

Altron Group Year-end Results

For the 12 months ending 29 February 2008

Robert Venter
Chief Executive: Altron

Norbert Claussen
Chief Executive Officer:
Powertech

David Redshaw
Chief Executive Officer:
Bytes Technology Group

Alex Smith
Group Financial
Manager: Altron

JSE Auditorium
6 May 2008



Agenda

- Highlights for the twelve month period Robert Venter
- Financial summary
- Corporate activity
- Subsidiary company results
- Group results Alex Smith
- Bytes results David Redshaw
- Powertech results Norbert Claussen
- Power supply issues Robert Venter
- Performance on strategic philosophies



Highlights for the year

- Group revenue exceeds R20bn and profit after tax R1bn for the first time
- Excellent performances from all three subcos Altech, Bytes and Powertech
- Group structure is simplified through acquisition of Bytes minorities and increase in stake in Altech
- Further group operating margin and ROE improvements
- Strong improvement from exports and international operations contributing 23% of revenue
- Significant investment in capex continues
- Key strategic acquisitions concluded
- Good working capital performance results in cash balance over R2bn



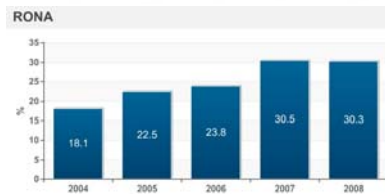
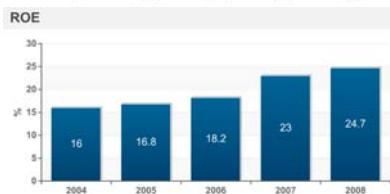
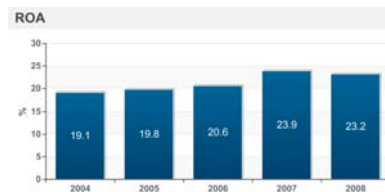
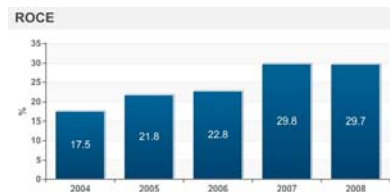
Financial summary

R millions	Feb 08	Feb 07	% change
Revenue	21 431	17 126	↑ 25
EBITDA	2 209	1 763	↑ 25
Operating profit	1 937	1 528	↑ 27
Operating margin (%)	9.0	8.9	
HEPS (cents)	375	283	↑ 33
Diluted HEPS (cents)	327	247	↑ 33
Adjusted HEPS (cents)	387	286	↑ 36
Cash on hand	2 083	1 589	
Dividend per share (cents)	156	118	↑ 32



Altron balance sheet ratios

	Feb 08	Feb 07
Return on capital employed (operating income: debt and equity)	29.7	29.8
Return on equity (attributable income: equity)	24.7	23.0
Return on operating assets	23.2	23.9
Return on net assets	30.3	30.5

