Final Results

March 14, 2000

RNS Number:2048H
Computacenter PLC
14 March 2000

COMPUTACENTER PLC
PRELIMINARY RESULTS

Computacenter plc, the UK's largest company specialising in the provision of distributed information technology and related services to large corporate and public sector organisations, today announces preliminary results for the year ended 31 December 1999.

Highlights

* Group turnover increased 11.0% to #1.76 billion (1998: #1.59 billion)
* Profit before tax increased 16.3% to #75.1 million (1998: #64.6 million)
* Earnings per share (diluted) up 19.6% to 28.1p (1998: 23.5p)
* Strong services growth across the Group
* Strong sales growth in France (up 34.5%) and Germany (up 94.9%)

Commenting on the results, Chief Executive Mike Norris said:

"I am pleased to be able to report another strong year of profit and earnings growth for Computacenter. We have made significant progress in developing our service portfolio and delivering value added services to both existing and new customers. We fully expect this to continue in 2000 across all our businesses."

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CHAIRMAN'S STATEMENT

I am delighted to be able to report another record year for Computacenter - our seventeenth successive year of turnover and profits growth in the UK. In the financial year ended 31 December 1999, Group turnover grew by 11% to #1.76 billion and profit before tax grew by 16.3% to #75.1 million. Diluted earnings per share grew by 19.6% to 28.1p.

These results are particularly pleasing because 1999 was an exceptionally difficult year to forecast. Most of Computacenter's customers spent heavily in preparation for the new millennium but a great deal of this work was completed in the early part of 1999 and in 1998. The consequence was that the sales of product slowed, as expected, towards the end of 1999 as customers endeavoured to 'lock-down' their IT systems. In our interim report we said that the indications were that demand would slow but that the effect would be modest. I am pleased to report that this was the case, although the overall impact of Y2000 was that Computacenter's growth in turnover in 1999 as a whole was less than we have enjoyed in recent years.

The slower growth in product sales was offset by continued strong growth in our service businesses. By the end of 1999, over half of our staff were employed directly in the provision of professional and managed support services to our clients. The rapid growth of services is the principal reason for the improvement in net profit margins at both the UK and Group level.

The Group's success in developing our service business is the direct result of a strategy of sustained high investment in the development of our services capability over a number of years. This investment - in recruitment, training, systems and the development of best practices - continued in 1999 and was, as always, expensed through the profit and loss account. The Board was very satisfied with the rate at which we were able to grow our service businesses in 1999 and remains confident in our ability to grow service revenues strongly in the future.

Another major area of investment for the Group began to come on-stream in the second half of the year as over 800 of our staff moved into our new European headquarters building in Hatfield, Hertfordshire. Work on our new operations centre is continuing and we expect it to become operational in the second half of 2000. This state-of-the-art facility is intended to be the source of significant competitive advantage in future years.

Our French operation also moved into a new headquarters and operations centre in the first half of 1999. This move helped to fuel significant sales growth, particularly in the second half of the year. The full year turnover of Computacenter France, at #223.0 million, was up 34.5% compared to 1998 and operating profits, at #4.6 million, grew by 67.3%. Computacenter France is now established as one of the top three competitors in the French market providing an excellent base for further growth.

Computacenter Germany also grew substantially, albeit from a much smaller base and turnover nearly doubled to #72.3 million. However, operating losses were larger than expected at #2.9 million, reflecting our rapid growth rate in the face of a relatively weak, pre-millennial market.

There were a number of other notable developments during the course of 1999. In November the Group announced an exclusive agreement with Gateway Computers to market 'Service-Direct', a unique approach that combines the speed and cost advantages of Gateway's built-to-order manufacturing with Computacenter's service expertise.

Our On-Trac electronic procurement system continued to expand with 150 new customers coming on-line in 1999. Trading electronically with our customers in this way enables us to reduce costs and increase service levels to the benefit of both parties. 1999 saw the launch of a fully web-enabled version of On-Trac.

