22 May 2024

RS GROUP PLC
RESULTS FOR THE YEAR ENDED 31 MARCH 2024

SIMON PRYCE, CHIEF EXECUTIVE OFFICER, COMMENTED:
"Our financial performance in 2023/24 reflected weakness in global industrial production and the unwinding of unusual post-pandemic trading tailwinds. The more difficult trading environment also highlighted the need for increased focus and alignment, better prioritisation and execution, greater agility, and a more efficient and flexible cost structure. We have aligned our strategic actions, simplified our operating model, enhanced our leadership team and clarified accountabilities. We are also reducing our cost base and see the opportunity for significant efficiency improvements in the future. Furthermore, I am particularly pleased with the strategic acceleration our recent acquisitions are delivering.

Looking to the future, I am confident about the opportunity at RS. We are a leading global MRO[1] distributor with real competitive advantage. The actions we are taking are improving the fundamentals of the business and will support stronger and more sustainable outperformance when markets return to growth, which will deliver excellent, first choice outcomes for all our stakeholders."

Highlights	2024	2023	Change	Like-for-like[2] change
Revenue	£2,942m	£2,982m	(1)%	(8)%
Adjusted operating profit[2]	£312m	£402m	(22)%	(25)%
Adjusted operating profit margin[2]	10.6%	13.5%	(2.9) pts	(2.2) pts
Adjusted profit before tax[2]	£281m	£391m	(28)%	(30)%
Adjusted earnings per share[1]	43.8p	63.6p	(31)%	(34)%
Operating profit	£280m	£383m	(27)%	(25)%
Profit before tax	£249m	£372m	(33)%	(31)%
Earnings per share	38.8p	60.4p	(36)%	(34)%
Full-year dividend	22.0p	20.9p	5%	
Adjusted free cash flow[2]	£151m	£264m	(43)%	
Cash generated from operations	£301m	£413m	(27)%	
Net debt[2]	£418m	£113m		
Net debt to adjusted[2] EBITDA	1.1x	0.2x		

Performance in line
- Results in line with market expectations[3], revenue down 1% with 8% like-for-like decline, 10% acquisition benefit and 2% negative currency impact
- Growth accelerators outperformed: RS PRO and service solutions like-for-like revenue grew 3%, digital down 6%
- Gross margin of 43.0% decreased 1.1 pts like-for-like as anticipated due to the reversal of inflation benefits
- Adjusted operating profit margin of 10.6% reflects gross profit decline and active cost management
- Accelerated integration of Distrelec to generate material cost savings; Risoul strong operational outperformance
- Final dividend maintained at 13.7p; full-year dividend increased 5% to 22.0p

Significant underlying progress
- Continued investment in growth accelerators and technology
- Increased operational focus, in excess of £30 million annualised savings
- Further significant potential efficiencies over time
- £8 million Trident acquisition, expands already strong Australian business, completed post year end
- Improved cash management and focus in H2; net debt to adjusted EBITDA of 1.1x post acquiring Distrelec

Financial considerations for 2024/25 and 2025/26
Demand is stabilising, but remains subdued, with limited short-term visibility. Whilst lead indicators suggest some market improvement in the second half of 2024/25, we are focusing on improving our operating efficiency and leverage and investing where we can accelerate our growth. During this period of investment, we expect some short-term dilution to our operating profit margin reflecting a partial resumption of our employee annual incentive, ongoing cost inflation, annualisation of Distrelec costs and the additional c. £15 million organic investment announced today. We expect our pricing strategy to offset the costs of goods sold inflation.

Looking ahead to 2025/26, we anticipate organic investment to continue at elevated levels as we invest further to support our efficiency improvement initiatives. These investments will ensure that once markets return to growth, RS is best placed to deliver on its medium-term objective of growing revenues at twice the market with mid-teens adjusted operating margins, high cash conversion and over 20% return on capital employed.

Investor Event – 24 September 2024

We will host an Investor Event on 24 September 2024 in London to outline our investment proposition, the customers and suppliers we serve, what makes us different and our strategic action plan to improve the business further to generate sustainable through-cycle growth and returns.

1. Maintenance, repair and operations (MRO).
2. See Note 10 for definitions and reconciliations of all alternative performance measures, including like-for-like change and adjusted measures.
3. Consensus for the year ended 31 March 2024 is revenue of £2,931 million, adjusted operating profit of £312 million and adjusted profit before tax of £283 million. Source: rsgroup.com/investors/analyst-consensus/.

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There will be an analyst presentation today at 9am (UK time) at the London Stock Exchange, 10 Paternoster Square, London EC4M 7LS. We will also provide a video webcast, which can be accessed live and later as a recording on the RS Group website at www.rsgroup.com.

Webcast link: www.investis-live.com/rsgroup/663a523b7e7bb30d0010c16b/jdhy

It is advisable to pre-register early to avoid any delays in joining the webcast. To ask a question, participants will need to be connected by phone.

Participant dial-in numbers

United Kingdom (Local): +44 20 4587 0498
All other locations: Global Dial-In Numbers
Participant access code: 192401

Presentation timing

Date: Wednesday, 22 May 2024
Time: 9am UK time
Venue: London Stock Exchange, 10 Paternoster Square, London EC4M 7LS

Notes to editors:

RS Group plc is a digitally enabled global distributor of product and service solutions, helping 1.1million customers globally maintain, repair and operate industrial equipment and operations, safely and sustainably. We stock more than 750,000 industrial and associated electronic products, sourced from over 2,500 leading suppliers, enhancing customer experience, delivering operational excellence and simplifying the supply chain at every step.

RS Group plc is listed on the London Stock Exchange with stock ticker RS1 and in the year ended 31 March 2024 reported revenue of £2,942 million.

BUSINESS REVIEW

2023/24 was a challenging year. Markets were difficult with weak global industrial demand, change from peak to trough electronics cycle and geopolitical tension impacting confidence just as supply constraints began to ease. In addition, a deeper analysis of our performance in 2021/22 and 2022/23 identified that RS was a major beneficiary of unusual post-pandemic trading tailwinds, particularly in electronics. At a time of pent-up demand and supply chain challenges, our strong inventory investment, supplier relationships and long-tail product offering allowed us to provide industry-leading product availability. As a result, we saw significant revenue growth, in part as core customers increased their order quantities to address concerns over market availability and in part through sales of scarce parts to resellers and one-off transitory customers. This was at a time when supplier and therefore product price inflation, particularly on long-tail products, resulted in short-term gross margin improvement. We are making material improvements to our performance management systems to improve transparency and identify such trading dynamics better in the future.

We estimate that the 2022/23 benefit of these tailwinds was c. £95 million revenue and c. £60 million of operating profit (higher than previously reported as it now includes uplift from gross margin benefit as well as revenue). Towards the end of 2022/23 and throughout 2023/24 these tailwinds began to dissipate, with average order values returning to previous levels and supply chains normalising. This resulted in less demand from resellers and transient customers, general destocking and the unwinding of inflation-related benefits.

This more difficult trading environment highlighted the importance of more focus and alignment, better prioritisation and execution, greater agility and more operational rigour across the RS Group. Thanks to the exceptional efforts of our passionate and committed people, we made good progress in addressing these issues whilst reducing our cost base and we are particularly pleased with the strategic acceleration our recent acquisitions are delivering.

As a result, and despite a challenging macroeconomic environment, 2023/24 was also a year of significant strategic and operational progress for RS.

Our 2023/24 financial performance

During 2023/24 our revenue reflected the change in the electronics cycle and unwind of associated post-pandemic trading tailwinds as well as softness in industrial production. Our level of organic investment and our operating cost base had grown over the last two years to meet inflated post-pandemic demand and had limited immediate flexibility to reduce significantly as this demand reduced. This had a significant impact on the Group's operating profit margin in 2023/24. We partially addressed this by taking cost reduction actions in the functions and regions, accelerating the integration of Distrelec and reducing discretionary spend. This also included the write down of underperforming software and inventory investments.

Our business in EMEA delivered a robust performance. We delivered a 5% decline in like-for-like revenue, due to the overall market weakness, specifically in the electronics category and within those markets where we sell a higher-than-average proportion of on-board electronics such as Germany, together with the unwind of c. £35 million of revenue from post-pandemic trading tailwinds. The growth accelerators of digital, service solutions and RS PRO (our main own brand) outperformed the region. Like-for-like operating profit declined 9%. When excluding restructuring, write-offs and integration costs of the acquisition of Distrelec, it declined 3% benefiting from in year cost action. EMEA remains our most developed business and one where we see significant benefit from effective and more progressed implementation of our strategy.

After a compound annual growth rate (CAGR) of 19% over the previous two years, our like-for-like revenue in Americas declined by 13%. This region has high exposure to automation and control (A&C) and other products correlated to the electronics cycle, as well as a higher proportion of original equipment manufacturers. Both are factors in increasing Americas' sensitivity to the rapid turn in the electronics cycle. The estimated revenue gain in 2022/23 from post-pandemic trading was c. £50 million. Americas continues to focus on expanding both share of wallet and the industry verticals that it supports leveraging the Group's capability and investment in digital channels, expanding service solutions and accelerating RS PRO sales.

Profitability in Asia Pacific reduced significantly with a reduction in sales volumes combined with a 6.5 percentage point decline in gross margin. Nearly half of the decline is attributed to the unwind in the post-pandemic tailwinds which elevated prices, and the remainder due to its high electronics exposure notably in Japan and China. Australia and New Zealand delivered growth while South East Asia significantly outperformed the region. Asia Pacific continues to be a developing region for RS where in many countries we are building critical mass as their industrial base

develops through the rollout of a more differentiated offer, focused on industrial and service solutions, to drive volumes and operational leverage.

Significant strategic and operational work during 2023/24
During the year we made good progress in addressing the issues highlighted by the change in trading environment. These actions are improving the underlying quality of our business to support the Group's significant growth opportunity and to ensure we are better placed to benefit as markets improve. We are focused on driving operational effectiveness and execution, improving operating leverage and investing in our strategic growth accelerators.

