

ELECTROCOMPONENTS PLC
RESULTS FOR THE HALF YEAR ENDED 30 SEPTEMBER 2016

PERFORMANCE IMPROVEMENT PLAN DRIVES 45% UNDERLYING H1 HEADLINE PBT GROWTH

Highlights	H1 2017	H1 2016	Change	Underlying Change¹
Revenues	£706.3m	£626.5m	12.7%	2.1%
Gross Margin	43.6%	43.3%	0.3pts	0.3pts
Headline operating profit²	£57.7m	£33.8m	70.7%	42.1%
Headline operating margin²	8.2%	5.4%	2.8pts	2.3pts
Headline profit before tax^{2,3}	£55.1m	£31.3m	76.0%	44.6%
Headline earnings per share²	9.1p	5.2p	75.0%	56.9%
Headline free cash flow²	£61.9m	£11.8m	424.6%	
Net debt	£140.9m	£169.6m	16.9%	
Leverage (x EBITDA)	1.0x	1.6x	37.5%	
Interim dividend	5.0p	5.0p	-	
<hr/>				
Reported profit before tax	£54.5m	£19.9m	173.9%	85.3%
Reported earnings per share	9.0p	3.1p	190.3%	143.2%

- (1) Underlying growth, unless otherwise stated, is adjusted for currency movements, in addition underlying revenue growth measures are also adjusted for trading days. Positive currency movements increased Group reported H1 revenues by £58 million, additional trading days boosted Group H1 revenues by around £8 million.
- (2) Headline measures of profitability and cash flow are defined as the relevant reported profit/cash flow measure before reorganisation costs/cash flows, asset write-downs or disposals.
- (3) Positive currency movements increased headline profit before tax by around £7 million.

Financial highlights

- Revenues were up 12.7% aided by foreign exchange and extra trading days. Underlying revenue growth was 2.1%.
- Underlying revenue growth increased to 3.1% in Q2 (0.9% Q1) as North America and Asia returned to growth.
- Gross margins improved 0.3% points driven by initiatives on pricing and discounting discipline.
- Reported PBT of £54.5m was up 174% aided by a significant reduction in the exceptional charge year on year.
- Headline H1 PBT of £55.1m was up 76% and 45% on an underlying basis.
- 'Simplify – Operate for Less' actions drove a 2.3% points underlying improvement in operating margins to 8.2%.
- Strong headline free cash flow was up £50.1m year on year, with improved stock turn 2.8x (H1 2016: 2.5x).
- Reported EPS was 9.0p up 190%. Headline EPS was 9.1p up 75% or 57% on an underlying basis.
- Interim dividend maintained at 5.0p.

Operational highlights

- 2017 cost savings ahead of plan: £13m delivered in H1. Raising March 2017 savings target to £18m versus £15m.
- We now expect to deliver £30m of total annualised net savings by March 2018 (previous guidance at least £25m).
- Significant progress in Asia Pacific, losses reduced to £4.2m versus £13.2m in H1 2016.
- Improved customer experience: Group customer satisfaction rating (Net Promoter Score) up 9% to 42.1.
- Online customer satisfaction up 60% year on year in August 2016. Online speed improved by 33% year on year.
- Successful repositioning of own brand range, RS Pro, (12.6% of revenues) with 6.6% growth in H1.

CURRENT TRADING & PROSPECTS

We have made an encouraging start to the second half of the year, with all hubs seeing an improvement in underlying revenue growth in October versus the Q2 trend. The return to positive revenue growth that we saw in our North America and Asia Pacific hubs in Q2 has continued. Northern and Southern Europe are again seeing good growth, while Central Europe returned to modest growth in the month.

We have raised our cost savings guidance to £18m of net savings in 2017 and total annualised net savings of £30 million by March 2018. Work continues to identify further efficiencies and simplify the way we operate. All these actions mean that we are well positioned to make strong progress in the year to March 2017.

LINDSLEY RUTH, CHIEF EXECUTIVE OFFICER, COMMENTED:

“One year on from the launch of the Performance Improvement Plan, I am extremely pleased by the progress we are making to put the customer back at the heart of this business, increase accountability and operate for less. As a result of our actions we have seen significant growth in both profits and cash flow during the first half of our financial year. However, while we have taken a major step forward, we are only just at the beginning of this journey and still a long way from best in class. We remain extremely focused on delivering a further step change in the performance of this organisation and are excited about the significant potential for further improvement and growth.”

Enquiries:

Lindsley Ruth, Chief Executive Officer	Electrocomponents plc	020 7567 8000*
David Egan, Group Finance Director	Electrocomponents plc	020 7567 8000*
Polly Elvin, VP of Investor Relations	Electrocomponents plc	07973 812481
David Allchurch / Martin Robinson	Tulchan Communications	020 7353 4200

* Available until 12:00 on 18 November 2016, thereafter 01865 204000

The results statement and presentation to analysts are published on the corporate website at www.electrocomponents.com.

Notes on financial terms:

In order to reflect underlying business performance, comparisons of revenue between periods (including by region, product group and channel) have been adjusted for currency and trading days (underlying revenue growth).

Changes in profit, cash flow, debt and share related measures such as earnings per share are, unless otherwise stated, at reported exchange rates.

Sign conventions: % changes in revenues and costs are disclosed as positive if improving profit and negative if reducing profit.

Key performance measures such as return on sales and EBITDA use headline profit figures.

Notes to editors:

Electrocomponents has operations in 32 countries. We offer more than 500,000 products through the internet, catalogues and at trade counters to over one million customers, shipping more than 44,000 parcels a day. Our products sourced from 2,500 leading suppliers, include electronic components, electrical, automation and control and test and measurement equipment and engineering tools and consumables.

The business satisfies the small quantity needs of its customers who are typically electronics design engineers, machine and panel builders, maintenance engineers or buyers. A large number of high-quality goods are stocked, which are dispatched the same day that the order is received. The average customer order value is around £150 although the range of order values is wide. The Group’s customers come from a wide range of industry sectors with diverse product demands.

OVERALL RESULTS

	H1 2017	H1 2016	Change	Underlying Change¹
Revenue	£706.3m	£626.5m	12.7%	2.1%
Gross margin	43.6%	43.3%	0.3pts	0.3 pts
Headline operating profit	£57.7m	£33.8m	70.7%	42.1%
Headline operating margin	8.2%	5.4%	2.8 pts	2.3 pts
Operating profit conversion %	18.8%	12.5%	6.3 pts	5.0 pts

1) Underlying adjusted for currency; revenue also adjusted for trading days

Revenue

Group revenue increased by 12.7% on a reported basis to £706.3 million (2016: £626.5 million). Foreign exchange had a positive impact on revenues of £58.0 million during the half, while additional trading days boosted revenues by around £8 million. Underlying revenue growth was 2.1% during H1, with revenue growth improving from 0.9% during Q1 to 3.1% during Q2. All hubs except for Central Europe saw positive growth during the first half with the strongest growth being seen in Northern and Southern Europe. eCommerce revenues saw underlying revenue growth of 2.1% in H1 and represented 62% of total revenues. RS Pro, which represents 12.6% of revenues, outperformed overall Group growth with underlying revenue growth of 6.6%.

Gross Margin

Group gross margin at 43.6% was up 0.3 percentage points on both an underlying and a reported basis with management initiatives on price and increased discipline on discounting more than off-setting a 0.2 percentage points negative impact from transactional foreign exchange.

Looking forward, assuming constant pricing, recent sterling weakness means foreign exchange should move to be a positive feature for gross margins during the second half of this financial year. Sterling weakness will mean lower cost prices for our Southern Europe, Central Europe and Asia Pacific hubs when buying from the UK, which should more than offset the negative impact of higher cost prices for our UK business.

