



ALARIS HOLDINGS

FULL YEAR FINANCIAL RESULTS



AGENDA



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HIGHLIGHTS



- Revenue increased by 29% from R193.0m to R248.5m
- Normalised earnings increased from R20.0m to R48.8m
- Cash and cash equivalents increased by 27% from R74.4m to R94.5m
- COJOT acquisition concluded and consolidated from 1 May 2016
- Aucom earn-out period concluded 30 June 2016

REFLECTION ON FY 2016



CHALLENGES / ANOMALIES:

- Fluctuations on foreign exchange
- Talent and supply chain pressures
- Completion of two large projects in short time frame
- Conclusion of Aucom earn-out

POSITIVE DEVELOPMENTS:

- Much improved global footprint through COJOT acquisition
- Simplified business and balance sheet structure
- Healthy 2nd half as anticipated
- Initial synergy benefits through cross selling between Alaris Antennas and COJOT

GROUP OVERVIEW



GROUP OVERVIEW



Technology holding company listed on
the JSE AltX since July 2008



Alaris Holdings

Alaris Antennas (RSA)



Aucom (RSA)



COJOT (Finland)



WHAT DOES ALARIS ANTENNAS DO?



Jamming



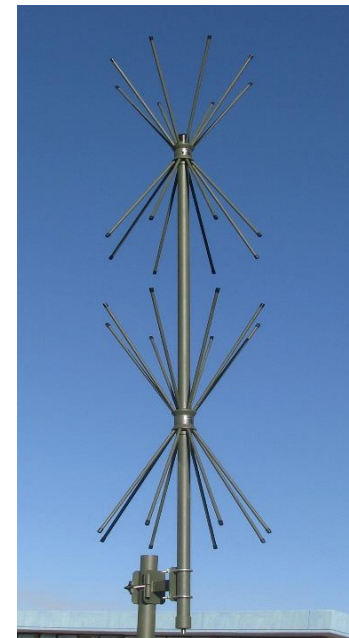
Direction finding



Monitoring



Masts



Communication



Counter - RCIED



Direction finding



RF Electronics



LPDA



DF-A0116

Dual Polarised Direction Finding Antenna

DF-A0116

- Adds HP components to existing VP antenna designs (Evolution on existing Alaris IP)
- Allows the user to gather information about more incoming signals
- Manufactured on-site and qualified at a South African test site

WHAT DOES ALARIS ANTENNAS DO?

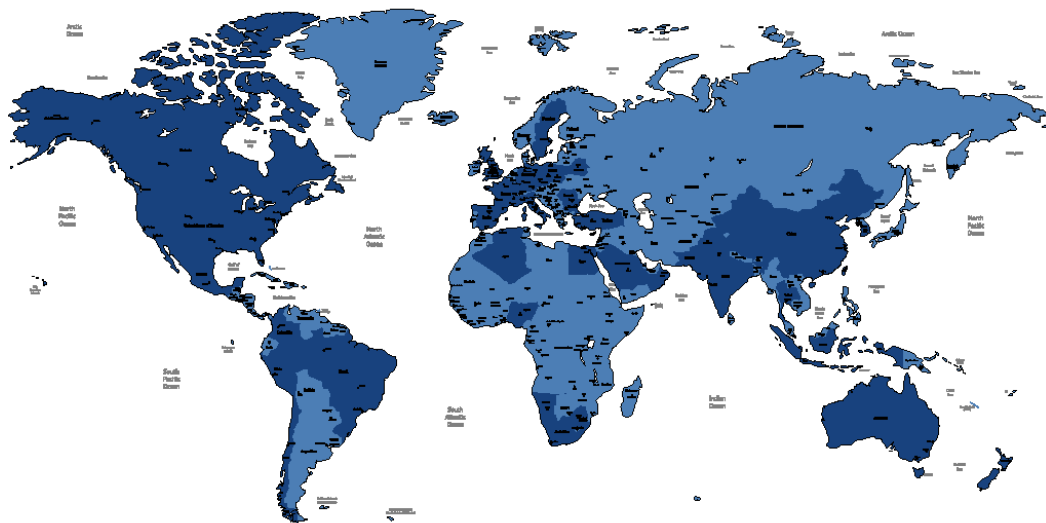


- Designs, manufactures and sells specialised broadband antennas and radio frequency products
- Own IP and manufactured locally
- Clients across the globe
- Exports about 80% of revenue (mainly Americas, Europe and Asia)
- Customers are system integrators, frequency spectrum regulators, test & measurement and players in the homeland security space

