

REUNERT

REUNERT LIMITED



Interim results

For the six months ended 31 March 2004

JSE: RLO

Reunert at a glance

six months ended 31 March 2004

Market capitalisation *	R4,9bn
Revenue	R3bn
EBITDA	R390,4m
EBITDA as % of turnover	13%
Attributable earnings	R256m
Headline earnings	R263m
Net cash	R688,8m
Interim dividend	40 cents per share

**10 May 2004*

Share price performance



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%		SACO Systems 100%	CS Computer Services Holdings 32%	RRS 57%
				RDL 70%

Financial results

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Results in perspective

	2004	2003	Delta	HEPS
	Rm	Rm	Rm	cents
Siemens Telecommunications	33,1	(21,3)	54,4	28,7
Reutech	14,7	43,0	(28,3)	(14,9)
RC&C Finance Company	45,5	15,0	30,5	16,1
Rest of group	169,7	180,2	(10,5)	(5,5)
Headline earnings	263,0	216,9	46,1	24,3

Salient features

- Dramatic turnaround
 - ATC
 - Siemens Telecommunications
 - RC&C Holdings (Panasonic)
- Revenue flat - 1% down
- Further improvement in margins
- Reutech as predicted down
- Sale of finance book

Critical issues

Nashua Mobile

- *Network Operator 1:*
 - licence extended until March 2006
 - Same margin
- *Network Operator 2:*
 - licence extended until April 2006
 - Variable margins
 - Volume dependent
- *Network Operator 3:*
 - contract signed for 5 year period
- Market
 - Clear signs of saturation
 - Churn is increasing at top end of the market

Critical issues

CSH

- Potential offer of 35 cents per share is withdrawn
 - Section 228 for assets and liabilities
- Reunert directors have resigned from the board of CSH with immediate effect
- Have looked at all possibilities
- CSH is a listed entity
 - Precludes Reunert from making any further comments at this point

Income statement

Highlights

R million

	2004	2003	%
Revenue	3 011,9	3 047,5	(1%)
Operating profit	339,5	333,3	2%
Tax	141,5	124,8	13%
Attributable earnings	256,0	192,0	33%
Headline earnings	263,0	216,9	
HEPS (cents)	138,7	115,4	20%
Effective tax rate	35,6%	33,0%	
Interim div/share (cents)	40,0	32,0	25%

Balance sheet

at 31 March

	2004	2003
	R million	R million
Non-current assets		
Property, plant and equipment	201,4	223,3
Goodwill	312,8	331,2
Investments	70,4	80,2
RC&C Finance Company accounts receivable	236,2	1 114,8
Deferred taxation assets	32,6	25,9
	853,4	1 775,4
Current assets		
Inventory and contracts in progress	442,6	640,2
Accounts receivable and derivative assets	790,8	832,1
Cash and cash equivalents (net)	688,8	180,0
	1 922,2	1 652,3
Total assets	2 775,6	3 427,7

Balance sheet (2)

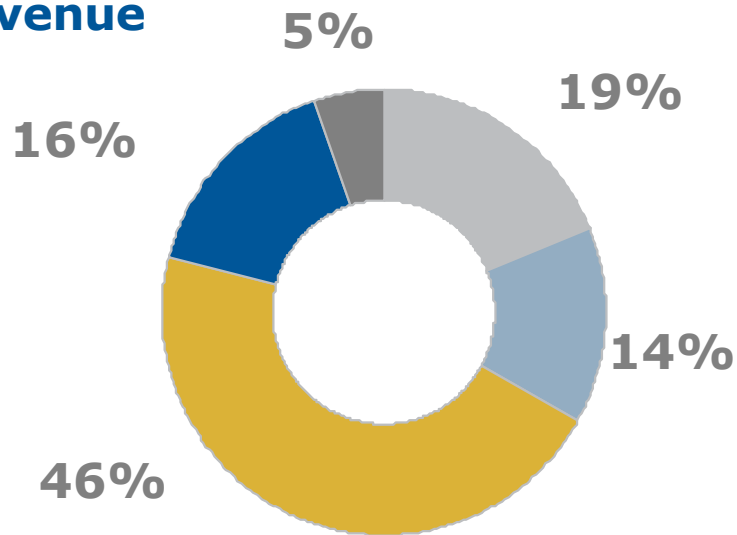
at 31 March

	2004 R million	2003 R million
Shareholders' funds		
Ordinary	1 490,2	1 345,1
Reunert Limited shares held by a subsidiary	(234,6)	(234,6)
Preference	0,7	0,7
	1 256,3	1 111,2
Outside shareholders in subsidiaries	120,5	103,8
	1 376,8	1 215,0
Non-current liabilities		
Deferred taxation liabilities	60,3	46,3
Current liabilities		
RC&C Finance Company short-term borrowings	44,5	855,9
Acc payable, accruals, provisions & tax	1 294,0	1 310,5
	1 338,5	2 166,4
Total equity and liabilities	2 775,6	3 427,7

