

The logo for EOH, consisting of the letters 'E', 'O', and 'H' in a bold, white, sans-serif font. The 'O' is stylized with a small triangle above it.

EOH

INTERIM RESULTS

For the 6 months ended 31 January 2022

13 April 2022



The logo for EOH, consisting of the letters 'E', 'O', and 'H' in a bold, white, sans-serif font. The 'O' is slightly larger and positioned between the 'E' and 'H'. The background of the entire slide is a night sky with the Milky Way galaxy visible, and a large satellite dish antenna in the foreground.

OPERATIONAL OVERVIEW

Stephen van Coller | Chief Executive Officer

➤ Back to our Future... 6 months ahead of schedule

EOH posts first positive HEPS of 41c in 3 years

Headline earnings PROFIT of R69 m

Allowing us to **GET** our future organised

Revenue stabilised R3.5 billion

Operating costs ↓ 22% to R880m

Operating profit ↑ 120% to R167m

Adjusted EBITDA R339m
Margin ↑ from 8% to 10%

NEXTEC turnaround
producing positive EBITDA

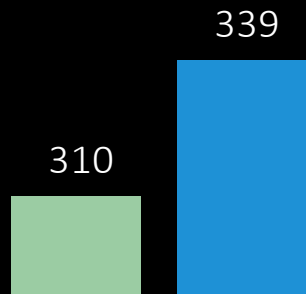


> Core iOCO Revenue has stabilised....

HY22 quarterly revenue

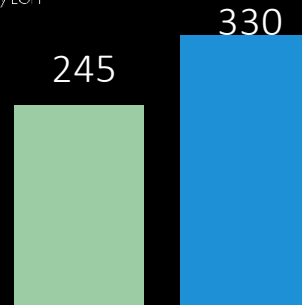
iOCO | Digital

Proud y EOH



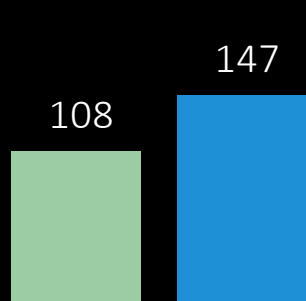
iOCO | Technology

Proud y EOH



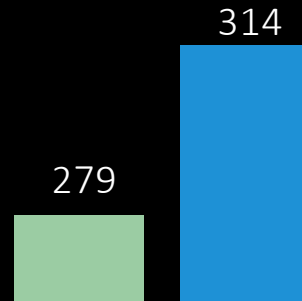
iOCO | Digital Industries

Proud y EOH



iOCO | Infrastructure Services

Proud y EOH



■ 2022 Q1 ■ 2022 Q2

Our clients have stood by us

Provincial Government

R147m

Software development services outsource
5 years

Local Government

R108m

Support, maintenance & development of Oracle
3 years

Financial Services

R13m

Migration of Production Environment to AWS
<1 year

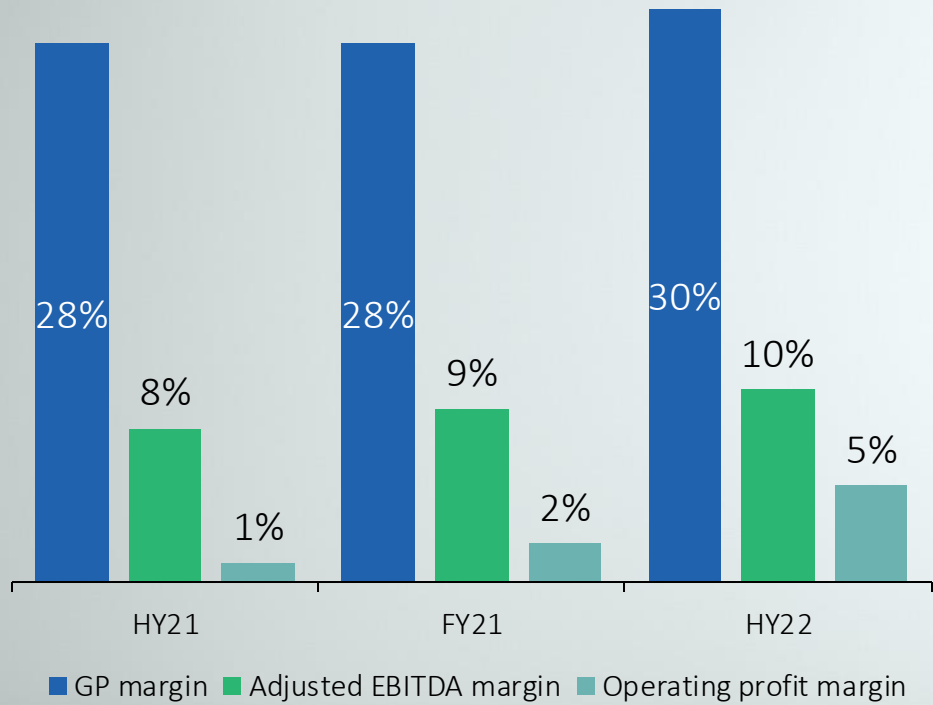
Major Telco

R92m

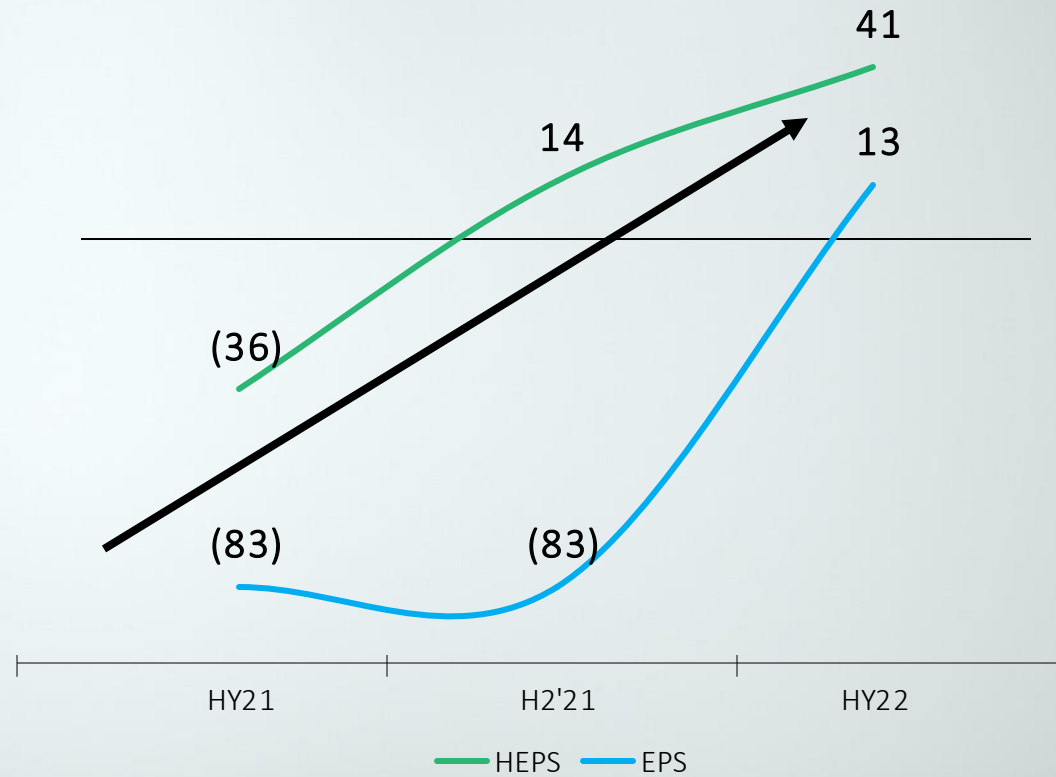
Supporting delivery of Digital Platform
1 year

