

REUNERT

REUNERT LIMITED



Audited results

For the year-ended 30 September 2003

JSE: RLO

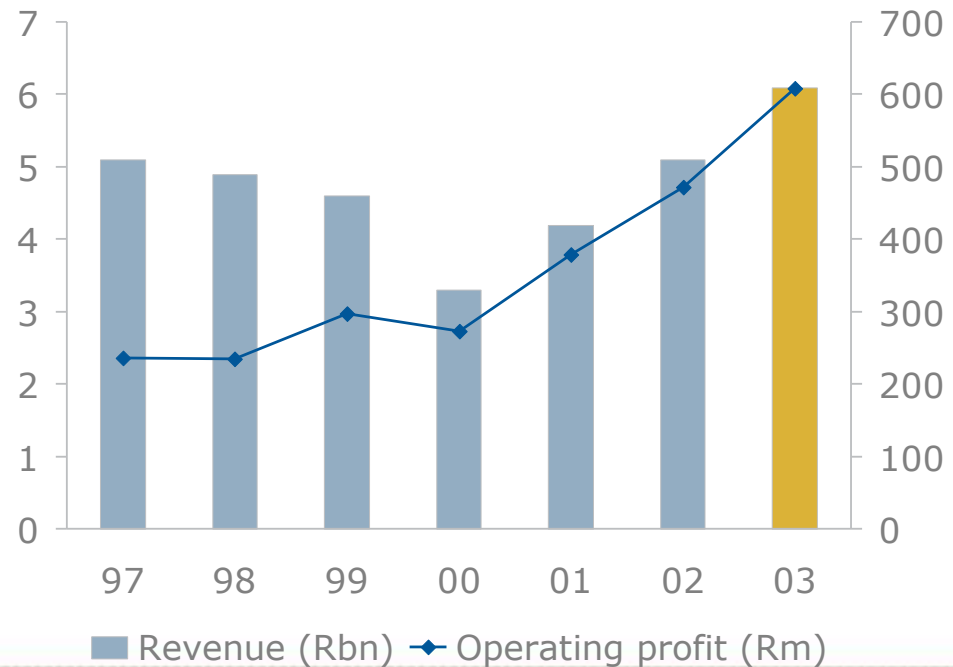
Reunert at a glance

Market capitalisation*	R3,8bn
Revenue	R6,1bn
EBITDA	R712m
EBITDA %	11,7%
Attributable earnings	R295m
Net cash	R481m
Total dividend	120 cents per share

**26 November 2003*

Strategy – Clean up

- Achieve greater focus
- Some 18 businesses sold or closed
- Eliminate low margin businesses
- Increase profit margins



Strategy - Consolidate

- Take out minorities
 - Nashua Mobile
- Increase shareholding
 - Siemens Telecommunications
- Acquired majority stake
 - ATC
 - IQ Works now Nashua Connect
- Encourage organic growth
 - Nashua: Royce Imaging
 - CBI: Mitsubishi, Tellumat,
 - Panasonic: major franchisers
- Unfinished business
 - African Cables

Strategy – Grow

- Maintain organic momentum
- Grow market share
 - Consolidate sectors
 - Export
- Add products/services
 - Put distribution systems to work
- Careful to sacrifice revenue for excessive margins
- Add a new dimension to Reunert
 - Major acquisitions
 - Closely aligned to Reunert's core

Financial results

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Key drivers of 2003 results

- Volatile currency & AC133 impact on group results
 - Consumer goods – RC&C Holdings (Panasonic)
 - Telecommunications – Siemens Telecommunications
- Excellent performance from managed companies
 - 29% operating profit growth
 - Revenue up by 21%
 - Exception RC&C (Panasonic)
- Telecommunications sector under pressure
 - Siemens Telecommunications incurred significant losses
 - Strong rand
 - Delays
- Improved cash inflows
- Final dividend held at 88 cents per share

Hedging policies

- Panasonic
- Rest of Reunert
- Siemens Telecommunications
 - Hedging mechanisms in place to minimise further losses

Impact of AC133

Operating loss	(R44,5m)
Tax charge	R13,3m
Attributable earnings	(R31,2m)

- This accounts for seven of the 20% drop in HEPS from 2002

Effect on operating profit by segment	Rm
Electrical engineering	0,5
Office systems	(29,5)
Consumer products	(23,9)
ICT	(0,1)
Reutech	8,5
Total	(44,5)

