

STOCK EXCHANGE



Computer Warehouse Group

...the technology of business

LISTS ON THE NIGERIAN STOCK EXCHANGE
FRIDAY, NOVEMBER 15, 2013

Introduction



Computer Warehouse Group

On November 15, 2013, Computer Warehouse Group Plc (CWG) shall be the first company to be listed on the Nigerian Stock Exchange following the launch of the new trading engine, X-Gen, which incidentally is the same engine that is used on the NASDAQ. The listing of the shares is expected to boost the market capitalisation of the NSE by about N14 billion, while CWG would be the highest capitalised security in the ICT sector of the exchange.

The NASDAQ and the NYSE have also recently witnessed a boom in Technology listings with Facebook, Google and LinkedIn. Twitter has also recently revealed her listing plans. This seems to be the golden age of technology companies, as the stocks have done outstandingly well post-listing. For instance, Google's shares have gained a whopping 773% post listing while LinkedIn and Facebook have gained 160% and 29% respectively (as at October 04, 2013). Twitter seems set to follow in this trend with quarterly revenues up 105% to \$139m from a year ago.

Here in Nigeria, CWG's story has not been different. With seed capital of \$16,000 in 1992, CWG received a valuation of \$59m (N6.97bn) in 2009 from Vetiva Capital for her private placement. The issue was over subscribed; with Private Equity firm Aureos Capital LLC taking up a major chunk, defying the atmosphere of the global economic downturn at that time. The current valuation shows an increase in invested capital of 5,000 times, meaning that an initial investment of \$1000 in 1992 would have yielded a whopping \$5m within just 20 years. This achievement put the company in the bracket of the best global value creators. CWG seems to be on track to repeat this feat on her listing, at a listing share price of N5.48, almost doubling her private placement price of N3.40 in 2009 albeit in a very difficult environment characterised by significant slowdown in global economic growth.

THE OPPORTUNITY

Computer Warehouse Group ("CWG" or "the Company"), a leading Nigerian information and communications technology ("ICT") company, is listing by introduction on The Nigerian Stock

Exchange ("The NSE")(the "Listing"). The Listing now presents institutional high networth investors and the general public with the opportunity to acquire listed CWG shares at that time.

COMPANY OVERVIEW

CWG is a leading Nigerian ICT solution company founded in 1992, with regional operations in Ghana, Cameroon and Uganda. The Company benefits from a diversified revenue base generated across the ICT industry value chain.

- Strong, well established relationships with leading global ICT players
- A full service company providing first rate products and services across the ICT value chain comprising communications, hardware and software
- Diversified customer base includes customers in telecoms, oil & gas and financial services industries with operations in 18 of 36 Nigerian states and regional operations in Ghana, Cameroon and Uganda. Over 630 staff, including highly certificated ICT professionals



Investment Highlights



Computer Warehouse Group

ATTRACTIVE INDUSTRY WITH COMPELLING GROWTH POTENTIAL

The Nigerian ICT hardware and services industry, estimated at \$7bn in 2010, is expected to experience strong growth driven by improving economic and policy conditions. Spending on IT related products and services is expected to grow to \$26bn in 2020 driving PC penetration rates from 5% in 2010 to 26% in 2020. Improving connections (undersea fibre optic network cable) and broadband speed, with lower costs are expected to increase Nigerian internet penetration from 22% in 2010 to 49% in 2020. CWG is well placed to take advantage of this growing industry opportunity.

LEADER IN THE NIGERIAN IT INDUSTRY

CWG is a leader in the Nigerian ICT industry:

- Respected and recognised network provider. CWG provides network services to 18 banks in Nigeria and supports these clients across 12 African countries;
- Trusted ICT Infrastructure provider. CWG manages the largest data centre by capacity in Africa outside of South Africa and supports over 3,000 Automated Teller Machines ("ATM") for Nigeria's financial

institutions; On-going banking software application support to 9 banks in Nigeria.

