



EOH Holdings Limited

Investor Roadshow

March 2022



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> EOH | A market leading IT player with significant strength in IT service offerings

EOH is one of the market leaders in the African IT sector, with a diverse service offering that is well positioned to serve the needs of their clients

iOCO

NEXTEC

IT business focused on traditional and cutting-edge technology system integration with a range of solutions, products and services across the IT value chain

A variety of businesses focused on intelligent infrastructure and people outsourcing solutions

Revenue: R4.9bn⁽¹⁾

Revenue: R1.9bn⁽¹⁾

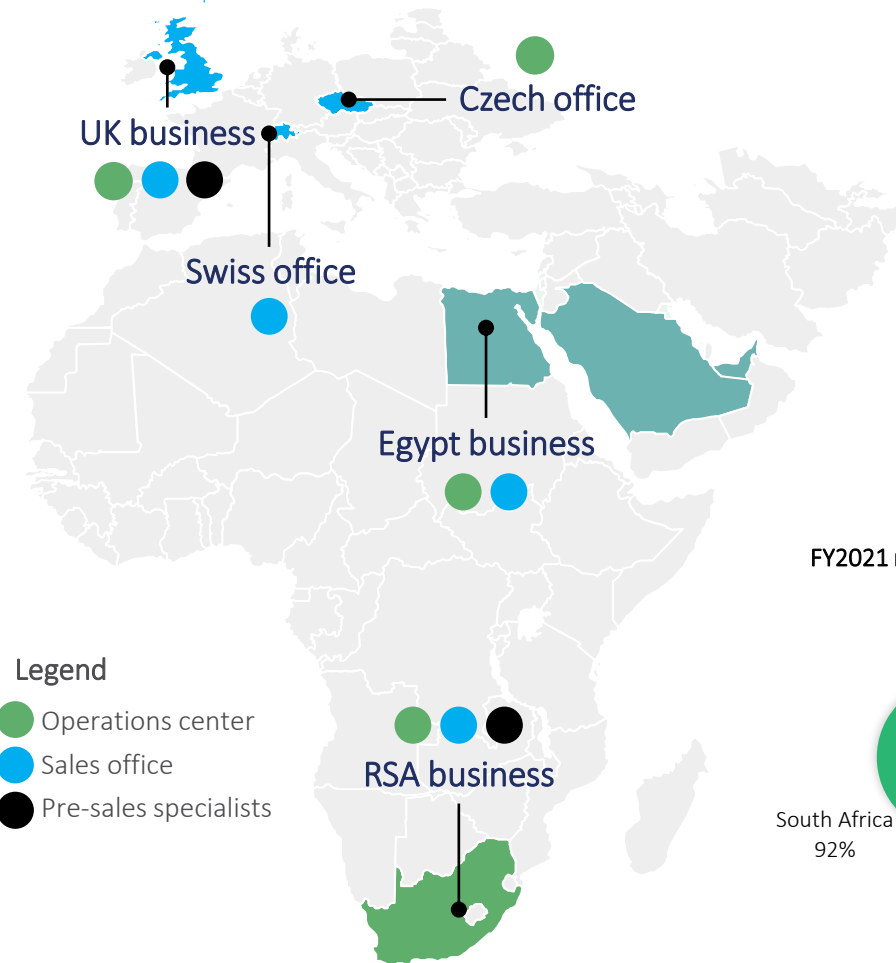
Diverse corporate client base focused on 'sticky' service contracts



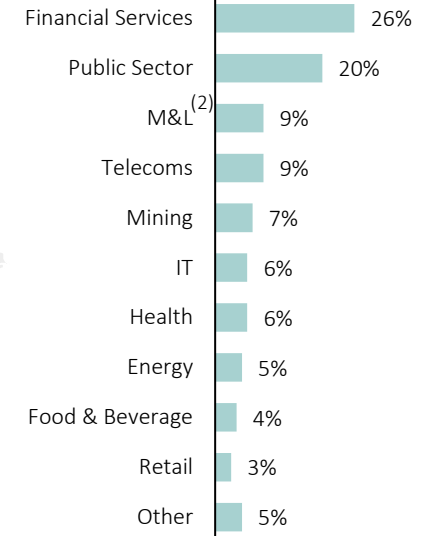
Premier partner to global technology providers



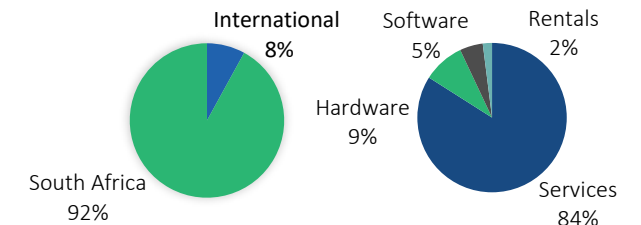
The Group is well positioned to expand into new markets and, clients through a cost-effective service offering, concentrated on sub-Saharan Africa, the Middle East and Europe



