



Year end results 2015

ROBBIE VENTER / CHIEF EXECUTIVE

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AGENDA

Overview and financial summary

Robert Venter

Financial results

Alex Smith

Operations and way forward

Robert Venter

RESULTS OVERVIEW

Altron TMT:

- › In the telecommunications division Altech Netstar, Altech Radio Holdings and the Systems Integration Group performed well
- › Altech Autopage results declined, the asset is now accounted for as an asset 'Held-for-Sale' with negotiations at an advanced stage to dispose of this operation
- › In the multi-media division Altech Multi-media was predominantly impacted by a decline in demand for set top boxes in Africa as result of delays in DTT in several territories
- › The IT division performed well with Bytes Universal Systems, Bytes Secure Transaction Solutions and Bytes Software Services UK once again the top performers

Altron Power:

- › Overall, the division was severely impacted by a drastic decline in orders from Eskom and a 4 week NUMSA strike
- › The Powertech Cables group showed positive progress, with a good recovery both locally and internationally
- › Profitability at Powertech Transformers was particularly affected by low demand for large power transformers resulting in an unfavourable product mix

CORPORATE ACTIVITY



Sale of non-core assets:

- › 1 May 2014, Bytes UK disposed of 100% of its equity interest in Bytes Document Solutions' operation in the UK for R91 million
- › 1 August 2014, Absa Bank Limited acquired 850 retail ATMs from Bytes Managed Solutions for R98 million
- › 1 December 2014 Bytes Document Solutions disposed of LaserCom to Tunleys Mail and Print for R59 million
- › Altron is currently in discussions to sell the GSM subscribers of Altech Autopage

Investment in core assets:

- › 1 May 2014, Altech acquired the remaining 50% less one share equity interest in Altech NuPay, which Altech did not already own for R80 million
- › 30 June 2014, Bytes SA acquired Kagiso Strategic Investments' and Venopt's 27% equity interest in Bytes SA for R669 million
- › 1 September 2014, Altech Netstar acquired the entire issued share capital of Fleetpro for R15 million and assets of Celtrac for R6 million

FINANCIAL HIGHLIGHTS – TOTAL OPERATIONS FOR THE YEAR ENDED 28 FEB 2015



R millions	FEB 2015	FEB 2014	% CHANGE
Revenue	27 623	27 772	(1)
EBITDA	1 383	1 788	(23)
EBITDA margin (%)	5.0	6.4	
HEPS (cents)	94	188	(50)
Return On Capital Employed (%)	10.9	17.1	
Net borrowings	3 534	3 315	
Net debt / EBITDA (times)	2.6	1.9	
Dividends per share (cents)	31	80	

