

7 November 2024

RS GROUP PLC
RESULTS FOR THE HALF YEAR ENDED 30 SEPTEMBER 2024

SIMON PRYCE, CHIEF EXECUTIVE OFFICER, COMMENTED:

"RS executed well in the first half despite more challenging than anticipated markets. Our strategic investments are on track and beginning to deliver, we are continuing to gain share in most categories and strong operational control is leading to efficiency and cost optimisation programmes running ahead of plan.

As we enter H2, whilst markets remain challenging, our sales per day has stabilised. Thanks to the great efforts of the RS team, we are delivering well on the things we can control. We continue to invest in our differentiated proposition in a focussed and prioritised way. We have made good progress on programmes to drive efficiency, right-size our cost base and improve our operating leverage and our acquisition pipeline is strong although we remain very value disciplined. This gives us continued confidence that, as our markets return to growth, we can deliver our financial targets, including a mid-teens operating margin, in the medium term."

Highlights	H1 2024/25	H1 2023/24	Change	Like-for-like ¹ change
Revenue	£1,441m	£1,447m	(0)%	(3)%
Adjusted operating profit ¹	£134m	£156m	(14)%	(13)%
Adjusted operating profit margin ¹	9.3%	10.8%	(1.5) pts	(1.3) pts
Adjusted profit before tax ¹	£119m	£143m	(17)%	(16)%
Adjusted earnings per share ¹	18.7p	22.3p	(16)%	(16)%
Operating profit	£120m	£139m	(13)%	(12)%
Operating profit margin	8.3%	9.6%	(1.3) pts	
Profit before tax	£106m	£126m	(16)%	(14)%
Earnings per share	16.6p	19.5p	(15)%	(13)%
Interim dividend	8.5p	8.3p	2%	
Adjusted free cash flow ¹	£89m	£26m	246%	
Cash generated from operations	£163m	£104m	57%	
Net debt ¹	£(437)m	£(502)m		
Net debt to adjusted EBITDA ¹	1.3x	1.2x		

First half in line despite more difficult than anticipated markets

- Group revenue broadly unchanged, with a 3% benefit from acquisitions offsetting a 3% like-for-like decline
- Like-for-like revenue attributed to service solutions grew 4%, RS PRO (our main own-brand) +2% and digital -4%
- Strong cost control delivered structural savings of £13m, ahead of plan
- Cash improvement due to tighter working capital discipline

Executing at pace

- Strategic investment programmes on track
- Material further cost saving and efficiency programmes underway
- Distrelec cost synergies ahead of plan; Risoul and Trident performing well

Exciting growth opportunity

- Well positioned in fragmented growth markets
- Differentiated proposition driving market share gains
- Investing to improve efficiency and operating leverage
- Disciplined acquisitions accelerating growth
- Significant and sustainable value creation opportunity

Outlook for second half 2024/25

We are not anticipating any material market improvement for the remainder of 2024/25. We continue to focus our efforts on things we can control. We are reacting effectively to market conditions, exercising strong operational discipline, gaining share and bringing forward our cost efficiency and integration plans. As a result, whilst short-term trading visibility remains limited, we will continue to flex the cost base appropriately and expect the outcome for the full year 2024/25 to be in line with current market expectations.

1. See Note 15 for definitions and reconciliations of all alternative performance measures, including like-for-like change and adjusted measures.
2. Consensus for the year ending 31 March 2025 is revenue of £2,961 million (range: £2,875m-£3,037m), adjusted operating profit of £299 million (range: £277m-£312m) and adjusted profit before tax of £266 million (range: £247m-£280m).
Source: <https://www.rs-group.com/investors/analyst-consensus/>.

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There will be an audio presentation today at 9am (UK time) which can be accessed live and later as a recording on the RS Group website at www.rs-group.com. A short video of Simon Pryce summarising the key messages of the first half is now available to watch on the RS Group website.

Webcast link: www.investis-live.com/rs-group/6718d19f4132f40015513223/grej

It is advisable to pre-register early to avoid any delays in joining the conference call. To ask a question, participants will need to be connected by phone.

Participant dial-in numbers

United Kingdom (Local): +44 20 3936 2999
All other locations: [Global Dial-In Numbers](http://www.rs-group.com/global-dial-in-numbers)
Participant access code: 770247

Presentation timing

Date: Thursday, 7 November 2024

Time: 9am UK time

Notes to editors:

RS Group plc is a global product and service solutions provider for industrial customers, enabling them to operate efficiently and sustainably.

We operate in 36 markets, stock over 800,000 technical and specialist products and list an additional five million relevant for our industrial customers, sourced from over 2,500 suppliers. This extensive range supports our customers across the industrial lifecycle of designing, building, and maintaining equipment and operations. We enhance their experience through a tailored service model, leveraging our efficient physical, digital and process infrastructure sustainably. We combine a technically led and digitally enabled approach with an exceptional team of experts; ultimately, it's our people that make the difference.

Our purpose, making amazing happen for a better world, reflects our focus on delivering results for people, planet and profit.

RS Group plc is listed on the London Stock Exchange with stock ticker RS1 and in the year ended 31 March 2024 reported revenue of £2,942 million.

BUSINESS REVIEW

In the half year ended 30 September 2024, RS Group continued to execute well on an underlying basis despite markets being tougher than anticipated. Soft economic conditions have led to declining industrial production figures, with ongoing weakness in global manufacturing PMI¹ data indicating low market confidence. Despite this backdrop, our sales per day has stabilised, our supplier data indicates we are outperforming the market, we have improved our execution and cash conversion, and our cost savings are running ahead of plan.

We remain focused on improving our operational efficiency, unlocking our customer data, enhancing our digital experience to increase market share and leveraging our global infrastructure to generate accelerated sustainable value creation. We are implementing a clear strategic action plan supported by an enhanced Executive Committee and investing in our offer to drive stronger market outperformance and improved marginal return. We are monitoring progress through an enhanced performance management process with clear financial and operational KPIs to increase agility to respond to changing market conditions and drive improved strategic and operational execution.

Strategic delivery

Our detailed strategic action plan, aligned with our simplified operating model, is focussed on accelerating our journey to be consistently first choice for all our stakeholders and particularly our customers and suppliers. We have already delivered, ahead of plan, over £22 million of structural cost savings over the last 18 months with the more difficult market backdrop enabling earlier implementation. We have identified further cost efficiency opportunities through operating a more effective, flexible and scalable physical, digital and process infrastructure. Combined these will potentially deliver c. 250 percentage points of operating margin improvement over time.

We have increased organic investment to strengthen our differentiated proposition and drive market share gains, operate more efficiently and deliver productivity improvements. During the first half of the year, we prioritised the following projects within each of our key strategic areas of focus:

1. Customers

We are investing in improving our engagement with all our customers, with our focus being on acquiring, developing and retaining those with higher lifetime value potential, growing our share of wallet with those customers and aligning our cost to serve in the most efficient way. In the first half, revenue growth in our corporate customer base was 5%.

We have rolled out a global customer relationship management tool in 20 countries, are harmonising our global customer data to build a single view of customer and are aligning our market campaigns and sales teams according to more granular customer segmentation.

2. Product and supply chain

We are broadening and curating our product range and building closer and strategic relationships with our key suppliers to become a more valuable go-to-market channel in distributing small volumes of low value products across many product categories.

We realigned our product categories to reflect how our customers buy, what satisfies their needs and how our suppliers bring product to the market. It is important that we can constantly enhance and refresh our product offer and be a technical partner for suppliers rolling out new product.

We upgraded our product management system which will triple the number of products we can onboard and launch on our website per year and at a significantly faster rate (onboarding in days rather than months). This has strengthened our product offer and supplier engagement. Additionally, we accelerated our sourcing evolution plans for RS PRO and expanded our Better World product range including launching in the Americas.

3. Solutions and services

We are focussing and aligning those solutions and services that deliver value to our customers, drive product pull-through, are scalable and support closer and more loyal relationships with our customers.

We have reviewed our service solutions portfolio to improve scalability, profitability and cross-Group synergies. This has included exiting or right-sizing non-core solutions, re-focussing OKdo and DesignSpark to be a value-added solution for B2B customers going forwards and we are improving materially the efficiency and scalability of our end-to-end procurement and inventory outsourcing service, RS Integrated Supply.

Our digital solutions, such as eProcurement, help customers manage their inventory more quickly, cost efficiently and sustainably by aggregating their purchases through our digital system. We have onboarded more high potential customers to our procurement solutions and upgraded our systems to provide greater order automation and reduced manual intervention, and in the first half, revenue growth in our procurement solution was 1%.

4. Experience

We are enhancing our customer experience, moving towards a more consistent, seamless, tailored and best-in-class omnichannel experience across all channels. We focussed on two major projects during the half year:

- **AI powered search capabilities:** This has been rolled out now across 27 websites in EMEA and Asia Pacific, with Americas due in the third quarter. The new search capabilities have driven improved onsite conversion, removed hundreds of manual rules and redeployed or reduced manual merchandise headcount. The UK website has been utilising AI powered search for over a year and in September delivered a 0.35 percentage points year-on-year increase in search conversion rates.

- **Real-time product tracking:** We have developed improved deliver-to-promise capability that will provide

- Real time product tracking: We have developed improved deliver to promise capability that will provide meaningful and accurate delivery promise dates for our customers. This will decrease the level of returned or cancelled orders we receive, reduce open orders and calls to customer services through improving delivery consistency. The back-end onboarding is complete with the front-end planned to go live with our customers in the second half of the year.

Other projects during the period have included the continued migration of Distrelec customers onto the RS digital commerce platform and enhancing its design and specification in advance of a wider rollout in 2025/26.

5. Operational excellence

We are driving programmes to better leverage our physical, digital and process infrastructure and deliver greater operating leverage and marginal returns as volumes grow. In the first half, we made good progress in three key areas:

- Leveraging our physical infrastructure: Expanded capacity of our distribution centres (DCs) in France and the US, and improved warehouse operational flexibility in the UK.
- Optimising our technology estate: We have reorganised our Information Services & Technology expertise globally to prioritise and improve delivery efficiency and we have initiated simplifying and rationalising our technology application estate.
- Harmonising and improving our processes: We continue to consolidate our global shared business services (GSBS) locations, optimise costs and leverage global scale.

During the first half, we delivered £10 million of restructuring cost savings and an additional £8 million of integration benefits from our acquisition of Distrelec.

Strategic acquisitions

We have the balance sheet strength to accelerate our growth through disciplined value accretive acquisitions. We are on track to cover the cost of capital for all three of the most recent acquisitions within three years, as originally targeted, despite the difficult market environment.

Risoul has performed strongly since acquisition in January 2023. During the first half, we successfully expanded the business into Trinidad and Tobago, rolled out a transactional website, increased our in-stock offer of RS PRO products and opened a new services business, RS Custom Order Solutions.

We are pleased with the progress we have made integrating Distrelec: bringing forward our cost synergies including utilising RS distribution facilities earlier than planned and exiting a DC early in the Netherlands.

We acquired Trident in April 2024 which is performing better than expected and we have already completed the integration of key back-office functions and invested in a calibration service lab to accelerate growth.

Driving sustainability for a better world

ESG is a key priority and strength for RS and is becoming a more integral part of the sourcing criteria for customers and partnership selection for suppliers. Our commitment to ESG aligns with two of our core company values of 'doing the right thing' and 'making every day better'.

Our Better World product range, underpinned by our claims-based framework, provides confidence that our sustainable products are backed by verifiable claims, helping attract high-value customers and generate new revenue opportunities.

We continue to reduce the cost, distance travelled and emissions of our product transportation, enabled by our regionalised supply chain and distribution sites. As at 2023/24, 94% of our packaging is recyclable, 90% of our electricity comes from renewable sources and 82% of our UK company car fleet is electric or hybrid.

