



Computer Warehouse Group

**FINANCIAL PERFORMANCE FOR THE THIRD
QUARTER ENDED 30TH SEPTEMBER, 2014**

HIGHLIGHTS OF THIRD QUARTER YEAR TO DATE (Q3), 2014 FINANCIAL PERFORMANCE

A Summary of the Group's Quarter 3 and Quarter 3 Year to Date (Q3), 2014 financial results is shown below:

	Q3 2014 N 'millions Unaudited	Q3 Year to Date 2014 N 'millions Unaudited	Q3 Year to Date 2013 N 'millions Audited	Variance (%)
Turnover	2,853	11,241	14,615	-23%
Cost of Sales	2,214	8,915	11,713	-24%
Gross Profit	638	2,326	2,902	-20%
Other Income	48	93	198	-53%
Operating Expenses	(639)	(1,907)	(2,081)	-8%
EBITDA	47	512	1,018	-50%
Depreciation & Amortisation	(85)	(256)	(345)	-26%
EBIT	(38)	256	673	-62%
Interest & Finance Charges	(29)	(69)	(179)	-61%
Profit / (Loss) before Tax	(67)	187	493	-62%
Taxation (Provisional)		(6)	(15)	
Profit / (Loss) after Tax	(67)	181	479	-62%

CWG Q3 2014 (Jan – September) revenue (N11.2b) is 23% below 2013 (N14.6b), while Gross Profit (N2.3b) is 24% below 2013 (N2.9b).

CWG Q3 sales is below plan and is partly reflective of some changes in procurement pattern for ICT goods generally. As part of seeking efficiencies in ICT procurements, users' procurement process are increasingly stretched to find best value from competing offers.

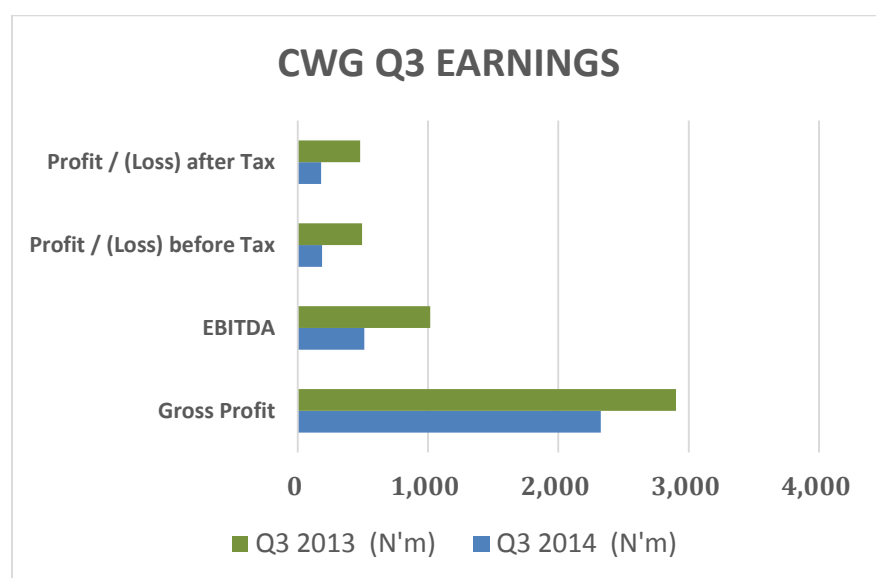
This coupled with an expanded number of sellers and providers, is putting more pressure on margins in the industry. This we believe is significantly affecting growth and margins of our IT infrastructure business.

Lower margins are also caused by the shift in consumer behavior with the increased availability of cloud service options.

In response to this trend, management has made changes in the company's market strategy to better explore opportunities in hitherto less prominent segments of the market.

