Trading Statement

January 12, 2010

Computacenter plc

Pre-close Trading Update 12 January 2010

Computacenter is today holding an investor and analyst conference call to provide an update on trading for the year ended 31st December 2009.

The Group's profit before tax and exceptional items, for 2009 is expected to be materially ahead of consensus market expectations of £48.4 million [source Reuters].

At the end of the period net cash excluding customer-specific financing ('CSF') was £87 million [net cash of £4.6 million at 31st December 2008]. Including CSF, net funds were £37 million [net debt of £84.6 million at 31st December 2008].

Exceptional items for the year 2009 are likely to be approximately £4.5 million, £1.5 million less than previously predicted, due to the exceptional gain on the disposal of our Trade Distribution Division in November 2009.

In our pre-close briefing in January 2009 we laid out a clear programme to focus the Group's activities, reduce our operating costs and optimise our working capital. A year of working capital improvements can be clearly seen. We have also reduced our operating cost in constant currency by close to £30 million, almost twice the estimates made 12 months ago.

The Group has continued to develop its contractual services offerings throughout 2009 with investments in new data centre facilities, incremental capacity in our service desks, enhancements to our customer facing software tools and the continuing development of the skills of our employees. As our customers seek to reduce their operating costs, by outsourcing their IT operations, our offerings continue to gain traction in the market. At a Group level our annual services contract base exceeds £500 million on 31st December 2009, representing a growth in excess of 7% over 31st December 2008, based on constant currency.

As we also announced a year ago, we have embarked on a major group wide systems upgrade implementing a single group wide ERP system which will deliver cost savings and greater flexibility to the Group. We are on target to commence the rollout of this program in the second half of 2010 and be fully operational across all major group countries in the second half of 2011. The capital invested in this project to date is £22 million of which £11 million was paid in 2009. Our estimates are that an additional £10 million will be spent before the project is completed.

In the UK, revenue in the period fell by 11% to approximately £1.25 billion. However, excluding the effect of the exit from Trade Distribution sales, revenues fell by 6%. Pleasingly, the fourth quarter showed a revenue growth from continuing operations of 2%. Services revenue grew by 8% over 2008, however, this masks the fact that contractual services revenue grew by 13% whilst professional services revenue declined by 11%. The decline in professional services revenue was caused by the lack of new infrastructure projects throughout 2009, the pipeline for which has improved steadily towards the end of the period. Product revenue in the fourth quarter was undoubtedly helped by the VAT increase on 1st January 2010, but the extent to which is difficult to tell. The UK's profit growth was aided materially by the cost reduction programme introduced a year ago. We have seen the UK's overhead costs reduced by approximately £23 million.

In Germany we have seen another year of encouraging profit growth, despite a decline in revenues of 1% to approximately EUR1.03 billion, excluding the acquisition of becom in late November. However, this translates into a growth of approximately 11% when converted into sterling. A combination of prudent financial management, a small increase in services margin and an improved product mix have all added to the improved profit performance. The recent acquisition of becom should increase our annual German revenues by around 10% in 2010 and add to our data centre capability.

Whilst overall profit performance in Computacenter France in 2009 has declined a little on 2008, it is materially ahead of our internal, as well as external expectations, at the beginning of the year. We are pleased with the strategic progress we have made in 2009 and particularly the growth in services revenue of 11%, in local currency. We believe we are making good progress in laying down firm foundations for long-term profit improvement, which should bear fruit in the years ahead.

We are pleased with the progress that the Group has made in 2009 particularly against the strategic objectives laid out a year ago, but we are far from satisfied and believe that the Group can still make further improvements in the years ahead. Ultimately our profitability is the result of our strategic plan, how we execute against that plan and the state of the markets in which we operate. Our markets for contractual services remain positive, as they have over the last few years and we are encouraged that there have been some signs of improvement in capital expenditure in the fourth quarter of 2009. It remains to be seen whether this is a temporary improvement or something more fundamental. We are clearly buoyed by recent performance and optimistic about the future.

Mike Norris, CEO, commented: 'Our performance has constantly improved as the year has progressed and it is worth remembering that consensus market expectations have already been upgraded by more than £10 million throughout the course of 2009.

The actions we have taken to restructure and focus our business have enabled us to significantly reduce our costs in the year and create a step change in our profits. We are also pleased with the growth in our contract base that underpins profit growth into the future.

While the side of our business that is reliant on capital expenditure remains uncertain, the contractual services growth and structural changes we have made, make us confident in the business and future progress in 2010'

Computacenter will announce full year results for the year ended 31st December 2009 on Thursday 11th March 2010.

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