

Computer Warehouse Group Plc. (“CWG” or “the Company”), a leading pan African ICT Company, this week released its unaudited Q2 2015 financial results for the period ended June 30, 2015 to the Nigerian Stock Exchange.

The Company’s revenue at N5.0b compares favorably with Q2 2014 (N4.9b). However, business margins were squeezed from 20% in 2014 to 14% in 2015, as the Company was unable to fully pass increased costs to her customers.

Operating expenses declined by 2% to N667m (2014: N683m), although this was not enough to offset the margin decline from the difficult market conditions.

The results (with a PBT loss of N120m) reflect the continued difficulty of the Nigerian business environment in 2015. With a significant segment of the company’s business dependent on international procurement, the difficulties of foreign exchange sourcing had a negative impact on the results.

In particular, the Q2 result was affected by the write-off of N103m, arising from the cancellation of a transaction duly recognized in Q4 2014. However, the Company finished with a strong cash position of N1.3b at the end of the quarter.

According to the Executive Director, Finance and Operations, CWG Plc, Mr. Kunle Ayodeji, the business environment remains very challenging, with many Organizations holding back on new capital expenditure and investments, as the economic direction of the new government is being observed.

Mr. Ayodeji also noted that the Company is making a shift towards recurrent and subscription businesses which are more predictable, have increased margins and are less dependent on macroeconomic challenges, especially those arising from foreign exchange.

Recall that the Founder and Chief Executive Officer of Computer Warehouse Group, Mr. Austin Okere in a recent publication highlighted the yields from the Company’s subscription business model which started in second half of 2015 and the products being better positioned to withstand macroeconomic shocks.

The products under the new business model include the CWG-SMERP, the cloud based Enterprise Resource Planning (ERP) product for SMEs, the award-winning Openshopen.ng which an eCommerce technology platform, CWG-SES Teleport Services, cloud solution for micro finance institutions in partnership with MTN (dubbed MTN XaaS), CWG’s Mobile Financial Services in partnership with CIT Vericash, Finedge Solution, which has powered Diamond Yello Account (DYA), as well as Power theft detection & prevention system, and CWG’s IGR Solution for States amongst others.

While reviewing the Q2 financial report, Mr. Okere reiterated that the Company’s revenue is already trending upward in the second half of 2015 as the products under her subscription business model are well positioned to soar above macroeconomic shocks, especially foreign exchange fluctuations that affect businesses generally.