

# Datatec

Strategic review

## Strategic review to unlock embedded value

Datatec has announced a strategic review to ‘unlock and maximise shareholder value’ and ‘address the persistent gap between Datatec’s valuation and the inherent value of its underlying assets’. The solid operating performance across all divisions in FY21 gives us reassurance for Datatec’s interim results as the H122 reporting period ends, with strong industry growth globally. The positive anticipated H122 performance only exacerbates the gulf in valuation between Datatec and its peers. We have left our estimates unchanged but have revisited our valuation analysis and, with all three divisions expected to perform well, our conservative SOTP analysis highlights potential upside of c 175% from current share price levels. As the global economy recovers, the shares offer defensive growth and an attractive yield, with the potential for significant upside as management (with a track record of deal making) unlocks this embedded value. The group trades on 2.8x FY22e EV/EBITDA and 12.0x FY22e P/E.

Year end	Revenue (US\$m)	PBT* (US\$m)	EPS* (c)	DPS (c)	P/E (x)	Yield (%)
02/20	4,214	79.1	9.9	7.00	20.0	3.5
02/21	4,109	73.1	13.6	6.80	14.6	3.4
02/22e	4,317	79.1	16.5	5.50	12.0	2.8
02/23e	4,548	101.6	24.9	8.28	8.0	4.2

Note: \*PBT and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments.

## Benign global outlook, bounce back in IT spending

The negative impact of the COVID-19 pandemic was relatively short-lived for the IT services sector. As the sector gathers pace, Gartner is projecting worldwide IT spending totalling US\$4.2tn in 2021, an increase of 8.6% from 2020, or 6.4% in constant currency terms (July 2021). Despite the COVID-19 pandemic continuing to cloud the horizon, particularly in emerging markets, IT spending in 2021 is projected to grow year-on-year in every region globally.

## Sum-of-the-parts highlights investment opportunity

Datatec’s broad comparator universe has seen an uplift from the COVID-19 pandemic, enjoying further multiple expansion as investors have recognised the sector as a safe haven with defensive growth characteristics once fears over the pandemic started to abate. Datatec appears to have been left behind by this revaluation. By considering peer groups for each of its divisions individually, we estimate that Logicalis could be worth US\$1.2bn, Westcon US\$0.5bn and Analysys Mason US\$0.2bn. This compares with the group’s current EV of US\$462m.

## Valuation: Significant embedded value

Although listed in Johannesburg, Datatec has negligible exposure to the South African market, with the equity story being a dollar-denominated global ICT play. Despite this, the group currently trades on 2.8x EV/EBITDA and 12.0x P/E in FY22e, substantially below its peer group. This view is supported by a simple sum-of-the-parts (SOTP) analysis, which suggests a group EV of c US\$1.9bn and a fair value per share that is multiples of Datatec’s current share price. As confirmed by the strategic review, management is committed to unlocking this underlying value.

### IT services

31 August 2021

**Price** **ZAR29.05**
**Market cap** **ZAR5.9bn**

ZAR14.7/US\$

Net debt (US\$m) at 28 February 2021 60.9

Shares in issue 203.2m

Free float 62%

Code DTCJ

Primary exchange Johannesburg

Secondary exchange N/A

### Share price performance



Abs

Rel (local)

52-week high/low ZAR31.5 ZAR20.0

### Business description

Datatec is a South Africa-listed multinational ICT business, serving clients globally, predominantly in the networking and telecoms sectors. The group operates through three main divisions: Westcon International (distribution); Logicalis (IT services); and Analysys Mason (consulting).

### Next events

Trading update September/October 2021

Interim results 28 October 2021

### Analysts

Richard Williamson +44 (0)20 3077 5700

Katherine Thompson +44 (0)20 3077 5730

[tech@edisongroup.com](mailto:tech@edisongroup.com)
[Edison profile page](#)

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## Outlook: Strong growth as pandemic impact eases

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### Increased polarisation: Scale and specialisation

The negative impact of the COVID-19 pandemic was relatively short-lived for the IT services sector. After the immediate transition to remote working, customers started to plan for longer-term digital transformation, with demand focused around public/hybrid cloud infrastructure, security, software-defined networking, cloud-based unified communications, remote collaboration tools and analytics.

