

REUNERT INTERIM RESULTS PRESENTATION



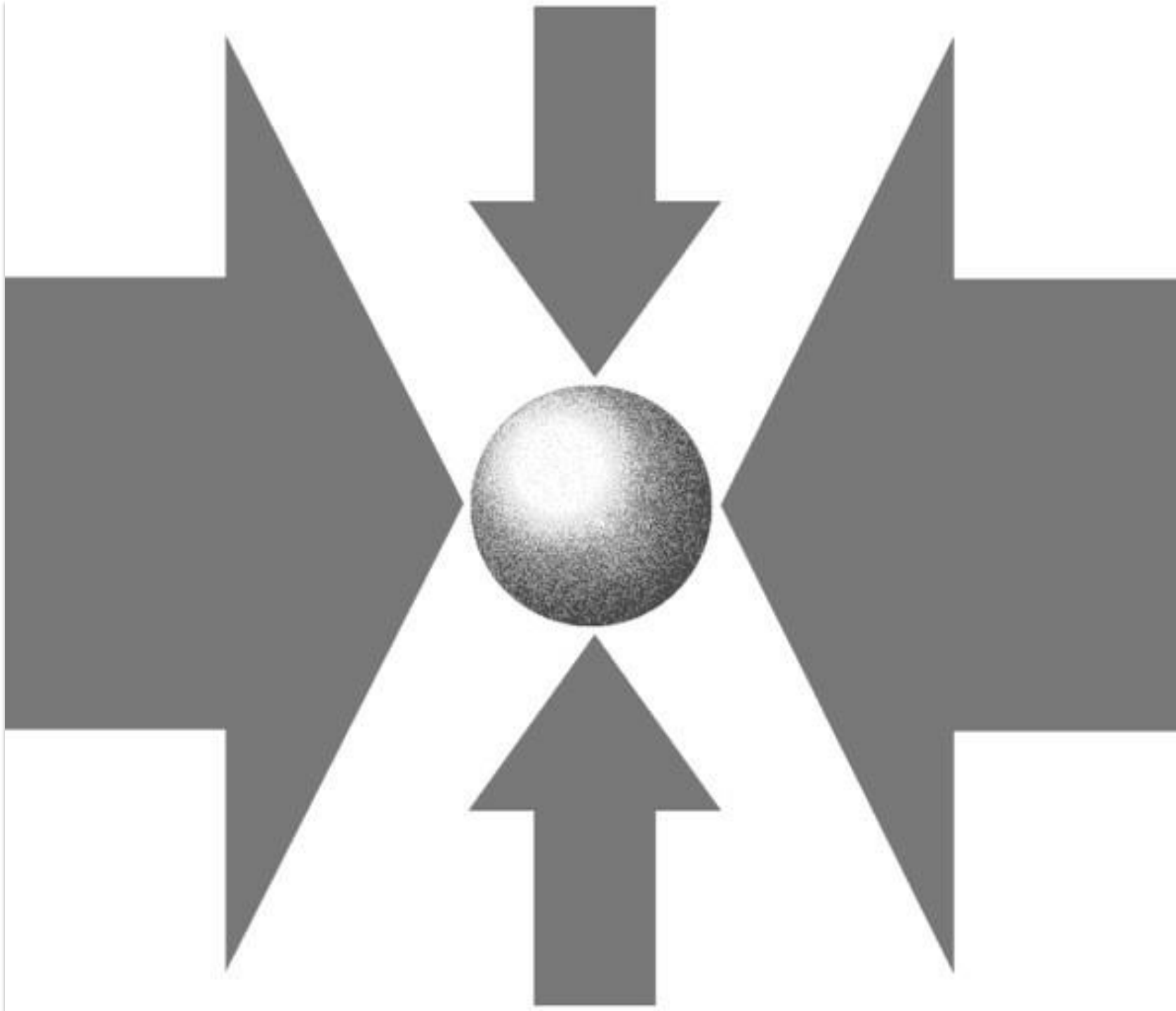
For the six months ended 31 March 2021

AGENDA

- A** Key highlights
- B** Financial performance
- C** Strategy update
- D** Segmental performance
- E** Business outlook and prospects

KEY HIGHLIGHTS

Alan Dickson
Group CEO



KEY HIGHLIGHTS

Solid financial performance



Group has effectively adapted to the new operating reality

- ▶ Electrical Engineering Segment returned to profitability
 - Excellent circuit breaker performance
- ▶ All businesses in ICT Segment performed to expectations
 - Quince's returns reduced, as expected, due to the lower interest environment
- ▶ Applied Electronics had a challenging period
 - Lower than expected exports
 - Strong rand negatively impacted export sales and margins

Key improvement actions successfully implemented



Prior year actions yielded the required results

- ▶ Quince
 - Credit risk environment is stable and collections have steadily improved
 - Result of independent review on enterprise-wide risk controls have been implemented
 - Loan book assessment is complete and ECLs are adequate
- ▶ Cable companies delivered a profitable half despite continued weak infrastructure demand
- ▶ No non-financial impairments

Improved shareholder returns



Positive cash generation enabled growth in dividend and commencement of a share buyback

- ▶ R270m free cash flow generated
- ▶ 8% increase in half-year dividend
- ▶ Shareholder returns enhanced through the commencement of a share buyback programme

