



Interim Results 2008

Mike Norris & Tony Conophy
28 August 2008



H1 2008 Financial Highlights



	2008	2007	Δ%
Turnover	£1.25 bn	£1.16 bn	7.8
Profit before tax	£11.0 m	£12.8 m	(14.2)
Diluted earnings per share	5.2 p	4.7 p	10.6
Net funds*	(£29.7 m)	(£16.5 m)	

**prior to customer-specific financing*

H1 2008 Operational Highlights

- Very weak first six weeks in UK and France
- Strong Q2 across the company
- Strong growth in Software in all geographies
- Group Services revenue up 14.1%
- Services now represents 27% of group sales
- Strong Services wins in each country

Outlook

- Too early in the period to draw any firm conclusions
- New services take-on's in H2 will be strong
- EPS should show the third year of significant increase driven by lower tax rate and fewer shares
- Management is confident to achieve its current expectations



Financial Review

Tony Conophy



Group – income statement

	H1 2008	H1 2007	Growth 08 v 07
	£m	£m	%
Revenue	1,250.3	1,160.3	7.8%
Gross profit	169.5	154.2	10.0%
Finance costs on CSF	(1.7)	(0.6)	176.8%
Adjusted gross profit *	167.8 13.4%	153.5 13.2%	9.3% 0.2%
Other operating expenses	(156.8)	(141.1)	11.2%
Adjusted operating profit *	11.0 0.9%	12.4 1.1%	(11.8%) (0.2%)
Adjusted net interest *	0.3	0.6	(54.2%)
Adjusted profit before tax **	11.3	13.1	(13.8%)
Amortisation on acquired intangibles	(0.3)	(0.2)	n/a
Statutory profit before tax	11.0	12.8	(14.2%)
Tax	(3.1)	(5.3)	(42.3%)
<i>Tax rate</i>	(27.9%)	(40.7%)	
Profit after tax	7.9	7.5	5.7%
Diluted earnings per share			
– Adjusted **	5.3p	4.8p	10.4%
– Statutory	5.2p	4.7p	10.6%

* After charging costs on customer-specific financing

**Adjusted for amortisation of acquired intangibles

UK – income statement

	H1 2008	H1 2007	Growth 08 v 07
	£m	£m	%
Revenue	708.1	671.2	5.5%
Gross profit	98.9	95.3	3.8%
Finance costs on CSF	(1.5)	(0.2)	504.5%
Adjusted gross profit	97.4	95.1	2.5%
	13.8%	14.2%	(0.4%)
Other operating expenses	(88.6)	(83.8)	5.7%
	(12.5%)	(12.5%)	(0.0%)
Adjusted operating profit	8.9	11.3	(21.2%)
	1.3%	1.7%	(0.4%)
Headcount: *			
Direct	3,133	3,176	(1.4%)
Indirect	1,816	1,797	1.1%

* period end headcount

Germany – income statement

	Reported		
	H1 2008	H1 2007	Growth 08 v 07
	£m	£m	%
Revenue	379.8	340.7	11.5%
Gross profit	52.0	43.3	19.9%
Finance costs on CSF	(0.2)	(0.4)	(34.8%)
Adjusted gross profit	51.7	43.0	20.4%
	13.6%	12.6%	1.0%
Other operating expenses	(47.6)	(39.6)	20.4%
	(12.5%)	(11.6%)	
Adjusted operating profit	<u>4.1</u>	<u>3.4</u>	<u>20.8%</u>
	1.1%	1.0%	
Headcount: *			
Direct	2,950	2,820	4.6%
Indirect	1,079	1,048	2.9%

	In local currency		
	H1 2008	H1 2007	Growth 08 v 07
	€m	€m	%
Revenue	490.3	505.2	(3.0%)
Gross profit	67.1	64.3	4.4%
Finance costs on CSF	(0.3)	(0.6)	(43.2%)
Adjusted gross profit	66.8	63.7	4.8%
	13.6%	12.6%	8.0%
Other operating expenses	(61.5)	(58.7)	4.8%
	(12.5%)	(11.6%)	
Adjusted operating profit	<u>5.3</u>	<u>5.0</u>	<u>5.0%</u>
	1.1%	1.0%	

* period end headcount

France – income statement

	Reported		
	H1 2008	H1 2007	Growth 08 v 07
	£m	£m	%
Revenue	147.2	135.3	8.8%
Gross profit	17.0 11.5%	14.2 10.5%	19.6%
Other operating expenses	(18.9) (12.8%)	(16.3) (12.0%)	16.0%
Operating profit	<u>(1.9)</u> (1.3%)	<u>(2.1)</u> (1.6%)	<u>8.6%</u>
Headcount *:			
Direct	661	611	8.3%
Indirect	363	381	(4.6%)