FY2021 revenue exposure by industry (%) (FYE: Jul)⁽³⁾

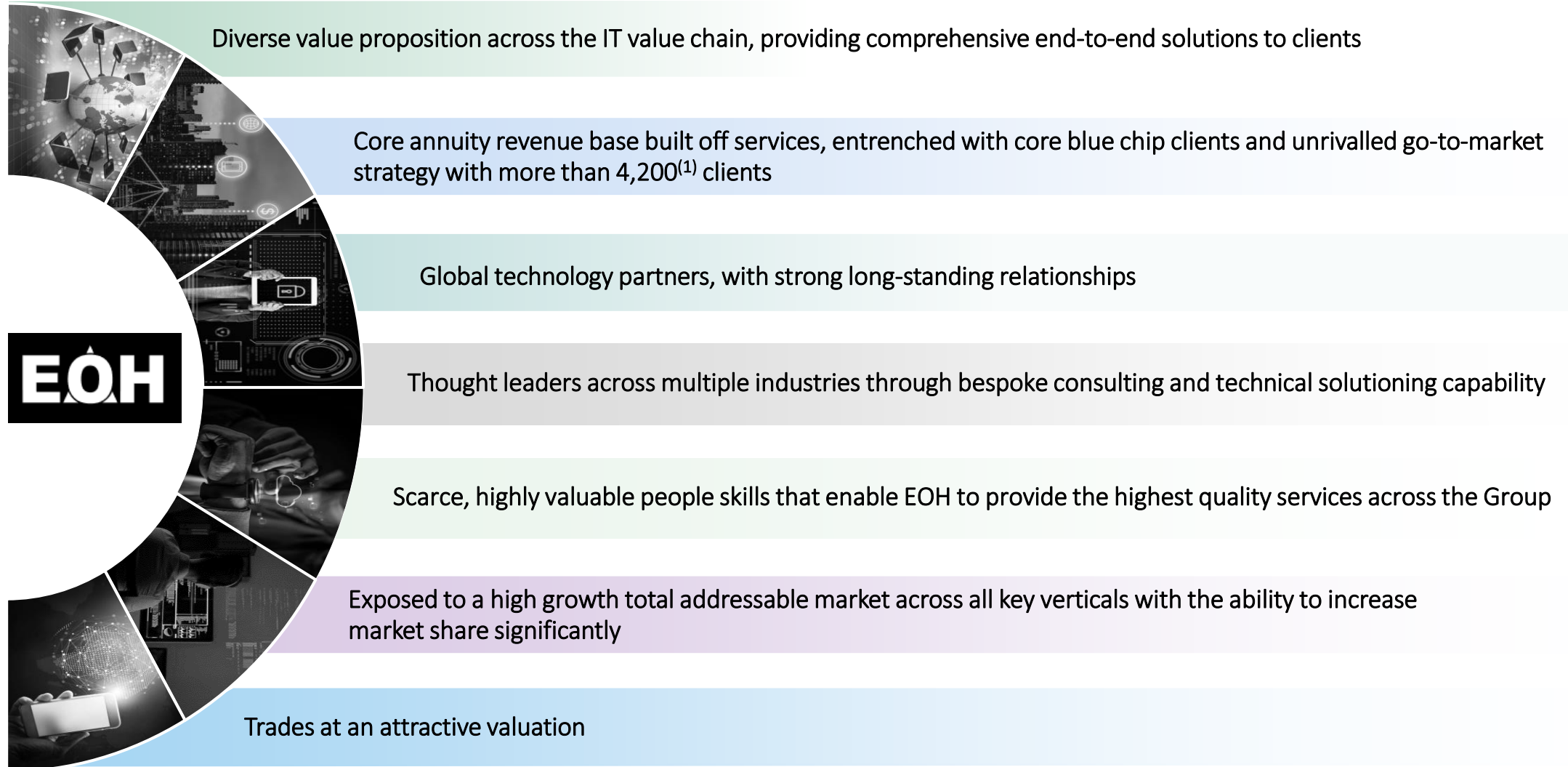


FY2021 revenue exposure by client and region (%) (FYE: Jul)⁽³⁾



Note: The businesses forming part of the IP division (Syntell, Sybrin and Information Services) have not been shown above as they have either been successfully sold or are in the process of being sold
 (1) Figures based on external revenue from continuing operations in FY21 financial information
 (2) M&L: Manufacturing and Logistics
 (3) Figures in charts based on total revenue FY21 financial information

> Key investment highlights



Note: (1) Includes Nextec



Unpacking EOH

EOH

> Unpacking EOH's growth story

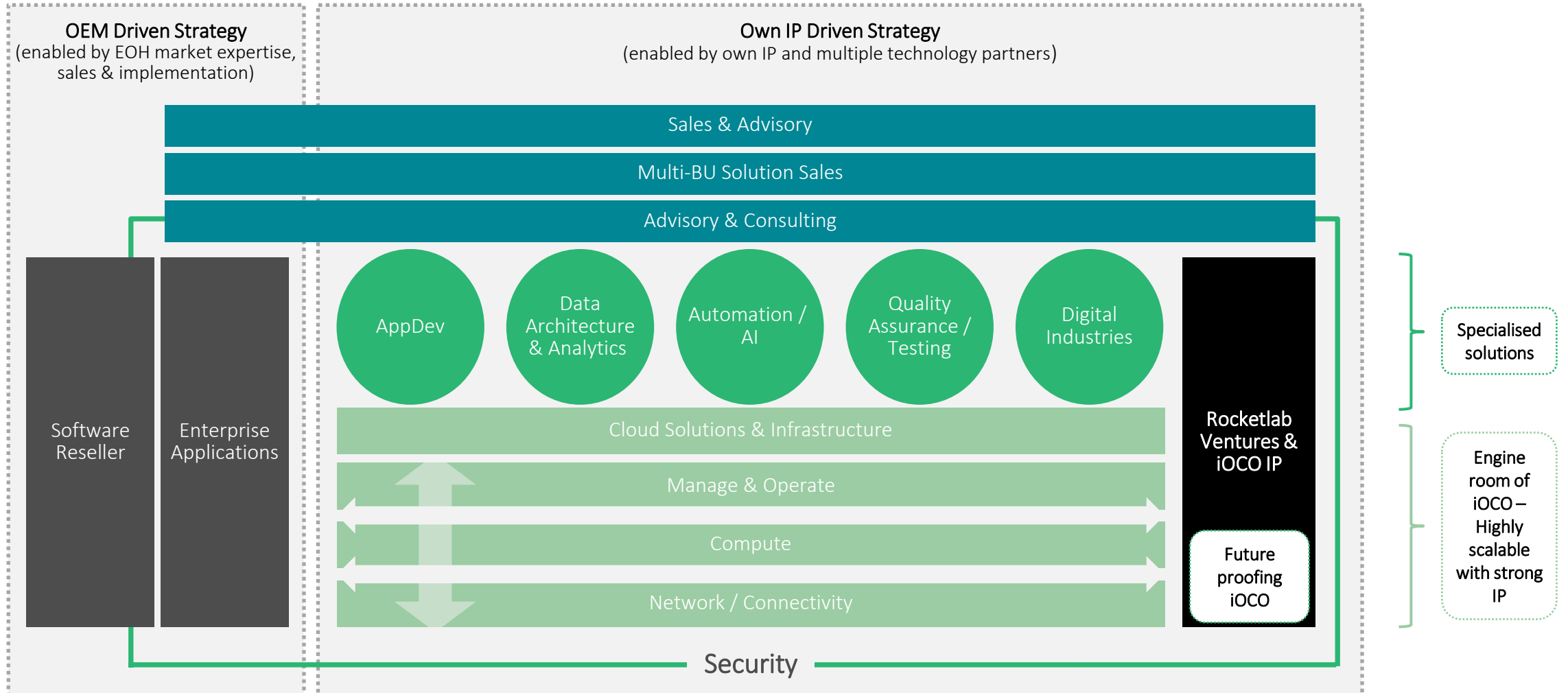
EOH is well positioned to meet the evolving needs of clients with the ability to increase market share



- Harness the power of end-to-end capabilities to solve client problem
- Unearth hidden IP gem companies – surface for investment and expansion
- Extract value from significant client base
- IT sector growth robust and driven by several key trends (Cloud, Data, Automation and IT Security) disrupting client industries

EOH division	Previous EOH	Turnaround strategy	Enablers for growth
	<ul style="list-style-type: none"> • Legacy business was underpinned by managed services; software reseller and enterprise applications products / services which, over time, have become commoditised • Several assets in newer businesses and IP businesses under exposed • Lack of structured go-to-market strategy 	<ul style="list-style-type: none"> • Rebalance the portfolio by consolidating digital transformation assets to tap into 4IR offerings • Identify and grow own IP businesses with high potential and ability to scale • Drive efficiency and protect market position of software reseller and enterprise application businesses • Focus on shifting from selling time to providing platform offerings Infrastructure Services 	<ul style="list-style-type: none"> • Strong growth fundamentals for cloud, data, automation, IP platforms and security • Access to international high growth markets with significant TAM • Strong, enduring relationship with large, enterprise clients • Exceptional bench strength across OEMs and technical expertise • Infrastructure as a service
	<ul style="list-style-type: none"> • Originally created from the non-IT assets with a vision to enable smart industries • No long-term divisional strategy • Silo structure, no cross selling • Inefficient corporate structure and back office structure 	<ul style="list-style-type: none"> • Detailed portfolio review undertaken which resulted in a number of businesses being disposed of or shut down to release liquidity • Exited from high-risk, non-strategic and capital intensive businesses and EPC contracts • High IT-affinity businesses moved into iOCO 	<ul style="list-style-type: none"> • Optimise corporate overhead structure • Following OEM's as a strategic partner • Develop potential data driven solutions for clients that improve operational efficiency • Develop new workforce optimisation and efficiency solutions for clients

> iOCO's future state ecosystem has been designed to align with evolving industry trends



