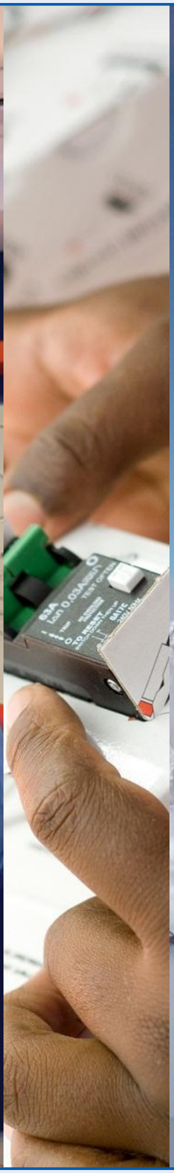
2011

Reunert results

for the year ended 30 September 2011


2011

OVERVIEW

Dave Rawlinson, Chief Executive

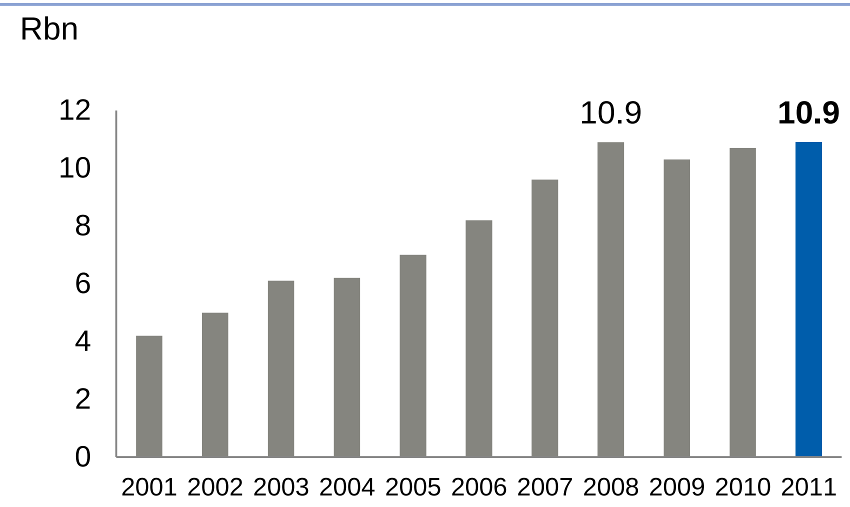
Agenda

1. Welcome to attendees and phone in participants
2. Operational Performance – Dave Rawlinson, Chief Executive
3. Financial Results – Manuela Krog, Financial Director
4. Energy Infrastructure – Alan Dickson, Managing Director, CBi-electric: african cables
5. Telecommunications – Andy Openshaw, Managing Director, ECN Telecommunications
6. Executive Team Focus – Dave Rawlinson, Chief Executive

