FULL YEAR RESULTS 2022/23

23 May 2023

Disclaimer

This presentation 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.

01.

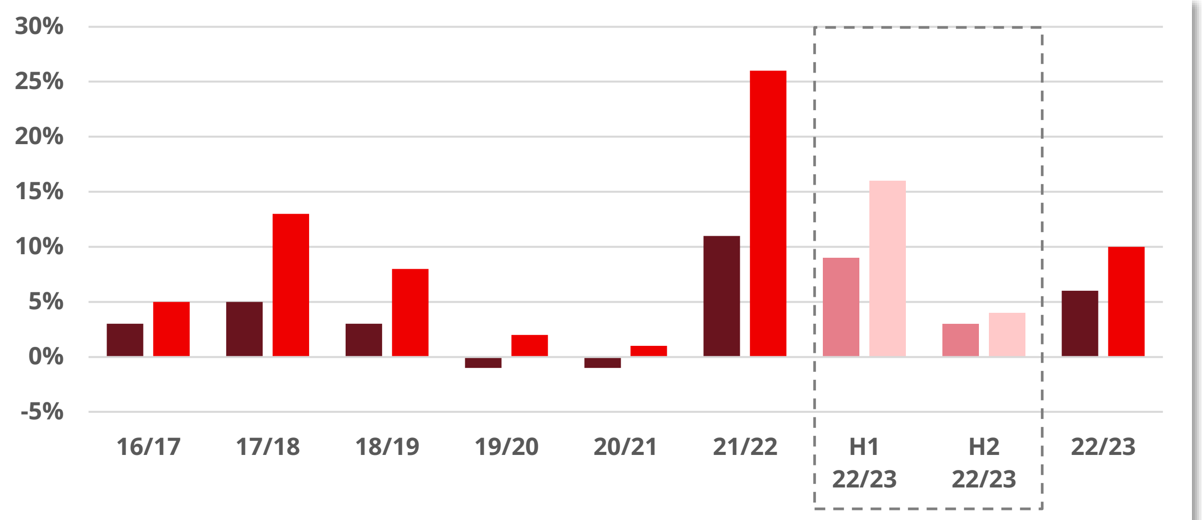
Introduction

Simon Pryce
Chief Executive Officer

Another strong performance...

Good growth | Strong profit and cash generation | Increased dividend | Improved return on capital | Significant balance sheet capacity

Our performance[1] versus global industrial production (IP) growth



Source: Numis

...despite increased headwinds in H2

2022/23 growth

Revenue	↑ 17% 10% LFL
Adj. operating profit margin	↑ +1.0 pts to 13.5%
Adj. profit before tax	↑ 25% 17% LFL
Adj. EPS	↑ 24% 16% LFL
Full-year dividend	↑ 16%

1. Like-for-like revenue growth.

Good operational and strategic progress....

- **Rebranded B2B business**
- **Major operational and strategic investments:**
  - Enhanced product and content management
  - Ongoing upgrade of data, technology and digital platforms
  - Freight and distribution optimisation
  - Customer experience improvements
  - Innovative service solutions
- **Launched Better World our more sustainable product range**
- **£234 million of acquisitions: domnick hunter and Risoul**

...delivered by our great people

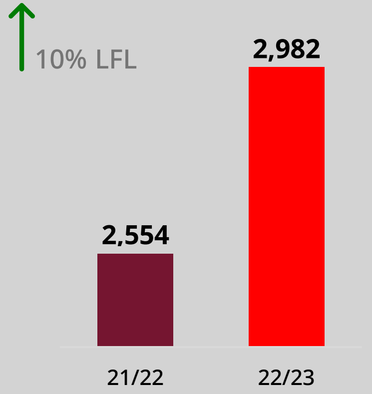
02.

Financial review

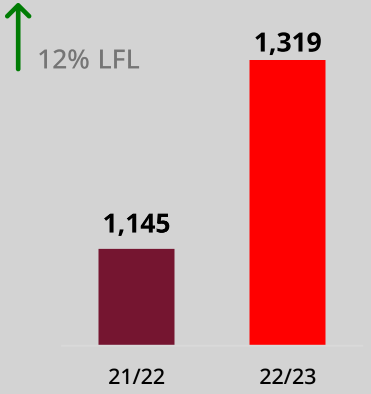
Jane Titchener
Interim Chief Financial Officer

Strong growth and returns

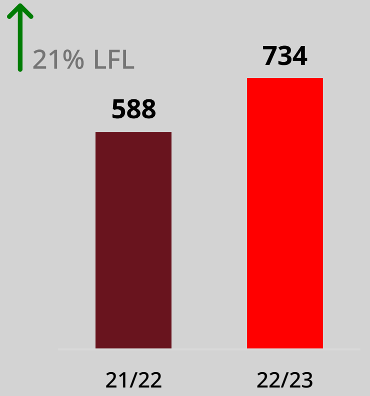
Revenue (£m)



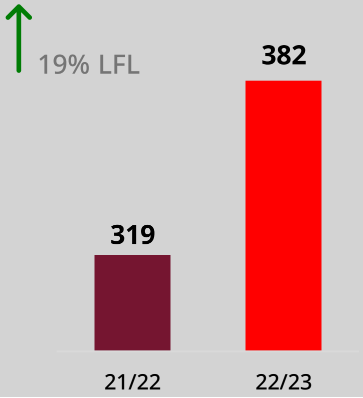
Web revenue (£m)



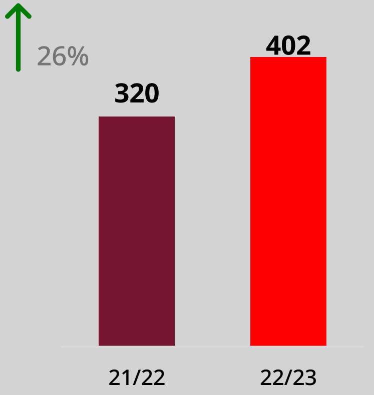
Service solutions revenue (£m)



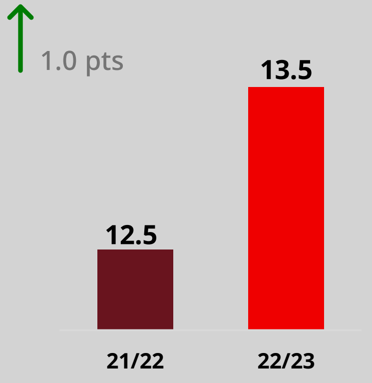
RS PRO revenue (£m)



