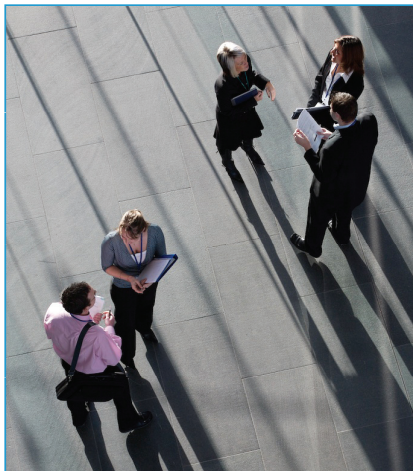


## Interim Results 2009

27<sup>th</sup> August, 2009



## H1 2009 Financial highlights

- Group revenues decreased 2.2% to 1.122bn (H1 2008: £1.25bn)
- Adjusted operating profit before tax increased 62.0% to £18.2m (H1 2008: £11.3m)
- Adjusted diluted earnings per share increased 81.1% to 9.6p (H1 2008: 5.3p)
- Interim dividend of 3.0p per share an increase of 11.1% (H1 2008: 2.7p)
- Net cash before CSF of £47.3m (end H1 2008: net debt of £29.7m)

# Operating highlights

- Group services contract base grew 8.0% to £487.3m, based on constant currency
- Working capital improvements across the group have delivered a £77.0m cash improvement over the last 12 months
- Major UK change programme has delivered
  - Increase our focus on Services and Solutions
  - Cost reduction of £13.4m in SG&A
  - reduction in working capital of approx £18m from exiting the trade distribution of PCs, laptops and printers
- Germany continued the trend of the last few years by growing its services revenue and margins
- France outperformed our expectations helped by a 24.0% services margin growth

## Financial Review – Tony Conophy

# Group – income statement

	H1 2009	H1 2008	Growth 09 v 08	Constant currency	Growth 09 v 08
	£m	£m	%	£m	%
Revenue	1,222.2	1,250.3	(2.2%)	1,333.4	(8.3%)
Gross profit	170.6	169.5	0.6%	180.6	(5.5%)
Finance costs on CSF	(2.0)	(1.7)	17.2%	(1.8)	14.4%
Adjusted gross profit *	168.6	167.8	0.5%	178.8	(5.7%)
	13.8%	13.4%	0.4%	13.4%	0.4%
Other operating expenses	(150.6)	(156.8)	(4.0%)	(167.4)	(10.0%)
Adjusted operating profit *	18.0	11.0	63.7%	11.4	58.1%
	1.5%	0.9%	0.6%	0.9%	72.5%
Adjusted net interest *	0.3	0.3	(2.0%)	0.1	278.7%
Adjusted profit before tax **	18.2	11.3	62.0%	11.4	59.5%
Exceptional impairment charge	(6.0)	0.0	n/a	0.0	n/a
Amortisation on acquired intangibles	(0.3)	(0.3)	n/a	(0.3)	n/a
Statutory profit before tax	12.0	11.0	9.0%	11.2	7.3%
Tax	(2.6)	(3.1)	(16.1%)	(3.1)	(16.9%)
Tax rate	(21.4%)	(27.9%)		(27.8%)	
Profit after tax	9.4	7.9	18.7%	8.1	16.6%
Diluted earnings per share					
– Adjusted **	9.6p	5.3p	81.1%	5.3p	n/a
– Statutory	6.3p	5.2p	21.2%	5.2p	n/a

