

Datacraft Asia

FY2003 Full Year Results

18 Nov 2003



Agenda



▲ Chairman Patrick Quarmby

▲ Introduction

▲ CEO Bill Padfield

▲ Overview of FY03, 2H03

▲ Financial Highlights

▲ Operational Highlights

▲ Future Outlook

▲ Q&A

FY03 - A Year Of Change



- ▲ External drive to expand revenue streams
 - ▲ Customer satisfaction top priority
 - ▲ Beat FY02 CS rating and over-achieve FY03 target
 - ▲ New technology partnerships – EMC, Microsoft
 - ▲ Broadened and deepened solution offerings – Surveyor Secure, Network Storage, Customer Interactive Solutions, Assure
- ▲ Completed rationalisation exercise
 - ▲ Divested cabling operations in Singapore & Philippines
 - ▲ Restructured and significantly down-sized iCommerce operation with remaining skill sets integrated into professional services
 - ▲ FY04 to see further benefits

FY03 - A Year Of Change (*cont'd*)



- ▲ Internal drive to optimise corporate structure and strengthen financials
 - ▲ New GTM - leaner, simpler and unified structure
 - ▲ Productivity focus - detailed performance measurement metrics
 - ▲ Strengthened management team
 - ▲ Headcount/Expense reductions
 - ▲ Balance sheet and liquidity focus

2H03 Overview



- ▲ H2 results in line with 14 May guidance
- ▲ Business volume stabilised in H2
 - ▲ Customers remained cautious
 - ▲ Weak Q3 offset by stronger Q4
 - ▲ SP sector – pockets of strength in VoIP, iBOSS
 - ▲ Enterprise – security and call centre integration/IPC saw good demand
 - ▲ Storage makes initial contribution
 - ▲ Strong competition from IBM, HP
- ▲ Sequential improvement in operating profit
 - ▲ H2 \$3.1m operating profit vs H1 \$0.4m

2H03 Overview (*cont'd*)



- ▲ Strong cashflow and healthy balance sheet
 - ▲ Generated US\$40m from operations – highest ever
 - ▲ Net cash increased to US\$66m
 - ▲ Inventory, A/R further improvements
- ▲ Mixed performance across regions
 - ▲ India had another outstanding performance
 - ▲ Japan turned profitable in H2
 - ▲ Korea, China remained challenging but losses narrowing
- ▲ Slight improvement in GM
 - ▲ Pricing pressure and investments in service resources offset by tight cost management
 - ▲ 15.8% in H2 vs 15.6% in H1

2H03 Overview (*cont'd*)



- ▲ Rationalisation & disposal
 - ▲ Disposal of EMS (cabling business) in Singapore
 - ▲ Finalised integration of iCommerce operations
- ▲ Tentative signs of recovery towards end of Q4
 - ▲ Growing monthly orders and backlog
 - ▲ Increased wins of multi-year annuity service contracts

H2 Performance Against 14 May Guidance



| What We Said | H2 Results |
|--|--|
| <p>Volume looks roughly flat</p> <p>Operating profitability to improve if revenue maintained at US\$80-85m/quarter</p> <p>Further headcount reductions will be minimal</p> <p>Aim to return all regions to profitability</p> | <p>H2 revenue ↓ 3% from H1 SARS impacted Q3 offset by recovery in Q4</p> <p>\$3.1m operating profit vs \$0.4m in H1</p> <p>Headcount 1141 vs 1208 at end of H1</p> <p>Japan turned profitable Recovery progress in Korea, China slower than expected</p> |

H2 Performance Against 14 May Guidance (*cont'd*)



| What We Said | H2 Results |
|--|---|
| Balance sheet & cash focus to continue | AR ↓ 6% sequentially Net cash ↑ 32% sequentially Generated positive operating cash US\$23.4M in H2 vs US\$16.2M in H1 |

