

## Preliminary Results 2006

13th March, 2007



# 2006 Financial Highlights

	2006	2005	Δ%
Turnover	£2.27 bn	£2.29 bn	(1)
Profit before tax*	£38.0 m	£35.7 m	6
Diluted earnings per share*	13.8 p	11.8 p	17
Net funds**	£29.4 m	£101.0 m	

*\*before exceptional items*

*\*\*before customer-specific financing*

# 2006 Highlights

- UK Product business showing benefits of re-engineering
- In UK Services, strong performance from Technology Solutions
- Good underlying progress in Germany, although some unanticipated contract start-up losses
- Performance in France still unsatisfactory, although improving
- Acquisition of Digica (post year end)
- Return of £74 million to shareholders in July

# Future Prospects

- Too soon to draw any meaningful conclusions from early trading in 2007
  
- Strategic focus: delivery of attractive eps growth
  - Accelerate services growth and broaden range
  - Extend “shared services” delivery
  - Re-engineer product business to reduce cost
  - Extend product sales to small / medium-sized segment
  - Capture growth opportunities in Germany
  - Restore profit in France

## Financial Review

Tony Conophy



# Group – profit and loss account

	2006	2005	Growth 2006 / 2005
	£m	£m	%
Revenue	2,269.9	2,285.2	(0.7%)
Cost of sales	(1,974.4)	(1,996.4)	(1.1%)
<b>Gross profit</b>	<b>295.5</b>	<b>288.8</b>	2.3%
Gross profit %	13.0%	12.6%	0.4%
Other Operating Expenses	(260.5)	(259.9)	0.2%
Share-based payments	(1.4)	0.4	(460.2%)
<b>Operating Profit (before exceptional items)</b>	<b>33.6</b>	<b>29.3</b>	14.5%
Operating profit %	1.5%	1.3%	0.2%
Net finance income	4.4	6.1	(28.4%)
Share of associate	0.0	0.2	(100.0%)
<b>Profit before tax (before exceptional items)</b>	<b>38.0</b>	<b>35.7</b>	6.4%
Exceptional items	(5.0)	(1.7)	200.4%
<b>Profit before tax</b>	<b>32.9</b>	<b>34.0</b>	(3.2%)
Income tax expense	(14.0)	(13.6)	3.2%
Tax Rate % pre exceptional	(36.9%)	(38.1%)	
<b>Profit for the year</b>	<b>18.9</b>	<b>20.4</b>	(7.4%)
<b>Diluted earnings per share</b>			
– Pre-exceptional	13.8p	11.8p	16.9%
– Total	11.0p	10.9p	0.9%

## UK – profit and loss account

	2006	2005	Growth 2006/2005
	£m	£m	%
Revenues	1,281.5	1,351.3	(5.2%)
Gross Profit	181.9 14.2%	169.9 12.6%	7.1%
Other Operating Expenses	(144.4) (11.3%)	(137.8) (10.2%)	4.8%
Operating Profit	37.5 2.9%	32.1 2.4%	16.8%
Headcount *:			
Direct	2,841	3,195	(11.1%)
Indirect	1,683	1,540	9.2%

(\* period end headcount, incl RDC)

# Germany – profit and loss account

	2006	2005	Growth 2006 / 2005
	£m	£m	%
Revenues	654.7	618.2	5.9%
Gross Profit	83.4 12.7%	87.7 14.2%	(4.9%)
Other Operating Expenses	(80.6) (12.3%)	(82.7) (13.4%)	(2.5%)
Operating Profit	2.8 0.4%	5.0 0.8%	(44.2%)
Headcount *:			
Direct	2,604	2,481	5.0%
Indirect	1,059	1,047	1.1%

(\* period end headcount)



## France – profit and loss account

	2006	2005	Growth 2006 / 2005
	£m	£m	%
<b>Revenues</b>	<b>307.3</b>	<b>295.8</b>	<b>3.9%</b>
<b>Gross Profit</b>	<b>27.7</b> 9.0%	<b>28.9</b> 9.8%	<b>(4.2%)</b>
<b>Other Operating Expenses</b>	<b>(34.2)</b> (11.1%)	<b>(36.6)</b> (12.4%)	<b>(6.5%)</b>
<b>Operating Profit</b>	<b>(6.5)</b> (2.1%)	<b>(7.6)</b> (2.6%)	<b>(15.0%)</b>
<b>Headcount *:</b>			
<b>Direct</b>	<b>579</b>	<b>563</b>	<b>2.8%</b>
<b>Indirect</b>	<b>429</b>	<b>440</b>	<b>(2.5%)</b>

(\* period end headcount)

# Group – revenue by business segment

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	<b>2006</b>	<b>2005</b>	<b>Growth 2006 / 2005</b>
	£m	£m	%
<b>Product</b>	<b>1,735.2</b>	<b>1,770.4</b>	<b>(2.0%)</b>
Professional services	128.9	114.2	12.8%
Support and managed services	405.8	400.6	1.3%
<b>Services</b>	<b>534.7</b>	<b>514.8</b>	<b>3.9%</b>
<b>Total group</b>	<b>2,269.9</b>	<b>2,285.2</b>	<b>(0.7%)</b>