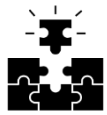
The ecosystem complexity is a change driver which bodes well for the long-term fundamentals of iOCO Infrastructure Solutions

> iOCO | Design, Develop, Optimise

Division	Product / Service	Partners and suppliers
Sales and Solutions	This solution overlaps the four pillars of iOCO (Digital, Services, Technology and IS) and is not a standalone division. Bespoke IT advisory solutions are crafted for clients, either by plugging into client's existing platforms or designing completely new	<i>Not applicable</i>
iOCO Digital	AppDev: Provider of Digital strategy advisory, custom solutions, software and application programming interface design, develops Open Systems Integration services, DevOps & Quality assurance (testing) and provides application outsourcing services as well as other custom solutions	Google SAP IBM AWS
	Automation / AI: Provider of automation advisory, implementation, digital workforce COE outsourcing services	KOFAX salesforce SAP opentext™
	Data Architecture & Analytics: Provider of advisory, architecture design, integration, implementation & data managed services	Google Cloud AWS IBM Qlik Q
	Quality Assurance / Testing: Full service and best practices aligned quality assurance (QA) offering comprises mature practices integrated with client's software development lifecycle to reduce delivery bottlenecks and ensuring rapid delivery of features and functionality	<i>Not applicable</i>
	Advisory: Ensures clients are set up for success, by getting to grips with what drives performance and using various techniques, gleaned from many disciplines, to map out a business analytics roadmap, aligned to client goals and readiness	opentext™ salesforce
	Cloud Solutions: Provider of strategic guidance and tailored blend of cloud solutions	vodafone AWS veeAM vmware
iOCO Services	Digital Industries: Provider of OT advisory, implementation, managed services. Additional services include Industrial cyber & network security, industrial supply cyber and network security, industrial supply chain optimisation, EPLMS, mobility, digital twinning simulation and asset performance management	Schneider Lenova AVEVA FERTINET
	OKS⁽²⁾: Provider of diverse value propositions; namely core banking software, HR software, business process digitisation software and fraud detection software	CEREBRO impression™ Symplexity nuvotoQ
iOCO Tech ⁽³⁾	Enterprise Apps: Implementation and support of Enterprise Applications (ERP, CRM & BI) from proven Original Equipment Manufacturers ("OEM's") as well as end-to-end management (including programming) of client's enterprise applications	SAP opentext™ ORACLE salesforce
	Software Reseller: Expert local representation and reseller for proven OEMs	Qlik Q Hyland MICRO BROADCOM™
iOCO Infrastructure Services	Compute: Provider of Data Centre Services, End-user workspace, IT management and Security & Platform engineering services	vmware Hewlett Packard Enterprise HUAWEI DELL
	Manage & Operate: Provider of Infrastructure-as-a-Service, Application-as-a-Service, Data-as-a-Service, IT service management, managing everything from the client's data centres through to their end-user workspace (e.g. office desktop) and includes on-premises, public cloud and hybrid	Google AWS
	Network Solutions: Provides Network management & Monitoring (highly-customisable network monitoring solution and visual dashboard reporting to optimise application and network performance) and Connectivity Solutions and Unified Communications (connect clients to the right network infrastructure that supports business needs)	CISCO Frogfoot
	Cloud Solutions & Infrastructure: Provider of end-to-end cloud advisory, implementation services and next generation managed services	livedrive AWS CloudBees. Vodafone
	Security: Provide customers with oversight, insight and awareness through Managed Detection and Response capabilities that actively protect and search for threats and provide appropriate response measures to eliminate cyber-security threats	<i>Not applicable</i>

Notes: (1) Original Equipment Manufacturer
 (2) Outsourced Knowledge Solutions
 (3) iOCO Technology
 * Geographic presence split based on FY21 revenue

> Rocketlab Ventures: Technology companies with strong IP, high growth potential and ability to scale



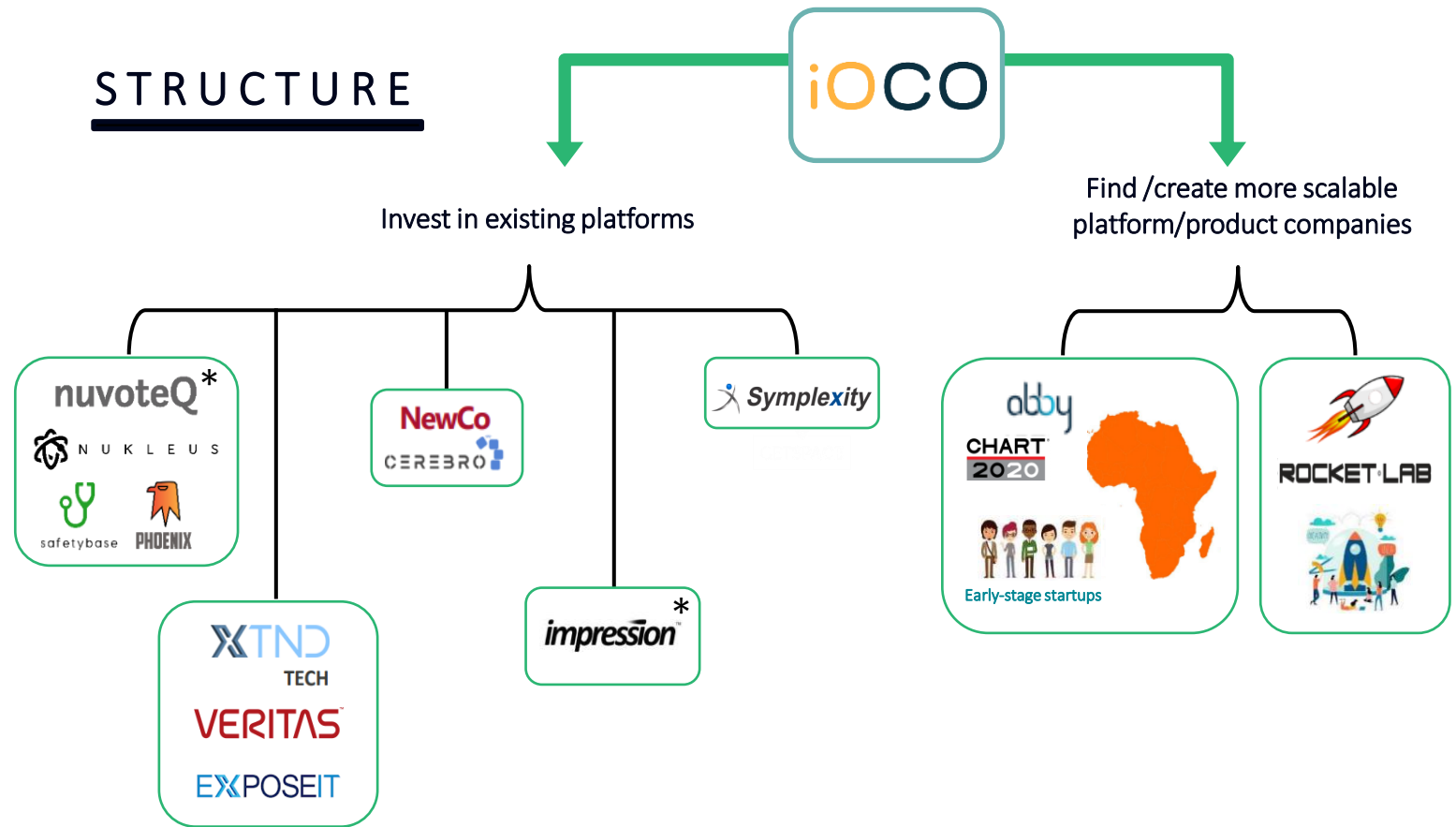
Rocketlab Ventures is a silo within iOCO comprised of early-stage product companies that sits within the broader iOCO division



