



Technology makes it possible  
People make it happen

# FY 2020 ANNUAL RESULTS PRESENTATION

02 DECEMBER 2020



# > AGENDA

## 01

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**Strategic &  
operational  
overview**

Stephen van Coller  
Group CEO

## 02

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**Financial  
overview**

Megan Pydigadu  
Group CFO

## 03

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**Looking  
Forward**

Stephen van Coller  
Group CEO

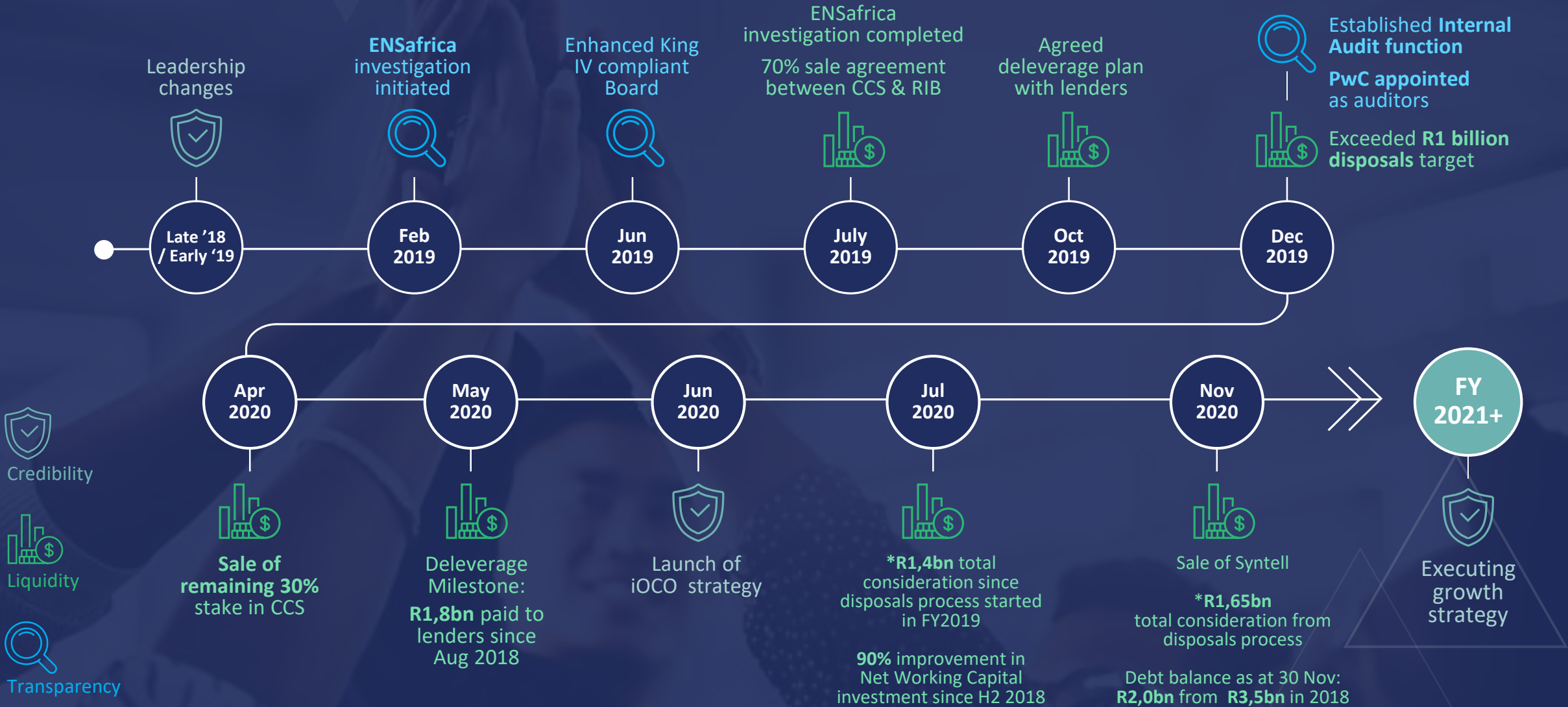


The background of the slide features a diverse group of four people in a meeting. A woman with curly hair in the foreground is pointing upwards with a blue pen, looking excited. Behind her, a man with a beard and a woman are also smiling and looking in the same direction. To the left, a man is partially visible, also smiling. The setting appears to be a modern office with blue structural beams and warm lighting. In the bottom right corner, there are several white geometric shapes, including triangles and a diamond, overlaid on the image.

# STRATEGIC & OPERATIONAL OVERVIEW

Stephen van Coller  
Group CEO

# > DELIVERING ON OUR PROMISES



\*Including VFA liability relief

# BUSINESS STABILISED

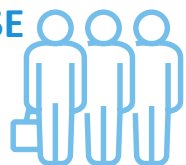
2-year turnaround plan on target

## REVENUE STABILISED

Total Revenue of

**R11.3bn**

Resilient  
CUSTOMER  
BASE

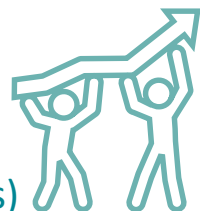


Core  
iOCO  
REVENUE  
STABILISED

## IMPROVEMENT IN QUALITY OF EARNINGS

up **2%pts**  
to 22%  
GP  
MARGIN

Positive  
EBITDA of  
**R72m**  
(from  
R1.4bn loss)



up **4%pts**  
to 7%  
NORMALISED  
EBITDA MARGIN

**72%**  
HEPS  
improvement

## LIQUIDITY PROGRESS

TOTAL DEBT  
BALANCE  
down to  
**R2,04bn**  
*Post-Syntell*

STRONG CASH  
generated from  
operations  
**R707m**  
up **41%**

POSITIVE ++  
CASH  
BALANCE  
**R946m\***

**c.96%**  
of CASH  
GENERATED  
in H2 2020

NET WORKING  
CAPITAL  
improved by  
**R337m**

ONCE-OFF  
CASH ITEMS  
down to  
**R10m**  
in H2 2020

Underpinned by:

NEXTEC  
self sustaining

iOCO positioned  
for growth

Focus on People  
through enhanced EVP

Entrenched governance  
& ethical business practices

Note: All numbers include continuing and discontinuing operations

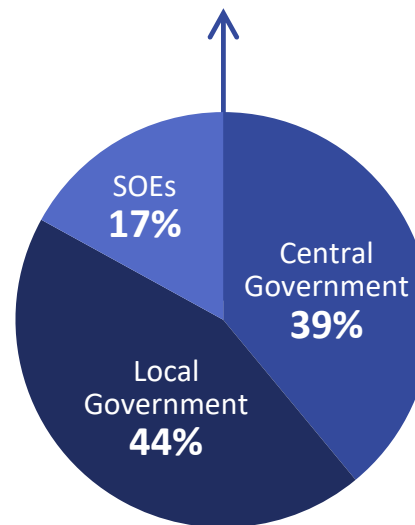
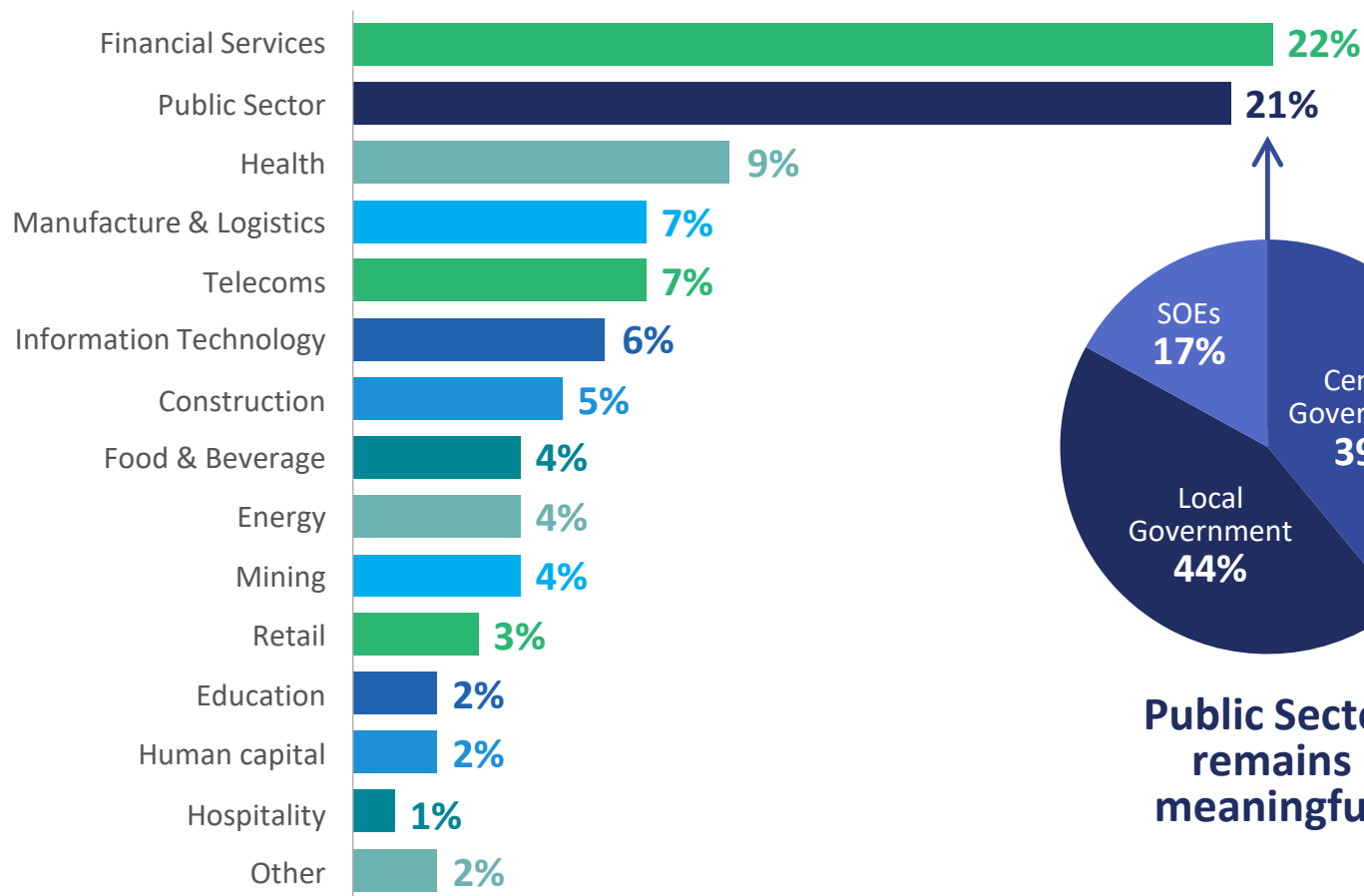
\*Net of overdraft

Normalised EBITDA refers to core normalised EBITDA after once-off cost savings as a result of COVID-19

# RESILIENT BUSINESS MODEL

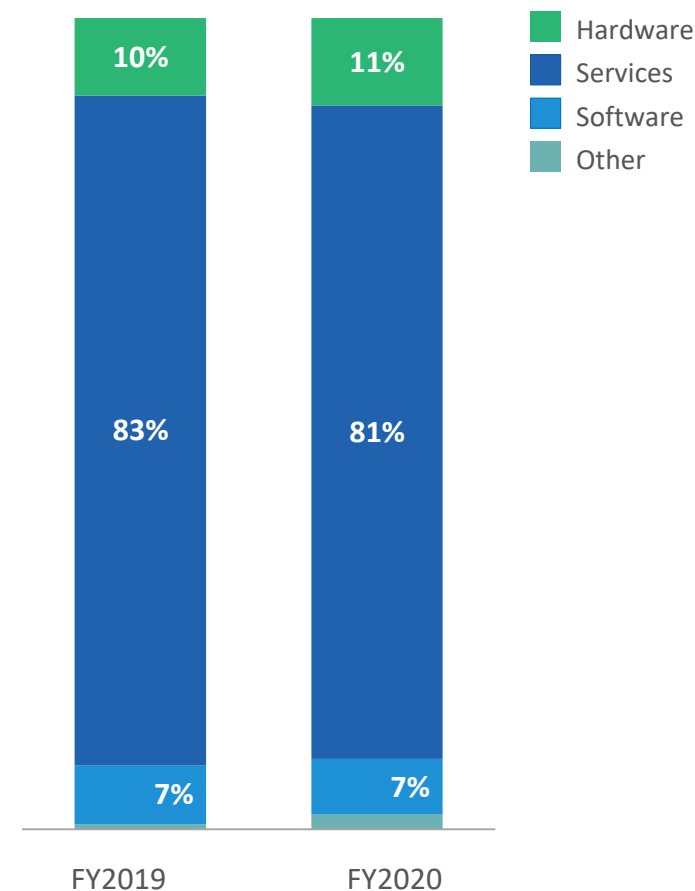
Driven by high margin Services & Software categories