FINANCIAL PERFORMANCE



Group revenue

R4 614m

▲ **11%**

1H2020: R4 144m



Operating profit

R436m



1H2020: (R155m)



Attributable profit

R311m



1H2020: (R326m)



Dividend

70c per share

▲ **8%**

1H2020: 65c per share

FINANCIAL PERFORMANCE

Nick Thomson
Group CFO



CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Rm	Six months ended 31 March		
	2021 Unaudited	2020 Unaudited	% change
Revenue	4 614	4 144	11
EBITDA before impairment of financial assets	570	529	8
Credit write-off	(5)	(298)	(98)
Expected credit losses	(3)	(267)	(99)
Impairment of financial assets	(8)	(565)	(99)
EBITDA	562	(36)	1 661
Depreciation and amortisation	(126)	(119)	(6)
Operating profit/(loss)	436	(155)	381
Net interest expense	(17)	(19)	(11)
Profit/(loss) before other transactions below	419	(174)	341
Gain on disposal of investment	17	-	100
Transaction-related share-based payments	(5)	-	(100)
Impairment of non-financial assets and loss on remeasurement	-	(101)	100
Profit/(loss) before tax	431	(275)	257
Tax	(121)	31	(490)
Profit/(loss) after tax	310	(244)	227
Share of joint ventures' and associates' profit/(loss)	1	(82)	101
Profit/(loss) for the period	311	(326)	195

Rm	Period on period change	
Revenue		
EE	782	19%
ICT	(239)	-6%
AE	(95)	-2%
Other	22	1%
	470	11%

► **Financial asset impairments**

The accounts receivable and rental books assessed as required by IFRS 9

- resulting in a R3m increase in ECLs for trade receivables and a net credit write-off of R5m arising from the write-off of a receivable in Zamefa.
- No further increase in the ECL against the rental finance book required

► **Gain on disposal of investment**

The profit realised on the sale of 18,8% of the Zimbabwean power cable factory

► **Impairments of non-financial assets**

No impairments were required

► **Transaction-related share-based payments**

IFRS 2 cost related to the establishment of +OneX

CONSOLIDATED STATEMENT FINANCIAL POSITION

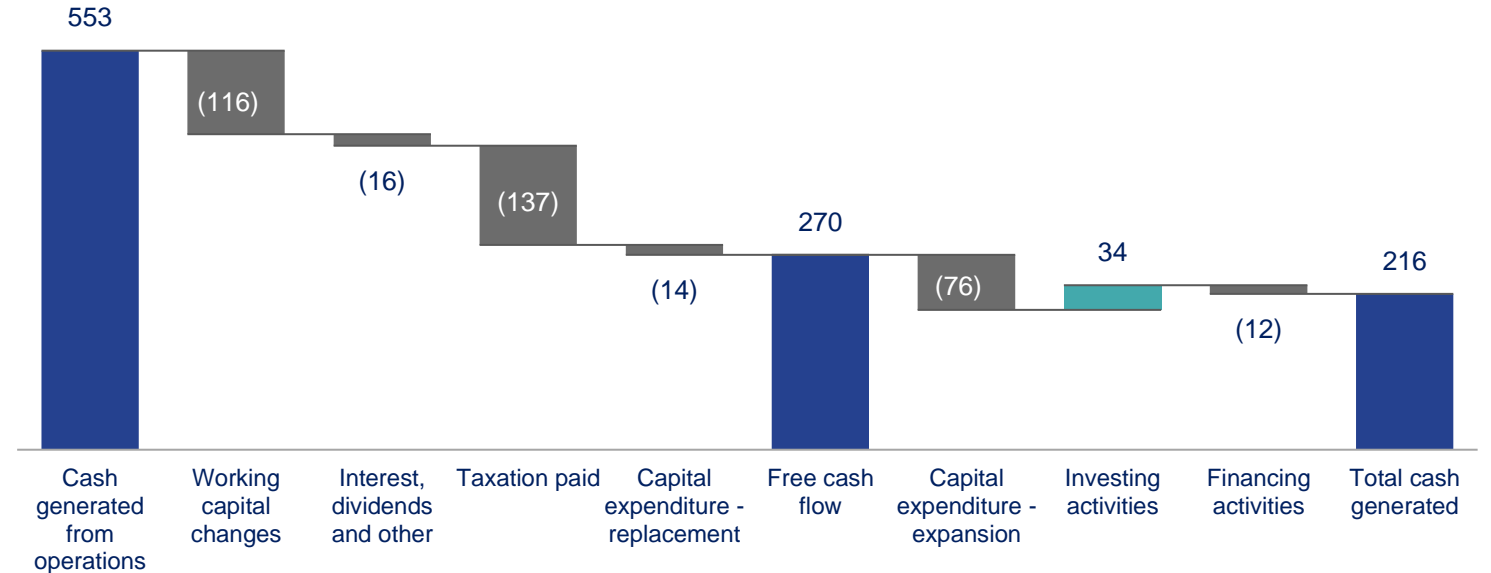
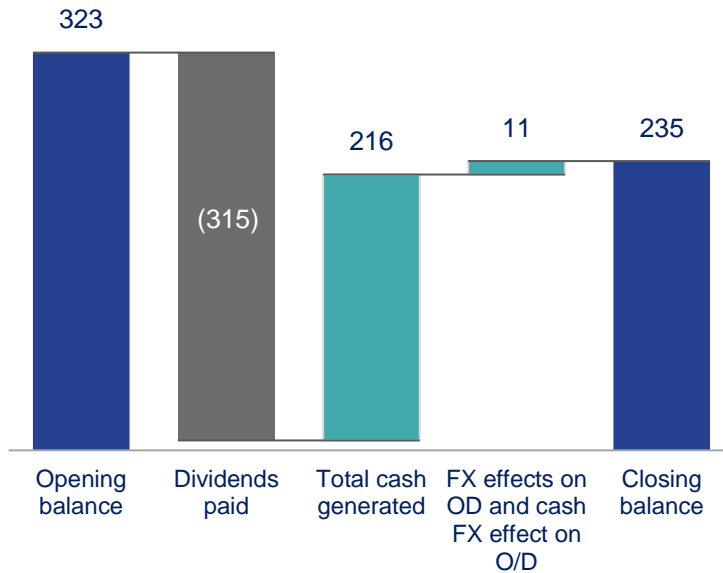
Rm	31 Mar 2021 Unaudited	31 Mar 2020 Unaudited	30 Sep 2020 Audited
Non-current assets			
PP&E, investment property and intangibles	1 261	1 256	1 271
Right-of-use assets	163	200	186
Goodwill	924	924	924
Leases and loans receivable	1 827	1 766	1 778
Other non-current assets	294	376	307
	4 469	4 522	4 466
Current assets			
Inventory	1 580	1 643	1 483
Leases and loans receivable	743	850	795
Cash and cash equivalents	1 035	793	1 029
Other current assets	2 075	2 322	1 953
	5 433	5 608	5 260
Total assets	9 902	10 130	9 726
Total equity	6 532	6 422	6 543
Non-current liabilities			
Lease liabilities	143	169	162
Other non-current liabilities	217	141	186
	360	310	348
Current liabilities			
Put option liability	-	125	-
Bank overdrafts and short-term facilities	800	721	706
Trade and other current payables	2 210	2 552	2 129
	3 010	3 398	2 835
Total equity and liabilities	9 902	10 130	9 726

