

DATATEC GROUP Audited Provisional Results

For the year ended 28 February 2019

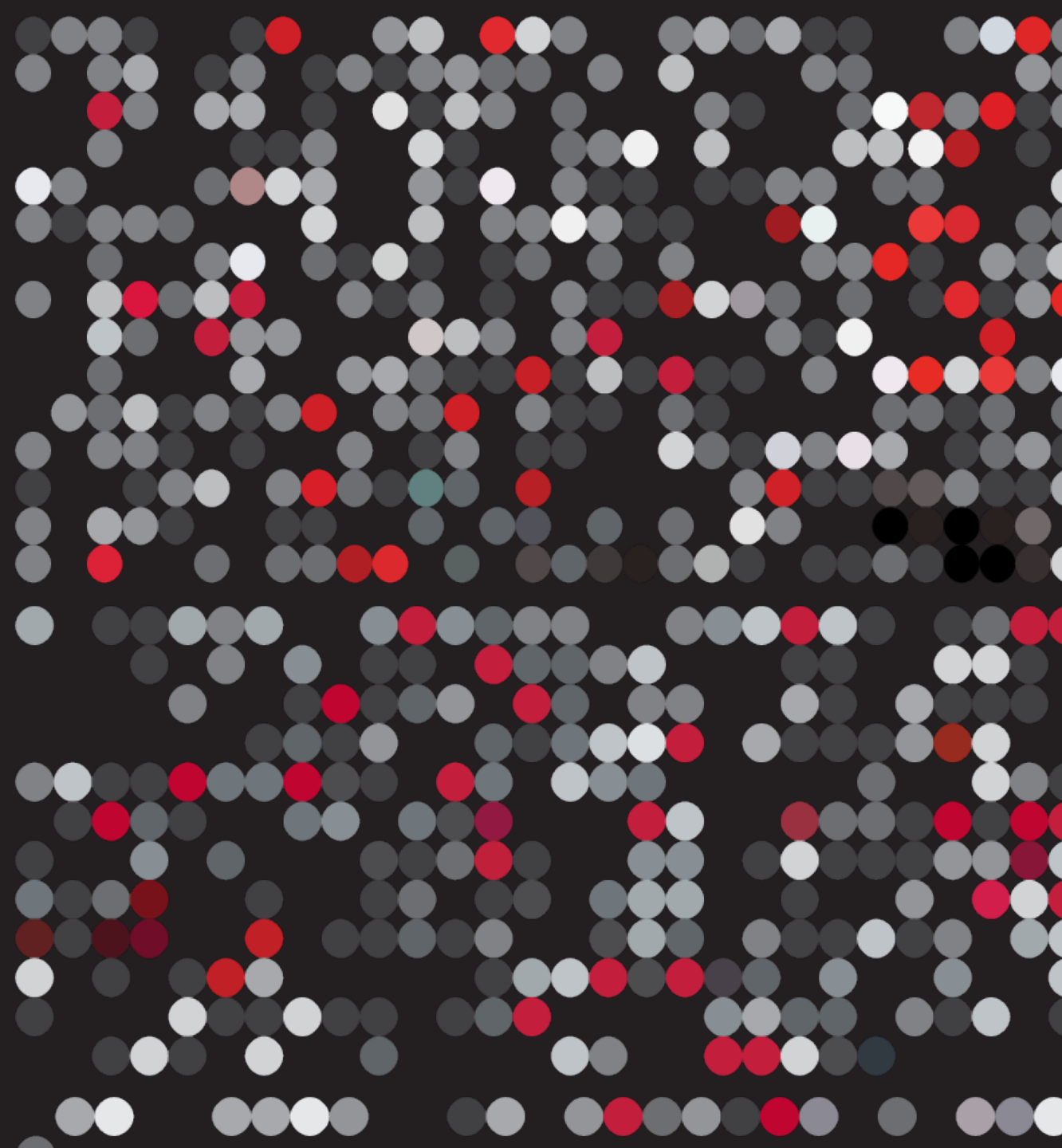
AGENDA

Summary, Overview & Strategic Update

Financial Results

Operational Review

Current Trading, Prospects & Outlook



Summary, Overview & Strategic Update



Datatec Group

FINANCIAL RESULTS SUMMARY



Results – year ended February 2019

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REVENUE



FY 2019
\$4.33bn



FY 2018[^]
\$3.92bn

GROSS PROFIT



FY 2019
\$687.7m



FY 2018[^]
\$636.0m

EBITDA



FY 2019
\$86.8m



FY 2018[^]
\$26.7m

UNDERLYING EPS



FY 2019
6.6 US¢



FY 2018[^]
(17.2) US¢

[^] Continuing operations

OVERVIEW

STRATEGIC
UPDATE

DATATEC
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LOGICALIS
GROUP

WESTCON
INTERNATIONAL

OUTLOOK

Datatec Group

OVERVIEW



Improved execution
across all divisions



Westcon International
turnaround objectives
achieved

Strong Logicalis
performance, despite
currency headwinds



Westcon International
SAP implementation &
BPO reversal complete

Strong balance sheet





Westcon International
monthly EBITDA
profitability established



\$44m share
repurchases during
FY19



Continuing to
address valuation
gap



Logicalis acquisitions



SYNNEX earn-out
arbitration on-going

Financial Results



Datatec Group

FINANCIAL PERFORMANCE



Results – year ended February 2019

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US\$m	FY 2019	FY 2018 [^]	% Movement
Revenue	4,332.4	3,923.7	10%
Gross profit	687.7	636.0	8%
<i>Gross margin %</i>	<i>15.9%</i>	<i>16.2%</i>	
Operating costs	(600.9)	(609.3)	(1%)
<i>Operating cost margin %</i>	<i>13.9%</i>	<i>15.5%</i>	
EBITDA	86.8	26.7	225%
<i>EBITDA%</i>	<i>2.0%</i>	<i>0.7%</i>	
Depreciation & amortisation	(38.4)	(51.6)	(26%)
Investment & intangible asset impairments	-	(56.1)	
Operating profit/(loss)	48.4	(81.0)	
<i>Operating profit/(loss) %</i>	<i>1.1%</i>	<i>(2.1%)</i>	



Significantly improved P&L at all levels



Double digit revenue growth



Solid operating leverage



Reduction in amortisation expense

[^] Continuing operations

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FINANCIAL PERFORMANCE - CONTINUED



Results – year ended February 2019

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US\$m	FY 2019	FY 2018 [^]	% Movement
Operating profit/(loss)	48.4	(81.0)	
Net finance costs	(22.6)	(18.4)	23%
Profit/(loss) before tax	24.2	(99.4)	
Underlying EPS (US cents)	6.6	(17.2)	
Underlying EPS (US cents) - Combined	6.6	(5.6)	
EPS (US cents)	0.6	(53.3)	
EPS (US cents) - Combined	5.5	20.5	



