

# Datatec Group

Unaudited results for the six months ended  
31 August 2012

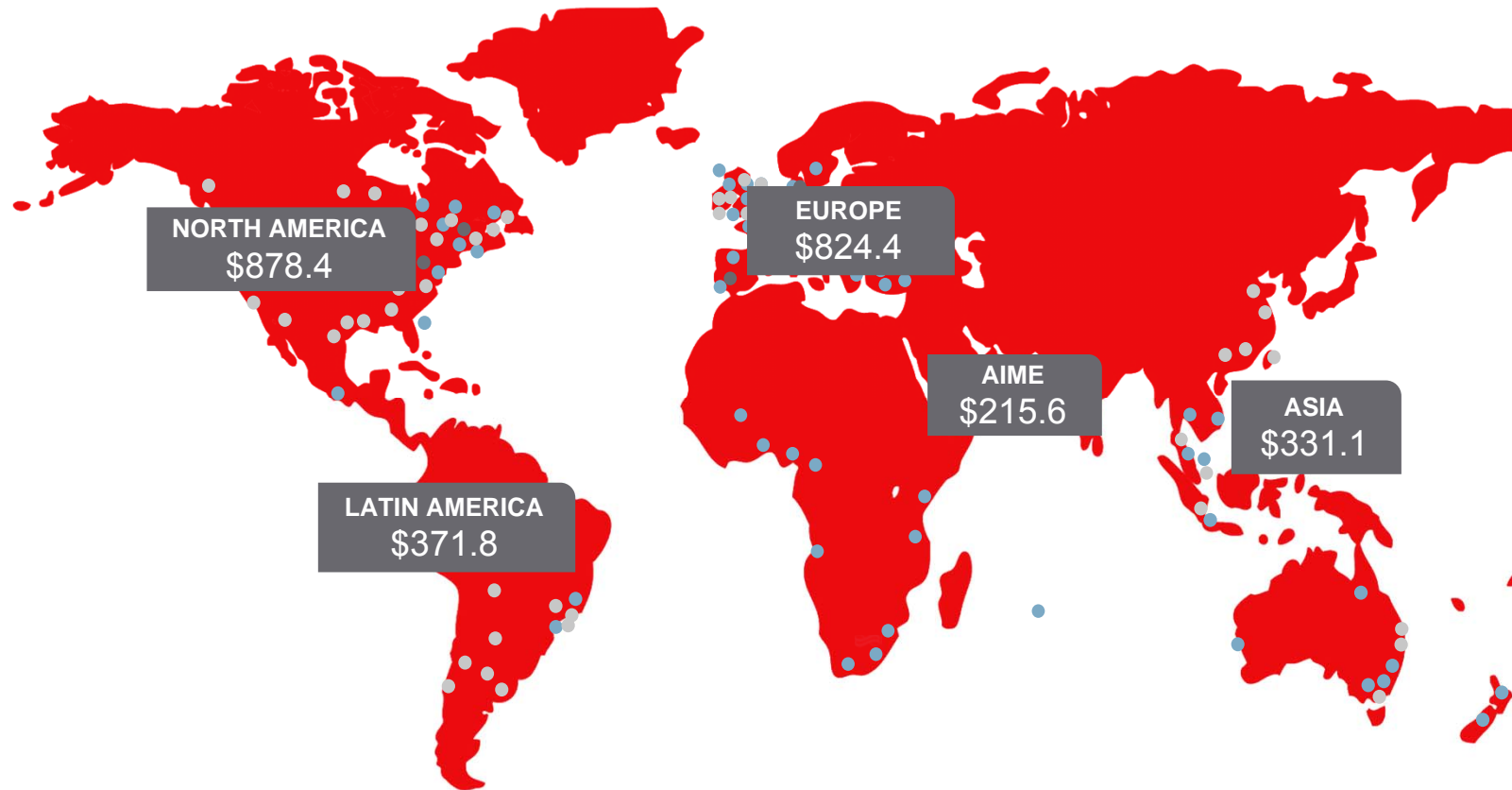
TECHNOLOGY INTEGRATION CONSULTING



Driving Technology

# Our Global Footprint

Revenue by geography – six months (\$m)



Operations in over 50 countries

# Datatec Group

## Highlights

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- Revenues increase by 7% to \$2.62 billion (H1 FY12: \$2.44 billion)
- Underlying\* EPS up 8% to 23.5 US cents (H1 FY12: 21.8 US cents)
- Reduced leverage due to lower organic growth and higher opex at Westcon
- Significant expansion across Latin America
- Interim capital distribution increases to 8 US cents from 7 US cents

\* Excluding goodwill and intangibles impairment, amortisation of acquired intangible assets, acquisition related adjustments, profit or loss on sale of assets and businesses, fair value movements on acquisition related financial instruments and unrealised foreign exchange movements

# Datatec Group

## Market conditions

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- Environment has deteriorated in the past few months
- US has showed resilience but Europe weak and Asia slowing
- Euro volatility and weaker emerging market currencies
- Revenue growth continues at reduced rates in all regions
- Latin America remains the most robust region for the Group
- Unified communications, security and new data centre developments still very active

# Datatec Group

## Financial performance summary

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- Revenue up 7% to \$2.62 billion (H1 FY12: \$2.44 billion)
- Overall gross margin expanded to 14.4% (H1 FY12: 14.1%)
- EBITDA up 8% to \$91.9 million (H1 FY12: \$85.4 million)
- Investment in working capital to support expansion in Latin America
- Underlying\* EPS up 8% to 23.5 US cents (H1 FY12: 21.8 US cents)

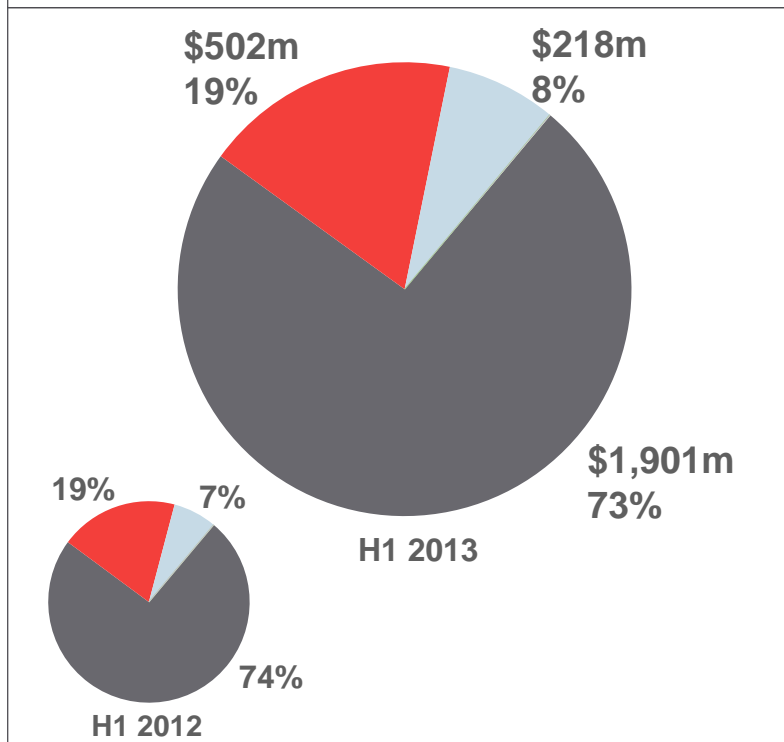
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# Datatec Group

