

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 FIRST QUARTER 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 R14.0840 per \$1.00, which was the R/\$ exchange rate reported by Oanda.com as of June 30, 2019.

First Quarter Highlights (year over year):

- **Subscription revenue of R455 million (\$32.3 million), up 16.5% or 11.1% on a constant currency basis**
- **Net subscriber additions of over 16,400 bringing the total base to over 766,000, up 11%**
- **Adjusted EBITDA of R155 million (\$11.0 million), up 22%**
- **Adjusted EBITDA margin of 29.7%, up 200 basis points**
- **Diluted adjusted earnings per share of 10 South African cents, or 19 U.S cents per diluted ADS, up 25%**

“MiX Telematics’ first quarter performance was a solid start to fiscal 2020. Subscription revenue grew more than 11% on a constant currency basis and adjusted EBITDA margin of 29.7% grew 200 basis points year-over-year, which was ahead of our expectations,” said Stefan Joselowitz, Chief Executive Officer of MiX Telematics. “With the improved momentum we started experiencing towards the end of quarter, we remain well positioned to achieve our financial objectives. The recent addition of John Granara as our Chief Financial Officer is an important step in the next phase of our growth strategy, capitalizing on our robust product portfolio and global footprint.”

Financial performance for the three months ended June 30, 2019

Subscription revenue: Subscription revenue was R455.0 million (\$32.3 million), an increase of 16.5% or 11.1% on a constant currency basis compared with R390.4 million (\$27.7 million) for the first quarter of fiscal year 2019. Subscription revenue benefited from an increase of 75,000 subscribers, representing an increase in subscribers of 10.8% from July 2018 to June 2019.

Total revenue: Total revenue was R521.7 million (\$37.0 million), an increase of 14.2% or 8.5% on a constant currency basis compared to R456.8 million (\$32.4 million) for the first quarter of fiscal year 2019. Hardware and other revenue was R66.8 million (\$4.7 million), an increase of 0.5% compared to R66.4 million (\$4.7 million) for the first quarter of fiscal year 2019. On a constant currency basis, hardware and other revenue decreased 6.3% year over year.

Gross margin: Gross profit was R342.8 million (\$24.3 million), compared to R305.8 million (\$21.7 million) for the first quarter of fiscal year 2019. Gross profit margin was 65.7%, compared to 66.9% for the first quarter of fiscal year 2019.

Operating margin: Operating profit was R81.8 million (\$5.8 million), compared to R67.7 million (\$4.8 million) for the first quarter of fiscal year 2019. Operating profit margin was 15.7%, compared to 14.8% for the prior year’s first quarter. Despite the lower gross margin described above, the operating margin expanded due to improved economies of scale and ongoing cost management initiatives. Operating expenses of R261.3 million (\$18.6 million) increased by R23.2 million (\$1.7 million) compared to the first quarter of fiscal 2019. Operating expenses represented 50.1% of revenue compared to 52.1% of revenue in the first quarter of fiscal year 2019.

Adjusted EBITDA: Adjusted EBITDA, a non-IFRS measure, was R154.8 million (\$11.0 million) compared to R126.4 million (\$9.0 million) for the first quarter of fiscal year 2019. Adjusted EBITDA margin, a non-IFRS measure, for the first quarter of fiscal year 2020 was 29.7%, compared to 27.7% for the first quarter of fiscal year 2019.

Profit for the period and earnings per share: Profit for the period was R66.7 million (\$4.7 million), compared to R14.4 million (\$1.0 million) for the first quarter of fiscal year 2019. Earnings per diluted ordinary share were 12 South African cents, compared to 2 South African cents in the first quarter of fiscal year 2019. For the first quarter of fiscal year 2020, the calculation was based on diluted weighted average ordinary shares in issue of 579.2 million compared to 586.6 million diluted weighted average ordinary shares in issue during the first quarter of fiscal year 2019.