DIVERSIFIED BUSINESS MODEL

CWG has operations in and earns income from the three main sub sectors of the ICT industry. This business combination provides a diversified income base and reduces income concentration risk. The Company's business is diversified across Products (Hardware, Software and Communications), Sector (Oil& Gas, Telecoms and the banking sectors) and Geography (Port Harcourt, Abuja, Lagos, Ghana, Uganda and Cameroon).

CLEAR AND PROACTIVE STRATEGY UNDERPINNED BY STRONG MACRO-ECONOMIC FUNDAMENTALS

CWG operates a sustainable business model anchored on long term synergetic relationships with a core base of reputable and financially sound clients. This model was carefully managed even as the Company has evolved from its historical infrastructure focussed platform to a full service platform with a diversified product base. As a measure of its success, the Company expects to earn 35% of full year 2013 revenue from recurrent

business – significant increase over the 22% share from recurrent business in 2008.

The Company actively reviews its operating environment to determine emerging opportunities and market trends. This on-going market analysis has culminated in a growth strategy that is targeted towards its emergence as the leading ICT company in West Africa.

With a GDP of \$279.0 billion in 2012, Nigeria is the second largest economy in sub-Saharan Africa, behind South Africa. Projections suggest that Nigeria will be the largest economy on the continent by 2025. The country has experienced considerable economic growth over the past decade with GDP growing at a CAGR of 6.8% and is forecasted to grow at an average 7.0% over the next 5 years. The service sector is expected to grow even faster at c. 10% per annum over the same period.

As a leading provider of hardware and software solutions in Nigeria, CWG is uniquely positioned to capture a portion of the service sector's growth potential.

Investment Highlights cont.



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PROVEN RECORD OF PROFITABILITY

CWG has maintained a healthy and stable growth over the years. The Company achieved a CAGR of 9.3% in its net profit and 26.8% in revenue over the past 5 years and expects to achieve a CAGR of 20% in net profit and 12% in revenue over the next 5 years.

CWG was granted pioneer status in 2010 which is expected to expire in 2015. This provides strong support to the Company's profitability and potential shareholder returns in the medium term.

STRONG MANAGEMENT AND SHAREHOLDER TEAM

CWG's management team has extensive knowledge of the ICT industry, with a combined experience of over 119 years in the industry. The team is dedicated and completely focussed on delivering the vision of being the number one ICT enabler in sub-Saharan Africa. CWG's strategic partnership with Abraaj Group, one of the largest private equity investors in Africa, provides access to relationships and global expertise.

OPERATING STRUCTURE

CWG is an integrated ICT company comprising three operating divisions: Hardware Division ("HD"), Software Division ("SD") and Communications Division ("CD"). Historical contribution of the divisions to turnover is shown below:

TURNOVER CONTRIBUTION	2008	2009	2010	2011	2012	Hy2013
Hardware Division (CWL Systems)	70%	68%	62%	66%	74%	53%
Software Division (ExpertEdge Software)	10%	9%	13%	16%	13%	31%
Communication Division (DCC Networks)	20%	23%	25%	18%	13%	15%

HD is the flagship division of the Company, contributing 74% of turnover in 2012. The division provides expertise in the supply, installation, integration and support of hardware, operating and middleware systems, ATMs, as well as managed/outsourced services. The Company has a market share of about 15% of computer systems supplied in Nigeria, a growing market share in Ghana. The Company's major clientele in this division include financial institutions, telecommunications companies, oil and gas companies and other large corporates. Hardware

is expected to remain the core of CWG's franchise in the medium term.

CD, the communications and networks integration division of the company specialises in Metropolitan Area Network (Radio), Wide Area

Network (Fibre and VSAT), Local Area Network, IP Convergence solutions, Network Security solutions, Power solutions (Inverter and UPS), Data centre services and Systems Integration. The CD has been constrained by a shift in market demand for this product group and the relative growth in importance of fibre technology for communication, over VSAT and terrestrial links. CWG is in the process of restructuring the CD business and expects this to be completed in 2014.

Investment Highlights cont.