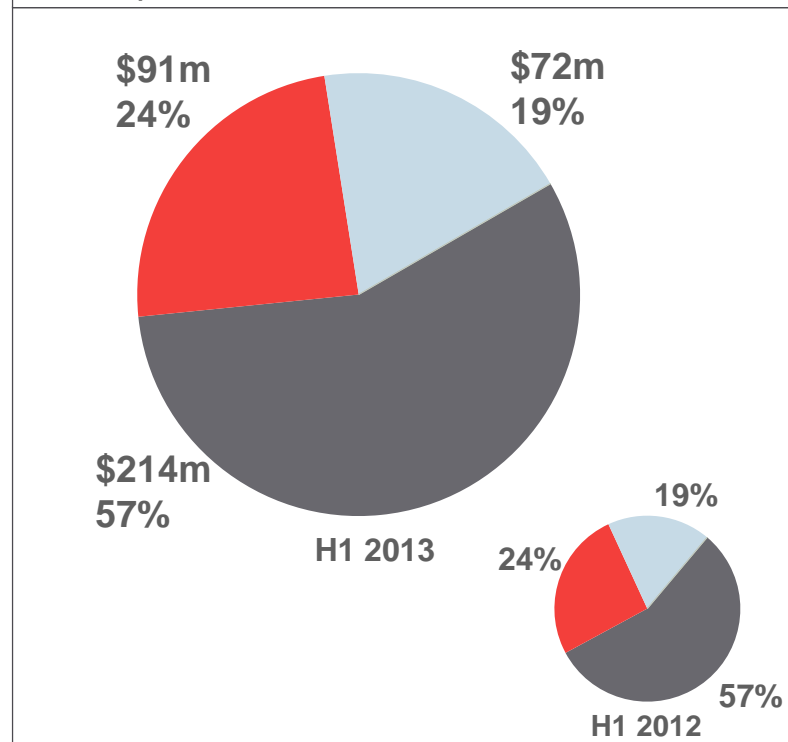
## Business stream analysis

- Distribution
- ICT Solutions
- Services

Revenue



Gross profit

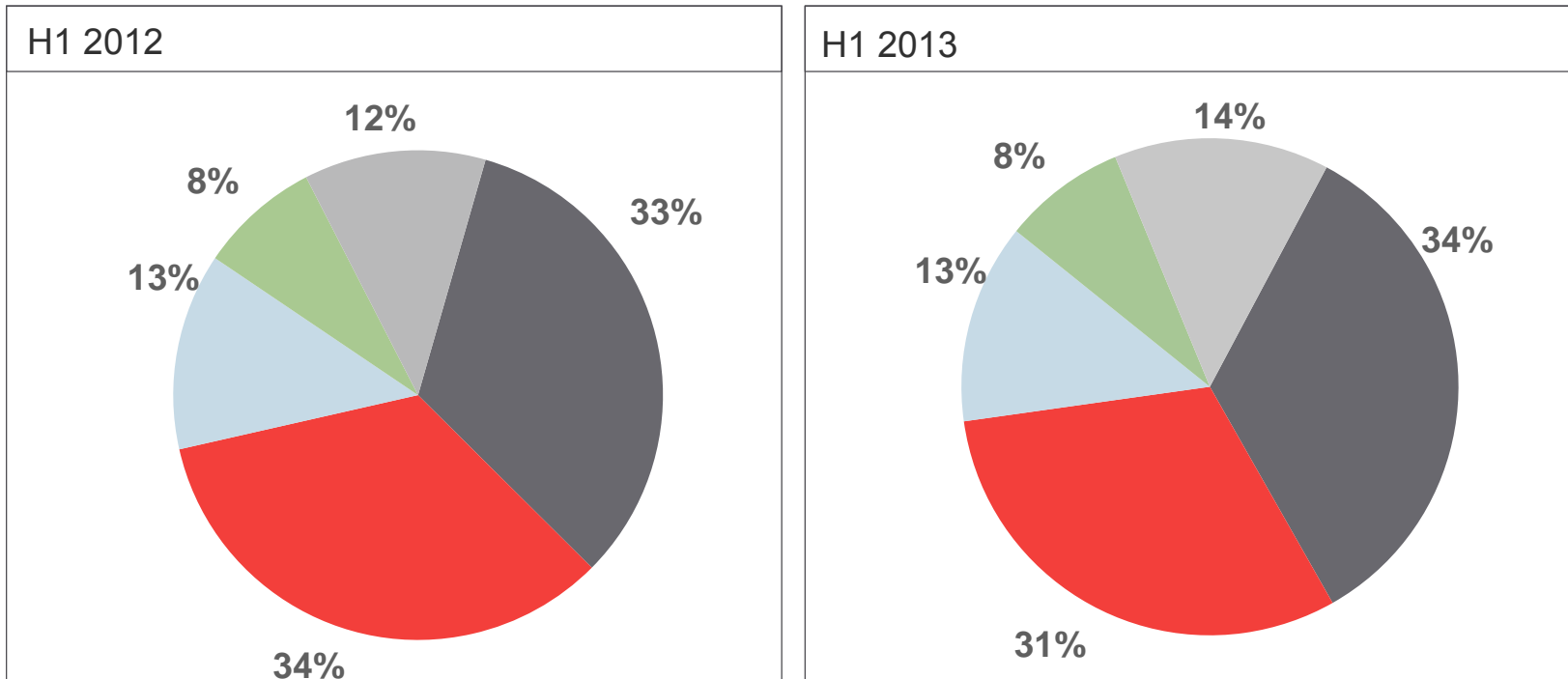


Business mix remains unchanged

# Datatec Group

Revenue % by geography

- North America
- Europe
- Asia Pac
- AIME
- Latin America

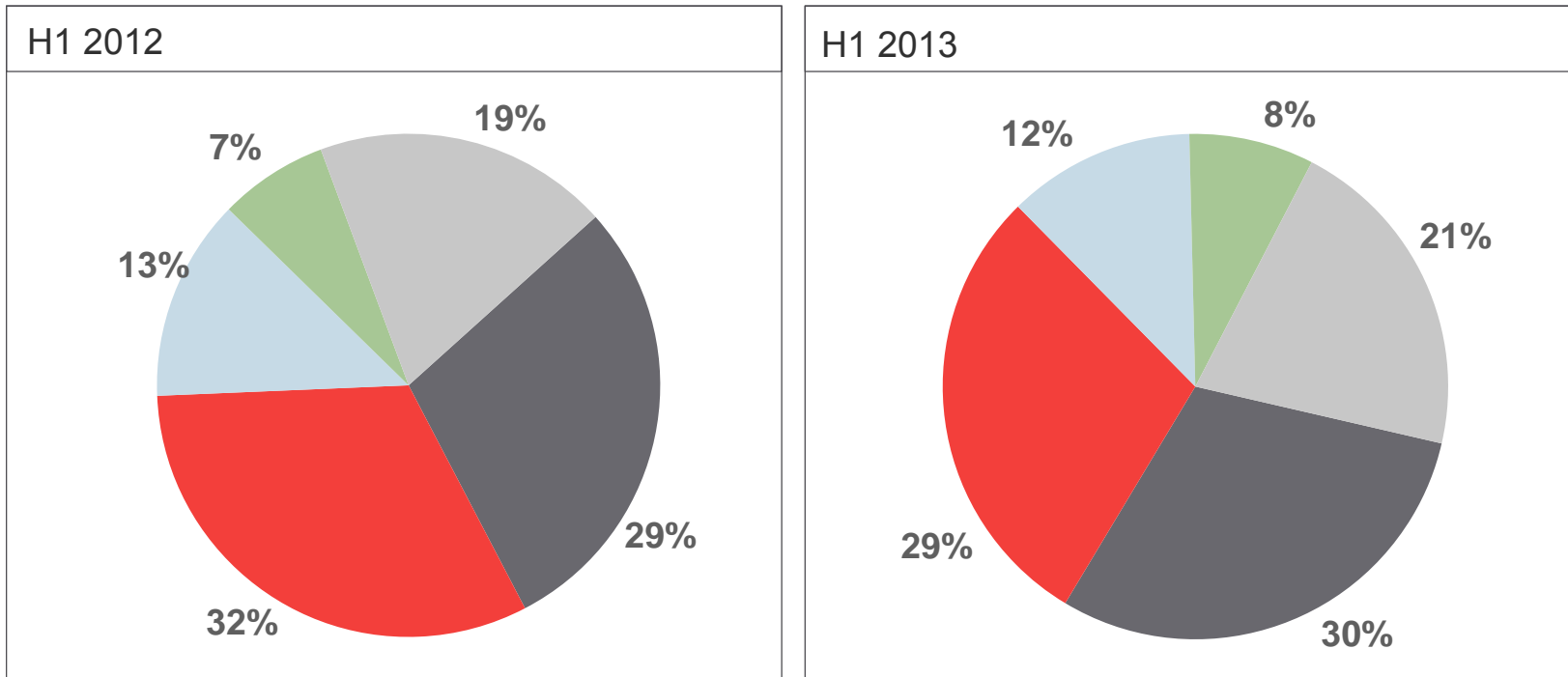


Increased contribution from Latin America

# Datatec Group

Gross profit contribution % by geography

- North America
- Europe
- Asia Pac
- AIME
- Latin America



Increased contribution from developing markets



# Datatec Group

## Financial performance

(\$m)	H1 2012	H1 2013	Growth %
Sales	2,437.8	2,621.3	7.5%
Gross profit	343.7	377.0	9.7%
Gross margin %	14.1%	14.4%	
Operating costs	(258.3)	(285.1)	10.4%
Operating cost margin %	10.6%	10.9%	
EBITDA	85.4	91.9	7.6%
EBITDA%	3.5%	3.5%	
Depreciation	(11.6)	(13.7)	18.1%
Amortisation of intangible assets	(7.8)	(7.2)	(7.7%)
Acquisition related adjustment	0.2	-	
Operating profit	66.2	71.0	7.3%
Operating profit %	2.7%	2.7%	-

# Datatec Group

## Financial performance (continued)

(\$m)	H1 2012	H1 2013	Growth %
Operating profit	66.2	71.0	7%
Net finance costs	(5.9)	(11.4)	93%
Fair value charge on put option liabilities	0.1	-	-
Profit before tax	60.7	60.4	(0%)
Underlying* EPS (US cents)	21,8	23,5	8%
HEPS (US cents)	19,5	20,7	6%