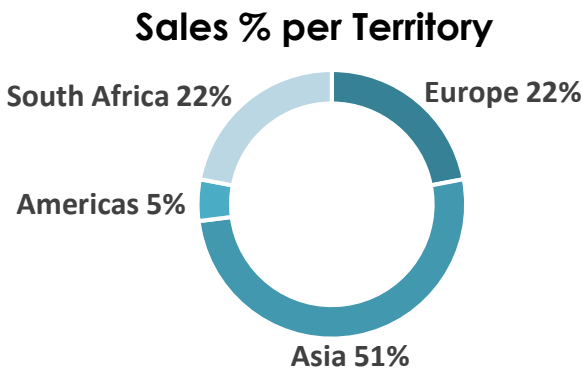




ALARIS ANTENNAS MARKET & TERRITORIES



 Presence  No Presence



10 PRODUCT LINES

732 PRODUCTS

34 DISTRIBUTORS

COJOT

ALARIS
HOLDINGS



COJOT DEAL



- Established Finnish company – founded in 1986
- Designs and develops omnidirectional VHF/UHF/SHF wideband antennas and accessories for mobile tactical communication, electronic warfare and spectrum monitoring applications
- On our acquisition radar since 2012
- Deal terms:
 - EUR 3.7m for 100% shareholding in the Company
 - NAV includes EUR1.4m free cash
 - COJOT profits were EUR 0.62m for the year ended 31 December 2015
 - Purchase consideration cash only

WHAT DOES COJOT DO?



Handheld
Antenna



Flexible Antenna
Extender



Vehicle
Antenna



Antenna
Mast Mount



MIDAS

Mission Adaptive Antennas

- The mission adaptive antennas provide significant performance improvements for SDRs and tactical communication systems

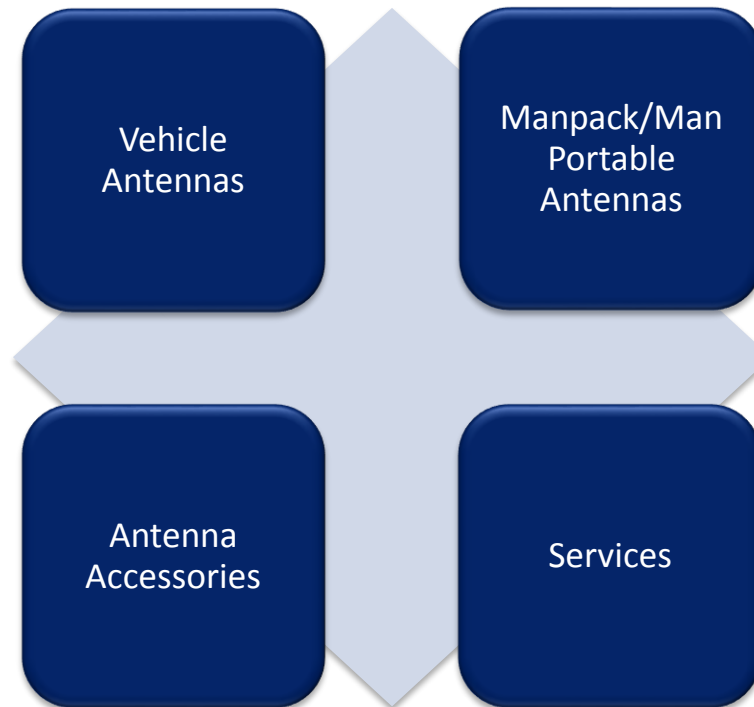


Manpack
Antenna

WHAT DOES COJOT DO?