Computer Warehouse Group

SD has its primary focus on software development and deployment, systems integration, software implementation, software support services and software enhancement and customisation. SD contributed 13% to turnover in 2012. This division played a significant role in the successful deployment of Finacle in Nigerian banks. Finacle is a universal banking solution which enables banks to transform their business via leveraging agile new generation technologies. Through its expert support and implementation, over 40% of the banks in Nigeria now run effectively on the Finacle Platform, including First Bank of Nigeria Plc, Stanbic IBTC Bank PLC and United Bank for Africa.

The Company has also devoted significant resource to the development of managed services as a revenue stream across the three core business divisions. CWG's gross turnover is expected to grow at a CAGR of 10% from 2013-2017 on the back of strong growth in the Hardware and Software Divisions.

GROWTH STATISTICS

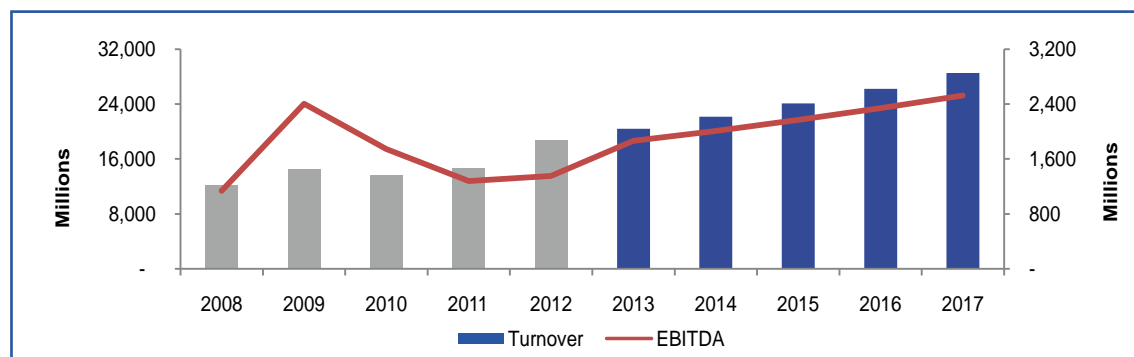


Figure 1: Historical and projected turnover and EBITDA

SALES STRATEGY

The Company's sales strategy is hinged largely on customer referrals which in turn are driven by its commitment to delivering qualitative services. This essentially has transformed CWG from simply being a provider of ICT products/services to a trusted advisor to its customers. The Company is also focused on maintaining a diversified customer base across various industry groups



Figure 2: A cross section of CWG customer base across

The Company is developing new initiatives around products and services to help strengthen its position as one of the leading technology companies in Nigeria, these initiatives when properly implemented are expected to aggressively grow earnings.

A. PRODUCT RELATED INITIATIVES

These are new products that will be offered on an outright sale and annual maintenance support model and include:

- I. Enterprise Asset Management solution
- II. Secured voice and message solution for mobile and land phones

- III. Effective smart Grid and Smart metering Solution/Products (Targeted at the emerging power sector) These products will be sold as licenses.

B. SERVICE RELATED INITIATIVES

These will be offered as a service rather than an outright purchase by the customer or end users and include;

- I. Cloud enterprise resource planning for Micro and Small medium enterprises
- II. Electronic bill presentment and payment
- III. Agency banking services
- IV. Additional services on the Company's Specific Enterprise Platform.

These services will be priced on a customer usage bases.

Investment Highlights cont.



Computer Warehouse Group

STRATEGIC ALLIANCES

The Company has several strategic alliances with first class IT companies around the world. These alliances not only provide the Company with best-in-class solutions, but with the best practices in technology and services which it assiduously imbibes. Some of its partners are shown below.



OWNERSHIP STRUCTURE

CWG shares are currently held by 374 investors comprising the founding shareholders, management, staff and individual investors. Four founding shareholders currently own 77%. Abraaj Group invested in 2009 through its Aureos entity and owns 21% of CWG.

The current ownership structure of the company is shown below.

