

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 IFRS RESULTS FOR FOURTH QUARTER AND PRELIMINARY IFRS RESULTS FOR FULL FISCAL YEAR 2020

MiX Telematics changed from being a foreign private issuer to a U.S. domestic issuer, with effect from April 1, 2020. As a result of the change in status, the Company is required to comply with and report its financial results in accordance with accounting principles generally accepted in the United States ("GAAP") in U.S. Dollars from a SEC perspective as well as International Financial Reporting Standards ("IFRS") in Rands from a South African Companies Act 71 of 2008 and JSE Listings Requirements perspective. Therefore, this short-form announcement is being distributed in South Africa and the Company is also releasing a press release in the United States in order to meet the above requirements.

Highlights

Fourth quarter fiscal 2020 (year over year):

- Subscription revenue of R483 million, an increase of 6% on a constant currency basis
- Net subscriber additions of 5,700 bringing the total base to over 818,000, up 9%
- Net loss of R37 million, including R53 million deferred tax charge and R7 million foreign exchange loss
- Adjusted EBITDA of R176 million, or 31.7% adjusted EBITDA margin
- Adjusted earnings of R45 million

Fiscal year 2020 (year over year):

- Subscription revenue of R1,885 million, up 9% on a constant currency basis
- Net subscriber additions of 68,000, compared to 73,600 additions in fiscal 2019
- Net profit of R145 million
- Adjusted EBITDA of R664 million, or 30.8% adjusted EBITDA margin
- Adjusted earnings of R228 million

"MiX's fourth quarter performance was solid in the context of the unprecedented uncertainty caused by the COVID-19 pandemic, significant related exchange rate volatility and challenges in the oil and gas market. Our mission at MiX is to continue providing the best-in-class software and support for our customers who rely on us as they adapt their businesses to the current situation," said Stefan Joselowitz, Chief Executive Officer of MiX Telematics.

Joselowitz continued, "Although the near-term demand environment is uncertain, with our continued investments in our strategic initiatives, we strongly believe MiX is well positioned to meet our long-term subscription revenue growth and profitability targets as global economic conditions begin returning to normal."

Financial performance for the three months ended March 31, 2020

Subscription revenue: Subscription revenue was R482.6 million, an increase of 8.7% compared with R443.8 million for the fourth quarter of fiscal 2019. Subscription revenue increased by 5.6% on a constant currency basis, year over year. Subscription revenue growth was primarily driven by the increase in the number of subscribers, which grew by approximately 9.1% compared to the same period in the prior year.

Total revenue: Total revenue was R555.4 million, an increase of 9.4% compared to R507.9 million for the fourth quarter of fiscal 2019. Total revenue increased by 6.0% on a constant currency basis, year over year. Hardware and other revenue was R72.8 million, an increase of 13.6%, compared to R64.1 million for the fourth quarter of fiscal 2019.

Gross margin: Gross profit was R316.9 million, compared to R339.8 million for the fourth quarter of fiscal 2019. Gross profit margin was 57.1%, compared to 66.9% for the fourth quarter of fiscal 2019. The lower gross profit margin in the fourth quarter of fiscal 2020 is attributable to accelerated amortization of in-vehicle devices following contraction in certain fleets in the oil and gas vertical in the Americas segment.

Operating margin: Operating profit was R59.6 million, compared to R97.8 million for the fourth quarter of fiscal 2019. Operating margin was 10.7%, compared to 19.3% for the fourth quarter of fiscal 2019. Operating expenses of R257.5 million increased by R15.2 million, or 6.3%, compared to the fourth quarter of fiscal 2019. Operating expenses represented 46.4% of revenue compared to 47.7% of revenue in the fourth quarter of fiscal 2019.

Adjusted EBITDA: Adjusted EBITDA, a non-IFRS measure, was R176.1 million, compared to R167.6 million for the fourth quarter of fiscal 2019. Adjusted EBITDA margin, a non-IFRS measure, was 31.7% compared to 33.0% for the fourth quarter of fiscal 2019.

