

## Preliminary Results 2008

10<sup>th</sup> March, 2009



## 2008 Financial highlights

- Group revenues increased 7.6% to £2.60bn (2007: £2.38bn)
- Adjusted profit before tax increased 1.0% to £43.1m (2007: £42.7m)
- Adjusted diluted earnings per share increased 13.5% to 21.0p (2007: 18.5p)
- Final dividend of 5.5p per share, total dividend 8.2p (2007: 8.0p)
- Net cash before CSF of £4.6m (2007: net debt of £16.2m)

# Operating highlights

- Group services contract base grew over 10% to £498m, based on constant currency
- Major UK change programme launched in Q4 2008 to accelerate transition to higher margin services and solutions business and improve capital return
- UK contract base grows 7.5% to £217m, with new wins and extensions expected to add a further £23m by end Q1 2009
- Substantial improvement in German profitability driven by improved services margin and an increased focus on networking and datacentre solutions
- Continued steady improvement in French performance and improved services mix

## Financial Review – Tony Conophy

- Adjusted results
  - PBT and EPS are adjusted for exceptional items and amortisation on acquired intangibles
- 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
  - Statutory net funds includes future obligations for CSF, that are covered by future income streams
  - All CSF facilities are committed

## Group – income statement

	FY 2008	FY 2007	Growth 08 v 07
	£m	£m	%
Revenue	2,560.1	2,379.1	7.6%
Gross profit	354.9	325.8	8.9%
Finance costs on CSF	(4.0)	(2.0)	98.9%
Adjusted gross profit *	350.8 13.7%	323.8 13.6%	8.4% 0.1%
Other operating expenses	(308.7)	(282.1)	9.4%
Adjusted operating profit *	42.1 1.6%	41.7 1.8%	1.1% (0.1%)
Adjusted net interest *	1.0	1.0	(2.1%)
Adjusted profit before tax **	43.1	42.7	1.0%
Exceptional impairment charge	(3.0)	0.0	n/a
Amortisation on acquired intangibles	(0.5)	(0.6)	n/a
Statutory profit before tax	39.5	42.1	(6.0%)
Tax	(2.2)	(13.2)	(83.3%)
Tax rate	(5.5%)	(31.3%)	
Profit after tax	37.3	28.9	29.2%
Diluted earnings per share			
– Adjusted **	21.0p	18.5p	13.5%
– Statutory	24.2p	18.2p	33.0%

\* After charging costs on customer-specific financing

\*\*Adjusted for amortisation of acquired intangibles, and exceptional impairment charges

# Group – exceptional items

	FY 2008	FY 2007
	£m	£m
<b>Exceptional charges within operating profit:</b>		
Impairment of software	(1.1)	-
Impairment of trademark	(1.9)	-
	(3.0)	-
<b>Exceptional credits within income tax expense:</b>		
Adjustment following agreement of certain items for earlier years	3.6	-
Changes in recoverable amounts of deferred tax assets	4.8	-
	8.4	-

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# UK – income statement

	FY 2008	FY 2007	Growth 08 v 07
	£m	£m	%
<b>Revenue</b>	1,391.2	1,357.3	2.5%
<b>Gross profit</b>	198.2	197.2	0.5%
<b>Finance costs on CSF</b>	(3.3)	(1.3)	145.8%
<b>Adjusted gross profit</b>	194.9	195.8	(0.5%)
	14.0%	14.4%	(0.4%)
<b>Other operating expenses</b>	(167.0)	(162.7)	2.6%
	(12.0%)	(12.0%)	(0.0%)
<b>Adjusted operating profit</b>	27.9	33.1	(15.6%)
	2.0%	2.4%	(0.4%)
<b>Headcount: *</b>			
<b>Direct</b>	3,089	3,075	0.4%
<b>Indirect</b>	1,694	1,854	(8.6%)

\* period end headcount

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# Germany – income statement

