



### CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS 2019

FOR THE SIX MONTHS ENDED 31 AUGUST 2018

ABOUT CARTRACK

STRATEGY REVIEW

FINANCIAL PERFORMANCE

SEGMENT PERFORMANCE

OUTLOOK AND QUESTIONS



### ABOUT CARTRACK



## A LOW-RISK FINANCIAL MODEL AND PROVEN TRACK RECORD



### **CAPITALISING ON ACCELERATED GROWTH**

#### **Economies of scale**

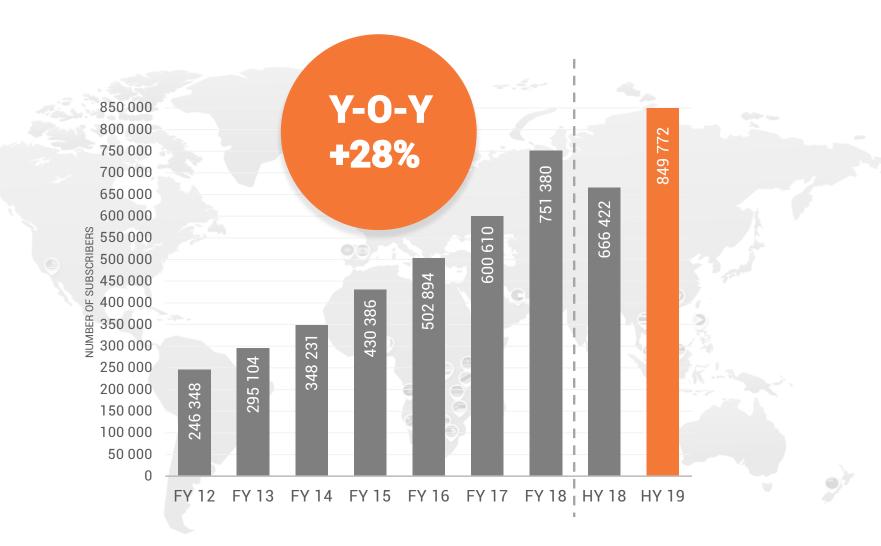
Strong customer retention with a life cycle of more than 64 months

Large rapidly growing subscriber base supported by a proven ability to distribute

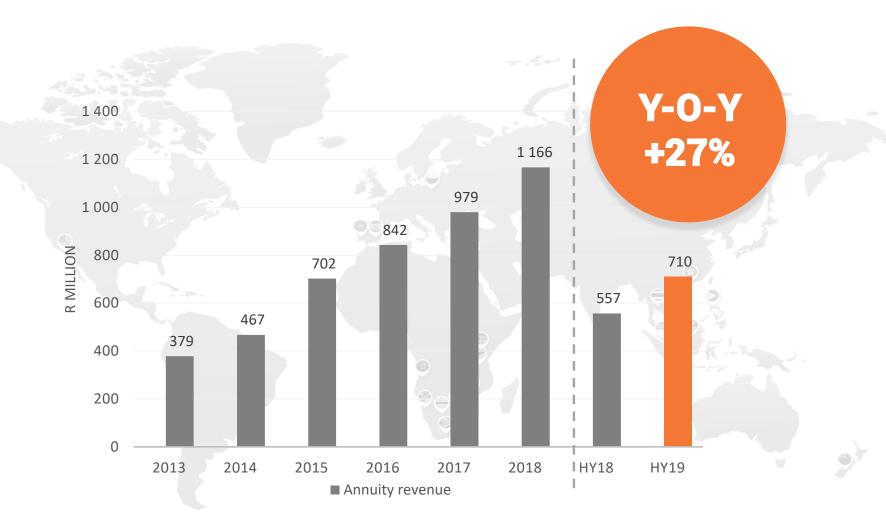
Highly scalable business model and technology platform

