

## PRELIMINARY STATEMENT

Electrocomponents plc, the leading high service distributor to engineers worldwide, today announces its results for the year ended 31 March 2009.

### SUMMARY OF RESULTS

	2009	2008	Change
Revenue	<b>£974.6m</b>	£924.8m	(5.3)% <sup>(1)</sup>
Profit before tax – headline	<b>£86.6m</b>	£96.4m	(10.2)%
Profit before tax – reported	<b>£96.5m</b>	£95.4m	1.2%
Earnings per share – headline	<b>13.6p</b>	14.8p	(8.1)%
Earnings per share – reported	<b>15.2p</b>	14.7p	3.4%
Dividend per share	<b>11.0p</b>	18.4p	(40.2)%
Free cash flow	<b>£78.0m</b>	£75.0m	4.0%

(1) Underlying revenue growth, adjusting for currency and trading days

### Financial Highlights

- Economic conditions impacted sales: first half underlying growth 1% and second half decline 11%
- Good gross margin management with second half gross margin higher than the first half
- Operating costs reduced at constant foreign exchange rates
- Headline profit before tax of £86.6m, down 10% year on year
- Strong free cash flow of £78m representing 118% of profit after tax
- Robust financial metrics with interest cover of 13x and net debt to EBITDA of 1.7x
- Major £281m bank refinancing concluded during the year with a maturity of 2012

### Operational Highlights

- 10% growth in e-Commerce sales with the share increasing from 31% to 36%, exiting at 40%
- Leadership teams in Europe and Electronics strengthened
- Actions taken to reduce costs by £18m pa, with a reduction of around 8% of the workforce
- Strengthened electronics offer, with 10,000 new products and improved price competitiveness
- Successful launch of electronics production packaging in the UK, Europe and Asia Pacific
- Higher margin, own brand portfolio outperforming the market

### CURRENT TRADING AND OUTLOOK

In the first eight weeks of the new financial year the sales trend has been similar to the final quarter of last year. Year on year Group revenue has declined by around 17%, the UK by around 14% and the International business by around 19%. Within International, Continental Europe has declined by around 17%, North America by around 23% and Asia Pacific by around 15%. The Purchasing Managers' Indices in our major markets have shown some stability in recent months, albeit at low levels.

Our strategy remains unchanged. We will continue to strengthen our electronics and e-Commerce offers to better serve customers' needs and drive our market leading offer for maintenance customers. An increasing number of strategic initiatives will be introduced into the market as the investments we have made over the past few years deliver.

The Group is well positioned for the future with a broad spread of international businesses, extensive product range and customer base, high service offer and realigned cost structure.

### IAN MASON, GROUP CHIEF EXECUTIVE, COMMENTED

"We have responded swiftly to the economic conditions by continuing to implement our strategy and reducing our cost base. Our free cash flow has been robust and we have a strong balance sheet.

The focus in the coming year is to exploit the opportunities in the market by accelerating the implementation of the strategy while maintaining the financial strength of the business."

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\* Available to 15:00 on 29 May 2009, thereafter 01865 204000

The results and presentation to analysts are published on the corporate website at [www.electrocomponents.com](http://www.electrocomponents.com)

**Definitions of terms:**

*In order to reflect underlying business performance, comparisons of revenue between periods have been adjusted for exchange rates and the number of trading days (underlying revenue growth). Changes in profit, cash flow, debt and share related measures such as earnings per share are at reported exchange rates.*

*Headline profit: a profit of £9.9m (2008: charge of £1m) was reported in the year for items excluded from headline profit. Details of the items are given below the Income Statement. Key performance measures such as return on sales, EBITDA and ROCE use headline profit figures.*

**Notes to editors:**

*Electrocomponents plc is the leading high service distributor to engineers worldwide. The company which was founded in 1937 is listed on the London Stock Exchange, employs around 6,000 people and has operations in 27 countries, serving another 43 countries through distributors. The Group satisfies the small quantity needs of its customers who are typically electronics or maintenance engineers in business. Electrocomponents sells around half a million products to 1.5m customers, through catalogues, over the internet and through trade counters. Products include electronics, electrical, mechanical, automation and health and safety components. The offer to engineers is valuable to many of our 2,500 suppliers, who would otherwise find the small order and immediate dispatch requirements of such customers difficult and costly to satisfy.*

*A large number of high quality goods are stocked, which are dispatched the same day that the order is received. The average customer order value is around £100 although the range of order values is wide. The Group's large number of customers is from a wide range of industry sectors with diverse product demands.*

## OVERVIEW AND STRATEGY IMPLEMENTATION

The Group is the leading high service distributor to engineers worldwide, having been the first to globalise its operations. 65% of sales now come from our markets in Continental Europe, North America and Asia Pacific and 40% of the Group's sales are via the e-Commerce channel. The Group distributes the broadest range of technologies to electronics engineers and has the leading high service offer for maintenance engineers worldwide. These offers are supported by a world class global infrastructure and systems.

The Group faced markedly different trading conditions between the first half and the second half of the year. In the first half the Group achieved sales growth, cost leverage and profit growth. During the second half, general macroeconomic conditions deteriorated significantly, and this adversely impacted the Group's performance.

As a result of the worsening macroeconomic environment during the year, we have accelerated the implementation of the strategy and also focused on maintaining the financial strength of the business. The £281m bank refinancing was concluded during the year, robust financial metrics were maintained and actions taken to reduce costs.

The Group aims to build upon its strong foundations and in May 2008, the Board reviewed its strategy and identified four key areas to drive future performance.

- Focus on International markets
- Accelerate the development of the Group's electronics and maintenance offers
- Exploit the full potential of e-Commerce
- Leverage the Group's global infrastructure and increase operating margins

During the year we have made significant progress in each of these areas, particularly in the development of the electronics and e-Commerce offers and in reorganising our Continental Europe and Asia Pacific regions.

### **Focus on International Markets**

During the year the Continental Europe and Asia Pacific regions have been reorganised in order to implement the strategy faster and improve performance. A more consistent, streamlined and cross-regional approach has been introduced. Headcount has been reduced and resources have been reallocated from sales to marketing and from off-line to on-line activities, in keeping with the Group strategy.

In addition, the senior management team in Europe has been strengthened during the year with the appointment of the previous UK General Manager to lead the region and the creation of a European Executive Management team. In Asia Pacific the region, which has doubled its sales since 2003, has been reorganised to create a more efficient and flexible structure to better serve its customers.

While the worsening macroeconomic environment has impacted results, particularly in the second half of the year, the Board believes that the International business has significant growth potential in all of its three regions: Asia Pacific, Continental Europe and North America.

