



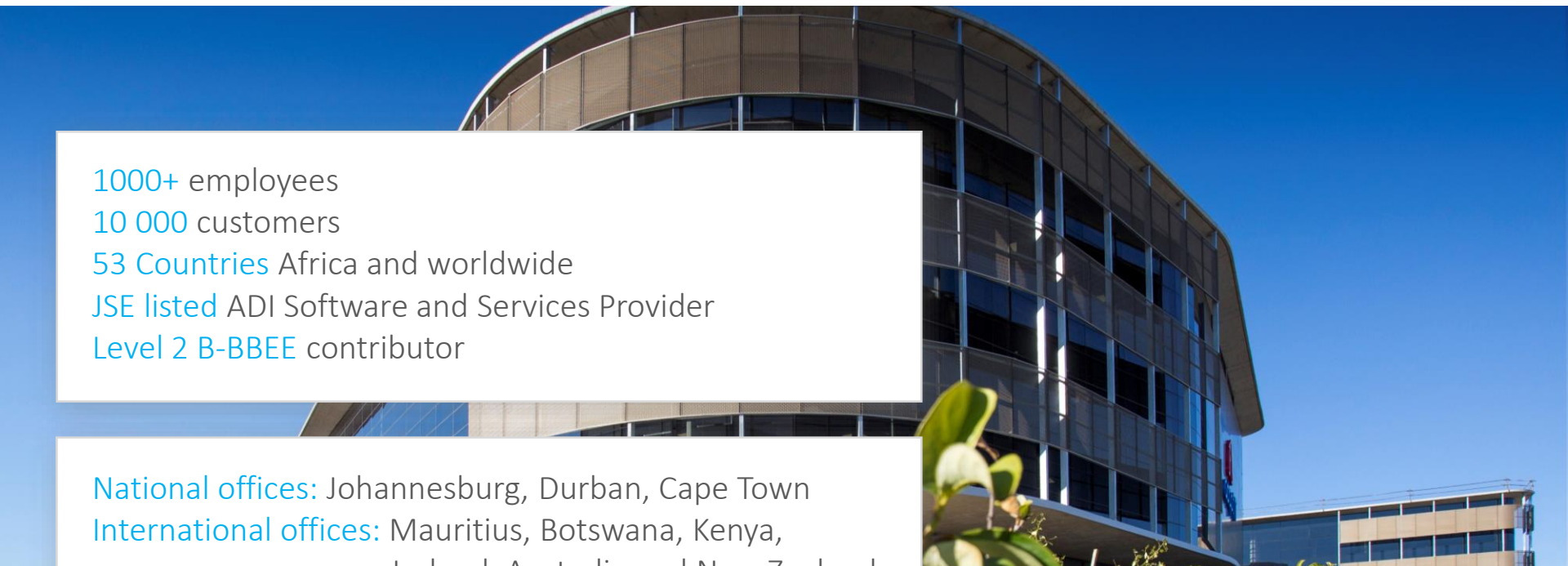
INTERIM RESULTS PRESENTATION  
FOR THE SIX MONTHS ENDED 31 DECEMBER

2018



## BUSINESS OVERVIEW

# ABOUT ADAPT IT

A photograph of a modern, curved office building with a glass and metal facade, set against a clear blue sky. The building has multiple floors with large windows and a distinctive curved design.

1000+ employees  
10 000 customers  
53 Countries Africa and worldwide  
JSE listed ADI Software and Services Provider  
Level 2 B-BBEE contributor

National offices: Johannesburg, Durban, Cape Town  
International offices: Mauritius, Botswana, Kenya,  
Ireland, Australia and New Zealand

Strategic Partners: Microsoft | Oracle | IBM | SAP

# DIRECTORATE



CRAIG  
CHAMBERS

CFA, PDM, BCom

Independent  
Non-Executive  
Chairman

Appointed  
3 May 2011



BONGIWE  
NTULI

CA (SA)  
AMP (Harvard)

Independent  
Non-Executive  
Director

Appointed  
27 May 2008



CATHERINE  
KOFFMAN

BA, LLB, LLM  
Admitted Attorney

Independent  
Non-Executive  
Director

Appointed  
9 February 2015



OLIVER  
FORTUIN

MBA

Independent  
Non-Executive  
Director

Appointed  
8 February 2013



SIBUSISO (SBU)  
SHABALALA

BCom

Chief Executive  
Officer

Appointed  
5 December 2007



TIFFANY  
DUNSDON

CA (SA)

Commercial  
Director

Appointed  
18 April 2002



NOMBALI  
MBAMBO

CA (SA)

Chief Financial  
Officer

Appointed  
18 August 2016

# 10 YEARS OF GROWTH



OCT 2007 InfoWave merges with Adapt IT creating a software business.



OCT 2008 Adapt IT specialising in Manufacturing software, moves to the main board of the JSE.



AUG 2009 Education specialisation through the acquisition of Integrated Tertiary Software (ITS) – a leader in tertiary education ERP systems expanding the company into Europe and Australasia.



