



INTERIM RESULTS PRESENTATION
FOR THE SIX MONTHS ENDED 31 DECEMBER

2019

SHARE CODE - ADI

SECTOR - Software and Services

DISCLAIMER



- At Adapt IT Holdings Limited (“Adapt IT”) we appreciate the need for transparency and accountability and wish to use this presentation to provide general information about our company. We do not intend for the information to constitute investment or other professional or financial product advice. We also do not intend for you to use information as the basis for making an investment decision. You must consult professional advisers before making such an investment decision or taking any action which might affect your personal finances or business.
- We have prepared this presentation based on information currently available to us, including information we have obtained from 3rd parties that has not been independently verified. We do not expressly or impliedly warrant the fairness, accuracy, correctness, completeness or reliability of the information, opinions or conclusions we express as part of the presentation.
- Any opinions, statements or information we make available as part of this presentation may change without notifying you, and we express it in good faith.
- A significant portion of the information that we disclose in this presentation contains “forward-looking information,” as described in the Financial Markets Act of 2014 (and which we collectively refer to as forward-looking statements). Only statements of historical fact are not forward-looking statements. Information that constitutes forward-looking statements in this presentation includes, but is not limited to, (i) the expected development and progression of our business and projects; (ii) the execution of our vision and growth strategy, including future mergers and acquisitions activity and international growth; and (iii) the continuation or renewal of our current customer, collaborator, supplier and other key agreements.



BUSINESS OVERVIEW

ABOUT ADAPT IT



1 088 employees

53 Countries served worldwide

10 000+ customers

Level 3 B-BBEE contributor

National offices:

Johannesburg, Durban, Cape Town

International offices:

Mauritius, Australia, Botswana, Singapore,
Ireland, Kenya, Nigeria and New Zealand

Strategic Partners:

SAP™ | Oracle™ | Microsoft™ | IBM™

DIRECTORATE

NON-EXECUTIVE DIRECTORS

CRAIG
CHAMBERS



CFA, PDM, BCom

**Independent
Chairman**

Appointed
3 May 2011

Chairperson
Nominations Committee

Member
Remuneration Committee

OLIVER
FORTUIN



MBA

**Lead Independent
Director**

Appointed
8 February 2013

Chairperson
Social and Ethics Committee

Member
Audit and Risk Committee

CATHERINE
KOFFMAN



**BA, LLB, LLM
Admitted
Attorney**

**Independent
Director**

Appointed
9 February 2015

Chairperson
Remuneration Committee

Member
Audit and Risk Committee
Nominations Committee
Social and Ethics Committee

ZIZIPHO
NYANGA



CA (SA), GEDP

**Independent
Director**

Appointed
27 May 2019

Chairperson
Audit and Risk Committee

Member
Remuneration Committee

EXECUTIVE DIRECTORS

SIBUSISO (SBU)
SHABALALA



BCom

**Chief Executive
Officer**

Appointed
5 December 2007

TIFFANY
DUNSDON



CA (SA)

**Chief Commercial
Officer**

Appointed
18 April 2002

NOMBALI
MBAMBO



CA (SA)

**Chief Financial
Officer**

Appointed
18 August 2016

REVENUE ATTRIBUTES



R1.4 billion FY19 revenue

27% International revenue

60% Annuity revenue

0,7 times Cash Conversion Ratio

SECTOR FOCUS



EDUCATION

SOFTWARE SOLUTIONS

- Compliance Training
- Booking System
- Corporate Training
- Student Monitoring System
- Student Finance Admin



MANUFACTURING

SOFTWARE SOLUTIONS

- Resource Management
- Logistics Management
- Anti-Fraud
- Safety and Maintenance
- Operations Management



FINANCIAL SERVICES

SOFTWARE SOLUTIONS

- Financial Statements
- Auditing Solutions
- All-in-one Tax Solution
- Secretarial Management
- Billable hours
- Document Cloud

Our student management solution offerings allow us to solve complex problems for the Higher Education (HE) and Technical Vocational Education and Training (TVET) sectors. We assist students, institutional administrators, lecturers and management, to effectively manage the entire student lifecycle through customised solutions including, financial management, timetabling, human capital and resource management efficiencies

Our manufacturing solutions improve the safety, compliance and efficiency of maintenance activities through - permit to work, operational risk and energy isolation management software.

Within the sugar industry we provide ongoing support and maintenance of custom built ERP's, warehousing and management systems. We have cost-effective business management tools that provide control, enforce compliance and automate tedious processes

Our solutions automate the production of financial statements, and streamline assurance engagements, practice management, secretarial work and tax management. We ensure that finance professionals are equipped with innovative software that is compliant with all country specific disclosure requirements.

SECTOR FOCUS



ENERGY

SOFTWARE SOLUTIONS

- A full spectrum SAP™ Partner in
- Oil & Gas Business Management Solution
- Advanced Human Capital Management and Payroll
- Automated Fuel Terminal Operations
- Infrastructure and Applications for Fuel Marketers
- Advanced Planning, Transport and Distribution
- POS Technology, Software and Retail Automation



COMMUNICATIONS

SOFTWARE SOLUTIONS

- Customer Experience & Mobility
- Advanced Analytics
- Next-Gen VAS & Internet of Things
- Fraud Prevention
- Fintech
- Data Management



HOSPITALITY

SOFTWARE SOLUTIONS

- On-premise package for restaurant Operators
- Cloud and mobile restaurant POS platform
- A Premiere cloud restaurant management platform
- A Premiere cloud and mobile restaurant POS platform
- Enterprise platform for Hotel operations and distribution

Our Supply Chain professionals design, implement and support SAP and leading supply chain solutions within the Oil and Gas sector. Our solutions seamlessly integrate between ERP, Terminal Automation and Management, Fleet Management and Routing, Warehousing and Fuel Retail Network Management.

We offer products and solutions across an MNO's Core Network, from Next-Gen Value Added Services through to Data Analytics and IoT Management. Our solutions are cloud and security ready, dynamic and flexible with our modules able to operate independently or harmoniously with other third party solutions.

Our technology expense solutions provide our customers with strategic insight and recommendations on their technology and vendor spend, and integrate disparate financial data to improve budgeting and forecasting year on year.

Our Hospitality team offers cloud and on-premise food and beverage and hospitality solutions, that improve control through offering a single view into multi-site, multi-concept and varying locations. Our stable technology platform enables clients to utilise reporting to see what is happening at each location, further providing support for delivery as well as user revenue-generating options.



LEVEL 3 B-BBEE CONTRIBUTOR

SCORECARD	Level 3 2020	TARGET SCORE	Level 2 2019
Ownership	17,53	25	18,00
Management & Control	16,06	23	18,00
Skills Development	14,41	20	16,92
Enterprise Development	51,57	50	51,52
Socio-Economic Development	12,00	12	12,00
OVERALL SCORE	111,57	130	116,44

SOCIAL RESPONSIBILITY

2020 ADOPT-A-SCHOOL FOUNDATION



- Supporting **592** schools
- Benefitting **1 107 900** learners
- Adapt IT donation **R4 700 000**



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.

