



ALTECH

Leading Technologies: Touching Lives

**INTERIM RESULTS FOR PERIOD
ENDING 31 AUGUST 2009**

- Corporate Overview – Craig Venter (CEO)
- Financial Results – Dr. John Carstens (CFO)
- Divisional Overview – Andy Baker (COO)
- East Africa – Wessie Van Der Westhuizen (CSO)
- The Way Forward – Craig Venter (CEO)



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CORPORATE OVERVIEW

CRAIG VENTER

- Revenue ↑ 4% to R4.7 billion
- Operating profit ↑ 17% to R479 million
- Operating income margin ↑ to 10% (2008: 9%)
- Profit after tax (PAT) ↑ 14% to R322 million
- Adjusted HEPS ↑ 13% to 304 cents per share
- Cash at R460 million
- Return on equity 29% (2008: 26%)

- 30 operating companies
- Global footprint – 14 countries
- Cost conscious environment
- 82% annuity revenue
- Strong Balance Sheet
- Acquisition strategy and policy
 - Highly selective acquisitions
 - Low multiple acquisitions with strong earnings profiles
 - Conserved cash during high priced acquisitive boom period
 - Strategy has resulted in a competitive market advantage
- BEE transformation targets achieved and tracking targets for 2012

GLOBAL CLIENT BASE



- Products exported to 48 countries around the world
- Including 14 African countries

- Fleetcall
 - Acquisition of entire issued share capital
 - Price adjusted to R40m upfront and additional payments of R35m based on profit warranties
 - Multiple of 3.8 on historic PAT of R10.6m
 - Effective March 2009

- Technology Concepts
 - Acquisition of entire issued share capital
 - R7.5m paid upfront and additional payments of R37.5m based on profit warranties (2 years)
 - Historic multiple of 5.8 on historic PAT of R1.3m
 - Effective March 2009

- Altech NamITech SA sale
 - Sale agreement concluded with Gemalto, world's largest smart card company
 - Disposal done at > NAV – cash proceeds of R82.2m received
 - Effective April 2009

- Altech Netstar franchises
 - Acquisition of Nelspruit franchise at 3 times PAT, effective April 2009
 - Acquisition of Polokwane franchise at 3 times PAT, effective May 2009

- NuPay
 - Acquisition of 50% plus 1 share
 - Purchase price of R53.5m
 - Multiple of 5.2 on historic PAT
 - Effective June 2009

- Kenya Data Networks Limited
 - Altech increased its economic interest in KDN from 51% to 60.8% by
 - subscribing for additional non-voting ordinary shares at a value of USD39.5m, and
 - acquired a minority shareholders voting ordinary shares for USD3.3m
- TEAMS
 - KDN acquired a 8.5% equity stake in TEAMS overall (10% of Kenya share) for USD11m
 - Altech has right to one Board seat
 - Initial capacity 10.2 Gb/s

- Seacom strategic alliance
 - Acquisition of an IRU of two STM-16s for 20 years
 - Purchase price USD69m (60% / 40% Shareholder split) payable over a number of years
 - Initial capacity 5 Gb/s
 - Seacom purchased capacity on KDN's terrestrial network for an amount in excess of USD20m
- Establishment of Mauritian subsidiary for certain Altech offshore activities
- Substantial progress on corporate restructuring of Altech Netstar and Altech UEC to facilitate the introduction of empowerment partners

All figures are in R'm

	Upfront (Price) / Sale	Multiple	Historic PAT	Interim PAT 2009	Annualised PAT	Annual after tax interest earned / (foregone)
Acquisitions						
Fleetcall	(40.0)	3.8	10.5	8.4 ¹	16.7	(1.8)
Technology Concepts	(7.5)	5.8	1.3	1.6 ²	3.1	(0.3)
NuPay (50%)	(53.5)	5.2	10.2 (50%)	4.6 ³	9.2	(2.4)
CSD	(2.2)	4.4	0.5	n/a ⁴	n/a	(0.1)
Franchise - Polokwane	(15.9)	3.0	5.3	0.6 ⁵	1.1	(0.7)
Franchise - Nelspruit	(7.8)	3.2	2.4	0.3 ⁶	0.5	(0.3)
Total for acquisitions	(126.9)		30.2	15.4	30.7	(5.7)
Disposals						
NamITech SA	82.2	n/a	29.0 *	14.5 ⁷	29.0	3.7
Total for Acquisitions and Disposals	(44.7)	-	59.2 -	29.9	59.7	(2.0)

*Loss removed from the books, therefore added back to income on disposal of NamITech SA

After tax money market
rate

4.46%

Effective date

- ¹ March 2009
- ² March 2009
- ³ June 2009
- ⁴ September 2009
- ⁵ May 2009
- ⁶ April 2009