### **Accelerate the development of the Group's electronics and maintenance offers**

The electronics offer to our customers was significantly enhanced during the year. We successfully launched our electronics production packaging capability across the UK, Europe and Asia Pacific. This new capability is aimed at customers with small batch production needs, allowing them to order the quantity that they need in tubes, trays and continuous strips. The range available now totals 50,000 products.

The electronics product offer has been expanded with 10,000 new electronics products from leading suppliers being introduced during the year. We now offer the broadest stocked range of Panasonic products in Europe of any high service distributor with some 1,700 new products added to our existing passive components range. In April 2009, we significantly increased our European stocked range of Texas Instruments products bringing the total range on offer to 11,000 products, with over 95% of the products available in production packaging format. To date sales of both the Texas Instruments and

Panasonic ranges have grown strongly. Further product launches from leading electronics suppliers are planned for the next financial year across the UK, Continental Europe and Asia Pacific.

A number of actions have been taken to more competitively position our electronics offer with a significant number of electronics product prices being reduced during the year.

The electronics division was strengthened during the year with the appointment of a former senior executive of Memec, the global semiconductor distributor, to lead the division. The central electronics team has been expanded in order to drive the electronics strategy globally with a consistent and focused approach supported by our strategic suppliers.

We continue to improve our offer to maintenance engineers. This includes more targeted and effective promotion of specific ranges, supported by strategic suppliers with combined web activity, joint sales visits and customer referrals. Further progress is being made in strengthening our strategic supplier relationships; which are providing our customers with improved product ranges and joint e-Commerce offers. During the year, our higher margin own brand range was expanded and sales outperformed the market. New ranges of low energy and long lasting lighting products have been introduced in Europe which combined with successful sales and marketing campaigns have seen our lighting range outperform the overall business. We have also leveraged our global sourcing capability to improve product costs.

### **Exploit the full potential of e-Commerce**

e-Commerce provides our customers with an improved service offer through the provision of more tailored information, rapid introduction of new products, the provision of a wider product range and benefits from the deepening of our supplier relationships. It also allows the business to reduce off-line costs.

We have significant e-Commerce capability in the Group with a single web site platform which supports our UK, Continental Europe and Asia Pacific businesses, and real time links to transactional systems which allow our customers to experience on-line stock visibility and weekly content updates. We have built a large on-line customer base with over 1.5 million unique visits per month to the RS sites.

We have significantly enhanced the Group's e-Commerce offer in the last year and have made a step change towards becoming an e-centric business. Underlying e-Commerce revenue increased by 10% in the year. The e-Commerce share of Group revenue increased from 31% to 36% year on year and exited the year at around 40%. In North America e-Commerce revenue grew by around 45% in the year.

Our focus has been on the three drivers of performance: visitor numbers, visit-to-order conversion and average order value. There has been a 25% increase in unique visitors to RS sites which has been enabled by the acceleration of our paid search programme. Search-to-order conversion has increased by 60% across the UK and Continental Europe due to the improved search and browse capability which was introduced during the year. Cross selling programmes, including "new accessory" and "customer also viewed" links as well as the availability of own brand alternatives, have increased average order value. Off-line costs have been reduced as the e-Commerce channel has grown and on-line services have been enhanced. In September 2008 "My account" functionality was introduced, which allows customers to track parcels and manage their administrative details.

New leading edge e-Commerce functionality has been added during the year. The website is now available to mobile phone users in the UK, Continental Europe, North America and Asia Pacific: a first for a high service distributor. This provides mobile phone users with the ability to place orders, search, view prices, check stock availability and access technical specifications and images.

### **Leverage the Group's infrastructure and increase operating margins**

We have world class global infrastructure and systems including a global e-Commerce platform, integrated systems, centralised purchasing and supplier management and global inventory, logistics and supply chain management.

While Group operating costs, at constant foreign exchange rates reduced in 2009, the cost reductions principally in the UK and Europe were partially reinvested in the strategically important areas of Asia Pacific and electronics.

A significant proportion of the Group's operating cost base is fixed which does not vary directly with sales. This enables cost leverage to be delivered when sales increase, as was the case in the first half of the financial year. However, it also requires such cost to be reduced when sales decline. Therefore actions were taken principally in the final quarter of the financial year which will achieve annualised cost savings of £18m, including a net reduction of around 500 employees, which represents around 8% of the total headcount, as well as other significant measures to reduce costs.

These actions have been taken across all regions of the business. They have been enabled by the increasing e-Commerce channel share, strong control of discretionary spend, redistribution of activity between the Group's two UK warehouses and exploiting the benefits of our systems infrastructure.

### **Maintain financial strength**

In the current difficult macroeconomic environment, the Board is determined to maintain the Group's financial strength. The business delivered a strong cash flow of £78m, which was 4% higher than the prior year and represented 118% of profit after tax. In addition, the Group has robust financial metrics with interest cover of 13 times and a net debt to EBITDA ratio of 1.7 times. This provides us with significant headroom between these financial metrics and the banking covenants. The headroom between net borrowings and committed bank facilities at 31 March 2009 was £111m and the vast majority of the bank facilities do not mature until September 2012.

## OPERATING PERFORMANCE AND KEY PERFORMANCE INDICATORS

Operating Performance	2009	2008
Revenue	<b>£974.6m</b>	£924.8m
Gross margin	<b>49.5%</b>	50.2%
Contribution	<b>£200.2m</b>	£203.2m
Group Process costs	<b>(£106.6)m</b>	(£99.5)m
Headline operating profit	<b>£93.6m</b>	£103.7m
Interest (net)	<b>(£7.0)m</b>	(£7.3)m
Headline profit before tax	<b>£86.6m</b>	£96.4m
Free cash flow	<b>£78.0m</b>	£75.0m
Headline earnings per share	<b>13.6p</b>	14.8p
Dividend per share	<b>11.0p</b>	18.4p

Key Performance Indicators	2009	2008
Group sales growth <sup>(1)</sup>	<b>(5.3)%</b>	5.4%
International <sup>(1)</sup>	<b>(4.5)%</b>	8.4%
UK <sup>(1)</sup>	<b>(6.7)%</b>	0.9%
e-Commerce revenue share	<b>36%</b>	31%
Headline Group return on sales <sup>(2)</sup>	<b>9.6%</b>	11.2%
Headline ROCE <sup>(3)</sup>	<b>18.5%</b>	24.0%
Stock turn (per year)	<b>2.7x</b>	2.9x
Revenue per head <sup>(4)</sup> (£'000)	<b>162</b>	165
Number of customers (millions)	<b>1.5</b>	1.5
Net debt to headline EBITDA	<b>1.7x</b>	1.2x
Interest cover	<b>13.4x</b>	14.2x

- (1) Underlying revenue growth, adjusting for currency and trading days  
(2) Headline operating profit expressed as a percentage of revenue  
(3) Headline operating profit expressed as a percentage of net assets plus net debt  
(4) Revenue on a like for like basis (2009 and 2008) adjusting for trading days and foreign exchange

## BUSINESS PERFORMANCE

### Revenue

Group revenue was £974.6m, an increase of £49.8m year on year (5.4% reported growth). Group revenue benefited from Sterling's depreciation in the year most notably against the Euro and US Dollar (14% at average rates). Underlying revenue declined by around 5% year on year.