Increased finance costs in Logicalis due to large Latin America deal



Significant turnaround in underlying EPS

[^] Continuing operations

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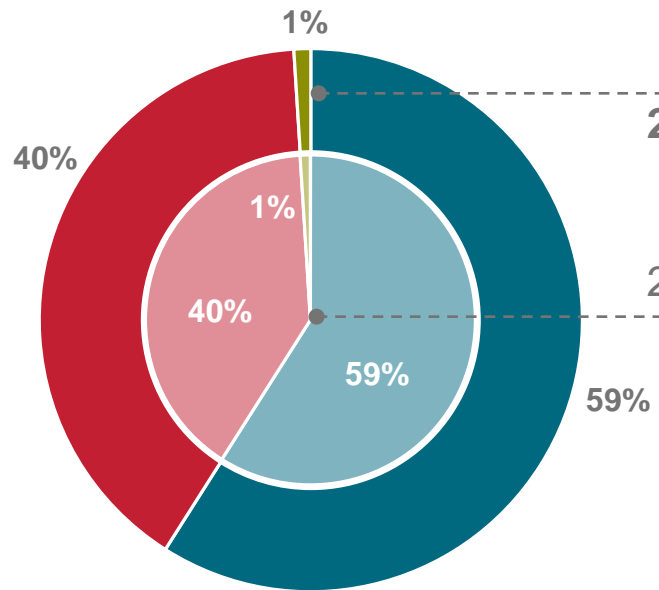
OUTLOOK

Datatec Group

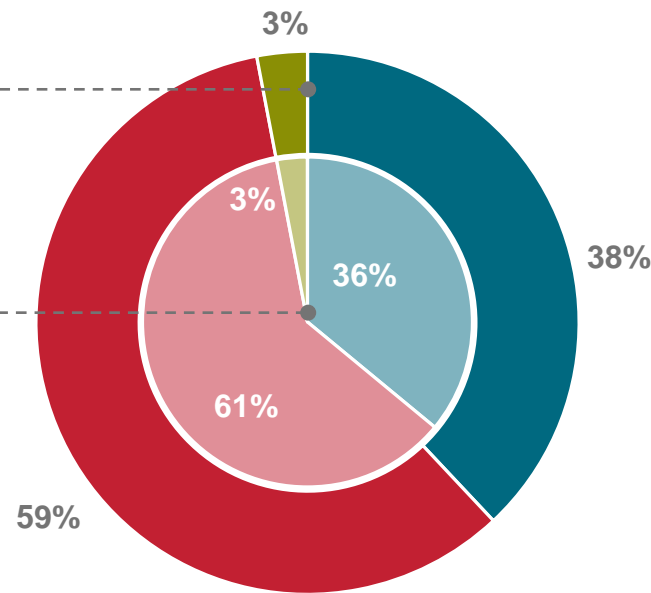
CONTRIBUTION PER DIVISION



Revenue contribution by division



Gross profit contribution by division



■ Westcon International
■ Logicalis
■ Consulting & Financial Services

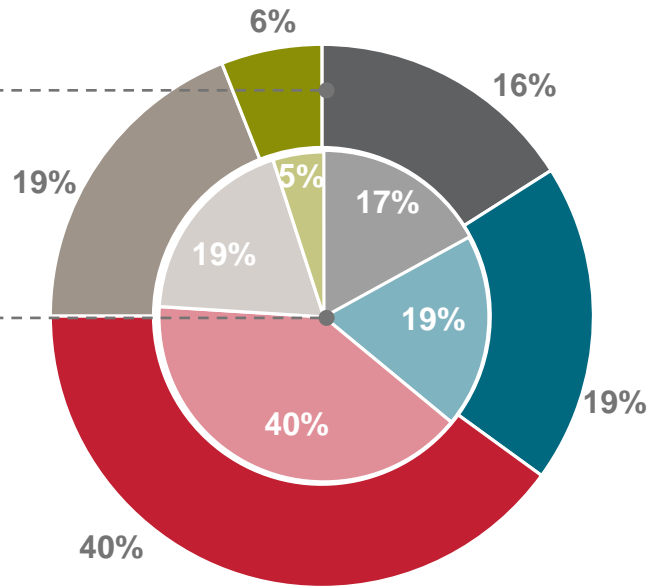
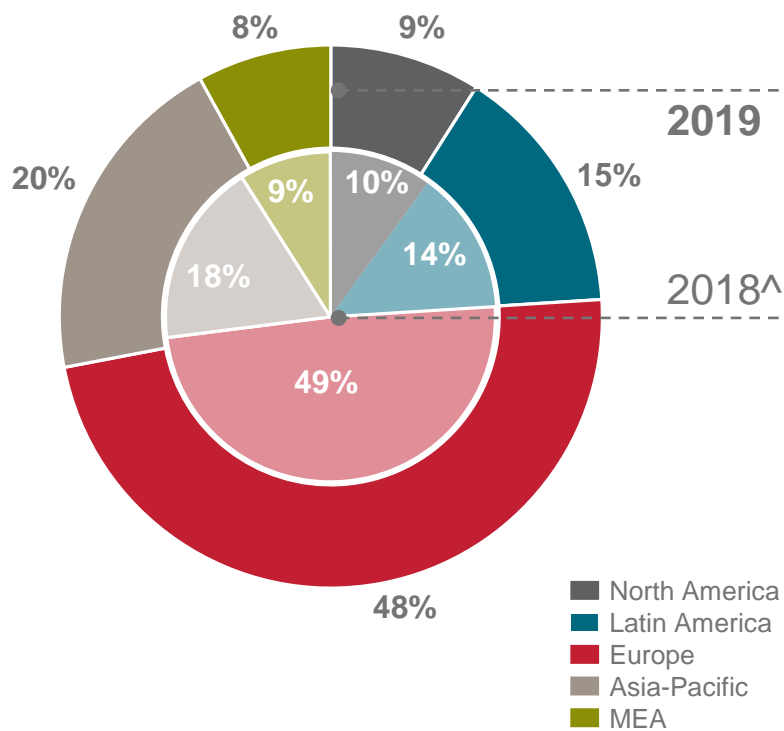
Revenue contribution stable

Westcon International turnaround drives increased gross profit contribution

[^] Continuing operations

Revenue contribution by geography

Gross profit contribution by geography



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

Revenue & gross profit contribution per geography very similar year on year

^ Continuing operations

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BALANCE SHEET SUMMARY



US\$m	FY 2019	FY 2018
Assets	2,722.3	2,661.6
Non-current assets		
Goodwill	234.6	227.3
Acquired intangible assets & software	37.6	40.7
Other non-current assets	165.6	149.4
Current assets	2,284.5	2,244.2
Equity & Liabilities	2,722.3	2,661.6
Shareholders' funds	648.9	721.6
Non-controlling interests	63.3	69.2
Long-term liabilities	99.5	120.5
Amounts due to vendors	2.3	1.2
Current liabilities	1,908.3	1,749.1
Net debt	(100.8)	(6.4)



Continuing working capital improvement in Westcon International



Reduction in shareholders' funds due to currency translation



Net debt increased due to share repurchases & Westcon transitional services funding

