



Technology makes it possible  
People make it happen

# INTERIM RESULTS

For the six months ended 31 January 2021

14 April 2021



# > AGENDA

## 01

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### Strategic & Operational Overview

Stephen van Coller  
Group CEO

## 02

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### Financial Overview

Megan Pydigadu  
Group CFO

## 03

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### Looking Forward

Stephen van Coller  
Group CEO



# STRATEGIC & OPERATIONAL OVERVIEW

Stephen van Coller  
Group CEO

# CONTINUED IMPROVEMENT IN BUSINESS DESPITE COVID-19 DISRUPTION

## REVENUE

TOTAL Revenue **R4.4bn**

**R1.8bn** revenue decline

- **c.R1.3bn** attributable to disposals strategy & settlement of legacy contracts
- **c.R500m** due to economic environment

Focus on quality of earnings through disposals & exit of underperforming businesses

## PROFITABILITY

Operating Profit **R59m**  
**R974m** increase from H1'20

Core Normalised EBITDA **R363m**  
*(H2'20: R347m)*

**27.6%** GP margin  
*H1'20: 24.2%*  
*FY'20: 21.9%*

**8.3%** Normalised EBITDA margin  
*H1'20: 7.8%*  
*FY'20: 7.3%*

Margin improvement continues in spite of a constrained economic environment

## DELEVERAGING

TOTAL DEBT BALANCE **R2.0bn**

**R433m** paid towards senior debt in H1'21

**R58m** less interest paid as a result of reduced debt\*

Deleveraging remains a strategic priority for EOH

## LEGACY ISSUES

**R115m** decrease in financial asset impairments

**R585m** decreases in normalisation adjustments

**R93m** paid towards settling onerous contract provisions

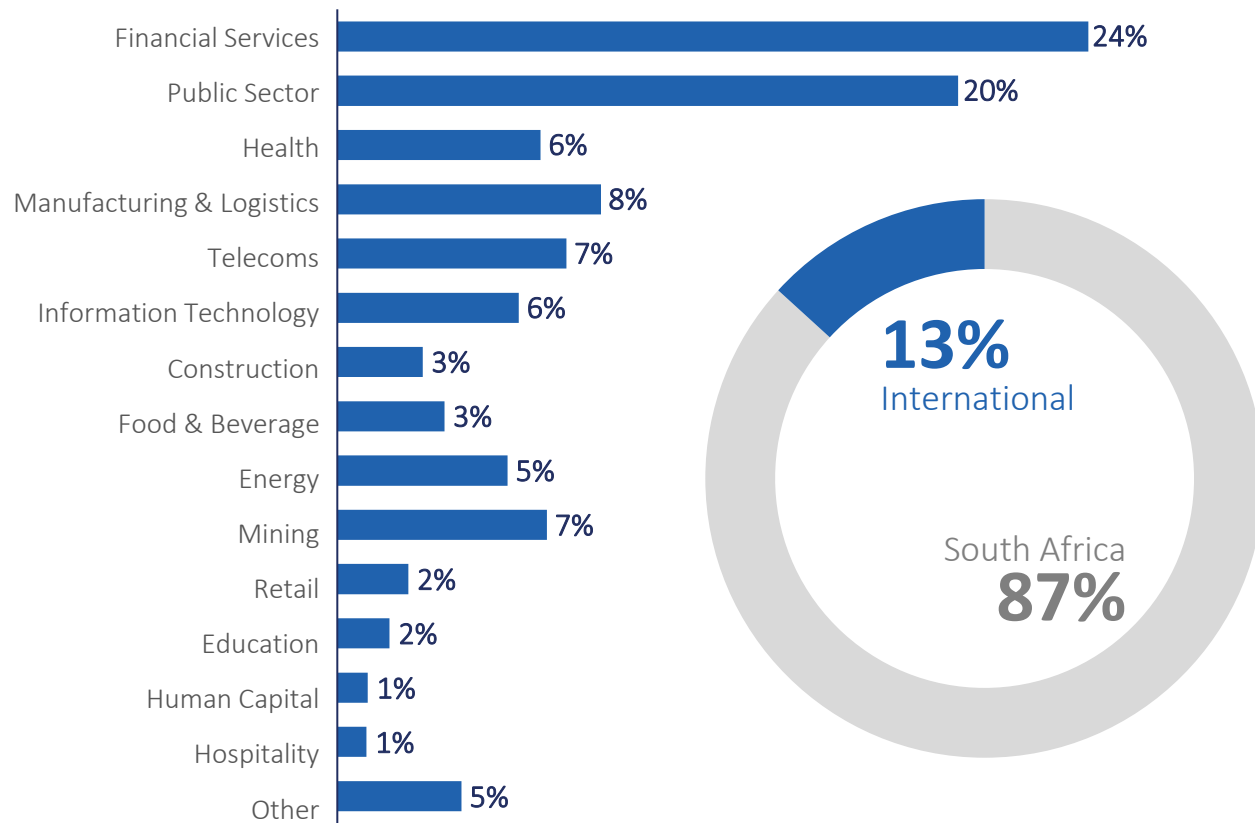
Sustained stability as progress made in closing out legacy issues

\*Total interest related to all interest-bearing debt

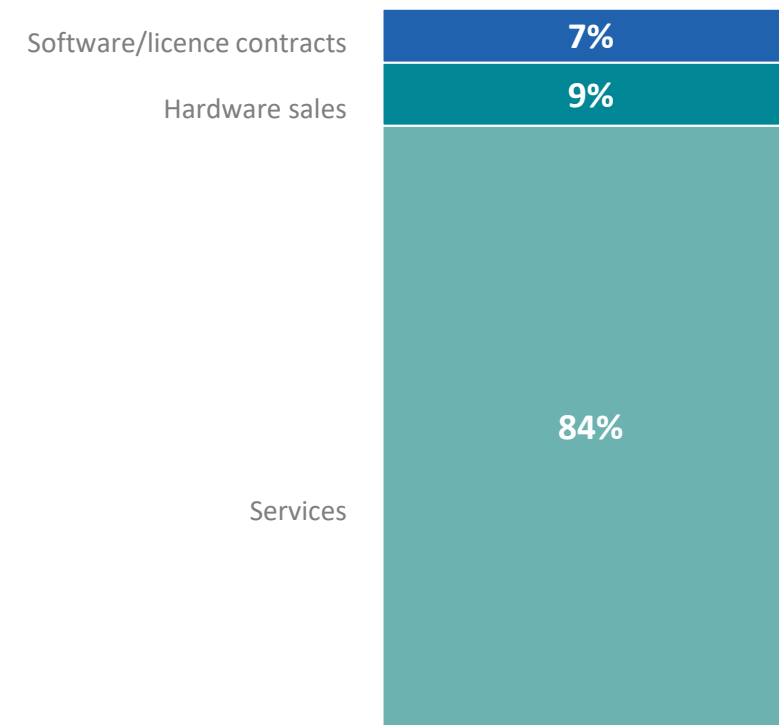
# RESILIENT BUSINESS MODEL

Multi-regional and multiple industry revenue sources

Revenue Exposure by Industry & Region



84% of Revenue from Services



# > HOW WE SERVE OUR CUSTOMERS

## iOCO

### iOCO Advisory



Product Agnostic  
Solutioning

### iOCO Technology



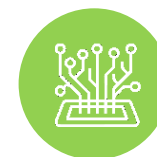
Software reseller  
Enterprise  
Applications  
Hardware Reseller

### iOCO Digital



App Dev  
Data Analysis  
Cloud & Security  
International  
Automation

### iOCO Services



Network Solutions  
Manage & Operate  
Digital Industries  
Knowledge Process  
Outsourcing



