



Group

Accelerating our growth ambitions: Acquisition of Risoul

Leading distributor of
industrial and automation
product and service solutions
in Mexico

10 August 2022



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Acquisition of Risoul



Leading distributor of industrial and automation product and service solutions in Mexico, for US\$275m (c. £228m¹)*



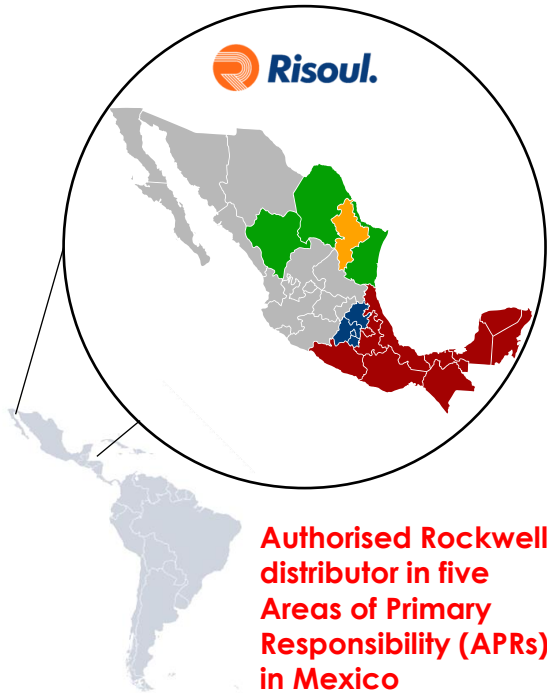
Strategically, financially and culturally aligned with our Journey to Greatness



Accretive to earnings in the first full year and exceeds Group cost of capital by year three



Risoul: A highly regarded distributor in Mexico



Distributor of industrial and automation products

- Family-run business established in 1973
- Headquartered in Monterrey, Mexico
- Management being retained

Largest authorised Rockwell distributor in Mexico

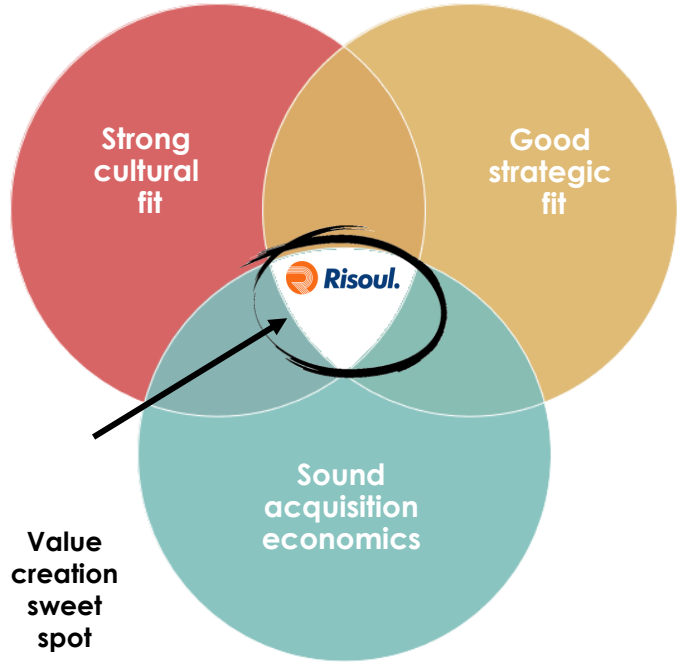
- Rockwell > 70% of revenue
- A top 10 Rockwell distributor globally
- Rockwell has 50% share of automation and control market in North America