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FINANCIAL RESULTS

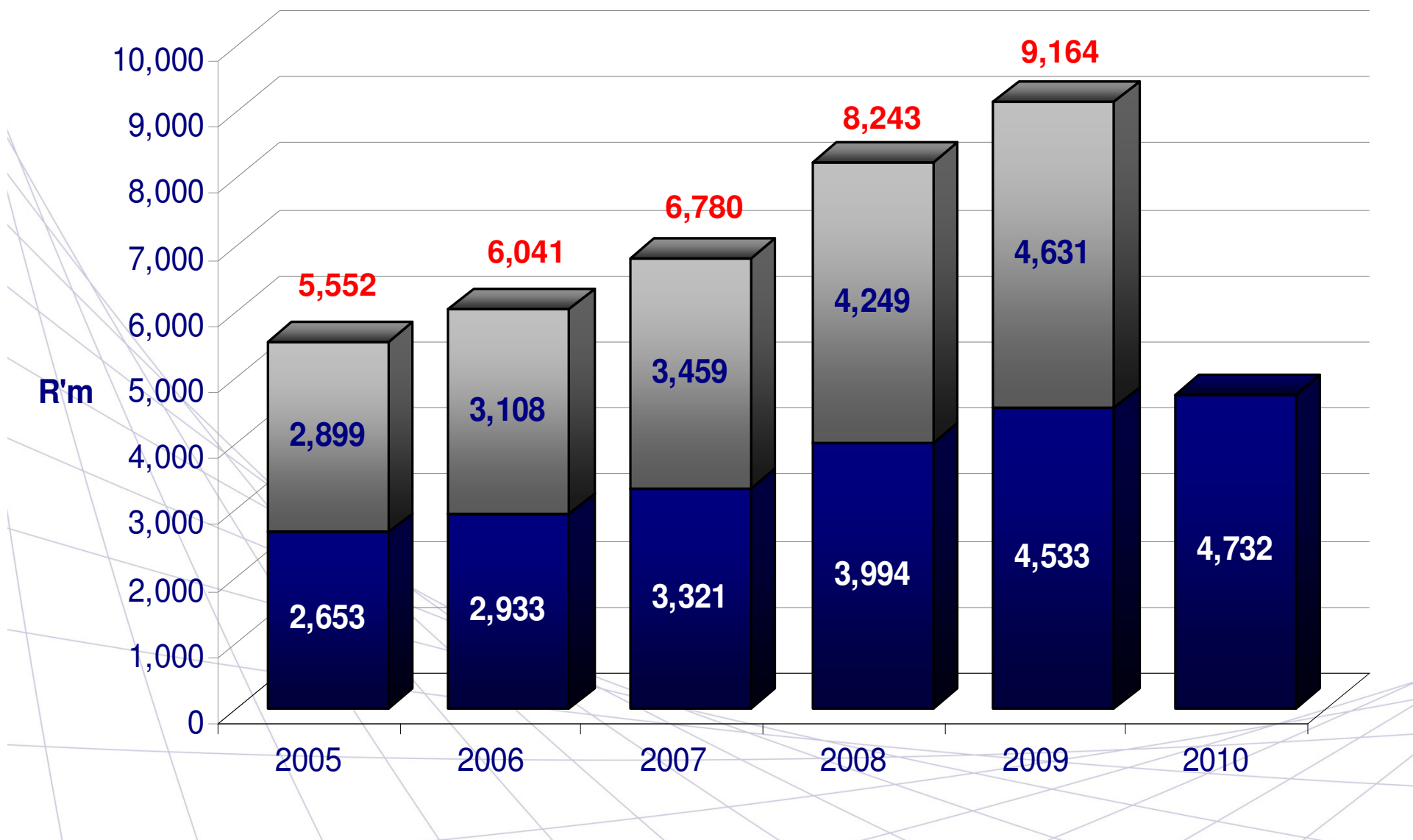
DR. JOHN CARSTENS



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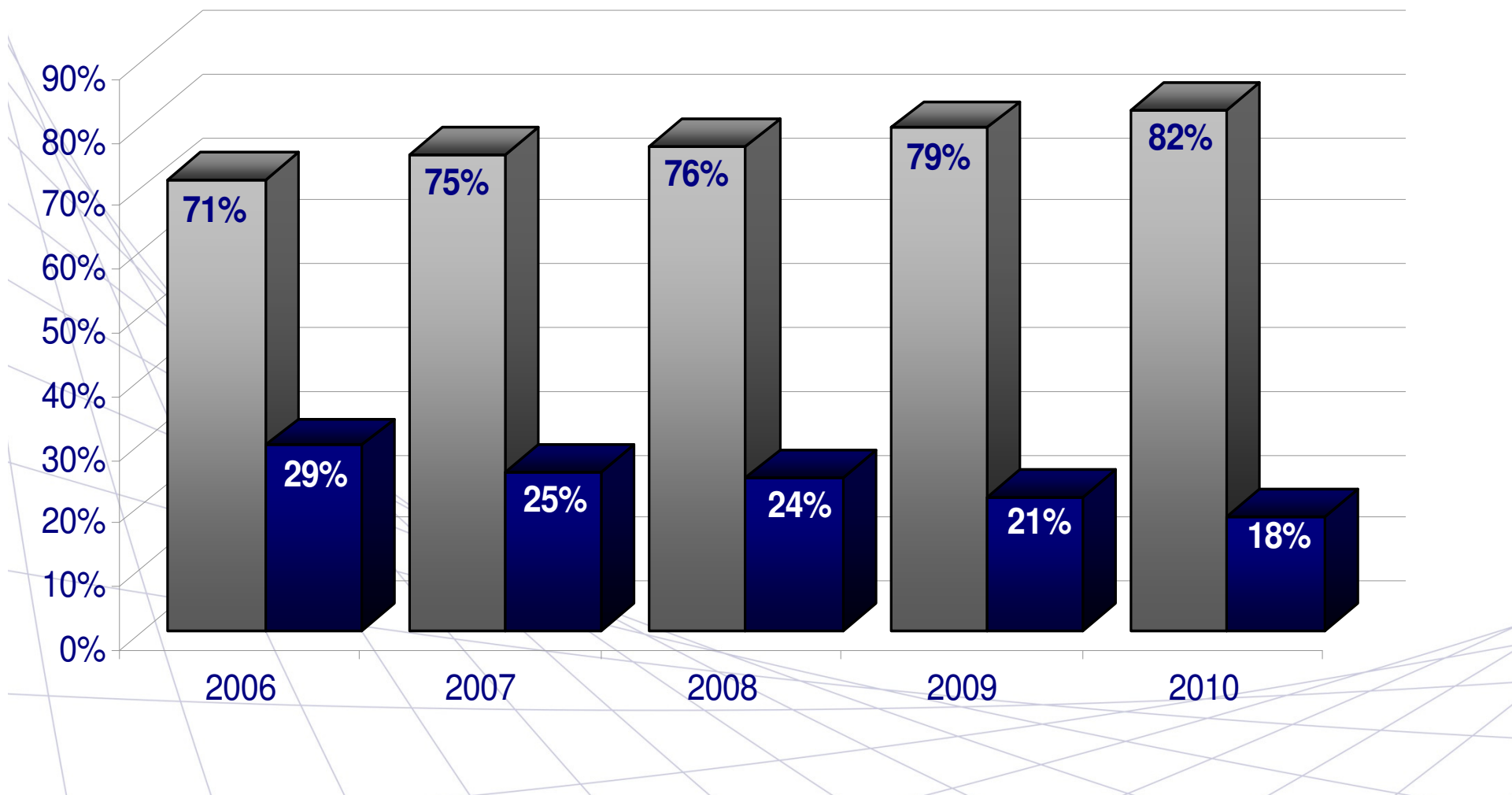
FINANCIAL AGENDA

- Revenue
- Annuity vs hardware revenue
- Revenue by geographical split
- Operating Income
- Contribution by division
- Revenue by operations
- Operating Income by operations
- Income Statement
- Balance Sheet
- Cash Flow Statement