\* After charging costs on customer-specific financing

\*\*Adjusted for amortisation of acquired intangibles and exceptional items

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# UK – income statement

	H1 2009	H1 2008	Growth 09 v 08
	£m	£m	%
Product revenue	455.4	550.8	(17.3%)
Services revenue	169.5	157.3	7.8%
Total revenue	624.9	708.1	(11.8%)
Gross profit	89.4	98.9	(9.6%)
Finance costs on CSF	(1.7)	(1.5)	11.5%
Adjusted gross profit	87.8	97.4	(9.9%)
	14.0%	13.8%	0.3%
Distribution costs	(5.9)	(6.7)	(12.8%)
SG&A:			
- People related	(53.4)	(63.9)	(16.5%)
- Non-people related	(15.9)	(18.0)	(11.5%)
Other operating expenses	(75.2)	(88.6)	(15.1%)
	(12.0%)	(12.5%)	0.5%
Adjusted operating profit	12.6	8.9	42.2%
	2.0%	1.3%	0.8%
Headcount: *			
Direct	3,433	3,133	9.6%
Indirect	1,464	1,816	(19.4%)

\* period end headcount

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# Germany – income statement

	Reported			In local currency		
	H1 2009	H1 2008	Growth 09 v 08	H1 2009	H1 2008	Growth 09 v 08
	£m	£m	%	€m	€m	%
Product revenue	262.0	237.5	10.3%	293.5	306.7	(4.3%)
Services revenue	171.3	142.2	20.4%	191.9	183.6	4.5%
<b>Total revenue</b>	<b>433.3</b>	<b>379.8</b>	<b>14.1%</b>	<b>485.3</b>	<b>490.3</b>	<b>(1.0%)</b>
Gross profit	60.7	52.0	16.8%	68.0	67.1	1.4%
Finance costs on CSF	(0.4)	(0.2)	51.3%	(0.4)	(0.3)	31.3%
<b>Adjusted gross profit</b>	<b>60.3</b>	<b>51.7</b>	<b>16.7%</b>	<b>67.6</b>	<b>66.8</b>	<b>1.2%</b>
	13.9%	13.6%	0.3%	13.9%	13.6%	0.3%
Distribution costs	(1.9)	(2.0)	(8.6%)	(2.1)	(2.6)	(20.7%)
SG&A	(51.3)	(45.6)	12.5%	(57.4)	(58.8)	(2.4%)
Other operating expenses	(53.1)	(47.6)	11.6%	(59.5)	(61.5)	(3.2%)
	(12.3%)	(12.5%)	0.3%	(12.3%)	(12.5%)	0.3%
<b>Adjusted operating profit</b>	<b>7.2</b>	<b>4.1</b>	<b>75.7%</b>	<b>8.1</b>	<b>5.3</b>	<b>52.5%</b>
	1.7%	1.1%	0.6%	1.7%	1.1%	0.6%
Headcount: *						
Direct	3,006	2,950	1.9%			
Indirect	1,078	1,079	(0.1%)			

\* period end headcount

# France – income statement

	Reported			In local currency		
	H1 2009	H1 2008	Growth 09 v 08	H1 2009	H1 2008	Growth 09 v 08
	£m	£m	%	€m	€m	%
Product revenue	122.1	124.5	(1.9%)	136.8	160.7	(14.9%)
Services revenue	29.0	22.7	27.4%	32.5	29.4	10.5%
<b>Revenue</b>	<b>151.1</b>	<b>147.2</b>	<b>2.6%</b>	<b>169.2</b>	<b>190.0</b>	<b>(11.0%)</b>
Gross profit	19.0	17.0	12.0%	21.3	21.9	(2.8%)
	12.6%	11.5%		12.6%	11.5%	
Distribution costs	(1.8)	(1.7)	10.6%	(2.1)	(2.1)	(4.0%)
SG&A	(18.6)	(17.2)	8.0%	(20.8)	(22.2)	(6.3%)
Other operating expenses	(20.4)	(18.9)	8.2%	(22.9)	(24.4)	(6.1%)
	(13.5%)	(12.8%)	(0.7%)	(13.5%)	(12.8%)	(0.7%)
<b>Adjusted operating profit</b>	<b>(1.4)</b>	<b>(1.9)</b>	<b>25.1%</b>	<b>(1.6)</b>	<b>(2.5)</b>	<b>35.0%</b>
	(1.0%)	(1.3%)	0.4%	(1.0%)	(1.3%)	0.4%
Headcount *:						
Direct	768	661	16.2%			
Indirect	350	363	(3.6%)			

