



Technology makes it possible...
People make it happen

INTERIM RESULTS
PRESENTATION
28 MARCH 2018



AGENDA

Opening

Welcome

Group Overview and Strategic Outlook

Operational Review

NewCo

EOH

Financial Results

Looking Forward

Chris Gilmour

Asher Bohbot

Zunaid Mayet

Zunaid Mayet

Rob Godlonton

John King

Zunaid Mayet



OPENING

Chris Gilmour
Chairman - IAS



20th
ANNIVERSARY
BRINGING
SOUTH AFRICAN
EXCELLENCE
TO THE WORLD



WELCOME

Asher Bohbot
Non-Executive Chairman



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TO THE WORLD



GROUP OVERVIEW

Zunaid Mayet
Group CEO



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TO THE WORLD

PURPOSE

To provide the technology, knowledge, skills and organisational ability critical to Africa's development and growth.

To be an ethical and relevant force for good and to play a positive role in society, beyond normal business practice.

PHILOSOPHY



BEST PEOPLE



PARTNER FOR LIFE



RIGHT 1ST TIME



SUSTAINABLE TRANSFORMATION



LEAD AND GROW



YOUTH JOB

CREATION INITIATIVE



- Since inception in 2012, the EOH YJCI has created over 35 000 job opportunities for young South Africans whom have been placed in employment at EOH and through our partner network
- EOH continues to invest in our youth

EOH YOUTH | **LIVES**
JOB CREATION | **ARE CHANGED WHEN**
INITIATIVE | **BUSINESS GETS INVOLVED**



A Force for Good



RESPECT



INTEGRITY



DELIVERING
VALUE



VALUING
DIVERSITY



EXCELLENCE



ENTERPRISING



Over 5 000 Clients



B-BBEE Large
Enterprise Level 1



Africa's Largest Technology
Service Provider



134 Locations in SA
A presence in over 36
countries outside of SA

OVERVIEW

- A challenging first six months for FY2018
- Revenue growth due to customer focus and retention strategy
- Public Sector inaction – a challenge
- Delays in awarding of large projects offset by recent awards
- Working capital management focus
- Finalised strategic review process



ENS – THE THREE WORKSTREAMS



Work Stream 1

Fact-finding review into the GCT group of companies



Work Stream 2

Review EOH's Governance Framework and public sector contracts

- Oversight review of EOH's public sector contracts.
- Review the public sector bidding process



Work Stream 3

General review of Group Regulatory Compliance framework – to strengthen and enhance existing anti-corruption controls.



OPERATIONAL REVIEW

*Zunaid Mayet
Group CEO*



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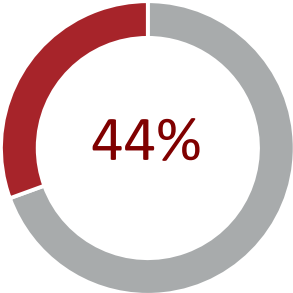
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FINANCIAL RESULTS SUMMARY

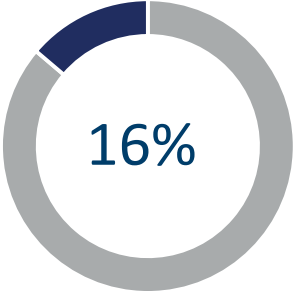
<p>Revenue</p>  <p>R8 354 m [2017: R7 025 m]</p>	<p>Gross Profit</p>  <p>R2 682 m [2017: R2 374 m]</p>	<p>EBITDA</p>  <p>R1 004 m [2017: R 1090 m]</p>
	<p>Operating Profit</p>  <p>R784 m [2017: R838 m]</p>	<p>HEPS</p>  <p>314 cents [2017: 415 cents]</p>

REVENUE FOR THE SIX MONTHS ENDED 31 JANUARY 2018

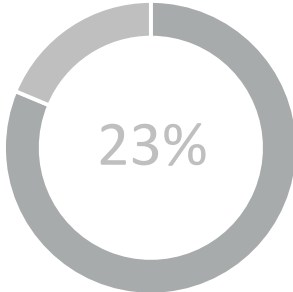
Group Revenue R8 354m



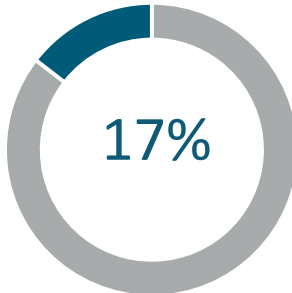
IT Services
R3 706 million
[2017: R3 045 m]