## REVENUE EXPOSURE BY INDUSTRY



**Public Sector remains meaningful**

## PRODUCT MIX



# > iOCO WELL POSITIONED POST-STRATEGIC REVIEW

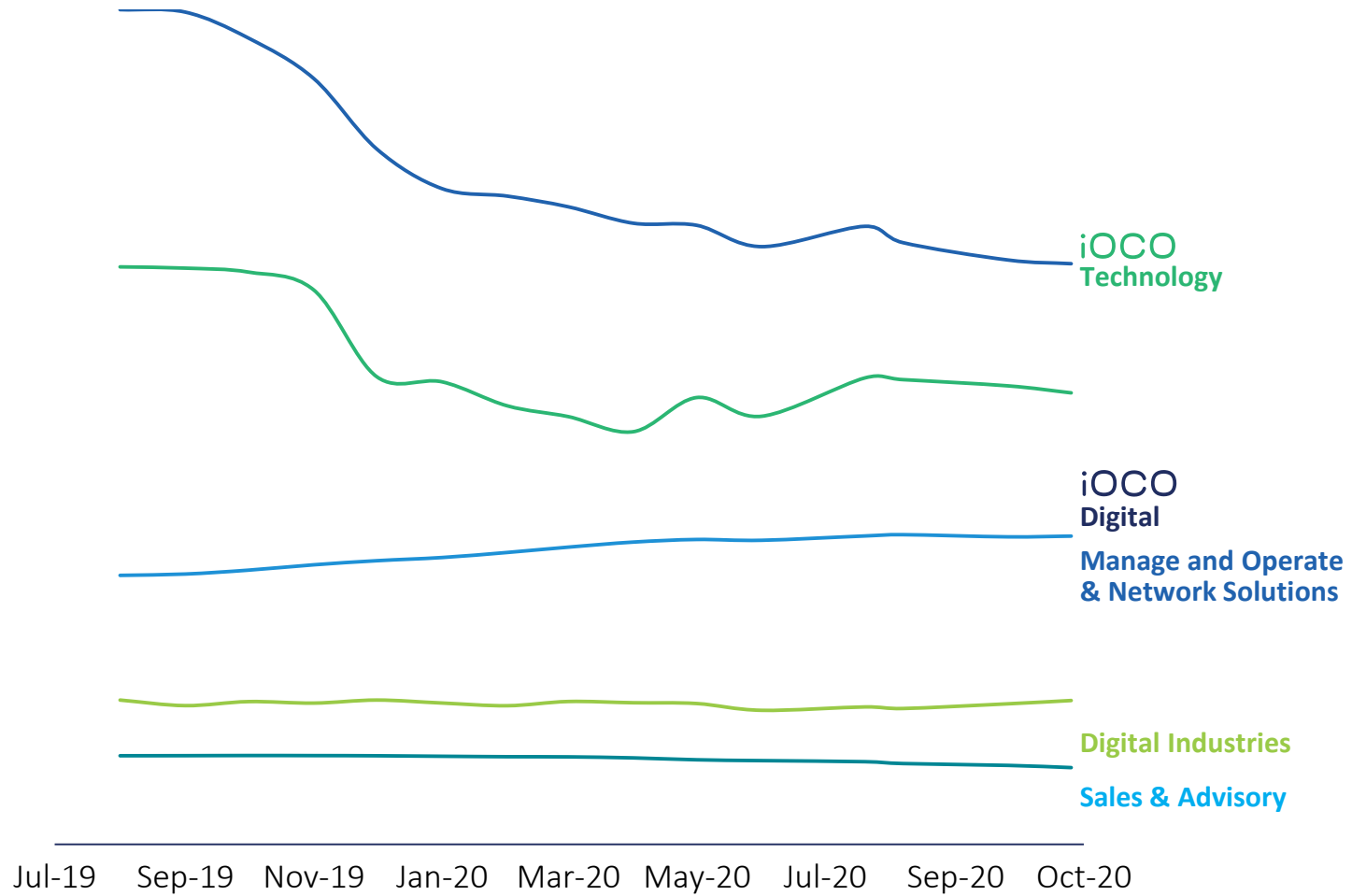
iOCO CORE REVENUE

iOCO  
Sales & Advisory

iOCO Services

iOCO Technology

iOCO Digital



**59%**  
contribution to  
Total Revenue

**67%**  
contribution to  
Normalised  
EBITDA

Normalised EBITDA refers to core normalised EBITDA after once-off cost savings as a result of COVID-19

# > NEXTEC STABILISED

Self sustaining on a cash basis

NEXTEC focused on two main pillars



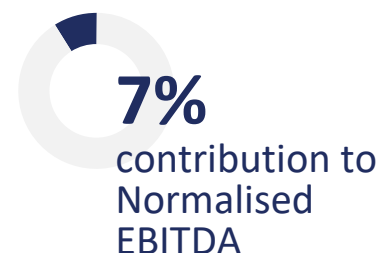
## Intelligent Infrastructure Solutions

Designing, installing, managing and creating bespoke data platforms using the latest OEM technology solutions in the infrastructure environment across multiple sectors



## People Outsourcing Solutions

Supplying solutions around recruitment, staffing, training and development, and Change Management

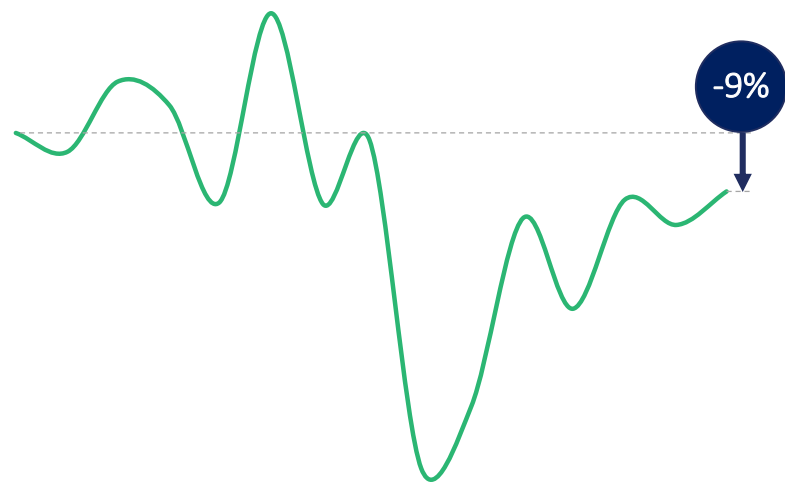




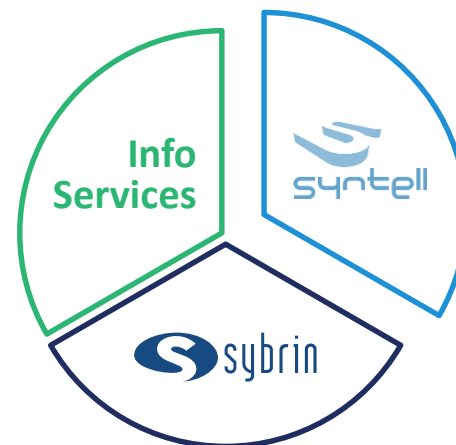
# > IP BUSINESSES REMAIN RESILIENT

IP cluster key to deleverage strategy and currently outperforming budget

## COVID-19 REVENUE IMPACT



Jul-19    Oct-19    Jan-20    Apr-20    Jul-20    Oct-20



**Syntell disposal  
completed  
18 Nov 2020**

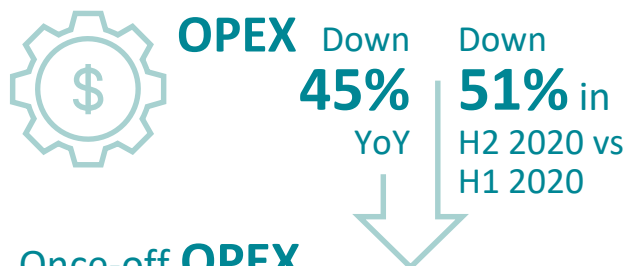
**Sybrin &  
Information  
Services disposals  
well advanced**

# CREATING A FIT-FOR-PURPOSE COST STRUCTURE

Sustainable reduction in costs of 3-5% anticipated



**R75m rental savings** achieved in FY2020

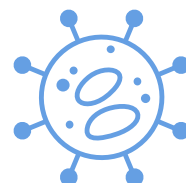


Once-off **OPEX R104m vs R565m** in FY19



## COVID-19 MEASURES

**c.R400m** in cash savings delivered over four months

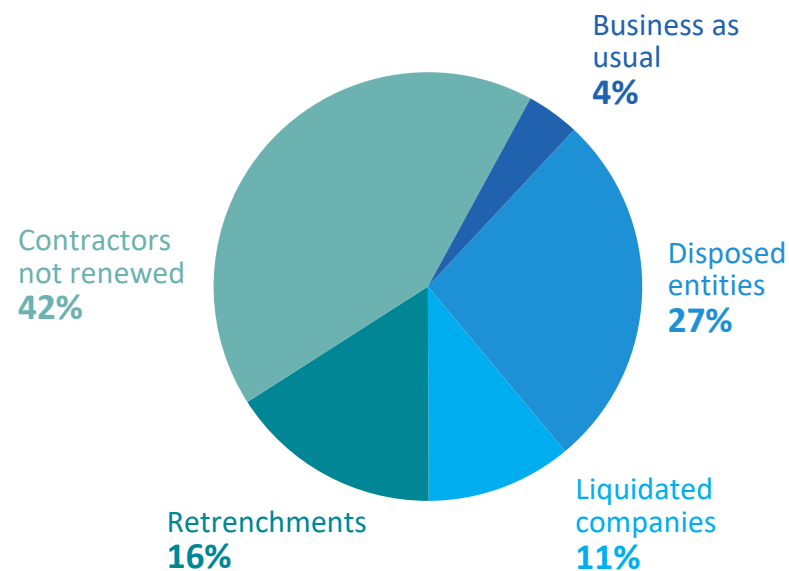


Legal entities reduced by 99

**EFFICIENT STRUCTURE**

## PEOPLE

Reduction in employees from **10 279** to **7 333** in 2020 due to:



# EMPLOYEES A KEY PRIORITY

Enhanced EVP to ensure talent attraction and retention

A responsible employer.

Instilling purpose & motivation.

Promoting diversity & inclusion.

  
 Racial & Gender Diversity  
**WOMEN IN LEADERSHIP PROGRAMME**  
 SOCIAL COHESION  
 UNCONSCIOUS BIAS

  
 People & Culture Imbizo

  
 Learning Development  
**R(IS)E UP**  
**#MyNextMove**

  
**Wellness Wednesdays**

  
 Recognition  
**CEO AWARDS**

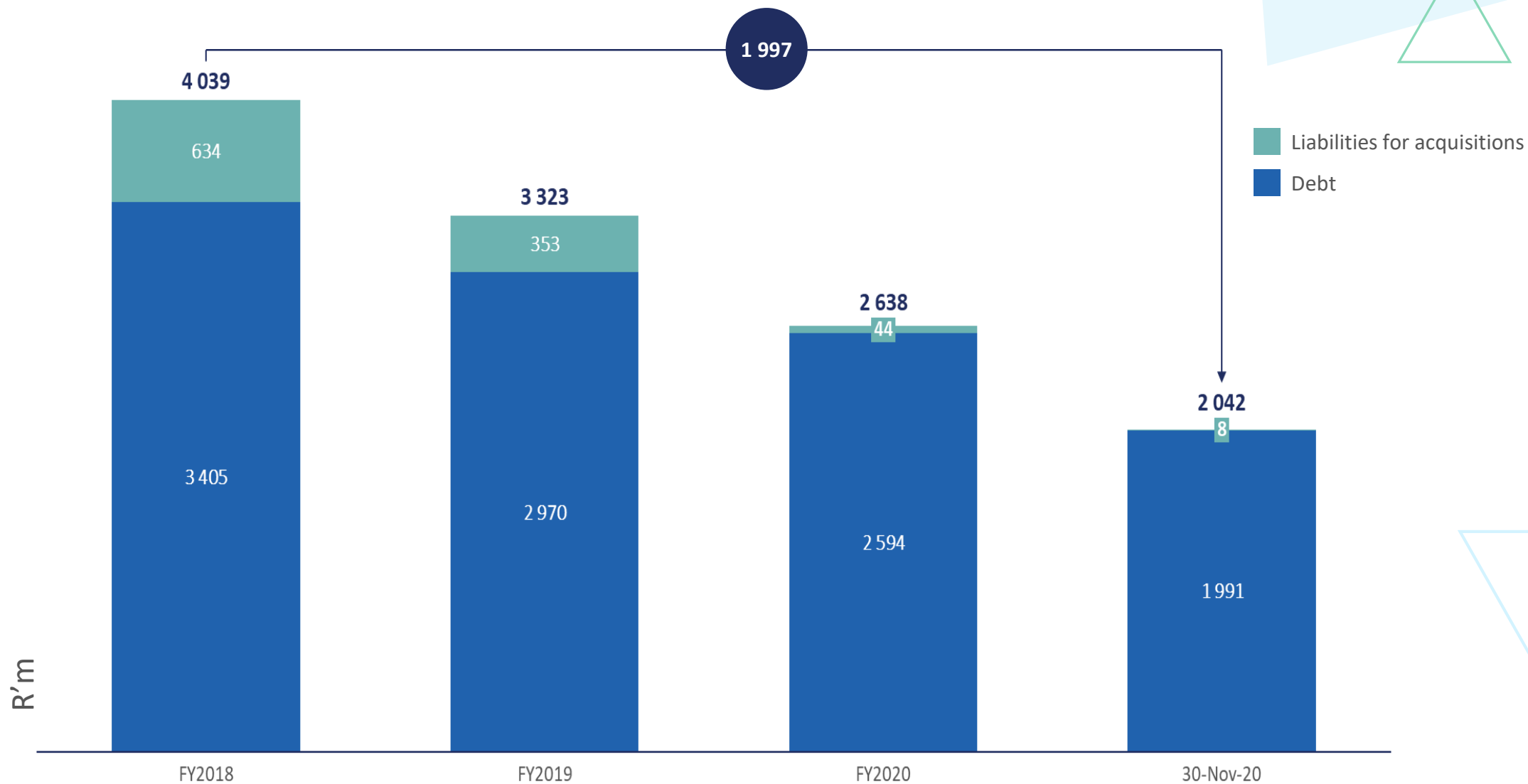
Generational Diversity  
**YOUTH SOLVERS**  