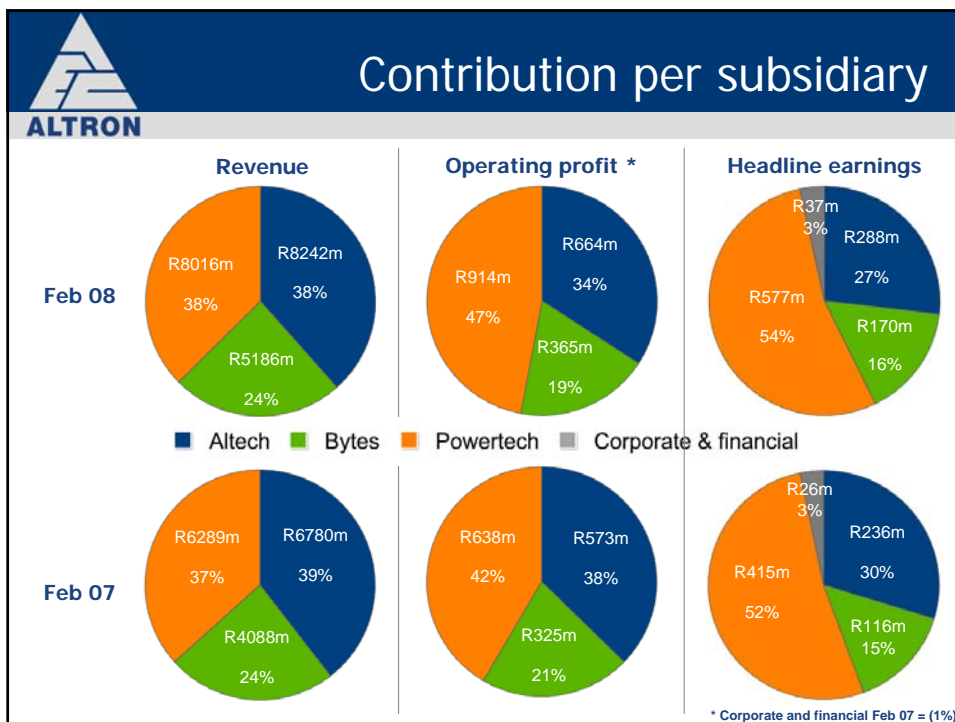
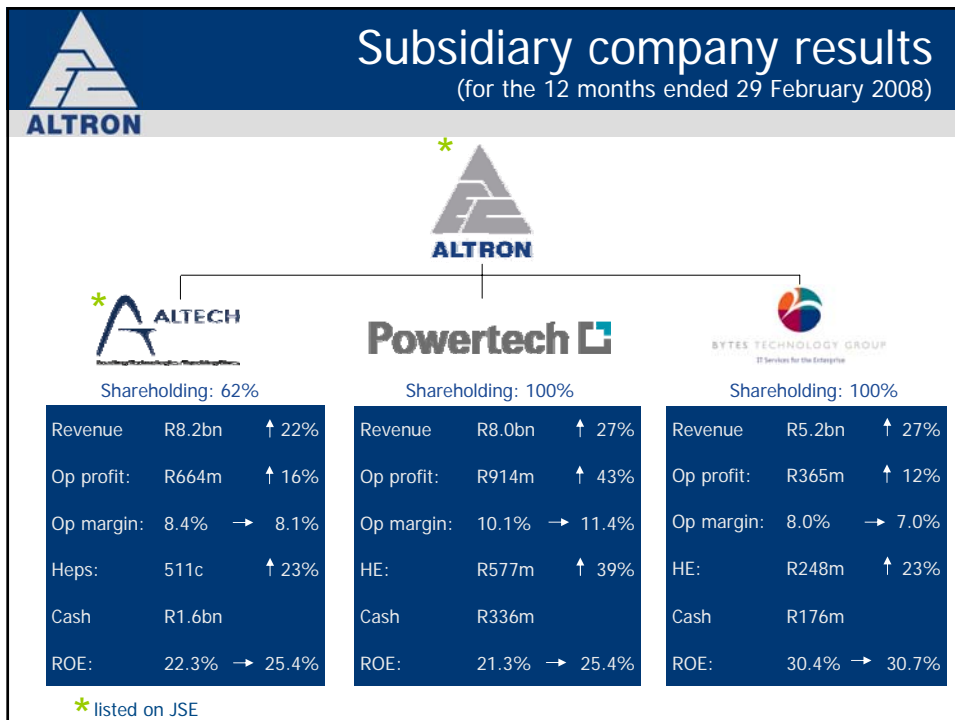


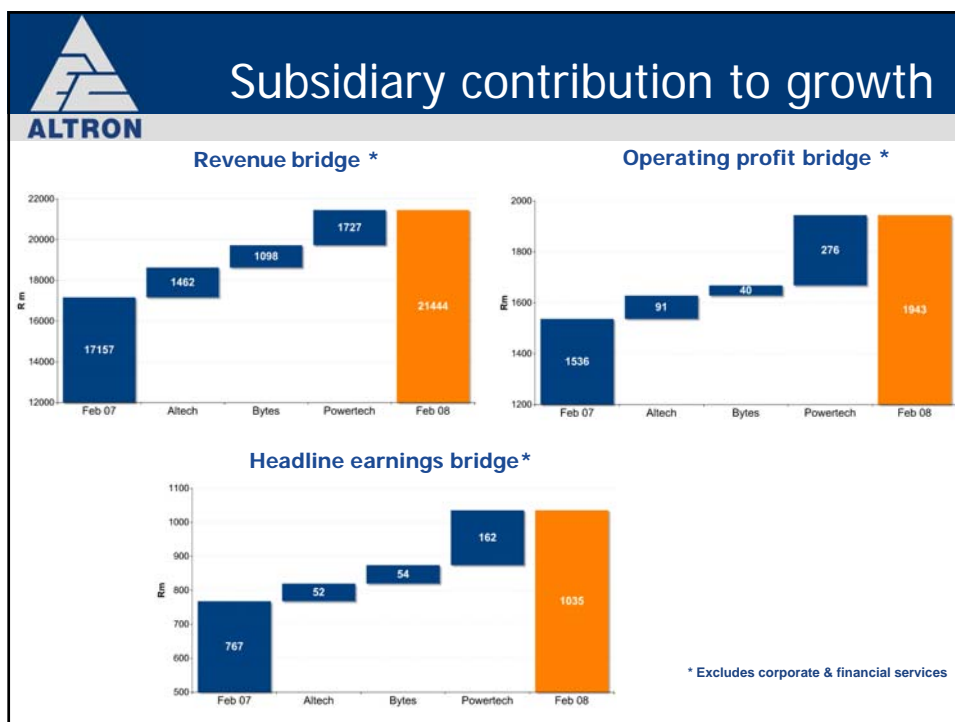
Corporate activity

- Acquisition by Powertech of electrical engineering operations of IST for R504m and subsequent sale of 25.1% to Izingwe, effective 1 September 2007
- Acquisition by Altron of minorities in Bytes Technology Group Limited for R1.4bn effective 1 January 2008
- Acquisition by Altech of ComTech for initial consideration of R44m and up to R74m, effective 1 January 2008
- Purchase by Altron of additional 3,7% of Altech for R187m at average price of R52.14 during February 2008, increasing stake in Altech to 62%
- Acquisition by Powertech of 25% minority in Cables de Comunicaciones Zaragoza for €8m, effective 1 August 2007 taking stake to 100%
- Acquisition by Powertech of Swanib Cables for R43m, effective 1 March 2007

