

COMPUTER WAREHOUSE GROUP (CWG) PLC

HIGHLIGHTS OF QUARTER 1 (Q1) 2014 FINANCIAL PERFORMANCE

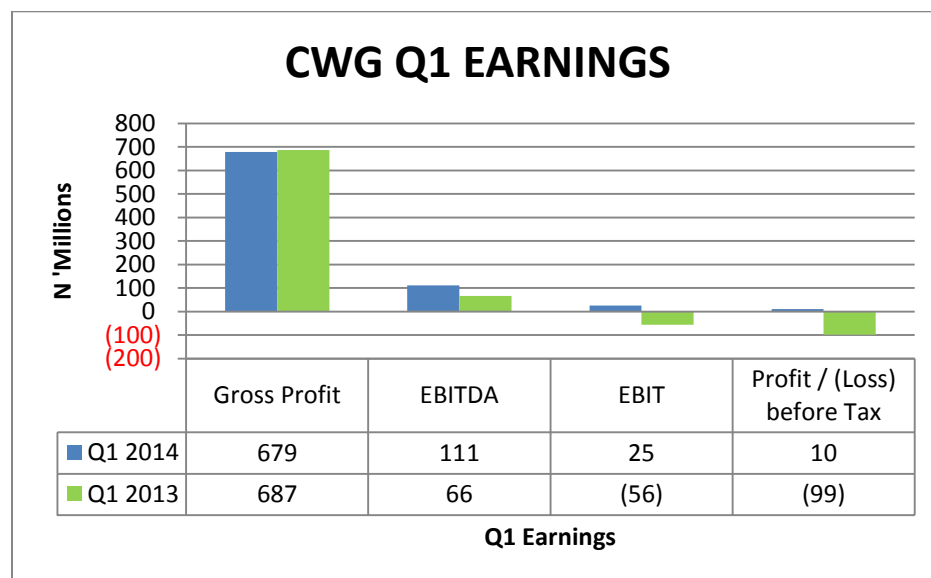
A highlight of the Group's Quarter 1, 2014 financial results is shown below:

	Q1 2014 N 'millions	Q1 2013 N 'millions	Variance (%)
Turnover	3,533	3,019	17%
Cost of Sales	2,854	2,332	22%
Gross Profit	679	687	-1%
Other Income	16	11	46%
Operating Expenses	(584)	(632)	-8%
EBITDA	111	66	68%
Depreciation & Amortization	(86)	(122)	-30%
EBIT	25	(56)	145%
Interest & Finance Charges	(15)	(43)	-64%
Profit / (Loss) before Tax	10	(99)	110%
Taxation (Provisional)	(0)	0	
Profit / (Loss) after Tax	10	(99)	110%

CWG Q1 2014 (Jan - March) revenue is typical of the gentle start of activities in our market. The slow buildup of sales has been affected by the delayed budget approval at the Federal Government level and also at some major private sector clients.

In addition, unrest in the Northern part of Nigeria and some other factors have delayed closure and recognition of income on some ongoing project in Q1

The Q1 revenue of N3.5bn is a 17% growth on Q1 2013 (N3.0bn). While Q1 2014 gross profit remain in line with 2013, EBITDA (2014:N111m ; 2013:N66m), EBIT (2014:N25m ; 2013:-56m) and PBT (2014:10m ; 2013:-99m) numbers reflect a significant improvement over 2013.

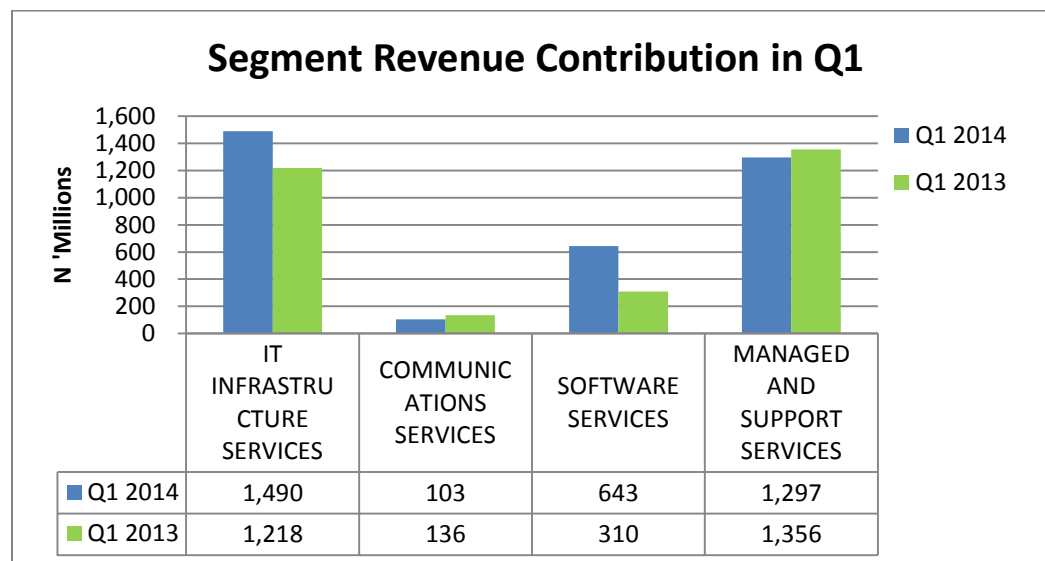


Significant reduction in depreciation costs (2014:N85m ; 2013:N122m) is due to ongoing reorganization in our Communications business (DCC¹). Reduced emphasis on the asset intensive part of that business allowed for sale of excess asset in Q3 2013. Strong focus on managing finance cost (2014:N15m ; 2013:N43m) contributed to achieving an improved PBT.

