Datatec Limited

Results for the six months ended 31 August 2015

Datatec Limited ("Datatec" or the "Group", JSE and LSE: DTC), the international information and communications technology (ICT) group, is today publishing its unaudited results for the six months ended 31 August 2015 ("the Period" or "H1 FY16").

Financial Results

- Group revenue up 10.1% to $3.3 billion (H1 FY15: $3.0 billion)
- EBITDA at $80.6 million (H1 FY15: $90.1 million)
- Underlying* earnings per share 16.6 US cents (H1 FY15: 18.2 US cents)
- Interim distribution maintained at 8 US cents per share (H1 FY15: 8 US cents)

Group performance

- Good revenue growth driven by Westcon North America
- Decline in contribution from emerging markets
- Profitability impacted by foreign exchange losses, reorganisation and BPO project

Current trading and prospects

- Continued revenue growth
- On-going reorganisation at Logicalis UK and BPO transformation in Westcon EMEA
- Expecting second half sequential improvement in EBITDA (excluding foreign exchange)
- Targeted acquisitions in strategic markets

Jens Montanana, Chief Executive of Datatec, commented:

"We continue to deliver revenue growth from a sound base of diversified businesses and geographies. North America was the primary contributor to this growth in H1 FY16.

"The strong US dollar impacted the revenue and earnings contribution of emerging markets. The impact of foreign exchange losses at Westcon Angola was particularly disappointing.

"The restructuring of Westcon's EMEA region through business process outsourcing and the reorganisation of Logicalis' UK business are important internal initiatives that will affect profitability in FY16 but position these units for better performance in the future.

"We remain confident of our positioning in the ICT market and are pleased with the continued development of the Datatec Financial Services division in our portfolio."

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OVERVIEW

Datatec is an international ICT solutions and services group operating in more than 60 countries across North America, Latin America, Europe, Africa, Middle East and Asia-Pacific. The Group's service offering spans the technology, integration and consulting sectors of the ICT market.

Datatec's strategy is to deliver long-term, sustainable and above average returns to shareholders through portfolio management and the development of its principal subsidiaries in technology solutions and services to targeted customers in identified markets.

Datatec operates through three core divisions:

Technology – Westcon: distribution of networking, security, unified communications and data centre products;
Integration – Logicalis: ICT infrastructure solutions and services; and
Consulting: strategic and technical consulting.

A fourth division, **Datatec Financial Services** is continuing its development through proof of concept to business model and growth prospects. For FY16 it will remain included in the "Corporate" sector of the business which encompasses the costs of the Group's head office entities.

The Group's businesses are managed on a standalone basis, able to respond quickly to technology changes and focused on collective strategic initiatives based on a shared strategy.

GROUP RESULTS

For the six months ended 31 August 2015, Datatec delivered good revenue growth, offset by a reduction in gross margins and foreign exchange losses, particularly in Angola. As a result, underlying earnings per share decreased by 8.8% to 16.6 US cents compared to 18.2 US cents in the prior financial period ("H1 FY15").

Westcon performed strongly throughout H1 FY16 and delivered good revenue growth, notably 31.5% in North America. The division's profitability was affected by emerging market currency weakness, lower gross margins, foreign exchange losses and restructuring and BPO transformation of Westcon's Europe, Middle East and Africa (EMEA) operations, offset by savings in operating costs.

Logicalis' growth in revenue in H1 FY16 was driven by a strong performance in the US and the impact of the acquisition in H2 FY15 of inforsacom Holding GmbH ("Inforsacom") in Germany. Lower annuity services revenue contribution and reduced product margins led to lower gross margins. Logicalis continues its evolution into a services-orientated business as it responds to growing cloud adoption of "Infrastructure as a Service" (IaaS) solutions. A reorganisation of its UK business is underway post the completion of the long-term Welsh Assembly Government contract ("WAG").

Revenue % contribution by division

	H1 FY16	H1 FY15
Westcon	**76%**	75%
Logicalis	**23%**	24%
Consulting	**1%**	1%
	100%	100%

Revenue % contribution by geography

	H1 FY16	H1 FY15
North America	**35%**	30%
Latin America	**14%**	16%
Europe	**32%**	33%
Asia-Pacific	**10%**	11%
Africa & Middle East (AME)	**9%**	10%
	100%	100%

Gross profit % contribution by geography

	H1 FY16	H1 FY15[1]
North America	**28%**	24%
Latin America	**22%**	25%
Europe	**32%**	32%
Asia-Pacific	**10%**	11%
Africa & Middle East (AME)	**8%**	8%
	100%	100%

[1] adjusted representation of Westcon freight out costs (see further below)

Group revenues increased 10.1% to $3.3 billion (H1 FY15: $3.0 billion) reflecting a 12.0% increase in Westcon revenues and a 5.2% increase in Logicalis revenues. Organic revenue growth was 8.5% overall.