Financial Highlights



Full Year Results Summary – Continuing Operations

(excluding GW, EI)



| Performance (US\$m) | FY03 12 months to Sep03 | FY02 12 months to Sep02 |
|--------------------------------|--|--|
| Revenue | 328.7 | 404.9 |
| EBITDA | 12.3 | 26.5 |
| PBT | 3.5 | 16.2 |
| PATMI | -1.0 | 7.9 |
| EPS (US cents) | -0.2 | 1.7 |
| NTA (US cents) | 36.0 | 36.4 |

Reconciliation with Statutory PBT for 12-month period to Sep 2003



| | US\$M |
|--|---------------|
| Statutory PBT | (12.2) |
| Amortisation of goodwill | 3.8 |
| Exceptional items | |
| - Restructuring charges | 4.1 |
| - Non cash asset impairment | 7.8 |
| | ----- |
| PBT on continuing operations (excl GW, exceptional items) | 3.5 |
| | ===== |

6 Months Results Summary – Continuing Operations

(excluding GW, EI)

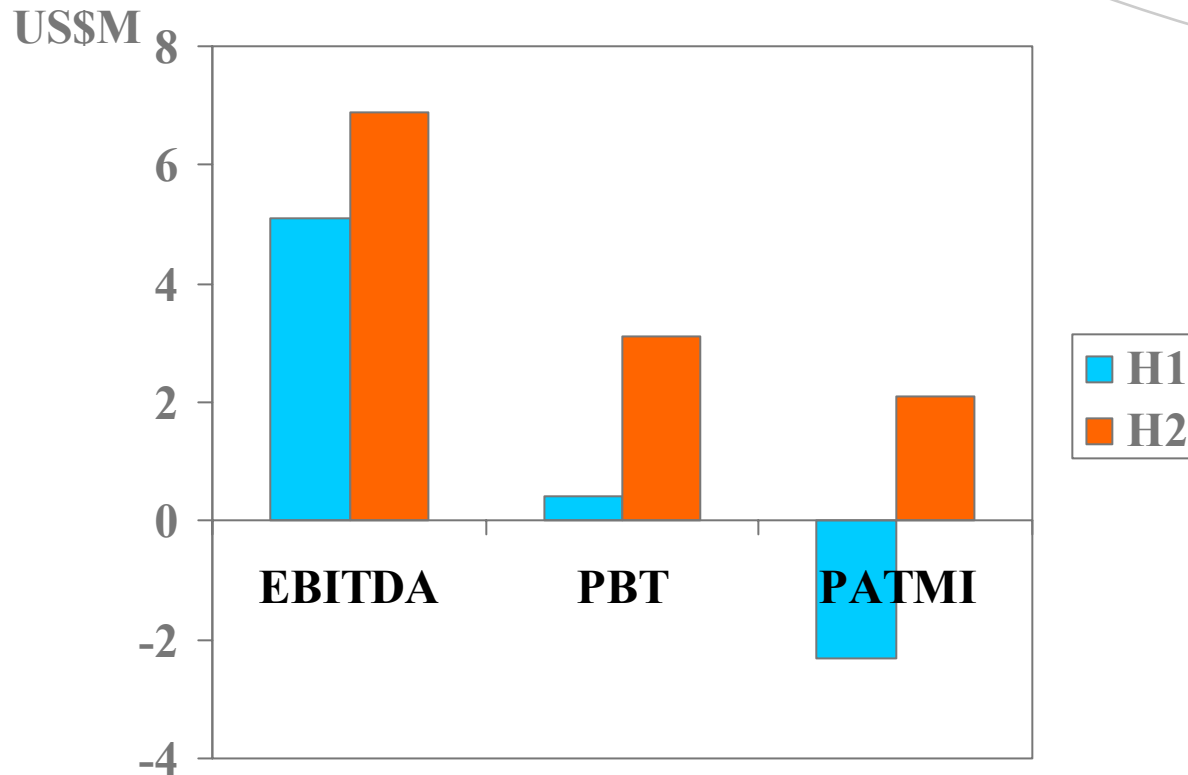


| Performance (US\$m) | H2 6 months to Sep03 | H1 6 months to Mar03 | HoH % Change |
|----------------------------|---------------------------------|---------------------------------|-------------------------|
| Revenue | 161.9 | 166.8 | -3% |
| EBITDA | 7.1 | 5.1 | +38% |
| PBT | 3.1 | 0.4 | >7x |
| PATMI | 1.4 | -2.3 | -- |
