

Datatec

Confirming EPS for FY23

As Datatec expects to report EPS measures for FY23 that differ from FY22 by more than 20%, it has provided an update prior to reporting full FY23 results on 23 May. Reported EPS is expected to be 36.9c (FY22: 16.7c) and underlying EPS (which excludes one-off items such as the gain on the September 2022 sale of Analysys Mason) is expected to be 7.9c (FY22: 18.7c). Adjusting for exceptionally high share-based payments, underlying EPS would be 29.5c (FY22: 27.4c). We plan to update our forecasts when we have reviewed the full FY23 results.

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	12.9	3.9
02/22	4,546	69.1	14.2	39.3	12.0	23.0
02/23e	5,017	74.3	20.2	69.9	8.5	40.9
02/24e	5,282	95.6	23.3	7.5	7.3	4.4

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

In its year-end trading update, Datatec confirmed that it expects to report FY23 revenue from continuing operations of \$5.14bn (+13% y-o-y). It also provided detail on the earnings per share it expects to report on several different bases. Reported EPS, which includes discontinued operations and a \$109.9m gain on the disposal of Analysys Mason, is expected to be 36.9c – this compares to our 60.1c forecast (which included a gain on sale of \$113.8m). Underlying EPS, which excludes acquisition-related costs, asset impairment charges, gains on disposal, fair value adjustments and other one-off items, is expected to be 7.9c compared to our 8.2c forecast. The company noted that this includes a \$55.2m share-based payment charge (\$52.6m for continuing operations, \$2.6m for discontinued operations), mostly due to the increase in the valuation of Westcon resulting from its strong performance. Excluding this, underlying EPS would be 29.5c (FY22: 27.4c) – this value will be used as the reference point for any FY23 final dividend. Finally, headline EPS is expected to be -9.3c (FY22: 16.2c) – this also excludes the gain on sale of Analysys Mason.

FY23 trading update

Software and comp services

18 May 2023

Price **ZAR32.99**

Market cap **ZAR7.42bn**

ZAR19.29:\$1

Net debt (\$m) at 31 August 2022 111

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).

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