

ALARIS HOLDINGS

FINANCIAL RESULTS

12 months ended 30 June 2017





AGENDA

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FINANCIAL HIGHLIGHTS

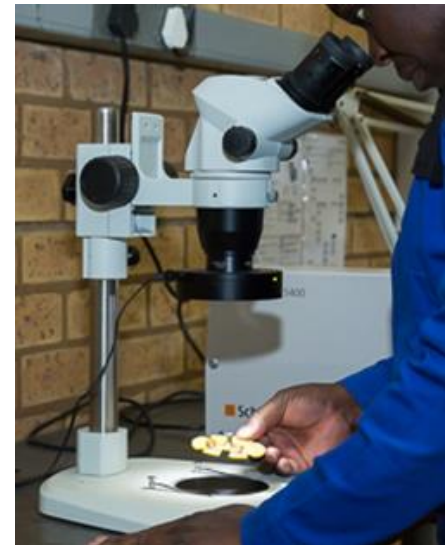
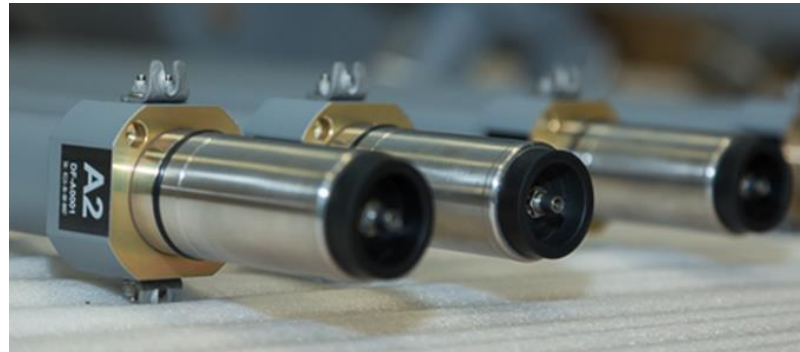
- Revenue from continuing operations increased by 21% from R132.1 million to R159.4 million.
- Normalised earnings from continuing operations decreased by 26% from R31.5 million to R23.4 million
- Net cash from operating activities of R13.3 million for the year.
- Repurchased a total of 40 million shares
- Shares in issue reduced to 116.1 million at year end





OPERATIONAL HIGHLIGHTS

- Streamlined Group in line with strategy
 - Global
 - Own IP
 - RF technology
- Improved scalability through fit for growth projects
- Aucom was sold effective May 2017
- Two new patents registered
- Delayed orders received post year end





REFLECTION ON 2017

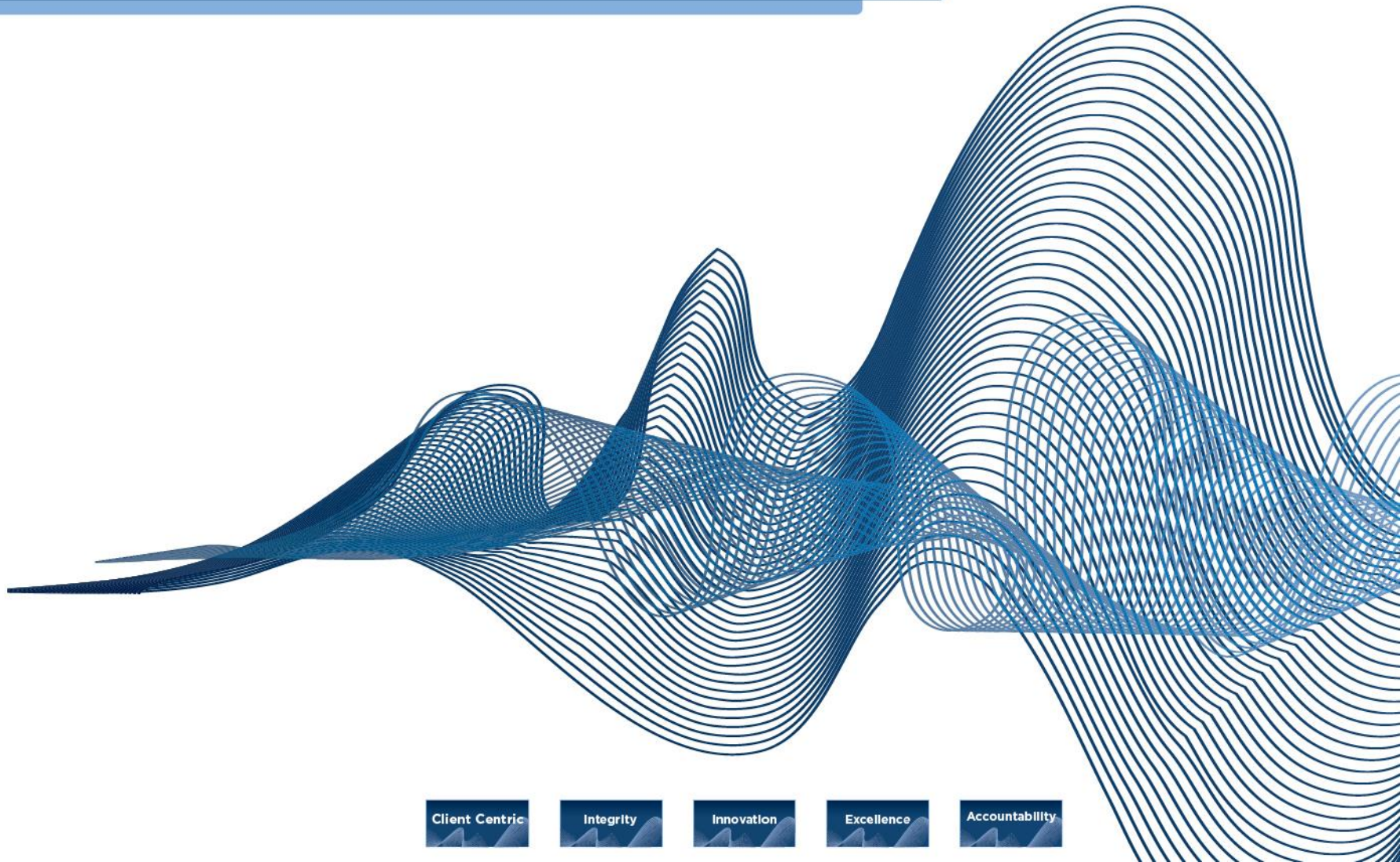
CHALLENGES / ANOMALIES:

- Fluctuations on foreign exchange
- Talent and supply chain pressures
- €1m COJOT order delayed - received in June 2017