Profit/loss for the period and earnings per share: Loss for the period was R37.3 million, compared to a profit of R77.0 million in the fourth quarter of fiscal 2019. Loss for the period included a net foreign exchange loss of R6.7 million before tax, as well as a R53.2 million deferred tax charge on a U.S. Dollar intercompany loan between MiX Telematics and MiX Investments Proprietary Limited (“**MiX Investments**”), a wholly-owned subsidiary of the Company. During the fourth quarter of fiscal 2019, profit for the period included a net foreign exchange loss of R0.1 million and a R1.3 million deferred tax charge on a U.S. Dollar intercompany loan between MiX Telematics and MiX Investments.

Earnings per diluted ordinary share were negative 7 South African cents, compared to positive 13 South African cents in the fourth quarter of fiscal 2019. For the fourth quarter of fiscal 2020, the calculation was based on diluted weighted average ordinary shares in issue of 547.7 million compared to 580.1 million diluted weighted average ordinary shares in issue during the fourth quarter of fiscal 2019.

The Group’s effective tax rate was 172.7%, compared to 22.1% in the fourth 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 was used in determining adjusted earnings below, was 26.5% compared to 20.4% in the fourth quarter of fiscal 2019.

Adjusted earnings for the period and adjusted earnings per share: Adjusted earnings for the period, a non-IFRS measure, was R45.4 million compared to R81.0 million for the fourth quarter of fiscal 2019. Adjusted earnings per diluted ordinary share, also a non-IFRS measure, were 8 South African cents, compared to 14 South African cents in the fourth quarter of fiscal 2019.

Statement of Financial Position and Cash Flow: At March 31, 2020, the Group had R275.7 million of net cash and cash equivalents, compared to R353.2 million at March 31, 2019.

The Group generated R105.9 million in net cash from operating activities for the three months ended March 31, 2020 and invested R48.8 million in capital expenditures during the quarter (including investments in in-vehicle devices of R11.1 million), leading to free cash flow, a non-IFRS measure, of R57.0 million compared to free cash flow of R79.8 million for the fourth quarter of fiscal 2019. The Group utilized R50.3 million in financing activities, compared to R18.0 million utilized during the fourth quarter of fiscal 2019. The cash utilized in financing activities during the fourth quarter of fiscal 2020 mainly consisted of dividends paid of R21.3 million, share buy backs of R24.8 million and the payment of lease liabilities of R4.2 million. The cash utilized in financing activities during the fourth quarter of fiscal 2019 mainly consisted of dividends paid of R16.8 million and the payment of lease liabilities of R1.1 million.

Financial performance for the fiscal year ended March 31, 2020

Subscription revenue: Subscription revenue increased to R1,884.9 million, an increase of 11.3% compared to R1,693.2 million for fiscal 2019. On a constant currency basis, subscription revenue increased by 8.7%. Subscription revenue benefited from an increase of 68,000 subscribers from April 2019 to March 2020, representing an increase in subscribers of 9.1% during fiscal 2020.

Total revenue: Total revenue for fiscal 2020 was R2,152.0 million, an increase of 8.9% compared to R1,975.9 million for fiscal 2019. On a constant currency basis, total revenue increased by 6.3%. Hardware and other revenue was R267.1 million, compared to R282.6 million for fiscal 2019.

Gross margin: Gross profit was R1,355.2 million, an increase of 2.7% compared to R1,320.0 million for fiscal 2019. Gross profit margin was 63.0%, compared to 66.8% for fiscal 2019.

Operating margin: Operating profit was R311.3 million, compared to R338.9 million in fiscal 2019. The operating margin was 14.5%, compared to the 17.2% in fiscal 2019. Operating expenses represented 48.5% of revenue compared to 49.7% of revenue in fiscal 2019 due to ongoing cost management initiatives.

Adjusted EBITDA: Adjusted EBITDA was R663.9 million, compared to R602.8 million for fiscal 2019. The Adjusted EBITDA margin for fiscal 2020 was 30.8%, compared to 30.5% in fiscal 2019.

Profit for the year and earnings per share: Profit for fiscal 2020 was R145.0 million, compared to R202.3 million in fiscal 2019. Profit for the year included a net foreign exchange loss of R9.0 million before tax, as well as a R63.1 million deferred tax charge on a U.S. Dollar intercompany loan between MiX Telematics and MiX Investments, a wholly-owned subsidiary of the company. During fiscal 2019, a net foreign exchange gain of R0.4 million was recognized and a R47.7 million deferred tax charge on a U.S. Dollar intercompany loan between MiX Telematics and MiX Investments.

