



*Technology makes it possible...
People make it happen*

CEO INSIGHTS 100 DAY REVIEW

11 DECEMBER 2018



Disclaimer

This presentation has been prepared by EOH Holdings (Pty) Ltd. ("EOH") for the exclusive use of the party to whom EOH delivers this presentation ("Recipient"). The information in this presentation has been obtained from third party licensors (described below) and publicly available sources and has not been independently verified by EOH or any of its directors, officers, employees, agents, representatives (each a "Representatives"), advisers or any other person. No representation, warranty or undertaking, express or implied, is or will be given by EOH or its Representatives as to or in relation to the accuracy, completeness, reliability or sufficiency of the information contained in this presentation or as to the reasonableness of any assumption contained therein, and to the maximum extent permitted by law and, except in the case of fraud, EOH and each of its Representatives expressly disclaims any liability which may arise from this presentation and any errors contained therein and/or omissions therefrom or from any use of the contents of this presentation.

This presentation contains forward-looking statements that, unless otherwise indicated, reflect the group's expectations as at the date of this presentation. Actual results may differ materially from the group's expectations if known or unknown risks or uncertainties affect its business, or if estimates or assumptions prove inaccurate.

The group cannot guarantee that any forward-looking statement will materialise and, accordingly, readers are cautioned not to place undue reliance on these forward-looking statements. The group disclaims any intention and assumes no obligation to update or revise any forward-looking statement even if new information or conditions manifest as a result of future events, or for any other reason, as is required by legislation or regulation.

This presentation should not be regarded by the Recipient as a substitute for the exercise of its own judgment and the Recipient is expected to rely on its own due diligence if it wishes to proceed further. The valuations, projections, estimates, forecasts, targets, prospects, returns and/or opinions contained herein involve elements of subjective judgment and analysis. Any opinions expressed in this material are subject to change without notice and may differ or be contrary to opinions expressed by EOH as a result of using different assumptions and criteria.

This presentation has been prepared solely for informational purposes and is not to be construed as a solicitation, invitation or an offer by EOH or any of its Representatives to buy or sell any securities or related financial instruments or any of the assets, business or undertakings described herein. The Recipient should not construe the contents of this presentation as legal, tax, accounting or investment advice or a personal recommendation. The Recipient should consult its own legal, tax and financial advisers as to legal, tax and financial matters concerning any information described herein. This presentation does not purport to be all-inclusive or to contain all of the information that the Recipient may require. No investment, divestment or other financial decisions or actions should be based solely on the information in this presentation.

This document contains information obtained from third party licensors such as S&P Capital IQ. Reproduction and distribution of third party content in any form is prohibited except with the prior written permission of the related third party. Third party content providers do not guarantee the accuracy, completeness, timeliness or availability of any information, including ratings, and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such content. Third party content providers give no expressed or implied warranties, including, but not limited to, any warranties of merchantability or fitness for a particular purposes or use. Third party content providers shall not be liable for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees or losses (including lost income or profits and opportunity costs) in connection with any use of their content. Such third party data may consist of credit ratings which are statements of opinions and are not statements of fact or recommendations to purchase, hold or sell securities. They do not address the suitability of securities or the suitability of securities for investment purposes, and should not be relied on as investment advice.



Technology makes it possible...
People make it happen

AGENDA



2 2018 Results

(ZAR, million)

	EOH	NEXTEC	INTERNATIONAL 	IP / SOFTWARE 	TOTAL
2018 ² Revenue ¹	6,979	7,441	1,258	599	16,341
EBITDA ¹	913	540	197	120	1,770
EBITDA ¹ margin	13.1%	7.3%	15.7%	20.0%	10.9%

¹ Results based on continuing operations. Total adjustments for discontinued operations would result in an impact of ZAR63m to revenue and ZAR380m to EBITDA.