> Double digit EBITDA margins return

Margins

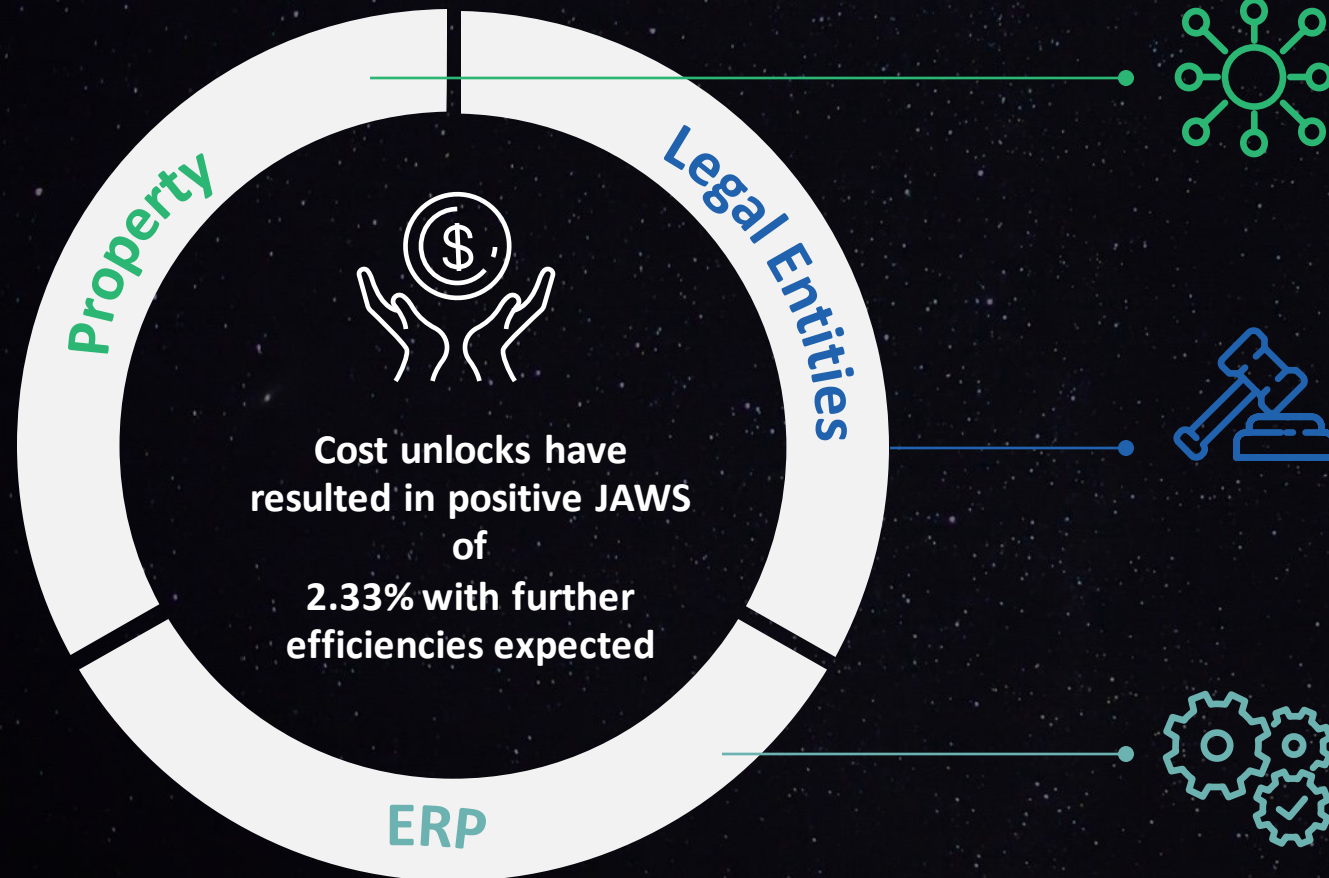


Earnings Per Share- 13cents | Headline Earnings Per Share- 41cents



Adjusted EBITDA =EBITDA before share-based payment expense, no normalisation changes have been made in HY22

> Costs under control...more to come



- 146 leases exited by the end of July 2021
- Annual saving of **R165m** in rental & **R91m** in operating costs
- **R38m** in savings expected in FY23 from leases exited this year

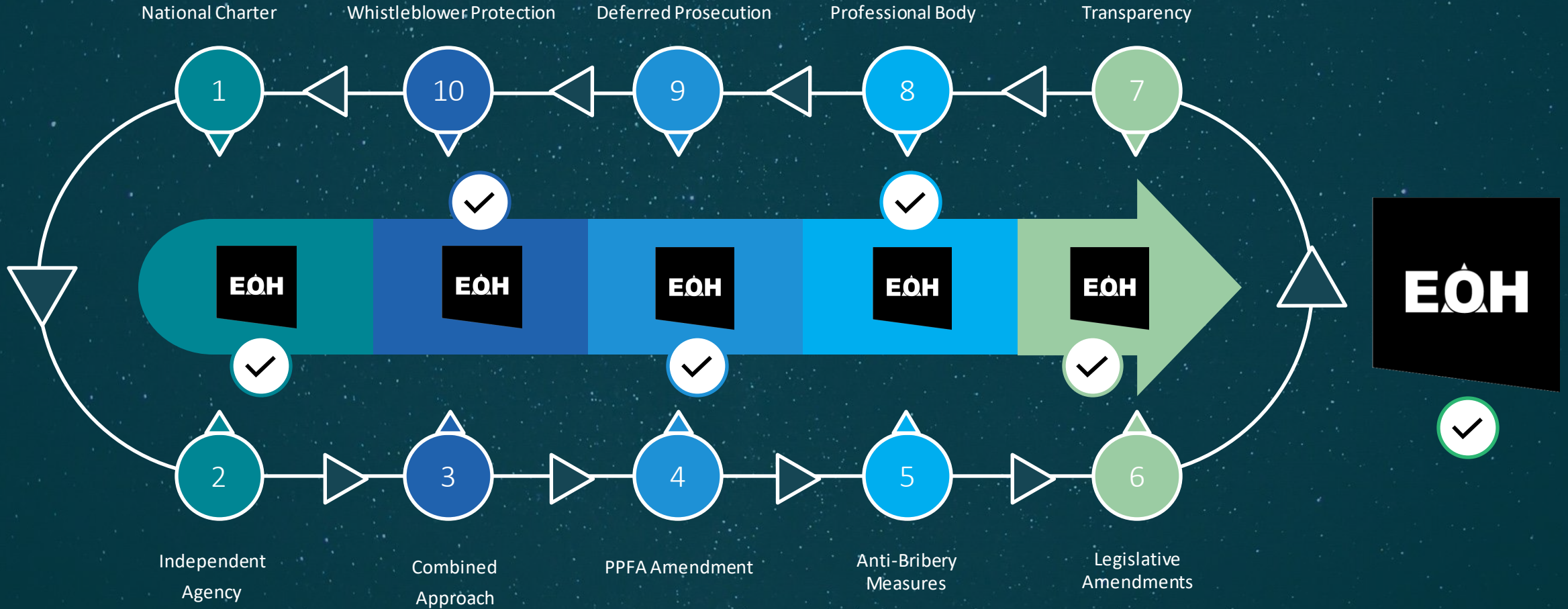


- Simplification of the Group Structure from 272 legal entities
- Reduction from **148** at August 2021 to **100** by July 2022
- Targeting c.60 going forward



- ERP system implementation expected to yield **R15m** in savings in FY23
- **R16m** p.a. thereafter.
- Better data will give business further insights

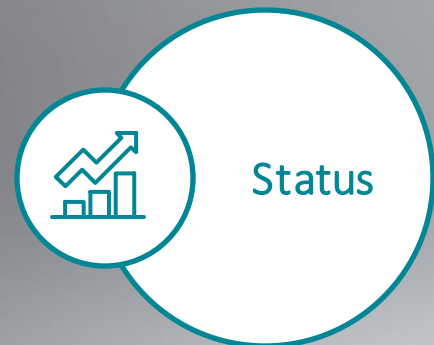
> Zondo Commission Recommendations



> Rightsizing Capital Structure



- Delivery of sustainable capital structure with simplified banking facilities
- Improved cost of capital – lower rates on debt (currently c.12%)
- Efficient management of cash – c.R20m pa savings
- Flexibility to operate
- Cash available to invest in growth



- Significant progress made with disposals
- Bridge facility with 12-month maturity to April 2023 concluded
- R500m 3-year term loan concluded
- General preference for use of year end audited accounts
- Continue to engage with strategic capital providers
- Will update shareholders on a timely basis

FINANCIAL OVERVIEW

Megan Pydigadu | Chief Financial Officer

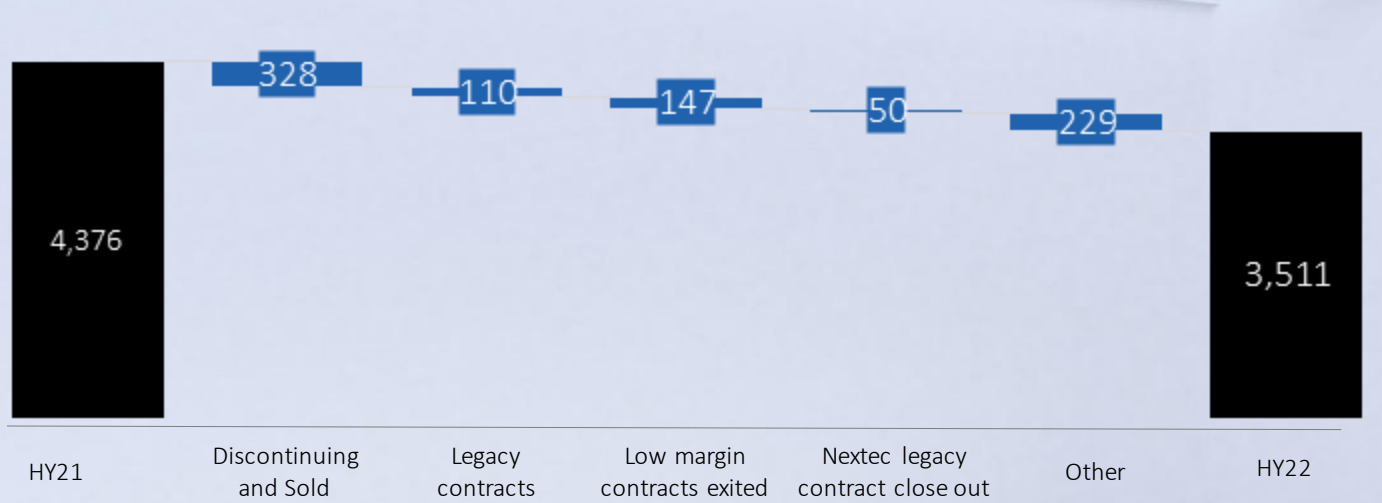
HY2022 Financial Summary

Rm	HY2022			HY2021		
	Unaudited	Continuing	Discont.	Unaudited	Continuing	Discont.
Revenue	3,511	2,980	531	4,376	3,516	860
iOCO	2,407	2,201	206	2,910	2,599	311
NEXTEC	939	902	37	1,174	1,060	114
IP	302	0	302	451	0	451
Reconciliation	(137)	(123)	(14)	(159)	(143)	(16)
Gross Profit	1,049	862	187	1,208	919	289
Gross margin	30%	29%	35%	28%	26%	34%
Operating expenses	(881)	(699)	(182)	(1,132)	(907)	(225)
% of Revenue	25%	23%	35%	26%	26%	26%
Operating (loss)/ profit	167	162	5	76	12	64
Operating margin	5%	5%	1%	2%	0%	7%
Share of equity accounted profit	-	-	-	2	2	-
Net finance costs	(95)	(92)	(3)	(134)	(132)	(2)
Profit/(loss) before tax	72	70	2	(56)	(118)	62
Taxation	(50)	(30)	(20)	(84)	(51)	(33)
Profit/(loss) after tax	22	40	(18)	(140)	(169)	29
Adjusted EBITDA	339	278	61	347	241	106
EBITDA margin	10%	9%	16%	8%	7%	11%
HEPS (cents)	41	23	18	(36)	(67)	31