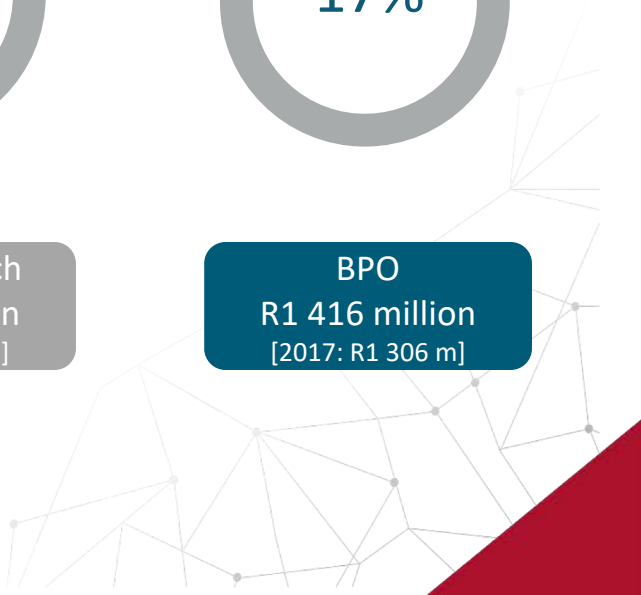
Software
R1 351 million
[2017: R1 144 m]



Industrial Tech
R1 881 million
[2017: R1 529 m]

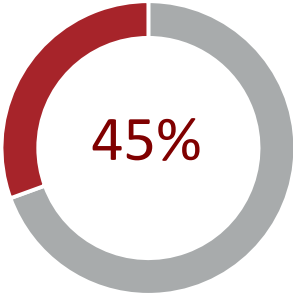


BPO
R1 416 million
[2017: R1 306 m]

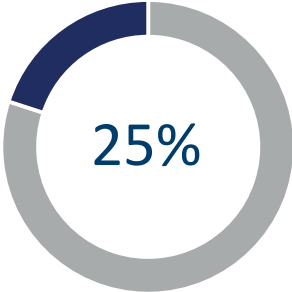


EBITDA CONTRIBUTION BY SEGMENT

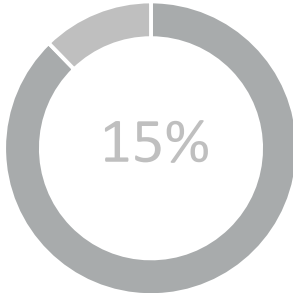
Group EBITDA R1 004 m



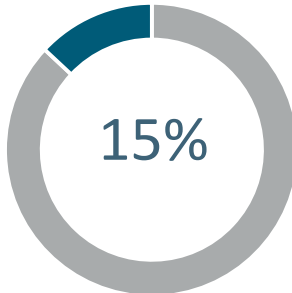
IT Services
R449 million
[2017: R409 m]



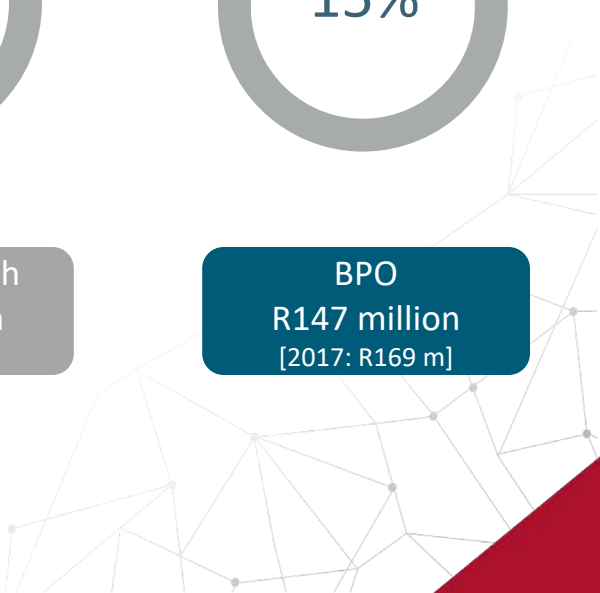
Software
R255 million
[2017: R294 m]



Industrial Tech
R154 million
[2017: R218 m]



BPO
R147 million
[2017: R169 m]





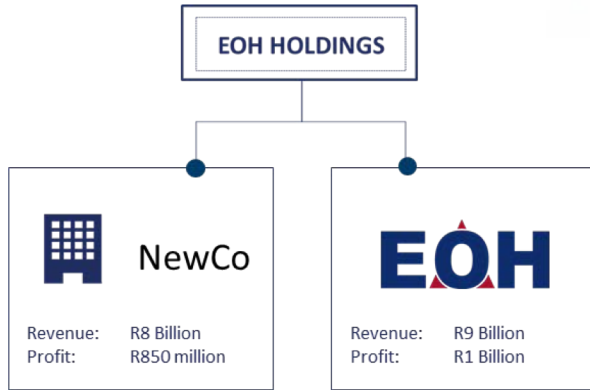
STRATEGIC OUTLOOK

Zunaid Mayet
Group CEO

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A PLATFORM FOR FOCUSED GROWTH



Two independent businesses, each with its own

- Brand and Identity
- Growth strategy
- Go to market approach
- Business model
- Culture