	Reported			In local currency		
	FY 2008	FY 2007	Growth 08 v 07	FY 2008	FY 2007	Growth 08 v 07
	£m	£m	%	€m	€m	%
Revenue	830.7	708.6	17.2%	1,045.9	1,035.9	1.0%
Gross profit	114.4	94.2	21.5%	144.1	137.7	4.6%
Finance costs on CSF	(0.7)	(0.7)	7.5%	(0.9)	(1.0)	(7.5%)
Adjusted gross profit	113.7	93.5	21.6%	143.2	136.7	4.7%
	13.7%	13.2%	0.5%	13.7%	13.2%	0.5%
Other operating expenses	(98.4)	(83.1)	18.4%	(123.9)	(121.5)	2.0%
	(11.8%)	(11.7%)	(0.1%)	(11.8%)	(11.7%)	(0.1%)
Adjusted operating profit	15.3	10.4	47.2%	19.2	15.2	26.6%
	1.8%	1.5%	0.4%	1.8%	1.5%	0.4%
Headcount: *						
Direct	3,039	2,899	4.8%			
Indirect	1,101	1,057	4.2%			

\* period end headcount

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# France – income statement

	Reported			In local currency		
	FY 2008	FY 2007	Growth 08 v 07	FY 2008	FY 2007	Growth 08 v 07
	£m	£m	%	€m	€m	%
Revenue	308.2	285.7	7.9%	388.0	417.7	(7.1%)
Gross profit	38.8	31.5	23.2%	48.9	46.1	6.1%
	12.6%	11.0%		12.6%	11.0%	
Other operating expenses	(39.8)	(33.3)	19.6%	(50.1)	(48.6)	3.0%
	(12.9%)	(11.6%)	(1.3%)	(12.9%)	(11.6%)	(1.3%)
Adjusted operating profit	(1.0)	(1.8)	44.9%	(1.2)	(2.6)	52.5%
	(0.3%)	(0.6%)	0.3%	(0.3%)	(0.6%)	0.3%
Headcount *:						
Direct	721	615	17.2%			
Indirect	367	361	1.6%			

\* period end headcount

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# Adjusted cash flow

	FY 2008	FY 2007
	£m	£m
<b>Adjusted operating profit</b>	<b>42.1</b>	41.7
<i>Adjustments to reconcile Group adjusted operating profit to net cash inflows from operating activities</i>		
Depreciation and amortisation	18.1	16.6
Share-based payment	2.5	2.7
Working capital movements	15.3	(20.1)
Other adjustments	0.8	(2.7)
Income taxes paid	(6.1)	(13.9)
<b>Adjusted operating cashflow</b>	<b>72.8</b>	24.3
Net interest received	0.7	0.6
Capital expenditure and investments	(24.3)	(13.9)
Acquisitions and disposals	-	(32.6)
Equity dividends paid	(12.0)	(11.8)
<b>Cash out flow before financing</b>	<b>37.1</b>	(33.4)
<b>Financing</b>		
Proceeds from issue of shares	-	0.7
Purchase of own shares	(9.7)	(11.3)
<b>Change in net debt pre CSF in the period</b>	<b>27.4</b>	(44.1)
Net debt pre CSF at beginning of period	(16.2)	29.4
Effect of exchange rates on net funds pre CSF	(6.6)	(1.5)
<b>Net debt pre CSF at end of period</b>	<b>4.6</b>	(16.2)

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# Analysis of net funds

	Dec 08	Dec 07
	£m	£m
Cash and cash equivalents	46.9	7.3
Factor financing	(42.3)	(23.5)
<b>Net funds/(debt) prior to CSF</b>	<b>4.6</b>	(16.2)
Finance leases	(55.2)	(47.6)
Other loans	(34.0)	(16.0)
<b>Total CSF</b>	<b>(89.2)</b>	(63.6)
<b>Net debt</b>	<b>(84.6)</b>	(79.8)

- The Group **excludes** CSF when managing the net funds of the business
- CSF is **matched** by **contracted** future receipts from **customers**.
- Computacenter **retains** the **credit risk** on these customers.
- In excess of **90%** of the £89.2 million CSF balance is due from customers with **investment grade ratings**, and
- The **future expected** rental **income** that is estimated to be received in future periods is approximately **£95 million**.
- Total facilities of £142.2 million, with substantial headroom forecast throughout 2009 & strong debt covenant coverage.

