Datatec

H123 results

Resilient performance despite challenges

IT services

17 November 2022

Datatec reported a mixed performance in H123: strong demand for cloud infrastructure, cybersecurity and networking solutions drove revenue and order growth, while supply chain issues continued to hamper the ability to deliver orders. Currency headwinds further impacted profitability, however, healthy order backlogs across all divisions should support better revenue growth in H223/FY24 as supply chain issues ease.

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	19.6	2.5
02/22	4,546	69.1	14.2	39.3	18.2	15.2
02/23e	5,017	74.3	20.2	69.9	12.9	27.0
02/24e	5,282	95.6	23.3	7.5	11.1	2.9

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

A mixed performance in H123

Excluding the recently sold Analysys Mason, Datatec reported H123 revenue growth of 9% y-o-y (15% constant currency), adjusted EBITDA growth of 16% and underlying EPS (uEPS) of 2.2c (down 67% y-o-y). Westcon delivered very strong growth, and while currency headwinds reduced gross margins, reported a 1.5% increase in adjusted EBITDA margin. Logicalis International revenue growth of 6% y-o-y was suppressed by supply chain issues, with adjusted EBITDA reducing 7% and the margin declining 0.8pp. As the company indicated in May when it reported FY22 results, Logicalis Latin America faced more challenging trading conditions; the combination of supply chain issues and lower demand in certain countries resulted in a 21% revenue decline and 78% adjusted EBITDA decline. Working capital was helped by increased supplier payment terms, resulting in net debt for continuing operations of $111m at the end of H123.

Strong backlog helps offset weaker economy

All divisions experienced challenges in delivering orders due to supply chain issues, resulting in further growth in the backlog. However, as these pressures ease, we expect the backlog to begin unwinding to support strong revenue growth in H223 across all divisions, which should help counteract potential weakness from the uncertain economic environment. We have revised our forecasts to reflect the disposal of Analysys Mason and the new divisional split, with upgrades to continuing revenue and downgrades to continuing adjusted EBITDA and uEPS.

Valuation: More value to unlock

Datatec currently trades on an EV/adjusted EBITDA multiple of 3.9x FY23e and 3.6x FY24e, 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 22% more than the current share price, or 69% once the ZAR12.5 special dividend for Analysys Mason (due to be paid on 5 December) is stripped out of the share price. A return to revenue growth in Logicalis Latin America and improving profitability across the group will be key to reducing the discount to peers.

Price	**ZAR44.84**
Market cap	**ZAR9.9bn**
	ZAR17.3/$
Net debt ($m) at end H123* *Continuing operations	111
Shares in issue	221.8m
Free float	86%
Code	DTCJ
Primary exchange	JSE
Secondary exchange	N/A

Share price performance

%	1m	3m	12m
Abs	8.2	(6.2)	21.4
Rel (local)	(4.2)	(7.6)	18.6
52-week high/low		ZAR47.9	ZAR31.0

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

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Review of H123 results

As Analysys Mason was sold post-period end, it has been accounted for in discontinued operations, with H122 and FY22 results restated to reflect this. The table below summarises Datatec's performance in H123, with results down to profit after tax for continuing operations only.

Exhibit 1: H123 results highlights

$m	H122	H123	% y-o-y
Revenue	**2,213.4**	**2,408.5**	**8.8%**
Gross profit	354.3	337.8	-4.6%
EBITDA	**67.9**	**57.9**	**-14.8%**
Share-based payments	7.3	16.0	119.7%
Restructuring charges and other adjustments	0.0	13.7	N/A
Adjusted EBITDA	**75.2**	**87.6**	**16.4%**
Operating profit	34.0	24.6	-27.5%
Profit after tax	13.1	5.0	-61.9%
Minority interests	(4.3)	(0.5)	-87.2%
Discontinued operations	3.7	6.3	72.6%
Net income to equity holders - group	12.5	10.8	-14.0%
Net income to equity holders - continuing operations	**9.5**	**5.8**	**-38.5%**
Adjustments	0.1	1.7	N/A
Headline earnings - continuing operations	**9.5**	**7.5**	**-21.1%**
Adjustments	3.7	(2.7)	-173.8%
Underlying earnings - continuing operations	**13.2**	**4.8**	**-63.6%**
uEPS - group (c)	**8.3**	**3.6**	**-56.6%**
uEPS - continuing operations (c)	**6.6**	**2.2**	**-66.7%**
Net debt - continuing operations	**161.1**	**111.0**	**-31.1%**
			y-o-y percentage points change
Gross margin (%)	*16.0*	*14.0*	*-2.0*
EBITDA margin (%)	*3.1*	*2.4*	*-0.7*
Adjusted EBITDA margin (%)	*3.4*	*3.6*	*0.2*
Operating margin (%)	*1.5*	*1.0*	*-0.5*

