MESSAGE TO SHAREHOLDERES

- EBITDA of total operations increased to R840 million from R376 million.
- Net debt reduced by 42% to R1.9 billion.
- Remaining held-for-sale operations carrying value reduced to R620 million.
- Credible performance from the continuing operations lifting EBITDA to R950 millon.

The Altron annual results for the year ended 28 February 2017 are reported in an integrated manner in accordance with the G4 Guidelines prepared by the Global Reporting Initiative (GRI) and the Integrated Reporting <IR> Framework (Version 1) developed by the International Integrated Reporting Council (IIRC), reflecting those issues that are applicable and which materially affect or contribute to the sustainable development of Altron in terms of its financial and non-financial performance.

Altron has made good progress over the last year on its stated aim of repositioning the group in the information technology and telecommunications space, reducing its exposure to the manufacturing sector, and divesting of non-core assets. Following the recent appointment of Mr Mteto Nyati as Chief Executive and the repurchase of the low voting N shares, the group has moved from a family controlled and managed business to an independent management structure.

While overall trading conditions remained challenging, which impacted the group's performance, the group has made meaningful progress on divesting of its non-core assets and has significantly reduced losses from these operations. In further advancing this process, the group expects to complete a number of these disposals in the first half of the new financial year, with continued focus being placed on disposal of Powertech Transformers and Altech Multimedia.

The R400 million capital injection post year-end, following the introduction of Value Capital Partners as a new strategic partner, will be a catalyst in driving shareholder value creation by enabling the acceleration of Altron's growth initiatives within its core information technology and telecommunications businesses.

From a total operations perspective, Altron's revenue for the year under review declined by 26% to R19.7 billion and earnings before interest, tax, depreciation and amortisation (EBITDA) increased by 123% to R840 million. Basic earnings per share (EPS) reduced to a loss of 54 cents from the loss of 259 cents reported in the prior year. Headline earnings per share (HEPS) improved to a profit of 71 cents from the loss of 145 cents posted in the prior year.

In order to provide shareholders with a clearer understanding of the impact of the discontinued operations on the group, the income statement is split between continuing and discontinued operations. The continuing operations comprise the information technology and telecommunications businesses of the group, while discontinued operations include the whole of Powertech, Altech Autopage, Altech Multimedia and Altech Node (only in the prior year) in accordance with the requirements of IFRS.

FINANCIAL OVERVIEW

INCOME

Continuing operations

Despite the challenging economic environment, particularly in South Africa, the continuing operations delivered a credible performance at an operating level. The telecommunications operations generally showed growth, with one exception, while the information technology operations declined compared to the prior year as a result of some major contract losses at the end of the prior financial year. Corporate costs declined in line with expectations.

Revenue declined by 3% to R13.9 billion from R14.4 billion in the prior year, while EBITDA increased by 7% from R888 million to R950 million. The EBITDA margin improved to 6.8% compared to the prior year's 6.2%. However, depreciation and amortisation charges increased to R222 million from R186 million, resulting in an operating profit improvement of 4% to R728 million. Operating margins improved from 4.9% to 5.2%.

Capital items were positive for the financial year compared to the R69 million in costs for the prior year. This contributed to a 16% increase in operating activities to R736 million. However, net finance costs increased significantly from R161 million to R223 million as a result of higher borrowing rates during the past 12 months as well as reduced expectations of proceeds from non-core disposals, which increased the allocation of interest to the continuing operations.

The effective tax rate of 19% reflects some prior year adjustments, the benefits of lower tax rates in some of the international operations, and some utilisation of assessed losses. These factors resulted in a profit of R415 million from continuing operations for the year compared to a profit of R360 million during the prior year. Headline earnings amounted to R387 million compared to the R425 million generated in the prior year.

Discontinued operations

The non-core operations, which predominantly operate in the manufacturing sector, are much improved from the prior year, but remain loss making and traded below expectations.