Earnings per diluted ordinary share were 26 South African cents, compared to 35 South African cents in fiscal 2019. For fiscal 2020, the calculation was based on diluted weighted average ordinary shares in issue of 568.0 million, compared to 583.6 million diluted weighted average ordinary shares in issue during fiscal 2019.

The Group's effective tax rate was 51.2%, compared to 40.5% for 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 effective tax rate, which was used in calculating adjusted earnings, was 28.8% compared to 26.3% in fiscal 2019.

Adjusted earnings for the year and adjusted earnings per share: Adjusted earnings for fiscal 2020, a non-IFRS measure, was R227.8 million, compared to R254.4 million in fiscal 2019. Adjusted earnings per diluted ordinary share, also a non-IFRS measure, were 40 South African cents, compared to 44 South African cents for fiscal 2019.

Statement of Financial Position and Cash Flow: The Group generated R453.4 million in net cash from operating activities for fiscal 2020 and invested R321.1 million in capital expenditures during the year (including investments in in-vehicle devices of R200.6 million), leading to free cash flow of R132.2 million, compared to free cash flow of R177.4 million for fiscal 2019. Capital expenditures in fiscal 2019 were R286.5 million and included in-vehicle devices of R191.6 million.

The Group utilized R249.8 million in financing activities, compared to R138.7 million utilized during fiscal 2019. The cash utilized in financing activities in fiscal 2020 mainly consisted of the repurchase of 16.9 million ordinary shares, which resulted in a cash outflow of R144.3 million, dividends paid of R88.6 million and the repayment of lease liabilities of R16.9 million. The cash utilized in financing activities in fiscal 2019 included the repurchase of 9.2 million ordinary shares, which resulted in a cash outflow of R73.5 million, dividends paid of R67.5 million and the repayment of lease liabilities of R11.4 million, offset by proceeds from issuance of shares in respect of employee share options of R13.8 million.

Global outbreak of COVID-19 could harm our business and impact operations and the results

In December 2019, a novel strain of coronavirus outbreak was reported in China (“COVID-19”). In January 2020, the World Health Organization (WHO) declared this outbreak a Public Health Emergency of international concern and, subsequently, it was declared a pandemic in March 2020. The outbreak continued to spread globally, affecting global economic activity and financial markets. Due to extensive measures implemented by various governments, all of our employees are required to work remotely, with the exception of our staff working in our monitoring centers, which were classified as an essential service. We have implemented appropriate safeguards for these centers. In addition, we have modified certain business and workforce practices (including suspension of all business travel and cancellation of physical participation in meetings, events and conferences) and implemented new protocols to promote social distancing and enhance sanitary measures in our offices and facilities to conform to government restrictions and best practices encouraged by governmental and regulatory authorities. There is no certainty that such measures will be sufficient to mitigate the risks posed by the virus, in which case our employees or other individuals may become sick, our ability to perform critical functions could be harmed, and we may be unable to respond to some of the needs of our global business. Further, our increased reliance on remote access to our information systems increases our exposure to potential cybersecurity breaches. We may take further actions as government authorities require or recommend or as we determine to be in the best interests of our employees, customers, suppliers and other business counterparties.

COVID-19 has disrupted the operations of our customers and channel partners, our operations and the results of our operations. COVID-19 currently has had and, we believe, will continue to have an adverse impact on global economies and financial markets. Additionally, to the extent that access to the capital and other financial markets is adversely affected by the effects of COVID-19, we may need to consider alternative sources of funding for some of our operations and for working capital, which may increase our cost of, as well as adversely impact our access to, capital. These uncertain economic conditions may also result in the inability of our customers and other counterparties to make payments to us, on a timely basis or at all, which could adversely affect our business, cash flows, liquidity, financial condition and results of operations. If and to the extent these actions were to result in material modifications or cancellations of the underlying contracts, we could experience reductions in our revenue in future periods. In addition, worsening economic conditions could result in reductions in revenue over time, which would impact our future financial performance. We cannot successfully predict the duration and extent of such impact on the global economy.