Datatec Group

CASH FLOW

Results – year ended February 2019

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US\$m	FY 2019	FY 2018*
EBITDA	86.8	58.3
Working capital changes	(21.2)	(60.2)
Other working capital changes	1.3	(13.5)
Other movements	2.1	33.0
Cash generated from operations	69.0	17.6
Net finance costs paid	(22.4)	(24.8)
Taxation paid	(38.6)	(43.4)
Net cash inflow/(outflow) from operating activities	8.0	(50.6)
Net cash outflow for acquisitions	(25.4)	(10.7)
Net cash inflow from disposal of discontinued operations	-	744.8
Net cash outflow from other investing activities	(33.8)	(50.9)
Dividends to shareholders	-	(244.2)
Share repurchases	(43.9)	(34.6)
Proceeds on disposal of 10% of Westcon International	-	30.0
Net cash (outflow)/inflow from other financing activities	(10.7)	73.3
(Decrease)/increase in cash & cash equivalents	(105.8)	457.1
Cash & cash equivalents at beginning of year	161.3	(299.9)
Translation difference on cash & cash equivalents	(15.1)	4.1
Cash & cash equivalents at end of period – Continuing ops	40.4	161.3



Stronger operating cash flows



Prior year cash inflows from disposals of Westcon Americas & Logicalis SMC



\$44m share repurchases

* Includes both continuing and discontinued operations

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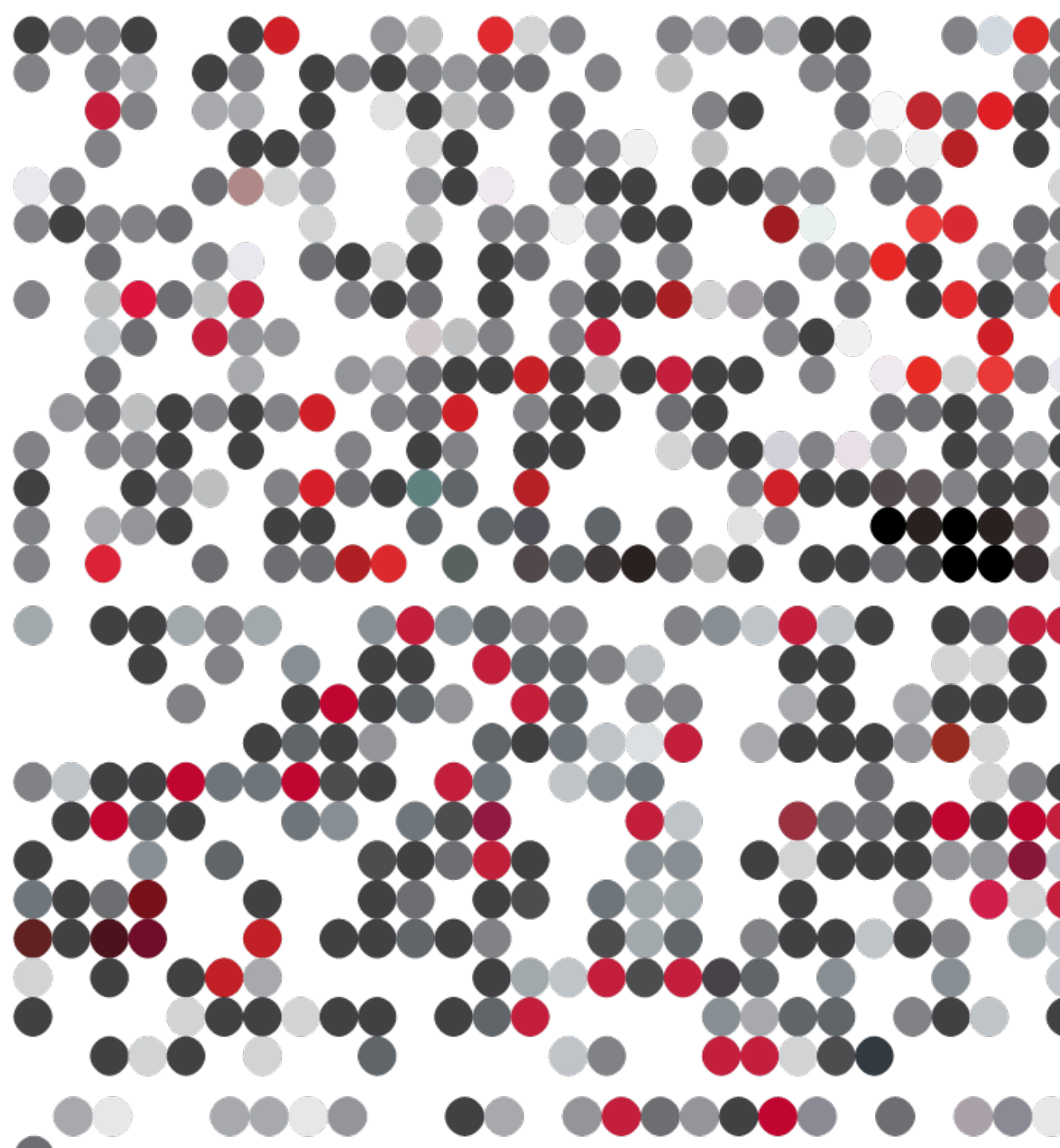
OUTLOOK

Operational Review



LOGICALIS GROUP

 LOGICALIS



Logicalis Group

FINANCIAL PERFORMANCE



US\$m	FY 2019	FY 2018 [^]	% Movement
Revenue	1,741.1	1,563.7	11%
Gross profit	410.1	391.7	5%
<i>Gross margin %</i>	<i>23.6%</i>	<i>25.0%</i>	
Operating costs	(316.7)	(305.5)	4%
<i>Operating cost margin %</i>	<i>18.2%</i>	<i>19.5%</i>	
EBITDA	93.4	86.2	8%
<i>EBITDA%</i>	<i>5.4%</i>	<i>5.5%</i>	
Operating profit/(loss)	65.9	59.5	11%
<i>Operating profit/(loss) %</i>	<i>3.8%</i>	<i>3.8%</i>	

Services revenues up 15%

Revenue increase in all regions

Gross margin reduction driven mainly by weaker UK performance

Operating costs increase largely from acquired businesses

Operating margin of 3.8% maintained

[^] Continuing operations

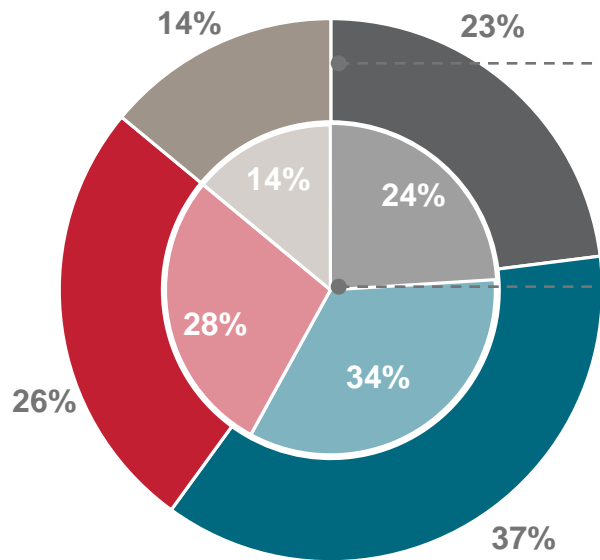
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REVENUE & GROSS PROFIT % CONTRIBUTION BY GEOGRAPHY

