2012 Full Year Results

Mike Norris

12 March 2013

FY 2012: Financial Highlights

- Group revenues increased 6.5 per cent in constant currency, or 2.2% as reported, to £2.91 billion (2011: £2.85 billion)
- Adjusted profit before tax decreased 4 per cent to £71.3 million (2011: £74.2 million) and broadly flat in constant currency
- Adjusted diluted earnings per share ('EPS') decreased 3.5 per cent to 36.1 pence (2011: 37.4 pence)
- Net funds prior to customer specific financing (CSF) was £147.3 million (2011: £136.8 million)
- Total dividend for 2012 of 15.5 pence per share up 3.3 per cent (2011: 15.0 pence)
- During the course of 2013, the Board intends to return up to £75 million, in addition to the normal dividend, to shareholders

FY 2012: Operating Highlights

Computacenter Services & Solutions

- Group annual services contract base grew 11.0 per cent in constant currency to a record £615.0 million (2011: £554.0 million)
- Outstanding performance by the UK business with 40.2 per cent adjusted operating profit growth
- German Services business adversely impacted by additional resourcing costs associated with simultaneous contract wins, however early signs of improvement in performance
- Significant investment in France including head office relocation and new logistics facility
- Group-wide ERP system delivering operational benefits in UK and Germany with France on track to go live in H1 2013
- Group Operating Model implemented in UK and Germany since the start of 2013

2012: growth has its challenges

Computacenter Services & Solutions

	2008	2009	2010	2011	2012	*2012 vs 2011*
Turnover (£m)	2,560.1	2,503.2	2,676.5	2,852.3	2,914.2	*2.2%*
*Profit before tax (£m)	43.1	54.2	66.1	74.2	71.3	*-4.0%*
*Diluted EPS (pence)	21.0	27.7	33.0	37.4	36.1	*-3.5%*
Dividend per share (pence)	8.2	11.0	13.2	15.0	15.5	*3.3%*
**Contract Base (£m)	439.1	478.2	523.2	554.0	615.0	*11.0%*
*Operating Cash flow (£m)	79.0	138.0	108.0	95.5	85.2	*-10.8%*

** Adjusted measure* *** at constant currency*

4 year CAGR

*Profit before tax 13%

*Diluted EPS 15%

Dividend 17%

Contract Base 9%

Financial Review

Tony Conophy
12 March 2013

2012: Group financial results

	FY 2012 £m	FY 2011 £m	Change	Constant Currency Change
Total Revenue	2,914.2	2,852.3	2.2%	6.5%
Adjusted gross profit	373.2	379.9	(1.8%)	2.0%
Adjusted gross profit %	*12.8%*	*13.3%*	*(0.5%)*	*(0.6%)*
Other operating expenses	(303.2)	(307.4)	(1.4%)	2.6%
Adjusted operating profit	70.0	72.5	(3.5%)	(0.2%)
Adjusted operating profit %	*2.4%*	*2.5%*	*(0.1%)*	*(0.2%)*
Adjusted net interest	1.3	1.7	(25.1%)	(25.3%)
Adjusted profit before tax	71.3	74.2	(4.0%)	(0.8%)
Adjusted tax expense	(16.6)	(16.1)	3.0%	4.3%
Adjusted tax rate	*(23.3%)*	*(21.7%)*	*(1.6%)*	*(1.1%)*
Adjusted profit after tax	54.7	58.1	(5.9%)	(2.3%)
Diluted earnings per share				
– Adjusted	36.1p	37.4p	(3.5%)	
– Statutory	32.4p	39.3p	(17.6%)	

Adjusted profit before tax, income tax expense and EPS are stated prior to amortisation of acquired intangibles and exceptional items. Adjusted operating profit and adjusted gross profit is also stated after charging finance costs on CSF

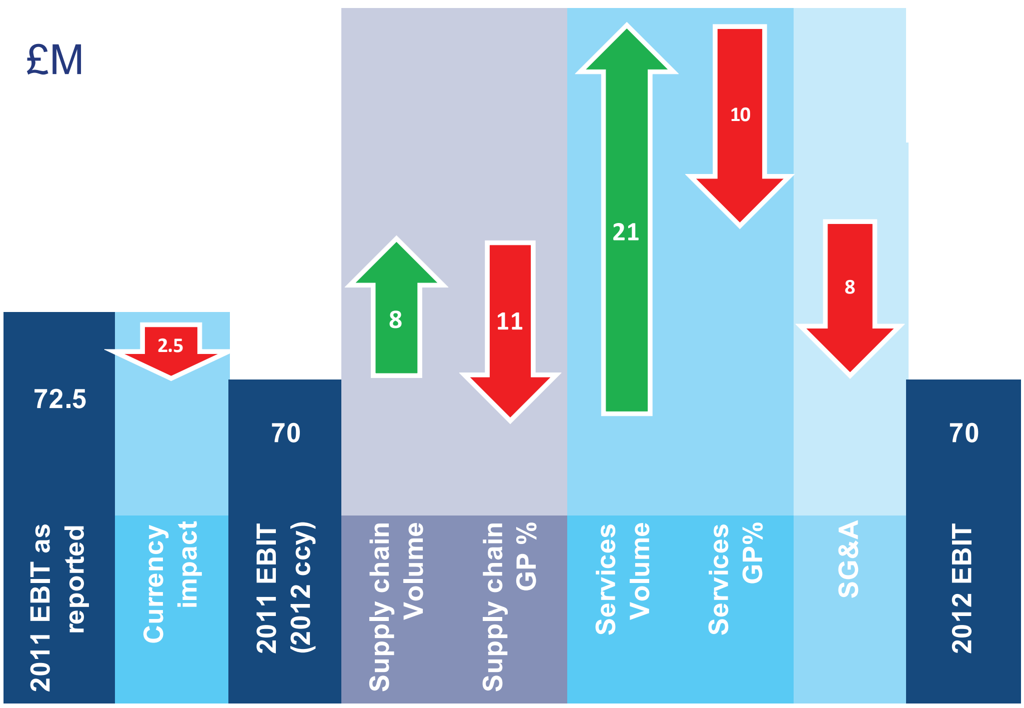
Income statement rate
2012 : £1 = € 1.234
2011 : £1 = € 1.152

