Datatec

H124 results

On track for better performance in FY24

Software and comp services

Datatec reported a strong performance in H124, with revenue up 15% y-o-y, adjusted EBITDA up 2% and underlying EPS up 336%. As supply chain issues have eased, the company has been able to reduce its backlog from previously elevated levels. Datatec expects improved performance in all divisions in FY24. While the company closely manages working capital, higher revenues and a gradual reduction in supplier extended payment terms drive our higher net debt forecasts. Our estimates are broadly unchanged at a group level, with adjustments at a divisional level to reflect Westcon strength and uncertainty in Latin America, and higher operating profitability offsetting increased interest costs.

Year end	Revenue ($m)	PBT* ($m)	Diluted EPS* (c)	DPS (c)	P/E (x)	Yield (%)
02/22	4,546	69.1	14.2	39.3	14.8	18.7
02/23	5,143	86.7	24.1	77.7	8.7	36.9
02/24e	5,568	86.7	20.8	7.1	10.1	3.4
02/25e	5,833	112.1	27.6	8.7	7.6	4.1

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

Solid performance across all divisions in H124

Revenue growth was strong across all divisions: Westcon +15% y-o-y, Logicalis International +12% and Logicalis Latin America +20%. FX losses weighed on adjusted EBITDA, which benefited from FX gains in H123: Westcon -4% y-o-y, Logicalis International +7% and Logicalis Latin America +50%. Underlying EPS for continuing operations increased 336% y-o-y to 9.6c, helped by materially lower share-based payment charges post completion of the Westcon incentive scheme.

Better profitability offsets higher finance costs

We have upgraded our Westcon revenue and adjusted EBITDA forecasts for FY24–26e while trimming our Logicalis LatAm forecasts. Higher group profitability more than offsets the increase in net interest costs arising from higher levels of debt to leave our FY24 underlying EPS broadly unchanged.

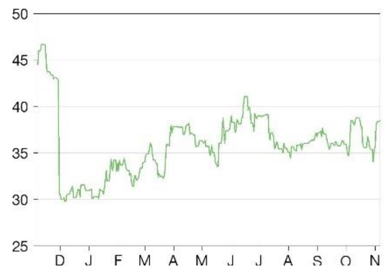
Valuation: Working to unlock value

Datatec currently trades on an EV/adjusted EBITDA multiple of 3.8x FY24e and 3.3x FY25e, well below its peer group (c 8x for both years). On a conservative sum-of-the-parts valuation using peer group averages, we estimate that Datatec could be worth 84% more than the current share price. Sustained revenue growth in Logicalis Latin America and improving profitability across the group will be key to reducing the discount to peers. The ongoing strategic review continues to seek ways address this persistent gap, with last year's sale of Analysys Mason a key example of unlocking value and returning it to shareholders. Management has introduced new incentive schemes for divisional management focused on ownership at the divisional rather than group level to further drive performance.

7 November 2023

Price	**ZAR38.46**
Market cap	**ZAR8,827m**
	ZAR18.29:$1
Net debt (ZARm) at end H124	174.8
Shares in issue	229.5m
Free float	86%
Code	DTCJ
Primary exchange	JSE
Secondary exchange	N/A

Share price performance



%	1m	3m	12m
Abs	0.1	7.8	(11.6)
Rel (local)	(2.2)	13.2	(16.4)
52-week high/low		ZAR47.08	ZAR29.81

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).

Next events

FY24 trading update	March 2024

Analyst

Katherine Thompson +44 (0)20 3077 5700

tech@edisongroup.com

Edison profile page

Datatec is a research client of Edison Investment Research Limited

Review of H124 results

Exhibit 1 summarises Datatec's performance at a group level in H124. Revenue grew 15% y-o-y (16% constant currency (cc)) while gross profit increased 24% over the same period. With a significantly lower level of share-based payments and one-off costs in H124 compared to H123, EBITDA was 39% higher y-o-y. Operating costs included FX gains totalling $29.5m ($18.9m unrealised) in H123 compared to FX losses of $13.3m ($9.2m unrealised) in H124, resulting in a 2% increase in adjusted EBITDA year-on-year. Reversing the effect of the unrealised gains/losses, adjusted EBITDA would have been 44% higher at $99m. Net income from continuing operations increased 140% y-o-y and headline EPS from continuing operations increased 88% y-o-y. Underlying EPS from continuing operations increased 336% y-o-y – adjustments include amortisation of acquired intangibles, unrealised FX gains/losses, restructuring costs, one-off tax items affecting EBITDA and other one-off costs.

Net debt increased 58% y-o-y, reflecting higher working capital requirements as the company increased shipments from the backlog (which declined 35% y-o-y and 21% h-o-h to $932m). The company also made the final $59m payment to settle the Westcon International Equity Appreciation Plan, which has now been replaced with a divisional ownership scheme (more detail below).

