



Premier Farnell

Financial Results for the first quarter  
ended 3 May 2009

Investing to Lead

# Global Business Strategy

Focus on global EDE Customer segment

50% business from EDE

Increase business via the web

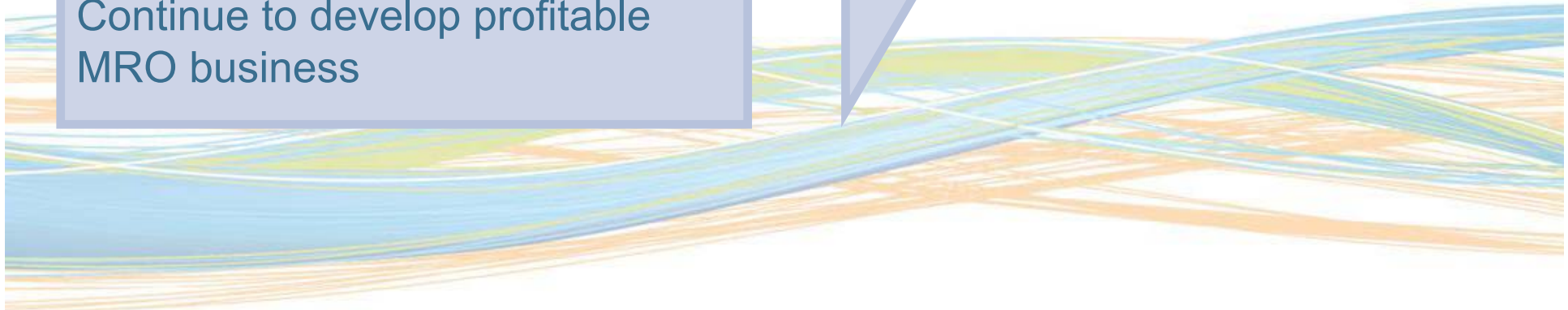
50-70% of MDD revenue

Internationalisation

20% of MDD revenue

Continue to develop profitable MRO business

Achieving profitable and sustained growth



# Financial Key Points

- Year on year sales performance in April and May showed an improvement over March
- 3.5 years of Gross Margin stability aided by the higher margin EDE sales and sales via the web
- Q1 restructuring actions will deliver annualised benefit of £6 million for a cost of £4 million
- Reduced cost base of £3 million vs Q109
- Cash generated from operations<sup>1</sup> representing 149% of underlying operating profit

<sup>1</sup> Excludes restructuring costs

# Strategic Highlights

- Assumptions underlying our strategy continue to be validated
  - Web sales grew 5%, with Farnell Europe achieving 53% of total sales via eCommerce channels
  - Developing international markets show strong performance
    - Eastern Europe sales up 56%
    - India sales up 167%
  - Restructuring plans on track to achieve 2% reduction in operating expenses
  - **element14**, new eCommunity launched – [www.element-14.com](http://www.element-14.com)
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# Q1 2010 key financial results

£m (Continuing operations)	Q1 2010	Q12009	Growth
Revenue	204.3	199.3	-15% <sup>(a)</sup>
Underlying operating profit <sup>(c)</sup>	17.5	24.2	- 41% <sup>(b)</sup>
Total operating profit	13.5	24.2	- 54% <sup>(b)</sup>
Underlying profit before tax <sup>(d)</sup>	13.0	20.4	- 36%
Total profit before tax	9.0	24.0	- 63%
Underlying earnings per share (p) <sup>(d)</sup>	2.4p	3.9p	- 38%
Basic earnings per share	1.7p	4.9p	- 65%