# Group – cash from operations

	2006	2005	Growth 2006 / 2005
	£m	£m	%
<b>Cash flows from operating activities</b>			
Operating profit	28.5	27.7	3.2%
Depreciation / amortisation	16.5	17.3	(4.8%)
Share based payments	1.4	(0.4)	(485.2%)
Profit / loss on disposal of non-current assets	0.5	(0.1)	(662.4%)
Impairment of non-current assets	2.6	0.0	
Decrease in inventories	4.6	16.8	(72.9%)
Increase in trade and other receivables	(35.5)	(25.9)	37.0%
Increase in trade and other payables	6.9	29.9	(77.0%)
Dividend received from associate	0.2	0.3	(33.3%)
Currency and other adjustments	0.0	0.3	(98.3%)
<b>Cash generated from operations</b>	<b>25.6</b>	<b>66.0</b>	<b>(61.2%)</b>
<b>Cash from operations as % Operating Profit</b>	<b>89.6%</b>	<b>238.5%</b>	

# Group – summary cash flow

	2006	2005	Growth 2006 / 2005
	£m	£m	%
<b>Cash generated from operations</b>	<b>25.6</b>	<b>66.0</b>	<b>(61.2%)</b>
Income taxes paid	(12.0)	(18.4)	<b>(34.7%)</b>
Net cash flows from operating activities	13.6	47.6	(71.5%)
Net cash flows from investing activities	(3.0)	25.6	(111.8%)
Net cash flows from financing activities	(85.0)	(22.4)	279.0%
<b>Net(decr) / incr in cash and cash equivalents</b>	<b>(74.4)</b>	<b>50.8</b>	<b>(246.5%)</b>
Net foreign exchange difference	0.5	1.6	<b>(68.8%)</b>
Cash and cash equivalents at 1 January	132.9	80.5	<b>65.0%</b>
<b>Cash and cash equivalents at 31 December</b>	<b>59.0</b>	<b>132.9</b>	<b>(55.6%)</b>
<b>Net Funds consists of :</b>			
Cash and cash equivalents	59.0	132.9	<b>(55.6%)</b>
Factor financing	(29.5)	(31.5)	<b>(6.3%)</b>
Bank loans	0.0	(0.3)	<b>(100.0%)</b>
<b>Net funds prior to customer specific financing</b>	<b>29.4</b>	<b>101.0</b>	<b>(70.9%)</b>
Finance leases	(11.4)	(0.7)	<b>1,649.1%</b>
Other Loans	(7.2)	0.0	<b>n/a</b>
<b>Net Funds</b>	<b>10.8</b>	<b>100.4</b>	<b>(89.3%)</b>

# Group : customer specific financing

	<b>Loans</b>	<b>Finance leases</b>	<b>Total financing commitments</b>	<b>Operating Lease income</b>
	£m	£m	£m	£m
<b>Less than 1 year</b>	(4.4)	(2.8)	(7.2)	8.5
<b>1 to 5 years</b>	(2.8)	(8.6)	(11.4)	12.7
<b>Total</b>	<u>(7.2)</u>	<u>(11.4)</u>	<u>(18.6)</u>	<u>21.2</u>

# Group – balance sheet

	2006	2005	Growth 2006 / 2005
	£m	£m	%
Property, plant, equipment	84.9	81.6	4.0%
Intangible assets	9.9	9.5	4.8%
Investments	0.0	0.3	(100.0%)
Deferred tax asset	6.2	5.5	11.5%
<b>Non-current assets</b>	<b>101.0</b>	<b>96.9</b>	<b>4.2%</b>
Inventories	94.6	100.2	(5.6%)
Trade and other receivables	427.3	383.0	11.6%
Prepayments	50.4	63.5	(20.5%)
Cash and short-term deposits	77.9	164.8	(52.7%)
<b>Current assets</b>	<b>650.3</b>	<b>711.5</b>	<b>(8.6%)</b>
<b>Total assets</b>	<b>751.3</b>	<b>808.4</b>	<b>(7.1%)</b>
Trade payables	195.2	197.3	(1.1%)
Provisions <1yr	2.1	2.2	(2.6%)
Other current liabilities	262.5	262.4	0.0%
<b>Current liabilities</b>	<b>459.8</b>	<b>461.9</b>	<b>(0.4%)</b>
Provisions >1yr	12.8	14.0	(8.3%)
Other non-current liabilities	13.5	2.0	563.6%
<b>Non-current liabilities</b>	<b>26.4</b>	<b>16.0</b>	<b>64.3%</b>
<b>Total liabilities</b>	<b>486.2</b>	<b>477.9</b>	<b>1.7%</b>
<b>Net assets</b>	<b>265.1</b>	<b>330.5</b>	<b>(19.8%)</b>

# Group – key ratios

	Dec 2006	Dec 2005	Jun 2006
Stock (days)	23	23	21
Debtor (days)	58	51	50
Creditor (days)	40	39	35
Working Capital (days)	41	35	36

