Electrocomponents plc
FY15 Half–year Financial Report

Electrocomponents plc, the global distributor for engineers, today announces its results for the six months ended 30 September 2014.

SUMMARY OF RESULTS

	H1 2014/15	H1 2013/14	Change
Sales	£616.4m	£635.4m	2.8% (1)
Headline profit before tax (2)	£37.4m	£44.6m	(16.1)%
Reported profit before tax	£55.5m	£44.6m	24.4%
Headline earnings per share (2)	6.1p	7.2p	(15.3)%
Headline free cash flow (2)	£24.6m	£36.0m	(31.7)%
Interim dividend per share	5.0p	5.0p	-

(1) Sales growth, unless otherwise stated, is adjusted for trading days and currency movements ("underlying sales growth/decline"). Fewer trading days and currency movements decreased Group reported sales by around £36m

(2) Headline measures of profitability and cash flow are defined as the relevant reported profit/cash flow measure before pension changes and reorganisation costs/cash flows

Financial Highlights

- Group underlying sales growth of 3%, with 5% International growth and 2% UK decline
- International sales driven by 10% growth in North America, 2% in Europe with Asia Pacific up 5%
- Gross margin declined by 0.7% points, reflecting mix and increased discounting in UK and Asia Pacific
- Headline profit before tax(2) decreased by 16%, with 10% (£4m) due to fewer trading days and currency
- Reported profit before tax increased by 24%, benefitting from a £20m non-cash pension credit
- Headline cash flow impacted by increased capex and stock investment to drive the global product offer
- Strong balance sheet with net debt:EBITDA of 1.2 times
- Interim dividend per share maintained at 5.0 pence

Operational Highlights

- Group eCommerce sales growth of 5% with share of Group sales at 58%
- *Famous For* product sales, comprising electronics and automation and control, grew by 5%
- Added 33,000 new products in RS and 30,000 in Allied, primarily in our *Famous For* categories
- 15% of product range now available to customers around the world, up from 10% at the end of March
- Completed global roll-out of SAP; final market, Japan, went live in October
- Reorganisation of APAC and UK sales forces undertaken to drive cost efficiencies and greater focus

CURRENT TRADING AND OUTLOOK

In October, Group underlying sales growth was 3%. International grew by 5% and the UK declined by 3% (-2% excluding Raspberry Pi). Within International, Continental Europe grew by 3%, North America grew by 10% and Asia Pacific was flat.

Group sales growth at the start of the second half has been lower than anticipated, despite the actions being put in place to improve the performance in key markets, reflecting the recent softening of the PMI indices.

Whilst being mindful of the challenging economic environment, particularly across Europe, we will continue in the second half to invest in our global strategy to enable us to grow our market share over the medium term.

IAN MASON, GROUP CHIEF EXECUTIVE, COMMENTED:

"In the first half Group underlying sales growth was 3%, led by a strong performance in North America. However, the UK and France were in decline in the period and below our expectations. Whilst mindful of the more challenging economic environment across Europe, we are progressing at pace with the actions to improve performance in these markets.

Our global strategy is firmly established and we have the right organisation in place to deliver it. We are implementing our strategic initiatives which are resulting in faster sales growth from eCommerce and our *Famous For* product categories. During the second half we will be continuing the planned investment in the strategy and are confident that it will enable us to progressively grow our market share and improve our financial performance over the medium term."

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There will be an audio-only webcast presentation on these half-year results at 9:00am GMT. The webcast, half-year results statement, half-year results presentation and video interviews with senior management are available via the corporate website www.electrocomponents.com.

Following the presentation there will be a question and answer session conducted via conference call, details of which are below.

Participant dial-in numbers:

United Kingdom	020 3059 8125
All other locations	+44 20 3059 8125
Participant password	Electrocomponents

A recording of the webcast and question and answer session will be available later in the day, accessible via the investor centre section of the corporate website www.electrocomponents.com/investor-centre.

Notes on financial terms:
In order to reflect underlying business performance, comparisons of sales between periods (including by region, product group and channel) have been adjusted for currency and trading days ("underlying sales growth/decline").

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 revenues and costs are disclosed as positive if improving profit and negative if reducing profit.

Key performance measures such as return on sales and EBITDA use headline profit figures.

Notes to editors:
Electrocomponents, the global distributor for engineers, has operations in 32 countries. We offer around 500,000 products through the internet, catalogues and at trade counters to over one million customers, shipping more than 44,000 parcels a day. Our products, sourced from 2,500 leading suppliers, include semiconductors, interconnect, passives and electromechanical, automation and control, electrical, test and measurement, tools and consumables.

The business satisfies the small quantity needs of its customers who are typically electronics design engineers, machine and panel builders or maintenance engineers in business. 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 £150 although the range of order values is wide. The Group's customers come from a wide range of industry sectors with diverse product demands.

MARKET ENVIRONMENT AND STRATEGY IMPLEMENTATION

Market environment

After an improvement in the trading environment during the second half of our 2014 financial year the market backdrop in the last six months has been more varied, with divergent trends across our regions. Hence whilst the Group's underlying sales growth of 3% in the first half of FY15 is the same as in the second half of 2014, this masks differing trends at the regional level. There has been an improvement in the market environment in the US, a deteriorating trading environment across Europe, and a more challenging backdrop in the UK, and across the vast and diverse region that is Asia Pacific little overall change. These trends have to a large extent been borne out in our regional sales performance, though we believe our North American business has outperformed its market.

Strategy implementation

Over the last eighteen months there has been encouraging progress implementing the global strategy, which comprises four growth initiatives supported by three enablers. As outlined in our 2014 annual report, the strategic focus of the Group in the current financial year is particularly on two of these growth initiatives, *One Global Offer* and *eCommerce with a Human Touch*. We can report that sales of both our *Famous For* product categories, which are the subject of increased focus under the *One Global Offer* strategy, and eCommerce sales grew at 5% in the first half, above the 3% sales growth generated across the Group.

The following section contains a summary of the aim of each element of the strategy, together with a review of progress during the half year.

Four Growth Initiatives

1. Grow Target Customers

Aim: We will increase corporate customer numbers and our sales to existing customers by focusing on four core customer groups: Electronic Design Engineers, Machine and Panel Builders, Maintenance Engineers and Buyers.

Progress and strategic development in the half year:

- Corporate customer number growth of 1%
- Integration of our sales, offer and marketing teams to develop specific global action plans to grow each of our core customer groups
- Successful new joint marketing campaigns with Schneider Electric and Phoenix Contact across both RS and Allied, and another commenced with TE Connectivity

2. One Global Offer

Aim: We will get more products to more customers by making 75% of our range available to all our customers across the world without compromising our reliable, high level of service. We will be Famous For *electronics and automation and control, and will focus on driving a higher return on stock.*

Progress and strategic development in the half year:

- Underlying sales growth of 5% in our *Famous For* range, ahead of the Group sales growth of 3%
- Reduced the level of stock provisions as a percentage of stock from 10% in the prior-year period to 9% in this half-year period, whilst maintaining our high and reliable levels of service
- Added around 33,000 new products in RS in the half year, and a further 30,000 in Allied, particularly improving the quality and breadth of our *Famous For* product categories
- As at the end of September around 15% of the Group's range was available in all our markets, up from around 10% at the end of March. We now have global product ranges with significant suppliers; completed with TE Connectivity, Osram, Phoenix Contact, ST Microelectronics and ON Semiconductor and work ongoing with other suppliers
- Our Raspberry Pi range has been extended with new enhanced models
- Our 3D printer range has expanded and has generated over £1.4m in revenue since launch in December 2013

3. eCommerce with a Human Touch

Aim: We will significantly develop eCommerce to acquire customers at a faster rate than before, with a medium-term target for 70% of our business to be transacted online. For high-value customers we will deploy our sales force to nurture these opportunities. By allocating digital and human resources more effectively we will manage our customer base more profitably.

