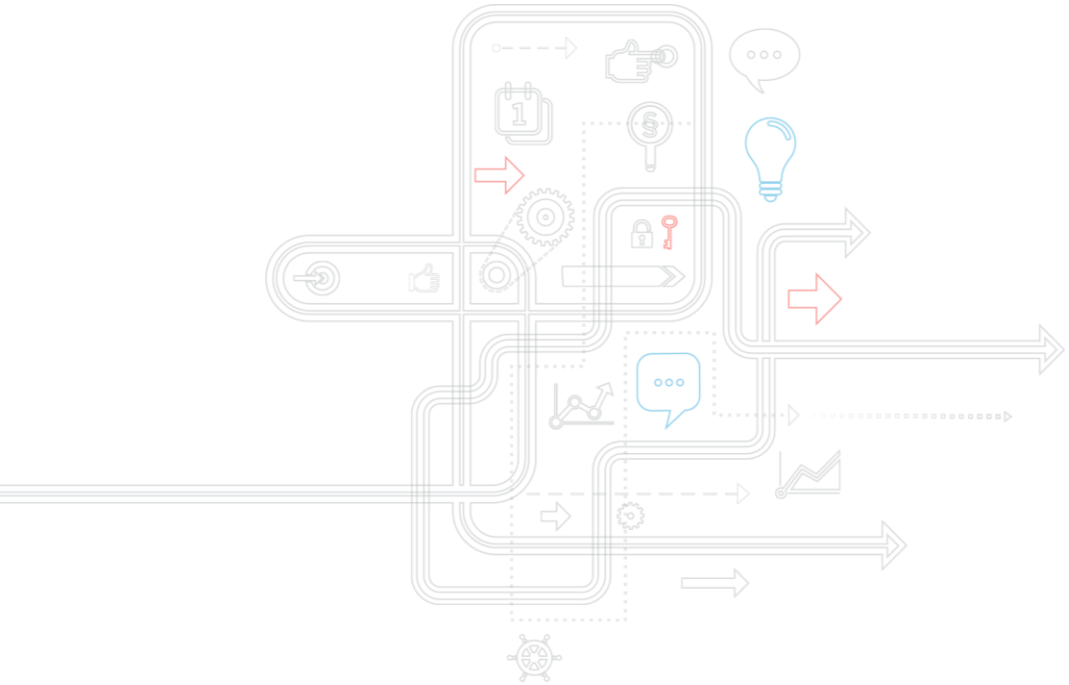


ANNUAL RESULTS PRESENTATION

FOR THE YEAR ENDED 30 JUNE

2018

Achieve more.

BUSINESS OVERVIEW

ABOUT ADAPT IT

1000+ employees
10 000 customers
53 Countries Africa and worldwide
JSE listed ADI Software and Services Provider
Level 3 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)

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

MARKET POSITIONING

VISION

To be a leading provider of specialised software.

VALUES

Respect, Honesty, Responsibility, Accountability.

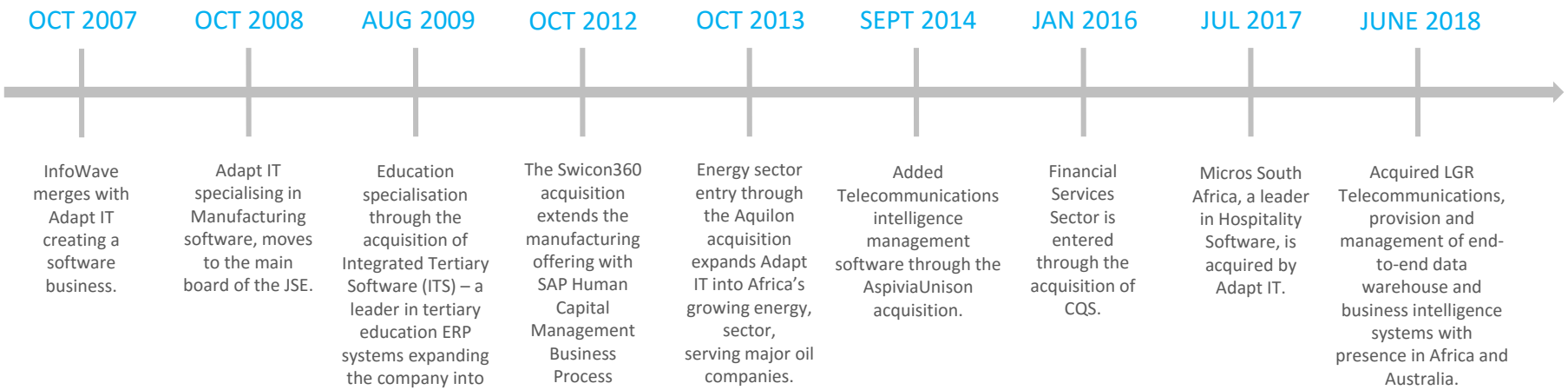
PERSONALITY

Leading. Professional. Experts.

