



DATATEC GROUP

UNAUDITED INTERIM RESULTS FOR THE
SIX MONTHS ENDED 31 AUGUST 2018



Driving Technology

DATATEC GROUP

AGENDA



Results summary, overview & strategic update

Jens Montanana, Datatec Group CEO



Financial results

Ivan Dittrich, Datatec Group CFO



Operational review

Jens Montanana, Datatec Group CEO



Current trading, prospects & outlook

Jens Montanana, Datatec Group CEO



RESULTS SUMMARY, OVERVIEW & STRATEGIC UPDATE



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FINANCIAL RESULTS SUMMARY



Revenue

H1 FY19 **\$2.00bn**
H1 FY18[^] \$1.84bn



Gross margin

H1 FY19 **15.9%**
H1 FY18[^] 16.2%



EBITDA

H1 FY19 **\$43m**
H1 FY18[^] \$8m



Underlying EPS

H1 FY19 **3.6 US¢**
H1 FY18[^] (8.7) US¢

[^] Continuing operations

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OVERVIEW

Improved operational performance across all divisions

Stronger Logicalis results, despite currency headwinds

Westcon International recovery underway

Westcon central costs reductions on track

Strong balance sheet



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STRATEGIC UPDATE

Stronger balance sheet and improved group liquidity

Westcon International streamlined executive team in place

Share repurchase 20 million + shares to date

Synnex Westcon Americas earn-out in arbitration process

Logicalis self-funded acquisitions





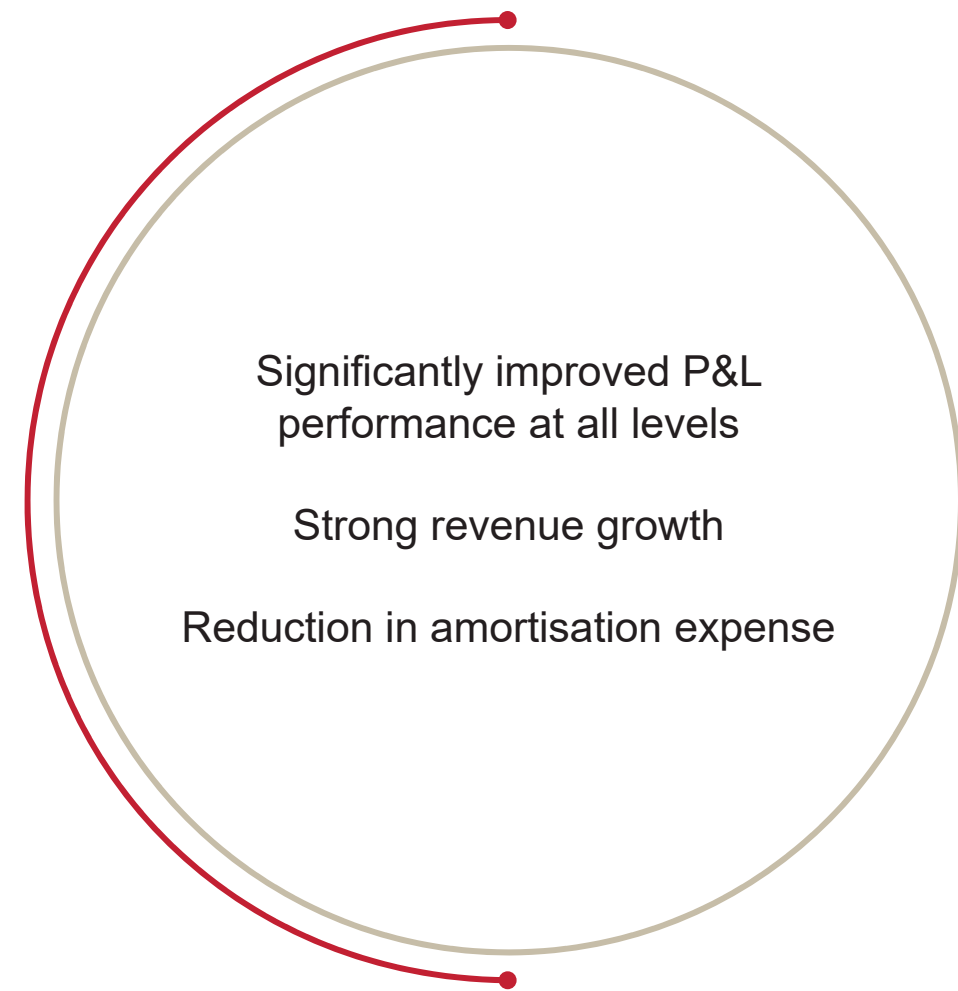
FINANCIAL RESULTS



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FINANCIAL PERFORMANCE

US\$m	H1 FY19	H1 FY18 [^]	% Movement
Revenue	2,004.8	1,844.8	9%
Gross profit	319.4	299.4	7%
<i>Gross margin %</i>	15.9%	16.2%	
Operating costs	(276.8)	(291.7)	(5%)
<i>Operating cost margin %</i>	13.8%	15.8%	
EBITDA	42.6	7.7	453%
<i>EBITDA%</i>	2.1%	0.4%	
Depreciation & amortisation	(18.5)	(26.7)	(31%)
Operating profit/(loss)	24.1	(19.0)	
<i>Operating profit/(loss) %</i>	1.2%	(1.0%)	



[^] Continuing operations

* Includes Datatec consolidation adjustments

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FINANCIAL PERFORMANCE – CONTINUED

US\$m	H1 FY19	H1 FY18 [^]	% Movement
Operating profit/(loss)	24.1	(19.0)	
Net finance costs	(9.6)	(9.9)	(3%)
Profit/(loss) before tax	13.9	(28.5)	
Underlying EPS (US cents)	3.6	(8.7)	
Underlying EPS (US cents) - Combined	3.6	1.4	157%
HEPS (US cents)	0.7	(14.4)	
HEPS (US cents) - Combined	0.7	(5.8)	

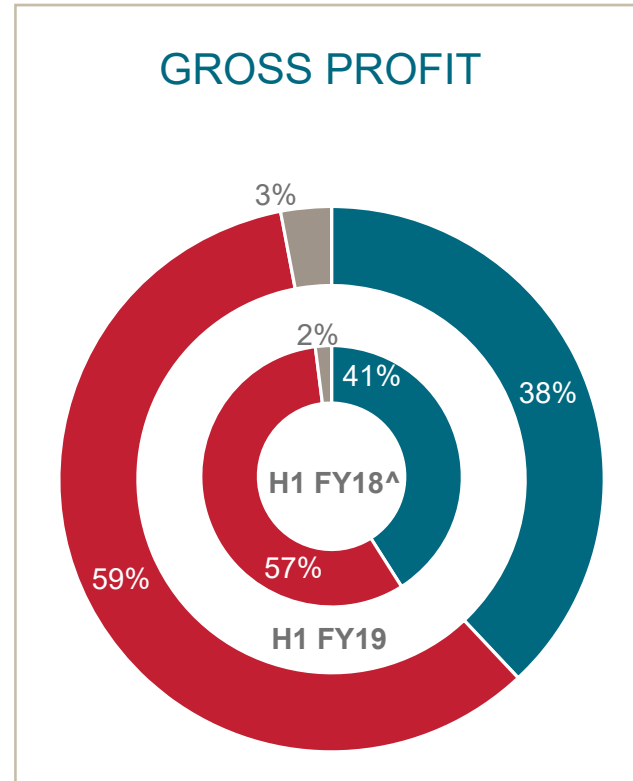
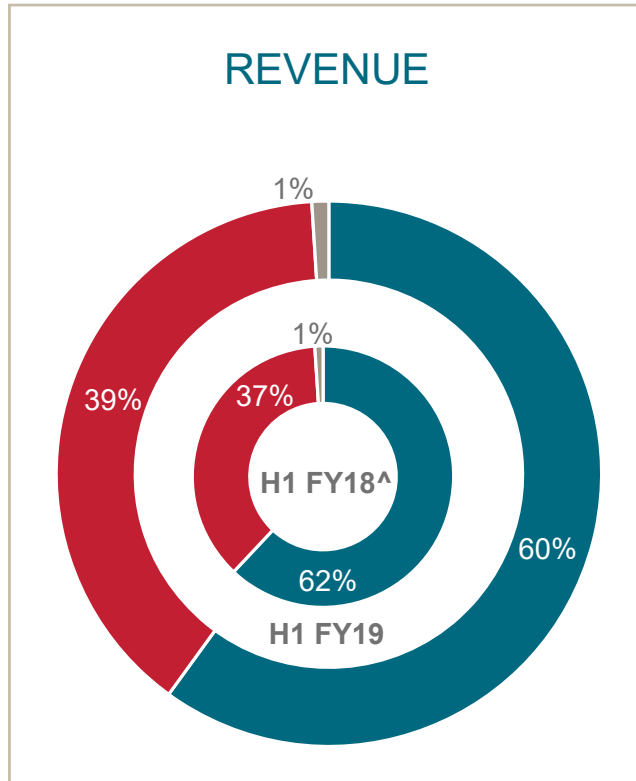
Increased finance costs in Logicalis due to large Latin America deal