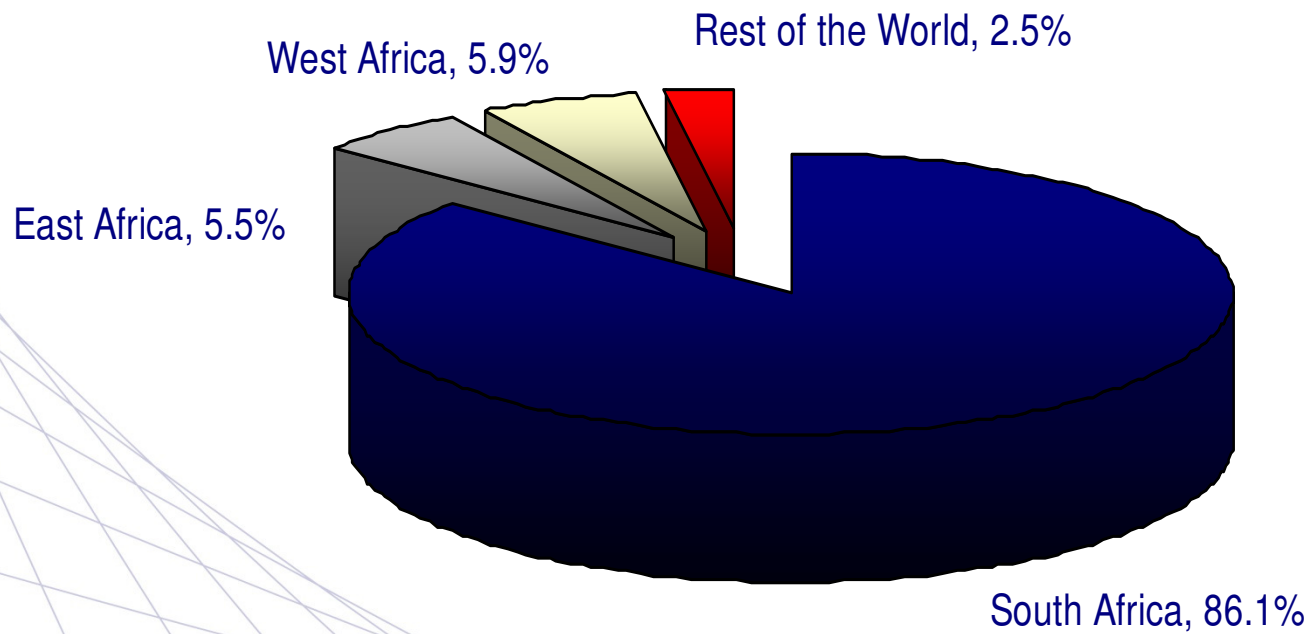


ANNUITY VS HARDWARE REVENUE

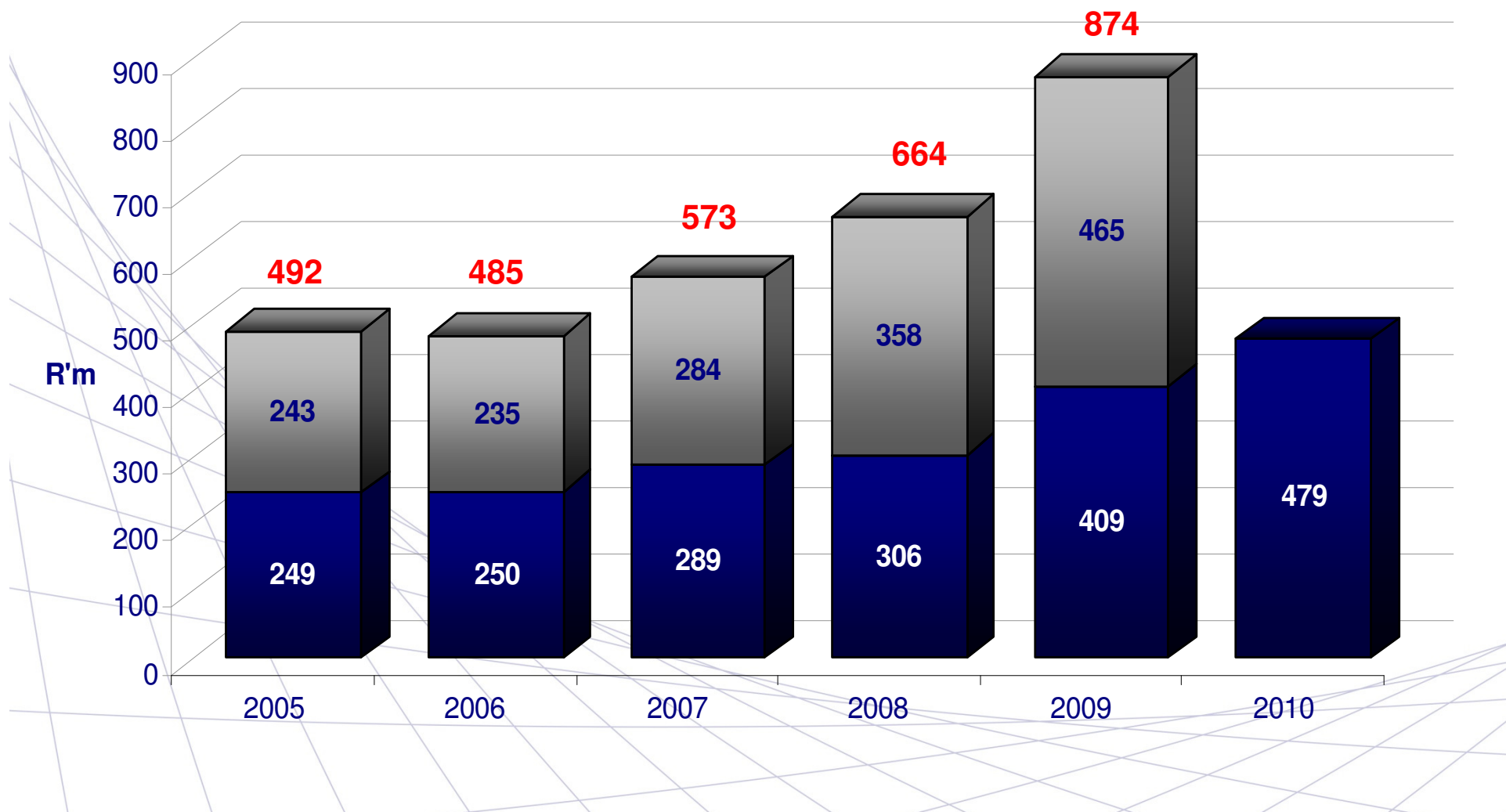
■ Annuity ■ Hardware



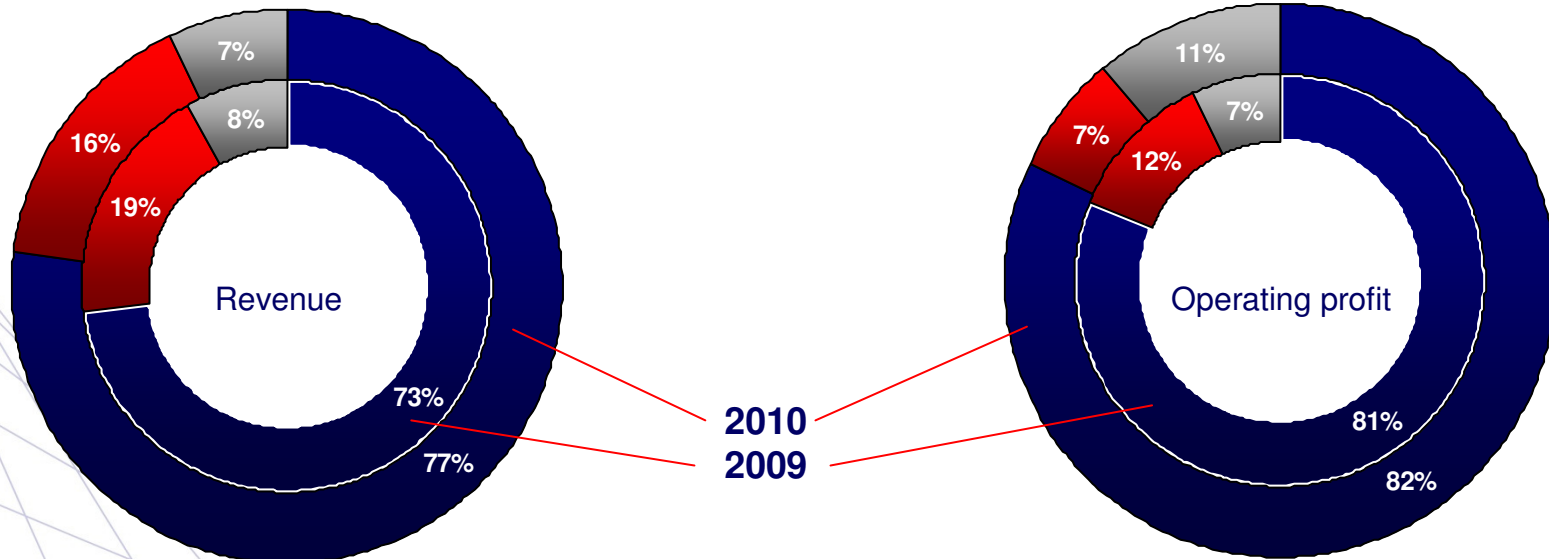
REVENUE BY GEOGRAPHIC SPLIT



OPERATING INCOME

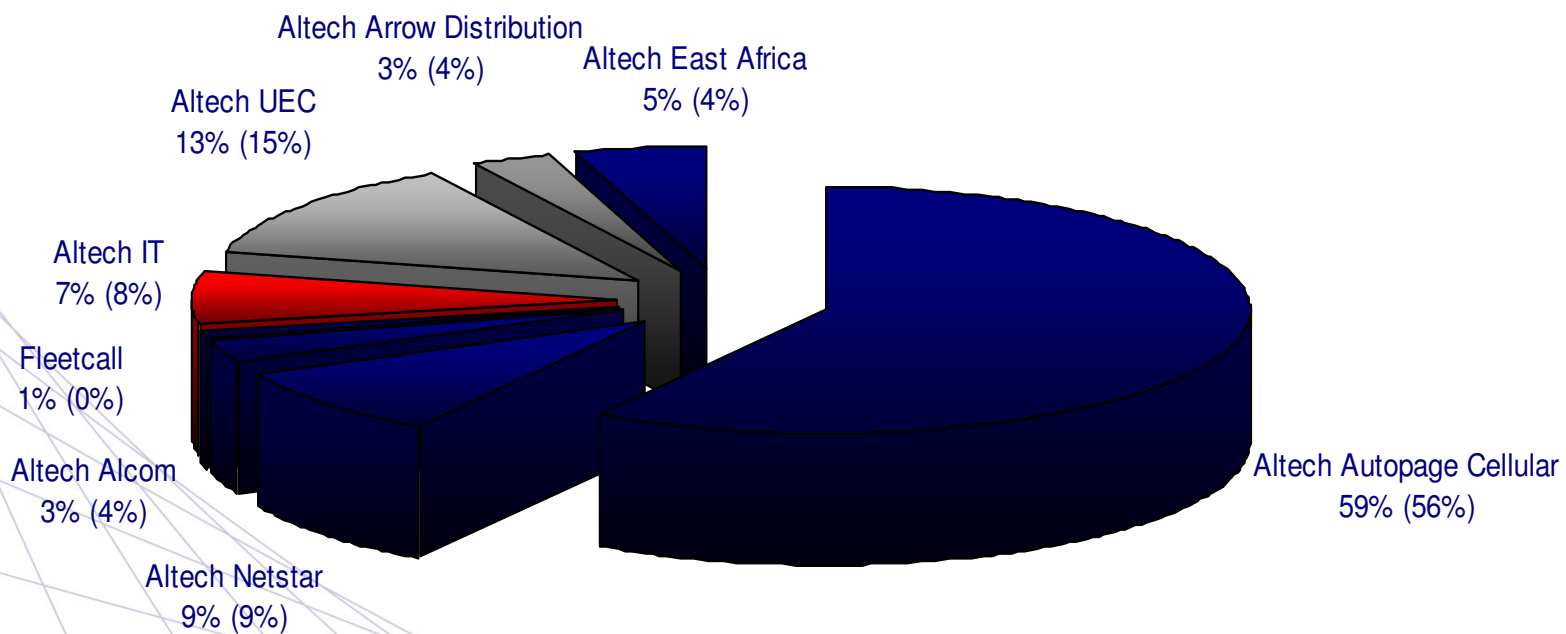


CONTRIBUTION BY DIVISION

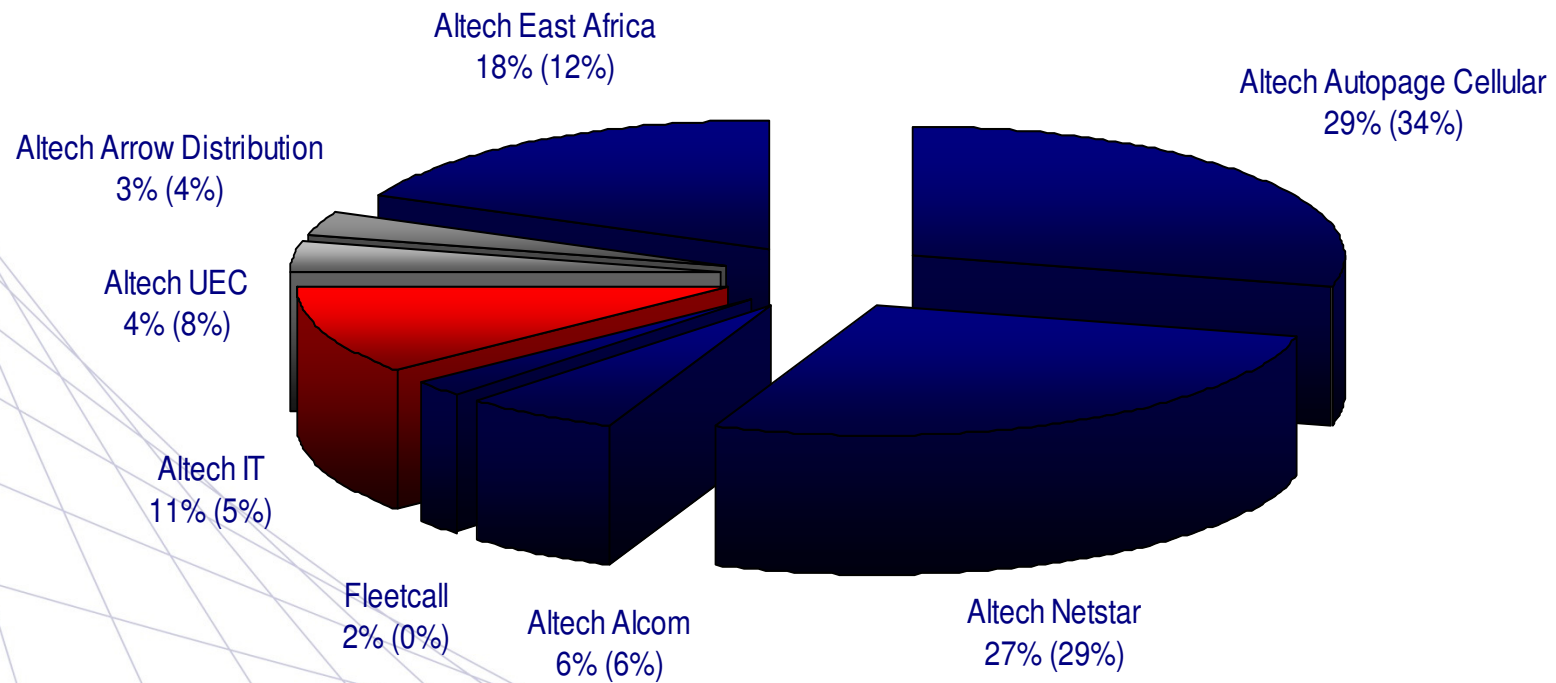


- Telecommunications (Wireless communication and Converged services)
- Multi-media and Electronics
- Information Technology

REVENUE BY OPERATIONS



OPERATING INCOME BY OPERATIONS



INCOME STATEMENT

	% Change	Aug 2009 R'm	Aug 2008 R'm
Revenue	(4%)	4 732	4533
Operating Income	(17%)	479	409
Investment Income		(7)	3
Income before other items		472	412
Capital items		2	1
Income before taxation	(15%)	474	413
Taxation - Normal		120	102
