



Attendees at the Investors' Day met the Powertech Value Chain Optimisation team headed up by Jonathan Victor from Aberdare. They were taken on a tour of the new distribution centre, an impressive state-of-the-art facility.

Stakeholder relations

Being a highly diversified group, Altron and its associate and subsidiary companies are dependant on the support of wide-ranging stakeholder groups for the sustained growth of its businesses. Our engagement with key stakeholders includes a number of formal and informal interactions, some of which are described below.

Engagement with the investment community

Altron has a proactive investor relations (IR) programme which is discussed in detail

in the corporate governance report on page 127. It includes personal interaction between senior management and the investment community, annual site visits to our subsidiary companies where presentations are delivered to analysts and fund managers by managing directors of operations throughout the group, bi-annual roadshows to discuss half-year and year-end results with investors, and regular one-on-one meetings are held with analysts by our chief financial officer in order to assist analysts with models and forecasts. In addition, chairman Dr Bill Venter has for the

Analyst perception audit

In July 2006 Altron commissioned research to gauge buy-side and sell-side perceptions of, and sentiment towards, the group as an investment proposition, the quality of its management, its earnings forecast, and its communications with the investment community. Eight respondents participated in the audit, which comprised two sell-side research analysts and six buy-side fund managers.

The results of the perception audit indicate that the group as a whole is in safe hands, with experienced management that has sound knowledge of the business, a demonstrated track record and a conservative approach. An attractive investment proposition with above average earnings growth potential, the group is well positioned to take advantage of IT and infrastructure spend.

The group's conservatism however, also has a downside, with some analysts taking the view that Altron has been a little slow to respond to developments within the business, that it could be more decisive and take a few more risks. Concern was expressed over the R1 billion in excess cash in Altech.

Altron's low share liquidity is an issue most analysts seem reconciled with, while participating preference shares, however unpopular, are recognised to offer higher yields, greater liquidity and, for as long as management's interests remain aligned with those of shareholders, are acceptable for the present.

How the group, particularly those businesses that operate in fairly mature markets, is going to sustain its growth is seen as a challenge.

While the diversified nature of the group means that, on balance, Altron's growth should be sustainable, in certain sectors such as mobile telecoms there is a need to be more proactive. Concern was expressed over Altech's dependency on Altech Autopage and Altech Netstar for future earnings growth, while Powertech is seen as one of the group's greatest strengths.

The structure of the Altron group with its three market entry points is seen as historical and most respondents believe it is both inevitable and desirable at some point in the future that it be simplified. It is expected that such a move would unlock shareholder value.

The strong element of family ownership is seen as both a strength and weakness of the group. With its associated good controls, stability and preservation of shareholder value, family ownership makes it crucial for Altron to continue to ensure the alignment of management's interests with those of stakeholders. This approach of continually seeking alignment is reflected in, for example, our approach to remuneration and other vehicles to ensure good governance.

The lack of independence of the chairman Dr Bill Venter was mentioned as a concern to some analysts. However, Altron's board deems his level of involvement and experience essential, given the intrinsic knowledge he still brings to bear in the effective running of the board and guidance to the operational team.

Overall, the results indicated that Altron is perceived as proactive, strategic and generous in content in its communications with the investment community. Feedback from the analysts highlighted good segmental disclosure, with the exception of Bytes. In general, they would like more detail, but recognise the need to protect competitive information. Altron is recognised for ensuring the accessibility of its senior management and conducting regular one-on-one meetings in order to maintain open communication channels with investors.

Pursuant to the analyst perception audit, several steps have been taken to address the various issues raised. For example, in terms of the concern about excess cash retained at Altech, a special dividend was paid by Altech in November 2006; significant investments were made in working capital and a number of bolt-on acquisitions were concluded.

past two years addressed a letter to each and every shareholder inviting them to attend the AGM. During the year under review, Altron also conducted independent research into analyst perceptions of the group, which will be addressed in its strategy as appropriate.