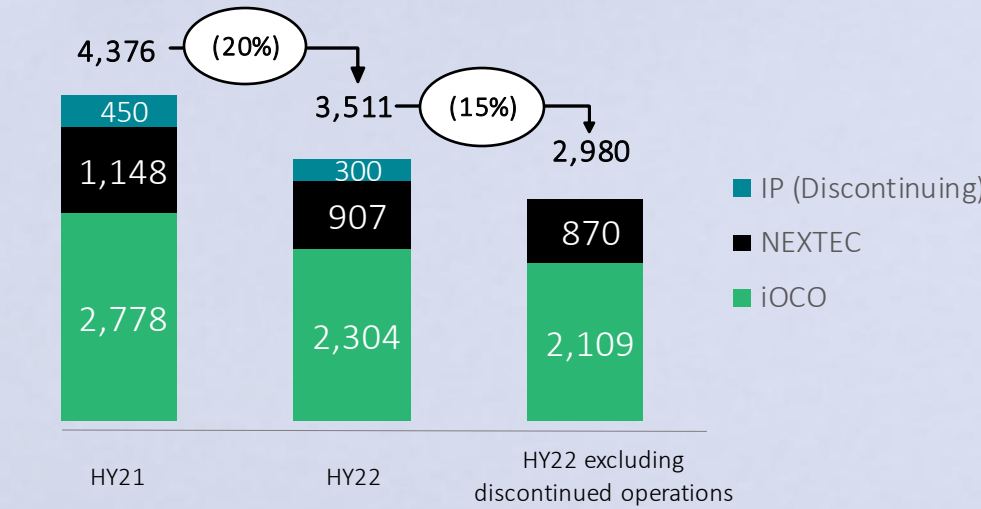
Adjusted EBITDA = EBITDA before share-based payment expense, no normalisation changes have been made in HY22

