

Altron Group Interim results for 6 months to 31 August 2007

Robert Venter
Chief Executive: Altron

Norbert Claussen
Chief Executive Officer:
Powertech

Diane Radley
Chief Financial
Officer: Altron

JSE Auditorium
9 October 2007



Agenda

- Highlights for the six month interim period Robert Venter
- Financial summary
- Subsidiary company results
- Corporate activity
- Strategic philosophies
- Powertech interim results Norbert Claussen
- Group results Diane Radley
- Key growth drivers Robert Venter



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Highlights for the six month interim period

- Continued good performance from Powertech growing headline earnings per share by 62%
- Solid performance from BTG and Altech growing headline earnings per share by 12% and 11%, respectively
- Infrastructure spend continues to gain traction
- Working capital investment unchanged notwithstanding turnover growth of 32%
- Powertech operating margin increases into double digits
- Successful Bytes expansion into UK
- Return on equity improved to 27%
- Good progress on acquisition strategy at all subcos



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Financial summary

R millions	Aug 07	Aug 06	% change
Revenue	11 044	8 339	↑ 32
EBITDA	1 012	828	↑ 22
Operating profit	902	711	↑ 27
Operating margin (%)	8.2	8.5	
HEPS (cents)	171	124	↑ 38
Diluted HEPS (cents)	152	110	↑ 39
Cash on hand	1 759	1 516	

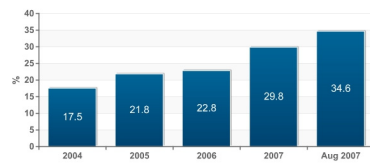


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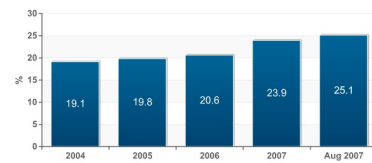
Altron balance sheet ratios

	Aug 07	Feb 07	Aug 06
Return on capital employed (operating income: debt and equity)	34.6	29.8	31.4
Return on equity (attributable income: equity)	27.3	23.0	23.5
Return on operating assets	25.1	23.9	22.4
Return on net assets	35.3	30.5	32.1

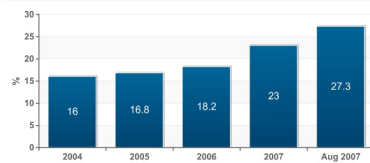
ROCE



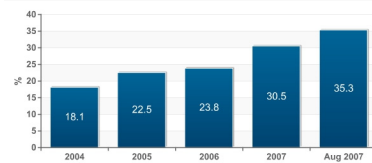
ROA



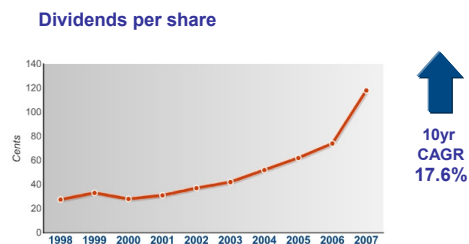
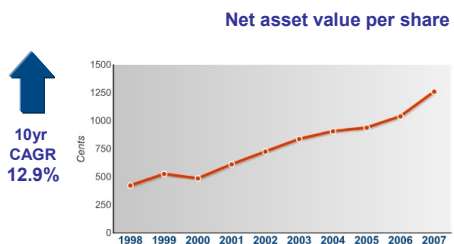
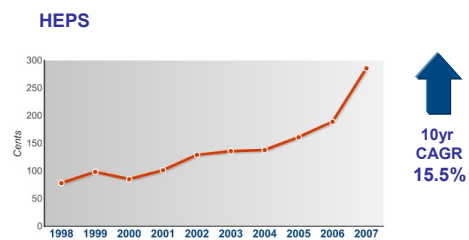
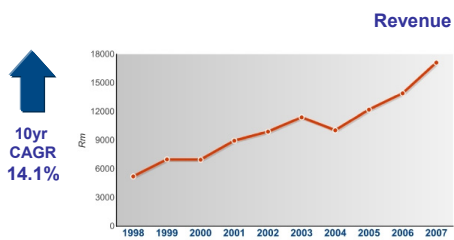
ROE