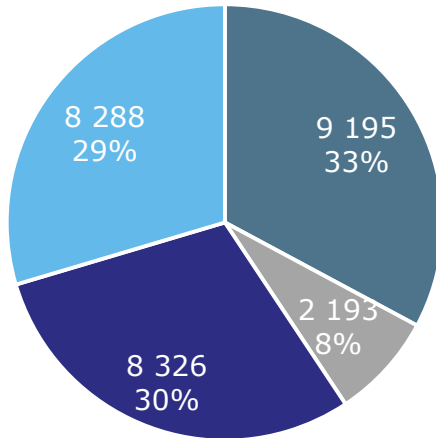
CONTRIBUTION PER DIVISION



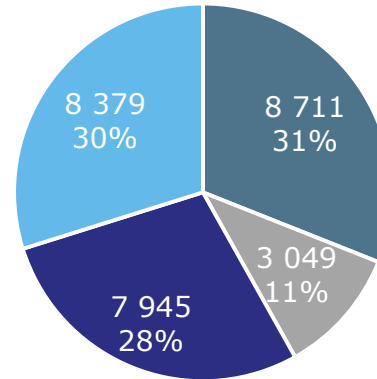
REVENUE

FEB 15

Rm



FEB 14

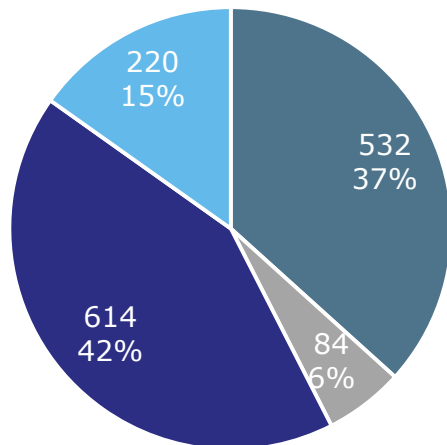


- Telecoms
- Multi-media
- Technology
- Power

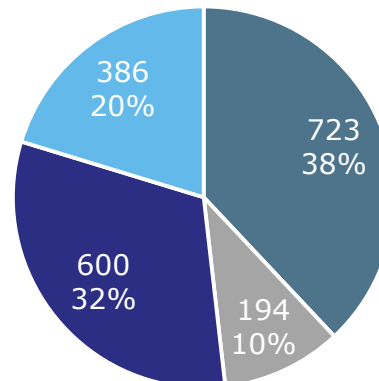
EBITDA*

FEB 15

Rm



FEB 14



* Excludes corporate



Financial Results

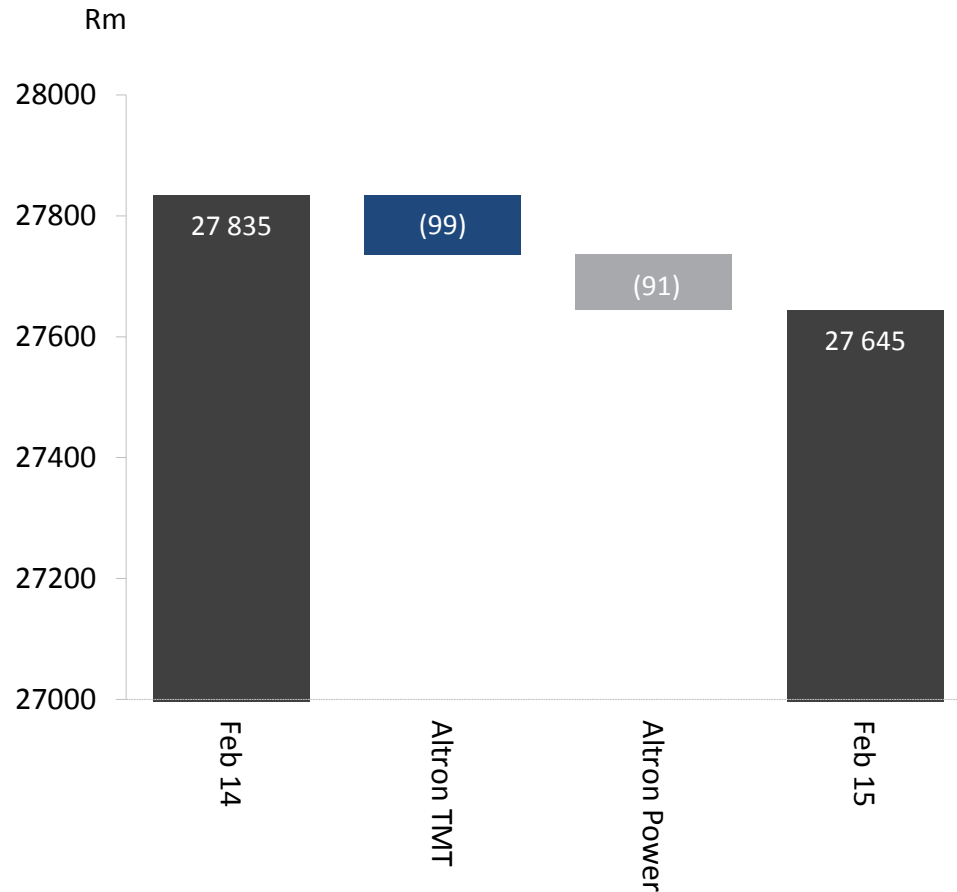
ALEX SMITH / CHIEF FINANCIAL OFFICER

GROUP INCOME STATEMENT – TOTAL OPERATIONS



R millions	FEB 2015	FEB 2014	% CHANGE
Revenue	27 623	27 772	(1)
Operating profit before capital items	827	1 342	(38)
EBITDA	1 383	1 788	(23)
EBITDA margin (%)	5.0	6.4	
Net finance expense	(398)	(260)	
Capital items	(400)	5	
Foreign exchange (losses)/profits	(64)	3	
Taxation	(104)	(326)	
HEPS – total operations (cents)	94	188	(50)

