

Datatec forecast remains unchanged

International Information and communications technology group Datatec said on Wednesday (17 July) that overall group revenues and earnings for the period March to June this year were similar to those for the same four months last year but underlying earnings, basic earnings and headline earnings per share were all slightly lower.



However, Datatec said that based on current exchange rates and market conditions, the forecasts for the financial year remain unchanged.

"Trading conditions are largely the same as in the second half of the financial year ended February. Westcon continues to experience a more challenging trading environment while Logicalis has continued to perform robustly. Gross margins have remained stable," Datatec said.

In May the group published forecasts for the financial year ending to February 2014. These are for revenues of between US\$5.6bn and US\$5.9bn, profit after tax of about US\$102m, underlying earnings per share of 50 US cents and earnings and headline earnings per share of about 46 US cents.

Jens Montanana, Datatec's chief executive said: "We remain cautious about the prospects for growth in the geographies in which we operate. However, our global footprint and the diversity of our business continue to provide resilience in these mixed trading conditions.

Performance

"At Westcon the strongest performance has been in developing markets, Europe remains persistently weak and the recent SAP implementation in North America has impacted volumes in the short term. We are focused on improving Westcon's operating margin.

"We are also pleased with the continued robust performance at Logicalis."

According to Datatec, revenue growth in Westcon's markets has been varied: Latin America, Middle East and Africa have reported year-on-year sales increases; Europe had modest growth and sales in Asia Pacific declined. In North America the transition to a new SAP-based ERP platform has caused operational disruptions, which have negatively affected revenues. Strong growth in security sales has been reported across several regions.

"Overall gross margins have improved from the comparative period despite some margin pressures in Latin America. As expected, operating costs are higher because of the acquisition of Afina in July last year," Montanana said.

Revenues

The group's other subsidiary Logicalis has had a strong start to the year, reporting overall revenue and operating profit growth over the comparative period in line with the company's expectations.

"Annuity revenue growth has been good with a positive impact on gross margins. Latin America is the best performing region," said Montanana

Logicalis bought four European operations in March for €24m.

Dataec said performance of the group's consulting services division has improved compared with last year showing increased profitability at Analysys Mason.

The group expects to release its half year results for the six months to August by mid-October.

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