

# Datatec Group

Audited results for the 12 months ended  
28 February 2013

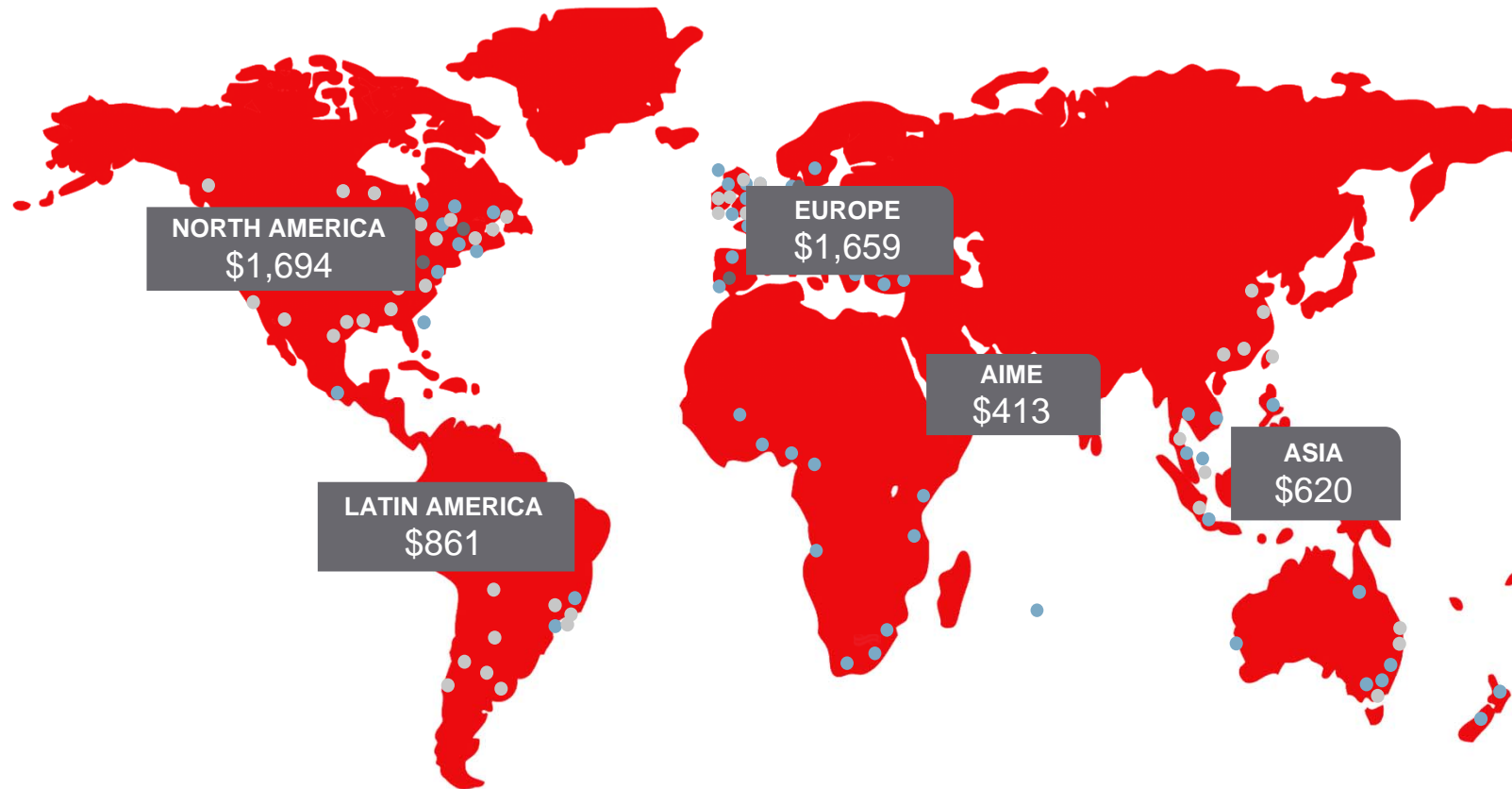
TECHNOLOGY INTEGRATION CONSULTING



Driving Technology

# Our Global Footprint

Revenue by geography (\$m)



Operations in over 50 countries

# Datatec Group

## Highlights

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- Revenue \$5.25 billion, up 4%
- EBITDA \$185.5 million, down 3%
- Higher operating costs and low growth hurt profitability at Westcon
- Strong performance and operating leveraging at Logicalis
- Significant expansion across Latin America
- Full year capital distribution increases by 6%

# Datatec Group

## Market conditions

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- Environment remains weak in North America and Europe
- Lower commodity prices may spur growth and investment in other sectors
- Developing markets continue to outshine developed
- PC displacement by new mobile tablets (BYOD) is driving cloud apps, networking and security
- Asia, Latin America and Middle East remain the most robust regions for the group

# Datatec Group

## Financial performance summary

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- Revenue up 4% to \$5.25 billion (2012: \$5.03 billion)
- Overall gross margin expanded to 14.9% (2012: 14.0%)
- EBITDA down 3% to \$185.5 million (2012: \$190.2 million)
- Cash generated from operations \$316.8 million (2012: \$102.8 million)
- Underlying\* earnings per share down 10% to 43,1 US cents (2012: 47,9 cents)
- Final capital distribution per share of 9 US cents, totaling 17 US cents for the year (2012: 16 US cents)

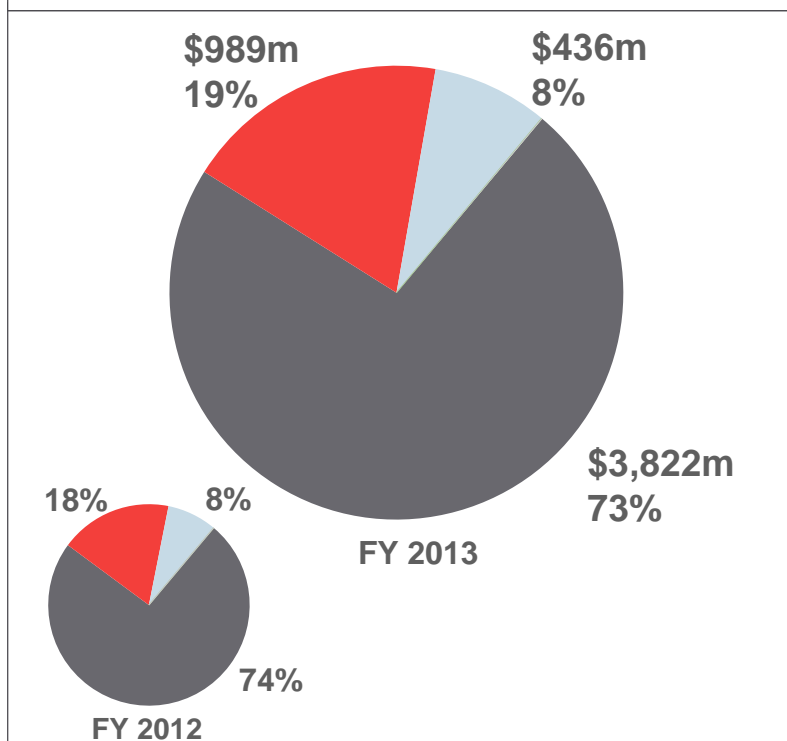
\* Excluding goodwill and intangibles impairment, amortisation of acquired intangible assets, acquisition related adjustments, profit or loss on sale of assets and businesses, fair value movements on acquisition related financial instruments and unrealised foreign exchange movements

