Interim Results

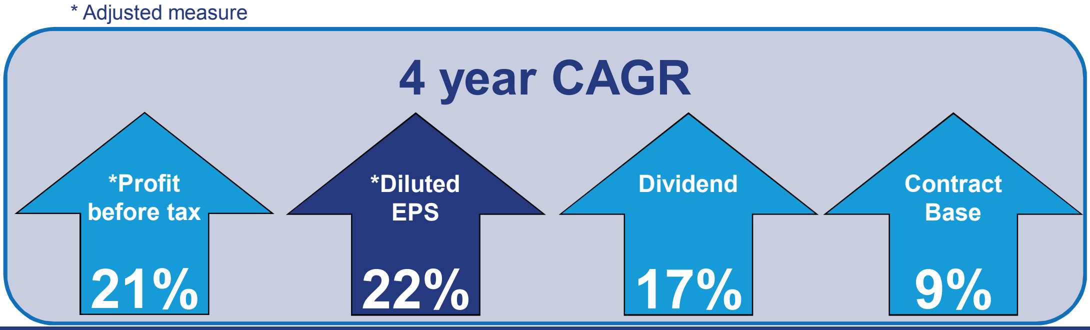
Mike Norris

August 2012

H1 2012 :
Growth has its challenges

	HY 2008	HY 2009	HY 2010	HY 2011	HY 2012	Change 2012/2011
Turnover (£m)	1,250.3	1,222.2	1,288.8	1,365.3	1,422.3	4.2%
*Profit before tax (£m)	11.3	18.2	21.3	26.6	24.0	-9.6%
*Diluted EPS (pence)	5.3	9.6	10.4	12.9	11.7	-9.3%
Dividend per share (pence)	2.7	3.0	3.5	4.5	5.0	11.1%
Contract Base (£m)	417.4	478.1	511.8	544.0	595.0	9.4%
*Operating Cash flow (£m)	8.8	56.4	43.9	30.4	5.9	-80.6%

* Adjusted measure



Computacenter Services & Solutions

Financial Results

Tony Conophy

August 2012

2012 H1: Group financial results

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	As reported			Constant currency
	HY 2012 £m	HY 2011 £m	Change	Constant Currency Change
Total Revenue	1,422.3	1,365.3	4.2%	7.6%
Adjusted gross profit	180.0	178.5	0.9%	3.8%
Adjusted gross profit %	*12.7%*	*13.1%*	*(0.4%)*	*(0.1%)*
Other operating expenses	(156.8)	(152.8)	2.6%	5.6%
Adjusted operating profit	23.2	25.6	(9.3%)	(7.0%)
Adjusted operating profit %	*1.6%*	*1.9%*	*(0.2%)*	*(0.3%)*
Adjusted net interest	0.8	0.9	(17.0%)	(17.3%)
Adjusted profit before tax	24.0	26.6	(9.6%)	(7.4%)
Adjusted tax expense	(6.0)	(6.5)	(7.7%)	(6.2%)
Adjusted tax rate	*(24.8%)*	*(24.3%)*	*(0.5%)*	*(0.3%)*
Adjusted profit after tax	18.1	20.1	(10.2%)	(7.8%)
Diluted earnings per share				
– Adjusted	11.7p	12.9p	(9.3%)	(7.9%)
– Statutory	10.0p	12.7p	(21.3%)	(11.1%)

No material impact from exchange rate changes

Income statement rate
2011 : £1 = € 1.152
2012 : £1 = € 1.216

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

2012 H1: Results by segment

	As reported			In constant currency		
	HY 2012 £m	HY 2011 £m	Change %	HY 2012 £m	HY 2011 £m	Change %
Revenue						
UK	578.2	547.3	5.7%	578.2	547.3	5.7%
Germany	591.0	580.4	1.8%	591.0	549.8	7.5%
France	226.8	219.7	3.2%	226.8	208.1	9.0%
Belgium	26.2	17.9	46.2%	26.2	17.0	54.3%
Total Group	**1,422.3**	**1,365.3**	**4.2%**	1,422.3	1,322.2	7.6%
Adjusted operating profit						
UK	17.6	16.7	5.2%	17.6	16.7	5.2%
Germany	5.4	8.4	(35.6%)	5.4	7.9	(31.1%)
France	(0.8)	0.2	n/a	(0.8)	0.2	n/a
Belgium	1.0	0.4	190.1%	1.0	0.3	206.2%
Total Group	**23.2**	**25.6**	**(9.3%)**	23.2	25.0	(7.2%)

- **Revenue growth in all segments (in constant currency) in both Supply Chain and Services**
- **Services revenue growth of 15.2% in constant currency for the Group**
- **New contract take on volume in Germany and workload strain in France eroded good profit gains in UK and Belgium**

Group EBIT Walk (in constant currency)

