ELECTROCOMPONENTS PLC
RESULTS FOR THE HALF YEAR ENDED 30 SEPTEMBER 2017

SIGNIFICANT STEP FORWARD IN GROWTH AND PROFITABILITY IN H1

			Change	
Highlights	**H1 2018**	**H1 2017**	**Reported**	**Underlying[1]**
Revenue	**£823.8m**	£706.3m	16.6%	13.3%
Gross Margin[2]	**43.4%**	42.8%	0.6pts	0.6pts
Headline operating profit[3]	**£81.2m**	£57.7m	40.7%	29.3%
Headline operating margin[3]	**9.9%**	8.2%	1.7pts	1.4pts
Headline profit before tax[3,4]	**£79.0m**	£55.1m	43.4%	31.3%
Headline earnings per share[3]	**13.0p**	9.1p	42.9%	29.9%
Headline free cash flow[3]	**£17.4m**	£61.9m	(71.9)%	(72.4%)
Net debt	**£124.5m**	£140.9m		
Leverage (x EBITDA)	**0.7x**	1.0x		
Interim dividend	**5.25p**	5.0p	5.0%	
Reported profit before tax	**£75.7m**	£54.5m	38.9%	27.0%
Reported earnings per share	**12.4p**	9.0p	37.8%	23.9%

(1) Underlying growth, unless otherwise stated, is adjusted for currency movements, in addition underlying revenue growth measures are also adjusted for trading days. Positive currency movements increased Group reported H1 revenue by around £35 million, whilst fewer trading days reduced Group revenues by around £16 million.
(2) Gross margin has been re-presented: - the write-down of inventory to net realisable value had previously been included under distribution and marketing expenses, and has now been included as a cost of sales. There is no change in the underlying business and no impact on operating profit. (see further details on Page 20).
(3) Headline measures exclude net reorganisation costs of £3.3 million in 2018 and £0.6 million in 2017. For an explanation of these measures, see Basis of Preparation on Pages 18 to 20.
(4) Positive currency movements increased headline profit before tax by around £5 million.

Financial highlights

Accelerating revenue growth

- Strong execution and a positive market backdrop drove underlying revenue growth of 13.3% (reported 16.6%).
- All five regions saw double-digit underlying revenue growth and market share gains.

Significant profitability increase whilst also investing to drive future growth

- Gross margin improved 0.6% points in H1 and we remain on track to deliver stable gross margins in the full year.
- Reported H1 PBT was £75.7m, up 38.9%, despite higher restructuring charges of £3.3m (H1 2017: £0.6m) which relates to the consolidation of our digital operations and head office into one location in London.
- Headline H1 PBT was £79.0m, up 43.4% or 31.3% on an underlying basis.
- Headline operating margin rose 1.7% points to 9.9% due to revenue growth, gross margin and cost control.

Growth in EPS and interim dividend

- Reported EPS was 12.4p up 37.8%. Headline EPS was 13.0p up 42.9% or 29.9% on an underlying basis.
- Interim dividend increased by 5% to 5.25p (2017: 5.0p).

Net Debt reduction year on year despite inventory investment to improve availability

- During H1 we increased inventory by £39.1 million to drive improved stock availability and support revenue growth, as a result headline free cash flow reduced to £17.4m (H1 2017: £61.9m).
- Despite higher investment and an increase in the dividend, net debt reduced to £124.5m (H1 2017 £140.9m).

Operational Highlights

- Rolling 12-month Net Promoter Score rose by 8.4% to 43.8 demonstrating improved customer satisfaction.
- Digital marketing strategy and improved online experience drove 14% underlying growth in digital revenue.
- RS Pro underlying revenue growth of 10% in H1 with growth accelerating to 11% in Q2 versus 8% in Q1.
- Significant step forward in Asia, with all sub-regions in growth and losses reduced to £2.3 million (2017: £5.4m).
- On track to deliver £30 million of cumulative annualised cost savings by March 2018.

CURRENT TRADING & PROSPECTS

We have made an encouraging start to the second half of the year, with all regions seeing continued strong underlying revenue growth in October. Our markets currently remain strong but as ever our forward visibility remains limited and our trading comparatives will toughen as the year progresses. As such, we are focused on driving market share gains by delivering an excellent customer experience and investing to support continued long-term growth of the business. We are on track to deliver annualised net cost savings of £30 million by March 2018 and work continues to identify further efficiencies in the way we do business. All these actions mean that we are well positioned to make strong progress in the current financial year.

LINDSLEY RUTH, CHIEF EXECUTIVE OFFICER, COMMENTED:
"We delivered a strong performance in the first half with double-digit top line growth in all five of our regions, improved gross margins, and significant growth in profits. We are making good progress on our journey to become first choice for customers, suppliers and employees and the opportunity for further growth and improvement remains significant.

Today we have an energised business with real momentum, we are investing in our people, innovation and our brands and continue to focus on what our customers value. We remain committed to driving value for our shareholders and we are excited by the potential."

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The results statement and presentation to analysts are published on the Electrocomponents website at www.electrocomponents.com.

Notes on financial terms:
In order to reflect underlying business performance, the Group uses a number of alternative performance measures, including headline and underlying performance measures. Comparisons of underlying revenue between periods (including by region, product group and channel) have been adjusted for currency and trading days (underlying revenue growth). For all alternative performance measures, refer to the Basis of Preparation and Principal Accounting Policies on pages 18 to 20.

Changes in profit, cash flow, debt and share-related measures such as earnings per share are, unless otherwise stated, at reported exchange rates.

Sign conventions: % changes in revenue and costs are disclosed as positive if improving profit and negative if reducing profit.

Notes to editors:
Electrocomponents, through its brands RS Components and Allied Electronics, is the global distributor for engineers. We offer more than 500,000 industrial and electronic products, sourced from 2,500 leading suppliers, and provide a wide range of value-added services to over one million customers. With operations in 32 countries, we trade through multiple channels and ship around 50,000 parcels a day.
We support customers across the product life cycle, whether via innovation and technical support at the design phase, improving time to market and productivity at the build phase, or reducing purchasing costs and optimising inventory in the maintenance phase. We offer our customers tailored product and service propositions that are essential for the successful operation of their businesses and help them save time and money.

OVERALL RESULTS

	H1 2018	H1 2017[2]	Change Reported	Change Underlying[1]
Revenue	£823.8m	£706.3m	16.6%	13.3%
Gross margin	43.4%	42.8%	0.6pts	0.6pts
Headline operating profit	£81.2m	£57.7m	40.7%	29.3%
Reported operating profit	£77.9m	£57.1m	36.4%	25.2%
Headline operating margin	9.9%	8.2%	1.7 pts	1.4pts
Headline operating profit conversion %	22.7%	19.1%	3.6pts	2.9pts

1) Underlying adjusted for currency; revenue also adjusted for trading days
2) Gross margin re-presented for a change in the classification of the write-down of inventory to net realisable value to cost of sales from distribution and market expenses(see the Basis of Preparation and Principal Accounting Policies on page 20)

Revenue

Group revenue increased by 16.6% on a reported basis to £823.8 million (2017: £706.3 million). Foreign exchange movements had a positive impact on revenue of £35 million during H1, while fewer trading days had an adverse impact on revenues of around £16 million. Underlying revenue growth was 13.3% during H1, with all five of our geographic regions showing double-digit underlying revenue growth in the period, driven by strong execution and a buoyant underlying marketplace. All product categories performed well during the first half, with our electronics products and particularly semiconductors outperforming during the period. RS Pro, our own brand range, which accounts for 12% of Group revenue saw underlying growth of 10%. This was below that of the Group rate, reflecting a higher exposure to industrial products. Digital revenue grew 14% on an underlying basis and accounted for 60% of Group revenue.

Gross Margin

Group gross margin at 43.4% was up 0.6 percentage points on both an underlying and a reported basis with management initiatives on price, mix and increased discount discipline driving two thirds of the improvement. The balance of the improvement was driven by higher vendor rebates and a reduction in the level of inventory write-downs. Foreign exchange was broadly neutral overall to Group gross margin during H1. While we saw a negative impact on gross margin from the devaluation of sterling in Northern Europe, due to higher cost prices for our UK business, our other European regions and Asia Pacific saw a benefit to gross margins with sterling devaluation leading to lower cost prices.