Whilst Rocketlab Ventures only represent around 2.5% of group revenue, double-digit annual growth is anticipated in the medium term

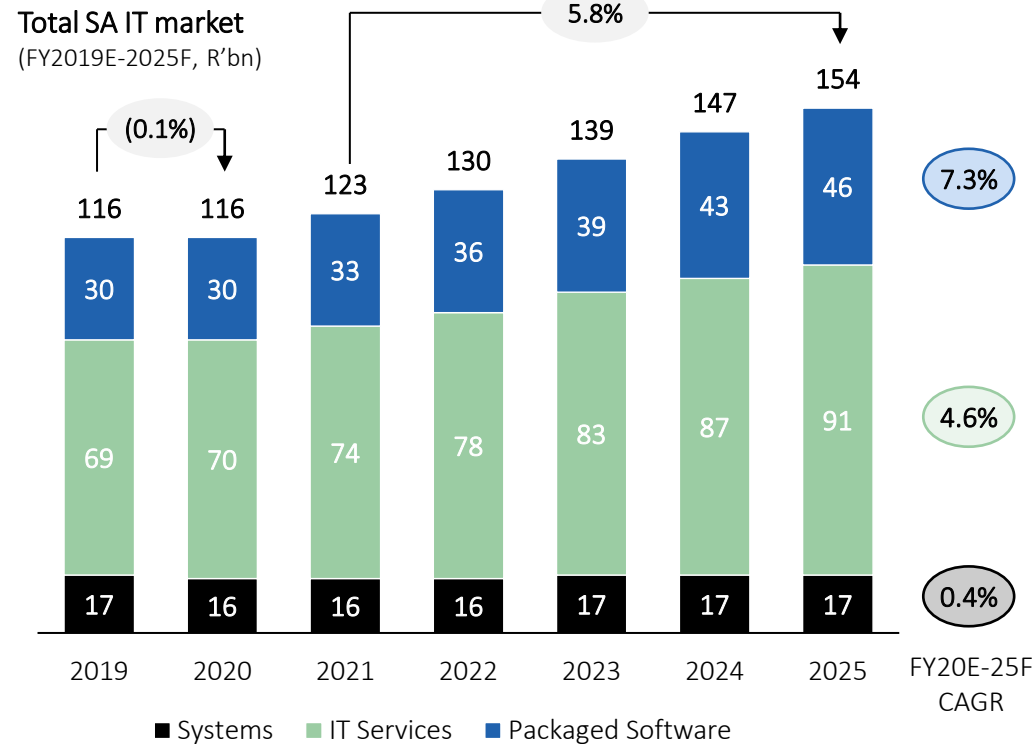


The primary goal of Rocketlab Ventures is to scale up the businesses and to develop new IP utilising skills and expertise from within the rest of the group



> iOCO is well positioned to access a large, addressable set of markets

iOCO currently addresses a large, growing IT market in South Africa⁽¹⁾,...



✓ *IT market growing faster than SA GDP and proven to be more resilient during COVID when compared against other sectors*

iOCO in particular is positioned in some of the largest SA IT sub-sectors

- iOCO is well positioned in some of the fastest sub-elements of the IT market, including:
 - Application Software
 - Managed Services
 - System Integration
- Over 2,500 iOCO clients with growing needs in the above services
- 50 strategic OEM partners (across EOH), with an estimated 500 partnership certificates
- End-to-end IT offering
- 380 full time developers and 4,595 staff members to service clients globally

EOH market share⁽³⁾:

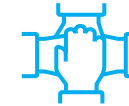
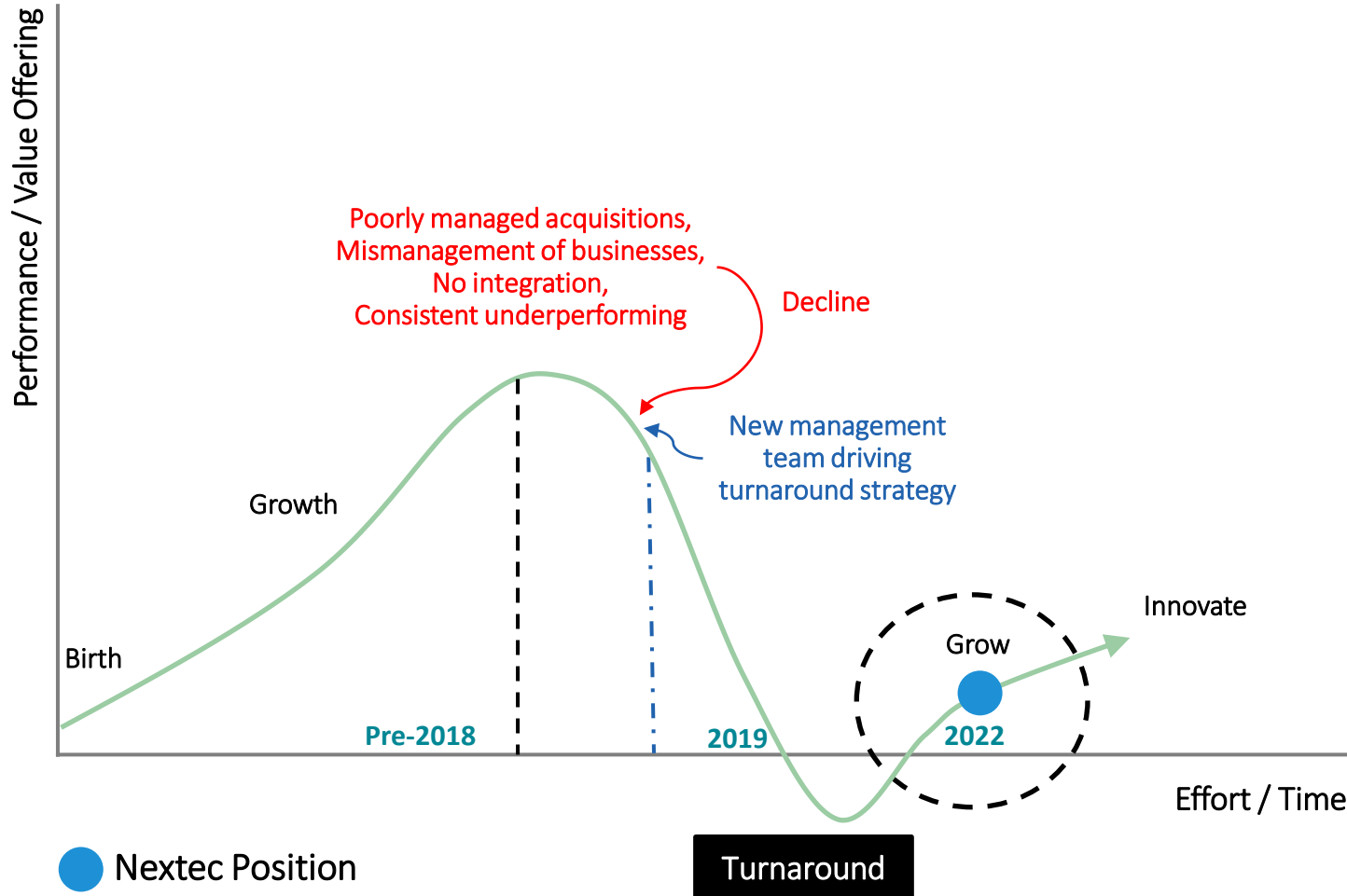
- Services – c.5.5%
- Packaged software – c.7.0%
- Hardware – c. 4.5%

