Interim Management Statement

October 14, 2011
RNS Number : 1619Q
Computacenter PLC
14 October 2011

Computacenter plc

Interim Management Statement

14 October 2011

Computacenter plc ("Computacenter"), the independent provider of IT infrastructure services and solutions today publishes its Interim Management Statement from 30 June 2011 to date. Figures below are based on unaudited financial information, for the third quarter.

Financial Performance

Trading in the third quarter continued along very similar lines to during the first half.

Revenue growth for the quarter, on a reported basis, increased by 5% to £652 million (2010: £621 million) including the effects of acquisitions, with a 1% decline excluding acquisitions (exchange rate movements in the period and for the year to date have been immaterial). Revenue growth year-to-date for the third quarter was 6% to £2.02 billion (£1.90 billion) including acquisitions, and 2% growth excluding the effects of acquisitions.

Group Services revenue grew by 6% in the third quarter including acquisitions and by 2% excluding acquisitions, bringing the year-to-date position to 6% and 4% respectively.

Group Product revenue grew by 4% in the third quarter including acquisitions with a decline of 3% excluding acquisitions, bringing the year-to-date position to a growth rate of 6% and 1% respectively.

UK

UK revenue declined by 15% in the period to £234 million (2010: £275 million). During the first half, we referred to the declining revenue trend for our Products business due to a shift in the spending profiles of particular large customers. This trend continued with Product revenue down 20% in the third quarter, a slight improvement on the 22.6% decline at the half year. Services revenue declined by 6%, which is solely attributed to the declining revenue of our Professional Services business and more specifically, Cabling, which is suffering from a decline in large construction projects. The UK is unaffected by the financial impact of any acquisitions. We remain optimistic by our new business pipeline and we are encouraged by recent additions to our Managed Services contract base in the third quarter, with further hopes of concluding more contract wins before the end of the year. The UK has successfully transferred its core systems to our new group-wide ERP system that went live at the beginning of September.

Germany

German revenue in the third quarter grew by 19% to €339 million (2010: €285 million), including a small acquisition in Germany of HSD and the acquisition of Damax in Switzerland during the third quarter.

Going forward, we are reporting our Swiss revenues within our German segmental reporting. Excluding the effect of these acquisitions, revenue grew by 14%. Product revenue grew 22% including the acquisitions and 17% without acquisitions and Services revenue grew 14% with the acquisitions and 8% without the acquisitions. We remain pleased with the performance of the German business, particularly when considering that these comparatives become more challenging as the year progresses. Germany has had a number of Managed Services successes in this quarter, including our largest ever international service desk contract, which will be delivered by our multi-lingual service desk capability.

France

In France, the overall revenue growth rate in the third quarter was 28% to €126 million (2010: €99 million) with a decline of 2%, excluding the effects of the acquisition. Product revenue grew by 29% including acquisitions with a decline of 5% excluding the acquisition. Services growth was an encouraging 23% including the acquisition, with growth of 10% without acquisitions. Top Info, the company we acquired at the beginning of the second quarter of this year, continues to perform in line with expectations. While much work remains to be done in France with the integration of Top Info, the relocation of some of our facilities and the migration to the group-wide ERP system over the next 12 months, we are extremely pleased with the Services new business win rate, and the growth, which is enabling us to develop the improved visibility of operations that we experience in the other countries in which Computacenter operates.

Financial Position

At the end of the third quarter of this year, net cash excluding customer specific financing (CSF) was approximately £101 million, compared to £107 million at the end of Q3 2010 and £139 million at the end of December 2010. We continue to benefit from the extended credit scheme with one of our major vendors by approximately £30 million. In addition to the two acquisitions and a large property investment, costing a total of £33.5 million in the first half of the year, we completed the acquisition of an 80% stake in Damax AG based in Switzerland in the third quarter, for £5.4 million. While

Damax is only a recent addition to the Group, trading is ahead of our initial expectations.

Group Outlook

We remain on track to deliver a performance in line with the Board's expectations for the year as a whole. As the Board has stated previously, comparisons with 2010 are more challenging towards the end of the year, but we continue to be confident that 2011 will be another year of progress for Computacenter. The prospects within the new business pipeline that we referred to in the Group's Interim results have either reached a successful conclusion, or are progressing encouragingly. While there are clearly no certainties, we are confident that 2011 will prove to be the most successful year in Computacenter's journey by delivering record growth rates in our contractual services business that will underpin growth in the years ahead. .

Our next scheduled trading update will be the pre-close briefing, prior to our annual results, which is scheduled for 12 January 2012.

Enquiries

Computacenter plc

Mike Norris, Chief Executive 01707 631601

Tony Conophy, Finance Director 01707 631515

Tessa Freeman, PR Manager 01707 631514

Tulchan Communications 020 7353 4200

Christian Cowley

James Macey White