2012 H1: reconciliation to statutory results

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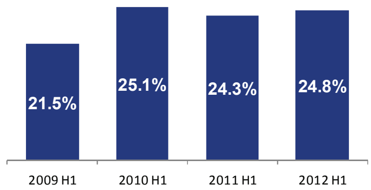
	HY 2012 £m	HY 2011 £m	Change %
Adjusted profit before tax	**24.0**	**26.6**	**-9.6%**
Amortisation of acq. intangibles	(1.3)	(0.4)	257.5%
Exceptional items	(1.9)	0.0	n/a
Statutory profit before tax	**20.8**	**26.2**	**-20.5%**
Adjusted tax expense	**(6.0)**	**(6.5)**	**-7.7%**
Adjusted tax %	*24.8%*	*24.3%*	*0.5%*
Tax on exceptional items	0.3	0.0	n/a
Tax on amort'n of acq. intangibles	0.3	0.1	164.1%
Income tax expense	**(5.4)**	**(6.4)**	**-15.5%**
Tax %	*25.8%*	*24.2%*	*1.5%*
Statutory profit after tax	**15.5**	**19.8**	**-22.1%**

- **Exceptional items in operating profit relate to the relocation of premises in France and RDC.**
- **Increased amortisation from acquired intangibles arises from acquisitions made in 2011**

- **Adjusted tax rate higher in H1 2012 due to higher mix of earnings in the UK where the tax rate is higher**



Cash position has remained strong in the past year

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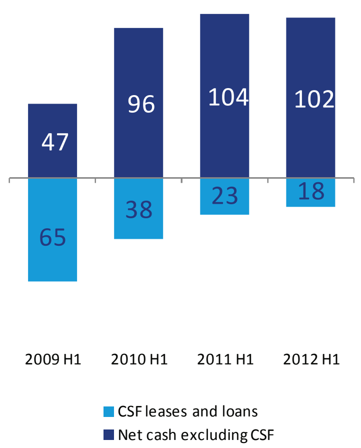
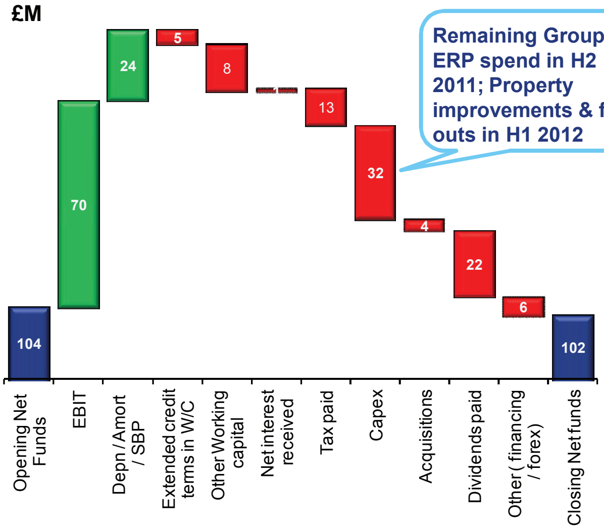
Cash balance remained above £100M (and CSF continued to decrease)



Whilst we continued to invest in our business

12 month cash flow (June 11-> June '12)



.. although net funds reduced from December 2011 position

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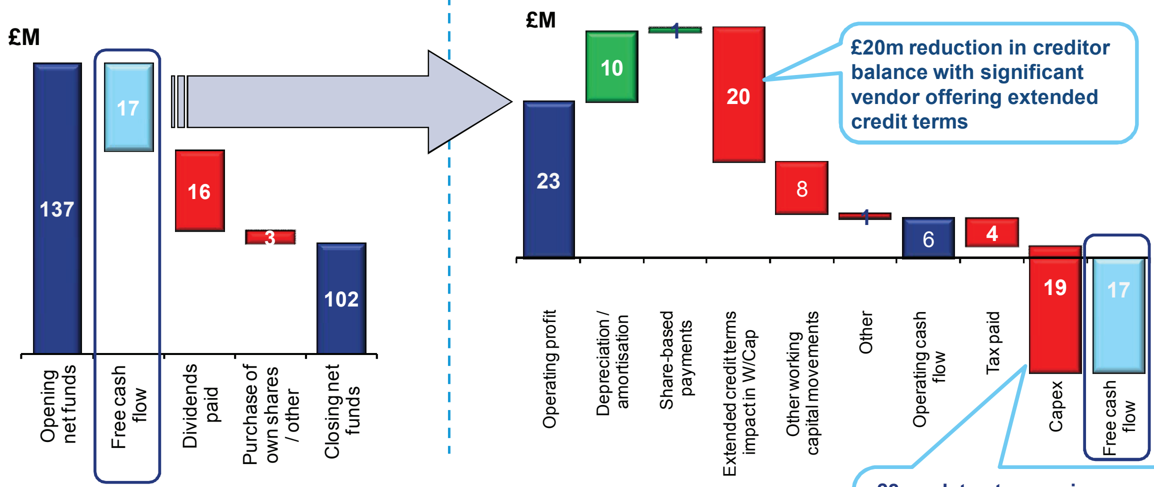
Reduction since Dec '11 split across free cash flow and dividend payments........