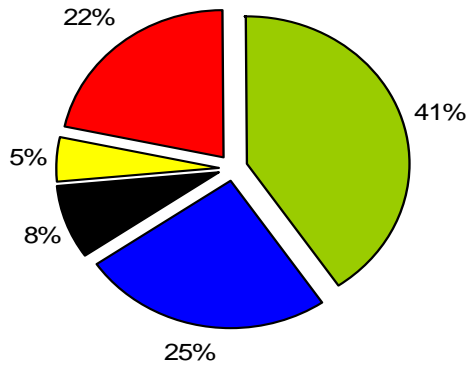
## Operational Review

Mike Norris



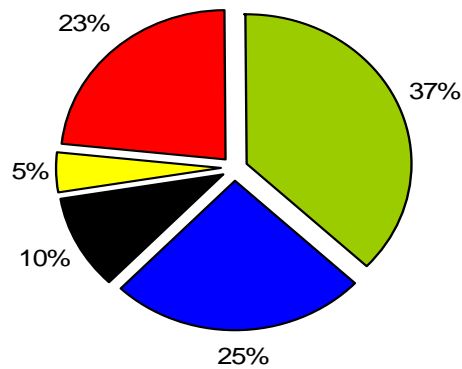


### 2004 revenue by type



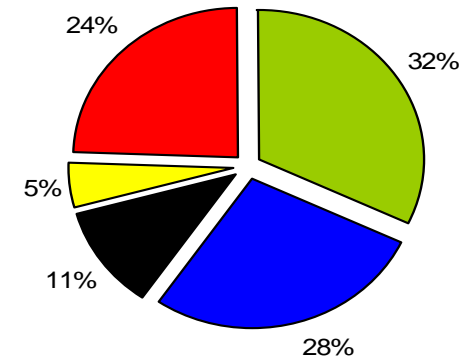
- Personal Systems
- Network, Server & Storage
- Software
- 3rd Party Services
- Services