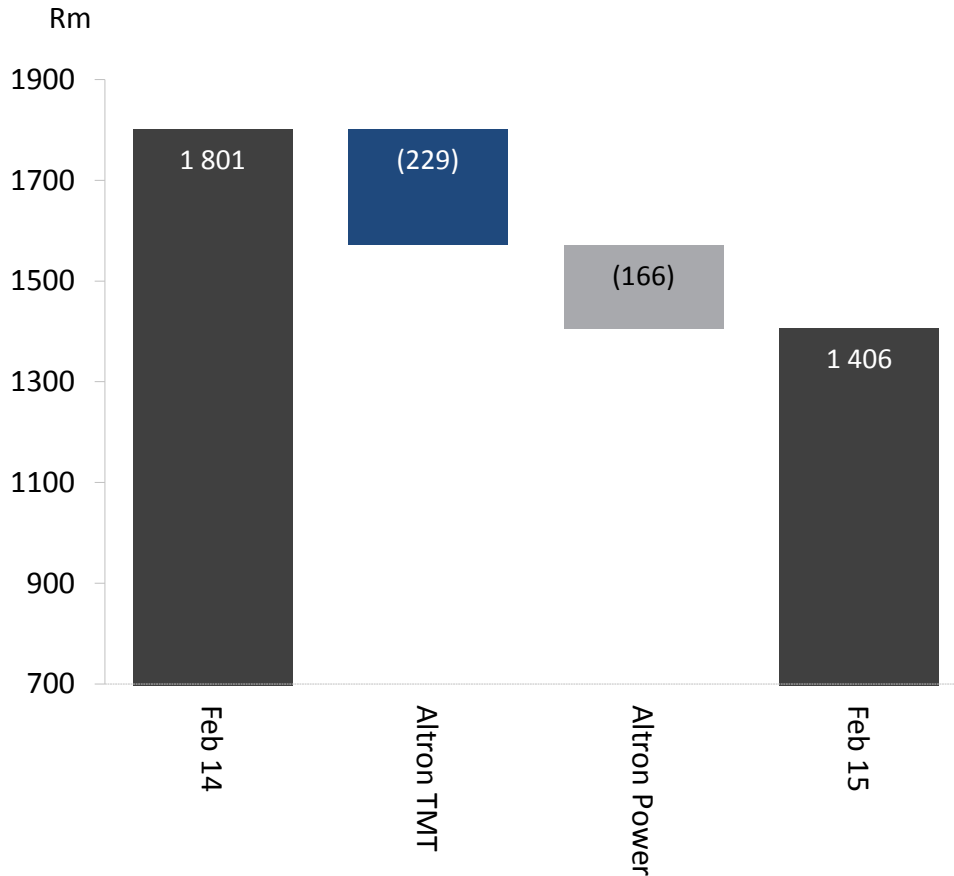
MOVEMENT IN GROUP REVENUE



- Altron TMT revenue declined marginally as a result of a marked decline in the Multi-media cluster, offset by limited revenue growth out of the Telecommunications and Technology clusters
- All the businesses in the Telecoms cluster grew revenue despite challenging conditions in the sector, with a particularly strong performance from Altech Radio Holdings
- Multi-media's revenue fell by one third on a significant reduction in demand for DTT boxes in Africa as well as the loss of a contract manufacturing arrangement
- Technology achieved 5% revenue growth, heavily influenced by a strong performance from the UK operations and limited by some of the non-core asset disposals
- Altron Power revenue also declined marginally with a marked revenue decline in Powertech Transformers largely offset by revenue gains in Powertech Batteries