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# Group – balance sheet

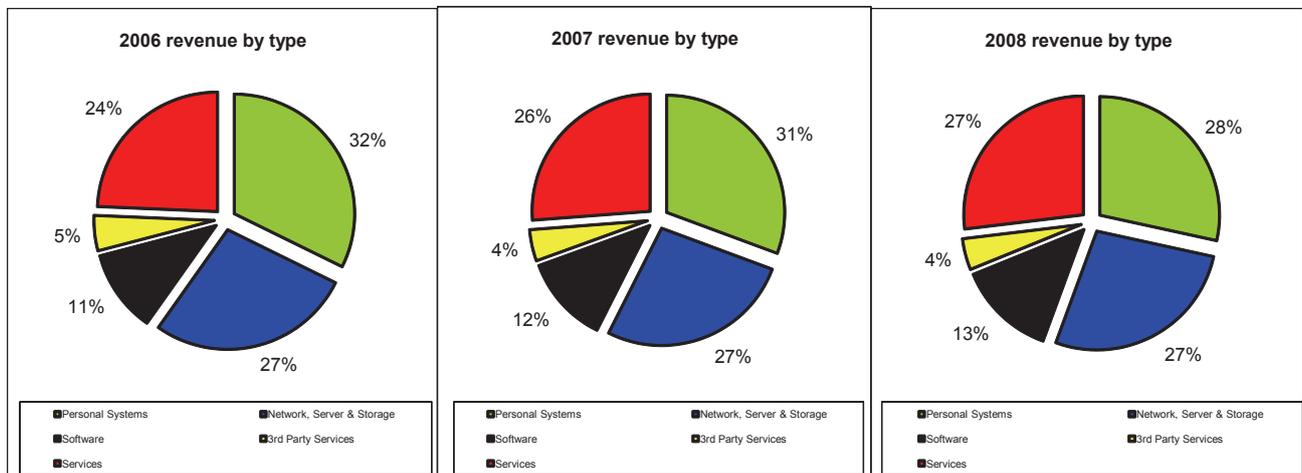
	Dec 08	Dec 07
	£m	£m
<b>Non-current assets</b>		
Property, plant and equipment	123.3	116.4
Goodwill & Intangibles	51.6	45.2
Deferred income tax asset	16.7	8.2
	<b>191.5</b>	<b>169.8</b>
<b>Current assets</b>		
Inventories	105.8	110.5
Trade & other receivables	529.5	454.2
Prepayments & accrued income	97.7	61.4
Cash and short-term deposits	53.4	29.2
	<b>786.4</b>	<b>655.3</b>
<b>Current liabilities</b>		
Trade payables	228.1	211.5
Deferred income	115.0	74.7
Financial liabilities	96.2	74.4
Other liabilities & provisions	163.6	135.9
	<b>602.9</b>	<b>496.5</b>
<b>Non-current liabilities</b>		
Financial liabilities	41.8	34.7
Other liabilities & provisions	11.8	15.8
	<b>53.6</b>	<b>50.4</b>
<b>Net assets</b>	<b>321.5</b>	<b>278.2</b>

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Operational Review – Mike Norris