Salient features

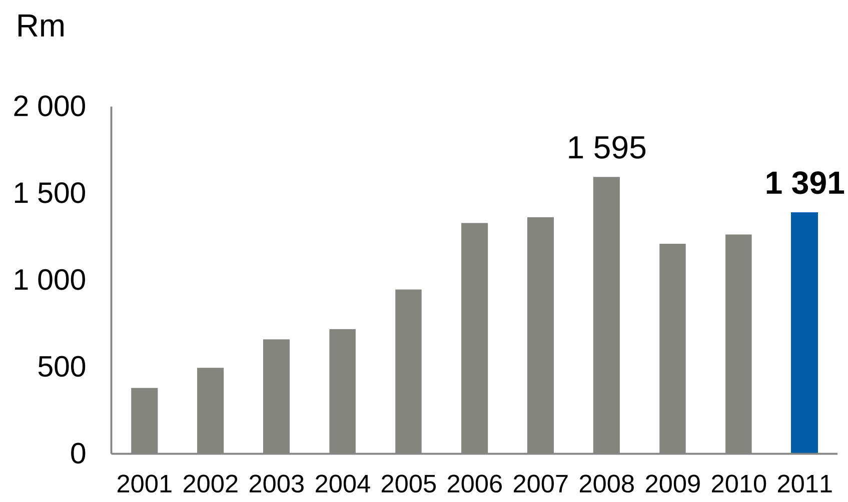
Revenue 2% up

- 2011: R10.92bn
- 2010: R10.67bn

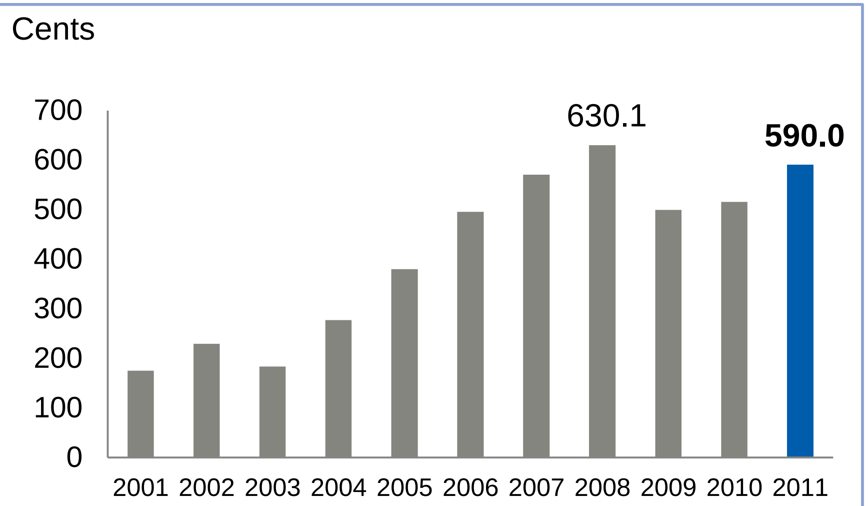


Operating profit 10% up

- 2011: R1.39bn
- 2010: R1.26bn

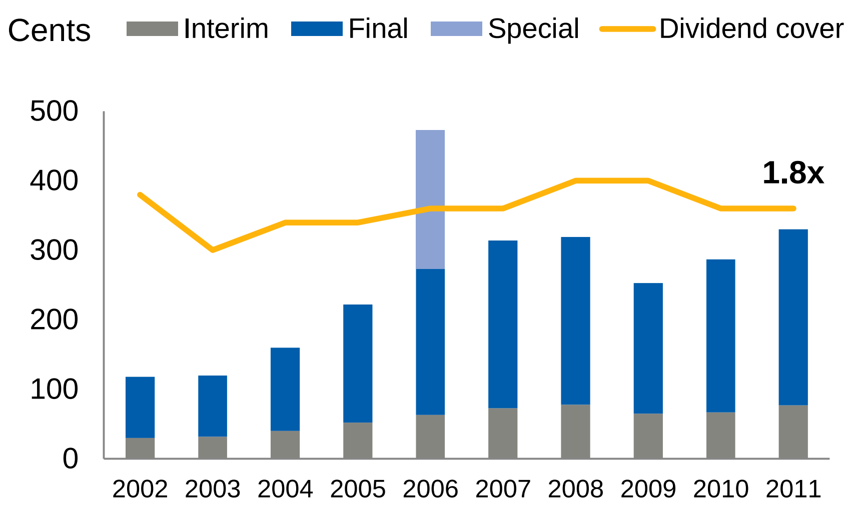


Salient features



Normalised HEPS 14% up

- 2011: 590.0c
- 2010: 515.7c



Final dividend 15% up

- 2011: 253 cents per share
- 2010: 220 cents per share

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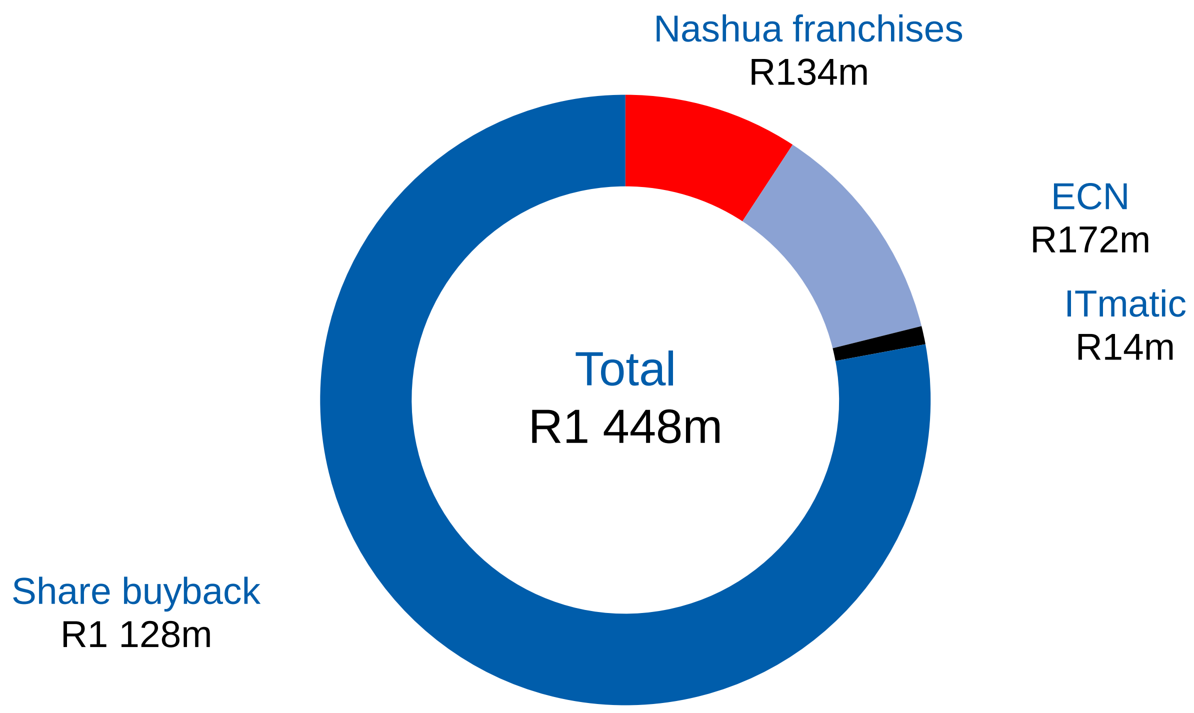
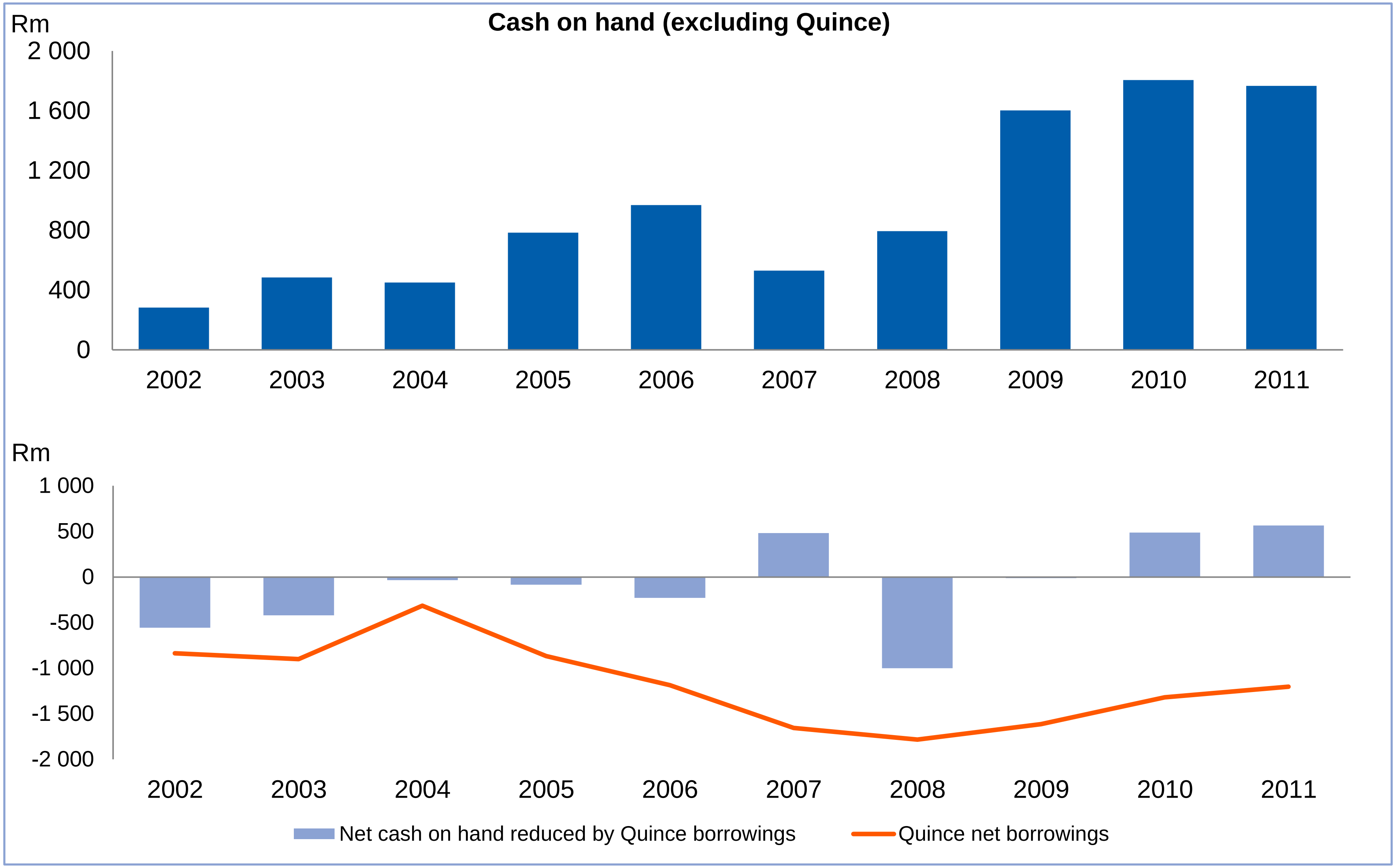
Corporate action



40% shareholding in NSN sold in January 2011 for R794m

Cash on hand



Cash on hand (excluding Quince)
Rm
2 000
1 600
1 200
800
400
0
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
Rm
1 000
500
0
-500
-1 000
-1 500
-2 000
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
Net cash on hand reduced by Quince borrowings
Quince net borrowings

Operating profit

Rm	Profit	Contrib.
Operating profit 2010	1 262	
CBI-electric	71	▲
Nashua	141	▲
Reutech	(12)	▼
NSN	(36)	▼
Other	(35)	
Operating profit 2011	**1 391**	▲

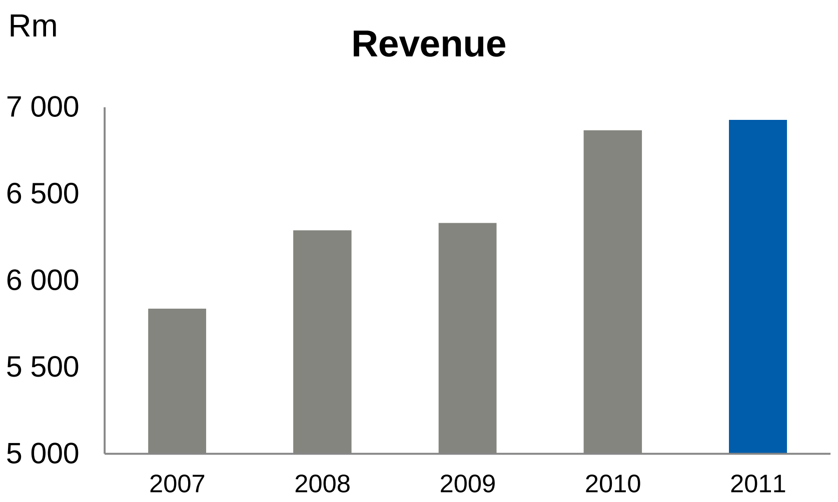
2011

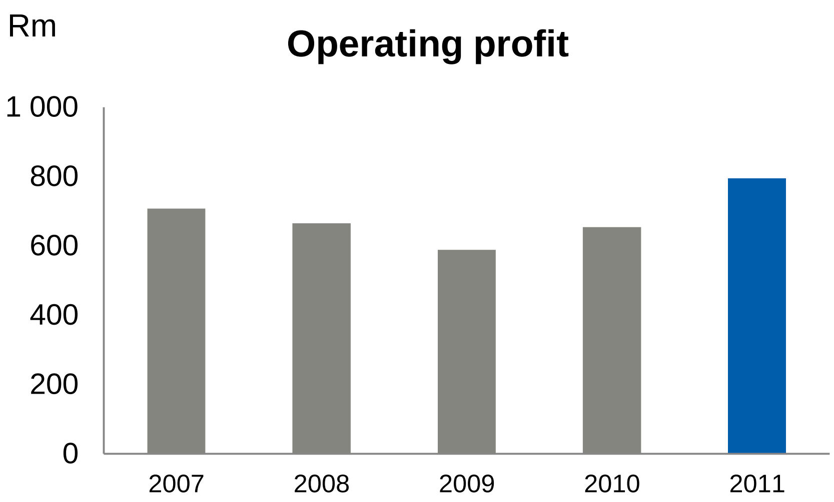
OPERATIONAL PERFORMANCE

Operations – Nashua

Highlights

- Quince profitability back to normal levels
- Turnaround from PanSolutions
- The integration of ECN
- LCR conversion to VoIP a priority
- Four franchises purchased
  - › Contribution going forward will be meaningful





Operations – Nashua Mobile

	6 months ended			12 months ended		
	Sep 11	March 11	Sep 10	Sep 11	Sep 10	% ∆
Contract connections for the period	67 124	54 336	58 701	**121 460**	150 519	(19.3)
3G/HSDPA connections for the period	26 666	26 025	24 326	**52 691**	36 863	42.9
Total connections	93 790	80 361	83 027	**174 151**	187 382	(7.1)
Closing base	846 521	824 396	819 035	**846 521**	819 035	3.4
Average revenue per user	R411	R426	R452	**R416**	R463	(10.2)
Churn %	15.0	13.8	10.9	**14.4**	11.8	21.8
Net bad debts % revenue	1.16	1.03	1.00	**1.10**	0.95	15.7
Number of retail outlets	150	150	149	**150**	149	0.7

