

MEDIA RELEASE**CARTRACK CONTINUES WITH ITS RECORD SUBSCRIBER GROWTH****FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 31 AUGUST 2018****Highlights:**

- Robust subscriber growth of 28% to 849 772, up from 666 422 in August 2017
- Annuity revenue up 27% to R710 million
- Annuity revenue is 93% of the total revenue
- Total revenue up 22% to R766 million
- EBITDA of R384 million, up 29%
- EBITDA margin of 50% up from 47%
- Operating margin of 34% up from 32% despite continued investment for growth
- Basic earnings per share ('EPS') of 57.9 cents, up 24%
- Headline EPS ('HEPS') of 57.8 cents, up 25%
- Return on Equity of 55%
- Interim dividend per share of 18 cents
- Cash generated from operating activities of R262 million up 47%

Johannesburg, 31 October 2018: Cartrack, one of the largest telematics companies globally and a leading provider of mobile asset management, asset recovery and workforce optimisation based on a proven Software-as-a-Service platform, recorded strong accelerating subscriber and revenue growth in its financial results for the six months ended 31 August 2018. The company, which operates in 24 countries and five continents, increased Headline Earnings Per Share (HEPS) by 25% and declared an interim dividend of 18 cents per share.

Cartrack grew its subscriber base by 28% to 849 772, a notable acceleration of the already robust compound growth rate in subscribers over the past six years of 21% per annum. The company said that the growth was as a result of ongoing strong investment in operational, distribution and service capacity. The growth bodes well for future revenue generation – 73% of the subscriber base joined Cartrack in the past 36 months, whereas the average life cycle of customers is more than 64 months. The Group also continues to maintain a strong order book while focusing efforts on research and development, customer experience and distribution.

Cartrack's emphasis on customer satisfaction was recently recognised at the prestigious 2018/19 Ask Afrika Orange Index Awards, where it received the highest service score from customers of all companies surveyed in its category and was awarded "Car tracker" industry category winner.

Cartrack noted that despite the significant investment in the past year, it achieved further improvements in its industry-leading margins. As the subscriber base grows, Cartrack continues to identify and seize opportunities to realise economies of scale and maximise operating efficiencies. The company's operating profit margin increased to 34% (HY18: 32%) and the Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) margin rose to 50% (HY18: 47%).

Annuity revenue increased by 27%, in line with the strong subscriber growth, and now represents 93% of total revenue. Operating profit increased from R200.1 million to R263.4 million. EBITDA increased by 29% from R297.1 million to R383.9 million. Cartrack said that the return on equity of 55% and return on assets of 27% indicate that capital was efficiently applied across the Group.

Cartrack Global Chief Executive Officer, Zak Calisto, commented on the results.

“Cartrack has delivered robust subscriber and annuity revenue growth. This is primarily driven by the surge in demand from business for our Software-as-a-Service platform and our ability to process data. Additionally, our award-winning safety and security systems have enabled us to establish a significant amount of trust with consumers. Hence, demand from consumers for our Stolen Vehicle and Recovery, as well as Emergency Ambulance services to assist in accidents, is now exceeding our expectations.”

REGIONAL OVERVIEW

The South Africa segment delivered particularly strong results, with annuity revenue increasing by 26% from R410.4 million to R518.8 million (HY18: 19%) and subscribers growing by 30% (HY18: 19%) over the same period. The primary contributors to this organic growth were the realisation of a strong sales pipeline, investment in operating capacity and an effective distribution strategy.

Cartrack said that the South African market remained underpenetrated in both the corporate and consumer segments, despite South Africa having one of the highest telematic penetration rates in the world. The South Africa segment is expected to deliver even stronger bottom line results in the next 18-months, as it is currently deploying an upgraded proprietary customer-centric platform which allows for improved efficiencies to deal with the current accelerated growth.

The Africa segment delivered a resilient performance – it remains highly profitable and generates strong positive cash flows, notwithstanding sluggish regional economic performance. It also continues to play a critical role in ensuring a high cross-border stolen vehicle recovery rate and improved service to customers who engage in cross-border travel.

The subscriber base in Africa decreased by 2%, while annuity revenue increased by 7% to R50.5 million, primarily because of a stronger rand.

The European segment delivered strong subscriber growth of 23% and annuity revenue increased by 28% to R67.3 million. Europe presents lucrative growth opportunities to provide telematics offerings and related value-added services and Cartrack is well positioned to capitalise on these opportunities.

Asia Pacific has, in a short space of time, become the second largest segment in the Group based on revenue contribution, with annuity revenue up 54% to R71.7 million and subscriber growth of 43%. The market in this segment remains considerably underpenetrated due to fragmented market participants delivering entry-level telematics offerings. This trend presents Cartrack with the opportunity to utilise its advanced and more sophisticated, reliable products and customer-centric services to gain market share.

The investment to date in the USA has largely been in research and development, and this is pivotal to Cartrack's rapid expansion in the telematics industry. Cartrack has been experiencing delays in this region, but the good news is that the company is now well positioned to roll out further in the USA and to capitalise on the 3G sunset that is expected to occur in 2020 – the vast majority of the competitors' existing subscribers are currently using 3G devices which will soon become obsolete and will require a replacement technology.

OUTLOOK

Calisto said that companies, governments and consumers were increasingly relying on telematics data to optimise efficiencies and quality of life and that he was highly optimistic about Cartrack's future.

"In partnership with two of the world's leading companies, Cartrack has been experimenting in establishing smart-mobility as part of our business model by offering pay-as-a-service transportation. The success of this development has reconfirmed Cartrack's commitment to an ecosystem platform for connected-vehicles that is vehicle brand agnostic, on the belief that it strengthens our ability to provide decision-useful information to customers whether they use Original Equipment Manufacturer or third-party telematics devices. We will continue to evolve as a more integral part of our current and future customers' lives.

"We are also currently deploying a significantly upgraded proprietary customer-centric platform in South Africa and the new platform will allow us to improve operational efficiencies to manage the current growth. We therefore expect to deliver stronger bottom line results in the next 18 months."

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NOTE TO THE EDITOR

About Cartrack Holdings Ltd

Cartrack is a leading global provider of data analytic solutions for mobile asset management, asset recovery and workforce optimisation based on a proven Software-as-a-Service platform (“SaaS”). Fleet Management (“Fleet”), Stolen Vehicle Recovery (“SVR”) and insurance telematics remain its primary offerings. The annuity-based model is underpinned by real-time actionable business intelligence that is delivered as Software-as-a-Service. Cartrack is also renowned for developing innovative, first-to-market solutions that are aimed at further enhancing the Cartrack customer experience.

Cartrack, with an active subscriber base of more than 849,772, ranks amongst the largest telematics companies globally. The Group’s impressive growth since its inception in 2004 has resulted in the development of an extensive footprint in 24 countries across Africa, Europe, North America, Asia Pacific and the Middle East.

Cartrack’s success is attributed to its status as a service-centric organisation that focuses on the in-house design, development, production and installation of telematics technology and data analytics products.

The Group’s technology is widely accepted by motor manufacturers and insurers. Cartrack’s customer telematics web interface provides a comprehensive set of features, thereby ensuring the optimisation of its customers’ fleet and human resources. As an expansion of its integrated service offering, Cartrack also provides driver risk-assessment offerings in the insurance telematics field.

Cartrack is a leader in vehicle tracking and recovery, with an industry-leading audited recovery rate of 91% as of 28 February 2018, reflecting the superior quality of its technology and services.