North America generated 35% of Datatec's revenues (H1 FY15: 30%) and 28% of gross profits (H1 FY15: 24%) mainly due to the strong performance of Westcon North America.

Group gross margins were 13.1% (H1 FY15: 15.0%). Group gross margins were impacted by: the increased contribution of Westcon to overall revenues; changes in the mix of geographic contribution; and lower annuity services revenues at Logicalis. From FY16 onwards, Westcon is disclosing outbound freight as part of cost of sales rather than operating costs as this more appropriately matches the expense with corresponding revenues. Gross profit decreased by 3.6% to $430.2 million (H1 FY15: $446.2 million). Adjusted for the reclassification of outbound freight costs, gross profit increased by 0.5% (adjusted H1 FY15: $428.0 million).

Contribution to Group EBITDA

	H1 FY16	H1 FY15
Westcon	**60%**	57%
Logicalis	**40%**	42%
Consulting	**0%**	1%
	100%	100%

Overall operating costs were $349.6 million (H1 FY15: $356.1 million). This reduction reflects the reclassification of outbound freight costs and various cost saving initiatives offset by a $10.0 million increase in foreign exchange losses to $10.6 million (H1 FY15: $0.6 million). Included in operating costs are total restructuring costs of $5.3 million, the majority of which relates to Westcon EMEA's BPO transformation.

EBITDA was $80.6 million (H1 FY15: $90.1 million) and the EBITDA margin of 2.5% was down (H1 FY15: 3.0%) reflecting the lower gross margins, foreign exchange losses and restructuring costs.

Depreciation and amortisation were similar to the prior period and operating profit was 14.3% lower at $56.3 million (H1 FY15: $65.7 million).

The net interest charge increased to $11.3 million (H1 FY15: $8.9 million) mainly as a result of increased net debt in PromonLogicalis Brazil.

Profit before tax was $44.9 million (H1 FY15: $57.5 million).

The Group's reported effective tax rate for H1 FY16 is 37.5% (H1 FY15: 33.5%). This is higher than the South African rate of 28% due to the profits arising in jurisdictions with higher tax rates, in particular North and Latin America. The increase from H1 FY15 reflects the increased proportion of profits earned in North America and unrecognised tax losses in Angola.

Underlying* earnings per share ("UEPS") were down 8.8% to 16.6 US cents (H1 FY15: 18.2 US cents). Headline earnings per share ("HEPS") were 12.0 US cents (H1 FY15: 16.0 US cents).

The Group generated $21.6 million cash from operations during H1 FY16 (H1 FY15: $204.5 million) and ended the period with net debt of $145.8 million (H1 FY15: net cash $48.9 million) as a result of revenue growth and reduction in days payable outstanding. The Group continues to enjoy comfortable headroom in its working capital facilities.

On 6 May 2015, Logicalis acquired 100% of the shares and voting rights of Trovus, a UK Business Intelligence consultancy, which provides business insight solutions, professional services and managed services to large enterprise clients. The acquisition will strengthen Logicalis' Business Analytics and Information Management offering. The fair value of Trovus was $2.2 million, with an initial cash consideration of $1.6 million and deferred cash consideration up to a maximum of $0.6 million, split into three payments over three years. As a result of the acquisition, goodwill and intangible assets increased by $1.4 million and $0.8 million respectively. The revenue and EBITDA included from this acquisition in H1 FY16 was $0.2 million and a loss of $0.1 million, respectively. Had the acquisition dates been 1 March 2015, revenue attributable to this acquisition would have been approximately $0.4 million for H1 FY16. The acquisition had a negligible effect on H1 FY16 earnings. The fair value assessment of assets and liabilities acquired and the amounts recognised as goodwill and intangible assets in respect of the Trovus acquisition have only been determined provisionally due to the timing of the acquisition and future amendments may impact classification in these asset categories.

There is both a put and call option (level 2 financial instruments) for Datatec to purchase all the shares held by the management shareholders in Comztek Holdings (Pty) Ltd at a defined strike price. This was valued using a discounted cash flow valuation as at 28 February 2015. During H1 FY16, a foreign exchange movement of $0.2 million was recorded in the statement of comprehensive income and the closing balance included in amounts due to vendors is $1.6 million.

During the period, the Group paid a final scrip distribution with cash dividend alternative in respect of FY15. The total value returned to shareholders in the FY15 final distribution was $17.7 million of which $9.0 million (51.1%) was distributed to shareholders in the form of scrip (1.7 million new shares issued) and $8.7 million (48.9%) was settled in cash to those shareholders who had elected the cash dividend alternative.

The Board has maintained an interim scrip distribution with cash dividend alternative at 8 US cents (H1 FY15: 8 US cents) details of which are set out below.

