

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 CONSOLIDATED FINANCIAL RESULTS FOR SECOND QUARTER AND FIRST HALF OF FISCAL YEAR 2020

References in this announcement to “R” are to South African Rand and references to “U.S. Dollars” and “\$” are to United States Dollars. Unless otherwise stated, MiX Telematics has translated U.S. Dollar amounts from South African Rand at the exchange rate of R15.1619 per \$1.00, which was the R/\$ exchange rate reported by Oanda.com as at September 30, 2019.

Highlights**Second quarter fiscal 2020 (year over year):**

- **Subscription revenue of R471 million (\$31.1 million), an increase of 12.2% (10.7% on a constant currency basis)**
- **Net subscriber additions of over 22,600, bringing the total base to over 789,000 subscribers, up 11%**
- **Adjusted EBITDA of R172 million (\$11.3 million), up 12%**
- **Adjusted EBITDA margin of 31.9%, up 110 basis points**
- **Diluted adjusted earnings per share of 12 South African cents, or 19 U.S. cents per diluted ADS, up 20%**

First half fiscal 2020 (year over year):

- **Subscription revenue of R926 million (\$61.1 million), an increase of 14.3% (10.9% on a constant currency basis)**
- **Net subscriber additions of 39,100, compared to 37,100 additions in the first half of fiscal 2019**
- **Adjusted EBITDA of R326 million (\$21.5 million), up 17%**
- **Adjusted EBITDA margin of 30.8%, up 150 basis points**
- **Diluted adjusted earnings per share of 22 South African cents, or 37 U.S. cents per diluted ADS, up 16%**
- **Free cash flow of R50 million (\$3.3 million), up 35%**

“Our results were once again highlighted by double-digit subscription revenue growth, solid subscriber additions as well as continued EBITDA margin expansion and positive free cash flow” said Stefan Joselowitz, Chief Executive Officer of MiX Telematics. “Our revised guidance reflects some caution around macro issues, which are resulting in elongated sales cycles in certain verticals, as well as strategic investments in sales and marketing. We remain confident that our diversified global footprint and the unmatched range and quality of our product portfolio will continue to support our growth and profitability objectives.”

Financial performance for the three months ended September 30, 2019

Subscription revenue: Subscription revenue was R471.2 million (\$31.1 million), an increase of 12.2% compared to R420.2 million (\$27.7 million) for the second quarter of fiscal 2019. Subscription revenue increased by 10.7% on a constant currency basis. Subscription revenue benefited from a net increase of over 75,500 subscribers from October 2018 to September 2019, representing an increase in the subscriber base of 10.6% during that period.

Total revenue: Total revenue was R538.2 million (\$35.5 million), an increase of 8.4% compared to R496.7 million (\$32.8 million) for the second quarter of fiscal 2019. Hardware and other revenue was R67.0 million (\$4.4 million), a decrease of 12.5% compared to R76.6 million (\$5.1 million) for the second quarter of fiscal 2019.

Gross margin: Gross profit was R352.4 million (\$23.2 million), compared to R336.6 million (\$22.2 million) for the second quarter of fiscal 2019. Gross profit margin was 65.5%, compared to 67.8% for the second quarter of fiscal 2019.

Operating margin: Operating profit was R91.6 million (\$6.0 million), compared to R86.7 million (\$5.7 million) for the second quarter of fiscal 2019. Operating margin was 17.0%, compared to 17.5% for the second quarter of fiscal 2019. Operating expenses of R260.6 million (\$17.2 million) increased by R10.3 million (\$0.7 million), or 4.1%, compared to the second quarter of fiscal 2019. Operating expenses for the second quarter of fiscal 2020 include share based payment costs of R5.3 million (\$0.3 million) relating to Performance Share Awards issued post the second quarter of fiscal 2019 in terms of the MiX Telematics Limited Long Term Incentive Plan. Operating expenses represented 48.4% of revenue compared to 50.4% of revenue in the second quarter of fiscal 2019.

Adjusted EBITDA: Adjusted EBITDA, a non-IFRS measure, was R171.5 million (\$11.3 million), compared to R152.9 million (\$10.1 million) for the second quarter of fiscal 2019. Adjusted EBITDA margin, a non-IFRS measure, for the second quarter of fiscal 2020 was 31.9%, compared to 30.8% for the second quarter of fiscal 2019.