| EPS (US cents) | 0.3 | -0.5 | -- |
| NTA (US cents) | 36.0 | 34.6 | +4% |

6 Months Results Summary – Continuing Operations



(excluding GW, EI)



Operating Ratios – Continuing operations



(excluding GW, EI)

| Margins | H2 6 months to Sep03 | H1 6 months to Mar03 |
|----------------|-------------------------------------|-------------------------------------|
| EBITDA | 4.4% | 3.1% |
| PBT | 1.9% | 0.2% |
| PATMI | 0.8% | -1.4 % |

Balance Sheet Highlights



| (US\$M) | 30/09/03 | 30/09/02 | Change |
|-----------------------------|-----------------|-----------------|---------------|
| Fixed Assets | 17.2 | 21.7 | -21% |
| Trade Debtors | 99.8 | 131.8 | -24% |
| Inventory | 14.0 | 17.0 | -18% |
| Net Cash | 65.7 | 39.8 | +65% |
| Shareholders' Equity | 184.9 | 191.4 | -3% |

Cash Flow Summary



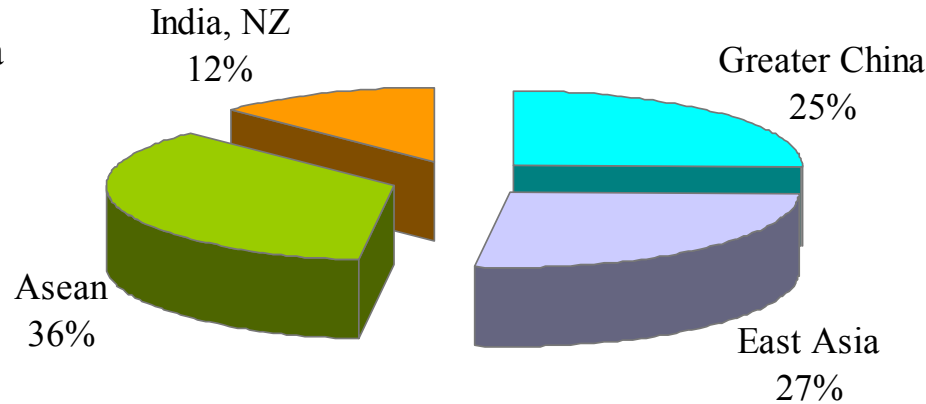
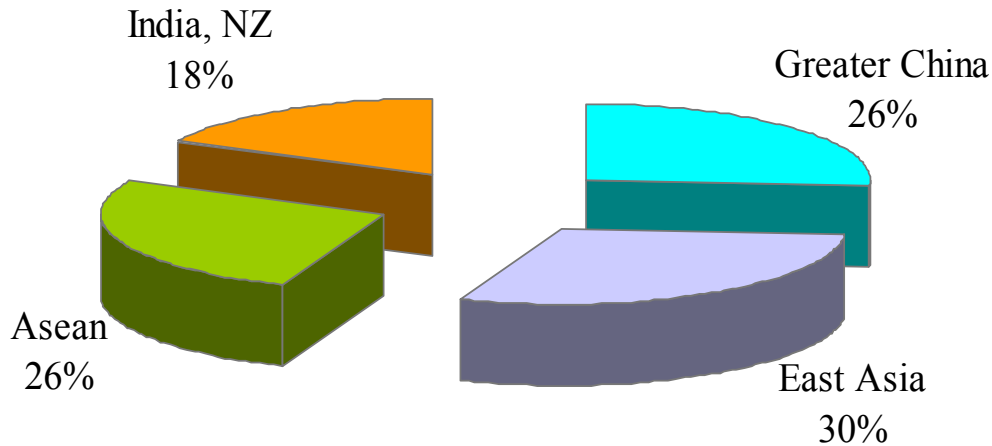
| 12 months to Sep 2003 | US\$M |
|---------------------------------------|--------------|
| Beginning Net Cash | 39.8 |
| Capital Expenditure | (5.4) |
| Investments / Others | (8.3) |
| Cash generated from operations | 39.6 |
| | ----- |
| Ending Net Cash | 65.7 |
| | ===== |