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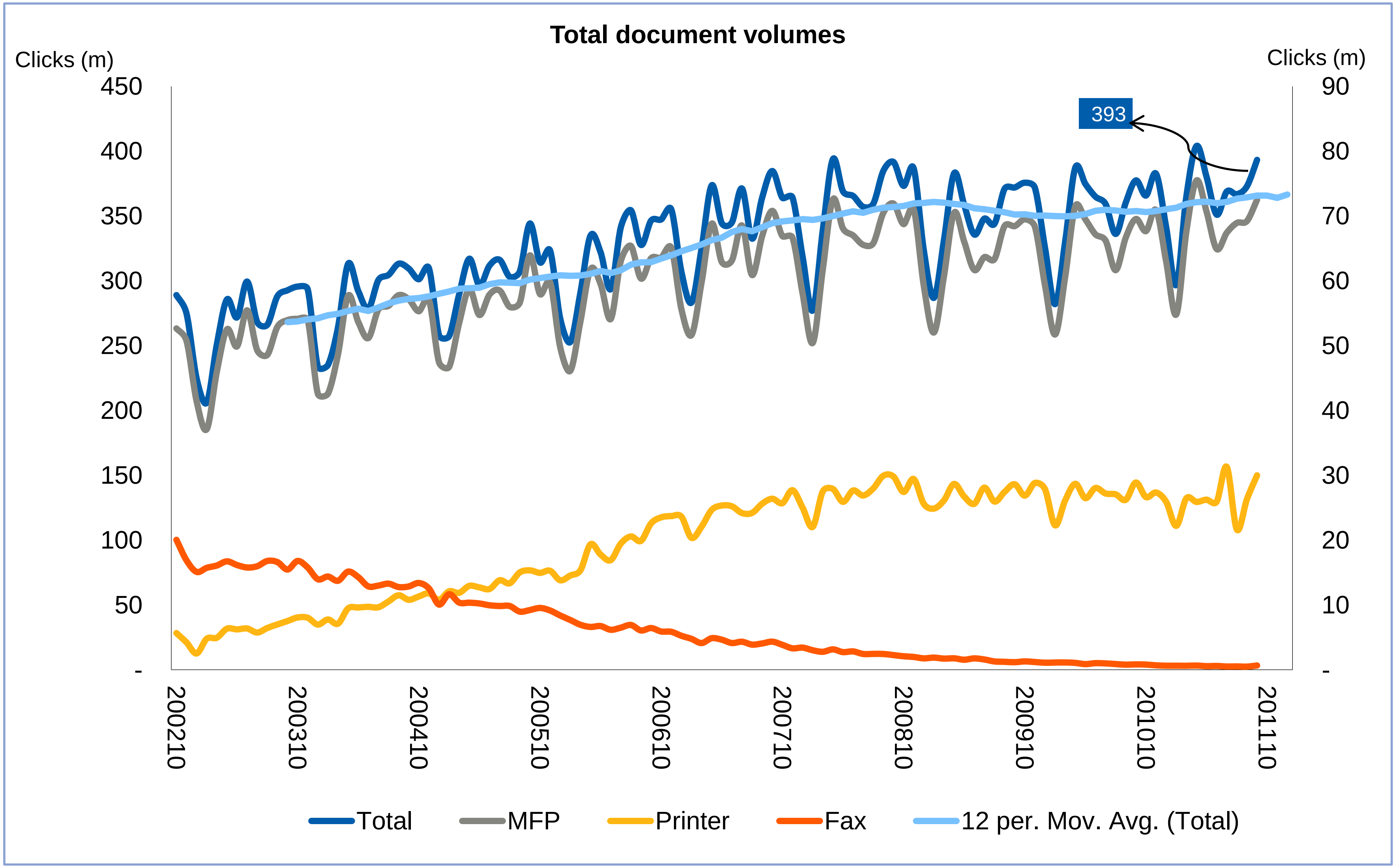
Operations – Nashua Office Automation



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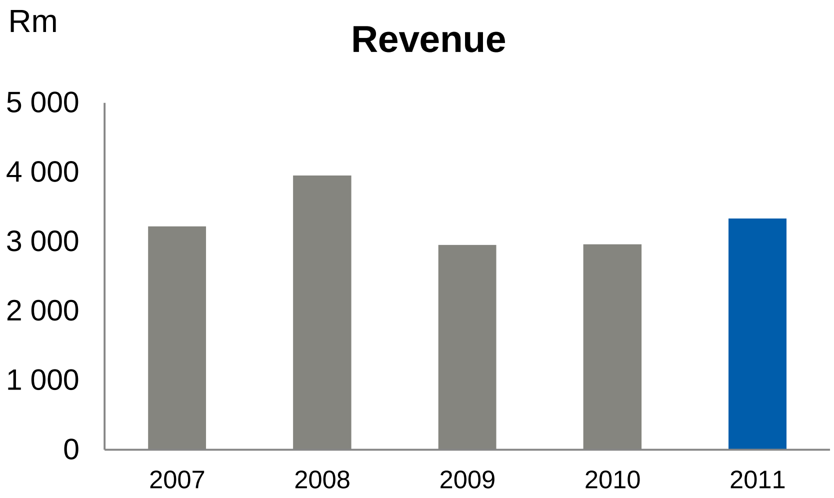
Operations – CBi-electric

Highlights

- Australia contribution up by R20m
- Copper price helps revenue but minor margin contribution
- Value added services
  - › Power Installation
  - › ITmatic
- Telecom Cables improved in 2nd half



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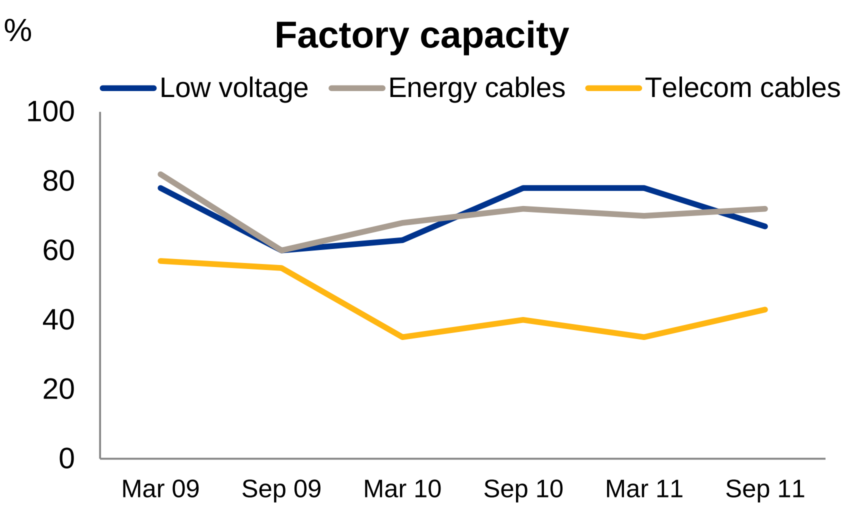
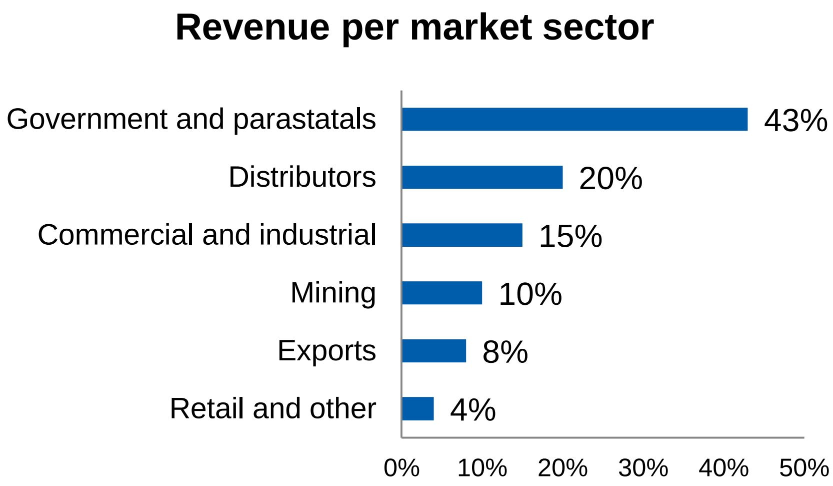
Operations – CBi-electric





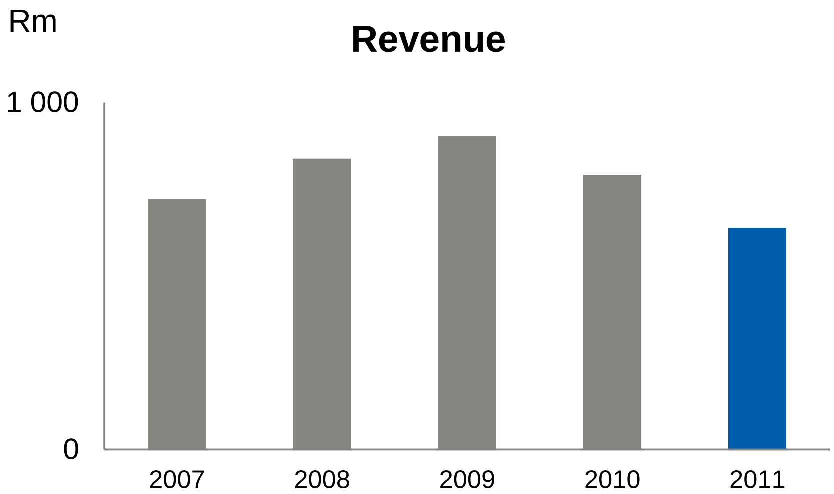
Operations – Reutech

- Lower contribution from defence
- Fuchs order received for delivery in 2012 and 2013

Highlights

- Significant contribution from mining surveillance radars
- Order books bolstered