Losses of $44.7 million (H1 FY15: gain of $9.5 million) arising on translation to presentation currency are included in total comprehensive loss of $16.8 million (H1 FY15: income of $46.7 million).

DIVISIONAL REVIEWS

Westcon

Westcon is a value added distributor of category-leading unified communications, network infrastructure, data centre and security solutions with a global network of specialty resellers. The division goes to market under the Comstor and Westcon brands.

Westcon operates in more than 60 countries and creates unique programmes and provides support to accelerate the business of its global partners. Westcon's portfolio of market-leading vendors includes: Cisco, Avaya, Polycom, Juniper, Check Point, F5, Palo Alto and Blue Coat.

Westcon revenue: % by geography

	H1 FY16	H1 FY15
North America	**37%**	31%
Latin America	**9%**	12%
Europe	**33%**	33%
Asia-Pacific	**10%**	11%
AME	**11%**	13%
	100%	100%

Westcon revenue: % by product category

	H1 FY16	H1 FY15
Cisco	**45%**	44%
Unified Communications	**19%**	22%
Security	**29%**	25%
Data centre and Other	**7%**	9%
	100%	100%

Westcon's revenues increased by 12.0% to $2.5 billion (H1 FY15: $2.2 billion) with revenue growth across all regions except Latin America where local currency growth was achieved but did not translate into US Dollar growth.

Gross margins were 10.1% (H1 FY15: 11.5%) with the decrease in margin partly attributable to the reclassification of outbound freight costs from operating expenses to cost of sales in H1 FY16 (discussed above). Adjusting H1 FY15 in a similar manner results in a comparable H1 FY15 margin of 10.7% with the remaining year-on-year decrease attributable to an unfavourable product and geographic mix as well as challenging trading conditions. Gross profit decreased by 1.5% to $53.7 million (H1 FY15: $257.5 million). Adjusting H1 FY15 for the outbound freight cost reclassification results in a gross profit increase of 6.0% (adjusted H1 FY15: $239.3 million).

Operating expenses were $201.4 million (H1 FY15: $201.8 million). Adjusting H1 FY15 for the impact of the freight reclassification in a similar manner results in an adjusted H1 FY15 operating expense total of $183.6 million. The underlying 10% increase in operating expenditure is due to a combination of higher headcount, $5.0 million of costs associated with the EMEA transformation and $8.9 million of foreign exchange losses associated with the devaluation of the Angolan Kwanza. Operating expenses as a proportion of revenue decreased to 8.0% (H1 FY15: 9.0%).

EBITDA decreased 6.1% to $52.3 million (H1 FY15: $55.7 million) with lower results in Latin America, Europe and AME while EBITDA margins were 2.1% (H1 FY15: 2.5%), with lower margins in the same three regions. Operating profit was $39.5 million (H1 FY15: $42.9 million).

Net working capital days increased to 28 days (H1 FY15: 21 days) driven by lower payable days. The combination of increasing sales volumes and lower payable days resulted in an increase of $124.5 million in net debt to $158.6 million.

Of the $8.2 million capitalised development expenditure in H1 FY16, the majority is attributable to the SAP ERP system transition.

Angola in recent years has been an important contributor to the AME region within Westcon. In FY15, revenue in the country totalled $61.1 million. The weakened economic outlook for Angola mainly as a consequence of the fall in the price of crude oil has led to a decline in the exchange rate of the Kwanza to the US Dollar. The National Bank of Angola has instituted capital controls that render the timing and quantum of conversion from Kwanza to $ unpredictable. This has resulted in foreign exchange losses of $8.9 million in H1 FY16, of which $8.1 million has been classified as realised. Management has instituted a series of actions to control the exposure and seek to reduce further losses. Total current assets in Angola at 31

August 2015 were $43.2 million. The classification of these losses as realised/unrealised will be re-evaluated at the end of the financial year. This reclassification may have a positive effect on reported UEPS which excludes unrealised foreign exchange losses but will have no effect on EPS and HEPS.

Westcon is in the process of implementing a restructuring and BPO transformation of its EMEA operations aimed at delivering future improvements in operational efficiency. The scope of this project has now been finalised and will include elements of the finance and operations functions, affecting approximately 300 full time employees. Total costs in FY16 are expected to be approximately $13 million of which $5.0 million was incurred in H1 FY16. This project will serve as a blueprint for scale and efficiency within the whole of Westcon going forward and is expected to deliver a payback within three years.

The roll-out of SAP across Westcon Asia Pacific has progressed well. The remaining few countries in Asia are expected to go live in H1 FY17, with the EMEA roll-out planned for H2 FY17 which will now follow the BPO transformation.

Logicalis

Logicalis is an international IT solutions and managed services provider with a breadth of knowledge and expertise in IT infrastructure and networking solutions, communications and collaboration, data centre, cloud solutions and managed services.

