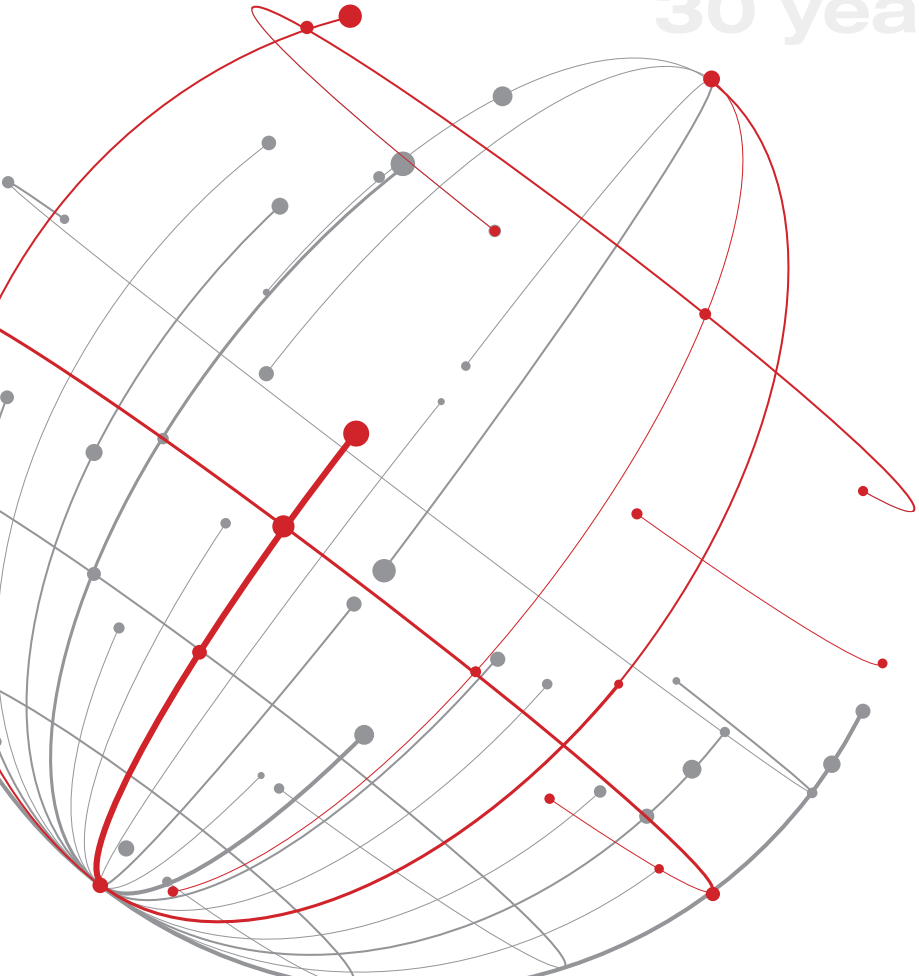
DATATEC

Driving Technology

AUDITED PROVISIONAL RESULTS FOR THE YEAR ENDED 29 FEBRUARY 2016

30 years



30 YEARS OF DRIVING TECHNOLOGY

DATATEC

www.datatec.com
www.westcongroup.com
www.logicalis.com
www.analysysmason.com
www.masonadvisory.com

FINANCIAL RESULTS

Group revenue
US$6.5 billion
(FY15: US$6.4 billion)

Group revenue in constant currency**
up 8.6%

Underlying* earnings per share **32.0 US cents**
(FY15: 41.8 US cents)

EBITDA
US$162.1 million
(FY15: US$206.4 million)

Final distribution maintained at **9 US cents** per share

Group headlines

- Profitability impacted by foreign exchange losses, restructuring and translation
- Stable underlying operating performance
- Acquisitions enhancing Logicalis scale and capabilities

Current trading and prospects

- Improved geographic balance
- Low revenue growth environment
- Business Process Outsourcing ("BPO") initiative to be expanded to Asia-Pacific

Datatec audited provisional results for the year ended 29 February 2016

DATATEC GROUP PERFORMANCE

Jens Montanana, *Chief Executive of Datatec, commented:*

"FY16 was a notably challenging year for the Group. We were affected by a combination of a strong US Dollar impacting the contribution from our emerging market operations and major income statement charges, including foreign exchange losses due to capital controls in Angola and the reorganisation of Logicalis UK.

"As we stated previously, we have taken significant actions to enhance our operational performance across our Westcon EMEA operations. This BPO initiative is being extended to the Asia-Pacific region.

"Looking ahead, we are confident that our diversification and geographical portfolio strategy as well as global positioning in the ICT market remain sound. Therefore, the Board has recommended an unchanged full year dividend."

Datatec is an international ICT solutions and services group operating in more than 60 countries across North America, Latin America, Europe, Africa, Middle East and Asia-Pacific. The Group's service offering spans the technology, integration and consulting sectors of the ICT market.

Datatec operates through three core divisions:

Technology – Westcon: distribution of security, unified communications, networking and data centre products;

Integration – Logicalis: ICT infrastructure solutions and services; and

Consulting: strategic and technical consulting.

A fourth division, **Datatec Financial Services** is continuing its development of financing/leasing solutions for ICT customers through proof of concept to business model and growth prospects. For FY16, this division is included in the "Corporate" sector of the business which encompasses the costs of the Group's head office entities.

The Group's businesses are managed on a standalone basis, able to respond quickly to technology changes and focused on collective strategic initiatives based on a shared strategy.

Datatec's strategy is to deliver long-term, sustainable and above average returns to shareholders through portfolio management and the development of its principal subsidiaries in technology solutions and services to targeted customers in identified markets.

Datatec's revenues for the year ended 29 February 2016 were flat at US$6.5 billion (FY15: US$6.4 billion) compared to the prior financial period ("FY15") in US Dollar (reporting currency) terms.

In constant currency** terms, using the exchange rates prevailing in FY15, Group revenues for FY16 increased 8.6% to US$7.0 billion (FY15: US$6.4 billion) with Westcon constant currency** revenues up 7.6% and Logicalis constant currency** revenues up 12.0%.

Westcon's revenues in FY16 were 0.3% higher than FY15 with growth in North America and Europe (in US$ terms not %) offset by a decline in Latin America and Africa.

Logicalis' revenue in FY16 was supported by a strong performance in the US and the full year effect of the acquisition of inforsacom Holding GmbH ("Inforsacom") in Germany offset by a decline in Latin America.

Datatec audited provisional results for the year ended 29 February 2016

North America generated 35% of Datatec's revenues (FY15: 32%) and 28% of gross profits (FY15: 25%) signalling the value of the Group's geographically diversified revenue stream.

Gross margins deteriorated in comparison with FY15 but improved in the second half of FY16. Group gross margins were 13.5% (FY15: 14.5%). From FY16 onwards, Westcon is disclosing outbound freight as part of cost of sales rather than operating costs as this matches the expense with corresponding revenues more accurately. The adjusted gross margin for FY15 was 13.9%. In addition, Group gross margins have been impacted by the mix of geographic contribution and the lower services contribution to Logicalis revenues.

Gross profit was US$868.7 million (FY15: US$932.9 million). Adjusted for the reclassification of outbound freight costs, gross profit was down 2.7% (adjusted FY15: US$892.9 million).

Overall operating costs were US$706.6 million (FY15: US$726.5 million). This reduction reflects the reclassification of outbound freight costs and various cost saving initiatives offset by a US$14.0 million increase in net foreign exchange losses to US$17.3 million (FY15: US$3.3 million). Included in operating costs are total restructuring costs of US$15.3 million, the majority of which relates to the Westcon EMEA transformation and BPO, and a charge for provisions against accounts receivable of US$19.2 million (FY15: US$7.8 million).

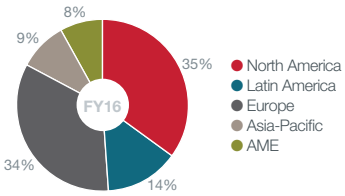
EBITDA was US$162.1 million (FY15: US$206.4 million) and EBITDA margins 2.5% (FY15: 3.2%).

Depreciation and amortisation were in line with the prior period. Operating profit was 30% lower at US$110.5 million (FY15: US$157.8 million).

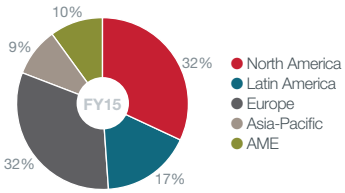
The net interest charge increased to US$23.9 million (FY15: US$17.6 million) reflecting an increase in average net debt.

Profit before tax was US$88.4 million (FY15: US$140.2 million).