REUTECH



Operations – research and development

Reunert self-funded developments

- Mining surveillance radar
- Set-top box
- Remote mine winch

Rm	2011 Self-funded	Total R&D 2011	Total R&D 2010	Total R&D 2009
CBi-electric	2.9	**3.5**	3.4	2.8
Reutech	11.5	**48.2**	64.4	55.1

Operations – exports

- Improved performance of Australian subsidiary
- Supply of circuit breakers for 4G telecoms upgrades in USA and Europe
- Defence exports down

Rm	**2011**	2010	2009
Africa	**102**	27	129
Rest of the world	**607**	565	802
Total exports	**708**	592	931

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2011

FINANCIAL RESULTS

Manuela Krog, Financial Director

Key highlights – income statement

Rm	**2011**	2010	% Δ
Revenue	**10 923**	10 675	*2*
EBITDA	**1 513**	1 376	*10*
Operating profit	**1 391**	1 263	*10*
Abnormal items	**346**	(34)	
Profit after taxation	**1 353**	911	*48*
Headline earnings	**989**	903	*9*
Headline earnings per share (cents)	**598**	506	*18*
Normalised headline EPS (cents)	**590**	516	*14*
EBITDA %	**14**	13	*8*
Average no. of shares (million)	***165***	*179*	*(7)*

For the year ended 30 September

Key income statement ratios

	2011	2010
Gross profit %	**29.7%**	29.2%
Operating profit %	**12.7%**	11.8%
Effective tax rate before abnormal item %	**29.7%**	28.5%
Effective tax rate %	**23.9%**	29.2%
HEPS (cents)	**598.3**	505.5
Normalised HEPS (cents)	**590.0**	515.7
Dividend per share (cents)	**330.0**	287.0
Dividend yield %	**5.6%**	4.6%
Year-end market price per share (cents)	**5 885**	6 201

Condensed balance sheet

Rm	**2011**	2010
Fixed, intangible, other assets & goodwill	**1 435**	1 212
Accounts receivable	**966**	846
Non-current assets	**2 401**	2 058
Inventory and contracts in progress	**885**	863
Accounts receivable and other receivables	**2 177**	2 360
Investment	**0**	794
Cash and cash equivalents	**643**	1 878
Current assets	**3 705**	5 895
Total assets	**6 106**	7 953
Total equity including minority interests	**(3 936)**	(4 471)
Deferred tax liabilities	**(99)**	(122)
Long-term borrowings	**(1)**	(711)
Non-current liabilities	**(100)**	(833)
Non-interest-bearing liabilities	**(1 985)**	(1 957)
Bank overdrafts and other short-term borrowings	**(85)**	(692)
Current liabilities	**(2 070)**	(2 649)
Total equity and liabilities	**(6 106)**	(7 953)

As at 30 September

Key balance sheet ratios

	2011	2010
Market capitalisation (Net of treasury shares – Rm)	**9 512**	10 988
Price earnings ratio	**10**	12
Normalised return on ordinary shareholders' funds (%)	**23.5**	21.8
Return on net operating assets (%)	**68.9**	34.1
Current ratio	**1.8**	2.2
Total liabilities to total shareholders' funds (%)	**52.6**	75.1

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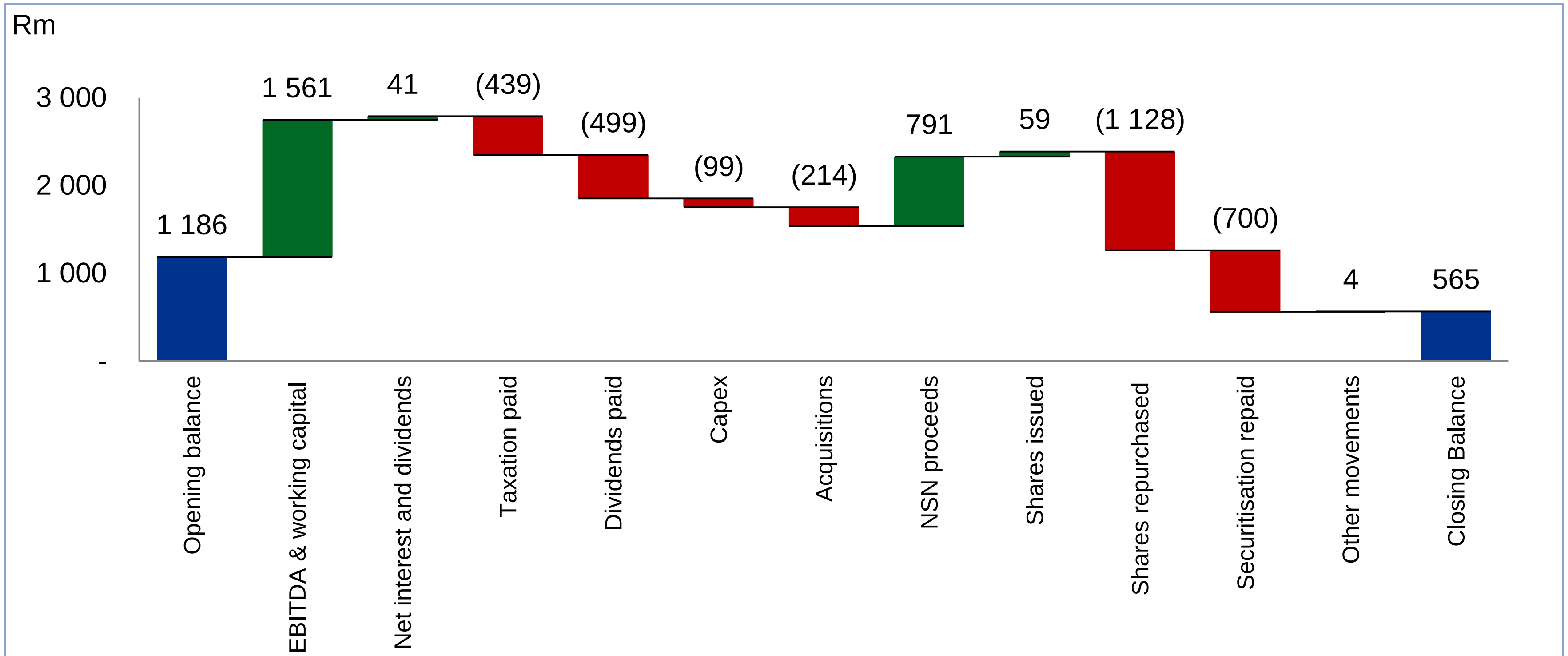
Cash flow



Rm	**2011**	2010
Opening balance	**1 186**	688
Cash flow for year	**(621)**	498
Closing balance	**565**	1 186

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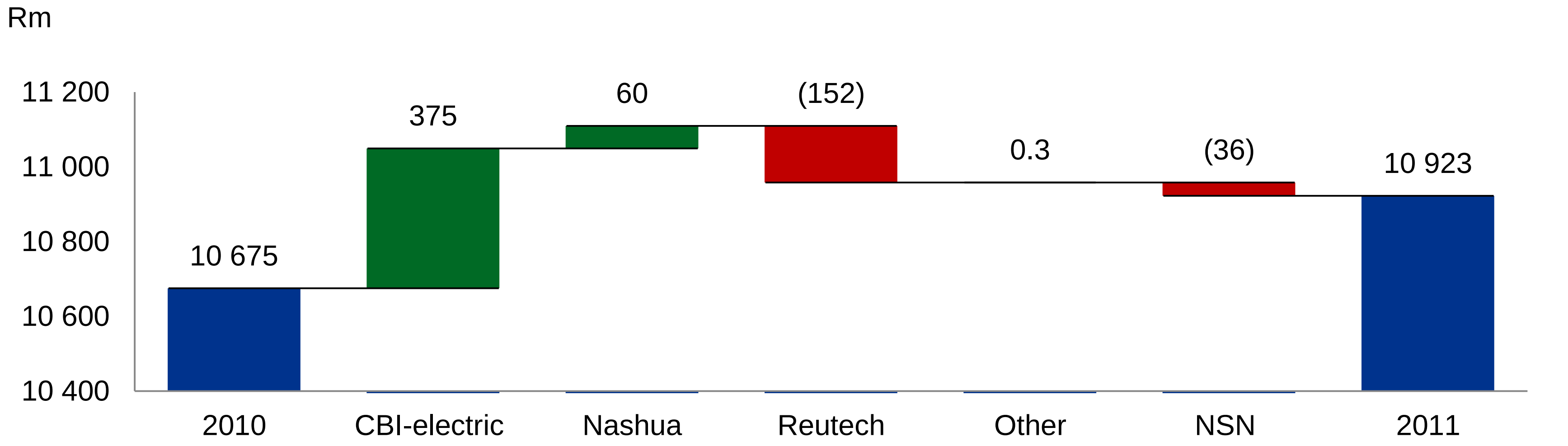
Segmental analysis - revenue



Revenue - Rm	2011	% ∑	% Δ	2010	% ∑
CBI-electric	**3 336**	*30*	*13*	2 961	*28*
Nashua	**6 928**	*64*	*1*	6 867	*65*
Reutech	**640**	*6*	*(19)*	791	*7*
Other	**3**	-	*11*	3	-
Total operations	**10 906**	*100*	*3*	10 622	*100*
NSN	**17**		*(68)*	53	
Revenue as reported	**10 923**	*100*	*2*	10 675	*100*