\* Excluding goodwill and intangibles impairment, amortisation of acquired intangible assets, acquisition related adjustments, profit or loss on sale of assets and businesses, fair value movements on acquisition related financial instruments and unrealised foreign exchange movements

# Datatec Group

## Cash Flow (\$m)

	H1 2012	H1 2013
<b>EBITDA</b>	<b>85.4</b>	<b>91.9</b>
Working capital changes	(75.3)	(48.0)
Non-cash items	6.9	13.9
<b>Cash (utilised by) generated from operations</b>	<b>17.0</b>	<b>57.8</b>
Net finance costs paid	(5.9)	(11.4)
Taxation paid	(27.1)	(25.1)
<b>Net cash (outflow) inflow from operating activities</b>	<b>(16.0)</b>	<b>21.3</b>
Net cash outflow for acquisitions	(16.7)	(73.5)
Net cash outflow from other investing activities	(20.1)	(21.4)
Net cash outflow from financing activities	(6.1)	(8.0)
Net cash inflow from disposal of investments	15.0	-
Capital distribution to shareholders	(24.2)	(17.2)
<b>Decrease in cash and cash equivalents</b>	<b>(68.1)</b>	<b>(98.8)</b>
Cash and cash equivalents at beginning of period	83.2	1.8
Translation difference on opening cash position	3.8	(2.9)
<b>Cash and cash equivalents at end of period</b>	<b>18.9</b>	<b>(99.9)</b>
<b>Net cash (debt)</b>	<b>(8.8)</b>	<b>(135.5)</b>

# Datatec Group

## Balance sheet summary (\$m)

	FY 2012	H1 2013
<b>Equity and Liabilities</b>		
Shareholders funds	823.4	844.2
Non-controlling interests	56.1	45.4
Long term liabilities	64.0	74.1
Amounts due to vendors	16.4	19.9
Current liabilities	1,438.5	1,596.0
<b>Assets</b>	<b>2,398.4</b>	<b>2,579.6</b>
Non current assets		
Goodwill	377.9	413.5
Acquired intangible assets	41.8	58.5
Other non-current assets	155.3	164.4
Current assets	1,823.4	1,943.2
	<b>2,398.4</b>	<b>2,579.6</b>

**Westcon**Group™

 **DATATEC**  
Driving Technology

# Westcon Group

## Highlights

WestconGroup™

- Revenue increase 6% to \$1.9 billion
- Gross margins expand from 10.9% to 11.3%
- EBITDA of \$62 million down 3% due to acquisition costs and ERP over run
- Weakness in Europe & US offset by relative strength in the ROW
- On 2 July 2012 Datatec announced Westcon's acquisition of Latin American and Iberian multinational security, virtualisation and data centre solutions distributor Afina Group.
- On 16 July 2012 Westcon acquired the Austrian value added security distributor Triple AcceSSS expanding its security business footprint in Europe.

# Westcon Group

## Financial performance summary

WestconGroup™

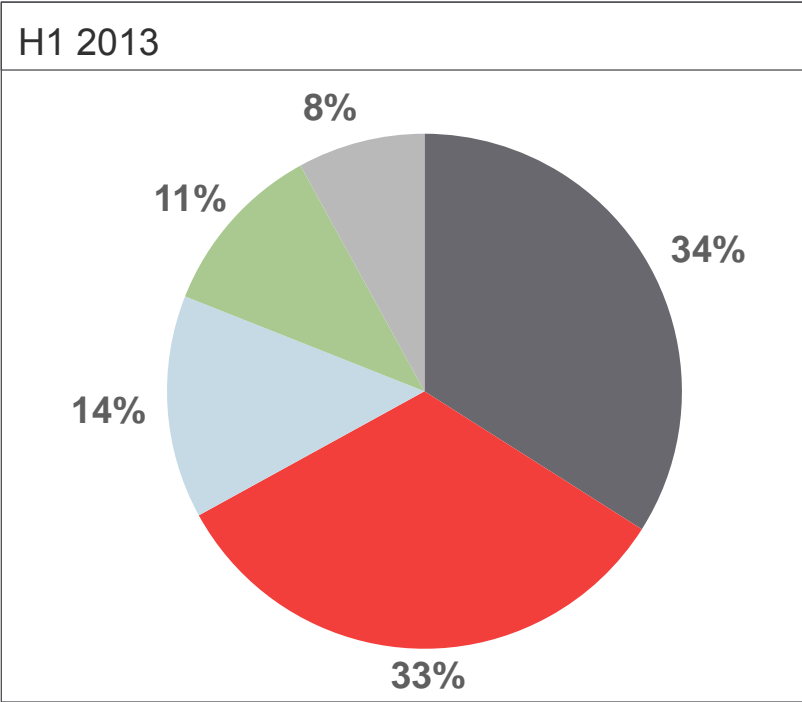
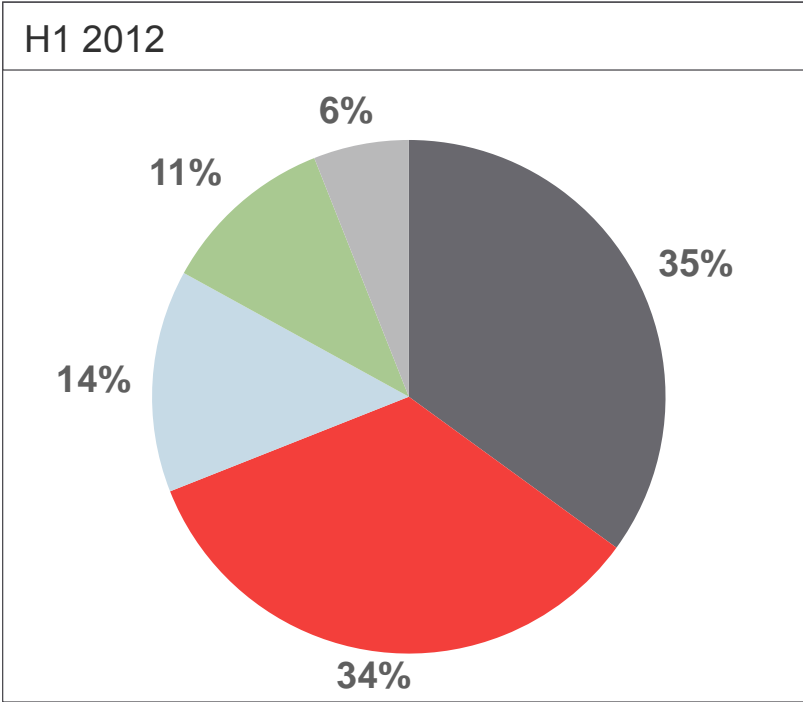
(\$m)	H1 2012	H1 2013	Growth %
Sales	1,797.0	1,900.6	6%
Gross profit	195.4	214.0	10%
Gross margin %	10.9%	11.3%	
Operating costs	(131.6)	(151.9*)	15%
Operating cost margin %	7.3%	8.0%	
EBITDA	63.8	62.1*	(3%)
EBITDA %	3.6%	3.3%	
Operating profit	57.3	53.4	(7%)
Operating profit %	3.2%	2.8%	

\* Includes one-off costs: \$3.8 million Afina acquisition, transition and extra ERP expenses