Profit for the period included a net foreign exchange gain of R0.7 million (\$0.05 million) before tax. A net foreign exchange loss of R0.2 million (\$0.02 million) was recorded in the first quarter of fiscal year 2019. The Group's effective tax rate for the quarter was 19.5%, compared to 78.7% for the first quarter of fiscal year 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 is used in determining adjusted earnings below, was 29.1% compared to 28.4% in the first quarter of fiscal year 2019. The tax impact in respect of foreign exchange movements and share based compensation costs related to Performance Share Awards is set out in the reconciliation of adjusted earnings in the financial tables which accompany the full announcement published on the Group's website.

On a U.S. Dollar basis, and using the June 30, 2019 exchange rate of R14.0840 per U.S. Dollar, and at a ratio of 25 ordinary shares to one American Depositary Share ("ADS"), profit for the period was \$4.7 million, or 20 U.S. cents per diluted ADS.

Adjusted earnings for the period and adjusted earnings per share: Adjusted earnings for the period, a non-IFRS measure, was R60.6 million (\$4.3 million), compared to R48.7 million (\$3.5 million) for the first quarter of fiscal year 2019 and excludes a net foreign exchange gain of R0.7 million (\$0.05 million). During the first quarter of fiscal year 2019, a net foreign exchange loss of R0.2 million (\$0.02 million) was recorded. Adjusted earnings per diluted ordinary share, also a non-IFRS measure, were 10 South African cents, compared to 8 South African cents in the prior year comparative period.

On a U.S. Dollar basis, and using the June 30, 2019 exchange rate of R14.0840 per U.S. Dollar, and at a ratio of 25 ordinary shares to one ADS, adjusted earnings for the period was \$4.3 million, or 19 U.S. cents per diluted ADS.

Business Outlook

MiX Telematics has translated U.S. Dollar amounts in this Business Outlook paragraph from South African Rand at the exchange rate of R14.2275 per \$1.00, which was the R/\$ exchange rate reported by Oanda.com as of July 29, 2019.

Based on information as of today, August 1, 2019, for the second quarter of fiscal year 2020, the Group expects subscription revenue to be in the range of R465 million to R471 million (\$32.7 million to \$33.1 million) which would represent subscription revenue growth of 10.7% to 12.1% compared to the second quarter of fiscal year 2019. On a constant currency basis, this would represent subscription revenue growth of 10.4% to 11.8%.

The Group is maintaining its previously issued financial guidance for the full 2020 fiscal year:

- Subscription revenue - R1,935 million to R1,955 million (\$136.0 million to \$137.4 million), which would represent subscription revenue growth of 14.3% to 15.5% compared to fiscal year 2019. On a constant currency basis, this would represent subscription revenue growth of 12.8% to 14.0%.
- Total revenue - R2,182 million to R2,212 million (\$153.4 million to \$155.5 million), which would represent revenue growth of 10.4% to 12.0% compared to fiscal year 2019. On a constant currency basis, this would represent revenue growth of 8.9% to 10.5%.

- Adjusted EBITDA - R680 million to R701 million (\$47.8 million to \$49.3 million), which would represent an increase in Adjusted EBITDA of 12.8% to 16.3% compared to fiscal year 2019.
- Adjusted earnings per diluted ordinary share of 45.1 to 50.2 South African cents based on 585 million diluted ordinary shares in issue, and based on an effective tax rate of 28.0%. At a ratio of 25 ordinary shares to one ADS, this equates to adjusted earnings per diluted ADS of 79.2 to 88.2 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. Hardware sales are dependent on the volumes of bundled solutions selected by customers.
- An average forecast exchange rate for the 2020 fiscal year of R14.3000 per \$1.00.