Exciting through-cycle opportunity

All these actions demonstrate the significant strategic and operational progress we are now making with greater focus and discipline. We have a clear strategy, we have implemented an operating model that clarifies accountability and creates alignment across our regions and functions and we are more outward looking for both customers and suppliers. We are removing waste, driving efficiency and taking actions to improve our operating leverage and prioritising operational discipline that is critical to effective delivery.

We believe RS is:

- Well positioned in fragmented markets with attractive through-cycle growth characteristics
- Driving market share gains through a differentiated technical and digital product and service solutions offer
- Investing to improve efficiency and operating leverage of our global infrastructure to drive significant margin expansion
- Accelerating growth through disciplined acquisitions
- On track to generate significant and sustainable value creation opportunity

We remain confident of delivering our targeted financial outcomes in the medium term of revenue growth of twice our market, mid-teen adjusted operating margin, cash conversion of 80% and a sustainable return on capital more than 20%.

1. Purchasing Manager Index (PMI) is a survey-based economic indicator designed to provide a timely insight into business conditions. The PMI is widely used to anticipate changing economic trends in official data such as GDP, or sometimes as an alternative gauge of economic performance and business conditions to official data, as the latter sometimes suffer from delays in publication, poor availability or data quality issues. (Source: S&P Global).
2. Including emissions from businesses acquired up to 2023/24 in the 2019/20 baseline year.

GROUP RESULTS

	H1 2024/25	H1 2023/24	Change	Like-for-like ¹ change
Revenue	£1,441m	£1,447m	0%	(3)%
Gross margin	42.7%	43.7%	(1.0) pts	(1.1) pts
Operating profit	£120m	£139m	(13)%	(12)%
Adjusted operating profit ¹	£134m	£156m	(14)%	(13)%
Adjusted operating profit margin ¹	9.3%	10.8%	(1.5) pts	(1.3) pts
Adjusted operating profit conversion ¹	21.7%	24.6%	(2.9) pts	(2.3) pts
Digital revenue ^{2,3}	£874m	£882m	(1)%	(4)%
Service solutions revenue ^{2,4}	£358m	£340m	5%	4%
RS PRO revenue ²	£103m	£108m	3%	3%

1. See Note 15 for definitions and reconciliations of all alternative performance measures, including like-for-like change and adjusted measures.
2. See Note 2 for disaggregation of revenue analysis and reconciliations.
3. Digital revenue has been restated for H1 2023/24, see Note 2.
4. Service solutions revenue has been restated for H1 2023/24, see Note 2.

Revenue

Group revenue was broadly flat compared to H1 2023/24 at £1,441 million. Like-for-like revenue declined 3% after adjusting for £45 million contribution from acquisitions, £25 million from adverse exchange rate movements and a positive benefit of £23 million from more trading days in H1 2024/25. Trading was broadly stable throughout the six-month period driven by lower volumes and mix effect and minimal price impact given the market backdrop.

Our product category performance demonstrates the difference between those categories that are more industrial and tend to be less volatile (Facilities & Maintenance, Mechanical & Fluid Power, PPE & Site Safety, Other) and those correlated to the electronics market (such as Automation & Control (A&C) and Electrification) and the more electronics-specific categories, Semi & Passives and Cables & Connectors.

	Share of Group revenue	H1 LFL revenue growth
A&C and Electrification, Test & Measurement	48%	(4.3)%
Facilities & Maintenance, Mechanical & Fluid Power, PPE & Site Safety, Other	34%	2.1%
Semis & Passives (inc. Single Board Computing), Cables & Connectors	18%	(9.9)%
Total	100%	(3.4)%

Digital, accounting for 61% of Group revenue, declined 4% like-for-like. Digital solutions such as eProcurement, which are predominantly used by our larger customers, outperformed, declining by 1% on a like-for-like basis. Web revenue, which tends to reflect smaller, more transactional purchases, decreased by 5% on a like-for-like basis.

Revenue driven by service solutions accounted for 25% of Group revenue and increased by 4% like-for-like, with a strong performance in inventory solutions and design, technical and custom order services. RS Integrated Supply delivered positive like-for-like revenue growth reflecting new contract wins and customer retention rates continuing in both EMEA and Americas. We are strengthening our operating model at RS Integrated Supply through focusing on driving scalable and profitable revenue growth and optimising working capital.

RS PRO, which is our main own-brand product range and accounts for 13% of Group revenue, grew by 2% on a like-for-like basis, due to extending its product breadth and end-to-end sales and marketing focus in the regions. Our competitively priced offer continues to gain traction as a quality but non-competing value alternative to third-party branded ranges as we demonstrate quality through our quality assurance qualifications and design and test facilities.

Gross margin

Group gross margin decreased 1.0 percentage points to 42.7%, or 1.1 percentage points on a like-for-like basis. This was broadly in line with our expectation for the full year due to the anticipated unwinding of post-pandemic inflation benefit that elevated the gross margin in the prior period. Cost of goods inflation is normalising and is largely being passed through although there has been some additional competitive activity within the Semis & Passives product category. We continue to focus on gross margin optimisation through direct procurement initiatives, commercial discipline and expanding our own-brand ranges.

Operating costs

Operating costs, which include regional and central costs, were flat. On a like-for-like basis, adjusted operating costs fell by 1%, which excludes the impact of acquisitions, currency movements, amortisation and impairment of acquired intangibles and acquisition-related items. Cost management actions more than offset cost inflation, specifically within labour, ongoing strategic investment and the charges relating to our cost savings programme.

We delivered £10 million of restructuring benefits that resulted from improving our productivity and removing labour and facility duplication within the Group. We also delivered £8 million of integration cost savings which included the early exit of a distribution centre lease in the Netherlands operated by Distrelec. We are on track to deliver c. £30 million of accumulated cost savings during 2024/25, after the £9 million generated in 2023/24, above our original expectations of over £30 million in total. There was a £9 million in-year charge relating to delivering both these restructuring and integration benefits, with a further c. £8 million charge expected in the second half of 2024/25.

A large proportion of our operating costs relate to our people. We awarded a low-single digit pay increase across the Group and part normalisation of employee incentive awards. As sales volumes have reduced, we have flexed our variable people costs and taken additional actions in specific areas, such as removing duplicate roles. Our employee voluntary annual turnover rate remains low at 8.3% (H1 2023/24: 8.2%).

We spent £14 million on organic investment in the first half (a £3 million increase year on year) as we implement our strategic action plan of strengthening our digital and commercial capabilities, technology platform, product and service solutions capacity and improving our operating basics. This will support ongoing market share growth and ensure we are well-positioned to benefit when economic conditions improve. We are monitoring our investment spend closely and implementing greater oversight around execution, progress and delivery and will flex our annual organic investment between c. £35 million to £45 million.

As previously indicated, we reallocated our central costs to limit them to costs solely related to support Group head office activities. Costs incurred to support directly the Group's operating segments have been allocated accordingly to the regions. The reallocation drives greater accountability and efficiency in the regions, with central costs now focused on the resources that are required to run a listed company, principally senior Group leadership, central finance, legal and company secretariat. Central costs, under the new definition, increased to £7 million, largely reflecting the normalisation of annual incentive and share-based payments. Details on the reallocation are set out in Note 2.

Operating costs as a percentage of revenue increased by 0.2 percentage points to 34.4% and on an adjusted basis increased by 0.5 percentage points to 33.5%. Operating profit conversion is 2.4 percentage points lower at 19.5% and on an adjusted basis is 2.9 percentage points lower at 21.7%.

Items excluded from adjusted profit

To improve the comparability of information between reporting periods and between businesses with similar assets that were internally generated, we exclude certain items from adjusted profit measures. The items excluded are described below (see Note 15 for definitions and reconciliations of adjusted measures).

Amortisation and impairment of acquired intangibles

Amortisation of acquired intangibles was £14 million (H1 2023/24 amortisation and impairment of acquired intangibles: £13 million) and relates to the intangible assets arising from acquisitions.

Acquisition-related items

Acquisition-related items were £nil in the first half (H1 2023/24: £4 million directly attributable to the acquisition of Distrelec).

Operating profit

Operating profit decreased by 13% to £120 million. Adjusted operating profit, which excludes the impact of acquisitions and adverse impact of currency movements, saw a like-for-like decrease of 13%. Operating profit margin declined by 1.3 percentage points to 8.3% and on an adjusted basis declined by 1.5 percentage points to 9.3%.

Non-financial key performance indicators (KPIs)

We have eight non-financial KPIs to help measure progress against our strategy and the commitments of our 2030 ESG action plan - For a Better World. To provide greater transparency on our performance in the period, a summary of our progress is included below with further details available in the ESG section on our website:

	H1 2024/25	H1 2023/24
Carbon intensity^{1,2,3} (tonnes of CO ₂ e due to Scope 1 and 2 emissions / £m revenue)	1.9	2.0
Carbon emissions^{1,2,3} (tonnes of CO ₂ e due to Scope 1 and 2 emissions)	2,800	2,900
Packaging intensity^{1,2} (tonnes / £m revenue)	1.55	1.62
Waste¹ (% of waste recycled)	85%	81%
Group rolling 12-month Net Promoter Score (NPS)	49.9	50.4
Employee engagement⁴	72	75
Percentage of management that are women	36%	31%
All accidents (per 200,000 hours)	0.46	0.34

1. H1 2023/24 figures have been restated to include post-acquisition data for businesses acquired by the Group in 2022/23 and 2023/24. Revenue and environmental-related performance of businesses acquired in 2024/25 (Trident) are not included in the H1 2024/25 figures, as per our basis of reporting for new acquisitions. We aim to include this data in our Annual Report and Accounts for the year ending 31 March 2025.
2. KPI is on a constant exchange rate basis and updated to reflect changes in reporting methodology and emissions factors.
3. Scope 2 emissions calculated with electricity purchased from renewable sources at zero CO₂e per kWh and grid average CO₂e per kWh for all other sources.
4. H1 2023/24 employee engagement results updated with subsequently available score for October 2023 survey.

REGIONAL PERFORMANCE

EMEA

	H1 2024/25	H1 2023/24	Change	Like-for-like ¹ change
Revenue	£879m	£861m	2%	(3)%
Operating profit²	£95m	£114m	(16)%	(17)%
Operating profit margin²	10.8%	13.2%	(2.4) pts	(2.0) pts
Digital revenue^{3,4}	£656m	£647m	1%	(3)%
Service solutions revenue³	£267m	£252m	6%	4%
RS PRO revenue³	£172m	£168m	3%	1%

1. Like-for-like adjusted for currency and to exclude the impact of acquisitions; revenue also adjusted for trading days.
2. See Note 2 for reconciliation to Group operating profit. Regional operating profit has been restated in the prior period as shown in Note 2.
3. See Note 2 for disaggregation of revenue analysis and reconciliations to region's revenue.
4. Digital revenue has been restated for H1 2023/24, see Note 2.

Revenue increased 2% including the acquisition of Distrelec. Like-for-like revenue declined 3% reflecting the ongoing economic weakness across the region and decrease in industrial production output. Across most of continental Europe PMI has been below 50 throughout the half, representing a contraction in business activity.

UK and Ireland, which accounts for 38% of the region's revenue, saw a small revenue decline. Production output has been low and we have experienced customers running down inventory levels and ordering only when needed as they manage their businesses more tightly to counteract inflationary pressures and rebuild their operating margins. The UK PMI has been above 50 since May 2024 which is encouraging, but we note that there tends to be a lag effect before improved confidence feeds through to increased output and subsequent maintenance, repair and operations (MRO) expenditure.