# Westcon Group

Revenue % by geography

- North America (US & Canada)
- Europe
- Asia Pac
- AIME
- Latin America

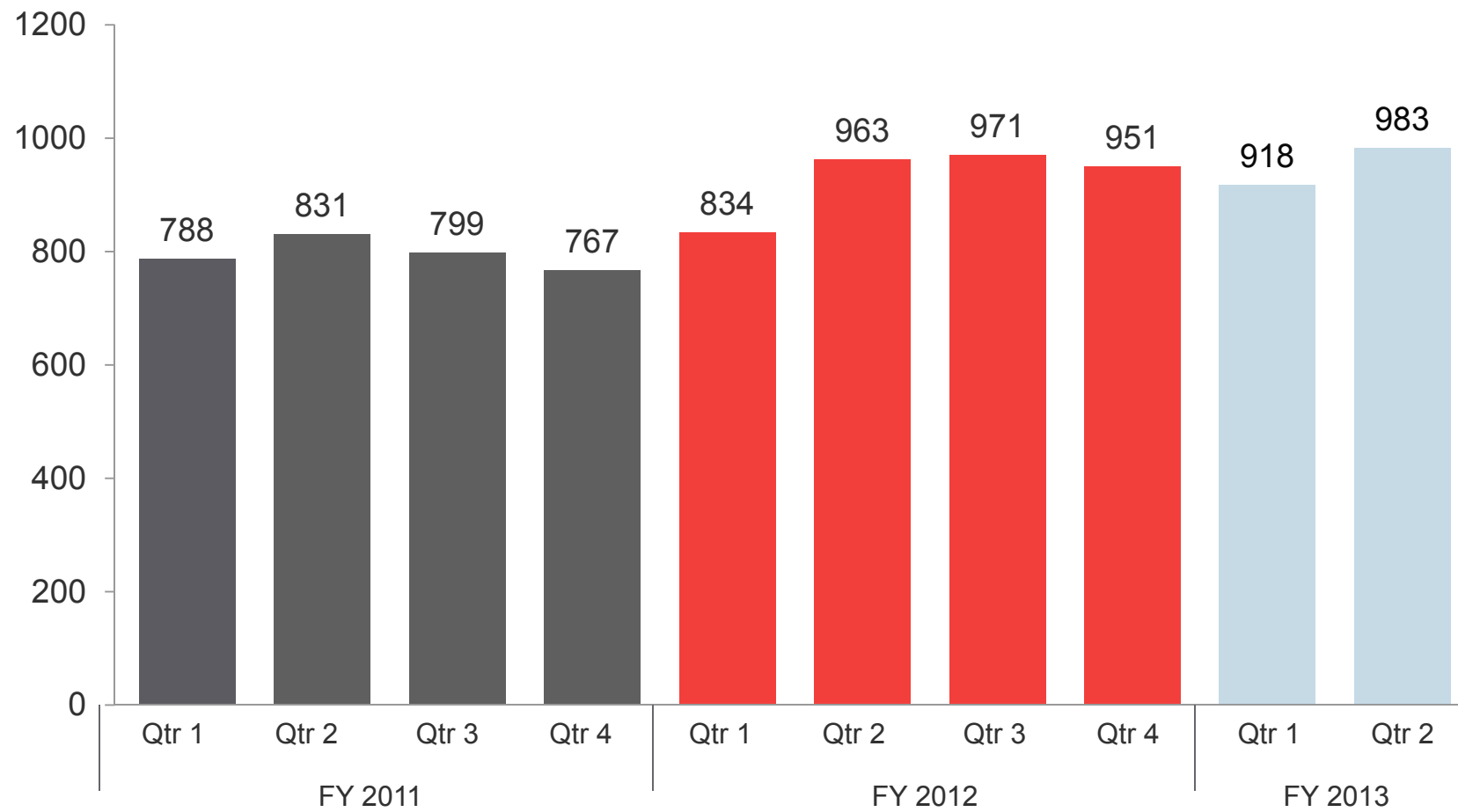


Increased contribution from Latin America



# Westcon Group

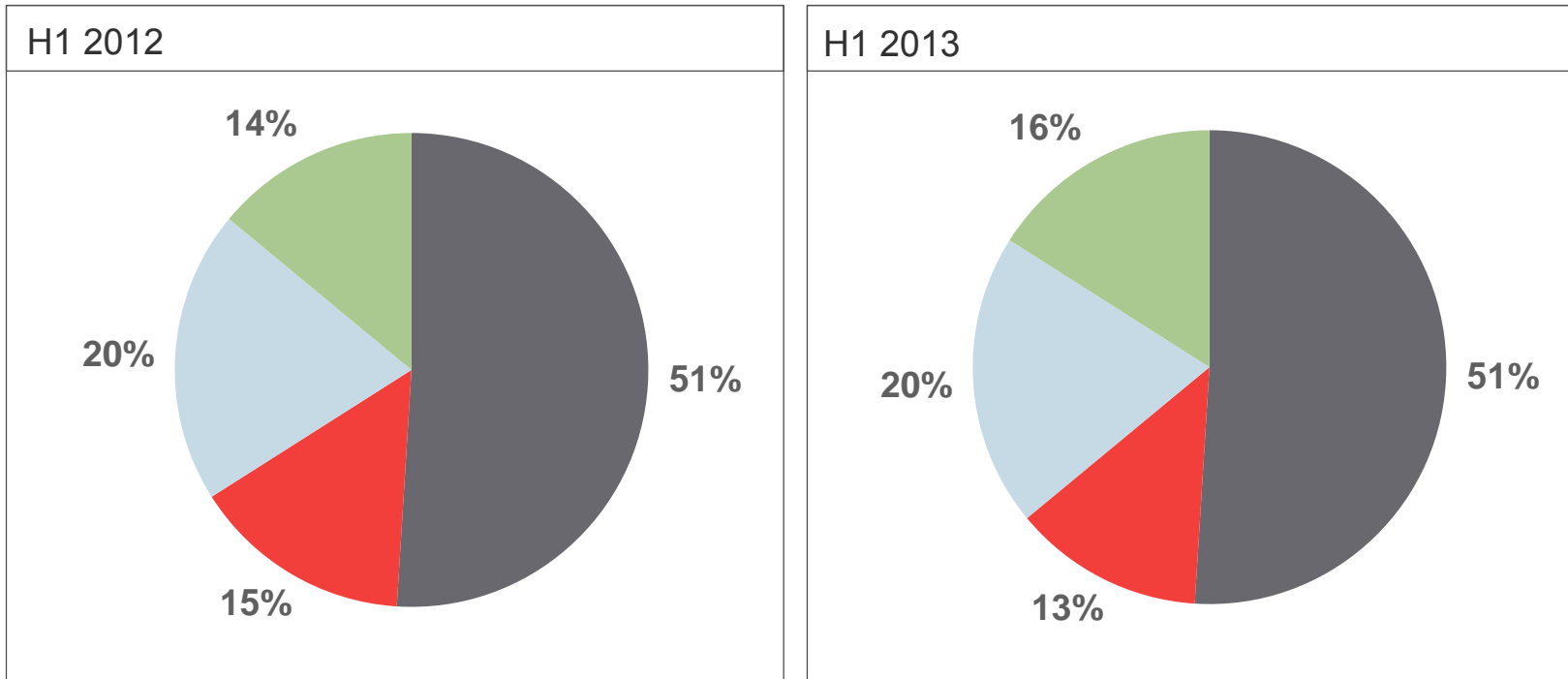
Historical quarterly sales (\$m)



