



Q3 2018 Trading Update

October 31, 2018

Computacenter plc

Incorporated in England

Registration number: 03110569

LEI: 549300XSXUZ1119DB105

ISIN: GB00BV9FP302

FOR IMMEDIATE RELEASE

Computacenter plc

Q3 Trading Update - 31st October 2018

Computacenter plc ("Computacenter" or the "Group"), the provider of IT infrastructure services that enables users, today publishes a trading update for the third quarter. Figures below are based on unaudited financial information for the nine months to 30th September 2018 ("year-to-date") and excludes revenues from the acquisition in the Netherlands which was completed on 1st September 2018 and our US acquisition completed on 30th September 2018.

Financial Performance

Overall Group revenue for the third quarter declined year-on-year by three per cent to £900 million (2017: £931.9 million) and by the same amount in constant currency. This small decline, compared to the strong results in the first half, is due to a significantly more challenging comparison. To illustrate this, the first half of 2017 saw growth of nine per cent against the first half of 2016, whereas the third quarter of 2017 grew by 20 per cent against the comparative period, both in constant currency. The third quarter Group revenues lead to a year-to-date increase of 11 per cent and of ten per cent in constant currency.

Group Services revenue grew by one per cent in constant currency during Q3 leading to a year-to-date growth of one per cent in constant currency. Group Technology Sourcing revenue declined by five per cent during the quarter leading to a year-to-date growth of 14 per cent, both in constant currency. Growth rates in constant currency are not significantly different to the reported sterling equivalent growth rates and both are presented below for comparison.

UK

The UK saw a decline in overall revenue of nine per cent in the third quarter to £296 million (2017: £326 million) leading to a year-to-date increase of 17 per cent. Services revenue in the third quarter decreased by four per cent in line with the decrease in the year as a whole.

Technology Sourcing revenue decreased by 12 per cent in the third quarter leading to a year-to-date increase of 28 per cent.

Germany

German revenue grew in the third quarter by one per cent to £451 million (2017: £448 million), and by two per cent in constant currency, leading to a year-to-date increase of nine per cent and of eight per cent in constant currency. Services revenue increased in the third quarter by one per cent, and by two per cent in constant currency, leading to a year-to-date increase of six per cent and of five per cent in constant currency. Technology Sourcing revenue increased in the third quarter by one per cent and by two per cent in constant currency, leading to a year-to-date increase of ten per cent and of nine per cent in constant currency.

France

French revenue declined in the third quarter by six per cent, and by the same amount in constant currency, to £119 million (2017: £127 million), leading to a year-to-date decline of two per cent and of three per cent in constant currency. Services revenue in the third quarter declined by one per cent and was flat in constant currency, leading to a year-to-date decline of seven

per cent and of eight per cent in constant currency. Technology Sourcing revenue decreased in the third quarter by eight per cent and by seven per cent in constant currency, leading to a year-to-date flat position and a decline of one per cent in constant currency.

International

Our International segment grew by 13 per cent in the third quarter, and the same in constant currency to £34 million (2017: £30 million) leading to a year-to-date growth of 12 per cent and of 14 per cent in constant currency. Services growth in the third quarter was 28 per cent, 29 per cent in constant currency leading to a year-to-date growth of 23 percent, 28 per cent in constant currency. In Technology Sourcing, which is a lot less significant to our International segment, revenue declined by 13 per cent in the third quarter, and by the same in constant currency leading to a year-to-date decline of five per cent, six per cent in constant currency.

Financial Position

At the end of the third quarter, Group cash and cash equivalents were in line with the Board's expectations. During the first quarter of the year we completed a Tender Offer returning approximately £100 million to shareholders and at the end of the third quarter we completed our Dutch acquisition. On 1 October 2018, the Group drew down an existing Computacenter debt facility of £100 million, to fund the Initial Consideration and the Capital Injection for the purchase of fusionstorm as set out in our announcement on the same date.

Group Outlook

While the overall growth rates in the third quarter in isolation are subdued compared to recent quarters, as mentioned above, the third quarter presented a more challenging comparison. Our expectation for the fourth quarter is for improved growth before acquisitions but not to the levels seen in the first half of the year.

As we look out further into the future our pipeline for Professional Services is building nicely while the Infrastructure Managed Services market place is somewhat more challenged which is making growth more difficult. However, we remain confident in our ability to gain Infrastructure Managed Services market share due to our focus on innovation and productivity improvements.

The outlook for the Group's trading result for the whole of 2018 remains in line with the Board's expectations as upgraded within the 12th July 2018 Trading Update and confirmed in the Interim Results.

The core technology drivers of digitisation, Cloud, Security and Network capacity improvement remain robust and these drivers, coupled with our recent geographical expansion, should position us well for future growth into 2019 and beyond.

Computacenter's next scheduled trading update will be the pre-close briefing, prior to the Annual Results, which is scheduled for 23rd January 2019.

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Change vs 2017

Q3 Change

Q3 Change Constant Currency**

As Reported*

Technology Sourcing Revenue

UK	(12%)	(12%)
Germany	1%	2%
France	(8%)	(7%)
International	(13%)	(13%)
Group	(5%)	(5%)

Services Revenue

UK	(4%)	(4%)
Germany	1%	2%
France	(1%)	(0%)
International	28%	29%
Group	0%	1%

Total Revenue

UK	(9%)	(9%)
Germany	1%	2%
France	(6%)	(6%)
International	13%	13%

Group

(3%)

(3%)

* Change vs 2017 Q3 revenues reported at 2017 exchange rates

**Change vs 2017 Q3 revenues reported at 2018 exchange rates

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