

discoverIE Group

Accelerating demand

discoverIE saw a strong finish to the year, with Q426 organic order growth of 15% y-o-y, organic revenue growth of 5% and 6% growth in the order book compared to end-H126. The company expects to deliver FY26 adjusted EPS in line with consensus. Reflecting an increased level of investment to support growing demand, we revise our adjusted EBIT forecasts. This is more than offset by reduced finance costs in FY26. Management has a number of acquisition opportunities in development, which, along with its pipeline of organic opportunities and design wins, positions the company well for further resilient growth.

Year end	Revenue (£m)	PBT (£m)	EPS (p)	DPS (p)	P/E (x)	Yield (%)
3/24	437.0	48.2	36.78	12.00	16.9	1.9
3/25	422.9	50.1	38.68	12.50	16.1	2.0
3/26e	442.1	51.6	39.79	12.95	15.7	2.1
3/27e	471.0	55.9	41.82	13.55	14.9	2.2

Note: PBT and EPS as per discoverIE's adjusted metric (excludes amortisation of acquired intangibles and exceptional items).

Positive momentum in Q426

In Q426, all operating units saw a sequential increase in demand (both orders and sales). Group revenue grew 6% y-o-y at constant exchange rates (CER) and 5% on an organic basis with acquisitions contributing 1%. Group orders were up 16% CER and 15% organically, with a book-to-bill above 1x, as customers both increased their short-term demand and extended order periods. The Magnetics & Controls division saw a strong pick-up in demand from industrial and medical customers. In Controls, which has lagged due to several US customers working down inventory, organic orders grew strongly for the third consecutive quarter. The Sensing & Connectivity business made encouraging progress as orders improved from the industrial, security and wireless segments.

Growth in order book; Trival acquisition closes

For FY26, group sales grew 5% (reported and CER) and 2% organically; organic sales in both divisions grew 2%. Orders grew 9% CER and 5% organically and the year-end order book was 6% higher half-on-half. Regulatory approval has been received for the Trival acquisition (announced on 4 December 2025) and the deal completed earlier in April. Year-end gearing is expected to have reduced to 1.2x (vs 1.3x at end H126); taking into account the post year-end acquisition of Trival, pro forma gearing would be 1.7x, comfortably within the company's 1.5–2.0x target range.

Valuation: Discount overdone

Through a period of low revenue growth induced by industrial destocking, discoverIE has managed to grow operating profit and earnings, but over the same period, its discount to peers (at c 30%) has widened on a P/E basis. Considering that organic revenue growth has resumed, and the company continues to make good progress towards its margin targets, we believe this discount is overdone. With an active M&A pipeline and a disciplined approach to valuation, we expect further acquisitions to boost growth and earnings.

FY26 trading update

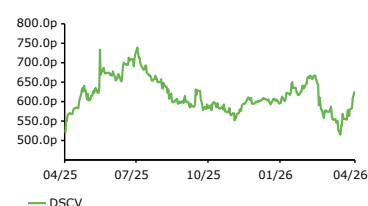
Electrical components

17 April 2026

Price 623.00p
Market cap £607m

Net cash/(debt) at end H126 £(90.7)m
 Shares in issue 97.4m
 Free float 96.0%
 Code DSCV
 Primary exchange LSE
 Secondary exchange N/A

Share price performance



%	1m	3m	12m
Abs	8.5	1.8	13.5
52-week high/low		748.9p	497.0p

Business description

discoverIE is a leading international designer and manufacturer of customised electronics to industry, supplying customer-specific electronic products and solutions to OEMs.

Next events

FY26 results 3 June

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Changes to forecasts

During FY26, gross margins remained robust and combined with internal efficiencies and lower interest costs, supported earnings momentum. The group is on track to deliver adjusted EPS in line with consensus (40.1p). The company highlighted that it made additional investments in the year to support increased demand, including manufacturing capacity expansions in Thailand and India, and increased sales and engineering headcount in the US and Europe.

We have revised our forecasts to reflect slightly lower revenue, a slightly higher cost base and lower net finance costs. For FY26, our adjusted EBIT forecast is reduced by 2.8% but our adjusted EPS forecast is increased by 0.9%. For FY27, we reduce adjusted EBIT by 2.5% and adjusted EPS by 1.3%.