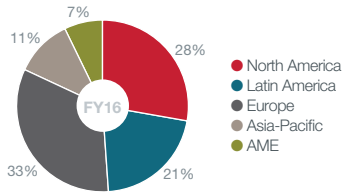
Revenue % contribution by geography



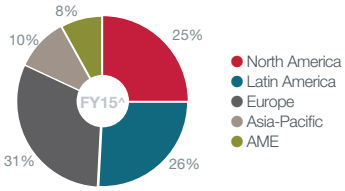
Revenue % contribution by geography



Gross profit % contribution by geography



Gross profit % contribution by geography



^ Adjusted representation of Westcon freight out costs.

The Group's reported effective tax rate for FY16 is 45.2% (FY15: 36.8%). This is higher than the South African rate of 28% due to the profits arising in jurisdictions with higher tax rates, in particular North and Latin America. The abnormally high effective tax rate in FY16 reflects the increased proportion of profits earned in North America, unrecognised foreign exchange losses in Angola and trading losses in Africa and parts of Asia-Pacific. The Group continues to target a normalised effective tax rate below 35%.

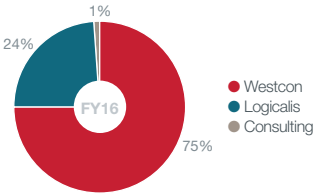
Underlying* earnings per share ("UEPS") were 32.0 US cents (FY15: 41.8 US cents). Headline earnings per share ("HEPS") were 19.4 US cents (FY15: 37.0 US cents).

The Group generated US$129.1 million of cash from operations during FY16 (FY15: US$186.2 million) and ended the period with net debt of US$205.4 million (FY15: US$87.1 million). The increase in net debt is due to reduced cash earnings and funding increased working capital, capital expenditure and acquisitions.

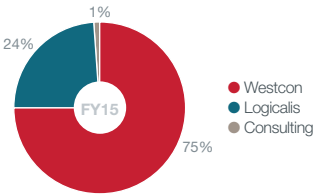
During the year, the Group completed four acquisitions, all within Logicalis:

- Effective 1 May 2015, Logicalis acquired 100% of White Label Intelligence Limited ("Trovus"), a UK Business Intelligence consultancy, which provides business insight solutions, professional services and managed services to large enterprise clients. The fair value of Trovus was US$2.2 million, with an initial cash consideration of US$1.6 million and deferred cash consideration up to a maximum of £0.4 million (US$0.6 million equivalent), payable over three years. The acquisition will strengthen Logicalis' Business Analytics and Information Management offering.
- Effective 1 September 2015, Logicalis completed the acquisition of Advanced Technology Integration Group ("ATIG"), a solution provider offering system integration and professional services to enterprise and commercial customers, for a total consideration of up to US$42.0 million, funded partly by the issue of 3.7 million new Datatec ordinary shares in terms of a US$18.0 million vendor consideration

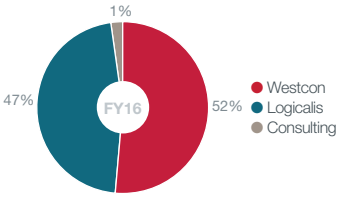
Contribution to Group revenue



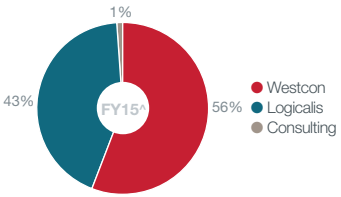
Contribution to Group revenue



Contribution to Group EBITDA



Contribution to Group EBITDA



^ Adjusted representation of Westcon freight out costs.

placing. The consideration payable comprised an initial cash consideration of US$37.0 million and deferred cash consideration up to a maximum of US$5.0 million payable in one year. The acquisition will consolidate Logicalis' presence in the key Midwest region of the US and present significant cross selling opportunities for its services offering.

- Effective 1 October 2015, Logicalis acquired Lekscom Limited, a Channel Islands-based provider of networking and collaboration services to large enterprise and commercial clients, for a total consideration of up to US$2.4 million with US$1.8 million initial cash consideration and deferred cash consideration up to a maximum of £0.4 million (US$0.6 million equivalent), split into two payments over two years.
- Effective 1 December 2015, Logicalis acquired Thomas Duryea Consulting Pty. Limited ("Thomas Duryea"), an Australian ICT services and solutions provider, for a total consideration of up to US$12.4 million with US$9.5 million as an initial cash consideration and deferred cash consideration up to a maximum of AU$4.0 million (US$2.9 million equivalent), split into two payments over two years. Thomas Duryea is a provider of Data Centre, Cloud and Microsoft solutions and services with operations in Melbourne and Sydney. The acquisition will enhance Logicalis' scale and capabilities in the Australian ICT market.

As a result of these acquisitions, goodwill and other intangible assets increased by US$28.5 million and US$29.1 million, respectively. The revenue and EBITDA included from these acquisitions in FY16 were US$53.6 million and US$2.9 million, respectively. Had the acquisition dates been 1 March 2015, revenue attributable to these acquisitions would have been approximately US$138.5 million for FY16. It is not practical to establish the EBITDA that would have been contributed by the acquisitions in FY16 if they had been included for the entire year. An assessment of the fair value of assets acquired across all acquisitions made by the Group, ATIG and Thomas Duryea being the largest components, is set out below.

There is both a put and call option (Level 2 financial instruments) for Datatec to purchase all the shares held by the management shareholders in Comztek Holdings (Pty) Ltd at a defined strike price. This was valued using a discounted cash flow valuation as at 29 February 2016. During FY16, a movement of US$0.02 million was recorded in the statement of comprehensive income and the closing balance included in amounts due to vendors is US$1.3 million.

The Group issued 5.8 million new shares during the year: 3.7 million shares as the vendor consideration placement for the ATIG acquisition; and 2.1 million shares for scrip distributions.

The Group paid US$33.2 million (paid during FY15: US$33.3 million) to shareholders during the year: a final scrip distribution with cash dividend alternative in respect of FY15 in July 2015; and an interim scrip distribution with cash dividend alternative in respect of FY16 in November 2015.

The total value returned to shareholders in the FY15 final distribution was US$17.7 million of which US$9.0 million (51.1%) was distributed to shareholders in the form of scrip (1.7 million new shares issued) and US$8.7 million (48.9%) was settled in cash to those shareholders who had elected the cash dividend alternative.

The total value returned to shareholders in the FY16 interim distribution was US$15.5 million of which US$2.0 million (12.6%) was distributed to shareholders in the form of scrip (0.4 million new shares issued) and US$13.5 million (87.4%) was settled in cash to those shareholders who had elected the cash dividend alternative.

The Board has maintained a final scrip distribution with cash dividend alternative for FY16 at 9 US cents (FY15: 9 US cents) details of which are set out below.

Losses of US$87.4 million (FY15: losses of US$67.8 million) arising on translation to presentation currency are included in total comprehensive loss of US$39.9 million (FY15: income of US$17.1 million).

Westcon

Westcon accounted for 75% of the Group's revenues (FY15: 75%) and 52% of its EBITDA (FY15: 56%). Westcon is a value added distributor of category-leading security, unified communications, network infrastructure and data centre solutions with a global network of specialty resellers. The division goes to market under the Westcon and Comstor brands.

Westcon operates in more than 60 countries and creates unique programmes and provides support to grow the business of its global partners. Westcon's portfolio of market-leading vendors includes: Cisco, Avaya, Polycom, Juniper, Check Point, F5, Palo Alto and Blue Coat.

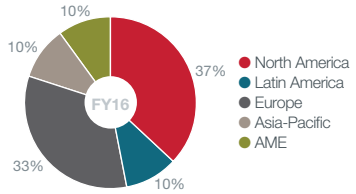
Westcon's revenues were unchanged at US$4.9 billion (FY15: US$4.9 billion) with revenue growth in North America, Europe and Asia-Pacific offset by lower results in Latin America and AME. Constant currency** sales increased 7.6% with higher results across all regions except AME.

Gross margins were 10.2% (FY15: 11.2%) with the decrease in margin partly attributable to the reclassification of outbound freight costs from operating expense to cost of sales in FY16. Adjusting FY15 in a similar manner results in a comparable FY15 margin of 10.3%.

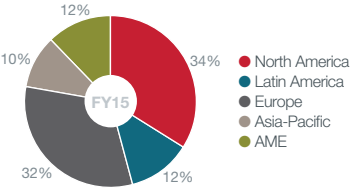
Gross profit was US$497.1 million (FY15: US$542.2 million). Adjusting FY15 for the outbound freight cost reclassification results in a gross profit decrease of 1.0% (adjusted FY15: US$502.2 million).

Operating expenses were US$408.6 million (FY15: US$417.1 million). Adjusting FY15 for the impact of the freight reclassification results in an adjusted FY15 operating expense total of US$377.1 million. The underlying 8% increase in operating expenditure is due to a combination of US$14.7 million of foreign exchange losses associated with the devaluation of the Angolan Kwanza; US$14.9 million of restructuring costs mainly associated with the EMEA transformation and BPO; increased provisioning against accounts receivable, particularly in Latin America and Africa; and higher headcount. Operating expenses as a proportion of revenue increased to 8.4% (FY15: 7.8% after freight reclassification).