RONA







10 year track record

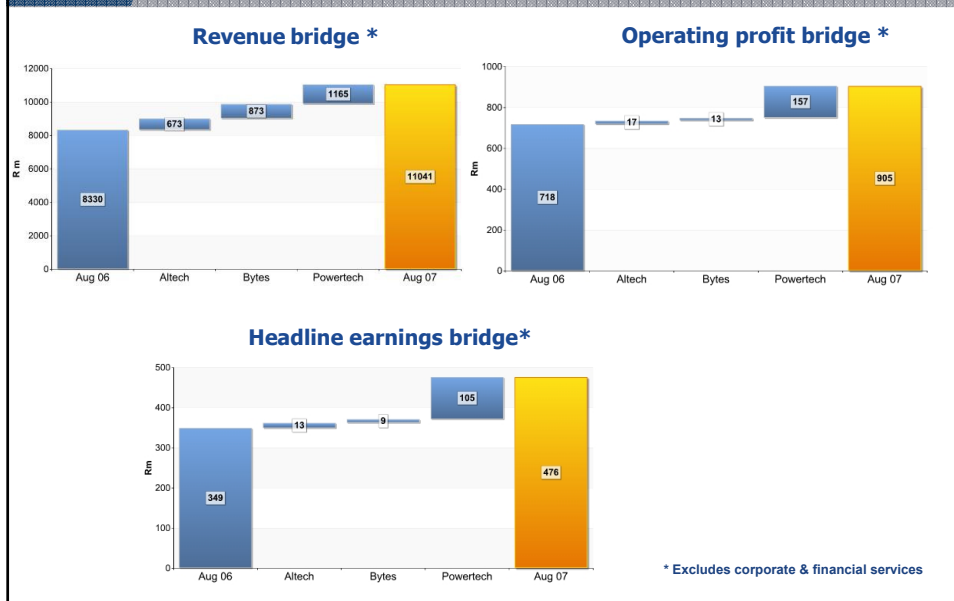


Subsidiary company results

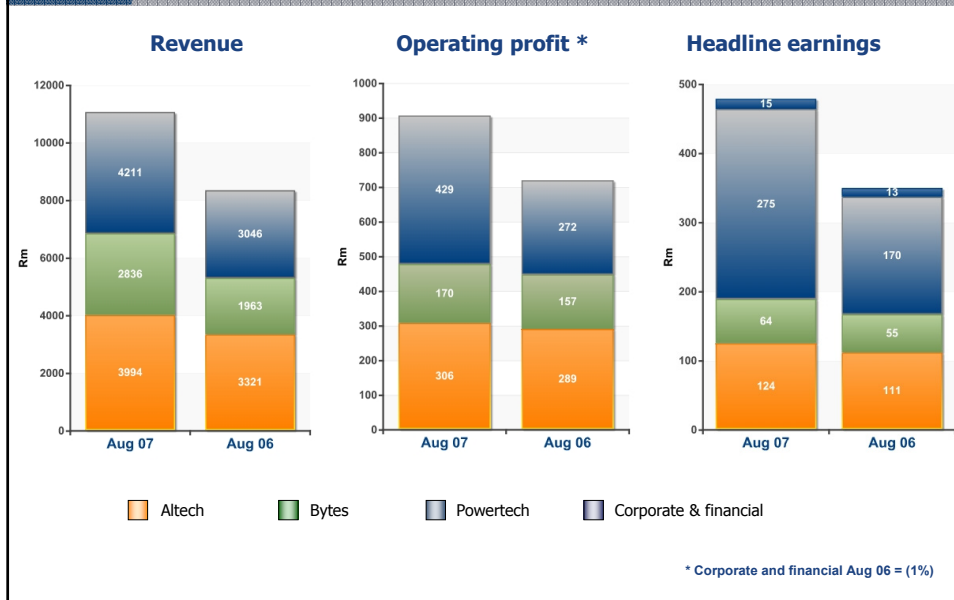
(for the 6 months ended 31 August 2007)