**Vertical integration supports margins** 

### **ACCELERATED SUBSCRIBER GROWTH**



### **ANNUITY REVENUE GROWTH**



### **GROWTH DRIVERS**



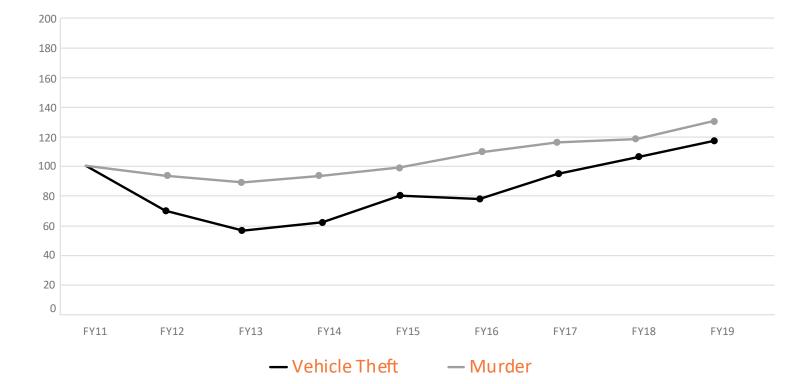
## **SOURCE OF BUSINESS**



## **BARRIERS TO MARKET**



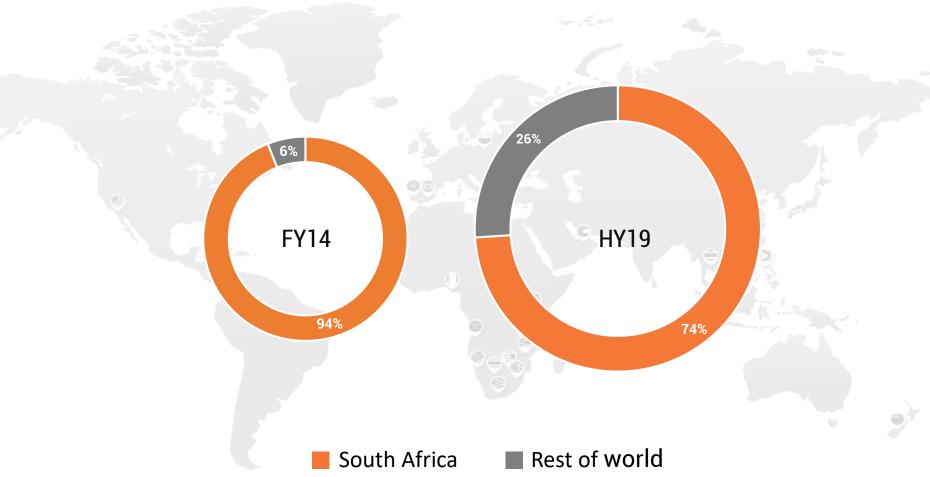
### **CRIME STATISTICS IN SOUTH AFRICA**



- Source
- Vehicle (Cartrack)
- Murder (SAPS)

# STRONG PROGRESS WITH GLOBAL DIVERSIFICATION

### **Annuity Revenue**



# **NEW ACCOUNTING STANDARDS**

With adoption of the new accounting standards, comparisons to HY18 are not entirely comparable

# HY18

Previous accounting standards did not adequately align revenue with associated costs and depreciation, hence distorted year-on-year profit comparisons for highgrowth companies like Cartrack

