

# EOH Annual Results Presentation

---

SEPTEMBER 2014

*Systems make it possible...*  
*People make it happen.*





# Our EOH Purpose

---

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

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



# EOH at a glance



Listed in 1998. Best share performance on the JSE in 2014



Leader in technology and knowledge services



Over 8 000 staff



134 locations in SA, 29 African countries and internationally



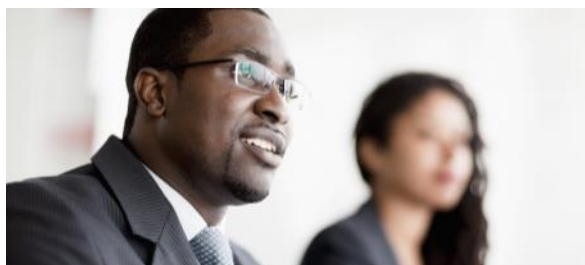
End-to-end offerings



Over 2 000 clients



Over R 11 billion market cap



B-BBEE Large Enterprise Level 2



A force for good in society

# EOH Philosophy



## Best People



To attract, develop and retain the best people led by great leaders

## Partner for Life



To nurture lifelong partnerships with our customers and business partners

## Right 1<sup>st</sup> Time



To ensure professional planning and execution and have pride in all we do

## Sustainable Transformation



To transform and celebrate diversity

## Lead & Grow



Strive to be #1 in every domain we operate in whilst remaining entrepreneurial



# Main technology partners

**EOH**



**ORACLE**

**Microsoft**  
GOLD CERTIFIED  
Partner



**Cognos**  
software

i n v e n s y s



**riverbed**



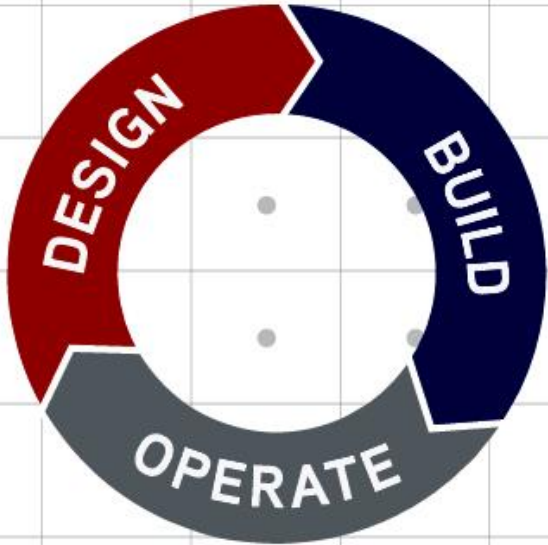
**EMC**<sup>2</sup>

**mimecast**  
unified email management

# EOH Operating Model



KEY BUSINESS AREAS	INDUSTRY VERTICALS	Financial Services	Telecommunications	Manufacturing and Logistics	Mining	Energy	Retail	Central Government	Local Government	Health
Industry Consulting		•	•	•	•	•	•	•	•	•
Applications		•	•	•	•	•	•	•	•	•
IT Management		•	•	•	•	•	•	•	•	•
IT Outsourcing		•	•	•	•	•	•	•	•	•
Industrial Technologies		•	•	•	•	•	•	•	•	•
Business Process Outsourcing		•	•	•	•	•	•	•	•	•



# EOH Offerings



## Applications

- Enterprise Applications
- Information Management
- Software Development and Integration
- Digital
- Own niche applications

## IT Management

- IT Performance Management and Optimisation
- IT Security and Governance
- IT Infrastructure
- Datacentre and Virtualisation
- End User Computing and Mobility
- Cloud Services

## IT Outsourcing

- Applications
- Infrastructure
- Unified Communication
- Network Solutions

## Industrial Technologies

- Connectivity Infrastructure
- Security and Safety
- Automation and Control
- Energy Infrastructure and Services
- Infrastructure Engineering

## BPO

- Human Capital
- Learning and Development
- Workplace Health
- Customer Services Outsourcing
- Legal Services

# African footprint

*EOH is active in 29 African countries*

Algeria	Malawi
Angola	Mauritius
Botswana	Mozambique
Burkina Faso	Namibia
Burundi	Nigeria
Democratic Republic of Congo	Rwanda
Egypt	Seychelles
Ethiopia	South Africa
Ghana	Sierra Leone
Guinea	South Sudan
Kenya	Sudan
Lesotho	Swaziland
Liberia	Tanzania
Madagascar	Uganda
	Zambia
	Zimbabwe