Operating costs

Total headline operating costs, which include hub costs and central costs, fell 2.1% on an underlying basis, but increased 5.3% on a reported basis to £250.0 million (H1 2016 : £237.5 million). Operating costs fell in underlying terms as we began to see the benefit of the cost-reduction initiatives undertaken as part of the PIP. Overall, we delivered savings of £13 million in the first half of 2017, which was ahead of our original target.

As part of our 'Simplify - Operate for Less' initiative, we will continue to make our operating model as lean and efficient as possible, so we can convert a higher percentage of gross profit into operating profit. As a result of the significant actions we have taken to address our cost base over the last year, our operating profit conversion ratio (headline operating profit as a percentage of gross profit) rose 6.3 percentage points in H1 2017 to 18.8% (H1 2016: 12.5%).

Headline operating profit

Headline operating profit for the year increased 70.7% to £57.7 million (H1 2016: £33.8 million) or 42.1% on an underlying basis. The operating margin improved 2.8 percentage points to 8.2% (H1 2016: 5.4%) or 2.3 percentage points on an underlying basis.

We are pleased by the significant improvement in profitability and momentum we have seen in the 12 months since the initiation of the PIP last November. We believe we are only just at the beginning of this journey to deliver a step change in the performance at Electrocomponents and we are extremely excited about the significant potential we see for further improvement and growth.

Segmental Results

The following section looks at the performance of each of our five hubs: Northern Europe, Central Europe, Southern Europe, North America and Asia Pacific (includes our emerging markets operations) as well as the central costs.

Northern Europe

	H1 2017	H1 2016	Change	Underlying change ¹
Revenue	£199.3m	£187.1m	6.5%	3.5%
Operating profit	£42.0m	£31.2m	34.6%	28.4%
Operating margin	21.1%	16.7%	4.4 pts	3.8 pts

1) Underlying adjusted for currency; revenue also adjusted for trading days

The Northern European hub consists of the UK, Ireland and Scandinavia and remains our most profitable hub. The UK is the main market for this hub and accounts for c. 90% of the revenue. Our UK business is the market leader, supported by 16 trade counters with a local stock profile, located in the UK's key industrial towns and cities.

Overall, Northern European revenue increased by 3.5% on an underlying basis and 6.5% on a reported basis to £199.3million (H1 2016: £187.1 million). Revenue growth remained strong across the period with 2.5% growth in Q1 despite some uncertainty in the UK ahead of the referendum vote in June and 4.4% growth in Q2. In H1, eCommerce revenue, which accounts for 69% of revenue, grew at 2.3% on an underlying basis. RS Pro sales, which account for 22% of revenue, grew at 4.7% on an underlying basis. Growth was strong across all three markets within the hub during the first half. In October the UK saw its eleventh consecutive month of growth with the new cross-functional hub leadership team driving a common go-to-market approach focused on identifying customer potential with increased sector and regional focus. As we move into Q4, we will begin to lap stronger trading comparatives in the UK, with the anniversary of our return to growth in the UK in December 2015 and the Raspberry Pi 3 launch in March 2016. However, we remain focused on continuing to take market share in the UK and driving incremental improvements to our customer and supplier experience. We are currently undertaking a major initiative to improve sales effectiveness across the Group, this work and the development of a consistent end-to-end sales process is currently being piloted in the UK.

Operating profit increased by 28.4% on an underlying basis, an increase of 34.6% on a reported basis to £42.0 million (H1 2016: £31.2 million). Operating margins rose 3.8 percentage points on an underlying basis and 4.4 percentage points on a reported basis to 21.1% (H1 2016: 16.7%) aided by an improvement in gross margins and tight cost control.

Southern Europe

	H1 2017	H1 2016	Change	Underlying change ¹
Revenue	£136.3m	£114.3m	19.2%	3.8%
Operating profit	£12.1m	£9.5m	27.4%	0.8%
Operating margin	8.9%	8.3%	0.6 pts	(0.3)pts

1) Underlying adjusted for currency; revenue also adjusted for trading days

The Southern European hub consists of France, Italy, Spain and Portugal. France is the main market for this hub and accounts for approximately two-thirds of the revenue.

Overall, Southern European revenue increased by 3.8% on an underlying basis, an increase of 19.2% on a reported basis to £136.3 million (H1 2016: £114.3 million), with all countries contributing to this strong performance. Growth was broadly consistent across the two quarters with Q1 up 3.9% and Q2 up 3.1%. France saw good growth driven by strong performances of RS Pro and the small and medium-sized customer segment. We saw a slowdown in the rate of growth with French corporate accounts, given particularly strong comparatives in the period. Spain also saw a good performance in spite of lower Raspberry Pi sales. Italy saw a more mixed performance, with some softness in corporate accounts. eCommerce revenue, which accounts for 73% of revenue, was up 3.2% on an underlying basis. RS Pro, which accounts for 15% of revenue in the hub, saw a very strong performance up 12.3% on an underlying basis.

Operating profits were up 0.8% on an underlying basis, an increase of 27.4% on a reported basis to £12.1 million (H1 2016: £9.5 million). Operating margins fell 0.3 percentage points on an underlying basis, but rose 0.6 percentage points at reported rates to 8.9% (H1 2016: 8.3%). Hub margins fell for two key reasons: first we saw a negative impact on gross margins from foreign exchange, with the six month lag on currency hedging meaning we did not see any

benefit from recent sterling weakness during the first half; second we saw an increase in allocated costs due to increased investment in digital, RS Pro and supply chain with some additional one-off supply chain costs associated with the introduction of the Global Planning Tool.

Central Europe

	H1 2017	H1 2016	Change	Underlying change ¹
Revenue	£95.3m	£82.6m	15.4%	(0.2)%
Operating profit	£4.3m	£3.5m	22.9%	(15.7)%
Operating margin	4.5%	4.2%	0.3pts	(0.9)pts

1) Underlying adjusted for currency; revenue also adjusted for trading days

The Central European hub consists of Germany, Austria, Benelux, Switzerland and Eastern Europe. Germany is the main market for this hub and accounts for approximately two-thirds of the revenue.

Overall, Central European revenues reduced by 0.2% on an underlying basis, an increase of 15.4% on a reported basis to £95.3 million (H1 2016: £82.6 million). Revenue performance softened during the second quarter of the year with a decline of 1.1% in Q2 versus 0.5% growth in Q1. In terms of markets, Germany, Austria and Benelux all saw single digit declines in revenues and this was only partially offset by a strong performance in the smaller markets of Switzerland and Eastern Europe. eCommerce, which accounts for 72% of revenue in the hub, saw a decline in revenues of 1.0% on an underlying basis. RS Pro, which accounts for 13% of revenue in the hub, grew 5.5% on an underlying basis. Operating profits were down 15.7% on an underlying basis, an increase of 22.9% on a reported basis to £4.3 million (H1 2016: £3.5 million). Operating margins declined 0.9 percentage points on an underlying basis, a 0.3 percentage points improvement on a reported basis to 4.5% (H1 2016: 4.2%) with hub cost reductions more than offset by the negative impact of foreign exchange movements upon gross margins and higher allocated costs due to investment in digital and some one-off supply chain costs associated with the introduction of the Global Planning Tool.

Overall, the performance in our Central European hub has been disappointing with financial metrics below our expectations. Given this unacceptable performance we are making changes to the hub leadership team. We are currently in the process of recruiting a new leader for our Central European hub. In the meantime we have an interim management team in place and have developed a new commercial plan for Central Europe, which is similar to the turnaround plan that has been so successful in Northern Europe. Our immediate focus is fourfold: first, establishing a strong leadership team in Central Europe; second, defining a clear go-to-market strategy - identifying and focusing on high potential accounts; third, increased focus on supplier relationships and RS Pro; and fourth, a continued focus on the digital experience and digital revenue growth in this important hub.