Improved underlying EPS & HEPS

[^] Continuing operations

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CONTRIBUTION PER DIVISION



Contribution from Logicalis continuing to increase

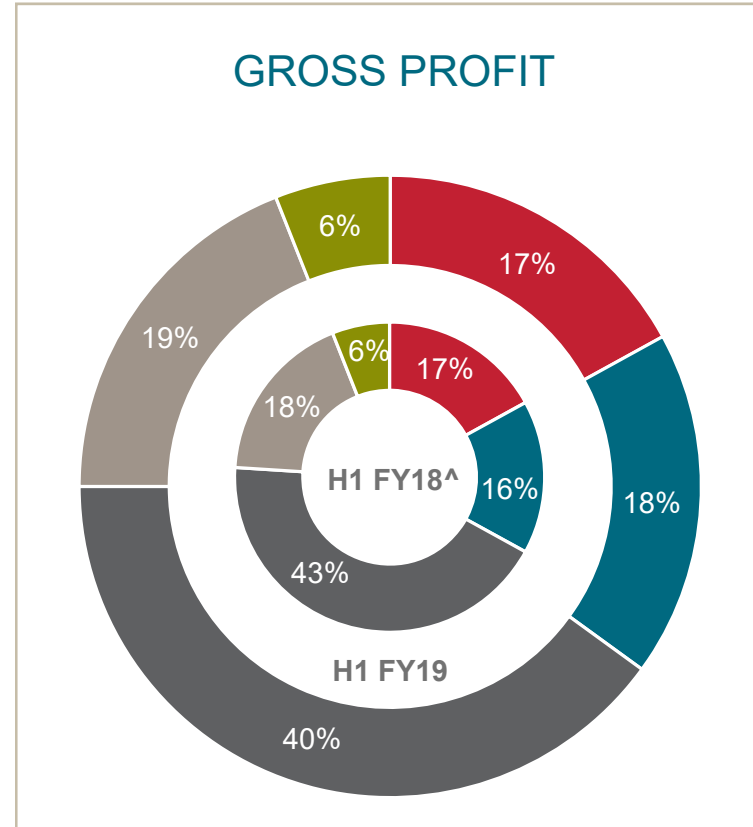
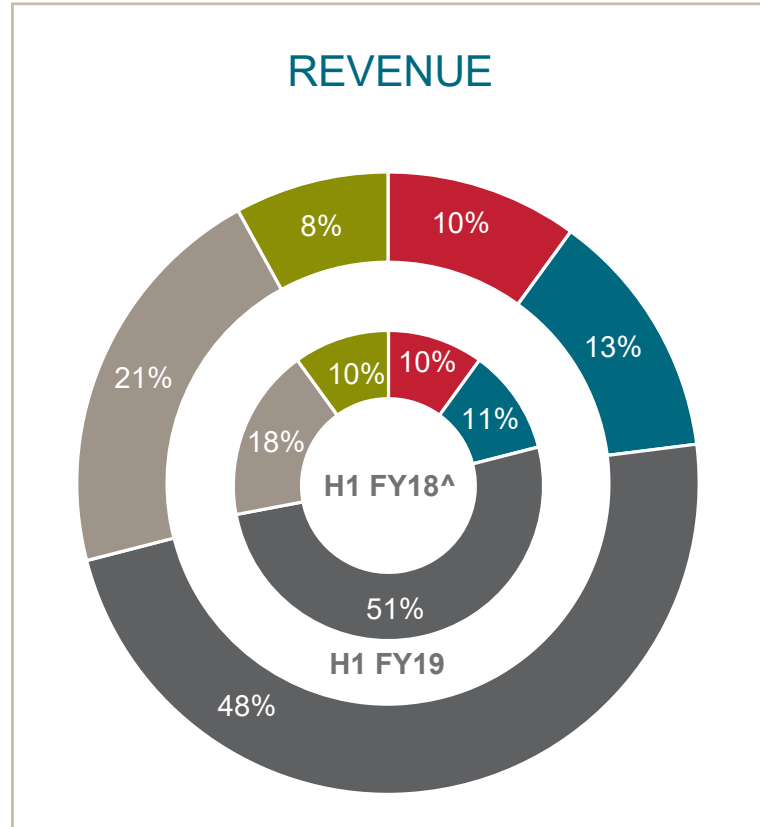
■ Westcon International
 ■ Logicalis
 ■ Consulting & Financial Services

[^] Continuing operations

* Contribution to EBITDA is calculated before Corporate costs

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REVENUE & GROSS PROFIT % CONTRIBUTION BY GEOGRAPHY



Increased contribution from Latin America

Asia-Pacific increase due to PSI acquisition

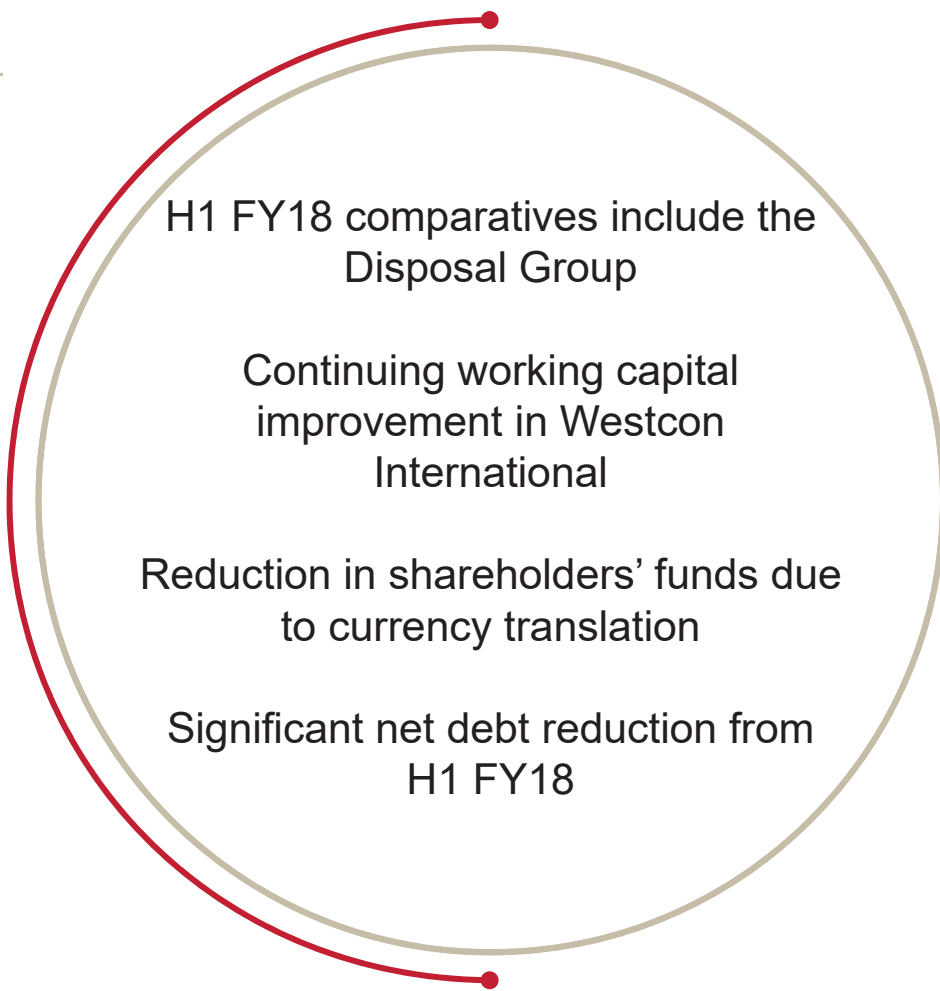
■ North America
 ■ Latin America
 ■ Europe
 ■ Asia-Pacific
 ■ MEA

[^] Continuing operations

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BALANCE SHEET SUMMARY

US\$m	H1 FY19	FY 2018	H1 FY18
Assets	2,575.1	2,661.6	3,638.3
Non-current assets			
Goodwill	222.6	227.3	403.5
Acquired intangible assets & software	34.7	40.7	41.1
Other non-current assets	147.3	149.4	227.2
Current assets	2,170.5	2,244.2	1,870.9
Assets held for sale		-	1,095.6
Equity & Liabilities	2,575.1	2,661.6	3,638.3
Shareholders' funds	660.8	721.6	855.4
Non-controlling interests	62.8	69.2	52.1
Long-term liabilities	97.6	120.5	119.3
Amounts due to vendors	1.2	1.2	1.5
Current liabilities	1,752.7	1,749.1	1,677.1
Liabilities directly associated with assets held for sale	-	-	932.9
Net debt[^]	(63.1)	(6.4)	(273.4)



[^] Continuing operations

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CASH FLOW

US\$m	H1 FY19	H1 FY18*
EBITDA	42.6	39.3
Working capital changes	(62.3)	(11.8)
Other working capital changes	9.2	(1.2)
Other movements	(11.2)	3.0
Cash (utilised in)/generated from operations	(21.7)	29.3
Net finance costs paid	(10.3)	(13.1)
Taxation paid	(10.5)	(14.9)
Net cash (outflow)/inflow from operating activities	(42.5)	1.3
Net cash outflow for acquisitions	(2.0)	(5.3)
Net cash outflow from other investing activities	(18.8)	(27.6)
Share repurchases	(7.0)	-
Net cash inflow from other financing activities	10.6	27.1
Decrease in cash & cash equivalents	(59.7)	(4.5)
Cash & cash equivalents at beginning of year	161.3	(299.9)
Translation difference on cash & cash equivalents	(15.3)	(0.2)
Cash & cash equivalents at end of period	86.3	(304.6)
Cash & cash equivalents at end of period – Continuing ops	-	(158.3)
Cash & cash equivalents at end of period – Discontinued ops	-	(146.3)