Logicalis revenue % geographic split

	H1 FY16	H1 FY15
North America	**32%**	27%
Latin America	**29%**	32%
Europe	**31%**	32%
Asia-Pacific	**8 %**	9%
	100%	100%

Revenue was $751.4 million (H1 FY15: $714.4 million), including $0.2 million of revenue from the acquisition made during the Period, and $49.3 million of revenue from acquisitions made in H2 of FY15. Organic revenue was down 2%. Product sales were up 11% with strong growth in the Cisco and HP vendor categories. Oracle revenue was also up due to the Inforsacom acquisition in H2 FY15.

Revenue growth for H1 FY16 was mixed across the regions with strong increases in continental Europe and North America offset by Latin America and Asia-Pacific, which were adversely impacted by difficult trading conditions in Brazil and Australia respectively and a weakening in the macroeconomic environment. In Europe, the UK results were impacted by the loss of the long-term WAG contract and the continuing reorganisation of the business.

Revenues from services were down 5%, with decreases in both professional and annuity services revenues due to the completion of the WAG contract, weakening demand in Brazil and the impact of translation into US Dollar reporting currency.

Gross margins were 22.5% (H1 FY15: 25.1%), impacted by a lower services contribution and lower product margins. Gross profit was down 5.8% to $169.2 million (H1 FY15: $179.6 million) and operating expenses decreased by 3%.

EBITDA was $35.5 million (H1 FY15: $41.6 million), with a corresponding EBITDA margin of 4.7% (H1 FY15: 5.8%). Operating profit was down 20.0% to $24.4 million (H1 FY15: $30.5 million).

Logicalis continues to have a contingent liability in respect of a possible tax liability at its PromonLogicalis subsidiary in Brazil.

The ICT market is adjusting to a transition to cloud-based infrastructure solutions. Logicalis continues to adapt its go-to-market model and develop its services to address this change.

Consulting

The Consulting division comprises: Analysys Mason, a provider of strategic, trusted advisory, modelling and market intelligence services to the telecoms, media and technology industries; Mason Advisory ("Mason"), an independent and impartial IT consultancy providing related strategic, technical and operational advice to the public and private sectors; and The Via Group ("Via"), a specialist professional services organisation providing unified communications and voice solutions.

The division experienced a decline in revenues due to delayed projects and currency weakness. Operating profits have fallen due to reduced revenues and the fixed cost base.

Divisional revenues were $23.7 million (H1 FY15: $27.8 million). EBITDA is negative at $(0.5) million (H1 FY15: $1.4 million). Analysys Mason and Mason have maintained a break-even EBITDA while Via has reported an EBITDA loss.

The division is focused on increasing sales and utilisation of its resources in order to improve operating margins.

Corporate

Corporate encompasses the net operating costs of the Datatec head office entities of $8.8 million (H1 FY15: $8.3 million), including share based payments, and a net foreign exchange gain of $2.0 million (H1 FY15: $0.3 million loss). Included in Corporate operating costs is expenditure of $1.1 million associated with Datatec Financial Services which is developing financing/leasing solutions for ICT customers.

SUBSEQUENT EVENTS

In September 2015, Logicalis completed the acquisition of Advanced Technology Integration Group, a solution provider offering system integration and professional services to enterprise and commercial customers across the Midwest region of the United States. The acquisition will consolidate Logicalis' presence in the key Midwest region and present significant cross-selling opportunities for its services offering. Its offering is highly complementary to Logicalis'.

The acquisition consideration of up to $42 million was settled with $18.5 million cash and the issue of 3.7 million new Datatec shares worth $18.5 million as a vendor consideration placing with the remainder being deferred consideration payable in cash on the achievement of certain gross margin targets.

On 5 October 2015, Logicalis acquired Lekscom Limited, a Channel Islands based provider of networking and collaboration services to large enterprise and commercial clients.

CURRENT TRADING AND PROSPECTS

The Group remains well positioned to support its vendors and customers through its scale and broad international coverage. Technology innovation remains high in the sectors in which the Group operates as ICT infrastructure migrates to cloud-based delivery, often requiring increased managed services. This creates demand for networking, security and unified communications solutions.

Westcon North America is expected to continue its good revenue and earnings growth through the second half of the year. Overall profitability will, however, continue to be impacted by restructuring in Westcon EMEA and reorganisation at Logicalis UK as well as the continued weakness of emerging market currencies relative to the US Dollar.

Excluding the effect of foreign exchange, EBITDA is expected to show a sequential improvement in H2 FY16 compared to H1 FY16.

