

## Performance on strategic philosophies

Strategic philosophy	2007 performance	Future plans
International expansion in niche markets	<ul style="list-style-type: none"> <li>▶ In 2007 foreign operations and exports grew to 23% of total revenue</li> <li>▶ Powertech acquired Swanib Cables in Namibia and the 25% it did not own in CdC Zaragoza, Spain</li> <li>▶ Powertech Transformers established a presence in Kenya</li> <li>▶ Battery Technologies established a presence in Nigeria and Tanzania</li> <li>▶ Altech acquired controlling interests in three subsidiaries of the Sameer ICT Group in Kenya and Uganda; rolls out broadband network in Rwanda and invests further in Altech NamiTech West Africa</li> <li>▶ Altech UEC develops subcontract manufacturing capability in Thailand and China</li> <li>▶ Bytes UK grows revenue by 89% through organic growth and the acquisition of strategic Xerox businesses</li> <li>▶ Aberdare Hong Kong established</li> </ul>	<ul style="list-style-type: none"> <li>▶ The group's strategy remains to grow contributions from foreign operations and exports to 25% of revenue</li> <li>▶ Altech UEC establishing significant presence in Indian market</li> <li>▶ Altech investigating further opportunities in East Africa</li> <li>▶ CdC Zaragoza expanding product range and geographic reach</li> </ul>
Strategic alliances	<ul style="list-style-type: none"> <li>▶ New partners such as General Electric, Amdocs, Tellabs and Plugpower added through the IST acquisition</li> <li>▶ Strengthened global relationship with Xerox through UK growth</li> <li>▶ Extended Vodacom service provider agreement for further five years</li> <li>▶ Extended Alcatel agreement at Bytes Communication Systems</li> </ul>	<ul style="list-style-type: none"> <li>▶ Key focus on existing alliances such as Xerox, ABB, Tridonic.atco, NCR, Motorola, Arrow Electronics, Weidmann, Kronos, Cisco, Microsoft, Gemalto and build on new alliances gained in 2007</li> </ul>
Ownership of intellectual property rights	<ul style="list-style-type: none"> <li>▶ Altech invested R120 million in R&amp;D during 2007</li> <li>▶ IST acquisition brought over 115 engineers and 80 technical people into Powertech</li> <li>▶ Ongoing intellectual property investment in other group companies</li> </ul>	<ul style="list-style-type: none"> <li>▶ A focus on skills retention through various mechanisms</li> </ul>
Annuity revenue	<ul style="list-style-type: none"> <li>▶ Altech has increased its contribution from annuity revenue to approximately 75%</li> <li>▶ Bytes continued to focus on growing their annuity revenue streams</li> <li>▶ Altron annuity revenue exceeds 40% of group revenue</li> </ul>	<ul style="list-style-type: none"> <li>▶ The target for the group remains at 50% of its revenue being annuity in nature</li> <li>▶ Various initiatives to increase annuity revenue at Powertech</li> </ul>
Value-added services	<ul style="list-style-type: none"> <li>▶ Powertech's strategy of complementing its existing product range with value-added services commenced with the acquisition of IST</li> <li>▶ Establishment of standby power solutions within Powertech</li> </ul>	<ul style="list-style-type: none"> <li>▶ Powertech's new ventures in the alternative power supply field are expected to increase revenue</li> <li>▶ Ongoing pursuit of investment opportunities in this area throughout the Altron group</li> </ul>
Broad-based black economic empowerment	<ul style="list-style-type: none"> <li>▶ JJ Tabane appointed as Group Executive: Corporate Affairs</li> <li>▶ Altron Transformation Vision 2012 compiled and aligned with dti Codes of Good Practice</li> <li>▶ Altech IT restructured with Pamodzi</li> <li>▶ Powertech IST empowered through Izingwe</li> <li>▶ Powertech Transformers in final stages of concluding BBEE transaction</li> <li>▶ Altron improves to number 49 in Financial Mail/Empowerdex survey of leading empowered companies in SA</li> </ul>	<ul style="list-style-type: none"> <li>▶ Altron Transformation Vision 2012 launched, Altron transformation committee (Transcom) will be overseeing the implementation of the Vision 2012 conference resolutions and the implementation of the guidelines in all the areas of the dti Codes of Good Practice</li> <li>▶ Target for all Altron companies is to be Level 1, 2 or 3 by 2012</li> <li>▶ All Altron executive managers will have KPAs linked to transformation goals on an annual basis</li> <li>▶ Transcom will steer various interventions on ownership and management control, employment equity and succession planning</li> </ul>

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Superior human capital	<ul style="list-style-type: none"> <li>▶ Establishment of Altech Academy with over 100 participants</li> <li>▶ Group bursary scheme gains momentum</li> <li>▶ Active promotion of Powertech Leadership Process and Altron Young Presidents' Club</li> <li>▶ Powertech Transformers winding training centre established</li> </ul>	<ul style="list-style-type: none"> <li>▶ Ongoing commitment to skills development and retention</li> </ul>
Quality of income	<ul style="list-style-type: none"> <li>▶ Current year revenue growth of 25% contributes to 10-year compound annual growth rate of 15% per annum</li> <li>▶ Current year headline earnings per share growth of 33% contributes to 10-year compound annual growth rate of 17% per annum</li> </ul>	<ul style="list-style-type: none"> <li>▶ Continued pursuit of strategies for growth</li> <li>▶ Target is to outperform market and peer group</li> </ul>
Market leadership/critical mass	<ul style="list-style-type: none"> <li>▶ Continued group-wide focus on market leadership includes:                             <ul style="list-style-type: none"> <li>– Powertech disposed of Yelland Control due to weakening market position</li> <li>– The vertical integration within Bytes Document Solutions to maintain leading market position</li> <li>– Altron group companies occupy number 1 or number 2 market position in most markets served</li> </ul> </li> <li>▶ Bytes UK is leading Microsoft value-added reseller (VAR) and is now largest Xerox concessionaire in the UK</li> </ul>	<ul style="list-style-type: none"> <li>▶ Altech's East African broadband acquisitions achieve leading market share in region</li> <li>▶ Continued focus on investment to maintain leading positions</li> </ul>

## Increase shareholder value