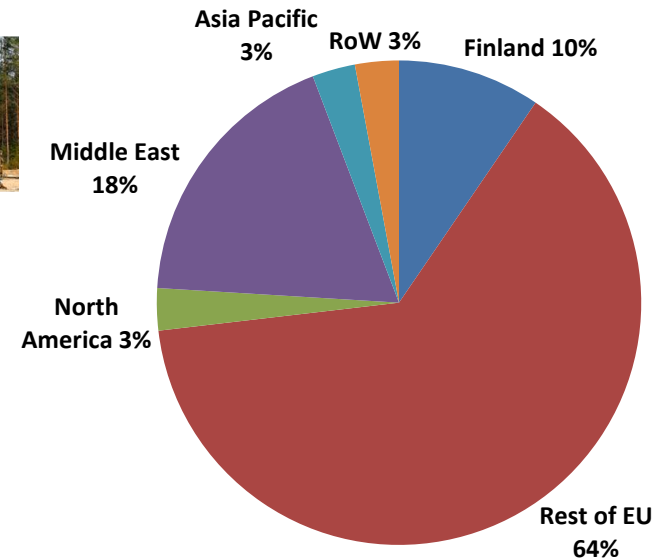
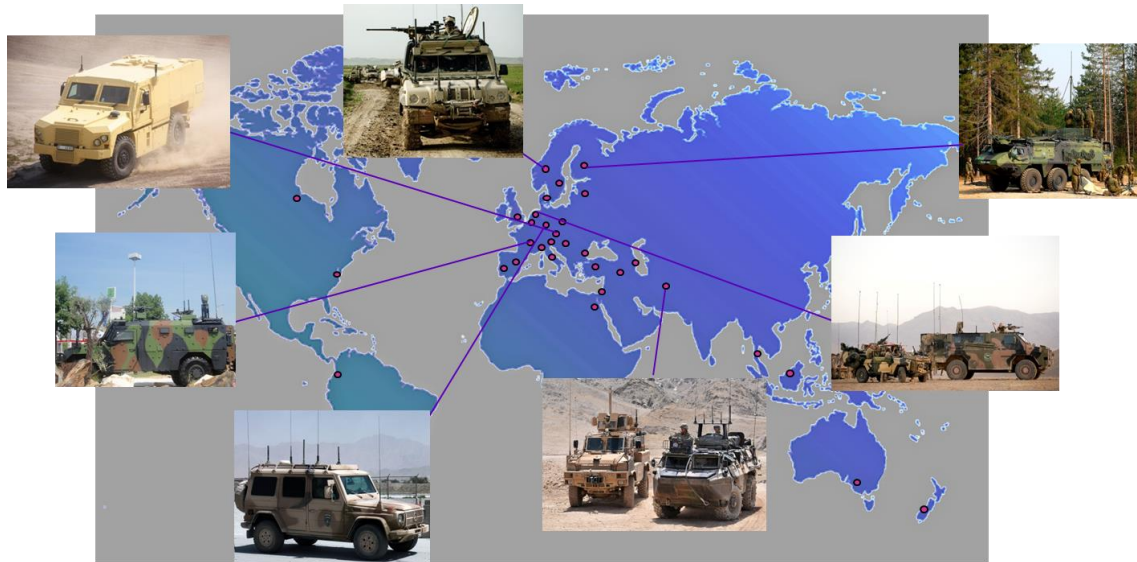
- Designs, develops and manufactures innovative antenna products, serving public safety and military markets globally
- Develops innovative broadband antennas to improve connectivity, coverage, and competitiveness of radio equipment deployed to save lives and protect property
- Own brand and IP



Always by your side

COJOT MARKET AND TERRITORIES

Our expertise and experience in radio frequency technology has made us a recognized and trusted source for supplying antenna technology in some of the most demanding environments throughout the globe.



AUCOM



WHAT DOES AUCOM DO?