	In local currency		
	H1 2008	H1 2007	Growth 08 v 07
	€m	€m	
Revenue	190.0	200.7	(5.3%)
Gross profit	21.9 11.5%	21.0 10.5%	4.1%
Other operating expenses	(24.4) (12.8%)	(24.2) (12.0%)	1.0%
Operating profit	<u>(2.5)</u> (1.3%)	<u>(3.1)</u> (1.6%)	<u>20.4%</u>

Group – revenue by segment

	H1 2008	H1 2007	Growth 08 v 07
	£m	£m	%
Product	923.2	873.6	5.7%
Professional services	84.0	71.1	18.2%
Support and managed services	243.1	215.6	12.7%
Services	327.1	286.7	14.1%
Total group	1,250.3	1,160.3	7.8%

Adjusted cash flow

	H1 2008	H1 2007
	£m	£m
Adjusted operating profit	11.0	12.4
<i>Adjustments to reconcile Group adjusted operating profit to net cash inflows from operating activities</i>		
Depreciation and amortisation	9.0	8.6
Share-based payment	1.6	1.3
Working capital movements	(5.5)	(13.8)
Currency and other adjustments	(1.2)	-
Adjusted operating cashflow	14.9	8.6
Income taxes paid	(5.5)	(6.3)
Net interest received	0.1	0.5
Capital expenditure and investments	(5.4)	(8.8)
Acquisitions and disposals	0.0	(32.6)
Equity dividends paid	(8.1)	(7.9)
Cash out flow before financing	(4.0)	(46.5)
Financing		
Proceeds from issue of shares	0.0	0.5
Purchase of own shares	(9.5)	0.0
Decrease in net debt pre CSF in the period	(13.5)	(45.9)
Net debt pre CSF at beginning of period	(16.2)	29.4
Net debt pre CSF at end of period	(29.7)	(16.5)

Analysis of net funds

	Jun 08	Jun 07	Dec 07
	£m	£m	£m
Cash and cash equivalents	14.6	4.6	7.3
Factor financing	(44.3)	(21.1)	(23.5)
Net debt prior to CSF	(29.7)	(16.5)	(16.2)
Finance leases	(50.0)	(30.2)	(47.6)
Other loans	(16.2)	(6.7)	(16.0)
Total CSF	(66.2)	(36.9)	(63.6)
Net debt	(95.9)	(53.4)	(79.8)

Group – balance sheet

	Jun 08	Jun 07	Dec 07
	£m	£m	£m
Non-current assets			
Property, plant and equipment	114.4	102.1	116.4
Goodwill & Intangibles	46.2	44.8	45.2
Deferred income tax asset	8.6	8.2	8.2
	169.1	155.1	169.8
Current assets			
Inventories	94.7	92.0	110.5
Trade & other receivables	477.1	410.4	454.2
Prepayments & accrued income	95.7	66.1	61.4
Cash and short-term deposits	37.1	47.4	29.2
	704.5	615.9	655.3
Current liabilities			
Trade payables	207.8	195.6	211.5
Deferred income	92.7	71.4	74.7
Financial liabilities	87.4	81.2	74.4
Other liabilities & provisions	150.8	120.8	135.9
	538.7	469.0	496.5
Non-current liabilities			
Financial liabilities	45.7	20.5	34.7
Other liabilities & provisions	15.3	14.9	15.8
	61.0	35.4	50.4
Net assets	274.0	266.6	278.2



