

ANNUAL RESULTS PRESENTATION  
FOR THE YEAR ENDED  
28 FEBRUARY 2017



**CARTRACK**  
PUTTING YOU IN CONTROL

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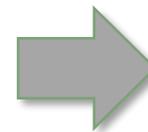
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# WE ARE CARTRACK

Geographically  
diverse base  
> 600 000  
subscribers

Rapidly growing  
industry

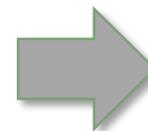
Resilient,  
annuity-based  
business



Operations across  
five continents

Among the largest  
telematics  
companies globally

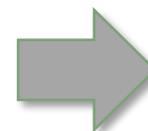
High cash  
conversion



Strong financial  
metrics

Proven proprietary  
technology platform

Strong investment  
in distribution  
capacity



RETURN ON EQUITY OF 55%

WE ARE CARTRACK



Represented in 24 countries

# WHAT WE DO



## Stolen Vehicle Recovery

- Launched in 2004
- 93% audited recovery rate
- Proprietary recovery infrastructure
- Strong demand in developing economies



## Fleet management

- Launched in 2007
- Strong ROI value proposition
- Strong demand in highly regulated economies
- Substantially broader than just logistics



## Insurance telematics

- Launched in 2014
- Driver risk assessment offerings
- Utility of big data applications



## Mobile asset solutions

- Launched in 2015
- Various applications around high value items



## Workforce optimisation

- Launched in 2016/2017
- Growing demand for the service
- Strong applications within SME



*Business trends*



# A RAPIDLY EXPANDING INDUSTRY

- Global growth – expanding needs with low penetration – transportation mobility technology growing at an estimated 20% per annum (Gartner Inc.)
- Largest market is the Asia-Pacific (APAC) region. APAC set to grow rapidly, due to the increasing number of vehicles in use
- Growing regulatory compliance requirements
- Improvements in networks and coverage provide access to larger data sets and new applications
- Data analytics and value-added products and services
- Emerging Smart Transportation rapidly gaining momentum
- Insurance telematics a growing field
- OEMs partnering with established telematics vendors
- Fragmented industry – consolidation trends evident
- Stronger SVR demand in high-crime countries
- Barriers to entry increasing due to rapid technology development and requirement for substantial recovery infrastructure



# *Strategy Review*



# CONSISTENT STRATEGY FOR DRIVING SHAREHOLDER VALUE

MOVING FROM FLEET MANAGEMENT TO BECOMING AN INTEGRAL PART OF CUSTOMERS' BUSINESS/LIVES



**Shareholder value**

Robust  
subscriber and  
revenue  
growth

Value add  
through  
data and  
innovative  
technology

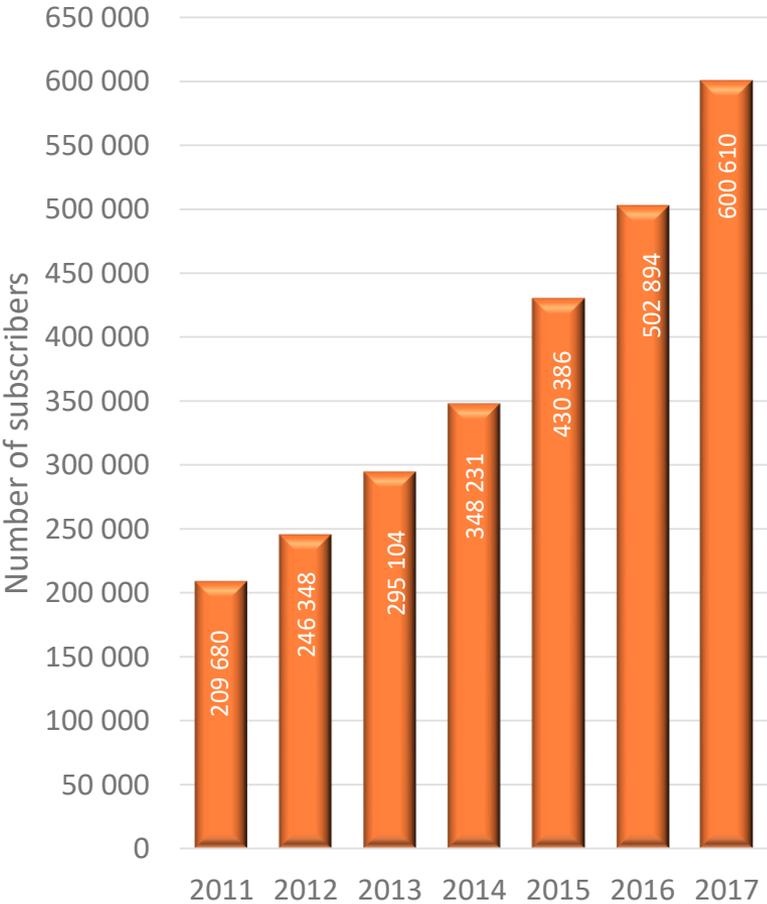
Sustainable  
profit  
margins

Strong cash  
flow and  
disciplined  
capital  
allocations

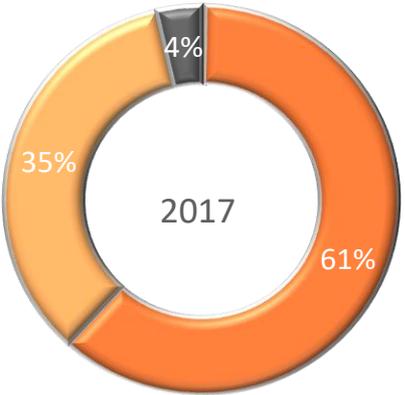
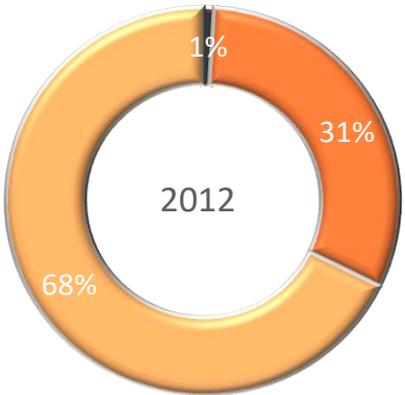
**Highly scalable business model and technology platform**