Revenue for the non-core operations reduced to approximately R5.8 billion following the disposal of Altech Autopage at the end of the last financial year and the sale of Aberdare Cables with effect from 30 June 2016. At an EBITDA level, losses were significantly reduced from R512 million in the prior year to R110 million in the current year. This was due to a return to profitability in Altech Multimedia, reduced losses out of Powertech and the reduction in ongoing costs related to Altech Autopage.

MESSAGE TO SHAREHOLDERES CONTINUED

Capital items remain substantial at close to R496 million for the year due to a reduction in the expected disposal proceeds from several of the discontinued operations. The majority of this relates to the Powertech Transformers business where repeated delays in tender awards have adversely impacted the future prospects of the business.

Net finance costs decreased from R331 million in the prior year to R72 million in the current financial year as a result of the proceeds received on the various disposals, as well as an increased allocation of interest into the continuing operations as discussed above.

These factors resulted in a significant reduction in the loss after tax in the discontinued operations to R717 million from the R1.5 billion loss incurred in the prior year.

The group believes there is a high probability of concluding the disposal of the remaining operations classified as discontinued in the 2017/2018 financial year.

CASH MANAGEMENT

TOTAL OPERATIONS

The overall net debt position has reduced to R1 932 million from R3 435 million in the prior year due to the disposals and resulting repayment of debt. From an operational cash flow perspective, there has been a marked reduction due to a significant increase in working capital, although a good portion of this is a once-off permanent outflow related to the disposals, particularly Altech Autopage, and reflects a partial reversal of the exceptional release achieved last year.

Cash generated by operations is significantly up on the prior year due to the slightly stronger performance in the continuing operations and the significant reduction in operating losses in the discontinued operations. Net finance expense is well down on the prior year due to the non-recurrence of the Altech Autopage factoring and the reduction in debt.

Investing activities relate primarily to the disposal of Altech Autopage and Aberdare, which generated cash inflows of approximately R2.1 billion during the period. Capital expenditure was significantly lower, reducing to R551 million from over R1.1 billion (including investment in contract fulfilment costs) in the prior year. Included in this is a much reduced investment into subscribers due to the sale of the Altech Autopage business. Altech Netstar continues to invest in subscribers but at levels broadly similar to the prior year.

The R1.5 billion of cash utilised in financing activities is predominantly due to the repayment of borrowings from the proceeds of disposals. All of the group's remaining term debt was refinanced in February 2017.

SUBSIDIARY REVIEW

SUBSIDIARY INCOME AND GROWTH

Continuing operations

Telecommunications

Telecommunications revenue was down 12% to R4.2 billion, with an EBITDA increase of 12% on the prior year. The results were impacted by the loss of the high revenue, low margin airtime business that was initially retained from the Altech Autopage disposal. Excluding this effect, revenue was up 8% to R3.9 billion and EBITDA up 4% to R413 million.

Altech Netstar reported a 5% increase in revenue due to marginal increases in both subscriber numbers and average revenue per user. We have seen the benefits of reduced churn in the subscriber base following various interventions, although the business has faced headwinds from the significant reduction in new vehicle sales. EBITDA increased by 6% compared to the prior year with a small increase in EBITDA margins. The business continues to improve its six monthly sequential results since the low point of the second half of the last financial year.

Altech Radio Holdings has seen revenue increase by 18% and EBITDA by 12% compared to the prior year. The increase in activity levels is primarily attributable to the commencement of the City of Tshwane broadband project in December 2016, the build phase of which will continue for three years. Operating margins were reduced due to a change in mix within the business and the increased contribution from mega projects.

Bytes Systems Integration delivered results below expectations with revenue up only 3%, but EBITDA down by 3% compared to the prior year. As a business that is dependent on large IT projects, it continues to face challenges as a result of delays in the award of various significant projects.

Multimedia

Arrow Altech Distribution posted excellent results with revenue up 44% and EBITDA up 54%. While gross margins are slightly lower than the prior year, operational leverage has resulted in some EBITDA margin expansion. The business has successfully grown market share and expanded into new areas aligned to the global Arrow Inc., business model.

Technology (IT)

The technology division reported a more muted performance against a very strong second half in the prior year. As a result, revenue increased by 1% to R9.6 billion, while EBITDA declined by 4% to R644 million.