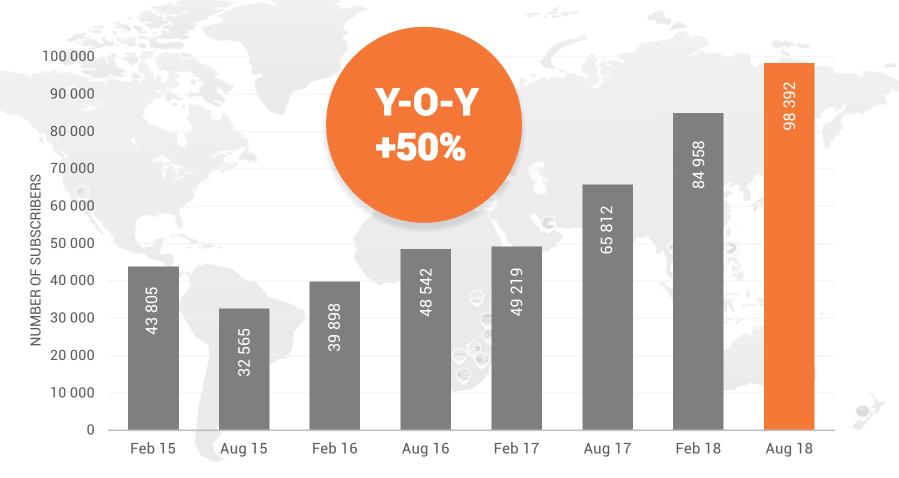
# HY19

New accounting standards better align reporting of Cartrack's results to it's competitors and will allow for substantially improved year-on-year comparison due to depreciation now aligning revenue over the life expectancy of the installation



### **ACCELERATING GROWTH IN SUBSCRIBERS**

### Net additional subscribers for every six months since listing



Revenue lags subscriber growth - the full benefit follows in the financial year after the initial sale

# AGE OF OUR ACTIVE SUBSCRIBER BASE AS AT HY19

Accelerated growth no longer has a negative impact on earnings with the new accounting standards

Less than 1 year.

More than 1 year and less than 2 Years: 217, 000 (25,5%)

More than 2 years and less than 3 Years: 106, 000 (12,5%)

More than 4 Years:

Total

227,000 (26,7%)

300,000 (35,3%)

850,000 (100%)

73.3%

Significant upgraded proprietary customer centric platform will allow improved operational efficiencies to deal with accelerated growth

Improving operational efficiencies

Lowering the cost of customer acquisition

## **WHAT WE OFFER INVESTORS**

A well-established, experienced and stable management team

Strong cash flow generation and cash conversion and low financial leverage.

Annuity-based business model provides strong visibility of earnings

A large, geographically diverse and active subscriber base

A proven track record of profitability and strong financial metrics

An industry leader in terms of profitability and competitive power

A well-established and scalable platform for growth in a underpenetrated market.









