

Adapt It Delivers Again

- Turnover up 19% to R310 million (2014: R261 million)
- Operating profit up 50% to R53 million (2014: R35 million)
- Headline earnings per share up 42% to 23,96 cents (2014: 16,82 cents)
- Adapt IT acquired 100% of CQS
- B-BBEE Level 2 certification by our South African operating entity.
- Geographic turnover: South Africa 72%, rest of Africa 10% and other global customers 18%

JSE-listed Adapt IT, a provider of specialised software solutions and services to the Education, Manufacturing, Energy and Financial Services sectors, today announced its interim results for the six months ended 31 December 2015. "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," says Adapt IT CEO, Sbu Shabalala.

Adapt IT reported a turnover increase of 19% to R310 million for the half-year, organic and acquisitive growth contributing 13% and 6% respectively. Operating profit increased 50% to R53 million through further synergies being maximised across the Adapt IT businesses. Interim headline earnings per share increased in line by 42%.

Adapt IT acquired 100% of CQS Investment Holdings Pty Ltd ("CQS") effective 1 July 2015. This acquisition was subject to the approval of the Competition Commission, which was granted in December 2015. Therefore CQS has been consolidated with effect from 31 December 2015 and has no contribution to profits in the interim results. The CQS purchase price of R216,8 million was funded through a combination of debt of R160 million and the issue of 7 million Adapt IT shares.

CQS is a leading provider of niche audit, financial and risk management software services and solutions to financial professionals, corporates and the public sector in South Africa and the rest of Africa. CQS has over 20 years' experience in providing international best-of-breed and unique niche service and solutions, ranging from practice management software to financial reporting, risk and compliance management and data analysis. CQS is a software-as-a-service (SaaS) solutions business, and will bolster the

financial services segment of Adapt IT. “We are excited to have the CQS team join the Adapt IT Group of like-minded people with a passion for delivering high value software solutions to our clients” said Shabalala.

Black Economic Transformation remains a strategic imperative for the group as demonstrated by the achievement of a B-BBEE (Broad-Based Black Economic Empowerment) Level 2 certification by our South African operating entity. Adapt IT intends to enhance its black ownership status further through funding arrangements for future acquisitive growth.

Adapt IT’s is well diversified across the four major sectors in which it operates, improving resilience to adverse economic cycles as are currently being experienced in the manufacturing and the oil industries. The geographic diversification has resulted in South Africa representing 72% of turnover, with 10% from other African countries and 18% from global customers. Adapt IT’s strong annuity income provides long-term sustainability.

“Despite the challenging market conditions, our outlook remains positive as we continue to build on the strong well-diversified foundation, to create a sizeable leading ICT business that delivers above ICT sector average growth and RETURNS.” CONCLUDES SHABALALA.