- ▶ PP&E replacement in line with depreciation
- ▶ No impairments required at 31 March 2021
- ▶ ECL provisions maintained at 6,7% of rental finance book (H2:2020 7,5%)
- ▶ Cyclical movement in working capital in line with the prior year

Net cash (Rm)	31 Mar 2021	31 Mar 2020	30 Sep 2020
Cash on hand	1 035	793	1 029
Bank overdraft	(800)	(721)	(706)
Net cash on hand	235	72	323

CASH FLOW ANALYSIS

MOVEMENT IN CASH FLOW (Rm)

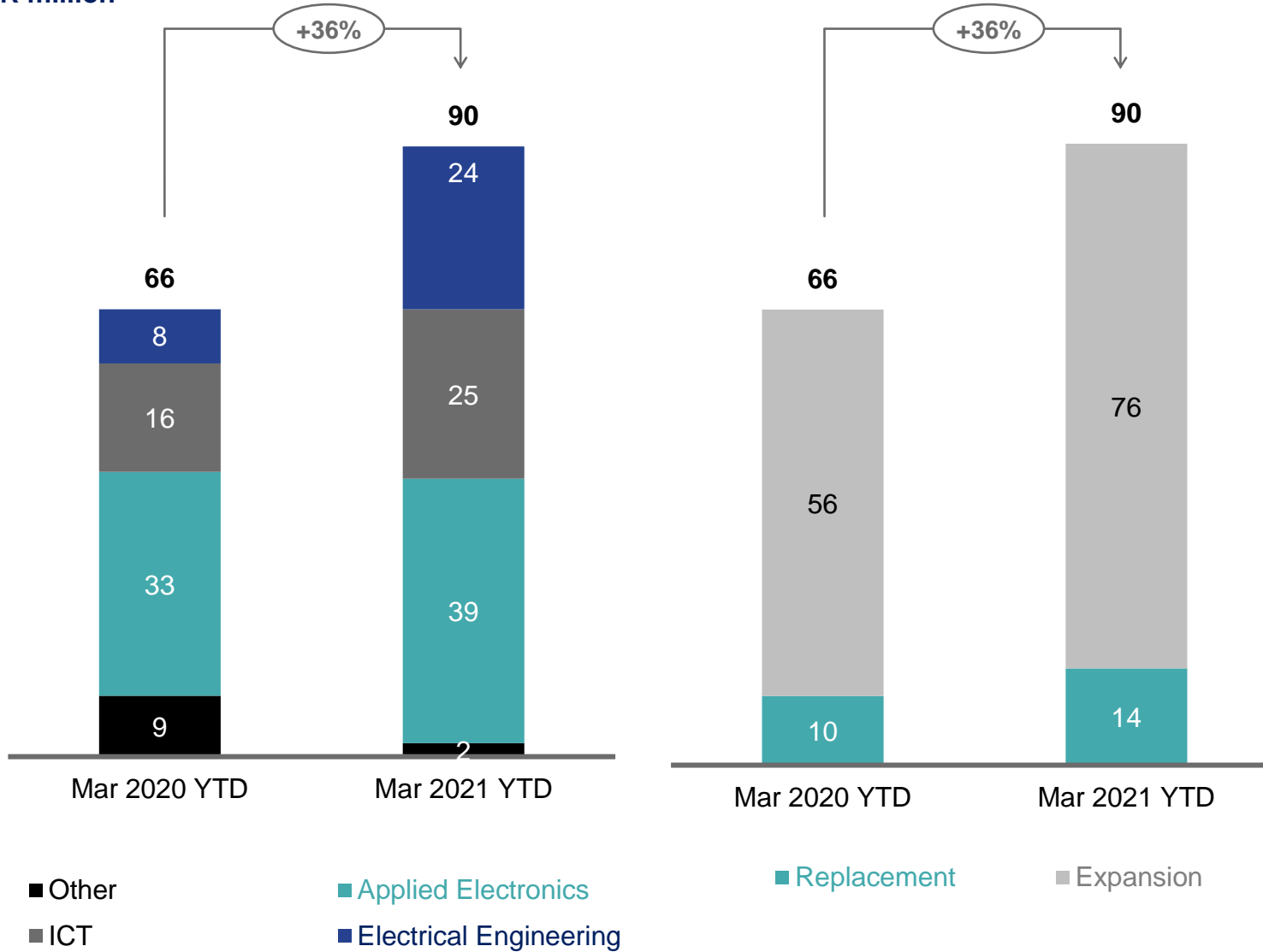


Rm	31 Mar 2021	30 Sep 2020
Cash and cash equivalents	1 029	1 035
Bank overdrafts	(706)	(800)
Total	323	235

Rm	31 Mar 2021
EBITDA	562
Settlement of DBP	(6)
Non-cash items	(3)
Cash generated from operations	553

CAPITAL EXPENDITURE

R million



Category (Rm)	31 Mar 2021	31 Mar 2020
PP&E and solar assets	57	42
Intangibles	23	18
Other	10	11
Total	90	66

STRATEGY UPDATE

Alan Dickson
Group CEO



OUR STRATEGY/ SCALING EARLY LIFE CYCLE BUSINESS



Providing renewable energy technology and solutions

- ▶ Renewable energy market continues to grow strongly
- ▶ Energy generation market liberalisation continues as government progresses on its commitments
 - REIPP Window 5 released for tender
 - The Government intends to increase the threshold for embedded generation from 1MW to 10MW
- ▶ This will enable Terra Firma Solutions to access larger B-O-O projects the first of which are already in a quotation phase
- ▶ Several utility scale generation projects approved
- ▶ Creation of Lumika Renewables with JV partner AP Møller Capital (APMC)
 - A European capital partner with access to European green energy funding and significant African presence, experience and relationships