Germany, part of the Germany, Austria and Switzerland (DACH) market which together accounts for 15% of the region's revenue, continues to suffer from declining production volumes with the PMI being one of the weakest in Europe, hovering around 42 for most of the period but finishing weaker in September. In Germany, we have a higher exposure to the manufacturing sector and the automotive industry where production volumes were very weak with many businesses extending their summer shutdowns. Additionally, there is a higher participation from A&C and Electrification, and Semis & Passives product categories. Revenue in the DACH market declined by low teens percentage like-for-like.

France, which contributes 18% of the region's revenue, continued to outperform the market with like-for-like revenue growing by low single digit percentage despite depressed PMIs. Our more focussed product and sales offer, aligned to specific industry verticals, was initiated in France resulting in stronger relationships with our suppliers, improved product range curation and a focus by our teams on the more resilient industry verticals.

Across the region, our more resilient product categories of Facilities & Maintenance, Mechanical & Fluid Power, and PPE & Site Safety performed well delivering small single digit percentage like-for-like growth. A&C and Electrification products, with demand correlated to the weak electronics market, declined by mid-single digit percentage, however indications are that we are still outperforming distribution peers in this area. Demand for Semis & Passives remains weak with high levels of stock in the distribution network keeping prices suppressed.

We are making good progress with our customer strategy focusing on high lifetime value customers and have seen revenue growth from our corporate customers and several account wins.

Digital delivered good growth in our eProcurement and purchasing manager solutions. These solutions are integrated within our customers' systems, pulling through product revenue and generating customer loyalty and recurring revenue. Web revenue has been impacted by reduced demand from small and medium-sized customers.

RS Integrated Supply in EMEA achieved new contract wins in the first half and delivered good underlying performance. We have been rigorously reviewing our customer contracts and exited those where terms have not been commercially viable and will continue to assess opportunities within a tightened commercial framework. The EMEA business operating model has been realigned to optimise customer engagement, leveraging best practice from RS Integrated Supply in Americas. We continue to invest in system automation and simplification to maximise efficiency and support our growth ambitions, while improving our working capital.

RS PRO continued to outperform despite some disruption from the conflict in the Red Sea increasing lead times. RS PRO revenue through the Distrelec ecommerce platforms has now reached £2 million.

Distrelec (acquired 30 June 2023) contributed £79 million to revenue and £7 million to EMEA's operating profit during the period. This included £7 million of integration costs. Trading in Distrelec has been similarly impacted by soft market conditions given its exposure to Germany and Eastern Europe and a higher proportion of A&C and Electrification and Semis & Passive products, very similar to our base business in Germany. Integration plans are continuing well.

EMEA's like-for-like gross margin declined 150bp due to the lag effect of cost inflation with minimal sales price inflation and some pricing activity across Semis & Passives.

Operating costs were marginally down on a like-for-like basis. Headcount reductions and cutbacks in discretionary spend have helped to offset labour cost inflation and ongoing investments in our strategic portfolio and the expenditure relating to our cost savings programme. Falling average order value has impacted variable costs and in particular freight costs relative to sales.

Operating profit margin fell by 2.0 percentage points like-for-like to 10.8%.

EMEA's rolling 12-month NPS was 49.9, down from 50.8 in H1 2023/24. The decline reflects the deliver-to-promise

capability being implemented which impacted order fulfilment scheduling temporarily. We expect the monthly NPS score to increase as our customer delivery information accuracy improves, albeit depressing the rolling 12-month score until it annualises.

Americas

	H1 2024/25	H1 2023/24	Change	Like-for-like ¹ change
Revenue	£452m	£476m	(5)%	(3)%
Operating profit²	£42m	£47m	(9)%	(7)%
Operating profit margin²	9.3%	9.8%	(0.5) pts	(0.5) pts
Digital revenue³	£159m	£172m	(8)%	(7)%
Service solutions revenue^{3,4}	£68m	£67m	1%	2%
RS PRO revenue³	£4m	£3m	3%	5%

1. Like-for-like adjusted for currency and to exclude the impact of acquisitions; revenue also adjusted for trading days.
2. See Note 2 for reconciliation to Group operating profit. Regional operating profit has been restated in the prior period as shown in Note 2.
3. See Note 2 for disaggregation of revenue analysis and reconciliations to region's revenue.
4. Service solutions revenue has been restated for H1 2023/24, see Note 2.

Americas revenue declined 5% with like-for-like revenue down 3% excluding exchange rate movements and the impact of trading days. This performance reflects continuing economic weakness in the US and Canada markets as evident in the PMI which returned to below 50 in the second quarter. We saw ongoing contraction in industrial production against a backdrop of uncertainty, including the US Presidential election, with companies restraining spending and investment until the future business environment is clearer.

Our operations in Latin America (LATAM) have grown strongly helped by a robust market benefiting from increased capital investment in private and public sectors (mining, metals, food & beverage and energy) and steadily increasing MRO and service sales to serve the existing customer base.

Our business in Americas serves builders of industrial assets, including discrete manufacturers, who deliver highly specified products and systems. This results in being sensitive to capital investment expenditure and project-related sales and so affected by the reduction in manufacturing production and destocking by customers.

Additionally, our performance in Americas reflects a larger proportion of revenue from A&C and Electrification products (c. 70% of the region's revenue versus 42% across the Group) which is closely linked to the electronics market and experienced a small digit percentage like-for-like revenue decline. This was partially offset by like-for-like revenue growth within Test & Measurement, Mechanical & Fluid Power and PPE & Site Safety. Demand for Semis & Passives remained weak with ongoing pricing activity within the market.

Revenue from digital declined by 7% like-for-like, reflecting softer demand from some of our larger customers that use our eProcurement and web quotes technology. Against that, core web outperformed overall regional performance reflecting our investment in paid marketing to drive traffic and offset weaker Search Engine Optimisation (SEO) visibility, a lingering impact of our domain migration to RS Online. Our operations in LATAM, through our acquisition of Risoul in January 2023, are at the very early stages of rolling out a transactional website.

Revenue attributed to service solutions grew 2% driven by our investment and sales team focus in ramping up our design and technical services offer.

RS PRO revenue increased, from a low base, as we increased management focus and concentrated our sales efforts on three product categories that drive the majority of revenue in Americas. In LATAM, we are beginning to introduce RS PRO to our customers with inventory in three Mexico locations.

Americas' gross margin was slightly lower (0.7 percentage points on a like-for-like basis) due to competitive pricing pressure, partially offset by favourable exchange rates in Risoul.

We reduced our operating costs by 4% like-for-like reflecting structural cost reductions and efficiencies actioned in 2023/24 to better align the region with current demand while we continue to invest in initiatives focused on customer experience, service-based solutions and product offer expansion.

Americas' operating profit declined year-on-year mainly due to reduced revenue and pricing pressures partially offset by favourable operating cost reductions and discipline. Operating profit margin was 9.3%.

Americas' rolling twelve-month NPS was 65.9, an increase from 64.4 in H1 2023/24 reflecting steady increases to the monthly scores for the last six months due to an increased focus within our business. Our high NPS score reflects our strong customer experience with fast response, consistent service and building more efficient and scalable service processes.

Asia Pacific

	H1 2024/25	H1 2023/24	Change	Like-for-like ¹ change
Revenue	£110m	£110m	0%	(2)%
Operating profit²	£3m	£2m	72%	100%
Operating profit margin²	2.8%	1.6%	1.2 pts	1.4 pts
Digital revenue³	£60m	£64m	(7)%	(5)%
Service solutions revenue³	£23m	£21m	8%	11%
RS PRO revenue³	£17m	£17m	2%	3%

1. Like-for-like adjusted for currency and to exclude the impact of acquisitions; revenue also adjusted for trading days.
2. See Note 2 for reconciliation to Group operating profit. Regional operating profit has been restated in the prior period as shown in Note 2.
3. See Note 2 for disaggregation of revenue analysis and reconciliations to region's revenue.

Asia Pacific's revenue was flat year-on-year having benefited from favourable exchange rate movements. Like-for-like revenue decreased by 2% reflecting the slower than expected electronics market recovery and continued economic pressure across most of the region. Over half of the Asia Pacific markets observed PMIs below 50 during the first half.

Australia and New Zealand, which contribute 37% of the region's revenue, saw a slight like-for-like revenue decline reflecting the challenging economic environment with large corporate customers' performance most impacted. The acquisition of Trident in Perth, Australia in April 2024 expands our service capability, local fulfilment centre capacity and opens opportunities with customers in the resources sector.

Southeast Asia, which accounts for 31% of the region's revenue, maintained single digit like-for-like revenue growth in line with the second half of 2023/24. Our performance benefitted from focusing on larger corporate customers, marketing our main own-brand, RS PRO, and increasing investment in expanding our network of fulfilment centres and inventory capacity. This resulted in improving our customer experience through faster delivery times, expanding our product offer through enhanced vendor management capabilities and lowering our cost-to-serve through sourcing more products locally and reducing freight costs.

Greater China, representing 23% of the region's revenue, saw a recovery in H1 2024/25 despite a higher exposure to the electronics markets and intensified sanctions imposed by the US. Performance was supported by our continuous effort to serve the larger industrial segment and focusing on our high lifetime value customers.

Digital like-for-like revenue declined mainly impacted by web performance, particularly in Greater China, Japan and Korea due to local digital infrastructure challenges and weaker market demand. However, our eProcurement

performance grew by high single-digit percentage.

RS PRO like-for-like revenue outperformed the region supported by an enhanced go-to-market strategy, including targeted product marketing campaigns and focused product range catalogues.

Our gross margin improved on a like-for-like basis by 1.2 percentage points contributed by favourable exchange rate in our pricing and reduced excess inventory provisions.

Regional operating costs decreased by 1% like-for-like reflecting the restructuring initiatives in adjusting our cost base in the prior year partially offset by the continued investment in growth initiatives focusing on customer experience, digital marketing campaigns and local fulfilment capacity.

Our operating profit margin increased by 1.4 percentage points on a like-for-like basis, reflecting the favourable gross margin drop through and operational cost efficiencies we delivered to offset the slightly lower volumes impact.

Asia Pacific's rolling 12 months NPS score has improved by 1.9 pts to 22.1 compared with H1 2023/24. The improvement was mainly attributed to dedicated actions to improve customer experience.

FINANCIAL REVIEW

Net finance costs

Net finance costs were £15 million, up from £13 million mainly due to the full six-month impact of increased net debt resulting from the acquisition of Distrelec in June 2023. At 30 September 2024, 23% of the Group's gross borrowings excluding lease liabilities (H1 2023/24: 20%; FY 2023/24: 26%) was at fixed rates, with surplus cash deposited at variable rates. Going forward we expect the full year 2024/25 net finance costs to be c. £31 million based on current interest rates.

Profit before tax

Profit before tax declined 16% to £106 million. Operating profit in the regions, explained above, reduced by £22m and other operating costs reduced by £3m, as the prior year had acquisition costs related to Distrelec that did not recur. Adjusted profit before tax was down 17% to £119 million, down 16% on a like-for-like basis.

Taxation

The Group's income tax charge was £28 million (H1 2023/24: £34 million). The adjusted income tax charge, which excludes the impact of tax relief on items excluded from adjusted profit before tax, was £31 million (H1 2023/24: £38 million), resulting in an effective tax rate of 26.0% on adjusted profit before tax (H1 2023/24: 26.2%).

Going forward we expect the full year 2024/25 effective tax rate on adjusted profit before tax to be c. 26.1%.

Earnings per share

Earnings per share declined by 15% to 16.6p. Adjusting for items excluded from adjusted profit and associated income tax effects, adjusted earnings per share of 18.7p declined 16% on a like-for-like basis.