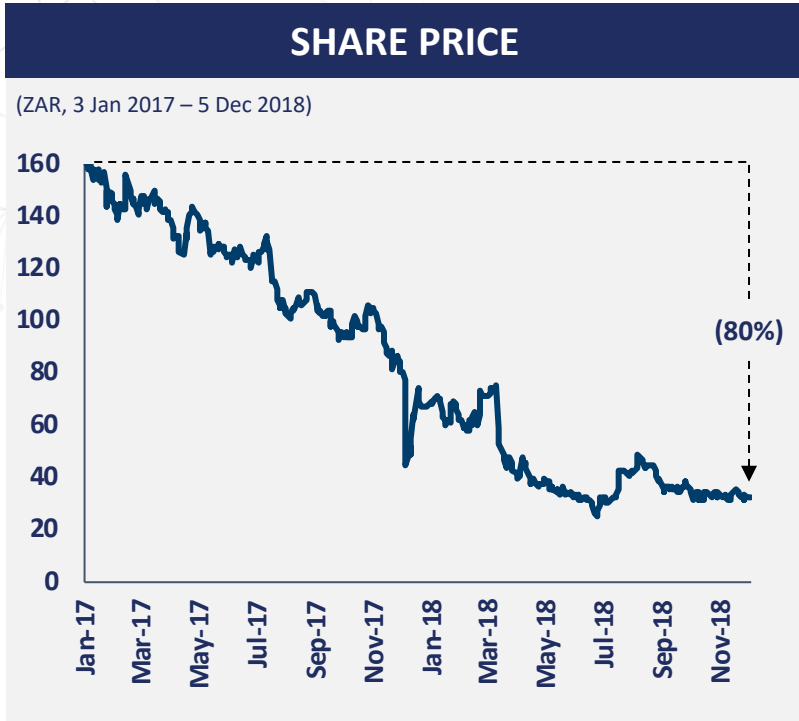
Source: EOH 2018 Integrated Annual Report;

² The above segmentation has not been audited and represents the intended segmentation going forward, Source: EOH Management



*Technology makes it possible...
People make it happen* 4

2 Challenges impacting share price



Source: S&P Capital IQ



ECONOMIC ISSUES



Low economic growth in SA



Trump's USA first policy affecting EM



Complicated by State Capture focus



KEY BUSINESS ISSUES



Unclear strategy



Difficult investor valuations



Public sector risks



Service vs software vs solution mix



Business diversification



Business margins



KEY OPPORTUNITIES



Globalisation of selected IT services



Standardised ecosystem solutions



Tech industry consolidation

*Technology makes it possible...
People make it happen* 5

2 Outlining specific legacy issues faced by EOH

ZAR

1 International	Software licenses paid in SA, but resold and cash collected in country Debt for acquisitions/WC for businesses largely in growth phase not paying dividends	c.600m since Jan 2016
2 Public sector	Delayed payments/losses incurred on public sector transformational projects Under performance of acquisitions reliant on public sector business	c.900m debtors 380m loss in FY18 c.240m costs in FY19
3 Structure	The statutory structure results in significant inefficiency Property / Procurement / Regulatory	c. 150m per annum

2 How EOH is addressing these legacy issues

1 International

Replaced management with EOH people as required
Restructuring the operations including corporate structure
Ring-fencing International into regional cash self-sustainable units ensuring investment in growth

2 Public sector strategy

Projects largely completed by H1'19
Public sector change management division closed
Future strategy being revised

3 Cash

Lebashe - Black Ownership and R1bn equity - Level 1 Certificate issued / R750m received
Sale of non core business units will be used to deleverage

4 Sub-optimal structure

PwC doing a full audit of legal entity structure to optimise and simplify
Work started on property rationalisation and procurement centralisation