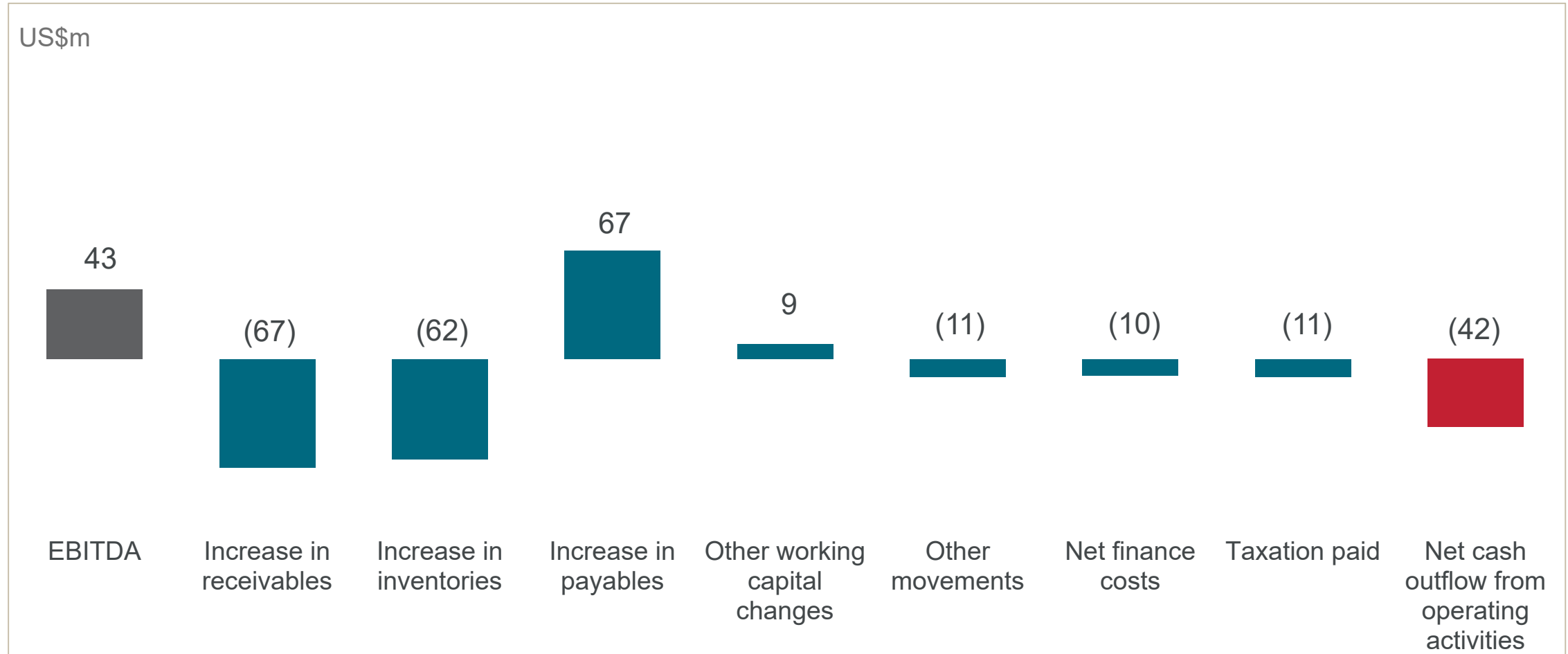
Working capital changes mainly as a result of increased inventory

\$7 million share repurchases

* Includes both continuing and discontinued operations

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CASH FLOW FROM OPERATING ACTIVITIES





OPERATIONAL REVIEW





LOGICALIS GROUP

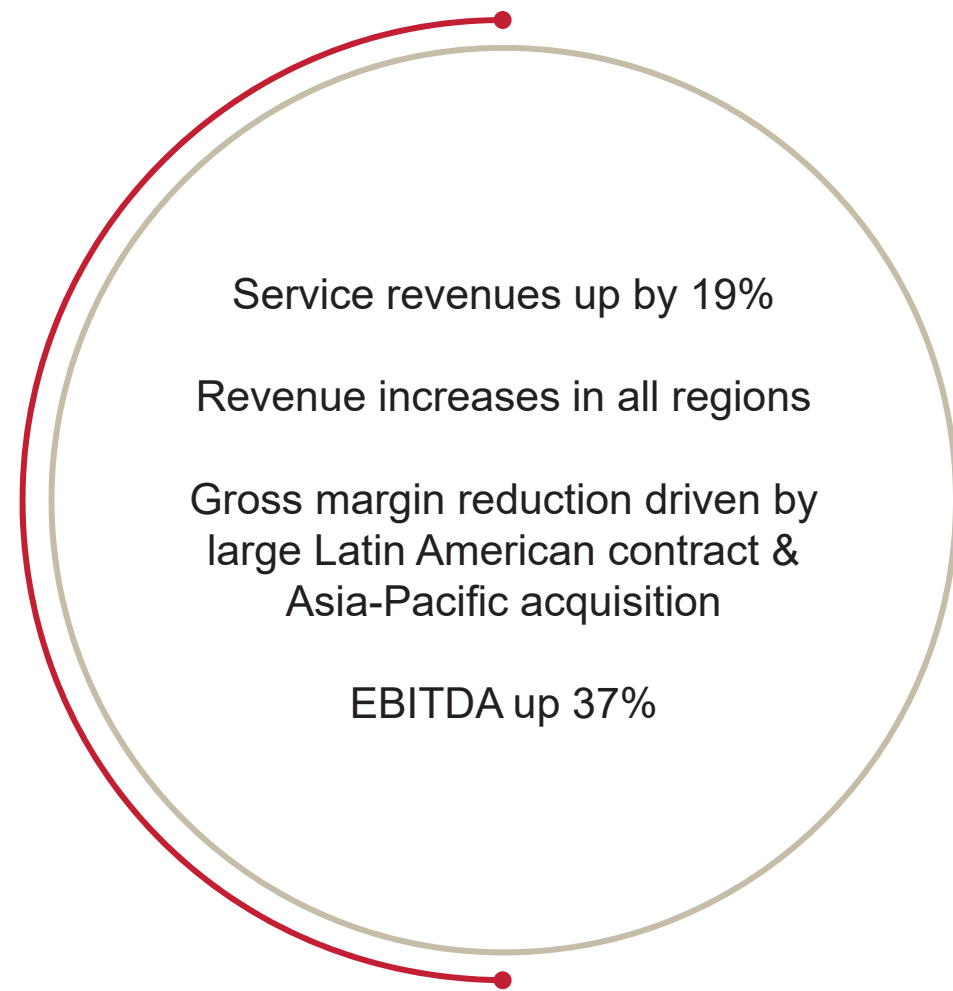
 **LOGICALIS**

 **DATATEC**

LOGICALIS GROUP

FINANCIAL PERFORMANCE

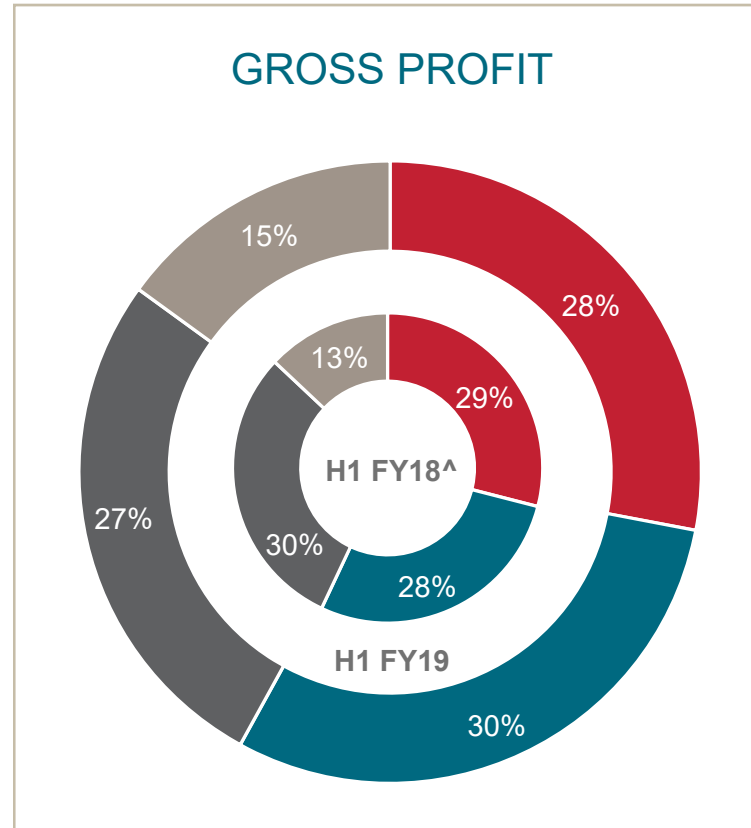
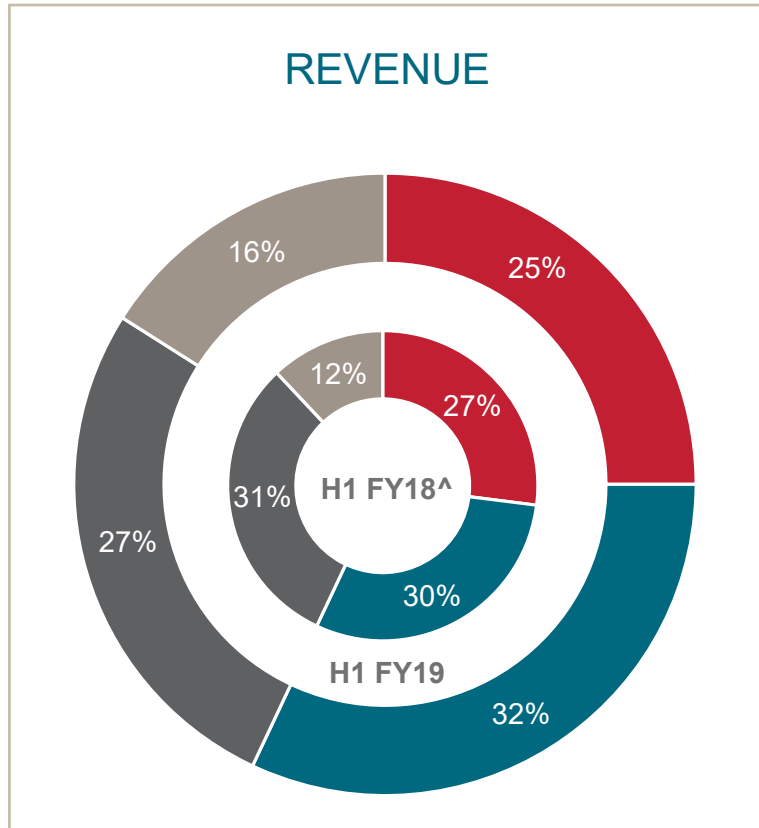
US\$m	H1 FY19	H1 FY18 [^]	% Movement
Revenue	775.5	677.6	14%
Gross profit	188.8	171.4	10%
<i>Gross margin %</i>	24.3%	25.3%	
Operating costs	(150.1)	(143.2)	5%
<i>Operating cost margin %</i>	19.4%	21.1%	
EBITDA	38.7	28.2	37%
<i>EBITDA%</i>	5.0%	4.2%	
Operating profit	25.6	16.0	60%
<i>Operating profit %</i>	3.3%	2.4%	