 <p>ALTRON</p> <p>* JSE listed</p>	Revenue: R4.2bn ↑ 38% Op profit: R429m ↑ 58% Op margin: 8.9% → 10.2%	HE: R275m ↑ 62% Cash: R351 m ROCE: 32.6% → 39.6%	 Powertech Shareholding: 100%
	Revenue: R4bn ↑ 20% Op profit: R306m ↑ 6% Op margin: 8.7% → 7.7%	Heps: 220c ↑ 11% Cash: R 1 185m ROCE: 36.6% → 39.4%	 ALTECH Shareholding 58%
	Revenue: R2.8bn ↑ 44% Op profit: R170m ↑ 8% Op margin: 8.0% → 6.0%	Heps: 65c ↑ 12% Cash: R 137m ROCE: 35.7% → 36.8%	 BYTES TECHNOLOGY GROUP IT Services for the Enterprise Shareholding 58%

Subsidiary contribution to growth



Contribution per subsidiary



Corporate activity

- Competition Tribunal approval for Altron to purchase electrical engineering operations of IST for R550 m - effective 1 September 2007
- Powertech purchases remaining 25% of Aberdare Cables' Spanish subsidiary Cables de Comunicaciones for €8.6 m (R81 m) - effective 1 August 2007
- Powertech acquires Swanib Cables Namibia for R40m - effective 1 March 2007
- Agreements signed to acquire 50% shareholding owned by ABB in transformer JV, ABB Powertech Transformers, for R320m to facilitate 25.1% empowerment shareholder*
- Altech Netstar Fleet Management Services agrees to purchase fleet management company Comtech (Pty) Ltd for ±R90m*
- Altech signed heads of agreement with Sameer ICT group of Kenya to acquire 51% controlling interest in Kenya Data Networks Ltd (KDN), Swift Global (Kenya) Ltd and Infocom Ltd*
- Altech signed heads of agreement to acquire 50% joint controlling interest in new company which will hold 60% of Netstar Advanced Systems Sdn Bhd, Altech Netstar's franchisee in Malaysia*
- Altech acquired Altech Netstar's franchisee in North-West province for R11m
- Bytes acquisitions totalled R22m



*Conditional

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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 IPR