POSITIVE DEVELOPMENTS:

- The Aucom disposal finalized
- Simplified business and balance sheet structure
- We are growing with our clients – the order size is increasing
- Improved global footprint
- MIDAS product launch presents opportunities
- Synergy benefits through cross selling between Alaris Antennas and COJOT

GROUP OVERVIEW



Client Centric

Integrity

Innovation

Excellence

Accountability



GROUP OVERVIEW

Technology holding company listed on
the JSE AltX since July 2008



Alaris Holdings

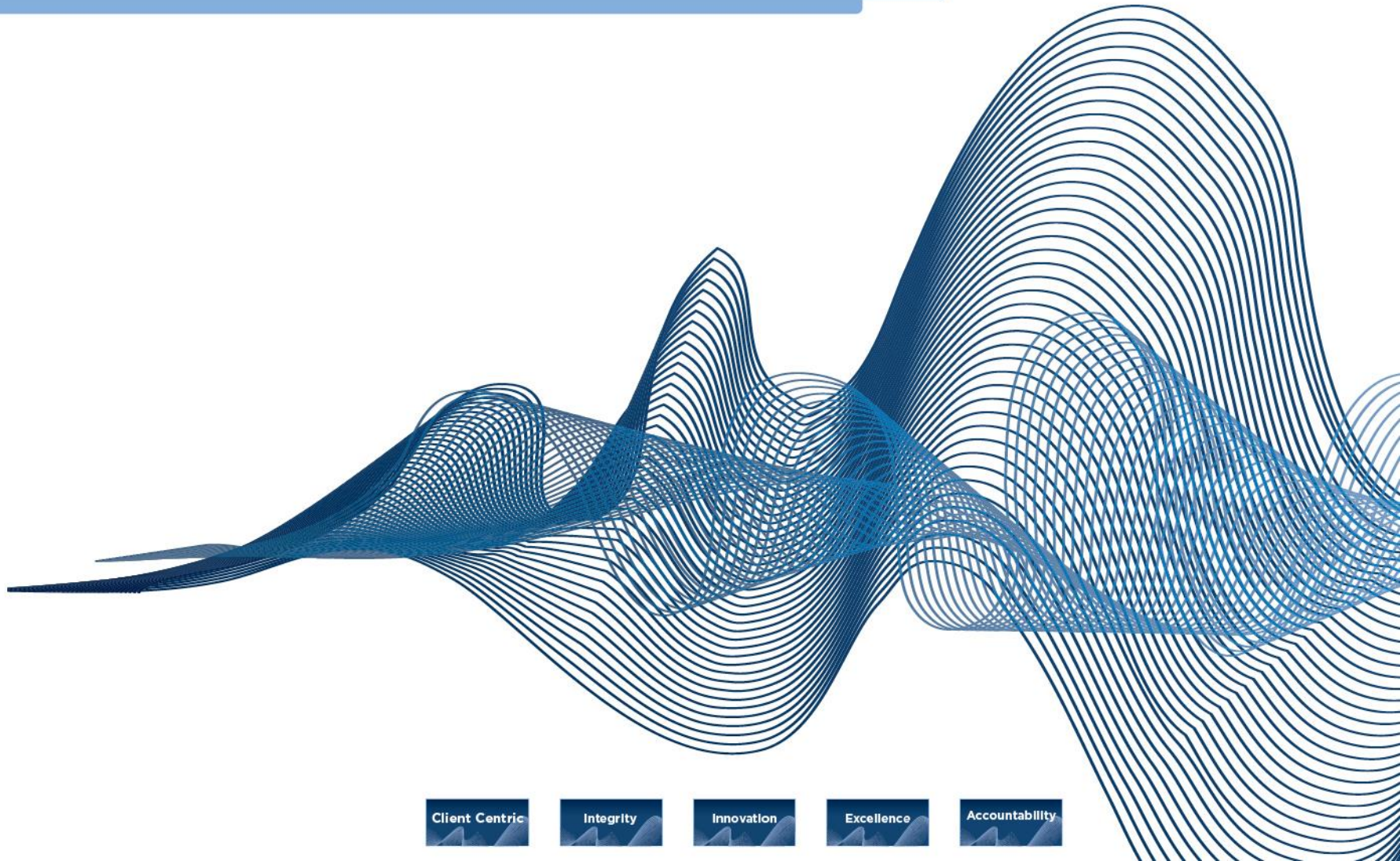
Alaris Antennas (RSA)



COJOT (Finland)

COJOT
MORE THAN ONE WAVELENGTH

ALARIS ANTENNAS



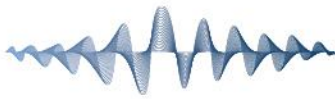
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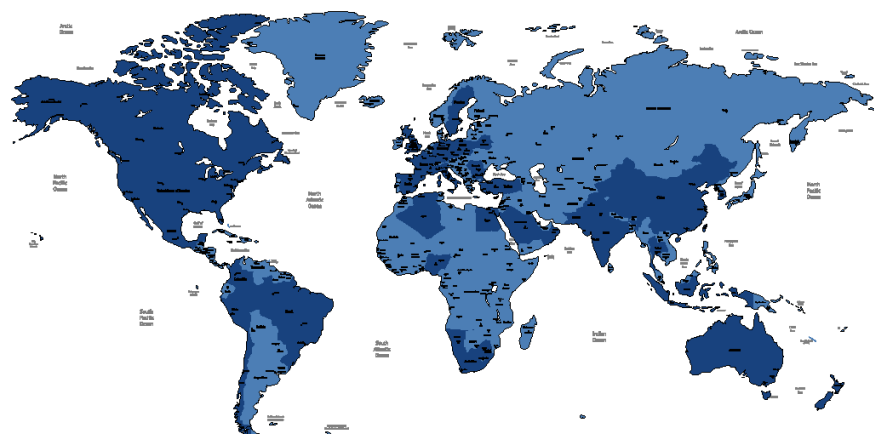
WHAT DOES ALARIS ANTENNAS DO?