Progress and strategic development in the half year:

- eCommerce channel grew sales at 5%, above the 3% Group sales growth, with share of 58%
- Continued to increase our investment in digital marketing during the period whilst simultaneously reducing expenditure on catalogues
- Enhanced search and checkout functionality have improved the customer journey
- Commenced enhancing the content related to our 50,000 top-selling products
- Made good progress preparing for the upgrade of our web platform. The provider of the new platform has been selected and we are now working with them on the design stage of this project
- The use of Agile methodology has driven faster online improvements and an increase in conversion.
- Introduced an enhanced mobile website in the UK and Singapore resulting in increased traffic and orders; plans are underway to launch in other markets

4. Value for Money

Aim: We will transform our customers' perception of the value we offer them, through the consistent, global execution of our strategy. There will be a step change in how we communicate our value and why this sets us apart from the competition, supported by dynamic pricing.

Progress and strategic development in the half year:

- Leveraged the understanding gained from previous pricing experiments and our price perception measurement tool to increase the intensity and alignment of our communication to customers around the world on specific product prices.
- 30,000 products were selected for this increased communication activity during the period, and a series of price changes were made together with adding website flags. The initial activity has been carried out in the UK and Germany and the second half of the year will see an increase in communication activity, involving more products and more markets.

Three Strategic Enablers

1. High Performance Team

Aim: Our people will ensure the successful delivery of the strategy. Our focus will be on driving a high performance culture that equips our people with the skills and capabilities that they need to achieve our growth ambitions.

Progress and strategic development in the half year:

- Enhanced our existing employee engagement action plans, developing new ones where necessary.
- Commenced work on both the implementation of a global HR management system and the development of global career structures.

2. Business Insight

Aim: We will increase our capability to turn data into insight and understanding, through consistent, global data, improved data tools and a culture where we actively seek new insights.

Progress and strategic development in the half year:

- Continued to build our business intelligence (BI) resource and establish a central BI capability
- Implemented global product data tools to generate improved product insight to drive forward our *One global offer* strategic growth initiative

3. World Class Systems

Aim: We will create a world class infrastructure and our systems will be built on a single platform to give us pace and agility. A globally-connected freight network will deliver a fast, reliable service for our customers.

Progress and strategic development in the half year:

- Commenced the work required to separate the front office, middle office and back office of our systems architecture; a significant project which will enable more and faster change to occur in the business
- Japan, the final market in APAC, was moved to a SAP-based IT system in October. Now all of the regions' markets are using this, which will give them greater access to the Group's strategic initiatives

BUSINESS FINANCIAL PERFORMANCE AND POSITION

Financial Performance	**H1 2014/15**	H1 2013/14
Sales	**£616.4m**	£635.4m
Gross margin	**44.7%**	45.4%
Headline contribution (1)	**£120.0m**	£123.0m
Headline Group Process costs (1)	**£(80.0)m**	£(75.8)m
Headline operating profit (1)	**£40.0m**	£47.2m
Headline return on sales (1)	**6.5%**	7.4%
Net interest (expense)	**£(2.6)m**	£(2.6)m
Headline profit before tax (1)	**£37.4m**	£44.6m

Reported profit before tax	**£55.5m**	£44.6m
Headline free cash flow (1)	**£24.6m**	£36.0m
Headline earnings per share (1)	**6.1p**	7.2p
Interim dividend per share	**5.0p**	5.0p
Net debt to 12 months EBITDA (2)	**1.2x**	1.1x

(1) Headline measures of profitability and cash flow are defined as the relevant reported profit/cash flow measure before pension changes and reorganisation costs/cash flows

(2) EBITDA: earnings before interest, tax, depreciation and amortisation (inc. government grants) for the 12 months ended 30 September

Sales

Group sales were £616.4 million, representing underlying sales growth of 2.8%. Group eCommerce sales growth was 5%, with eCommerce averaging 58% of Group sales during the period (compared to 57% a year ago). Our *Famous For* products (electronics and automation & control, comprising around 55% of Group sales) grew by 4.9%, outperforming the sales growth of our *Other Maintenance* products (electrical, test & measurement and support, comprising around 45% of Group sales), sales of which increased by 0.4%. Fewer trading days and adverse currency movements decreased Group reported sales by around £36 million (6%).

Gross margin

Group gross margin at 44.7% decreased by 0.7% points compared with the first half of last year.

Around half of this decline reflected anticipated mix effects, whereby growth was faster in lower-margin geographies, such as North America, and lower-margin product categories, such as semiconductors within our *Famous For* product category. There was also a small benefit from transactional foreign exchange in the first half which we would expect to become a small negative impact in the full year due the strengthening of Sterling.

The other half of the gross margin decline primarily reflected increased discounting in the UK and Asia Pacific. The UK business has been selectively reinstating customer discounts for corporate accounts during the half year. Whilst much of this process has now been completed there is still likely to be some impact in the second half. In Asia Pacific there have been changes to the sales team structure and incentive schemes during the half year. Also the businesses in Greater China and South East Asia have begun using our SAP IT system to make more targeted and effective use of customer discounts. This has resulted in a slight reduction in the negative impact on gross margin from discounting in Asia Pacific as the period has progressed.

Costs

Headline operating costs at constant exchange increased by 2.3% (2.3% decrease as reported) and headline operating costs as a percentage of sales increased to 38.2% (H1 2014: 37.9%). This reflected fixed cost inflation together with the planned investment in our strategic growth initiatives which began in the second half of 2014, including depreciation associated with the higher level of capital expenditure in the period and additional IT support costs. We are expecting full-year headline operating costs at constant exchange rates to increase by around 4%, reflecting additional depreciation and further investment in our strategic growth initiatives.

Headline profit before tax

Headline profit before tax was £37.4 million, a decrease of £7.2 million over the first half of last year (H1 2014: £44.6 million). The International business' contribution increased by £0.2 million, with positive operating cost leverage offset by adverse currency movements and a lower gross margin, whilst the UK's contribution decreased by £3.2 million, reflecting a lower gross margin and negative operating cost leverage due to fixed cost inflation in a market with declining sales. Process costs increased by £4.2 million, reflecting inflation and planned additional IT costs and depreciation associated with the implementation of our global strategy. Net interest costs remained stable at £2.6 million.

There was a combined negative impact to Group headline profit before tax of around £4 million due to fewer trading days and adverse currency movements from translational impacts (principally the strengthening of Sterling against the Euro and US Dollar). This accounted for 10% of the 16% first half headline profit before tax decline.

Reported profit before tax

Reported profit before tax, which comprises headline profit before tax after reorganisation costs and pension credits, amounted to £55.5 million. A non-cash pension credit of £20 million has arisen as a result of the changes made during the period to the benefits accruing to members of the UK defined benefit scheme, more details of which are included in the Pension section below. During the period there was also a restructuring of the sales team in both Asia Pacific and the UK, resulting in associated costs of £1.9 million accounted for after headline profit before tax. A further £1.5 million - £2 million of reorganisation costs are expected in the second half to complete this programme. The above reorganisations are expected to have a payback of around one year.