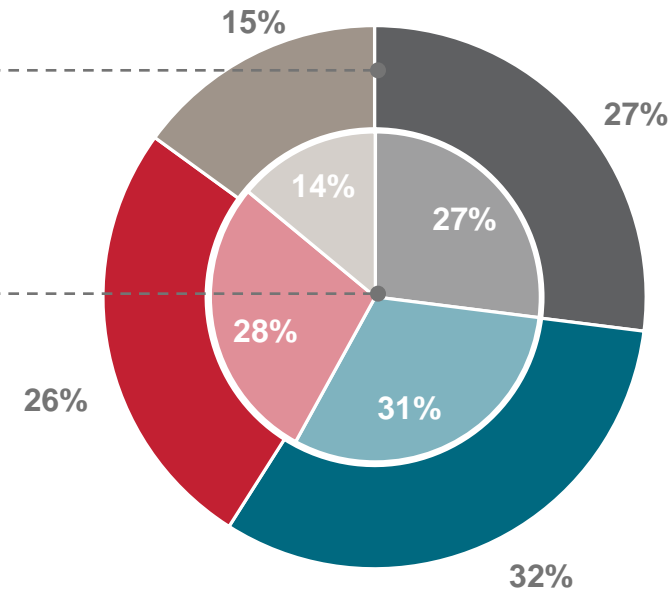
Results – year ended February 2019

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Revenue contribution by geography



Gross profit contribution by geography



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

[^] Continuing operations

OVERVIEW

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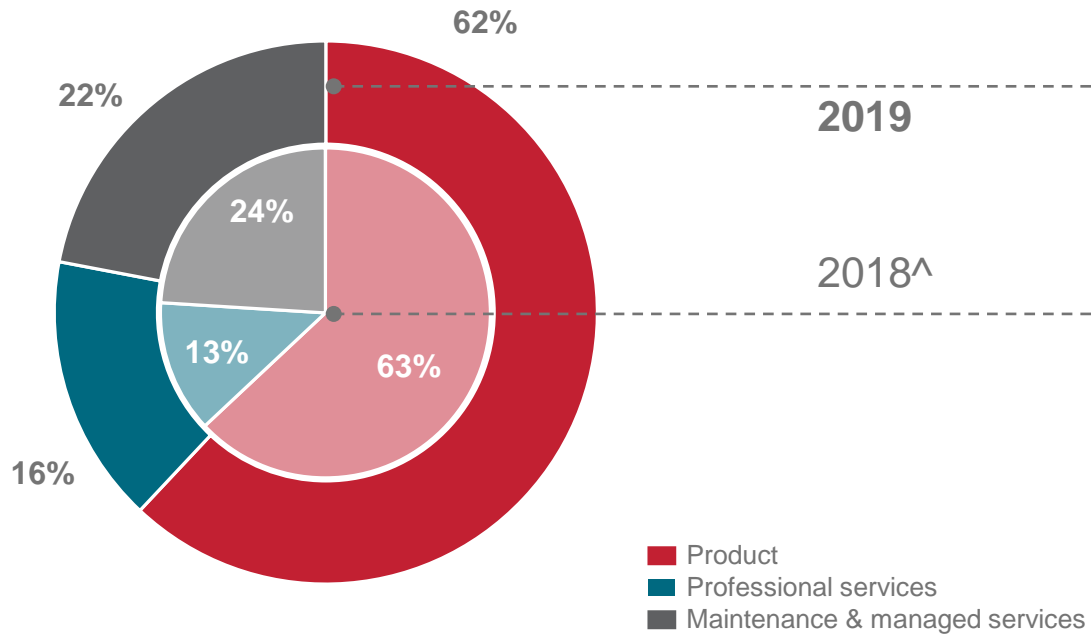
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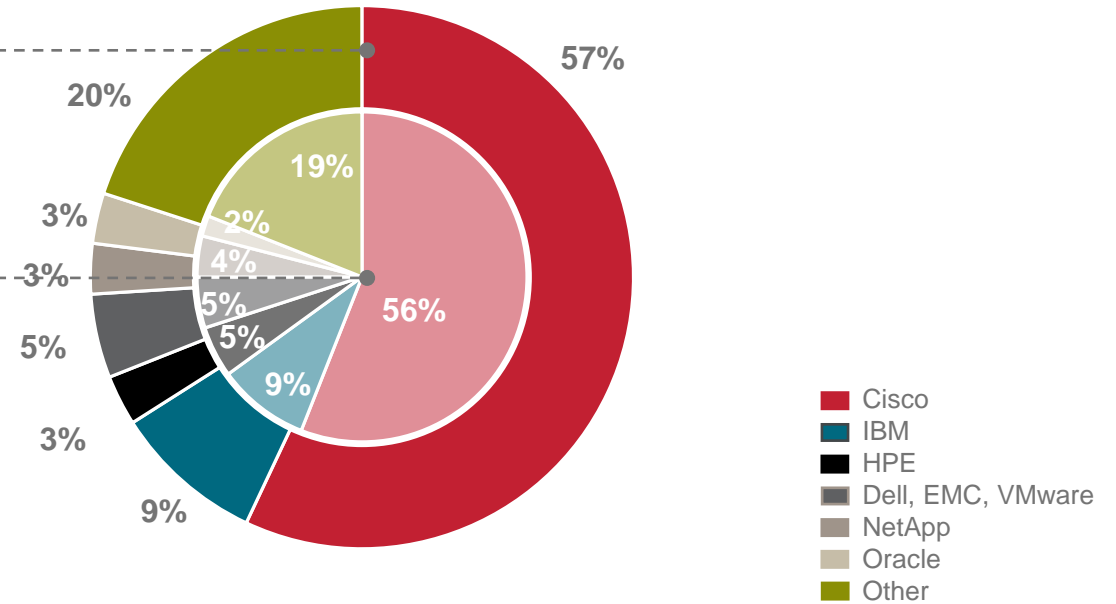
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OUTLOOK