- Designs, manufactures and sells specialised broadband antennas and other Radio Frequency RF products
- Own IP and manufactured locally
- Clients across the globe
- Exports 86% of revenue (mainly Americas, Europe and Asia)
- Customers are system integrators, frequency spectrum regulators, test & measurement companies and players in homeland security space





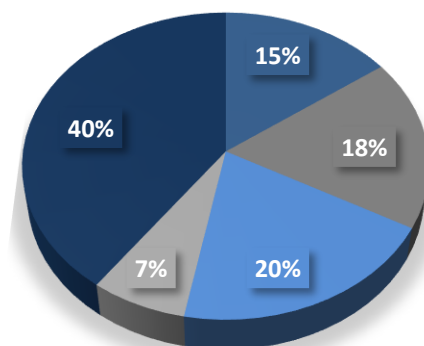
ALARIS ANTENNAS MARKET & TERRITORIES



Presence

No Presence

Sales % per Territory



■ South Africa	15 %
■ Americas	18%
■ Asia & Middle East	20%
■ Australia	7%
■ Europe & UK	40%

- Order size ranges from R25k to R40m
- Cheapest product: R1k; most expensive product: R3.5m
- Alaris Antennas selling COJOT products: R1.3m

808 Products

10 Product categories

14 Active Distributors



Photo by:
Riaan Ferreira



Photo by:
Thabang Hlaka





WHAT DOES ALARIS ANTENNAS DO?



Jamming



Direction finding



Monitoring



Masts



Communication



Counter - RCIED



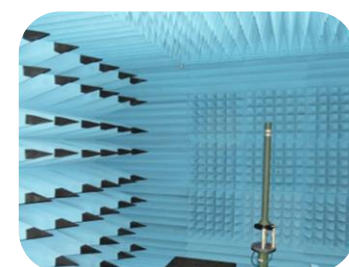
Test & Meas.



RF Electronics



LPDA



Services

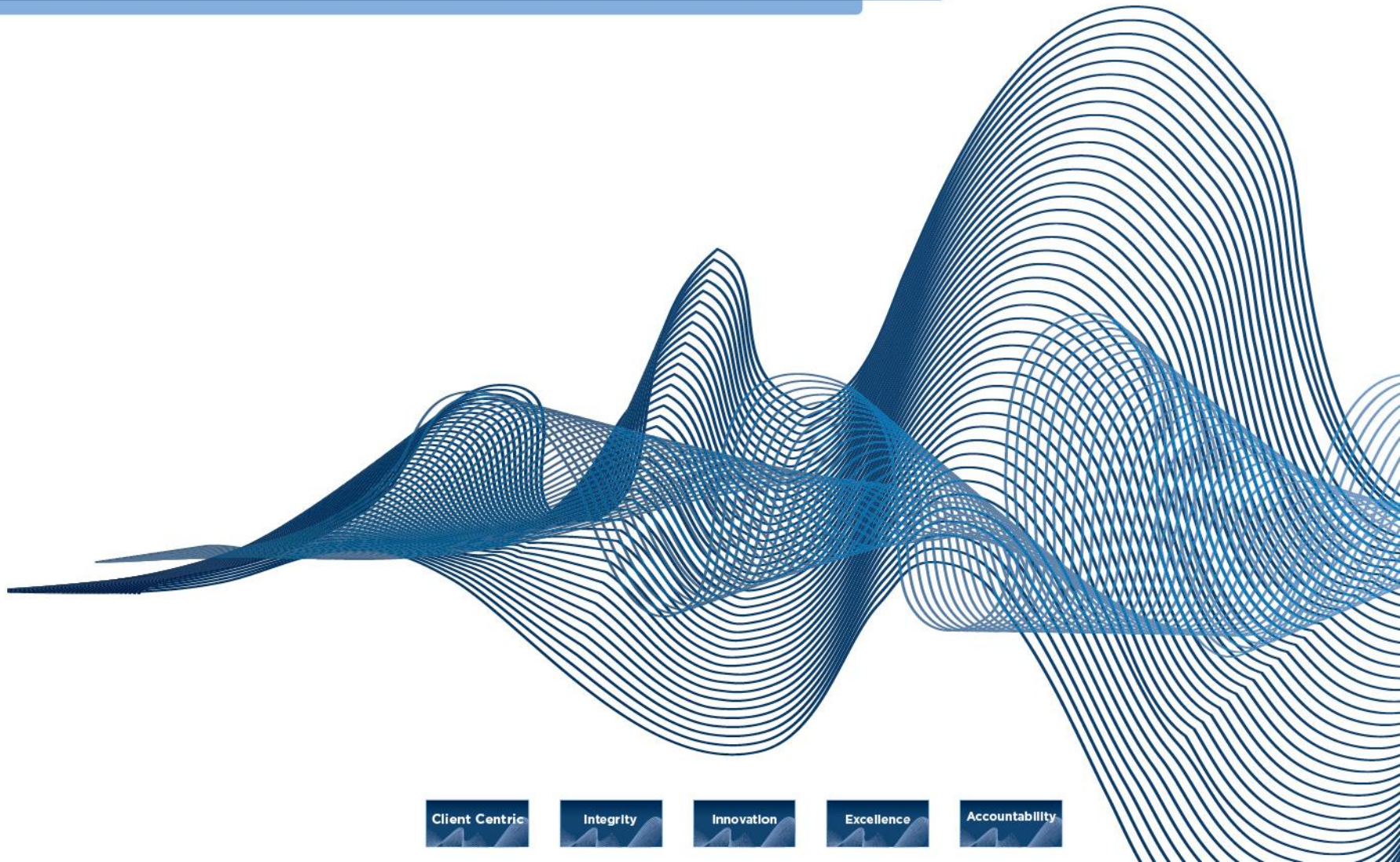


DF-A0037

Maritime DF antenna 1 to 3600 MHz DF-A0037

- Designed and qualified for the extreme environmental conditions found in maritime applications
- Initial design was completed in 2010, and has become a top selling product in the last three years
- By including an RF electronic switch (DF-A0056) with the antenna, it becomes a sub-system.