# Westcon Group

Revenue % by vendor

- Cisco
- Convergence
- Security
- Other

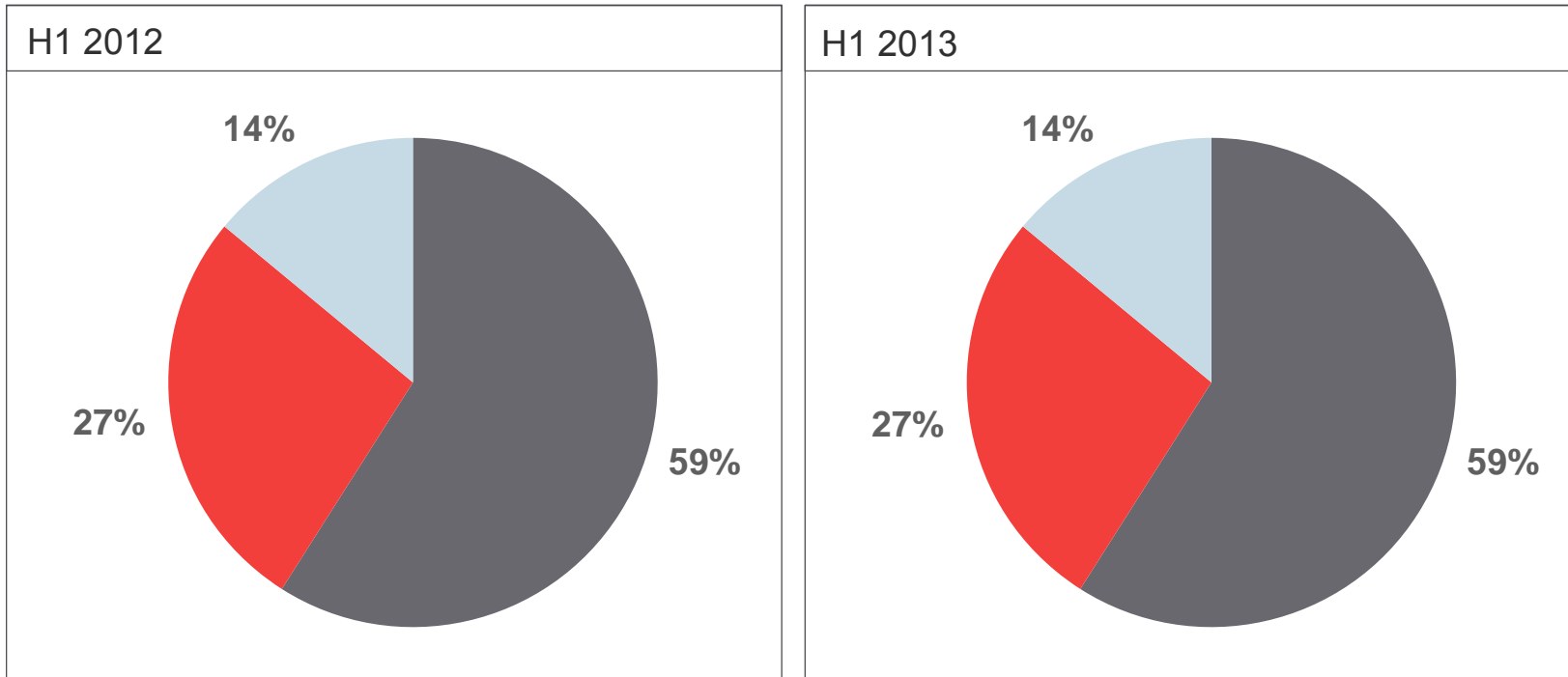


Reduction in convergence sales

# Westcon Group

Revenue % by customer

- Reseller
- System Integrator
- Service Provider

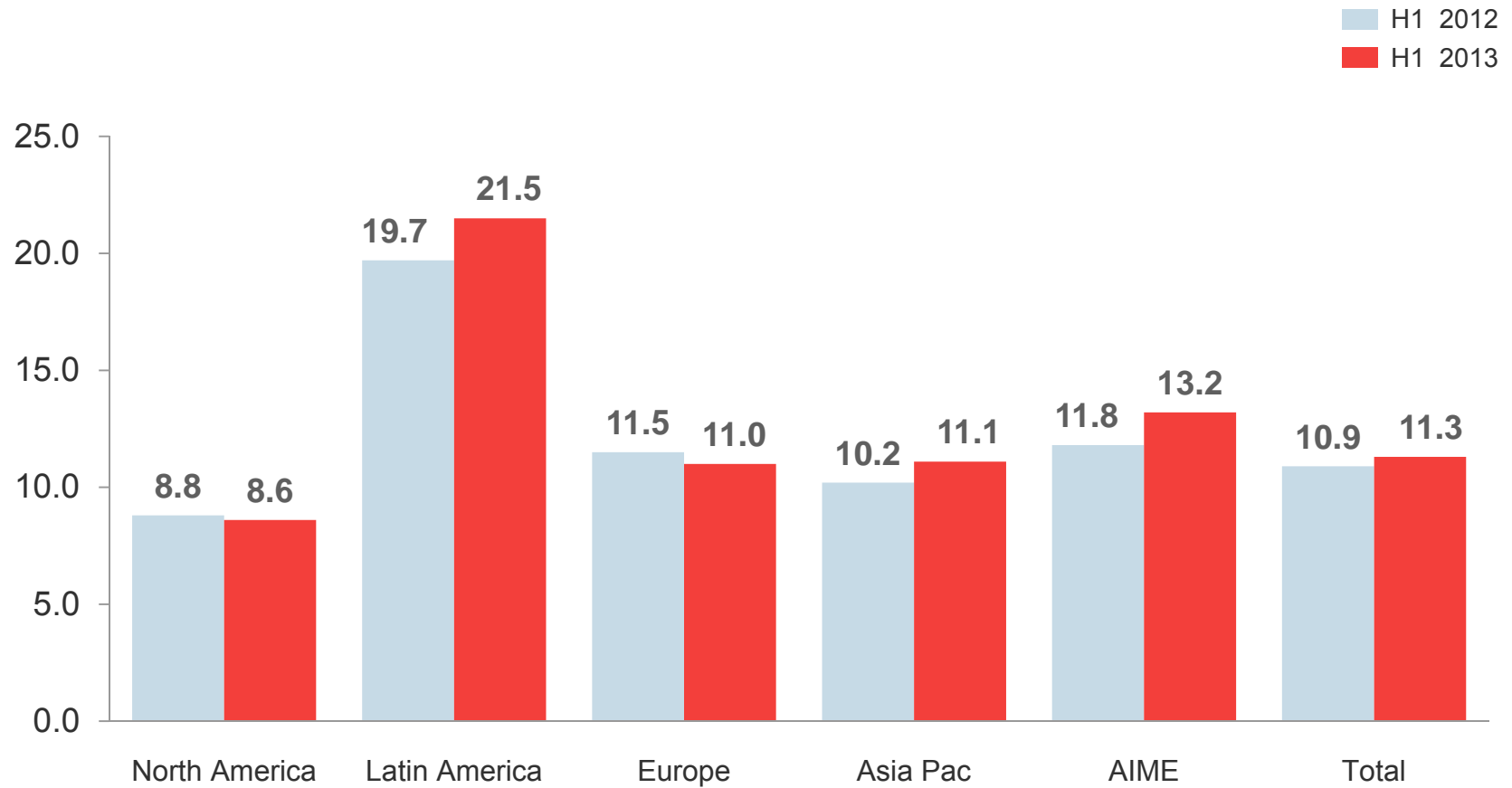


Customer mix unchanged

# Westcon Group

Gross margin %

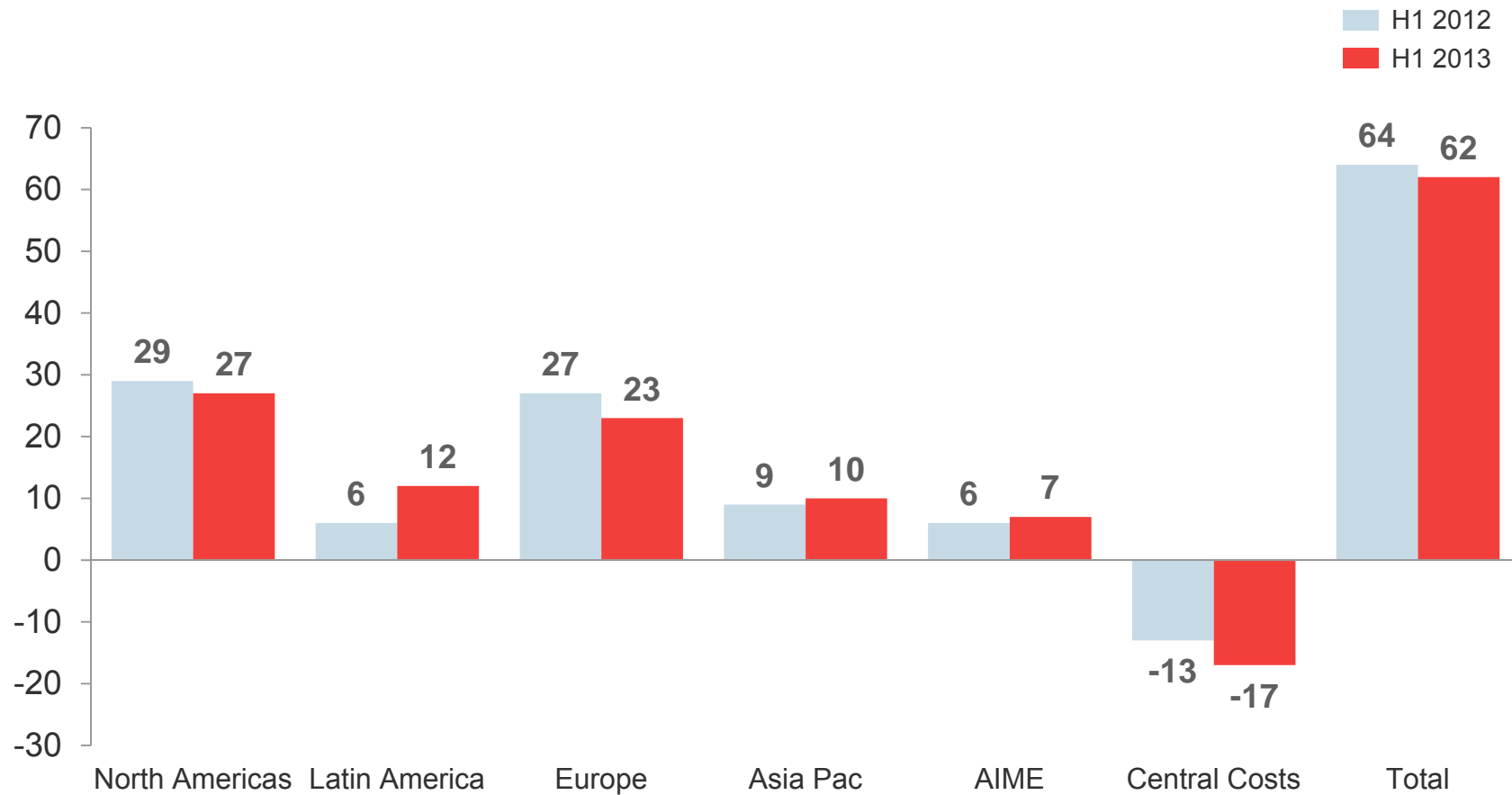
WestconGroup™



# Westcon Group

EBITDA (\$m)

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# Westcon Group

## Consolidated balance sheet – Working capital

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(\$m)	H1 2012	H1 2013
Accounts receivable	708	829
DSO (days)	66	74
Inventory	301	310
Inventory turns	11.6x	11.7x
Accounts payable	579	616
DPO (days)	61	62
Current ratio	1.4	1.3
Net (debt) cash	(52)	(176)