For the year ended 30 September

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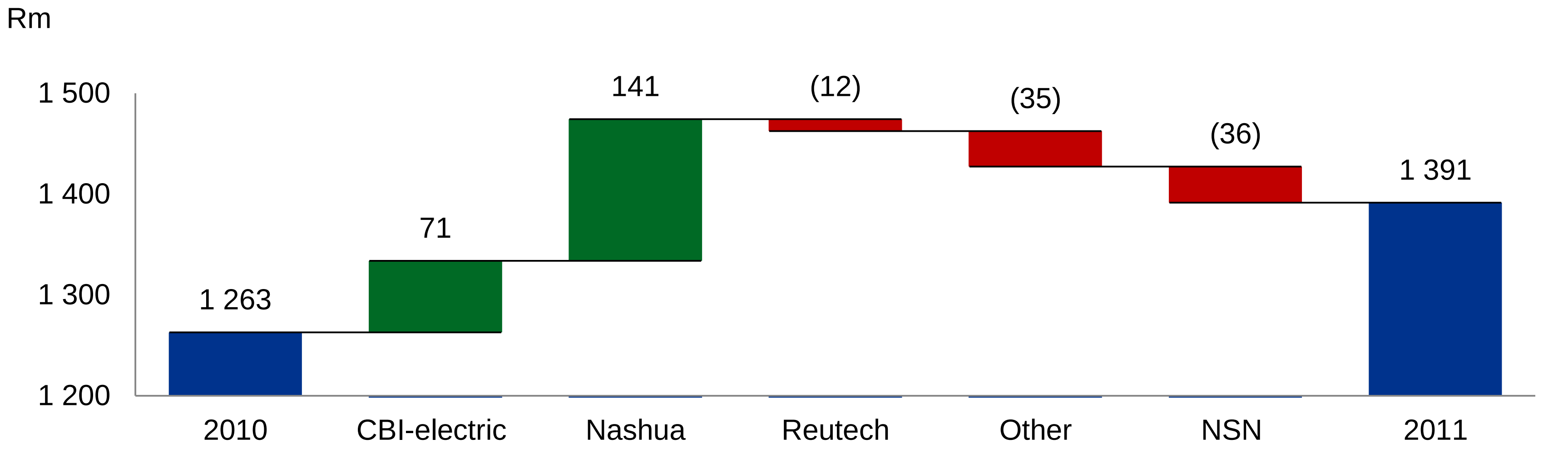
Segmental analysis – operating profit



Operating profit - Rm	2011	% ∑	% Δ	2010	% ∑
CBI-electric	**592**	*43*	*14*	521	*43*
Nashua	**794**	*58*	*21*	654	*54*
Reutech	**49**	*3*	*(20)*	61	*5*
Other	**(61)**	*(4)*		(26)	*(2)*
Total operations	**1 375**	*100*	*14*	1 210	*100*
NSN	**17**		*(68)*	53	
Operating profit as reported	**1 391**	*100*		1 263	*100*

For the year ended 30 September

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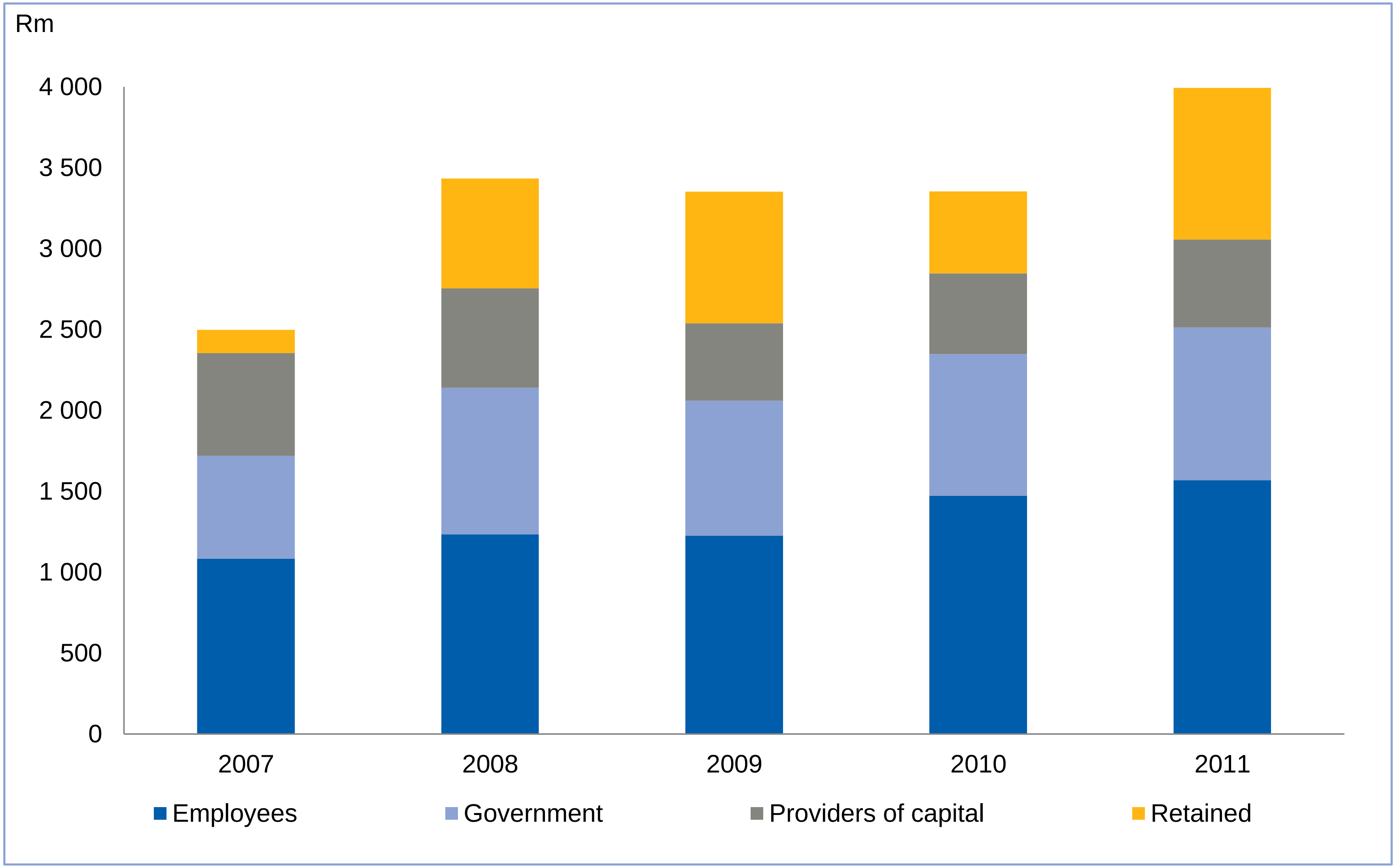
Distribution of wealth created



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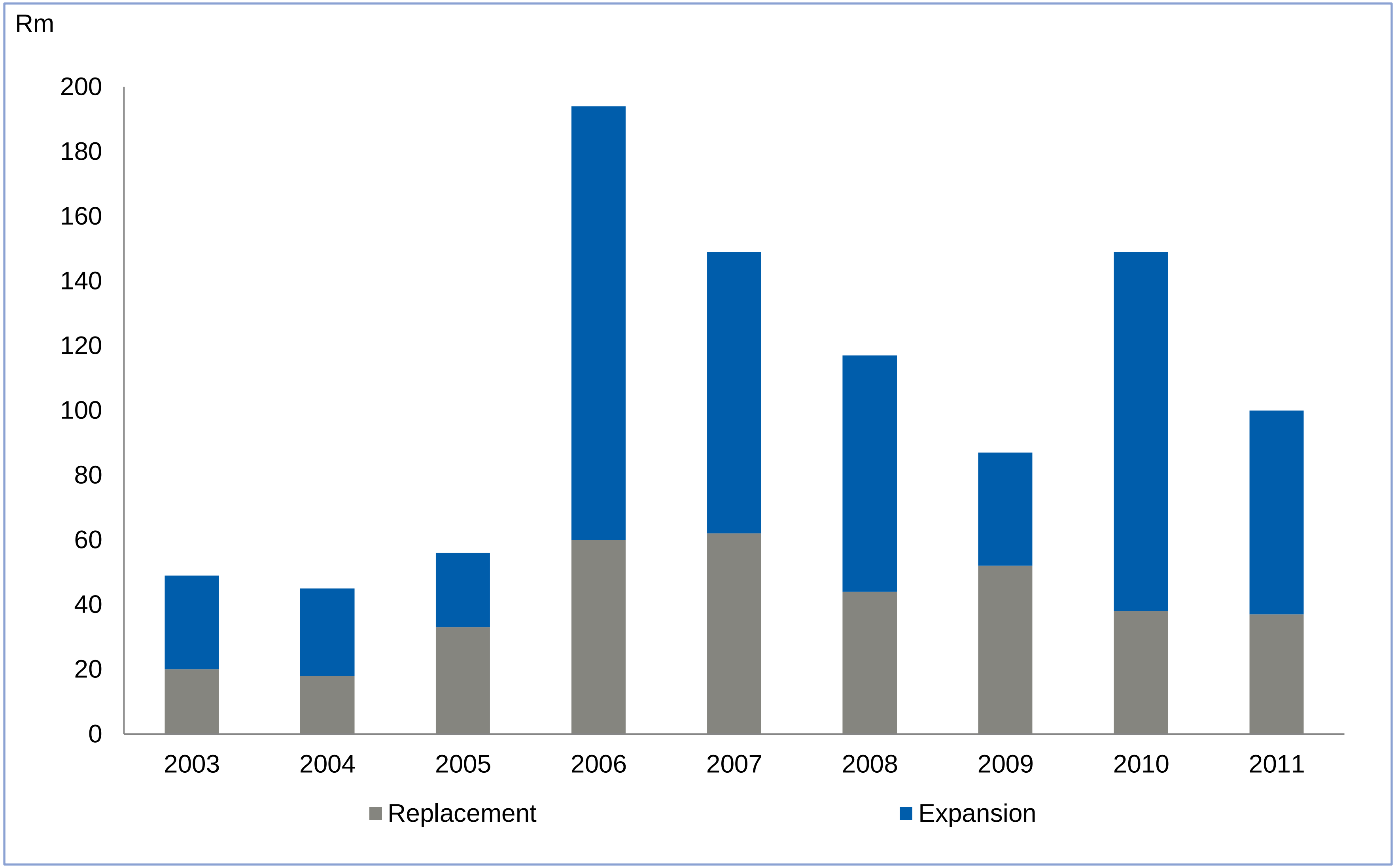
Capital expenditure