Cash flow

£m	H1 2024/25	H1 2023/24
Operating profit	120	139
Add back depreciation and amortisation	42	41
EBITDA¹	162	179
Add back impairments and loss on disposal of non-current assets	1	-
Movement in working capital	4	(79)
Defined benefit retirement contributions in excess of charge	(6)	(5)
Movement in provisions	(2)	1
Equity-settled share-based payments and cash from joint venture	4	7
Cash generated from operations	163	104
Net capital expenditure	(25)	(25)
Operating cash flow	138	79
Cash effect of adjusting items ¹	-	5
Adjusted operating cash flow¹	138	85
Net interest paid	(15)	(13)
Income tax paid	(34)	(46)
Adjusted free cash flow¹	89	26

1. See Note 15 for definitions and reconciliations of all alternative performance measures.

Lower EBITDA (earnings before interest, tax, depreciation and amortisation) was partially mitigated by a slight improvement in working capital as we focus on improving debt collection. As a result, cash generated from operations was £163 million (H1 2023/24: £104 million) driving an improvement in adjusted free cash flow. Adjusted operating cash flow conversion increased by 48.8 percentage points to 103.1%.

Net capital expenditure remained steady at £25 million as we continued to invest in optimising our DCs, launching a new product management system, augmenting digital commerce capabilities and strengthening our technology platforms.

Capital expenditure was at 1.1 times depreciation (H1 2023/24: 1.2 times), in line with our typical maintenance capital expenditure levels of 1.0 - 1.5 times depreciation. We anticipate capital expenditure in 2024/25 to be c. £50 million including planned spend to deliver our 2030 ESG action plan such as decarbonising our DC in Beauvais, France.

Net interest paid increased by £2 million to £15 million due to increased net debt resulting from the acquisition of Distrelec.

Adjusted free cash flow increased to £89 million. We remain committed to conserving cash while ensuring we continue to invest in our business to enable a swift recovery when the economic conditions improve.

Intangible assets

Intangible assets have decreased from £983 million at March 2024 to £911 million (see Note 6), with translation differences driving £69 million of the decrease. Goodwill of £4 million was recognised on the acquisition of Trident, there were additions of £19 million and an amortisation charge and impairment cost for the period of £26 million.

Working capital

Working capital as a percentage of revenue decreased by 1.6 percentage points year on year to 24.7%.

Trade and other receivables have decreased by £73 million since the year end to £628 million, with the acquisition of Trident increasing receivables by £2 million. The collection of receivables is our greatest short-term liquidity sensitivity and we continue to limit our exposure through tight credit policies, proactive monitoring and collections.

Inventories were £644 million, in line with our year end position of £656m. Our inventory turn has remained stable at 2.6 times, unchanged from 2.6 times at March. Inventory provisions have increased by £4 million to £72 million since the year end, representing a slight increase in the overall provision rate from 9.5% to 10.1%.

Overall trade and other payables decreased to £547 million from £603 million at March. The overall reduction reflects the slowdown in the business and the timing of payments for inventories.

Looking forward we continue to manage our working capital position actively and optimising cash conversion is a key

Looking forward we continue to manage our working capital position actively and optimising cash conversion is a key area of focus. We remain focused on receivables collection. We will continue to seek to manage our inventory levels to take account of changing demand dynamics and supply chain behaviour, while anticipating our customers' expectations. We will continue to invest in the right inventory to ensure that we remain well positioned to maintain service levels and deliver strong growth as the markets recover. We pay our suppliers to terms and continue to work with some of our larger suppliers to improve terms where possible.

Net debt

Our net debt has increased to £437 million from £418 million at March (see Note 9) due mainly to the purchase of our own shares by the Employee Benefit Trust.

The sustainability-linked loan (SLL), term loan and the private placement loan notes form our committed debt facilities of £674 million, down from £685 million at March due to the impact of exchange rates, of which £200 million was undrawn at 30 September 2024 (FY 2023/24: £245 million undrawn). In October 2024, our request to take up a one-year term extension to the SLL was approved by the lenders and so this facility now matures in October 2029.

The Group's financial metrics, as set out in the Alternative Performance Measures in Note 15, remain strong, with net debt to adjusted EBITDA of 1.3x and EBITA to interest of 9.3x, leaving significant headroom for the Group's banking covenants of net debt to adjusted EBITDA less than 3.25 times and EBITA to interest greater than 3 times.

Return on Capital Employed (ROCE)

ROCE is the adjusted operating profit for the 12 months ended 30 September 2024 expressed as a percentage of the monthly average capital employed (net assets excluding net debt and retirement benefit obligations). ROCE was 15.6% compared to 23.3% at 30 September 2023, due to the impact of recent acquisitions (3.0 percentage points) and the decline in adjusted operating profit (4.7 percentage points).

Retirement benefit obligations

Overall, the retirement benefit net obligations of the Group's defined benefit schemes at 30 September 2024 were £20 million compared to £26 million at 31 March 2024 and £31 million at 30 September 2023. The UK defined benefit scheme (our largest scheme) had a net obligation of £11 million under International Accounting Standard 19 'Employee Benefits', being the present value of the agreed future deficit contributions agreed following the March 2022 triennial funding valuation and payable to September 2025.

Dividend

The Board intends to continue to pursue a progressive dividend policy while remaining committed to a healthy dividend cover over time by driving improved results and stronger cash flow.

In the normal course, the interim dividend is equivalent to 40% of the prior year full-year dividend. For the six months ended 30 September 2024 the Board proposes an interim dividend of 8.5p per share, in line with our progressive policy, but reflecting a move to return toward a normalised dividend cover post the unwind of the post pandemic inflation trading benefit. For this trading period, the interim dividend is equivalent to approximately 39% of 2023/24 full-year dividend. This will be paid on 3 January 2025 to shareholders on the register on 22 November 2024.

Foreign exchange risk

The Group does not hedge translation exposure on the income statements of overseas subsidiaries. Based on the mix of non-sterling denominated revenue and adjusted operating profit, a one cent movement in the euro would impact annual adjusted profit before tax by £2.0 million and a one cent movement in the US dollar would impact annual adjusted profit before tax by £0.7 million.

During the six months ended 30 September 2024, there were foreign exchange differences arising on translation of £103 million, recognised within Other Comprehensive Income, of which £69 million related to the translation of intangible assets as set out in Note 6. These were partially offset by the gains on net investment hedges of £11 million.

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

RISKS AND UNCERTAINTIES

The Board has overall accountability for the Group's risk management, which is delegated to the Executive Committee and supported by the Group's risk team. The Board is fully committed to setting and embedding a sound risk culture which is aligned with the principles and ethics of the organisation. The Group has a defined risk appetite, approved by the Board, which reflects the business' willingness and ability to absorb the impact of risk and the Board's appetite for such risks in six risk categories: strategy and change, operational, regulatory compliance, financial resilience, customer experience, and product risks. The business uses consistent impact and likelihood assessment criteria with behaviours that are mapped across the six categories of risk and are aligned to the strategy of the business and the activities RS provides.

Principal risks and uncertainties

The principal risks and mitigations disclosed in the 2024 Annual Report and Accounts (pages 32 to 37) were:

1. Cyber security
2. Change initiatives
3. M&A activity
4. Talent and capability
5. Geopolitical environment
6. Market disruption
7. Business resilience
8. Climate change
9. Access to debt and capital markets
10. Legal and regulatory compliance

These risks have not changed since they were reported in the 2024 Annual Report and Accounts.

GOING CONCERN

Overview

In adopting the going concern basis for preparing these condensed Group accounts, the Board has considered the Group's future trading prospects; the Group's available liquidity, the maturity of its debt facilities and obligations under its debt covenants; and the Group's principal risks as summarised above.

As described in more detail in the Viability Statement in the 2024 Annual Report and Accounts, our business model is structured so that the Group is a digitally-enabled global distributor of product and service solutions, providing small volumes of our suppliers' products to satisfy our industrial customers' MRO demands.

We supply a very broad spread of customers both in terms of industry sector and geography. The Group is not reliant on one particular group of customers or suppliers, with its largest customer accounting for under one percent of revenue and its largest supplier less than five percent of revenue.

revenue and its largest supplier less than five percent of revenue.

Financial position, liquidity and debt covenants

Our capital position is supported by regular reviews of the Group's funding facilities and debt covenants' headroom, through the Board's Treasury Committee.

The Group's net debt at 30 September 2024 was £437 million (31 March 2024: £418 million). Our committed debt facilities were £674 million, of which £200 million was undrawn (see the net debt section in the Financial Review for more details of our committed facilities). The earliest facility expiring is our £125 million (€150 million) Caixa term loan in April 2026.

The Group's debt covenants are EBITA to interest to be greater than 3 times and net debt to adjusted EBITDA to be less than 3.25 times, which are measured on a rolling 12-month basis at half year and year end. At 30 September 2024 EBITA to interest was 9.3x (31 March 2024: 10.5x) and net debt to adjusted EBITDA was 1.3x (31 March 2024: 1.1x) (see Note 15 for reconciliations).

Financial modelling

We frequently update our forecast and this is regularly reviewed, and the assumptions approved, by the Board.

We have undertaken reverse stress tests on the latest forecast to assess the circumstances that would threaten the Group's current financing arrangements. These included significant declines in like-for-like revenue, significant declines in revenue and gross margin and a major deterioration in cash collection and each would have to result in adjusted operating profit margin falling to under 3% in at least one of the following five quarters. Also, a reverse stress test of an acquisition of a significantly loss-making business was undertaken and would have to cost over £270 million to use up our debt facilities. All these reverse stress tests assumed no mitigations, capital expenditure and dividends are unchanged from those forecast and there are no changes in debt financing. The Board considers the risk of these circumstances occurring to be remote.

Going concern basis

Based on the assessment outlined above, the Board has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the going concern period of at least 12 months from 6 November 2024. Therefore, the Board believes that it is appropriate to continue to adopt the going concern basis in preparing these condensed Group accounts.

RESPONSIBILITY STATEMENT OF THE DIRECTORS IN RESPECT OF THE HALF-YEAR FINANCIAL REPORT

The Directors confirm that these condensed Group accounts have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting' as contained in UK-adopted International Financial Reporting Standards 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 accounts, 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.

A list of current Directors of RS Group plc is maintained on the RS Group plc website: www.rsgroup.com.

Kate Ringrose, Chief Financial Officer
6 November 2024

Forward-looking statements

This financial report contains certain statements, statistics and projections that are or may be forward-looking. The accuracy and completeness of all such statements, including, without limitation, statements regarding the future financial position, strategy, projected costs, plans and objectives for the management of future operations of RS Group 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 RS Group 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 RS Group 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, RS Group plc has no intention or obligation to update forward-looking statements contained herein.