- Regional implementations of new ERP system (SAP) began in FY13
  - Canada and US now utilising new ERP system
- Afina acquisition creates broader footprint and data centre capability
  - Latin America, North Africa and Iberia
  - Virtualisation and storage vendors are part of the Afina portfolio
- Continuing to expand Asia footprint
- Focus on working capital and debt reduction in second half
- Anticipate seasonally better second half and resumption of operating leverage





# Logicalis Group

## Highlights



- Revenues up 13% to \$682.3 million
- EBITDA up 17% to \$34.2 million
- Operating profit up 31% to \$22.6 million
- Comparative improvement driven by stronger US performance
- Service revenues up 25%
- Higher interest charge due to large contract deployments in Latin America
- Corpnet acquisition completed in Australia

# Logicalis Group

## Financial performance summary



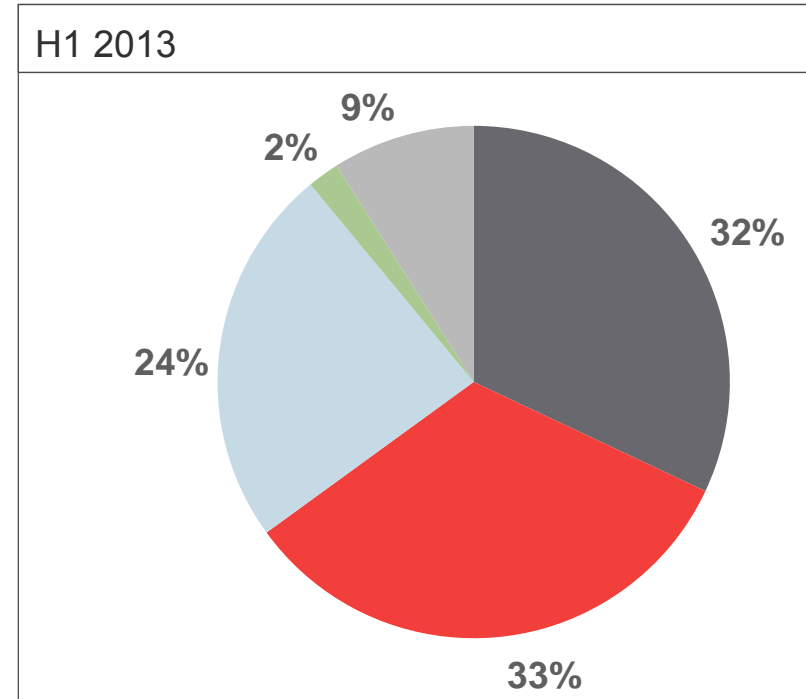
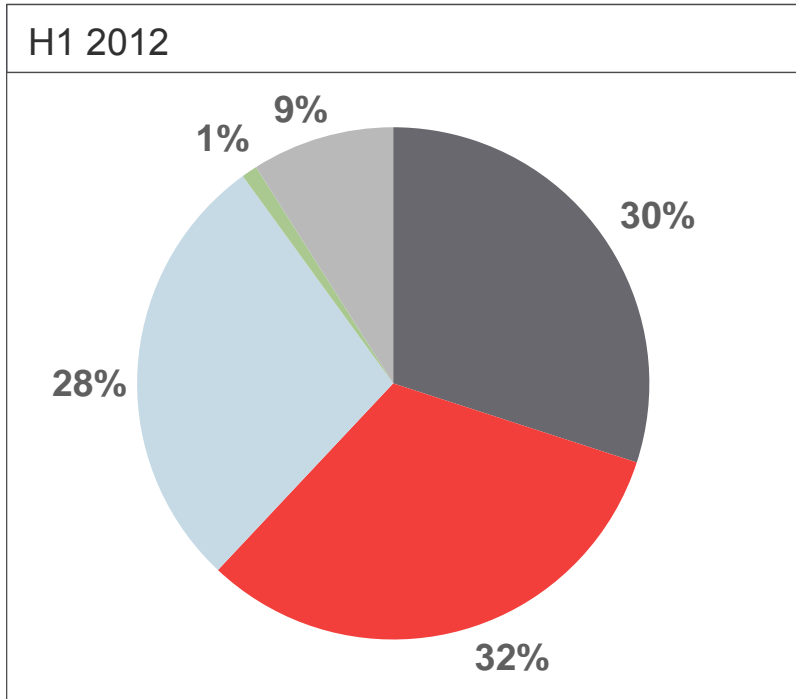
(\$m)	H1 2012	H1 2013	Growth %
Sales	602.2	682.3	13%
Gross margin	135.0	149.0	10%
Gross margin %	22.4%	21.8%	
Operating costs	(105.8)	(114.8)	9%
Operating cost margin %	17.6%	16.8%	
EBITDA	29.2	34.2	17%
EBITDA%	4.8%	5.0%	
Operating profit	17.3	22.6	31%
Operating profit %	2.9%	3.3%	