OCT 2012 The Swicon360 acquisition extends the manufacturing offering with SAP Human Capital Management Business Process Outsourcing.



OCT 2013 Energy sector entry through the Aquilon acquisition expands Adapt IT into Africa's growing energy, sector, serving major oil companies.



SEP 2014 Added Telecommunications intelligence management software through the AspiviaUnison acquisition.



JAN 2016



Entry into the Financial Services Sector through the acquisition of CQS.

JUL 2017



Micros South Africa, a leader in Hospitality Software, is acquired by Adapt IT.

JUN 2018



Acquired LGR Telecommunications, provision and management of end-to-end data warehouse and business intelligence systems with presence in Africa and Australia.

NOV 2018



Adapt IT acquires Conor Group, a specialist in high-performance telco and mobile financial service solutions to extend the Telecoms division.

JAN 2019



Adapt IT acquires Wisenet Group, a provider of Software as a Service Learning Relationship Management System in the Australasian education sector.

## MILESTONES

2014

5<sup>th</sup> fastest growing African Tech Company

2017

R1 billion annualised turnover

2017

2<sup>nd</sup> in the Sunday Times Top 100 companies

2020

R3 billion annualised turnover target

# SECTOR FOCUS



**EDUCATION**



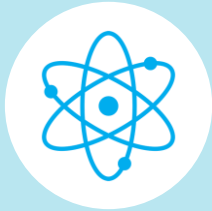
**FINANCIAL  
SERVICES**



**COMMUNICATIONS**



**MANUFACTURING**



**ENERGY**



**HOSPITALITY**



## EDUCATION

### FLAGSHIP SOFTWARE

- Integrated Tertiary Software – ITS Integrator
- CELCAT Timetabling
- ICAS
- Wise.NET

### SERVICES

- ITS Integrator support
- Implementation, customisation, development and integration
- Automated exam and class timetabling
- Training and consulting
- Learning Relationship Management system

### CUSTOMERS



## MANUFACTURING

### FLAGSHIP SOFTWARE

- Sugar Industry ERP solution – Tranquillity
- Weighbridge and Laboratory Testing Solution – CaneLAB
- Safety Health Environment and Quality Solution (SHEQ) – OpSUITE
- EasyRoster

### SERVICES

- Business advisory
- Software development, implementations, systems integration
- Sustainability Reporting

### CUSTOMERS





## FINANCIAL SERVICES

### FLAGSHIP SOFTWARE

- CaseWare
- TaxWare
- Probe Audit Working Papers
- Audit International

### SERVICES

- Audit
- Practice Management
- Financial reporting
- Tax and Secretarial solutions

### CUSTOMERS



## ENERGY

### FLAGSHIP SOFTWARE

- SAP™ Oil-in-One
- FUEL-FACS+ Terminal Automation Software SERVICES

### SERVICES

- Supply Chain and Operational advisory
- Technology and ICT advisory
- Industry Solution development, deployment and integration
- SAP™ IS-OIL Services
- SAP™ Services and Support
- Business Process Outsourcing (BPO)

### CUSTOMERS







## COMMUNICATIONS

### FLAGSHIP SOFTWARE

- Technology Lifecycle Management (TLM)
- Corporate Carrier Self Service (CCSS) platform
- CDR Live
- v.Services

### SERVICES

- Software as a Service (SaaS)
- Telecommunication industry benchmarking
- Telecommunication and technology expense management (TEM) best practice
- Customer experience (CX) and self-service advisory
- Enterprise data services and connectivity

### CUSTOMERS



## HOSPITALITY

### FLAGSHIP SOFTWARE

- Oracle Hospitality Symphony POS
- Oracle Hospitality RES POS
- Oracle Hospitality Opera Property Management

### SERVICES

- Consulting
- Project Management
- Implementation Services
- Hosting and Database Services
- Application Services

### CUSTOMERS



# COMMUNICATIONS ACQUISITION



From the left: Muzi Tshabalala, Jacques Oosthuizen, Chris Breytenbach, Tiffany Dunsdon, Duncan de Klerk, Stefan van Zyl and Edwin van Zyl

- Acquired 31 December 2018
- R80 million purchase consideration
- EV/EBITDA: 3x
- P/E: 5x
- Provides:
  - High-performance telecommunications solutions
  - Mobile financial service solutions

## EDUCATION ACQUISITION



- Signed 8 January 2019
- R53.4 million purchase consideration
- EV/EBITDA: 5x
- P/E: 7x
- Provides:
  - Software as a Service (“SaaS”)
  - Learning Relationship Management System (Student Lifecycle Management and Compliance)

