Final Results

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COMPUTACENTER PLC

PRESS RELEASE

Preliminary Results Announcement

Computacenter plc, the specialist provider of IT infrastructure services to large organisations, today announces its preliminary results for the year ended 31 December 2000.

Highlights:

O Group turnover of #1.99 billion, up 12.9% (1999: #1.76 billion)

O Profit before tax, before investment in Biomni Ltd, of #59.1 million

(1999: #75.1 million)

O Strong recovery in second half after difficult trading conditions earlier in the year

O Profit before tax in second half, before Biomni Ltd, up 79.4% on first half of 2000, and 10.4% on the second half of 1999

O Share of operating losses in Biomni Ltd of #3.6 million

O EPS (diluted) of 20.8p (1999: 28.1p)

O Dividend unchanged at 2.9p per share

O UK business restructured into new operating divisions under direction of new internal COO appointment, Chris Webb

O Ron Sandler to succeed Philip Hulme as Chairman

Mike Norris, Chief Executive, commented:

"We had a challenging start to 2000 but market conditions improved as the year progressed. Profitability in the second half was ahead of the corresponding period of 1999. Trading in the first few weeks of the current year has been in line with our expectations. Now that the millennium is behind us we are confident of growth prospects for the Group."

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Andrew Grant, Julie Foster

Chairman's Statement

2000 was a year of challenging market conditions for our industry. The slowdown in demand from our corporate customers immediately following the millennium was anticipated but the rate of recovery was slower than we expected with the impact lasting well into the third quarter. Fortunately market conditions continued to improve as the year progressed and revenues recovered to encouraging levels in the last quarter. Group sales in the full year were #1.99 billion, up 12.9% on 1999.

As we indicated in our interim statement, the level of staff utilisation in a number of our services was significantly below expectations in the first part of the year. This was the principal cause of the decline in the Group's profitability in 2000. However, utilisation recovered steadily as the year progressed until, in the final few months of 2000, most of our service activities were running at or near full capacity. The consequence of this recovery, combined with higher revenues, was a significant improvement in profitability in the second half of the year.

Profit before tax for the full year, prior to our investment in Biomni Ltd, our e-commerce joint-venture with Computasoft Ltd, was #59.1m compared to # 75.1m in 1999. Profit before tax in the second half, on the same basis, was # 38.0m, compared to #34.4m in the same period in the previous year. The Group's share of losses in Biomni was slightly less than anticipated at #3.6m.

The Group's cash position remained strong. After capital investment of # 36.0m, net funds at the year-end were #13.4m compared to #21.2m in the previous year. During 2000, #14.0m was expended on the final phases of the Group's new operations centre in Hatfield.

The broad thrust of the Group's strategy remains unchanged. We design, integrate, support and manage IT systems for large corporate and public sector organisations. We do this in partnership with our customers and in partnership with best-in-class product and service providers.

Because we are the leading provider of IT infrastructure services in the UK, our customers benefit from our scale economies and depth of technical and operational resource. Our strategy is predicated on maintaining our position of market leadership. The considerable investment in our new operations centre and ongoing investment in staff reflects our commitment to this goal.

Computacenter's strength in the UK market served us well during a difficult year in 2000. The Group grew its revenues and built on its scale advantages to increase market share in a number of key areas of the business. We saw continued rapid growth in demand for Unix systems, networking and storage products and made further strides in developing our outsourcing and other service activities. All of these areas continue to offer great opportunities for the Group. Our market presence and the strength of our long-term customer relationships are assets that we will continue to develop and build upon.

The Group's business also continues to generate new development opportunities. Our Biomni e-commerce joint-venture grew out of our internal e-commerce system but now is a rapidly growing stand-alone business. It remains our intention to float Biomni when market conditions are right. Our e-business consultants have led the way into several new business areas, including managed web hosting services, a market that offers great potential to the Group.

Regarding prospects for 2001, in January we suggested that it would be prudent to remain cautious regarding both general market conditions and the possibility of increasing margin pressure. We have no reason to change our view at this time. However, trading in the first weeks of the year has been satisfactory and in line with our expectations, reflecting the continuation of the market recovery experienced in the latter part of last year.

For the longer term, we remain confident of the Group's strategic positioning and the opportunities this presents. Growth prospects, now the millennium is behind us, are strong.

