

## **MiX Telematics Announces Financial Results for Second Quarter and First Half of Fiscal 2019**

**Release Date:**

Thursday, November 1, 2018 6:00 am EDT

**Terms:**

**Dateline City:**

MIDRAND, South Africa

*An explanation of non-IFRS measures used in this press release is set out in the Non-IFRS financial measures section of this press release. A reconciliation of these non-IFRS measures to the most directly comparable IFRS measures is provided in the financial tables that accompany this release.*

*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 R14.1437 per \$1.00, which was the R/\$ exchange rate reported by Oanda.com as at September 30, 2018.*

*Highlights:*

*Second quarter fiscal 2019:*

- Subscription revenue of R420 million (\$29.7 million), an increase of 18.5% year over year, on a constant currency basis*
- Net subscriber additions of over 22,000, bringing the total base to over 714,000 subscribers, up 12% year over year*
- Operating profit of R87 million (\$6.1 million), up 92% year over year*
- Adjusted EBITDA of R153 million (\$10.8 million), up 48% year over year*
- Adjusted EBITDA margin of 30.8%, up 570 basis points year over year*
- Net cash generated from operating activities of R179 million (\$12.6 million)*
- Free cash flow of R93 million (\$6.6 million), up from R4 million (\$0.3 million) compared to the second quarter of fiscal 2018*

## *First half fiscal 2019:*

- *Subscription revenue of R811 million (\$57.3 million), an increase of 18.4% year over year, on a constant currency basis*
- *Net subscriber additions of 37,100, compared to 18,100 additions in the first half of fiscal 2018*
- *Operating profit of R154 million (\$10.9 million), up 75% year over year*
- *Adjusted EBITDA of R279 million (\$19.8 million), up 42% year over year*
- *Adjusted EBITDA margin of 29.3%, up 520 basis points year over year*

## *Company raises full year guidance:*

- *Subscription revenue - R1,683 million to R1,695 million (\$115.4 million to \$116.2 million)*
- *Total revenue - R1,930 million to R1,963 million (\$132.3 million to \$134.6 million)*
- *Adjusted EBITDA - R550 million to R570 million (\$37.7 million to \$39.1 million)*
- *Adjusted earnings per diluted ordinary share of 35.1 to 37.9 South African cents. At a ratio of 25 ordinary shares to one ADS, this equates to adjusted earnings per diluted ADS of 60.2 to 65.0 U.S. cents. Refer to the Business Outlook section below.*

MIDRAND, South Africa--(BUSINESS WIRE)--MiX Telematics Limited (NYSE: MIXT, JSE: MIX), a leading global provider of fleet and mobile asset management solutions delivered as Software-as-a-Service (SaaS), today announced financial results for its second quarter and first half of fiscal 2019, which ended on September 30, 2018.

"MiX reported a very strong second quarter, highlighted by our ability to exceed expectations across all key operating metrics," said Stefan Joselowitz, Chief Executive Officer of MiX Telematics. "Our over 18% year over year subscription revenue growth was broad-based, driven by uptake from our premium fleet customers globally. Additionally, this is the ninth consecutive quarter of year over year adjusted EBITDA margin improvement, reaching over 30%. MiX remains well positioned to maintain the momentum for the second half of fiscal 2019 and beyond given the strong and growing pipeline of opportunities worldwide."

### **Financial performance for the three months ended September 30, 2018**

**Subscription revenue:** Subscription revenue was R420.2 million (\$29.7 million), an increase of 20.3% compared to R349.3 million (\$24.7 million) for the second quarter of fiscal 2018. Subscription revenue increased by 18.5% on a constant currency basis. Subscription revenue benefited from a net increase of over 73,800 subscribers from October 2017 to September 2018, representing an increase in the subscriber base of 11.5% during that period. Subscription revenue has also benefited from an expansion in the average revenue per user.

**Total revenue:** Total revenue was R496.7 million (\$35.1 million), an increase of 20.8% compared to R411.2 million (\$29.1 million) for the second quarter of fiscal 2018. Hardware and other revenue was R76.6 million (\$5.4 million), an increase of 23.7% compared to R61.9 million (\$4.4 million) for the second quarter of fiscal 2018.

**Gross Margin:** Gross profit was R336.6 million (\$23.8 million), compared to R269.4 million (\$19.1 million) for the second quarter of fiscal 2018. Gross profit margin was 67.8%, compared to 65.5% for the second quarter of fiscal 2018.

**Operating Margin:** Operating profit was R86.7 million (\$6.1 million), compared to R45.3 million (\$3.2 million) for the second quarter of fiscal 2018. Operating margin was 17.5%, compared to 11.0% for the second quarter of fiscal 2018. The margin expansion was attributable primarily to improved economies of scale and ongoing cost management initiatives. Operating expenses of R250.4 million (\$17.7 million) increased by R26.2 million (\$1.9 million), or 11.7%, compared to the second quarter of fiscal 2018. Operating expenses represented 50.4% of revenue compared to 54.5% of revenue in the second quarter of fiscal 2018.

**Adjusted EBITDA:** Adjusted EBITDA, a non-IFRS measure, was R152.9 million (\$10.8 million), compared to R103.3 million (\$7.3 million) for the second quarter of fiscal 2018. Adjusted EBITDA margin, a non-IFRS measure, for the second quarter of fiscal 2019 was 30.8%, compared to 25.1% for the second quarter of fiscal 2018.

**Profit for the period and earnings per share:** Profit for the period was R54.4 million (\$3.8 million), compared to R24.2 million (\$1.7 million) in the second quarter of fiscal 2018. Profit for the period included a net foreign exchange gain of R0.5 million (\$0.04 million) before tax. During the second quarter of fiscal 2018, profit for the period included a net foreign exchange gain of R3.2 million (\$0.2 million).

Diluted earnings per ordinary share were 9 South African cents, compared to 4 South African cents in the second quarter of fiscal 2018. For the second quarter of fiscal 2019, the calculation was based on diluted weighted average ordinary shares in issue of 587.6 million, compared to 566.0 million diluted weighted average ordinary shares in issue during the second quarter of fiscal 2018.

The Company's effective tax rate was 37.7%, compared to 50.2% for the second quarter of fiscal year 2018. Ignoring the impact of net foreign exchange gains and losses, and related tax consequences, the tax rate which is used in determining adjusted earnings below, was 29.4% compared to 32.0% in the second quarter of fiscal 2018.

On a U.S. Dollar basis, using the September 30, 2018 exchange rate of R14.1437 per U.S. Dollar, and a ratio of 25 ordinary shares to one American Depositary Share ("ADS"), profit for the period was \$3.8 million, or 16 U.S. cents per diluted ADS compared to \$1.7 million, or 8 U.S. cents per diluted ADS in the second quarter of fiscal 2018.

**Adjusted earnings for the period and adjusted earnings per share:** Adjusted earnings for the period, a non-IFRS measure, were R61.2 million (\$4.3 million) compared to R30.9 million (\$2.2 million) for the second quarter of fiscal 2018. Adjusted earnings per diluted ordinary share, also a non-IFRS measure, were 10 South African cents, compared to 5 South African cents in the second quarter of fiscal 2018.

On a U.S. Dollar basis, using the September 30, 2018 exchange rate of R14.1437 per U.S. Dollar, and a ratio of 25 ordinary shares to one ADS, adjusted earnings for the period were \$4.3 million, or 18 U.S. cents per diluted ADS, compared to 10 U.S. cents per diluted ADS in the second quarter of fiscal 2018.

**Statement of Financial Position and Cash Flow:** At September 30, 2018, the Company had R312.3 million (\$22.1 million) of net cash and cash equivalents, compared to R290.5 million (\$20.5 million) at March 31, 2018. The Company generated R178.7 million (\$12.6 million) in net cash from operating activities for the three months ended September 30, 2018 and invested R85.9 million (\$6.1 million) in capital expenditures during the quarter (including investments in in-vehicle devices of R61.9 million (\$4.4 million), leading to free cash flow, a non-IFRS measure, of R92.8 million (\$6.6 million) compared to free cash flow of R3.8 million (\$0.3 million) for the second quarter of fiscal 2018. The Company utilized R10.6 million (\$0.7 million) in financing activities, compared to R12.6 million (\$0.9 million) utilized during the second quarter of fiscal 2018. The cash utilized in financing activities during the second quarter of fiscal 2019 mainly consisted of dividends paid of R16.9 million (\$1.2 million) and the payment of lease liabilities of R4.7 million (\$0.3 million), offset by proceeds from the issuance of shares in respect of employee share options of R11.1 million (\$0.8 million). The cash utilized in financing activities during the second quarter of fiscal 2018 mainly consisted of dividends paid.

### Financial performance for the first half of fiscal 2019

**Subscription revenue:** Subscription revenue increased to R810.5 million (\$57.3 million), an increase of 18.4% compared to R684.6 million (\$48.4 million) for the first half of fiscal 2018. On a constant currency basis, subscription revenue also increased by 18.4%. Subscription revenue benefited from a net increase of over 73,800 subscribers from October 2017 to September 2018, representing an increase in subscribers of 11.5% during that period. Subscription revenue has also benefited from an expansion in the average revenue per user.

**Total revenue:** Total revenue was R953.6 million (\$67.4 million), an increase of 16.7% compared to R816.8 million (\$57.8 million) for the first half of fiscal 2018. Hardware and other revenue was R143.0 million (\$10.1 million), compared to R132.2 million (\$9.3 million) for the first half of fiscal 2018.

**Gross margin:** Gross profit was R642.4 million (\$45.4 million), an increase of 18.7% compared to R541.0 million (\$38.2 million) for the first half of fiscal 2018. Gross profit margin was 67.4%, compared to 66.2% for the first half of fiscal 2018.

**Operating margin:** Operating profit was R154.4 million (\$10.9 million), compared to R88.2 million (\$6.2 million) in the first half of fiscal 2018. The operating margin was 16.2%, compared to 10.8% in the first half of fiscal 2018. The margin expansion was attributable primarily to the revenue growth leveraging the Company's fixed overheads, and ongoing cost management initiatives. Operating expenses represented 51.2% of revenue compared to 55.8% in the first half of fiscal 2018.

**Adjusted EBITDA:** Adjusted EBITDA was R279.4 million (\$19.8 million) compared to R197.2 million (\$13.9 million) for the first half of fiscal 2018. Adjusted EBITDA margin was 29.3%, compared to 24.1% in the first half of fiscal 2018.

**Profit for the period and earnings per share:** Profit for the period was R68.8 million (\$4.9 million), compared to R58.1 million (\$4.1 million) in the first half of fiscal 2018. Profit for the period included a net foreign exchange gain of R0.3 million (\$0.02 million) before tax. During the first half of fiscal 2018, a net foreign exchange loss of R1.8 million (\$0.1 million) was recorded.

Diluted earnings per ordinary share were 12 South African cents, compared to 10 South African cents in the first half of fiscal 2018. For the first half of fiscal 2019, the calculation was based on diluted weighted average ordinary shares in issue of 587.2 million, compared to 566.7 million diluted weighted average ordinary shares in issue during the first half of fiscal 2018.

The Company's effective tax rate was 55.6%, compared to 34.0% for the first half of fiscal 2018. Ignoring the impact of net foreign exchange gains and losses, and related tax consequences, the effective tax rate, which is used in calculating adjusted earnings, was 29.0% compared to 31.4% in the first half of fiscal 2018.

**Adjusted earnings for the period and adjusted earnings per share:** Adjusted earnings for the period were R109.9 million (\$7.8 million), compared to R61.6 million (\$4.4 million) in the first half of fiscal 2018. Adjusted earnings per diluted ordinary share were 19 South African cents, compared to 11 South African cents for the first half of fiscal 2018. The impact of foreign exchange movements and the related tax effects on the Group's effective tax rate is included in note 19 of the unaudited Group interim financial results for the six months ended September 30, 2018.

On a U.S. Dollar basis, using the September 30, 2018 exchange rate of R14.1437 per U.S. Dollar, and a ratio of 25 ordinary shares to one ADS, adjusted earnings were \$7.8 million, or 33 U.S. cents per diluted ADS, compared to \$4.4 million, or 19 U.S. cents per diluted ADS in the first half of fiscal 2018.

**Cash Flow:** The Company generated R201.5 million (\$14.2 million) in net cash from operating activities for the first half of fiscal 2019 and invested R164.2 million (\$11.6 million) in capital expenditures during the period (including investments in in-vehicle devices of R119.2 million (\$8.4 million), leading to free cash flow of R37.3 million (\$2.6 million), compared to negative free cash flow of R60.2 million (\$4.3 million) for the first half of fiscal 2018. Capital expenditures in the first half of fiscal 2018 were R182.5 million (\$12.9 million) and included in-vehicle devices of R124.5 million (\$8.8 million).

The Company utilized R29.7 million (\$2.1 million) in financing activities, compared to R42.5 million (\$3.0 million) utilized during the first half of fiscal 2018. The cash utilized in financing activities during the first half of fiscal 2019 mainly consisted of dividends paid of R33.8 million (\$2.4 million) and the payment of lease liabilities of R6.9 million (\$0.5 million), offset by proceeds from the issuance of shares in respect of employee share options of R11.1 million (\$0.8 million). The cash utilized during the first half of fiscal 2018 consisted primarily of dividends paid of R25.2 million (\$1.8 million) and share repurchases of R18.7 million (\$1.3 million).

### Segment commentary for the first half of fiscal 2019

The segment results below are presented on an integral margin basis. In respect of revenue, this method of measurement entails reviewing the segment results based on external revenue only. In respect of Adjusted EBITDA (the profit measure identified by the Company), the margin generated by our Central Services Organization ("CSO"), net of any unrealized intercompany profit, is allocated to the geographic region where the external revenue is recorded by our Regional Sales Offices ("RSOs").

CSO is our central service organization that wholesales our products and services to our RSOs who, in turn, interface with our end-customers and distributors. CSO is also responsible for the development of our hardware and software platforms and provides common marketing, product management, technical and distribution support to each of our other operating segments. CSO's operating expenses are not allocated to each RSO.

Each RSO's results reflect the external revenue earned, as well as the Adjusted EBITDA earned (or loss incurred) by each operating segment before the CSO and corporate cost allocations.