H1 2014 EARNINGS

The summary of CWG's earnings are presented below;

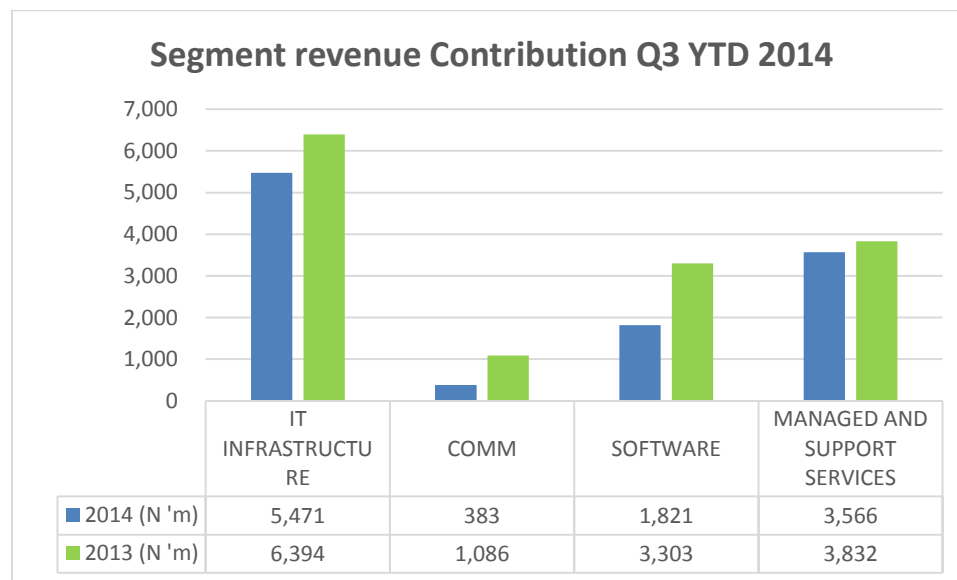


To preserve net margins, CWG has continued to focus on reduction of operating costs and optimization of assets. In the period under review, Year to Q3 2014 Operating Expenses (N1.90b) reduced by 8% compared with the same period in 2013 (N2.08b), while Depreciation Charge (N256m) & Interest & Finance Cost (N69m) reduced by 26% and 61% respectively against Year to Q3 2014.

As at Q3 Year to date, N56m has been expended in research and development expenses on our new CWG 2.0 business line, however revenues from these business lines are only expected to commence in H2 2015.