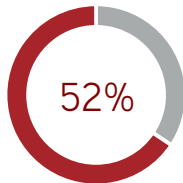
- Better managed business diversity
- Full realisation of each business's potential
- Clarity of brand identity
- Increased agility
- The appropriate business model for each business
- Simplified business processes
- Reduced complexity
- Optimal span of control
- Greater oversight and governance
- Reversal of diseconomies of scale
- Unlocking of shareholder value

KEY CHARACTERISTICS



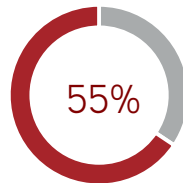
- End to end ICT offering
- Integrated go to market strategy
- Cross Industry IP
- Organic growth
- Cross selling opportunities
- Highly proficient system integration
- New generation digital technologies driving growth

Revenue



EOH
R4 374 m

EBITDA



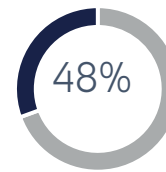
EOH
R547 m



NewCo

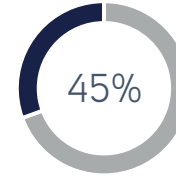
- Domain specific offering
- High degree of specialisation
- Deep level of expertise
- Domain specific IP
- Growth driven by acquisitions and organically
- Autonomous business units – Multi-brand
- High growth industries

Revenue



NewCo
R3 980m

EBITDA



NewCo
R457 m



STRATEGIC PARTNERSHIP



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STRATEGIC PARTNERSHIP WITH LEBASHE



STRATEGIC PARTNER

- EOH and Lebashe will extract significant synergies by working together



EMPOWERMENT

- Lebashe will give EOH long-term sustainable BEE credentials, significantly enhancing EOH's client procurement position
- ±22% Ownership



GROWTH FUNDING

- EOH will have access to R3.25 billion growth capital

Transaction COMPONENTS

The Transaction comprises 3 primary transaction components.

R250m Initial
Subscription
by Lebashe

40m A Shares
issued to
Lebashe

R3bn Growth
funding facility



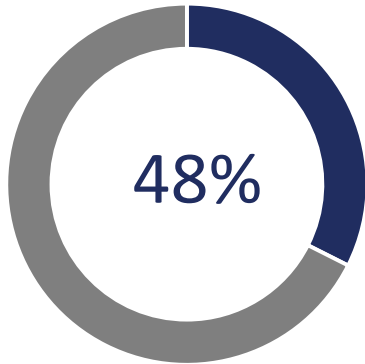
*Technology makes it possible...
People make it happen*



NEWCO

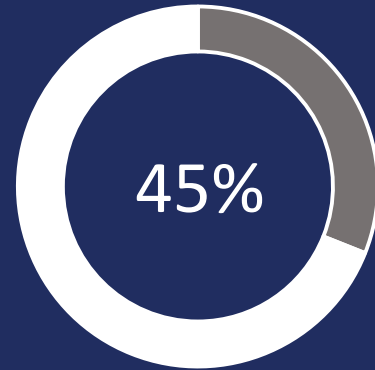
NEWCO FINANCIALS

Revenue



R3 980 m

EBITDA



R457 m



FUTURE

TRENDS SHAPING OUR FUTURE



.....● Digitalisation, AI & IoT



.....● Urbanisation



.....● Climate change



.....● Infrastructure Development



.....● Maturing KPO market



.....● Robotics & Automation



.....● Offshoring




.....● Data Explosion

OUR OFFERINGS


INDUSTRY VERTICALS & TECHNOLOGY SOLUTIONS

INDUSTRIAL TECHNOLOGIES


TELECOMS




SAFETY AND SECURITY




ENERGY UTILITIES




WATER UTILITIES



MINING & MANUFACT.




OTHER INDUSTRIES




INDUSTRIAL TECH: Safety and Security | Automation and Control | Enterprise Connectivity Infrastructure | Environmental and Sustainability Management | Energy Management, Backup Power and Plant Automation

BPO


FINANCIAL SERVICES



HEALTH PHARMA




MANUF & MINING




EDUCATION



ENERGY




RETAIL




BPO: Knowledge process outsourcing | ERP Process outsourcing | Human capital solutions outsourcing | CRM Process outsourcing | Customer services outsourcing | Claims and administration management, Clinical Data Processing

DOMAIN SPECIFIC IP


INTELLIGENT TRANSPORT




HUMAN CAPITAL




INDUSTRIAL IOT




E-HEALTH



PROPERTY & CONSTRUCTION



ASSET MANAGEMENT



DOMAIN SPECIFIC IP: Traffic Management | Payroll Systems | Engineering Asset Management | Hospital Management | Property Valuations | Construction and Engineering Management

NEWCO INTERIM OPERATING MODEL

Knowledge Process Outsourcing	Safety and Security	Human Capital Management	Internet of Things	Automation and Robotics	Consulting Engineering	KEY BUSINESS AREAS
•	•	•	•	•	•	INDUSTRY VERTICALS
•	•	•	•	•	•	Health
•	•	•	•	•	•	Water
•	•	•	•	•	•	Energy
•	•	•	•	•	•	Intelligent Transport
•	•	•	•	•	•	Property & Real Estate
•	•	•	•	•	•	Telecommunications
•	•	•	•	•	•	Mining and Manufacturing