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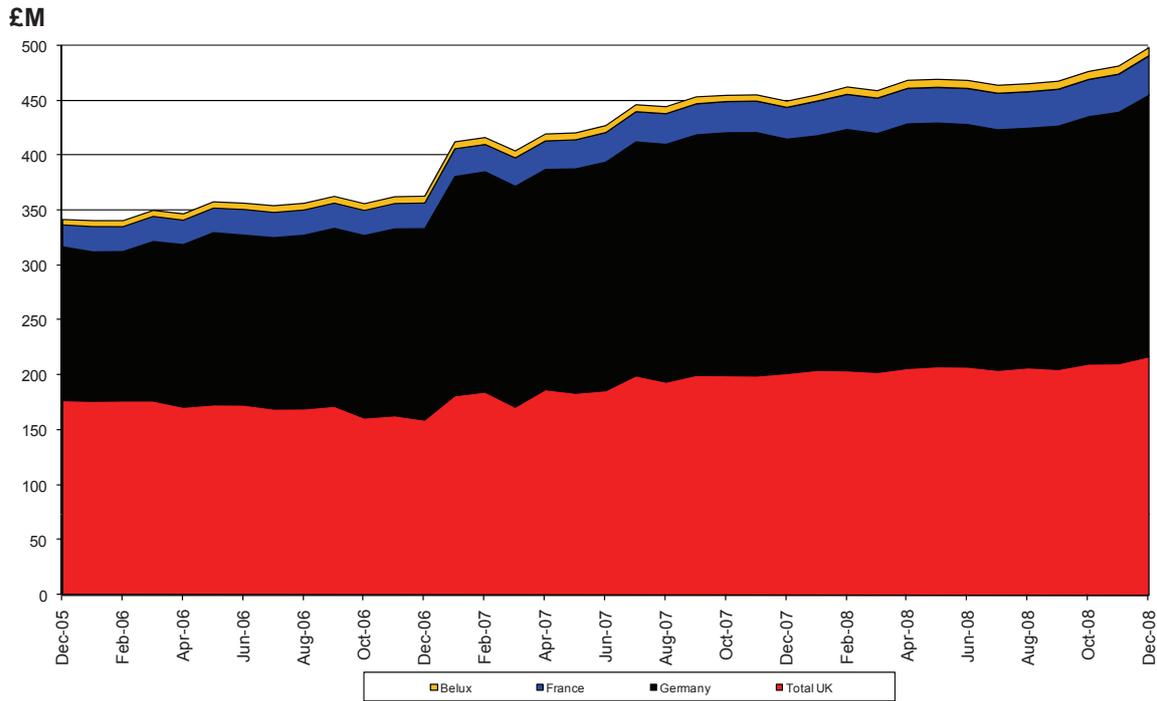
# Group revenue split



# Group ERP system

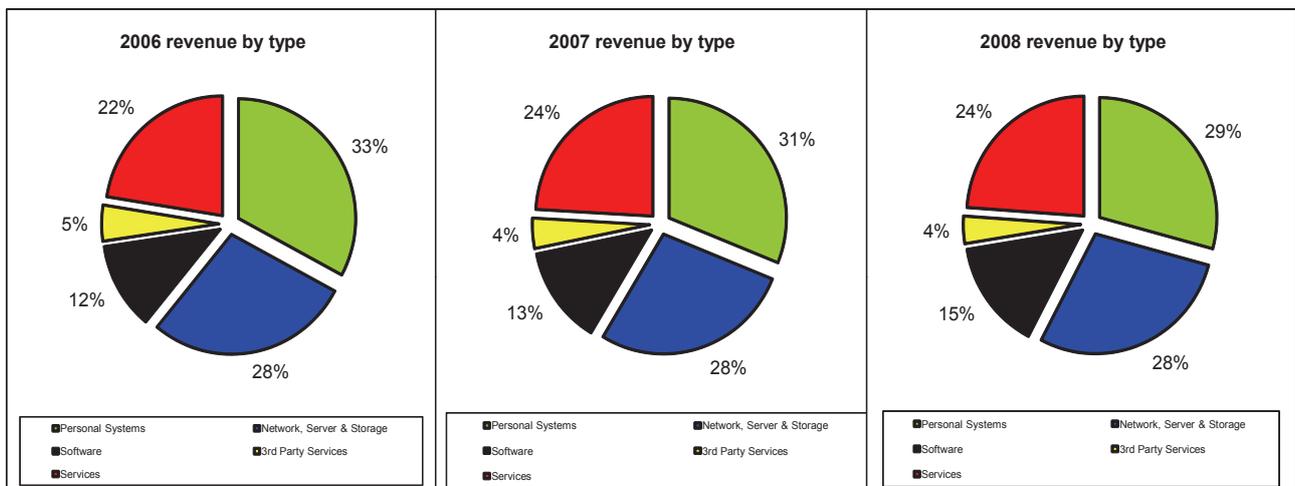
- £25m Group ERP project over 3 years
- Completion due summer 2011
- First benefits summer 2010
- Approximately £8m already invested
- Expected £10m to be spent in 2009
- Enables more effective financial planning and resource management