GROUP INCOME STATEMENT

For the six months ended 30 September 2024

	Notes	Six months ended 30.9.2024 £m	30.9.2023 £m	Year ended 31.3.2024 £m
Revenue	2	1,441.2	1,446.7	2,942.4
Cost of sales		(825.1)	(813.8)	(1,678.5)
Gross profit		616.1	632.9	1,263.9
Operating costs		(496.0)	(494.1)	(983.8)
Operating profit	2	120.1	138.8	280.1
Finance income		3.1	2.3	4.8
Finance costs		(17.6)	(15.1)	(36.7)
Share of profit of joint venture		0.2	0.3	0.6
	2	105.8	126.3	
Profit before tax				248.8

				240.0
		(27.6)	(34.1)	
Income tax expense				(65.1)
Profit for the period attributable to owners of the Company		78.2	92.2	183.7

Earnings per share attributable to owners of the Company

		16.6p	19.5p	38.8p
Basic	3			
		16.6p	19.5p	38.7p
Diluted	3			

GROUP STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2024

		Six months ended 30.9.2024	30.9.2023	Year ended 31.3.2024
		£m	£m	£m
Profit for the period		78.2	92.2	183.7
Other comprehensive income				
Items that will not be reclassified subsequently to the income statement				
Remeasurement of retirement benefit obligations		(0.6)	0.3	0.8
Related income tax		0.1	-	(0.1)
Items that may be reclassified subsequently to the income statement				
Foreign exchange translation differences of joint venture		(0.2)	-	(0.2)
Foreign exchange translation differences		(102.9)	19.0	(3.9)
Fair value gain / (loss) on net investment hedges		10.9	(2.4)	3.4
Movement in cash flow hedges		3.0	(0.5)	(0.1)
Related income tax		(0.8)	0.1	-
Other comprehensive (expense) / income for the period		(90.5)	16.5	(0.1)
Total comprehensive (loss) / income for the period		(12.3)	108.7	183.6

Total comprehensive (loss) / income is attributable to:

		(12.3)	108.7	183.7
Owners of the Company		-	-	(0.1)
Non-controlling interests		(12.3)	108.7	183.6
Total comprehensive (loss) / income for the period				

GROUP BALANCE SHEET

As at 30 September 2024

	Notes	30.9.2024 £m	30.9.2023 £m	31.3.2024 £m
Non-current assets				
Intangible assets	6	911.3	1,012.1	982.6
Property, plant and equipment		172.6	183.8	180.9
Right-of-use assets		54.3	75.6	72.8
Investment in joint venture		0.8	1.2	1.3
Other receivables		5.8	9.2	8.4
Retirement benefit net assets	5	1.6	0.8	1.5
Deferred tax assets		7.1	4.7	9.5
Total non-current assets		1,153.5	1,287.4	1,257.0
Current assets				
Inventories	7	644.2	719.7	656.0
Trade and other receivables	8	628.2	687.7	701.4
Cash and cash equivalents - cash and short-term deposits	9	274.2	379.1	258.7
Derivative assets		4.0	2.5	2.6
Current income tax receivables		25.2	30.2	22.7
Total current assets		1,575.8	1,819.2	1,641.4
Total assets		2,729.3	3,106.6	2,898.4
Current liabilities				
Trade and other payables		(547.4)	(624.8)	(602.7)
Cash and cash equivalents - bank overdrafts	9	(160.1)	(268.8)	(162.7)
Other borrowings	9	(20.0)	(12.6)	-
Lease liabilities	9	(14.8)	(15.7)	(16.0)
Derivative liabilities		(2.3)	(2.8)	(1.1)
Provisions		(2.0)	(4.5)	(5.0)
Current income tax liabilities		(24.6)	(27.6)	(27.8)
Total current liabilities		(771.2)	(956.8)	(815.3)
Non-current liabilities				
Other payables		(11.3)	(8.8)	(17.3)
Retirement benefit obligations	5	(21.8)	(31.9)	(27.2)
Borrowings	9	(474.4)	(523.1)	(440.3)
Lease liabilities	9	(41.8)	(60.6)	(57.9)
Provisions		(5.9)	(16.0)	(4.2)

Deferred tax liabilities	(91.1)	(113.6)	(103.3)
Total non-current liabilities	(646.3)	(754.0)	(650.2)
Total liabilities	(1,417.5)	(1,710.8)	(1,465.5)
Net assets	1,311.8	1,395.8	1,432.9
Equity			
Share capital and share premium	287.1	283.7	286.9
Own shares held by Employee Benefit Trust (EBT)	(43.9)	(0.4)	(1.8)
Other reserves	17.0	126.2	108.3
Retained earnings	1,051.0	985.6	1,038.9
Equity attributable to owners of the Company	1,311.2	1,395.1	1,432.3
Non-controlling interests	0.6	0.7	0.6
Total equity	1,311.8	1,395.8	1,432.9

GROUP CASH FLOW STATEMENT

For the six months ended 30 September 2024

		Six months ended		Year ended
		30.9.2024	30.9.2023	31.3.2024
	Notes	£m	£m	£m
Cash flows from operating activities				
Profit before tax		105.8	126.3	248.8
Depreciation and amortisation		42.3	40.6	83.7
Impairment of intangible assets		0.5	-	4.6
Impairment of right-of-use assets		-	-	0.4
Loss on disposal of non-current assets		0.1	0.1	1.6
Equity-settled share-based payments		3.8	6.6	7.8
Net finance costs		14.5	12.8	31.9
Share of profit of and dividends received from joint venture		0.3	0.3	-
(Increase) / decrease in inventories		(4.9)	(50.2)	4.9
Decrease in trade and other receivables		52.6	29.7	8.1
Decrease in trade and other payables		(45.0)	(58.6)	(82.2)
(Decrease) / increase in provisions		(1.5)	1.2	1.1
Defined benefit retirement contributions in excess of charge		(5.8)	(5.0)	(9.8)
Cash generated from operations		162.7	103.8	300.9
Interest received		3.1	2.3	4.8
Interest paid		(18.0)	(15.4)	(35.8)
Income tax paid		(33.8)	(45.7)	(73.3)
Net cash from operating activities		114.0	45.0	196.6
Cash flows from investing activities				
Acquisition of businesses	11	(8.2)	(313.1)	(313.1)
Cash and cash equivalents acquired with businesses	11	-	9.0	9.0
Total cash impact on acquisition of businesses		(8.2)	(304.1)	(304.1)
Purchase of intangible assets		(20.5)	(17.5)	(35.7)
Purchase of property, plant and equipment		(4.4)	(7.0)	(15.9)
Net cash used in investing activities		(33.1)	(328.6)	(355.7)
Cash flows from financing activities				
Proceeds from the issue of share capital		0.2	0.4	3.6
Purchase of own shares by EBT		(46.5)	(0.1)	(1.5)
Loans drawn down	9	120.0	402.3	286.7
Loans repaid	9	(55.0)	(53.2)	(27.3)
Principal elements of lease payments	9	(7.2)	(9.5)	(18.5)
Dividends paid	4	(64.9)	(64.8)	(104.1)
Net cash (used in) / generated from financing activities		(53.4)	275.1	138.9
Net increase / (decrease) in cash and cash equivalents		27.5	(8.5)	(20.2)
Cash and cash equivalents at the beginning of the period		96.0	120.5	120.5
Effects of exchange rate changes		(9.4)	(1.7)	(4.3)
Cash and cash equivalents at the end of the period	9	114.1	110.3	96.0

GROUP STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2024

	Attributable to owners of the Company						
	Share capital and share premium	Own shares held by EBT	Other reserves ¹	Retained earnings	Total	Non-controlling interests	Total equity
	£m	£m	£m	£m	£m	£m	£m
At 1 April 2023	283.3	(2.2)	108.8	954.3	1,344.2	0.7	1,344.9
Profit for the period	-	-	-	92.2	92.2	-	92.2
Other comprehensive income	-	-	16.2	0.3	16.5	-	16.5
Total comprehensive income	-	-	16.2	92.5	108.7	-	108.7
Cash flow hedging gains transferred to inventories	-	-	(0.2)	-	(0.2)	-	(0.2)
Cash flow hedging losses transferred to acquisition purchase	-	-	-	-	-	-	-

price	-	-	1.8	-	1.8	-	1.8
Tax on cash flow hedging transfers	-	-	(0.4)	-	(0.4)	-	(0.4)
Dividends (Note 4)	-	-	-	(64.8)	(64.8)	-	(64.8)
Equity-settled share-based payments	-	-	-	6.6	6.6	-	6.6
Settlement of share awards	0.4	1.9	-	(1.9)	0.4	-	0.4
Purchase of own shares by EBT	-	(0.1)	-	-	(0.1)	-	(0.1)
Tax on equity-settled share-based payments	-	-	-	(1.1)	(1.1)	-	(1.1)
At 30 September 2023	283.7	(0.4)	126.2	985.6	1,395.1	0.7	1,395.8
Profit for the period	-	-	-	91.5	91.5	-	91.5
Other comprehensive income	-	-	(16.9)	0.4	(16.5)	(0.1)	(16.6)
Total comprehensive income	-	-	(16.9)	91.9	75.0	(0.1)	74.9
Cash flow hedging losses transferred to inventories	-	-	(1.4)	-	(1.4)	-	(1.4)
Tax on cash flow hedging transfers	-	-	0.4	-	0.4	-	0.4
Dividends (Note 4)	-	-	-	(39.3)	(39.3)	-	(39.3)
Equity-settled share-based payments	-	-	-	1.2	1.2	-	1.2
Settlement of share awards	3.2	-	-	-	3.2	-	3.2
Purchase of own shares by EBT	-	(1.4)	-	-	(1.4)	-	(1.4)
Tax on equity-settled share-based payments	-	-	-	(0.5)	(0.5)	-	(0.5)
At 31 March 2024	286.9	(1.8)	108.3	1,038.9	1,432.3	0.6	1,432.9
Profit for the period	-	-	-	78.2	78.2	-	78.2
Other comprehensive income	-	-	(90.0)	(0.5)	(90.5)	-	(90.5)
Total comprehensive income	-	-	(90.0)	77.7	(12.3)	-	(12.3)
Cash flow hedging gains transferred to inventories	-	-	(1.8)	-	(1.8)	-	(1.8)
Tax on cash flow hedging transfers	-	-	0.5	-	0.5	-	0.5
Dividends (Note 4)	-	-	-	(64.9)	(64.9)	-	(64.9)
Equity-settled share-based payments	-	-	-	4.0	4.0	-	4.0
Settlement of share awards	0.2	4.4	-	(4.7)	(0.1)	-	(0.1)
Purchase of own shares by EBT	-	(46.5)	-	-	(46.5)	-	(46.5)
At 30 September 2024	287.1	(43.9)	17.0	1,051.0	1,311.2	0.6	1,311.8

(1) Other reserves comprises the Hedging reserve of £0.5 million (30 September 2023: £0.3 million; 31 March 2024: £(0.4) million) and the Cumulative translation reserve of £16.5 million (30 September 2023: £125.9 million; 31 March 2024: £108.7 million).

NOTES TO THE CONDENSED GROUP ACCOUNTS

1. Basis of preparation

These condensed Group accounts were approved by the Board of Directors on 6 November 2024 and are unaudited but have been reviewed by the auditor. They do not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006, but have been prepared in accordance with the UK-adopted International Accounting Standard (IAS) 34 'Interim Financial Reporting' and the Disclosure and Transparency Rules of the UK's Financial Conduct Authority. The Annual Report and Accounts for the year ended 31 March 2024 was prepared in accordance with UK-adopted international accounting standards (UK IAS) and has been delivered to the Registrar of Companies. The previous auditor's report on those accounts was unqualified, did not include a reference to any matters to which the previous auditor drew attention by way of emphasis without qualifying their report and did not contain any statement under section 498(2) or 498(3) of the Companies Act 2006.

These condensed Group accounts have been prepared on the basis of the accounting policies set out in the Annual Report and Accounts for the year ended 31 March 2024 except for the estimation of income tax. Under IAS 34, the tax charge for the period is calculated using the estimated weighted average effective tax rate for the year ending 31 March 2025. Where tax balances are revised due to changes in tax rates or estimates of tax liabilities for prior periods, the full effect is included in the tax charge for the first half of the year.

No accounting standards, amendments to existing standards or interpretations, either adopted in the period or issued but not yet applicable, have or are expected to have a material impact on the reported results or financial position of the Group. The Group will provide the disclosures required by Amendments to IAS 7 and IFRS 7 'Supplier Finance Arrangements' for the first time in its accounts for the year ending 31 March 2025. Also, the Group has applied the temporary exception under Amendments to IAS 12 'International Tax Reform - Pillar Two Model Rules' to not recognise and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes. Pillar Two income tax legislation has been enacted in the UK and came into effect on 1 January 2024. The Group is continuing to assess the full impact of the Pillar Two rules, but it is not expected to have a material impact on the reported results or financial position of the Group.

