

## CHAIRMAN'S STATEMENT

### Introduction

The past year has been one of significant achievement, endorsing Altron's reputation as an industry leader and the foremost diversified technology company in Africa.

Once again, we made excellent progress in the execution of our planned strategies for growth, operational excellence, financial performance and transformation. I am pleased that the market has recognised this and continues to show confidence in Altron and its vision for the future.

Throughout the financial year, Altron maintained its strength in its traditional areas of activity, while achieving significant breakthroughs in new and growing sectors. In addition, we established several valuable partnerships with a number of leading companies to extend our service capabilities and retain our key differentiation in terms of customer service and operational efficiency.

As a result, we are now well-positioned to take full advantage of a large number of opportunities that have arisen in the southern African region during the past year.

### The economic environment

The South African economic environment remained favourable during the period under review, with low inflation, strong local demand and improving manufacturing activity supporting the brighter growth outlook. Consumer and retail confidence has surged, while business confidence has risen to a record peak. However, the strength of the rand has put pressure on some of our export businesses.

In our industry, the recent announcement by the Minister of Telecommunications on the liberalisation of the local industry, will benefit the group in numerous ways and especially in respect of two of our major listed subsidiaries, BTG and Altech.

We anticipate seeing the benefits of these changes in the longer term and our operations are already positioning themselves at the forefront of the technologies identified to maximise opportunities.

In common with many parts of the world, our country continues to experience numerous power failures as well as problems resulting from historically low levels of infrastructural investment. It is pleasing, therefore, to note the recently announced plans by various corporations to address the country's energy, transport and other related infrastructural imperatives. This will provide opportunities for our 100%-owned subsidiary, Powertech.

### Vision 2010

During the past 10 years of democratic change, significant progress has been made in transforming the face of corporate South Africa. In this regard, I am pleased to report that, during the year under review, Altron officially launched its pioneering Vision 2010 transformation policy document, which includes a group scorecard for BEE development.

This scorecard comprises targets with annual time-frames that Altron has set itself in terms of equity ownership, management and board representation, affirmative procurement, skills development and corporate social investment.

Being a Proudly South African company, which is celebrating its 40th anniversary this year, Altron is a deeply-rooted product of this country and the African continent as a whole. Knowing that the leadership of our group fully embraces the process of change and transformation with dedication and enthusiasm, I believe that Vision 2010 will assist us in achieving all our objectives.

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“The past year has been one of significant achievement, endorsing Altron’s reputation as an industry leader and the foremost, diversified technology company on the African continent.”

Our Vision 2010 commitment is a unique and innovative programme which has been accepted by all of our stakeholders as an industry-first for the ICT sector. However, BEE is not a new concept for us. We were among the first in South Africa to desegregate many of our facilities as far back as 1978, before building on the initiative to conclude our first BEE transaction in 1997. Since then, we have continued to enter into numerous BEE equity partnerships throughout our group, including partnerships with Kagiso, Izingwe, Pamodzi, and other prominent empowerment groupings.

While much has been accomplished, our biggest challenge still lies ahead. Through our various transformation committees, we need to ensure the successful implementation of our BEE policies throughout our operations as we head towards 2010.

**Financials and acquisitions**

The financial performance of our group has been collectively robust, with strong profitability being maintained in most of our operations. In particular, the past year saw significant investment by the group in a number of acquisitions. These included NamITech, AEW, CS Holdings and the share buy-back at Altech, all of which involved significant outflows of cash.



## CHAIRMAN'S STATEMENT - (CONTINUED)

The strong, cash-generating nature of our businesses, however, saw this outflow offset by significant operational inflows and as a result, the group's cash balances at year end remained sound at R1.5 billion.

### Corporate governance

The Altron Board continues to observe the Listings Requirements of the JSE Securities Exchange, as well as sound corporate governance principles, the most important elements of which are transparency, independence and accountability.

### Chairman's visits

For me personally, a highlight during the past year was the continuation of the Chairman's goodwill visits to our group operations throughout the country. More than 18 facilities have now been visited and over 5 000 staff members have participated. I continue to be encouraged by the professionalism demonstrated at our various facilities and by the commitment of our employees, many of whom have participated in our long journey of sustained success over the past four decades.

### Outlook

The growth outlook for the broader ICT, multi-media, and power electronics sectors remains positive. We are encouraged by the opportunities emerging from the markets we serve, and with our primary objective of being a market leader in the sectors where we operate, we consider ourselves well-positioned to take advantage of our product excellence and management strength to continue on a dynamic growth path.

Overall, Altron is in good shape, being cash positive, growth-orientated and generally considered by the



investment community to be a successful South African technology company making its mark in local and global markets.

I believe we have made significant progress during the past 40 years, but, with a journey such as ours, the destination is never reached. Our businesses are strong and we will work hard to strengthen them even further. That is the only way we can ensure the sustainable growth of Altron. The innovative and exciting products scheduled for timely release to the market will create interesting opportunities for the group, thereby enabling us to enhance further our position in the sectors in which we operate.

### Altron's 40th anniversary

Altron officially celebrated its 40th anniversary on 1 April 2005. As Founder and Chairman, this gave me time to pause and reflect on this special, landmark occasion in



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the history of our group and more particularly on the values on which the Group has been built – passion, honesty, loyalty, innovation, entrepreneurship, hard work, excellent customer service, attention to detail, a considerable element of cost consciousness and precise working capital management. Over the years, Altron has retained its unique ability to adapt to the often quick tempo of change, demanded by our markets and technology driven businesses.

It pleases me to see that our long-standing and unique culture, values and principles continue to be enthusiastically embraced by our people as we enter the new financial year.

In the greater scheme of things, 40 years may seem like a drop in the ocean, but, for us at Altron, it is a remarkable achievement. We are now recognised as one of Africa’s foremost, diversified ICT and power electronics groups with annual revenue in excess of

R12 billion, a sound balance sheet and a business that is based on sustained performance, good corporate governance, solid management practices and supportive leadership.

Today, Altron is a fine and honourable company. We still face many challenges ahead but confront them with the support of our people as a unified force, ready for change and positioned for excellence.

**Acknowledgement**

As I enter my 41st year with Altron, I continue to be impressed with the quality of our people, especially in terms of their unwavering enthusiasm for customer service and for the professional manner with which they embrace change, both in our society and the markets we serve.

I thank the people of Altron, our board of directors, our customers, our many international and local partners as well as our suppliers for their continued support of our group and, in fact, all our stakeholders, for their loyalty, dedication and ongoing commitment to Altron as we continue our journey into an even more exciting technological era.

In particular, I applaud the fine achievements of the members of our executive management team, under the capable leadership of our Chief Executive, Robert Venter, whose task it is to propagate, nurture and adapt our heritage and our culture.

**DR BILL VENTER** – Chairman

31 May 2005