

CWG records 105% growth in Q1 2016 Profits

The Management of Computer Warehouse Group Plc. ("CWG" or "the Company"), a leading pan African ICT Company, this week, released its unaudited financial results for the quarter ended 31st March, 2016.

CWG is hereby pleased to inform its shareholders of its gradual recovery from unprecedented losses recorded in the previous financial year. The 30% decline in Q1 2016 turnover was largely due to the management's resolve to drastically reduce business deals with high exposure to foreign exchange losses. However, the Company recorded an increase in Gross Profit Margin from 16% in Q1 2015 to 23% in Q1 2016. This significant increase despite the harsh economic conditions of Q1 2016, is attributable to the Company's renewed focus on recurrent and subscription businesses which are more predictable and incur lower cost.

Despite the liquidity squeeze in the foreign exchange market, the Company was able to manage its business lines that are directly affected by forex risks. The elimination of exchange losses alongside the Company's achievement in cost savings through its cost-curbing initiatives, led to a reduction in operating expenses by 22%.

The new business strategies and structure put in place earlier in the year, to ensure operational efficiencies also contributed to the drive towards Q1 2016 profitability. As a result, there was a significant growth in EBITDA by 208% to close at ₦85 million compared to (₦79million) in Q1 2015 and an increase in EBIT by 121%. The company also reduced its borrowings during the period under review which led to a reduction in interest and finance charges by 74%.

The bottom line was positively impacted as the Company recorded a Profit After Tax of ₦12million in Q1 2016 compared to a Loss After Tax of ₦230 million in Q1 2015.

The Management believes that the positive trend would be sustained this year as the Company continues to focus on driving its subscription businesses, improving cost and operational efficiencies which would subsequently enhance higher business margins. The Company would particularly focus on boosting its business opportunities through the technological solutions developed to support the Government, Small and Medium Enterprises, Power sector, Telecoms and the banking industry.

	Q1 2016	Q1 2015	Growth
	NGN'000	NGN'000	%
TURNOVER	2,719,078	3,870,100	-30%
COST OF SALES	(2,097,670)	(3,258,600)	-36%
GROSS PROFIT	621,408	611,500	2%
OTHER INCOME	3,200	5,600	-43%
TOTAL INCOME	624,608	617,100	1%
OPERATING EXPENSES	539,788	695,600	-22%
EBITDA	84,820	(78,500)	208%
DEPRECIATION & AMORTISATION	51,515	78,600	-34%
EBIT	33,306	(157,100)	121%
INTEREST & FINANCE CHARGES	19,297	73,200	-74%
PROFIT/LOSS BEFORE TAX	14,009	(230,300)	106%
TAXATION	2,260		
PROFIT/LOSS AFTER TAX	11,749	(230,300)	105%

	Mar-16	Dec-16
	NGN'000	NGN'000
Non-Current Asset		
Goodwill	814,088	814,088
Property, plant & equipment	452,870	479,180
Intangible Asset	115,503	135,388
Available for sale financial assets	69,791	69,791
	1,452,253	1,498,447
Current Asset		
Inventories	1,138,089	1,449,320
Trade and other Receivables	8,385,949	6,169,796
Prepayments	1,105,564	586,688
Cash and cash equivalents	887,085	821,589
	11,516,687	9,027,393
Total Asset	12,968,940	10,525,840
Equity		
Share capital	1,262,413	1,262,413
share premium	1,852,748	1,852,748
Retained earnings	(67,391)	(79,140)
Av available for sale financial assets Reserve	1,397	1,397
Foreign currency translation reserve		25,423
	3,049,167	3,062,841
Current Liabilities		
Trade & other payables	6,605,654	6,501,000
Income tax payable	543,330	561,584
Deferred revenue	2,130,788	149,415
Short term loans & borrowings	640,000	251,000
	9,919,772	7,462,999
Total Liabilities	9,919,772	7,462,999
Total Equity & Liabilities	12,968,940	10,525,840