# STRATEGIC DRIVER - DIVERSIFYING THE BUSINESS

Diversified across a broad spectrum of subscribers



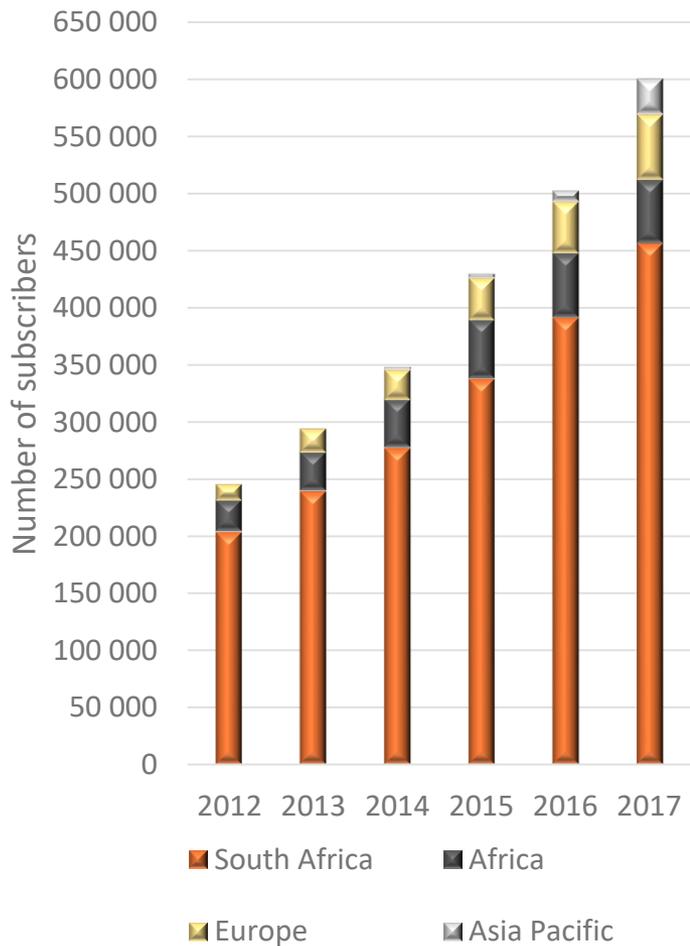
Diversifying subscriber base - FM vs SVR vs Other