> External Revenue Analysis

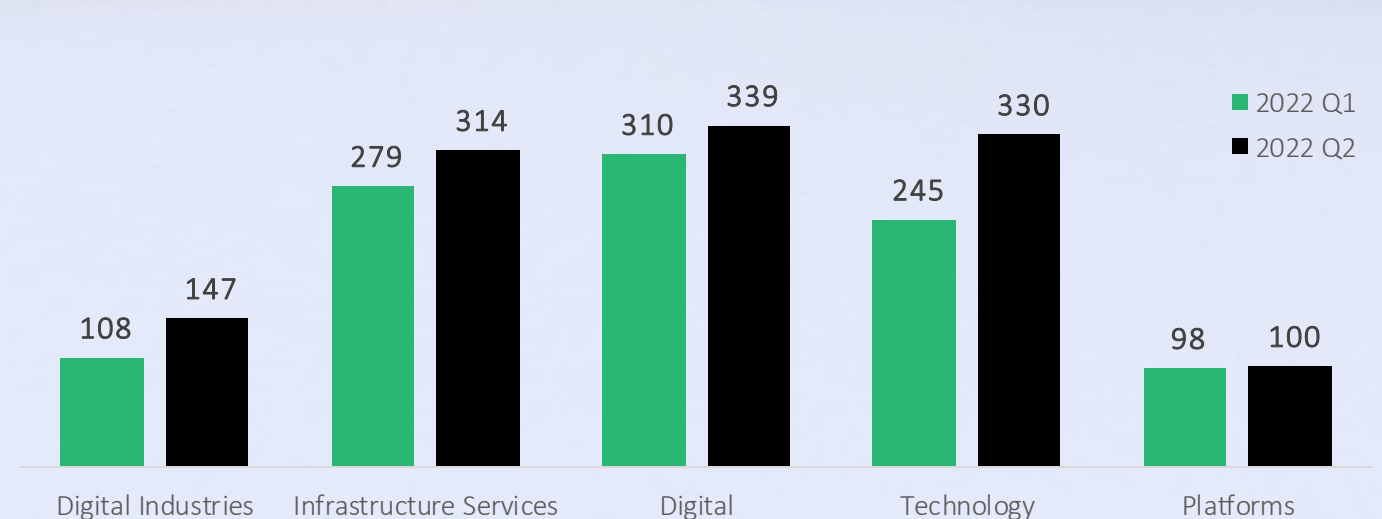
Major revenue movers



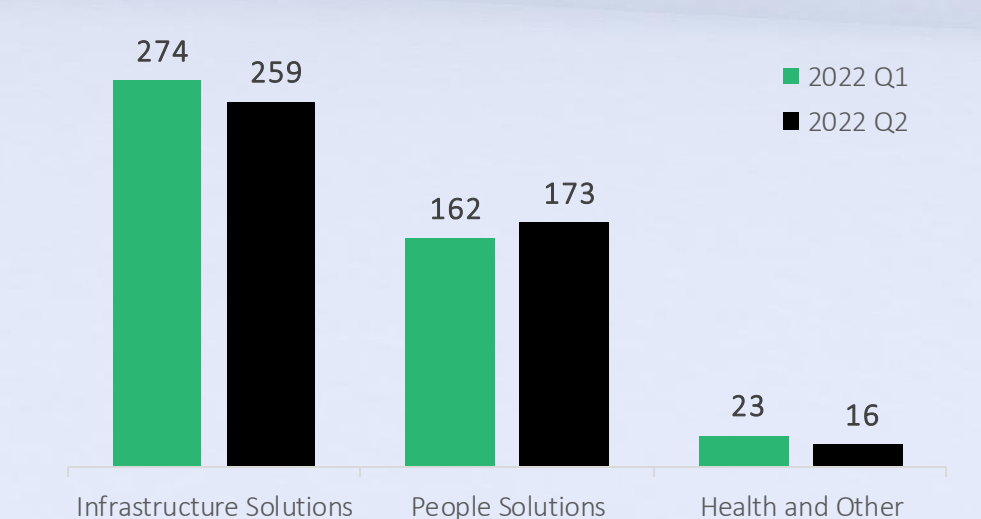
Continuing Revenue – R2 980m



iOCO Quarterly Revenue



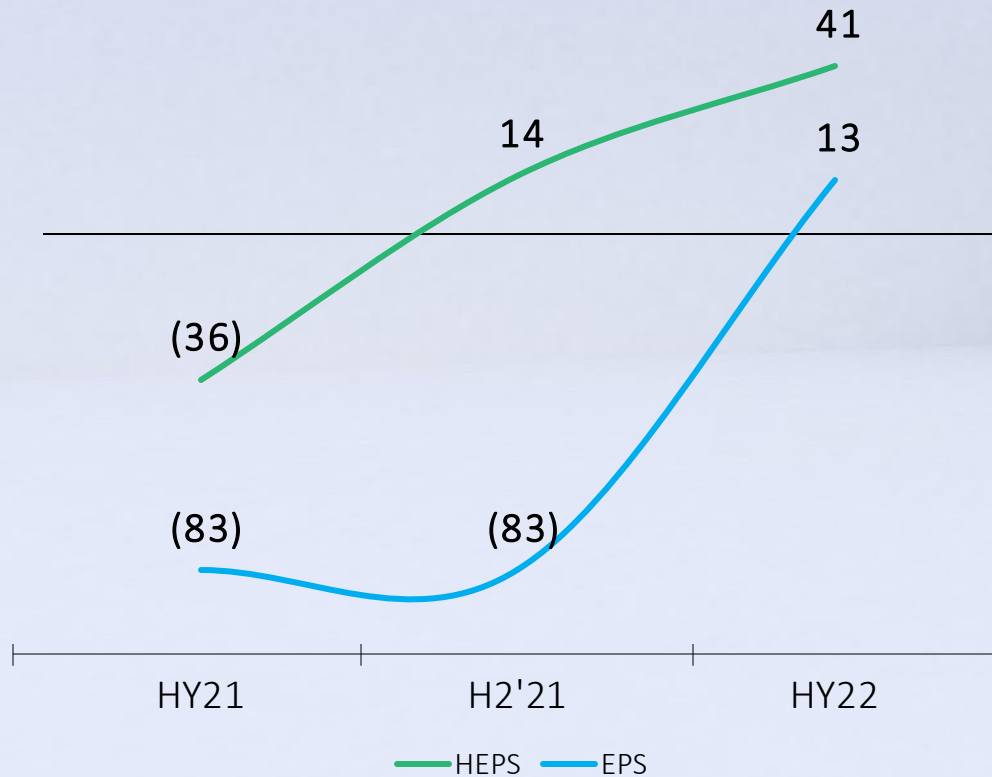
NEXTEC Quarterly Revenue



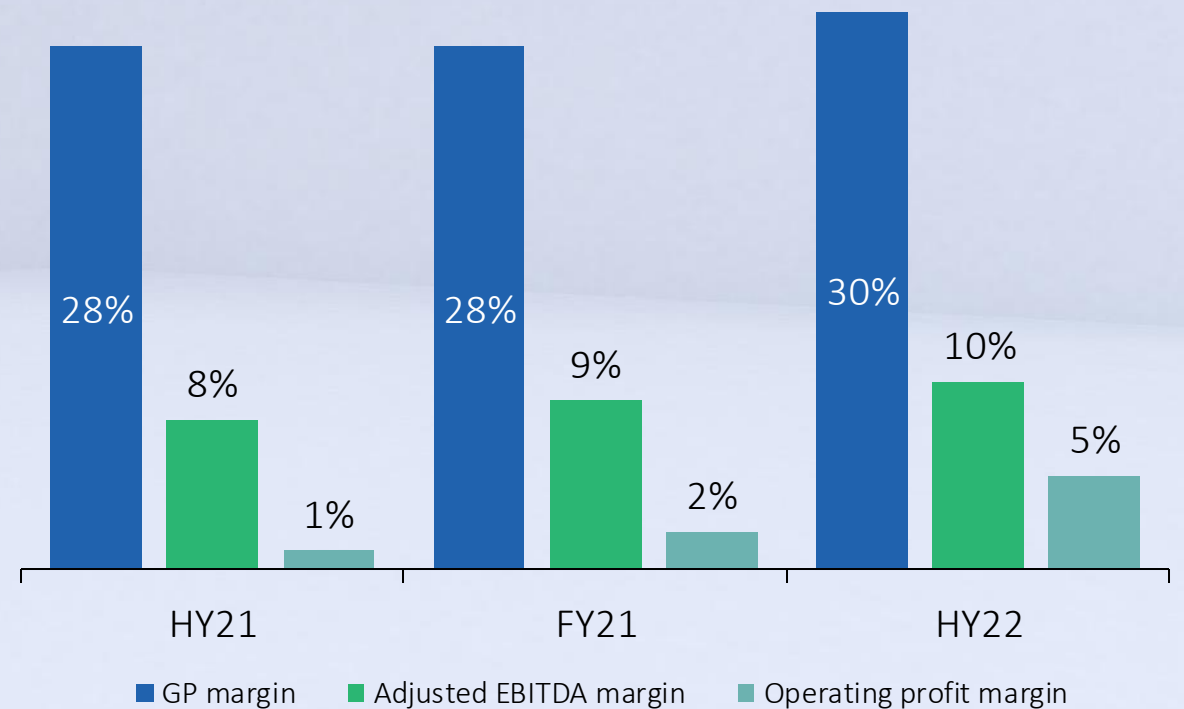
> Margin Improvement

Focus on high quality earnings and effectively managing cost paying off

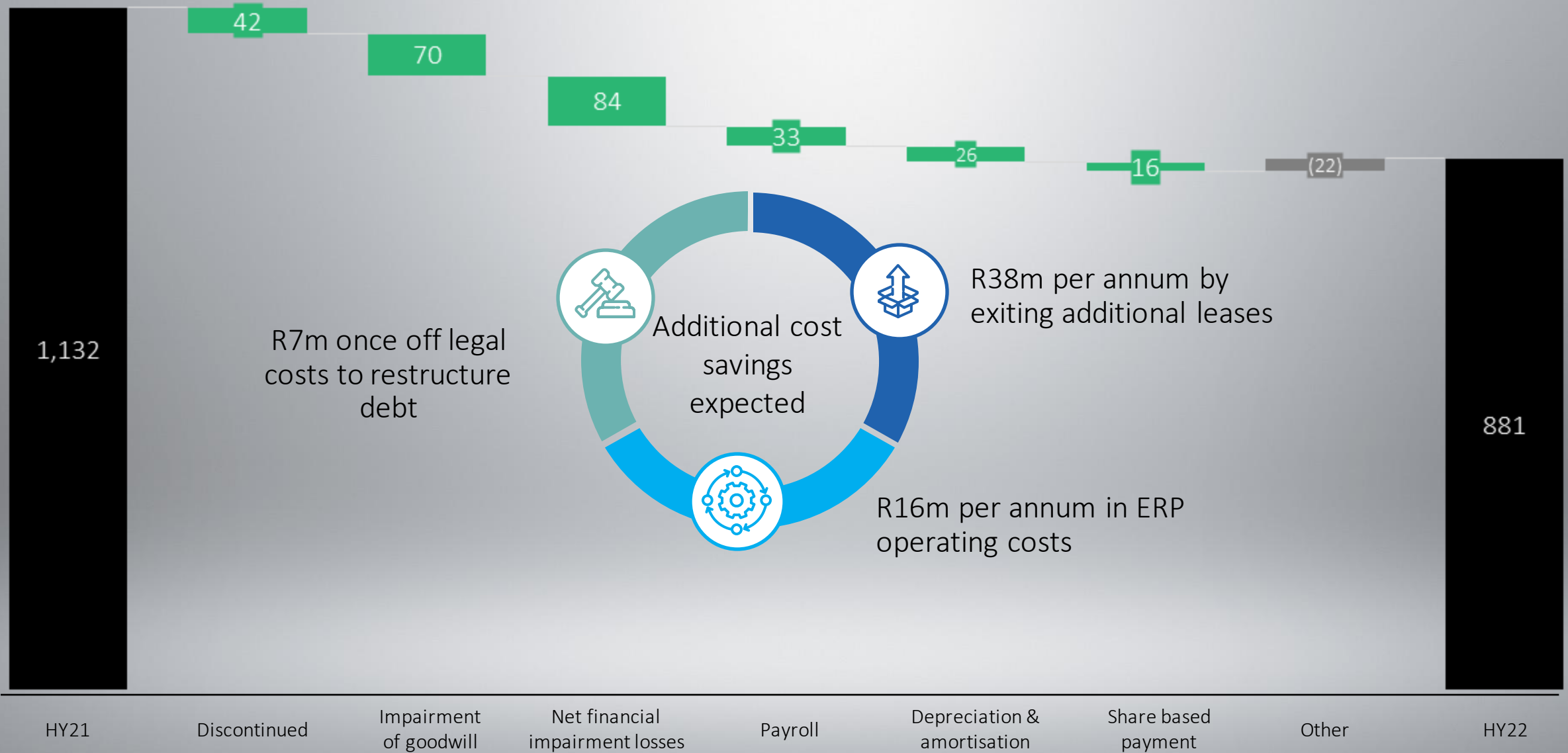
Headline earnings per share



Margins



> Costs under control...more to come



> Operating profit and headline earning adjustments



R'000s



HY2021



FY2022

	HY2021	FY2022
Adjusted EBITDA	346 620	339 487
Share Based Payments	(23 951)	(9 139)
EBITDA	322 669	330 348
Fair value adjustments	(10 864)	0
Impairments	(72 278)	(42 567)
Gains & Losses on Disposals	(7 974)	(5 960)
Depreciation & Amortisation	(155 226)	(114 699)
Operating Profit	76 327	167 122



R'000s



HY2021

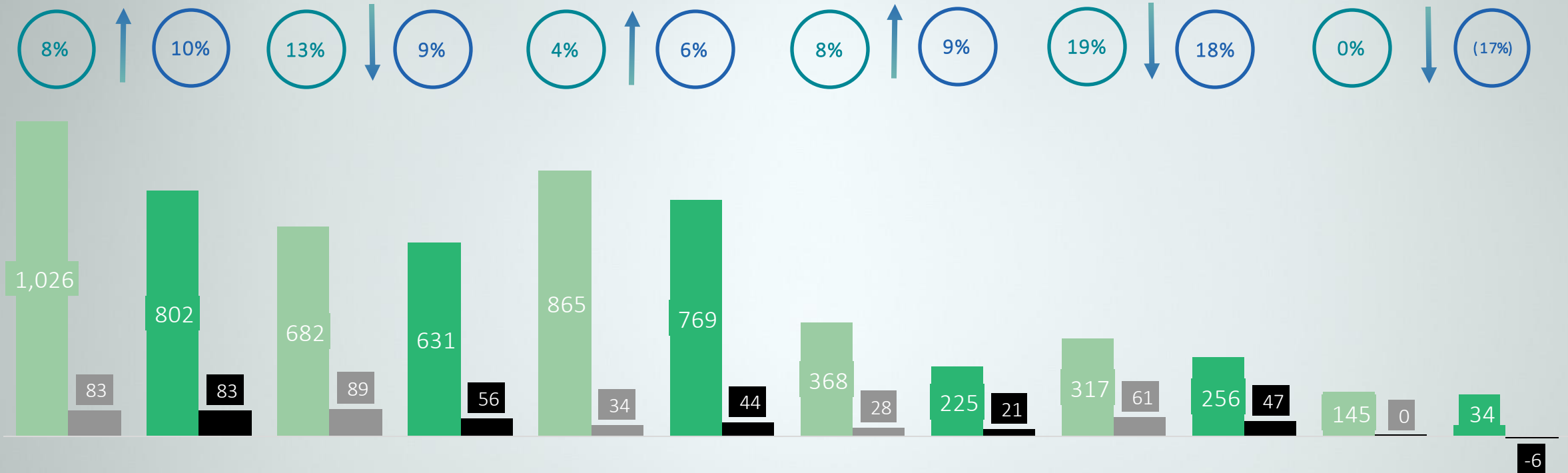


FY2022

	HY2021	FY2022
Basic Earnings	(140 690)	21 139
Loss on disposal of property, plant and equipment	2 950	3 308
Loss on disposal of subsidiaries and equity-accounted investments	5 024	2 652
IAS 36 Impairment of goodwill	61 387	-
IAS 36 Impairment of intangible assets and property, plant and equipment	1 058	619
IFRS 5 remeasurement to fair value less costs to sell	9 833	41 948
Total tax effects on adjustments	(957)	(914)
Total non-controlling interest effects on adjustments	-	1
Headline earnings	(61 395)	68 753