### 2005 revenue by type



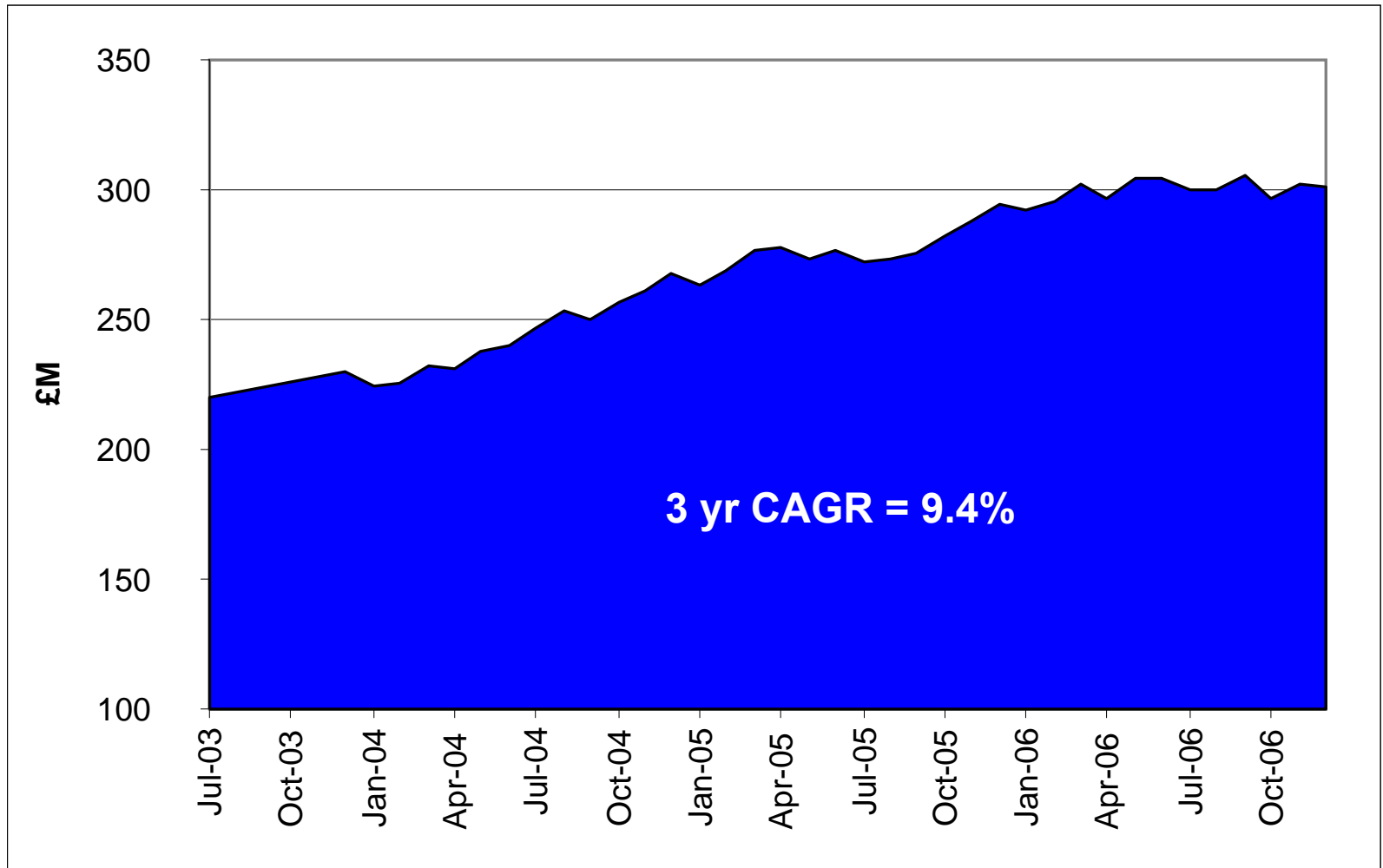
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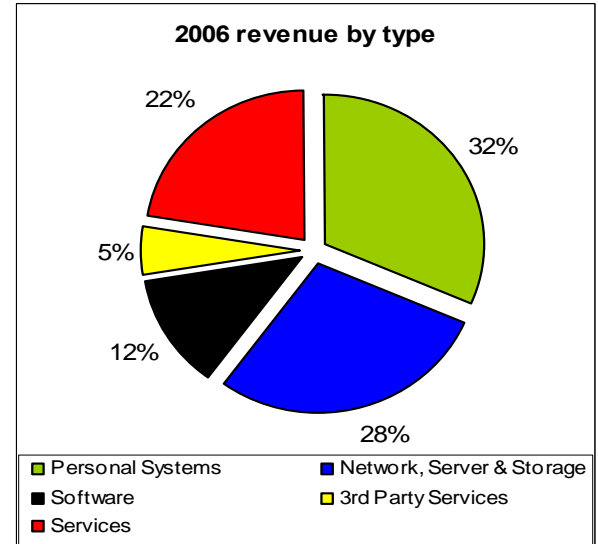
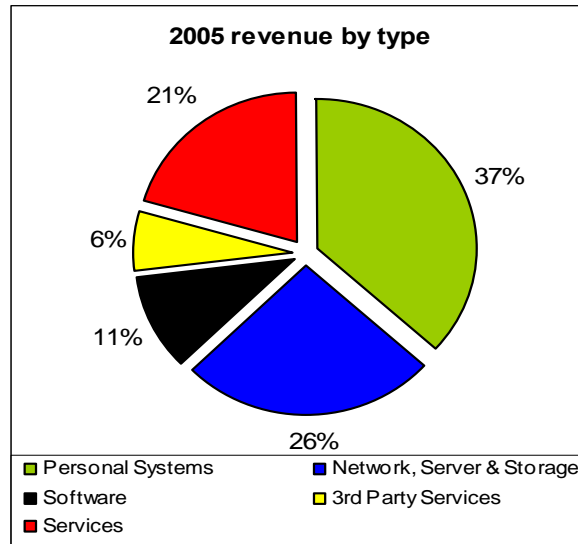
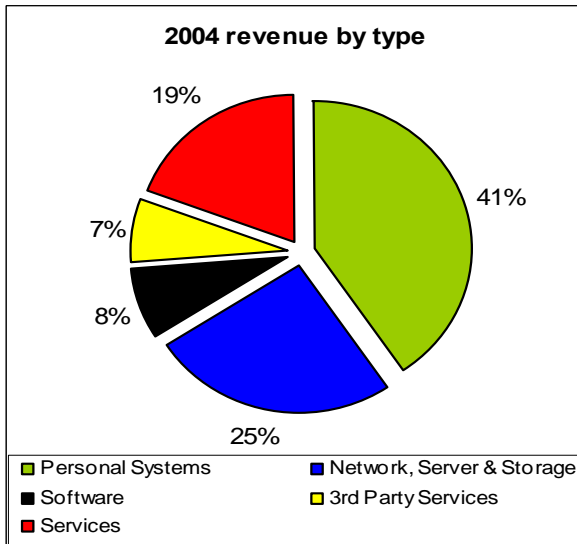
### 2006 revenue by type