GROWTH DRIVERS



- Smart Grid
- Public Safety
- Water Management
- Industrial IoT
- Industrial Digitalisation
- Rest of Africa
- Robotics and AI
- Managed Everything
- Intelligent Transport Systems
- Outsourcing for Efficiency and Specialisation
- Reliability on Technology
- Increased Scrutiny on Governance
- Internet of Things
- E-Health



EOH OUR VALUE STORY AND OFFERINGS

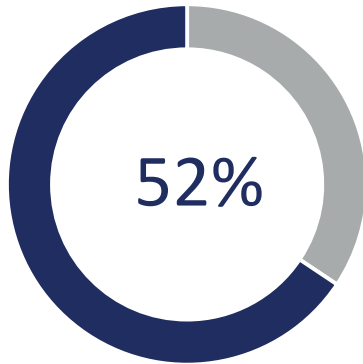
Rob Godlonton
CEO ICT

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EOH FINANCIALS

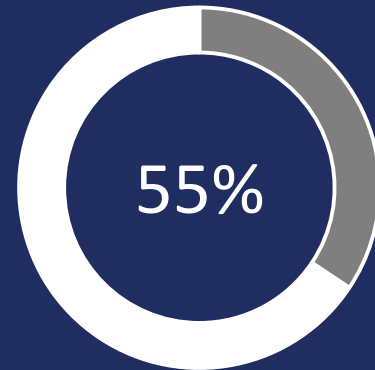
Revenue



R4 374 m



EBITDA



R547 m

TRENDS SHAPING OUR FUTURE

A **Digital Revolution** is being fuelled by a few key trends that are **rapidly and radically changing the way technology improves business and life.**



