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6 March 2017

ELECTRONIC DATA PROCESSING PLC (“EDP” or the “Company”)

Strategic review and pensions update

Update on strategic review and possible sale of the Company

In advance of the Company’s annual general meeting on 21 March 2017, the Company would like to take the opportunity to update Shareholders on the strategic review process and also to inform Shareholders about the Group’s defined benefit pension scheme.

On 18 April 2016, the Company announced the initiation of a strategic review which included the commencement of an offer period under the Takeover Code. This included a review of the various options open to the Company to maximise value for its shareholders, one of which was the possible sale of the Company. The initial part of this review concentrated on an evaluation of the options, however following the announcement a number of approaches were received and the Board decided to explore the sale option with the objective of unlocking value for shareholders.

This decision was followed by a period of several months which involved a structured process based on the sharing of an information memorandum and meetings with a number of parties. This process was impacted by the uncertainty for parties arising from delays outside the Company’s control experienced during the proposed sale of a surplus freehold property in Milton Keynes that had been marketed for seven years. On 12 October 2016, the Company announced the exchange of contracts for the sale of that property for £1.2 million. The sale subsequently completed on 13 December 2016. Around the same time, the Company entered into more detailed discussions with one party involving access to further due diligence.

One of the key aspects of that due diligence was the Group’s defined benefit pension scheme. As reported in the preliminary announcement of results on 20 December 2016, the scheme actuary had commenced an updated triennial valuation as at 31 July 2016 which is required to be finalised by the end of October 2017. Due to the discussions relating to the possible sale of the Company, the Board accelerated the timing of the preliminary actuarial valuation report. At this preliminary stage, the work has revealed an adverse movement in the actuarial valuation of the scheme. As described further below, work is continuing to complete the valuation.

The party referred to above has withdrawn from the discussions. The Company has received an approach from another party, however the process is at a very early stage and there can be no guarantee that these discussions will lead to an offer for the Company. Shareholders will be updated in due course.

Pensions

On 20 December 2016, the Company announced its preliminary results for the year ended 30 September 2016. Included within those results was a disclosure that the accounting liability under IAS 19 associated with the Group’s defined benefit pension scheme had increased from £2.27 million to £3.88 million before deferred tax and this amount was reflected in the Group balance sheet. This movement was principally due to a continuing fall in corporate bond yields which are used to value the liabilities in the scheme.

Valuing the scheme under the accounting rules prescribed by IAS19, net assets since 2009 have been reduced by £3.38 million. The steady fall in corporate bond yields since 2009, which reflect the low interest rate environment that has prevailed over that period, has resulted in the discount rate assumption falling steadily, from 5.7% in 2009 to 2.2% in 2016. It should be noted that any subsequent increase in interest rates and recovery in bond yields would, inter alia, lead to an improvement in the IAS19 position of the scheme.

In contrast with the IAS19 valuation, the last triennial actuarial valuation of the scheme, which was performed at 31 July 2013, showed a small surplus on an ongoing funding basis. This meant that as a result of the scheme being fully funded on this basis, the Group was not required to make cash contributions into the scheme.

The assets of the scheme are held in a with-profit Grouped Funding policy issued by Guardian Assurance plc. The main difference between the IAS19 valuation and the ongoing funding valuation is that IAS19 requires the Grouped Funding policy to be valued at its discontinuance surrender value at the period end. Conversely, the ongoing scheme funding valuation values the Grouped Funding policy actuarially and takes into account the guaranteed annuity rates secured under the policy.

The preliminary actuarial valuation report received from the scheme actuary indicates a deficit as at 31 July 2016 of £490,000 (representing a funding level of 94%) compared with a surplus of £62,000 (representing a funding level of 101%) in 2013. This movement arises due to a number of factors in addition to the expected normal experience gains and losses and the impact of changes in assumptions. These additional factors include a technical inconsistency which has been identified between the approaches used to value assets and liabilities in the previous valuation and an adjustment relating to certain pension benefits. The deficit as currently identified in the preliminary valuation report suggests a 10-year scheme funding cash contribution of £75,000 per annum. These amounts are provisional and subject to further review and analysis. Once the valuation is finalised, shareholders will be updated accordingly.

The valuation of the pension scheme for statutory accounting purposes, and which is included in the Group balance sheet, is based upon the most recent full actuarial valuation of the scheme and updated on an IAS 19 basis at the reporting date. The current uncertainty surrounding the 31 July 2016 actuarial valuation, which is not expected to be finalised for several months, may impact subsequent IAS 19 valuations and further affect the Company's distributable reserves. As reported in the Company's published annual report and accounts for the year ended 30 September 2016, the balance on the profit and loss reserve was £2.64 million. To derive the Company's current level of distributable reserves, the balance on the treasury share account of £0.59 million has to be deducted along with the proposed final dividend of £0.38 million, resulting in distributable reserves of £1.67 million.

Should the recent approach referred to above not result in an offer being made for the Company, then, subject to the constraints on distributable reserves and rules of the Takeover Code, the Board intends to consider returning an amount of cash to shareholders. The Company will update shareholders when it is in a position to.

The Board remains focussed on maximising value for its shareholders from a robust cash generative business model and a strong debt-free balance sheet. At 28 February 2017 the Group's cash balances were £6.56 million. The board is confident in the on-going execution of its strategy.

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About Electronic Data Processing PLC

Electronic Data Processing PLC is a supplier of software solutions to the Merchanting and Wholesale Distribution Industry. These include ERP and e-business solutions together with a comprehensive range of customer support, implementation and training services. EDP also offers a powerful, combined CRM and business intelligence solution across a wide range of industries.

EDP's solutions are offered through either on-site licenced arrangements or on a cloud/hosted basis from its own data centre located in Milton Keynes.

EDP has around 300 customers ranging from small owner-managed businesses to multinationals.

Publication on Website

A copy of this announcement will be made available at www.edp.co.uk no later than 12:00 noon (London time) on 7 March 2017 (being the business day following the date of this announcement) in accordance with Rule 26.1 of the Code. The content of the website referred to in this announcement is not incorporated into and does not form part of this announcement.

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The directors of Electronic Data Processing PLC accept responsibility for the information contained in this announcement. To the best of their knowledge and belief (having taken all reasonable care to ensure that such is the case), the information contained in this announcement for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

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Disclosure requirements of the Code

Under Rule 8.3(a) of the Code, any person who is interested in 1% or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm (London time) on the 10th business day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1% or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror, save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm (London time) on the business day following the date of the relevant dealing. If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at www.thetakeoverpanel.org.uk, including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0) 20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.