

# REUNERT

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REUNERT LIMITED

## Investor Presentation

May 2002

# Content

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- Introduction
- Financial Results
- Group Operations
- Issues
- Prospects
- Shareholding

# Salient features

Six months ended 31 March 2002

• Revenue	R2,5bn	+17%
• EBITDA	R243m	+21%
• HEPS	101c	+30%
• Interim dividend	30 cents	+25%

# Growth drivers

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- Acquisitions
- Revenue growth
- R/\$ exchange rate
- Market share
- Export growth
- Improved efficiencies

# Recent acquisitions

- **Nashua Mobile**
  - Increased stake to 100%
    - Nedcor's 37,3% & Metropolitan Life's 4,7%
    - Effective 1 Dec 2001
    - R261,6 million - Includes goodwill of R220,7m
  - 10 000 Vodacom contract subscribers
    - Be Clear and Simple
    - R700 per active subscriber
    - Effective 1 February 2002

# Recent acquisitions

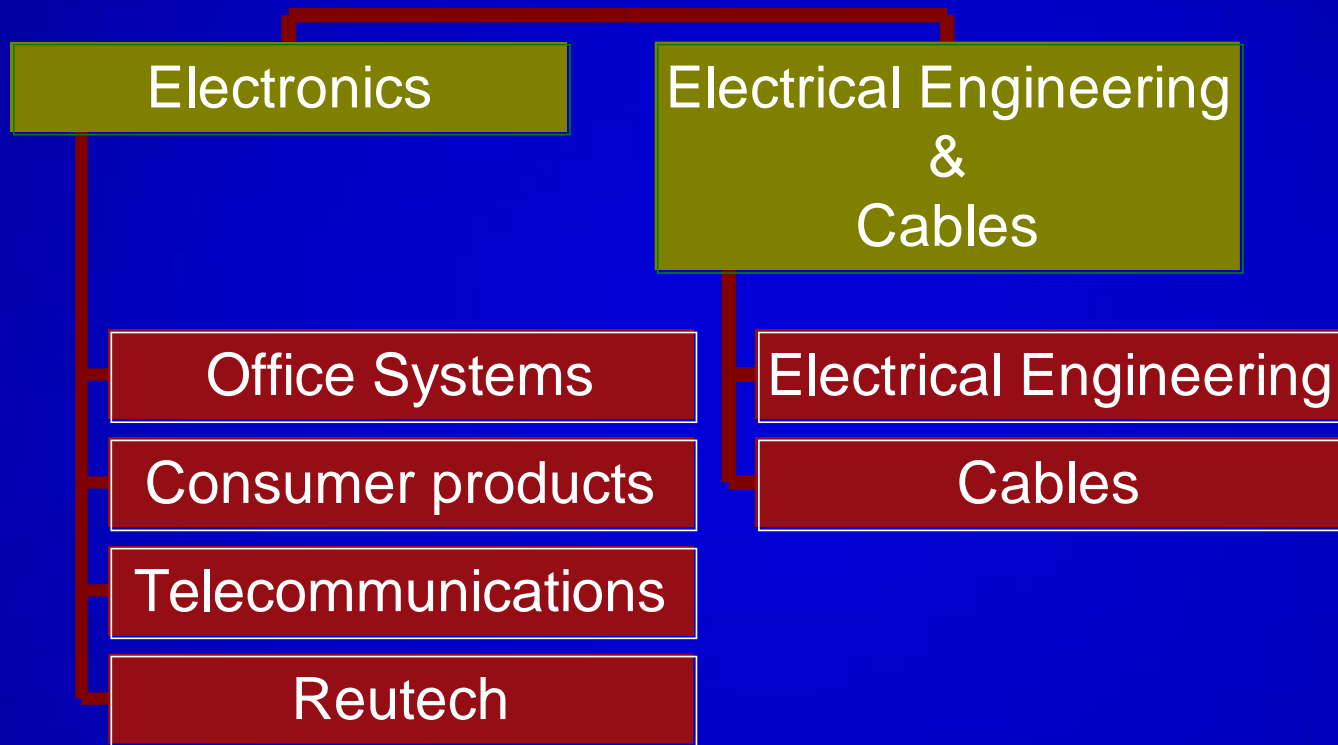
- Siemens Telecommunications
  - Increased stake to 40%
  - Acquired Marconi's 21,5% Dec 01
  - Siemens exercised 9% share option in Jan 02
- 12,5% = R161,3m
  - Includes goodwill of R137,7m