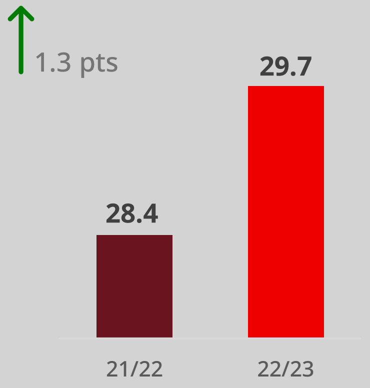
Adjusted operating profit (£m)



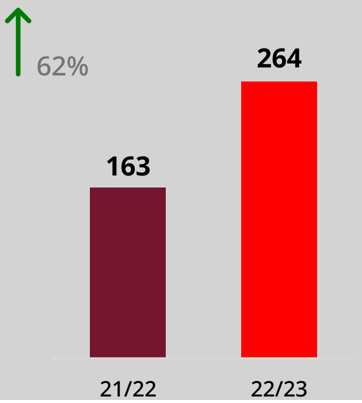
Adjusted operating profit margin (%)



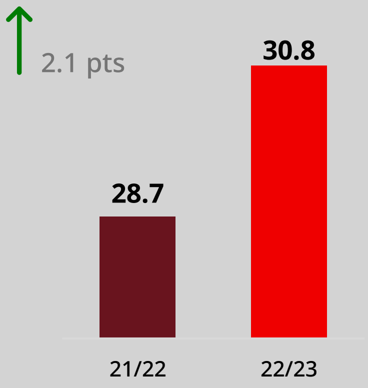
Adjusted operating profit conversion (%)



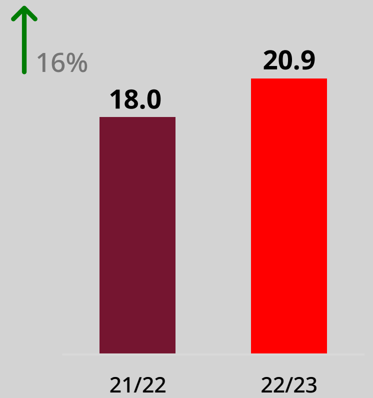
Adjusted free cash flow (£m)



Return on capital employed (%)



Dividend per share (p)



Note: See basis of preparation on slide 34 for definitions of like-for-like and adjusted.

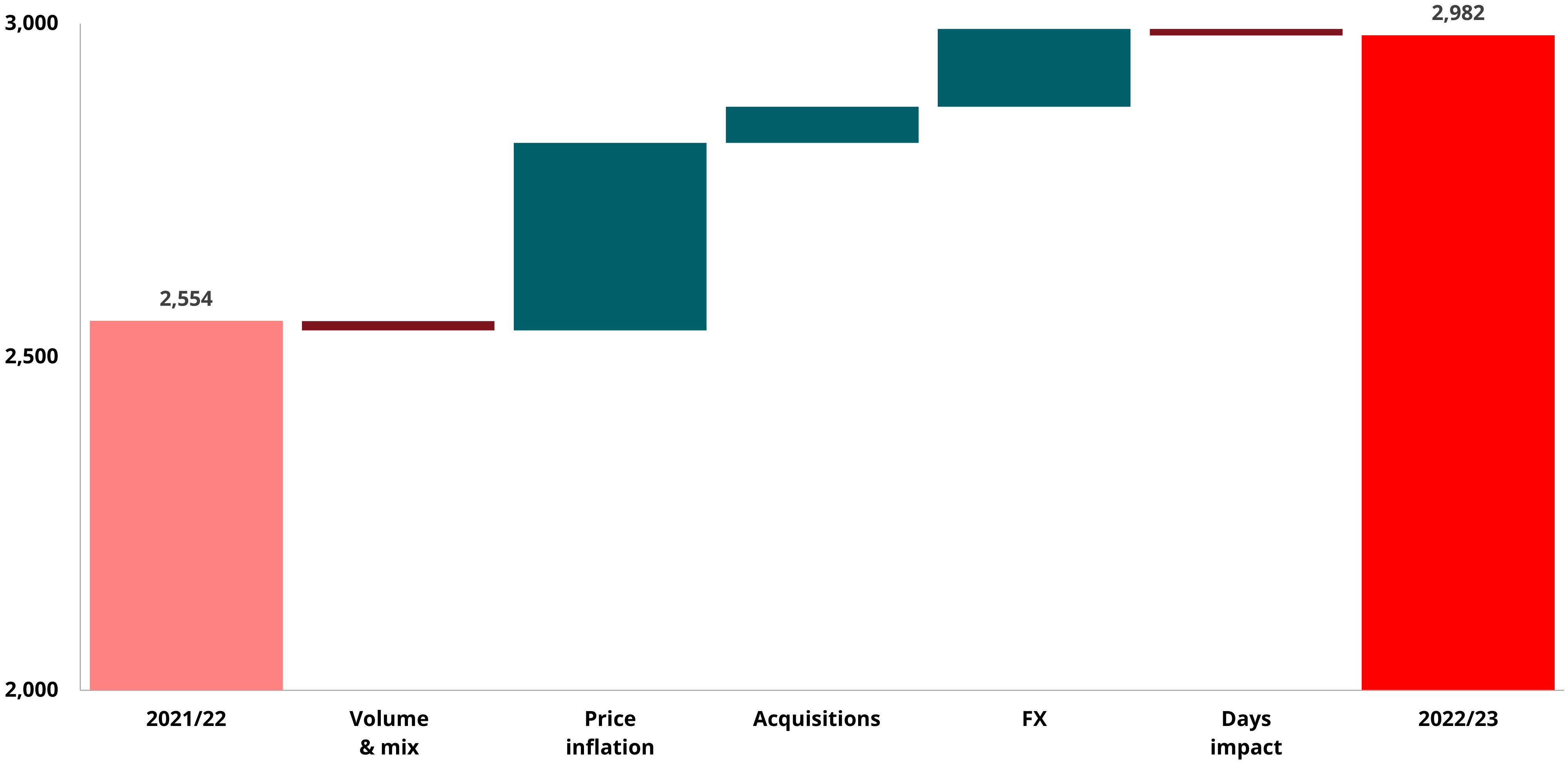
Strong profit performance

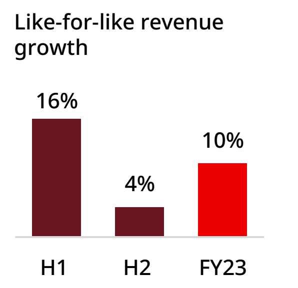
Income statement

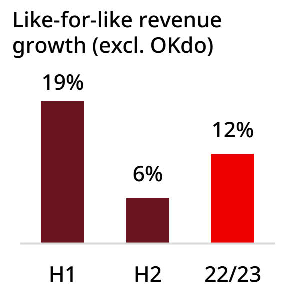
£m	2022/23	2021/22	Change	Like-for-like change
Revenue	**2,982**	2,554	17%	10%
Gross margin	**45.3%**	44.2%	1.1 pts	1.8 pts
Operating profit	**383**	309	24%	17%
Adjusted operating profit	**402**	320	26%	18%
Adjusted operating profit margin	**13.5%**	12.5%	1.0 pts	0.9 pts
Adjusted operating profit conversion	**29.7%**	28.4%	1.3 pts	0.9 pts
Profit before tax	**372**	302	23%	16%
Adjusted profit before tax	**391**	314	25%	17%
Earnings per share	**60.4p**	48.9p	24%	16%
Adjusted earnings per share	**63.6p**	51.3p	24%	16%
Adjusted effective tax rate	**23.2%**	23.0%		
Weighted average number of shares	**472m**	471m		