# Contract base – Group\*



\* Stated at constant currency at exchange rates prevailing on 31 December 2008

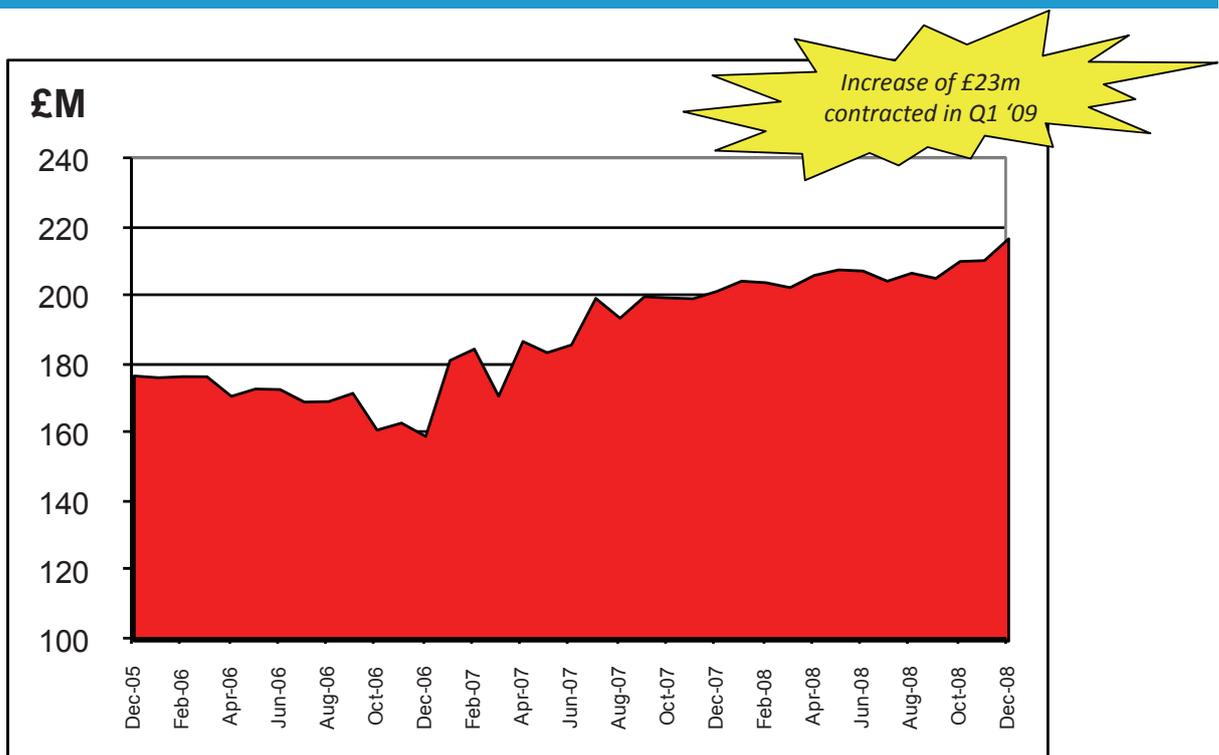
# UK revenue split



# UK highlights

- 2.5% revenue growth
- Decline in operating profit
- Some restructuring
- 14.2% decline in trade distribution
- Services revenue growth of 4.3%
- Contract base growth of 7.5%