Bringing more focus to the Group's strategy
RS has a clear identity – we are a differentiated distributor of product and service solutions. During the year, we brought clarity to the Group strategy, reduced complexity and created alignment around key strategic actions:

- We are **customer** focused and will deliver greater value by meeting the maintenance, repair and operations needs, often technically complex and low volume, of high lifetime value industrial customers.
- We are **product** experts, providing automation and control, electrical and other technically differentiated product solutions as part of a broad but curated product range with high availability.
- Our **solutions** deepen customer relationships through selected scalable service solutions that generate core product pull through.
- Our customer **experience** is digitally enabled and is becoming increasingly customised.
- We drive **operational excellence** to deliver efficient and well-invested physical, digital and process infrastructure, sustainably and with great people.

We have developed and aligned actions across the Group to deliver this strategy better.

1. Driving operational effectiveness
   Following a review of the way we operate, we took a number of tangible actions during the year to reduce complexity and improve effectiveness and efficiency, putting in place the capabilities to deliver our multi-year strategic action plan.

   We enhanced our senior leadership experience and capability by streamlining our senior management team into an empowered leadership Executive Committee (ExCo). This committee is chaired by the CEO and is comprised of the Chief Financial Officer (CFO), the Chief People Officer (CPO), the Chief Information Officer, the Chief of Corporate Services and Company Secretary and our three Regional Presidents. Effective from 1 April 2024, we also created three new roles to lead our growth accelerators of Customer Experience, Product and Supply Chain, and Solutions and Services. We strengthened our functional capability through strong external CFO and CPO appointments and made internal appointments into growth accelerator roles. This team is already driving needed changes in our strong culture, aligning the organisation behind a clear purpose, strategy and new set of corporate values "We are one team. We deliver brilliantly. We do the right thing. We make every day better."

   This ExCo reflects our simplified operating model that empowers teams closest to the supplier and customer to make rapid and effective decisions within clear guidelines. This model is designed to drive sustainable growth by clarifying accountabilities and supporting local decision making, providing support for our growth accelerators underpinned by cost efficient enabler functions (people, technology, finance and corporate services).

   Already we are making quicker decisions and making positive progress. This includes treating our electronics offering as a strategic product category, not a separate business, and shifting our single board computing and internet of things (IoT) solutions proposition (OKdo) away from consumers to our core industrial customer base.

   Importantly, we also enhanced our performance management process to improve visibility, accountability, agility and to drive better operational and functional delivery.

2. Improving operating leverage
   We are a well invested distribution business spanning 35 countries globally with considerable physical, digital and process infrastructure. However, we see significant opportunities to improve our productivity and operating leverage through the better coordination across, and utilisation of, our physical infrastructure and standardising our systems and processes where there is no value in differentiation. This includes consolidating and upgrading our technology and digital platforms and greater harmonisation across our administrative processes.

   We are already improving the operational performance of our physical infrastructure. In 2023/24, we increased the efficiency of our regional distribution centre (DC) in Germany through upgrading and tuning our warehouse management system and removing waste utilising our continuous improvement toolbox. We closed a small local

fulfilment centre (FC) in Newport, UK absorbing product into our Nuneaton and Corby facilities. We began upgrading our warehouse management system in the UK and we opened an expanded FC in Spain, as well as three small, customer FCs operated by third party providers in Malaysia, Philippines and New Zealand.

We continue to simplify and upgrade our technology infrastructure. During the year we migrated the majority of our datacentres to the cloud, improved our digital procurement capabilities, began converging our Microsoft estate and designed a high-level roadmap to modernise and harmonise key processes and systems.

During the year, and in response to the challenging trading environment, we also identified and commenced sustainable cost reduction actions, including accelerating the integration of Distrelec. Together, these actions will deliver in excess of £30 million of annualised cost savings (with £9 million delivered in 2023/24 and additional c. £22 million in 2024/25). During the year there was £13 million of costs associated with the reduction and Distrelec integration.

We have identified significant further cost and efficiency benefits which we will pursue over time. These will be realised through standardising a number of back office support processes, better leveraging our functional expertise across the Group and more effective management of our cost to serve and sales channels.

3. Growth accelerators

We also continued to invest in our growth accelerators that will drive increased customers and share of wallet:

- **Customer experience:** During the year we made selective investments in our digital capabilities to enhance the customer experience, embedding AI powered search capability in our websites to 27 markets, launching a new transactional website in Latin America, introducing an integrated customer relationship management tool and customised web pages for specific industry verticals.
- **Product and supply chain:** Within product we are developing a more relevant RS PRO offer in Americas, deepening our offer with technical specialist brands and expanding our Better World sustainable range (now c. 30,000 products available globally). In supply chain we are investing in better inventory management, including a new digital product management system in Americas, and product adoption systems to improve product ingestion, order tracking and delivery accuracy.
- **Solutions and services:** We continue to expand our service solutions portfolio, rolling out supplier and digitally enabled procurement solutions across Europe and America, focusing on services that pull through product revenue and generate customer loyalty. We expanded this offer further throughout EMEA and invested in experienced sales teams in Americas. Within RS Integrated Supply we are standardising our service provision across the UK and US to deliver profitability and scalability.

We see the opportunity to accelerate value creation by investing further in our technology platform to personalise our digital customer experience, utilise better our customer database and manage our product and service solutions offer more cost effectively. This is the main focus of the additional c. £15 million of organic investment planned in both 2024/25 and 2025/26.

Acquisitions that accelerate our strategy

The large, fragmented markets in which we operate provide significant opportunity for consolidation. We create value from bolt-on acquisitions through being price disciplined and by targeting high quality businesses that increase our presence in key markets, strengthen our product specialisation, expand our solutions and services portfolio and / or create the opportunity to accelerate operating leverage.

In June 2023, we completed the acquisition of Distrelec, a strong fit with RS in EMEA. The acquisition delivers increased revenue in Germany, Scandinavia and Switzerland where it also adds a FC that is complementary to our existing European footprint. Distrelec's proposition is closely aligned to RS and we will operate through one set of physical, digital and process infrastructure. We are accelerating our initial integration plans with our expected cost savings already exceeding those anticipated when we made the initial acquisition. Therefore, despite weaker trading in 2023/24, in line with RS's relevant European markets, we expect to at least cover our cost of capital by the third year with the longer-term benefits of the acquisition remaining very exciting.

Risoul, which we acquired in January 2023, has outperformed our expectations reflecting strong market conditions in Mexico and Risoul's specialist technical service offer. We are beginning to realise the significant synergy opportunities from the combination as we introduce RS's digital capabilities and own-brand products into Risoul and use the Risoul service approach to enhance our service offering across our Americas region.

We continue to have an active pipeline of acquisition opportunities and after the year end acquired Trident Australia Pty Ltd (Trident) for c. £8 million. Trident is a specialist MRO distribution and service partner for the energy and natural resource industry in Western Australia. It adds to our Australian presence by increasing RS's access to the energy and natural resources sector with associated customer and product synergies and provides distribution infrastructure and service capacity in Western Australia.

For a Better World

We continued to make good progress towards our 2030 ESG action plan by improving sustainability in our operations, packaging and logistics and collaborating with our suppliers to offer our customers more sustainable product and service solution choices to operate more responsibly.

This year, we received validation of our Scope 1, 2 and 3 carbon reduction targets from the Science Based Targets initiative. We are progressing well towards these, having reduced our direct carbon emissions by 61% since our 2019/20 baseline excluding acquisitions completed in 2022/23 and 2023/24.

We were again recognised with a Platinum EcoVadis rating, which is used by many of our customers and suppliers to make ESG-based procurement decisions and select business partners.

Exciting long-term potential

We have a distinct competitive advantage at RS as the critical link between some of the world's leading suppliers of industrial products and a diverse customer base that want to purchase in small volumes and demand high service levels. We have a global presence and scale, a strong digital platform and distribution infrastructure and increasingly have a solutions and service orientation that drives customer loyalty and share of wallet growth.

The strength of our offer can be seen in our outperformance over time. RS has delivered 6% revenue CAGR over the last five years excluding all acquisitions completed 2018/19 onwards. This is stronger than the growth rate of industrial production over the same period. Our outperformance in EMEA, even with a difficult market, indicates the strength of our proposition. We have focused action plans in place to accelerate deployment of our differentiated offer into our operations in Americas and Asia Pacific which supports our longer-term growth opportunity.

We operate within attractive and highly fragmented industrial MRO markets which demonstrate good through-cycle growth and we continue to invest to extend our record of industrial production outperformance. We are pursuing significant opportunities to improve our operating leverage and the efficiency of our physical, digital and process infrastructure. We also have a strong balance sheet and generate good cash flow which we will continue to deploy if we see the opportunity for accelerated value creation.

With improved focus and a clear action plan, supported by targeted investments to enhance our capability, RS is well positioned to deliver on its growth potential and first choice outcomes for all stakeholders over the longer term.

REGIONAL PERFORMANCE

EMEA

	2024	2023	Change	Like-for-like[1] change
Revenue	**£1,795m**	£1,769m	1%	(5)%
Operating profit[2]	**£256m**	£276m	(7)%	(9)%
Operating profit margin	**14.2%**	15.6%	(1.4) pts	(0.6) pts
Digital revenue[3]	**£1,322m**	£1,311m	1%	(3)%
RS PRO revenue[3]	**£346**	£338m	2%	3%
Service solutions revenue[3]	**£532m**	£506m	5%	5%

1. Like-for-like adjusted for currency and to exclude the impact of acquisitions; revenue also adjusted for trading days.
2. See Note 2 for reconciliation to Group operating profit.
3. See Note 2 for disaggregation of revenue analysis and reconciliations to region's revenue.

Revenue increased 1% including the acquisition of Distrelec. Like-for-like revenue declined 5% due to the electronics downcycle and low levels of industrial production across the region. Purchasing Manager Index (PMIs) have been below 50 (which represents a contraction) in all major countries throughout the year. Revenue decline was concentrated in Germany given its electronic exposure. We estimate the post-pandemic trading tailwinds contributed c. £35 million of revenue in EMEA during 2022/23 which, as it unwound, reduced our like-for-like revenue by c. 2% during 2023/24.