# Disclosure

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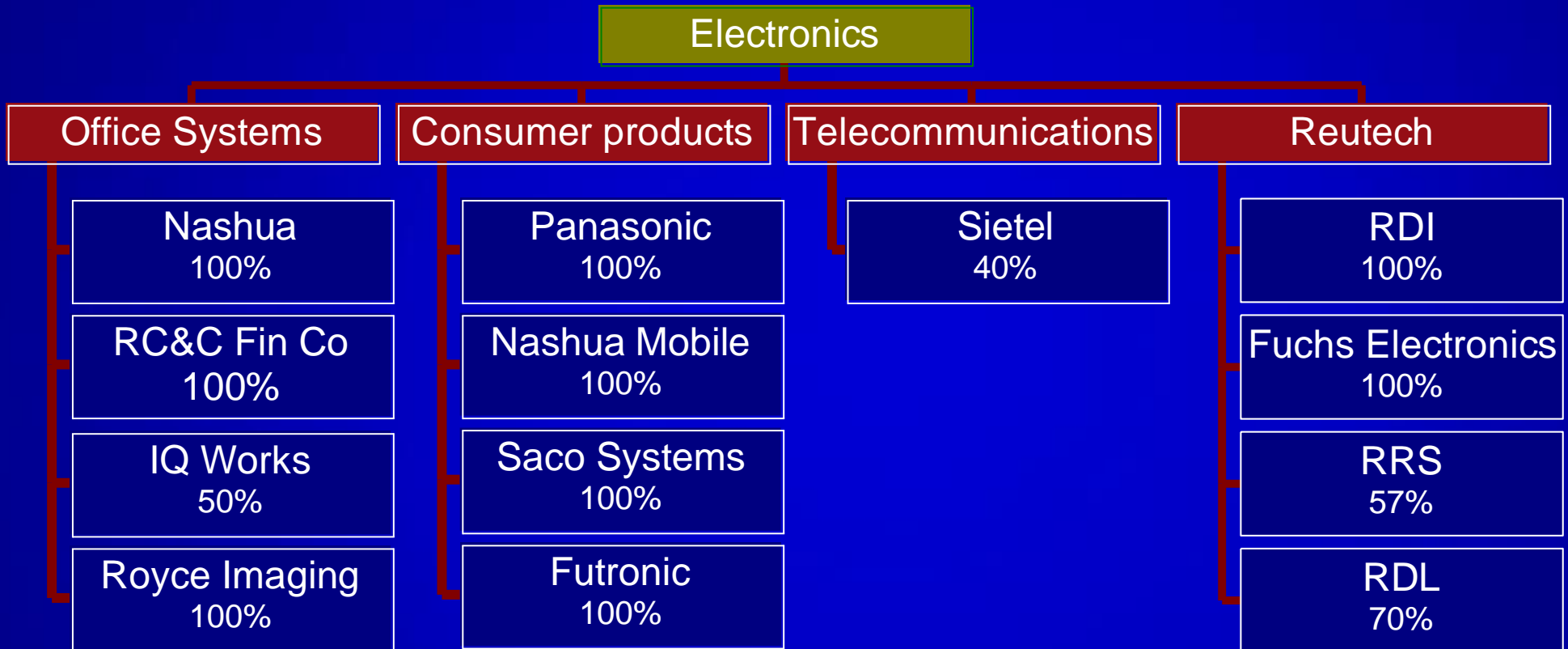
- Segmental analysis regrouped
  - Strategic focus
- Comparative historical information

# Reunert structure

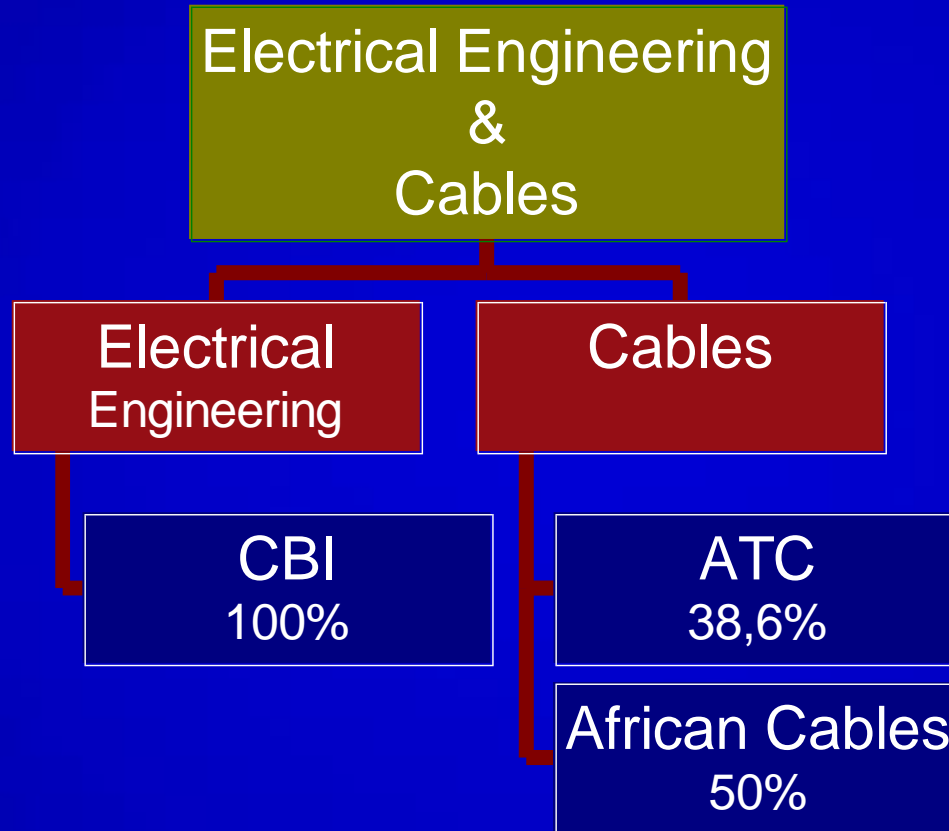




# Reunert structure



# Reunert structure



# Financial Results

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# Group Income Statement

R Millions	Six Months ended 31 March		% Change
	2002	2001	
Revenue	2 469,4	2 112,2	17
EBITDA	242,9	200,4	21
Depreciation & amortisation	(37,8)	(16,7)	(126)
Operating profit	205,1	183,7	12
Interest & Dividends	15,5	33,5	(54)
PBT	220,6	217,2	2
Taxation	(79,2)	(73,8)	(7)
PAT	141,4	143,4	(2)
Associates	48,3	28,6	69
Minorities	(14,5)	(19,3)	25
Headline earnings adjustments			
- Amortisation	14,0	-	
- Other	(0,1)	(0,1)	
Headline earnings	189,1	152,6	24
HEPS (cents)	101,2	77,7	30
Diluted HEPS (cents)	99,2	76,7	29
DPS (cents)	30,0	24,0	25
EBITDA %	9,8	9,5	3
Tax rate % before amortisation	33,8	34,0	1

