

Financial Results for the 6 months
ended 31 March 2011

Nick Wentzel, CEO



Salient features

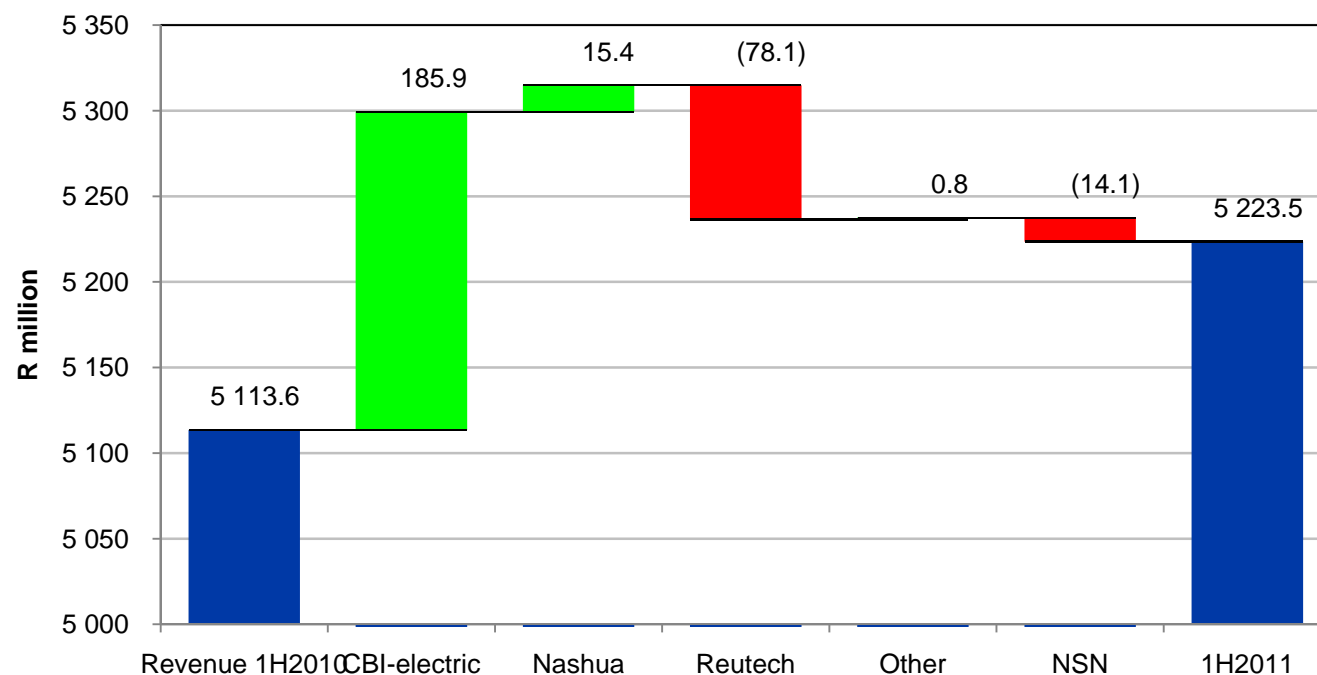
| | | |
|----------------------------|-------------------------|------------------------|
| Revenue | 2%↑ | R5,1bn to R5,2bn |
| Operating profit | 4%↑ | R582m to R604m |
| EBITDA margin | 2% ↑ | 12,4% to 12,7% |
| HEPS | 18%↑ | 223 cents to 263 cents |
| Normalised HEPS | 9%↑ | 239 cents to 261 cents |
| | 4% due to share buyback | |
| Interim dividend per share | 15%↑ | 67 cents to 77 cents |
| Abnormal item | R346m | Profit on sale of NSN |
| Net cash | R1,3bn | R1,8bn (Sep 2010) |
| Share buyback programme | 9,7% | |
| September 2010 | R126m | 2,1 m shares |
| March 2011 | R1,1bn | 17,1 m shares |
| Average price per share | R65,37 | 19,2 m shares |