 - An affiliate of AP Møller Holdings (owners of Maersk Shipping)
 - Timing is subject to regulatory approval
- ▶ The JV will:
 - expand our footprint into Africa
 - contribute towards Africa's green energy transition and power liberalisation
 - deliver cost efficient energy solutions to commercial and industrial customers that will lower their carbon footprint
 - create green energy jobs



OUR STRATEGY/ SCALING EARLY LIFE CYCLE BUSINESS

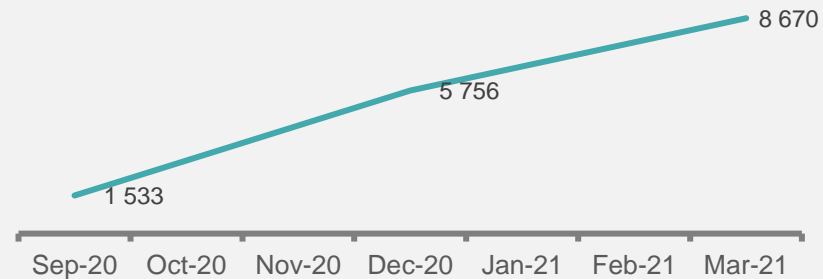


Providing renewable energy technology and solutions

- ▶ Investment in energy management resulted in successful launch of the Astute product range
 - IoT devices enabling remote management of domestic energy
 - Range will be expanded with further product launches in Q3 of 2021



NUMBER OF ASTUTE SMART DEVICES



Leveraging our competitive advantages and core strength to augment the strength of our legacy businesses

OUR GROWTH STRATEGY/ SCALING EARLY LIFE CYCLE BUSINESS

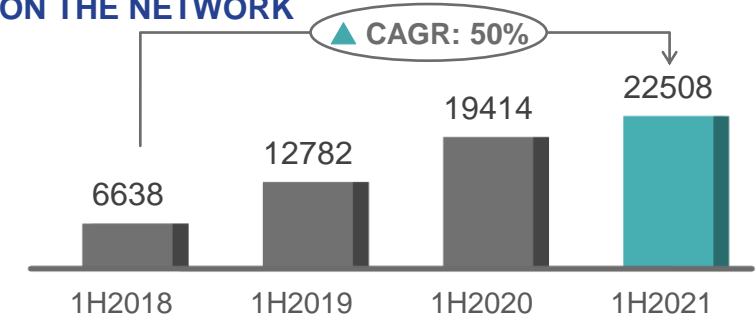
ICT as an enabler for business' operational improvement



- ▶ Good progress on our acquisition strategy in our Solutions and Systems Integrator Cluster
- ▶ +OneX is expanding their service offering through the acquisition of two complementary bolt-on businesses in:
 - Hosted private cloud provider; and
 - Digital media and data consulting
- ▶ Accelerated complementary products and services in the TWP Cluster and cloud VBX rollout in Business Communications Cluster underpins traditional ICT performance