iOCO

Proudly EOH

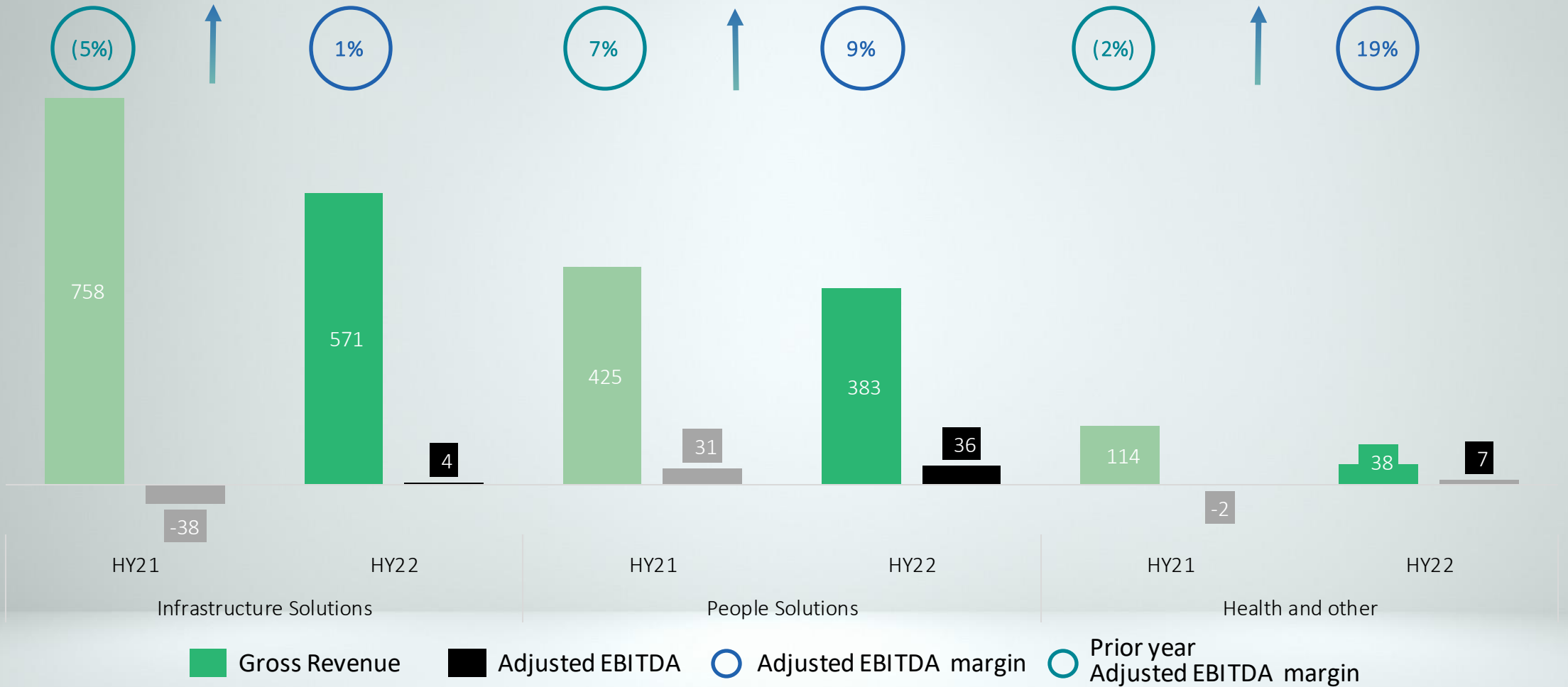


■ Gross Revenue
 ■ Adjusted EBITDA
 ○ Adjusted EBITDA margin
 ○ Prior year Adjusted EBITDA margin

Intrasegment revenue of R493m and R311m is included for HY21 and HY22 respectively which highlights the standalone performance of each segment




NEXTEC




Proudly EOH



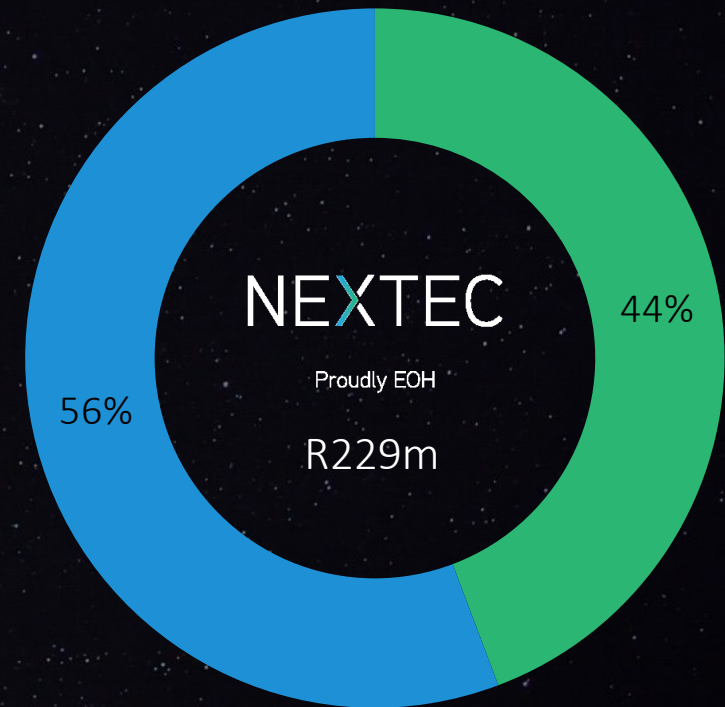
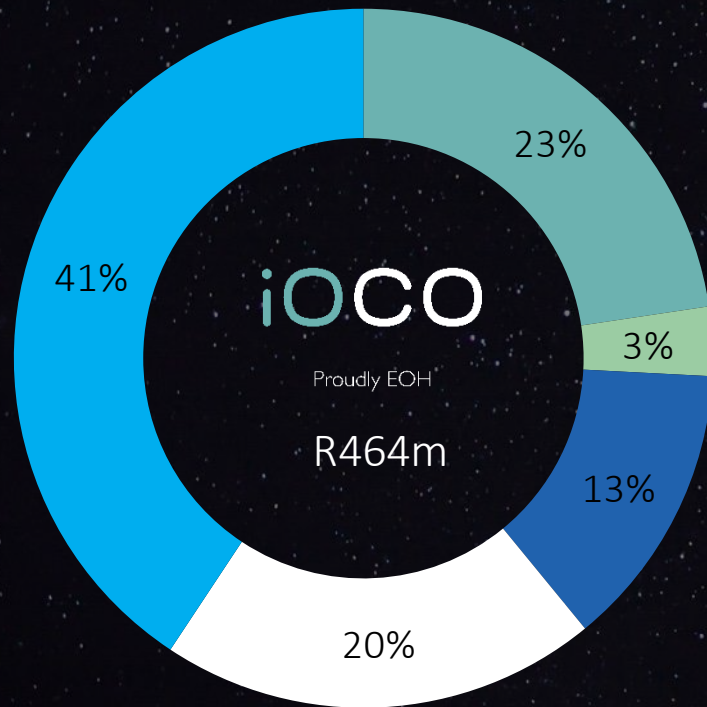
Intrasegment revenue of R123m and R52m is included for HY21 and HY22 respectively which highlights the standalone performance of each segment

> Balance sheet

	 RM	 HY2022	 FY2021
Assets			
Non-current assets			
Property, plant and equipment	231	341	
Goodwill	693	746	
Intangible assets	52	64	
Equity-accounted investments	-	8	
Deferred taxation	116	117	
Finance lease receivables	9	8	
	1,101	1,285	
Current assets			
Inventories	125	113	
Other financial assets	89	11	
Current taxation receivable	27	39	
Finance lease receivables	87	101	
Trade and other receivables	1,798	1,929	
Cash and cash equivalents	424	825	
	2,550	3,017	
Assets held for sale	1,276	1,119	
Total assets	4,927	5,420	

	 RM	 HY2022	 FY2021
Equity and Liabilities			
Equity			
Stated capital		4,217	4,217
Shares to be issued to vendors		0	0
Other reserves		622	599
Retained earnings		(4,637)	(4,659)
Equity attributable to EOH		202	158
Non-controlling interest		21	20
		223	178
Liabilities			
Non-current liabilities			
Lease liabilities		51	81
Deferred taxation		69	59
		120	140
Current liabilities			
Other financial liabilities		2,181	2,568
Current taxation payable		20	46
Lease liabilities		68	83
Trade and other payables		1,629	1,796
Provisions		288	324
		4,186	4,816
Liabilities held for sale		398	286
Total liabilities		4,704	5,243
Total equity and liabilities		4,927	5,420

> Continuing Goodwill



■ Platforms ■ Digital Industries ■ Technology ■ Digital ■ Infrastructure Services

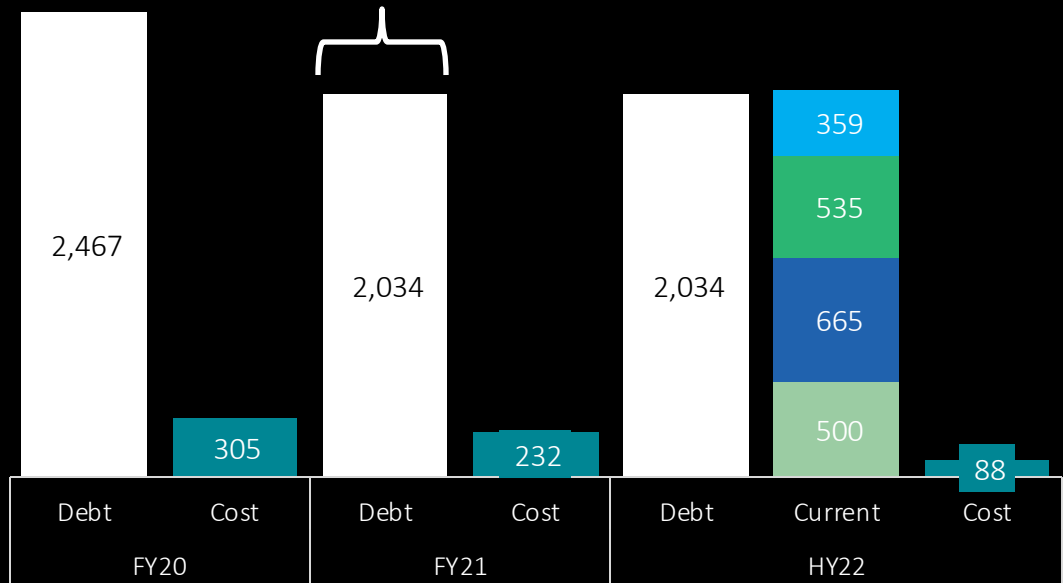
■ People Solutions ■ Infrastructure Solutions

