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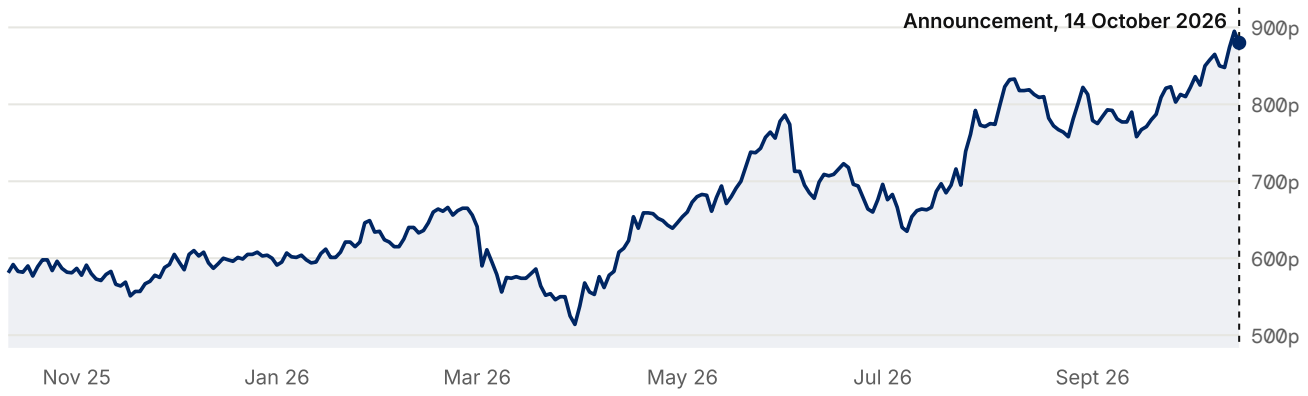
First Half Trading Update · RNS 8078Y · 14 October 2026

discoverIE's organic sales growth reaches 10% in Q2 as orders rise 22%

Share price	884p
Market cap	£861m
52-week range	508p - 900p
Shares in issue	97.4m
12-month change	+51.5%

Ticker Data API, as at 13 Oct 2026, 16:25

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SUMMARY

discoverIE's first-half trading update today reported 8% organic sales growth, accelerating from 6% in the first quarter to 10% in the second, with organic orders up 22% and a book-to-bill ratio of 1.12. Full-year adjusted earnings are running ahead of the Board's expectations, though July's update had already said they were tracking ahead, and no size of increase is given. Magnetics & Controls grew 13% organically. Sensing & Connectivity managed 1%, despite 18% order growth, which the company puts down to longer supply lead times and a tougher comparison. Gearing is expected to rise to c.1.8x after the 3Gmetalworx acquisition, while last year's results showed solid cash generation alongside a lower adjusted margin and return on capital. The interim results on 2 December should show whether orders are turning into sales and cash.

KEY FIGURES

FIGURE	VALUE	PERIOD	CHANGE
H1 organic sales growth	+8%	H1 FY27 (six months to 30 Sep 2026)	Q1 +6%, Q2 +10%
H1 organic order growth	+22%	H1 FY27	Q1 was +31% (Trading Update RNS, 24 Jul 2026)
Book-to-bill ratio	1.12	H1 FY27	Q1: 1.15 (Trading Update RNS, 24 Jul 2026)
Magnetics & Controls organic sales growth	+13%	H1 FY27	
Sensing & Connectivity organic sales growth	+1%	H1 FY27	+5% higher than H2 last year; orders +18%
Reported sales growth	+14%	H1 FY27	+13% at constant exchange rates
Expected gearing after 3Gmetalworx	c.1.8x	31 Mar 2027	1.6x expected at 30 Sep 2026; 1.2x at FY26 year end
Adjusted operating margin	13.8%	FY26 (year to 31 Mar 2026)	from 14.3%
Free cash flow	£36.6m	FY26	
3Gmetalworx cash consideration (90% stake)	US$67.5m (£50.0m)		

Sources: First Half Trading Update RNS, 14 Oct 2026; First Half Trading Update RNS, 14 Oct 2026; Preliminary results RNS, 3 Jun 2026; Preliminary results RNS, 3 Jun 2026; Acquisition of 3Gmetalworx RNS, 19 May 2026

THE ANNOUNCEMENT

- First-half organic sales rose 8% (Q1 +6%, Q2 +10%). Including acquisitions, sales rose 13% at constant exchange rates and 14% as reported.
- Organic orders rose 22% (Magnetics & Controls +25%, Sensing & Connectivity +18%) and 30% at constant exchange rates, giving a book-to-bill ratio of 1.12. A ratio above 1 means orders exceeded sales in the half.
- Magnetics & Controls grew 13% organically on industrial electrification, renewable energy and security demand. Sensing & Connectivity grew 1%, which the company attributes to longer supply lead times in certain segments and a tougher prior-year comparison, and expects growth there to accelerate in the second half.
- Full-year adjusted earnings are running ahead of the Board's expectations. No amount is given for the increase, and no half-year profit, margin or cash figures are provided.
- Gearing (net debt divided by adjusted EBITDA annualised for acquisitions) is expected to be 1.6x at 30 September 2026 and c.1.8x at 31 March 2027 after the 3Gmetalworx acquisition, whose regulatory approval is described as well progressed.
- Interim results will be released on 2 December 2026.

AGAINST GUIDANCE

The earnings statement strengthens the July position without changing its direction. On 3 June the outlook was for full-year adjusted earnings in line with Board expectations, and on 24 July they were tracking ahead. Today they are running ahead, and the headline calls this an earnings upgrade, but no figure is attached. Order growth has moderated from 31% in the first quarter to 22% for the half, while sales growth has accelerated.

BULL CASE

- Growth is visible without acquisitions: organic sales accelerated to 10% in the second quarter, and orders exceeded sales across the group with a 1.12 book-to-bill ratio.
- Sensing & Connectivity's 18% organic order growth, against 1% sales growth, offers a route to broader divisional growth in the second half if lead times allow delivery.
- The business generates cash. FY26 operating cash flow was £45.3m against statutory after-tax profit of £29.0m, and the £240m revolving credit facility has been extended to May 2030, with leverage and interest-cover covenants met at March 2026.

BEAR CASE

- Sensing & Connectivity has so far delivered only 1% organic sales growth, and the company itself cites longer lead times in certain segments, so the timing of the expected acceleration is unproven.
- Fulfilling a larger order book could absorb cash in inventory and receivables first, and the update gives no working-capital figures. The £50.0m cash price for 3Gmetalworx alone exceeds last year's £36.6m free cash flow.
- Returns softened last year: adjusted operating margin fell to 13.8% from 14.3% and return on capital employed to 15.2% from 15.8%. Adjusted operating profit of £61.0m sat £15.8m above statutory operating profit of £45.2m, so an unquantified rise in adjusted earnings says little about cash returns.

WHAT TO WATCH

- Interim results on 2 December 2026: whether Sensing & Connectivity sales accelerate, and whether the group's adjusted operating margin moves above or below FY26's 13.8%.
- The working-capital movement and operating cash flow in the half, which will show whether orders are converting into cash or tying it up in inventory and receivables.
- Regulatory approval and completion of 3Gmetalworx, together with facility drawings, covenant headroom and a reconciliation of the two FY26 net-debt figures (£80.5m in the preliminary results, £115m in the debt section of the accounts data).
- Second-half order intake: a book-to-bill ratio falling towards 1.0 would weaken the support the order book currently gives to sales growth.

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