

DATATEC GROUP

AUDITED PROVISIONAL RESULTS FOR
THE YEAR ENDED 29 FEBRUARY 2016



Driving Technology

DATATEC GROUP

AGENDA



Results summary & market conditions

Jens Montanana, Datatec Group CEO



Financial results

Jurgens Myburgh, Datatec Group CFO



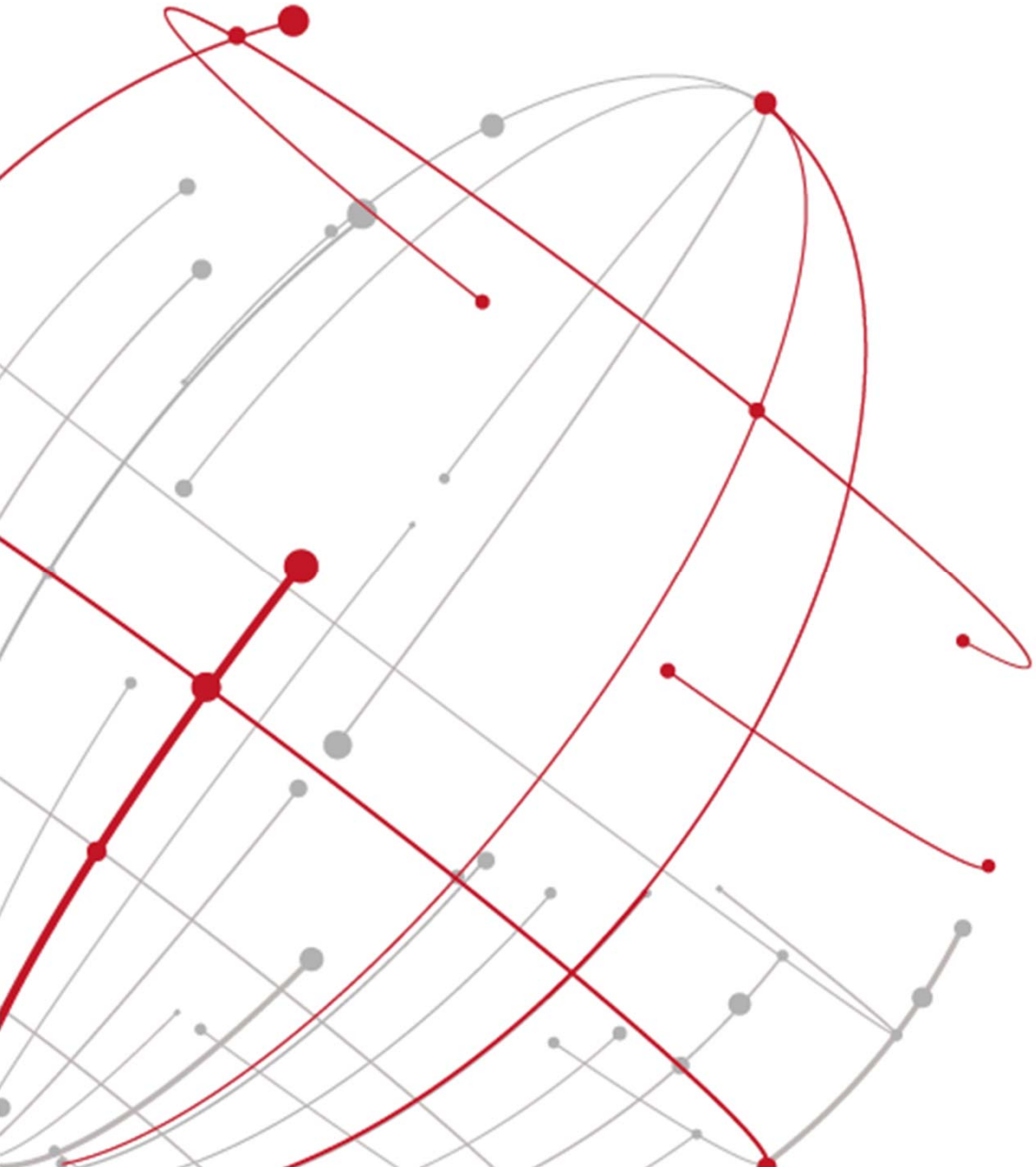
Operational review

Jens Montanana, Datatec Group CEO



Strategy & outlook

Jens Montanana, Datatec Group CEO



RESULTS SUMMARY & MARKET CONDITIONS



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FINANCIAL RESULTS SUMMARY

Revenue

\$6.45 bn

FY 2015: \$6.44bn

EBITDA

\$162.1 m

FY 2015: \$206.4m

Underlying* EPS

32.0 US¢

FY 2015: 41.8 US¢

Dividend

17 US¢

FY 2015: 17 US¢

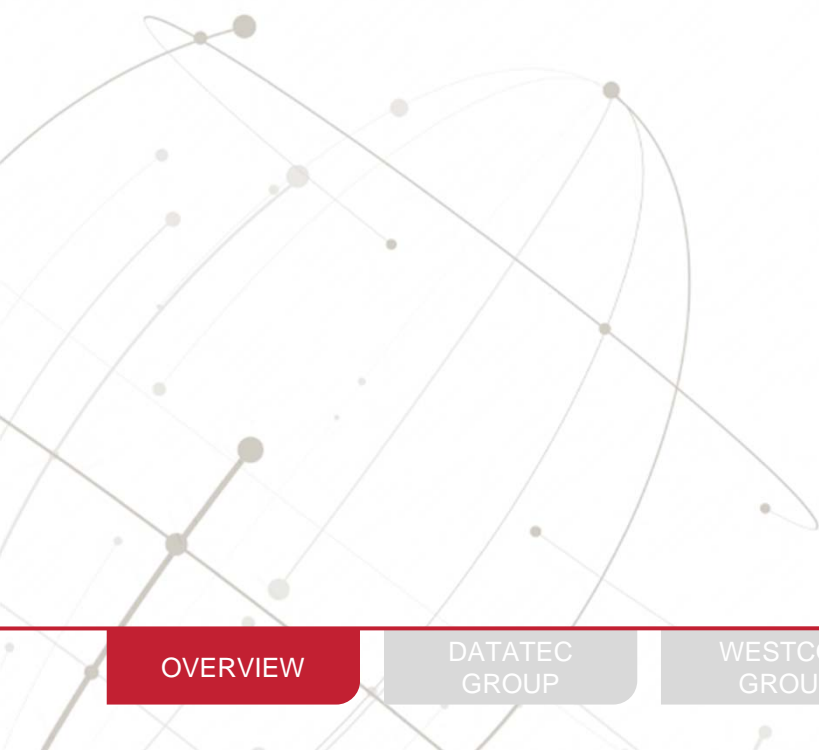
- Flat revenues in US\$
- Non-recurring charges
- 21% decline in EBITDA
- 23% decline in uEPS
- Dividend maintained

* Excluding impairments of goodwill and intangible assets, profit or loss on sale of investments and assets, amortisation of acquired intangible assets, unrealised foreign exchange movements, acquisition-related adjustments, fair value movements on acquisition-related financial instruments, restructuring costs and the taxation effect on all of the aforementioned.

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MARKET CONDITIONS

- Weak emerging markets still creating global uncertainty
- Persistence of strong dollar
- Cloud infrastructure growing rapidly



FINANCIAL RESULTS



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FINANCIAL PERFORMANCE

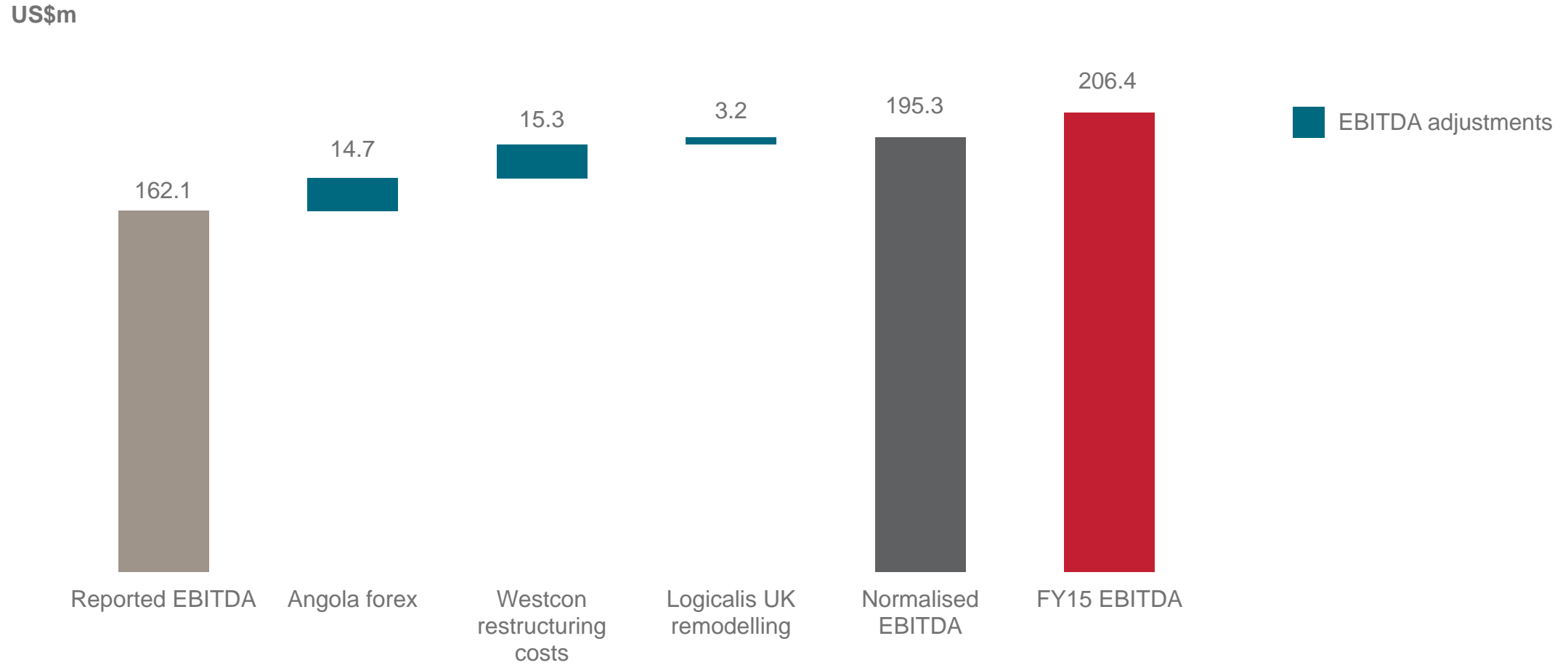
US\$m	FY 2016	FY 2015	FY 2015 Adjusted [^]	Growth %	Adjusted Growth % [^]
Revenue	6,454.8	6,443.5		0.2%	
Gross profit	868.7	932.9	892.9	(7%)	(3%)
<i>Gross margin %</i>	13.5%	14.5%	13.9%		
Operating costs	(706.6)	(726.5)	(686.5)	(3%)	3%
<i>Operating cost margin %</i>	10.9%	11.3%	10.7%		
EBITDA	162.1	206.4		(21%)	
<i>EBITDA%</i>	2.5%	3.2%			
Depreciation & Amortisation	(51.5)	(48.6)		6%	
Intangible impairment	(0.1)	-			
Operating profit	110.5	157.8		(30%)	
<i>Operating profit %</i>	1.7%	2.4%			