Investments

Nashua franchises

• Tygerberg (51%)	R11m
• Paarl and Western Cape (51%)	R7m
• Durban (100%)	R49m
• Cape Town (100%)	R67m

ITmatic

- R1m and R13m goodwill

ECN

- R172m

Share buy-backs

• 2011: R1.1bn	(17.1m shares)
• 2010: R126m	(2.1m shares)

- Total 19.2m shares bought back @ average price of R65.37 per share

ENERGY INFRASTRUCTURE

Alan Dickson, Managing Director, CBi-electric: african cables

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Market conditions driven by

Eskom's new build program
(Policy adjusted IRP 2010)

- Modified for cable demand

Year	Generation					Total MW
	Renewable			Coal		
	Wind Eskom	Wind other	CSP	Medupi	Kusile	
2012	100	350	0	772	0	**1 672**
2013	0	350	0	722	0	**1 572**
2014	0	400	100	1 444	0	**2 044**
2015	0	400	100	722	722	**2 444**
2016	200	0	0	0	1 446	**2 546**

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Market conditions driven by

Eskom's new build program
(Policy adjusted IRP 2010)
- Modified for cable demand

Year	Generation (Rm)					Distribution	**Total Spend**
	Renewable			Coal			
	Wind Eskom	Wind other	CSP	Medupi	Kusile		
2012	40	140	0	50	0	500	**730**
2013	0	140	0	50	0	500	**690**
2014	0	0	Unclear	100	0	500	**600**
2015	0	160	Unclear	50	50	500	**760**
2016	80	160	0	0	100	500	**840**

Market conditions driven by

Eskom's new build program
(Policy adjusted IRP 2010)
- Modified for cable demand

Municipal infrastructure
- Service delivery
- Ageing infrastructure & backlog
  - Estimated R27bn+

Electrical infrastructure requirements significant over the next 5 years

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Strategic positioning

Group products fit well into the infrastructure requirements of the country

Significant investment into Value Added Services is delivering results
- ITmatic
- Power Installations

Group companies meet the legislated criteria required by their customers
- B-BBEE (Level 2)
- CIDB (Projects >R100m)
- ISO 9001, 18001, 14000

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Other prospects

Operational efficiencies
- Margin pressure
- Cost base increases

Export revenues are consistently improving
- Africa
- Australia

the dti is aligning legislation to support local manufacture for SOE’s procurement

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TELECOMMUNICATIONS

Andy Openshaw, Managing Director, ECN Telecommunications

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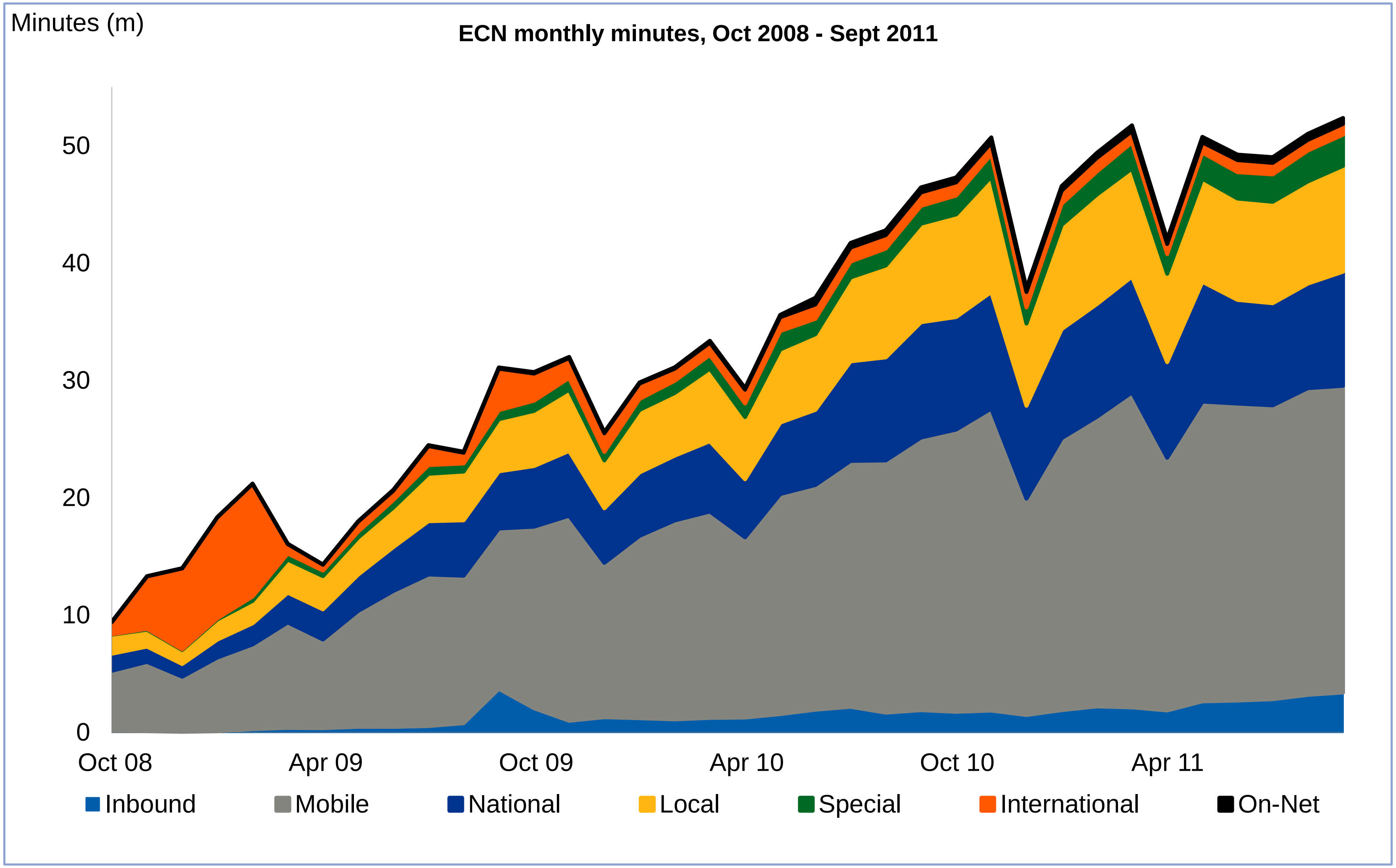
ECN historical growth



Key focus points

LCR migration | Next generation services | Nashua Telecoms / ICT

ECN provides a VoIP platform onto which the Nashua LCR base can be migrated

The drop in interconnect rates has made the offering of mobile LCR non-viable in medium term

Rather than have the traffic move back to the incumbent operators these customers will be migrated onto the ECN VoIP network