Quality / Sustainability of Income

Value added services

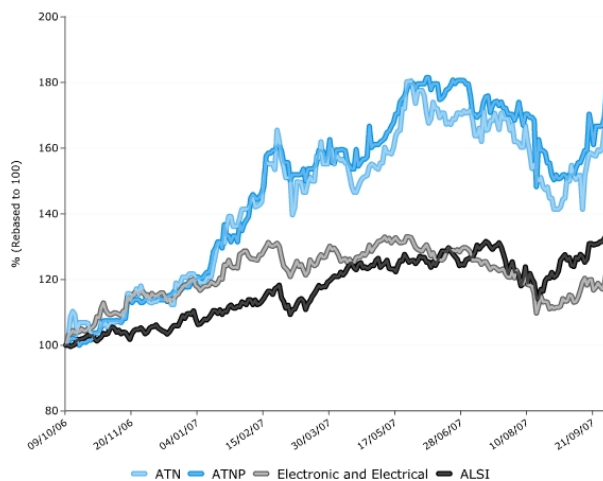
Market leadership / Critical mass

Annuity income



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Share price performance

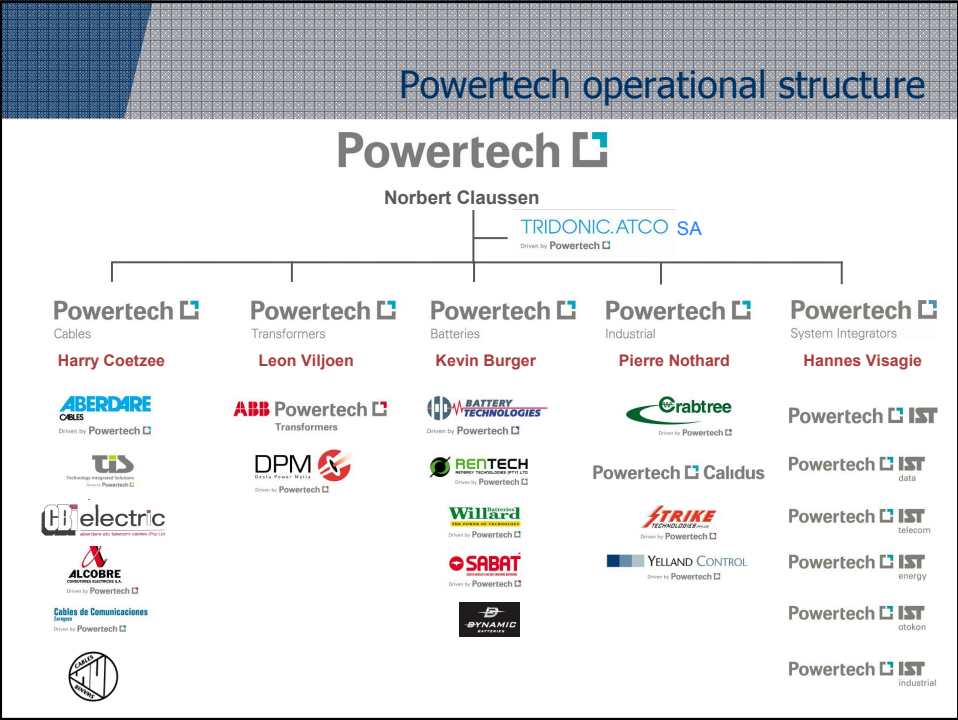


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Powertech interim results

Norbert Claussen
CEO: Powertech



Powertech financial highlights

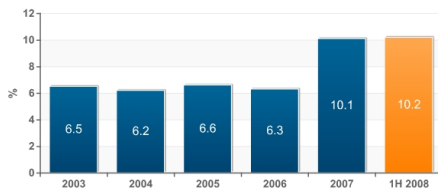
R million	Aug 07	Aug 06	% change
Revenue	4 211	3 046	↑ 38
Operating profit	429	272	↑ 58
Operating margin	10.2%	8.9%	
Headline earnings	275	170	↑ 62
Cash	351	339	



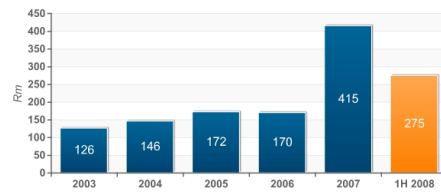
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Powertech financial results