For further information in this regard, please refer to note 3 of the unaudited Group interim financial results for the six months ended September 30, 2018.

| Segment                            | Subscription Revenue Half-year 2019 R'000   | Total Revenue Half-year 2019 R'000 | Adjusted EBITDA Half-year 2019 R'000 | Adjusted EBITDA Half-year % change on prior period | Adjusted EBITDA Margin Half-year 2019 |
|------------------------------------|---|------------------------------------|--------------------------------------|--|---------------------------------------|
| <b>Africa</b>                      | <b>470,565</b>  | <b>507,596</b>                     | <b>230,200</b>                       | <b>9.9%</b>  | <b>45.4%</b>                          |
|                                    | Subscription revenue increased by 11.2% in the segment as a result of a 10.4% increase in subscribers since October 1, 2017. Total revenue increased by 8.1%. The region reported an Adjusted EBITDA margin of 45.4% (up from the 44.6% Adjusted EBITDA margin reported in the first half of fiscal 2018).  |                                    |                                      |  |                                       |
| <b>Americas</b>                    | <b>136,223</b>  | <b>151,009</b>                     | <b>74,858</b>                        | <b>199.9%</b>                                      | <b>49.6%</b>                          |
|                                    | Subscription revenue growth on a constant currency basis was 62.1%. Subscribers increased by 31.4% since October 1, 2017. Subscription revenue continued to receive assistance from the market's ongoing preference for bundled deals across new and existing customers. Total revenue improved by 55.6% on a constant currency basis as hardware and other revenues increased by 13.5%. The region reported an Adjusted EBITDA margin of 49.6% (up from the 26.0% Adjusted EBITDA margin reported in the first half of fiscal 2018). Americas is currently the fastest growing geographical region both at a subscription revenue and Adjusted EBITDA level. |                                    |                                      |  |                                       |
| <b>Middle East and Australasia</b> | <b>109,168</b>  | <b>155,448</b>                     | <b>67,762</b>                        | <b>36.7%</b>                                       | <b>43.6%</b>                          |
|                                    | Subscription revenue increased by 10.6% on a constant currency basis. Subscribers increased by 7.1% since October 1, 2017. Total revenue in constant currency improved by 14.8% as hardware revenues were higher than in the first half of fiscal 2018. The region reported an Adjusted EBITDA margin of 43.6% (up from the 36.4% Adjusted EBITDA margin reported in the first half of fiscal 2018).  |                                    |                                      |  |                                       |
| <b>Europe</b>                      | <b>64,784</b>   | <b>108,408</b>                     | <b>37,403</b>                        | <b>27.0%</b>                                       | <b>34.5%</b>                          |
|                                    | Subscription revenue growth on a constant currency basis was 10.9%. Subscribers increased by 8.3% since October 1, 2017. Total revenue increased by 16.1% on a constant currency basis due to higher hardware revenues compared to the first half of fiscal 2018. The region reported an Adjusted EBITDA margin of 34.5% (up from the 32.9% Adjusted EBITDA margin reported in the first half of fiscal 2018).  |                                    |                                      |  |                                       |
| <b>Brazil</b>                      | <b>29,417</b>   | <b>30,707</b>                      | <b>11,292</b>                        | <b>29.0%</b>                                       | <b>36.8%</b>                          |

Subscription revenue increased by 48.8% on a constant currency basis. The increase was due to the market's preference for bundled deals and an increase in subscribers of 29.1% since October 1, 2017. On a constant currency basis, total revenue increased by 41.1%. The segment reported Adjusted EBITDA of R11.3 million (\$0.8 million) in the first half of fiscal 2019, at an Adjusted EBITDA margin of 36.8% (up from the 34.4% Adjusted EBITDA margin reported in the first half of fiscal 2018).

|   |            |            |                 |                |          |
|---|------------|------------|-----------------|----------------|----------|
| <b>Central Services Organization</b>  | <b>385</b> | <b>391</b> | <b>(82,283)</b> | <b>(19.5%)</b> | <b>—</b> |
| CSO is responsible for the development of our hardware and software platforms and provides common marketing, product management, technical and distribution support to each of our other operating segments. The negative Adjusted EBITDA reported arises as a result of operating expenses carried by the segment. |            |            |                 |                |          |

## Business Outlook

*MiX Telematics has translated U.S. Dollar amounts in this Business Outlook paragraph from South African Rand at the exchange rate of R14.5849 per \$1.00, which was the R/\$ exchange rate reported by Oanda.com as at October 29, 2018.*

Based on information as of today, November 1, 2018, the Company is issuing the following financial guidance for the full 2019 fiscal year:

- Subscription revenue - R1,683 million to R1,695 million (\$115.4 million to \$116.2 million), which would represent subscription revenue growth of 17.3% to 18.2% compared to fiscal 2018. On a constant currency basis, this would represent subscription revenue growth of 15.3% to 16.2%. Previous guidance was R1,624 million to R1,645 million.
- Total revenue - R1,930 million to R1,963 million (\$132.3 million to \$134.6 million), which would represent revenue growth of 12.7% to 14.6% compared to fiscal 2018. On a constant currency basis, this would represent revenue growth of 10.9% to 12.8%. Previous guidance was R1,864 million to R1,895 million.
- Adjusted EBITDA - R550 million to R570 million (\$37.7 million to \$39.1 million), which would represent Adjusted EBITDA growth of 24.5% to 29.0% compared to fiscal 2018. Previous guidance was R526 million to R545 million.
- Adjusted earnings per diluted ordinary share of 35.1 to 37.9 South African cents based on 583 million diluted ordinary shares in issue (previous guidance was 31.2 to 33.2 South African cents based on 587 million diluted ordinary shares in issue), and based on an effective tax rate of 28.0% to 31.0%. At a ratio of 25 ordinary shares to one ADS, this equates to adjusted earnings per diluted ADS of 60.2 to 65.0 U.S. cents.

For the third quarter of fiscal 2019, the Company expects subscription revenue to be in the range of R429 million to R434 million (\$29.4 million to \$29.8 million) which would represent subscription revenue growth of 14.0% to 15.3% compared to the third quarter of fiscal 2018. On a constant currency basis, this would represent subscription revenue growth of 13.3% to 14.6%.

The key assumptions used in deriving the forecast are as follows:

- Growth in subscription revenue and vehicles under subscription is 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 2019 fiscal year of R13.8000 per \$1.00.

The forecast is the responsibility of the board of directors and has not been reviewed or reported on by the Company's external auditors. The Company's policy is to give guidance on a quarterly basis, if necessary, and it does not update guidance between quarters.

The Company 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 Company'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 in terms of paragraph 8.38 of the JSE Listings Requirements which deals with profit forecasts.

## Quarterly Reporting Policy in respect of JSE Listings Requirements

Following the listing of the Company's ADSs on the New York Stock Exchange, the Company has adopted a quarterly reporting policy. As a result of such quarterly reporting the Company is, in terms of paragraph 3.4(b)(ix) of the JSE Listings Requirements, not required to publish trading statements in terms of paragraph 3.4(b)(i) to (viii) of the JSE Listings Requirements.

## Conference Call Information

MiX Telematics management will also host a conference call and audio webcast at 8:00 a.m. (Eastern Daylight Time) and 2:00 p.m. (South African Time) on November 1, 2018 to discuss the Company's financial results and current business outlook:

- The live webcast of the call will be available at the "Investor Information" page of the Company's website, <http://investor.mixtelematics.com>.

- To access the call, dial 1-877-451-6152 (within the United States) or 0 800 983 831 (within South Africa) or 1-201-389-0879 (outside of the United States). The conference ID is 13684158.
- A replay of this conference call will be available for a limited time at +1-844-512-2921 (within the United States) or 1-412-317-6671 (within South Africa or outside of the United States). The replay conference ID is 13684158.
- A replay of the webcast will also be available for a limited time at <http://investor.mixtelematics.com>.

## **About MiX Telematics Limited**

MiX Telematics is a leading global provider of fleet and mobile asset management solutions delivered as SaaS to customers managing over 714,000 assets in approximately 120 countries. The Company's products and services provide enterprise fleets, small fleets and consumers with solutions for safety, efficiency, risk and security. MiX Telematics was founded in 1996 and has offices in South Africa, the United Kingdom, the United States, Uganda, Brazil, Australia, Romania, Thailand and the United Arab Emirates, as well as a network of more than 130 fleet partners worldwide. MiX Telematics shares are publicly traded on the Johannesburg Stock Exchange (JSE: MIX) and MiX Telematics ADSs are listed on the New York Stock Exchange (NYSE: MIXT). For more information visit [www.mixtelematics.com](http://www.mixtelematics.com).

## **Forward-Looking Statements**

This press release includes certain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, including without limitation, statements concerning our financial guidance for the third quarter and full year of fiscal 2019, our position to execute on our growth strategy, and our ability to expand our leadership position. These forward-looking statements reflect our current views about our plans, intentions, expectations, strategies and prospects, which are based on the information currently available to us and on assumptions we have made. Actual results may differ materially from those described in the forward-looking statements and will be affected by a variety of risks and factors that are beyond our control including, without limitation, those described under the caption "Risk Factors" in the Company's Annual Report on Form 20-F filed with the Securities and Exchange Commission (the "SEC") for the fiscal year ended March 31, 2018, as updated by other reports that the Company files with or furnishes to the SEC. The Company assumes no obligation to update any forward-looking statements contained in this press release as a result of new information, future events or otherwise.

## **Non-IFRS financial measures**

### ***Adjusted EBITDA***

To provide investors with additional information regarding its financial results, the Company has disclosed within this press release, Adjusted EBITDA and Adjusted EBITDA margin. Adjusted EBITDA and Adjusted EBITDA margin are non-IFRS financial measures, and they do not represent cash flows from operations for the periods indicated, and should not be considered an alternative to net income as an indicator of the Company's results of operations, or as an alternative to cash flows from operations as an indicator of liquidity. Adjusted EBITDA is defined as the profit for the period before income taxes, net finance income/(costs) including foreign exchange gains/(losses), depreciation of property, plant and equipment including capitalized customer in-vehicle devices and right-of-use assets, amortization of intangible assets including capitalized in-house development costs and intangible assets identified as part of a business combination, share-based compensation costs, restructuring costs, profits/(losses) on the disposal or impairments of assets or subsidiaries, insurance reimbursements relating to impaired assets and certain litigation costs.

The Company has included Adjusted EBITDA and Adjusted EBITDA margin in this press release because they are key measures that the Company's management and Board of Directors use to understand and evaluate its core operating performance and trends; to prepare and approve its annual budget; and to develop short and long-term operational plans. In particular, the exclusion of certain expenses in calculating Adjusted EBITDA and Adjusted EBITDA margin can provide a useful measure for period-to-period comparisons of the Company's core business. Accordingly, the Company believes that Adjusted EBITDA and Adjusted EBITDA margin provide useful information to investors and others in understanding and evaluating its operating results.

The Company's use of Adjusted EBITDA has limitations as an analytical tool, and you should not consider this performance measure in isolation from or as a substitute for analysis of our results as reported under IFRS. Some of these limitations are:

- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future, and Adjusted EBITDA does not reflect cash capital expenditure requirements for such replacements or for new capital expenditure requirements;
- Adjusted EBITDA does not reflect changes in, or cash requirements for, the Company's working capital needs;
- Adjusted EBITDA does not consider the potentially dilutive impact of equity-based compensation;
- Adjusted EBITDA does not reflect tax payments or the payment of lease liabilities that may represent a reduction in cash available to the Company; and
- other companies, including companies in our industry, may calculate Adjusted EBITDA differently, which reduces its usefulness as a comparative measure.

Because of these limitations, you should consider Adjusted EBITDA alongside other financial performance measures, including operating profit, profit for the period and our other results.

### ***Headline Earnings***

Headline earnings is a profit measure required for JSE-listed companies and is calculated in accordance with circular 4/2018 issued by the South African Institute of Chartered Accountants. The profit measure is determined by taking the profit for the period prior to certain separately identifiable re-measurements of the carrying amount of an asset or liability that arose after the initial recognition of such asset or liability net of related tax (both current and deferred) and related non-controlling

interest.

### **Adjusted Earnings and Adjusted Earnings Per Share**

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, divided by the weighted average number of ordinary shares in issue during the period.

We have included Adjusted earnings per share in this press release because it provides a useful measure for period-to-period comparisons of the Company's core business by excluding net foreign exchange gains/(losses) from earnings. Accordingly, we believe that Adjusted earnings per share provides useful information to investors and others in understanding and evaluating the Company's operating results.

### **Free cash flow**

Free cash flow is determined as net cash generated from operating activities less capital expenditure for investing activities. We believe that free cash flow provides useful information to investors and others in understanding and evaluating the Company's cash flows as it provides detail of the amount of cash the Company generates or utilizes after accounting for all capital expenditures including investments in in-vehicle devices and development expenditure.

### **Constant currency and U.S. Dollar financial information**

Financial information presented in United States Dollars and constant currency financial information presented as part of the segment commentary constitute pro forma financial information under the JSE Listings Requirements. Unless otherwise stated, MiX Telematics has translated U.S. Dollar amounts from South African Rand at the exchange rate of R14.1437 per \$1.00, which was the R/\$ exchange rate reported by Oanda.com as at September 30, 2018.

Constant currency information has been presented to illustrate the impact of changes in currency rates on the Group's results. The constant currency information has been determined by adjusting the current financial reporting period results to the prior period average exchange rates, determined as the average of the monthly exchange rates applicable to the period. The measurement has been performed for each of the Group's currencies, including the U.S. Dollar and British Pound. The constant currency growth percentage has been calculated by utilizing the constant currency results compared to the prior period results.

This pro forma financial information is the responsibility of the Group's board of directors and is presented for illustrative purposes. Because of its nature, the pro forma financial information may not fairly present MiX Telematics' financial position, changes in equity, results of operations or cash flows. The pro forma financial information does not constitute pro forma information in accordance with the requirements of Regulation S-X of the SEC or generally accepted accounting principles in the United States. In addition, the rules and regulations related to the preparation of pro forma financial information in other jurisdictions may also vary significantly from the requirements applicable in South Africa. The information contained in this report has not been reviewed or audited by the Group's auditors.