Income Statement

for the six months ended 31 March 2011

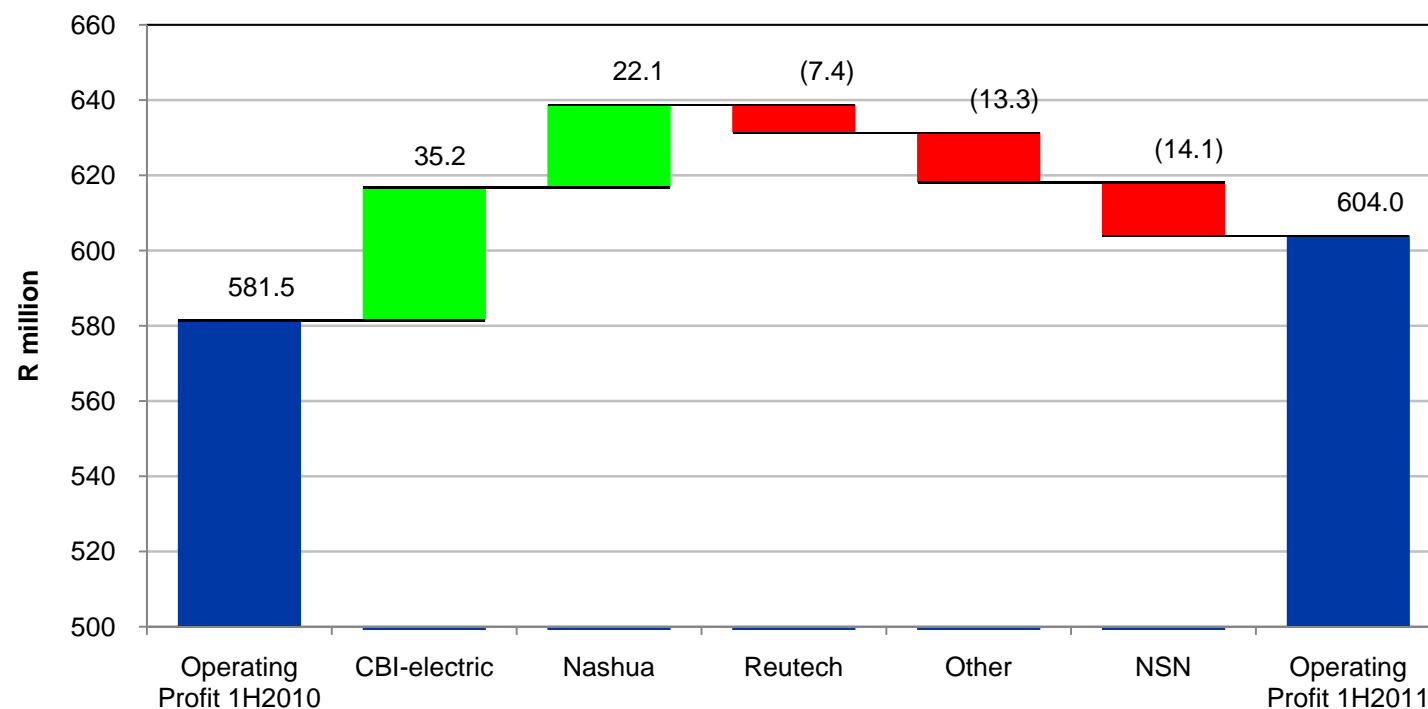
| | 2011 R million | % Change | 2010 R million |
|-------------------------------------|-------------------|-------------|-------------------|
| Revenue | 5 223.5 | 2 | 5 113.6 |
| EBITDA | 661.5 | 5 | 632.3 |
| Depreciation | (57.5) | (13) | (50.8) |
| Operating Profit | 604.0 | 4 | 581.5 |
| Interest & Dividends | 46.2 | (5) | 48.4 |
| Abnormal items | 346.4 | | (34.0) |
| Profit before taxation | 996.6 | 67 | 595.9 |
| Taxation | (201.4) | (5) | (192.6) |
| Profit after taxation | 795.2 | 97 | 403.3 |
| Minorities | (5.4) | (15) | (4.7) |
| Headline earnings adjustments | (345.0) | | (0.1) |
| Headline earnings | 444.8 | 12 | 398.5 |
| Headline earnings per share (cents) | 262.7 | 18 | 223.0 |
| Normalised Headline EPS (cents) | 260.7 | 9 | 238.9 |
| EBITDA % | 12.7 | 2 | 12.4 |
| Tax rate % (excl. abnormal item) | 31.0 | (1) | 30.6 |
| No. of Shares (million) | 169.3 | (5) | 178.7 |