# Datatec Group

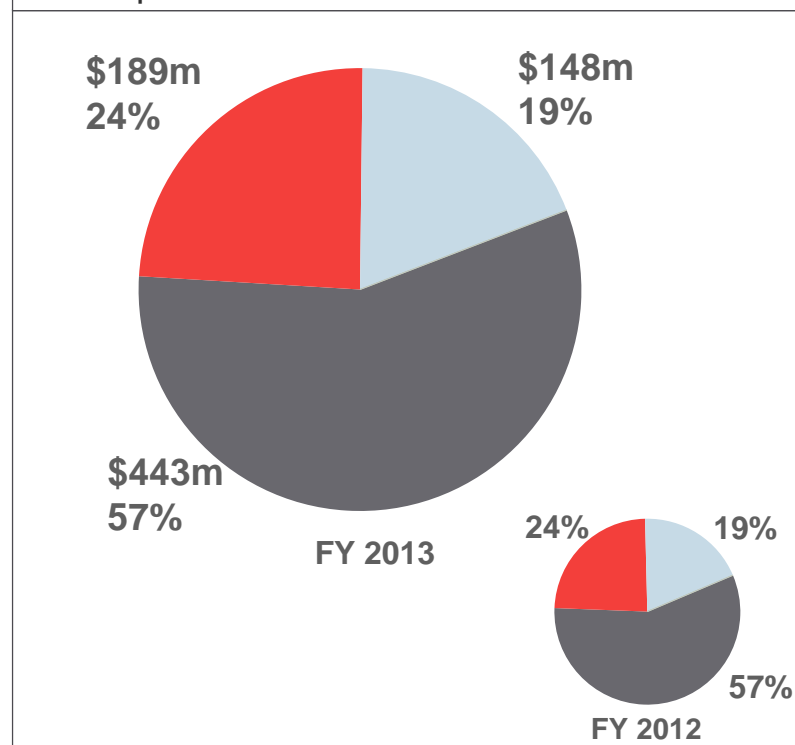
## Business stream analysis

- Distribution
- ICT Solutions
- Services

### Revenue



### Gross profit

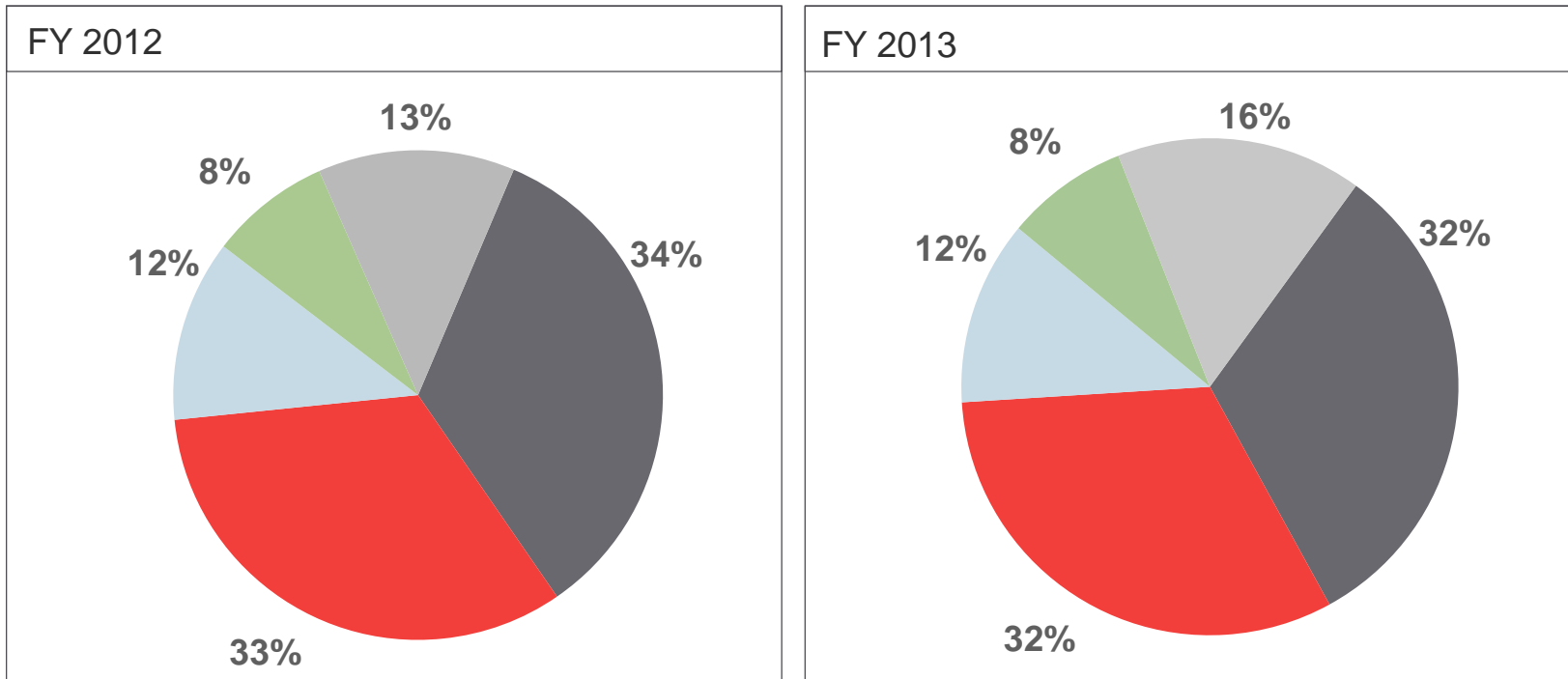


Gross profit mix steady

# Datatec Group

Revenue % by geography

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

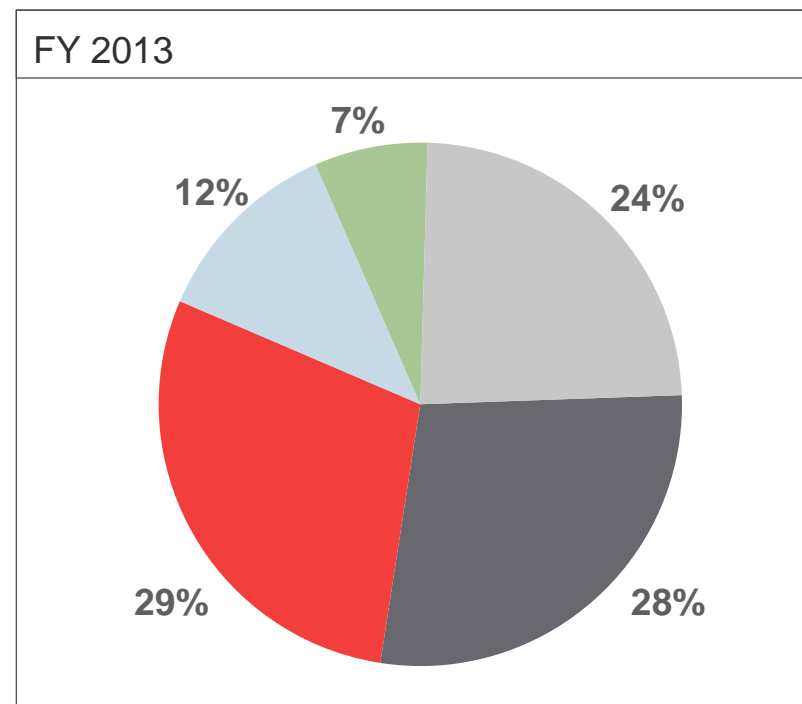
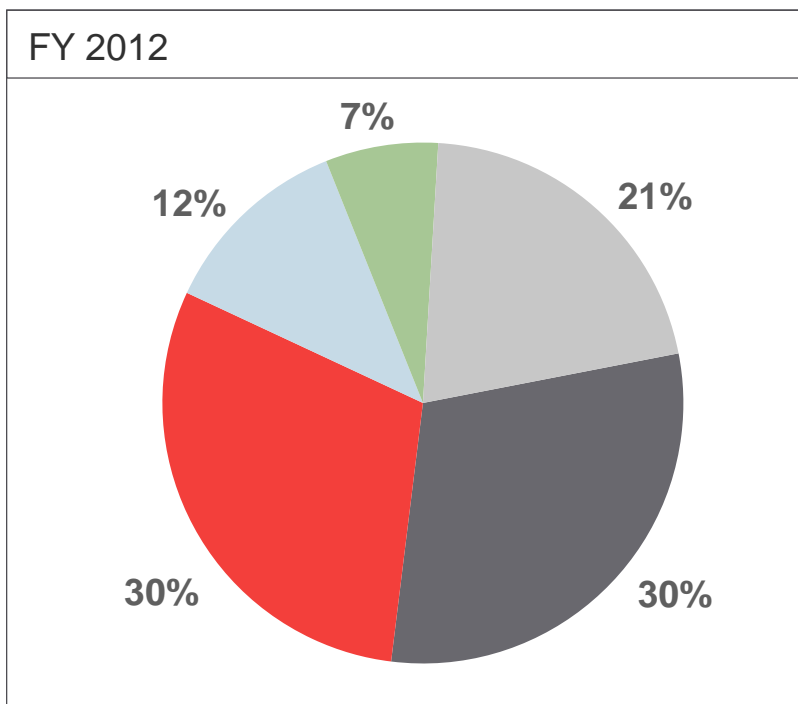


Increased contribution from Latin America

# Datatec Group

Gross profit % by geography

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



Increased contribution from Latin America



# Datatec Group

## Financial performance

(\$m)	FY 2012	FY 2013	Growth %
Sales	5,033.4	5,246.7	4%
Gross profit	704.6	780.3	11%
Gross margin %	14.0%	14.9%	
Operating costs	514.4	594.8	16%
Operating cost margin %	10.2%	11.3%	
EBITDA	190.2	185.5	(3%)
EBITDA%	3.8%	3.5%	
Depreciation	23.9	28.6	20%
Amortisation of intangible assets	15.7	15.5	(1%)
Operating profit	150.6	141.4	(6%)
Operating profit %	3.0%	2.7%	

# Datatec Group

## Financial performance (continued)

(\$m)	FY 2012	FY 2013	Growth %
Operating profit	150.6	141.4	(6%)
Net finance costs	14.3	21.9	53%
Acquisition-related adjustments	(0.4)	(6.4)	1,500%
Profit before tax	138.0	127.2	(8%)
Underlying * EPS (US cents)	47,9	43,1	(10%)
HEPS (US cents)	43,1	40,8	(5%)

\* 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)