2012: Results by segment

	As reported			In constant currency		
	FY 2012 £m	FY 2011 £m	Change %	FY 2012 £m	FY 2011 £m	Change %
Revenue						
UK	1,195.6	1,102.2	8.5%	1,195.6	1,102.2	8.5%
Germany	1,193.8	1,228.6	(2.8%)	1,193.8	1,146.9	4.1%
France	479.3	478.6	0.2%	479.3	446.8	7.3%
Belgium	45.5	43.0	5.8%	45.5	40.1	13.4%
Total Group	**2,914.2**	**2,852.3**	**2.2%**	**2,914.2**	**2,736.0**	**6.5%**
Adjusted operating profit						
UK	52.2	37.3	40.2%	52.2	37.3	40.2%
Germany	11.6	27.7	(58.0%)	11.6	25.9	(55.0%)
France	4.3	6.0	(28.8%)	4.3	5.6	(23.7%)
Belgium	1.9	1.6	21.2%	1.9	1.5	29.8%
Total Group	**70.0**	**72.5**	**(3.5%)**	**70.0**	**70.2**	**(0.2%)**

- **Revenue growth in all segments in constant currency in both Supply Chain and Services**
- **Services growth of 12.7 per cent in constant currency for the Group**
- **Excellent profit growth in UK, due to new services contracts taken on well**
- **Poor contract take-ons in Germany offset profitability gains in the UK**
- **France down due to tough market conditions in H1, and workload strain (integrating acquisitions, relocation of offices and warehouse, preparing for ERP)**

Group EBIT Walk (in constant currency)



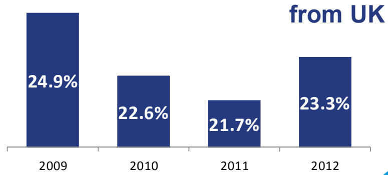
2012: reconciliation to statutory results

	FY 2012 £m	FY 2011 £m	Change %
Adjusted profit before tax	**71.3**	**74.2**	**-4.0%**
Amortisation of acq. intangibles	(2.6)	(2.0)	31.3%
Exceptional items	(3.9)	(0.1)	n/a
Statutory profit before tax	**64.8**	**72.1**	**-10.1%**
Adjusted tax expense	**(16.6)**	**(16.1)**	**3.0%**
Adjusted tax %	***23.3%***	***21.7%***	*1.6%*
Exceptional tax items	0.0	4.4	n/a
Tax on exceptional items	0.4	0.2	n/a
Tax on amort'n of acq. intangibles	0.5	0.4	24.3%
Income tax expense	**(15.7)**	**(11.1)**	**41.3%**
Tax %	***24.2%***	***15.4%***	*8.8%*
Statutory profit after tax	**49.1**	**61.0**	**-19.5%**

- **Exceptional items in 2012 in operating profit relate to property relocations in France and RDC, and, in addition in H2, redundancy costs to reduce the cost base in Germany**

- **Exceptional tax items in 2011 to remove the impact of the exceptional revaluation of deferred tax assets for future loss utilisation in Germany and France**

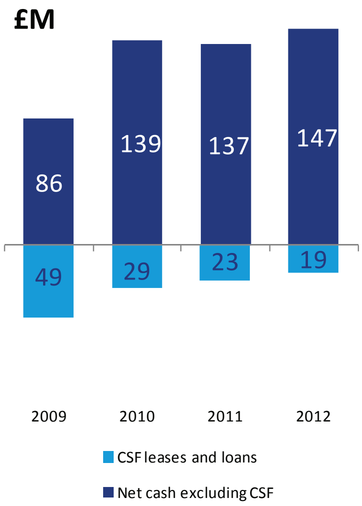
- **Adjusted tax rate higher in 2012, due to higher mix of earnings from UK**



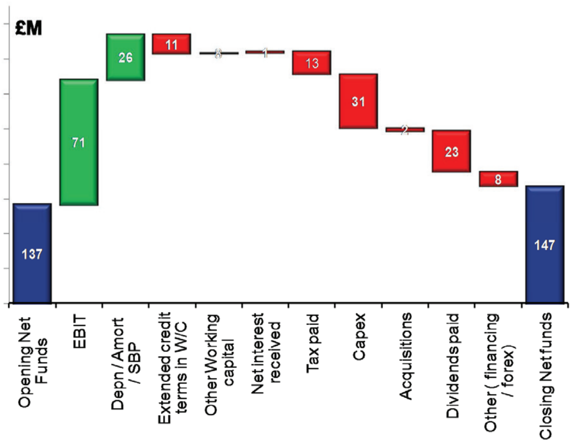
- **Increased amortisation from acquired intangibles arises from acquisitions in the prior year**

Cash position has remained strong in the past year

Cash balance continued to increase (and CSF continued to decrease)