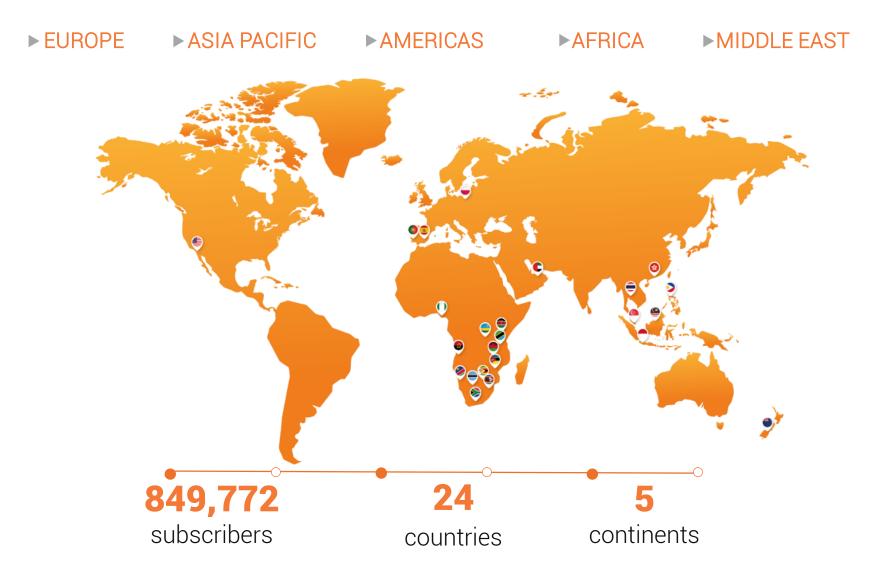


### STRATEGY **REVIEW**

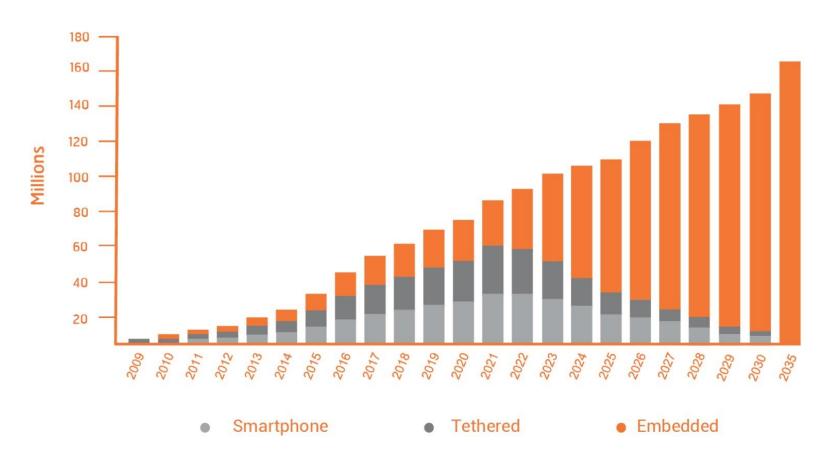




### AMONG THE LARGEST TELEMATICS COMPANIES GLOBALLY



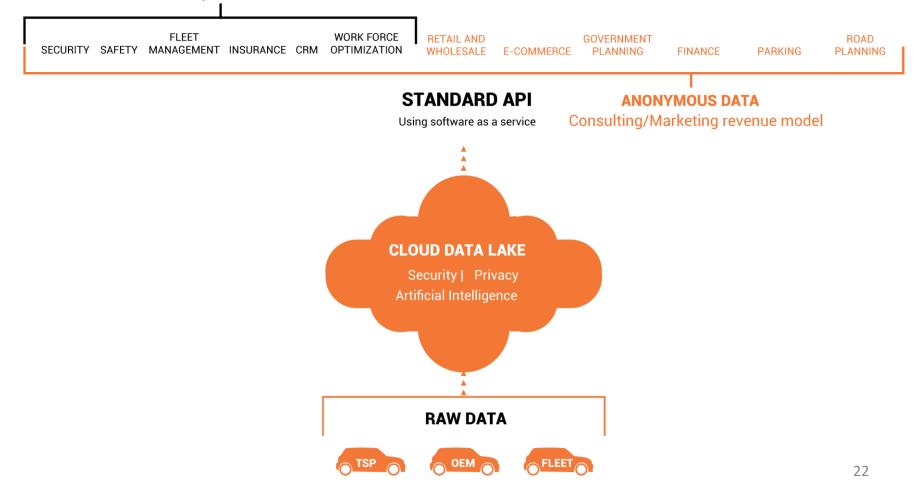
### **GLOBAL CONNECTED-CARS**



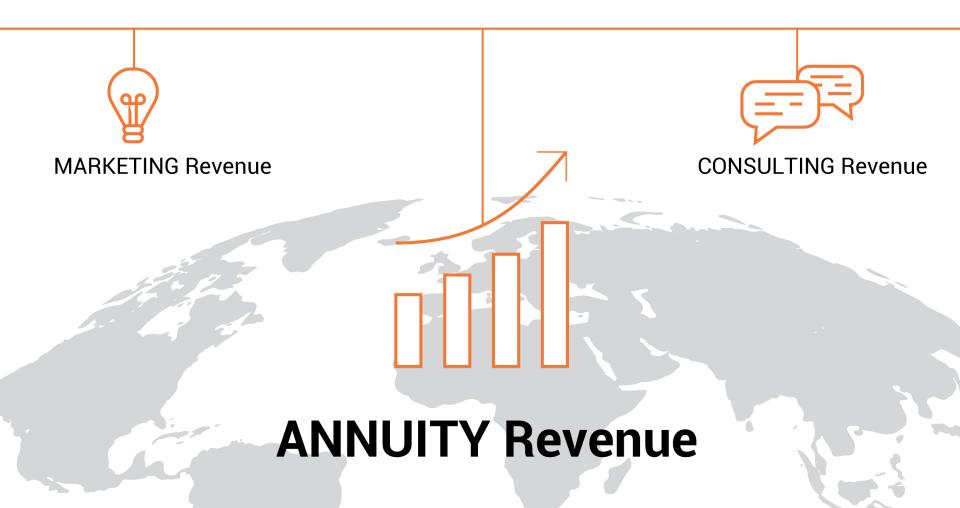
### THE CARTRACK CONNECTED-CAR BUSINESS MODEL