Post year end:

- Acquisition by Altech of 51% of Sameer ICT group in Kenya for maximum consideration of US\$75m, effective 1 March 2008
- Acquisition by Powertech of additional 50% stake in ABB Powertech Transformers from ABB for R320m, effective 1 April 2008
- Disposal by Powertech of Yelland Control to Omron Europe B.V. for R65m, effective 1 April 2008





Group income statement - highlights

R million	Feb 08	Feb 07	% change
Revenue	21 431	17 126	↑ 25
Operating profit	1 937	1 528	↑ 27
Operating margin	9.0%	8.9%	
Net investment income	93	76	
Income from associates	4	4	
Capital items	(90)	(38)	
Foreign exchange gains	64	65	
Taxation	(625)	(481)	
EBITDA	2 209	1 763	↑ 25
Headline earnings per share (cents)	375	283	↑ 33
Adjusted HEPS (cents)	387	286	↑ 36
Diluted headline earnings per share (cents)	327	247	↑ 33



Summarised balance sheet

R million	Feb 08	Feb 07
Total non-current assets	3 362	2 311
Current assets	5 501	4 526
Cash balances	2 116	1 613
Total assets	10 979	8 450
Shareholders equity	4 469	3 528
Minority interest	877	1 218
Non-current liabilities	1 047	389
Current liabilities	4 586	3 315
Total equity and liabilities	10 979	8 450



Cash flow statement

R million	Feb 08	Feb 07
Operating activities	1 304	10
Cash generated by operations	2 224	1 797
Changes in working capital	(4)	(998)
Net investment income	116	131
Tax paid	(537)	(531)
Cash available from operating activities	1 799	399
Dividends paid, including to minority shareholders	(495)	(389)
Investment activities	(1 532)	(467)
Financing activities	704	(120)
Net funds utilised	476	(577)
Cash and cash equivalents – beginning of year	1 589	2 152
Translation of foreign cash	18	14
Cash and cash equivalents – end of year	2 083	1 589



Working capital

- Inventory in Powertech reducing to more normal levels with inventory days improving from 127 days to 94 days
- Altech's funding from working capital improved as inventory days decreased, while they also managed their creditor days out

	Feb 08	Feb 07
Inventory Days	49	62
Acc Receivable Days	57	52
Acc Payable Days	(91)	(91)
Net investment (days sales)	25	32



Bytes Technology Group results

David Redshaw
CEO: Bytes





Bytes financial highlights

R million	Feb 08	Feb 07	% change
Revenue	5 186	4 088	↑ 27
Operating profit	365	325	↑ 12
Normalised operating margin*	7.2	8.0	
Headline earnings	248	201	↑ 23
Cash	176	213	