> Debt

Rationalising debt in final stages

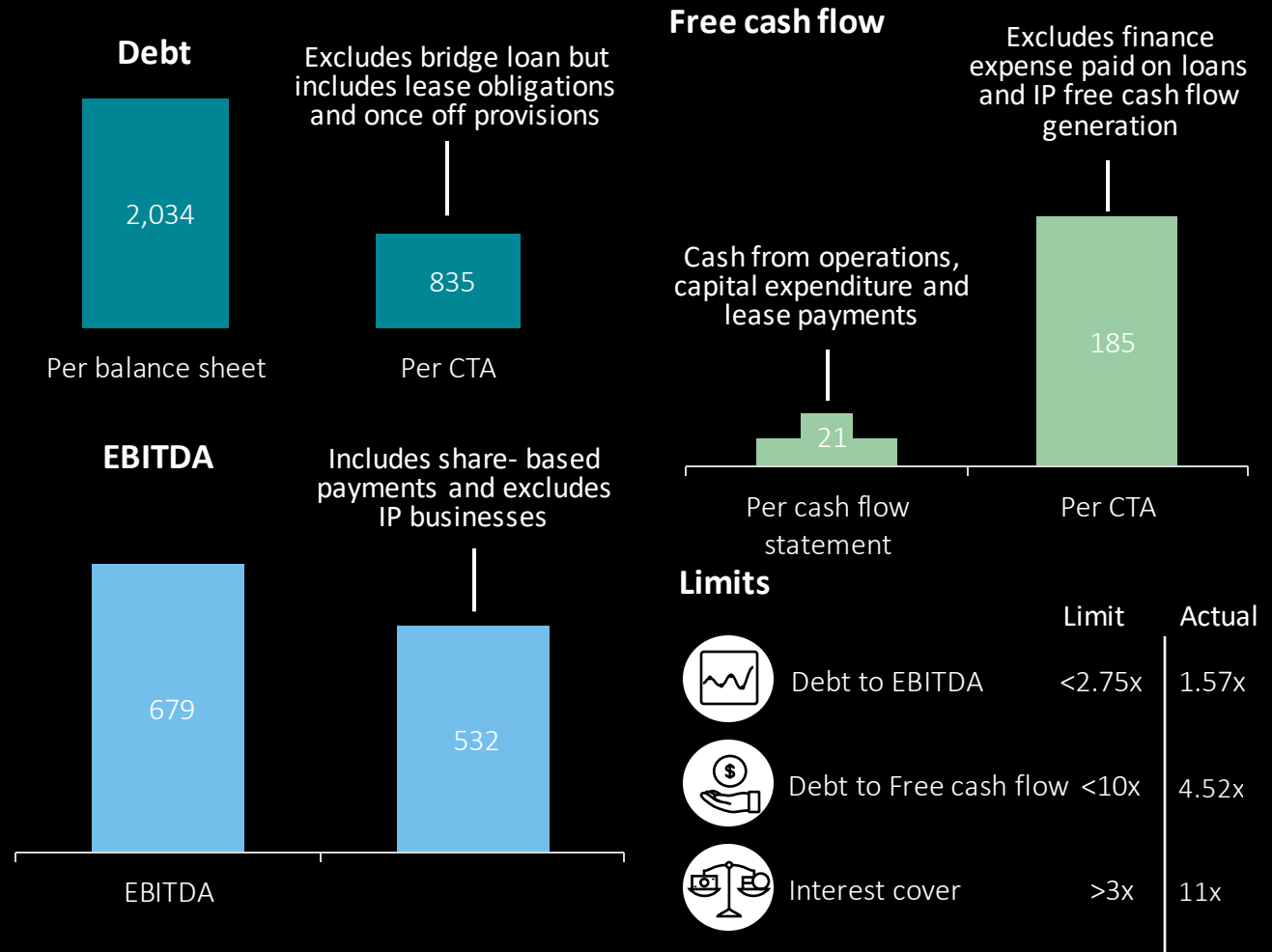
Reduction and reclassification of debt

Sales processes delayed due to Covid-19



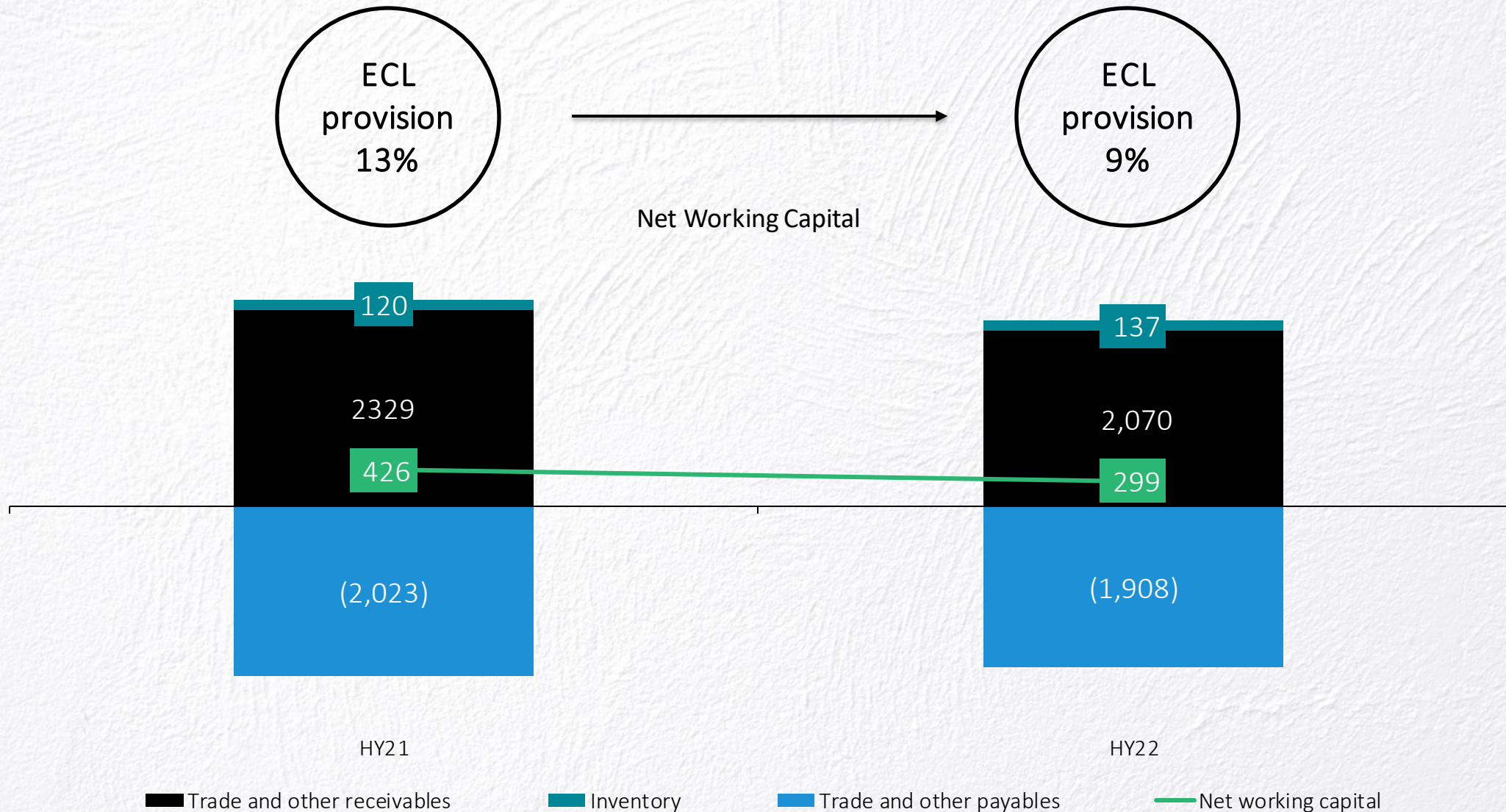
- Costs related to debt (financing and legal)
- Proceeds expected from disposals
- Senior term loan
- Disposal proceeds received after January 2022
- Proceeds from capital raise
- Current debt

Covenants



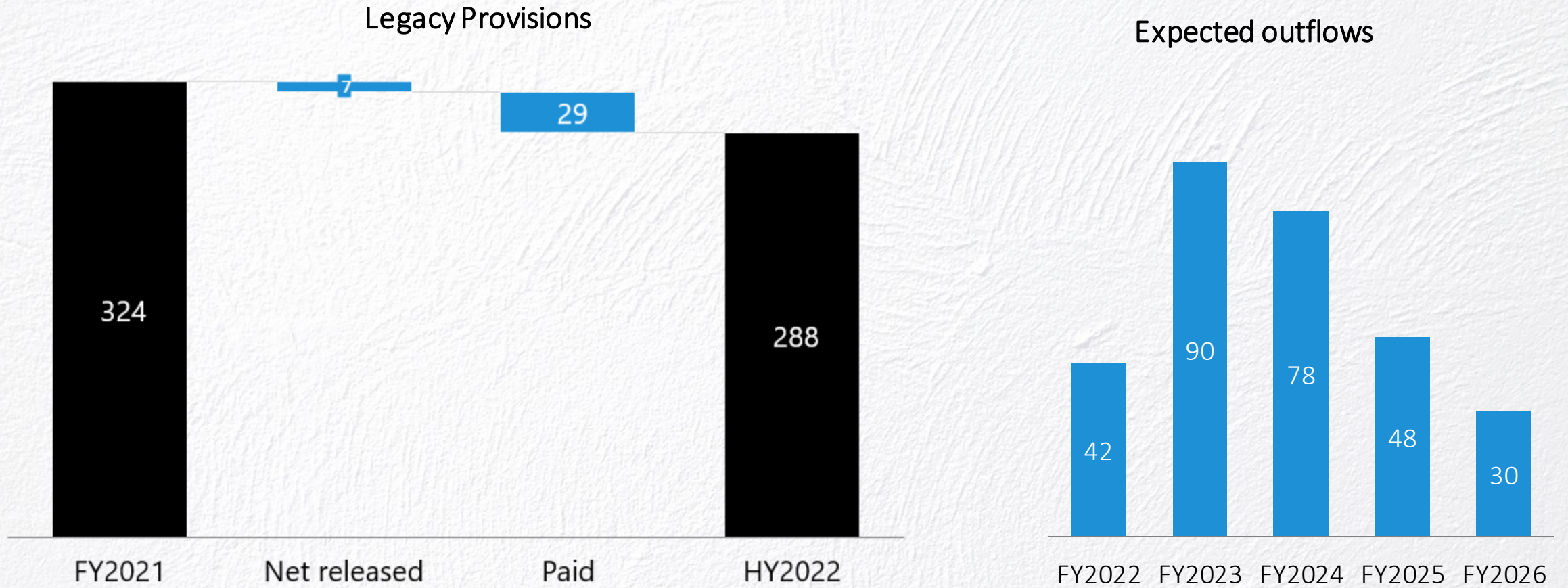
Note: Covenants are measured based on last twelve months performance. For simplicity, HY22 performance has been annualized to represent the full twelve months

