

Datatec

FY22 results update

Potential strategic sale of Analysys Mason

FY22 was a year of robust global demand for technology solutions, with supply chain issues and semiconductor shortages constraining Datatec's ability to meet that demand, leading to a growing backlog of pending orders. Datatec's three divisions all had a strong year, which would have been even stronger for Westcon and Logicalis if orders could have been fully met. We note management's cautious tone on H123 in particular, although we believe Datatec remains a defensive player in an uncertain world (strong dollar, price and wage inflation, the war in Ukraine, lockdowns). Off the back of FY22, we have raised our revenue estimates, but remain cautious on margins. Datatec still trades on only c 3.5x FY23 EV/adjusted EBITDA, which we believe understates the group's prospects and recent performance. As a result of the strategic review, management is in negotiations on the potential sale of Analysys Mason.

Year end	Revenue (\$m)	PBT* (\$m)	EPS* (c)	DPS (c)	P/E (x)	Yield (%)
02/21	4,109	73.1	13.6	6.6	18.0	2.7
02/22	4,637	85.0	18.7	39.3	13.0	16.1
02/23e	4,919	95.9	19.6	6.5	12.5	2.7
02/24e	5,117	107.3	25.2	8.4	9.7	3.4

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

FY22 results: A solid platform for growth

FY22 reported revenue was \$4.64bn, up 13%, with adjusted EBITDA rising by 36% to \$177m, a 3.8% margin (FY21: 3.2%). Highlighting the operational gearing of the business, underlying EPS rose 38% to 18.7 US cents per share versus our [forecast](#) FY22 EPS of 17.0 US cents. As a result, the group declared a dividend of ZAR1.11 (FY21: ZAR1.00) in addition to a special dividend, taking the total dividend paid for the year to c 39 US cents per share. Net debt at 28 February 2022 rose to \$130m (FY21: \$61m), below our FY22 forecast of \$166m, with strong cash generation and effective receivables collection partly mitigating the build-up of inventory.

Revenues nudged upwards, caution on margins

We have made some changes to our FY23 and FY24 estimates following Datatec's FY22 results, increasing net revenue growth in FY23 to 6%, slowing to 4% in FY24. Given wide economic uncertainties, adjusted EBITDA margins in FY23 and FY24 fall slightly to 3.9% (FY22: 3.8%). With the anticipated growth of Westcon, coupled with historically high inventory levels and backlog in FY23, we assume FY23 net debt rises to \$154m and stays at a similar level in FY24 of \$161m.

Valuation: Defensive growth with strategic upside

All three of Datatec's divisions now have a solid track record of profitability. Despite this, Datatec's shares trade on only 3.5x FY23e EV/adjusted EBITDA and 12.5x P/E, with a 2.7% prospective dividend yield. There is also a prospect of tangible upside from the strategic review, with a potential sale of Analysys Mason the most likely outcome. As we have stated before, we believe that Datatec's valuation is backward looking and does not reflect the positive transformation of the business and its improved operational performance.

IT services

13 June 2022

Price **ZAR37.84**

Market cap **ZAR8.2bn**

ZAR15.5/\$

Net debt (\$m) at 28 February 2022 130.1

Shares in issue 217.0m

Free float 86%

Code DTCJ

Primary exchange Johannesburg

Secondary exchange N/A

Share price performance



% 1m 3m 12m

Abs (0.9) 17.7 52.9

Rel (local) (2.1) 28.3 52.3

52-week high/low ZAR40.83 ZAR20.72

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

AGM July 2022

Interim results October 2022

Analysts

Richard Williamson +44 (0)20 3077 5700

Katherine Thompson +44 (0)20 3077 5730

tech@edisongroup.com

[Edison profile page](#)

**Datatec is a research client of
Edison Investment Research
Limited**

FY22 results: A resilient performance

Datatec delivered a strong operational performance across all divisions in FY22, with group revenues rising 13% to \$4.6bn and adjusted EBITDA (excluding share-based payments and restructuring costs) rising 36% y-o-y to \$177m. The FY22 adjusted EBITDA margin was 3.8% (FY21: 3.2%). Exchange rates were less of an issue in FY22 as they have been in recent years, with group revenue growth of 11.8% in constant currency terms.

The FY22 results include a share-based payment charge of \$22.5m, double the equivalent charge in FY21 (\$11.5m), reflecting the increasing valuations of the divisions' cash-settled share-based payment plans, particularly for Westcon and Analysys Mason.

The group reported PBT of \$51m (FY21: \$25m) and paid \$11m in tax (FY21: \$20m), an effective tax rate of 21% (FY21: 77%), benefiting from UK tax losses. At 28 February 2022, estimated tax loss carry forwards amounted to \$231m, a future tax benefit of c \$57m, of which \$36m has been recognised as a deferred tax asset.

