

## Electrocomponents plc today issues a trading update for its first quarter ended 30 June 2016.

### Sales growth<sup>(1)</sup>

<u>Regional Hub</u>	<u>Quarter to June 2016</u>	<u>Quarter to March 2016</u>
Northern Europe	3%	5%
Southern Europe	4%	10%
Central Europe	1%	6%
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Total Europe	<b>3%</b>	<b>7%</b>
Asia & Emerging Markets	(2)%	(6)%
North America	(2)%	(4)%
<b>Group</b>	<b>1%</b>	<b>2%</b>

During the first quarter, we have made better than expected progress on our initiatives to improve customer service, stabilise gross margin, and reduce costs leading to a strong start to the year.

- In the first quarter, Group underlying sales growth<sup>(1)</sup> was 1%.
- As anticipated we saw a slower second half to the quarter given a particularly strong comparator in Southern and Central Europe in June. Northern Europe continued to perform well, with the UK seeing growth throughout the period.
- It is still early days but July has started encouragingly.
- RS Pro, our own brand division, which represents 12.8% of revenues saw growth accelerate to 7%.
- Gross margins improved, with Q1 margins rising by 0.3% points year on year as management initiatives on price and mix more than offset the flagged negative impact of foreign exchange.
- Cost initiatives are running ahead of plan and we are confident of delivering at least £15 million annualised net savings during the current financial year and at least £25 million of annualised net savings by March 2018.
- Foreign exchange rates are currently volatile, however if current rates persist we would see a benefit to profits in the current year<sup>(2)</sup>.

### **Lindsley Ruth, Chief Executive Officer, commented:**

“We have made a strong start to the year, with our cost saving programme and Performance Improvement Plan initiatives driving noticeably improved profitability. We continue to pursue our initiatives to improve customer service, stabilise gross margins and create a leaner, simpler organisation. Whilst it is too early to know the impact of the Brexit vote on the UK and Global economy, we remain confident of making further good progress in the current year.”

### **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. Our profits remain sensitive to movements in exchange rates on translation of overseas profits. At the time of our preliminary results on May 19<sup>th</sup> the Euro spot rate was 1.30 and US dollar spot rate 1.44, in the first quarter our average exchange rates were 1.27 and 1.42. Every 1 cent movement in the Euro will have a £0.6m impact on profits. Every 1 cent movement in US \$ will have a £0.2m impact on profits.
3. We are also exposed to transactional foreign exchange risk on the gross margin. We have a natural hedge in the business, as we are a net buyer of goods in US dollars and a net seller in Euros and other currencies. Based on current exchange rates, as we flagged at the preliminary results, we continue to expect a small negative headwind on gross margins from transactional foreign exchange in the current financial year.

4. Year to March 2016 revenue breakdown was as follows: 30% Northern Europe (includes UK, Scandinavia, Ireland), 19% Southern Europe (includes France, Italy, Spain and Portugal), 13% Central Europe (includes Germany, Austria, Benelux, Switzerland and Eastern Europe), 13% Asia Pacific (includes Australia, New Zealand, China, Japan, SEA and Emerging Market operations) and 25% North America.

**Electrocomponents plc - Conference Call Dial in Instructions**

Date: Wednesday 20<sup>th</sup> July 2016  
UK Time: 07.45h call

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Chairman: Lindsley Ruth

**Electrocomponents plc - Replay Dial in Instructions** (available until 27 July 2016)

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