Source: Datatec

The company reported year-on-year revenue growth of 9% (15% in constant currency). As a large proportion of Westcon, and to a lesser extent, Logicalis International sales are denominated in euro or sterling while the majority of cost of goods sold are in US dollars, the strength of the US dollar during the reporting period reduced gross margin in H123 at a group level by 2pp. Included within operating expenses were $7.8m in restructuring charges within Logicalis (combined) and $16.0m of share-based payments, mainly relating to the Westcon incentive scheme. This resulted in an EBITDA decline of 15% y-o-y and an EBITDA margin decline of 0.7pp. The gains on forward contracts taken out to hedge currency exposure are reported within operating expenditure, mitigating the currency effect seen at the gross profit level. Adjusted EBITDA, which excludes share-based payments, restructuring costs, one-off tax items impacting EBITDA, and acquisition, integration and corporate actions costs, increased 16% y-o-y and the adjusted EBITDA margin increased 0.2pp y-o-y.

Due to the mix of losses in Latin America, profits in other geographies and the removal of the Analysys Mason contribution (which attracted a lower tax rate than the group average), the effective tax rate in H123 was 46.7%. Reported net income for continuing operations, after minority interest deductions, declined 39% y-o-y. After adjusting for restructuring charges and other one-off items, but still including $16.0m of share-based payments (vs $7.3m in H122), underlying earnings for continuing operations declined 64% y-o-y and uEPS declined 67% y-o-y.

Net debt declined 31% y-o-y to $111m for continuing operations. We discuss the reasons for this in the divisional performance section.

Divisional performance – new reporting format

With Analysys Mason now accounted for in discontinued operations, Datatec now reports three segments: Westcon, Logicalis International and Logicalis Latin America. At the EBITDA level, it also reports central costs separately. We discuss below the performance on the new divisional basis.

Exhibit 2: Divisional performance

Revenue	H122	H123	y-o-y	H122	H123	
Westcon	1391	1614	16%			
Logicalis International	545	576	6%			
Logicalis Latin America	278	219	-21%			
	2213	**2408**	**9%**			
Gross profit					**Gross margin**	**y-o-y pp**
Westcon	155	153	-1%	11.1%	9.5%	-1.7
Logicalis International	143	137	-5%	26.3%	23.7%	-2.5
Logicalis Latin America	56	49	-14%	20.2%	22.2%	2.0
	354	**338**	**-5%**	**16.0%**	**14.0%**	**-2.0**
EBITDA					**EBITDA margin**	
Westcon	31	52	66%	2.2%	3.2%	1.0
Logicalis International	28	18	-35%	5.2%	3.2%	-2.0
Logicalis Latin America	18	(1)	-106%	6.5%	-0.5%	-7.0
Central costs	(10)	(11)	15%			
	68	**58**	**-15%**	**3.1%**	**2.4%**	**-0.7**
Adjusted EBITDA					**Adjusted EBITDA margin**	
Westcon	35	65	84%	2.5%	4.0%	1.5
Logicalis International	29	27	-9%	5.4%	4.6%	-0.8
Logicalis Latin America	18	4	-78%	6.6%	1.8%	-4.8
Central costs	(7)	(7)	1%			
	75	**88**	**16%**	**3.4%**	**3.6%**	**0.2**