Segmental revenue contribution



| Revenue | Six months ended 31 March | | | | | Year ended 30 September 2010 | |
|---------------------|---------------------------|-----|-------------------|-----|----------|------------------------------|-----|
| | 2011 R million | % | 2010 R million | % | % change | R million | % |
| CBI-electric | 1 505.8 | 29 | 1 319.9 | 26 | 14 | 2 961.3 | 28 |
| Nashua | 3 391.0 | 65 | 3 375.6 | 66 | - | 6 872.0 | 65 |
| Reutech | 307.7 | 6 | 385.8 | 8 | (20) | 791.0 | 7 |
| Other | 2.1 | - | 1.3 | - | - | 2.7 | - |
| Total operations | 5 206.6 | 100 | 5 082.6 | 100 | 2 | 10 627.0 | 100 |
| NSN | 16.9 | | 31.0 | | (45) | 52.9 | |
| Revenue as reported | 5 223.5 | | 5 113.6 | | 2 | 10 679.9 | |

Segmental operating profit contribution



| | Six months ended 31 March | | | | | Year ended 30 September 2010 | |
|------------------------------|---------------------------|-----|-------------------|-----|----------|------------------------------|-----|
| | 2011 R million | % | 2010 R million | % | % change | R million | % |
| Operating profit | | | | | | | |
| CBI-electric | 252.7 | 43 | 217.5 | 40 | 16 | 521.1 | 45 |
| Nashua | 314.5 | 54 | 292.4 | 53 | 8 | 614.5 | 52 |
| Reutech | 14.0 | 2 | 21.4 | 4 | (35) | 60.6 | 5 |
| Other | 5.9 | 1 | 19.2 | 3 | (69) | (25.5) | (2) |
| Total operations | 587.1 | 100 | 550.5 | 100 | 7 | 1 170.7 | 100 |
| NSN | 16.9 | | 31.0 | | (45) | 52.9 | |
| Operating profit as reported | 604.0 | | 581.5 | | 4 | 1 223.6 | |

Condensed group balance sheet

| R Millions | 31 March 2011 | 31 March 2010 | 30 September 2010 |
|---|------------------|------------------|----------------------|
| Fixed assets | 631.6 | 632.0 | 635.3 |
| Goodwill | 504.4 | 491.8 | 492.1 |
| Investments and loans | 45.5 | 841.4 | 44.3 |
| Quince receivables | 758.7 | 838.9 | 821.7 |
| Other accounts receivable | - | 86.3 | - |
| Deferred taxation | 37.1 | 28.7 | 40.4 |
| Non-current assets | 1 977.3 | 2 919.1 | 2 033.8 |
| Inventory and contracts in progress (stock) | 774.7 | 733.9 | 863.3 |
| Accounts receivable | 1 678.3 | 1 702.9 | 1 737.8 |
| Quince receivables | 640.4 | 745.8 | 646.3 |
| Investment | - | - | 793.5 |
| Cash | 1 333.6 | 1 397.2 | 1 805.6 |
| Quince bank balances and cash | - | 123.8 | 72.5 |
| Current assets | 4 427.0 | 4 703.6 | 5 919.0 |
| Total assets | 6 404.3 | 7 622.7 | 7 952.8 |
| Total equity | (3 454.6) | (4 171.9) | (4 471.0) |
| Deferred taxation | (69.1) | (127.9) | (122.0) |
| Long-term borrowings | (13.0) | (11.0) | (11.0) |
| Quince long-term borrowings | - | (699.9) | (699.9) |
| Non-Current Liabilities | (82.1) | (838.8) | (832.9) |
| Non-Interest-Bearing Liabilities | (1 628.4) | (1 766.8) | (1 956.6) |
| Quince Capital Short-Term Borrowings | (1 239.2) | (845.2) | (691.5) |
| Bank overdrafts and other short-term borrowings | - | - | (0.8) |
| Current liabilities | (2 867.6) | (2 612.0) | (2 648.9) |
| Total equity and liabilities | (6 404.3) | (7 622.7) | (7 952.8) |