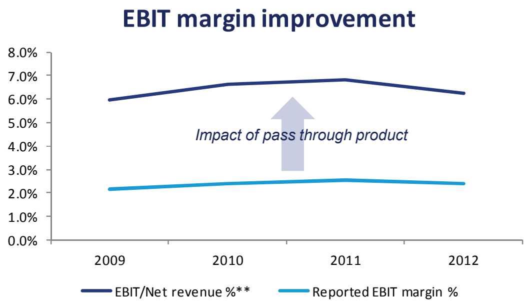
Whilst we continued to invest in our business

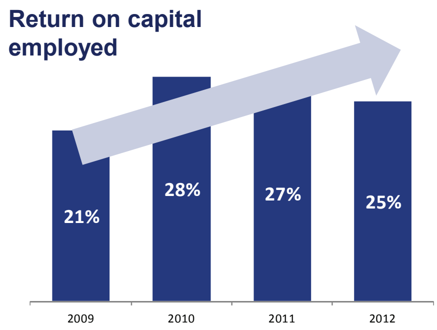


- **Capex includes c£10m in relation to French relocations, service desk location fit outs. Capex also includes run rate capex and further investments in the tools and systems that support our services business**

Financial returns remain strong, but impacted by Germany

Computacenter Services & Solutions





** * Net revenue is defined as total revenue less product costs included in cost of goods sold*

** ROCE is defined as adjusted operating profit divided by net assets excluding net cash before customer-specific financing*

- **Reduction in services gross margins in Germany from poor take-ons have reduced the margin return in 2012**
- **Operating profit % has reduced slightly from 2.5% in 2011 to 2.4% in 2012, but is diluted by supply chain revenues, which are typically "pass through"**
- **Operating profit when expressed as a % of "net revenue" (excluding pass through product) has also reduced to 6.3% (2011: 6.9%)**
- **Despite a lower level of profitability, return on capital employed of 25% has been achieved**

FY12 modelling considerations

Computacenter Services & Solutions

Net interest	• No material changes expected
Tax	• Dependant on mix in earnings as we utilise losses in European operations. As the share of profits generated from the UK increased in 2012, adjusted tax rate increased in 2012 • Tax rate is normally expected at around 22%, with the tax rate expectations lowering as UK corporation tax rate reduce
Exceptional	• All property move costs have been fully incurred in 2012, and will not repeat • As ERP benefits start being realised, we expect to incur some exceptional costs in 2013
Capital expenditure	• 2012 capex was unusually high due to property relocations • Typically non CSF capex is circa £20-25m pa, approximately 50% run-rate capex, and 50% discretionary (e.g. investments in ERP, customer-facing datacentres and support systems)
Depreciation & Amortisation	• Excluding amortisation on acquired intangibles, the underlying charge will increase circa £0.7m in 2013 due to full year of ERP depreciation and amortisation in France
Dividends	• Our dividend policy is to set dividends to maintain a dividend cover of 2 – 2.5 times (2.3 times in 2012 and 2.5 times in 2011)
Capital structure & acquisitions	• Given the strong level of net funds in the business, we will review our capital structure during 2013

Financial summary

- Revenue growth in all territories
- Operating profit
  - Reduction of 3.5%, or 0.2% in constant currency
  - Increase in the UK, over 50% of our gross profit now earned from services
  - Reduction in Germany (poor business take-on) and France (full agenda)
- Increased tax rate from lower mix of overseas earnings
- Increased dividend to 15.5p per share (2011: 15.0p)
- Strong cash generation, with underlying improvement in excess of £20 million over the course of 2012
- Cash return up to £75 million, in addition to the normal dividend, to shareholders during the course of 2013

Operating Review

Mike Norris

12 March 2013

Our agenda

Profit Growth Agenda

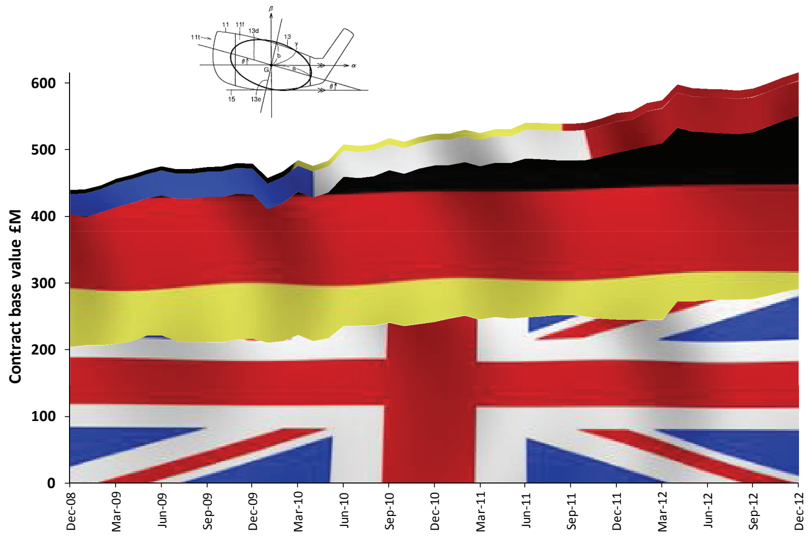
- Grow services
- Service margin improvement
- Cost reduction

"Profit is a consequence of three things: the market, our strategy and how we execute against it.
Mike Norris, CEO