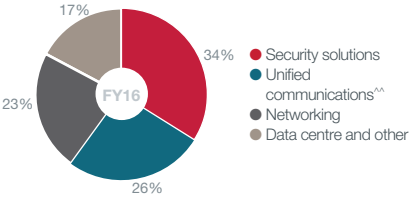
Westcon revenue % contribution by geography



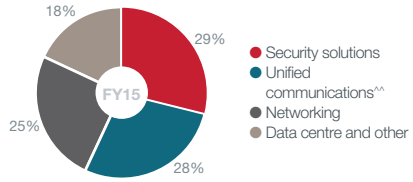
Westcon revenue % contribution by geography



Westcon revenue % by technology category



Westcon revenue % by technology category



^^ *Unified communications includes: Araya, Polycom and Smart Technologies.*

EBITDA was US$88.5 million (FY15: US$125.1 million) with lower results across all regions except North America while EBITDA margins were 1.8% (FY15: 2.6%), with lower margins in all regions except North America. Operating profit was US$62.2 million (FY15: US$100.2 million).

Net working capital days increased to 34 days (FY15: 27 days) driven by higher DSO and lower inventory turns offset by higher payable days. Higher net working capital days resulted in an increase of US$105.8 million in net debt to US$271.0 million.

Of the US$29.5 million capitalised development expenditure in FY16, the majority is attributable to the SAP ERP system transition, Cloud development and digital transformation.

Angola, in recent years, has been an important contributor to the AME region within Westcon. In FY15, revenue in the country totalled US$61.1 million. The weakened economic outlook for Angola, mainly as a consequence of the fall in the price of crude oil, has led to a material decline in the exchange rate of the Kwanza to the US Dollar.

The National Bank of Angola has instituted capital controls that render the timing and quantum of conversion from Kwanza to the US Dollar unpredictable. This has resulted in foreign exchange losses of US$14.7 million in FY16, of which US$10.2 million has been classified as unrealised. Management has implemented a series of actions to control the exposure and reduce further losses.

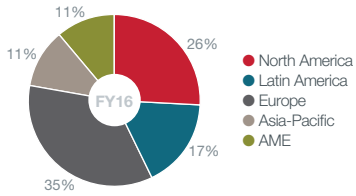
The Angolan government bonds are indexed to the US Dollar. The amount of US$10.0 million is fixed and the Kwanza equivalent of this will be repaid at maturity. These were issued in August 2015 and mature in August 2017. The coupon rate on these bonds is 7.00%. These bonds have been classified as Level 1 financial instruments.

Westcon has successfully implemented a restructuring and BPO transformation of its EMEA operations to deliver future improvements in operational efficiency. Total costs in FY16 were US$13.2 million and a further US$1.4 million is expected to be spent in FY17, as planned.

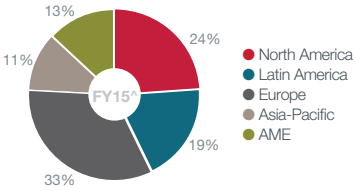
The success of this project has resulted in similar initiatives contemplated in Asia-Pacific and possibly North America. In Asia-Pacific, the scope of this project has been finalised and will include elements of the finance and operations functions. Total costs in FY17 are expected to be approximately US$7 million and deliver a payback within four years.

The roll out of SAP across Westcon will continue in FY17. The remaining few countries in Asia are expected to go live in H1 FY17, with the EMEA roll out beginning in H2 FY17.

Westcon gross profit % contribution by geography



Westcon gross profit % contribution by geography



^ Adjusted representation of Westcon freight out costs.

Logicalis

Logicalis accounted for 24% of the Group's revenues (FY15: 24%) and 47% of its EBITDA (FY15: 43%).

Logicalis is an international IT solutions and managed services provider with a breadth of knowledge and expertise in IT infrastructure and networking solutions, communications and collaboration, data centre, cloud solutions and managed services.

Revenue was US$1.5 billion (FY15: US$1.5 billion), including US$53.6 million of revenue from the acquisitions made during the year. Product sales were up 3% with strong growth in HP and Oracle, the latter driven by the full year effect of the Inforsacom acquisition made in H2 FY15.

Revenue overall was flat with increases in continental Europe, North America and Asia-Pacific offset by Latin America, which was adversely impacted by weaker trading conditions in Brazil and by a strong US Dollar worsening currency translation effects across Latin America. In Europe, the UK results were impacted by the completion of a long-term contract with the Welsh Assembly Government and the subsequent restructuring of the UK operation.

Revenues from services were down 5%, with decreases in both professional and annuity services revenues due to the completion of the Welsh Assembly Government contract, weakening demand in Brazil and currency translation.

Gross margins were 23.1% (FY15: 24.2%), impacted by a lower services mix as a result of a strong US Dollar and lower product margins.

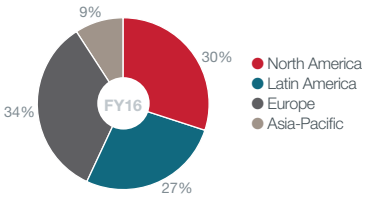
Gross profit was down 5% to US$353.4 million (FY15: US$371.6 million) and operating expenses decreased by 1%. EBITDA was US$80.9 million (FY15: US$97.0 million), with a corresponding EBITDA margin of 5.3% (FY15: 6.3%). Operating profit was US$56.3 million (FY15: US$74.2 million).

Logicalis made four acquisitions during FY16 which are set out in the Group results section above.

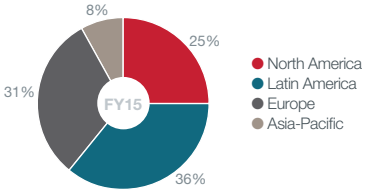
The ICT market is adjusting to a transition to cloud-based infrastructure solutions. Logicalis continues to adapt its go-to-market model and develop its services to address this change.

Logicalis continues to have a contingent liability in respect of a possible tax liability at its PromonLogicalis subsidiary in Brazil.

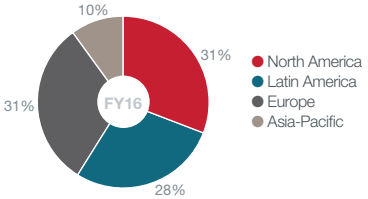
Logicalis revenue % contribution by geography



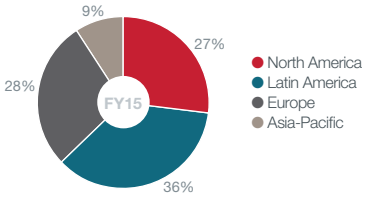
Logicalis revenue % contribution by geography



Logicalis gross profit % contribution by geography



Logicalis gross profit % contribution by geography



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Consulting

The Consulting division accounted for 1% of Group revenues (FY15: 1%).

During the year, the division comprised: Analysys Mason, a provider of strategic, trusted advisory, modelling and market intelligence services to the telecoms, media and technology industries; Mason Advisory ("Mason"), an independent and impartial IT consultancy providing related strategic, technical and operational advice to the public and private sectors; and The Via Group ("Via"), a specialist professional services organisation providing unified communications and voice solutions.

Effective 1 March 2016, Logicalis US acquired Via from the Consulting division.

Divisional revenues were US$51.4 million (FY15: US$55.2 million) with growth in Mason offset by a decline in Via. Analysys Mason had a strong recovery in the second half of FY16. Cost reduction initiatives were undertaken to limit the decline in EBITDA to US$1.9 million (FY15: US$3.2 million).

The division is focused on increasing sales and utilisation of its resources in order to improve operating margins.

Corporate

Corporate encompasses: the net operating costs of the Datatec head office entities which were US$14.3 million (FY15: US$19.6 million); share-based payments; net foreign exchange gain of US$4.1 million (FY15: US$0.6 million); and development expenditure of US$2.1 million (FY15: US$0.9 million) associated with Datatec Financial Services which is developing financing/ leasing solutions for ICT customers.

CURRENT TRADING AND PROSPECTS

Global markets remain uncertain and Datatec has positioned itself well to support its vendors and customers through scale and broad international coverage. Technology innovation in the sectors in which the Group operates remains high. The migration to cloud-based infrastructure delivery is a trend that will require increased managed services and creates demand for networking, security and unified communications solutions, all of which are core activities for Datatec.

The profitability for FY16 was impacted by foreign exchange losses in Angola, restructuring charges and provisions against trade receivables. Management has taken actions to reduce or eliminate the impact of these negative events and charges going forward. As a result, our expectation at this stage is for an improvement in earnings and operating leverage in FY17.