North America

	H1 2017	H1 2016	Change	Underlying change ¹
Revenue	£181.8m	£159.9m	13.7%	1.4%
Operating profit	£21.0m	£17.9m	17.3%	4.5%
Operating margin	11.6%	11.2%	0.4pts	0.4pts

1) Underlying adjusted for currency; revenue also adjusted for trading days

The North American hub consists of our Allied business and includes operations in the USA and Canada.

Overall, North American revenues increased by 1.4% on an underlying basis, an increase of 13.7% on a reported basis to £181.8 million (H1 2016: £159.9 million). Allied saw a strong recovery in trading in the second quarter of the year with Q2 revenues up 4.3% versus a decline in Q1 of 1.5%. We are currently searching for a new hub leader for our North American business. However, the interim management team at Allied has driven a successful marketing campaign to win back market share during the first half, with a particular focus on search engine marketing spend. As a result, we believe we have taken market share in the US market during the first half, particularly in the Automation and Control market. During the first half, eCommerce revenue, which accounts for 42% of hub revenue, grew 1.7% on an underlying basis and RS Pro continued to grow extremely strongly from a low base.

Operating profit was up 4.5% on an underlying basis, and up 17.3% on a reported basis to £21.0 million (H1 2016: £17.9 million). While competitive initiatives led to a reduction in the gross margin in the first half, this was more than offset by cost reduction initiatives. As a result, overall margins improved by 0.4 percentage points on both a reported and underlying basis to 11.6% (H1 2016: 11.2%).

Asia Pacific

	H1 2017	H1 2016	Change	Underlying change ¹
Revenue	£93.6m	£82.6m	13.3%	0.5%
Operating loss	£(4.2)m	£(13.2)m	68.2%	69.6%
Operating margin	(4.5)%	(16.0)%	11.5pts	10.5pts

1) Underlying adjusted for currency; revenue also adjusted for trading days

The Asia Pacific hub consists of four similarly sized subregions: Australia/New Zealand, Greater China, Japan and South East Asia. We also have emerging markets operations in South Africa and Chile and use distributors in other territories.

Overall, Asia Pacific hub revenue increased 0.5% on an underlying basis, 13.3% growth on a reported basis to £93.6 million (H1 2016: £82.6 million). After a revenue decline of 1.6% in Q1 to June, the hub returned to revenue growth of 2.5% in the Q2 of the year, which was a pleasing performance given the significant restructuring we have carried out in Asia Pacific over the last year. eCommerce, which accounts for 51% of hub revenue, saw a strong performance with 4.4% growth on an underlying basis. RS Pro, which accounts for 13% of revenue, also significantly out-performed with 3.2% underlying revenue growth. We have made good progress during the first half at improving our service reliability in Asia Pacific, with a range reliability project across the region delivering some excellent results including an improvement in our 'On Time To Promise' (OTTP) service metric in China from 73% to 87%. All this work has helped lift our net promoter score in the Asia Pacific region by 11% year on year.

Both Australia/New Zealand and our emerging markets regions saw strong, double-digit growth across H1. The areas more impacted by the recent restructuring, i.e. Japan, China and Singapore (within SEA), saw declines in revenues during Q1. Encouragingly, however, we have seen a reduction in revenue declines in both SEA and China during Q2. This has partly been driven by improvements to our service and our go-to-market approach in these key markets and also strong growth in some of our smaller markets such as the Philippines and Korea, which together drove an improved regional performance during the second quarter of the year.

Operating losses reduced by 69.6% on an underlying basis, a 68.2% reduction on a reported basis to £4.2 million (H1 2016: £13.2 million). This strong performance was driven by the significant restructuring activity within the region to lower the cost base as well as a good performance on gross margin driven in part by management initiatives on price and mix. Furthermore, a currency tailwind from sterling weakness led to some immediate benefits on cost prices in certain Asian currencies.

Central Costs

	H1 2017	H1 2016	Change	Underlying change ¹
Headline central costs	£(17.5)m	£(15.1)m	(15.9)%	(12.9)%

1) Headline costs are defined as before reorganisation costs, asset write-downs or disposals

Headline central costs are Group head office costs and include PLC, finance, human resources and legal costs. Central costs of £17.5 million (H1 2016: £15.1 million) increased by 12.9% on an underlying basis and 15.9% on a reported basis. The increase related to higher performance related pay, reflecting improved results. We expect to see a similar impact on central costs during the second half as a result of performance related pay.

Simplify - Operate for Less

During the first half we delivered net cost savings of £13 million, which was in excess of our original expectation of £10 million, as we continued to find ways to work more efficiently and held back on some reinvestment plans. As a result of this better than expected progress we now expect to deliver cost savings of £18 million in the full year to March 2017. Given this strong progress we are raising our 2018 annualised net savings target from £25 million to £30 million. Work continues to identify further ways we can work more efficiently and redeploy investment into areas where we can drive faster growth.

FINANCIAL REVIEW

Net finance costs

Net finance costs in the first half were £2.6 million, broadly in line with H1 2016 of £2.5 million.

Restructuring charges

The Group saw a labour-related restructuring charge of £1.8 million in the first half. This was partially offset by a profit on disposal of our Singapore warehouse of £1.2 million leading to a net restructuring charge of £0.6 million.

Profit before tax

Headline profit before tax was up 76% to £55.1 million (H1 2016: £31.3 million), a 45% increase on an underlying basis. Reported profit before tax was up 174% to £54.5 million (H1 2016: £19.9 million) aided by the significant reduction in net exceptional charges from £11.4 million in H1 2016 to £0.6 million in H1 2017.

Earnings per share

Reported earnings per share of 9.0p was up 190% (H1 2016: 3.1p). Headline earnings per share of 9.1p was up 75.0% or 56.9% on an underlying basis.

The weighted average number of shares was 440.3 million (H1 2016: 439.3million).

Return on Capital Employed (ROCE)

Net assets at the end of the first half were £326.9 million (H1 2016: £360.4 million). ROCE calculated using period end net assets and net debt balances was 22.5% (H1 2016: 14.6%).

Cash flow

£ million	H1 2017	H1 2016
Headline Operating Profit	57.7	33.8
Depreciation and amortisation	14.9	14.1
Loss on assets and other non-cash movements	2.5	1.6
Movement in working capital	7.0	(11.1)
Adjusted cash generated from operations	82.1	38.4
Net interest paid	(2.6)	(2.5)
Income taxes paid	(9.2)	(9.8)
Adjusted net cash inflow from operating activities	70.3	26.1
Net capital expenditure	(8.4)	(14.3)
Headline free cash flow	61.9	11.8
Net outflow related to restructuring	(3.0)	(0.5)
Free cash flow post restructuring	58.9	11.3

Headline operating profit for the first half was £57.7 million (H1 2016: £33.8 million). Depreciation was £14.9 million (H1 2016: £14.1 million). Working capital inflow in H1 2017 was £7.0 million (H1 2016: outflow of £11.1 million). The working capital inflow was driven by our ongoing efforts to reduce levels of inventory and improve debtor and creditor days. Working capital as a percentage of revenue improved 1.5 percentage points to 22.4% (H1 2016: 23.9%). Stock turn rose to 2.8x (H1 2016: 2.5x).

Net interest paid of £2.6 million (H1 2016: £2.5 million) was in respect of interest on borrowings, whilst income tax paid amounted to £9.2 million (H1 2016: £9.8 million).

