

Altron Group Interim Results

For the 6 months ended 31 August 2008

JSE Auditorium
7 October 2008



Agenda

- Group overview for the period under review Robert Venter
- Financial summary
- Strategic acquisitions
- Subsidiary company results (including Altech)
- Group results Alex Smith
- Additional detail - Bytes results David Redshaw
- Additional detail - Powertech results Norbert Claussen
- Key growth drivers Robert Venter



Group overview for the period under review

- Strong revenue and operating profit growth
- Significant strategic acquisitions concluded
- Strong performances from Altech and Powertech in both growth and margin
- Good revenue growth by Bytes but experienced margin pressure
- Renewal of Vodacom and MTN SP agreements for further 5 years
- High court ruling in favour of Altech Autopage Cellular – now under appeal
- Infrastructure spend remains strong
- Building and construction sector showing weakness
- Volatile economic and political climate
- Transformation Vision 2012 launched



Financial summary

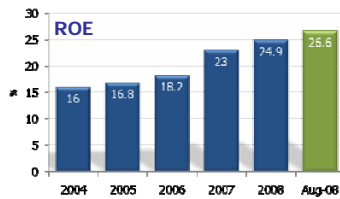
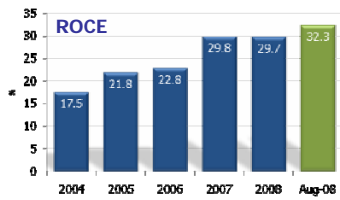
R millions	Aug 08	Aug 07	% change
Revenue	13 169	11 044	↑ 19
EBITDA	1 317	1 012	↑ 30
EBITDA margin	10.0%	9.2%	
Operating profit	1 123	902	↑ 25
HEPS (cents)	192	171	↑ 12
Diluted HEPS (cents)	171	152	↑ 12
Adjusted HEPS (cents)*	200	173	↑ 15
Cash on hand	467	1 759	
Net Cash	(670)	1 279	

* adjusted for amortisation of intangibles



Altron balance sheet ratios

	Aug 08	Feb 08
Return on capital employed (operating income: debt and equity)	32.3	29.7
Return on equity (attributable income: equity)	26.6	23.3
Return on operating assets	20.2	24.9
Return on net assets	32.6	30.3



Strategic acquisitions (3/07 - current)

Powertech



Cables de Comunicaciones
Zaragoza

Driven by Powertech

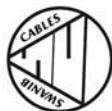


Powertech

Transformers

Sameer ICT

Powertech IST



Total investment
of R3.5bn
in last 18 months



Strategic acquisitions (3/07 - current)

ALTRON

Acquirer	Company	Date	Investment (R m)	Estimated additional annual revenue
Powertech	Swanib Cables	3/07	43	165
Powertech	IST	9/07	550	500
Altron	Bytes	1/08	1400	Already consolidated
Altech	ComTech	1/08	44-74	90
Altron	Altech (3.7%)	2/08	187	Already consolidated
Powertech	CDC (25%)	8/07	80	Already consolidated
Altech	Sameer ICT	3/08	597	400
Powertech	Powertech Transformers (50%)	3/08	320	800
Bytes	Intelleca	4/08	115-120	140
Bytes	Nor Paper	7/08	115-160	350
Bytes	Planflow	3/08	22	25
Total			R 3 473 m	R 2 470 m



Subsidiary company results (for the 6 months ended 31 August 2008)

ALTRON

ALTECH		ALTRON		Powertech		BYTES TECHNOLOGY GROUP	
Shareholding: 62%				Shareholding: 100%		Shareholding: 100%	
Revenue	R4.5bn ↑ 14%			Revenue	R5.4bn ↑ 27%	Revenue	R3.3bn ↑ 16%
Op profit:	R409m ↑ 34%			Op profit:	R542m ↑ 26%	Op profit:	R177m ↑ 4%
Op margin:	7.7% → 9.0%			Op margin:	10.2% → 10.1%	Op margin:	6.0% → 5.4%
Heps:	261c ↑ 19%			HE:	R324m ↑ 18%	HE:	R113m ↑ 3%
Cash:	R595m			Cash:	(R34m)	Cash:	(R94m)
ROE:	20% → 26.4%			ROE:	29.1% → 27.5%	ROE:	32.1% → 26.9%