	FY 2012	FY 2013
<b>EBITDA</b>	<b>190.2</b>	<b>185.5</b>
Working capital changes	(85.8)	124.7
Non-cash items	(1.6)	6.6
<b>Cash generated from operations</b>	<b>102.8</b>	<b>316.8</b>
Net finance costs paid	(14.3)	(21.9)
Taxation paid	(55.6)	(53.2)
<b>Net cash inflow from operating activities</b>	<b>32.9</b>	<b>241.7</b>
Net cash outflow for acquisitions	(27.5)	(74.5)
Net cash outflow from other investing activities	(42.9)	(44.9)
Net cash outflow from financing activities	(27.7)	(13.7)
Net cash inflow from disposal of investments	15.0	-
Capital distribution to shareholders	(36.4)	(32.4)
<b>(Decrease) Increase in cash and cash equivalents</b>	<b>(86.6)</b>	<b>76.2</b>
Cash and cash equivalents at beginning of period	83.2	1.8
Translation difference on opening cash position	5.2	(4.7)
<b>Cash and cash equivalents at end of period</b>	<b>1.8</b>	<b>73.3</b>
<b>Net (debt) cash</b>	<b>(20.5)</b>	<b>47.6</b>

# Datatec Group

## Balance sheet summary (\$m)

	FY 2012	FY 2013
<b>Equity and Liabilities</b>		
Shareholders funds	823.4	865.4
Non-controlling interests	56.1	51.6
Long term liabilities	64.0	81.3
Amounts due to vendors	16.4	12.7
Current liabilities	1,438.5	1,679.1
<b>Assets</b>	<b>2,398.4</b>	<b>2,690.1</b>
Non current assets		
Goodwill	377.9	426.6
Acquired intangible assets	41.8	50.7
Other non-current assets	155.3	184.0
Current assets	1,823.4	2,028.8
	<b>2,398.4</b>	<b>2,690.1</b>

**Westcon**Group™

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Driving Technology

# Westcon Group

## Highlights

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- Revenues increase 3%
- EBITDA decreases 12%
- Gross margins expand 1/10<sup>th</sup> from 10.7% to 11.6%
- Acquired Spanish Afina Group with significant operations in Latin America, in July 2012
- Acquired Triple Access, an Austrian/Swiss based security distributor, in July 2012
- Net debt decreases \$32 million

# Westcon Group

## Financial performance summary

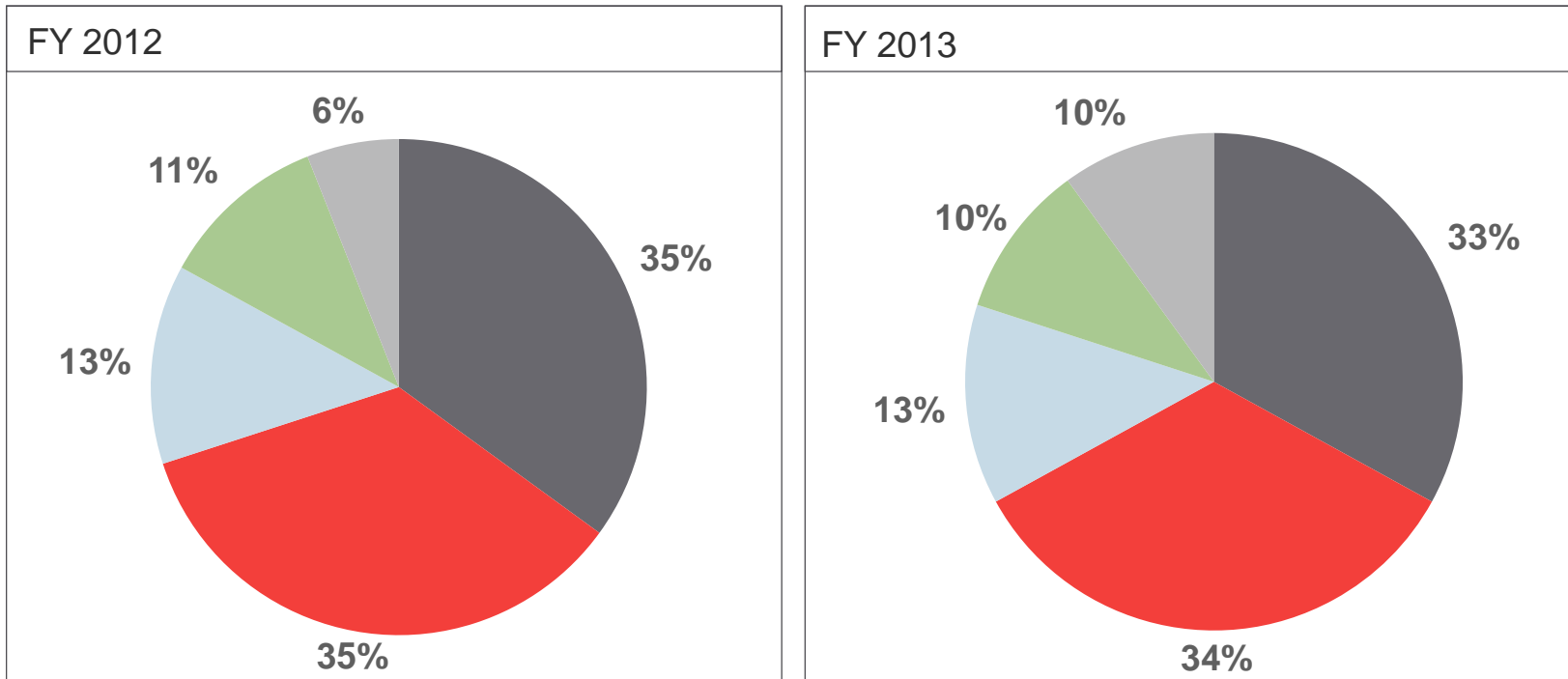
WestconGroup™

(\$m)	FY 2012	FY 2013	Growth %
Sales	3,719.6	3,822.2	3%
Gross profit	399.6	442.8	11%
Gross margin %	10.7%	11.6%	
Operating costs	266.3	325.5	22%
Operating cost margin %	7.2%	8.5%	
EBITDA	133.3	117.3	(12%)
EBITDA %	3.6%	3.1%	
Operating profit	120.4	98.2	(18%)
Operating profit %	3.2%	2.6%	