Income statement

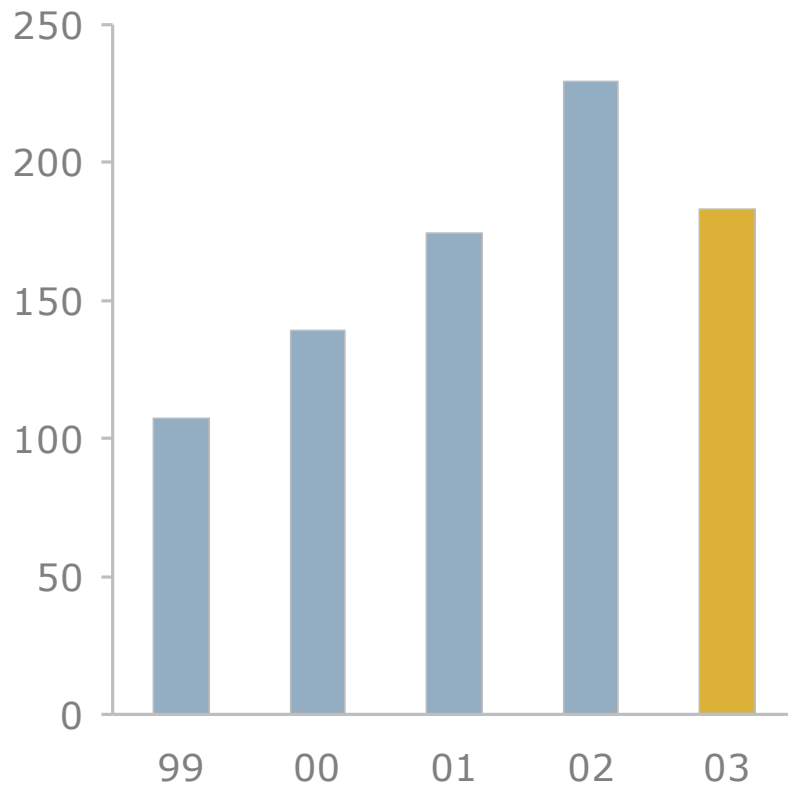
Highlights

R million

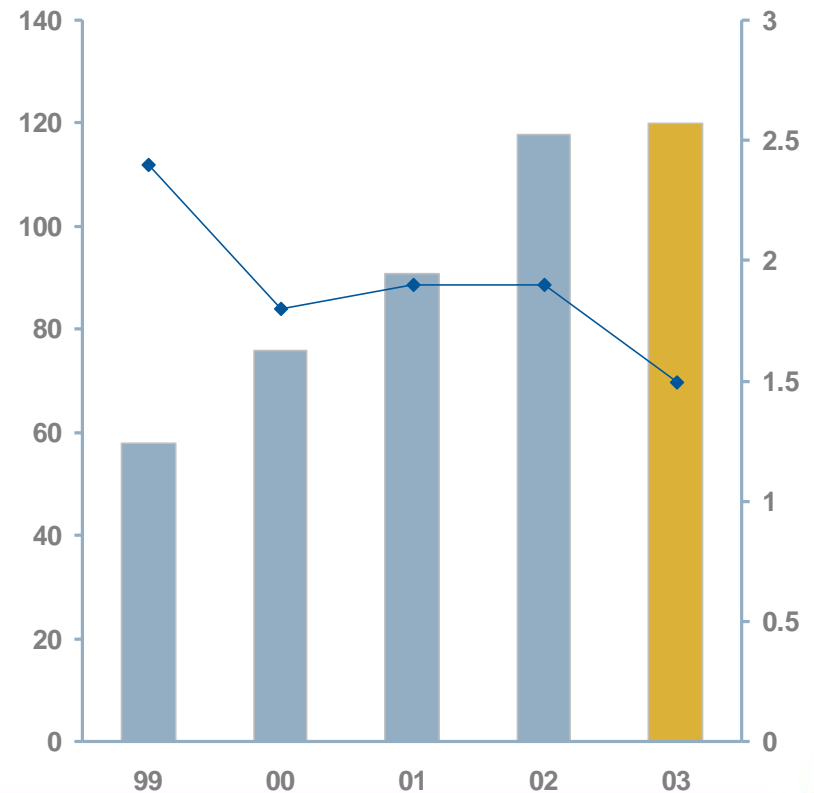
	2003	2002	%
Revenue	6 103,9	5 062,9	21%
Operating profit	607,7	472,1	20%
Tax	224,4	177,3	
Attributable earnings	295,4	370,6	(20%)
Headline earnings	345,6	429,3	
HEPS (cents)	183,5	229,5	(20%)
Effective tax rate	32,1%	32,2%	
Final dividend/share (cents)	88,0	88,0	0%