- STC		32	28
Income after taxation	(14%)	322	283
Minority shareholder's interest		38	30
Attributable earnings to equity holders		284	253
Adjusted HEPS (cents)	(13%)	304	269

BALANCE SHEET

	Aug 2009 R'm	Feb 2009 R'm
Fixed Assets	940	837
Goodwill and Intangible Assets	1 123	1 122
Deferred Taxation	33	39
Net Assets Held For Sale	-	79
Current Assets	2 114	2 575
Inventories	410	416
Accounts Receivable	1 244	1 248
Net Cash	460	911
Total Assets	4 210	4 652
Total Liabilities	1 931	2 105
Total Equity	2 279	2 547

CASH FLOW STATEMENT

	Aug 2009 R'm	Aug 2008 R'm	Feb 2009 R'm
Generated	568	447	1 048
Working Capital	(195)	(246)	12
Taxation	(153)	(109)	(207)
	220	92	858
Other Activities	(345)	(799)	(1 244)
	(125)	(707)	(391)
Dividend paid	(326)	(289)	(289)
Utilised	(451)	(996)	(680)
Opening balance	911	1 591	1 591
Closing balance	460	595	911



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DIVISIONAL OVERVIEW

ANDY BAKER





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DIVISIONAL OVERVIEW: TELECOMMUNICATIONS

ANDY BAKER

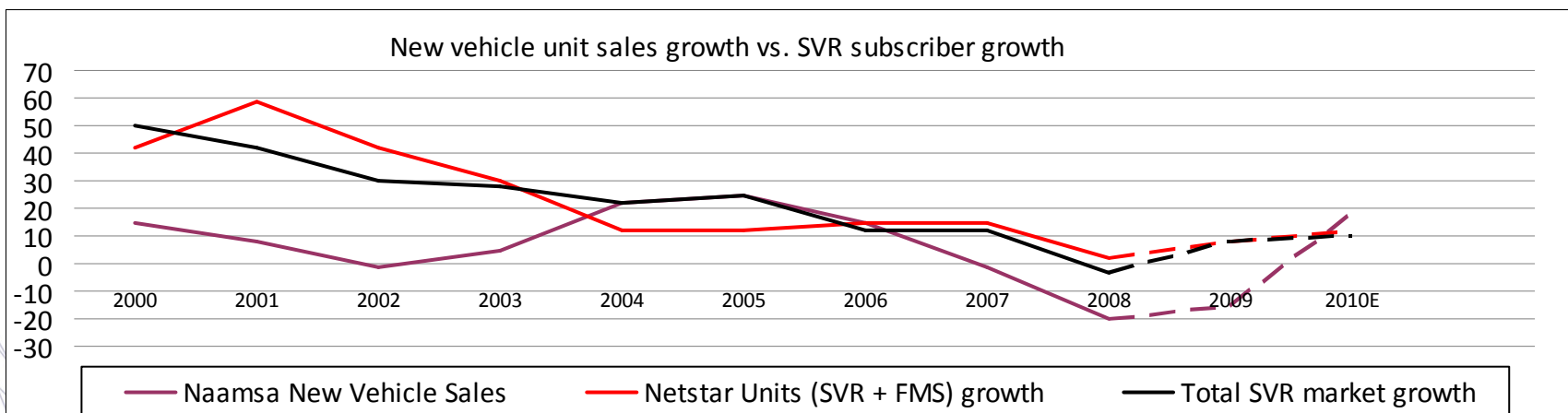
ALTECH AUTOPAGE CELLULAR

- Revenue:  9% to R2.8bn
- Operating profit:  7% to R145m
- Operating margin %: maintained at 5.2% with focus on:
 - Cost management
 - Selling value-added services to existing customers
 - Data sales
- Positive growth in Postpaid subscriber numbers
- Increased credit hurdle rates, no significant bad debt
- Churn better than industry average at 12.5%
- Minimal ARPU decline, mitigated by strong Data and VAS sales

