

| MIX TELEMATICS |

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SINCE BEING UNBUNDLED out of Control Instruments, vehicle tracking specialist MiX Telematics has endured a rough ride on the JSE. However, last week saw some speculative interest in its shares following the release of some encouraging numbers for the year to end-March 2009. At the time of writing MiX had broken through 80c – which was well off its annual low of 33c/share seen in February this year.

The latest results are appealing. Bottom line profits came in at R69m off turnover of R958m. That translated into earnings of 10,6/share – 15,9c/share if we disregard adjustments at the company's Omnibridge subsidiary. Most impressive is that earnings are of top quality, with operating profits of R135m more than matched by net operating cash flows of R139m. That should leave no questions about whether MiX can afford to pay its shareholders a dividend.

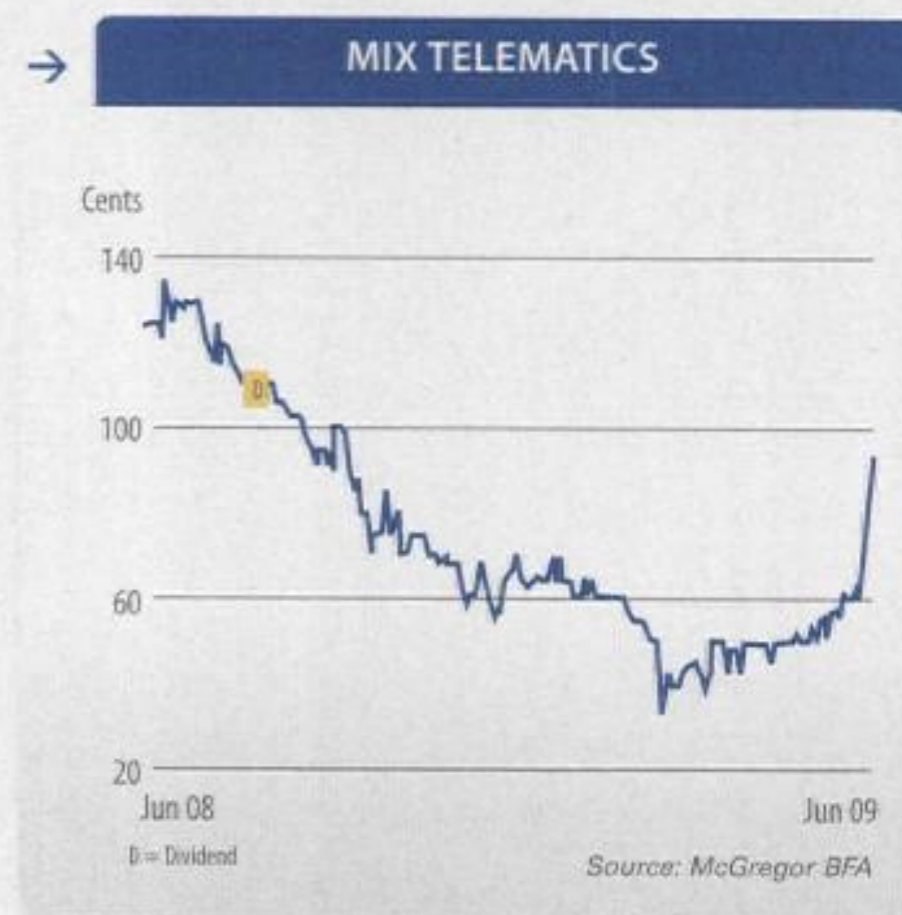
While SA's vehicle tracking market is

competitive and trading conditions are likely to remain tough, MiX does offer some comfort in the fact its annuity revenue grew by 21% to R419m in the year to end-March 2009. That means annuity-based revenue makes up around 44% of total revenue.

MiX also holds a sizeable global footprint and, over the review period, foreign revenue increased 45% to R426m. That massive growth in foreign revenue didn't come at a huge cost, with net trading margins only shifting down slightly from 23% to 21%. Presumably, as the rand weakens against major currencies the margins on foreign contracts will fatten significantly.

Currently, MiX carries a market capitalisation of R560m, which seems a tad modest, with adjusted headline earnings coming in at just more than R100m and headline earnings at R80m.

Just by way of comparison, unlisted vehicle tracking specialist Tracker – which is



controlled by WesBank and VenFin – carries an inferred value of around R2bn. Tracker generated earnings of around R150m in the year to end-June 2008. Based on Tracker's earnings-to-inferred value multiple MiX should perhaps carry a market capitalisation of between R800m and R900m. That would translate into a price of between 125c and 135c/share.