Except for judgements involved in estimations, there are no significant judgements that have had a significant effect on the amounts recognised in the accounts. The significant estimates made in preparing the accounts were in relation to retirement benefit obligations, same as those applied to the Group accounts for the year ended 31 March 2024. The assumptions used in the judgements involved in estimations have been updated to take account of the Group's latest expectations of the longer-term impacts of climate change and environmental regulations and the current global economic and geopolitical uncertainties, and the impact was not material.

The Group have adopted various alternative performance measures (APMs) to provide additional useful information on underlying trends and its performance and position. The APMs are not defined by IFRS and therefore may not be directly comparable with other companies' APMs and are defined in Note 15.

Going concern basis

In adopting the going concern basis for preparing these condensed Group accounts, the Board has considered the Group's future trading prospects; the Group's available liquidity, the maturity of its debt facilities and obligations under its debt covenants; and the Group's principal risks.

The Group's net debt at 30 September 2024 was £437 million (31 March 2024: £418 million). Our committed debt facilities were £674 million, of which £200 million was undrawn. The earliest facility expiring is our £125 million (£150 million) Caixa term loan in April 2026.

The Group's debt covenants are EBITA to interest to be greater than 3 times and net debt to adjusted EBITDA to be less than 3.25 times, which are measured on a rolling 12-month basis at half year and year end. At 30 September 2024 EBITA to interest was 9.3x (31 March 2024: 10.5x) and net debt to adjusted EBITDA was 1.3x (31 March 2024: 1.1x) (see Note 15 for reconciliations).

1. Basis of preparation (continued)

We have undertaken reverse stress tests on the latest forecast to assess the circumstances that would threaten the Group's current financing arrangements. These included significant declines in like-for-like revenue, significant declines in revenue and gross margin and a major deterioration in cash collection and each would have to result in adjusted operating profit margin falling to under 3% in at least one of the following five quarters. Also, a reverse stress test of an acquisition of a significantly loss-making business was undertaken and would have to cost over £270 million to use up our debt facilities. All these reverse stress tests assumed no mitigations, capital expenditure and dividends are unchanged from those forecast and there are no changes in debt financing. The Board considers the risk of these circumstances occurring to be remote.

Based on the assessment outlined above, the Board has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the going concern period of at least 12 months from 6 November 2024. The Directors consider it appropriate to continue to adopt the going concern basis in preparing these condensed Group accounts.

2. Segmental reporting

The Group's operating segments comprise three regions: EMEA, Americas and Asia Pacific.

During the first half of the year the Group reviewed the methodology for the allocation of central costs which has resulted in an increased level of costs apportioned to the regions and a lower level of central costs, and the prior periods' segmental operating profits and central costs have been restated below. The level of costs reallocated from / (to) central costs to / (from) the regions as a result of the change was £24.1 million (EMEA: £18.3 million; Americas: £5.5 million; Asia Pacific: £0.3 million) in the six months to 30 September 2023 and £37.7 million (EMEA: £32.3 million; Americas: £6.6 million; Asia Pacific: (£1.2 million)) in the year ended 31 March 2024.

	EMEA £m	Americas £m	Asia Pacific £m	Group £m
Six months ended 30 September 2024				
Revenue from external customers	878.8	452.2	110.2	1,441.2
Segmental operating profit	95.0	42.2	3.1	140.3
Central costs				(6.7)
Adjusted operating profit ¹				133.6
Amortisation of acquired intangibles				(13.5)
Acquisition-related items				-
Operating profit				120.1
Net finance costs				(14.5)
Share of profit of joint venture				0.2
Profit before tax				105.8
Six months ended 30 September 2023 (restated)				
Revenue from external customers	860.9	475.6	110.2	1,446.7
Segmental operating profit	113.6	46.6	1.8	162.0
Central costs				(6.4)
Adjusted operating profit ¹				155.6
Amortisation of acquired intangibles				(12.6)
Acquisition-related items				(4.2)
Operating profit				138.8
Net finance costs				(12.8)
Share of profit of joint venture				0.3
Profit before tax				126.3

¹⁾ See Note 15 for definition and reconciliation of this APM.

2. Segmental reporting (continued)

	EMEA	Americas	Asia Pacific	Group
Year ended 31 March 2024 (restated)				
Revenue from external customers	1,794.8	933.7	213.9	2,942.4
Segmental operating profit	223.4	94.8	5.0	323.2
Central costs				(11.4)
Adjusted operating profit ¹				311.8
Amortisation and impairment of acquired intangibles				(26.6)
Acquisition-related items				(5.1)
Operating profit				280.1
Net finance costs				(31.9)
Share of profit of joint venture				0.6
Profit before tax				248.8

⁽¹⁾ See Note 15 for definition of this APM.

In the table below, revenue is disaggregated by sales channels, by own-brand products or other product and service solutions, and also by service solutions and other. Service solutions includes procurement solutions, maintenance solutions and other solutions. The Group's largest own-brand is RS PRO. £1,394.8 million of revenue is recognised at a point in time (six months ended 30 September 2023: £1,400.7 million; year ended 31 March 2024: £2,850.7 million) and £46.4 million over time (six months ended 30 September 2023: £46.0 million; year ended 31 March 2024: £91.7 million).

Sales channels, brands and service solutions

During the six months ended 30 September 2024 the Group reviewed what it classes as digital revenue which has

resulted in certain revenue streams now being included, resulting in an overall increase to digital revenue and corresponding decrease to offline revenue, all in EMEA, for the year ended 31 March 2024 of £18.4 million and £9.5 million for the six months ended 30 September 2023. The prior periods' digital revenue disaggregation have been restated below.

During the period, the Group identified that the reported figure for Americas' Service Solution revenue for the six months to 30 September 2023 was understated by £3.7 million with a corresponding overstatement in the "Other" category. The Group totals were similarly affected. The restated figures are presented below.

	EMEA £m	Americas £m	Asia Pacific £m	Group £m
Six months ended 30 September 2024				
Web	426.2	127.3	41.6	595.1
eProcurement and other digital	229.5	31.2	17.9	278.6
Digital	655.7	158.5	59.5	873.7
Offline	223.1	293.7	50.7	567.5
Group	878.8	452.2	110.2	1,441.2
Six months ended 30 September 2023 (restated)				
Web	429.0	129.6	47.0	605.6
eProcurement and other digital	217.5	42.0	16.8	276.3
Digital	646.5	171.6	63.8	881.9
Offline	214.4	304.0	46.4	564.8
Group	860.9	475.6	110.2	1,446.7
Year ended 31 March 2024 (restated)				
Web	881.1	258.9	88.5	1,228.5
eProcurement and other digital	459.6	77.3	34.6	571.5
Digital	1,340.7	336.2	123.1	1,800.0
Offline	454.1	597.5	90.8	1,142.4
Group	1,794.8	933.7	213.9	2,942.4

2. Segmental reporting (continued)

Own-brand / other product and service solutions

	EMEA £m	Americas £m	Asia Pacific £m	Group £m
Six months ended 30 September 2024				
Own-brand product and service solutions	177.1	3.5	17.1	197.7
Other product and service solutions	701.7	448.7	93.1	1,243.5
Group	878.8	452.2	110.2	1,441.2
Six months ended 30 September 2023				
Own-brand product and service solutions	177.6	3.4	16.8	197.8
Other product and service solutions	683.3	472.2	93.4	1,248.9
Group	860.9	475.6	110.2	1,446.7
Year ended 31 March 2024				
Own-brand product and service solutions	364.9	6.7	33.2	404.8
Other product and service solutions	1,429.9	927.0	180.7	2,537.6
Group	1,794.8	933.7	213.9	2,942.4

Service solutions / other

	EMEA £m	Americas £m	Asia Pacific £m	Group £m
Six months ended 30 September 2024				
Service solutions	267.4	67.9	22.6	357.9
Other	611.4	384.3	87.6	1,083.3
Group	878.8	452.2	110.2	1,441.2
Six months ended 30 September 2023 (restated)				
Service solutions	252.3	67.1	21.0	340.4
Other	608.6	408.5	89.2	1,106.3
Group	860.9	475.6	110.2	1,446.7
Year ended 31 March 2024				
Service solutions	532.3	132.8	43.4	708.5
Other	1,262.5	800.9	170.5	2,233.9
Group	1,794.8	933.7	213.9	2,942.4

3. Earnings per share

	Six months ended 30.9.2024 Number	30.9.2023 Number	Year ended 31.3.2024 Number
Weighted average number of shares	471,596,673	472,921,885	473,300,106
Dilutive effect of share-based payments	360,171	419,848	781,177
Diluted weighted average number of shares	471,956,844	473,341,733	474,081,283
Basic earnings per share attributable to owners of the Company	16.6p	19.5p	38.8p
Diluted earnings per share attributable to owners of the Company	16.6p	19.5p	38.7p

4. Dividends

	Six months ended 30.9.2024 £m	30.9.2023 £m	Year ended 31.3.2024 £m
Final dividend for the year ended 31 March 2024 - 13.7p (2023: 13.7p)	64.9	64.8	64.8
Interim dividend for the year ended 31 March 2024 - 8.3p	-	-	39.3
	64.9	64.8	104.1

An interim dividend of 8.5p will be paid on 3 January 2025 to shareholders on the register on 22 November 2024 with an ex-dividend date of 21 November 2024 and the estimated amount to be paid of £39.8 million has not been included as a liability in these accounts.

5. Retirement benefit obligations

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

	30.9.2024 £m	30.9.2023 Restated ¹ £m	31.3.2024 £m
Fair value of scheme assets	454.2	423.2	452.0
Present value of defined benefit obligations	(412.6)	(392.1)	(421.8)
Effect of asset ceiling / minimum funding requirement	(61.8)	(62.2)	(55.9)
Retirement benefit net obligations	(20.2)	(31.1)	(25.7)
Amount recognised on the balance sheet - liability	(21.8)	(31.9)	(27.2)
Amount recognised on the balance sheet - asset	1.6	0.8	1.5

(1) Restated to include the 30 September 2023 balances of the pension scheme in Switzerland which were £25.8 million in fair value of scheme assets, £20.7 million in present value of defined benefit obligations and £5.1 million in effect of asset ceiling. There is no impact on retirement benefit net obligations.

A change in the key assumptions on the UK scheme would have the following increase / (decrease) on the UK defined benefit obligations as at 30 September 2024:

	Increase in assumption £m	Decrease in assumption £m
Effect on obligation of a 0.5 pts change to the assumed discount rate	(23.3)	25.8
Effect on obligation of a 0.25 pts change in the assumed inflation rate	11.2	(10.9)
Effect on obligation of a change of one year in assumed life expectancy	10.3	(10.4)

6. Intangible assets

	Goodwill £m	Other intangibles £m	Total £m
Cost			
At 1 April 2023	463.3	546.2	1,009.5
Acquired with businesses	192.0	106.2	298.2
Additions	-	16.1	16.1
Translation differences	9.7	6.6	16.3
At 30 September 2023	665.0	675.1	1,340.1
Measurement period adjustment	(9.7)	-	(9.7)
Additions	-	19.5	19.5
Disposals	-	(1.0)	(1.0)
Translation differences	(9.0)	(1.6)	(10.6)
At 31 March 2024	646.3	692.0	1,338.3
Acquired with businesses	4.4	0.5	4.9
Additions	-	18.9	18.9
Disposals	-	(1.2)	(1.2)
Translation differences	(44.8)	(31.0)	(75.8)
At 30 September 2024	605.9	679.2	1,285.1
Amortisation			
At 1 April 2023	-	304.7	304.7
Charge for the period	-	22.8	22.8
Translation differences	-	0.5	0.5
At 30 September 2023	-	328.0	328.0
Charge for the period	-	25.4	25.4
Impairment losses	-	4.6	4.6
Disposals	-	(0.8)	(0.8)
Translation differences	-	(1.5)	(1.5)
At 31 March 2024	-	355.7	355.7
At 30 September 2024	-	355.7	355.7

Charge for the period	-	25.1	25.1
Impairment losses	-	0.5	0.5
Disposals	-	(1.0)	(1.0)
Translation differences	-	(6.5)	(6.5)
At 30 September 2024	-	373.8	373.8

Net book value

At 30 September 2024	605.9	305.4	911.3
At 30 September 2023	665.0	347.1	1,012.1
At 31 March 2024	646.3	336.3	982.6

7. Inventories

	30.9.2024	30.9.2023 Restated ¹	31.3.2024
	£m	£m	£m
Gross inventories	716.6	778.0	724.6
Inventory provisions	(72.4)	(58.3)	(68.6)
Net inventories	644.2	719.7	656.0

(1) Gross inventories and Inventory provisions are restated to reflect the 30 September 2023 balance (£20.5 million) of the fair value adjustment on acquisition of Distrelec. There is no impact on net inventories.

