

Electrocomponents plc

## Continental Europe

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# Large and growing market: structural changes favour us

## Market growth

Economic conditions improving  
Strong fundamental growth drivers



## HSL distribution structural growth

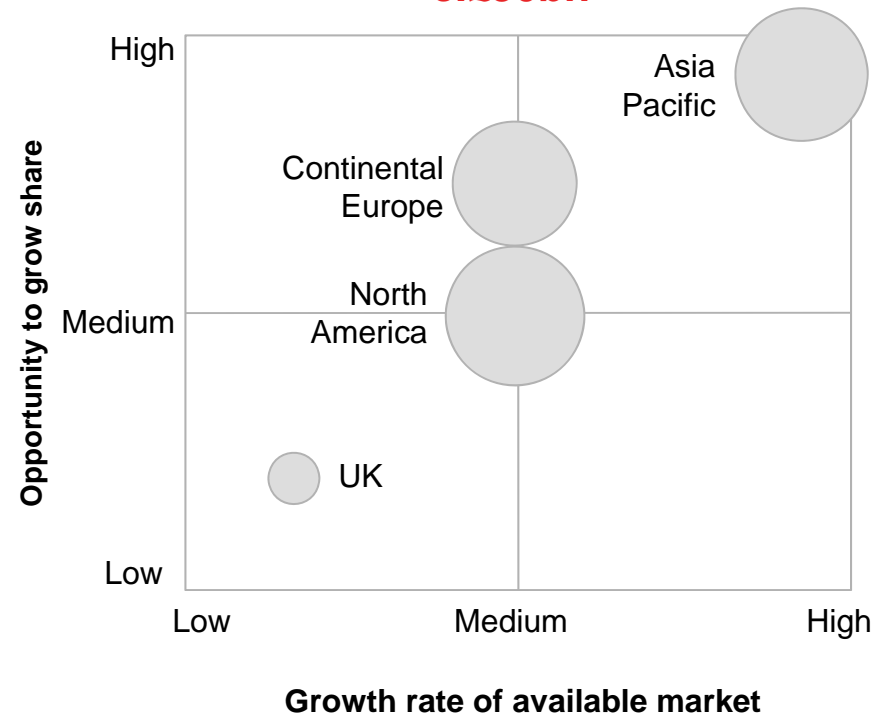
Customers fragmenting/harder to reach  
Suppliers rationalising distribution  
Costs of competing in eCommerce increasing  
SME distributors under pressure



## Electros market share growth

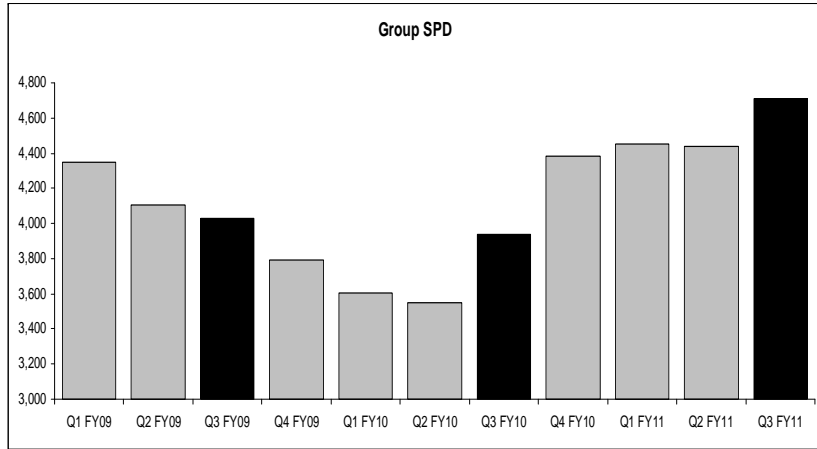
Common global market trends  
Greatest global reach  
Best meet customer & supplier needs