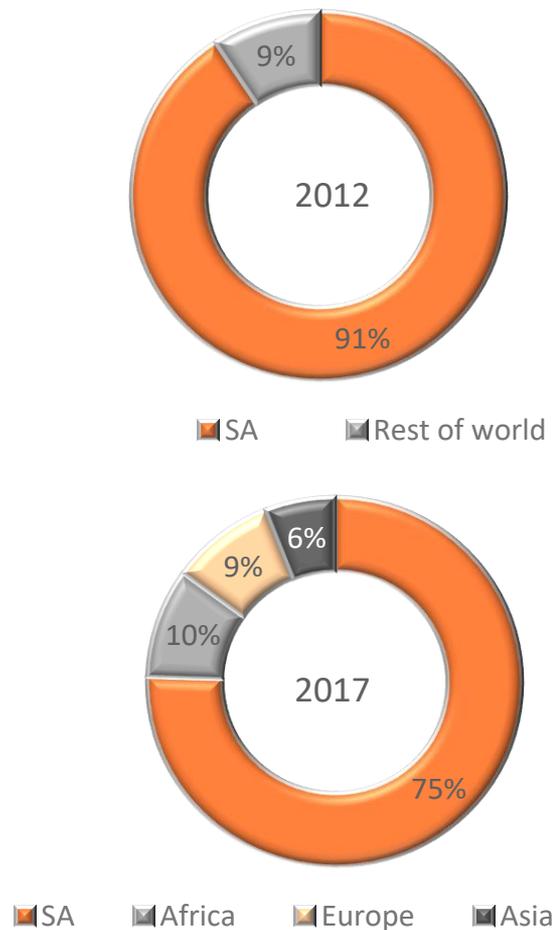
■ FM
 ■ SVR (No FM)
 ■ Other

# STRATEGIC DRIVER - DIVERSIFYING THE BUSINESS

Subscribers by geography



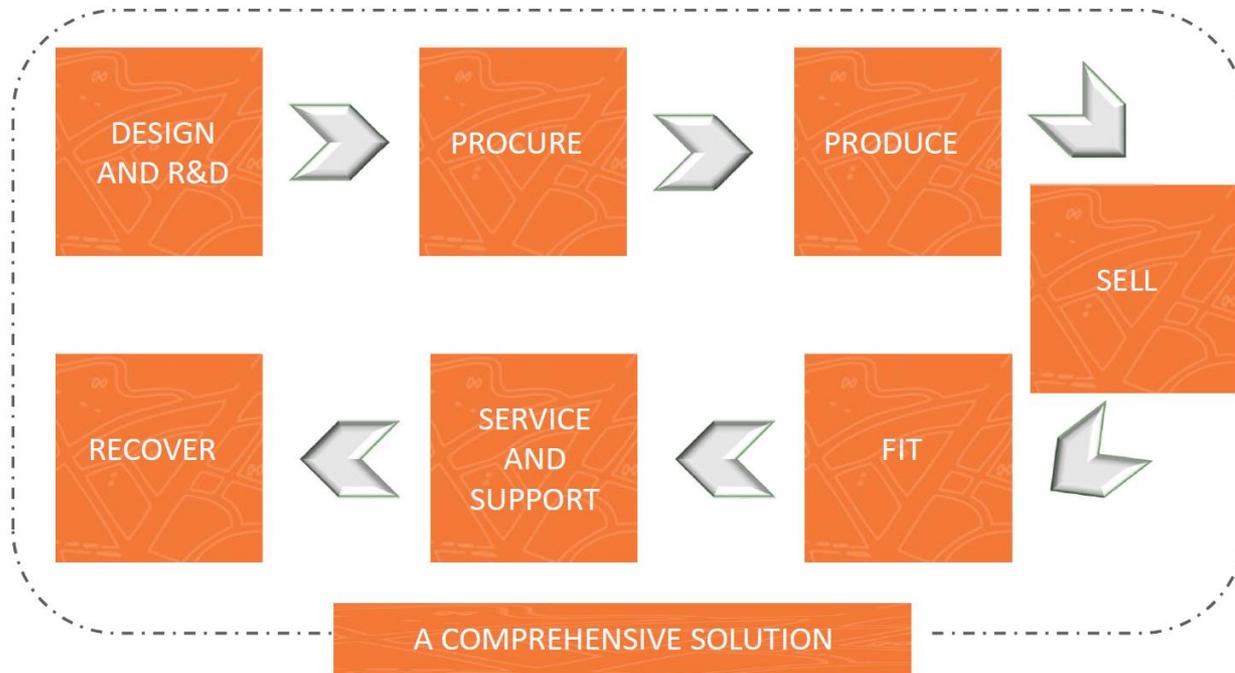
Geographical revenue spread



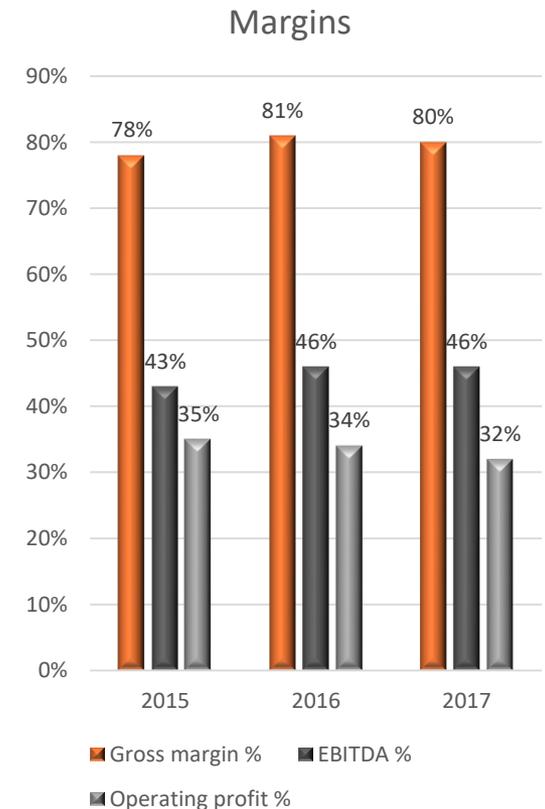
# STRATEGIC DRIVER – VERTICAL INTEGRATION

CARTRACK'S INDUSTRY-LEADING MARGINS ARE THE RESULT OF A FULLY INTEGRATED BUSINESS MODEL

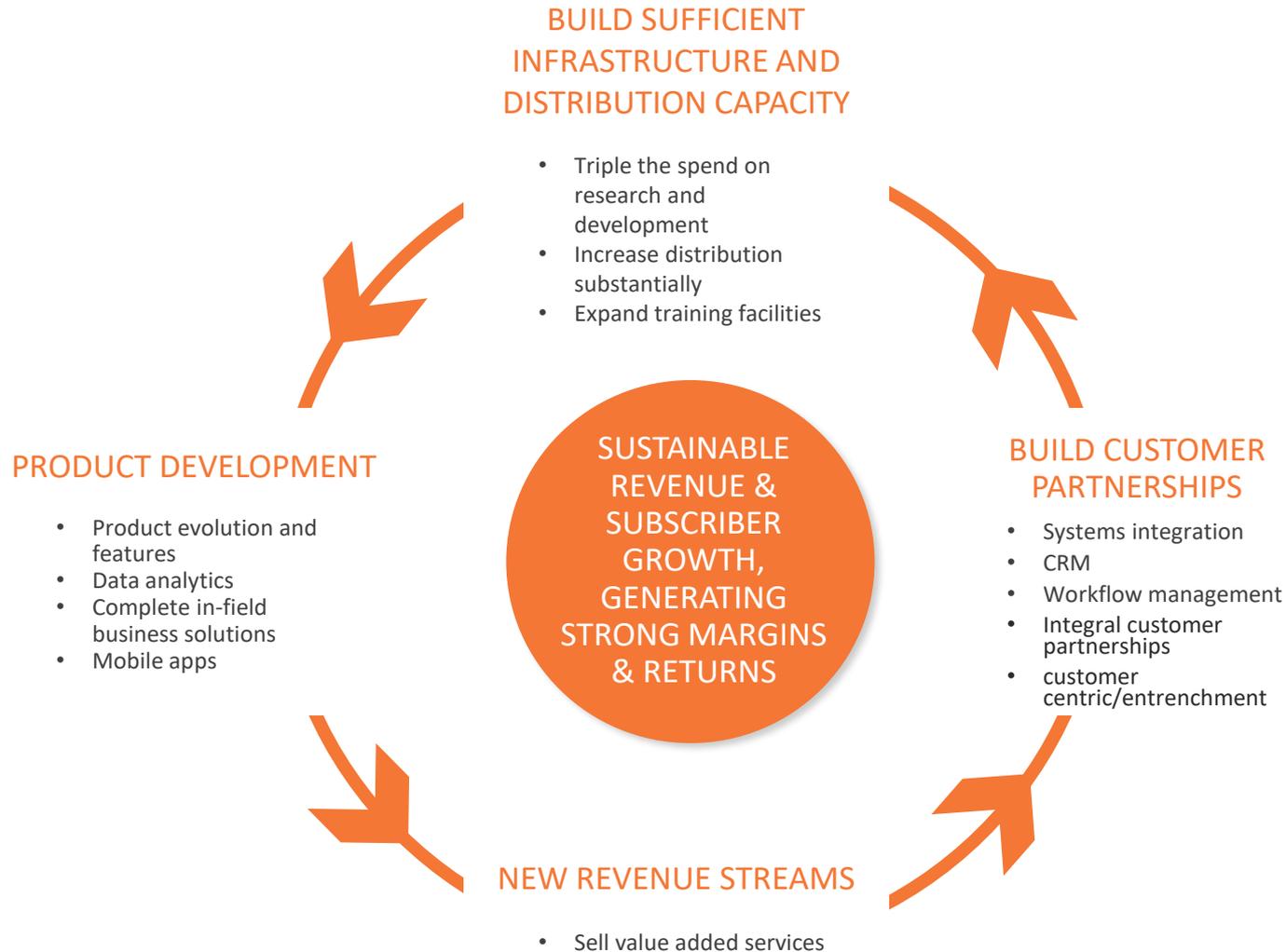
CARTRACK'S INDUSTRY LEADING MARGINS ARE THE RESULT OF A FULLY INTEGRATED BUSINESS MODEL



