

## UNAUDITED INTERIM FINANCIAL STATEMENTS<sup>1</sup>

### and cash dividend declaration for the six months ended 31 March 2019

**REUNERT LIMITED**  
 Incorporated in the Republic of South Africa  
 Registration number 1913/004355/06  
 Ordinary share code: RLO  
 ISIN code: ZAE 000057428  
 ("Reunert" or "the group" or "the company")

The contents of this short form announcement are the responsibility of the Board of Directors of the company ("the Board"), and any forecast financial information has not been reviewed or reported on by the group's auditors.

Shareholders are advised that this short form announcement does not contain full or complete details and represents a summary of the information contained in the full announcement, published on the Stock Exchange News Services ("SENS") and on Reunert's website (www.reunert.com) on 27 May 2019.

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

The full announcement is also available for inspection at no charge at the registered offices of the company and its sponsor, One Capital Sponsor Services Proprietary Limited, 17 Fricker Road, Illovo, during normal business hours from today, 28 May 2019.

### FINANCIAL RESULTS

R million	Six months ended 31 March 2019		
	31 March 2019	31 March 2018	% Change
EBITDA	698	636	↑ 10
Profit for the period	377	448	↓ 16
EPS (cents)	227	275	↓ 17
HEPS (cents)	253	275	↓ 8

  

<b>9%↑</b> Group revenue R5 288m 2018: R4 841m	<b>8%↑</b> Group operating profit R615m 2018: R567m
<b>*4%↑</b> Adjusted PAT R421m 2018: R406m	<b>4%↑</b> Dividend per share 130 cents 2018: 125 cents

### OVERVIEW

Revenue increased by 9%, from R4 841 million to R5 288 million, and operating profit increased by 8% from R567 million to R615 million. This was achieved despite a weak economic environment in South Africa and continued subdued demand specifically in the Electrical Engineering segment. Profit after tax (PAT) declined by 16%, from R448 million to R377 million. The decline in PAT was impacted by two non-recurring items:

- > During the prior period a R42 million tax provision was released due to the successful completion of a tax appeal.
- > In March 2019, the group disposed of its controlling shareholding in Prodoc Svenska AB (Prodoc), the group's non-core Swedish office automation business, which resulted in a loss of R44 million.

Adjusting PAT\* for the above non-recurring items results in an increase of 4% in the adjusted PAT, which is a more appropriate reflection of the core performance of the group.

### Electrical Engineering

Although depressed demand from key state institutions continued in the period under review, segment revenue increased by 14% from R2 431 million to R2 775 million with segment operating income improving by 3% from R219 million to R225 million.

To counter the low demand from state institutions, CBI-Electric African Cables continues to actively pursue other segments of the cable market, although any such sales are generally at lower margins due to the type and length of cables produced.

The adverse liquidity environment in Zambia continued and accordingly Zamefa, our Zambian power cable manufacturer continues to be managed to preserve cash. Positively, the draft legislation for the new general sales tax has been published and is expected to be promulgated this year. This should allow Zamefa to return to normal operating levels in 2020 as it should no longer be burdened by the slow settlement of VAT refunds arising on manufacturing inputs.

Our circuit breaker business continued to make good progress in increasing export volumes to both Australia and the USA resulting in the company improving their year-on-year performance, notwithstanding weak local market conditions.

### Information Communication Technologies

The ICT segment increased revenue by 3% from R1 670 million to R1 722 million and operating profit by 11% from R317 million to R351 million.

The Nashua Office Automation cluster continued to progress its strategy of evolving to a 'total workspace provider' with new services forming an increasingly important part of its revenue and profit mix. Margins were maintained through a combination of increased service revenue and cost control.

Our voice over internet business, Electronic Communications Network, gained a record number of new customers, which largely offset the decline in usage per customer due to the economic environment and alternative technology offerings, allowing this business to deliver profit growth.

### Applied Electronics

Revenue in this segment increased by 16% from R863 million to R999 million, with operating profit increasing by 39% from R61 million to R85 million.

The increases in revenue and operating profit were mainly as a result of increased exports and the recovery in our mining radar business.

The Communications business' revenue and operating profit increased substantially over the prior period. The business continued to achieve higher throughput and improved its operational efficiencies by optimising its production lines.

The fuze factory's exports increased for the period under review, although the mix of fuzes sold had a lower margin than in the prior year.

Our solar energy business continued to accelerate growth as the volume of contracts secured increased. Margins have come under some pressure as market competition increases.

### PROSPECTS

The results from the national election and the anticipated improvements that are likely to ensue, should be positive for business confidence, foreign direct and local investment, and improved management of state-owned entities and municipalities. All of these factors are positive for the Reunert investment case and should result in improved economic activity as the changes are implemented.

The exact timing of this improvement in electrical infrastructure investment remains uncertain and accordingly, the profitability of the Electrical Engineering segment in the second half of the financial year is expected to remain at current levels.

The ICT segment is expected to continue positively for the balance of the financial year with stronger business confidence, post national elections, hopefully creating an improved environment for asset investment by its customers.

The Applied Electronics segment commences the second half of the financial year with strong export orders and our solar energy business should continue its growth, which should result in a strong segment performance in the second half of the financial year.

Despite the above, the group is unlikely to match the performance of the second half of the prior financial year. However, with our strong balance sheet and operational focus, we remain well positioned to benefit from any improvement in local economic conditions.

### CASH DIVIDEND

Notice is hereby given that a gross interim cash dividend No 186 of 130,0 cents per ordinary share (2018: 125,0 cents per share) has been declared by the directors for the six months ended 31 March 2019. 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 104,0 cents per share (2018: 100,0 cents per share).

The issued share capital at the declaration date is 184 659 796 ordinary shares.

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

Last date to trade (cum dividend)	Tuesday, 18 June 2019
First date of trading (ex dividend)	Wednesday, 19 June 2019
Record date	Friday, 21 June 2019
Payment date	Monday, 24 June 2019

Shareholders may not dematerialise or rematerialise their shares between Wednesday, 19 June 2019 and Friday, 21 June 2019, both days inclusive.

On behalf of the Board

<b>Trevor Munday</b> Chairman Sandton 27 May 2019	<b>Alan Dickson</b> Chief Executive Officer	<b>Nick Thomson</b> Chief Financial Officer
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\* The pro forma financial information has been prepared for illustrative purposes only in order to provide information on how the earnings adjustments highlighted have impacted on the financial results of the group. The directors are responsible for compiling the pro forma financial information on the basis of the applicable criteria specified in the JSE Listings Requirements. Further information is contained in the full announcement published on SENS.

### Registered office

Nashua Building, Woodmead North Office Park, 54 Maxwell Drive, Woodmead, Sandton  
 PO Box 784391, Sandton, 2146  
 Telephone +27 11 517 9000

### Investor enquiries

Karen Smith +27 11 517 9000 or e-mail invest@reunert.co.za.

For more information log on to the Reunert website at www.reunert.com

<sup>1</sup> Extracted financial information from the unaudited interim financial statements for the period ended 31 March 2019.