Shareholder wealth

Headline earnings per share (cents)

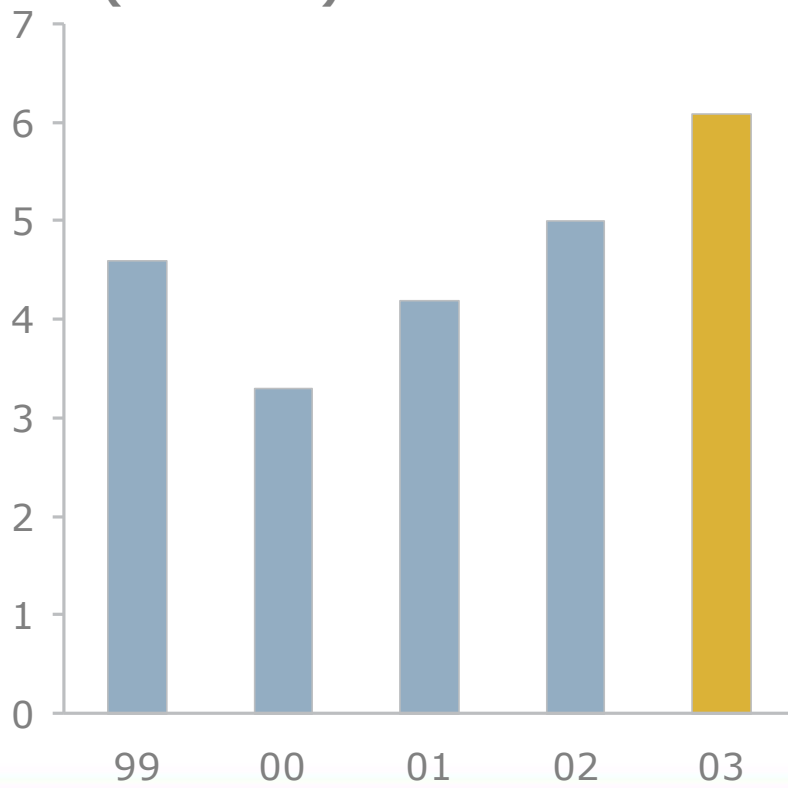


Dividend per share (cents) and dividend cover (times)