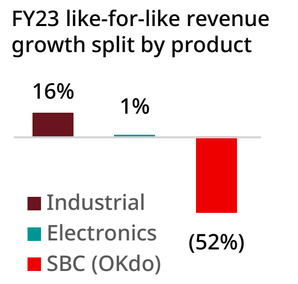
Note: See basis of preparation on slide 34 for definitions of like-for-like and adjusted.

Revenue bridge (£m)

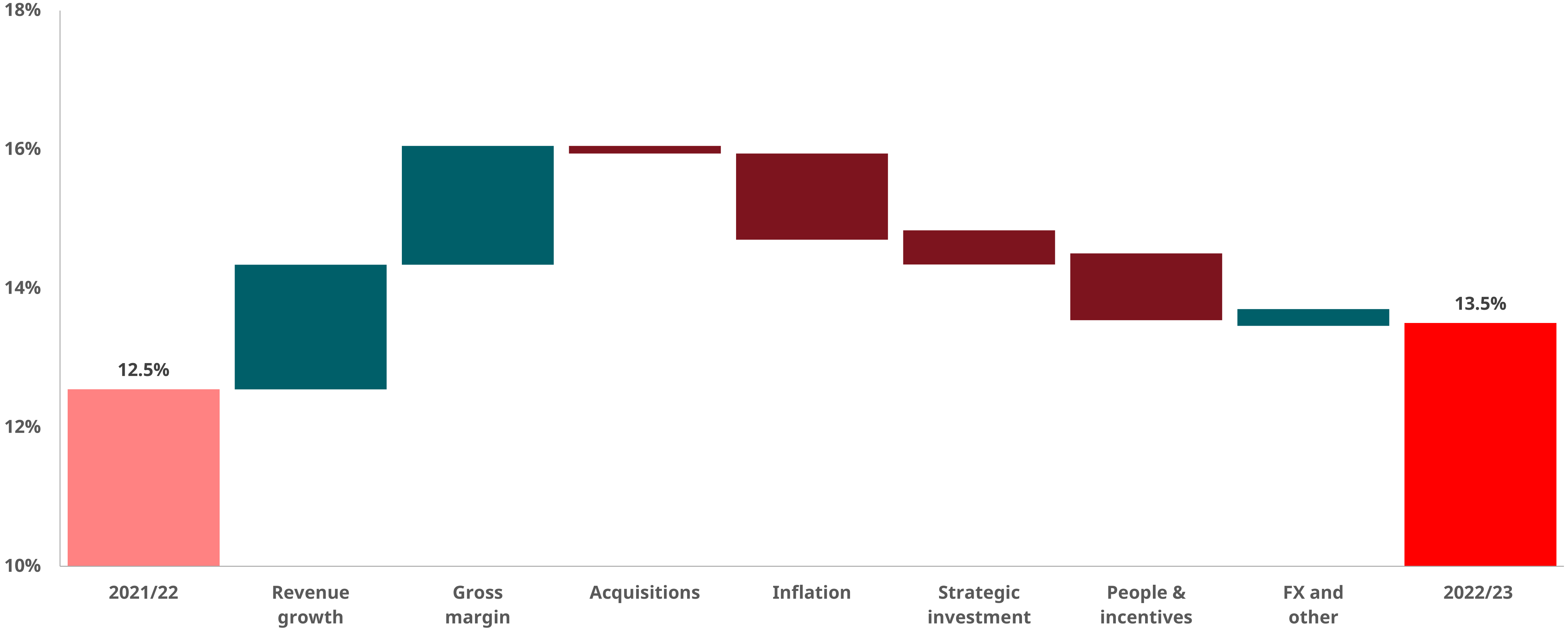




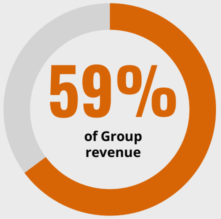


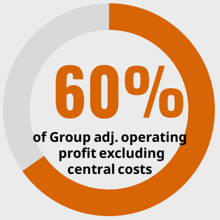


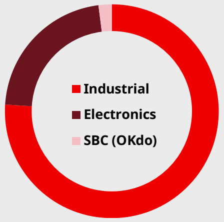
Adjusted operating profit margin bridge (%)



EMEA: delivering profitable growth







2022/23 trading performance reflects:

- Ongoing investment in growth accelerators: product, solutions, digital
- Focus on larger, industrial customers
- Improving customer journey
- Cross-sell of service solutions
- More specialist ranges including our own-brand

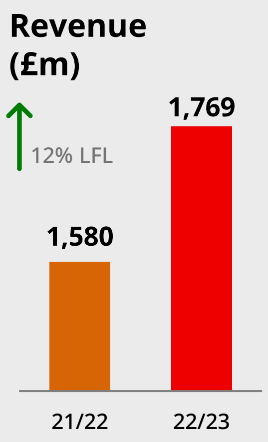
Operating profit margin +0.2 pts reflects:

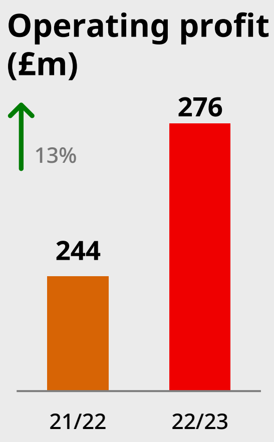
- Price inflation and margin optimisation
- Improving operational efficiencies
- Ongoing investment including product management systems and RS Industria®