COJOT



Client Centric

Integrity

Innovation

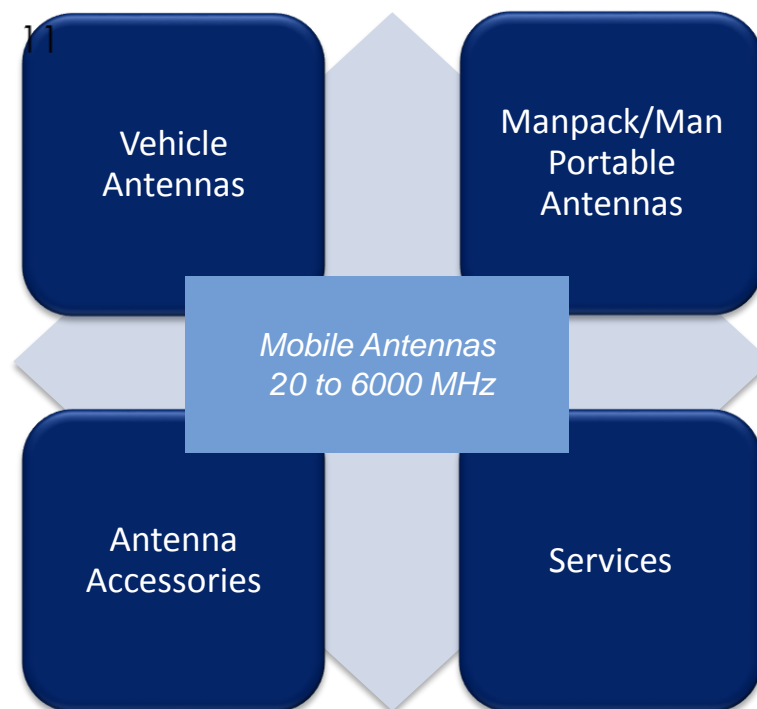
Excellence

Accountability



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
- Supplying antenna technology in some of the most demanding global environments



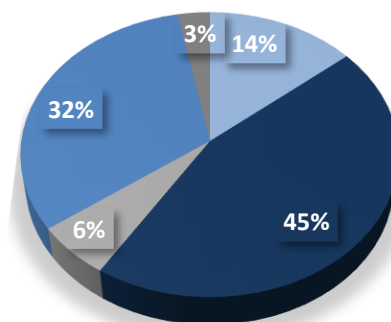


COJOT MARKET AND TERRITORIES



 Presence

Sales % per Territory



Finland	14%
Rest of EU & UK	45%
Americas	6%
Asia & Middle East	32%
Australia	3%

- Order size ranges from R20k to R15m
- Cheapest product: R1k; most expensive product: <R100k
- COJOT selling Alaris Antennas products: R1m





WHAT DOES COJOT DO?

WIDEBAND ANTENNAS FOR MILITARY APPLICATIONS



ECM (Electronic Countermeasure)



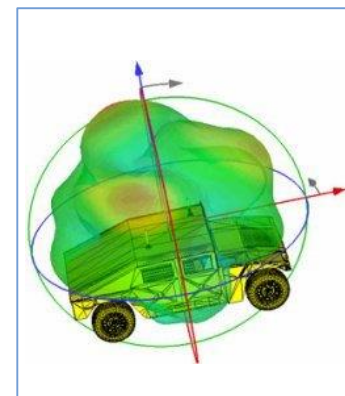
Communications



Monitoring



Adaptive antennas



Services

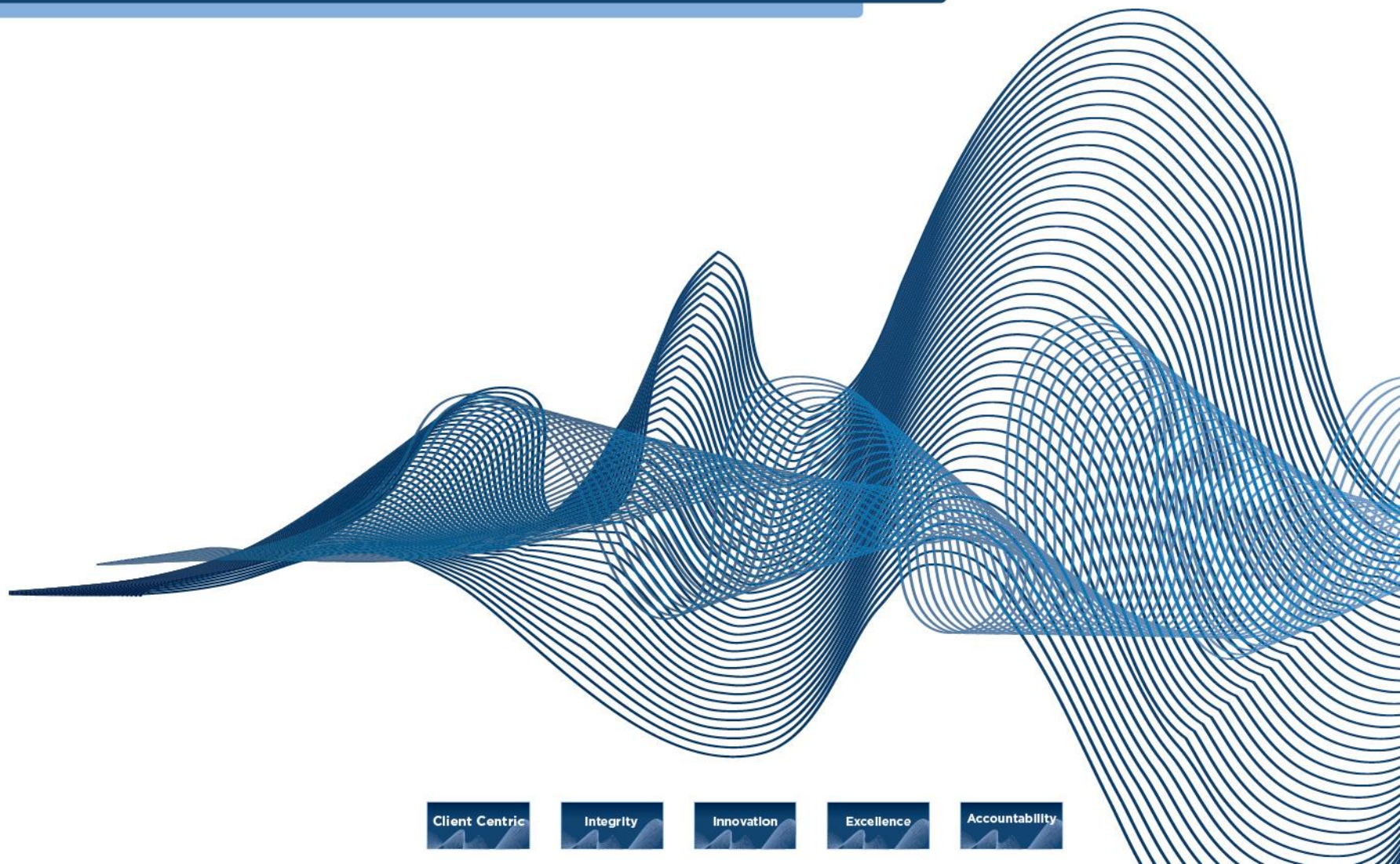


TA30512H

Adaptive Handheld Antenna 30 to 512 MHz TA30512H

- Part of MIDAS (Mission Addaptive Antennas) product family
- The MIDAS antennas provide significant performance improvements for tactical communication systems - up to 10dB gain enhancement compared to passive antenna
- Lightweight wideband active antenna with an ultra low power consumption