Operational Review

Mike Norris

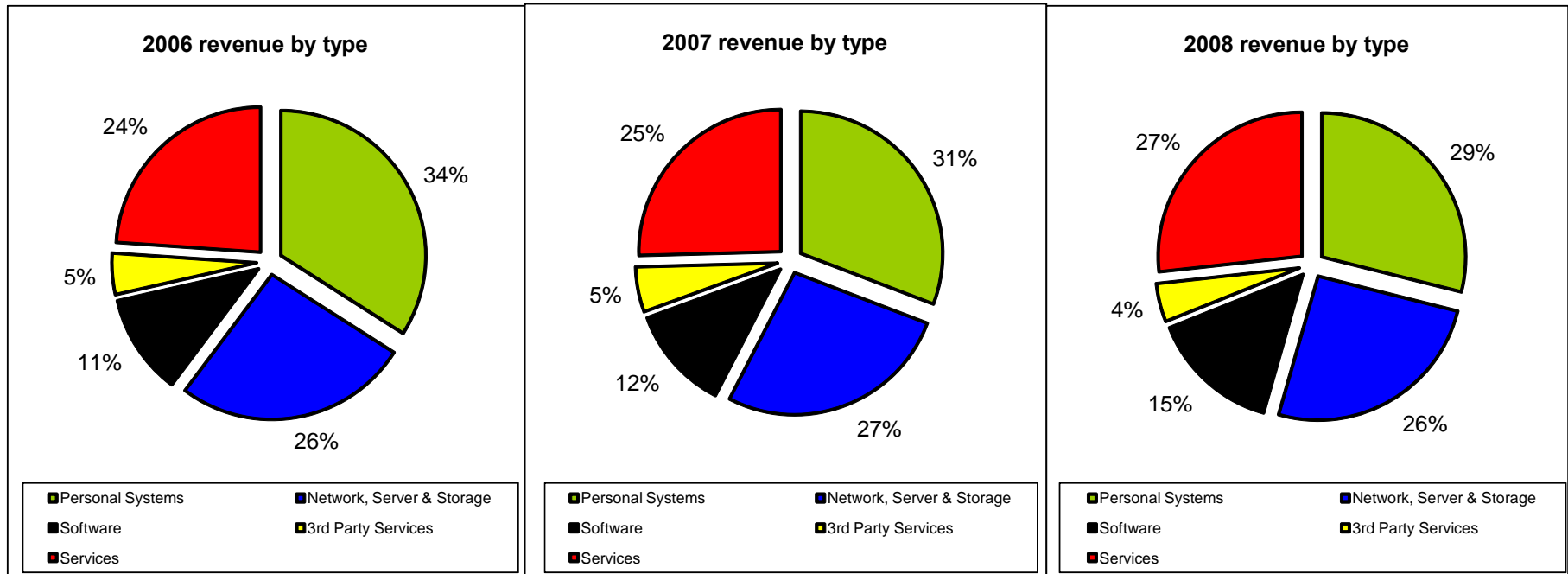


H1 2008 Operational Highlights



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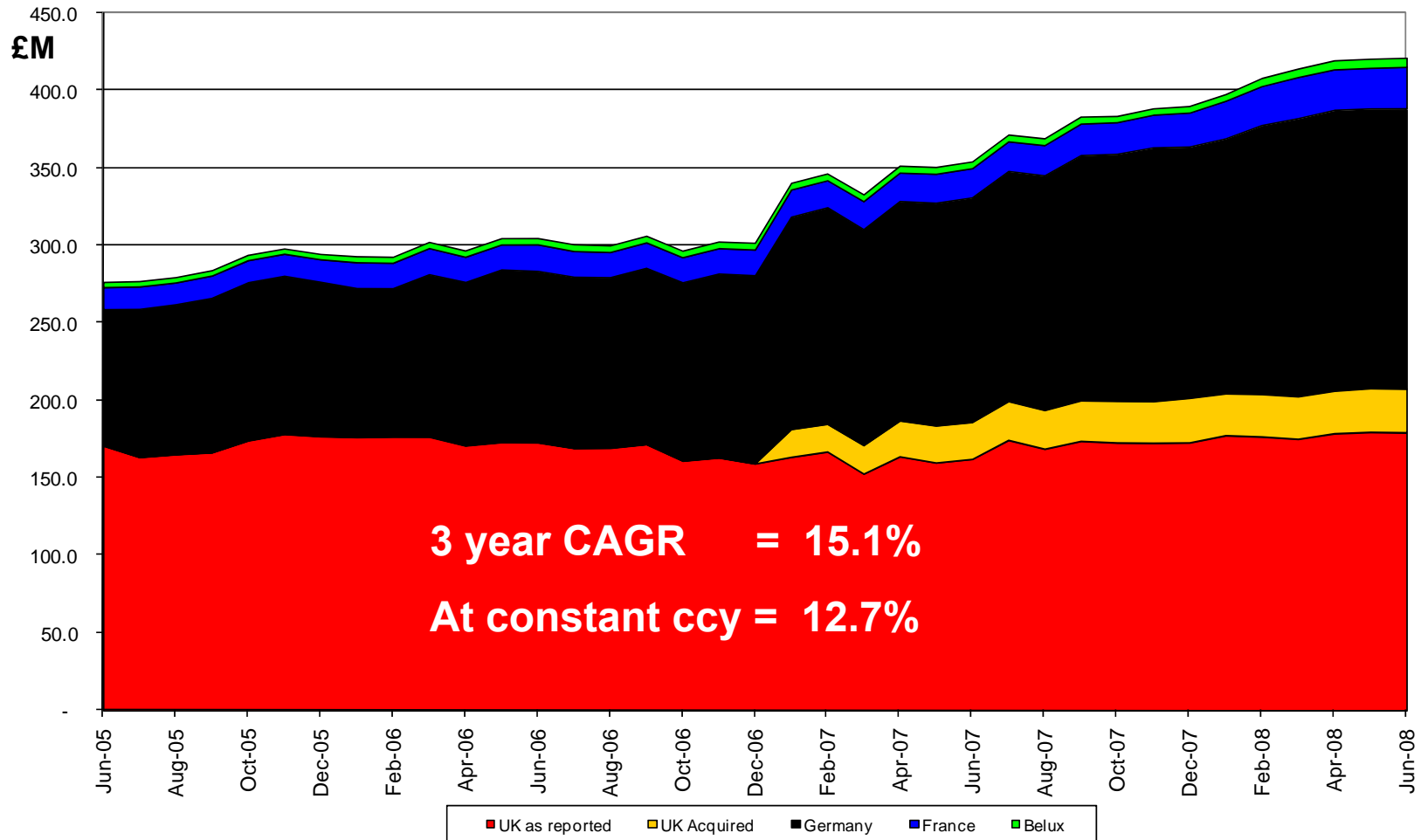
H1 Sales by type : Group