Our industrial product ranges performed well with 1% like-for-like growth especially within maintenance, mechanical and fluid power, and safety and protection as we continue to focus our sales and marketing efforts on core industrial categories. Demand for electronics reduced at a time when there was excessive inventory and industry destocking. The A&C industrial category is also closely correlated to the electronics cycle and, whilst growth was negative, we outperformed the electronics market.

We have focused our marketing efforts on high lifetime value customers and have seen strong performance from our corporate accounts where revenue grew as that market segment consolidated their distribution partners across multiple categories. Additionally, we are improving the profitability of small value transactions by applying appropriate handling charges. There has been a decrease in small transitory customers, gained during supply shortages and are not our target customers, who have now reverted to their normal distribution channels.

UK and Ireland, which accounts for 38% of the region's revenue, saw a small revenue decline reflecting market weakness and less demand from mid-sized customers. France saw low single digit growth delivering solid performance in our industrial product categories, especially where we have worked closely with our suppliers on specific promotions. Germany suffered from weak PMI data and a high exposure to electronics products, leading to a double-digit revenue decline.

Digital delivered good growth in our eProcurement and purchasing manager solutions. These solutions are integrated within our customers' systems, pulling through product revenue and generating customer loyalty and recurring revenue. Web revenue has been impacted by reduced demand from small and medium-sized customers.

Our service solutions, which are associated with 30% of EMEA's revenue, benefited from greater participation of our digital solutions as we actively migrated higher-value customers from the web. RS Integrated Supply in EMEA continues to win new contracts and has a strong retention rate for existing customers, however the operational investment required in the early years of contract rollout continued to impact financial performance and depress profitability.

RS PRO increased as customers respond to a lower price point, high quality alternative, and as we rebranded our own-brand Safety Solutions products to RS PRO. We launched RS PRO into the Distrelec ecommerce platforms and saw early success especially in markets where Distrelec has a higher presence than RS such as Switzerland.

Distrelec contributed £135 million to revenue and £6 million to EMEA's operating profit since its acquisition on 30 June 2023. Trading in Distrelec has been similarly impacted by market conditions notably in its electronics exposure in Germany and eastern Europe. However, integration plans have been accelerated which, combined with further cost savings identified, will deliver returns that will cover the Group's cost of capital within three years.

EMEA's like-for-like gross margin was flat due to disciplined control of discounts and some buying efficiencies offsetting the unwinding of the post-pandemic trading benefits (c. 0.7 percentage points impact).

Operating costs fell by 4% like-for-like. Cost measures were offset by inflationary pressures, redundancy charges relating to our cost action programme (including the closure of the FC in Newport, UK and initial steps integrating Distrelec) and impairments on some software and technology products. EMEA's operating profit margin fell by 0.6 percentage points like-for-like to 14.2%. We estimate c. £25 million of operating profit associated with the post-pandemic trading benefit did not repeat in 2023/24.

EMEA's rolling 12-month NPS was 50.9, up from 49.2 in 2022/23. We continued to improve inventory availability as lead times reduced, while inventory investments in our expanded regional DC in Germany and our new FC in Spain have also improved service levels to customers.

Americas

	2024	2023	Change	Like-for-like[1] change
Revenue	**£934m**	£946m	(1)%	(13)%
Operating profit[2]	**£101m**	£149m	(32)%	(37)%
Operating profit margin	**10.9%**	15.7%	(4.8) pts	(4.2) pts
Digital revenue[3]	**£336m**	£405m	(17)%	(13)%
RS PRO revenue[3]	**£7m**	£7m	(6)%	(2)%
Service solutions revenue[3]	**£133m**	£133m	0%	(2)%

1. Like-for-like adjusted for currency and to exclude the impact of acquisitions; revenue also adjusted for trading days.
2. See Note 2 for reconciliation to Group operating profit.
3. See Note 2 for disaggregation of revenue analysis and reconciliations to region's revenue.

Revenue declined 1% with like-for-like revenue down 13% excluding Risoul, exchange rate movements and the impact of trading days. This performance reflects the change in the electronics cycle and the very strong comparatives in the prior period where we benefited from strong inventory availability. This was enabled by the expansion of our regional DC in Fort Worth, US completed during 2020/21. We estimate the post-pandemic trading benefit contributed c. £50 million of revenue in Americas during 2022/23 which, as it unwound, reduced our like-for-like revenue by c. 5% during 2023/24.

Our performance reflected the soft economic backdrop, PMI data and change in the electronics cycle. Our business has a strong correlation to the build cycles in the electronics market given the additional high exposure to A&C industrial products (70% of the region's revenue versus 42% across the Group) and so was impacted by the decrease in demand and oversupply within the electronics industry more acutely. Additionally, our customer spend in Americas has a greater proportion of direct material and project-related expenditure, with less of a MRO demand than the rest of the Group, and therefore was more affected by customers reducing demand and destocking.

Revenue from digital declined by 13% like-for-like, in line with the region's performance. Our rebranding in February 2023 impacted our search engine optimisation (SEO) and smaller, transactional customer accounts who have less interactions with our sales team. Additionally, the lack of digital sales in Risoul diluted the region's digital revenue participation.

RS Integrated Supply in Americas has undergone several changes as we placed more focus on higher lifetime value customers and put in place processes that will allow the business to scale more quickly and efficiently. We have signed several new contracts with multinational customers and are focusing on driving cross-selling opportunities with RS PRO. Our other service solutions were impacted by lower procurement solution transactions in the declining market.

RS PRO still accounts for only 1% of the region's revenue and is a key focus for our sales and leadership teams. We expect improved revenue participation from our rebranding (RS in Americas having previously traded under the Allied name) and tailoring our product offering to be more appropriate for our customers in the region. We expect participation as a percentage of the region's revenue to increase as we start offering RS PRO products in Risoul.

Risoul had a strong year of growth partially offset by foreign exchange movements on an appreciating Mexican peso. We launched a transactional website in February 2024 to support the future expansion of the business and are introducing a broader product range and enhanced procurement solutions.

Americas' gross margin fell by 2.8 percentage points on a like-for-like basis as the post-pandemic trading tailwinds unwound (accounting for c. 1.4 percentage points) and some increased price competition from the wider availability of products in the market.

Operating profit and operating profit margin declined due to reduced revenue and the resulting gross profit decline. We reduced our operating costs by 8% like-for-like reflecting the restructuring of our teams in the first half of the year and reduced discretionary costs. We continue to invest in initiatives focused on customer growth, digital and our service solutions offering. We estimate c. £25 million of operating profit associated with the post-pandemic trading benefit did not repeat in 2023/24.

Americas' rolling twelve-month NPS was 64.8, down from 65.9 in 2022/23 but still the highest in our Group. This is a strong performance given competitive pricing pressure, lag effect of the rebrand and temporary impact of disrupted relationships from the restructuring of sales teams to better serve our broad customer base. Our focus remains on delivering a strong customer experience through timely response and consistent service.

Asia Pacific

	2024	**2023**	**Change**	**Like-for-like[1] change**
Revenue	**£214m**	£268m	(20)%	(15)%
Operating profit[2]	**£4m**	£38m	(90)%	(89)%
Operating profit margin	**1.8%**	14.3%	(12.5) pts	(11.7) pts
Digital revenue[3]	**£123m**	£161m	(23)%	(17)%
RS PRO revenue[3]	**£33m**	£37m	(11)%	(4)%
Service solutions revenue[3]	**£43m**	£46m	(6)%	0%

1. Like-for-like adjusted for currency and to exclude the impact of acquisitions; revenue also adjusted for trading days.
2. See Note 2 for reconciliation to Group operating profit.
3. See Note 2 for disaggregation of revenue analysis and reconciliations to region's revenue.

Asia Pacific's revenue declined by 20% including currency movements. Like-for-like revenue decreased by 15% reflecting a significant market slowdown and subsequent contraction in the electronics market demand coupled with the easing of supply constraints. We estimate the post-pandemic trading tailwinds contributed c. £10 million of revenue in Asia Pacific during 2022/23 which, as it unwound, reduced our like-for-like revenue by c. 4% during 2023/24. Despite the challenges in the region, we believe that with the expansion of capability and geographic footprint capacity over the last year, RS in Asia Pacific will grow to be a differentiated and market-leading, solution-based distributor in the coming years. We have built an extensive geographic operational footprint that separates us from our competitors within the region.

Japan generates over 55% of its revenue from electronics and its customers are largely electronics focused. Greater China, representing 23% of the region's revenue, faced uniquely challenging trading conditions due to reduced external investment as trade shifted outside China's borders and trading sanctions reduced our customer base.

Australia and New Zealand, which accounts for 33% of the region's revenue, maintained low single digit like-for-like revenue growth with targeted marketing to large corporate customers offsetting the market decline. We saw robust trading from large industrial customers and have a lower exposure to electronics customers. Since the year end we have completed a small acquisition, Trident, in Perth, Australia, that expands our service, warehousing and local support in a major resource hub in Asia Pacific.

South East Asia, which contributes 31% of the region's revenue, saw a high single digit like-for-like decline in revenue mainly due to electronics weakness. Our strategic investments in local inventory capacity, including an upgrade to our FC in Thailand and leasing new FCs in Malaysia, Philippines and New Zealand, improved lead times and supported second half recovery.

Digital like-for-like revenue performance reflected weaker market demand. In the second half, we saw a substantial improvement in both paid and SEO performance. This was driven by better alignment of our marketing to focus on locally stocked products and a new team improving our content and value-add functionality. We also launched several local digital initiatives in the second half, including search engine enhancements.

RS PRO like-for-like revenue decline outperformed the region performance, supported by an enhanced go-to-market strategy, including targeted product marketing campaigns and competitive pricing.

Our gross margin decreased on a like-for-like basis by 6.5 percentage points almost half of which was the unwind of price inflation benefits related to post-pandemic trading. Additionally, we saw heightened competitive pricing as supply chain constraints eased, order books unwound and excess inventory was available in the market.

Our operating profit margin decline reflected the negative operational gearing impact of the lower volumes and gross margin on our cost base. We adjusted our cost base, which delivered some financial benefits in the second half. Over the full year, our operating costs fell like-for-like by 3%. We are focused on operating a more appropriate and flexible cost structure in the region, moving to more local sourcing and increasing our local fulfilment capacity in South East Asia and New Zealand, which is improving our speed to market, reducing delivery times and improving our customer service significantly. We estimate that c. £10 million of operating profit associated with the post-pandemic trading (revenue and gross margin) benefit did not repeat in 2023/24.