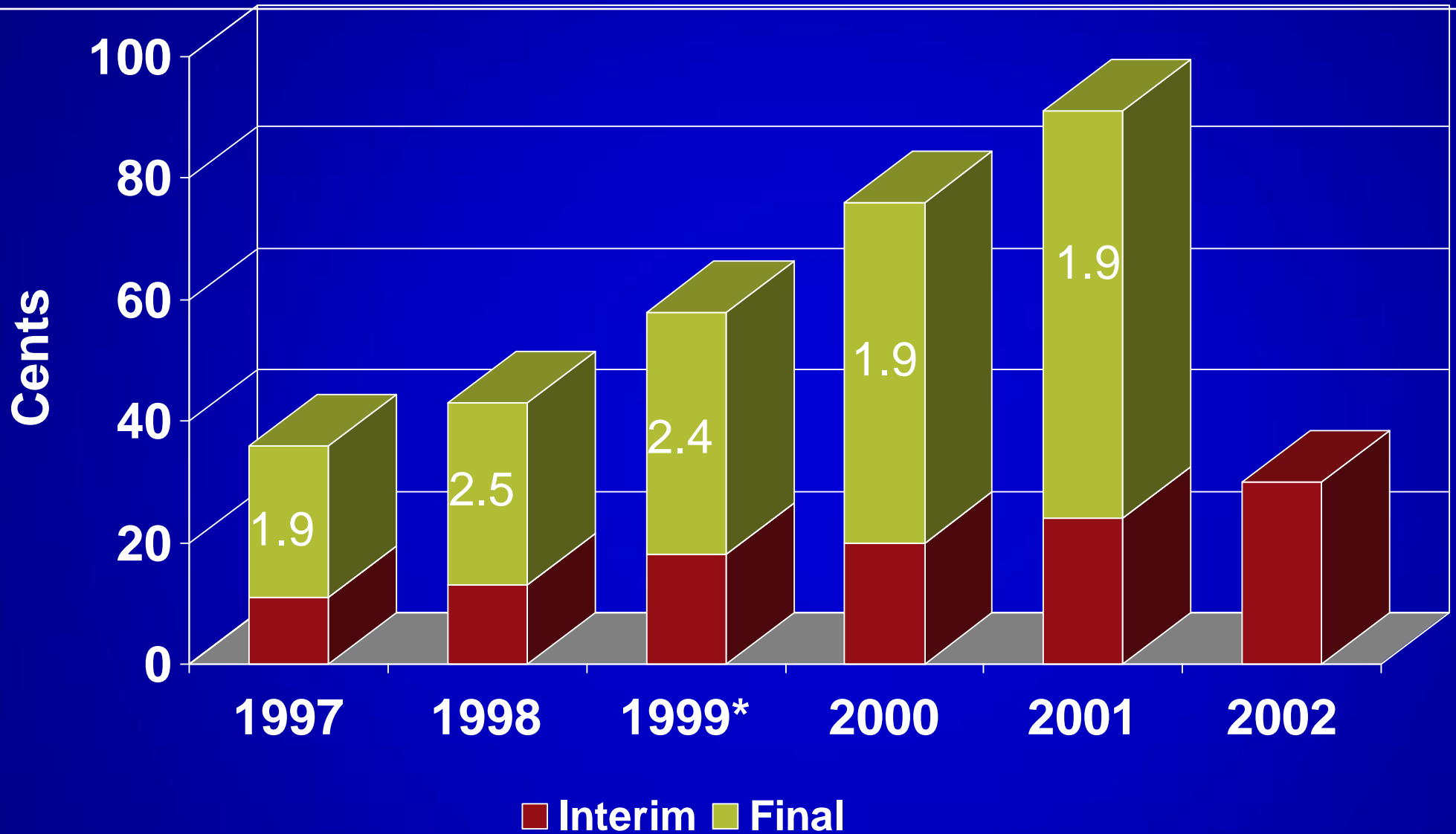
# Group Balance Sheet

R Millions	31 March	
	2002	2001
<b>NON-CURRENT ASSETS</b>	<b>1 609,0</b>	1 083,2
Fixed Assets	152,2	155,6
Goodwill including associates	386,0	10,9
Investments	237,9	179,4
R C & C Finance Debtors	832,9	748,2
<b>CURRENT ASSETS</b>	<b>1 380,3</b>	1 525,4
Inventory & contracts in progress	509,6	432,2
Accounts Receivable	673,2	570,5
Cash	197,5	522,7
<b>TOTAL ASSETS</b>	<b>2 989,3</b>	2 608,6
<b>SHAREHOLDERS' FUNDS</b>	<b>1 242,4</b>	1 025,4
Shares bought back	(234,6)	(226,2)
<b>NON-CURRENT LIABILITIES (NET)</b>	<b>9,5</b>	13,2
<b>CURRENT LIABILITIES</b>	<b>1 972,0</b>	1 796,2
R C & C Finance Borrowings	734,6	636,6
Accounts payable, provisions & tax	1 237,4	1 112,7
Shareholders for normal dividend	-	46,9
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>2 989,3</b>	2 608,6

