



Interim Results

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COMPUTACENTER PLC

PRESS RELEASE

Interim Results Announcement

Computacenter plc, the specialist provider of IT infrastructure services to large organisations, today announces its interim results for the six months ended 30 June 2001.

Financial Highlights:

- Overall performance in line with expectations
- Sales of #1,173.7 million, up 26.6% (2000: #926.7 million)
- Operating profit from continuing operations of #38.8 million, up 78.0%

(2000: #21.8 million)

- Profit before tax of #34.0 million*, up 60.9% (2000: #21.2 million)
- Share of loss in Biomni of #1.4 million
- Exceptional charges of #3.4 million associated with the closure of the

iGroup

- Diluted EPS of 10.6 pence (2000: 7.1 pence)
- Cash generated from operations #56.0 million (2000: #36.4 million)

Operational Highlights:

- Exceptionally strong first quarter, evidence of downturn in second

quarter

- Improved profitability of European operations
- Higher proportion of UK revenues from Government Sector
- Growth in Managed Services revenues of 22.1%
- Hatfield logistics facility now fully operational
- Closure of the iGroup

Ron Sandler, Chairman of Computacenter plc, commented:

"The Group's overall performance in the first half of 2001 was in line with expectations. Although these results are encouraging in aggregate, they conceal a deterioration as the period progressed, as indicated at the time of our trading update in June. Market conditions since the half year remain similar to those experienced in May and June. Trading conditions and therefore the outlook for profits in the second half are difficult to predict with confidence. We have a strong and cash generative business, which is being tightly managed to reflect market conditions. If trading continues at current levels, we anticipate that Computacenter's profits* will be broadly similar to those of last year"

*pre-exceptionals and Biomni

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The interim results statement will be posted on the website:
www.computacenter.com

Chairman's Statement

The Group's overall performance in the first half of 2001 was in line with our expectations. Revenues of #1,173.7 million were 26.6 % ahead of the corresponding period in 2000. Operating profit from continuing operations was #38.8 million, an increase of 78.0% over the first half of last year. Prior to losses of #1.4 million in our Biomni e-commerce joint venture and exceptional charges of #3.4 million associated with the closure of the iGroup, profit before tax increased by 60.9% to #34.0 million.

Although in aggregate these results are encouraging, they conceal a deterioration in trading conditions as the first half progressed. Performance in the early part of the year was exceptionally strong as the post-millennium recovery in IT markets, which began in the latter half of 2000, continued to gain momentum. The Group experienced buoyant demand for its products and services, across all parts of the business, in the first quarter.

As we indicated at the time of our trading update in June, the first signs of a significant slowdown became evident in April, as the weaker demand pattern prevalent in the US started to appear in Europe. This was reflected in the Group's second quarter performance. Sales of Unix systems were particularly affected, as a result of the downturn in e-business investment. More generally, in a climate of growing economic uncertainty, a slowdown in corporate spending on IT development and deployment was experienced, most noticeably in the telecoms and investment banking sectors. In recognition of market conditions, Computacenter has continued to pay close attention to keeping costs under tight control and, even allowing for the growth in on-site Managed Services personnel, Group headcount during the period has been essentially static.

During the first half, the decision was taken to close the iGroup, a specialist e-business operation, which produced an operating loss of #5.0 million in the period. The decline in e-business investment meant that the iGroup was no longer viable as a separate division. Some of its hosting services have been transferred to Computacenter's core UK operations and its knowledge management software activities, which had operating losses of #3.4 million, have been discontinued.

The Group's balance sheet remains strong. Cash generated from operations was #56.0 million. Capital expenditure and investments amounted to #7.1 million.

For some years, Computacenter has pursued a strategy of adding services to its core product logistics business. Our longstanding customer relationships and the scale and depth of our technical resource leave us well placed to service our customers' complex and diverse IT infrastructure requirements, which encompass desktops, datacentres and networks.

It is pleasing to note the further progress made in the first half of the year in the development of the Group's service activities. In the UK, revenues from Managed Services contracts, where we manage elements of our customers' IT support on their behalf, increased by 22.1% over the same period last year.