### **JSE Sponsor**

Java Capital

## **CONDENSED CONSOLIDATED INCOME STATEMENT**

| <b>South African Rand</b>                        | <b>Six months ended</b> | Six months ended | <b>Three months ended</b> | Three months ended |
|--|-------------------------|------------------|---------------------------|--------------------|
|  | <b>September 30,</b>    | September 30,    | <b>September 30,</b>      | September 30,      |
| Figures are in thousands unless otherwise stated | <b>2018</b>             | 2017             | <b>2018</b>               | 2017               |
|  | <b>Unaudited</b>        | Unaudited        | <b>Unaudited</b>          | Unaudited          |
| <b>Revenue</b>                                   | <b>953,559</b>          | 816,830          | <b>496,737</b>            | 411,167            |
| Cost of sales                                    | <b>(311,168)</b>        | (275,864)        | <b>(160,107)</b>          | (141,732)          |
| <b>Gross profit</b>                              | <b>642,391</b>          | 540,966          | <b>336,630</b>            | 269,435            |
| Other income/(expenses) - net                    | <b>423</b>              | 2,879            | <b>435</b>                | (64)               |
| Operating expenses                               | <b>(488,383)</b>        | (455,676)        | <b>(250,359)</b>          | (224,116)          |
| -Sales and marketing                             | <b>(98,811)</b>         | (98,238)         | <b>(51,955)</b>           | (49,259)           |
| -Administration and other charges                | <b>(389,572)</b>        | (357,438)        | <b>(198,404)</b>          | (174,857)          |
| <b>Operating profit</b>                          | <b>154,431</b>          | 88,169           | <b>86,706</b>             | 45,255             |
| Finance income/(costs) - net                     | <b>628</b>              | (84)             | <b>473</b>                | 3,402              |

|                               |                 |          |                 |          |
|-------------------------------|-----------------|----------|-----------------|----------|
| -Finance income               | <b>5,970</b>    | 3,900    | <b>3,524</b>    | 5,108    |
| -Finance costs                | <b>(5,342)</b>  | (3,984)  | <b>(3,051)</b>  | (1,706)  |
| <b>Profit before taxation</b> | <b>155,059</b>  | 88,085   | <b>87,179</b>   | 48,657   |
| Taxation                      | <b>(86,274)</b> | (29,941) | <b>(32,829)</b> | (24,417) |
| <b>Profit for the period</b>  | <b>68,785</b>   | 58,144   | <b>54,350</b>   | 24,240   |

**Attributable to:**

|                          |               |        |               |        |
|--------------------------|---------------|--------|---------------|--------|
| Owners of the parent     | <b>68,786</b> | 58,084 | <b>54,350</b> | 24,248 |
| Non-controlling interest | <b>(1)</b>    | 60     | *             | (8)    |
|                          | <b>68,785</b> | 58,144 | <b>54,350</b> | 24,240 |

Earnings per share

|              |             |      |             |      |
|--------------|-------------|------|-------------|------|
| -basic (R)   | <b>0.12</b> | 0.10 | <b>0.10</b> | 0.04 |
| -diluted (R) | <b>0.12</b> | 0.10 | <b>0.09</b> | 0.04 |

Earnings per American Depositary Share

|              |             |      |             |      |
|--------------|-------------|------|-------------|------|
| -basic (R)   | <b>3.04</b> | 2.59 | <b>2.40</b> | 1.08 |
| -diluted (R) | <b>2.93</b> | 2.56 | <b>2.31</b> | 1.07 |

Ordinary shares ('000)<sup>1</sup>

|                           |                |         |                |         |
|---------------------------|----------------|---------|----------------|---------|
| -in issue at September 30 | <b>569,756</b> | 559,381 | <b>569,756</b> | 559,381 |
| -weighted average         | <b>565,249</b> | 560,677 | <b>566,025</b> | 558,824 |
| -diluted weighted average | <b>587,152</b> | 566,715 | <b>587,616</b> | 566,008 |

Weighted average American Depositary Shares ('000)<sup>1</sup>

|                           |               |        |               |        |
|---------------------------|---------------|--------|---------------|--------|
| -in issue at September 30 | <b>22,790</b> | 22,375 | <b>22,790</b> | 22,375 |
| -weighted average         | <b>22,610</b> | 22,427 | <b>22,641</b> | 22,353 |
| -diluted weighted average | <b>23,486</b> | 22,669 | <b>23,505</b> | 22,640 |

\* Amounts less than R1,000

<sup>1</sup> September 30, 2018 figure excludes 40,000,000 (September 30, 2017: 40,000,000) treasury shares held by MiX Telematics Investments Proprietary Limited ("MiX Investments"), a wholly owned subsidiary of the Group.

**CONDENSED CONSOLIDATED INCOME STATEMENT**

| <b>United States Dollar</b>                      | <b>Six months ended</b> | Six months ended | <b>Three months ended</b> | Three months ended |
|--|-------------------------|------------------|---------------------------|--------------------|
|  | <b>September 30,</b>    | September 30,    | <b>September 30,</b>      | September 30,      |
| Figures are in thousands unless otherwise stated | <b>2018</b>             | 2017             | <b>2018</b>               | 2017               |
|  | <b>Unaudited</b>        | Unaudited        | <b>Unaudited</b>          | Unaudited          |
| <b>Revenue</b>                                   | <b>67,419</b>           | 57,752           | <b>35,121</b>             | 29,071             |
| Cost of sales                                    | <b>(22,000)</b>         | (19,504)         | <b>(11,320)</b>           | (10,021)           |
| <b>Gross profit</b>                              | <b>45,419</b>           | 38,248           | <b>23,801</b>             | 19,050             |
| Other income/(expenses) - net                    | <b>30</b>               | 204              | <b>31</b>                 | (5)                |
| Operating expenses                               | <b>(34,530)</b>         | (32,218)         | <b>(17,701)</b>           | (15,846)           |
| -Sales and marketing                             | <b>(6,986)</b>          | (6,946)          | <b>(3,673)</b>            | (3,483)            |

|                                   |                 |          |                 |          |
|-----------------------------------|-----------------|----------|-----------------|----------|
| -Administration and other charges | <b>(27,544)</b> | (25,272) | <b>(14,028)</b> | (12,363) |
| <b>Operating profit</b>           | <b>10,919</b>   | 6,234    | <b>6,131</b>    | 3,199    |
| Finance income/(costs) - net      | <b>44</b>       | (6)      | <b>33</b>       | 240      |
| -Finance income                   | <b>422</b>      | 276      | <b>249</b>      | 361      |
| -Finance costs                    | <b>(378)</b>    | (282)    | <b>(216)</b>    | (121)    |
| <b>Profit before taxation</b>     | <b>10,963</b>   | 6,228    | <b>6,164</b>    | 3,439    |
| Taxation                          | <b>(6,100)</b>  | (2,117)  | <b>(2,321)</b>  | (1,726)  |
| <b>Profit for the period</b>      | <b>4,863</b>    | 4,111    | <b>3,843</b>    | 1,713    |

**Attributable to:**

|                          |              |       |              |       |
|--------------------------|--------------|-------|--------------|-------|
| Owners of the parent     | <b>4,863</b> | 4,107 | <b>3,843</b> | 1,713 |
| Non-controlling interest | *            | 4     | *            | *     |
|                          | <b>4,863</b> | 4,111 | <b>3,843</b> | 1,713 |

Earnings per share

|               |             |      |             |   |
|---------------|-------------|------|-------------|---|
| -basic (\$)   | <b>0.01</b> | 0.01 | <b>0.01</b> | # |
| -diluted (\$) | <b>0.01</b> | 0.01 | <b>0.01</b> | # |

Earnings per American Depositary Share

|               |             |      |             |      |
|---------------|-------------|------|-------------|------|
| -basic (\$)   | <b>0.22</b> | 0.18 | <b>0.17</b> | 0.08 |
| -diluted (\$) | <b>0.21</b> | 0.18 | <b>0.16</b> | 0.08 |

Ordinary shares ('000)<sup>1</sup>

|                           |                |         |                |         |
|---------------------------|----------------|---------|----------------|---------|
| -in issue at September 30 | <b>569,756</b> | 559,381 | <b>569,756</b> | 559,381 |
| -weighted average         | <b>565,249</b> | 560,677 | <b>566,025</b> | 558,824 |
| -diluted weighted average | <b>587,152</b> | 566,715 | <b>587,616</b> | 566,008 |

Weighted average American Depositary Shares ('000)<sup>1</sup>

|                           |               |        |               |        |
|---------------------------|---------------|--------|---------------|--------|
| -in issue at September 30 | <b>22,790</b> | 22,375 | <b>22,790</b> | 22,375 |
| -weighted average         | <b>22,610</b> | 22,427 | <b>22,641</b> | 22,353 |
| -diluted weighted average | <b>23,486</b> | 22,669 | <b>23,505</b> | 22,640 |

\* Amounts less than \$1,000

# Amounts less than \$0.01

<sup>1</sup> September 30, 2018 figure excludes 40,000,000 (September 30, 2017: 40,000,000) treasury shares held by MiX Telematics Investments Proprietary Limited ("MiX Investments"), a wholly owned subsidiary of the Group.

**MIX TELEMATICS LIMITED**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

|  | South African Rand |                  | United States Dollar |                  |
|--|--------------------|------------------|----------------------|------------------|
|  | Six months ended   | Six months ended | Six months ended     | Six months ended |
|  | September 30,      | September 30,    | September 30,        | September 30,    |
| Figures are in thousands unless otherwise stated | 2018               | 2017             | 2018                 | 2017             |
|  | Unaudited          | Unaudited        | Unaudited            | Unaudited        |

|  |                |        |               |       |
|--|----------------|--------|---------------|-------|
| <b>Profit for the period</b>   | <b>68,785</b>  | 58,144 | <b>4,863</b>  | 4,111 |
| Other comprehensive income:  |                |        |               |       |
| <i>Items that may be subsequently reclassified to profit or loss</i> |                |        |               |       |
| Exchange differences on translating foreign operations               | <b>96,206</b>  | 18,796 | <b>6,802</b>  | 1,329 |
| - Attributable to owners of the parent                               | <b>96,203</b>  | 18,785 | <b>6,802</b>  | 1,328 |
| - Attributable to non-controlling interests                          | <b>3</b>       | 11     | *             | 1     |
| Taxation relating to components of other comprehensive income        | <b>(262)</b>   | —      | <b>(18)</b>   | —     |
| <b>Other comprehensive income for the period, net of tax</b>         | <b>95,944</b>  | 18,796 | <b>6,784</b>  | 1,329 |
| <b>Total comprehensive income for the period</b>                     | <b>164,729</b> | 76,940 | <b>11,647</b> | 5,440 |

#### Attributable to:

|  |                |        |               |       |
|--|----------------|--------|---------------|-------|
| Owners of the parent                             | <b>164,727</b> | 76,869 | <b>11,647</b> | 5,435 |
| Non-controlling interests                        | <b>2</b>       | 71     | *             | 5     |
| <b>Total comprehensive income for the period</b> | <b>164,729</b> | 76,940 | <b>11,647</b> | 5,440 |

\* Amounts less than \$1,000

## HEADLINE EARNINGS

### Reconciliation of headline earnings

|   | South African Rand |                  | United States Dollar |                  |
|---|--------------------|------------------|----------------------|------------------|
|   | Six months ended   | Six months ended | Six months ended     | Six months ended |
|   | September 30,      | September 30,    | September 30,        | September 30,    |
|   | 2018               | 2017             | 2018                 | 2017             |
|   | Unaudited          | Unaudited        | Unaudited            | Unaudited        |
| Figures are in thousands unless otherwise stated                          |                    |                  |                      |                  |
| <b>Profit for the period attributable to owners of the parent</b>         | <b>68,786</b>      | 58,084           | <b>4,863</b>         | 4,107            |
| <i>Adjusted for:</i>  |                    |                  |                      |                  |
| Profit on disposal of property, plant and equipment and intangible assets | <b>(238)</b>       | (313)            | <b>(17)</b>          | (22)             |
| Impairment of product development costs capitalized                       | <b>51</b>          | 127              | <b>4</b>             | 9                |
| Income tax effect on the above components                                 | <b>53</b>          | —                | <b>4</b>             | —                |
| <b>Headline earnings attributable to owners of the parent</b>             | <b>68,652</b>      | 57,898           | <b>4,854</b>         | 4,094            |
| <b>Headline earnings</b>  |                    |                  |                      |                  |
| Headline earnings per share   |                    |                  |                      |                  |
| -basic (R/\$)   | <b>0.12</b>        | 0.10             | <b>0.01</b>          | 0.01             |
| -diluted (R/\$)   | <b>0.12</b>        | 0.10             | <b>0.01</b>          | 0.01             |
| Headline earnings per American Depositary Share                           |                    |                  |                      |                  |
| -basic (R/\$)   | <b>3.04</b>        | 2.58             | <b>0.21</b>          | 0.18             |
| -diluted (R/\$)   | <b>2.92</b>        | 2.56             | <b>0.21</b>          | 0.18             |

## ADJUSTED EARNINGS

## Reconciliation of adjusted earnings

| South African Rand | Six months ended   | Six months ended   | Three months ended | Three months ended |
|--------------------|--------------------|--------------------|--------------------|--------------------|
|                    | September 30, 2018 | September 30, 2017 | September 30, 2018 | September 30, 2017 |

Figures are in thousands unless otherwise stated

|   | Unaudited      | Unaudited | Unaudited     | Unaudited |
|---|----------------|-----------|---------------|-----------|
| <b>Profit for the period attributable to owners of the parent</b> | <b>68,786</b>  | 58,084    | <b>54,350</b> | 24,248    |
| Net foreign exchange (gains)/losses                               | <b>(309)</b>   | 1,784     | <b>(540)</b>  | (3,209)   |
| Income tax effect on the above component                          | <b>41,434</b>  | 1,692     | <b>7,352</b>  | 9,853     |
| <b>Adjusted earnings attributable to owners of the parent</b>     | <b>109,911</b> | 61,560    | <b>61,162</b> | 30,892    |