**AFRICAN UNION COMMUNICATIONS
BROADCASTING SYSTEM INTEGRATORS**

The advertisement features a central graphic of a globe with a satellite in orbit, emitting blue energy waves. To the left, a curved wall of multiple small monitors displays various video feeds. Below this, server racks are shown with logos for **harmonic**, **ENESYS**, **SeoChange**, **Dekeo**, **Skyline**, **MAGNUSON**, and **NEWS**. A **SEMATRON** logo is also visible. To the right, a tall radio tower stands against the sky. Further right, a collage of images shows a family, a house, a hotel, a hospital room, and a hand holding a remote control. The text **INTERNET** is written in red above the tower.

International Broadcasting System Integrator offering turnkey solutions

WHAT DOES AUCOM DO?



- Designs, sells and implements end-to-end solutions for radio and TV broadcasters
- Specific expertise in digital compression platforms for Digital Terrestrial Television , signal distribution, multiscreen and over-the-top systems
- Migration to digital television and radio services across Africa
- Clients located in Africa and South Africa
- Service level agreements with annuity revenue



Projects:

Awarded contract from **Seychelles Broadcasting Corporation** to migrate the current SBC analogue network to Digital.

- Project is still ongoing

AUCOM MARKET & TERRITORIES



50% ■ South Africa

50% ■ Rest of Africa

Top Countries:

South Africa
Ghana
Kenya
Namibia

Seychelles
Democratic Republic of Congo
Tanzania
Nigeria

Clients

- | | | | |
|---------------|-----------------|-----------------------------------|----------------------------------|
| ✓ Sentech | ✓ GOtv | ✓ Platco (Open HD) | ✓ Kenya Broadcasting Corporation |
| ✓ SABC | ✓ eTV | ✓ NBC (Namibia) | ✓ Times TV Malawi |
| ✓ MultiChoice | ✓ AZAM Tanzania | ✓ Basic Transmission Ltd Tanzania | |