In November Computacenter plc formed Biomni, a joint venture with Computasoft e-Commerce Ltd, the developer of On-Trac, to target the wider business-to-business e-commerce opportunity. In February 2000, the Board announced its decision to explore the possibility of a public listing for Biomni.

The iGroup, Computacenter's e-business division, also grew rapidly in 1999 and launched several new and innovative products and services. The total investment made in this area and expensed through the profit and loss account during the year, exceeded #3 million. We are very enthusiastic about the Group's ability to develop e-commerce products and services and the scale of the opportunity open to us in this burgeoning market.

As always, Computacenter remains a people business. Our commercial success depends on the quality of our service and that, in turn, depends on the quality, training, motivation and teamwork of our staff. Widespread share ownership remains our goal and in the last year we have continued to encourage employee share ownership via our popular ShareSave scheme. Today I am pleased to report that over 55% of Group employees are shareholders. Once again I would like to thank all of our staff for their commitment, enthusiasm and hard work. They are the driving-force behind Computacenter's success.

The new developments described above, combined with the solid progress made in the last twelve months, particularly the development of our service businesses, provide a sound base from which to go forward. Factors such as the introduction of Windows 2000 and the widespread adoption of e-commerce solutions will continue to drive the market forward and we are confident that Computacenter is well positioned to take advantage of the expected growth in demand.

Finally, consistent with the dividend policy set out in our flotation prospectus, I am pleased to recommend a final dividend of 2.9p per share, payable on 29 May 2000 to registered shareholders as at 8 May 2000.

PW Hulme, Chairman.

Chief Executive's Review

During 1999 Computacenter continued to invest across all of its businesses, consolidating its position as the leading supplier of distributed IT and related services to the European corporate and public sector marketplace.

In 1999 this investment strategy resulted in a Group turnover of #1.76 billion, a growth of 11.0%. Profit before tax increased by 16.3% from #64.6 million to #75.1 million and our after-tax earnings by 22.1% from #43.4 million to #53.0 million.

International sales grew significantly in 1999, with #300.1million (17.0%) of the total Group turnover coming from sales in France, Germany and Belgium. The greater part of revenues, the remaining #1.46 billion, or 83.0%, was again generated by our UK businesses.

As in previous years, recruitment and training remained our biggest investment with headcount across the Group growing by 22.6% to 5,618 at the end of 1999.

During the year, we also continued to increase our investment in the development of best practices and systems that allow us to deliver our growing range of services cost effectively and to the highest quality standards. These included PRIDE 3, the latest release of our established project management methodology and LINX, the help-desk system used by our international call-centre.

We believe that the increasing economies of scale we enjoy in these areas are a significant source of competitive advantage for the Group.

Market performance

1999 was an exceptional year. A major focus of our customers for the first half of the year was investment to ensure Y2000 compliance of mainframe and associated business systems. As anticipated, growth in the market for distributed IT products slowed in the second half as compliance projects were completed and other projects postponed. Demand for our services however remained strong throughout the second half of the year, with the result that, overall, our managed services contract base grew 32% over 1999.

We anticipate increased customer focus on distributed IT investment during 2000 as organisations re-focus on deployment of IT for competitive advantage. The huge anticipated growth of business-to-business e-commerce systems and the arrival of Microsoft's Windows 2000 operating system will both serve as significant growth drivers for the Group over the coming year, particularly in the second half.

1999 saw a continued decline in PC prices across the Group. We welcome the long-term decline in hardware prices, as it opens up new applications for distributed IT - enabling our customers to increase their investment in new technology, so fuelling demand for the Group's services.

UK Operations

The continuing growth in demand for our services has necessitated some reorganisation to streamline our service provision. We have therefore established three dedicated service divisions in the Group employing specialist staff to develop and deliver solutions to our customers. The three divisions: Supply-Chain Services, Managed Services and Professional Services, engage with customers through Computacenter's account management team. Our account managers provide the vital link in identifying and managing customer requirements and engaging the appropriate service providers within the Group.