Source: Datatec

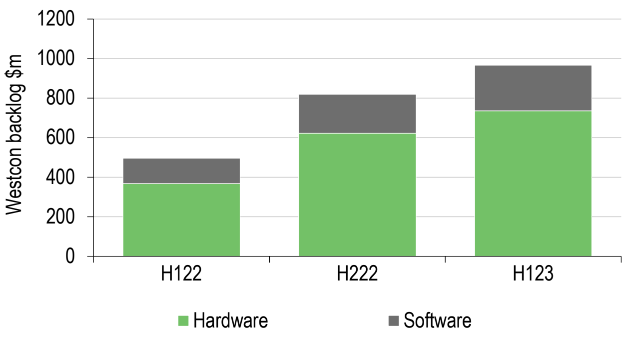
Westcon seeing robust demand

Westcon generated strong revenue growth of 16% y-o-y in H123 (constant currency growth 23%). The business saw strong demand for cyber security and network infrastructure (up 22% and 16% respectively). Reflecting the currency impact of the strong US dollar versus sterling and the euro, gross profit declined 1% y-o-y resulting in a 1.7pp decline in gross margin to 9.5%. Foreign exchange hedging gains reported within operating expenses ($12.8m realised gains, $19.3m unrealised gains) meant that EBITDA increased 66% y-o-y, with the EBITDA margin increasing 1pp to 3.2%. Adjusted EBITDA (the main adjustment was for $12m in share-based payments) increased 84% y-o-y and the adjusted EBITDA margin increased by 1.5pp to 4.0%.

Semiconductor shortages and supply chain issues continued to constrain the division's ability to deliver orders, resulting in another increase in the backlog (+95% y-o-y, +18% h-o-h) as per Exhibit 3. Software in the backlog tends to be part of a larger order that also includes hardware and cannot be installed until the hardware is available. Semiconductor availability has started improving and freight costs have fallen, and management believes that the backlog is likely to start to unwind through the course of H223. The division managed working capital well during the period (see Exhibit 4), with net working capital days reducing to 16 days from 22 days in H122 and divisional net debt reducing by $63m y-o-y. The main benefit came from suppliers, particularly Cisco, extending payment days.

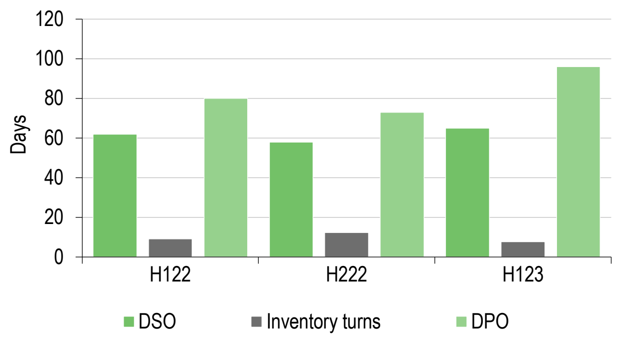
The $12m in share-based payments recorded in H123 related to the Westcon International Equity Appreciation Plan (WI EAP), which is linked to the valuation of the Westcon business. Based on a starting valuation of $125m, 10% of the value of WI above the starting valuation will be paid to the EAP pool. If WI is not sold within five years of the start of the scheme (ie March 2023), it will be valued by an independent valuer. At the end of H123, the group recorded a $33.5m short-term payable for cash-settled share-based payments. We understand that more than $20m of this relates to the WI EAP. Adding a further $12m to this balance (our estimate for share-based payment charges in Westcon in H223), this implies a total of $32m is owed to participants in the Westcon scheme and that Westcon is currently valued at c $445m.

Exhibit 3: Westcon backlog, H122–H123



Source: Datatec

Exhibit 4: Working capital progression, H122–H123



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

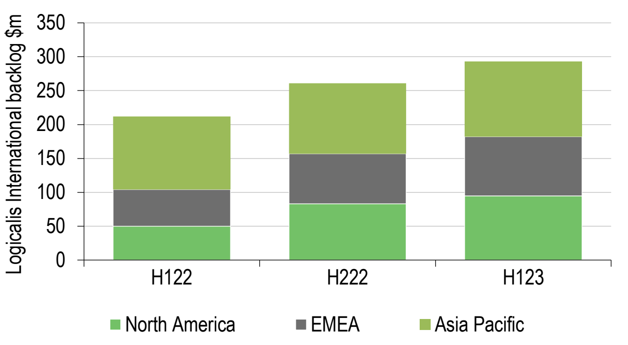
Logicalis International held back by supply chain challenges