- Revenue impacted by strong US\$
- Revenue up 9% in constant currency
- Gross margins affected by mix
- EBITDA impacted by forex losses and restructuring costs

[^] Adjusted representation of Westcon freight out costs

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EBITDA BRIDGE



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FINANCIAL PERFORMANCE – CONTINUED

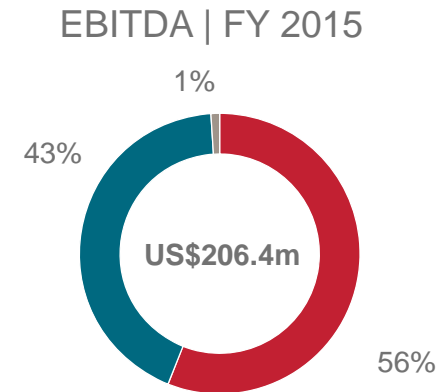
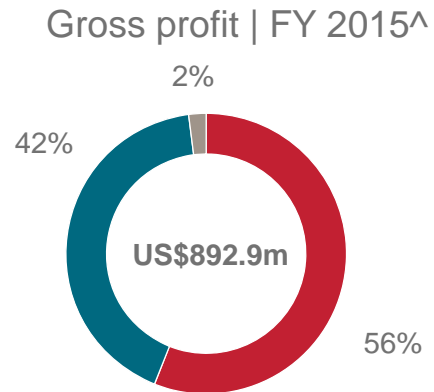
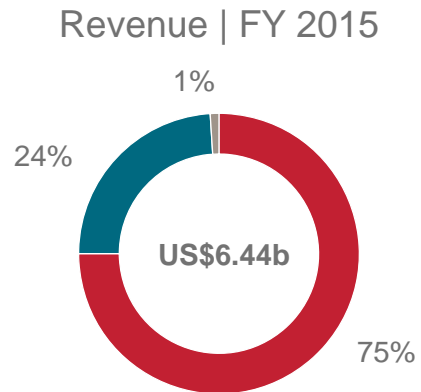
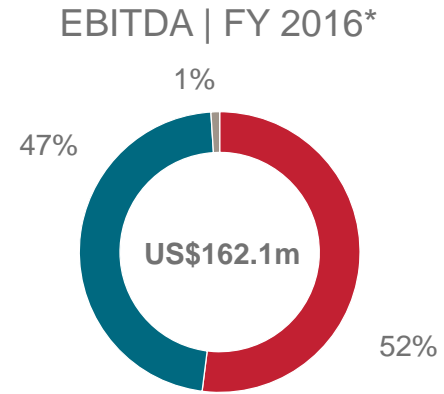
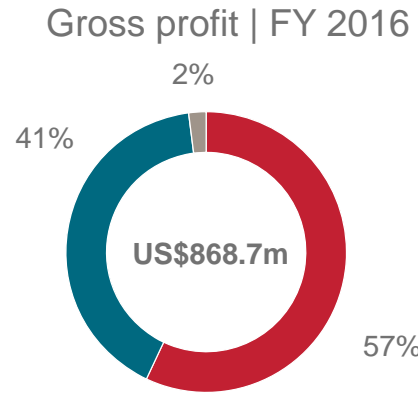
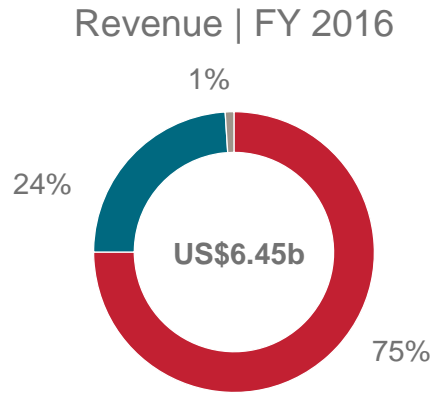
US\$m	FY 2016	FY 2015	Growth %
Operating profit	110.5	157.8	(30%)
Net finance costs	(23.9)	(17.6)	36%
Profit before tax	88.4	140.2	(37%)
Underlying* EPS (US cents)	32.0	41.8	(23%)
HEPS (US cents)	19.4	37.0	(48%)

- Net finance costs up on borrowings
- Effective tax rate of 45.2%
- Restructuring costs and unrealised forex losses excluded from uEPS

* Excluding impairments of goodwill and intangible assets, profit or loss on sale of investments and assets, amortisation of acquired intangible assets, unrealised foreign exchange movements, acquisition-related adjustments, fair value movements on acquisition-related financial instruments, restructuring costs and the taxation effect on all of the aforementioned.

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CONTRIBUTION PER DIVISION



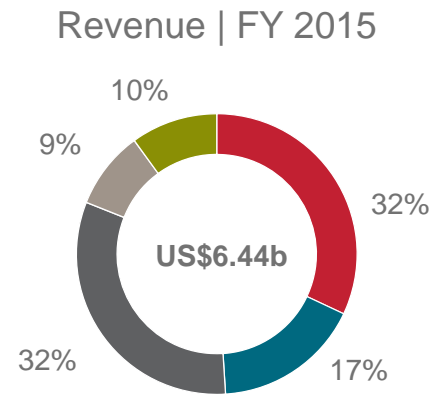
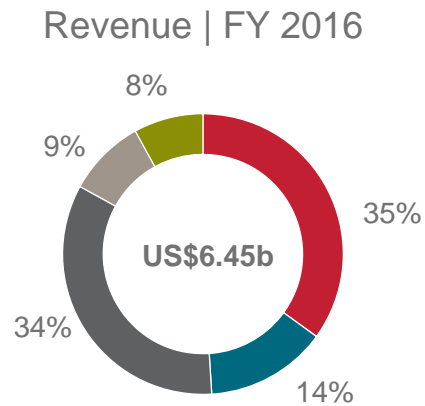
- Westcon lower in H2
- Logicalis and Consulting improved in H2

^ Adjusted representation of Westcon freight out costs

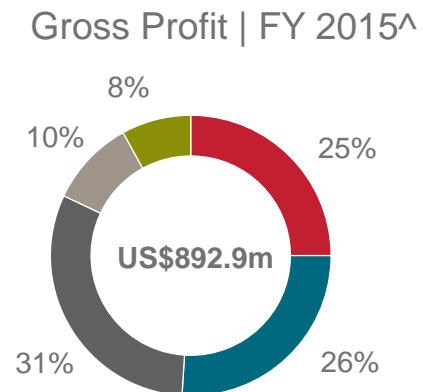
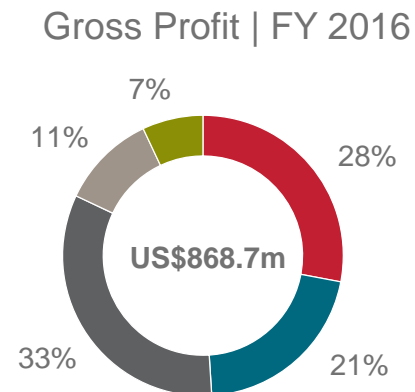
* Contribution to EBITDA is calculated before Corporate costs

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REVENUE AND GROSS PROFIT % CONTRIBUTION BY GEOGRAPHY



- Westcon constant currency growth in all regions except AME
- Latam affected by weak BRL



- Increased contribution from NA and Europe
- Geographic mix affects margins

[^] Adjusted representation of Westcon freight out costs

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BALANCE SHEET SUMMARY

US\$m	FY 2016	FY 2015
Assets	3,382.9	3,274.6
Non current assets		
Goodwill	462.6	450.9
Acquired intangible assets & software	59.8	45.9
Other non-current assets	243.7	205.0
Current assets	2,616.8	2,572.8
Equity and Liabilities	3,382.9	3,274.6
Shareholders funds	830.3	870.9
Non-controlling interests	39.1	41.6
Long-term liabilities	100.7	101.8
Amounts due to vendors	10.5	4.6
Current liabilities	2,402.3	2,255.7

