

Datatec

Sustained demand in H124

In its H124 trading update, Datatec noted that all divisions reported improved performance versus H123. Westcon's performance was described as excellent, with a strong performance from Logicalis International and a much-improved performance from Logicalis Latin America, although macroeconomic pressures remain in the region. The company continues to see good demand for its solutions and services and is actively managing supply chain challenges to service customers. We maintain our forecasts pending interim results due on 23 October.

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	12.4	22.3
02/23	5,143	86.7	24.1	77.7	7.3	44.0
02/24e	5,499	89.6	21.5	7.0	8.2	3.9
02/25e	5,761	113.0	27.6	8.9	6.4	5.1

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

As Datatec expects to report financial results for H124 that differ by at least 20% from results reported for H123, it has provided a trading update in advance of its interim results on 23 October. For H124, the company expects to report EPS of 6.1–6.5 cents, 22% to 30% higher than the 5.0 cents reported in H123. Headline EPS is expected to be 6.1–6.5 cents, 29.8% to 38.3% higher than the 4.7 cents reported in H123. Underlying EPS (which excludes acquisition-related costs, fair value adjustments, amortisation and impairments; unrealised FX movements; restructuring costs; one-off tax items affecting EBITDA; and costs relating to corporate actions) is expected to be 9.4–9.8 cents, more than 100% higher than the 3.6 cents reported in H123.

H124 trading update

Software & comp services

5 October 2023

Price **ZAR34.51**
Market cap **ZAR7.92bn**

ZAR19.31:\$1

Net debt (\$m) at end FY23 106.6

Shares in issue 229.5m

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).

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