# Group Cash Flow

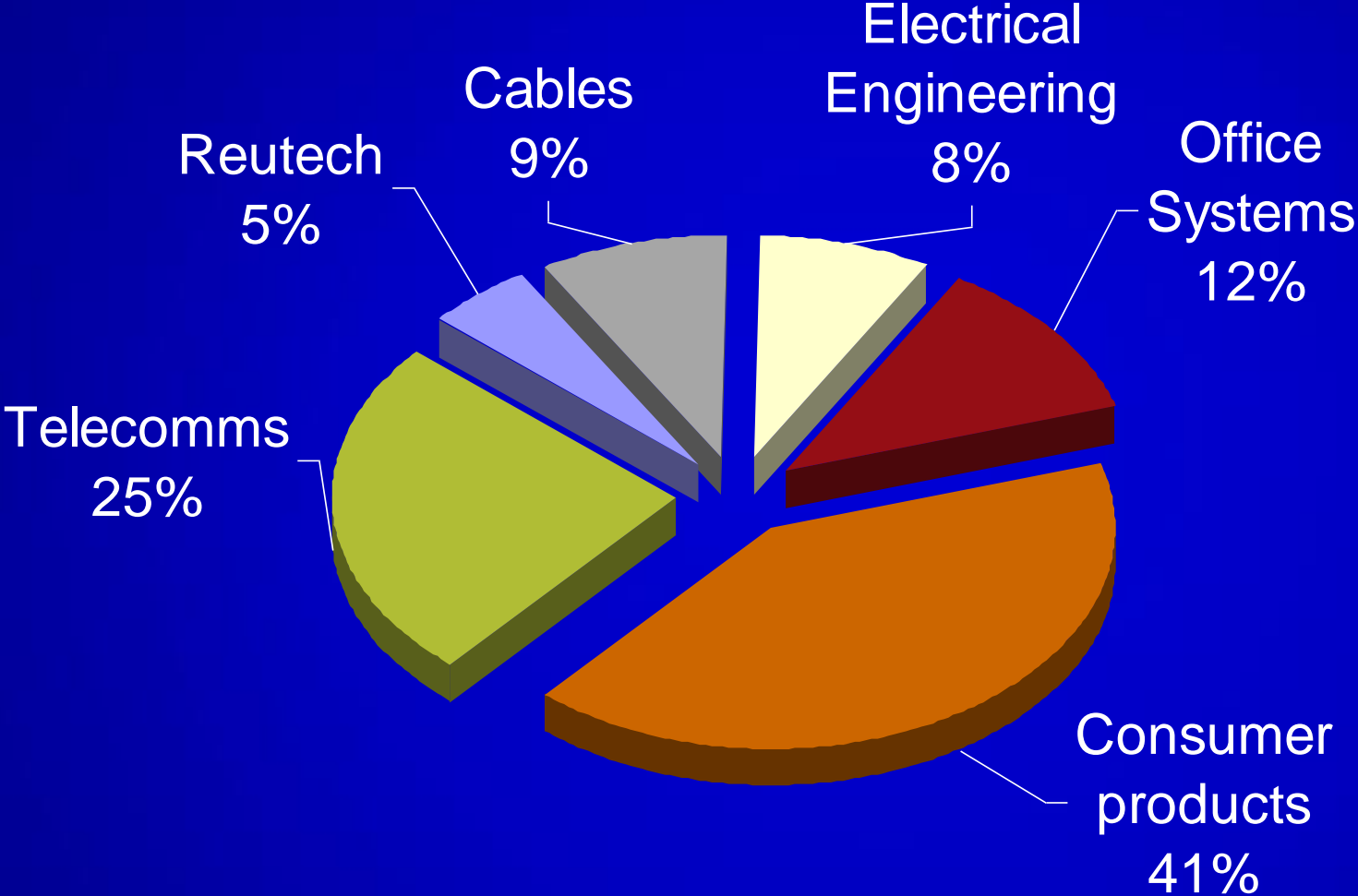
R Millions	6 months ended	
	31 March	
	2002	2001
<b>EBITDA</b>	<b>242,9</b>	200,4
Working Capital (Increase)/Decrease	(2,7)	7,7
Net interest & dividends received	<b>31,9</b>	56,3
Taxation Paid	<b>(165,4)</b>	(105,0)
Dividends Paid	<b>(143,7)</b>	(120,2)
<b>CASH GENERATED BY OPERATIONS</b>	<b>(37,0)</b>	39,2
Capital Expenditure	<b>(13,2)</b>	(17,2)
Shares bought-back	-	(209,5)
Purchase of businesses	<b>(456,8)</b>	(1,8)
Other Movements	<b>4,2</b>	2,6
<b>Net reduction in cash and cash equivalents</b>	<b>(502,8)</b>	(186,7)