Exhibit 1: H124 results highlights

$m	H123	H124	y-o-y
Revenue	**2,408.5**	**2,762.7**	**14.7%**
Gross profit	**337.8**	**417.9**	**23.7%**
EBITDA	**57.9**	**80.6**	**39.3%**
Share-based payments	16.0	7.1	-55.9%
Restructuring charges and other adjustments	13.7	1.8	-86.9%
Adjusted EBITDA	**87.6**	**89.4**	**2.1%**
Operating profit	24.6	50.2	103.9%
Profit after tax	5.0	15.7	215.1%
Minority interests	(0.5)	(1.8)	223.4%
Discontinued operations	6.3	0.0	-100.0%
Net income to equity holders – group	10.8	14.0	29.9%
Net income to equity holders – continuing operations	**5.8**	**14.0**	**140.4%**
Adjustments	1.7	0.2	-91.1%
Headline earnings – continuing operations	**7.5**	**14.1**	**88.2%**
Adjustments	(2.7)	7.3	-369.9%
Underlying earnings – continuing operations	**4.8**	**21.5**	**347.3%**
Underlying EPS (uEPS) – group	3.6	9.6	166.7%
uEPS – continuing operations	**2.2**	**9.6**	**336.4%**
Net debt – continuing operations	**111.0**	**174.8**	**57.5%**
Gross margin	*14.0%*	*15.1%*	*1.1%*
EBITDA margin	*2.4%*	*2.9%*	*0.5%*
Adjusted EBITDA margin	*3.6%*	*3.2%*	*-0.4%*
Operating margin	*1.0%*	*1.8%*	*0.8%*

Source: Datatec

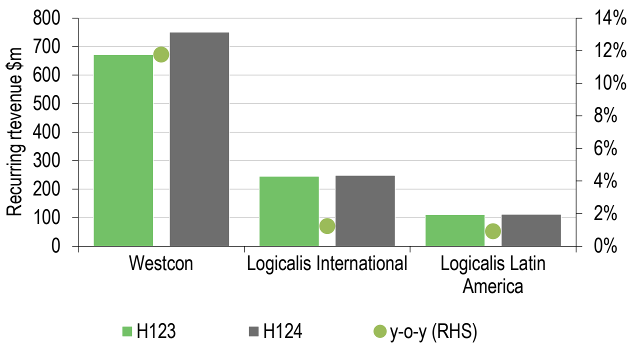
Exhibit 2 summarises performance at a divisional level and Exhibits 3 and 4 show the progression of recurring revenue. At a group level, recurring revenue made up 40% of total revenue in H124 compared to 43% in H123 (see Exhibits 3 and 4). As supply chain issues during FY22 and FY23 made it more difficult to get hold of hardware products, this element had grown in backlog. Product lead times have reduced over the last 12 months, allowing the group to ship more hardware as a percentage of total revenue, resulting in a lower contribution from recurring revenue.

Exhibit 2: Divisional performance

$m	H123	H124	y-o-y	H123	H124	
Revenue						
Westcon	1,614	1,854	15%			
Logicalis International	576	645	12%			
Logicalis Latin America	219	263	20%			
	2,408	2,763	15%			
Gross profit				**Gross margin (%)**		**y-o-y pp**
Westcon	153	204	33%	9.5	11.0	1.5
Logicalis International	137	158	15%	23.7	24.4	0.7
Logicalis Latin America	49	57	17%	22.2	21.6	-0.6
	338	418	24%	14.0	15.1	1.1
EBITDA				**EBITDA margin (%)**		
Westcon	52	60	16%	3.2	3.2	0.0
Logicalis International	18	26	41%	3.2	4.0	0.8
Logicalis Latin America	(1)	6	-685%	-0.5	2.2	2.7
Central costs	(11)	(11)	-2%			
	58	81	39%	2.4	2.9	0.5
Adjusted EBITDA				**Adjusted EBITDA margin (%)**		
Westcon	65	62	-4%	4.0	3.4	-0.6
Logicalis International	27	28	7%	4.6	4.4	-0.2
Logicalis Latin America	4	6	50%	1.8	2.3	0.5
Central costs	(7)	(7)	-3%			
	88	89	2%	3.6	3.2	-0.4