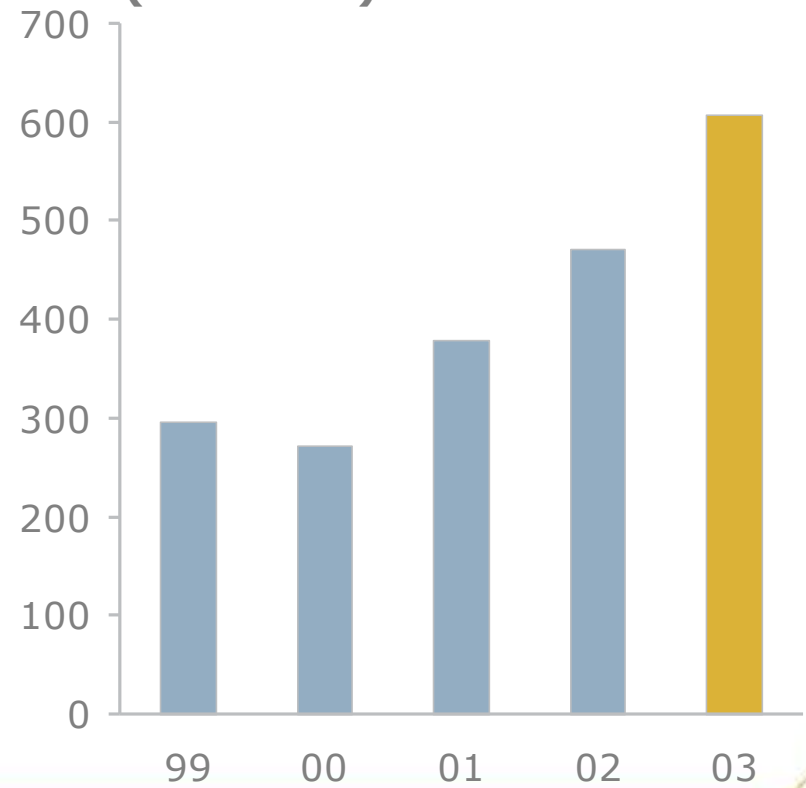


Performance

**Revenue
(R billion)**



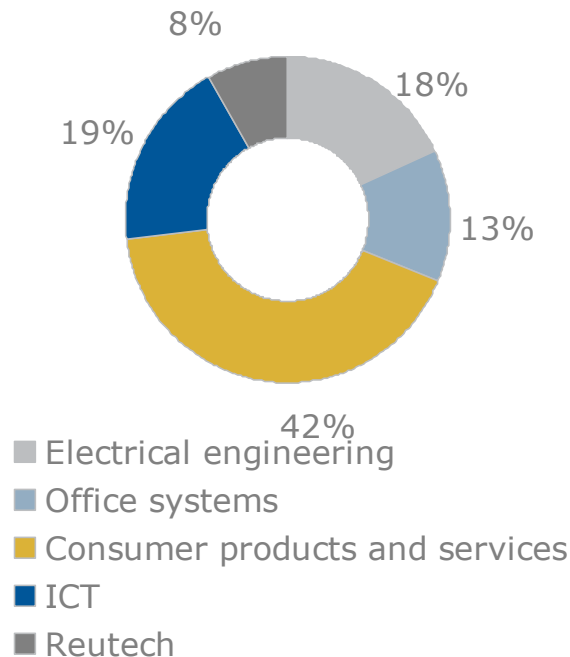
**Operating profit
(R million)**



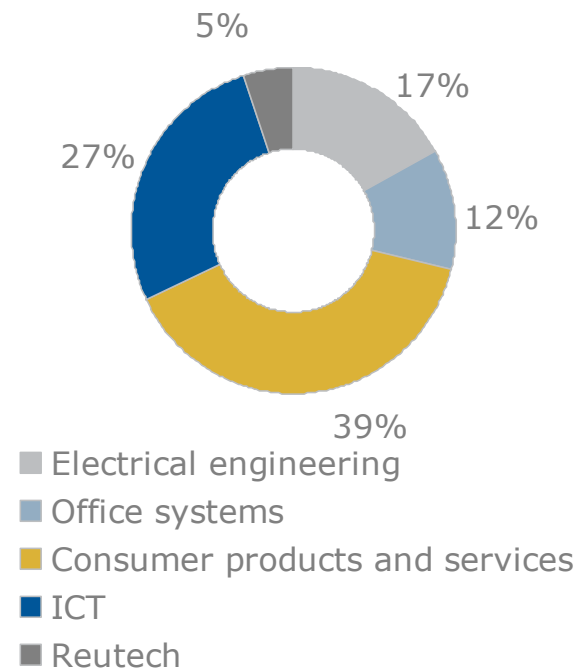
Segmental analysis

Revenue including associate companies

2003



2002



Consolidated revenue

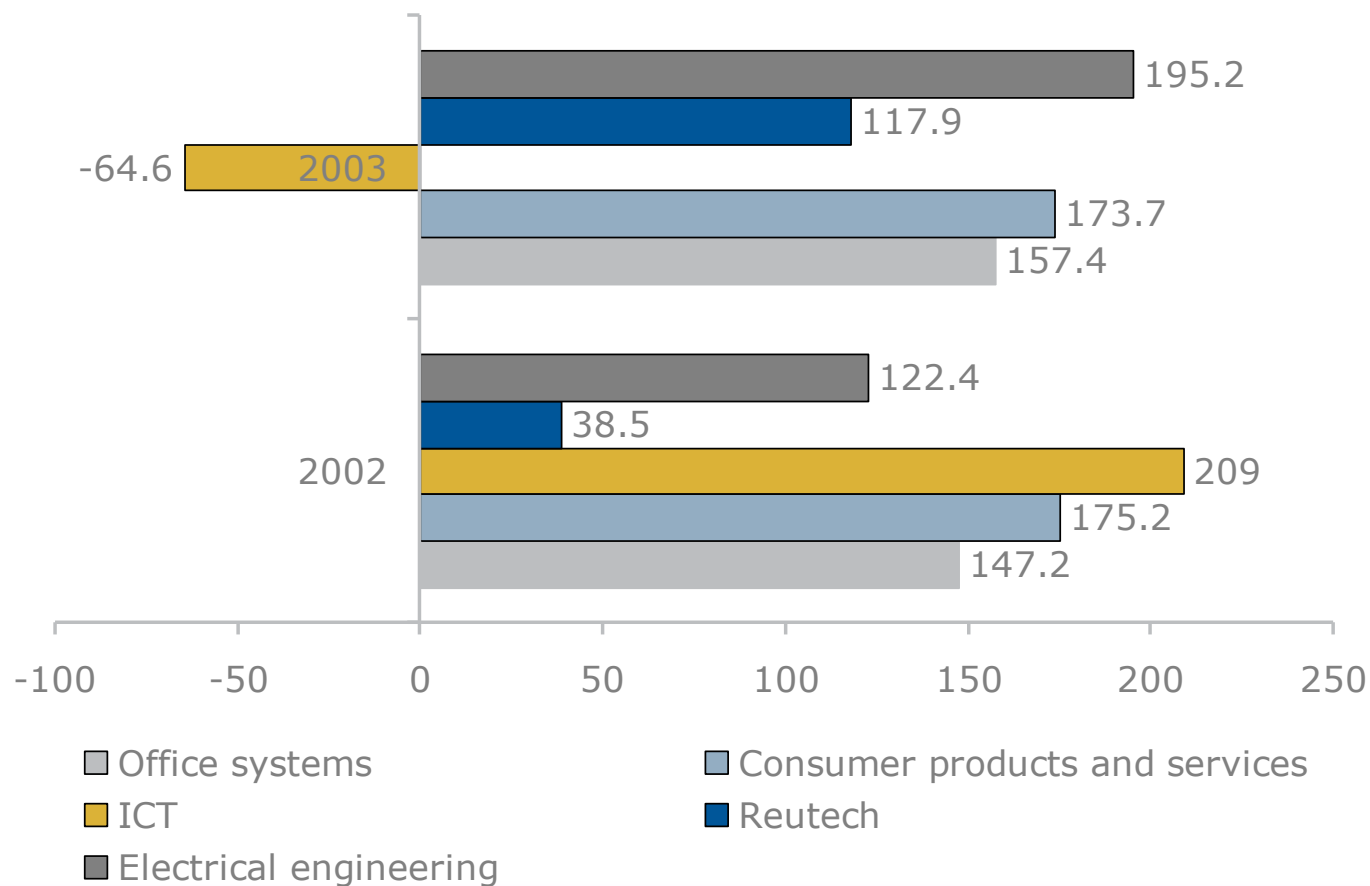
R million	2003	% change
Electrical engineering	1 367,7	15%
Office systems	952,3	9%
Consumer products & services	3 192,5	15%
ICT	1 413,7	-28%
Reutech	615,7	64%
<i>Less: Associates</i>	(1 438,6)	
Revenue as reported	6 103,9	

Consolidated operating profit

R million	2003	% change
Electrical engineering	195,2	60%
Office systems	157,4	7%
Consumer products & services	173,7	(1)%
ICT	(64,6)	(131)%
Reutech	117,9	206%
<i>Less: Associates</i>	74,3	
Operating profit as reported	653,9	

Segmental analysis

Operating profit including associate companies Rm



Cash flow

Highlights	2003	2002
EBITDA	712,3	559,7
Increase in net working capital	(59,3)	(366,0)
Increase in Finco accounts receivable	(269,8)	(208,8)
Decrease/(increase) in other working capital	210,5	(157,2)
Interest & dividends received net of taxation and dividends paid	(391,9)	(265,1)
Net cashflow from operating activities	261,1	(71,4)
Maintaining capacity	(15,6)	1,9
Increasing capacity and acquisitions	(87,2)	(468,2)
Net cashflow from financing & other	(20,3)	14,7
Net cash inflow/(outflow)	138,0	(523,0)