Logicalis International, which operates across North America, EMEA and Asia Pacific, grew revenue by 6% y-o-y. Revenue from North America and Asia Pacific saw strong growth (up 24% and 23% respectively), while EMEA revenues declined 21%, partly due to currency translation and partly due to supply chain disruption. Demand for public cloud services was lower but remained strong for private or hybrid cloud services, with cloud revenue increasing 41% y-o-y to make up 17% of divisional revenue (H122: 13%).

Gross profit declined 5% y-o-y and gross margin declined 2.5pp to 23.7%, mainly due to product mix and the strong dollar versus sterling and euro, which reduced the translated value of European services. EBITDA declined 35% y-o-y and the EBITDA margin declined 2pp to 3.2%, due to the lower gross profit, $5.2m in restructuring costs to split out Logicalis International and Logicalis Latin America and $2.6m in tax-related charges at the EBITDA level. Adjusted EBITDA declined 9% y-o-y and the adjusted EBITDA margin declined 0.8pp to 4.6%.

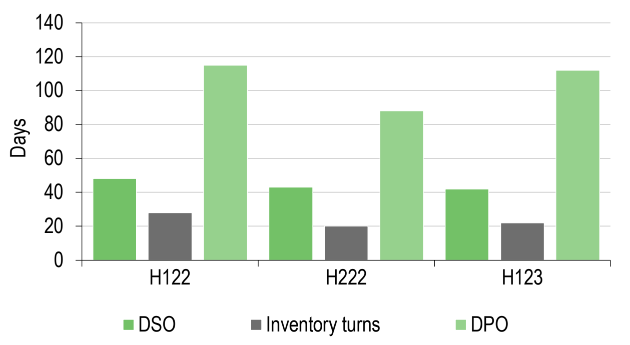
Similar challenges as in Westcon resulted in further growth in the backlog during the period (+38% y-o-y, +7% h-o-h), although management believes the peak in the size of the backlog is fast approaching (see Exhibit 5). This division reduced net working capital days (see Exhibit 6), also benefiting from longer payment periods from suppliers, resulting in a decrease in net working capital of $75m y-o-y.

Exhibit 5: Logicalis International backlog, H122–H123



Source: Datatec

Exhibit 6: Working capital progression, H122–H123



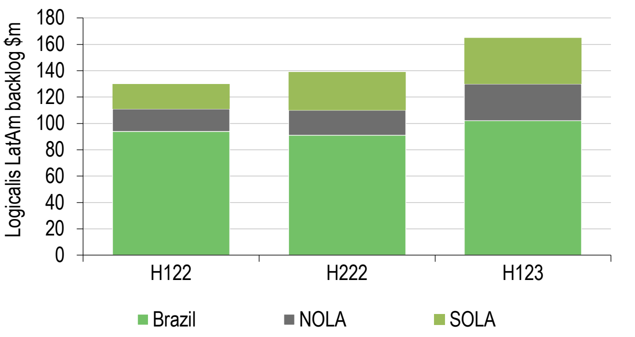
Source: Datatec

Logicalis Latin America had a more challenging six months

The division saw challenging trading conditions during H123 and revenue declined 21% y-o-y, with particular weakness in Brazil (down 31% y-o-y) and southern Latin America (SOLA, down 16% due to Chile and Argentina), while northern Latin America (NOLA) grew 22% due to good demand from Mexico and Colombia. Cloud revenue grew 36% y-o-y to make up 21% of revenue (H122: 12%). Hardware and software sales were held back by supply chain issues and this division saw the fastest growth in backlog since the end of FY22 (+84% y-o-y, +21% h-o-h) – see Exhibit 7.