2 Other ongoing initiatives

	Action	Responsibility	Activities
Governance	Due diligence 		<ul style="list-style-type: none"> Data room set-up Tax review <ul style="list-style-type: none"> Returns Assessed losses Regulatory review <ul style="list-style-type: none"> Boards Annual financial statements Governance
	IFRS 9 / 15 compliance 	External consultants	<ul style="list-style-type: none"> Debtors & revenue recognition policy change Classification and measurement of financial instruments
Leadership	Strengthen team 	CEO	<ul style="list-style-type: none"> New hires: <ul style="list-style-type: none"> CFO – Megan Pydigadu – 15 Jan 2019 Treasury & IR – Debbie Millar – 14 Nov 2018
Strategy	Operational review 	Internal	<ul style="list-style-type: none"> Property clean-up <ul style="list-style-type: none"> Reviewing EOH property to achieve target of 9m² per employee Procurement <ul style="list-style-type: none"> Establishing a centre of excellence to achieve benefits of scale
	Capital positioning 		<ul style="list-style-type: none"> Equity story Business strategic fit Capital structure per business Capital raising <ul style="list-style-type: none"> Strategic partners Assets for sale Strategic investors

4 Governance progress update

ABC COMPLIANCE (ISO 37001)



Proportionate procedures



33%

Top level commitment



100%

Risk assessment



0%

Due diligence



50%

Communication (incl. training)



100%

Monitoring and review



100%

USB GOVERNANCE FRAMEWORK REVIEW FINDINGS

- Knowledge and compliance aligned to King IV, JSE & Companies Act
- Improved governance, risk and compliance framework
- Governance system and code of conduct too complicated
- Concerns about truly independent board leadership
- Reporting: lack of integration, boilerplate reporting
- Corporate citizenship: best practice, but not communicated

COMPLIANCE INCIDENTS

19 incidents registered since August 2018

8 incidents closed to date

Inquiries process

1. Registration
2. Preliminary review
3. Outsources DD and fact finding
4. Report
5. Action
6. Close

4 What does EOH stand for?

PHILOSOPHY



BEST PEOPLE



PARTNER FOR LIFE



RIGHT 1ST TIME



SUSTAINABLE TRANSFORMATION



LEAD AND GROW



YOUTH JOB - CREATION INITIATIVE

- Established in 2012
- Created over 35 000 job opportunities
- 14 500 people placed in employment



EOH YOUTH
JOB CREATION
INITIATIVE | LIVES
ARE CHANGED WHEN
BUSINESS GETS INVOLVED



Listed in 1998



Over 11 500 employees



A Force for Good



51% black-owned, B-BBEE Level 1



Africa's Largest Technology Service
Provider



134 Locations in SA, 50 Countries



*Technology makes it possible...
People make it happen*₁₀

4 Strategic focus going forward

KEY OUTCOMES FOR 2019...

1 Restore share price

Clear investor story for business lines

Transparent reporting

KPI driven incentives

Complete business enabling governance framework

2 Fund growth

Save to Invest

Cash focus / conversion

Create partnerships for scale

Right investors to scale / enable business

DRIVEN BY



Return to being a growth story



Restoring EOH entrepreneurial spirit



Operational excellence



Customer centric outcome





Incentivise best people

4

Redefined operating structure

INVESTMENT HOLDING COMPANY

	EOH	NEXTEC	INTERNATIONAL 	Own IP / SOFTWARE 	
Overview	<ul style="list-style-type: none"> Digital Data Apps Cloud 	<ul style="list-style-type: none"> Domain consulting and advisory Knowledge process outsourcing People solutions Digital industries Smart Utilities Safe City, Smart City Health Sciences 	<ul style="list-style-type: none"> Software licensing (incl. owned IP) Software integration Cloud solutions 	<ul style="list-style-type: none"> Vertical focus: e.g., financial services, construction Functional expertise: e.g., ERP, Analytics/ BI 	
Strategic priorities	<ul style="list-style-type: none"> Go-to-Market model Compute delivery strategy Cloud service mode Margins 	<ul style="list-style-type: none"> Leverage the group as channel Sector focus Internal consolidation where industry aligned Scaling model Portfolio rationalization 	<ul style="list-style-type: none"> Cross-sell beyond SAP (e.g., Microsoft, AWS) Global delivery model Corporate and capital structure 	<ul style="list-style-type: none"> Inventory Scalability Funding model Dev. acceleration 	
Group opportunities	<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="border: 1px solid #004a87; border-radius: 15px; padding: 10px; background-color: #004a87; color: white; text-align: center; width: 18%;"> <p>Cross-sell incentivisation matrix</p> </div> <div style="border: 1px solid #004a87; border-radius: 15px; padding: 10px; background-color: #004a87; color: white; text-align: center; width: 18%;"> <p>Consolidation of related businesses</p> </div> <div style="border: 1px solid #004a87; border-radius: 15px; padding: 10px; background-color: #004a87; color: white; text-align: center; width: 18%;"> <p>Global centres of excellence to achieve scale</p> </div> <div style="border: 1px solid #004a87; border-radius: 15px; padding: 10px; background-color: #004a87; color: white; text-align: center; width: 18%;"> <p>Efficiencies from centralised treasury and procurement</p> </div> <div style="border: 1px solid #004a87; border-radius: 15px; padding: 10px; background-color: #004a87; color: white; text-align: center; width: 18%;"> <p>Business unit empowerment and accountability</p> </div> </div>				