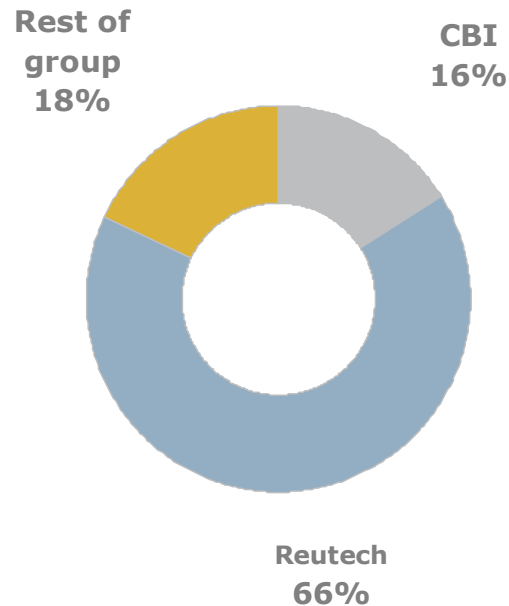
Cash resources

Highlights	2003	2002
Cash and cash equivalents (net)	481,4	280,7
RC&C Finco borrowings	(900,7)	(838,0)
Net borrowings @ end of year	(419,3)	(557,3)

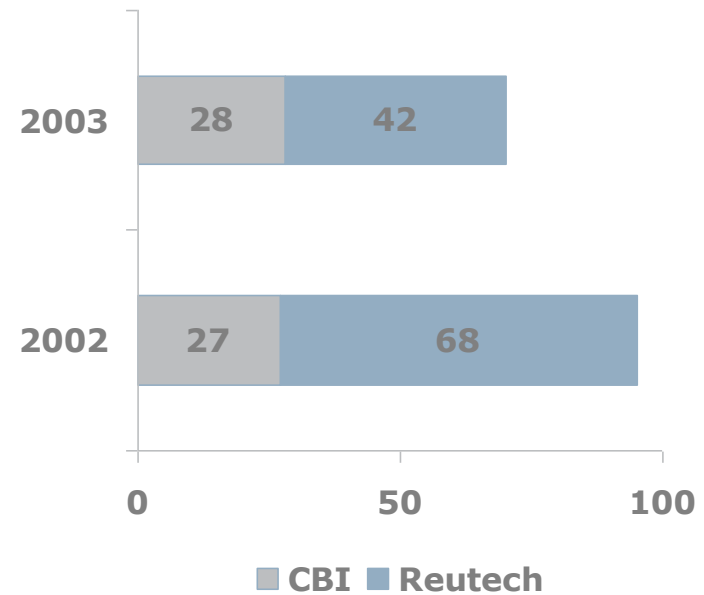
- Finco long-term banking facilities of R900m
- Maximum notice run off period over 5 years

Exports and R&D

Export revenue %



R&D Investments R million



- Total exports R519m or 9% of total revenue
- Total exports 60% up year-on-year

Operational review

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Current structure

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Electrical Engineering

Electronics

Electrical Engineering	Office Systems	Consumer products and services	Information & communication Technologies	Reutech
CBI 100%	Nashua 100%	Nashua Mobile 100%	Siemens 40%	RDI 100%
ATC 75%	Nashua Finance <i>Effective 100%</i>	RC&C Holdings 100%	Acuo Technologies 100%	Fuchs Electronics 100%
African Cables 50%	Nashua Connect 100%	SACO Systems 100%	CS Computer Services Holdings 32%	RRS 57% RDL 70%

Electrical engineering

CBI

ATC

African Cables

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- Excellent year
 - Sales volumes up
 - Local
 - Export – 13% of turnover
 - USA, Europe, Far East and Africa
 - High barriers to entry
- Manufacturer of repute
 - International standards and qualifications
 - Testing facility to UL specifications
- Wide product range
- Diverse customer base
- Sole distributor of Mitsubishi Electric products in sub-Saharan Africa

