

Chairman's Statement

INTRODUCING OUR NEW CHAIRMAN

Helmut Mamsch, 62, joined the Board on 1 September 2006 as Chairman designate. He took over as Chairman at the October Board meeting. He is Deputy Chairman of Logica CMG plc and a Non-executive

Director of both GKN plc, an automotive and aerospace company, and SAPPI Ltd, a major fine paper producer. He is also a Supervisory Board member of K+S AG and Cemex Deutschland.

INTRODUCTION

In the first half of this year, the Group has shown good progress in improving its financial performance. Sales growth was 9% and headline profit growth, adjusting for the £4m impact of there being fewer trading days this half year, was 16%.

Sales growth in the International business remained at the high level of 15% experienced in the second half of the last financial year, with all regions showing double digit growth. It is also pleasing to see that the UK has returned to growth of 1%, benefiting from the new strategic direction being implemented.

Gross margin was flat compared with the second half of the last financial year, after allowing for the change in business mix, due mainly to the strong growth of Allied, our North American business, with its lower gross margin.

Good operating cost leverage has been achieved in the International business where contribution increased by £4m. Where costs increased, they were generally in customer facing areas and were closely linked to the strategy implementation.

Overall, in my first few months with Electrocomponents, I have been impressed by how this well-focused Group and its committed employees are determined to raise the performance of the business.

STRATEGIC DEVELOPMENT

This is the second year of our 3 year strategic development plan and good progress has continued to be made in implementing the strategy.

The implementation of the EEM strategy has continued. Allied products have been made available in Asia Pacific and the launch of leading edge wireless and displays technologies in Europe has been highly successful.

The Group continues to focus on the roll out of its Enterprise Business System (EBS) to the rest of Europe with the successful upgrade in France having taken place in the first half.

The Group has implemented actions to achieve over £6m p.a. of cost savings and further actions are planned to deliver the rest of the 2007/08 target of £10m p.a. cost savings.

INTERIM DIVIDEND

The interim dividend has been maintained at 5.8p. When the 3 year strategic development plan was announced in May 2005, the Board decided that, assuming there was no substantial deterioration in economic conditions, it should maintain the current level of dividend for the following three years.

BOARD

During the half year, three Directors left the Group. Dieter Lennertz and Kevin Abbott left in July, whilst Bob Lawson, the former Chairman, retired in October after 26 years with the business. Throughout this time, Bob made an enormous contribution to the Group and provided the leadership needed to grow the International business to its current size. On behalf of the Board, I wish to express our thanks to Bob, Dieter and Kevin.

CURRENT TRADING AND OUTLOOK

In October, Group revenue growth has been around 9% year on year. Growth in our International business was around 15% and the UK growth was around 1%.

In the second half of the financial year, the Group will focus on delivering a successful European EBS implementation. The Board is confident of delivering profit growth through implementing the new strategy.

Helmut Mamsch, Chairman
6 November 2006