Net capital expenditure (excluding the impact of the sale of the Singapore warehouse) in the first half was £8.4 million (H1 2016: £14.3 million). We reviewed a number of capital expenditure projects in the first half as we drove a higher level of financial discipline and project prioritisation into the capital expenditure planning process. As a result, capital expenditure fell to 0.6x depreciation during the first half (H1 2016: 1.0x). Given these changes, we now anticipate capital expenditure will run at around 0.7x depreciation in the full year, lower than our previous guidance of 1.0x.

Headline free cash flow for the first half was £61.9 million (H1 2016: £11.8 million). Operating cash flow conversion, which is defined as headline free cash flow pre-taxation and interest as a percentage of operating profits and is one of our seven KPIs, improved to 127.7% (H1 2016: 71.3%).

There was a net cash outflow related to the restructuring activities of £3.0 million during the first half, which largely relates to labour restructuring charges only partially offset by the proceeds from the sale of our Singapore warehouse of £6.3m.

Net debt

At 30 September 2016 net debt was £140.9 million. This was £24.2 million lower than at 31 March 2016. This was principally due to first-half headline free cash flow of £61.9 million being more than the final dividend of £29.7 million for the 2016 financial year paid during the period.

The Group's c. £186 million syndicated multi-currency bank facility maturing in August 2019 was extended with six banks from 6 October 2016 to August 2021. This facility, together with the Group's \$185 million of US Private Placement (PP) notes, provides the majority of the Group's committed debt facilities and loans of £329.8million, of which £158.1 million was undrawn as at 30 September 2016. The PP notes are split, \$100 million maturing in June 2020 and \$85 million maturing in June 2017, and cross currency interest rate swaps have swapped \$45 million of the PP notes from fixed Dollar to floating Sterling, \$40 million from fixed Dollar to floating Euro and \$20 million from fixed Dollar to fixed Sterling, giving the Group an appropriate spread of financing maturities and currencies.

The Group's financial metrics remain strong with EBITA interest cover of 23.7x and Net Debt to EBITDA of 1.0x (both measures are based upon twelve months ended 30 September 2016 financials), leaving significant headroom to the Group's banking covenants. Under the new extended bank facility the Net Debt to EBITDA ratio has been amended so that Net Debt is now computed using average rather than closing exchange rates, i.e. the same rates as for the EBITDA. Under this basis Net Debt to EBITDA was 1.0x.

Pension

The Group has material-defined benefit schemes both in the UK and Europe. The UK scheme is by far the largest. All these schemes are closed to new entrants and in Germany and Ireland the pension schemes are closed to accrual for future service.

Under IAS19, the deficit of the UK defined benefit scheme at 30 September 2016 was £116.6 million (£30.4 million at 31 March 2016). The combined gross deficit of the Group's defined benefit and retirement indemnity schemes at 30 September 2016 was £133.5 million (£43.3 million at 31 March 2016).

The increase in the UK deficit over the six months ending 30 September 2016 was principally caused by an increase in liabilities due to discount rates falling by 1.2% percentage points from 3.6% to 2.4%.

The triennial valuation of the UK Scheme at 31 March 2016 showed a deficit of £60.8 million on a statutory technical provisions basis. A recovery plan is in place, which has been agreed with the Trustees of the UK Scheme and our deficit contributions will continue with the aim that the Scheme is fully funded on a technical provisions basis by 2023.

Dividend

The Board recognises the importance of dividends to shareholders and we remain committed to improving dividend cover over time by driving improved results and stronger cash flow. We propose to maintain the interim dividend of 5.0p per share. This will be paid on 11 January 2017 to shareholders on the register on 2 December 2016.

Foreign exchange risk

The Group does not hedge translation exposure on the income statements of overseas subsidiaries. Based on the 2016 mix of non-pound sterling denominated revenue and adjusted operating profit, a one cent movement in euro would impact profits by £0.8 million and a one cent movement in US dollars would impact profits by £0.3 million.

The Group is also exposed to foreign currency transactional risk because most operating companies have some level of payables in currencies other than their functional currency. Some operating companies also have receivables in currencies other than their functional currency. Group Treasury maintains three to six month hedging against freely tradable currencies to smooth the impact of fluctuations in currency. The Group's largest exposures relate to euros and US dollars.

Risks and uncertainties

The Group's risk management process identifies, evaluates and manages the Group's principal risks and uncertainties. These are reviewed by both the Group's Risk Committee, comprising the Group's senior managers, and the Board which regularly discusses the principal risks and receives risk reports covering risk mitigations and controls. The Group has a defined risk appetite, which has been adopted by the Board, across three risk categories: strategic, operating and regulatory/compliance risk categories. These risk appetites have both quantitative and qualitative criteria.

The principal risks and mitigations in the 2016 Annual Report continue to be valid. However the risk highlighted at the year-end (31 March 2016) regarding 'uncertainty around the UK referendum on continued membership of the European Union (EU)' has developed further following the decision on 23 June 2016 to leave the EU. The risk is now more defined around the management of the business and trading consequences of the UK's decision to leave the EU.

While the UK government process is still in its early stages the Group has identified areas that may be affected; these include the global supply chain infrastructure which supports the Group's business model. Areas being reviewed include the transport of products between the UK and EU; and group purchasing arrangements both within and outside the EU.

Responsibility statement of the directors in respect of the half-year financial report

The directors confirm that these Condensed Interim Financial Statements have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and that the interim management report includes a fair review of the information required by Disclosure and Transparency Rules (DTR) 4.2.7 and DTR 4.2.8, namely:

- An indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- Material related party transactions in the first six months and any material changes in the related-party transactions described in the last annual report.

The directors of Electrocomponents plc are listed in the Electrocomponents Annual Report and Accounts for the year ended 31 March 2016. A list of current directors is maintained on the Electrocomponents plc website: www.electrocomponents.com.

Lindsley Ruth, Chief Executive Officer
17 November 2016

David Egan, Group Finance Director

SAFE HARBOUR

This financial report contains certain statements, statistics and projections that are or may be forward-looking. The accuracy and completeness of all such statements, including, without limitation, statements regarding the future financial position, strategy, projected costs, plans and objectives for the management of future operations of Electrocomponents plc and its subsidiaries is not warranted or guaranteed. These statements typically contain words such as "intends", "expects", "anticipates", "estimates" and words of similar import. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. Although Electrocomponents plc believes that the expectations reflected in such statements are reasonable, no assurance can be given that such expectations will prove to be correct. There are a number of factors, which may be beyond the control of Electrocomponents plc, which could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements. Other than as required by applicable law or the applicable rules of any exchange on which our securities may be listed, Electrocomponents plc has no intention or obligation to update forward-looking statements contained herein.

Condensed Consolidated Income Statement

	Note	Unaudited 6 months to 30.9.2016 £m	Unaudited 6 months to 30.9.2015 £m	Audited Year to 31.3.2016 £m
Revenue	1	706.3	626.5	1,291.1
Cost of sales		(398.6)	(355.2)	(729.6)
Gross profit		307.7	271.3	561.5
Distribution and marketing expenses		(232.5)	(222.4)	(449.5)
Administrative expenses		(18.1)	(26.5)	(71.9)
Operating profit		57.1	22.4	40.1
Financial income		0.5	0.8	2.3
Financial expense		(3.1)	(3.3)	(7.5)
Profit before tax	1	54.5	19.9	34.9
Income tax expense	3	(14.7)	(6.2)	(13.0)
Profit for the period attributable to the equity shareholders of the parent company		39.8	13.7	21.9
Earnings per share – Basic	4	9.0p	3.1p	5.0p
Earnings per share – Diluted	4	9.0p	3.1p	5.0p
Dividends				
Amounts recognised in the period:				
Final dividend for the year ended 31 March	5	6.75p	6.75p	6.75p
Interim dividend for the year ended 31 March 2016	5	-	-	5.0p

An interim dividend of 5.0p per share has been proposed since the period end.

