

Cartrack Holdings Limited  
(Incorporated in the Republic of South Africa)  
(Registration number 2005/036316/06)  
Share Code: CTK ISIN:ZAE000198305  
("Cartrack", "the Group" or "the company")

## **BUSINESS UPDATE INCLUDING FINANCIAL HIGHLIGHTS FOR THE FIRST QUARTER ENDED 31 MAY 2020 AND THE IMPACT OF COVID-19**

### **YEAR-ON-YEAR HIGHLIGHTS**

- Net subscriber growth to 1,133,547 (Q1 FY20: 990,073), up 14%

### **FIRST QUARTER FINANCIAL HIGHLIGHTS (YEAR-ON-YEAR)**

- Subscription revenue of R526 million (Q1 FY20: R441 million), up 19%
- Subscription revenue is 98% of the total revenue and growing (Q1 FY20: 94%)
- Total revenue of R535 million (Q1 FY20: R468 million), up 14%
- Operating profit up 15%

Zak Calisto, founder and Group Chief Executive Officer, commented, "Given all the economic headwinds and the challenges resulting from the Covid-19 pandemic, we are content with our first quarter performance. Our performance demonstrates the strong demand for our Software-as-a-Service "SaaS" platform and the resilience of our subscription-based business model.

As to be expected, in this quarter we experienced a significant slowdown in new subscriber additions from both new and existing customers as a result of the pandemic. However, our customers have continued to derive significant insights and value from our SaaS platform and our subscriber churn remains materially in line with prior periods. Our broad industry approach with a low customer and industry concentration risk has assisted in delivering year-on-year subscriber, subscription revenue and operating profit growth.

We remain prudent in our capital allocation. Our clean balance sheet, SaaS business model and our ability to adapt to new challenges has allowed us to continue growing during these difficult times.

As anticipated, the demand for our software platform has assisted us in weathering the storm."

### **SHORT-TERM OUTLOOK ON THE IMPACT OF COVID-19**

Zak Calisto commented further, "Whilst the effects of Covid-19 still remain uncertain, in July we experienced a strong demand for our platform and our second best month of new subscriber additions in our 16 years of business. We have also seen a significant improvement in collections."

## **FINANCIAL PERFORMANCE FOR THE THREE MONTHS ENDED 31 MAY 2020**

### ***GROUP PERFORMANCE***

Despite the Covid-19 disruptions, Cartrack delivered a solid performance across its key metrics, with subscription revenue growing by 19%, from R441 million to R526 million. Subscription revenue now represents 98% (Q1 FY20: 94%) of total revenue as the trend of customers choosing the bundled SaaS platform contracts with no up-front fee continues. Despite the impact of Covid-19, the number of total subscribers increased by 14% from 990,073 to 1,133,547.

In preparation for a potential transaction, Cartrack had engaged the services of various professional advisors. It is anticipated that the costs for this will be circa R37 million.

During the quarter, and as a direct result of the pandemic, Cartrack experienced a reduction in cash collections from customers, primarily from small and medium business customers who are being supported by Cartrack, where possible, through the pandemic. Despite these headwinds, at the end of the quarter, Cartrack's balance sheet has strengthened further with cash and cash equivalents growing from R146 million at the end of FY20 to R245 million.

Short term liquidity and solvency remain carefully managed, with the current and quick ratios ending the quarter at 1.7 and 1.3 compared to 1.4 and 1.0 at the end of FY20. Bank debt as a percentage of equity has reduced to 5% from 6% at the end of FY20 and 28% a year ago. Total liabilities as a percentage of equity has reduced further to 50% from 52% at the end of FY20 and 68% a year ago. Cartrack's credit facility of R600 million with RMB remains available and unutilised at this stage.

### ***SEGMENTAL OVERVIEW***

Cartrack's significant reportable segments have all delivered strong year-on-year subscription revenue and operating profit growth despite the substantial challenges presented by the Covid-19 pandemic.

Amidst the hard lockdown in South Africa, this segment delivered robust subscription revenue growth of 15% from R323 million to R371 million.

Cartrack's highest growth segment, Asia-Pacific, delivered subscription revenue growth of 39% from R52 million to R72 million.

Europe delivered subscription revenue growth of 35% from R40 million to R53 million.

Africa (excluding South Africa) delivered subscription revenue growth of 12% from R26 million to R29 million.

At an operational level, Cartrack has prudently frozen most new positions and has primarily only conducted strategic recruitment in research and development.

### ***GROUP PROFILE***

Cartrack is a leading global SaaS platform provider of mobility solutions for small, medium and large fleets and an insurance analytics, security and safety provider for both businesses and consumers. Data analytics remain Cartrack's primary offering while growing its artificial intelligence and value-added services to deliver a tangible return on investment to its subscribers. Cartrack is also renowned

for its agility and speed in developing innovative, first-to-market solutions that are aimed at further enhancing customer experience.

Cartrack's impressive organic growth since being launched in 2004 has resulted in an extensive footprint in 23 countries across Africa, Europe, North America, Asia Pacific, and the Middle East. With an active subscriber base now in excess of 1.1 million, the Group ranks among the largest of its peer companies globally.

Cartrack is a vertically integrated service-centric organisation owning all its unique intellectual property and business processes ranging from in-house design, device and software development, mobile-technical-workshops and sales. Hence, Cartrack is in full control of delivering a superior service while also protecting its industry-leading margins and clean balance sheet.

The information contained in this announcement has not been reviewed or reported on by the Group's external auditors.

On behalf of the board

David Brown

Chairman

Johannesburg

4 August, 2020

Zak Calisto

Group Chief Executive Officer

Sponsor

The Standard Bank of South Africa Limited

## **CORPORATE INFORMATION**

### **Registered office**

Cartrack Corner

11 Keyes Road

Rosebank

Johannesburg

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(PO Box 4709, Rivonia, 2128)

### **Directors**

Independent Non-Executive Directors

David Brown (Independent Chairman)

Thebe Ikalafeng

Kim White

Sharoda Rapeti

Executive Directors

Isaias Jose Calisto (Group Chief Executive Officer)

Morne Grundlingh (Group Chief Financial Officer)

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