During the second half of the year, we will see tougher gross margin comparatives as H2 2017 saw a benefit from foreign exchange which will not be repeatable in H2 2018. However, we remain confident of delivering stable gross margins in the full year.

Operating costs

We continue to focus on increasing efficiency and simplification so we can reallocate resource into higher growth areas and convert a higher proportion of gross profit into operating profit.

During the first half, total headline operating costs, which include regional costs and central costs, increased 8.7% on an underlying basis, and 12.9% on a reported basis to £276.2 million (H1 2017: £244.7 million). Approximately half the underlying increase was due to higher variable costs and employee incentive costs driven by faster revenue growth and improved business results. We saw around a 2% percentage point impact from inflationary increases to wages. The balance of the underlying increase was driven by the annualisation of the step-up in investment in digital, innovation and RS Pro that was made in H2 2017 to support growth in the business.

As revenue growth outpaced cost growth, our headline operating profit conversion improved by 2.9 percentage points on an underlying basis, and by 3.6 points on a reported basis to 22.7% in 2018 (2017: 19.1%). Reported operating costs as a percentage of revenue fell by 0.8 percentage points to 33.9% (2017: 34.7%).

Operating profit

Reported operating profit for H1 was up 36.4% to £77.9 million (H1 2017: £57.1 million). Headline operating profit increased 40.7% to £81.2 million (H1 2017: £57.7 million) or 29.3% on an underlying basis. The headline operating margin improved 1.7 percentage points to 9.9% (H1 2017: 8.2%) or 1.4 percentage points on an underlying basis.

Segmental Performance

The following section explains the revenue and profit performance of our five regions; Northern Europe, Southern Europe, Central Europe, the Americas and Asia Pacific (which includes both our Asia Pacific and our emerging market operations).

During the first half we have seen strong revenue growth in all five regions as we have executed well and driven market share gains in a favourable market environment. All our regions have focused on the following **key priorities** during the period:

- **Excellent customer & supplier experience**: During H1, we have invested in inventory to improve product availability for our customers. We have continued to drive improvements in the online experience. We have also undertaken a number of local initiatives, which we cover in more detail below. As a result of all these activities, our 12-month rolling average Net Promoter Score rose 8.4% to 43.8 year on year for the year to September 2017.

- **Innovation and digital leadership**: During H2 2017 we increased our digital investment across all regions, with a particular focus on Northern Europe. The investment was focused on two areas. First, a digital marketing strategy encompassing PPC (pay-per-click marketing), SEO (Search engine optimisation), link building, and brand building using social media and video. This has been successful at driving double-digit percentage growth in traffic to our website. Secondly, we have invested resource to accelerate changes to our web and mobile platforms driving an improved customer online experience. This has led to a 15% year-on-year improvement in Group website speed and an 11% increase in our UK customer satisfaction score in the year to September 2017. These improvements in the online customer experience have enabled us to convert a higher proportion of this traffic into revenues, leading to 14% underlying growth in digital revenues during H1 2017. As a result of increased focus, cumulative rolling 12-month digital revenues reached £1 billion in November 2017.

- **Sales effectiveness**: We have over 1,300 customer-facing staff, which is a source of competitive advantage. Over the last 12-18 months, we have focused on strengthening the impact of our sales team. We have successfully trialled a sales effectiveness programme in the UK using a standard set of metrics to measure sales impact and utilise data to qualify and prioritise leads. During the first half, we have begun rolling elements of this programme out across the other regions.

- **RS Pro**: During H1, we increased investment in RS Pro inventory to drive improved availability, tailored product ranges to reflect local market needs, refreshed product packaging, and continued to educate our salesforce on the benefits of RS Pro for customers. This investment drove an acceleration in underlying growth at RS Pro across the period resulting in Q2 underlying revenue growth of 11% (Q1 2018: 8%).

Northern Europe

The Northern European region consists of the UK, Ireland and Scandinavia and is our most profitable region. The UK is the main market in this region and accounts for around 90% of the revenue. In the UK we have 16 trade counters which have been rebranded as RS Local during the period.

			Change	
	H1 2018	**H1 2017[2]**	**Reported**	**Underlying[1]**
Revenue	£217.8m	£199.3m	9.3%	11.1%
Operating profit	£41.4m	£41.1m	0.7%	0.0%
Operating margin	19.0%	20.6%	(1.6)pts	(1.6)pts

1) Underlying adjusted for currency; revenue also adjusted for trading days

2) 2017 figures re-presented for reallocation of annual incentive charge

- Overall, our Northern European region saw 11.1% underlying revenue growth, with growth in all three markets in the region. The UK continues to see strong growth aided by a robust manufacturing export market and continued market share gains.
- A renewed focus on value-added services drove improved customer experience and strong revenue growth at RS Local (our trade counter business), RS Product Plus (extended range) and Calibration services.
- Digital revenue, which accounts for 69% of revenue in the region, grew at 13% on an underlying basis.
- RS Pro sales, which account for 22% of revenue in the region, grew at 10% on an underlying basis.
- Gross margins were stable during H1 with the negative impact of weaker sterling offset by two factors: first, our own actions to drive improved mix and pricing; and secondly, a positive impact from higher vendor rebates during the period due to increased inventory investment.
- Operating margins fell 1.6 percentage points on both an underlying basis and a reported basis to 19.0% (H1 2017: 20.6%). This reflected a substantial step up in digital investment and a change in intercompany charging for picking and packing goods. During the first half, we reduced the intercompany charges that our central distribution centres in the UK charge the other regions for picking and packing goods. This change has had no impact on overall costs or profits for the Group but it changes the mix of profits between regions. The new policy led to a £1.6m increase in supply chain cost for Northern Europe and a commensurate lower share of costs for our other European regions and Asia Pacific.
- Operating profit was flat on an underlying basis, an increase of 0.7% on a reported basis.

Southern Europe

The Southern European region consists of France, Italy, Spain and Portugal. France is the main market for this region and accounts for approximately two-thirds of the revenue.

			Change	
	H1 2018	**H1 2017[2]**	**Reported**	**Underlying[1]**
Revenue	£158.7m	£136.3m	16.4%	11.2%
Operating profit	£23.0m	£11.6m	98.3%	67.9%
Operating margin	14.5%	8.5%	6.0pts	5.2pts

1) Underlying adjusted for currency; revenue also adjusted for trading days

2) 2017 figures re-presented for reallocation of annual incentive charge

- Overall, our Southern European region saw 11.2% underlying revenue growth. Strong execution and good underlying markets across the region drove robust revenue growth trends in all markets with a standout performance in Spain and Portugal.
- An increased focus on digital and on sales lead identification, pre-qualification and account management has been a key element in driving market share gains during the period.
- Digital revenue, which accounts for 72% of revenue in the region, grew at 13% on an underlying basis.
- RS Pro, which accounts for 15% of revenue in the region, grew at 9% on an underlying basis.
- Gross margins rose during H1 aided by foreign exchange, higher vendor rebates and our own actions on pricing, mix and continued discount discipline.
- Operating margins improved 5.2 percentage points on an underlying basis or by 6.0 percentage points on a reported basis to 14.5% (H1 2017: 8.5%). The improvement was driven by higher gross margins, operational gearing, the change in intercompany charging for picking and packing goods and tight cost control. These effects more than offset increased investment in digital and innovation during the period.
- Operating profit was up 67.9% on an underlying basis or 98.3% on a reported basis to £23.0 million.

Central Europe

The Central European region consists of Germany, Austria, Benelux, Switzerland and Eastern Europe. Germany is the main market for this region and accounts for approximately two-thirds of the revenue.