FINANCIALS



Client Centric

Integrity

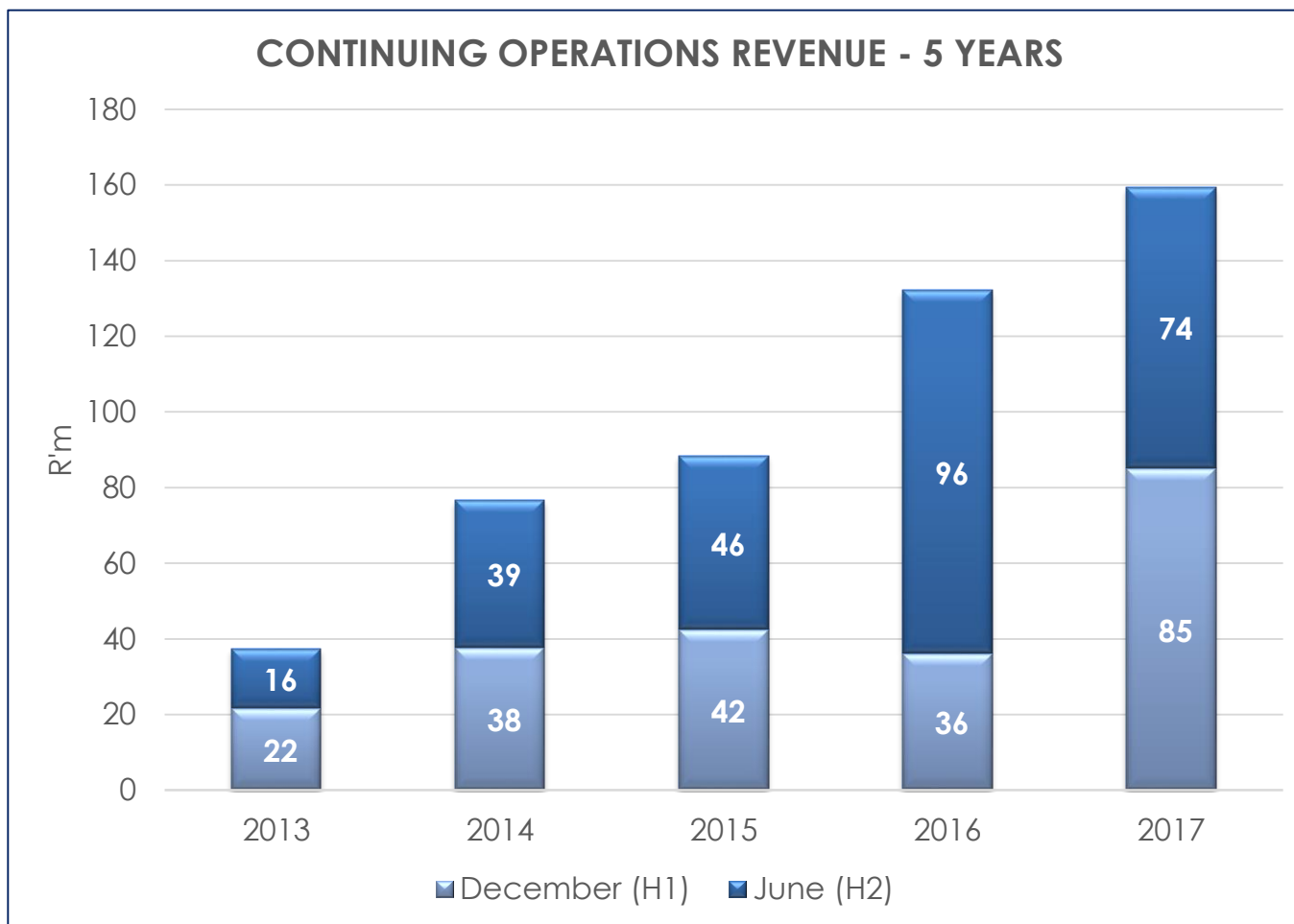
Innovation

Excellence

Accountability



ALARIS GROUP REVENUE

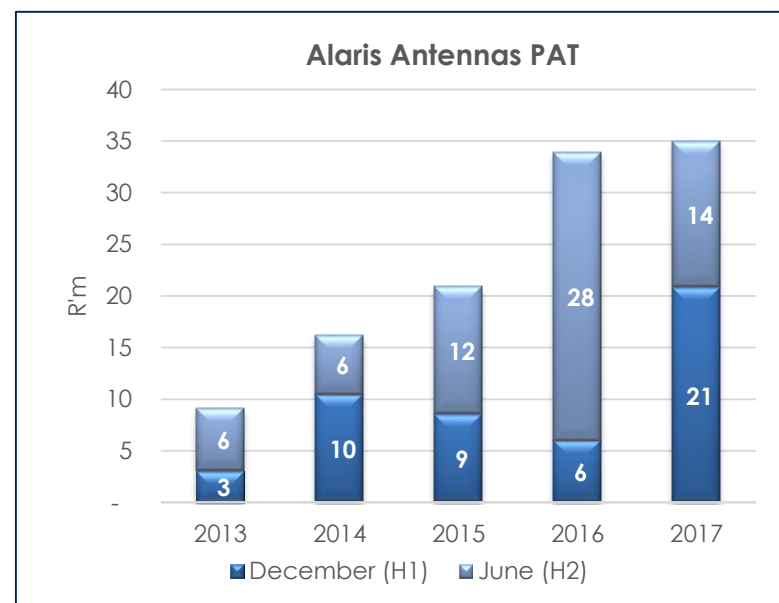
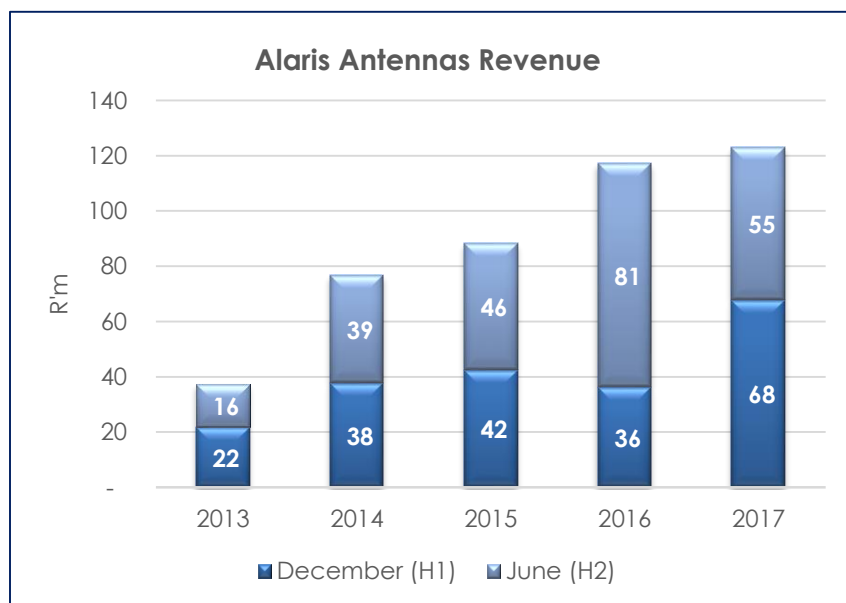