Supporting our customers on their journey

1. Grow Services

We are in a sweet spot

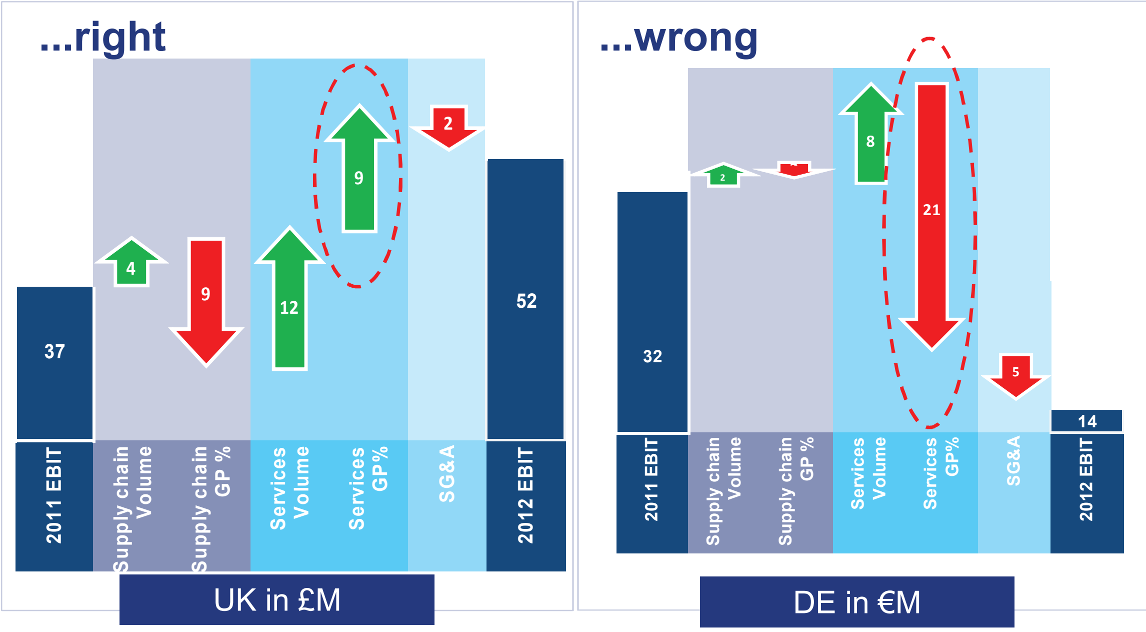


11% contract base growth

Trend to selective outsourcing

2. Service margin improvement

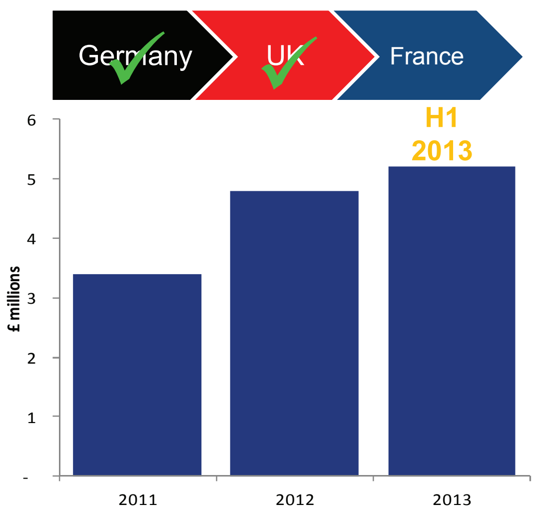
What happens when we get business take on...



3. Cost savings

Impact from our ERP implementation

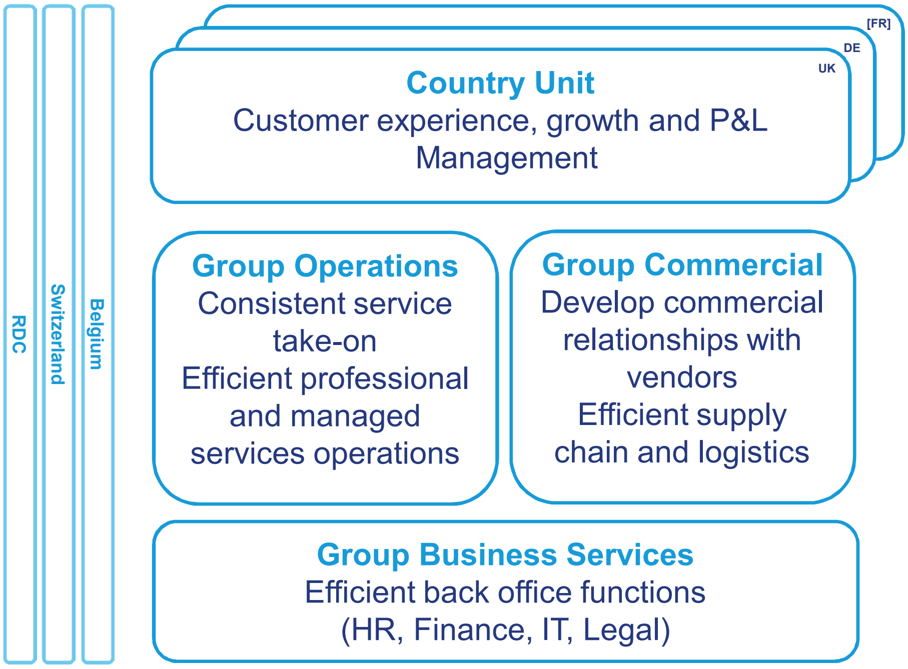
Amortisation & depreciation increases as our countries go live on our new ERP system



But the long term benefits to the Group are significant…

- **Introduce a clear control structure for the Computacenter operating model**
- **Lower cost through increased automation, greater use of central resources, internal benchmarking etc.**
- **Improved risk management & controls on inventory, debtors etc.**
- **Enhanced acquisition integration capability**