The forecast is the responsibility of the Board of Directors of MiX Telematics (“the Board”) 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	% change on prior period	South African Rand		United States Dollar	
		Three months ended June 30, 2019	Three months ended June 30, 2018	Three months ended June 30, 2019	Three months ended June 30, 2018
Figures are in thousands unless otherwise stated		Unaudited	Unaudited	Unaudited	Unaudited
Revenue	14.2	521,735	456,822	37,045	32,436
Operating profit	20.8	81,813	67,724	5,809	4,809
Adjusted EBITDA	22.4	154,755	126,442	10,989	8,978
Profit for the period attributable to shareholders of the parent	362.0	66,684	14,434	4,735	1,025
Adjusted earnings attributable to owners of the parent ¹	24.3	60,585	48,747	4,302	3,461
Basic earnings per share - (R)	300.0	0.12	0.03	0.01	#
Basic adjusted earnings per share - (R) ¹	22.2	0.11	0.09	0.01	0.01
Dividends per share - (R)	33.3	0.04	0.03	#	#
Ordinary shares ('000) ²					
-in issue at June 30	-0.4	562,471	564,625	562,471	564,625
-weighted average	-0.4	562,060	564,465	562,060	564,465
-diluted weighted average	-1.3	579,241	586,627	579,241	586,627

Amounts less than \$0.01

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 June 30, 2019 and June 30, 2018 figure exclude 40,000,000 treasury shares held by MiX Telematics Investments Proprietary Limited, a wholly owned subsidiary of the Group.

SUMMARIZED CONSOLIDATED STATEMENT OF FINANCIAL POSITION		South African Rand		United States Dollar	
		June 30,	March 31,	June 30,	March 31,
		2019	2019	2019	2019
Figures are in thousands unless otherwise stated	% change on prior period	Unaudited	Audited	Unaudited	Unaudited
ASSETS					
Non-current assets		1,521,842	1,518,824	108,054	107,840
Current assets		893,438	872,545	63,435	61,953
Total assets	1.0	2,415,280	2,391,369	171,489	169,793
EQUITY AND LIABILITIES					
Equity		1,770,821	1,751,677	125,733	124,373
Non-current liabilities		174,343	174,256	12,379	12,373
Current liabilities		470,116	465,436	33,377	33,047
Total equity and liabilities	1.0	2,415,280	2,391,369	171,489	169,793
Net cash		323,947	353,181	23,001	25,076
Cash and cash equivalents		344,655	383,443	24,471	27,225

Dividend Declared

The Board declared in respect of the first quarter of fiscal year 2020, which ended on June 30, 2019, a dividend of 4 South African cents (0.3 U.S. cents) per ordinary share to be paid on Monday, August 26, 2019.

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

Last day to trade <i>cum</i> dividend	Tuesday, August 20, 2019
Securities trade <i>ex</i> dividend	Wednesday, August 21, 2019
Record date	Friday, August 23, 2019
Payment date	Monday, August 26, 2019

Share certificates may not be dematerialized or rematerialized between Wednesday, August 21, 2019 and Friday, August 23, 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 602,470,584 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, August 22, 2019
Record date	Friday, August 23, 2019
Approximate date of currency conversion	Monday, August 26, 2019
Approximate dividend payment date	Tuesday, September 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 July 30, 2019. This short-form announcement is a summary of the full announcement released on SENS, and published on the Group's website ([FY-Q12020.pdf](#)) on August 1, 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, August 1, 2019 to Thursday, August 8, 2019.

The full announcement is available at <https://senspdf.jse.co.za/documents/2019/jse/isse/MIX/FY-Q12020.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, AR Welton*#

* Non-executive

Independent

Company secretary

Statucor Proprietary Limited

Auditors

Deloitte & Touche

Registered office

Matrix Corner, Howick Close, Waterfall Park, Midrand

Sponsor

Java Capital

August 1, 2019

JSE sponsor

The logo for Java Capital, featuring the word "JAVA" in a large, bold, blue font with a stylized blue swoosh under the 'A', followed by the word "CAPITAL" in a smaller, grey, sans-serif font.