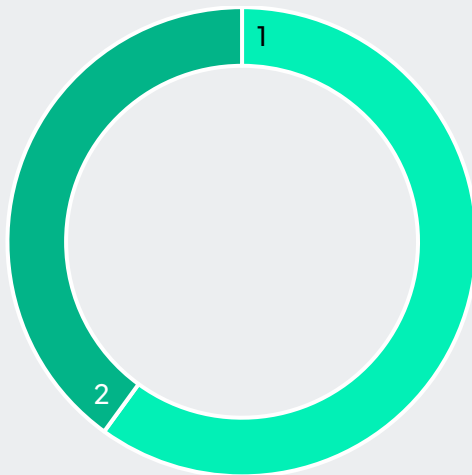
Dynamic commercial and pricing actions to maintain profitability

**Strategic – Structured – Systematic**

# Key capabilities: Talent

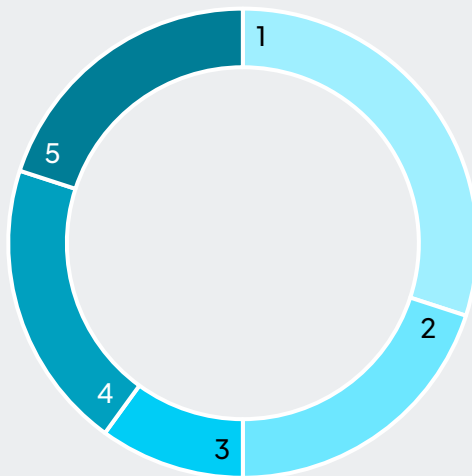
Progress since 2018

General Management: key to our success



- 1 Long tenured, through acquisition or internally promoted
- 2 New hires

Capability: 50 appointments



- 1 Finance Directors
- 2 Operations Directors
- 3 Supply Chain Directors
- 4 Product Directors
- 5 HR Business Partners

Fantastic colleagues

Engagement index  
**79%**

Management attrition  
**<10%**

Gender balance  
**28%**      2019: 20%

# Key capabilities: Technology



## 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-commerce solutions

## Future focus

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

Technology is incremental and business-led

# 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

# BUSINESS CASE STUDIES

A checklist or inventory list on the wall, with multiple rows of text and checkboxes. The text is too small to read.

## CASE STUDY

# Seals Sector: Australian Seals

International Seals	North American Seals
UK Aftermarket	US Aftermarket
European OEM	US OEM
<b>Australia</b>	US MRO
<b>10%</b> 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

# Scaling framework in action: Australian Seals

From **AU\$12m** (FY18)  
Small, sub-scale business

- Low value-add
- Concentrated
- No growth / profit

Move to one  
business structure

- Critical mass: 3 acquisitions
- Integration
- Diversified revenue streams
- Management strengthened: mix of retention and investment

To **AU\$70m** (FY23e\*)  
Strong platform for growth

- Quality, value-add business
- MD a former owner
- Two strong pillars: East & West
- Diversified with cross-selling opportunities
- Revenue >x5; mid-teens margin

\* Annualised based on H1 23 run rate

**Australian Seals transformed into strong platform for organic growth**



# Scaling framework in action: Australian Life Sciences



# Scaling framework in action: Windy City Wire



# Business value-add service model conclusion



- 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



POWERFUL  
DECENTRALISED  
GROUP AT SCALE

**DIPLOMA PLC**  
VALUE-ADD SOLUTIONS

# Powerful decentralised Group

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



## Customer-centric

We are driven to add value

## Accountable

We are all empowered to succeed

## Grow together

We collaborate to create success and opportunity

## Do the right thing

We are ambitious about delivering value responsibly

## Down to earth

We're low on ego

Powerful decentralised culture

# How we scale our decentralised Group

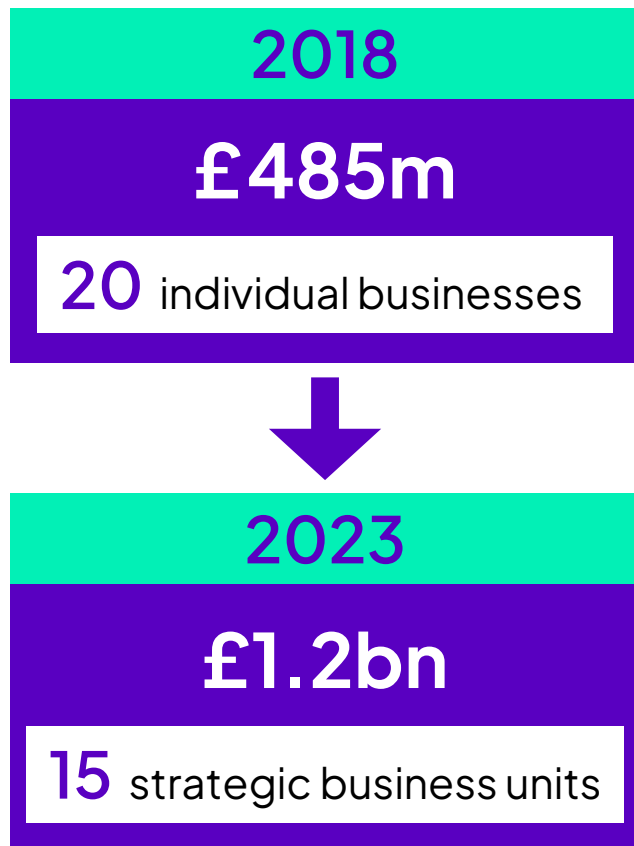
- Keep it focused
- Decision making close to the customer
- Flat structures – network, not hierarchy
- Simple, consistent processes and frameworks
- Simple, aligned goals and targets
- Clear decision rights
- Consistent rhythm
- Clear communication

