

# Datatec

FY23 results

Starting FY24 in a strong position

Software & comp services

Datatec reported group continuing revenue growth of 13% for FY23 (20% in constant currency) with adjusted EBITDA from continuing operations also increasing 13%. Supply chain issues started to ease allowing the company to accelerate delivery of its order backlog. Demand remained robust, resulting in a flat order backlog at the year-end, despite double-digit revenue growth. At a divisional level, Westcon delivered excellent results, Logicalis International performance was solid and, while down for the year, Logicalis LatAm rebounded in H223. Management expects all divisions to deliver improved performance in FY24; we are reviewing our forecasts.

| 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     | 14.3    | 3.5       |
| 02/22    | 4,546         | 69.1       | 14.2             | 39.3    | 13.3    | 20.7      |
| 02/23    | 5,143         | 72.6       | 19.5             | 77.7    | 9.8     | 40.5      |
| 02/24e   | 5,282         | 95.6       | 23.3             | 7.5     | 8.1     | 4.0       |

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

For continuing operations, Datatec reported revenue of \$5.14bn (+13.1% y-o-y or +20.3% in constant currency (cc)), 3% ahead of our forecast. EBITDA from continuing operations was \$98.2m (-32% y-o-y) and adjusted EBITDA was \$180.3m (+13% y-o-y), which compares to our \$175.2m forecast. Adjusted EBITDA excludes \$52.6m in share-based payments, \$15.2m in restructuring charges, \$2.3m in acquisition/integration/ corporation action costs and \$11.9m in one-off tax items. As previously [reported](#), underlying EPS (including discontinued operations) was 7.9c (FY22 18.7c). The final dividend was calculated based on underlying EPS before share-based payment charges, that is, 29.5c (FY22 27.4c), and based on dividend cover of 3x, a dividend of 10c/195 ZARc was declared.

At a divisional level, Westcon revenue of \$3.42bn (+18.3% y-o-y, +25.4% cc) was 5% ahead of our forecast with adjusted EBITDA of \$95.1m, 3% below our forecast. Logicalis International revenue of \$1.23bn (+8.7% y-o-y, +16.0% cc) was in line and adjusted EBITDA of \$66.2m was 2% below our forecast. Logicalis LatAm revenue of \$0.5bn (-6.1% y-o-y, +1.2% cc) was 6% below our forecast and adjusted EBITDA of \$24.9m was 1% below our forecast. The group closed the year with a net debt position of \$106.6m, down 20% compared to net debt from continuing operations a year ago. Working capital requirements grew at a slower rate than revenue, helped by good management of inventory and receivables and more favourable payment terms from suppliers.

23 May 2023

Price **ZAR36.6**

Market cap **ZAR8bn**

ZAR19.09:\$1

Net debt (\$m) at end FY23 106.6

Shares in issue 224.9m

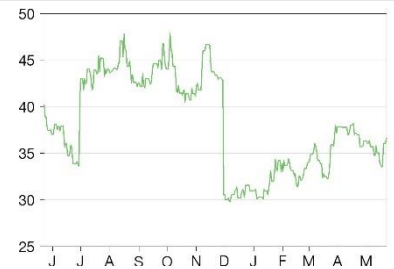
Free float 86%

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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