SEGMENT HIGHLIGHTS

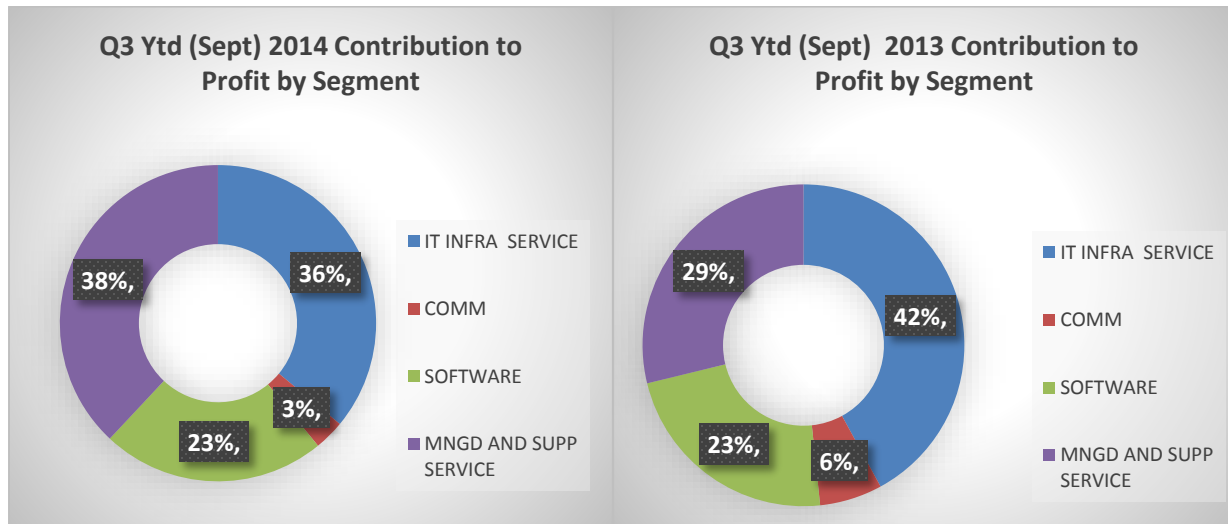
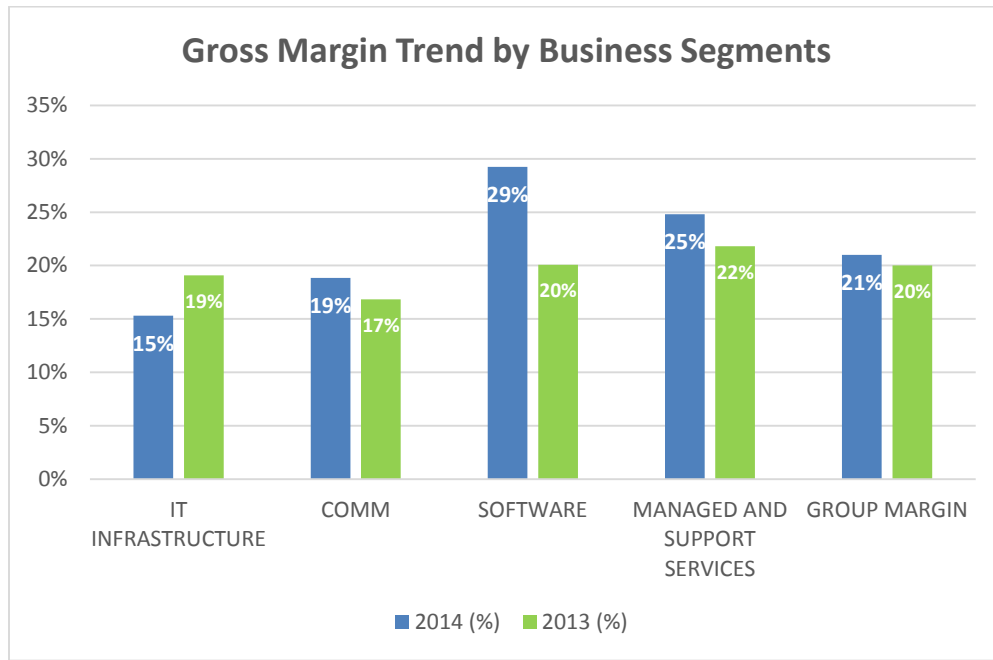
The Revenue contribution by the various business segments are highlighted as follows:



The 23% reduction in 2014 revenue below 2013 is attributable to a decline in software services (-45%); communication services (-65%) and IT infrastructure

services (-14%). The IT Infrastructure services however, remain the weakest margin segment of the business.

Profit Contribution of the various segments is shown below;



The margin graphs indicate that apart from the IT Infrastructure segments, margins have improved in all other segments relative to 2013. However, the large drop in the top line has not allowed this to translate to higher profitability.

Managed and support services segment is now the highest contributor to the company's profitability and management is building new partnerships to expand this business space.

FINANCIAL POSITION

Financial position of the group remains strong with adequate liquidity, leverage and efficiency ratios.

Q3 2014 Current ratio improved to 1.6 (Q3 2013: 1.3) and quick ratio of 1.2 (Q3 2013: 1.1), signifying strong liquidity and adequacy of working capital to meet transactional needs.

CWG's leverage (Debt to Equity) ratio remain low at 13% (FY 2013: 36%)

FULL YEAR 2014 OUTLOOK & BEYOND

Though CWG sees prospect of new orders in Q4, but income recognition on the projects may happen beyond this financial year. Thus we expect that full year turnover will aggregate about N16.5b, while we do not envisage changes in margin trends. The full year Profit after tax is currently forecasted at N300m.

The company is focused on scaling her new subscription businesses in order to see a change in the profitability trend by H2 2015.