Segmental analysis

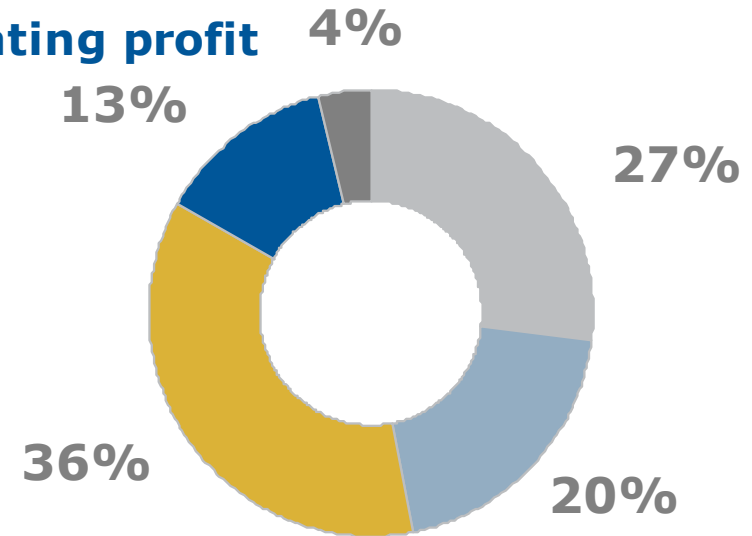
including associate companies

Revenue



- Electrical engineering
- Office systems
- Consumer products and services
- ICT
- Reutech

Operating profit



- Electrical engineering
- Office systems
- Consumer products and services
- ICT
- Reutech

Consolidated revenue

R million	2004	% change
Electrical engineering	667,1	(4%)
Office systems	501,8	13%
Consumer products & services	1 664,2	6%
ICT	563,5	(27%)
Reutech	178,7	(51%)
<i>Less: Associates</i>	(563,4)	
Revenue as reported	3 011,9	(1%)

Consolidated operating profit

R million	2004	% change
Electrical engineering	114,1	23%
Office systems	85,4	11%
Consumer products & services	150,0	30%
ICT	56,4	1 384%
Reutech	15,8	(76%)
<i>Less: Associates</i>	(57,0)	
Operating profit as reported	364,7	2%

Cash flow

Highlights

EBITDA

Increase in net working capital

Decrease/(increase) in Finco accounts receivable

Decrease in other working capital

Interest & dividends received less taxation and dividends paid

Net cash flow from operating activities

Maintaining capacity

Increasing capacity and acquisitions

Other

Net cash inflow/(outflow)

	2004	2003
	390,4	380,5
	1 064,9	(123,0)
	983,8	(160,9)
	81,1	37,9
	(362,1)	(278,8)
	1 093,2	(21,3)
	7,0	(19,7)
	(47,4)	(80,2)
	10,8	2,6
	1 063,6	(118,6)

Cash resources

Highlights

	2004	2003
Cash and cash equivalents (net)	688,8	180,0
RC&C Finco short-term borrowings	(44,5)	(855,9)
Net cash/(borrowings)	644,3	(675,9)

Operational review

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- Order book has to be firmed up
- Optimistic: Prospects are better than before

Reutech Defence Industries

- Well-positioned to benefit from multi-billion rand communication and command spend over next three years
 - SADF & SAAF
- Enhanced product development on radio's is in progress

Reutech cont

Fuchs Electronics

- R500m requirement for air weapons contract spanning over 2 years
- R100m contract - first order expected July 2004

Reutech Radar Systems

- Optical radar tracker is nearing completion
- GBADS
 - Phase 1 - completion 2005
 - Phase 2 - expected August 2005 – R300m

Reunert Defence Logistics

- Gautrain: Bombardier consortium – fare collection – R300m

Circuit Breaker Industries

- Overall positive growth
- Mining down 30%
- Exports for the 1st time exceed budget
 - +25% of traditional sales
- Markets in USA and Europe show improvement
- Exports into Africa much stronger
- Investigating foothold into Australian market

African Cables

- Very strong demand
- Municipalities
 - Cables in metropolitan areas are overloaded and have to be upgraded
- Record order book
 - strong demand for paper cable
- Cafca
 - blend rate has a severe impact on the company's viability

- ATC breaking even
 - R160m of sales
- Market is showing signs of recovery
- Sales are expected to increase by 50% next year
- Confident that ATC will regain part of the Telkom fibre optic market share
- Will cease the manufacture of fibre optic in August 2004
 - Plant will be mothballed
 - Can import fibre optic cheaper than manufacture

RC&C Holdings

- Market position greatly improved
 - better management of foreign currency
- Consumer electronics
 - highly competitive
 - focusing on profitability
- Business systems
 - living up to expectations
 - direct outlets
 - business is growing

Nashua

- Record sales of copiers
- Market leader
- Market shares
 - Digital: Nashua 29% + Panasonic 3%
 - Analogue: Nashua 27% + Panasonic 4%
- Strong push into printer market

Siemens Telecommunications

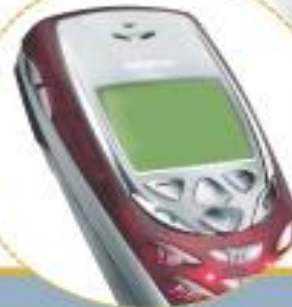
- Excellent turnaround in profitability
- Strong order book
- Fixed line business
 - gradually improving
- Second Network Operator
 - not included in current budget
- Mobile business is strong

Prospects

The rate of increase in headline earnings per share in the second half is likely to be higher than that achieved in the first half

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