The South African operations reported a decline of 9% in revenue and a decline of 8% in EBITDA, resulting in a small improvement in margins to 9.4%. The international operations generated strong revenue growth of 14%, however, the EBITDA increase was only 3% due to a change in revenue mix in the UK operations.

Bytes Document Solutions reported lower revenue, primarily due to the closure of the NOR Paper business in June 2016. Excluding the effect of NOR Paper, the core Xerox business saw revenue decrease by 4%. The marked reduction in EBITDA was largely due to the loss of contracts at the end of the prior year, but also affected by the weakness of the Rand in the first half of the year.

The Bytes Managed Solutions revenue and EBITDA decline was due to the loss of several large contracts at the end of the prior financial year as previously communicated. Progress is being made on replacing this business in other market segments, but sales cycles are relatively long.

Bytes Universal Systems, which includes the operations of Alliance, BUS Telecoms (formerly Altech Isis) and the old Bytes Universal Systems, had a challenging second half due to various project delays, resulting in a 5% decline in revenue and a 14% decline in EBITDA.

Bytes Secure Transaction Solutions, which includes the businesses of Bytes Healthcare Solutions, Altech NuPay and Altech Card Solutions, continued to perform exceptionally well, growing revenue by 19% and EBITDA by 10%. Altech NuPay had a particularly strong year growing EBITDA by almost 40%, while the other main operations recorded more muted EBITDA growth.

The Bytes UK operations reported a 14% increase in revenue and a 4% improvement in EBITDA despite the strength of the Rand working against them in the second half. The margin erosion was predominantly the result of a substantial increase in low margin public sector business in the UK. The average exchange rate for the year amounted to R18.93 to the UK pound compared to R20.43 in the prior year. Local currency results were therefore extremely strong.

Bytes People Solutions maintained revenue and EBITDA at prior year levels following the successful expansion of the previous year. While some headwinds were faced, the operation is growing its presence in key customers.

DISCONTINUED OPERATIONS

Multimedia

Altech UEC delivered a much improved performance with revenue up 19% to R1.2 billion and EBITDA recovering to R3 million compared to the R160 million loss for the prior year. The business continues to make positive progress having significantly reduced its cost base and has won several contracts in adjacent manufacturing areas.

Powertech

Powertech's results were significantly affected by the disposal of its Powertech Cables operation on 30 June 2016, with a number of its other operations reporting improved results despite challenging economic conditions. Revenue reduced by 36% to R4.6 billion while EBITDA losses reduced from R156 million to R67 million.

Powertech Transformers had another difficult year but managed to increase revenue and reduce EBITDA losses. Much of the revenue growth was achieved at the expense of margins in a very competitive environment, but new business is now being obtained at more appropriate margins. The recent increase in demand from Eskom, albeit in smaller units, raises expectations of a recovery in the local industry.

The Powertech Batteries group performed well during the year in challenging market conditions, growing revenue by 1% and EBITDA by 3% despite some issues in the first half of the year. This was assisted by lower input costs on the strength of the Rand in the second half of the year.

Powertech System Integrators had a challenging year as it disposed of various businesses. Strike Technologies was sold in June 2016, with Technology Integrated Solutions (TIS) sold in November 2016. The sale of Powertech IST is expected to be concluded in the coming months. The operation went through a significant cost reduction exercise ahead of the disposals due to reduced revenue levels and these factors resulted in a 24% decline in revenue and the business recording a R53 million EBITDA loss for the year.

The remaining Powertech businesses recorded mixed results. Switchgear had a disappointing year due to tender delays, while there was an improved result from Crabtree, with Swanib Cables being affected by challenging economic conditions linked to the drought in Namibia.

Human capital

Altron and Altron TMT were rated as Level 2 Broad-Based Black Economic Empowerment contributors for the 2016/2017 financial year. This can be attributed to a well-executed strategic intent to transcend from a compliance driven process to a more transformative process.

Training of Altron group employees remains a priority and is managed through the Bill Venter Academy.

