



## Half Year Pre-Close Update

July 17, 2014  
RNS Number : 5485M  
Computacenter PLC  
17 July 2014

Computacenter plc

Trading Update - Overall trading ahead of last year and in line with  
**expectations**

**17<sup>th</sup> July 2014**

Computacenter plc ("Computacenter" or the "Group"), the independent provider of IT infrastructure services that enables users is today providing an update on trading based on preliminary unaudited financial information for the six months ended 30 June 2014, in advance of the announcement of its interim results on Friday, 29 August 2014.

### **Group**

Group revenue for the first half increased by 2% on an as reported basis and by 4% in constant currency. Group Services revenue increased by 3% on an as reported basis and by 5% in constant currency. Group Supply Chain revenue increased by 2% on an as reported basis and by 4% in constant currency.

### **UK**

UK revenue grew by 14% in the first half of the year with Services revenue increasing by 8% and Supply Chain revenue increasing by 18%. We remain pleased with the continued strong performance in the UK business, particularly the Services growth. Whilst the Supply Chain revenue growth was not as strong in the second quarter as in the first, as expected, growth was still 9%. We have managed to secure a significant renewal of a major customer contract within our Contractual Services business in the second quarter and we are pleased to be at the exclusive stage, subject to contract, on a major new contract. We are also optimistic about our pipeline for the remainder of the year.

## **Germany**

German revenue fell by 10% in constant currency during the first half, with a 2% increase in Services revenue and 16% reduction in Supply Chain revenue. Whilst we are disappointed with the Supply Chain revenue reduction, a significant percentage of the reduction relates to one low margin software licence of circa £25 million sold in the second quarter of 2013 and not repeated this year.

More significantly we are beginning to see some progress with our Services business in Germany. We are starting to deliver some new contract wins which is likely to increase the growth rate going forward. We are pleased with our Professional Services sales and our Services margin continues to improve. Our three onerous contracts continue to perform in line with the provision previously made for them.

## **France**

French revenue increased by 14% in constant currency in the first half of the year, with Services revenue increasing by 3% and Supply Chain revenue increasing by 17%. Whilst this Supply Chain revenue growth is flattered due to an extremely quiet June 2013, as we migrated to our Group ERP system, it is testament to the delivery of an improved customer experience and the fact that our systems issues in France are now behind us. However, gross margins have been challenging, particularly in Services.

We are uncompetitive in France and in order to improve long term profitability, we need to address our cost base. We expect to incur an exceptional restructuring charge of circa £9 million, which is at the top of the range previously announced in our April 2014 Interim Management Statement.

## **Financial Position**

Group net funds excluding customer specific finance (CSF) increased by slightly over £30 million from £39 million to approximately £69 million.

The 30 June 2013 figure of £39 million provided above excludes the effect of the £75 million of cash returned to shareholders during 2013, £44 million of which was returned in July 2013, in order to show a like-for-like comparison against the cash position as at 30 June 2014.

## **Outlook**

For the first half of 2014 Computacenter will show progress over the same period for last year. This has been delivered by a strong performance in the UK held back somewhat by the performance in France and Germany much of which was as expected.

We are confident that the momentum that we have in the UK will continue for the foreseeable future due to our P&L investment in organic growth and a strong pipeline. Whilst we have been somewhat surprised and disappointed by our Supply Chain performance in Germany so far this year, we are starting to see some real improvement in our Services prospects which is strategically more important.

New management is now in place in our French business and we have rolled out the Group Operating Model but work needs to be done to create a profitable and sustainable business.

We remain on track with the Board's expectations for 2014 and confident about the growth prospects for the long-term.

**Enquiries:**

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**Conference call**

There will be a conference call for analysts and investors this morning at 9.00am.

**Appendix**

Revenue growth summary by segment for Q2 2014 vs Q2 2013 and H1 2014 vs H1 2013

<b>Change vs 2013</b>	<b>Q2 Change As Reported</b>	<b>Q2 Change Constant Currency</b>	<b>H1 Change As Reported</b>	<b>H1 Change Constant Currency</b>
<b><i>Supply Chain Revenue</i></b>				
UK	9%	9%	18%	18%
Germany	-27%	-25%	-18%	-16%
France	17%	21%	13%	17%
<b>Group</b>	<b>-5%</b>	<b>-3%</b>	<b>2%</b>	<b>4%</b>
<b><i>Services Revenue</i></b>				
UK	9%	9%	8%	8%
Germany	-2%	1%	-2%	2%
France	9%	12%	0%	3%
<b>Group</b>	<b>4%</b>	<b>6%</b>	<b>3%</b>	<b>5%</b>
<b><i>Total Revenue</i></b>				
UK	9%	9%	14%	14%
Germany	-19%	-16%	-13%	-10%
France	16%	20%	11%	14%

<b>Group</b>	<b>-2%</b>	<b>0%</b>	<b>2%</b>	<b>4%</b>
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