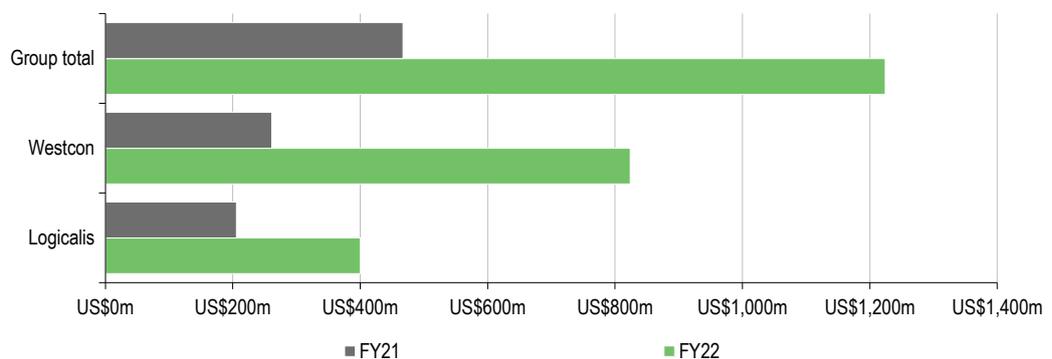
Highlighting the operational gearing of the business, underlying EPS rose 38% to 18.7 US cents per share versus our forecast FY22 EPS of 17.0 US cents. As a result, based on the group's policy of 3x dividend cover, the board declared a dividend of ZAR1.11 (FY21: ZAR1.00) (a 3.1% dividend yield), in addition to the \$70m special dividend paid in November 2021, taking the total dividend paid for the year to \$85m in aggregate, or c 39 US cents per share.

Net debt at 28 February 2022 rose to \$130m (FY21: \$61m), lower than our FY22 forecast of \$166m, with net debt typically increasing as the business grows, but with strong cash generation partly mitigating the build-up of inventory. Excluding lease liabilities, net debt was \$36m (FY21: net cash of \$53m).

Record backlog equates to around three months of group sales

For the first time, management provided an analysis of group backlog, highlighting its material growth over the past 12 months as supply chain delays slowed product delivery for both Logicalis and Westcon. Open orders at the end of FY22 were approximately \$1.2bn, compared with c \$0.5bn for FY21, itself a record level of backlog.

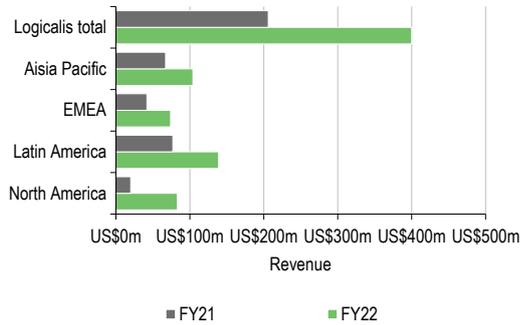
Exhibit 1: Significant year-on-year growth in group backlog



Source: Datatec accounts

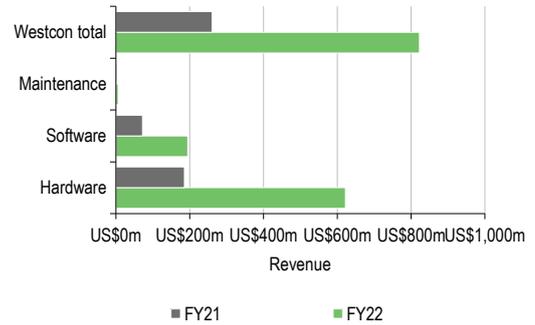
Given the ongoing supply chain issues and the uncertain macroeconomic environment, we do not expect this backlog to unwind in H123, but we do anticipate that it will start to slowly unwind in H223 and in FY24 as the supply-side squeeze steadily eases. These unfulfilled sales orders will then be recognised as additional sales, supplementing and supporting Datatec's growth in H223 and FY24. Total backlog at FY22 year-end equated to approximately three months of group sales.

Exhibit 2: Logicalis backlog build-up most acute in the Americas



Source: Datatec

Exhibit 3: Westcon backlog is hardware centric



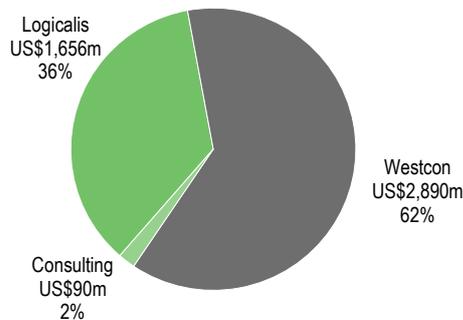
Source: Datatec

Looking at the backlog for the two principal divisions, it becomes apparent that the highest backlog for Logicalis is in Latin America, but the greatest percentage rise in backlog has occurred in North America, with demand outstripping supply. At Westcon, Exhibit 3 shows that backlog growth is centered on hardware fulfilment, although there is also a surprising growth in software backlog, presumably where software fulfilment is dependent on key hardware components.