[^] Continuing operations

LOGICALIS GROUP

REVENUE & GROSS PROFIT % CONTRIBUTION BY GEOGRAPHY

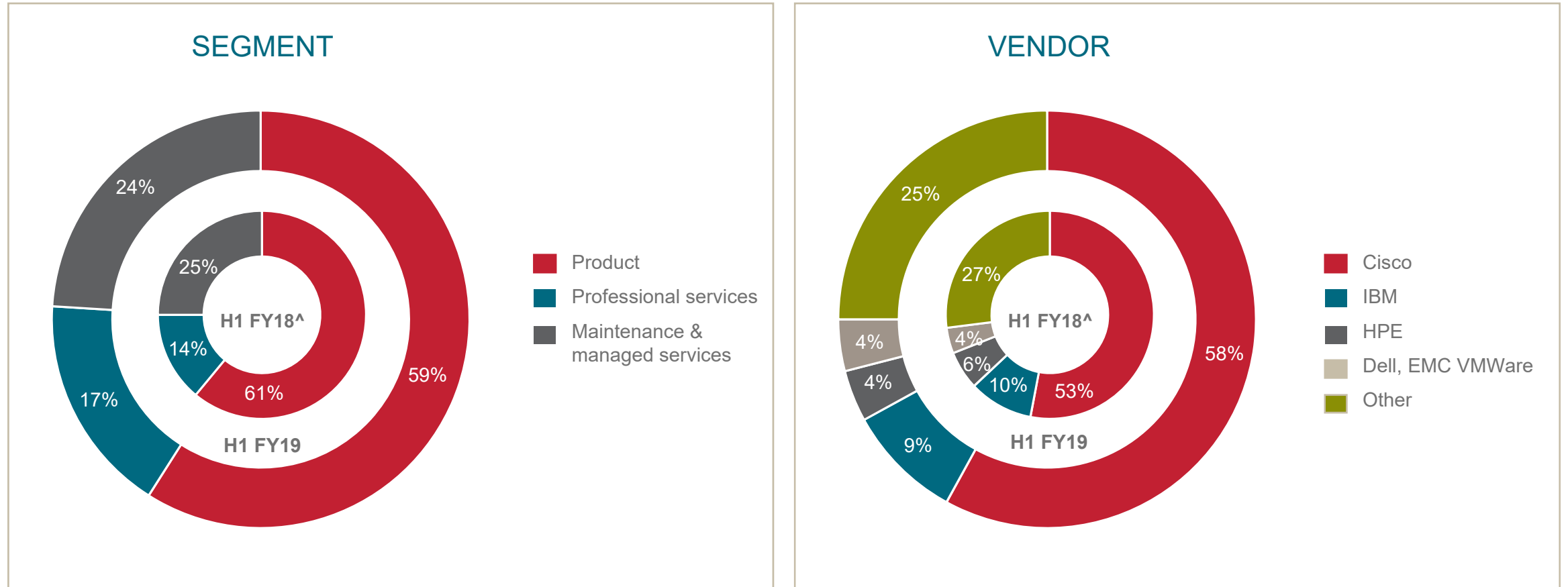


- North America
- Latin America
- EMEA
- Asia-Pacific

[^] Continuing operations

LOGICALIS GROUP

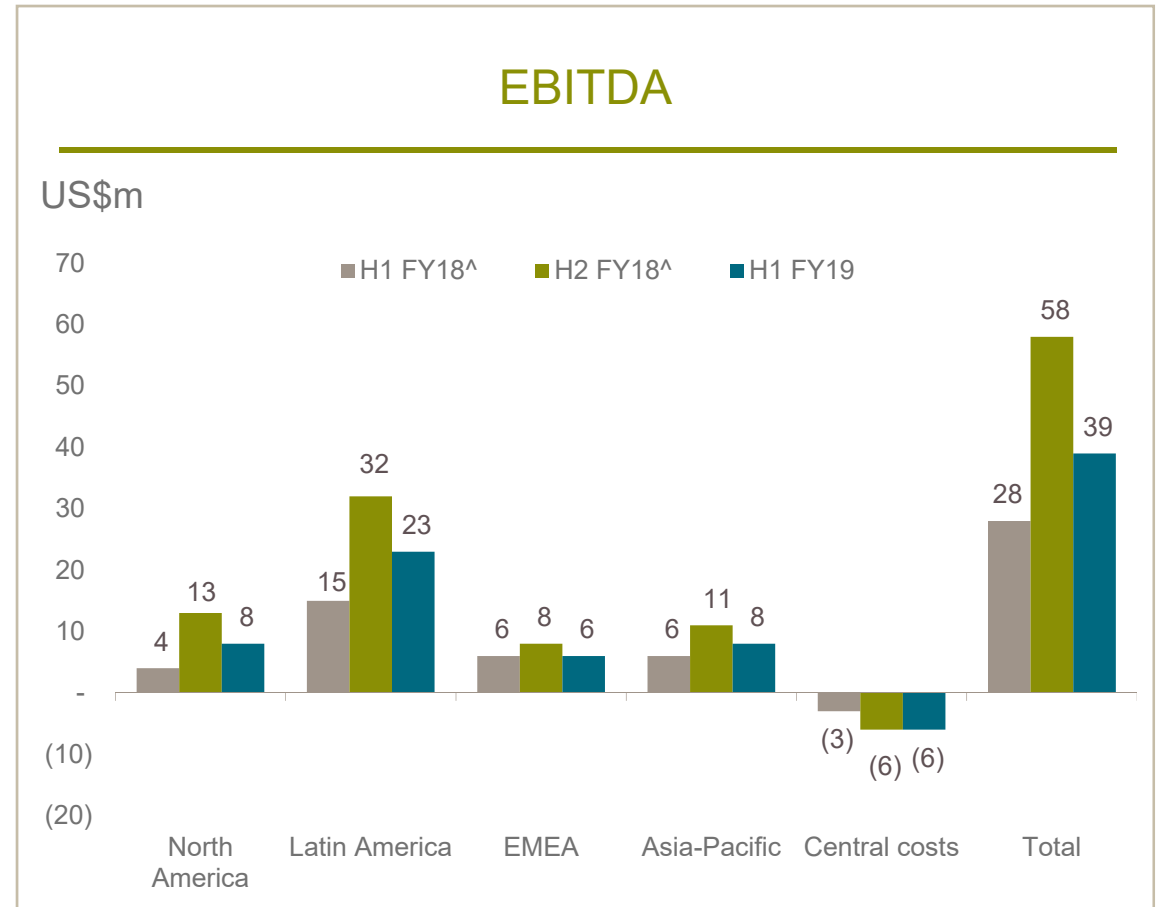
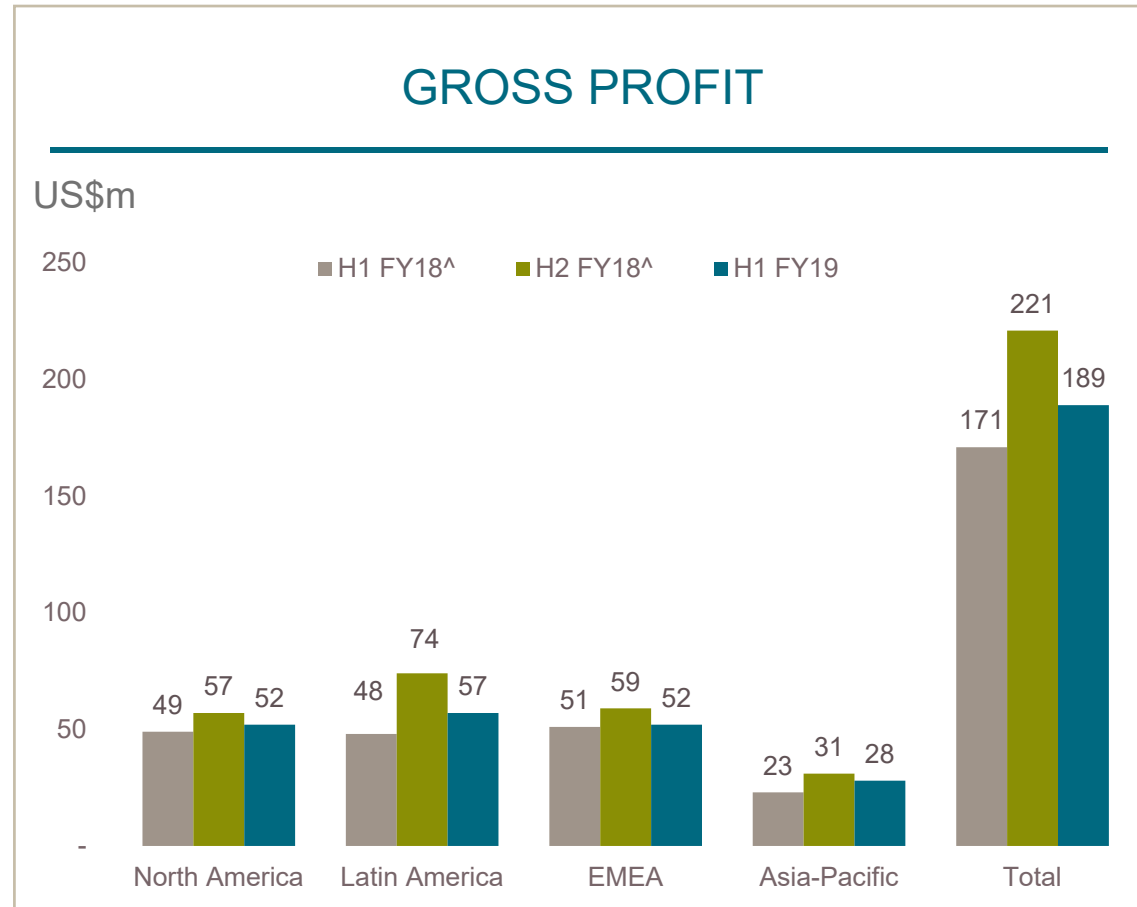
REVENUE BY SEGMENT & PRODUCT REVENUE BY VENDOR