# Sustainable transformation update



- Equity
  - 36.19% black ownership
  - 6.91% black women ownership
- Board Representation
  - 66% black
- Employment Equity
  - 54.9% black
- BEE Procurement Recognition
  - 156%
- Skills Development
  - Variety of programmes
  - 620 trainees
- Enterprise Development
  - 6% of NPAT
- Corporate Social Investments



**EMPOWERLOGIC**  
Your Logical Empowerment Solution

**Broad Based Black Economic Empowerment Verification Certificate**

A Consolidated Verification Certificate Issued to

**EOH Holdings Limited and Subsidiaries**

**Level 2 Contributor**

Measured Entity (Full List of Entities Listed on Certificate Continuation Pages)	
<b>Company Name</b>	EOH Holdings Limited and Subsidiaries
<b>Registration Number</b>	1998/014669/06
<b>VAT Number</b>	4180202386
<b>Address</b>	Block D, EOH Business Park Gillooly's View Osborne Lane Bedfordview, 2007

BEE Status	
<b>BBBEE Status Level</b>	Level 2
<b>Element Points Obtained</b>	EQ: 21.75 points; MC: 9.26 points; EE: 2.99 points; SD: 13.05 points; PP: 15.04 points; ED: 11 points; SED: 12 points
<b>Black Ownership</b>	36.19% Black Ownership; 6.91% Black Woman Ownership
<b>Value Adding Vendor</b>	Yes
<b>BEE Procurement Recognition</b>	156%
<b>Issue Date</b>	22/01/2014 (ELC4016 Initial issue date: 12/11/2013)
<b>Expiry Date</b>	11/11/2014
<b>Certificate Number</b>	ELC4016-5GENBBICT replacing ELC4016-4GENBBICT
<b>Version</b>	Final
<b>Applicable Scorecard</b>	ICT - Generic
<b>Applicable BBBEE Codes</b>	ICT Code Gazetted on 6 June 2012

BEE Procurement Recognition Levels		
Level	Qualification	%
1	≥ 100 Points	135%
2	≥ 85 but < 100	125%
3	≥ 75 but < 85	110%
4	≥ 65 but < 75	100%
5	≥ 55 but < 65	80%
6	≥ 45 but < 55	60%
7	≥ 40 but < 45	50%
8	≥ 30 but < 40	10%
Non-Compliant	<30	0%



**EmpowerLogic (Pty) Ltd**  
Reg. No. : 1995/000523/07  
BBBEE Verification Agency

*Approved*

Per E Ackroyd CA(SA)  
Member - Verification Committee

SANAS Accredited  BVA018

Enquiries

Tel: 086 111 4003

Fac: 086 505 7284

[verification@empowerlogic.co.za](mailto:verification@empowerlogic.co.za)  
[www.empowerlogic.co.za](http://www.empowerlogic.co.za)

This certificate is the result of an independent and impartial verification of the BBBEE status of the measured entity measured against the Codes of Good Practice on Broad Based Black Economic Empowerment. The objective of our verification is to verify the validity and accuracy of the BBBEE status represented by the measured entity. EmpowerLogic is not responsible for ensuring completeness of information provided to support the BBBEE status.