(a) Based on sales per day for continuing operations at constant exchange rates

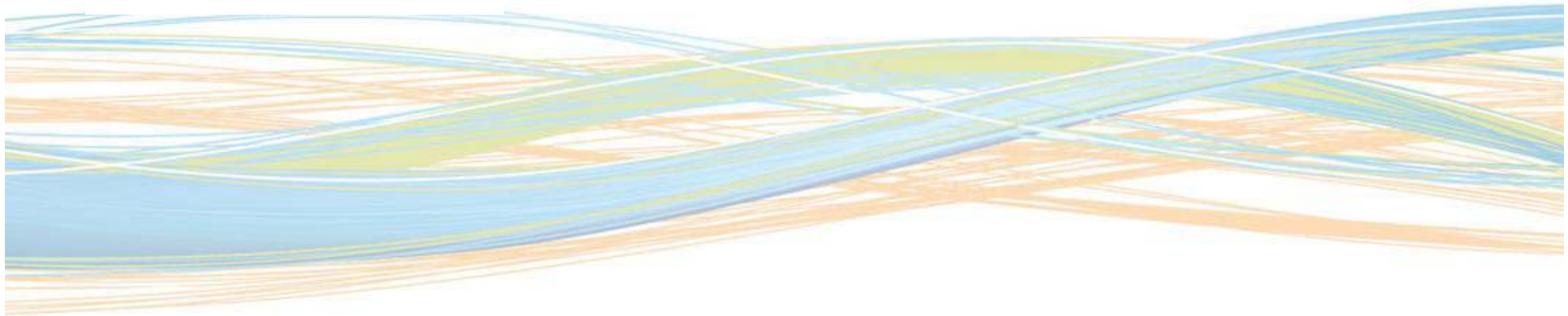
(b) At constant exchange rates

(c) Underlying operating profit excludes restructuring costs of £4.0 million incurred in the quarter (2008/9 Q1: nil)

(d) Underlying profit before tax and earnings per share exclude restructuring costs of £4.0 million in the quarter (2008/9 Q1: nil) and the gains on the purchase and cancellation of preference shares in the quarter of nil (2008/9 Q1: £3.6 million).

# Cost Reduction Actions

	One-off Cost	Annualised Benefit	Q1 Benefit	Balance for the Year
November 2008	£3.4m	£12m	£2m	£9m
March/April 2009	£4m	£6m	-	£3m - £4m



# Q1 2010 financial scorecard

Key Performance Indicators	Goal	Achieved in Q1 2010
Sales per day growth	6-8%	<b>Q4 = -8.4%; Q1= -14.9%</b>
Gross margin %	Stability	<b>3.5 years</b>
Return on sales %	>12%	<b>8.6%*</b>
Return on net operating assets %	>30%	<b>27.9%*</b>
Working capital as a % of sales	≤25%	<b>26.7%</b>
Free cash flow as a % of sales	6%	<b>11.3%*</b>
% sales from eCommerce	50-70%	<b>MDD = 36%</b> <b>Q1 Farnell Europe = 53%</b>
% sales from developing markets	20%	<b>18.2%</b>

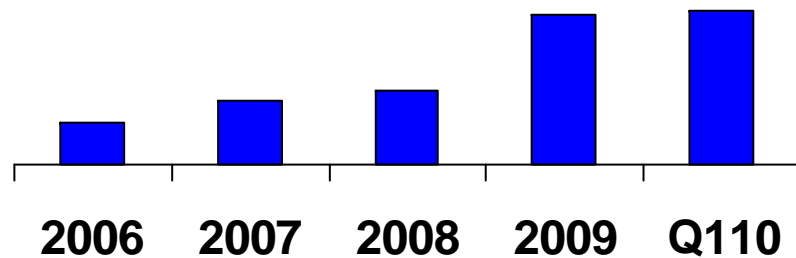
\* Excluding the impact of restructuring costs of £4.0 million in the quarter (2008/9 Q1: nil)

# Q1 MDD Operational Performance

- Sales in Americas declined 21.6%
  - SIA statistics for the three months to 30 April declined 21.6%
- Mainland Europe sales declined 12.8%
  - eCommerce now accounts for 53% of total sales
  - Eastern Europe sales increased 56%
- Farnell UK sales declined by 12.8%
  - Most recent AFDEC data indicates a decline of 13.8% (excluding Farnell)
- Sales in Asia Pacific declined by 8.5%
  - Mainland China sales growth of 23.6% year on year
  - India sales grew 167% year on year
  - ANZ demonstrated growth of 12.6% over the fourth quarter, benefiting from restructuring actions in Q3 and Q4