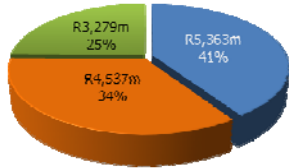
* listed on JSE



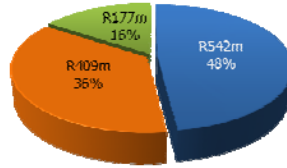
Contribution per subsidiary

Revenue

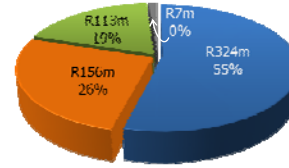
Aug 08



Operating profit

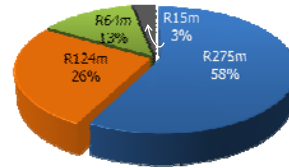
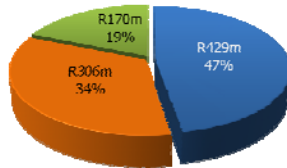
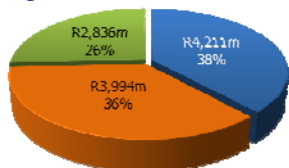


Headline earnings



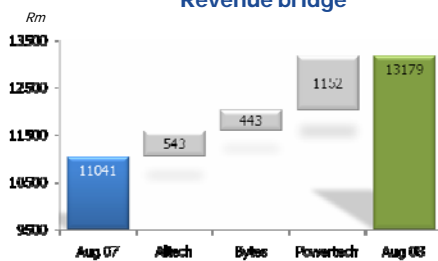
■ Powertech ■ Altech ■ Bytes ■ Corporate & financial

Aug 07

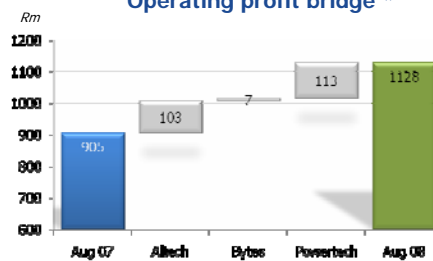


Subsidiary contribution to growth

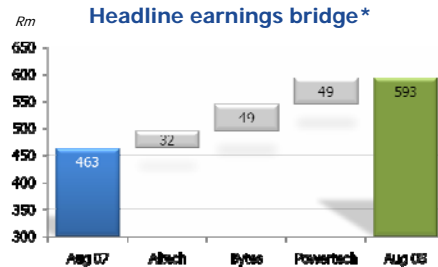
Revenue bridge *



Operating profit bridge *



Headline earnings bridge *



* Excludes corporate & financial services



Black economic empowerment

- Transformation Vision 2012 launched
- Kagiso exercises option to acquire further 22% of Bytes SA, effective 1 July
- Powertech IST empowered
- MOU for Powertech Transformers signed
- Altron ranked #48 country wide by Empowerdex / FM Survey
- All Bytes divisions are Level 3 or Level 4
- New board appointments at Altron, Altech
- Considering options within Altech



Group Results

Alex Smith
Chief Financial Officer: Altron



ALTRON
ALLIED ELECTRONICS
CORPORATION LIMITED





Group income statement - highlights

R million	Aug 08	Aug 07	% change
Revenue	13 169	11 044	↑ 19
Operating profit	1 123	902	↑ 25
Operating margin	8.5	8.2	
Net investment income	(38)	57	
Income from associates	2	2	
Capital items	57	(51)	
Foreign exchange gains	36	16	
Taxation	(344)	(324)	
EBITDA	1 317	1 012	↑ 30
Headline earnings per share (cents)	192	171	↑ 12
Adjusted HEPS (cents)*	200	173	↑ 15
Diluted adjusted headline earnings per share (cents)	179	154	↑ 16

* Adjusted for the amortisation of intangible assets



Adjusted & diluted headline earnings

	Aug 08	Aug 07	% growth
Headline earnings	600	478	↑ 25.5
Amount of intangibles			
- Altech	4	-	
- Bytes	8	3	
- Powertech	14	4	
Adjusted headline earnings	626	485	↑ 29.1
Headline earnings	600	478	
- Aberdare	(47)	(24)	
- Bytes SA	(7)	(14)	
- Altech Alcom Matomo	(1)	-	
- Dilutive options – Bytes	-	(3)	
- Dilutive options – Altech	(5)	(3)	
Diluted headline earnings	540	434	↑ 24.4%