# Contract base – UK



# UK highlights

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- Services revenue growth of 4.3%
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- Major new contract wins

# Recent UK services wins

- Unipart
- M&S
- Nationwide
- Hays
- Major pharmaceuticals company
- Credit card company
- Supermarket chain

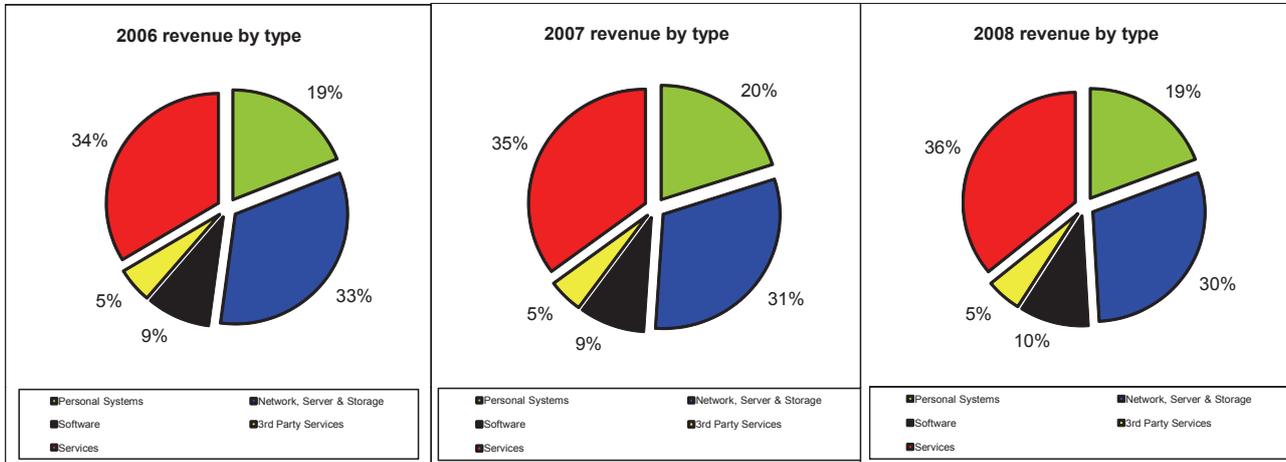
# UK highlights

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- Decline in operating profit
- Some restructuring
- 14.2% decline in trade distribution
- Services revenue growth of 4.3%
- Contract base growth of 7.5%
- Major new contract wins
- Change programme launched

# UK change programme

- CCD to focus on server and storage freeing £15m of working capital, losing £70m revenue with zero bottom line impact
- Focusing only at accounts greater than 500 seats where we can economically sell our services and solutions, potentially losing £45m revenue with zero bottom line impact
- Restructuring and de-layering the management
- Estimated SG&A reduction of £15m run rate by the end of 2009