[^] Continuing operations

LOGICALIS GROUP

GROSS PROFIT & EBITDA BY GEOGRAPHY

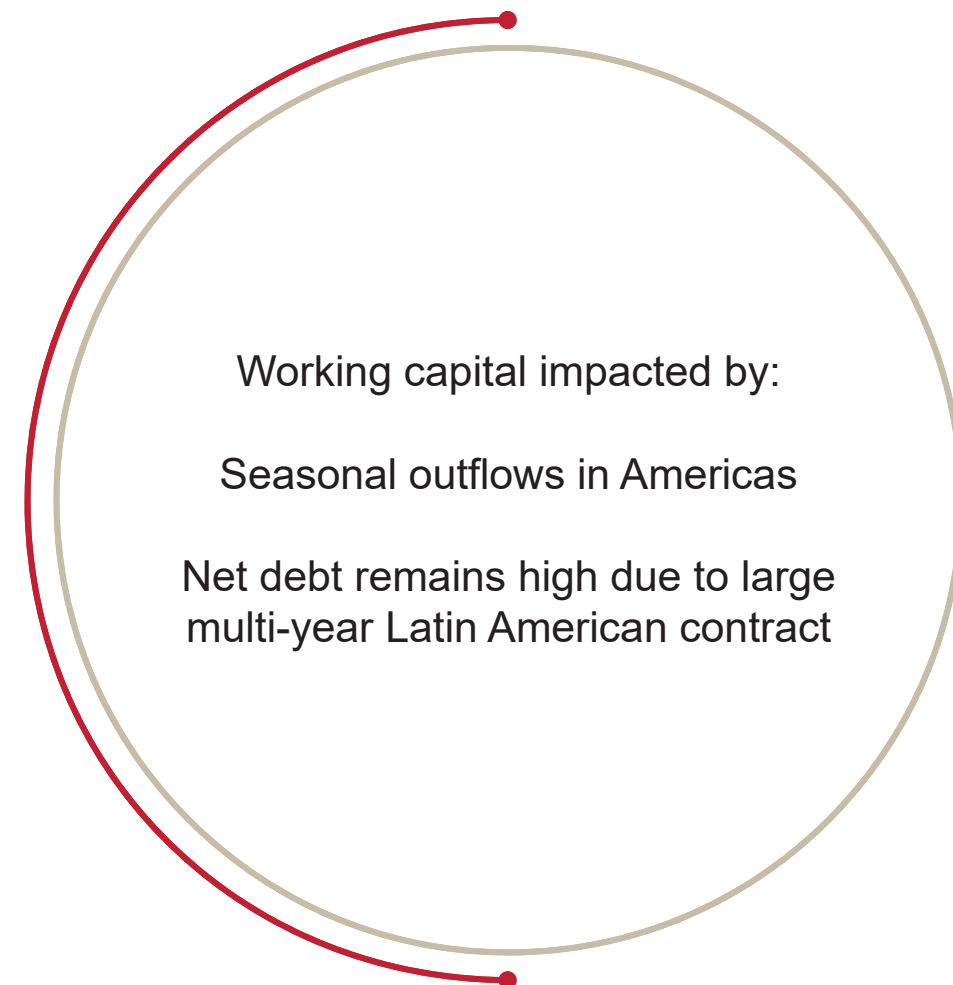


^ Continuing operations

LOGICALIS GROUP

WORKING CAPITAL

US\$m	H1 FY19	FY 2018	H1 FY18^
Deferred revenue	(73.5)	(97.2)	(76.3)
Inventory	86.2	65.9	72.3
Inventory days (excluding spares stock)	34	20	25
Accounts receivable	410.9	467.1	306.3
DSO (days)	68	66	52
Other receivables & prepayments	288.8	274.4	260.8
Accounts payable	(294.7)	(304.4)	(295.1)
DPO (days)	105	90	112
Net working capital	202.4	228.6	83.5
Net debt	(164.1)	(139.5)	(78.0)



^ Continuing operations

LOGICALIS GROUP

OUTLOOK

Recent M&A activity will be accretive in FY19

Strategic focus on both core and new technologies

Growing managed services around cloud-based solutions

Seasonally better second half with enhanced profitability





WESTCON INTERNATIONAL

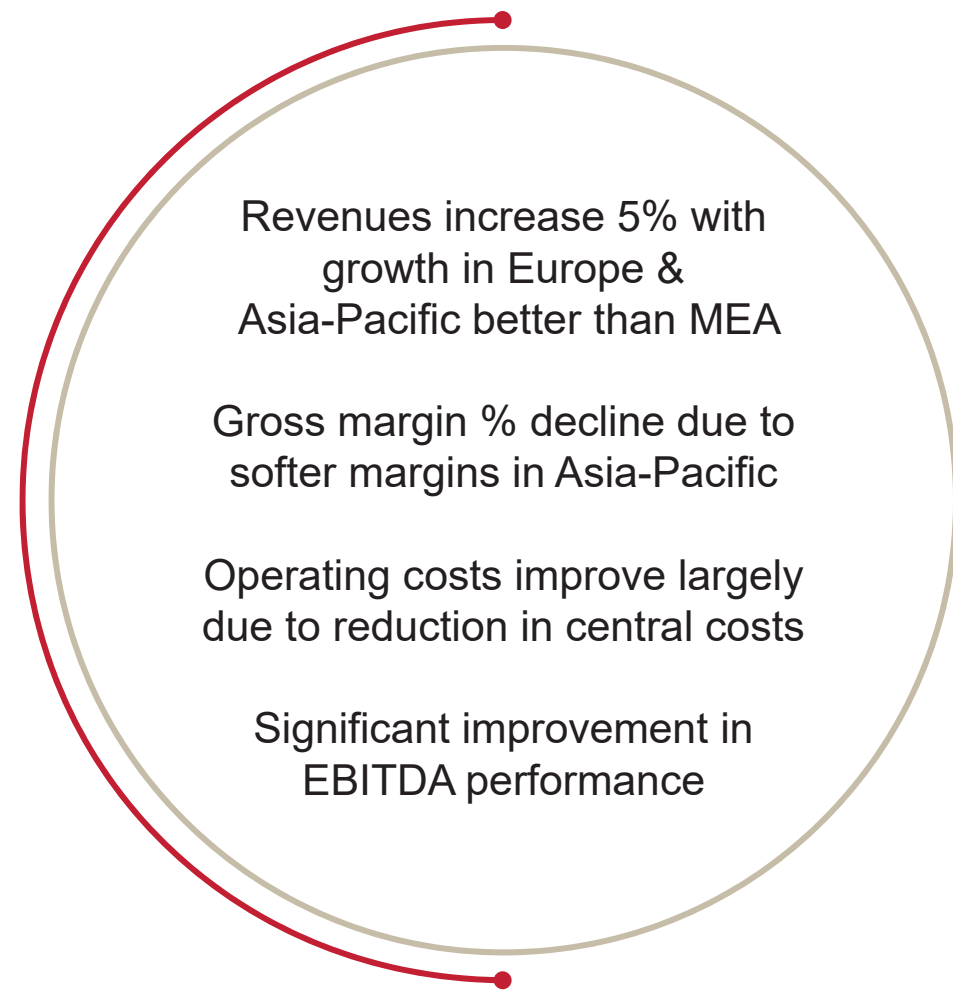
Westcon  **Comstor**
Delivering Results Together