# Investing to Lead

## Growth in EDE Product

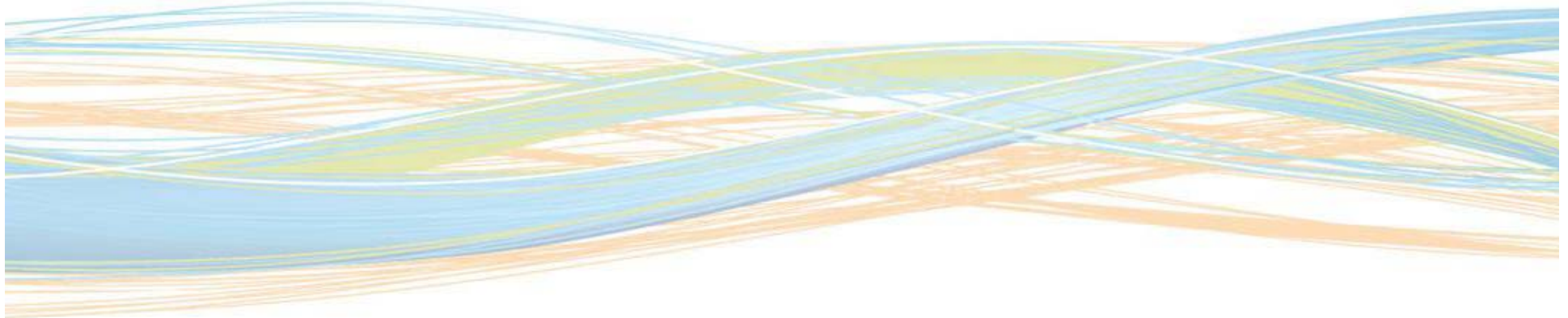


- Continue to add esoteric product to support high growth EDE segments
- Added local language website for Turkey
- New eTools launched to support small and medium EDE customers
- iBuy, eProcurement tool, is increasing customer loyalty

	2007	Q1 2010
Engineers employed, globally	70	195
New EDE customers, Europe	+9.8% vs Q42009	
Small customer acquisition, North America	-13.4% year on year vs -21.6% total sales decline	

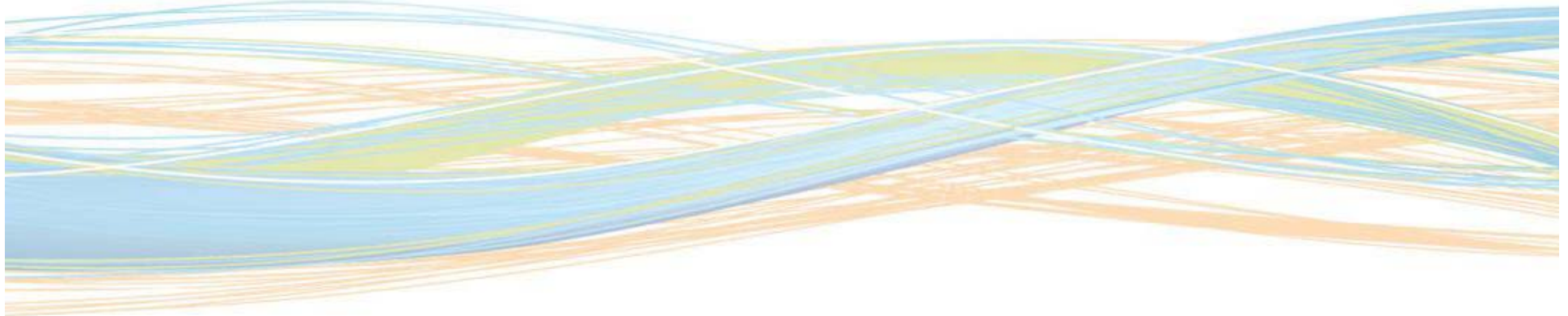
# In our web element!