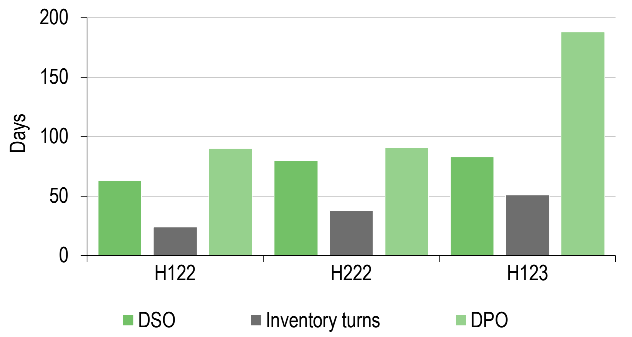
Gross profit declined 14% y-o-y but gross margin increased 2pp to 22.2% helped by a higher proportion of services in the mix. EBITDA declined 106% y-o-y and the EBITDA margin declined 7pp y-o-y to -0.5%. This included $2.6m in restructuring costs and $2.2m in costs related to the aborted Brazilian IPO. Adjusted EBITDA declined 78% y-o-y and the adjusted EBITDA margin declined 4.8pp to 1.8%. The division has a relatively high fixed cost base, but management is loath to reduce the size of the workforce while there is a large backlog that needs to be delivered once supply chain issues recede. While DSOs and inventory days increased, extended payment periods from suppliers meant that net working capital reduced slightly year-on-year (Exhibit 8).

Exhibit 7: Logicalis Latin America backlog, H122–H123



Source: Datatec

Exhibit 8: Working capital progression, H122–H123

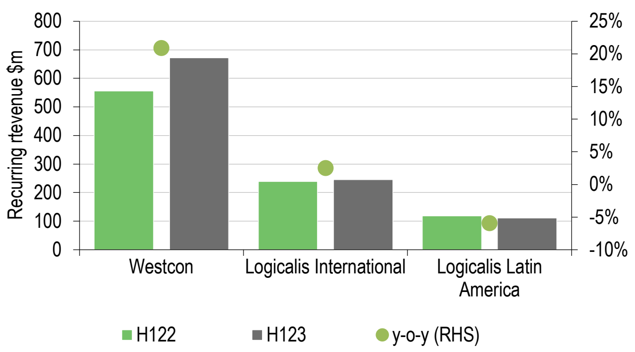


Source: Datatec

Recurring revenue growth outpaces group revenue growth

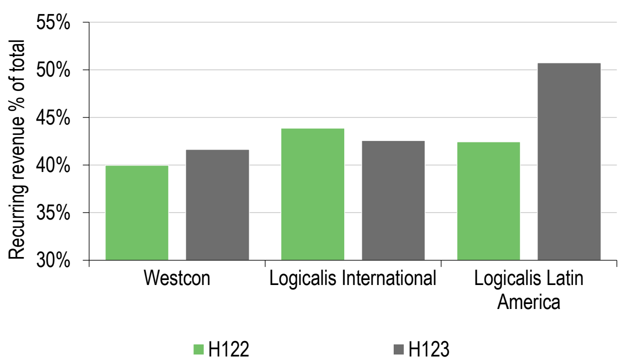
On a group basis, recurring revenue grew 13% y-o-y to make up 43% of total revenue (H122: 41%). On a divisional basis, growth in recurring revenue varied widely (see Exhibit 9). Notably, recurring revenue made up more than half of Logicalis Latin America revenue in H123, reflecting the weaker sales of hardware and software due to supply chain constraints.

Exhibit 9: Recurring revenue and growth



Source: Datatec

Exhibit 10: Recurring revenue/total revenue



Source: Datatec

Disposal of Analysys Mason

Datatec sold its effective 71.2% shareholding in management consulting firm, Analysys Mason, on 27 September (see Management buyout of Analysys Mason for further discussion). It received cash of £128m and will receive a deferred payment of £7.1m three years after the completion date; the deal also includes an earnout of up to £7.1m based on an EBITDA target for FY23, payable on 28 February 2025. The company will pay a special dividend totalling £135m (equivalent to 1,250 ZAR cents per share), with a cash or scrip alternative, to shareholders as at 2 December. The company will bear the costs of the disposal.

The division that was previously called Corporate and Management Consulting now only includes central costs. On a reported basis, central costs increased 15% y-o-y, while on an adjusted basis (mainly excluding share-based payments), they increased only 1% y-o-y.

