

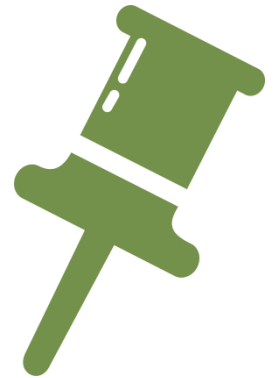


# Interim Financial Presentation

# 2012

# Agenda

- Introduction
  - Mike Brown (IAS)
- Overview
  - Gary Morolo (Chairman)
- Financial Performance
  - Elizabeth Naidoo (Financial Director)
- Operational Performance and Outlook
  - Ahmed Mahomed (Chief Executive Officer)
- Questions





# Business Overview

# Overview

- Datacentrix continues to pursue a strategy of sustainable organic growth
- The company's rolling three to five-year strategic thrust remains unchanged and implementation has progressed satisfactorily
- Managed Services and Business Solutions now account for 55% of group earnings
- Expected revenues lag the increased cost base from investments, impacting current profitability
- Increased margin pressure particularly in the commoditised end of the market
- No longer any reliance on public sector revenue for Group performance
- Group continues to be on the look out for appropriate acquisitions

## Overview (cont.)

- Substantially completed restructuring for regulatory, efficiency and corporate governance requirements:
  - King III and Company's Act review
  - Black economic empowerment credentials enhanced
  - Board composition
- The company is no longer deflected from concentrating on market and performance

# BEE: Achieving Level 2 Status

## Level 4 Position (previous)

Ownership  
10.66

Employment  
Equity  
7.81

Skills  
Development  
1.31

Flow through principle  
of key shareholders

Focus and targets

Focus and targets

## Level 2 Position (current)

Ownership  
17.47

Employment  
Equity  
8.72

Skills  
Development  
8.23

# Governance



**Gary  
Morolo**



**Joan  
Joffe**



**Thenjiwe  
Chikane**



**Alwyn  
Martin**



**Dudu  
Nyamane**



**Ahmed  
Mahomed**



**Elizabeth  
Naidoo**



**Antony  
Ball**



**Peter  
Backwell**

The board is pleased to announce the appointment of two new independent, non-executive directors



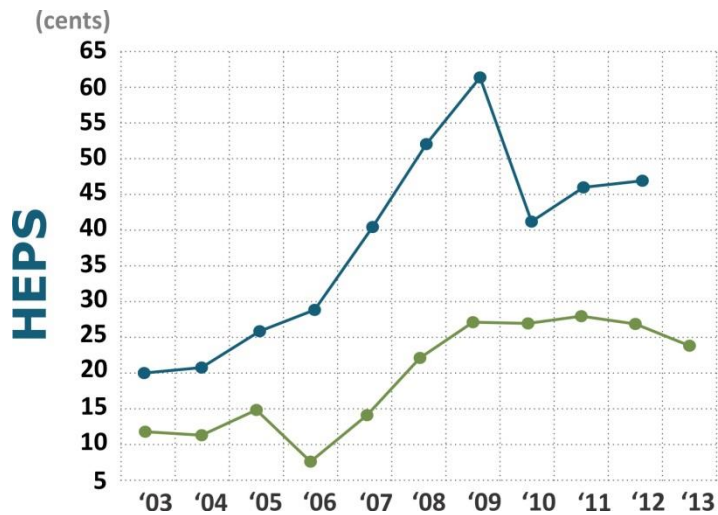
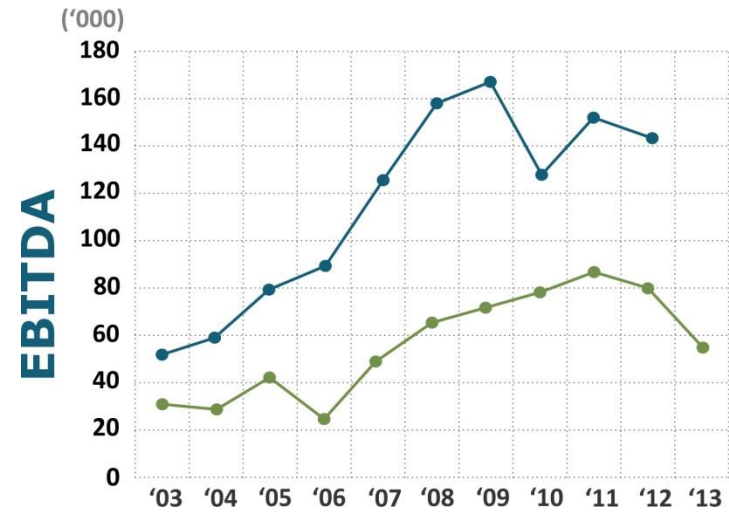
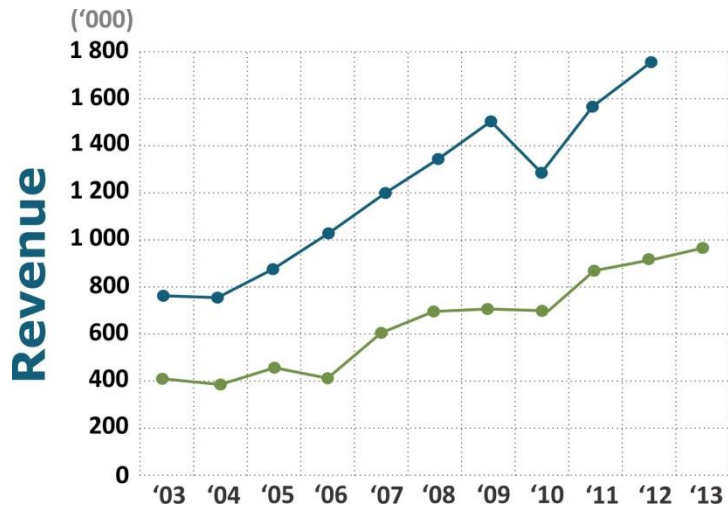
# Financial Overview