\* period end headcount

# Group – revenue by segment

	H1 2009	H1 2008	Growth 09 v 08	Constant currency	Growth 09 v 08
	£m	£m	%	£m	%
<b>Product</b>	<b>846.8</b>	923.2	(8.3%)	<b>980.1</b>	(13.6%)
Professional services	85.7	84.0	2.0%	89.6	(4.3%)
Support and managed services	289.6	243.1	19.2%	263.8	9.8%
<b>Services</b>	<b>375.4</b>	327.1	14.8%	<b>353.4</b>	6.2%
<b>Total Group</b>	<b>1,222.2</b>	1,250.3	(2.2%)	<b>1,333.4</b>	(8.3%)

# Adjusted cash flow

	H1 2009	H1 2008	FY 2008
	£m	£m	£m
<b>Adjusted profit before taxation</b>	<b>18.2</b>	11.3	43.1
Net finance income	(0.3)	(0.3)	(1.0)
Depreciation and amortisation	8.3	9.0	18.1
Share-based payment	1.1	1.6	2.5
Working capital movements	39.3	(5.5)	16.3
Other adjustments	(0.2)	(1.8)	(0.2)
Income taxes paid	(10.0)	(5.5)	(6.1)
<b>Adjusted operating cashflow</b>	<b>56.4</b>	8.8	72.8
Net interest received	0.3	0.1	0.7
Capital expenditure and investments	(8.6)	(5.4)	(24.3)
Equity dividends paid	(8.1)	(8.1)	(12.0)
Purchase of own shares	(0.6)	(9.5)	(9.7)
<b>Change in net debt excluding CSF in the period</b>	<b>39.5</b>	(14.1)	27.4
Net debt pre CSF at beginning of period	4.6	(16.2)	(16.2)
Effect of exchange rates on net funds pre CSF	3.2	0.6	(6.6)
<b>Net funds/(debt) excl CSF at end of period</b>	<b>47.3</b>	(29.7)	4.6

# Analysis of net funds

	Jun 09	Jun 08	Dec 08
	£m	£m	£m
Cash and cash equivalents	69.7	14.6	46.9
Factor financing	(22.4)	(44.3)	(42.3)
<b>Net funds/(debt) prior to CSF</b>	<b>47.3</b>	<b>(29.7)</b>	<b>4.6</b>
Finance leases	(48.9)	(50.0)	(55.2)
Other loans	(16.4)	(16.2)	(34.0)
<b>Total CSF</b>	<b>(65.3)</b>	<b>(66.2)</b>	<b>(89.2)</b>
<b>Net debt</b>	<b>(18.1)</b>	<b>(95.9)</b>	<b>(84.6)</b>
Adjusted finance income	0.3	0.3	1.0
Interest charges on CSF	(2.0)	(1.7)	(4.0)
Total interest charges	(1.7)	(1.4)	(3.1)

# Group – balance sheet

	Jun 09	Jun 08	Dec 08
	£m	£m	£m
<b>Non-current assets</b>			
Property, plant and equipment	113.4	114.4	123.3
Goodwill & Intangibles	52.5	46.2	51.6
Deferred income tax asset	17.7	8.6	16.7
	<b>183.6</b>	<b>169.1</b>	<b>191.5</b>
<b>Current assets</b>			
Inventories	71.1	94.7	105.8
Trade & other receivables	403.1	463.8	529.5
Prepayments & accrued income	129.4	109.0	97.7
Cash and short-term deposits	75.5	37.1	53.4
	<b>679.1</b>	<b>704.5</b>	<b>786.4</b>
<b>Current liabilities</b>			
Trade payables	190.6	207.8	228.1
Deferred income	107.6	92.7	115.3
Financial liabilities	64.4	87.4	96.2
Other liabilities & provisions	147.8	150.8	163.6
	<b>510.3</b>	<b>538.7</b>	<b>603.2</b>
<b>Non-current liabilities</b>			
Financial liabilities	29.3	45.7	41.8
Other liabilities & provisions	12.2	15.3	11.8
	<b>41.5</b>	<b>61.0</b>	<b>53.6</b>
<b>Net assets</b>	<b>310.9</b>	<b>274.0</b>	<b>321.2</b>