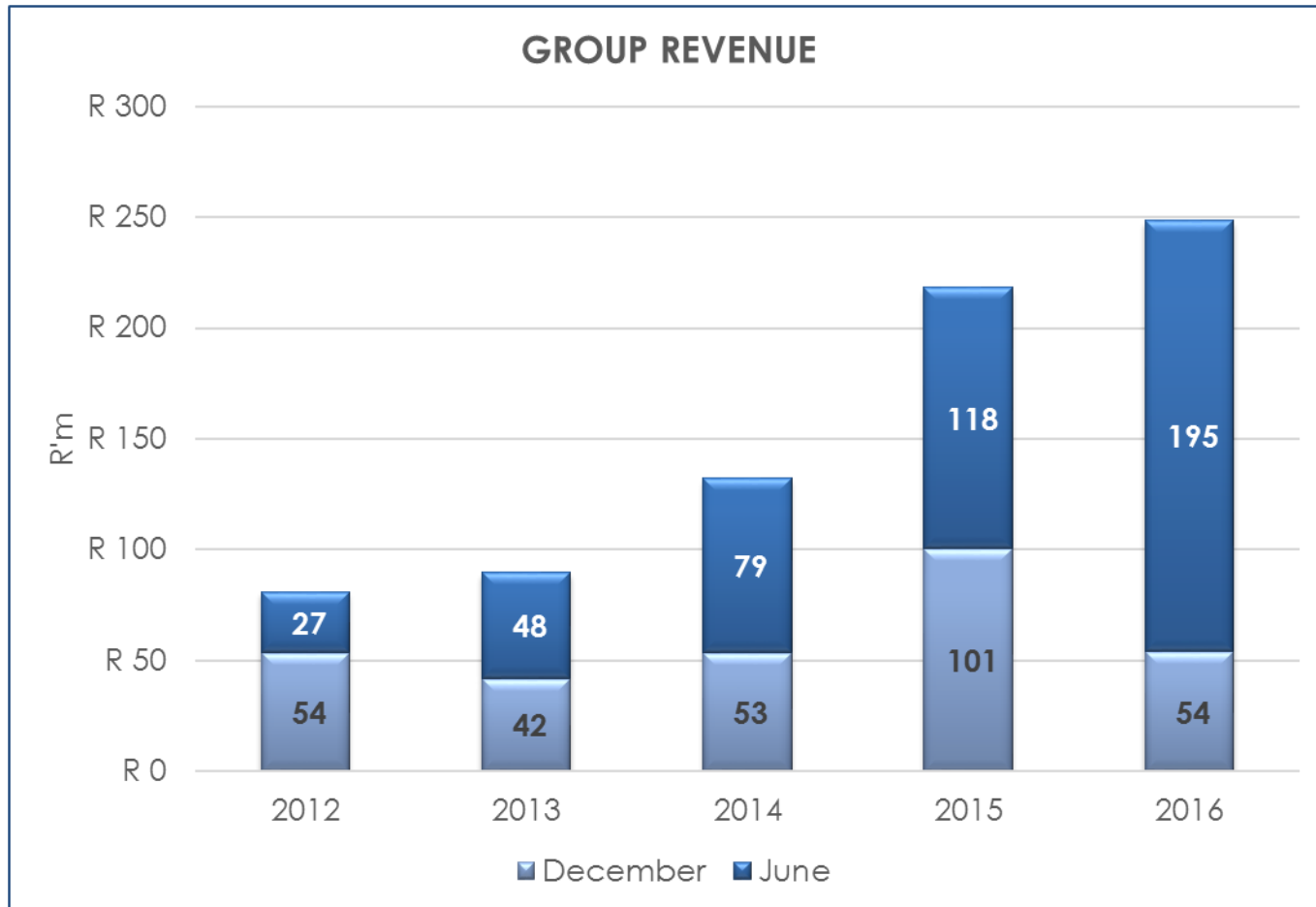


Always by your side

FINANCIALS



ALARIS GROUP REVENUE



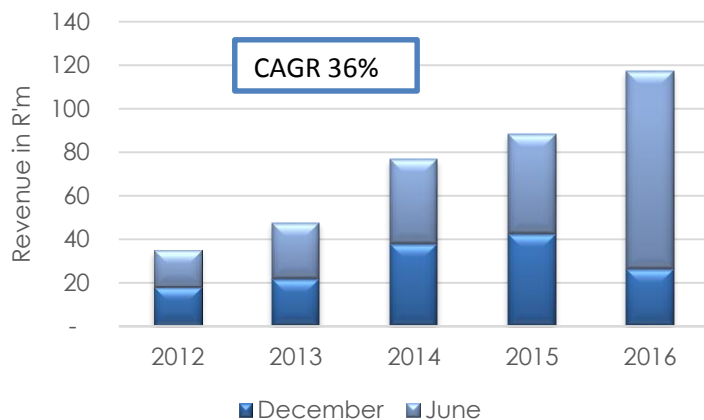
SEGMENT – ALARIS ANTENNAS



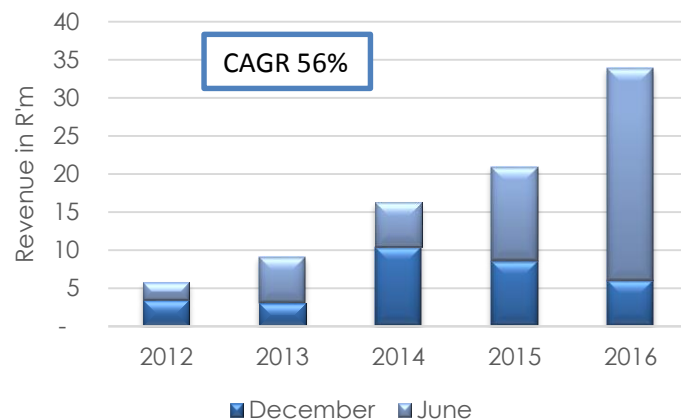
	Audited year ended	Audited year ended
R'000	Jun 2016	Jun 2015
Revenue	117,294	88,394
Revenue Growth y-o-y	33%	15%
PAT	33,910	20,944
PAT growth y-o-y	62%	29%
PAT Margin	29%	24%

- Revenue boosted by a large Asian order
- Profit margin helped by economy of scale and exchange rate