• data explosion



• mobile-first consumers



• boundless digitisation opportunities



• accelerating journey to the cloud



• global digital reach redefines competition

blockchain

big data and AI

robotic automation

IoT

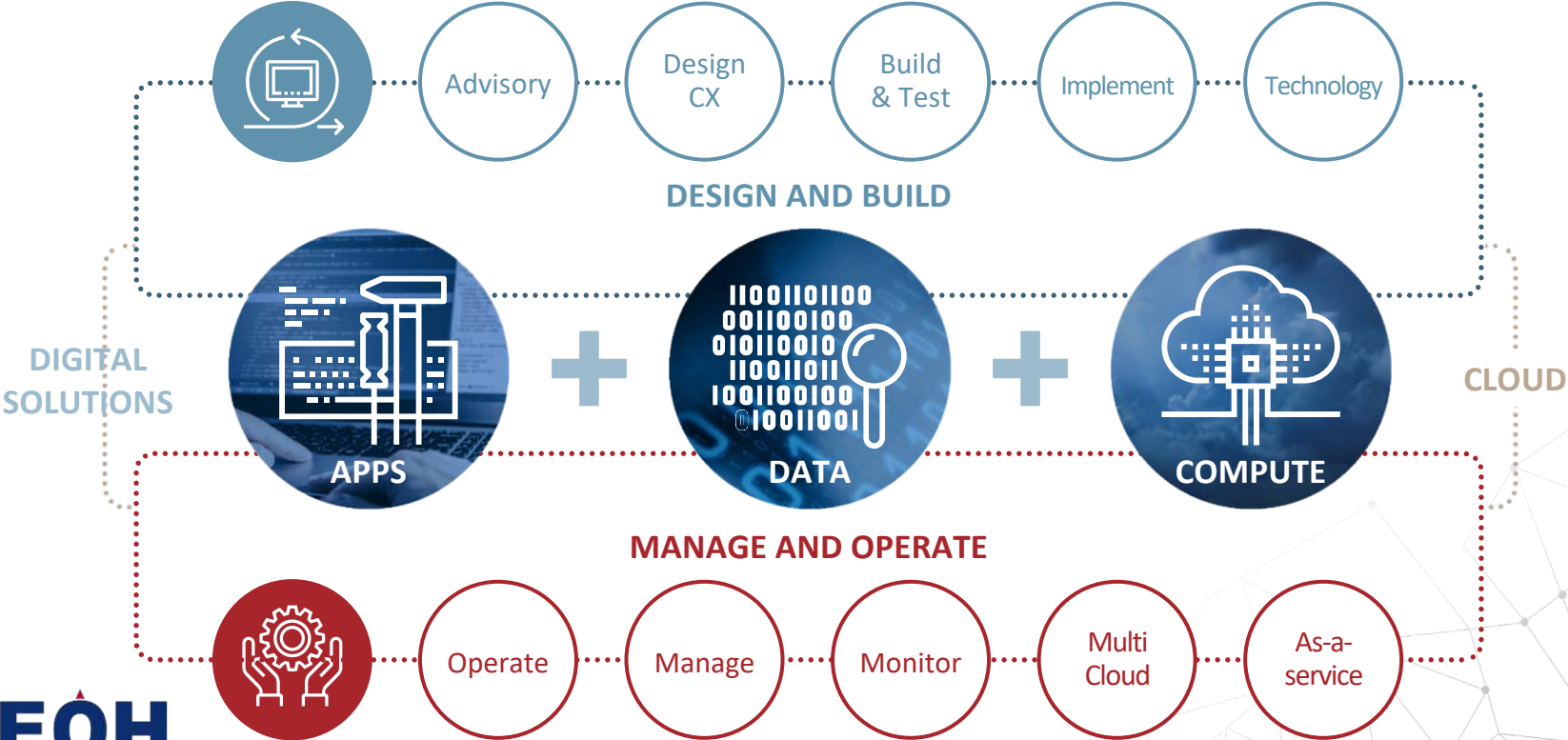
open source

security

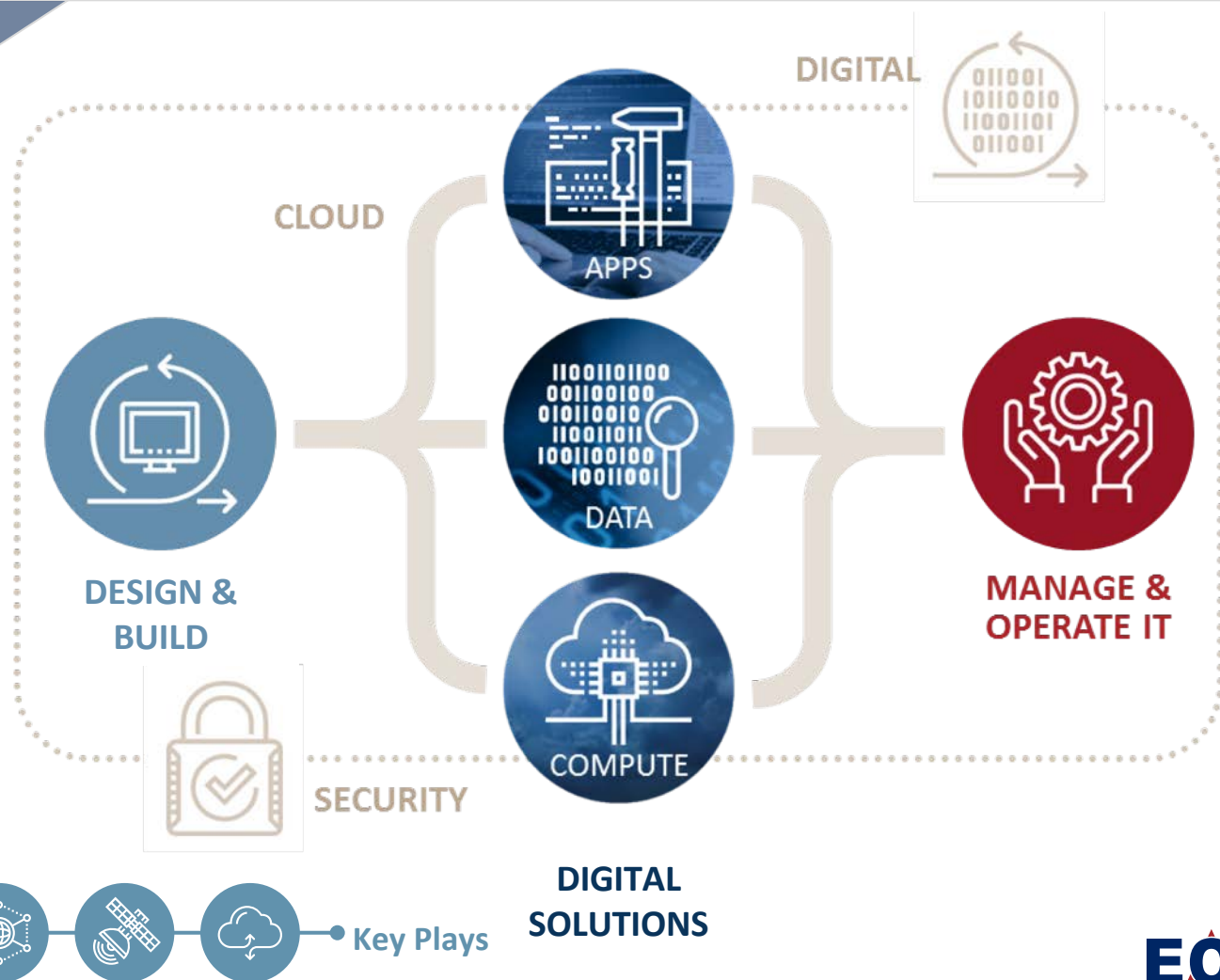
cloud

agile and DevOps

DESIGN, BUILD OR RUN - TRANSFORM YOUR BUSINESS WITH EOH



OUR SERVICE OFFERING



DIGITAL SOLUTIONS

EOH SOLUTIONS POWERING YOUR DIGITAL REVOLUTION



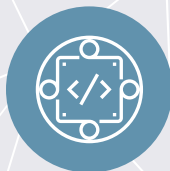
Agile infrastructure

Cloud-ready, automated, hybrid compute ecosystems



DevAnything

Agile squads, UX, DevOps & integrated software solutions



Internet of Things

Design, edge devices, data and analytics to automation

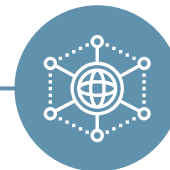
Anything-as-a-Service

Analytics-driven Desktop, Apps, Storage, Monitoring, Data Centre



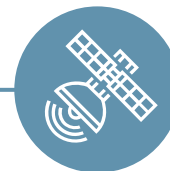
Cloud System Integrator

Preparing a multi-cloud journey taking you to IaaS | PaaS | SaaS



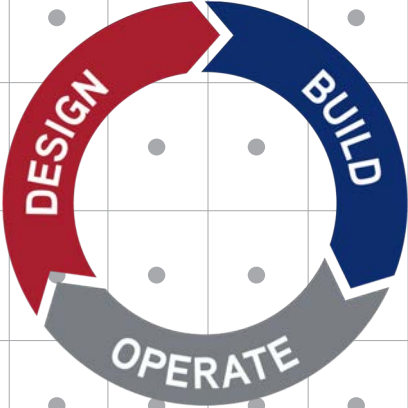
Fast Data

Big data engineering, BI, Cognitive Analytics & AI



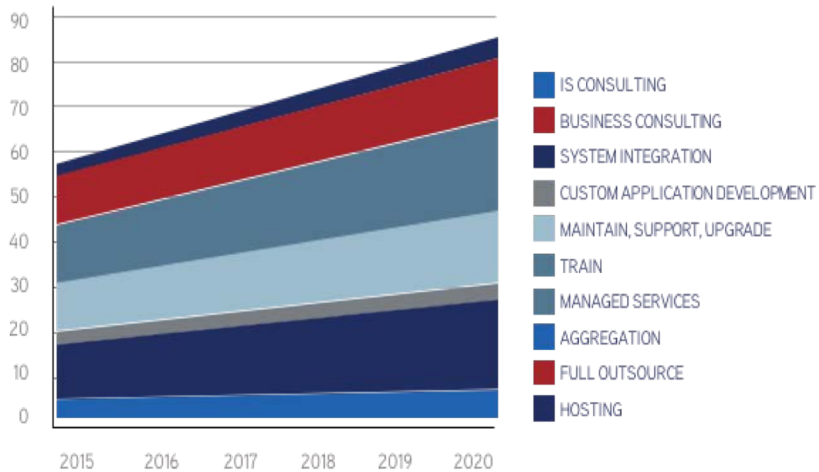
EOH OPERATING MODEL

KEY BUSINESS AREAS	INDUSTRY VERTICALS									
	Financial Services	Telecommunications	Manufacturing and Logistics	Mining	Energy	Retail	Central Government	Local Government	Health	Construction
Digital, Advisory, Consulting and Solutioning	•	•	•	•	•	•	•	•	•	•
Applications and Software	•	•	•	•	•	•	•	•	•	•
Data and Information Science	•	•	•	•	•	•	•	•	•	•
Compute, Infrastructure Platforms and Cloud	•	•	•	•	•	•	•	•	•	•



ICT - MARKET TRENDS – IMPACTING EOH GROWTH

Forecast of IT services spending (ZAR)



- **“Digital transformation”** and legacy renewal
- **Internet of Things** - IoT applications across all verticals
- **Security** a key part of digital transformation strategy
- **Big data** – cognitive analytics integrated with customer applications
- **Cloud** – mostly hybrid strategies - starting to deliver on promises - at least two global public cloud providers establishing local DC infrastructure
- **Management of virtual environments, disaster recovery** are key drivers
- **System Integration** - Cloud & API economy
- **Open source, micro service architectures and API economy** taking hold
- **Smart City initiatives** - mobility, cloud, big data analytics and social business
- Differentiation and **modernisation in outsourcing** for cloud key to growth.