Definitions

- PERSONAL SYSTEMS Desktop, laptop, monitor, printers, peripherals, consumables
- NETWORK, SERVER, STORAGE Servers (Intel & Unix), Storage, Networking & Security
- SOFTWARE Wintel & Enterprise software
- SERVICES Professional, Support & Managed Services
- 3rd PARTY SERVICES 3rd party resold services

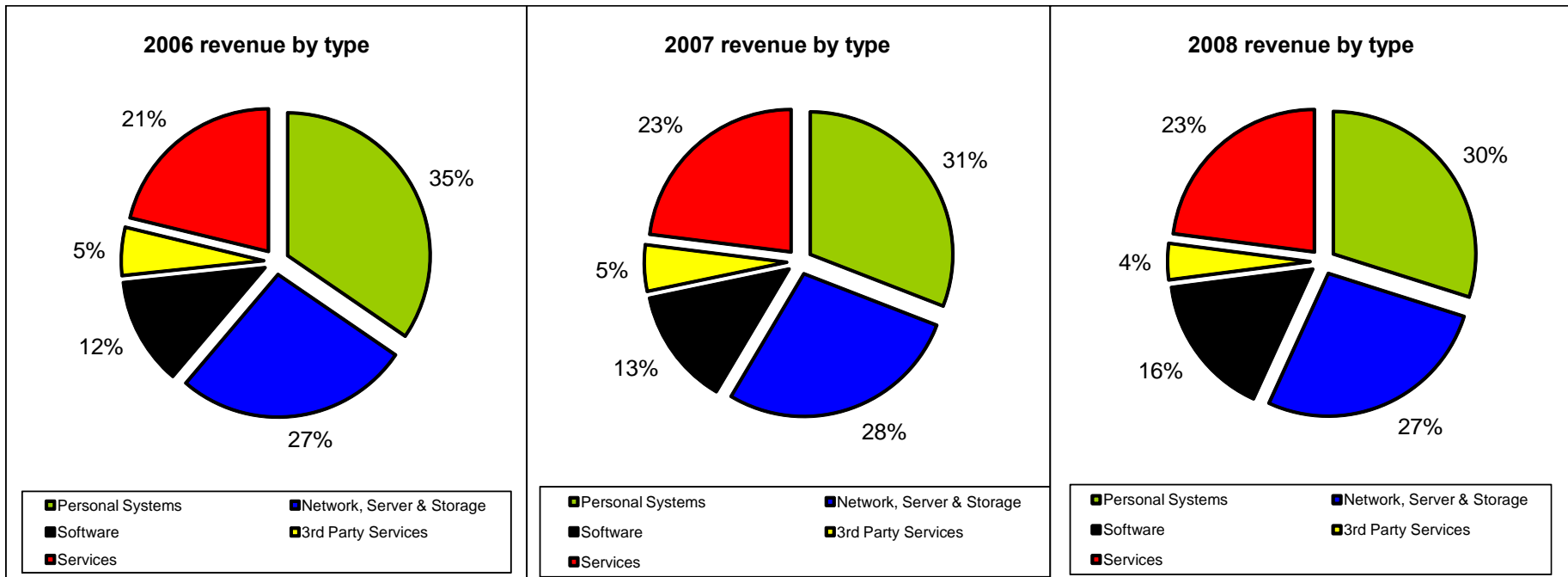
Contract Base : Group



UK Highlights

- Good Managed Services and Support Services wins in H1 will drive contract base growth in H2 and revenue enhancement in 2009
- Good performance in Professional Services particularly in the datacentre arena
- Software revenue growth by 34.8% driven predominantly by Microsoft sales
- 27.8% growth in revenue from RDC, our remarketing and recycling arm
- Trade distribution sales down 11.7%