Free cash flow reduction is generated from reduced extended credit from major vendor, and capex investments ....



c£8m relates to premises moves in France and RDC and fit-out of additional space in service desks in Spain and Germany to support contractual services growth

Based on adjusted cash flow
Operating cash flow *is stated inclusive of factor financing and excluding customer-specific related transactions (see note 12 of the Interim Condensed Financial Statements)*
Free cash flow *is defined as the operating cash flow less net interest, tax paid and capital investment*

Resulting in a strong record of financial returns

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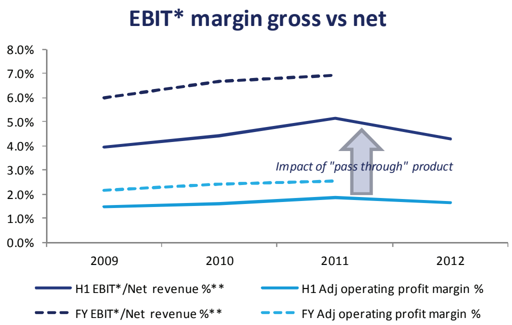

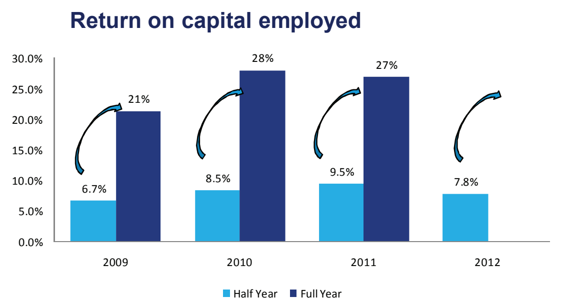

costs included in cost of goods sold
* *EBIT = Adjusted operating profit*

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

- **Operating profit margin of 1.5% in H1, impacted by seasonality of revenues and holiday pay entitlement, which typically accrues in H1 and is utilised in H2.**
- **Operating margin is higher at the full year when the impact of seasonality is removed**
- **EBIT margin is c 3-4% higher than reported when measured against net revenue**. Service margin reduction has impacted operating margins in H1 2012, both on gross and net basis.**
- **Despite reduced earnings expectations, ROCE will exceed 20% for 2012 as a whole**

FY12 modelling considerations

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 outside of the UK is lower in 2012, adjusted tax rate is higher than normally expected • Tax rate is normally expected at around 23%
Exceptional	• Exceptional items for the relocation of the French and RDC businesses to new properties have been fully recognised in H1 2012 • As ERP benefits start being realised, we expect to incur some exceptional costs
Capital expenditure	• Non CSF capex is typically circa £20m 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 has increased circa £1.5m in 2012 (£1.2m in H1) due to full year of ERP depreciation and amortisation in UK & Germany
Dividends	• Our dividend policy is to set dividends to maintain a dividend cover of 2 – 2.5 times (2.5 times in 2011)

H1 2012: financial highlights

- Revenue growth across the Group
- Services revenue growth of 15.3%* underpinned by contract base growth of 9.4%*
- Service margins impacted by take on of new contracts in Germany and France
- Adjusted operating profit reduced by 9.3% to £23.2m
- Net funds maintained after acquisitions in 2011 and relocations in France and RDC in H1 2012
- Increased dividend by 11.1% to 5.0p (H1 2011: 4.5p)

* in constant currency

Operating Review

Mike Norris

August 2012

H1 2012:
Growth has its challenges

	2008	2009	2010	2011	2012	2012 change
Turnover (£m)	1,250.3	1,222.2	1,288.8	1,365.3	1,422.3	4.2%
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*Operating Cash flow (£m)	8.8	56.4	43.9	30.4	5.9	-80.6%

* Adjusted measure

4 year CAGR

*Profit before tax	*Diluted EPS	Dividend	Contract Base
21%	22%	17%	9%

H1 2012: Operating highlights

- Revenue growth of more than 5% in constant currency across all countries with double digit organic revenue growth in Services in all countries
- Contractual Services base increased by 9.4% to £595.0 million (H1 2011: £544.0 million)
- Efficient integration of new Service contract wins in the UK with continued strong UK Services contract pipeline
- Progress made in resolving integration issues relating to new Services contracts in Germany to ensure the earnings potential will be realised
- Continued successful roll-out of Group wide ERP system with operational benefits coming through
- New warehouse and office installations in France, with further fit-out at the new RDC facility, expansion of the Spanish Service desk, as well as new German Service desk

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

Our strategy – continuing to grow

Computacenter Services & Solutions

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

Mike Norris, CEO

	Our market	Our market share	Our execution
UK			
Germany			
France			

Our performance - services

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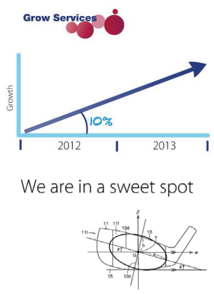


Profit Growth Agenda

- Grow services ✓
- Service margin improvement × ..see below
- Cost reduction × ... but we are growing

Variable execution across our countries

	UK	*Germany*	*France*
Improve operational excellence			
Best practice in BTO			
Implement common tools			
Pass12T			

Supporting our customers on their journey

"Computacenter has received the highest satisfaction rating in a KPMG survey* of UK IT service providers and their customers"
Computacenter Press Release