  
 Volunteerism  
**GEAR UP**

  
 Socio-Economic Development

Amended **Maternity & Paternity** Leave Policy  

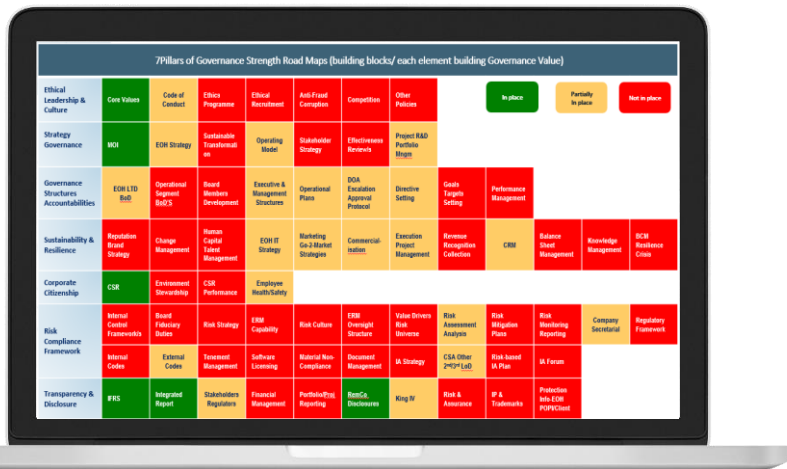

# STRONG DELEVERAGING PERFORMANCE



# CREDIBILITY

## Governance, Risk & Compliance Roadmap

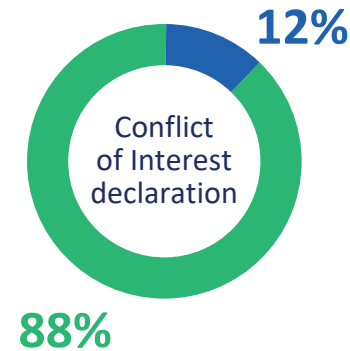
MAY 2019



OCTOBER 2020



### STRONG CULTURE OF COMPLIANCE



Complete (Green)  
Not complete (Blue)

## LEGACY CONTRACTS RISK MITIGATED

Limited risk now, despite ongoing media speculation



**8 problematic  
legacy  
contracts**

5 settled

1 in arbitration

1 contract ending April  
2021

1 contract in final  
stages of close-out



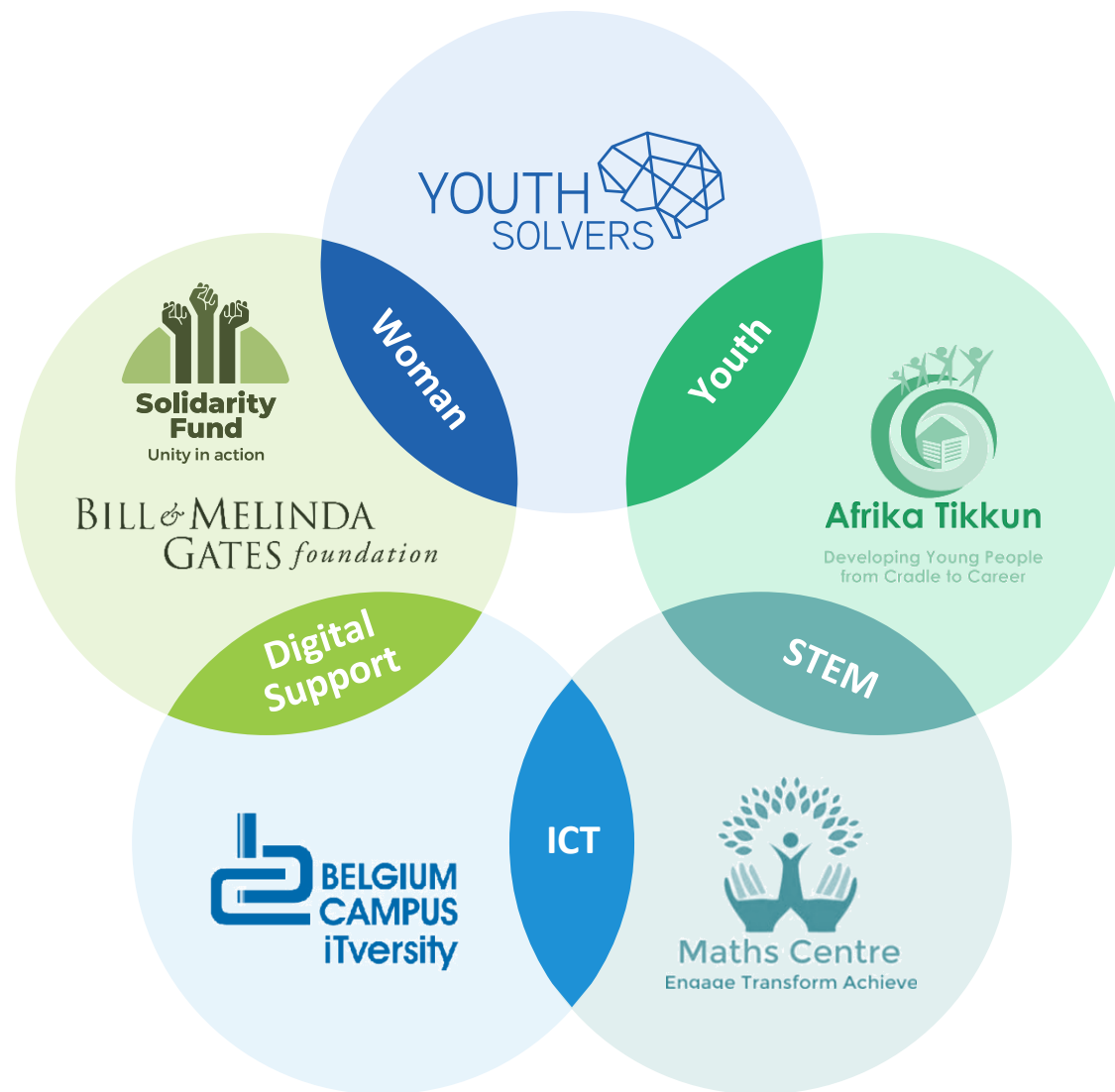
**Special  
Investigations  
Unit (SIU)**

Repayment  
settlement reached in  
2 contracts

Resolution on  
remaining contract  
imminent

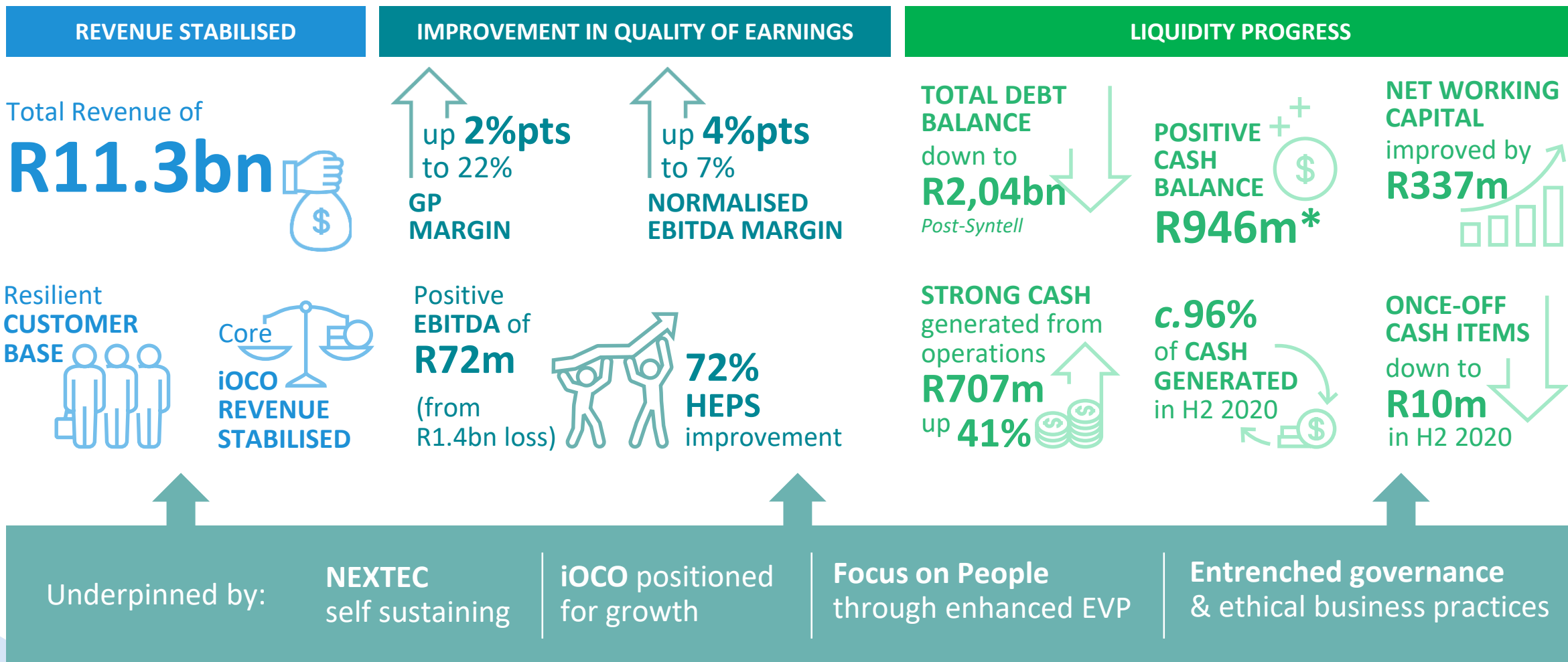
# > CORPORATE CITIZENSHIP

Committed  
to enabling to  
our society



# BUSINESS STABILISED

2-year turnaround plan on target



Note: All numbers include continuing and discontinuing operations

\*Net of overdraft

Normalised EBITDA refers to core normalised EBITDA after once-off cost savings as a result of COVID-19

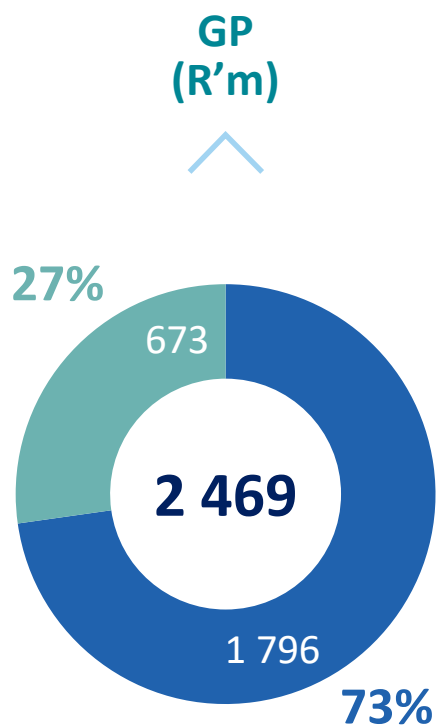
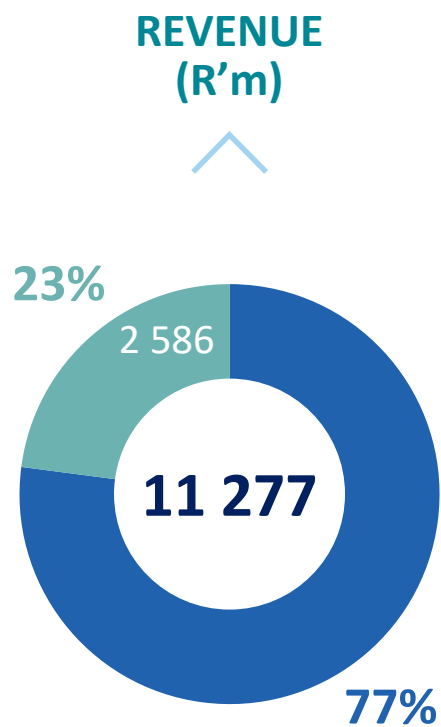


A group of people in an office setting, with several hands raised and stacked in a high-five gesture. The background is blurred, showing office lights and windows. There are white geometric shapes (triangles) overlaid on the image.

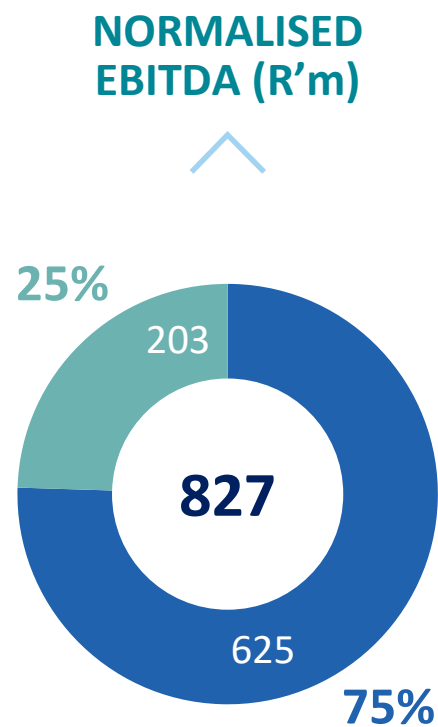
# FINANCIAL OVERVIEW

Megan Pydigadu  
Group CFO

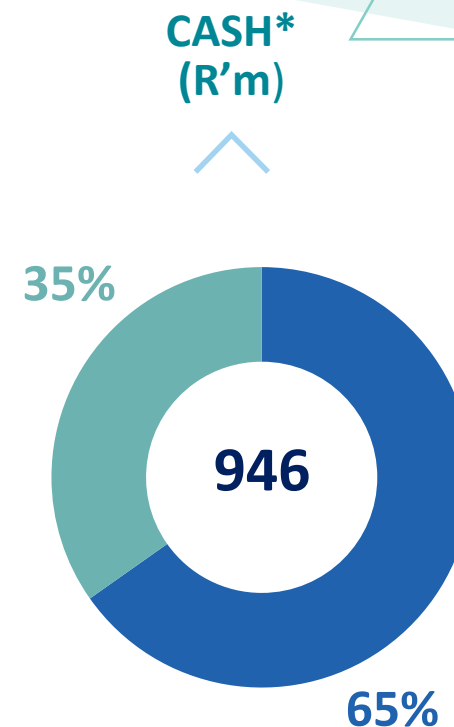
# > HIGHLIGHTS



**GP MARGIN**  
Up from 20% to 22%  
Medium term target mid 20%



**EBITDA MARGIN**  
Up 4% from 4% to 8%  
Medium term target > 10%



Continuing  
Discontinued

\*Cash includes R87m of restricted cash  
Normalised EBITDA refers to core normalised EBITDA after once-off cost savings as a result of COVID-19