			Change	
	H1 2018	H1 2017[2]	Reported	Underlying[1]
Revenue	£112.6m	£95.3m	18.2%	12.8%
Operating profit	£12.7m	£4.0m	217.5%	139.6%
Operating margin	11.3%	4.2%	7.1pts	6.1pts

1) Underlying adjusted for currency; revenue also adjusted for trading days

2) 2017 figures re-presented for reallocation of annual incentive charge

- Overall our Central European region saw 12.8% underlying revenue growth driven by our own actions and a strong macro backdrop in the region.
- The new leadership team is now in place in Central Europe and key priorities include refreshing our go-to-market strategy, increasing profitability and improving customer service and acquisition in the region. Local initiatives on customer service in H1 included programmes to improve call handling, technical support and order processing.
- Digital revenue, which accounts for 71% of revenue in the region, grew at 13% on an underlying basis.
- RS Pro, which accounts for 12% of revenue in the region, grew at 10% on an underlying basis.
- Gross margins increased, aided by foreign exchange benefits, higher vendor rebates, actions taken to improve discount discipline pricing initiatives and the quotation process on corporate account business.
- Operating margins improved 6.1 percentage points on an underlying basis or by 7.1 percentage points on a reported basis to 11.3% (H1 2017: 4.2%). Central Europe saw the benefits of higher gross margin, operational gearing and the change in intercompany charging for picking and packing goods, which more than offset increased investment in areas such as digital and innovation.
- Operating profit was up 217.5% on a reported basis or 139.6% on an underlying basis to £12.7 million (H1 2017: £4.0 million)

Americas

Our Americas region consists of our Allied operations in the USA, together with smaller operations in Canada, Mexico and Chile.

			Change	
	H1 2018	H1 2017	Reported	Underlying[1]
Revenue	£222.8m	£181.8m	22.6%	15.6%
Operating profit	£27.1m	£21.0m	29.0%	19.9%
Operating margin	12.2%	11.6%	0.6pts	0.5pts

1) Underlying adjusted for currency; revenue also adjusted for trading days

- The Americas saw 15.6% underlying revenue growth. We believe we continued to take market share in a favourable market environment.
- Growth was driven by strong performances in automation and control and digital revenues.
- Digital revenue, which accounts for 43% of revenue in the region, grew at 19% on an underlying basis.
- RS Pro continued to grow strongly from a very low base in the Americas with significant further potential.
- Gross margins rose, driven by increased focus on pricing and discount discipline.
- Operating margins rose 0.5 percentage points on an underlying basis to 12.2%, with strong revenue growth, improved gross margin and tight underlying cost control, offsetting increased investment in digital and marketing during the period.
- Operating profit rose 29% on a reported basis or 19.9% on an underlying basis to £27.1m (2017: £21.0m).

Asia Pacific

The Asia Pacific region consists of four similarly sized sub-regions: Australia/New Zealand, Greater China, Japan and South East Asia. We also have emerging markets operations in South Africa and use distributors in other territories.

			Change	
	H1 2018	**H1 2017[2]**	**Reported**	**Underlying[1]**
Revenue	£111.9m	£93.6m	19.6%	17.2%
Operating loss	£(2.3)m	£(5.4)m	57.4%	57.4%
Operating margin	(2.1)%	(5.8)%	3.7pts	3.6pts

1) Underlying adjusted for currency; revenue also adjusted for trading days

2) 2017 figures re-presented for reallocation of annual incentive charge

- Overall, Asia Pacific revenue increased 17.2% on an underlying basis with all four sub-regions returning to growth in the period.
- During the period the team in Asia Pacific focussed on driving improved online experience and delivery on time and to promise in the region. Our Asia Pacific NPS (Net Promoter Score) continued to improve with the 12-month rolling score for September 2017 up 22.7% year on year. While we have made some good progress on improving customer service in the region, we still have more work to in this area as APAC NPS still remains well below that of the Group average.
- Digital revenue, which accounts for 50% of revenue in the region, grew at 15% on an underlying basis.
- RS Pro, which accounts for 12**%** of revenue in the region, grew at 8% on an underlying basis.
- Gross margins improved in Asia during the first half, aided by foreign exchange, higher vendor rebates but also activities to drive improved pricing and discount discipline. However, gross margins declined in our emerging markets due to product mix.
- Losses more than halved due to revenue growth, the change in intercompany charging for picking and packing goods and continued tight cost discipline.

Central Costs

Headline central costs are Group head office costs and include PLC, Group finance, Group human resources and Group legal costs.

			Change	
	H1 2018	**H1 2017[2]**	**Reported**	**Underlying[1]**
Headline central costs	£(20.7)m	£(14.6)m	(41.8)%	(40.8)%

1) Underlying adjusted for currency

2) 2017 figures re-presented for reallocation of annual incentive charge

- Central costs of £20.7 million (H1 2017: £14.6 million) increased by 40.8% on an underlying basis and 41.8% on a reported basis.
- Over half the increase in central costs was due to higher performance related pay reflecting improved results and the increase in the Group's share price. The balance of the increase was due to a higher pension charge relating to the increase in the net retirement obligation and some additional dual running costs related to the relocation of our Head Office from Oxford to London.
- We would expect central costs in H2 to be broadly similar to H1.

FINANCIAL REVIEW

Net finance costs

Net finance costs in H1 reduced to £2.2 million (H1 2017:£2.6 million) reflecting the strengthened balance sheet.

Restructuring charges

The Group incurred a restructuring charge of £3.3 million in H1 (H1 2017: £0.6 million). The majority of this cost related to the consolidation of our Oxford-based headquarters, with our London-based digital office into one enlarged head office and digital hub in Kings Cross St Pancras, London.

Profit before tax

Headline profit before tax was up 43.4% to £79.0 million (H1 2017: £55.1 million), a 31.3% increase on an underlying basis. Reported profit before tax was up 38.9% to £75.7 million (H1 2017: £54.5 million) with growth impacted by higher restructuring charges of £3.3 million (H1 2017: £0.6 million).

Taxation

The Group's headline tax charge was £21.8 million (H1 2017: £15.3 million), resulting in an effective tax rate of 28% of headline profit before tax (2017: 28%).

Earnings per share

Reported earnings per share of 12.4p was up 37.8% (H1 2017: 9.0p). Headline earnings per share of 13.0p was up 42.9% (H1 2017: 9.1p) or 29.9% on an underlying basis.

The weighted average number of shares was 440.8 million (H1 2017: 440.3million).

Return on Capital Employed (ROCE)

Net assets at the end of the first half were £397.4million (H1 2017: £326.9 million). ROCE, calculated using headline operating profit for the 12 months to September 2017 and period end net assets excluding net debt balances and net retirement obligations was 25.2% (H1 2017: 17.6%).

Cash flow

	H1 2018			H1 2017		
£m	**Reported**	**Adjustments**	**Headline results**	Reported	Adjustments	Headline results
Cash generated from operations	**44.8**	**0.7**	**45.5**	75.3	6.8	82.1
Net interest paid	**(2.5)**	**-**	**(2.5)**	(2.6)	-	(2.6)
Income taxes paid	**(16.2)**	**-**	**(16.2)**	(9.2)	-	(9.2)
Net cash flow from operating activities	**26.1**	**0.7**	**26.8**	63.5	6.8	70.3
Net capital expenditure	**(9.4)**	**-**	**(9.4)**	(4.6)	(3.8)	(8.4)
Free cash flow	**16.7**	**0.7**	**17.4**	58.9	3.0	61.9

Headline cash generated from operations reduced to £45.5 million (H1 2017: £82.1 million). H1 cash flow was impacted by three key factors; higher 2017 incentive payments, increased inventory investment and higher cash tax payments. The most significant impact was the £39.1 million increase in inventory. During H1 faster revenue growth drove higher working capital absorption by the Group. We also took a decision to increase inventory levels within the business to improve product availability and our on time to promise ratio (OTTP), which had trended downwards during H2 2017. Product availability and OTTP are a key driver of Net Promoter Score (NPS) and as such an important driver of customer satisfaction.

Working capital as a percentage of sales improved by 1.2 percentage points to 21.2% (H1 2017: 22.4%). Stock turn was 2.7x (H1 2017: 2.8x). Looking forward, we expect H2 cash flow to be higher than the equivalent period last year.

Net interest paid was £2.5 million (H1 2017: £2.6 million). Income tax paid rose to £16.2 million (H1 2017: £9.2 million), with a headline cash tax rate of 20.5% during H1.