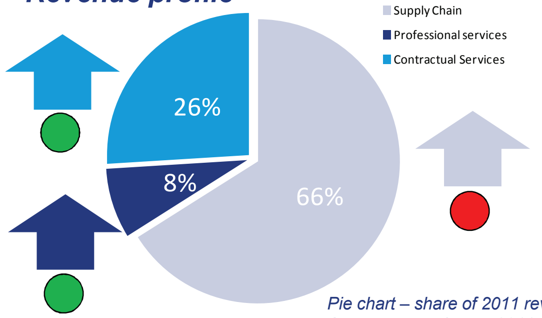
Group Operating Model



UK highlights

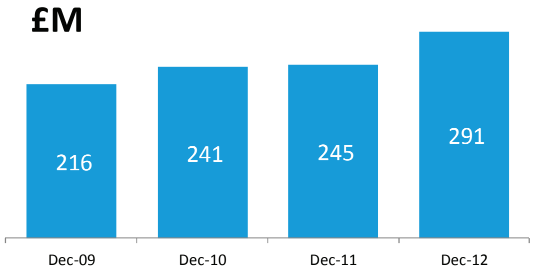
- Significant growth of 8.5% despite some difficult sectors
- Strong services growth of 15.3% in a market with modest growth
- Services gross margin is now greater than 50% of the total
- Ranked No1 within the KPMG UK outsourcing provider survey
- Supply chain growth due to new services customers
- Incremental opportunities from the demise of 2e2

Revenue profile



Pie chart – share of 2011 revenues
Arrows – growth over 2011
Traffic lights – margin performance

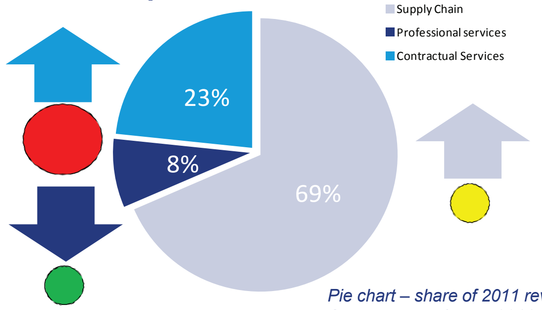
Contract base



DE highlights

- Services revenue growth of 8.7% due to contract services wins in 2011
- Poor contracting and business take-on led to significant losses in new contracts
- Introduction of new take-on processes directly aligned to those used in the UK
- Supply chain growth of 2% on a very strong 2011
- Cost reduction programme from mid Q2 2012

Revenue profile



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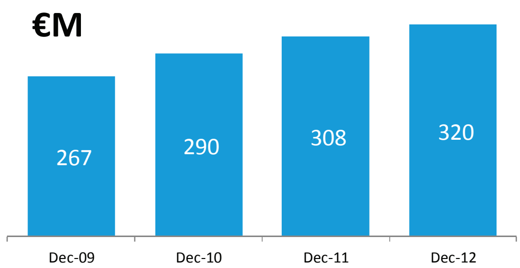
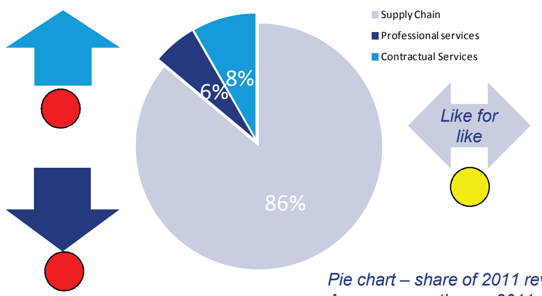


FR highlights

- Stronger second half performance after weak market conditions in H1
- Services revenue growth of 18.7% presented some challenges
- Top Info now fully integrated
- Relocation of HQ and logistics facilities complete
- Preparing for Group ERP in Q2 2013

Revenue profile



Pie chart – share of 2011 revenues
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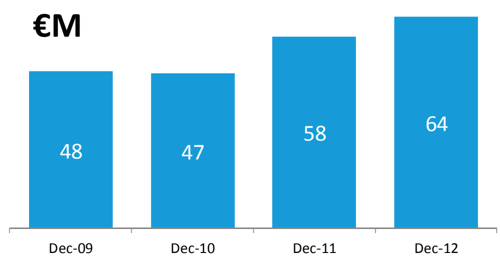
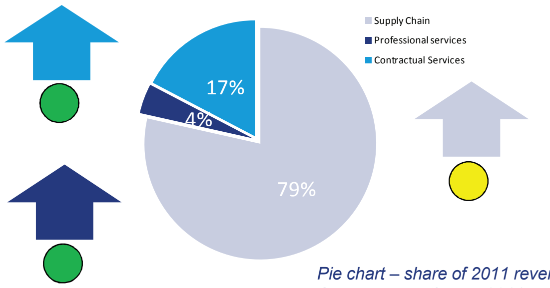
Contract base



BE highlights

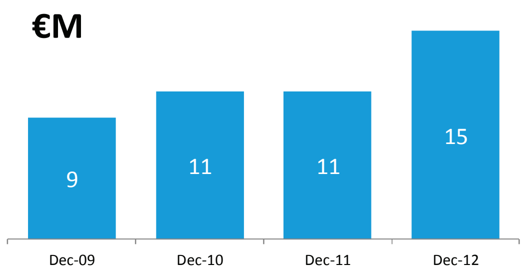
- Good revenue growth of 13%
- Strong services growth at 27.2%, including significant contract services wins
- Small acquisition of Informatic Services SA in early 2013

Revenue profile



Pie chart – share of 2011 revenues
Arrows – growth over 2011
Traffic lights – margin performance