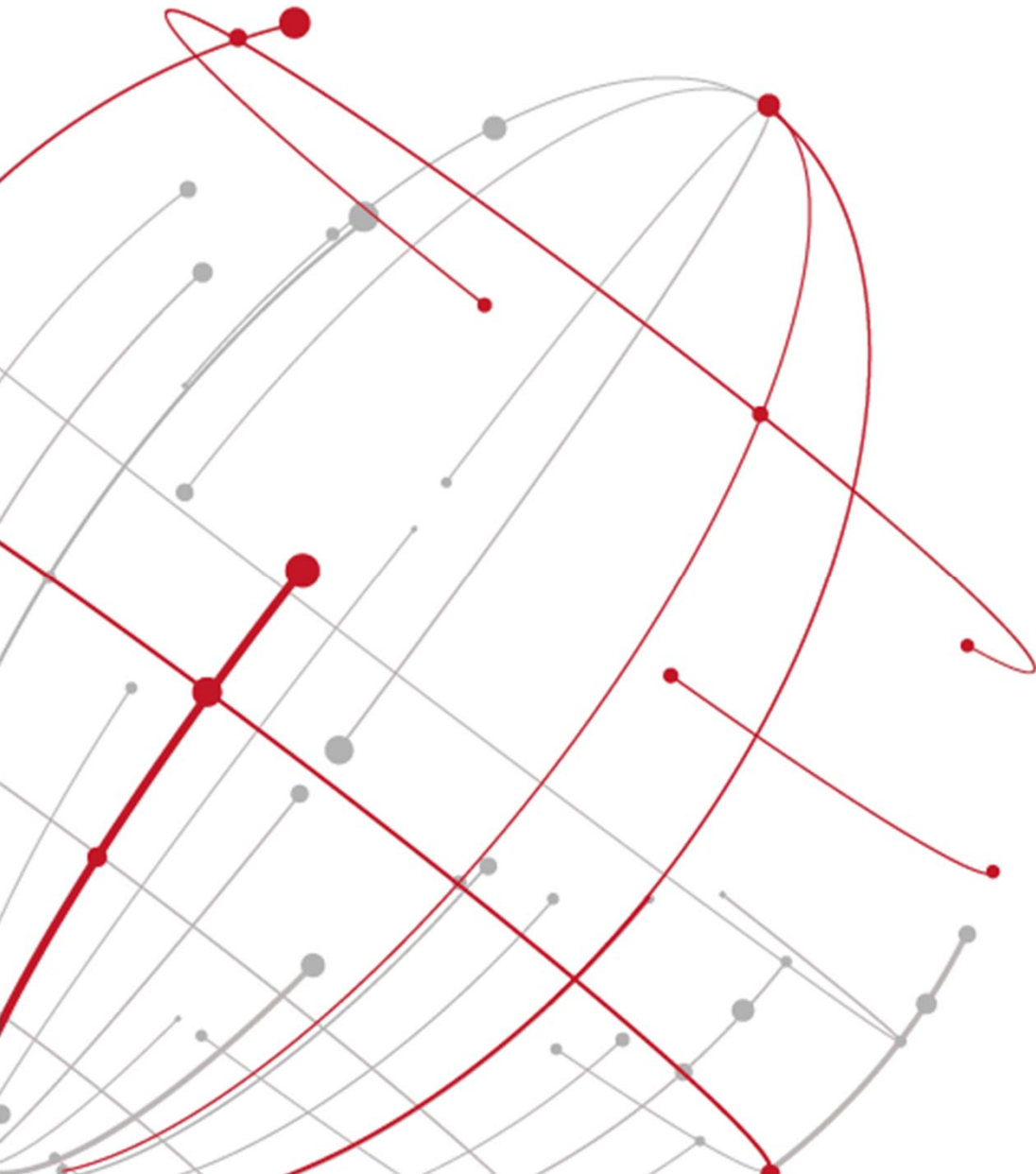
- Growth in working capital
- \$3.97 NAV per share
- 1.1 current ratio
- Net debt increased
- ROIC 6.5%

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CASH FLOW

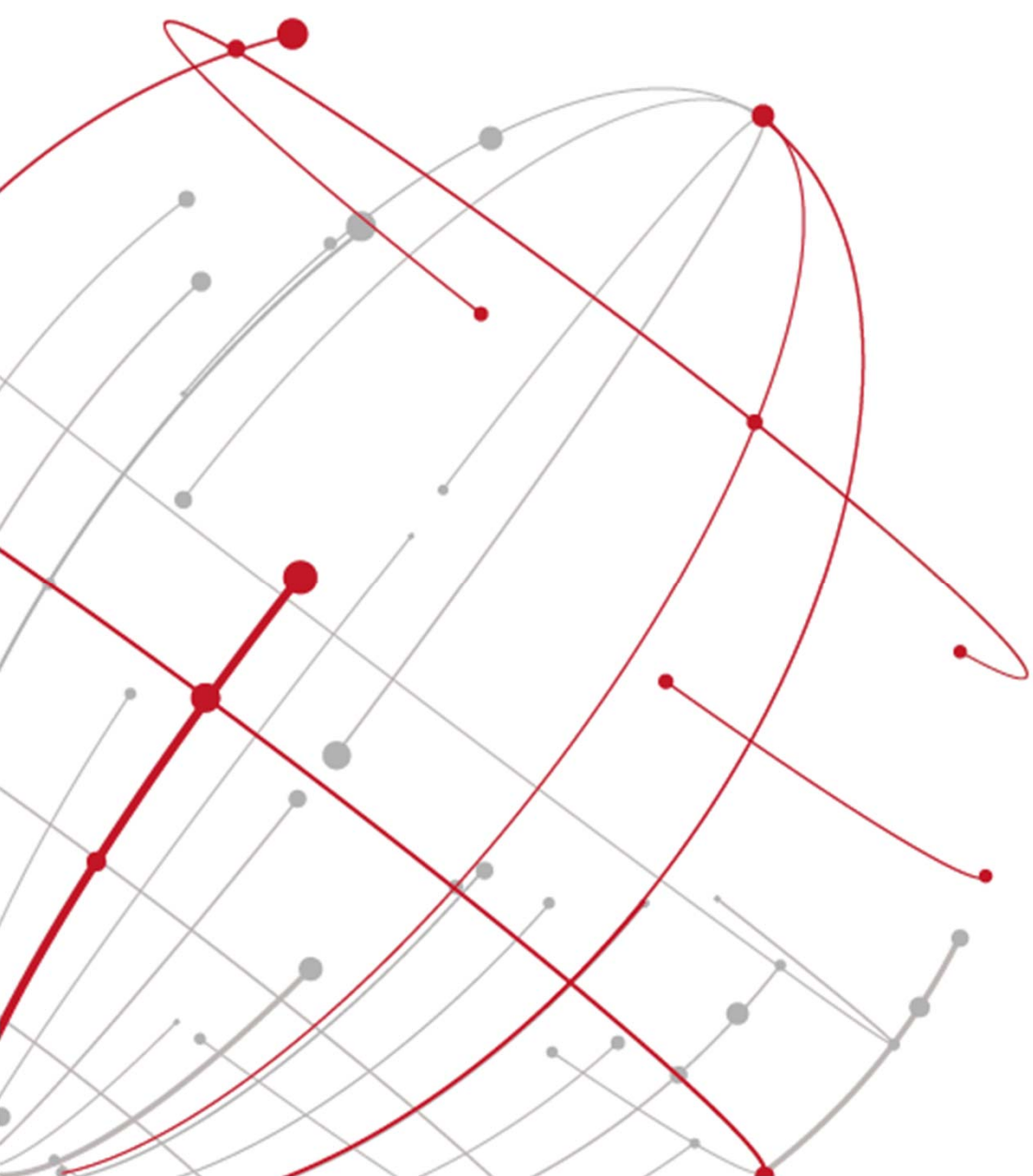
US\$m	FY 2016	FY 2015
Operating profit before working capital changes	185.7	215.4
Working capital changes	(59.4)	(29.2)
Other working capital changes	2.8	-
Cash generated from operations	129.1	186.2
Net finance costs paid	(21.2)	(17.6)
Taxation paid	(39.9)	(53.2)
Net cash inflows from operating activities	68.0	115.4
Net cash outflows for acquisitions	(46.2)	(2.0)
Net cash outflow from other investing activities	(73.1)	(49.5)
Capital distributions & dividends paid to shareholders	(22.2)	(23.5)
Capital distributions & dividends paid to non-controlling interest	-	(26.0)
Net cash (outflows) / inflows from financing activities	(11.2)	13.5
(Decrease) / increase in cash and cash equivalents	(84.7)	27.9
Cash & cash equivalents at beginning of year	(22.1)	(41.8)
Translation difference on cash & cash equivalents	(25.9)	(8.2)
Cash and cash equivalents at end of year	(132.7)	(22.1)
Net debt	(205.4)	(87.1)

- Reduction in cash earnings
- Increased working capital
- Increased capital expenditure