Supply-Chain Services
Although the rate in growth of product sales slowed in 1999 compared to the previous year, we continued to invest in people, systems and infrastructure to support the anticipated release of pent-up demand in 2000. Development of our new headquarters offices and operations centre in Hatfield, Hertfordshire, continued apace, with our office complex, housing more than 1,000 staff, opening in October 1999. This move has brought together both staff and management previously located in the surrounding area, into a much-improved working environment with corresponding benefits. Our new 34,000-sq. metre operations centre on the same site remains on target to open in the second half of 2000.

Our On-Trac electronic commerce system continued to be a major investment area for the Group. 1999 saw the successful implementation of our fully web-enabled customer system. Over 550 customers across the Group currently use the system, a growth of more than 37% in the last year.

In November we entered into a commercial agreement with Gateway Computers, a global supplier of PCs. Our goal was to develop an optimised customer delivery model that combines the benefits of Gateway's built-to-order PC assembly with Computacenter's value-added services. We believe this is a unique approach, offering customers increased value and flexibility. We anticipate that the superior logistics capability offered by our new Hatfield operations centre will allow us to develop this model further in due course.

Managed Services
Much of Computacenter's growth in 1999 was due to expanding relationships with existing long-term corporate customers such as Scottish & Southern Energy plc. In particular, this was reflected in the demand for our managed services, where the growth in our contract base was greater than for the company as a whole. UK staff numbers in our Managed Services Division grew to 1,907, an increase of 22.2%. We were also successful in attracting a number of new managed service contract customers during the year, including Avis Europe plc and Save the Children UK.

Professional Services
Demand for our technical consulting services has again been one of the fastest areas of growth within the Group. The appointment of Computacenter as a Microsoft Alliance Partner in October 1998 has helped to fuel this demand and enabled us to invest in training additional Microsoft accredited professionals in 1999 to fulfil customers' requirements. This brings our

number of personal Microsoft accreditations in the UK to over 1,300.

During 1999 we have seen the first successes of The iGroup, our e-business division formed in 1998. We continued to invest in The iGroup in 1999, establishing a group of over 60 specialists with Internet and Intranet design, development and consulting skills. During the year we brought to market a number of innovative e-commerce products and services, which have been taken up by our customer base. We are very encouraged by progress made and anticipate significant growth as the move to streamline business processes via e-commerce based solutions accelerates in 2000. Computacenter was also appointed as a member of Microsoft's Rapid Deployment Programme for Windows 2000 early in 1999. We anticipate healthy demand for our Microsoft consulting services in 2000 and beyond with the deployment of Windows 2000 by corporate and government organisations across Europe.

During 1999, Y2000 compliance projects led to a corresponding rise in demand for our project management capability. As the client-server platform becomes the preferred technology base for many line-of-business applications, the solutions we sell and support continue to increase in scale, complexity and strategic importance to organisations. As a result, customers are increasingly turning to Computacenter to project manage the deployment of distributed technology.

Customer Relationships

Growth of the Group is dependent on our ability to retain existing customers and deliver real value via our services. During 1999 we were successful in extending our relationship with our largest customer, British Telecom, with a new three year contract and an option to renew for a further two years. The range of services now supplied to BT includes maintenance, supply chain re-engineering and implementation of distributed IT into BT's business units. Other contract extensions included Shell Service, Credit Suisse First Boston (CSFB) and Cisco Systems.

Computacenter also grew its customer base in 1999 with a number of notable new account wins during the year that included on-site Managed Services. New UK customers included Royal & SunAlliance, The Houses of Parliament and Vodafone Retail. 1999 was also a successful year for our UK Government Division where we continued to invest in developing our Government Catalogue (GCat) contractual business with staff numbers more than doubling to 163. Notable new government customers included the Greater London Authority and National Probation Services.

We believe that Computacenter's scale and ability to deliver value consistently through its entire range of IT services, combined with our e-commerce capability, provide significant competitive advantages that will enable us to capture further market share in 2000.