# Logicalis Group

Revenue % geographic split



- North America
- Latin America
- UK
- Germany
- Asia Pacific



Regional mix steady

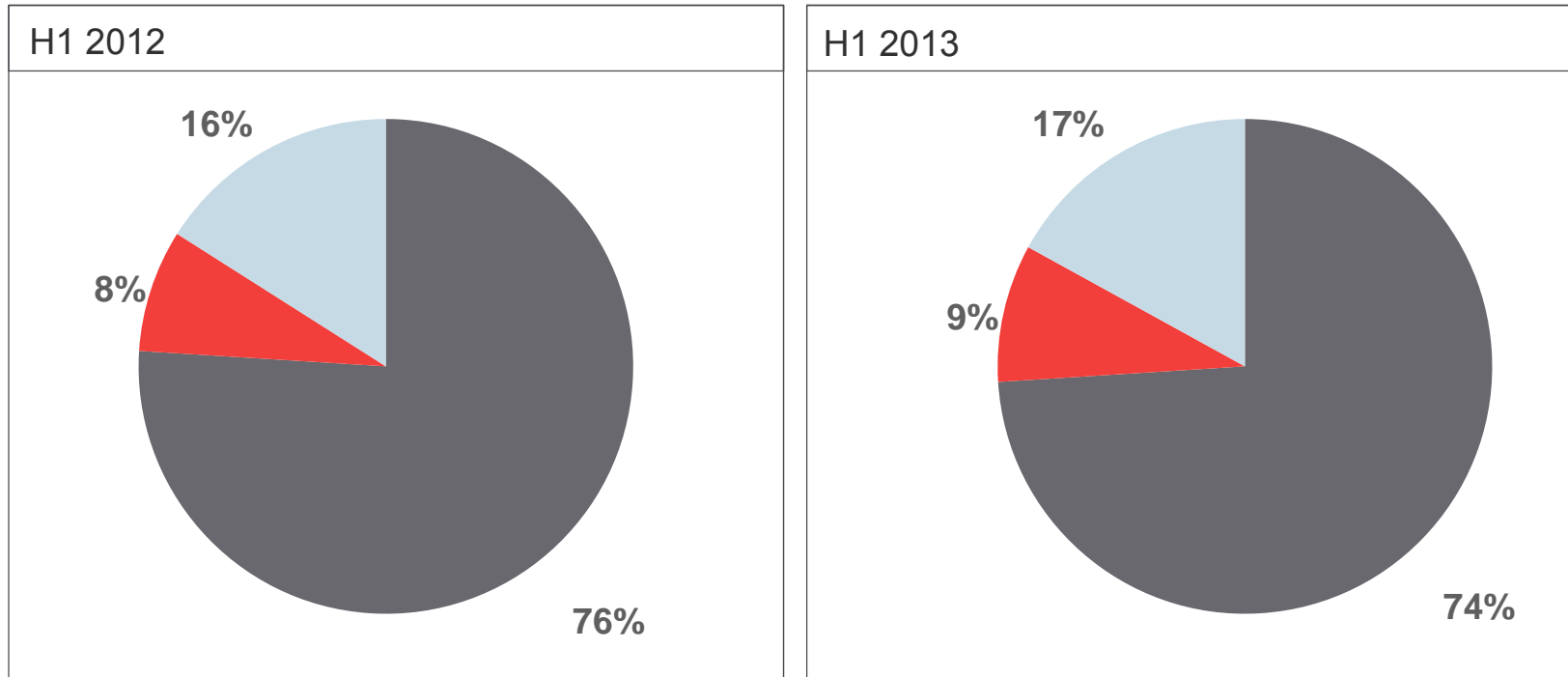


# Logicalis Group

Revenue % segmental split



- Product
- Professional Services
- Maintenance & Managed Services



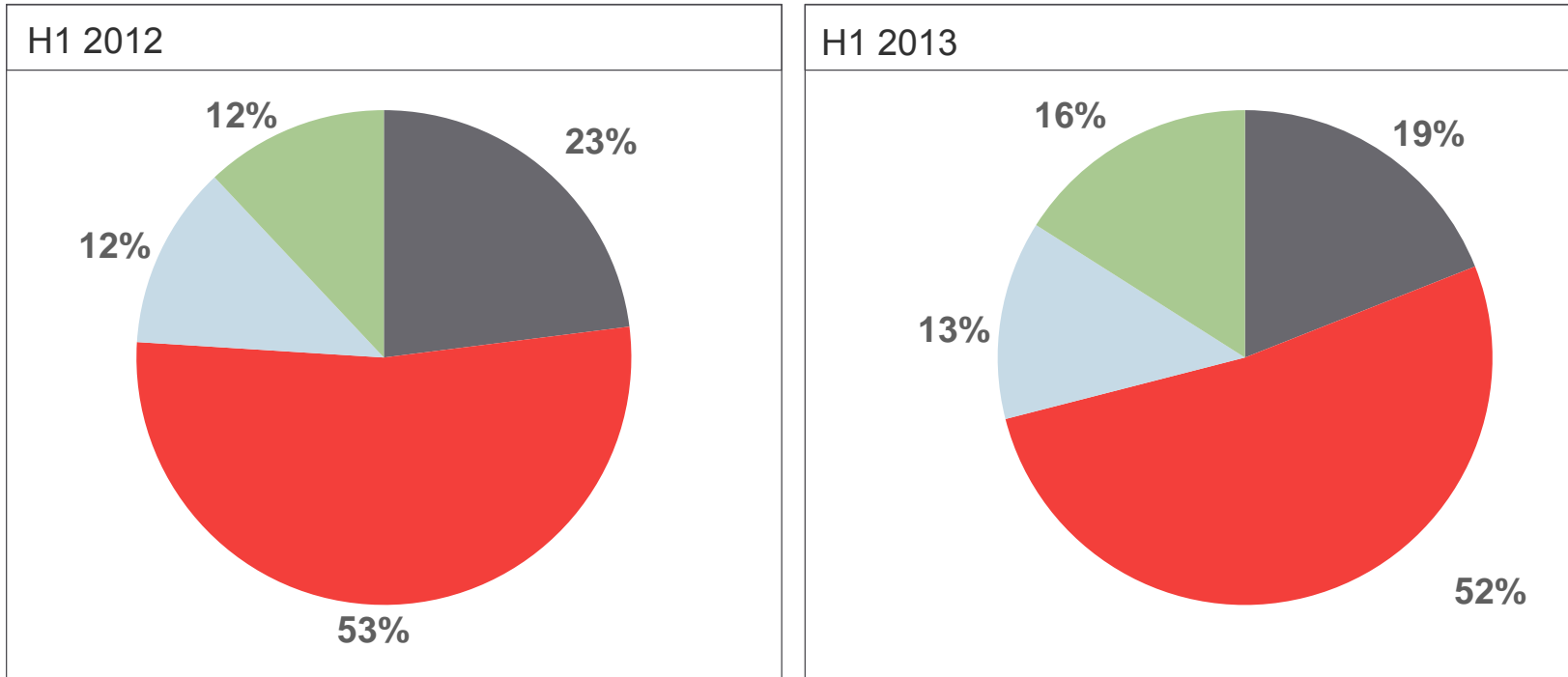
Improved services mix



# Logicalis Group

Revenue % by vendor

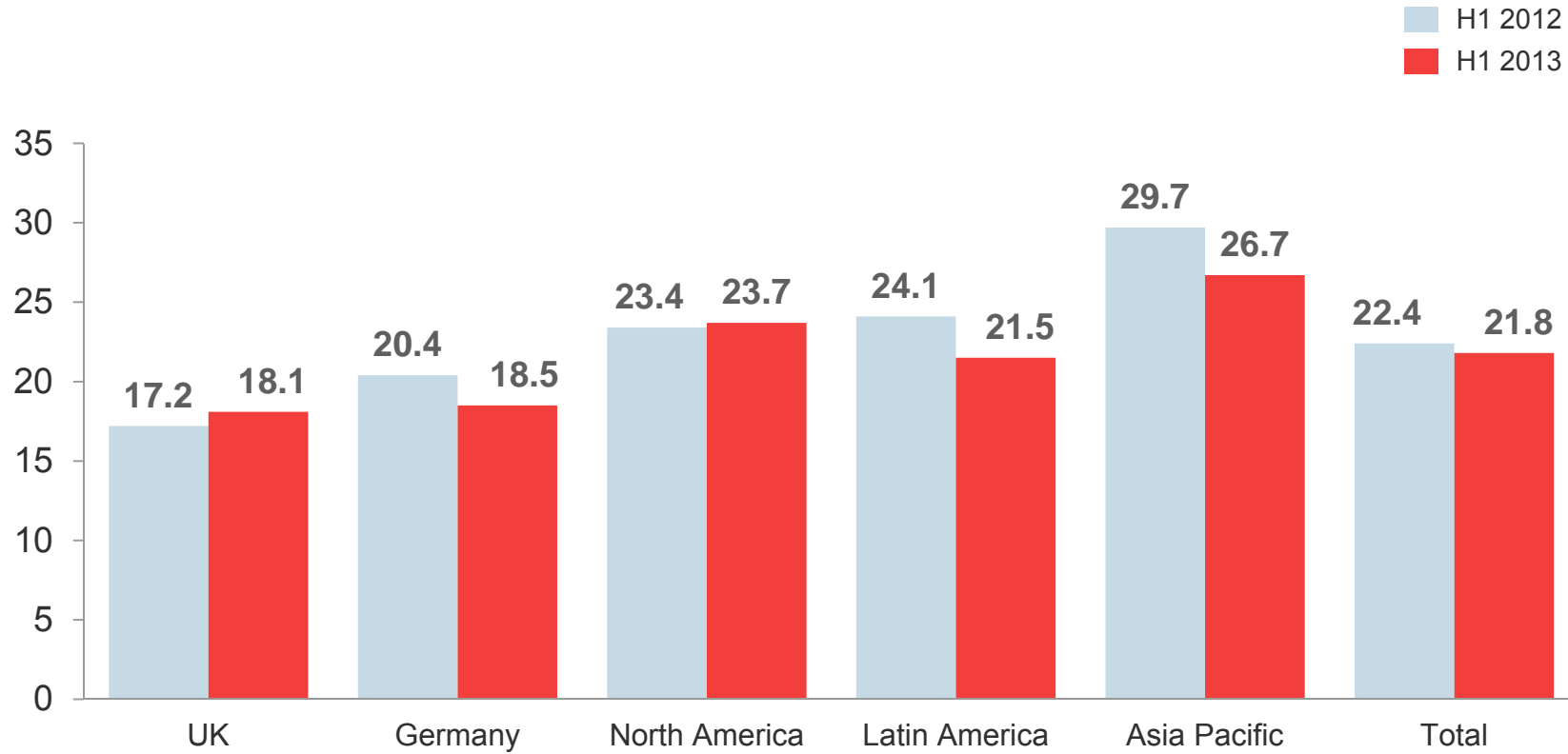
- IBM
- Cisco
- HP
- Others



Other vendors boosted by EMC

# Logicalis Group

Gross margin %

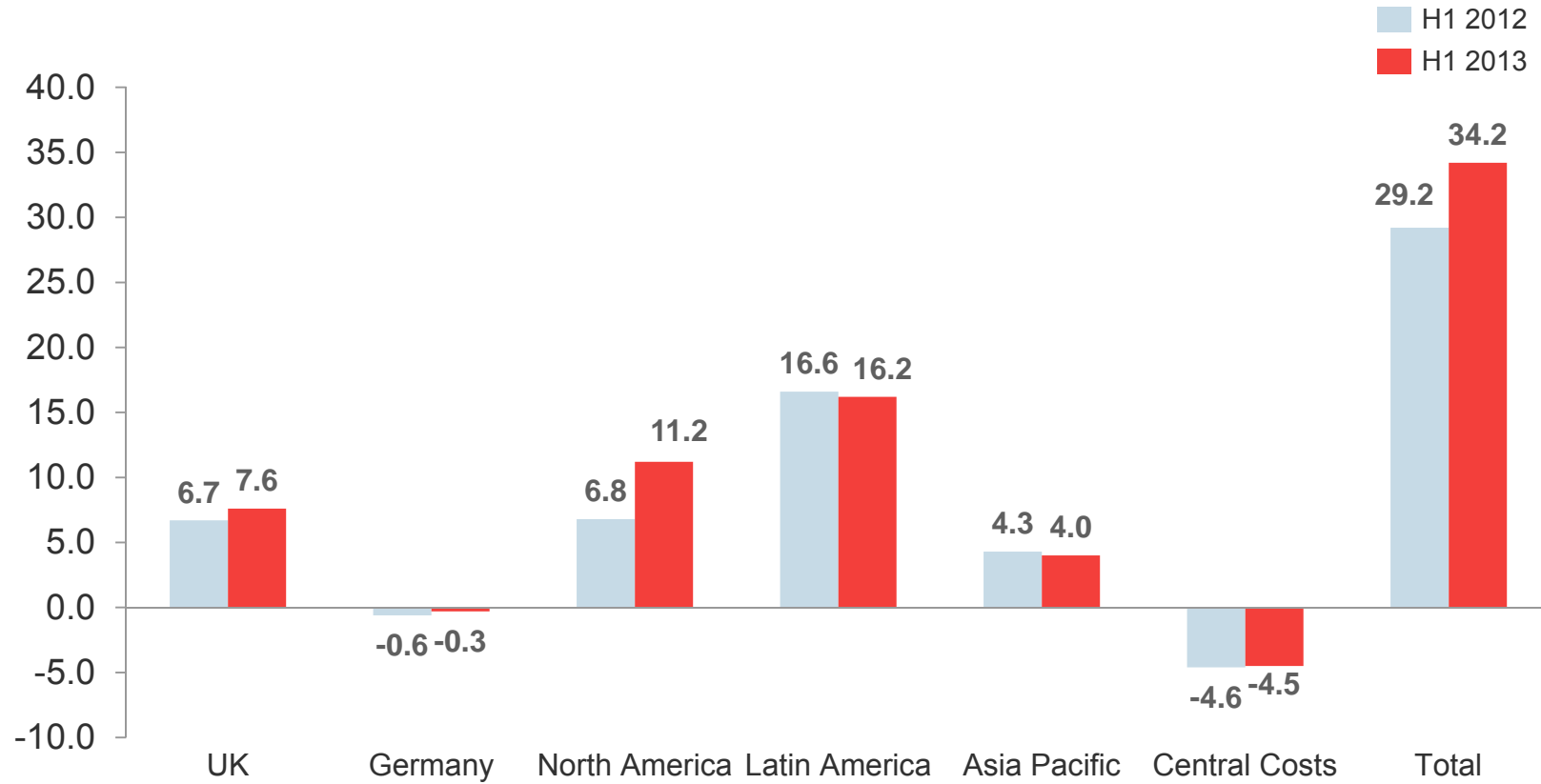


Overall gross margin down slightly



# Logicalis Group

EBITDA (\$m)



Solid recovery in the US



# Logicalis Group

## Key financial measures



(\$m)	H1 2012	H1 2013
Deferred revenue	51.4	61.9
Inventory	61.5	56.6
Inventory days (excluding spares stock)	23	17
Accounts receivable	267.7	300.5
DSO (days)	53	57
Accounts payable	232.2	245.1
DPO (days)	90	87
Net cash *	50.6	47.2

Higher working capital balances on increased activity level



# Logicalis Group

## Future outlook



- No short term change in trading conditions expected
- The UK market remains challenging
- Customers are ROI, service and price conscious
- Continue to focus on cost containment and internal efficiencies
- Seasonally anticipated better second half still expected
- Considering various targeted acquisition opportunities

 **analysys**  
mason **INTACT**  
integrated services

 **Via**™ The Via Group

 **DATATEC**  
Driving Technology

# Consulting Services

## Highlights



- Revenues of \$38.3 million (H1 FY12: \$38.7 million)
- Geographic spread of revenues continues to diversify
- Gross profit growth of 4%; Gross margins expand to 36.3% from 34.5%
- EBITDA growth of 24%; EBITDA margins expand to 4.1% from 3.3%
- Strong sales performance at Analysys Mason
- Functional operational structure established at Intact should lead to cost saving opportunities

# Consulting Services

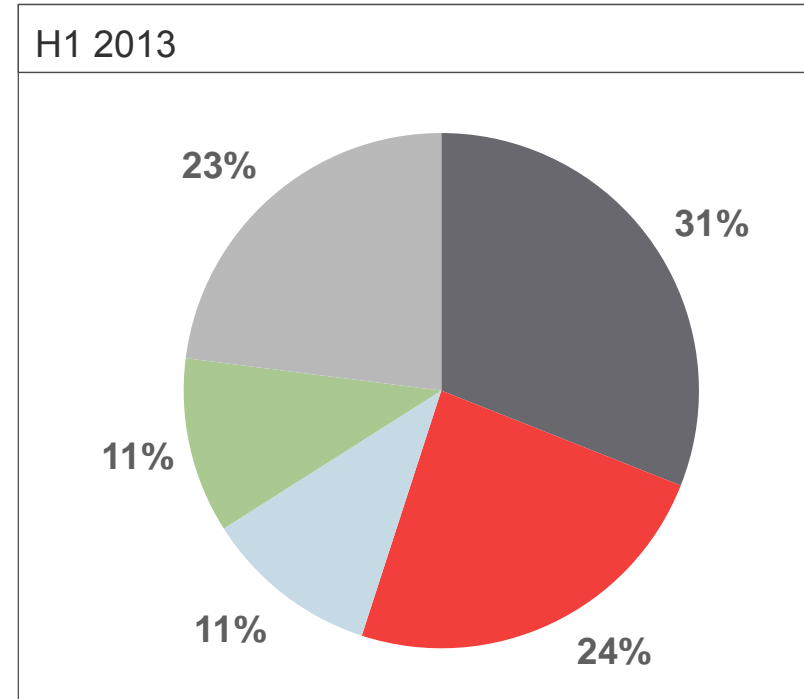
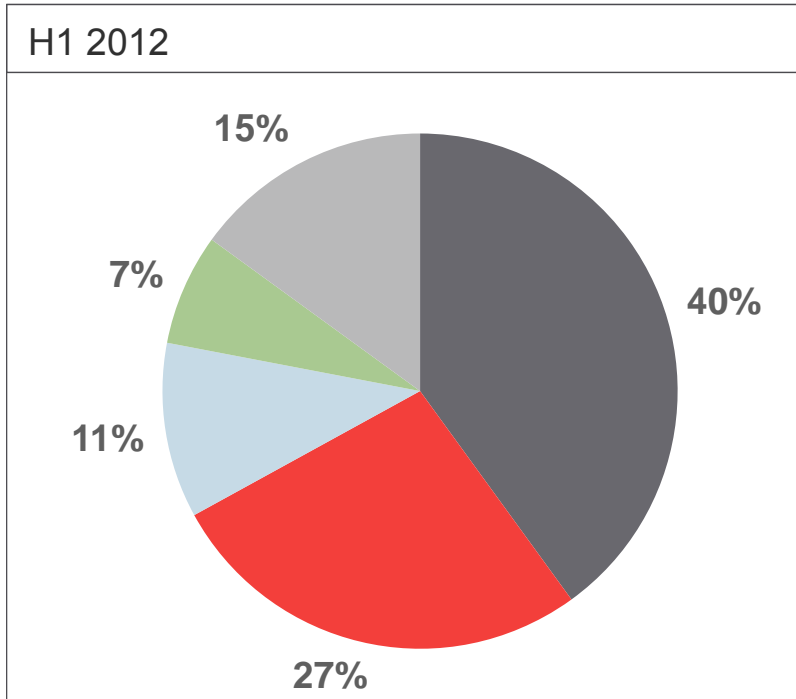
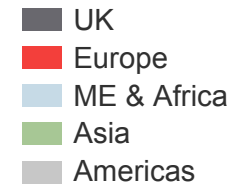
## Financial performance summary



(\$'000)	H1 2012	H1 2013	Growth %