> Net working capital stable in a tough environment

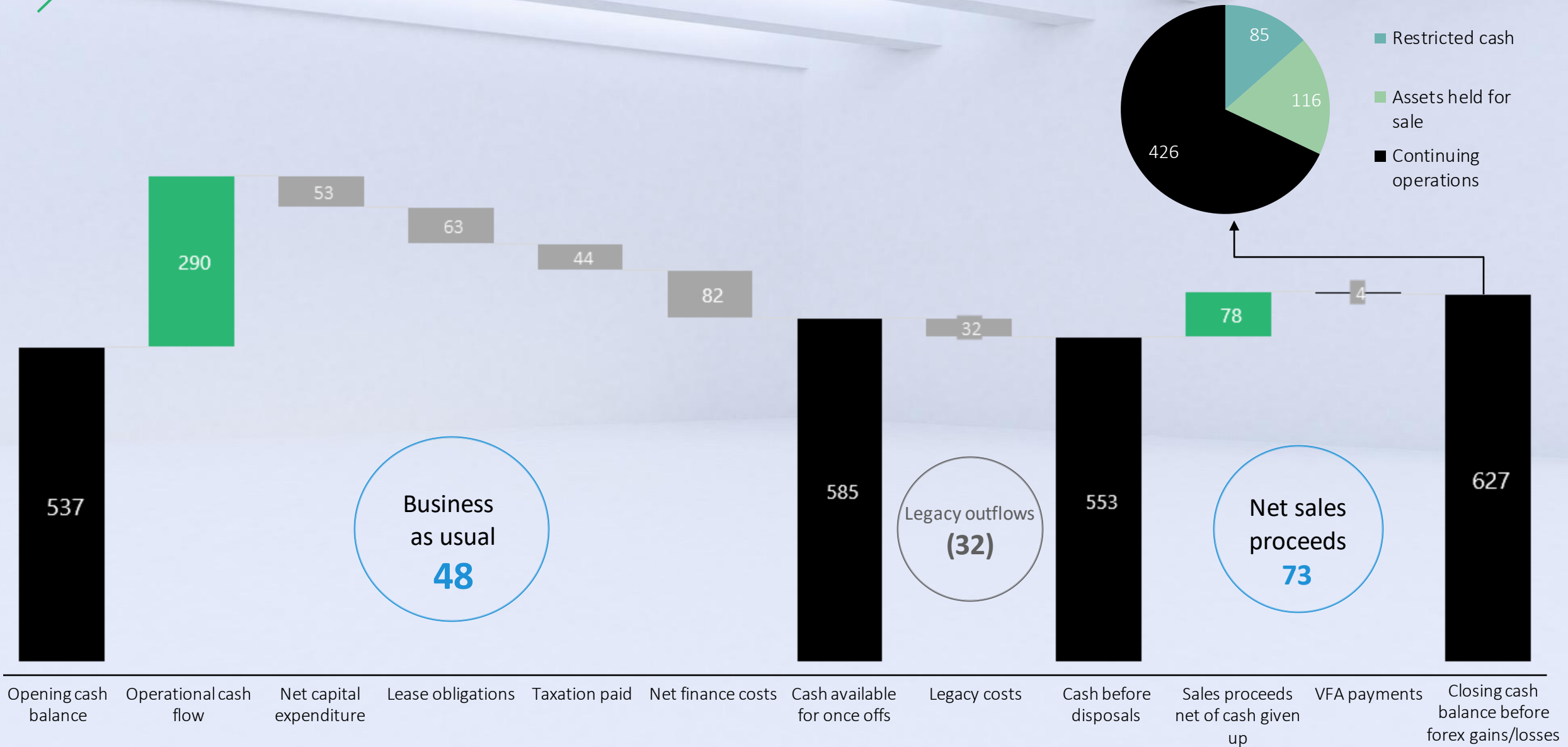


Net working capital includes held for sale

> Business risks under control



> Cash bridge Rm



Closing cash excludes R2.5m in exchanges losses incurred during the year

EOH

LOOKING FORWARD

Stephen van Coller | Chief Executive Officer



> Shift in Strategy

Focus shift from Turnaround to Growth

Turnaround complete



Credibility

- ✓ Investigation
- ✓ Prosecution
- ✓ Reputation rebuild



Liquidity

- ✓ Cost containment
- ✓ Deleverage



Transparency

- ✓ Demystify business model
- ✓ Unpack revenue drivers
- ✓ Build growth plan



- EBITDA R339m
- Operating Profit R167m
- Headline Earnings R69m

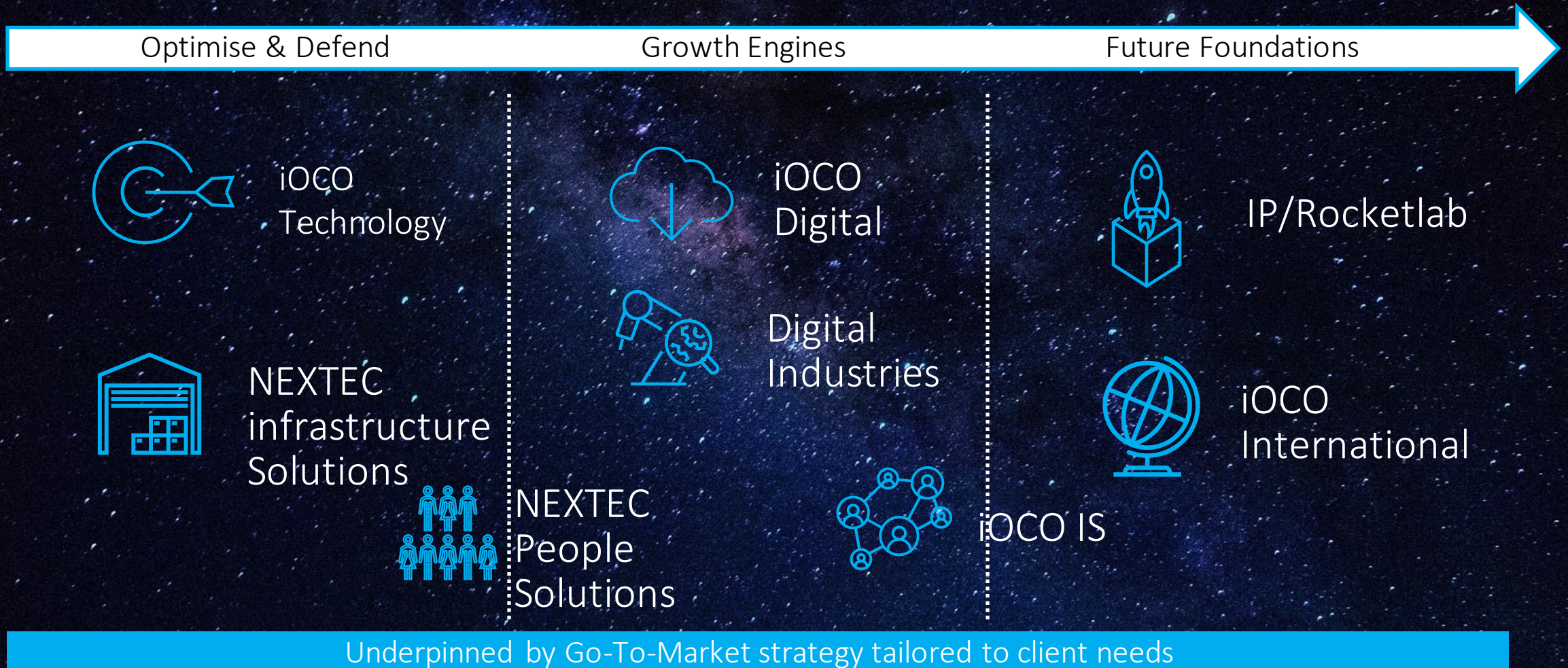


Transitioning to the Go-GET era...



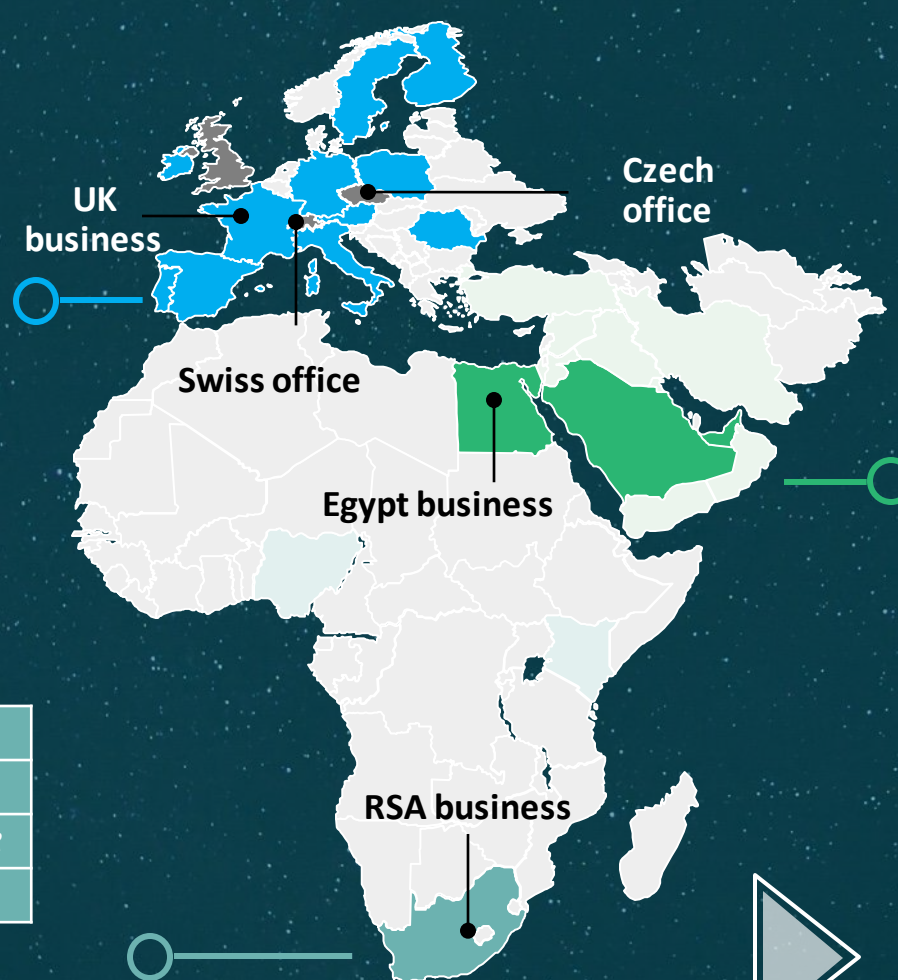
> Growth

How we view our strategy



> Growth Theme #1

Large, addressable international markets



UNITED KINGDOM

TAM ⁽¹⁾	c. R926bn
Clients ⁽²⁾	63
IT Market growth rate ⁽³⁾	8.6% FY2020-2025 CAGR (USD)