#### SOFTWARE AS A SERVICE IDENTIFIED CUSTOMER DATA

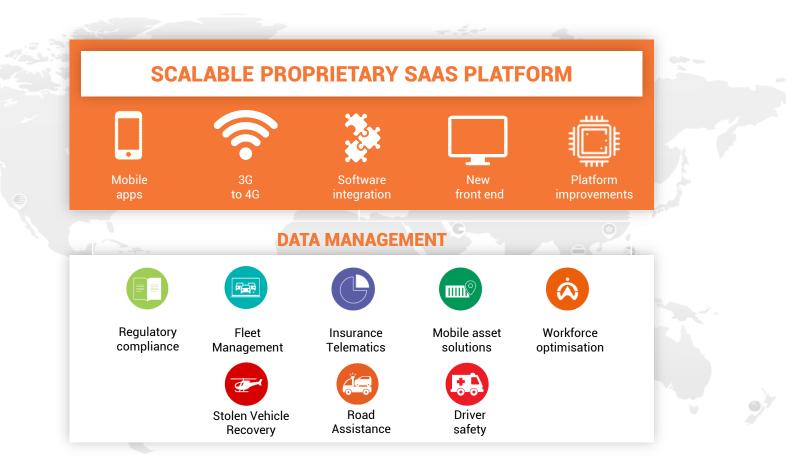
Annuity revenue model



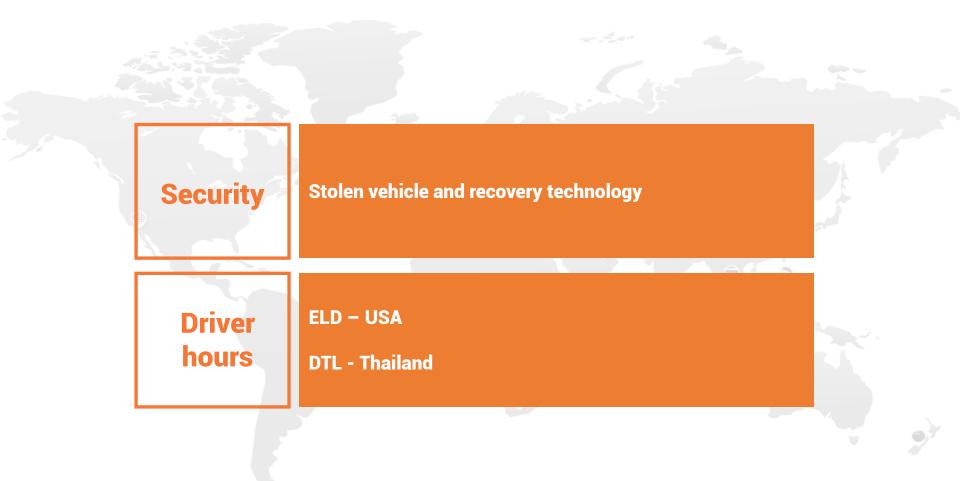
### **WE SHARE OUR REVENUE WITH OUR PARTNERS**



