REUNERT

REUNERT LIMITED

Financial Results for the 6 months ended 31 March 2011

Nick Wentzel, CEO

Salient features

REUNERT
REUNERT LIMITED

Revenue	2%↑	R5,1bn to R5,2bn
Operating profit	4%↑	R582m to R604m
EBITDA margin	2% ↑	12,4% to 12,7%
HEPS	18%↑	223 cents to 263 cents
Normalised HEPS	9%↑	239 cents to 261 cents
	4% due to share buyback	
Interim dividend per share	15%↑	67 cents to 77 cents
Abnormal item	R346m	Profit on sale of NSN
Net cash	R1,3bn	R1,8bn (Sep 2010)
Share buyback programme	9,7%	
September 2010	R126m	2,1 m shares
March 2011	R1,1bn	17,1 m shares
Average price per share	R65,37	19,2 m shares

REUNERT

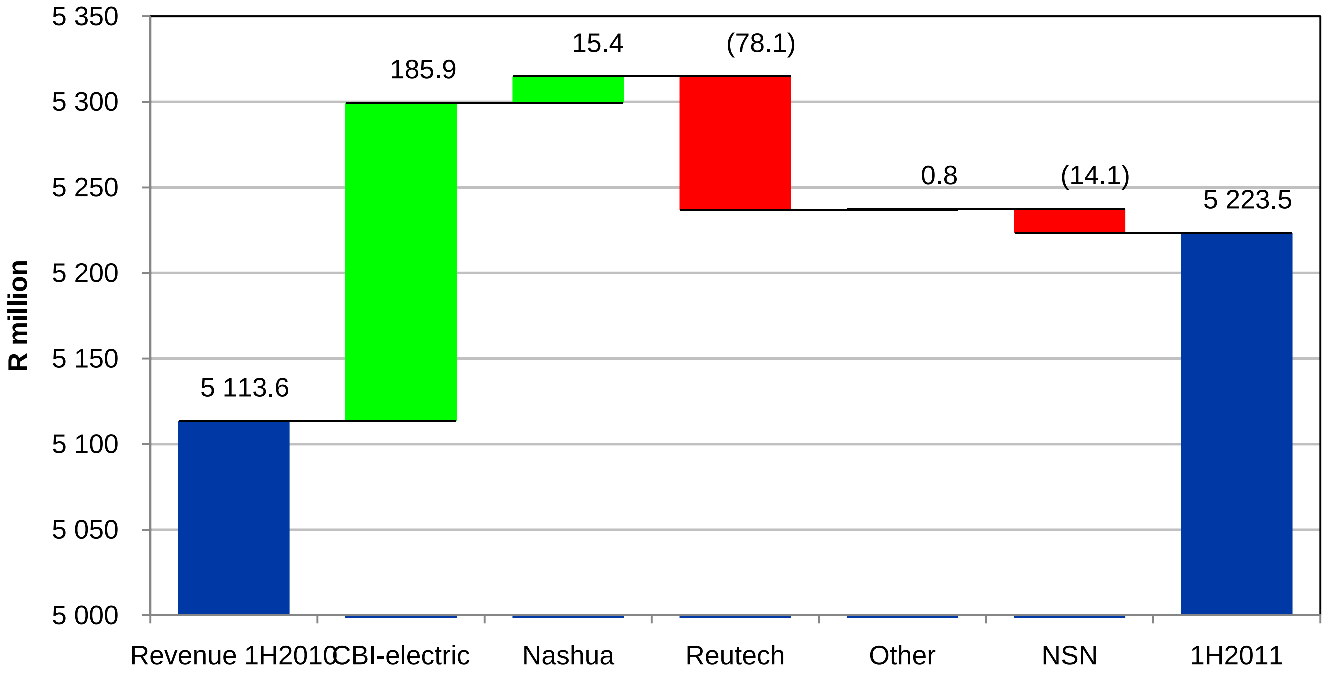
REUNERT LIMITED

Income Statement

for the six months ended 31 March 2011

	2011 R million	% Change	2010 R million
Revenue	5 223.5	2	5 113.6
EBITDA	661.5	5	632.3
Depreciation	(57.5)	(13)	(50.8)
Operating Profit	604.0	4	581.5
Interest & Dividends	46.2	(5)	48.4
Abnormal items	346.4		(34.0)
Profit before taxation	996.6	67	595.9
Taxation	(201.4)	(5)	(192.6)
Profit after taxation	795.2	97	403.3
Minorities	(5.4)	(15)	(4.7)
Headline earnings adjustments	(345.0)		(0.1)
Headline earnings	444.8	12	398.5
Headline earnings per share (cents)	262.7	18	223.0
Normalised Headline EPS (cents)	260.7	9	238.9
EBITDA %	12.7	2	12.4
Tax rate % (excl. abnormal item)	31.0	(1)	30.6
No. of Shares (million)	169.3	(5)	178.7