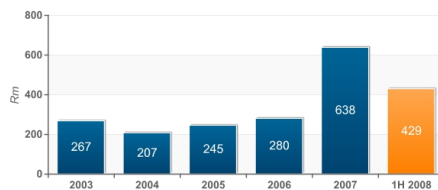
Operating Margin



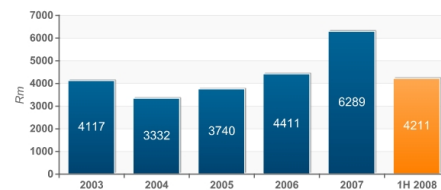
Headline earnings

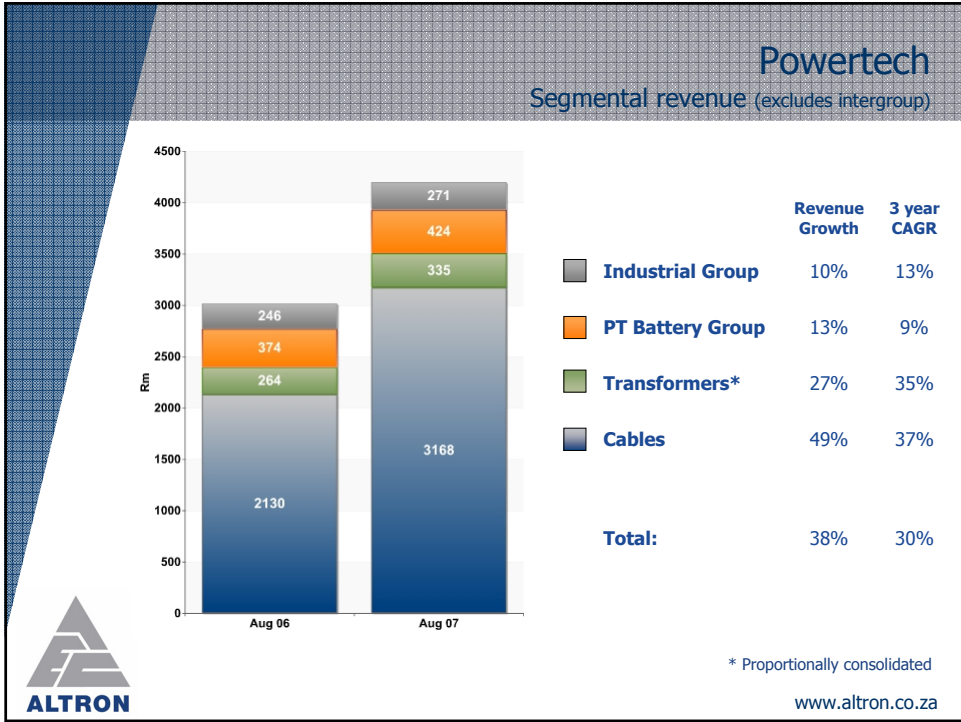


Operating Profit



Revenue





Powertech capex and capacity utilisation

	Average capex over last 3 years	Capacity increase over last 3 years	Current utilisation of manufacturing capacity	Capex planned over next 3 years
Aberdare Cables	R 244m	38%	90%	R 350m
ABB Powertech Transformers	R 44m	19%	90%	R 85m
Battery Group	R 60m	*	95%	R 170m
Industrial Group	R 21m	20%	85%	R50m
Total	R 369m			R 655m

↓
capacity increase of 25-30%

* All efficiency improvements

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Total Powertech order book

	February 2006 Value	February 2007 Value	August 2007 Value
Aberdare Cables	R 456m	R 877m	R 998m
Transformers	R 530m	R 740m	R 1 232m
Batteries	R 55m	R 86m	R 30m
Tridonic	R 4m	R 4m	R 4m
Industrial	R 17m	R 19m	R 17m
Total	R 1 062m	R 1 726m	R 2 281m



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Corporate activities

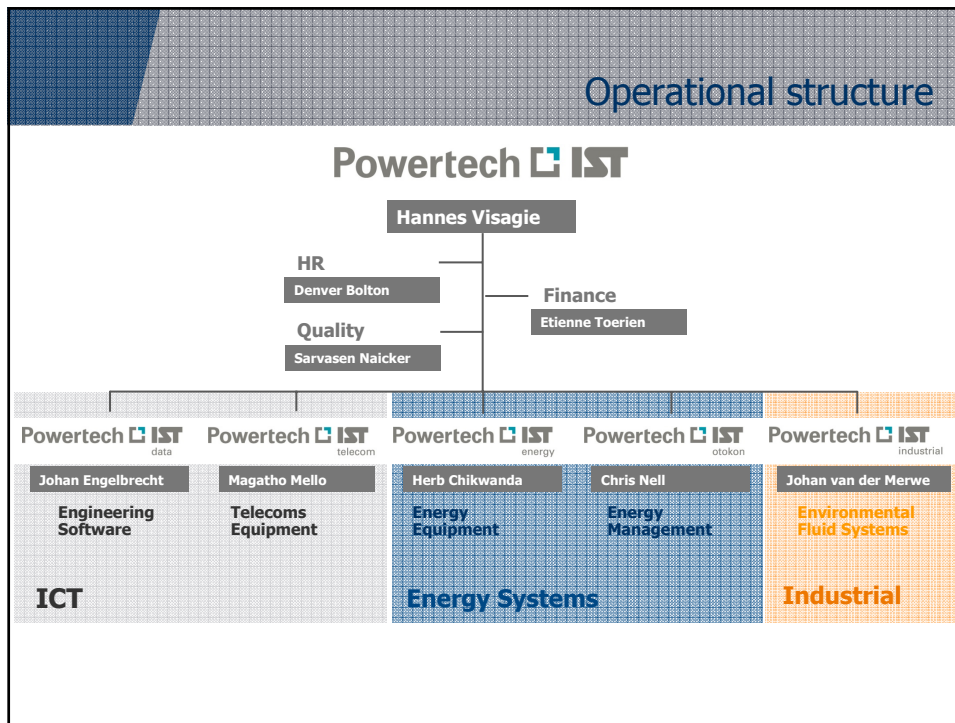
Acquisition of IST

- Powertech purchases IST electrical engineering businesses with skills capacity to increase services
- Building on value-added services strategy with set of unique skills and IP capacity
- Offers engineering applications and solutions for turnkey substation development, energy management, infrastructural operational support systems, telecoms access network solutions and turnkey project management
- Turnover ± R 500 million, staff complement of approx. 300
- Purchase price R505m
- Management and key employees to be retained and reinvest
- Key supply and principal agreements intact and confirmed as acceptable for proposed ownership change
- Financial impact: 3% earnings enhancing (Feb 2007) at Powertech level
- Deal effective 1 September 2007