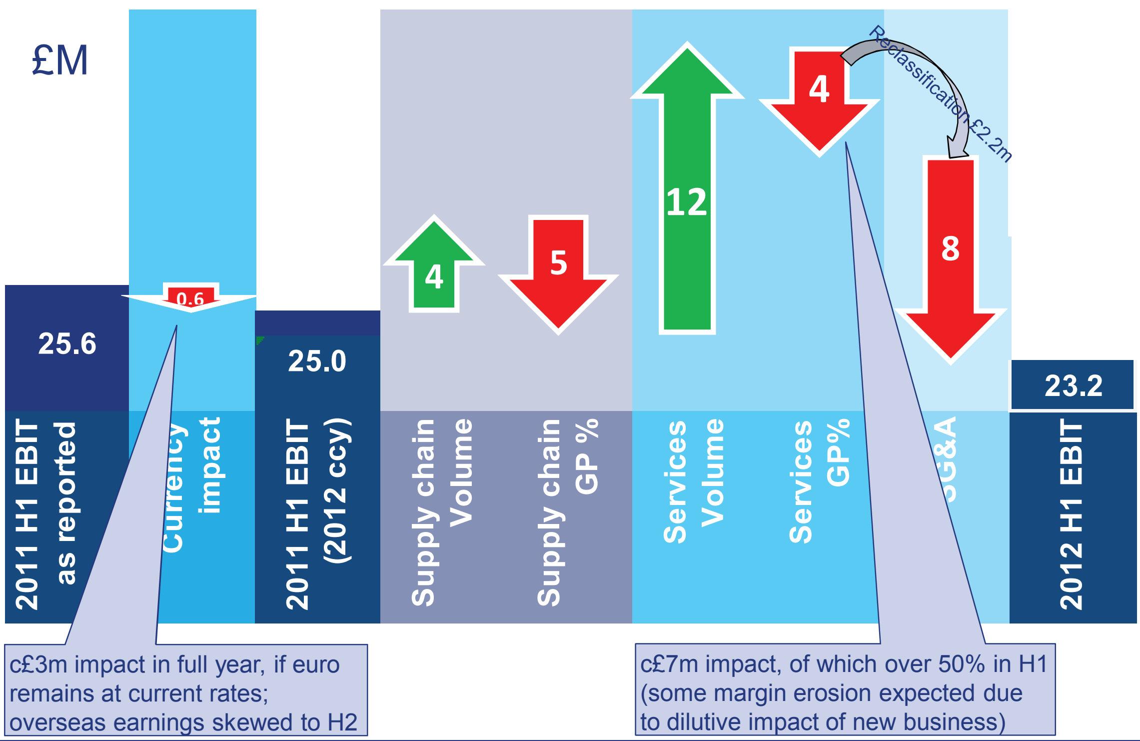
- General satisfaction level
- Recommendation as partner for outsourcing
- Identifies innovation opportunities

"in order to limit customer dissatisfaction, significant additional cost had to be incurred through overstaffing on some contracts, which impacted profitability" *Mike Norris CEO*

"our uncompromising approach to customer satisfaction, whatever the short term financial consequences, we believe is in the long-term interest of all of our stakeholders, particularly our shareholders."
Mike Norris CEO

**The KPMG 2012 UK IT Service Provider Performance and Satisfaction (SPPS) study investigated more than 630 outsourcing contracts held by more than 230 of the top ICT spending organizations in the region*

Group EBIT Walk (in constant currency)



Our performance – supply chain

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2011 was outstanding...

5% Product Revenue Growth

2012 ...

– 4.3% growth
– Margin mix lower, particularly in the UK
– More windows 7 roll outs
– Market impacted by elections in France

UK highlights

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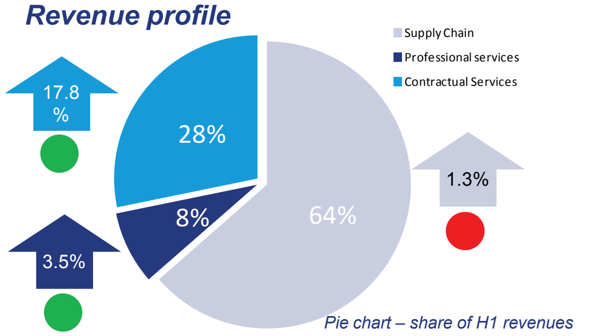
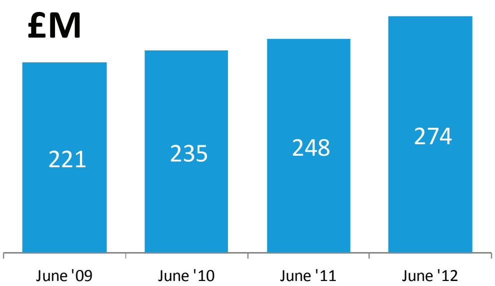
- As predicted good Services revenue growth
- Small Supply Chain growth but stronger in Q2
- Strong Windows 7 roll outs set to continue
- Encouraging Contractual Services pipeline
- Potential Services margin upside to come

Revenue profile



Pie chart – share of H1 revenues
Arrows – growth over H1 2011
Traffic lights – margin performance

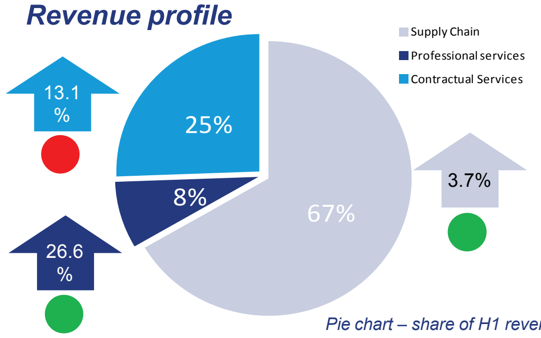
Contract base



DE highlights

- Strong Services revenue growth
- Weakening Supply Chain revenue
- Growth problems due to challenging new business take on
- Much work remains to be done to stabilise new contracts
- Customer satisfaction is paramount