Divisional review: Strong performance across the group

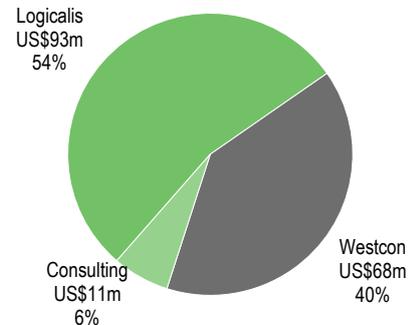
Management is guiding Datatec to become a global leader in higher-margin, speciality ICT solutions. The group performed strongly in FY22, benefiting in particular from trending demand in networking, cloud usage and cyber security. This positioning enabled all divisions to deliver robust revenue and profit growth in FY22.

Exhibit 4: FY22 revenue by division



Source: Datatec

Exhibit 5: FY22 EBITDA by division

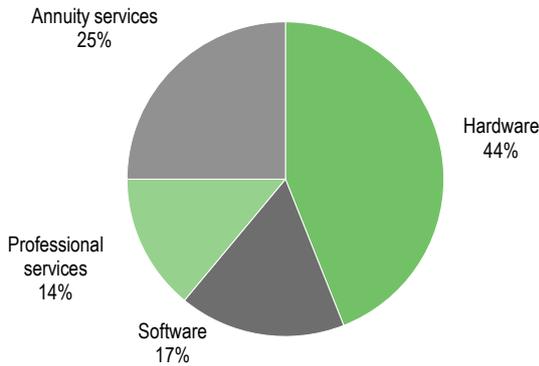


Source: Datatec

Logicalis – IT services

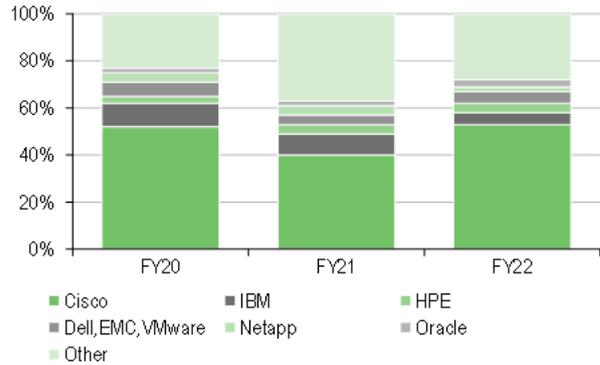
Logicalis has the broadest geographical footprint in the group, which meant that although FY22 was a solid year, business was constrained by geopolitical factors. Continuing headwinds from semiconductor shortages, as well as the war in Ukraine, China lockdowns and global inflationary pressures are expected to continue to disrupt global supply chains in FY23 and beyond. This is expected to affect the performance of Logicalis in Latin America for at least H123, increasing uncertainty over Logicalis's performance in the short and medium term. In FY22, Logicalis revenue increased by 14% to \$1.66bn (FY21: \$1.45bn), with a 13% increase in EBITDA to \$93m (FY21: \$82m). EBITDA margins remained broadly stable at 5.6% (FY21: 5.7%), although on an adjusted basis (allowing for the restructuring costs in FY21) they fell from 6.6% to 5.6%.

Exhibit 6: Logicalis revenue by segment



Source: Datatec

Exhibit 7: Logicalis revenue by vendor

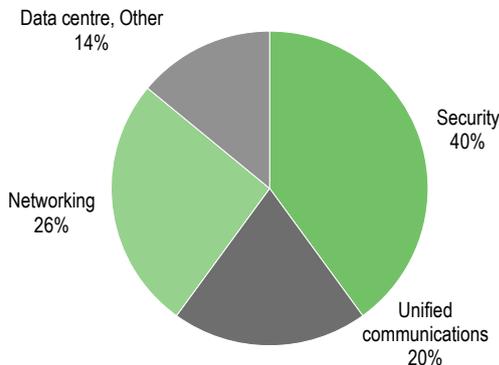


Source: Datatec

Westcon – Distribution

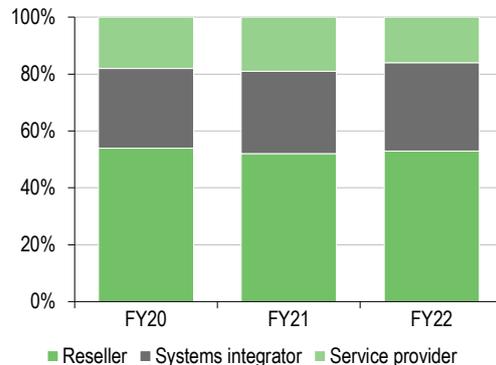
FY22 was a year of continued improvement for Westcon, despite the uncertain global climate. Westcon remains focused on revenue growth and margin expansion supported by continued investment in process automation and channel investment, coupled with tight cost control. In FY22, revenue increased by 12% to \$2.89bn (FY21: \$2.59bn) with strong demand for networked infrastructure, remote access solutions, enhanced cyber security for flexible working and unified collaboration tools. Showing the division’s operational gearing, EBITDA lifted by 52% to \$68m (FY21: \$45m), with margins rising from 1.7% to 2.4%.