SCRIP DISTRIBUTION AND CASH DIVIDEND ALTERNATIVE

1. Introduction

Notice is hereby given that the Board has declared an interim distribution for the six months ended 31 August 2015, by way of the issue of fully paid Datatec ordinary shares of one cent each ("the Scrip Distribution") payable to ordinary shareholders ("Shareholders") recorded in the register of Datatec Limited ("the Company") at the close of business on the record date, being Friday, 27 November 2015.

Shareholders will be entitled, in respect of all or part of their shareholding, to elect to receive a gross cash dividend of 105 RSA cents per ordinary share in lieu of the Scrip Distribution, which will be paid only to those shareholders who elect to receive the cash dividend, in respect of all or part of their shareholding, on or before 12:00 on Friday, 27 November 2015 ("the Cash Dividend"). The Cash Dividend has been declared from income reserves. A dividend withholding tax of 15% will be applicable to all Shareholders not exempt therefrom after deduction of which the net Cash Dividend is 89.25 RSA cents per share.

The new ordinary shares will, pursuant to the Scrip Distribution, be settled by way of capitalisation of the Company's distributable retained profits.

The Company's total number of issued ordinary shares as at 19 October 2015 is 208 983 794. Datatec's income tax reference number is 9999/493/71/2.

2. Terms of the Scrip Distribution

The number of Scrip Distribution shares to which each of the Shareholders will become entitled pursuant to the Scrip Distribution (to the extent that such Shareholders have not elected to receive the Cash Dividend) will be determined by reference to such Shareholder's ordinary shareholding in Datatec (at the close of business on the record date, being Friday, 27 November 2015) in relation to the ratio that 105 RSA cents bears to the volume weighted average price ("VWAP") of an ordinary Datatec share traded on the JSE during the 30-day trading period ending on Thursday, 12 November 2015. Where the application of this ratio gives rise to a fraction of an ordinary share, the number of shares will be rounded up to the nearest whole number if the fraction is 0.5 or more and rounded down to the nearest whole number if the fraction is less than 0.5.

Details of the ratio will be announced on the Stock Exchange News Service ("SENS") of the JSE in accordance with the timetable below.

3. Circular and salient dates

A circular providing Shareholders with full information on the Scrip Distribution and the Cash Dividend alternative including a Form of Election to elect to receive the Cash Dividend alternative will be posted to Shareholders on or about Thursday, 5 November 2015. The salient dates of events thereafter are as follows:

EVENT	2015
Announcement released on SENS in respect of the ratio applicable to the Scrip Distribution, based on the 30-day volume weighted average price ending on Thursday, 12 November 2015	Friday, 13 November
Announcement published in the press of the ratio applicable to the Scrip Distribution as above	Monday, 16 November
Last day to trade in order to be eligible for the Scrip Distribution and the Cash Dividend alternative	Friday, 20 November
Ordinary shares trade "ex" the Scrip Distribution and the Cash Dividend alternative	Monday, 23 November
Maximum number of shares listed on the JSE	Monday, 23 November
Last day to elect to receive the Cash Dividend alternative instead of the Scrip Distribution, Forms of Election to reach the Transfer Secretaries by 12:00 noon (10:00 UK time)	Friday, 27 November
Record date in respect of the Scrip Distribution and the Cash Dividend alternative	Friday, 27 November
Cash Dividend payments made and Scrip Distribution shares issued to Shareholders on the South African register and Scrip Distribution, certificates posted and CSDP/broker accounts credited/updated, as applicable	Monday, 30 November
Cash Dividend payments made by BACS (direct credit) to shareholders on the Jersey register, Scrip Distribution shares and depositary interests issued to Shareholders on the Jersey register, CREST accounts credited with the new Scrip Distribution shares and depositary interests, as applicable.	Monday, 30 November
Announcement relating to the results of the Scrip Distribution and the Cash Dividend alternative released on SENS	Monday, 30 November
Announcement relating to the results of the Scrip Distribution and the Cash Dividend alternative published in the press	Tuesday, 1 December
JSE listing of ordinary shares in respect of the Scrip Distribution adjusted to reflect the actual number of ordinary shares issued in terms of the Scrip Distribution and AIM listing of the actual number of ordinary shares issued in terms of the Scrip Distribution; at the commencement of business on or about	Wednesday, 2 December

All times provided are South African local times. The above dates and times are subject to change. Any change will be announced on SENS.

Share certificates may not be dematerialised or rematerialised, nor may transfers between registers take place, between Monday, 23 November 2015 and Friday, 27 November 2015, both days inclusive.

REPORTING

The condensed consolidated interim financial statements have been prepared under the supervision of Jurgens Myburgh, Chief Financial Officer, and in accordance with International Financial Reporting Standards, IAS 34 *Interim Financial*

Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by Financial Reporting Standards Council, the JSE Listing Requirements, the AIM Rules for Companies, and the requirements of the South African Companies Act No 71 of 2008.