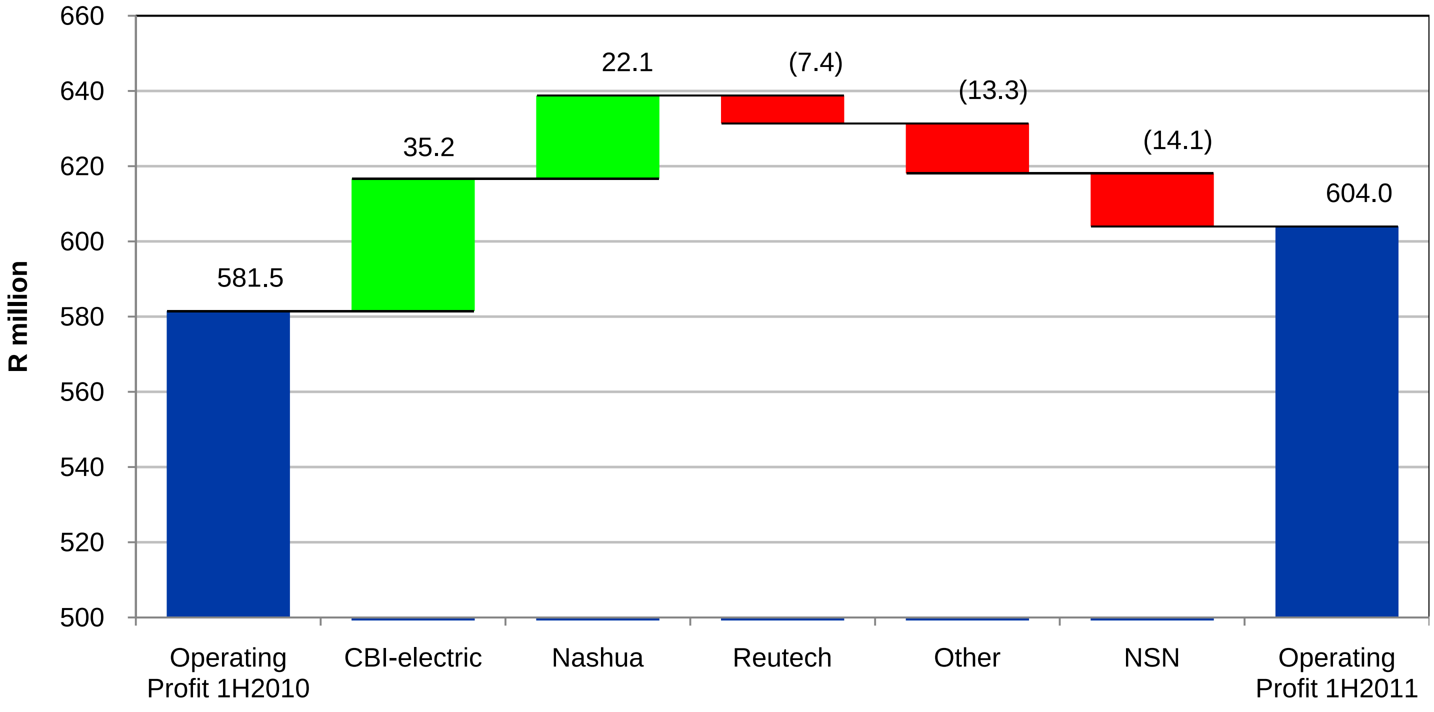
Segmental revenue contribution



Revenue	Six months ended 31 March 2011 R million	%	2010 R million	%	% change	Year ended 30 September 2010 R million	%
CBI-electric	1 505.8	29	1 319.9	26	14	2 961.3	28
Nashua	3 391.0	65	3 375.6	66	-	6 872.0	65
Reutech	307.7	6	385.8	8	(20)	791.0	7
Other	2.1	-	1.3	-	-	2.7	-
Total operations	5 206.6	100	5 082.6	100	2	10 627.0	100
NSN	16.9		31.0		(45)	52.9	
Revenue as reported	5 223.5		5 113.6		2	10 679.9	

Segmental operating profit contribution

REUNERT
REUNERT LIMITED



	Six months ended 31 March					Year ended 30 September 2010	
	2011		2010				
Operating profit	R million	%	R million	%	% change	R million	%
CBI-electric	252.7	43	217.5	40	16	521.1	45
Nashua	314.5	54	292.4	53	8	614.5	52
Reutech	14.0	2	21.4	4	(35)	60.6	5
Other	5.9	1	19.2	3	(69)	(25.5)	(2)
Total operations	587.1	100	550.5	100	7	1 170.7	100
NSN	16.9		31.0		(45)	52.9	
Operating profit as reported	604.0		581.5		4	1 223.6	