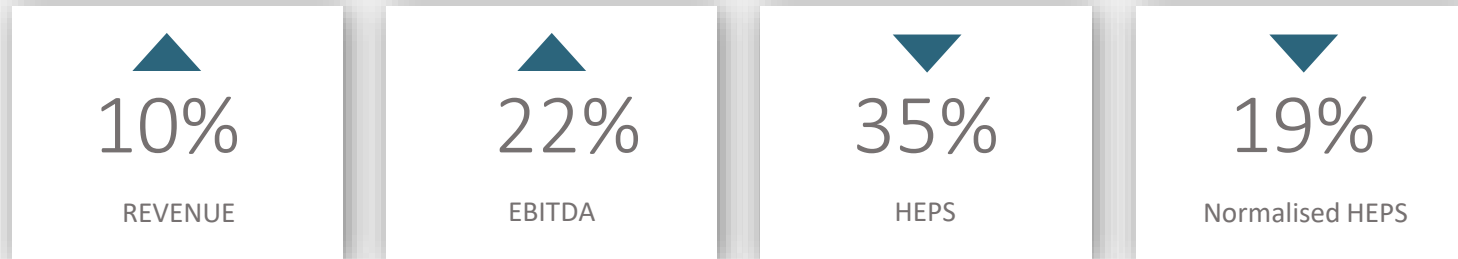


FINANCIAL RESULTS

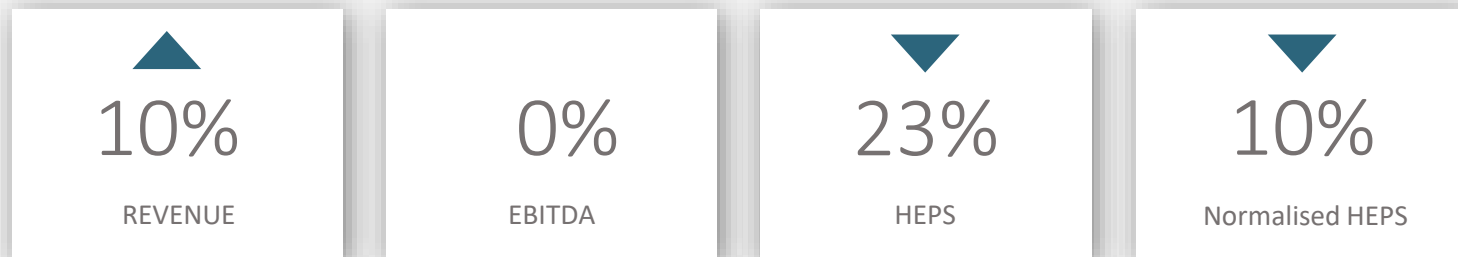
INTERIM RESULTS 31 DECEMBER 2019



FINANCIAL HIGHLIGHTS



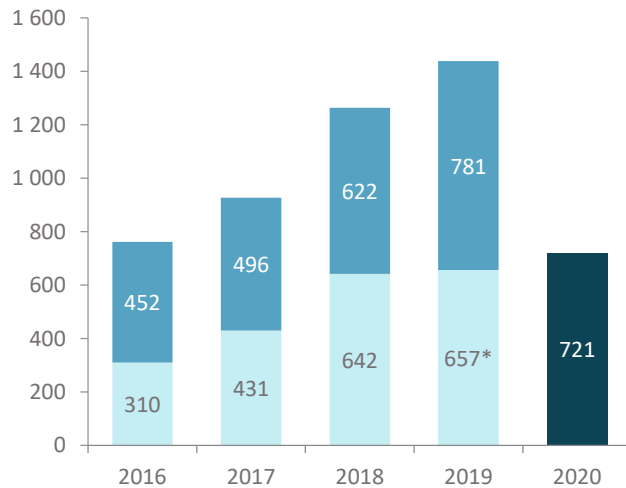
EXCLUDING THE IMPACT OF IFRS 16 LEASES



ADI 5 YEAR REVIEW

FROM CONTINUING OPERATIONS

REVENUE (R'm)



* Restated

REVENUE GROWTH

10%

ORGANIC REVENUE GROWTH

-1%

ACQUISITIVE REVENUE GROWTH

11%

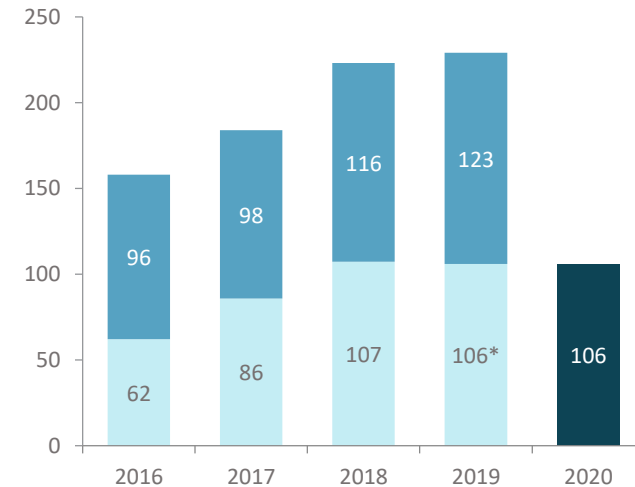
ANNUITY REVENUE

60%

H1 REVENUE CAGR

18%

EBITDA (R'm)



EBITDA GROWTH

0%

EBITDA MARGIN

15%

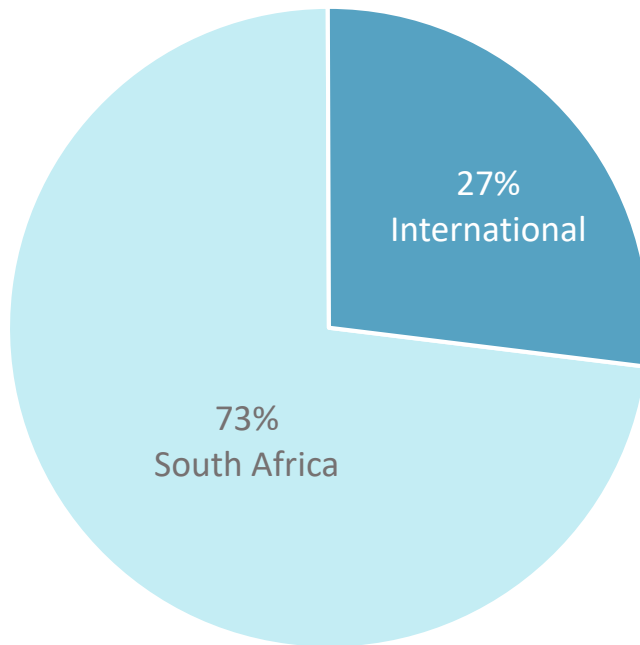
H1 EBITDA CAGR

11%

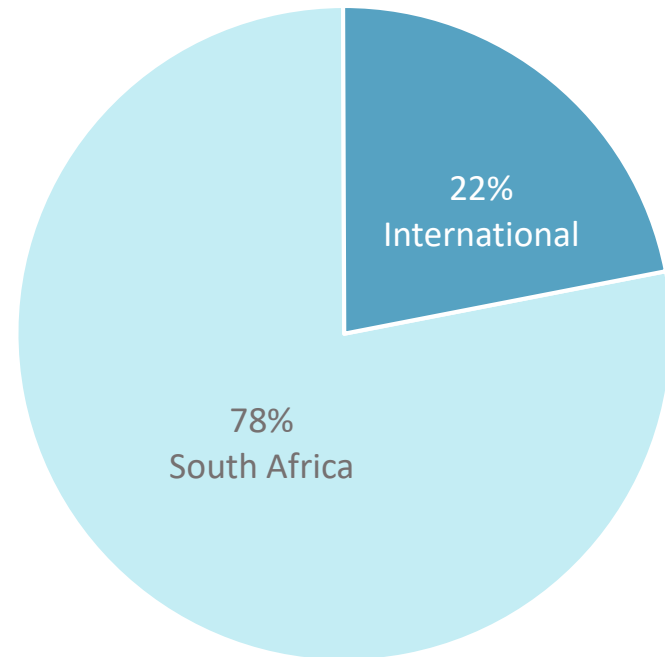


GEOGRAPHIC REVENUE DIVERSIFICATION

H1 2020



H1 2019



ADI ABRIDGED CONSOLIDATED STATEMENTS



COMPREHENSIVE INCOME - EXCLUDING IFRS 16

	Unaudited 6 months ended 31 Dec 2019 R'000	Unaudited 6 months ended 31 Dec 2018* R'000	Unaudited year-ended 30 June 2019 R'000	Period on period % Change
REVENUE	721 249	656 793	1 438 138	10
Cost of sales	(318 019)	(260 379)	(645 556)	22
Gross profit	403 230	396 414	792 582	2
Operating expenses	(297 306)	(290 495)	(564 042)	2
EBITDA	105 924	105 919	228 540	0
Depreciation and amortisation	(13 301)	(12 555)	(26 636)	6
Amortisation of intangible assets acquired	(20 468)	(17 999)	(38 954)	14
Profit from operations	72 155	75 365	162 950	(4)
Net finance cost	(27 118)	(15 677)	(39 796)	73
Profit before taxation	45 037	59 688	123 154	(25)
Income tax expense	(18 814)	(21 723)	(48 808)	(13)
Profit for the year	26 223	37 965	74 346	(31)
Headline earnings	25 991	36 923	82 017	(30)
Amortisation of intangible assets acquired net of deferred tax	15 216	13 411	28 968	13
Fair value adjustment to financial liability	1 589	2 117	4 089	(25)
Gain arising on derecognition of financial liability measured at amortised cost	-	-	(3 262)	-
Normalised headline earnings	42 796	52 451	111 812	(18)
Weighted average number of ordinary shares in issue	137 262	150 913	146 730	(9)
HEPS (cents)	18.93	24.47	55.90	(23)
Normalised HEPS (cents)	31.18	34.76	76.20	(10)