Revenue by segment



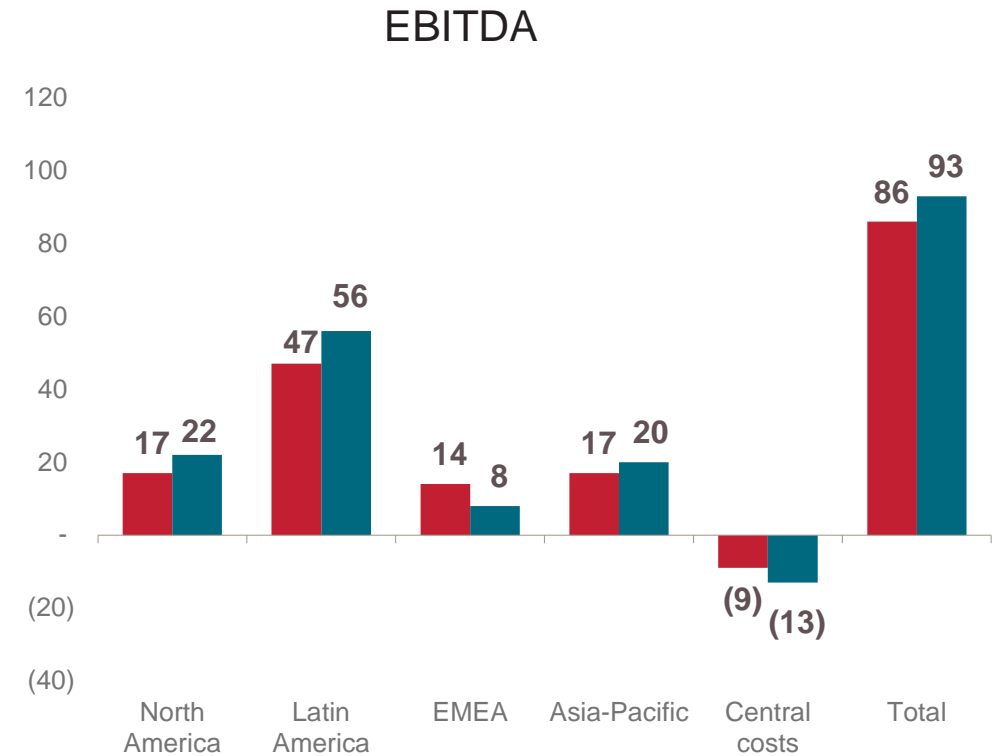
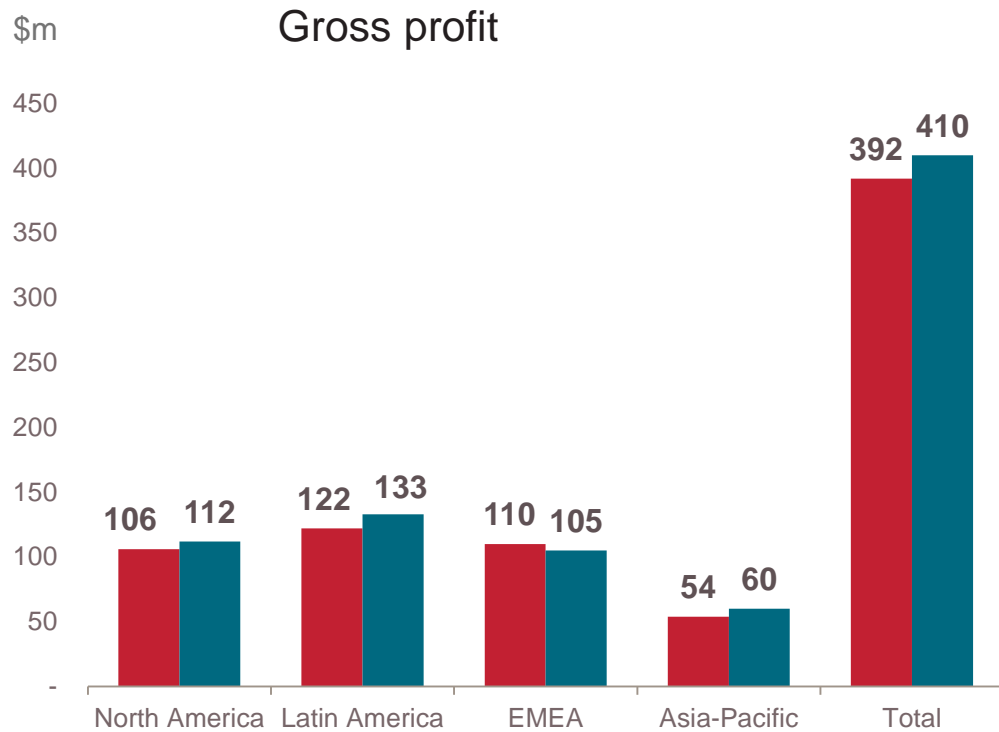
Product revenue by vendor



[^] Continuing operations

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GROSS PROFIT & EBITDA BY GEOGRAPHY



[^] Continuing operations

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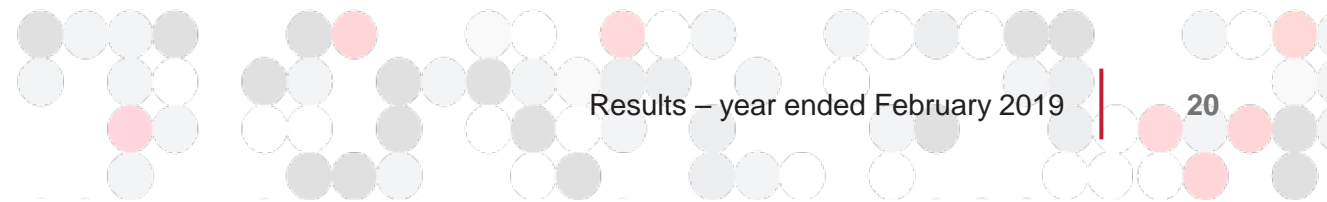
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WORKING CAPITAL



Results – year ended February 2019

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US\$m	FY 2019	FY 2018 [^]
Deferred revenue	(98.3)	(97.2)
Inventory	92.3	65.9
Inventory days (excluding spares stock)	25	20
Accounts receivable	478.3	467.1
DSO (days)	65	66
Other receivables, prepayments & contract assets	268.7	274.4
Accounts payable	(336.7)	(304.4)
DPO (days)	83	90
Net working capital	233.9	228.6
Net debt	(109.2)	(139.5)

Net working capital expansion slows as services mix improves

Increases in net working capital due to acquisition of Coasin business during year

