

AUDITED ANNUAL FINANCIAL RESULTS 2016



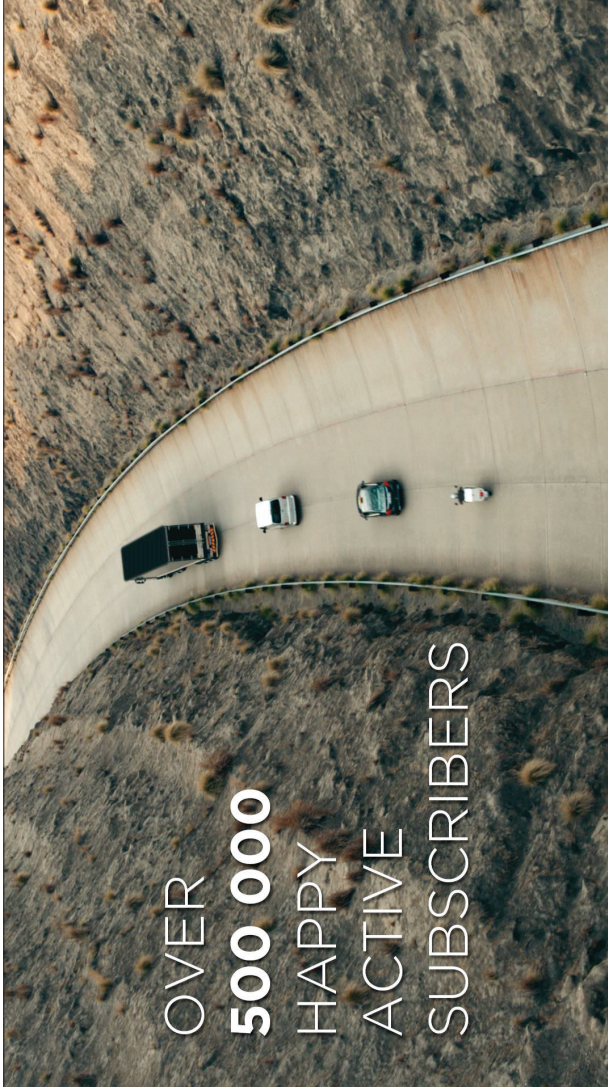
CARTRACK
PUTTING YOU IN CONTROL

FLEET MANAGEMENT STOLEN VEHICLE RECOVERY INSURANCE TELEMATICS

AUDITED ANNUAL
FINANCIAL RESULTS 2016



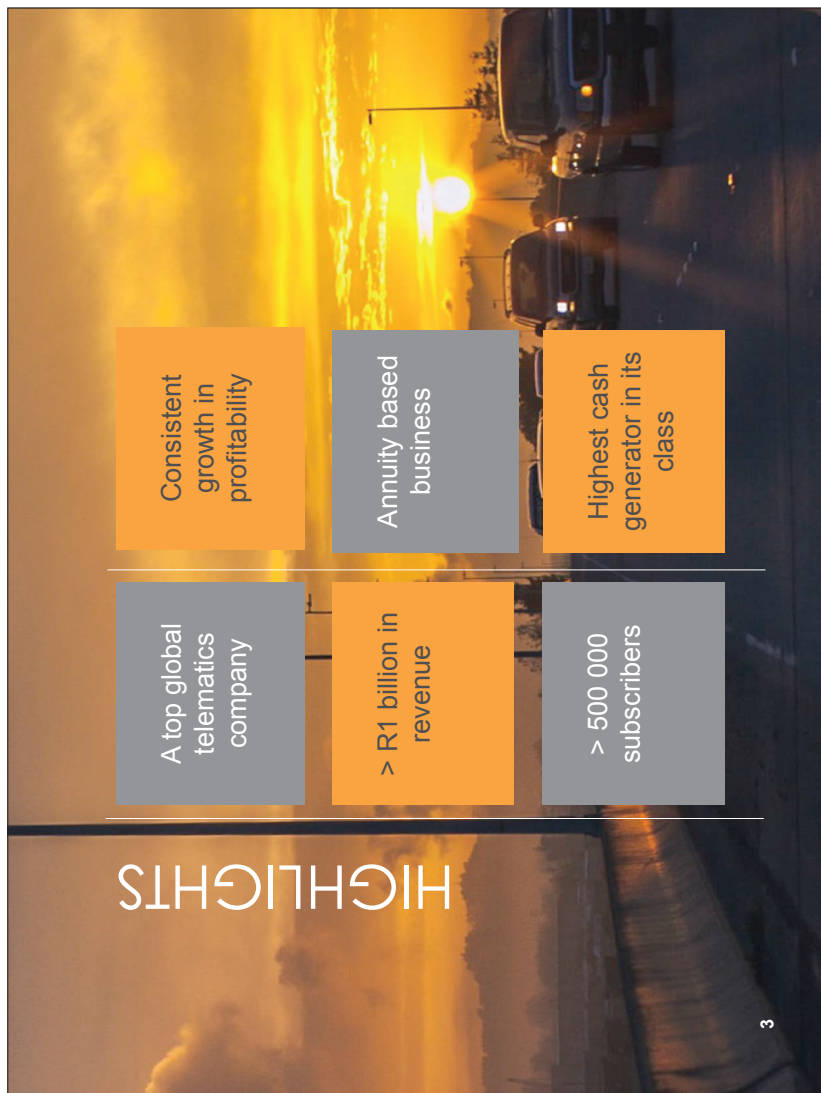
NOTES



FY16 RESULTS PRESENTATION

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HIGHLIGHTS

A top global telematics company

> R1 billion in revenue

> 500 000 subscribers

Consistent growth in profitability

Annuity based business

Highest cash generator in its class

EVEN MORE BENEFICIAL IN CHALLENGING TIMES

CARTRACK'S VALUE PROPOSITION TO CUSTOMERS

		
Increase fleet productivity	Increase workforce efficiency	Reduce operational costs
		