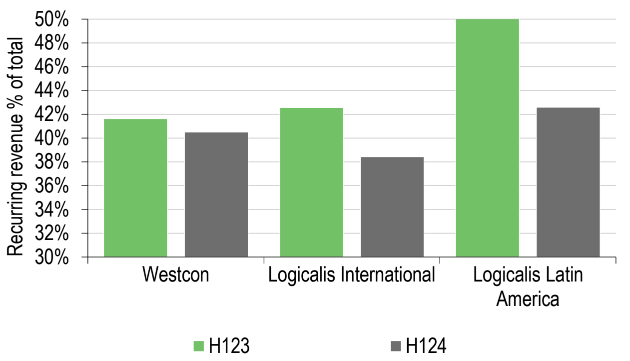
Source: Datatec

Exhibit 3: Recurring revenue



Source: Datatec

Exhibit 4: Recurring revenue contribution



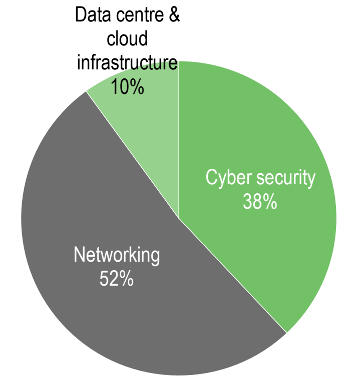
Source: Datatec

Westcon International: Continued strong performance

Westcon saw revenue growth of 15% y-o-y (16% cc), with particularly strong demand for cyber security and networking solutions (see Exhibit 5 for revenue split). As supply chain issues started to recede, product supply lead times improved and the business was able to increase the amount shipped from backlog (see Exhibit 6). Westcon gross profit increased 33% y-o-y and gross margin expanded 1.5pp to 11.0%. The increase was mainly due to stabilisation of exchange rates compared to H123 when the US dollar strengthened significantly versus sterling and the euro. In H123, the negative effect of currency on gross margin was partially offset by hedging gains reported in operating expenses. In H124 Westcon reported FX losses of $4.6m (including $2.7m unrealised) compared to FX gains of $32.1m (including $19.3m unrealised) in H123.

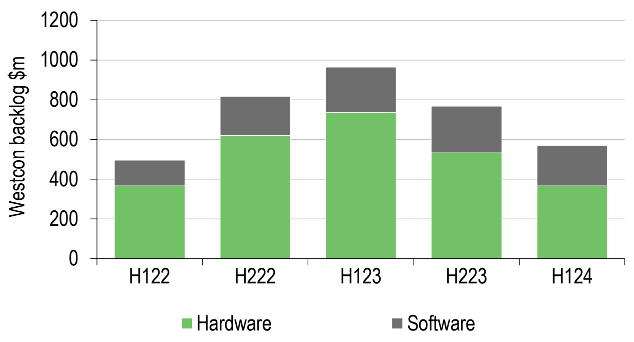
Reported EBITDA increased 16% y-o-y and adjusted EBITDA declined by 4% y-o-y, with the adjusted EBITDA margin declining 0.6pp to 3.4%. In H123, adjusted EBITDA excluded share-based payments of $12.0m and other one-offs totalling $1m, whereas in H124, adjusted EBITDA only excluded share-based payments of $2.5m. Excluding foreign exchange and share-based payment charges, operating expenses increased 12.9% y-o-y.

Exhibit 5: Revenue by product type



Source: Datatec

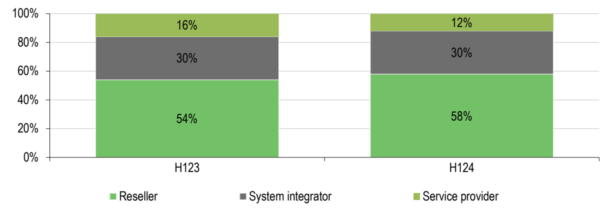
Exhibit 6: Backlog on a half-yearly basis



Source: Datatec

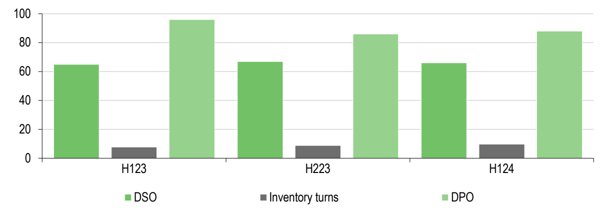
44% of revenue was generated from the Comstor business unit, up from 41% in H123, with the remainder from the Westcon business unit. Exhibit 7 shows the increase in the reseller contribution to revenue in H124 versus H123.

Exhibit 7: Revenue by customer



Source: Datatec

Exhibit 8: Working capital



Source: Datatec. Note: DSO=days sales outstanding, DPO=days purchases outstanding.

Inventory turns improved, partially offset by slightly higher DSOs and lower DPOs, resulting in a reduction of net working capital days by one to 15 compared to H123. This in turn drove a $10.6m y-o-y reduction in divisional net debt to $67.7m.