# > 2020 PRIORITIES

## 1

### DELEVERAGE BALANCE SHEET FURTHER

Additional **R292m**  
paid toward debt in FY2020

VFA liabilities  
decreased from  
**R303m to R44m**

## 2

### IMPROVED SYSTEMS, FINANCIAL DISCIPLINE & CONTROLS

**Cognos controller** live for  
consolidation

**IFRS 16** model

**Combined assurance plan** in  
flight

**IDU system** for budgeting &  
forecasting

**New ERP process** in flight

**Automated attestation  
process** on Nuvotec platform

## 3

### WORKING CAPITAL MANAGEMENT

Inventory Balances  
reduced by  
**R138m**

Net Working Capital  
improved by  
**R337m to R176m**  
for FY2020

## 4

### FIT FOR PURPOSE COST STRUCTURE

**c.R74m** realized from  
property optimization

**Permanent headcounts**  
reduced

Reduction in **printing**  
and **connectivity costs**

Reduction in **consulting,**  
**travel** and **marketing costs**

Reduction of **once-off costs**

# IMPROVED SYSTEMS, FINANCIAL DISCIPLINE AND CONTROLS

## BU & LEGAL STRUCTURE RATIONALISATION

To reduce costs and improve transparency



## CDM PLATFORM

To automate the generation of financial statements and notes



## ATTESTATION PROCESS

To embed a culture of accountability and oversight



## REPLACE ERP SYSTEM

With a fit-for purpose system that will enable both the finance control framework and efficiency



## FINANCE CONTROL FRAMEWORK

To define and govern the control environment, activities, monitoring, communication and risk assessment of financial reporting processes



## COMBINED ASSURANCE MODEL

To embed an objective monitoring and risk assessment of the control environment and activities



## CASH POOLING

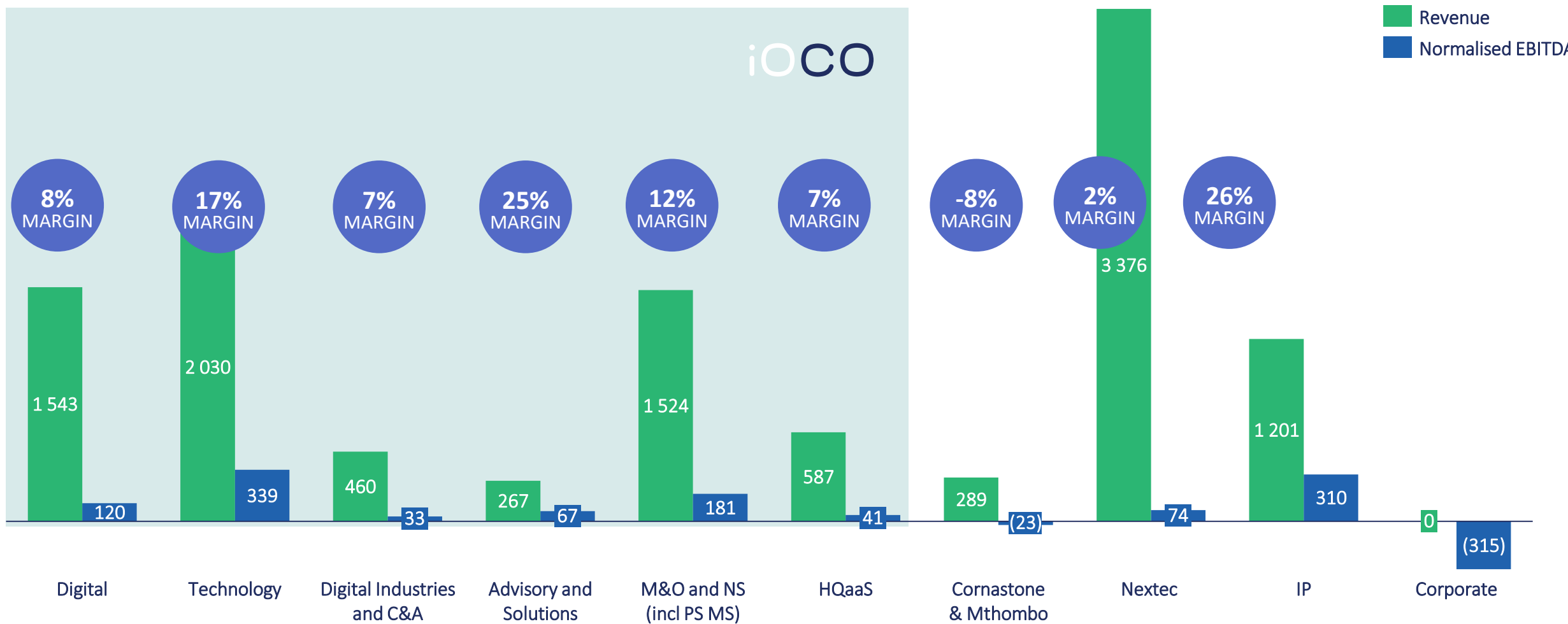
To ensure oversight and transparency of cash management



# INCOME STATEMENT

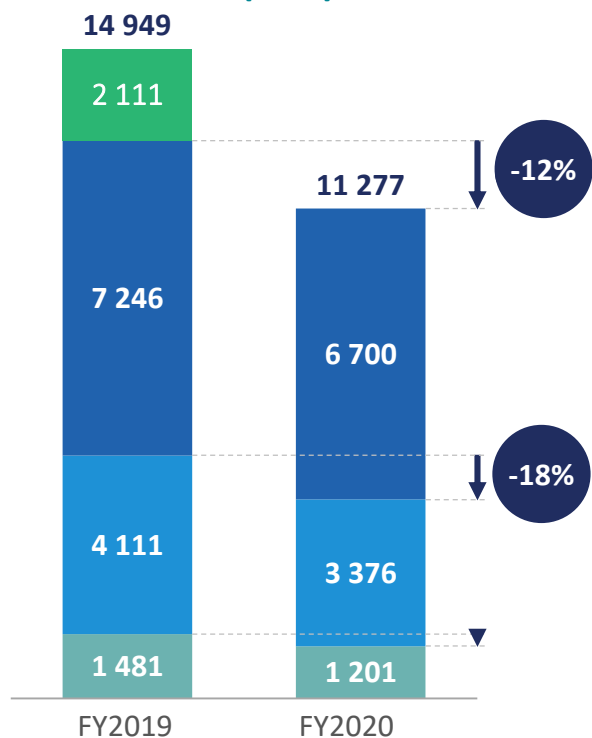
R'm	FY 2020	FY 2020	FY 2020	FY 2019	FY 2019	FY 2019
	Audited	Continuing	Discontinued	Restated Audited	Continuing	Discontinued
<b>Revenue</b>	<b>11,277</b>	<b>8,690</b>	<b>2,586</b>	<b>14,949</b>	<b>10,746</b>	<b>4,203</b>
<b>Gross Profit</b>	<b>2,469</b>	<b>1,796</b>	<b>673</b>	<b>2,931</b>	<b>1,767</b>	<b>1,164</b>
Net financial asset impairment losses	(332)	(321)	(12)	(979)	(606)	(372)
Operating expenses	(3,403)	(2,418)	(986)	(6,214)	(4,861)	(1,353)
<b>Operating (loss)/ profit</b>	<b>(1,267)</b>	<b>(942)</b>	<b>(325)</b>	<b>(4,261)</b>	<b>(3,700)</b>	<b>(561)</b>
Net finance costs	(418)	(411)	(7)	(340)	(334)	(6)
Other Income	40	27	13	40	25	15
Share of equity-accounted loss	9	(1)	10	(21)	(8)	(13)
Taxation	8	64	(56)	(365)	(208)	(157)
<b>Loss for the period</b>	<b>(1,627)</b>	<b>(1,262)</b>	<b>(364)</b>	<b>(4,947)</b>	<b>(4,225)</b>	<b>(721)</b>
Gross margin	22%	21%	26%	20%	16%	28%
Operating margin	(11%)	(11%)	(13%)	(28%)	(34%)	(13%)
HEPS – Continuing (cents)	(505)	(464)		(1,751)	(1,504)	

# GROSS REVENUE & EBITDA



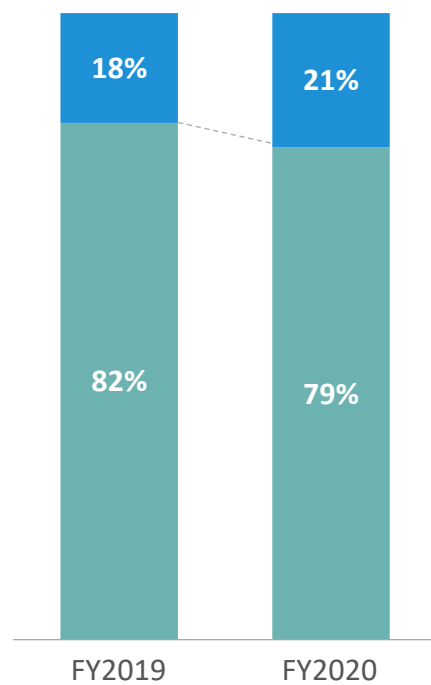
# GROSS REVENUE

BY DIVISION (R'm)