Group revenue was significantly impacted by the deteriorating economic environment across the world. This deterioration accelerated as the year progressed and particularly affected the Group's second half year sales performance. First half underlying revenue growth of 1% was followed by a second half decline of 11%.

All the Group's regions were affected by the economic downturn: our UK business was in decline throughout the year, Continental Europe moved into decline in May and our North American and Asia Pacific businesses declined from November.

### Gross margin

Gross margin for the year was 49.5% with the second half margin improving by 0.4% points on the first half due to more targeted use of customer discounts, better buying and selling price increases. Year on year, the 0.7% points reduction in the gross margin was primarily due to increasing promotional activities, customer discounts and large customer performance in the UK, and country mix and foreign exchange impacts in Asia Pacific.

## **Costs**

At constant currency, operating costs were flat year on year. Operating costs grew by 0.9% points of sales reflecting the downturn in sales in the second half of the year together with the high proportion of the Group's costs that are fixed. The Group's Process costs increased by 0.1% points of sales while the operating company costs increased by 0.8% points of sales.

The Group's management has taken action to reduce operating costs going forward. This has been across all regions of the business, principally during the final quarter of the year, and will realise annualised savings of around £18m of which around £15m will be realised in the next financial year. As a result of these actions, the Group will reduce its headcount by around 500 heads from the level in the second half of the year. This will represent around 8% of the total headcount. To deliver these benefits, one-off reorganisation costs, principally employee severance, of £7.1m were incurred. The resulting cash outflow in the year was around £1.5m and a further cash outflow relating to this reorganisation of around £4.6m is expected in the financial year ending 31 March 2010 (a balance of £1m is non-cash).

## **Profit before tax**

The Group's headline profit before tax was £86.6m, down £9.8m (10.2%) year on year due to the decline in contribution from the UK business and increase in reported Process costs which were only partially offset by the increased contribution from the International business.

Reported profit before tax was £96.5m, which benefited from one-off net income of £9.9m. This performance was £1.1m (1.2%) above the prior year. This one-off net income, below headline profit, of £9.9m comprised a first half income of £17.0m and a second half cost of £7.1m. The first half income was due to the accounting benefits of the changes made to the UK defined benefit pension scheme in June 2008 of £17.5m net of £0.5m costs associated with reorganisation activities. In the second half the Group incurred £7.1m costs due to its reorganisation activities including £0.8m UK defined benefit pension scheme costs.

## **Earnings per share**

Headline earnings per share of 13.6p reduced by 8% year on year with the 10% reduction in headline profit before tax being partially offset by a reduction in the Group's effective headline tax rate of 1% to 32%. This reduction in the tax rate was principally due to the lowering of tax rates in certain territories within which the Group operates.

## **Dividend**

In May 2008, the Board announced that for the 2009 financial year, the ordinary dividend would be 11p per share, comprising an interim dividend of 5p per share and a final dividend of 6p per share. The interim dividend was paid in January 2009 and the Board will recommend the payment of the final dividend of 6p per share to be paid in July 2009.

In the current difficult trading environment, our focus is on maintaining the Group's financial strength. Therefore, as previously announced, the Board decided that it would not be appropriate to pay the special dividend of 7.4p per share which was also proposed in May 2008.

## **Cash flow**

The Group's free cash flow for the year of £78.0m was £3m ahead of the prior year and represented 118% of profit after tax. This strong performance was delivered through continued tight control over working capital, stable stock turn at constant foreign exchange rates, debtor days reducing by around three days, and capital expenditure less than half the level of depreciation.

## **Financial position**

The Group has robust financial metrics with interest cover of 13 times and net debt to headline EBITDA of 1.7 times, with significant headroom to the Group's banking covenants.

At 31 March 2009, net debt was £203.2m which was £52.1m higher than last year, almost entirely due to foreign exchange rates with free cash flow of £78.0m exceeding dividend payments of £76.6m. At the year end, the Group had total committed bank facilities of £314m with £281m having a maturity of

September 2012. The headroom between the committed facilities and net debt at the year end was £111m.

Year end net debt comprised gross borrowings of £205.2m (currency split: £91m US Dollars, £43m Sterling, £43m Euros, £14m Japanese Yen and the balance in other currencies), and financial assets of £2.0m. The currency mix is designed to help hedge the Group's translation exposures. The peak month-end net borrowing during the year (using monthly exchange rates) was £241m.

The Group's main source of debt finance is a syndicated multicurrency facility from ten banks which was established in September 2008 for US \$137m, £142m and €47m maturing in September 2012. The Group has other bilateral facilities of £25m (maturing in March 2010), Yen800m (maturing December 2010) and an amortising bilateral of currently €2.7m (maturing December 2011).

## INTERNATIONAL

	2009	2008	Growth reported	Growth (constant exchange)
Revenue	<b>£635.3m</b>	£566.8m	12.1%	(4.5)% <sup>(1)</sup>
Gross margin	<b>48.2%</b>	48.5%		
Operating costs % of revenue	<b>(31.3)%</b>	(30.5)%		
Contribution	<b>£107.1m</b>	£102.3m	4.7%	(10.2)%
Contribution % of revenue	<b>16.9%</b>	18.0%		

(1) Underlying revenue growth, adjusting for currency and trading days

The International business now represents around 65% of the Group's revenue. The business comprises three regions: Continental Europe (55% of International business revenue), North America (29%) and Asia Pacific (16%).

On a reported basis, including the beneficial effect of the weakening of Sterling, revenue increased by 12.1% and contribution by 4.7%. Underlying revenue declined by 4.5%, with Continental Europe declining by 6.9%, North America by 2.2% and Asia Pacific flat.

Gross margin increased by 0.8% points from the first half to the second half of the year. Year on year, gross margin reduced by 0.3% points principally due to the impact of country mix and foreign exchange in Asia Pacific. Operating costs reduced slightly at constant foreign exchange and as a percentage of sales increased by 0.8% points, due to the sales decline in the second half of the year. Actions to reduce costs in light of the declining sales were taken principally in the final quarter of the year.