**2%**  
Total Revenue  
contribution



**17%**  
Total Revenue  
contribution



**15%**  
Total Revenue  
contribution



**28%**  
Total Revenue  
contribution

KEY TECH  
PARTNERS >



## SIGNIFICANT WINS

We remain at the forefront of Large Corporates and Public Sector in South Africa

### RECENT NOTABLE CONTRACTUAL WINS

Utility  
Demand Response  
Aggregation

**R170m**

PROJECT DURATION:  
**5 Years**

Major Telco  
Contact Centre  
Automation

**R204m**

PROJECT DURATION:  
**3 Years**

Utility  
Payroll Solution

**R110m**

PROJECT DURATION:  
**3 Years**

Public Sector  
IT Outsourcing

**R49m**

PROJECT DURATION:  
**3 Years**

Mine  
Critical communications  
technology

**R110m**

PROJECT DURATION:  
**2.5 Years**

Major Telco  
API Programme

**R50m**

PROJECT DURATION:  
**1 Year**

Major Insurer  
SDWAN Solution

**R25m\***

PROJECT DURATION:  
**3 Years**

Provincial  
Government  
AppDev Capacity

**R27m\***

PROJECT DURATION:  
**1 Year**

News &  
Entertainment  
Outsource

**R40m**

PROJECT DURATION:  
**3 Years**

Utility  
Predictive Analytics &  
Solutions

**R120m\***

PROJECT DURATION:  
**5 Years**

*\*Slide updated 16 April 2021 to reflect correct deal values*

# > HOW WE SERVE OUR CUSTOMERS

## NEXTEC

### Intelligent Infrastructure Solutions



Engineering design & consulting services

Distribution & logistics design

Environmental

Power & Water

Security & Building technology solutions

### People Outsourcing Solutions

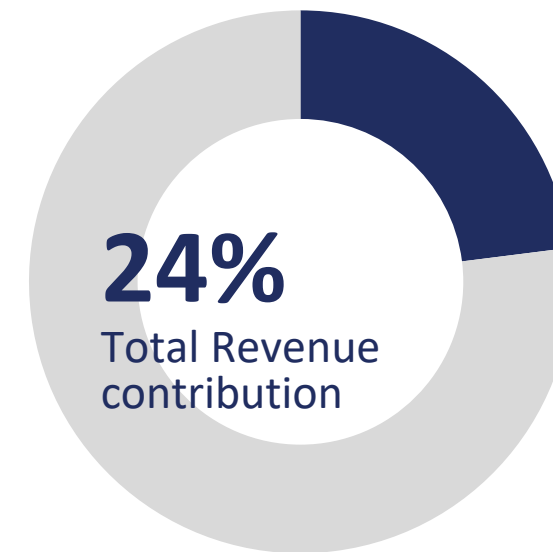


Recruitment & Headhunting

Supply & Management of skilled & semi-skilled personnel

Change Management

Training Education & Skills Assessment



KEY TECH PARTNERS >



GE Digital

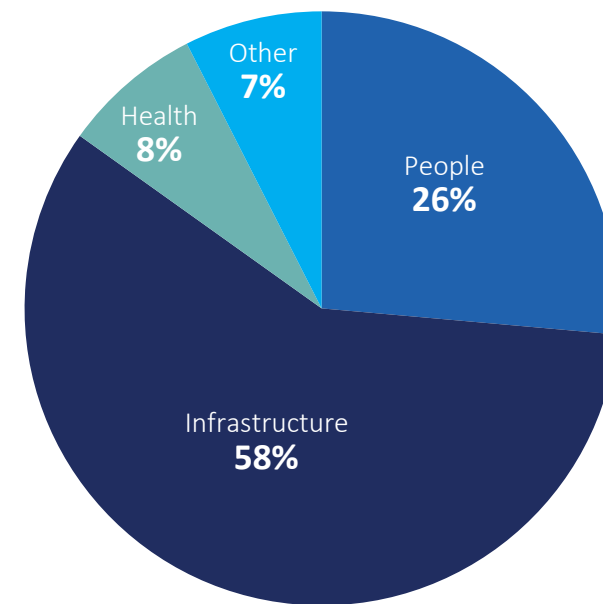
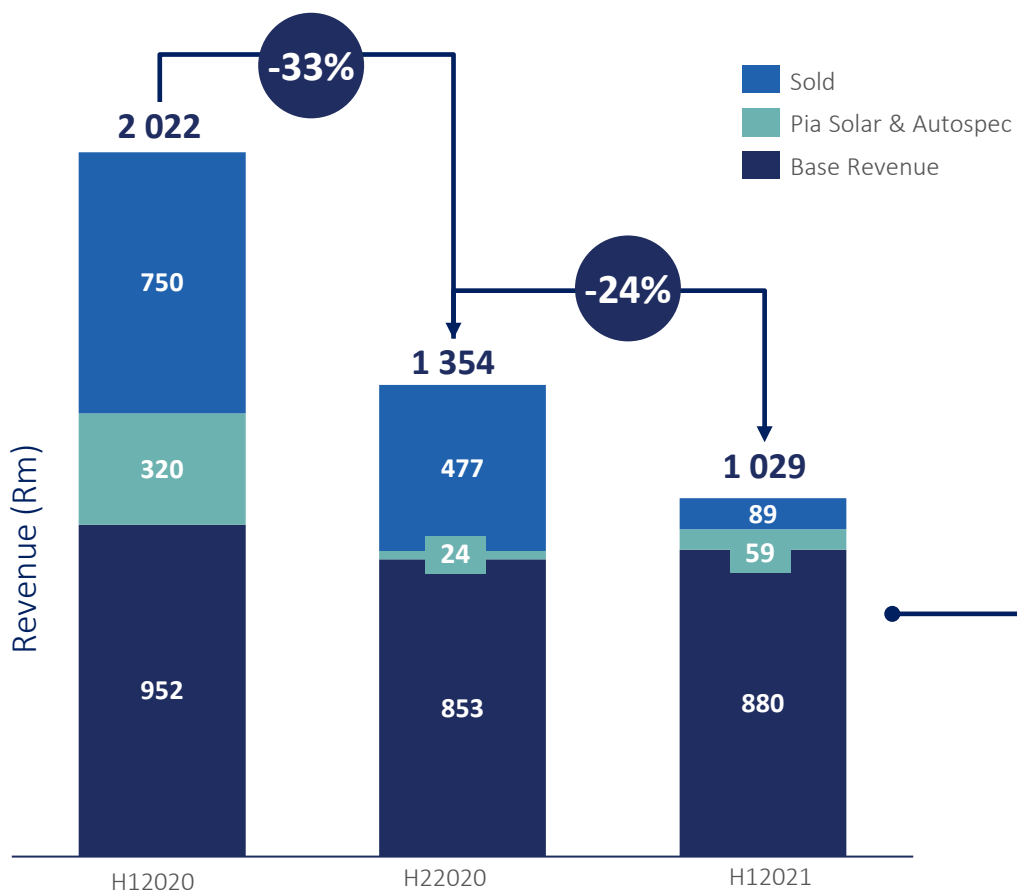
Sage VIP



# NEXTEC MAJORITY OF RISKY BUSINESSES EXITED

Learning & Development and Digital Infrastructure driving revenue growth

Significant revenue contribution from infrastructure projects

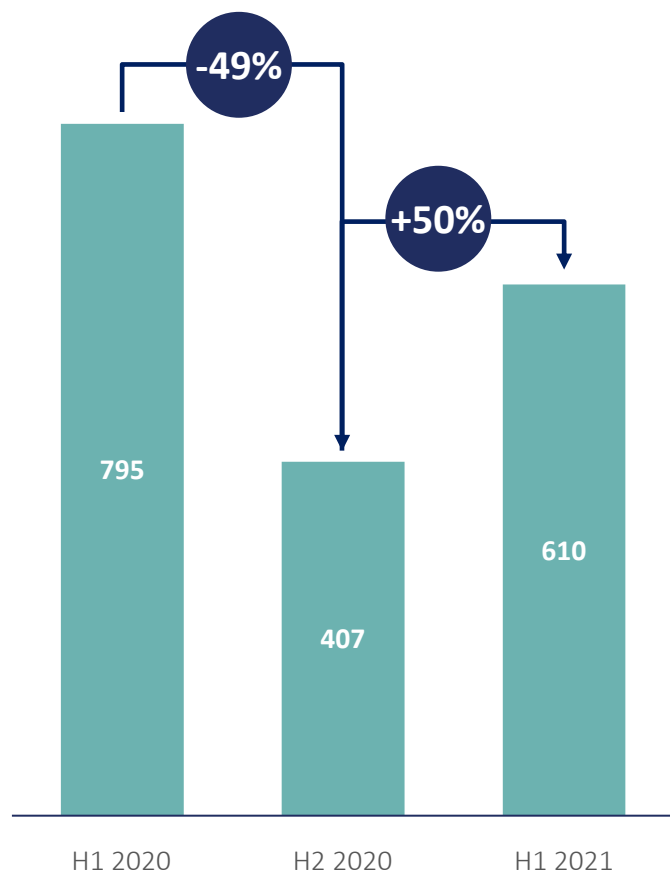




# DISPOSAL OF IP BUSINESSES ON TRACK

Remains a key focus for 2021 calendar year

Revenue (Rm)



Disposal concluded in November 2020

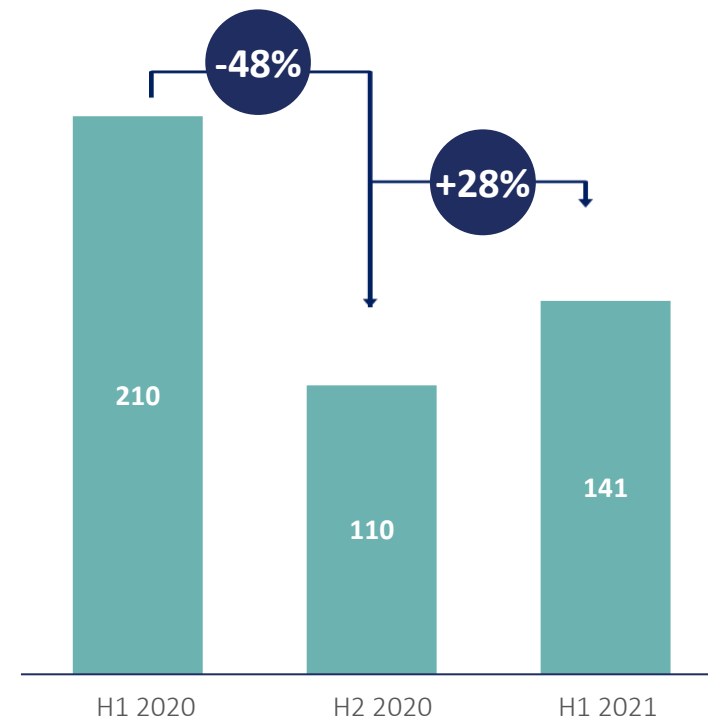


Advanced stages of negotiation



Due diligence underway

Normalised EBITDA (Rm)



## LEGACY CONTRACTS UPDATE



**5 contracts** settled

**1 contract** ending April  
2021 - natural termination

**1 contract** terminated  
(*payment arbitration*)

**1 contract** terminated  
(*handover negotiation in  
progress*)



Repayment settlement  
reached on **2 contracts**

Resolution on **remaining  
contract** in negotiation



Testimonies concluded  
in **November 2020**

Subsequent hearings  
to be delivered during  
**April 2021**

**Civil summonses**  
being served

The slide features a background image of several hands of different skin tones being stacked together in a pyramid shape, symbolizing teamwork and collaboration. The hands are wearing dark blue business suits. The text is overlaid on the left side of the image. There are also some white geometric shapes (triangles) overlaid on the right side of the image.

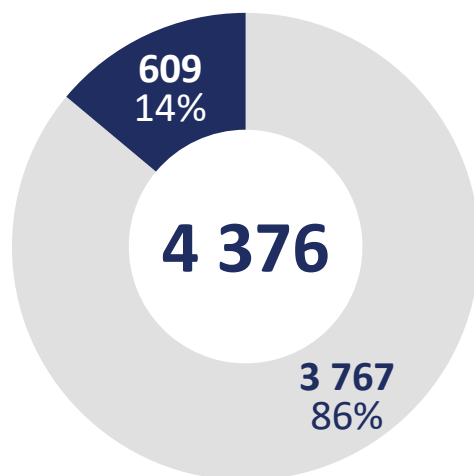
# FINANCIAL OVERVIEW

Megan Pydigadu  
Group CFO

## HIGHLIGHTS

### REVENUE Rm

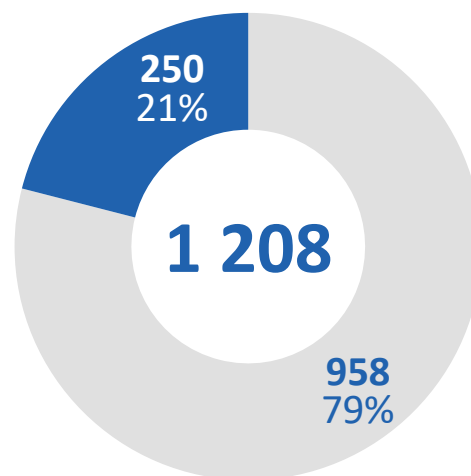
**29% decline** from H1 2020  
mainly due to disposals and exit of  
risky & underperforming businesses



■ Discontinuing  
■ Continuing

### GROSS PROFIT Rm

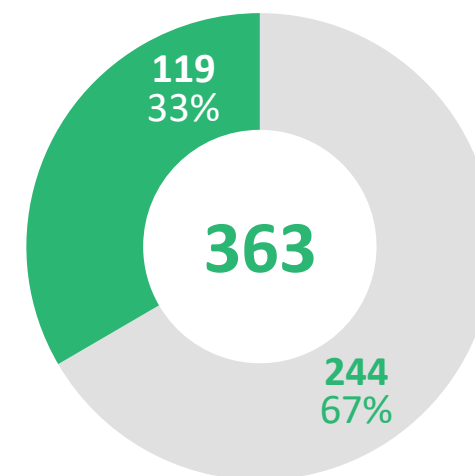
**GP Margin**  
Up **3.4%** to **27.6%** from **24.2%**