International Operations

Computacenter continues to develop its international capability via its direct subsidiaries in France, Germany and, more recently, Belgium. As a whole, international operations increased as a percentage of Group revenue from 13% in 1998 to 17% in 1999. Our focus remains to capture market share rapidly and to deploy core Computacenter operational systems and business practices already proven in our UK business operations.

Computacenter France
Computacenter France grew ahead of the market during 1999 with turnover up 34.5% to #223.0 million and profits up 67.3% to #4.6 million. Headcount grew to 756, up 37.7% on 1998. A large part of our recruitment was in service divisions, where growth exceeded that for Computacenter France as a whole. Significant new customer account wins for the year included the DGA (General Armament Delegation) at the French Ministry of Defence.

Due to the rapid expansion of the French business and our plans for future growth, we moved into a new larger operations and headquarters facility in Paris during the first half of the year. Computacenter France's performance, during the second half of 1999 in particular, and the investments we have made to accommodate future growth, promise well for 2000 and beyond.

Computacenter Germany

In Germany, as in other markets, trading conditions were influenced by Y2000 issues and Computacenter's financial performance was impacted by the relatively small scale of our German operations. However, as in France, we continued to invest in Germany throughout the year with staff headcount growing by 62.3% to 362 at the end of 1999. In the first half of 1999 we moved to a new operations centre and opened new offices in Hanover, Stuttgart and Nuremberg. Significant customer account wins for the year included MEAG (Munich Re-insurance Group), and Preussag Group. Contract extensions included Dresdner Bank Group, DVAG and Hapag-Lloyd.

ICG

International Computer Group (ICG), of which Computacenter was a founding member in 1989, remains our core delivery mechanism for products and services outside the European markets serviced directly by Computacenter. This international joint venture now covers 53 countries throughout the world.

Other Businesses

In November we announced the launch of Biomni Ltd, a 50% joint venture between Computacenter plc and Computasoft e-Commerce Ltd. Computasoft has been responsible for developing Computacenter's On-Trac electronic procurement system since 1991. Biomni has been established to capitalise on over nine years of experience in developing business-to-business e-commerce solutions.

Acquisitions

In the second quarter of 1999 we made our first acquisition as a public company, establishing a small subsidiary in Brussels, Belgium, which employed 27 staff at the end of 1999. We also strengthened our services capability by acquiring a UK based IT disposal services company, RDC, which continues to operate under its own name. In the fourth quarter we acquired the assets of Metrologie, a UK based subsidiary of CHS UK Holdings Ltd, whose enterprise distribution business specialises in UNIX systems, consulting and integration services. This has been successfully integrated into our UK distribution business, Computacenter Distribution (CCD), which provides hardware and a range of services to small and medium sized resellers.

While our focus for 2000 clearly remains on investing for growth in our existing businesses, we will continue to evaluate other market opportunities as they arise.

Our Staff

I would like to thank all of our staff for their outstanding efforts. Whether working alone or in teams they 'made the difference' to our customers once again in 1999. This year we awarded 425 'Champions of Quality' prizes to staff who demonstrated outstanding commitment to delivering customer service, a record number of awards.

Our goal has always been to encourage widespread share ownership within the company. During 1999 we launched our third Inland Revenue approved ShareSave scheme, enabling qualifying staff to benefit from share ownership within Computacenter. At the end of 1999, 55% of staff owned shares in the Group.

Outlook

We have made considerable progress during 1999 in developing our service portfolio and delivering value added services to both existing and new customers. We anticipate continued strong growth for our services in 2000, not only in the UK but also across Europe as our international businesses develop further. We also believe that the significant pent-up demand within our customer base due to Y2000 will start to be released during the first half of the year. We anticipate this will accelerate in the second half, as remaining compliance projects are completed and other projects, including Windows 2000 roll-outs, are implemented. We strongly believe the investments we made in 1999, and continue to make, will leave us well positioned to take advantage of this future demand.

MJ Norris, Chief Executive.