- Subsequent to quarter end we launched our eCommunity, **element14**
- Extending our customer relationship to earlier in the design cycle
- Providing increased support to our global EDE customers
- [www.element-14.com](http://www.element-14.com)




# Q1 Performance of CPC and MCM

- CPC's sales grew 1.0% in the quarter
  - The only business in its markets delivering growth
  - Web sales increased 17.2% and web traffic increased 22.7%
- MCM sales decreased 5.8%
  - Added 16,000 new customers in the quarter
  - Web sales increased 9.1%



# Q1 Industrial Products Division

- Sales decreased 8.2% (excluding Cadillac which was closed at the end of last year)
  - Akron Brass sales decreased 3.0%
    - Continuing to identify new opportunities in international and industrial markets, as well as create new products
  - TPC Wire & Cable sales declined 26.5%
    - The businesses traditional automotive markets remain depressed
    - TPC continues to diversify into new markets and from the transfer of customers and product of the 'Hoffman' range from Cadillac
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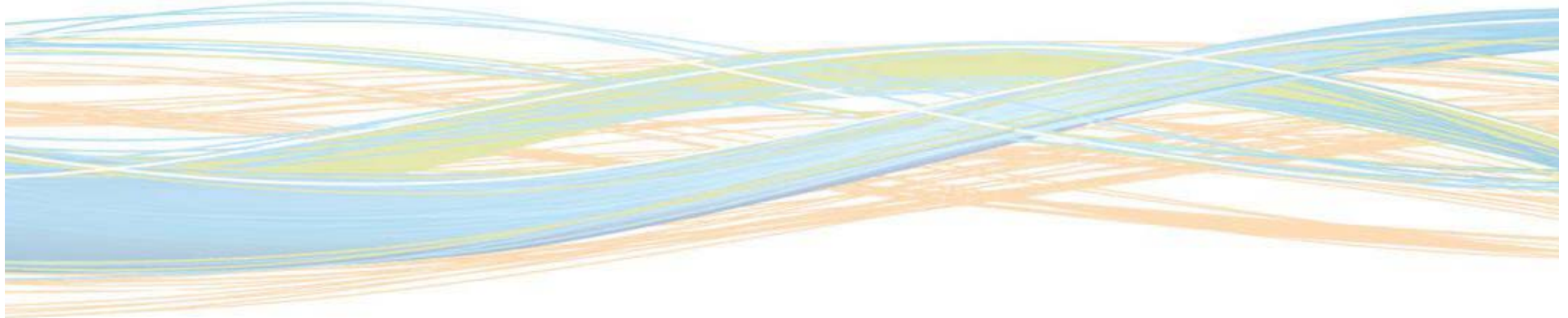


# Questions and Answers

2009 Annual Report is available at  
[www.premierfarnell.com/annualreport2009](http://www.premierfarnell.com/annualreport2009)

# In Summary...

- Strategic assumptions continue to be validated
- Investing to lead
- Transforming to become a product, information and services company
- Extending and deepening our relationship with customers
- Managing costs in line with the activity levels and market conditions





# Appendices

# Transforming our distribution businesses

	MDD Americas	MDD Europe	MDD Asia Pacific
<b>Revenues</b>			
Q1 2009/10	£83.7m	£67.7m	£9.7m
FY 2008/9	£335.5m	£268.2m	£35.6m
Q1 2008/9	£80.8m	£70.7m	£8.9m
<b>Underlying operating margins</b>			
Q1 2009/10	3.5%	14.9%	
FY 2008/9	9.3%	14.7%	
Q1 2008/9	9.8%	16.5%	
<b>EDE : MRO % split</b>	30 : 70	65 : 35	50% ↑
<b>eCommerce as % of sales</b>			
Q1 2009/10	20.5%	52.7%	39.1%
FY 2008/9	18.5%	46.4%	35.6%†
Q1 2008/9	18.3%	43.1%	32.1%†

•Reflects new segmental format with comparatives re-presented

•† restated for constant exchange rates

# Transition of our web strategy

	2006/7	Q1 2009/10
MDD Americas Web Penetration	16.9%	20.5%
MDD EAP Web Penetration	29.2%	50.9%
Total MDD Web Penetration	23.0%	35.8%
Global page views/month	15.7 m	104.1 m
Community Web Site Visits	-	27,000
Local Language Websites	12	27
Innovation Employees	10	70