## Reconciliation of earnings per share to adjusted earnings per share

|  |             |      |             |        |
|--|-------------|------|-------------|--------|
| Basic earnings per share (R)                 | <b>0.12</b> | 0.10 | <b>0.10</b> | 0.04   |
| Net foreign exchange (gains)/losses          | <b>#</b>    | 0.01 | <b>#</b>    | (0.01) |
| Income tax effect on the above component     | <b>0.07</b> | #    | <b>0.01</b> | 0.03   |
| <b>Basic adjusted earnings per share (R)</b> | <b>0.19</b> | 0.11 | <b>0.11</b> | 0.06   |

## Adjusted earnings per share

|              |             |      |             |      |
|--------------|-------------|------|-------------|------|
| -basic (R)   | <b>0.19</b> | 0.11 | <b>0.11</b> | 0.06 |
| -diluted (R) | <b>0.19</b> | 0.11 | <b>0.10</b> | 0.05 |

## Adjusted earnings per American Depositary Share

|              |             |      |             |      |
|--------------|-------------|------|-------------|------|
| -basic (R)   | <b>4.86</b> | 2.74 | <b>2.70</b> | 1.38 |
| -diluted (R) | <b>4.68</b> | 2.72 | <b>2.60</b> | 1.36 |

# Amounts less than R0.01

| United States Dollar | Six months ended   | Six months ended   | Three months ended | Three months ended |
|----------------------|--------------------|--------------------|--------------------|--------------------|
|                      | September 30, 2018 | September 30, 2017 | September 30, 2018 | September 30, 2017 |

Figures are in thousands unless otherwise stated

|   | Unaudited    | Unaudited | Unaudited    | Unaudited |
|---|--------------|-----------|--------------|-----------|
| <b>Profit for the period attributable to owners of the parent</b> | <b>4,863</b> | 4,107     | <b>3,843</b> | 1,713     |
| Net foreign exchange (gains)/losses                               | <b>(22)</b>  | 126       | <b>(38)</b>  | (227)     |
| Income tax effect on the above component                          | <b>2,930</b> | 120       | <b>520</b>   | 697       |
| <b>Adjusted earnings attributable to owners of the parent</b>     | <b>7,771</b> | 4,353     | <b>4,325</b> | 2,183     |

## Reconciliation of earnings per share to adjusted earnings per share

|  |             |      |             |   |
|--|-------------|------|-------------|---|
| Basic earnings per share (\$)            | <b>0.01</b> | 0.01 | <b>0.01</b> | # |
| Net foreign exchange (gains)/losses      | <b>#</b>    | #    | <b>#</b>    | # |
| Income tax effect on the above component | <b>#</b>    | #    | <b>#</b>    | # |

|   |             |      |             |      |
|---|-------------|------|-------------|------|
| <b>Basic adjusted earnings per share (\$)</b>   | <b>0.01</b> | 0.01 | <b>0.01</b> | #    |
| Adjusted earnings per share                     |             |      |             |      |
| -basic (\$)                                     | <b>0.01</b> | 0.01 | <b>0.01</b> | #    |
| -diluted (\$)                                   | <b>0.01</b> | 0.01 | <b>0.01</b> | #    |
| Adjusted earnings per American Depositary Share |             |      |             |      |
| -basic (\$)                                     | <b>0.34</b> | 0.19 | <b>0.19</b> | 0.10 |
| -diluted (\$)                                   | <b>0.33</b> | 0.19 | <b>0.18</b> | 0.10 |

# Amounts less than \$0.01

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| Figures are in thousands unless otherwise stated | South African Rand                 |                              | United States Dollar               |                                |
|--|------------------------------------|------------------------------|------------------------------------|--------------------------------|
|  | September 30,<br>2018<br>Unaudited | March 31,<br>2018<br>Audited | September 30,<br>2018<br>Unaudited | March 31,<br>2018<br>Unaudited |
| <b>ASSETS</b>                                    |                                    |                              |                                    |                                |
| <b>Non-current assets</b>                        |                                    |                              |                                    |                                |
| Property, plant and equipment                    | <b>461,968</b>                     | 334,038                      | <b>32,662</b>                      | 23,617                         |
| Intangible assets                                | <b>934,225</b>                     | 898,527                      | <b>66,052</b>                      | 63,528                         |
| Capitalized commission assets                    | <b>50,290</b>                      | —                            | <b>3,556</b>                       | —                              |
| Deferred tax assets                              | <b>44,857</b>                      | 40,717                       | <b>3,172</b>                       | 2,879                          |
| <b>Total non-current assets</b>                  | <b>1,491,340</b>                   | 1,273,282                    | <b>105,442</b>                     | 90,024                         |
| <b>Current assets</b>                            |                                    |                              |                                    |                                |
| Assets classified as held for sale (Note 6)      | <b>17,058</b>                      | 17,058                       | <b>1,206</b>                       | 1,206                          |
| Inventory  | <b>66,154</b>                      | 57,013                       | <b>4,677</b>                       | 4,031                          |
| Trade and other receivables                      | <b>351,726</b>                     | 286,406                      | <b>24,868</b>                      | 20,250                         |
| Taxation   | <b>12,371</b>                      | 30,373                       | <b>875</b>                         | 2,147                          |
| Restricted cash                                  | <b>32,664</b>                      | 20,935                       | <b>2,309</b>                       | 1,480                          |
| Cash and cash equivalents                        | <b>347,253</b>                     | 308,258                      | <b>24,552</b>                      | 21,795                         |
| <b>Total current assets</b>                      | <b>827,226</b>                     | 720,043                      | <b>58,487</b>                      | 50,909                         |
| <b>Total assets</b>                              | <b>2,318,566</b>                   | 1,993,325                    | <b>163,929</b>                     | 140,933                        |
| <b>EQUITY</b>                                    |                                    |                              |                                    |                                |
| Stated capital                                   | <b>857,475</b>                     | 846,405                      | <b>60,626</b>                      | 59,845                         |
| Other reserves                                   | <b>51,099</b>                      | (51,614)                     | <b>3,613</b>                       | (3,649)                        |
| Retained earnings                                | <b>781,968</b>                     | 722,380                      | <b>55,287</b>                      | 51,074                         |
| Equity attributable to owners of the parent      | <b>1,690,542</b>                   | 1,517,171                    | <b>119,526</b>                     | 107,270                        |
| Non-controlling interest                         | <b>12</b>                          | 10                           | <b>1</b>                           | 1                              |
| <b>Total equity</b>                              | <b>1,690,554</b>                   | 1,517,181                    | <b>119,527</b>                     | 107,271                        |
| <b>LIABILITIES</b>                               |                                    |                              |                                    |                                |
| <b>Non-current liabilities</b>                   |                                    |                              |                                    |                                |
| Deferred tax liabilities                         | <b>132,369</b>                     | 82,658                       | <b>9,359</b>                       | 5,844                          |

|                                      |                  |           |                |         |
|--------------------------------------|------------------|-----------|----------------|---------|
| Provisions                           | <b>2,437</b>     | 2,132     | <b>172</b>     | 151     |
| Recurring commission liability       | <b>2,632</b>     | —         | <b>186</b>     | —       |
| Capitalized lease liability          | <b>33,679</b>    | —         | <b>2,381</b>   | —       |
| <b>Total non-current liabilities</b> | <b>171,117</b>   | 84,790    | <b>12,098</b>  | 5,995   |
| <b>Current liabilities</b>           |                  |           |                |         |
| Trade and other payables             | <b>380,733</b>   | 350,519   | <b>26,919</b>  | 24,780  |
| Capitalized lease liability          | <b>10,322</b>    | —         | <b>730</b>     | —       |
| Taxation                             | <b>5,894</b>     | 2,832     | <b>417</b>     | 200     |
| Provisions                           | <b>24,969</b>    | 20,283    | <b>1,765</b>   | 1,434   |
| Bank overdraft                       | <b>34,977</b>    | 17,720    | <b>2,473</b>   | 1,253   |
| <b>Total current liabilities</b>     | <b>456,895</b>   | 391,354   | <b>32,304</b>  | 27,667  |
| <b>Total liabilities</b>             | <b>628,012</b>   | 476,144   | <b>44,402</b>  | 33,662  |
| <b>Total equity and liabilities</b>  | <b>2,318,566</b> | 1,993,325 | <b>163,929</b> | 140,933 |

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

|   | South African Rand |                  | United States Dollar |                  |
|---|--------------------|------------------|----------------------|------------------|
|   | Six months ended   | Six months ended | Six months ended     | Six months ended |
|   | September 30,      | September 30,    | September 30,        | September 30,    |
|   | 2018               | 2017             | 2018                 | 2017             |
| Figures are in thousands unless otherwise stated                        | Unaudited          | Unaudited        | Unaudited            | Unaudited        |
| <b>Cash flows from operating activities</b>                             |                    |                  |                      |                  |
| Cash generated from operations  | <b>221,187</b>     | 141,163          | <b>15,639</b>        | 9,981            |
| Net financing income  | <b>4,133</b>       | 1,703            | <b>292</b>           | 120              |
| Taxation paid   | <b>(23,851)</b>    | (20,582)         | <b>(1,686)</b>       | (1,455)          |
| <b>Net cash generated from operating activities</b>                     | <b>201,469</b>     | 122,284          | <b>14,245</b>        | 8,646            |
| <b>Cash flows from investing activities</b>                             |                    |                  |                      |                  |
| Capital expenditure payments  | <b>(164,192)</b>   | (182,516)        | <b>(11,609)</b>      | (12,904)         |
| Proceeds on sale of property, plant and equipment and intangible assets | <b>412</b>         | 1,218            | <b>29</b>            | 86               |
| Decrease in restricted cash   | <b>323</b>         | 22               | <b>23</b>            | 2                |
| Increase in restricted cash   | <b>(1,057)</b>     | (689)            | <b>(75)</b>          | (49)             |
| <b>Net cash used in investing activities</b>                            | <b>(164,514)</b>   | (181,965)        | <b>(11,632)</b>      | (12,865)         |
| <b>Cash flows from financing activities</b>                             |                    |                  |                      |                  |
| Proceeds from issuance of ordinary shares                               | <b>11,070</b>      | 1,325            | <b>783</b>           | 94               |
| Share repurchase  | —                  | (18,666)         | —                    | (1,320)          |
| Repayment of capitalized lease liability                                | <b>(6,914)</b>     | —                | <b>(489)</b>         | —                |
| Dividends paid to Company's owners                                      | <b>(33,822)</b>    | (25,200)         | <b>(2,391)</b>       | (1,782)          |
| <b>Net cash used in financing activities</b>                            | <b>(29,666)</b>    | (42,541)         | <b>(2,097)</b>       | (3,008)          |
| <b>Net increase/(decrease) in cash and cash equivalents</b>             | <b>7,289</b>       | (102,222)        | <b>516</b>           | (7,227)          |

|   |                |         |               |        |
|---|----------------|---------|---------------|--------|
| <b>Net cash and cash equivalents at the beginning of the period</b> | <b>290,538</b> | 356,333 | <b>20,542</b> | 25,194 |
| Exchange gains on cash and cash equivalents                         | <b>14,449</b>  | 2,753   | <b>1,021</b>  | 194    |
| <b>Net cash and cash equivalents at the end of the period</b>       | <b>312,276</b> | 256,864 | <b>22,079</b> | 18,161 |

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| South African Rand<br>Figures are in thousands unless<br>otherwise stated                | Attributable to owners of the parent |                   |                      |           | Non-<br>controlling<br>interest | Total<br>equity |
|--|--------------------------------------|-------------------|----------------------|-----------|---------------------------------|-----------------|
|  | Stated<br>capital                    | Other<br>reserves | Retained<br>earnings | Total     |                                 |                 |
| <b>Balance at April 1, 2017<br/>(Audited)</b>  | 854,345                              | (4,370)           | 594,514              | 1,444,489 | (1,558)                         | 1,442,931       |
| <b>Total comprehensive<br/>income</b>  | —                                    | 18,785            | 58,084               | 76,869    | 71                              | 76,940          |
| Profit for the period  | —                                    | —                 | 58,084               | 58,084    | 60                              | 58,144          |
| Other comprehensive income   | —                                    | 18,785            | —                    | 18,785    | 11                              | 18,796          |
| <b>Transactions with owners</b>  | (17,341)                             | 3,373             | (25,227)             | (39,195)  | 1,501                           | (37,694)        |
| Shares issued in relation to share<br>options and share appreciation<br>rights exercised | 1,325                                | —                 | —                    | 1,325     | —                               | 1,325           |
| Share-based payment<br>transaction   | —                                    | 4,874             | —                    | 4,874     | —                               | 4,874           |
| Dividends declared   | —                                    | —                 | (25,227)             | (25,227)  | —                               | (25,227)        |
| Share repurchase (note 8)  | (18,666)                             | —                 | —                    | (18,666)  | —                               | (18,666)        |
| Transactions with non-controlling<br>interest  | —                                    | (1,501)           | —                    | (1,501)   | 1,501                           | —               |
| <b>Balance at September 30,<br/>2017 (Unaudited)</b>                                     | 837,004                              | 17,788            | 627,371              | 1,482,163 | 14                              | 1,482,177       |
| <b>Total comprehensive<br/>income</b>  | —                                    | (79,361)          | 123,050              | 43,689    | (4)                             | 43,685          |
| Profit for the period  | —                                    | —                 | 123,050              | 123,050   | (1)                             | 123,049         |
| Other comprehensive loss   | —                                    | (79,361)          | —                    | (79,361)  | (3)                             | (79,364)        |
| <b>Transactions with owners</b>  | 9,401                                | 9,959             | (28,041)             | (8,681)   | —                               | (8,681)         |
| Shares issued in relation to share<br>options and share appreciation<br>rights exercised | 9,401                                | —                 | —                    | 9,401     | —                               | 9,401           |
| Share-based payment<br>transaction   | —                                    | 4,126             | —                    | 4,126     | —                               | 4,126           |
| Share-based payment - excess<br>tax benefit  | —                                    | 5,833             | —                    | 5,833     | —                               | 5,833           |
| Dividends declared   | —                                    | —                 | (28,041)             | (28,041)  | —                               | (28,041)        |
| <b>Balance at March 31, 2018<br/>(Audited)</b>   | 846,405                              | (51,614)          | 722,380              | 1,517,171 | 10                              | 1,517,181       |

|  |                |               |                 |                  |            |                  |
|--|----------------|---------------|-----------------|------------------|------------|------------------|
| Adjustment on initial application of IFRS 15, IFRS 16 and IFRS 9 (note 2)          | —              | —             | 24,675          | 24,675           | —          | 24,675           |
| <b>Adjusted balance at April 1, 2018</b>   | 846,405        | (51,614)      | 747,055         | 1,541,846        | 10         | 1,541,856        |
| <b>Total comprehensive income</b>  | —              | <b>95,941</b> | <b>68,786</b>   | <b>164,727</b>   | <b>2</b>   | <b>164,729</b>   |
| Profit for the period  | —              | —             | <b>68,786</b>   | <b>68,786</b>    | <b>(1)</b> | <b>68,785</b>    |
| Other comprehensive income   | —              | <b>95,941</b> | —               | <b>95,941</b>    | <b>3</b>   | <b>95,944</b>    |
| <b>Transactions with owners</b>  | <b>11,070</b>  | <b>6,772</b>  | <b>(33,873)</b> | <b>(16,031)</b>  | —          | <b>(16,031)</b>  |
| Shares issued in relation to share options and share appreciation rights exercised | <b>11,070</b>  | —             | —               | <b>11,070</b>    | —          | <b>11,070</b>    |
| Share-based payment transaction  | —              | <b>4,167</b>  | —               | <b>4,167</b>     | —          | <b>4,167</b>     |
| Share-based payment - excess tax benefit   | —              | <b>2,605</b>  | —               | <b>2,605</b>     | —          | <b>2,605</b>     |
| Dividends declared (note 9)  | —              | —             | <b>(33,873)</b> | <b>(33,873)</b>  | —          | <b>(33,873)</b>  |
| <b>Balance at September 30, 2018 (Unaudited)</b>                                   | <b>857,475</b> | <b>51,099</b> | <b>781,968</b>  | <b>1,690,542</b> | <b>12</b>  | <b>1,690,554</b> |

#### CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| United States Dollar<br>Figures are in thousands unless otherwise stated           | Attributable to owners of the parent |                |                   |                | Non-controlling interest | Total equity   |
|--|--------------------------------------|----------------|-------------------|----------------|--------------------------|----------------|
|  | Stated capital                       | Other reserves | Retained earnings | Total          |                          |                |
| <b>Balance at April 1, 2017 (Unaudited)</b>  | 60,406                               | (309)          | 42,034            | 102,131        | (110)                    | 102,021        |
| <b>Total comprehensive income</b>  | —                                    | 1,328          | 4,107             | 5,435          | 5                        | 5,440          |
| Profit for the period  | —                                    | —              | 4,107             | 4,107          | 4                        | 4,111          |
| Other comprehensive income   | —                                    | 1,328          | —                 | 1,328          | 1                        | 1,329          |
| <b>Transactions with owners</b>  | <b>(1,226)</b>                       | <b>239</b>     | <b>(1,784)</b>    | <b>(2,771)</b> | <b>106</b>               | <b>(2,665)</b> |
| Shares issued in relation to share options and share appreciation rights exercised | 94                                   | —              | —                 | 94             | —                        | 94             |
| Share-based payment transaction  | —                                    | 345            | —                 | 345            | —                        | 345            |
| Dividends declared   | —                                    | —              | (1,784)           | (1,784)        | —                        | (1,784)        |
| Share repurchase (note 8)  | (1,320)                              | —              | —                 | (1,320)        | —                        | (1,320)        |
| Transactions with non-controlling interest   | —                                    | (106)          | —                 | (106)          | 106                      | —              |
| <b>Balance at September 30, 2017 (Unaudited)</b>                                   | <b>59,180</b>                        | <b>1,258</b>   | <b>44,357</b>     | <b>104,795</b> | <b>1</b>                 | <b>104,796</b> |
| <b>Total comprehensive income</b>  | —                                    | (5,611)        | 8,700             | 3,089          | —                        | 3,089          |

|  |               |                |                |                |          |                |
|--|---------------|----------------|----------------|----------------|----------|----------------|
| Profit for the period  | —             | —              | 8,700          | 8,700          | —        | 8,700          |
| Other comprehensive loss   | —             | (5,611)        | —              | (5,611)        | —        | (5,611)        |
| <b>Transactions with owners</b>  | <b>665</b>    | <b>704</b>     | <b>(1,983)</b> | <b>(614)</b>   | <b>—</b> | <b>(614)</b>   |
| Shares issued in relation to share options and share appreciation rights exercised | 665           | —              | —              | 665            | —        | 665            |
| Share-based payment transaction  | —             | 292            | —              | 292            | —        | 292            |
| Share-based payment - excess tax benefit   | —             | 412            | —              | 412            | —        | 412            |
| Dividends declared   | —             | —              | (1,983)        | (1,983)        | —        | (1,983)        |
| <b>Balance at March 31, 2018 (Unaudited)</b>                                       | <b>59,845</b> | <b>(3,649)</b> | <b>51,074</b>  | <b>107,270</b> | <b>1</b> | <b>107,271</b> |
| Adjustment on initial application of IFRS 15, IFRS 16 and IFRS 9 (note 2)          | —             | —              | 1,745          | 1,745          | —        | 1,745          |
| <b>Adjusted balance at April 1, 2018</b>   | <b>59,845</b> | <b>(3,649)</b> | <b>52,819</b>  | <b>109,015</b> | <b>1</b> | <b>109,016</b> |
| <b>Total comprehensive income</b>  | <b>—</b>      | <b>6,784</b>   | <b>4,863</b>   | <b>11,647</b>  | <b>*</b> | <b>11,647</b>  |
| Profit for the period  | —             | —              | 4,863          | 4,863          | *        | 4,863          |
| Other comprehensive income   | —             | 6,784          | —              | 6,784          | *        | 6,784          |
| <b>Transactions with owners</b>  | <b>781</b>    | <b>478</b>     | <b>(2,395)</b> | <b>(1,136)</b> | <b>—</b> | <b>(1,136)</b> |
| Shares issued in relation to share options and share appreciation rights exercised | 781           | —              | —              | 781            | —        | 781            |
| Share-based payment transaction  | —             | 295            | —              | 295            | —        | 295            |
| Share-based payment - excess tax benefit   | —             | 183            | —              | 183            | —        | 183            |
| Dividends declared (note 9)  | —             | —              | (2,395)        | (2,395)        | —        | (2,395)        |
| <b>Balance at September 30, 2018 (Unaudited)</b>                                   | <b>60,626</b> | <b>3,613</b>   | <b>55,287</b>  | <b>119,526</b> | <b>1</b> | <b>119,527</b> |

\* Amounts less than \$1,000

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL RESULTS

### 1. Basis of preparation and accounting policies

*Condensed unaudited Group interim financial results for the half year ended September 30, 2018*

These condensed unaudited Group interim financial results for the half year ended September 30, 2018 have been prepared in accordance with International Financial Reporting Standard ("IFRS"), IAS 34: Interim financial reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council ("FRSC"), the JSE Listings Requirements and the requirements of the South African Companies Act, No. 71 of 2008. The interim financial results have not been audited or reviewed by the Group's external auditors.

The condensed unaudited Group interim financial results do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements for the year ended March 31, 2018, which have been prepared in accordance with IFRS.

The preparation of interim financial results requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. In preparing these condensed interim financial results, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation and uncertainty were the same as those applied to the consolidated financial statements for the year ended March 31, 2018, except for the adoption of IFRS 9 *Financial Instruments* ("IFRS 9"), IFRS 15 *Revenue from Contracts with Customers* ("IFRS 15") and IFRS 16 *Leases* ("IFRS 16") from April 1, 2018.

The condensed unaudited Group interim financial results were prepared under the supervision of the Interim Chief Financial Officer, PM Dell, CA(SA). The results were made available on November 1, 2018.

#### *Financial results for the second quarter of fiscal 2019*

In addition to the condensed unaudited Group interim financial results for the half year ended September 30, 2018, additional financial information in respect of the second quarter of fiscal 2018 has been presented together with the relevant comparative information. The quarterly information comprises a condensed consolidated income statement, a reconciliation of adjusted earnings to profit for the period, a reconciliation of Adjusted EBITDA to profit for the period (note 4), a reconciliation of free cash flow to net cash generated from operating activities (note 7), other financial and operating data (note 11) and development costs historical data (note 18).

The quarterly financial results have not been audited or reviewed by the Group's external auditors.

#### *Presentation currency and convenience translation*

The Group's presentation currency is South African Rand. In addition to presenting these interim financial results in South African Rand, supplementary information in U.S. Dollars has been prepared for the convenience of users of the Group interim financial results. Unless otherwise stated, the Group has translated U.S. Dollar amounts from South African Rand at the exchange rate of R14.1437 per \$1.00, which was the R/\$ exchange rate reported by Oanda.com as at September 30, 2018. The U.S. Dollar figures may not compute as they are rounded independently.

The supplementary information prepared in U.S. Dollars constitutes pro forma financial information under the JSE Listings Requirements. This pro forma financial information is the responsibility of the Group's Board of Directors and is presented for illustrative purposes. Because of its nature, the pro forma financial information may not fairly present MiX Telematics' financial position, changes in equity, results of operations or cash flows. The pro forma financial information does not constitute pro forma information in accordance with the requirements of Regulation S-X of the SEC or generally accepted accounting principles in the United States. In addition, the rules and regulations relating to the preparation of pro forma financial information in other jurisdictions may also vary significantly from the requirements applicable in South Africa.

## **2. Adoption IFRS 9, IFRS 15 and IFRS 16**

IFRS 9 is effective for the Group from April 1, 2018.

IFRS 15 permits a modified retrospective cumulative catch-up approach for the adoption, which the Group has decided to apply. Under this approach, the Group has recognized transitional adjustments in retained earnings on the date of initial application (i.e. April 1, 2018), without restating the comparative period. Under the practical expedient, the new requirements were only applied to contracts that were not completed as of April 1, 2018.

IFRS 16 applies to annual reporting periods beginning on or after January 1, 2019, but can be early adopted. Given that the Group applied IFRS 15 from April 1, 2018, the Group decided to early adopt IFRS 16 from this date.

The Group has chosen to apply the 'simplified approach' on adoption of IFRS 16 that includes certain relief related to the measurement of the right-of-use asset and the lease liability at April 1, 2018, rather than full retrospective application. Furthermore, the 'simplified approach' does not require a restatement of comparatives.

Refer to Note 2.1.1.2 of our consolidated financial statements for the year ended March 31, 2018 for further details on the adoption of the above mentioned standards.

### **Summary of the impact at April 1, 2018 of adopting IFRS 9, IFRS 15 and IFRS 16:**

|  | <b>South African Rand</b> | <b>United States Dollar</b> |
|--|---------------------------|-----------------------------|
| <b>IFRS 9 Assets</b>                         | <b>(R3.2 million)</b>     | <b>(\$0.2 million)</b>      |
| Trade and other receivables                  | <b>(R3.2 million)</b>     | <b>(\$0.2 million)</b>      |
| <b>IFRS 15 Assets</b>                        | <b>R46.5 million</b>      | <b>\$3.3 million</b>        |
| Capitalized commission assets                | <b>R45.3 million</b>      | <b>\$3.2 million</b>        |
| Trade and other receivables <sup>(1)</sup>   | <b>R1.2 million</b>       | <b>\$0.1 million</b>        |
| <b>IFRS 16 Assets</b>                        | <b>R29.9 million</b>      | <b>\$2.1 million</b>        |
| Property, plant and equipment                | <b>R30.6 million</b>      | <b>\$2.2 million</b>        |
| Trade and other receivables <sup>(2)</sup>   | <b>(R0.7 million)</b>     | <b>(\$0.1 million)</b>      |
| <b>Total Assets</b>                          | <b>R73.2 million</b>      | <b>\$5.2 million</b>        |
| <b>IFRS 15 Liabilities</b>                   | <b>R8.7 million</b>       | <b>\$0.6 million</b>        |
| Recurring commission liability (non-current) | <b>R4.0 million</b>       | <b>\$0.3 million</b>        |

|   |                       |                         |
|---|-----------------------|-------------------------|
| Trade and other payables <sup>(3)</sup>   | <b>R4.7 million</b>   | <b>\$0.3 million</b>    |
| <b>IFRS 16 Liabilities</b>                | <b>R31.9 million</b>  | <b>\$2.3 million</b>    |
| Capitalized lease liability (non-current) | <b>R23.3 million</b>  | <b>\$1.7 million</b>    |
| Capitalized lease liability (current)     | <b>R8.8 million</b>   | <b>\$0.6 million</b>    |
| Trade and other payables <sup>(2)</sup>   | <b>(R0.2 million)</b> | <b>(\$0.01 million)</b> |
| <b>Deferred tax liabilities</b>           | <b>R7.9 million</b>   | <b>\$0.6 million</b>    |
| <b>Total liabilities</b>                  | <b>R48.5 million</b>  | <b>\$3.5 million</b>    |
| <b>Net increase in equity</b>             | <b>R24.7 million</b>  | <b>\$1.7 million</b>    |

(1) Contract assets related to fixed escalations.

(2) Reversal of lease prepayment and lease accruals under IAS 17 Leases. These have been reflected in the measurement of the lease liability under IFRS 16.

(3) Includes the current portion of additional recurring commission liability of R2.9 million (\$0.2 million) and increase in liabilities related to contracts with customers due to significant financing adjustments of R1.8 million (\$0.1 million).

### Summary of impact on the first half of fiscal 2019 of adopting IFRS 9, IFRS 15 and IFRS 16:

Other than a R3.6 million (\$0.3 million) increase in finance costs primarily as a result of IFRS 15 significant financing activity interest expense and IFRS 16 capitalized lease liability interest, the impact on each line item in the condensed consolidated income statement for the first half of fiscal 2019 was not material.

The only adjustment to the statement of cash flows was an outflow of R6.9 million (\$0.5 million) in respect of lease liability payments being recorded in cash flows from financing activities as a result of the adoption of IFRS 16. This outflow was previously accounted for as an operating lease expense and included under cash generated from operations.

### Summary of impact on the second quarter of fiscal 2019 of adopting IFRS 9, IFRS 15 and IFRS 16:

Other than a R1.8 million (\$0.1 million) increase in finance costs primarily as a result of IFRS 15 significant financing activity interest expense and IFRS 16 capitalized lease liability interest, the impact on each line item in the condensed consolidated income statement for the second quarter of fiscal 2019 was not material.

