

Electrocomponents plc has today issued a trading update for the six months ended 30 September 2015 (“H1”) ahead of publishing half-year results on 19 November 2015

In our first quarter trading update released on 23 July 2015 it was noted that while Q1 revenue growth was 5%, July trading had started more slowly. This trend continued through July and August, whilst recovering slightly in September. Overall revenue growth in the second quarter slowed to 3% as a result of a slowdown in North American revenues due to weakening US manufacturing output. Continental Europe continues to see strong double digit growth and the UK and Asia Pacific have seen similar trends to the first quarter.

Region	Sales growth ⁽¹⁾		
	Q1 FY16	Q2 FY16	H1 FY16
Continental Europe	13%	13%	13%
North America	3%	-3%	0%
Asia Pacific	0%	0%	0%
International	7%	4%	6%
UK	-1%	-1%	-1%
Group	5%	3%	4%

The year-on-year decline in gross margin in H1 is expected to be c.1.7% points in line with the trend seen in Q1. Approximately two-thirds of the decline is due to the negative impact of foreign exchange with the balance due to price and mix. We continue to implement actions on pricing, purchasing and discounts and are tightening our control of operating costs, which rose c.3% on a constant currency basis in H1.

Our work on creating a leaner and more efficient organisation is expected to deliver significant cost savings, the first impact of which should benefit the final quarter of this financial year. These cost savings and easier gross margin comparatives should result in a higher than normal weighting of 2016 full-year profits towards the second half of the year.

Full details of this reorganisation and the benefits we expect to derive from it will, as promised, be announced in November. To accelerate the benefits, some of these changes are being made immediately. In future, RS Components (which trades outside North America) will operate through two divisions, RS Industrial and RS Electronics, which will offer more differentiated solutions for customers and suppliers in areas such as marketing, inventory, customer service and pricing. Chris Page, currently Global Offer Director and with Electrocomponents since 2009, will become President, RS Electronics whilst Klaus Goldenbot, currently Global Sales Director and with Electrocomponents since 2001, will become President, RS Industrial. Scott McLendon will continue as President, Allied Electronics, which focuses on industrial customers in America.

We are also pleased to announce several new appointments to the management team:

- Kurt Colehower has recently been appointed as President, RS Private Label. Kurt has extensive distribution experience with Arrow Electronics where he led Arrow’s Global Components business in the Americas region.
- Alex von Schirmeister will join the Group on 1 November 2015 as Chief Innovation Officer (responsible for IT and Digital). Alex has spent the last ten years in senior management positions at eBay.
- Mikael Malm will join the Group on 1 November 2015 as Chief Supply Chain Officer. Mikael joins us from Efore, China, where he is currently Chief Operating Officer. He has previously held senior management positions at Huawei and Ericsson.

The Group’s search for a permanent Group Finance Director continues. In the meantime, Sally Adams, Group Financial Controller, has been appointed to the role of Acting Group Finance Director.

Lindsley Ruth, Group Chief Executive, commented:

“In the first half our largest business, Continental Europe, has performed exceptionally well with double digit revenue growth across all its key markets. Strong growth here is set against the impact of the well documented slowdown in the North American market.

We are making good progress with our review of the business and I shall present its conclusions in full, as promised in November. The reorganisation and management appointments announced today will support our future plans to improve efficiency and deliver increased value to our customers, suppliers and shareholders.”

Enquiries:

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Notes:

- (1) Sales growth rates, unless otherwise stated, are adjusted for trading days and currency movements (“underlying sales growth/decline”).
- (2) Reported 2015 first-half headline profit before tax of £39.0m (restated for vendor rebates) would be £3m lower if translated at average first-half exchange rates.

Electrocomponents plc - Conference Call Dial-in Instructions

Date:	2 October 2015
UK Time:	From 07:50 for 08:00 call
Telephone number:	+44 (0) 1452 589509
PIN:	17220325
Chairman:	Lindsley Ruth

Electrocomponents plc - Replay Dial-in Instructions (available until 8 October 2015)

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