Agility, pace and great execution

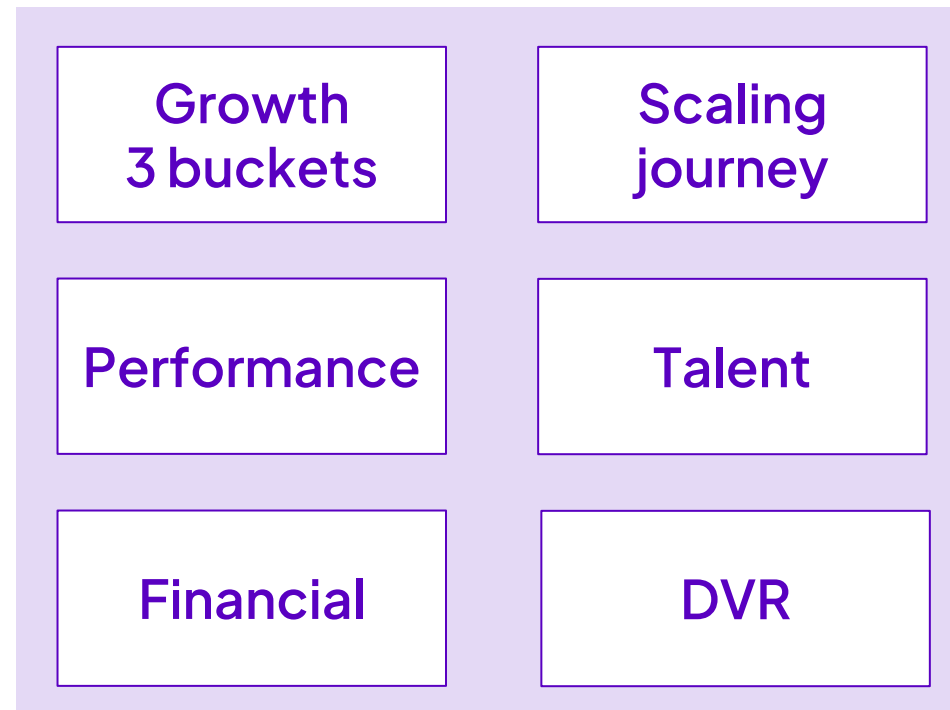


# Keep it focused

## Portfolio



## Frameworks



1 Company compiled consensus

# 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



# Governance and 'Mood'

Rigorous governance



Emotional connection

'Mood', momentum and great execution

# Diploma identity

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

**DIPLOMA PLC**  
VALUE-ADD SOLUTIONS

Local empowerment and power of the Group

# Summary

1. Powerful, decentralised model rooted in shared values
2. Clear principles to scale the Group
3. Simple framework and portfolio management to keep it focused
4. Enhanced by belonging to the Group – Diploma identity
5. Rigorous governance and mood management => execution

Sustainable Group

# DIPLOMA DELIVERS<sup>L</sup> VALUE RESPONSIBLY

**Phil Pratt**  
Group Sustainability Director

# Making a meaningful difference in our way

**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

# Accessing the green-clean economy

	Controls	Life Sciences	Seals
Power	✓		✓
Water	✓		✓
Healthcare		✓	
Transport	✓		✓
<b>Green clean economy</b>		<b>\$4tn</b>	

## 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

# Diploma in the circular economy

US



## TIE Industrial

Technical support and refurbishment of industrial robots with inventory exchange program