Cash flow statement

for the six months ended 31 March

| R Millions | 31 March 2011 | 31 March 2010 | |
|---|--------------------------|---------------------------|--------------------|
| EBITDA | 661.5 | 632.3 | |
| Working Capital change | 68.9 | 118.6 | -Finco receivables |
| | (234.9) | (10.3) | -Other |
| IFLs (utilised)/received | (6.3) | (10.8) | |
| Net interest & dividends received | 46.2 | 48.4 | |
| Taxation Paid | (185.5) | (213.9) | |
| Dividends Paid | (374.3) | (336.9) | |
| CASH GENERATED BY OPERATIONS | (24.4) | 227.4 | |
| Capital expenditure | (55.1) | (73.2) | |
| Net purchases of business | (15.6) | (180.3) | |
| Proceeds on disposal of NSN | 793.5 | - | |
| Share buyback | (1 127.9) | - | |
| Repayment of Quince securitisation borrowings | (699.9) | - | |
| Other movements | 37.9 | 13.5 | |
| Actual net cash flow | (1 091.5) | (12.6) | |
| Change in Quince borrowings | 620.2 | (193.3) | |
| Net Cash Flow adjusted for Quince borrowings | (471.3) | (205.9) | |
| Calculation of movement in Quince borrowings | March 2011 | September 2010 | Movement |
| Quince Cash | - | 72.5 | (72.5) |
| Quince short-term borrowings | (1 239.2) | (691.5) | (547.7) |
| Total Quince borrowings | (1 239.2) | (619.0) | (620.2) |

- Revenue 14%↑ to R1,5 billion
 - Strong demand for low-voltage products in export markets
 - 1H11 order intake at energy cables consistent with the previous year
 - Telecom cables experienced disappointing 1st half
- Strong improvement in operating profit 16%↑ to R253 million
 - Improved gross margins due to increased efficiencies
 - Telecom cables margins decreased due to delay in fibre order & lower demand for copper cable

| | Capacity Utilisation |
|----------------|-----------------------------|
| | March 2011 |
| Energy Cables | 70% |
| Telecom Cables | 35% |
| Low Voltage | 60% |



- Strong contribution from exports
 - Exports contributed 32,8% of revenue
 - Australia demand due to commodity boom and rebuilding after the floods
 - USA and Europe due to mobile network upgrade from 3G to 4G and renewable energy (solar)
- Local construction and residential industries remain subdued
 - Remains highly competitive
- Mining industry on hold
 - Investment in new local projects slow due to uncertainty
 - Focused mainly on repairs and replacements



- Varied business sector performance
 - Utilities: increased consumption
 - Mines and industry: flat consumption
 - Construction and building: negative consumption
- Utility consumption
 - 1st off-takes received for Medupi power station
 - Kusile power station is still under negotiation
 - Power station off-take has a moderate impact on overall output due to the long build cycle
- Raw material volatility
 - Copper strengthened 25% in 1H11
 - Margin pressures due to cost increases



- Better 2nd half expected
 - Received order for national long distance project roll-out
 - Improved order book



- Subdued market conditions
- Revenue flat at R3,4 billion
- Operating profit up 8% to R315 million
- Counter potential LCR losses with ECN acquisition
 - Expect Competition Commission ruling by end May
- Started implementation of Nashua group strategy
 - Strategy is to realign business to changing environment
 - Andy Baker appointed as new CEO
 - Consolidate Office Automation, Mobile, Communications and Pansolutions/Electronics
- Acquired two additional franchises effective 1 November 2010
- Strong performance from Communications helped by incorporation of Panasonic PABX
- Strong performance from Quince



- Lower interconnect rates impact on least cost routing business
 - ECN acquisition adding converged voice and data capabilities
 - Convert customers from least cost routing to VOIP
- 8ta added to service offering from May
- Will re-enter prepaid market aggressively from June
 - Data and voice
- Cost cutting benefits to be realised from April onwards



Nashua Mobile comparative numbers

| | 6 months ended | | % change | 6 Months | 12 Months | % change |
|--------------------------|----------------|----------------|-----------|----------------|----------------|--------------|
| | March | March | 12 months | ended | ended | 6 months |
| | 2011 | 2010 | | Sept 10 | Sept 10 | Mar11/ Sep10 |
| Contract connections | 54 336 | 91 818 | (41) | 58 701 | 150 519 | (7) |
| Data connections | 26 025 | 12 537 | 108 | 24 326 | 36 863 | 7 |
| Total connections | 80 361 | 104 355 | (23) | 83 027 | 187 382 | (3) |
| Closing base | 824 396 | 779 101 | 6 | 819 035 | 819 035 | 1 |
| ARPU (rand) | 426 | 471 | (10) | 452 | 463 | (6) |
| Churn % | 13.8 | 12.7 | 9 | 10.85 | 11.80 | 27 |
| Net bad debts % revenue | 1.03 | 1.03 | - | 0.95 | 0.95 | 8 |
| Number of retail outlets | 150 | 147 | 2 | 149 | 149 | 1 |