Net debt reduction of 22%

[^] Continuing operations

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OUTLOOK

Growth in IT products & services that drive cloud based solutions



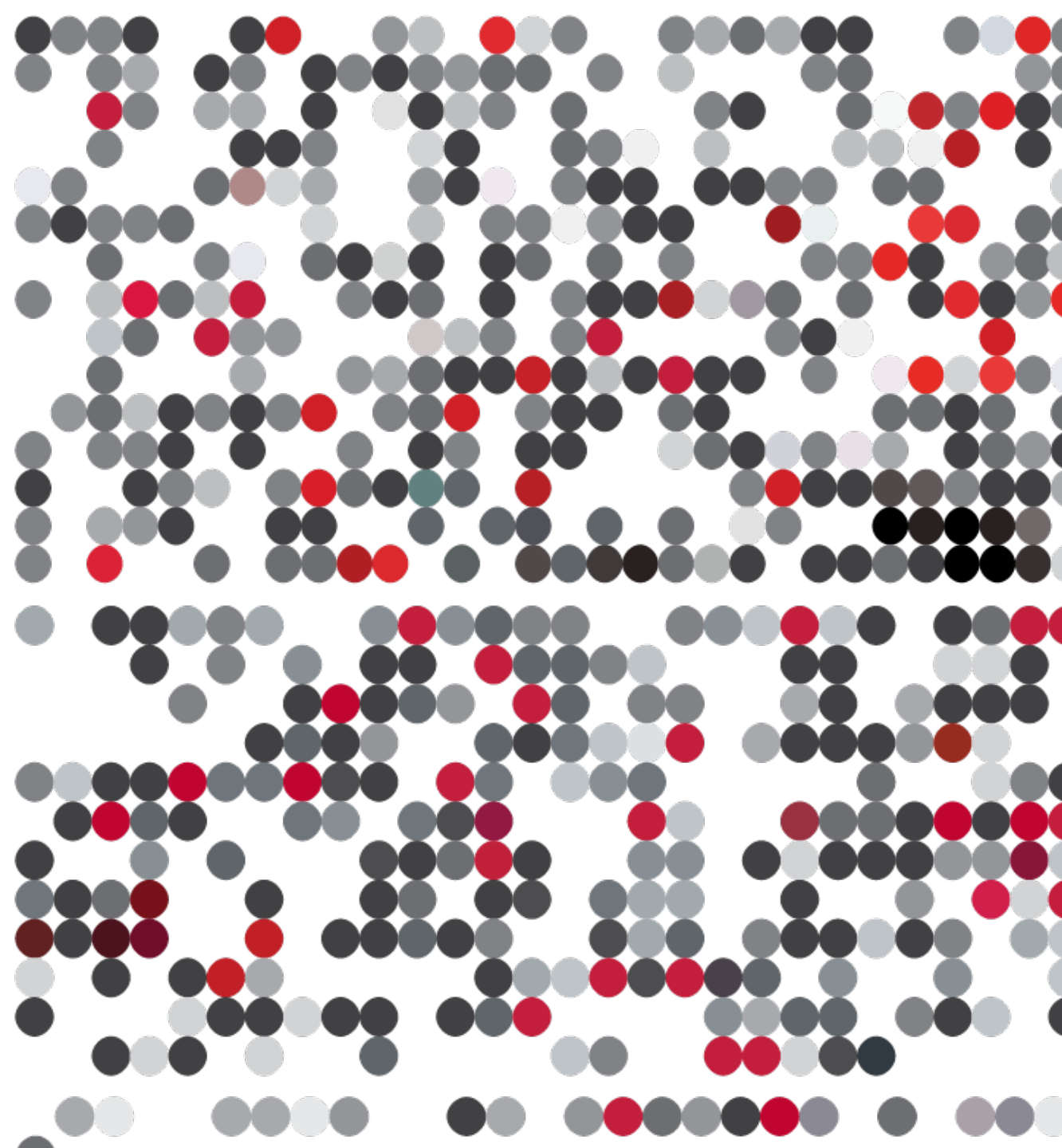
European regional uncertainty linked to outcome of Brexit

Organic & acquisition expansion opportunities



US\$ interest rates expected to stay higher

WESTCON INTERNATIONAL



Westcon International

FINANCIAL PERFORMANCE



US\$m	FY 2019	FY 2018 [^]	% Movement
Revenue	2,544.8	2,316.7	10%
Gross profit	260.4	227.4	15%
<i>Gross margin %</i>	<i>10.2%</i>	9.8%	
Operating costs	(254.8)	(275.5)	(8%)
<i>Operating cost margin %</i>	<i>10.0%</i>	11.9%	
EBITDA	5.6	(48.1)	
<i>EBITDA%</i>	<i>0.2%</i>	(2.1%)	
Operating loss	(4.2)	(127.9)	(97%)
<i>Operating loss %</i>	<i>(0.2%)</i>	(5.5%)	

Revenue increases 10% on growth in Europe and Asia-Pacific

Improved margins across Europe, Middle East and Africa

8% reduction in operating costs driven by lower central costs

[^] Continuing operations

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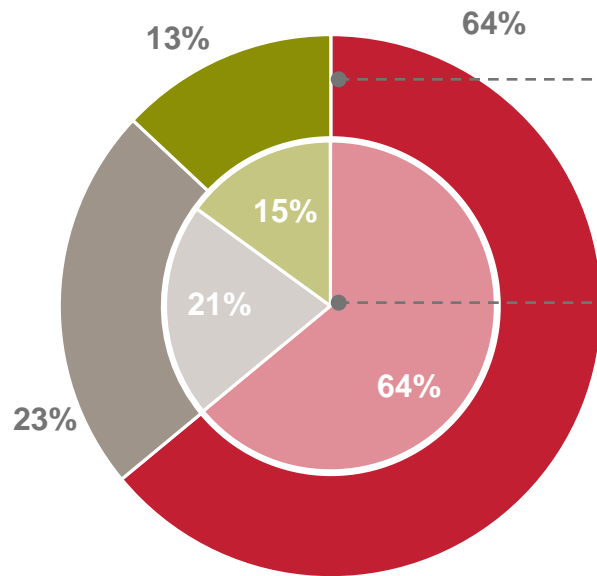
REVENUE & GROSS PROFIT % CONTRIBUTION BY GEOGRAPHY



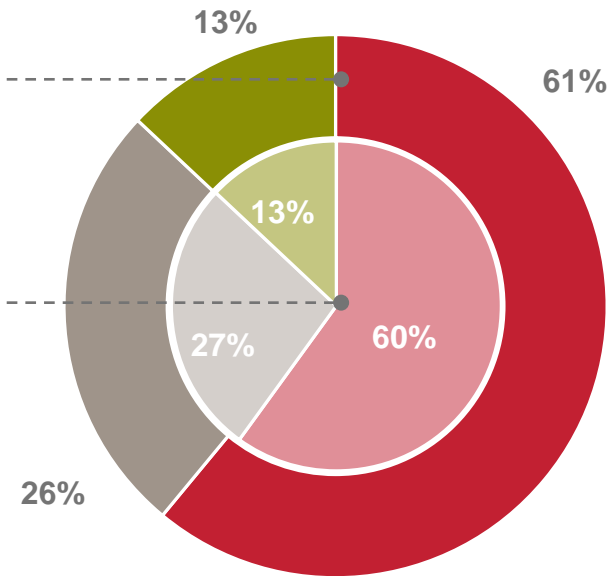
Results – year ended February 2019

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Revenue contribution by geography



Gross profit contribution by geography



- Europe
- Asia-Pacific
- MEA

[^] Continuing operations

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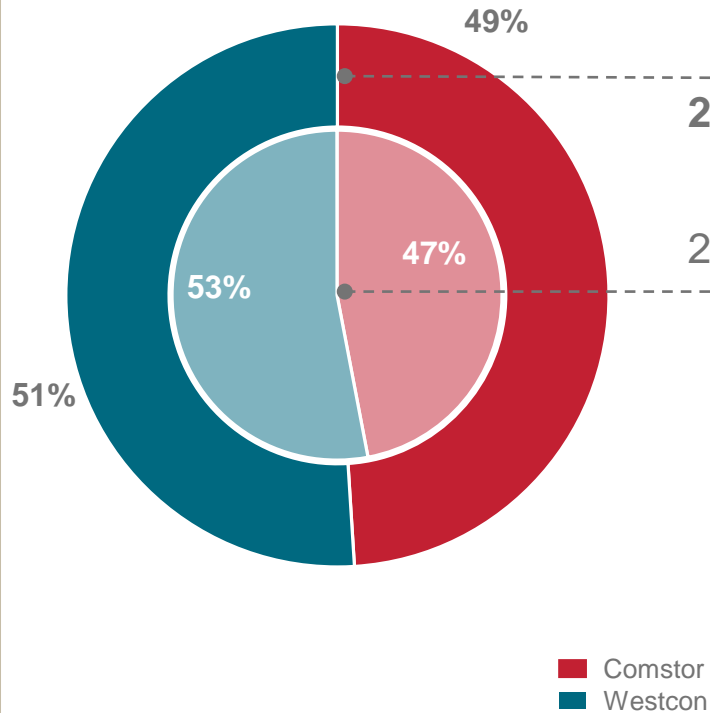
OUTLOOK