Alaris Antennas revenue



Alaris Antennas PAT



SEGMENT – COJOT



	Audited year ended	Audited year ended
R'000	Jun 2016	Jun 2015
Revenue	14,822	-
<i>Revenue Growth y-o-y</i>	-	-
PAT	5,193	-
<i>PAT Growth y-o-y</i>	-	-
<i>PAT Margin</i>	35%	-

- Acquisition concluded and consolidated from 1 May 2016
- Large orders delivered in these two months
- PAT margin not reflective of longer term margins

#not part of previous reporting period - 2 months consolidated in 2016

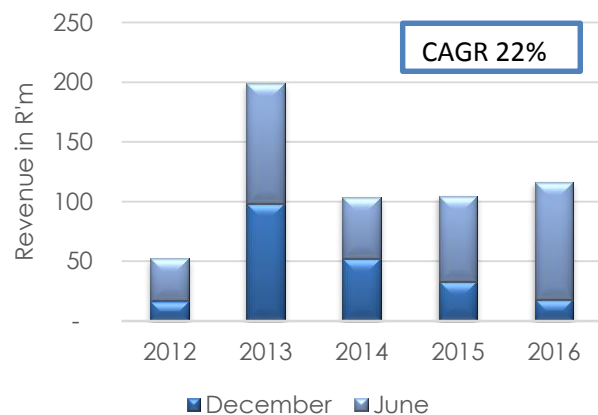
SEGMENT – AUCOM



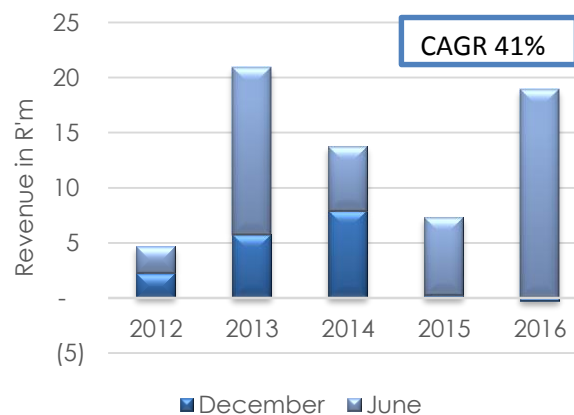
	Audited year ended	Audited year ended
R'000	Jun 2016	Jun 2015
Revenue	116,383	104,640
Revenue growth y-o-y #	11%	445%
PAT	18,606	7,299
PAT growth y-o-y	155%	221%
PAT Margin	16%	7%
# 2014 consolidated for 5 months only		

- Successful delivery of a large order into Africa
- FY15 period was comparing to five months of previous period
- Profit from commission on income service level agreement

Aucom revenue



Aucom PAT



STATEMENT OF PROFIT AND LOSS



	Audited year ended Jun 2016	Audited year ended Jun 2015
R'000		
Continuing Operations		
Revenue	248 499	193 034
Gross profit	137 104	89 734
Other income	18 131	898
Operating expenses	(87 678)	(72 880)
Trading operating profit	67 557	17 752
Finance income	1 532	3 312
Contingent consideration asset	(22 206)	22 206
Impairment of goodwill	-	(33 342)
Finance costs	(5 211)	(4 851)
Profit before taxation	41 672	5 077
Taxation	(20 181)	(6 317)
Profit / (loss)	21 491	(1 240)

- Net foreign exchange profits of R12.5m included in other income and operating expenses
- Aucom achieved R38.5m of R38m earn-out target, resulting in the contingent consideration asset being adjusted to zero.
- Taxation charge higher than 28% from non-deductible legal expenses and contingent asset adjustment.