CASE STUDIES



Large Insurance
Company



Large listed Oil
& Gas Company



Large listed Global
Hospital Group



Large Public Sector
Department



Large Integrated
Glass Company



Large Packaging
Company



Large Retail
Company

ABOUT EOH

Largest Systems Integrator in Africa

- Most comprehensive end-to-end IT services provider
- Ability to transform our clients into the digital arena

Most application developers

Number one SI in Applications and Information Management

Large Enterprise customers

- Complex Solutions
- Integrated Systems

Most IT Management and Optimisation Specialists

Leader in Transformational Outsourcing

Large local player in both Cloud and Unified Communications

Over 7,000 employees



*Technology makes it possible...
People make it happen*



FINANCIAL RESULTS

John King
Group Financial Director



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CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FROM CONTINUING OPERATIONS

Continuing operations	Jan 2018 (R'000)	Jan 2017 (R'000)	July 2017 (R'000)
Revenue	8 353 606	7 024 825	15 128 062
Cost of sales	-5 671 326	-4 651 086	-10 225 139
Gross profit	2 682 280	2 373 739	4 902 923
EBITDA	1 004 420	1 090 360	2 280 002
Operating Profit	784 184	837 837	1 735 542
Investment income	35 729	28 784	70 321
Share of equity-accounted profits	6 371	35 179	39 241
Finance costs	-176 548	-104 639	-259 614
Profit before taxation	649 736	797 161	1 585 490
Taxation	-186 344	-231 627	-462 009
Profit for the period	463 392	565 534	1 123 481
(Loss)/profit for the period from discontinued operations	-392 450	31 947	49 602
Profit for the period	70 942	597 481	1 173 083
Non-controlling interest	3 447	871	8 849
Owners of EOH Holdings Limited	67 495	596 610	1 164 234

- Customer retention strategy revenue up in all areas of the business
- 85% of revenue derived from South Africa
- 83% of revenue from Private Sector and 17% from Public Sector
- Once-off, non-cash loss on the unwinding of the GCT group.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Jan 2018 (R'000)	Jan 2017 (R'000)	July 2017 (R'000)
ASSETS			
Non-current assets	7 902 156	7 695 819	8 180 866
Property, plant and equipment	683 249	582 543	677 719
Goodwill and intangible assets	5 529 360	5 703 334	6 074 699
Equity accounted investments	762 530	754 687	847 917
Other financial assets	477 952	284 771	214 156
Deferred taxation assets	294 341	187 647	196 764
Finance lease receivables	154 724	182 837	169 611
Current assets	8 266 230	7 084 774	8 539 117
Inventory	468 392	532 605	599 764
Other financial assets	406 118	103 233	141 112
Current tax receivable	101 489	34 477	84 383
Finance lease receivables	66 978	85 479	74 610
Trade and other receivables	5 921 302	4 276 190	5 132 697
Cash and cash equivalents	1 301 951	2 052 790	2 506 551
Total assets	16 168 386	14 780 593	16 719 983

- Goodwill increased by R348 million as a result of acquisitions during the period

Increase in trade and other receivables:

- Increase in business activities across the board (19%)
- Public Sector challenges
- Project delays
- Contract terms

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Jan 2018 (R'000)	Jan 2017 (R'000)	July 2017 (R'000)
EQUITY AND LIABILITIES			
Equity attributable to owners of EOH	8 221 402	7 860 469	8 505 188
Non-controlling interest	30 448	20 558	56 416
Total equity	8 251 850	7 881 027	8 561 604
Non-current liabilities	3 630 734	2 636 069	3 489 142
Other financial liabilities	3 115 042	2 222 378	3 017 416
Finance lease payables	65 550	57 479	65 594
Deferred taxation	450 142	356 212	406 132
Current liabilities	4 285 802	4 263 497	4 669 237
Other financial liabilities	1 317 710	1 610 711	1 523 676
Current taxation payable	149 446	208 507	148 182
Finance lease payables	38 815	41 603	41 187
Trade and other payables	2 324 260	1 853 094	2 466 647
Deferred income	455 571	549 582	489 545
Total equity and liabilities	16 168 386	14 780 593	16 719 983

- Increase in interest-bearing debt to fulfill obligations
- Decrease in payments due to vendors for acquisitions
- Decrease in overall current liabilities

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Jan 2018 (R'000)	Jan 2017 (R'000)	July 2017 (R'000)
Cash generated by operating activities	59 381	493 069	1 314 064
Investment income	34 163	29 969	72 681
Finance costs	(132 684)	(93 383)	(201 715)
Taxation paid	(207 486)	(218 055)	(524 111)
Cash (outflow)/inflow from operating activities	(246 626)	211 600	660 919
Cash (outflow) from investing activities	(231 912)	(214 159)	(488 664)
Cash (outflow)/inflow from financing activities	(686 199)	122 806	400 497
Net (decrease)/increase in cash and cash equivalents	(1 164 737)	120 247	572 752
Cash and cash equivalents at the beginning of the period	2 506 551	1 949 399	1 949 399
Foreign currency translation	(39 863)	(16 856)	(15 600)
Cash at end of period	1 301 951	2 052 790	2 506 551

- Increase in working capital requirements
- Investment in:
 - IT Infrastructure
 - Intangibles
 - IP
 - New businesses acquired
- Net interest bearing funding received - R229 million
- Increase in payments for:
 - VFA – R369 m
 - Dividends – R312 m
 - Net Interest – R98 m