■ Discontinuing  
■ Continuing

### NORMALISED EBITDA Rm

**EBITDA Margin**  
Up **0.5%** to **8.3%** from **7.8%**  
**Medium term target > 10%**



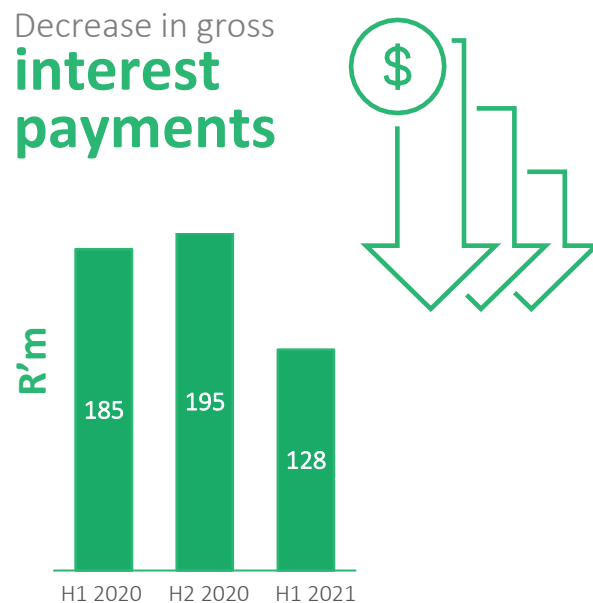
■ Discontinuing  
■ Continuing

# > NIMBLE ORGANISATION RESPONDING TO REVENUE PRESSURE

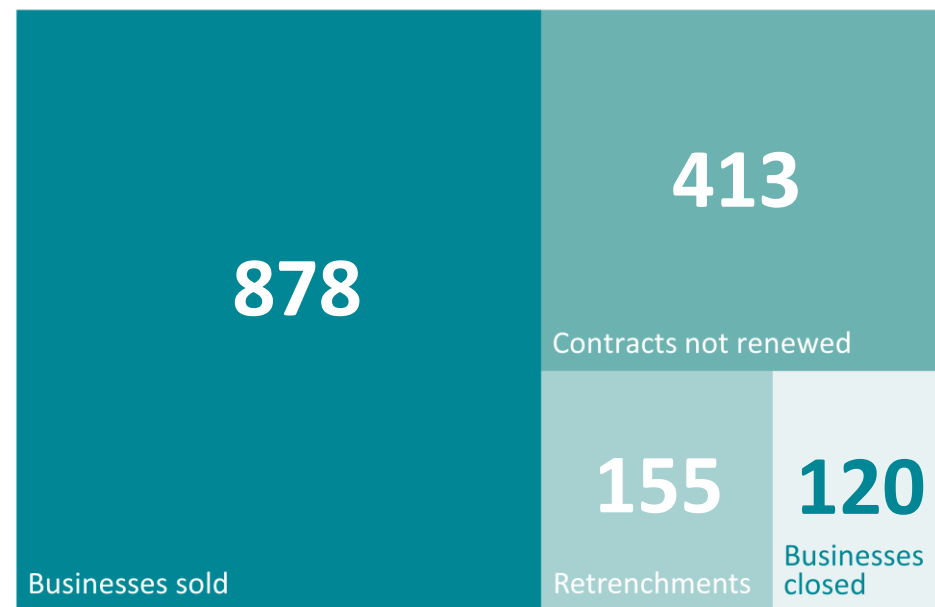


**R23m\*** annualized rental savings to be realised from renegotiations H1 2021

Additional **14 900sqm** being negotiated.



Reduction of **1 566<sup>#</sup>** employees as a result of:



# excluding new hires and resignations

\*Restated: Based on calendar year, not financial period.

# INCOME STATEMENT

Rm	HY2021	HY2021	HY2021	HY2020	HY2020	HY2020
	Unaudited	Continuing	Discontinued	Unaudited Restated	Continuing	Discontinued
Revenue	4 376	3 767	609	6 194	4 650	1 545
Gross Profit	1 208	958	250	1 498	999	499
Net financial asset impairment losses	(89)	(83)	(6)	(204)	(209)	5
Operating expenses	(1 060)	(867)	(193)	(2 209)	(1 548)	(661)
<b>Operating (loss)/ profit</b>	<b>59</b>	<b>8</b>	<b>51</b>	<b>(915)</b>	<b>(758)</b>	<b>(157)</b>
Net finance costs	(165)	(139)	(26)	(204)	(200)	(4)
Other Income	9	7	2	24	14	10
Share of equity-accounted loss	2	2	-	5	5	0
Taxation	(84)	(51)	(33)	2	42	(40)
<b>Loss for the period</b>	<b>(179)</b>	<b>(173)</b>	<b>(6)</b>	<b>(1 088)</b>	<b>(897)</b>	<b>(191)</b>
Gross margin	28%	25%	41%	24%	21%	32%
Operating margin	1%	0%	8%	(15%)	(16%)	(10%)
HEPS – Continuing (cents)	(101)	(117)		(391)	(350)	