Note: (1) Approximated addressable market based on internal EOH analysis
 (2) Declining markets however iOCO is expected to gain market share
 (3) EOH market share based on estimates for 7 months of FY20A and 5 months for FY21E

> Nextec positioned for growth phase post-turnaround

Nextec has journeyed through a turnaround process and is well positioned for growth

Key turnaround initiatives



Turnaround initiated

Processes and structures implemented to turnaround Nextec business



People and culture

Re-calibration of Nextec culture to ensure company is well positioned for the future



Finance restructuring and disposal

Implementation of a finance restructure alongside the disposal of several assets to stabilise the balance sheet



Re-organised businesses with turnaround and growth potential
























Alignment and restructuring of businesses with growth potential



High IT affinity moved to iOCO

The High IT affinity business was moved to iOCO

> Nextec | Infrastructure and People Solutions

Division	Sub-division	Description of segments	Strategic partners
Infrastructure Solutions	Digital Infrastructure	Communication and Connectivity Solutions: Turnkey and custom solutions catering to individual and complex wireless communications needs, from network design and implementation to physical infrastructure deployment	  
		Power Solutions: Intelligent electricity provision, management and back-up power solutions for large electricity consumers and producers	 
		Security and Building Solutions: Providing security and building technology solutions, from access control and network infrastructure to fire suppression and building management systems	 
		Water Solutions: Solutions for large water users to intelligently manage their water usage and costs enabled through our world-class expertise in water systems optimisation	 
	Infrastructure Consulting	Environmental, Sustainability and Social-Impact Consulting Solutions: Technology-driven solutions to assess and monitor and mitigate potential negative social, environmental and economic impacts of public and private infrastructure development	 
		Logistics Solutions: Designing intelligent warehousing and distribution centres and processes using class-leading technology	 
		Multi-Disciplinary Engineering Consulting Solutions: Mechanical and electrical engineering design and consulting services	 
	Technology Leasing	Rental and financing solutions: Fully serviced equipment leases and customised leasing solutions, plus value-adding solutions including maintenance, management and cash-flow improvements	 
	People Solutions	Talent Recruitment & Outsourcing	Provides functional outsourcing services and solutions, and consolidates Talent, Recruitment, Placement services across all roles: C suite and above, below, permanent, temporary, white collar, and blue collar
			 
Advisory, L&D ⁽¹⁾ & Ed-Tech Businesses		Provides a single point of access to solutions linked to B-BBEE compliance, learnerships and professional development programmes	 
			 

> EOH's large, addressable international markets

The Group is well-positioned to expand into new markets and clients through a cost-effective service offering, concentrated in sub-Saharan Africa, Egypt and the UK

International operations	TAM ⁽¹⁾⁽³⁾	Clients ⁽²⁾	Staff ⁽²⁾
South Africa	c.R116bn	4,200	5,397
Middle East	c.R742bn	170	567
United Kingdom	c.R926bn	63	22
TOTAL	c.R1,784bn	4,433	5,986

Expansion Opportunities

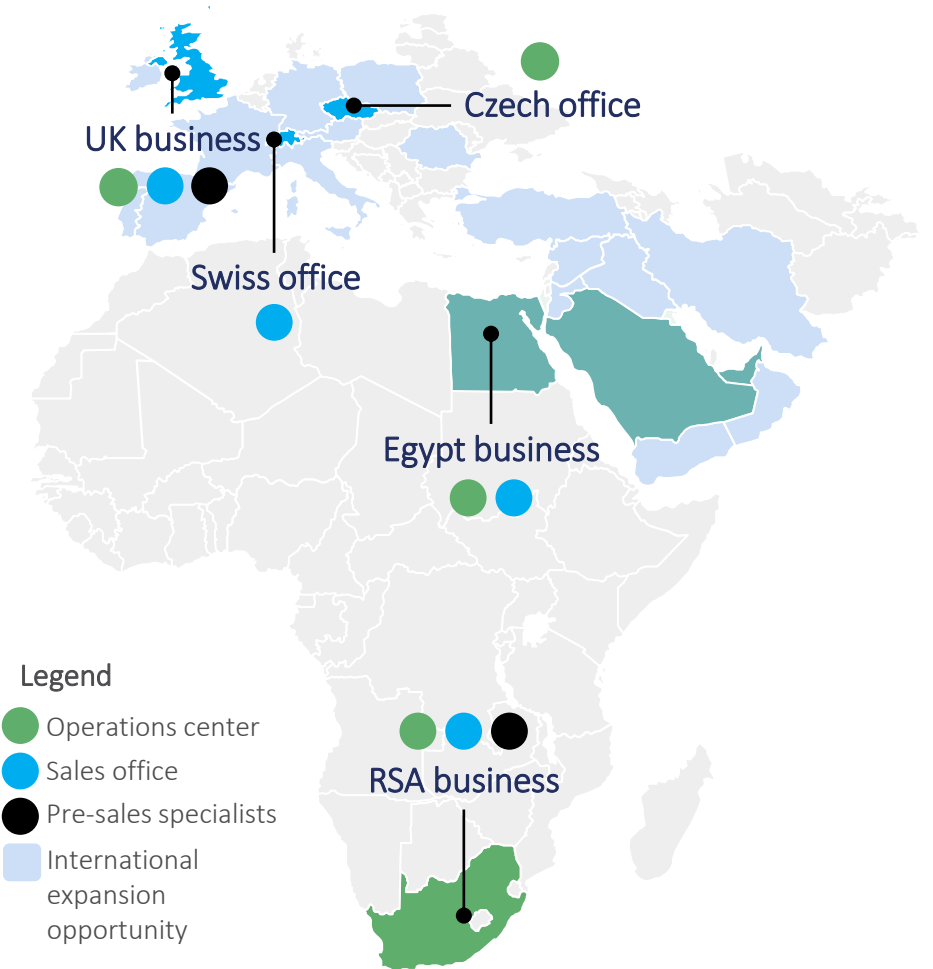
- Actively sell software development, data analytics, cyber security, own IP products and cloud consulting to new clients
- Follow SA clients that have UK/EU presence
- Expansion with EOH's partner and vendors
- Key differentiation for developed markets is high skill, cost effective multi-shoring provider
- Egypt further has potential to support SA, UK & EU with cost effective outsourcing

Potential 14x additional TAM⁽³⁾ from markets outside of South Africa

Notes: (1) Assumes a USD/ZAR exchange rate of 16.1279 and GBP/ZAR of 21.5286 as at 30-Nov-21. Estimate Middle East TAM of c.USD46bn and UK of c.GBP43bn