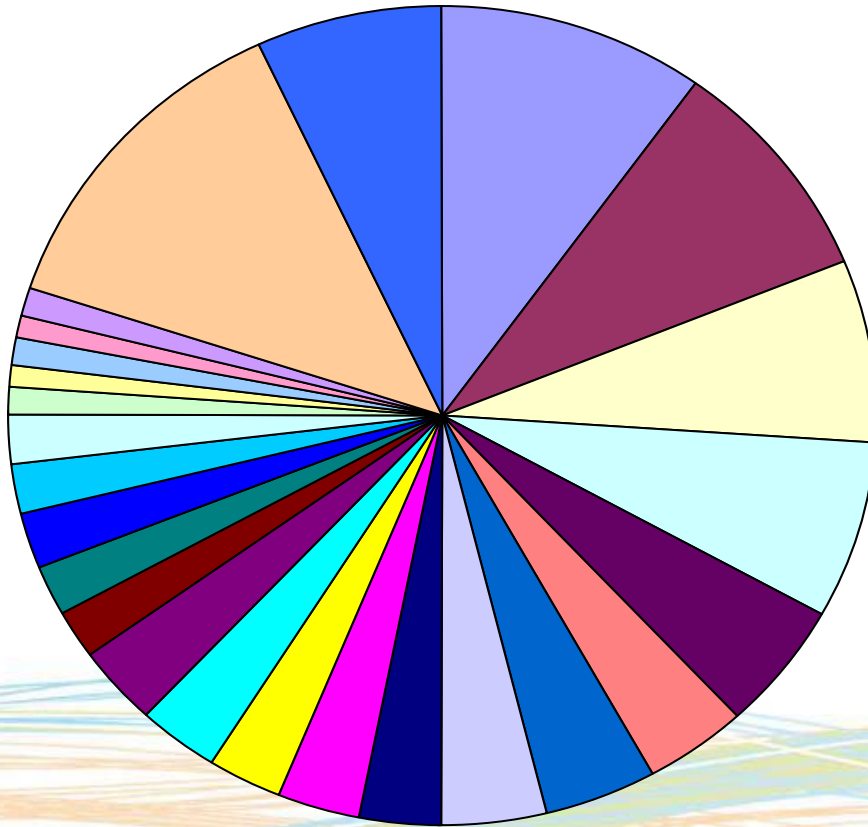
# Q1 Segmental performance

	Revenue (£m)			Underlying Operating Profit (£m) Underlying Operating Margin (%)		
	Q1 2010	Q1 2009	Growth <sup>(a)</sup>	Q1 2010	Q1 2009	Growth <sup>(b)</sup>
<b>MDD</b>						
Americas	83.7	80.8	-21.6%	2.9 3.5%	7.9 9.8%	-72.4%
Europe and Asia Pacific	77.4	79.6	-10.9%	11.5 14.9%	13.1 16.5%	-20.1%
Other Distribution	22.6	21.0	-1.0%	2.3 10.2%	2.6 12.4%	-17.9%
<b>MDD Total</b>	<b>183.7</b>	<b>181.4</b>	<b>-14.9%</b>	<b>16.7</b> <b>9.1%</b>	<b>23.6</b> <b>13.0%</b>	<b>-39.7%</b>
<b>IPD</b>	20.6	17.9	-14.5%	3.2 15.5%	3.5 19.6%	-33.3%
<b>Group</b>	<b>204.3</b>	<b>199.3</b>	<b>-14.9%</b>	<b>17.5</b> <b>8.6%</b>	<b>24.2</b> <b>12.1%</b>	<b>-40.9%</b>