Revenue profile



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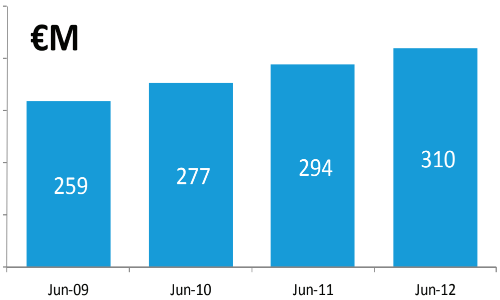
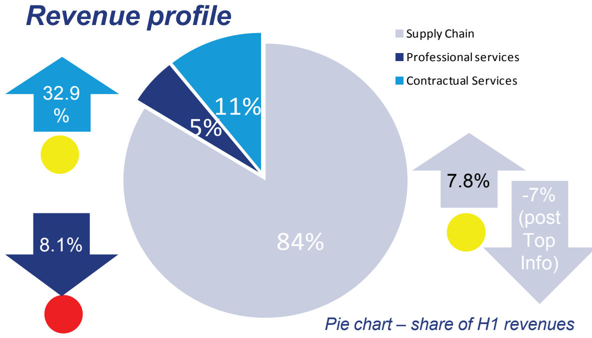
Contract base



FR highlights

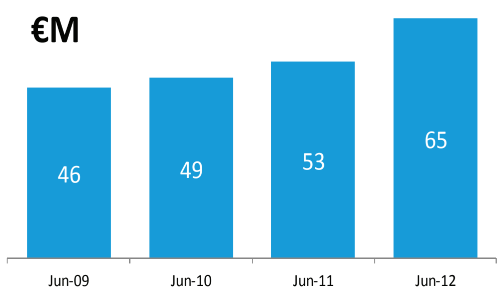
- Strong Services revenue growth not materially aided by acquisition
- Challenging Supply Chain revenue due to market conditions and election
- No major challenge from business take on but some margin dilution
- Top Info integration fully completed
- Relocations progressing satisfactorily

Revenue profile



Pie chart – share of H1 revenues
Arrows – growth over H1 2011
Traffic lights – margin performance

Contract base



BE highlights

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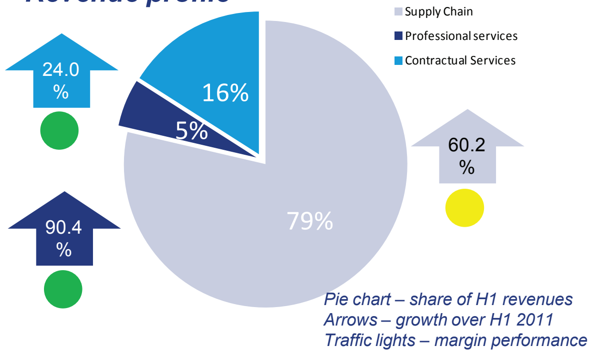
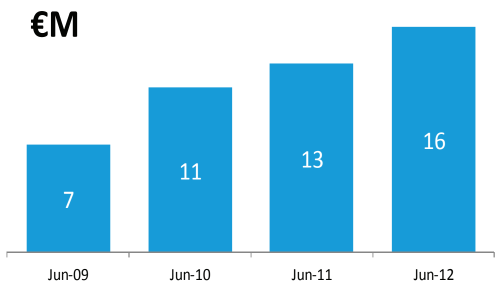
- Strong operating profit
- Increased revenue in Services and Supply Chain
- Remains small but perfectly formed
- Worthy of some incremental investment

Revenue profile



Contract base



Outlook

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- On track with the Board's revised expectations for the year
- Services revenue growth set to continue for the rest of the year
- Business take on in Germany will remain challenging
- Supply Chain recovering in the UK and France with some signs of weakness in Germany
- Services revenue growth will continue in 2013 particularly in the UK supported by the current pipeline
- Operational excellence will deliver enhanced gross margins
- Prospects for organic growth in the years ahead remain positive

Appendix

A 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")

