25 January 2024, 7.00am

RS Group plc today issues a trading update for the third quarter ended 31 December 2023

OPERATIONAL PROGRESS DESPITE CHALLENGING MARKETS

	Like-for-like revenue change[1]			
Region	**Q1 to Jun 2023**	**Q2 to Sep 2023**	**Q3 to Dec 2023**	**9 months to Dec 2023**
EMEA	(3)%	(5)%	**(5)%**	(4)%
Americas	(13)%	(15)%	**(19)%**	(15)%
Asia Pacific	(19)%	(18)%	**(13)%**	(17)%
Group	**(7)%**	**(9)%**	**(10)%**	**(9)%**

Weaker than anticipated markets in Q3

- Revenue increased 1%, with 14% contribution from the acquisitions of Distrelec and Risoul.
- Like-for-like revenue down 10% reflecting weak industrial sentiment as indicated in continuing soft PMI[2] data and slower unwinding of customer surplus inventory particularly in electronics and associated products.
- Americas' performance reflected higher exposure to A&C[3] and electronic products and small industrial manufacturers than the rest of the Group.
- Like-for-like revenue of our industrial ranges down 6% and electronics declined 23%.
- Like-for-like revenue in digital was down 7%, RS PRO grew 2% and service solutions increased 4%.
- Notwithstanding continuing geopolitical uncertainty, extended holiday periods and extreme weather, trading in Asia Pacific is improving, EMEA is stable and Americas remains challenging with Q4 comparators easing.

Underlying operational progress

- Ongoing investment in growth accelerators on track.
- We continue to see opportunities to drive improvements in operational effectiveness.
- Accelerated integration of Distrelec and the cost reduction programme is ahead of plan.

SIMON PRYCE, CHIEF EXECUTIVE OFFICER, COMMENTED: "Q3 trading was challenging reflecting the difficult economic backdrop, geopolitical uncertainty, weak industrial and electronic markets and customer surplus inventory in electronics. We are seeing good contributions from our growth accelerators, with digital outperforming the broader business and RS PRO and service solutions both growing. Accelerated integration of our acquisitions is highlighting additional medium-term upside and the potential for significant further operational improvement benefits over time.

We are making good progress on strategic and tactical actions to improve operating leverage and drive outperformance. We remain confident in our ability to accelerate value creation for all our stakeholders when our markets return to growth and over the longer term."

Notes:

1. Like-for-like revenue change is change in revenue adjusted to eliminate the impact of acquisitions and the effects of changes in exchange rates and trading days year on year. Acquisitions are only included once they have been owned for a year, at which point they start to be included in both the current and comparative periods for the same number of months. 2022/23 is converted at 2023/24 average exchange rates for the period.
2. Purchasing manager index (PMI) is a survey-based economic indicator designed to provide a timely insight into business conditions. The PMI is widely used to anticipate changing economic trends in official data such as GDP, or sometimes as an alternative gauge of economic performance and business conditions to official data, as the latter sometimes suffer from delays in publication, poor availability or data quality issues (Source: S&P Global).
3. Automation and control (A&C) product category.
4. Our profit remains sensitive to movements in exchange rates on translation of overseas profits. Average exchange rates for the year ended 31 March 2023 for euro and US dollar respectively were €1.158 and $1.206 respectively. Every 1 cent movement in the euro has a c. £2.1 million impact on annual adjusted profit before tax. Every 1 cent movement in the US dollar has a c. £1.2 million impact on annual adjusted profit before tax.
5. We expect to see a negative impact of around £24 million on revenue from fewer trading days in 2023/24 compared to 2022/23.

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