4 Creating an efficient head office structure

MAIN GROUP FUNCTIONS

- Broad strategy setting
 - Growth agenda
 - LT vision
- Corporate actions
 - Capital structure
 - Liquidity events
- Policy guidelines
 - Governance
 - Legal limitations
- Treasury
- Investor relations
- Regulatory reporting
- Shared services as required

KEY PRINCIPLES

Strategic, not operational management

Lean structure

No general recharge – Dividends only

Treasury management fee

Corporate action fee

4 IP / Software – Significant opportunities to unlock value

IP / SOFTWARE OPPORTUNITIES

CURRENT STATUS

- 120 types of IPs / Software:
 - Proprietary software
 - Technology, exclusively represented
 - Reseller of 3rd party software
 - Bolt on apps on 3rd party software
 - Software developed for a specific customer
- Higher margin, stability and sustainability
- Own brands and structures

NEXT STEPS

- Continue identifying distinctive IP/ software
- Growth strategy for all these businesses
- 3rd party partnership for scale
- Pipeline of new opportunities with other entities
- Growth, profitability, cash flow aligned with EOH

IP / SOFTWARE BUSINESS

Company	Description	Footprint	Revenue ¹	EBITDA ¹
Currently included under IP/ software business				
CCS	Construction ERP & project management	Int'l	599	120
Sybrin	Financial services, Telco, Retail & workflow	Africa-SA		
EMID	Financial sector	Africa-SA		
Illustrative potential further inclusion into the IP/ software business				
Syntell	Transport management	Africa-SA	1,712	288
XDS	Credit information bureau	Africa-SA		
DENIS	Health Insurance	South Africa		
Dataworld	Municipal plans	India & SA		
Symplexity	Payroll	South Africa		
VILT/RTBIZ	Data collection & analytics	Int'l		
Total: 1 + 2			2,311	408

4 Employee strategic priorities

BUILDING CAPABILITY - SUPPORT CURRENT AND FUTURE BUSINESS GOALS *(RIGHT PEOPLE, RIGHT ROLES, RIGHT TIME)*



Attract & retain exceptional talent

- Quality Hires
- Attractive Employee Value Proposition



Develop critical competencies

- Learning and development offers
- Individual development plans
- Strategic talent management



Build future talent pipeline

- Succession planning
- Strategic workforce plans
- Skills pipeline

PERFORMANCE, REWARD & RECOGNITION



Drive high performance

- Quality Performance Measures
- Performance-linked rewards, incentives & recognition

CULTURE (PURPOSE, PHILOSOPHY, VALUES)



Embed EOH philosophy

- Values-based leadership
- Engaged Workforce
- Capable & empowered frontline
- Innovation & winning mind-set
- Customer centricity

OPERATIONAL EXCELLENCE/EFFICIENCIES/GOVERNANCE *(enabling systems, processes, policies & procedures)*

TRANSFORMATION (BBBEE, diversity & inclusion)

3 Trading update

Business overview

Working capital



- Working capital has improved, barring highlighted 2018 problem debtors
- A number of working capital management initiatives underway
- Inflow of new, paying debtors creating recurring revenue
- c. 50% of debtors collected in every following month

Business financials







- The core business margins (excluding discontinued/discontinuing) remain materially similar to 2018
- Organic revenue growth has been tough, remaining in the low single digits