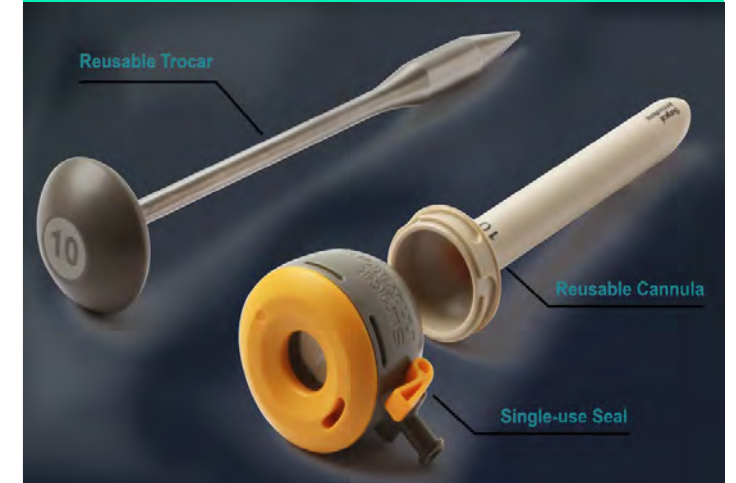
UK



## R&G Fluid Power Group

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

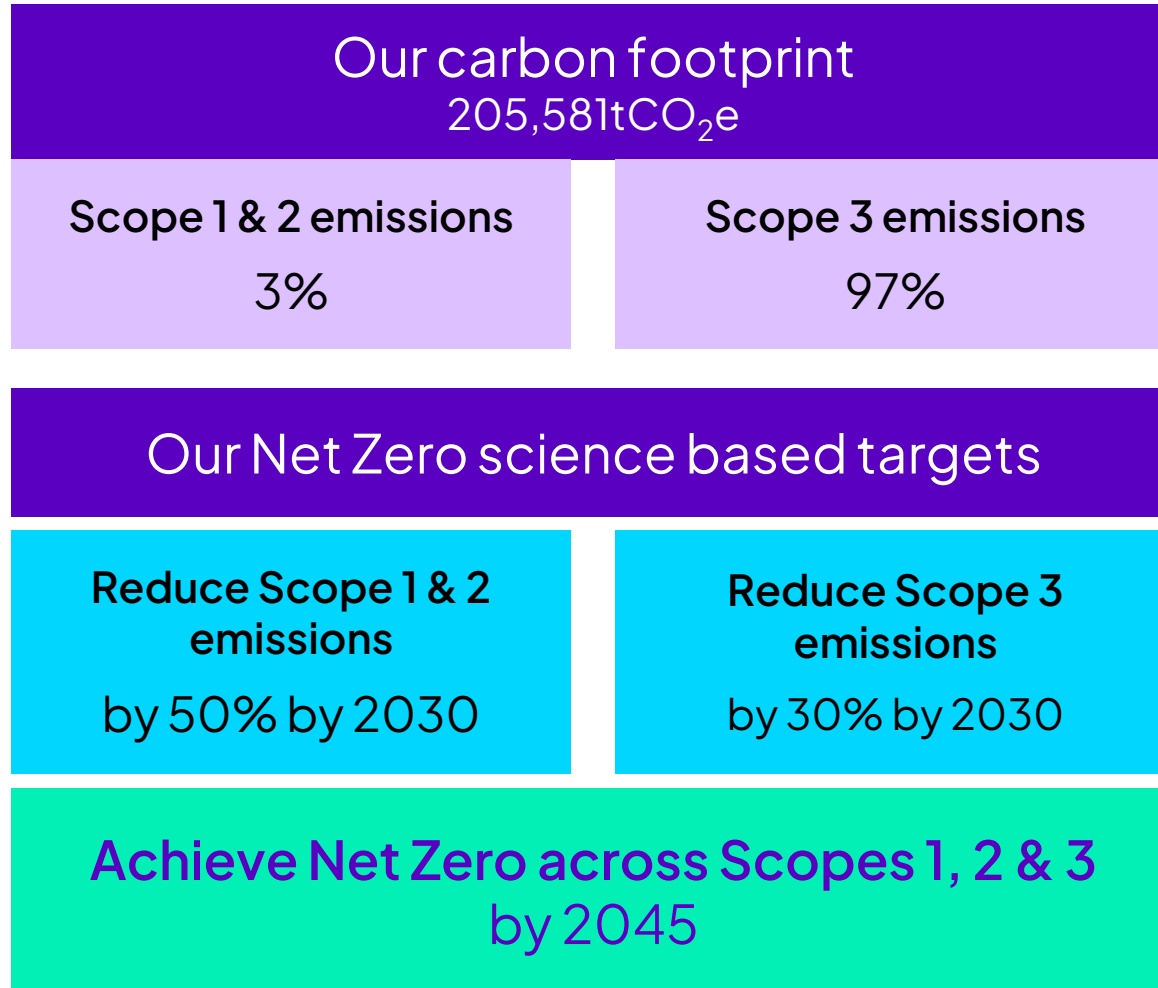
AUSTRALIA



## Big Green Surgical

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

# We are delivering for the planet



## Initiatives in progress

- Three sites have solar, seven under discussion
- LED lighting across all sites by end of 2023
- Transitioning to renewable energy
- Significant increase in waste recycling
- Scope 3 transition pathway development



