



ALARIS  
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# AGENDA

## 1. Financials

- Restatement
- Financial highlights – continuing operations
- Normalised earnings definition
- Continuing operations
  - Revenue
  - Statement of financial position
- Segmental information
- Per share information

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# FINANCIALS

# RESTATEMENTS

The accounting complexities arising from the contingent consideration shares subject to recall from the Aucom transaction resulted in the Group having to restate the 30 June 2014 numbers for the following:

- Aucom shares that are recallable under the contract are no longer treated as a contingent liability. An asset of R22.2 million was created for the estimated recallable number of shares based on estimated cumulative performance of Aucom up to the end of the earn out period.
- Accounting treatment of the EPS, HEPS, DEPS, DHEPS was applied incorrectly due to the 49.5 million shares subject to recall.

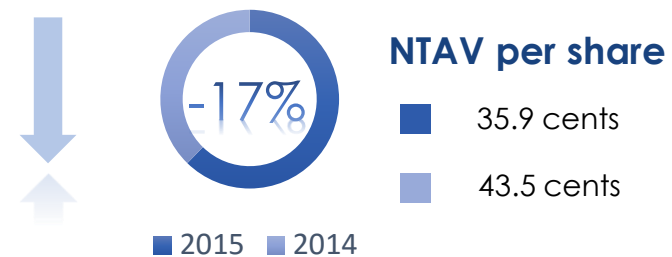
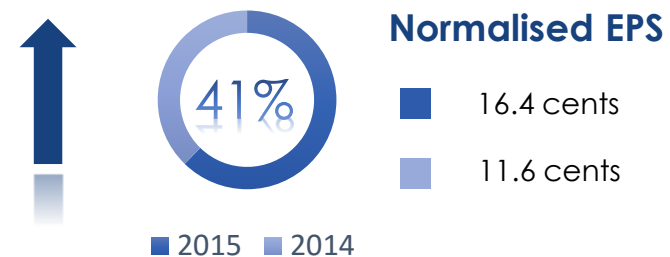
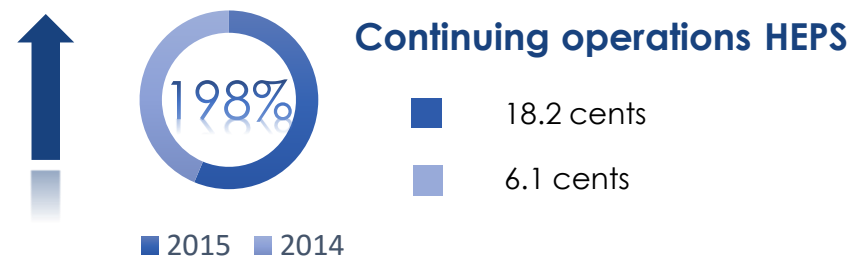
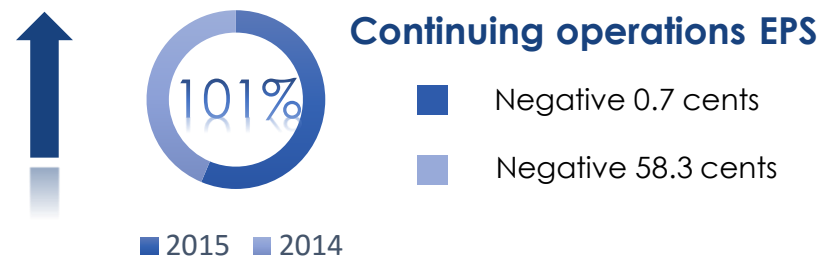
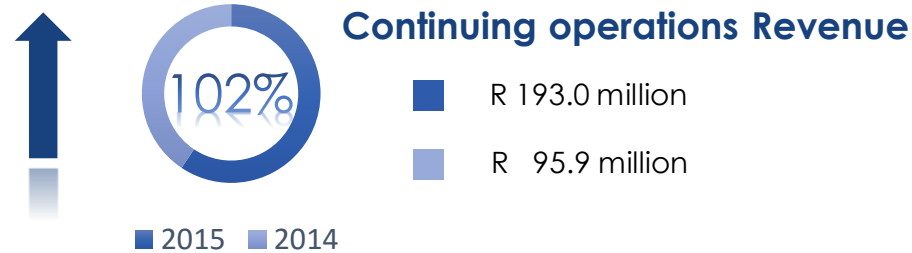
**For further detail refer to the results announcement.**

Even though the initial treatment of the above was based on detail consultation and advice obtained from our technical advisors, management finds it embarrassing to restate these numbers and apologises to shareholders in this regard.