POSITIONING

Achieve more.

10 YEARS OF GROWTH



MILESTONES

2014

5th fastest growing African Tech Company

2017

R1 billion annualised turnover

2017

2nd in the Sunday Times Top 100 companies

2020 target

R3 billion annualised turnover

OUR NEW CORPORATE IDENTITY

adapt IT

Delivering solutions for your environment.

Achieve more.

As Adapt IT evolves in delivering specialised software solutions worldwide, we have similarly revived our corporate identity to reflect our core positioning and expertise. Our promise 'Achieve more.' is lucidly expressed in line with the rebranded logo which boldly incorporates the red icon and Adapt IT wordmark. The icon is the composite of the infinity sign and the Adapt IT letter A which represents a symbol of excellence and empowerment, while Adapt IT wordmark portrays our legacy and dynamic global approach as the leading provider of specialised software.

This rebranding initiative allows us to grow our people and solutions to enable our customers to achieve more as well as to accentuate how we are experienced as Leading. Professional. Experts.

SECTOR FOCUS

EDUCATION

MANUFACTURING

FINANCIAL SERVICES

ENERGY

COMMUNICATIONS

HOSPITALITY

EDUCATION

FLAGSHIP SOFTWARE
- Integrated Tertiary Software – ITS Integrator
- CELCAT Timetabling

SERVICES
- ITS Integrator support
- Implementation, customisation, development and integration
- Automated exam and class timetabling
- Training and consulting

CUSTOMERS

University of Johannesburg
Nelson Mandela Metropolitan University for tomorrow
Maynooth University National University of Ireland Maynooth
University of KwaZulu-Natal

MANUFACTURING

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

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

CUSTOMERS

Eskom
BHP
G4S
Clicks
Illovo Sugar Africa An AB Sugar company
Newmont
Mercedes-Benz
Fidelity

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

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

CUSTOMERS

HOSPITALITY

FLAGSHIP SOFTWARE
- Oracle Hospitality Simphony POS
- Oracle Hospitality RES POS
- Oracle Hospitality Opera Property Management

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

CUSTOMERS

TRANSFORMATION

LEVEL 3 B-BBEE CONTRIBUTOR

SCORECARD	2017	TARGET SCORE
Ownership	21,07	25
Management & Control	14,66	23
Skills Development	17,20	20
Enterprise Development	48,28	50
Socio-Economic Development	12,00	12
OVERALL SCORE	113,21	130