**R115m**

reduction in financial asset impairments

**>R1bn**

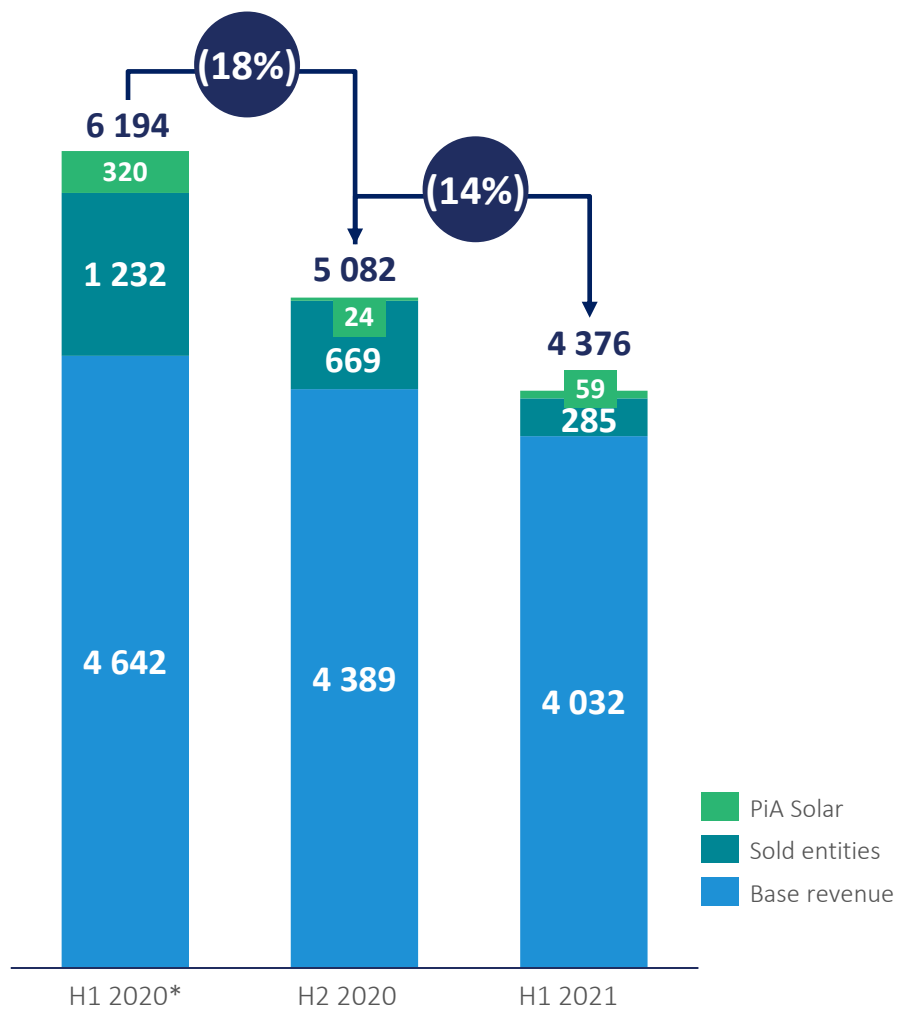
reduction in opex

**R39m**

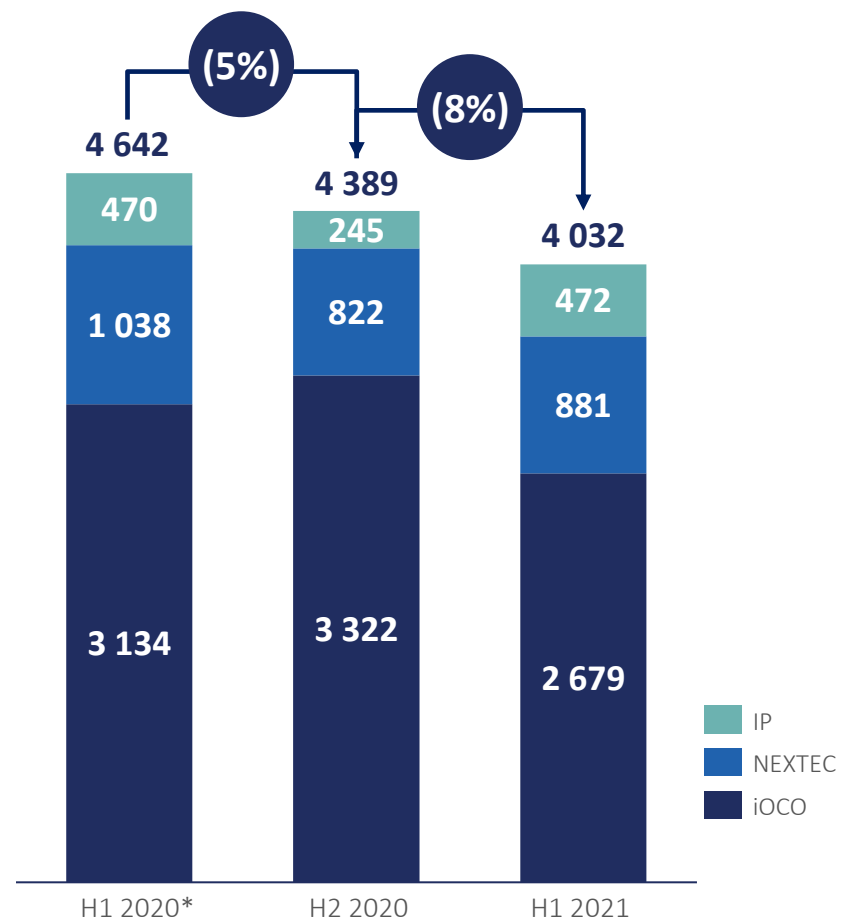
decrease in interest costs

# REVENUE

TOTAL REVENUE Rm



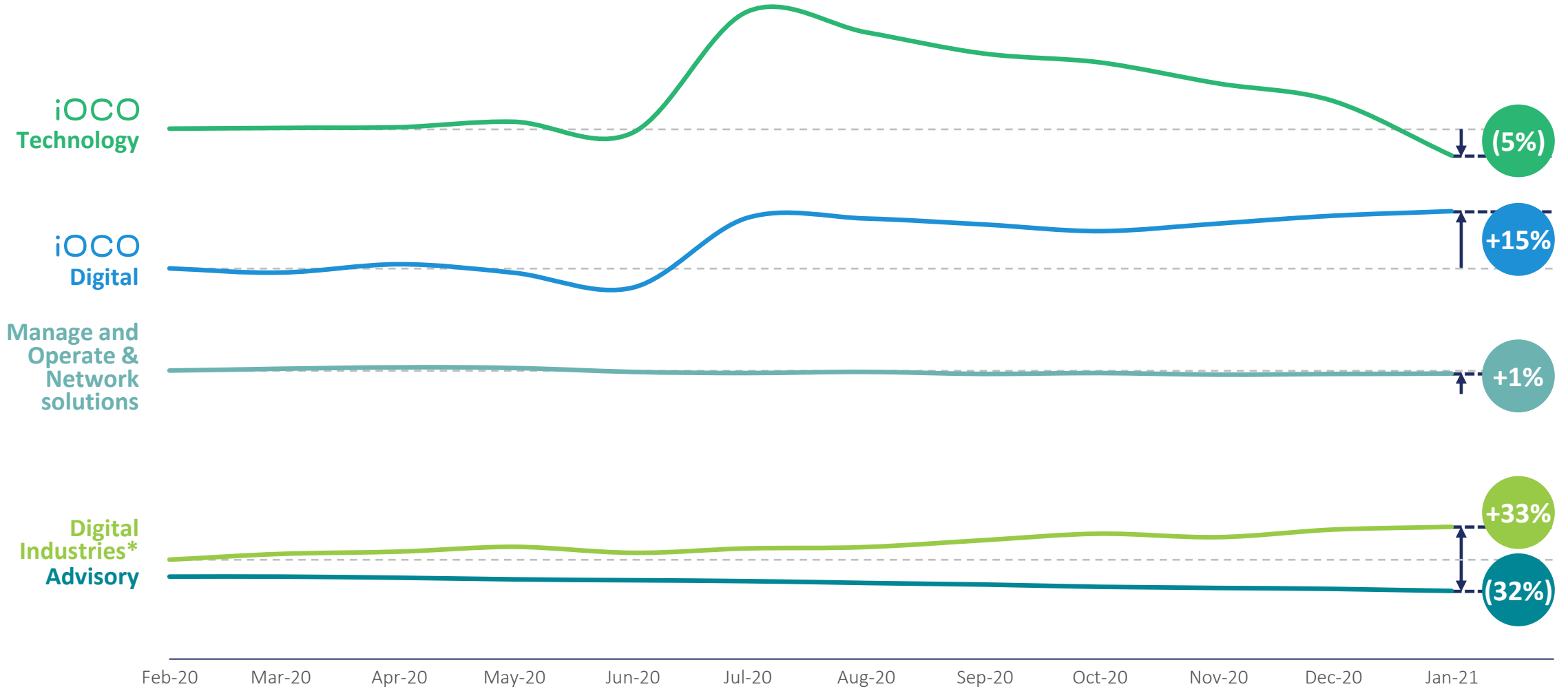
BASE REVENUE Rm



\*Restated



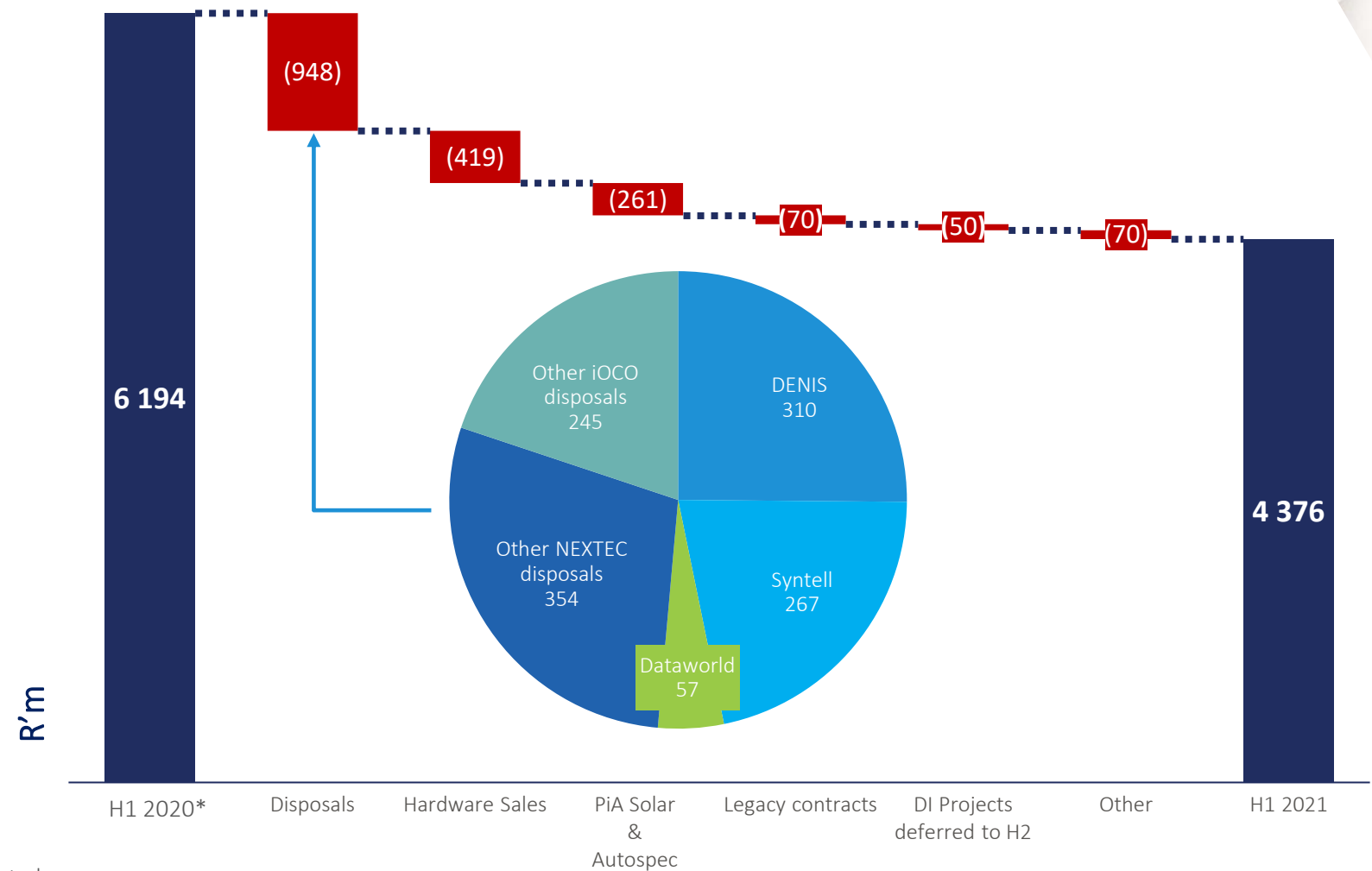
# > iOCO AVERAGE TTM REVENUE



\*Digital Industries excludes Nextec Advisory

# ANALYSIS OF REVENUE

Hardware sales negatively affected by COVID-19, with positive growth in Cloud revenue as a result