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# FINANCIAL HIGHLIGHTS



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# DEFINITION OF NORMALISED EARNINGS

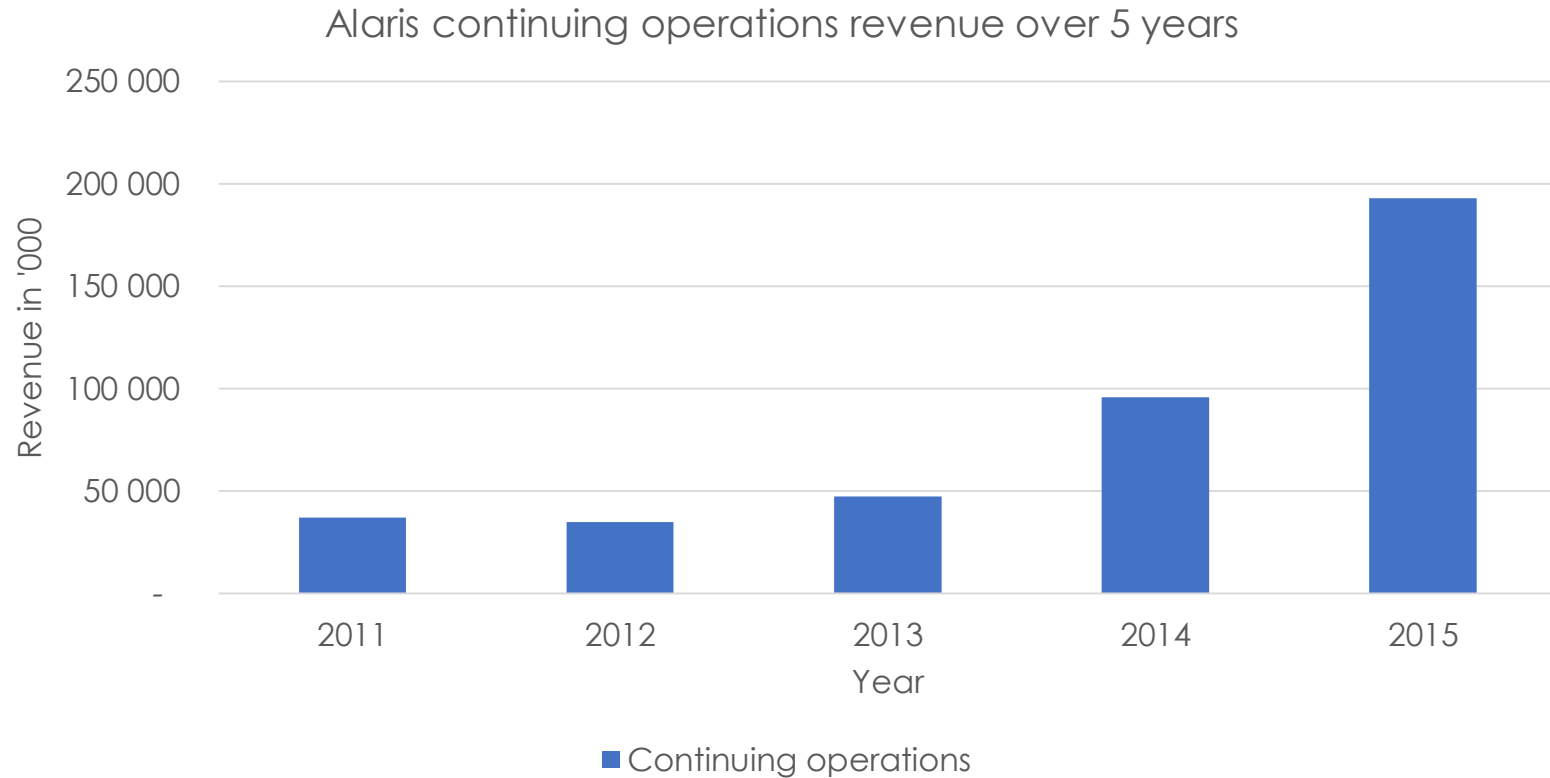
**Normalised earnings** is calculated by adjusting profit for the fair value adjustment of the contingent consideration asset, goodwill impairment, loss on discontinued operations and profit (net after tax) on disposal of Compart and legal and consulting fees for acquisitions and disposals.

