

Chief Executive Officer's Statement

Financial Overview

Datacentrix delivered robust earnings growth in the past financial year. Gross revenue increased by 12% to R1.35 billion and EBITDA grew 26% to R157.1 million. An increased investment income and stringent cost management resulted in earnings growth of 30% in comparison to the previous financial year. Strong operating cash flows were generated at R164.2 million resulting in R221.9 million cash on hand, with no interest-bearing debt. Headline earnings per share and basic earnings per share increased 29% and 30% respectively to 52.0 cents. Net asset value improved by 18% to 150.4 cents.

Operational Review

Datacentrix has shown healthy organic growth over the past year, with most divisions showing credible performances. In addition, the company has seen encouraging developments within strategically targeted growth areas and will continue to fortify its current solid business model.

People Investment

Datacentrix' investment in technical, sales and managerial resources remains an element of the aforementioned organic growth strategy. The local environment is becoming increasingly challenging in gaining and retaining staff and the company is taking steps in addressing this, including incentivising top performers and skilled employees. The staff complement is currently 707 employees, having grown by 37 staff members over the year.

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Infrastructure and Related Services

The year has been a positive one for the Infrastructure and Related Services Division, with the Johannesburg office exceeding expectations, as well as solid performances seen from the coastal regions of Cape Town and Durban and within several vertical sectors, including Selective Outsourcing, Microsoft Software Services and Security. The division continues to be a leading provider for the supply, deployment, maintenance and support of IT infrastructure solutions.

Datacentrix has strengthened its Managed Print Services (MPS) execution engine, while bolstering the Services management team with the addition of several new, high level appointments. These appointments improve operational capacity of the group to service an increased client footprint and to continue delivering the service levels that its clients have become accustomed to.

The company has formalised a Resourcing Services business unit, focusing on the provision of selected on-site resources to meet client specifications. Datacentrix believes this will assist in addressing the high demands placed on businesses today by the increasing skills shortage within the IT sector.

Datacentrix has established a Security business unit, which has already won two major implementation deals, one of which has been completed. We have also formalised our Networking business unit addressing two new main areas: bandwidth optimisation - dealing with solutions designed to improve bandwidth utilisation; and the provisioning of network infrastructure focusing on new network technologies. In addition the Enterprise Systems Management business unit provides management solutions spanning basic network management through to application management.

The company continues to ensure that it holds the highest technical vendor accreditations, ensuring that it remains the most cost effective partner of choice for the supply, installation and ongoing maintenance of equipment, over the entire lifespan of such equipment.

The group has met Service Level Agreement (SLA) objectives set to maintain the highest level of client satisfaction. SLAs focus on assisting clients at every stage of the product life cycle - ranging from needs determination, product evaluation, configuration, installation and support. This is in line with the Service Improvement Program, which the company ascribes to in order to meet and exceed client needs and expectations.

Datacentrix was awarded a number of prestigious Vendor partner awards, which bear testimony to its market positioning. Partner awards garnered over the year include

HP's "channel partner of the year" for both the Imaging and Printing and Technology Solutions groups. Datacentrix also attained "the highest consistent growth for the storage works division".

Solutions

The Solutions Division has successfully reduced its reliance on product sales and now enjoys higher proportions of its revenues from consulting and services. The change has shown positive results in that the division has become more profitable from a services perspective.

The Development and Integration business unit remains focused on workflow and data-mining, while the Optimisation business unit is now services led and focuses primarily on the Enterprise Content Management (ECM) and information life cycle management space.

Clients

The group believes that Datacentrix' loyal client base can be credited to its strong value proposition, execution ability, expertise and ability to integrate offerings across all lines of business. The high client satisfaction ratings achieved, conducted by an independent research house, bear testimony to this.

Quality Management

Datacentrix was re-awarded the Telkom Process Control Release (PCR) accreditation in November 2007, for the third consecutive year. The certification is valid for a year and is based on ISO 9001 quality standards. Datacentrix has affirmed its commitment to quality by increasing the department's staff complement with the appointment of a

quality trainer and a quality administrator to focus on quality awareness throughout the organisation and correct and sharpen its administration.

The fact that Datacentrix is process driven with specific personnel focused on client satisfaction, supplier performance and execution, allows for confidence around quality and operational procedures. Each area within the organisation is measured and monitored continually against desired requirements. The Quality Committee is aligned to complement legal compliance and BEE strategy.

Industry Review

Datacentrix continues to closely monitor local industry trends. With the load shedding issue obviously having the greatest impact on South African businesses over the past few months, the group would like to advise that it has taken the necessary steps at all its operational sites to ensure that it is not negatively impacted by the rolling blackouts.

In addition, the fluctuating rate of exchange has had some bearing on local organisations, with a stronger Rand being experienced for most of last year. Earlier this year we witnessed the progressively weakening of the Rand, affecting the cost of technology.

Prospects

Future growth for the Datacentrix group will be principally organic, not acquisitive, although the group will look at acquiring pockets of excellence in identified growth areas. The company will continue with its current strategy of growing business with existing clients, particularly in terms of the newer Microsoft technologies, such as Vista, Exchange, System Center, Server 2008 and Active Directory. It will also focus on increasing its client base. In the security field, a particular focus will be placed on biometrics and access management, while in the networking space, it will be addressing bandwidth issues with optimisation technologies as well as standard networking solutions. Other areas of growth and focus include Selective Outsourcing, Resourcing and Managed Print Services.



Gerhard Uys

Ahmed Mahomed