### 3. Segment information

Our operating segments are based on the geographical location of our Regional Sales Offices ("RSOs") and also include our Central Services Organization ("CSO"). CSO is our central services organization that wholesales our products and services to our RSOs who, in turn, interface with our end-customers, distributors and dealers. CSO is also responsible for the development of our hardware and software platforms and provides common marketing, product management, technical and distribution support to each of our other operating segments.

The chief operating decision maker ("CODM") reviews the segment results on an integral margin basis as defined by management. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified collectively as the executive committee and the Chief Executive Officer who make strategic decisions. In respect of revenue, this method of measurement entails reviewing the segmental results based on external revenue only. In respect of Adjusted EBITDA (the profit measure identified by the CODM), the margin generated by CSO, net of any unrealized intercompany profit, is allocated to the geographic region where the external revenue is recorded by our RSOs. The costs remaining in CSO relate mainly to research and development of hardware and software platforms, common marketing, product management and technical and distribution support to each of the RSOs. CSO is a reportable segment of the Group because it produces discrete financial information which is reviewed by the CODM and has the ability to generate external revenues.

Each RSO's results therefore reflect the external revenue earned, as well as the Adjusted EBITDA earned (or loss incurred) by each operating segment before the remaining CSO and corporate costs allocations. Segment assets are not disclosed as segment information is not reviewed on such a basis by the CODM.

### 3. Segment information (continued)

| South African Rand                               | Subscription revenue | Hardware and other revenue | Total revenue | Adjusted EBITDA |
|--|----------------------|----------------------------|---------------|-----------------|
| Figures are in thousands unless otherwise stated |                      |                            |               |                 |

Six months ended September 30, 2018  
(unaudited)

|                                     |                |                |                |                |
|-------------------------------------|----------------|----------------|----------------|----------------|
| Africa                              | 470,565        | 37,031         | 507,596        | 230,200        |
| Europe                              | 64,784         | 43,624         | 108,408        | 37,403         |
| Americas                            | 136,223        | 14,786         | 151,009        | 74,858         |
| Middle East and Australasia         | 109,168        | 46,280         | 155,448        | 67,762         |
| Brazil                              | 29,417         | 1,290          | 30,707         | 11,292         |
| <b>Total Regional Sales Offices</b> | <b>810,157</b> | <b>143,011</b> | <b>953,168</b> | <b>421,515</b> |
| Central Services Organization       | 385            | 6              | 391            | (82,283)       |
| <b>Total Segment Results</b>        | <b>810,542</b> | <b>143,017</b> | <b>953,559</b> | <b>339,232</b> |
| Corporate and consolidation entries | —              | —              | —              | (59,879)       |
| <b>Total</b>                        | <b>810,542</b> | <b>143,017</b> | <b>953,559</b> | <b>279,353</b> |

| <b>Six months ended September 30, 2017<br/>(unaudited)</b> | Subscription<br>revenue | Hardware and<br>other revenue | Total<br>revenue | Adjusted<br>EBITDA |
|--|-------------------------|-------------------------------|------------------|--------------------|
| Africa   | 423,157                 | 46,392                        | 469,549          | 209,392            |
| Europe   | 55,923                  | 33,482                        | 89,405           | 29,443             |
| Americas   | 83,012                  | 12,868                        | 95,880           | 24,958             |
| Middle East and Australasia                                | 98,900                  | 37,096                        | 135,996          | 49,570             |
| Brazil   | 23,120                  | 2,327                         | 25,447           | 8,752              |
| <b>Total Regional Sales Offices</b>                        | <b>684,112</b>          | <b>132,165</b>                | <b>816,277</b>   | <b>322,115</b>     |
| Central Services Organization                              | 515                     | 38                            | 553              | (68,849)           |
| <b>Total Segment Results</b>                               | <b>684,627</b>          | <b>132,203</b>                | <b>816,830</b>   | <b>253,266</b>     |
| Corporate and consolidation entries                        | —                       | —                             | —                | (56,070)           |
| <b>Total</b>   | <b>684,627</b>          | <b>132,203</b>                | <b>816,830</b>   | <b>197,196</b>     |

### 3. Segment information (continued)

| <b>United States Dollar</b><br>Figures are in thousands unless otherwise stated | <b>Subscription<br/>revenue</b> | <b>Hardware<br/>and<br/>other<br/>revenue</b> | <b>Total<br/>revenue</b> | <b>Adjusted<br/>EBITDA</b> |
|---|---------------------------------|---|--------------------------|----------------------------|
| <b>Six months ended September 30, 2018<br/>(unaudited)</b>                      |                                 |   |                          |                            |
| Africa  | 33,270                          | 2,618   | 35,888                   | 16,276                     |
| Europe  | 4,580                           | 3,085   | 7,665                    | 2,644                      |
| Americas  | 9,631                           | 1,046   | 10,677                   | 5,293                      |
| Middle East and Australasia   | 7,718                           | 3,273   | 10,991                   | 4,791                      |
| Brazil  | 2,080                           | 91  | 2,171                    | 798                        |
| <b>Total Regional Sales Offices</b>   | <b>57,279</b>                   | <b>10,113</b>                                 | <b>67,392</b>            | <b>29,802</b>              |
| Central Services Organization   | 27                              | *   | 27                       | (5,818)                    |
| <b>Total Segment Results</b>  | <b>57,306</b>                   | <b>10,113</b>                                 | <b>67,419</b>            | <b>23,984</b>              |
| Corporate and consolidation entries   | —                               | —   | —                        | (4,232)                    |
| <b>Total</b>  | <b>57,306</b>                   | <b>10,113</b>                                 | <b>67,419</b>            | <b>19,752</b>              |

| <b>Six months ended September 30, 2017<br/>(unaudited)</b> | Subscription<br>revenue | Hardware and<br>other revenue | Total<br>revenue | Adjusted<br>EBITDA |
|--|-------------------------|-------------------------------|------------------|--------------------|
| Africa   | 29,918                  | 3,280                         | 33,198           | 14,805             |
| Europe   | 3,954                   | 2,367                         | 6,321            | 2,082              |

|                                     |               |              |               |               |
|-------------------------------------|---------------|--------------|---------------|---------------|
| Americas                            | 5,869         | 910          | 6,779         | 1,765         |
| Middle East and Australasia         | 6,992         | 2,623        | 9,615         | 3,505         |
| Brazil                              | 1,635         | 164          | 1,799         | 619           |
| <b>Total Regional Sales Offices</b> | <b>48,368</b> | <b>9,344</b> | <b>57,712</b> | <b>22,776</b> |
| Central Services Organization       | 37            | 3            | 40            | (4,868)       |
| <b>Total Segment Results</b>        | <b>48,405</b> | <b>9,347</b> | <b>57,752</b> | <b>17,908</b> |
| Corporate and consolidation entries | —             | —            | —             | (3,964)       |
| <b>Total</b>                        | <b>48,405</b> | <b>9,347</b> | <b>57,752</b> | <b>13,944</b> |

\* Amount less than \$1,000

#### 4. Reconciliation of Adjusted EBITDA to Profit for the Period

| <b>South African Rand</b>   | <b>Six months ended</b> | Six months ended | <b>Three months ended</b> | Three months ended |
|---|-------------------------|------------------|---------------------------|--------------------|
|   | <b>September 30,</b>    | September 30,    | <b>September 30,</b>      | September 30,      |
| Figures are in thousands unless otherwise stated                          | <b>2018</b>             | 2017             | <b>2018</b>               | 2017               |
|   | <b>Unaudited</b>        | Unaudited        | <b>Unaudited</b>          | Unaudited          |
| <b>Adjusted EBITDA</b>  | <b>279,353</b>          | 197,196          | <b>152,910</b>            | 103,313            |
| <i>Add:</i>   |                         |                  |                           |                    |
| Net profit on sale of property, plant and equipment and intangible assets | <b>238</b>              | 313              | <b>217</b>                | —                  |
| <i>Less:</i>  |                         |                  |                           |                    |
| Depreciation (1)  | <b>(86,180)</b>         | (71,576)         | <b>(45,522)</b>           | (37,096)           |
| Amortization (2)  | <b>(32,454)</b>         | (31,387)         | <b>(16,359)</b>           | (16,823)           |
| Impairment of product development costs capitalized                       | <b>(51)</b>             | (127)            | <b>(51)</b>               | (35)               |
| Share-based compensation costs  | <b>(4,167)</b>          | (6,226)          | <b>(2,159)</b>            | (4,079)            |
| Equity-settled share-based compensation costs                             | <b>(4,167)</b>          | (4,874)          | <b>(2,159)</b>            | (2,727)            |
| Cash-settled share-based compensation costs                               | —                       | (1,352)          | —                         | (1,352)            |
| Net loss on sale of property, plant and equipment and intangible assets   | —                       | —                | —                         | (19)               |
| Increase in restructuring cost provision                                  | <b>(2,308)</b>          | (24)             | <b>(2,330)</b>            | (6)                |
| <b>Operating profit</b>   | <b>154,431</b>          | 88,169           | <b>86,706</b>             | 45,255             |
| <i>Add:</i> Finance income/(costs) - net                                  | <b>628</b>              | (84)             | <b>473</b>                | 3,402              |
| <i>Less:</i> Taxation   | <b>(86,274)</b>         | (29,941)         | <b>(32,829)</b>           | (24,417)           |
| <b>Profit for the period</b>  | <b>68,785</b>           | 58,144           | <b>54,350</b>             | 24,240             |

(1) Includes depreciation of property, plant and equipment (including in-vehicle devices). The adoption of IFRS 16 during the period resulted in depreciation of right-of-use assets of R5.1 million being recorded in the first half of fiscal 2019 and R2.8 million in the three months ended September 30, 2018.

(2) Includes amortization of intangible assets (including product development costs and intangible assets identified as part of a business combination).

#### 4. Reconciliation of Adjusted EBITDA to Profit for the Period (continued)

| <b>United States Dollar</b> | <b>Six months ended</b> | Six months ended | <b>Three months ended</b> | Three months ended |
|-----------------------------|-------------------------|------------------|---------------------------|--------------------|
|-----------------------------|-------------------------|------------------|---------------------------|--------------------|

|   | <b>September<br/>30,<br/>2018</b> | September<br>30,<br>2017 | <b>September<br/>30,<br/>2018</b> | September<br>30,<br>2017 |
|---|-----------------------------------|--------------------------|-----------------------------------|--------------------------|
| Figures are in thousands unless otherwise stated                          | <b>Unaudited</b>                  | Unaudited                | <b>Unaudited</b>                  | Unaudited                |
| <b>Adjusted EBITDA</b>  | <b>19,752</b>                     | 13,944                   | <b>10,814</b>                     | 7,303                    |
| <i>Add:</i>   |                                   |                          |                                   |                          |
| Net profit on sale of property, plant and equipment and intangible assets | <b>17</b>                         | 22                       | <b>15</b>                         | —                        |
| <i>Less:</i>  |                                   |                          |                                   |                          |
| Depreciation (1)  | <b>(6,093)</b>                    | (5,061)                  | <b>(3,219)</b>                    | (2,623)                  |
| Amortization (2)  | <b>(2,295)</b>                    | (2,219)                  | <b>(1,157)</b>                    | (1,189)                  |
| Impairment of product development costs capitalized                       | <b>(4)</b>                        | (9)                      | <b>(4)</b>                        | (2)                      |
| Share-based compensation costs  | <b>(295)</b>                      | (441)                    | <b>(153)</b>                      | (289)                    |
| Equity-settled share-based compensation costs                             | <b>(295)</b>                      | (345)                    | <b>(153)</b>                      | (193)                    |
| Cash-settled share-based compensation costs                               | —                                 | (96)                     | —                                 | (96)                     |
| Net loss on sale of property, plant and equipment and intangible assets   | —                                 | —                        | —                                 | (1)                      |
| Increase in restructuring cost provision                                  | <b>(163)</b>                      | (2)                      | <b>(165)</b>                      | *                        |
| <b>Operating profit</b>   | <b>10,919</b>                     | 6,234                    | <b>6,131</b>                      | 3,199                    |
| <i>Add:</i> Finance income/(costs) - net                                  | <b>44</b>                         | (6)                      | <b>33</b>                         | 240                      |
| <i>Less:</i> Taxation   | <b>(6,100)</b>                    | (2,117)                  | <b>(2,321)</b>                    | (1,726)                  |
| <b>Profit for the period</b>  | <b>4,863</b>                      | 4,111                    | <b>3,843</b>                      | 1,713                    |

\* Amount less than \$1,000

(1) Includes depreciation of property, plant and equipment (including in-vehicle devices). The adoption of IFRS 16 during the period resulted in depreciation of right-of-use assets of \$0.4 million being recorded in the first half of fiscal 2019 and \$0.2 million in the three months ended September 30, 2018.

(2) Includes amortization of intangible assets (including product development costs and intangible assets identified as part of a business combination).