## Worldwide available market, c.£30bn

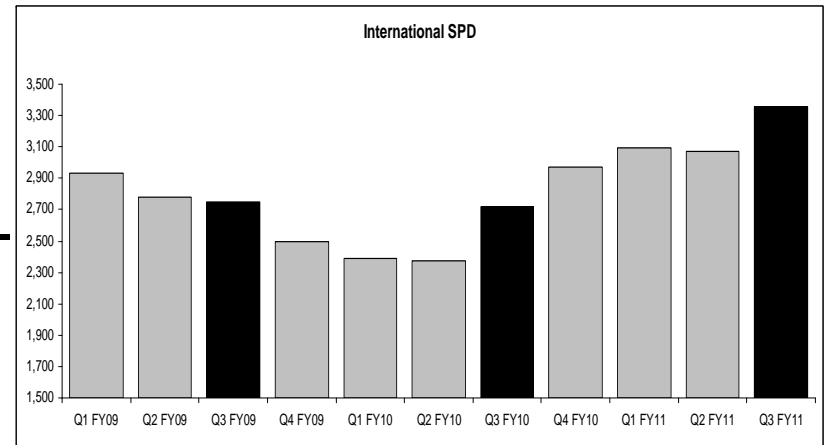


Top five players have circa 15% market share

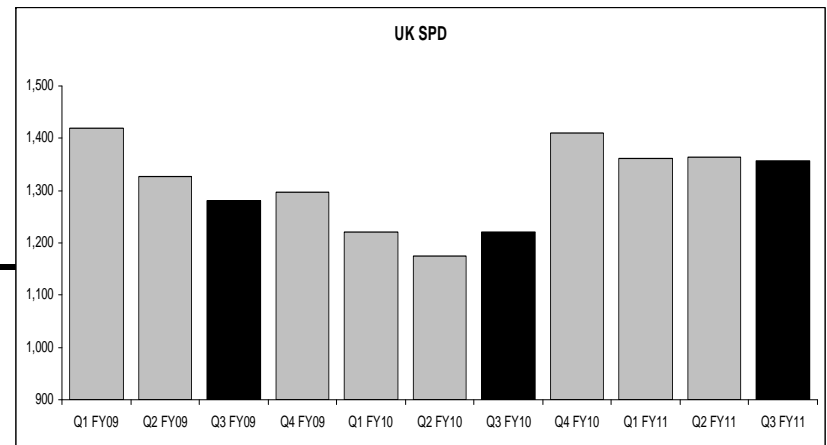
# Group sales per day



£'000 sales per trading day (constant foreign exchange)



