



# press release

**Getronics NV**

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Amsterdam, 3 May 2006

## GETRONICS' TRADING UPDATE FOR Q1 2006

Getronics is announcing today an unaudited trading update for Q1 2006. The Company will provide consolidated interim results at the half-year stage. First half-year results are scheduled to be announced on 2 August 2006. No conference calls have been planned nor have other meetings been organised to discuss today's trading update.

### Update Q1 2006\*:

- Total revenue increased 26% to EUR 658 million (Q1 2005: EUR 523 million), mainly due to the acquisition of PinkRocade;
- Service revenue increased by 37% to EUR 574 million (Q1 2005: EUR 419 million), mainly due to the acquisition of PinkRocade;
- On a comparable basis,\*\* there was strong service revenue performance in the Netherlands (6.2%) and in the Rest of Europe (6.3%) and modest growth in Latin America (2.8%) and APAC/Japan (1.7%), which was partly offset by the negative developments in North America (-18.7%) due to the loss in 2005 of substantial parts of 2 major contracts;
- Total service revenue growth on a comparable basis was 1.2% in Q1 2006;
- Service revenue per average employee increased in Q1 2006 by 11% to EUR 22,717 compared to EUR 20,515 in Q1 2005;
- Product revenue decreased by 19% to EUR 84 million (Q1 2005: EUR 104 million), as the Company continues to de-emphasise non-service related product sales;
- Revenue mix improved in Q1 to 87.2% services and 12.8% products (from 80.1% and 19.9% in Q1 2005, respectively); and
- Investments continue in Global Service Delivery, and the Company is currently undertaking major transition projects at a number of large international clients. This has put some pressure on the overall profitability of the group in this seasonally weak quarter.

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Getronics' outlook statement was provided on 2 March 2006 and was repeated in the Annual Report 2005, published 5 April 2006.

\* Unaudited results from continued operations.

\*\* Growth on a comparable basis is derived by calculating organic growth at constant rates assuming Getronics and PinkRocade were combined as of 1 January 2005, instead of 14 March 2005.

## **Board of Management reports:**

ICT markets are growing again and the demand for professional services (Design, Build and Deploy: approximately 50% of Getronics' service revenue) is strong. Professional Services complement the Company's recurring revenue workspace management business, and both show growth, particularly in Europe. This has led to a structural shortage of skilled ICT staff, particularly in countries such as the Netherlands, the United Kingdom, Belux, Iberia and Japan. Getronics is able to partially alleviate these skill shortages by using subcontractors and through its service partner programme. The Company is able to provide a flexible sourcing model for its clients using a blend of integrated on-site and remote services. Getronics' investments in 'best-shore' service delivery bring the benefits of relatively lower costs, increased availability of required skills and high quality of service.

Global demand for managed services and outsourcing appears steady, and in Europe there is an increase in the number of both international and local commercial opportunities in the pipeline. However, commercial pricing pressure remains and the average sales cycle for new outsourcing deals still tends to be between 9 to 12 months.

The vast majority of the major contracts recently closed are currently in a period of transition. In the second half of 2006, improved service revenue and margin contribution is expected from most of these major contracts. In addition, the Company is continuing to invest in its Global Service Delivery Models for both workspace management and application services. Next generation internal system roll-outs will enable the Company to deliver more, standardised and ITIL based services to its clients using both its own employees worldwide and its global network of certified service partners.

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## Geographical developments

A number of Getronics' key operations (e.g., the Netherlands, Iberia and Belux) performed well in Q1 2006. The Netherlands, in particular, representing approximately 44% of total Q1 revenue, benefited from healthy market conditions and a stronger market position. Revenue in the Netherlands increased by 59%, mainly due to the impact of the acquisition of PinkRocade. On a comparable basis, Netherlands service revenue growth increased by 6.2%. Product revenue in the Netherlands decreased by 47%, partly explained by the divestment of some product-oriented businesses last year (GIA/GTS). As a result, product revenue represented less than 8% of total revenue in the Netherlands.

The Rest of Europe, representing approximately 30% of total Q1 revenue, showed an 18% increase in overall revenue, mainly driven by a good performance in Iberia, the United Kingdom, Belux and Hungary. Product revenue as a percentage of total revenue from the Rest of Europe decreased further in Q1 2006 to 19% (from 23% in Q1 2005).

The North American activities, representing approximately 15% of total revenue, showed a 10% revenue decline in Q1 2006 compared to Q1 2005, mainly due to the loss of a substantial part of two existing client contracts (Wachovia and BP), pricing pressure on renewals, and a non-recurring large project in Q1 2005.

Revenue in the Rest of the World increased by 13% in Q1 2006 compared to Q1 2005.

<b>Revenue overview</b>						
<small>(in millions of Euros, unless stated otherwise)</small>						
	<b>Total revenue</b>	<b>As percentage of total revenue</b>	<b>Change in total revenue</b>	<b>Service revenue</b>	<b>Change in service revenue</b>	<b>Service revenue growth on a comparable basis</b>
Netherlands	290	44%	+59%	267	+92%	+6.2%
Rest of Europe	199	30%	+18%	161	+24%	+6.3%
North America	97	15%	-/-10%	94	-/-9%	-/-18.7%
Rest of World	72	11%	+13%	52	+11%	+2.0%
<b>Total</b>	<b>658</b>	<b>100%</b>	<b>+26%</b>	<b>574</b>	<b>+37%</b>	<b>+1.2%</b>

The difference for North America between the service revenue growth on a comparable basis and the change at actual rates, mainly relates to a currency exchange difference between the two years.

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## **Financial performance and sale of the Italian operations**

The Q1 2006 financial performance of Italy was in line with the outlook provided on 2 March 2006.

As previously reported, the Company obtained an amendment to the Credit Facility on 1 March 2006. The amendment was based on preliminary 2005 financial results and despite the performance for Q1 2006 being broadly in line with forecast the rolling impact of the final 2005 results has put the Company in technical breach of its banking covenants. In agreement with the banking syndicate the Company is currently renegotiating its banking covenants.

The process to sell the Italian operations is progressing, with more than 10 interested national and international parties.

## **Other divestments**

The divestment programme of a limited number of other operating companies in continental Europe is on track and the Company has received interest and indicative offers for all of these companies.

The divestment of the HR services unit in the Netherlands is on course and, based upon the numerous parties that have expressed interest, the Company expects a successful sale in the coming months.

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## **About Getronics**

With some 25,000 employees in 30 countries and approximate revenues of EUR 2.6 billion, Getronics is one of the world's leading providers of vendor independent Information and Communication Technology (ICT) solutions and services.

Getronics designs, builds, deploys and manages flexible and innovative end-to-end solutions, working together with our partners and clients, in order to optimise and increase the productivity of our clients' mobile knowledge workers.

Getronics headquarters are in Amsterdam, with regional offices in Boston, Madrid and Singapore. Getronics' shares are traded on Euronext Amsterdam ('GTN'). For further information about Getronics, visit [www.getronics.com](http://www.getronics.com).

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