	Note	Unaudited 6 months to 30.9.2016 £m	Unaudited 6 months to 30.9.2015 £m	Audited Year to 31.3.2016 £m
Headline operating profit				
Operating profit		57.1	22.4	40.1
Intangible fixed asset write down	2	-	11.4	11.2
Net reorganisation costs	2	0.6	-	30.7
		57.7	33.8	82.0
Headline profit before tax				
Profit before tax		54.5	19.9	34.9
Intangible fixed asset write down	2	-	11.4	11.2
Net reorganisation costs	2	0.6	-	30.7
		55.1	31.3	76.8

The notes on pages 17 to 24 form part of the condensed set of financial statements.

Condensed Consolidated Statement of Comprehensive Income

	Unaudited 6 months to 30.9.2016 £m	Unaudited 6 months to 30.9.2015 £m	Audited Year to 31.3.2016 £m
Profit for the period	39.8	13.7	21.9
Other comprehensive income			
Items that are not reclassified subsequently to the income statement			
Remeasurement of pension deficit	(91.3)	16.6	16.3
Taxation relating to re-measurement of pension deficit	15.0	(3.3)	(4.6)
Items that are reclassified subsequently to the income statement			
Foreign exchange translation differences	30.6	(4.2)	10.4
Gain (loss) on cash flow hedges	3.6	(2.2)	(6.4)
Taxation relating to components of other comprehensive income	1.7	0.3	(0.7)
Other comprehensive (expense) income for the financial period	(40.4)	7.2	15.0
Total comprehensive (expense) income for the financial period	(0.6)	20.9	36.9

The notes on pages 17 to 24 form part of the condensed set of financial statements.

Condensed Consolidated Balance Sheet

	Note	Unaudited 30.9.2016 £m	As restated* Unaudited 30.9.2015 £m	As restated* Audited 31.3.2016 £m
Non-current assets				
Intangible assets		254.8	234.8	241.3
Property, plant and equipment		97.5	97.4	96.0
Investments		0.8	0.5	0.7
Other receivables		2.7	4.4	2.1
Other financial assets	8	1.8	10.2	11.2
Deferred tax assets		26.7	8.7	9.3
Non-current assets held for sale		-	-	5.1
		384.3	356.0	365.7
Current assets				
Inventories	6	277.9	283.7	269.4
Trade and other receivables		238.9	205.3	231.9
Other financial assets	8	13.7	-	-
Income tax receivables		0.5	0.8	0.8
Cash and cash equivalents	7	56.3	315.3	351.5
		587.3	805.1	853.6
Current liabilities				
Trade and other payables		(199.2)	(181.5)	(201.9)
Provisions and other liabilities		(2.3)	(0.4)	(9.5)
Loans and borrowings	8	(107.7)	(307.5)	(343.2)
Other financial liabilities	8	-	(0.2)	-
Income tax liabilities		(8.2)	(3.4)	(2.4)
		(317.4)	(493.0)	(557.0)
Net current assets		269.9	312.1	296.6
Total assets less current liabilities		654.2	668.1	662.3
Non-current liabilities				
Other payables		(10.1)	(6.9)	(7.7)
Retirement benefit obligations	9	(133.5)	(45.7)	(43.3)
Loans and borrowings	8	(105.0)	(187.5)	(184.6)
Deferred tax liabilities		(78.7)	(67.6)	(70.9)
		(327.3)	(307.7)	(306.5)
Net assets		326.9	360.4	355.8
Equity				
Called-up share capital		44.2	44.0	44.1
Share premium account		44.4	42.7	43.5
Retained earnings		177.2	256.7	242.9
Cumulative translation reserve		64.4	19.2	33.8
Other reserves		(3.3)	(2.2)	(8.5)
Equity attributable to the equity shareholders of the parent company		326.9	360.4	355.8

The notes on pages 17 to 24 form part of the condensed set of financial statements.

*Restated for the grossing up of cash pool balances. See accounting policies on page 18 for more details.

Condensed Consolidated Cash Flow Statement

	Note	Unaudited 6 months to 30.9.2016 £m	Unaudited 6 months to 30.9.2015 £m	Audited Year to 31.3.2016 £m
Cash flows from operating activities				
Profit before tax		54.5	19.9	34.9
Depreciation and other amortisation		14.9	14.1	29.6
Loss (profit) on disposal of non-current assets		0.8	11.5	15.6
Equity-settled transactions		1.2	1.5	2.9
Net finance expense		2.6	2.5	5.2
Non-cash movement on investment in associate		(0.2)	-	(0.1)
Operating cash flow before changes in working capital, interest and taxes		73.8	49.5	88.1
Decrease (increase) in inventories		6.5	(1.7)	22.1
Decrease (increase) in trade and other receivables		11.5	10.7	(6.6)
Decrease in trade and other payables		(9.0)	(20.3)	(10.8)
(Decrease) increase in provisions and other liabilities		(7.5)	(0.3)	8.1
Cash generated from operations		75.3	37.9	100.9
Interest received		0.5	0.8	2.3
Interest paid		(3.1)	(3.3)	(7.5)
Income tax paid		(9.2)	(9.8)	(20.2)
Net cash from operating activities		63.5	25.6	75.5
Cash flows from investing activities				
Capital expenditure		(8.4)	(14.3)	(28.9)
Proceeds from sale of property, plant and equipment		3.8	-	-
Net cash used in investing activities		(4.6)	(14.3)	(28.9)
Free cash flow		58.9	11.3	46.6
Cash flows from financing activities				
Proceeds from the issue of share capital		1.0	0.8	1.7
Purchase of own shares		(0.4)	(1.1)	(2.3)
Loans drawn down		-	33.4	63.6
Loans repaid		(23.8)	(13.1)	(54.5)
Equity dividends paid	5	(29.7)	(29.7)	(51.6)
Net cash used in financing activities		(52.9)	(9.7)	(43.1)
Net increase in cash and cash equivalents		6.0	1.6	3.5
Cash and cash equivalents at the beginning of the period		8.3	5.5	5.5
Effects of exchange rate fluctuations on cash		1.0	0.7	(0.7)
Cash and cash equivalents at the end of the period	7	15.3	7.8	8.3
Headline free cash flow				
Free cash flow		58.9	11.3	46.6
Net reorganisation cash flow		3.0	0.5	16.0
		61.9	11.8	62.6

The notes on pages 17 to 24 form part of the condensed set of financial statements.