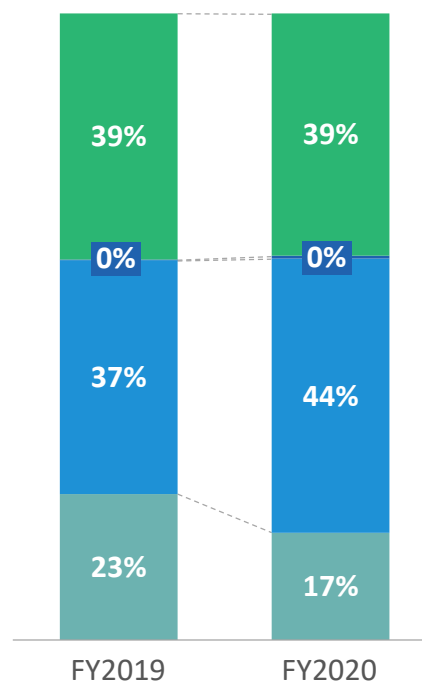
- Sold entities
- iOCO
- NEXTEC
- IP

BY SECTOR



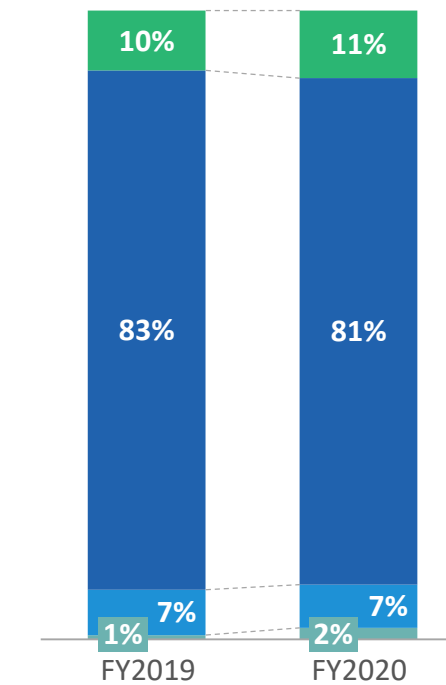
- Public Sector
- Private Sector

PUBLIC SECTOR BREAKDOWN



- Central Government
- Legislatures
- Local Government
- SOEs

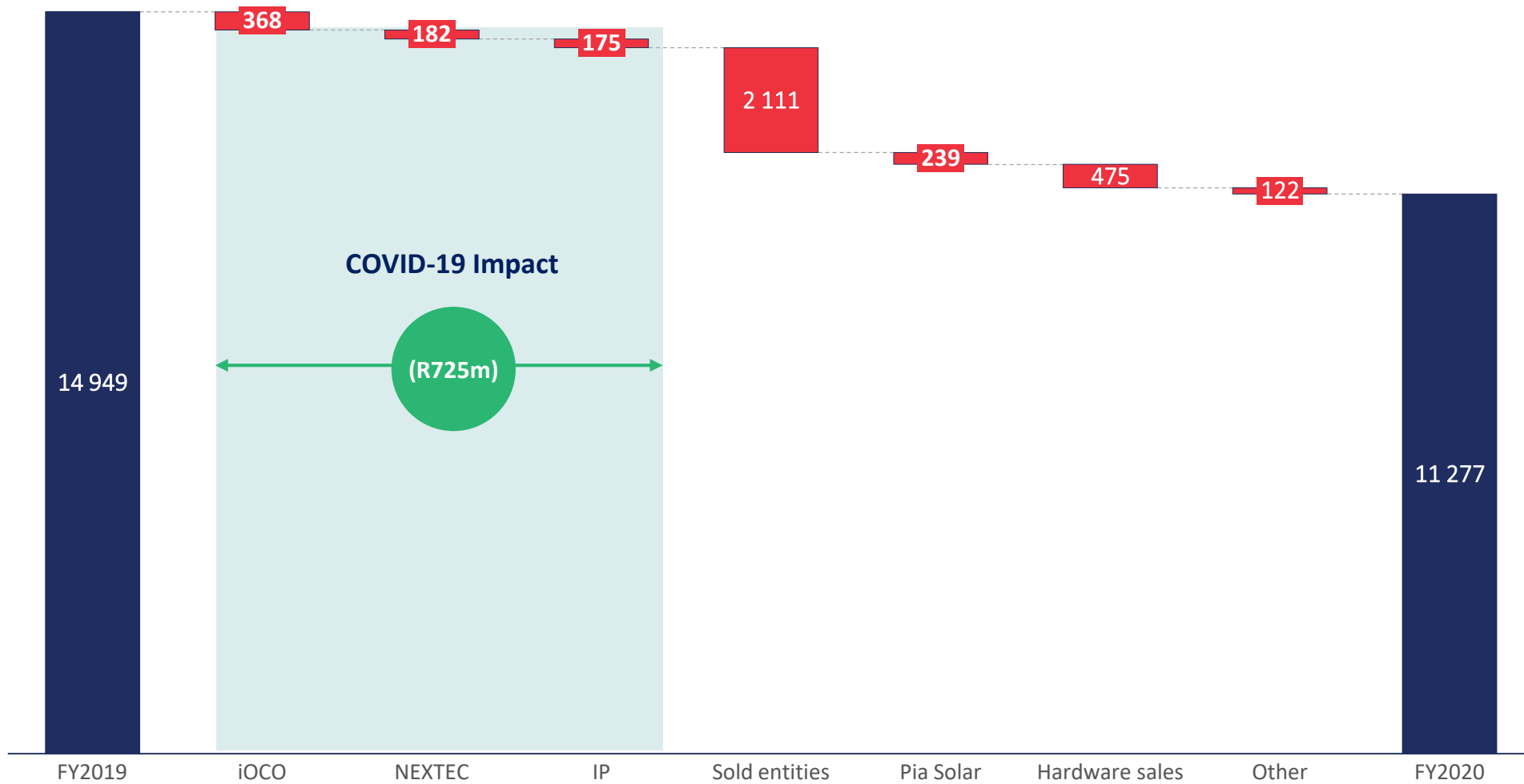
PRODUCT MIX



- Hardware
- Services
- Software
- Other

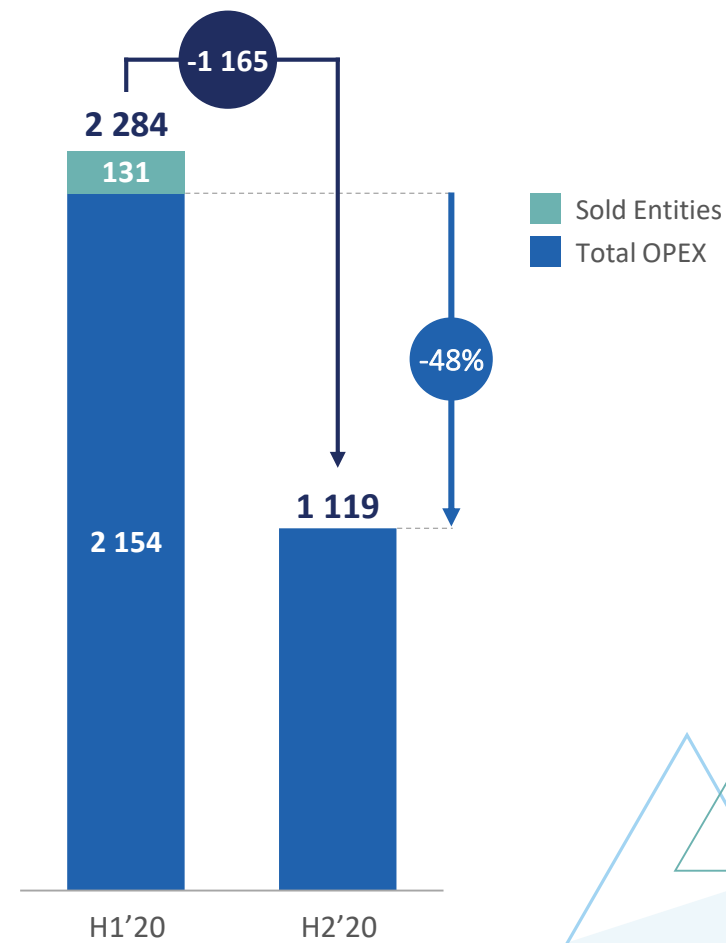
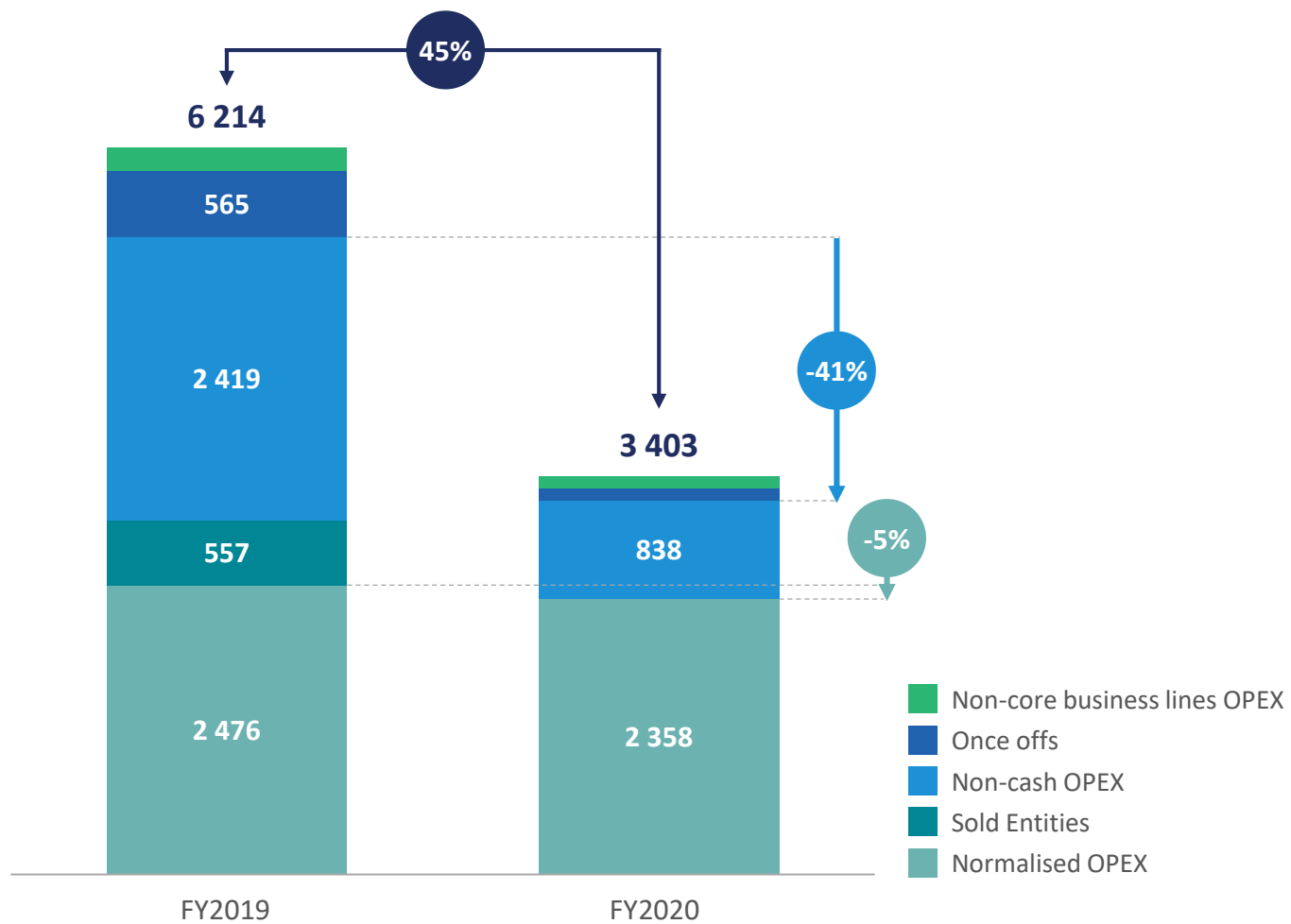
# ANALYSIS OF REVENUE

