RS1 XLON RS Group PLC

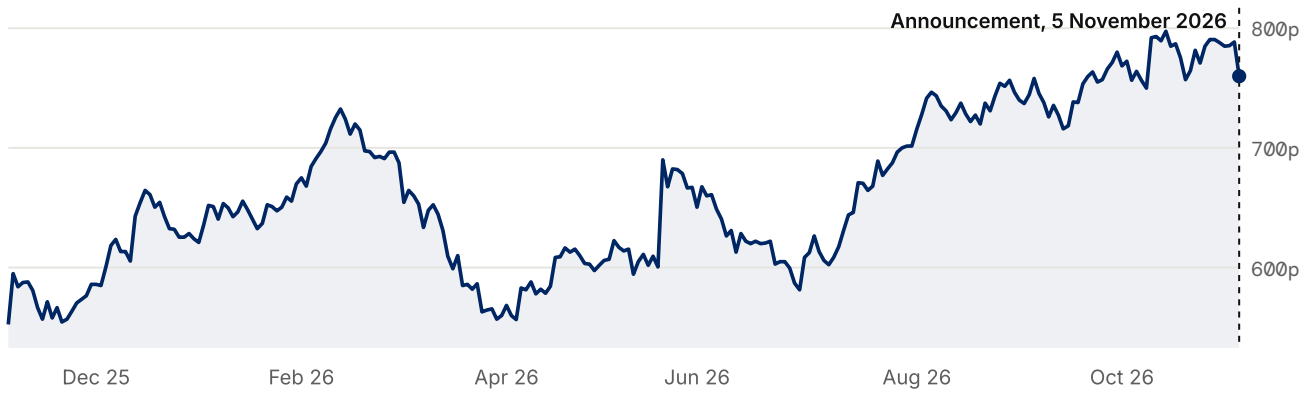
Half-year Financial Report · RNS 8621B · 5 November 2026

RS Group lifts first-half adjusted operating profit 17% as every region returns to growth

Share price	775.5p
Market cap	£3.63bn
52-week range	541.5p - 821.7p
Shares in issue	468.0m
12-month change	+37.6%

Ticker Data API, as at 4 Nov 2026, 16:29

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SUMMARY

RS Group's interim results today showed revenue up 10% to £1,544m in the six months to 30 September 2026, with like-for-like growth of 7% across EMEA, the Americas and Asia Pacific. Adjusted operating profit rose 17% to £142m and the adjusted margin widened to 9.2%, ahead of management's own plan, though partly helped by easier comparatives. Statutory operating profit rose 7% to £131m, net debt rose to £369m mainly through new warehouse leases, and the interim dividend rises 2% to 8.9p. Over a longer view, the margin is only back to last year's full-year 9.2%, well short of the mid-teen target. Company-compiled consensus of £284m needs a second half close to flat on a year ago, while fixed costs are guided up about 7% and freight costs are rising.

KEY FIGURES

FIGURE	VALUE	PERIOD	CHANGE
Revenue	£1,544m	H1 2026/27	Up 10%, 7% like-for-like
Adjusted operating profit	£142m	H1 2026/27	Up 17%, 15% like-for-like
Adjusted operating profit margin	9.2%	H1 2026/27	Up 0.5ppt from 8.7%
Statutory operating profit	£131m	H1 2026/27	Up 7%
Adjusted basic earnings per share	20.9p	H1 2026/27	Up 19% from 17.6p
Interim dividend	8.9p	H1 2026/27	Up 2% from 8.7p
Adjusted free cash flow	£93m	H1 2026/27	Up 9% from £86m
Net debt	£369m	30 Sep 2026	Up £40m since 31 Mar 2026; 1.1x adjusted EBITDA
Inventories	£639m	30 Sep 2026	Up £44m since 31 Mar 2026
Company-compiled consensus adjusted operating profit	£284m	Year to 31 Mar 2027	Up from £282m in July