Shareholder	Ordinary Shares held	% Shareholding
Austin Okere	716,680,655	28.39
Abiodun Fawunmi	556,748,937	22.05
Phillip Obioha	556,748,937	22.05
Aureos Africa Fund LLC	524,800,659	20.79
James Agada	113,098,737	4.48
Others	56,748,434	2.25
Total	2,524,826,359	100

FINANCIAL HIGHLIGHTS

Historical Performance (in N'millions)

	IFRS		GAAP		
	2012	2011	2010	2009	2008
Dividend (N/share)	0.06	0.05	0.05	0.00	85.6
Return on Equity	12%	16%	33%	57%	22%

Historical Performance (in N'millions)

	IFRS		GAAP		
	2012	2011	2010	2009	2008
Turnover	18,760	14,693	13,583	14,537	12,117
EBIT	980	872	1357	1968	986
Profit after tax	339	465	845	1362	519
Earnings per share (Naira)	0.17	0.23	0.42	0.68	52
Total Assets	11,468	10,654	9,715	9,091	9,460
Shareholders' funds	3,044	2,868	2,562	2,373	2,402

Investment Highlights cont.



Computer Warehouse Group

CWG's financial performance between 2010 and 2012 was impacted by 2 market related factors;

- Significant exposure to the financial services industry. The financial services industry currently contributes c. 40% of the group's earnings, hence some of the liquidity problems faced by Nigerian Banks as a result of the global financial crisis affected CWG's performance.
- Market shift in data technology from VSAT to Fibre, with continued price pressure on the communications business.

The effects of the financial crises are now abated and market demand for the Company's products is back on the upswing. The Company is also in the final stages of a restructuring of its communications business, which is expected to be complete by 2014 and should lead to improved profitability.

CWG's ONGOING STRATEGY

CWG has a vision of becoming the number one Pan-African IT utility enabler with business dealings in 30 African countries by the end of 2015. The Company has created a detailed

roadmap consisting of both organic and inorganic growth strategies to achieve this goal. To enhance predictability in its revenue streams, CWG intends to shift its focus from one-time outright sales to recurrent sales. As a one-stop IT supply, service and consultancy company, CWG seeks to provide embedded end-to-end services in order to improve its clients' operational efficiency. This will facilitate the cross-selling of products and services and allow the Company to diversify its revenue streams. Within this overarching growth strategy, each division possesses its individual objectives to contribute to CWG's corporate objectives, and in the process establish predictable revenue streams.

In pursuit of the vision of becoming the number one IT utility enabler in Africa, the Company plans to invest in three strategic areas.

- Data Centre: CWG intends to build a Tier 1 data centre for the purpose of offering co-location services. The data centre will also be used to co-locate the infrastructure platform for planned cloud services.
- Infrastructure as a Service: Infrastructure such as ATM's, servers and storage will be

deployed in return for rental fees on a periodic and perpetual basis.

- Software as a Service: The Company will deploy platforms for microfinance banks and mobile money applications, thereby making it possible for operators to carry out their business activities without owning dedicated IT infrastructure.

INDUSTRY ANALYSIS

The Nigerian ICT sector is fragmented with no singular dominant player in the industry. Players in the industry are primarily classified under the following sub-sectors

Hardware Sales and Support - End User Systems

The sub-sector is dominated by Value Added Resellers of products manufactured by original equipment manufacturers (OEMs) such as Dell Inc., Hewlett Packard and Lenovo. This dominance is beginning to reduce with the emergence of local manufacturers such as Omatek, Zinox Computers and Beta Systems. The potential for growth is significant as the per capita ownership of personal computers remains far below global averages.

Investment Highlights cont.



Computer Warehouse Group

Hardware Sales and Support - Enterprise Systems

The sub-sector is driven by large firms especially telecommunications companies and banks which run mission critical applications. Future trend is to out source this infrastructure in order to increase efficiency and improve customer service. This is CWG's segment of focus. Currently CWG provides infrastructure support to 14 of the 19 banks in Nigeria, CWG supports the largest data centre in Africa outside South Africa; and also support over 3000 ATMs for 14 banks

Software Development

Growth in the software development sub-sector of the industry has been lagging behind that of the other sub-sectors. The industry has been characterized less by actual software development, and more by resale of pre-packaged software solutions. However, with the advent of the Nigerian Software Development Initiative ("NSDI"), the Federal Government is working to build capacity in this space.