Increase customer service	Increase safety and security	Increase revenue

CARTRACK
PARTNERING YOU IN CONTROL

OUR CUSTOMERS' CHALLENGES



High Fuel Costs



Wasteful Vehicle Idling



Timecard Falsification



Excessive Overtime



Excessive Maintenance Costs



Excessive Mileage



Poor Driver Behaviour



Unproductive Drivers

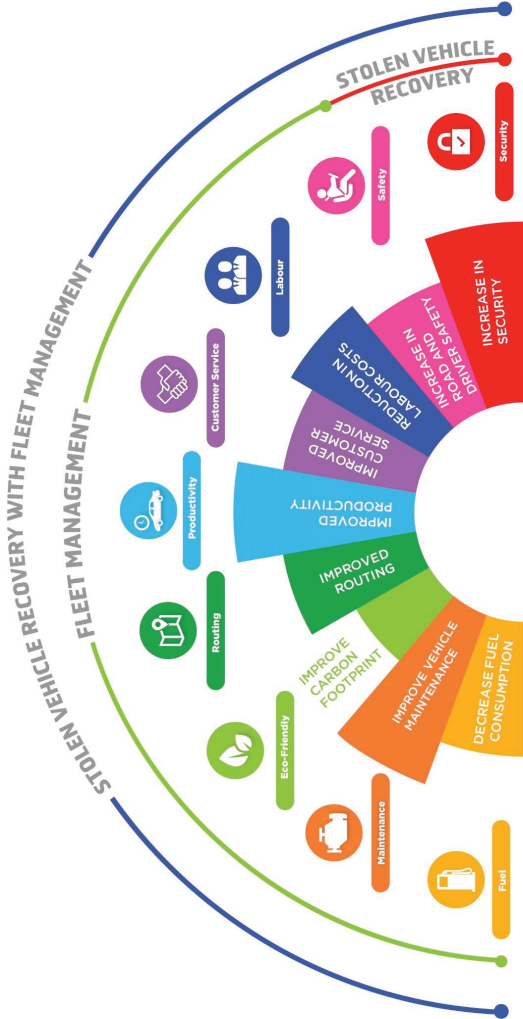


Unauthorised Vehicle Use

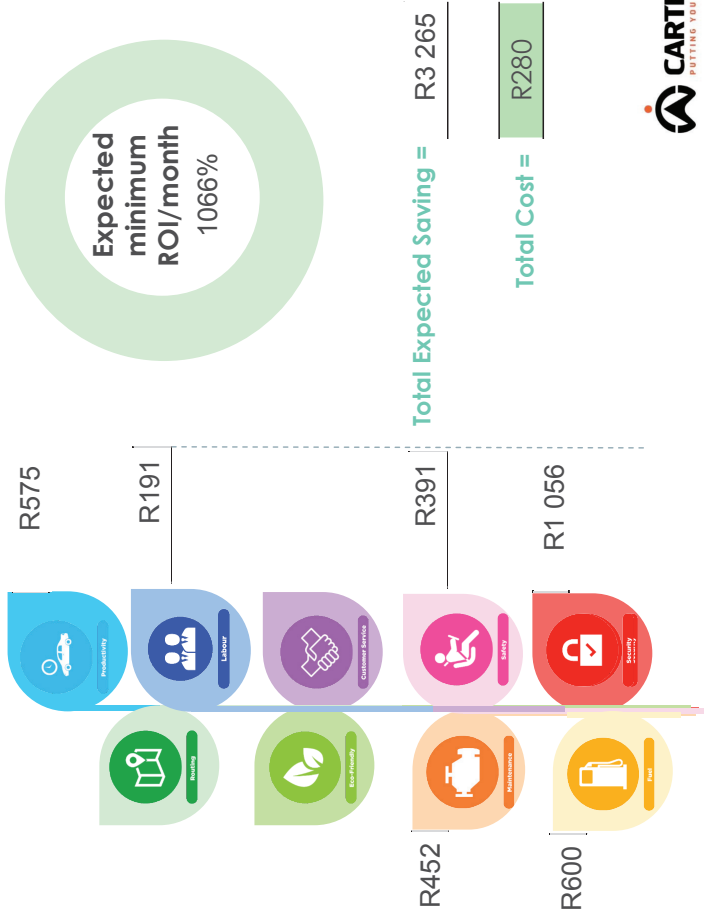


Vehicle Theft

CARTRACK CORE SOLUTIONS PER PRODUCT



CARTRACK – SOUTH AFRICA ROI CUSTOMER CALCULATOR FLEET MANAGEMENT



KEY SECURITY SERVICES AND FEATURES



Advanced Fitment Techniques



Ground & Air Recovery Response