## CONTINENTAL EUROPE

	2009	2008	Growth reported	Growth (constant exchange)
Revenue	<b>£346.7m</b>	£316.2m	9.6%	(6.9)% <sup>(1)</sup>
Contribution	<b>£75.9m</b>	£71.0m	6.9%	(8.4)%
Contribution % of revenue	<b>21.9%</b>	22.5%		

(1) Underlying revenue growth, adjusting for currency and trading days

Continental Europe includes eight businesses: France, Germany and Italy are the largest, representing around 75% of the region's revenue, the remaining businesses are Austria, Benelux, Ireland, Scandinavia and Spain.

On a reported basis, including the benefit of the weakening of Sterling, revenue increased by 9.6% and contribution by 6.9%. Underlying revenue declined by around 7% with the business moving into

decline in May. A stable gross margin has been maintained and costs have reduced slightly in constant currency terms.

The senior European management team was strengthened during the year with the appointment of the previous UK General Manager to lead the region. A more consistent and cross-regional approach has been introduced to drive performance.

The Group's electronics strategy has been implemented in Europe with the broadening of the product offer, increased competitiveness of prices and the successful launch of production packaging. Within maintenance, there have been successes in own brand promotion, joint supplier activities and large customer contract wins. The business has focussed its large customer activity around more economically resilient sectors such as defence, government, utilities and education.

e-Commerce revenue increased by 8% in the year with its share of revenue increasing from 35% to 41% year on year, exiting the year at 44%.

## NORTH AMERICA

	2009	2008	Growth reported	Growth (constant exchange)
Revenue	<b>£186.6m</b>	£163.3m	14.3%	(2.2)% <sup>(1)</sup>
Contribution	<b>£24.3m</b>	£22.0m	10.5%	(5.4)%
Contribution % of revenue	<b>13.0%</b>	13.5%		

(1) Underlying revenue growth, adjusting for currency and trading days

The business has continued to pursue its local strategy to exploit both its extensive local sales office presence across North America and its supplier relationships to drive sales. Local initiatives with suppliers have included customised trade brochures, supplier funded joint advertising and web and parcel promotions.

On a reported basis, including the benefit of the weakening of Sterling, revenue increased by 14.3% and contribution by 10.5%. Underlying revenue declined by 2.2%. The business remained in revenue growth through the first half of the financial year, moving into decline in November 2008 as economic conditions deteriorated. Gross margin was stable year on year as were costs in local currency.

A particular focus for the year within the organisation has been the further development of the company's web site, providing new on-line quote functionality and product recommendations. The latest initiative has been the launch of the company's site for mobile phone users. This provides mobile phone users with search functionality, the ability to view pricing, stock availability and technical specifications and images. Allied is the first electronics components distributor in North America to offer such a mobile site to its customers.

As a result of this, and other web promotional activities, underlying e-Commerce revenue increased by nearly 45% in the year. e-Commerce share of revenue increased from 10% to 15% year on year and exited the year at 22%.

## ASIA PACIFIC

	2009	2008	Growth reported	Growth (constant exchange)
Revenue	<b>£102.0m</b>	£87.3m	16.8%	(0.3)% <sup>(1)</sup>
Contribution	<b>£6.9m</b>	£9.3m	(25.8)%	(34.9)%
Contribution % of revenue	<b>6.8%</b>	10.6%		

(1) Underlying revenue growth, adjusting for currency and trading days

The Group has a large and well established footprint across Asia Pacific, operating in ten countries with a presence in the region for more than 20 years, having seven warehouses and local language catalogues including those for Japan and China.

Reported revenue including the benefit of the weakening of Sterling, increased by 16.8%. Underlying revenue was flat for the year but moved into decline in November. The Japanese economy suffered particularly badly in the economic downturn and this had a significant effect on the region's overall sales performance. Excluding the Japanese business, the region recorded 5% underlying sales growth for the year. A number of the region's markets have delivered double digit sales growth, including China (17%), South Korea (24%), Singapore (18%) and Thailand (38%). e-Commerce continues to be an important driver to sales performance in the region with our e-Commerce share in Japan at nearly 70%.

The Group's electronics production packaging offer was launched across the region during the third quarter of the financial year supported by increased local and on-line marketing, to positive customer feedback. Local customer activities have focused on growing industry sectors and large customers.

During the year, the Asia Pacific business reorganised its activities onto a more regional, streamlined and functionally oriented structure. This change was in recognition of the business's growing size, having doubled since March 2003, to allow it to benefit from changing customer needs whilst also delivering cost efficiencies across all areas.

The significant reduction in contribution as a percentage of revenue was caused by the reduction in gross margin, due to country mix and foreign exchange, and the full year effect of the additional investment made in the region in the prior year to exploit the growth potential.

## UK

	2009	2008	Growth reported	Growth (constant exchange)
Revenue	<b>£339.3m</b>	£358.0m	(5.2)%	(6.7)% <sup>(1)</sup>
Gross margin	<b>51.8%</b>	53.1%		
Operating costs % of revenue	<b>(24.4)%</b>	(24.9)%		
Contribution	<b>£93.1m</b>	£100.9m	(7.7)%	(7.7)%
Contribution % of revenue	<b>27.4%</b>	28.2%		

(1) Underlying revenue growth, adjusting for trading days

Underlying revenue declined by 6.7% with sales slowing during the year. The business has pursued sales initiatives across a number of different areas. These include the introduction of the electronics production packaging offer, which is meeting a clear customer need, and continued expansion of the UK's electronics sales support with the opening of a new electronics sales office. Other initiatives have included the increasing use of web based sales promotions, large customer wins and increased sales penetration of large accounts and own brand promotions.

e-Commerce revenue increased by around 10% and e-Commerce share of revenue increased from 37% to 43% year on year, exiting the year at 47%.

Gross margin reduced by around 1.3% points year on year as more customer promotions and discounts were used to drive sales and large customers outperformed the higher margin smaller customers. Gross margin was stable across the two half years as selling price changes were made in the October catalogue and promotions were further targeted through the year.

Costs reduced by around 7% during the year as action was taken through continuous improvement and a variety of cost saving initiatives.

The business has continued to provide excellent customer service which, in the case of our customer contact centre, has been recognised with their winning of the 2008 UK National Customer Service Awards for the best Large Customer Service Contact Centre of the Year.

## PROCESSES

	2009	2008
Process costs	<b>£106.6m</b>	£99.5m
Costs % of revenue	<b>(10.9)%</b>	(10.8)%

The Processes support our operating companies by ensuring that they have the products, infrastructure and expertise to provide consistently high service levels around the world. Process costs have remained stable as a percentage of sales.

