Disposal and Proposed Return of Value

February 2, 2015
RNS Number : 8237D
Computacenter PLC
02 February 2015

Computacenter plc

DISPOSAL OF R.D. TRADING LIMITED AND PROPOSED RETURN OF VALUE TO SHAREHOLDERS OF APPROXIMATELY £100 MILLION

Highlights

- Disposal of R.D. Trading Limited, the Group's wholly-owned IT disposal and recycling subsidiary;
- Gross cash consideration received from the Disposal of £56 million
- Proposed Return of Value to Shareholders of approximately £100 million

Disposal of R.D. Trading Limited

Computacenter plc ("**Computacenter**", the "**Company**" and, together with its subsidiaries, the "**Group**"), the independent provider of IT infrastructure services that enables users, announces that its wholly-owned subsidiary, Computacenter (UK) Limited (the "**Seller**"), has reached agreement (the "**Agreement**") with Arrow Electronics UK Holding Limited (the "**Purchaser**" or "**Arrow**") for the disposal of the entire issued share capital of the Group's IT disposal and recycling subsidiary, R.D. Trading Limited ("**RDC**") (the "**Disposal**"). For the year ended 31 December 2013, RDC generated revenues of £41.9 million (1.36% of total Computacenter Group revenues for 2013), statutory profit before tax of £3.65 million (7.23% of the total Computacenter Group profit before tax for 2013) and as at 31 December 2013 had gross assets of £15.8 million (1.39% of Computacenter Group gross assets as at 31 December 2013).

The Disposal reflects Computacenter's continued strategy of enabling end-users through the provision of related IT Services. RDC's business provides IT Disposal and Asset Recovery Services, which are focused on generating value from used Information and Communication technologies, and creating an environmentally sustainable disposal solution for anything unsuitable for re-use. These activities carried on by RDC are viewed as non-core to the Group, and the Disposal will allow the Company to focus its investment for growth on the delivery and implementation of its Services-led strategy.

Whilst RDC was integrated into Computacenter's customer proposition prior to completion of this transaction, it was not operationally integrated within the Computacenter Group therefore minimising any impact of the Disposal on existing Computacenter Group operational systems and processes. Gerry Hackett, Managing Director of RDC, will continue in this role under the Purchaser's ownership.

Gross consideration for the Disposal is £56 million payable in cash (on a cash free and debt free basis), before transaction costs and subject to certain post-completion adjustments. Completion of the Disposal is not subject to any outstanding conditions and has now taken place. There is no provision for the payment of deferred consideration under the Agreement. The Seller has given customary warranties and indemnities in favour of the Purchaser relating to the business of RDC in connection with the Disposal. The warranties given by the Seller are subject to customary limitations both as to amount and time. The proceeds of the Disposal will be used as part of the one-off Return of Value to Shareholders outlined below.

As part of the Disposal, Computacenter is delighted to announce that it has entered into a five-year Operating Agreement with RDC, under its new ownership, for the provision of IT Disposal Services, which remain a part of Computacenter's customer proposition.

Return of Value to Shareholders

The Company also announces that it proposes to make a one-off Return of Value to Shareholders of 71.9 pence per Existing Ordinary Share, equivalent to approximately £100 million or approximately 11.2% of Computacenter's current market capitalisation, based on the middle market price of 643 pence per Existing Ordinary Share on 29 January 2015. The return is being made using a B Share structure with an associated Share Capital Consolidation of 15 New Ordinary Shares for every 17 Existing Ordinary Shares. The approval of Shareholders is required for the Return of Value and Share Capital Consolidation. Accordingly, the Company will shortly be posting a circular to its Shareholders and convening an Extraordinary General Meeting, expected to be held on or about 19 February 2015, to approve the Return of Value.

Computacenter Chief Executive Officer, Mike Norris said:

"We are very pleased to confirm the return of £100 million to our shareholders. The cash proceeds of the disposal of RDC, together with the cash generative nature of Computacenter's business, has resulted in a net cash balance in excess of our current needs. This has placed us in a position where we are now able to make a second, significant, one-off return of value to our shareholders in two years, while maintaining an appropriate balance sheet structure to continue growing the business and serving our clients."