* Restated

EBITDA BRIDGE (R'm)



ADI ABRIDGED CONSOLIDATED STATEMENTS

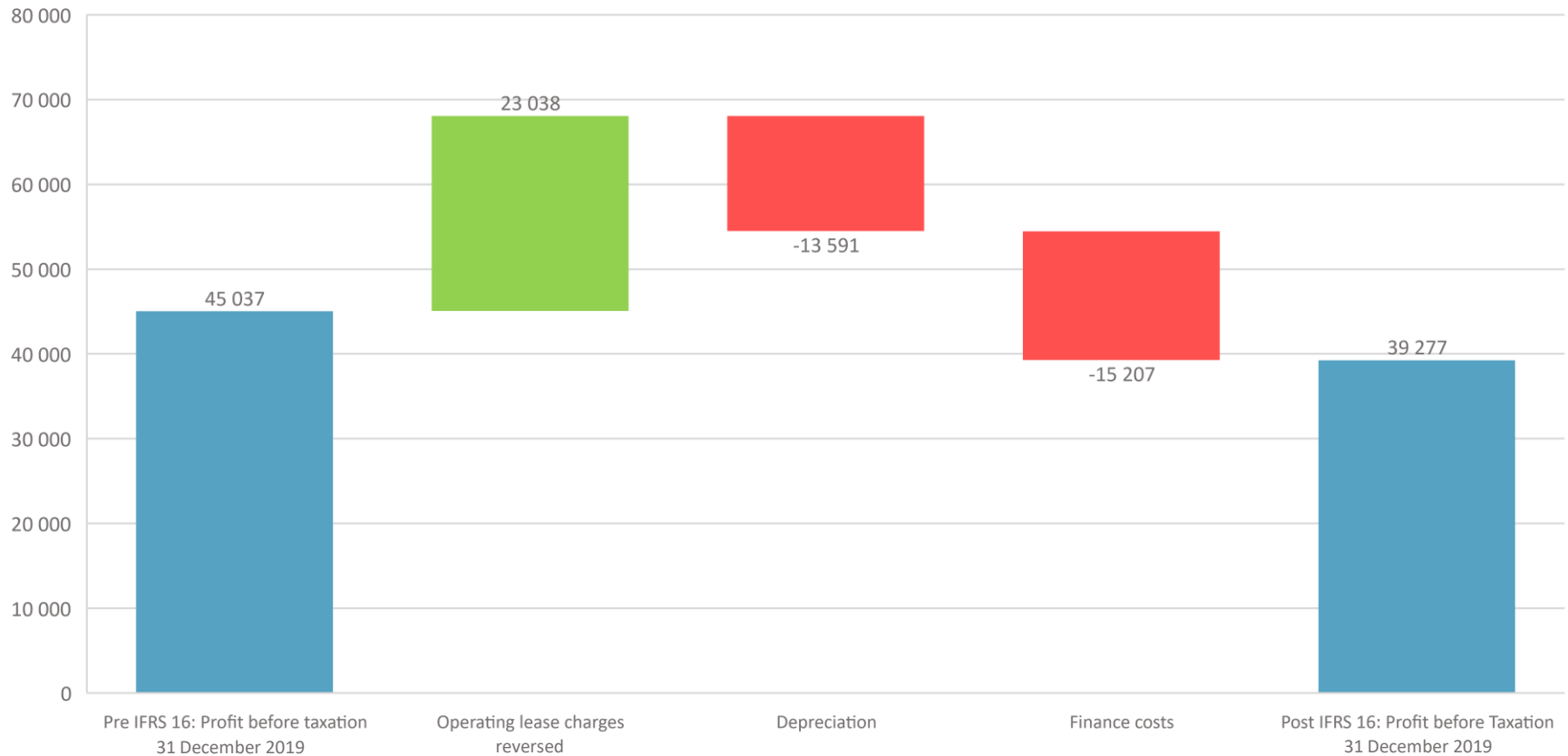


FINANCIAL POSITION - EXCLUDING IFRS 16

	Unaudited 6 months ended 31 Dec 2019 R'000	Unaudited 6 months ended 31 Dec 2018* R'000	Unaudited year-ended 30 June 2019 R'000
Non-current assets	1 115 007	1 064 074	1 165 017
Current assets	467 818	452 202	464 251
Total assets	1 582 825	1 516 276	1 629 268
Total equity	705 532	720 671	677 018
Non-current liabilities	574 846	538 860	99 630
Current liabilities	302 447	256 745	852 620
Total equity and liabilities	1 582 825	1 516 276	1 629 268
Net gearing ratio	65.82%	42.84%	65.67%

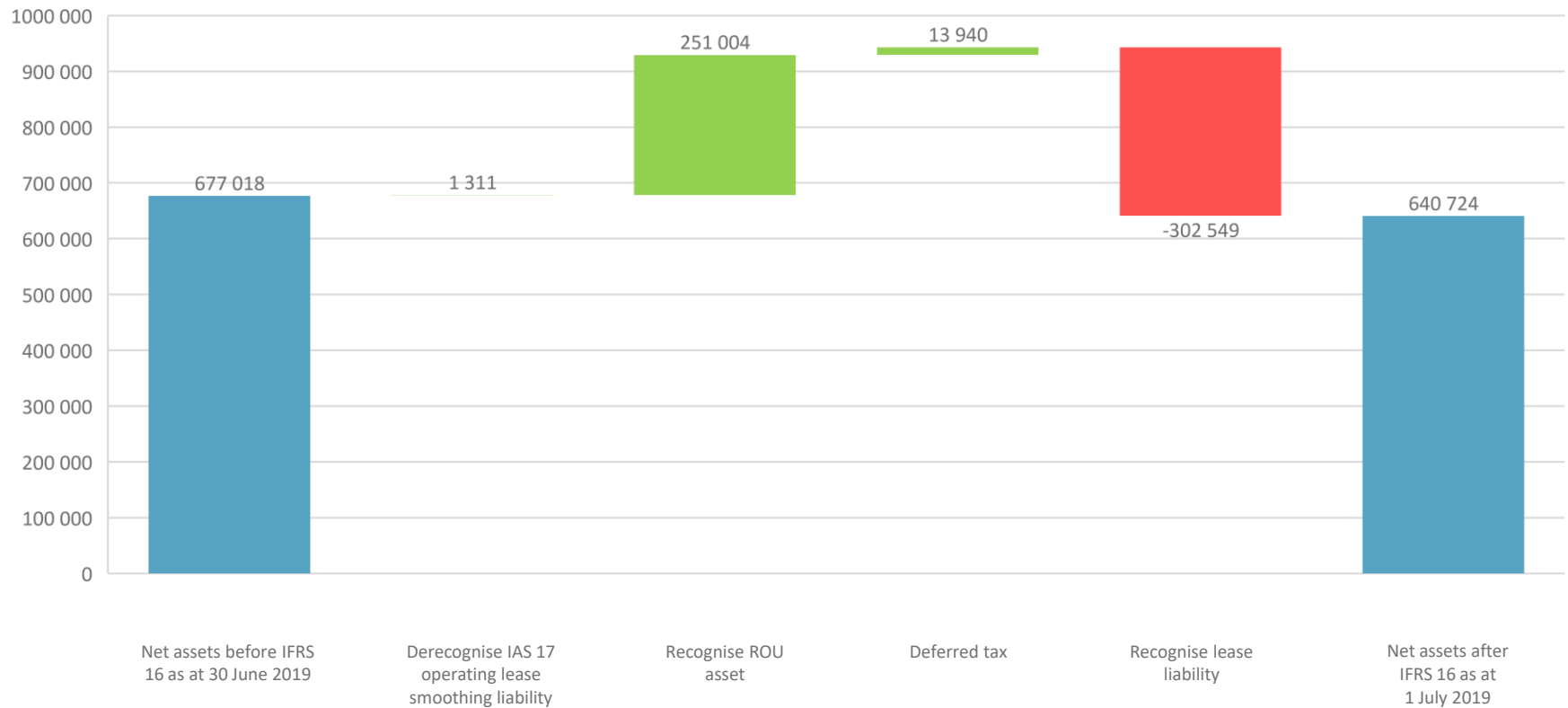
* Restated

IFRS 16 ADOPTION: PBT IMPACT (R'000)