**Normalised earnings per share** is calculated by dividing normalised earnings by the weighted average number of ordinary shares in issue.

# NORMALISED EARNINGS RECONCILIATION

R'000	Reviewed 2015	Restated 2014
<b>Total comprehensive income</b>	<b>(5 124)</b>	<b>(97 754)</b>
Contingent consideration asset	(22 206)	-
Profit on disposal of discontinued operations	(2 395)	-
Losses incurred by discontinued operations	6 279	11 680
Legal and consulting costs for acquisitions and disposals	10 070	3 257
Impairment of goodwill	33 342	95 046
<b>Normalised profit after tax for continuing operations</b>	<b>19 966</b>	<b>12 229</b>
Alaris Antennas	20 944	16 214
Aucom	7 299	(3 302)
Corporate and consolidation	(8 277)	(683)
Weighted average number of ordinary shares in issue	121 697 690	105 610 733
<b>Continuing operations - Normalised earnings per ordinary share (cents)</b>	<b>16.41</b>	<b>11.58</b>

# CONTINUING OPERATIONS REVENUE





# STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 30 JUNE

R'000	Reviewed 2015	Restated 2014
<b>ASSETS</b>		
<b>Non Current Assets</b>	<b>68 138</b>	<b>90 186</b>
Property plant and equipment	6 222	6 778
Intangible assets	13 408	24 707
Goodwill	22 116	55 457
Contingent consideration asset	22 206	-
Other non-current assets	4 188	3 244
<b>Current assets</b>	<b>136 880</b>	<b>149 327</b>
<b>TOTAL ASSETS</b>	<b>205 018</b>	<b>239 513</b>
<b>EQUITY</b>	<b>115 326</b>	<b>155 893</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>	<b>53 168</b>	<b>52 182</b>
<b>Current liabilities</b>	<b>36 524</b>	<b>31 438</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>205 018</b>	<b>239 513</b>
<b>Net asset value per share (NAV)</b>	<b>71.97</b>	<b>89.55</b>
<b>Net tangible asset value per share (NTAV)</b>	<b>35.94</b>	<b>43.5</b>