Not only are end-users looking to accelerate the implementation of digital technologies, but they are also increasingly open to outsourcing the management of this infrastructure/application stack, driving greater annuity revenues and improving margins for service providers with the appropriate expertise. This factor appears to have principally benefited the scale players (ie those with a diversity of customers, a broad product range, strong vendor relationships and robust balance sheets), leaving smaller IT services companies at a competitive disadvantage.

With a diversified mix of businesses, a broad global presence and a strong balance sheet, Datatec has been well-placed to benefit from the recovery in global IT spending. Software and services (including annuity income) has continued to grow as a proportion of group sales (FY21: 47% of revenues) and, with management expecting many of the technology trends of FY21 to persist in FY22, the group retains its strategic focus on networking, security and cloud infrastructure.

### Bounce back in global IT spending underway

After 2020, which could be characterised as a year of largely tactical IT investment in reaction to the COVID-19 pandemic, Gartner is projecting worldwide IT spending will total US\$4.2tn in 2021, an increase of 8.6% from 2020, or 6.4% in constant currency terms (July 2021). Gartner is expecting companies to become more strategic in their digital transformation initiatives as the economy recovers, targeting investment in technologies with a clear business rationale.

Despite the COVID-19 pandemic continuing to cloud the horizon, particularly in emerging markets, Gartner projects IT spending to grow year-on-year in every region globally. Gartner's growth projections also indicate continuing emerging market currency weakness relative to the dollar, with constant currency growth c 2.2% below nominal growth rates. As Datatec reports in dollars, any emerging market currency weakness will provide a marginal drag on its results.

### Sector performance has fed into valuations and M&A

Recognising the resilience of the industry's performance, share prices across the IT services sector have risen strongly following the initial impact of the pandemic, with investors increasingly recognising the sector's defensive growth prospects both during the pandemic and as it abates. The average share price of Logicalis's and Westcon's peer groups (Exhibits 1 and 2) has risen by c 30% since the start of 2021.

This strong trading across the sector has driven corporate activity, including:

- Telefónica's acquisition of Cancom's UK and Ireland operations (July 2021) for €400m, at an FY20 EV/EBITDA multiple of 15.8x, strengthening its cloud and cybersecurity divisions and consolidating its digital transformation offering;
- Converge Technology's three acquisitions of Vicom Computer Services for US\$25m, Dasher Technologies for US\$40m and ExactlyIT for US\$26m (H121);
- ePlus's acquisition of System Management Planning (January 2021);
- Synnex's proposed merger with Tech Data (March 2021); and

- Datatec's own acquisition of Siticom (June 2021) to strengthen its advanced networking integration offering around 5G and cloud-based network interoperability.

Private equity has also been a visible buyer in the UK, with recent deals including:

- Platinum Equity's acquisition of Ingram Micro for US\$7.2bn from HNA (July 2021);
- Inflexion's c £200m investment in ANS Group (June 2021), to be put together with its existing investment, UKFast, to create a leading UK hybrid cloud services provider; and
- August Equity's buy-and-build investment in Integrity360 in June 2021.

## Management has a history of strategic disposals

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Looking back at Datatec's long-term track record, there is a history of management making strategic disposals that have delivered attractive shareholder returns. Firstly, in 2004, Logicalis Australia/New Zealand was sold to IBM for US\$66m; then in 2017, Logicalis SMC Netherlands was sold to DXC for US\$42m; and most recently, in 2017, Westcon Americas was sold to Synnex for US\$644m (US\$630m paid in cash on closing, together with a US\$14m earnout), with Synnex also taking an initial 10% stake in Westcon International for US\$30m. These final two transactions led to special dividends of ZAR24 (US\$1.72) per share being paid to shareholders in 2018 and 2020, contributing materially to the group's total shareholder returns.

## Defensive growth, significant upside potential

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Turning to Datatec, all three of its divisions can point to a track record of solid profitability with the group's core focus on software and services in networking, security and cloud infrastructure expected to deliver strong growth as the global economy recovers.