We have shifted the payment for Trival from FY26 to FY27, reflecting the closure of the deal earlier in April.

Exhibit 1: Changes to forecasts

£m	FY26e old	FY26e new	Change	y-o-y	FY27e old	FY27e new	Change	y-o-y
Revenues	447.3	442.1	-1.2%	4.5%	475.6	471.0	-1.0%	6.5%
EBITDA	77.3	75.6	-2.2%	1.2%	84.5	82.8	-2.1%	9.5%
EBITDA margin	17.3%	17.1%	-0.2pp	-0.6pp	17.8%	17.6%	-0.2pp	0.5pp
Adjusted operating profit	62.6	60.9	-2.8%	0.6%	68.9	67.2	-2.5%	10.4%
Adjusted operating margin	14.0%	13.8%	-0.2pp	-0.5pp	14.5%	14.3%	-0.2pp	0.5pp
Normalised operating profit	64.2	62.5	-2.7%	0.0%	71.3	69.6	-2.5%	11.4%
Normalised operating margin	14.4%	14.1%	-0.2pp	-0.6pp	15.0%	14.8%	-0.2pp	0.6pp
Adjusted PBT	52.6	51.6	-1.9%	2.9%	56.9	55.9	-1.8%	8.3%
Normalised PBT	54.2	53.2	-1.8%	2.1%	59.3	58.3	-1.7%	9.6%
Normalised net income	40.2	40.4	0.6%	0.9%	43.9	43.2	-1.6%	6.9%
Normalised diluted EPS (p)	40.6	41.0	1.0%	0.8%	44.1	43.6	-1.2%	6.3%
Adjusted diluted EPS (p)	39.4	39.8	0.9%	2.9%	42.4	41.8	-1.3%	5.1%
Reported basic EPS (p)	27.6	27.6	-0.1%	7.7%	30.2	29.5	-2.5%	6.7%
Dividend per share (p)	13.0	13.0	0.0%	3.6%	13.6	13.6	0.0%	4.6%
Net (debt)/cash	(121.3)	(84.6)	-30.3%	-10.3%	(102.6)	(102.6)	0.0%	21.3%
Net debt/EBITDA (x)	1.6	1.2			1.3	1.4		