Instant Positioning via Control Room



Free 24-Hour Unit Testing Service



Lifetime Warranty



De-Installation & Re-Installation Service



Strip Warning



Ignition Sensor



Remote Immobilisation



Wireless Panic Button



Early Theft Alert

KEY CARTRACK FLEET MANAGEMENT REPORTS



Trip Reports



Fuel Efficiency Report



Fuel Card Management



Geo-fence Reports



Operating Hours



Toll road Management



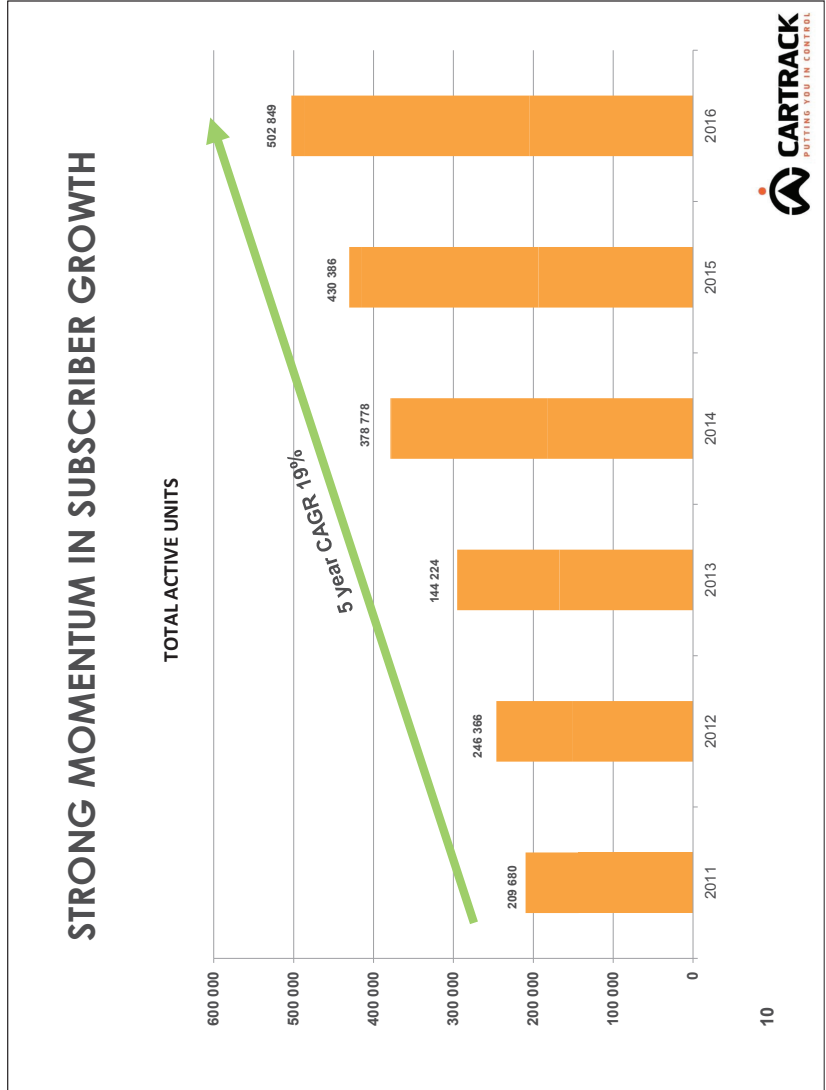
Driver Scorecard



Speeding Report



Idling Report



PLATFORM FOR GROWTH

EUROPE

- Slow economic recovery
- Telemetry communication costs significantly reduced
- Increased efficiencies have led to reduced overhead expenses