# CSI and Enterprise Development

---



EOH Youth Job Creation Initiative



Afrika Tikkun



Maths Centre



Enterprise Development



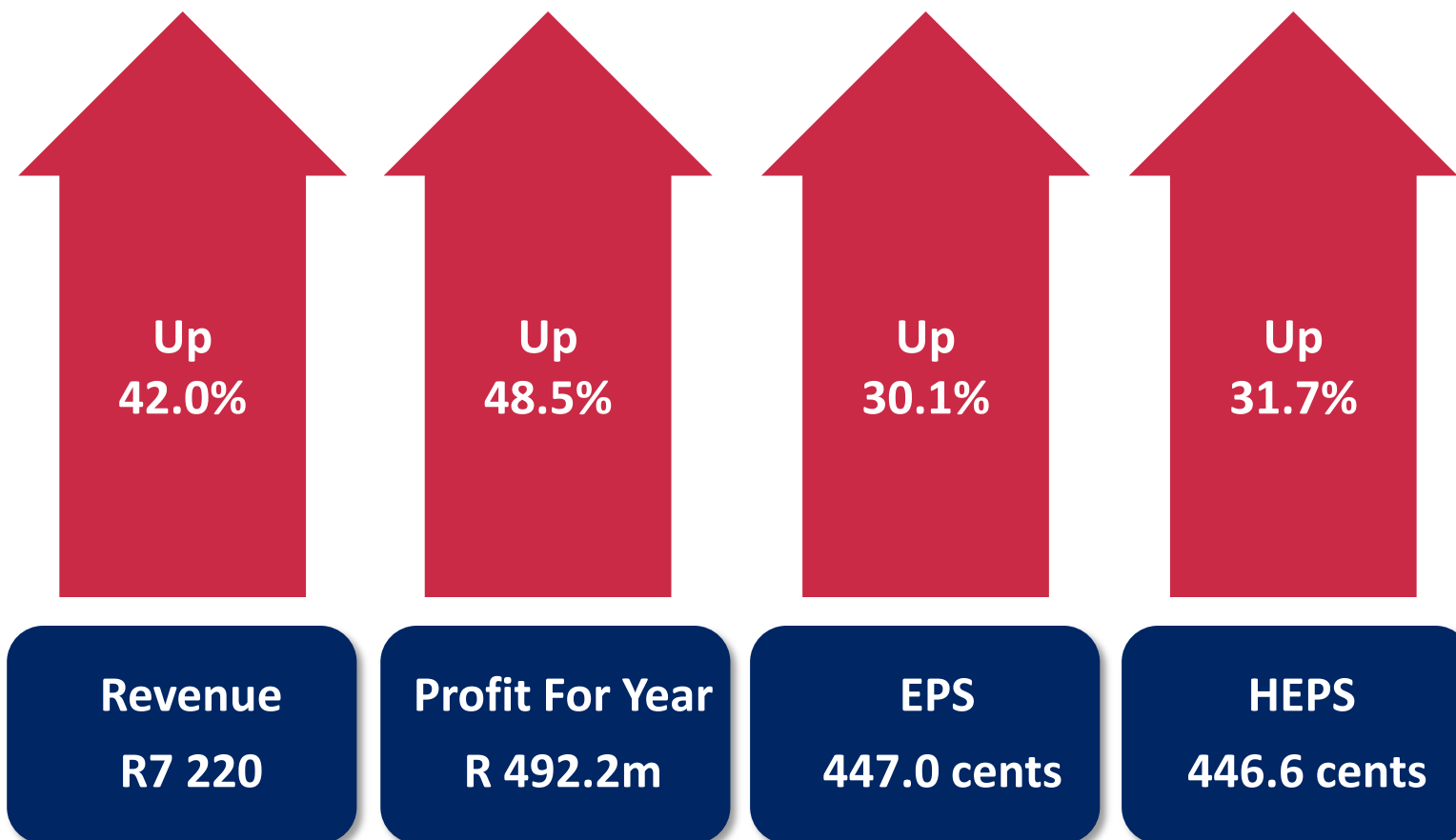
# FINANCIALS

---

*Systems* make it possible...  
*People* make it happen.