Strong financial and operational focus

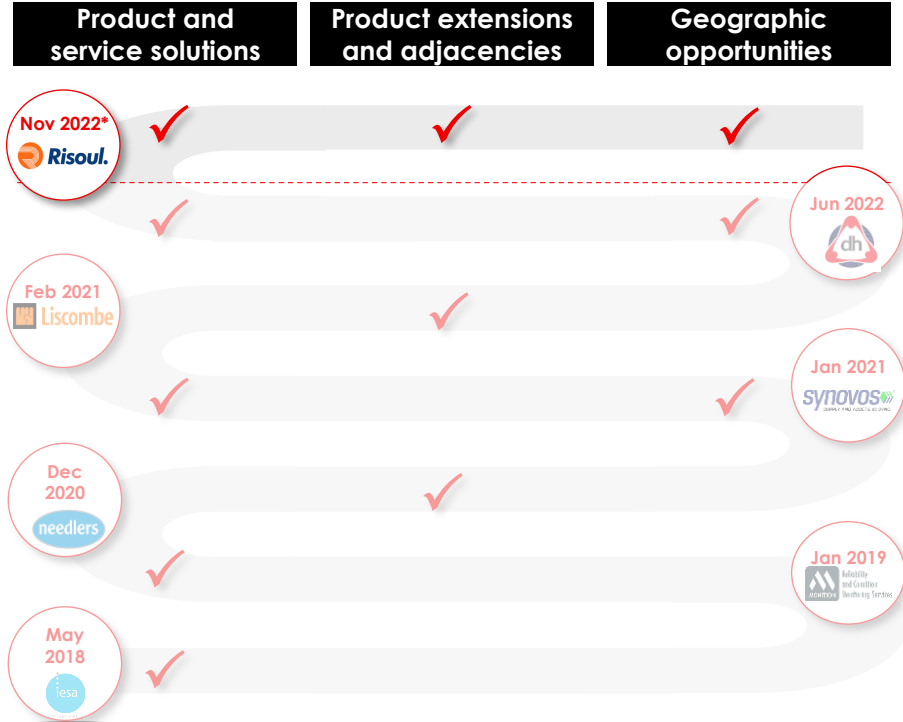
- Revenue¹: US\$166m, EBIT¹: US\$19m
- Two distribution centres and eight local warehouses
- 18,000 stocked products, 60,000 total
- 7% revenue from service solutions

Risoul fits into our growth strategy

Acquisition Criteria

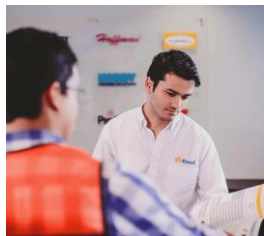


Key Focus Areas



ESG considerations included across all three criteria in our acquisition analysis

Strategically aligned with a strong culture



Human touch and personal service

- Strong focus on people, customers and innovation
- >65 product specialists and >200 sales engineers
- Trusted partner due to deep commercial understanding and technical expertise



Product and service solutions

- Provides service solutions including:
 - Rockwell training and field services
 - Control board and panel assembly
 - Air conditioning maintenance
 - Specialist tool repair
 - Smart network infrastructure



Primed for digital expansion

- Platform to develop best-in-class digital capabilities
- A transactional website will expand customer base and revenue opportunity from complementary products