Despite this, to date the group appears to have been overlooked by the market as peer multiples have recovered post-COVID-19. Datatec currently trades on 2.8x EV/EBITDA and 12.0x P/E in FY22e, while our peer group indicates that a blended multiple of 12.8x EV/EBITDA or 20.8x P/E in FY22e could be justified. Our firm belief is that Datatec's low relative valuation is retrospective and does not reflect the [positive transformation management has achieved](#), Datatec's improved operational performance since 2018 (64% EBITDA CAGR FY18–21) or the group's future growth prospects. This view is further underlined by a simple SOTP analysis (below), which highlights the group's embedded value in a sector actively targeted by private equity.

The announcement of the strategic review confirms that management remains committed to unlocking this underlying value on behalf of shareholders.

## Valuation: Peer multiples coupled with sum-of-the-parts

Focusing on peer valuations, Datatec's broad comparator universe has seen an uplift from the COVID-19 pandemic, enjoying further multiple expansion as investors have recognised the sector as a safe haven with defensive growth characteristics as fears over the pandemic start to abate. We look at each of Datatec's three principal businesses separately.

### Logicalis: SOTP EV ~US\$1.2bn

Logicalis has an international peer group drawn principally from North America and Europe (Exhibit 1). These businesses have average FY1e gross margins of 22.4% and EBITDA margins of 8.1%, comparable to our FY22 estimates for Logicalis of 25.4% and 6.5% respectively. We avoid comparing sales multiples as these are complicated by differing policies internationally to recording

revenues net or gross. The core peer group trades on a mean EBITDA multiple of 13.5x FY1e and 12.3x FY2e. Applying these multiples to Logicalis (working set out in Exhibit 4) leads to an enterprise value of c US\$1.4bn. Allowing for minorities (principally a 35% share of Logicalis LatAm), we estimate that Datatec holds a weighted c 80% economic interest in Logicalis, implying a mid-range enterprise value of US\$1.2bn. This compares to Datatec's current group EV of US\$462m.

#### Exhibit 1: Peer group for Logicalis – IT services companies

	Share price	Quoted ccy	EV (\$m)	Gross margin 1FY (%)	EBITDA margin 1FY (%)	EBIT margin 1FY (%)	EV/sales 1FY (x)	EV/sales 2FY (x)	EV/EBITDA 1FY (x)	EV/EBITDA 2FY (x)	P/E 1FY (x)	P/E 2FY (x)	Div yield 1FY (x)
Atea	171.4	NOK	2,284	20.3	4.1	2.6	0.5	0.5	11.9	10.3	24.4	19.5	3.6
Bechtle	60.74	€	9,072	15.0	6.5	5.0	1.2	1.1	18.6	17.3	34.6	31.5	0.8
Cancom	54.42	€	2,251	30.8	10.8	9.6	1.3	1.2	12.0	14.1	37.3	33.6	1.3
CDW Corp	198.07	US\$	30,662	17.1	8.4	7.8	1.5	1.4	17.8	17.2	25.7	23.6	0.8
Computacenter	2860	Gbp	4,741	13.1	4.7	3.5	0.5	0.5	11.5	11.3	20.9	20.4	1.9
Converge Technology	10.73	C\$	1,528	23.5	6.8	3.1	1.2	0.9	17.8	10.5	45.7	19.1	NM
Econocom Group	3.39	€	1,316	21.0	6.8	5.1	0.4	0.4	6.1	5.9	9.7	8.7	3.4
ePlus	105.26	US\$	1,360	25.3	8.8	8.4	0.8	0.8	9.1	9.0	14.3	14.4	NM
Insight Enterprises	98.7	US\$	3,816	15.5	4.4	3.9	0.4	0.4	9.6	8.9	14.4	12.9	NM
Reply	171.7	€	7,354	NM	16.8	13.6	4.3	3.8	25.4	23.0	45.1	39.9	0.4
Sopra Steria Group	168.4	€	4,983	42.7	11.3	7.1	0.9	0.9	8.1	7.3	16.0	13.5	1.6
<b>Mean</b>				<b>22.4</b>	<b>8.1</b>	<b>6.3</b>	<b>1.2</b>	<b>1.1</b>	<b>13.5</b>	<b>12.3</b>	<b>26.2</b>	<b>21.6</b>	<b>1.7</b>
<b>Median</b>				<b>20.6</b>	<b>6.8</b>	<b>5.1</b>	<b>0.9</b>	<b>0.9</b>	<b>11.9</b>	<b>10.5</b>	<b>24.4</b>	<b>19.5</b>	<b>1.4</b>