SOCIAL RESPONSIBILITY

2018 ADOPT-A-SCHOOL FOUNDATION

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 HIGHLIGHTS

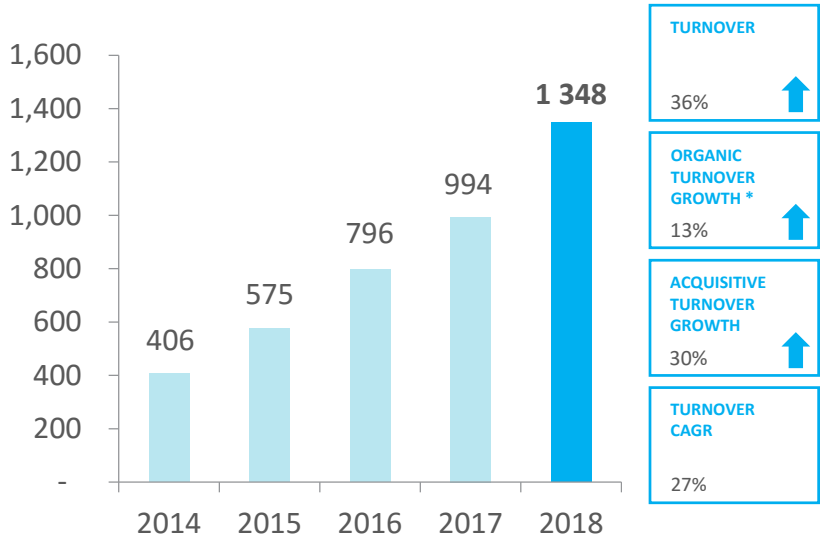
ADI YEAR ENDED 30 JUNE 2018

FINANCIAL HIGHLIGHTS

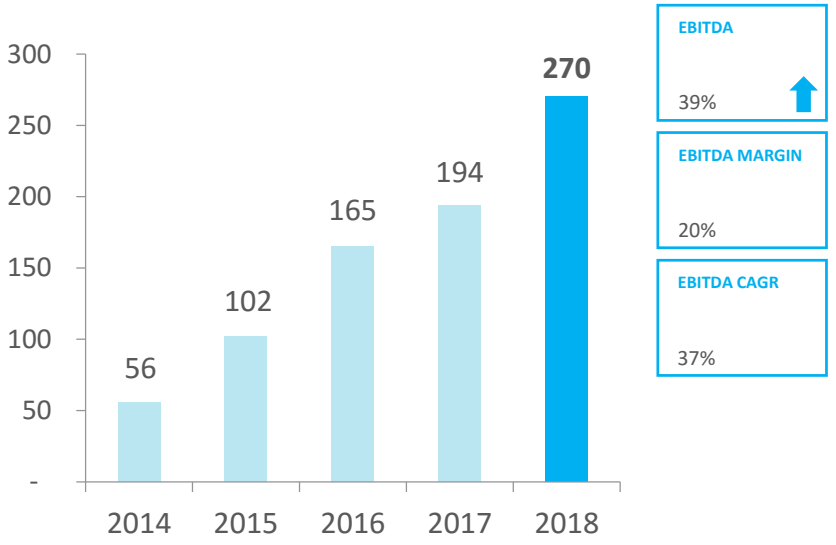
36%	39%	32%	14%	11%
TURNOVER	EBITDA	BASIC EARNINGS PER SHARE	HEADLINE EARNINGS PER SHARE	NORMALISED HEADLINE EARNINGS PER SHARE

ADI 5 YEAR REVIEW

TURNOVER (R'm)



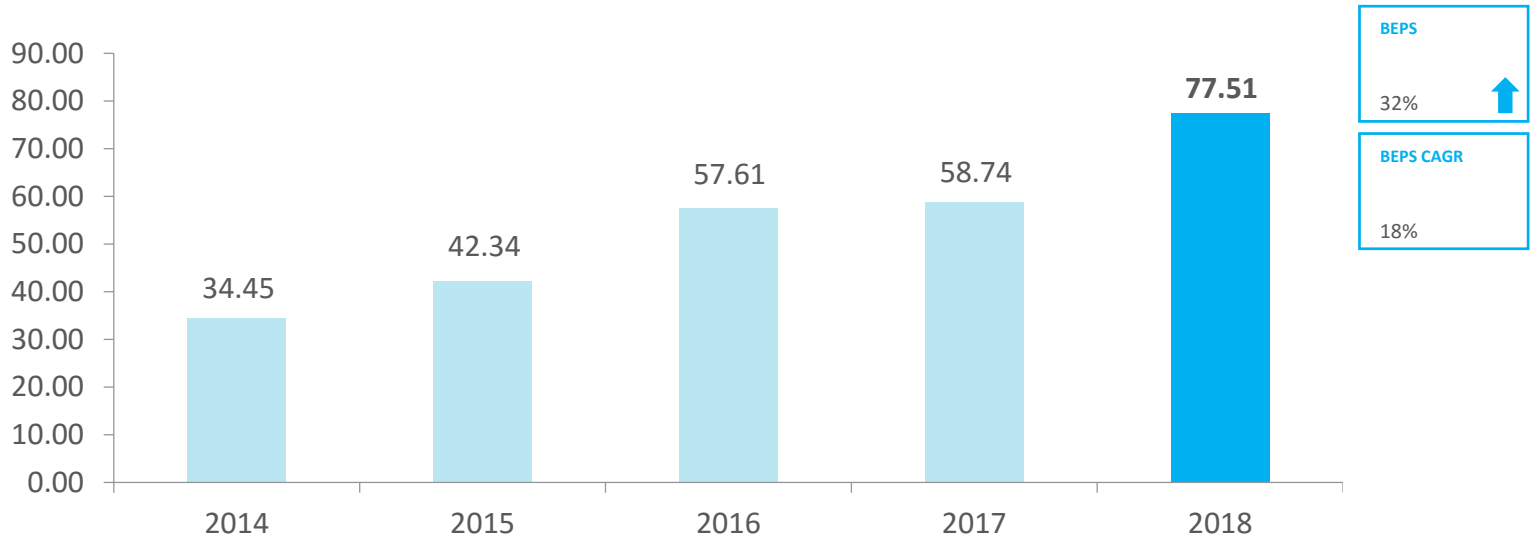
EBITDA (R'm)