### WHAT WE DO



### **DEVICE-AS-A-SERVICE**

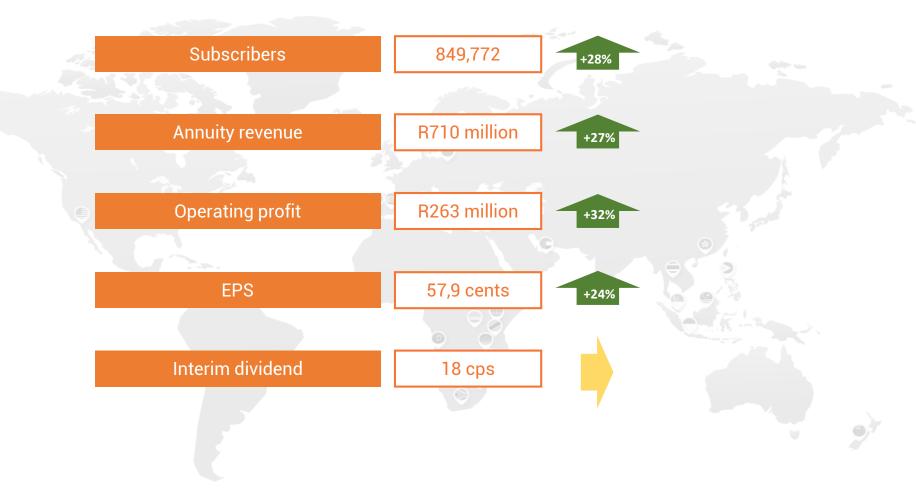




### FINANCIAL **PERFORMANCE**



## **ROBUST HY19 PERFORMANCE GEARED FOR GROWTH**



## **THE NEW IFRS STANDARDS**

### Revenue and costs are now aligned



The group now treats cash sales in the same manner as rental sales

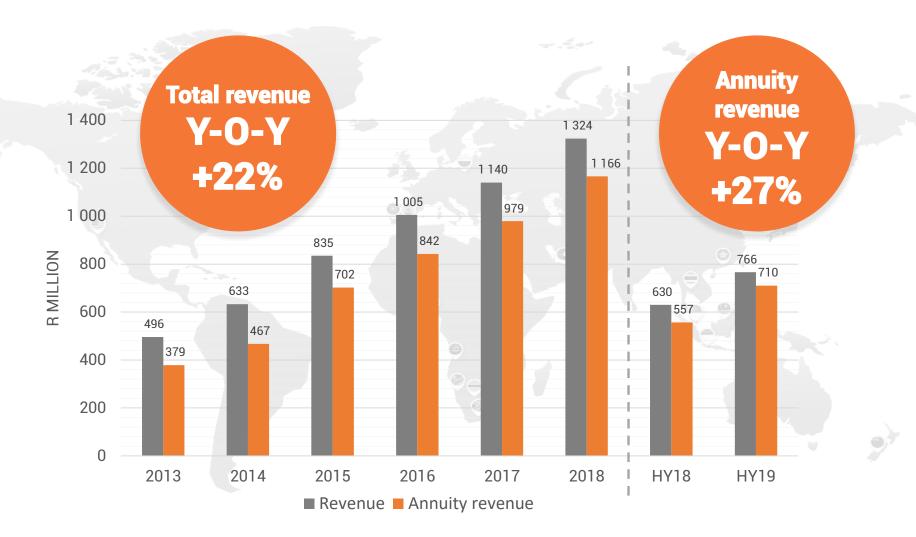


The capitalised cost of unit and incremental acquisition costs will now depreciate over a period of between 12 to 60 months, which is now in line with the expected life cycle of a unit

**S** Revenue

Similarly, revenue recognised over a period of between 12 to 60 months is now in line with the expected life cycle of a contract