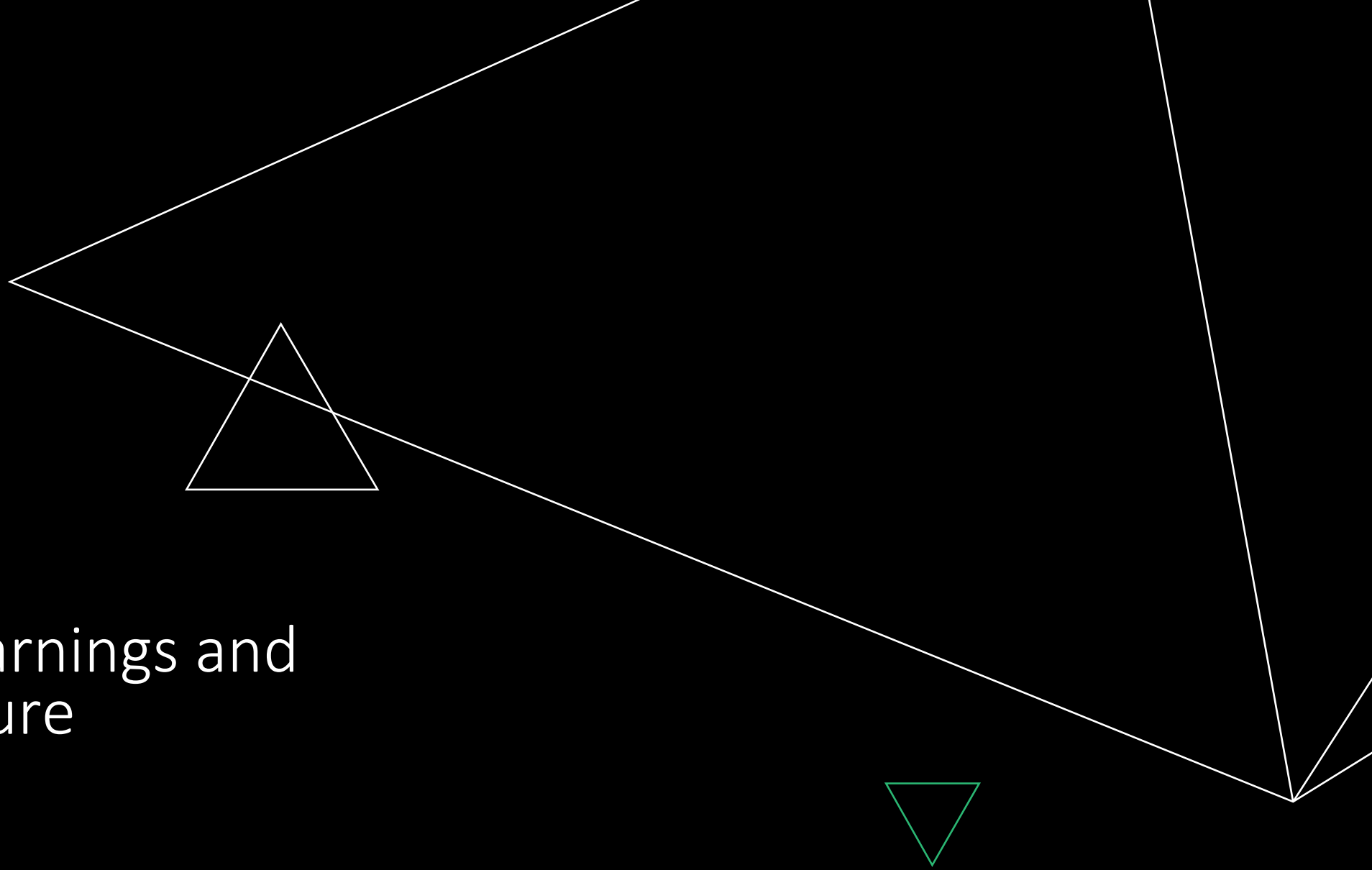
(2) Client numbers exclude Nextec. Staff numbers represent permanent staff, including Nextec

(3) Total addressable market



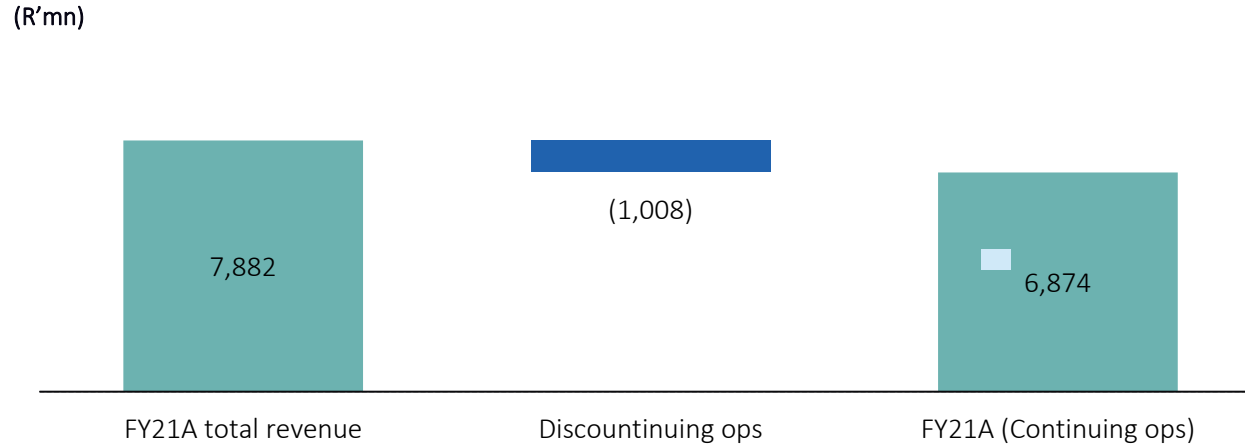
EOH

Sustainable Earnings and
Capital Structure



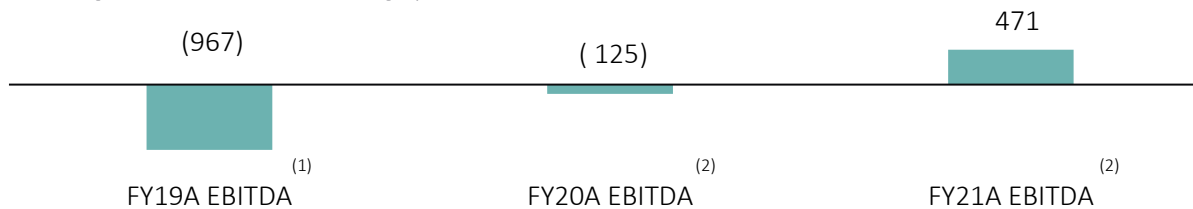
> Financial sustainability

EOH has focused on the quality of revenue base



Significant improvement in Adjusted EBITDA

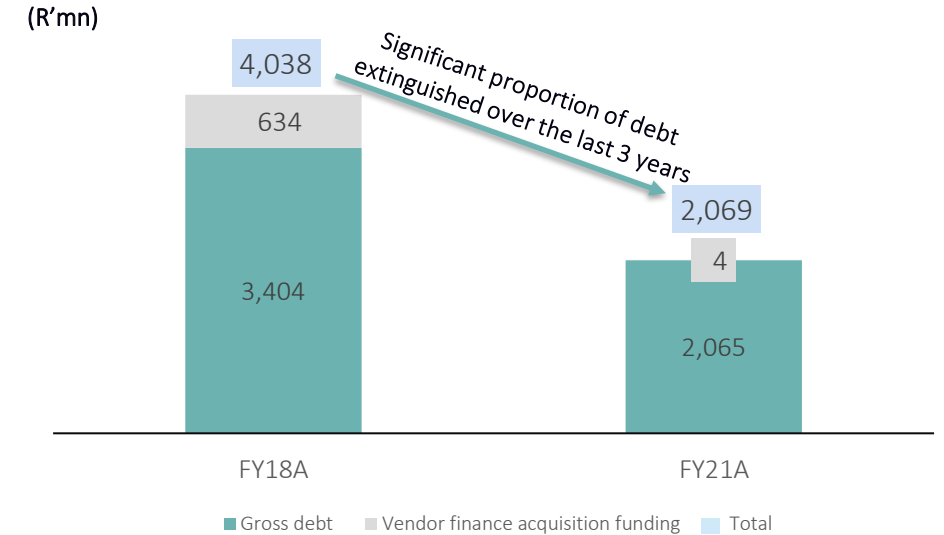
(R'mn): All figures below from continuing operations