Offshore expansions

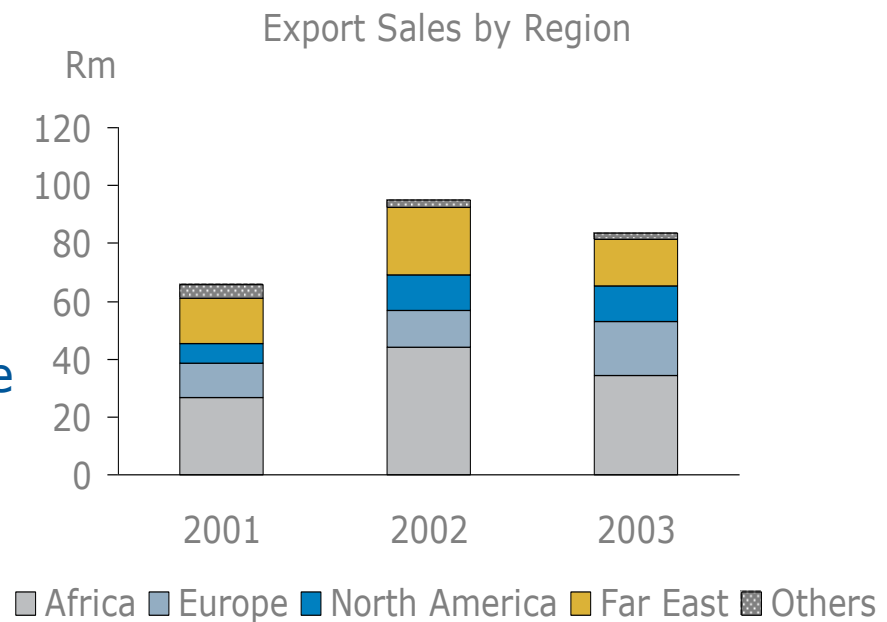
- Sales offices in Germany & USA

Export markets

- Anti-dumping case in USA
- Strong growth in volumes
- Rand value down

Prospects

- Increase volumes and revenue
- Grow market share
 - Motor control
 - Automation systems
- Increase exports



- Acquired 100% of business
 - 51% Marconi plc & 10% Pirelli Cables and Systems
- Restructured and streamlined operations
- Sold 25,1% to black owned group Kgorong Holdings
- Last few months profitable

Prospects

- First signs of international market recovering
- Aggressive look at export markets
- Second network operator

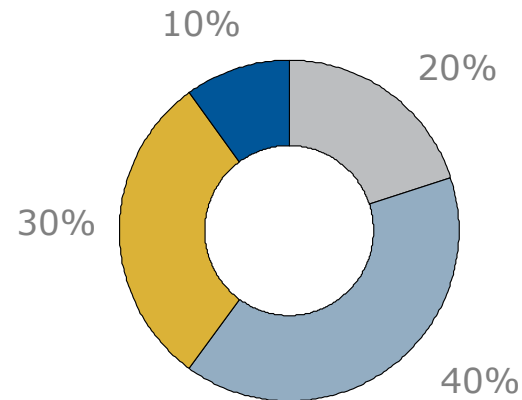
African Cables

- Increase in margins
 - Higher volumes
 - Favourable mix of products
 - Reduced scrap
 - Reduced over consumption
 - Sharper buying
- Cafca
- City Power Johannesburg
 - 3 year contract

Future

- Impact of exchange rate
- Price pressures across product range
 - Reduced capex spend by mines and industry

Revenue



■ Mining ■ General Market ■ Utilities ■ Industry

Electronics

Office Automation

Nashua, Finance, Nashua Connect

Consumer Products & Services

Nashua Mobile, RC&C Holdings, Saco Systems

Reutech

RDI, Fuchs Electronics, RDL, RRS

Information & Communication Technologies

Acuo Technologies, Sietel

Nashua

- Strong profit growth
- Cost reductions passed on to consumers
- Multi-function machines
- Strong competition in lower-end of market

Prospects

- Low market penetration of colour machines
- Increased demand for multi-function machines
- Systems integration capability

Nashua Mobile

- Excellent year
- Improved systems and processes
- Won least cost router court case
 - Now on appeal
- Average revenue per user at all time high = R575 (2002:R552)
- Churn rate = 11,6% (2002: 11,9%)
- Market share:
 - Contract base: 313 000 (2002: 264 000)
 - Prepaid base: 38 000 (2002: 45 000)

Nashua Mobile

Prospects

- Vodacom offered to renew incentive contract until March 2005
- ARPU's expected to grow further
- Strong growth in professional services
- Not a mature market