# Dividends



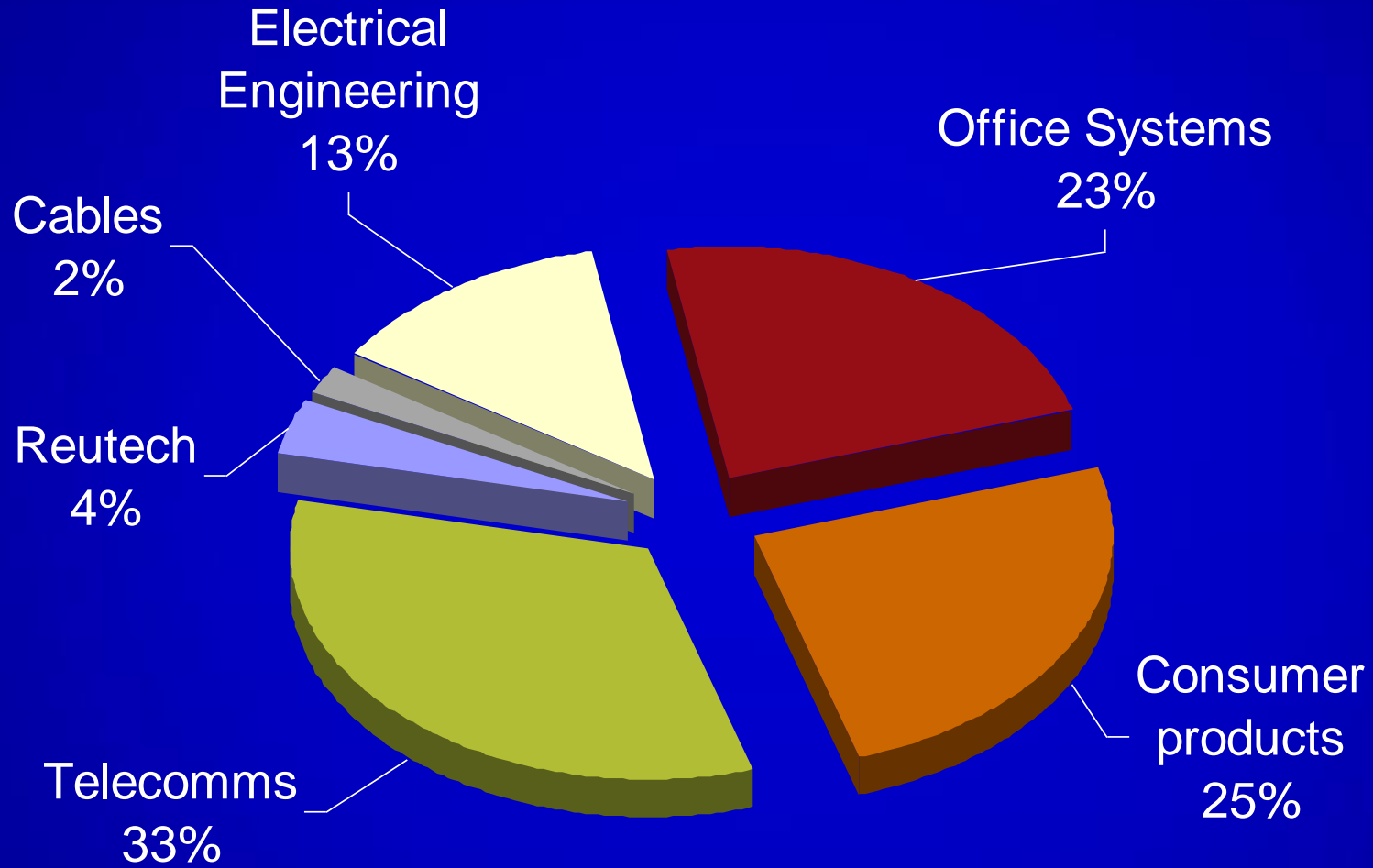
\* Excludes Special dividend of 250 cents

# Revenue % contribution





# Operating profit % contribution



# Group Operations

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# Office Systems

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- Revenue R420m +29%
- Operating profit R71m +91%
- Nashua
  - Strong growth
  - Digital conversion continuing
  - High % annuity income

# Office systems

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- IQ Works
  - Recently started breaking even
  - Satisfying growth in sales
  - Strong synergy with Nashua Mobile
- RC&C Finance Company
  - Good growth in book
  - No increase in bad debts
- Royce Imaging
  - Sales & profit growth
  - Support Nashua brand of products

# Consumer products

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- Revenue R1 387m +20%
  - Operating profit R78m +42%
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- Nashua Mobile
  - Panasonic
  - Futronic
  - Saco Systems

# Consumer products

- Nashua Mobile
  - Internal re-organisation
    - Least Cost Routers
    - Corporate Customers
  - Clear focus at top end of corporate market
    - 260 000 Contract subscribers
    - ARPU over R500 per month
    - 11 % Churn lowest in market
  - Focus on quality service & product offering
    - SMS gateway
    - R&D facility opened in Stellenbosch

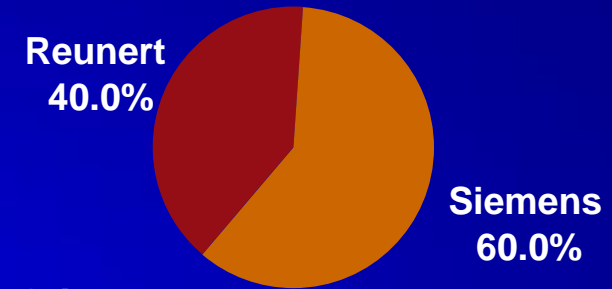
# Consumer products

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- Panasonic
  - Benefit from improved business model
    - Direct sales to customer - Leaf
    - Indent
    - Retail
- Introduced Futronic
  - Focus on lower end of consumer market
  - Sourcing additional product