Investment in the development of skills, management tools and best practices continued to be a high priority, and this is reflected in the ever-increasing scope and complexity of the contracts we secure. Our recent success in winning, together with CMG, the infrastructure management contract for the Health and Safety Executive is particularly noteworthy, in that it is the first ten-year contract awarded to the Group.

In our Professional Services activities, we have placed considerable emphasis on delivering repeatable infrastructure solutions in such areas as server consolidation, datacentre integration and business availability.

We continued to gain market share in France, where turnover, at #117.1 million was 30.7% ahead of the same period last year, and operating profit was #2.1 million, compared with an operating loss of #1.2 million for the first half of 2000. A similar improvement in performance was seen in Germany, where first-half losses were reduced from #1.8 million in 2000 to #0.6 million in 2001. A restructuring of Computacenter Germany, involving the closure of two branches and a stronger focus on Unix and networking products, contributed to this improvement. In all of our continental operations, the strategic emphasis continues to be upon the development of the services offering to complement the product supply business, following the path that the Group is pursuing successfully in the UK.

The market downturn experienced in the second quarter was significant. Market conditions since the half year remain similar to those experienced in May and June. Trading conditions and therefore the outlook for profits in the second half are difficult to predict with confidence. We have a strong and cash generative business, which is being tightly managed to reflect market conditions. If trading continues at current levels, we anticipate that Computacenter's profits for 2001, before exceptional costs and the share of losses in Biomni, will be broadly similar to those of last year.

The success of Computacenter is crucially dependent upon the skills, resourcefulness and commitment of our staff, to whom I offer my thanks and appreciation. The volatility of market conditions in the IT industry in the past two years has placed considerable demands on our people, and their response has been thoroughly praiseworthy in every respect.

Finally, this is an appropriate place to record, on behalf of everyone involved with Computacenter, our thanks and best wishes to Philip Hulme, who stepped down from his role as Executive Chairman after the AGM earlier this year. Philip's contribution to Computacenter, from its foundation twenty years ago through its public flotation and beyond, has been immense. I am delighted that Philip has agreed to remain on the board as a non-executive director, and I look forward to continuing to work with him in this capacity.

Ron Sandler

Chairman

UK operations

In the UK, the market recovery that began in the second half of 2000 continued into the first half of 2001, particularly in the first quarter. Much of this was driven by our customers' needs for an integrated array of infrastructure services. For example, Boots awarded Computacenter a major desktop infrastructure implementation project covering 10,000 users worldwide. As well as product supply, the contract covers technical consultancy and application migration services around Microsoft Windows 2000.

Many of our business-critical projects for customers including Bristol & West and the Bank of Scotland.

The provision of selective outsourcing services is an important component of our focus on reducing the cost and increasing the value of IT for our

customers. For Shell Services International, for example, we were awarded the UK roll-out of a major standardisation programme and a managed services contract to support the new infrastructure.

Interest in our outsourcing services was not confined to the corporate sector. The Traffic Area Network (TAN) unit of the Department of Transport, Local Government and the Regions (DTLR) awarded us a five-year contract for the support of the unit's entire desktop and server infrastructure, including the maintenance and management of all applications and network connectivity.

We also won significant business in our traditional product supply activity, where we are increasingly finding opportunities to take on a managed procurement role. In another important public sector win, Consignia appointed us as sole supplier for the procurement of all its hardware and software.

First half revenues from government business in the UK increased markedly over the same period last year, with the proportion of Computacenter's UK revenues derived from government clients increasing from 14.3% to 23.0%. Although government business is generally lower margin by virtue of its lesser service content, the relative buoyancy of this sector offers the Group some degree of protection here was good support services growth across our French client base, as well as some noteworthy supply wins, including contracts with the French army and with Alcatel, covering over 100,000 and 40,000 users respectively. We expect the French business to perform according to plan in the second half.

In Germany, following the rationalisation of branches in January, half-year results are ahead of expectations. The strategy of placing greater emphasis on services and enterprise activities is showing promise, and we were pleased to implement our first enterprise-class Sun systems in Germany.

The performance of our Belgium and Luxembourg business was disappointing, largely due to the complexities of integrating the acquired service activities with Computacenter's traditional product supply business.