* Adjusted for Project Titan costs

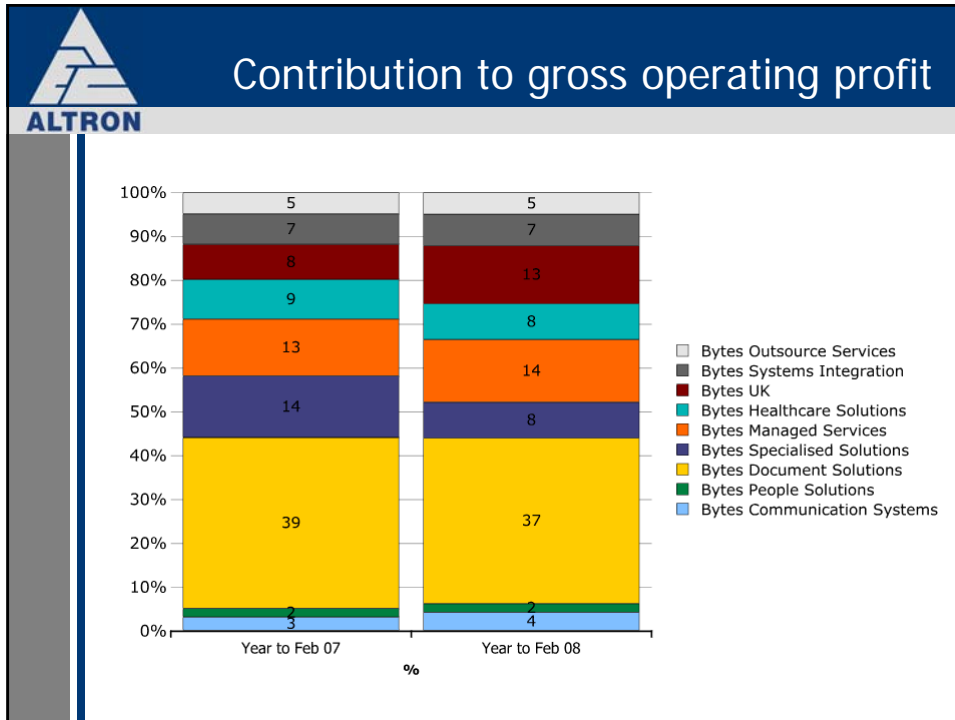



BYTES TECHNOLOGY GROUP
IT Services for the Enterprise



Bytes geographical segmentation

R million	Feb 08	%	Feb 07	%
Revenue				
South Africa	3 153	61	2 935	72
International	2 033	39	1 153	28
United Kingdom	1 867	35	987	24
Rest of Africa	166	4	166	4
Operating Income				
South Africa	291	80	279	86
International	71	20	46	14
United Kingdom	54	15	29	9
Rest of Africa	17	5	17	5



- ## Bytes corporate activity
- Altron minority buy out and delisting
 - Strong financial performance
 - Significant growth in UK operations
 - Financing book reaches R684m (nett capital financed)
 - Successful acquisition and integration of MasterMed, Mailing Facilities and Papergeni
 - Further progress in transformation
 - 3 x level 3 ratings
 - 5 x level 4 ratings
- 

BYTES TECHNOLOGY GROUP
IT Services for the Enterprise



Bytes outlook

- Acquisitions being finalised:
 - Intellecta Voice and Mobile
 - NOR Papers
- Pursue further acquisition opportunities
- Capitalise on expansion opportunities (UK, Africa, Middle East)
- Constant review of structures, costs, efficiencies



BYTES TECHNOLOGY GROUP
IT Services for the Enterprise



Powertech results

Norbert Claussen
CEO: Powertech

Powertech 





Powertech financial highlights

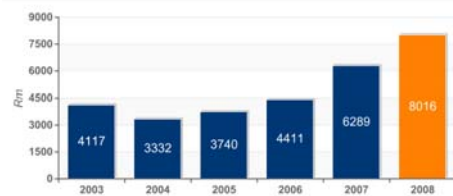
R million	Feb 08	Feb 07	% change
Revenue	8 016	6 289	↑ 27
Operating profit	914	638	↑ 43
Operating margin	11.4	10.1	
Headline earnings	577	415	↑ 39
Cash	336	158	