Headline earnings per share

Headline earnings per share of 6.1 pence decreased by 15.3%. This decrease was slightly lower than the decrease in headline profit before tax, as the headline effective tax rate decreased to 28% from 29% in the prior-year period, primarily reflecting the reduction in the UK corporate tax rate.

Dividend

The Board has approved a maintained interim dividend of 5.0 pence per share, which will be paid on 9 January 2015 to shareholders on the register as at 5 December 2014. As previously stated, over time and as earnings increase, the Board intends to pursue a progressive dividend policy whilst increasing headline earnings dividend cover towards two times.

Cash flow

The Group delivered headline free cash flow (reported free cash flow before reorganisation cash costs) of £24.6 million. This was £11.4 million lower than the first half of last year, principally due to lower headline operating profit together with higher capital expenditure of £6 million, as the step-up in investment associated with the Group's strategic growth initiatives mainly began during the second half of 2014 and increased stock investment. We continue to expect full-year capital expenditure of around £40 million, with planned investment in the second half targeted at our one global offer, eCommerce with a human touch and world-class systems strategic initiatives. The phased roll-out of a SAP-based IT system into Asia Pacific is now complete with the final market, Japan, going live in October.

Stock turn of 2.4 times was 0.2 times lower than the prior year reflecting increased investment in our *Famous For* product ranges and delivering improved service levels. We continue to expect that stock turn for the full year will be around 2.5 times.

Financial position

At 30 September 2014 net debt was £150.7 million. This was £7.1 million higher than as at 31 March 2014, principally due to first-half headline free cash flow of £24.6 million being less than the final dividend for the 2014 financial year that was paid during the period, £29.7 million, together with the cash outflows relating to the reorganisation costs.

In August 2014 the Group signed a new £170m syndicated multicurrency facility from eight banks, maturing in August 2019. This facility, together with the Group's $150 million of US Private Placement ("PP") notes, provides the majority of the Group's committed debt facilities and loans of £260.6 million, of which £102.7 million was undrawn as at 30 September 2014. The PP notes are split, $65 million maturing in June 2015 and $85 million maturing in June 2017, and cross currency interest rate swaps have swapped $60 million of the PP notes from fixed Dollar to floating Sterling and $40 million from fixed Euro to floating Euro, giving the Group an appropriate spread of financing maturities and currencies.

The Group's financial metrics remain strong with EBITA interest cover of 23.4 times and Net Debt to EBITDA of 1.2 times (both measures are based upon twelve months ended 30 September 2014 financials), leaving significant headroom to the Group's unchanged banking covenants.

Pension

The Group has defined benefit pension schemes in the UK, Ireland and Germany, the largest of which is the UK scheme. All these schemes are closed to new entrants and in Germany and Ireland the pension schemes are closed to accrual for future service.

Under IAS 19R the combined gross deficit of the Group's defined benefit schemes was £40.6 million at 30 September 2014. This balance comprised a £5.9 million deficit in Germany, a £0.9 million deficit in the Republic of Ireland and a £33.8 million deficit in the UK.

In order to mitigate the increase in the UK deficit and improve the future strength of the UK defined benefit pension scheme, the Company has, during the period, consulted with active members of the scheme regarding changes to benefits. These changes were to exclude all future increases to base pay from pensionable earnings used to calculate defined benefit pensions and increasing member contributions. These changes have resulted in a one-off non-cash pension credit of £20 million being recognised in the period which has been excluded from headline profit.

On completion of this consultation, the Group agreed a new deficit recovery plan with the Scheme Trustee of the UK defined benefit scheme. This was based on the actuarial valuation of the scheme as at 31 March 2013 which showed a deficit, allowing for the benefit changes, of £35.8 million. The new deficit repayment plan will result in a deficit payment of £1.3 million in the second half of FY15 followed by a full-year deficit payment of £2.6 million in FY16. Thereafter annual payments will gradually increase through to FY22, when the final payment will be £4.0 million. In FY14 the deficit payment was £0.3 million. This would reflect a payment of £24.4 million over the next 7 years.

Despite these changes, the UK deficit has not fallen over the 6 months ending 30 September 2014. This was principally caused by higher liabilities due to discount rates falling by 0.5%. This was partially offset by a slight fall in the expected rate of inflation.

INTERNATIONAL

	H1 2014/15	H1 2013/14	Growth reported	Growth underlying(1)
Sales	**£436.3m**	£450.1m	(3.1)%	5.0%
Gross margin	**42.7%**	43.5%		
Operating costs	**£(115.6)m**	£(125.4)m	7.8%	0.5%
Headline contribution	**£70.7m**	£70.5m	0.3%	9.1%
Contribution % of sales	**16.2%**	15.7%		

(1) Adjusted for currency; sales also adjusted for trading days

The International business represents 71% of Group sales and comprises three regions: Continental Europe (49% of the International business), North America (33%) and Asia Pacific (18%). During the half year, underlying sales increased by 5.0%. Within International, Continental Europe generated underlying sales growth of 1.9%, North America grew sales by 10.2% and underlying sales in Asia Pacific increased by 4.7%. We continued to make good progress in emerging markets such as Eastern Europe and South Africa.

Gross margin reduced by 0.8% points. This reduction was driven by geographic mix (due mainly to faster growth in North America), product mix (due mainly to faster semiconductors growth) and increased discounting in certain markets in Asia Pacific. Operating costs at constant currency decreased by 0.5%, mainly reflecting benefits from the global organisation. This combination of sales growth, lower gross margin and cost stability resulted in the International contribution as a percentage of sales increasing by 0.5% points to 16.2%. International headline contribution increased by 9.1% at constant currency.

CONTINENTAL EUROPE

	H1 2014/15	H1 2013/14	Growth Reported	Growth underlying(1)
Sales	**£213.3m**	£223.3m	(4.5)%	1.9%
Headline contribution	**£46.4m**	£46.3m	0.2%	7.2%
Contribution % of sales	**21.8%**	20.7%		

(1) Adjusted for currency; sales also adjusted for trading days

Our business in Continental Europe operates in fifteen markets. The largest of these are France, Germany and Italy; the remaining are Austria, Belgium, Czech Republic, Denmark, Hungary, Republic of Ireland, Netherlands, Norway, Poland, Spain, Sweden and Switzerland.

Continental Europe delivered underlying sales growth of 1.9% in the half year. This performance was particularly driven by our smaller markets in the region, such as Spain, Scandinavia and Eastern Europe.

Sales from our largest market in the region, France, declined in the face of an increasingly challenging economic environment as the French manufacturing PMI was below the neutral 50 level for five out of the six months. This decline in France was the principal reason for the regional sales growth rate slowing from 5% in the second half of 2014. An action plan, focussed on improved website conversion and larger corporate accounts, to return France to growth has been established during the period and is now being implemented. These plans have recently been extended to Germany, where we have seen a softening of performance during the half year.

Famous For product sales growth was comparable to the overall regional growth rate, whilst eCommerce sales grew by 6% in the half year, significantly ahead of the 2% regional growth rate and eCommerce sales share averaged 70% compared to 68% during the first half of last year. This is the first of our regions to achieve our Group target of 70% of sales via eCommerce. Increased search engine marketing and the significant enhancements to our websites, which have made the process of finding products clearer, faster and easier, have supported this strong performance.