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# Group Contract Base





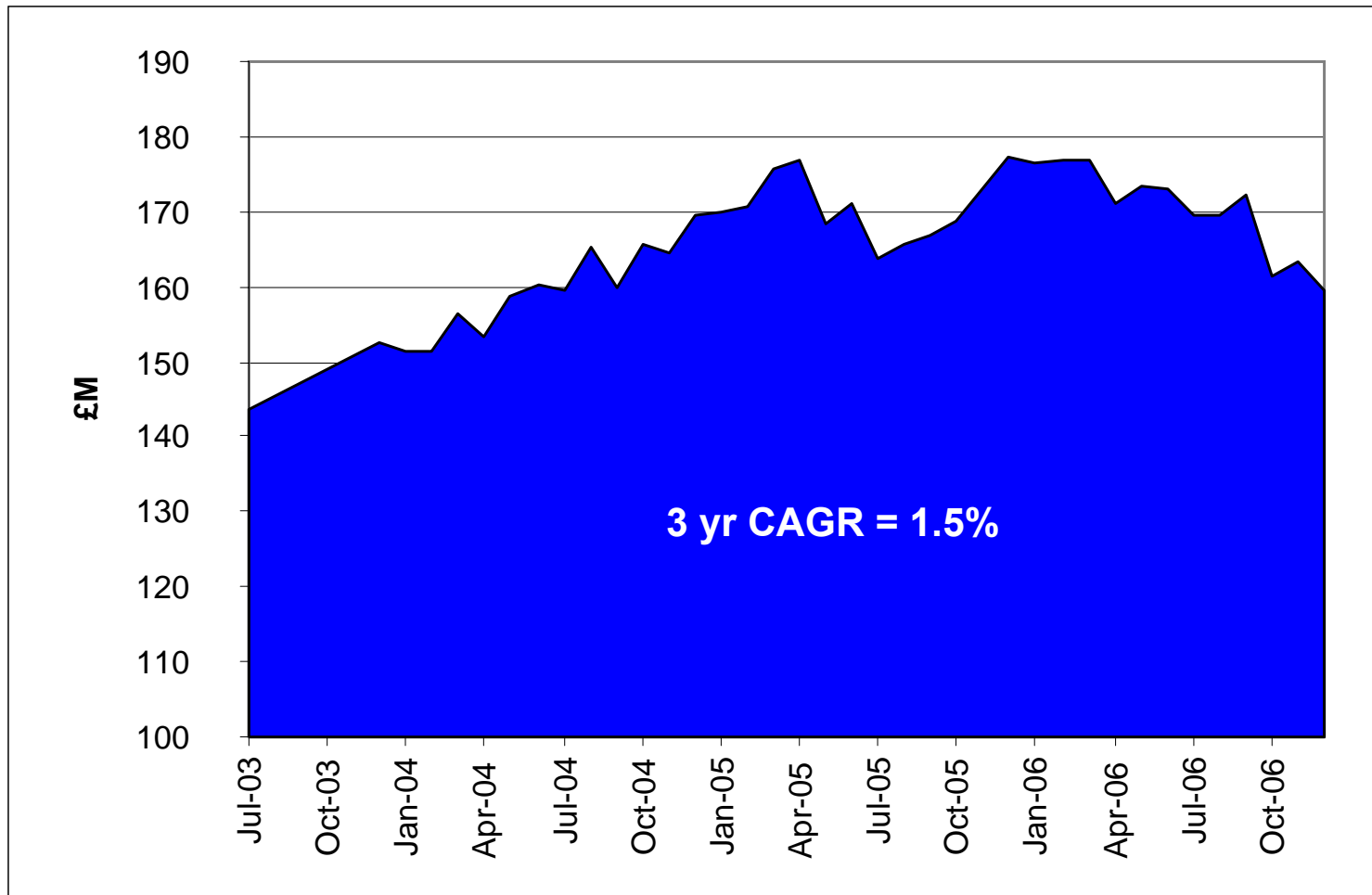
# UK Services Strategy

- We are an IT infrastructure services provider that works with IT departments to reduce cost and increase the value of IT to users
- Invest in services we can share across that customer base such as helpdesks, datacentres, disaster recovery and technical skills
- Accelerate the growth of our Managed Services business
- Capture value from the superior scale of our engineering and maintenance activities by sharing more resource across our customer base
- Broaden the depth and range of our technical services activities

# UK Services Highlights

- Overall services growth of 3.1%
- Technology Solutions grew strongly with Professional Services revenue up 10.6%
- High cost-conscious Support Services market
- Some good Managed Services wins but some contracts lost at renewal stage
- In January 2007 we acquired Digica Ltd for £28 million to add the growth of our Managed Services business