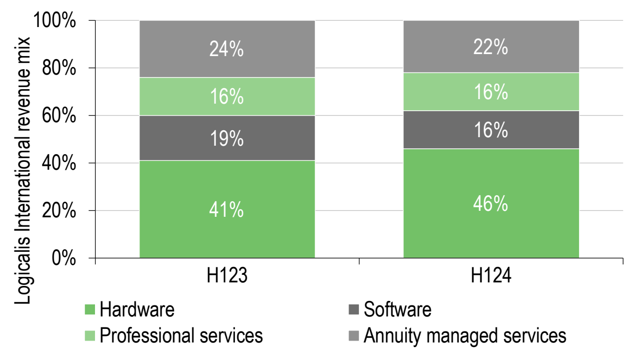
Logicalis International: Double-digit revenue growth

Logicalis International reported revenue growth of 12% (12% cc), with the strongest growth from the EMEA region (Exhibit 10). Hardware revenue increased as a proportion of total revenue (Exhibit 9) as product lead times reduced. Cloud revenue increased 58% y-o-y to $155m to make up 24% of divisional revenue. Gross profit was 15% higher y-o-y resulting in a gross margin improvement of 0.7pp to 24.4%. EBITDA increased 41% y-o-y and adjusted EBITDA 7%. Adjustments to EBITDA in H124 were $0.8m for share-based payments and $1.8m in one-off tax costs and in H123 were $0.3m for share-based payments, $5.2m for restructuring and $2.6m for one-off tax costs.

Order intake in H124 was strong albeit slightly lower than in H123. Combined with improving supplier lead times, the backlog declined 17% y-o-y and 10% h-o-h (Exhibit 11).

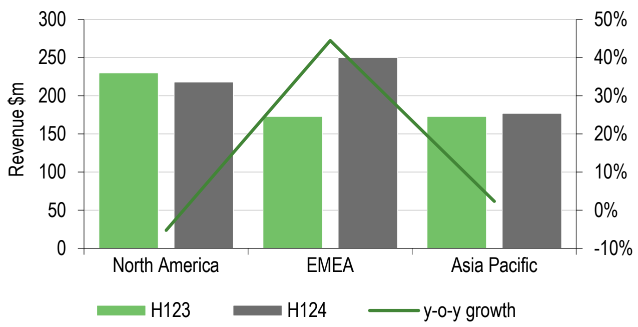
Net working capital decreased to $41m from $77m at the end of FY23 but increased from $16m at the end of H123. Working capital metrics per Exhibit 12 show that DSOs were relatively flat y-o-y while DIOs and DPOs both reduced. Net debt increased to $113m from $88m a year ago due to the increase in working capital.

Exhibit 9: Revenue by segment



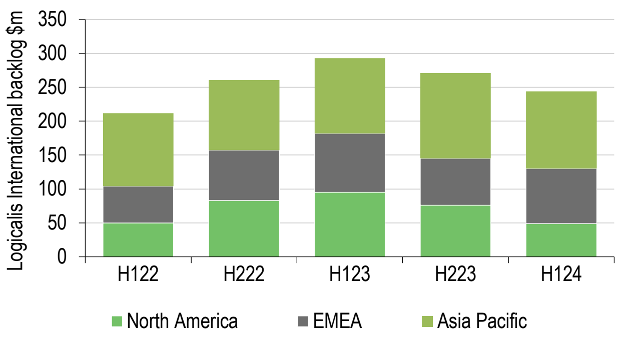
Source: Datatec

Exhibit 10: Revenue by geography



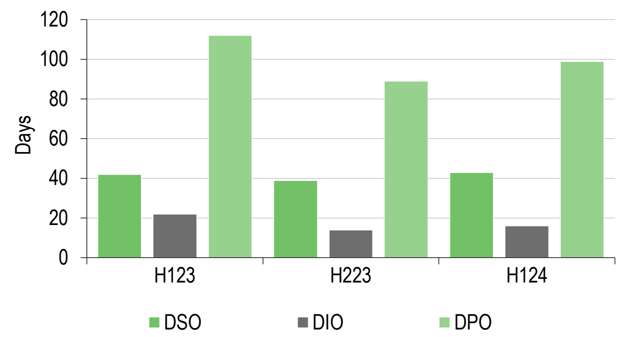
Source: Datatec

Exhibit 11: Backlog by geography



Source: Datatec

Exhibit 12: Working capital progression, H123–24



Source: Datatec DIO=days inventory outstanding

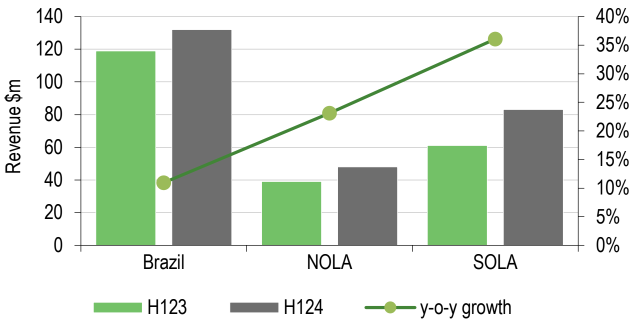
Logicalis Latin America: Growth despite situation in Argentina

Logicalis Latin America saw revenue growth of 20% y-o-y (31% cc) with growth from all regions, despite challenges in Argentina (Exhibit 13), benefiting from strong order intake in H223 and improving product lead times. As with Logicalis International, hardware sales increased as a proportion of total revenue (Exhibit 14). Cloud revenue increased 21% y-o-y to make up 22% of divisional revenue.