Summarised balance sheet

R million	Aug 08	Aug 07
Total non-current assets	4 783	2 409
Current assets	6 845	5 241
Cash balances	615	1 759
Total assets	12 243	9 409
Shareholders equity	4 636	3 584
Minority interest	1 185	1 110
Non-current liabilities	1 107	430
Current liabilities	5 315	4 285
Total equity and liabilities	12 243	9 409



Cash flow statement

R million	Aug 08	Aug 07
Operating activities		
Cash generated by operations	1 345	1 048
Changes in working capital	(617)	(3)
Net investment income	(38)	50
Tax paid	(317)	(117)
Cash available from operating activities	373	978
Dividends paid, including to minority shareholders	(631)	(498)
Investment activities	(1 391)	(424)
Financing activities	23	106
Net funds utilised	(1 626)	162
Cash and cash equivalents – beginning of year	2 083	1 589
Translation of foreign cash	10	8
Cash and cash equivalents – end of year	467	1 759



Working capital

- All three operations saw an absorption into working capital
- Inventory days increased in Bytes due to strategic inventory purchases at BDS and in Powertech

	Aug 08	Aug 07	Feb 08
Inventory days	53	44	49
Acc Receivable days	56	52	57
Acc Payable days	(81)	(73)	(83)
Net investment (days sales)	28	23	23

Bytes Technology Group Results

David Redshaw
CEO: Bytes

BYTES TECHNOLOGY GROUP
IT Services for the Enterprise



Black empowerment ratings

ALTRON

BBBEE levels and ratings	Empowerdex score	Enhanced value added supplier level
Level 3		
Managed Services	81.27	135%
Outsource Services	77.71	135%
Healthcare Solutions	75.28	135%
Level 4		
People Solutions	73.50	125%
Document Solutions	73.22	125%
Specialised Solutions	71.32	125%
Bytes Software	68.30	125%
Laser Facilities	67.94	125%
Systems Integration	66.43	125%
Communication Systems	66.32	125%
In rating		
Intelteca	Expected level 4 (65+)	125%
Conference Center	Expected QSE level 3 (75+)	135%



Bytes financial highlights

ALTRON

R million	Aug 08	Aug 07	% change
Revenue	3 279	2 836	↑ 16
EBITDA	213	200	↑ 6.5
EBITDA margins	6.5%	7.05%	
Operating profit	177	170	↑ 4
Profit after tax	127	108	↑ 18
Minorities	(14)	(5)	
Headline earnings	113	110	↑ 3
Adjusted fully diluted headline earnings	115	102	↑ 12.7
Intangible w/off in op profits	(12)	(8)	



Technology Principals

		Revenue	Op. profit
Bytes Document Solutions	- Xerox dependency - 21 year relationship	55%	64%
Bytes Specialised Solutions	- NCR dependency - 19 year relationship	31%	25%
Bytes Communication Systems	- Alcatel dependency - 17 year relationship	62%	45%



Geographical segmentation - 6 months to August

	2008	%	2007	%	% increase
Revenue					
- South Africa	1 759	54	1 505	53	17
- International	1 520	46	1 331	47	14
	3 279	100	2 836	100	16
Operating profit					
- South Africa	125	71	118	69	6
- International	52	29	52	31	-
	177	100	170	100	4





ALTRON

Corporate activity

- Kagiso purchase 22% of Bytes SA for R198m raising their economic shareholding to 27%
- Planflow purchased for R22m effective 1 March 2008
- Intellica purchased for R120m (if earnout achieved) - 1 April 2008
- NOR Paper purchased for R160m (if earnout achieved) - 1 July 2008



ALTRON

Expansion initiatives - during 2nd half

- Negotiating with two South African niche operations with a view to consolidating and achieving critical mass in two areas of our current business.
 - Combined revenues \pm R80 million
 - Operating profits \pm R8 million
- Further opportunities in the UK being investigated in Microsoft and Storage Systems space
- Establishment of operation in Dubai and further Middle East expansion





ALTRON

Prospects for full year

- Substantial turnaround in Systems Integration
- Intellecta to produce good profits (2nd half always stronger)
- NOR to contribute for full 6 months (only 2 in first half)
- Operations affected by power cuts, bombings, etc to return to normal
- Finance operation to continue to perform well. Capital financed now over R750 million
- Document Solutions to continue to perform strongly
- Kagiso to have 27% of SA earnings for full 6 months