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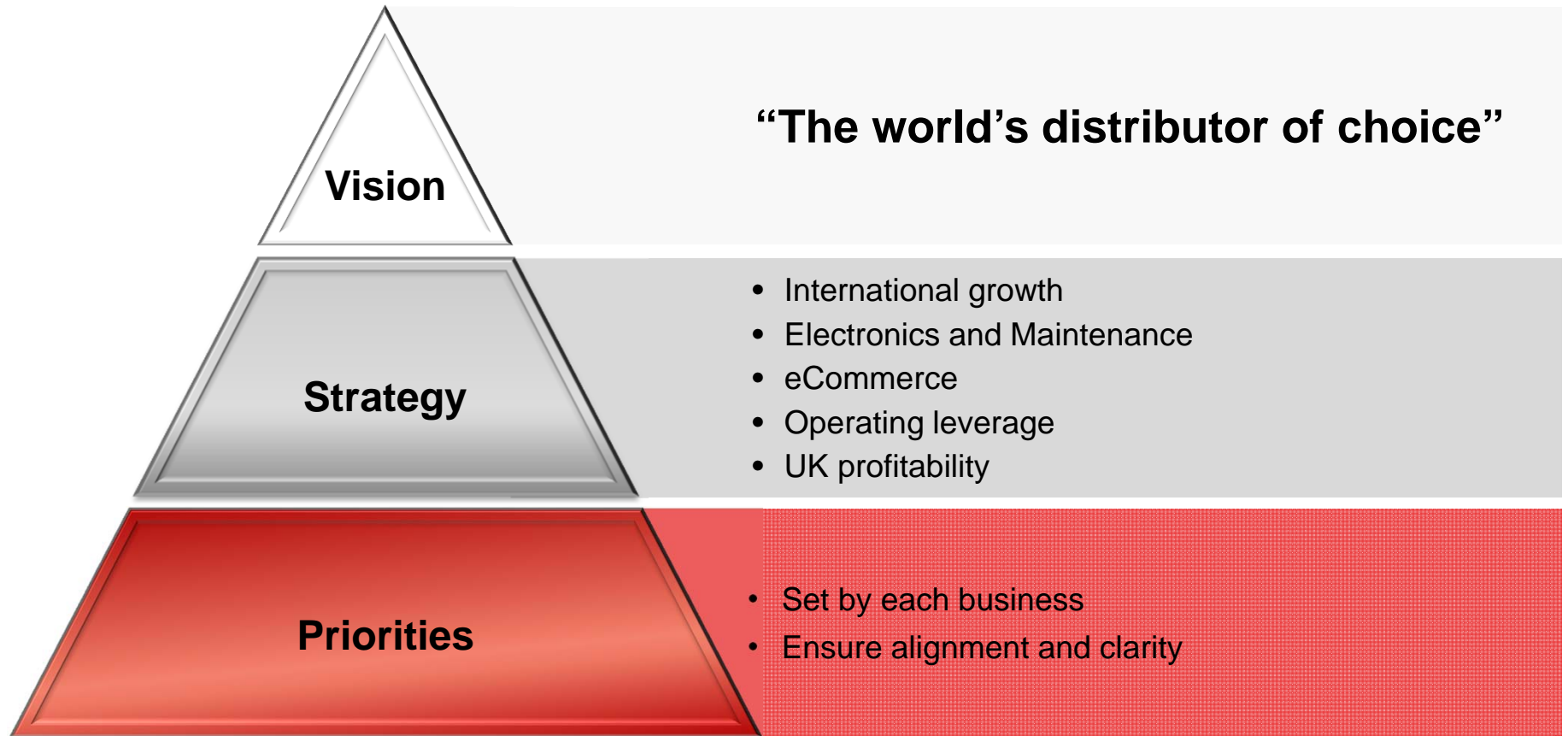
£'000 sales per trading day (constant foreign exchange)

*f*

Group sales 9% above FY08 levels <sup>(1)</sup>

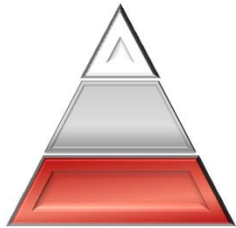
(1): constant foreign exchange

# Our Group vision and strategy are clear and consistent



All employees are aligned and focused on implementation

# Leading market positions provide a robust platform for growth



		International Growth				UK Profitability
		Continental Europe	North America	Asia Pacific	Emerging Markets	UK
<b>Market Position</b>		No 1	No 3	No 1	No 1	No 1
<b>Sales FY10</b>	<b>£m %</b>	350 36%	192 19%	113 12%	[53] [5%]	318 33%
<b>5 year CAGR <sup>(1)</sup></b>		4%	13%	12%	18%	-1%
<b>Market Opportunity</b>		GDP+	GDP+	GDP++	GDP++	Stable

(1): FY04 to FY09

Targeting international sales growth of 7-10% p.a.

# Continental Europe: key themes

Country	FY10 sales £m	Penetration %	AOF
France	130	44	18
Germany	80	20	10
Italy	50	20	7
Other	90	17	9
<b>Continental Europe</b>	<b>350</b>	<b>24</b>	<b>11</b>
UK	320	100	20