(a) Based on sales per day for continuing operations at constant exchange rates

(b) At constant exchange rates

# Market Diversity – Business Resilience



- Laboratory apparatus and analytical, optical and measuring instruments
- Electronic components and accessories
- Computer programming, data processing, computer related services
- Manufacturing industries
- Telecommunications equipment
- Electrical industrial apparatus
- Computer and office equipment
- Wholesale trade - durable goods
- Research, development and testing services
- Engineering industries
- Transportation
- Medical equipment
- Infrastructure
- Environmental services
- Government Services
- Space and related
- Bio-technology
- Military equipment
- Wireless technology
- Oil and gas equipment
- Marine
- Business/management Services
- Controls
- Industrial/electrical machinery, equipment and supplies
- Miscellaneous non-durable goods

# EDE: Segmentation – Growth Drivers

- The Medical Devices segment will continue to grow at 7.5% CAGR to 2014<sup>1</sup>
  - APAC region is becoming a major manufacturer of medical electronics
- Biometrics growth sectors: education, law enforcement, government and healthcare<sup>2</sup>
- Growth in Optoelectronics, Sensors, and Discretes is predicted to set new sales records in the next two years<sup>3</sup>
- Sensor, and in particular MEMS, markets are growing exponentially, with sales set to achieve an increase of 21% in 2010 and a further increase of 24% in 2011<sup>4</sup>

<sup>1</sup> Source: Databeans/researchandmarkets

<sup>2</sup> Source: Frost and Sullivan

<sup>3</sup> Source: IC Insights

<sup>4</sup> Source: Databeans/IC insights

# EDE: Segmentation - Medical Devices

- \$116.7B global market in 2008, with 10% CAGR to 2013<sup>1</sup>
- Strong growth in homecare, clinical and imaging segments
- Fastest growing segment in industrial semiconductor market
- Advances in medical technology is the leading cause of rising healthcare spending in the US



<sup>1</sup> Source: Electronics.ca, 2008 Medical Semiconductors

<sup>2</sup> Source: OECD

# EDE: Segmentation - Biometrics

- \$1.32B North American market size in 2006<sup>1</sup>
- Estimated to reach \$4.19B in 2010, up 217%<sup>1</sup>
- Global financial biometrics industry expected to reach \$2.07B by 2013<sup>2</sup>
- Biometrics are being developed for and used in:
  - Aviation and transportation
  - Immigration and visa control
  - Welfare and identity fraud prevention
  - Banking



<sup>1</sup> Source: Frost & Sullivan, North American Access Control Market – Investment Analysis and Growth Opportunities

<sup>2</sup> Source: Frost & Sullivan, World Financial Biometrics Market

# Cash flow

£m	Q1 2010	Q1 2009
Underlying operating profit (continuing operations)	17.5	24.2
Depreciation and amortisation	5.0	4.2
Additional pension scheme funding	(0.5)	(0.7)
Other non-cash items	0.9	0.2
Working capital	3.1	(5.8)
<b>Cash generated from continuing operations</b>	<b>26.0</b>	<b>22.1</b>
<i>Underlying operating profit conversion</i>	<i>149%</i>	<i>91%</i>
Net capital expenditure	(2.5)	(3.5)
Interest	(1.0)	(1.2)
Tax	0.6	(2.6)
<b>Free cash flow</b>	<b>23.1</b>	<b>14.8</b>
Free cash flow % to revenue	11.3%	7.4%

Note: Excluding the impact of restructuring costs of £4.0 million in Q1 2009/10

# Net debt

£m	May 2009	Jan 2009	Jan 2008
EBITDA*	100.9	106.8	107.1
Including preference shares:			
Net debt	266.9	295.9	254.1
Net debt:EBITDA*	2.6	2.8	2.4
Excluding preference shares			
Net debt	207.3	236.5	168.2
Net debt:EBITDA*	2.1	2.2	1.6

## Maturity profile of loans (including preference shares)

Due within 1 year	0.1	0.7
Between 1 and 2 years	44.4	155.7
Between 2 and 5 years	184.9	110.6
After 5 years	65.5	64.1
	<b>294.9</b>	<b>331.1</b>