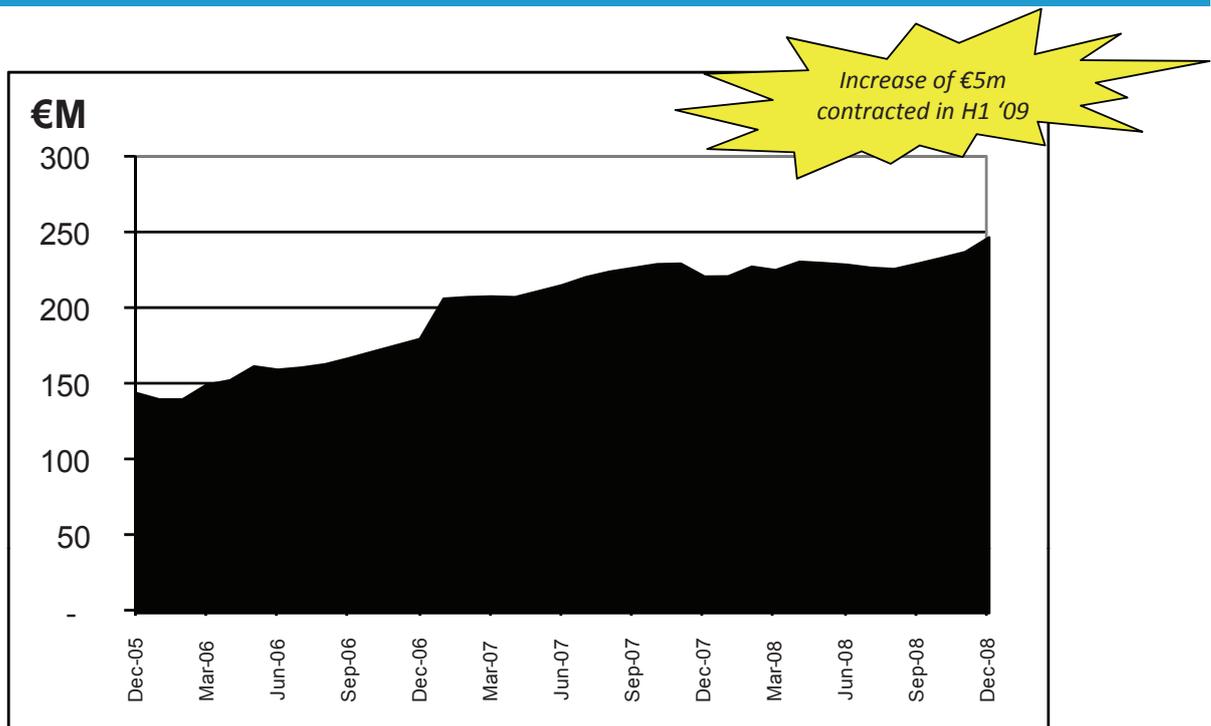
# Germany revenue split



# Germany highlights

- Small revenue increase of 1%
- Record profit year
- Services revenue growth of 4.3%
- Services margin improvement throughout the year
- Progress in contractual services

# Contract base – Germany



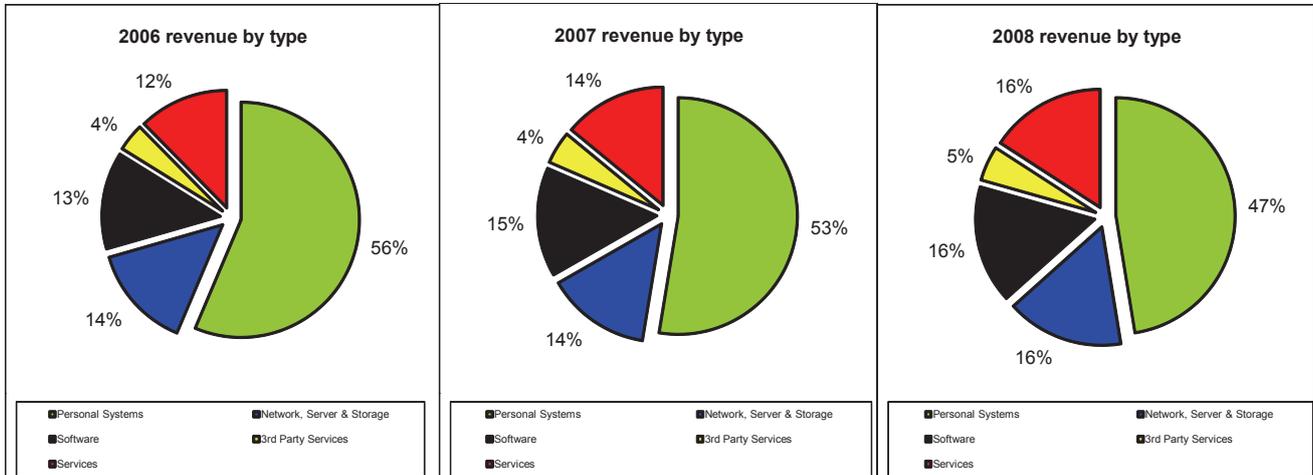
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# Germany highlights