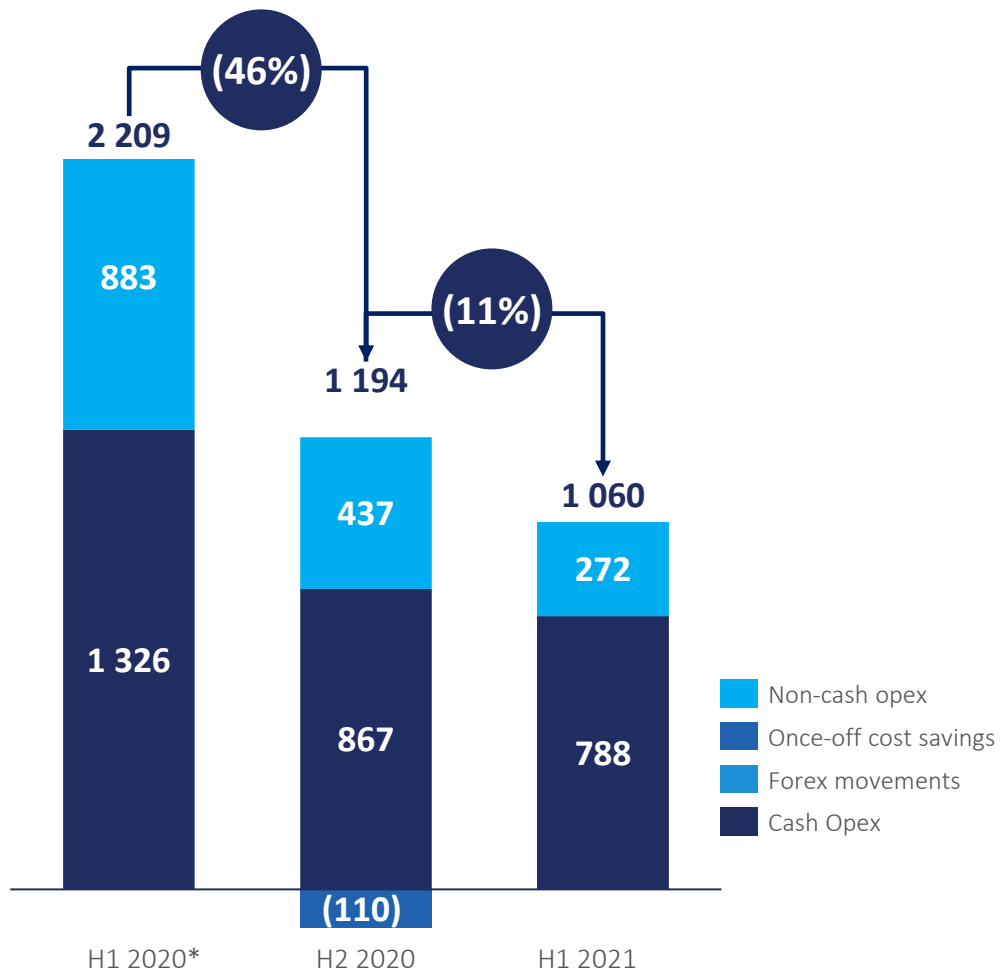


\*Restated

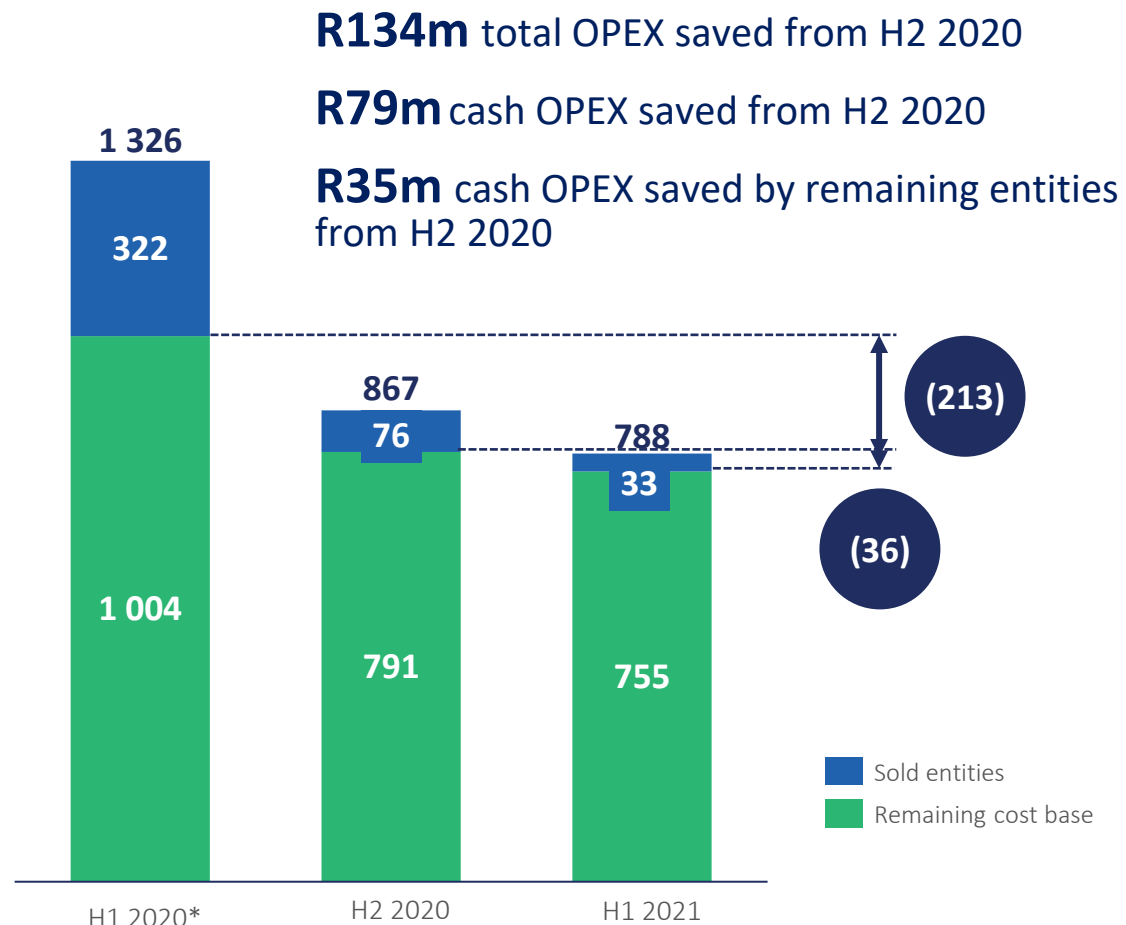


# ADAPTABLE COST BASE

TOTAL OPEX Rm



CASH OPEX Rm

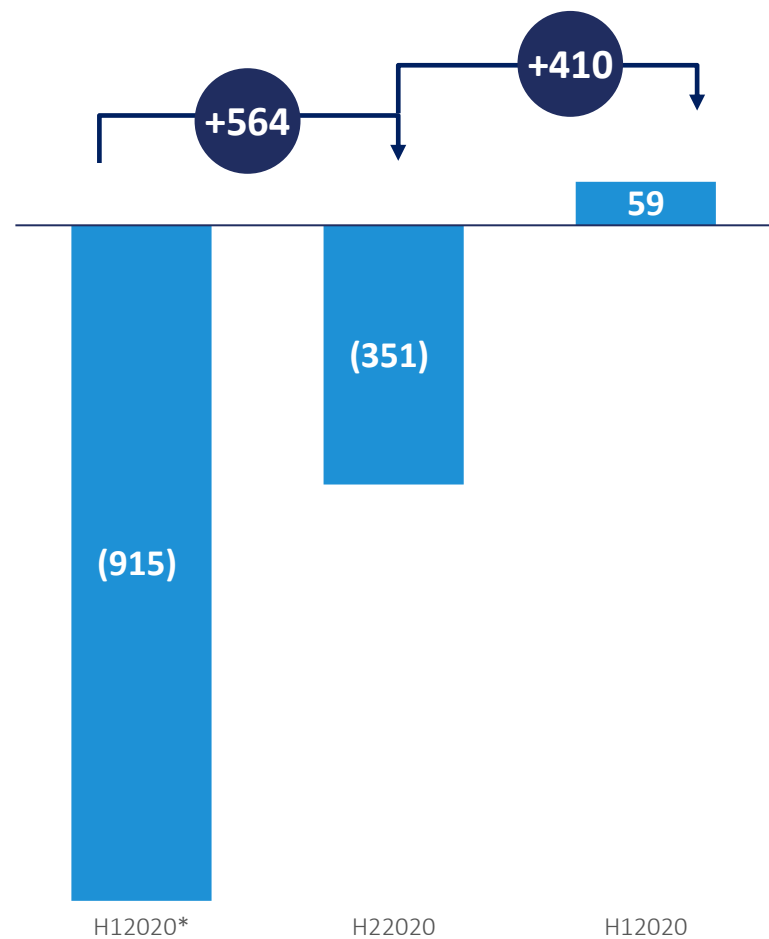


\*Restated

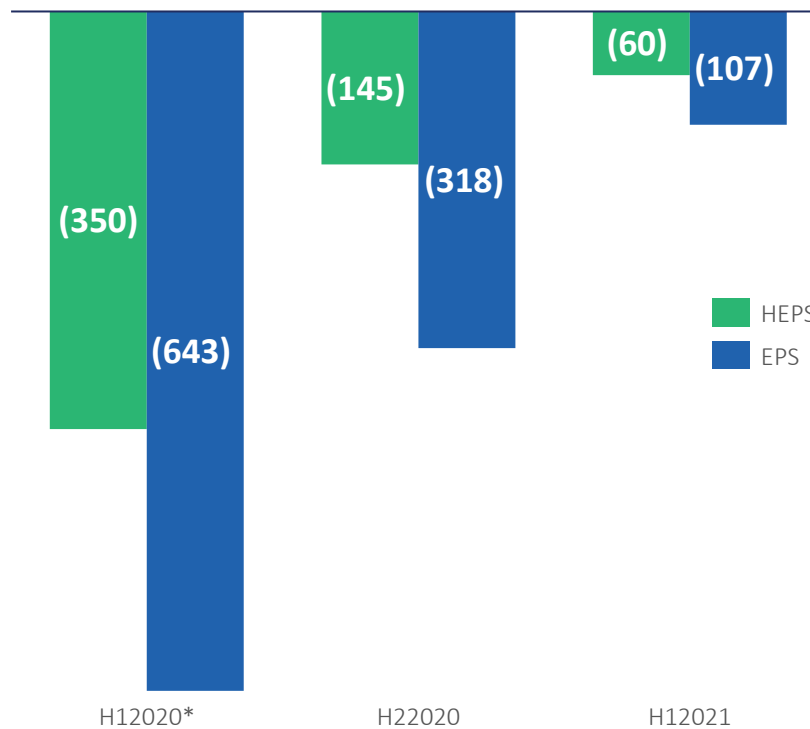
Note: Opex includes continuing and discontinued operations

# IMPROVING EARNINGS

OPERATING PROFIT/ (LOSS) Rm

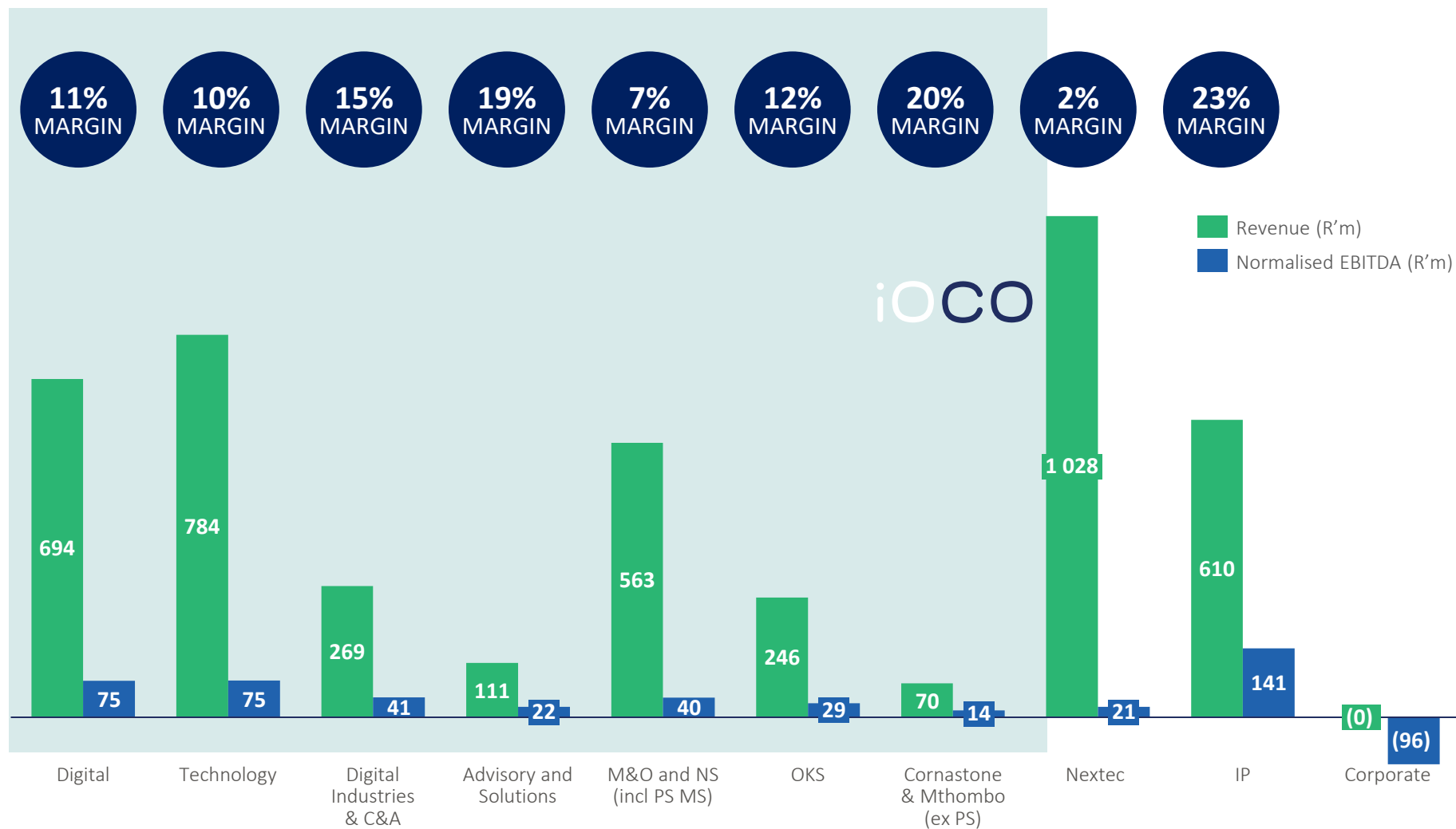


LOSS PER SHARE cents



\*Restated

# REVENUE & EBITDA



## NORMALISED EBITDA

Normalisation adjustments down 76% from H2 2020 and 95% from H1 2020

Rm	H1 2020	H2 2020	H1 2021
<b>Operating loss presented in FY 2020</b>	<b>(990)</b>	<b>(276)</b>	
Highveld adjustment*	75	(75)	
<b>Operating Profit/ (Loss)</b>	<b>(915)</b>	<b>(351)</b>	<b>59</b>
<b>EBITDA Adjustments</b>	<b>776</b>	<b>561</b>	<b>270</b>
Depreciation & amortisation	250	248	155
Impairment losses	279	243	72
Other	247	70	43
<b>EBITDA</b>	<b>(139)</b>	<b>210</b>	<b>329</b>
<b>Normalisation adjustments</b>	<b>619</b>	<b>137</b>	<b>34</b>
<b>Normalised EBITDA</b>	<b>480</b>	<b>347</b>	<b>363</b>
<b>Normalised EBITDA margin</b>	<b>7.8%</b>	<b>6.8%</b>	<b>8.3%</b>