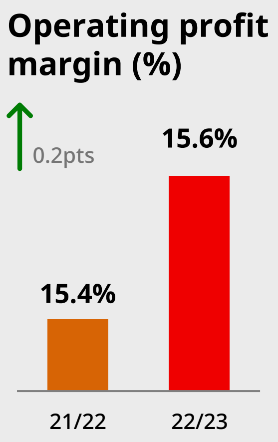
29% of revenue from service solutions

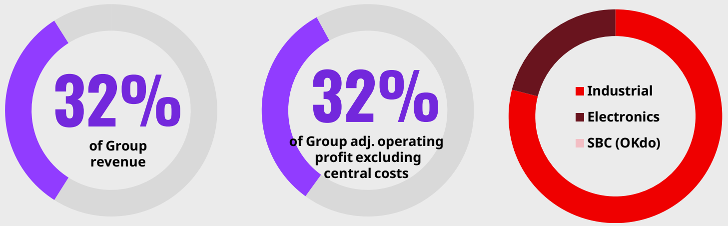
74% of revenue from digital

19% of revenue from RS PRO









Americas: improved returns

2022/23 trading performance driven by:
- Investments in capacity and inventory
- Customer stocking up to avoid production disruptions and increased transitory demand
- Integrated sales and marketing plans
- Greater solutions sell-through

Q4 affected by:
- Easing supply constraints increasing competition
- Industry destocking especially in electronics
- Loss of transitory customers
- Digital organic search disruption from rebrand

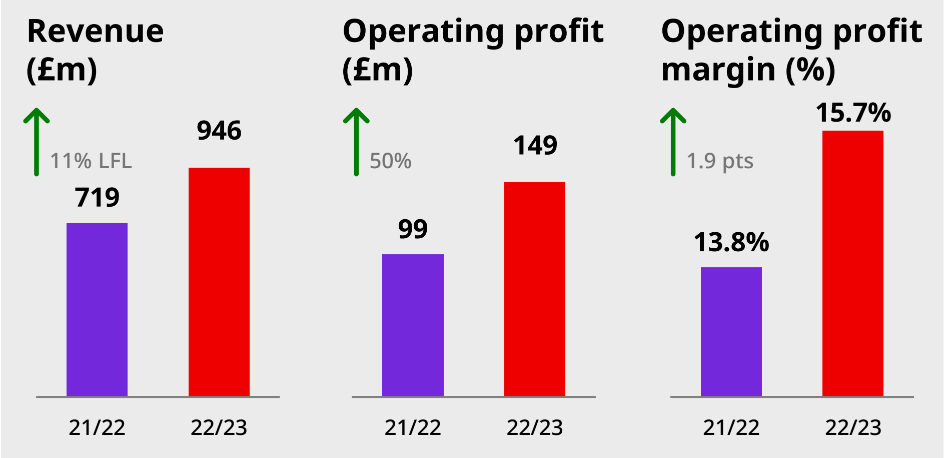
Operating profit margin +1.9 pts due to:
- Effective price pass through
- Sales leverage

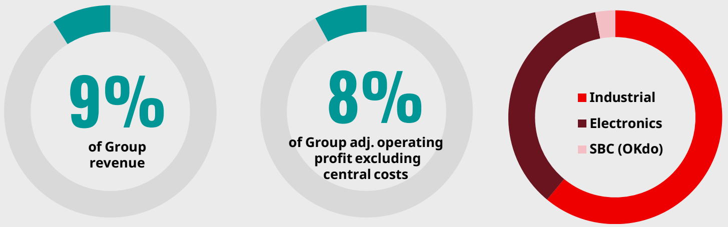
Risoul operating slightly better than expected

18% of revenue from service solutions

43% of revenue from digital

1% of revenue from RS PRO





Asia Pacific: greater focus on profitable revenue

Like-for-like revenue performance affected by:

- Significant decline in OKdo revenue
- Weaker electronics sector against tough comparative performance
- COVID-19 lockdowns and challenging geopolitical backdrop in China
- Focus on larger, more profitable customers
- Expanding industrial product offer incl. RS PRO
- Developing a service solution proposition

Operating profit margin +2.8 pts due to:

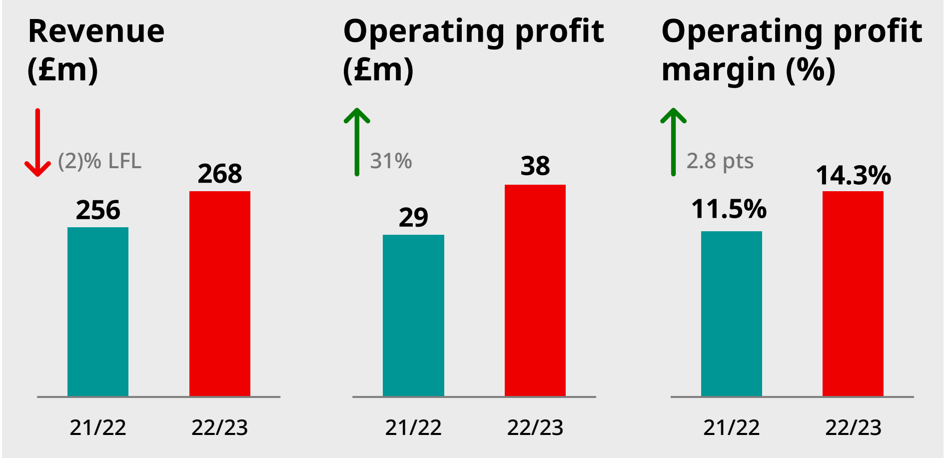
- Price inflation benefits
- Effective cost control
- Increased focus on higher value customers