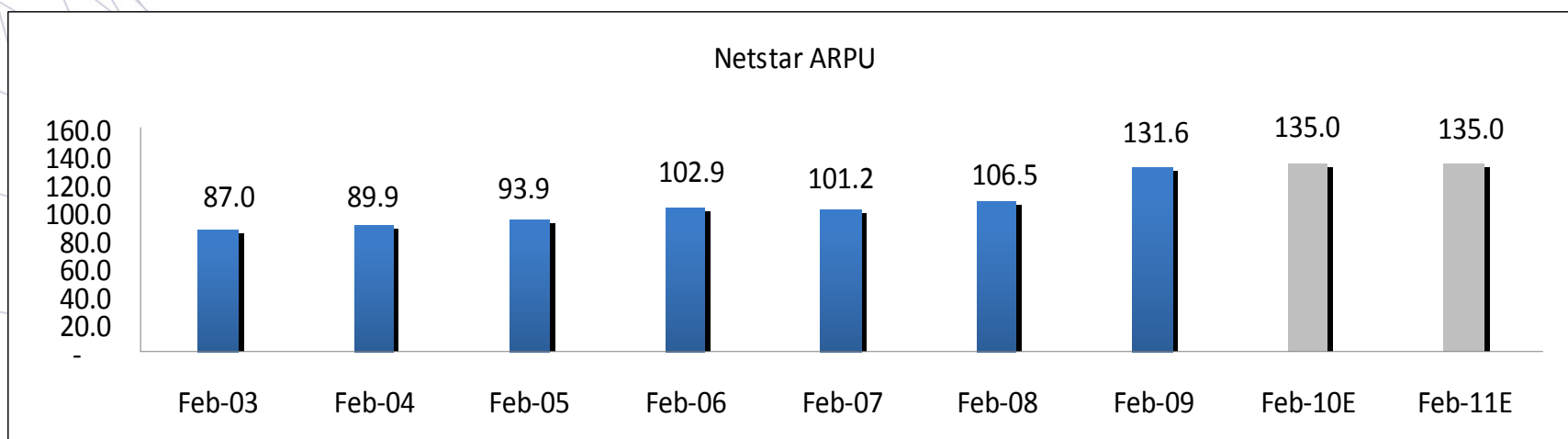
- Key growth area: Data (current base 82 500; up 11% for the 6 months)
- Key focus areas:
 - Customer Service
 - Operating Margins
- RICA
 - Altech Autopage Cellular was ready and compliant by 1 August 2009 deadline
 - Processes are in place to ensure the full Post and Prepaid base is RICA compliant by the 18 month deadline (December 2010)
- Interconnect
 - Potential impact of speculative changes to the interconnect rates have been assessed
 - No direct effect on Altech Autopage Cellular, only indirect
 - Most likely phased reduction in interconnect rates
 - Potential downside risks have been managed by expense saving initiatives embarked upon in the previous financial and the current year, which will compensate for the potential revenue decline

- Revenue: ↑ 6% to R434m
- Operating profit: ↑ 14% to R132m
- Operating margin %: ↑ to 30.3% (2008: 28.3%)
- Stolen Vehicle Recovery
 - Steady growth in-line with present economic conditions
 - Acquisition of Polokwane and Nelspruit franchises
 - Successful initial launch of Cyber Sleuth Supreme
 - Land Rover Jaguar has adopted product on an exclusive basis
 - World first anti-jamming technology
- Brazil opportunity being aggressively pursued


- Fleet Management Services
 - Consistent growth (year-on-year subscriber growth of 23%)
 - Current performance bucking the trend of major competitors
- Altech Netstar Traffic
 - Joint venture with world leaders in real time traffic information (ITIS)
 - Testing phase successfully completed
 - Official launch into market November 2009
 - Major contributor to the Altech Netstar group going forward



Source: Company Data, Naamsa, Credit Suisse Standard Securities estimates



Source: Company Data, Naamsa, Credit Suisse Standard Securities estimates

- Revenue: R172m
- Operating Profit:  6% to R26m
- Profit before tax in line with that of prior year
- Export Income: 17.8% of revenue (2008: 13.9%)
- Targets exceeded at operating profit level
- Forecast for second half remains positive



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DIVISIONAL OVERVIEW: MULTIMEDIA & ELECTRONICS

ANDY BAKER

- Revenue: R596m
- Operating Profit: R19m, with significant contribution expected in second 6 months (delayed deliveries to India)
- Significant orders received
- Healthy order book of R498m
- Opportunities:
 - RSA Digital Migration (DTT)
 - Commercial launch April 2010
 - Australia Digital Migration (DTT)
 - First order received

- Revenue: R151m
- Operating profit: R13m
- Operating margin: has increased to 9.6% (2008: 9%)
- Excellent cost containment
- Solid balance sheet and good working capital
- Potential opportunity with DTT
- Retains leading market share of 26%



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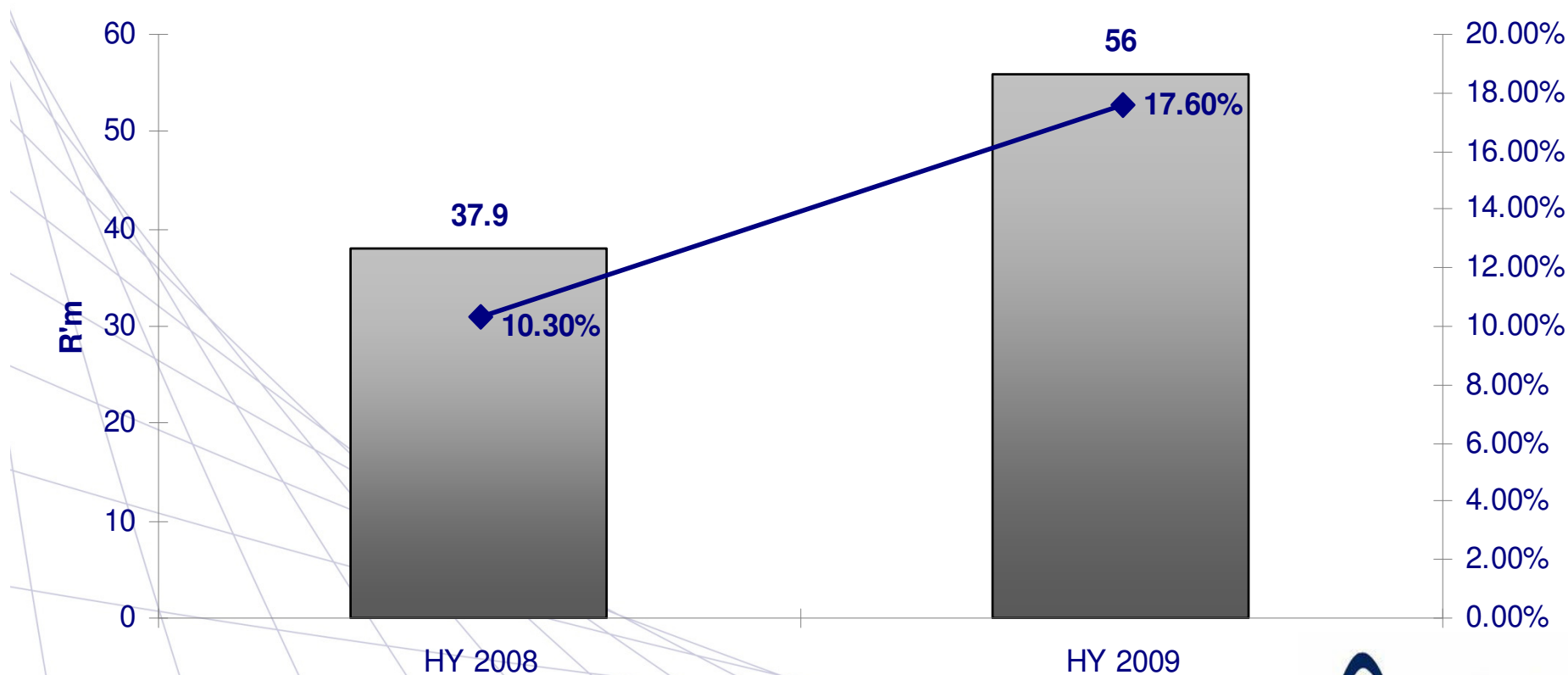
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DIVISIONAL OVERVIEW: INFORMATION TECHNOLOGY