Excludes Corporate & Financial

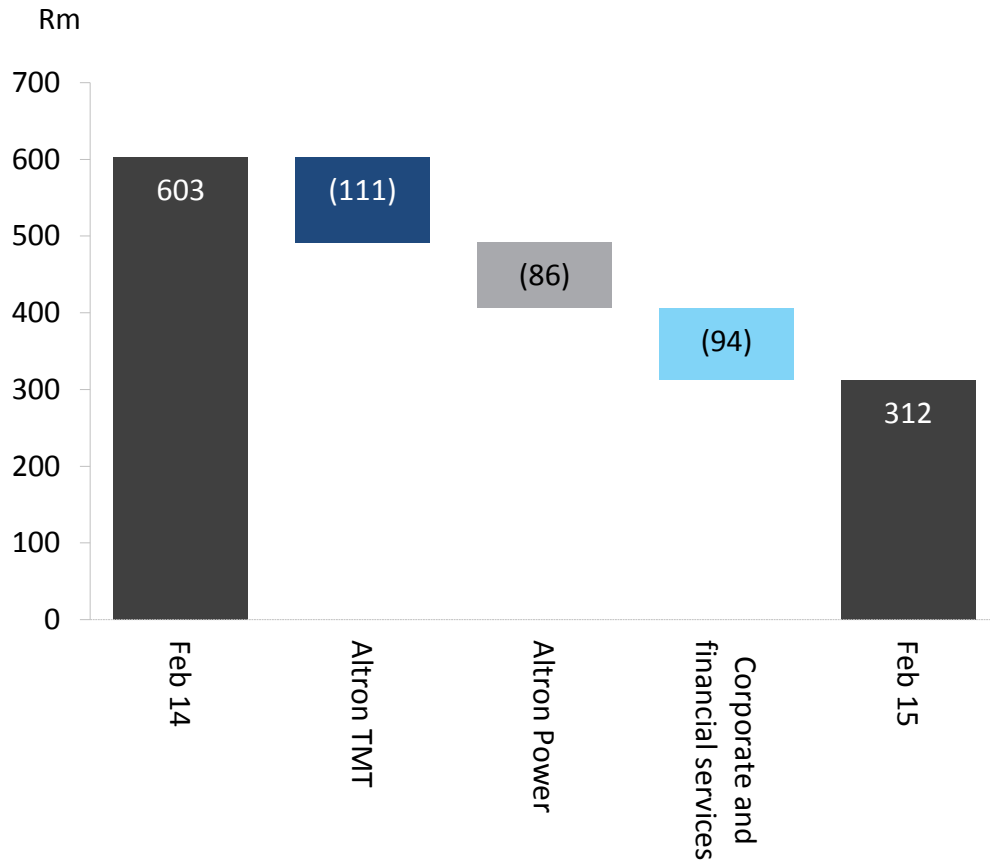
MOVEMENT IN GROUP EBITDA



Excludes Corporate & Financial

- › Altron TMT EBITDA declined by 16% as a result of EBITDA declines in both Telecoms and Multi-media, while the Technology cluster achieved muted growth
- › Telecoms EBITDA declined by 26% as a result of the deterioration in Altech Autopage and the performance of Altech Node. Bytes Systems Integration and Altech Radio Holdings both delivered strong growth
- › Multi-media EBITDA declined by 57% due to the lack of sales and volume through the UEC facility referred to previously
- › Technology achieved 2% EBITDA growth despite a number of disposals, with the local operations flat and the international operations delivering 8% growth
- › Altron Power's EBITDA declined by 43%. A strong performance from the Cables operation was more than offset by very poor performances from Powertech Transformers and Powertech Systems Integrators