**ROA OF 35%**



# GROWTH STRATEGY - 2018 STRATEGIC INITIATIVES



# TECHNOLOGY – A COMPETITIVE ADVANTAGE

## TECH DEVELOPMENTS



Mobile apps



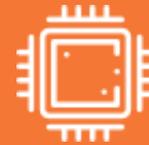
3G to 4G



Software integration



New front end



Platform improvements

## DATA SHARING



Stolen Vehicle Recovery



Fleet Management



Insurance telematics



Mobile asset solutions



Workforce optimisation

World-class SaaS platform



*Segmental performance*



# 2017 IN PERSPECTIVE

Subscriber base increased by 100 000

Sold 185 000 telematics units – a 26% increase on 2016

Significant investment in infrastructure and skills

Strong focus on R&D

Robust expansion in SA, Europe and Asia

Total dividend payment of ZAR165 million or 55 cents per share

Low demand and severe economic headwinds in Africa-Other segment

Currency fluctuations had a R27 million negative impact on 2017 operating profit

**FIVE YEARS OF COMPOUNDED SUBSCRIBER GROWTH AT 20% p.a.**

# SOUTH AFRICA – A SOLID PERFORMER

## REPRESENTATION

Operations across South Africa

	PERFORMANCE IN RAND	PERFORMANCE IN CONSTANT CURRENCY	COMMENT
Revenue	+ 15%	+ 15%	• Investment in distribution resulting in market penetration
Subscribers	+ 17%	+ 17%	• Strong annuity based income
Operating profit	+ 13%	+ 13%	• Closely managed cost base

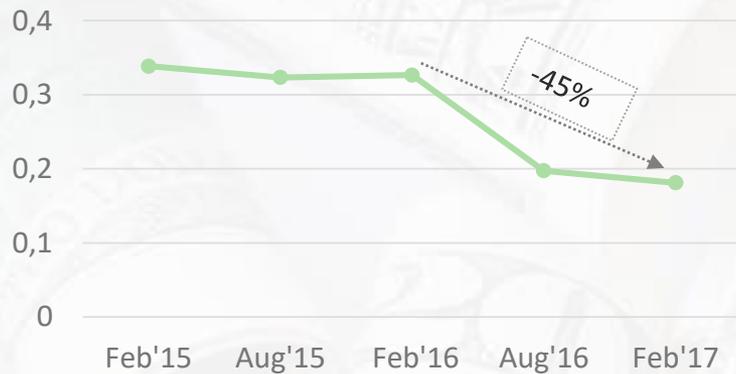


## OUTLOOK AND INITIATIVES

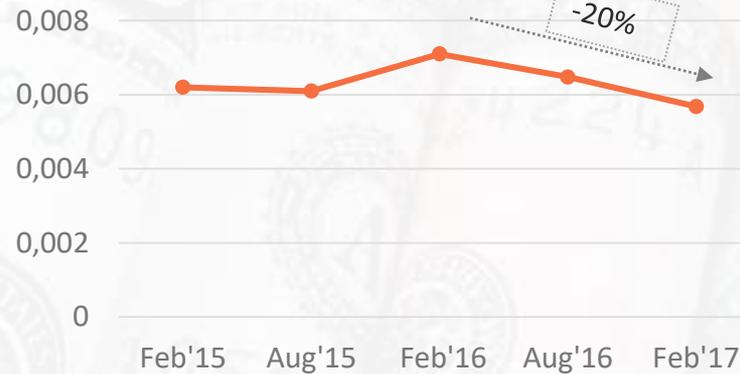
- Resilient market and signs of increased demand
- Cartrack increasing penetration of target market
- Underpenetrated lower value SVR and SME fleet segments
- Future revenue opportunity in vast accumulated telematics data

# AFRICA-OTHER – CURRENCY VOLATILITY

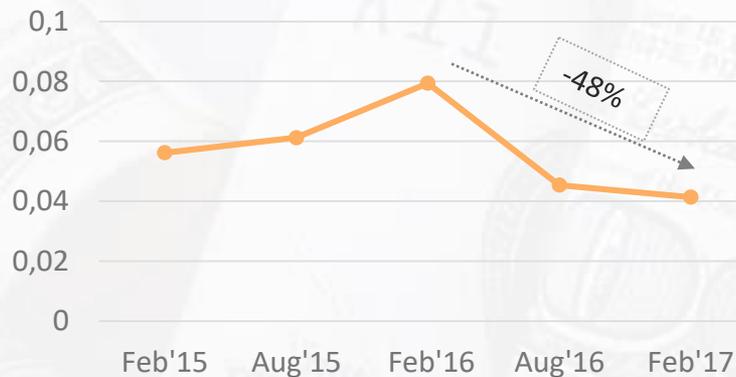
## Mozambican Metical



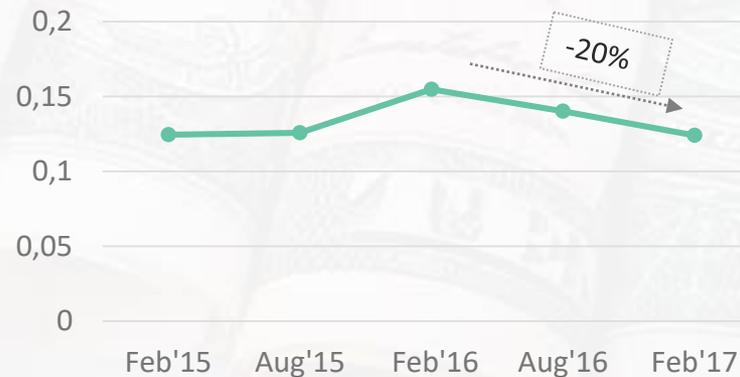
## Tanzanian Shilling



## Nigerian Naira



## Kenyan Shilling



# AFRICA-OTHER – OPERATIONALLY SOUND

## REPRESENTATION

Angola  
Namibia  
Zimbabwe

Botswana  
Nigeria

Kenya  
Rwanda

Malawi  
Swaziland

Mozambique  
Tanzania

	PERFORMANCE IN RAND	PERFORMANCE IN CONSTANT CURRENCY	COMMENT
Revenue	-22%	+1%	• Challenging economic conditions
Subscribers	-2%	-2%	• Subscriber base maintained
Operating profit	-30%	+11%	• Highly profitable in local currency