On a personal note, after twenty years full-time involvement in Computacenter I have decided to step down as Executive Chairman at the Annual General Meeting in May and I am delighted to welcome Ron Sandler as my successor. Ron joined the Board as a non-executive director in May last year and has already made a valuable contribution to the development of the Group. Ron's background and qualifications speak for themselves. We are very fortunate to have him in the role and I am confident that he will lead the Group into a new era of profitable growth.

I would like to thank all Computacenter's staff, past and present, for the tremendous support they have given to the Company and to me personally over the years. It is my intention to remain on the Board as a non-executive director and I look forward to participating in the Group's continued success.

Finally, reflecting our confidence in the future, I am pleased to recommend an unchanged final dividend of 2.9 pence per share payable on May 23 to all registered shareholders as at May 4 2001.

Philip Hulme
Chairman.

Chief Executive's Review

The IT challenges facing our corporate customers have changed substantially in the last 18 months. In 1999, Y2000 compliance projects were a major part of our business while in 2000 the emphasis shifted towards e-commerce initiatives. In the first part of 2000 our business recovered more slowly than we anticipated, largely due to our customers taking longer than expected to initiate investment in new projects post Y2000. However, while the impact of this lasted well into the year, IT expenditure on major infrastructure projects began to recover momentum in the second half.

Due to the strength of our position in the UK market, Computacenter was able to weather these difficult market conditions better than many of our competitxpectations at the beginning of 2000, the Group's profitability has proved relatively resilient and we remain strongly in profit.

The Group continues to show a record of good long-term performance. In recognition of this we were awarded a 'Wealth Creation 2000' Award by the Sunday Times and Stern Stewart Europe. The award was for the best economic value added (EVA) performance in the UK over the past five years.

Investment

During 2000 we continued to invest across the business, consolidating our position as a leading supplier of IT infrastructure services to the European corporate marketplace.

As in previous years, recruitment and training remained our biggest investment. Headcount across the Group grew by 3% from 5,618 at the end of 1999 to 5,788 at the end of 2000. We also continued to increase our investment in best practices and systems that allow us to deliver our growing range of services cost-effectively and to the highest quality standards. This included investment in standardised tools to deliver managed services and a new IT system to enable improved scheduling and utilisation of our professional services staff.

During the year many of our staff completed the move into our new Hatfield based headquarters and operations centre, which provides a much-improved working environment. As we complete the migration of our UK logistical operations into this new facility, we look forward to the efficiencies and extended opportunities this will afford the Group. We belh on the back of accelerated demand for e-business applications and server consolidation. Enterprise revenues grew by approximately 50% on 1999 and we anticipate continuing strong growth in 2001. In recognition of this, as part of our re-organisation in the last quarter of 2000, Computacenter created a new enterprise division, consolidating our specialist skills across all service and technology platforms.

We have continued to build on our long-term partnerships with the key technology providers in the enterprise arena, including Sun Microsystems, Compaq, IBM, Hewlett-Packard, Cisco, Nortel, StorageTek and EMC. We are increasingly recognised by these partners as one of the leading channels to corporate and public sector markets and won Sun Microsystems' first channel award for service and support in 2000. We were judged on our total service and supply chain offering, from helpdesk, technical, sales, support and training skills to our marketing and investment in staff.

Managed services

Computacenter provides a range of selective outsourced support services designed to increase the value of our customers' IT investments. Our goal is to support our customers through selective outsourcing of essential support tasks within their data centre, network and desktop environments. In 2000 this high margin contract-based area of business grew significantly, with contract revenues growing over 25% on 1999.

Major managed services account wins in 2000 included the Inland Revenue, Thus, Abbey National Treasury Services, Aegon and Unipart. Our three year contract with the Inland Revenue covers the managed procurement of all IT and telecommunications products, while for Thus, Computacenter is providing helpdesk support across 30 UK-wide locations. For Abbey National Treasury Services we won a major contract to provide server and workstation infrastructure design and managed support. This includes the implementation of a new trading floor and a move to the company's new UK headquarters.

Professional and engineering services

Our team of over 400 UK consultants and project management professionals provides the vital planning and implementation resources needed to roll out large-scale IT programmes. While staff utilisation was lower than anticipated in the first half of 2000, most of our professional service resources were running at full capacity by the end of the fourth quarter. Large Windows 2000 projects have steadily gathered pace and we anticipate that many of our customers will initiate full-scale rollouts in 2001.