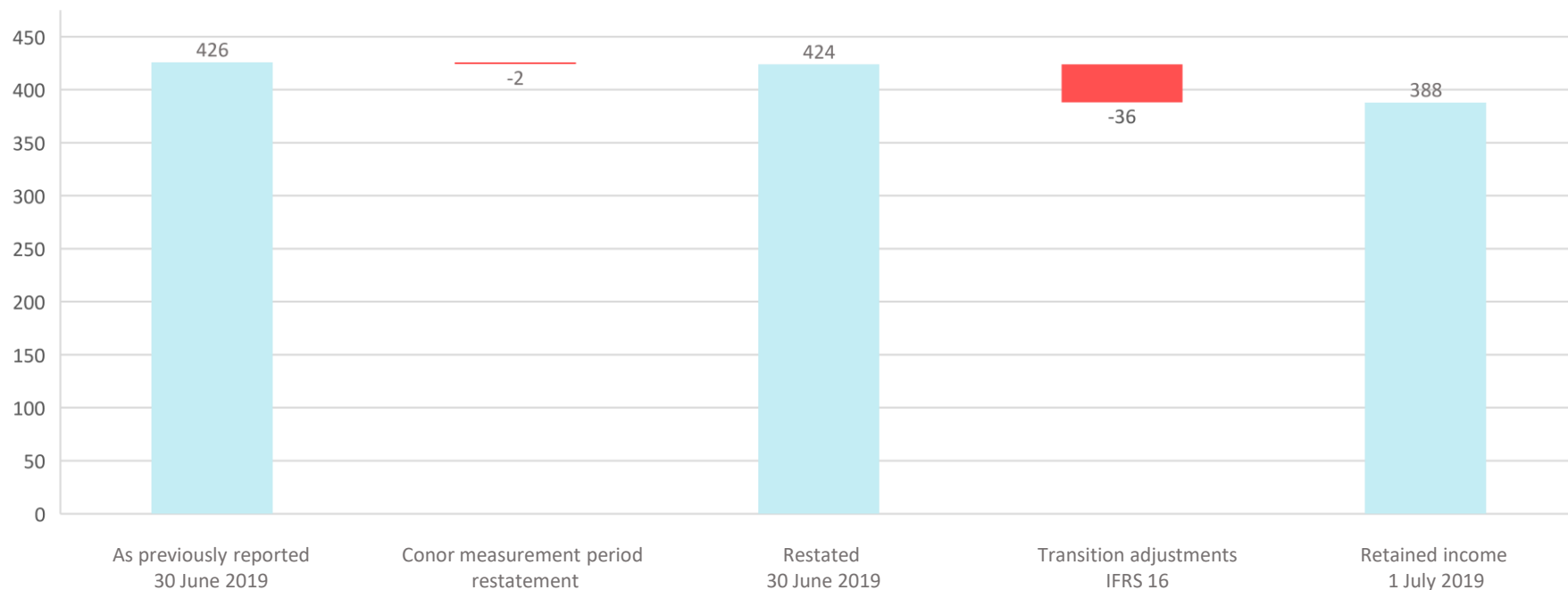


IFRS 16 ADOPTION: NET ASSETS IMPACT R'000

ADOPTION IMPACT ON 1 JULY 2019



RETAINED INCOME (R'm)



The prior period restatement relates to a measurement period adjustment on the acquisition of Conor which was provisionally accounted for at 30 June 2019. On adoption of IFRS 16, adjustments to opening retained income were made as permitted by the standard.

ADI ABRIDGED CONSOLIDATED STATEMENTS

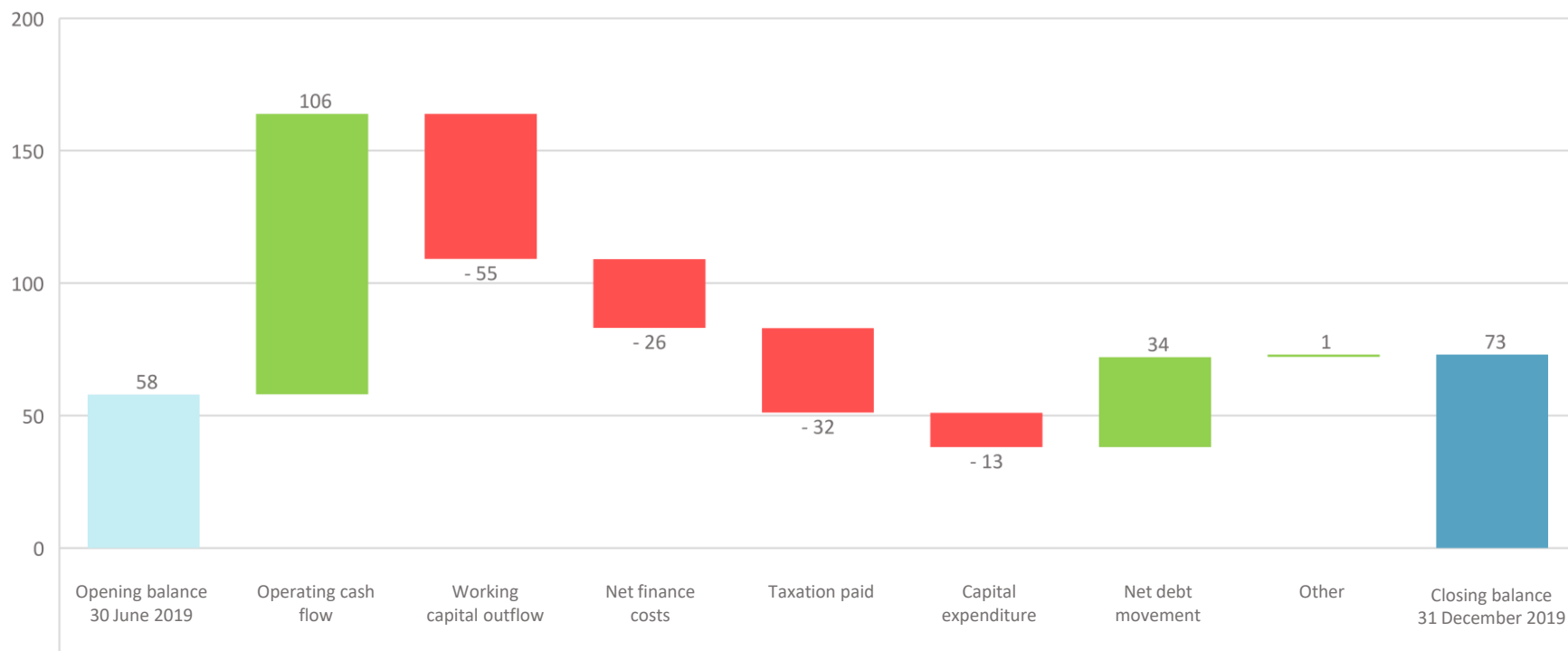
CASH FLOWS - EXCLUDING IFRS 16

	Unaudited 6 months ended 31 Dec 2019 R'000	Unaudited 6 months ended 31 Dec 2018* R'000	Unaudited year-ended 30 June 2019 R'000
OPERATING ACTIVITIES			
Operating cash flow	105 470	100 841	232 199
Working capital outflow	(54 894)	(46 784)	(53 512)
Cash generated from operations	50 576	54 057	178 687
Finance income	621	1 378	3 034
Finance costs	(26 150)	(17 866)	(41 669)
Dividends paid	-	(28 906)	(28 906)
Taxation paid	(32 207)	(34 221)	(68 838)
Net cash flow (utilised in)/ generated from operating activities	(7 160)	(25 558)	42 308
Net cash flows utilised in investment activities	(11 970)	(118 840)	(238 193)
Net cash inflow from financing activities	33 879	217 032	168 511
Net increase/ (decrease) in cash resources	14 749	72 634	(27 374)
Exchange differences on translation	87	3 784	(799)
Cash and cash equivalents at the beginning of the period	58 405	86 578	86 578
Cash and cash equivalents at end of period	73 241	162 996	58 405