* From continuing operations

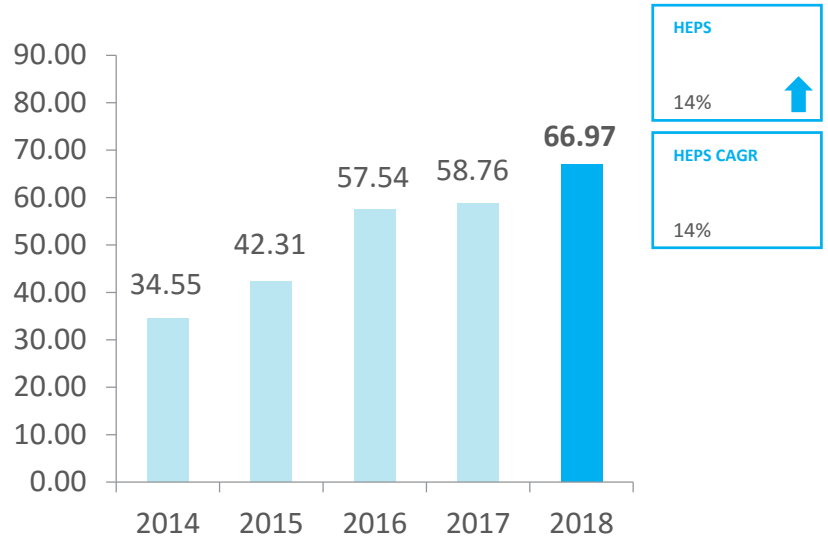
ADI 5 YEAR REVIEW

BEPS (cents)

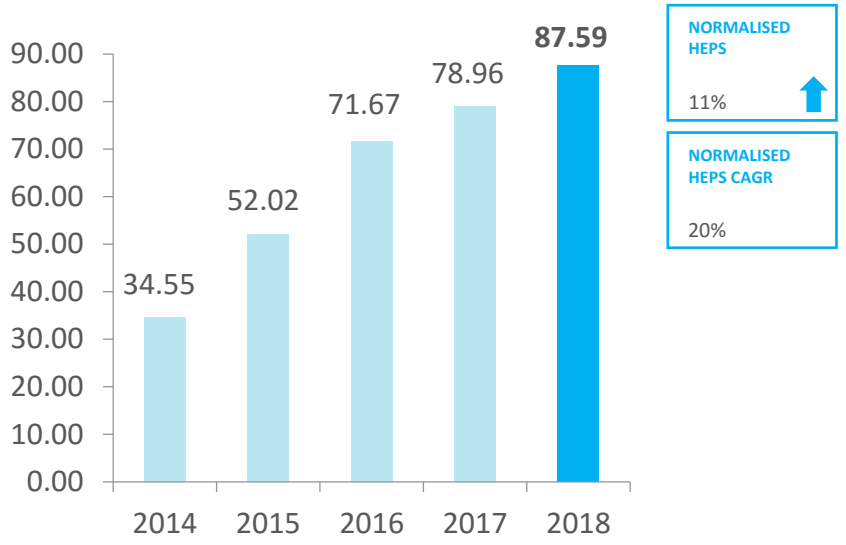


ADI 5 YEAR REVIEW

HEPS (cents)