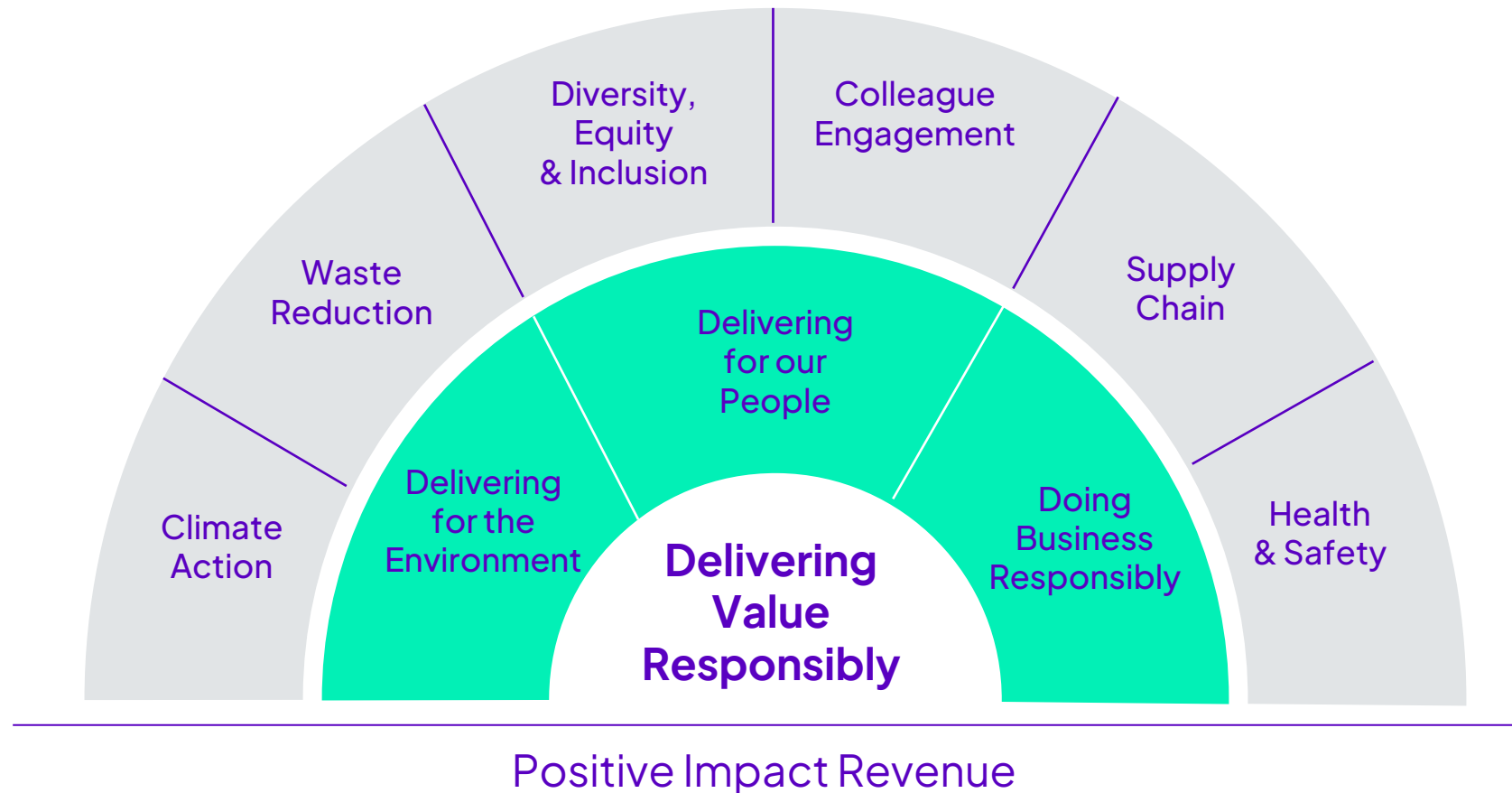
# We are delivering for our colleagues

- 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

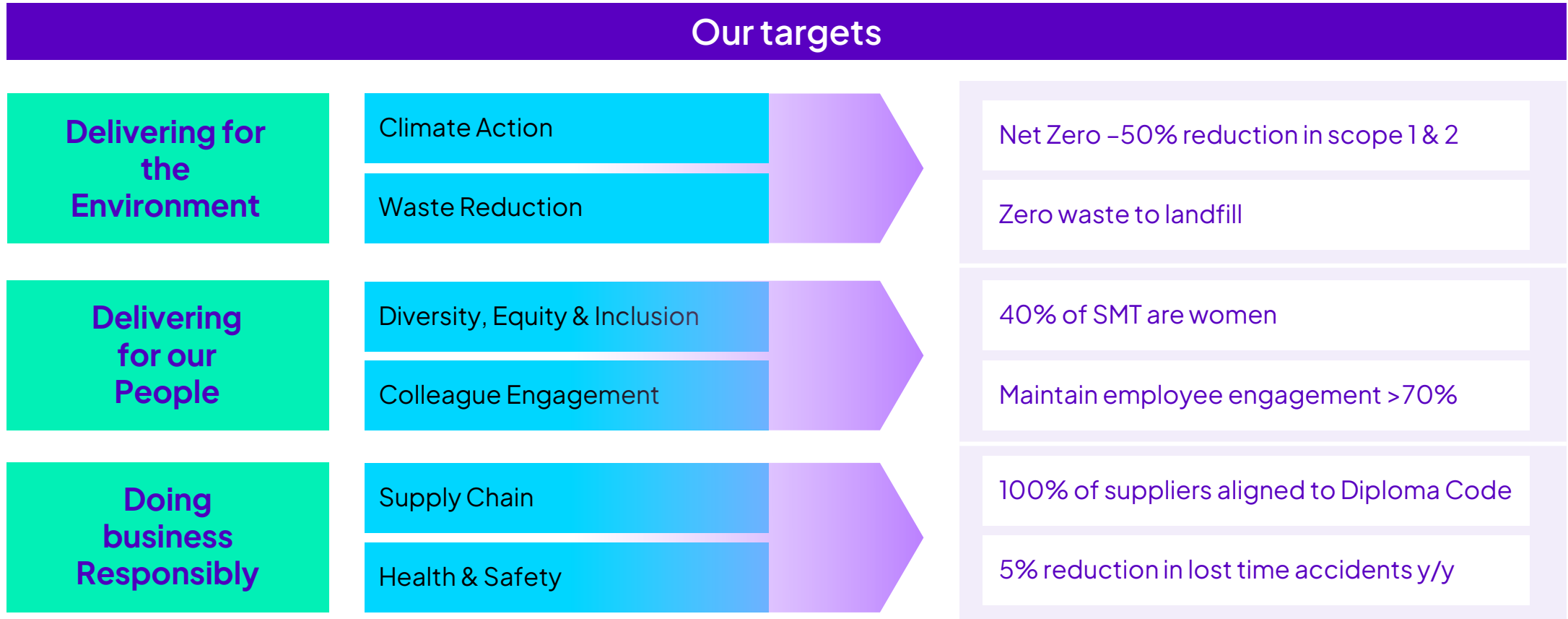


\* Estimate; majority of surveys completed

# Our Delivering Value Responsibly framework



# Our 2030 targets are embedded in the businesses



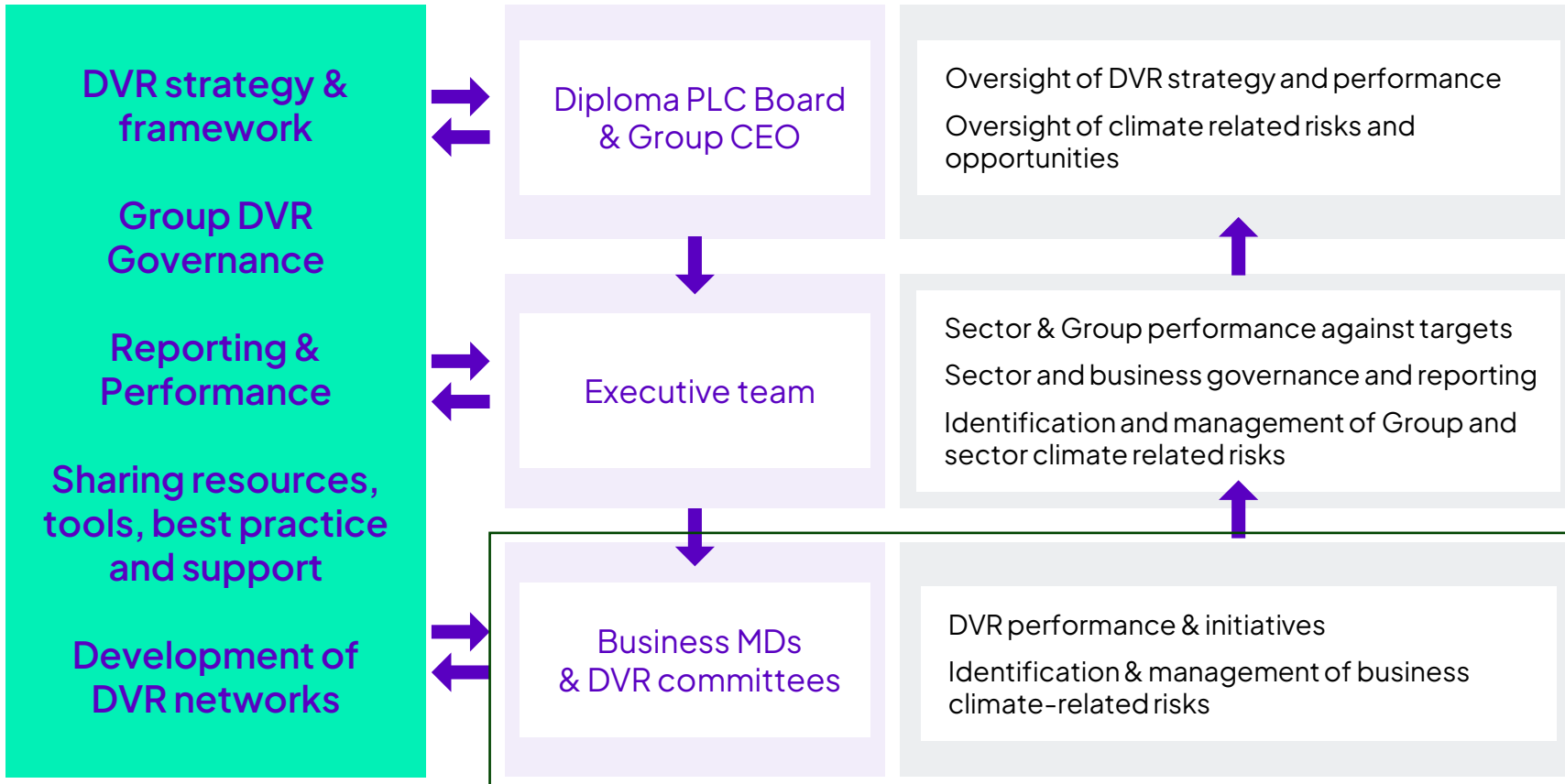
# Significant progress made against all our priorities