Profit for the period and earnings per share: Profit for the period was R44.5 million (\$2.9 million), compared to R54.4 million (\$3.6 million) in the second quarter of fiscal 2019. Profit for the period included a net foreign exchange loss of R0.5 million (\$0.03 million) before tax. During the second quarter of fiscal 2019, profit for the period included a net foreign exchange gain of R0.5 million (\$0.03 million).

Diluted earnings per ordinary share were 8 South African cents, compared to 9 South African cents in the second quarter of fiscal 2019. For the second quarter of fiscal 2020, the calculation was based on diluted weighted average ordinary shares in issue of 570.0 million, compared to 587.6 million diluted weighted average ordinary shares in issue during the second quarter of fiscal 2019.

The Company's effective tax rate was 50.3%, compared to 37.7% for the second quarter of fiscal year 2019. Ignoring the impact of net foreign exchange gains and losses, and related tax consequences, the tax rate which is used in determining adjusted earnings below, was 30.0% compared to 29.4% in the second quarter of fiscal 2019.

On a U.S. Dollar basis, using the September 30, 2019 exchange rate of R15.1619 per U.S. Dollar, and a ratio of 25 ordinary shares to one American Depositary Share ("ADS"), profit for the period was \$2.9 million, or 13 U.S. cents per diluted ADS compared to \$3.6 million, or 15 U.S. cents per diluted ADS in the second quarter of fiscal 2019.

Adjusted earnings for the period and adjusted earnings per share: Adjusted earnings for the period, a non-IFRS measure, were R66.9 million (\$4.4 million) compared to R61.2 million (\$4.0 million) for the second quarter of fiscal 2019. Adjusted earnings per diluted ordinary share, also a non-IFRS measure, were 12 South African cents, compared to 10 South African cents in the second quarter of fiscal 2019.

On a U.S. Dollar basis, using the September 30, 2019 exchange rate of R15.1619 per U.S. Dollar, and a ratio of 25 ordinary shares to one ADS, adjusted earnings for the period were \$4.4 million, or 19 U.S. cents per diluted ADS, compared to 17 U.S. cents per diluted ADS in the second quarter of fiscal 2019.

Statement of Financial Position and Cash Flow: At September 30, 2019, the Company had R253.1 million (\$16.7 million) of net cash and cash equivalents, compared to R353.2 million (\$23.3 million) at March 31, 2019. The Company generated R137.7 million (\$9.1 million) in net cash from operating activities for the three months ended September 30, 2019 and invested R98.2 million (\$6.6 million) in capital expenditures during the quarter (including investments in in-vehicle devices of R70.5 million (\$4.6 million)), leading to free cash flow, a non-IFRS measure, of R39.5 million (\$2.6 million) compared to free cash flow of R92.8 million (\$6.1 million) for the second quarter of fiscal 2019.

The Company utilized R146.0 million (\$9.6 million) in financing activities, compared to R10.6 million (\$0.7 million) utilized during the second quarter of fiscal 2019. The cash utilized in financing activities during the second quarter of fiscal 2020

mainly consisted of dividends paid of R22.5 million (\$1.5 million), share repurchases of R119.5 million (\$7.9 million) and the payment of lease liabilities of R4.1 million (\$0.3 million). The cash utilized in financing activities during the second quarter of fiscal 2019 mainly consisted of dividends paid of R16.9 million (\$1.1 million) and payment of lease liabilities of R4.7 million (\$0.3 million), offset by the proceeds from the issuance of shares in respect of employee share options of R11.1 million (\$0.7 million).

Financial performance for the first half of fiscal 2020

Subscription revenue: Subscription revenue increased to R926.2 million (\$61.1 million), an increase of 14.3% compared to R810.5 million (\$53.5 million) for the first half of fiscal 2019. On a constant currency basis, subscription revenue increased by 10.9%. Subscription revenue benefited from a net increase of over 75,500 subscribers from October 2018 to September 2019, representing an increase in subscribers of 10.6% during that period.

Total revenue: Total revenue was R1,060.0 million (\$69.9 million), an increase of 11.2% compared to R953.6 million (\$62.9 million) for the first half of fiscal 2019. Hardware and other revenue was R133.8 million (\$8.8 million), compared to R143.0 million (\$9.4 million) for the first half of fiscal 2019.