MOVEMENT IN GROUP HEADLINE EARNINGS



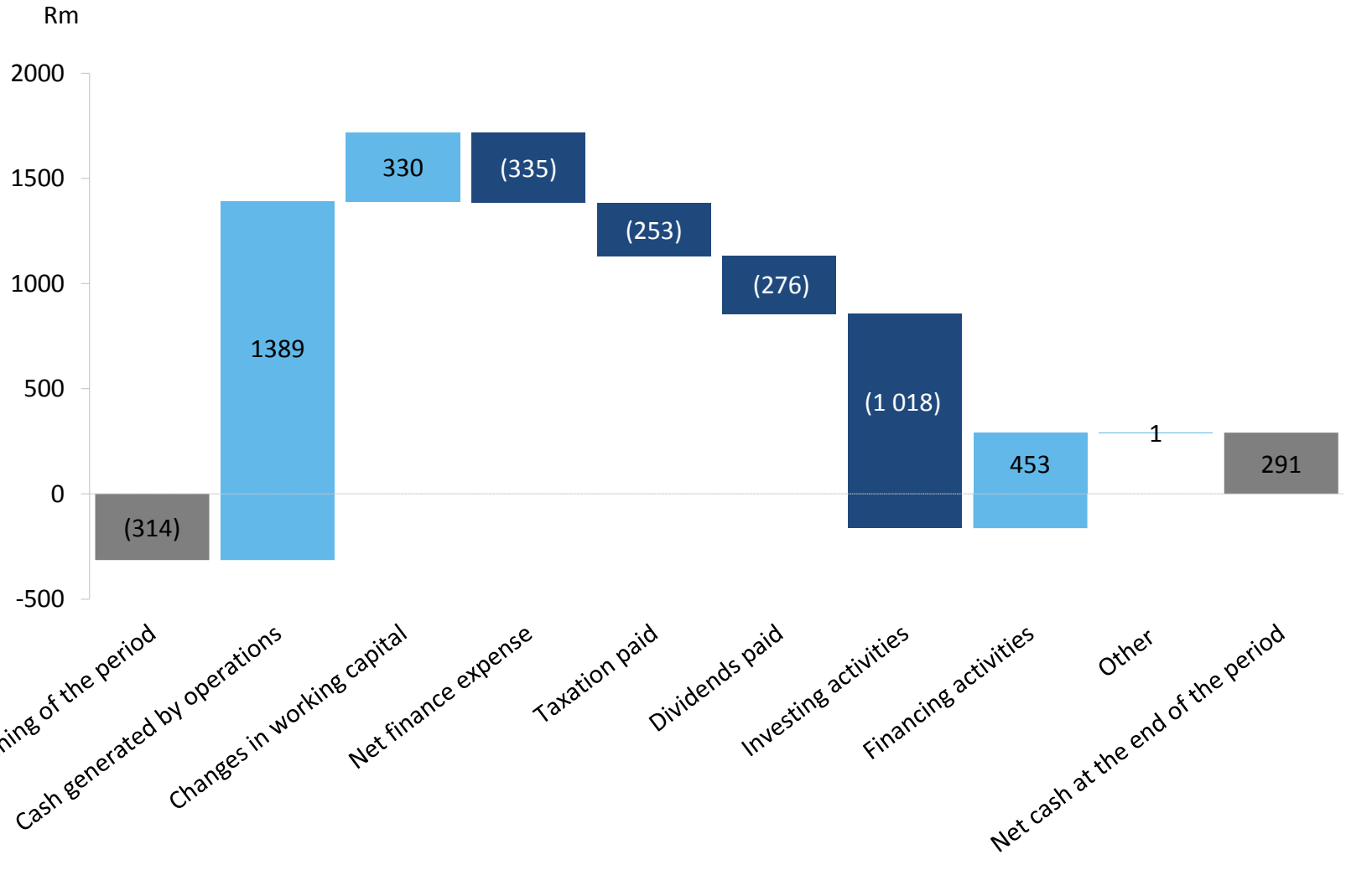
- ▶ Altron TMT headline earnings reduced by 19%. A significant decline in the Telecoms and Multi-media headline earnings was partially offset by a strong performance out of the technology businesses which grew by 20%. The Telecoms and Multi-media businesses had a very disappointing second half
- ▶ Altron Power reported a R9 million headline loss driven by the operational results, particularly the performance out of Powertech Transformers
- ▶ The significant increase in the loss at corporate reflects the increased borrowing levels at the centre, higher interest costs and higher expenses from the centralisation of certain activities