Powertech  IST

Operational structure



Key IST customers, principals and suppliers

Customers

- Eskom - Substation systems
- Telkom - Network access systems
- Mining houses - AngloGold, De Beers, Goldfields, RBM
- Materials processing - Sasol, Mittal, Highveld, Mondi

Principals and Suppliers

- Tellabs - Network access equipment
- GE - Electrical network equipment and software tools
- GE Energy - Bag houses, electrostatic precipitators
- Amdocs - Operational Software solutions
- MDSI - Workforce management software solutions
- IBM - Asset management software solutions
- Paques - Biological water treatments
- Marsulex - Desulfurisation air cleaner



Powertech 

Other corporate activities

ABB Powertech

Transformers

- Powertech to purchase ABB's 50% share in ABB Powertech Transformer to become 100% owner
 - Purchase price is R320m
 - Deal subject to approval by Competition authorities
 - 25.1% to be sold to a BEE consortium currently already involved in Powertech businesses
 - Long term technology agreement and exclusive market agreement signed with ABB
- Cables de Comunicaciones Zaragoza
 - Purchase of 25% minorities for R81m
 - Deal effective 1 August 2007
 - Management retained

Cables de Comunicaciones
Zaragoza
Driven by Powertech 



Powertech 

Industry outlook and trends

Positives

- Strong spend in power infrastructure upgrades – R150bn - new impetus required at municipal level
- Ongoing investment in building and construction particularly commercial and preparations for 2010
- Demand for resources, particularly platinum
- Transnet and Gautrain investments
- Automotive sector continued growth
- African GSM telecoms expansion
- Local Telkom and other operator infrastructure spend

Negatives

- Low cost competition (local and import) in commoditised markets
- Volatility and availability of raw material inputs
- Access to skills capacity to meet expansion



Overall - positive outlook for Powertech



Powertech 

Group results

Diane Radley
Chief Financial Officer



Group income statement - highlights

R million	Aug 07	Aug 06	% change
Revenue	11 044	8 339	↑ 32
Operating profit	902	711	↑ 27
Operating margin	8.2%	8.5%	
Net investment income	57	43	
Income from associates	2	2	
Capital items	(51)	6	
Taxation	(324)	(266)	
EBITDA	1012	828	↑ 22
Forex gains	16	55	
Headline earnings per share (cents)	171	124	↑ 38
Diluted headline earnings per share (cents)	152	110	↑ 39



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Balance sheet highlights

- Investment in PPE of R162m. R433m further committed
- Intangible assets of R825m - R47m impairment of NamITech; R40m arising on acquisitions
- Empowerment funding obligation
- NamITech West Africa loan of R94m
- Post half year - IST acquisition gross gearing around 20%
- Cash of R1.8bn



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Working capital

- Inventory in Powertech reducing to more normal levels with inventory days improving from 105 days to 80 days

	Aug 07	Feb 07
Inventory Days	44	55
Acc Receivable Days	52	54
Acc Payable Days	(73)	(75)
Net investment (days sales)	23	34



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Cash flow statement

R million	Aug 07	Aug 06
Operating activities		
Cash generated by operations	1048	874
Changes in working capital	(3)	(602)
Net investment income	50	74
Tax paid	(117)	(212)
Cash available from operating activities	978	134
Dividends paid, including to minority shareholders	(498)	(346)
Investment activities	(424)	(258)
Financing activities	106	(172)
Net funds utilised	162	(642)
Cash and cash equivalents – beginning of period	1 589	2 152
Translation of foreign cash	8	6
Cash and cash equivalents – end of period	1 759	1 516