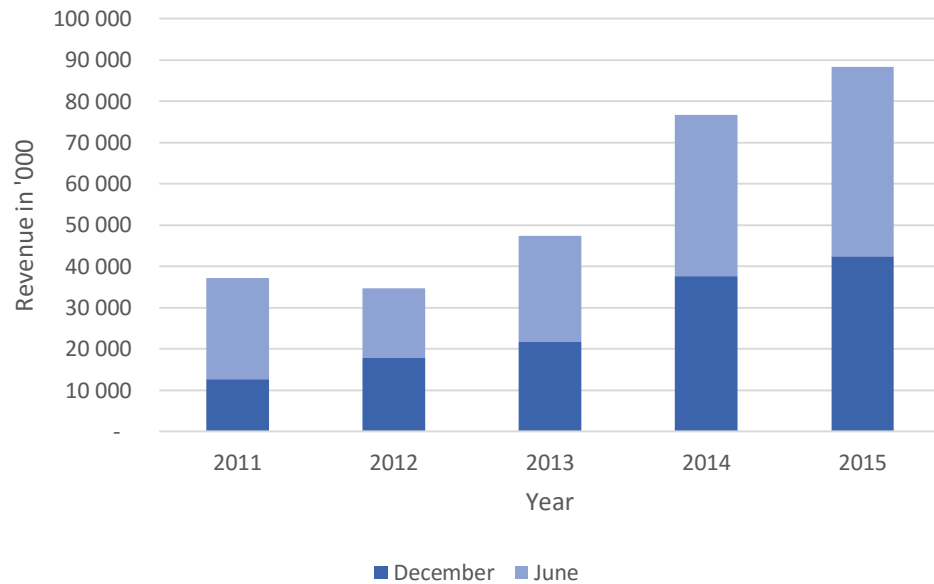


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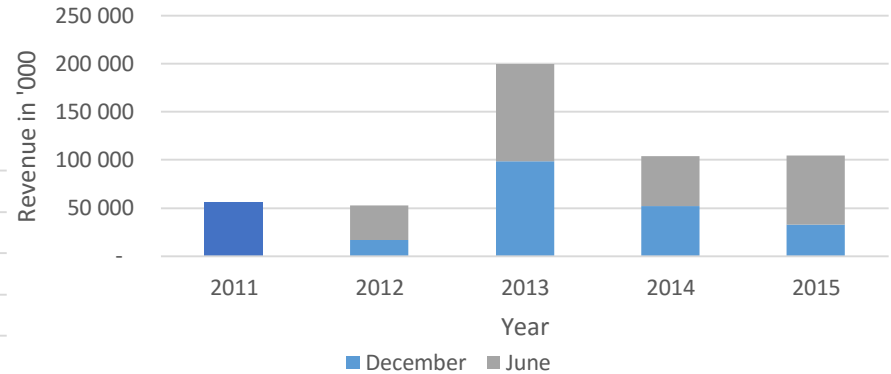
# SEGMENTAL REVENUE

(CONTINUING OPERATIONS)

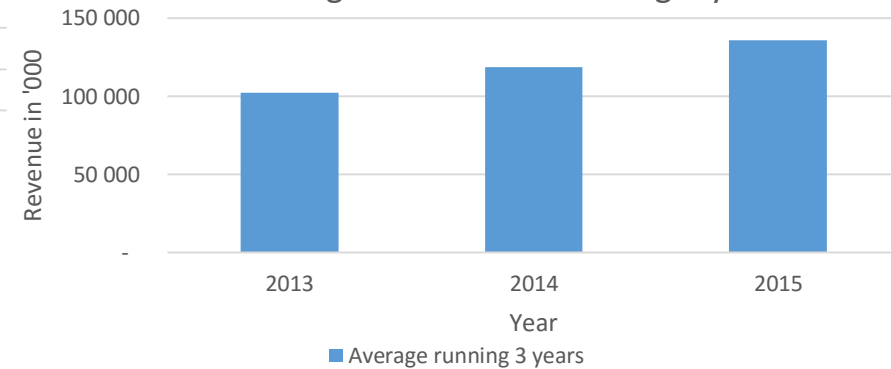
Alaris Antennas Revenue for 5 years



AUCOM revenue for 5 years



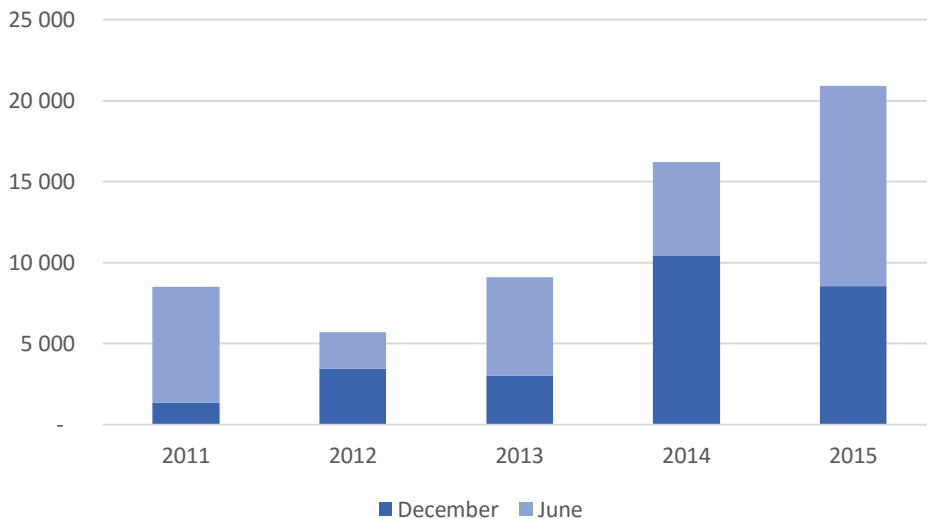
AUCOM average revenue over rolling 3 years