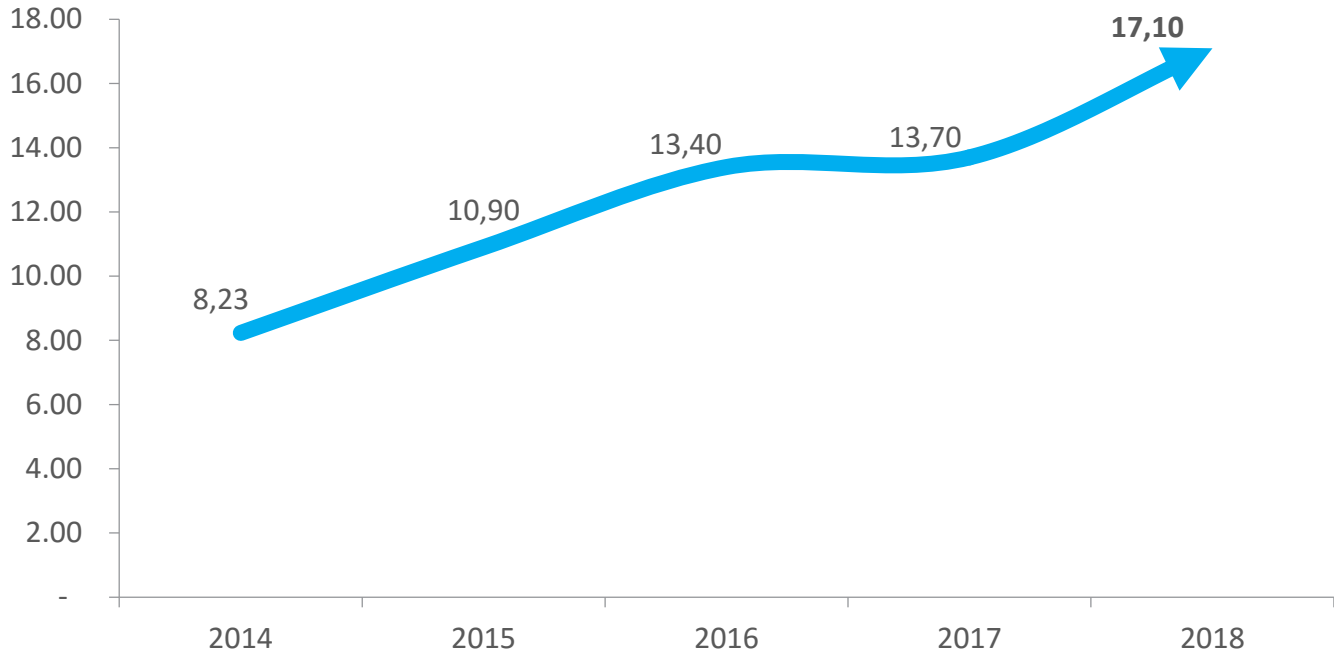


NORMALISED HEPS (cents)



ADI 5 YEAR REVIEW

DIVIDEND PER SHARE (cents)



16TH DIVIDEND SEPT 2018

17,10 cps

DIVIDEND PER SHARE

25%

POLICY OF 4 X COVER

ADI ABRIDGED CONSOLIDATED STATEMENTS

COMPREHENSIVE INCOME

	Group 2018 R'000	Group 2017 R'000	% Change
Turnover	1 348 403	993 671	36
EBITDA	270 102	194 326	39
Depreciation and amortisation	(18 002)	(14 238)	26
Amortisation of intangible assets acquired	(33 895)	(29 105)	16
Profit from operations	218 205	150 983	45
Net finance cost	(23 067)	(22 851)	1
Share of loss of equity accounted investment after tax	-	(88)	(100)
Profit before taxation	195 138	128 044	52
Income tax expense	(65 526)	(35 498)	85
Profit for the year	129 612	92 546	40
Headline earnings	105 426	88 149	20
Amortisation of intangible assets acquired net of deferred tax	24 404	20 956	16
Fair value adjustment to financial liability	8 048	9 356	(14)
Normalised headline earnings	137 878	118 461	16
Weighted average number of ordinary shares in issue	157 415	150 028	5
HEPS (cents)	66,97	58,76	14
Normalised HEPS (cents)	87,59	78,96	11

ADI ABRIDGED CONSOLIDATED STATEMENTS

FINANCIAL POSITION

	Group 2018 R'000	Group 2017 R'000
Non-current assets	974 154	730 781
Current assets	413 361	355 666
Total assets	1 387 515	1 086 447
Total equity	753 204	668 537
Non-current liabilities	287 750	193 178
Current liabilities	346 561	224 732
Total equity and liabilities	1 387 515	1 086 447
Gearing ratio	29%	15%

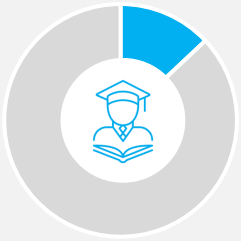
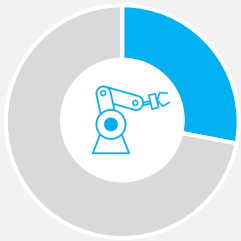
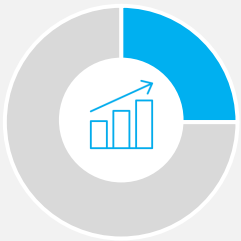
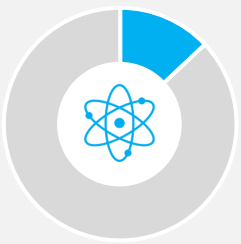
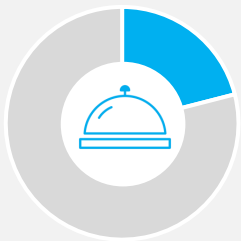
ADI ABRIDGED CONSOLIDATED STATEMENTS