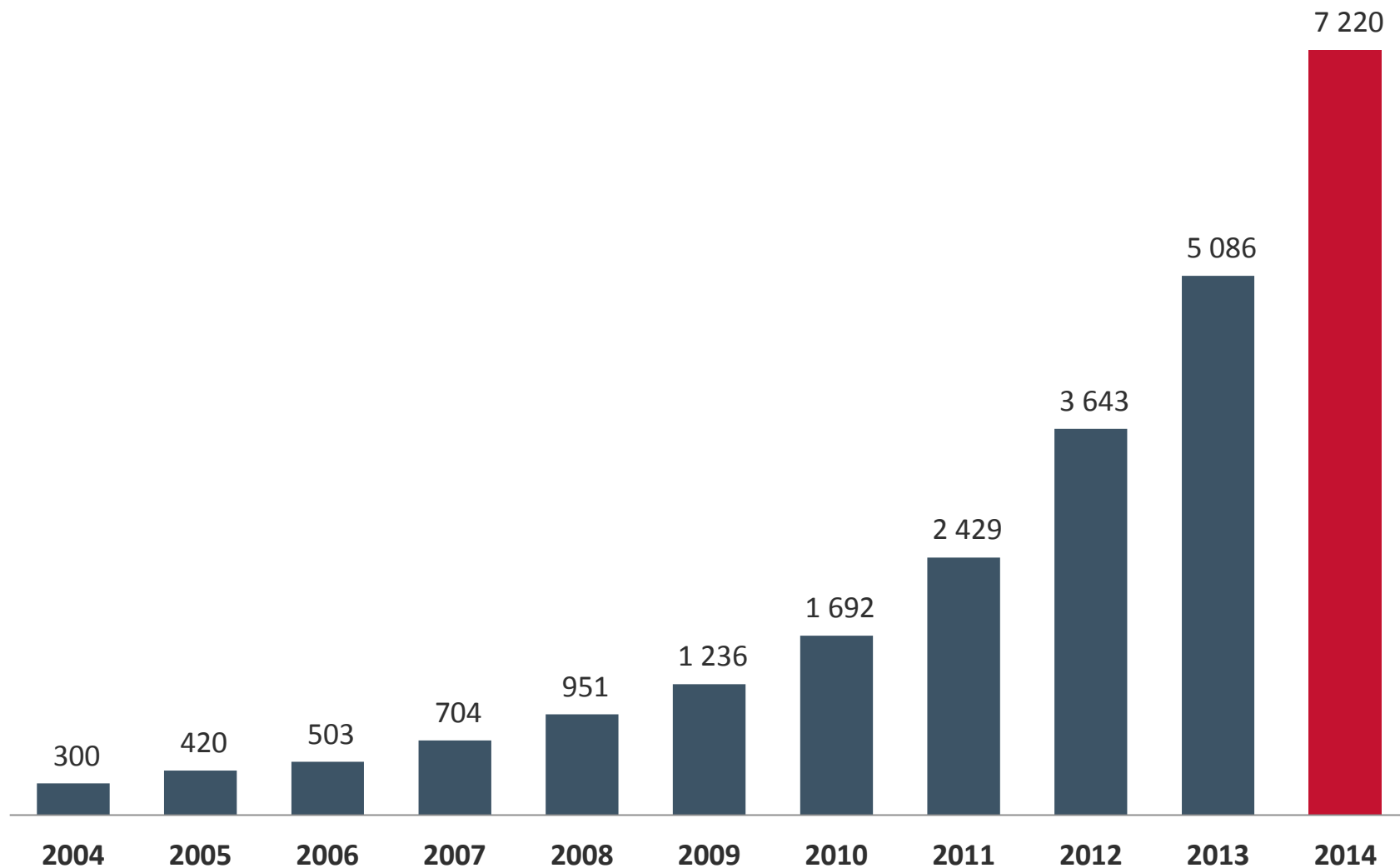


# Financial Highlights



# Revenue Growth

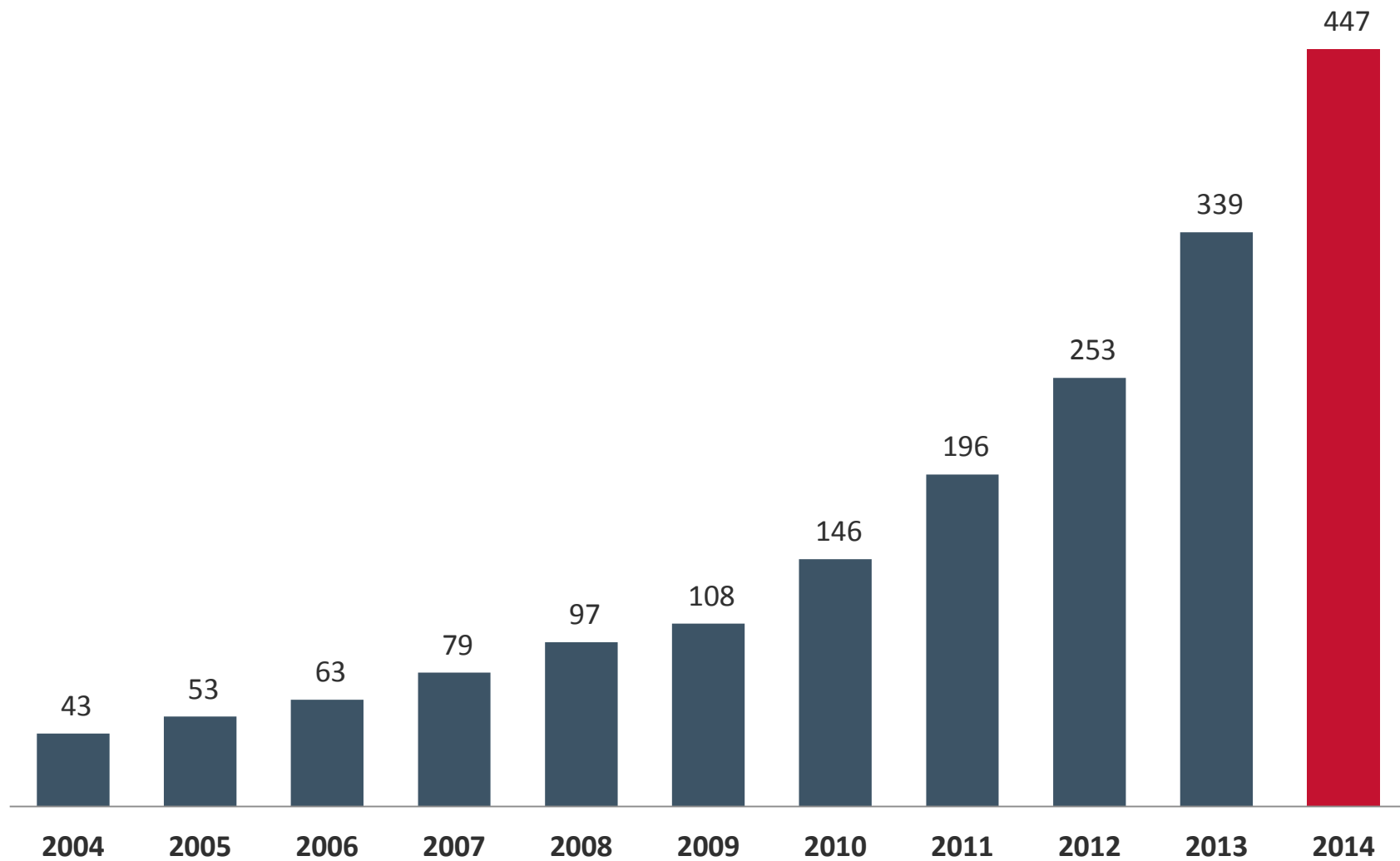
*Revenue (R millions)*





# Earnings Growth

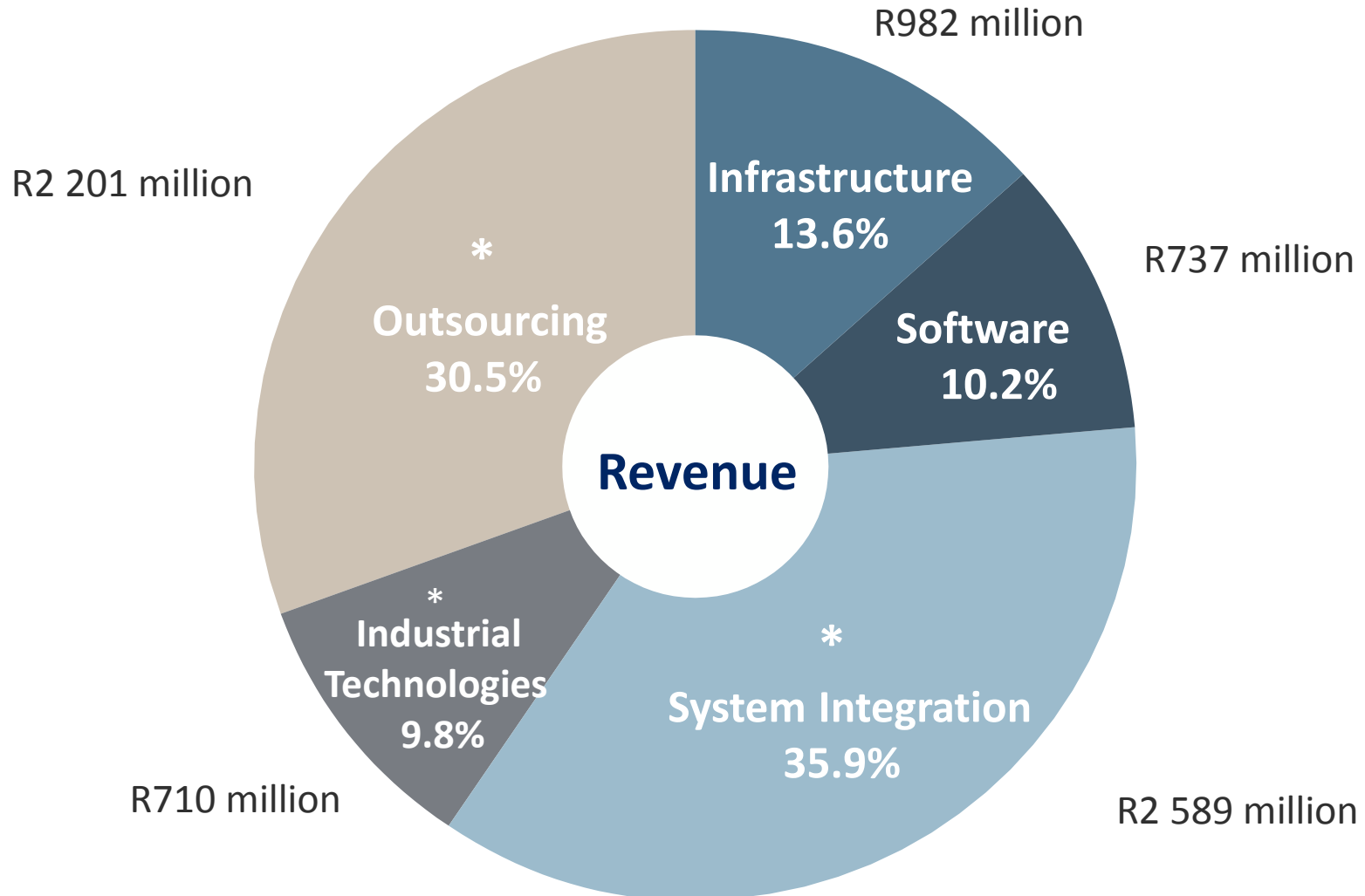
*Headline EPS (cents)*



# Condensed Consolidated Statement of the Segmental Reporting



*for the year ended 31 July 2014*



**\* Total services revenue R5.5 billion**

# Condensed Consolidated Statement of Comprehensive Income



*for the year ended 31 July 2014*

	July 2014 (R'000)	July 2013 (R'000)	
<b>Revenue</b>	7 220 372	5 085 979	<b>42.0%</b>
Cost of sales	<u>(4 631 650)</u>	<u>(3 075 359)</u>	
<b>Gross margin</b>	<u>2 588 722</u>	<u>2 010 620</u>	
<b>Results from operating activities</b>	719 514	<b>495 723</b>	