Source: Refinitiv (priced at 30 August 2021)

#### Westcon International: SOTP EV ~US\$550m

As with Logicalis, Westcon's peer group (Exhibit 2) is principally drawn from North America and Europe. The average gross margin for Westcon's peers is 9.5%, with EBITDA margins of 3.4%, compared to our FY22 estimates for Westcon of 11.3% and 1.9% respectively. Setting aside sales multiples for the reasons stated under the Logicalis paragraph, the peer group averages 9.6x FY1e and 9.1x FY2e EV/EBITDA. Applying these multiples to Westcon International (working set out in Exhibit 4) would indicate an enterprise value of c US\$600m. Factoring in Datatec's 92% economic interest (8% is held by Synnex) indicates a valuation for Datatec's interest of c US\$550m.

#### Exhibit 2: Peer group for Westcon International – IT distribution companies and resellers

	Share price	Quoted ccy	EV (\$m)	Gross margin 1FY (%)	EBITDA margin 1FY (%)	EBIT margin 1FY (%)	EV/sales 1FY (x)	EV/sales 2FY (x)	EV/EBITDA 1FY (x)	EV/EBITDA 2FY (x)	P/E 1FY (x)	P/E 2FY (x)	Div yield 1FY (x)
Also Holding	293	CHF	4,183	5.6	2.1	1.6	0.3	0.3	13.6	12.5	23.0	20.3	1.4
Arrow Electronics	120.77	US\$	10,730	11.2	4.7	4.2	0.3	0.3	6.6	6.4	8.9	8.4	0.0
Avnet	40.46	US\$	5,041	12.3	3.6	3.0	0.2	0.2	6.7	6.7	9.1	9.0	2.2
Esprinet	15.6	€	1,048	4.7	1.6	1.4	0.2	0.2	10.8	9.6	18.5	15.6	2.1
Scansource	35.28	US\$	980	11.4	3.9	3.2	0.3	0.3	7.6	6.8	10.9	9.8	NM
SYNNEX Corp	127.81	US\$	6,544	7.0	3.3	3.1	0.3	0.3	9.1	8.4	15.5	14.4	0.0
Wesco International	116.28	US\$	10,232	20.4	6.2	5.1	0.6	0.5	9.2	8.4	13.3	11.4	NM
WPG Holdings	47.65	TWD	7,383	3.7	2.0	1.7	0.3	0.3	13.4	13.8	7.9	8.4	8.1
<b>Mean</b>				<b>9.5</b>	<b>3.4</b>	<b>2.9</b>	<b>0.3</b>	<b>0.3</b>	<b>9.6</b>	<b>9.1</b>	<b>13.4</b>	<b>12.2</b>	<b>2.3</b>
<b>Median</b>				<b>9.1</b>	<b>3.4</b>	<b>3.0</b>	<b>0.3</b>	<b>0.3</b>	<b>9.2</b>	<b>8.4</b>	<b>12.1</b>	<b>10.6</b>	<b>1.8</b>

Source: Refinitiv (priced at 30 August 2021)

#### Analysys Mason: SOTP EV ~US\$210m

Analysys Mason's peer group (Exhibit 3) is weighted towards North America over Europe, as this is where the majority of consultancies are listed. The peers indicate average FY1e gross margins of 42.8% and EBITDA margins of 18.0%, compared to our FY22 estimates of 43.2% and 15.1% respectively. The peer group trades on a mean EV/sales multiples of 3.6x and 3.3x, and average EV/EBITDA multiples of 18.1x and 17.0x for FY1e and FY2e, respectively. Applying these multiples

to Analysys Mason (set out in Exhibit 4) indicates an enterprise value of c US\$210–280m, falling to a mid-range valuation of c US\$210m once Datatec's 82% economic interest is accounted for, with the remainder held by the consulting partnership.