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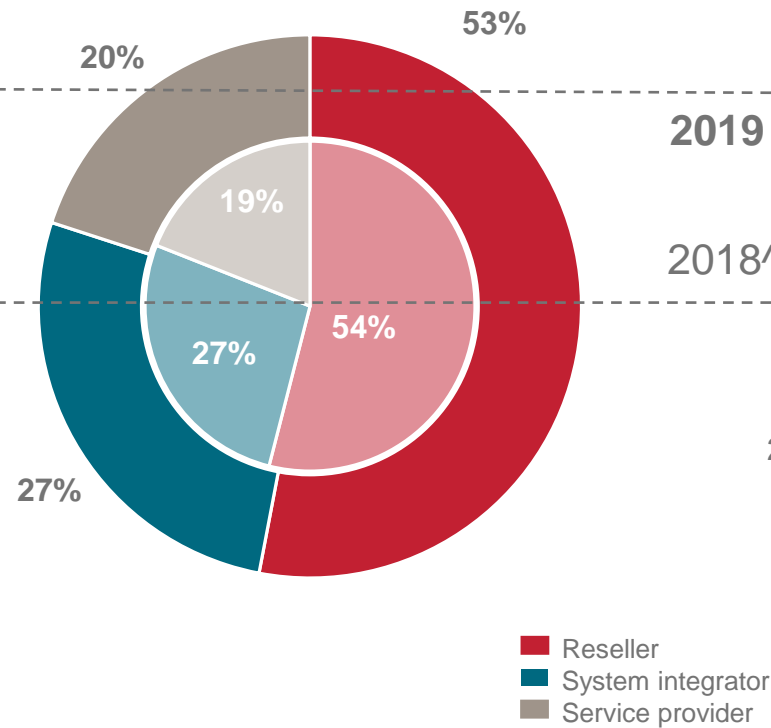
REVENUE % BY BUSINESS UNIT, CUSTOMER & TECHNOLOGY CATEGORY

Results – year ended February 2019

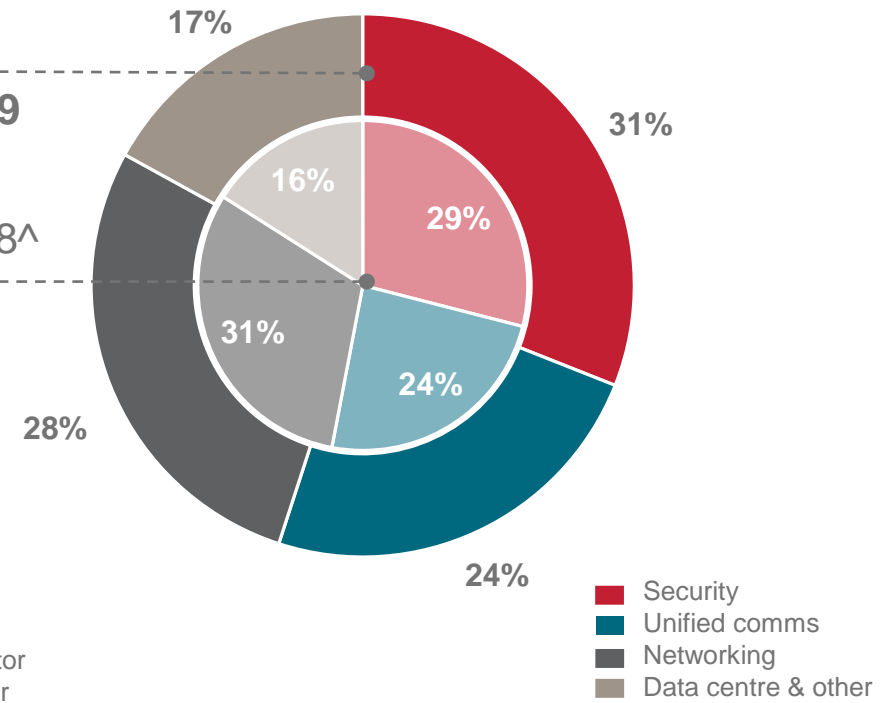
Revenue by business unit



Product revenue by customer



Product revenue by technology category



[^] Continuing operations

Westcon International

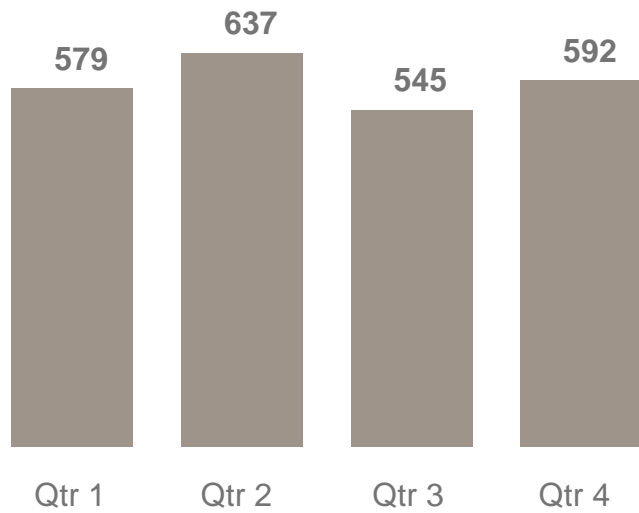
HISTORICAL QUARTERLY SALES



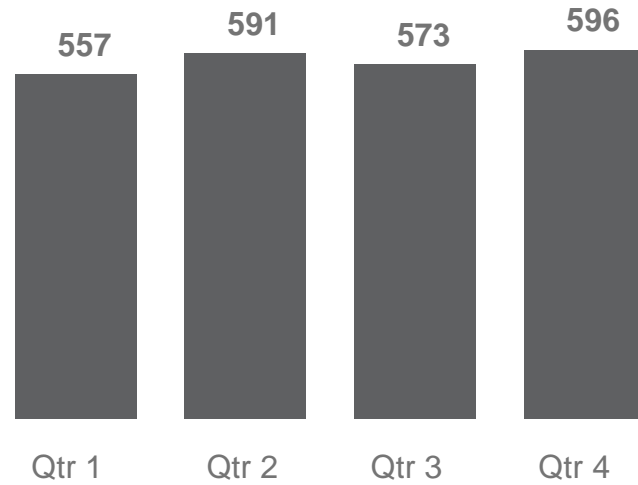
Results – year ended February 2019

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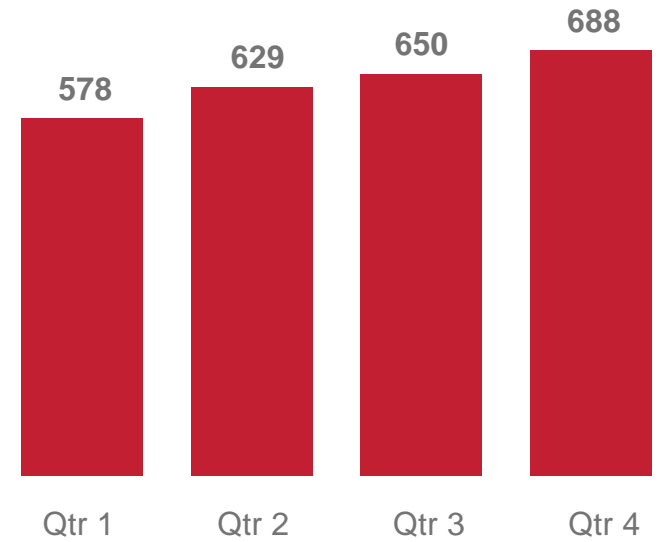
\$m
FY 2017⁺