GROUP RESULTS OVERVIEW



	Audited	Audited
R'000	Jun 2016	Jun 2015
Profit for the year	21 491	(5 124)
Contingent consideration asset	22 206	(22 206)
Profit on disposal of discontinued operations	-	(2 395)
Losses incurred by discontinued operations	-	6 279
Legal and consulting costs for acquisitions and disposals	5 116	10 070
Impairment of goodwill	-	33 342
Normalised earnings after tax comprising	48 813	19 966
Alaris Antennas	34 032	20 944
COJOT	5 193	-
Aucom	18 828	7 299
Corporate and consolidation	(9 240)	(8 277)
Weighted average number of ordinary shares in issue	159 539 913	121 697 691
Normalised earnings per ordinary share (cents)	30.60	16.41
Basic earnings per ordinary share (cents)	13.47	(2.91)
Headline earnings per ordinary share (cents)	13.47	15.22

- Based on Aucom achieving the cumulative three year earn-out target of R38 million the contingent consideration asset raised in 2015 was reversed at the end of June 2016
- Net foreign exchange gains of R12.5 million included
- Weighted average number of shares includes Aucom shares to be released for earn-out.

ASSETS



	Audited year ended	Audited year ended
R'000	Jun 2016	Jun 2015
Non-Current Assets	77 911	68 138
Plant and equipment	7 904	6 221
Goodwill	47 101	22 115
Intangible assets	17 486	13 408
Deferred tax assets	5 420	1 541
Contingent consideration asset	-	22 206
Other financial assets	-	2 647
Current Assets	199 926	136 880
Inventories	18 040	9 236
Other financial assets	6 969	8 165
Current tax receivable	1 617	1 665
Trade and other receivables	78 819	43 428
Cash and cash equivalents	94 481	74 386
Total Assets	277 837	205 018

- Goodwill increased by R24.8m from COJOT acquisition
- Aucom earn-out period concluded - No recallable shares remaining
- Increase in inventory from confirmed order book for delivery in 1st half of FY 2017
- Trade receivables increased from large Aucom projects delivered close to year end and COJOT balances
- Cash and cash equivalents increased to R94.5m despite COJOT acquisition paid in cash

EQUITY AND LIABILITIES



	Audited year ended	Audited year ended
R'000	Jun 2016	Jun 2015
Equity	133 646	115 326
Non-Current Liabilities	53 633	53 168
Current Liabilities	90 558	36 524
Loans and borrowings	153	96
Trade and other payables	81 348	29 906
Current tax payable	3 264	1 138
Provisions	3 576	1 741
Other financial liabilities	2 217	3 643
Total Liabilities	144 191	89 692

- Non-current liabilities include PSG pref share liability of R51m repayable or convertible by 3 July 2017
- Trade payables increased from large Aucom projects delivered close to year end and COJOT balances

CASH FLOW



	Audited year ended	Audited year ended
R'000	Jun 2016	Jun 2015
Profit before taxation	41 672	252
Adjusted for non-cash items	36 240	21 167
Working capital changes	2 698	(14 663)
Cash generated from operations	80 610	6 756
Net finance cost	(3 679)	(1 438)
Taxation paid	(22 754)	(6 245)
Net cash from / (used in) operating activities	54 177	(927)
Net cash used in investing activities	(35 819)	(10 242)
Net cash from / (used in) financing activities	638	(2 469)
Net increase / (decrease) in cash and cash equivalents for the year	18 996	(13 638)
Cash disposed as part of business disposal	-	2 332
Cash and cash equivalents at the beginning of the year	74 386	85 821
Effect of exchange rate movement on cash balances	1 099	(129)
Total cash and cash equivalents at end of the year	94 481	74 386

- Working capital improvement due to good management
- Net cash paid of R25.6m COJOT acquisitions

GROWTH PLAN



BUILDING BLOCKS FOR THE FUTURE



The way forward

- Organic growth of the underlying businesses
- Be a leading Radio Frequency (RF) technology holding company
- Invest in RF related technology companies
- Increase profitability in acquired companies through common business models

GLOBAL

CLIENT CENTRIC

**EXCELLENT
SERVICE**

**COMPETENT &
INNOVATIVE**

**INTEGRITY &
TRANSPARENT**



Always by your side

ALARIS INVESTMENT ATTRIBUTES



- Own local IP exported globally
- Local manufacturing
- Global exports contribute 80% of revenue
- High margin business
- Global footprint expanded through COJOT acquisition with several synergies

Q&A

Thank you