Exhibit 8: Westcon revenue by segment



Source: Datatec

Exhibit 9: Westcon revenue by customer type



Source: Datatec

Analysys Mason – Consulting

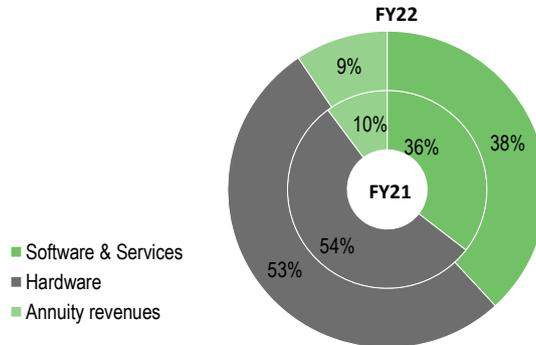
Revenue at Analysys Mason increased by 24% to \$90m (FY21: \$73m), with EBITDA rising by 9% to \$11.1m (FY21: \$10.2m). Excluding share-based payments, adjusted EBITDA rose 27% to \$18.1m (FY21: \$14.3m), with margins ticking up from 19.5% to 20%. Analysys Mason then completed the acquisition of Northern Sky Research on 30 April 2022 (post year-end), a US-based research and consultancy business focused on the space and satellite sector. Finally, in parallel with the release of the group’s FY22 results, management confirmed that, as a result of the strategic review, Datatec was in discussions with an unnamed buyer over a potential sale of Analysys Mason. Analysys Mason has c 300 employees.

Software & services increased as percentage of group revenues

FY22 annuity revenues, despite growing in absolute terms, fell back slightly year-on-year to represent 9% of group revenues (FY21: 10%). Despite this, when taken together with software and services, the proportion of non-hardware revenues rose marginally to 47% of overall revenues

(FY21: 46%). We expect the proportion of non-hardware revenues to continue to increase in the medium term.

Exhibit 10: Minor increase in software/software as a service as proportion of group revenues



Source: Datatec

Outlook: Some caution, but established trends remain

Even with management’s understandably cautious tone for H123, particularly for Logicalis Latin America (given the challenging macro-economic situation in Latin America), Datatec remains a defensive player, despite continuing economic and geopolitical uncertainties (growing price and wage inflation, the war in Ukraine, lockdowns). Management expects the technology trends that benefited the business in FY21 and FY22 – ongoing digitalisation driving demand for software-as-a-service solutions, investment in hybrid working and cybersecurity – to continue in FY23.

As we have noted, supply chain issues and semiconductor shortages have constrained Datatec’s ability to meet demand in FY22, leading to a growing backlog of pending orders. Although we expect supply chain issues to continue into FY23, we then expect the backlog to start steadily to unwind, providing additional demand to support sales in H223 and FY24. Management has noted that it expects a weak performance from Logicalis in Latin America in H123 as macroeconomic challenges and supply chain constraints continue to affect the region.

Software & services (FY22: 47% of revenues) is expected to continue to grow as a proportion of sales, with the group continuing to focus on networking, security and cloud infrastructure. This means the business is becoming progressively less asset intensive, benefiting from structural working capital improvements.

With FY22 net debt of \$130m and leverage of 20%, the group has a strong balance sheet to support future growth. Although, Westcon absorbs cash as it grows, limiting cash generation in FY23 and FY24.

Estimates: FY23/24 revenues rise, margins softened

We have made some changes to our FY23 and FY24 estimates following Datatec’s FY22 results, increasing net revenue growth in FY23 to 6%, slowing to 4% in FY24. Given the wide economic uncertainties, we have softened gross margins by 0.2% to 16.9% in FY23 and 17.0% in FY24, although both are still higher than the 16.6% in FY22. Adjusted EBITDA margins in FY23 and FY24 soften slightly to 3.9% (FY22: 3.8%), with share-based payments in FY23 at a similar level to FY22 (\$22.5m), falling to \$13.5m in FY24 once the current Westcon incentive scheme expires. We have also assumed an increase in net finance costs (FY22: 5.9%), raising these to 7.0% for FY23 and subsequent years to reflect rising interest rates (particularly in Latin America) and higher utilisation of facilities. With the anticipated growth of Westcon, coupled with high inventory levels and backlog in FY23, we assume an increase in net debt in FY23, to \$154m, remaining at a similar level of

\$161m in FY24. We have also introduced forecasts for FY25, with revenues of \$5.3bn and adjusted EBITDA of \$218m.