R725m lost to COVID-19, with a sharp recovery expected





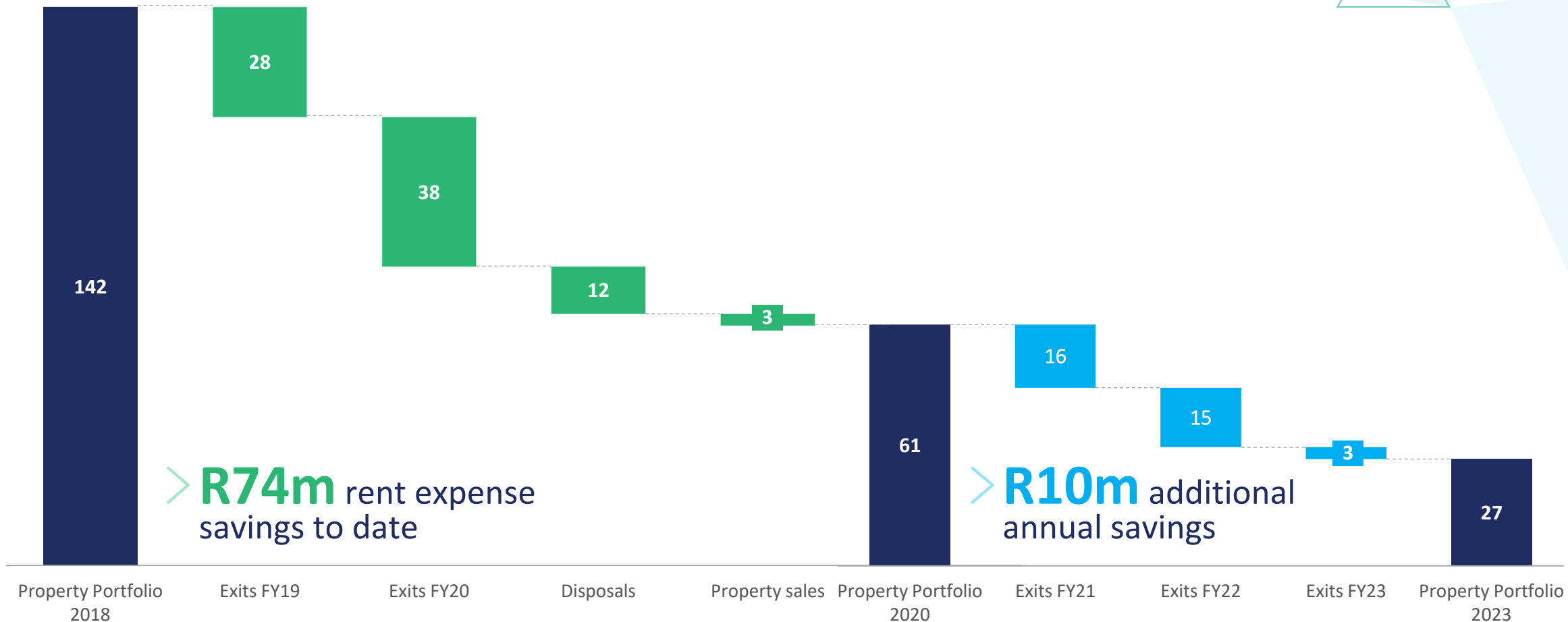
# FIT FOR PURPOSE COST STRUCTURE



Note: Opex includes continuing and discontinued operations

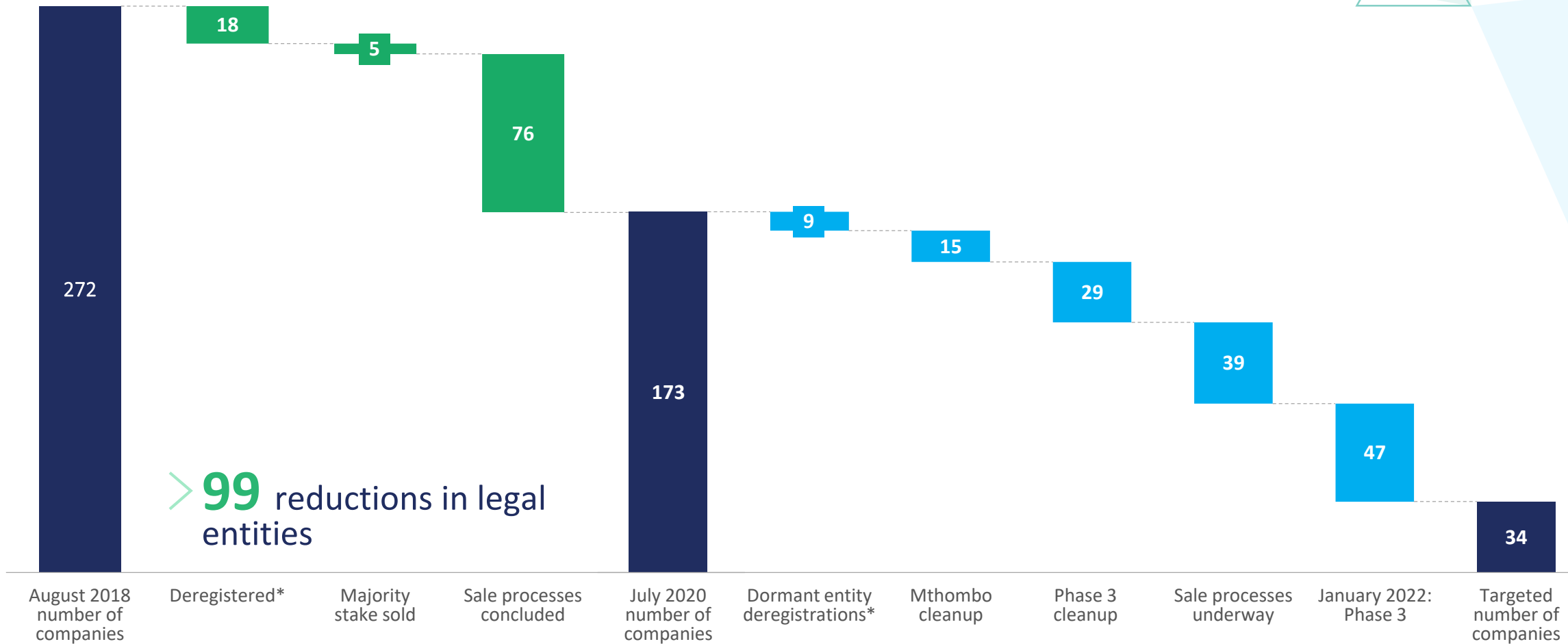
# PROPERTY SAVINGS/ OPTIMIZATION

Savings realized from property optimisation



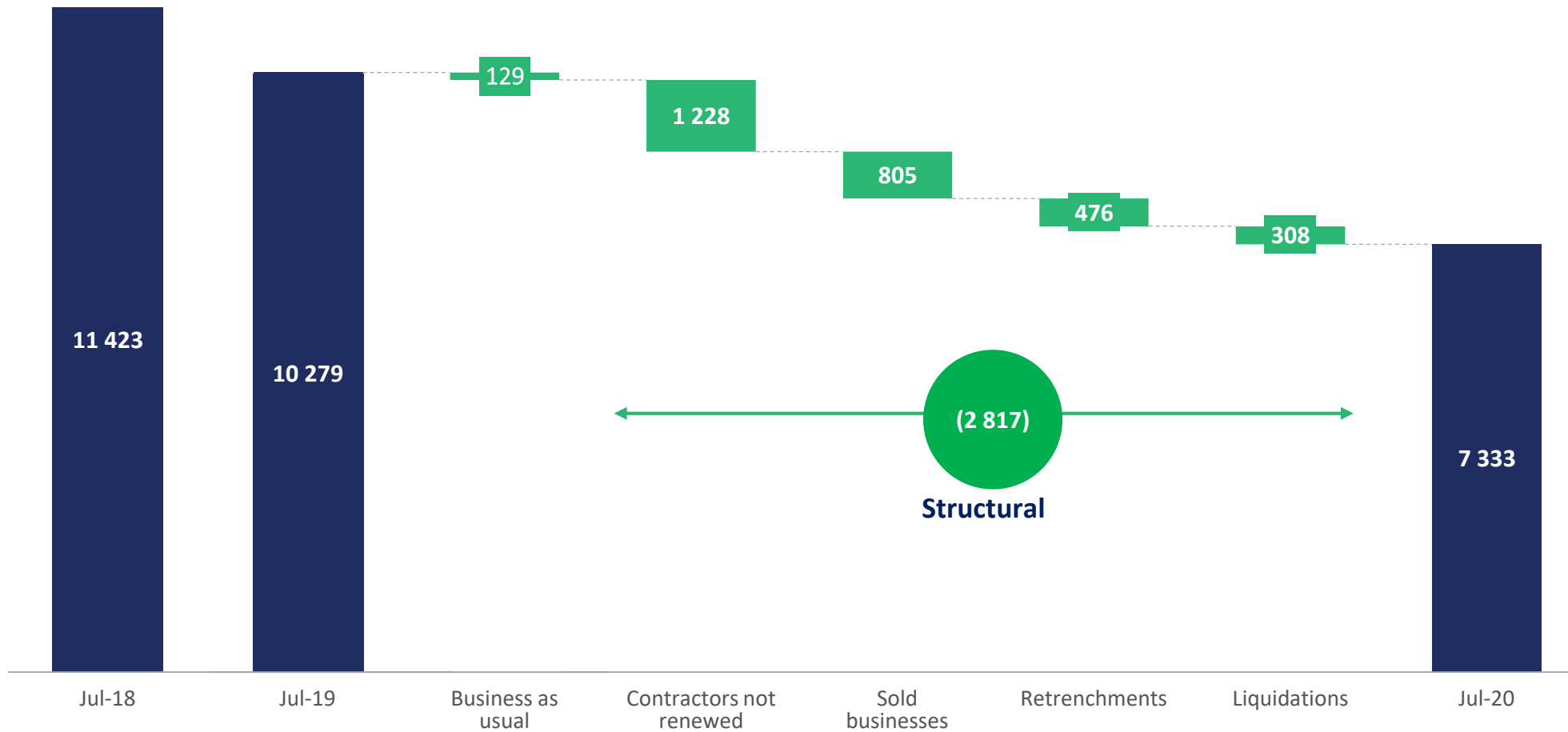
# SIMPLIFIED LEGAL STRUCTURE

Rationalization of BU and legal entity structure



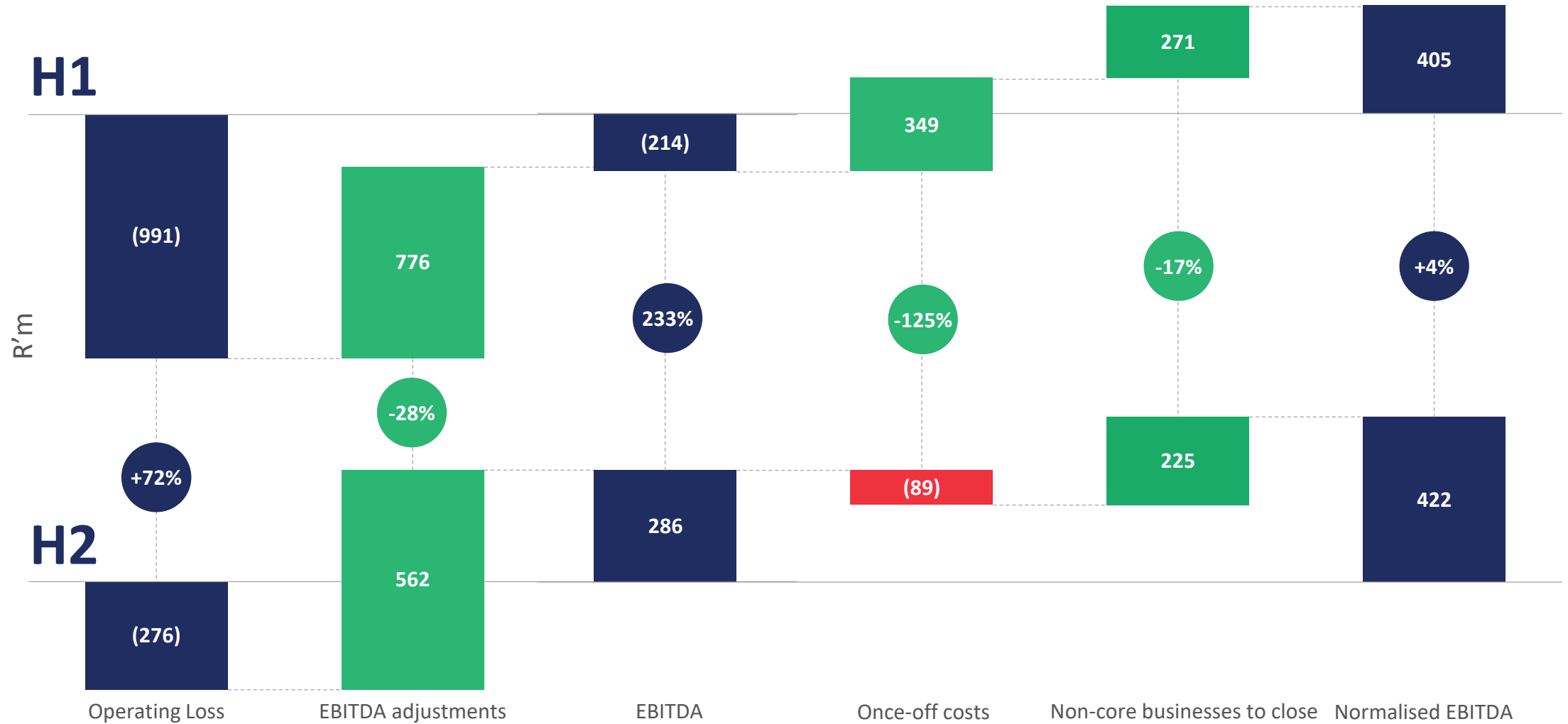
# HEADCOUNT

Reduction of almost 3000 in headcount



# NORMALISED EBITDA

Continuous improvement between H1 and H2



# > NON-CORE BUSINESS LINES



## Legacy EPC

Autospec net outflow of **R20m** expected

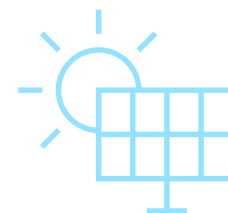
## Legacy Public Sector



Net outflow of **R25m** expected



- 5 closed
- 1 council approval
- 1 in Arbitration
- 1 runs out in April



## Pia Solar

Net outflow of **R2.5m** expected

**R45m**  
Bond outstanding



Project substantially completed

# BALANCE SHEET



# BALANCE SHEET

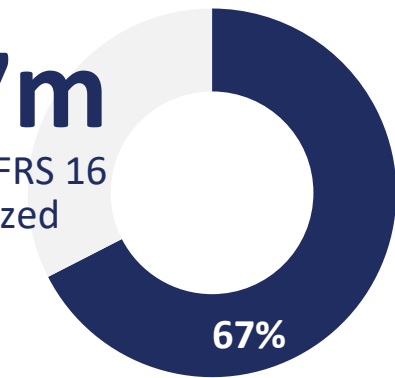
## Assets

R'000	FY 2020	FY 2019
	Audited	Restated Audited
<b>Non-current Assets</b>		
Property, plant, equipment and right-of-use assets	544,846	481,674
Intangible assets	112,967	488,974
Goodwill	916,743	1,850,854
Equity-accounted investments	6,689	228,067
Other financial assets	60,881	11,610
Deferred taxation	200,972	245,278
Finance lease receivables	55,120	106,775
	<b>1,898,218</b>	<b>3,413,232</b>
<b>Current Assets</b>		
Inventory	113,754	251,456
Other financial assets	137,109	76,718
Finance lease receivables	67,720	72,638
Current taxation receivable	53,940	52,916
Trade and other receivables	2,116,576	3,353,971
Cash and cash equivalents	645,837	1,048,583
	<b>3,134,936</b>	<b>4,856,282</b>
<b>Assets held for sale</b>	<b>2,152,366</b>	<b>1,765,016</b>
<b>Total Assets</b>	<b>7,185,520</b>	<b>10,034,530</b>

### PPE

**R367m**

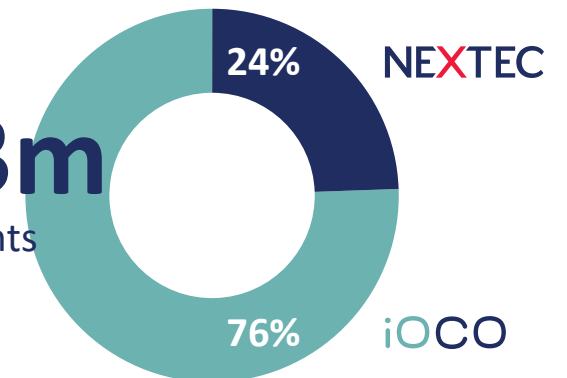
right of use IFRS 16  
asset capitalized