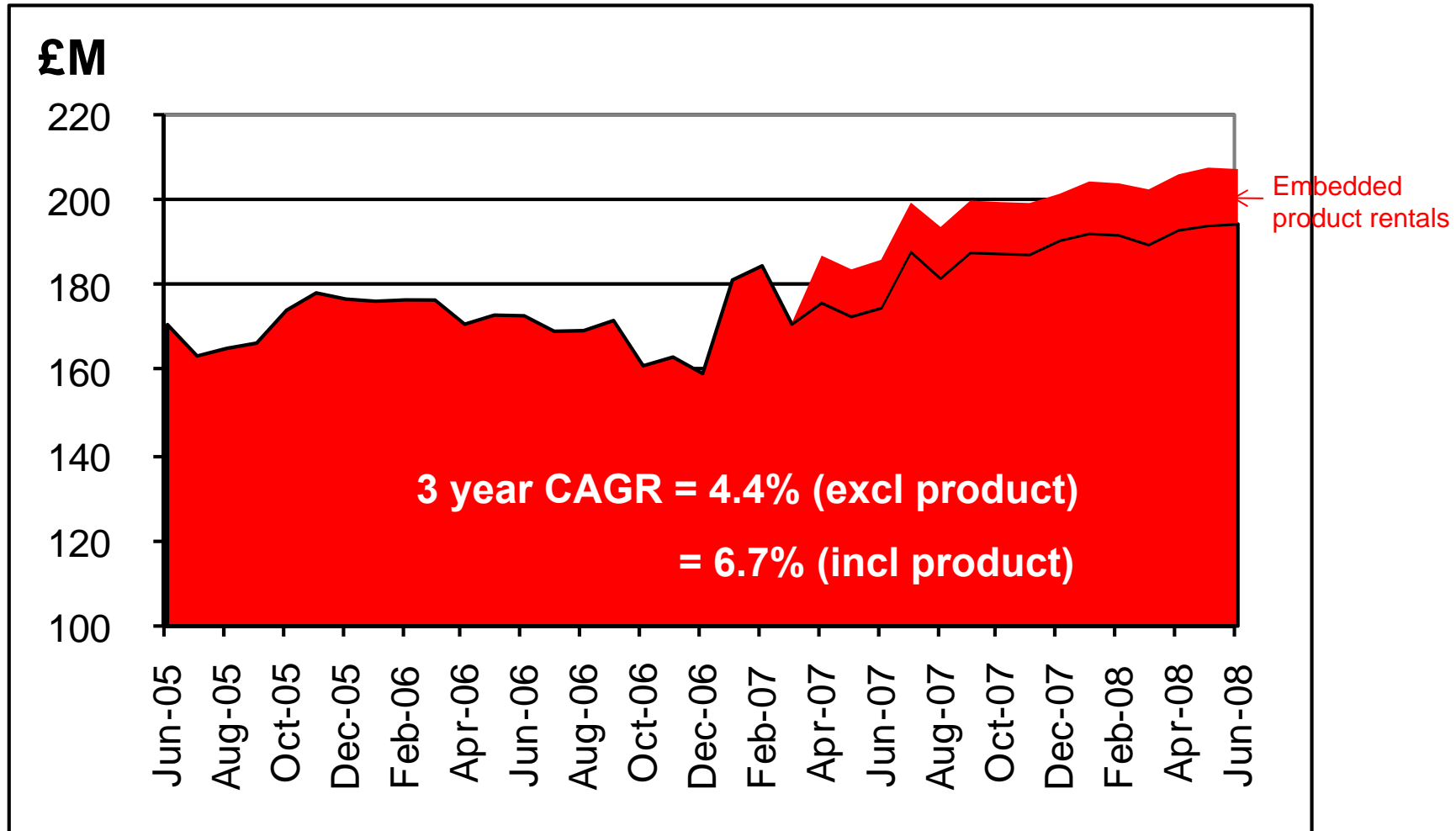
H1 Sales by type : UK



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PERSONAL SYSTEMS	Desktop, laptop, monitor, printers, peripherals, consumables
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SOFTWARE	Wintel & Enterprise software
SERVICES	Professional, Support & Managed Services