During the six months ended 30 September 2024 £11.6 million was recognised as an expense relating to the write-down of inventories to net realisable value (six months ended 30 September 2023: £19.3 million; year ended 31 March 2024: £35.1 million).

8. Trade and other receivables

	30.9.2024	30.9.2023	31.3.2024
	£m	£m	£m
Gross trade receivables	556.4	599.3	624.0
Impairment allowance	(12.0)	(11.5)	(11.1)
Net trade receivables	544.4	587.8	612.9
Other receivables (including prepayments)	83.8	99.9	88.5
Trade and other receivables	628.2	687.7	701.4

Trade receivables are written off when there is no reasonable expectation of recovery, for example when a customer enters liquidation or the Group agrees with the customer to write off an outstanding invoice. During the six months ended 30 September 2024 £3.1 million was recognised as a loss from the impairment of trade receivables (six months ended 30 September 2023: £0.8 million; year ended 31 March 2024: £3.4 million).

9. Net debt

	30.9.2024	30.9.2023	31.3.2024
	£m	£m	£m
Cash and short-term deposits	274.2	379.1	258.7
Bank overdrafts	(160.1)	(268.8)	(162.7)
Cash and cash equivalents	114.1	110.3	96.0
Non-current private placement loan notes	(149.1)	(161.4)	(157.1)
Non-current sustainability-linked loan	(200.0)	(232.0)	(155.0)
Non-current term loan	(125.3)	(129.7)	(128.2)
Current money market loans	(20.0)	(10.0)	-
Current bank facilities	-	(2.6)	-
Current lease liabilities	(14.8)	(15.7)	(16.0)
Non-current lease liabilities	(41.8)	(60.6)	(57.9)
Net debt	(436.9)	(501.7)	(418.2)

See Note 15 for definition of net debt which is an APM.

Movements in net debt were:

	Borrowings	Lease liabilities	Total liabilities from financing activities	Cash and cash equivalents	Net debt
	£m	£m	£m	£m	£m
Net debt at 1 April 2023	(184.6)	(48.9)	(233.5)	120.5	(113.0)
Cash flows	(349.1)	9.5	(339.6)	(8.5)	(348.1)
Acquired with businesses	-	(28.5)	(28.5)	-	(28.5)
Net lease additions	-	(8.0)	(8.0)	-	(8.0)
Translation differences	(2.0)	(0.4)	(2.4)	(1.7)	(4.1)
Net debt at 30 September 2023	(535.7)	(76.3)	(612.0)	110.3	(501.7)
Cash flows	89.7	9.0	98.7	(11.7)	87.0
Net lease additions	-	(7.2)	(7.2)	-	(7.2)
Translation differences	5.7	0.6	6.3	(2.6)	3.7
Net debt at 31 March 2024	(440.3)	(73.9)	(514.2)	96.0	(418.2)
Cash flows	(65.0)	7.2	(57.8)	27.5	(30.3)
Acquired with businesses	-	(2.3)	(2.3)	-	(2.3)
Net lease disposals	-	10.1	10.1	-	10.1
Translation differences	10.9	2.3	13.2	(9.4)	3.8
Net debt at 30 September 2024	(494.4)	(56.6)	(551.0)	114.1	(436.9)

10. Fair values of financial instruments

The derivative assets and derivative liabilities are measured at fair value using Level 2 inputs, estimated by discounting the future contractual cash flows using appropriate market-sourced data at the balance sheet date.

For all financial assets and liabilities, fair value approximates the carrying amounts shown in the balance sheet except for the following:

	30.9.2024		30.9.2023		31.3.2024
	Carrying amounts	Fair value	Carrying amounts	Fair value	Carrying amounts
	£m	£m	£m	£m	£m

Private placement loan notes	(149.1)	(135.9)	(161.4)	(143.0)	(157.1)	(142.9)
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The fair values are calculated using Level 2 inputs by discounting future cash flows to net present values using prevailing interest rate curves and the Group's credit margin.

11. Acquisitions

On 2 April 2024 the Group acquired 100% of the issued share capital of Trident Australia Pty Ltd, a specialist MRO distribution and rental, calibration and mechanical services partner for the energy and natural resource industry in Australia. Trident adds to the Group's Australian presence by increasing the Group's access to the energy and natural resources sector with associated customer and product synergies and provides distribution infrastructure and service capacity in Western Australia. The goodwill is attributable to the revenue synergies which are expected to arise from combining Trident's established presence in Western Australia and its highly specialised services for customers in the energy sector with the Group's global customer base and range of complementary products.

The provisional fair value of the net assets acquired, consideration and goodwill arising were:

	£m
Intangible assets - customer relationships	0.5
Property, plant and equipment	1.8
Right-of-use assets	2.4
Inventories (gross £2.6 million less provisions of £1.1 million)	1.5
Trade and other receivables	1.8
Cash and cash equivalents - cash and short-term deposits	-
Current trade and other payables	(1.1)
Current lease liabilities	(0.3)
Non-current lease liabilities	(2.0)
Non-current other provisions	(0.1)
Current income tax liabilities	(0.1)
Deferred tax liabilities	(0.1)
Net assets acquired	4.3
Goodwill (Note 6)	4.4
Consideration paid - cash	8.2
Contingent consideration payable - accrued	0.5
Total consideration	8.7

The goodwill will not be deductible for tax purposes. The fair values of tax balances and other assets and liabilities are provisional while the Group continues to assess the assets and liabilities acquired. The gross contractual amounts receivable for trade and other receivables was £1.8 million, of which £1.8 million is expected to be collected. There were no acquisition-related costs for Trident charged to administrative expenses in the six months ended 30 September 2024 and £0.2 million in the year ended 31 March 2024. The contingent consideration payable is due 12 months after the completion date and is based on revenue in the period January to December 2024 with a range of £nil to £0.9 million. Amortisation is calculated to write off the acquired customer relationships on a straight-line basis over five years.

11. Acquisitions (continued)

Trident contributed revenue of £4.1 million and profit after tax of £0.1 million to the Group's results since acquisition and is included in Asia Pacific operating segment. If the acquisition had occurred on 1 April 2024, the Group's revenue and profit for the six months ended 30 September 2024 would have been unchanged.

12. Capital commitments

As at 30 September 2024, the Group is contractually committed to, but has not provided for, future capital expenditure of £3.5 million (30 September 2023: £13.5 million; 31 March 2024: £8.0 million) for property, plant and equipment and £3.3 million (30 September 2023: £8.3 million; 31 March 2024: £4.6 million) for intangible assets.

13. Related party transactions

There has been no material change in related party relationships in the six months ended 30 September 2024. There were no significant related party transactions which have materially affected the financial position or performance of the Group during that period.

14. Post balance sheet event

On 21 October 2024, the Group's request to take up a one-year term extension to the sustainability-linked loan facility was approved by the lenders and so this facility now matures in October 2029.

15. Alternative Performance Measures (APMs)

The Group uses a number of APMs in addition to those measures reported in accordance with UK IAS. Such APMs are not defined terms under UK IAS and are not intended to be a substitute for any UK IAS measure. The Directors believe that the APMs are important when assessing the financial and operating performance of the Group. The APMs are used internally for performance analysis and in employee incentive arrangements, as well as in discussions with the investment analyst community.

The APMs improve the comparability of information between reporting periods by adjusting for factors such as fluctuations in foreign exchange rates, number of trading days and items, such as reorganisation costs, that are substantial in scope and impact and do not form part of operational or management activities that the Directors would consider when assessing performance. The Directors also believe that excluding recent acquisitions, amortisation and impairment of acquired intangibles and acquisition-related items aids comparison of the performance between reporting periods and between businesses with similar assets that were internally generated.

15. Alternative Performance Measures (APMs) (continued)

Adjusted profit measures

These are the equivalent UK IAS measures adjusted to exclude amortisation and impairment of intangible assets arising on acquisition of businesses, acquisition-related items, substantial reorganisation costs, substantial asset write-downs, one-off pension credits or costs, significant tax rate changes and, where relevant, associated tax effects. Adjusted profit before tax is a performance measure for the annual incentive and the all employee Long Term Incentive Plan (LTIP) called the RS YAY! Award. Adjusted earnings per share is a performance measure for the LTIP and Journey to Greatness (J2G) LTIP award. Adjusted operating profit conversion, adjusted operating profit margin and adjusted earnings per share are financial key performance indicators (KPIs) which are used to measure the Group's progress in delivering the successful implementation of its strategy and monitor and drive its performance.

Operating Operating

Basic Diluted

	Operating costs ¹ £m	Operating profit £m	profit margin ² %	profit conversion ³ %	Profit before tax £m	Profit for the period £m	earnings per share p	earnings per share p
Six months ended 30 September 2024								
Reported	(496.0)	120.1	8.3%	19.5%	105.8	78.2	16.6p	16.6p
Amortisation of acquired intangibles	13.5	13.5			13.5	10.1	2.1p	2.1p
Acquisition-related items	-	-			-	-	-	-
Adjusted	(482.5)	133.6	9.3%	21.7%	119.3	88.3	18.7p	18.7p
Six months ended 30 September 2023								
Reported	(494.1)	138.8	9.6%	21.9%	126.3	92.2	19.5p	19.5p
Amortisation of acquired intangibles	12.6	12.6			12.6	9.1	1.9p	1.9p
Acquisition-related items	4.2	4.2			4.2	4.3	0.9p	0.9p
Adjusted	(477.3)	155.6	10.8%	24.6%	143.1	105.6	22.3p	22.3p

(1) Operating costs are distribution and marketing expenses plus administrative expenses.

(2) Operating profit margin is operating profit expressed as a percentage of revenue.

(3) Operating profit conversion is operating profit expressed as a percentage of gross profit.

Acquisition-related items comprise transaction costs directly attributable to the acquisition of businesses, any deferred consideration payments relating to the retention of former owners of acquired businesses expensed as remuneration, adjustments to acquisition-related indemnification assets and the related liabilities that result from events after the acquisition date and any remeasurements of contingent consideration payable on acquisition of businesses that result from events after the acquisition date.

Like-for-like revenue and profit measures

Like-for-like revenue and profit measures are adjusted to exclude the effects of changes in exchange rates on translation of overseas profits. They exclude acquisitions in the relevant periods until they have been owned for a year, at which point they start to be included in both the current and comparative periods for the same number of months. The Group excluding these acquisitions owned for less than a year is referred to as base business. These measures enable management and investors to track more easily, and consistently, the performance of the business.