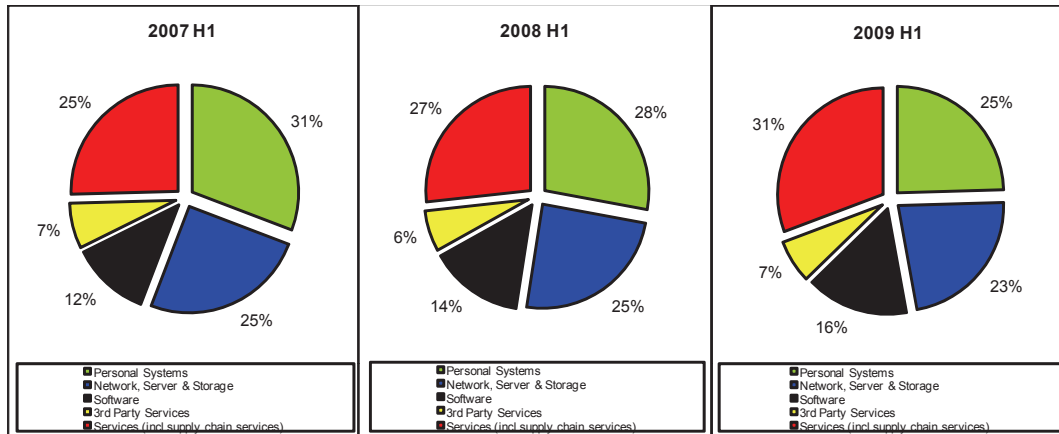
## Operational Review – Mike Norris

## Group Trends and Highlights

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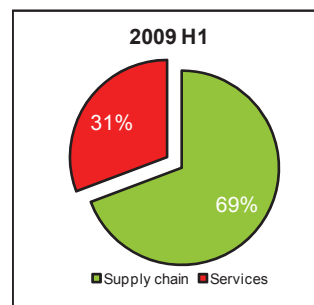
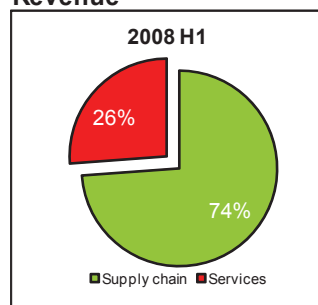
- Capital expenditure challenging in all countries
- Integrations projects have been hard to come by
- Virtualisation is the overwhelming technology trend
- Contractual services pipeline is strong in all countries
- Strengthening of the balance sheet has been a major success
- ERP project on budget and timescale with approx £13m spent to date

# H1 sales by type : Group

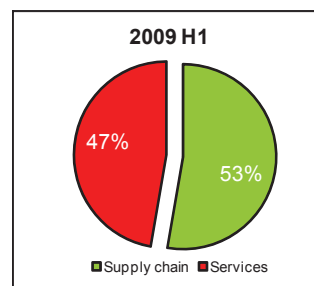
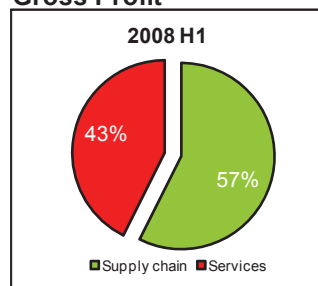


