

We are the leading high service distributor to engineers worldwide

Our markets▶

Our business

Our strategy

Our people

Our performance



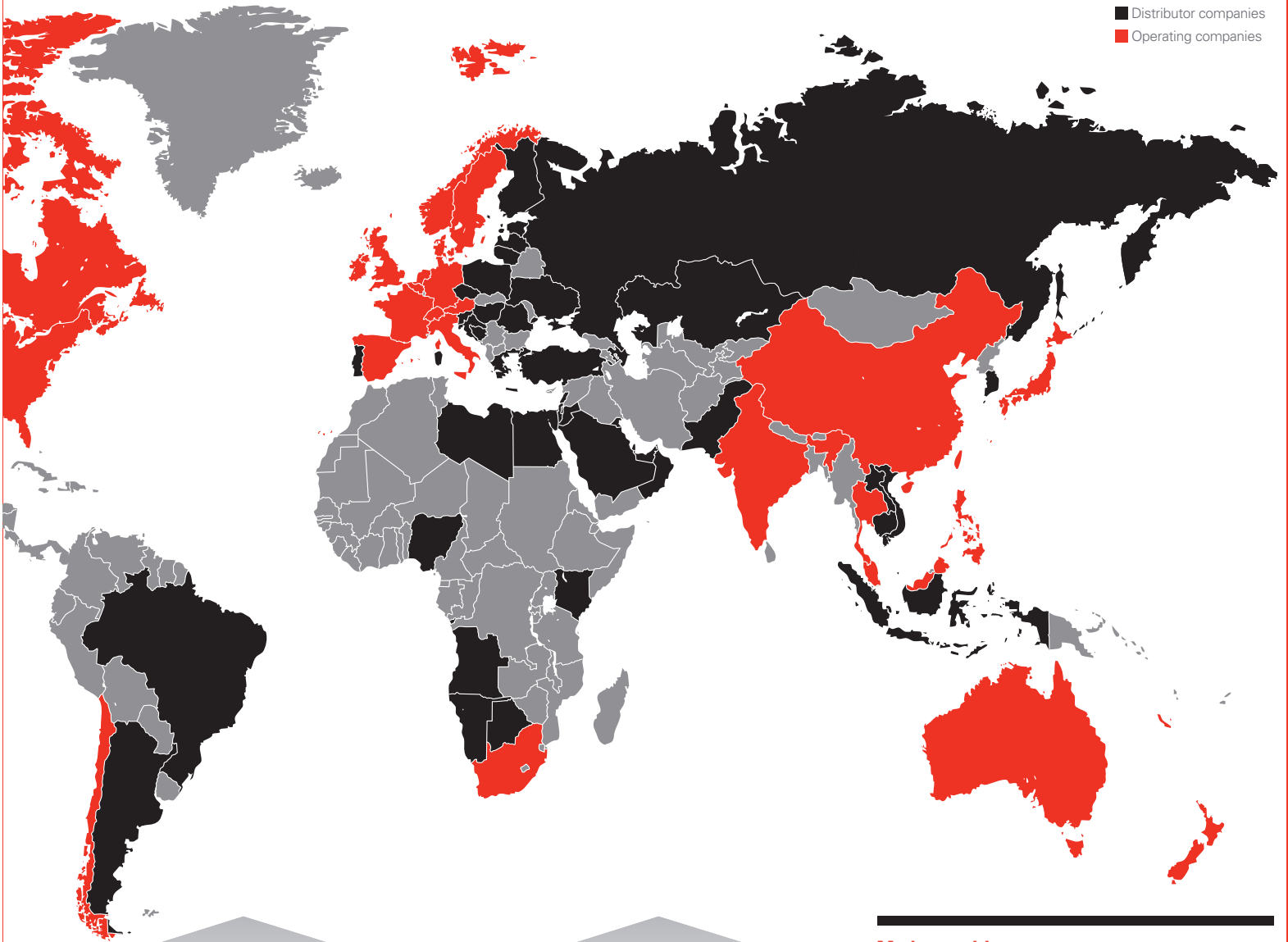
We know our markets...

- > We operate in 27 countries and a further 38 countries via distributors;
- > We cover 90% of the World's GDP;
- > We serve 1.6m customers around the World.