# Westcon Group

Revenue % by geography

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

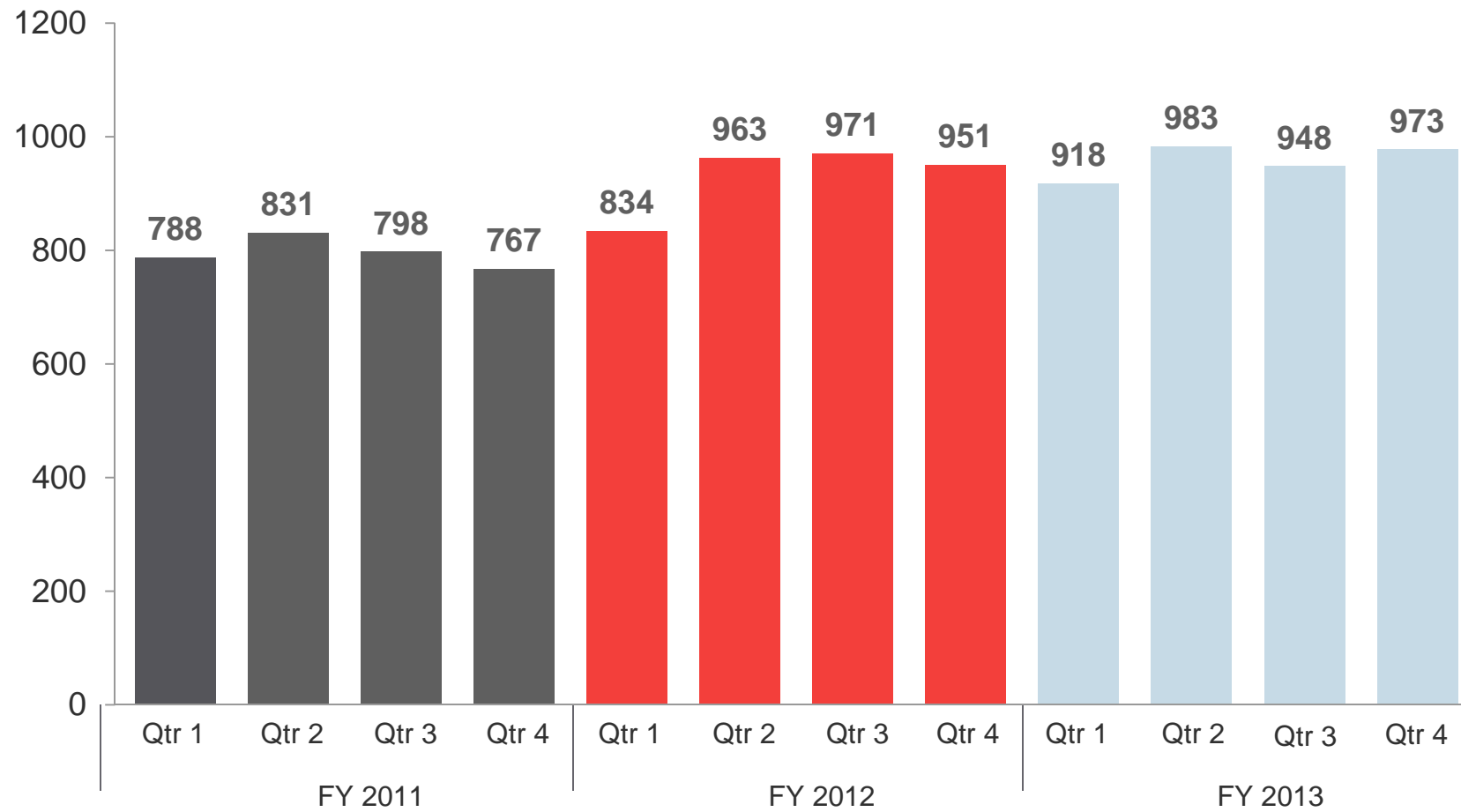


Significant growth in Latin America



# Westcon Group

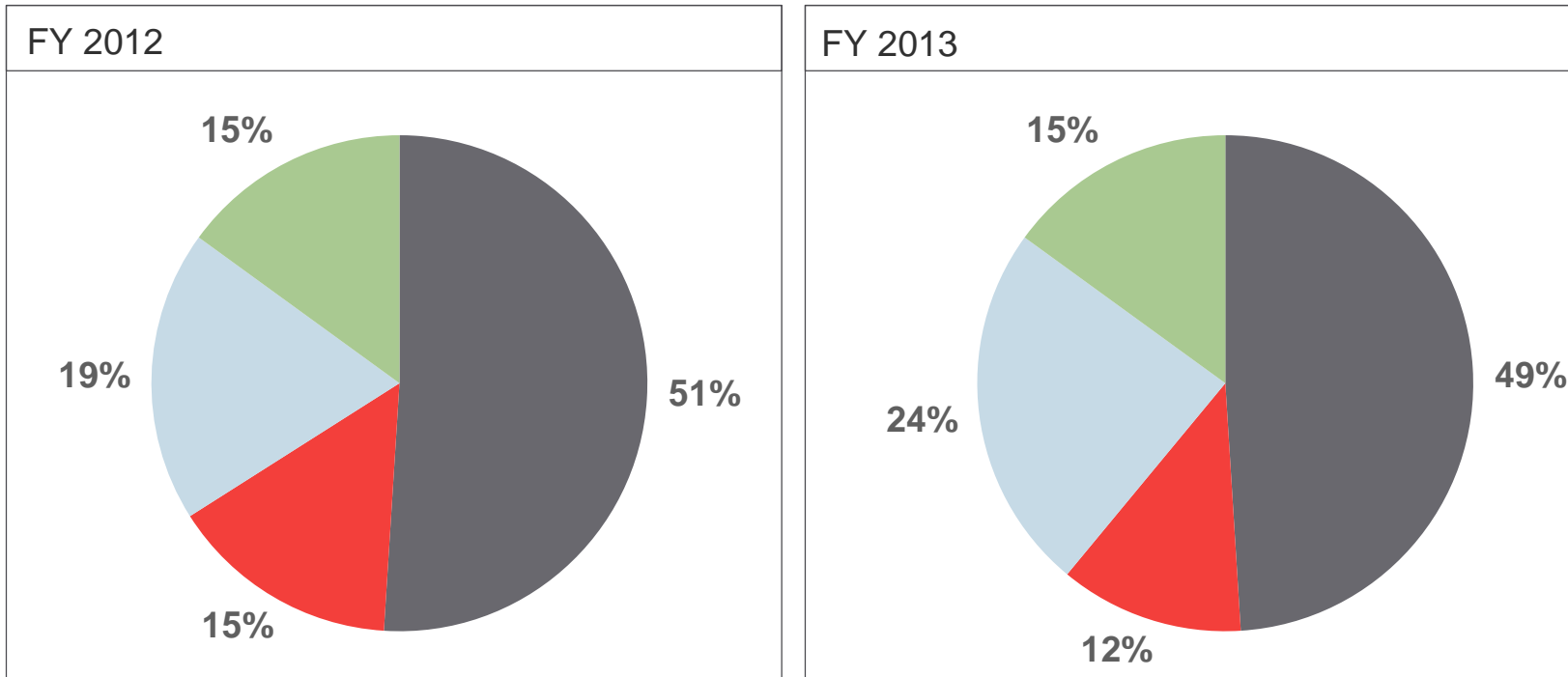
Historical quarterly sales (\$m)