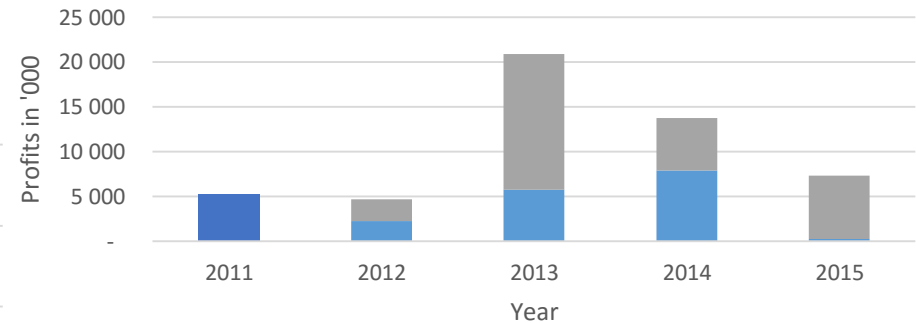
# SEGMENTAL PROFIT AFTER TAX

(CONTINUING OPERATIONS)

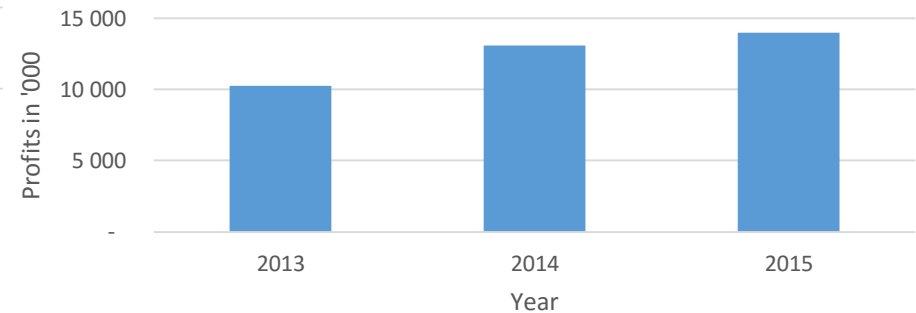
Alaris Antennas Profit for 5 years



AUCOM profits for 5 years



AUCOM profits revenue over rolling 3 years



■ Average running 3 years

# PER SHARE INFO

FOR THE YEAR ENDED 30 JUNE

R'000	Total Operations		Continuing Operations	
	Reviewed 2015	Restated 2014	Reviewed 2015	Restated 2014
Basic earnings per ordinary share (cents)	(2.91)	(66.24)	(0.7)	(58.33)
Diluted basic earnings per ordinary share (cents)	(13.52)	(86.83)	(11.22)	(76.46)
Headline earnings per ordinary share (cents)	15.22	(1.83))	18.23	6.08
Diluted headline earnings per ordinary share (cents)	5.39	(2.39)	8.53	7.98
Normalised earnings per ordinary share (cents)	16.41	11.58	16.41	11.58
Weighted average number of ordinary shares in issue	121 697 690	105 610 733	121 697 690	105 610 733
Weighted average number of diluted ordinary shares in issue	168 826 621	112 562 575	168 826 621	112 562 575



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**Current ALH share price:**  
R2.18 per share





# OVERVIEW

# GROUP OVERVIEW

Technology holding company listed on  
the JSE AltX since July 2008

## Alaris Holdings

### Alaris Antennas



Designs and manufactures specialised broadband antennas as well as other related radio frequency products



These products sell in the electronic warfare frequency spectrum monitoring communication test and measurement and other specialised markets.



