

# Cartrack's imminent entry into US part of its global expansion

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**AN EXPANSION** into the US market by listed fleet management, stolen vehicle recovery and insurance telematics group Cartrack is imminent.

Cartrack global chief executive Zak Calisto confirmed this yesterday, adding the US could easily become the group's biggest operation within the next eight years.

The imminent entry into the US market forms part of Cartrack's international expansion drive that has resulted in the group opening operations in six countries in Asia and the Middle East last year.

Calisto said the group was merely getting its systems and regulatory approvals ready before entering the US market.

He said Cartrack would establish operations first in California, which he described as the biggest economy in the world, and use it as the springboard for the group's expansion into the rest of the US.

Calisto said the rationale for entering the US was that Cartrack's technology and pricing was good and the market was under-penetrated.

He said average market subscriptions in the US was about \$40, which in rand terms amounted to about R629 a month per subscriber compared to the group average subscription of R150 a month per subscriber.

Cartrack last year established operations in Indonesia, Malaysia, Hong Kong, the Philippines, Thailand and the UAE (United Arab Emirates) using its well-established office in Singapore as the hub. Calisto confirmed the group had also entered the Australian and New Zealand markets through a licensee agreement, which included an option for the group to buy up to 51 percent of the equity in the operations within the first five years using a predetermined formula.

Cartrack in the year to February grew revenue by 20 percent to R1 billion from R834.8 million.

Revenue from international operations grew by 25 percent to R256.9m.

Calisto said all regions contributed to this growth, with revenue from international operations accounting for 26 percent of Cartrack's total revenue and South Africa 74 percent.

He said there was still a lot of upside to Cartrack's growth in South Africa but would over the next three to four years like to grow the contribution of international operations to group revenue to 50 percent.

Cartrack yesterday reported a 27 percent growth in headline earnings a share to 81c in the year to February from 64c in the previous year.

Operating profit improved by

almost 19 percent to R344.8m from R290m. There was a net R13m positive impact on Cartrack's total consolidated profit before tax during the year from currency fluctuations.

A final cash dividend a share of 35c was declared, increasing the dividend for the year to 55c, which is 20 percent higher than the previous year.

Cartrack's global active subscriber base grew by 17 percent or about 72 000 units to 502 849 units in the year.

But Calisto said there was considerable churn in the group's subscriber base, particularly in Africa for subscribers of services at the lower end of the price spectrum, because of economic conditions on the continent.

Calisto said the group would have added 94 000 subscribers during the year were it not for debt defaults and write-offs.

The subscriber base in Africa still increased by 10 percent despite this churn, revenue by 22 percent and operating profit by 29 percent to R56.5m.

Calisto said despite the global economic and foreign exchange uncertainties, Cartrack expected solid growth in the current financial year in keeping with the group's track record.

The company's share price was unchanged at R9.50 at the close on the JSE yesterday.