 **DATATEC**

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FINANCIAL PERFORMANCE

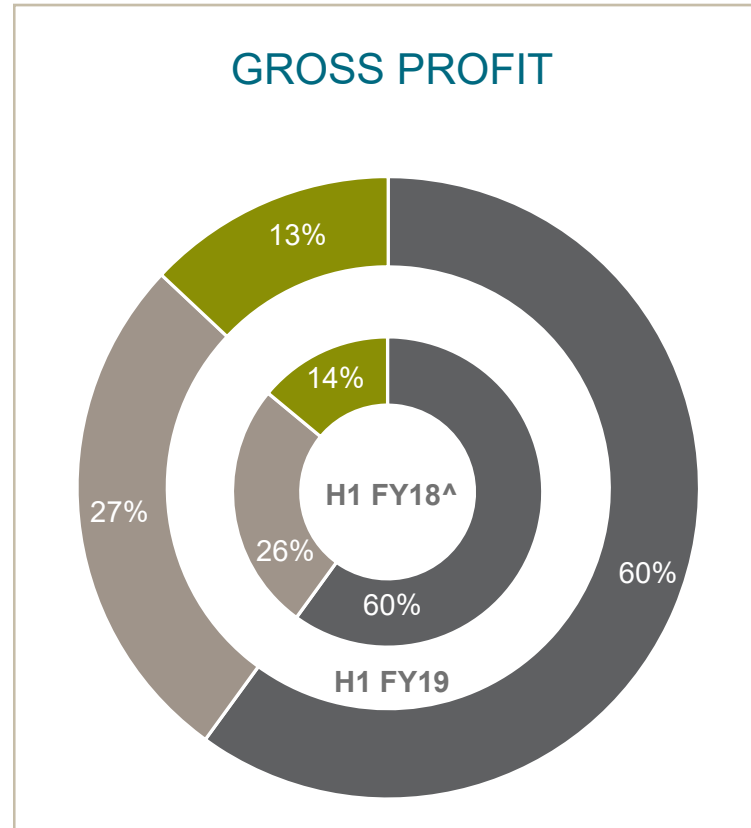
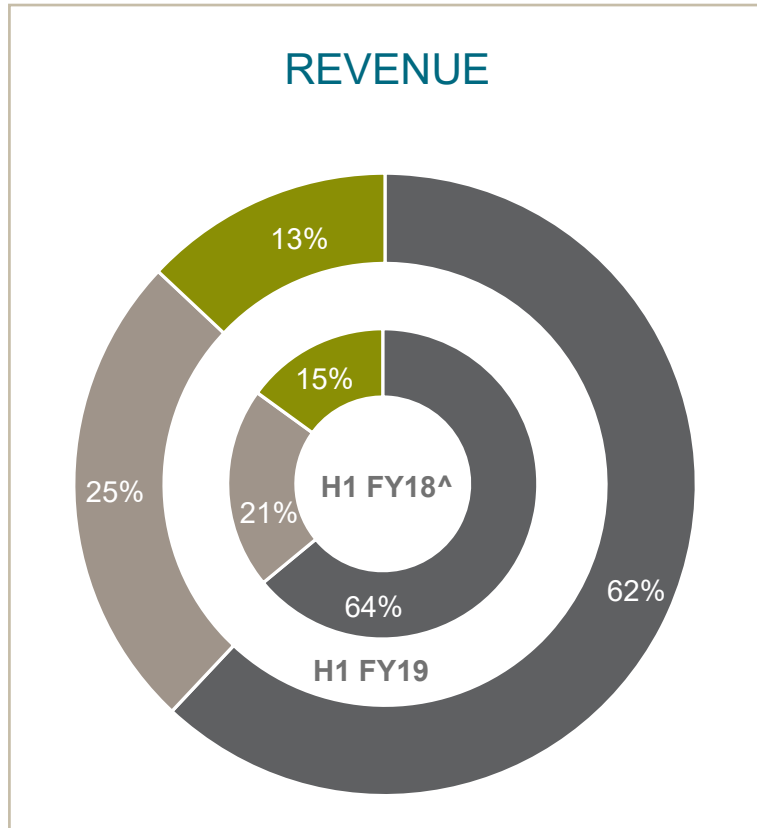
US\$m	H1 FY19	H1 FY18 [^]	% Movement
Revenue	1,206.6	1,148.0	5%
Gross profit	121.7	120.9	1%
<i>Gross margin %</i>	10.1%	10.5%	
Operating costs	(115.8)	(132.9)	(13%)
<i>Operating cost margin %</i>	9.6%	11.6%	
EBITDA/EBITDA loss	5.9	(12.0)	
<i>EBITDA%</i>	0.5%	(1.0%)	
Operating profit/(loss)	1.0	(26.0)	
<i>Operating profit/(loss) %</i>	0.1%	(2.3%)	



[^] Continuing operations

WESTCON INTERNATIONAL

REVENUE & GROSS PROFIT % CONTRIBUTION BY GEOGRAPHY

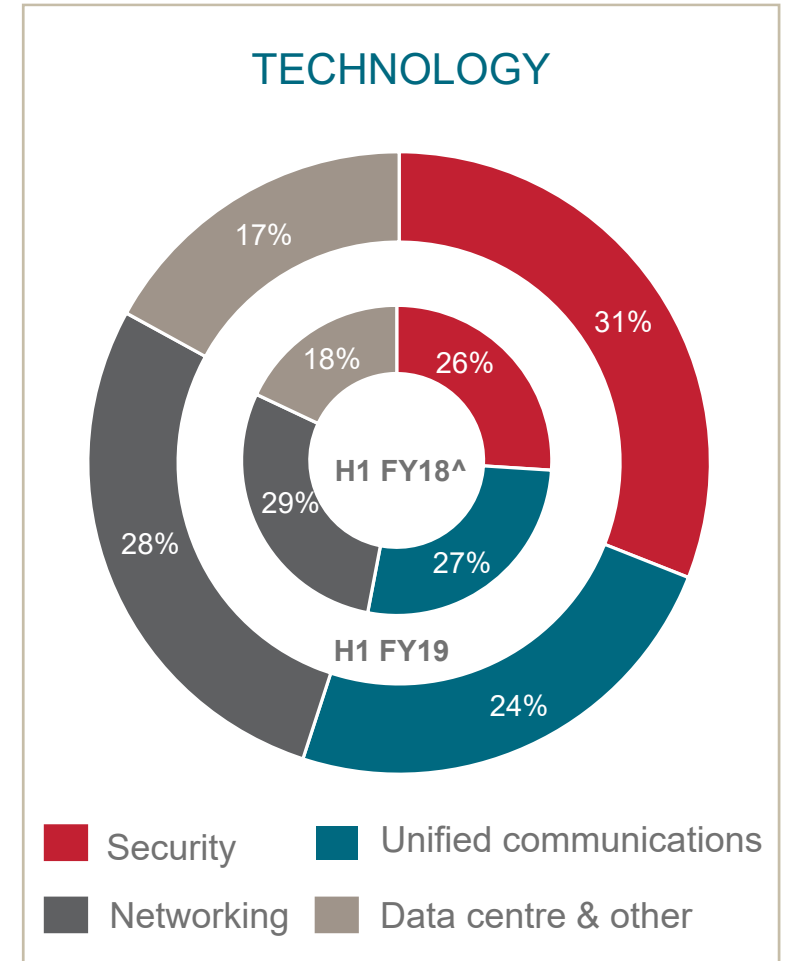
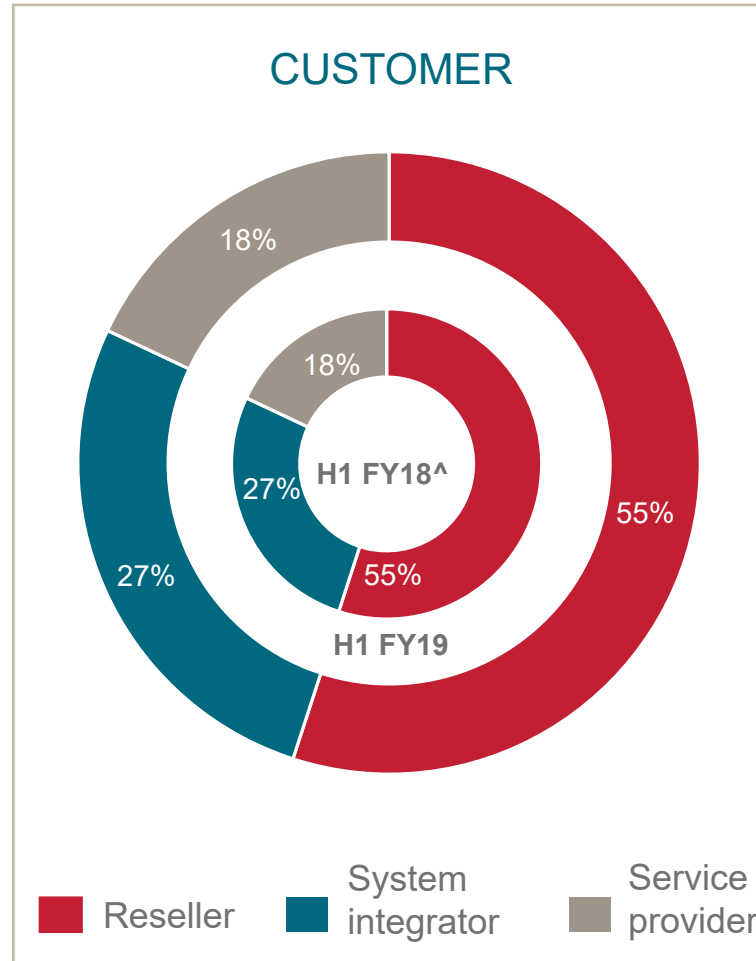
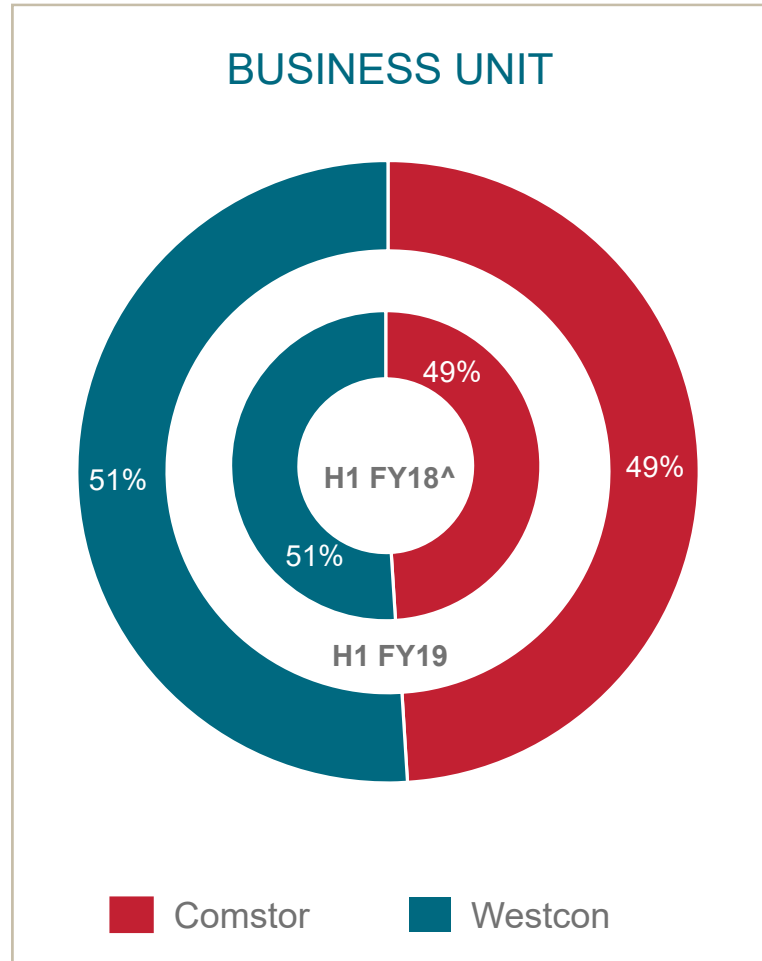