# Financial highlights

- ↑ Revenue increased 7%
- ↓ EBITDA decreased to R57.4 million
- ↓ EPS and HEPS decreased 28%
- ↑ Cash generated from operations of R52.7 million
- ↑ Cash on hand of R288 million
- ↑ Interim gross cash dividend declared of 11.25 cents per share

# Financial highlights (cont.)



# Comprehensive Income

	<b>August 2012 R'000</b>	<b>August 2011 R'000</b>	<b>February 2012 R'000</b>
<b>Revenue</b>	<b>976 726</b>	<b>912 652</b>	<b>1 757 762</b>
<b>EBITDA</b>	<b>57 374</b>	<b>80 914</b>	<b>145 226</b>
Depreciation and amortisation	<b>(8 787)</b>	<b>(11 280)</b>	<b>(21 705)</b>
<b>Operating profit</b>	<b>48 559</b>	<b>69 634</b>	<b>123 447</b>
<b>Operating margin</b>	<b>5.0%</b>	<b>7.6%</b>	<b>7.0%</b>
Net interest received	<b>6 094</b>	<b>7 100</b>	<b>11 964</b>
<b>Profit before taxation</b>	<b>54 653</b>	<b>76 734</b>	<b>135 411</b>
Income taxation expense	<b>(17 194)</b>	<b>(24 581)</b>	<b>(44 567)</b>
<b>Total comprehensive income</b>	<b>37 459</b>	<b>52 153</b>	<b>90 844</b>

# Financial Position

	<b>August 2012 R'000</b>	<b>August 2011 Restated R'000</b>	<b>February 2012 R'000</b>
<b>Non-current assets</b>	<b>131 117</b>	<b>91 322</b>	<b>104 122</b>
Property and equipment	<b>56 815</b>	<b>34 680</b>	<b>38 845</b>
Intangible assets	<b>25 081</b>	<b>21 817</b>	<b>22 694</b>
Investment in Joint Venture	<b>2 190</b>	-	<b>1 022</b>
Finance lease receivable – long-term	<b>19 435</b>	<b>6 010</b>	<b>17 503</b>
Long-term receivables	<b>116</b>	-	<b>284</b>
Deferred taxation assets	<b>27 480</b>	<b>28 815</b>	<b>23 774</b>
<b>Current assets</b>	<b>678 918</b>	<b>700 485</b>	<b>653 211</b>
Inventories	<b>30 194</b>	<b>27 885</b>	<b>34 764</b>
Trade and other receivables	<b>339 603</b>	<b>338 280</b>	<b>289 843</b>
Finance lease receivable – short-term	<b>16 896</b>	<b>4 376</b>	<b>11 202</b>
Current taxation assets	<b>4 511</b>	-	<b>4 025</b>
Cash and cash equivalents	<b>287 714</b>	<b>329 944</b>	<b>313 377</b>