The principal exchange rates applied in preparing the Group accounts and in calculating the following like-for-like measures are:

	Average for six months ended		Closing		
	30.9.2024	30.9.2023	30.9.2024	30.9.2023	31.3.24
US dollar	1.281	1.259	1.339	1.226	1.264
Euro	1.178	1.157	1.197	1.157	1.170

15. Alternative Performance Measures (APMs) (continued)

Like-for-like revenue change

Like-for-like revenue change is also adjusted to eliminate the impact of trading days year on year. It is calculated by comparing the revenue of the base business for the current period with the prior period converted at the current period's average exchange rates and pro-rated for the same number of trading days as the current period. It is a performance measure for the annual bonus and a financial KPI.

	£m
Revenue for six months ended 30 September 2023 (H1 2023/24)	1,446.7
Effect of exchange rates	(24.7)
Effect of trading days	22.7
Revenue for H1 2023/24 at H1 2024/25 rates and trading days	1,444.7

	H1 2024/25 Group £m	Less: acquisitions owned <1 year £m	H1 2024/25 base business £m	H1 2023/24 £m	H1 2023/24 at H1 2024/25 rates and trading days £m	Like-for-like change %
EMEA	878.8	41.1	837.7	860.9	867.9	(3)%
Americas	452.2	-	452.2	475.6	468.4	(3)%
Asia Pacific	110.2	4.1	106.1	110.2	108.4	(2)%
Revenue	1,441.2	45.2	1,396.0	1,446.7	1,444.7	(3)%

Gross margin and like-for-like gross margin change

Gross margin is gross profit divided by revenue. Like-for-like change in gross margin is calculated by taking the difference between gross margin for the base business for the current period and gross margin for the prior period with reported revenue and reported gross profit converted at the current period's average exchange rates.

	H1 2024/25 Group £m	Less: acquisitions owned <1 year £m	H1 2024/25 base business £m	H1 2023/24 £m	H1 2023/24 at H1 2024/25 rates £m	Like-for-like change pts
Revenue	1,441.2	45.2	1,396.0	1,446.7	1,422.0	
Gross profit	616.1	20.0	596.1	632.9	623.3	
Gross margin	42.7%	44.2%	42.7%	43.7%	43.8%	(1.1) pts

Like-for-like profit change

Like-for-like change in profit is calculated by comparing the base business for the current period with the prior period converted at the current period's average exchange rates.

	H1 2024/25 Group £m	Less: acquisitions owned <1 year £m	H1 2024/25 base business £m	H1 2023/24 Restated £m	H1 2023/24 at H1 2024/25 rates Restated £m	Like-for-like change %
Segmental operating profit						
EMEA	95.0	2.4	92.6	113.6	111.5	(17)%
Americas	42.2	-	42.2	46.6	45.3	(7)%
Asia Pacific	3.1	0.1	3.0	1.8	1.5	100%
Segmental operating profit	140.3	2.5	137.8	162.0	158.3	(13)%
Central costs	(6.7)	-	(6.7)	(6.4)	(6.6)	1%
Adjusted operating profit	133.6	2.5	131.1	155.6	151.7	(13)%
Adjusted profit before tax	119.3	2.2	117.1	143.1	139.1	(16)%

Adjusted earnings per share	18.7p	0.4p	18.3p	22.3p	21.7p	(16)%
Adjusted diluted earnings per share	18.7p	0.5p	18.3p	22.3p		

15. Alternative Performance Measures (APMs) (continued)

Adjusted free cash flow and adjusted operating cash flow conversion

Adjusted free cash flow is the net cash from operating activities less purchase of intangible assets, property, plant and equipment plus any proceeds on sale of intangible assets, property, plant and equipment adjusted for the impact of substantial reorganisation and acquisition-related items cash flows and is a performance measure for the annual bonus.

Adjusted operating cash flow is adjusted free cash flow before income tax and net interest paid. Adjusted operating cash flow conversion is adjusted operating cash flow expressed as a percentage of adjusted operating profit and is a financial KPI.

	Six months ended		Year ended
	30.9.2024	30.9.2023	31.3.2024
	£m	£m	£m
Net cash from operating activities	114.0	45.0	196.6
Purchase of intangible assets	(20.5)	(17.5)	(35.7)
Purchase of property, plant and equipment	(4.4)	(7.0)	(15.9)
Add back: impact of substantial reorganisation cash flows	-	0.6	0.7
Add back: impact of acquisition-related items cash flows	-	4.6	5.5
Adjusted free cash flow	89.1	25.7	151.2
Add back: income tax paid	33.8	45.7	73.3
Add back: net interest paid	14.9	13.1	31.0
Adjusted operating cash flow	137.8	84.5	255.5
Adjusted operating profit	133.6	155.6	311.8
Adjusted operating cash flow conversion	103.1%	54.3%	81.9%

Earnings before interest, tax, depreciation and amortisation (EBITDA) and net debt to adjusted EBITDA

EBITDA is operating profit excluding depreciation and amortisation. Net debt to adjusted EBITDA (one of the Group's debt covenants) is the ratio of net debt to EBITDA excluding impairment of intangible assets arising on acquisition of businesses, acquisition-related items, substantial reorganisation costs, substantial asset write-downs and one-off pension credits or costs on an annualised basis covering the preceding twelve-month period. Net debt comprises cash and cash equivalents, borrowings and lease liabilities.

	30.9.2024	30.9.2023	31.3.2024
	£m	£m	£m
Operating profit	120.1	138.8	280.1
Add back: depreciation and amortisation	42.3	40.6	83.7
EBITDA	162.4	179.4	363.8
Add back: acquisition-related items	-	4.2	5.1
Adjusted EBITDA for this period	162.4	183.6	368.9
Adjusted EBITDA for prior year	368.9	453.5	
Less: adjusted EBITDA for prior first half	(183.6)	(222.4)	
Annualised adjusted EBITDA	347.7	414.7	368.9
Net debt (Note 9)	(436.9)	(501.7)	(418.2)
Net debt to adjusted EBITDA	1.3x	1.2x	1.1x

15. Alternative Performance Measures (APMs) (continued)

Earnings before interest, tax and amortisation (EBITA) and EBITA to interest

EBITA is adjusted EBITDA after depreciation. EBITA to interest (one of the Group's debt covenants) is the ratio of EBITA to finance costs including capitalised interest less finance income (interest per debt covenants) on an annualised basis covering the preceding twelve-month period.

	30.9.2024	30.9.2023	31.3.2024
	£m	£m	£m
Adjusted EBITDA for this period	162.4	183.6	368.9
Less: depreciation	(17.3)	(17.8)	(35.5)
EBITA for this period	145.1	165.8	333.4
EBITA for prior year	333.4	417.3	
Less: EBITA for prior first half	(165.8)	(204.5)	
Annualised adjusted EBITA	312.7	378.6	333.4
Finance costs	17.6	15.1	36.7
Less: finance income	(3.1)	(2.3)	(4.8)
Interest per debt covenants for this period	14.5	12.8	31.9
Interest per debt covenants for prior year	31.9	12.2	
Less: interest per debt covenants for prior first half	(12.8)	(4.9)	
Annualised interest per debt covenants	33.6	20.1	31.9
EBITA to interest	9.3x	18.8x	10.5x

Return on capital employed (ROCE)

ROCE is annualised adjusted operating profit expressed as a percentage of annualised monthly average net assets excluding net cash / debt and retirement benefit obligations and is an underpin for the LTIP and J2G LTIP Award and a financial KPI. Annualised monthly average net assets, annualised average net debt and annualised average retirement benefit net (assets) / obligations are the average of those respective month-end balances of the preceding thirteen months.

	30.9.2024	30.9.2023	31.3.2024
	£m	£m	£m
Annualised monthly average net assets	1,397.9	1,342.5	1,389.3
Add back: annualised average net debt	439.8	174.6	371.6
Add back: annualised average retirement benefit net (assets) / obligations	25.7	36.1	31.2
Annualised average capital employed	1,863.4	1,553.2	1,792.1
Adjusted operating profit for this period	133.6	155.6	311.8

Adjusted operating profit for prior year	311.8	402.2	
Less: adjusted operating profit for prior first half	(155.6)	(196.1)	
Annualised adjusted operating profit	289.8	361.7	311.8
ROCE	15.6%	23.3%	17.4%

Working capital as a percentage of revenue

Working capital is inventories, current trade and other receivables and current trade and other payables.

	30.9.2024	30.9.2023	31.3.2024
	£m	£m	£m
Inventories	644.2	719.7	656.0
Current trade and other receivables	628.2	687.7	701.4
Current trade and other payables	(547.4)	(624.8)	(602.7)
Working capital	725.0	782.6	754.7
Revenue for this period	1,441.2	1,446.7	2,942.4
Revenue for prior year	2,942.4	2,982.3	
Less: revenue for prior first half	(1,446.7)	(1,458.0)	
Annualised revenue	2,936.9	2,971.0	2,942.4
Working capital as a percentage of revenue	24.7%	26.3%	25.6%

15. Alternative Performance Measures (APMs) (continued)

Inventory turn

Inventory turn is annualised cost of sales divided by inventories.

	30.9.2024	30.9.2023	31.3.2024
	£m	£m	£m
Cost of sales for this period	825.1	813.8	1,678.5
Cost of sales for prior year	1,678.5	1,630.1	
Less: cost of sales for prior first half	(813.8)	(794.5)	
Annualised cost of sales	1,689.8	1,649.4	1,678.5
Inventories	644.2	719.7	656.0
Inventory turn	2.6	2.3	2.6

Ratio of capital expenditure to depreciation

Ratio of capital expenditure to depreciation is capital expenditure divided by depreciation and amortisation excluding amortisation of acquired intangibles and depreciation of right-of-use assets.

	Six months ended	Year ended	
	30.9.2024	30.9.2023	31.3.2024
	£m	£m	£m
Depreciation and amortisation	42.3	40.6	83.7
Less: amortisation of acquired intangibles	(13.5)	(12.6)	(26.6)
Less: depreciation of right-of-use assets	(8.6)	(9.4)	(18.6)
Adjusted depreciation and amortisation	20.2	18.6	38.5
Capital expenditure	22.5	22.2	51.2
Ratio of capital expenditure to depreciation	1.1 times	1.2 times	1.3 times

INDEPENDENT REVIEW REPORT TO RS GROUP PLC (THE "GROUP")

Conclusion

We have been engaged by the Group to review the consolidated financial statements in the half-yearly financial report for the six months ended 30 September 2024 which comprises the income statement, the statement of comprehensive income, the balance sheet, the cash flow statement, the statement of changes in equity and related notes 1 to 15.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2024 is not prepared, in all material respects, in accordance with United Kingdom adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Basis for Conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council for use in the United Kingdom (ISRE (UK) 2410). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in Note 1, the annual financial statements of the Group are prepared in accordance with United Kingdom adopted international accounting standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with United Kingdom adopted International Accounting Standard 34, "Interim Financial Reporting".

Conclusion Relating to Going Concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for Conclusion section of this report, nothing has come to our attention to suggest that the Directors have inappropriately adopted the going concern basis of accounting or that the Directors have identified material uncertainties relating to going concern that are not appropriately disclosed.

This Conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410; however future events or conditions may cause the entity to cease to continue as a going concern.

Responsibilities of the Directors

The Directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the half-yearly financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the review of the financial information

In reviewing the half-yearly financial report, we are responsible for expressing to the Group a conclusion on the condensed set of financial statements in the half-yearly financial report. Our Conclusion, including our Conclusion Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report

This report is made solely to the Group in accordance with ISRE (UK) 2410. Our work has been undertaken so that we might state to the Group those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group, for our review work, for this report, or for the conclusions we have formed.

Deloitte LLP
Statutory Auditor
London, United Kingdom
6 November 2024

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