

## FY17 RESULTS - ADAPT IT ON TRACK TO REACH ITS 2020 GROWTH TARGET

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Turnover up 25% to R994 million (2016: R796 million)

EBITDA up 18% to R194 million (2016: R165 million)

Normalised headline earnings up 22% to R119 million (2016: R98 million)

Normalised HEPS up 10% to 78,96 cents (2016: 71,67 cents)

**Durban, 28 August 2017** – JSE-listed Adapt IT, a provider of specialised software solutions and services to the Education, Manufacturing, Energy and Financial Services sectors, today announced its financial results for the year ended 30 June 2017.

“We have been consistent in pursuing diversification through an organic and acquisitive growth strategy, which has contributed to this positive set of results for Adapt IT in the face of challenging market conditions,” says Adapt IT CEO, Sbu Shabalala.

Adapt IT reported a turnover increase of 25% to R994 million for the year, increasing annuity turnover to a healthy 66%. Adapt IT derives 76% of turnover from the South African market and it is not surprising that organic growth contributed 6% (2016: 9%), as its primary market continued to be under pressure.

“Adapt IT derives 14% of its revenues from other African countries and 10% from the Americas, Australasia and Europe. It will continue its diversification into international markets to counter the effects of concentration in the local market,” added Shabalala.

EBITDA grew 18% to R194 million, from R165 million in the prior year, in line with turnover growth maintaining a healthy EBITDA margin of 20%. Normalised headline earnings grew 22% to R119 million, from R98 million, and Normalised HEPS grew 10% to 78,96 cents from 71,67 cents.

Acquisitive growth was boosted in the year by the acquisition of 100% of EasyRoster, effective 1 August 2016. The purchase price of R87 million was funded through a combination of the issue of one million Adapt IT shares with the balance being payable in cash over four years, subject to an earn-out agreement.

On 1 July 2017, following approval of the competition authorities, the Micros South Africa (Pty) Ltd acquisition became effective. Micros South Africa provides software, hardware, enterprise systems integration, consulting and support to the hospitality industry. The hospitality division is expected to start contributing in the new financial year.

“We are excited to have Micros South Africa join the Adapt IT team of like-minded people with a passion for delivering high-value software solutions to our clients, creating the Hospitality division,” concludes Shabalala.

“While the current market conditions are challenging, our outlook remains positive as we continue to pursue a diversified growth strategy aimed at creating a global specialised software business that has annualised turnover of R3 billion by 2020 through a combination of organic revenue growth and strategic acquisitions.”

Shabalala adds that B-BBEE transformation and building ICT skills in the country is a top priority for Adapt IT in order for the business to execute on its strategy. “Adapt IT has been rated a level 3 B-BBEE contributor, under the new ICT codes gazetted in November 2016, demonstrating Adapt IT’s commitment to investment in improving transformation and diversity.”

### **About Adapt IT**

Adapt IT is a leader in the ICT market through the provision of turnkey solutions to the Education, Manufacturing, Energy, Financial Services, and Hospitality sectors, employing over 1000 technology professionals and servicing more than 10,000 customers in 40 countries. Adapt IT’s South African offices are in Durban, Johannesburg, Pretoria, and Cape Town, and international offices in Mauritius, Botswana, Ireland, Australia, and New Zealand.

Adapt IT disclosed normalised headline earnings for the first time in its interim results in February 2017, as a result of the high non-cash expenses recognised in terms of International Financial Reporting Standards (IFRS) due to its acquisitions. Non-cash acquisition related expenses are mainly the amortisation of intangible assets, (such as internally developed software and customer relationships) and notional interest on deferred purchase considerations, which are based on the achievement of profit warranties. Non-cash amortisation costs of R21,0 million and notional interest costs of R9,3 million, which totalled R30,3 million (2016: R19,2 million) were expensed for the year. As acquisitions of this nature will be an ongoing hallmark of Adapt IT, in line its acquisitive strategy, it has stated that it will report normalised earnings on an ongoing basis as management believes this disclosure will add value to the reader.

For more information, visit <http://www.adaptit.co.za>

### **Media contacts**

#### **Dewald Laubscher**

Adapt IT Group Executive: Marketing

T: +27 11 460 5300

E: [dewald.laubscher@adaptit.co.za](mailto:dewald.laubscher@adaptit.co.za)

#### **Lucian Naidoo**

Adapt IT Marketing Manager

T: +27 31 514 7300

E: [lucian.naidoo@adaptit.co.za](mailto:lucian.naidoo@adaptit.co.za)