SEGMENT – ALARIS ANTENNAS

	Audited year ended	Audited year ended
R'000	Jun 2017	Jun 2016
Revenue	123 044	117 294
<i>Revenue Growth y-o-y</i>	5%	33%
PAT	34 946	33 910
<i>PAT growth y-o-y</i>	3%	62%
<i>PAT Margin</i>	28%	29%

- Pleased with healthy revenue despite strengthening Rand and a delay in several new orders
- Satisfied with margin performance



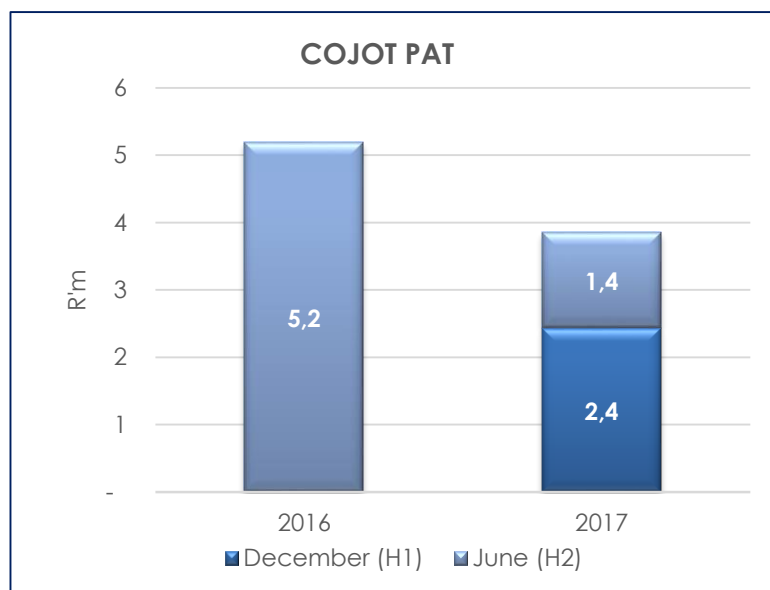
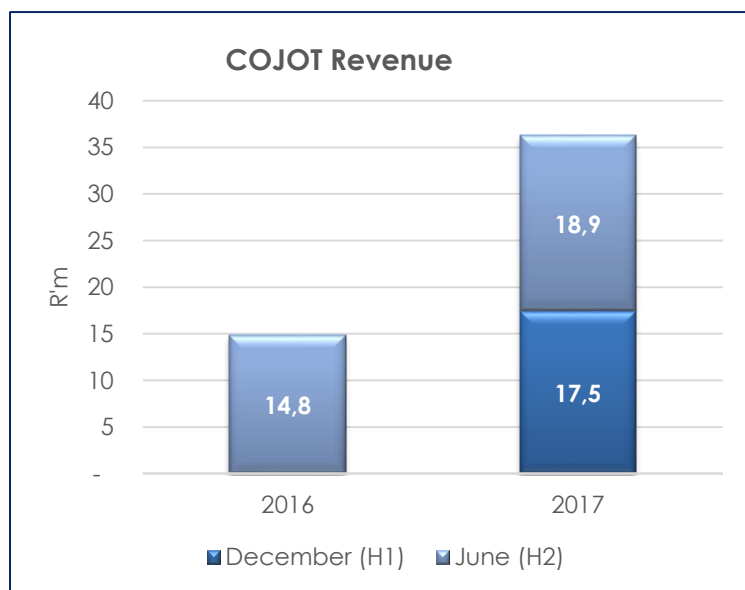


SEGMENT – COJOT

	Audited year ended	Audited year ended
R'000	Jun 2017	Jun 2016 #
Revenue	36 306	14 822
Revenue Growth y-o-y	145%	-
PAT	3 854	5 193
PAT growth y-o-y	-26%	-
PAT Margin	11%	35%

- €1m order delayed, received in Jun'17
- Integration proceeding according to plan
- Stronger Rand impacting conversion on COJOT consolidation (15%)

COJOT was consolidated into Group results from 1 May 2016 in the June 2016 financial year. It reported a high margin from deliveries of sizeable projects in these two months.





SEGMENT – CORPORATE & CONSOLIDATION

	Audited year ended	Audited year ended
R'000	Jun 2017	Jun 2016
Normalised cost of corporate & consolidation	(15 380)	(7 735)

Main costs **before** tax:

- Employee costs, cost of the share incentive option scheme for Group executives and board fees of R6.8 million
- Legal and consulting fees including the costs to be listed on the JSE, advisory fees and group audit fees of R2.0 million
- Net foreign exchange losses of R3.8 million (2016: R9.1 million gains)
- Funding costs paid on the PSG preference shares of R5.0 million



STATEMENT OF PROFIT AND LOSS – CONTINUING OPERATIONS

	Audited	Re-presented
R'000	June 2017	June 2016
Continuing Operations		
Revenue	159 350	132 116
Cost of sales	(44 042)	(35 057)
Gross profit	115 308	97 059
Other income	212	14 628
Operating expenses	(78 204)	(67 396)
Trading operating profit	37 316	44 291
Finance income	740	836
Contingent consideration asset adjustment	-	(22 206)
Finance costs	(4 907)	(4 953)
Profit before taxation	33 149	17 968
Taxation	(10 147)	(13 578)
Profit from continuing operations	23 002	4 390

- Healthy 21% group revenue growth flowing through to gross profit
- Operating expenses impacted by net foreign exchange loss of R3.8m (versus R9.1m gain in 2016 "Other income")