Migration process is underway

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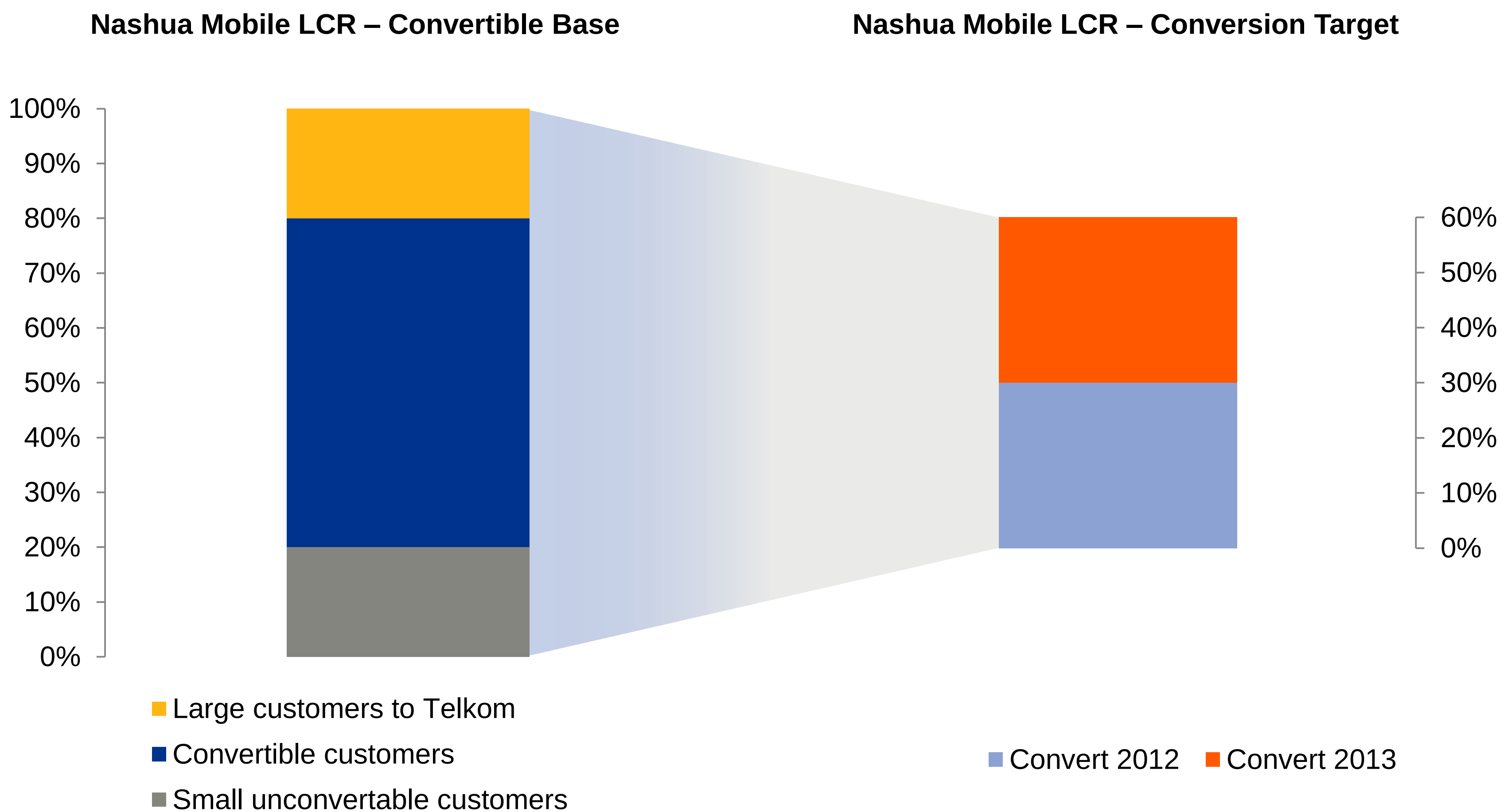
LCR base analysis

LCR migration | Next generation services | Nashua Telecoms / ICT



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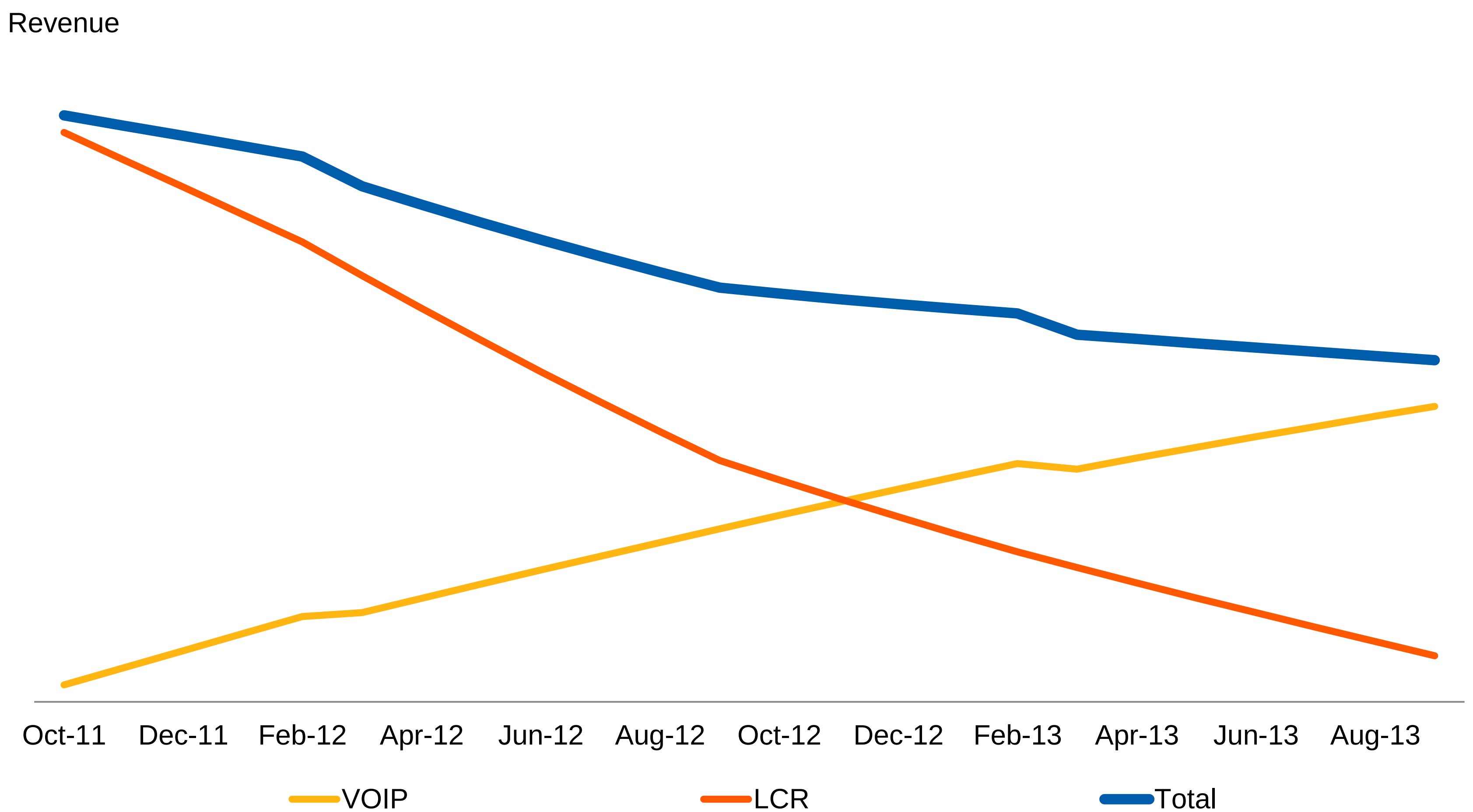
LCR to VoIP conversion – revenue FY12-FY13

