



Interim Results Media Release

CARTRACK SEES A STRONG DEMAND FROM FLEET OWNERS AS ITS SOFTWARE PLATFORM DELIVERS RESILIENT GROWTH

FINANCIAL RESULTS FOR THE HALF YEAR ENDED 31 AUGUST 2020

HIGHLIGHTS

- Subscription revenue of R1,068 million (HY20: R897 million), up 19%
- Subscription revenue is 98% of the total revenue and growing (HY20: 96%)
- Total revenue of R1,086 million (HY20: R938 million), up 16%
- Operating profit of R368 million (HY20: R316 million), up 16%
- Operating profit margin of 34% (HY20: 34%)
- EBITDA of R577 million (HY20: R480 million), up 20%
- EBITDA margin of 53% (HY20: 51%)
- Basic earnings per share ('EPS') of 87.2 cents, up 21%
- Headline EPS ('HEPS') of 87.2 cents, up 21%
- Cash generated from operating activities of R467 million (HY20: R414 million), up 13%
- Half-year dividend per share of 87 cents (HY20:20 cents), [up 335%]

14 October 2020: Cartrack Holdings Limited (Cartrack), a leading global provider of mobility solutions for asset management, asset recovery and workforce optimisation, today reported a solid set of half year results with robust year-on-year subscriber growth of 13% to 1,175,173 (HY20: 1,038,970).

The company, which operates in 23 countries and 5 continents, increased Headline Earnings Per Share (HEPS) by 21% and delivered a strong performance across all of its key-growth-metrics. Subscription revenue grew by 19%, from R897 million to R1,068 million and total revenue is up by 16% to R1,086 million (FY20: R938 million).

These strong results are achieved despite the limited capacity to install the in-vehicle IoT technology due to the imposed Covid-19 operating restrictions.

The Group continues to deliver an industry-leading EBITDA margin of 53% (HY20: 51%) and an operating profit margin of 34% (HY20: 34%). Operating profit increased by 16% to R368 million

from R316 million at HY20, with a basic EPS of 87.2 cents (HY20: 72.3cents), up 21% on the prior year.

Zak Calisto, founder and Group Chief Executive Officer, commented on the results: *“This reporting period was materially affected by a substantial number of our loyal customers facing cash flow and operational difficulties due to the severe global lockdowns and travel restrictions. We stood by our customers and afforded them all reasonable assistance where possible. Despite this, the Group has continued to experience strong demand for our Software-as-a-Service “SaaS” platform. The latter months of the period have seen us record two of our best months of new subscriber additions.*

As our telematics Software-as-a-Service platform delivers essential real-time data, visibility and impact for any fleet operator, we are experiencing an increase in demand by medium and large fleet managers and owners.”

REGIONAL OVERVIEW

Cartrack’s competitive value proposition, platform expansion, customer acquisition and distribution methodology has created strong barriers to entry against its competitors in most of the territories in which it operates. These markets remain materially underpenetrated with significant growth potential.

Despite the operational restrictions and the Covid-19 associated costs, **South Africa** delivered solid subscription revenue growth of 17% from R655 million to R763 million and a subscriber growth of 13%. The South Africa segment delivered EBITDA of R438 million (HY20: R386 million) with a year-on-year growth of 14%, at an EBITDA margin of 57% (HY20: 56%).

Asia Pacific is the second largest revenue contributor and the fastest growing segment in the Group, with subscription revenue up by 33% from R105 million to R140 million and a subscriber growth of 28%. Despite the operational and travel restrictions and the Covid-19 associated costs, the segment delivered an EBITDA of R55 million with strong growth of 66%, from R33 million in the prior period. The Asia Pacific region presents the greatest potential in the medium to long term as markets remain considerably underpenetrated due to fragmented market participants delivering entry-level offerings.

The **European** segment delivered subscription revenue growth of 34% from R81 million to R109 million with a subscriber growth of 11%. The segment recorded an EBITDA of R60 million (HY20: R42 million) with growth of 43%, at an EBITDA margin of 54% (HY20: 50%). This achievement is a result of Cartrack’s proprietary systems delivering increased productivity and reduced operational costs for its customers.

Cartrack continues to evaluate its strategy to expand into the rest of Europe.

The subscriber base in **Africa (excluding South Africa)** grew by 2% and subscription revenue for the period was flat at R54 million (HY20: R54 million). The region recorded an EBITDA of R23

million (HY20: R22 million) with growth of 6% and remains a positive cash generator and strategic to our operations in Southern Africa.

Cartrack's investment in the **United States** continues to yield many key insights that have positively contributed to the Group and remains strategic in nature.

OUTLOOK FOR FY21 with COVID-19

Although Cartrack operates with great resilience, the operational and travel restrictions imposed due to COVID-19 has impacted on the Group's HY21 results predominantly due to limited capacity to install the in-vehicle IoT technology and the inability to deploy talent currently in Singapore into the Asia Pacific region.

Whilst difficult to quantify, Cartrack's current assumption is that the disruptions caused by COVID-19 will have less of an impact on Q3 and Q4 of FY21 and that new subscriber add-ons and subscription revenues will likely experience solid growth when compared to HY21.

The Group operates as a key "must have" service to its customers, driving efficiency through a digital transformation platform. Its vertically integrated business model is well positioned to weather the COVID-19 storm with an unleveraged balance sheet and 98% of revenues being recurring in nature.

Cartrack remains focused on innovation for smart mobility, actionable business intelligence and the expansion of the Internet of Things while benefiting from the megatrend of connectivity and digital transformation. Management's medium- and long-term outlook is that growth will be in keeping with the Group's well-established track record.

The situation regarding COVID-19 is continuously evolving and Cartrack will diligently evaluate the potential impact on its business. In the circumstances it is believed to be prudent and responsible not to share a firm FY21 outlook.

The full SENS is available at www.cartrack.co.za.

Ends

FOR THE EDITOR:

ABOUT CARTRACK

Cartrack is a leading global Software-as-a-Service "SaaS" platform provider for small, medium and large businesses and consumers needing a software platform for data analytics to optimise fleets, driver behaviour, insurance risk, safety and asset recovery. Data analytics remain Cartrack's primary offering while growing its artificial intelligence and value-added services to

deliver a tangible return on investment to its subscribers. Cartrack is also renowned for its agility and speed in developing innovative, first-to-market solutions that are aimed at further enhancing customer experience.

Cartrack's impressive organic growth since being launched in 2004 has resulted in an extensive footprint in 23 countries across Africa, Europe, North America, Asia Pacific, and the Middle East. With an active subscriber base now in excess of 1.175 million, the Group ranks among the largest of its peer companies globally.

Cartrack is a vertically integrated service-centric organisation owning all its unique intellectual property and business processes ranging from in-house design, device and software development, mobile-technical-workshops and sales. Hence, Cartrack is in full control of delivering a superior service while also protecting its industry-leading margins and clean balance sheet.