Outlook and changes to forecasts

The uncertain macroeconomic environment and supply chain disruption are likely to present challenges for Datatec for the remainder of the year. However, the accelerating use of digital technologies and the ongoing shift to the cloud and hybrid working provide ongoing demand drivers for the company. As supply chain issues improve, the company should be able to start delivering more of its backlog.

We have revised our forecasts to reflect the sale of Analysys Mason (previous forecasts contained the business in the revenue and profit lines), the new divisional structure and H123 performance. We have made the following changes:

- **Westcon:** we have increased our revenue forecasts for FY23–25 reflecting stronger than expected growth in H123. While we have trimmed our FY23 EBITDA forecast to reflect the impact of the stronger US dollar, we assume this stabilises in FY24/25 and we upgrade our EBITDA forecasts.
- **Logicalis International/Logicalis Latin America:** this is the first time we have forecast the two parts of Logicalis separately. For both businesses, we forecast a recovery in revenue in H223, and for Latin America, as H123 was so weak, we also forecast further recovery in FY24. Our combined revenue forecast is slightly lower for FY23 and essentially unchanged for FY24/25. In FY23, our combined EBITDA forecast is reduced by lower revenue, lower gross margins and restructuring and other one-off charges.
- **Tax rate:** the effective tax rate in H123 was 46.7%, higher than the 32–33% normalised rate due to losses made in Latin America. We maintain this rate for H223 and increase FY24/25 from 32% to 35% to reflect the disposal of Analysys Mason, which attracted a lower tax rate.
- **Underlying earnings per share:** this is for continuing operations only whereas our prior forecast included Analysys Mason. The remaining decline in FY23 is due to reduced EBITDA combined with higher net finance costs and a higher effective tax rate.
- **Net debt:** the main variable when forecasting net debt is working capital. End H123 net debt benefited from extended payment terms from suppliers; we have assumed that these are reduced during H223 so that net debt increases half-on-half.

Exhibit 11: Changes to forecasts

	2023e				2024e				2025e			
	Old	New	% y-o-y	% change	Old	New	% y-o-y	% change	Old	New	% y-o-y	% change
Revenue	4,919	5,017	10%	2%	5,117	5,282	5%	3%	5,323	5,534	5%	4%
Gross profit	829	717	(2)%	(14)%	871	794	11%	(9)%	915	842	6%	(8)%
Adj. EBITDA	191	175	10%	(8)%	201	192	9%	(5)%	218	215	12%	(1)%
EBITDA	168	130	(10)%	(23)%	188	185	43%	(1)%	204	208	12%	2%
Normalised operating profit	135	111	11%	(17)%	148	137	23%	(8)%	167	160	17%	(5)%
Profit before tax (norm)	96	74	8%	(23)%	107	96	29%	(11)%	125	116	21%	(7)%
Net income (normalised)	42	47	58%	11%	55	53	17%	(3)%	65	66	23%	0%
EPS – diluted, normalised (c)	19.0	20.2	42%	6%	24.5	23.3	15%	(5)%	29.3	28.7	23%	(2)%
Company underlying uEPS (c)	19.6	6.8	(58)%	(65)%	25.2	22.6	234%	(10)%	30.2	28.1	24%	(7)%
Dividend (c)	6.5	69.9			8.4	7.5			10.1	9.4		
Revenue growth (%)	*6.1*	*10.4*			*4.0*	*5.3*			*4.0*	*4.8*		
Gross margin (%)	*16.9*	*14.3*			*17.0*	*15.0*			*17.2*	*15.2*		
Adj. EBITDA margin (%)	*3.9*	*3.5*			*3.9*	*3.6*			*4.1*	*3.9*		
Normalised operating margin	*2.7*	*2.2*			*2.9*	*2.6*			*3.1*	*2.9*		
Operating cash flow	74	91			97	98			114	145		
Closing net debt/(cash)	154	155			161	168			157	140		

Source: Edison Investment Research. Note: Old forecasts include Analysys Mason; new forecasts continuing operations only.