The region made progress in the period expanding its portfolio of large customer accounts, leveraging the Group's strong product and service offer and leading eProcurement solutions, and sales to large customers grew faster than the overall customer base in the region. During the half year the region added five new corporate accounts, extended a further six corporate account deals, including our largest European corporate account in Germany, and renewed seven more.

The 7.2% increase in underlying contribution mainly reflects the benefits of increased scale as sales growth exceeded fixed cost inflation. The contribution margin improved by 1.1% points over the prior year to 21.8%.

NORTH AMERICA	**H1 2014/15**	H1 2013/14	Growth reported	Growth underlying(1)
Sales	**£146.5m**	£145.1m	1.0%	10.2%
Contribution	**£19.6m**	£19.3m	1.6%	11.4%
Contribution % of sales	**13.4%**	13.3%		

(1) Adjusted for currency; sales also adjusted for trading days

Allied, our North American business, reported underlying sales growth of 10.2% for the first half, an excellent performance particularly given a relatively strong comparator figure. Growth rates improved as the period progressed and were driven by our *Famous For* product ranges, notably automation and control, strong eCommerce sales growth, and the ongoing benefits from maintaining its large network of sales offices across the US to provide a local sales touch to customers. The market backdrop was also helpful, with the US manufacturing PMI consistently above the neutral 50 reading during the period.

Famous For sales growth was strong at 14%, benefitting both from an improved product range and the ongoing development of the strong relationships Allied has with its suppliers. Allied's product range has been enhanced by the addition of 30,000 new products, supplemented further by 33,000 products from the RS range that have also been made available to Allied's customers during the period. The high levels of interaction between Allied's sales force and product management teams and their key suppliers is also leading to more targeted joint sales visits and marketing campaigns with suppliers such as Phoenix Contact and TE Connectivity, resulting in additional sales. eCommerce sales growth was 19%, continuing the recent strong growth in this channel in North America. eCommerce now represents around 40% of Allied's sales, and was up 3% points on the prior-year period. This performance has been driven mainly by an increase in expenditure on search engine marketing during the period.

The increase in underlying contribution of 11.4% in the half year reflected economies of scale partially offset by fixed cost inflation and additional search engine marketing costs.

ASIA PACIFIC	**H1 2014/15**	H1 2013/14	Growth reported	Growth underlying(1)
Sales	**£76.5m**	£81.7m	(6.4)%	4.7%
Headline contribution	**£4.7m**	£4.9m	(4.1)%	20.5%
Contribution % of sales	**6.1%**	6.0%		

(1) Adjusted for currency; sales also adjusted for trading days

Our Asia Pacific business is the region's market leader, comprising four similarly-sized sub-regions; Australasia, Greater China, Japan and South East Asia. Underlying sales in the region grew by 4.7%, compared to 4% growth in the second half of 2014. Greater China continued to deliver good growth during the period whilst Japan's growth rate slowed from the double-digit levels reached during most of 2014, reflecting tougher sales comparators and a softening in the Japanese PMI. In October Japan transitioned to a new SAP-based IT system. Sales in Australasia were broadly flat during the period.

Growth in the region was driven by strong *Famous For* product growth of 8%, led by electronics. The region's eCommerce performance was impacted by a significant amount of offline marketing in Greater China and South East Asia during the period. In these two sub-regions eCommerce sales consequently declined, offsetting the continued good eCommerce growth in Japan and Australasia and resulting in flat eCommerce sales in the first half. As a result, eCommerce channel share in Asia Pacific declined to 47% in the first half, 2% points below the prior-year period.

Over the last few years Asia Pacific has successfully grown its corporate account business, utilising best practice from the UK and Continental Europe, and during the period there were over 20 new corporate account wins across the region. Following the reorganisation of the sales force in Greater China during the period, the region is well-placed to drive further growth from the corporate account customer segment.

Asia Pacific's underlying contribution increased by 0.1% points to 6.1%, with positive operating cost leverage partially offset by a lower gross margin, reflecting increased discounting and adverse currency movements.

UK

	H1 2014/15	H1 2013/14	Growth reported	Growth underlying(1)
Sales	**£180.1m**	£185.3m	(2.8)%	(2.1)%
Gross margin	**49.5%**	49.9%		
Operating costs	**£(40.0)m**	£(39.9)m	(0.3)%	(0.3)%
Headline contribution	**£49.3m**	£52.5m	(6.1)%	(6.1)%
Contribution % of sales	**27.4%**	28.3%		

(1) Sales adjusted for trading days

Our UK business is the largest high service distributor in the UK supported by 16 locally-stocked trade counters located in the UK's industrial hubs. The UK business reported underlying sales decline of 2.1%, or 1.3% excluding sales of Raspberry Pi. This sales performance was similar to other businesses in our industry but was not as good as we had expected given that the UK manufacturing PMI was above the neutral 50 level throughout the period, normally indicative of growing customer demand. Following a review of the business' sales performance there were some changes to the sales management team early in the period and since then the business has built a plan to improve performance. This is primarily focused on improving our corporate account performance, improving our offer in the tools and consumables product category, which is the largest of our five product categories in the UK, and improving our online search conversion.

Growth in both our *Famous For* product categories and eCommerce outperformed the overall business. *Famous For* product sales were broadly flat, led by automation and control, whilst eCommerce sales declined by 1% in the period, with eCommerce sales share averaging 63%, up slightly from 62% in the prior year period.

During the period the UK business continued to experience weaker demand from many existing corporate accounts, particularly those in the government, utilities and defence sectors. Nevertheless, the UK corporate account team secured major new corporate customer contracts and renewed and extended several existing corporate customer contracts, across end markets such as food and drink, chemicals and engineering. The UK sales team was reorganised during the period with the structure being simplified and the mix of external and internal changing to have a greater proportion of internal sales.

Although the UK's contribution decreased by 6.1% to £49.3 million, its contribution margin of 27.4% remains the highest in the Group, reflecting the significant scale of the UK business in its market. The reduction in contribution was due to a reduction in gross margin of 0.4% points and the impact of negative operating cost leverage in a declining sales environment.

PROCESSES	**H1 2014/15**	H1 2013/14	Change reported	Change underlying[(1)]
Headline process costs	**£(80.0)m**	£(75.8)m	(5.5)%	(8.1)%
Costs % of sales	**(13.0)%**	(11.9)%		

(1) Adjusted for currency

The Processes principally comprise our teams that manage our Group-wide Marketing, Offer and IT activities, together with Group management and head office costs. These Processes have responsibility for the identification, introduction and sourcing of the Group's products, managing supplier relationships, developing the Group's marketing strategy and its implementation, managing the Group's stock and overseeing the Group's worldwide IT infrastructure.

Process costs rose by 8.1% at constant currency, primarily reflecting the impact of fixed cost inflation and additional IT costs, including depreciation, of £3.1 million related to the systems investment required to drive our global strategy, particularly the One Global Offer and World Class Systems strategic initiatives.

One of the factors driving the cost is the expansion of our supplier network during the period, with new global partnerships signed with ROHM Semiconductor, FCT and PR electronics. RS added around 33,000 new products in the period, and Allied 30,000 with the majority of these in our *Famous For* product categories. 15% of our product range is now available to customers around the world, up from 10% at 31 March 2014.