Strong leadership and vision



Gerardo Ayala
Chief Executive
Officer

Joined 2004
18 years at Risoul



Aldo Torres
Chief Financial
Officer

Joined 2017
29 Years at
Tecnológico de
Monterrey



Daniel Váldez
Commercial
Director

Joined 2020
21 years at Rockwell



Jesús Barrera
Business Development
& Marketing Director

Joined 1997
25 years at Risoul



Luis Domínguez
Operations
Director

Joined 2020
22 years at Rockwell

**Strong management
team with deep
industry experience**

**Emphasis on people,
customers and
innovation**

**Highly engaged
employees with top
scores in leadership
performance**

**Management team
fully committed to
next phase with
RS Group**

High-performance team aligns with our purpose-led culture

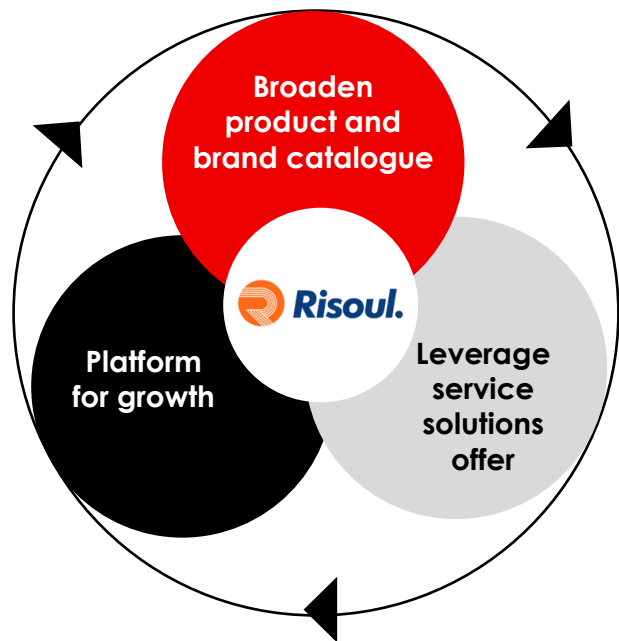
Expanding within an attractive market



- Mexican automation and control market¹:
 - Valued at US\$1.4bn in 2019
 - 8.5% CAGR forecast over 2022-31
- Opportunity from Americas nearshoring to counter de-globalisation and develop sustainable transport routes
- Attractive demographic with young population
- Growing factory automation and digitalisation
- Expanding manufacturing sectors
- Established distribution market within Latin America

Significantly enhances current RS presence in Mexico and Latin America

A significant growth opportunity



Broaden product offer and brand catalogue

- Adding non-competing RS / RS PRO products in Mexico
- Strengthening of important Rockwell relationship

Leverage service solutions offer

- Introducing Risoul's service solutions offer into RS Americas

Platform for growth

- Utilising RS Group's digital expertise and innovation
- Sales collaboration across Risoul, RS Americas, RS Integrated Supply (Synovos)
- Extending product and service solutions offer in Mexico
- Expanding Rockwell relationship further, including Risoul's recent expansion into Barcelona, Spain
- Improving operational efficiencies

Financial details



Consideration of US\$275m (c. £228m), funded from existing debt facilities



Acquisition multiple of c. 12x adjusted EBIT (12-month basis to 30 June 2022)

- Single digit acquisition multiple including year three net synergies



Revenue synergies from cross-selling, digitalisation and operational efficiencies

- Accretive to adjusted earnings in first full year of ownership
- Return on investment expected to exceed RS Group cost of capital within three years



Adjusted operating profit margin slightly above RS Group¹



Current order backlog expected to unwind over the next twelve months



RS Group balance sheet remains strong post acquisition with pro-forma 2021/22 net debt to adjusted EBITDA of < 0.8x

We remain focused on generating sustainable shareholder returns

1.

There is enormous growth opportunity with <1% share of a c. £400bn+ fragmented market

2.

Our differentiated business model will improve further on our Journey to Greatness

3.

We are making amazing happen for a better world with our high-performance, purpose-led culture

4.

Acquisitions will accelerate organic growth and comfortably beat our cost of capital within three years

We are confident in delivering stronger revenue and high-quality profitable growth

Enhanced by strategically aligned acquisitions with a mid-teen adjusted operating profit margin and at least 20% ROCE

Q&A





Group

Additional materials

Risoul: At a glance

- Founded in 1973 and headquartered in Monterrey, Mexico with > 580 employees
- Operates through two distribution centres (Monterrey & Mexico City), eight local warehouses and six offices
- Largest authorised Rockwell distributor in Mexico and also Latin America
- Product offer serves a broad range of industries
- Largest customer < 5% total revenue

US\$166m
Revenue 2020/21¹

US\$19m
EBIT 2020/21¹

> 20
Major brands

> 70%
Revenue from
Rockwell products

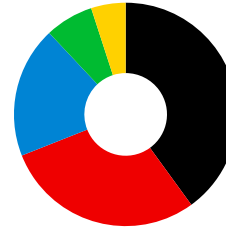
18,000
Stocked products,
60,000 total

11
Service solutions

Risoul acquisition
10 August 2022

Note
1. Year ended 30 September 2021.

Revenue by division



- Automation & control: 40%
- MRO: 29%
- Electrical: 19%
- Services: 7%
- Networks: 5%

Revenue by customer



- Automation & control: 17%
- Systems integrators: 14%
- Food & beverage: 11%
- OEM: 10%
- Metals: 10%
- Others: 38%

Certifications and Partnerships

Certifications



ISO-9001:2001



Member since
August 2010



Member since
2003



Member since
2014

Partnerships



Group

Risoul divisions

Risoul Automation

Solutions for industrial automation



Risoul Services

Complementary services to Risoul products



Risoul Connected Enterprise

Smart network infrastructure that helps improve operations and increases safety by having access to production line data in real time



Risoul MRO & Electrical

Maintenance, repair and operations (MRO) and electrical products for use in daily maintenance and as part of larger special projects



Brands