Order intake in H124 was lower than in H123 and backlog reduced by 28% y-o-y and 16% h-o-h to $118m (Exhibit 15). Gross profit increased 17% and gross margin reduced by 0.6pp to 21.6%. Despite the impact of hyperinflation in Argentina and FX losses, EBITDA increased from a loss of $1.0m to a profit of $5.8m. Adjusted EBITDA increased 50% with an adjusted EBITDA margin of 2.3%, up 0.5pp. Adjustments in H124 included share-based payments of $0.2m; adjustments in H123 included share-based payments of $0.3m and restructuring and other one-off costs of $4.7m.

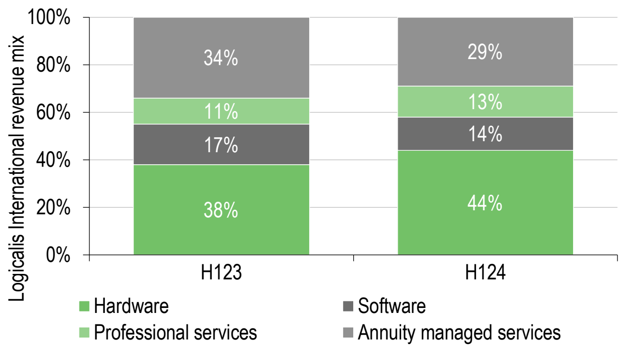
Divisional net debt was essentially flat year-on-year at $25.5m despite strong revenue growth over the period. Net working capital improved from $98m in H123 to $67m in H124 as the reduction in DSOs and DIOs more than offset the reduction in DPOs (Exhibit 16).

Exhibit 13: Revenue by geography



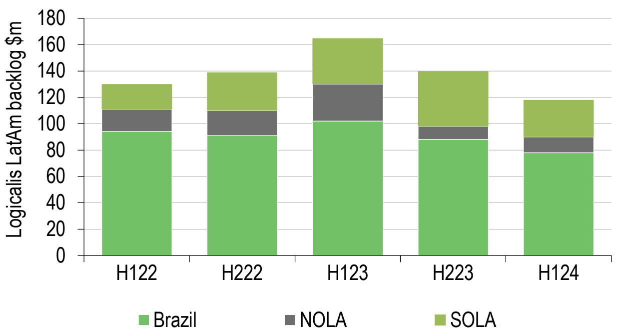
Source: Datatec

Exhibit 14: Revenue by segment



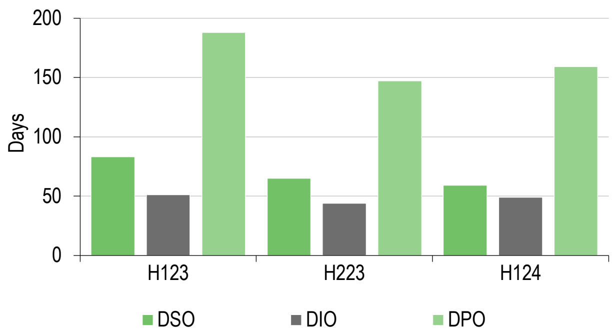
Source: Datatec

Exhibit 15: Backlog by geography



Source: Datatec

Exhibit 16: Working capital progression, H123–24



Source: Datatec

Management incentive plans

With the completion of the Westcon International Equity Appreciation Plan in FY23, the company decided to change the way it incentivises divisional management by offering them the chance to own stakes in their respective divisions rather than incentive schemes based on Datatec shares. A scheme was launched for Logicalis International in March with a holding company set up between Datatec PLC and the division. Datatec PLC owns 94.7% of the ordinary equity of the holding company and the remaining 5.3% is held by divisional management, who will be able to monetise their stakes if the division is sold. A further 0.9% will be available for purchase by management to allow for changes to the management team. A fixed return investment was also issued to Datatec PLC.

In September, a similar plan was implemented for Westcon International with an intermediate holding company called Westcon International Group Holdings Ltd (WIGHL) inserted in the group structure owned by Westcon International Ltd (WIL). Management purchased 5% of the shares in WIGHL and WIL holds the remaining 95%, with 1% earmarked for potential management participation in the future. WIGHL also issued a fixed return instrument to WIL.

There are still some incentive schemes operating at the group level as well as share appreciation rights at divisional level, thus Datatec will continue to report share-based payment charges, albeit at a significantly lower level than in FY22 and FY23. The new divisional share ownership schemes will not attract any IFRS2 share-based payment charges.

Outlook and changes to forecasts

The company expects improved performance in all divisions in FY24. By division:

- **Westcon:** demand is easing through a combination of improving product supply and macroeconomic uncertainty, however the company believes its digital and data platforms are helping to differentiate it from the competition.
- **Logicalis International:** the backlog is reducing as the higher interest rate environment is dampening demand and the supply chain is improving. Customers are expanding their use of digital technologies with hybrid infrastructure increasingly being used to complement cloud solutions.
- **Logicalis Latin America:** the division is seeing improving lead times and accelerating cloud adoption by customers. The Brazilian and Mexican economies are improving although the current situation in Argentina remains uncertain.