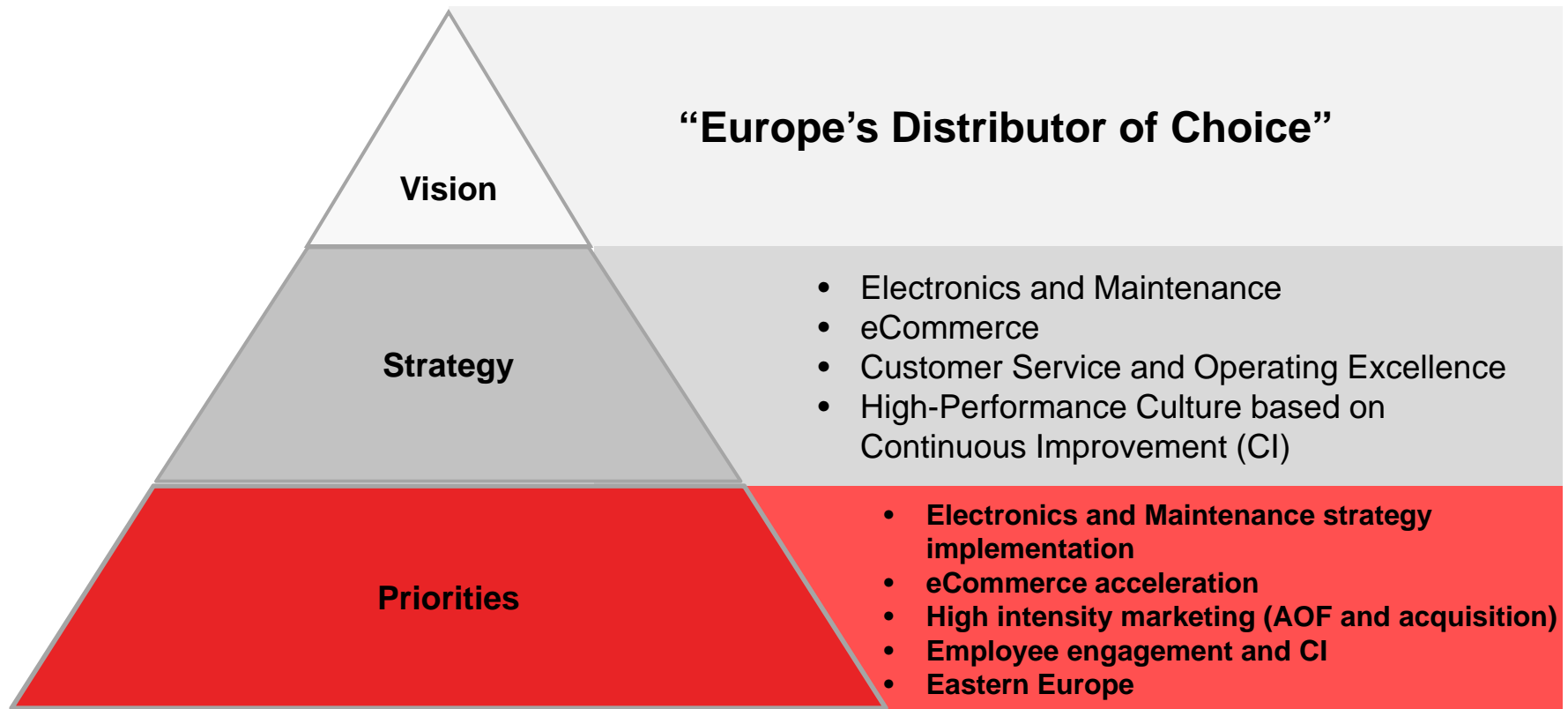
- Regionalisation
- Marketing intensity
- Sales & large customers
- eCommerce
- Electronics
- Germany
- Eastern Europe



Market presence

We are the market leader across Europe

# Europe's vision, strategy and priorities – FY12



Consistently applied across all of Europe

# Background: Why did we regionalise?

... To enable faster implementation of our strategy!