NUMBER OF VBX PORTS ON THE NETWORK



Leveraging our competitive advantages and core strength to augment the strength of our legacy businesses

OUR GROWTH STRATEGY/ ENHANCING SHAREHOLDER RETURNS

/ African cable operations /



- ▶ Reduced holding in our Zimbabwean cable operation, Cafca, by 18,8%
- ▶ Received binding offers to further reduce our equity stake

/ Share buyback programme /



- ▶ Commenced a share buyback programme to enhance shareholder returns
- ▶ 1,2m shares repurchased thereby returning R57,6m to shareholders

Positioned for growth: focused on improving returns to investors

SEGMENTAL PERFORMANCE



Alan Dickson
Group CEO

ELECTRICAL ENGINEERING

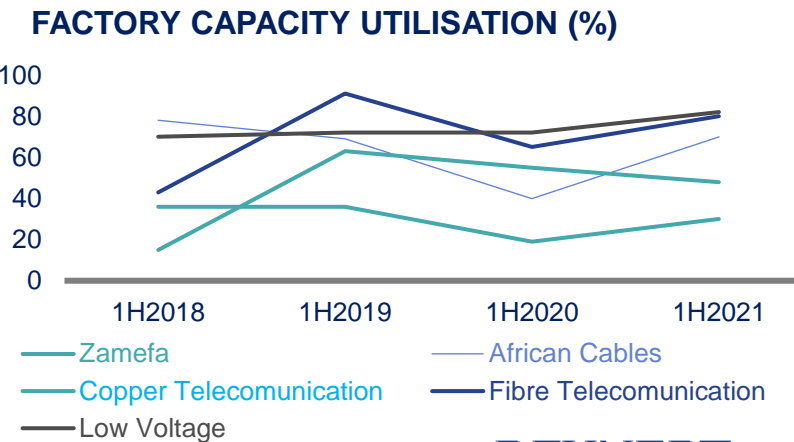
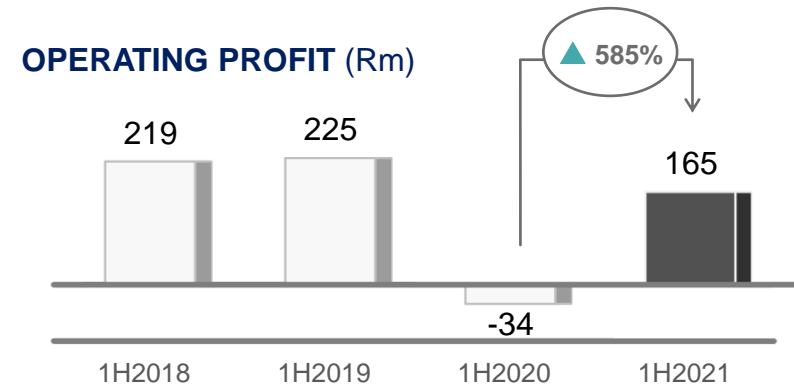
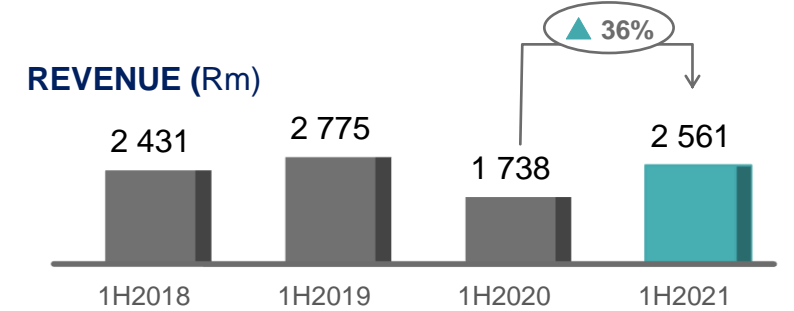
Operational performance

Cable operations

- ▶ Weak local cable infrastructure demand continues in the Medium and High Voltage Cable Segments
- ▶ Liquidity position in Zambia is unchanged
 - Steady cash position enabled increase in production in the period with resulting improvement in operational efficiencies
- ▶ Prior year improvement actions yielded desired outcomes for power cables businesses
- ▶ Improved fibre optic cable volumes and lower cost base improved Telecom Cables performance
- ▶ Cable companies achieved breakeven operating profit

Excellent circuit breaker performance

- ▶ Positive growth in local market share underpinned the strong financial performance
- ▶ Excellent export volumes as recent R&D efforts yielded new OEM contracts
- ▶ Subsidiaries in USA and Australia continued recent strong performances
- ▶ Strong production performance delivered the required market volumes despite challenging supply chain and logistics due to Covid-19