We have revised our forecasts to reflect H124 performance. We have raised our Westcon revenue and adjusted EBITDA forecasts on the back of strong performance in H1 and we have trimmed our Logicalis Latin America forecasts to reflect continued uncertainty in the region. At a group level, our FY24 adjusted EBITDA forecast increase offsets higher interest costs and our uEPS forecast is broadly unchanged. We have increased our net debt forecast, reflecting higher working capital requirements, particularly as suppliers start to reduce their previously extended payment terms.

Exhibit 17: Changes to forecasts

$m	FY24e				FY25e				FY26e			
	Old	New	Y-o-y	Change	Old	New	Y-o-y	Change	Old	New	Y-o-y	Change
Revenue	5,499	5,568	8%	1%	5,761	5,833	5%	1%	6,036	6,111	5%	1%
Gross Profit	830	844	13%	2%	879	893	6%	2%	932	944	6%	1%
Adj. EBITDA	194	197	9%	2%	220	222	13%	1%	248	250	13%	1%
EBITDA	186	184	88%	(1)%	212	213	16%	0%	240	241	13%	0%
Normalised operating profit	135	137	11%	2%	158	162	18%	2%	184	188	16%	2%
Profit before tax (normalised)	90	87	(0)%	(3)%	113.0	112.1	29%	(1)%	138	138	23%	(0)%
Net income (normalised)	50	48	(9)%	(3)%	64.5	64.4	33%	(0)%	80	80	25%	0%
EPS – diluted normalised (c)	21.5	20.8	(14)%	(3)%	27.6	27.6	33%	(0)%	34.3	34.5	25%	0%
EPS – Company underlying uEPS (c)	20.9	21.2	247%	1%	26.8	26.0	23%	(3)%	33.6	33.2	27%	(1)%
Dividend (c)	7.0	7.1			8.9	8.7			11.2	11.1		
Revenue growth (%)	*6.9*	*8.3*			*4.8*	*4.8*			*4.8*	*4.8*		
Gross Margin (%)	*15.1*	*15.2*			*15.3*	*15.3*			*15.4*	*15.5*		
Adj. EBITDA Margin (%)	*3.5*	*3.5*			*3.8*	*3.8*			*4.1*	*4.1*		
Normalised Operating Margin	*2.4*	*2.5*			*2.7*	*2.8*			*3.0*	*3.1*		
Operating cash flow	53	37			158	160			158	159		
Net debt	187	205			159	175			136	151		
Revenue												
Westcon	3,660	3,728	9%	2%	3,843	3,915	5%	2%	4,035	4,111	5%	2%
Logicalis	1,839	1,839	7%	0%	1,918	1,918	4%	0%	2,001	2,001	4%	0%
Logicalis International	1,299	1,299	5%	0%	1,351	1,351	4%	0%	1,405	1,405	4%	0%
Logicalis Latin America	540	540	10%	0%	567	567	5%	0%	596	596	5%	0%
Total	5,499	5,568	8%	1%	5,761	5,833	5%	1%	6,036	6,111	5%	1%
EBITDA												
Westcon	106.2	111.4	130%	5%	123.1	128.2	15%	4%	141.3	144.9	13%	3%
Logicalis	100.1	94.5	32%	-6%	110.3	106.0	12%	-4%	120.7	117.7	11%	-2%
Logicalis International	71.5	67.7	34%	-5%	77.4	75.5	12%	-2%	83.4	83.3	10%	0%
Logicalis Latin America	28.6	26.8	27%	-6%	32.8	30.5	14%	-7%	37.3	34.4	13%	-8%
Central costs	(20.1)	(21.7)	-1%	8%	(20.9)	(21.2)	-2%	2%	(21.7)	(21.8)	2%	0%
Total	186.3	184.3	88%	-1%	212.5	213.0	16%	0%	0.2	240.8	13%	0%
Adjusted EBITDA												
Westcon	108.2	114.4	20%	6%	125.1	130.2	14%	4%	143.3	146.9	13%	2%
Logicalis	101.1	98.5	8%	-3%	111.3	108.2	10%	-3%	121.7	119.9	11%	-1%
Logicalis International	72.0	71.2	7%	-1%	77.9	77.2	9%	-1%	83.9	85.0	10%	1%
Logicalis Latin America	29.1	27.3	10%	-6%	33.4	31.0	13%	-7%	37.8	34.9	13%	-8%
Central costs	(15.6)	(15.6)	155%	0%	(16.4)	(16.4)	5%	0%	(17.2)	(16.9)	3%	-1%
Total	193.8	197.3	10%	2%	220.0	222.0	13%	1%	247.8	249.8	13%	1%

Source: Edison Investment Research

Valuation

On a group basis, Datatec is valued on a minority-adjusted EV/adjusted EBITDA multiple of 3.8x FY24e and 3.3x FY25eand on a normalised P/E basis of 10.1x FY24e and 7.6x FY25. To more accurately reflect the dynamics of the different divisions, we continue to value Datatec on a sum-of-the-parts basis. Although Logicalis is now reported through two divisions (International and Latin America), we continue to combine them in the valuation as their business models are similar. Using the EV/EBITDA peer multiples in Exhibit 18, average of end-FY23 and FY24e net debt (we add $100m to this as the group typically operates at a higher level of net debt across the year) and a 30% discount (South Africa sovereign risk and holding company discount), we arrive at a per-share valuation of ZAR70.95. This implies 84% upside from the current share price.