**Customers' needs are very similar**



**Enables a common approach**

- Created regional management team
- Regional mass marketing
- Supplier engagement
- Focused sales strategy
- eCentricity
- Continuous Improvement culture

- Pan-Europe offer, promoted locally

Targeting sales CAGR increase from 4% to 8%

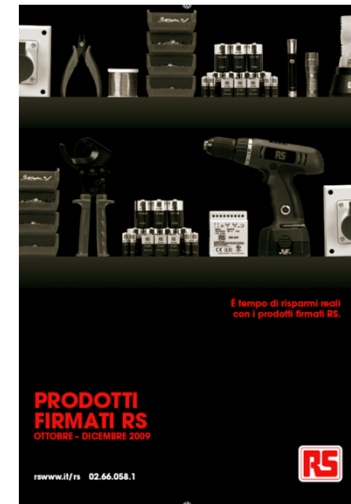
# Increasing marketing Intensity

## High intensity regional marketing

- Central European marketing team
- Mass marketing 500k+ contacts
- Consistent campaigns
- eCommerce led
- multi-channel
- 2X marketing intensity, same cost

e.g. pan-European RS brand campaign

- Average 40% sales growth across markets on the promoted products



# of Customer Touches

Drives

Breadth of Purchase

Drives

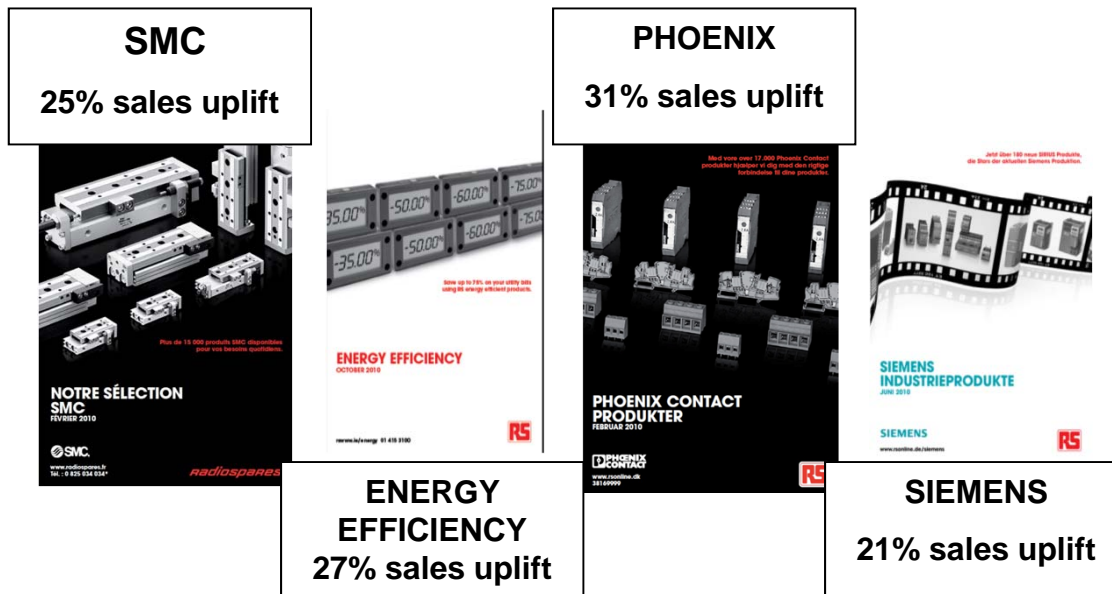
AOF = Key Growth Driver

AOF has been a significant driver in FY11 and this will continue in FY12

# Competitive advantage through our combined Electronics & Maintenance offers...

We are uniquely positioned

- Marketing intensity
- Strategic Supplier relationships
- Electronics & Maintenance offer

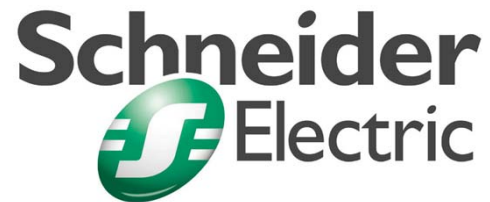


2,500 suppliers to 500,000 customers

## ... and targeted use of Sales

### Acquisition

“Building a winning  
Commercial Offer”



1. New contract
2. All Europe agreement
3. eProcurement key driver

### Contract Compliance

“Delivering Revenue Commitment”