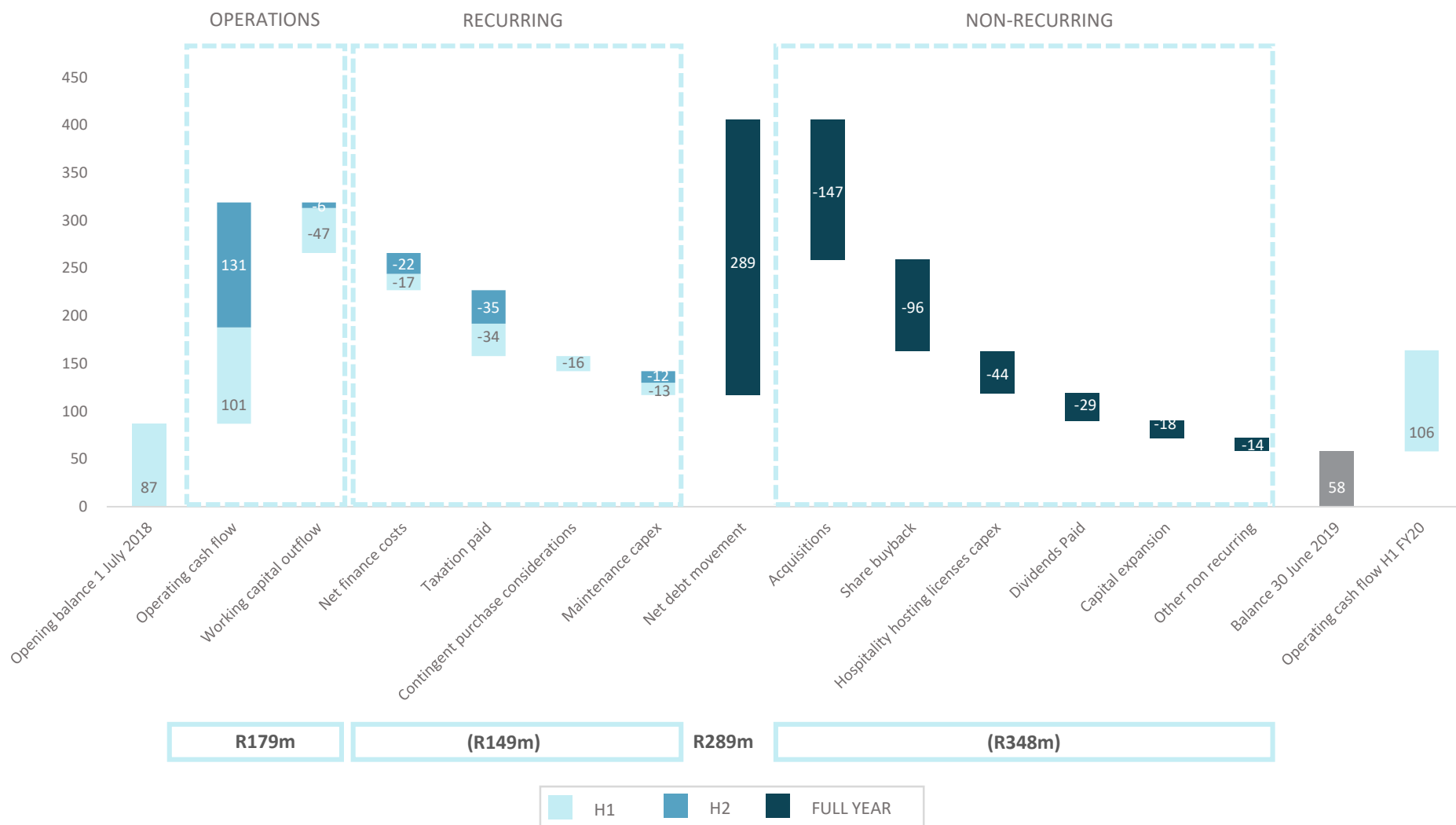
* Restated

Cash generated from operations before working capital changes amounts to **R 105 million (2018: R 101 million)**. The cash conversion ratio remained constant at **0,7 times**

CASH FLOW BRIDGE (R'm)



FY19 CASH FLOW BRIDGE (R'm)



DEBT COVENANTS

STANDARD BANK OF SOUTH AFRICA COVENANTS MEASUREMENT PERIOD

12 months 1 July to 30 June

Year end measurement period: 30 June

6 months 1 January to 30 June

6 months 1 July to 31 December

Interim measurement period: 31 December

STANDARD BANK OF SOUTH AFRICA FINANCIAL COVENANTS AS AT 31 DECEMBER 2019

Interest Cover ratio (EBITDA divided by Debt Interest)

- Covenant measure met with sufficient headroom, since first measurement period of 31 December 2018

Debt EBITDA ratio (Interest Bearing Borrowings divided by EBITDA)

- Covenant measure met with sufficient headroom, since first measurement period of 31 December 2018

Debt Service Cover ratio (Free cash flow divided by debt service)

- Covenant measure not met due to IFRS adjustments processed during the 2019 year-end and once off capital expenditure of R44m for software hosting licenses in the hospitality segment (lasting for an average of 5 years)

Standard Bank of South Africa has issued a waiver for the covenant breach

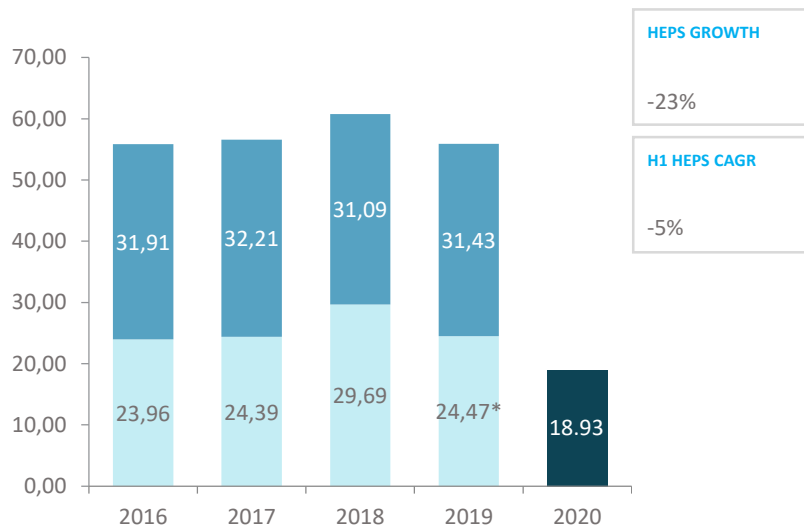
FACILITY REPAYMENT

The debt capital repayment for H1 FY20 was R10 million and the debt capital repayments for H2 FY20 will amount to R17 million under the current Standard Bank of South Africa facilities