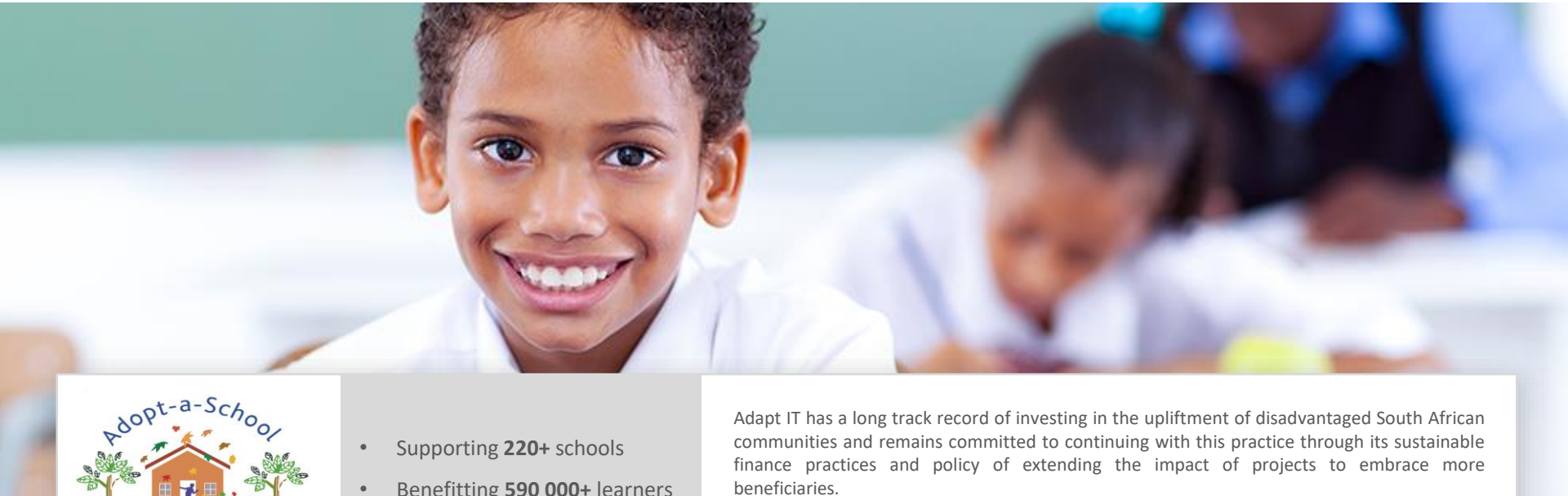
## LEVEL 2 B-BBEE CONTRIBUTOR

SCORECARD	2018	2017	TARGET SCORE
Ownership	18,00	21,07	25
Management & Control	18,00	14,66	23
Skills Development	16,92	17,20	20
Enterprise Development	51,52	48,28	50
Socio-Economic Development	12,00	12,00	12
OVERALL SCORE	116,44	113,21	130

# SOCIAL RESPONSIBILITY



2019 ADOPT-A-SCHOOL FOUNDATION



- Supporting **220+** schools
- Benefitting **590 000+** learners
- Adapt IT donation **R2 715 000**

Adapt IT has a long track record of investing in the upliftment of disadvantaged South African communities and remains committed to continuing with this practice through its sustainable finance practices and policy of extending the impact of projects to embrace more beneficiaries.

The company continues to invest in larger longer-term initiatives that are sustainable and provide the most benefit for disadvantaged South African communities.