1. All Europe contract rollout
2. Revenues now above target
3. Focusing on growth markets

### Managing Performance

“In Customers”



1. Global agreement
2. Sales performance softened
3. Driven change in performance

Meeting our large customer needs

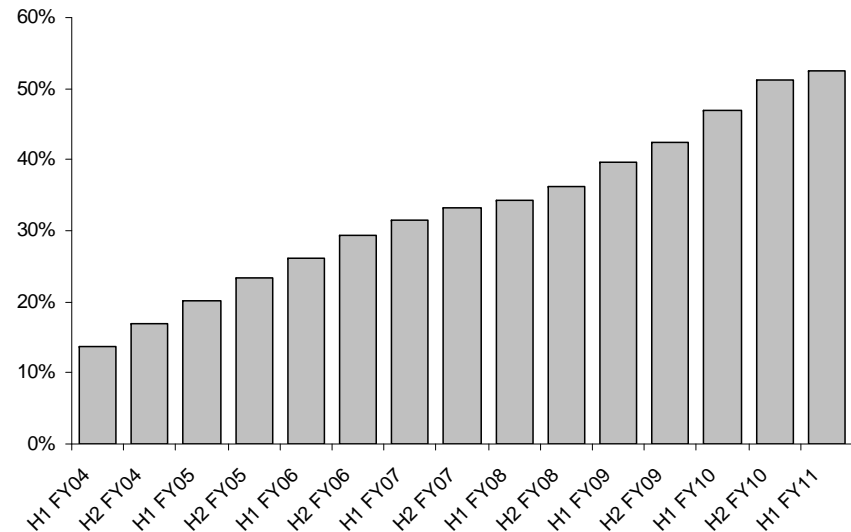
# eCommerce as a growth accelerator

## Relentless focus on eCommerce

- Online leads offline
- Superior customer experience
- Switzerland and Eastern Europe
- Increased speed to market
- Broader range than the catalogue
- Common range across Europe
- Online design resources
- Maintenance offer




## Strong eCommerce share growth

Europe eCommerce revenue share %



Channel share now at 55%, driving for 70%.

# Improving our customers' online experience

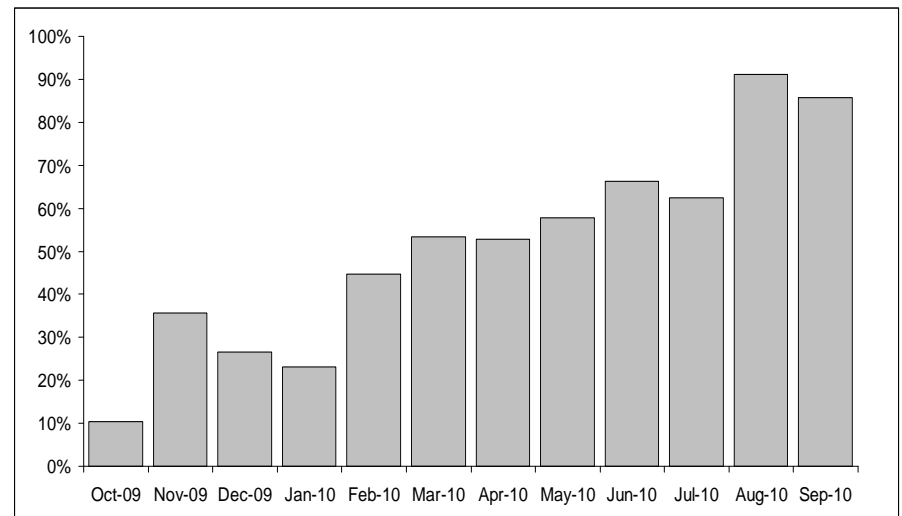
Our Strategy	Key areas	FY10 Achievement	H1 FY11 Achievement
<p><b>Awareness</b></p> 	<p>Search Engine and Social networks</p>	<p>+20% increase in sessions</p>	<p>+40% increase in sessions</p>
<p><b>Product Selection</b></p> 	<p>Improved Search</p>	<p>+10% pts customer satisfaction</p>	<p>2% increase in customer conversion rates</p>
<p><b>Relationship Management</b></p> 	<p>Online Quotes</p>	<p>New to RS Customers</p>	<p>25% of quotes submitted online</p>