Sustainability

Altron's sustainable business strategy remains the driving force in terms of achieving its targets and objectives. The four key value drivers for sustainable development remain Financial Capital, Human Capital, Products and Services, and External Relationships.

Corporate governance

To ensure that good corporate governance is effectively practised throughout the Altron group, the Altron board materially applies the principles of King III and the JSE Listings Requirements. On 1 November 2016, the Institute of Directors of

Southern Africa (IODSA) and the King Committee released the King IV Report on Corporate Governance in South Africa ("King IV"). King IV became effective for organisations with a financial year that starts on, or after, 1 April 2017. Altron will take appropriate steps during the current year in order to commence with the implementation of the required principles of King IV which will be wholly embraced and reported on by the group as from 1 March 2018.

Directorate

On 23 February 2017, shareholders were advised that Dr WP Venter, the founder of Altron, had decided to retire as non-executive chairman of the Altron board with effect from 28 February 2017. Dr Venter assumed a non-executive director role on the board, as Chairman Emeritus, with effect from 1 March 2017.

The board confirms its gratitude to Dr Venter for the important and central role he has played in the development of the South African electronics industry and the South African economy as a whole. The board also thanks Dr Venter for his leadership of and significant contribution to Altron over the years. The board looks forward to Dr Venter continuing to provide his entrepreneurial skills, leadership and integrity to Altron as a non-executive director.

Furthermore, the board announced that Mr MJ Leeming had been appointed as independent non-executive chairman of the Altron board, with effect from 1 March 2017. Mr Leeming was an independent non-executive director on the Altron board since 2002 and served as lead independent director since 2009.

With the appointment of Mr Mteto Nyati as Chief Executive on 1 April 2017, Mr Robbie Venter has stepped down from that role. Mr Venter remains on the Altron board as a non-executive director to continue to provide his knowledge and experience to the group. The Altron board would like to take this opportunity to again thank Mr Venter for the positive contribution he has made to the group over the past 27 years and welcomes Mr Nyati in the role of Altron Chief Executive.

Further steps are currently under way in order for the constitution of the board to more closely align with the group moving to a focused ICT business.

With respect to the announcement released by Altron on SENS on 15 November 2016, advising that Mr WK Groenewald was appointed as the interim group company secretary of Altron, the board advised that Mr Groenewald was appointed as the group company secretary of Altron, with effect from 1 March 2017.

Outlook

The Altron group has made good progress in repositioning itself in line with its stated strategy and as a result has significantly reduced the group's debt to sustainable levels. The disposal of the remaining non-core assets remains a priority in order to release further capital to strengthen the balance sheet and enable further investment in the core assets.

The capital injection of R400 million by Altron's new strategic partner, Value Capital Partners, provides Altron with the added flexibility to implement its growth strategy in its core businesses, exit the non-core manufacturing assets, and create capacity for acquisitive growth. Under the new Chief Executive, Mr Mteto Nyati, a full review of the strategy for growth of the core businesses is currently underway and will be communicated to shareholders when appropriate.

Annual general meeting

Altron's annual general meeting will be held in the Altron Boardroom, 5 Winchester Road, Parktown, Johannesburg on 17 July 2017 at 09:30. Further details of the company's annual general meeting will be contained in Altron's annual statutory report to be posted to shareholders on or about 31 May 2017.

On behalf of the board

MJ Leeming *Chairman*	**Mteto Nyati** *Chief Executive*	**Alex Smith** *Chief Financial Officer*

11 May 2017

Board of directors

Independent non-executive
Mr MJ Leeming, Mr GG Gelink, Dr PM Maduna, Ms DNM Mokhobo, Mr SN Susman, Mr JRD Modise

Non-executive
Dr WP Venter (Chairman Emeritus), Mr RE Venter, Mr MC Berzack, Mr AC Ball, Mr S Sithole*
** Zimbabwe*

Executive

Mr M Nyati (Chief Executive), Mr AMR Smith*
** British*

Secretaries

Altron Management Services Proprietary Limited – Mr WK Groenewald (Group Company Secretary)

Sponsor

Investec Bank