Key developments in the year have included: the creation of the new Electronics division to drive the expansion of our range, build stronger relationships with our strategic electronics suppliers and implement a consistent marketing approach. Information Systems have supported our cost reduction initiatives through the ongoing development of our Groupwide systems whilst the investment in our e-Commerce platform has helped to drive competitive advantage. Supply Chain has developed a strategy to support an increased product offer while also exploiting the Group's global infrastructure to generate cost savings. Recently this has led to the creation of a management team across Europe and the UK to optimise activities already leading to improved product availability. Product Management has focussed on the Group's global sourcing capability with a growing proportion of products sourced via the Group's Asia sourcing operation.

## TAXATION

The Group's effective tax rate was 32% of headline profit before tax, which was 1% point lower than the prior year. This reduction was principally due to the lowering of local tax rates in some of the territories within which the Group operates, including the reduction of the UK tax rate by 2% points. The Group's current effective tax rate includes the effect of a significant and continuing increase in the deferred tax liability due to the tax amortisation of overseas goodwill. This deferred tax liability is not expected to crystallise in the foreseeable future. This, together with the differing timing of payments, means that the effective tax rate was significantly higher than the cash tax rate of 24%.

## PENSION

The Group has defined benefit pension schemes in the UK, Ireland and Germany. All these schemes are now closed to new entrants. Elsewhere (including the replacement schemes in the UK and Ireland), the schemes are defined contribution.

During the latter part of the prior year and first half of this year, the Group consulted with UK based employees over changes designed to improve the sustainability of the UK defined benefit pension scheme. These included changes in the Group's future approach to early retirement, a restriction on the amount of base pay that can be considered pensionable for defined benefit purposes, and a life expectancy risk sharing mechanism to share the uncertain future costs of improving life expectancy between the Group and the active members. These changes resulted in an accounting benefit of £17.5m.

In the second half of the year, the headcount in the UK was reduced as a result of cost reduction actions taken in the business. This has led to an accounting cost of £0.8m relating to the pension impact of the changes.

As a result of these two actions and their effects on the UK defined benefit pension scheme, a net non-cash credit of £16.7m has been recognised in the income statement and excluded from headline profit.

The most recent valuation of the UK defined benefit scheme was carried out as at 31 March 2009. This disclosed a deficit of £6.3m before tax relief. The scheme was 97% funded on an accounting basis. The Group was not required to make any deficit recovery contributions to the pension scheme during the financial year, and does not anticipate any requirement to do so in the year ending 31 March 2010.

This deficit is £15.5m lower than at the previous year end due to lower expectations of long term inflation, higher discount rates, partially offset by the reduction in the value of the assets, together with benefit changes which improve the sustainability of the scheme.

Under IAS 19, the combined gross deficit of the Group's defined benefit schemes was £16.9m at 31 March 2009.

## **CURRENT TRADING AND OUTLOOK**

In the first eight weeks of the new financial year the sales trend has been similar to the final quarter of last year. Year on year Group revenue has declined by around 17%, the UK by around 14% and the International business by around 19%. Within International, Continental Europe has declined by around 17%, North America by around 23% and Asia Pacific by around 15%. The Purchasing Managers' Indices in our major markets have shown some stability in recent months, albeit at low levels.

Our strategy remains unchanged. We will continue to strengthen our electronics and e-Commerce offers to better serve customers' needs and drive our market leading offer for maintenance customers. An increasing number of strategic initiatives will be introduced into the market as the investments we have made over the past few years deliver.

The Group is well positioned for the future with a broad spread of international businesses, extensive product range and customer base, high service offer and realigned cost structure.

**Ian Mason, Group Chief Executive**  
**Simon Boddie, Group Finance Director**

**29 May 2009**

**Group Income Statement**  
**For the year ended 31 March 2009**

	Note	2009 £m	2008 £m
<b>Revenue</b>	2	<b>974.6</b>	924.8
Cost of sales		<b>(492.5)</b>	(460.1)
<b>Gross profit</b>		<b>482.1</b>	464.7
Distribution and marketing expenses		<b>(370.0)</b>	(354.6)
Administrative expenses		<b>(8.6)</b>	(7.4)
<b>Operating profit</b>		<b>103.5</b>	102.7
Financial income		<b>4.8</b>	9.5
Financial expenses		<b>(11.8)</b>	(16.8)
<b>Profit before tax</b>	1,2	<b>96.5</b>	95.4
Income tax expense	3	<b>(30.3)</b>	(31.5)
<b>Profit for the year attributable to equity shareholders</b>		<b>66.2</b>	63.9
<b>Earnings per share – Basic</b>	4	<b>15.2p</b>	14.7p
<b>Earnings per share – Diluted</b>	4	<b>15.2p</b>	14.6p
<b>Earnings per share – Headline</b>	4	<b>13.6p</b>	14.8p
<b>Dividends</b>			
<b>Amounts recognised in the period:</b>			
Final dividend for the year ended 31 March 2008		<b>12.6p</b>	12.6p
Interim dividend for the year ended 31 March 2009		<b>5.0p</b>	5.8p
		<b>17.6p</b>	18.4p

A final dividend of 6.0p per share relating to the period has been proposed since the period end.

**Headline profit**

**Headline operating profit**

Operating profit		<b>103.5</b>	102.7
Pension changes/reorganisation (income) costs	5	<b>(9.9)</b>	1.0
		<b>93.6</b>	103.7

**Headline profit before tax**

Profit before tax		<b>96.5</b>	95.4
Pension changes/reorganisation (income) costs	5	<b>(9.9)</b>	1.0
		<b>86.6</b>	96.4

**Group Statement of Recognised Income and Expense  
For the year ended 31 March 2009**

	<b>2009</b>	2008
	<b>£m</b>	£m
Foreign exchange translation differences	<b>34.8</b>	2.1
Actuarial (loss) gain on defined benefit pension schemes	<b>(4.4)</b>	5.2
(Loss) on cash flow hedges	<b>(0.4)</b>	(11.8)
Tax on items taken directly to equity	<b>(1.1)</b>	2.0
<b>Net gain (loss) recognised directly in equity</b>	<b>28.9</b>	(2.5)
Profit for the year	<b>66.2</b>	63.9
<b>Total recognised income and expense for the period attributable to equity shareholders</b>	<b>95.1</b>	61.4