# Westcon Group

Revenue % by product category

- Cisco
- Convergence
- Security
- Other

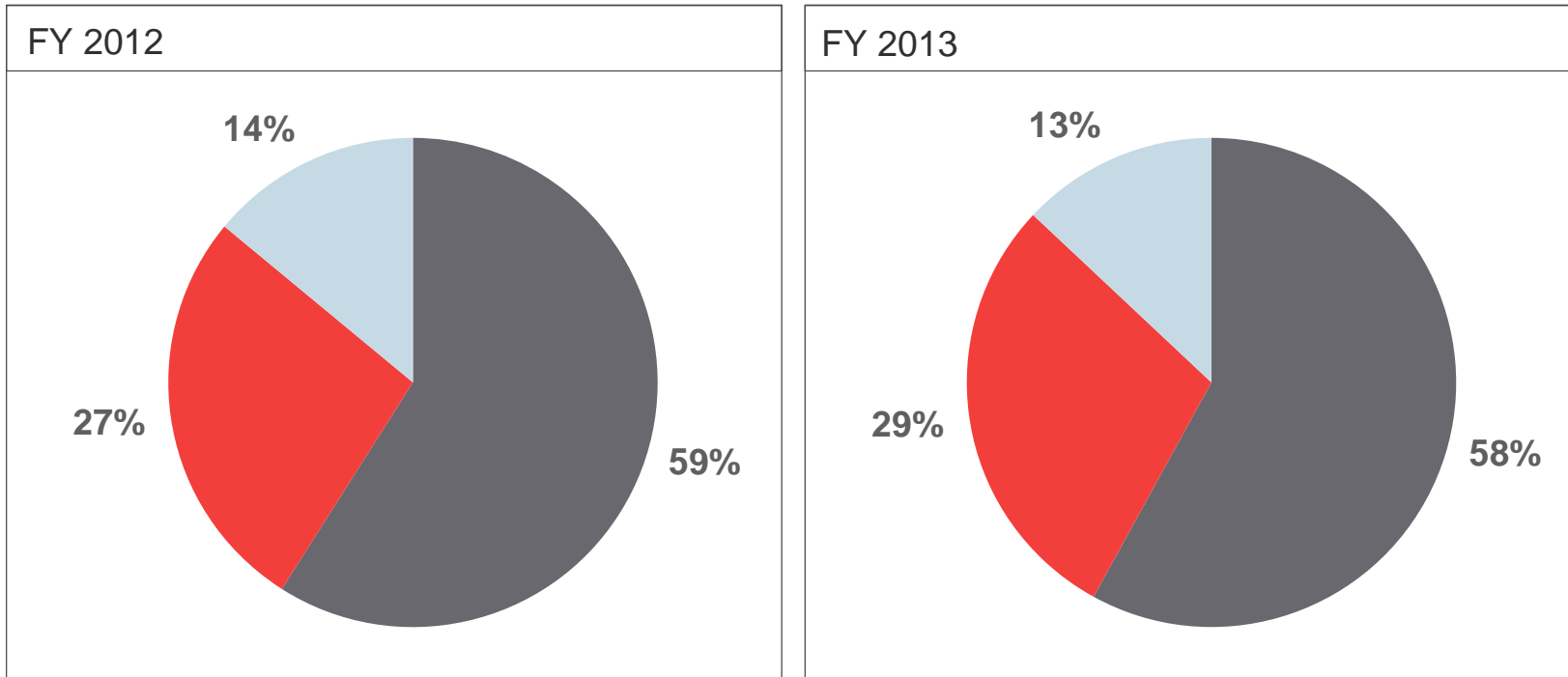


Continued growth in Security

# Westcon Group

Revenue % by customer

- Reseller
- System Integrator
- Service Provider

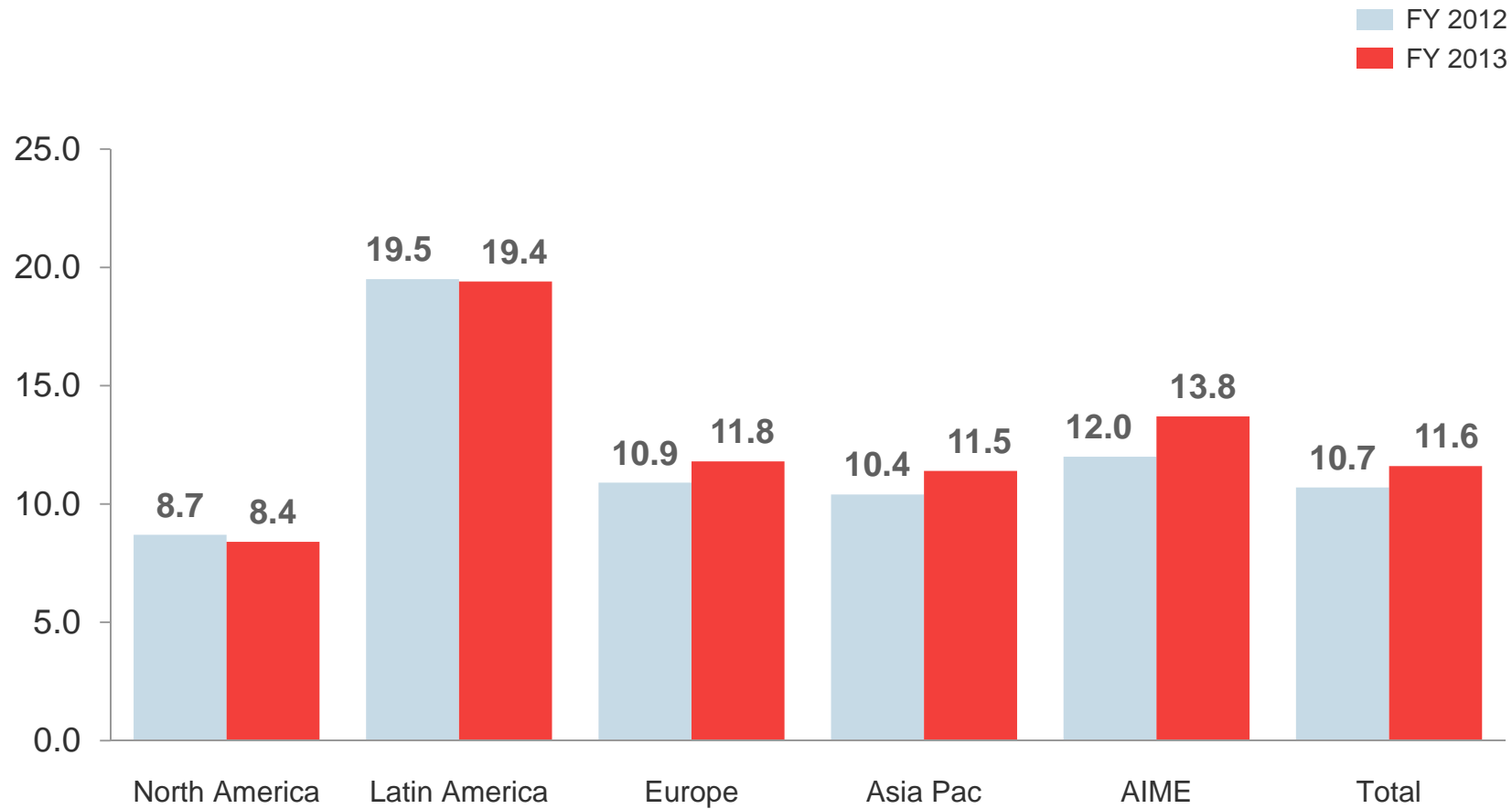


System Integrator portion of business grows

# Westcon Group

Gross margin %

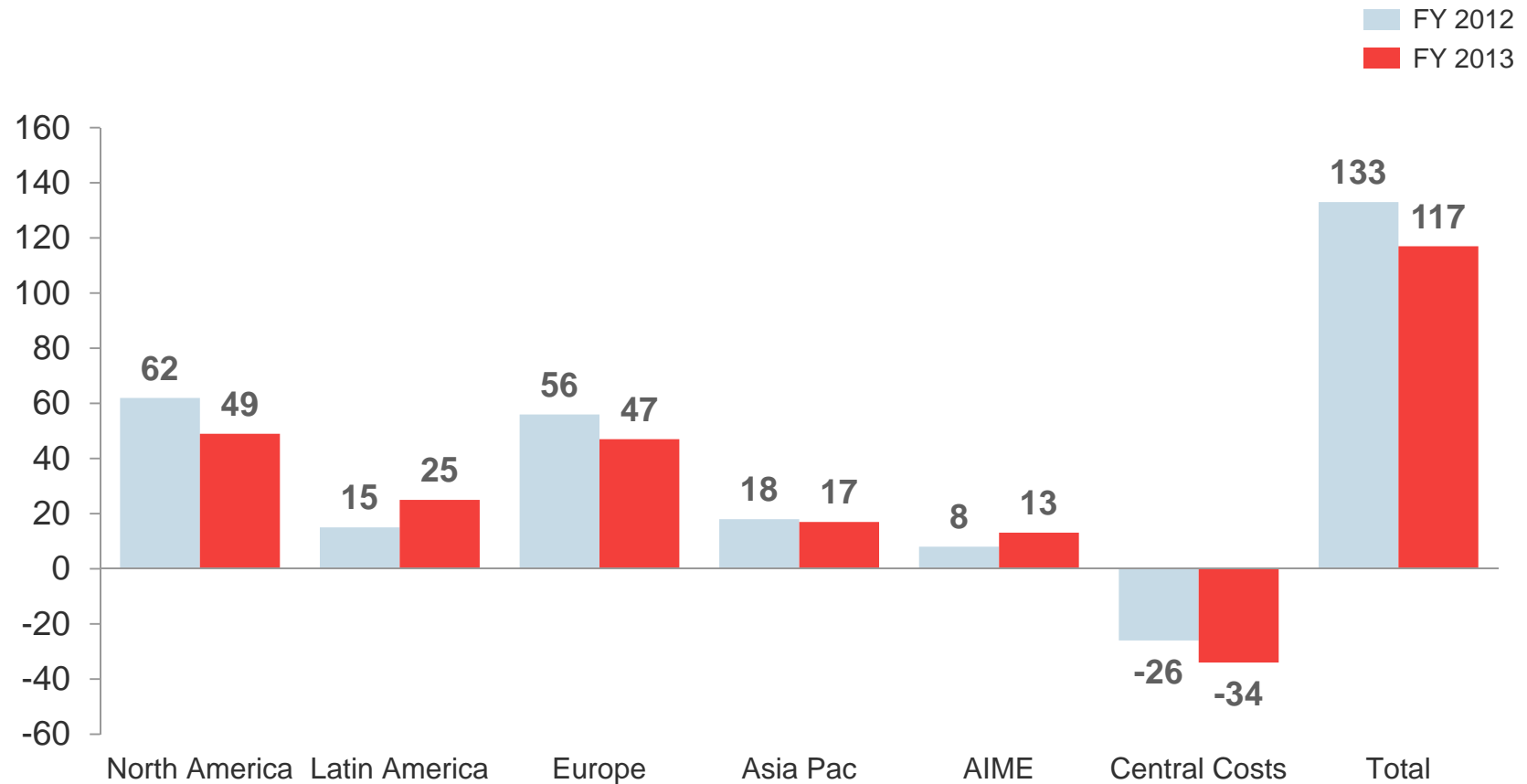
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# Westcon Group

EBITDA (\$m)

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# Westcon Group

## Consolidated balance sheet – Working capital

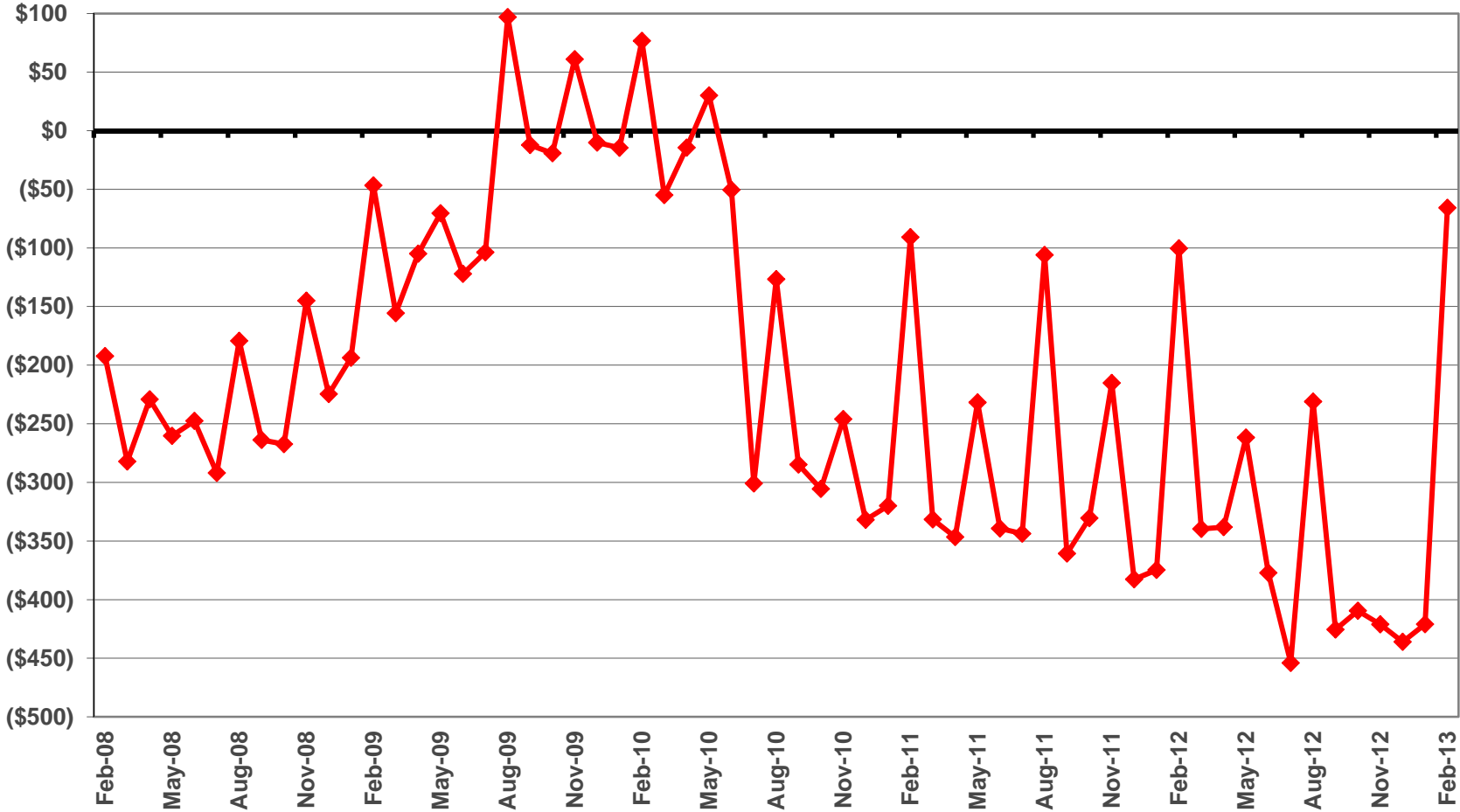
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(\$m)	FY 2012	FY 2013
Accounts receivable	722	876
DSO (days)	68	81
Inventory	308	307
Inventory turns	11.2x	11.3x
Accounts payable	598	824
DPO (days)	64	86
Current ratio	1.3	1.2
Net (debt) cash	(56)	(24)