Communication and Internet Service Providers

The sub-sector is dominated by companies

offering satellite services predominantly to financial institutions. Consolidation in the banking sector has significantly reduced the size of the market resulting in declining revenues for service providers. In addition, large corporate clients are cutting back on expensive satellite services in exchange for the more economical fibre option; this has led to a sharp decline in VSAT revenues. As VSAT revenues dwindle, the sub-sector is expected to move towards fibre which is a more efficient option, leading to increased revenues from fibre services.

CWG possesses a strong competitive advantage in the industry as it operates in each of the three major sub-sector classifications; hardware, software and communications. Despite being the overall leader in the industry, CWG possesses competition within each business line. Competitors are listed below:

- HD: Dimension data, CBC, Veda
- CD: Internet Solutions, Gateway Communications, Broad Band Technologies, Estreem and Netcom
- SD: Fasyt, Inlaks, Global Swift, Infoswift Nigeria, Softalliance, JKK, Blue Chip, Onpoint

CWG shares are a unique investment opportunity;

- CWG is a leading player in the Nigerian ICT industry
- Over its two decades of operations, CWG has developed a strong reputation for quality and competence
- The company has strong relationships with leading global suppliers and blue chip domestic clients
- CWG is uniquely positioned to benefit from the significant expected growth in the Nigerian ICT industry

Annual IT expenditure is expected to increase from \$7 billion to \$26 billion over the next two decades

- CWG has a strategic partnership with The Abraaj Group and scope for further partnership that will move the company towards its vision of becoming the number one IT utility enabler in Africa

Frequently Asked Questions on CWG Listing Presentation.

	QUESTIONS	ANSWERS
1	What Portion of Shares is available to sale now and in the future?	The NSE has mandated the sale of 20% of shares at listing, but the founding shareholders are willing to make further sale, if the appetite is strong.
2	Will Abraaj Group remain a Shareholder?	Abraaj is willing to sell its shares now, because the fund under which its investment in CWG was made is reaching maturity in 2014. But Abraaj is hoping to invest again when it raises its new fund.
3	Why is CWG listing at this time?	The current listing is a conclusion of a process commenced by CWG in 2008 when a private placement was held. The plan then was to list on the NSE but was postponed because of the market downturn.
4	Will there be a market maker for the shares?	Cordros Capital will act as market maker for CWG stock.
5	Does the issue meet Pencom regulations?	The regulations on governance have been met; also CWG has paid dividend consistently for the past 4 years.
6	What is the Share Price and How was the Value arrived at?	The CWG share is priced at N5.48k. This was arrived at through a transparent and independent valuation carried out by Stanbic IBTC.
7	What is the Company's dividend policy?	Historically CWG pays about 35% dividend rate and our projections are similar.
8	Have awards declined?	On the contrary, CWG is receiving more awards. In 2013 CWG has received 4 Awards
9	Does CWG think that Telcom Companies would go into the data/ software business?	Commercial Data Center possibly but we do not believe that software development is an area of additional value for a Telco to get involved in.
10	Is there a possibility that CWG's customers would poach her our engineers to carry on with our ICT kind of business?	We believe that businesses are outsourcing their IT operations because they know that it is not a core competence for them. Many more businesses are going in the same direction.
11	What would prevent the existing shareholders from dumping their shares and crashing the stock price immediately after listing?	NSE regulations prevents the founding shareholders from selling shares before 1 (One) year of listing. Also, the Stocks of CWG is currently closely held by a small group of investors, thus actions will likely be in concert.
12	Does CWG have a succession plan?	As part of her governance process, CWG has 2 levels of recognized succession for each key position in the organization.
13	Why is it forecasted that the PAT decline in 2016?	CWG currently enjoys a 5 year tax relief due to a pioneer status award by the NIPC. This will last until 2015, thus it is projected that income tax expense will resume in 2016.
14	How much debt does CWG have currently?	As at 30th June 2013, CWG had about N1.5bn in Short and medium term debt. Company also had cash balance of N3.4bn at the same date.



FOR FURTHER INFORMATION ON THE COMPANY OR TO
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