SUMMARISED BALANCE SHEET

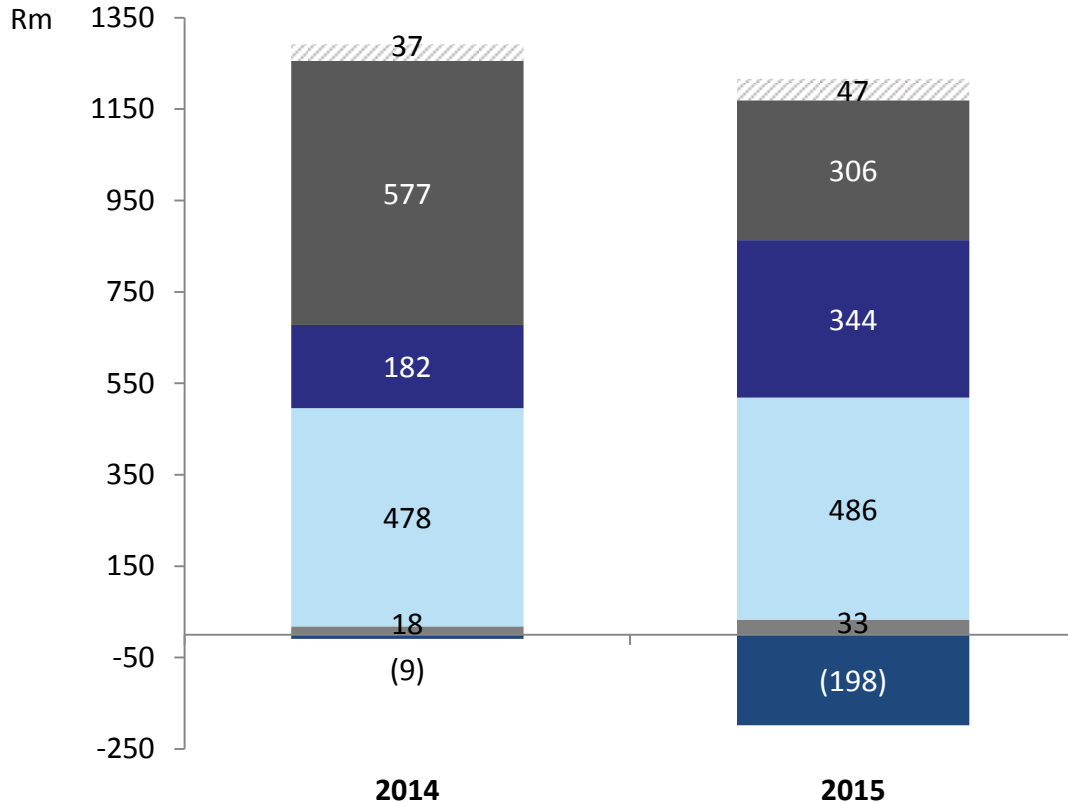


R million	FEB 2015	FEB 2014
Total non-current assets	4 496	5 496
Current assets	9 345	9 209
Cash balances	1 341	1 411
Total assets	15 182	16 116
Shareholders' equity	3 639	4 256
Non-controlling interests	123	258
Non-current liabilities	3 260	495
Current liabilities	8 160	11 107
Total equity and liabilities	15 182	16 116