Condensed Consolidated Statement of Changes in Equity

	Share capital £m	Share premium account £m	Other reserves		Cumulative translation £m	Retained earnings £m	Total £m
			Hedging reserve £m	Own shares held £m			
At 1 April 2016	44.1	43.5	(5.5)	(3.0)	33.8	242.9	355.8
Profit for the period	-	-	-	-	-	39.8	39.8
Foreign exchange translation differences	-	-	-	-	30.6	-	30.6
Remeasurement of pension deficit	-	-	-	-	-	(91.3)	(91.3)
Net gain on cash flow hedges	-	-	3.6	-	-	-	3.6
Taxation relating to components of other comprehensive income (expense)	-	-	1.7	-	-	15.0	16.7
Total comprehensive income (expense)	-	-	5.3	-	30.6	(36.5)	(0.6)
Equity settled transactions	-	-	-	-	-	1.2	1.2
Dividends paid	-	-	-	-	-	(29.7)	(29.7)
Shares allotted in respect of share awards	0.1	0.9	-	0.3	-	(0.3)	1.0
Own shares acquired	-	-	-	(0.4)	-	-	(0.4)
Related tax movements	-	-	-	-	-	(0.4)	(0.4)
At 30 September 2016	44.2	44.4	(0.2)	(3.1)	64.4	177.2	326.9
At 1 April 2015	44.0	41.9	1.6	(0.9)	23.4	258.3	368.3
Profit for the period	-	-	-	-	-	13.7	13.7
Foreign exchange translation differences	-	-	-	-	(4.2)	-	(4.2)
Remeasurement of pension deficit	-	-	-	-	-	16.6	16.6
Net loss on cash flow hedges	-	-	(2.2)	-	-	-	(2.2)
Taxation relating to components of other comprehensive income (expense)	-	-	0.3	-	-	(3.3)	(3.0)
Total comprehensive income (expense)	-	-	(1.9)	-	(4.2)	27.0	20.9
Equity settled transactions	-	-	-	-	-	1.5	1.5
Dividends paid	-	-	-	-	-	(29.7)	(29.7)
Shares allotted in respect of share awards	-	0.8	-	0.1	-	(0.1)	0.8
Own shares acquired	-	-	-	(1.1)	-	-	(1.1)
Related tax movements	-	-	-	-	-	(0.3)	(0.3)
At 30 September 2015	44.0	42.7	(0.3)	(1.9)	19.2	256.7	360.4

Condensed Consolidated Statement of Changes in Equity (continued)

	Share capital £m	Share Premium account £m	Other reserves		Cumulative translation £m	Retained earnings £m	Total £m
			Hedging reserve £m	Own shares held £m			
At 1 April 2015	44.0	41.9	1.6	(0.9)	23.4	258.3	368.3
Profit for the period	-	-	-	-	-	21.9	21.9
Foreign exchange translation differences	-	-	-	-	10.4	-	10.4
Remeasurement of pension deficit	-	-	-	-	-	16.3	16.3
Net loss on cash flow hedges	-	-	(6.4)	-	-	-	(6.4)
Taxation relating to components of other comprehensive income (expense)	-	-	(0.7)	-	-	(4.6)	(5.3)
Total comprehensive income (expense)	-	-	(7.1)	-	10.4	33.6	36.9
Equity settled transactions	-	-	-	-	-	2.9	2.9
Dividends paid	-	-	-	-	-	(51.6)	(51.6)
Shares allotted in respect of share awards	0.1	1.6	-	0.2	-	(0.2)	1.7
Own shares acquired	-	-	-	(2.3)	-	-	(2.3)
Related tax movements	-	-	-	-	-	(0.1)	(0.1)
At 31 March 2016	44.1	43.5	(5.5)	(3.0)	33.8	242.9	355.8

The notes on pages 17 to 24 form part of the condensed set of financial statements.

BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

Electrocomponents plc (the Company) is a company domiciled in the UK. The condensed set of financial statements for the six months ended 30 September 2016 comprises the Company and its subsidiaries (together referred to as the Group) and the Group's interest in a jointly controlled entity. This condensed set of financial statements does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 March 2016 were approved by the Board of Directors on 19 May 2016 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006.

This condensed set of financial statements has been reviewed, not audited. The Group financial statements for the year ended 31 March 2016 are available upon request from the Company's registered office at International Management Centre, 8050 Oxford Business Park North, Oxford, OX4 2HW, United Kingdom.

The Group presents headline operating profit, headline profit before tax, headline free cash flow, headline contribution and headline earnings per share information as it believes these measures provide a helpful indication of its performance and underlying trends. The term headline refers to the relevant measure being reported before one-off items. These measures are used by the Company for internal performance analysis. The terms headline and one-off items are not defined terms under IFRS and may not, therefore, be comparable with similarly titled measures reported by other companies. They are not intended to be a substitute for, or be superior to, GAAP measurements of performance.

These condensed interim financial statements for the six months ended 30 September 2016 have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and with IAS 34, 'Interim financial reporting', as adopted by the European Union. The condensed set of financial statements should be read in conjunction with the annual financial statements for the year ended 31 March 2016, which have been prepared in accordance with IFRSs as adopted by the European Union.

Going concern

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence over a period of at least twelve months from the date of approval of the financial statements. For this reason they continue to adopt the going concern basis in preparing the financial statements. The financial risk management objectives and policies of the Group and the exposure of the Group to price risk, credit risk, liquidity risk and cash flow risk are discussed in note 21 to the Group's Annual Report and Accounts for the year ended 31 March 2016.

Statement of compliance

This condensed set of financial statements was approved by the Board of Directors on 17 November 2016.

Significant accounting policies

The accounting policies applied by the Group in these condensed consolidated financial statements are the same as those that applied to the consolidated financial statements of the Group for the year ended 31 March 2016, except for the change to the treatment of cash pool balances as detailed below.

There are no further IFRSs or IFRS Interpretation Committee interpretations not yet effective that would be expected to have a material impact on the Group.

Estimates and judgements

The preparation of a condensed set of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies were the same as those that applied to the Group financial statements for the year ended 31 March 2016. The key risks and uncertainties are explained on pages 8 and 9 of this half-year financial report. Full details are in the Group's Annual Report and Accounts on pages 24 to 26.

Cash pooling

In April 2016, the IFRS Interpretations Committee (IFRS IC) issued an agenda decision regarding the treatment of offsetting and cash pooling arrangements in accordance with IAS 32: Financial Instruments: Presentation. This provided additional guidance on when bank overdrafts in cash pooling arrangements would meet the requirements for offsetting in accordance with IAS 32.

Following this additional guidance, the Group has reviewed its cash pooling arrangements and has revised its presentation of cash and cash equivalents and bank overdrafts on the Group Balance Sheet. Comparatives at 31 March 2016 and 30 September 2015 have been grossed up by £317.0 million and £307.2 million respectively. The impact on the 31 March 2015 balance sheet would have been to gross it up by £277.9 million.

1. Segmental reporting

In accordance with IFRS 8 *Operating Segments*, Group management has identified its operating segments. The performance of these operating segments is reviewed, on a monthly basis, by the Chief Executive Officer and the Executive Management Team.

The Group's operating segments are organised into five operating hubs and one segment of central costs. These hubs are: Northern Europe, Southern Europe, Central Europe, Asia Pacific (APAC) and Emerging Markets, and North America. Each segment is comprised of a hub with one or more associated local markets. Northern Europe's hub is the UK, with associated local markets in Denmark, Norway, Sweden and Republic of Ireland. Southern Europe's hub is France, with associated local markets in Italy, Spain and Portugal. Central Europe's hub is Germany, with associated local markets in Austria, Switzerland, the Netherlands, Belgium, Poland, Hungary and the Czech Republic. North America's hub is the United States of America, with an associated local market in Canada. Asia Pacific and Emerging Markets has a hub in Hong Kong and local markets in Japan, Australia, New Zealand, Singapore, Malaysia, Philippines, Thailand, Taiwan, People's Republic of China, South Korea, Chile, South Africa and exports to distributors where the Group does not have a local operating company.

Each reporting segment derives its revenue from the high service level distribution of electronics, automation and control and other maintenance products. Intersegment pricing is determined on an arm's length basis, comprising sales of product at cost and a handling charge included within distribution and marketing expenses. Our business has a broad portfolio of customers and products, and as such has a seasonal impact in line with economic output, with a slightly greater weighting of activity in the second half of the year.