BYTES TECHNOLOGY GROUP
IT Services for the Enterprise



**Powertech
Results**

**Norbert Claussen
CEO: Powertech**

Powertech 

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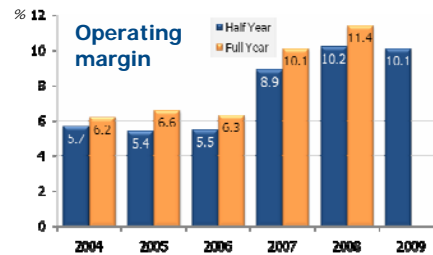
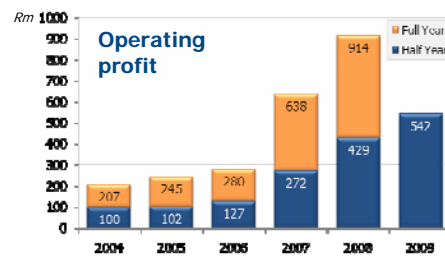
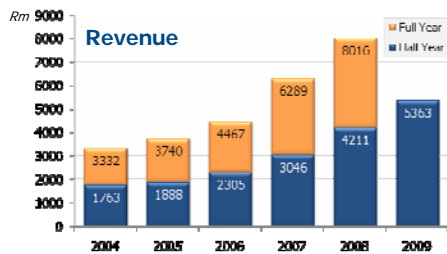
Powertech financial highlights

R million	Aug 08	Aug 07	% change
Revenue	5 363	4 211	↑ 27
EBITDA	620	483	↑ 28
EBITDA margin	11.6%	11.5%	
Operating profit	542	429	↑ 26
Operating margin	10.1%	10.2%	
Headline earnings	324	275	↑ 18
Cash	(34)	336	

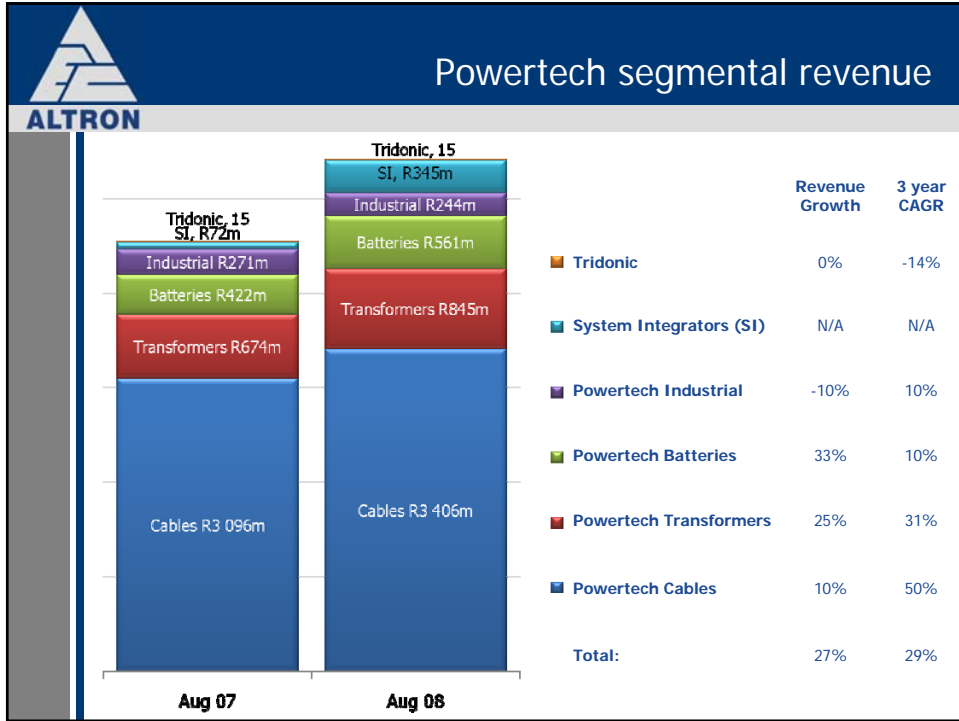
Powertech



Powertech financial results



Powertech



Powertech capex and capacity utilisation

	Capex spend over last 3 years	Capacity increase over last 3 years	Current utilisation of manufacturing capacity	Capex planned over next 3 years
Cables	R 260m	38%	90%	R 150m
Transformers	R 44m	20%	90%	R 120m
Batteries	R 117m	- *	95%	R 100m
Industrial	R 40m	20%	75%	R 30m
System Integrators	R 25m	N/A	N/A	R 20m
Total	R 486m			R 420m