## OUTLOOK AND INITIATIVES

- Increase distribution infrastructure
- Stronger focus on staff training
- Improve service levels
- Access new sales channels and expand product offering



# EUROPE – STRONG GROWTH IN COMPETITIVE ENVIRONMENT

## REPRESENTATION

Poland

Portugal

Spain

	PERFORMANCE IN RAND	PERFORMANCE IN CONSTANT CURRENCY	COMMENT
Revenue	+ 14%	+ 10%	• Good subscriber and revenue growth
Subscribers	+ 27%	+ 27%	• Continued investment in distribution and operating capacity
Operating profit	- 19%	- 24%	• EBITDA increased by 20% - significant impact from capitalised rentals and related depreciation



## OUTLOOK AND INITIATIVES

- Continued strong subscriber growth
- Accessing new channels to the market
- Competition remains strong
- Insurance telematics emerging as a focus area

# ASIA PACIFIC AND ME – BUSINESS CASE PROVEN

## REPRESENTATION

Hong Kong  
New Zealand  
Thailand

Indonesia  
Philippines  
UAE

Malaysia  
Singapore

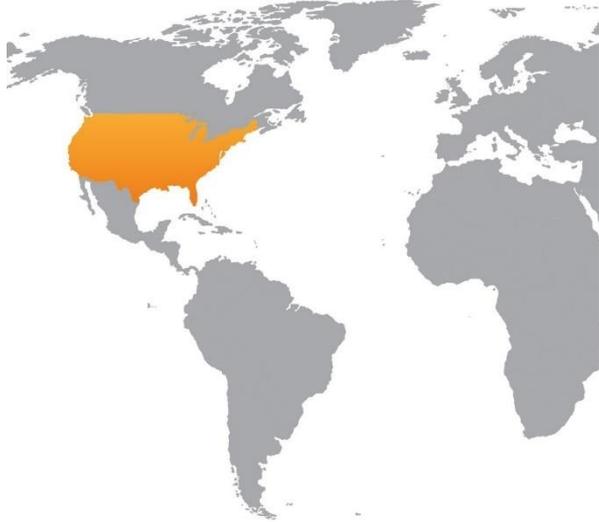
	PERFORMANCE IN RAND	PERFORMANCE IN CONSTANT CURRENCY	COMMENT
Revenue	+ 147%	+ 134%	• Continued investment in distribution and operating capacity
Subscribers	+ 226%	+ 226%	• Start-up entities gaining traction
Operating profit	+ 104%	+ 78%	• Singapore to act as strategic hub



## OUTLOOK AND INITIATIVES

- Continued strong subscriber growth
- Steady progression through all operations, to strengthen infrastructure, sales force and sales drive

# UNITED STATES – REGULATIONS SPUR DEMAND



## OUTLOOK AND INITIATIVES

- Offices opened in California and executive team in place
- Development and field testing still in progress
- Estimated **3,1 million vehicles** still require ELD telematics (Driscoll & Associates 2016) to comply with regulations
- Cartrack will benefit from operating in a highly technology driven society