### GOODWILL

**R413m**

In impairments

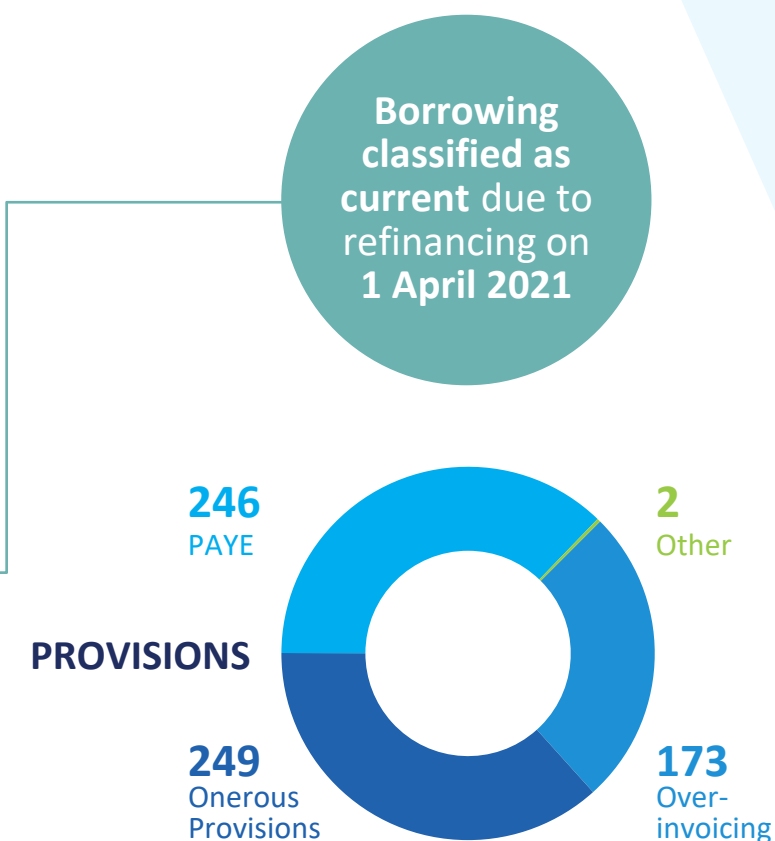




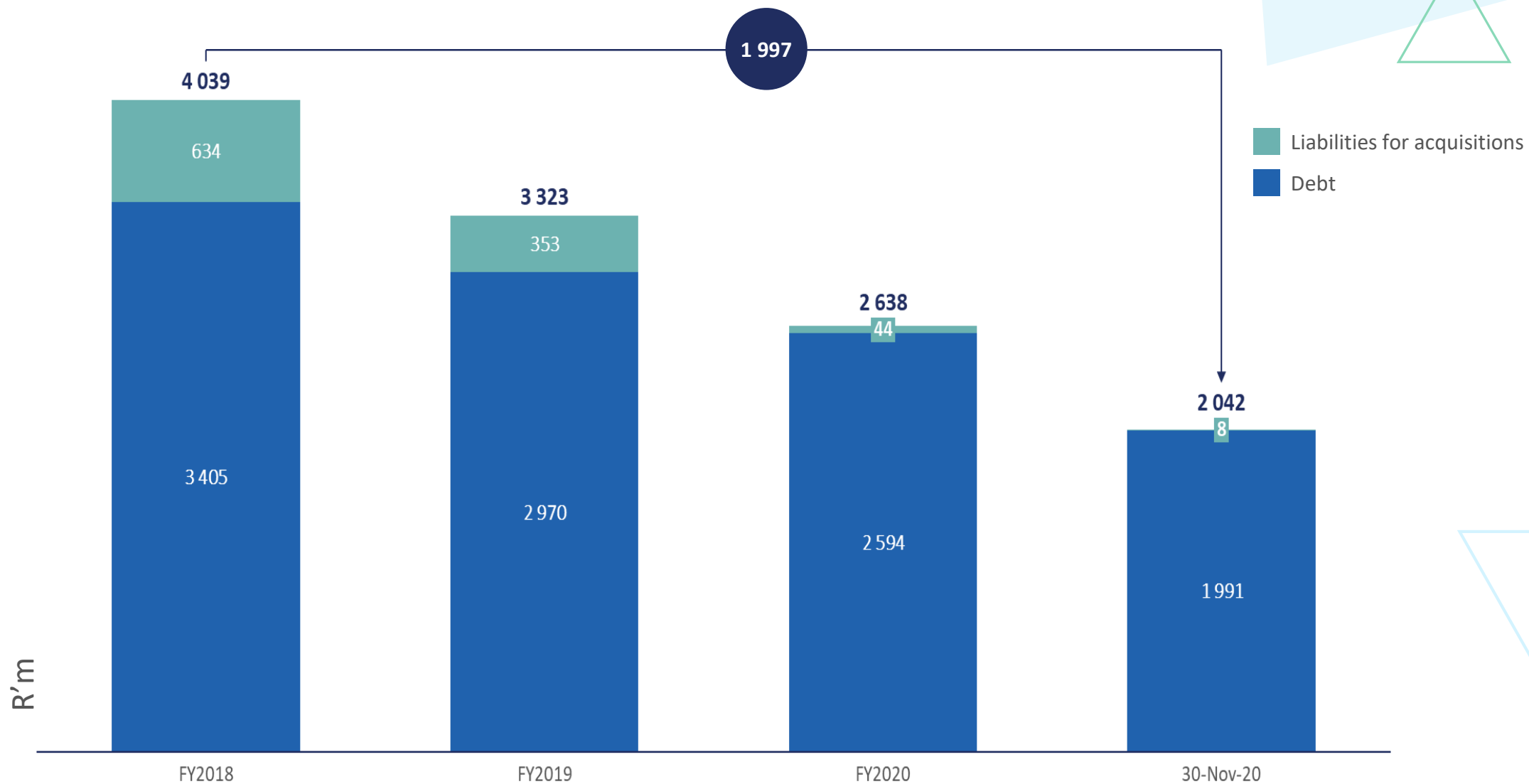
# BALANCE SHEET

## Equity & Liabilities

R'000	FY 2020	FY 2019
	Audited	Restated Audited
<b>Equity</b>		
Stated capital	4,250,219	4,239,621
Shares to be issued to vendors	15,300	20,257
Other reserves	924,862	742,597
Retained earnings	(4,680,506)	(3,077,996)
Equity attributable to the owners of EOH Holdings Limited	509,875	1,924,479
Non-controlling interest	29,624	40,621
	<b>539,499</b>	<b>1,965,100</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Other financial liabilities	5,674	2,255,825
Lease liabilities	171,699	28,030
Deferred taxation	111,291	305,917
	<b>288,664</b>	<b>2,589,772</b>
<b>Current liabilities</b>		
Other financial liabilities	2,748,028	1,068,132
Current taxation payable	49,329	97,988
Lease liabilities	104,723	29,331
Trade and other payables	1,951,060	3,303,241
Provisions	670,125	410,428
	<b>5,523,265</b>	<b>4,909,119</b>
<b>Liabilities directly associated with the assets held for sale</b>	<b>834,092</b>	<b>570,539</b>
<b>Total liabilities</b>	<b>6,646,021</b>	<b>8,069,430</b>
<b>Total equity and liabilities</b>	<b>7,185,520</b>	<b>10,034,530</b>

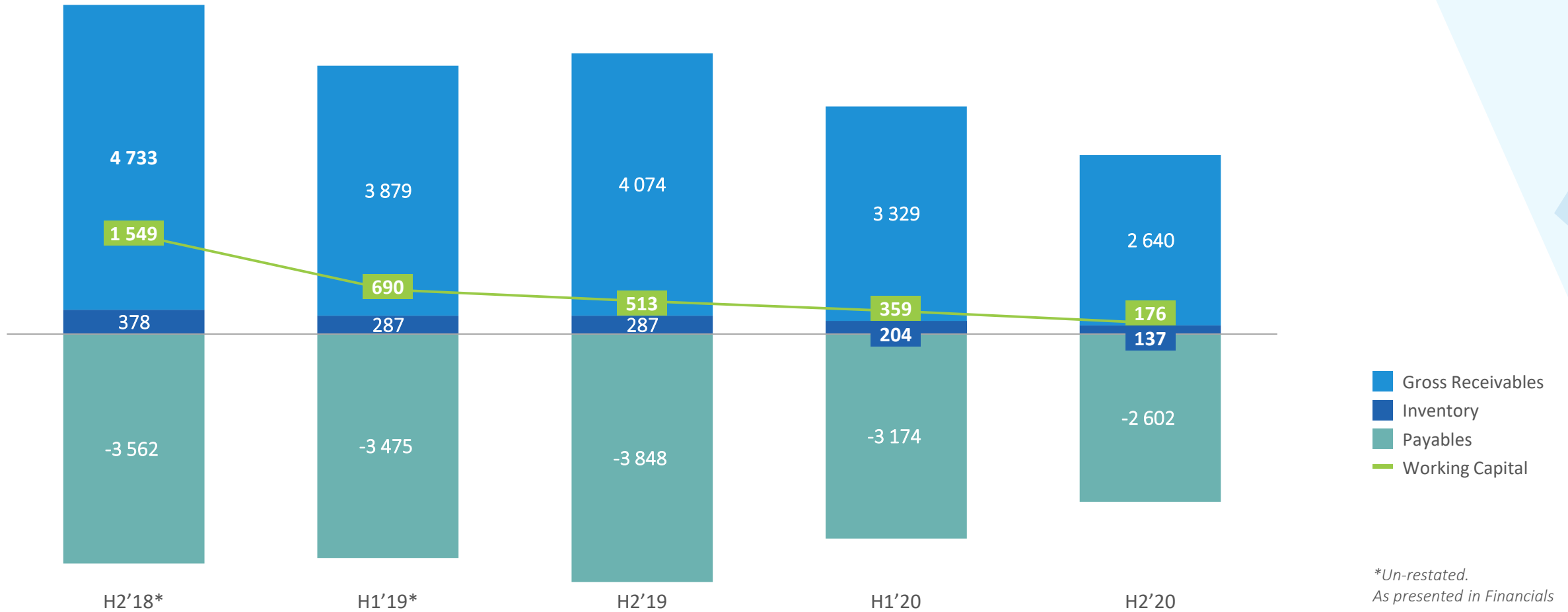


# STRONG DELEVERAGING PERFORMANCE



# WORKING CAPITAL MANAGEMENT

90% reduction in net working capital since H2'18



# > LIQUIDITY MANAGEMENT SOUND

Significant initiatives to secure sustainability

## Cash Management

**Liquidity forecasting & weekly management** implemented in prior year

**Cash management system** implemented in current year

Allows for **reduced carry costs** on working capital lines

Enables **cash to be available** where the company requires it

More than **75%** of all group available cash managed



## Headroom Facilities

**Cash management** has improved access to headroom facilities

**Cash balances remain strong** and until deleveraging completed a part of working capital lines

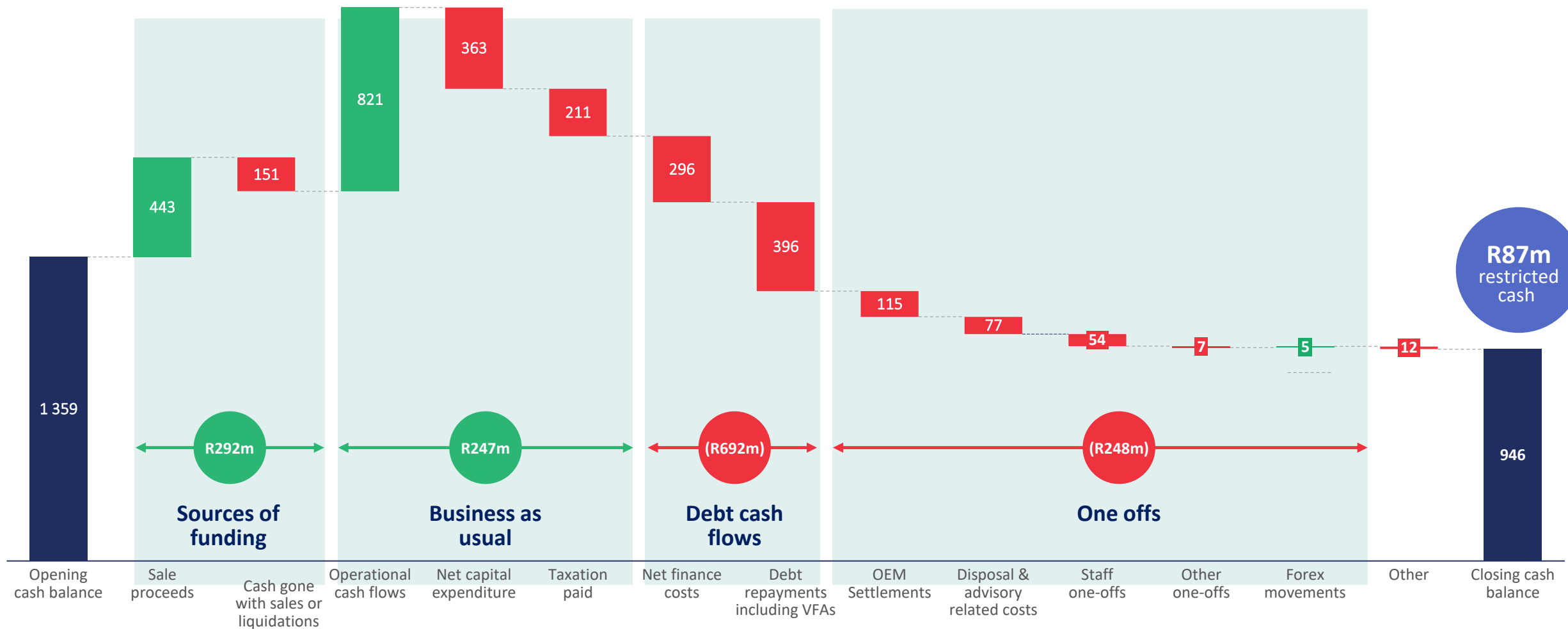
## Contingent Liabilities

**R353m** of guarantees issued

**Limited issuance** of corporate guarantees

# FY2020 CASH FLOW BRIDGE

Significantly lower one-off payments and stronger operational cashflow



Note: Operational cashflow impacted by working capital swings

# > PRIORITIES 2021



## APPROPRIATE CAPITAL STRUCTURE



Continue with **balance sheet deleverage**

Incorporate **ROIC** into performance management

Refinancing of debt



## OPTIMISED SYSTEMS & CONTROLS



Project management office to **optimize projects**

Continue with the implementation of the **new ERP**

**Finance optimization project**

**Align performance contracts** with EOH values

**Data strategy**

Complete **BU & legal entity rationalization** project



## FIT FOR PURPOSE COST STRUCTURE



**Identify & minimize duplications** in management structures

Reduce **head office cost percentage** of revenue

Continue with **property rationalization**

## > DOWNSIDE RISKS CONTAINED

**Building  
platform  
for future  
growth**



- 1 PWC audit completed
- 2 Legacy public sector contracts largely resolved
- 3 NEXTEC stabilized
- 4 SARS
- 5 SIU settlement

# > BUSINESS STABILISED



**Revenue  
stabilised**



**EBITDA  
improvement**



**Cash  
generative**



**Debt  
reduced**



A decorative graphic element consisting of a green triangle with a white outline, pointing downwards, located in the upper left quadrant of the image.

# LOOKING FORWARD

Stephen van Coller  
Group CEO

# > THE EOH VALUE PROPOSITION



# STRATEGIC PARTNERSHIPS UNDERPIN STABILITY

Provide robust platform for future growth



**GO-TO PARTNER**  
for international OEMs

RENEWED major partnership deals:



# MARKET OPPORTUNITY

Opportunity lies in Digital, Services & Digital Industries businesses



**GDP GROWTH**

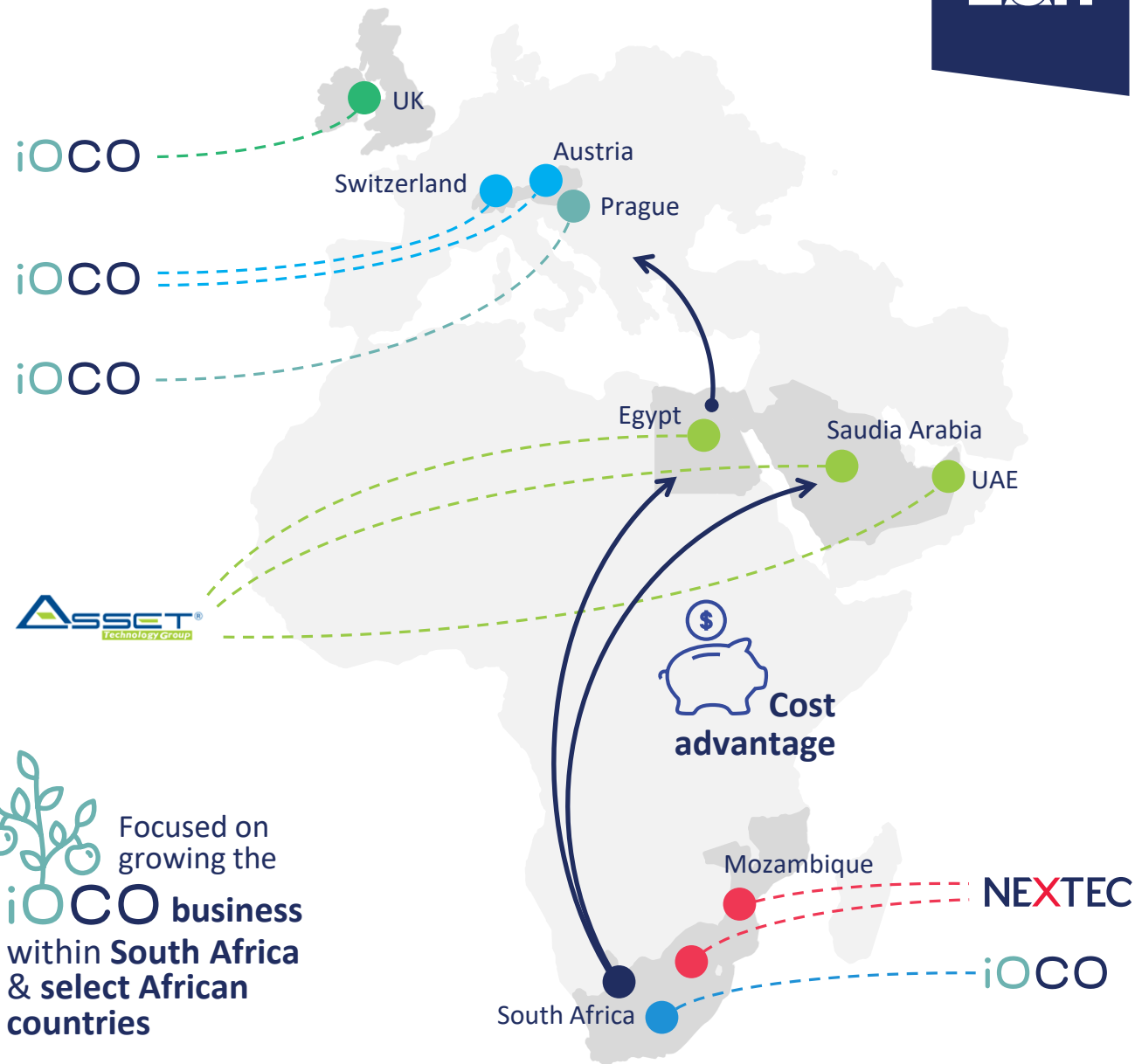
Mid-market segment focus



Egypt business to enable move into the **Middle East** & complement expansion of certain solutions into Europe