EUROPE

Revenue +12%
Subscribers +23%
Operating profit +53%

ASIA & ME

Revenue +134%
Subscribers +151%
Operating loss +70%

AFRICA – OTHER

- Commodity cycle and forex issues provide short term challenges
- Substantial growth opportunities remain in the longer term
- Significant churn in subscribers contracted to services in lower end of the price spectrum
- We believe the market remains unpenetrated

AFRICA

Revenue +22%
Subscribers +10%
Operating profit +29%

SOUTH AFRICA

Revenue +19%
Subscribers +16%
Operating profit +1.6%

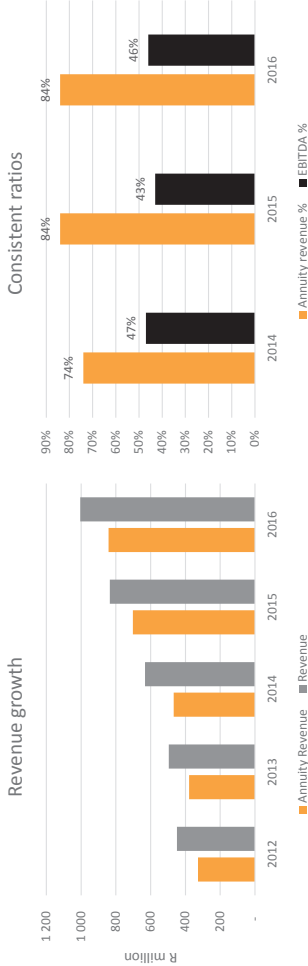
SOUTH AFRICA

- Significant investment in distribution yielding dividends
- We believe that growth in this market remains strong

ASIA AND MIDDLE EAST

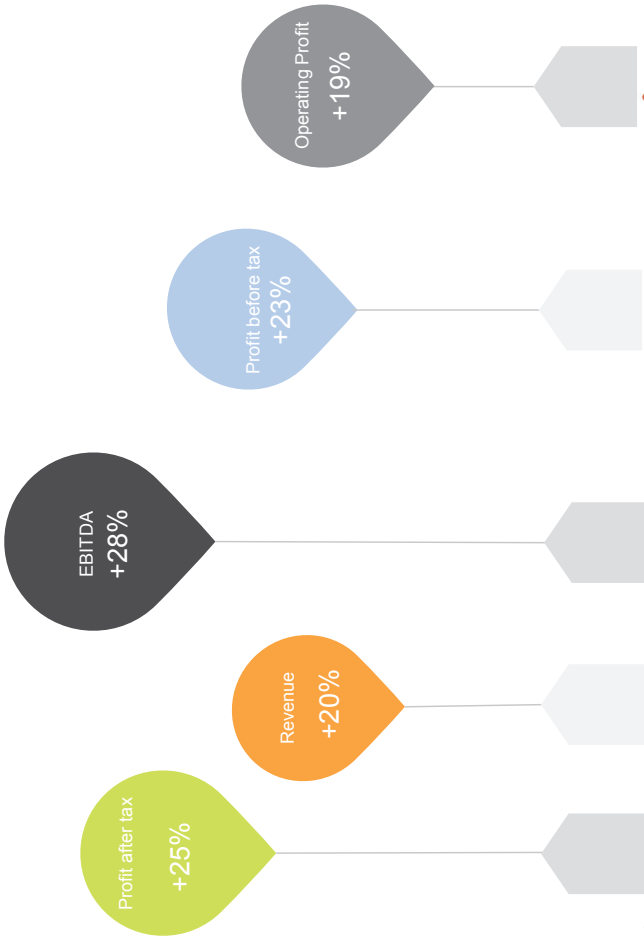
- We continue to invest in the brand and distribution
- Starting to see some traction

