Computacenter - Pre-Close Trading Statement

January 23, 2020
RNS Number : 6544A
Computacenter PLC
23 January 2020

Computacenter plc
Incorporated in England
Registration number: 03110569
LEI: 549300XSXUZ1I19DB105
ISIN: GB00BV9FP302

FOR IMMEDIATE RELEASE

Computacenter plc

Pre-Close Trading Update - 23 January 2020

Computacenter plc ("**Computacenter**" or the "**Group**"), a leading independent technology partner trusted by large corporate and public sector organisations, today publishes a trading update, based on preliminary unaudited financial information, for the year ended 31 December 2019 ("**the year**").

Overview

We very much look forward to the announcement of our full year results for 2019 on Thursday 12 March 2020 as they will show that 2019 has been one of the most successful years in Computacenter's history. Not only have we recorded our best ever revenue, profit, earnings per share and cash generation from ongoing operations, but we have increased our profitability by the largest absolute amount ever. Having recently upgraded our full year guidance again in our unscheduled Trading Update on 10 December 2019, the Board remains comfortable with the upper end of current market expectations[1] for the 2019 financial year.

Financial Performance

Total revenue for the Group grew by 16 per cent and by 17 per cent in constant currency. Excluding the effect of recent acquisitions, particularly the US and the Netherlands businesses purchased in 2018, organic revenue grew by 3 per cent and by 4 per cent in constant currency.

UK

Overall reported UK revenue has been broadly flat with some low margin deals being reported on an agency basis under IFR15 which contributed to an increase in Technology Sourcing gross margin. The total adjusted gross profit contribution in the UK was a record performance with strong margin growth in both our Technology Sourcing and Services businesses.

Germany

Despite the well-publicised industrial slow-down in Germany and the substantial slow-down during 2019 from our largest customer in 2018, where we maintained our market share, we saw continued good growth in Germany particularly aided by the performance of both existing and new public sector customers.

France

France built on the performance we have seen over the last few years, with strong growth from our large customers and a material increase in our customer base as we have increased sales capacity, which bodes well for the future.

While much work is to be done to broaden the offering and strengthen the business still further, 2019 saw France deliver its largest ever profit contribution to the Group.

International

The Netherlands has contributed to the profitability of the Group. In future we will be able to develop the business more effectively now that it has been fully integrated onto the Group's ERP system and into the management structures from 1 November 2019.

Both Switzerland and Belgium have performed in line with our expectations.

USA

After 15 months of ownership, we remain pleased with our acquisition in the US and the on-going integration into the Group. While the financial performance in the first half of 2019 was somewhat disappointing as previously announced, we have recovered strongly in the second half. However, it is important to point out the nature of the business acquired is slightly more volatile than the Group as a whole and until we have fully integrated and expanded the offering in the US, this will remain so.

Financial Position

At the end of the year, Group cash and cash equivalents were ahead of the Board's expectations. We were extremely pleased with both the cash generation during the year and the closing cash and cash equivalents position and note the strong performance from our Finance Shared Service Centre cash collection teams.

During the second half of the year, helped by the strong cash performance, we paid down £30 million of the Group's debt facility, earlier than planned, which was taken out to finance the FusionStorm acquisition in the US, leaving a balance of £56 million drawn under the facility.

Group Outlook

The results of 2019 set a high bar for the business as we go into 2020. However, we go into the year with confidence, helped by the strong momentum within the Group

and the broader market. We have multiple growth drivers. Geographically, we have expanded our footprint; technologically, we continue to develop our capability in areas such as Networking, Security and Cloud; and in Services, as we continue our long-term investment in the development of our portfolio of propositions.

As we continue to grow Computacenter on multiple fronts, it is obviously not without risk, but we believe our opportunities are vast.

We look forward to publishing our final results for the year ended 31 December 2019 on Thursday 12 March 2020.

Enquiries:

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Conference Call:

There will be a conference call for analysts and investors this morning at 08:30. For dial-in details, please contact Yasemin Balman at Tulchan Communications at Computacenter@tulchangroup.com

[1] *Market expectations for the year ended 31 December 2019 are assessed as at 13 January 2020 as being £140.8 million of adjusted profit before tax within a range of £136 million to £143 million. Market expectations are assessed by the Group as the average of the consensus indications given by the investment analysts that regularly provide guidance and analysis on the Group's future performance to the market.*

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