Tech infrastructure company Softcat beats analyst expectations as profit jumps

UK tech infrastructure company Softcat surpassed analyst predictions last year, with profit growth soaring into double digits over the final six months of the year.

The firm's gross profit rose by 12.1 per cent to £220.2m, exceeding analyst forecasts of £218.3m, as revealed in its half-year report, as reported by City AM.

Operating profit also saw an increase of 10.4 per cent to £73.7m, surpassing analyst expectations of £72.3m. Management had been anticipated to reaffirm its guidance of high single-digit operating profit growth, but instead raised forecasts to low double-digit growth.

Growth over the past six months was widespread but particularly robust in security, networking and data centre infrastructure, according to the firm.

"We have continued to successfully implement our strategy, resulting in a first half performance slightly above our initial expectations and an upgrade to full year guidance, despite the persistent backdrop of generally more challenging trading conditions," stated Softcat CEO Graham Charlton.

The firm's headcount increased by six per cent over the past year to 2,617, and Charlton anticipates a further increase of between six and eight per cent over the full year.

Meanwhile, the group made progress against two strategic goals: Winning new customers, up 1.4 per cent from last year, and selling more to existing customers, with gross profit per customer increasing by 10.7 per cent.

Peel Hunt has given Softcat’s stock a Buy rating, setting a target price of 1,722p. The company’s shares are currently valued at 1,615p, having increased by 5.9 per cent since the beginning of the year.

“We are excited by the rapid pace of innovation across our industry, with more organisations embedding AI and automation into their systems and processes,” Charlton added.

“Our existing capabilities and continued investment mean we are well positioned to support the evolving technological needs of our customers, enabling us to sustainably grow market share.”

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