##### 5. Reconciliation of Adjusted EBITDA margin to Profit for the Period margin

|   | <b>Six months<br/>ended<br/>September<br/>30,<br/>2018</b> | Six months<br>ended<br>September<br>30,<br>2017 | <b>Three<br/>months<br/>ended<br/>September<br/>30,<br/>2018</b> | Three<br>months<br>ended<br>September<br>30,<br>2017 |
|---|--|---|--|--|
|   | <b>Unaudited</b>   | Unaudited                                       | <b>Unaudited</b>   | Unaudited  |
| <b>Adjusted EBITDA margin</b>   | <b>29.3%</b>   | 24.1%   | <b>30.8%</b>   | 25.1%  |
| <i>Add:</i>   |  |   |  |  |
| Net profit on sale of property, plant and equipment and intangible assets | <b>0.0%</b>  | 0.0%  | <b>0.0%</b>  | —  |
| <i>Less:</i>  |  |   |  |  |
| Depreciation  | <b>(9.0%)</b>  | (8.7%)  | <b>(9.1%)</b>  | (9.0%)   |
| Amortization  | <b>(3.5%)</b>  | (3.8%)  | <b>(3.3%)</b>  | (4.1%)   |
| Impairment of product development costs capitalized                       | <b>(0.0%)</b>  | (0.0%)  | <b>(0.0%)</b>  | (0.0%)   |

|   |               |        |               |        |
|---|---------------|--------|---------------|--------|
| Share-based compensation costs  | <b>(0.4%)</b> | (0.8%) | <b>(0.4%)</b> | (1.0%) |
| Equity-settled share-based compensation costs                           | <b>(0.4%)</b> | (0.6%) | <b>(0.4%)</b> | (0.7%) |
| Cash-settled share-based compensation costs                             | —             | (0.2%) | —             | (0.3%) |
| Net loss on sale of property, plant and equipment and intangible assets | —             | —      | —             | (0.0%) |
| Increase in restructuring cost provision                                | <b>(0.2%)</b> | 0.0%   | <b>(0.5%)</b> | (0.0%) |
| <b>Operating profit margin</b>  | <b>16.2%</b>  | 10.8%  | <b>17.5%</b>  | 11.0%  |
| Add: Finance income/(costs) - net                                       | <b>0.1%</b>   | (0.0%) | <b>0.1%</b>   | 0.8%   |
| Less: Taxation  | <b>(9.1%)</b> | (3.7%) | <b>(6.7%)</b> | (5.9%) |
| <b>Profit for the period margin</b>                                     | <b>7.2%</b>   | 7.1%   | <b>10.9%</b>  | 5.9%   |

## 6. Assets Classified as Held for Sale

The assets classified as held for sale relate to the property owned by the Central Services Organization, a division of MiX Telematics International Proprietary Limited. No impairment loss was recognized on reclassification of the property as held for sale as the fair value (estimated based on the recent market prices of similar properties in similar locations) less costs to sell is higher than the carrying amount. Management anticipate that the sale will be completed by the end of fiscal 2019.

## 7. Reconciliation of Free Cash Flow to Net Cash generated from Operating Activities

|   | Six months ended   | Six months ended   | Three months ended | Three months ended |
|---|--------------------|--------------------|--------------------|--------------------|
| South African Rand                                  | September 30, 2018 | September 30, 2017 | September 30, 2018 | September 30, 2017 |
| Figures are in thousands unless otherwise stated    | Unaudited          | Unaudited          | Unaudited          | Unaudited          |
| <b>Net cash generated from operating activities</b> | <b>201,469</b>     | 122,284            | <b>178,711</b>     | 103,960            |
| Capital expenditure payments                        | <b>(164,192)</b>   | (182,516)          | <b>(85,886)</b>    | (100,172)          |
| <b>Free cash flow</b>                               | <b>37,277</b>      | (60,232)           | <b>92,825</b>      | 3,788              |

|   | Six months ended   | Six months ended   | Three months ended | Three months ended |
|---|--------------------|--------------------|--------------------|--------------------|
| United States Dollar                                | September 30, 2018 | September 30, 2017 | September 30, 2018 | September 30, 2017 |
| Figures are in thousands unless otherwise stated    | Unaudited          | Unaudited          | Unaudited          | Unaudited          |
| <b>Net cash generated from operating activities</b> | <b>14,245</b>      | 8,646              | <b>12,635</b>      | 7,350              |
| Capital expenditure payments                        | <b>(11,609)</b>    | (12,904)           | <b>(6,072)</b>     | (7,082)            |
| <b>Free cash flow</b>                               | <b>2,636</b>       | (4,258)            | <b>6,563</b>       | 268                |

## 8. Share Repurchase

### Fiscal 2018

On May 23, 2017, the MiX Telematics Board approved a share repurchase program of up to R270 million (\$19.1 million) under which the Company may repurchase its ordinary shares, including American Depositary Shares ("ADSs"). The Company may repurchase its shares from time to time at its discretion through open market transactions and block trades, based on ongoing assessments of the capital needs of the Company, the market price of its securities and general market conditions. This share repurchase program may be discontinued at any time by the Board of Directors, and the Company has no obligation to repurchase any amount of its securities under the program. The repurchase program will be funded out of existing cash resources.

At September 30, 2017, the following purchases had been made under the share repurchase program:

| <b>South African Rand</b> | <b>Total number of shares repurchased</b> | <b>Average price paid per share (R) <sup>(1)</sup></b> | <b>Shares canceled under the share repurchase program</b> | <b>Total value of shares purchased as part of publicly announced program (R'000)</b> | <b>Maximum value of shares that could be purchased under the program at September 30, 2017 (R'000)</b> |
|---------------------------|---|--|---|--|--|
| <b>June 2017</b>          | <b>5,015,660</b>                          | <b>3.72</b>  | <b>5,015,660</b>  | <b>18,666</b>  | <b>251,334</b>   |
|                           | <b>5,015,660</b>                          |  | <b>5,015,660</b>  | <b>18,666</b>  | <b>251,334</b>   |

| <b>United States Dollar</b> | <b>Total number of shares repurchased</b> | <b>Average price paid per share (\$) <sup>(1)</sup></b> | <b>Shares canceled under the share repurchase program</b> | <b>Total value of shares purchased as part of publicly announced program (\$'000)</b> | <b>Maximum value of shares that could be purchased under the program at September 30, 2017 (\$'000)</b> |
|-----------------------------|---|---|---|---|---|
| <b>June 2017</b>            | <b>5,015,660</b>                          | <b>0.26</b>   | <b>5,015,660</b>  | <b>1,320</b>  | <b>17,770</b>   |
|                             | <b>5,015,660</b>                          |   | <b>5,015,660</b>  | <b>1,320</b>  | <b>17,770</b>   |

(1) Including transaction costs.

Subsequent to the repurchase, the shares were delisted and now form part of the authorized unissued share capital of the Company. No repurchases were made under the share repurchase program during the second half of fiscal 2018.

#### *Fiscal 2019*

No purchases were made under the share repurchase program during the first half of fiscal 2019. Refer to note 14 for details of share repurchases made in October 2018 under this share repurchase program.

### **9. Dividends Paid**

The following dividends were declared by the Company during the six months ended September 30, 2018 (excluding dividends paid on treasury shares):

- In respect of the fourth quarter of fiscal year 2018, a dividend of R16.9 million (\$1.2 million) was declared on May 8, 2018 and paid on June 4, 2018. Using shares in issue of 564,420,145 (excluding 40,000,000 treasury shares), this equated to a dividend of 3 South African cents or 0.2 U.S. cents per ordinary share; and
- In respect of the first quarter of fiscal 2019, a dividend of R16.9 million (\$1.2 million) was declared on July 31, 2018 and paid on August 27, 2018. Using shares in issue of 564,634,076 (excluding 40,000,000 treasury shares), this equated to a dividend of 3 South African cents or 0.2 U.S. cents per share.

### **10. Contingent Liabilities**

#### *Service agreement*

In terms of an amended network services agreement with Mobile Telephone Networks Proprietary Limited ("MTN"), MTN is entitled to claw back payments from MiX Telematics Africa Proprietary Limited in the event of early cancellation of the agreement or certain base connections not being maintained over the term of the agreement. No connection incentives will be received in terms of the amended network services agreement. The maximum potential liability under the arrangement is R41.4 million or \$2.9 million. No loss is considered probable under this arrangement.

### **11. Other Operating and Financial Data**

| <b>South African Rand</b>                       | <b>Six months ended</b>   | Six months ended   | <b>Three months ended</b> | Three months ended |
|---|---------------------------|--------------------|---------------------------|--------------------|
|   | <b>September 30, 2018</b> | September 30, 2017 | <b>September 30, 2018</b> | September 30, 2017 |
|   | <b>Unaudited</b>          | Unaudited          | <b>Unaudited</b>          | Unaudited          |
| Figures are in thousands except for subscribers |                           |                    |                           |                    |

|   |                |         |                |         |
|---|----------------|---------|----------------|---------|
| Total revenue   | <b>953,559</b> | 816,830 | <b>496,737</b> | 411,167 |
| Subscription revenue  | <b>810,542</b> | 684,627 | <b>420,152</b> | 349,262 |
| Hardware revenue  | <b>122,900</b> | 106,810 | <b>66,369</b>  | 49,837  |
| Driver training, installation and other revenue                   | <b>20,117</b>  | 25,393  | <b>10,216</b>  | 12,068  |
| Adjusted EBITDA   | <b>279,353</b> | 197,196 | <b>152,910</b> | 103,313 |
| Cash and cash equivalents   | <b>347,253</b> | 283,526 | <b>347,253</b> | 283,526 |
| Net cash (1)  | <b>312,276</b> | 256,864 | <b>312,276</b> | 256,864 |
| Capital expenditure incurred                                      | <b>168,093</b> | 177,127 | <b>85,349</b>  | 98,003  |
| Property, plant and equipment expenditure (2)                     | <b>125,368</b> | 127,452 | <b>61,245</b>  | 72,846  |
| Intangible asset expenditure                                      | <b>42,725</b>  | 49,675  | <b>24,104</b>  | 25,157  |
| Capital expenditure authorized but not spent                      | <b>48,389</b>  | 50,488  | <b>48,389</b>  | 50,488  |
| Total development cost incurred                                   | <b>68,091</b>  | 67,342  | <b>33,983</b>  | 34,167  |
| Development cost capitalized                                      | <b>34,816</b>  | 32,804  | <b>17,571</b>  | 16,148  |
| Development cost expensed within administration and other charges | <b>33,275</b>  | 34,538  | <b>16,412</b>  | 18,019  |
| Subscribers   | <b>714,011</b> | 640,158 | <b>714,011</b> | 640,158 |

| <b>South African Rand</b>          | <b>September 30, 2018 Unaudited</b> | March 31, 2018 Audited |
|------------------------------------|-------------------------------------|------------------------|
| Net asset value per share          | <b>2.97</b>                         | 2.69                   |
| Net tangible asset value per share | <b>1.24</b>                         | 1.10                   |

(1) Net cash is calculated as being net cash and cash equivalents, excluding restricted cash.

(2) Excludes non-cash additions related to the initial recognition of right-of-use assets arising from the adoption of IFRS 16 Leases. The adoption of IFRS 16 during the period resulted in the recognition of right-of-use assets of R12.4 million in the six months ended September 30, 2018 and R5.2 million in the three months ended September 30, 2018.

| <b>United States Dollar</b>                     | <b>Six months ended September 30, 2018 Unaudited</b> | Six months ended September 30, 2017 Unaudited | <b>Three months ended September 30, 2018 Unaudited</b> | Three months ended September 30, 2017 Unaudited |
|---|--|---|--|---|
| Figures are in thousands except for subscribers |  |   |  |   |
| Total revenue                                   | <b>67,419</b>  | 57,752  | <b>35,121</b>  | 29,071  |
| Subscription revenue                            | <b>57,306</b>  | 48,405  | <b>29,706</b>  | 24,694  |
| Hardware revenue                                | <b>8,689</b>   | 7,552   | <b>4,692</b>   | 3,524   |
| Driver training, installation and other revenue | <b>1,424</b>   | 1,795   | <b>723</b>   | 853   |
| Adjusted EBITDA                                 | <b>19,752</b>  | 13,944  | <b>10,814</b>  | 7,303   |
| Cash and cash equivalents                       | <b>24,552</b>  | 20,046  | <b>24,552</b>  | 20,046  |
| Net cash (1)                                    | <b>22,079</b>  | 18,161  | <b>22,079</b>  | 18,161  |
| Capital expenditure incurred                    | <b>11,885</b>  | 12,523  | <b>6,034</b>   | 6,929   |
| Property, plant and equipment expenditure (2)   | <b>8,864</b>   | 9,011   | <b>4,330</b>   | 5,150   |
| Intangible asset expenditure                    | <b>3,021</b>   | 3,512   | <b>1,704</b>   | 1,779   |

|   |                |         |                |         |
|---|----------------|---------|----------------|---------|
| Capital expenditure authorized but not spent                      | <b>3,421</b>   | 3,570   | <b>3,421</b>   | 3,570   |
| Total development cost incurred                                   | <b>4,815</b>   | 4,761   | <b>2,402</b>   | 2,416   |
| Development cost capitalized                                      | <b>2,462</b>   | 2,319   | <b>1,242</b>   | 1,142   |
| Development cost expensed within administration and other charges | <b>2,353</b>   | 2,442   | <b>1,160</b>   | 1,274   |
| Subscribers   | <b>714,011</b> | 640,158 | <b>714,011</b> | 640,158 |

| <b>United States Dollar</b>        | <b>September 30, 2018</b> | March 31, 2018 |
|------------------------------------|---------------------------|----------------|
|                                    | <b>Unaudited</b>          | Unaudited      |
| Net asset value per share          | <b>0.21</b>               | 0.19           |
| Net tangible asset value per share | <b>0.09</b>               | 0.08           |

(1) Net cash is calculated as being net cash and cash equivalents, excluding restricted cash.

(2) Excludes non-cash additions related to the initial recognition of right-of-use assets arising from the adoption of IFRS 16 Leases. The adoption of IFRS 16 during the period resulted in the recognition of right-of-use assets of \$0.9 million in the six months ended September 30, 2018 and \$0.4 million in the three months ended September 30, 2018.

## 11. Other operating and financial data (continued)

|  | <b>Six months ended</b>   | Six months ended   | <b>Three months ended</b> | Three months ended |
|--|---------------------------|--------------------|---------------------------|--------------------|
|  | <b>September 30, 2018</b> | September 30, 2017 | <b>September 30, 2018</b> | September 30, 2017 |
|  | <b>Unaudited</b>          | Unaudited          | <b>Unaudited</b>          | Unaudited          |

### Exchange Rates

The following major rates of exchange were used:

South African Rand: United States Dollar

|          |              |       |              |       |
|----------|--------------|-------|--------------|-------|
| -closing | <b>14.14</b> | 13.56 | <b>14.14</b> | 13.56 |
| -average | <b>13.34</b> | 13.18 | <b>14.07</b> | 13.17 |

South African Rand: British Pound

|          |              |       |              |       |
|----------|--------------|-------|--------------|-------|
| -closing | <b>18.43</b> | 18.13 | <b>18.43</b> | 18.13 |
| -average | <b>17.75</b> | 17.05 | <b>18.33</b> | 17.23 |

## 12. Fair Value of Financial Assets and Liabilities Measured at Amortized Cost

The fair values of trade and other receivables, restricted cash, cash and cash equivalents, trade payables, accruals, bank overdraft and other payables approximate their book values as the impact of discounting is not considered material due to the short-term nature of both the receivables and payables.