## FINANCIAL RESULTS

# INTERIM RESULTS 31 DECEMBER 2018

## FINANCIAL RESULTS



4%

TURNOVER  
FROM CONTINUING  
OPERATIONS



10%

EBITDA  
FROM CONTINUING  
OPERATIONS



1%

HEADLINE EARNINGS  
PER SHARE

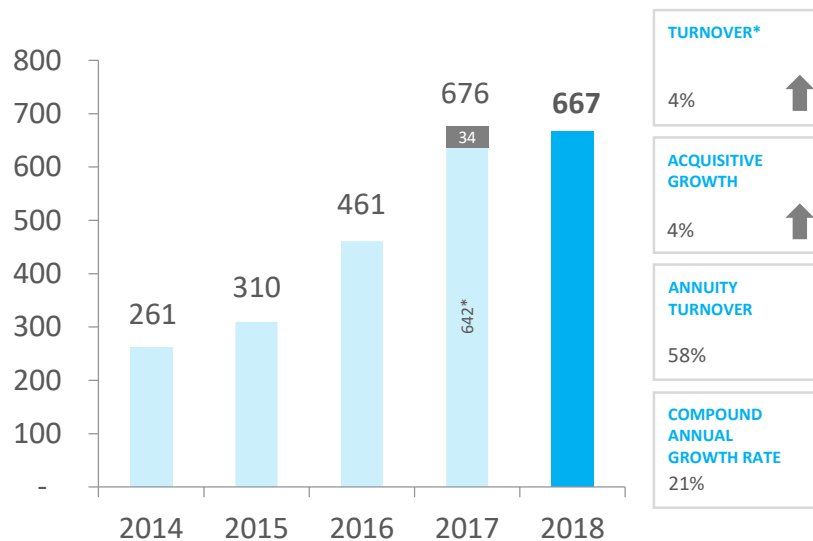


5%

NORMALISED HEADLINE  
EARNINGS PER SHARE

# ADI 5 YEAR REVIEW

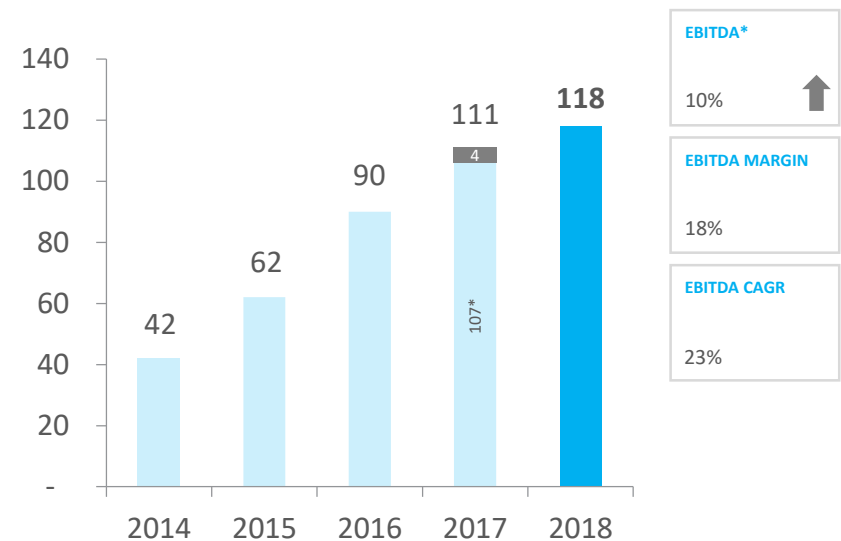
## TURNOVER (R'm)



■ Business disposed

\* From continuing operations

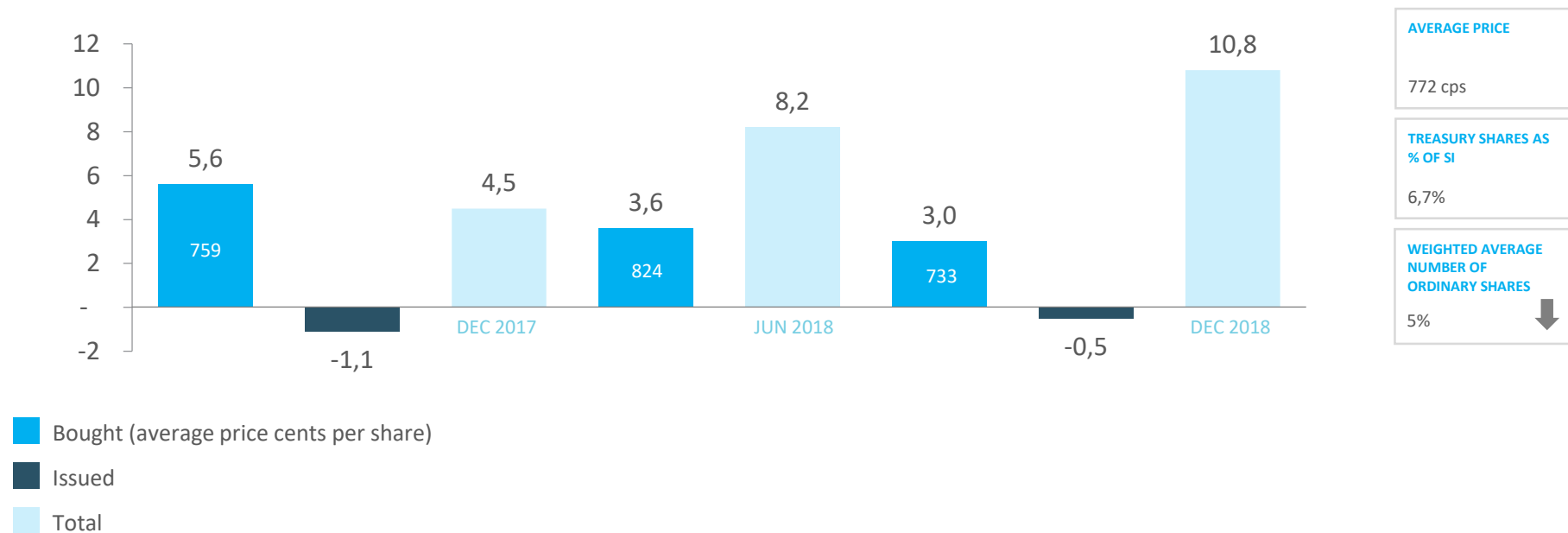
## EBITDA (R'm)