Powertech

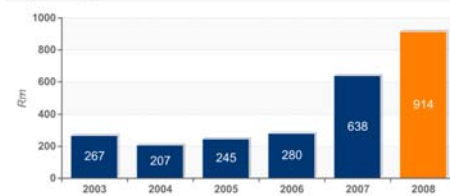


Powertech financial results

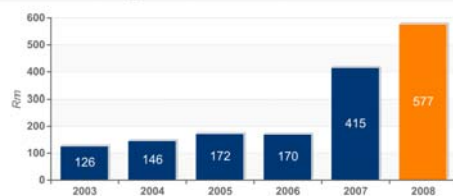
Revenue



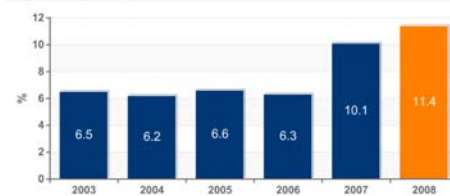
Operating Profit



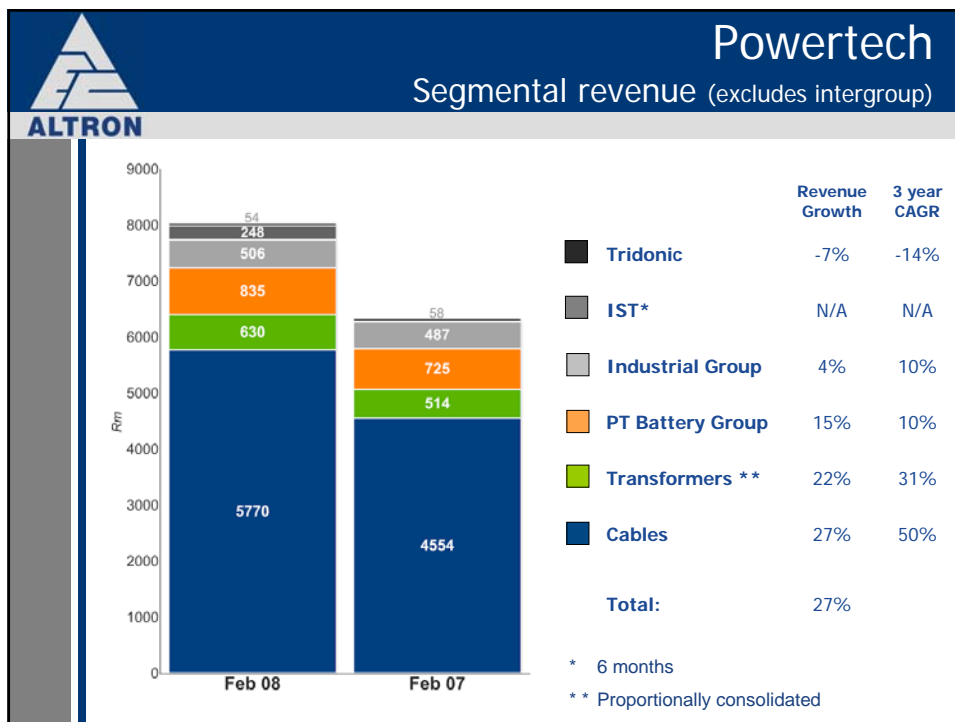
Headline earnings



Operating Margin



Powertech



Total Powertech order book

	February 2007 Value	August 2007 Value	February 2008 Value
Aberdare Cables	R 877m	R 998m	R 1 194m
Transformers	R 740m	R 1 232m	R 1 198m*
Batteries	R 86m	R 30m	R 70m
Industrial	R 19m	R 17m	R 32m
IST			R 230m
Tridonic	R 4m	R 4m	R 1m
Total	R 1 726m	R 2 281m	R 2 725m

* Excludes letter of intent of R1.4bn from major customer on 5 year contract



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
Aberdare Cables	R 371 m	38%	90%	R 350m
Transformers	R 60 m	19%	90%	R 85m
Batteries	R 116 m	-	95%	R 170m
Industrial	R 33 m	20%	85%	R 50m
Total	R 580m			R 655m

- Capex spend well on track for capacity expansions at
 - Aberdare Cables: LV and MV products incl ACSR also reviewing new product opportunities
 - Transformers: power and distribution – training and test facilities
 - Industrial Group: conduit and moulded products
- Capex for efficiencies at Batteries: automated plate production and assembly



Industry outlook and trends

Positives

- Strong spend continues in power infrastructure sector - upgrades of R 200bn, with new impetus at municipal level
- Power crisis offers increased opportunities in standby power and energy management
- Ongoing investment in building and construction particularly commercial and 2010 projects
- Demand for resources, particularly platinum
- Transnet and Gautrain investments yield orders for cables, transformers and electrical accessories
- Automotive sector continues growth based on 3 year life cycle of batteries
- East and West African GSM telecoms expansion
- Local Telkom and other operator infrastructure spend, particularly fibre networks

Negatives

- Low cost competition (local and import) in commoditised markets
- Volatility and availability of raw material inputs further exacerbated by global demand
- Skills capacity requires ongoing focus to meet infrastructure challenge
- Power crisis impact on economic output re GDP and potentially GDFI growth




Overall - positive outlook for Powertech

Powertech




Power supply issues

Robert Venter
Chief Executive: Altron



www.altron.co.za



Power supply crisis

- Positives
 - Increased demand for backup power, gensets, battery systems, solar systems
 - Co-generation opportunities for alternative power supplies/sources
 - Demand side management systems and products to reduce consumption
 - Upgrade of sub stations and network
 - Investment in infrastructure
- Negatives
 - Production interruptions
 - Slower demand due to reduced new development activity and lower GDP
 - International perceptions
 - Effect of electricity increases on inflation - economy



Powersave@Altron

- An Energy Conservation Programme initiated at Altron with purpose:
 - to measure and manage energy/power consumption at Altron companies
 - to compile a basket of product offerings from Powertech companies to support our operations internally and offer same commercially
- The following Powertech companies are already marketing energy options
 - Generator power
 - Diesel generator sets programme established, led by IST to market diesel gensets which includes both Strike and Crabtree power equipment
 - Solar power
 - Rentech addresses both solar water heating and solar power, including solar powered traffic lights
 - Efficient lighting
 - Tridonic consults on use of energy efficient bulbs (CFL's) and offers automation systems utilising sensors
 - Battery / Inverter solution through Battery Technologies
 - Hydrogen fuel cells
 - High end applications (clean, space effective, scalable)
 - IST / Plug Power relationship



Power supply solutions by Powertech IST



Above and below: Typical installation of a 3MVA Jenbacher gas-engine installation in co-generation applications



Above: 5kW Fuel Cell Systems



Above: One of two 20MVA OCGT Units at installed at Kendal



Success stories

- Mining House - 45MW Diesel Genset Plant
- Solar Traffic Lights - ± R2m completed; opportunity for 200 intersections @ R250k per intersection = R50m
- Residential UPS Battery Solution with Amalgamated Appliances - R60m and others
- ATM backup power with Bytes Specialised Solutions - R11m initial order