- Europe
- Asia-Pacific
- MEA

[^] Continuing operations

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REVENUE % BY BUSINESS UNIT, CUSTOMER & TECHNOLOGY CATEGORY

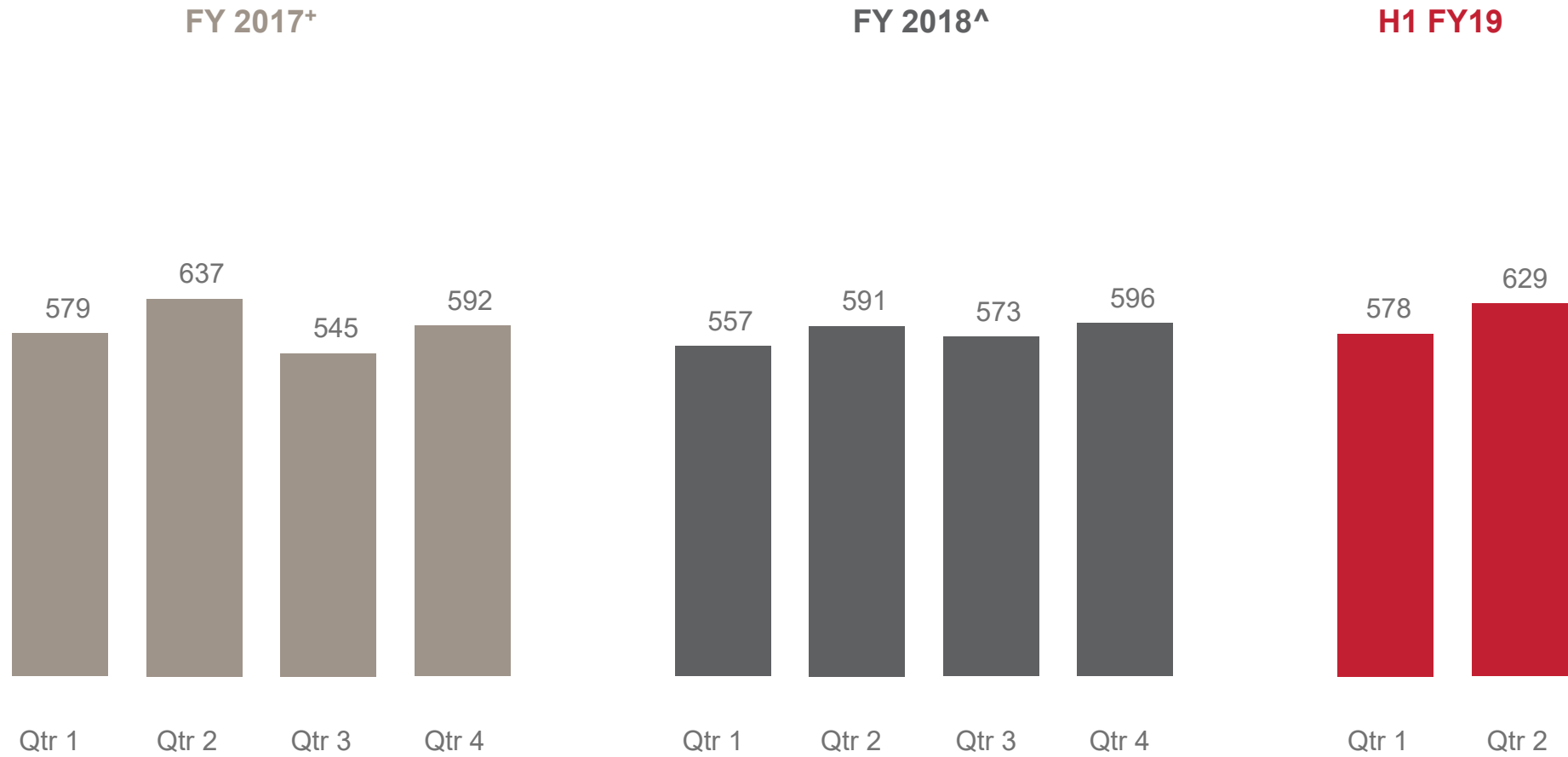


[^] Continuing operations

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HISTORICAL QUARTERLY SALES

US\$m

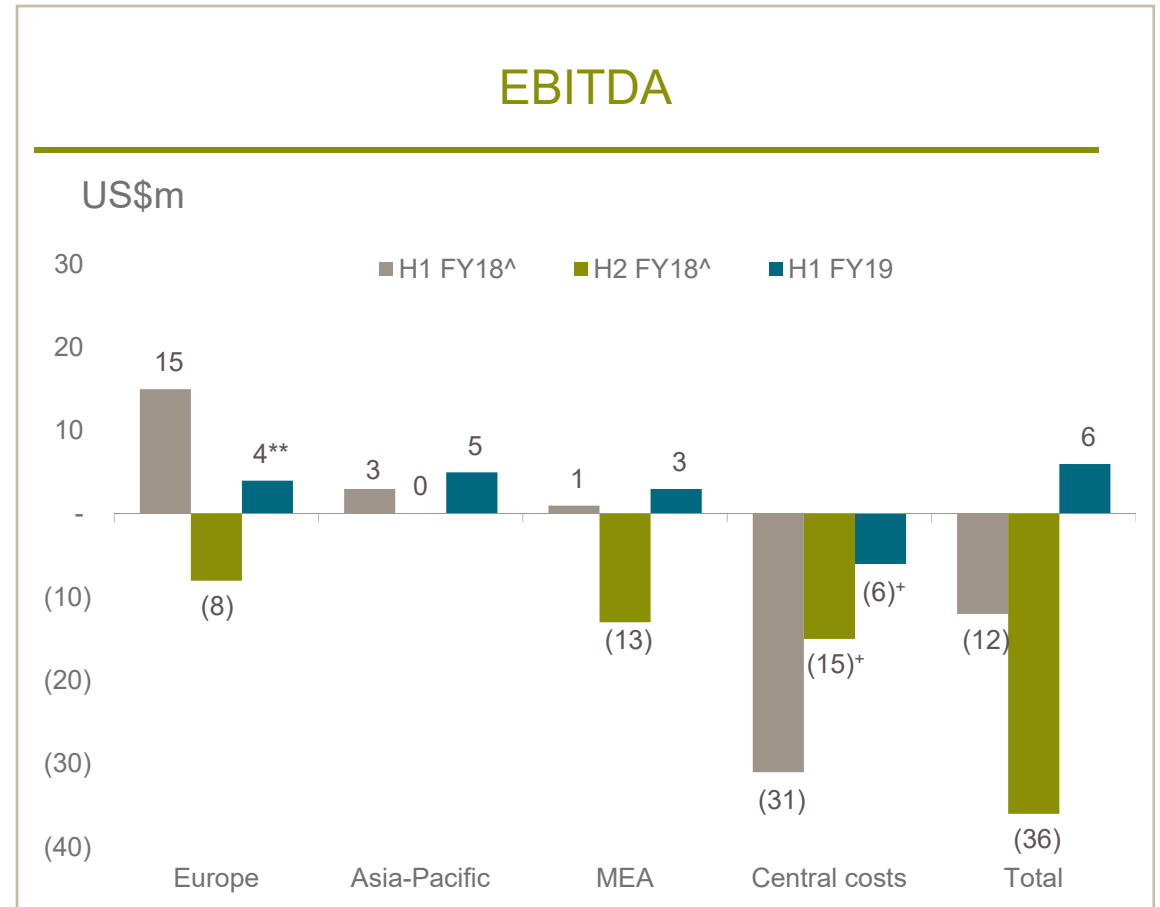
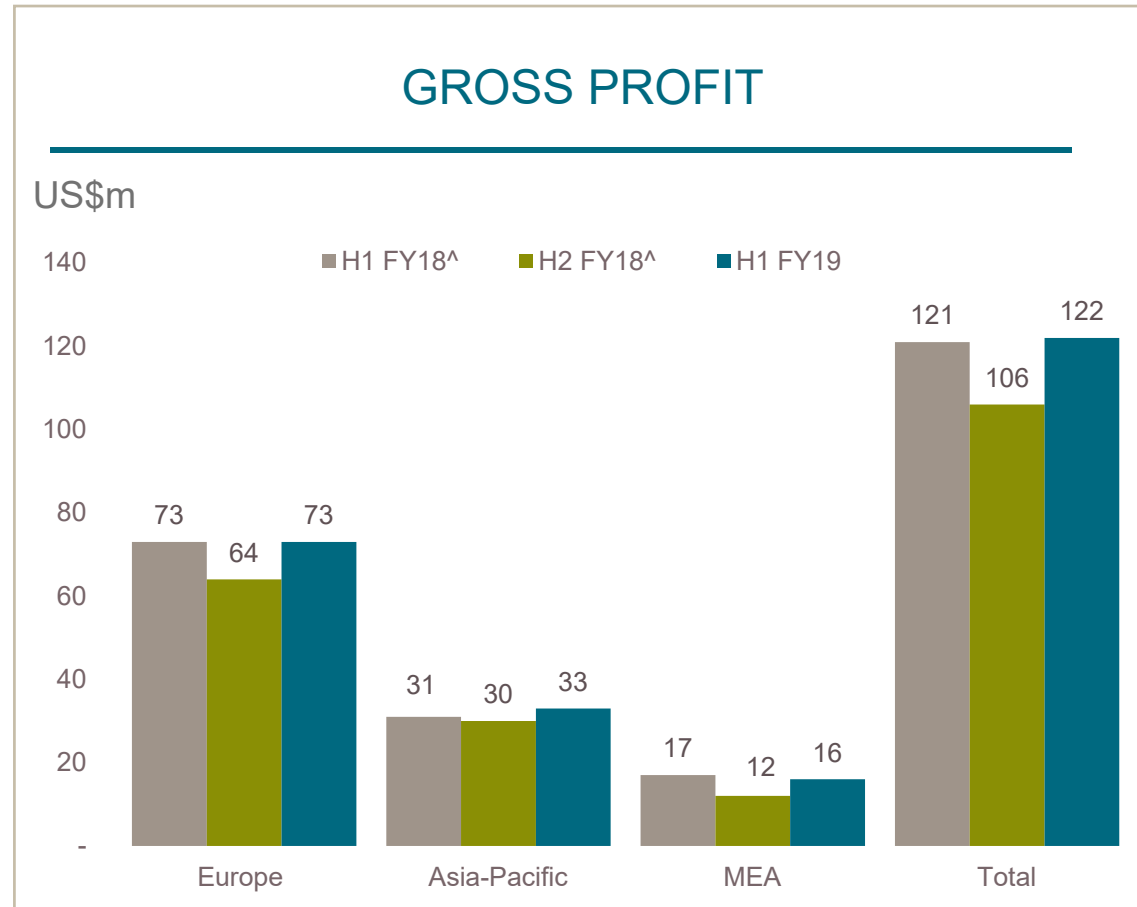


+ Re-presented

[^] Continuing operations

WESTCON INTERNATIONAL

GROSS PROFIT & EBITDA BY GEOGRAPHY



[^] Continuing operations

⁺ \$15m transitional services costs for H2 FY18 and H1 FY19 accrued against profit from discontinued operations in FY18

^{**} including restructuring costs of \$7m in Europe

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WORKING CAPITAL

US\$m	H1 FY19	FY 2018	H1 FY18^
Accounts receivable	714.3	715.5	736.9
DSO (days)	71	75	79
Inventory	202.0	172.7	184.1
Inventory turns	10.4x	10.5x	10.9x
Accounts payable	(654.3)	(588.6)	(577.0)
DPO (days)	80	74	77
Net working capital	262.0	299.6	344.0
NWC (days)	26	35	36
Current ratio	1.2	1.1	1.1
Net debt	(75.8)	(131.8)	(207.5)



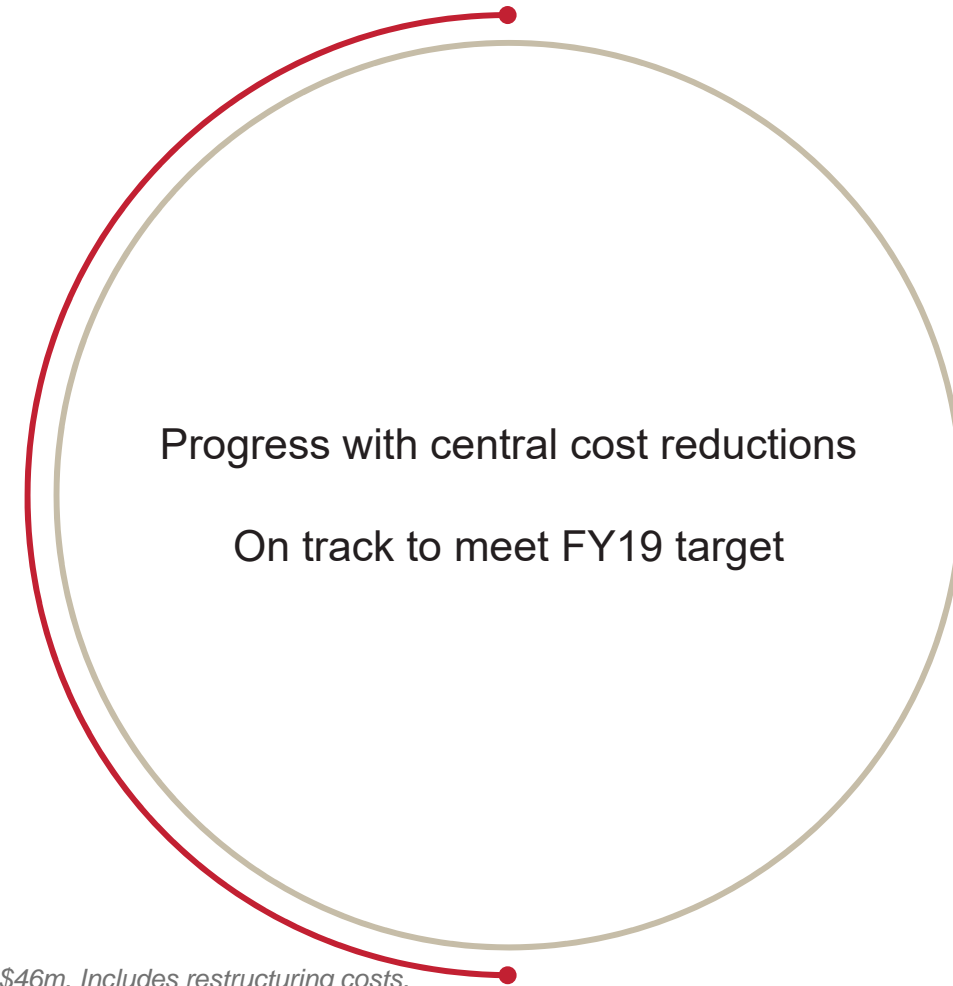
[^] Continuing operations

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CENTRAL COSTS

US\$m	Continuing SG&A	YoY change
FY17 Actual	63	
FY18 Actual*	61	+2
FY19 Target	45	+16
FY20 Target	33	+12

H1 FY19 Actual**	21
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* \$15m (transitional services costs) reallocated to profit from discontinued operations in FY18, reducing the reported amount to \$46m. Includes restructuring costs.

** \$15m (transitional services costs) accrued against profit from discontinued operations in FY18, reducing the reported amount to \$6m. Includes restructuring costs of \$1.4 million.

WESTCON INTERNATIONAL

OUTLOOK

Return to revenue growth, margin expansion and improved profitability

Continued focus on cost management and operational efficiencies

Improve working capital and cash generation

Improve financial performance

Internal delivery of shared services





CURRENT TRADING, PROSPECTS & OUTLOOK



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CURRENT TRADING & PROSPECTS

Improved financial performance in all divisions

Expect solid year over year comparative revenue growth

Better quality of earnings and profit margins

Opportunities to gain market share



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OUTLOOK

Capitalise on industry shift to digital transformation driving ICT

Achieve monthly profitability in Westcon International by early next year

Further opportunity to de-leverage by improving working capital

Consolidate Logicalis in key markets with selective M&A

Continue general share repurchase program



QUESTIONS



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Driving Technology

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DEFINITIONS

UNDERLYING EARNINGS

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 relating to fundamental reorganisations, SYNEX deal-related expenses and the taxation effect on all of the aforementioned.

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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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