Other businesses

The addition of a technology asset recycling and remarketing service, via the acquisition of RDC in 1999, enables Computacenter to offer cradle-to-grave IT management. RDC volumes increased significantly in the first half of the year, with the organisation processing over 320 tonnes of IT waste in the period, 60% being recycled for re-use. RDC became the first company in its field to receive BSI ISO 9002 certification for its entire UK operation earlier this year.

Our distribution business, CCD, which offers products and logistics services to resellers, enjoyed a strong first half with revenues exceeding #150m. The performance of Metrologie, the value-added enterprise distributor acquired in 1999, was particularly pleasing.

Biomni, our joint venture with Computasoft e-Commerce Ltd, continued to make encouraging progress, including full-scale implementations of its e-procurement solutions at Wincanton plc and the Foreign and Commonwealth Office. In the first half, the company grew its revenues by over 100% on the same period last year and continued to build a client base independent of Computacenter, adding over 20 new customers to its B2B e-commerce community.

Appointments

There have been some significant new senior appointments this year. In June, Tim Way joined Computacenter as Director of HR and Customer Satisfaction and in August, Mark Slaven joins us as Director of Information Systems.

I am pleased to welcome Ron Sandler as our new Chairman. Since joining the board last year, Ron has made a significant contribution to Computacenter and

his wide business experience will continue to prove invaluable.

Mike Norris

Chief Executive

GROUP PROFIT AND LOSS ACCOUNT

For the six months ended 31 June 2001

	Unaudited Six months ended 30 June 2001 # '000	Unaudited Six months ended 30 June 2000 # '000	Audited Year Ended 31 Dec 2000 # '000
TURNOVER			
Turnover: group and share of joint ventures turnover	1,175,570	927,487	1,990,620
Less: share of joint venture turnover	(1,917)	(762)	(2,173)
Continuing Operations:	1,172,012	926,622	1,988,052
Discontinued operations	1,641	103	395
GROUP TURNOVER	1,173,653	926,725	1,988,447
OPERATING COSTS	(1,138,233)	(905,354)	(1,927,040)
OPERATING PROFIT/ (LOSS)			
Continuing operations	38,844	21,821	65,925
Discontinued operations	(3,424)	(450)	(4,518)
GROUP OPERATING PROFIT	35,420	21,371	61,407
Share of operating loss in joint venture	(1,420)	(1,970)	(3,551)
Share of operating profit in associate	40	65	90
TOTAL OPERATING PROFIT: GROUP AND SHARE OF ASSOCIATE AND JOINT VENTURE	34,040	19,466	57,946
Exceptional loss on termination of operation	(3,362)	-	-
PROFIT ON ORDINARY ACTIVITIES BEFORE INVESTMENT INCOME, INTEREST AND TAXATION	30,678	19,466	57,946
Interest receivable and similar income	2,851	3,310	6,343
Interest payable and similar charges	(4,270)	(3,589)	(8,718)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	29,259	19,187	55,571
Tax on profit on ordinary activities	(9,457)	(5,897)	(16,348)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	19,802	13,290	39,223
Minority interests - equity	(6)	41	14
PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY	19,796	13,331	39,237
Dividends - ordinary dividends on equity shares	(52)	(31)	(5,269)
RETAINED PROFIT FOR THE PERIOD	19,744	13,300	33,968
Earnings per share			
- Basic	11.0p	7.5p	22.0p
- Diluted	10.6p	7.1p	20.8p
Diluted (Excluding impact of joint venture)	11.1p	7.8p	22.1p

Diluted (Excluding impact of joint venture and effect of termination costs)	12.4p	7.8p	22.1p
Dividends per ordinary share	-	-	2.9p

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the six months ended 31 June 2001

	Unaudited Six months Ended '30 June 2001 # '000	Unaudited Six months Ended 30 June 2000 # '000	Audited Year Ended 31 Dec 2000 # '000
Profit for the financial period excluding share of joint venture and associate	20,736	15,236	41,633
Share of joint venture's loss for the period	(980)	(1,970)	(2,486)
Share of associates profit for the period	40	65	90
Profit attributable to members of the parent company for the financial period	19,796	13,331	39,237
Exchange differences on retranslation of net assets of associated and subsidiary undertakings	(214)	64	(75)
Total Recognised gains for the period	19,582	13,395	39,162