OPERATIONAL REVIEW





WESTCON GROUP

WestconGroup™



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FINANCIAL PERFORMANCE

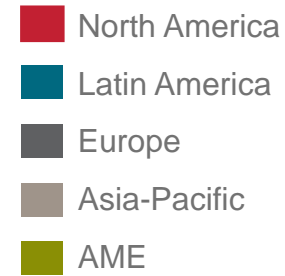
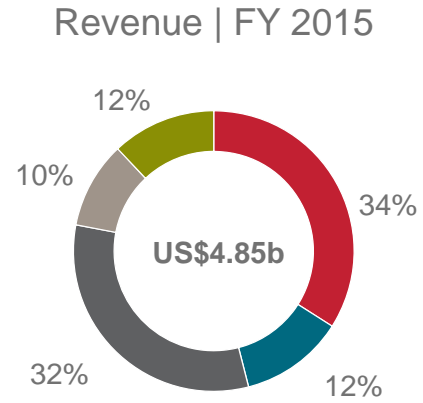
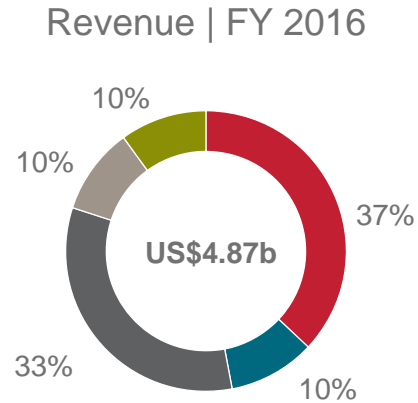
US\$m	FY 2016	FY 2015	FY 2015 Adjusted [^]	Growth %	Adjusted Growth %
Revenue	4,869.6	4,854.5		0.3%	
Gross profit	497.1	542.2	502.2	(8%)	(1%)
<i>Gross margin %</i>	10.2%	11.2%	10.3%		
Operating costs	(408.6)	(417.1)	(377.1)	(2%)	8%
<i>Operating cost margin %</i>	8.4%	8.6%	7.8%		
EBITDA	88.5	125.1		(29%)	
<i>EBITDA%</i>	1.8%	2.6%			
Operating profit	62.2	100.2		(38%)	
<i>Operating profit %</i>	1.3%	2.1%	502.2		

- Slight increase in revenues
- Stable gross margins
- Opex includes forex losses and restructuring costs
- EBITDA down 29%

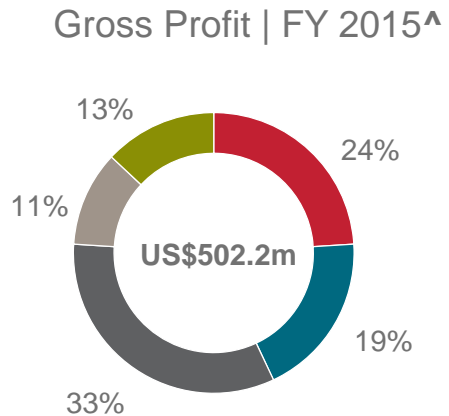
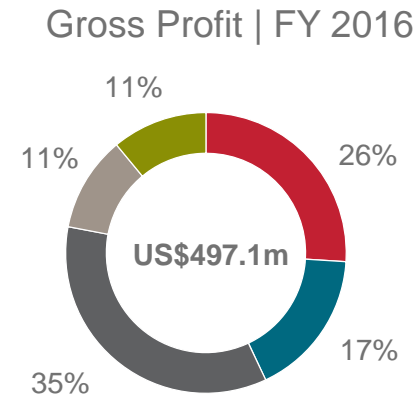
[^] Adjusted representation of Westcon freight out costs

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REVENUE AND GROSS PROFIT CONTRIBUTION % BY GEOGRAPHY



- Modest revenue growth
- Europe and North America up
- Latam and AME contract



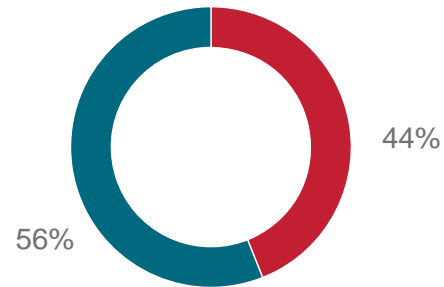
- Modest gross profit decline
- EM's effected by weak currencies

[^] Adjusted representation of Westcon freight out costs

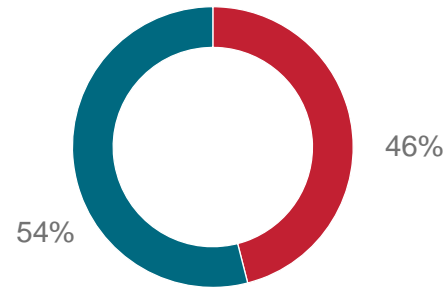
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REVENUE % BY BUSINESS UNIT AND CUSTOMER TYPE

Business Unit | FY 2016

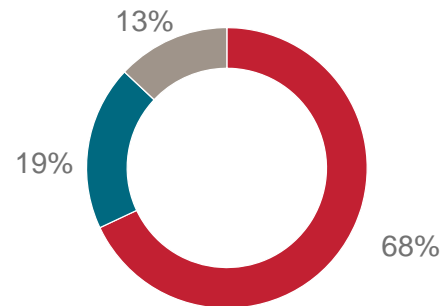


Business Unit | FY 2015

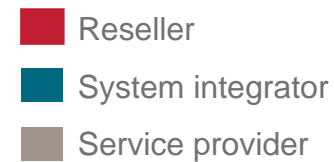
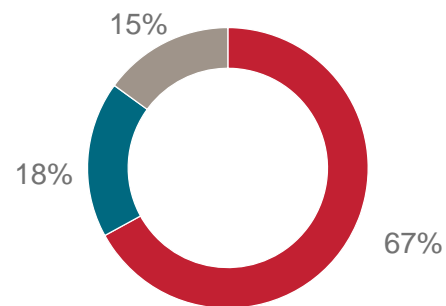


- Reduced contribution by Comstor (Cisco division)

Customer | FY 2016



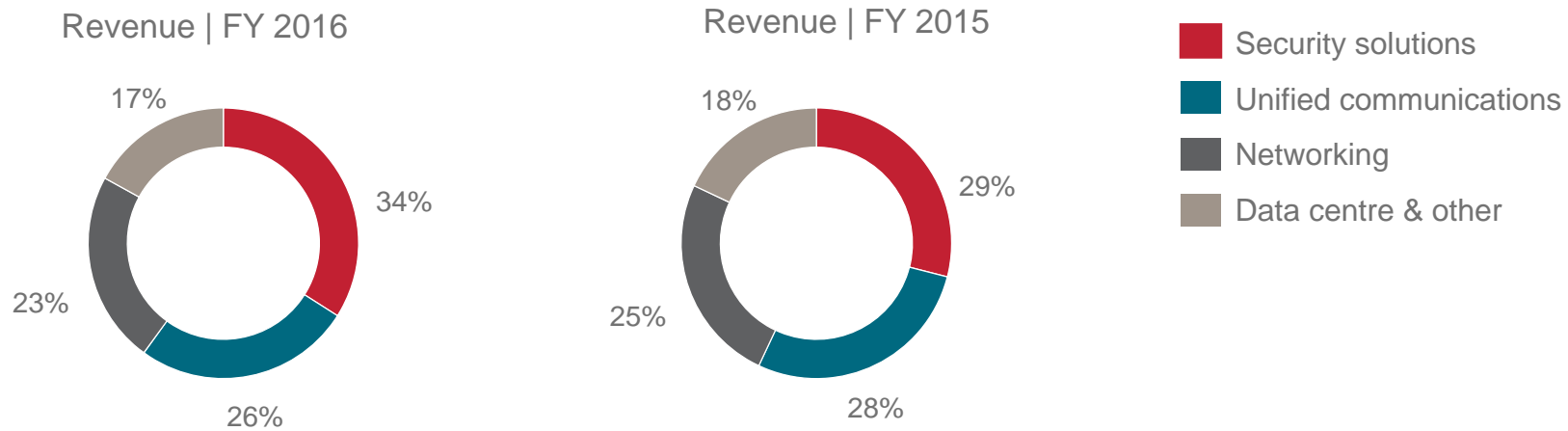
Customer | FY 2015



- Growth in Resellers and System Integrators

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REVENUE % BY TECHNOLOGY CATEGORY



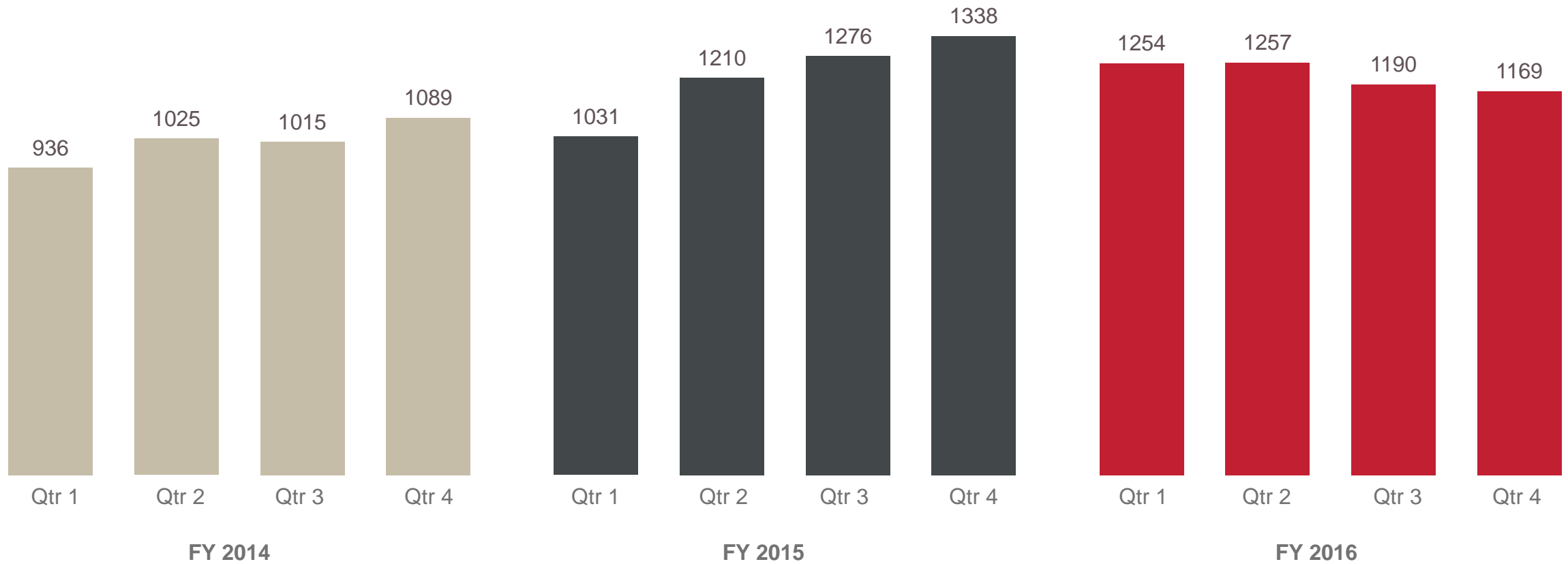
- Continued strong security growth
- Networking and comms drive half the business