Through the ongoing strategic review, management has started to unlock some of this value with the sale of Analysys Mason and the subsequent return of cash to shareholders. We believe further transactions may take place in the medium term when market conditions start to improve. In the meantime, the company continues to work on operational improvements across the three divisions.

Exhibit 18: Sum-of-the-parts valuation

$m	Revenues		Adjusted EBITDA)			
	FY24e	FY25e	FY24e	FY25e		
Logicalis	1,839	1,918	98	108		
Westcon	3,728	3,915	114	130		
Central costs			(16)	(16)		
Peer multiples (x)	**Revenues**		**EBITDA**			
	FY24e	**FY25e**	**FY24e**	**FY25e**		
Logicalis	0.8	0.8	9.3	8.5		
Westcon	0.3	0.3	8.2	7.7		
Central costs			8.0	8.0		
	Implied EV based on					
Enterprise value	**Revenues**		**EBITDA**		**Economic interest**	**Mean EV**
(US$m)	**FY24e**	**FY25e**	**FY24e**	**FY25e**		
Logicalis	1,523	1,500	918	916	83%	761
Westcon	1,139	1,277	938	1,006	92%	895
Central costs			(125)	(131)	100%	(128)
					Group EV	**1,528**
Assumed average net debt	(256)					
SOTP – Equity value	**1,272**					
Discount for: RSA sovereign risk, holding company risk	30%					
Adjusted equity value	**890**					
Shares in issue (m)	229.5					
SOTP value per share (US$)	3.88					
SOTP value per share (ZAR)	**70.95**					
Latest share price (ZAR)	38.46					
Upside from latest share price	**84%**					

Source: Edison Investment Research, Refinitiv (as at 6 November)

.