Revenue by Geographic Regions



FY2003

FY2002



Revenue by Divisions



| | Telecom | Enterprise | Services |
|-----------|---------|------------|----------|
| 96/97 | 39% | 43% | 18% |
| 97/98 | 44% | 36% | 20% |
| 98/99 | 39% | 39% | 22% |
| 99/00 | 31% | 43% | 26% |
| 00/01 | 29% | 39% | 32% |
| 01/02 Sep | 31% | 31% | 38% |
| 02/03 | 22% | 40% | 38% |

Operational Highlights



Major Geographies - Performance and Outlook



- ▲ All countries profitable except China, Korea and iCommerce
- ▲ China –slow but steady recovery. More balanced SP/Enterprise mix. On track to turn profitable in FY04
- ▲ Hong Kong, Taiwan – creditable performance in light of tough economic environment not helped by SARS. Expect to improve along with economic upturn.
- ▲ Korea – restructuring exercise reduced losses substantially year-on-year. Expect to continue improvement in FY04.
- ▲ Japan – good turnaround in H2. Expect to continue improvement.
- ▲ Singapore – restructuring efforts yielded good results. Expect to contribute well in FY04.
- ▲ India – very strong FY03 powered by banking infrastructure and call centres buildout. Overtook Wipro to become leading SI in India for the first time. Expect to remain strong in FY04

Key Business Wins in H2 FY03



Service Provider

- ▲ KT (Korea Telecom) - US\$6M+ contracts
 - ▲ US\$4M iBoss and professional service project for a traffic monitoring and provisioning system
 - ▲ US\$2.4M optical network infrastructure
- ▲ Hubei Telecom (China) - US\$3M IP MAN infrastructure involving professional, managed and training services
- ▲ Largest GSM operator in Indonesia - US\$3M IP backbone infrastructure
- ▲ Hanaro Telecom (Korea) - US\$3M IP broadband backbone infrastructure
- ▲ Thrunet (Korea) - US\$2M core network upgrade involving professional and managed services
- ▲ TOT (Thailand) – a two year US\$1.6M managed services contract for a VOIP network