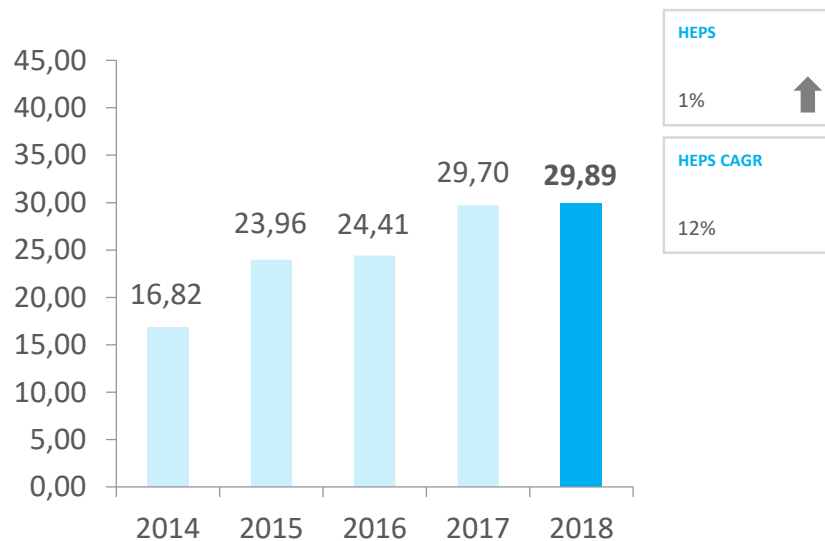
# SHARE BUYBACK

## NUMBER OF SHARES (Million)

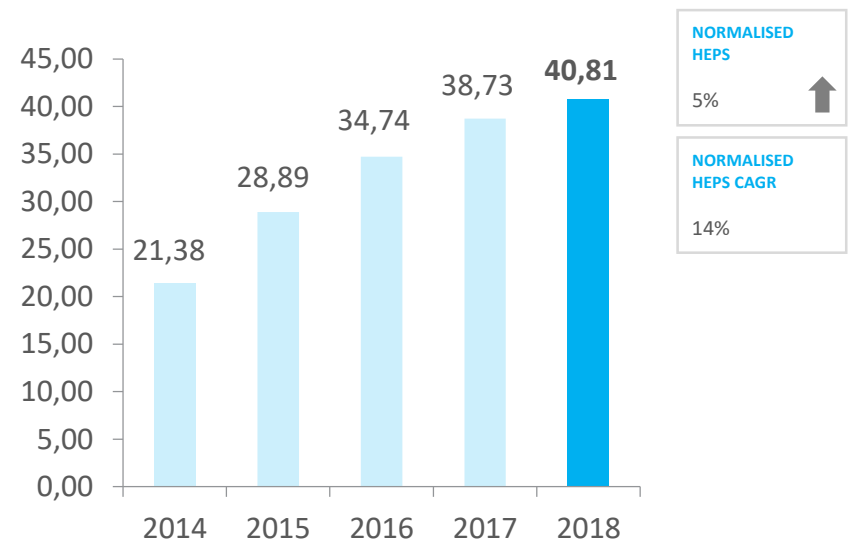


# ADI 5 YEAR REVIEW

## HEPS (cents)



## NORMALISED HEPS (cents)



# ADI ABRIDGED CONSOLIDATED STATEMENTS



## COMPREHENSIVE INCOME

	Unaudited 6 months ended 31 Dec 2018 R'000	Unaudited 6 months ended 31 Dec 2017 R'000	Audited year-ended 30 Jun 2018 R'000	Period-on-period change %
Turnover	667 211	676 189	1 348 404	-1
EBITDA	117 742	111 240	270 102	6
Depreciation and amortisation	(12 555)	(8 253)	(18 002)	52
Amortisation of intangible assets acquired	(18 911)	(16 815)	(33 895)	12
Profit from operations	86 276	86 172	218 205	0
Net finance cost	(14 917)	(11 078)	(23 067)	35
Profit before taxation	71 359	75 094	195 138	-5
Income tax expense	(25 207)	(26 159)	(65 527)	-4
Profit for the period	46 152	48 935	129 611	-6
Headline earnings	45 110	47 369	105 426	-5
Amortisation of intangible assets acquired net of deferred tax	14 363	12 107	24 404	19
Fair value adjustment to financial liability	2 117	2 298	8 048	-8
Normalised headline earnings	61 590	61 774	137 878	-0
Weighted average number of ordinary shares in issue	150 913	159 509	157 415	-5
HEPS (cents)	29,89	29,70	66,97	1
Normalised HEPS (cents)	40,81	38,73	87,59	5

# ADI ABRIDGED CONSOLIDATED STATEMENTS



## FINANCIAL POSITION

	Unaudited 6 months ended 31 Dec 2018 R'000	Unaudited 6 months ended 31 Dec 2017 R'000	Audited year-ended 30 Jun 2018 R'000
Non-current assets	1 055 968	929 169	974 154
Current assets	580 832	520 491	413 361
Total assets	1 636 800	1 449 660	1 387 515
Total equity	742 246	708 053	753 204
Non-current liabilities	541 334	307 672	287 750
Current liabilities	353 220	433 935	346 561
Total equity and liabilities	1 636 800	1 449 660	1 387 515
Gearing ratio	64%	41%	29%

