

Datatec Limited  
(Incorporated in the Republic of South Africa)  
(Registration number: 1994/005004/06)  
ISIN: ZAE000017745  
Share Code: DTC  
("Datatec" or "the Company" or "the Group")

## Recapitalisation of Westcon International Limited

### Introduction

Datatec Limited, the international Information and Communications Technology (ICT) Company, has carried out a recapitalisation of its subsidiary, Westcon International Limited (the "Transaction").

Following the disposals of Datatec's Westcon-Comstor business in North America and Latin America ("Westcon Americas") to SYNnex Corporation (NYSE: SNX) ("SYNNEX") in September 2017, the retained part of Westcon was renamed Westcon International ("WI") and a 10% interest in WI was acquired by SYNnex, with Datatec retaining a 90% share.

WI is the head company of Datatec's technology distribution division which carries on the business of the distribution of security, collaboration, networking and data centre products and solutions in Europe, the Middle-East, Africa and Asia-Pacific regions.

Datatec holds its interest in WI through Datatec PLC, a UK intermediate holding company 100% owned by Datatec.

### Background and rationale for the Transaction

As at 29 February 2020, WI owed Datatec Group companies approximately \$160 million in intercompany loans (of which \$146 million was owed to Datatec PLC). With the \$160 million of intercompany loans being classified as debt in WI's stand-alone balance sheet, the Net Asset Value ("NAV") of WI was \$21.9m as at 29 February 2020. In Datatec's consolidated annual financial statements these intercompany loans eliminated on consolidation, reflecting a higher NAV for the Westcon segment.

Datatec has agreed to convert \$80 million of Datatec PLC's loans to WI to equity, in order to improve the WI stand-alone balance sheet. A stronger stand-alone balance sheet will place WI in a better position to raise bank funding with improved commercial terms from its financiers. It will also improve WI's credit insurance rating.

There are no conditions precedent to the Transaction and the effective date is 19 June 2020, increasing Datatec PLC's shareholding in WI to 92.1%.

The minority partner in WI, SYNnex, did not participate in the capitalisation transaction, with the effect that their shareholding in WI reduced from 10% to 7.9%.

**Jens Montanana**, Datatec CEO, said:

***"This recapitalisation of Westcon International will strengthen its stand-alone balance sheet enabling it to obtain a better credit rating and improved commercial terms".***

### Financial effects of the Transaction

The value of the net assets and the profits attributable to the net assets that are the subject of the Transaction have been extracted from the stand alone unpublished management accounts for WI for the year ended 29 February 2020 and are shown in the table below:

	WI Stand alone
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	<b>29 February 2020</b> <b>US\$' 000</b>
<b>Net assets</b>	21 933
<b>Loss after tax</b>	(13 226)

Because these figures are from the stand-alone management accounts of WI they include intercompany loans, management fees and interest payable to other Datatec Group companies. Datatec is satisfied with the quality of the management accounts from which these stand-alone results have been obtained.

The WI net assets and loss after tax have been included in the audited results of the Datatec Group for the year ended 29 February 2020 with appropriate adjustments to eliminate the intercompany loans, management fees and interest. The Datatec Group results were prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS") in effect for the Group at 29 February 2020.

22 June 2020

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