GROUP PROFIT AND LOSS ACCOUNT
For the year ended 31 December 1999

	1999 #'000	1998 #'000
TURNOVER	1,760,628	1,586,238
OPERATING COSTS	(1,685,016)	(1,519,942)
OPERATING PROFIT	75,612	66,296
Share of operating loss of associate	-	(12)
Interest received and similar income	7,238	4,945
Interest payable and similar charges	(7,714)	(6,626)
PROFIT ON ORDINARY ACTIVITES BEFORE TAXATION	75,136	64,603
Tax on profit on ordinary activities	(22,125)	(21,232)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	53,011	43,371
Minority interests - equity	(48)	(77)
PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY	52,963	43,294
Dividends - ordinary dividends on equity shares	(5,291)	(4,302)
RETAINED PROFIT FOR THE YEAR	47,672	38,992
Earnings per share - Basic	30.6p	27.0p
- Diluted	28.1p	23.5p

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
For the year ended 31 December 1999

	1999 #'000	1998 #'000
Profit attributable to members of the parent company for the financial year	52,963	43,294

Exchange differences on retranslation of net assets of associated and subsidiary undertakings	(2,029)	287
	-------	-------
Total Recognised gains for the year	50,934	43,581
	======	======

GROUP BALANCE SHEET
at 31 December 1999

	1999	1998
	#'000	#'000
FIXED ASSETS		
Intangible assets	3,756	-
Tangible assets	96,647	59,768
Investments	2,815	1,467
	-------	-------
	103,218	61,325
CURRENT ASSETS		
Stocks	92,884	109,853
Debtors : gross	244,364	237,855
Less non returnable proceeds	(187)	(1,293)
	-------	-------
	244,177	236,562
Cash at bank and in hand	63,688	63,601
	400,749	410,016
CREDITORS: amounts falling due within one year	(292,753)	(307,382)
NET CURRENT ASSETS	107,996	102,634
	-------	-------
TOTAL ASSETS LESS CURRENT LIABILITIES	211,214	163,869
CREDITORS: amounts falling due after more than one year	(41,008)	(42,013)
PROVISION FOR LIABILITIES AND CHARGES	(1,736)	(1,035)
	-------	-------
TOTAL ASSETS LESS LIABILITIES	168,470	120,821
	======	======
CAPITAL AND RESERVES		
Called up share capital	9,043	8,678
Share premium account	57,055	49,850
Profit and loss account	102,194	62,144
	-------	-------
Shareholders' funds - equity	168,292	120,672
Minority interests - equity	178	149
	-------	-------
	168,470	120,821
	======	======

Approved by the Board of Directors
PW Hulme Chairman
MJ Norris Chief Executive

GROUP STATEMENT OF CASH FLOWS
For the year ended 31 December 1999

	1999	1998
	#'000	#'000
CASH INFLOW FROM OPERATING ACTIVITIES	81,924	63,734
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	(262)	(2,084)
TAXATION		
Corporation tax paid	(25,284)	(17,486)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	(49,778)	(40,179)
ACQUISITIONS AND DISPOSALS	(3,806)	(71)
EQUITY DIVIDENDS PAID	(4,482)	-
CASH (OUTFLOW)/INFLOW BEFORE FINANCING	(1,688)	3,914
FINANCING		
Issue of shares	2,470	50,115
Decrease in debt	(2,217)	(4,257)
(DECREASE)/INCREASE IN CASH IN THE YEAR	(1,435)	49,772

GROUP STATEMENT OF CASHFLOWS
For the year ended 31 December 1999

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	31 December 1999	31 December 1998
	#'000	#'000
NET CASH AT 1 JANUARY 1999	21,126	(32,689)
(Decrease)/increase in cash in the year	(1,435)	49,772
Cash outflow from repayment of debt and lease finance	2,217	4,257
Change in net cash resulting from cash flows	782	54,029
Non cash changes in debt	(214)	(214)
Increase in debt on acquisition of subsidiary	(542)	-
NET CASH AT 31 DECEMBER 1999	21,152	21,126

NOTES TO THE ACCOUNTS

1 ACCOUNTING POLICIES

Basis of preparation

The preliminary financial information has been prepared on the basis of the accounting policies set out in the Group's statutory accounts for the year ended 31 December 1999.