NORMALISED EARNINGS – CONTINUING OPERATIONS

	Audited	Re-presented
R'000	June 2017	June 2016
Profit for the year	23 002	4 390
Legal and consulting costs for acquisitions and disposals	434	4 894
Contingent consideration asset	-	22 206
Normalised earnings after tax comprising	23 436	31 490
Alaris Antennas	34 962	34 032
COJOT	3 854	5 193
Corporate and consolidation	(15 380)	(7 735)
Normalised earnings per ordinary share (cents)	15.22	19.74
Weighted average number of ordinary shares in issue	153 985 264	159 539 913
Number of ordinary shares in issue (less treasury shares)	116 116 771	158 116 771

- Net foreign exchange loss of R3.8m vs gain of R9.1m in 2016 (pre-tax)
- Weighted average shares impacted by Aucom disposal
- Shares in issue at year end 116.1m



STATEMENT OF PROFIT AND LOSS – DISCONTINUED OPERATIONS - AUCOM

	Audited	Re-presented
R'000	June 2017 #	June 2016
Revenue	69 308	116 383
Cost of sales	(46 811)	(76 338)
Gross profit	22 497	40 045
Other income	83	3 503
Operating expenses	(23 826)	(20 282)
Trading operating (loss) / profit	(1 246)	23 266
Profit on disposal of discontinued operation	9 194	-
Finance income	580	696
Finance costs	(33)	(258)
Profit before taxation	8 495	23 704
Taxation	325	(6 603)
Profit from discontinued operation	8 820	17 101

- Low revenue for the period
- Delays in recovery of trade receivables – provision of R6.5m
- Profit on sale of Aucom of R9.2m

Aucom consolidated for 10 months.



ASSETS

	Audited	Audited
R'000	June 2017	June 2016
Non-Current Assets		
Plant and equipment	5 793	7 904
Goodwill	24 902	47 101
Intangible assets	12 381	17 486
Deferred tax assets	3 252	5 420
	46 328	77 911
Current Assets		
Inventories	13 592	18 040
Other financial assets	-	6 969
Current tax receivable	2 967	1 617
Trade and other receivables	27 782	78 819
Cash and cash equivalents	65 083	94 481
	109 424	199 926
Total Assets	155 752	277 837

- R73.2m Aucom assets disposed



EQUITY AND LIABILITIES

	Audited	Audited
R'000	June 2017	June 2016
Equity	77 830	133 646
Non-Current Liabilities		
Preference share liability	-	50 111
Loans and borrowings	361	581
Deferred tax liabilities	1 073	2 941
	1 434	53 633
Current Liabilities		
Loans and borrowings	93	153
Preference share liability	51 000	-
Trade and other payables	25 395	84 924
Current tax payable	-	3 264
Other financial liabilities	-	2 217
	76 488	90 558
Total Liabilities	77 922	144 191
Total Equity and Liabilities	155 752	277 837

- Repurchase of 40m shares @ R2 – Aucom disposal and repurchase
- PSG preference share liability was settled on 3 July 2017
- R24.1m Aucom liabilities disposed