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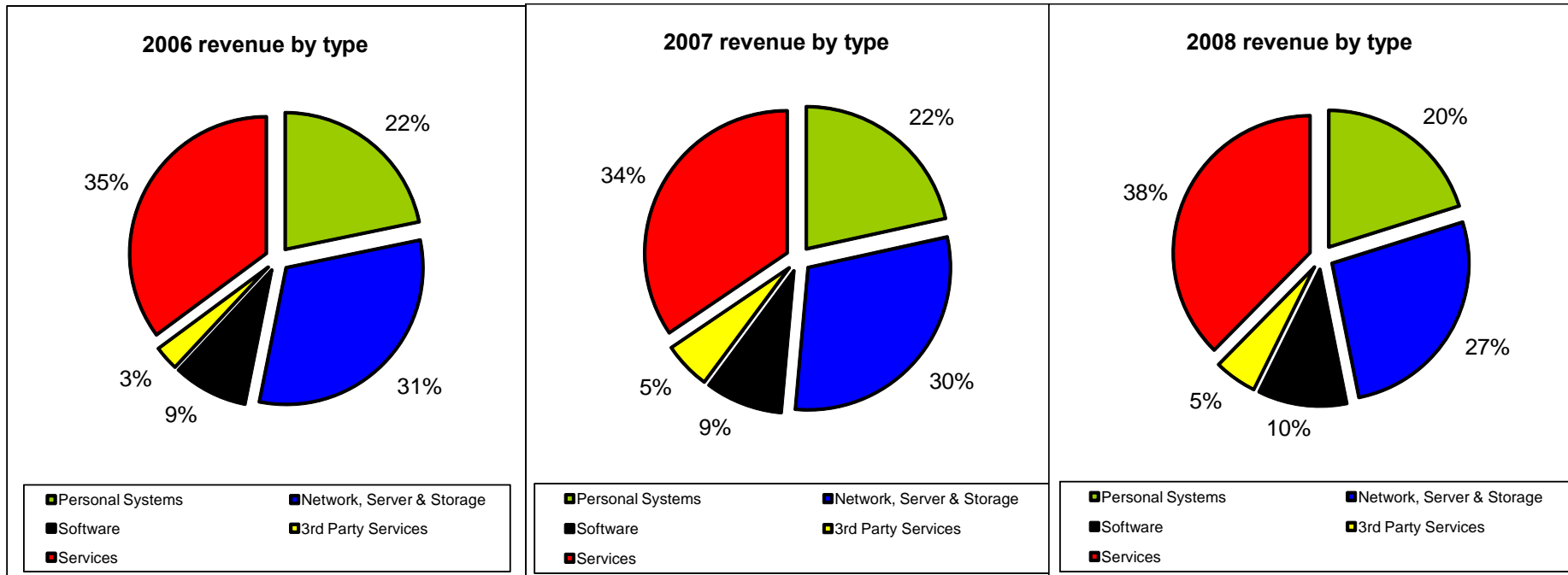
Contract Base : UK



German Highlights

- Strong performance in Services margin
- Significant Services wins that will come on board in H2
- Product volumes down, partly due to one low margin contract coming to an end
- Successful management transition