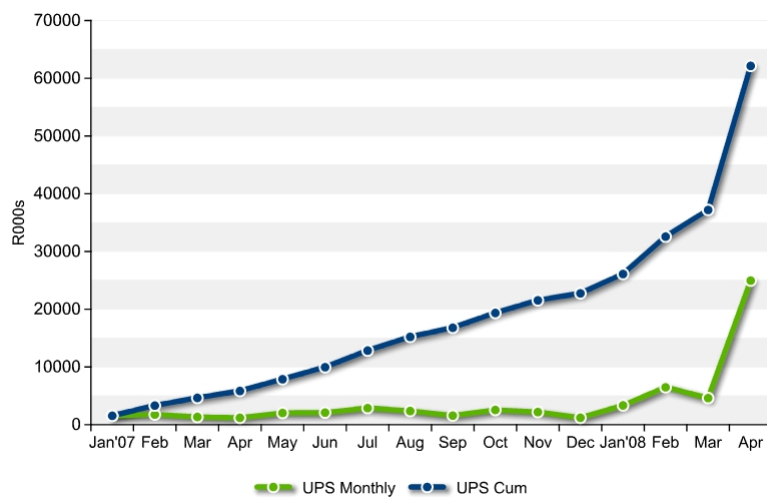
Solar traffic lights



ATM backup power unit




Dramatic increase in demand for standby power systems




Key growth drivers for the group

Infrastructure spend




Technology convergence




A positive medium to long-term outlook for Altron

Integration of acquisitions and launching of new ventures



Global footprint



Strategic philosophies

Increase shareholder value

Improve existing operations
Expand organically
Acquire and dispose
Allocate capital

Global expansion in niche markets	Black Economic Empowerment
Strategic alliances	Superior human capital
Ownership of Intellectual Property	Quality/Sustainability of Income
Value added services	Market leadership / Critical mass
Annuity income	

Thank you



www.altron.co.za



Supplementary
slides



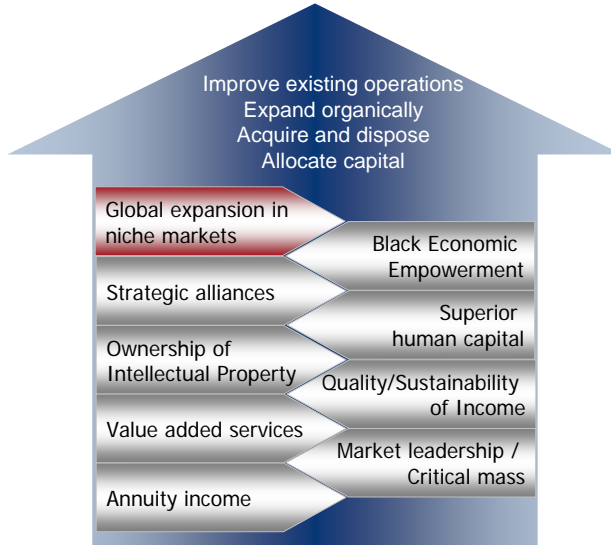
www.altron.co.za





Strategic philosophies

Increase shareholder value



Global expansion in niche markets

- Foreign operations and export grow to 23% of revenue
- Bytes expansion of UK businesses
- Powertech purchases 25% of CdC Zaragoza, Spain
- Further investment in NamITech West Africa
- Powertech purchases Swanib Cables, Namibia
- 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

Sub-Saharan and international markets		
R million	Revenues	
	Year to Feb 07	Feb 08
Exports	969	1 490
Foreign Operations	2 309	3 534
- Bytes UK	987	1 867
- Bytes Rest of Africa	76	82
- Altech NamITech West Africa	158	229
- Aberdare International	927	1 189
- Dynamic Batteries	70	81
- UEC Australia / other	78	49
Total	3 277	5 024
% of total revenues	19%	23%



Strategic alliances

- New partners such as GE, Amdocs, Tellabs and Plugpower through IST acquisition
- Strengthened relationship with Xerox
- Extended Vodacom SP agreement
- Eskom, Bidvest, Absa and Anglo Platinum customer alliances strengthened