• Excluding the impact of restructuring costs

# IFRS8 Restatement

## 2008/09

2008/9									
	First quarter £m	Second quarter £m	Third quarter £m	Fourth quarter			Full Year		
				Underlying £m	Restructuring £m	Total £m	Underlying £m	Restructuring £m	Total £m
<b>Revenue</b>									
Marketing & Distribution Division									
Americas	80.8	79.4	90.5	84.8		84.8	335.5		335.5
Europe and Asia Pacific	79.6	77.7	74.7	71.8		71.8	303.8		303.8
Other Distribution Businesses	21.0	20.6	23.0	23.2		23.2	87.8		87.8
MDD Total	181.4	177.7	188.2	179.8		179.8	727.1		727.1
Industrial Products Division	17.9	18.1	20.9	20.4		20.4	77.3		77.3
	199.3	195.8	209.1	200.2		200.2	804.4		804.4

### Operating profit

Marketing & Distribution Division									
Americas	7.9	6.8	9.1	7.4	(0.9)	6.5	31.2	(0.9)	30.3
Europe and Asia Pacific	13.1	12.3	9.5	9.9	(1.8)	8.1	44.8	(1.8)	43.0
Other Distribution Businesses	2.6	2.4	2.3	2.4	(0.2)	2.2	9.7	(0.2)	9.5
MDD Total	23.6	21.5	20.9	19.7	(2.9)	16.8	85.7	(2.9)	82.8
Industrial Products Division	3.5	3.4	4.2	3.2	(0.2)	3.0	14.3	(0.2)	14.1
Head Office costs	(2.9)	(2.9)	(3.0)	(2.4)	(0.3)	(2.7)	(11.2)	(0.3)	(11.5)
	24.2	22.0	22.1	20.5	(3.4)	17.1	88.8	(3.4)	85.4

# IFRS8 Restatement

## 2007/08

	2007/8				
	First quarter £m	Second quarter £m	Third quarter £m	Fourth quarter £m	Full Year £m
<b>Revenue</b>					
Marketing & Distribution Division					
Americas	75.5	73.2	76.7	78.9	304.3
Europe and Asia Pacific	69.2	67.0	67.1	75.7	279.0
Other Distribution Businesses	20.4	20.6	22.2	24.4	87.6
MDD total	165.1	160.8	166.0	179.0	670.9
Industrial Products Division	18.5	18.1	18.5	18.7	73.8
	183.6	178.9	184.5	197.7	744.7
<b>Operating profit</b>					
Marketing & Distribution Division					
Americas	7.3	6.5	7.2	7.6	28.6
Europe and Asia Pacific	11.6	10.7	10.2	11.9	44.4
Other Distribution Businesses	2.5	2.5	3.1	3.3	11.4
MDD total	21.4	19.7	20.5	22.8	84.4
Industrial Products Division	3.5	3.5	3.8	4.0	14.8
Head Office costs	(2.7)	(2.7)	(2.8)	(3.0)	(11.2)
	22.2	20.5	21.5	23.8	88.0

*This presentation contains certain forward-looking statements relating to the business of the Group and certain of its plans and objectives, including, but not limited to, future capital expenditures, future ordinary expenditures and future actions to be taken by the Group in connection with such capital and ordinary expenditures, the expected benefits and future actions to be taken by the Group in respect of certain sales and marketing initiatives, operating efficiencies and economies of scale. 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. Actual expenditures made and actions taken may differ materially from the Group's expectations contained in the forward-looking statements as a result of various factors, many of which are beyond the control of the Group. These factors include, but are not limited to, the implementation of initiatives supporting the Group's strategy, recruitment and integration of new personnel, the implementation of cost-saving initiatives to offset current market conditions, continued use and acceptance of e-commerce programs and systems, the ability to expand into new markets and territories, the implementation of new sales and marketing initiatives, changes in demand for electronic, electrical, electromagnetic and industrial products, rapid changes in distribution of products and customer expectations, the ability to introduce and customers' acceptance of new services, products and product lines, product availability, the impact of competitive pricing, fluctuations in foreign currencies, and changes in interest rates and overall market conditions, particularly the impact of changes in world-wide and national economies. The Group does not intend to update the forward-looking statements made herein.*