A HIGHLY SUSTAINABLE AND PREDICTABLE MODEL

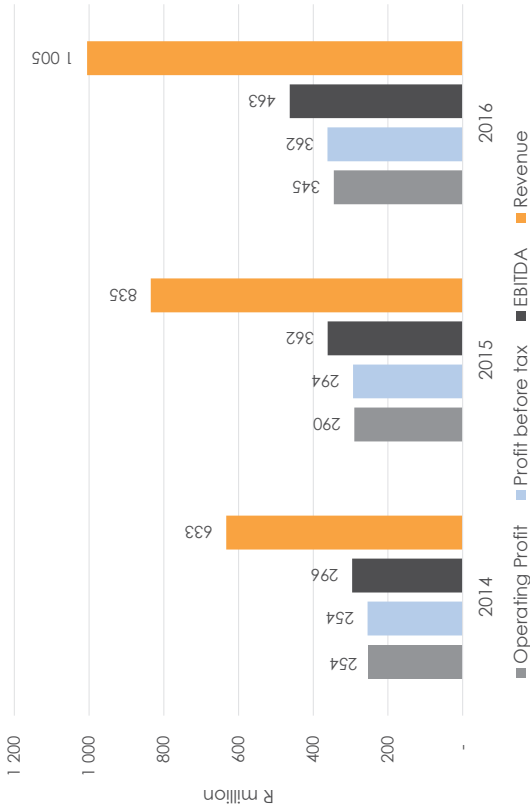


- Diversified base – present in 21 countries, fleet management as well as SVR product offerings
- Secure annuity-based model – 84% of revenue
- Longevity and predictability - average customer lifecycle approximately 62 months
- Scale – few companies globally have a subscriber base > 500 000 contracts
- Highest margins in its class

STRONG YEAR-ON-YEAR GROWTH



STRONG PROFITABILITY



FOREIGN EXCHANGE IMPACTS ON FINANCIAL RESULTS

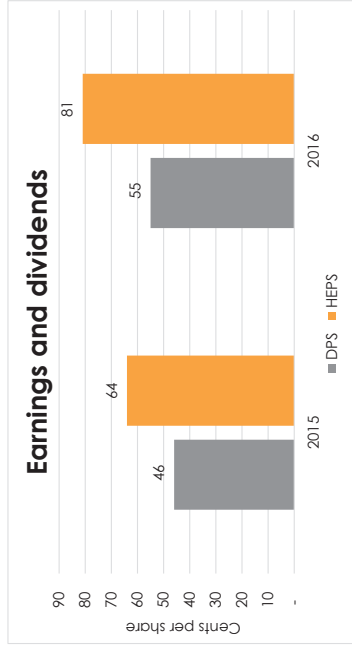
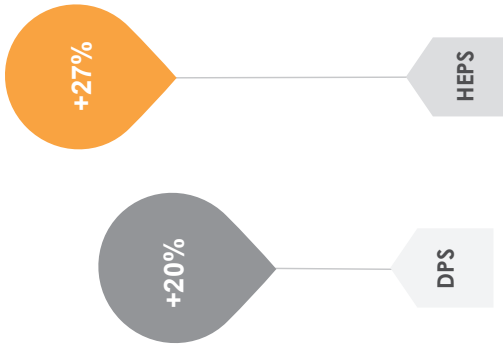
Despite the sharp decline in the South African Rand, the net effect of currency fluctuations on Cartrack's global business over the past year has impacted positively on the consolidated profit before tax by an estimated R13 million. The main contributing factors are :

R millions

➤ non operating foreign exchange gain	+15,5
➤ operating foreign exchange gain	+11,5
➤ hardware costs in cost of sales	- 11,0
➤ the fluctuation in the Rand against other Group trading currencies had a net negative impact on consolidation	- 3,0
	<u>R13,0</u>

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EARNINGS AND DIVIDENDS



- Final dividend of 35 cents per share
- Total dividend for FY16 of 55 cents per share
- Dividend cover of 1.47 times
- Dividend cover target - 1.25 to 1.55 times

STRONG BALANCE SHEET POSITIONED FOR GROWTH

No gearing

Clean debtors book – debtors days

33 days

Adequate stock levels of 6 to 9 months trading

Current ratio

1,4

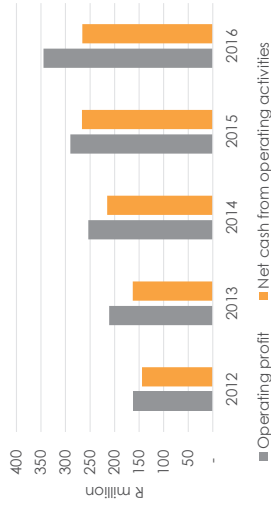
Quick ratio

0,9

A HIGH CASH GENERATOR

- Annuity business with strong revenue visibility into FY17
- We have, since inception, financed our own growth in both existing and new markets
- Strong track record of returning excess cash to the shareholders
- Cartrack senior management involved in all expansions to minimise risk

