

MiX TELEMATICS LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 1995/013858/06)

JSE share code: MIX ISIN: ZAE000125316

NYSE share code: MIXT

(“MiX Telematics” or “the Company” or “the Group”)



SHORT-FORM ANNOUNCEMENT: MiX TELEMATICS ANNOUNCES CONSOLIDATED FINANCIAL RESULTS FOR THIRD QUARTER OF FISCAL YEAR 2020

References in this announcement to “R” are to South African Rand and references to “U.S. Dollars” and “\$” are to United States Dollars. Unless otherwise stated, MiX Telematics has translated U.S. Dollar amounts from South African Rand at the exchange rate of R14.0483 per \$1.00, which was the R/\$ exchange rate reported by Oanda.com as of December 31, 2019.

Third Quarter Highlights (year over year):

- **Subscription revenue of R476 million (\$33.9 million), up 8% on a constant currency basis**
- **Net subscriber additions of 23,200, bringing the total subscriber base to over 812,000, up 10%**
- **Adjusted EBITDA of R162 million (\$11.5 million), or 30.1% Adjusted EBITDA margin**
- **The Company will become a U.S. domestic filer for SEC purposes on April 1, 2020**

“MiX’s third quarter results reflect continued revenue growth, adjusted EBITDA margins that again exceeded 30%, and more than 23,000 net subscriber additions,” said Stefan Joselewitz, Chief Executive Officer of MiX Telematics. “While we continue to work through some impact from macroeconomic and global trade headwinds, we remain confident that our diversified global footprint and the breadth of our product portfolio will continue to support our attractive combination of meaningful growth and substantial profitability.”

Financial performance for the three months ended December 31, 2019

Subscription Revenue: Subscription revenue was R476.1 million (\$33.9 million), an increase of 8.5% compared with R438.9 million (\$31.2 million) for the third quarter of fiscal 2019. Subscription revenue increased 7.8% on a constant currency basis. Subscription revenue benefited from a net increase of over 76,600 subscribers from January 2019 to December 2019, representing an increase in the subscriber base of 10.4% during that period.

Total Revenue: Total revenue was R536.6 million (\$38.2 million), an increase of 4.3% compared to R514.4 million (\$36.6 million) for the third quarter of fiscal 2019. Hardware and other revenue was R60.5 million (\$4.3 million), a decrease of 19.8% compared to R75.5 million (\$5.4 million) for the third quarter of fiscal 2019.

Gross Margin: Gross profit was R343.0 million (\$24.4 million), compared to R337.8 million (\$24.0 million) for the third quarter of fiscal 2019. Gross profit margin was 63.9%, compared to 65.7% for the third quarter of fiscal 2019.

Operating Margin: Operating profit was R78.3 million (\$5.6 million), compared to R86.7 million (\$6.2 million) for the third quarter of fiscal 2019. Operating margin was 14.6%, compared to 16.8% for the third quarter of fiscal 2019. Operating expenses of R264.7 million (\$18.8 million) have increased by R13.2 million (\$0.9 million) or 5.2% compared to total revenue growth of 4.3% since the third quarter of fiscal 2019. Operating expenses represented 49.3% of revenue compared to 48.9% of revenue for the third quarter of fiscal 2019.

Adjusted EBITDA: Adjusted EBITDA, a non-IFRS measure, was R161.5 million (\$11.5 million) compared to R155.8 million (\$11.1 million) for the third quarter of fiscal 2019. Adjusted EBITDA margin, a non-IFRS measure, was 30.1%, compared to 30.3% for the third quarter of fiscal 2019.

Profit for the Period and Earnings per Share: Profit for the period was R71.1 million (\$5.1 million), compared to R56.6 million (\$4.0 million) in the third quarter of fiscal 2019. Profit for the period included a net foreign exchange loss of R2.5 million (\$0.2 million) before tax. Profit for the period for the third quarter of fiscal 2019 included a net foreign exchange gain of R0.2 million (\$0.01 million).