# Electronics growth supported by range expansion

- 68,000 new products in last 2 years
- Key strategic suppliers
- Continuous new product introductions: keeping the pace
- New Product Lines now a significant proportion of European Electronics Sales



Year-on-Year Growth in Semiconductor Revenue



Semiconductor growth driving the electronics performance



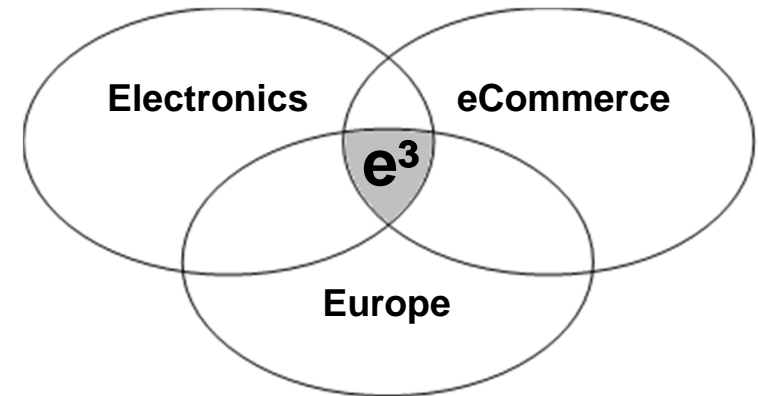
# e<sup>3</sup>: bringing it all together for customers

## Electronic Design Engineers Primary Needs

- Broad product range
- Powerful online search capabilities
- Design tools
- Everything online



## Integrated Service Delivery



*'... RS' product ranges, service level and commitment is second to none...*

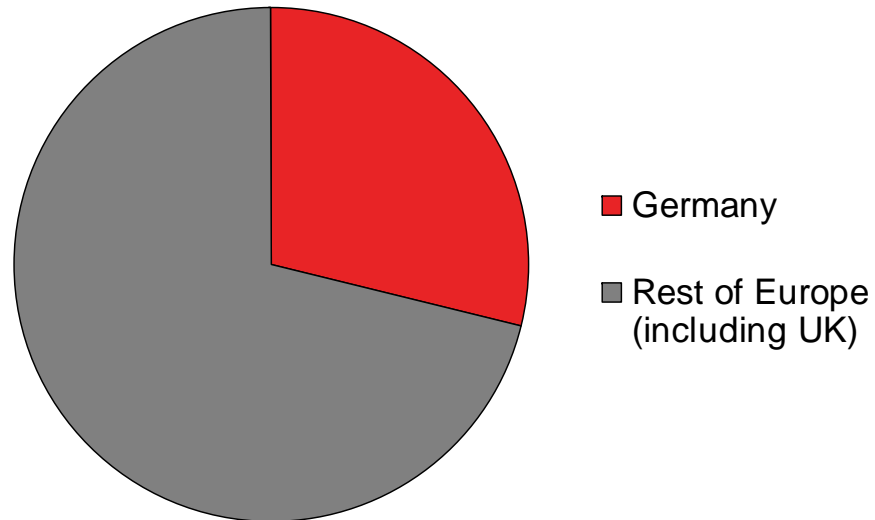
*The search engine optimisation on RS' website is far superior than the competitors...'*