Despite the challenges in the region, our focus remains on delivering a strong customer experience. Our rolling twelve-month NPS for Asia Pacific improved to 21.8, compared with 20.2 in 2022/23.

FINANCIAL REVIEW

	2024	2023	Change	Like-for-like[1] change
Revenue	**£2,942m**	£2,982m	(1)%	(8)%
Gross profit	**£1,264m**	£1,352m	(7)%	(11)%
Gross margin	**43.0%**	45.3%	(2.3) pts	(1.1) pts
Operating profit	**£280m**	£383m	(27)%	(25)%
Adjusted operating profit[1]	**£312m**	£402m	(22)%	(25)%
Adjusted operating profit margin[1]	**10.6%**	13.5%	(2.9) pts	(2.2) pts
Adjusted operating profit conversion[1]	**24.7%**	29.7%	(5.0) pts	(4.4) pts
Digital revenue[2]	**£1,782m**	£1,877m	(5)%	(6)%
RS PRO revenue[2]	**£386m**	£382m	1%	3%
Service solutions revenue[2]	**£709m**	£685m	3%	3%

1. See Note 10 for definitions and reconciliations of all alternative performance measures, including like-for-like change and adjusted measures.
2. See Note 2 for disaggregation of revenue analysis and reconciliations.

Revenue

Group revenue decreased by 1% to £2,942 million. Like-for-like revenue declined 8% after adjusting for the £282 million contribution from acquisitions, £57 million from adverse exchange rate movements and a negative impact of £24 million from fewer trading days. Trading performance was affected by the challenging macroeconomic environment and the unwinding of our post-pandemic trading tailwinds.

RS benefited from strong post-pandemic trading that boosted our financial performance in 2021/22 and 2022/23 due to excellent product availability when global supply chains were constrained, enhancing our revenue and profit over the two-year period. We estimate this benefit contributed c. £95 million of revenue during 2022/23 which has since unwound as global supply chain issues eased and our customers reduced their high inventory levels, reducing our like-for-like revenue by c. 3% during 2023/24. The unwind of the tailwinds is most evident in electronics and A&C categories and through the reduction in the number of one-off, low-value and transitory customers.

Customer numbers were flat at 1.1 million but on a like-for-like basis decreased by 0.1 million, the majority of which were one-off, low-value customers that we attracted during the post-pandemic trading and have now returned to their normal procurement channels. Larger corporate and key account customer numbers were stable. Our average order value (AOV) (excluding RS Integrated Supply's pass-through sales orders) grew marginally to £257 from £255. This reflected Risoul's higher AOV, a small increase in EMEA, and a reduction in Americas which was impacted by customer destocking.

Our industrial product and service solutions ranges, which account for 81% of Group revenue, decreased by 4% like-for-like. This was a function of a weak A&C product category (42% of Group revenue), where performance is most correlated with the electronics cycle, offsetting growth in all other categories as the post-pandemic trading tailwinds, especially in Americas, unwound. The macroeconomic environment was challenging as illustrated by the deteriorating PMI and industrial production figures across our main markets.

Our electronics product and service solutions range accounts for 18% of Group revenue. Like-for-like electronics revenue decreased by 22% reflecting the tough comparatives in the prior period due to the very strong performance over the last two years and the unwind of price inflation.

Digital, accounting for 61% of Group revenue, performed slightly ahead of the Group overall with a like-for-like revenue decline of 6%. The flat like-for-like performance from eProcurement and purchasing manager, which drives product pull through and customer loyalty, demonstrates the benefit of targeting higher lifetime value customers. Web revenue decreased by 9% on a like-for-like basis, reflecting less traffic from more transitory customers.

RS PRO, our main own-brand product range, accounts for 13% of Group revenue and grew by 3% like-for-like as the brand extended its product breadth by c. 8,000 and focused its end-to-end sales and marketing in the regions. It also benefited from the rebadging of our safety solutions own brands to RS PRO. Our competitively priced offer continues to gain traction as a quality alternative to branded ranges with quality assurance qualifications, in-house design and testing facilities.

Service solutions revenue, associated with 24% of our Group revenue, increased by 3% like-for-like. This is mainly due to a 2% like-for-like increase in procurement solutions and, in addition, 6% growth in RS Integrated Supply like-for-like revenue reflecting additional contract wins and ongoing strong customer retention.

Gross margin

Group gross margin decreased 2.3 percentage points to 43.0%, of which 1.2 percentage points was a function of the dilutive impact from our recent acquisitions due to their lower digital and own-brand product participation compared to the rest of the Group. Like-for-like gross margin decreased 1.1 percentage points as post-pandemic trading benefits reversed and inflation gains unwound, especially within electronics products. There was an additional inventory impairment for slow moving product within OKdo.

Gross profit fell by 11% on a like-for-like basis. The combined effect of the post-pandemic trading benefit in like-for-like revenue and short-term gross margin improvement led to c. £70 million benefit to our gross profit in 2022/23 which reduced our like-for-like gross profit by c. 5% during 2023/24.

Operating costs

Operating costs, including regional and central costs, increased by 2%. Excluding the impact of acquisitions, the benefit of currency movements, amortisation and impairment of acquired intangibles and acquisition-related items, adjusted operating costs reduced by 6% like-for-like with lower variable supply chain costs and annual incentive accruals more than offsetting salary cost increases and inflation in rates and utilities.

A large proportion of our operating costs relates to our people. We awarded a mid-single digit pay increase across the Group which included an above average increase for our non-management employees in most markets in recognition of the greater impact of inflationary pressures. Given our financial performance during 2023/24, our annual incentive accruals and share-based payments reduced and there was no repeat of the £10 million ad hoc cost-of-living payments made in the prior year, equating to a £47 million total reduction. We anticipate 2024/25 to include improved employee annual incentives.

We continue to invest in our processes, systems and infrastructure to both support growth and efficiency. We invested £24 million during the year and will continue to improve our digital and commercial capabilities, customer experience and data analytics. We are also simplifying our technology platform to support standardised processes. We expect to invest an incremental £15 million, a total of c. £40 million during 2024/25, as we continue to widen our differential with our competitors. There was an additional £5 million of costs relating to technology impairments.

The capital investment we have made in recent years in our supply chain network and regional DC expansions in Fort Worth, US and Bad Hersfeld, Germany, continue to see improved operational efficiency and reduced cost to serve. Our freight costs in continental Europe (excluding Distrelec) have reduced due to lower volumes and optimised inventory sourcing and stocking.

We are taking action to manage our operating costs more effectively. In November 2023 we identified over £30 million of annualised savings. We delivered £9 million of savings during the year with £8 million of associated costs incurred and a further £5 million of integration costs for the Distrelec acquisition. During 2024/25 we expect to spend a further c. £13 million to deliver further in-year benefits of c. £22 million.

Central costs (Group strategic investment, Board, Group Finance and Group Professional Services and People costs) decreased by £11 million to £49 million. This is largely because of lower share-based payments and annual incentive costs highlighted earlier. We are reassessing the definition of central costs and will limit it to Group Head Office activity which will result in some of our central costs being attributed to the regions in 2024/25.

Adjusted operating costs as a percentage of revenue increased by 0.5 percentage points to 32.4%. Excluding the impact of acquisition integration costs, impairments and restructuring costs, adjusted operating costs as a percentage

of revenue would have been 31.8% (2022/23: 31.9%). Adjusted operating profit conversion is 5.0 percentage points lower at 24.7%.

Operating profit

Operating profit decreased by 27% to £280 million. Excluding the impact of acquisitions and the adverse impact of currency movements, adjusted operating profit saw a like-for-like decrease of 25%. We estimate that 2022/23 operating profit benefited by c. £60 million from the post-pandemic trading tailwinds which unwound during 2023/24 contributing c. 14% of the like-for-like adjusted operating profit decrease. This is c. £25 million higher than reported at the first half results (November 2023) as we estimate there was also a gross margin benefit across our total Group revenue from price inflation. Adjusted operating profit margin declined by 2.9 percentage points to 10.6%.

Items excluded from adjusted profit

To improve the comparability of information between reporting periods and between businesses with similar assets that were internally generated, we exclude certain items from adjusted profit measures. The items excluded are described below (see Note 10 for definitions and reconciliations of adjusted measures).

Amortisation and impairment of acquired intangibles

Amortisation of acquired intangibles was £27 million (2022/23 amortisation and impairment of acquired intangibles: £17 million) and relates to the intangible assets arising from acquisitions.

Acquisition-related items

Acquisition-related items of £5 million are predominantly transaction costs which are directly attributable to the acquisition of Distrelec.

Net finance costs

Net finance costs were £32 million, up from £12 million mainly due to the impact of increased net debt resulting from the acquisitions of Distrelec and Risoul and higher interest rates. At 31 March 2024, 26% of the Group's gross borrowings excluding lease liabilities (2022/23: 49%) were at fixed rates, with surplus cash deposited at variable rates.

Profit before tax

Profit before tax declined 33% to £249 million. Adjusted profit before tax was down 28% to £281 million, 30% on a like-for-like basis.

Taxation

The Group's income tax charge was £65 million (2022/23: £87 million). The adjusted income tax charge, which excludes acquisition-related tax items and the impact of tax relief on items excluded from adjusted profit before tax, was £73 million (2022/23: £91 million), resulting in an effective tax rate of 26.1% on adjusted profit before tax (2022/23: 23.2%). This reflected the change in the UK tax rate from 19% to 25% effective from 1 April 2023. Going forward we expect the 2024/25 effective tax rate on adjusted profit before tax to be c. 26%.

Earnings per share

Earnings per share declined by 36% to 38.8p. Adjusting for items excluded from adjusted profit and associated income tax effects, adjusted earnings per share of 43.8p declined 34% on a like-for-like basis.