Investment income	29 676	18 483	
Finance costs	(80 434)	(47 502)	
Share of profit in jointed ventures	337	-	
Net impairment of assets	<u>-</u>	<u>(6)</u>	
<b>Profit before taxation</b>	669 093	466 698	<b>43.4%</b>
Taxation	<u>(176 930)</u>	<u>(135 339)</u>	
<b>Profit for the period</b>	<u><b>492 163</b></u>	<u><b>331 359</b></u>	<b>48.5%</b>

# Earnings per share



*for the year ended 31 July 2014*

	<b>July 2014</b>	<b>July 2013</b>	
EPS (cents)	447.0	343.7	<b>30.1%</b>
Diluted EPS (cents)	418.2	309.8	<b>35.0%</b>
HEPS (cents)	446.6	339.1	<b>31.7%</b>
Diluted HEPS (cents)	417.9	305.6	<b>36.7%</b>
Total shares in issue ('000)	118 654	110 848	
Weighted average shares in issue ('000)	109 086	96 453	
Total diluted shares in issue ('000)	116 587	107 007	

# Condensed Consolidated Statement of Financial Position



*as at 31 July 2014*

	<b>July 2014</b>	<b>July 2013</b>
<b>ASSETS</b>	(R'000)	(R'000)
<b>Non-current assets</b>		
Property, plant and equipment	404 572	226 324
Investment property	-	2 872
Goodwill and intangible assets	2 001 181	1 031 945
Investments	2 090	-
Finance lease receivables	114 462	74 894
Other financial assets	3 676	26 551
Deferred tax assets	212 021	103 544
<b>Current assets</b>		
Inventories	142 221	66 479
Finance lease receivables	66 136	46 595
Other financial assets	61 017	12 401
Current tax receivable	26 031	27 265
Trade and other receivables	1 588 132	1 185 075
Cash and cash equivalents	1 064 522	653 007
<b>Total Assets</b>	<b>5 686 061</b>	<b>3 456 952</b>