	6 months to 30.9.2016 £m	As re- presented* 6 months to 30.9.2015 £m	Year to 31.3.2016 £m
Revenue from external customers			
Northern Europe	199.3	187.1	384.2
Southern Europe	136.3	114.3	250.4
Central Europe	95.3	82.6	173.4
Europe	430.9	384.0	808.0
APAC and Emerging Markets	93.6	82.6	163.2
North America	181.8	159.9	319.9
Group	706.3	626.5	1,291.1

*Re-presented for the changes in the Group reporting structure.

	6 months to 30.9.2016 £m	As re- presented* 6 months to 30.9.2015 £m	Year to 31.3.2016 £m
Contribution			
Northern Europe	42.0	31.2	68.3
Southern Europe	12.1	9.5	23.0
Central Europe	4.3	3.5	6.3
Europe	58.4	44.2	97.6
APAC and Emerging Markets	(4.2)	(13.2)	(21.9)
North America	21.0	17.9	36.3
Group	75.2	48.9	112.0

*Re-presented for the changes in the Group reporting structure.

1 Segmental reporting (cont.)

	6 months to 30.9.2016 £m	6 months to 30.9.2015 £m	Year to 31.3.2016 £m
Reconciliation of contribution to profit before tax			
Contribution	75.2	48.9	112.0
Reorganisation costs and profit on disposal	(0.6)	(11.4)	(41.9)
Central costs (excluding reorganisation costs)	(17.5)	(15.1)	(30.0)
Net financial expenses	(2.6)	(2.5)	(5.2)
Profit before tax	54.5	19.9	34.9

The Group derives its revenue from two product categories:

	6 months to 30.9.2016 £m	6 months to 30.9.2015 £m	Year to 31.3.2016 £m
Industrial	429.6	414.3	861.1
Electronics	276.7	212.2	430.0
Group	706.3	626.5	1,291.1

2 Reorganisation costs

Items excluded from headline profit arising during the period were as follows:

	6 months to 30.9.2016 £m	6 months to 30.9.2015 £m	Year to 31.3.2016 £m
Labour restructuring charge	1.8	-	23.0
Profit on sale of warehouse	(1.2)	-	-
Cost of exiting facilities	-	-	3.9
Website write-down	-	11.4	11.2
Other write-downs	-	-	3.8
Total reorganisation costs	0.6	11.4	41.9

During the six months ended 30 September 2016, the group undertook further restructuring activities across Europe in order to centralise and consolidate standard processes resulting in costs of £1.8 million in the period. During the period, £1.0 million was paid and £0.8 million is held within provisions due in less than one year.

The sale of the warehouse and associated land in Singapore was completed during the period resulting in an exceptional profit on disposal of £1.2 million and a one-off cash inflow of £6.3 million. The proceeds were split between fixed assets (£3.8 million) and long term debtors (£2.5 million).

During the year ended 31 March 2016, the Group undertook restructuring activities in several markets in line with the Group strategy. The costs incurred included £23.0 million relating to labour restructuring in line with the Group reorganisation and efficiency programme and £3.9 million relating to the closure of facilities, primarily the warehouse in Singapore. There was a further non-cash write down of £11.2 million relating to development on a new website and £3.8 million relating to a number of smaller IT projects halted during the year.

3 Taxation on the profit of the Group

	6 months to 30.9.2016 £m	6 months to 30.9.2015 £m	Year to 31.3.2016 £m
United Kingdom taxation	3.8	(3.2)	(5.2)
Overseas taxation	10.9	9.4	18.2
	14.7	6.2	13.0

4 Earnings per share

	6 months to 30.9.2016 £m	6 months to 30.9.2015 £m	Year to 31.3.2016 £m
Profit for the period attributable to equity shareholders	39.8	13.7	21.9
Net reorganisation costs	0.6	11.4	41.9
Tax impact of net reorganisation costs	(0.6)	(2.3)	(8.4)
Headline profit on ordinary activities after taxation	39.8	22.8	55.4
Weighted average number of shares (millions)	440.3	439.3	439.4
Diluted weighted average number of shares (millions)	441.7	440.3	440.3
Headline basic earnings per share	9.1p	5.2p	12.6p
Basic earnings per share	9.0p	3.1p	5.0p
Headline diluted earnings per share	9.0p	5.2p	12.6p
Diluted earnings per share	9.0p	3.1p	5.0p

5 Dividends

	6 months to 30.9.2016 £m	6 months to 30.9.2015 £m	Year to 31.3.2016 £m
Amounts recognised and paid in the period:			
Final dividend for the year ended 31 March 2016: 6.75p (2015: 6.75p)	29.7	29.7	29.7
Interim dividend for the year ended 31 March 2016: 5.0p (2015: 5.0p)	-	-	21.9
	29.7	29.7	51.6

Amounts determined after the balance sheet date:

Interim dividend for the year ending 31 March 2017: 5.0p	22.1
The timetable for the payment of the interim dividend is:	

Ex-dividend	1 December 2016
Dividend record date	2 December 2016
Dividend payment date	11 January 2017

6 Inventories

	30.9.2016 £m	30.9.2015 £m	31.3.2016 £m
Gross inventories	309.1	309.0	297.6
Stock provision	(31.2)	(25.3)	(28.2)
Net inventory	277.9	283.7	269.4

During the 6 months ended 30 September 2016 £5.3 million (2015: £4.4 million; year ended 31 March 2016: £10.4 million) was recognised as an expense relating to the write down of inventory to net realisable value.

7 Cash and cash equivalents/analysis of movements in net debt

	30.9.2016	As restated* 30.9.2015	As restated* 31.3.2016
	£m	£m	£m
Cash and cash equivalents			
Cash and cash equivalents in the balance sheet	56.3	315.3	351.5
Bank overdrafts	(41.0)	(307.5)	(343.2)
Cash and cash equivalents in the cash flow statement	15.3	7.8	8.3
Loans repayable after more than one year	(28.1)	(62.1)	(53.7)
Private placement loan notes	(143.6)	(125.3)	(130.9)
Fair value of swap hedging fixed rate borrowings	15.5	10.0	11.2
Net debt	(140.9)	(169.6)	(165.1)
Pension deficit	(133.5)	(45.7)	(43.3)
Net debt including pension deficit	(274.4)	(215.3)	(208.4)

*Restated for the grossing up of cash pool balances. See accounting policies on page 18 for more details.

	6 months to 30.9.2016	6 months to 30.9.2015	Year to 31.3.2016
	£m	£m	£m
Analysis of movements in net debt			
Net debt at 1 April	(165.1)	(152.6)	(152.6)
Free cash flow	58.9	11.3	46.6
Equity dividends paid	(29.7)	(29.7)	(51.6)
New shares issued	1.0	0.8	1.7
Own shares acquired	(0.4)	(1.1)	(2.3)
Translation differences	(5.6)	1.7	(6.9)
Net debt at period end	(140.9)	(169.6)	(165.1)

8 Financial Instruments

Fair values of financial assets and liabilities

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are below. None of the financial assets or financial liabilities has been reclassified during the year.