# Group : services share

## Revenue



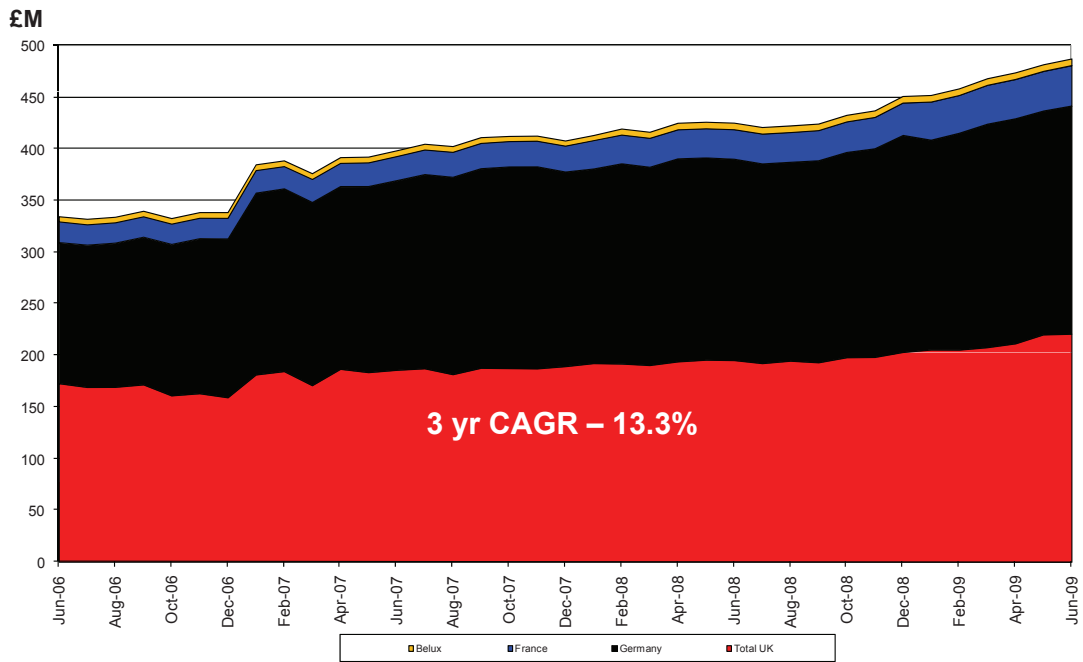
## Gross Profit\*



\* Gross profit is adjusted to take account of interest on CSF

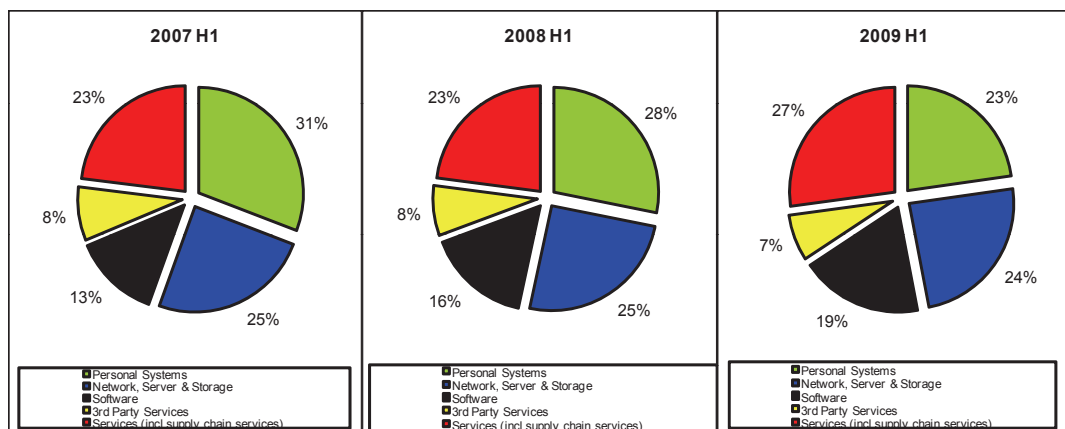


# Contract base : Group



Constant currency : at June 2009 exchange rate

# H1 sales by type : UK

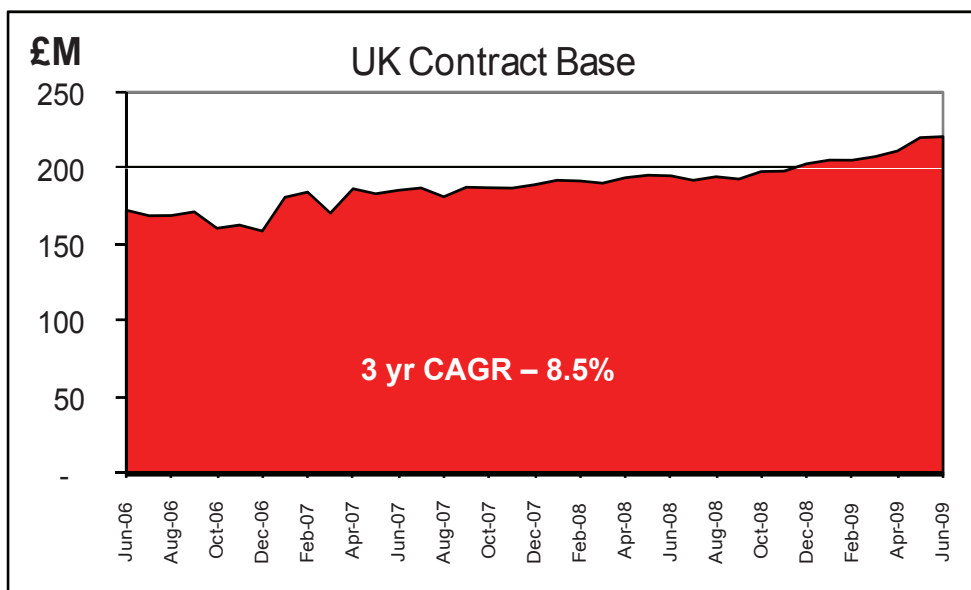


NB : 2007 and 2008 have been restated to take account of re-organisation of revenue classifications

# UK Highlights

- Revenue declined 11.8% to £624.9m approx £37m due to the exit of trade distribution markets
- Services revenue grew 8.0% driven by contractual services