# Telecommunications

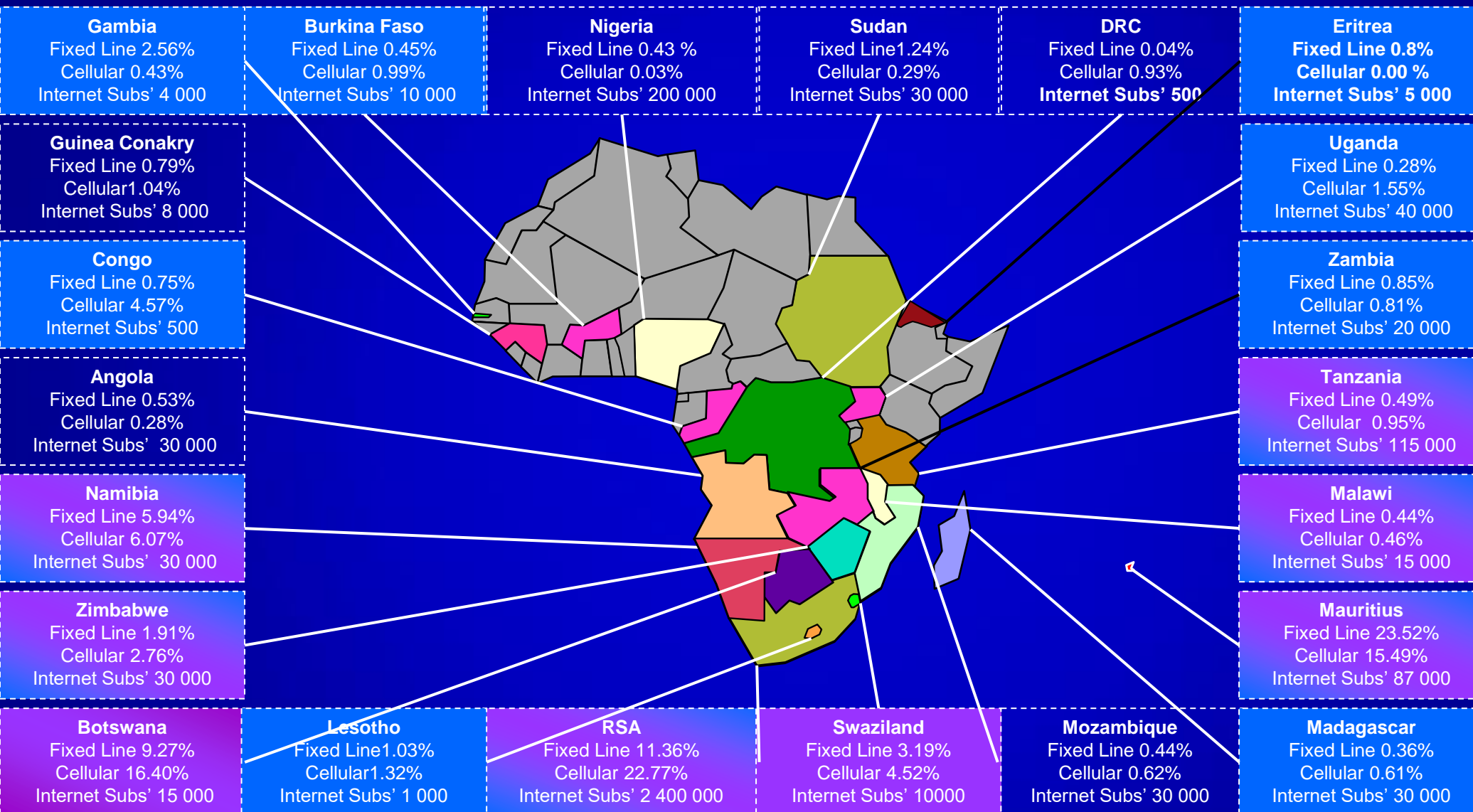
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- Revenue R867m +57%
- Operating profit R100m +112%
- Siemens Telecommunications
  - Excellent growth
    - R/\$ exchange rate
  - Progress on roll-out of Cell C
    - No overdue debts
  - Well positioned to benefit from SNO
    - Eskom's Easitel
  - 30% of total turnover is into Africa
  - Cellular opportunities in RSA - GPRS (2.5G); 3G