The increasing importance of network infrastructures and the need for rapid, large-scale implementations enabled Computacenter to undertake a number of demanding infrastructure projects in 2000. Amongst these was a major roll-out and support project for Lloyds TSB. Other professional services wins in 2000 included a major enterprise infrastructure deployment and Lotus Notes migration for PricewaterhouseCoopers, the world's largest business services company.

Computacenter's customer engineering force carried out thousands of installations across the UK every month. The utilisation of these teams recovered steadily towards the end of the year but lagged slightly behind that of our professional services staff, who are typically deployed earlier in the lifecycle of a project. Computacenter's depth of resource in this area is a major reason why many large organisations turn to us to deliver their total project needs, sometimes at short notice.

E-business services

We continued to invest in the provision of e-business services, bringing a number of new and enhanced services to market. These included further development of 'SiteHost' and 'SiteAlert' and the launch of 'SiteSecure', a new managed network security service.

Computacenter secured a number of major contracts to deliver managed web services to customers including Direct Line, BuildOnline and Sanctuary Music. Direct Line chose SiteHost to launch its new online service (jamjar.com). Key components of the service include 24-hour management and monitoring for the entire hosted infrastructure platform.

Supply-Chain services

Our new 34,000 sq. metre facility at Hatfield is now complete and migration of operations is now well underway. This investment will allow us to offer our customers higher quality, faster, more cost-effective services, together with an enhanced range of customised services.

The operations centre enables us to ship up to 35,000 items a day, while our expanded configuration facility allows us to custom configure and test up to 3,000 systems per day. This offers the flexibility to build and test customer systems from the simplest PCs to complex networking systems and enterprise class Unix servers. This investment, combined with our established product testing and portfolio management capability, provides us with a significant capability to compete against direct sale manufacturers.

Customer Relationships

A major contract win in the first half of the year was BP Amoco, for whom we are implementing one of the largest roll-outs of Microsoft Windows 2000 to date. These services are being delivered in partnership with the International Computer Group (ICG), across 61 countries. Other service contracts won in 2000 included BT Cellnet, where we are providing a range of managed services spanning e-procurement to asset management, and NTL, where our support includes project management, storage and enterprise management consultancy. We also provided the equipment and services for the new London Assembly on behalf of the DETR and secured extensions to our managed services contracts with Seeboard and Shell Services International.

International Operations

Many of our customers look to us to supply products and services on a pan-European basis. We continue to answer this requirement through our direct presence in the largest markets in Europe and our majority shareholding and role in the direction of the International Computer Group (ICG).

Computacenter France

As in the UK, our European businesses experienced a stronger second half following the slow post- millennium recovery. In France where we enjoy significant scale in our supply chain business, the company returned to profitability in the second half of the year and we continued to consolidate our position as one of the top three competitors with national coverage in the French market.

New business won during 2000 included a large migration project for Ernst & Young covering 20 sites. We also won additional services contracts with a number of established customers, including a managed services contract for Schneider Electric. In 2000 we established ourselves as the only Compaq service partner in France and are beginning to enjoy the competitive advantage of delivering such a unique service portfolio.

Computacenter Germany

In spite of the difficult trading conditions Computacenter Germany won some significant new contracts in 2000, including EDS and Sharp, while also extending the range of services provided to existing customers, including DVAG, Dresdner Bank and Deutsche Hypotheken Bank. In light of the relatively small scale of our business in Germany, we have commenced a programme designed to better align our operations around service provision and development of enterprise system sales. We laid the foundations of this plan during 2000, and are pleased with progress to date.

Computacenter Belgium

At the beginning of the year Computacenter Belgium won a number of new contracts. These include the Ministry of Employment, CESI (a private medical business) and the Belgian subsidiary of Deutsche Bank. During the year we also won a pan-European infrastructure rollout project with Bass Hotels and Resorts, as well as a major new managed services contract with SWIFT SC, where we are providing global helpdesk services, asset management and user installations, moves and upgrades.

Computacenter Belgium was strengthened with a new acquisition, Inacom Services Europe SA, in June. The acquisition underpins Computacenter's existing capabilities in pan-European project management and consolidates our position as a leading IT solutions provider in Belgium and Luxembourg.