CASH FLOWS

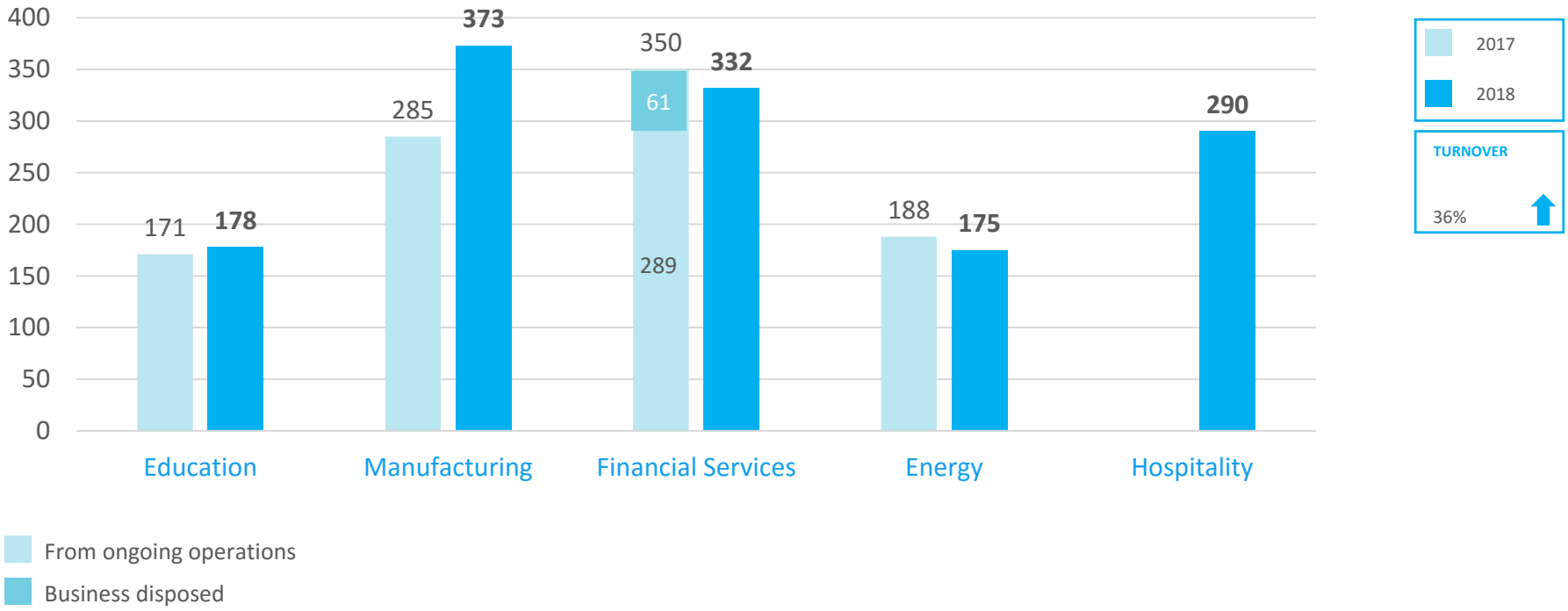
	Group 2018 R'000	Group 2017 R'000
OPERATING ACTIVITIES		
Cash generated from operations	257 709	139 325
Finance income	3 958	1 601
Finance costs	(23 403)	(16 249)
Dividends paid	(34 971)	(23 359)
Taxation paid	(68 951)	(42 102)
Net cash flow generated from operating activities	134 342	59 216
Net cash flows utilised in investment activities	(183 157)	(59 487)
Net cash inflow from financing activities	36 370	20 903
Net (decrease)/increase in cash resources	(12 445)	20 632
Exchange differences on translation	794	(307)
Cash and cash equivalents at the beginning of the year	98 049	77 724
Cash and cash equivalents at the end of the year	86 398	98 049