	Valuation Methodology	Carrying value £m	Fair value £m
Financial assets at 30 September 2016			
Financial assets held at Fair Value			
Interest rate swaps used for fair value hedging	A	15.5	15.5
Forward exchange rate contracts used for cash flow hedging	A	1.1	1.1
		16.6	16.6
Financial assets held at Amortised Cost			
Cash and cash equivalents	D	56.3	56.3
Trade receivables, other receivables and accrued income	F	222.0	222.0
		278.3	278.3
Total Financial assets		294.9	294.9

8 Financial Instruments (cont.)

Financial liabilities at 30 September 2016

Financial liabilities held at Fair Value

Forward exchange rate contracts used for cash flow hedging	A	(2.2)	(2.2)
		(2.2)	(2.2)

Financial liabilities held at Amortised Cost

Bank facilities	D	(28.1)	(28.1)
Private Placement notes subject to fair value hedge	C	(82.0)	(85.3)
Private Placement notes	D	(61.6)	(65.4)
Bank overdrafts	D	(41.0)	(41.0)
Trade payables, other payables and accruals	F	(193.1)	(193.1)
		(405.8)	(412.9)

Total Financial liabilities		(408.0)	(415.1)
------------------------------------	--	----------------	----------------

	Valuation Methodology	Carrying value £m	Fair value £m
--	--------------------------	-------------------------	---------------------

Financial assets at 30 September 2015

Financial assets held at Fair Value

Interest rate swaps used for fair value hedging	A	10.2	10.2
Forward exchange rate contracts used for cash flow hedging	A	1.6	1.6
		11.8	11.8

Financial assets held at Amortised Cost

Cash and cash equivalents	D	315.3	315.3
Trade receivables, other receivables and accrued income	F	197.1	197.1
		512.4	512.4

Total Financial assets as restated*		524.2	524.2
--	--	--------------	--------------

Financial liabilities at 30 September 2015

Financial liabilities held at Fair Value

Interest rate swaps used for fair value hedging	A	(0.2)	(0.2)
Interest rate swaps used for cash flow hedging	A	(0.1)	(0.1)
Forward exchange rate contracts used for cash flow hedging	A	(0.6)	(0.6)
		(0.9)	(0.9)

Financial liabilities held at Amortised Cost

Bank facilities	D	(62.1)	(62.1)
Private Placement notes subject to fair value hedge	C	(92.3)	(92.3)
Private Placement notes	D	(33.0)	(34.9)
Bank overdrafts	D	(307.5)	(307.5)
Trade payables, other payables and accruals	F	(194.3)	(194.3)
		(689.2)	(691.1)

Total Financial liabilities as restated*		(690.1)	(692.0)
---	--	----------------	----------------

8 Financial Instruments (cont.)

	Valuation Methodology	Carrying value £m	Fair value £m
Financial assets at 31 March 2016			
Financial assets held at Fair Value			
Interest rate swaps used for fair value hedging	A	11.2	11.2
Forward exchange rate contracts used for cash flow hedging	A	0.4	0.4
		11.6	11.6
Financial assets held at Amortised Cost			
Cash and cash equivalents	D	351.5	351.5
Trade receivables, other receivables and accrued income	F	216.0	216.0
		567.5	567.5
Total Financial assets as restated*		579.1	579.1
Financial liabilities at 31 March 2016			
Financial liabilities held at Fair Value			
Forward exchange contracts used for cash flow hedging	A	(5.0)	(5.0)
		(5.0)	(5.0)
Financial liabilities held at Amortised Cost			
Bank facilities	D	(53.7)	(53.7)
Private Placement loan notes subject to fair value hedge	C	(75.1)	(77.4)
Private Placement loan notes	D	(55.8)	(59.8)
Bank overdrafts	D	(343.2)	(343.2)
Trade payables, other payables and accruals	F	(198.3)	(198.3)
		(726.1)	(732.4)
Total Financial liabilities as restated*		(731.1)	(737.4)

*Restated for the grossing up of cash balances not netted at reporting date. See accounting policies on page 18 for more details.

Estimation of fair values

The fair values reflected in the table above have been determined by reference to available market information at the balance sheet date and using the methodologies described below.

A Derivative financial assets and liabilities

Fair values are estimated by discounting expected future contractual cash flows using prevailing interest rate curves and valuing any amounts denominated in foreign currencies at the exchange rate prevailing at the balance sheet date. These financial instruments are included on the balance sheet at fair value, derived from observable market prices (Level 2 as defined by IFRS 7 Financial Instruments: Disclosures).

B Interest bearing loans held at fair value

These comprise sterling and foreign currency denominated interest bearing loans which are subject to hedge accounting. Fair values are estimated by discounting expected contractual cash flows using prevailing interest rate curves and valuing any amounts denominated in foreign currencies at the exchange rate prevailing at the balance sheet date (Level 2 as defined by IFRS 7 Financial Instruments: Disclosures).

C Loans designated under fair value hedge relationships

These comprise sterling and foreign currency denominated interest bearing loans which are subject to hedge accounting. Fair values are estimated by discounting expected contractual cash flows using prevailing interest rate curves and valuing any amounts denominated in foreign currencies at the exchange rate prevailing at the balance sheet date. These loans have been designated under fair value hedge relationships (Level 2 as defined by IFRS 7 Financial Instruments: Disclosures).

8 Financial Instruments (cont.)

D Cash and cash equivalents, Bank overdrafts, Interest-bearing loans held at amortised cost

Cash and cash equivalents largely comprise local bank account balances, which typically bear interest at rates set by reference to local applicable rates or cash float balances which have not yet cleared for interest purposes. Fair values are estimated to equate to carrying amounts as their re-pricing maturity is less than one year.

Interest bearing loans held at amortised cost comprise fixed rate sterling and foreign currency denominated loans. For carrying values the foreign currency principal amounts have been valued at the exchange rate prevailing at the balance sheet date. Fair values are estimated by discounting future cash flows using prevailing interest rate curves.

Bank overdrafts are repayable on demand and are all unsecured. They bear interest at rates set by reference to applicable local rates. Fair values are estimated to equate to carrying amounts as their re-pricing maturity is less than one year.

E Finance lease liabilities

Fair values are estimated by discounting future cash flows using prevailing interest rate curves.

F Other financial assets and liabilities

Fair values of receivables and payables are determined by discounting future cash flows. For amounts with a re-pricing maturity of less than one year, fair value is assumed to approximate to the carrying amount.

9 Retirement benefit obligations

The Group operates defined benefit pension schemes in the United Kingdom and Europe.

Details of the assets and liabilities of the Group's defined benefit pension schemes are shown below:

	30.9.2016	30.9.2015	31.3.2016
	£m	£m	£m
Total market value of the schemes' assets	500.5	425.9	443.5
Present value of the schemes' liabilities	(634.0)	(471.6)	(486.8)
Schemes' deficit	(133.5)	(45.7)	(43.3)

10 Principal exchange rates

	6 months to 30.9.2016	6 months to 30.9.2015	Year to 31.3.2016
Average for the period			
Euro	1.22	1.39	1.37
United States Dollar	1.37	1.54	1.51

	30.9.2016	30.9.2015	31.3.2016
Period end			
Euro	1.15	1.35	1.26
United States Dollar	1.30	1.51	1.44

11 Related party transactions

There are no significant related party transactions requiring disclosure. Key management compensation will be disclosed in the 2017 Annual Report and Accounts.

Independent review report to Electrocomponents PLC

Report on the condensed set of financial statements

Our conclusion

We have reviewed Electrocomponents PLC's condensed set of financial statements (the "interim financial statements") in the half-yearly financial report of Electrocomponents PLC for the 6 month period ended 30 September 2016. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Rules and Transparency Rules of the United Kingdom's Financial Conduct Authority.

What we have reviewed

The interim financial statements comprise:

- the condensed consolidated balance sheet as at 30 September 2016;
- the condensed consolidated income statement and statement of comprehensive income for the period then ended;
- the condensed consolidated statement of cash flows for the period then ended;
- the condensed consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the half-yearly financial report have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Rules and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in the "Basis of Preparation" in the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The half-yearly financial report, including the interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Rules and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on the interim financial statements in the half-yearly financial report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Rules and Transparency Rules of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What a review of interim financial statements involves

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants
London
17 November 2016

- a) The maintenance and integrity of the Electrocomponents PLC website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the interim financial statements since they were initially presented on the website.
- b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.