Net capital expenditure in the first half was £9.4 million (H1 2017: £8.4 million). As a result, capital expenditure was 0.7x depreciation during the first half (H1 2017: 0.6x). We continue to expect capex to depreciation for the full year to be around 1.0x.

Headline free cash flow for the first half was £17.4 million (H1 2017: £61.9 million). Headline operating cash flow conversion, which is defined as headline free cash flow pre-taxation and interest as a percentage of headline operating profit and is one of our seven KPIs, was 44.5% (H1 2017: 127.7%).

There was a net cash outflow related to the restructuring activities of £0.7 million during the first half, which largely relates to labour restructuring charges and our head office relocation.

Net debt

At 30 September 2017 net debt was £124.5 million. This was £11.6 million higher than at 31 March 2017. This was principally due to first-half headline free cash flow of £17.4 million being less than the final dividend of £32.2 million for the 2017 financial year paid during the period.

In June 2017 the Group repaid $85 million of its US private placement (PP) loan notes and in August 2017 the maturity of the Group's c. £186 million syndicated multi-currency bank facility was extended with six banks from August 2021 to August 2022. This facility, together with the remaining $100 million PP notes maturing in June 2020, provides the majority of the Group's committed debt facilities and loans of £259.5 million, of which £113.2 million was undrawn as at 30 September 2017. Cross currency interest rate swaps have switched $20 million of the PP notes from fixed dollar to fixed sterling, giving the Group an appropriate spread of financing maturities and currencies.

The Group's financial metrics remain strong Net Debt to EBITDA of 0.7x (based upon twelve months ended 30 September 2017 financials), leaving significant headroom to the Group's banking covenants.

Pension

The Group has material defined benefit schemes both in the UK and Europe, with the UK scheme being the largest. All these schemes are closed to new entrants and in Germany and Ireland the pension schemes are closed to accrual for future service.

The combined deficit of the Group's defined benefit and retirement indemnity schemes at 30 September 2017 was £100.9 million; this compares to £104.6 million at 31 March 2017 and £133.5 million at 30 September 2016. Under IAS 19, the deficit of the UK defined benefit scheme at 30 September 2017 was £86.7 million which compares to £90.9 million at 31 March 2017 and £116.6 million at 30 September 2016.

The decrease in the UK deficit at 30 September 2017 was principally driven by a decrease in liabilities due to discount rates increasing by 0.1 percentage point from 2.6% to 2.7%.

The triennial valuation of the UK Scheme at 31 March 2016 showed a deficit of £60.8 million on a statutory technical provisions basis. A recovery plan is in place, which has been agreed with the Trustees of the UK Scheme and our deficit contributions will continue with the aim that the Scheme is fully funded on a technical provisions basis by 2023.

Dividend

The Board proposes to increase the interim dividend to 5.25p per share. This will be paid on 10 January 2018 to shareholders on the register on 1 December 2017.

The increase in the dividend reflects the Board's confidence in the future prospects of the Group and the Group's strengthened balance sheet. The Board intends to pursue a progressive dividend policy whilst remaining committed to further improving dividend cover over time by driving improved results and stronger cash flow.

Foreign exchange risk

The Group does not hedge translation exposure on the income statements of overseas subsidiaries. Based on the mix of non-pound sterling denominated revenue and adjusted operating profit, a one cent movement in euro would impact annual profits by £1.2 million and a one cent movement in US dollars would impact annual profits by £0.4 million.

The Group is also exposed to foreign currency transactional risk because most operating companies have some level of payables in currencies other than their functional currency. Some operating companies also have receivables in currencies other than their functional currency. Group Treasury maintains three to six month hedging against freely tradable currencies to smooth the impact of fluctuations in currency. The Group's largest exposures relate to euros and US dollars.

Risks and uncertainties

The Group's risk management process identifies, evaluates and manages the Group's principal risks and uncertainties. These are reviewed by both the Group's Risk Committee, comprising the Group's senior managers, and the Board, which regularly discusses the principal risks and receives risk reports covering risk mitigations and controls. The Group has a defined risk appetite, which has been adopted by the Board, which are considered across three risk categories: strategic, operating and regulatory/compliance risks. These risk appetites have both quantitative and qualitative criteria.

The principal risks and mitigations disclosed in the 2017 Annual Report continue to be valid.

Responsibility statement of the Directors in respect of the half-year financial report

The Directors confirm that these Condensed Interim Financial Statements have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and that the interim management report includes a fair review of the information required by Disclosure and Transparency Rules (DTR) 4.2.7 and DTR 4.2.8, namely:

- An indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- Material related party transactions in the first six months and any material changes in the related-party transactions described in the last annual report.

The Directors of Electrocomponents plc are listed in the Electrocomponents Annual Report and Accounts for the year ended 31 March 2017. A list of current Directors is maintained on the Electrocomponents plc website: www.electrocomponents.com.

David Egan, Group Finance Director
13 November 2017

SAFE HARBOUR

This financial report contains certain statements, statistics and projections that are or may be forward-looking. The accuracy and completeness of all such statements, including, without limitation, statements regarding the future financial position, strategy, projected costs, plans and objectives for the management of future operations of Electrocomponents plc and its subsidiaries is not warranted or guaranteed. These statements typically contain words such as "intends", "expects", "anticipates", "estimates" and words of similar import. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. Although Electrocomponents plc believes that the expectations reflected in such statements are reasonable, no assurance can be given that such expectations will prove to be correct. There are a number of factors, which may be beyond the control of Electrocomponents plc, which could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements. Other than as required by applicable law or the applicable rules of any exchange on which our securities may be listed, Electrocomponents plc has no intention or obligation to update forward-looking statements contained herein.

Condensed Consolidated Income Statement

	Note	**Unaudited 6 months to 30.9.2017 £m**	Unaudited 6 months to 30.9.2016 £m	Audited Year to 31.3.2017 £m
Revenue	1	**823.8**	706.3	1,511.7
Cost of sales		**(466.4)**	(403.9)	(855.0)
Gross profit		**357.4**	302.4	656.7
Distribution and marketing expenses		**(255.5)**	(230.1)	(491.0)
Central costs		**(24.0)**	(15.2)	(33.4)
Operating profit		**77.9**	57.1	132.3
Financial income		**2.7**	0.5	4.3
Financial expense		**(4.9)**	(3.1)	(9.5)
Profit before tax	1	**75.7**	54.5	127.1
Income tax expense	3	**(21.2)**	(14.7)	(35.0)
Profit for the period attributable to the equity shareholders of the parent company		**54.5**	39.8	92.1
Earnings per share – Basic	4	**12.4p**	9.0p	20.9p
Earnings per share – Diluted	4	**12.2p**	9.0p	20.8p
Dividends				
Amounts recognised in the period:				
Final dividend for the year ended 31 March	5	**7.30p**	6.75p	6.75p
Interim dividend for the year ended 31 March 2017	5	**-**	-	5.00p

An interim dividend of 5.25p per share has been proposed since the period end.

	Note	**Unaudited 6 months to 30.9.2017 £m**	Unaudited 6 months to 30.9.2016 £m	Audited Year to 31.3.2017 £m
Headline operating profit				
Operating profit		**77.9**	57.1	132.3
Net reorganisation costs	2	**3.3**	0.6	0.9
		81.2	57.7	133.2

	Note			
Headline profit before tax				
Profit before tax		**75.7**	54.5	127.1
Net reorganisation costs	2	**3.3**	0.6	0.9
		79.0	55.1	128.0

The notes on pages 18 to 27 form part of the condensed set of financial statements.

Condensed Consolidated Statement of Comprehensive Income

	Unaudited 6 months to 30.9.2017 £m	Unaudited 6 months to 30.9.2016 £m	Audited Year to 31.3.2017 £m
Profit for the period	**54.5**	39.8	92.1
Other comprehensive income			
Items that are not reclassified subsequently to the income statement			
Re-measurement of pension deficit	**2.1**	(91.3)	(65.7)
Taxation relating to re-measurement of pension deficit	**(0.3)**	15.0	11.2
Items that are reclassified subsequently to the income statement			
Foreign exchange translation differences	**(15.7)**	30.6	36.6
(Loss) gain on cash flow hedges	**(1.0)**	3.6	5.1
Taxation relating to components of other comprehensive income	**0.3**	1.7	1.0
Other comprehensive expense for the financial period	**(14.6)**	(40.4)	(11.8)
Total comprehensive income (expense) for the financial period	**39.9**	(0.6)	80.3

The notes on pages 18 to 27 form part of the condensed set of financial statements.