FY 2018[^]



FY 2019



+ Re-presented
[^] Continuing operations

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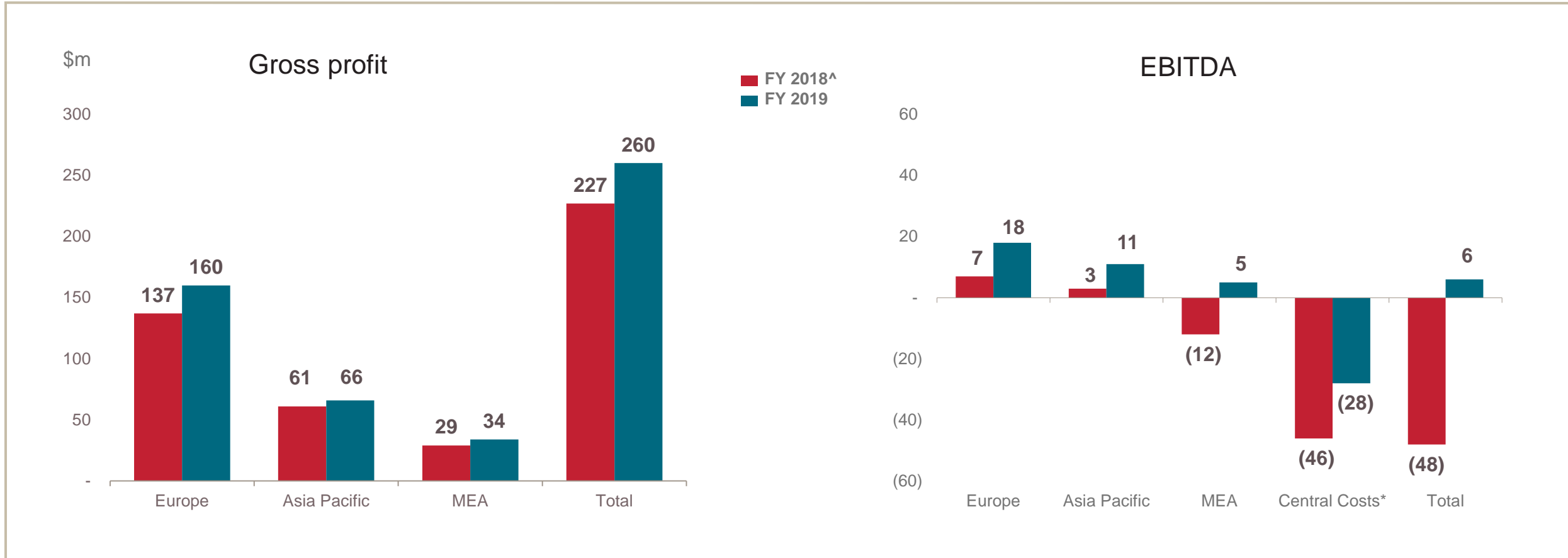
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GROSS PROFIT & EBITDA BY GEOGRAPHY



^ Continuing operations

* \$15m transitional services costs for H2 FY18 and \$15m transitional services costs for H1 FY19 accrued against profit on disposal of discontinued operations in FY18.

Westcon International

CENTRAL COSTS



Results – year ended February 2019

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US\$m	Continuing Central Costs
FY17 Actual	63
FY18 Actual*	61
FY19 Target	45
FY20 Target	33
FY 2019 Actual**	43

Costs declined 30% from FY18

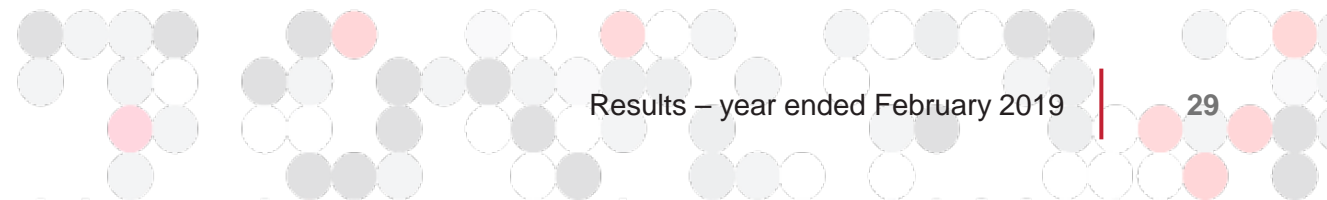
Projecting further 23% reduction in FY20

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

** \$15m (transitional services costs) accrued against profit from discontinued operations in FY18, reducing the reported amount to \$28m. Includes restructuring costs.

Westcon International

WORKING CAPITAL



Results – year ended February 2019

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US\$m	FY 2019	FY 2018 [^]
Accounts receivable	768.9	715.5
DSO (days)	71	75
Inventory	240.0	172.7
Inventory turns	10.0x	10.5x
Accounts payable	(717.3)	(588.6)
DPO (days)	79	74
Net working capital	291.6	299.6
NWC (days)	28	35
Current ratio	1.1	1.1
Net debt	(109.5)	(131.8)

Significant improvement in DSO

Inventory turns decrease due to higher inventory levels in EMEA

7 day improvement in NWC days

17% reduction in net debt

[^] Continuing operations

OVERVIEW

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OUTLOOK

PERFORMANCE AGAINST TOP 10 FY 2019 STRATEGIC PRIORITIES

Focus on revenue growth, margin improvement and profitability		 > 70%
Working capital normalisation and improving cash flow		 50% - 70%
Africa transformation, transition from loss to profit		 < 50%
Leverage technology automation around SAP and customer-supplier tools		
Reverse BPO to improve customer service and transaction execution		
Shared services centres in SA and Philippines for EMEA and Asia-Pacific		
Continued focus on Comstor-Cisco differentiation		
Expand security portfolio in emerging technologies		
Deployment of digital distribution technology – Cloud/aaS enabled ERP		
Reduce ongoing central costs to below 1% of revenue		



Westcon International

OUTLOOK

Results – year ended February 2019

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Focus on process efficiency, automation and improved productivity



Strong revenue growth and profitability

Development of new emerging technology solutions



Strengthening balance sheet

Leverage digital distribution platforms and partner integration



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Prospects & Outlook



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PROSPECTS & OUTLOOK

Improved financial performance in all divisions expected in FY20



Currency volatility expected to continue to impact results

Better quality of earnings & profit margins



Market share growth

Further Westcon International optimisation