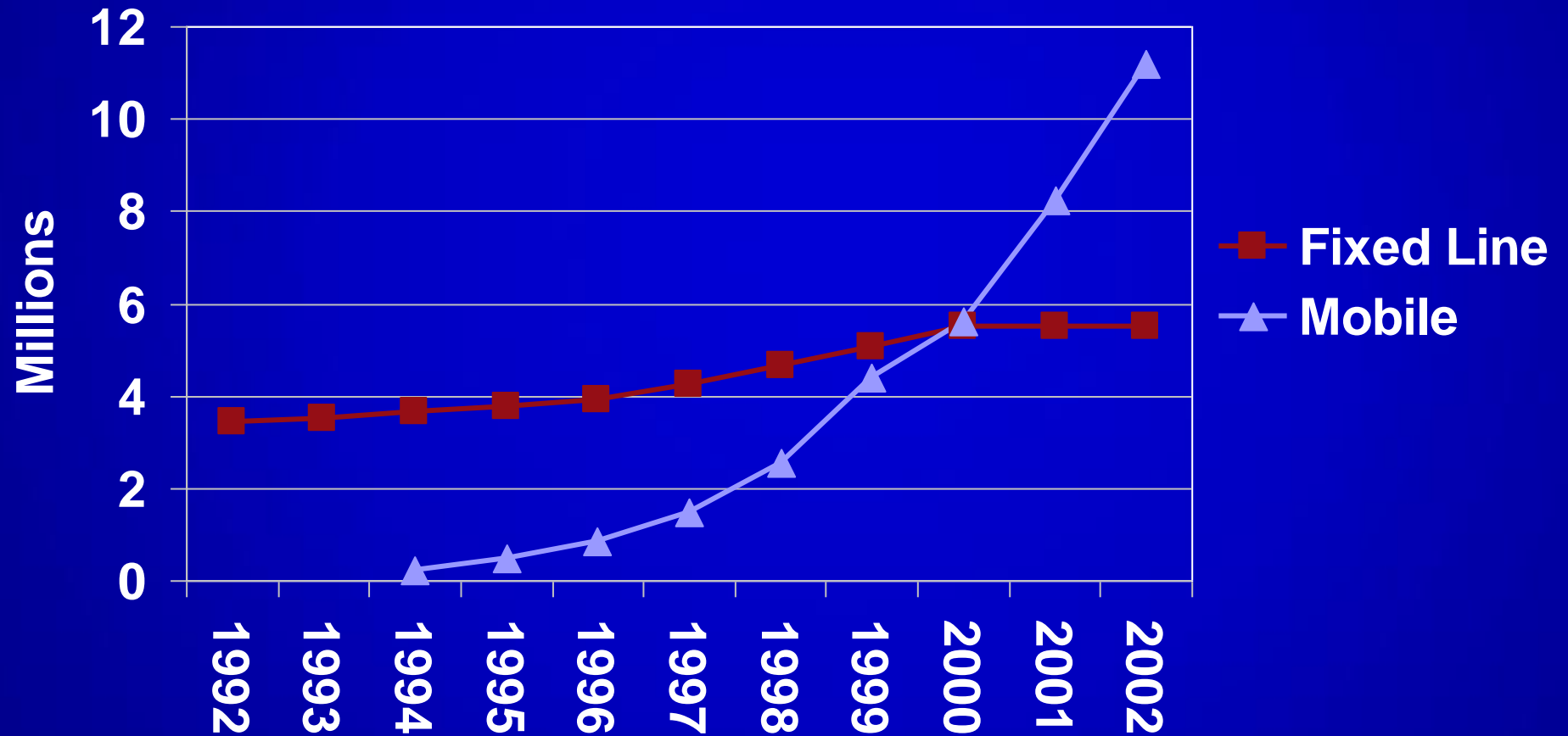


# Teledensity



# South Africa

## Fixed vs mobile phones



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- Revenue R186m -26%
- Operating profit R12m -73%
- Difficult 6 months
- Substantial order received
- Major increase in revenue and earnings FY03+
- Excellent prospects to grow order book

# Electrical Engineering

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- Revenue R268,9m +46%
- Operating profit R41,9m +39%
- CBI
  - 26% revenue growth from Mitsubishi product range
  - 71% from exports
  - Mitsubishi & meter products lower margins than traditional CBI products
- Export to Europe, USA, Africa & Far East

# CBI Ratio Export/Total Sales

Ratio

30%

20%

10%

0%

96

97

98

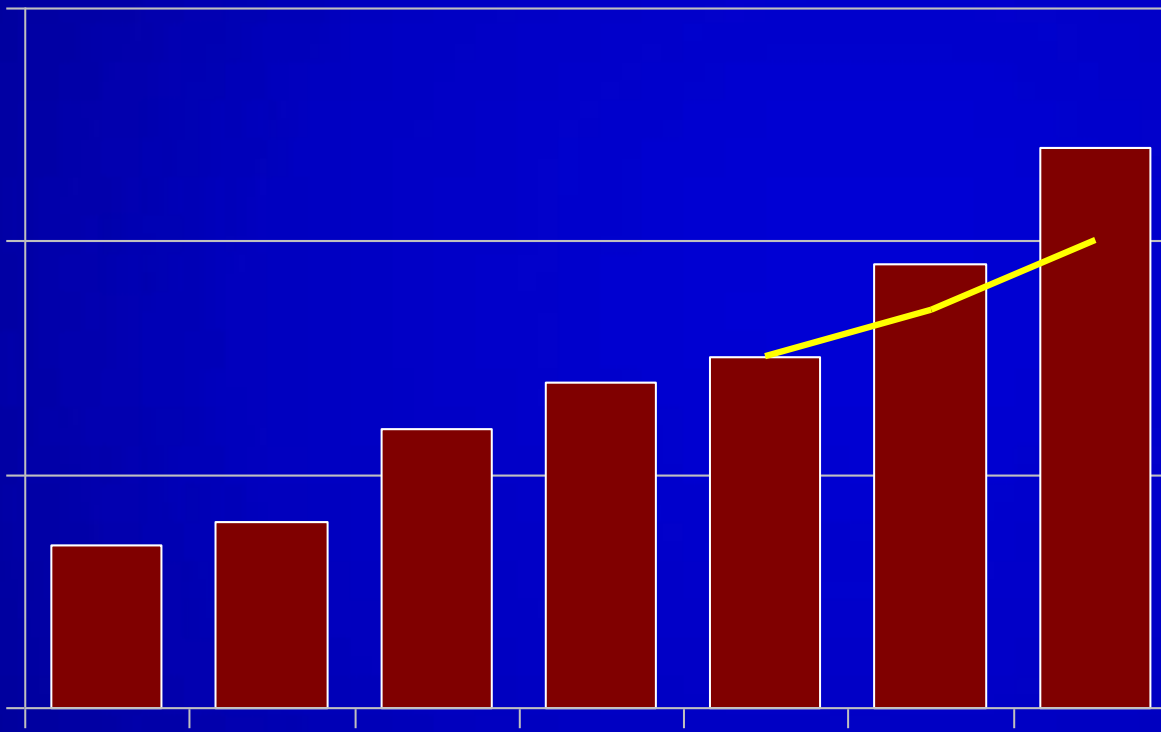
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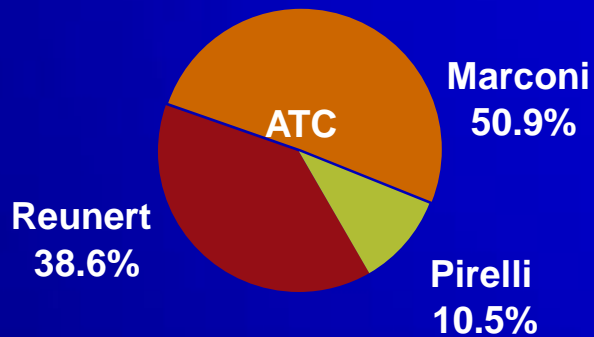
■ Excluding  
Acquisitions  
— Total