Condensed group balance sheet

REUNERT
REUNERT LIMITED

R Millions	31 March 2011	31 March 2010	30 September 2010
Fixed assets	631.6	632.0	635.3
Goodwill	504.4	491.8	492.1
Investments and loans	45.5	841.4	44.3
Quince receivables	758.7	838.9	821.7
Other accounts receivable	-	86.3	-
Deferred taxation	37.1	28.7	40.4
Non-current assets	1 977.3	2 919.1	2 033.8
Inventory and contracts in progress (stock)	774.7	733.9	863.3
Accounts receivable	1 678.3	1 702.9	1 737.8
Quince receivables	640.4	745.8	646.3
Investment	-	-	793.5
Cash	1 333.6	1 397.2	1 805.6
Quince bank balances and cash	-	123.8	72.5
Current assets	4 427.0	4 703.6	5 919.0
Total assets	6 404.3	7 622.7	7 952.8
Total equity	(3 454.6)	(4 171.9)	(4 471.0)
Deferred taxation	(69.1)	(127.9)	(122.0)
Long-term borrowings	(13.0)	(11.0)	(11.0)
Quince long-term borrowings	-	(699.9)	(699.9)
Non-Current Liabilities	(82.1)	(838.8)	(832.9)
Non-Interest-Bearing Liabilities	(1 628.4)	(1 766.8)	(1 956.6)
Quince Capital Short-Term Borrowings	(1 239.2)	(845.2)	(691.5)
Bank overdrafts and other short-term borrowings	-	-	(0.8)
Current liabilities	(2 867.6)	(2 612.0)	(2 648.9)
Total equity and liabilities	(6 404.3)	(7 622.7)	(7 952.8)

REUNERT
REUNERT LIMITED

Cash flow statement

for the six months ended 31 March

R Millions		31 March 2011	31 March 2010
EBITDA		661.5	632.3
Working Capital change	-Finco receivables	68.9	118.6
	-Other	(234.9)	(10.3)
IFLs (utilised)/received		(6.3)	(10.8)
Net interest & dividends received		46.2	48.4
Taxation Paid		(185.5)	(213.9)
Dividends Paid		(374.3)	(336.9)
CASH GENERATED BY OPERATIONS		(24.4)	227.4
Capital expenditure		(55.1)	(73.2)
Net purchases of business		(15.6)	(180.3)
Proceeds on disposal of NSN		793.5	-
Share buyback		(1 127.9)	-
Repayment of Quince securitisation borrowings		(699.9)	-
Other movements		37.9	13.5
Actual net cash flow		(1 091.5)	(12.6)
Change in Quince borrowings		620.2	(193.3)
Net Cash Flow adjusted for Quince borrowings		(471.3)	(205.9)

Calculation of movement in Quince borrowings	March 2011	September 2010	Movement
Quince Cash	-	72.5	(72.5)
Quince short-term borrowings	(1 239.2)	(691.5)	(547.7)
Total Quince borrowings	(1 239.2)	(619.0)	(620.2)

CBI-electric

REUNERT
REUNERT LIMITED

- Revenue 14%↑ to R1,5 billion
  - Strong demand for low-voltage products in export markets
  - 1H11 order intake at energy cables consistent with the previous year
  - Telecom cables experienced disappointing 1st half
- Strong improvement in operating profit 16%↑ to R253 million
  - Improved gross margins due to increased efficiencies
  - Telecom cables margins decreased due to delay in fibre order & lower demand for copper cable

	Capacity Utilisation March 2011
Energy Cables	70%
Telecom Cables	35%
Low Voltage	60%

CBI-electric: low and medium voltage

REUNERT
REUNERT LIMITED

- Strong contribution from exports
  - Exports contributed 32,8% of revenue
  - Australia demand due to commodity boom and rebuilding after the floods
  - USA and Europe due to mobile network upgrade from 3G to 4G and renewable energy (solar)
- Local construction and residential industries remain subdued
  - Remains highly competitive
- Mining industry on hold
  - Investment in new local projects slow due to uncertainty
  - Focused mainly on repairs and replacements

Energy cables

REUNERT
REUNERT LIMITED

- Varied business sector performance
  - Utilities: increased consumption
  - Mines and industry: flat consumption
  - Construction and building: negative consumption
- Utility consumption
  - 1st off-takes received for Medupi power station
  - Kusile power station is still under negotiation
  - Power station off-take has a moderate impact on overall output due to the long build cycle
- Raw material volatility
  - Copper strengthened 25% in 1H11
  - Margin pressures due to cost increases

Telecom cables

- Better 2nd half expected
  - Received order for national long distance project roll-out
  - Improved order book