CASH FLOWS



INVESTING ACTIVITIES



Other

Proceeds on the disposal of subsidiaries and operations

Additions to property, plant and equipment

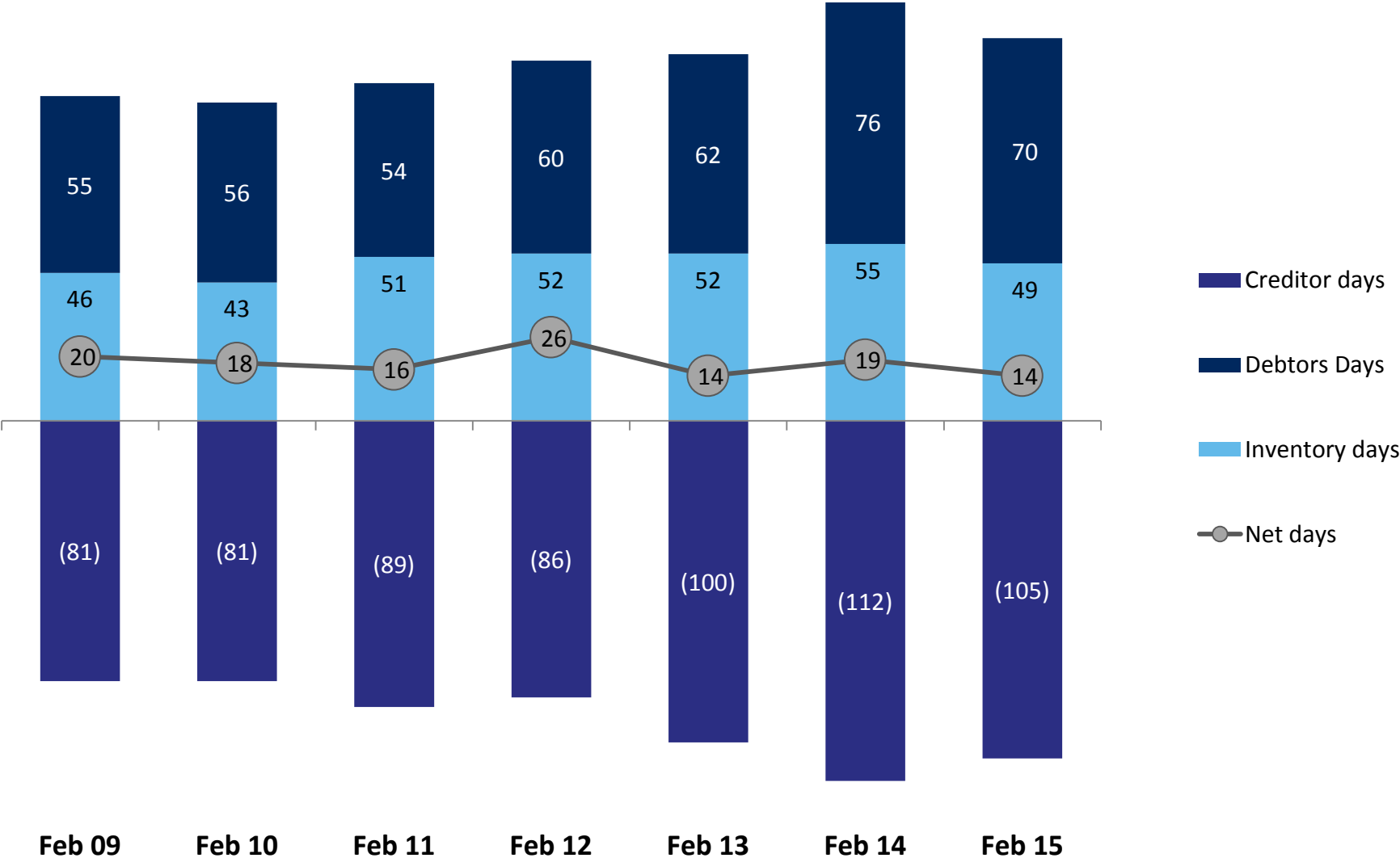
Additions to Intangible assets

Investment in Contract Fulfilment costs

Acquisition of subsidiaries

- › Cash utilised in investing activities reduced by 20%
- › Investment into PPE decreased by 50% following some investment into capacity in the prior year and tight control, particularly in Powertech. Investment is below the depreciation charge
- › Significant increase in investment into intangibles in line with development of own IP. This is inflated by the Node IP as well as the subscribers acquired from Nashua Mobile
- › Cash investment into contract fulfilment costs (Autopage and Netstar subscribers) has stayed consistent with the prior year
- › R198 million realised from the disposal of non-core assets in the Technology cluster

WORKING CAPITAL





Operations

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ALTRON TMT FINANCIAL SUMMARY



Rm	FEB 2015	FEB 2014	% CHANGE
Revenue	19 357	19 456	(1)
EBITDA	1 186	1 415	(16)
EBITDA margin (%)	6.1	7.3	
Headline Earnings	461	572	(19)
ROCE (%)	24.9	30.7	



TELECOMMUNICATIONS DIVISIONAL REVIEW



Company / division	Feb 15 Revenue Rm	% change on prior year	Feb 15 EBITDA Rm	% change on prior year	Comments
Altech Autopage Group	5 650	2	137	(48)	Performance predominantly as a result of continued pressures on the consumer and deflation of voice charges resulting in the Average Revenue Per User (ARPU) showing a decline. Decision has been made to dispose of the GSM part of the business.
Altech Netstar Group	1 121	4	310	(2)	The business had a number of important contract wins in fleet management. Several enhanced products launched into the market from which we are starting to realise benefits. Number of small acquisitions were made which will enhance results going forward.
Altech Radio Holdings Group	726	63	66	47	Performed well following success of the first phases of the Gauteng Broadband Network project, which is running on schedule. Some significant projects in the pipeline.
Systems Integration Group	1 680	2	134	22	Strong demand particularly in biometrics. The international business, primarily in Africa, made good progress.
Other	18		(115)		Poor retail take-up of Altech Node.
Total	9 195	6	532	(26)	



MULTI-MEDIA DIVISIONAL REVIEW



Company / division	Feb 15 Revenue Rm	% change on prior year	Feb 15 EBITDA Rm	% change on prior year	Comments
Altech Multimedia	1 821	(32)	61	(64)	Results were negatively impacted by the NUMSA strike in July, reduced order intake in Africa as a result of delays in African DTT programs and the loss of the Samsung TV assembly contract. The business which has undergone significant cost reductions, has seen its order book improve in recent months and has an encouraging pipeline of prospects including the South African DTT program.
Altech Electronics Group	372	(1)	23	(8)	Arrow Altech Distribution traded in line with expectations in a tough market.
Total	2 193	(28)	84	(57)	