Earnings per diluted ordinary share were 13 South African cents, compared to 10 South African cents for the third quarter of fiscal 2019. For the third quarter of 2020, the calculation was based on diluted weighted average ordinary shares in issue of 562.4 million compared to 579.6 million diluted weighted average ordinary shares in issue during the third quarter of fiscal 2019.

The Company's effective tax rate for the quarter was 3.0% compared to 34.5% in the third quarter of fiscal 2019. Ignoring the impact of net foreign exchange gains and losses net of tax and share-based compensation costs related to Performance Share Awards net of tax, the tax rate which is used in determining adjusted earnings below, was 28.8% compared to 28.3% in the third quarter of fiscal 2019.

On a U.S. Dollar basis, and using the December 31, 2019 exchange rate of R14.0483 per U.S. Dollar, and at a ratio of 25 ordinary shares to one American Depositary Share ("ADS"), profit for the period was \$5.1 million, or 23 U.S. cents per diluted ADS.

Adjusted Earnings for the Period and Adjusted Earnings per Share: Adjusted earnings for the period, a non-IFRS measure, were R55.0 million (\$3.9 million), compared to R63.5 million (\$4.5 million) in the third quarter of fiscal 2019. Adjusted earnings per diluted ordinary share, also a non-IFRS measure, were 10 South African cents, compared to 11 South African cents in the third quarter of fiscal 2019.

On a U.S. Dollar basis, and using the December 31, 2019 exchange rate of R14.0483 per U.S. Dollar, and at a ratio of 25 ordinary shares to one ADS, adjusted earnings for the period was \$3.9 million, or 17 U.S. cents per diluted ADS.

Statement of Financial Position and Cash Flow: At December 31, 2019, the Company had R240.1 million (\$17.1 million) of net cash and cash equivalents, compared to R353.2 million (\$25.1 million) at March 31, 2019.

The Company generated R118.8 million (\$8.5 million) in net cash from operating activities for the three months ended December 31, 2019 and invested R94.0 million (\$6.7 million) in capital expenditures during the quarter (including investments in in-vehicle devices of R66.5 million or \$4.7 million), leading to a free cash flow, a non-IFRS measure, of R24.8 million (\$1.8 million), compared with free cash flow of R60.4 million (\$4.3 million) for the third quarter of fiscal 2019. The Company utilized R28.2 million (\$2.0 million) in financing activities, compared to R91.0 million (\$6.5 million) utilized during the third quarter of fiscal 2019. The cash utilized in financing activities during the third quarter of fiscal 2020 mainly consisted of dividends paid of R22.5 million (\$1.6 million) and the payment of lease liabilities of R5.7 million (\$0.4 million). The cash utilized in financing activities during the third quarter of fiscal 2019 mainly consisted of share repurchases of R73.6 million (\$5.2 million), dividends paid of R16.8 million (\$1.2 million) and payment of lease liabilities of R3.4 million (\$0.2 million), offset by proceeds from issuance of shares in respect of employee share options of R2.7 million (\$0.2 million).

Business Outlook

MiX Telematics has translated U.S. Dollar amounts in this Business Outlook paragraph from South African Rand at the exchange rate of R14.5365 per \$1.00, which was the R/\$ exchange rate reported by Oanda.com as at January 27, 2020.

The Company will report the fourth quarter and full 2020 fiscal year results in accordance with IFRS and U.S. Generally Accepted Accounting Principles (U.S. GAAP). The following guidance is in accordance with IFRS only and will differ in some respects from the Company's U.S. GAAP results.

Based on information as of today, January 30, 2020, the Company is issuing the following financial guidance, which is in accordance with IFRS, for the full 2020 fiscal year:

- Subscription revenue – R1,870 million to R1,880 million (\$128.6 million to \$129.3 million), which would represent subscription revenue growth of 10.4% to 11.0% compared to fiscal 2019. On a constant currency basis, this would represent subscription revenue growth of 8.4% to 9.0%. Previous guidance was R1,886 million to R1,901 million.
- Total Revenue – R2,104 million to R2,124 million (\$144.7 million to \$146.1 million), which would represent revenue growth of 6.5% to 7.5% compared to fiscal 2019. On a constant currency basis, this would represent revenue growth of 4.4% to 5.4%. Previous guidance was R2,119 million to R2,144 million.
- Adjusted EBITDA – R625 million to R643 million (\$43.0 million to \$44.2 million), which would represent Adjusted EBITDA growth of 3.7% to 6.7% compared to fiscal 2019. Previous guidance was R650 million to R665 million.
- Adjusted earnings per diluted ordinary share of 38.7 to 41.3 South African cents based on 569 million diluted ordinary shares in issue (previous guidance was 41.6 to 45.1 South African cents based on 570 million diluted ordinary shares in issue), and based on an effective tax rate of 28.0% to 30.0%. At a ratio of 25 ordinary shares to one ADS, this equates to adjusted earnings per diluted ADS of 66.6 to 71.0 U.S. cents.

For the fourth quarter of fiscal 2020, the Company expects subscription revenue to be in the range of R468 million to R478 million (\$32.2 million to \$32.9 million), which would represent subscription revenue growth of 5.5% to 7.7% compared to the fourth quarter of fiscal 2019. On a constant currency basis, this represents subscription revenue growth of 4.1% to 6.3% compared to the fourth quarter of fiscal 2019.

The key assumptions used in deriving the forecast are as follows:

- Growth in subscription revenue and vehicles under subscription are based on expected growth rates related to market conditions and takes into account growth rates achieved previously.
- Achieving hardware sales according to expectations. Hardware sales are dependent on the volumes of bundled solutions selected by customers.
- An average forecast exchange rate for the 2020 fiscal year of R14.5841 per \$1.

The forecast is the responsibility of the Board of Directors and has not been reviewed or reported on by the Company's external auditors. The Company's policy is to give guidance on a quarterly basis, if necessary, and does not update guidance between quarters.

The Company provides earnings guidance only on a non-IFRS basis and does not provide a reconciliation of forward-looking Adjusted EBITDA and Adjusted Earnings per Diluted Ordinary Share guidance to the most directly comparable IFRS financial measures because of the inherent difficulty in forecasting and quantifying certain amounts that are necessary for such reconciliations, including adjustments that could be made for foreign exchange gains/(losses) and related tax consequences, restructuring costs, share-based compensation costs, and other charges reflected in the Company's reconciliation of historic non-IFRS financial measures, the amounts of which, based on past experience, could be material.

The information disclosed in this "**Business Outlook**" paragraph complies with the disclosure requirements in terms of paragraph 8.38 of the JSE Listings Requirements which deals with profit forecasts.

SUMMARIZED CONSOLIDATED INCOME STATEMENT	South African Rand		United States Dollar	
	Three months ended	Three months ended	Three months ended	Three months ended
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	Unaudited	Unaudited	Unaudited	Unaudited
Figures are in thousands unless otherwise stated				
Revenue	536,619	514,407	38,198	36,617
Operating profit	78,292	86,671	5,574	6,169
Adjusted EBITDA	161,505	155,801	11,496	11,090
Profit for the period attributable to owners of the parent	71,103	56,572	5,062	4,027
Adjusted earnings attributable to owners of the parent ¹	54,953	63,490	3,912	4,519
Basic earnings per share - (R)	0.13	0.10	0.01	0.01
Basic adjusted earnings per share - (R) ¹	0.10	0.11	0.01	0.01
Dividends per share - (R)	0.04	0.03	#	#
Ordinary shares ('000) ²				
-in issue at December 31	549,990	561,808	549,990	561,808
-weighted average	550,133	561,934	550,133	561,934
-diluted weighted average	562,412	579,633	562,412	579,633

Amounts less than \$0.01

¹ Adjusted earnings per share is defined as profit attributable to owners of the parent, MiX Telematics Limited, excluding net foreign exchange gains/(losses) net of tax and share-based compensation costs related to Performance Share Awards net of tax, divided by the weighted average number of ordinary shares in issue during the period.

² December 31, 2019 figure excludes 53,983,365 (December 31, 2018: 40,000,000) treasury shares held by MiX Telematics Investments Proprietary Limited, a wholly owned subsidiary of the Group. As at December 31, 2019 166,615 shares were repurchased by MiX Telematics Limited and will be delisted in due course (December 31, 2018: 0).