*Kevin White, Cartonng Engineering Dept, Bausch & Lomb Irl,*

World class infrastructure serving 500,000 customers in Europe

# Big opportunity in Germany for Electronics

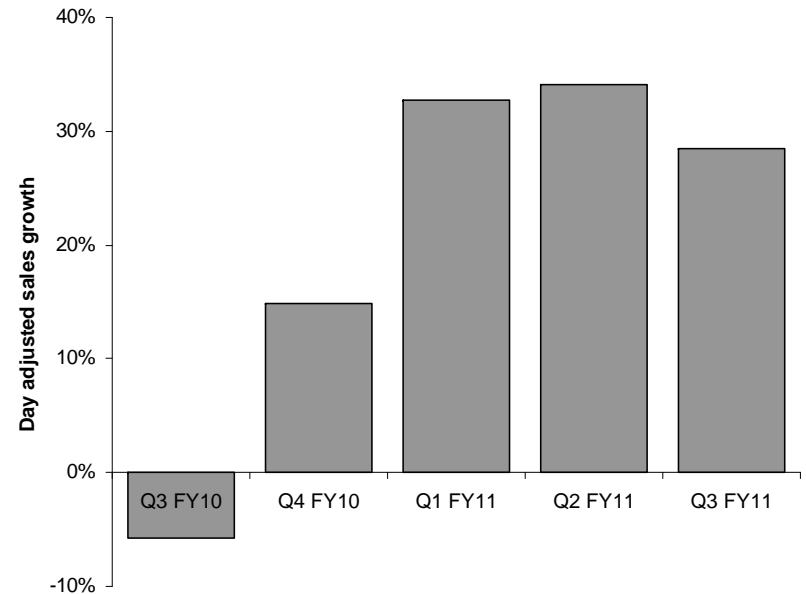
Multi bn Distribution market across Europe, 2009



Germany represents around 30% of the potential in Europe

# Germany - FY11 will be a record year

- Electronics nearly 50% growth
- Highest Electronics growth rate in Europe
- Electronics new products: key contributor
- eCommerce share 60% in December
- Market leading eProcurement offer
- 70+ new eProcurement contracts



# Eastern Europe – The Market

## A large and growing market

- Electronics & Maintenance demand
- Eastern European markets increasingly sophisticated
- 20 years experience with distribution partners
- Existing customers asking for support

### Why now?

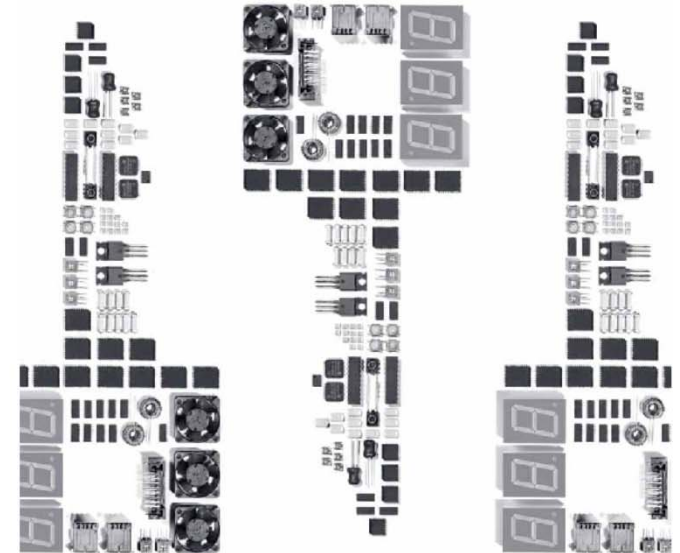
- Market has changed and it is the right time to enter it directly



Enabling geographic expansion

# The RS offer – January 2011

- Poland, Czech Republic and Hungary
- 500,000 products
- Online offer in local languages & currencies
- Innovative electronic USB and paper catalogue
- eCommerce and Electronics design functionality
- Distributed from Germany; next day delivery
- Locally based sales teams
- Initial offer to over 100,000 customers



[www.rspoland.com](http://www.rspoland.com)



Encouraging early results

## In summary

- We are the largest HSL distributor in Europe
- There is significant growth potential
- Regionalisation has given us a strong competitive advantage
- Reaching 500,000 customers with our Electronics & Maintenance offers
- eCommerce leads the way in what we do
- Significant opportunity in the German Electronics market
- Eastern Europe is a large and growing market

Our strategy is clear and makes us confident about the future

**Q&A**