

28 January 2025, 7.00am

RS GROUP PLC

Trading update for third quarter ended 31 December 2024

RS Group plc, the global distributor of maintenance, repair and operation product and service solutions to industrial customers, provides the following trading update for the three months ended 31 December 2024.

Group revenue in the third quarter decreased by 3% and by 1% on like-for-like¹ basis. This reflects declining industrial production and PMI² data, and weaker trading in the second half of December due to more extended holiday-related plant shutdowns at many customers.

In EMEA, like-for-like revenue declined 3% with softness in key markets consistent with weaker business sentiment and PMIs across the region. This was particularly true in the UK, where we have seen a material slowdown from the beginning of November. Like-for-like revenue in Americas grew by 3%, mainly due to improvement in the US and strong sales growth in Mexico. Asia Pacific like-for-like revenue increased by 1%.

We are implementing our strategic plan at pace and making good underlying progress with improvements to our digital and technology platform, product and own-brand offer, customer service capabilities and in our execution. This is driving continued share gain in most product categories. Our operational efficiency initiatives and integration benefits are in-line or ahead of plan, and we are on track to deliver annualised cost savings in excess of £30 million this year. Our multi-year investment programme to improve process and systems efficiencies is also progressing well.

We continue to control costs tightly and therefore our prior gross margin and cost guidance³ remains unchanged. The softer than expected Q3 revenue performance and weak business confidence in EMEA will however likely result in full year profit before tax being around the bottom end of the consensus range⁴. January trading is in line with our revised expectations, and we will continue investing in our key strategic initiatives whilst managing costs effectively in this difficult trading environment which we expect to continue until we see a more sustained improvement in PMIs.

Simon Pryce, Chief Executive Officer, said:

"We are making good underlying strategic progress and executing better which is continuing to drive efficiency and share gains despite market conditions. We are managing our cost base effectively whilst continuing to invest to further strengthen our already differentiated proposition. This is better positioning RS to generate stronger and more sustainable growth and returns in the future, which will accelerate when the market recovers."

Notes:

1. Like-for-like revenue excluding acquisitions and adjusted for foreign currency and trading days.
2. 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).
3. Guidance provided at interim results, 7 November 2024. Source: rsgroup.com/investors/result-reports-and-presentations/.
4. Consensus estimates for the year ended 31 March 2025 are revenue of £2,911 million (range of £2,871 million - £3,011 million), adjusted operating profit of £293 million (range of £277 million - £306 million) and adjusted profit before tax of £261 million (range of £247 million - £274 million). Source: rsgroup.com/investors/analyst-consensus/.
5. Our profit remains sensitive to movements in exchange rates on translation of overseas profits. Average exchange rates for the year ended 31 March 2024 for euro and US dollar respectively were €1.159 and 1.257 respectively. Every 1 cent movement in the euro has a c. £2.0 million impact on annual adjusted profit before tax. Every 1 cent movement in the US dollar has a c. £0.7 million impact on annual adjusted profit before tax.
6. We expect to see a positive impact of around £29 million on revenue from greater trading days in 2024/25 compared to 2023/24.

Enquiries:

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Conference call details:

There will be an audio-only call for analysts and investors today at 8.00am UK time.

Conference call timing

Date: Tuesday 28 January
Time: 8.00am GMT / UK

Webcast link (audio only): <https://webcast.openbriefing.com/rsgrpjan25/>
Conference call dial-in number: +44 20 3936 2999
Access code: 741313

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