Key Business Wins in H2 FY03



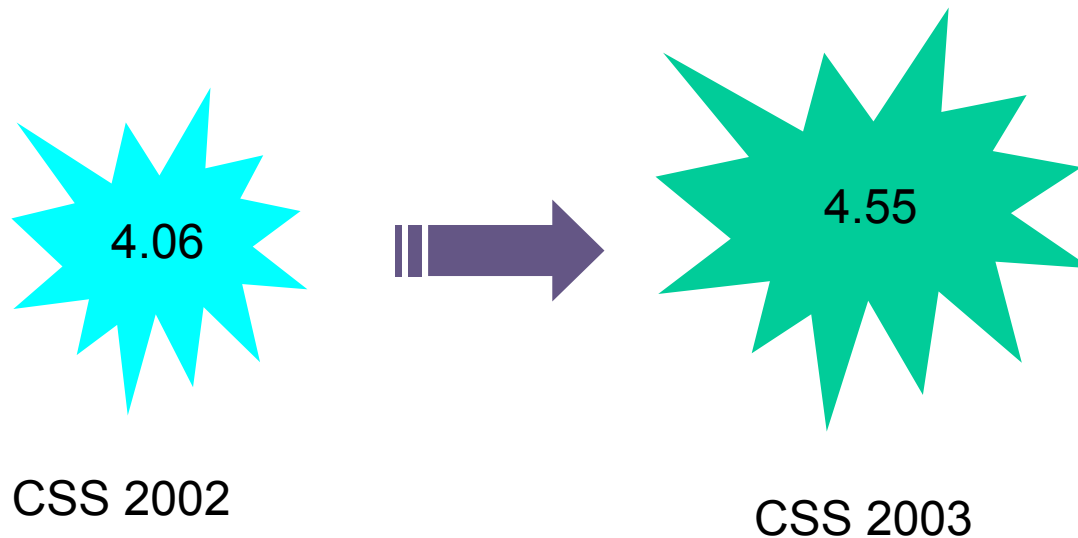
Enterprise

- ▲ Citigroup – US\$8M 40-month managed services annuity contract covering 16 countries in APac. One of largest MS contracts ever won
- ▲ SBI Phase 2 – US\$29M follow on contract after US\$18M Phase 1
- ▲ Conglomerate (Korea) - US\$6.4M gigabit backbone network involving professional and managed services.
- ▲ Leading global financial institution (Japan) – US\$2M IPT project with professional and managed services
- ▲ Government agency (Japan) – US\$1.8M network infrastructure with managed services
- ▲ European automotive major (Malaysia) – US\$1.5M network infrastructure with security and managed services
- ▲ Prefecture in Japan – US\$1.2M network upgrade with managed and professional services
- ▲ Citigroup (Taiwan) – US\$1M network infrastructure with managed and professional services