- Small revenue increase of 1%
- Record profit year
- Services revenue growth of 4.3%
- Services margin improvement throughout the year
- Progress in contractual services
- Appointment of new Chief Executive

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# French revenue split



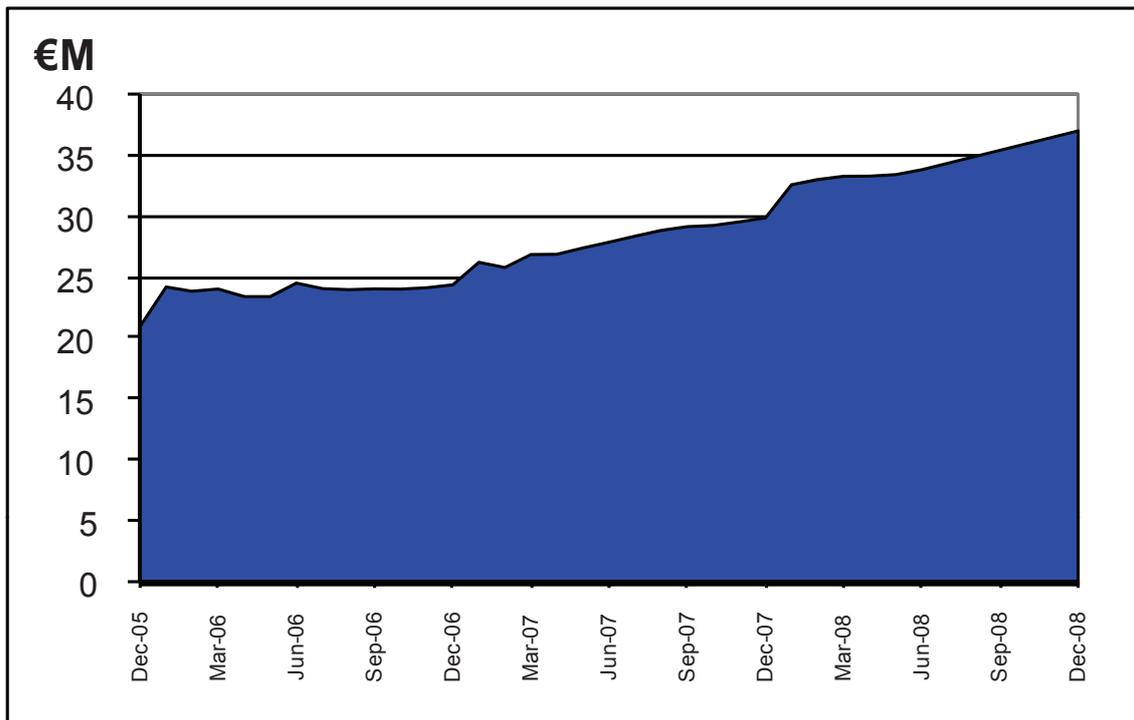
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# French highlights

- Reduced operating loss to £1.0m
- Revenue decline of 7.1% in local currency
- Steadily increased services mix
- Good cash management
- 2009 will be a challenging year due to the French Army renewal
- Underlying trends are in the right direction
- Appointment of new Chief Executive

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# Contract base – France



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# 2008 Financial highlights

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- Adjusted diluted earnings per share increased 13.5% to 21.0p (2007: 18.5p)
- Final dividend of 5.5p per share, total dividend 8.2p (2007: 8.0p)
- Net cash before CSF of £4.6m (2007: net debt of £16.2m)

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# Future prospects

- As we state every year it is not possible to draw any meaning about current year until end Q1
- Current economic conditions are undoubtedly affecting our markets
- Customers drive to reduce costs is aiding our growth in Managed Services
- Product revenues are under pressure
- Balance sheet continues to strengthen
- Well placed to take advantage of further opportunities and take market share

## Preliminary Results 2008

10<sup>th</sup> March, 2009