- Contract base was up 8.7% to £221.2m which includes the BT adjustment

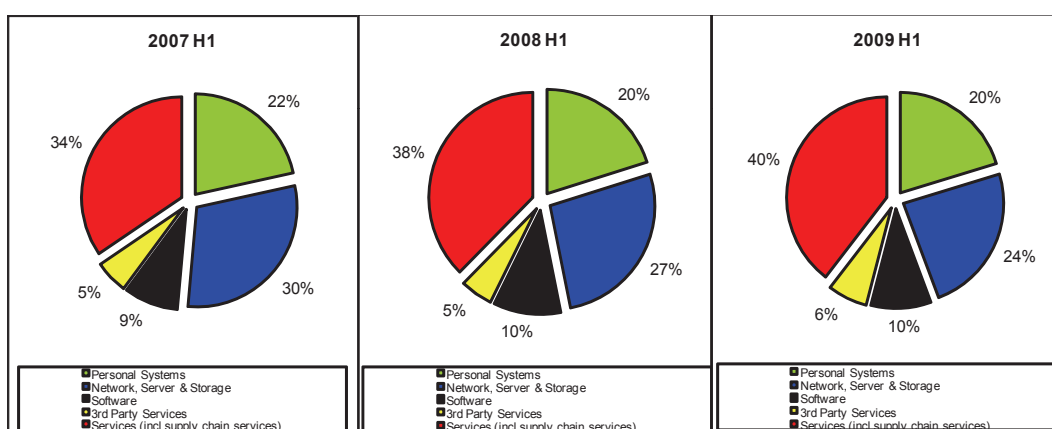
# Contract base : UK



# UK Highlights

- Revenue declined 11.8% to £624.9m approx £37m due to the exit of trade distribution markets
- Services revenue grew 8.0% driven by contractual services
- Contract base was up 8.7% to £221.2m which includes the BT adjustment
- UK operating profit up 42.2% to £12.6m
- UK cost reduction of £13.8m with indirect headcount down by 342
- Exceptional charge of £2.7m related to restructuring and £1.9m related to vacated premises

