

10 August 2022

RS GROUP PLC ANNOUNCES ACQUISITION OF RISOUL FOR US\$275 MILLION STRONG STRATEGIC, FINANCIAL AND CULTURAL RATIONALE

- Acquisition of leading distributor of industrial and automation product and service solutions in Mexico
- Largest authorised distributor of Rockwell products in Mexico and also Latin America
- Delivering on all our acquisition priorities: geographic expansion, product adjacencies and service solutions
- Significantly strengthening the RS Group offer in Mexico
- Opportunity to leverage our digital expertise, complementary products including our main own-brand RS PRO, and a broad range of product and service solutions to accelerate growth
- Accretive to adjusted¹ earnings per share (EPS) in the first full year and expected to exceed Group cost of capital within three years

RS Group is pleased to announce an agreement to acquire Risoul y Cia, S.A. de C.V. (Risoul), a family-owned distributor of industrial and automation product and service solutions in Mexico, for a cash consideration of US\$275 million (c. £228 million) on a cash-free and debt-free basis. The consideration represents an acquisition multiple of c. 12x adjusted EBIT on a 12-month basis to 30 June 2022.

Strong strategic alignment

The acquisition of Risoul delivers on the Group's strategy to accelerate organic growth through high-quality inorganic opportunities that expand our geographic reach, extend targeted product adjacencies, and develop our product and service solutions offer. We are excited about deepening our presence in Mexico and having a strong platform to expand into Latin America, a region we can see benefiting from nearshoring owing to de-globalisation and a greater focus on improving sustainability through reducing distances products travel.

Risoul is a leading distributor of industrial and automation product and service solutions in Mexico, a highly fragmented market, with almost 50 years of operational knowledge and automation expertise. Risoul sells a range of branded products and is the largest authorised Rockwell Automation distributor in Latin America, the tenth globally, with rights to distribute Rockwell's products in the main industrial areas of Mexico and has recently launched into Spain. Risoul also provides several service solutions including onsite product training, control board and panel assembly, air conditioning maintenance, specialist tool repair and a smart network infrastructure service.

There is a strong cultural overlap between Risoul and RS Group. Risoul is led by Chief Executive Officer (CEO), Gerardo Ayala Guarneri, who has been with the company for 18 years, the last five as CEO. Risoul, like RS Group, believes that having an engaged and motivated team is critical to delivering success. There is a strong emphasis on training and ensuring the health and wellbeing of its people, with a high employee engagement score demonstrating this. We are looking forward to working together with Gerardo and his team.

Compelling financial rationale

The acquisition of Risoul by RS Group is expected to deliver significant revenue synergies. Combining Risoul's established presence in Mexico with RS Group's range of complementary and ancillary products, including our main own-brand RS PRO, will support increased average order value for existing customers. We will develop Risoul's digital presence to increase customer reach and offer a broader product range while improving execution capabilities and driving efficiencies. We expect the combination to greatly enhance prospects for employees, customers and suppliers of both organisations.

For the year ended 30 September 2021, Risoul generated revenue of US\$166 million and EBIT of US\$19 million. Over recent months, revenue growth has been held back due to interruptions in supply which has led to an increased order book which should unwind over the next twelve months. The acquisition, which will be financed from RS Group's existing debt facilities, is due to be completed by November 2022, subject to customary closing conditions including Mexican anti-trust. It is expected to be accretive to adjusted¹ EPS in the first full year of ownership and exceed Group cost of capital within three years. Following the acquisition, RS Group's balance sheet will remain strong, with pro forma net debt to adjusted EBITDA (for the year ended 31 March 2022) of <0.8x, which provides the capacity to continue driving our growth ambitions.

LINDSLEY RUTH, CEO RS GROUP PLC, COMMENTED: “We are accelerating our organic growth with bolt-on acquisitions that meet our key strategic, financial and cultural criteria. Risoul enables RS to expand our position and execution expertise in the Americas, specifically in Mexico and the rest of Latin America, and drive cross-selling synergies across our product and service solutions offer. As part of RS Group, Risoul will benefit from our digital capabilities and international scale, providing an opportunity to expand beyond its existing strengths, while creating new capabilities. We are excited about the growth opportunities we see as part of our Journey to Greatness and welcome the Risoul team to the RS Group.”