* Plant modernisation

Further increase in efficiency of 5-10%



Examples of installed capex



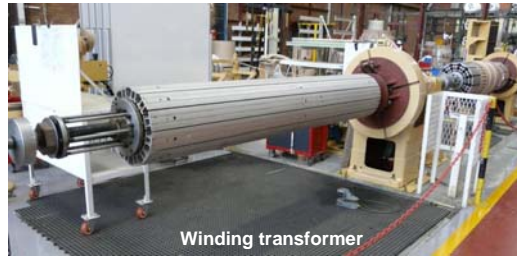
Aberdare Stanford Road, Rod Breaker and Strander



Positive plate making



LDT winding machine

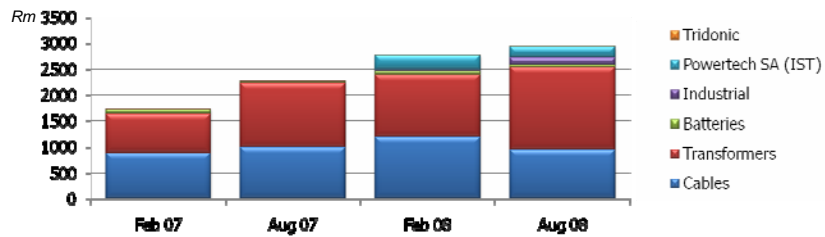


Winding transformer



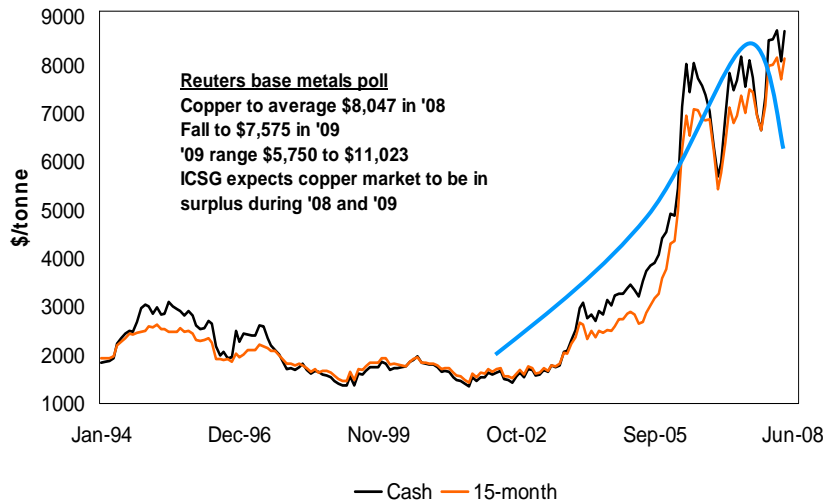
Total Powertech order book

	February 2007	August 2007	February 2008	August 2008
■ Cables	R 877m	R 998m	R 1 194m	R 943m
■ Transformers	R 740m	R 1 232m	R 1 198m	R 1 599m
■ Batteries	R 86m	R 30m	R 70m	R 38m
■ Industrial	R 19m	R 17m	R 32m	R 140m
■ System Integrators		N/A	R 275m	R 210m
■ Tridonic	R 4m	R 4m	R 1m	R 3m
Total	R 1 736m	R 2 281m	R 2 770m	R 2 933m





Copper future pointing to lower price



Industry outlook and trends

Positives

- Infrastructure spend on capacity and upgrade for electrical power, supply networks, generation, transmission, distribution and municipalities
- Power crisis still offers prospects for standby power and energy management solutions
- Demand for telecommunications infrastructure in South Africa and Africa
- Automotive replacement markets buoyant on prior years' growth of vehicle sales
- Skills shortages creates demand for turnkey solutions