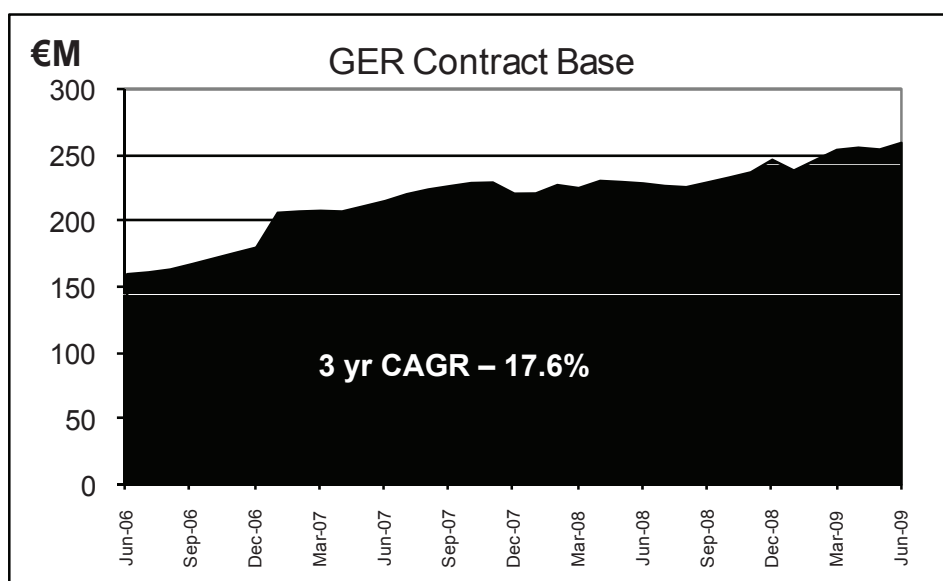
# H1 sales by type : Germany



# Germany Highlights

- Revenue decrease by 1.0% to £433.3m
- Product sales down 4.3%
- Services growth of 4.5%
- Steady increase in contract base

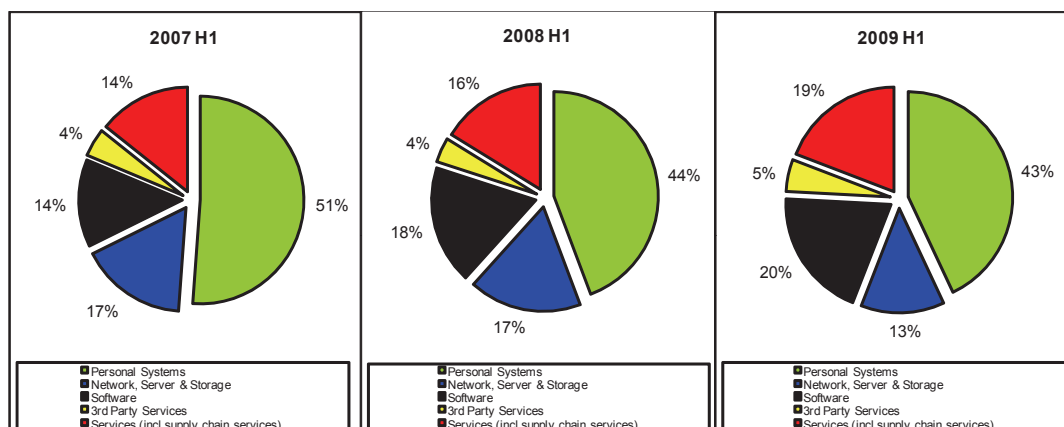
# Contract base : Germany



# Germany Highlights

- Revenue decrease by 1.0% to £433.3m
- Product sales down 4.3%
- Services growth of 4.5%
- Steady increase in contract base
- Small increase in services margin
- Increase in operating profit of 52.5% in local currency
- Substantial new contract win with Daimler AG