Valuation

On a group basis, Datatec is valued on an EV/adjusted EBITDA of 3.9x FY23e and 3.6x FY24e and on a normalised P/E basis of 12.9x FY23e and 11.2x FY24. 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. We have stripped out the value of Analysys Mason as the cash receipt from the disposal will be paid out as a special dividend. We note that the current share price (until 2 December) includes the benefit of this special dividend, at ZAR12.50 per share. Using the EV/EBITDA peer multiples in Exhibit 12, average net debt for FY23 (we add c $100m to our year-end forecast as the group typically operates at this 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 ZAR54.74. This implies 22% upside from the current share price, and stripping out the special dividend, 69% upside from the ex-div share price.

Exhibit 12: Sum-of-parts valuation

	Revenues ($m)		Adjusted EBITDA ($m)			
	2023e	2024e	2023e	2024e		
Logicalis	1,753	1,855	93	101		
Westcon	3,264	3,427	98	108		
Central costs			(16)	(17)		
Peer multiples	**Revenues (x)**		**EBITDA (x)**			
Logicalis	0.7	0.7	8.2	7.6		
Westcon	0.3	0.3	7.7	7.7		
Central costs			8.0	8.0		
	Implied EV ($m) based on					
Enterprise value	**Revenues**		**EBITDA**		**Economic interest**	**Mean EV**
Logicalis	1,265	1,235	766	769	86%	660
Westcon	1,039	1,052	756	828	92%	729
Central costs			(128)	(136)	100%	(132)

Source: Edison Investment Research, Refinitiv (as at 9 November)