RC&C Holdings

Consumer electronics

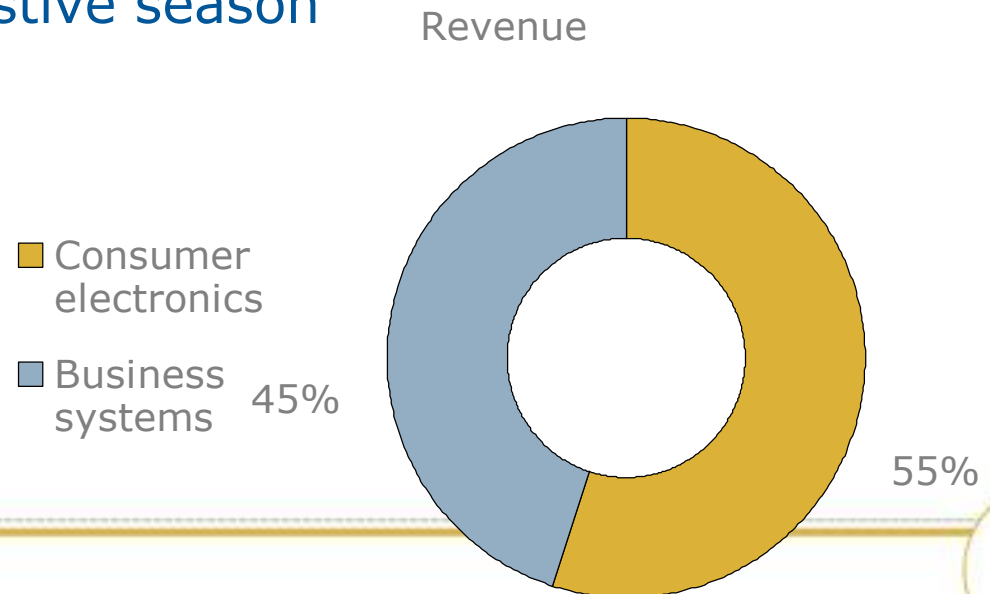
- Disappointing performance
 - Long lead times addressed
 - Overstocked
- Restructured operations
- Hedging mechanisms reviewed

Business systems

- Strong growth
- Direct presence in Cape Town, Johannesburg & Durban

Prospects

- Much brighter
- Stronger rand & lower interest rates benefit consumer
- No exchange rate disadvantages
- Overstocked position corrected
- Expecting an excellent festive season
- Futronic well positioned



- Excellent profit contribution
- Fuchs Electronics
 - Profits adversely affected by strong rand
- Reutech Radar Systems
 - Delivered 1st optronic radar tracker units to SA Navy on time
 - Full order book for 2004
- Reunert Defence Logistics
 - Making strong inroads in commercial sector
 - Infrastructural projects
 - Gautrain
 - Rail Commuter Corporation

- Reutech Defence Industries
 - Difficult year due to lack of orders
 - Rationalized operations and relocated manufacturing capacity to Fuchs
- Reutech managing director: Piet Smit

Prospects

- Need to fill order books
- Continued strong rand impacts on global competitiveness
- Unlikely to repeat past year's performance

Siemens Telecommunications

Attributable profit after tax	R million
2002	115,8
2003	(76,2)
Swing	192,0

- Exchange rate losses
- Dollar based contracts with rand based costs
- Penalties
 - Delays in roll-out of sites
- Contracts delayed
 - Nigeria, Mozambique

Siemens Telecommunications

Prospects

- Return to profitability
 - Existing contracts renegotiated
 - Restructuring
 - Hedging mechanisms
 - New contracts: Mozambique
- Future growth of mobile networks
- Second network operator

CS Holdings acquisition

- Acquired
 - Gensec's 15,4%
 - Getronics 16,3%
 - Price = R42,8 million
- Other shareholders
 - Worldwide Africa Holdings 25,8%
 - Management 6%
 - Institutional & retail
- Outsourcing, systems integration, managed services and training
- Forecast revenue \pm R600m

A glimpse at next year

Prospects

- ATC, RC&C (Panasonic) & Sietel to turn profitable
- Reutech expected to be down
- All others flat

→ **Overall positive result**

→ **Continued growth**

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