The accounting policies and methods of computation applied in the preparation of these interim financial statements are in terms of International Financial Reporting Standards and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements. The adoption of certain amendments to existing standards did not have an impact on the accounting policies of the Group.

DISCLAIMER

This announcement may contain statements regarding the future financial performance of the Group which may be considered to be forward-looking statements. By their nature, forward-looking statements involve risk and uncertainty, and although the Group has taken reasonable care to ensure the accuracy of the information presented, no assurance can be given that such expectations will prove to have been correct.

The Group has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. It is important to note, that:

(i) unless otherwise indicated, forward-looking statements indicate the Group's expectations and have not been reviewed or reported on by the Group's external auditors;

(ii) actual results may differ materially from the Group's expectations if known and unknown risks or uncertainties affect its business, or if estimates or assumptions prove inaccurate;

(iii) the Group cannot guarantee that any forward-looking statement will materialise and, accordingly, readers are cautioned not to place undue reliance on these forward-looking statements; and

(iv) the Group disclaims any intention and assumes no obligation to update or revise any forward-looking statement even if new information becomes available, as a result of future events or for any other reason, other than as required by the JSE Limited Listings Requirements and/or the AIM Rules.

On behalf of the Board:

SJ Davidson

Chairman

JP Montanana

Chief Executive Officer

PJ Myburgh

Chief Financial Officer

21 October 2015

DIRECTORS

SJ Davidson°• (Chairman), JP Montanana• (CEO), PJ Myburgh (CFO), O Ighodaro°‡, JF McCartney°†, LW Nkuhlu°, CS Seabrooke°, NJ Temple°•

°Non-executive •British †American ‡Nigerian

** Excluding impairment and write-off of goodwill and intangible assets, profit or loss on sale of investments and assets, amortisation of acquired intangible assets, unrealised foreign exchange movements, acquisition-related adjustments, fair value movements on acquisition-related financial instruments, restructuring costs and the taxation effect on all of the aforementioned.*

CONDENSED CONSOLIDATED STATEMENT
OF COMPREHENSIVE INCOME
for the six months to 31 August 2015

US$'000	**Unaudited Six months to 31 August 2015**	Unaudited Six months to 31 August 2014	Audited Year ended 28 February 2015
Revenue	**3 285 932**	2 983 592	6 443 536
Existing operations	**3 285 688**	2 983 592	6 421 646
Acquisitions	**244**	–	21 890
Cost of sales	**(2 855 719)**	(2 537 362)	(5 510 605)
Gross profit	**430 213**	446 230	932 931
Operating costs	**(340 295)**	(350 731)	(716 454)
Restructuring costs	**(5 261)**	–	–
Share-based payments	**(4 087)**	(5 400)	(10 084)
Operating profit before interest, tax, depreciation and amortisation ("EBITDA")	**80 570**	90 099	206 393
Depreciation	**(13 672)**	(12 855)	(26 256)
Amortisation of capitalised software development expenditure	**(3 534)**	(4 076)	(7 216)
Amortisation of acquired intangible assets and software	**(6 942)**	(7 465)	(15 163)
Goodwill adjustment	**(81)**	–	–
Operating profit	**56 341**	65 703	157 758
Interest income	**2 088**	2 422	4 324
Finance costs	**(13 349)**	(11 283)	(21 930)
Share of equity-accounted investment earnings	**(150)**	421	450
Acquisition-related fair value adjustments	**(14)**	81	(317)
Fair value movements on put option liabilities	**–**	81	(317)
Fair value adjustment on deferred purchase consideration	**(14)**	–	–
Other income	**13**	106	14
Loss on disposal of investments	**–**	–	(137)
Profit before taxation	**44 929**	57 450	140 162
Taxation	**(16 827)**	(19 246)	(51 534)
Profit for the period	**28 102**	38 204	88 628

Other comprehensive income			
Items that may be reclassified subsequently to profit and loss			
Exchange differences arising on translation to presentation currency	**(44 674)**	9 548	(67 757)
Translation difference on equity loans	**(1 758)**	(347)	(5 279)
Tax effect of equity loans translation	**1 328**	(150)	1 480
Transfers and other items	**244**	(513)	41
Total comprehensive (loss)/income for the year	**(16 758)**	46 742	17 113
Profit attributable to:			
Owners of the parent	**24 384**	31 476	73 772
Non-controlling interests	**3 718**	6 728	14 856
	28 102	38 204	88 628
Total comprehensive (loss)/income attributable to:			
Owners of the parent	**(13 975)**	40 599	11 014
Non-controlling interests	**(2 783)**	6 143	6 099
	(16 758)	46 742	17 113
Number of shares issued (millions)			
Issued	**205**	198	204
Weighted average	**204**	197	199
Diluted weighted average	**206**	198	200
Earnings per share ("EPS") (US cents)			
Basic	**12.0**	16.0	37.1
Diluted basic	**11.9**	15.9	36.9
SALIENT FINANCIAL FEATURES			
Headline earnings	**24 394**	31 481	73 674
Headline earnings per share (US cents)			
Headline	**12.0**	16.0	37.0
Diluted headline	**11.9**	15.9	36.9
Underlying earnings	**33 877**	35 816	83 131
Underlying earnings per share (US cents)			
Underlying	**16.6**	18.2	41.8
Diluted underlying	**16.5**	18.1	41.6
Net asset value per share (US cents)	**413.4**	459.1	427.8
KEY RATIOS			
Gross margin (%)	**13.1**	15.0	14.5
EBITDA (%)	**2.5**	3.0	3.2
Effective tax rate (%)	**37.5**	33.5	36.8
Exchange rates			
Average Rand/US$ exchange rate	**12.4**	10.6	11.0
Closing Rand/US$ exchange rate	**13.3**	10.6	11.7