Gross margin: Gross profit was R695.2 million (\$45.9 million), an increase of 8.2% compared to R642.4 million (\$42.4 million) for the first half of fiscal 2019. Gross profit margin was 65.6%, compared to 67.4% for the first half of fiscal 2019.

Operating margin: Operating profit was R173.4 million (\$11.4 million), compared to R154.4 million (\$10.2 million) in the first half of fiscal 2019. The operating margin was 16.4%, compared to 16.2% in the first half of fiscal 2019. Operating expenses of R521.9 million (\$34.4 million) increased by R33.5 million (\$2.2 million), or 6.9%, compared to the first half of fiscal 2019. Operating expenses for the first half of fiscal 2020 include share based payment costs of R8.5 million (\$0.6 million) relating to Performance Share Awards issued post the first half of fiscal 2019 in terms of the MiX Telematics Limited Long Term Incentive Plan. Operating expenses represented 49.2% of revenue compared to 51.2% in the first half of fiscal 2019.

Adjusted EBITDA: Adjusted EBITDA was R326.3 million (\$21.5 million) compared to R279.4 million (\$18.4 million) for the first half of fiscal 2019. Adjusted EBITDA margin was 30.8%, compared to 29.3% in the first half of fiscal 2019.

Profit for the period and earnings per share: Profit for the period was R111.2 million (\$7.3 million), compared to R68.8 million (\$4.5 million) in the first half of fiscal 2019. Profit for the period included a net foreign exchange gain of R0.2 million (\$0.01 million) before tax. During the first half of fiscal 2019, a net foreign exchange gain of R0.3 million (\$0.02 million) was recorded.

Diluted earnings per ordinary share were 19 South African cents, compared to 12 South African cents in the first half of fiscal 2019. For the first half of fiscal 2020, the calculation was based on diluted weighted average ordinary shares in issue of 574.5 million, compared to 587.2 million diluted weighted average ordinary shares in issue during the first half of fiscal 2019.

The Company's effective tax rate was 35.5%, compared to 55.6% for the first half of fiscal 2019. Ignoring the impact of net foreign exchange gains and losses, and related tax consequences, the effective tax rate, which is used in calculating adjusted earnings, was 29.5% compared to 29.0% in the first half of fiscal 2019.

Adjusted earnings for the period and adjusted earnings per share: Adjusted earnings for the period were R127.5 million (\$8.4 million), compared to R109.9 million (\$7.2 million) in the first half of fiscal 2019. Adjusted earnings per diluted ordinary share were 22 South African cents, compared to 19 South African cents for the first half of fiscal 2019.

On a U.S. Dollar basis, using the September 30, 2019 exchange rate of R15.1619 per U.S. Dollar, and a ratio of 25 ordinary shares to one ADS, adjusted earnings were \$8.4 million, or 37 U.S. cents per diluted ADS, compared to \$7.2 million, or 31 U.S. cents per diluted ADS in the first half of fiscal 2019.

Cash Flow: The Company generated R228.6 million (\$15.1 million) in net cash from operating activities for the first half of fiscal 2020 and invested R178.3 million (\$11.8 million) in capital expenditures during the period (including investments in in-vehicle devices of R122.4 million (\$8.1 million), leading to free cash flow of R50.4 million (\$3.3 million), compared to free cash flow of R37.3 million (\$2.5 million) for the first half of fiscal 2019. Capital expenditures in the first half of fiscal 2019 were R164.2 million (\$10.8 million) and included in-vehicle devices of R119.2 million (\$7.9 million).

The Company utilized R171.3 million (\$11.3 million) in financing activities, compared to R29.7 million (\$2.0 million) utilized during the first half of fiscal 2019. The cash utilized in financing activities during the first half of fiscal 2020 mainly consisted of dividends paid of R44.8 million (\$3.0 million), share repurchases of R119.5 million (\$7.9 million) and the payment of lease liabilities of R7.0 million (\$0.5 million). The cash utilized during the first half of fiscal 2019 consisted primarily of dividends paid of R33.8 million (\$2.2 million) and the payment of lease liabilities of R6.9 million (\$0.5 million).

Business Outlook

MiX Telematics has translated U.S. Dollar amounts in this Business Outlook paragraph from South African Rand at the exchange rate of R14.5750 per \$1.00, which was the R/\$ exchange rate reported by Oanda.com as of October 28, 2019.