Exhibit 11: Revised estimates

28-February	2022		2023e				2024e				2025e	
\$m	Actual	Y-o-y growth (%)	Old	New	Y-o-y growth (%)	Change (%)	Old	New	Y-o-y growth	Change (%)	New	Y-o-y growth (%)
Revenue	4,637	13	4,757	4,919	6	3	5,029	5,117	4	2	5,323	4
Gross Profit	770	12	816	829	8	2	871	871	5	(0)	915	5
Adj. EBITDA	177	36	193	191	8	(1)	215	201	5	(7)	218	8
EBITDA	155	30	193	168	9	(13)	215	188	11	(13)	204	9
Normalised operating profit	117	19	138	135	15	(2)	162	148	10	(9)	167	13
Profit Before Tax (norm)	85	16	108	96	13	(11)	131	107	12	(18)	125	16
Net income (normalised)	38	41	53	42	11	(20)	71	55	29	(23)	65	20
Company underlying uEPS (c)	18.7	38	24.3	19.6	5	(19)	32.6	25.2	29	(23)	30.2	20
Dividend (c)	39.3		8.1	6.5			10.9	8.4			10.1	
Revenue growth (%)	12.8		5.4	6.1			5.7	4.0			4.0	
Gross Margin (%)	16.6		17.1	16.9			17.3	17.0			17.2	
Adj. EBITDA Margin (%)	3.8		4.0	3.9			4.3	3.9			4.1	
Normalised Operating Margin	2.5		2.9	2.7			3.2	2.9			3.1	
Closing net debt/(cash)	130		192	154			151	161			157	

Source: Datatec accounts, Edison Investment Research

Defensive growth with strategic upside

Off the back of FY22, all three of Datatec's divisions can now point to a track record of solid profitability. Following the group's strong performance in FY22, we have raised our revenue estimates, but softened margins to reflect increasing uncertainties. Datatec's shares still trade on only 3.5x FY23e EV/adjusted EBITDA and 12.5x FY23e P/E. The shares also offer a 2.7% prospective dividend yield, as well as incremental upside from any uplift following the conclusion of the group strategic review, with a sale of Analysys Mason looking like the most likely initial outcome.

As we have stated before, we believe Datatec's valuation is backward looking and does not reflect the positive transformation of the business and its improved operational performance. From peer analysis, a blended multiple of 9x FY23 EV/EBITDA or 14x FY23 P/E would appear justifiable.

Exhibit 12: Peer group for Logicalis

Name	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)
Atea	107.2	NOK	1,432	20.3	4.3	2.8	0.3	0.3	7.4	6.6
Bechtle	41.8	EUR	5,709	17.3	8.0	6.1	0.9	0.8	11.6	10.8
Cancom	37.6	EUR	986	31.8	9.3	6.1	0.7	0.6	7.2	6.4
CDW	174.3	USD	29,768	18.3	8.5	8.1	1.2	1.1	14.2	13.2
Computacenter	2508.0	GBP	3,744	12.9	5.0	3.8	0.4	0.4	8.3	8.1
Converge Technology	7.1	CAD	1,211	22.2	6.9	4.9	0.6	0.5	8.8	6.6
Econocom	3.8	EUR	1,094	27.9	7.0	5.4	0.4	0.4	5.8	5.5
ePlus	58.5	USD	1,449	25.2	8.8	9.2	0.7	0.7	8.4	7.9
Insight Enterprises	100.7	USD	4,136	15.2	4.4	3.8	0.4	0.4	8.9	8.2
Reply	124.0	EUR	4,758	NM	16.8	13.8	2.5	2.3	15.1	13.7
Sopra Steria	164.1	EUR	4,401	56.4	11.8	7.9	0.8	0.8	7.0	6.4
Mean				24.7	8.3	6.5	0.8	0.8	9.3	8.5
Median				21.2	8.0	6.1	0.7	0.6	8.4	7.9

Source: Refinitiv. Note: Priced at 9 June 2022.

Exhibit 13: Peer group for Westcon International

	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)
Also Holding	196.2	CHF	2,304	5.6	2.2	1.9	0.2	0.2	7.5	7.0
Arrow Electronics	122.0	USD	11,099	13.0	6.1	5.6	0.3	0.3	4.8	5.3
Avnet	48.4	USD	5,875	12.2	4.4	4.0	0.2	0.2	5.5	5.5
Esprinet	8.0	EUR	539	5.1	1.9	1.6	0.1	0.1	5.3	4.5
Exclusive Networks	16.5	EUR	2,026	11.7	4.7	3.4	0.6	0.5	12.8	11.4
Scansource	38.3	USD	1,105	12.2	4.8	4.1	0.3	0.3	6.6	6.2
Sesa	132.8	EUR	2,087	NM	7.1	5.0	0.8	0.7	11.8	10.1
TD Synnex	104.6	USD	14,590	5.9	3.0	2.6	0.2	0.2	7.7	7.3
Wesco International	136.6	USD	11,625	21.2	7.4	6.4	0.6	0.5	7.6	7.1
WPG Holdings	57.1	TWD	8,000	3.8	1.8	1.8	0.3	0.3	15.7	17.1
Mean				10.1	4.4	3.6	0.4	0.3	8.5	8.2
Median				11.7	4.6	3.7	0.3	0.3	7.5	7.1

Source: Refinitiv. Note: Priced at 9 June 2022.

