

Electrocomponents plc today issues a trading update for the four-month period to 31 January 2017.

<u>Regional Hub</u>	<u>Revenue growth⁽¹⁾</u>		
	<u>Q1 to June 2016</u>	<u>Q2 to Sept 2016</u>	<u>4 months to 31 Jan 2017</u>
Northern Europe	3%	4%	6%
Southern Europe	4%	3%	4%
Central Europe	1%	(1)%	2%
Total Europe	3%	3%	4%
Asia Pacific	(2)%	3%	7%
North America	(2)%	4%	12%
Group	1%	3%	6%

We have continued to make good progress on our initiatives to improve the customer experience, stabilise gross margin and reduce costs, and as a result we have delivered strong revenue growth and improved profitability during the period.

- In the four months to 31 January 2017, Group underlying revenue growth⁽¹⁾ accelerated to 6%, with all of our regional hubs seeing positive revenue trends during the period.
 - RS Pro, our own-brand business, which represents 12% of revenues grew by 5% and eCommerce, which represents 60% of revenues increased by 6%.
 - December saw particularly strong growth, with both North America and Central Europe benefitting from weak comparatives in the month.
 - We have tougher trading comparatives in Northern Europe in the final quarter, with the anniversary of our return to growth in the UK and the Raspberry Pi 3 launch in March 2016.
- Gross margins continued to see year-on-year growth in the period benefitting from our initiatives on price and mix and foreign exchange tailwinds. This more than offset an unfavourable geographic mix in the period, given faster growth in our lower gross margin North American hub.
- We continue to make good progress on our cost initiatives and are on track to deliver £18 million of net savings in the year to March 2017.
- We are also investing to drive the long-term growth of the business, appointing new Presidents for both RS and Allied and significantly strengthening the leadership teams in Innovation, DesignSpark and IT.
- We continue to expect FY 2017 revenue and profits to see a significant benefit from foreign exchange⁽²⁾ and additional trading days⁽³⁾. As previously guided in FY 2018 we expect to see an adverse impact on revenues and profits from fewer trading days compared with FY 2017⁽³⁾.

Lindsley Ruth, Chief Executive Officer, commented:

“We have made further good progress on our Performance Improvement Plan initiatives, which has driven faster revenue growth and improved profitability during the period. We are on a journey to transform both the customer experience and financial performance of this organisation and we remain on track to make good progress on both these fronts.”

Enquiries:

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Notes:

1. Revenue growth rates, unless otherwise stated, are adjusted for trading days and currency movements (“underlying revenue growth/decline”).
2. Our profits remain sensitive to movements in exchange rates on translation of overseas profits. Positive currency movements increased H1 profit before tax by around £7 million. Assuming current (31st January) rates persist for the rest of the year, the full year currency benefit will be around £18 million. Every 1 cent movement in the Euro will have a circa £0.9 million impact on profits. Every 1 cent movement in US \$ will have a circa £0.3 million impact on profits.
3. During the year to March 2017 we expect to see around a £10 million benefit to revenues from additional trading days compared with FY 2016. In the year to March 2018 we expect to see an adverse impact of around £20 million on revenues from fewer trading days compared with FY 2017.