

# Datatec

Another year of double-digit revenue growth

FY23 trading update

Software and comp services

Datatec expects to report FY23 revenue of \$5.16bn, which represents growth of 13% compared to FY22 and is 3% ahead of our forecast. Westcon performance was well ahead of our expectations, with Logicalis International slightly ahead and Logicalis Latin America below. Overall, the group saw signs of improvement in the supply chain, although the backlog remained elevated at the year-end. The secular growth in networking and cyber security solutions continues to be the main driver of demand. We maintain our forecasts pending full FY23 results in May.

Year end	Revenue (\$m)	PBT* (\$m)	Diluted EPS* (c)	DPS (c)	P/E (x)	Yield (%)
02/21**	4,109	73.1	13.2	6.6	14.9	3.4
02/22	4,546	69.1	14.2	39.3	13.8	20.0
02/23e	5,017	74.3	20.2	69.9	9.8	35.6
02/24e	5,282	95.6	23.3	7.5	8.4	3.8

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

Datatec disclosed FY23 divisional revenue: Westcon \$3,420m, 5% ahead of our \$3,264m forecast and up 18% y-o-y; Logicalis International \$1,250m, 2% ahead of our \$1,229m forecast, up 10% y-o-y; and Logicalis Latin America \$490m, 7% below our \$525m forecast, down 6% y-o-y. Based on H123 year-on-year revenue growth rates of 16.1%, 5.6% and -21.3% respectively, this implies H223 year-on-year revenue growth accelerated for all divisions, at 20.4% for Westcon, 14.6% for Logicalis International and 10.8% for Logicalis Latin America. While Logicalis Latin America H223 revenue was below our expectations, the division returned to growth in the period.

Group revenue growth of 13% in FY23 follows growth of 11% in FY22, despite both years being negatively affected by supply-chain constraints. The elevated backlog at the year-end provides support for our FY24 forecast for revenue growth of 5%.

We plan to review our forecasts when Datatec reports full FY23 results, expected around 23 May.

27 March 2023

Price **ZAR35.89**

Market cap **ZAR8,072m**

ZAR18.25:\$1

Net debt (\$m) at end H123 111

Shares in issue 224.9m

Free float 86%

Code DTCJ

Primary exchange JSE

Secondary exchange N/A

## Share price performance



## 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 International (IT services); and Logicalis LatAm (IT services in Latin America).

## Analyst

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