Customer Satisfaction Survey



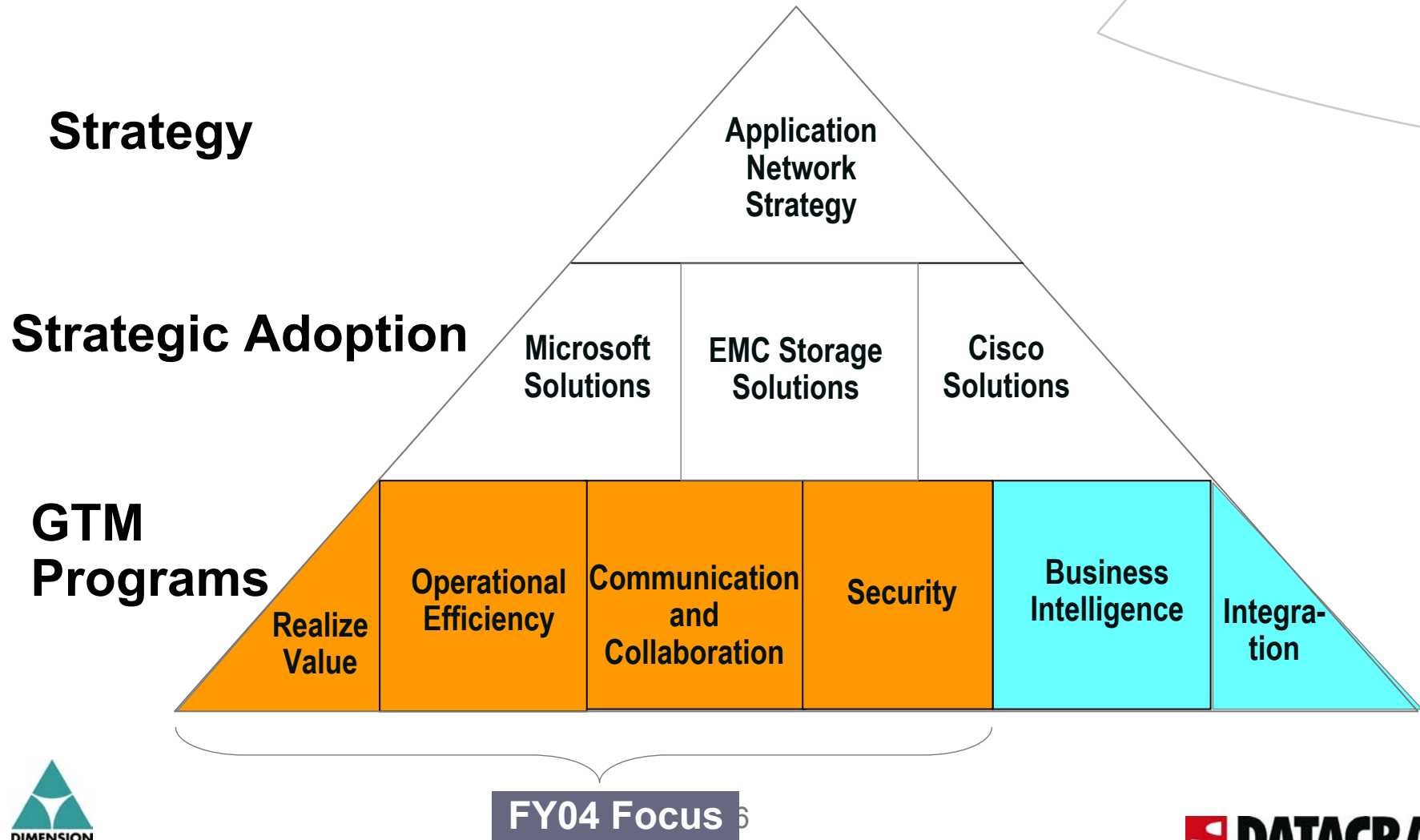
- ▲ Customer satisfaction remains key priority
- ▲ Annual CSS conducted by independent research consultant (The Research Pacific Group)
- ▲ Statistically notable improvement in 2003 over 2002, despite internal organisational restructuring and difficult market.
- ▲ Over achieve target of 4.5



Datacraft & Microsoft



Datacraft GTM Programs



Strategic Synergy – Datacraft & Microsoft



▲ Complementary Strategy

- ▲ Plays to Datacraft's strength as market becomes increasingly IP-centric
- ▲ Datacraft's Application Network Strategy is aligned with Microsoft .NET Strategy
- ▲ Our Microsoft program complements existing Cisco and EMC solutions

▲ Strong presence and skills in infrastructure

- ▲ Datacraft has strong market recognition and skills in infrastructure solutions
- ▲ Microsoft will focus on the Infrastructure market over the next 18 months as it attempts to drive the take-up of its new server solutions

▲ Large established client base

- ▲ We have a large established client base that will benefit from Microsoft solutions

▲ Global Strategic Partner of Microsoft

- ▲ Datacraft and Dimension Data are not aligned with any major competitor of Microsoft

Future Outlook



Future Outlook



▲ Management focus in FY04

- ▲ Enhance Managed Services productivity
- ▲ Grow Professional Services contribution
- ▲ Drive revenue growth in China
- ▲ Improve gross margins in Korea
- ▲ Capitalise on robust demand in India
- ▲ Build on and further develop Cisco, EMC, Microsoft partnerships