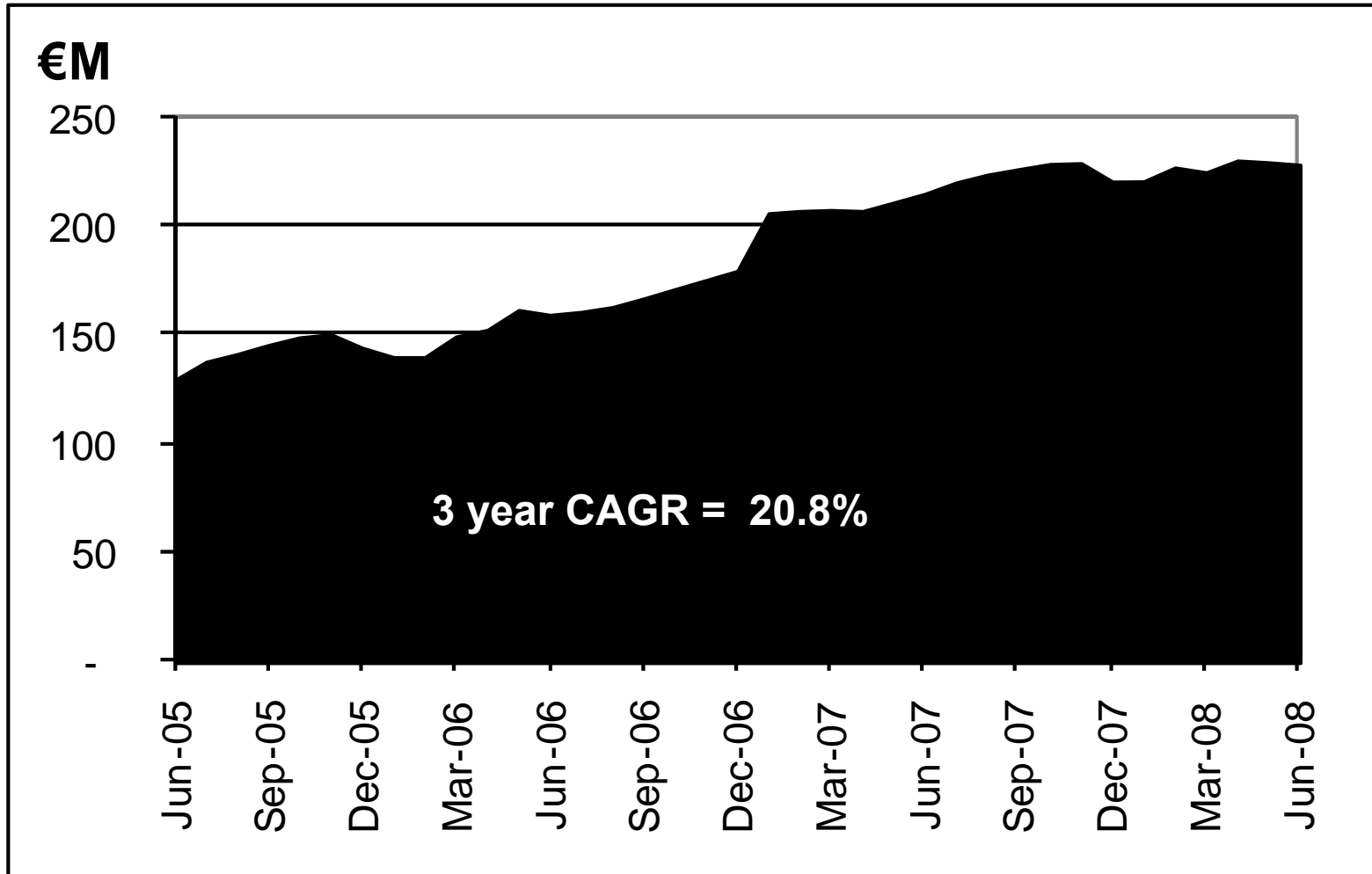
H1 Sales by type : Germany



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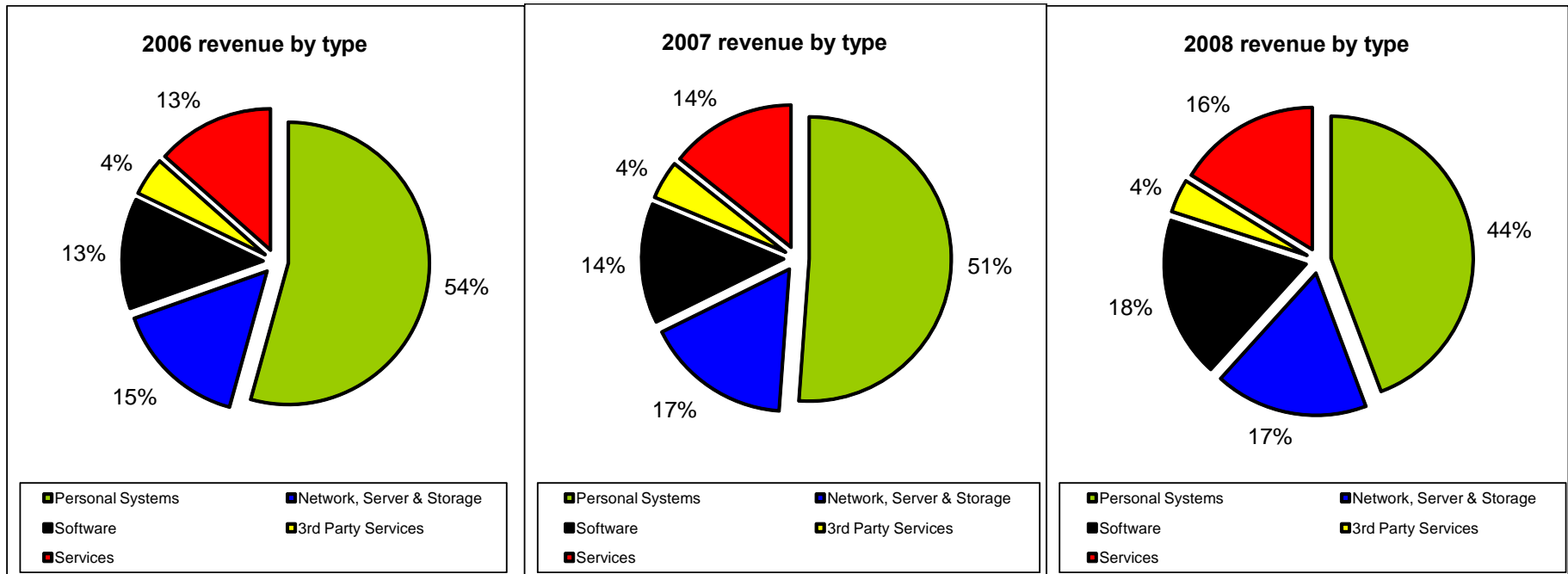
Contract Base : Germany