ANDY BAKER

- Revenue: R317m
- Operating profit: R56m
- Divisional performance:
 - Altech Card Solutions
 - Exceeded targets
 - Excellent growth in
 - EFTPOS terminals
 - e-Security (now represents circa 30% of divisions profit)
 - Altech West Africa
 - Operating margin at 20.2%
 - Good growth in exports to West African region
 - Record volumes achieved
 - Launching card personalisation (magstripe and chip) in October
 - Altech Isis
 - Steady performance
 - New customers

■ Total operating income ◆ Operating margin





- Excellent improvement in group operating margin, from 9% to 10.1%
 - Strong profit growth
 - New acquisitions all performing to expectations
 - Good cost containment
 - Excellent customer relationships across all group companies
 - East Africa continues robust growth
- 



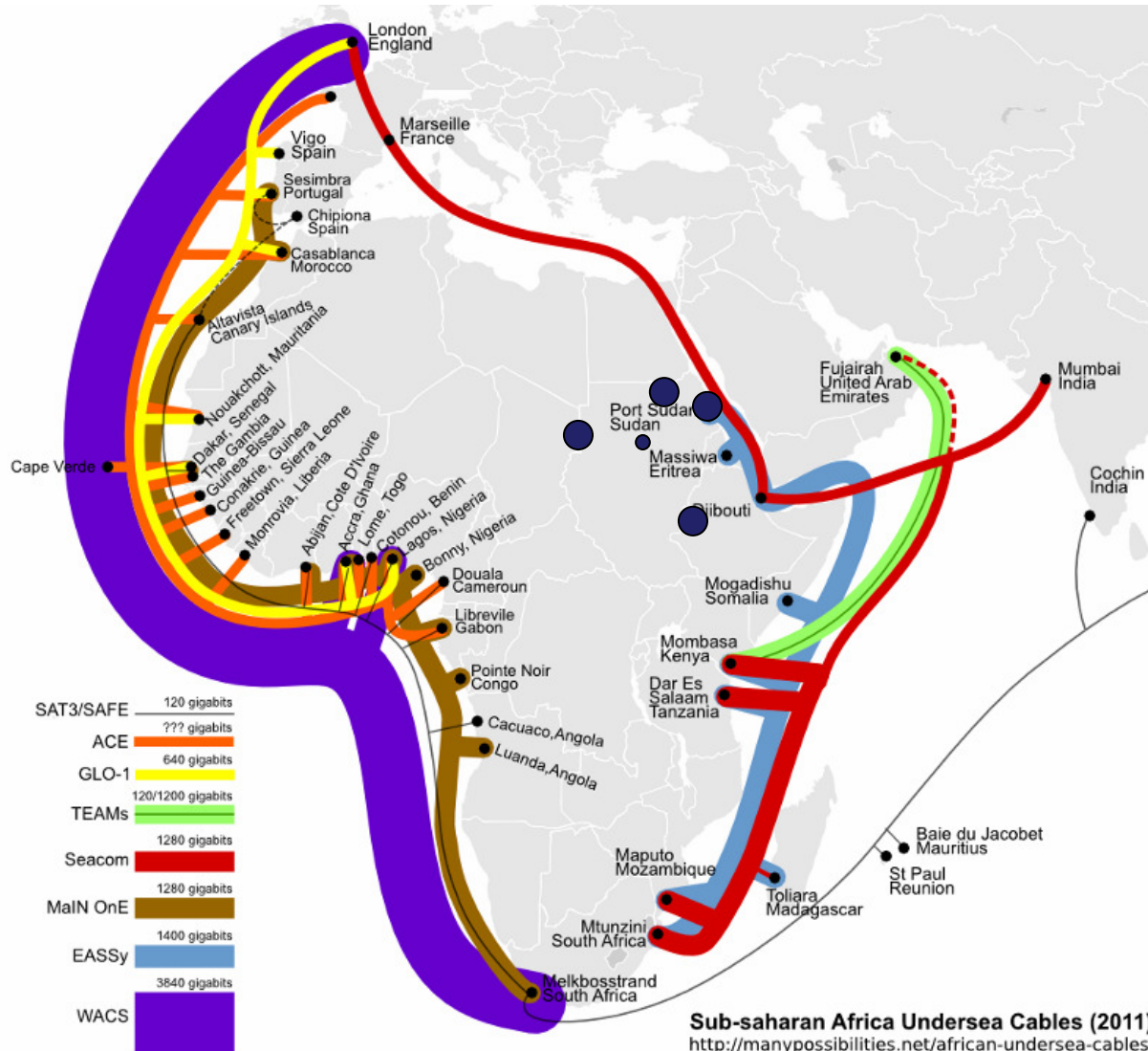
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ALTECH STREAM EAST AFRICA

WESSIE VAN DER WESTHUIZEN

- Revenue:  51% to R260m
- Operating Profit:  80% to R88m
- Exceeded half year financial and roll out targets
- Currently 5% of Altech's turnover but already 18% of total operating profit
- Dramatically improved Balance Sheet
- Enhanced customer base