Based on information as of today, October 31, 2019, for the third quarter of fiscal 2020, the Group expects subscription revenue to be in the range of R475 million to R480 million (\$32.6 million to \$32.9 million) which would represent subscription revenue growth of 8.2% to 9.4% compared to the third quarter of fiscal 2019. On a constant currency basis, this would represent subscription revenue growth of 7.8% to 9.0%.

Based on information as of today, October 31, 2019, the Group is issuing the following financial guidance for the full 2020 fiscal year:

- Subscription revenue – R1,886 million to R1,901 million (\$129.4 million to \$130.4 million), which would represent subscription revenue growth of 11.4% to 12.3% compared to fiscal year 2019. On a constant currency basis, this would represent subscription revenue growth of 9.3% to 10.2%.
- Total revenue – R2,119 million to R2,144 million (\$145.4 million to \$147.1 million), which would represent revenue growth of 7.2% to 8.5% compared to fiscal year 2019. On a constant currency basis, this would represent revenue growth of 5.2% to 6.4%.
- Adjusted EBITDA – R650 million to R665 million (\$44.6 million to \$45.6 million), which would represent Adjusted EBITDA growth of 7.8% to 10.3% compared to fiscal 2019.
- Adjusted earnings per diluted ordinary share of 41.6 to 45.1 South African cents based on 570 million diluted ordinary shares in issue, and based on an effective tax rate of 28.0% to 29.0%. At a ratio of 25 ordinary shares to one ADS, this equates to adjusted earnings per diluted ADS of 71.4 to 77.4 U.S. cents.

The key assumptions used in deriving the forecast are as follows:

- Growth in subscription revenue and subscribers are based on expected growth rates related to market conditions and takes into account growth rates achieved previously.
- Achieving hardware sales according to expectations, as hardware sales are dependent on the volumes of bundled solutions selected by customers.
- An average forecast exchange rate for the 2020 fiscal year of R14.5800 per \$1.00.

The forecast is the responsibility of the Board of Directors and has not been reviewed or reported on by the Group's external auditors. The Group's policy is to give guidance on a quarterly basis, if necessary, and does not update guidance between quarters.

The Group provides earnings guidance only on a non-IFRS basis and does not provide a reconciliation of forward-looking Adjusted EBITDA and Adjusted Earnings per Diluted Ordinary Share guidance to the most directly comparable IFRS financial measures because of the inherent difficulty in forecasting and quantifying certain amounts that are necessary for such reconciliations, including adjustments that could be made for foreign exchange gains/(losses) and related tax consequences, restructuring costs, share-based compensation costs, and other charges reflected in the Group's reconciliation of historic non-IFRS financial measures, the amounts of which, based on past experience, could be material.

The information disclosed in this “**Business Outlook**” section complies with the disclosure requirements of paragraph 8.38 of the JSE Listings Requirements, which addresses profit forecasts.

SUMMARIZED CONSOLIDATED INCOME STATEMENT

	Six months ended September 30, 2019	Six months ended September 30, 2018	Three months ended September 30, 2019	Three months ended September 30, 2018
South African Rand				
Figures are in thousands unless otherwise stated	Unaudited	Unaudited	Unaudited	Unaudited
Revenue	1,059,961	953,559	538,226	496,737
Operating profit	173,404	154,431	91,593	86,706
Adjusted EBITDA	326,293	279,353	171,540	152,910
Profit for the period attributable to owners of the parent	111,204	68,786	44,520	54,350
Adjusted earnings attributable to owners of the parent ¹	127,496	109,911	66,911	61,162
Headline earnings attributable to owners of the parent	112,720	68,652	*	*
Basic earnings per share - (R)	0.20	0.12	0.08	0.10
Basic adjusted earnings per share - (R) ¹	0.23	0.19	0.12	0.11
Basic headline earnings per share - (R)	0.20	0.12	*:	*
Dividends per share - (R)	0.08	0.06	0.04	0.03
Ordinary shares ('000) ²				
-in issue at September 30	550,118	569,756	550,118	569,756
-weighted average	558,401	565,249	554,781	566,025
-diluted weighted average	574,462	587,152	570,011	587,616

* 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 September 30, 2019 figure excludes 53,816,750 (September 30, 2018: 40,000,000) treasury shares held by MiX Telematics Investments Proprietary Limited (“MiX Investments”), a wholly owned subsidiary of the Group.