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 August 2015

US$'000	**Unaudited Six months to 31 August 2015**	Unaudited Six months to 31 August 2014	Audited Year ended 28 February 2015
ASSETS			
Non-current assets	**705 165**	680 680	701 809
Property, plant and equipment	**73 317**	68 803	73 328
Goodwill	**447 269**	450 214	450 884
Capitalised software development expenditure	**53 195**	44 058	49 573
Acquired intangible assets and software	**40 222**	46 666	45 854
Investments	**6 412**	7 475	6 342
Deferred tax assets	**52 243**	53 793	54 555
Other receivables	**32 507**	9 671	21 273
Current assets	**2 526 313**	2 503 050	2 572 773
Inventories	**419 234**	490 188	442 612
Trade receivables	**1 478 930**	1 404 600	1 532 820
Current tax asset	**13 197**	17 591	15 626
Prepaid expenses and other receivables	**244 898**	213 821	215 585
Cash and cash equivalents	**370 054**	376 850	366 130
Total assets	**3 231 478**	3 183 730	3 274 582
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent	**848 731**	906 980	870 850
Share capital and premium	**119 592**	108 487	126 886
Non-distributable reserves	**66 759**	57 737	50 179
Foreign currency translation reserve	**(143 969)**	(31 340)	(105 307)
Share-based payment reserve	**1 325**	295	739
Distributable reserves	**805 024**	771 801	798 353
Non-controlling interests	**38 816**	56 699	41 599
Total equity	**887 547**	963 679	912 449

Non-current liabilities	**118 563**	121 077	103 710
Long-term liabilities	**37 661**	43 441	21 555
Liability for share-based payments	**6 235**	8 750	9 848
Amounts owing to vendors	**2 023**	2 793	1 842
Deferred tax liabilities	**72 196**	65 931	69 833
Other liabilities	**448**	162	632
Current liabilities	**2 225 368**	2 098 974	2 258 423
Trade and other payables	**1 726 986**	1 782 603	1 795 783
Short-term interest-bearing liabilities	**66 643**	12 322	43 468
Provisions	**12 416**	14 636	13 979
Amounts owing to vendors	**2 955**	1 750	2 750
Current tax liabilities	**4 832**	15 507	14 212
Bank overdrafts	**411 536**	272 156	388 231
Total equity and liabilities	**3 231 478**	3 183 730	3 274 582
Capital expenditure incurred in the current year (including capitalised development expenditure)	**24 790**	19 747	51 104
Capital commitments at the end of the period	**37 408**	29 790	33 909
Lease commitments at the end of the period	**140 106**	132 962	153 258
Payable within one year	**32 943**	31 140	34 348
Payable after one year	**107 163**	101 822	118 910

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
for the six months to 31 August 2015

US$'000	**Unaudited Six months to 31 August 2015**	Unaudited Six months to 31 August 2014	Audited Year ended 28 February 2015
Operating profit before working capital changes	**84 670**	96 817	215 346
Working capital changes	**(40 566)**	107 653	(29 147)
Decrease/(increase) in inventories	**7 229**	(56 979)	(32 038)
Increase in receivables	**(42 927)**	(113 749)	(324 540)
(Decrease)/increase in payables	**(4 868)**	278 381	327 431
Prepaid maintenance	**(22 505)**	–	–
Cash generated from operations	**21 599**	204 470	186 199
Net finance costs paid	**(11 261)**	(8 861)	(17 606)
Taxation paid	**(24 286)**	(20 675)	(53 193)
Net cash (outflows)/inflows from operating activities	**(13 948)**	174 934	115 400
Cash outflows for acquisitions	**(1 342)**	–	(1 979)
Net cash outflow from other investing activities	**(24 763)**	(18 694)	(49 498)
Net cash inflow from other financing activities	**38 672**	5 930	13 500
Capital distributions and dividends paid to shareholders	**(8 662)**	(17 162)	(23 459)
Capital distributions and dividends paid to non-controlling interest	**–**	(1 800)	(26 066)