# Financial Position (cont.)

	August 2012 R'000	August 2011 Restated R'000	February 2012 R'000
<b>Capital and reserves</b>	<b>470 512</b>	<b>457 463</b>	<b>471 053</b>
Share capital and premium	<b>36 208</b>	<b>37 494</b>	<b>37 543</b>
Treasury shares	<b>(42 249)</b>	<b>(38 889)</b>	<b>(39 720)</b>
Equity-settled share scheme reserve	<b>34 201</b>	<b>28 181</b>	<b>30 101</b>
Retained earnings	<b>442 352</b>	<b>430 677</b>	<b>443 129</b>
<b>Liabilities</b>	<b>339 523</b>	<b>334 344</b>	<b>286 280</b>
Trade and other payables	<b>225 051</b>	<b>232 199</b>	<b>184 530</b>
Deferred revenue (long- and short-term)	<b>76 124</b>	<b>70 293</b>	<b>73 246</b>
Finance lease payables (long- and short-term)	<b>32 688</b>	<b>10 386</b>	<b>24 080</b>
Provisions	<b>2 539</b>	<b>1 904</b>	<b>1 640</b>
Lease smoothing liability	<b>3 110</b>	<b>2 513</b>	<b>2 784</b>
Current taxation liabilities	<b>11</b>	<b>17 049</b>	<b>-</b>

# Cash Flow

	<b>August 2012 R'000</b>	<b>August 2011 Restated R'000</b>	<b>February 2012 R'000</b>
Profit before taxation	<b>54 653</b>	<b>76 734</b>	<b>135 411</b>
Adjusted for non-cash items	<b>6 407</b>	<b>8 429</b>	<b>14 285</b>
Working capital changes	<b>(8 350)</b>	<b>(48 563)</b>	<b>(70 587)</b>
- Inventory	<b>4 570</b>	<b>(17 008)</b>	<b>(23 887)</b>
- Trade and other receivables	<b>(49 592)</b>	<b>(85 037)</b>	<b>(36 884)</b>
- Increase in finance lease	<b>(7 626)</b>	<b>(10 386)</b>	<b>(28 705)</b>
- Trade and other payables	<b>44 298</b>	<b>63 868</b>	<b>18 889</b>
<b>Cash generated from operations</b>	<b>52 710</b>	<b>36 600</b>	<b>79 109</b>
Net interest received	<b>6 094</b>	<b>7 100</b>	<b>14 615</b>
Dividend paid	<b>(38 236)</b>	<b>(17 976)</b>	<b>(44 215)</b>
Taxation paid	<b>(21 375)</b>	<b>(14 682)</b>	<b>(50 701)</b>
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(807)</b>	<b>11 042</b>	<b>(1 192)</b>

# Segmental Performance

		Growth	Revenue R'000	Growth	Earnings R'000
<b>Infrastructure</b>	Aug'12	2%	719 194	(49%)	13 796
	Aug'11		703 748		27 000
<b>Managed Services</b>	Aug'12	19%	193 809	3%	15 042
	Aug'11		163 384		14 638
<b>Business Solutions</b>	Aug'12	40%	63 723	(32%)	5 660
	Aug'11		45 520		8 377
<b>Corporate</b>	Aug'12		-		2 961
	Aug'11		-		2 139
<b>Total Group</b>	Aug'12	7%	976 726	(28%)	37 459
	Aug'11		912 652		52 153



# **Operational Performance and Outlook**



# Operational Performance

- Revenue growth
  - Organic growth
  - Business growth in private sector
  - No revenue of consequence in public sector
  - Non-commoditised sector growth
  - Growth achieved in new investment areas
- IT infrastructure investment
- Operating margins
  - Lack of government business
  - Implication of skills and infrastructure investment on margins
  - Competitive market pressures (hyper competition)