# UK Contract Base



# UK Product Strategy

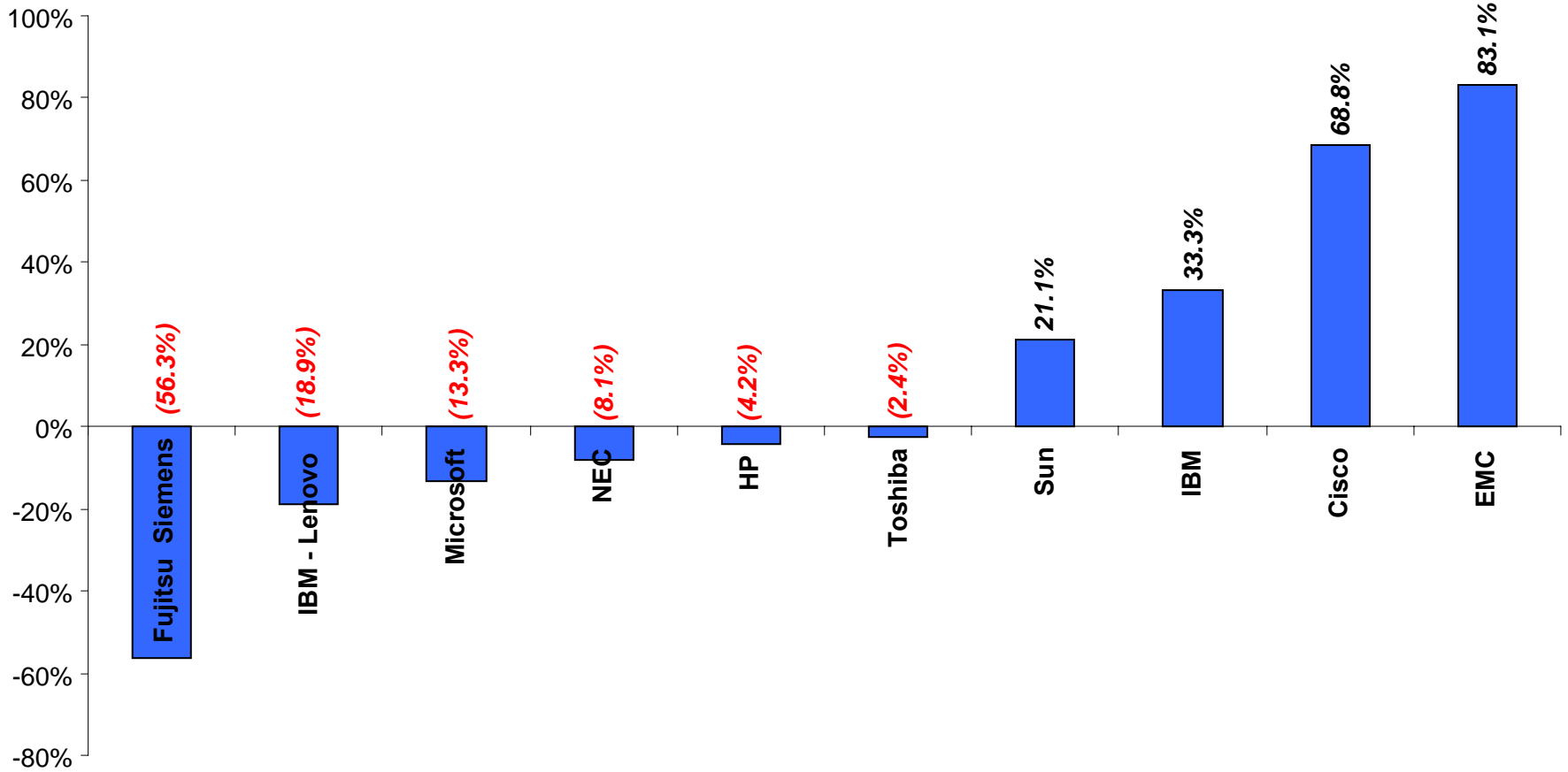
- Re-engineer our product business to deliver lower cost routes to market
- Invest in systems to continually drive down supply chain costs
- Build a sizeable presence in the mid market business sector
- Create a specialist software business unit to increase our market share
- Improve our margins by increasing our market share in enterprise products

# UK Product Highlights

- Overall product revenue down 7.2%
- End user product revenue down 2.0%
- Product gross margin increase by 1.7%
  - Improved business controls
  - Less CCD Sales
  - Higher enterprise product mix
  - Higher SME sales
  - Improved e-commerce systems
  - Better vendor terms than 2005
- Software grew by 7% because of focus
- Computacenter Direct sales up in excess of 40%

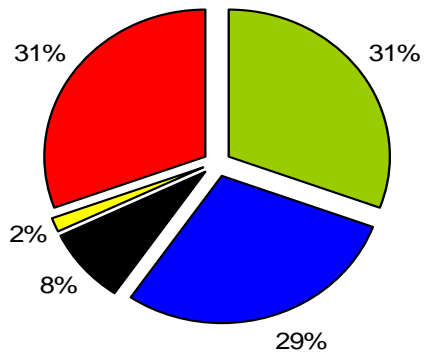


# Vendor Share



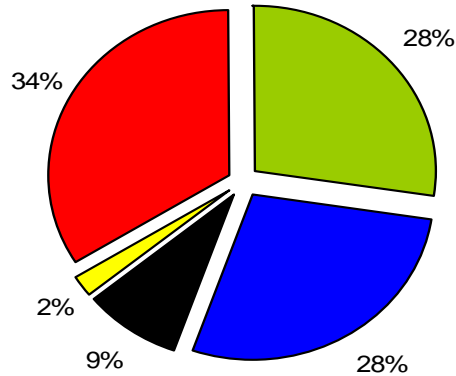
# Germany

2004 revenue by type



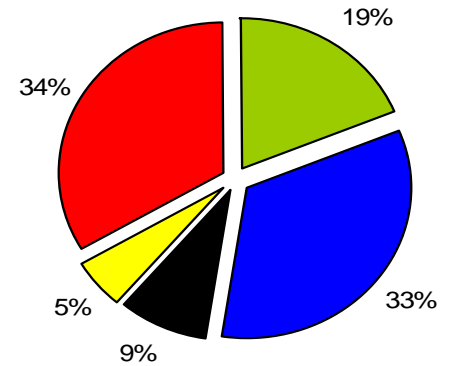
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2005 revenue by type