Contract base



Outlook

- The Board expects 2013 to be a year of progress
- UK is a challenging compare
- German performance, in the short term, will depend on the recovery of problem contracts
- Fundamental to long term growth is securing new contracts successfully
- Supply Chain business is less significant to the Group but critical to France
- Our new business pipeline in the UK is significant and will bring growth prospects for 2014 and beyond
- We look forward with confidence

2012 Full Year Results

Mike Norris

12 March 2013

Appendix

Glossary

Adjusted results

- PBT and EPS are adjusted for exceptional items and amortisation on acquired intangibles
- Operating profit is stated after charging finance costs on CSF, and excludes the transfer of internal ERP implementation costs between segments

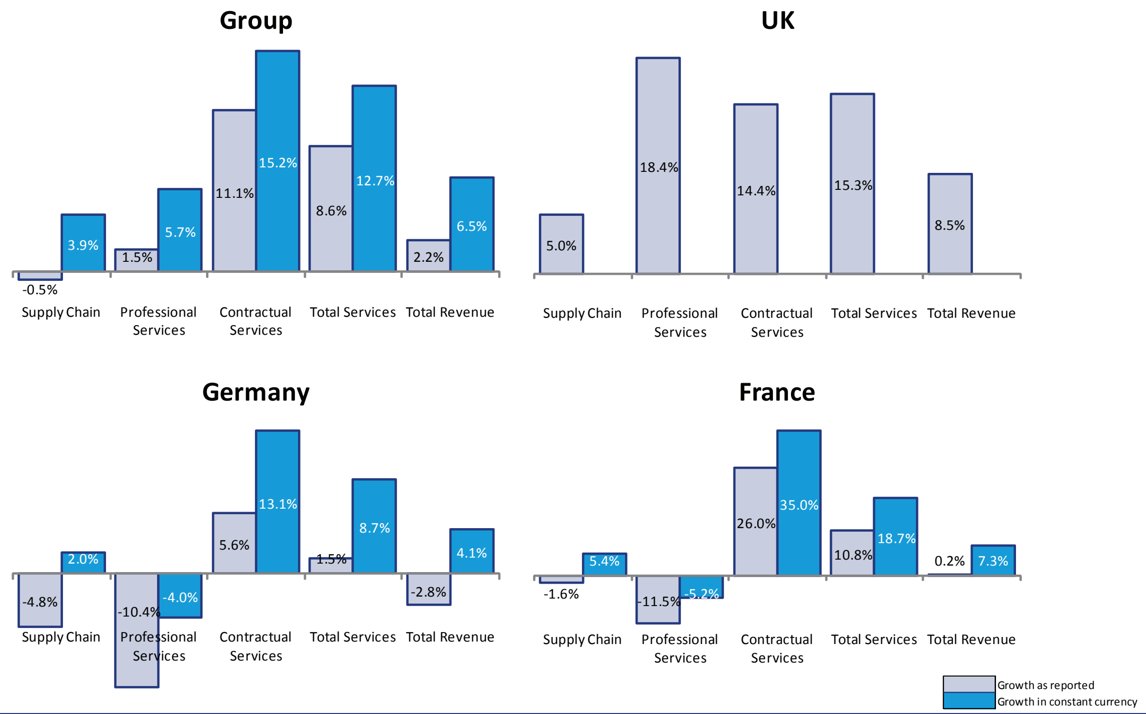
Customer-specific financing ("CSF")

- Finance costs for CSF are charged after operating profit for statutory purposes
- These costs are considered to be contract specific costs, and operating profit is adjusted to charge for these costs
- Net finance costs are also adjusted in this presentation

Net funds

- Net funds prior to CSF is monitored internally by the Group
- Included in this measure are current asset investments, where the group deposits cash, access to which is subject to a notice period
- Statutory net funds includes future obligations for CSF, that are covered by future income streams
- All CSF facilities are committed