Exhibit 14: Peer group for Analysys Mason

	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)
Accenture	302.64	USD	195,665	32.1	18.5	15.2	3.2	2.9	17.1	15.6
Booz Allen Hamilton	86.93	USD	13,596	44.4	10.8	9.4	1.5	1.4	14.0	13.1
Capgemini	178.50	EUR	37,358	27.4	15.7	12.1	1.7	1.6	10.8	9.8
Forrester Research	49.26	USD	858	59.1	14.0	12.2	1.5	1.4	11.0	9.6
FTI Consulting	169.64	USD	5,905	30.9	12.7	11.1	2.0	1.8	15.6	13.1
Gartner	261.30	USD	23,051	68.6	22.0	17.2	4.3	3.9	19.7	18.3
GlobalData	1157.50	GBP	1,982	NM	34.3	31.5	7.1	6.6	20.8	18.2
Huron Consulting	59.92	USD	1,599	29.96667	11.8	9.1	1.6	1.4	13.1	11.6
Wipro	5.97	USD	30,379	30	19.9	17.0	NM	NM	NM	NM
Mean				17.8	15.0	2.9	2.6	15.3	13.6	17.8
Median				15.7	12.2	1.8	1.7	14.8	13.1	15.7

Source: Refinitiv. Note: Priced at 9 June 2022.

Given the announcement of negotiations around the potential sale of Analysys Mason, we include an updated estimate of the potential value of the divisions on a standalone basis using the peer group multiples (Exhibit 15).

Exhibit 15: Divisional valuations based on peer multiples

Division	Implied EV based on				Datatec economic interest (%)	Implied mean EV, \$m
	Revenues, \$m		EBITDA, \$m			
	2023e	2024e	2023e	2024e		
Logicalis	1,471	1,412	934	883	80	727
Westcon	1,108	1,087	679	679	92	626
Analysys Mason	274	264	290	273	79	219