SECTOR RESULTS

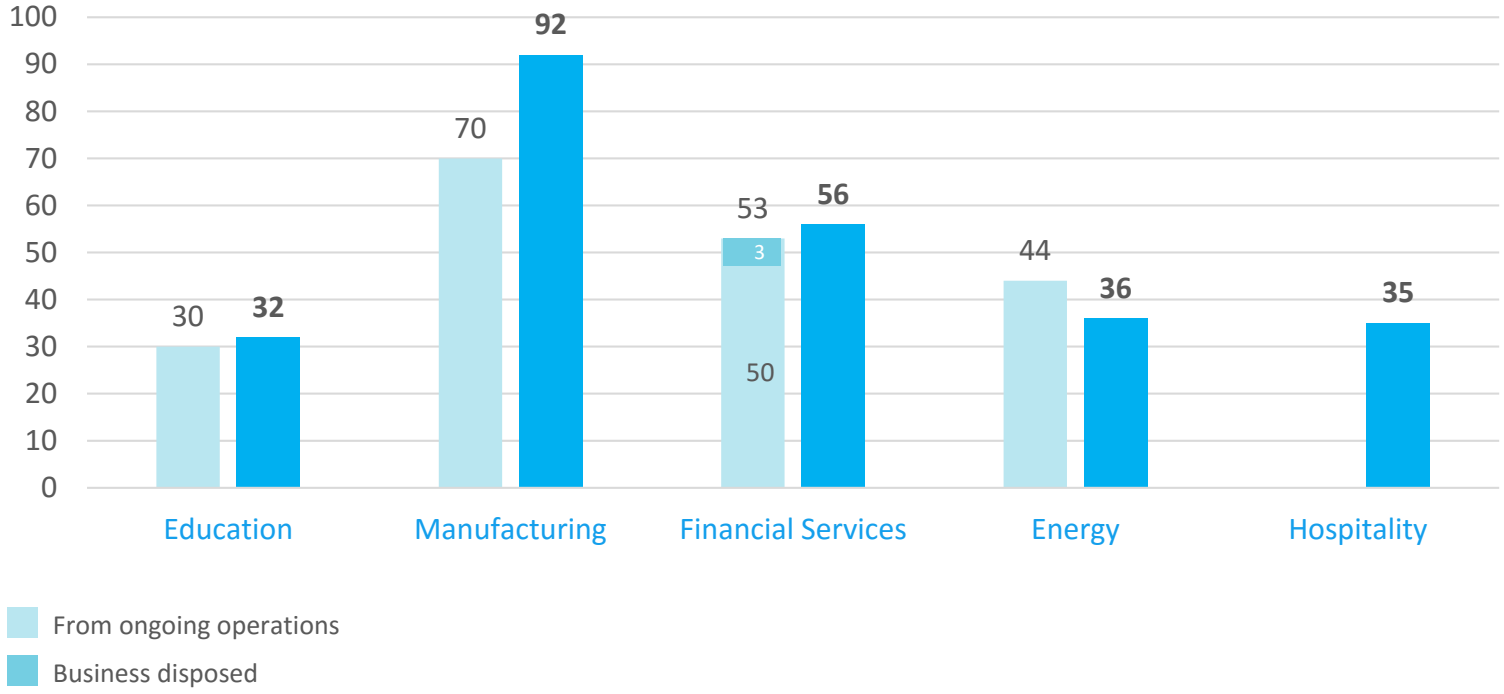
SECTOR CONTRIBUTION - TURNOVER

EDUCATION	MANUFACTURING	FINANCIAL SERVICES	ENERGY	HOSPITALITY
				
13%	28%	25%	13%	21%

TURNOVER BY SECTOR (R'm)



EBITDA BY SECTOR (R'm)