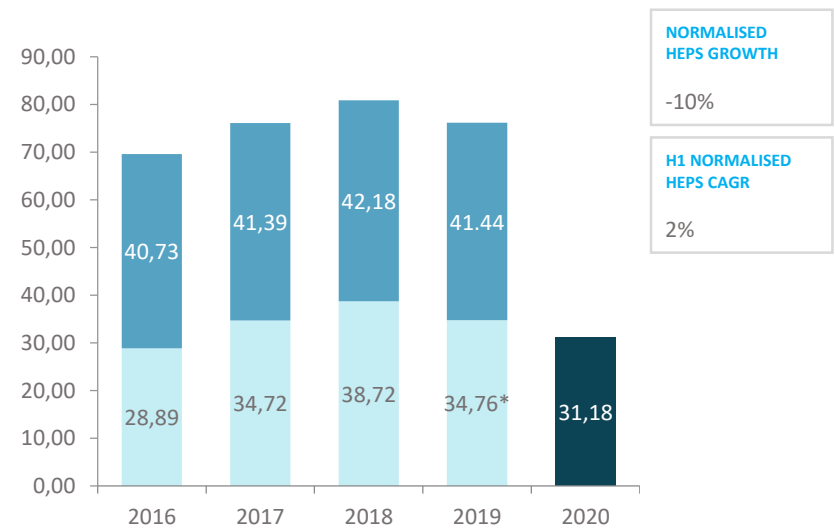
ADI 5 YEAR REVIEW

FROM CONTINUING OPERATIONS

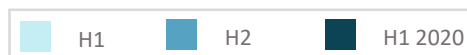
HEPS (cents)



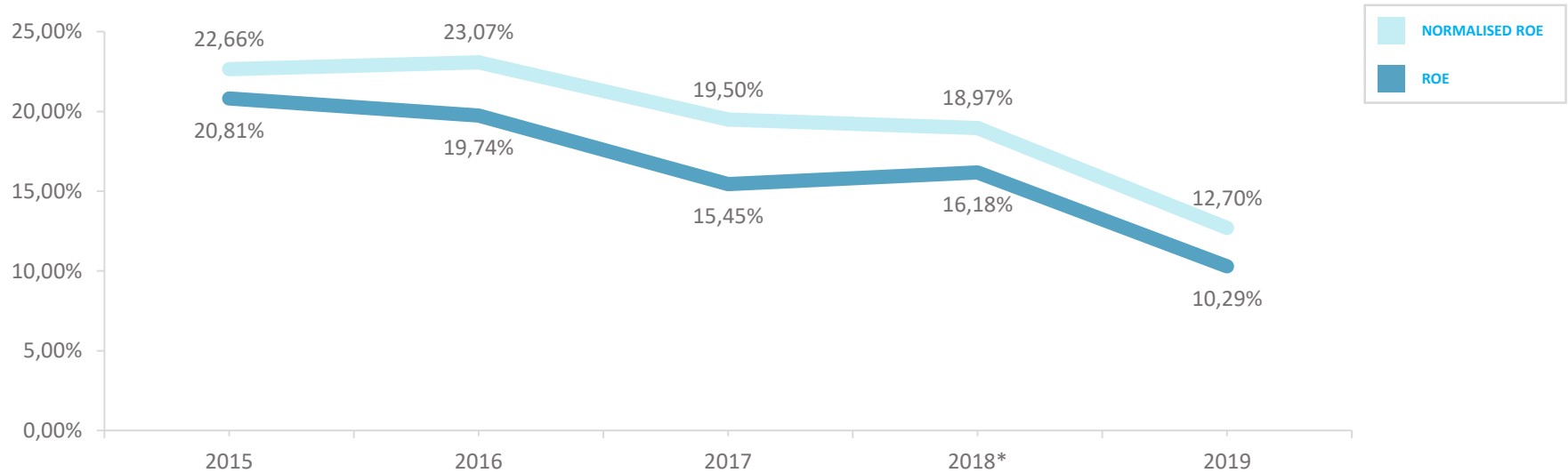
NORMALISED HEPS (cents)



* Restated



RETURN ON EQUITY 30 JUNE

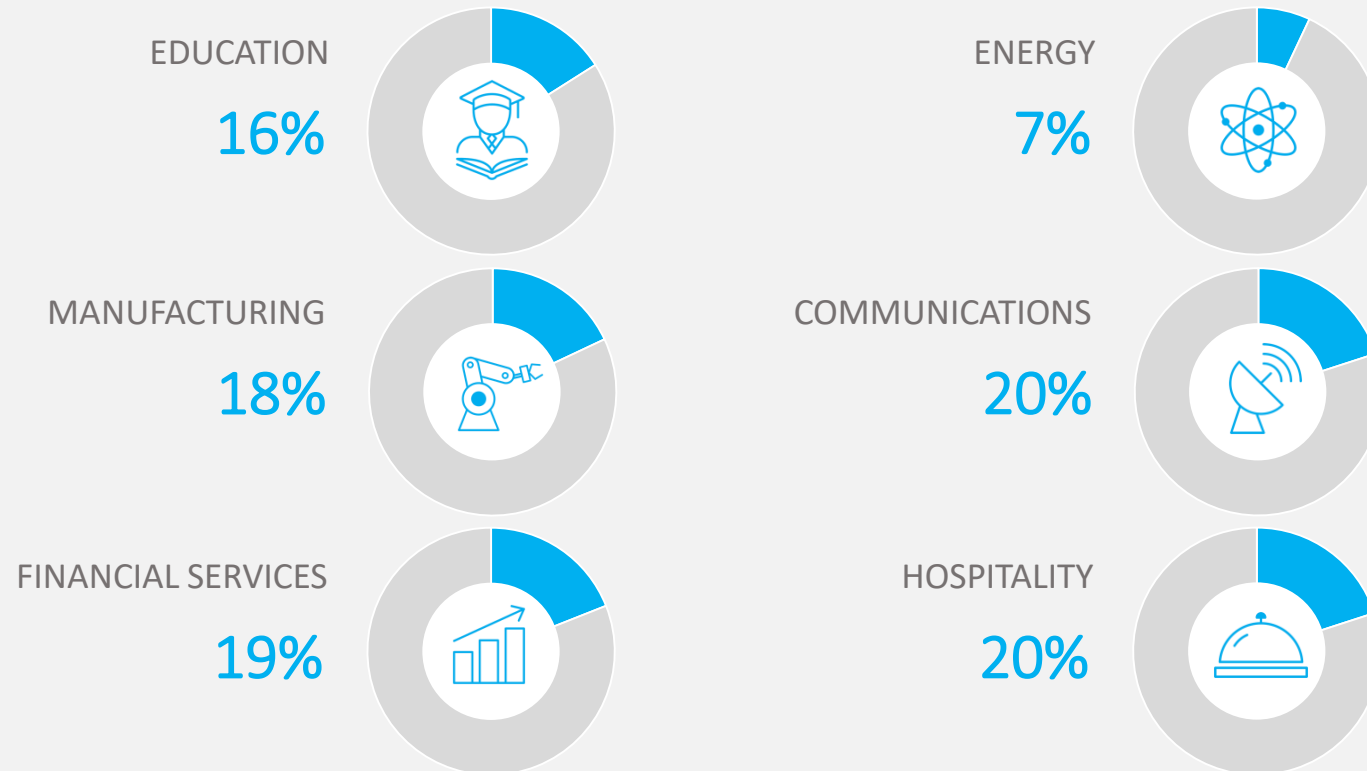


ROE has been normalised for amortisation of intangible assets acquired and business combination fair value adjustments

