Interim Management Statement

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Computacenter plc ("Computacenter"), the independent provider of IT infrastructure services and solutions, today publishes its Interim Management Statement from 1 January 2013 to date. Figures below are based on unaudited financial information, for the first quarter.

Financial Performance

Revenue for the first quarter, on an as reported basis was unchanged at £659.4 million (2012: £659.1 million). In constant currency, it declined by 3%. Group Services revenue grew by 7% as reported and by 4% in constant currency. Additionally, Group Supply Chain revenue reduced by 3% as reported and 6% in constant currency.

UK

The momentum we have built up in the UK business continued in the first quarter with a revenue increase of 6% to £294.9 million (2012: £276.9 million) with Services growth at 11% and Supply Chain growth at 4%. The comparator from 2012 for Services growth will get more challenging from now, but our prospect pipeline has increased since we last reported giving us more confidence that our Services growth rate can be maintained for some time to come.

Germany

German revenue declined by 7% to £280.6 million (2012: £302.5 million) on an as reported basis and by 12% in constant currency. In constant currency, Services revenue shows a decline of 2% and Supply Chain revenue a decline of 17%. The Supply Chain revenue decline relates predominantly to a large one-off low margin deal in the previous year. The moderate revenue performance in Services was as expected due to our focus on resolving existing contractual issues over the winning of new Services business throughout 2012.

Our new Group structure is helping us to get to grips with our challenges in Germany and we have made some important progress in this regard. The two fundamental issues for our business in Germany are the performance of our problem contracts this year, and our ability to secure new and profitable contracts going forward. We are content with the progress we are making in improving the operational and financial performance on the majority of these problem contracts. Whilst three contracts remain stubbornly financially and operationally challenging, it is important to note that maintaining our overall relationship with these customers, as well as our reputation in the market place, makes us determined to ensure that we deliver on agreed service levels, in spite of any short or medium-term impact that this approach may have on our profitability.

We are now more confident in our ability to secure new contracts profitably and are therefore starting to grow our prospect pipeline. Whilst it is still early days, we are encouraged by the number of opportunities available.

France

French revenue increased by 2% to £107.4 million (2012: £105.4 million) on an as reported basis but declined by 3% in constant currency. In constant currency, Services revenue declined by 7% and Supply Chain revenue by 2%. The challenging economic environment in France has resulted in a distinct lack of Professional Services projects which affects our Services margin and our performance on the bottom line. We see very little prospect of this abating this year. Taken together with the major contract renewal that will take place in the second half of 2013, which we have noted previously, 2013 will be a tough year for Computacenter in France.

Financial Position

At the end of Q1 2013, net cash excluding Customer Specific Financing (CSF), was approximately £98 million (£106 million at end Q1 2012). Net cash including CSF was approximately £81 million (£86 million at end Q1 2012). We continue to benefit from the extended credit scheme with one of our major vendors, by approximately £27 million (£26 million at end Q1 2012). The timing of Easter at the end of the period meant that the month end cut off was made 2 days earlier than the previous year which masked the underlying improvement in the cash position.

We are in the process of undertaking the various preparatory activities required to complete a return of capital to shareholders of c £75 million, as noted in the final 2012 results announced on 12 March 2013.

Group Outlook

The UK's performance to date has been encouraging and we feel comfortable with our UK business expectations for the year. As outlined above, while the majority of our problem contracts in Germany are responding positively to the action we have taken, three have yet to do so. In respect of these three contracts, there are ongoing commercial counterparty negotiations. The outcome is thus not yet known, but may result in an increased provision this year for costs in future reporting periods. We expect to have concluded these negotiations by no later than the time of the release of our Interim Results on Friday 30 August 2013.

As noted in our 2012 Operating Review, the new Group operating model was implemented in the UK and Germany at the start of 2013. We are confident that this new model will significantly reduce the risk of a recurrence of similar contractual issues in the future and is, in addition, assisting the resolution in respect of the three contracts referred to above. The introduction of this operating model has resulted in a number of Management changes in our German business.

As previously highlighted, Computacenter France is working within a particularly difficult market environment. However, it is now performing below our previous expectations, broadly at breakeven for the year.

Overall, given the impact of the ongoing German contractual issues and our current in-year performance in France, we now expect to make only modest progress against the overall Group performance achieved in 2012.

It has clearly been a mixed performance for the business through this quarter, but we have a great deal to be excited about, particularly the UK performance and the underlying growth in our Managed Services pipeline across the Group which continues to deliver exciting new opportunities.

However, this fundamental improvement in the business is being masked by the remaining three problem contracts in Germany and challenging market conditions in France.

Our next scheduled trading update will be the pre-close briefing prior to our Interim Results, which is scheduled for 16 July 2013.

Enquiries

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