

Datatec

Siticom, an investment in 5G private networks

Datatec's IT services arm, Logicalis, has announced the acquisition of Siticom, an engineering consultancy based in Germany with specialist expertise in enterprise 5G systems integration, including next-generation public and private networks and internet of things implementation. Siticom has 130 staff and historic revenues of c US\$24m. The consideration was not disclosed. For Logicalis, as well as strengthening its presence in Europe, the acquisition immediately makes it one of the few ITC groups with expertise in 5G systems integration, in line with the group's strategy to develop its software and services proposition. Siticom will form the basis for a European hub for advanced networking integration around 5G and cloud-based network interoperability. Logicalis aims to expand these skill sets across the group.

Year end	Revenue (US\$m)	PBT* (US\$m)	EPS* (c)	DPS (c)	P/E (x)	Yield (%)
02/19	4,214	79.1	9.9	7.00	23.0	3.1
02/20	4,109	73.1	13.6	7.27	16.8	3.2
02/21e	4,317	79.1	16.6	5.54	13.7	2.4
02/22e	4,548	101.6	25.2	8.40	9.0	3.7

Note: *PBT and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments.

5G is still an early-stage technology for enterprise connectivity, but is expected to become an increasingly important connectivity technology over the next decade. Siticom is vendor agnostic but has strong relationships with many of the industry's leading 5G technology providers, including Nokia, AirSpan, Druid Software and MetaSwitch (recently acquired by Microsoft). Clients include a number of the largest German telecoms groups.

Siticom was established in 2010 and delivers solutions to clients across Europe, including some of the world's largest telecoms groups, global financial market data providers and chemical park infrastructure operators. The company is based in Frankfurt with offices in Cologne, Munich, Dresden and Bruchsal.

Acquisition of Siticom

IT services

2 June 2021

Price **ZAR31.25**

Market cap **ZAR6.3bn**

ZAR13.75:US\$

Net debt (US\$m) at 28 February 2021 60.9

Shares in issue 200.45m

Free float 63%

Code DTCJ

Primary exchange Johannesburg

Secondary exchange N/A

Share price performance



Business description

Datatec is a South Africa-listed multinational ICT business, serving clients globally, predominantly in the networking and telecoms sectors. The group operates through three main divisions: Westcon International (distribution), Logicalis (IT services) and Analysys Mason (consulting).

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