Sources: Half-year Financial Report RNS, 5 Nov 2026

THE ANNOUNCEMENT

- Revenue rose 10% to £1,544m, or 7% like-for-like (stripping out currency, acquisitions and trading days), with like-for-like growth of 5% in EMEA, 9% in the Americas and 15% in Asia Pacific.
- Adjusted operating profit rose 17% to £142m and the adjusted margin widened to 9.2% from 8.7%, helped by a 0.6 percentage point like-for-like gain in gross margin to 43.4%. Statutory operating profit rose 7% to £131m because the prior half included £10.5m of legal settlement income.
- Cash generated from operations fell 5% to £158m as working capital absorbed £20m, including a £44m rise in inventory since March to £639m. Adjusted free cash flow still rose to £93m.
- Net debt rose £40m to £369m, of which £35m was new lease liabilities for the Italy and Ireland distribution centres. Leverage was 1.1 times adjusted EBITDA against a 3.25 times covenant.
- The interim dividend rises 2% to 8.9p, and £35.3m of the £100m buyback was completed in the half.
- RS expects a stable gross margin, second-half fixed costs up 7% net of savings, and left its May guidance for organic investment, restructuring and capital expenditure unchanged.

AGAINST GUIDANCE

First-half performance ran ahead of management's own expectations, and cash generation and profitability came in ahead of internal plans despite unanticipated Middle East-related freight costs. Company-compiled consensus for the year to March 2027 now stands at £3,017m of revenue and £284m of adjusted operating profit, up slightly from £3,014m and £282m in July. Subtracting the first half leaves £1,473m of revenue and £142m of adjusted operating profit for the second half, close to last year's second half of £143.5m. On revenue that looks modest against 7% first-half like-for-like growth. The pressure sits in costs: fixed costs, about 57% of run costs, are guided up 7%, and £17m-£27m of the £35m-£45m organic investment budget is still to be spent, with RS expecting it to accelerate.

BULL CASE

- Growth is broad: like-for-like revenue rose in all three regions on both price and volume, and adjusted operating costs grew 9% against 10% revenue growth, so the cost-to-revenue ratio fell.
- Profit is backed by cash. Adjusted free cash flow of £93m exceeded the £88m of statutory profit even after £20m went into working capital, and stock rose about 7% year on year against 10% revenue growth.
- Management's near-term record is dependable: it warned in March of a roughly 0.6% like-for-like fall for 2025/26, delivered £265m of adjusted operating profit in line with consensus, and this half beat its own plan.
- The balance sheet leaves room to invest and pay out, with leverage at 1.1 times, interest cover of 16.3 times and £355m of committed facilities undrawn. Clean go-lives of the new Italian and Irish warehouses could provide the operating leverage the mid-teen margin target needs.

BEAR CASE

- Quality is weaker than the headline. Inventory write-down charges fell to £1.1m from £15.4m and the provision rate dropped to 10.0% from 11.9%, so more than £14m of the £20m rise in adjusted operating profit lines up with lower stock charges, just as inventory rose £44m.
- Costs are heading up: fixed costs are guided 7% higher, organic investment will accelerate, and freight and fuel costs were not in the plan, with Brent crude at $103.31 on 4 November.
- Longer supplier lead times may have prompted customers to order early, and such demand can reverse against tougher second-half comparatives, leaving stock that needs providing for again.
- The 9.2% margin, 16.5% return on capital and 1% Americas digital growth do not yet support the medium-term targets, and the shares, quoted at 775.50p on 5 November, sit towards the top of a 541.50p-821.71p 52-week range.

WHAT TO WATCH

- The next trading update: whether like-for-like growth in EMEA and the Americas holds near first-half rates against tougher comparatives, and whether gross margin stays at 43.4% as guided.
- Second-half adjusted costs, which need to stay close to last year's level for the £142m of second-half profit implied by consensus to arrive.
- Inventory and cash: whether working capital releases cash, whether provisions rise again from 10.0%, and whether net debt falls back after the £60m private placement repayment in December.
- The Italy, Ireland and Nuneaton warehouse go-lives in the second half, the pace of the remaining roughly £65m of buyback, and the 8.9p interim dividend (ex-dividend 19 November, paid 8 January 2027).

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