Sources of revenue:
% change by revenue type

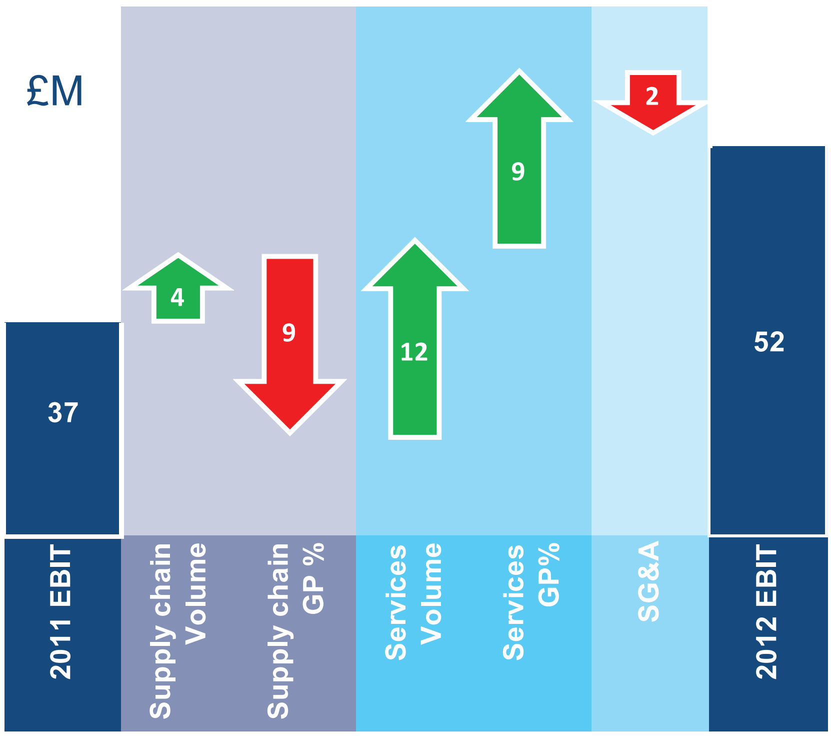


UK – income statement

	FY 2012 £m	FY 2011 £m	Change %
Revenue	1,195.6	1,102.2	8.5%
Adjusted gross profit	183.9	167.3	9.9%
	15.4%	*15.2%*	*0.2%*
SG&A	(131.7)	(130.0)	1.3%
	(11.0%)	*(11.8%)*	*0.8%*
Adjusted operating profit	52.2	37.3	40.2%
	4.4%	*3.4%*	*1.0%*
Headcount: *			
Direct	4,059	3,688	10.1%
Indirect	1,335	1,351	(1.2%)
*** period end headcount**			

Includes approximate reclassification of £3m of costs (approximately 65 heads) from SG&A to gross profit (services)

UK EBIT Walk



Includes approximate reclassification of £3m of costs from SG&A to gross profit (services)

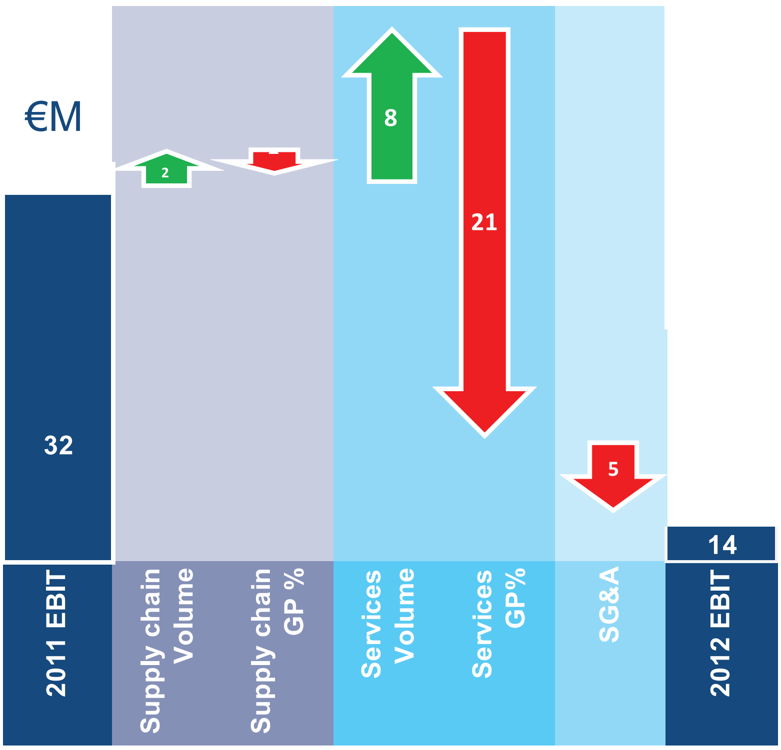
Germany – income statement

	Reported			In local currency		
	FY 2012 £m	FY 2011 £m	Change %	FY 2012 €m	FY 2011 €m	Change %
Revenue	1,193.8	1,228.6	(2.8%)	1,473.1	1,415.3	4.1%
Adjusted gross profit	137.0	157.4	(12.9%)	169.0	181.3	-6.7%
	11.5%	*12.8%*	*(1.3%)*	*11.5%*	*12.8%*	*-1.3%*
Other operating expenses	(125.4)	(129.6)	(3.3%)	(154.7)	(149.3)	3.6%
	(10.5%)	*(10.6%)*	*0.1%*	*-10.5%*	*-10.6%*	*0.1%*
Adjusted operating profit	11.6	27.7	(58.0%)	14.4	31.9	-55.0%
	1.0%	*2.3%*	*(1.3%)*	*1.0%*	*2.3%*	*-1.3%*