France Highlights

- Good performance in Q2 after a very difficult Q1
- Reduced operating loss despite revenue declines
- Increased Services revenue gives the business more predictability
- Breakthrough Service contract with EDF
- Nothing to report on the French Army

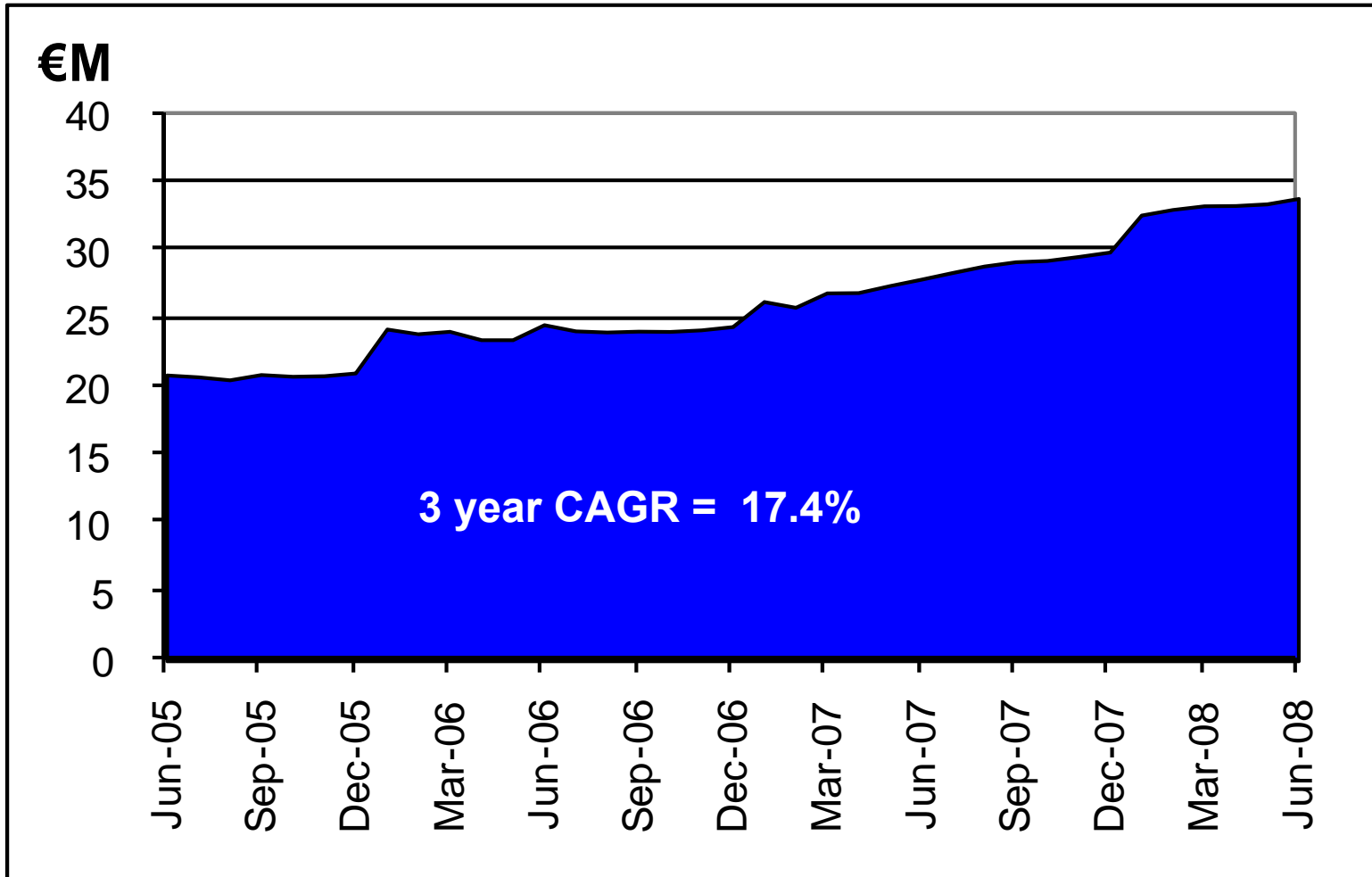
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