# Westcon Group

Net cash / (debt)

USD in Millions



- Environment remains challenging, year ahead will be one of consolidation
- Focus on profit growth and restoring operating leverage
- Leverage geographic footprint and skills to increase scale in new markets
- Broaden global vendor relationships with leading OEM's that seek multi-country engagement
- Develop additional services offerings that leverage core competencies
- Reclassifying central costs from this year to include all global IT support staff





# Logicalis Group

## Highlights



- Revenues up 9% to \$1,350.4 million (organic growth 8%)
- EBITDA up 17% to \$78.6 million
- Good recovery in UK and North America
- Service revenues up 14%
- Small acquisitions completed in Australia, Colombia and Ecuador
- Four European operations of 2e2 acquired March 2013

# Logicalis Group

## Financial performance summary



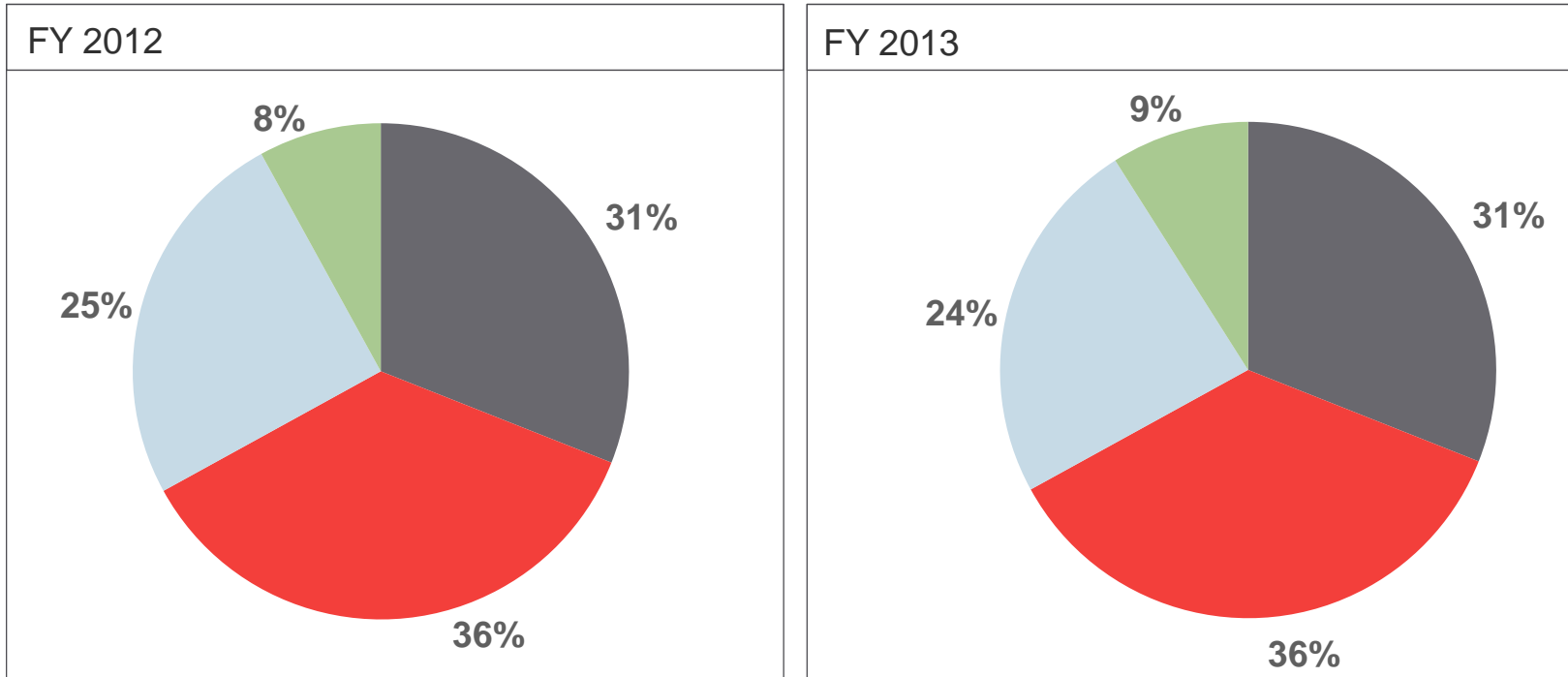
(\$m)	FY 2012	FY 2013	Growth %
Sales	1,234.3	1,350.4	9%
Gross margin	277.4	310.3	12%
Gross margin %	22.5%	23.0%	
Operating costs	210.0	231.7	10%
Operating cost margin %	17.0%	17.2%	
EBITDA	67.4	78.6	17%
EBITDA%	5.5%	5.8%	
Operating profit	42.6	54.7	28%
Operating profit %	3.5%	4.1%	