2017

2018

EBITDA GROWTH

39%

EBITDA MARGIN

20%

TURNOVER MIX

GEOGRAPHY

81%
South Africa

13%
Other African countries

2%
The Americas

3%
Australasia

1%
Europe

CURRENCY

90%
Rands

5%
US $

2%
New Zealand $

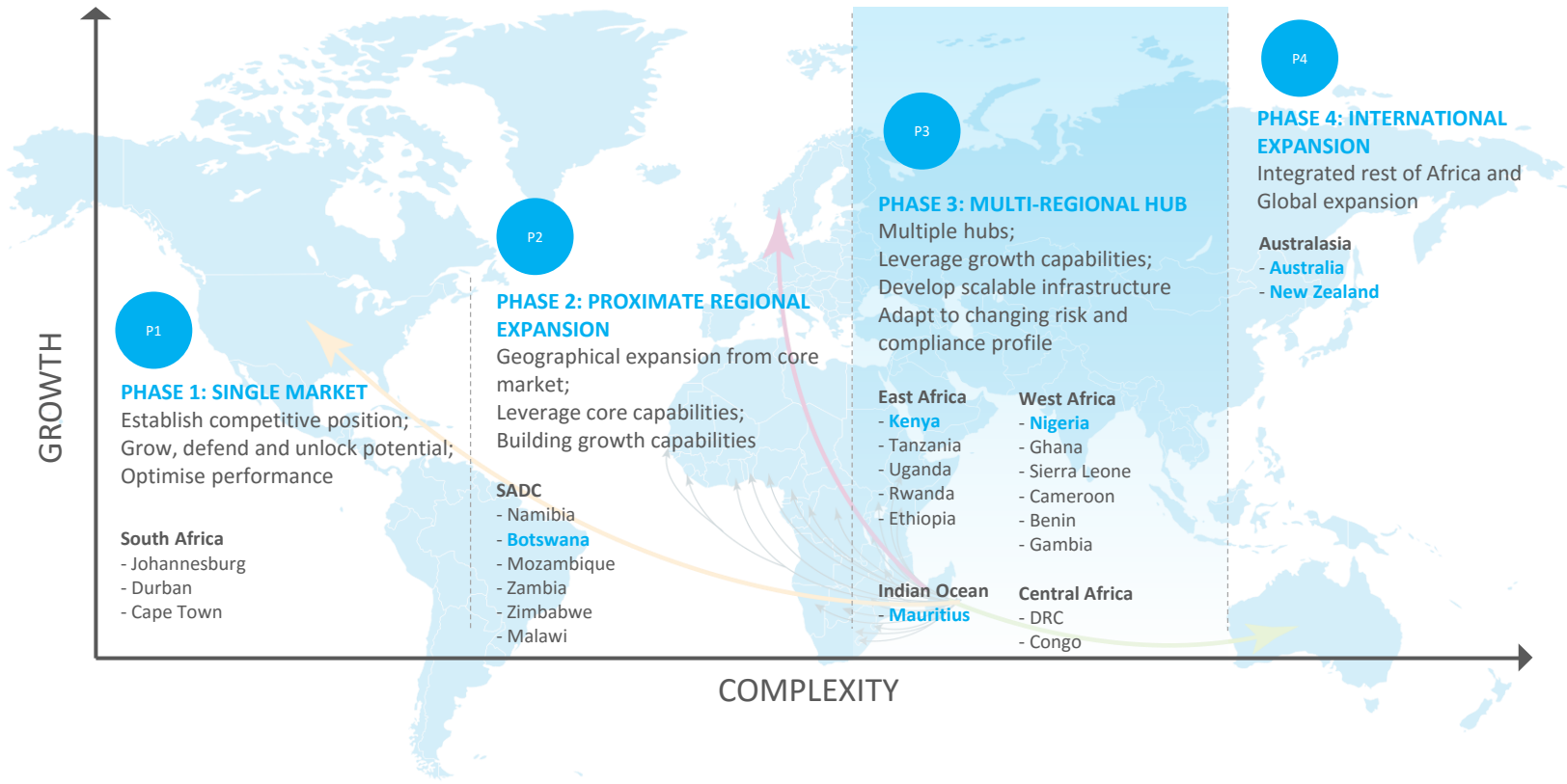
1%
Euro

1%
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

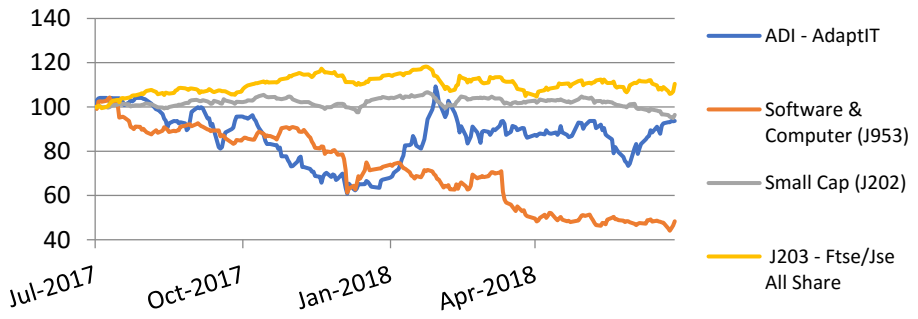
- Private placement

NEW B-BBEE CODES

- Improve equity ownership

ADI INVESTMENT CASE

SHARE MOVEMENT BASED TO 100



	30 June 2018
Shareholder distribution	
Free Float	74%
Held by Subsidiary, Directors, Management and Staff	26%
Share Liquidity	28%
Estimated future dilution (from transactions already executed)	1%

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
- Healthy margins
- Outperforming the ICT industry

THANK YOU.