Note: Unified Communications includes: Avaya, Polycom and Smart Technologies

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HISTORICAL QUARTERLY SALES

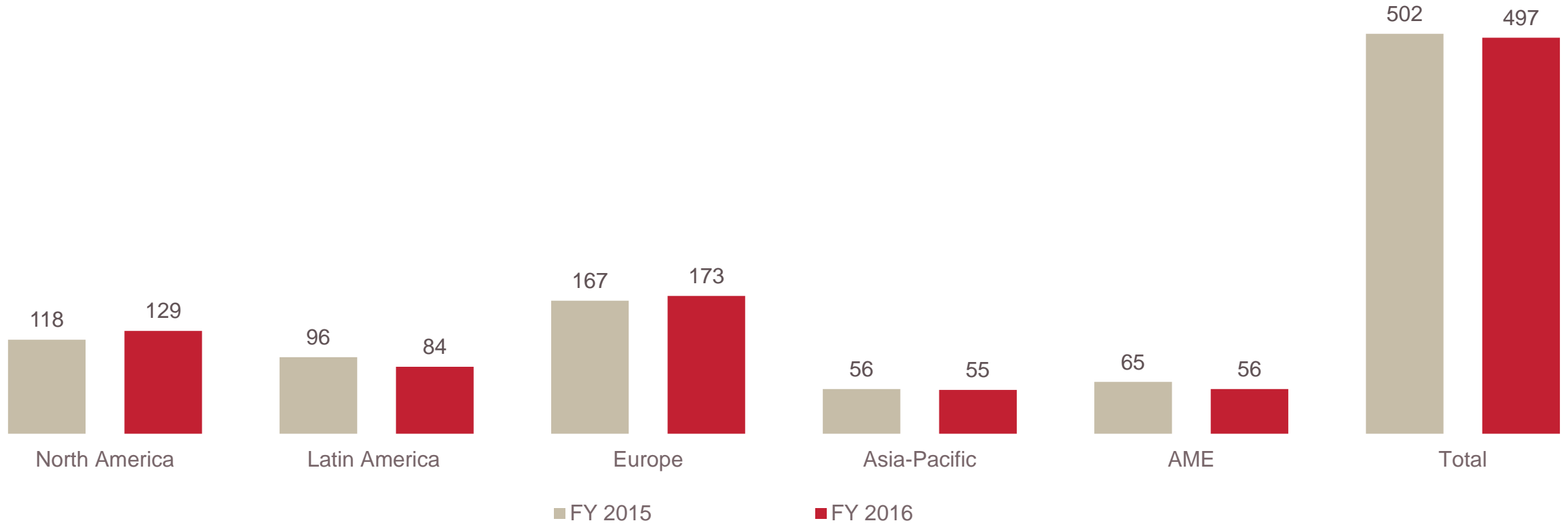
US\$m



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GROSS PROFIT CONTRIBUTION

US\$m

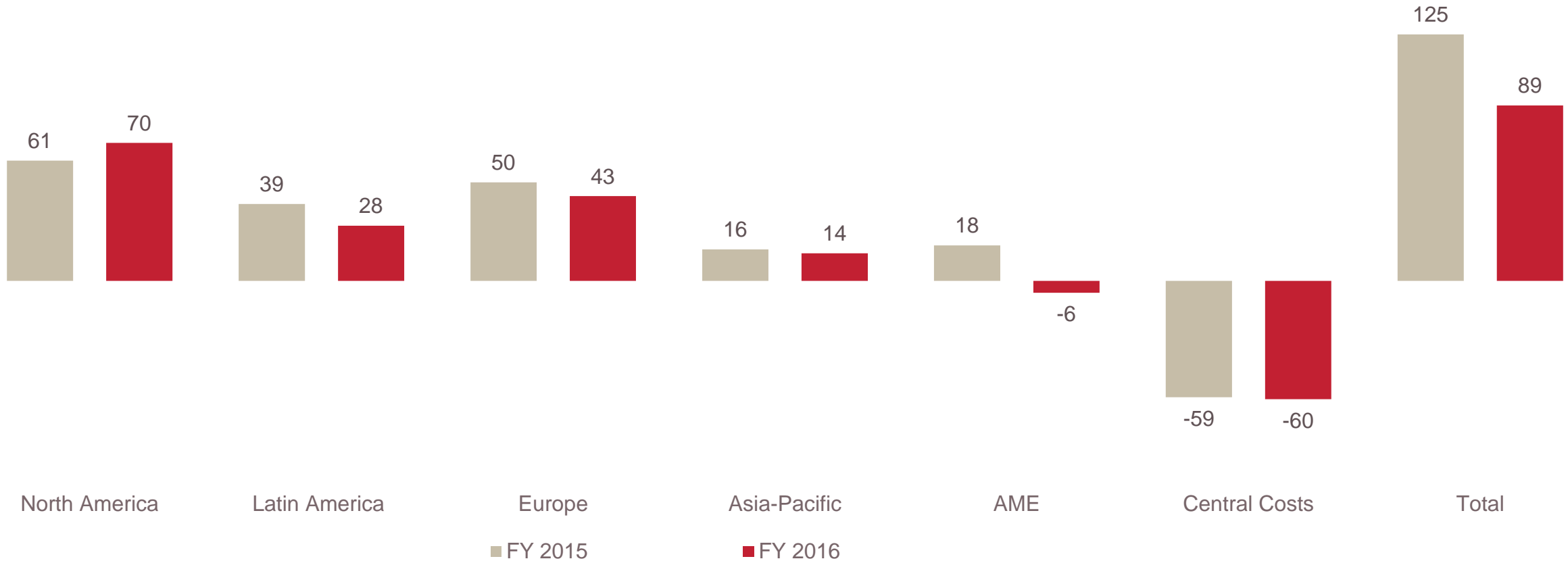


Note: This graph has been adjusted for the representation of Westcon freight out costs in FY 2015

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EBITDA

US\$m



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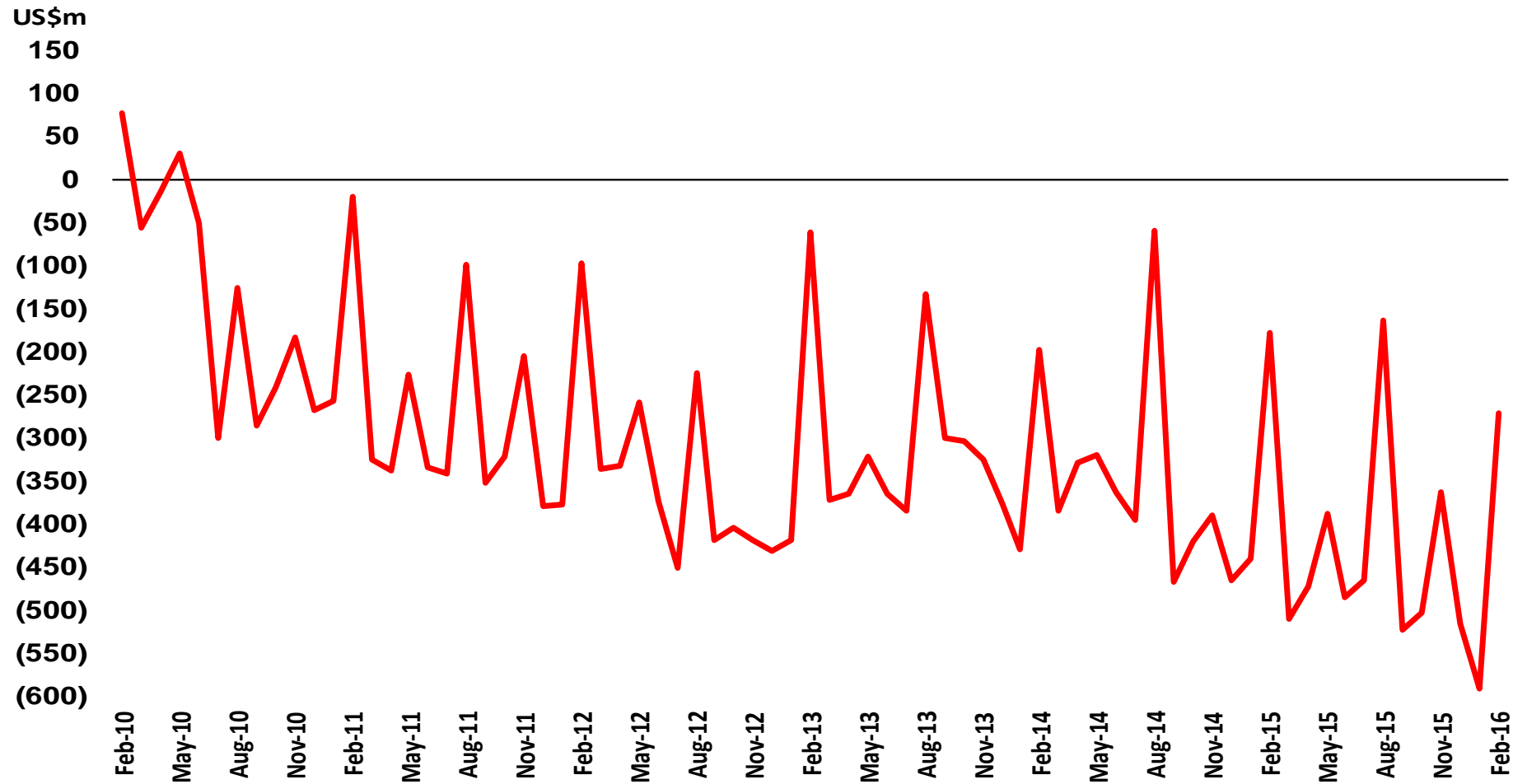
WORKING CAPITAL