\*Adjustment posted in incorrect period

## NORMALISATION ADJUSTMENTS

Rm	H1 2020	H2 2020	H1 2021
Specific IFRS9 impairments and provisions	149	-	46
IFRS15 adjustments	7	-	-
Advisory and other	90	9	14
Impairment of inventory	14	6	-
Retrenchment and settlement costs	39	11	4
Onerous contracts and other provisions	49	(10)	(62)
Cost savings in 2020	-	(105)	-
Non-core businesses	271	226	32
<b>Total normalisation adjustments</b>	<b>619</b>	<b>137</b>	<b>34</b>

# BALANCE SHEET





# BALANCE SHEET

## Assets

R'000	Unaudited 31 January 2021		Audited 31 July 2020	
	Total	Continuing	Total	Continuing
<b>Non-current Assets</b>				
Property plant equipment and right-of-use assets	475 058	431 185	789 664	544 846
Intangible assets	384 679	44 348	458 288	112 967
Goodwill	1 328 609	820 932	1 520 818	916 743
Equity-accounted investments	14 220	8 241	17 689	6 689
Other financial assets	5 650	5 607	60 881	60 881
Deferred taxation	97 587	86 995	232 103	200 972
Finance lease receivables	38 326	38 326	55 120	55 120
	<b>2 344 129</b>	<b>1 435 634</b>	<b>3 134 563</b>	<b>1 898 218</b>
<b>Current Assets</b>				
Inventory	120 394	119 491	137 030	113 754
Other financial assets	177 252	177 252	155 980	137 109
Finance lease receivables	53 705	53 705	69 396	67 720
Current taxation receivable	39 018	36 346	73 655	53 940
Trade and other receivables	2 329 110	2 161 233	2 640 316	2 116 576
Cash and cash equivalents	696 029	588 073	974 580	645 837
	<b>3 415 508</b>	<b>3 136 100</b>	<b>4 050 957</b>	<b>3 134 936</b>
<b>Assets held for sale</b>		<b>1 187 903</b>		<b>2 152 366</b>
<b>Total Assets</b>	<b>5 759 637</b>	<b>5 759 637</b>	<b>7 185 520</b>	<b>7 185 520</b>

**R182m**  
decline as a  
result of sold  
businesses

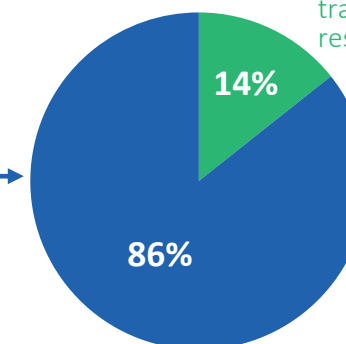
**R361m**  
in receivables  
gone with sold  
businesses

# BALANCE SHEET

## Equity & Liabilities

R'000	Unaudited 31 January 2021		Audited 31 July 2020	
	Total	Continuing	Total	Continuing
<b>Equity</b>				
Stated capital	4 250 360	4 250 360	4 250 219	4 250 219
Shares to be issued to vendors	393	393	15 300	15 300
Other reserves	600 388	600 388	924 862	924 862
Retained earnings	(4 526 246)	(4 526 246)	(4 680 506)	(4 680 506)
Equity attributable to the owners of EOH Holdings Limited	324 895	324 895	509 875	509 875
Non-controlling interest	20 073	20 073	29 624	29 624
	<b>344 968</b>	<b>344 968</b>	<b>539 499</b>	<b>539 499</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Other financial liabilities	116 540	110 430	5 674	5 674
Lease liabilities	103 991	95 176	171 699	171 699
Deferred taxation	36 394	17 782	142 774	111 291
	<b>256 925</b>	<b>223 388</b>	<b>320 147</b>	<b>288 664</b>
<b>Current liabilities</b>				
Other financial liabilities	2 100 378	2 097 950	2 662 291	2 632 775
Current taxation payable	37 397	32 484	87 036	49 329
Lease liabilities	125 498	111 991	189 266	104 723
Trade and other payables	1 729 538	1 651 913	2 253 889	1 603 046
Deferred income	292 990	197 630	348 014	348 014
Provisions	490 947	437 238	670 125	670 125
Bank overdraft	380 996	380 996	115 253	115 253
	<b>5 157 744</b>	<b>4 910 202</b>	<b>6 325 874</b>	<b>5 523 265</b>
<b>Liabilities held for sale</b>		<b>281 079</b>		<b>834 092</b>
<b>Total Liabilities</b>	<b>5 414 669</b>	<b>5 414 669</b>	<b>6 646 021</b>	<b>6 646 021</b>
<b>Total equity and liabilities</b>	<b>5 759 637</b>	<b>5 759 637</b>	<b>7 185 520</b>	<b>7 185 520</b>

OTHER RESERVES  
H1 2021  
BALANCE:

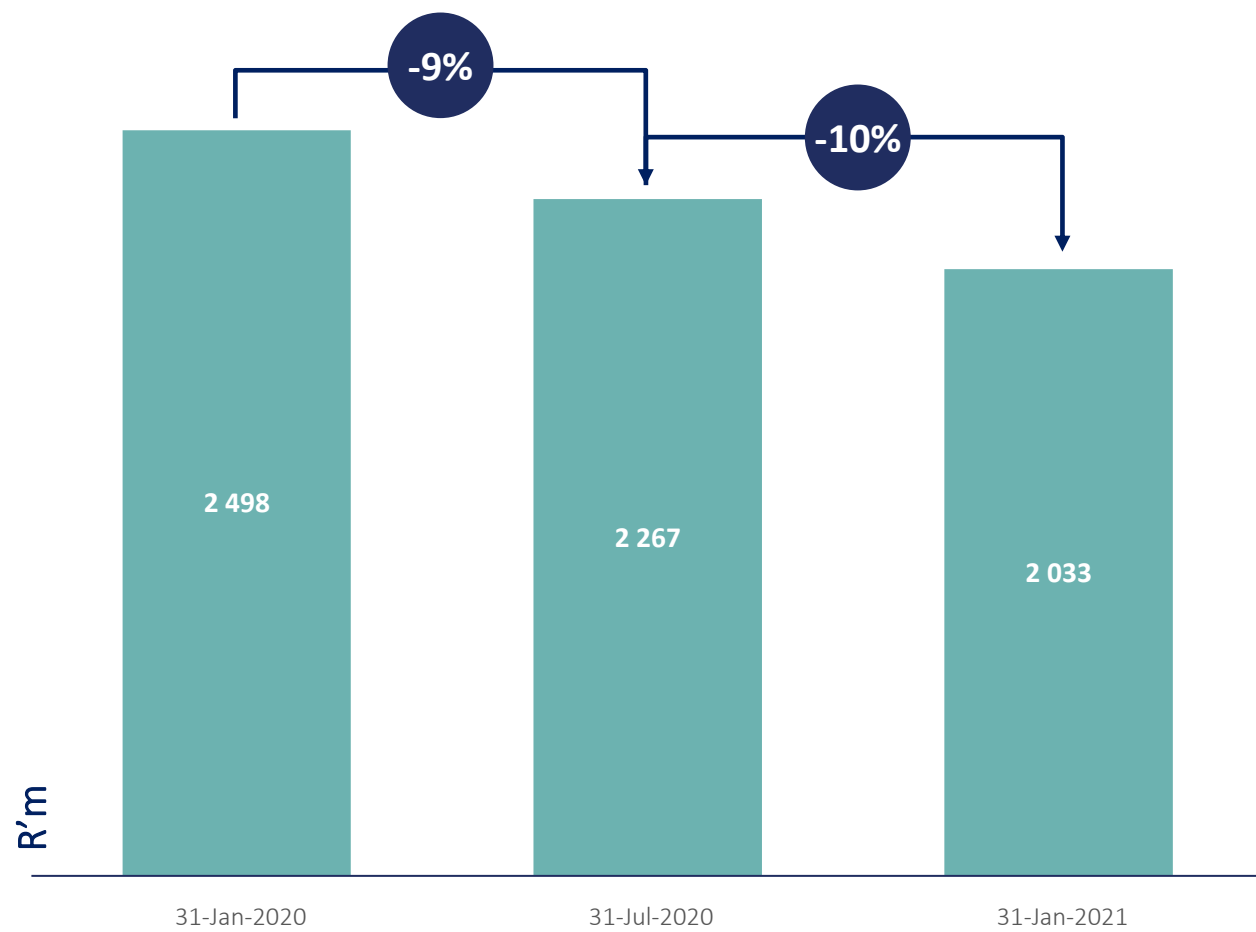


Foreign currency translation reserve

Share-based payment reserve



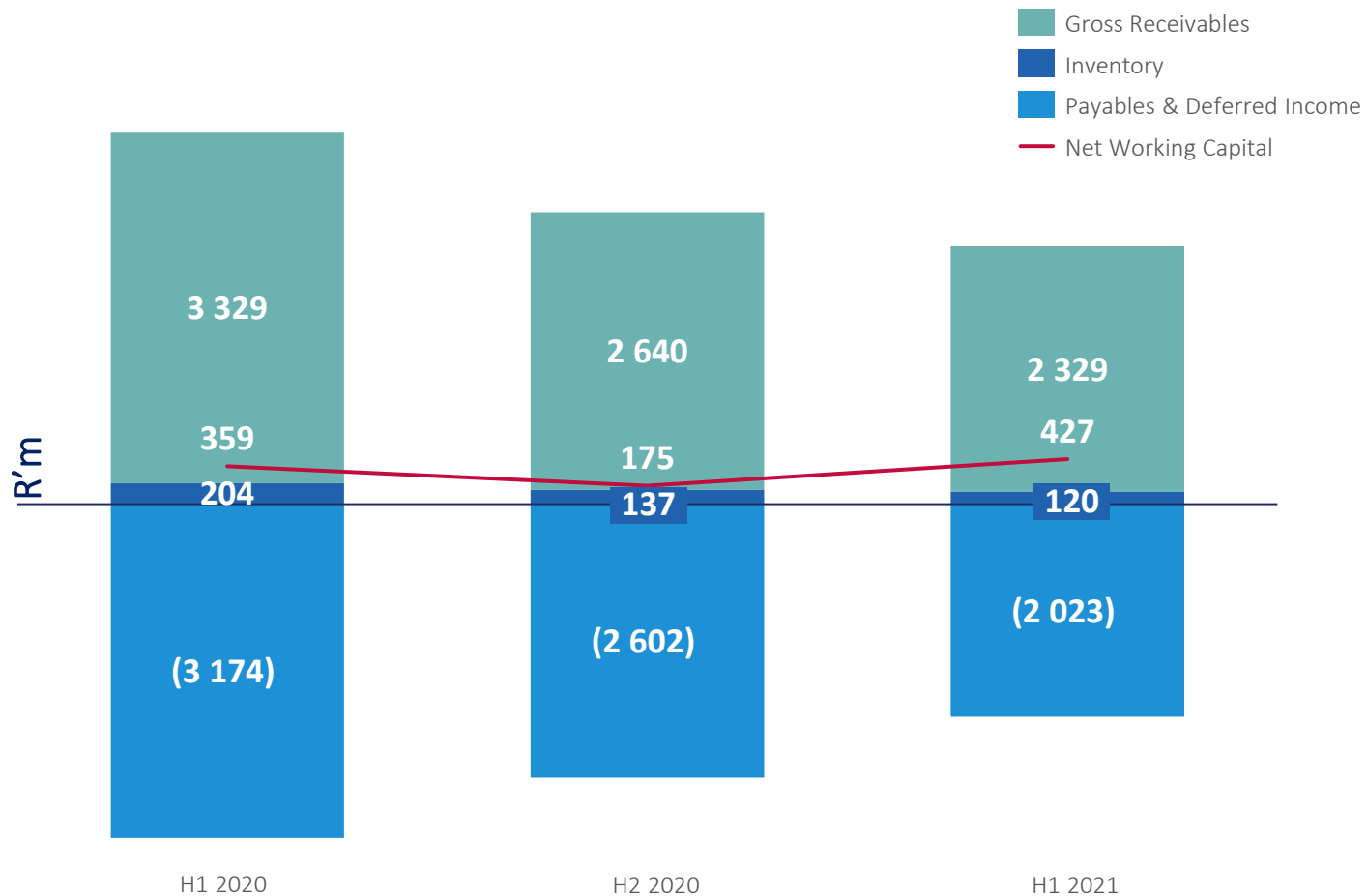
## DEBT STEADILY COMING DOWN



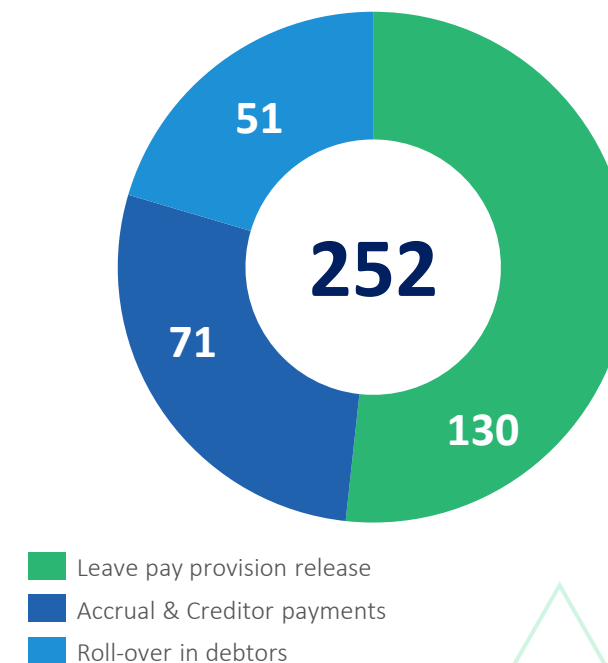
Balances only include Interest-bearing bank loans secured through security SPV

# WORKING CAPITAL MANAGEMENT

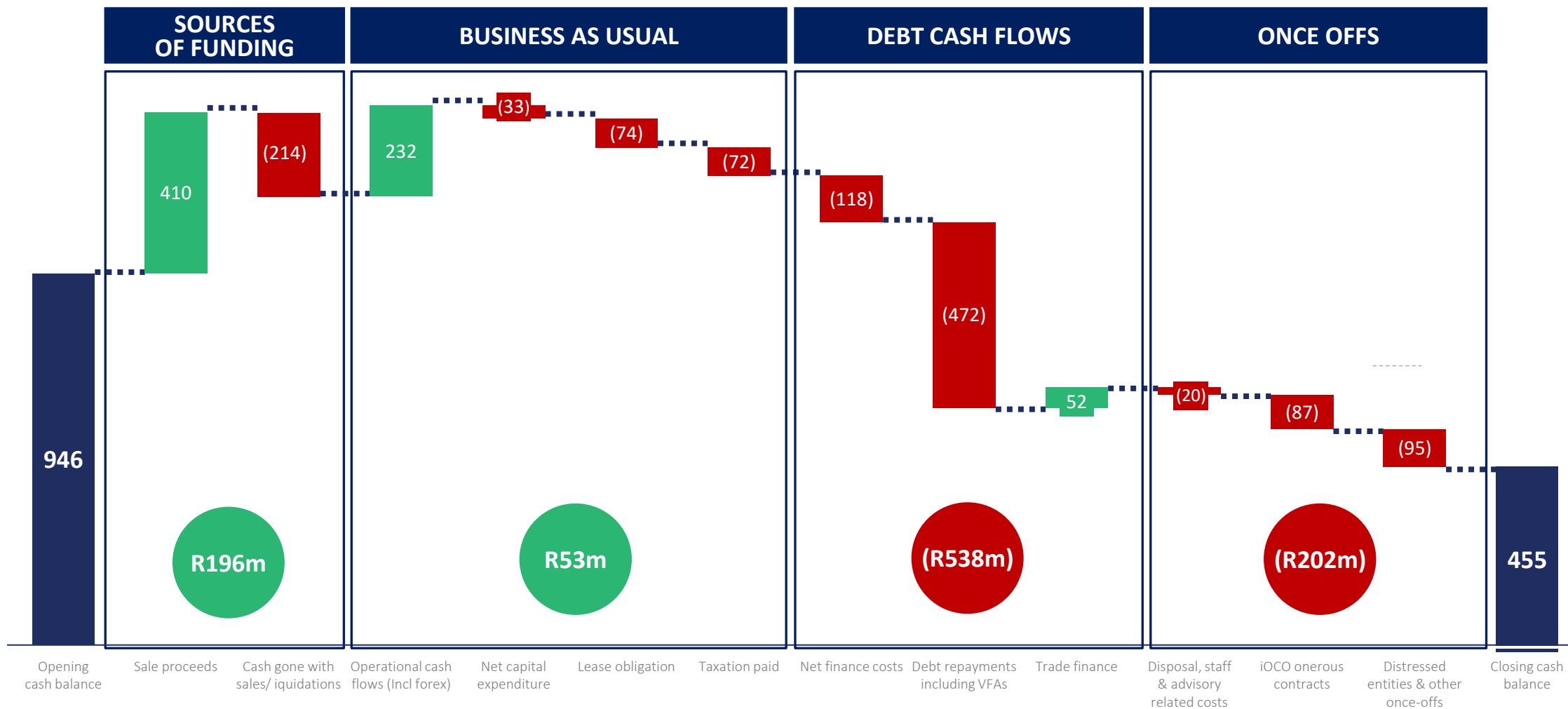
Working capital key focus in a tough environment



H2 2020 to H1 2021 movement in Net working capital Rm



# H1 2021 CASH FLOW BRIDGE



> **2021 PRIORITIES**



**QUALITY EARNINGS**



**OPTIMISED CAPITAL STRUCTURE**



**WORKING CAPITAL FOCUS IN TOUGH ENVIRONMENT**



**Foundation built on People & Financial Discipline**

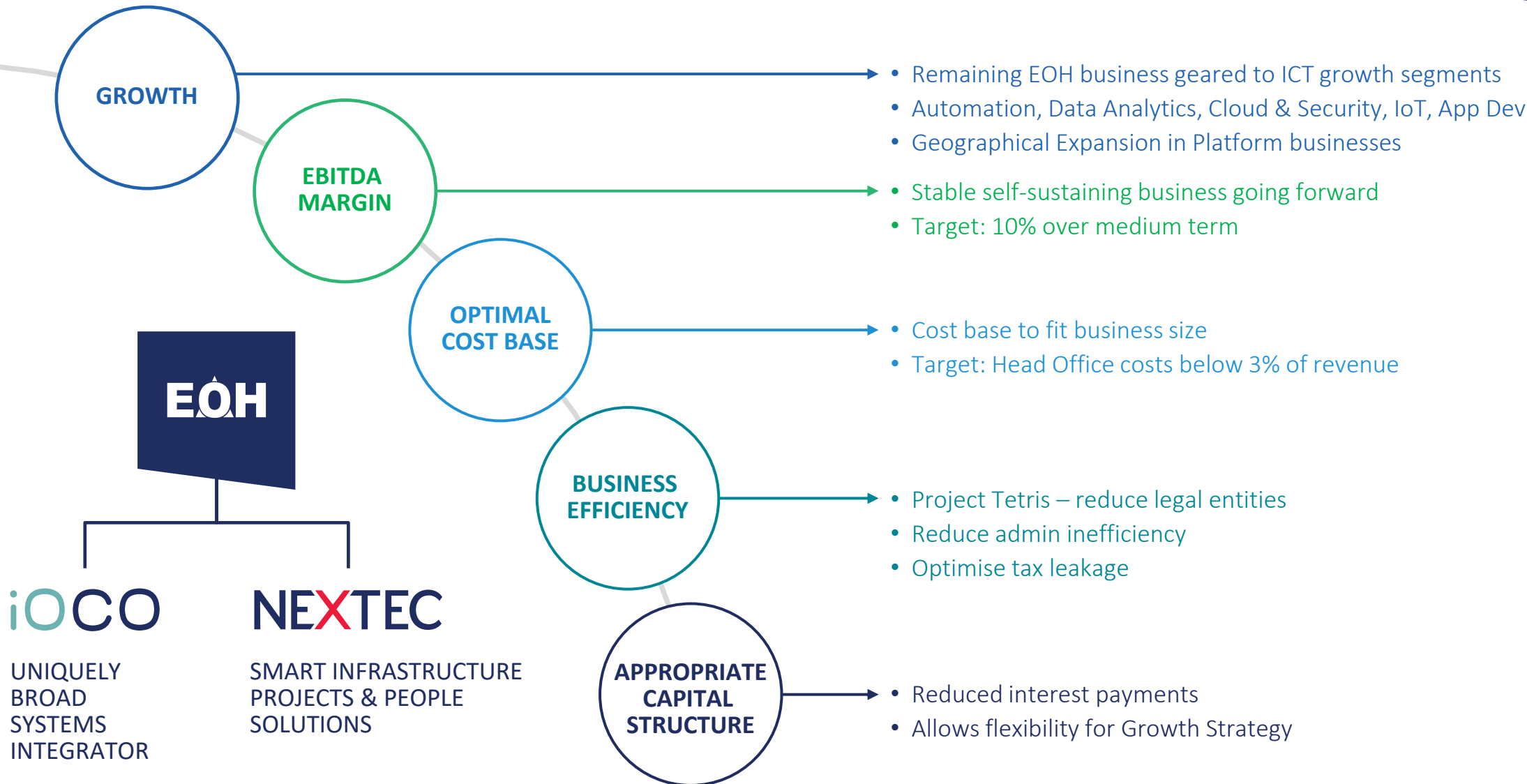


The background of the image shows a group of four business professionals in an office setting. On the left, a man in a light blue shirt and dark tie is high-fiving a woman in a white blouse who is holding a coffee cup. To her right, another woman in a striped blouse and glasses is smiling and holding a folder. The scene is lit with soft, natural light, and the background features a dark stone wall and a wooden wall.