Source: Edison Investment Research

Exhibit 14: Financial summary

28-February	\$'000	2020	2021	2022	2023e	2024e	2025e
INCOME STATEMENT							
		IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
Revenue		4,214,421	4,109,463	4,636,782	4,919,204	5,116,930	5,322,613
Cost of Sales		(3,472,843)	(3,418,926)	(3,866,386)	(4,089,812)	(4,245,872)	(4,407,873)
Gross Profit		741,578	690,537	770,396	829,392	871,058	914,740
Adjusted EBITDA		166,280	130,125	177,050	190,900	201,229	217,686
EBITDA		158,657	118,632	154,533	168,383	187,719	204,176
Normalised operating profit		105,157	97,868	116,694	134,565	148,222	167,423
Amortisation of acquired intangibles		(11,297)	(8,635)	(10,100)	(8,420)	(6,875)	(5,516)
Exceptionals		(3,700)	(27,771)	(1,946)	(1,946)	(1,946)	(1,946)
Share-based payments		(7,623)	(11,493)	(22,517)	(22,517)	(13,510)	(13,510)
Reported operating profit		82,537	49,969	82,131	101,682	125,891	146,451
Net Interest		(25,874)	(25,692)	(31,309)	(38,683)	(40,896)	(42,729)
Joint ventures & associates (post tax)		(204)	908	(427)	0	0	0
Exceptionals		2,029	59	540	0	0	0
Profit Before Tax (norm)		79,079	73,084	84,958	95,883	107,326	124,695
Profit Before Tax (reported)		58,488	25,244	50,935	63,000	84,995	103,722
Reported tax		(31,809)	(19,540)	(10,602)	(20,160)	(27,198)	(33,191)
Profit After Tax (norm)		34,615	30,035	44,507	51,249	64,685	76,051
Profit After Tax (reported)		26,679	5,704	40,333	42,840	57,797	70,531
Minority interests		(13,772)	(3,103)	(6,431)	(8,864)	(10,075)	(10,774)
Discontinued operations		1,332	0	0	0	0	0
Net income (normalised)		20,843	26,939	38,076	42,385	54,610	65,277
Net income (reported)		14,239	2,601	33,902	33,975	47,721	59,757
Average number of shares outstanding (m)		210.5	198.8	203.2	216.4	216.4	216.4
EPS - normalised (c)		9.9	13.6	18.7	19.6	25.2	30.2
EPS - diluted normalised (c)		9.7	13.2	18.2	19.0	24.5	29.3
EPS - basic reported (c)		6.8	1.3	16.7	15.7	22.1	27.6
EPS - Company underlying uEPS (c)		9.9	13.6	18.7	19.6	25.2	30.2
Dividend (c)		7.0	6.6	39.3	6.5	8.4	10.1
Revenue growth (%)		(2.7)	(2.5)	12.8	6.1	4.0	4.0
Gross Margin (%)		17.6	16.8	16.6	16.9	17.0	17.2
Adj. EBITDA Margin (%)		3.9	3.2	3.8	3.9	3.9	4.1
Normalised Operating Margin		2.5	2.4	2.5	2.7	2.9	3.1
BALANCE SHEET							
Fixed Assets		512,598	554,690	613,155	601,722	594,674	592,340
Intangible Assets		291,279	314,486	320,089	324,877	328,807	332,644
Tangible Assets		43,300	39,987	32,517	27,397	24,474	23,616
Right-of-use assets		83,953	94,837	80,639	69,538	61,483	56,170
Investments & other		94,066	105,380	179,910	179,910	179,910	179,910
Current Assets		2,083,928	2,242,568	2,399,078	2,564,392	2,712,973	2,852,523
Stocks		253,271	242,005	309,227	355,299	392,121	407,083
Debtors		1,110,510	1,108,105	1,223,824	1,329,999	1,422,927	1,516,580
Cash & cash equivalents		347,189	488,632	453,926	466,006	483,749	513,490
Other		372,958	403,826	412,101	413,089	414,175	415,371
Current Liabilities		(1,765,823)	(1,980,013)	(2,152,175)	(2,269,546)	(2,332,244)	(2,380,552)
Creditors		(1,259,013)	(1,385,208)	(1,526,163)	(1,606,502)	(1,643,274)	(1,664,614)
Tax and social security		(16,677)	(16,596)	(18,035)	(18,035)	(18,035)	(18,035)
Short term borrowings		(338,945)	(392,877)	(433,176)	(459,560)	(478,032)	(497,247)
Lease liabilities		(34,325)	(36,398)	(32,870)	(34,872)	(36,274)	(37,732)
Other		(116,863)	(148,934)	(141,931)	(150,576)	(156,628)	(162,924)
Long Term Liabilities		(187,610)	(176,624)	(229,112)	(242,524)	(251,914)	(261,682)
Long term borrowings		(18,638)	(42,371)	(56,440)	(59,878)	(62,284)	(64,788)
Lease liabilities		(95,148)	(77,847)	(61,523)	(65,270)	(67,894)	(70,623)
Other long term liabilities		(73,824)	(56,406)	(111,149)	(117,376)	(121,736)	(126,271)
Net Assets		643,093	640,621	630,946	654,044	723,489	802,629
Minority interests		(70,778)	(57,465)	(67,516)	(76,380)	(86,456)	(97,230)
Shareholders equity		572,315	583,156	563,430	577,664	637,033	705,400
CASH FLOW							
Op Cash Flow before WC and tax		169,980	157,896	178,996	192,846	203,175	219,632
Working capital		57,231	79,903	(76,807)	(71,907)	(92,979)	(87,275)
Exceptional & other		(11,642)	(33,318)	(24,314)	(26,703)	14,271	15,102
Tax		(36,941)	(36,597)	(26,282)	(20,160)	(27,198)	(33,191)
Operating cash flow		178,628	167,884	51,593	74,076	97,269	114,268
Capex		(28,036)	(35,145)	(24,841)	(25,395)	(25,977)	(26,588)
Acquisitions/disposals		(9,179)	(3,694)	(16,424)	0	0	0
Net interest		(25,874)	(25,692)	(31,309)	(38,683)	(40,896)	(42,729)
Equity financing		(51,683)	(2,808)	0	0	0	0
Dividends		(15,137)	(4,905)	(43,136)	(14,132)	(18,199)	(21,758)
Other		20,019	1,880	(8,409)	(19,358)	(19,358)	(19,358)
Net Cash Flow		68,738	97,520	(72,526)	(23,492)	(7,160)	3,835
Opening net debt/(cash)		100,753	139,867	60,861	130,083	153,575	160,735
FX		(9,270)	(6,287)	3,304	0	0	0
Other non-cash movements		(98,582)	(12,227)	0	0	0	0
Closing net debt/(cash)		139,867	60,861	130,083	153,575	160,735	156,900

Source: Datatec accounts, Edison Investment Research

General disclaimer and copyright

This report has been commissioned by Datatec and prepared and issued by Edison, in consideration of a fee payable by Datatec. Edison Investment Research standard fees are £60,000 pa for the production and broad dissemination of a detailed note (Outlook) following by regular (typically quarterly) update notes. Fees are paid upfront in cash without recourse. Edison may seek additional fees for the provision of roadshows and related IR services for the client but does not get remunerated for any investment banking services. We never take payment in stock, options or warrants for any of our services.