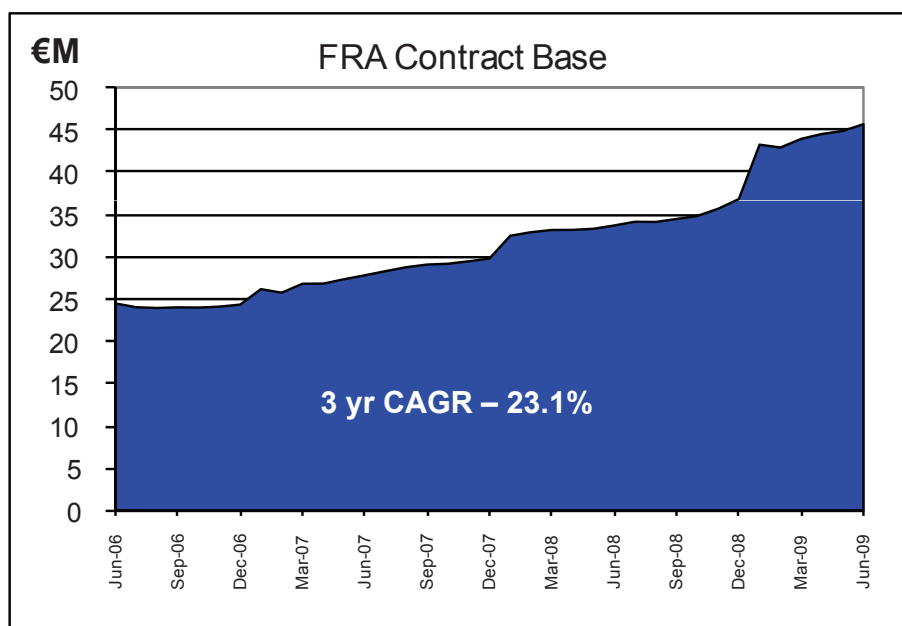
# H1 sales by type : France



# France Highlights

- Revenue decline of 11.0% in local currency
- Reduction in operating loss by 25.1% to £1.4m which is made worse by currency
- Growth in services revenue of 10.5%
- Progress in long term contractual services

# Contract base : France



# France Highlights

- Revenue decline of 11.0% in local currency
- Reduction in operating loss by 25.1% to £1.4m which is made worse by currency
- Growth in services revenue of 10.5%
- Progress in long term contractual services
- Substantial improvement in services margin
- So far so good with the French Army
- Exceptional charge of £1.2m related to cost savings

# H1 2009 Financial highlights

- Group revenues decreased 2.2% to 1.122bn (H1 2008: £1.25bn)
- Adjusted operating profit before tax increased 62.0% to £18.2m (H1 2008: £11.3m)
- Adjusted diluted earnings per share increased 81.1% to 9.6p (H1 2008: 5.3p)
- Interim dividend of 3.0p per share an increase of 11.1% (H1 2008: 2.7p)
- Net cash before CSF of £47.3m (end H1 2008: net debt of £29.7m)

- Contractual services growth will continue in the second half with pipeline for 2010 looking positive
- Professional services looks a little more encouraging
- Product sales will remain challenging across our geography
- Cost reductions will be a major focus for our customers as well as ourselves
- The strength of our balance sheet will help with the development of the company
- We are confident that we are on track for the year

## Interim Results 2009

27<sup>th</sup> August, 2009