SUMMARIZED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	South African Rand		United States Dollar	
	December 31,	March 31,	December 31,	March 31,
	2019	2019	2019	2019
Figures are in thousands unless otherwise stated	Unaudited	Audited	Unaudited	Unaudited
ASSETS				
Non-current assets	1,657,845	1,518,824	118,010	108,115
Current assets	868,343	872,545	61,810	62,111
Total assets	2,526,188	2,391,369	179,820	170,226
EQUITY AND LIABILITIES				
Equity	1,729,448	1,751,677	123,107	124,690
Non-current liabilities	246,645	174,256	17,557	12,404
Current liabilities	550,095	465,436	39,156	33,132
Total equity and liabilities	2,526,188	2,391,369	179,820	170,226
Net cash	240,112	353,181	17,092	25,140
Cash and cash equivalents	295,833	383,443	21,058	27,295

Dividend Declared

The Board declared that in respect of the third quarter of fiscal 2020, which ended on December 31, 2019, a dividend of 4 South African cents (0.3 U.S. cents) per ordinary share to be paid on Monday, February 24, 2020.

The details with respect to the dividends declared for ordinary shareholders are as follows:

Last day to trade <i>cum</i> dividend	Tuesday, February 18, 2020
Securities trade <i>ex</i> dividend	Wednesday, February 19, 2020
Record date	Friday, February 21, 2020
Payment date	Monday, February 24, 2020

Share certificates may not be dematerialized or rematerialized between Wednesday, February 19, 2020 and Friday, February 21, 2020, both days inclusive.

Shareholders are advised of the following additional information:

- the dividend has been declared out of income reserves;
- the local dividends tax rate is 20%;
- the gross local dividend amounts to 4 South African cents per ordinary share;
- the net local dividend amount is 3.2 South African cents per ordinary share for shareholders liable to pay dividends tax;
- the issued ordinary share capital of MiX Telematics is 603,973,144 ordinary shares of no par value; and
- the Company's tax reference number is 9155/661/84/7.

The details with respect to the dividends declared for holders of our ADSs are as follows:

Ex dividend on New York Stock Exchange (NYSE)	Thursday, February 20, 2020
Record date	Friday, February 21, 2020

Approximate date of currency conversion
Approximate dividend payment date

Monday, February 24, 2020
Thursday, March 6, 2020

Short-form announcement:

This short-form announcement is the responsibility of the Board and the contents have been approved by the Board on January 28, 2020. This short-form announcement is a summary of the full announcement released on SENS, and published on the Group's website ([FY-Q32020.pdf](#)) on January 30, 2020. This short-form announcement does not contain the complete or full announcement details. Any investment decision by investors and/or shareholders should be based on consideration of the full announcement. The short-form announcement has not been audited or reviewed by the Group's external auditors. The full announcement is available for inspection at our registered office, Matrix Corner, Howick Close, Waterfall Park, Bekker Road, Midrand, 1686 and the offices of our sponsor, Java Capital, 2nd Floor, 6a Sandown Valley Crescent, Sandown, 2196, at no charge during normal business hours from Thursday, January 30, 2020 to Thursday, February 6, 2020.

The full announcement can also be found on the following JSE link:

<https://senspdf.jse.co.za/documents/2020/jse/isse/MIX/FY-Q32020.pdf>

Directors

RA Frew* (Chairman), SB Joselowitz (CEO), SR Bruyns*# (Lead Independent Director), JR Granara (CFO), F Futwa*#, IV Jacobs*#, F Roji Maplanka*#, CWR Tasker (COO)

* Non-executive

Independent

Company secretary

Statucor Proprietary Limited

Registered office

Matrix Corner, Howick Close, Waterfall Park, Midrand

Auditors

Deloitte & Touche

Sponsor

Java Capital

January 30, 2020

Sponsor

The logo for Java Capital, featuring the word "JAVA" in a large, bold, sans-serif font, followed by "CAPITAL" in a smaller, all-caps, sans-serif font. A blue horizontal line is positioned behind the letters "A" and "V" in "JAVA".