**SUMMARIZED CONSOLIDATED
INCOME STATEMENT**

	Six months ended	Six months ended	Three months ended	Three months ended
United States Dollar	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Figures are in thousands unless otherwise stated	Unaudited	Unaudited	Unaudited	Unaudited
Revenue	69,910	62,892	35,499	32,762
Operating profit	11,436	10,186	6,041	5,718
Adjusted EBITDA	21,521	18,424	11,313	10,085
Profit for the period attributable to owners of the parent	7,334	4,538	2,936	3,585
Adjusted earnings attributable to owners of the parent ¹	8,409	7,251	4,412	4,034
Headline earnings attributable to owners of the parent	7,434	4,528	*	*
Basic earnings per share - (R)	0.01	0.01	0.01	0.01
Basic adjusted earnings per share - (R) ¹	0.02	0.01	0.01	0.01
Basic headline earnings per share - (R)	0.01	0.01	*	*
Dividends per share - (R)	0.01	#	#	#
Ordinary shares ('000) ²				
-in issue at September 30	550,118	569,756	550,118	569,756
-weighted average	558,401	565,249	554,781	566,025
-diluted weighted average	574,462	587,152	570,011	587,616

Amounts less than \$0.01

* 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 September 30, 2019 figure excludes 53,816,750 (September 30, 2018: 40,000,000) treasury shares held by MiX Investments.

	South African Rand		United States Dollar	
SUMMARIZED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	September 30, 2019	March 31, 2019	September 30, 2019	March 31, 2019
Figures are in thousands unless otherwise stated	Unaudited	Audited	Unaudited	Unaudited
ASSETS				
Non-current assets	1,666,254	1,518,824	109,897	100,174
Current assets	832,698	872,545	54,921	57,548
Total assets	2,498,952	2,391,369	164,818	157,722
EQUITY AND LIABILITIES				
Equity	1,721,760	1,751,677	113,558	115,532
Non-current liabilities	265,760	174,256	17,529	11,494
Current liabilities	511,432	465,436	33,731	30,696
Total equity and liabilities	2,498,952	2,391,369	164,818	157,722
Net cash	253,117	353,181	16,695	23,294
Cash and cash equivalents	292,314	383,443	19,280	25,290
Net asset value per share (R)	3.13	3.12	0.21	0.21

Dividend Declared

The Board declared in respect of the second quarter of fiscal year 2020, which ended on September 30, 2019, a dividend of 4 South African cents (0.3 U.S. cents) per ordinary share to be paid on Monday, November 25, 2019.

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

Last day to trade <i>cum</i> dividend	Tuesday, November 19, 2019
Securities trade <i>ex</i> dividend	Wednesday, November 20, 2019
Record date	Friday, November 22, 2019
Payment date	Monday, November 25, 2019

Share certificates may not be dematerialized or rematerialized between Wednesday, November 20, 2019 and Friday, November 22, 2019, 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 603,934,955 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:

<i>Ex</i> dividend on New York Stock Exchange (NYSE)	Thursday, November 21, 2019
Record date	Friday, November 22, 2019
Approximate date of currency conversion	Monday, November 25, 2019
Approximate dividend payment date	Tuesday, December 10, 2019

Short-form announcement:

This short-form announcement is the responsibility of the Board and the contents have been approved by the Board on October 29, 2019. This short-form announcement is a summary of the full announcement released on SENS, and published on the Group's website ([FY-Q22020.pdf](#)) on October 31, 2019. 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. The full announcement is available for inspection at our registered office, Matrix Corner, Howick Close, Waterfall Park, Bekker Road, Midrand, 1686 and the offices of our sponsor, Java Capital, 2nd Floor, 6a Sandown Valley Crescent, Sandown, 2196, at no charge during normal business hours from Thursday, October 31, 2019 to Thursday, November 7, 2019.

The full announcement is available at <https://senspdf.jse.co.za/documents/2019/jse/isse/MIX/FY-Q22020.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

October 31, 2019

Sponsor

The logo for Java Capital, featuring the word "JAVACAPITAL" in a stylized, uppercase font. The letter "J" is significantly larger and positioned to the left of the rest of the word. A blue horizontal line is drawn across the middle of the letters "A", "V", and "A".