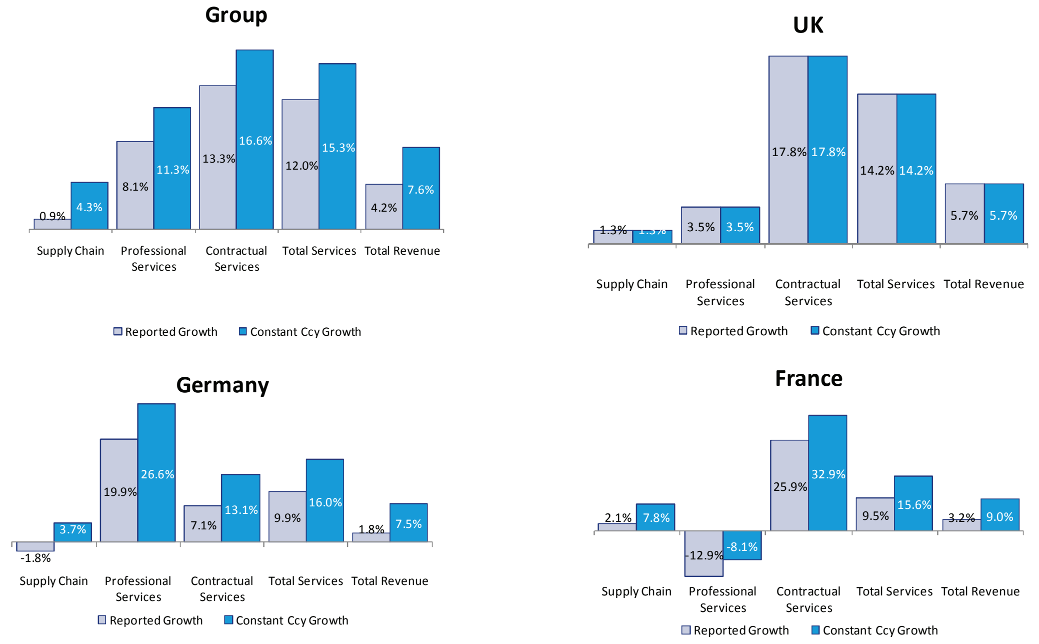
- Finance costs for CSF are charged after operating profit for statutory purposes
- These costs are considered to be contract specific costs, and operating profit is adjusted to charge for these costs
- Net finance costs are also adjusted in this presentation

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



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UK – income statement

	HY 2012 £m	HY 2011 £m	Change %
Revenue	578.2	547.3	5.7%
Adjusted gross profit	87.3	84.2	3.6%
	15.1%	*15.4%*	*(0.3%)*
SG&A	(69.7)	(67.5)	3.2%
	(12.1%)	*(12.3%)*	*0.3%*
Adjusted operating profit	17.6	16.7	5.2%
	3.0%	*3.0%*	*(0.0%)*
Headcount: *			
Direct	4,072	3,565	14.2%
Indirect	1,400	1,394	0.4%

* period end headcount

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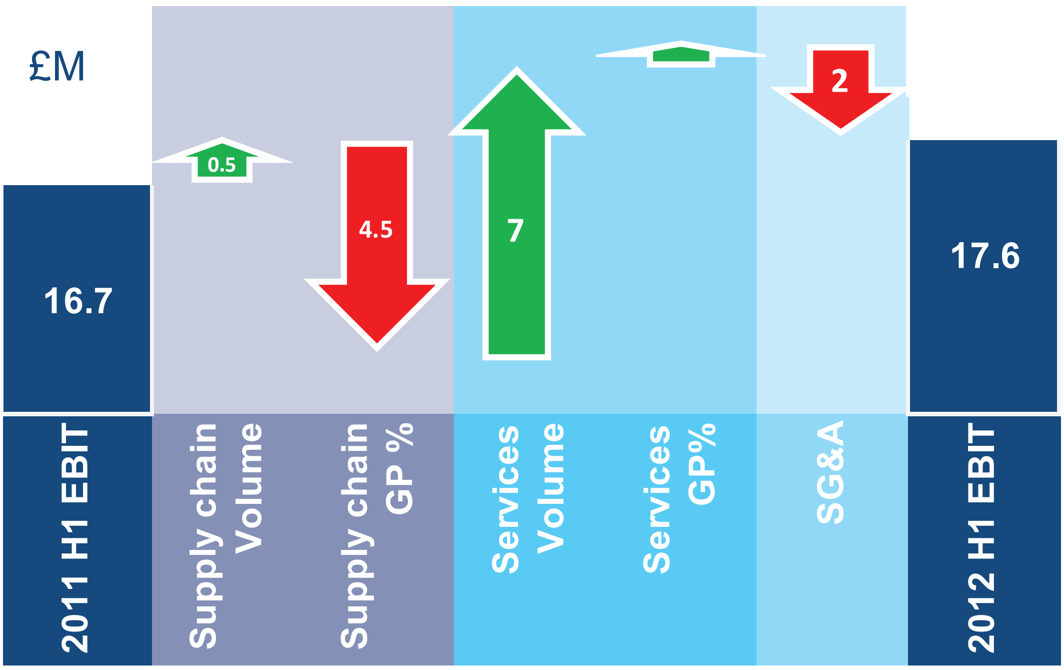
UK EBIT Walk