domnick hunter offer being rolled out in region

18% of revenue from service solutions

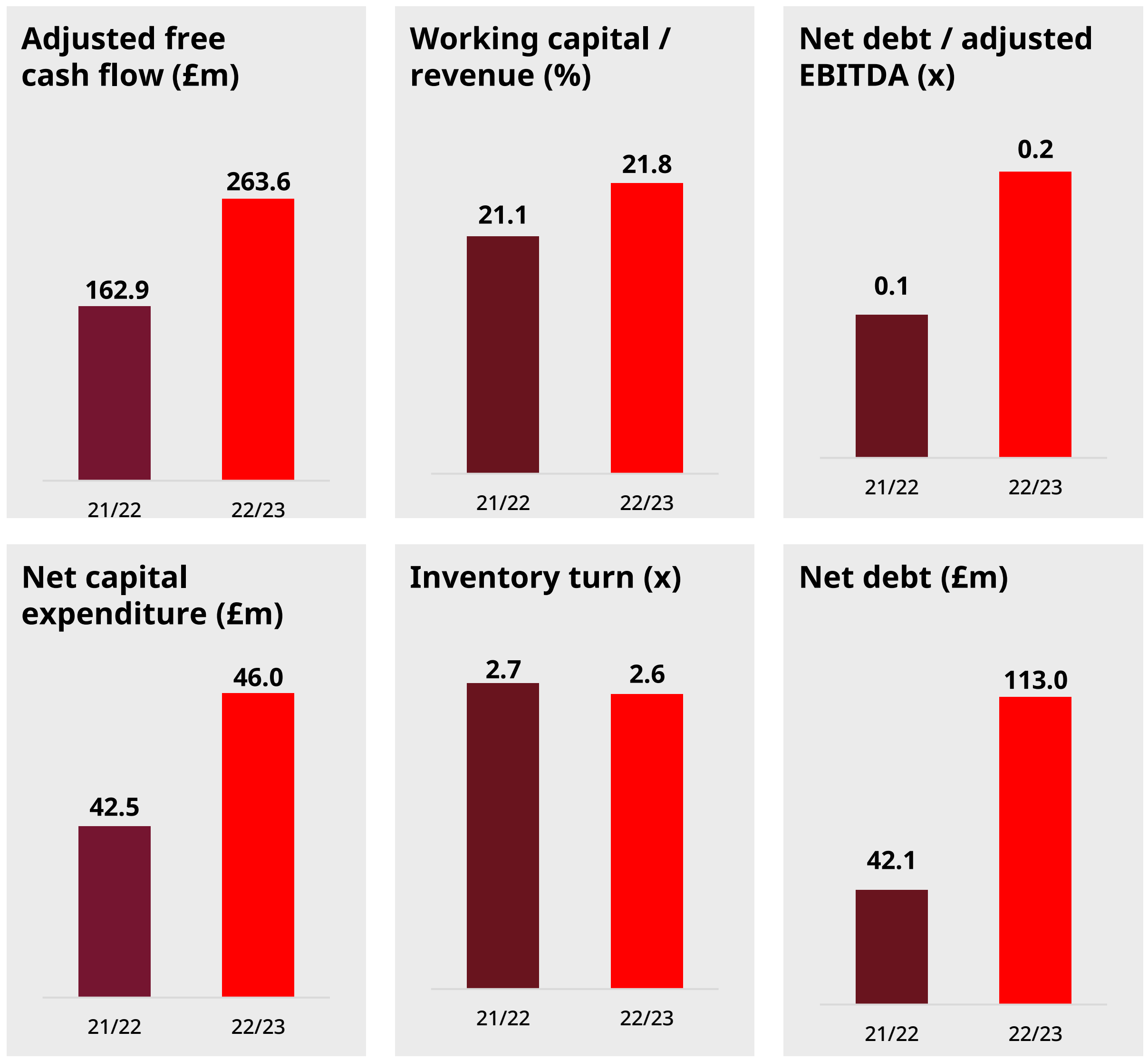
60% of revenue from digital

14% of revenue from RS PRO



Strong cash flow and balance sheet

- **£264 million adjusted free cash flow due to strong EBITDA and tight credit policies**
- **92% adjusted operating cash flow conversion**
- **Capital expenditure at 1.3x depreciation**
- **£44 million inventory investment supports availability, distribution centre expansion**
- **£234 million net acquisitions**
  - Additional £323 million since year end
- **Net debt to adjusted EBITDA 0.2x**
  - 0.9x proforma post Distrelec
- **Committed debt facilities of £560 million**
  - Including £400 million sustainability-linked loan
  - Additional €150 million loan[1] for Distrelec



1. Approved post year end and not part of the £560 million facilities on 31 March 2023.

Acquisitions accelerate our organic growth ambitions

Integration on track:

domnick hunter
Distributor and service provider of major air compression, purification and filtration products in Thailand.

Risoul
Distributor of industrial and automation product and service solutions in Mexico.

Post year end:
(to complete July 2023*)

Distrelec
High-service, digital-led distributor of industrial and MRO products in Europe.

Our M&A track record:

		Product and service solutions	Product extensions and adjacencies	Geographic opportunities	Operational efficiencies
iesa	May 2018	✓			
Monition	Jan 2019	✓			
needlers	Dec 2020		✓		✓
synovos	Jan 2021	✓		✓	
Liscombe	Feb 2021		✓		✓
dh	Jun 2022	✓		✓	
Risoul.	Jan 2023	✓	✓	✓	
DISTRELEC	Jul 2023*	✓		✓	✓

* Subject to customary closing conditions, including German, Austrian and Italian regulatory clearances.

Current trading: first seven weeks of 2023/24

- **We continue to outperform the industrial market, especially in EMEA, illustrating the strength of our more developed proposition**

- **Trading over first seven weeks reflects**
  - Slowing industrial growth
  - Continued weakness and aggressive competition in electronics

- **Mindful of more uncertain economic environment**

- **Strong comparative period, especially in the first half**

- **Comfortable with current consensus profit expectations for 2023/24**
  - Performance will be more H2 weighted

03.

Progress and exciting potential

Simon Pryce
Chief Executive Officer

Encouraged by what I've found....

- Solid business model, great people
- Well positioned in growth markets
- A clear strategy
- ESG is core
- Breadth of opportunity
- Investing for the future

...and the significant value creation potential

Solid business model …

Focus on omni-channel, high-service product and service solutions for industrials

Purpose led, digitally enabled and data rich

Customer and supplier orientated

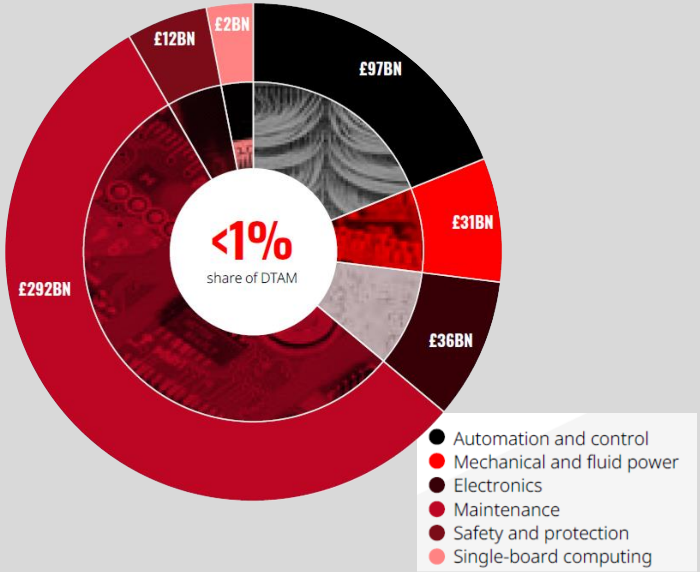
Differentiated product and value-added service offering