**Group Balance Sheet**  
**As at 31 March 2009**

	Note	2009 £m	2008 £m
<b>Non-current assets</b>			
Intangible assets	8	234.6	188.6
Property, plant and equipment	9	121.4	114.9
Investments		0.5	0.4
Other receivables		3.3	2.9
Deferred tax assets		10.7	14.7
		<b>370.5</b>	321.5
<b>Current assets</b>			
Inventories		180.8	161.1
Trade and other receivables		167.0	173.0
Income tax receivables		1.1	1.3
Cash and cash equivalents	11	2.0	28.4
		<b>350.9</b>	363.8
<b>Current liabilities</b>			
Trade and other payables		(140.9)	(143.7)
Loans and borrowings	11	(4.0)	(7.1)
Tax liabilities		(15.2)	(17.5)
		<b>(160.1)</b>	(168.3)
<b>Net current assets</b>		<b>190.8</b>	195.5
<b>Total assets less current liabilities</b>		<b>561.3</b>	517.0
<b>Non-current liabilities</b>			
Other payables		(9.1)	(8.4)
Retirement benefit obligations	7	(16.9)	(30.0)
Loans and borrowings	11	(201.2)	(172.4)
Deferred tax liabilities		(31.3)	(24.4)
<b>Net assets</b>		<b>302.8</b>	281.8
<b>Equity</b>			
Called-up share capital		43.5	43.5
Share premium account		38.7	38.7
Other reserves		220.6	199.6
<b>Equity attributable to the shareholders of the parent</b>	10	<b>302.8</b>	281.8

**Group Cash Flow Statement**  
**For the year ended 31 March 2009**

	Note	2009 £m	2008 £m
<b>Cash flows from operating activities</b>			
Profit before tax		96.5	95.4
Depreciation and other amortisation		27.3	26.7
Equity settled transactions		1.2	1.1
Finance income and expense		7.0	7.3
Non-cash movement on investment in associate		(0.1)	-
Non-recurring non-cash pension change		(16.7)	-
<b>Operating cash flow before changes in working capital, interest and taxes</b>		<b>115.2</b>	<b>130.5</b>
Decrease in inventories		3.4	7.4
Decrease in trade and other receivables		28.0	0.5
(Decrease) in trade and other payables		(25.2)	(15.3)
<b>Cash generated from operations</b>		<b>121.4</b>	<b>123.1</b>
Interest received		4.8	9.5
Interest paid		(13.5)	(15.4)
Income tax paid		(22.9)	(22.8)
<b>Net cash from operating activities</b>		<b>89.8</b>	<b>94.4</b>
<b>Cash flows from investing activities</b>			
Capital expenditure and financial investment		(12.1)	(19.4)
Proceeds from sale of property, plant and equipment		0.3	-
<b>Net cash used in investing activities</b>		<b>(11.8)</b>	<b>(19.4)</b>
<b>Free cash flow</b>		<b>78.0</b>	<b>75.0</b>
<b>Cash flows from financing activities</b>			
Proceeds from the issue of share capital		-	-
New bank loans		143.1	92.0
Loans repaid		(171.0)	(77.1)
Equity dividends paid		(76.6)	(80.0)
<b>Net cash used in financing activities</b>		<b>(104.5)</b>	<b>(65.1)</b>
<b>Net (decrease) increase in cash and cash equivalents</b>		<b>(26.5)</b>	<b>9.9</b>
Cash and cash equivalents at the beginning of the year		27.2	17.2
Effect of exchange rates on cash		0.1	0.1
<b>Cash and cash equivalents at the end of the year</b>	11	<b>0.8</b>	<b>27.2</b>

**Notes to the Preliminary Statement  
For the year ended 31 March 2009**

**1. Analysis of income and expenditure**

	<b>2009</b>	2008
	<b>£m</b>	£m
Revenue	<b>974.6</b>	924.8
Cost of sales	<b>(492.5)</b>	(460.1)
Distribution and marketing expenses	<b>(281.9)</b>	(261.5)
Contribution before Process costs	<b>200.2</b>	203.2
Distribution and marketing expenses within Process costs	<b>(96.8)</b>	(92.1)
Administrative expenses within Process costs	<b>(9.8)</b>	(7.4)
Group Process costs	<b>(106.6)</b>	(99.5)
Headline operating profit	<b>93.6</b>	103.7
Net financial expense	<b>(7.0)</b>	(7.3)
Headline profit before tax	<b>86.6</b>	96.4
Pension changes/reorganisation income (costs)		
Distribution and marketing expenses	<b>8.7</b>	(1.0)
Administrative expenses	<b>1.2</b>	-
Profit before tax	<b>96.5</b>	95.4

**2. Segmental analysis**

		<b>2009</b>	2008
		<b>£m</b>	£m
<b>a. By geographical destination</b>			
<b>Revenue:</b>	United Kingdom	<b>323.9</b>	342.6
	Continental Europe	<b>350.4</b>	320.6
	North America	<b>185.2</b>	161.7
	Asia Pacific	<b>115.1</b>	99.9
		<b>974.6</b>	924.8

		<b>2009</b>	2008
		<b>£m</b>	£m
<b>b. By geographical origin</b>			
<b>Revenue:</b>	United Kingdom	<b>339.3</b>	358.0
	Continental Europe	<b>346.7</b>	316.2
	North America	<b>186.6</b>	163.3
	Asia Pacific	<b>102.0</b>	87.3
		<b>974.6</b>	924.8

		<b>2009</b>	2008
		<b>£m</b>	£m
<b>Profit before tax:</b>	United Kingdom	<b>93.1</b>	100.9
	Continental Europe	<b>75.9</b>	71.0
	North America	<b>24.3</b>	22.0
	Asia Pacific	<b>6.9</b>	9.3
	Contribution before Process costs	<b>200.2</b>	203.2
	Groupwide Process costs	<b>(106.6)</b>	(99.5)
	Net financial expense	<b>(7.0)</b>	(7.3)
	Headline profit before tax	<b>86.6</b>	96.4
	Pension changes/reorganisation income (costs)	<b>9.9</b>	(1.0)
	Profit before tax	<b>96.5</b>	95.4

### 3. Income tax expense

	2009 £m	2008 £m
United Kingdom taxation	14.7	13.4
Overseas taxation	15.6	18.1
<b>Total income tax expense in income statement</b>	<b>30.3</b>	31.5
Profit before tax	96.5	95.4
Effective tax rate	31%	33%
Effective tax rate – Headline	32%	33%

### 4. Earnings per share

	2009 £m	2008 £m
Profit for the year attributable to equity shareholders	66.2	63.9
Pension changes/reorganisation (income) costs	(9.9)	1.0
Tax impact of pension changes/reorganisation	3.0	(0.3)
<b>Headline profit for the year attributable to equity shareholders</b>	<b>59.3</b>	64.6
Weighted average number of shares (million)	435.0	435.0
Earnings per share – Basic	15.2p	14.7p
Earnings per share – Diluted	15.2p	14.6p
<b>Earnings per share – Headline</b>	<b>13.6p</b>	14.8p

### 5. Pension changes/reorganisation (income) costs

Pension changes/reorganisation (income) costs arising in the year are as follows:

	2009 £m	2008 £m
Redundancy costs	6.6	0.9
Pension scheme changes and curtailment	(16.7)	-
Other initiatives	0.2	0.1
<b>Total</b>	<b>(9.9)</b>	1.0

### 6. 2009 final dividend

The timetable for the payment of the proposed final dividend is:

Ex-dividend date	24 June 2009
Record date	26 June 2009
Annual General Meeting	17 July 2009
Dividend payment date	24 July 2009

A final dividend of 6.0p per share relating to the period has been proposed since the period end.