Cash flow

£m	2024	2023
Operating profit	**280**	383
Add back depreciation and amortisation	**84**	65
EBITDA[1]	**364**	448
Add back impairments and loss on disposal of non-current assets	**7**	12
Movement in working capital	**(69)**	(49)
Defined benefit retirement contributions in excess of charge	**(10)**	(11)
Movement in provisions	**1**	(1)
Other	**8**	15
Cash generated from operations	**301**	413
Net capital expenditure	**(52)**	(46)
Operating cash flow	**249**	367
Add back cash effect of adjustments[1]	**6**	3
Adjusted operating cash flow[1]	**256**	370
Net interest paid	**(31)**	(13)
Income tax paid	**(73)**	(94)
Adjusted free cash flow[1]	**151**	264

1. See Note 10 for definitions and reconciliations of all alternative performance measures.

Lower EBITDA (earnings before interest, tax, depreciation and amortisation) was compounded by a substantial outflow in payables of £82 million. This decrease in payables was due to high balances at March 2023 relating to 2022/23's increase in inventory, and lower accruals due to the slowdown in the business and lower annual incentive accruals at March 2024. As a result, cash generated from operations was £301 million (2022/23: £413 million) with a 10.1 percentage point fall in adjusted operating cash flow conversion to 81.9%.

Net capital expenditure increased from £46 million to £52 million as we continued to invest in optimising our distribution sites, implementing new product management systems, augmenting digital commerce capabilities and strengthening our technology platforms.

Capital expenditure remained at 1.3 times depreciation in line with our typical maintenance capital expenditure levels of 1.0 – 1.5 times depreciation. We anticipate capital expenditure in 2024/25 to be c. £50 million including planned spend to deliver our 2030 ESG action plan such as continuing to decarbonise our regional DC in Beauvais, France, and starting at Bad Hersfeld, Germany, and Fort Worth, US. We anticipate a further c. £7 million of depreciation charges in 2024/25 relating to the capital expenditure on our product and delivery information systems.

Net interest paid increased by £18 million to £31 million due to increased net debt resulting from the acquisitions of Distrelec and Risoul and higher interest rates.

Income tax paid fell to £73 million reflecting lower taxable profit, timing differences and utilisation of losses.

Adjusted free cash flow fell to £151 million following the decrease in operating profit and the unwind of elevated payables from March 2023 as a consequence of large inventory orders during 2022/23.

Working capital

Trade and other receivables have increased by £9 million to £701 million, with the acquisition of Distrelec increasing receivables by £27 million. As the fall in revenue is partly related to the reduction in one-off, low value customers it has a smaller effect on receivables as these customers typically transact using credits cards or with shorter payment terms.

Gross inventories were £725 million, an increase of £65 million with the acquisition of Distrelec accounting for £52 million and the remainder in continental Europe as we continue to add inventory into our extended regional DC in Bad Hersfeld, Germany. Our inventory levels increased in the first half due to the easing of global supply chain issues resulting in the improvement in performance of suppliers fulfilling new orders and the receipt of inventory previously on long lead times. As expected, this unwound in the second half due to our actions to reduce inventory levels in response to declining volumes and, as a result, our inventory turn was flat at 2.6 times year on year. Inventory provisions have increased by £25 million to £69 million, due to the continued sales slowdown pushing inventory into

excess, particularly of electronics products where minimum order quantities are high and single-board computing products which are slow moving.

Overall trade and other payables decreased to £603 million from £659 million with the acquisition of Distrelec increasing payables by £36 million. The overall reduction reflects the timing of payments for inventories with high balances outstanding at March 2023 relating to 2022/23's increase in inventory plus the slowdown in the business this year reducing accruals, including those for annual incentives.

Net debt

Our net debt has increased to £418 million from £113 million (see Note 8) with the acquisition of Distrelec increasing net debt by £333 million.

The acquisition was in part funded by a new three-year term loan of €150 million and drawing down part of our £400 million sustainability-linked loan (SLL) facility. The SLL, term loan and the private placement loan notes form our committed debt facilities of £685 million, of which £245 million was undrawn at the year end. In October 2023, our request to take up one of the one-year term extensions to the SLL was approved by the lenders and so this facility now matures in October 2028, with a further one-year extension option and a lender option accordion of up to a further £100 million remaining.

The Group's financial metrics remain strong, with net debt to adjusted EBITDA of 1.1x and EBITA to interest of 10.5x, leaving significant headroom for the Group's banking covenants of net debt to adjusted EBITDA less than 3.25 times and EBITA to interest greater than 3 times.

Return on Capital Employed (ROCE)

ROCE is the adjusted operating profit for the 12 months ended 31 March 2024 expressed as a percentage of the monthly average capital employed (net assets excluding net debt and retirement benefit obligations). ROCE was 17.4% compared to 30.8% last year, due to the impact of acquisitions (5.1 percentage points) and the decline in adjusted operating profit (8.7 percentage points), partly offset by a decrease in monthly average capital employed (0.4 percentage points).

Retirement benefit obligations

Retirement benefit net obligations of the Group's defined benefit schemes were £26 million compared to £36 million at 31 March 2023. The UK defined benefit scheme (our largest scheme) had a net obligation of £16 million under International Accounting Standard 19 'Employee Benefits', being the present value of the agreed future deficit contributions agreed following the March 2022 triennial funding valuation and payable to September 2025.

Dividend

The Board intends to continue to pursue a progressive dividend policy whilst remaining committed to a healthy dividend cover over time by driving improved results and stronger cash flow. The Board proposes to maintain the final dividend at 13.7p per share. This will be paid on 19 July 2024 to shareholders on the register on 14 June 2024. As a result, the total proposed dividend for 2023/24 will be 22.0p per share, representing an increase of 5% over the 2022/23 full-year dividend. Adjusted earnings dividend cover for 2023/24 is 2.0 times.

Foreign exchange risk

The Group does not hedge translation exposure on the income statements of overseas subsidiaries. Based on the mix of non-sterling denominated revenue and adjusted operating profit, a one cent movement in the euro would impact annual adjusted profit before tax by £2.0 million and a one cent movement in the US dollar would impact annual adjusted profit before tax by £0.7 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. On their behalf, Group Treasury maintains three to seven months hedging against freely tradable currencies to smooth the impact of fluctuations in currency. For Risoul, hedges can extend out to 11 months for US dollar trading projections. The Group's largest exposures related to euros and US dollars.

2030 ESG ACTION PLAN – NON-FINANCIAL KEY PERFORMANCE INDICATORS (KPIs)

We have eight reported non-financial KPIs to measure progress against the commitments of our 2030 ESG action plan – For a Better World. To provide greater transparency on our performance in the period, a summary of our progress is included below with further details available in the ESG section on our website: www.rsgroup.com/sustainability.

	2024	2023
Carbon intensity [1,2,3] (tonnes of CO_2e due to Scope 1 and 2 emissions / £m revenue)	**2.3**	1.9
Carbon emissions[1,2,3] (tonnes of CO_2e due to Scope 1 and 2 emissions)	**6,800**	5,700
Packaging intensity[1,2] (tonnes / £m revenue)	**1.57**	1.70
Waste[1] (% of waste recycled)	**82%**	76%
Group rolling 12-month Net Promoter Score (NPS)	**50.6**	49.6
Employee engagement	**75**	78
Percentage of management that are women	**34%**	30%
All accidents (per 200,000 hours)	**0.37**	0.40

1. Includes post-acquisition data from businesses acquired in 2022/23 and 2023/24.
2. KPI is on a constant exchange rate basis and updated to reflect changes in reporting methodology and emissions factors.
3. Scope 2 emissions calculated with electricity purchased from renewable sources at zero CO_2e per kWh and grid average CO_2e per kWh for all other sources.

RISKS AND UNCERTAINTIES

The Board has overall accountability for the Group's risk management, which is delegated to the ExCo and supported by the Group's risk team. The principal elements of the process are: identifying potential risks, assessing the risk, determining and treating the risk and then monitoring and reviewing these risks.

The Group has a defined risk appetite, which has been agreed by ExCo and the Board.

Principal risks and uncertainties

The principal risks and mitigations disclosed in the 2024 Annual Report and Accounts (pages 34 to 37) were:

1. Cyber security
2. Change initiatives
3. M&A activity
4. Talent and capability
5. Geopolitical environment
6. Market disruption
7. Business resilience
8. Climate change
9. Access to debt and capital markets
10. Legal and regulatory compliance

FORWARD-LOOKING STATEMENTS

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 RS Group 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 RS Group 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 RS Group 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, RS Group plc has no intention or obligation to update forward-looking statements contained herein.

GROUP INCOME STATEMENT

For the year ended 31 March 2024

	Notes	2024 £m	2023 £m
Revenue	2	**2,942.4**	2,982.3
Cost of sales		**(1,678.5)**	(1,630.1)
Gross profit		**1,263.9**	1,352.2
Operating costs		**(983.8)**	(969.2)
Operating profit	2	**280.1**	383.0
Finance income		**4.8**	2.0
Finance costs		**(36.7)**	(14.2)
Share of profit of joint venture		**0.6**	0.7
Profit before tax	2	**248.8**	371.5
Income tax expense		**(65.1)**	(86.7)
Profit for the year attributable to owners of the Company		**183.7**	284.8
Earnings per share attributable to owners of the Company			
Basic	3	**38.8p**	60.4p
Diluted	3	**38.7p**	60.2p

GROUP STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2024

	2024 £m	2023 £m
Profit for the year	**183.7**	284.8
Other comprehensive income		
Items that will not be reclassified subsequently to the income statement		
Remeasurement of retirement benefit obligations	**0.8**	(34.2)
Related income tax	**(0.1)**	7.9
Items that may be reclassified subsequently to the income statement		
Foreign exchange translation differences of joint venture	**(0.2)**	(0.1)
Foreign exchange translation differences	**(3.9)**	43.1
Fair value gain on net investment hedges	**3.4**	5.4
Movement in cash flow hedges	**(0.1)**	3.9
Related income tax	**-**	(0.7)
Other comprehensive (expense) / income for the year	**(0.1)**	25.3
Total comprehensive income for the year	**183.6**	310.1
Total comprehensive income is attributable to:		
Owners of the Company	**183.7**	310.1
Non-controlling interests	**(0.1)**	-
Total comprehensive income for the year	**183.6**	310.1