SCRIP DISTRIBUTION AND CASH DIVIDEND ALTERNATIVE

1. Introduction

Notice is hereby given that the Board has declared a final distribution for the year ended 29 February 2016, by way of the issue of fully paid Datatec ordinary shares of one cent each ("the Scrip Distribution") payable to ordinary shareholders ("Shareholders") recorded in the register of the Company at the close of business on the Record Date, being Friday, 22 July 2016.

Shareholders will be entitled, in respect of all or part of their shareholding, to elect to receive a gross cash dividend of 136 RSA cents per ordinary share in lieu of the Scrip Distribution, which will be paid only to those Shareholders who elect to receive the Cash Dividend, in respect of all or part of their shareholding, on or before 12:00 on Friday, 22 July 2016 ("the Cash Dividend"). The Cash Dividend has been declared from income reserves. A dividend withholding tax of 15% will be applicable to all Shareholders not exempt therefrom after deduction of which the net Cash Dividend is 115.6 RSA cents per share.

The new ordinary shares will, pursuant to the Scrip Distribution, be settled by way of capitalisation of the Company's distributable retained profits.

The Company's total number of issued ordinary shares as at 11 May 2016 is 209 318 161. Datatec's income tax reference number is 9999/493/71/2.

2. Terms of the Scrip Distribution

The number of Scrip Distribution shares to which each of the Shareholders will become entitled pursuant to the Scrip Distribution (to the extent that such Shareholders have not elected to receive the Cash Dividend) will be determined by reference to such Shareholder's ordinary shareholding in Datatec (at the close of business on the Record Date, being Friday, 22 July 2016) in relation to the ratio that 136 RSA cents bears to the volume weighted average price ("VWAP") of an ordinary Datatec share traded on the JSE during the 30-day trading period ending on Monday, 11 July 2016. Where the application of this ratio gives rise to a fraction of a new ordinary share, such fraction of a new ordinary share will be rounded down to the nearest whole number, resulting in allocations of whole ordinary shares and a cash payment for the fraction. The applicable cash payment will be determined with reference to the VWAP of an ordinary Datatec share traded on the JSE on Wednesday, 20 July 2016 (being the day on which an ordinary Datatec share begins trading "ex" the entitlement to receive the Scrip Distribution or the Cash Dividend alternative), discounted by 10%.

Details of the ratio will be announced on the Stock Exchange News Service ("SENS") of the JSE in accordance with the timetable on the following page.

3. Circular and salient dates

A circular providing shareholders with full information on the Scrip Distribution and the Cash Dividend alternative including a Form of Election to elect to receive the Cash Dividend alternative will be posted to Shareholders on or about Friday, 17 June 2016.

The salient dates of events thereafter are as follows:

EVENT	2016
Audited financial results of the Datatec Group for the year ended 29 February 2016 and Scrip Distribution with Cash Dividend alternative released on SENS on	Wednesday, 11 May
Circular and Form of Election posted to Shareholders on	Friday, 17 June
Announcement released on SENS in respect of the ratio applicable to the Scrip Distribution, based on the 30-day VWAP ending on Monday, 11 July 2016 by 11:00 (10:00 UK time) on	Tuesday, 12 July
Announcement published in the press of the ratio applicable to the Scrip Distribution, based on the 30-day VWAP ending on Monday, 11 July 2016 on	Wednesday, 13 July
Last day to trade in order to be eligible for the Scrip Distribution and the Cash Dividend alternative	Tuesday, 19 July
Ordinary shares trade "ex" the Scrip Distribution and the Cash Dividend alternative on	Wednesday, 20 July
Announcement released on SENS in respect of the cash payment applicable to fractional entitlements, based on the VWAP on Wednesday, 20 July 2016, discounted by 10%	Thursday, 21 July
Last day to elect to receive the Cash Dividend alternative instead of the Scrip Distribution, Forms of Election to reach the Transfer Secretaries by 12:00 (11:00 UK time) on	Friday, 22 July
Record Date in respect of the Scrip Distribution and the Cash Dividend alternative	Friday, 22 July
Scrip Distribution shares issued to Shareholders on the South African register and Scrip Distribution, certificates posted and Cash Dividend payments made, CSDP/broker accounts credited/updated, as applicable, on	Monday, 25 July
Cash Dividend payments made by BACS (direct credit) to Shareholders on the Jersey register, Scrip Distribution shares and depositary interests issued to shareholders on the Jersey register, CREST accounts credited with the new Scrip Distribution shares and depositary interests, as applicable, and AIM listing of ordinary shares issued in respect of the Scrip Distribution on	Monday, 25 July
Announcement relating to the results of the Scrip Distribution and the Cash Dividend alternative released on SENS on	Monday, 25 July
Announcement relating to the results of the Scrip Distribution and the Cash Dividend alternative published in the press on	Tuesday, 26 July
JSE listing of ordinary shares in respect of the Scrip Distribution adjusted to reflect the actual number of ordinary shares issued in terms of the Scrip Distribution at the commencement of business on or about	Wednesday, 27 July

All times provided are South African local times. The above dates and times are subject to change. Any change will be announced on SENS.

Share certificates may not be dematerialised or rematerialised, nor may transfers between registers take place, between Wednesday, 20 July 2016 and Friday, 22 July 2016, both days inclusive.

REPORTING

The provisional summarised consolidated financial statements are prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, as well as the requirements of the Companies Act of South Africa and the JSE Limited's Listings Requirements applicable for provisional reports. The provisional summarised consolidated financial statements also contain the minimum requirements of IAS 34 *Interim Financial Reporting*.

The accounting policies are in terms of IFRS and consistent with those applied in the financial statements for FY15, except for the adoption of the revised accounting standard and the amendments to accounting standards in FY16.

The Group adopted the following revised accounting standard and amendments to existing accounting standards. The adoption of this revised standard and amendments did not have a material impact on the Group annual financial statements.

- IAS 19 (*Revised*) *Employee Benefits* (effective for accounting periods beginning on or after 1 July 2014)
- Amendments resulting from *Annual Improvements 2010 – 2012 Cycle* (effective for accounting periods beginning on or after 1 July 2014)
- Amendments resulting from *Annual Improvements 2011 – 2013 Cycle* (effective for accounting periods beginning on or after 1 July 2014).

The provisional summarised consolidated financial statements have been correctly extracted from the underlying audited consolidated financial statements. The preparation of these summarised financial statements for FY16 was supervised by the Chief Financial Officer, Mr Jurgens Myburgh CA(SA).

The consolidated financial statements from which the summarised consolidated financial statements have been extracted have been audited by the Company's auditors, Deloitte & Touche. The consolidated financial statements and the auditor's unmodified report on the consolidated financial statements are available for inspection at the Company's registered office.

The auditor's report does not necessarily report on all of the information contained in this announcement/ financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of that report together with the accompanying financial information from the issuer's registered office.

** 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.*

*** The pro forma constant currency information, which is the responsibility of the Datatec directors, presents the Group's revenue for the current year had it been translated at the average foreign currency exchange rates of the prior year. This information is for illustrative purposes only and because of its nature, may not fairly present the Group's revenues. The Group's auditors have issued a limited assurance report (in terms of ISAE 3000 Assurance Engagements other than Audits or Reviews of Historical Information) on the pro forma financial information presented, a copy of which is available for inspection at the Company's registered office.*

To determine the revenues in constant currency terms, the current financial reporting period's monthly revenues in local currency have been converted to US Dollars at the average monthly exchange rates prevailing over the same period in the prior year. The calculation has been prepared for each of the Group's currencies, materially being that of the British Pound, Euro, Brazilian Real, Australian Dollar, Canadian Dollar, Singapore Dollar, Mexican Peso and South African Rand.

DISCLAIMER

This announcement 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:

(i) unless otherwise indicated, forward looking statements indicate the Group's expectations and have not been reviewed or reported on by the Group's external auditors;

(ii) 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;

(iii) the Group cannot guarantee that any forward looking statement will materialise and, accordingly, readers are cautioned not to place undue reliance on these forward looking statements; and

(iv) the Group disclaims any intention and assumes no obligation to update or revise any forward looking statement even if new information becomes available, as a result of future events or for any other reason, other than as required by the JSE Limited's Listings Requirements and/or the AIM Rules.

On behalf of the Board:

SJ Davidson
Chairman

JP Montanana
Chief Executive Officer

PJ Myburgh
Chief Financial Officer

11 May 2016

DIRECTORS

SJ Davidson°• (Chairman), JP Montanana• (CEO), PJ Myburgh (CFO), O Ighodaro°‡, JF McCartney°†, LW Nkuhlu°, CS Seabrooke°, NJ Temple°•

°Non-executive •British †American ‡Nigerian

INDEPENDENT AUDITORS' REPORT ON SUMMARY FINANCIAL STATEMENTS

TO THE SHAREHOLDERS OF DATATEC LIMITED

Opinion

The summary consolidated financial statements of Datatec Limited, which comprise the summary consolidated statement of financial position as at 29 February 2016, the summary consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Datatec Limited for the year ended 29 February 2016.

