

Adapt IT improves profitability in a stagnant market

- **Turnover** from continuing operations up 4% to R667 million
- **EBITDA** from continuing operations up 10% to R118 million
- **Cash generated** from operations grew 105% to R58 million
- **HEPS** up 1% to 29,89 cents
- **Normalised HEPS** up 5% to 40,81 cents

Johannesburg, 29 January 2019 - JSE-listed Adapt IT, a software provider to the Education, Manufacturing, Energy, Financial Services, Communications and Hospitality sectors, today announced its interim results for the six months ended 31 December 2018.

Adapt IT's strong annuity revenue base insulated profitability in a tough trading environment. Turnover from continuing operations was up 4% to R667 million, driven predominantly by acquisitive growth, while earnings before interest, tax, depreciation and amortisation (EBITDA) from continuing operations increased by 10% to R118 million. Normalised headline earnings per share grew by 5%.

Adapt IT invested in a state-of-the-art Johannesburg campus, consolidating 8 offices in Gauteng to enable synergies across the divisions and achieve operational efficiencies.

"Adapt IT's primary growth market in South Africa was stagnant, therefore slowing project revenue and in turn organic growth, particularly in the Energy and Hospitality sectors in the first half of the year," says Adapt IT CEO, Sbu Shabalala. "However, the acquisitions already concluded in the first half of the year positions Adapt IT favourably to grow in the second half of the year."

On the 5th of November 2018 Adapt IT announced the acquisition of Conor Solutions, bolstering the Communications product offering for a consideration of R80 million, and on the 9th of January 2019, announced the acquisition of Wisenet, extending Adapt IT's Education offering in Australasia to the vocational training institutions for a minimum consideration of R53,4 million.

The board believes the Adapt IT share remains undervalued as it is trading at EV/EBITDA multiples which are below the price of comparable quality acquisitive opportunities. In response, Adapt IT has, to-date, bought back 12,3 million shares to the value of R95 million and plans to continue with the share buy-back programme.

Cash generated from operations improved 105% to R58 million. In preparation for the next phase of the growth strategy Adapt IT has secured additional facilities of R350 million to fund acquisitions.

"The South African market remains challenging in the short term. However, Adapt IT has built a strong, well-diversified foundation enabling us to target growth in the rest of Africa and Australasia with leading software as we continue to pursue our sustainable growth strategy," concludes Shabalala.

About Adapt IT

Adapt IT Holdings Limited is a JSE-Listed software provider to over 10 000 customers in Education, Manufacturing, Energy, Financial Services, Communications and Hospitality worldwide.

For more information, visit www.adaptit.co.za.

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