International Computer Group (ICG)

ICG replaced its former North American partner, Inacom, with Comark, one of the largest privately held suppliers of information technology solutions in the US. Comark offers complementary services to Computacenter from planning, consulting and procurement through to deployment and implementation of distributed IT.

Other Businesses

Biomni Ltd, our joint venture with Computasoft e-Commerce Ltd, saw considerable success in 2000, with growing uptake of its e-procurement solutions among both buyers and suppliers. More than 8.5 million transactions passed through Biomni's systems in 2000.

Major customers selecting Biomni's e-procurement solutions over the last year include Glaxo Smithkline, HM Foreign and Commonwealth Office and Royal & Sun Alliance's Global E-Ventures initiative, usecolor.com. Biomni remains responsible for the development of Computacenter's electronic procurement system deployed by our customers across Europe.

Outlook

The twelve months following the millennium change-over have seen a gradual but steady return to anticipated trading patterns. As we move into 2001 we expect continued demand from our customers to deploy IT for enterprise e-business initiatives. We also anticipate that the accelerating adoption of Windows 2000 will drive demand for our core services. Our customers also continue to look to Computacenter to provide selective outsourced services and we will continue to invest in people and systems to accommodate this growth. With strengthening demand and a sustained programme of long-term investment, the outlook for the Group remains strong.

Mike Norris

Chief Executive.

GROUP PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2000

	2000 #'000	1999 #'000
TURNOVER		
Turnover: group and share of joint ventures turnover	1,990,620	1,760,628
Less: share of joint venture turnover	(2,173)	-
GROUP TURNOVER	1,988,447	1,760,628
OPERATING COSTS	(1,927,040)	(1,685,016)
GROUP OPERATING PROFIT	61,407	75,612
Share of operating loss in joint venture	(3,551)	-
Share of operating profit in associate	90	-
Total operating profit: Group and share of		

associate and joint venture	57,946	75,612
Interest receivable and similar income	6,343	7,238
Interest payable and similar charges	(8,718)	(7,714)
PROFIT ON ORDINARY ACTIVITES BEFORE TAXATION	55,571	75,136
Tax on profit on ordinary activities	(16,348)	(22,125)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	39,223	53,011
Minority interests - equity	14	(48)
PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY	39,237	52,963
Dividends - ordinary dividends on equity shares	(5,269)	(5,291)
RETAINED PROFIT FOR THE YEAR	33,968	47,672
Earnings per share		
- Basic	22.0p	30.6p
- Diluted	20.8p	28.1p
Diluted (Excluding impact of joint venture)	22.1p	28.1p
Dividends per ordinary share	2.9p	2.9p

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
For the year ended 31 December 2000

	2000 #'000	1999 #'000
Profit for the financial year excluding share of joint venture and associate	41,633	52,963
Share of joint venture's loss for the year	(2,486)	-
Share of associates profit for the year	90	-
Profit attributable to members of the parent company for the financial year	39,237	52,963
Exchange differences on retranslation of net assets of associated and subsidiary undertakings	(75)	(2,029)
Total Recognised gains for the year	39,162	50,934

GROUP BALANCE SHEET
At 31 December 2000

	2000 #'000	1999 #'000
FIXED ASSETS		
Intangible assets	6,227	3,756
Tangible assets	109,402	96,647
Investments	11,825	2,815
	127,454	103,218
CURRENT ASSETS		
Stocks	119,563	92,884
Debtors	339,623	244,177
Cash at bank and in hand	71,647	63,688
	530,833	400,749
CREDITORS: amounts falling due within one year	(410,095)	(292,753)
NET CURRENT ASSETS	120,738	107,996
TOTAL ASSETS LESS CURRENT LIABILITIES	248,192	211,214
CREDITORS: amounts falling due after more than one year	(39,504)	(41,008)
PROVISION FOR JOINT VENTURE DEFICIT		
Share of gross assets	3,455	-
Share of gross liabilities	(5,923)	-

	(2,468)	-
PROVISION FOR LIABILITIES AND CHARGES	(1,983)	(1,736)
TOTAL ASSETS LESS LIABILITIES	204,237	168,470
CAPITAL AND RESERVES		
Called up share capital	9,201	9,043
Share premium account	67,568	57,055
Profit and loss account	127,304	102,194
Shareholders' funds - equity	204,073	168,292
Minority interests - equity	164	178
	204,237	168,470