2 TURNOVER AND SEGMENTAL ANALYSIS

Turnover represents the amounts derived from the provision of goods and services which fall within the Group's ordinary activities, stated net of VAT. The Group operates in one principal activity, that of the provision of distributed information technology and related services.

An analysis of turnover by destination and origin, operating profit and net assets is given below:

Turnover by Destination

	1999	1998
	#'000	#'000
UK	1,448,805	1,365,906
France & Belgium	226,640	165,764
Germany	77,164	39,020
Rest of the World	8,019	15,548
	-------	-------
	1,760,628	1,586,238
	======	======

Turnover by Origin

	1999	1998
	#'000	#'000
UK	1,460,523	1,383,357
France & Belgium	227,789	165,773
Germany	72,316	37,108
	-------	-------
	1,760,628	1,586,238
	======	======

Operating Profit

	1999	1998
	#'000	#'000
UK	74,028	64,929
France & Belgium	4,453	2,747
Germany	(2,869)	(1,380)
	-------	-------
	75,612	66,296
	======	======

All turnover and operating profit relates to continuing operations.

3 OPERATING COSTS

	1999	1998
	#'000	#'000
Decrease/(Increase) in stocks of finished goods	16,969	(1,608)
Goods for resale and consumables	1,322,101	1,254,418
Staff costs	205,366	153,619
Depreciation and other amounts written off tangible and intangible assets	12,407	10,691
Other operating charges	128,173	102,822
	-------	-------
	1,685,016	1,519,942
	======	======

4 TAX ON PROFIT ON ORDINARY ACTIVITES

The charge based on the profit for the year comprises:

	1999 #'000	1998 #'000
UK Corporation tax		
Current	21,424	20,197
Deferred tax	701	1,035
	22,125	21,232

5 DIVIDEND

The Directors recommend the payment of a dividend of 2.9p per share (1998: 2.5p per share) representing and aggregate charge of #5,291,000 (1998: #4,301,000). The Computacenter ESOP trust has waived the dividends payable in respect of 1,432,595 (1998: 1,475,170) ordinary shares that it owns which are not allocated to employees. The Computacenter Trustees Limited have waived dividends in respect of 569,307 shares which it owns which are not allocated to employees and the Computacenter Quest ("Qualifying Employee Scheme Trust") has similarly waived dividends in respect of 497,650 shares that it owns. Accordingly dividends payable have been reduced by #72,000 in total.

6 EARNINGS PER SHARE

The calculation of earnings per ordinary share is based on profit attributable to members of the holding Company of #52,963,000 (1998: #43,294,000) and on 172,865,000 (1998: 160,535,000) ordinary shares, being the weighted average number of ordinary shares in issue during the year after excluding the shares owned by the Computacenter Employee Share Trust, the Computacenter Trustees Limited and the Computacenter Quest.

The diluted earnings per share is based on the same earnings figure of #52,963,000 (1998:# 43,294,000) and on 188,366,000 (1998: 184,242,000) ordinary shares, calculated as the basic weighted average number of ordinary shares, plus 15,501,000 (1998: 23,707,000) dilutive share options.

7 RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOWS

	1999 #'000	1998 #'000
Operating profit	75,612	66,296
Depreciation	12,345	-
Amortisation	62	10,691
(Profit) / loss on disposal of fixed assets	(490)	407
Increase in debtors	(7,243)	(70,842)
Decrease/(Increase) in stocks	17,030	(1,608)
Increase in creditors	(13,632)	57,976
Currency and other adjustments	(1,760)	814
Net cash inflow from operating activities	81,924	63,734

8 PUBLICATION OF NON STATUTORY ACCOUNTS

The financial information contained in this preliminary statement does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. The financial information set out in this announcement is extracted from the full Group financial statements for the year ended 31 December 1999 which contain an unqualified audit report.

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