RISKS AND UNCERTAINTIES

The Group applies a common risk assessment approach to the identification, assessment and management of risks likely to affect the achievement of the Group's corporate and strategic objectives. The Group's approach includes common measures of impact and likelihood, supporting consistent analysis and reporting throughout the management line to the Group Executive Committee and Board. The Board and Group Executive Committee receive regular reports covering risks and mitigating actions arising from external and market factors, key dependencies, project delivery and corporate responsibility areas.

A summary of these risks and the mitigating actions are outlined on pages 28 to 33 of the 2014 Annual Report and Accounts. There have been no significant revisions to them in the first half of this year.

CURRENT TRADING AND OUTLOOK

In October, Group underlying sales growth was 3%. International grew by 5% and the UK declined by 3% (-2% excluding Raspberry Pi). Within International, Continental Europe grew by 3%, North America grew by 10% and Asia Pacific was flat.

Group sales growth at the start of the second half has been lower than anticipated, despite the actions being put in place to improve the performance in key markets, reflecting the recent softening of the PMI indices.

Whilst being mindful of the challenging economic environment, particularly across Europe, we will continue in the second half to invest in our global strategy to enable us to grow our market share over the medium term.

Ian Mason, Group Chief Executive **Simon Boddie, Group Finance Director**
13 November 2014

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 2014, with the exception of the following change in the period: Mr Adrian Auer retired as a Non-Executive Director on 30 June 2014. A list of current Directors is maintained on the Electrocomponents plc website: www.electrocomponents.com.

Ian Mason, Group Chief Executive **Simon Boddie, Group Finance Director**
13 November 2014

CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	**Unaudited 6 months to 30.9.2014 £m**	Unaudited 6 months to 30.9.2013 £m	Audited Year to 31.3.2014 £m
Revenue	1	**616.4**	635.4	1,273.1
Cost of sales		**(340.8)**	(347.1)	(689.2)
Gross profit		**275.6**	288.3	583.9
Distribution and marketing expenses		**(210.8)**	(235.3)	(466.1)
Administrative expenses		**(6.7)**	(5.8)	(11.7)
Operating profit		**58.1**	47.2	106.1
Financial income		**1.1**	2.1	2.5
Financial expense		**(3.7)**	(4.7)	(7.5)
Profit before tax	1	**55.5**	44.6	101.1
Income tax expense	3	**(14.5)**	(12.8)	(29.6)
Profit for the period attributable to the equity shareholders of the parent company		**41.0**	31.8	71.5
Earnings per share – Basic	4	**9.3p**	7.2p	16.3p
Earnings per share – Diluted	4	**9.3p**	7.2p	16.2p
Dividends				
Amounts recognised in the period:				
Final dividend for the year ended 31 March	5	**6.75p**	6.75p	6.75p
Interim dividend for the year ended 31 March 2014	5	**-**	-	5.0p

An interim dividend of 5.0p per share has been recognised since the period end.

	Note	**Unaudited 6 months to 30.9.2014 £m**	Unaudited 6 months to 30.9.2013 £m	Audited Year to 31.3.2014 £m
Headline operating profit				
Operating profit		**58.1**	47.2	106.1
Reorganisation costs/pension changes	2	**(18.1)**	-	-
		40.0	47.2	106.1

	Note	**Unaudited 6 months to 30.9.2014 £m**	Unaudited 6 months to 30.9.2013 £m	Audited Year to 31.3.2014 £m
Headline profit before tax				
Profit before tax		**55.5**	44.6	101.1
Reorganisation costs/pension changes	2	**(18.1)**	-	-
		37.4	44.6	101.1

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited 6 months to 30.9.2014 £m	Unaudited 6 months to 30.9.2013 £m	Audited Year to 31.3.2014 £m
Profit for the period	**41.0**	31.8	71.5
Other comprehensive income			
Items that are not reclassified subsequently to the income statement			
Re-measurement of pension deficit	**(19.4)**	(13.7)	(20.2)
Taxation relating to re-measurement of pension deficit	**4.0**	2.7	3.5
Items that are reclassified subsequently to the income statement			
Foreign exchange translation differences	**1.2**	(15.6)	(22.4)
Gain on cash flow hedges	**0.9**	3.8	1.7
Taxation relating to components of other comprehensive income	**(0.2)**	(1.2)	(0.7)
Other comprehensive expense for the financial period	**(13.5)**	(24.0)	(38.1)
Total comprehensive income for the financial period	**27.5**	7.8	33.4

CONDENSED CONSOLIDATED BALANCE SHEET

	Note	**Unaudited 30.9.2014 £m**	Unaudited 30.9.2013 £m	Audited 31.3.2014 £m
Non-current assets				
Intangible assets		**225.7**	218.3	219.8
Property, plant and equipment		**101.4**	101.1	104.6
Investments		**0.5**	0.4	0.4
Other receivables		**4.6**	6.4	5.3
Other financial assets	7	**6.1**	6.1	3.7
Deferred tax assets		**8.4**	7.2	8.9
		346.7	339.5	342.7
Current assets				
Inventories	6	**281.9**	266.5	258.8
Trade and other receivables		**199.7**	199.5	214.8
Current tax receivables		**2.0**	5.6	8.3

	Note			
Cash and cash equivalents	7	**24.2**	12.0	0.7
		507.8	483.6	482.6
Current liabilities				
Trade and other payables		**(188.5)**	(183.8)	(185.4)
Provisions and other liabilities	2	**(0.2)**	-	-
Loans and borrowings	7	**(57.2)**	(11.2)	(15.8)
Other financial liabilities	7	**-**	(1.4)	(0.7)
Current tax liabilities		**(7.6)**	(10.6)	(15.5)
		(253.5)	(207.0)	(217.4)
Net current assets		**254.3**	276.6	265.2
Total assets less current liabilities		**601.0**	616.1	607.9
Non-current liabilities				
Other payables		**(11.7)**	(10.8)	(11.8)
Retirement benefit obligations	9	**(40.6)**	(33.6)	(40.9)
Loans and borrowings	7	**(123.6)**	(153.9)	(131.4)
Other financial liabilities	7	**(0.1)**	(0.1)	(0.1)
Deferred tax liabilities		**(62.0)**	(58.1)	(59.4)
		(238.0)	(256.5)	(243.6)
Net assets		**363.0**	359.6	364.3
Equity				
Called-up share capital		**44.0**	44.0	44.0
Share premium account		**41.9**	41.3	41.5
Retained earnings		**264.5**	254.9	268.2
Cumulative translation reserve		**11.6**	17.2	10.4
Other reserves		**1.0**	2.2	0.2
Equity attributable to the equity shareholders of the parent company		**363.0**	359.6	364.3