Condensed Consolidated Balance Sheet

	Note	**Unaudited 30.9.2017 £m**	Unaudited 30.9.2016 £m	Audited 31.3.2017 £m
Non-current assets				
Intangible assets		**244.1**	254.8	260.3
Property, plant and equipment		**94.3**	97.5	96.9
Investments		**0.8**	0.8	1.0
Other receivables		**8.6**	2.7	4.7
Other financial assets	8	**1.3**	1.8	2.2
Deferred tax assets		**22.7**	26.7	22.5
		371.8	384.3	387.6
Current assets				
Inventories	6	**337.9**	277.9	303.8
Trade and other receivables		**270.2**	238.9	277.9
Other financial assets	8	**-**	13.7	16.8
Income tax receivables		**1.0**	0.5	0.4
Cash and short-term deposits	7	**83.1**	56.3	76.7
		692.2	587.3	675.6
Current liabilities				
Trade and other payables		**(247.3)**	(199.2)	(256.9)
Provisions and other liabilities		**(1.4)**	(2.3)	(0.8)
Loans and borrowings	8	**(62.6)**	(107.7)	(123.4)
Income tax liabilities		**(14.8)**	(8.2)	(9.1)
		(326.1)	(317.4)	(390.2)
Net current assets		**366.1**	269.9	285.4
Total assets less current liabilities		**737.9**	654.2	673.0
Non-current liabilities				
Other payables		**(14.8)**	(10.1)	(13.4)
Provisions and other liabilities		**(1.8)**	-	-
Retirement benefit obligations	9	**(100.9)**	(133.5)	(104.6)
Loans and borrowings	8	**(146.3)**	(105.0)	(85.2)
Deferred tax liabilities		**(76.7)**	(78.7)	(80.8)
		(340.5)	(327.3)	(284.0)
Net assets		**397.4**	326.9	389.0
Equity				
Called-up share capital		**44.2**	44.2	44.2
Share premium account		**44.8**	44.4	44.5
Retained earnings		**256.8**	177.2	231.6
Cumulative translation reserve		**54.7**	64.4	70.4
Other reserves		**(3.1)**	(3.3)	(1.7)
Equity attributable to the equity shareholders of the parent company		**397.4**	326.9	389.0

The notes on pages 18 to 27 form part of the condensed set of financial statements.

Condensed Consolidated Cash Flow Statement

	Note	**Unaudited 6 months to 30.9.2017 £m**	Unaudited 6 months to 30.9.2016 £m	Audited Year to 31.3.2017 £m
Cash flows from operating activities				
Profit before tax		**75.7**	54.5	127.1
Depreciation and other amortisation		**12.8**	14.9	29.2
Loss on disposal of non-current assets		**0.2**	0.8	0.9
Equity-settled transactions		**2.4**	1.2	3.7
Finance income and expense		**2.2**	2.6	5.2
Non-cash movement on investment in associate		**(0.2)**	(0.2)	(0.3)
Operating cash flow before changes in working capital, interest and taxes		**93.1**	73.8	165.8
(Increase) decrease in inventories		**(39.1)**	6.5	(17.3)
Decrease (increase) in trade and other receivables		**2.0**	11.5	(29.2)
(Decrease) increase in trade and other payables		**(13.6)**	(9.0)	50.1
Increase (decrease) in provisions and other liabilities		**2.4**	(7.5)	(9.3)
Cash generated from operations		**44.8**	75.3	160.1
Interest received		**2.7**	0.5	4.4
Interest paid		**(5.2)**	(3.1)	(9.3)
Income tax paid		**(16.2)**	(9.2)	(27.5)
Net cash from operating activities		**26.1**	63.5	127.7
Cash flows from investing activities				
Capital expenditure		**(9.4)**	(8.4)	(19.0)
Proceeds from sale of property, plant and equipment		**-**	3.8	3.9
Net cash used in investing activities		**(9.4)**	(4.6)	(15.1)
Free cash flow		**16.7**	58.9	112.6
Cash flows from financing activities				
Proceeds from the issue of share capital		**0.3**	1.0	1.1
Purchase of own shares		**(1.3)**	(0.4)	(1.3)
Loans drawn down		**70.1**	-	-
Loans repaid		**(52.8)**	(23.8)	(47.6)
Equity dividends paid	5	**(32.2)**	(29.7)	(51.7)
Net cash used in financing activities		**(15.9)**	(52.9)	(99.5)
Net increase in cash and cash equivalents		**0.8**	6.0	13.1
Cash and cash equivalents at the beginning of the period		**21.4**	8.3	8.3
Effects of exchange rate fluctuations on cash		**(1.7)**	1.0	-
Cash and cash equivalents at the end of the period	7	**20.5**	15.3	21.4

	Unaudited 6 months to 30.9.2017 £m	Unaudited 6 months to 30.9.2016 £m	Audited Year to 31.3.2017 £m
Headline free cash flow			
Free cash flow	**16.7**	58.9	112.6
Net reorganisation cash flow	**0.7**	3.0	5.1
	17.4	61.9	117.7

The notes on pages 18 to 27 form part of the condensed set of financial statements.

Condensed Consolidated Statement of Changes in Equity

	Share capital	Share premium account	Other reserves: Hedging reserve	Other reserves: Own shares held	Cumulative translation	Retained earnings	Total
	£m	£m	£m	£m	£m	£m	£m
At 1 April 2017	**44.2**	**44.5**	**0.6**	**(2.3)**	**70.4**	**231.6**	**389.0**
Profit for the period	-	-	-	-	-	54.5	54.5
Foreign exchange translation differences	-	-	-	-	(15.7)	-	(15.7)
Re-measurement of pension deficit	-	-	-	-	-	2.1	2.1
Net loss on cash flow hedges	-	-	(1.0)	-	-	-	(1.0)
Taxation relating to components of other comprehensive income (expense)	-	-	0.3	-	-	(0.3)	-
Total comprehensive (expense) income	**-**	**-**	**(0.7)**	**-**	**(15.7)**	**56.3**	**39.9**
Equity settled transactions	-	-	-	-	-	2.4	2.4
Dividends paid	-	-	-	-	-	(32.2)	(32.2)
Shares allotted in respect of share awards	-	0.3	-	0.6	-	(0.6)	0.3
Own shares acquired	-	-	-	(1.3)	-	-	(1.3)
Related tax movements	-	-	-	-	-	(0.7)	(0.7)
At 30 September 2017	**44.2**	**44.8**	**(0.1)**	**(3.0)**	**54.7**	**256.8**	**397.4**
At 1 April 2016	**44.1**	**43.5**	**(5.5)**	**(3.0)**	**33.8**	**242.9**	**355.8**
Profit for the period	-	-	-	-	-	39.8	39.8
Foreign exchange translation differences	-	-	-	-	30.6	-	30.6
Re-measurement of pension deficit	-	-	-	-	-	(91.3)	(91.3)
Net gain on cash flow hedges	-	-	3.6	-	-	-	3.6
Taxation relating to components of other comprehensive income (expense)	-	-	1.7	-	-	15.0	16.7
Total comprehensive income (expense)	**-**	**-**	**5.3**	**-**	**30.6**	**(36.5)**	**(0.6)**
Equity settled transactions	-	-	-	-	-	1.2	1.2
Dividends paid	-	-	-	-	-	(29.7)	(29.7)
Shares allotted in respect of share awards	0.1	0.9	-	0.3	-	(0.3)	1.0
Own shares acquired	-	-	-	(0.4)	-	-	(0.4)
Related tax movements	-	-	-	-	-	(0.4)	(0.4)
At 30 September 2016	**44.2**	**44.4**	**(0.2)**	**(3.1)**	**64.4**	**177.2**	**326.9**

