Computacenter - Pre-Close Trading Statement

January 30, 2023

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Computacenter plc

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FOR IMMEDIATE RELEASE

Computacenter plc

Pre-Close Trading Update - 30 January 2023

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 2022 ("**the year**").

Overview

Computacenter has finished the year with a record fourth quarter, which will result in an eighteenth consecutive year of underlying* adjusted diluted earnings per share growth, and a 2022 full-year result which is slightly ahead of the guidance given by the Group in its Q3 Trading Update. Whilst our performance in 2022 has been helped by a strong US dollar, and a small acquisition in the second half of the year, this assistance has been far outweighed by the headwinds faced by the business as the Covid-related benefits it experienced in 2020 and 2021 unwound, particularly impacting our Services margins.

Financial Performance

Total revenue, on a Gross Invoiced Income basis, grew by over 30 percent including the effects of acquisitions made in the middle of 2022, and by over 27 per cent in constant currency.

We saw strong demand in all countries from Technology Sourcing product sales which remained extremely buoyant to the end of the year. Our Services revenue performance was strong, whilst our Services margin performance was impacted by the unwinding of covid-related benefits during the year, and inflationary pressures which we expect to continue into 2023.

Financial Position

The Group's adjusted net funds, excluding IFRS16 lease liabilities, finished extremely strongly at around £244 million. At the half year we reported substantial increases in our inventory, primarily as a result of supply chain shortages within the industry. Whilst our inventory levels continued to increase through until the end of the third quarter, these shortages have since improved materially, and as a result there has been a substantial reversal of this inventory position as the industry, and particularly our customers, readjusted to more plentiful supply. We expect our levels of inventory to reduce further in 2023, towards historical normal levels, as this trend continues. December is the peak month in our annual cash cycle with net outflows expected to occur through to the end of March 2023 in line with our cash cycle.

Group Outlook

In line with our expectations, adjusted profit before tax was down in the first half of the year against H1 2021, by nearly 6 per cent. We are therefore pleased with the profit growth which we have subsequently achieved for the year as a whole, and the significant momentum that we will carry into 2023, including in our previous and in-year US acquisitions, which have continued to make good progress, both in terms of profit growth and cash generation.

Covid-19 factors have now washed through our results and will not impact comparative numbers moving forward.

Our Technology Sourcing product sales remain extremely buoyant, and we are confident of continued Services revenue growth. Services margins are broadly in line with pre-covid levels, although inflationary pressures will make it challenging to maintain this in the short-term.

As we announced at the half year and in our Q3 Trading Update, Computacenter has an ambitious investment programme within the business, particularly in systems, to enhance our competitive position and sustain our long-term performance. Despite the uncertain macro-economic outlook within a number of our core countries, and our substantial investment programme, we expect 2023 to be another year of progress.

Looking further ahead, we are encouraged by our customers continued investment in technology, and we are as bullish as we have ever been about our target market and competitive positioning.

We look forward to publishing our final results for the year ended 31 December 2022 on Monday 20 March 2023.

Enquiries:

Computacenter plc

Mike Norris, Chief Executive	01707 631601
Tony Conophy, Finance Director	01707 631515

Tulchan Communications

James Macey White / Matt Low	020 7353 4200

** As described on pages 72 to 73 of our 2021 Annual Report and Accounts, several one-off tax items were processed during the second half 2021 that substantially reduced the tax charge, and therefore the adjusted ETR, for the year as a whole. These one-off items are excluded from our internal underlying adjusted diluted earnings per share measure which is used for measuring our progress against LTIP performance conditions. Had the one-off items not impacted during 2021, the underlying adjusted[1] diluted EPS for 2021 would have been 160.9 pence per share.*

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