# ADI ABRIDGED CONSOLIDATED STATEMENTS



## CASH FLOWS

	Unaudited 6 months ended 31 Dec 2018 R'000	Unaudited 6 months ended 31 Dec 2017 R'000	Audited year-ended 30 June 2018 R'000
OPERATING ACTIVITIES			
Cash generated from operations	58 305	28 461	257 709
Finance income	1 378	1 754	3 958
Finance costs	(14 938)	(10 671)	(23 403)
Dividends paid	(28 906)	(24 492)	(34 971)
Taxation paid	(34 221)	(32 333)	(68 951)
Net cash flow (utilised in)/ generated from operating activities	(18 382)	(37 281)	134 342
Net cash flows utilised in investment activities	(140 741)	(110 714)	(183 157)
Net cash inflow from financing activities	231 940	133 154	36 369
Net increase/(decrease) in cash resources	72 817	(14 841)	(12 446)
Exchange differences on translation	3 784	951	794
Cash and cash equivalents at the beginning of the period	86 397	98 049	98 049
Cash and cash equivalents at the end of the period	162 998	84 159	86 397

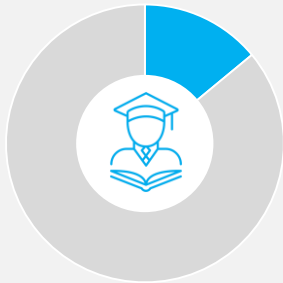