GROUP STATEMENT OF CASH FLOWS
For the year ended 31 December 2000

	2000 #'000	1999 #'000
CASH INFLOW FROM OPERATING ACTIVITIES	54,277	81,924
RETURNS ON INVESTMENTS AND SERVICING OF L EXPENDITURE AND FINANCIAL INVESTMENT	(35,983)	(49,778)
ACQUISITIONS AND DISPOSALS	(702)	(3,806)
EQUITY DIVIDENDS PAID	(5,229)	(4,482)
CASH OUTFLOW BEFORE FINANCING	(9,426)	(1,688)
FINANCING		
Issue of shares	1,895	2,470
Decrease in debt	(1,500)	(2,217)
DECREASE IN CASH IN THE YEAR	(9,031)	(1,435)

GROUP STATEMENT OF CASHFLOWS
For the year ended 31 December 2000

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	31 December 2000 #'000	31 December 1999 #'000
Net funds at 1 January 2000	21,152	21,126
Decrease in cash in the year	(9,031)	(1,435)
Cash outflow from repayment of debt and lease finance	1,500	2,217
Change in net cash resulting from cash flows	(7,531)	782
Amortisation of debt issue costs	(214)	(214)
Increase in debt on acquisition of subsidiary	-	(542)
Net funds at 31 December 2000	13,407	21,152

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 2000.

2 TURNOVER AND SEGMENTAL ANALYSIS

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

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

Turnover by Destination

	2000	1999
	#'000	#'000
UK	1,668,931	1,448,805
France, Belgium & Luxembourg	225,311	226,640
Germany	77,639	77,164
Rest of the World	16,566	8,019
Total	1,988,447	1,760,628

Turnover by Origin

	2000	1999
	#'000	#'000
UK	1,686,538	1,460,523
France, Belgium & Luxembourg	227,210	227,789
Germany	74,699	72,316
Total	1,988,447	1,760,628

Operating Profit

	2000	1999
	#'000	#'000
UK	63,661	74,028
France, Belgium & Luxembourg	1,215	4,453
Germany	(3,469)	(2,869)
Total group excl associate & Joint Venture undertakings	61,407	75,612
Share of operating result of associates and joint venture	(3,461)	-
Total operating profit	57,946	75,612

All turnover and operating profit relates to continuing operations.000 #'000

UK Corporation tax		
Current	17,118	21,424
Deferred tax	247	701
Foreign tax	48	-
	17,413	22,125
Share of Joint Venture's tax	(1,065)	-
	16,348	22,125

Tax losses have been surrendered by way of group relief to Computacenter (UK) Ltd which has paid the tax value for these losses.

5 DIVIDEND

The Directors recommend the payment of a dividend of 2.9p per share (1999: 2.9p per share), representing an aggregate charge of #5,269,000 (1999: 5,291,000). The Computacenter ESOP trust has waived the dividends payable in respect of 1,427,042 (1999: 1,432,595) ordinary shares that it owns which are not allocated to employees. The Computacenter Trustees Limited have waived dividends in respect of 461,011 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 1,109,143 shares that it owns. Accordingly dividends payable have been reduced by #87,000 (1999: #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 #39,237,000 (1999: #52,963,000) and on 177,952,000 (1999: 172,865,000) 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, Computacenter Trustees Limited and the Computacenter Quest.

The diluted earnings per share is based on the same earnings figure of # 39,237,000 (1999:# 52,963,000) and on 188,556,000 (1999: 188,366,000) ordinary shares, calculated as the basic weighted average number of ordinary shares, plus 10,604,000 (1999: 15,501,000) dilutive share options.

An additional earnings per share ratio of 22.1p was calculated to provide a better view of group activities. This additional earnings per share ratio is based on earnings of #41,723,000 which excludes the joint venture loss (# 3,550,500 and the related tax credit #1,065,150).

7 RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOWS

	2000 #'000	1999 #'000
Operating profit	61,407	75,612
Depreciation	13,202	12,345
Amortisation	263	62
Own shares allocated	176	-
Loss/(profit) on disposal of fixed assets	87	(490)
Increase in debtors	(95,130)	(7,243)
(Increase)/decrease in stocks	(26,679)	17,030
Increase/(decrease) in creditors	101,053	(13,632)
Currency and other adjustments	(102)	(1,760)
Net cash inflow from operating activities	54,277	81,924

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 2000, the auditor's report on which has yet to be signed.

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