



SCC on course to meet growth target as services wins keep coming

UK gross margin up 12.5% in H1

SCC has announced a successful start to the financial year as additional service contracts ensured continued growth of its UK business during the first half. SCC remains on target to achieve its FY15 and 3 year strategic plan objectives.

After the SCC EMEA group increased revenue by 9.5% to £1.74bn in the last financial year to March 2014, CEO James Rigby set an interim financial goal of £50m EBITDA which the group is well on course to meet thanks to further growth in UK Data Centre and Cloud revenues.

By the end of September 2014, SCC UK turnover had reached £304m, with gross margin at 12.5%.

SCC UK's services business continued to perform well. Services turnover had increased 11% to £69m by the half year, with services gross profit also up by 24%.

Combined SCC UK product and services gross profit was in line with expectations; 11% ahead of prior year.

SCC has seen increasing returns on its £20m investment in Data Centre Services (DCS). DCS revenue for the year to September rose to £11m, an increase of 90% compared to the same period in the prior year: gross margins increasing as a result (by 360%). DCS turnover is expected to reach £26m per annum by March 2016.

Investment in people in the data centre has continued following an unprecedented period of new customer wins from the private sector and the secure Government cloud solution, "Sentinel by SCC".

Performance in the UK DCS space will be enhanced following the recent acquisition of the SSE Hampshire data centre expected to complete in Q3 FY15.

SCC's UK Professional Services business continued to flourish across its portfolio of services, including project management & consultancy, desktop migrations, networking and unified communications. Revenues grew by 27% (to £16m) compared with the first six months of the prior year.

UK Flexible Resource, a focused business unit providing skilled IT professionals to customers on a short term contract basis, has seen unprecedented demand, with revenues increasing to £3m with expectation for this to rise to circa £8m per annum over the next 12 months.

Turnover in the UK Managed Services business continued to grow, up 4% to £35m.

Seven months on from SCC's successful acquisition of M2 Digital Ltd, SCC's Managed Print Services business has witnessed its best ever period of new business wins, gaining four new contracts in as many months at the start of the year.

New customers Babcock, Northumbria Water and Vaultex represent a hat-trick of deals exceeding 4,000 devices in total and contracted revenues of more than £10m. Compass plc's subsequent three-year renewal completed an excellent start to FY15 for M2.

Since the end of the prior financial year, SCC has added a number of high-profile customers to its existing services portfolio and, in addition, has won several awards including Polycom Highest Partner for Growth, HP PartnerOne Worldwide New Style Of IT Partner Of The Year and Best Staff and Community Scheme at the Birmingham Recycling & Sustainability Awards.

The company has also been shortlisted for multiple services-led accolades, due to be announced later in the year, and launched a new, dedicated Oracle Practice following a succession of key wins.

Rigby said: *"We have made a great start to the financial year. After a successful FY14, we're showing good progress against our business targets and are firmly on track to meet our 2017 SCC EMEA Group financial goal of £50m EBITDA.*

"The additional services wins represent a continued period of exceptional achievement – our best ever – and we look forward to continued success into the second half of the year."

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About SCC

People do business, we make it work.

We enable people to do business by planning, supplying, integrating and managing their IT.

We make IT work through partnership, knowledge and passion: trusted to run IT infrastructure and services for leading business across Europe for 40 years.

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