¹ Segment Tradename

SEGMENT HIGHLIGHTS

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



The 17% revenue growth over 2013 is majorly contributed by growth in the IT Infrastructure (22%) and Software (108%) businesses. The IT infrastructure segment (CWL²) has been boosted by a growth in the payment systems platform provision by the banking industry. This is a trend that we envisage will continue through the year.

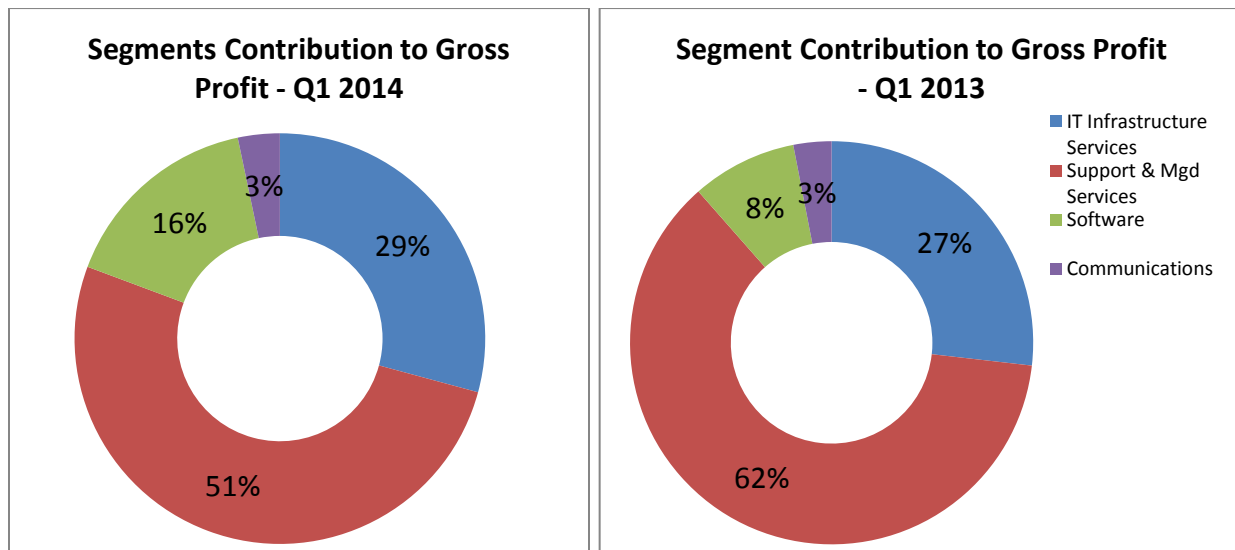
The Software service segment (Expert Edge³) has benefited from the growing requirement of, as well as, maintenance and support of business critical software applications for Nigeria's growing economy.

Our Communication Services segment (DCC) is currently undergoing some reorganization. In Q1 this resulted in a revenue decline to N103m (2013: N136m). However, losses from the segment have significantly reduced. Q1 PAT for the business segment was -N96m loss, against -N196m for same period in 2013.

² Segment Tradename

³ Segment Tradename

Profit Contribution of the various segments is shown below;



The relative dominance of Support and Managed Services segment in contribution to the Group's profit in Q1 2013 (62%) was tempered in Q1 2014 by the relative revenue growth from other segments.

FINANCIAL POSITION

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

Q1 2014 Current ratio improved to 1.5 (Q1 2013: 1.4) signifying strong liquidity and adequacy of working capital to meet transactional needs.

CWG's leverage (Debt to Equity) ratio remain low at 5% (Q1 2013:10%)

Q2 2014 OUTLOOK

We envisage a stronger performance in quarter 2 as the Company brings closure to some ongoing projects and acquire orders forecasted for the period.

CWG is currently focusing on improving her operating margin by embarking on several initiatives which includes a strong focus on the growth of her service business, which traditionally has better margins, and acquisition of her own IP.

Other initiatives include;

- ✓ Strong focus on Operating efficiency to reduce operational costs, through;
 - ✓ Multi skilling of the support service teams.
 - ✓ Rationalising and optimising the support desk across the group
 - ✓ Strong focus on managing financing costs
 - ✓ Improving procurement efficiencies
- ✓ Introducing new subscription products and services as part of our Software Services business.