Proven track record

… and great people

Well positioned in growth markets…

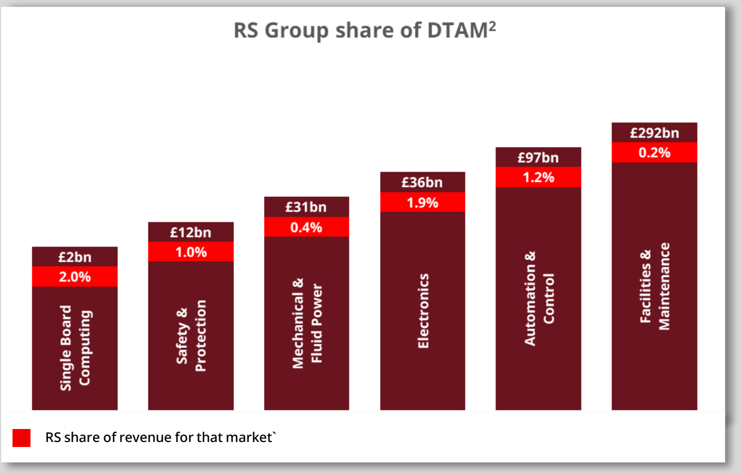
Broad industries/ product categories



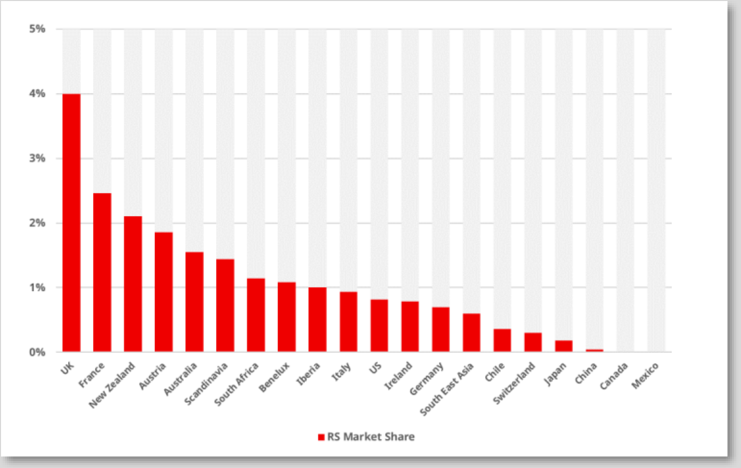
Global industrial and MRO market

- 2.4% CAGR over 2023-28

Category market share



Country market share

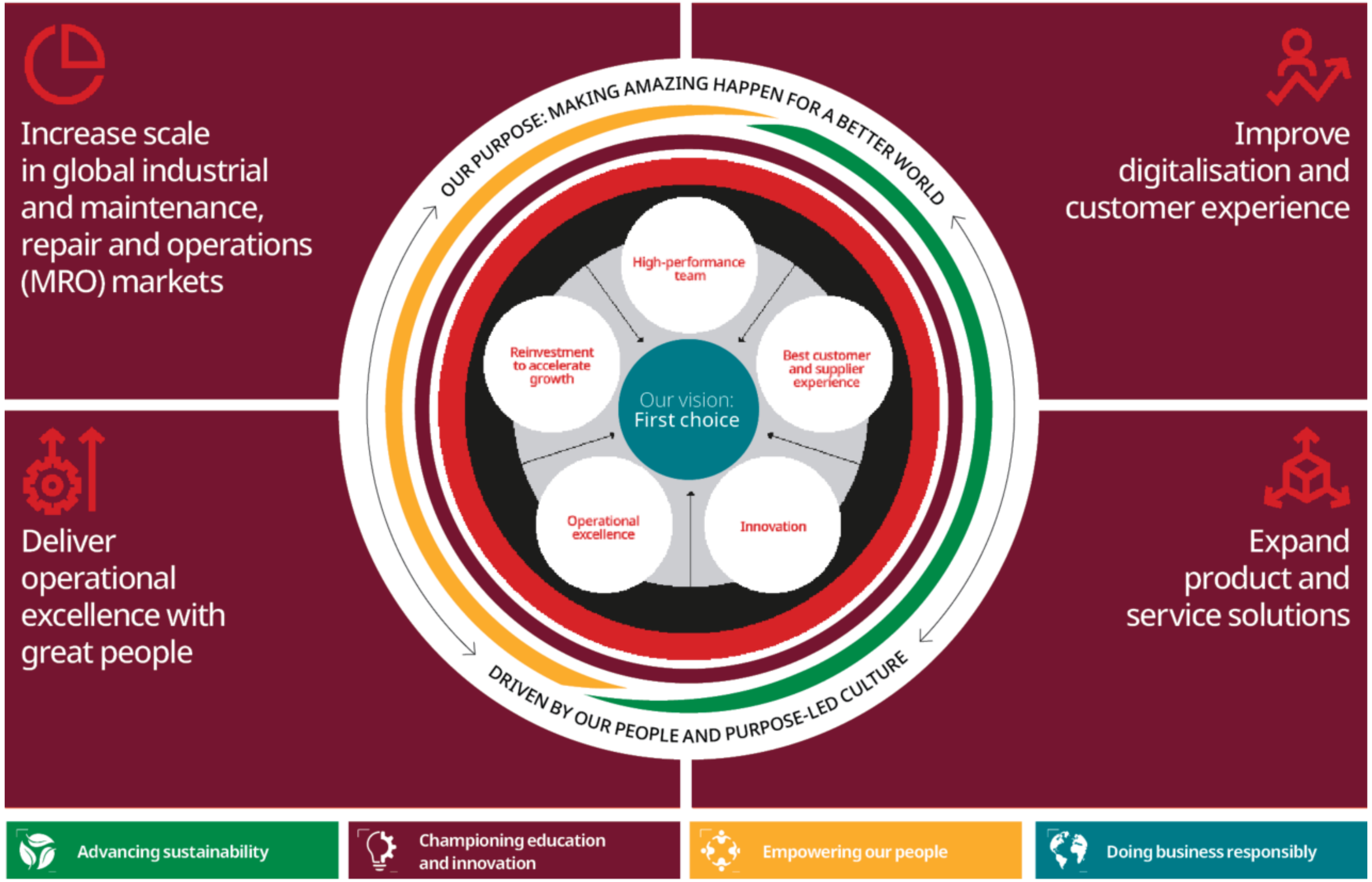


4% share in all markets equates to c. £15 billion opportunity

… geographical and sector diversification

1 EMR Global Maintenance, Repair, and Operations (MRO) Market Report and Forecast 2023-2028.
2 Distributor total addressable market.