MIDDLE EAST

TAM ⁽¹⁾	c. R742bn
Clients ⁽²⁾	170
IT Market growth rate ⁽³⁾	8.2% FY2020-2022 CAGR (USD)

SOUTH AFRICA

TAM ⁽¹⁾	c. R116bn
Clients ⁽²⁾	4,200
IT Market growth rate ⁽⁴⁾	5.8% FY2020-2025 CAGR
EOH share ^(excl. NEXTEC)	5.5%

Potential 14x additional TAM from markets outside of South Africa

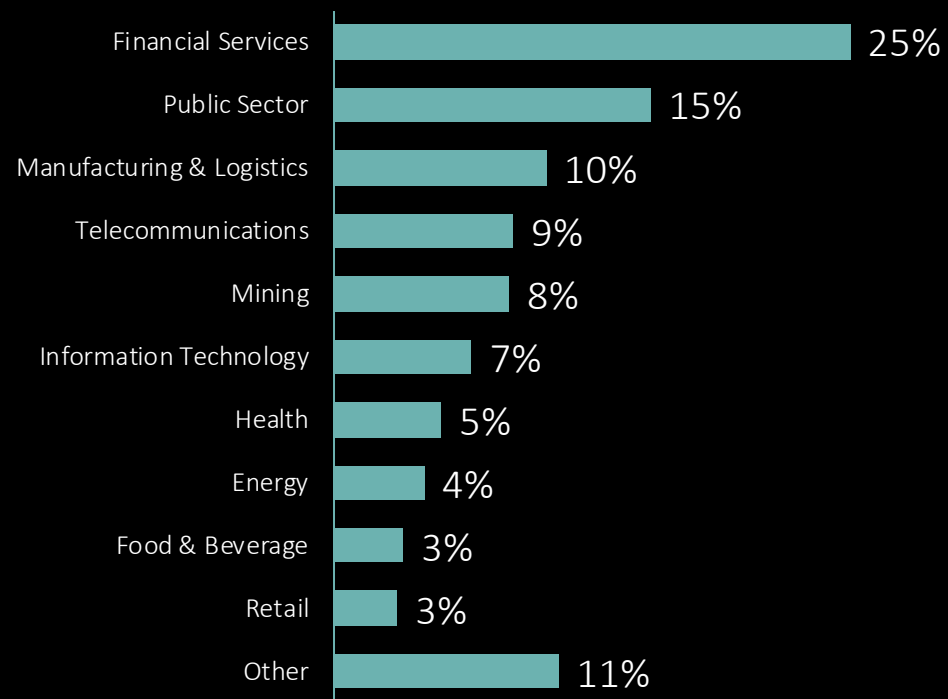
Notes: (1) Assumes a USD/ZAR exchange rate of 16.1279 and GBP/ZAR of 21.5286 as at 30-Nov-21. Estimate Middle East TAM of c.USD46bn and UK of c.GBP43bn (2) Client numbers exclude NEXTEC (3) statista Market Research (4) BMIT Research

> Growth Theme #2

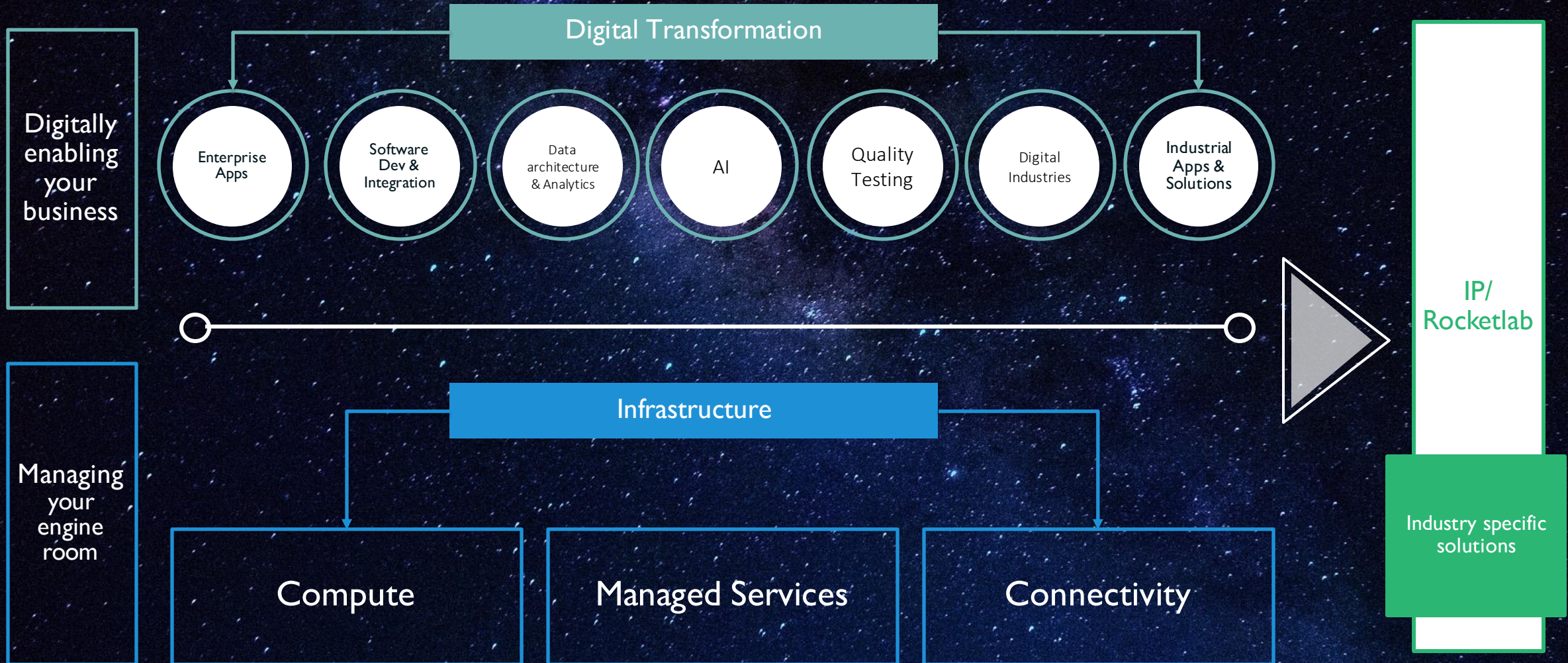
Well-diversified customer & OEM partner base



HY2022 revenue exposure by industry (%)

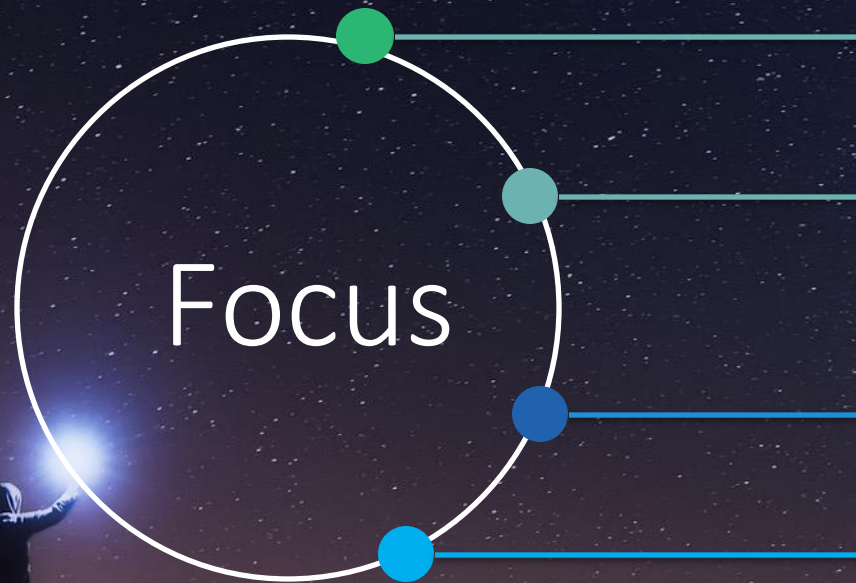


> Growth Theme #3 Our Client Value Proposition



> Efficiency

Our ability to navigate volatility is a critical advantage



Right Capital Structure



Shared Services digitization



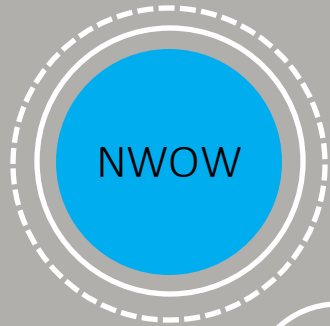
Simplification of business structure



Create leverage across finance resources

> Talent

Creating the optimal environment for our exceptionally talented team to succeed is core to our strategy



- .mvp – most valued people
- www – where we work
- .wow – ways of work
- .http – how to triple productivity



Robust reward and remuneration approach



- Talent, leadership, retention
- Reskilling & Upskilling
- Inclusion
- Wellness

> Impacting our communities

We remain relevant to RSA

4 066 Youth impacted through Life Skills Programs, Work readiness programs & ICT program



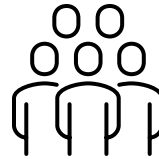
2021 Grade 12 results
53% of learners obtained 50%+ in Physical Science with 12 distinctions



Leadership skill development support to 137 unemployed youth



Community



Develop English literacy, Maths skills, Digital Literacy & Life Skills to under resourced communities



80 students supported by EOH financially to study for Bachelor of computing degree or a diploma in IT



Assistance to small businesses post July'21 riots



Support to Youth start-up businesses

GET to the Future



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EOH

Q&A

Follow-up questions to be sent to:
IR@eoh.com