Memberships of industry and business associations

The Altron group companies belong to a wide range of industry and business organisations in order to keep abreast of international best practice and to network effectively.

Industry-specific associations in which we participate include the South African Chamber of Commerce (SACOB) and Proudly South African. Throughout our operations there exists a variety of affiliations to industry and sector organisations, for instance, **ABB Powertech** is a member of Steel and Engineering Industries Federation of South Africa (SEIFSA), while **Aberdare** is a member of the Association of Electrical Cable Manufacturers of South Africa (AECMSA). Aberdare's Ian Millar and Hans Meiring hold office on the executive of AECMSA, with Hans Meiring acting as the current chairman. Aberdare also participates in the International Association of Cable Manufacturers, as well as Proudly South African. Kenneth Snyders of **Aberdare** is the current president of the Electronics

Industries Federation (EIF), which aims to provide a representative industry opinion on the contribution that the ICT industry can and should make to the development of the country. In particular the EIF aims to engage government in the formulation of policy favourable to the development of a healthy, globally orientated electronics industry and facilitate the development of human skills through close co-operation with the ISETT SETA (Information Systems, Electronics and – Telecommunications Technologies, Sector Education and Training Authority). It also establishes support vehicles for small, medium and micro enterprises (SMMEs) to better facilitate their access to available business.

Are you proudly South African?

Altech Autopage

participates in the Financial Services

Board (FSB), Advertising Standards Authority (ASA) as well as the Global System for Mobile Communication (GSM).

The **Battery Group** is a member of the Advanced Lead-Acid Battery Consortium (ALABC), a research consortium focusing on advancing the capabilities of the valve-regulated lead acid battery in order to help electric vehicles become a reality, as well as the SA Battery Manufacturers' Association, (SABMA); **Altech NamITech** of the Smart Card Society, which promotes



the use of smart card and radio frequency identification technology (RFID), as well as any new related technologies, and **Altech UEC** of the Metal Industries Bargaining Council and the Digital Video Broadcasting Group.

Altron, through Skip Franszen, HR and transformation manager at **Bytes**, is represented on a working group for the dti to ensure the BBBEE Codes of Good Practice are business-friendly.

Altron group company secretary Andrew Johnston has recently been invited to join the accounting and auditing task force responsible for drafting components of the third King Report on Corporate Governance for South Africa.

Customer relations

Most operations within the Altron group have dedicated **customer care programmes**. This means that customer issues and complaints are monitored continuously and reported on at management reviews, which enables the operations to track trends and respond accordingly.

In **Aberdare** all customer complaints are closely monitored and measured as part of the productivity incentive scheme, which focuses on measures linked to quality, cost, speed and morale. Customer complaints are one of the measures linked to the quality dimension and will impact on the productivity incentive payments which are calculated monthly. **Aberdare** also provides technical support with products as well as on-site technical assistance. Its value chain optimisation process is furthermore intended to ensure that products are delivered to customers in full and on time.

Altech Autopage runs a company-wide campaign aimed at instilling a sense of ownership in staff towards customers. EOTC (Everyone Owns the Customer) is based on a service charter that emphasises the promise of outstanding service.



Altech Autopage runs a company wide campaign aimed at instilling a sense of ownership in staff towards customers.

Altech UEC account managers have regular meetings with customers at executive level regarding overall delivery status and effectiveness of the relationship, and to identify key new initiatives that will continue and enhance the provision of value to both parties. The company is in the process of formalising this account governance framework, whereby an engagement approach is agreed between Altech UEC and its customer to facilitate a successful relationship between the two parties.

Quality management

Accredited quality management systems at various operations help to ensure increased customer satisfaction and a minimum of complaints regarding products and services.