# Logicalis Group

Revenue % geographic split



- North America
- Latin America
- Europe
- Asia Pacific



Regional mix steady

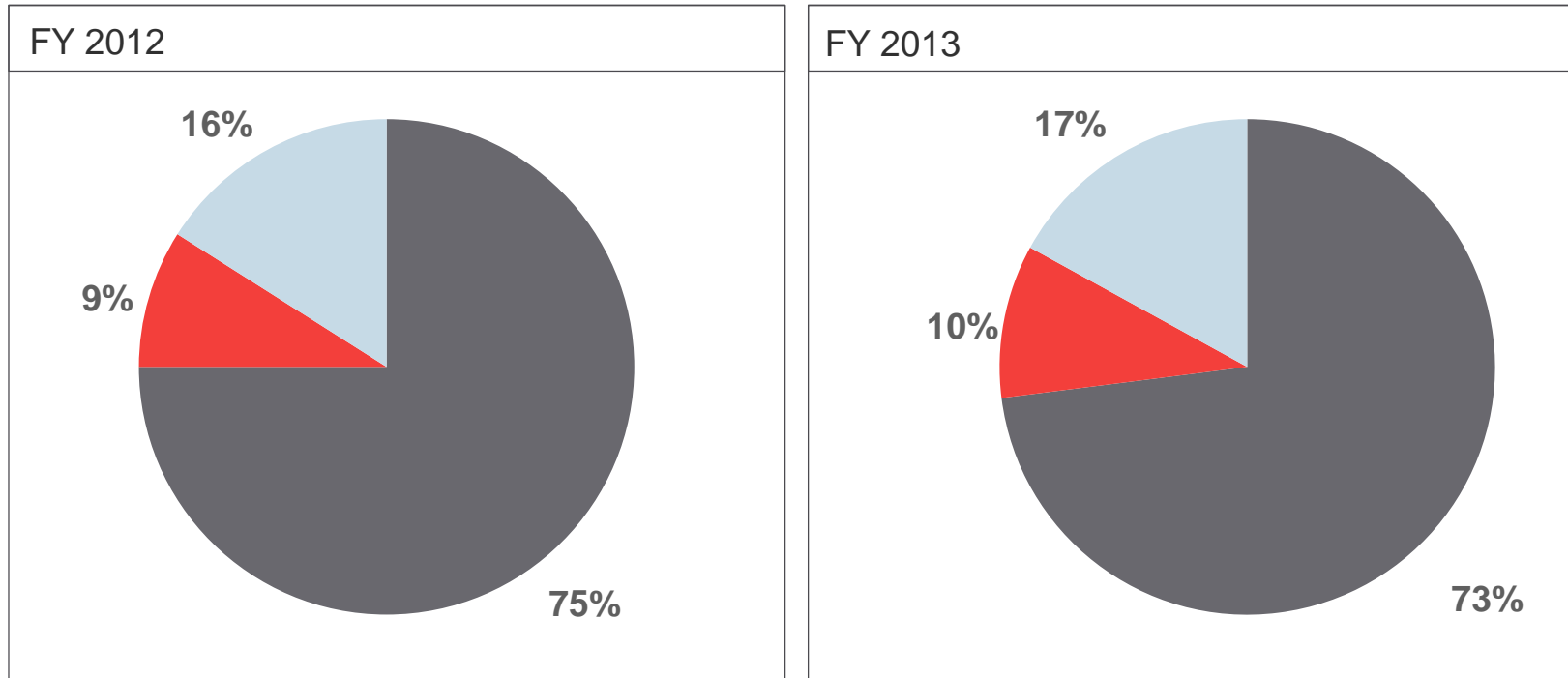


# Logicalis Group

Revenue % segmental split



- Product
- Professional Services
- Maintenance & Managed Services

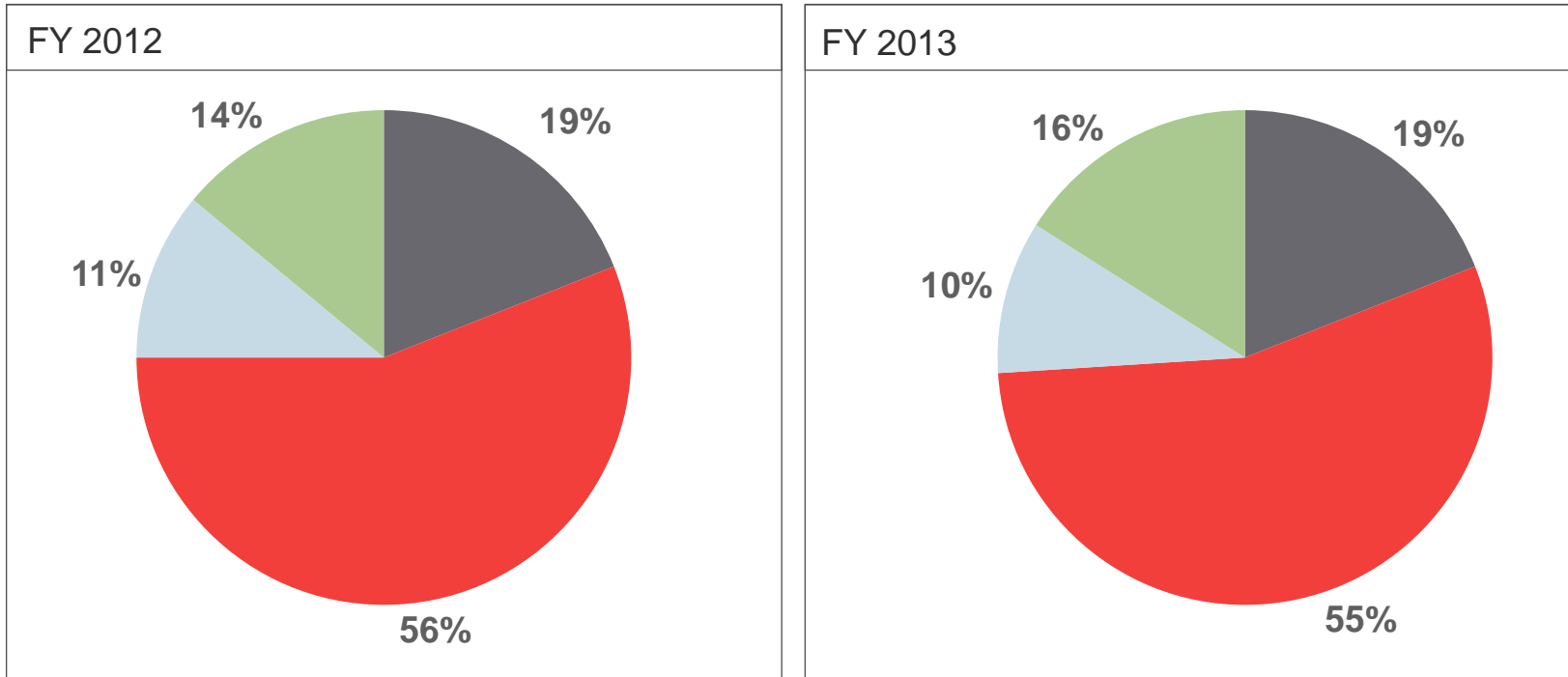
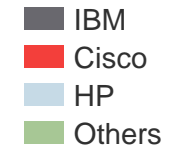