In our opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements of Datatec Limited, in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, set out in the "Reporting" note to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

Summary consolidated financial statements

The summary consolidated financial statements do not contain all the disclosures required by the International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summary consolidated financial statements and the auditors' report thereon, therefore, is not a substitute for reading the audited consolidated financial statements of Datatec Limited and the auditors' report thereon.

The audited consolidated financial statements and our report thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 11 May 2016. That report also includes:

- The communication of other key audit matters.
- An other matter paragraph "Other reports required by the Companies Act", refer below.

Other matter

We have not audited future financial performance and expectations by management included in the accompanying summary consolidated financial statements and accordingly do not express any opinion thereon.

Directors' responsibility for the summary consolidated financial statements

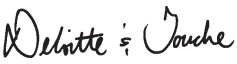
The directors are responsible for the preparation of the summary consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, set out in the "Reporting" note to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements, and for such internal control as the directors determine is necessary to enable the preparation of the summary consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The Listings Requirements require provisional reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued

by the Financial Reporting Standards Council, and to also, as a minimum, contain the information required by IAS 34 *Interim Financial Reporting*.

Auditors' responsibility

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the consolidated audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), *Engagements to Report on Summary Financial Statements*.



Deloitte & Touche
Per: MH Holme
Partner

11 May 2016

Building 1 and 2, Deloitte Place, The Woodlands
Woodlands Drive, Woodmead, Sandton
Riverwalk Office Park, Block B
41 Matroosberg Road, Ashlea Gardens X6
Pretoria

National Executive: *LL Bam Chief Executive *AE Swiegers Chief Operating Officer *GM Pinnock Audit *N Sing Risk Advisory *NB Kader Tax TP Pillay Consulting S Gwala BPaaS *K Black Clients & Industries *JK Mazzocco Talent & Transformation *MJ Jarvis Finance *M Jordan Strategy *MJ Comber Reputation & Risk *TJ Brown Chairman of the Board

A full list of partners and directors is available on request

* Partner and registered auditor

BBBEE rating: Level 2 contributor in terms of the Chartered Accountancy Profession Sector Code

Associate of Deloitte Africa, a member of Deloitte Touche Tohmatsu Limited

SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 29 February 2016

US$'000	Audited Year ended February 2016	Audited Year ended February 2015
Revenue	**6 454 782**	6 443 536
Continued operations	**6 401 171**	6 421 646
Revenue from acquisitions	**53 611**	21 890
Cost of sales	**(5 586 043)**	(5 510 605)
Gross profit	**868 739**	932 931
Operating costs	**(691 673)**	(716 454)
Restructuring costs	**(15 285)**	–
Share-based payments	**329**	(10 084)
Operating profit before interest, tax, depreciation and amortisation ("EBITDA")	**162 110**	206 393
Depreciation	**(28 589)**	(26 256)
Amortisation of capitalised development expenditure	**(7 660)**	(7 216)
Amortisation of acquired intangible assets and software	**(15 255)**	(15 163)
Intangible impairment	**(75)**	–
Operating profit	**110 531**	157 758
Interest income	**3 670**	4 324
Finance costs	**(27 549)**	(21 930)
Share of equity-accounted investment (losses)/earnings	**(252)**	450
Acquisition-related fair value adjustments	**1 768**	(317)
Fair value movements on put option liabilities	**22**	(317)
Fair value adjustment on deferred and/or contingent purchase consideration	**1 746**	–
Other income	**266**	14
Loss on disposal of investments	**–**	(137)
Profit before taxation	**88 434**	140 162
Taxation	**(39 956)**	(51 534)
Profit for the year	**48 478**	88 628
Other comprehensive (loss)/income		
Items that may be reclassified subsequently to profit or loss		
Exchange differences arising on translation to presentation currency	**(87 401)**	(67 757)
Translation of equity loans	**(2 123)**	(5 279)
Tax on translation of equity loans	**1 048**	1 480
Transfers and other items	**64**	41
Total comprehensive (loss)/income for the year	**(39 934)**	17 113
Profit attributable to:		
Owners of the parent	**39 949**	73 772
Non-controlling interests	**8 529**	14 856
	48 478	88 628

US$'000	Audited Year ended February 2016	Audited Year ended February 2015
Total comprehensive (loss)/income attributable to:		
Owners of the parent	**(37 505)**	11 014
Non-controlling interests	**(2 429)**	6 099
	(39 934)	17 113
Number of shares issued (millions)		
Issued	**209**	204
Weighted average	**206**	199
Diluted weighted average	**207**	200
Earnings per share ("EPS") (US cents)		
Basic	**19.3**	37.1
Diluted basic	**19.3**	36.9
SALIENT FINANCIAL FEATURES		
Headline earnings	**40 016**	73 674
Headline earnings per share (US cents)		
Headline	**19.4**	37.0
Diluted headline	**19.3**	36.9
Underlying earnings	**66 160**	83 131
Underlying earnings per share (US cents)		
Underlying	**32.0**	41.8
Diluted underlying	**32.0**	41.6
Net asset value per share (US cents)	**396.7**	427.8
KEY RATIOS		
Gross margin (%)	**13.5**	14.5
EBITDA (%)	**2.5**	3.2
Effective tax rate (%)	**45.2**	36.8
Exchange rates		
Average Rand/US$ exchange rate	**13.7**	11.0
Closing Rand/US$ exchange rate	**16.2**	11.7

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 29 February 2016

US$'000	Audited Year ended February 2016	Audited Year ended February 2015
ASSETS		
Non-current assets	**766 142**	701 809
Property, plant and equipment	**76 204**	73 328
Goodwill	**462 577**	450 884
Capitalised development expenditure	**66 411**	49 573
Acquired intangible assets and software	**59 798**	45 854
Investments	**16 092**	6 342
Deferred tax assets	**51 062**	54 555
Finance lease receivables	**7 994**	12 765
Other receivables	**26 004**	8 508
Current assets	**2 616 800**	2 572 773
Inventories	**434 669**	442 612
Trade receivables	**1 510 327**	1 532 820
Current tax assets	**12 154**	15 626
Prepaid expenses and other receivables	**242 744**	215 585
Finance lease receivables	**4 052**	–
Cash resources	**412 854**	366 130
Total assets	**3 382 942**	3 274 582
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent	**830 366**	870 850
Share capital and premium	**115 090**	126 886
Non-distributable reserves	**90 727**	50 179
Foreign currency translation reserve	**(182 777)**	(105 307)
Share-based payment reserve	**1 733**	739
Distributable reserves	**805 593**	798 353
Non-controlling interests	**39 054**	41 599
Total equity	**869 420**	912 449
Non-current liabilities	**112 645**	103 710
Long-term liabilities	**21 252**	21 555
Liability for share-based payments	**5 174**	9 848
Amounts owing to vendors	**2 762**	1 842
Deferred tax liabilities	**73 491**	69 833
Provisions	**9 215**	–
Other liabilities	**751**	632
Current liabilities	**2 400 877**	2 258 423
Trade and other payables	**1 778 908**	1 795 783
Short-term interest-bearing liabilities	**51 461**	43 468
Provisions	**9 307**	13 979
Amounts owing to vendors	**7 742**	2 750
Current tax liabilities	**7 920**	14 212
Bank overdrafts	**545 539**	388 231
Total equity and liabilities	**3 382 942**	3 274 582
Capital expenditure incurred in the current year (including capitalised develpoment expenditure)	**63 227**	51 104
Capital commitments at the end of the year	**45 247**	33 909
Lease commitments at the end of the year	**158 621**	153 258
Payable within one year	**36 434**	34 348
Payable after one year	**122 187**	118 910

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 29 February 2016

US$'000	Audited Year ended February 2016	Audited Year ended February 2015
Operating profit before working capital changes	**185 687**	215 346
Working capital changes	**(59 433)**	(29 147)
Decrease/(increase) in inventories	**18**	(32 038)
Increase in receivables	**(142 708)**	(324 540)
Increase in payables	**83 257**	327 431
Other working capital changes	**2 816**	–
Cash generated from operations	**129 070**	186 199
Net finance costs paid	**(21 176)**	(17 606)
Taxation paid	**(39 876)**	(53 193)
Net cash inflow from operating activities	**68 018**	115 400
Cash outflow for acquisitions	**(46 181)**	(1 979)
Net cash outflow from other investing activities	**(73 108)**	(49 498)
Net cash (outflow)/inflow from other financing activities	**(29 221)**	13 418
Net proceeds from shares issued	**18 014**	82
Capital distributions and dividends paid to shareholders	**(22 200)**	(23 459)
Capital distributions and dividends paid to non-controlling interest	**–**	(26 066)
Net (decrease)/increase in cash and cash equivalents	**(84 678)**	27 898
Cash and cash equivalents at the beginning of the year	**(22 101)**	(41 770)
Translation differences on cash and cash equivalents	**(25 906)**	(8 229)
Cash and cash equivalents at the end of the year*	**(132 685)**	(22 101)