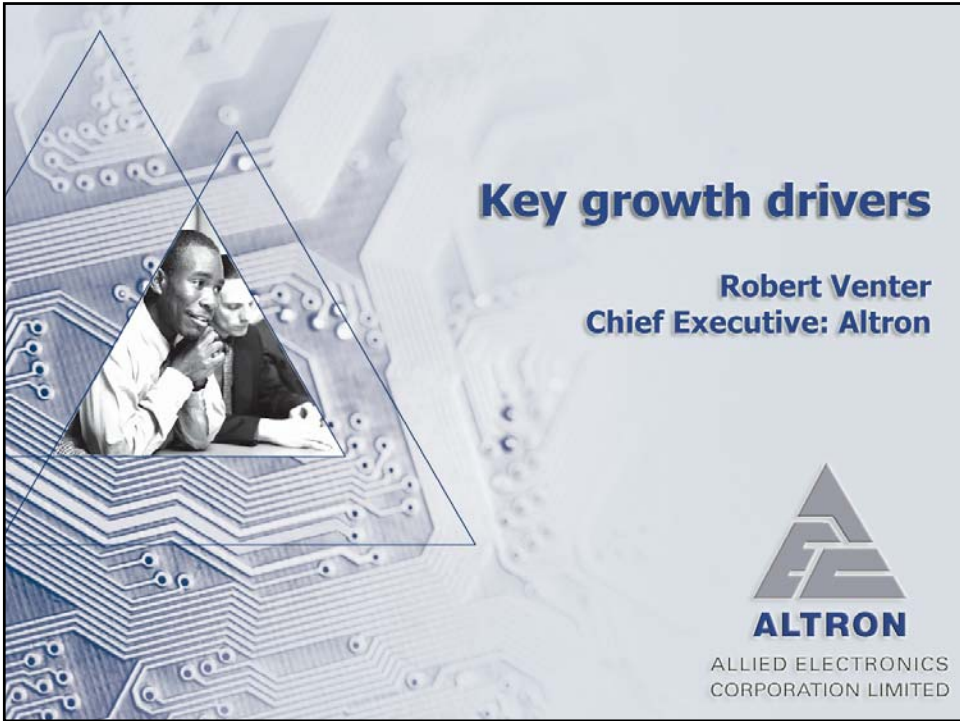
Negatives

- Reducing demand in building and construction sector due to high interest rates, National Credit Act (NCA) and reduced capacity for debt
- OEM automotive sector impacted by interest rates and NCA
- Escalation in competition and skills shortages – local and foreign
- Raw material availability
- Global financial crisis
- Volatility in exchange rates and commodity prices




Overall – challenging outlook for Powertech

Powertech




Key growth drivers





Robert Venter
Chief Executive: Altron



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Key growth drivers for the group

-  Infrastructure spend
-  Technology convergence
-  Integration of acquisitions and launching of new ventures
-  Global footprint



Questions



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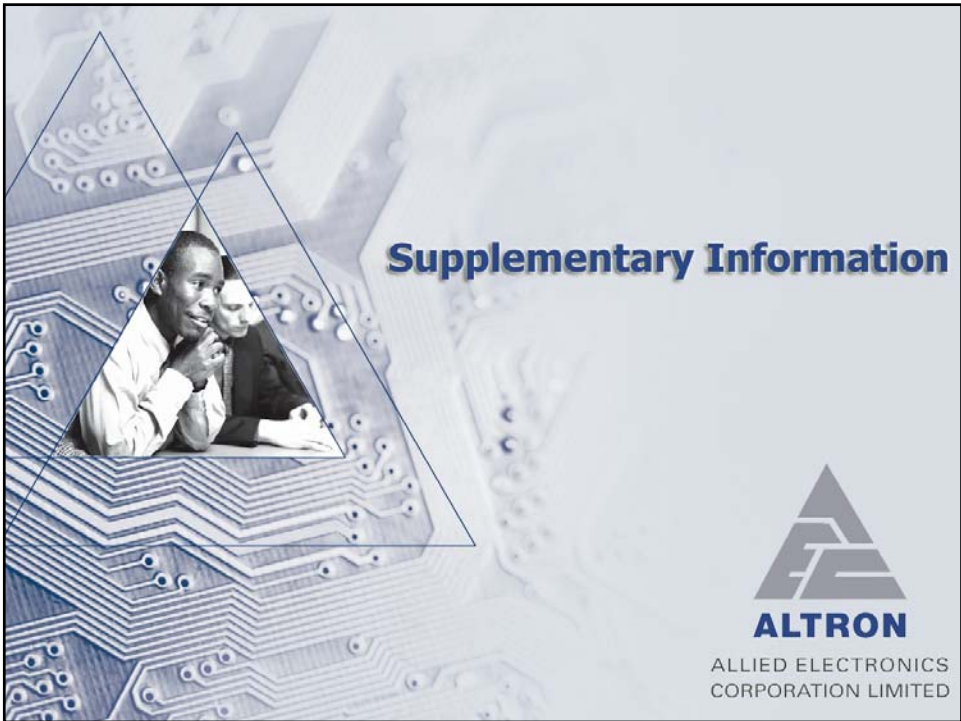
ALTECH
Engineering the Future