GERARDO AYALA GUARNERI, CEO RISOUL, COMMENTED: “The Rockwell model has helped build our business and reputation in our market. It is not just about selling products; we are also providing value-added product and service solutions that help customers run their businesses. Our product specialists and sales engineers, who have a great deal of commercial and technical knowledge and experience, can recommend and install efficient and productive processes and technology. RS Group brings extensive digital expertise, strong execution knowledge and global support, allowing us to extend our customer reach and accelerate the growth ambitions of our winning Risoul model.”

Rockwell Automation welcomes RS Group to the partner network

ARIEL BURSZTEIN, MARKET ACCESS DIRECTOR LATIN AMERICA, ROCKWELL AUTOMATION, COMMENTED: “Rockwell is delighted to expand its partnership with RS Group into Mexico. We are confident that the pairing of RS Group’s omni-channel capabilities with Risoul’s established strengths with Rockwell Automation solutions will represent a winning formula.”

Notes:

1. Adjusted excludes amortisation of intangible assets arising on acquisition of businesses, acquisition-related items, substantial reorganisation costs, substantial asset write-downs, one-off pension credits or costs, significant tax rate changes and associated income tax.

Enquiries:

David Egan, Chief Financial Officer	RS Group plc	020 7239 8400
Lucy Sharma, VP Investor Relations	RS Group plc	020 7239 8427
Martin Robinson / Olivia Peters	Tulchan Communications	020 7353 4200

Conference call details

There will be a presentation for analysts and investors today at 2.00 pm UK time via an audio conference call. A copy of the presentation will be available on the investor relations page of the RS Group website shortly before the call (www.rsgroup.com/investors). A replay of the conference call will be provided after the call.

Pre-registration link

If possible, please pre-register for this call to join digitally (without an operator), via the following link:

<https://webcast.openbriefing.com/rsgroup-aug22/>

Participant dial in number:

United Kingdom:	020 3936 2999
All other locations:	+44 20 3936 2999
Or dial-in online:	www.incommuk.com/customers/online
Access code:	750098 – Participants will be greeted by an operator who will register their details.

Conference call timing

Date: 10 August 2022

Time: 2.00pm UK time

Additional information on Risoul

Risoul has more than 580 employees across 16 locations in Mexico, providing product and services solutions to key industrial markets in the country. It has two distribution centres (Mexico City and Monterrey), eight local warehouses and its own delivery fleet, enabling it to offer 18,000 stocked products and a further 42,000 unstocked. As per the distribution agreement with Rockwell Automation, Risoul will continue to operate as an independent business within the broader Americas region, with Gerardo Ayala Guarneri, the Risoul CEO, reporting into Ken Bradley, President RS Americas.

Acquisition details and financing

RS Group has entered into an agreement to acquire Risoul, a family-founded and managed business, for US\$275 million (c. £228 million) on a cash-free and debt-free basis from the Risoul family who privately hold the entire shareholding of the company. This is subject to customary closing conditions, including Mexican anti-trust, and is expected to be completed by November 2022 and be financed by existing debt facilities.

The acquisition constitutes a class 2 transaction for the purposes of the UK Financial Authority's Listing Rules. Total gross assets as of 30 June 2022 were c. US\$80 million.

Notes to editors:

RS Group plc (formerly Electrocomponents plc) is a leading global omni-channel industrial product and service solutions provider to customers who are involved in designing, building and maintaining industrial equipment and operations, safely and sustainably. We stock more than 700,000 industrial and electronic products, sourced from over 2,500 leading suppliers, and provide a wide range of product and service solutions to over 1.2 million customers. With operations in 32 countries, we trade through multiple channels and ship over 60,000 parcels a day.

We support customers across the product lifecycle, whether via innovation and technical support at the design phase, improving time to market and productivity at the build phase, or reducing purchasing costs and optimising inventory in the maintenance phase. We offer our customers tailored product and service propositions that are essential for the successful operation of their businesses and help them save time and money.

RS Group plc is listed on the London Stock Exchange with stock ticker RS1 and in the year ended 31 March 2022 reported revenue of £2,554 million.