

Datatec

Underlying EPS up 43% y-o-y

Datatec reported a strong performance for H126, with adjusted EBITDA growth of 22% y-o-y, adjusted EBITDA margin expansion from 5.9% to 7.0% and 43% growth in underlying EPS (uEPS) to 19.3c. Software and services increased to 71% of gross invoiced income, further improving margins and visibility. Net debt halved from the prior year level and the company announced an interim dividend of 175ZARc/10c (+133% y-o-y). Management expects all divisions to report a better financial performance in FY26 than in FY25. We are reviewing our forecasts.

Year end	Revenue (\$m)	PBT (\$m)	EPS (¢)	DPS (¢)	P/E (x)	Yield (%)
2/24	3,992.4	76.5	19.66	7.07	20.9	1.7
2/25	3,639.7	136.6	34.07	15.45	12.1	3.8
2/26e	3,778.4	164.7	41.77	19.21	9.9	4.7
2/27e	3,912.4	184.1	46.92	21.88	8.8	5.3

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

At the group level, Datatec reported a 9.4% increase in gross invoiced income (GII), 11.7% growth in gross profit, 21.9% growth in adjusted EBITDA, 43% growth in uEPS and 109.5% growth in headline EPS. Due to the change to revenue reporting initiated in FY25, where a large proportion of software is now net revenue accounted, movements in reported revenue are less relevant.

At a divisional level, Westcon saw a 9.8% increase in GII, a 13.8% increase in gross profit and a 7.3% increase in adjusted EBITDA, with the adjusted EBITDA margin growing 0.5pp to 7.8%. Logicalis International saw GII growth of 11.4%, gross profit growth of 11.3% and adjusted EBITDA growth of 36.5%, showing the strong operational leverage in the business. The EBITDA margin increased 1.8pp to 8.5%. Logicalis Latin America saw an improved performance after a weak H125 and, while GII declined by 0.4%, gross profit grew 6.2% and adjusted EBITDA more than doubled. The adjusted EBITDA margin increased 2.7pp to 5.3%. The rate of conversion of gross profit to EBITDA improved at a group level from 24.5% in H125 to 26.7% in H126, helped by a significant increase in Logicalis Latin America from 11.6% to 23.0% and growth in Logicalis International from 23.4% to 28.7%, partially offset by a small decline in Westcon from 32.9% to 31.1%.

Management sees AI and hybrid working as key demand drivers for its solutions, adding complexity and requiring new infrastructure for data centres, networking and cybersecurity.

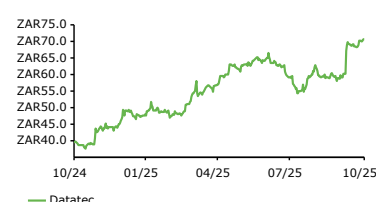
H126 results

Software and comp services

30 October 2025

Price	ZAR70.58
Market cap	ZAR16,590m
	ZAR17.1/\$
Net cash/(debt) at end H126	\$(54.4)m
Shares in issue	235.4m
Free float	81.0%
Code	DTCJ
Primary exchange	JSE
Secondary exchange	OTCQX

Share price performance



Business description

Datatec is a South African-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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