Despite the decline in the revenue, the EBITDA from continuing operations has continued to rapidly grow showing the strong improvement in financial performance resulting from the key successes of the EOH strategic focus

Note: (1) Based on FY20A results, adjusted EBITDA of (R1,406mn) + R439mn EBITDA from IP businesses to be sold
 (2) Based on FY21A results presentation (Appendix 1: Income statement)

Gearing has reduced significantly

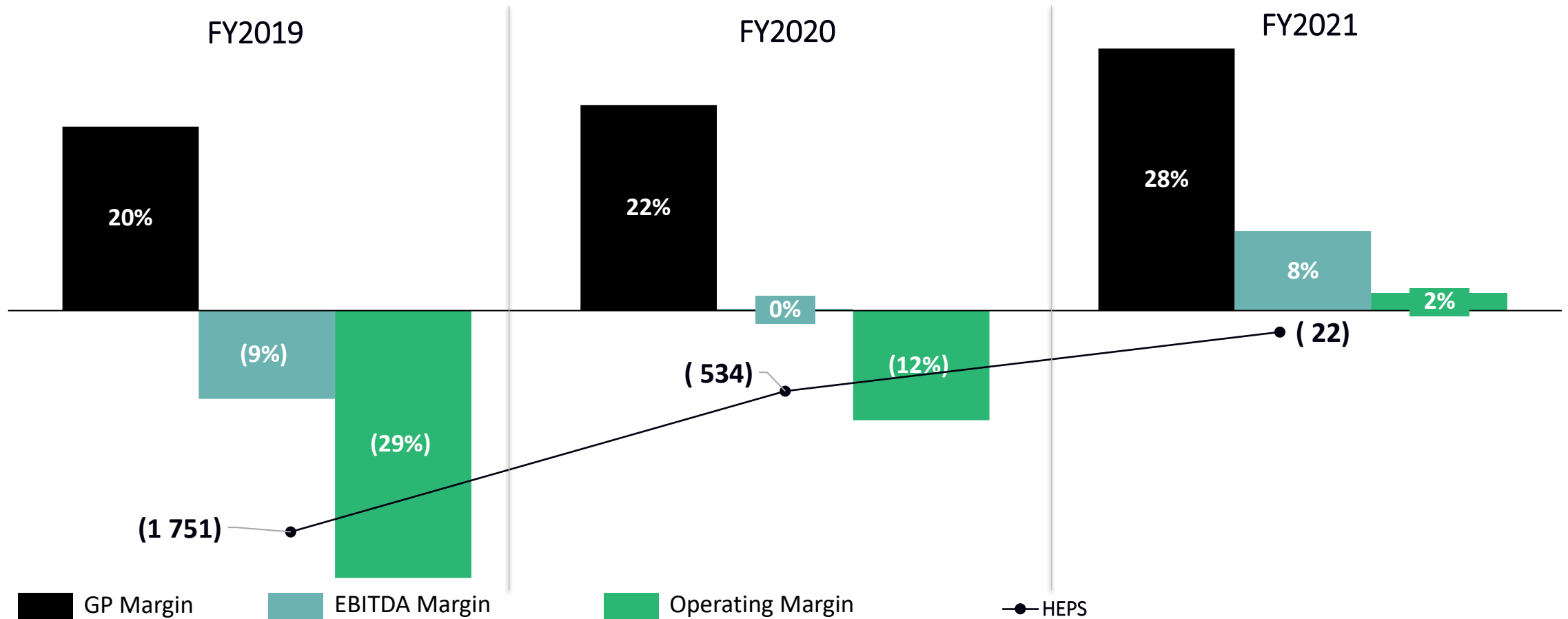


The total debt balance has decreased to just over R2bn - repaid R1.4bn over c.4 years

The Group is concluding a Common Terms Agreement ("CTA") with its lenders the principal features which are: R0.5bn Senior facility repayable in 3 years' time – 100% bullet payment; and R1.5bn bridge facility repayable in October 2022

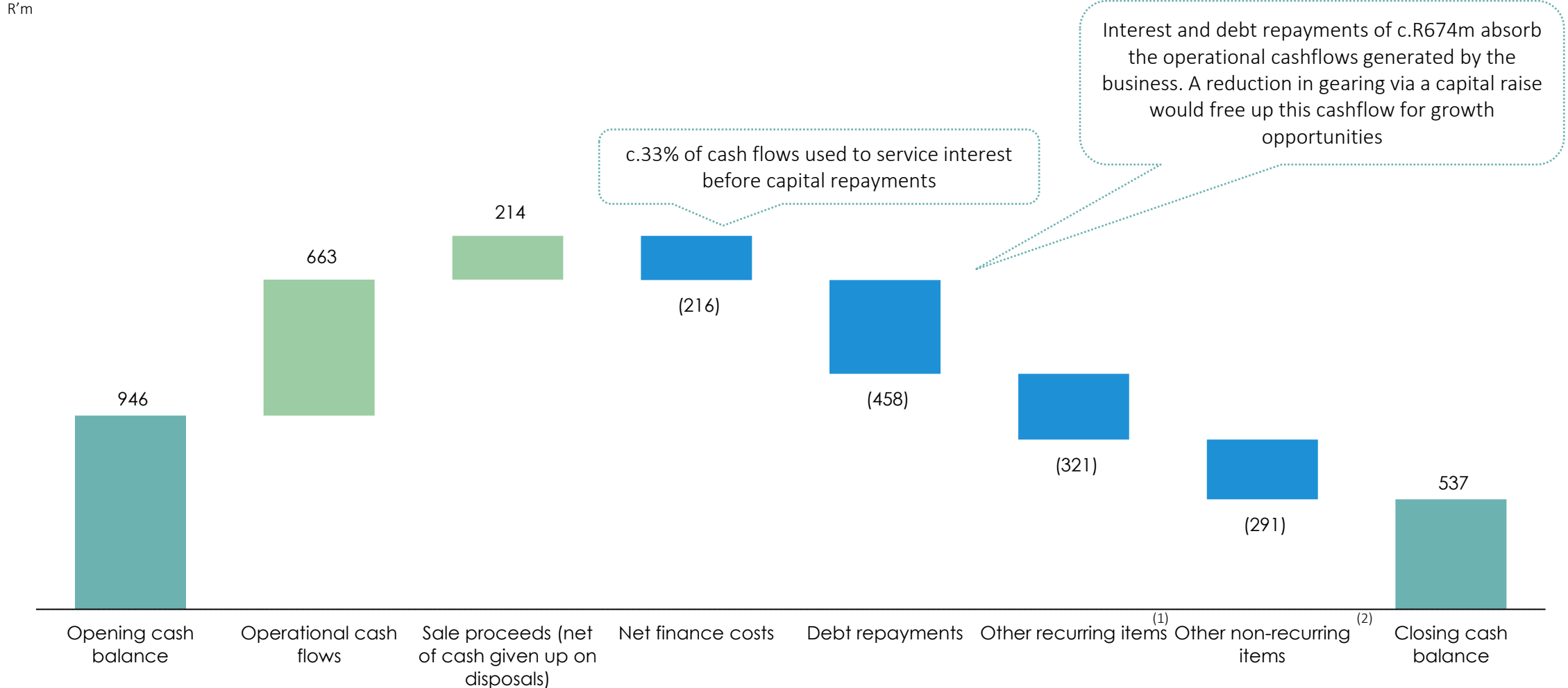
Over time, we believe the business should achieve a sustainable gearing level of c.1.0x to 1.5x Net Debt / Adjusted EBITDA (LTM) which will position the business for future growth opportunities