Average revenue per user

- Down due to flat billing and deactivation of Orion LCR sims
- Orion sims high ARPU lines but at very low margins



- Nashua retained its No 1 market position with 21% market share
 - Lead increased to 7% over next competitor
- Tygerberg and Paarl & West Coast franchises bought back for R15,7m net
 - Target is to own at least 70% of channel revenue
 - Currently own a majority share in 36 % of total revenue channel

| | |
|--------------------|------------------|
| Kopano | 74% |
| Port Elizabeth | 51% |
| Pretoria | 51% |
| West Rand | 51% |
| Central | 60% |
| Tygerberg | 51% (1 Nov 2010) |
| Paarl & West Coast | 51% (1 Nov 2010) |
- Two more franchises targeted this year



Market shares

| | 2010 Ranking | 2010 Mkt share | 2010 | % Growth 09 to 10 | 2009 | 2009 Mkt share |
|----|-----------------|----------------|---------------|-------------------|---------------|----------------|
| 1 | Nashua | 21.1% | 13 997 | 25.2 | 11 183 | 21.0% |
| 2 | Konica Minolta | 14.1% | 9 326 | 1.9 | 9 154 | 17.2% |
| 3 | Canon | 9.6% | 6 347 | 63.5 | 3 883 | 7.3% |
| 4 | Xerox | 8.6% | 5 731 | 33.1 | 4 306 | 8.1% |
| 5 | Kyocera | 8.4% | 5 546 | 35.8 | 4 083 | 7.7% |
| 6 | Ricoh | 7.4% | 4 882 | 27.5 | 3 830 | 7.2% |
| 7 | Itec | 6.3% | 4 161 | 22.5 | 3 396 | 6.4% |
| 8 | Olivetti | 4.2% | 2 803 | 60.0 | 1 752 | 3.3% |
| 9 | Toshiba | 3.7% | 2 482 | 1.6 | 2 442 | 4.6% |
| 10 | Lexmark | 3.7% | 2 450 | 166.6 | 919 | 1.7% |
| 11 | TA | 3.5% | 2 327 | 90.1 | 1 224 | 2.3% |
| 12 | Sharp | 3.3% | 2 173 | (21.9) | 2 783 | 5.2% |
| 13 | HP | 2.8% | 1 862 | (1.5) | 1 891 | 3.5% |
| 14 | Samsung | 1.6% | 1 069 | (4.5) | 1 119 | 2.1% |
| 15 | Panasonic | 1.2% | 794 | (13.6) | 919 | 1.7% |
| 16 | Utax | 0.4% | 267 | 17.1 | 228 | 0.4% |
| 17 | Oki | 0.1% | 49 | (54.6) | 108 | 0.2% |
| 18 | Oce | 0.1% | 45 | 0.0 | 45 | 0.1% |
| 19 | Ricoh infoprint | 0.0% | 7 | (53.3) | 15 | 0.0% |
| 20 | Sagem | 0.0% | 0 | (100.0) | 2 | 0.0% |
| | Total | 100.0% | 66 318 | 24.5 | 53 282 | |

Source: Infosource

- Strong performance
 - boosted by including Panasonic PABXs in the service offering
 - 1st full six months performance reported



- No improvement in contribution
- Revenue 20% down to R308m
- Operating profit 35% down to R14m
- Poor results mainly due to anticipated order still not received
 - Still expecting fuze order to be awarded to Fuchs
- Solutions was impacted by the slower roll-out of Huawei cellular towers
- Radar Systems showed operating profit improvement
 - Strong demand for mining radars



Outlook

- Import competition increases with the strong rand
- Margin pressure continues
- Strong cost management will continue
- Acquisitions

Prospects

Given current market conditions and provided they do not deteriorate, the 2nd half performance will exceed that achieved in the 1st six months and earnings should increase.