Cash conversion

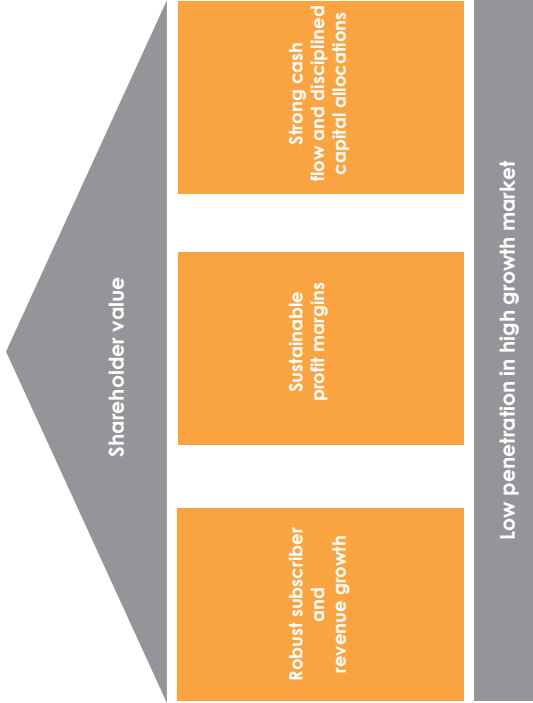


MARKET DRIVERS INDICATE ABUNDANT GROWTH POTENTIAL

Consistent with prior years:

- **Increasing demand for big data** using Software-as-a-Service (SaaS) to **optimise both fleets and workforce**
- Berg Insight states the global market size is **94 million vehicles** with only a **14% penetration** as at end of 2015
- Global commercial telematics market is expected to reach \$41 billion by 2020 - **compounded growth rate of 16% p.a.** for the next five years
- Increase in **demand for safety and security** by governments, business and individuals due to the increase in crime rates, the need to improve road safety and the need to decrease pollution
- Strong **increase in vehicle populations**
- Large and **underpenetrated** markets

OUR STRATEGY – DRIVING SHAREHOLDER VALUE



A WELL DEFINED AND ALIGNED OPERATIONAL STRATEGY



Global brand

- Strengthen brand awareness and market share in existing markets
- Build brand and trust in new markets



Distribution

- Tested expansion model with prudent organic growth
- Conservative allocation of funds into new geographies
- Increased sales capabilities in existing and new markets
- Improved installation management and job scheduling



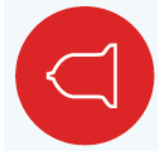
Quality service

- Staying ahead of technological trends to enhance customer experience
- Continuous improvements of our internal systems and software to allow our staff to make quicker and more informed decisions

USA OFFICE OPENING IMMINENT

- The USA market has a **15% to 30% penetration rate** of fleets (few conflicting reports)
- With the **mandatory requirement** for commercial drivers to keep a Record of Duty Status (RODS) using Electronic Driver Logs by December 2017, there are still over **3.1 million vehicles** that require vehicle telematics (Driscoll & Associates 2016)
- The unit monthly selling price of existing providers in the USA reflects a significant opportunity for Cartrack to enter the market and **compete aggressively**
- Cartrack's software and hardware has **highly competitive technological features**, cost pricing and reliability.
- **Cartrack's strong sales and modus operandi track record**, in highly competitive and diverse markets, is well suited for the USA market.
- Cartrack has a proven hands on track record in **customer service** which is a fundamental pillar to a successful USA operation

SYSTEMS ARE BUILT ON THE MOST ADVANCED TECHNOLOGIES AVAILABLE



Considerable focus and effort was placed on technology development and upgrades in 2016

- Next generation telematics units at an advanced stage of completion
- Will provide enhanced performance and additional features
- Substantially aligned the Cartrack technology to country specific mandatory requirements
- Will cater for connectivity to networks globally
- Additional products were added to Cartrack's range
- A unit developed to allow continuous and cost effective global roaming ability for tracking assets that travel internationally
- New mobile applications are being developed for continuous connectivity and convenience
- Project initiated for data analytics and commercial uses of the vast volumes of telematics data stored
- Supply of non-personalised data for traffic flow and navigation services