IT DIVISIONAL REVIEW



Company / division	Feb 15 Revenue Rm	% change on prior year	Feb 15 EBITDA Rm	% change on prior year	Comments
Bytes Technology Group UK Software	2 644	28	106	39	Business continued to diversify and leverage its market leading position in the UK. Strong local currency results assisted by depreciation of the Rand.
Bytes Document Solutions Group	2 212	2	115	2	The core Xerox business showed a good recovery in the second half as some of the effects of the weaker rand were mitigated and good new business won. The paper business experienced challenges and is being restructured. Lasercom was sold in December 2014.
Bytes Managed Solutions	1 520	(7)	136	(22)	Business was affected by foreign exchange losses and the disposal of the Retail ATM business in August. Despite this, the business is performing well and has good prospects.
Bytes Secure Transaction Solutions	695	(7)	157	11	Reduced sales of POS terminals out of Altech Card Solutions, but strong performances out of Bytes Healthcare Solutions and Altech NuPay. Remaining 50% of Altech NuPay acquired during the year to enable the smooth integration of the transaction solutions businesses.
Bytes Universal Systems	856	34	107	8	Now includes all software development businesses. Performed well off the back of good revenue growth particularly in the public sector although margins were lower.
Other Bytes Segments	399		(7)		
Total	8 326	5	614	2	





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ALTRON POWER FINANCIAL SUMMARY



Rm	FEB 2015	FEB 2014	% CHANGE
Revenue	8 288	8 379	(1)
EBITDA	220	386	(43)
EBITDA margin (%)	2.7	4.6	
Headline Earnings	(9)	77	(112)
ROCE (%)	1.1	5.5	

POWER DIVISIONAL REVIEW



Company	Feb 15 Revenue Rm	% Change on prior year	Feb 15 EBITDA Rm	% Change on prior year	
Powertech Cables Group	5 117	(2)	202	74	Continued to demonstrate positive progress, with a good recovery during the period despite impact of NUMSA strike. Iberian operations were profitable indicating a recovery in that market. In the local operations, market share was gained in the informal sector. Larger volumes were achieved which improved the recovery of fixed costs.
Powertech Transformers Group	1 330	(17)	(66)	(141)	Affected by significantly reduced demand from Eskom and the month long NUMSA strike . The Booyens plant in Johannesburg was closed during the year with a non recurring charge of R23m. Transformers obtained designated product status which should benefit it once demand returns.
Powertech Batteries Group	899	16	76	(7)	Although the business is performing satisfactorily, margins are under pressure due to an increasing lead price which cannot easily be passed on to customers as well as ongoing competition from imports despite the weak rand. Post year-end import tariffs were raised from 5-15%.
Powertech System Integrators	820	(3)	3	(83)	Performance disappointing with a delay in the start-up of key projects. Powertech QuadPro performed well particularly in Zambia. Some good collaborative initiatives took place with Altron TMT.
Other	122		5		
Total	8 288	(1)	220	(43)	

ALTRON POWER ORDER BOOK



	Orders on hand (Rm)		
	FEB 2013	FEB 2014	FEB 2015
Cables	R434m	R803m	R518m
Transformers	R692m	R765m	R625m
System Integrators	R281m	R243m	R220m
Powertech Quadpro	R56m	R153m	R223m
Total	R 1 463m	R1 964m	R1 586m

	Enabling Contracts			
	FEB 2014		FEB 2015	
	Value	Term of contract	Value	Term of contract
Cables	R3 994m	6 months – 5 years	R3 904m	6 months – 5 years
Transformers	R854m	3 months – 7 years	R383m	3 months – 7 years
Total	R4 848m		R4 287m	



The way forward

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GOING FORWARD



- › Review of business strategy already underway:
 - › Focus on assets which give group competitive advantage
 - › On-going review of core vs non-core assets
 - › Enter into equity and technology partnerships with multi-nationals
 - › Reduce central structure and costs
- › Continue successful Altron TMT integration
- › Reduction of debt
- › Improve Altron ROCE through a focus on capital allocation and efficiencies
- › Continue to focus on expansion in Public Sector, Africa, Rail, Renewables
- › Finalise the sale of the GSM business in Altech Autopage
- › Finalise other opportunities/partnerships and routes to market for Altech Node