We know our customers...

We distribute over 450,000 electronic, electromechanical, and industrial components from around 2,500 suppliers under the trading brands of RS Components, Radiospares, Radionics and Allied Electronics.

■ Distributor companies
■ Operating companies



£925m

Revenue

61% from outside the UK

33%

e-Commerce share
at the year end

Market position

Region	FY08 Sales £m	% Group Sales	Market Position
Asia Pacific	87	9%	No. 1
Continental Europe	316	34%	No. 1
N. America	164	18%	No. 3
International	567	61%	No. 1
UK	358	39%	No. 1
Group	925	100%	No. 1

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Service is our business...

A high-performance business, we dispatch over 40,000 parcels daily with 98% fulfilment and consistently high customer satisfaction ratings, giving us the leading position in the markets we serve.



We help research and development engineers...

> Access the very latest products from over 150 leading manufacturers
Smaller, faster and more environmentally sound devices are driving innovation. In collaboration with the top 150 electronics manufacturers, we provide the newest components into the design and development cycle so our customers can bring their designs to market even faster.

> Prepare for small batch production with 40,000 perfectly packed electronic products
Catering to prototyping needs, we have introduced our new industry-standard packaging options for customers offering 40,000 of our electronic products in bespoke quantities pre-packed in tubes, reels and trays.

> Bring designs to market faster with technology solutions
Our tried and tested solutions bring together components that work well together for key applications, such as solid state lighting, thermal management, and embedded control.

We ensure products are available for maintenance engineers...

> Meeting their like for like replacement needs from a single source
By working with major manufacturer brands we provide customers with a comprehensive range of products. To complement different ranges, we also offer a high performing range of quality assured RS own brand products.

> At competitive prices across a wide range of products
Carrying a range of products at different price levels and technical specifications ensures that our customers have the right selection to meet their needs. For customers with larger or more regular orders, we negotiate specific customer discounts.

We deliver a superior customer experience...

> Helping customers find products easily and quickly on the web
Entering a product description, stock number, or manufacturer part number into a single search box quickly guides customers to the right product for purchase which are dispatched the same day.

> Making it easy to choose the right product from tens of thousands
On our website and in our catalogue, we provide complete technical data. For further technical details, we have consolidated 100,000 downloadable data sheets from different manufacturers on our website. When customers have further application questions, our trained, local language

speaking engineering technical teams can provide customer specific support by telephone.

> Providing up to date product information on the web
With the real-time inventory level visibility and up-to-date prices, our website is becoming the channel of choice for our customers.

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Our strategy is focused on understanding our customers:

- > Research and development (R&D) engineers and;
- > Maintenance engineers.

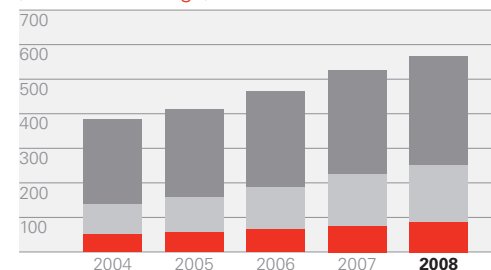
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We are focused on fast growing international markets

Having been the first to globalise our operations, we are the number one high-service distributor internationally. With a stable and profitable UK business, we will continue to strengthen our positions in Continental Europe, North America and Asia Pacific.

In Asia Pacific we will invest further in sales and marketing across the region with a particular focus on China. In Continental Europe we will intensify our marketing and sales activity around our customer groups. In North America we will continue to exploit our local network of 55 sales branches to drive further growth.

International sales by region
(constant exchange) £m



Compound annual growth rate

■ Continental Europe 6% ■ Asia Pacific 14%
■ North America 17%

2

We are accelerating our R&D and maintenance offer development

We are accelerating the expansion of our product range for R&D engineers, as well as deepening our relationship with select, world-class electronic suppliers. Our recent introduction of new industry-standard packaging for 40,000 products expands our customer base to a further market, to customers involved in prototyping and small batch production.

To develop our offer to maintenance engineers we are focused on enhancing and more effectively promoting our ranges in high growth areas such as Process Control and Automation (PCA). We are increasing our range of own brand products and expanding global sourcing.