### Exhibit 3: Peer group for Analysys Mason – IT consultancies

	Share price	Ccy	EV (\$m)	Gross margin 1FY (%)	EBITDA margin 1FY (%)	EBIT margin 1FY (%)	EV/sales 1FY (x)	EV/sales 2FY (x)	EV/EBITDA 1FY (x)	EV/EBITDA 2FY (x)	P/E 1FY (x)	P/E 2FY (x)	Div yield 1FY (x)
Accenture	333.23	US\$	212,683	32.6	18.8	15.1	4.2	3.8	22.4	20.3	37.8	33.8	1.1
Booz Allen Hamilton	81.11	US\$	13,192	54.3	10.8	9.3	1.6	1.5	14.5	13.6	19.3	17.5	1.9
Capgemini	190.7	€	44,547	34.2	15.5	11.5	2.2	2.0	13.9	12.9	23.4	21.1	1.1
Forrester Research	46	US\$	837	59.8	13.6	11.5	1.7	1.6	12.6	11.3	25.4	21.2	NM
FTI Consulting	140.78	US\$	4,960	31.2	12.8	11.2	1.8	1.7	14.1	12.3	21.9	18.9	NM
Gartner	306	US\$	27,263	69.1	25.6	21.5	5.9	5.2	23.1	26.6	39.2	45.7	0.0
GlobalData	1540	GBP	2,607	44.9	32.9	27.5	10.0	9.4	30.5	26.8	50.5	43.1	1.2
Huron Consulting	49.05	US\$	1,356	28.8	11.0	7.5	1.5	1.4	13.8	12.1	18.9	16.7	NM
Wipro	9	US\$	44,082	30.1	21.1	17.5	NM	NM	NM	NM	30.7	28.5	0.7
<b>Mean</b>				<b>42.8</b>	<b>18.0</b>	<b>14.7</b>	<b>3.6</b>	<b>3.3</b>	<b>18.1</b>	<b>17.0</b>	<b>29.7</b>	<b>27.4</b>	<b>1.0</b>
<b>Median</b>				<b>34.2</b>	<b>15.5</b>	<b>11.5</b>	<b>2.0</b>	<b>1.9</b>	<b>14.3</b>	<b>13.2</b>	<b>25.4</b>	<b>21.2</b>	<b>1.1</b>

Source: Refinitiv data (priced at 30 August 2021)

### Significant embedded value within the group

Applying the mean EV/sales (where relevant) and EV/EBITDA multiples from each of the core comparator groups above, it appears that the current market valuation implies a significant discount to Datatec's peers. We do not believe this level of discount is justified as, based on peer multiple analysis, a valuation for either Logicalis or Westcon alone would be worth more than the current entire group enterprise value.

By our calculation (Exhibit 4), having adjusted the three divisional valuations for minority interests, applying a nominal 10x EV/EBITDA multiple to group central costs (which we estimate at c US\$15m for FY22 and FY23) and applying a subjective discount of 30% (to allow for sovereign risk, the conglomerate structure and other discount factors), the group SOTP valuation is still multiples of Datatec's current share price.

### Exhibit 4: Sum-of-the-parts analysis

Enterprise value (US\$m)	Implied EV based on				Datatec effective economic interest	Mean EV	Per share
	Revenues		EBITDA				
	2022e	2023e	2022e	2023e			
Logicalis	1,829*	1,762*	1,417	1,464	80%	1,152	
Westcon	825*	842*	588	604	92%	549	
Consulting	281	275	213	244	82%	208	
Central costs			(150)	(150)	100%	(150)	
<b>Sum of the parts (EV)</b>						<b>1,759</b>	
Assumed average FY22 net debt**						(184)	
<b>SOTP – equity value</b>						<b>1,575</b>	
Discount for: RSA sovereign risk, holding company risk						30%	
<b>Adjusted equity value</b>						<b>1,103</b>	
Shares in issue (m)							203.2
SOTP value per share (US\$)							5.43
<b>SOTP value per share (ZAR)</b>							<b>79.77</b>
Latest share price (ZAR)							29.05
<b>Upside from latest share price</b>							<b>175%</b>

Source: Edison Investment Research. Notes: \*Due to differences in how peers report revenues (net or gross), we have disregarded sales multiples in calculating a valuation for Logicalis and Westcon. \*\*As year end net debt is typically a low point in the annual cycle, we have assumed average net debt through the year is c US\$100m higher than year-end levels.

