

The UK & Ireland Distributors 'cheered' November '09 consolidated performance figures

The UK and Ireland Distribution sector has been cheered by the release of its latest consolidated performance figures, which show that November '09 was the highest Billings month year to date.

According to **ecsn / afdec** chairman Adam Fletcher, the November results suggest that UK and Ireland customers have either increased their consumption of components or are replenishing their inventory, possibly due to concerns about extending lead times and availability of some electronic components in the media: "I suspect that customer's will continue to make use of inventory minimising measures but its apparent that they are increasing order cover to reduce their exposure to a perceived risk of shortage", Fletcher said. But he continues to council caution: "A recovery in customer backlogs to healthier levels is good news but we wait to see if the increased Billings continues into **afdec** members December and Q1'10 results. There is little evidence of an underlying real increase in overall demand for electronic components in the UK and Ireland market. I suspect we will only begin to see more consistent positive signs of demand led growth in 2H'10."

Total Monthly Billings (Net Sales Invoiced less Credits) in November '09 increased by 13.5% (ADS*=18.6%), when compared to the previous month and by 11.1% (ADS*=7.2%) when compared to the same period last year. Sector specific Billings changes for November '09 compared to the same month '08 were: "Semiconductor" up by 5.2% (ADS*=1.5%), "Passives" up by 35.9% (ADS*=31.2%), "Electro-mechs" up by 24% (ADS*=19.6%), and "Other Products" up by 2.3% (ADS*=1.3%) but "Component Assemblies" declined by 9.6% (ADS*=12.8%).

The Book-to-Bill ratio in November '09 improved to 1.12 with the strong bookings growth continuing in the semiconductor and passive components products sectors and improving results across all product sectors. The overall Stock Turn improved to 2.8 times with the total inventory declining by a further (3%). The overall Debtor Days remained flat at 60 days when compared to last month and is well within the normal range. The Average Daily Sales three month moving average for all components is now trending slightly up but is likely to flatten in December, which is effectively a three week month", Fletcher concluded.

*Average Daily Sales equivalent