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Note	**Unaudited 6 months to 30.9.2014 £m**	Unaudited 6 months to 30.9.2013 £m	Audited Year to 31.3.2014 £m
Cash flows from operating activities				
Profit before tax		**55.5**	44.6	101.1
Depreciation and other amortisation charges		**14.9**	13.5	28.1
(Loss) / profit on disposal of non-current assets		**(0.1)**	-	1.2
Equity-settled transactions		**1.1**	1.1	1.5
Finance income and expense		**2.6**	2.6	5.0
Non-cash movement on investment in associate		**(0.1)**	-	0.2
Operating cash flow before changes in working capital, interest and taxes		**73.9**	61.8	137.1
Increase in inventories		**(23.9)**	(13.6)	(9.8)
Decrease (increase) in trade and other receivables		**11.8**	16.5	(1.1)
Decrease in trade and other payables		**(7.5)**	(1.8)	(2.8)
Increase (decrease) in provisions and other liabilities	2	**0.2**	(0.6)	(0.6)
Cash generated from operations		**54.5**	62.3	122.8
Interest received		**1.1**	2.1	2.5
Interest paid		**(3.7)**	(4.7)	(7.5)
Income tax paid		**(11.7)**	(13.0)	(24.5)
Net cash from operating activities		**40.2**	46.7	93.3

	Note			
Cash flows from investing activities				
Capital expenditure and financial investment		**(17.3)**	(11.4)	(35.7)
Proceeds from sale of property, plant and equipment		**-**	0.1	0.1
Net cash used in investing activities		**(17.3)**	(11.3)	(35.6)
Free cash flow		**22.9**	35.4	57.7
Cash flows from financing activities				
Proceeds from the issue of share capital		**0.4**	1.2	1.4
Purchase of own shares		**(0.3)**	(0.2)	(0.6)
Loans drawn down (repaid)		**29.2**	(6.1)	(23.3)
Equity dividends paid	5	**(29.7)**	(29.5)	(51.4)
Net cash used in financing activities		**(0.4)**	(34.6)	(73.9)
Net increase (decrease) in cash and cash equivalents		**22.5**	0.8	(16.2)
Cash and cash equivalents at the beginning of the period		**(15.1)**	(1.4)	(1.4)
Effects of exchange rate fluctuations on cash		**(0.1)**	1.4	2.5
Cash and cash equivalents at the end of the period	7	**7.3**	0.8	(15.1)

	Note	**Unaudited 6 months to 30.9.2014 £m**	Unaudited 6 months to 30.9.2013 £m	Audited Year to 31.3.2014 £m
Headline free cash flow				
Free cash flow		**22.9**	35.4	57.7
Reorganisation costs	2	**1.7**	0.6	0.6
		24.6	36.0	58.3

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

			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 2014	**44.0**	**41.5**	**0.9**	**(0.7)**	**10.4**	**268.2**	**364.3**
Profit for the period	-	-	-	-	-	41.0	41.0
Foreign exchange translation differences	-	-	-	-	1.2	-	1.2
Remeasurement of pension deficit	-	-	-	-	-	(19.4)	(19.4)
Gain on cash flow hedges	-	-	0.9	-	-	-	0.9
Taxation relating to components of other comprehensive income	-	-	(0.2)	-	-	4.0	3.8
Total comprehensive income	**-**	**-**	**0.7**	**-**	**1.2**	**25.6**	**27.5**
Equity settled transactions	-	-	-	-	-	1.1	1.1
Dividends paid	-	-	-	-	-	(29.7)	(29.7)
Shares allotted in respect of share awards	-	0.4	-	0.4	-	(0.4)	0.4
Own shares acquired	-	-	-	(0.3)	-	-	(0.3)
Related tax movements	-	-	-	-	-	(0.3)	(0.3)
At 30 September 2014	**44.0**	**41.9**	**1.6**	**(0.6)**	**11.6**	**264.5**	**363.0**

At 1 April 2013	**43.8**	**40.3**	**(0.1)**	**(1.1)**	**32.8**	**263.9**	**379.6**
Profit for the period	-	-	-	-	-	31.8	31.8
Foreign exchange translation differences	-	-	-	-	(15.6)	-	(15.6)
Remeasurement of pension deficit	-	-	-	-	-	(13.7)	(13.7)
Gain on cash flow hedges	-	-	3.8	-	-	-	3.8
Taxation relating to components of other comprehensive income	-	-	(1.2)	-	-	2.7	1.5
Total comprehensive income	**-**	**-**	**2.6**	**-**	**(15.6)**	**20.8**	**7.8**
Equity settled transactions	-	-	-	-	-	1.1	1.1
Dividends paid	-	-	-	-	-	(29.5)	(29.5)
Shares allotted in respect of share awards	0.2	1.0	-	1.0	-	(1.3)	0.9
Own shares acquired	-	-	-	(0.2)	-	-	(0.2)
Related tax movements	-	-	-	-	-	(0.1)	(0.1)
At 30 September 2013	**44.0**	**41.3**	**2.5**	**(0.3)**	**17.2**	**254.9**	**359.6**
Profit for the period	-	-	-	-	-	71.5	71.5
Foreign exchange translation differences	-	-	-	-	(22.4)	-	(22.4)
Remeasurement of pension deficit	-	-	-	-	-	(20.2)	(20.2)
Gain on cash flow hedges	-	-	1.7	-	-	-	1.7
Taxation relating to components of other comprehensive income	-	-	(0.7)	-	-	3.5	2.8
Total comprehensive income	**-**	**-**	**1.0**	**-**	**(22.4)**	**54.8**	**33.4**
Equity settled transactions	-	-	-	-	-	1.5	1.5
Dividends paid	-	-	-	-	-	(51.4)	(51.4)
Shares allotted in respect of share awards	0.2	1.2	-	1.0	-	(1.1)	1.3
Own shares acquired	-	-	-	(0.6)	-	-	(0.6)
Related tax movements	-	-	-	-	-	0.5	0.5
At 31 March 2014	**44.0**	**41.5**	**0.9**	**(0.7)**	**10.4**	**268.2**	**364.3**

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 2014 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 2014 were approved by the Board of Directors on 22 May 2014 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 2014 are available upon request from the Company’s registered office at International Management Centre, 8050 Oxford Business Park North, Oxford, OX4 2HW.

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 2014 have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority (previously the Financial Services 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 2014, 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 for the foreseeable future. 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 21 to the Group's Annual Report and Accounts for the year ended 31 March 2014.

Statement of compliance

This condensed set of financial statements was approved by the Board of Directors on 13 November 2014.

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 2014, except as described below:

IFRS 10 'Consolidated financial statements'. Under IFRS 10, subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group has power over an entity, is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The application of IFRS 10 has not had a material impact on the Group.

IFRS 11 'Joint arrangements'. Under IFRS 11 investments in joint arrangements are classified either as joint operations or joint ventures, depending on the contractual rights and obligations each investor has rather than the legal structure of the joint arrangement. The application of IFRS 11 has not had a material impact on the Group.

IFRS 12 'Disclosures of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The application of IFRS 12 has not had a material impact on the Group.

There are no other 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 2014. The key risks and uncertainties are explained on pages 11 of this half-year financial report. Full details are in the Group's Annual Report and Accounts on pages 28 to 33.

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 Group Chief Executive and the Group Executive Committee.

These operating segments are: the United Kingdom, Continental Europe, North America and Asia Pacific. The United Kingdom comprises operations in the United Kingdom and exports to distributors where the Group does not have a local operating company. Continental Europe comprises operations in France, Germany, Italy, Austria, Denmark, Norway, Sweden, Republic of Ireland, Spain, Switzerland, the Netherlands, Belgium, Poland, Hungary and the Czech Republic. North America comprises operations in the United States of America and Canada. Asia Pacific comprises operations in Japan, Australia, New Zealand, Singapore, Malaysia, Philippines, Thailand, Hong Kong, Taiwan, People's Republic of China, South Korea, Chile and South Africa.