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2006 revenue by type



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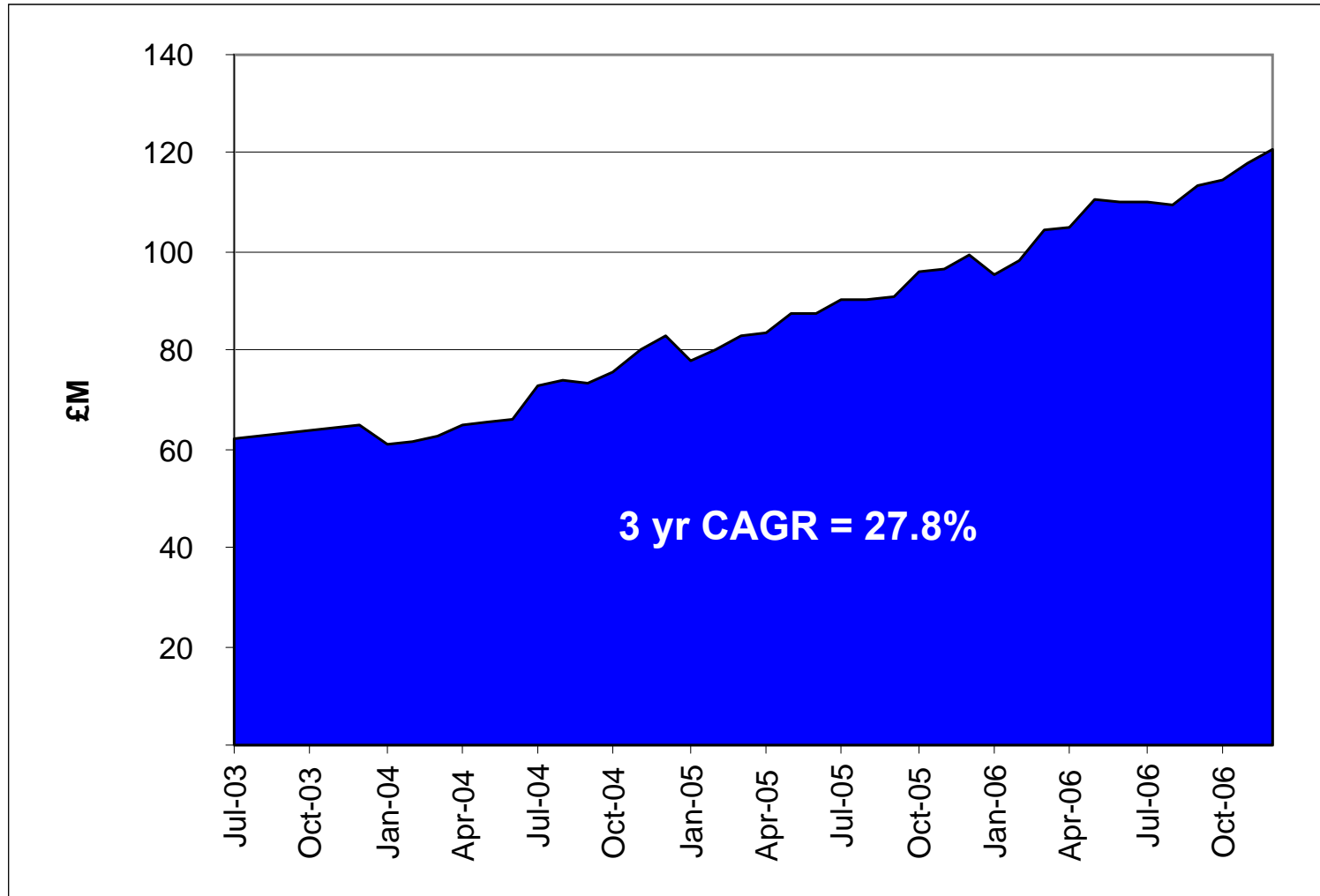
# German Strategy

- Increase the breadth of our customer base
- Cross sell to our customers
- Invest in shared and packaged services
- Grow Managed Services
- Better risk management

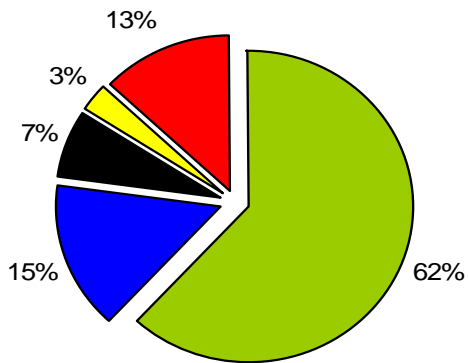
# Germany Highlights

- Revenue grew by 5.9%
- Operating profit down to £28 million
- Losses on two new contracts of £6.2 million
- Overall contract base growth of 22%
- Same year end spend due to the VAT increase
- Increase in enterprise product, most notably networking

# Germany Contract Base

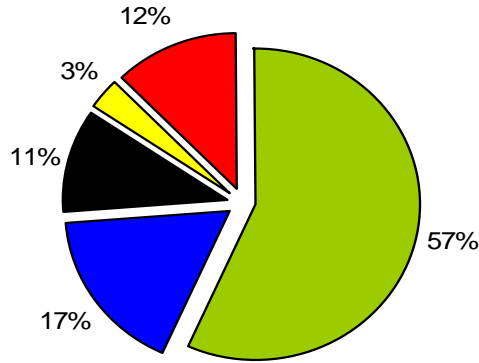


**2004 revenue by type**



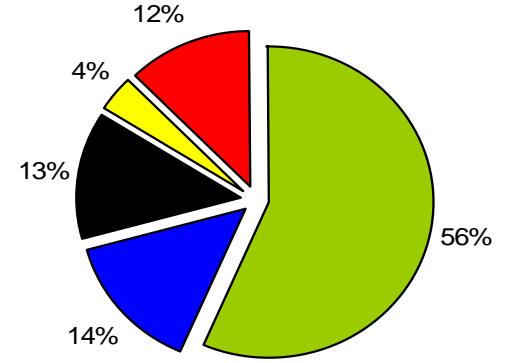
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**2005 revenue by type**