Growth strategy fortified by sustainable, existing businesses

ICT

Operational performance



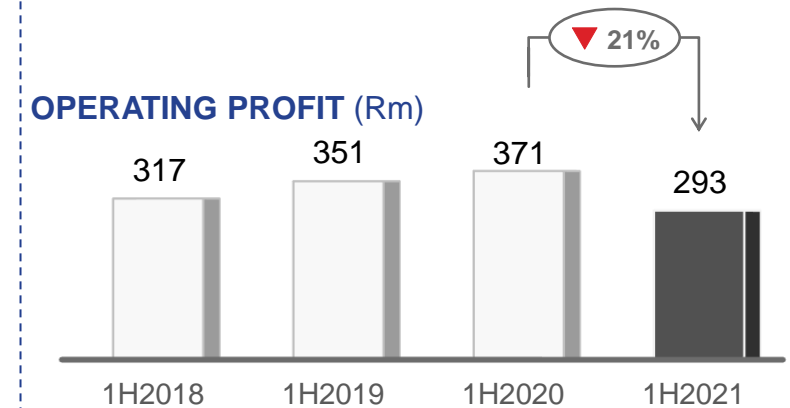
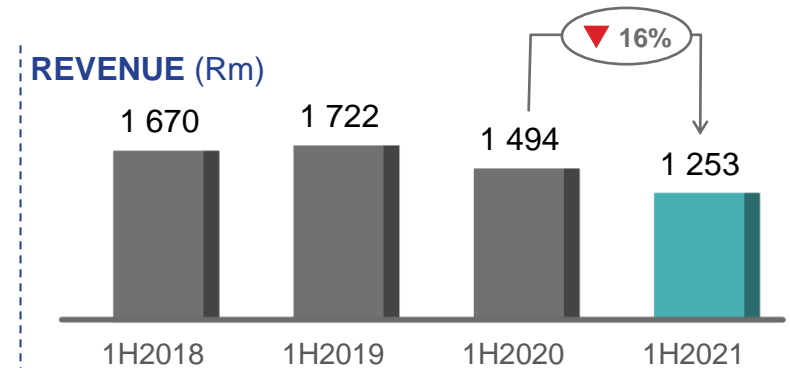
Finance

- ▶ A minor decrease in the overall book to R2,6bn resulting from settlements exceeding new deals discounted
- ▶ The low interest rate environment reduced the return on the overall book, as expected
- ▶ Collections from end-customers in line with expectations
- ▶ Independently recommended enterprise-wide risk controls have all been implemented
- ▶ Detailed assessment of the loan book has been completed with no further material adjustments required
- ▶ ECLs having been adequately provided for



Solutions and Systems Integrator

- ▶ +OneX achieved good progress in building out its core service offerings and positioning it as an end-to-end ICT Solutions and Systems Integrator
- ▶ Acquisitions further enhance +OneX's value offering and capabilities in data consultancy and hosted private cloud provision





Total Workspace Provider

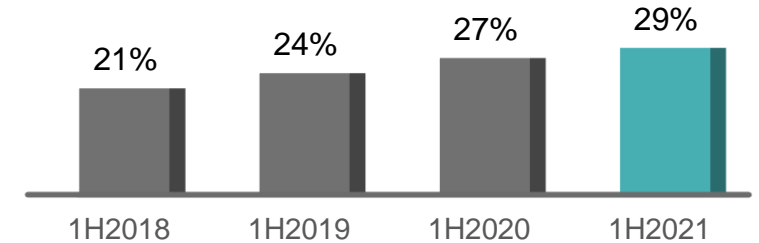
- ▶ Steady improvement in financial performance as the economy opened and lockdown level 1 instituted
- ▶ Sales volumes returned to above 80% of pre-COVID-19 pandemic volumes
- ▶ Complementary products and services showed good growth, now representing 19% of total channel revenue
- ▶ The shift to digitisation and total workspace automation is likely to continue to accelerate, with specific focus on digital workflows and annuity-based service offerings



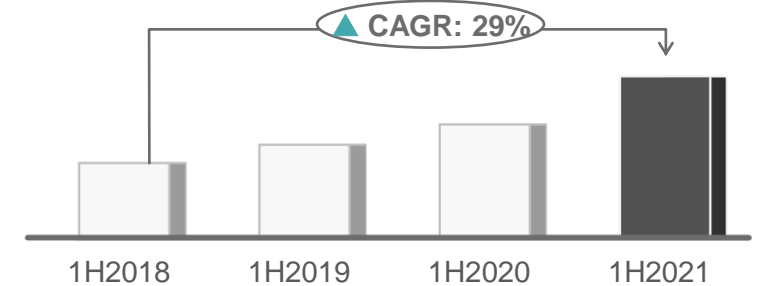
Business Communications

- ▶ Overall minute volumes returned to above 85% of pre-COVID-19 pandemic levels
- ▶ ECN increased its voice customers by 11% to 21 203
- ▶ SkyWire expanded its network infrastructure into 11 new geographies capitalising on strong demand for last mile broadband connectivity