Rationale for the Return of Value

Proceeds of the Disposal, together with the cash generative nature of Computacenter's business has resulted in a net cash balance in excess of the Company's current needs. While the Company intends to continue to maintain a robust and prudent balance sheet, the Directors believe that it is now appropriate to undertake a return of capital to Shareholders. Computacenter will continue to monitor its balance sheet to ensure it maintains an efficient capital structure as it has done historically. Computacenter returned £74.4 million and £75.0 million to Shareholders in 2006 and 2013, respectively, on each occasion via a B Share structure.

Key Terms of the Return of Value

The Return of Value consists of a Capital Reorganisation, including the issue and allotment of B Shares and an associated Share Capital Consolidation.

Under the terms of the Return of Value, Shareholders will receive:

for every 1 Existing Ordinary Share held at the Record Date	1 B Share; and
in place of every 17 Existing Ordinary Shares held at the Record Date	15 New Ordinary Shares

Subject to Shareholder approval, Shareholders will be able to elect between the following alternatives in relation to their B Shares.

Alternative 1 - Single B Share Dividend ("Income")

Shareholders may receive the Single B Share Dividend of 71.9 pence per B Share in respect of all of their B Shares.

Alternative 2 - Purchase Offer ("Capital")

Alternatively, Shareholders (other than US Shareholders) may elect to have all of their B Shares purchased by Investec Bank plc, acting as principal on 23 February 2015 (or such other date as the Directors may determine), at 71.9 pence per B Share, free of all dealing expenses and commissions.

The payment of the consideration under the purchase offer and of the Single B Share Dividend is in each case expected to be made by 10

March 2015.

Shareholders who do not elect for Alternative 2 will automatically be deemed to be electing for Alternative 1 and will receive the Single B Share Dividend in relation to all of their B Shares. Consequently Shareholders who prefer Alternative 1 need take no action. Additionally, Alternative 2 is not being offered into the United States of America and, as a result, US Shareholders will only receive the Single B Share Dividend in respect of all of their B Shares.

The B Shares will neither be admitted to the Official List nor to trading on the London Stock Exchange's Main Market for listed securities nor will they be admitted to trading on any other recognised investment exchange. The B Shares will have limited rights. Once the Single B Share Dividend is declared, the B Shares will automatically convert into Deferred Shares (with extremely limited rights). A number of changes to the articles of association of the Company, incorporating the rights and restrictions to be attached to the B Shares and the Deferred Shares, are required in order to implement this Return of Value.

As part of the Return of Value, Existing Ordinary Shares will be consolidated such that Shareholders will receive 15 New Ordinary Shares in place of every 17 Existing Ordinary Shares they hold. The purpose of this Share Capital Consolidation is to seek to ensure that (subject to normal market fluctuations) the market price of New Ordinary Shares immediately following the Return of Value is approximately the same as the market price of Existing Ordinary Shares immediately beforehand. As with the Existing Ordinary Shares, the New Ordinary Shares will be tradable on the London Stock Exchange (subject to approval of the Financial Conduct Authority and the London Stock Exchange) in the same way as the Existing Ordinary Shares and will be equivalent in all material respects to the Existing Ordinary Shares (save that New Ordinary Shares will not entitle the holder of such shares to receive B Shares).

A circular containing full terms of the Return of Value and the alternatives, including a detailed timetable and a description of the tax consequences of the B Share alternatives for Shareholders who are resident in the United Kingdom, together with notice convening an Extraordinary General Meeting of the Company will be posted to Shareholders shortly. This will be posted with a form of proxy for the Extraordinary General Meeting and, for Shareholders who hold their Existing Ordinary Shares in certificated form, a form of election in respect of the B Share alternatives.

Investec Bank plc, which is authorised in the United Kingdom by the Prudential Regulation Authority, and regulated in the United Kingdom by the Prudential Regulation Authority and the Financial Conduct Authority, is acting as financial adviser and corporate broker to Computacenter and is acting for no-one else in connection with the Return of Value, the Purchase Offer or any other matter referred to in this announcement, and will not be responsible to anyone other than Computacenter for providing the protections afforded to customers of Investec Bank plc nor for providing advice to any other person in relation to the Return of Value, the Purchase Offer or any other matter referred to in this announcement.

Capitalised terms used in this announcement have the same meaning as that detailed in the circular which will be posted to Shareholders shortly.

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