Headcount: *			
Direct	3,880	3,526	10.0%
Indirect	1,344	1,292	4.0%

* period end headcount

Germany EBIT Walk



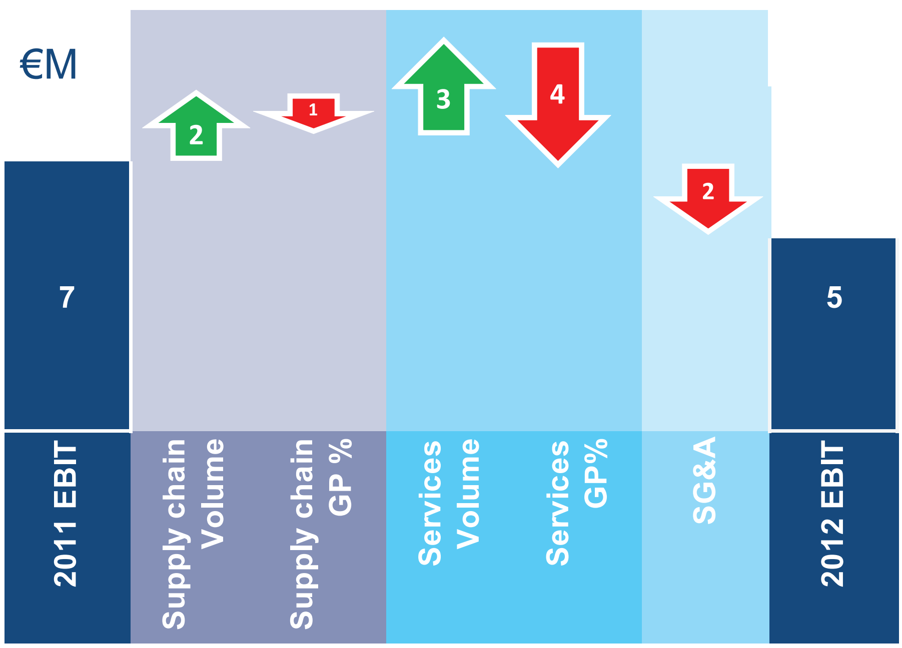
France – income statement

	Reported			In local currency		
	FY 2012 £m	FY 2011 £m	Change %	FY 2012 €m	FY 2011 €m	Change %
Revenue	479.3	478.6	0.2%	591.5	551.3	7.3%
Adjusted gross profit	47.3	50.6	(6.6%)	58.4	58.3	0.1%
	9.9%	*10.6%*	*(0.7%)*	*9.9%*	*10.6%*	*-0.7%*
Other operating expenses	(43.0)	(44.7)	(3.6%)	(53.1)	(51.4)	3.2%
	(9.0%)	*(9.3%)*	*0.4%*	*-9.0%*	*-9.3%*	*0.4%*
Adjusted operating profit	4.3	6.0	28.8%	5.3	6.9	23.7%
	0.9%	*1.3%*	*(0.4%)*	*0.9%*	*1.3%*	*-0.4%*

	FY 2012	FY 2011	Change %
Headcount *:			
Direct	1,352	1,150	17.6%
Indirect	478	484	(1.2%)

* period end headcount

France EBIT Walk



Net funds improved in the year

	Dec 12 £m	Dec 11 £m	Change £m
Cash and cash equivalents	137.5	126.8	10.7
Current asset investment	10.0	10.0	0.0
Bank loans	(0.1)	0.0	(0.1)
Net funds prior to CSF	**147.3**	**136.8**	**10.5**
Finance leases	(18.0)	(21.6)	3.6
Other loans	(0.7)	(1.5)	0.8
Total CSF	**(18.7)**	**(23.1)**	**4.4**
Net cash / (debt)	**128.6**	**113.6**	**15.0**

- **The Group's primary measure when managing the business is net funds pre CSF.**
- **Cash has improved by £10.7 million, with a further underlying improvement of £11.0 million following a decrease in the impact of extended credit terms with a significant vendor from £45 million to £34 million.**
- **Underlying working capital was broadly flat, with a further £31 million of capex reinvested into the business, and £23 million paid in dividends.**

Adjusted cash flow

	FY 2012 £m	FY 2011 £m
Adjusted operating profit	**70.0**	**72.5**
Adjustments to reconcile Group adjusted operating profit to net cash inflows from operating activities		
Depreciation and amortisation	24.3	20.6
Share-based payment	2.2	2.5
Working capital movements	(11.7)	0.3
Other adjustments	0.4	(0.4)
Adjusted operating cashflow	**85.3**	**95.5**
Income taxes paid	(13.1)	(14.4)
Net interest received	1.1	1.3
Capital expenditure and investments	(30.8)	(33.2)
Acquisitions	(1.9)	(25.3)
Equity dividends paid	(23.2)	(21.2)
Cash out flow before financing	**17.4**	**2.7**
Financing		
Proceeds from issue of shares	0.1	0.0
Purchase of own shares	(4.8)	(3.6)
Change in net debt pre CSF in the period	**12.6**	**(0.9)**
Net debt pre CSF at beginning of period	**136.8**	139.4
Effect of exchange rates on net funds pre CSF	(2.1)	(1.8)
Net debt pre CSF at end of period	**147.3**	**136.8**

Group – balance sheet

Computacenter Services & Solutions

	FY 2012 £m	FY 2011 £m	Var £m
Non-current assets			
Property, plant and equipment	100.7	98.3	2.4
Goodwill & Intangibles	104.6	104.2	0.4
Investments in associates	0.6	0.5	0.1
Deferred income tax asset	14.4	15.9	(1.5)
	220.3	**218.9**	**1.3**
Current assets			
Inventories	67.8	97.4	(29.7)
Trade & other receivables	573.7	549.0	24.7
Prepayments & accrued income	104.3	90.1	14.2
Forward currency contracts	0.0	0.3	(0.3)
Cash and short-term deposits	148.1	138.4	9.7
	893.9	**875.2**	**18.7**
Current liabilities			
Trade & other payables	527.5	531.0	(3.4)
Deferred income	128.5	115.4	13.2
Forward currency contracts	0.6	0.5	0.1
Financial liabilities	9.1	12.2	(3.1)
Other liabilities & provisions	8.2	7.4	0.8
	673.9	**666.4**	**7.5**
Non-current liabilities			
Financial liabilities	10.4	12.6	(2.1)
Other liabilities & provisions	7.5	11.4	(3.9)
	17.9	**24.0**	**(6.1)**
Net assets	**422.3**	**403.7**	**18.6**

- **PP&E UP:** capex increase (esp France) offset by disposals/reduction of CSF
- **Intangibles FLAT**: acquired intangibles in Belgium offset by amortisation
- **Working capital balances UP 0-5%**:
  In-line with overall business growth (in particular supply chain revenues)
  Overall working capital was broadly flat, excluding the reduction of benefit from extended credit terms with a significant supplier.
- **Accrued/deferred income UP 10-15%**
  In line with services revenue growth
- **Cash UP**
  Generation of cash in the year, despite capex, dividend and lower levels of extended credit payables
- **Financial liabilities DOWN:** reduced CSF balances