Condensed Consolidated Statement of Changes in Equity (continued)

			Other reserves				
	Share capital	Share Premium account	Hedging reserve	Own shares held	Cumulative translation	Retained earnings	Total
	£m	£m	£m	£m	£m	£m	£m
At 1 April 2016	**44.1**	**43.5**	**(5.5)**	**(3.0)**	**33.8**	**242.9**	**355.8**
Profit for the period	-	-	-	-	-	92.1	92.1
Foreign exchange translation differences	-	-	-	-	36.6	-	36.6
Re-measurement of pension deficit	-	-	-	-	-	(65.7)	(65.7)
Net gain on cash flow hedges	-	-	5.1	-	-	-	5.1
Taxation relating to components of other comprehensive income (expense)	-	-	1.0	-	-	11.2	12.2
Total comprehensive income	**-**	**-**	**6.1**	**-**	**36.6**	**37.6**	**80.3**
Equity settled transactions	-	-	-	-	-	3.7	3.7
Dividends paid	-	-	-	-	-	(51.7)	(51.7)
Shares allotted in respect of share awards	0.1	1.0	-	2.0	-	(2.0)	1.1
Own shares acquired	-	-	-	(1.3)	-	-	(1.3)
Related tax movements	-	-	-	-	-	1.1	1.1
At 31 March 2017	**44.2**	**44.5**	**0.6**	**(2.3)**	**70.4**	**231.6**	**389.0**

The notes on pages 18 to 27 form part of the condensed set of financial statements.

BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

Electrocomponents plc (the Company) is a company domiciled in the UK. The condensed set of financial statements for the six months ended 30 September 2017 comprises the Company and its subsidiaries (together referred to as the Group) and the Group's interest in a jointly controlled entity. This condensed set of financial statements does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 March 2017 were approved by the Board of Directors on 23 May 2017 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006.

This condensed set of financial statements has been reviewed, not audited. The Group financial statements for the year ended 31 March 2017 are available upon request from the Company's registered office at 2 Pancras Square, London, N1C 4AG.

The Group presents headline operating profit, headline profit before tax, headline free cash flow, headline contribution and headline earnings per share information as it believes these measures provide a helpful indication of its performance and underlying trends. The term headline refers to the relevant measure being reported before one-off items. These measures are used by the Company for internal performance analysis. The terms headline and one- off items are not defined terms under IFRS and may not, therefore, be comparable with similarly titled measures reported by other companies. They are not intended to be a substitute for, or be superior to, GAAP measurements of performance.

These condensed interim financial statements for the six months ended 30 September 2017 have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and with IAS 34, 'Interim financial reporting', as adopted by the European Union. The condensed set of financial statements should be read in conjunction with the annual financial statements for the year ended 31 March 2017, which have been prepared in accordance with IFRSs as adopted by the European Union.

Going concern

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence over a period of at least twelve months from the date of approval of the financial statements. For this reason they continue to adopt the going concern basis in preparing the financial statements. The financial risk management objectives and policies of the Group and the exposure of the Group to price risk, credit risk, liquidity risk and cash flow risk are discussed in note 22 to the Group's Annual Report and Accounts for the year ended 31 March 2017.

Statement of compliance

This condensed set of financial statements was approved by the Board of Directors on 13 November 2017.

Significant accounting policies

The accounting policies applied by the Group in these condensed consolidated financial statements are the same as those that applied to the consolidated financial statements of the Group for the year ended 31 March 2017.

There are no IFRSs or IFRS Interpretation Committee interpretations not yet effective that would be expected to have a material impact on the Group.

Estimates and judgements

The preparation of a condensed set of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies were the same as those that applied to the Group financial statements for the year ended 31 March 2017. The key risks and uncertainties are explained on page 10 of this half-year financial report. Full details are in the Group's Annual Report and Accounts on pages 25 to 27.

Alternative Performance Measures (APMs)
The Company uses a number of APMs, including headline performance measures, in addition to those reported in accordance with IFRS. Such APM's are not defined terms under IFRS and may not be comparable with similar measures disclosed by other companies. Likewise, these measures are not a substitute for IFRS measures of profit or cash flow.

Headline performance measures are adjusted to take into account items that have a significant impact on the Group's results by virtue of their size, nature or occurrence, including but not limited to; reorganisation costs, one off pension credits or costs, asset write downs and associated income tax.

The Directors believe that these APMs, listed below, are important when assessing the underlying financial and operating performance of the Group. These measures are also used for internal reporting purposes and employee incentive arrangements.

Underlying performance
Underlying performance measures are adjusted to exclude the effects of changes in exchange rates on translation of overseas operating results to pounds sterling.

Underlying revenue growth
Underlying revenue growth is growth in revenue adjusted to eliminate the impact of changes in exchange rates and trading days year on year.

Headline performance
Headline performance measures include headline operating profit, headline profit before tax, headline tax charge, headline profit for the year attributable to equity shareholders and headline earnings per share. These headline performance measures are adjusted to take account of reorganisation costs, one-off pension income or costs, asset write-downs and associated income tax.

Headline operating profit margin
Headline operating profit margin is headline operating profit expressed as a percentage of revenue.

Headline operating profit conversion
Headline operating profit conversion is headline operating profit expressed as a percentage of gross profit.

Headline cash generated from operations
Headline cash generated from operations is cash generated from operations as reported in the Group cash flow statement adjusted for the impact of reorganisation cash flows.

Headline net cash from operating activities
Headline net cash from operating activities is net cash from operating activities as reported in the Group cash flow statement adjusted for the impact of reorganisation cash flows.

Free cash flow
Free cash flow is defined as the net increase or decrease in cash and cash equivalents before net cash used in financing activities.

Headline free cash flow
Headline free cash flow is defined as free cash flow, as defined above, adjusted for the impact of reorganisation cash flows.

Headline operating cash flow conversion
Headline operating cash flow conversion is headline free cash flow, pre taxation and interest expressed as a percentage of headline operating profit.

Earnings before interest, tax, depreciation and amortisation (EBITDA)
EBITDA is calculated as the total of operating profit excluding depreciation and other amortisation charges.

Net debt
Net debt comprises the net total of cash and short-term deposits, bank overdrafts, finance lease liabilities, current and non-current interest-bearing borrowings, and the fair value of swaps that are hedging fixed rate borrowings.

Net debt to EBITDA
Net debt to EBITDA is the ratio of net debt to EBITDA, excluding reorganisation costs, for the preceding twelve month period.

Return on capital employed (ROCE)
ROCE is calculated as headline operating profit expressed as a percentage of net assets excluding net debt and net retirement benefit obligations.

Presentational changes
During the year ended 31 March 2017, the Group amended its presentation of costs relating to the write-down of inventory to net realisable value from distribution and marketing expenses to cost of sales. In addition, the Group has allocated a proportion of the annual incentive charge across its operating segments. The Directors believe that the revised presentation of these costs provides a better understanding of the Group's gross profit, gross margin and segment results. The table below shows the impact of these presentational changes on the comparative results for the 6 months ended 30 September 2016:

Group income statement	As previously reported 6 months to 30.09.2016 £m	Inventory write-down 6 months to 30.09.2016 £m	Annual incentive 6 months to 30.09.2016 £m	As re-presented 6 months to 30.09.2016 £m
Revenue	706.3	-	-	706.3
Cost of sales	(398.6)	(5.3)	-	(403.9)
Gross profit	307.7	(5.3)	-	302.4
Distribution and marketing expenses	(232.5)	5.3	(2.9)	(230.1)
Central costs	(18.1)	-	2.9	(15.2)
Operating profit	57.1	-	-	57.1
Gross margin	43.6%	(0.8)pts	-	42.8%

1. Segmental reporting

In accordance with IFRS 8 *Operating Segments*, Group management has identified its operating segments. The performance of these operating segments is reviewed, on a monthly basis, by the Chief Executive Officer and the Executive Management Team.
The Group's operating segments are organised into five operating regions and one segment of central costs. These regions are: Northern Europe, Southern Europe, Central Europe, Asia Pacific (APAC) and Emerging Markets, and the Americas. Each segment is comprised of a main market with one or more associated local markets. Northern Europe's main market is the UK, with associated local markets in Denmark, Norway, Sweden and Ireland. Southern Europe's main market is France, with associated local markets in Italy, Spain and Portugal. Central Europe's main market is Germany, with associated local markets in Austria, Switzerland, the Netherlands, Belgium, Poland, Hungary and the Czech Republic. The Americas' main market is the United States of America, with associated local markets in Canada, Mexico and Chile. Asia Pacific and Emerging Markets has markets in Hong Kong, Japan, Australia, New Zealand, Singapore, Malaysia, Philippines, Thailand, Taiwan, People's Republic of China, South Korea, South Africa and exports to distributors where the Group does not have a local operating company.
Each reporting segment derives its revenue from the high service level distribution of electronics, automation and control and other maintenance products. Intersegment pricing is determined on an arm's length basis, comprising sales of product at cost and a handling charge included within distribution and marketing expenses. Our business has a broad portfolio of customers and products, and as such has a seasonal impact in line with economic output, with a slightly greater weighting of activity in the second half of the year.