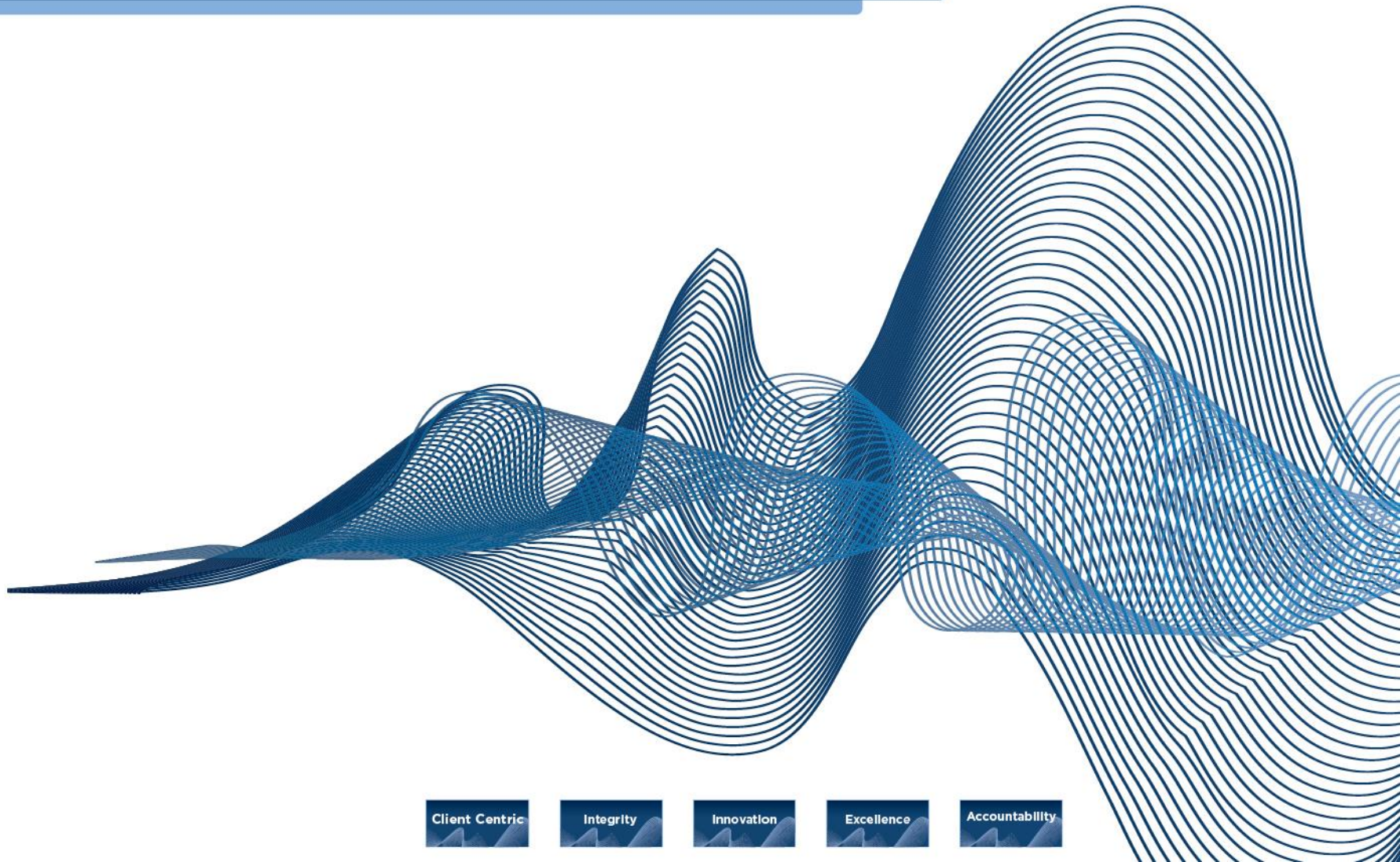


CASH FLOW

	Audited	Audited
R'000	June 2017	June 2016
Profit before taxation	41 644	41 672
Adjusted for non-cash items	(2 560)	34 668
Working capital changes	(6 703)	4 270
Cash generated from operations	32 381	80 610
Net finance cost	(3 825)	(3 679)
Taxation paid	(15 265)	(22 754)
Net cash from operating activities	13 291	54 177
Net cash used in investing activities	(22 962)	(35 819)
Net cash (used in) / from financing activities	(19 695)	638
Net (decrease) / increase in cash and cash equivalents for the year	(29 366)	18 996
Cash and cash equivalents at the beginning of the year	94 481	74 386
Effect of exchange rate movement on cash balances	(32)	1 099
Total cash and cash equivalents at end of the year	65 083	94 481

- Profit on disposal of Aucom of R9.2m (2016: contingent consideration asset of R22.5m)
- Working capital inflow of R0.7m (excl. Aucom)
- Repurchase of R4.3m shares for Share Incentive Trust and disposal of Aucom cash R13m
- Specific Repurchase of 10m shares for R20m

GROWTH PLAN



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FOCUS AREAS

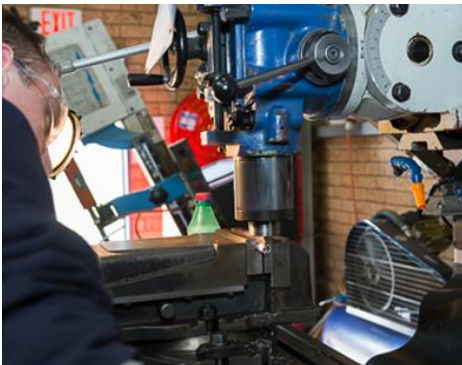
- Drive organic growth in various regions including the US
- Expand on existing key application areas with new products
- Further improve operational scalability
- Pursue global acquisitions to align with our strategy
- COJOT alignment to Group ERP system
- Global CRM system implementation and refinement





ALARIS INVESTMENT ATTRIBUTES

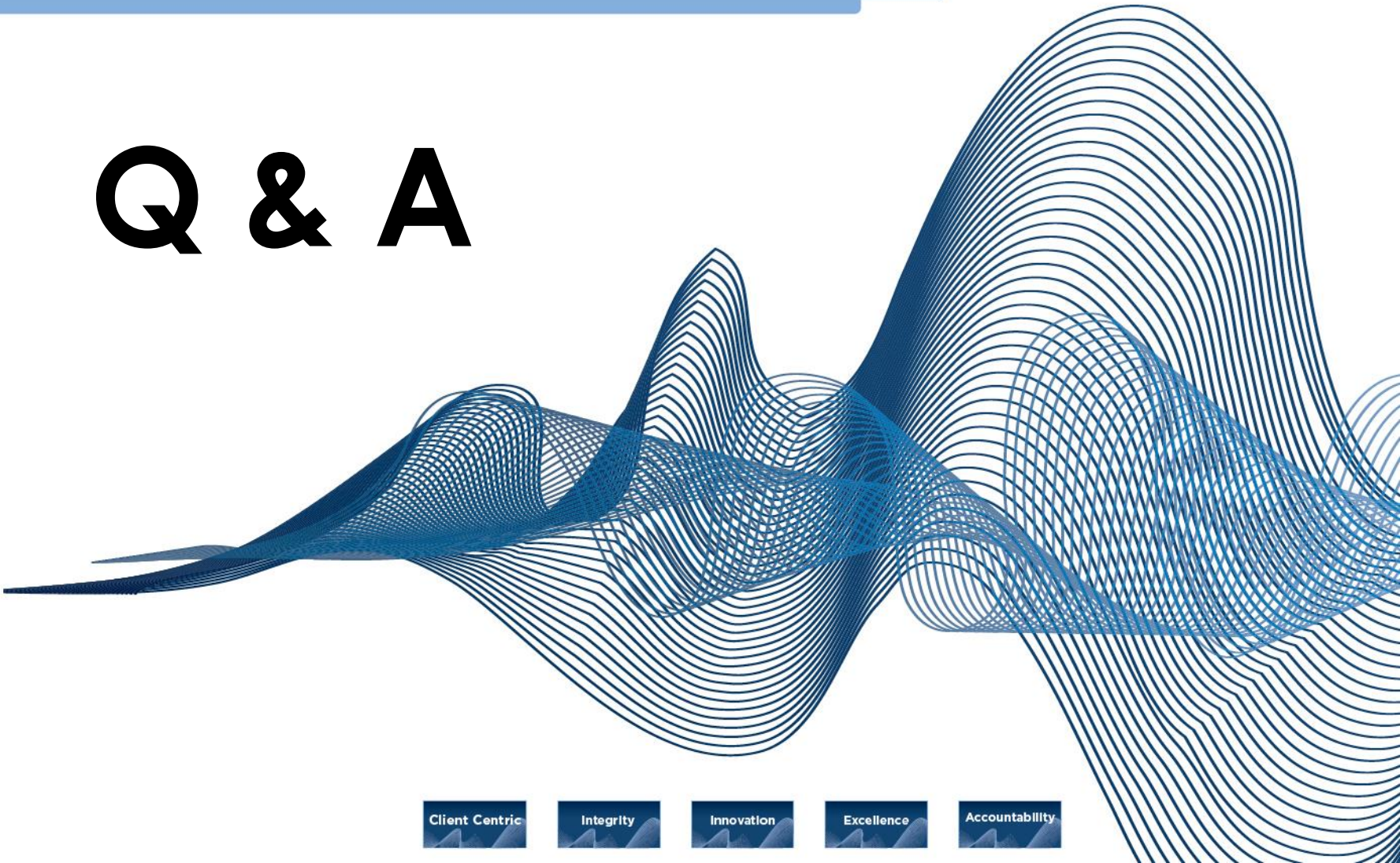
- About 90% export based revenue in hard currency
- >70% gross margin
- Inhouse specialised technical expertise and own IP
- Local manufacturing
- Small player in large global antenna market
- Established 15 year track record selling to blue chip system houses (i.e. Thales, ELT, Hensoldt, SAAB)
- Global footprint expanded through synergies with COJOT



THANK YOU



Q & A



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