## SECTOR RESULTS



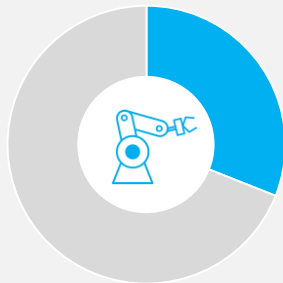
# SECTOR CONTRIBUTION - TURNOVER

EDUCATION



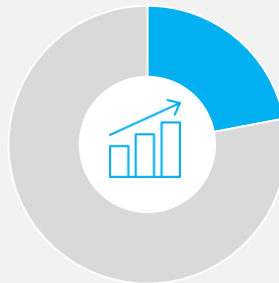
14%

MANUFACTURING



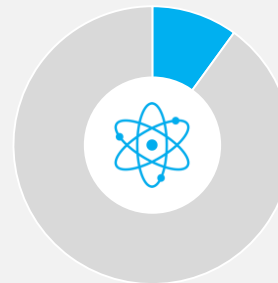
31%

FINANCIAL SERVICES



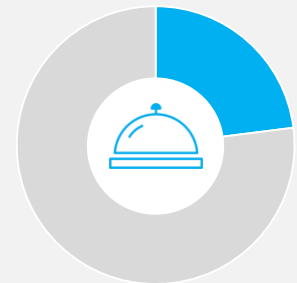
22%

ENERGY



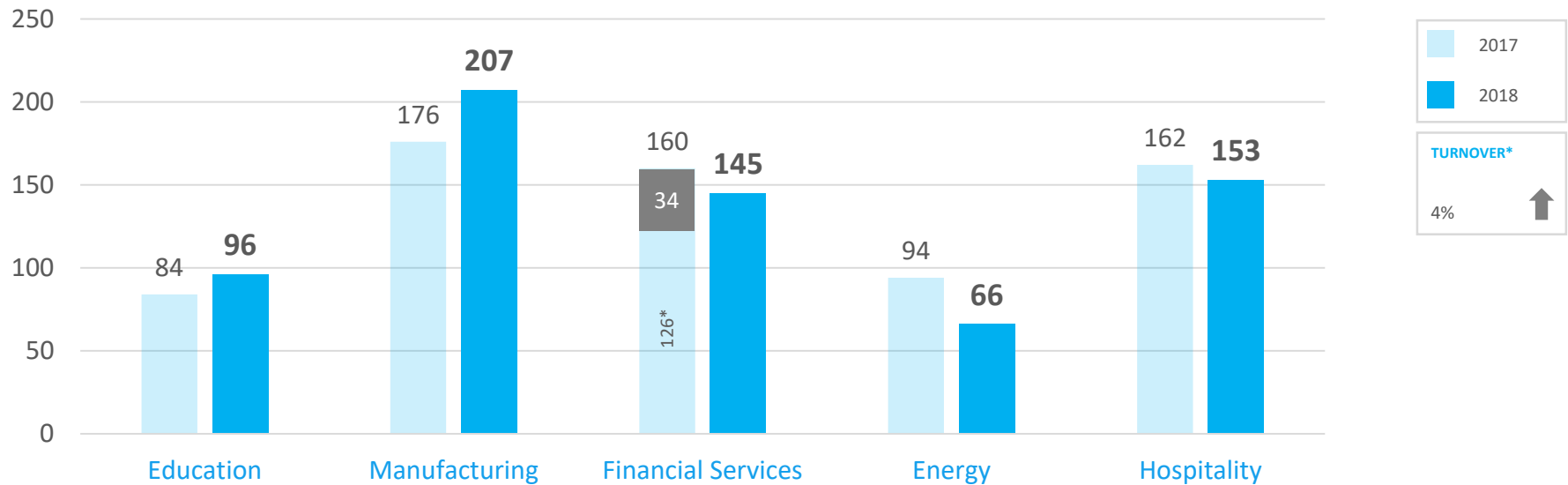
10%

HOSPITALITY



23%

# TURNOVER BY SECTOR (R'm)

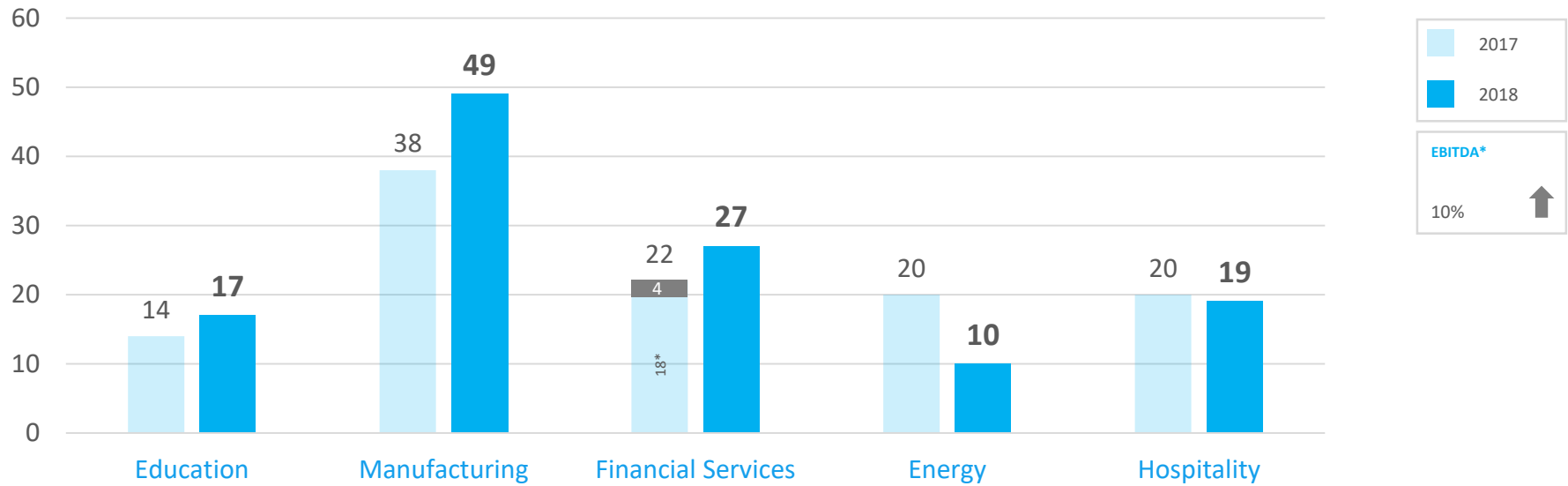


■ Business disposed

\* From continuing operations



# EBITDA BY SECTOR (R'm)



■ Business disposed

\* From continuing operations

# GEOGRAPHIC TURNOVER

## GEOGRAPHY

**78%**

South Africa

**14%**

Other African countries

**1%**

The Americas

**6%**

Australasia

**1%**

Europe



## CURRENCY

**90%**

Rands

**4%**

US \$

**1%**

Euro

**4%**

Australian \$

**1%**

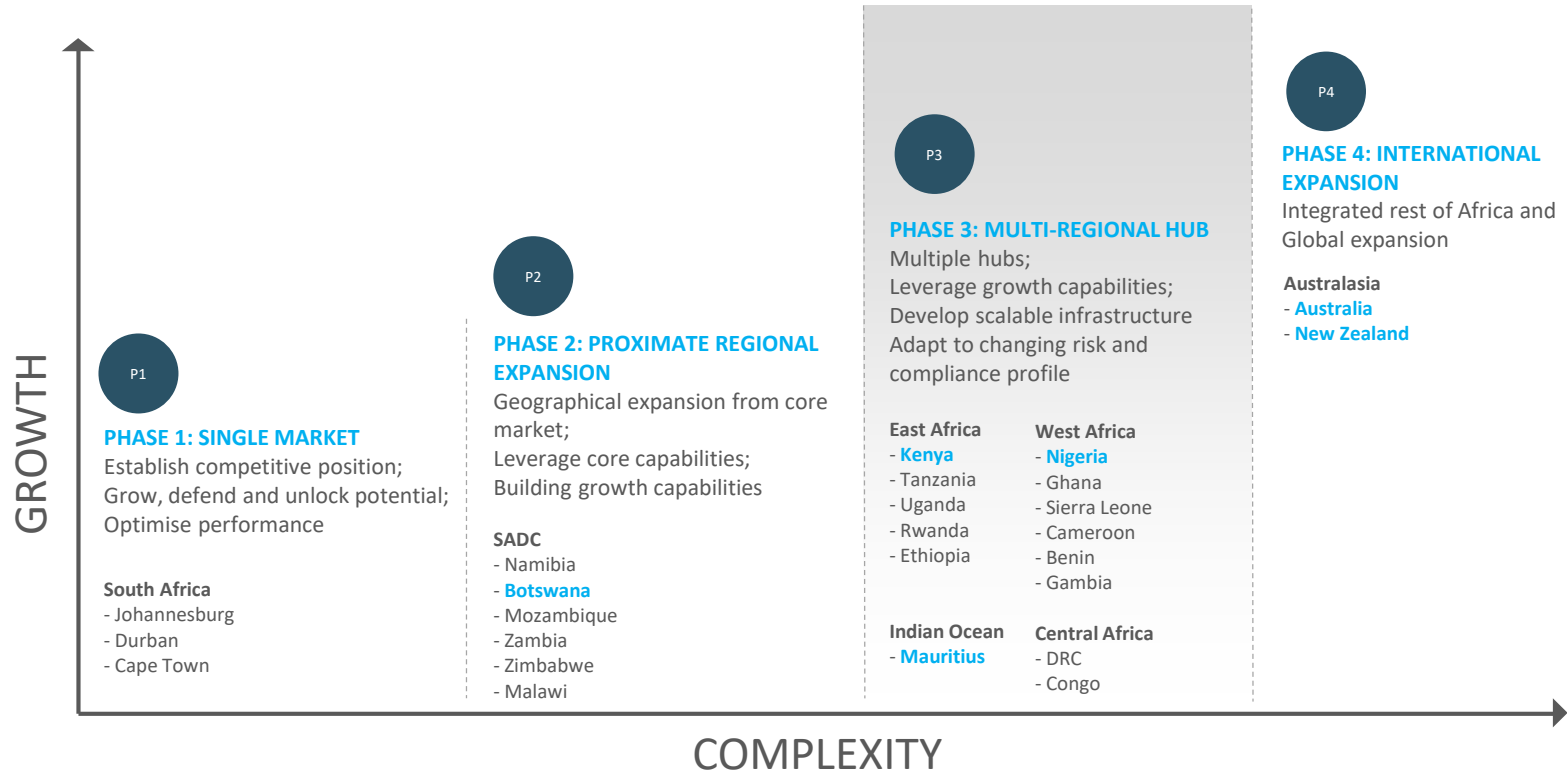
Other



# LOOKING AHEAD



# STRATEGY FOR INTERNATIONAL EXPANSION



# ACQUISITION CRITERIA AND FUNDING

## SIZEABLE ACQUISITIONS

- > 25% up to 100% of turnover