GROUP BALANCE SHEET

As at 31 March 2024

	Notes	**2024 £m**	2023 £m
Non-current assets			
Intangible assets		**982.6**	704.8
Property, plant and equipment		**180.9**	186.3
Right-of-use assets		**72.8**	46.9
Investment in joint venture		**1.3**	1.5
Other receivables		**8.4**	6.5
Retirement benefit net assets	5	**1.5**	0.8
Deferred tax assets		**9.5**	6.9
Total non-current assets		**1,257.0**	953.7
Current assets			
Inventories	6	**656.0**	616.3
Trade and other receivables	7	**701.4**	692.0
Cash and cash equivalents – cash and short-term deposits	8	**258.7**	260.3
Derivative assets		**2.6**	1.8
Current income tax receivables		**22.7**	19.9
Total current assets		**1,641.4**	1,590.3
Total assets		**2,898.4**	2,544.0
Current liabilities			
Trade and other payables		**(602.7)**	(658.9)
Cash and cash equivalents – bank overdrafts	8	**(162.7)**	(139.8)
Lease liabilities	8	**(16.0)**	(14.6)
Derivative liabilities		**(1.1)**	(1.7)
Provisions		**(5.0)**	(1.8)
Current income tax liabilities		**(27.8)**	(22.1)
Total current liabilities		**(815.3)**	(838.9)
Non-current liabilities			
Other payables		**(17.3)**	(9.3)
Retirement benefit obligations	5	**(27.2)**	(37.2)
Borrowings	8	**(440.3)**	(184.6)
Lease liabilities	8	**(57.9)**	(34.3)
Provisions		**(4.2)**	(4.7)
Deferred tax liabilities		**(103.3)**	(90.1)
Total non-current liabilities		**(650.2)**	(360.2)
Total liabilities		**(1,465.5)**	(1,199.1)
Net assets		**1,432.9**	1,344.9
Equity			
Share capital and share premium		**286.9**	283.3
Own shares held by Employee Benefit Trust (EBT)		**(1.8)**	(2.2)
Other reserves		**108.3**	108.8
Retained earnings		**1,038.9**	954.3
Equity attributable to owners of the Company		**1,432.3**	1,344.2
Non-controlling interests		**0.6**	0.7
Total equity		**1,432.9**	1,344.9

GROUP CASH FLOW STATEMENT

For the year ended 31 March 2024

	Notes	**2024 £m**	2023 £m
Cash flows from operating activities			
Profit before tax		**248.8**	371.5
Depreciation and amortisation		**83.7**	64.6
Impairment of intangible assets		**4.6**	7.1
Impairment of right-of-use assets		**0.4**	-
Loss on disposal of non-current assets		**1.6**	4.4
Equity-settled share-based payments		**7.8**	14.2
Net finance costs		**31.9**	12.2
Share of profit of and dividends received from joint venture		**-**	(0.1)
Decrease / (increase) in inventories		**4.9**	(44.3)
Decrease / (increase) in trade and other receivables		**8.1**	(37.8)
(Decrease) / increase in trade and other payables		**(82.2)**	33.2
Increase / (decrease) in provisions		**1.1**	(1.4)
Defined benefit retirement contributions in excess of charge		**(9.8)**	(10.6)
Cash generated from operations		**300.9**	413.0
Interest received		**4.8**	2.0
Interest paid		**(35.8)**	(14.6)
Income tax paid		**(73.3)**	(93.9)
Net cash from operating activities		**196.6**	306.5
Cash flows from investing activities			
Acquisition of businesses	9	**(313.1)**	(237.2)
Cash and cash equivalents acquired with businesses	9	**9.0**	12.7
Total cash impact on acquisition of businesses		**(304.1)**	(224.5)
Purchase of intangible assets		**(35.7)**	(27.5)
Purchase of property, plant and equipment		**(15.9)**	(18.6)
Proceeds on sale of property, plant and equipment		**-**	0.1
Net cash used in investing activities		**(355.7)**	(270.5)
Cash flows from financing activities			
Proceeds from the issue of share capital		**3.6**	4.8
Purchase of own shares by EBT		**(1.5)**	(2.1)
Loans drawn down	8	**286.7**	83.2
Loans repaid	8	**(27.3)**	(58.1)
Principal elements of lease payments	8	**(18.5)**	(18.8)
Dividends paid	4	**(104.1)**	(88.6)
Net cash from/ (used in) financing activities		**138.9**	(79.6)
Net decrease in cash and cash equivalents		**(20.2)**	(43.6)
Cash and cash equivalents at the beginning of the year		**120.5**	158.4
Effects of exchange rate changes		**(4.3)**	5.7
Cash and cash equivalents at the end of the year	8	**96.0**	120.5

GROUP STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2024

	Attributable to owners of the Company						
	Share capital and share premium	Own shares held by EBT	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
	£m	£m	£m	£m	£m	£m	£m
At 1 April 2022	278.5	(3.0)	60.2	772.8	1,108.5	-	1,108.5
Profit for the year	-	-	-	284.8	284.8	-	284.8
Other comprehensive income	-	-	51.6	(26.3)	25.3	-	25.3
Total comprehensive income	-	-	51.6	258.5	310.1	-	310.1
Cash flow hedging gains transferred to inventories	-	-	(3.7)	-	(3.7)	-	(3.7)
Tax on cash flow hedging gains transferred to inventories	-	-	0.7	-	0.7	-	0.7
Dividends (Note 4)	-	-	-	(88.6)	(88.6)	-	(88.6)
Equity-settled share-based payments	-	-	-	14.2	14.2	-	14.2
Settlement of share awards	4.8	2.9	-	(2.9)	4.8	-	4.8
Purchase of own shares by EBT	-	(2.1)	-	-	(2.1)	-	(2.1)
Tax on equity-settled share-based payments	-	-	-	1.0	1.0	-	1.0
Sale of subsidiary's shares to non-controlling interests	-	-	-	(0.7)	(0.7)	0.7	-
At 31 March 2023	283.3	(2.2)	108.8	954.3	1,344.2	0.7	1,344.9
Profit for the year	-	-	-	183.7	183.7	-	183.7
Other comprehensive income	-	-	(0.7)	0.7	-	(0.1)	(0.1)
Total comprehensive income	-	-	(0.7)	184.4	183.7	(0.1)	183.6
Cash flow hedging gains transferred to inventories	-	-	(1.6)	-	(1.6)	-	(1.6)
Cash flow hedging losses transferred to acquisition purchase price	-	-	1.8	-	1.8	-	1.8
Dividends (Note 4)	-	-	-	(104.1)	(104.1)	-	(104.1)
Equity-settled share-based payments	-	-	-	7.8	7.8	-	7.8
Settlement of share awards	3.6	1.9	-	(1.9)	3.6	-	3.6
Purchase of own shares by EBT	-	(1.5)	-	-	(1.5)	-	(1.5)
Tax on equity-settled share-based payments	-	-	-	(1.6)	(1.6)	-	(1.6)
At 31 March 2024	**286.9**	**(1.8)**	**108.3**	**1,038.9**	**1,432.3**	**0.6**	**1,432.9**

NOTES TO THE PRELIMINARY ACCOUNTS

1. Basis of preparation

The financial information contained in this release does not constitute the Company's statutory accounts for the years ended 31 March 2024 or 31 March 2023 but is derived from those accounts. The accounts are prepared in accordance with UK-adopted international accounting standards (UK IAS) and the requirements of the Companies Act 2006. None of the new accounting standards, amendments or revisions to existing standards or interpretations which have become effective have had a material impact on the reported results or financial position of the Group. Statutory accounts for the year ended 31 March 2023 have been delivered to the Registrar of Companies and those for the year ended 31 March 2024 will be delivered following the Company's Annual General Meeting. The auditors have reported on both of these sets of accounts. Their reports were unqualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain any statement under sections 498(2) or 498(3) of the Companies Act 2006. The accounts for the year ended 31 March 2024 were approved by the Board of Directors on 22 May 2024.

2. Segmental reporting

The Group's operating segments comprise three regions: EMEA, Americas and Asia Pacific.

	EMEA £m	Americas £m	Asia Pacific £m	Group £m
Year ended 31 March 2024				
Revenue from external customers	**1,794.8**	**933.7**	**213.9**	**2,942.4**
Segmental operating profit	**255.7**	**101.4**	**3.8**	**360.9**
Central costs				**(49.1)**
Adjusted operating profit				**311.8**
Amortisation of acquired intangibles				**(26.6)**
Acquisition-related items				**(5.1)**
Operating profit				**280.1**
Net finance costs				**(31.9)**
Share of profit of joint venture				**0.6**
Profit before tax				**248.8**
Year ended 31 March 2023				
Revenue from external customers	1,768.5	945.5	268.3	2,982.3
Segmental operating profit	275.8	148.5	38.4	462.7
Central costs				(60.5)
Adjusted operating profit				402.2
Amortisation and impairment of acquired intangibles				(16.6)
Acquisition-related items				(2.6)
Operating profit				383.0
Net finance costs				(12.2)
Share of profit of joint venture				0.7
Profit before tax				371.5

2. Segmental reporting (continued)

In the table below, revenue is disaggregated by sales channels, by own-brand products or other product and service solutions, and also by service solutions or other. The Group's largest own-brand is RS PRO. £2,850.7 million of revenue is recognised at a point in time (2022/23: £2,901.2 million) and £91.7 million over time (2022/23: £81.1 million).