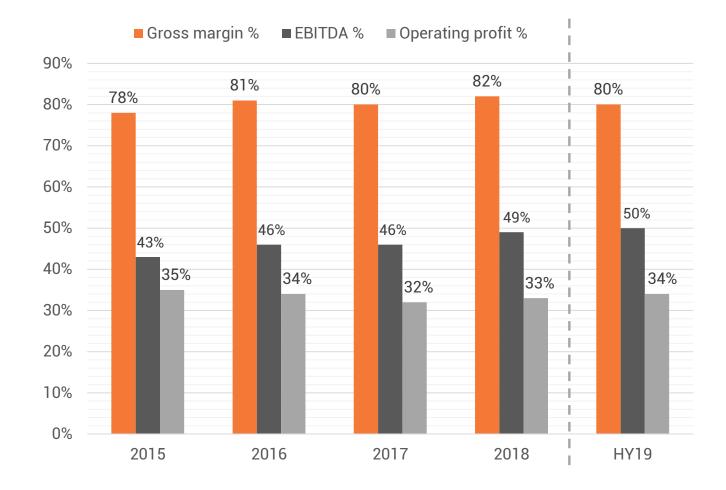
## **REVENUE GROWTH**



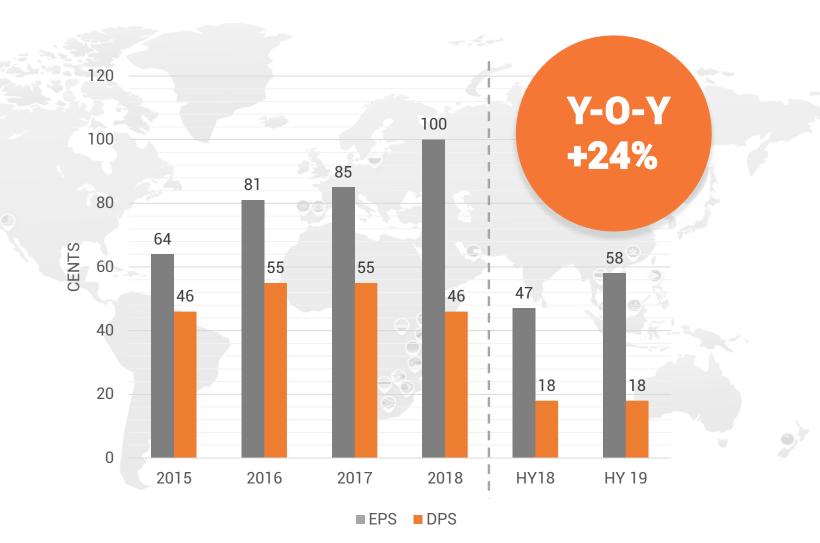
### **EBITDA GROWTH**



### **CONSISTENT INDUSTRY LEADING MARGINS**



### **EARNINGS AND DIVIDENDS**



### **STRONG BALANCE SHEET**

# **POSITIONED FOR GROWTH**

Strong cash generation Clean, uncomplicated Balance Sheet



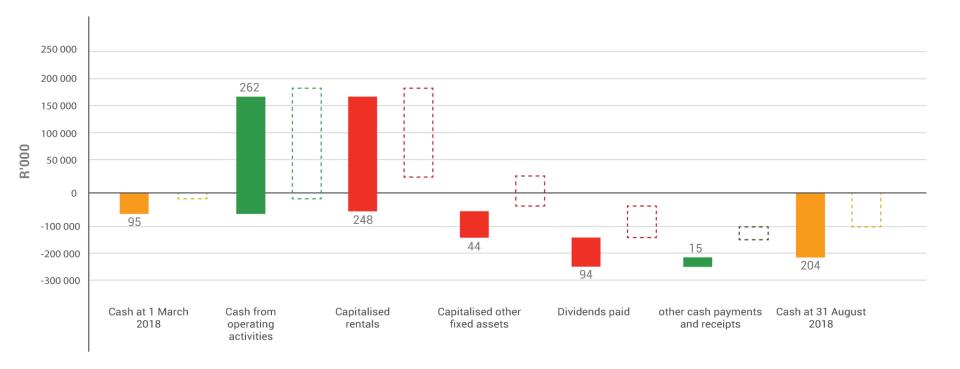
New asset class Contract asset

Inventory levels geared for growth

Clean debtors book **33 days** 

Gearing for organic growth

### **CASH GENERATED AND UTILISATION**



Clear dashed items represents HY18 comparatives



### SEGMENT **PERFORMANCE**



### **SEGMENT PERFORMANCE SUMMARY**



	Key metrics and growth percentages										
N (		South Africa		Africa – Other		Europe		Asia Pacific & ME		United States	
	ZAR	R'000	Change	R'000	) Change	R'000	Change	R'000	Change	R'000	Change
	Subscribers ('000)	654	30%	Ę	55 (2%)	79	23%	61	43%	1	68%
	Annuity Revenue	518 840	26%	50 54	40 7%	67 331	28%	71 724	54%	1 998	758%
	EBITDA	316 238	30%	23 1	10 21%	26 428	(11%)	20 890	134%	(2 762)	(27%)





### OUTLOOK & QUESTIONS



## **A ROBUST OUTLOOK**

### Well-positioned for growth and strong operating results



• Target dividend cover of between 2 and 4 times HEPS, to be effective for FY19