Nashua group

REUNERT
REUNERT LIMITED

- Subdued market conditions
- Revenue flat at R3,4 billion
- Operating profit up 8% to R315 million
- Counter potential LCR losses with ECN acquisition
  - Expect Competition Commission ruling by end May
- Started implementation of Nashua group strategy
  - Strategy is to realign business to changing environment
  - Andy Baker appointed as new CEO
  - Consolidate Office Automation, Mobile, Communications and Pansolutions/Electronics
- Acquired two additional franchises effective 1 November 2010
- Strong performance from Communications helped by incorporation of Panasonic PABX
- Strong performance from Quince

Nashua Mobile

REUNERT
REUNERT LIMITED

- Lower interconnect rates impact on least cost routing business
  - ECN acquisition adding converged voice and data capabilities
  - Convert customers from least cost routing to VOIP
- 8ta added to service offering from May
- Will re-enter prepaid market aggressively from June
  - Data and voice
- Cost cutting benefits to be realised from April onwards

Nashua Mobile comparative numbers

REUNERT
REUNERT LIMITED

	6 months ended March 2011	March 2010	% change 12 months	6 Months ended Sept 10	12 Months ended Sept 10	% change 6 months Mar11/ Sep10
Contract connections	54 336	91 818	(41)	58 701	150 519	(7)
Data connections	26 025	12 537	108	24 326	36 863	7
Total connections	80 361	104 355	(23)	83 027	187 382	(3)
Closing base	**824 396**	**779 101**	**6**	**819 035**	**819 035**	**1**
ARPU (rand)	426	471	(10)	452	463	(6)
Churn %	13.8	12.7	9	10.85	11.80	27
Net bad debts % revenue	1.03	1.03	-	0.95	0.95	8
Number of retail outlets	150	147	2	149	149	1

Average revenue per user

- Down due to flat billing and deactivation of Orion LCR sims
- Orion sims high ARPU lines but at very low margins

Office Automation

REUNERT
REUNERT LIMITED

- Nashua retained its No 1 market position with 21% market share
  - Lead increased to 7% over next competitor
- Tygerberg and Paarl & West Coast franchises bought back for R15,7m net
  - Target is to own at least 70% of channel revenue
  - Currently own a majority share in 36 % of total revenue channel

Kopano	74%
Port Elizabeth	51%
Pretoria	51%
West Rand	51%
Central	60%
Tygerberg	51% (1 Nov 2010)
Paarl & West Coast	51% (1 Nov 2010)

- Two more franchises targeted this year

Market shares

REUNERT
REUNERT LIMITED

	2010 Ranking	2010 Mkt share	2010	% Growth 09 to 10	2009	2009 Mkt share
1	Nashua	21.1%	13 997	25.2	11 183	21.0%
2	Konica Minolta	14.1%	9 326	1.9	9 154	17.2%
3	Canon	9.6%	6 347	63.5	3 883	7.3%
4	Xerox	8.6%	5 731	33.1	4 306	8.1%
5	Kyocera	8.4%	5 546	35.8	4 083	7.7%
6	Ricoh	7.4%	4 882	27.5	3 830	7.2%
7	Itec	6.3%	4 161	22.5	3 396	6.4%
8	Olivetti	4.2%	2 803	60.0	1 752	3.3%
9	Toshiba	3.7%	2 482	1.6	2 442	4.6%
10	Lexmark	3.7%	2 450	166.6	919	1.7%
11	TA	3.5%	2 327	90.1	1 224	2.3%
12	Sharp	3.3%	2 173	(21.9)	2 783	5.2%
13	HP	2.8%	1 862	(1.5)	1 891	3.5%
14	Samsung	1.6%	1 069	(4.5)	1 119	2.1%
15	Panasonic	1.2%	794	(13.6)	919	1.7%
16	Utax	0.4%	267	17.1	228	0.4%
17	Oki	0.1%	49	(54.6)	108	0.2%
18	Oce	0.1%	45	0.0	45	0.1%
19	Ricoh infoprint	0.0%	7	(53.3)	15	0.0%
20	Sagem	0.0%	0	(100.0)	2	0.0%
	Total	**100.0%**	**66 318**	**24.5**	**53 282**	

Source: Infosource

Nashua Communications

- Strong performance
  - boosted by including Panasonic PABXs in the service offering
  - 1st full six months performance reported

Reutech

- No improvement in contribution
- Revenue 20% down to R308m
- Operating profit 35% down to R14m
- Poor results mainly due to anticipated order still not received
  - Still expecting fuze order to be awarded to Fuchs
- Solutions was impacted by the slower roll-out of Huawei cellular towers
- Radar Systems showed operating profit improvement
  - Strong demand for mining radars

Outlook

- Import competition increases with the strong rand
- Margin pressure continues
- Strong cost management will continue
- Acquisitions

Prospects

Given current market conditions and provided they do not deteriorate, the 2nd half performance will exceed that achieved in the 1st six months and earnings should increase.