Source: Edison Investment Research

Exhibit 2: Financial summary

	£m	2021	2022	2023	2024	2025	2026e	2027e
Year end 31 March		IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
PROFIT & LOSS								
Revenue		302.8	379.2	448.9	437.0	422.9	442.1	471.0
EBITDA		44.0	56.1	65.4	71.1	74.7	75.6	82.8
Normalised operating Profit (before am, SBP and except.)		31.9	44.8	54.3	59.5	62.5	62.5	69.6
Adjusted operating Profit (before am. and except.)		30.8	41.4	51.8	57.2	60.5	60.9	67.2
Amortisation of acquired intangibles		(11.1)	(14.0)	(15.8)	(16.2)	(16.2)	(16.4)	(16.4)
Exceptionals		(2.6)	(6.5)	(1.4)	(9.8)	(1.9)	(0.2)	(1.0)
Share-based payments		(1.1)	(3.4)	(2.5)	(2.3)	(2.0)	(1.6)	(2.4)
Operating Profit		17.1	20.9	34.6	31.2	42.4	44.3	49.8
Net Interest		(3.6)	(3.8)	(5.5)	(9.0)	(10.4)	(9.3)	(11.3)
Profit Before Tax (norm)		28.3	41.0	48.8	50.5	52.1	53.2	58.3
Profit Before Tax (FRS 3)		13.5	17.1	29.1	22.2	32.0	35.0	38.5
Tax		(4.0)	(7.4)	(7.8)	(6.7)	(7.4)	(8.4)	(10.0)
Profit After Tax (norm)		21.6	30.8	36.1	37.9	40.1	40.4	43.2
Profit After Tax (FRS 3)		9.5	9.7	21.3	15.5	24.6	26.6	28.5
Discontinued operations		2.5	15.5	0.0	0.0	0.0	0.0	0.0
Net income (norm)		21.6	30.8	36.1	37.9	40.1	40.4	43.2
Net income (FRS 3)		12.0	25.2	21.3	15.5	24.6	26.6	28.5
Average number of shares outstanding (m)		88.8	93.0	95.4	95.8	96.0	96.3	96.8
EPS - normalised & diluted (p)		23.4	32.1	36.7	38.5	40.7	41.0	43.6
EPS - adjusted, diluted (p)		22.4	29.4	35.2	36.8	38.7	39.8	41.8
EPS - IFRS basic (p)		13.5	27.1	22.3	16.2	25.6	27.6	29.5
EPS - IFRS diluted (p)		13.0	26.3	21.7	15.8	25.0	27.0	28.8
Dividend per share (p)		10.15	10.80	11.45	12.00	12.50	12.95	13.55
EBITDA Margin (%)		14.5	14.8	14.6	16.3	17.7	17.1	17.6
Normalised operating margin (before amortisation, SBP and except.) (%)		10.5	11.8	12.1	13.6	14.8	14.1	14.8
discoverIE adjusted operating margin (%)		10.2	10.9	11.5	13.1	14.3	13.8	14.3
BALANCE SHEET								
Fixed Assets		244.6	326.5	335.9	381.0	396.9	391.2	421.3
Intangible Assets		190.8	263.3	272.0	329.5	336.4	327.2	353.9
Tangible Assets		45.9	45.4	44.4	41.1	50.4	53.9	57.3
Deferred tax assets		7.9	17.8	19.5	10.4	10.1	10.1	10.1
Current Assets		183.6	266.2	249.8	287.7	298.1	313.9	298.0
Stocks		67.7	77.8	90.0	80.1	82.9	89.0	92.9
Debtors		84.9	78.0	74.6	88.8	74.4	79.3	82.6
Cash		29.2	108.8	83.9	110.8	139.3	144.0	121.0
Current Liabilities		(107.8)	(190.3)	(151.2)	(185.4)	(195.5)	(199.0)	(205.2)
Creditors		(102.2)	(114.2)	(107.3)	(101.0)	(94.3)	(97.8)	(104.0)
Lease liabilities		(4.8)	(4.7)	(4.0)	(5.7)	(6.2)	(6.2)	(6.2)
Short-term borrowings		(0.8)	(71.4)	(39.9)	(78.7)	(95.0)	(95.0)	(95.0)
Long-term Liabilities		(112.0)	(112.0)	(130.9)	(181.7)	(191.5)	(182.1)	(172.0)
Long-term borrowings		(75.6)	(67.6)	(86.7)	(136.1)	(138.6)	(133.6)	(128.6)
Lease liabilities		(16.7)	(16.4)	(14.8)	(14.4)	(21.2)	(21.2)	(21.2)
Other long-term liabilities		(19.7)	(28.0)	(29.4)	(31.2)	(31.7)	(27.3)	(22.2)
Net Assets		208.4	290.4	303.6	301.6	308.0	323.9	342.0
CASH FLOW								
Operating Cash Flow		56.8	42.5	52.1	66.0	70.5	67.3	80.3
Net Interest		(3.1)	(3.3)	(4.8)	(7.7)	(10.0)	(8.8)	(10.8)
Tax		(7.2)	(7.1)	(9.0)	(12.5)	(10.6)	(12.8)	(15.1)
Capex		(3.9)	(6.2)	(5.6)	(4.9)	(6.1)	(9.0)	(9.0)
Acquisitions/disposals		(20.5)	(46.8)	(25.1)	(82.8)	(16.7)	(7.5)	(43.4)
Financing		(6.6)	47.2	(7.5)	(9.3)	(7.5)	(7.3)	(7.3)
Dividends		(2.8)	(9.4)	(10.5)	(11.2)	(11.7)	(12.2)	(12.8)
Net Cash Flow		12.7	16.9	(10.4)	(62.4)	7.9	9.8	(18.0)
Opening net cash/(debt)		(61.3)	(47.2)	(30.2)	(42.7)	(104.0)	(94.3)	(84.6)
HP finance leases initiated		0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other		1.4	0.1	(2.1)	1.1	1.8	0.0	0.0
Closing net cash/(debt)		(47.2)	(30.2)	(42.7)	(104.0)	(94.3)	(84.6)	(102.6)

Source: discoverIE, Edison Investment Research

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