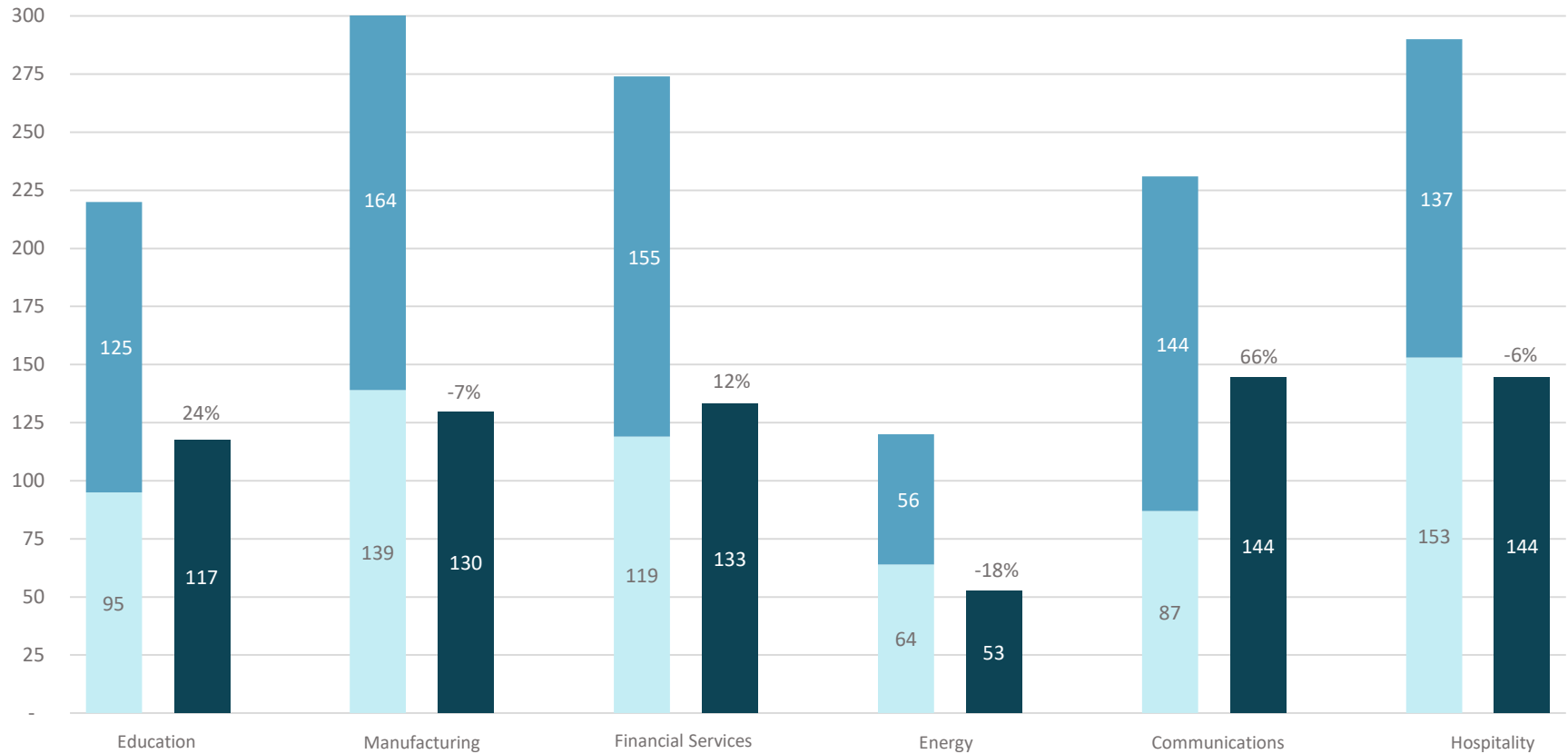


SECTOR RESULTS

SECTOR CONTRIBUTION - REVENUE



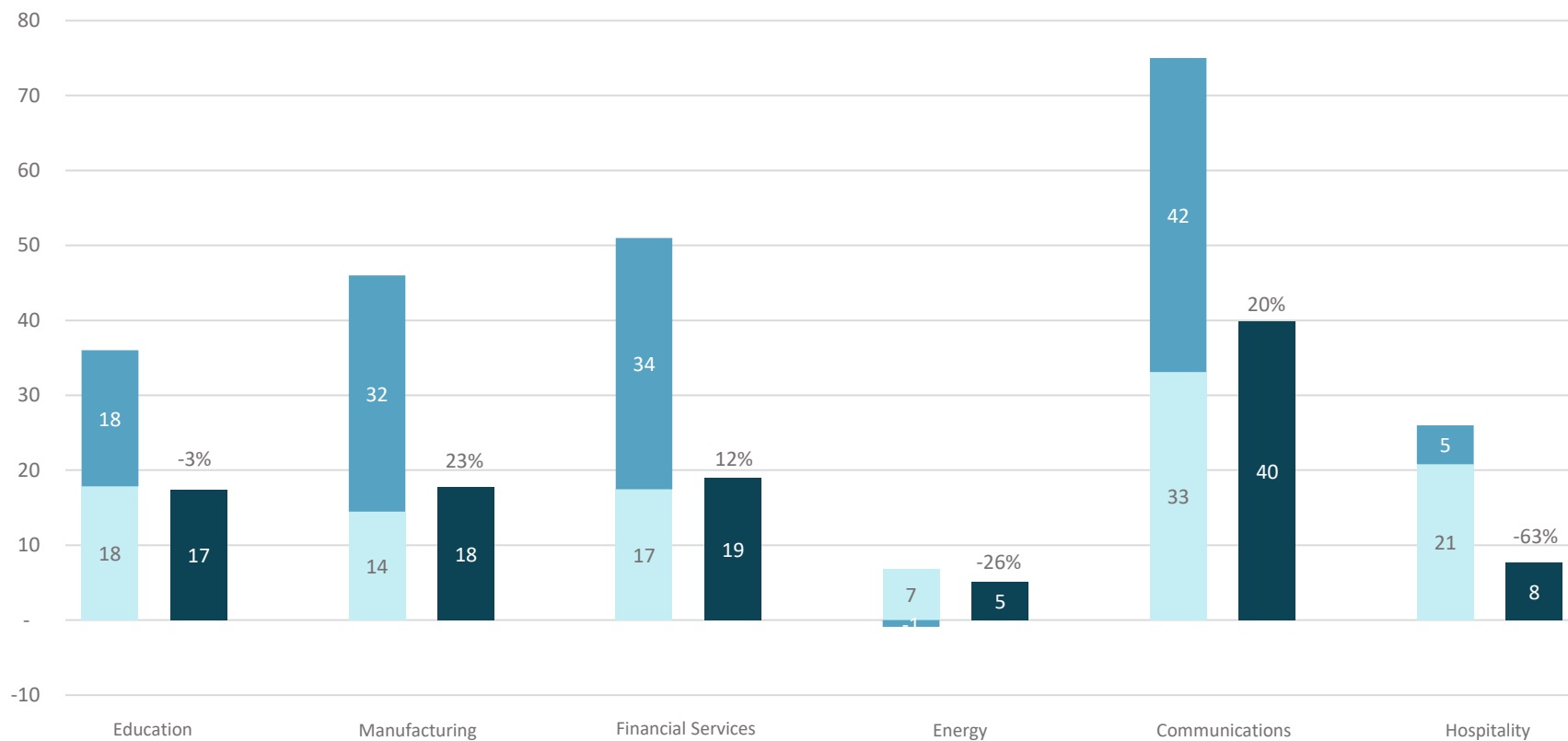
REVENUE BY SECTOR (R'm)