Transforming Transactions into Relationships



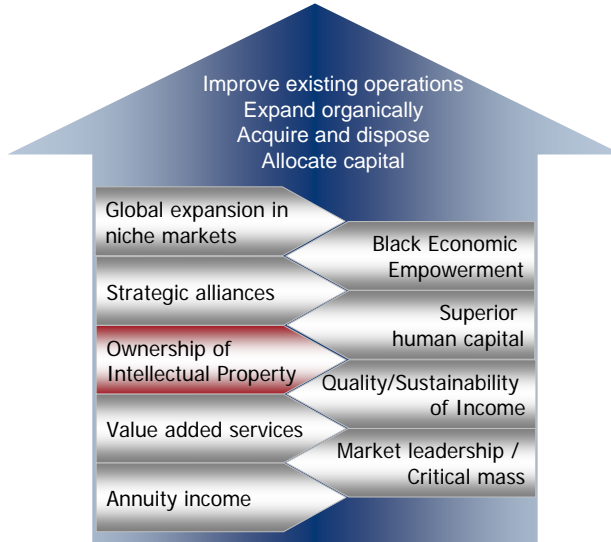






Strategic philosophies

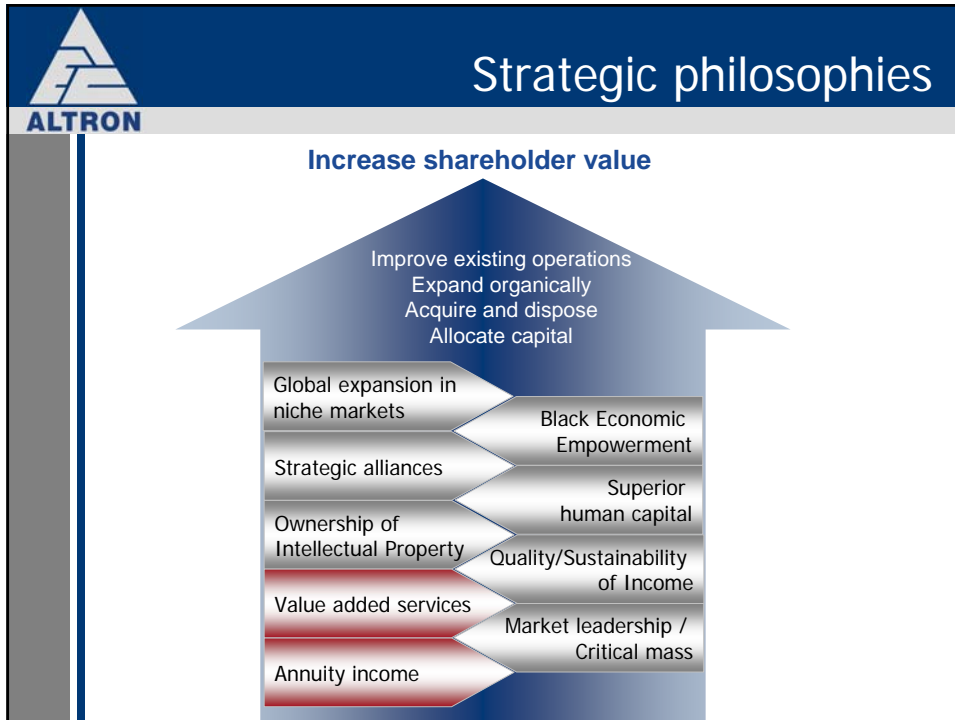
Increase shareholder value






Ownership of Intellectual Property

- Altech investment in R&D of R120m
- Establishment of alternative power solutions businesses
- IST acquisition brought over 115 engineers and 80 technical people
- Ongoing IPR investment in other group companies





Value added services and annuity income

	Revenue for year to Feb 08 (R m)	Annuity income %	Annuity income (R m)
	8 242	76%	6 264
	5 186	60%	3 112
	8 016	1%	91
Total	21 431	44%	9 467



-
- Broad-based black economic empowerment**
- JJ Tabane appointed as Group Executive: Corporate Affairs
 - Vision 2012 launched
 - Altech IT restructured with Pamodzi
 - IST empowered through Izingwe
 - Powertech Transformers in final stages of concluding BEE transaction
 - Altron improves to #49 on Financial Mail / Empowerdex survey of leading empowered companies in SA
 - Final stages of concluding agreement for Kagiso to take up the remaining 22% option in Bytes South Africa
- ALTRON VISION 2012**



Superior human capital

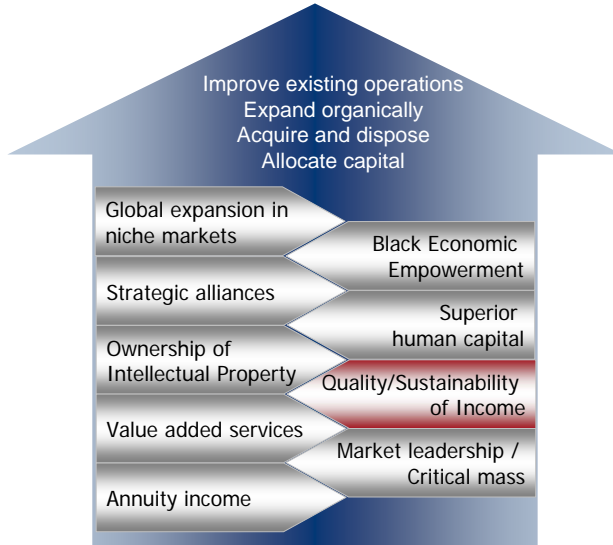
- Establishment of Altech Academy now with over 100 participants
- Bytes bursary scheme
- Active promotion of PLP (Powertech Leadership Process) and AYPC (Altron Young Presidents' Club)
- Powertech Transformers Winding Academy establish
- Ongoing commitment to skills development