US\$m	FY 2016	FY 2015
Accounts receivable	1,219.9	1,198.1
DSO (days)	70	62
Inventory	387.4	394.2
Inventory turns	9.8x	11.5x
Accounts payable	(1,093.0)	(1,117.0)
DPO (days)	73	67
Net working capital	514.3	475.3
NWC (days)	34	27
Current ratio	1.1	1.2
Net debt	(271.0)	(165.2)

- Slower EM's help reduce inventory
- Receivables and payables similar
- Net debt impacted by lower cash earnings and increased capex

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NET (DEBT) / CASH

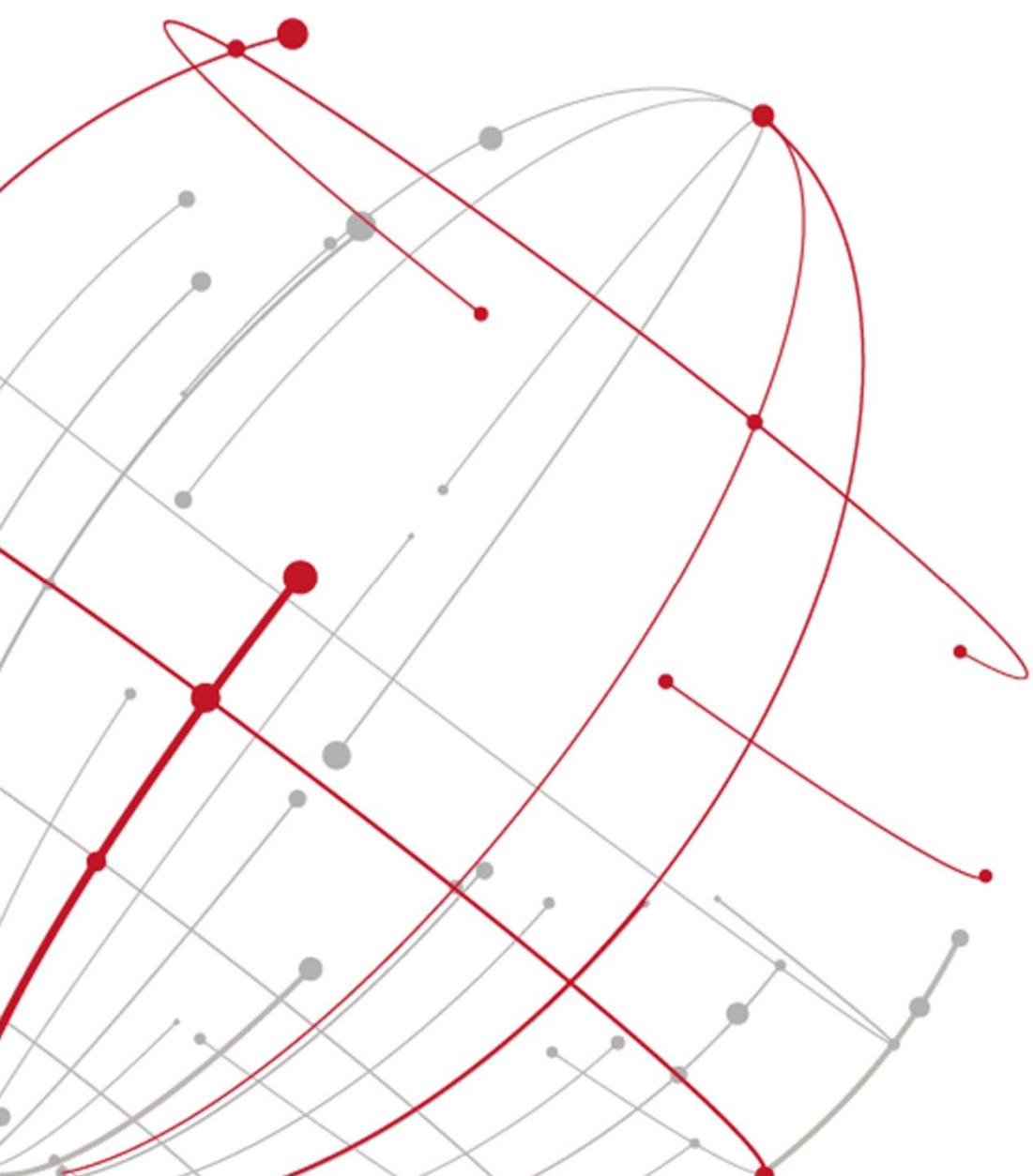


Note: Including Datatec loan

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FUTURE OUTLOOK

- Continued growth in security and mobile networks
- BPO successfully transitioned and operating in EMEA
- BPO to be extended to Asia-Pac and North America
- Growth challenges in many emerging markets
- US dollar expected to remain strong



LOGICALIS GROUP

 **LOGICALIS**

 **DATATEC**

LOGICALIS GROUP

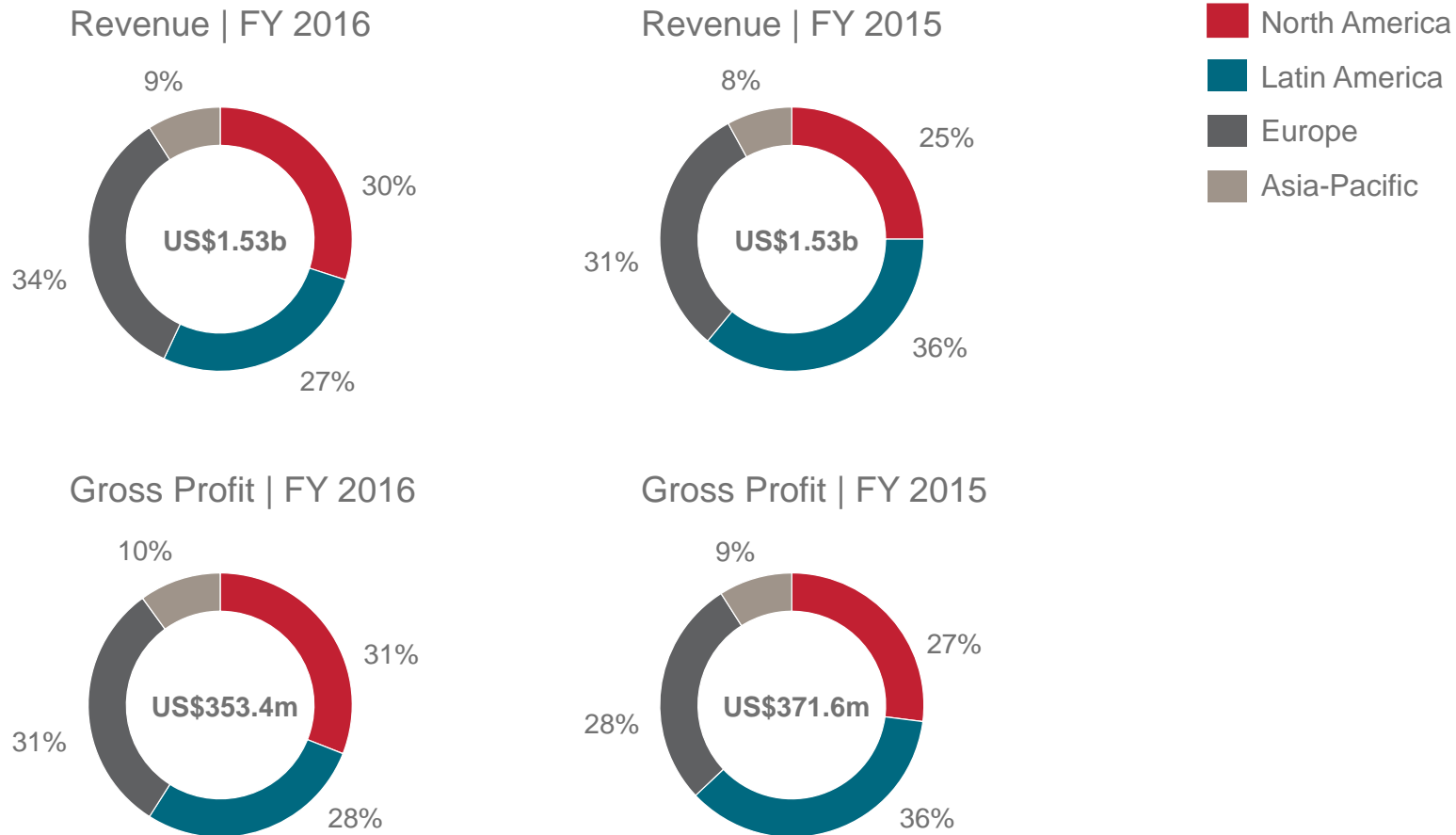
FINANCIAL PERFORMANCE

US\$m	FY 2016	FY 2015	Growth %
Revenue	1,532.8	1,533.8	(0.1%)
Gross profit	353.4	371.6	(5%)
<i>Gross margin %</i>	23.1%	24.2%	
Operating costs	(272.5)	(274.6)	(1%)
<i>Operating cost margin %</i>	17.8%	17.9%	
EBITDA	80.9	97.0	(17%)
<i>EBITDA%</i>	5.3%	6.3%	
Operating profit	56.3	74.2	(24%)
<i>Operating profit %</i>	3.7%	4.8%	