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Key growth drivers - update

Robert Venter
Chief Executive: Altron



Key growth drivers for the group

A positive medium to long-term outlook for Altron



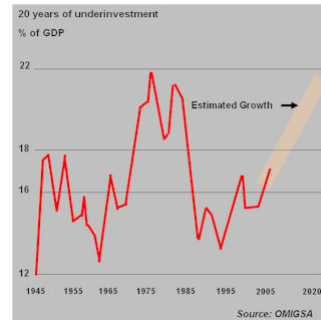
Key growth drivers for the group

A positive medium to long-term outlook for Altron



Infrastructure spend

- Eskom and government announce further increases in infrastructure spend
- Increased municipal orders now visible
- Building and construction industry maintains overall growth
- Soccer world cup projects commencing (upgrading of stadiums, activity in hospitality industry, infrastructure etc.) and Gautrain on track
- Launch of Neotel - second network operator and Infracore
- Mobile operators (MTN and Vodacom) to "self provide" fibre optic network
- Strength of resources driving demand from mining sector



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Key growth drivers for the group

A positive medium to long-term outlook for Altron



Technology convergence

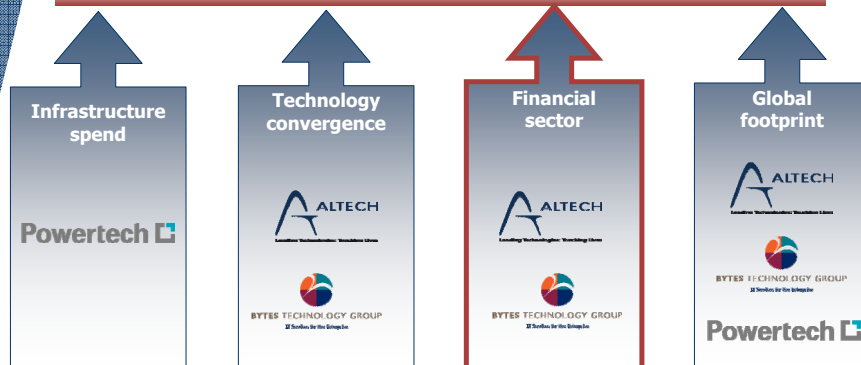
- Consolidation in local IT market continues to offer opportunities for Bytes
- African Pay TV market set to double in next 5 years
- Altech on shortlist for Johannesburg "digital city" broadband project
- SA Wimax test nearing completion
- New operators licensed for Pay TV market in South Africa
- Digitisation of television signal by 2012



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Key growth drivers for the group

A positive medium to long-term outlook for Altron



Financial sector

- Opportunities in Africa are emerging as electronic banking gains momentum in targeted markets
- Opportunities to follow banks into Africa, particularly ABSA and Standard bank
- ABSA ATM alliance for 2000 machines over next 2/3 years
- Possible second supplier status for POS and ATMs at major bank
- Teradata opportunities



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Key growth drivers for the group

A positive medium to long-term outlook for Altron



Global footprint

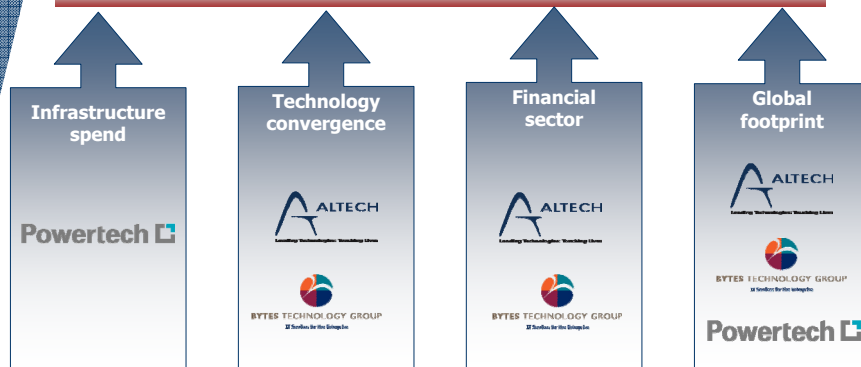
- Bytes UK delivers outstanding performance and wins NHS contract
- Altech Netstar globalises through Malaysia and other emerging market opportunities
- Altech NamITech West Africa expands capacity further
- Altech UEC India receives orders from two pay TV operators
- Acquisition of Swanib Cables in Namibia
- Much improved performance from Powertech Iberian cable operations
- Expansion into African mobile broadband and wireless opportunities with CityNet alliance
- Exports and foreign operations for 6 month period grew to targeted 25% of revenue



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Key growth drivers for the group

A positive medium to long-term outlook for Altron



Thank you



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