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 <sub>2</sub> e/ £1mill)	Waste sent to landfill	Women in senior management teams	Employee Survey scores	Key suppliers aligned to our ethical code	Lost time accident freq. rate																																				
<table border="1"> <tr><td>2021</td><td>12.5</td></tr> <tr><td>2022</td><td>10.5</td></tr> <tr><td>YTD</td><td>7.5</td></tr> </table>	2021	12.5	2022	10.5	YTD	7.5	<table border="1"> <tr><td>2021</td><td>NA</td></tr> <tr><td>2022</td><td>57%</td></tr> <tr><td>YTD</td><td>40%</td></tr> </table>	2021	NA	2022	57%	YTD	40%	<table border="1"> <tr><td>2021</td><td>24%</td></tr> <tr><td>2022</td><td>27%</td></tr> <tr><td>YTD</td><td>28%</td></tr> </table>	2021	24%	2022	27%	YTD	28%	<table border="1"> <tr><td>2021</td><td>79%</td></tr> <tr><td>2022</td><td>79%</td></tr> <tr><td>YTD</td><td>79%*</td></tr> </table>	2021	79%	2022	79%	YTD	79%*	<table border="1"> <tr><td>2021</td><td>NA</td></tr> <tr><td>2022</td><td>59%</td></tr> <tr><td>YTD</td><td>69%</td></tr> </table>	2021	NA	2022	59%	YTD	69%	<table border="1"> <tr><td>2021</td><td>8.0</td></tr> <tr><td>2022</td><td>6.5</td></tr> <tr><td>YTD</td><td>5.8</td></tr> </table>	2021	8.0	2022	6.5	YTD	5.8
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\* Estimate; majority of surveys completed

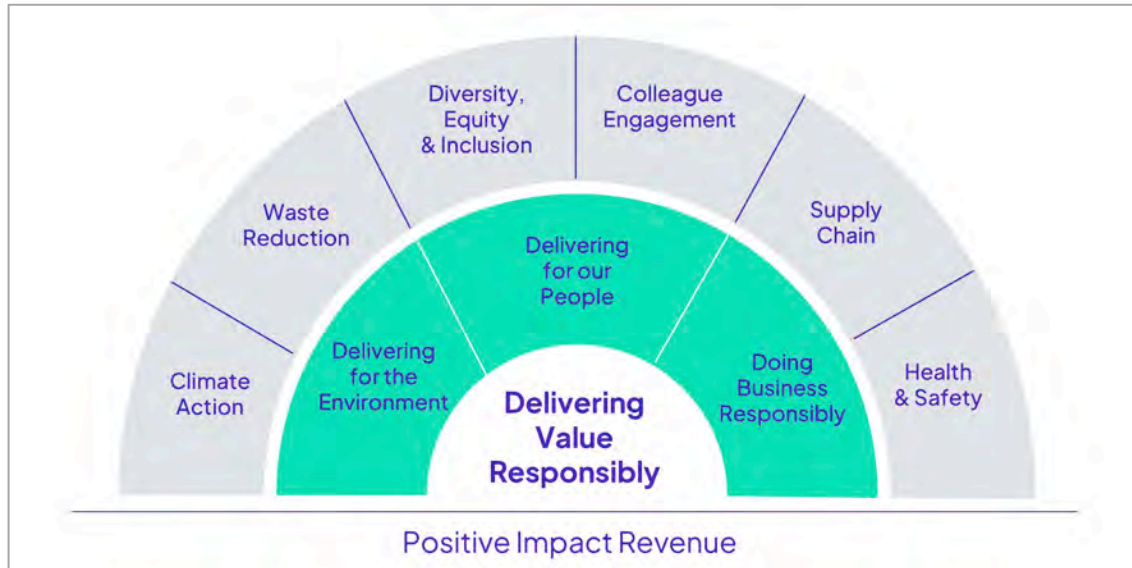
# Clear and simple governance

## Our Governance



- Regular Board updates
- Monthly performance meetings including CEO, CFO, HRD
- Monthly DVR SteerCo to review key initiatives
- Quarterly review with entire Executive team
- Business Unit DVR committees
- Business Unit H&S committees