- Flat revenues
- Gross profit affected by mix
- Operating costs contained
- EBITDA down 17%

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REVENUE AND GROSS PROFIT CONTRIBUTION % BY GEOGRAPHY



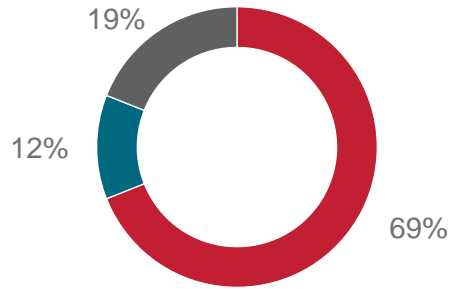
- Latam impacted by strong US\$ and weak Brazilian economy
- North America includes ATIG acquisition

- Gross margins impacted by reduced Latam contribution in mix
- Strong dollar reduces translated value of local services

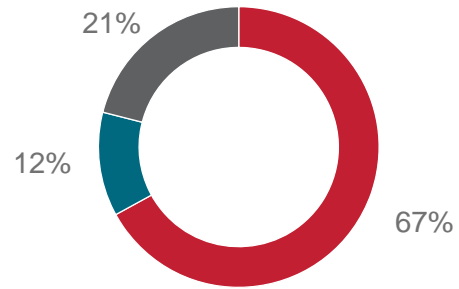
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REVENUE BY SEGMENT AND PRODUCT REVENUE BY VENDOR

Segment | FY 2016



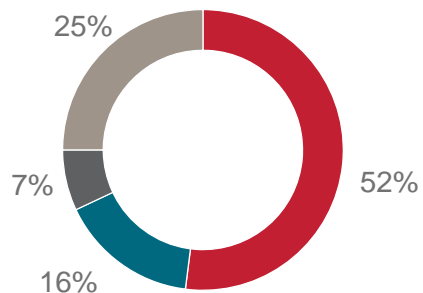
Segment | FY 2015



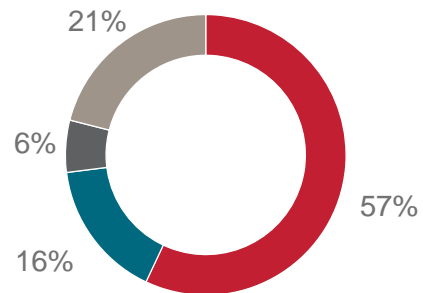
- Product
- Professional services
- Maintenance and managed services

- Product revenues up 3%
- Services revenues down 5%

Vendor | FY 2016



Vendor | FY 2015



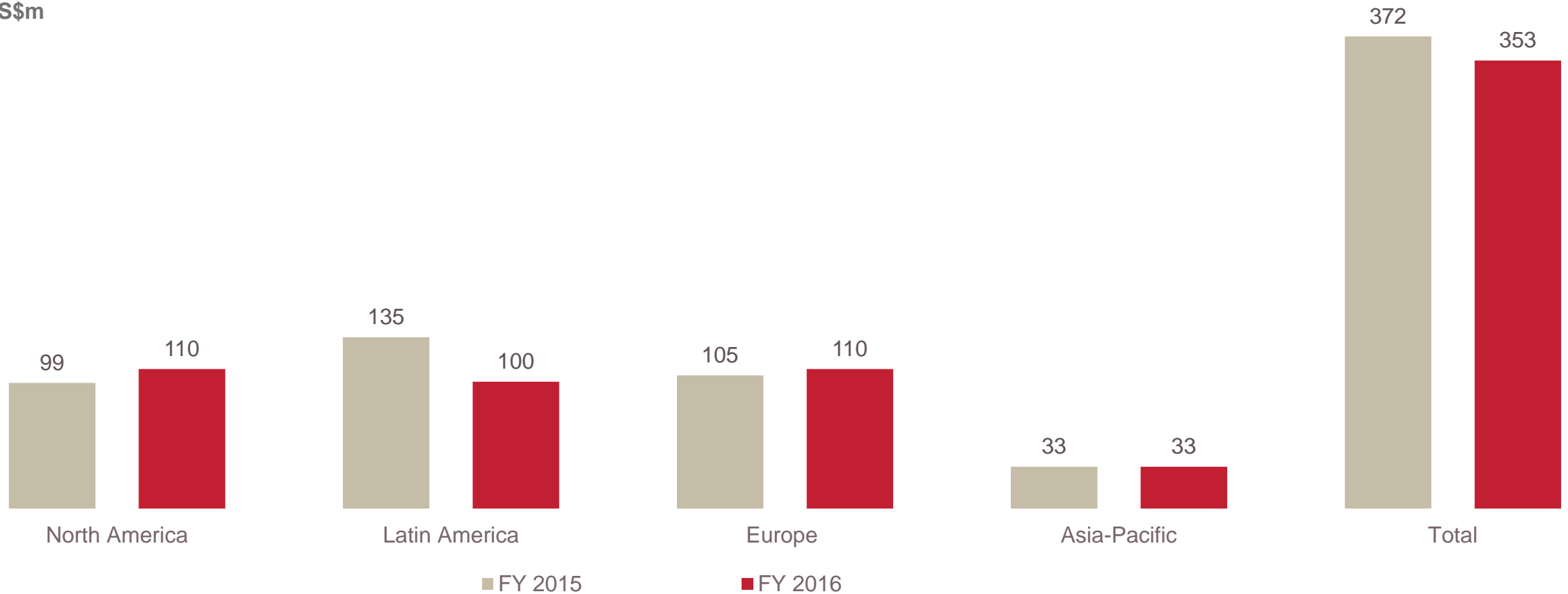
- Cisco
- IBM
- HP
- Other

- HP up in vendor mix
- Growth in 'Other' includes Oracle

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GROSS PROFIT CONTRIBUTION

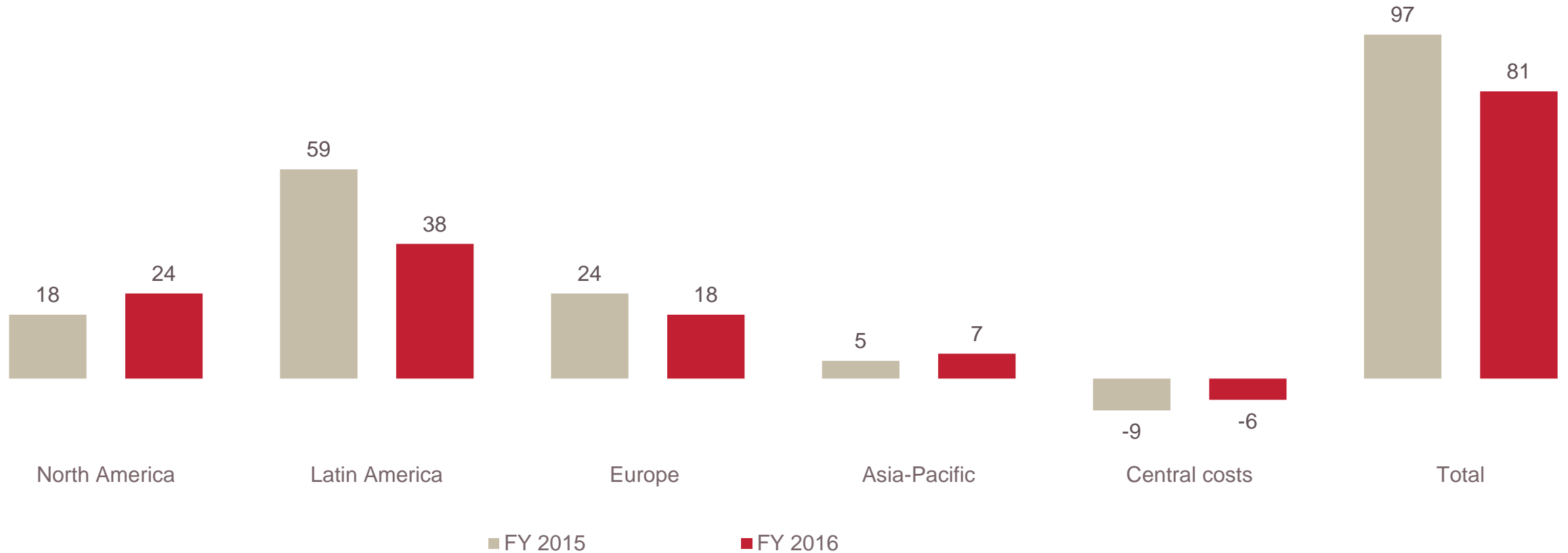
US\$m



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EBITDA

US\$m



LOGICALIS GROUP

WORKING CAPITAL

US\$m	FY 2016	FY 2015
Deferred revenue	77.9	75.9
Inventory	47.2	45.0
Inventory days (excluding spares stock)	18	15
Accounts receivable	279.8	328.4
DSO (days)	45	58
Accounts payable	(266.4)	260.4
DPO (days)	82	89
Net working capital	60.6	113.0
Net cash *	77.6	82.4