Exhibit 13: Financial summary

Year end 28 February	$'k	2020	2021	2022	2023e	2024e	2025e
INCOME STATEMENT		IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
Revenue		4,214,421	4,109,463	4,546,398	5,017,420	5,282,239	5,533,573
Cost of Sales		(3,472,843)	(3,418,926)	(3,816,630)	(4,300,518)	(4,487,752)	(4,691,632)
Gross Profit		741,578	690,537	729,768	716,903	794,488	841,941
Adjusted EBITDA		166,280	152,503	158,922	175,242	191,787	214,703
EBITDA		158,657	118,632	143,457	129,509	185,287	208,203
Normalised operating profit		105,157	97,872	100,540	111,432	136,857	159,815
Amortisation of acquired intangibles		(11,297)	(8,635)	(10,100)	(5,200)	(3,941)	(2,987)
Exceptionals		(3,700)	(27,771)	0	(9,840)	0	0
Share-based payments		(7,623)	(11,493)	(15,465)	(32,056)	(6,500)	(6,500)
Reported operating profit		82,537	49,973	74,975	64,336	126,416	150,327
Net Interest		(25,874)	(25,692)	(31,051)	(37,607)	(41,301)	(43,728)
Joint ventures & associates (post tax)		(204)	908	(427)	480	0	0
Exceptionals		2,029	59	540	45	0	0
Profit Before Tax (norm)		79,079	73,088	69,062	74,304	95,556	116,086
Profit Before Tax (reported)		58,488	25,248	44,037	27,253	85,115	106,599
Reported tax		(31,809)	(19,540)	(9,470)	(12,731)	(29,790)	(37,310)
Profit After Tax (norm)		34,615	30,039	36,179	48,298	62,112	75,456
Profit After Tax (reported)		26,679	5,708	34,567	14,522	55,325	69,289
Minority interests		(13,772)	(3,103)	(6,431)	(2,892)	(9,051)	(9,953)
Discontinued operations		1,332	0	5,766	120,137	0	0
Net income (normalised)		20,843	26,943	29,748	45,406	53,061	65,503
Net income (reported)		14,239	2,605	33,902	131,768	46,274	59,336
Average number of shares outstanding (m)		210.5	198.8	203.2	219.1	221.7	221.7
EPS - normalised (c)		9.9	13.6	14.6	20.7	23.9	29.5
EPS - diluted normalised (c)		9.7	13.2	14.2	20.2	23.3	28.7
EPS - basic reported (c)		6.8	1.3	16.7	60.1	20.9	26.8
EPS - Company underlying uEPS (c)		9.9	13.6	16.0	6.8	22.6	28.1
Dividend (c)		7.0	6.6	39.3	69.9	7.5	9.4
Revenue growth (%)		(2.7)	(2.5)	10.6	10.4	5.3	4.8
Gross Margin (%)		17.6	16.8	16.1	14.3	15.0	15.2
Adj. EBITDA Margin (%)		3.9	3.7	3.5	3.5	3.6	3.9
Normalised Operating Margin		2.5	2.4	2.2	2.2	2.6	2.9
BALANCE SHEET							
Fixed Assets		512,598	554,690	613,155	576,358	570,877	565,631
Intangible Assets		291,279	314,486	320,089	279,971	276,812	273,735
Tangible Assets		43,300	39,987	32,517	27,998	25,676	23,507
Right-of-use assets		83,953	94,837	80,639	80,639	80,639	80,639
Investments & other		94,066	105,380	179,910	187,750	187,750	187,750
Current Assets		2,083,928	2,242,568	2,399,078	2,731,334	2,830,448	2,976,642
Stocks		253,271	242,005	309,227	435,943	430,332	449,883
Debtors		1,110,510	1,108,105	1,223,824	1,402,128	1,490,605	1,561,529
Cash & cash equivalents		347,189	488,632	453,926	480,174	495,336	549,860
Other		372,958	403,826	412,101	413,089	414,175	415,371
Current Liabilities		(1,765,823)	(1,980,013)	(2,152,175)	(2,444,686)	(2,488,694)	(2,570,320)
Creditors		(1,259,013)	(1,385,208)	(1,526,163)	(1,759,846)	(1,770,781)	(1,821,017)
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)	(478,055)	(503,286)	(527,233)
Lease liabilities		(34,325)	(36,398)	(32,870)	(32,870)	(32,870)	(32,870)
Other		(116,863)	(148,934)	(141,931)	(155,880)	(163,722)	(171,165)
Long Term Liabilities		(187,610)	(176,624)	(229,112)	(237,183)	(241,721)	(246,028)
Long term borrowings		(18,638)	(42,371)	(56,440)	(62,287)	(65,575)	(68,695)
Lease liabilities		(95,148)	(77,847)	(61,523)	(61,523)	(61,523)	(61,523)
Other long term liabilities		(73,824)	(56,406)	(111,149)	(113,373)	(114,623)	(115,810)
Net Assets		643,093	640,621	630,946	625,823	670,910	725,924
Minority interests		(70,778)	(57,465)	(67,516)	(70,408)	(79,459)	(89,412)
Shareholders' equity		572,315	583,156	563,430	555,416	591,451	636,513
CASH FLOW							
Op Cash Flow before WC and tax		169,980	157,901	162,842	171,405	191,787	214,703
Working capital		57,231	79,903	(76,807)	(56,152)	(62,838)	(31,609)
Exceptional & other		19,330	(3,453)	10,677	(11,389)	(1,087)	(1,195)
Tax		(36,941)	(36,597)	(26,282)	(12,731)	(29,790)	(37,310)
Operating cash flow		209,600	197,754	70,430	91,132	98,072	144,590
Capex		(28,036)	(35,145)	(24,841)	(25,395)	(25,977)	(26,588)
Acquisitions/disposals		(9,179)	(3,694)	(16,424)	127,770	0	0
Net interest		(30,972)	(25,745)	(31,265)	(37,607)	(41,301)	(43,728)
Equity financing		(51,683)	(2,808)	0	(1,929)	0	0
Dividends		(15,137)	(4,905)	(43,136)	(155,086)	(16,738)	(20,775)
Other		20,019	1,880	(8,184)	(27,861)	(27,413)	(26,042)
Net Cash Flow		94,612	127,337	(53,420)	(28,976)	(13,357)	27,457
Opening net debt/(cash)		100,753	139,867	60,861	130,083	154,561	167,918
FX		(9,270)	(6,287)	3,304	4,498	0	0
Other non-cash movements		(124,456)	(42,044)	(19,106)	0	0	0
Closing net debt/(cash)		139,867	60,861	130,083	154,561	167,918	140,461

Source: Datatec, Edison Investment Research. Note: FY20 and FY21 include Analysys Mason in continuing operations.

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