Clients located across the globe mostly outside of SA (Americas Europe & Asia)



### African Union Communications

Designs sells and implements integrated broadcasting systems.



Provides end to end solutions to radio and TV broadcasters. Well positioned to assist broadcasters with the migration to digital television.



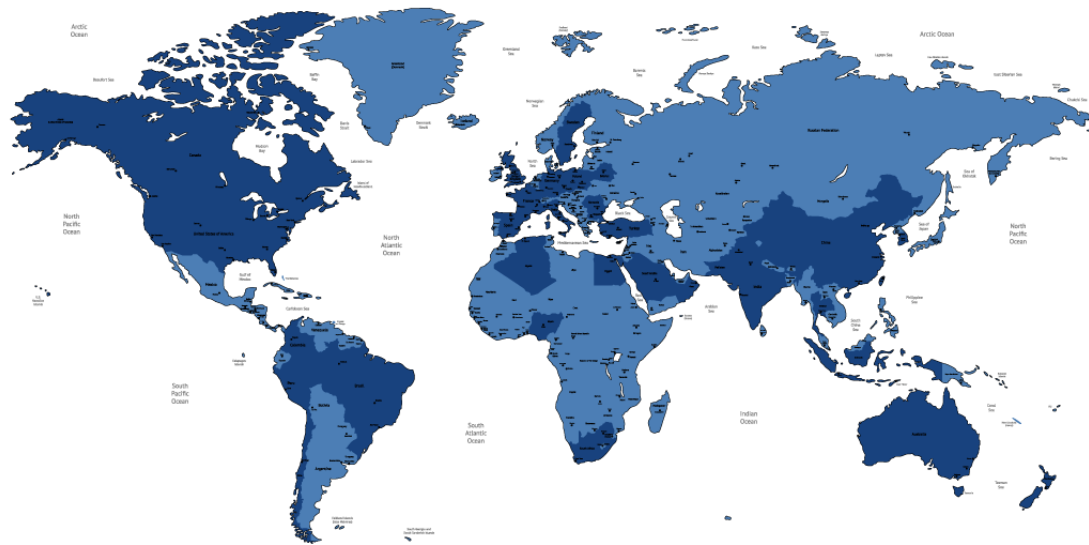
Clients located mostly in Africa with typically a 50% split SA and 50% rest of Africa.



ALARIS  
HOLDINGS

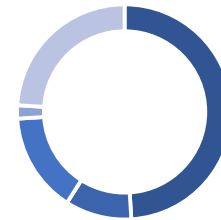
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# ALARIS ANTENNAS MARKET & TERRITORIES



■ Presence ■ No Presence

Sales % per Territory



■ Europe 49%  
■ Americas 15%  
■ South Africa 24%

■ Asia 10%  
■ Middle East 2%

**9** PRODUCT LINES

**632** PRODUCTS

**>30** DISTRIBUTORS

# ALARIS ANTENNAS OPERATIONAL OVERVIEW



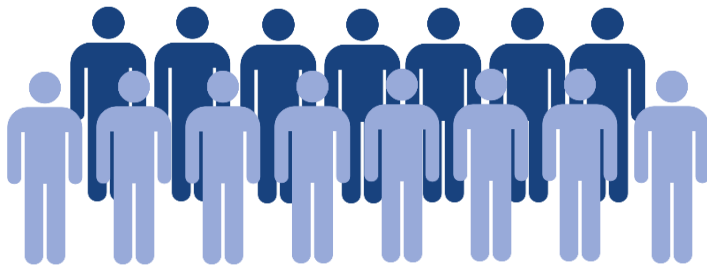
## NEW PRODUCTS

2015 **155** 2014 **73**

## NEW MARKET SEGMENT – Test & measurement



- ✓ Moved to a far more fit-for-purpose building
- ✓ New spray booth facility
- ✓ New machine shop