Accuracy of content: All information used in the publication of this report has been compiled from publicly available sources that are believed to be reliable, however we do not guarantee the accuracy or completeness of this report and have not sought for this information to be independently verified. Opinions contained in this report represent those of the research department of Edison at the time of publication. Forward-looking information or statements in this report contain information that is based on assumptions, forecasts of future results, estimates of amounts not yet determinable, and therefore involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of their subject matter to be materially different from current expectations.

Exclusion of Liability: To the fullest extent allowed by law, Edison shall not be liable for any direct, indirect or consequential losses, loss of profits, damages, costs or expenses incurred or suffered by you arising out of or in connection with the access to, use of or reliance on any information contained on this note.

No personalised advice: The information that we provide should not be construed in any manner whatsoever as, personalised advice. Also, the information provided by us should not be construed by any subscriber or prospective subscriber as Edison's solicitation to effect, or attempt to effect, any transaction in a security. The securities described in the report may not be eligible for sale in all jurisdictions or to certain categories of investors.

Investment in securities mentioned: Edison has a restrictive policy relating to personal dealing and conflicts of interest. Edison Group does not conduct any investment business and, accordingly, does not itself hold any positions in the securities mentioned in this report. However, the respective directors, officers, employees and contractors of Edison may have a position in any or related securities mentioned in this report, subject to Edison's policies on personal dealing and conflicts of interest.

Copyright: Copyright 2022 Edison Investment Research Limited (Edison).

Australia

Edison Investment Research Pty Ltd (Edison AU) is the Australian subsidiary of Edison. Edison AU is a Corporate Authorised Representative (1252501) of Crown Wealth Group Pty Ltd who holds an Australian Financial Services Licence (Number: 494274). This research is issued in Australia by Edison AU and any access to it, is intended only for 'wholesale clients' within the meaning of the Corporations Act 2001 of Australia. Any advice given by Edison AU is general advice only and does not take into account your personal circumstances, needs or objectives. You should, before acting on this advice, consider the appropriateness of the advice, having regard to your objectives, financial situation and needs. If our advice relates to the acquisition, or possible acquisition, of a particular financial product you should read any relevant Product Disclosure Statement or like instrument.

New Zealand

The research in this document is intended for New Zealand resident professional financial advisers or brokers (for use in their roles as financial advisers or brokers) and habitual investors who are 'wholesale clients' for the purpose of the Financial Advisers Act 2008 (FAA) (as described in sections 5(c) (1)(a), (b) and (c) of the FAA). This is not a solicitation or inducement to buy, sell, subscribe, or underwrite any securities mentioned or in the topic of this document. For the purpose of the FAA, the content of this report is of a general nature, is intended as a source of general information only and is not intended to constitute a recommendation or opinion in relation to acquiring or disposing (including refraining from acquiring or disposing) of securities. The distribution of this document is not a 'personalised service' and, to the extent that it contains any financial advice, is intended only as a 'class service' provided by Edison within the meaning of the FAA (i.e. without taking into account the particular financial situation or goals of any person). As such, it should not be relied upon in making an investment decision.

United Kingdom

This document is prepared and provided by Edison for information purposes only and should not be construed as an offer or solicitation for investment in any securities mentioned or in the topic of this document. A marketing communication under FCA Rules, this document has not been prepared in accordance with the legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of investment research.

This Communication is being distributed in the United Kingdom and is directed only at (i) persons having professional experience in matters relating to investments, i.e. investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the 'FPO') (ii) high net-worth companies, unincorporated associations or other bodies within the meaning of Article 49 of the FPO and (iii) persons to whom it is otherwise lawful to distribute it. The investment or investment activity to which this document relates is available only to such persons. It is not intended that this document be distributed or passed on, directly or indirectly, to any other class of persons and in any event and under no circumstances should persons of any other description rely on or act upon the contents of this document.

This Communication is being supplied to you solely for your information and may not be reproduced by, further distributed to or published in whole or in part by, any other person.

United States

Edison relies upon the 'publishers' exclusion' from the definition of investment adviser under Section 202(a)(11) of the Investment Advisers Act of 1940 and corresponding state securities laws. This report is a bona fide publication of general and regular circulation offering impersonal investment-related advice, not tailored to a specific investment portfolio or the needs of current and/or prospective subscribers. As such, Edison does not offer or provide personal advice and the research provided is for informational purposes only. No mention of a particular security in this report constitutes a recommendation to buy, sell or hold that or any security, or that any particular security, portfolio of securities, transaction or investment strategy is suitable for any specific person.

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