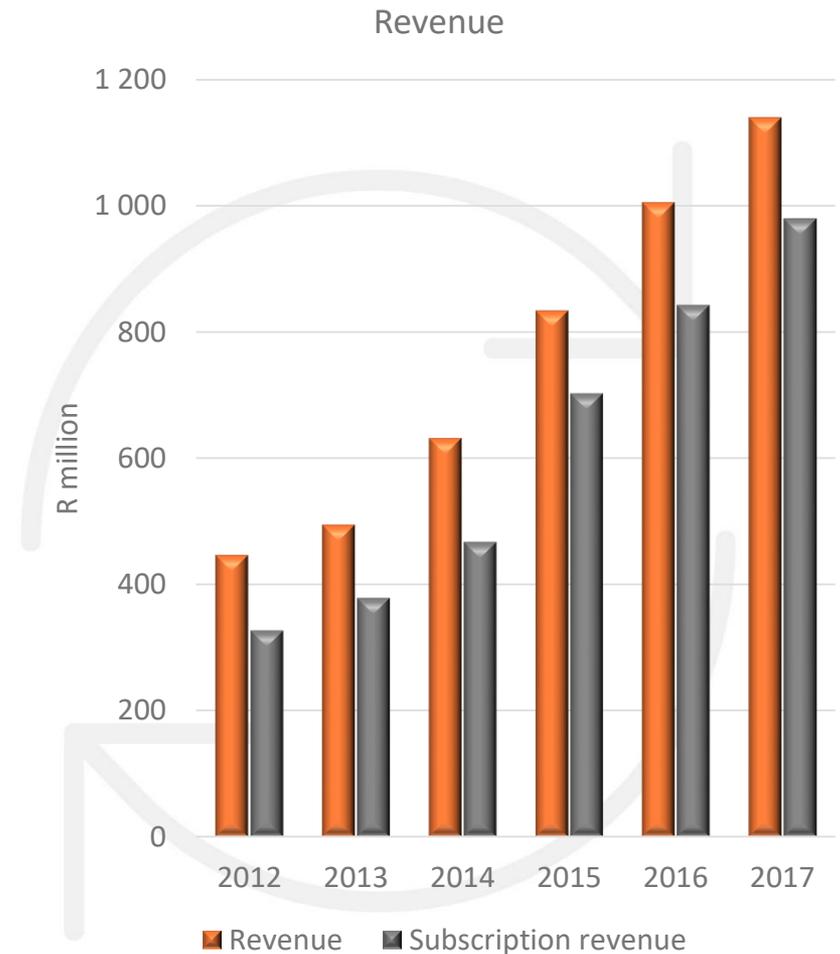


# *Financial Review*



# SALIENT FEATURES

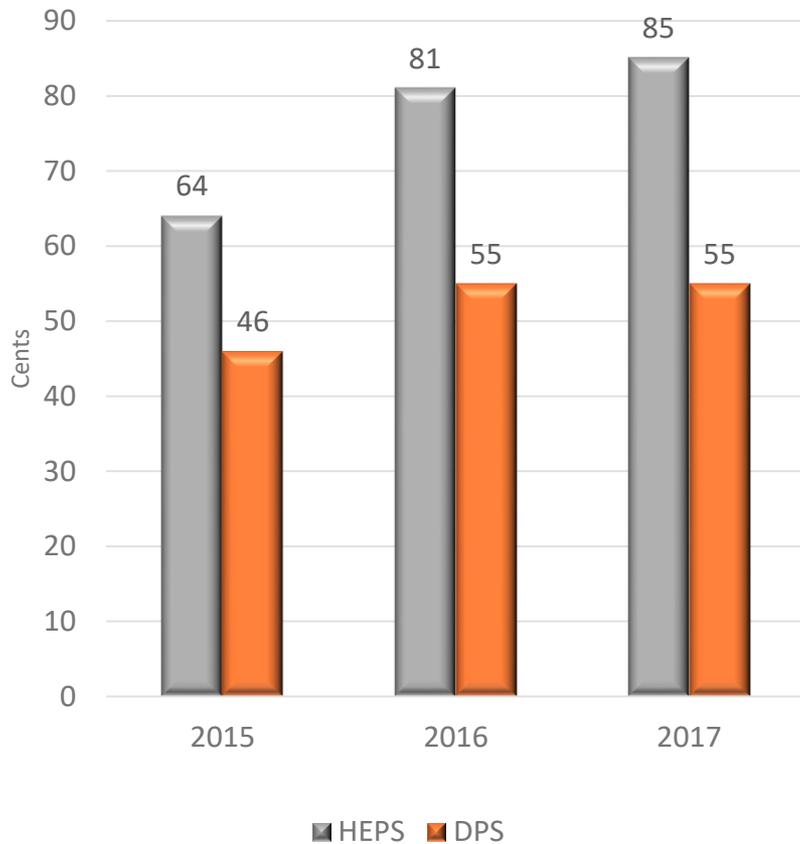
- Robust subscriber growth of 19% to 600 610
- Subscriber revenue up 16%
- Total revenue up 13% to R1 141 million
- Continued strong investment in operating capacity
- EBITDA of R523 million, up 13%
- EBITDA margin of 46%
- **Normalised EPS (NEPS) of 85 cents, up 12%**
- **Basic earnings per share (EPS) of 86 cents, up 8%**
- **Headline EPS (HEPS) of 85 cents, up 6%**
- Return on Equity of 55%
- **Final dividend per share of 35 cents**
- Cash generated from operating activities of R387 million, up 48%
- Currency fluctuations had a R27 million negative impact on 2017 operating profit



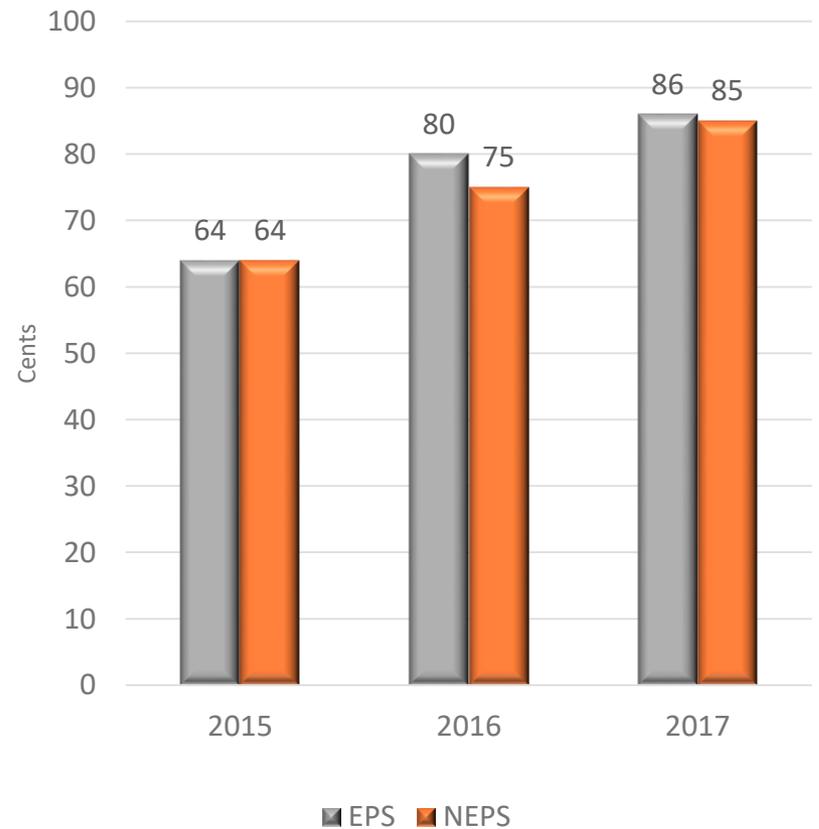
**COMPOUND REVENUE GROWTH  
OF 18% p.a.**