Improved services mix



# Logicalis Group

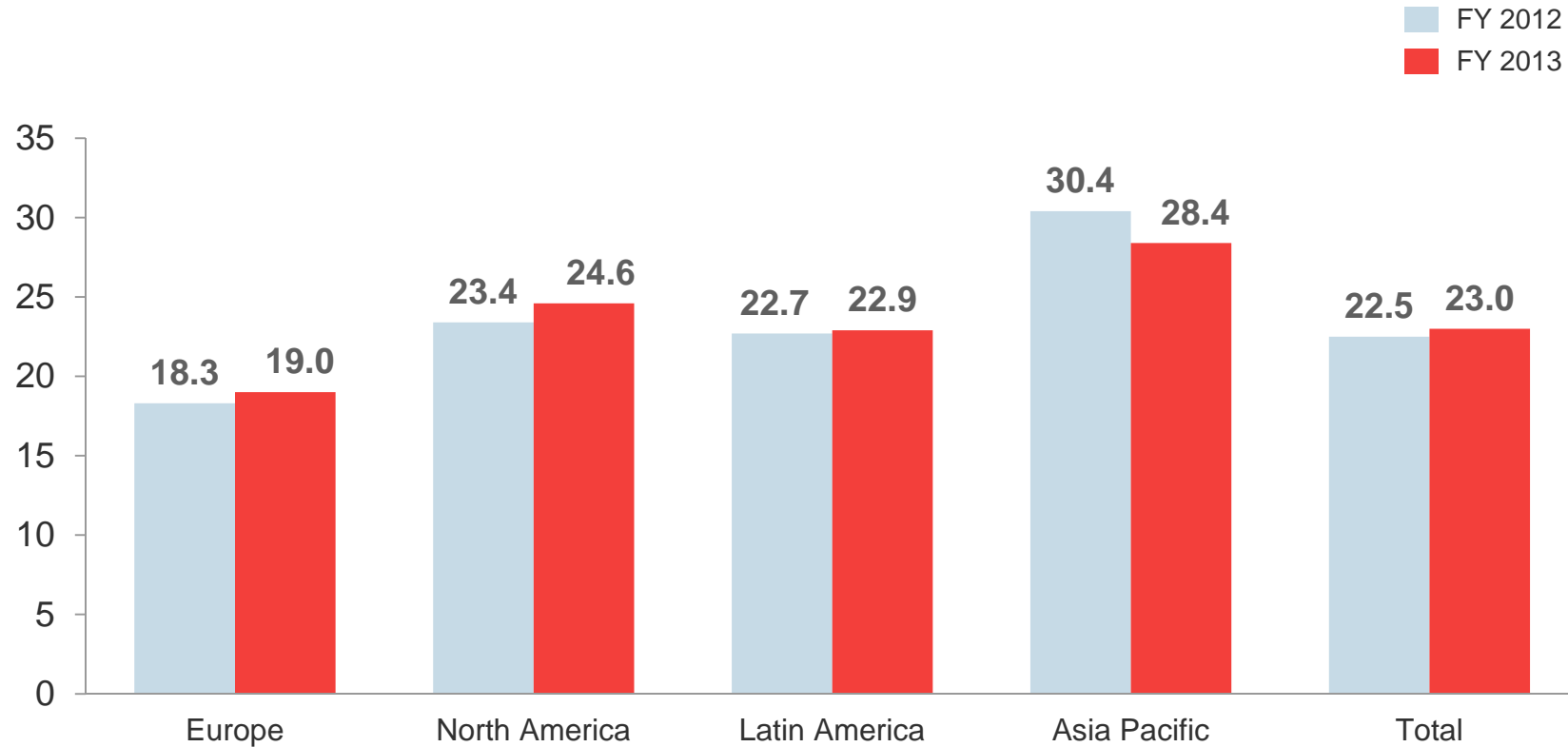
Revenue % by vendor



Other vendors boosted by EMC

# Logicalis Group

Gross margin %

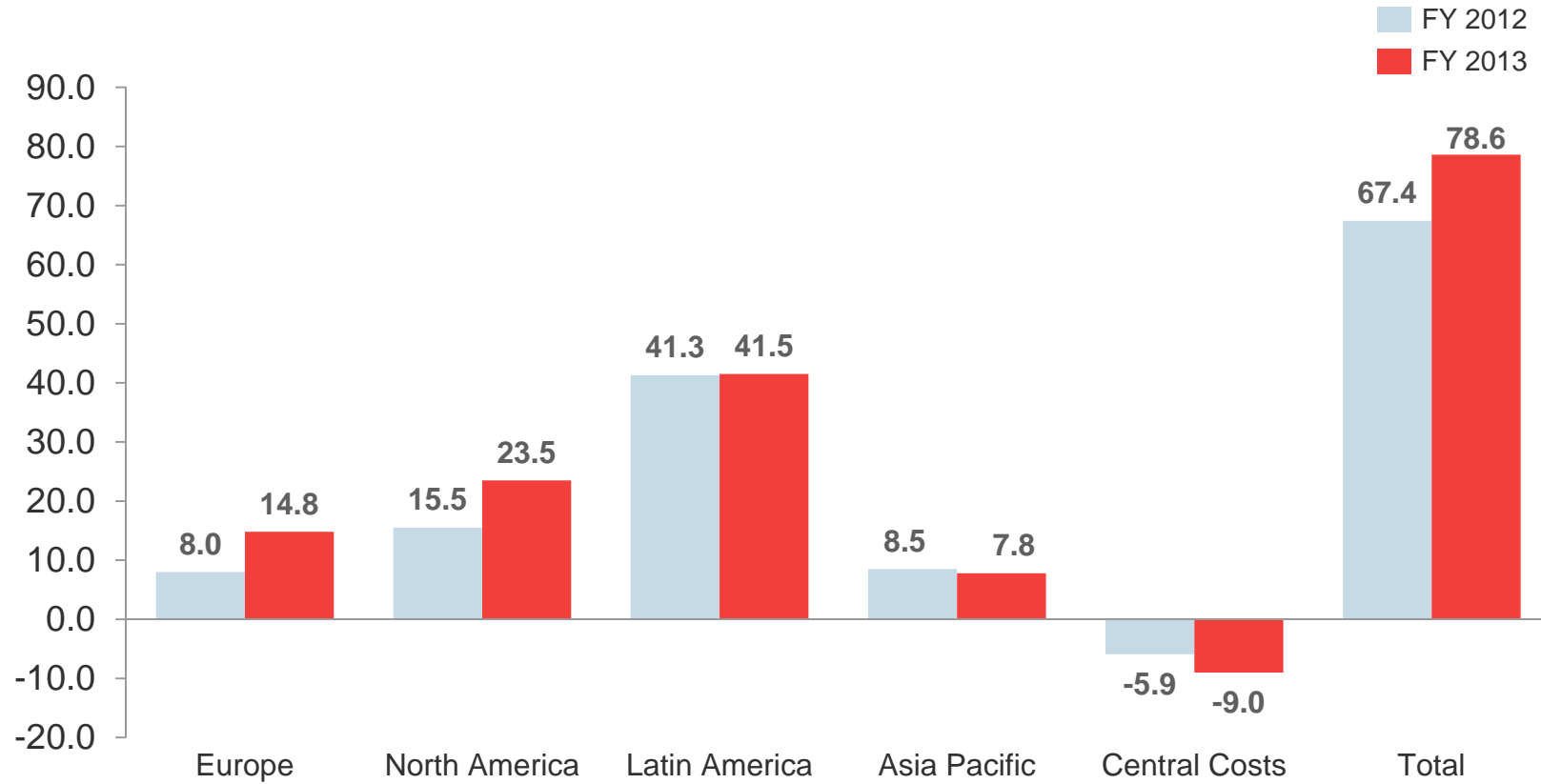


Gross margin improvement on higher services mix



# Logicalis Group

EBITDA (\$m)



Solid recovery in UK and North America





# Logicalis Group

## Key financial measures



(\$m)	FY 2012	FY 2013
Deferred revenue	57.7	62.5
Inventory	99.6	49.6
Inventory days (excluding spares stock)	47	18
Accounts receivable	279.4	282.9
DSO (days)	60	60
Accounts payable	261.8	230.8
DPO (days)	105	84
Net cash *	32.9	68.0



Good cash generation

# Logicalis Group

## Future outlook

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- No short term improvement in trading conditions expected
- Macroeconomic outlook uncertain and varies by market
- Customers are generally well placed to invest in IT when compelling
- Continue to look for acquisition opportunities
- Planning for revenue and profit growth

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

 **Via**™ The Via Group

 **DATATEC**  
Driving Technology

# Consulting Services

## Highlights



- Revenues of \$74,0 million (2012: \$79,4 million)
- Gross margins expand to 36.8% from 34.6%
- Strong performance at Analysys Mason
- Weaker performance at Intact with restructuring costs
- Geographic spread of revenues continues to improve

# Consulting Services

## Financial performance summary

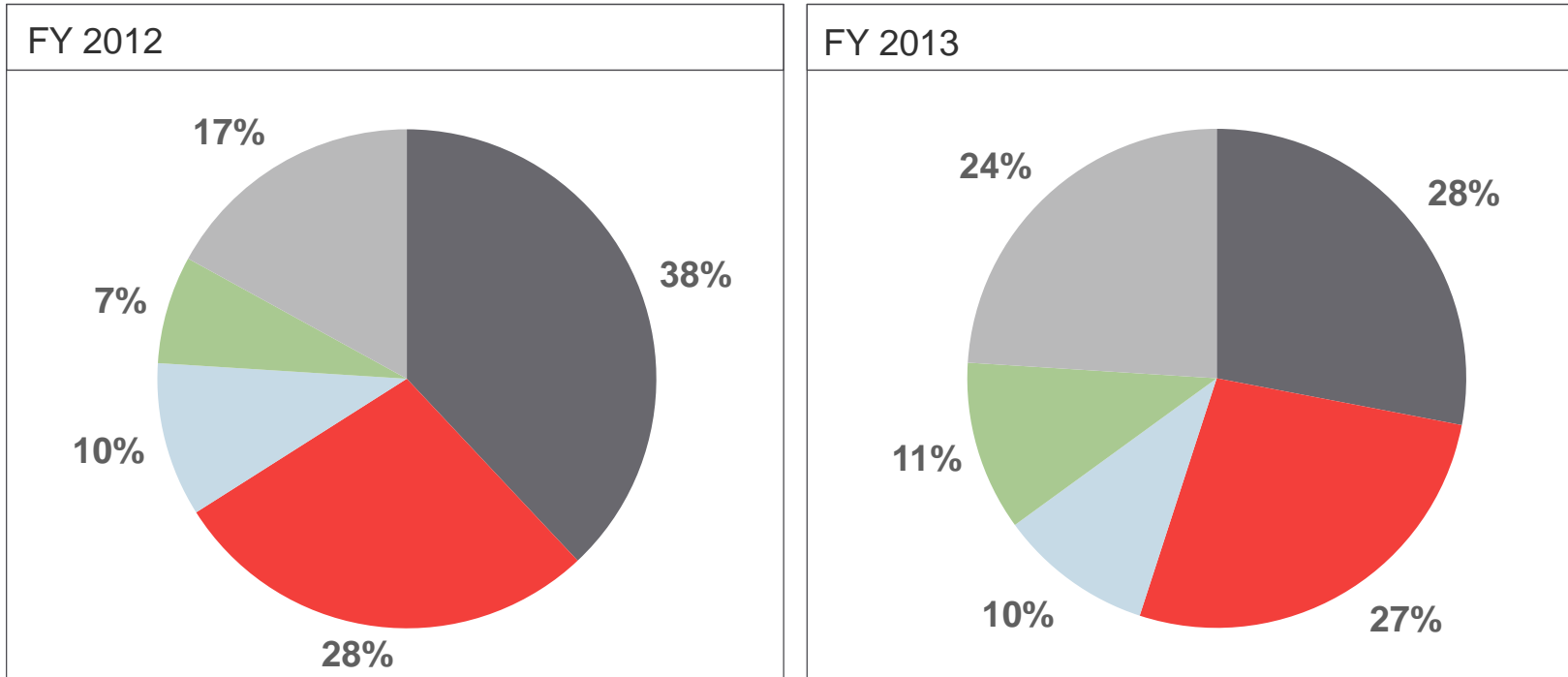


(\$m)	FY 2012	FY 2013	Growth %
Sales	79.4	74.0	(7%)
Gross profit	27.5	27.2	(1%)
Gross margin %	34.6%	36.8%	
Operating costs	22.7	24.0	6%
Operating cost margin %	28.6%	32.4%	
EBITDA	4.8	3.2	(33%)
EBITDA%	6.0%	4.3%	
Operating profit	3.3	2.1	(36%)
Operating profit %	4.2%	2.8%	

# Consulting Services

Revenue % by geography

- UK
- Europe
- ME & Africa
- Asia
- Americas



Geographic spread continues to improve following full year inclusion of Via

# Consulting Services

## Future outlook



- United Kingdom and Europe are expected to remain challenging markets
- Growth continuing to come from Asia-Pacific, Africa Middle East and LATAM markets
- Analysys Mason's robust performance is expected to continue
- Restructuring at Intact should deliver better execution
- Targeted acquisitions to drive revenue scale and mix

# Datatec Group

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# Datatec Group

## Market outlook

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- Relative out-performance of developing markets versus developed will continue
- US and UK becoming more stable but continental Europe still a concern
- Maturing Cloud will become disruptive to traditional IT providers and OEMs
- Communications, networking and security segments will benefit

# Datatec Group

## Strategy

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- Focus on building out critical mass in developing markets where presence has been acquired
- Anticipate opportunities created by mobile & cloud computing and generational PC changes
- Capitalise on continuing communications and networking innovation
- Drive improvements in business mix, margins and cash generation

# Datatec Group

## Current trading and prospects

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- US looking better but Europe remains weak
- Expect modest growth this year and a recovery in margins in Westcon
- Forecasting \$5.6-5.9 billion revenue
- Forecasting approximately 50 US cents underlying earnings per share
- Maintain progressive dividend policy

# Questions

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