**Comprises cash resources, net of bank overdrafts.*

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

for the year ended 29 February 2016

US$'000	Audited Year ended February 2016	Audited Year ended February 2015
Balance at the beginning of the year	**912 449**	924 485
Transactions with equity holders of the parent		
Comprehensive (loss)/income	**(37 505)**	11 014
New share issues	**18 014**	31 076
Capital distributions	**–**	(17 226)
Dividends	**(22 200)**	(16 060)
Treasury shares purchased by the share trust	**(352)**	–
Share-based payments	**1 042**	1 855
Acquisitions of additional interests from non-controlling interests	**517**	(10 623)
Disposals of additional interests from non-controlling interests	**–**	(803)
Transactions with non-controlling interests		
Comprehensive (loss)/income	**(2 429)**	6 099
Acquisitions of additional interests from non-controlling interests	**(116)**	9 210
Disposals of additional interests from non-controlling interests	**–**	(512)
Dividends	**–**	(26 066)
Balance at the end of the year	**869 420**	912 449

DETERMINATION OF HEADLINE AND UNDERLYING EARNINGS

for the year ended 29 February 2016

US$'000	Audited Year ended February 2016	Audited Year ended February 2015
Profit attributable to the equity holders of the parent	**39 949**	73 772
Headline earnings adjustments	**68**	(88)
Intangible impairment	**75**	–
Loss on disposal of investment	**–**	(106)
(Profit)/loss on disposal of property, plant and equipment	**(9)**	36
Tax effect	**2**	(18)
Non-controlling interests	**(1)**	(10)
Headline earnings	**40 016**	73 674
DETERMINATION OF UNDERLYING EARNINGS		
Underlying earnings adjustments	**32 314**	13 009
Unrealised foreign exchange losses/(gains)	**4 679**	(1 012)
Acquisition-related fair value adjustments	**(1 768)**	317
Restructuring costs	**15 285**	–
Amortisation of acquired intangible assets	**14 118**	13 704
Tax effect	**(5 898)**	(3 546)
Non-controlling interests	**(272)**	(6)
Underlying earnings	**66 160**	83 131

Datatec audited provisional results for the year ended 29 February 2016

SUMMARISED SEGMENTAL ANALYSIS

for the year ended 29 February 2016

US$'000	Audited Year ended February 2016	Audited Year ended February 2015
Revenue		
Westcon	**4 869 592**	4 854 507
Logicalis	**1 532 766**	1 533 777
Consulting	**51 423**	55 242
Corporate	**1 001**	10
Revenue	**6 454 782**	6 443 536
EBITDA		
Westcon	**88 538**	125 141
Logicalis	**80 947**	97 039
Consulting	**1 883**	3 158
Corporate	**(9 258)**	(18 945)
EBITDA	**162 110**	206 393
Operating profit		
Westcon	**62 212**	100 207
Logicalis	**56 355**	74 165
Consulting	**1 245**	2 362
Corporate	**(9 281)**	(18 976)
Operating profit	**110 531**	157 758
Total assets		
Westcon	**2 311 200**	2 289 764
Logicalis	**958 854**	920 295
Consulting	**38 206**	39 694
Corporate	**74 682**	24 829
Total assets	**3 382 942**	3 274 582
Total liabilities		
Westcon	**(1 769 655)**	(1 690 252)
Logicalis	**(684 826)**	(641 932)
Consulting	**(13 880)**	(12 702)
Corporate	**(45 161)**	(17 247)
Total liabilities	**(2 513 522)**	(2 362 133)

ACQUISITIONS MADE DURING THE YEAR

as at 29 February 2016

The following table sets out the assessment of the fair value of assets and liabilities acquired across all acquisitions made by the Group during the financial year.

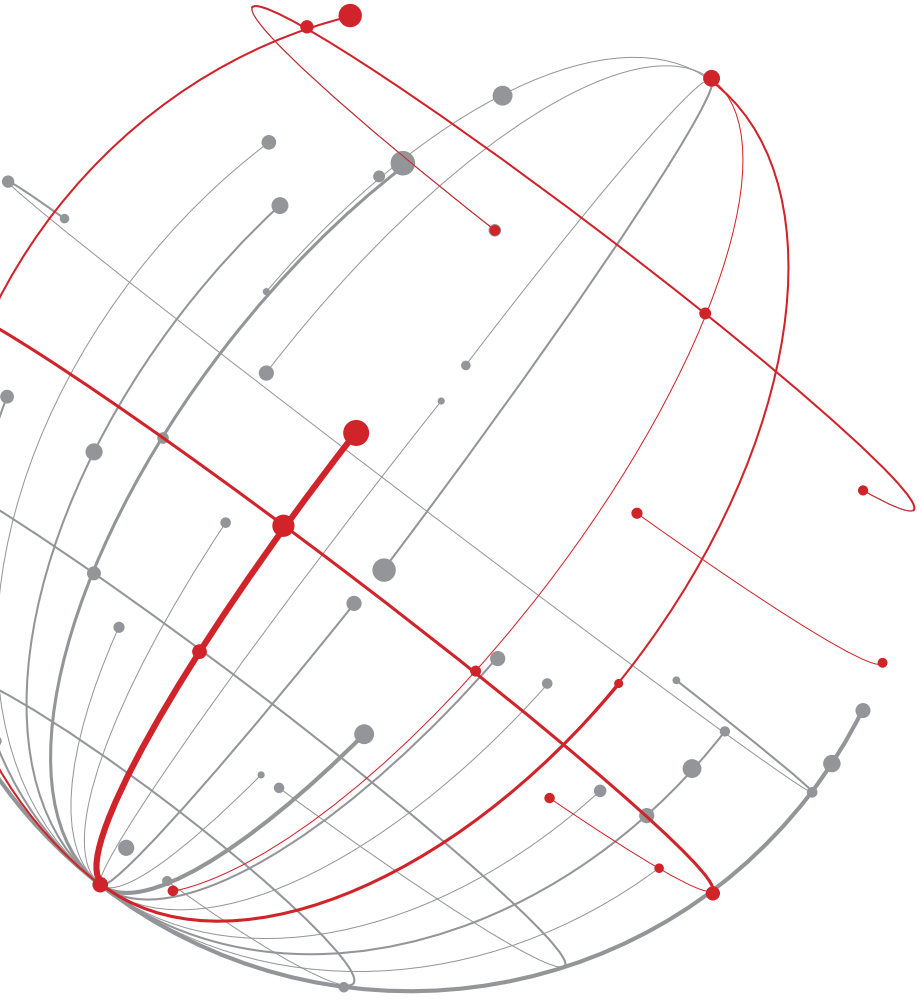
ACQUISITIONS MADE IN FY16	US$'000
Assets acquired	
Non-current assets	1 969
Current assets	11 086
Non-current liabilities	(1 114)
Current liabilities	(10 596)
Net liabilities acquired	**1 345**
Intangible assets	29 080
Goodwill	28 530
Fair value of acquisitions	**58 955**
Purchase consideration	
Deferred purchase consideration	9 103
Cash	49 852
Total consideration	**58 955**
Cash outflows for acquisitions	
Cash and cash equivalents acquired	(3 671)
Cash consideration paid	49 852
Net cash outflow for acquisitions	**46 181**

DATATEC

Driving Technology

30 years

PRESENTATION



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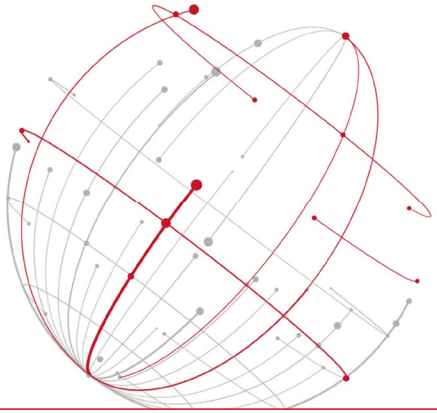

DATATEC GROUP

AUDITED PROVISIONAL RESULTS FOR
THE YEAR ENDED 29 FEBRUARY 2016

DATATEC
Driving Technology

NOTES:

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

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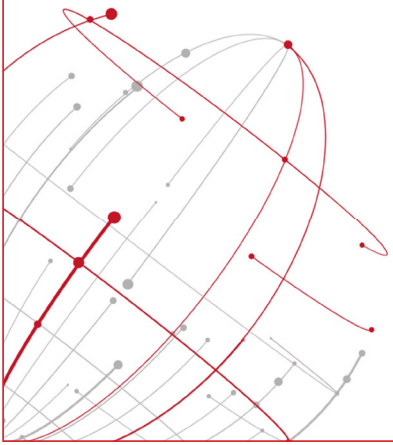

RESULTS SUMMARY & MARKET CONDITIONS

DATATEC

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NOTES:

DATATEC GROUP

FINANCIAL RESULTS SUMMARY

Revenue	EBITDA
$6.45 bn FY 2015: $6.44bn	$162.1 m FY 2015: $206.4m

Underlying* EPS	Dividend
32.0 US¢ FY 2015: 41.8 US¢	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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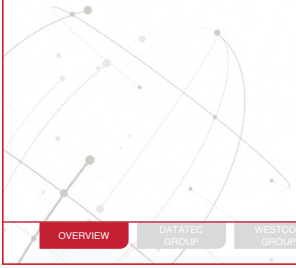
NOTES:

DATATEC GROUP

MARKET CONDITIONS

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



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NOTES:

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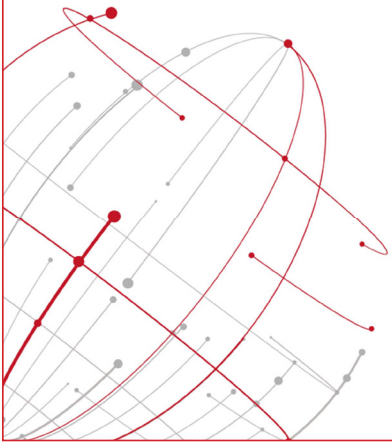

FINANCIAL RESULTS

DATATEC

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NOTES:

DATATEC GROUP

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%)*
Gross margin %	*13.5%*	*14.5%*	*13.9%*		
Operating costs	(706.6)	(726.5)	(686.5)	*(3%)*	*3%*
Operating cost margin %	*10.9%*	*11.3%*	*10.7%*		
EBITDA	162.1	206.4		*(21%)*	
EBITDA%	*2.5%*	*3.2%*			
Depreciation & Amortisation	(51.5)	(48.6)		*6%*	
Intangible impairment	(0.1)	-			
Operating profit	110.5	157.8		*(30%)*	
Operating profit %	*1.7%*	*2.4%*			

^ *Adjusted representation of Westcon freight out costs*

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

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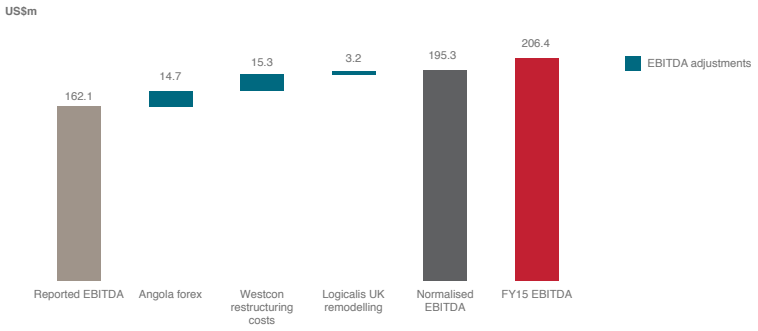
EBITDA BRIDGE



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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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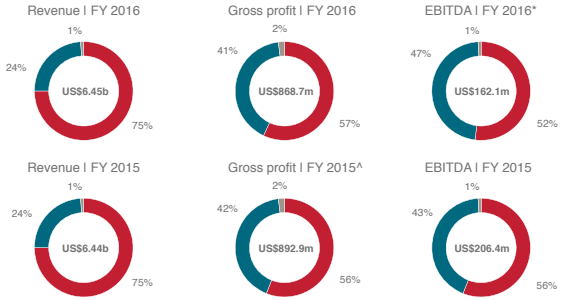
CONTRIBUTION PER DIVISION



- 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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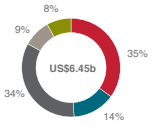
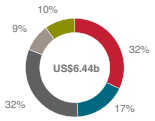
REVENUE AND GROSS PROFIT % CONTRIBUTION BY GEOGRAPHY

Revenue I FY 2016

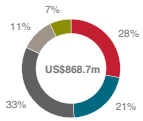


Revenue I FY 2015

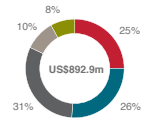


- Westcon constant currency growth in all regions except AME
- Latam affected by weak BRL

Gross Profit I FY 2016



Gross Profit I FY 2015^



- 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

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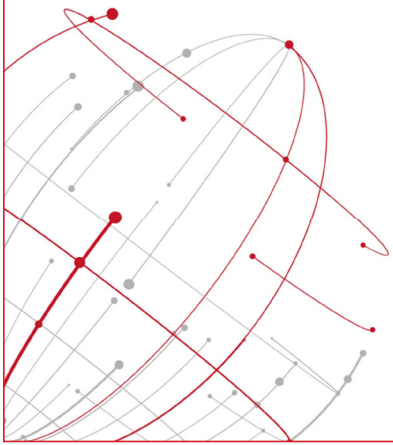

OPERATIONAL REVIEW

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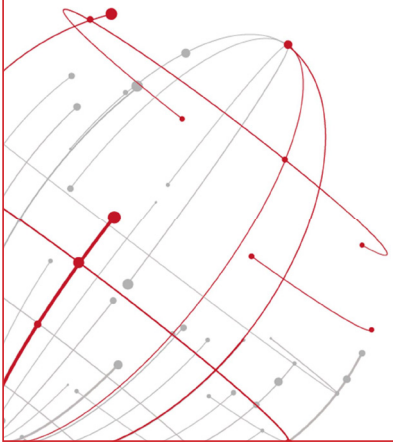

WESTCON GROUP

WestconGroup

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NOTES:

WESTCON GROUP

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%)*
Gross margin %	*10.2%*	*11.2%*	*10.3%*		
Operating costs	(408.6)	(417.1)	(377.1)	*(2%)*	*8%*
Operating cost margin %	*8.4%*	*8.6%*	*7.8%*		
EBITDA	88.5	125.1		*(29%)*	
EBITDA%	*1.8%*	*2.6%*			
Operating profit	62.2	100.2		*(38%)*	
Operating profit %	*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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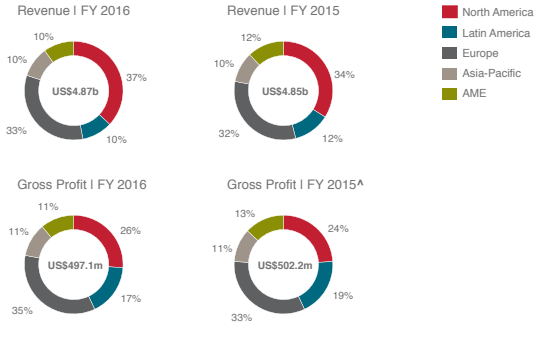
REVENUE AND GROSS PROFIT CONTRIBUTION % BY GEOGRAPHY



- 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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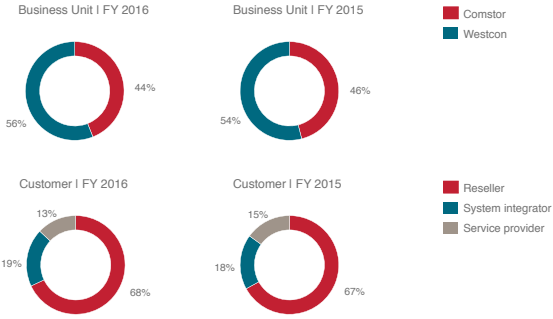
REVENUE % BY BUSINESS UNIT AND CUSTOMER TYPE



- Reduced contribution by Comstor (Cisco division)

- Growth in Resellers and System Integrators

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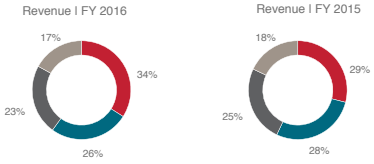
REVENUE % BY TECHNOLOGY CATEGORY



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

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

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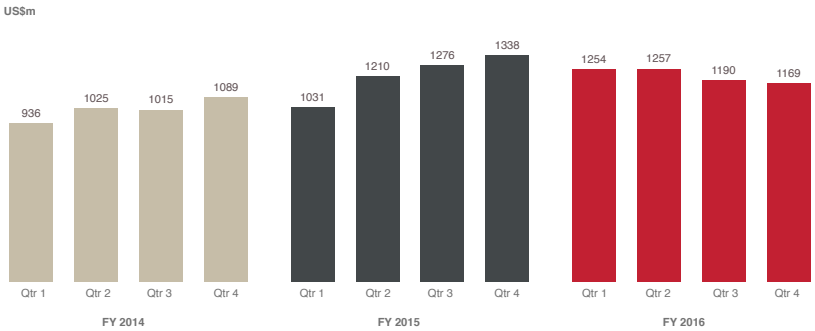
HISTORICAL QUARTERLY SALES