IFRS

- IFRS 2 - Lebashe transaction effect of ZAR 215m
- IFRS 9/15 – Significant effect based on time value and PD/LGD calculations

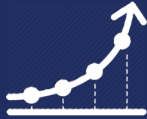
5 2020+ TARGET FINANCIAL PROFILE

					
2020+	Revenue growth targets	5-10%	5-10%	10-15%	10-15%
	EBITDA margin targets	10-15%	10-15%	12-18%	15-25%

5 EOH's path forward



Focus the
portfolio



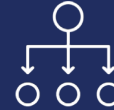
Scale the
business



Collaborate
across
businesses



Improve
economics

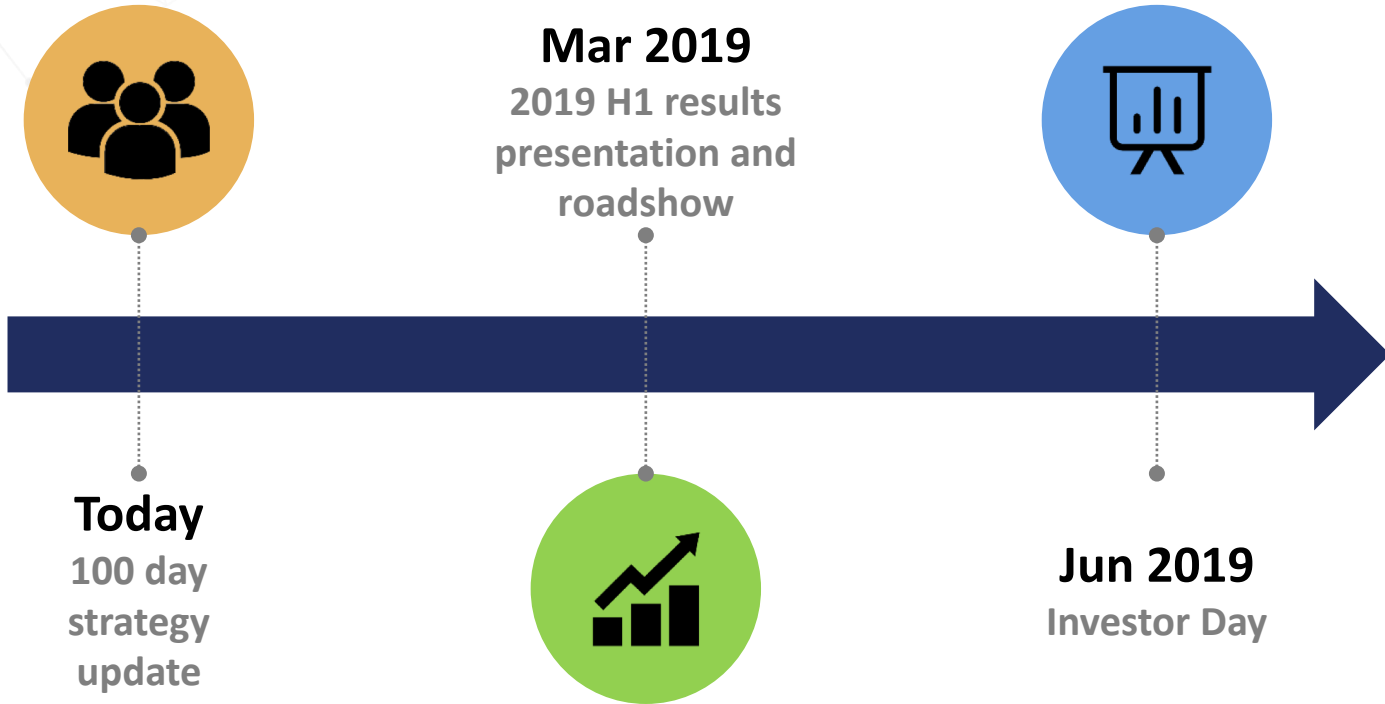


Clear
governance



Best
people

5 Investor relations roadmap





QA