Sales	38,655	38,287	(1%)
Gross profit	13,352	13,903	4%
Gross margin %	34.5%	36.3%	
Operating costs	(12,089)	(12,336)	2%
Operating cost margin %	31.3%	32.2%	
EBITDA	1,263	1,567	24%
EBITDA%	3.3%	4.1%	
Operating profit	572	1,020	78%
Operating profit %	1.5%	2.7%	

# Consulting Services

Revenue % by geography



Geographic diversity of revenues continues to improve

# Consulting Services

## Future outlook



- Expecting a tougher period ahead with UK discretionary spending
- Asia, US and Germany offer greatest potential
- Analysys Mason's solid progress is expected to continue
- Strategy to simplify propositions and diversify customer base
- Progressive improvement expected for the division

# Datatec Group

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# Datatec Group

## Market outlook

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- Synchronized slowdown in many parts of the world may have been averted
- Economic policy makers need to create the framework for sustainable and controlled growth
- 4G wireless evolution will enhance mobility and drive data centre, security and cloud services
- Currency volatility may continue as nations vie for competitiveness



# Datatec Group

## Strategy

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- Investments in internal systems and processes continue to improve long term efficiencies
- Targeting 15% consolidated gross margins through business mix and services improvement
- Continued development of faster growing emerging and developing markets
- Period of near term consolidation to improve working capital efficiencies
- Some compelling M&A opportunities in more mature markets

# Datatec Group

## Current trading and prospects

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- Lower growth rates as global GDP slows
- Reduced operating leverage should be temporary
- Quality of business remains high
- Full year earnings growth should still exceed revenue growth
- Full year UEPS forecast of 55 US cents is still achievable but challenging

# Questions

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