If the group's embedded value can be effectively unlocked, our SOTP analysis points to the potential for the group's valuation to more than treble from current levels.

We recognise that there are a number of specific risk factors relevant to the equity story, including sovereign risk, emerging market exposure and currency risk, limited institutional investor liquidity, a lack of peers on the Johannesburg Stock Exchange, with direct peers listed in Europe or North America, high (but reducing) exposure to a single vendor (Cisco) and the conglomerate discount. We would also note that, although recovering, group EBITDA margins (Logicalis – 7%, Westcon – 2%, Analysys Mason – 15%) remain below their respective peer group averages for FY22.

However, we also recognise that management has delivered a strongly improving operational performance across all three business lines since 2018, despite the impact of the COVID-19 pandemic in FY21, delivering an EBITDA CAGR FY18–21 of 64% and 43% CAGR in EPS FY19–21. The group has a strong balance sheet with low net debt (FY21: US\$61m), which has delivered strong cash generation and allowed management to restart dividends (FY21: 3.4% yield).

Although listed in Johannesburg, Datatec has negligible exposure to the South African market, with the equity story being a dollar-denominated global ICT play. Despite this, Datatec is valued at a substantial discount to its global peer group, currently trading on 2.8x EV/EBITDA and 12.0x P/E in FY22e. It also trades on a 64% discount to our SOTP valuation. Given Datatec's historical performance and medium-term growth prospects, we do not believe that this valuation discount is fully warranted.

With management clearly positioning Datatec as an international investment story, and assuming a continued strong operating performance, we expect the peer group discount to narrow materially over time. However, we also recognise that full closure of the discount to fair value may require further simplification of the group's corporate structure.

Management remains committed to unlocking this underlying value.