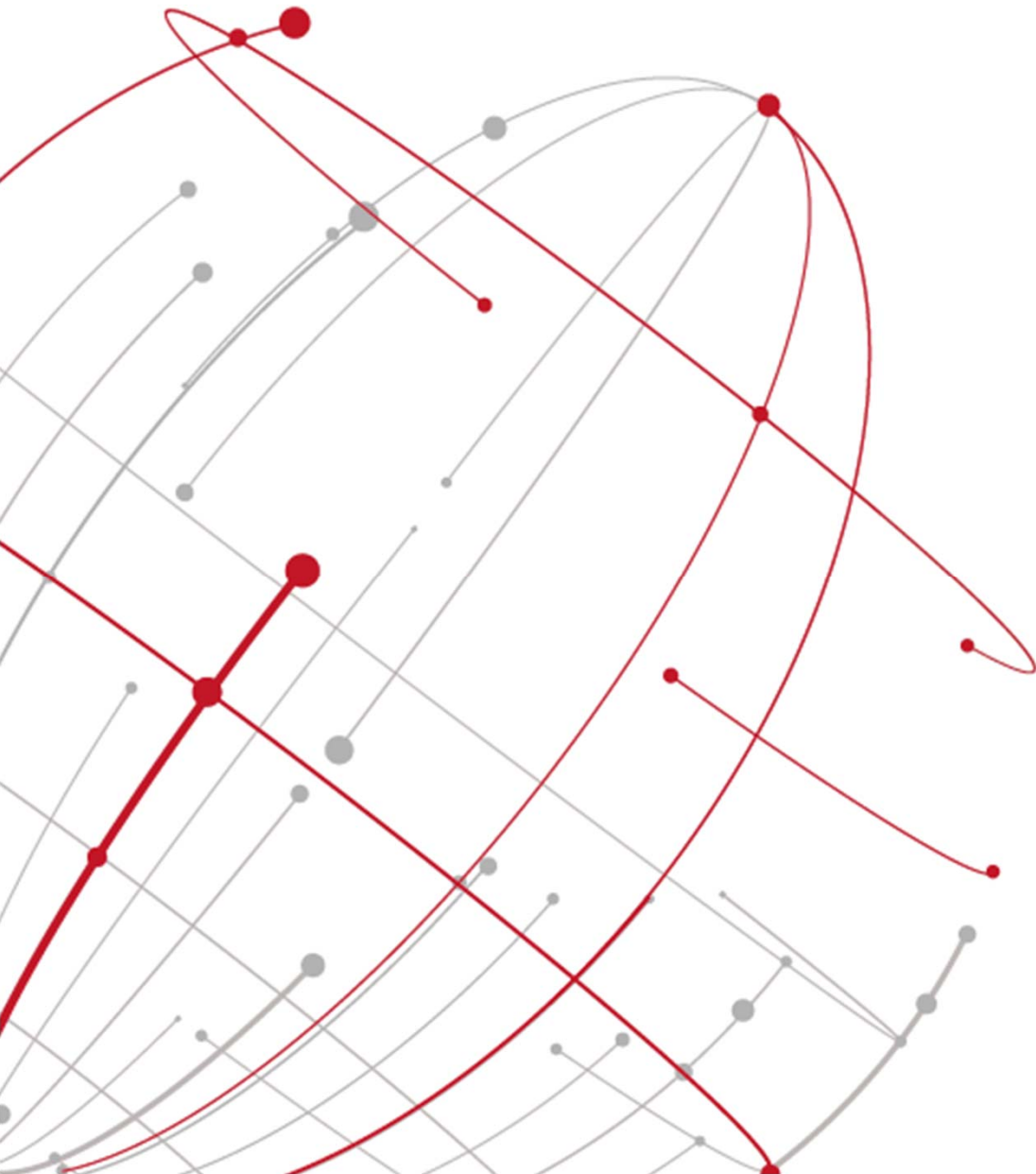
- Good working capital performance
- Strong controls on receivables
- Cash out of \$46m for acquisitions
- Positive net cash position of \$78m

* Excluding lease liabilities, Datatec loans and other borrowings

LOGICALIS GROUP

FUTURE OUTLOOK

- Global markets for IT products and services remain robust
- Logicalis seeking to build on its position in higher growth segments such as analytics and security
- Weak economic conditions in Brazil will continue to impact the group's performance
- US dollar strength expected to continue



CONSULTING



masonadvisory



CONSULTING

FINANCIAL PERFORMANCE

US\$m	FY 2016	FY 2015	Growth %
Revenue	51.4	55.2	(7%)
Gross profit	17.2	19.1	(10%)
<i>Gross margin %</i>	33.5%	34.6%	
Operating costs	(15.3)	(15.9)	(4%)
<i>Operating cost margin %</i>	29.8%	28.8%	
EBITDA	1.9	3.2	(41%)
<i>EBITDA%</i>	3.7%	5.8%	
Operating profit	1.2	2.4	(50%)
<i>Operating profit %</i>	2.3%	4.3%	

- Revenue and gross profit decline
- Strong H2 recovery
- EBITDA down 41%

CONSULTING

FUTURE OUTLOOK

- Via Group has been transferred to become part of Logicalis' Microsoft practice
- Division now focused on pure advisory and research with Analysys Mason and Mason Advisory
- Reduced operating costs and better margin profile expected



STRATEGY & OUTLOOK



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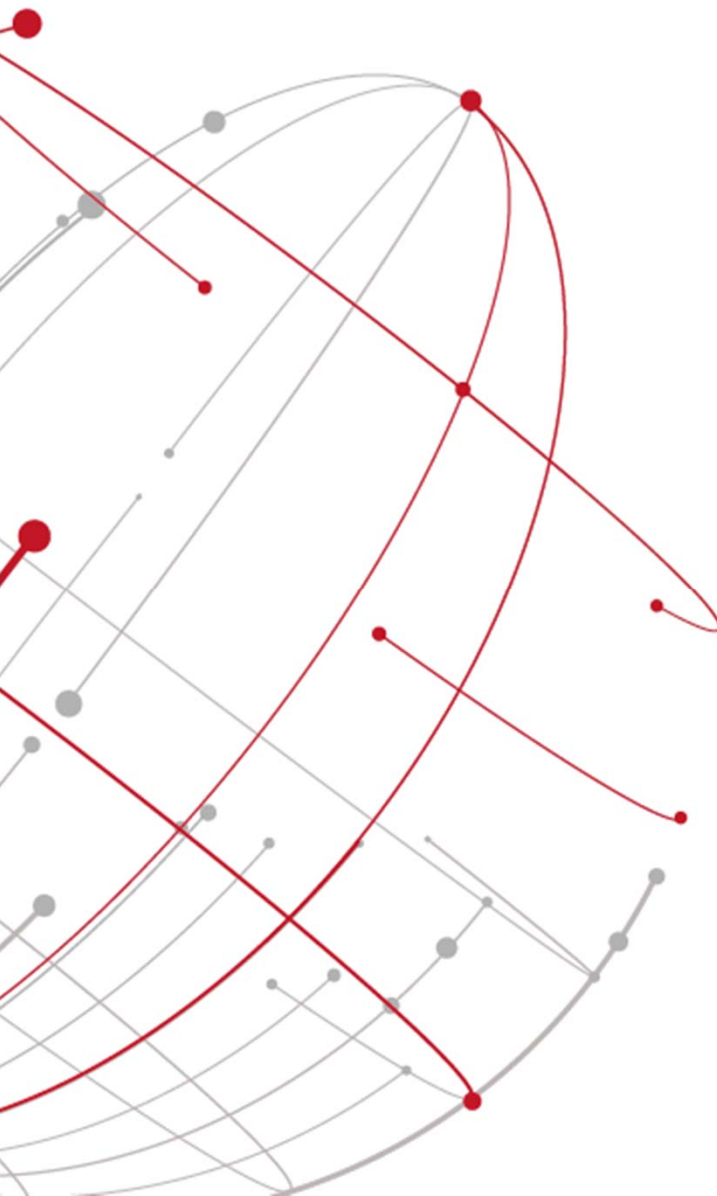
STRATEGY

- Addressing subscale markets and operations
- Embracing new and disruptive cloud technologies
- Provide global coverage for fast growing security and networking vendors
- Improve services mix and annuity contribution

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CURRENT TRADING AND PROSPECTS

- Negative events and restructuring costs incurred in FY16 should not repeat in FY17
- Expect margin expansion and operating leverage from actions taken in FY16
- Anticipate slow recovery in emerging markets
- Earnings should improve with operational gearing in FY17



QUESTIONS



Driving Technology

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DISCLAIMER

This presentation may contain statements regarding the future financial performance of the Group which may be considered to be forward-looking statements. By their nature, forward-looking statements involve risk and uncertainty, and although the Group has taken reasonable care to ensure the accuracy of the information presented, no assurance can be given that such expectations will prove to have been correct.

The Group has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. It is important to note, that:

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- actual results may differ materially from the Group's expectations if known and unknown risks or uncertainties affect its business, or if estimates or assumptions prove inaccurate;
- the Group cannot guarantee that any forward-looking statement will materialize and, accordingly, readers are cautioned not to place undue reliance on these forward-looking statements; and
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