1 Segmental reporting (cont.)

	6 months to 30.9.2017 £m	6 months to 30.9.2016 £m	Year to 31.3.2017 £m
Revenue from external customers			
Northern Europe	**217.8**	199.3	413.1
Southern Europe	**158.7**	136.3	301.9
Central Europe	**112.6**	95.3	206.6
Europe	**489.1**	430.9	921.6
APAC and Emerging Markets	**111.9**	93.6	197.1
Americas	**222.8**	181.8	393.0
Group	**823.8**	706.3	1,511.7

	6 months to 30.9.2017 £m	6 months to 30.9.2016* £m	Year to 31.3.2017 £m
Contribution			
Northern Europe	**41.4**	41.1	79.5
Southern Europe	**23.0**	11.6	36.1
Central Europe	**12.7**	4.0	14.3
Europe	**77.1**	56.7	129.9
APAC and Emerging Markets	**(2.3)**	(5.4)	(10.4)
Americas	**27.1**	21.0	46.2
Group	**101.9**	72.3	165.7

*Re-presented for the allocation of the annual incentive charge across segments.

	6 months to 30.9.2017 £m	6 months to 30.9.2016* £m	Year to 31.3.2017 £m
Reconciliation of contribution to profit before tax			
Contribution	**101.9**	72.3	165.7
Reorganisation costs and profit on disposal	**(3.3)**	(0.6)	(0.9)
Central costs (excluding reorganisation costs)	**(20.7)**	(14.6)	(32.5)
Net financial expenses	**(2.2)**	(2.6)	(5.2)
Profit before tax	**75.7**	54.5	127.1

*Re-presented for the allocation of the annual incentive charge across segments.

The Group derives its revenue from two product categories:

	6 months to 30.9.2017 £m	6 months to 30.9.2016 £m	Year to 31.3.2017 £m
Industrial	**514.8**	445.6	954.8
Electronics	**309.0**	260.7	556.9
Group	**823.8**	706.3	1,511.7

Following a product review in the second half of 2017, certain products were reclassified from industrial to electronics. The comparative information for the 6 months to 30 September 2016 has been re-presented.

2 Reorganisation costs

Items excluded from headline profit arising during the period were as follows:

	6 months to 30.9.2017 £m	6 months to 30.9.2016 £m	Year to 31.3.2017 £m
Redundancy and associated costs	**0.5**	1.8	2.1
Onerous lease costs	**2.5**	-	-
Asset write-downs	**0.3**	-	-
Profit on sale of warehouse	**-**	(1.2)	(1.2)
Total reorganisation costs	**3.3**	0.6	0.9

During the six months ended 30 September 2017, the Group consolidated its Oxford based headquarters, with our London based digital office into one enlarged head office and digital hub in Kings Cross St Pancras, London.

As a result, reorganisation costs were incurred associated with an onerous lease on the Oxford premises as well as redundancy costs associated with the office closure. At the end of the period, £1.4 million was held within provisions due in less than one year and £1.8 million was held within provisions due in more than one year.

3 Taxation on the profit of the Group

	6 months to 30.9.2017 £m	6 months to 30.9.2016 £m	Year to 31.3.2017 £m
United Kingdom taxation	**8.0**	3.8	12.6
Overseas taxation	**13.2**	10.9	22.4
	21.2	14.7	35.0

4 Earnings per share

	6 months to 30.9.2017 £m	6 months to 30.9.2016 £m	Year to 31.3.2017 £m
Profit for the period attributable to equity shareholders	**54.5**	39.8	92.1
Net reorganisation costs	**3.3**	0.6	0.9
Tax impact of net reorganisation costs	**(0.6)**	(0.6)	(0.4)
Headline profit on ordinary activities after taxation	**57.2**	39.8	92.6
Weighted average number of shares (millions)	**440.8**	440.3	440.4
Diluted weighted average number of shares (millions)	**446.4**	441.7	443.7
Headline basic earnings per share	**13.0p**	9.1p	21.0p
Basic earnings per share	**12.4p**	9.0p	20.9p
Headline diluted earnings per share	**12.8p**	9.0p	20.9p
Diluted earnings per share	**12.2p**	9.0p	20.8p

5 Dividends

	6 months to 30.9.2017 £m	6 months to 30.9.2016 £m	Year to 31.3.2017 £m
Amounts recognised and paid in the period:			
Final dividend for the year ended 31 March 2017: 7.3p (2016: 6.75p)	**32.2**	29.7	29.7
Interim dividend for the year ended 31 March 2017: 5.0p	**-**	-	22.0
	32.2	29.7	51.7

Amounts determined after the balance sheet date:	
Interim dividend for the year ending 31 March 2018: 5.25p	**23.1**

The timetable for the payment of the interim dividend is:

Ex-dividend	30 November 2017
Dividend record date	1 December 2017
Dividend payment date	10 January 2018

6 Inventories

	30.9.2017 £m	30.9.2016 £m	31.3.2017 £m
Gross inventories	**369.7**	309.1	333.3
Stock provision	**(31.8)**	(31.2)	(29.5)
Net inventory	**337.9**	277.9	303.8

During the 6 months ended 30 September 2017, £5.5 million (2016: £5.3 million; year ended 31 March 2017: £6.7 million) was recognised as an expense relating to the write down of inventory to net realisable value.

7 Cash and cash equivalents/analysis of movements in net debt

	30.9.2017	30.9.2016	31.3.2017
Cash and cash equivalents	**£m**	£m	£m
Cash and short-term deposits	**83.1**	56.3	76.7
Bank overdrafts	**(62.6)**	(41.0)	(55.3)
Cash and cash equivalents in the cash flow statement	**20.5**	15.3	21.4
Loans repayable after more than one year	**(71.9)**	(28.1)	(5.8)
Private placement loan notes	**(74.4)**	(143.6)	(147.5)
Fair value of swap hedging fixed rate borrowings	**1.3**	15.5	19.0
Net debt	**(124.5)**	(140.9)	(112.9)
Pension deficit	**(100.9)**	(133.5)	(104.6)
Net debt including pension deficit	**(225.4)**	(274.4)	(217.5)

Analysis of movements in net debt	**6 months to 30.9.2017 £m**	6 months to 30.9.2016 £m	Year to 31.3.2017 £m
Net debt at 1 April	**(112.9)**	(165.1)	(165.1)
Free cash flow	**16.7**	58.9	112.6
Equity dividends paid	**(32.2)**	(29.7)	(51.7)
New shares issued	**0.3**	1.0	1.1
Own shares acquired	**(1.3)**	(0.4)	(1.3)
Translation differences	**4.9**	(5.6)	(8.5)
Net debt at period end	**(124.5)**	(140.9)	(112.9)

8 Financial Instruments

Fair values of financial assets and liabilities

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are below. None of the financial assets or financial liabilities has been reclassified during the year.