# Market Landscape: Managed Services

## Competition

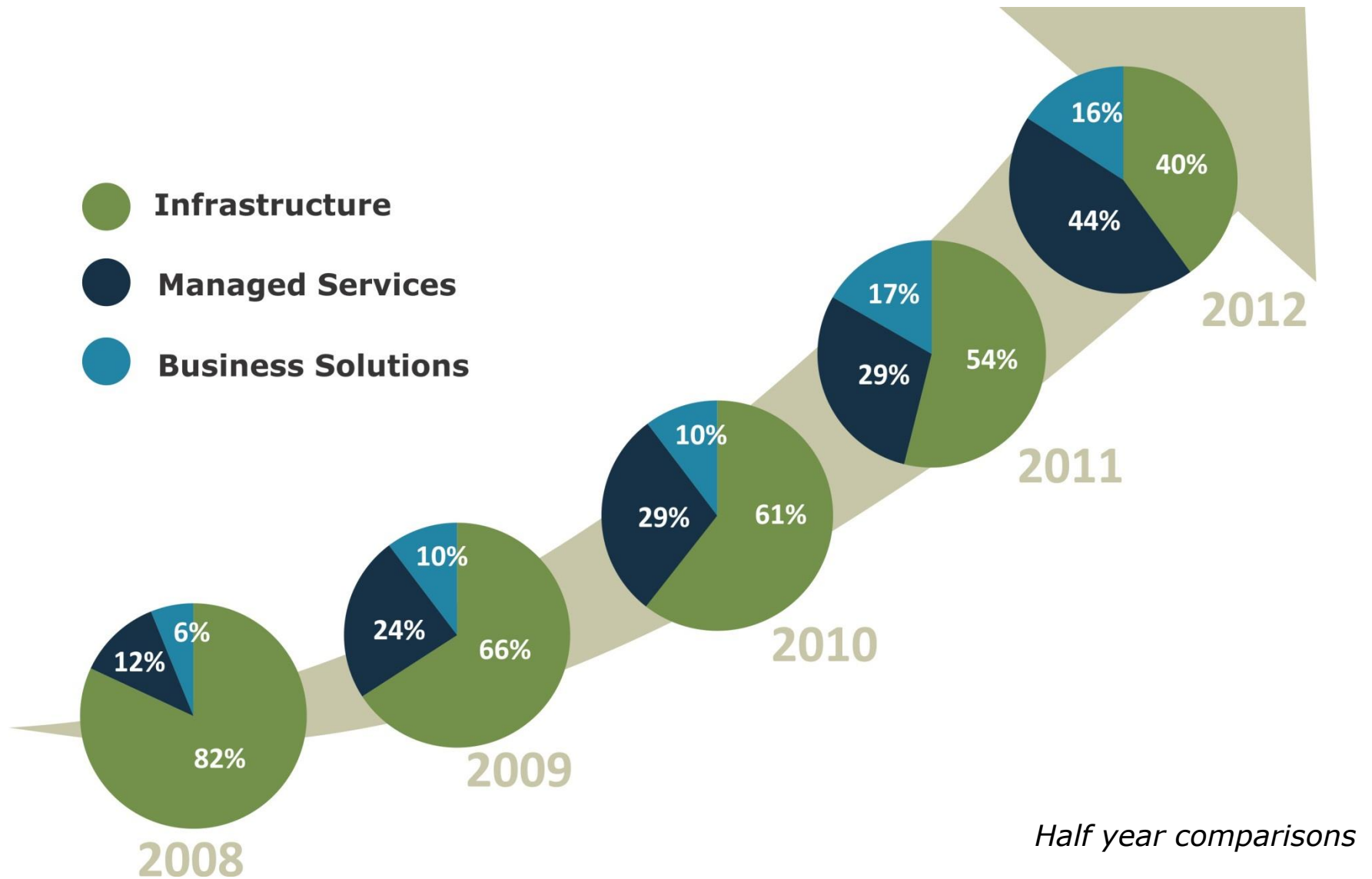
Competition get the best price, but hyper competition creates complexity (margin pressure)



## Pricing

The price that wins is NOT the price that succeeds

# Change in segmental contributions



# Portfolio

01

## INFRASTRUCTURE

- Consulting & IT strategy
- IT architecture
- Implementation services
- End-user computing
- Datacentre
  - Mobile datacentre
  - Networking
  - Storage solutions
- Unified communication
- Infrastructure security



02

## MANAGED SERVICES

- Integrated command centre
- Infrastructure outsourcing
- Managed Print Services
- Resourcing
- Security Operations Centre (SOC)
- Cloud



03

## BUSINESS SOLUTIONS

- Enterprise Resource Planning (ERP)
- Enterprise Content Management (ECM)
- Business Intelligence and analytics



# Cloud Offering

- Currently a strong provider of cloud services
- Cloud brokerage
- Investment in cloud:
  - new datacentres
  - integrated monitoring centre
  - Security Operations Centre (SOC)
  - IT skills investment
- Cloud drivers:
  - cost saving
  - increase efficiency
  - security
  - flexibility of response to customer needs



**Going Forward**

# Prospects

- Positive about the business and its prospects
- Confident in the strategy and investments made to date
- Focus towards extracting benefits from investments
- Public sector business prospects remain poor
- Continued margin pressures
- Possible acquisitions

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**THANK YOU**