Business Outlook

Due to the uncertainty surrounding the level of business disruption as a result of the spread of COVID-19, the Company is suspending its practice of issuing financial guidance for the full 2021 fiscal year and the first quarter of fiscal 2021.

SUMMARIZED CONSOLIDATED INCOME STATEMENT

	Fiscal year ended	Fiscal year ended	Three months ended	Three months ended
South African Rand	March 31,	March 31,	March 31,	March 31,
	2020	2019	2020	2019
Figures are in thousands unless otherwise stated	Reviewed	Audited	Unaudited	Unaudited
Revenue	2,151,997	1,975,863	555,417	507,897
Operating profit	311,278	338,912	59,581	97,810
Adjusted EBITDA	663,884	602,785	176,087	167,631
Profit/(loss) for the period attributable to owners of the parent	145,022	202,336	(37,287)	76,979
Adjusted earnings attributable to owners of the parent ¹	227,837	254,445	45,386	81,044
Headline earnings attributable to owners of the parent	147,826	202,595	*	*
Basic earnings per share - (R)	0.26	0.36	(0.07)	0.14
Basic adjusted earnings per share - (R) ¹	0.41	0.45	0.08	0.14
Basic headline earnings per share - (R)	0.27	0.36	*	*
Dividends per share - (R)	0.16	0.12	0.04	0.03
Ordinary shares ('000) ²				
-in issue at March 31	547,117	561,947	547,117	561,947
-weighted average	553,653	563,578	547,667	561,859
-diluted weighted average	568,037	583,647	547,667	580,077

* Information not published for quarterly results.

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 March 31, 2020 figure excludes 53,816,750 (March 31, 2019: 40,000,000) treasury shares held by MiX Investments, a wholly owned subsidiary of the Company.

**SUMMARIZED CONSOLIDATED
STATEMENT OF FINANCIAL
POSITION**

	March 31, 2020	March 31, 2019
Figures are in thousands unless otherwise stated	Reviewed	Audited
ASSETS		
Non-current assets	1,686,866	1,518,824
Current assets	951,254	872,545
Total assets	2,638,120	2,391,369
EQUITY AND LIABILITIES		
Equity	1,817,545	1,751,677
Non-current liabilities	327,117	174,256
Current liabilities	493,458	465,436
Total equity and liabilities	2,638,120	2,391,369
Net cash	275,655	353,181
Cash and cash equivalents	318,071	383,443
Net asset value per share (R)	3.32	3.12

Dividend Declared

The Board of Directors declared in respect of the fourth quarter of fiscal 2020 which ended on March 31, 2020, a dividend of 4 South African cents per ordinary share to be paid on June 22, 2020.

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

Last day to trade cum dividend	Monday, June 15, 2020
Securities trade ex dividend	Wednesday, June 17, 2020
Record date	Friday, June 19, 2020
Payment date	Monday, June 22, 2020

Share certificates may not be dematerialized or rematerialized between Wednesday, June 17, 2020 and Friday, June 19, 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 600,933,893 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, June 18, 2020
Record date	Friday, June 19, 2020
Approximate date of currency conversion	Monday, June 22, 2020
Approximate dividend payment date	Thursday, July 2, 2020

Short-form announcement:

This short-form announcement is the responsibility of the Board of Directors and the contents have been approved by the Board of Directors on May 21, 2020. This short-form announcement is a summary of the full announcement released on SENS, and published on the Group's website ([FY-Q42020.pdf](#)) on May 28, 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. A copy of the full announcement may be requested from the Company Secretary at CelesteS@statucor.co.za or the sponsor, Java Capital at sponsor@javacapital.co.za. Any investment decision should be based on the full announcement available on the Company's website.

The full announcement is available at <https://senspdf.jse.co.za/documents/2020/jse/isse/MIX/FY-Q42020.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

* Non-executive

Independent

Company secretary

Statucor Proprietary Limited

Registered office

Matrix Corner, Howick Close, Waterfall Park, Midrand

Auditors

Deloitte & Touche

Sponsor

Java Capital

May 28, 2020

Sponsor

JAVACAPITAL