Powertech



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www.intesgroup.com



Supplementary Information



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Key growth drivers for the group



Infrastructure spend

Technology convergence



Integration of acquisitions
and launching of new ventures

Global footprint



Infrastructure spend

- Infrastructure spend is continuing
- Demand expected to remain strong for medium term, impetus on provision of additional capacity
- Municipal contracts and orders continue to flow for cables and transformers
- Demand weakens in building and construction industry, particularly for electrical products in housing sector
- High demand is attracting stronger competition from foreign suppliers
- Load shedding only affected first couple of months of current period, prospects of ongoing power shortages in medium term creates opportunities for back-up power



ALTRON

Technology convergence

- High Court ruling in favour of Altech Autopage Cellular - pending the Minister of Telecom's leave to appeal
- Mobile telecoms and data services market in Africa expected to grow exponentially over next two years
- Neotel partnership with Altech Autopage Cellular for preferential distribution
- Altech East Africa:
 - KDN (Kenya) – carrier-of-carriers telecoms operator with dominant fibre and radio infrastructure
 - Swift Global (Kenya) – full service ISP
 - Infocom (Uganda) and Altech Stream Rwanda – both with full service ISP with network licenses
 - Undersea cable equity participation (Teams)
 - International satellite gateways in Rwanda, Uganda and Kenya
 - Leased line (microwave, satellite, lit fibre, dark fibre, copper)
 - Voip and IP telephony
- Continued expansion in mobile arena, particularly in Africa, provides opportunity for:
 - Powertech's telecom infrastructure companies - Battery Technologies, Powertech IST and Telecom Cable JV
 - Altech NamITech in respect of vouchers and SIM cards and Altech Isis for BSS middleware



ALTRON

Integration of acquisitions and launching of new ventures

- Increased exposure to infrastructure market through IST/Powertech Transformers acquisitions
- Expand Sameer ICT in East Africa
- Acquisition of Nor Paper
- Acquisition of Intelleca
- Acquisition of ComTech
- R3.5bn spent in last 18 months
- Emphasis on consolidation and realising synergies



Global footprint

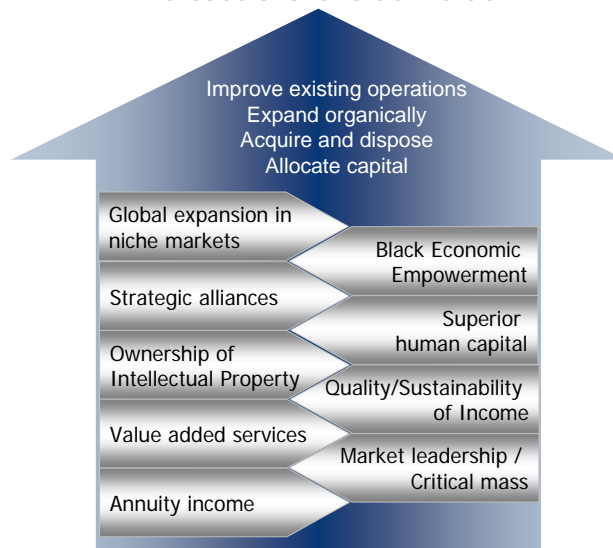
- Foreign operations and exports grow to 26% of revenue
- Battery Technologies established in Nigeria and Tanzania
- Altech acquires 51% of Sameer ICT group in Kenya
- Strong growth by Altech UEC in India and establishment of subcontract manufacturing facilities in Thailand and China
- Altech rolls out broadband network in Rwanda and East Africa
- Planflow acquired

Sub-Saharan and international markets		
R million	Revenue	
	Aug 07	Aug 08
Exports	503	843
Foreign Operations	2 091	2 565
- Bytes UK	1 243	1 428
- Bytes Rest of Africa	46	39
- Altech NamITech West Africa	103	154
- Aberdare International	615	660
- Dynamic Batteries	41	63
- Altech Vulcan – Sameer group	-	173
- UEC Australia / other	43	48
Total	2 594	3 408
% of total revenue	24%	26%



Strategic philosophies

Increase shareholder value





Weekly share price performance over last 5 years rebased to 100