- High annuity income ratio

## PROFITABLE WITH GOOD TRACK RECORD

- Sector specialisation
- Niche IP
- Strong management
- Good cultural fit

## NEW GEOGRAPHIES

- Africa
- Rest of world

## GEARING

- Up to 50% of balance sheet

## CAPITAL RAISING

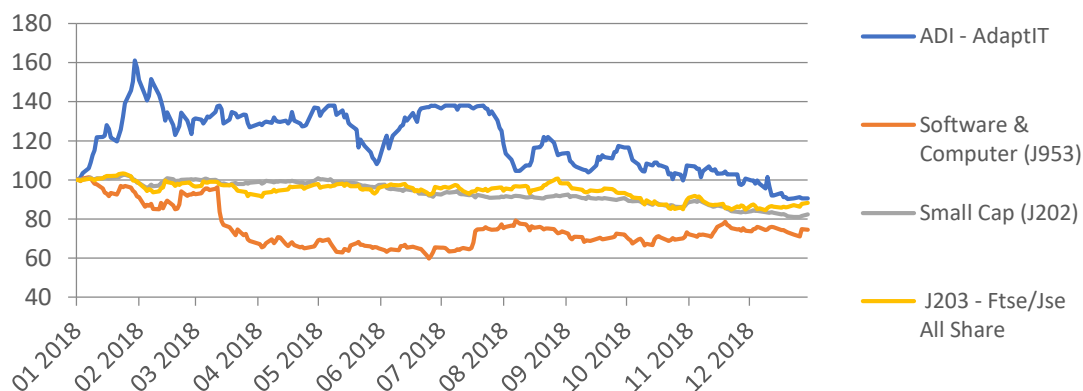
- Private placement

## NEW B-BBEE CODES

- Improve equity ownership

# ADI INVESTMENT CASE

## SHARE MOVEMENT BASED TO 100



### Shareholder distribution

Free Float	73%
Held by Directors, Management and Staff	20%
Held in treasury	7%

### Share Liquidity

Estimated future dilution (from transactions already executed)

31 December 2018

73%

20%

7%

8%

-



### GOOD TRACK RECORD

- Successful acquisitions
- Solid growth record
- Sector diversified



### SUSTAINABLE GROWTH STRATEGY

- Annuity income
- Software and Services
- Mergers and Acquisitions



### SOLID PERFORMANCE

- Strong turnover growth CAGR
- Healthy margins



THANK YOU

Achieve more.