LCR migration | Next generation services | Nashua Telecoms / ICT



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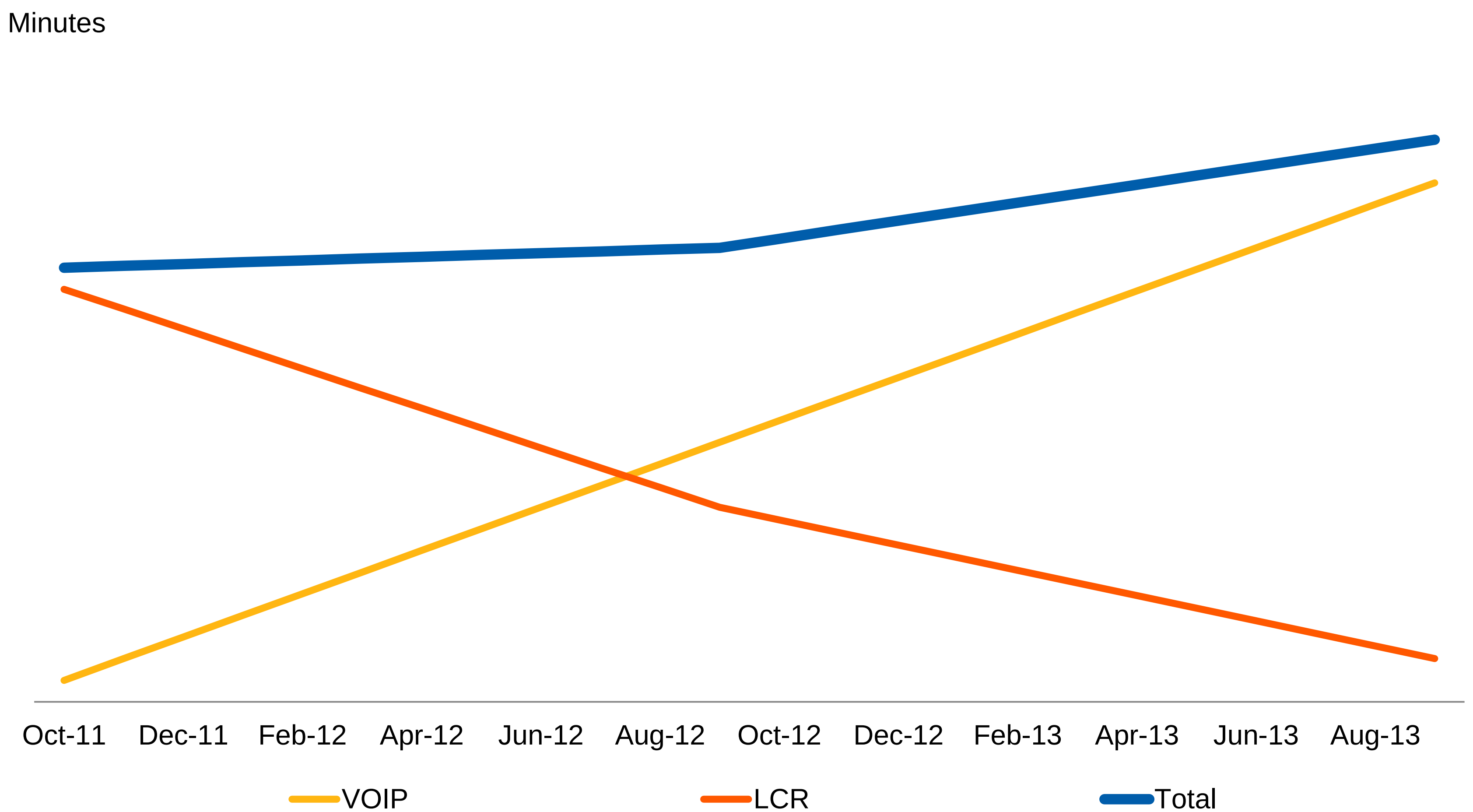
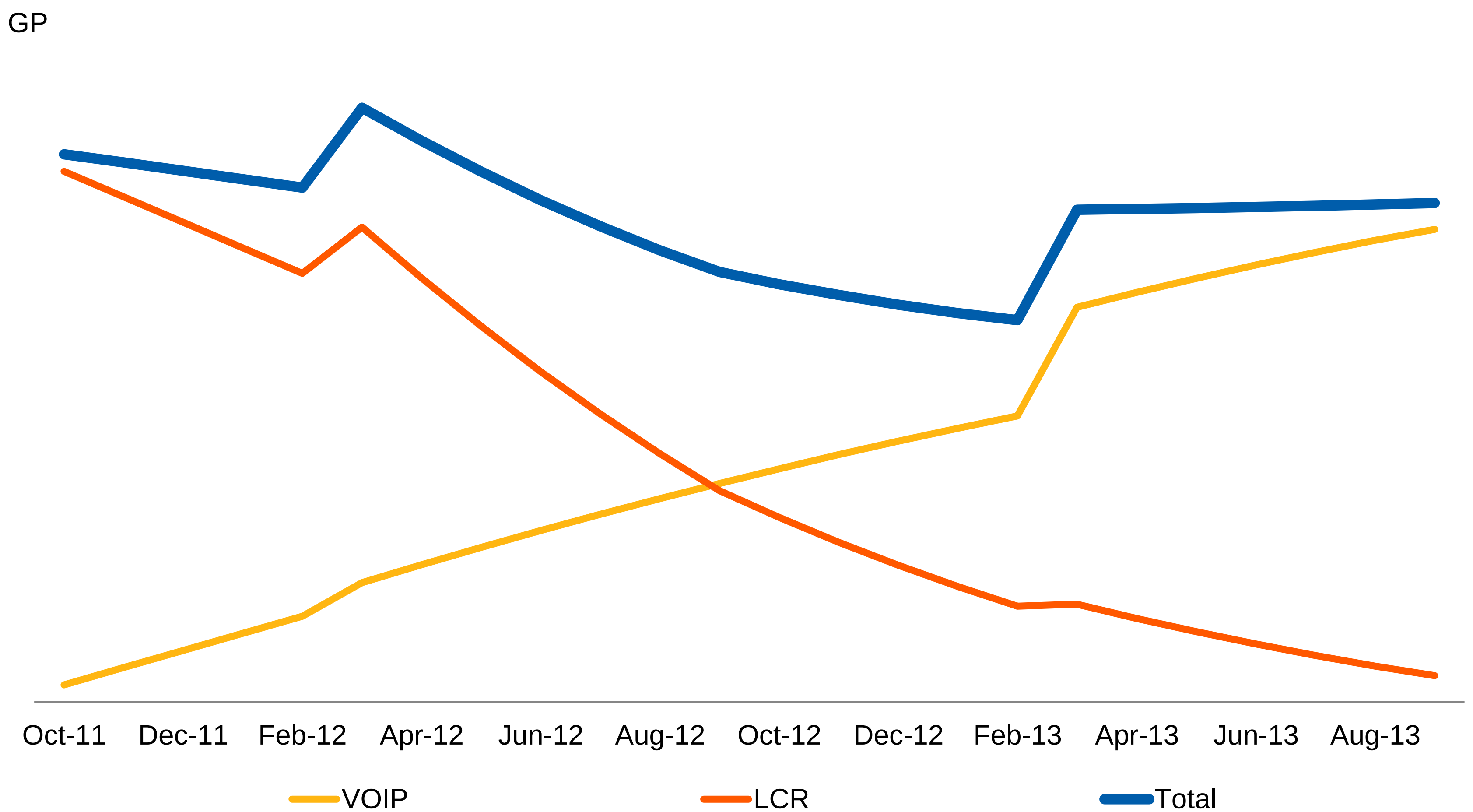
LCR to VoIP conversion – minutes FY12-FY13

LCR migration | Next generation services | Nashua Telecoms / ICT



LCR to VoIP conversion – GP FY12-FY13

LCR migration | Next generation services | Nashua Telecoms / ICT



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Key focus points

LCR migration

Next generation services

Nashua Telecoms / ICT

The ECN national IP network provides Reunert with platform off which Next Generation services can be delivered

Current: ECN is a significant player in the voice sector and a minor player in the data sector

Next 12 months: Bundling data offerings, together with voice offerings, over the same connection

Next 12 to 24 months: Cloud computing is gaining traction and the demand for hosted solutions is growing steadily

24 to 48 month view: Future players will become service providers, delivering IP based content to their customers over their evolved IP platforms

Key focus points

LCR migration | Next generation services | **Nashua Telecoms / ICT**

ECN + Nashua Communications + Nashua Mobile
= Nashua Telecoms / ICT entity in the medium to longer term

ECN, Nashua Communications and Nashua Mobile all have immediate and focused individual short-term strategies

Each have a medium-term strategy that brings the entities together to form a comprehensive Telecommunications / ICT entity delivering LAN, WAN and Mobile solutions to the Nashua customer base and the broader market

Cross selling and cross support is ongoing and growing between the entities

The total Nashua customer base is a large and ‘un-mined’ asset to the group

EXECUTIVE TEAM FOCUS

Dave Rawlinson

Executive team focus

Nashua

1

A thorough review of the Nashua One vision

2

Identified synergies, opportunities and negatives

3

Divisional layer redeployed

4

Conventional reporting lines and responsibilities clearly defined

5

Franchise and distribution channel aligned and rejuvenated

6

Strategic and technical business partners' concerns addressed

Executive team focus

CBi-electric

1

Maximise utility and municipal spend

2

Increase value-added services

- Systems design
- Systems integrator
- Maintenance outsourcing
- Add to Power Installations and ITmatic offerings

3

Continued focus on improving operational efficiencies

4

Secure more business in Africa

5

Explore further growth opportunities in Australia

Executive team focus

Reutech

1

Pursue commercial opportunities

- Mining surveillance radar
- Set-top box
- Mine winch
- Security surveillance
- Mobile phone encryption

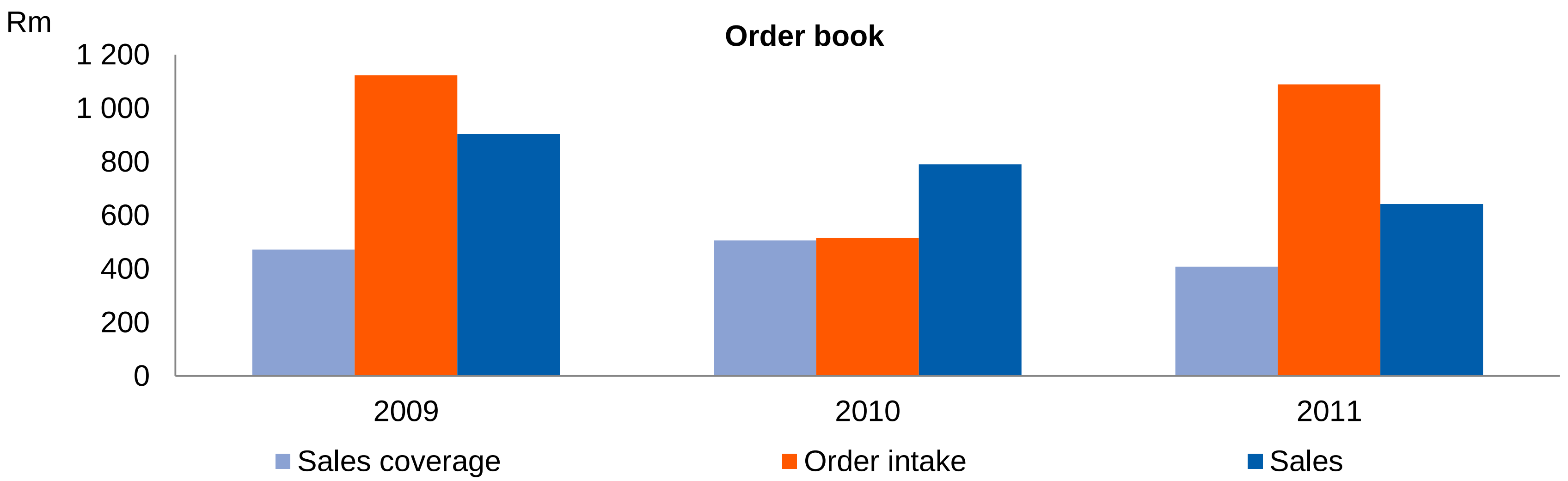
2

Radios for ground forces

- Development in final stages
- Industrialisation
- Production

3

Production and quality efficiencies



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In summary

Available cash an opportunity

Expect current economic conditions to continue

It is going to be hard work

People, product, productivity and perfection = profit and pride

Q&A

Reunert results

for the year ended 30 September 2011