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.

	6 months to 30.9.2014 £m	6 months to 30.9.2013 £m	Year to 31.3.2014 £m
Revenue from external customers			
United Kingdom	**180.1**	185.3	374.3
Continental Europe	**213.3**	223.3	460.6
North America	**146.5**	145.1	281.3
Asia Pacific	**76.5**	81.7	156.9
	616.4	635.4	1,273.1
Headline contribution			
United Kingdom	**49.3**	52.5	107.5
Continental Europe	**46.4**	46.3	99.4
North America	**19.6**	19.3	39.1
Asia Pacific	**4.7**	4.9	11.9
	120.0	123.0	257.9
Reorganisation costs and pension changes			
United Kingdom	**10.6**	-	-
Continental Europe	**(0.2)**	-	-
North America	**-**	-	-
Asia Pacific	**(1.3)**	-	-
Process costs	**9.0**		
	18.1	-	-
Reported contribution			
United Kingdom	**59.9**	52.5	107.5
Continental Europe	**46.2**	46.3	99.4
North America	**19.6**	19.3	39.1
Asia Pacific	**3.4**	4.9	11.9
	129.1	123.0	257.9
Reconciliation of contribution to profit before tax			
Contribution	**129.1**	123.0	257.9
Group Process costs	**(71.0)**	(75.8)	(151.8)
Net financial expense	**(2.6)**	(2.6)	(5.0)
Profit before tax	**55.5**	44.6	101.1

The Group's global growth strategy is focussed on products which it will be *Famous For*, which includes electronics and automation and control. All other products are classified as *Other Maintenance* and are managed separately.

	6 months to 30.9.2014 £m	6 months to 30.9.2013 £m	Year to 31.3.2014 £m
Famous For products	**340.5**	347.2	696.1
Other Maintenance products	**275.9**	288.2	577.0
	616.4	635.4	1,273.1

2 Reorganisation costs/pension changes

The following reorganisation costs and credits arising from pension changes were recognised during the period:

	6 months to 30.9.2014 £m	6 months to 30.9.2013 £m	Year to 31.3.2014 £m
Redundancy and associated costs	**(1.9)**	-	-
Pension changes	**20.0**	-	-
	18.1	-	-

During the 6 months ended 30 September 2014, the Group undertook a restructuring of several teams across the group as a continuation of the strategy to standardise and centralise processes. The total costs for the period were £1.9m (2014: £Nil). During the period £1.7 million (2014: £0.6 million) of cash has been paid. The remaining £0.2 million is held within provisions.

The Group has also made changes to the UK defined benefit pension scheme resulting in a non-cash credit of £20.0 million. More details are provided on page 7 in the business review.

3 Taxation on the profit of the Group

	6 months to 30.9.2014 £m	6 months to 30.9.2013 £m	Year to 31.3.2014 £m
United Kingdom taxation	**5.7**	5.1	13.5
Overseas taxation	**8.8**	7.7	16.1
	14.5	12.8	29.6

4 Earnings per share

	6 months to 30.9.2014 £m	6 months to 30.9.2013 £m	Year to 31.3.2014 £m
Profit for the period attributable to equity shareholders	**41.0**	31.8	71.5
Reorganisation costs/pension changes	**(18.1)**	-	-
Tax impact of reorganisation costs/pension changes	**3.8**	-	-
Headline profit on ordinary activities after taxation	**26.7**	31.8	71.5
Weighted average number of shares (millions)	**439.6**	438.6	439.1
Diluted weighted average number of shares (millions)	**442.2**	439.6	442.2
Headline basic earnings per share	**6.1p**	7.2p	16.3p
Basic earnings per share	**9.3p**	7.2p	16.3p
Headline diluted earnings per share	**6.0p**	7.2p	16.2p
Diluted earnings per share	**9.3p**	7.2p	16.2p

5 Dividends

	6 months to 30.9.2014 £m	6 months to 30.9.2013 £m	Year to 31.3.2014 £m
Amounts recognised and paid in the period:			
Final dividend for the year ended 31 March 2014: 6.75p (2013: 6.75p)	**29.7**	29.5	29.5
Interim dividend for the year ended 31 March 2014 – 5.0p (2013: 5.0p)	**-**	-	21.9
	29.7	29.5	51.4

Amounts determined after the balance sheet date:
Interim dividend for the year ending 31 March 2015 – 5.0p

The timetable for the payment of the interim dividend is:

Ex-dividend 4 December 2014
Dividend record date 5 December 2014
Dividend payment date 9 January 2015

6 Inventories

	30.9.2014 £m	30.9.2013 £m	31.3.2014 £m
Gross inventories	**309.1**	297.5	286.4
Stock provision	**(27.2)**	(31.0)	(27.6)
Net inventory	**281.9**	266.5	258.8

During the 6 months ended 30 September 2014 £4.7 million (2013: £4.4 million; year ended 31 March 2014: £9.1 miilion) 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

Cash and cash equivalents	**30.9.2014 £m**	30.9.2013 £m	31.3.2014 £m
Cash and cash equivalents in the balance sheet	**24.2**	12.0	0.7
Bank overdrafts	**(16.9)**	(11.2)	(15.8)
Cash and cash equivalents in the cash flow statement	**7.3**	0.8	(15.1)
Finance lease liabilities	**-**	(1.4)	(0.7)
Loans repayable after more than one year	**(67.7)**	(56.0)	(37.1)
Private placement loan notes	**(96.3)**	(97.9)	(94.3)
Fair value of swap hedging fixed rate borrowings	**6.0**	6.0	3.6
Net debt	**(150.7)**	(148.5)	(143.6)
Pension deficit	**(40.6)**	(33.6)	(40.9)
Net debt including pension deficit	**(191.3)**	(182.1)	(184.5)

Analysis of movements in net debt	**6 months to 30.9.2014 £m**	6 months to 30.9.2013 £m	Year to 31.3.2014 £m
Net debt at 1 April	**(143.6)**	(159.7)	(159.7)
Free cash flow	**22.9**	35.4	57.7
Equity dividends paid	**(29.7)**	(29.5)	(51.4)
New shares issued	**0.4**	1.2	1.4
Own shares acquired	**(0.3)**	(0.2)	(0.6)
Translation differences	**(0.4)**	4.3	9.0
Net debt at period end	**(150.7)**	(148.5)	(143.6)

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 have been reclassified during the year.