# Condensed Consolidated Statement of Financial Position



*as at 31 July 2014*

	<b>July 2014</b>	<b>July 2013</b>
<b>EQUITY AND LIABILITIES</b>	(R'000)	(R'000)
Equity attributable to owners of the parent	2 618 163	1 620 324
Non-controlling interest	10 647	403
<b>Total equity</b>	<b><u>2 628 810</u></b>	<b><u>1 620 727</u></b>
<b>Non-current liabilities</b>		
Finance lease obligations	40 820	1 793
Other financial liabilities	730 007	351 416
Deferred tax liabilities	169 249	53 398
<b>Current liabilities</b>		
Trade and other liabilities	1 694 752	1 239 570
Deferred revenue	372 958	159 868
Current tax payable	49 465	30 180
<b>Total liabilities</b>	<b><u>3 057 251</u></b>	<b><u>1 836 225</u></b>
<b>Total equity and liabilities</b>	<b><u>5 686 061</u></b>	<b><u>3 456 952</u></b>

# Condensed Consolidated Statement of Cash Flows



*for the year ended 31 July 2014*

	<b>July 2014</b>	<b>July 2013</b>
	(R'000)	(R'000)
<b>Cash generated by operating activities</b>	<b>718 891</b>	<b>532 912</b>
Investment income	29 676	18 483
Finance costs	(80 434)	(47 502)
Taxation paid	(260 695)	(154 688)
<b>Net cash inflow from operating activities</b>	<b>407 438</b>	<b>349 205</b>
<b>Net cash outflow from investing activities</b>	<b>(343 322)</b>	<b>(113 057)</b>
<b>Net cash inflow/ (outflow) from financing activities</b>	<b>347 301</b>	<b>(35 640)</b>
<b>Net cash movement for period</b>	<b>411 417</b>	<b>200 508</b>
Cash at beginning of period	653 007	451 867
Effects of exchange rate fluctuations	98	632
<b>Cash at end of period</b>	<b>1 064 522</b>	<b>653 007</b>

# Strategy and way forward

---

# EOH today

---

- Over 8 000 people
- Leader in our field
- R11.0bn market cap
- Unmatched breadth of offerings – unique model
- Operates in South Africa, Africa and the United Kingdom and internationally with our own niche IP
- 2 000 customers
- Winning much larger deals
- Gaining market share
- Strong brand
- Ability to retain and attract best people
- Entrepreneurial spirit
- 44% annual compounded growth over 16 years
- Healthy, stable and positive work environment
- Strong, well defined culture

## *Information Technology*

- A growth industry
- Cloud, mobile, digital and information management – strong growth areas
- Customers seeking large players to do business with
- Outsourcing / managed services / cloud the biggest growth opportunity for EOH in all our offerings
- Bringing on board and “inventing” new lines of business
- International expansion through a new division for marketing and selling our niche own IP software applications – our first strategic move internationally
- Africa growth through partnerships, JVs, new joiners and vendor relations

## *Industrial Technology*

- Our government must implement the NDP, meaning major investments in:
  - Health, Local Government, Water, Energy, Transport, Infrastructure engineering



# Our Market (continued)

---



- Major investment in Telco infrastructure by private sector
- Safety and security products and services are in high demand
- Major opportunities for growth, market consolidation and creation of dominance in various areas
- Major opportunities associated with infrastructure development in Africa

## *BPO*

- We have already a strong BPO business with a large range of growth opportunities in Public and Private sectors
- Leveraging our technologies and industry verticals to develop and grow BPO offerings for:
  - Financial services
  - Retail
  - Telcos
  - Education
  - Local Government
  - Central Government
  - Energy

# EOH Group – General Growth Drivers

- Strong organic growth through strategic and key account management
- Strategic acquisitions
- Go for larger deals
- New lines of business (LOB) and new industry verticals
- Africa dual approach – center and division / BU
- Deeper entry into industry expertise through industry specific business
- Drive hard to be the No. 1 in all domains
- Discipline and RFT culture – The best sales person!
- Grow and develop great leadership capacity

Thank you

---

*Systems make it possible...*  
*People make it happen.*

**EOH**