Sales channel

	EMEA £m	Americas £m	Asia Pacific £m	Group £m
Year ended 31 March 2024				
Web	**880.8**	**258.9**	**88.5**	**1,228.2**
eProcurement and other digital	**441.5**	**77.3**	**34.6**	**553.4**
Digital	**1,322.3**	**336.2**	**123.1**	**1,781.6**
Offline	**472.5**	**597.5**	**90.8**	**1,160.8**
Revenue	**1,794.8**	**933.7**	**213.9**	**2,942.4**
Year ended 31 March 2023				
Web	893.8	304.3	121.2	1,319.3
eProcurement and other digital	417.3	100.5	39.6	557.4
Digital	1,311.1	404.8	160.8	1,876.7
Offline	457.4	540.7	107.5	1,105.6
Revenue	1,768.5	945.5	268.3	2,982.3

Own-brand / other products and service solutions

	EMEA £m	Americas £m	Asia Pacific £m	Group £m
Year ended 31 March 2024				
Own-brand product and service solutions	**364.9**	**6.7**	**33.2**	**404.8**
Other product and service solutions	**1,429.9**	**927.0**	**180.7**	**2,537.6**
Revenue	**1,794.8**	**933.7**	**213.9**	**2,942.4**
Year ended 31 March 2023				
Own-brand product and service solutions	360.2	7.1	37.2	404.5
Other product and service solutions	1,408.3	938.4	231.1	2,577.8
Revenue	1,768.5	945.5	268.3	2,982.3

Service solutions / other

During the first half of the year the Group reviewed what it classes as service solutions which has resulted in certain revenue streams now being included and certain ones excluded, resulting in an overall decrease to the service solutions revenue for the year ended 31 March 2023 of £48.6 million and £29.9 million for the year ended 31 March 2022. The information below reflects the new classification.

	EMEA £m	Americas £m	Asia Pacific £m	Group £m
Year ended 31 March 2024				
Service solutions	**532.3**	**132.8**	**43.4**	**708.5**
Other	**1,262.5**	**800.9**	**170.5**	**2,233.9**
Revenue	**1,794.8**	**933.7**	**213.9**	**2,942.4**
Year ended 31 March 2023 (restated)				
Service solutions	506.1	132.9	46.4	685.4
Other	1,262.4	812.6	221.9	2,296.9
Revenue	1,768.5	945.5	268.3	2,982.3
Year ended 31 March 2022 (restated)				
Service solutions	425.6	93.4	39.1	558.1
Other	1,153.9	625.3	216.4	1,995.6
Revenue	1,579.5	718.7	255.5	2,553.7

3. Earnings per share

	2024 Number	2023 Number
Weighted average number of shares	**473,300,106**	471,717,928
Dilutive effect of share-based payments	**781,177**	1,194,205
Diluted weighted average number of shares	**474,081,283**	472,912,133
Basic earnings per share	**38.8p**	60.4p
Diluted earnings per share	**38.7p**	60.2p

4. Dividends

	2024 £m	2023 £m
Final dividend for the year ended 31 March 2023 – 13.7p (2022: 11.6p)	**64.8**	54.6
Interim dividend for the year ended 31 March 2024 – 8.3p (2023: 7.2p)	**39.3**	34.0
	104.1	88.6

A proposed final dividend for the year ended 31 March 2024 of 13.7p is subject to approval by shareholders at the Annual General Meeting on 11 July 2024 and the estimated amount to be paid of £64.9 million has not been included as a liability in these accounts. This will be paid on 19 July 2024 to shareholders on the register on 14 June 2024 with an ex-dividend date of 13 June 2024.

5. Retirement benefit obligations

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

	2024 £m	2023 £m
Fair value of scheme assets	**452.0**	432.0
Present value of defined benefit obligations	**(421.8)**	(407.3)
Effect of asset ceiling / onerous liability	**(55.9)**	(61.1)
Retirement benefit net obligations	**(25.7)**	(36.4)
Amount recognised on the balance sheet – liability	**(27.2)**	(37.2)
Amount recognised on the balance sheet – asset	**1.5**	0.8

A change would have the following increase / (decrease) on the UK defined benefit obligations as at 31 March 2024:

	Increase in assumption £m	Decrease in assumption £m
Effect on obligation of a 0.5 pts change to the assumed discount rate	**(24.7)**	**27.3**
Effect on obligation of a 0.25 pts change in the assumed inflation rate	**11.7**	**(11.3)**
Effect on obligation of a change of one year in assumed life expectancy	**10.9**	**(10.9)**

6. Inventories

	2024 £m	2023 £m
Gross inventories	**724.6**	660.0
Inventory provisions	**(68.6)**	(43.7)
Net inventories	**656.0**	616.3

£35.1 million was recognised as an expense relating to the write-down of inventories to net realisable value (2022/23: £33.0 million).

Currently the Group does not expect any reasonably likely changes, including regulatory changes and the current global economic and geopolitical uncertainties, to have a material impact on the net realisable value of inventories.

7. Trade and other receivables

	2024 **£m**	2023 £m
Gross trade receivables	**624.0**	621.0
Impairment allowance	**(11.1)**	(12.6)
Net trade receivables	**612.9**	608.4
Other receivables (including prepayments and accrued income)	**88.5**	83.6
Trade and other receivables	**701.4**	692.0

Trade receivables are written off when there is no reasonable expectation of recovery, for example when a customer enters liquidation or the Group agrees with the customer to write off an outstanding invoice. The Group continues to limit its exposure through tight credit policies, proactive monitoring and collections. Historically, the Group has generally experienced very low levels of trade receivables not being recovered, including those significantly past due, and this was also the case during 2023/24. However, with the continued global economic and geopolitical uncertainties, the Group remains cautious about its exposure and so has reviewed carefully, and maintained at a higher level, its expected loss rates for those markets and industries that are most affected.

8. Net debt

	2024 **£m**	2023 £m
Cash and short-term deposits	**258.7**	260.3
Bank overdrafts	**(162.7)**	(139.8)
Cash and cash equivalents	**96.0**	120.5
Non-current private placement loan notes	**(157.1)**	(160.4)
Non-current sustainability-linked loan	**(155.0)**	(24.2)
Non-current term loan	**(128.2)**	-
Current lease liabilities	**(16.0)**	(14.6)
Non-current lease liabilities	**(57.9)**	(34.3)
Net debt	**(418.2)**	(113.0)

The amount borrowed under the sustainability-linked loan facility matured in April 2024 and was rolled for another month. The expectation is that the amounts rolled will be gradually reduced until they will be fully repaid during 2027/28.

Movements in net debt were:

	Borrowings £m	Lease liabilities £m	Total liabilities from financing activities £m	Interest rate swaps £m	Cash and cash equivalents £m	Net debt £m
Net debt at 1 April 2022	(151.7)	(48.7)	(200.4)	(0.1)	158.4	(42.1)
Cash flows	(25.1)	18.8	(6.3)	-	(43.6)	(49.9)
Acquired with businesses	-	(9.8)	(9.8)	-	-	(9.8)
Net lease additions	-	(8.4)	(8.4)	-	-	(8.4)
(Loss) / gain in fair value in period	(0.1)	-	(0.1)	0.1	-	-
Translation differences	(7.7)	(0.8)	(8.5)	-	5.7	(2.8)
Net debt at 31 March 2023	(184.6)	(48.9)	(233.5)	-	120.5	(113.0)
Cash flows	(259.4)	18.5	(240.9)	-	(20.3)	(261.2)
Acquired with businesses	-	(28.5)	(28.5)	-	-	(28.5)
Net lease additions	-	(15.2)	(15.2)	-	-	(15.2)
Translation differences	3.7	0.2	3.9	-	(4.2)	(0.3)
At 31 March 2024	**(440.3)**	**(73.9)**	**(514.2)**	**-**	**96.0**	**(418.2)**

9. Acquisitions

On 30 June 2023 the Group acquired 100% of the issued share capital of Distrelec B.V. and its subsidiaries (Distrelec), a high-service, digital-led distributor of industrial and maintenance, repair and operations (MRO) products in Europe. Distrelec significantly expands the Group's presence in continental Europe and will leverage the Group's existing operations to drive value-accretive growth. The goodwill is attributable to cost synergies in procurement, logistics and warehousing, and marketing and administration, in addition to revenue synergies from cross-selling opportunities of RS's own brand and solutions offer. Distrelec is included in EMEA.

The fair value of the net assets acquired, consideration paid and goodwill arising, plus transaction costs and contribution to the Group's results since acquisition were:

	£m
Intangible assets	**106.2**
Property, plant and equipment	**0.6**
Right-of-use assets	**29.8**
Working capital	**42.5**
Cash and cash equivalents – cash and short-term deposits	**9.0**
Lease liabilities	**(28.5)**
Non-current other payables	**(11.1)**
Non-current other provisions	**(1.3)**
Current income tax liabilities	**(4.9)**
Current other provisions	**(0.2)**
Deferred tax liabilities	**(14.1)**
Net assets acquired	**128.0**
Indemnification assets (included in non-current other receivables)	**2.8**
Goodwill	**182.3**
Consideration paid – cash	**313.1**

On 2 April 2024 the Group acquired Trident Australia Pty Ltd (Trident), a specialist MRO distribution and rental, calibration and mechanical services partner for the energy and natural resource industry in Australia, for an estimated £8.0 million on a debt-free, cash-free, tax-free basis. The completion accounts are being prepared and once agreed the consideration will be finalised and the fair value of the net assets acquired assessed.

10. Alternative Performance Measures (APMs)

The Group uses a number of APMs in addition to those measures reported in accordance with UK IAS. Such APMs are not defined terms under UK IAS and are not intended to be a substitute for any UK IAS measure. The Directors believe that the APMs are important when assessing the underlying financial and operating performance of the Group. The APMs are used internally for performance analysis and in employee incentive arrangements, as well as in discussions with the investment analyst community.

The APMs improve the comparability of information between reporting periods by adjusting for factors such as fluctuations in foreign exchange rates, number of trading days and items, such as reorganisation costs, that are substantial in scope and impact and do not form part of operational or management activities that the Directors would consider part of underlying performance. The Directors also believe that excluding recent acquisitions and acquisition-related items aids comparison of the underlying performance between reporting periods and between businesses with similar assets that were internally generated.

10. Alternative Performance Measures (APMs) (continued)

Adjusted profit measures

These are the equivalent UK IAS measures adjusted to exclude amortisation and impairment 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, where relevant, associated income tax effects. Adjusted profit before tax is a performance measure for the annual incentive and the all employee Long Term Incentive Plan (LTIP) called the RS YAY! Award. Adjusted earnings per share is a performance measure for the LTIP and Journey to Greatness (J2G) LTIP award. Adjusted operating profit conversion, adjusted operating profit margin and adjusted earnings per share are financial key performance indicators (KPIs) which are used to measure the Group's progress in delivering the successful implementation of its strategy and monitor and drive its performance.