# LOOKING FORWARD

Stephen van Coller  
Group CEO

# > EOH POST-IP DISPOSALS





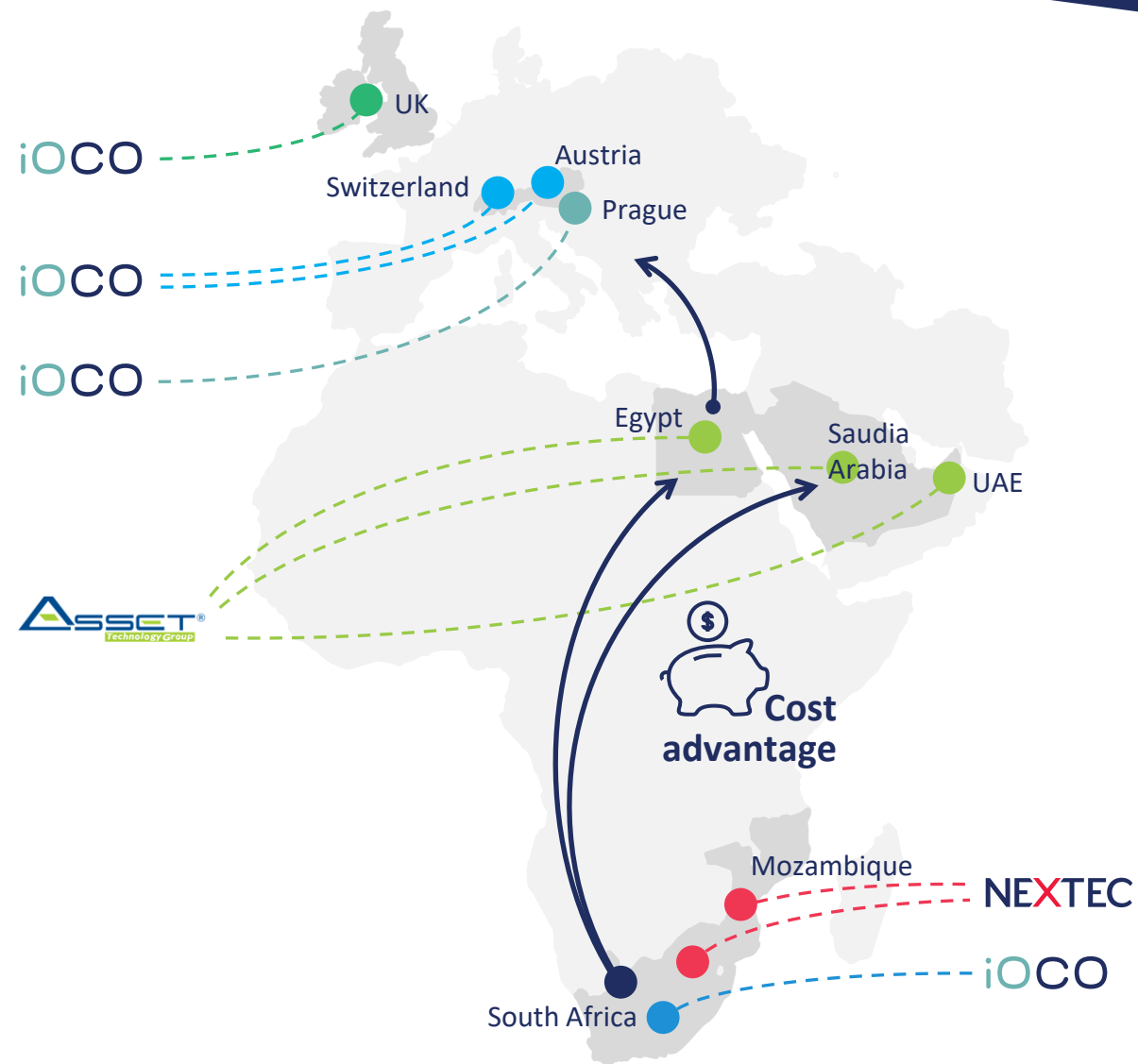
# GROWING OUR INTERNATIONAL FOOTPRINT

## STRATEGY PILLARS

Build a sustainable business and presence in-country

Be an enabler for SA business in taking services and products into Global market

**CONSOLIDATION OF UK & EUROPE AND MIDDLE EAST**



# CONTINUED IMPROVEMENT IN BUSINESS DESPITE COVID-19 DISRUPTION

## REVENUE

TOTAL Revenue **R4.4bn**

**R1.8bn** revenue decline

- **c.R1.3bn** attributable to disposals strategy & settlement of legacy contracts
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Focus on quality of earnings through disposals & exit of underperforming businesses

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FY'20: 7.3%

Margin improvement continues in spite of a constrained economic environment

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TOTAL DEBT BALANCE

**R2.0bn**  
**R433m**

paid towards senior debt in H1'21

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less interest paid as a result of reduced debt\*

Deleveraging remains a strategic priority for EOH

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decrease in financial asset impairments

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decreases in normalisation adjustments

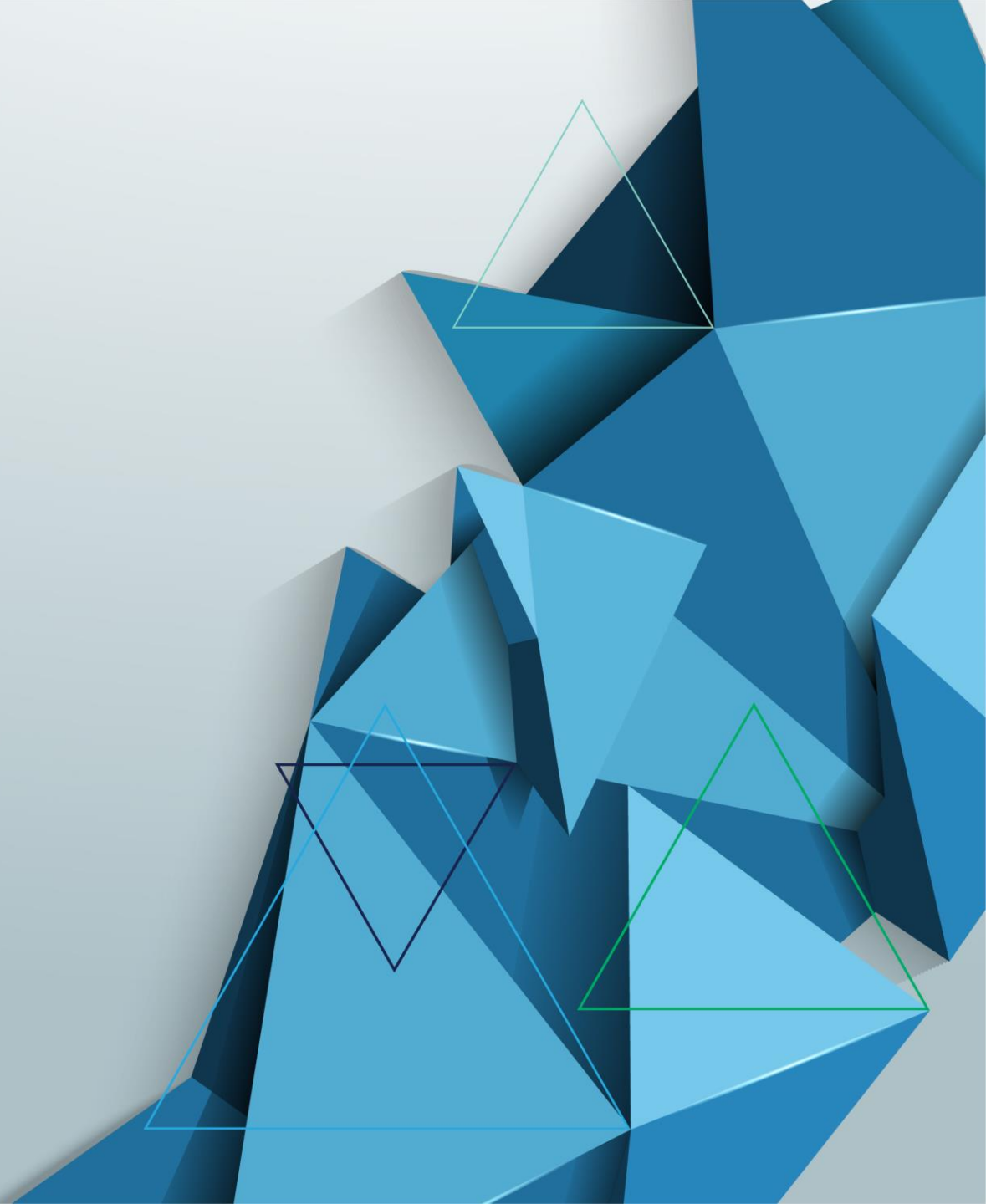
**R93m**  
paid towards settling onerous contract provisions

Sustained stability as progress made in closing out legacy issues

\*Total interest related to all interest-bearing debt



**THANK YOU**



# DISCLAIMER

## CAUTIONARY REGARDING FORWARD-LOOKING STATEMENTS

We may make statements that are not historical facts and relate to analyses and other information based on forecasts of future results and estimates of amounts not yet determinable. These are forward looking statements as defined in the U.S. Private Securities Litigation Reform Act of 1995.

Words such as “prospects” “believe” “anticipate” “expect” “intend” “seek” “will” “plan” “indicate” “could” “may” “endeavour” and “project” and similar expressions are intended to identify such forward looking statements but are not the exclusive means of identifying such statements.

By their very nature forward-looking statements involve inherent risks and uncertainties both general and specific and there are risks that predictions forecasts projections and other forward-looking statements will not be achieved. If one or more of these risks materialise or should underlying assumptions prove incorrect actual results may be very different from those anticipated.

The factors that could cause our actual results to differ materially from the plans objectives expectations estimates and intentions expressed in such forward-looking statements are discussed in each year’s annual report. Forward looking statements apply only as of the date on which they are made and we do not undertake other than in terms of the Listings Requirements of the JSE Limited any obligation to update or revise any of them whether as a result of new information future events or otherwise. Any profit forecasts published in this report are unaudited and have not been reviewed or reported on by EOH's external auditors.