**Exhibit 5: Financial summary**

Year end 28 February	US\$000	2019	2020	2021	2022e	2023e
<b>INCOME STATEMENT</b>						
Revenue		4,332,381	4,214,421	4,109,463	4,316,503	4,548,473
Cost of Sales		(3,644,637)	(3,472,843)	(3,418,926)	(3,589,219)	(3,773,478)
Gross Profit		687,744	741,578	690,537	727,284	774,995
EBITDA		86,761	158,657	118,632	163,070	185,253
Normalised operating profit		89,727	105,157	97,868	105,613	130,149
Amortisation of acquired intangibles		(10,217)	(11,297)	(8,635)	(8,586)	(8,046)
Exceptionals		(21,323)	(3,700)	(27,771)	(6)	(6)
Share-based payments		(9,764)	(7,623)	(11,493)	0	0
Reported operating profit		48,423	82,537	49,969	97,021	122,098
Net Interest		(22,577)	(25,874)	(25,692)	(26,560)	(28,525)
Joint ventures & associates (post tax)		(1,403)	(204)	908	0	0
Exceptionals		(228)	2,029	55	0	0
Profit Before Tax (norm)		65,747	79,079	73,084	79,052	101,624
Profit Before Tax (reported)		24,215	58,488	25,240	70,460	93,573
Reported tax		(20,959)	(31,809)	(19,540)	(31,707)	(37,429)
Profit After Tax (norm)		17,554	34,615	30,035	43,479	60,975
Profit After Tax (reported)		3,256	26,679	5,700	38,753	56,144
Minority interests		(1,816)	(13,772)	(3,103)	(10,180)	(10,478)
Discontinued operations		11,694	1,332	0	0	0
Net income (normalised)		15,738	20,843	26,932	33,299	50,497
Net income (reported)		13,134	14,239	2,597	28,573	45,666
Average number of shares outstanding (m)		237.8	210.5	198.6	201.8	203.2
EPS - normalised (c)		6.62	9.90	13.56	16.50	24.85
EPS - diluted normalised (c)		6.55	9.74	13.20	16.07	24.21
EPS - basic reported (c)		5.52	6.77	1.31	14.16	22.48
EPS - Company underlying uEPS (c)		6.61	9.90	13.56	16.50	24.85
Dividend (c)		0.00	7.00	6.80	5.50	8.28
Revenue growth (%)		10.4	(2.7)	(2.5)	5.0	5.4
Gross Margin (%)		15.9	17.6	16.8	16.8	17.0
EBITDA Margin (%)		2.0	3.8	2.9	3.8	4.1
Normalised Operating Margin		2.1	2.5	2.4	2.4	2.9
<b>BALANCE SHEET</b>						
Fixed Assets		437,786	512,598	554,690	586,356	620,633
Intangible Assets		284,877	291,279	314,486	333,525	349,507
Tangible Assets		60,306	43,300	39,987	39,469	41,600
Right-of-use assets		0	83,953	94,837	107,983	124,147
Investments & other		92,603	94,066	105,380	105,380	105,380
Current Assets		2,284,521	2,083,928	2,242,568	2,355,228	2,480,642
Stocks		332,256	253,271	242,005	263,893	287,778
Debtors		1,258,853	1,110,510	1,108,105	1,193,253	1,291,165
Cash & cash equivalents		344,400	347,189	488,632	493,178	495,607
Other		349,012	372,958	403,826	404,905	406,093
Current Liabilities		(1,909,272)	(1,765,823)	(1,980,013)	(2,079,906)	(2,186,085)
Creditors		(1,358,928)	(1,259,013)	(1,385,208)	(1,455,970)	(1,529,510)
Tax and social security		(15,826)	(16,677)	(16,596)	(16,596)	(16,596)
Short term borrowings		(413,770)	(338,945)	(392,877)	(412,671)	(434,848)
Lease liabilities		0	(34,325)	(36,398)	(38,232)	(40,286)
Other		(120,748)	(116,863)	(148,934)	(156,437)	(164,844)
Long Term Liabilities		(100,805)	(187,610)	(176,624)	(184,945)	(194,268)
Long term borrowings		(31,383)	(18,638)	(42,371)	(44,506)	(46,897)
Lease liabilities		0	(95,148)	(77,847)	(81,769)	(86,163)
Other long term liabilities		(69,422)	(73,824)	(56,406)	(58,670)	(61,207)
Net Assets		712,230	643,093	640,621	676,734	720,923
Minority interests		(63,303)	(70,778)	(57,465)	(67,645)	(78,123)
Shareholders equity		648,927	572,315	583,156	609,089	642,800
<b>CASH FLOW</b>						
Op Cash Flow before WC and tax		117,848	169,980	157,896	163,076	185,259
Working capital		(19,941)	57,231	79,903	(36,274)	(48,257)
Exceptional & other		(28,917)	(11,642)	(28,293)	(6)	(6)
Tax		(38,531)	(36,941)	(36,597)	(31,707)	(37,429)
Operating cash flow		30,459	178,628	172,909	95,090	99,567
Capex		(36,886)	(28,036)	(35,145)	(36,036)	(36,971)
Acquisitions/disposals		(25,318)	(9,179)	(3,694)	0	0
Net interest		(22,434)	(25,874)	(25,692)	(26,560)	(28,525)
Equity financing		(43,881)	(51,683)	(2,808)	0	0
Dividends		(53)	(15,137)	(4,905)	(11,174)	(16,831)
Other		1,991	20,019	1,880	(44,459)	(45,830)
Net Cash Flow		(96,122)	68,738	102,545	(23,139)	(28,590)
Opening net debt/(cash)		6,380	100,753	139,867	60,861	84,000
FX		(15,116)	(9,270)	(11,312)	0	0
Other non-cash movements		16,865	(98,582)	(12,227)	0	0
Closing net debt/(cash)		100,753	139,867	60,861	84,000	112,590

Source: Datatec accounts, Edison Investment Research

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Frankfurt +49 (0)69 78 8076 960  
Schumannstrasse 34b  
60325 Frankfurt  
Germany

London +44 (0)20 3077 5700  
280 High Holborn  
London, WC1V 7EE  
United Kingdom

New York +1 646 653 7026  
1185 Avenue of the Americas  
3rd Floor, New York, NY 10036  
United States of America

Sydney +61 (0)2 8249 8342  
Level 4, Office 1205  
95 Pitt Street, Sydney  
NSW 2000, Australia