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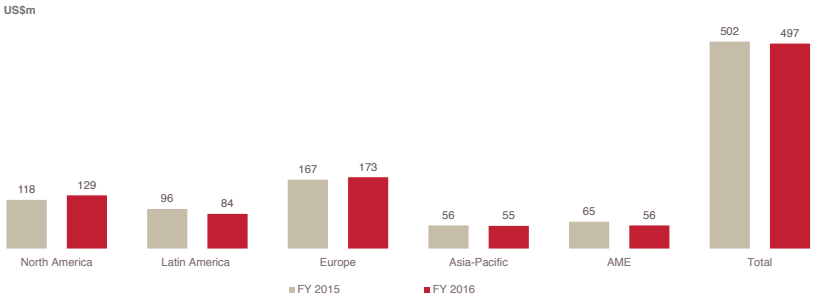
GROSS PROFIT CONTRIBUTION



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

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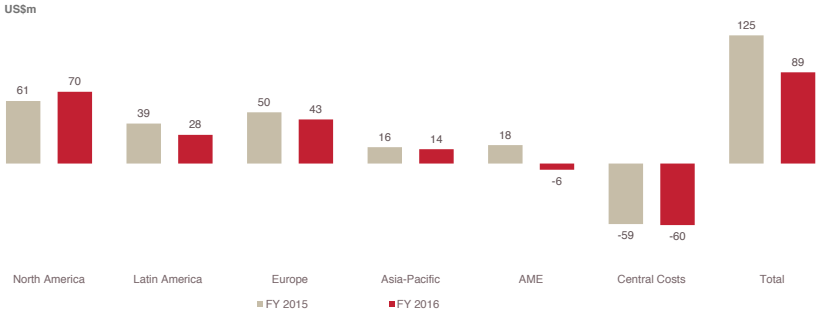
EBITDA



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NOTES:

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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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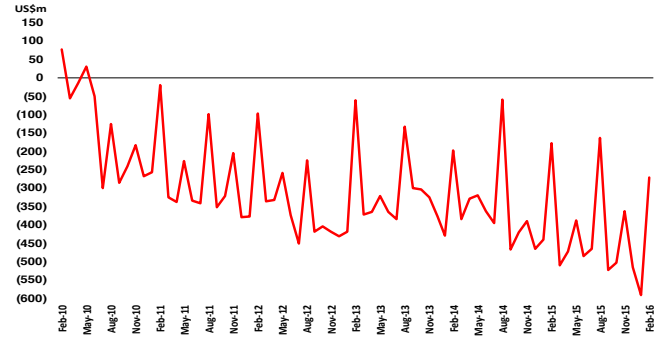
NET (DEBT) / CASH



Note: Including Datatec loan

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NOTES:

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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

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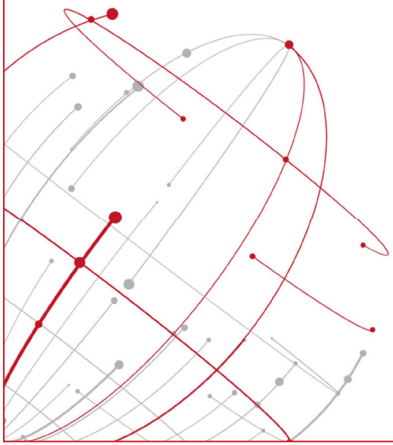

LOGICALIS GROUP

LOGICALIS

DATATEC

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NOTES:

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%)*
Gross margin %	*23.1%*	*24.2%*	
Operating costs	(272.5)	(274.6)	*(1%)*
Operating cost margin %	*17.8%*	*17.9%*	
EBITDA	80.9	97.0	*(17%)*
EBITDA%	*5.3%*	*6.3%*	
Operating profit	56.3	74.2	*(24%)*
Operating profit %	*3.7%*	4.8%	

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

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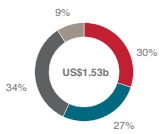
NOTES:

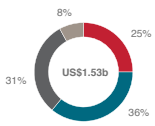
LOGICALIS GROUP

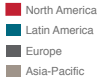
REVENUE AND GROSS PROFIT CONTRIBUTION % BY GEOGRAPHY

Revenue I FY 2016



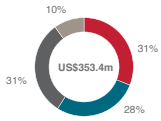
Revenue I FY 2015



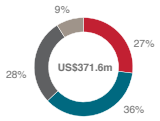


- Latam impacted by strong US$ and weak Brazilian economy
- North America includes ATIG acquisition

Gross Profit I FY 2016



Gross Profit I FY 2015



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

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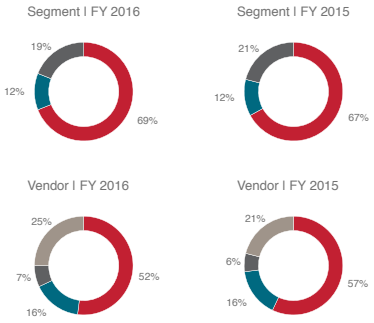
REVENUE BY SEGMENT AND PRODUCT REVENUE BY VENDOR



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

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

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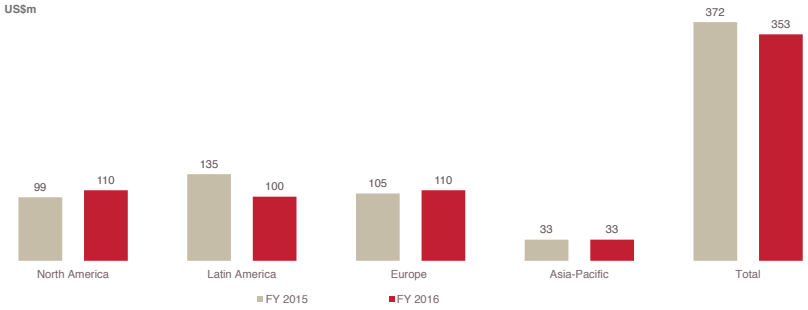
GROSS PROFIT CONTRIBUTION



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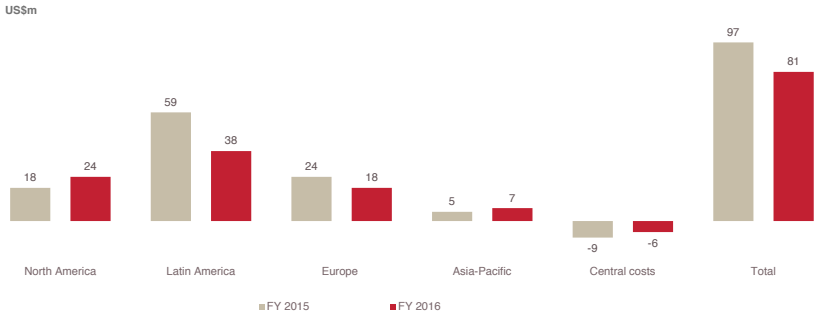
EBITDA



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NOTES:

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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*

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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

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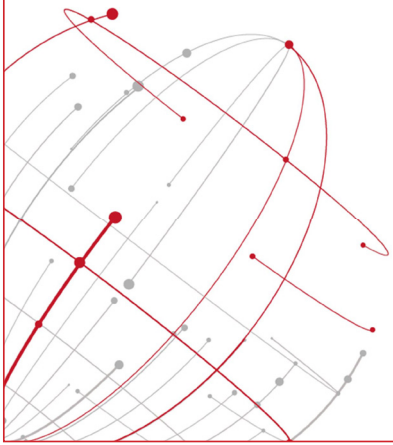

CONSULTING

analysys mason

masonadvisory

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CONSULTING

FINANCIAL PERFORMANCE

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

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

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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

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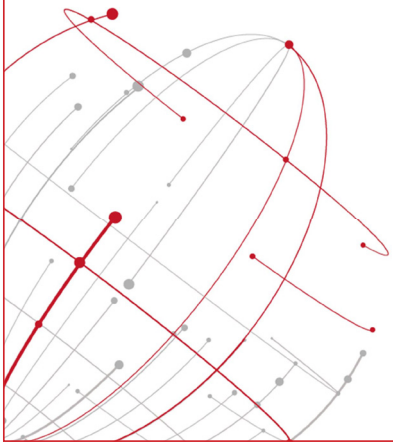

STRATEGY & OUTLOOK

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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

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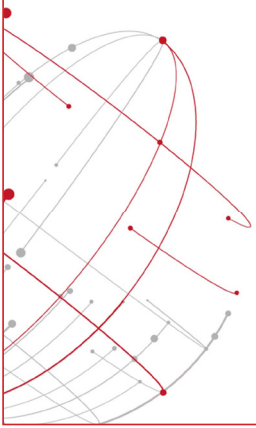

QUESTIONS

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Driving Technology

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DATATEC GROUP

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:

- unless otherwise indicated, forward-looking statements indicate the Group's expectations and have not been reviewed or reported on by the Group's external auditors;
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- 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
- the Group disclaims any intention and assumes no obligation to update or revise any forward-looking statement even if new information becomes available, as a result of future events or for any other reason, other than as required by the JSE Limited Listings Requirements.

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BASTION GRAPHICS

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