# A significant opportunity



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

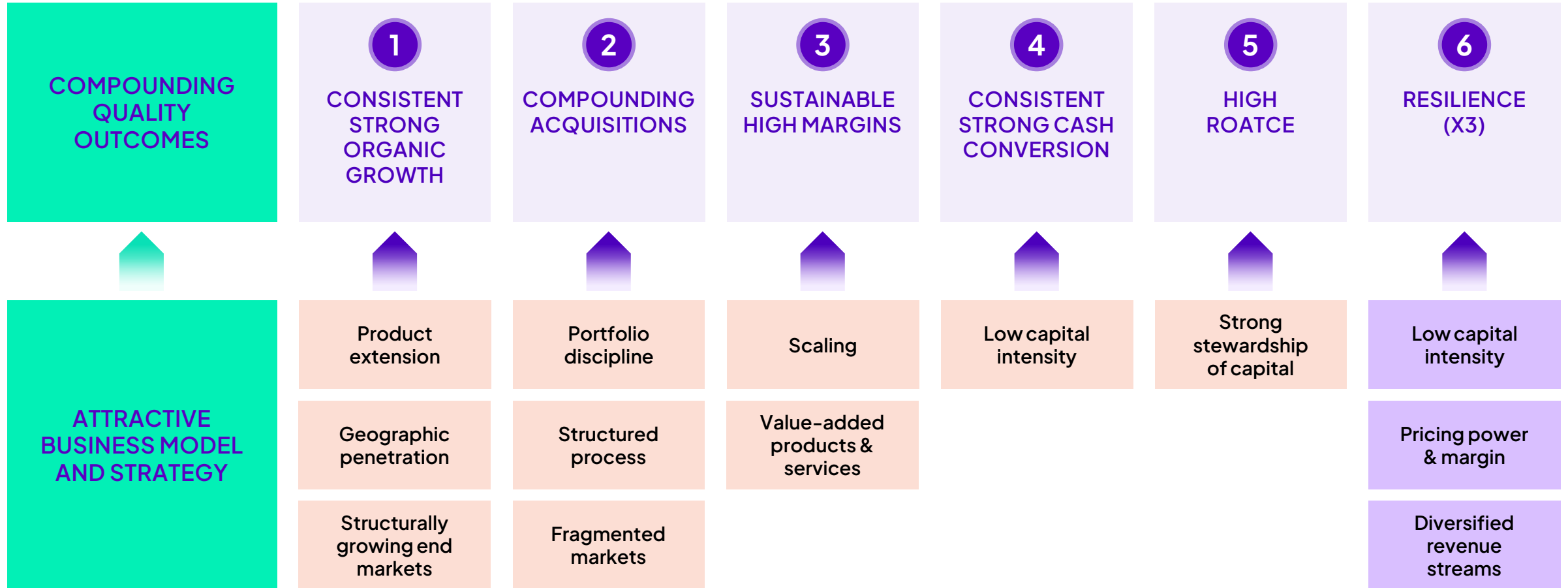
# DIPLOMA DELIVERS

Sustainable  
Quality  
Compounding

Chris Davies  
Group CFO

DIPLOMA PLC  
VALUE-ADD SOLUTIONS

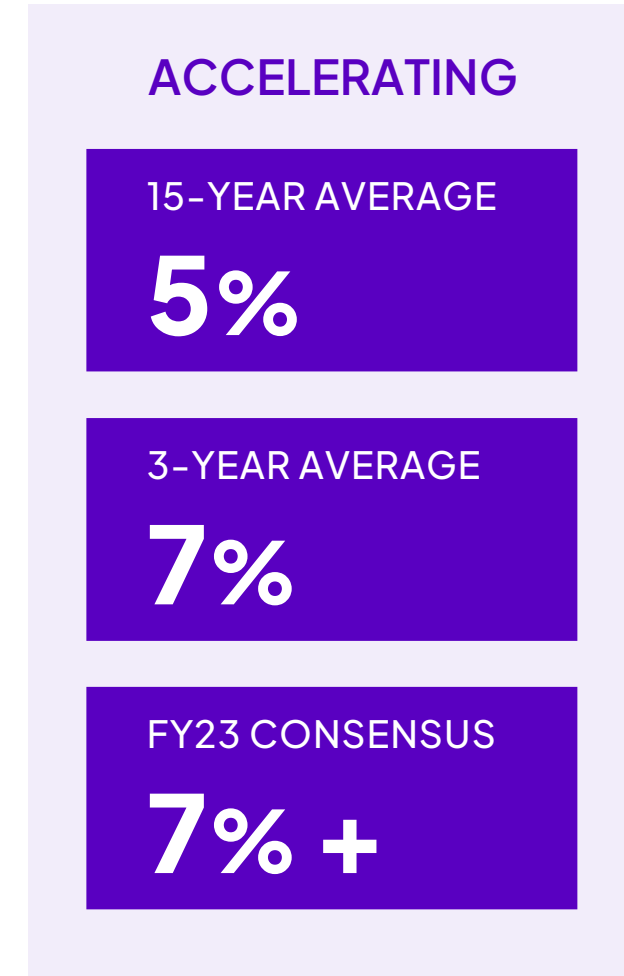
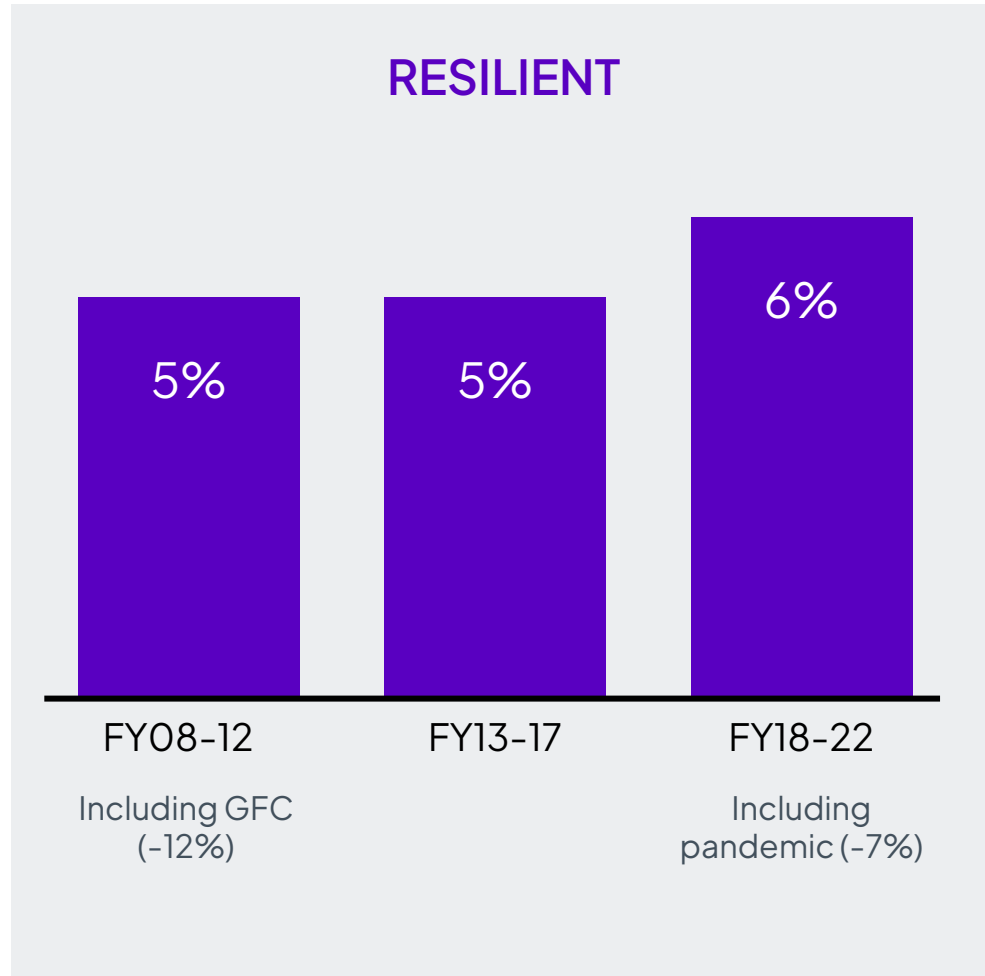
# The 'DNA' of a quality compounder