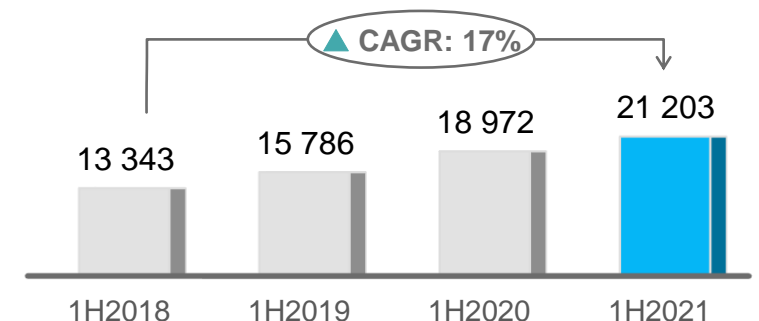
PERCENTAGE OF CUSTOMERS USING MORE THAN ONE PRODUCT



COMPLEMENTARY REVENUE



NUMBER OF VOICE CUSTOMERS



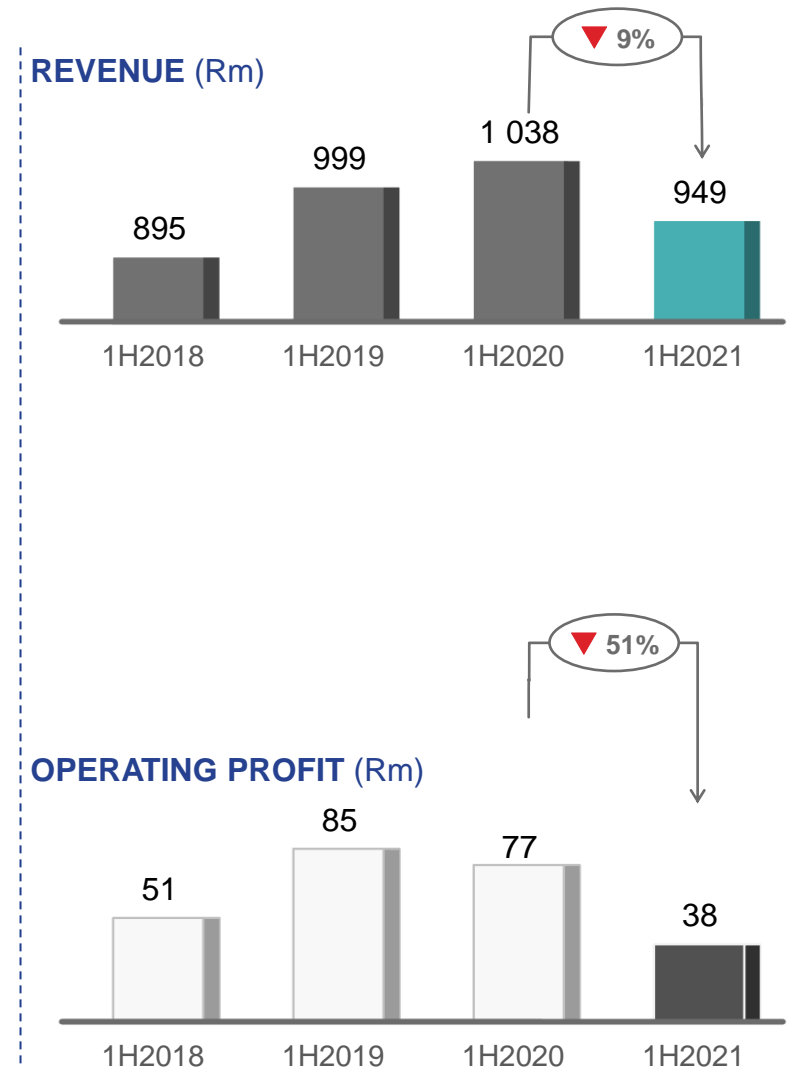
APPLIED ELECTRONICS

Operational performance

- ▶ The segment's difficult trading conditions were due to:
 - Component sourcing delays
 - Stronger rand
 - Mark-to-market losses on cost of imports as rand strengthened
 - Travel restrictions impacted negatively on the closing of new orders and the successful completion of existing orders
 - Regulatory delays
- ▶ Stabilised platform business performed well in 1H2021 on the back of a strong order book

Segment's export order book

- ▶ Omnigo's local order book intake is healthy securing 2021 sales and building a pipeline for 2022
- ▶ Fuchs has continued market diversification and building its European order book pipeline thus reducing the concentration risk on South-East Asia
- ▶ The segment's overall order book remains below that of recent years

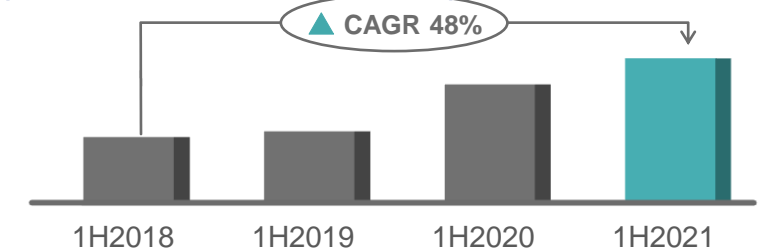


APPLIED ELECTRONICS

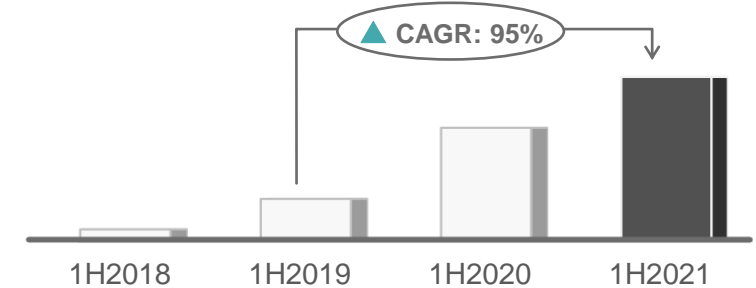
Renewable energy

- ▶ Terra Firma Solutions continued to successfully expand its B-O-O investments
- ▶ Launch of Lumika Renewables positions the Group to accelerate its renewable energy strategy
- ▶ A continuous improvement in battery cell technology and pricing results in the opportunity for new offers to the market
- ▶ Demand for bulk storage is increasing as the viability of the solution becomes more competitive