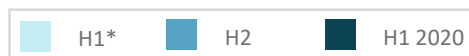
* Restated



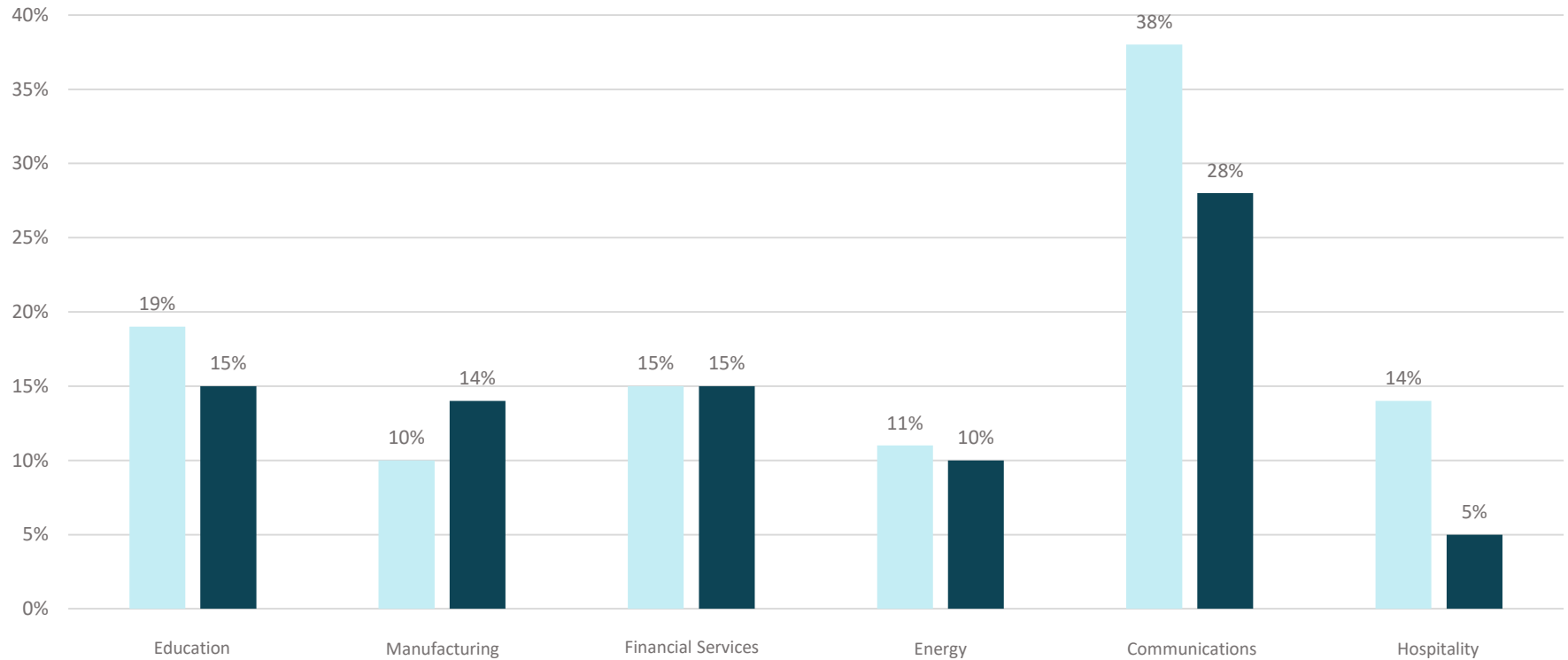
EBITDA BY SECTOR (R'm)



* Restated



EBITDA MARGIN BY SECTOR



* Restated



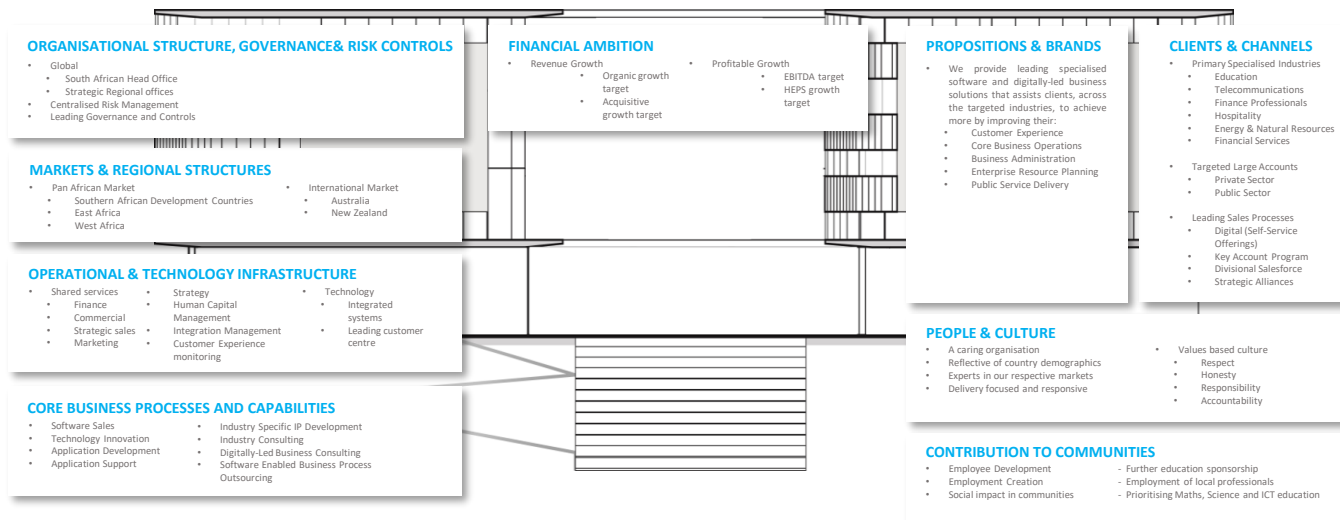


DRIVING OUR STRATEGY

ADAPT IT STRATEGY

VISION

“To be a leader in specialised software and digitally-led business solutions”



STRATEGIC PRIORITIES



PAN AFRICA GROWTH



STRENGTHENED SALES



INNOVATION ON OWN INTELLECTUAL PROPERTY



APAC GROWTH



EFFECTIVE STRUCTURE



ENHANCED ORGANISATIONAL CULTURE

OUR STRATEGIC INTENT

PROGRESS MADE TOWARDS REALISING OUR OBJECTIVES

Generation of above industry organic growth:

- Continuous innovation and product development strategy
- Expansion into new geographies
- Expansion into Financial Services Industry
- Build our digitally-led consulting capabilities
- Continuous enhancement of our sales capability

Effective underlying business:

- Continue to drive our values based culture
- Significant enhancement of our governance models
- Efficiency and cost cutting initiatives
- Continuous business support
- Undertaking a zero-based detailed executive remuneration benchmarking

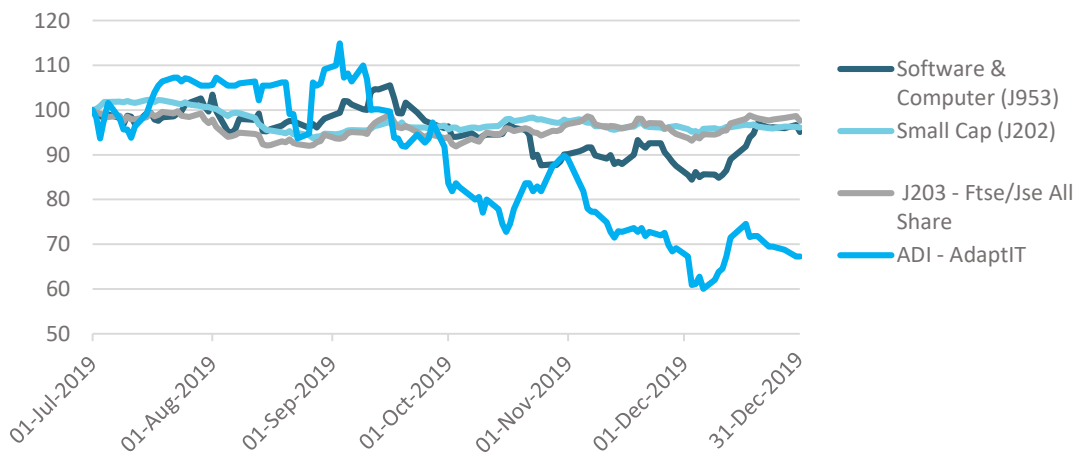
Adapt IT's strategy is to create sustainable long-term shareholder value by providing specialised software and digitally-led business solutions



IN CONCLUSION

SHARE STATISTICS

SHARE MOVEMENT BASED TO 100



Shareholder distribution	31 DECEMBER 2019
Free Float	69%
Directors, Management and Staff	21%
Treasury Shares	10%
Share Liquidity	7%

CHARACTERISTICS



GOOD TRACK RECORD

- Successful acquisitions
- 12 year Growth record
- Sector diversified



SUSTAINABLE GROWTH STRATEGY

- Annuity income
- Software and Services
- Mergers and Acquisitions



SOLID PERFORMANCE

- Healthy margins
- Good cash conversion



THANK YOU