**Underpinned by discipline and control**



# 1 Organic growth is our priority...



## 2 ...accelerated by complementary acquisitions

CUMULATIVE INVESTMENT TO DATE

**£840m**

AVERAGE ORGANIC GROWTH SINCE ACQUISITION

**15%**

AVERAGE ROATCE

**16% ↑**

STRONG PIPELINE

**ca. 50 opportunities**  
**ca. £1bn EV**

ACCELERATING REPORTED  
REVENUE GROWTH

15-YEAR CAGR

**14%**

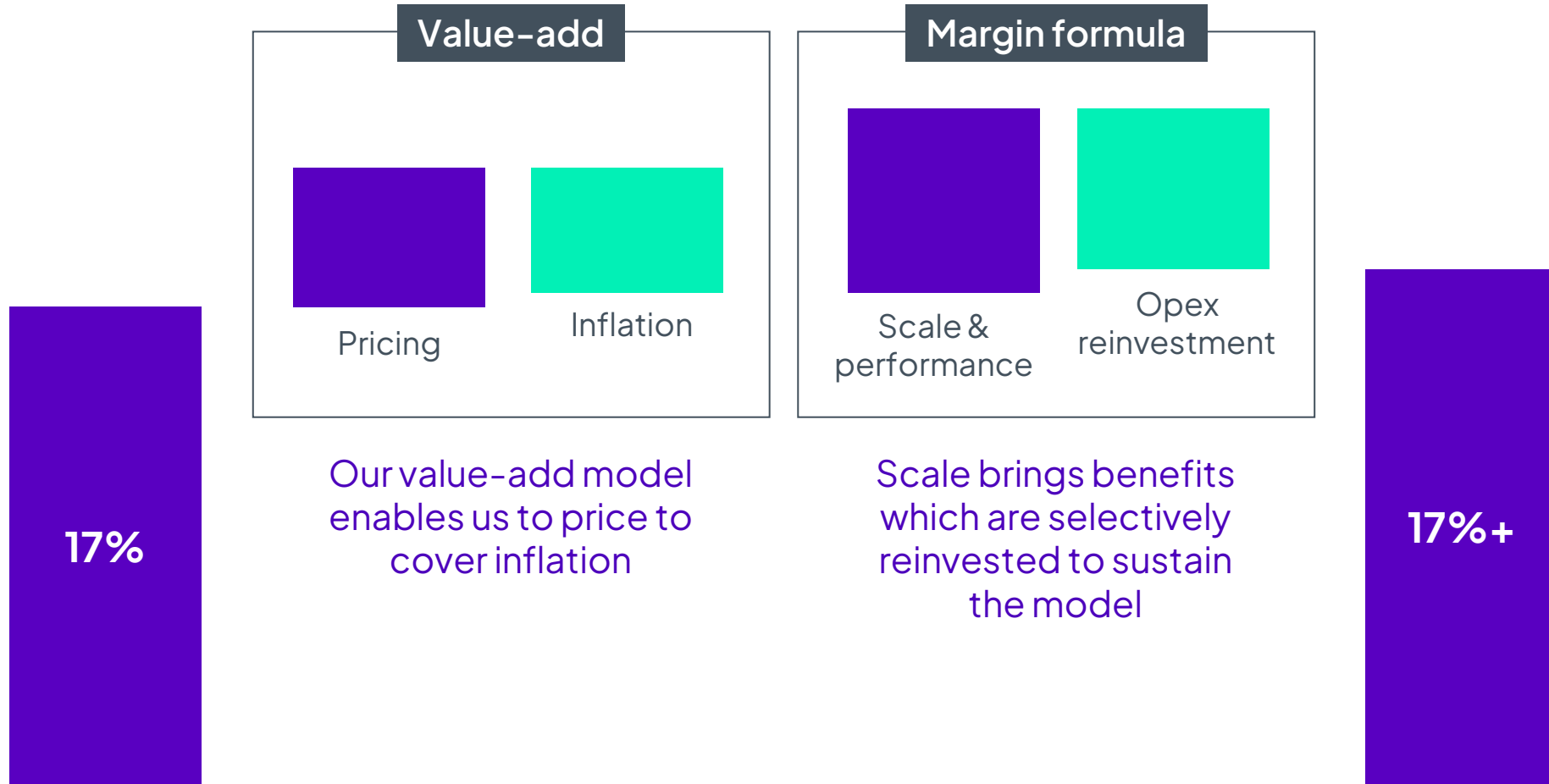
3-YEAR CAGR

**23%**

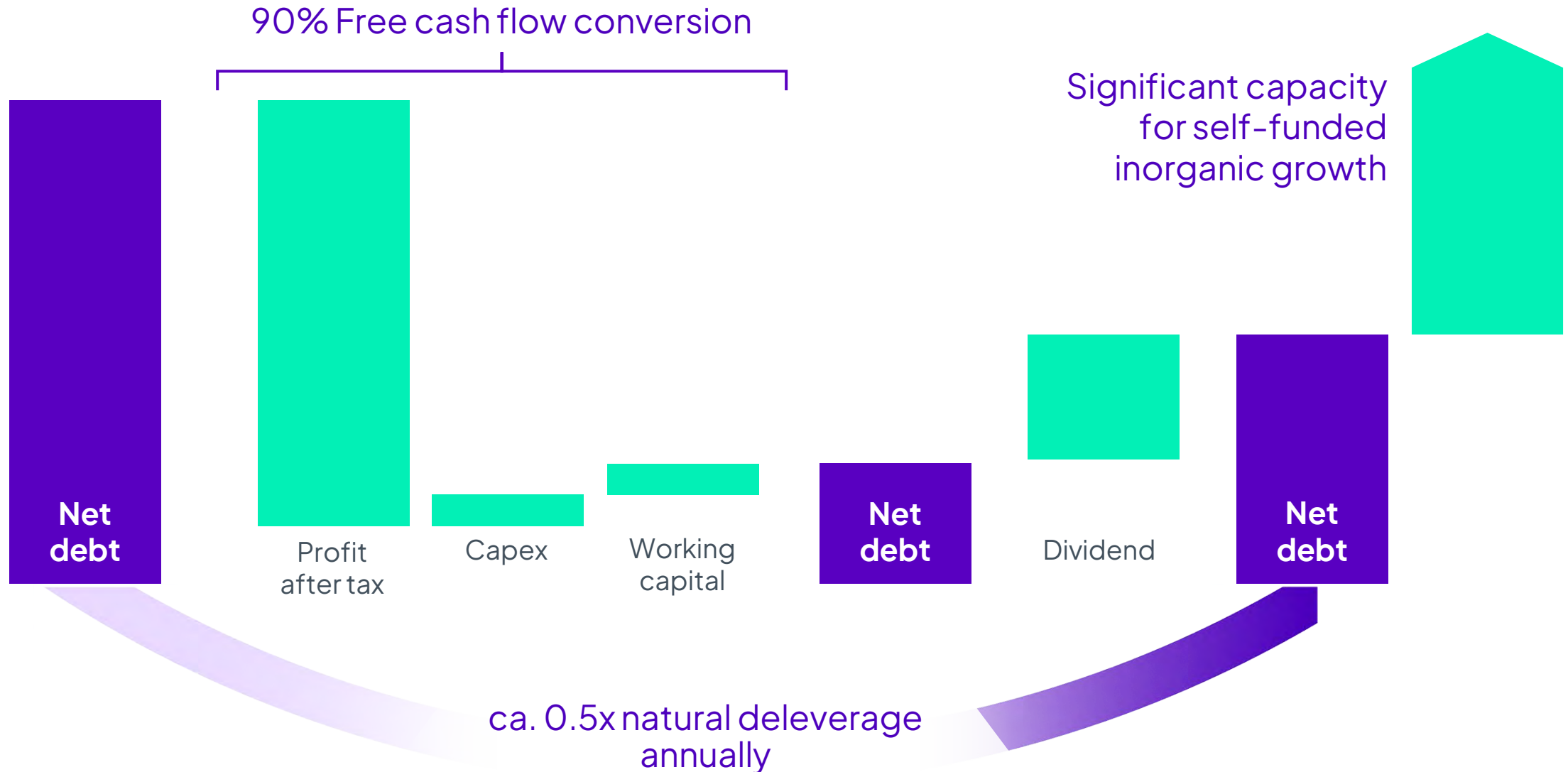
FY23 CONSENSUS

**20% +**

# 3 Value-add solutions drive strong margins



# 4 A highly cash generative business model



## 5 Disciplined capital allocation priorities drive sustained high returns

i

### Invest for organic growth

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

ii

### Targeted acquisitions to drive future organic growth

Acquisitions deliver 20% ROATCE over time

iii

### Return to shareholders

Progressive dividend, 5% growth

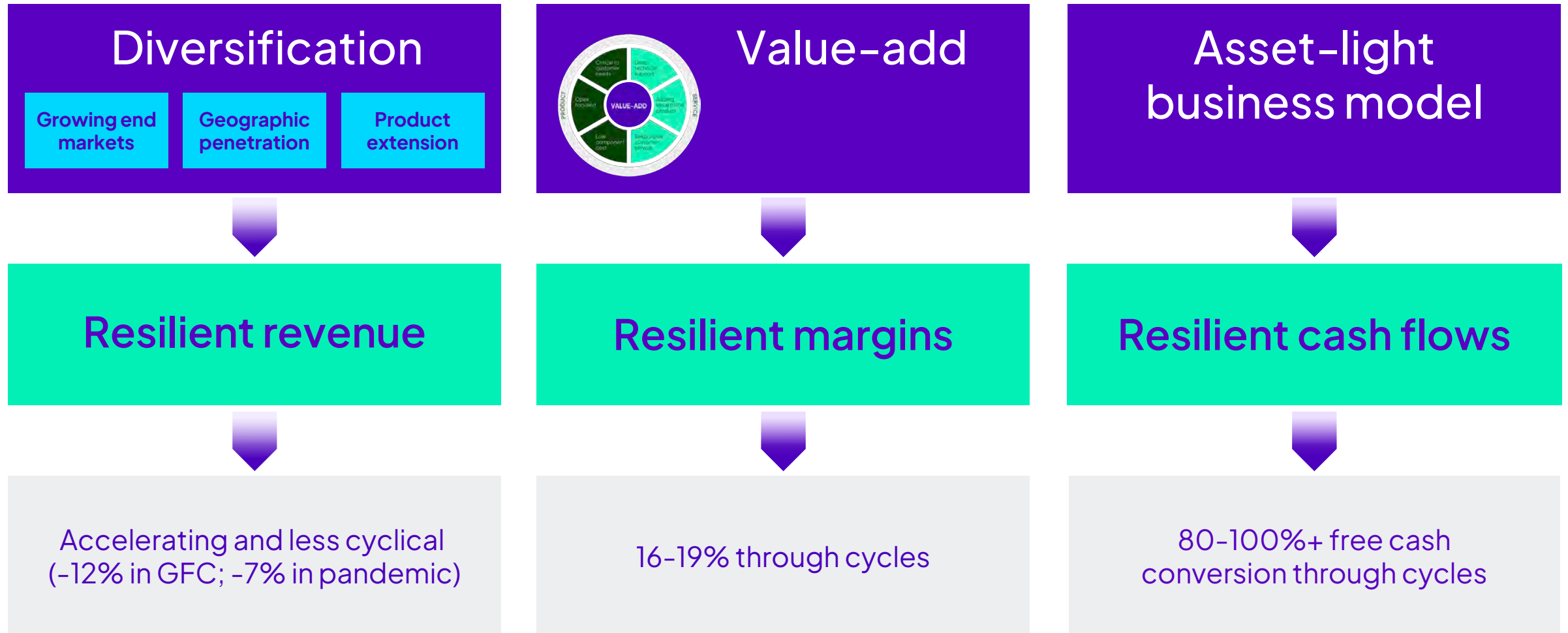
iv

### Maintain a prudent balance sheet

Net debt to EBITDA < 2.0x

High teens ROATCE

# 6 Taken together, this drives resilience (x3)



# Underpinned by control

Culture & tone

Clear & simple policies

Executive / Board oversight

Three lines of defence

Fit for purpose tools & frameworks

Effective systems

Great Finance teams

External expertise

# Our financial model

## Ambitious...

Organic revenue growth is our first priority

**5%**

Total revenue growth accelerated by quality acquisitions

**10%**

Value-add drives strong operating margins

**17%+**

Compounding EPS growth

**Double digit**

## ...with Discipline

Capital-light business model drives strong cash conversion

**90%**

Capital stewardship focused on strong ROATCE

**high teens**

Balance sheet discipline maintains prudent leverage

**< 2.0x**

Return to shareholders with a progressive dividend

**5%**

**Sustainable Quality compounding**

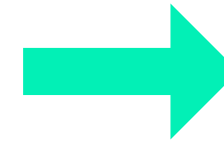


# DIPL<sup>L</sup>OMA<sup>L</sup> DELIVERS

Q&A and wrap up

# Our key messages for today

- 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**