### 7. Pension schemes

The funding of the UK defined benefit scheme is assessed in accordance with the advice of independent actuaries. The pension costs for the year amounted to £3.2m (2008: £3.5m) excluding the one-off credit due to pension scheme changes and curtailments of £16.7m. The contributions paid by the Group to the defined contribution section of the UK scheme amounted to £2.6m (2008: £1.8m).

The principal assumptions used in the valuations of the liabilities of the Group's schemes were:

	2009			2008		
	United Kingdom	Germany	Republic of Ireland	United Kingdom	Germany	Republic of Ireland
Discount rate	6.25%	5.90%	5.90%	5.90%	5.50%	5.50%
Rate of increase in salaries	2.55%	3.00%	4.00%	3.80%	3.00%	4.00%
Rate of increase of pensions in payment	3.00%	2.75%	2.75%	3.60%	2.50%	2.50%
Inflation assumption	3.00%	2.75%	2.75%	3.60%	2.50%	2.50%

The expected long term rates of return on the schemes' assets as at 31 March 2009 were:

	2009			2008		
	United Kingdom	Germany	Republic of Ireland	United Kingdom	Germany	Republic of Ireland
Equities	7.20%	n/a	8.50%	7.60%	n/a	7.70%
Corporate bonds	5.75%	n/a	n/a	5.40%	n/a	n/a
Government bonds	3.70%	n/a	4.50%	4.10%	n/a	4.70%
Diversified growth funds	6.70%	n/a	n/a	7.10%	n/a	n/a
Enhanced matching funds	3.40%	n/a	n/a	4.25%	n/a	n/a
Cash	0.00%	n/a	n/a	4.75%	n/a	n/a
Other	n/a	n/a	4.60%	n/a	n/a	5.70%

Based upon the demographics of scheme members, the weighted average life expectancy assumptions used to determine benefit obligations were:

	2009		Republic of Ireland
	United Kingdom Years	Germany Years	Years
Member aged 65 (current life expectancy) - male	22.0	18.4	21.4
Member aged 65 (current life expectancy) - female	24.9	22.5	26.4
Member aged 45 (life expectancy at aged 65) - male	23.1	21.8	21.4
Member aged 45 (life expectancy at aged 65) - female	25.9	25.7	26.4

The net (income) costs recognised in the Income Statement were:

	2009				2008			
	UK £m	Germany £m	Republic of Ireland £m	Total £m	UK £m	Germany £m	Republic of Ireland £m	Total £m
Current service cost	4.9	0.7	0.1	5.7	5.6	0.7	0.1	6.4
Past service cost	(5.2)	-	-	(5.2)	-	-	-	-
Interest cost	17.3	0.5	0.2	18.0	16.0	0.3	0.1	16.4
Effects of curtailment	(11.5)	-	-	(11.5)	-	-	-	-
Expected return on assets	(19.0)	-	(0.2)	(19.2)	(18.1)	-	(0.1)	(18.2)
Total Income Statement (credit) charge	(13.5)	1.2	0.1	(12.2)	3.5	1.0	0.1	4.6

Of the (credit) charge for the year, (£1.0)m (2008 charge: £0.2m) has been included in administrative expenses and the remaining (£11.2)m (2008 charge: £4.4m) in distribution and marketing expenses. The actual loss on scheme assets was: UK £33.5m (2008: £0.5m), Germany £nil (2008: £nil), and Republic of Ireland £0.7m (2008: £0.3m).

The valuations of the assets of the schemes as at 31 March were:

	2009 United Kingdom £m	Germany £m	Republic of Ireland £m	2008 United Kingdom £m	Germany £m	Republic of Ireland £m
Equities	79.9	n/a	1.2	113.2	n/a	1.6
Corporate bonds	14.4	n/a	-	14.6	n/a	-
Government bonds	16.5	n/a	0.4	18.9	n/a	0.3
Diversified growth funds	94.0	n/a	-	98.9	n/a	-
Enhanced matching funds	34.8	n/a	-	27.9	n/a	-
Cash	0.7	n/a	-	0.9	n/a	-
Other	-	n/a	0.3	-	n/a	0.3
<b>Total market value of assets</b>	<b>240.3</b>	<b>-</b>	<b>1.9</b>	<b>274.4</b>	<b>-</b>	<b>2.2</b>

No amount is included in the market value of assets relating to either financial instruments or property occupied by the Group.

The amount included in the balance sheet arising from the Group's obligations in respect of its defined benefit pension schemes was:

	2009 UK £m	Germany £m	Republic of Ireland £m	Total Valuation £m	2008 UK £m	Germany £m	Republic of Ireland £m	Total Valuation £m
Total market value of assets	240.3	-	1.9	242.2	274.4	-	2.2	276.6
Present value of scheme liabilities	(246.6)	(9.4)	(3.1)	(259.1)	(296.2)	(7.8)	(2.6)	(306.6)
Deficit in the scheme	(6.3)	(9.4)	(1.2)	(16.9)	(21.8)	(7.8)	(0.4)	(30.0)

The rules of the UK Electrocomponents Group Pension Scheme give the Trustee powers to wind up the scheme, which it may exercise if the Trustee is aware that the assets of the scheme are insufficient to meet its liabilities. Although the scheme is currently in deficit, the Trustee and the Company have agreed a plan to eliminate the deficit over time and the Trustee has confirmed that it has no current intention of exercising its power to wind up the scheme. The Group expects to pay £5.9m to its UK defined benefit pension scheme in 2010.

In addition to the UK scheme outlined above there are certain pension benefits provided on a defined benefit basis in Germany and Ireland amounting to £1.3m (2008: £1.1m), defined contribution basis in Australia and North America amounting to £1.3m (2008: £1.0m), and via government schemes in France, Italy, Scandinavia and North Asia amounting to £3.2m (2008: £2.6m).

