

AUDITED PRELIMINARY CONSOLIDATED RESULTS¹

and cash dividend declaration for the year ended 30 September 2018

REUNERT LIMITED
 Incorporated in the Republic of South Africa
 Registration number 1913/004355/06
 Ordinary share code: RLO
 ISIN code: ZAE000057428
 ("Reunert" "the group" or "the company")

The contents of this short-form announcement are the responsibility of the Board of Directors ("the Board") of the company.

Shareholders are advised that this short form announcement represents a summary and does not contain full or complete details of the information contained in the full announcement, published on the Stock Exchange News Service ("SENS") and on Reunert's website (www.reunert.com) on 20 November 2018.

Shareholders and investors are advised to review the full announcement when making any investment decisions.

The full announcement is also available for inspection at the registered offices of the company and its sponsor, One Capital Sponsor Services Proprietary Limited, 17 Fricker Road, Illovo. The full announcement is available at no charge, during normal business hours from today, 20 November 2018.

FINANCIAL RESULTS

		Year ended 30 September		
R million		2018	2017	% Change
Group revenue	7%↑ R10 492m 2017: R9 773m			
HEPS	4%↑ 703 cents 2017: 679 cents			
EPS	5%↑ 717 cents 2017: 680 cents			
Final dividend per share	4%↑ 368 cents 2017: 354 cents			
Group operating profit before interest, dividends and empowerment transactions		1 542	1 497	↑ 3
Reunert's attributable net profit		1 158	1 112	↑ 4
EBITDA		1 699	1 635	↑ 4
Profit		1 152	1 142	↑ 1
NHEPS (cents)		687	697	↓ 1

OVERVIEW

Reunert achieved positive growth in the 2018 financial year with group revenue increasing by 7% to R10 492 million (2017: R9 773 million). Pleasingly, in a volatile Rand environment, operating profit grew by 3% from R1 497 million to R1 542 million. This was achieved despite a sharp decline in Electrical Engineering's profitability, driven by improved earnings in both the ICT and Applied Electronics segments.

Electrical Engineering's decline in profitability resulted from the recessionary pressures in the key infrastructure markets serviced, reflecting as reduced demand at key state institutions, and the poor results of Zamefa (the Zambian power cable manufacturer). Zamefa was adversely impacted by Zambia's liquidity constraints and the 27% devaluation in the Zambian currency to the US Dollar.

The ICT and Applied Electronics segments performed well, particularly in the second half of the year. The ICT segment improved sales in high category multi-functional printers and had good growth in new total workspace solution sets. Applied Electronics growth was driven by record export sales, the benefit of a weakening Rand in the second half and the rapid expansion of the renewable energy business.

This improvement in profitability, combined with the reduction in the number of shares in issue (due to the continuation of the share buyback programme) resulted in headline earnings per share growing by 4%.

Electrical Engineering

Following a record financial year in 2017, Electrical Engineering encountered strong headwinds in the year under review. The segment's revenue was down 2% at R5 139 million. Operating profit decreased by 37% to R440 million.

The local cable factories experienced a significant reduction in demand from Eskom, municipalities and Telkom. The power cable factory secured alternative orders, but the change in product mix led to reduced margins. The reduction in Telkom volumes led to a reduction in capacity utilization at the CBI Telecoms joint venture which returned a loss for the year.

Zamefa experienced serious challenges as liquidity in Zambia came under further pressure. Key state institutions materially extended the time to settle amounts due to Zamefa which put its available credit facilities under pressure. The Zamefa Board accordingly took a decision to reduce throughput to address this working capital burden. This reduction in activity, together with foreign exchange losses due to the rapid 27% devaluation of the Zambian Kwacha against the US Dollar caused a substantial loss at this business unit.

We are pleased to note that the Zambian government will replace value added tax (VAT) with general sales tax (GST) on 1 April 2019. This should allow Zamefa to substantially increase its throughput, returning the company to profitability once the new GST legislation is enacted.

ICT

The ICT segment had another pleasing year as it continues to implement its strategy. Revenue increased by 4% to R3 443 million and operating profit increased by 25% to R792 million, including a fair value gain of R77 million as a result of the remeasurement of the SkyWire contingent purchase consideration. Excluding the fair value remeasurement, the operating profit increased by 13% to R715 million. The remeasurement arose from the finalisation of the probable achievement of the earn-out threshold in the SkyWire purchase agreement.

The office automation cluster continued to produce strong product sales. Revenue from products and services grew by 7% and this year generated 13% (2017: 13%) of total revenue. The franchise channel performed strongly and the adoption rate of the new total workspace products and services continues to increase.

The communications cluster performed well as ECN's increased voice traffic translated into improved operating profit.

The group's finance book increased in line with the improved sales of office automation equipment. The loan book closed at R2 811 million (2017: R2 428 million) and delivered another good performance as bad debt remained at low levels.

Applied Electronics

Revenue in Applied Electronics increased 28% to R2 198 million while operating profit increased by 38% to R380 million, inclusive of the capital profit of R28 million generated on the sale of a property no longer required by the segment. Excluding this capital profit, the segment's operating profit grew by 28% to R352 million.

Full year revenue and operating profit increased considerably at the export-orientated fuze factory and at our renewable energy solution provider. The balance of the business units in this segment generally had results in line with the prior year.

PROSPECTS

The recent government commitments to increase infrastructure investment bode well for a recovery in the Electrical Engineering segment although uncertainty as to timing and extent prevails.

The Applied Electronics segment has solid order books in most business units and we continue to anticipate good growth in our renewable energy business. However, the fuze factory's profitability will reduce in the coming financial year due to the product mix in its export contracts. The ICT segment is anticipated to continue to deliver a good performance as its strategy execution continues and the SkyWire acquisition bolsters the growth of the segment.

Subject to no significant changes in local socio-economic conditions, the implementation of GST, as planned, in Zambia and moderate currency volatility, the group should deliver another solid performance in the 2019 financial year.

CASH DIVIDEND

Notice is hereby given that a gross final cash dividend No 185 of 368,0 cents per ordinary share (2017: 354 cents per share) has been declared by the directors for the year ended 30 September 2018.

The dividend has been declared from retained earnings.

A dividend withholding tax of 20% will be applicable to all shareholders who are not exempt from, or who do not qualify for, a reduced rate of withholding tax.

Accordingly for those shareholders subject to withholding tax the net dividend amounts to 294,40 cents per share.

The issued share capital at the declaration date is 184 585 396 ordinary shares.

In compliance with the requirements of State Proprietary Limited and the Listings Requirements of the JSE Limited, the following dates are applicable:

Last date to trade (cum dividend)	Tuesday, 15 January 2019
First date of trading (ex dividend)	Wednesday, 16 January 2019
Record date	Friday, 18 January 2019
Payment date	Monday, 21 January 2019

Shareholders may not dematerialise or rematerialise their shares between Wednesday, 16 January 2019 and Friday, 18 January 2019, both days inclusive.

On behalf of the Board

Trevor Munday Chairman Sandton 19 November 2018	Alan Dickson Chief Executive Officer	Nick Thomson Chief Financial Officer
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 For more information, log on to the Reunert website at www.reunert.com.

¹ Extracted financial information from the audited preliminary summarised consolidated results for the year ended 30 September 2018. This announcement itself is not audited.