RENEWABLE ENERGY SALES
(% OF TOTAL SEGMENT SALES)

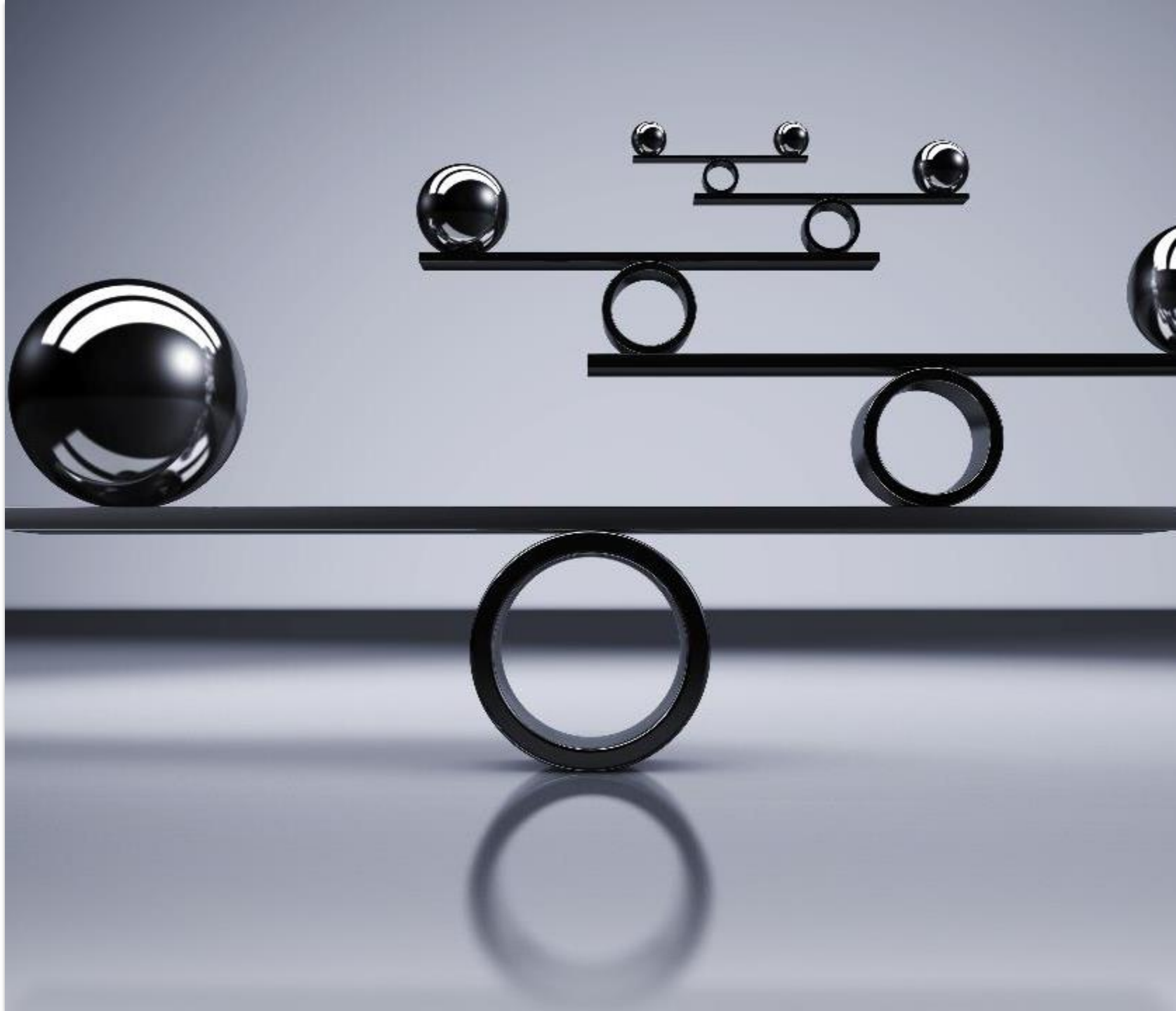


BUILD-OWN-OPERATE ASSET BUILD UP



BUSINESS OUTLOOK

Alan Dickson
Group CEO



PROSPECTS

- ▶ Reunert has continued its recovery from the impact of Covid-19
- ▶ The Group's performance should remain robust into 2H2021 due to:
 - the sustained performance of the Electrical Engineering Segment
 - the ICT Segment continuing to deliver in line with its recent performance
 - an improved Applied Electronics Segment performance based on export orders on hand and the renewable energy businesses
- ▶ The Group's performance should remain sufficiently robust to support the growth of, and re-investment into, our businesses whilst supporting cash return to shareholders
- ▶ Economic uncertainty remains for 2H2021 due to the unknown impact of the pandemic on:
 - the extent of the third wave in South Africa
 - key export geographies and our ability to fulfil our export orders

Q&A

- ▶ Please type your questions on the webcast portal
- ▶ Kindly email Karen Smith at karens@reunert.co.za should you wish to have a one-on-one call with the management team

Key upcoming dates

- | | |
|----------------------|--------------|
| ▶ Financial year end | 30 September |
| ▶ Full year results | 24 November |
| ▶ Integrated Report | 17 December |