A clear strategy…



…driving value creation

ESG is core in how we operate…

FOR OUR PEOPLE
Driving a high performance, purpose- driven culture

78 employee engagement score

FOR OUR SHAREHOLDERS
Sustainability-linked loan extended to five years

£400m sustainability-linked loan

MAKING AMAZING HAPPEN FOR A BETTER WORLD

FOR OUR CUSTOMERS
Developing sustainable products and service solutions

c. 20k products in our Better World product range

FOR OUR COMMUNITIES
Improving lives through The Washing Machine Project

£330k raised to support The Washing Machine Project

FOR OUR SUPPLIERS
Raising ESG standards across our supply chain

52% suppliers signed our ethical trading declaration

"We at Siemens like RS's ESG approach, it´s pretty straightforward. We like that you're moving along this journey together with your suppliers and helping them to reach higher levels of sustainability."
- Siemens, RS Group supplier

Better World products

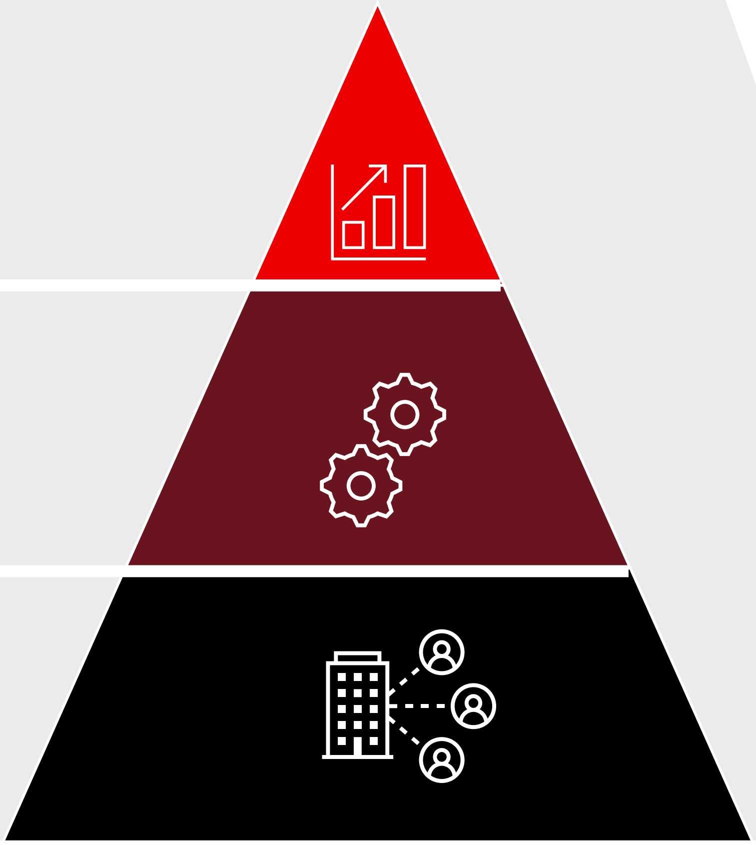
Sustainability solutions

Serving emerging low carbon industries

…and is a major business opportunity

Breadth and scale of opportunity …

Key areas to develop



Growth accelerators

Operating leverage

Operating effectiveness

Improve

Delivery through

- **Focus**
- **Alignment**
- **Prioritisation**
- **Execution**

…to accelerate realisation

Investing for the future...

Organically
- Improve execution and processes
- Drive greater operating efficiencies
- Leverage our operations

Inorganically
- Accelerate strategic ambitions
- Strict investment discipline

1 Investment priorities

0.9x proforma net debt / adjusted EBITDA post Distrelec

2 Financial capacity

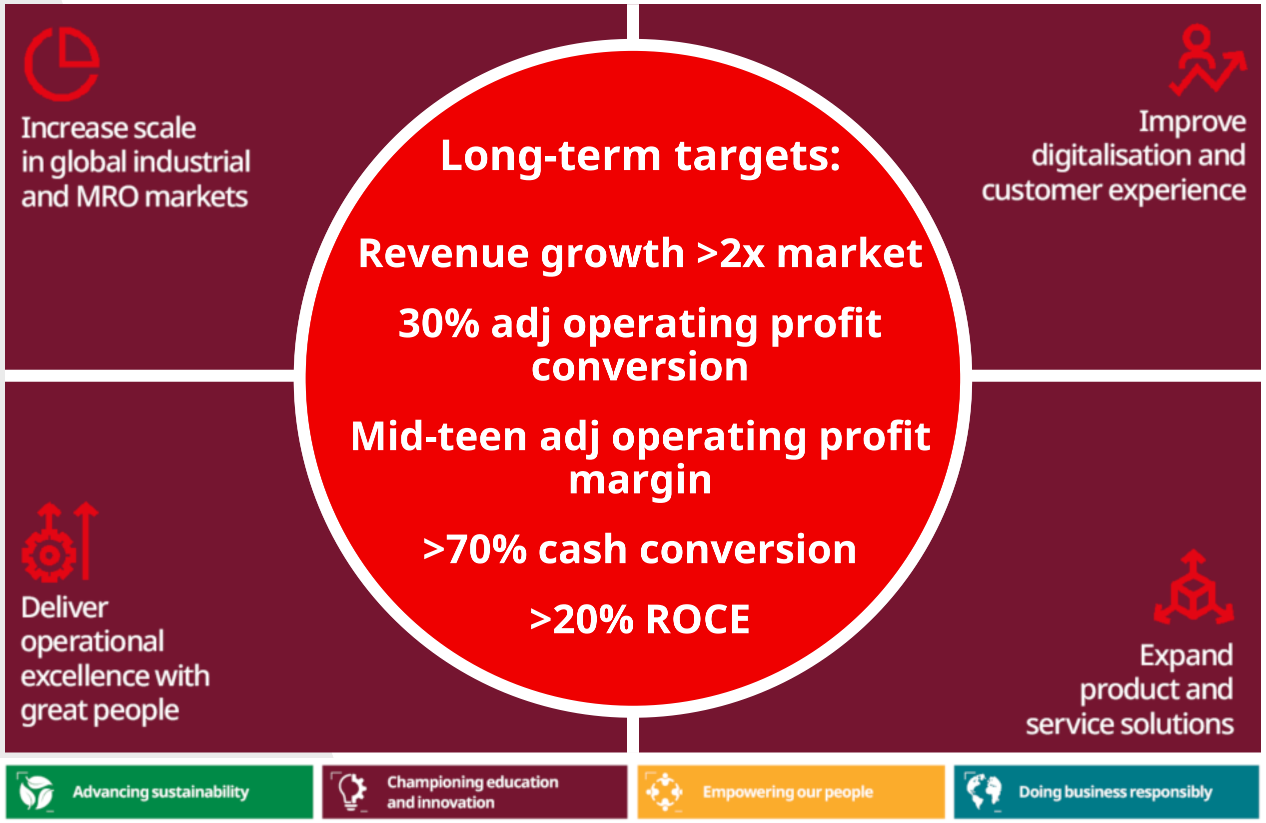
Progressive dividend policy
- 2022/23 full-year dividend: +16%

3 Shareholder returns

... clear allocation approach

We are making progress...

