

*afdec* – an outstanding March result but a single swallow doesn't make a summer...

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**Tuesday April 27<sup>th</sup>, 2010:** The latest performance figures from the UK and Ireland Manufacturer Authorised Distributors of electronic components sector released today by *afdec* (part of the Electronic Components Supply Network) show a remarkable 27.2% increase in *Billings* (net sales invoiced less credits) in March 2010 when compared to the previous month and a 25.8% increase when compared to the same month last year.

According to *afdec/ECSN* chairman Adam Fletcher, the March '10 figures are indicative of improving demand and activity from UK customers: "This is an outstanding result and certainly beyond my expectations, but a single Swallow doesn't make a summer", said Fletcher. "There is still no single identifiable demand driver in the UK (or elsewhere), so I suspect we may be witnessing a peak in the UK demand cycle that's likely to flatten out somewhat over the next quarter. Component manufacturing lead times are settling down on longer lead-times than the average over the last few years. Sporadic product shortages are occurring in some areas but manufacturers are responding quickly to resolve them".

*Billings* changes by product group in March '10 compared to the same period last year were: *Semiconductor* increased by 38.2%; *Passives* increased by 33.1%; *Electro-mechs* increased by 16.9%; *Component Assemblies* increased by 14.4%; whilst the catch-all, *Other Products* declined by 27.9%.

The Book-to-Bill ratio in March '10 declined to 1.06:1 in all product groups with the exception of *Other Products*, as authorised distributors converted Q1's strong Bookings into *Billings*. The overall Stock Turn improved to 2.9 times, with total inventory increasing by 4% to £168M, yielding an improved 'turn / earn' ratio of 93:100. The overall Debtor Days declined by 3 days when compared to last month and remain within the normal range.

"The positive Book to Bill ratio in March is great news especially in such a high *Billings* month. It seems that customers are placing significant additional order cover and that they are consuming the materials they buy", continued Fletcher. "The Sales by Month "three month moving average" continues to trend up in every components sector, suggesting that further *billings* growth is likely in Q2 '10. We must however continue to exercise care and maintain close control of costs particularly inventory through this period of unexpected growth."

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