Increased from 77 to 87 employees

# AUCOM MARKET & TERRITORIES



**86%**

■ South Africa

**14%**

■ Rest of Africa

## Top Countries:

■ South Africa

■ Tanzania

■ Kenya

■ Nigeria

■ Footprint in most African countries

## Clients

✓ Sentech  
✓ SABC  
✓ MultiChoice

✓ GOtv  
✓ eTV  
✓ AZAM Tanzania

✓ Platco (Open HD)  
✓ NBC (Namibia)  
✓ Basic Transmission Ltd Tanzania

✓ Kenya Broadcasting Corporation  
✓ Times TV Malawi

**AFRICAN UNION  
COMMUNICATIONS**



Pty(Ltd)



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# AUCOM OPERATIONAL OVERVIEW



- ✓ National broadcasters in Africa are focusing on the digital television (DTV) rollout projects.
- ✓ Aucom is considered market leaders in Africa for these projects.



- ✓ Added a maintenance and repair department that specialises in transmitter repairs, significantly reducing the turn around time.
- ✓ Transmitters previously sent to Italy.



- ✓ Strengthened management team in finance, operations & sales.



- ✓ Secured an order for the installation of 9metre antenna.
- ✓ Will be installed in Q1 2016.



# CORPORATE AND CONSOLIDATION

## OVERVIEW



- × Goodwill impairment of R33.3 million
- ✓ Contingent consideration asset raised of R22.2 million



PSG preference shares issued on 30 June 2014 at **8.64% p/a**

**R0.7**  
million

In additional audit fees due to complex FY 2014



Strengthening of financial capabilities in Group with 2 CA(SA)'s.

## LEGAL & CONSULTING FEES

**R10.1** million

Incurred in relation to the ARA acquisition, RNS and Compart disposal.  
Approx. 80% of ARA cost accounted for in 2015



The **Compart businesses** were consolidated into the Group up to 31 December 2014. These operations recorded a loss of R6.3 million mostly as a result of low margins.



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# GROWTH PLAN

# THE ROAD AHEAD

## Group

- Innovating profitably.
- Expand regional and product diversity.
- Improve the working capital generation of the Group.
- Secure a footprint into the US and Europe.

## Alaris Antennas

- Adding new system houses distributors and agents diversifying territories
- Entering into new market segments where our core competencies find application.
- Insource certain machined items to our new internal machine shop due to weakening supply chain in SA.

## Aucom

- Continues to bid for significant digital infrastructure opportunities across the African continent and remains optimistic that it will be successful in being awarded some of these opportunities.
- Broadcast and satellite network opportunities in Africa are vibrant and increasing due to digitization.
- Expanding our service and support structure to offer our customers high level support and service level agreements.



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# ACQUISITIONS



# ANTENNA RESEARCH ASSOCIATES(ARA)

## **Alaris has exercised its right to terminate the Merger Agreement:**

- Not all the conditions as specified in the Merger Agreement were fulfilled by ARA by the End Date.
- Efforts to negotiate revised terms to address risks raised in light of the unfulfilled conditions were not successful.
- Experience gained to improve its understanding of the United States regulatory landscape.

# ACQUISITION STRATEGY

Strategy amended in light of regulatory requirements and costs associated with large acquisitions

- Actively pursuing suitable acquisition opportunities in the USA and Europe
- Slight product overlap advantageous
- Strong business development capability

# SUMMARY

- Revenue increased by 102% to R193 million from R95.9 million.
- Normalised earnings per share of 16.4 cents (R20.0 million) increased from 11.6 cents (R12.2 million) in the prior year.
- Alaris Antennas and Holdings moved to more fit for purpose premises.
- Sold off the commercial activities in December 2014 reducing the complexity of the business.
- Group changed its name and identity from Poynting to Alaris in May 2015.
- Remain on lookout to secure a footprint in US and Europe.