Exhibit 19: Financial summary

28-February	$'k	2020	2021	2022	2023	2024e	2025e	2026e
INCOME STATEMENT		IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
Revenue		4,214,421	4,109,463	4,546,398	5,143,125	5,567,814	5,833,212	6,111,360
Cost of Sales		(3,472,843)	(3,418,939)	(3,816,630)	(4,398,618)	(4,723,610)	(4,940,259)	(5,166,861)
Gross Profit		741,578	690,524	729,768	744,507	844,204	892,953	944,499
Adjusted EBITDA		166,280	152,490	158,922	180,182	197,291	222,017	249,840
EBITDA		158,657	118,619	143,457	98,246	184,256	213,017	240,840
Normalised operating profit		105,157	97,859	100,540	123,934	136,972	162,015	187,873
Amortisation of acquired intangibles		(11,297)	(8,635)	(10,100)	(11,886)	(3,340)	(2,079)	(1,294)
Exceptionals		(3,700)	(27,771)	0	(40,915)	0	0	0
Share-based payments		(7,623)	(11,493)	(15,465)	(52,641)	(11,239)	(9,000)	(9,000)
Reported operating profit		82,537	49,960	74,975	18,492	122,393	150,937	177,579
Net Interest		(25,874)	(25,692)	(31,051)	(38,090)	(50,282)	(49,894)	(49,894)
Joint ventures & associates (post tax)		(204)	908	(427)	882	(2)	0	0
Exceptionals		2,029	59	540	(1,333)	80	0	0
Profit Before Tax (norm)		79,079	73,075	69,062	86,726	86,688	112,122	137,979
Profit Before Tax (reported)		58,488	25,235	44,037	(20,049)	72,189	101,043	127,685
Reported tax		(31,809)	(19,540)	(9,470)	(13,375)	(25,266)	(35,365)	(44,690)
Profit After Tax (norm)		34,615	30,034	36,179	56,372	56,348	72,879	89,686
Profit After Tax (reported)		26,679	5,695	34,567	(33,424)	46,923	65,678	82,995
Minority interests		(13,772)	(3,103)	(6,431)	(3,209)	(8,042)	(8,488)	(9,239)
Discontinued operations		1,332	0	5,766	116,967	0	0	0
Net income (normalised)		20,843	26,938	29,748	53,163	48,306	64,391	80,447
Net income (reported)		14,239	2,592	33,902	80,334	38,882	57,189	73,756
Average number of shares outstanding (m)		210.5	198.8	203.2	218.0	224.1	224.9	224.9
EPS - diluted normalised (c)		9.7	13.2	14.2	24.1	20.8	27.6	34.5
EPS - basic reported (c)		6.8	1.3	16.7	36.9	17.3	25.4	32.8
EPS - Company underlying uEPS (c)		9.9	13.5	16.0	6.1	21.2	26.0	33.2
Dividend (c)		7.0	6.6	39.3	77.7	7.1	8.7	11.1
Revenue growth (%)		(2.7)	(2.5)	10.6	13.1	8.3	4.8	4.8
Gross Margin (%)		17.6	16.8	16.1	14.5	15.2	15.3	15.5
Adj. EBITDA Margin (%)		3.9	3.7	3.5	3.5	3.5	3.8	4.1
Normalised Operating Margin		2.5	2.4	2.2	2.4	2.5	2.8	3.1
BALANCE SHEET								
Fixed Assets		512,598	554,690	613,155	610,565	611,442	613,427	615,611
Intangible Assets		291,279	314,486	320,089	293,184	291,821	291,101	290,571
Tangible Assets		43,300	39,987	32,517	33,054	35,296	38,001	40,715
Right-of-use assets		83,953	94,837	80,639	56,248	56,248	56,248	56,248
Investments & other		94,066	105,380	179,910	228,079	228,077	228,077	228,077
Current Assets		2,083,928	2,242,568	2,399,078	3,015,700	3,011,043	3,137,062	3,262,020
Stocks		253,271	242,005	309,227	411,059	415,547	434,606	454,541
Debtors		1,110,510	1,108,105	1,223,824	1,508,470	1,597,124	1,673,253	1,753,039
Cash & cash equivalents		347,189	488,632	453,926	584,683	486,054	515,972	540,204
Other		372,958	403,826	412,101	511,488	512,318	513,231	514,235
Current Liabilities		(1,765,823)	(1,980,013)	(2,152,175)	(2,869,641)	(2,827,629)	(2,895,406)	(2,948,584)
Creditors		(1,275,690)	(1,401,804)	(1,544,198)	(2,088,899)	(2,033,608)	(2,093,087)	(2,137,569)
Short term borrowings		(338,945)	(392,877)	(433,176)	(577,224)	(577,224)	(577,224)	(577,224)
Lease liabilities		(34,325)	(36,398)	(32,870)	(27,005)	(27,005)	(27,005)	(27,005)
Other		(116,863)	(148,934)	(141,931)	(176,513)	(189,791)	(198,089)	(206,786)
Long Term Liabilities		(187,610)	(176,624)	(229,112)	(224,284)	(226,548)	(227,962)	(229,445)
Long term borrowings		(18,638)	(42,371)	(56,440)	(41,624)	(41,624)	(41,624)	(41,624)
Lease liabilities		(95,148)	(77,847)	(61,523)	(45,412)	(45,412)	(45,412)	(45,412)
Other long term liabilities		(73,824)	(56,406)	(111,149)	(137,248)	(139,512)	(140,926)	(142,409)
Net Assets		643,093	640,621	630,946	532,340	568,309	627,120	699,602
Minority interests		(70,778)	(57,465)	(67,516)	(60,331)	(68,373)	(76,861)	(86,100)
Shareholders equity		572,315	583,156	563,430	472,009	499,936	550,259	613,502
CASH FLOW								
Op Cash Flow before WC and tax		169,980	157,888	162,842	191,802	195,495	222,017	249,840
Working capital		57,231	79,903	(76,807)	(18,203)	(132,890)	(25,997)	(45,060)
Exceptional & other		19,330	(3,453)	10,677	(193)	(752)	(913)	(1,004)
Tax		(36,941)	(36,597)	(26,282)	(24,182)	(25,266)	(35,365)	(44,690)
Operating cash flow		209,600	197,741	70,430	149,224	36,587	159,742	159,085
Capex		(28,036)	(35,145)	(24,841)	(36,669)	(35,242)	(36,564)	(37,945)
Acquisitions/disposals		(9,179)	(3,694)	(16,424)	114,821	0	0	0
Net interest		(30,972)	(25,745)	(31,265)	(38,596)	(50,282)	(49,894)	(49,894)
Equity financing		(51,683)	(2,808)	(6,150)	(7,725)	0	0	0
Dividends		(15,137)	(4,905)	(43,136)	(154,399)	(22,192)	(15,866)	(19,514)
Other		20,019	1,880	(2,034)	(2,914)	(27,500)	(27,500)	(27,500)
Net Cash Flow		94,612	127,324	(53,420)	23,742	(98,629)	29,918	24,232
Opening net debt/(cash)		100,753	139,867	60,874	130,096	106,595	205,224	175,306
FX and non-cash movements		(133,726)	(48,331)	(15,802)	(241)	0	0	0
Closing net debt/(cash)		139,867	60,874	130,096	106,595	205,224	175,306	151,074

Source: Datatec, Edison Investment Research

London | New York | Frankfurt
20 Red Lion Street
London, WC1R 4PS
United Kingdom