	Valuation Methodology	Carrying value £m	Fair value £m
Financial assets at 30 September 2017			
Financial assets held at Fair Value			
Interest rate swaps used for fair value hedging	A	1.3	1.3
Forward exchange rate contracts used for cash flow hedging	A	0.5	0.5
		1.8	1.8
Financial assets held at Amortised Cost			
Cash and short-term deposits	D	83.1	83.1
Trade receivables, other receivables and accrued income	F	261.2	261.2
		344.3	344.3
Total Financial assets		**346.1**	**346.1**

	Valuation Methodology	Carrying value £m	Fair value £m
Financial liabilities at 30 September 2017			
Financial liabilities held at Fair Value			
Forward exchange rate contracts used for cash flow hedging	A	(1.3)	(1.3)
Forward exchange rate contracts not in a cash flow hedging relationship	A	(0.5)	(0.5)
		(1.8)	(1.8)
Financial liabilities held at Amortised Cost			
Bank facilities	D	(71.9)	(71.9)
Private Placement loan notes subject to fair value hedge	C	(14.7)	(14.8)
Private Placement loan notes	D	(59.7)	(59.3)
Bank overdrafts	D	(62.6)	(62.6)
Trade payables, other payables and accruals	F	(247.5)	(247.5)
		(456.4)	(456.1)
Total Financial liabilities		**(458.2)**	**(457.9)**

	Valuation Methodology	Carrying value £m	Fair value £m
Financial assets at 30 September 2016			
Financial assets held at Fair Value			
Interest rate swaps used for fair value hedging	A	15.5	15.5
Forward exchange rate contracts used for cash flow hedging	A	1.1	1.1
		16.6	16.6
Financial assets held at Amortised Cost			
Cash and short-term deposits	D	56.3	56.3
Trade receivables, other receivables and accrued income	F	222.0	222.0
		278.3	278.3
Total Financial assets		**294.9**	**294.9**

8 Financial Instruments cont.

	Valuation Methodology	Carrying value £m	Fair value £m
Financial liabilities at 30 September 2016			
Financial liabilities held at Fair Value			
Forward exchange rate contracts used for cash flow hedging	A	(2.2)	(2.2)
		(2.2)	(2.2)
Financial liabilities held at Amortised Cost			
Bank facilities	D	(28.1)	(28.1)
Private Placement loan notes subject to fair value hedge	C	(82.0)	(85.3)
Private Placement loan notes	D	(61.6)	(65.4)
Bank overdrafts	D	(41.0)	(41.0)
Trade payables, other payables and accruals	F	(193.1)	(193.1)
		(405.8)	(412.9)
Total Financial liabilities		**(408.0)**	**(415.1)**

	Valuation Methodology	Carrying value £m	Fair value £m
Financial assets at 31 March 2017			
Financial assets held at Fair Value			
Interest rate swaps used for fair value hedging	A	19.0	19.0
Forward exchange rate contracts used for cash flow hedging	A	0.8	0.8
		19.8	19.8
Financial assets held at Amortised Cost			
Cash and short-term deposits	D	76.7	76.7
Trade receivables, other receivables and accrued income	F	261.1	261.1
		337.8	337.8
Total Financial assets		**357.6**	**357.6**

Financial liabilities at 31 March 2017			
Financial liabilities held at Fair Value			
Forward exchange contracts used for cash flow hedging	A	(0.3)	(0.3)
		(0.3)	(0.3)
Financial liabilities held at Amortised Cost			
Bank facilities	D	(5.8)	(5.8)
Private Placement loan notes subject to fair value hedge	C	(83.8)	(84.1)
Private Placement loan notes	D	(63.7)	(64.1)
Bank overdrafts	D	(55.3)	(55.3)
Trade payables, other payables and accruals	F	(255.7)	(255.7)
		(464.3)	(465.0)
Total Financial liabilities		**(464.6)**	**(465.3)**

8 Financial Instruments cont.

Estimation of fair values
The fair values reflected in the table above have been determined by reference to available market information at the balance sheet date and using the methodologies described below.

A Derivative financial assets and liabilities
Fair values are estimated by discounting expected future contractual cash flows using prevailing interest rate curves and valuing any amounts denominated in foreign currencies at the exchange rate prevailing at the balance sheet date. These financial instruments are included on the balance sheet at fair value, derived from observable market prices (Level 2 as defined by IFRS 7 Financial Instruments: Disclosures).

B Interest bearing loans held at fair value
These comprise sterling and foreign currency denominated interest bearing loans which are subject to hedge accounting. Fair values are estimated by discounting expected contractual cash flows using prevailing interest rate curves and valuing any amounts denominated in foreign currencies at the exchange rate prevailing at the balance sheet date (Level 2 as defined by IFRS 7 Financial Instruments: Disclosures).

C Loans designated under fair value hedge relationships
These comprise sterling and foreign currency denominated interest bearing loans which are subject to hedge accounting. Fair values are estimated by discounting expected contractual cash flows using prevailing interest rate curves and valuing any amounts denominated in foreign currencies at the exchange rate prevailing at the balance sheet date. These loans have been designated under fair value hedge relationships (Level 2 as defined by IFRS 7 Financial Instruments: Disclosures).

D Cash and short-term deposits, Bank overdrafts, Interest-bearing loans held at amortised cost
Cash and cash equivalents largely comprise local bank account balances, which typically bear interest at rates set by reference to local applicable rates or cash float balances which have not yet cleared for interest purposes. Fair values are estimated to equate to carrying amounts as their re-pricing maturity is less than one year.

Interest bearing loans held at amortised cost comprise fixed rate sterling and foreign currency denominated loans. For carrying values the foreign currency principal amounts have been valued at the exchange rate prevailing at the balance sheet date. Fair values are estimated by discounting future cash flows using prevailing interest rate curves.

Bank overdrafts are repayable on demand and are all unsecured. They bear interest at rates set by reference to applicable local rates. Fair values are estimated to equate to carrying amounts as their re-pricing maturity is less than one year.

E Finance lease liabilities
Fair values are estimated by discounting future cash flows using prevailing interest rate curves.

F Other financial assets and liabilities
Fair values of receivables and payables are determined by discounting future cash flows. For amounts with a re-pricing maturity of less than one year, fair value is assumed to approximate to the carrying amount.

9 Retirement benefit obligations

The Group operates defined benefit pension schemes in the United Kingdom and Europe.

Details of the assets and liabilities of the Group's defined benefit pension schemes are shown below:

	30.9.2017	30.9.2016	31.3.2017
	£m	£m	£m
Total market value of the schemes' assets	**497.7**	500.5	506.5
Present value of the schemes' liabilities	**(598.6)**	(634.0)	(611.1)
Schemes' deficit	**(100.9)**	(133.5)	(104.6)

10 Principal exchange rates

	6 months to 30.9.2017	6 months to 30.9.2016	Year to 31.3.2017
Average for the period			
Euro	**1.14**	1.22	1.19
United States Dollar	**1.29**	1.37	1.31

	30.9.2017	30.9.2016	31.3.2017
Period end			
Euro	**1.13**	1.15	1.18
United States Dollar	**1.34**	1.30	1.26

11 Related party transactions

There are no significant related party transactions requiring disclosure. Key management compensation will be disclosed in the 2018 Annual Report and Accounts.

Independent review report to Electrocomponents plc

Report on the condensed interim financial statements

Our conclusion
We have reviewed Electrocomponents plc's condensed interim financial statements (the "interim financial statements") in the half-yearly report of Electrocomponents plc for the 6 month period ended 30 September 2017. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

What we have reviewed
The interim financial statements comprise:

- the condensed consolidated balance sheet as at 30 September 2017;
- the condensed consolidated income statement and condensed consolidated statement of comprehensive income for the period then ended;
- the condensed consolidated cash flow statement for the period then ended;
- the condensed consolidated statement of changes in equity for the period then ended; and
- the basis of preparation, principal accounting policies and the explanatory notes to the interim financial statements.

The interim financial statements included in the half-yearly report have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

As disclosed in the Basis of Preparation and Principal Accounting Policies note to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the Directors
The half-yearly report, including the interim financial statements, is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly report in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on the interim financial statements in the half-yearly report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What a review of interim financial statements involves

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the half-yearly report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants
London
13 November 2017