The German scheme is unfunded, in line with local practice, and the deficit of £9.4m in the German scheme is financed through accruals established within the German accounts.

In addition, the value of the assets held in respect of AVCs amounted to £0.6m at 31 March 2009 (2008: £0.9m). The value of the assets held in respect of the defined contribution section of the UK Scheme amounted to £7.4m at 31 March 2009 (2008: £6.3m).

#### Sensitivity analysis of the impact of changes in key IAS 19 assumptions

Effect on obligation of a 0.1% increase to the assumed discount rate	Liabilities reduce by £5m
Effect on obligation of a 0.1% increase to the assumed inflation rate	Liabilities increase by £4m
Effect on obligation of an assumed increase in one year's life expectancy	Liabilities increase by £6m

## 8. Intangible assets

	Goodwill	Software	Other intangibles	Total
<b>Cost</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
At 1 April 2008	131.7	110.9	0.3	242.9
External additions	-	8.1	-	8.1
Disposals	-	(0.1)	-	(0.1)
Translation differences	51.2	5.2	-	56.4
<b>At 31 March 2009</b>	<b>182.9</b>	<b>124.1</b>	<b>0.3</b>	<b>307.3</b>
<b>Amortisation</b>				
At 1 April 2008		54.3	-	54.3
Charged in the year		14.1	0.1	14.2
Disposals		(0.1)	-	(0.1)
Translation differences		4.3	-	4.3
<b>At 31 March 2009</b>		<b>72.6</b>	<b>0.1</b>	<b>72.7</b>
<b>Net book value</b>				
<b>At 31 March 2009</b>	<b>182.9</b>	<b>51.5</b>	<b>0.2</b>	<b>234.6</b>
At 31 March 2008	131.7	56.6	0.3	188.6

## 9. Property, plant and equipment

	Land and buildings	Plant and machinery	Computer systems	Total
<b>Cost</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
At 1 April 2008	101.5	113.2	66.5	281.2
Additions	0.5	3.9	2.4	6.8
Disposals	(0.3)	(2.9)	(1.5)	(4.7)
Translation differences	11.5	7.4	3.5	22.4
<b>At 31 March 2009</b>	<b>113.2</b>	<b>121.6</b>	<b>70.9</b>	<b>305.7</b>
<b>Depreciation</b>				
At 1 April 2008	24.9	89.4	52.0	166.3
Charged in the year	2.0	5.1	6.0	13.1
Disposals	-	(2.5)	(1.1)	(3.6)
Translation differences	1.5	4.2	2.8	8.5
<b>At 31 March 2009</b>	<b>28.4</b>	<b>96.2</b>	<b>59.7</b>	<b>184.3</b>
<b>Net book value</b>				
<b>At 31 March 2009</b>	<b>84.8</b>	<b>25.4</b>	<b>11.2</b>	<b>121.4</b>
At 31 March 2008	76.6	23.8	14.5	114.9

## 10. Reconciliation of movements in equity

	2009	2008
	£m	£m
Profit for the year	66.2	63.9
Dividend	(76.6)	(80.0)
	(10.4)	(16.1)
Foreign exchange translation differences	34.8	2.1
Fair value of derecognised hedges	1.8	-
(Loss) on cash flow hedges	(0.4)	(11.8)
Actuarial (loss) gain on defined benefit pension schemes	(4.4)	5.2
Tax impact on adjustments taken directly to reserves	(1.6)	2.0
Equity settled transactions	1.2	1.1
Net increase (reduction) to equity	21.0	(17.5)
Equity shareholders' funds at the beginning of the year	281.8	299.3
Equity shareholders' funds at the end of the year	302.8	281.8

## 11. Cash and cash equivalents / net debt

	2009	2008
	£m	£m
Bank balances	2.0	5.9
Call deposits and investments	-	22.5
Cash and cash equivalents in the balance sheet	2.0	28.4
Bank overdrafts	(1.2)	(1.2)
Cash and cash equivalents in the cash flow statement	0.8	27.2
Current instalments of loans	(2.8)	(5.9)
Loans repayable after more than one year	(201.2)	(172.4)
Net debt	(203.2)	(151.1)

	2009	2008
	£m	£m
<b>Analysis of movement in net debt</b>		
Net debt at 1 April	(151.1)	(136.2)
Free cash flow	78.0	75.0
Equity dividends paid	(76.6)	(80.0)
New finance leases	(2.3)	(0.3)
Translation differences	(51.2)	(9.6)
Net debt at 31 March	(203.2)	(151.1)

## 12. Principal exchange rates

	2009		2008	
	Average	Closing	Average	Closing
United States Dollar	1.72	1.43	2.01	1.99
Euro	1.21	1.08	1.41	1.25
Japanese Yen	175	142	229	198

## 13. Basis of preparation

Electrocomponents plc (the "Company") is a company domiciled in England. The Group accounts for the year ended 31 March 2009 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in a jointly controlled entity. Subsidiaries are entities controlled by the Company. All subsidiary accounts are made up to 31 March and are included in the Group accounts. Further to the IAS Regulation (EC 1606/2002) the Group accounts have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted for use by the EU ("adopted IFRS").

The accounts were authorised for issue by the Directors on 29 May 2009.

The accounts are presented in £ Sterling and rounded to £0.1m. They are prepared on the historical cost basis and adopt the going concern basis.

The preparation of accounts in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable, under the circumstances, the results of which form the basis of making the judgements about carrying values and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The financial information set out above does not constitute the Group's statutory accounts for the years ended 31 March 2009 or 2008 but is derived from those accounts. Statutory accounts for 2008 have been delivered to the Registrar of Companies, and those for 2009 will be delivered following the Company's Annual General Meeting. The auditors have reported on those accounts; their reports were unqualified and did not contain statements under section 237(2) or 237(3) of the Companies Act 1985.

Copies of the Annual Report and Accounts for the year ended 31 March 2009 will be available from 16 June 2009 from the Company Secretary, Electrocomponents plc, International Management Centre, 8050 Oxford Business Park North, Oxford OX4 2HW, United Kingdom. Telephone +44 (0)1865 204000. The Report will also be published on the Corporate website at [www.electrocomponents.com](http://www.electrocomponents.com).

The Annual General Meeting will be held at Electrocomponents plc, International Management Centre, 8050 Oxford Business Park North, Oxford OX4 2HW, United Kingdom on Friday 17 July 2009 at 12.00.

*Safe Harbour:*

*This preliminary statement 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.*