

THE EFFECTS OF DIGITAL

The rate of digitalisation continues to increase rapidly in all of our customers, across every industry. We are seeing changing business models, driven by a shift to digital. Equally, many of our customers are challenged by stagnant growth and pressure on operating costs. As a result, we are seeing a continual drive to reduce expenditure on supporting established infrastructure, so as to save money and invest in business change.

This increasing customer pressure to reduce costs, sometimes at the expense of a reduced service, comes not just at contract renewal but often through in-life contract negotiations. This creates both threat and opportunity for Computacenter and we must strive to enhance our own productivity, to increase our competitiveness and maintain margins. Despite pressure on operating costs, customers are more willing to invest in new technologies to enhance their users' experience and improve their business in the eyes of their customers. We are experiencing strong demand for particular skills focused mainly, but not exclusively, on Security, Cloud and digitising the end user environment.

Over the last few years we have invested in enhancing our productivity and increasing our innovation, with particular focus on enabling users within our customers. This has materially helped to defend our business. While 2016 was a challenging year, once you note that the comparative performance in 2015 benefited from a one-off gain of £3 million, which, as we explained in our 2015 Interim Report was not expected to repeat in future years, we still made financial progress. While our business in the UK underperformed against our original expectations, our French and German Segments stepped up to fill the shortfall, which is a pleasing return on the effort we have put into those businesses in recent years.

Our competitive advantage is in the unique value we provide to our customers by being intimately focused on them, from the CIO through to the end users. We continue to target enterprise level customers in our core western European geographies with a proposition that offers an end to end digitalisation solution, scalable to them, in all of their locations across the world. The ambition remains to be Europe's preferred IT provider in this regard.

Our portfolio of service offerings and the skills of our people, particularly their technical expertise, coupled with the strength of our Balance Sheet, give us confidence to continually reinvest in our business and enhance our customer experience. This should lead to superior financial returns in the future.

I would like to take this opportunity to thank shareholders for their support, employees for their dedication and customers for their loyalty. I hope to see you at our Annual General Meeting on Thursday 4 May 2017.

Mike Norris
Chief Executive Officer

13 March 2017



Digitalisation is changing our customers' businesses and encouraging them to invest in new technologies. We are well placed to meet their needs and deliver superior financial returns in the future.