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OUR INVESTMENT CASE

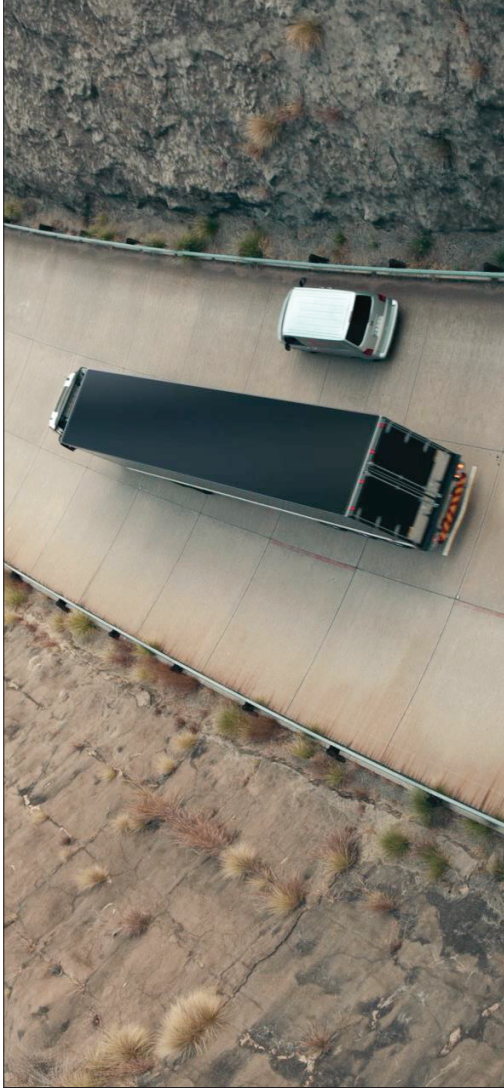


A ROBUST OUTLOOK FOR 2017

Strong profit and cash flow expected, consistent with our track record

- Substantial growth opportunities in the telematics industry remains
- Continued global economic and foreign exchange uncertainties expected
- Opportunities in our current footprint remain and are being actively pursued
- Continued sustainable growth in South Africa is expected despite the economic pressures
- Good growth expected in Asia and ME, coming off a low base
- Releasing complementary application software leading to stronger demand for our services

NOTES



International Offices

- Botswana
- Hong Kong
- Indonesia
- Kenya
- Malaysia
- Malawi
- Mozambique
- Namibia
- New Zealand
- Nigeria
- Philippines
- Poland
- Portugal
- Rwanda
- Singapore
- South Africa
- Spain
- Swaziland
- Thailand
- Tanzania
- UAE
- Zimbabwe





CARTRACK AT A GLANCE

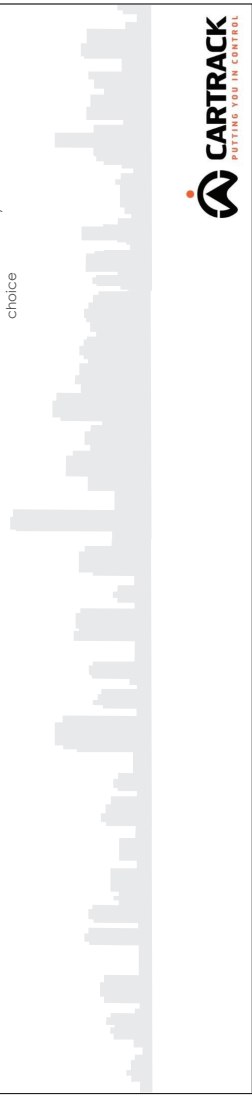
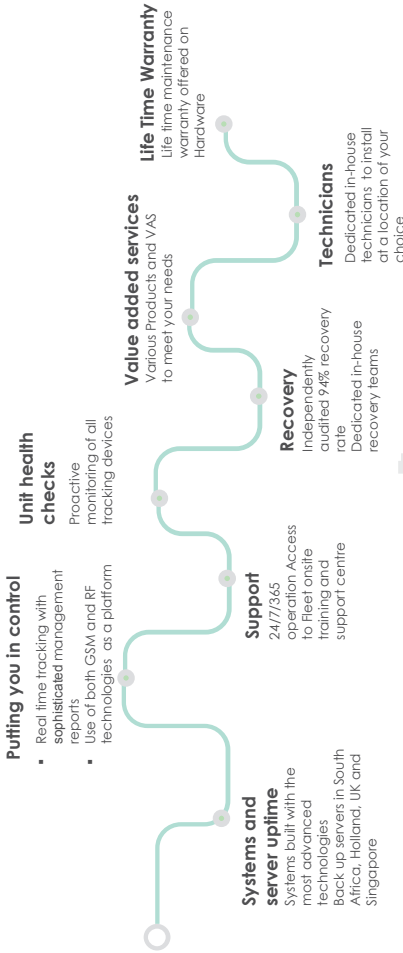
- A **leading global provider** of Fleet Management, Stolen Vehicle Recovery and Insurance Telematics
- A diversified subscriber base with **503 000** active subscribers as at FY16 and offices in **21** countries
- Amongst the **top** telematics companies globally
- A leader in a very large and underpenetrated global market
- A trusted leader in the stolen vehicle and recovery industry with an audited **recovery rate of 94%**
- Recovered in excess of **18 000** stolen vehicles since inception
- **Strong visibility of earnings** due to the annuity based business model
- A **benchmark and consistent leader** in the global telematics industry