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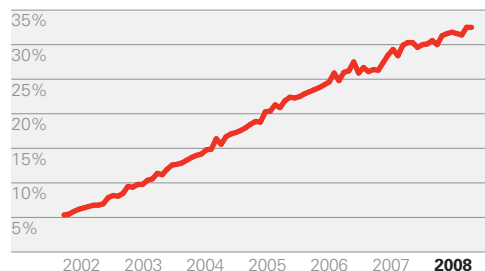
We are exploiting the full potential of our e-Commerce channel

Our 70 transactional websites in 17 languages are seamlessly linked to our ordering systems. This means that customers can check real-time stock levels, check the latest price reductions and access their account information anytime.

Our e-procurement tools, 13 month order history and quick order list also make it straight-forward for customers to complete repeat orders. With services, like parcel tracking, introduced online and improved content and links with key suppliers we are making full use of web capabilities.

Continuously adding the latest products online we provide convenient access for our customers. With over 150,000 additional products from our global range on our website, it is the primary source to view our full product range.

e-Commerce share growth % of sales



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We are leveraging our global infrastructure and increasing operating margins

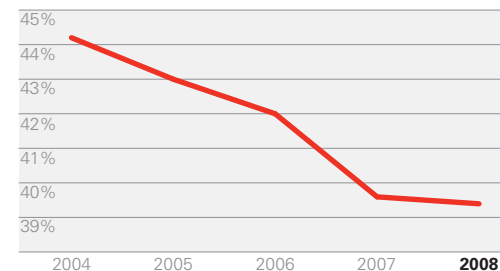
We have a strong platform for future growth with world-class infrastructure and systems – including centralised purchasing, global inventory and supply-chain management.

Investment in a common EBS system across Europe and Asia Pacific helps us to manage our costs and inventory and develop more sophisticated, targeted pricing.

Our state-of-the-art warehouse facilities located in each region ensure consistent delivery of products on-time as promised to our customers.

International growth is driving economies of scale, reducing costs as a percentage of sales. There is significant scope for the Group to achieve further economies of scale as the Business grows across its International markets.

International Cost (inc. Processes) % of sales



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Our people are central to the success of our business:

- > We continuously strive to deliver excellence
- > We take pride in what we do
- > We are helpful and trustworthy

Aligning behind the strategy

Real-life stories from around the world brought the strategy to life at the annual conference attended by the Group's most senior managers. This 'storytelling' framework was then used to engage our people throughout the business.

Global employee communications

To keep our people informed, we produce a regular newsletter which is translated into the 7 main languages of the Group and delivered to every single employee.



Employee feedback

The overall response rate to our global employee survey was very high at 80%. Feedback indicates that our employees feel a huge degree of pride and loyalty to the business.

Leadership development

Throughout the year, our senior executive team review the strength and depth of the Group's leadership and management team. By developing our people and moving the right skills to the right place, we ensure we have the ongoing capability to deliver our strategy.

5,700

Employees worldwide in 27 countries

Our people around the world:

Continental Europe	1,300
North America	800
Asia Pacific	1,000
UK	1,800
Worldwide Processes	800



87%

of our employees believe that exceeding customer expectations is important to them and their teams

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Definitions of terms:

In order to reflect underlying business performance, comparisons of revenue between periods have been adjusted for exchange rates and the number of trading days. Changes in profit, cash flow, debt and share related measures such as earnings per share are at reported exchange rates.

Enterprise Business System (EBS): in order to make clear the costs of the EBS project and the underlying performance of the business, EBS costs have been disclosed separately. Therefore, unless explicitly stated, measures based on operating costs, contribution and process costs exclude EBS.

Headline profit: a charge of £1.0m (2007: profit of £0.8m) was incurred in the year for items excluded from headline profit. Details of the items are given below the Income Statement. Key performance measures such as return on sales, EBITDA and ROCE use headline profit figures.

Revenue up 5%

£924.8m

Headline profit before tax up 12%

£96.4m

Headline earnings per share up 13%

14.8p

Free cash flow up 66%

£75.0m

Dividend per share maintained

18.4p

Headline return on capital employed up 3% points

24.0%