	Operating costs[1] £m	Operating profit £m	Operating profit margin[1] %	Operating profit conversion[2] %	Profit before tax £m	Profit for the year £m	Basic earnings per share p	Diluted earnings per share p
Year ended 31 March 2024								
Reported	**(983.8)**	**280.1**	**9.5%**	**22.2%**	**248.8**	**183.7**	**38.8p**	**38.7p**
Amortisation of acquired intangibles	**26.6**	**26.6**			**26.6**	**19.8**	**4.2p**	**4.2p**
Acquisition-related items	**5.1**	**5.1**			**5.1**	**3.8**	**0.8p**	**0.8p**
Adjusted	**(952.1)**	**311.8**	**10.6%**	**24.7%**	**280.5**	**207.3**	**43.8p**	**43.7p**
Year ended 31 March 2023								
Reported	(969.2)	383.0	12.8%	28.3%	371.5	284.8	60.4p	60.2p
Amortisation and impairment of acquired intangibles	16.6	16.6			16.6	13.3	2.8p	2.8p
Acquisition-related items	2.6	2.6			2.6	2.1	0.4p	0.4p
Adjusted	(950.0)	402.2	13.5%	29.7%	390.7	300.2	63.6p	63.4p

(1) Operating profit margin is operating profit expressed as a percentage of revenue.

(2) Operating profit conversion is operating profit expressed as a percentage of gross profit.

Acquisition-related items comprise transaction costs directly attributable to the acquisition of businesses, any deferred consideration payments relating to the retention of former owners of acquired businesses expensed as remuneration, adjustments to acquisition-related indemnification assets and the related liabilities that result from events after the acquisition date and any remeasurements of contingent consideration payable on acquisition of businesses that result from events after the acquisition date.

Like-for-like revenue and profit measures

Like-for-like revenue and profit measures are adjusted to exclude the effects of changes in exchange rates on translation of overseas profits. They exclude acquisitions in the relevant years until they have been owned for a year, at which point they start to be included in both the current and comparative years for the same number of months. These measures enable management and investors to track more easily, and consistently, the underlying performance of the business.

The principal exchange rates applied in preparing the Group accounts and in calculating the following like-for-like measures are:

	2024 Average	**2024 Closing**	2023 Average	2023 Closing
US dollar	**1.257**	**1.264**	1.206	1.239
Euro	**1.159**	**1.170**	1.158	1.137

10. Alternative Performance Measures (APMs) (continued)

Like-for-like revenue change

Like-for-like revenue change is also adjusted to eliminate the impact of trading days year on year. It is calculated by comparing the revenue of the base business for the current year with the prior year converted at the current year's average exchange rates and pro-rated for the same number of trading days as the current year. It is a performance measure for the annual incentive and a financial KPI.

	£m
Revenue for 2023	2,982.3
Effect of exchange rates	(57.4)
Effect of trading days	(24.1)
Revenue for 2023 at 2024 rates and trading days	2,900.8

	2024 Group £m	**Less: acquisitions owned <1 year £m**	**2024 base business £m**	2023 £m	2023 at 2024 rates and trading days £m	Like-for-like change %
EMEA	**1,794.8**	**134.6**	**1,660.2**	1,768.5	1,743.1	(5)%
Americas	**933.7**	**145.9**	**787.8**	945.5	909.3	(13)%
Asia Pacific	**213.9**	**1.8**	**212.1**	268.3	248.4	(15)%
Revenue	**2,942.4**	**282.3**	**2,660.1**	2,982.3	2,900.8	(8)%

Gross margin and like-for-like gross margin change

Gross margin is gross profit divided by revenue. Like-for-like change in gross margin is calculated by taking the difference between gross margin for the base business for the current year and gross margin for the prior year with revenue and gross profit converted at the current year's average exchange rates.

	2024 Group £m	**Less: acquisitions owned <1 year £m**	**2024 base business £m**	2023 £m	2023 at 2024 rates £m	Like-for-like change pts
Revenue	**2,942.4**	**282.3**	**2,660.1**	2,982.3	2,924.9	
Gross profit	**1,263.9**	**88.8**	**1,175.1**	1,352.2	1,326.0	
Gross margin	**43.0%**	**31.5%**	**44.2%**	45.3%	45.3%	(1.1) pts

Like-for-like profit change

Like-for-like change in profit is calculated by comparing the base business for the current year with the prior year converted at the current year's average exchange rates.

	2024 Group £m	**Less: acquisitions owned <1 year £m**	**2024 base business £m**	2023 £m	2023 at 2024 rates £m	Like-for-like change %
Segmental operating profit						
EMEA	**255.7**	**5.9**	**249.8**	275.8	274.1	(9)%
Americas	**101.4**	**11.7**	**89.7**	148.5	142.3	(37)%
Asia Pacific	**3.8**	**-**	**3.8**	38.4	33.7	(89)%
Segmental operating profit	**360.9**	**17.6**	**343.3**	462.7	450.1	(24)%
Central costs	**(49.1)**	**-**	**(49.1)**	(60.5)	(60.1)	(18)%
Adjusted operating profit	**311.8**	**17.6**	**294.2**	402.2	390.0	(25)%
Adjusted profit before tax	**280.5**	**15.4**	**265.1**	390.7	378.5	(30)%
Adjusted earnings per share	**43.8p**	**2.8p**	**41.0p**	63.6p	61.7p	(34)%
Adjusted diluted earnings per share	**43.7p**	**2.8p**	**40.9p**	63.4p		

10. Alternative Performance Measures (APMs) (continued)

Adjusted free cash flow and adjusted operating cash flow conversion

Adjusted free cash flow is net cash from operating activities less purchases of intangible assets, property, plant and equipment plus any proceeds on sale of intangible assets, property, plant and equipment, adjusted for the cash impact of substantial reorganisation and acquisition-related items and is a performance measure for the annual incentive.

Adjusted operating cash flow is adjusted free cash flow before income tax and net interest paid. Adjusted operating cash flow conversion is adjusted operating cash flow expressed as a percentage of adjusted operating profit and is a financial KPI.

	2024 £m	2023 £m
Net cash from operating activities	**196.6**	306.5
Purchase of intangible assets	**(35.7)**	(27.5)
Purchase of property, plant and equipment	**(15.9)**	(18.6)
Proceeds on sale of property, plant and equipment	**-**	0.1
Add back: impact of substantial reorganisation cash flows	**0.7**	0.5
Add back: impact of acquisition-related items cash flows	**5.5**	2.6
Adjusted free cash flow	**151.2**	263.6
Add back: income tax paid	**73.3**	93.9
Add back: net interest paid	**31.0**	12.6
Adjusted operating cash flow	**255.5**	370.1
Adjusted operating profit	**311.8**	402.2
Adjusted operating cash flow conversion	**81.9%**	92.0%

Earnings before interest, tax, depreciation and amortisation (EBITDA), net debt and net debt to adjusted EBITDA

EBITDA is operating profit excluding depreciation and amortisation. Net debt is defined and reconciled in Note 8. Net debt to adjusted EBITDA (one of the Group's debt covenants) is the ratio of net debt to EBITDA excluding impairment of intangible assets arising on acquisition of businesses, acquisition-related items, substantial reorganisation costs, substantial asset write-downs and one-off pension credits or costs.

	2024 £m	2023 £m
Operating profit	**280.1**	383.0
Add back: depreciation and amortisation	**83.7**	64.6
EBITDA	**363.8**	447.6
Add back: impairment of acquired intangibles	**-**	3.3
Add back: acquisition-related items	**5.1**	2.6
Adjusted EBITDA	**368.9**	453.5
Net debt	**418.2**	113.0
Net debt to adjusted EBITDA	**1.1x**	0.2x

Earnings before interest, tax and amortisation (EBITA) and EBITA to interest

EBITA is adjusted EBITDA after depreciation. EBITA to interest (one of the Group's debt covenants) is the ratio of EBITA to finance costs including capitalised interest less finance income.

	2024 £m	2023 £m
Adjusted EBITDA	**368.9**	453.5
Less: depreciation	**(35.5)**	(36.2)
EBITA	**333.4**	417.3
Finance costs	**36.7**	14.2
Less: finance income	**(4.8)**	(2.0)
Interest (per debt covenants)	**31.9**	12.2
EBITA to interest	**10.5x**	34.2x

10. Alternative Performance Measures (APMs) (continued)

Return on capital employed (ROCE)

ROCE is adjusted operating profit expressed as a percentage of monthly average net assets excluding net debt and retirement benefit obligations and is an underpin for the LTIP and J2G LTIP Award and a financial KPI.

	2024 £m	2023 £m
Average net assets	**1,389.3**	1,258.0
Add back: average net debt	**371.6**	25.6
Add back: average retirement benefit net obligations	**31.2**	24.1
Average capital employed	**1,792.1**	1,307.7
Adjusted operating profit	**311.8**	402.2
ROCE	**17.4%**	30.8%

Working capital as a percentage of revenue

Working capital is inventories, current trade and other receivables and current trade and other payables.

	2024 £m	2023 £m
Inventories	**656.0**	616.3
Current trade and other receivables	**701.4**	692.0
Current trade and other payables	**(602.7)**	(658.9)
Working capital	**754.7**	649.4
Revenue	**2,942.4**	2,982.3
Working capital as a percentage of revenue	**25.6%**	21.8%

Inventory turn

Inventory turn is cost of sales divided by inventories.

	2024 £m	2023 £m
Cost of sales	**1,678.5**	1,630.1
Inventories	**656.0**	616.3
Inventory turn	**2.6**	2.6

Ratio of capital expenditure to depreciation

Ratio of capital expenditure to depreciation is capital expenditure divided by depreciation and amortisation excluding amortisation of acquired intangibles and depreciation of right-of-use assets.

	2024 £m	2023 £m
Depreciation and amortisation	**83.7**	64.6
Less: amortisation of acquired intangibles	**(26.6)**	(13.3)
Less: depreciation of right-of-use assets	**(18.6)**	(18.3)
Adjusted depreciation and amortisation	**38.5**	33.0
Capital expenditure	**51.2**	42.4
Ratio of capital expenditure to depreciation	**1.3 times**	1.3 times