- Solid business and great people
- Well positioned in growth markets
- A clear strategy, ESG is core
- Significant opportunity
- Investment capacity
- Set up for 2023/24
- Focus, alignment, prioritisation, execution



... a clear and exciting future

04.

QUESTIONS?

APPENDIX

Cash generation strong despite additional inventory investment

Cash flow

£m	2022/23	2021/22
EBITDA	**447.6**	372.5
Add back impairments and loss on disposal of non-current assets	**11.5**	2.4
Movement in working capital	**(48.9)**	(94.8)
Defined benefit retirement contributions in excess of charge	**(10.6)**	(21.4)
Movement in provisions	**(1.4)**	(1.7)
Other	**14.8**	10.1
Cash generated from operations	**413.0**	267.1
Net capital expenditure	**(46.0)**	(42.5)
Operating cash flow	**367.0**	224.6
Add back cash effect of adjustments[1]	**3.1**	2.4
Adjusted operating cash flow	**370.1**	227.0
Net interest paid	**(12.6)**	(7.0)
Income tax paid	**(93.9)**	(57.1)
Adjusted[1] free cash flow	**263.6**	162.9

1. Adjusted excludes the impact of substantial reorganisation and acquisition-related items cash flows.

Net debt has risen to £113m

- We have maintained a strong financial position
- Lease liabilities of £48.9 million (2021/22: £48.7million)
- Net debt to adjust EBITDA of 0.2x (0.9x proforma post Distrelec), EBITA to interest 34.2x (2021/22: 44.6x)
- Headroom to Group's banking covenants of net debt to adjusted EBITDA less than 3.25 times and EBITA to interest of greater than 3 times
- Net pension deficit £36.4 million (March 2022: £12.4 million)

Net debt **£m**	**2022/23**	**2021/22**
Net cash / (debt) at 1 April	**(42.1)**	(122.0)
Adjusted free cash flow	**263.6**	162.9
Acquisition of businesses	**(234.3)**	2.2
Cash effect of adjustments	**(3.1)**	(2.4)
Equity dividends paid	**(88.6)**	(76.2)
Shares issued and employee shares	**2.7**	0.1
Net lease additions	**(8.4)**	(4.7)
Translation differences	**(2.8)**	(2.0)
Net cash / (debt) at 31 March	(113.0)	**(42.1)**

Note: See basis of preparation on slide 34 for definitions of adjusted.

Financial key performance indicators

	2022/23	2021/22	Change	Like-for-like change
Like-for-like revenue growth	**10%**	26%		
Adjusted operating profit conversion	**29.7%**	28.4%	1.3 pts	0.9 pts
Adjusted operating profit margin	**13.5%**	12.5%	1.0 pts	0.9 pts
Adjusted earnings per share	**63.6p**	51.3p	24%	16%
Return on capital employed	**30.8%**	28.7%		
Adjusted operating cash flow conversion	**92.0%**	70.8%	21.2 pts	

Note: See basis of preparation on slide 34 for definitions of like-for-like and adjusted.

Non-financial key performance indicators

Environment

1.7
Carbon intensity
(tonnes of CO^2e due to Scope 1 and 2 emissions / £m revenue)

5,000
Carbon emissions
(tonnes of CO^2e due to Scope 1 and 2 emissions)

1.63
Packaging intensity
(tonnes / £m revenue)

76%
Waste
(% of waste recycled)

Customer

49.6
Group Net Promoter Score
(R12)

People

78
Employee engagement

30%
Percentage of management that are women

Health and safety

0.40
All Accidents
(per 200,000 hours)

Our ESG approach…

MAKING AMAZING HAPPEN FOR A BETTER WORLD

For a Better World is our 2030 action plan to support a more sustainable and inclusive world. It has four global goals by 2030:

ADVANCING SUSTAINABILITY

Developing sustainable operations and product and service solutions for our customers and our suppliers.

CHAMPIONING EDUCATION & INNOVATION

Partnering with education providers, building skills & fostering innovative solutions that improve lives.

EMPOWERING OUR PEOPLE

We are creating a safe, inclusive and dynamic culture where everyone can thrive & grow.

DOING BUSINESS RESPONSIBLY

We are ensuring the highest ethical and environmental standards throughout our business and global value chain.

Our ratings:

CDP DISCLOSURE INSIGHT ACTION

MSCI ESG RATINGS AA

PLATINUM Top 1% 2022 ecovadis Sustainability Rating

Member of Dow Jones Sustainability Indices Powered by the S&P Global CSA

- EcoVadis rating 2022: **Platinum medal**
- Sustainalytics rating: **Global top 50 ESG companies**
- MSCI ESG rating: **AA**
- CDP climate change leadership score 2022: **A-**
- FTSE4Good Index score: **3.7/5**
- Constituents of: **Dow Jones Sustainability Indices**

… recognised by leading ESG ratings

Guidance points

Trading days	• Fewer trading days in 2023/24 are expected to reduce revenue by around £24 million
Other guidance points	• Net capital expenditure forecast to be c. £50 - 60 million in 2023/24 • We expect the effective tax rate to rise in 2023/24 to c. 26% due to UK corporate income tax rate increase
Foreign exchange	• Currency movements increased 2022/23 adjusted profit before tax by £17.4 million • Should current rates persist, we would expect around a £6.9 million adverse impact to adjusted profit in 2023/24[1] • Key exposure: net buyer of US dollars, net seller of euros and other currencies • Adjusted profit before tax sensitivity to a one cent movement in Euro is £2.1 million, in USD £1.2 million

1. 2022/23 adjusted profit before tax converted at 2023/24 forecast average rates, using 28 April 2023 closing rates extrapolated for rest of year.

Basis of preparation

Unless otherwise stated

- Figures have been prepared using UK-adopted international accounting standards
- Adjusted excludes 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 associated income tax
- Like-for-like change excludes the impact of acquisitions and the effects of changes in exchange rates on translation of overseas operating results, with 2021/22 converted at 2022/23 average exchange rates. Revenue is also adjusted to eliminate the impact of trading days year on year. Acquisitions are only included once 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
- Changes in profit, cash flow, debt and share-related measures such as earnings per share are, unless otherwise stated, at reported exchange rates
- A net charge of £19.2 million (2021/22: £11.6 million) was reported for items excluded from adjusted profit before tax