LOOKING FORWARD

*Zunaid Mayet
Group CEO*



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MARKET AND ENVIRONMENT

POSITIVE INDICATORS IN 2018

SOUTH AFRICA BUSINESS CONFIDENCE



SOURCE: TRADINGECONOMICS.COM | BUREAU FOR ECONOMIC RESEARCH (BER)

SOUTH AFRICA INFLATION RATE



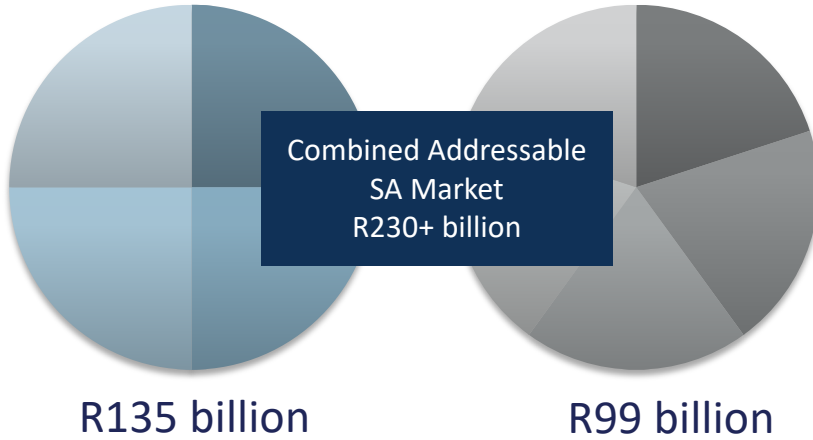
SOURCE: TRADINGECONOMICS.COM | STATISTICS SOUTH AFRICA

- 2018 has started with renewed optimism and hope
- Improving business & consumer confidence
- Strong Media – seen as the crusaders and watchdogs
- Independent Judiciary – state capture inquiries
- Convergence and digitalisation driving the tech sector
- Need for continued investment in infrastructure both in SA and other emerging markets
- SA National fiscus under strain

OUR MARKET

EOH

NewCo



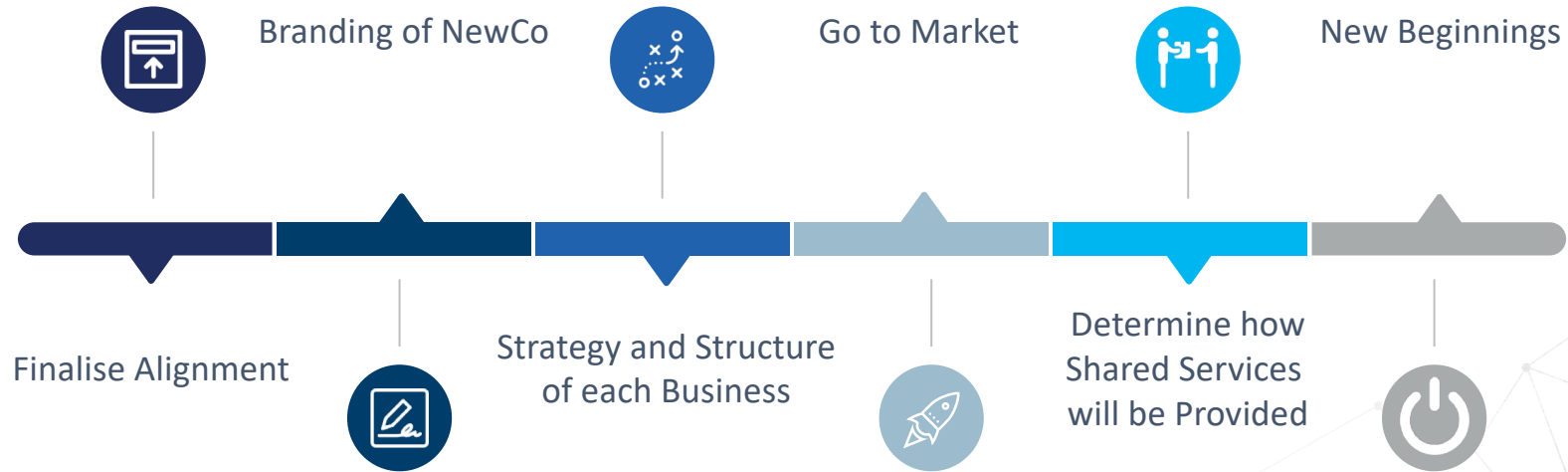
6.6%

Current SA Market
serviced by EOH

EOH

*Technology makes it possible...
People make it happen*

STRATEGY IMPLEMENTATION





OUTLOOK FOR THE NEXT 6 MONTHS

- Implementing our new Business Model and strategy
- Focus on cash and working capital management
- Market sentiment improvement – large deals being awarded
- A normalising of margins
- Ensure Fit-4-Purpose business – cost benefits from efficiencies
- Finalise the Lebashe strategic partnership transaction