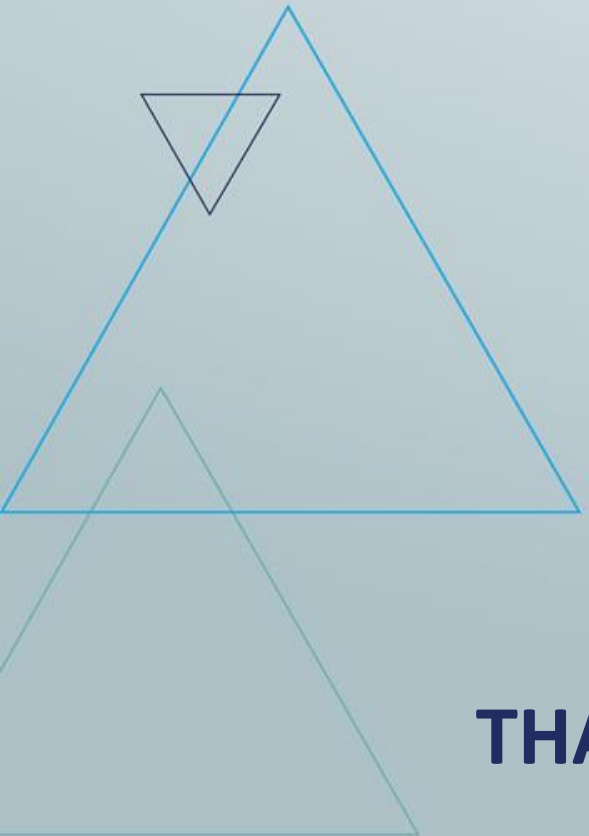


IP opportunity in South Africa to create a **“business in a box”** as a service

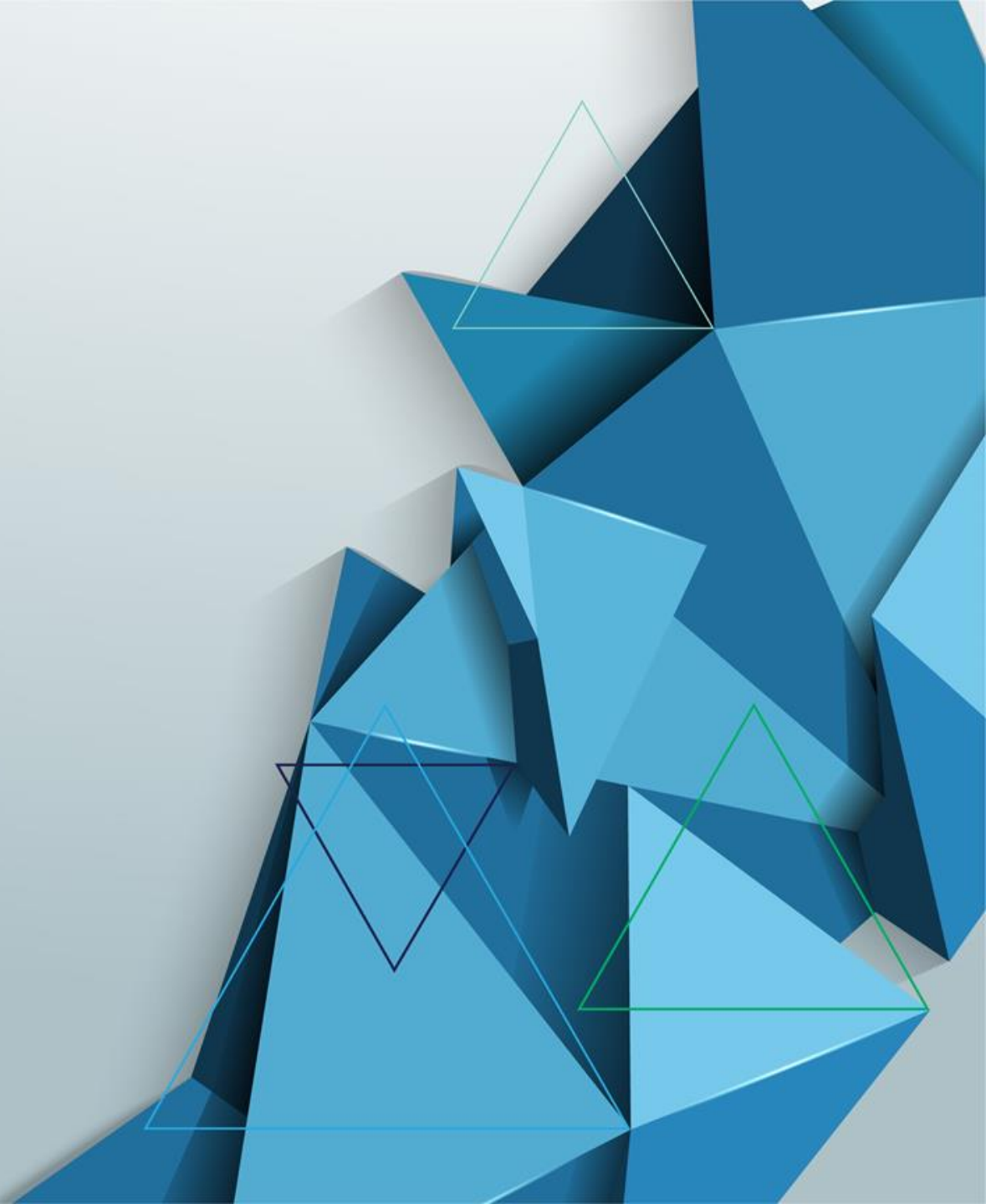



Focused on growing the **iOCO business** within **South Africa & select African countries**



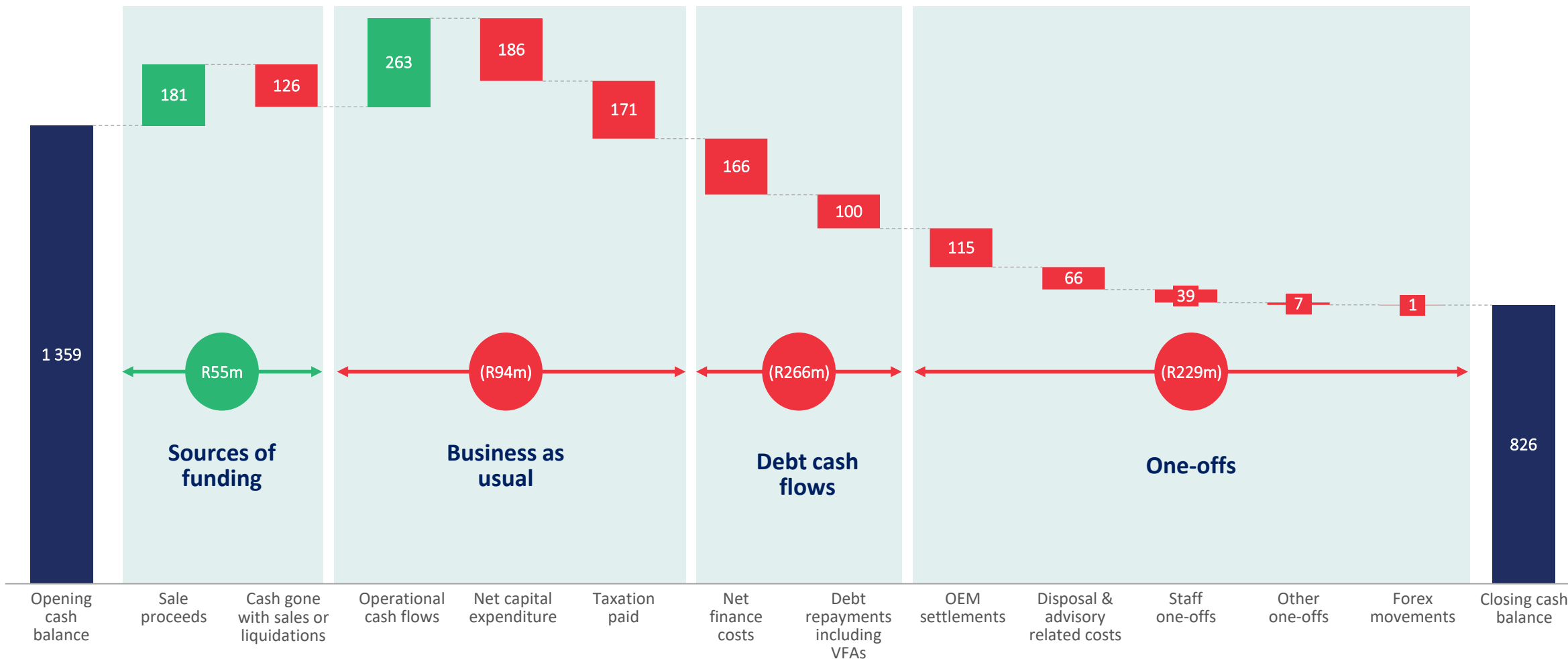


**THANK YOU**



# APPENDIX 1 H1:2020 CASH FLOW BRIDGE

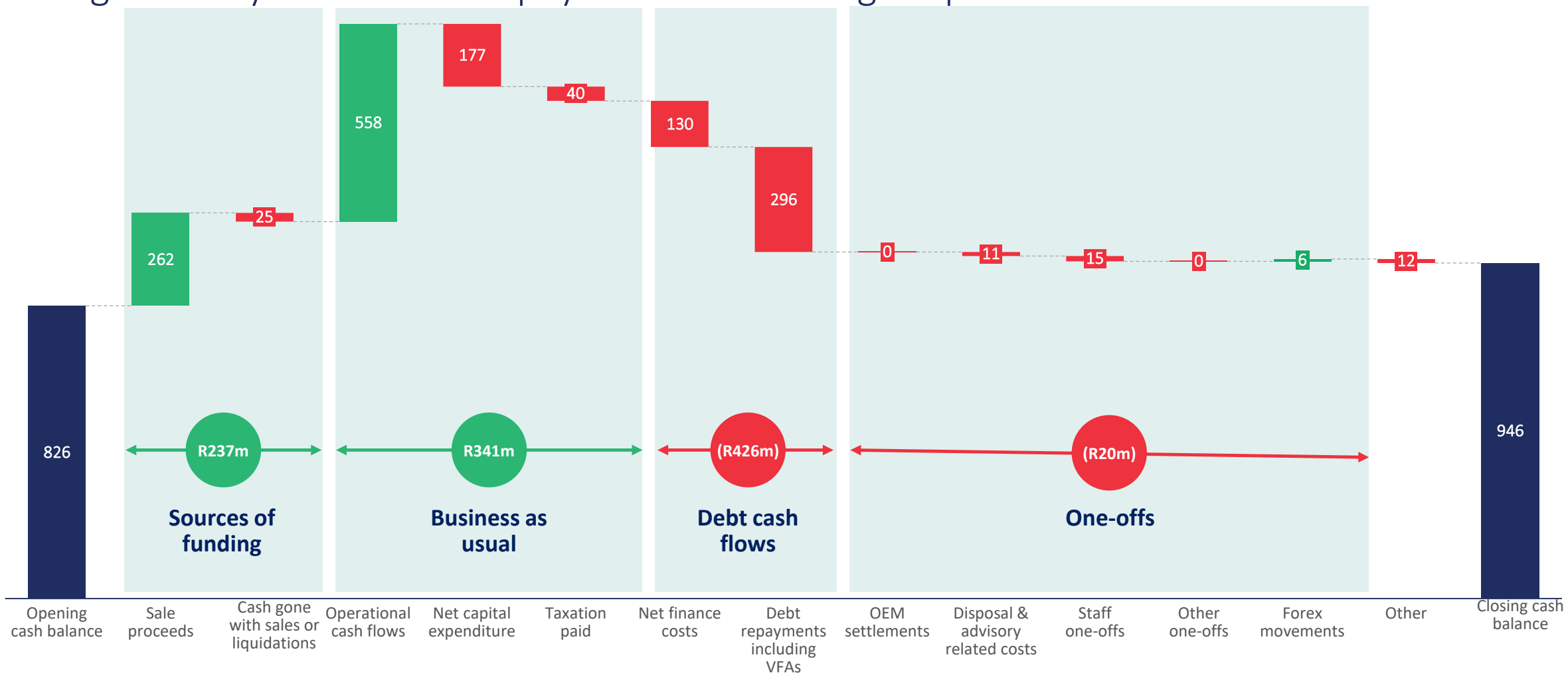
Large one-off payments and large tax payments, weaker operational cashflow



Note: Operational cashflow impacted by working capital swings

# APPENDIX 2 H2:2020 CASH FLOW BRIDGE

Significantly lower one-off payments and stronger operational cashflow



Note: Operational cashflow impacted by working capital swings