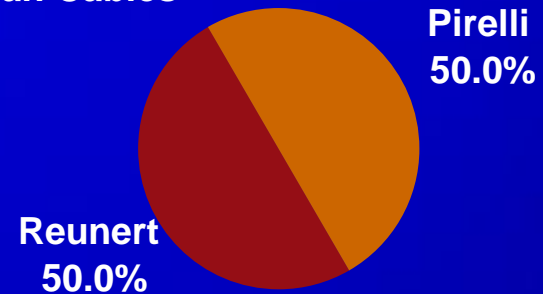
# Cables

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- Revenue R295,6m +1%
  - Operating profit R6,0m -82%
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African Cables



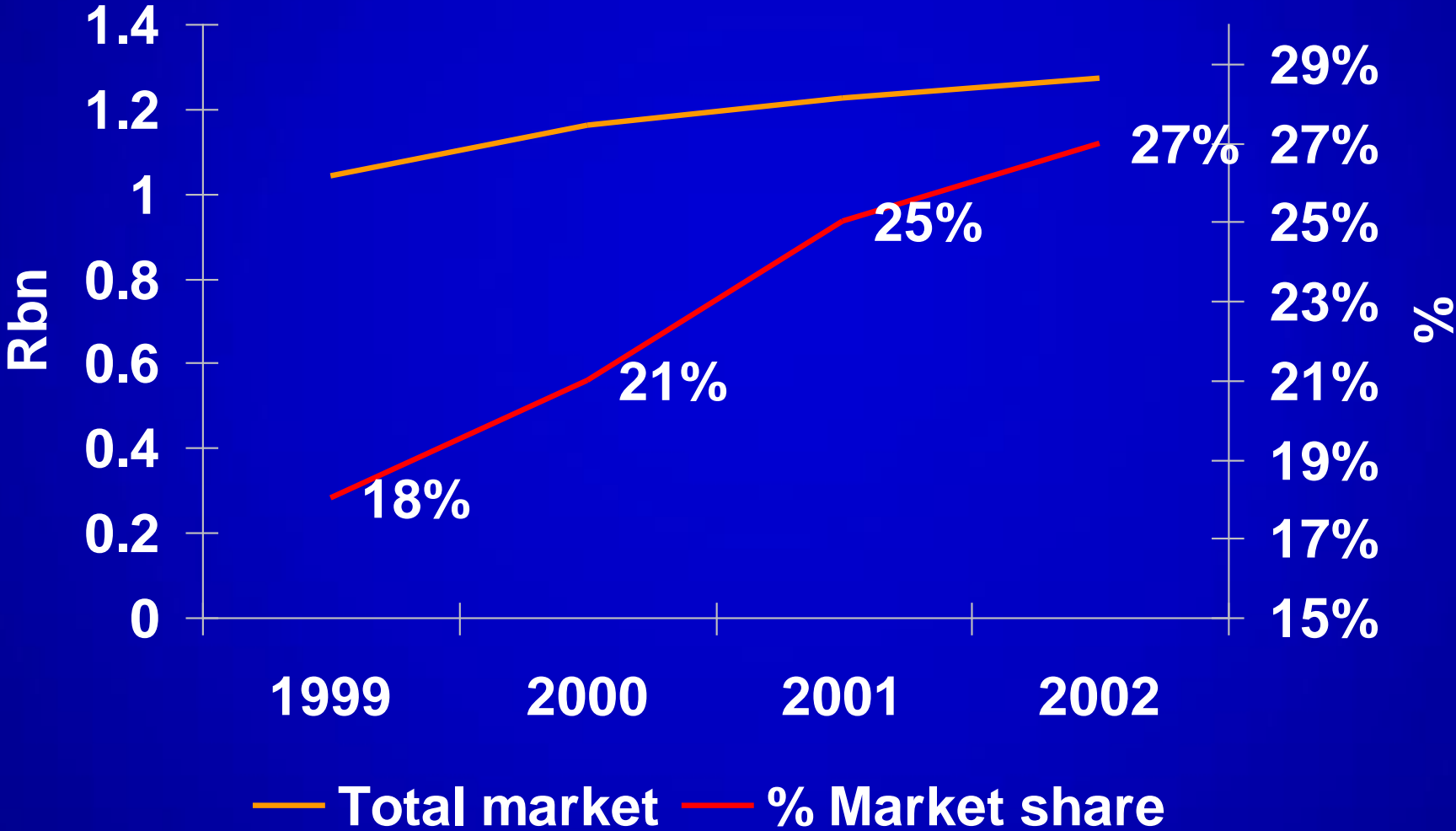
# Cables

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- African Cables
  - Performance continued
  - Gaining market share
  - Improved efficiencies
  - Strong order book
- BEE

# African Cables

## Domestic demand





# Cables

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- ATC
  - Sporadic copper demand
  - Weak demand for optical fibre continues
  - Restructured business to reduce costs
    - No short-term improvement expected

# Issues & Prospects

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# Black Economic Empowerment

- Equity participation
  - Subsidiaries
  - Reunert
  - Franchisees
    - Expected Revenue of R95m by Sept 02
- Employment equity
  - Agreed plans in place
  - Focus on senior management & professional level

# Black Economic Empowerment

## Community involvement

- Reunert College
  - 400+ Students since 1993
  - Maths, Science & English
- Outsourcing & subcontracting

# Prospects

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- Continued strong growth for 2<sup>nd</sup> half expected

Thank you

Questions

# Shareholding

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# Equity

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- Shares in issue
  - In issue 204 060 264
  - Shares held by subsidiary 17 168 058
  - No additional shares bought back since May 2001
  - AGM approval
- Ave value traded R19,7m/week



# Major institutional shareholders