> Focus on quality of earnings paying off



> Cash bridge

Despite EOH having a strong cash balance on hand, right-sizing the capital structure is imperative in improving the cash flow generation of the business

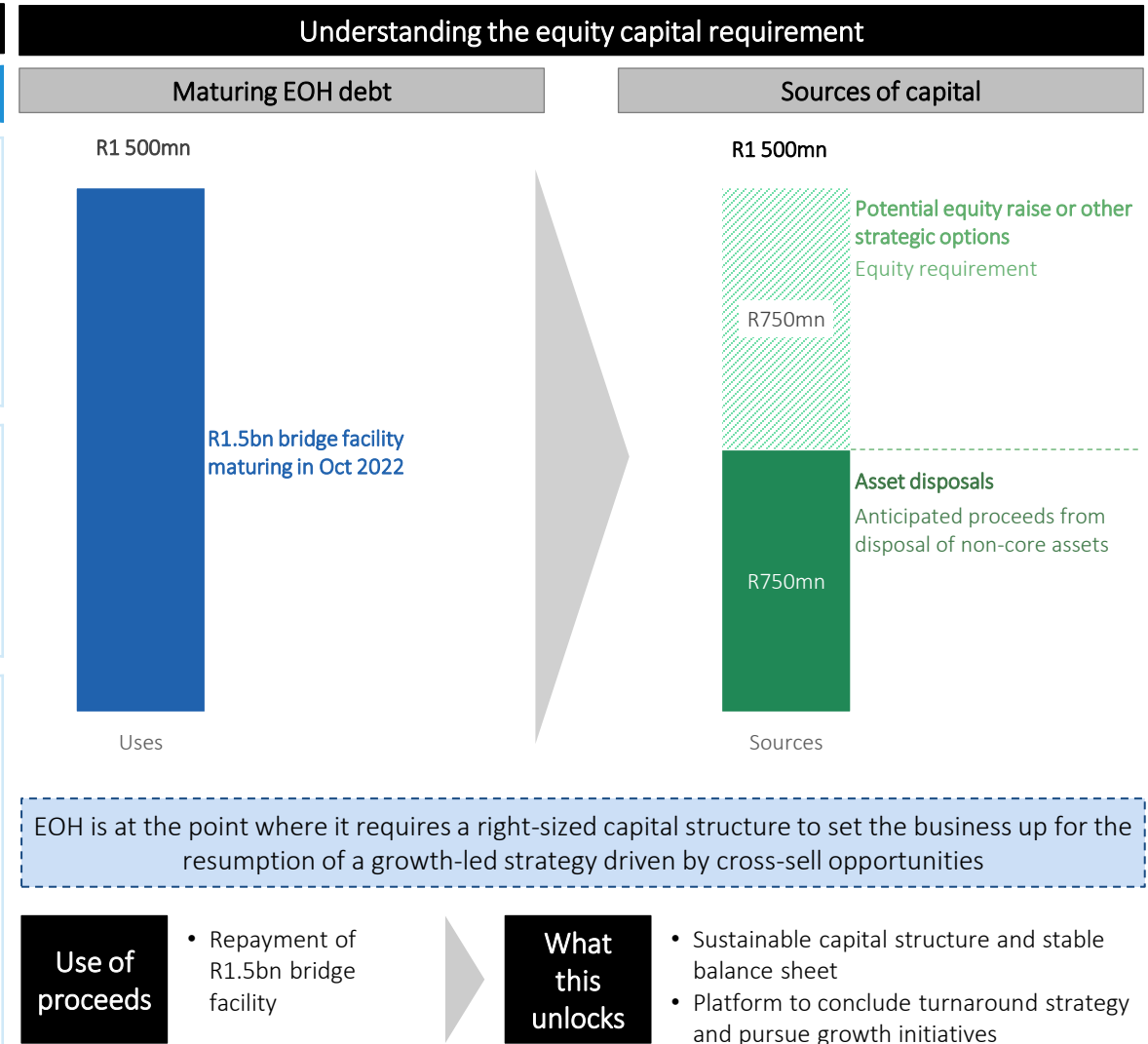


Notes: (1) "Other recurring items" includes taxation (R110m), net capital expenditure (R74m), lease obligations (R137m)

(2) "Other non-recurring items" includes legacy onerous contracts (R118m), distressed entities (R155m) and once offs, and VFA payments (R17m)

> Right-sizing the capital structure

The EOH strategic journey			
	FY18A – FY19A	FY20A – FY21A	FY22E+
Liquidity	<ul style="list-style-type: none"> Unsustainable working capital levels Low cash conversion Disposal process initiated 	<ul style="list-style-type: none"> Creditors and working capital focus Cash pooling and management implementation to remove inefficiencies Ongoing closure and sale of high-risk businesses 	<ul style="list-style-type: none"> In the process of concluding a CTA with lenders Flexibility around capital allocation decisions Neutral working capital for FY22
De-leveraging	<ul style="list-style-type: none"> Gross debt of R4.5bn Result of aggressive acquisition growth phase 	<ul style="list-style-type: none"> Gross debt of R2bn with an interest charge of 12% Reduction of companies and business units (total of 99) yielding proceeds of R1.4bn 	<ul style="list-style-type: none"> Outstanding facilities to be reduced further as a result of disposals
Business structure	<ul style="list-style-type: none"> Complicated structure with 272 legal entities Duplicated management, sales structures and property lease inefficiencies 	<ul style="list-style-type: none"> Completion of first bottom up, zero-based strategy for iOCO Progress on Nextec business review and clean up of legacy public sector contracts in iOCO Formalising of corporate structure Sustainable cost cutting measures with reduction of the property portfolio and the streamlining of procurement processes 	<ul style="list-style-type: none"> Return to positive profitability Nextec value extracted Overheads right sized EBITDA margin target >8% over medium term



EOH

Conclusion



> Opportunity for potential investors

Final thoughts

- ✓ **Significant progress:** The transformative journey has helped shed legacy governance issues, right size the corporate structure and balance sheet and position the business for future growth
- ✓ **Synergy benefits still to be realised:** A series of cost and revenue efficiencies that have yet to come through
- ✓ **Core, “sticky”, annuity income:** Earnings from the core business are annuity in nature
- ✓ **Full value chain offering:** Very few local or international competitors can offer a similar breadth and range of services
- ✓ **High-growth, very large addressable market set:** Exposure to new age, emerging technologies with a vast runway for growth
- ✓ **Trading at a deep discount to peers:** We believe there’s significant value in EOH relative to peers, particularly as the equity markets begin to develop an appreciation of our growth story

Right-sizing the capital structure will allow EOH to pursue a growth strategy, immediately improve earnings and ultimately lead to a value unlock for shareholders

Key catalysts to achieve a re-rating



Right size the business operations and capital structure



Reduce uncertainty around the EOH operations



Clearly articulate the key business drivers and drivers of future growth



Deliver on financial performance



Q&A?

EOH