## 13. Performance Share Award under the MiX Telematics Limited Long-Term Incentive Plan

The MiX Telematics Board of Directors has authorized a supplemental performance share award under the MiX Telematics Limited Long-Term Incentive Plan. In terms of this award the Board has designated 8,000,000 ordinary shares (equivalent to 320,000 ADSs), to be awarded to eligible employees if the Company achieves both of the following constant currency targets at March 31, 2020:

- Cumulative subscription revenue for the 2019 and 2020 fiscal years of R3,588 million, and
- Cumulative Adjusted EBITDA for the 2019 and 2020 fiscal years of R1,322 million.

The targets have been derived using an average forecast exchange rate of R13.8000 per \$1.00.

Half of this supplemental equity grant is being made now and the remaining half will be awarded at the beginning of fiscal 2020 if the Board of Directors believes the Company remains on track to meet the vesting targets listed above. Furthermore, these performance shares will not vest unless both targets are fully achieved in the specified time-frame.

The incentive targets are in excess of the current and implied guidance we have provided to investors. The incentive targets should be viewed by investors as stretch targets that the Board and management believe may potentially be achievable if market trends remain favorable and the Company executes at an extremely high level. Whether or not the incentive targets will be achievable requires consideration of the assumptions underlying the financial guidance provided by the Company for the 2019 fiscal year and consideration of further assumptions being the achievement of substantial additional growth in subscription revenue and subscribers and exceeding hardware sales targets while simultaneously accelerating adjusted EBITDA margin expansion. The setting of the incentive targets by the Board of Directors for the award of the performance shares, does not substitute for the fiscal 2019 guidance and shareholders are advised to refer to the guidance provided in the Business outlook section for the guidance for fiscal 2019. The incentive targets relating to the performance share awards and the assumptions underlying them are the responsibility of the board of directors and have not been reviewed or reported on by the Company's external auditors.

#### 14. Events after the reporting dates

Other than the item below, the directors are not aware of any matter material or otherwise arising since September 30, 2018 and up to the date of this report, not otherwise dealt with herein.

##### Share Repurchase

During October 2018, the following share purchases were made under the share repurchase program:

| South African Rand | Total number of shares repurchased | Average price paid per share (R) <sup>(1)</sup> | Shares canceled under the share repurchase program | Value of shares purchased as part of publicly announced program (R'000) | Maximum value of shares that may yet be purchased under the program (R'000) |
|--------------------|------------------------------------|---|--|---|---|
| October 2018       | 9,143,795                          | 8.03  | 7,869,954  | 73,440  | 177,894   |
|                    | 9,143,795                          |   | 7,869,954  | 73,440  | 177,894   |

  

| United States Dollar | Total number of shares repurchased | Average price paid per share (\$) <sup>(1)</sup> | Shares canceled under the share repurchase program | Value of shares purchased as part of publicly announced program (\$'000) | Maximum value of shares that may yet be purchased under the program (\$'000) |
|----------------------|------------------------------------|--|--|--|--|
| October 2018         | 9,143,795                          | 0.57   | 7,869,954  | 5,192  | 12,578   |
|                      | 9,143,795                          |  | 7,869,954  | 5,192  | 12,578   |

(1) Including transaction costs.

Subsequent to the repurchase, 7,869,954 of the shares repurchased were delisted and now form part of the authorized unissued share capital of the Company. The Company intends to delist all shares repurchased under this repurchase program.

#### 15. Dividend Declared

On October 30, 2018 the Board declared in respect of the second quarter of fiscal year 2019, which ended on September 30, 2018, a dividend of 3 South African cents (0.2 U.S. cents) per ordinary share to be paid on Monday, November 26, 2018.

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

|                                       |                              |
|---------------------------------------|------------------------------|
| Last day to trade <i>cum</i> dividend | Tuesday, November 20, 2018   |
| Securities trade <i>ex</i> dividend   | Wednesday, November 21, 2018 |
| Record date                           | Friday, November 23, 2018    |
| Payment date                          | Monday, November 26, 2018    |

Share certificates may not be dematerialized or rematerialized between Wednesday, November 21, 2018 and Friday, November 23, 2018, 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 3 South African cents per ordinary share;
- the net local dividend amount is 2.4 South African cents per ordinary share for shareholders liable to pay dividends tax;
- the issued ordinary share capital of MiX Telematics is 601,886,499 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:

|   |                              |
|---|------------------------------|
| Ex dividend on New York Stock Exchange (NYSE) | Wednesday, November 21, 2018 |
| Record date                                   | Friday, November 23, 2018    |
| Approximate date of currency conversion       | Monday, November 26, 2018    |
| Approximate dividend payment date             | Tuesday, December 11, 2018   |

## 16. Changes to the Board

Enos Banda resigned as an independent non-executive director of MiX Telematics and a member of the Audit and Risk Committee with effect from July 4, 2018. With effect from July 4, 2018, Fikile Futwa was appointed as an independent non-executive director to the Board of Directors and as a member of the Audit and Risk Committee.

## 17. Changes to the Company Secretary

With effect from July 1, 2018, Statucor Proprietary Limited has been appointed as company secretary to MiX Telematics taking over from Java Capital who had been previously appointed on an interim basis.

## 18. Development costs historical data

The table below sets out development costs incurred and capitalized for each of the last eight quarters including the period ended September 30, 2018.

|  | <b>South African Rand</b>         |                     |                      |                         |                          |                     |                      |                         |
|--|-----------------------------------|---------------------|----------------------|-------------------------|--------------------------|---------------------|----------------------|-------------------------|
|  | <b>Three months ended</b>         |                     |                      |                         |                          |                     |                      |                         |
|  | <b>September<br/>30,<br/>2018</b> | June<br>30,<br>2018 | March<br>31,<br>2018 | December<br>31,<br>2017 | September<br>30,<br>2017 | June<br>30,<br>2017 | March<br>31,<br>2017 | December<br>31,<br>2016 |
| Figures are in thousands (Unaudited)                               |                                   |                     |                      |                         |                          |                     |                      |                         |
| Total development costs incurred                                   | <b>33,983</b>                     | 34,108              | 30,488               | 32,336                  | 34,167                   | 33,175              | 32,152               | 36,696                  |
| Development costs capitalized                                      | <b>17,571</b>                     | 17,245              | 16,543               | 15,996                  | 16,148                   | 16,656              | 17,268               | 20,415                  |
| Development costs expensed within administration and other charges | <b>16,412</b>                     | 16,863              | 13,945               | 16,340                  | 18,019                   | 16,519              | 14,884               | 16,281                  |
|  |                                   |                     |                      |                         |                          |                     |                      |                         |
|  | <b>United States Dollar</b>       |                     |                      |                         |                          |                     |                      |                         |
|  | <b>Three months ended</b>         |                     |                      |                         |                          |                     |                      |                         |
|  | <b>September<br/>30,<br/>2018</b> | June<br>30,<br>2018 | March<br>31,<br>2018 | December<br>31,<br>2017 | September<br>30,<br>2017 | June<br>30,<br>2017 | March<br>31,<br>2017 | December<br>31,<br>2016 |
| Figures are in thousands (Unaudited)                               |                                   |                     |                      |                         |                          |                     |                      |                         |
| Total development costs incurred                                   | <b>2,402</b>                      | 2,413               | 2,156                | 2,286                   | 2,416                    | 2,345               | 2,273                | 2,594                   |
| Development costs capitalized                                      | <b>1,242</b>                      | 1,220               | 1,170                | 1,131                   | 1,142                    | 1,177               | 1,221                | 1,443                   |
| Development costs expensed within administration and other charges | <b>1,160</b>                      | 1,193               | 986                  | 1,155                   | 1,274                    | 1,168               | 1,052                | 1,151                   |

## 19. Taxation

*Section 11D Allowances relating to tax assets recognized*

MiX Telematics International Proprietary Limited (“MiX International”), a subsidiary of the Group, historically claimed a 150% allowance for research and development spend in terms of section 11D (“S11D”) of the South African Income Tax Act No. 58 of 1962 (“the Act”). As of October 1, 2012, the legislation relating to the allowance was amended. The amendment requires pre-approval of development project expenditure on a project specific basis by the South African Department of Science and Technology (“DST”) in order to claim a deduction of the additional 50% over and above the expenditure incurred (150% allowance). Since the amendments to S11D of the Act, MiX International had been claiming the 150% deduction resulting in a recognized tax benefit. MiX International has complied with the amended legislation by submitting all required documentation to the DST in a timely manner, commencing in October 2012.

In June 2014, correspondence was received from the DST indicating that the research and development expenditure on certain projects for which the 150% allowance was claimed in the 2013 and 2014 fiscal years did not, in the DST’s opinion, constitute qualifying expenditure in terms of the Act. MiX International, through due legal process, had formally requested a review of the DST’s decision not to approve this expenditure. While approvals were obtained for a portion of this project expenditure as a result of a further review performed by the DST in February 2017, we continue to seek approval for the remaining projects and as such the legal process is ongoing. In addition to the approvals that were subject to the legal process, further approvals have been obtained for certain project expenditure, relating to both current and prior financial years. However, at period end, an uncertain tax position remains in relation to S11D deductions in respect of which approvals remain pending.

Since the introduction of the DST pre-approval process, the Group has recognized in the income statement cumulative tax incentives in addition to the incurred cost of R22.2 million (\$1.6 million) in respect of S11D deductions, of which R1.7 million (\$0.1 million) was recognized during the six months ended September 30, 2018. R19.4 million (\$1.4 million) relates to deductions in respect of development project expenditure which has been approved by the DST. R2.8 million (\$0.2 million) relates to an uncertain tax position in respect of projects where approvals have not yet been received from the DST. If the Group is unsuccessful in this regard, the Group will not recover the R2.8 million (\$0.2 million) raised at September 30, 2018.

*Impact of foreign exchange movements*

The impact of foreign exchange movements and the related tax effects on the Group’s effective tax rate is shown below:

| South African Rand        | Six months ended September 2018 |                        |                   | Six months ended September 2017 |                         |                   |
|---------------------------|---------------------------------|------------------------|-------------------|---------------------------------|-------------------------|-------------------|
|                           | Profit for the period           | Unaudited              |                   | Profit for the period           | Unaudited               |                   |
|                           |                                 | Foreign exchange gains | Adjusted earnings |                                 | Foreign exchange losses | Adjusted earnings |
| Profit before tax         | 155,059                         | (309)                  | 154,750           | 88,085                          | 1,784                   | 89,869            |
| Taxation                  | (86,274)                        | 41,434                 | (44,840)          | (29,941)                        | 1,692                   | (28,249)          |
| <b>Profit after tax</b>   | <b>68,785</b>                   | <b>41,125</b>          | <b>109,910</b>    | 58,144                          | 3,476                   | 61,620            |
| <b>Attributable to:</b>   |                                 |                        |                   |                                 |                         |                   |
| Owners of the parent      | 68,786                          | 41,125                 | 109,911           | 58,084                          | 3,476                   | 61,560            |
| Non-controlling interests | (1)                             | —                      | (1)               | 60                              | —                       | 60                |
|                           | <b>68,785</b>                   | <b>41,125</b>          | <b>109,910</b>    | 58,144                          | 3,476                   | 61,620            |
| Effective tax rate        | <b>55.6%</b>                    | —                      | <b>29.0%</b>      | 34.0%                           | —                       | 31.4%             |

| United States Dollar    | Six months ended September 2018 |                        |                   | Six months ended September 2017 |                         |                   |
|-------------------------|---------------------------------|------------------------|-------------------|---------------------------------|-------------------------|-------------------|
|                         | Profit for the period           | Unaudited              |                   | Profit for the period           | Unaudited               |                   |
|                         |                                 | Foreign exchange gains | Adjusted earnings |                                 | Foreign exchange losses | Adjusted earnings |
| Profit before tax       | 10,963                          | (22)                   | 10,941            | 6,228                           | 126                     | 6,354             |
| Taxation                | (6,100)                         | 2,930                  | (3,170)           | (2,117)                         | 120                     | (1,997)           |
| <b>Profit after tax</b> | <b>4,863</b>                    | <b>2,908</b>           | <b>7,771</b>      | 4,111                           | 246                     | 4,357             |

**Attributable to:**

|                           |              |              |              |       |     |       |
|---------------------------|--------------|--------------|--------------|-------|-----|-------|
| Owners of the parent      | <b>4,863</b> | <b>2,908</b> | <b>7,771</b> | 4,107 | 246 | 4,353 |
| Non-controlling interests | *            | *            | *            | 4     | *   | 4     |
|                           | <b>4,863</b> | <b>2,908</b> | <b>7,771</b> | 4,111 | 246 | 4,357 |
| Effective tax rate        | <b>55.6%</b> | —            | <b>29.0%</b> | 34.0% | —   | 31.4% |

\* Amount less than \$1,000

Excluding the impact of foreign exchange gains and losses and its related tax consequences, the effective tax rate is 2.4% lower than the first six months of fiscal 2018.

**For and on behalf of the Board:****RA Frew****SB Joselowitz**

Midrand

October 30, 2018

For more information please visit our website at: [www.mixtelematics.com](http://www.mixtelematics.com)

**MiX Telematics Limited**

(Incorporated in the Republic of South Africa)

(Registration number: 1995/013858/06)

JSE share code: MIX NYSE code: MIXT ISIN: ZAE000125316

("MiX Telematics" or "the Company" or "the Group")

**Registered office**

Matrix Corner, Howick Close, Waterfall Park, Midrand

**Directors**

RA Frew\* (Chairman), SB Joselowitz (CEO), SR Bruyns\* (Lead Independent Director), PM Dell, F Futwa\*, IV Jacobs\*,  
F Roji-Maplanka\*, CWR Tasker, AR Welton\*

\* Non-executive

**Company secretary**

Statucor Proprietary Limited

**Auditors**

Deloitte &amp; Touche

**Sponsor**

Java Capital

November 1, 2018

**Language:**

English

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**Ticker Slug:**

*Ticker:* MIXT  
*Exchange:* NYSE  
*ISIN:*  
ZAE000125316  
*Ticker:* MIX  
*Exchange:* JSE  
*ISIN:*  
ZAE000125316

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