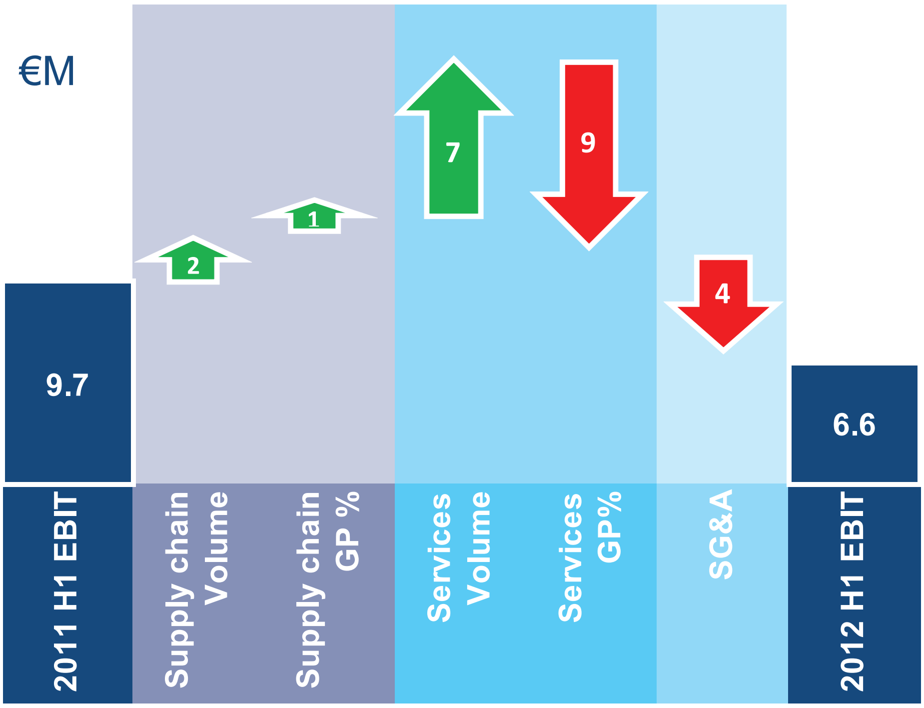
Germany – income statement

	Reported			In local currency		
	HY 2012 £m	HY 2011 £m	Change %	HY 2012 €m	HY 2011 €m	Change %
Revenue	591.0	580.4	1.8%	718.7	668.6	7.5%
Adjusted gross profit	68.9	70.2	(1.8%)	83.8	80.9	3.7%
	11.7%	*12.1%*	*(0.4%)*	*11.7%*	*12.1%*	*(0.4%)*
Other operating expenses	(63.5)	(61.8)	2.8%	(77.2)	(71.2)	8.5%
	(10.7%)	*(10.6%)*	*(0.1%)*	*(10.7%)*	*(10.6%)*	*(0.1%)*
Adjusted operating profit	5.4	8.4	(35.6%)	6.6	9.7	(32.0%)
	0.9%	*1.4%*	*(0.5%)*	*0.9%*	*1.4%*	*(0.5%)*

Headcount: *	HY 2012	HY 2011	Change
Direct	3,806	3,152	20.8%
Indirect	1,410	1,228 **	14.8%

* period end headcount
** Includes reclassification of c120 heads from COGS to SG&A in realigning the Group's structure post ERP implementation.

Germany EBIT Walk



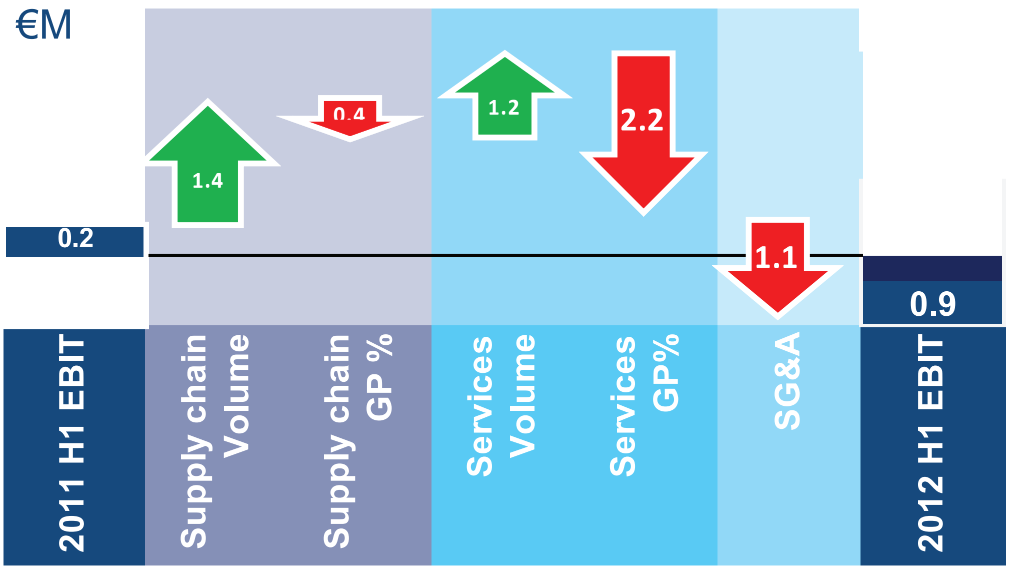
France – income statement

	Reported			In local currency		
	HY 2012 £m	HY 2011 £m	Change %	HY 2012 €m	HY 2011 €m	Change %
Revenue	226.8	219.7	3.2%	275.8	253.1	9.0%
Adjusted gross profit	20.9	22.1	(5.3%)	25.4	25.4	0.0%
	9.2%	*10.1%*	*(0.8%)*	*9.2%*	*10.1%*	*-0.8%*
Other operating expenses	(21.7)	(21.9)	(1.0%)	(26.4)	(25.2)	4.5%
	(9.6%)	*(10.0%)*	*0.4%*	*-9.6%*	*-10.0%*	*0.4%*
Adjusted operating profit	(0.8)	0.2	n/a	(0.9)	0.2	n/a
	(0.3%)	*0.1%*	*(0.4%)*	*-0.3%*	*0.1%*	*-0.4%*