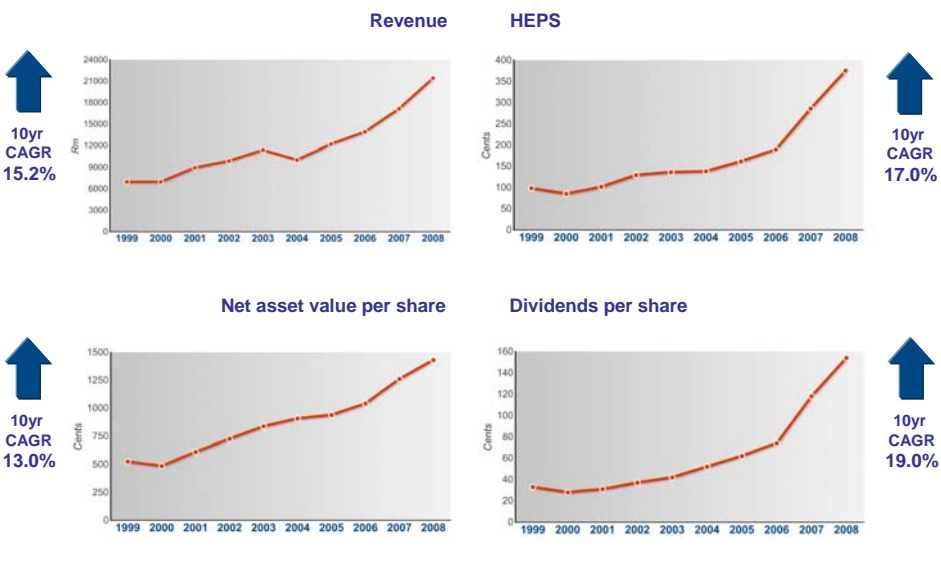


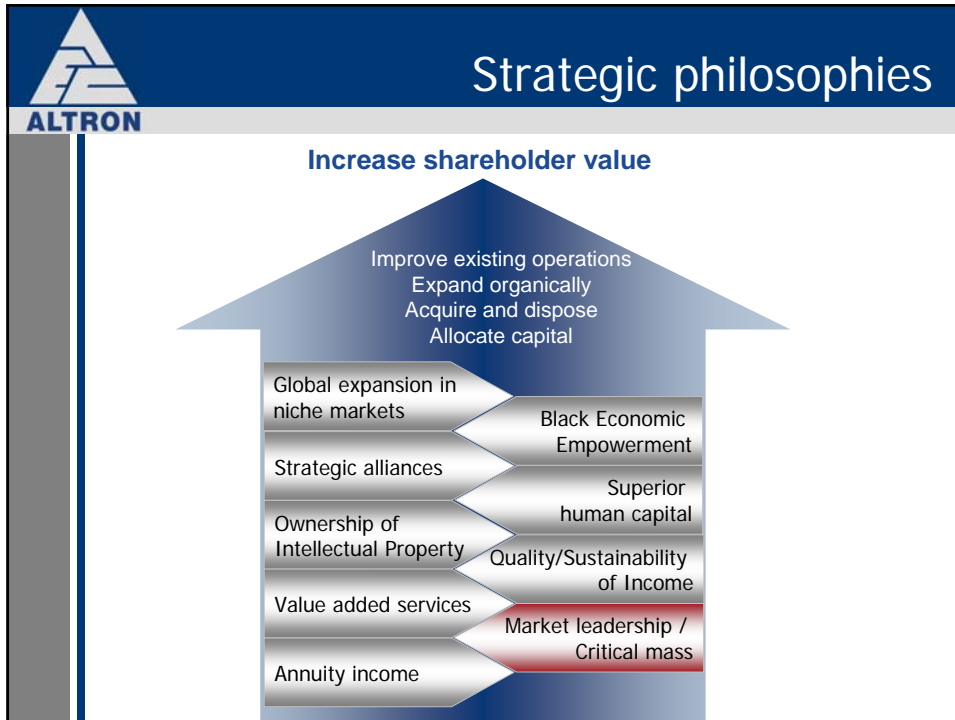

Strategic philosophies

Increase shareholder value



10 year track record





Market leadership / critical mass

	Company	Market Share	Position in market
	Altech Autopage	11%*	#3
	Altech Netstar	40%	#1
	Altech UEC	90%	#1
	Altech NamITech West Africa	60%	#1
	Altech Card Solutions	50%	#1
	Bytes Document Solutions	10-15%*	#1 or 2
	Bytes Specialised Solutions	65%	#1
	Bytes Managed Services	10-15%*	#2
	Bytes Healthcare Solutions	65%	#1
	Bytes Communication Systems	12-15%	#1 or 2
	Bytes Systems Integration	Fragmented	#3 or 4
	Aberdare Cables	50%	#1
	Powertech Transformers	40%	#1
	Battery Group	42%	#1
	IST	Fragmented	Depends on segment
	Industrial Group	35%	#1

* Total market share higher in our specific segments



Impact of load shedding