In addition, **Battery Technologies** is subject to the Standards Organisation of Nigeria

Conformity Assessment Program (SONCAP). The aim of SONCAP is to identify those goods which pose the highest risk to consumers in Nigeria and ensure that their claims of safety are verified before they are exported to Nigeria. This will help ensure that Nigerian consumers are protected from unsafe and substandard goods as well as ensuring that Nigerian manufacturers are not subjected to unfair competition from such goods.

Desta Power Matla conducts quality audits on its key suppliers, while quality accreditations form an important component of **Battery Group's** supplier evaluation. Similarly, processes which **Altech UEC** undertakes to minimise complaints regarding its product or service use includes conducting regular ongoing quality and process audits with its outsourced manufacturer in India.

Operations with accredited quality management systems, such as ISO 9001, include:

Aberdare	Edenvale Sales and Marketing Pietermaritzburg Low Voltage and Medium Voltage Cable Stanford Road, Port Elizabeth Low Voltage and Medium Voltage Cable Gauteng Low Voltage Cable <i>Aberdare Telecom Networks</i> – Port Elizabeth Telecommunications, Instrumentation and Optical Fibre Services & Cable <i>Lambda</i> – Pretoria UTP & Indoor Telecommunication Cable <i>Raytech Energy</i> – Gauteng Power Cable Accessories <i>Alcon Marepha</i> – Gauteng Overhead Conductors
Battery Group	DC Components Automotive Industrial
Altech NamiTech	
Altech UEC	
ABB Powertech	

Relationships with key suppliers and principals

The strength of **Altech's** relationships with network operators in the cellular industry is critical to the continued growth of our business. Our relationships with network operators, including Vodacom, MTN and Cell C, have been carefully nurtured, through ongoing customer relationship building and one-on-one liaison between top management.

Altron enjoys a number of key strategic, technology-based partnerships with leading international corporations such as, among others, ABB, Arrow Electronics, Motorola and Xerox Corporation. These enable Altron and its operations to enter new markets and territories including, for example, Kenya for **Bytes Document Solutions** through its relationship with Xerox, while **Altech Card Solutions'** relationships with local banks present opportunities in Africa as electronic banking gains momentum.

OUR PRINCIPAL PARTNERS





The visitors were given a royal welcome by the outstanding Crabtree choir. Crabtree factory operators were thrilled to meet Dr Venter.

Employee relations

Altron's intranet site 'Alix' (the Altron Information Xchange) is accessible to all staff. It provides comprehensive information about the Altron group of companies, employee benefits, diversity, policies, career opportunities, BBBEE, as well as regular communications from the Altron chief executive and managing directors from the various operations.

Altron's internal newsletter *Profile* is published six times per annum in both electronic and printed format. Most of

our group companies and operational sites have their own newsletters, some in the local vernacular, such as Zulu, at Aberdare Pietermaritzburg. Other communications take place via broadcast e-mails, flyers in pay slips, poster campaigns and forum groups.

Staff throughout the group are kept abreast of group and operational performance through bi-annual results presentations. Altron's management undertakes regular site visits to meet the staff and management at

operational level, as does the Chairman through his ongoing site visit programme.

The practice of open and transparent communication with staff on employee-related matters is evident in the group's recent implementation of total cost of employment (TCOE). To ensure understanding of the change process, Altron published a booklet on TCOE and set up a dedicated website, in addition to regular written communications from

management to staff. Altron also commissioned a special training video to explain TCOE. The change to TCOE process also involved many one-on-one and forum discussions at all levels.

Staff excellence is recognised annually at an awards event, where the top 500 executives and senior managers of the group are recognised for business excellence, team performance and outstanding individual performance.

Staff excellence is recognised

Bytes Document Solutions was awarded the Altron chief executive's prize for a group company that has achieved the highest rating in all of the group's Vision 2010 indicators during the past year. Rob Abraham, (right) managing director of BDS, received the floating trophy from Robert Venter and a sculptured painting from Douglas Ramaphosa.

More than 500 senior executives from the group recently celebrated Altron's 41st Annual Awards event.