EAST AFRICA PERSPECTIVE

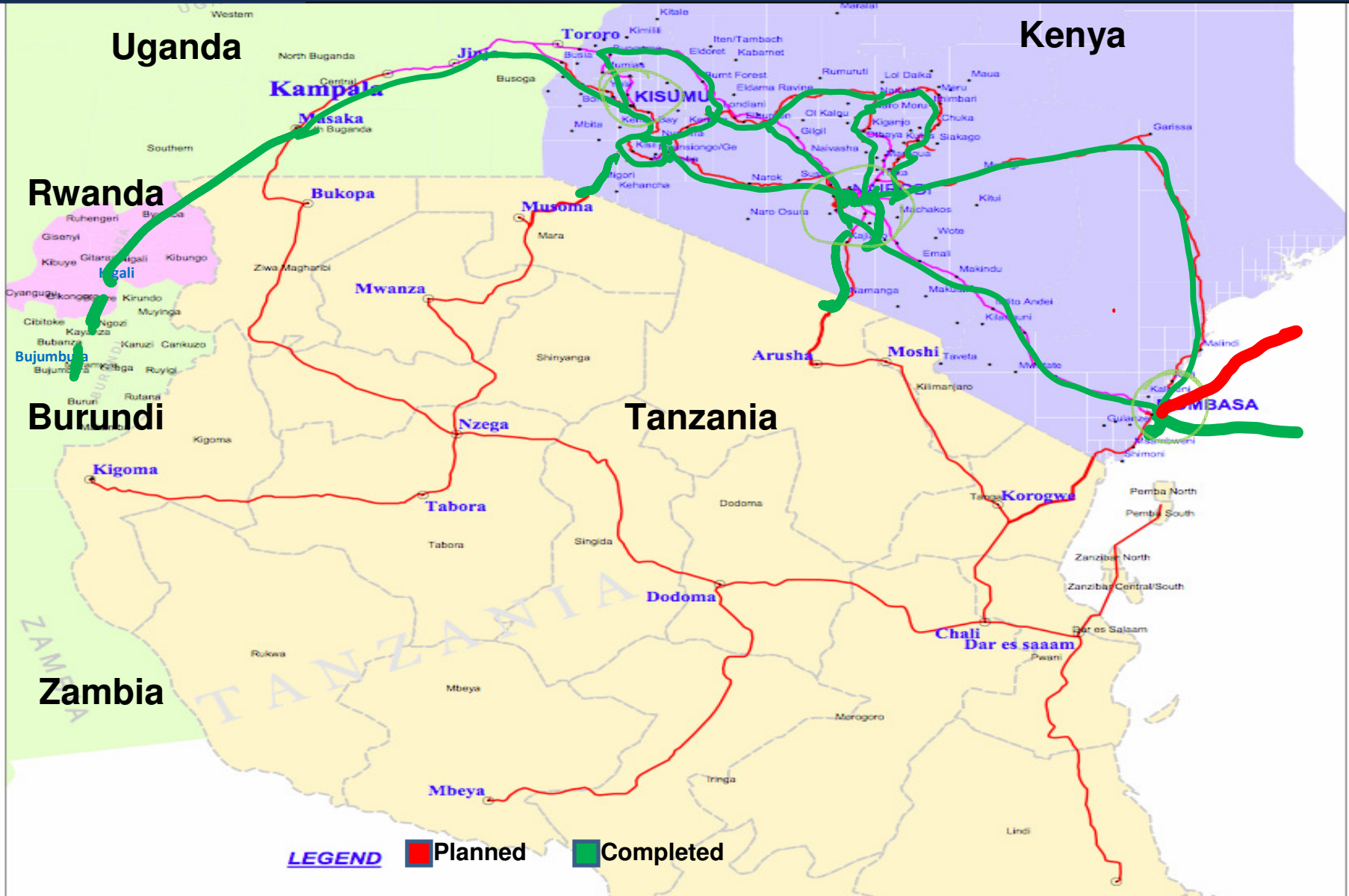


Sub-saharan Africa Undersea Cables (2011)
<http://manypossibilities.net/african-undersea-cables>
 Version 10 - Dec 2008 - Creative Commons - BY

- **Seacom:**
 - 2 x STM 16 (5Gb/s) IRU (20 years) capacity purchase through strategic alliance with Seacom (upgradeable to STM64)
 - Provides direct capacity to landing stations in Mtunzini (RSA), Maputo (Mozambique), Dar Es Salaam (Tanzania), Mombasa (Kenya), Mumbai (India), Marseille (France) and London (England)
 - Seacom has in turn purchased in excess of USD20m (IRU 20 years) of bandwidth capacity on the KDN terrestrial fibre network
- **TEAMS:**
 - Equity stake of 8.5% in TEAMS (USD11m)
 - Capacity 10.2Gb/s upgradeable to 100Gb/s
 - Provides capacity between Mombasa and Fujairah (United Arab Emirates)
 - Onward capacity purchase requirements to terminate in London or Singapore

- Altech now arguably the second largest international fibre capacity holder in Africa
- KDN cost savings in international satellite capacity > USD6m annualised
- Explosive growth in demand for bandwidth, both regional and international
- This capacity will underpin the demand growth for major operators (KDN benefit)
- Nearly 70% of Seacom bandwidth capacity already sold by KDN (benefit next 6 months and beyond)
- Both TEAMS and Seacom investments will generate significant profit streams for Altech going forward

KDN EAST AFRICA FIBRE



- 6 000km of ducted fibre (240 000 fibre km) by year-end with roll out to continue
- Links 5 East African countries (Kenya, Uganda, Rwanda, DRC, Tanzania)
- Full IP enabled network with multi terabit capacity (can carry ATM and SDH traffic)
- Altech has full network licences including international gateway licences in all these countries
- Metro fibre in Nairobi, Mombasa, Kisumu, Garissa, Eldoret
- The KDN WiMax network in Kenya is the largest Wimax deployment on the continent
- Apart from the carrier of carrier capacity the focus is on converged services i.e. triple play, rich multi-media, unified messaging, social networking and hosting
- Shareholder Capital requirements will not exceed USD20m per year for the next 3 years, and will be largely funded from internal cash flows (exponential profitability growth)

Data Centre

- Approval obtained to build a Data Centre in Nairobi (cost USD7.5m)
- Services
 - Up to tier 7 security (VeriSign approved)
 - Data archiving
 - Intrusion management
 - Hosting
 - Disaster recovery
- Customers:
 - Regional governments
 - Local and global corporates and carriers
 - More than 160 customers already committed
- Integral part of submarine business case
- IRR > 45%



ASEA will be a major contributor to Altech's growth over the next few years



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ALTECH STREAM EAST AFRICA

Rwandan
Government

Kenyan
Government

Kenyan
Universities



AccessKenya
GROUP



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IN CLOSING

CRAIG VENTER

- Annuity revenue (defensive)
- Cost containment
- Operating margins
- Strong Balance Sheet
- Dividend
- Superlative returns
- Customers
- Globalisation
- Liberalisation
- Digital Migration DTT (SA and Australia)
- East African growth engine



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QUESTIONS