# EARNINGS AND DIVIDENDS

## HEPS and DPS

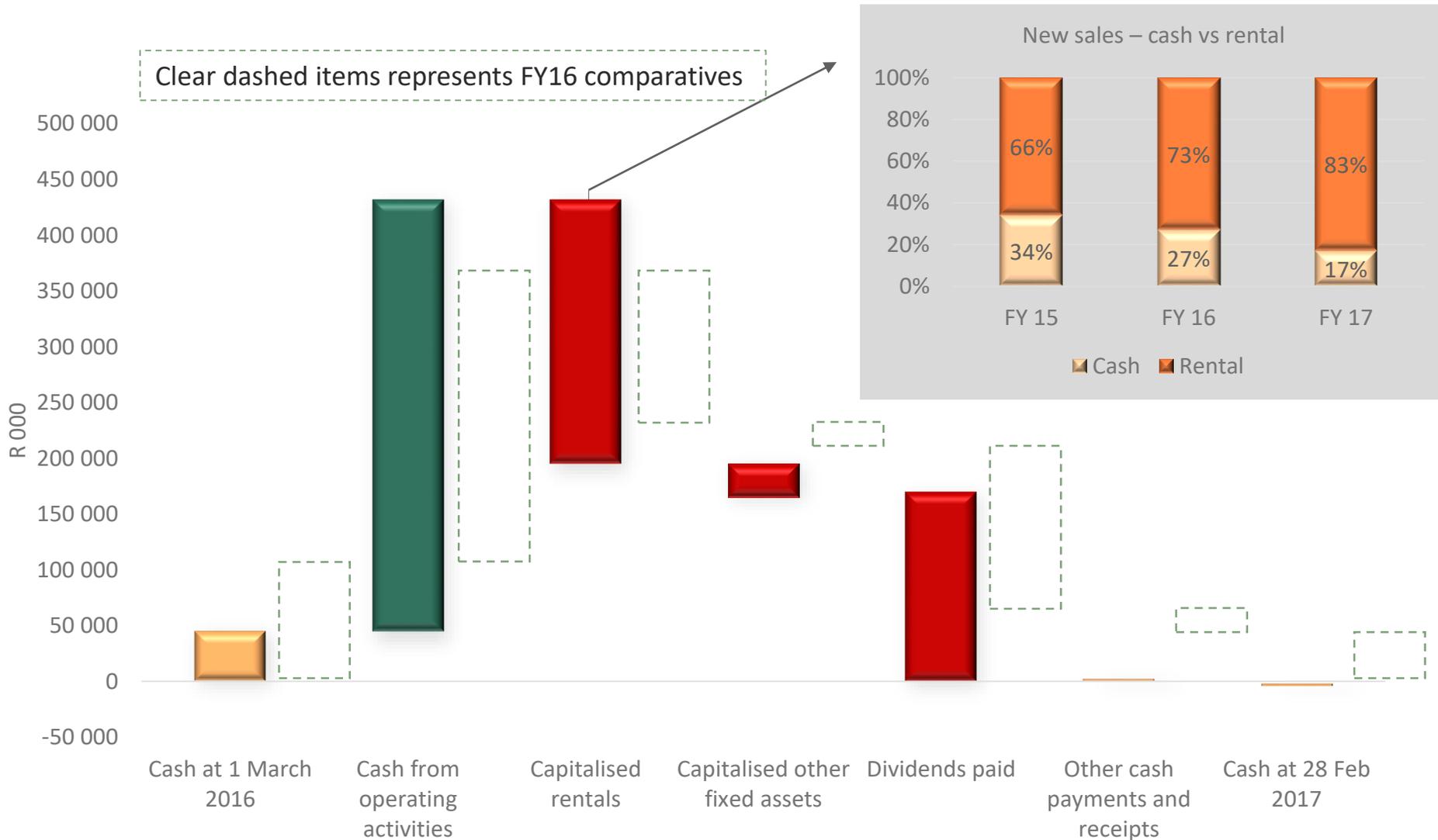


## EPS and Normalised EPS\*



\*Normalised EPS removes non-operational forex gains/losses

# CASH GENERATION AND UTILISATION



# STRONG BALANCE SHEET POSITIONED FOR GROWTH

ROE **55%**

ROA **35%**

Clean debtors  
book – debtors  
days **31**

Adequate stock  
levels for **6 – 9**  
months of trading

Current ratio  
**1.0**

Quick ratio  
**0.7**

Cash generated  
from operating  
activities of  
**R387 million**



# Outlook

# A ROBUST OUTLOOK

## Well-positioned for growth and strong operating results

- The telematics industry is experiencing an explosion of expanding opportunities. Cartrack is playing a very active part in this evolution.
- We have a substantial active subscriber base, a significant addressable market with a strong appetite for our services, an award-winning technology platform and a brand that is growing in stature and reputation.
- Sales are increasing significantly and our order book is filled to capacity.
- We are confident that our increased investment in capacity and R&D will position Cartrack for continued strong growth.
- Our operations in technology driven societies keeps us innovating and globally relevant.



## International Offices

Angola  
Botswana  
Hong Kong  
Indonesia  
Kenya  
Malaysia  
Malawi  
Mozambique  
Namibia  
New Zealand  
Nigeria  
Philippines

Poland  
Portugal  
Rwanda  
Singapore  
South Africa  
Spain  
Swaziland  
Thailand  
Tanzania  
UAE  
USA  
Zimbabwe



**CARTRACK**  
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*Annexures*



# WHAT WE OFFER INVESTORS



- Globally, a high-growth industry
- Proven and scalable technology platform
- A large and diversified subscriber base
- Experienced management
- Annuity-based earnings model