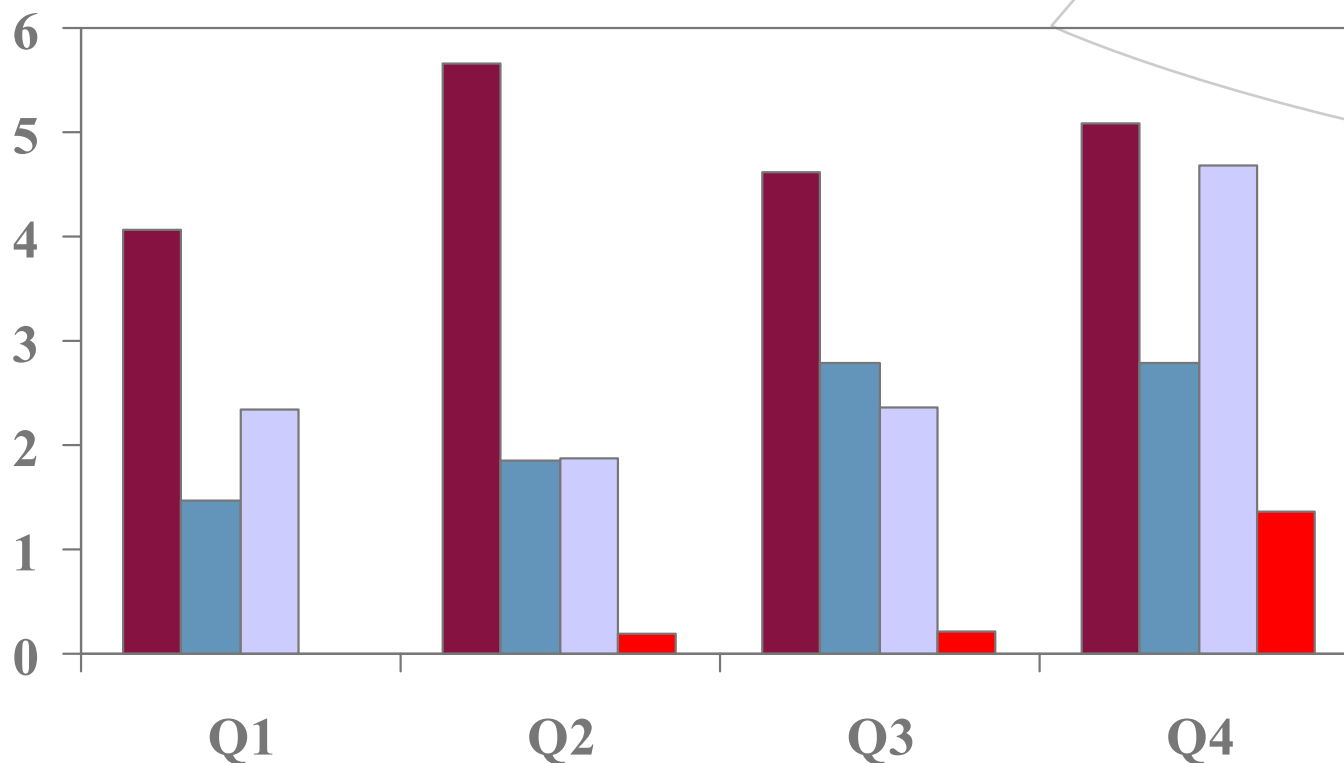
▲ Earnings to improve in FY04

- ▲ Signs of improvement in economic environment
- ▲ Improved utilisation
- ▲ iCommerce no longer a drag
- ▲ Contribution from China
- ▲ Continued improvement in Korea
- ▲ Increased solutions focus

Solution Group Performance (FY03)



Revenue
US\$M



■ iSecure ■ iBOSS ■ IPC ■ Storage

Future Outlook (*cont'd*)



- ▲ FY04 – cautiously optimistic
 - ▲ Initial signs of pick-up in demand
 - ▲ Monthly orders, backlog at highest level in last 12 months
 - ▲ Large multi-year annuity service contracts on the rise
 - ▲ CIO surveys suggest IT spending will improve in 2004, albeit modestly
 - ▲ Merrill Lynch CIO Survey Sep 03 : +3%
 - ▲ Goldman Sachs IT Spending Survey Nov 03 : +1-2%
 - ▲ Enterprise IT Spend lags economic recovery

THANK YOU