CARTRACK AT A GLANCE (continued)

- **Free regular platform upgrades** for all customers
- **Free data storage** for up to 5 years
- **Free on-site and on-line training** provided with a **24/7 help desk**
- **Free routine unit health checks**
- **Mobile fitment teams** – installation at location of your choice
- Audited **recovery rate of 94%**; own **recovery infrastructure**; **24/7** control room
- First company in the world to provide a **R150k recovery warranty** in the unlikely event of a stolen vehicle not being recovered

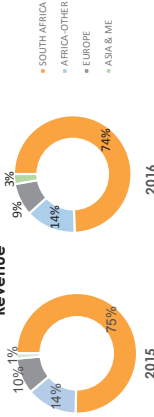
OUR PROMISE TO CUSTOMERS



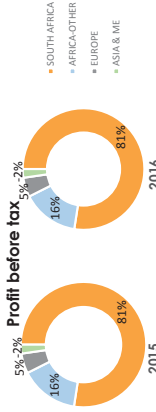
SEGMENTAL GROWTH FOR 2015 AND 2016

	2015	2016	% change
Revenue			
South Africa	628 547	748 600	19
Africa – other	114 002	139 198	22
Europe	80 422	90 037	12
Asia and Middle East	11 824	27 647	134
Total	834 795	1 005 481	20
Profit before tax			
South Africa	238 358	274 711	15
Africa – other	46 499	60 110	29
Europe	15 835	23 477	45
Asia and Middle East	(7 078)	6 968	n/a
Total	293 614	362 266	25
EBITDA			
South Africa	298 058	355 777	20
Africa – other	45 710	59 168	30
Europe	24 420	42 212	71
Asia and Middle East	(6 586)	5 977	n/a
Total	361 602	463 134	29

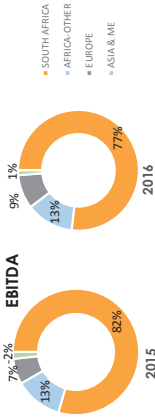
Revenue



Profit before tax



EBITDA



STRONG FINANCIAL GROWTH

	2012	2013	2014	2015	2016
Revenue	448	496	633	835	1005
R million					
Gross profit	348	404	503	649	819
R million					
Operating profit	162	211	254	290	345
R million					
EBITDA	16	211	296	362	463
R million					
Headline earnings	103	137	167	191	242
Headling earnings					
per share	-	-	58	64	81
Cents					
Earnings per share					
excl non operational					
forex losses/gains	-	-	58	64	75
Cents					
Net cash from					
operating activities	144	163	215	267	261
R million					

Margins and ratios

Gross profit margin	78%	82%	79%	78%	81%
%					
Overheads as a % of sales	43%	40%	41%	44%	48%
%					
Operating profit margin	36%	43%	40%	35%	34%
%					
EBITDA margin	-	-	47%	43%	46%
%					
Annuity revenue as % of total revenue	73%	76%	74%	84%	84%
%					

OUR VALUE TO CUSTOMERS

Fact 1

Cartrack has developed technology locally for the transport industry in **Indonesia**. Buses are fitted with a telematics unit that relays real time information to consumers. This technology provides operators with full control over bus routes, as it alerts them to any deviations on the route and most importantly optimises the service for the end user – the customer. This information includes the estimated time of arrival of the next vehicle to bus terminals throughout the country as well as stations of information located in malls throughout the country.

Fact 2

Cartrack made its international debut of INTEGRATE - an end-to-end managed Electronic Monitoring Services (EMS) solution at the INTERPOL WORLD 2015 exhibition in **Singapore** in May 2015. INTEGRATE allows law enforcement agencies to effectively monitor persons-of-interest, such as offenders on extended supervision, parole, home detention or community detention. They can also be prison inmates going through halfway care and who are in the process of reintegrating into society. INTEGRATE is already in use in Singapore - one of the safest cities in the world according to The Economist's Intelligence Unit Report 2015.

Fact 3

Cartrack has recently been appointed the preferred telematics and stolen vehicle recovery (SVR) provider for MAN Truck & Bus in **South Africa**. Cartrack has a long association with MAN, initially selected as an exclusive supplier of SVR products and services to MAN by virtue of Cartrack's service record and consistently high recovery rate. This relationship has now been extended to incorporate a full fleet telematics product and service for use by MAN clients. The agreement includes the fitment of a Cartrack Fleet Management product to all MAN TG trucks assembled daily at the Truck & Bus Chassis Plant in Pinetown, KwaZulu-Natal.



CORPORATE INFORMATION

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