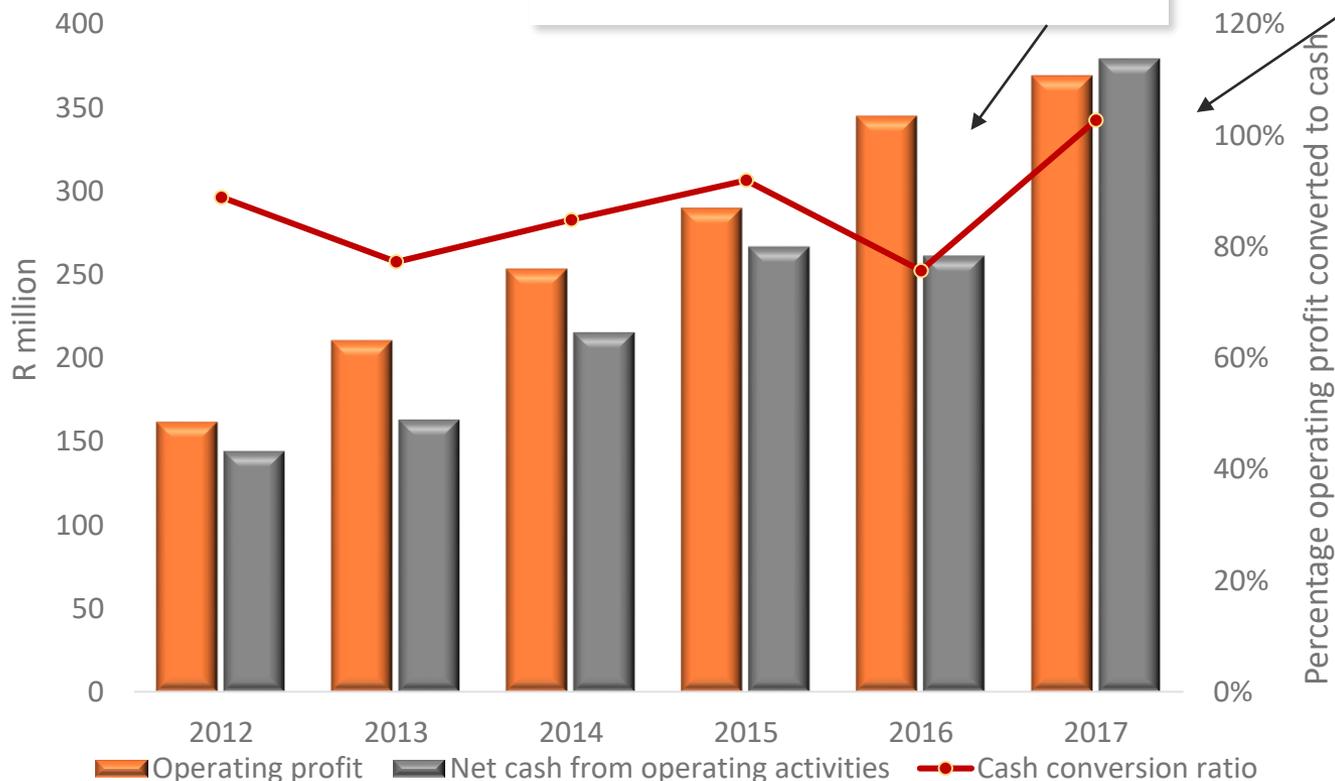


- Strong recurring earnings profile
- A proven track record of profitability
- Strong financial metrics
- Strong cash generation & cash conversion
- Low gearing

# A CONSISTENTLY HIGH CASH CONVERTER

- Strategically acquired CTM
- A substantial increase in inventory levels
- An increase in debtors days

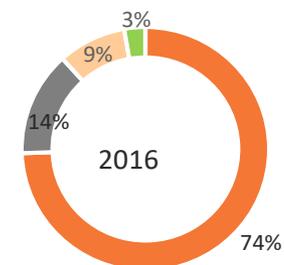
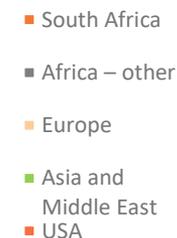
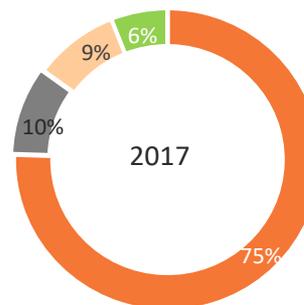
- Decrease in debtors days
- Increase in creditors' days



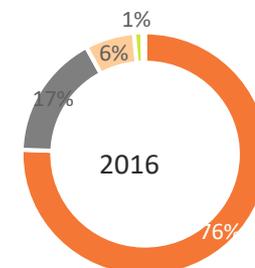
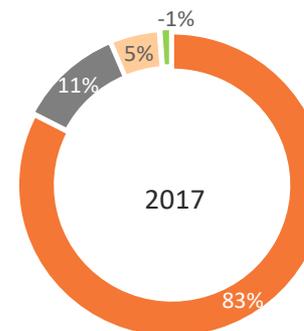
- Annuity business with strong revenue visibility
- Strong track record of returning excess cash to the shareholders

# SEGMENTAL GROWTH

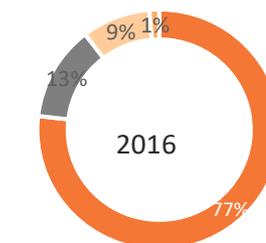
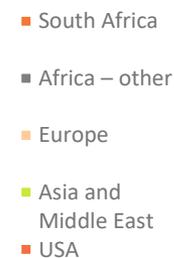
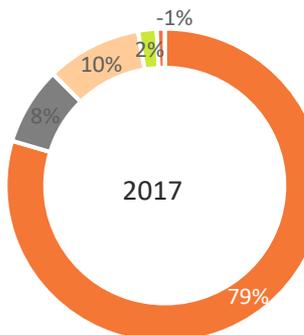
Revenue	2017	2016	Change
South Africa	861 455	748 600	15%
Africa – Other	108 610	139 197	(22)%
Europe	102 745	90 037	14%
Asia and Middle East	68 167	27 647	147%
USA	12	-	-
<b>Total</b>	<b>1 140 989</b>	<b>1 005 481</b>	<b>13%</b>



Profit before tax	2017	2016	Change
South Africa	312 222	274 711	14%
Africa – Other	41 834	60 110	(30)%
Europe	19 369	23 477	(17)%
Asia and Middle East	448	3 968	(89)%
USA	(4 248)	-	-
<b>Total</b>	<b>369 625</b>	<b>362 266</b>	<b>2%</b>



EBITDA	2017	2016	Change
South Africa	420 033	355 776	18%
Africa – Other	42 212	59 169	(29)%
Europe	51 239	42 212	21%
Asia and Middle East	9 926	5 981	66%
USA	(4 248)	-	-
<b>Total</b>	<b>519 175</b>	<b>463 139</b>	<b>12%</b>



# CARTRACK'S TECHNOLOGY HISTORY