GROUP BALANCE SHEET

At 30 June 2001

	Unaudited Six months Ended '30 June 2001 # '000	Unaudited Six months Ended 30 June 2000 # '000	Audited Year Ended 31 Dec 2000 # '000
FIXED ASSETS			
Intangible assets	6,067	6,988	6,227
Tangible assets	106,931	106,564	109,402
Investments	12,888	9,229	11,825
	125,886	122,781	127,454
CURRENT ASSETS			
Stocks	97,425	76,865	119,563
Debtors	281,688	288,335	339,623
Cash at bank and in hand	109,422	79,536	71,647
	488,535	444,736	530,833
CREDITORS: amounts falling due within one year	(346,196)	(341,151)	(410,095)
NET CURRENT ASSETS	142,339	103,585	120,738
TOTAL ASSETS LESS CURRENT LIABILITIES	268,225	226,366	248,192
CREDITORS: amounts falling due after more than one year	(38,335)	(39,863)	(39,504)

PROVISION FOR JOINT VENTURE DEFICIT

Share of gross assets	3,927	943	3,455
Share of gross liabilities	(7,375)	(2,888)	(5,923)
	(3,448)	(1,945)	(2,468)
PROVISION FOR LIABILITIES AND CHARGES	(1,931)	(1,736)	(1,983)
 TOTAL ASSETS LESS LIABILITIES	 224,511	 182,822	 204,237
 CAPITAL AND RESERVES			
Called up share capital	9,251	9,170	9,201
Share premium account	68,256	66,733	67,568
Profit and loss account	146,836	106,782	127,304
Shareholders' funds - equity	224,343	182,685	204,073
Minority interests - equity	168	137	164
	224,511	182,822	204,237

GROUP STATEMENT OF CASH FLOWS

For the six months ended 30 June 2001

	Unaudited Six months Ended 30 June 2001 # '000	Unaudited Six months Ended 30 June 2000 # '000	Audited Year Ended 31 Dec 2000 # '000
CASH INFLOW FROM OPERATING ACTIVITIES	55,989	36,408	54,277
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	(1,312)	1,894	(2,164)
TAXATION			
Corporation tax paid	(6,050)	(5,281)	(19,625)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	(7,120)	(20,676)	(35,983)
ACQUISITIONS AND DISPOSALS	-	(2,870)	(702)
EQUITY DIVIDENDS PAID	(5,292)	(5,231)	(5,229)
CASH OUTFLOW BEFORE FINANCING	36,215	4,244	(9,426)
FINANCING			
Issue of shares	737	1,029	1,895
Decrease in debt	-	-	(1,500)
INCREASE/ (DECREASE) IN CASH IN THE PERIOD	36,952	5,273	(9,031)

GROUP STATEMENT OF CASHFLOWS

For the six months ended 30 June 2001

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	Unaudited Six months Ended 30 June 2001 # '000	Unaudited Six months Ended 30 June 2000 # '000	Audited Year Ended 31 Dec 2000 # '000
Net funds at 1 January 2001	13,407	21,152	21,152

Increase/ (decrease) in cash in the period	36,952	5,273	(9,031)
Cash outflow from repayment of debt and lease finance	-	-	1,500
Change in net cash resulting from cash flows	36,952	5,273	(7,531)
Amortisation of debt issue costs	(108)	(107)	(214)
Net funds at 30 June 2001	50,251	26,318	13,407

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

Basis of preparation

The interim 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. The taxation charge is calculated by applying the Director's best estimate of the annual tax rate to the profit for the period. Other expenses are accrued in accordance with the same principles used in the preparation of the annual accounts.