Net (decrease)/increase in cash and cash equivalents	**(10 043)**	143 208	27 898
Cash and cash equivalents at the beginning of the year	**(22 101)**	(41 770)	(41 770)
Translation differences on net cash	**(9 338)**	3 256	(8 229)
Cash and cash equivalents at the end of the period*	**(41 482)**	104 694	(22 101)

**Comprises cash resources, net of bank overdrafts and trade finance advances.*

CONDENSED CONSOLIDATED STATEMENT

OF CHANGES IN TOTAL EQUITY

for the six months to 31 August 2015

US$'000	**Unaudited Six months to 31 August 2015**	Unaudited Six months to 31 August 2014	Audited Year ended 28 February 2015
Balance at the beginning of the period	**912 449**	924 485	924 485
Transactions with equity holders of the parent			
Comprehensive (loss)/income	**(13 975)**	40 599	11 014
New share issues	**–**	1 894	31 076
Capital distributions	**–**	(17 162)	(17 226)
Dividends	**(8 672)**	–	(16 060)
Equity-settled deferred purchase consideration	**–**	10 280	–
Share-based payments	**528**	659	1 855
Acquisitions of additional interests from non-controlling interests	**–**	(907)	(10 623)
Disposals of additional interests from non-controlling interests	**–**	–	(803)
Transactions with non-controlling interests			
Comprehensive (loss)/income	**(2 783)**	6 143	6 099
Acquisitions of additional interests from non-controlling interests	**–**	–	9 210
Disposals of additional interests from non-controlling interests	**–**	(512)	(512)
Dividends	**–**	(1 800)	(26 066)
Balance at the end of the period	**887 547**	963 679	912 449

DETERMINATION OF HEADLINE AND

UNDERLYING EARNINGS

for the six months to 31 August 2015

US$'000	**Unaudited Six months to 31 August 2015**	Unaudited Six months to 31 August 2014	Audited Year ended 28 February 2015
Profit attributable to the equity holders of the parent	**24 384**	31 476	73 772
Headline earnings adjustments	**10**	6	(88)
Loss on disposal of investment	**–**	–	(106)
Loss on disposal of property, plant and equipment	**15**	10	36
Tax effect	**(5)**	(4)	(18)
Non-controlling interests	**–**	(1)	(10)
Headline earnings	**24 394**	31 481	73 674
DETERMINATION OF UNDERLYING EARNINGS			
Underlying earnings adjustments	**13 401**	6 389	13 009
Unrealised foreign exchange losses/(gains)	**1 665**	(237)	(1 012)
Acquisition-related fair value adjustments	**14**	(81)	317
Goodwill adjustment	**81**	–	–
Restructuring costs	**5 261**	–	–
Amortisation of acquired intangible assets	**6 380**	6 707	13 704
Tax effect	**(3 690)**	(2 166)	(3 546)
Non-controlling interests	**(228)**	112	(6)
Underlying earnings	**33 877**	35 816	83 131

CONDENSED SEGMENTAL ANALYSIS

for the six months to 31 August 2015

US$'000	**Unaudited Six months to 31 August 2015**	Unaudited Six months to 31 August 2014	Audited Year ended 28 February 2015
Revenue			
Westcon	**2 510 597**	2 241 380	4 854 507
Logicalis	**751 446**	714 378	1 533 777
Consulting	**23 697**	27 834	55 242
Corporate	**192**	–	10
Revenue	**3 285 932**	2 983 592	6 443 536
EBITDA			
Westcon	**52 257**	55 743	125 141
Logicalis	**35 485**	41 575	97 039
Consulting	**(543)**	1 356	3 158
Corporate	**(6 629)**	(8 575)	(18 945)
EBITDA	**80 570**	90 099	206 393
Operating profit			
Westcon	**39 516**	42 847	100 207
Logicalis	**24 347**	30 491	74 165
Consulting	**(881)**	956	2 362
Corporate	**(6 641)**	(8 591)	(18 976)
Operating profit	**56 341**	65 703	157 758
Total assets			
Westcon	**2 277 558**	2 236 026	2 289 764
Logicalis	**864 092**	894 094	920 295
Consulting	**37 354**	40 938	39 694
Corporate	**52 474**	12 672	24 829
Total assets	**3 231 478**	3 183 730	3 274 582

Total liabilities			
Westcon	**(1 700 742)**	(1 602 993)	(1 690 252)
Logicalis	**(595 849)**	(590 607)	(641 932)
Consulting	**(11 340)**	(10 720)	(12 702)
Corporate	**(36 000)**	(15 731)	(17 247)
Total liabilities	**(2 343 931)**	(2 220 051)	(2 362 133)

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