- Personal Systems
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- Software
- 3rd Party Services
- Services

**2006 revenue by type**



- Personal Systems
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# French Strategy

- Retain and grow the French Army
- Grow the business in the regions
- Drive more enterprise business
- Double Maintenance
- Reduce costs

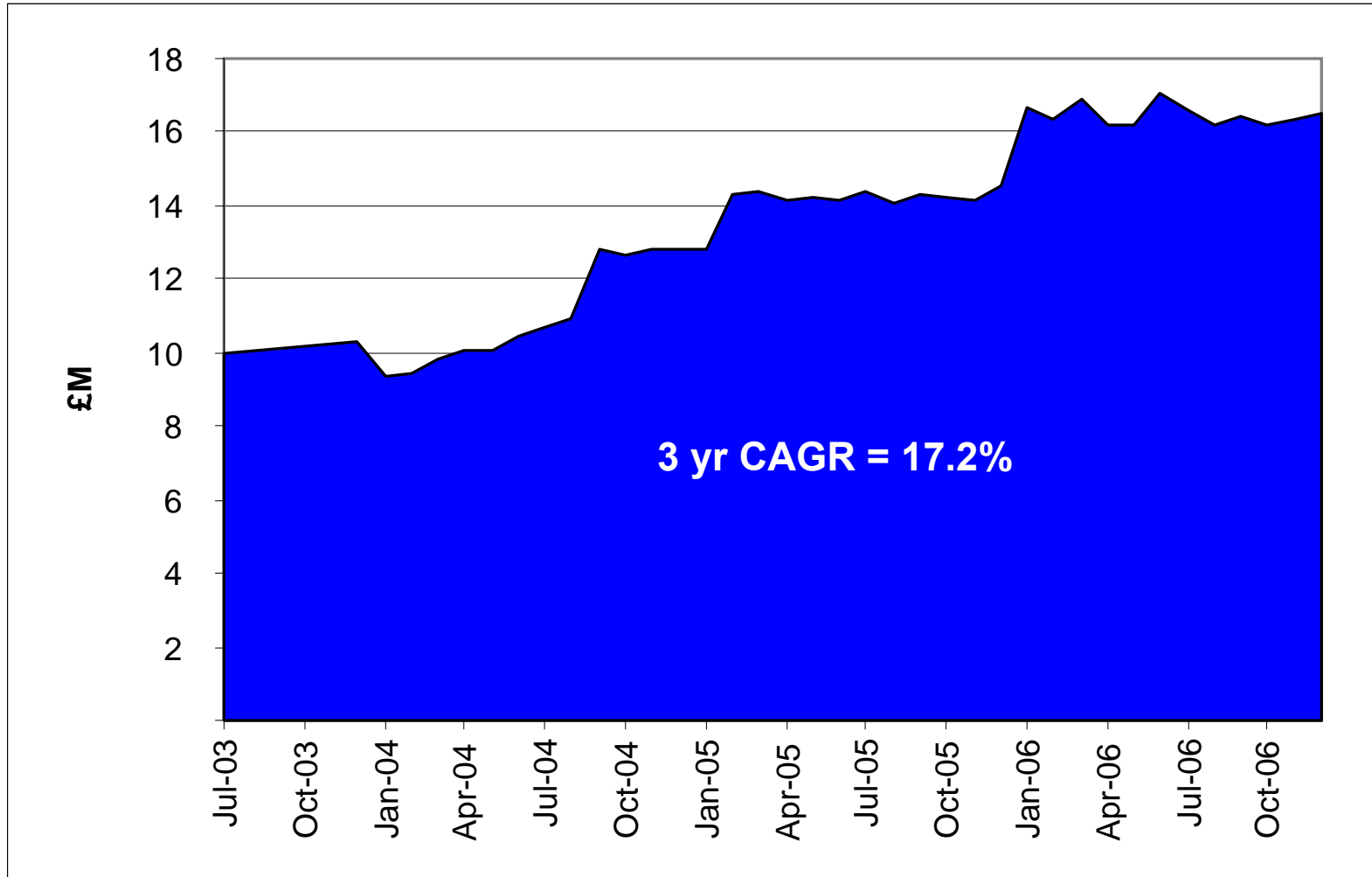
# French Highlights

- Revenue grew by 3.9%
- Operating loss of £6.5 million with £1.1 million in H2
- Fall in margin in the year but some improvement in Q4
- Improvement in services particularly Maintenance and Managed Services
- Ongoing focus on reducing costs



## France Contract Base

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# Future Prospects

- Too soon to draw any meaningful conclusions from early trading in 2007
  
- Strategic focus: delivery of attractive eps growth
  - Accelerate services growth and broaden range
  - Extend “shared services” delivery
  - Re-engineer product business to reduce cost
  - Extend product sales to small / medium-sized segment
  - Capture growth opportunities in Germany
  - Restore profit in France



# COMPUTACENTER

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PRODUCT  
SUPPLY

TECHNOLOGY  
INTEGRATION

MANAGED  
SERVICES

*Computacenter*