	Valuation Methodology	Carrying value £m	Fair value £m
Financial assets at 30 September 2014			
Financial assets held at Fair Value			
Interest rate swaps used for hedging	A	6.0	6.0
Forward exchange rate contracts used for hedging	A	2.7	2.7
		8.7	8.7
Financial assets held at Amortised Cost			
Cash and cash equivalents	D	24.2	24.2
Trade receivables, other receivables and accrued income	F	186.0	186.0
		210.2	210.2
Total Financial assets		**218.9**	**218.9**
Financial liabilities at 30 September 2014			
Financial liabilities held at Fair Value			
Interest rate swaps used for hedging	A	(0.1)	(0.1)
Forward exchange rate contracts used for hedging	A	(0.3)	(0.3)
Private Placement notes	C	(65.4)	(65.4)
		(65.8)	(65.8)
Financial liabilities held at Amortised Cost			
Bank facilities	D	(67.7)	(67.7)
Private Placement notes	D	(30.9)	(32.0)
Bank overdrafts	D	(16.9)	(16.9)
Trade payables, other payables and accruals	F	(204.0)	(204.0)
		(319.5)	(320.6)
Total Financial liabilities		**(385.3)**	**(386.4)**

	Valuation Methodology	Carrying value £m	Fair value £m
Financial assets at 30 September 2013			
Financial assets held at Fair Value			
Interest rate swaps used for hedging	A	6.1	6.1
Forward exchange rate contracts used for hedging	A	4.0	4.0
		10.1	10.1
Financial assets held at Amortised Cost			
Cash and cash equivalents	D	12.0	12.0
Trade receivables, other receivables and accrued income	F	194.6	194.6
		206.6	206.6
Total Financial assets		**216.7**	**216.7**

Financial liabilities at 30 September 2013			
Financial liabilities held at Fair Value			
Interest rate swaps used for hedging	A	(0.1)	(0.1)
Forward exchange rate contracts used for hedging	A	(0.5)	(0.5)
Private Placement notes	C	(67.0)	(67.0)
		(67.6)	(67.6)
Financial liabilities held at Amortised Cost			
Bank facilities	D	(56.0)	(56.0)
Private Placement notes	D	(30.9)	(32.8)
Finance lease liabilities	E	(1.4)	(1.4)
Bank overdrafts	D	(11.2)	(11.2)
Trade payables, other payables and accruals	F	(199.0)	(199.0)
		(298.5)	(300.4)
Total Financial liabilities		**(366.1)**	**(368.0)**

	Valuation Methodology	Carrying value £m	Fair value £m
Financial assets at 31 March 2014			
Financial assets held at Fair Value			
Interest rate swaps used for hedging	A	3.7	3.7
Forward exchange rate contracts used for hedging	A	1.9	1.9
		5.6	5.6
Financial assets held at Amortised Cost			
Cash and cash equivalents	D	0.7	0.7
Trade receivables, other receivables and accrued income	F	213.5	213.5
		214.2	214.2
Total Financial assets		**219.8**	**219.8**
Financial liabilities at 31 March 2014			
Financial liabilities held at Fair Value			
Interest rate swaps used for hedging	A	(0.1)	(0.1)
Forward exchange rate contracts used for hedging	A	(0.5)	(0.5)
Private Placement notes	C	(64.4)	(64.4)
		(65.0)	(65.0)
Financial liabilities held at Amortised Cost			
Bank facilities	D	(37.1)	(37.1)
Private Placement notes	D	(29.9)	(31.7)
Finance lease liabilities	E	(0.7)	(0.7)
Bank overdrafts	D	(15.8)	(15.8)
Trade payables, other payables and accruals	F	(202.2)	(202.2)
		(285.7)	(287.5)
Total Financial liabilities		**(350.7)**	**(352.5)**

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 13 Fair Value Measurement).

B Interest-bearing loans held at fair value
These comprise sterling and foreign currency denominated interest bearing loans which are subject to hedge accounting. The foreign currency amounts have been valued at the exchange rate prevailing at the balance sheet date (Level 2 as defined by IFRS 13 Fair Value Measurement).

C Loans designated under fair value hedge relationships
These comprise sterling and foreign currency denominated interest bearing loans which are subject to hedge accounting. The foreign currency amounts have been valued 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 13 Fair Value Measurement).

D Cash and cash equivalents, 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 (Level 2 as defined by IFRS 13 Fair Value Measurement).

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 (Level 2 as defined by IFRS 13 Fair Value Measurement).

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 (Level 2 as defined by IFRS 13 Fair Value Measurement).

E Finance lease liabilities
Fair values are estimated by discounting future cash flows using prevailing interest rate curves (Level 2 as defined by IFRS 13 Fair Value Measurement).

F Other financial assets and liabilities
Fair values of receivables and payables are determined by discounting future cash flows. For amounts with a repricing maturity of less than one year, fair value is assumed to approximate to the carrying amount (Level 2 as defined by IFRS 13 Fair Value Measurement).

Cash pooling
The Group operates legal arrangements whereby cash balances and overdrafts held with the same bank are offset to give a net balance which is included within cash and cash equivalents on the balance sheet. These cash and bank overdraft figures before netting are shown in the tables below:

	Gross amounts before offsetting £m	**Gross amounts set off £m**	**Net amounts presented £m**
30 September 2014			
Cash at bank and in hand	229.2	(222.0)	7.2
Bank overdrafts	(232.2)	222.0	(10.2)
Total	**(3.0)**	**-**	**(3.0)**
30 September 2013			
Cash at bank and in hand	174.5	(174.1)	0.4

Bank overdrafts	(185.2)	174.1	(11.1)
Total	**(10.7)**	**-**	**(10.7)**
31 March 2014			
Cash at bank and in hand	213.1	(212.7)	0.4
Bank overdrafts	(228.3)	212.7	(15.6)
Total	**(15.2)**	**-**	**(15.2)**

9 Retirement benefit obligations

The Group operates defined benefit pension schemes in the United Kingdom, Germany and Ireland.
At 30 September 2014 the Group's net retirement benefit obligation was £40.6 million (30 September 2013: £33.6 million, 31 March 2014: £40.9 million).

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

	30.9.2014	30.9.2013	31.3.2014
	£m	£m	£m
Total market value of the schemes' assets	**409.3**	375.9	389.5
Present value of the schemes' liabilities	**(449.9)**	(409.5)	(430.4)
Schemes' deficit	**(40.6)**	(33.6)	(40.9)

10 Principal exchange rates

	6 months to 30.9.2014	6 months to 30.9.2013	Year to 31.3.2014
Average for the period			
Euro	**1.24**	1.17	1.19
United States Dollar	**1.68**	1.54	1.59

	30.9.2014	30.9.2013	31.3.2014
Period end			
Euro	**1.28**	1.20	1.21
United States Dollar	**1.62**	1.62	1.67

11 Related party transactions
There are no significant related party transactions requiring disclosure. Key management compensation will be disclosed in the 2015 Annual Report and Accounts

INDEPENDENT REVIEW REPORT TO ELECTROCOMPONENTS PLC
REPORT ON THE CONDENSED SET OF FINANCIAL STATEMENTS

Our conclusion

We have reviewed the condensed set of financial statements, defined below, in the 'half-year financial report' of Electrocomponents PLC for the six months ended 30 September 2014. Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

This conclusion is to be read in the context of what we say in the remainder of this report.

What we have reviewed

The condensed set of financial statements, which are prepared by Electrocomponents PLC, comprise:

- the consolidated balance sheet as at 30 September 2014;
- the consolidated income statement and statement of comprehensive income for the period then ended;
- the consolidated cash flow statement for the period then ended;
- the consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the condensed set of financial statements.

As disclosed in the “Basis of Preparation,” 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.

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

What a review of condensed consolidated 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 Ireland) 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-year financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

RESPONSIBILITIES FOR THE CONDENSED SET OF FINANCIAL STATEMENTS AND THE REVIEW

Our responsibilities and those of the Directors

The half-year financial report, including the condensed set of financial statements, is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-year financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial 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 and Transparency Rules of the 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.

PricewaterhouseCoopers LLP
Chartered Accountants
13 November 2014
London

Notes:

(a) The maintenance and integrity of the Electrocomponents PLC website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

(b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

SAFE HARBOUR

This half-year 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.