2. TURNOVER AND SEGMENTAL ANALYSIS

The Group operates in one principal activity, that 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	Unaudited Six months Ended 30 June 2001 # '000	Unaudited Six months Ended 30 June 2000 # '000	Audited Year Ended 31 Dec 2000 # '000
UK			
Continuing	1,002,148	790,972	1,668,536
Discontinued	1,641	103	395
Total	1,003,789	791,075	1,668,931
France, Belgium & Luxembourg	122,304	92,088	225,311
Germany	45,536	35,433	77,639

Rest of the World	2,024	8,129	16,566
Total	1,173,653	926,725	1,988,447

Turnover by Origin	Unaudited Six months	Unaudited Six months	Audited Year
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8)

Total	34,409	24,735	63,661
France, Belgium & Luxembourg	1,636	(1,612)	1,215
Germany	(625)	(1,752)	(3,469)
Total group excl associate & Joint Venture undertakings	35,420	21,371	61,407
Share of operating result of associates and joint venture	(1,380)	(1,905)	(3,461)
Total operating profit	34,040	19,466	57,946

3. OPERATING COSTS

	Unaudited Six months Ended 30 June 2001 # '000	Unaudited Six months Ended 30 June 2000 # '000	Audited Year Ended 31 Dec 2000 # '000
Decrease/(Increase) in stocks of finished goods	22,138	16,018	(26,679)
Goods for resale and consumables	919,381	714,216	1,586,023
Staff costs	141,736	98,978	222,454
Depreciation and other amounts written off tangible and intangible assets	8,592	6,236	13,465
Other operating charges	46,386	69,906	131,777
	1,138,233	905,354	1,927,040

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	Unaudited Six months Ended 30 June 2001 # '000	Unaudited Six months Ended 30 June 2000 # '000	Audited Year Ended 31 Dec 2000 # '000
Bank interest received	2,851	3,310	6,343

5 INTEREST PAYABLE AND SIMILAR CHARGES

	Unaudited Six months Ended 30 June 2001	Unaudited Six months Ended 30 June 2000	Audited Year Ended 31 Dec 2000

	#'000	#'000	#'000
Bank loans and overdraft	393	301	433
Other loans	3,877	3,288	8,284
Finance charges payable under finance leases and hire purchase contracts	-	-	1
	4,270	3,589	8,718

6 TAX ON PROFIT ON ORDINARY ACTIVITIES

The charge based on the profit for the period comprises:

	Unaudited Six months Ended 30 June 2001 # '000	Unaudited Six months Ended 30 June 2000 # '000	Audited Year Ended 31 Dec 2000 # '000
UK Corporation tax			
Current	9,897	6,488	17,118
Deferred tax	-	-	247
Foreign tax	-	-	48
	9,897	6,488	17,413
Share of Joint Venture's tax	(440)	(591)	(1,065)
	9,457	5,897	16,348

The tax effect in the profit and loss account relating to the exceptional item recognised below operating profit is a credit of #1,042,081

7. EARNINGS PER SHARE

Additional earnings per share ratios of 11.1p and 12.9p were calculated to provide a better view of group activities. The ratio of 11.1p is based on earnings of #20,783,436, which excludes the joint venture loss (#1,420,258 and the related tax credit #440,280). The ratio of 12.4p is based on earnings of #23,102,907, which excludes the joint venture loss (#1,420,258 and related tax credit #440,280) and the effect of the termination cost (#3,361,552 less the tax credit of #1,042,081).

8 RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOWS

	Unaudited Six months Ended 30 June 2001 # '000	Unaudited Six months Ended 30 June 2000 # '000	Audited Year Ended 31 Dec 2000 # '000
Operating profit	35,420	21,371	61,407
Depreciation	8,432	6,143	13,202
Amortisation	160	93	263
Own shares allocated	-	-	176
Loss/(profit) on disposal of fixed assets	56	-	87
Loss on termination of business operation	(1,166)	-	-
Increase/ (decrease) in debtors	57,936	(44,074)	(95,130)
(Increase)/decrease in stocks	22,138	16,018	(26,679)
Increase/(decrease) in creditors	(66,886)	36,797	101,053
Currency and other adjustments	(101)	60	(102)
Net cash inflow from operating activities	55,989	36,408	54,277

9. PUBLICATION OF NON STATUTORY ACCOUNTS

The financial information contained in this interim statement does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. The financial information for the full preceding year is based on the statutory accounts for the financial year ended 31 December 2000. Those accounts, upon which the auditors issued an unqualified opinion, have been delivered to the Registrar of Companies.

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