Headcount *:	HY 2012	HY 2011	Change %
Direct	1,293	1,020	26.8%
Indirect	479	477	0.5%

* period end headcount

France EBIT Walk



Net funds improved in the year

	June 2012 £m	Dec 2011 £m	June 2011 £m
Cash and cash equivalents	91.6	126.8	79.3
Current asset investments	10.0	10.0	25.0
Net funds prior to CSF	101.6	136.8	104.3
Finance leases	(17.3)	(21.6)	(21.8)
Other loans	(0.6)	(1.5)	(1.6)
Total CSF	(17.9)	(23.1)	(23.5)
Net cash	83.8	113.7	80.9

- **The Group's primary measure when managing the cash position of the business is net funds pre CSF.**
- **Cash has reduced since the year end due to:**
  - **Adverse working capital movements, principally due to a reduction of £20m in the extended credit terms with a significant vendor. June position benefitted by £26 million (Dec 11: £46 million) due to these terms.**
  - **Capex of £19m, including £8m related to premises moves in France and RDC and fit-out of additional space in service desks in Spain and Germany to support contractual services growth**

Adjusted cash flow

	HY 2012 £m	HY 2011 £m	Last 12 months £m
Adjusted operating profit	**23.2**	**25.6**	**70.1**
Adjustments to reconcile Group adjusted operating profit to net cash inflows from operating activities			
Depreciation and amortisation	10.4	8.7	22.3
Share-based payments	0.6	1.3	1.8
Working capital movements	(27.7)	(5.2)	(22.2)
Other adjustments	(0.7)	(0.0)	(1.0)
Adjusted operating cashflow	**5.9**	**30.4**	**71.0**
Income taxes paid	(4.1)	(5.8)	(12.7)
Net interest received	0.3	0.5	1.0
Capital expenditure and investments	(18.8)	(20.4)	(31.7)
Acquisitions	0.0	(22.8)	(2.6)
Equity dividends paid	(15.7)	(14.5)	(22.4)
Cash (outflow) / inflow before financing	**(32.5)**	**(32.5)**	**2.7**
Financing			
Proceeds from issue of shares	0.0	0.0	0.0
Purchase of own shares	(3.2)	(3.6)	(3.2)
Change in net funds pre CSF in the period	**(35.7)**	**(36.1)**	**(0.5)**
Net funds pre CSF at beginning of period	**136.8**	139.4	104.3
Effect of exchange rates on net funds pre CSF	0.5	0.9	(2.2)
Net funds pre CSF at end of period	**101.6**	**104.3**	**101.6**

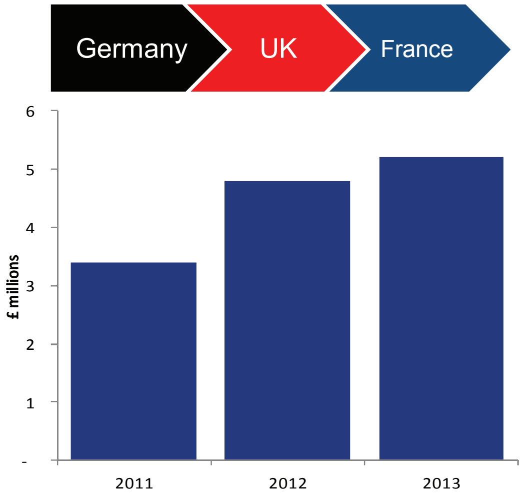
Group – balance sheet

	June 2012 £m	June 2011 £m	Dec 2011 £m
Non-current assets			
Property, plant and equipment	101.4	97.3	98.3
Goodwill & Intangibles	101.8	100.7	104.2
Investments	0.5	0.5	0.5
Deferred income tax asset	16.7	17.3	15.9
	220.3	**215.8**	**218.9**
Current assets			
Inventories	88.0	82.8	97.4
Trade & other receivables	496.9	465.1	549.0
Prepayments &accrued income	130.3	111.9	90.1
Forward currency contracts	(0.2)	(0.0)	(0.2)
Cash and short-term deposits	92.0	120.1	128.4
Current asset investments	10.0	25.0	10.0
	817.0	**804.8**	**874.7**
Current liabilities			
Trade payables	507.2	455.2	531.0
Deferred income	99.5	97.1	115.4
Financial liabilities	7.6	54.4	12.2
Other liabilities & provisions	3.4	9.5	7.4
	617.7	**616.2**	**665.9**
Non-current liabilities			
Financial liabilities	10.6	9.8	12.5
Other liabilities & provisions	13.1	13.0	11.4
	23.7	**22.8**	**24.0**
Net assets	**395.9**	**381.6**	**403.7**

- **PP&E UP :** Property moves in France and RDC, and fit out of additional space in the Spain service desk to support services growth
- **Intangibles DOWN**: amortisation of acquired intangibles and ERP.
- **Accrued Income UP**: Higher services growth and timing of certain transitions where milestones achieved in Q3.
- **Cash and financial liabilities DOWN** : reduction in extended credit terms from significant vendor together with capex investment in H1.

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.**