



# South Ocean Holdings Financial Results Presentation Year ended 31 December 2009

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# Presentation outline

- Industry review
- Group overview
- Group financial overview
- SOEW business overview
- Radiant business overview
- Group strategy
- Questions










# Industry review

- Strengthened Rand
- Rand copper price
- Reduction in interest rates
- Cash increasingly important
- Decrease in demand
- Tight disposable income
- Slow down in construction, building and infrastructure industry

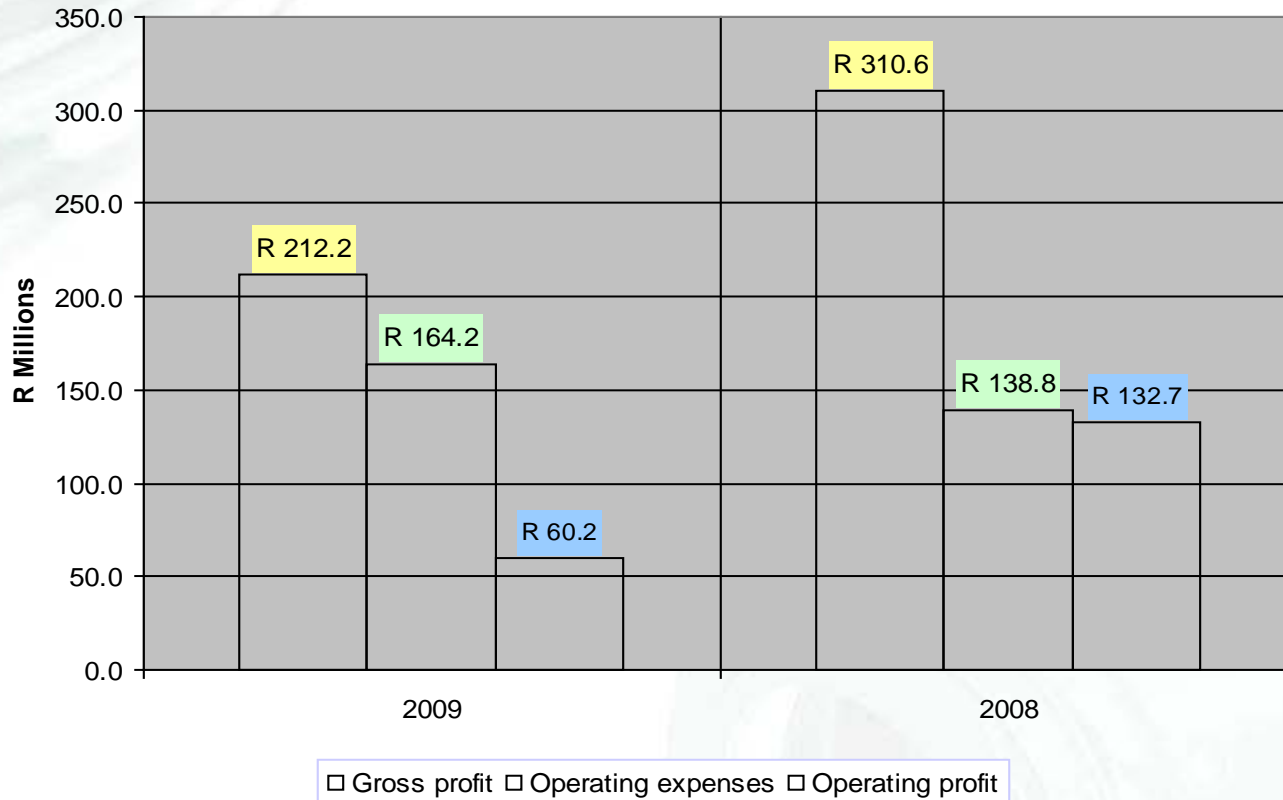
# Group overview

- Streamlined businesses
- grown market share
- Investment in infrastructure
- Increased involvement in export market
- Exchange rate impact
- Cash positive
- Strengthened relationships with stakeholders
- Management changes
- Impact on employment

# Group financial performance

	2009		2008
	Rm		Rm
Revenue	958.0	(15.7%) 	1136.6
Gross profit	212.2	(31.7%) 	310.6
EBITDA	78.3	(59.8%) 	195.0
Operating profit	60.2	(54.7%) 	132.7
PBT	44.5	(58.8%) 	107.9
EPS (cents)	20.2	(48.3%) 	39.1
HEPS (cents)	24.1	(63.3%) 	65.7
Operating margins	6.3% 	(46.2%) 	11.7%





# Group financial performance



# Group performance by segment





	Radiant Rm	SOEW Rm	other Rm	Group Rm
Revenues	366.0	591.9	-	957.9
Revenue contribution	38.2%	61.8%		100.0%
Operating profit	35.0	20.3	4.8	60.1
Operating profit contribution	58.2%	33.8%	8.0%	100.0%
Profit before tax	32.5	21.8	(9.8)	44.5
PAT	22.2	15.7	(6.2)	31.7
EPS contribution (Cents)	14.2	10.0	(3.9)	20.3
HEPS contribution (Cents)	14.2	10.1	(0.2)	24.1
Operating margins	9.6%	3.4%	-	6.3%

# Group free cash flow generation

	2009 Rm		2008 Rm
EBITDA	78.3	(59.8%) 	195.0
Change in working capital	66.4	254.4%	(43.0)
Taxation	(19.9)	62.7% 	(53.3)
Free cash flow	<u>124.8</u>	26.4% 	<u>98.7</u>
Capex	(27.9)	63.7% 	(76.9)



# Investment in working capital

	31 Dec 09 Days		31 Dec 08 Days
Inventories	71.8 	14.4%	83.9
Trade receivables	47.2 	16.2%	56.3
Trade payables	(28.9) 	(23.9%)	(38.0)
<b>Net investment</b>	<b>90.1</b> 	<b>11.8%</b>	<b>102.2</b>
Cash flow from operations	R 151.6	2.4%	R 148.1

# Group financial position

	2009		2008
	Rm		Rm
<b>PPE</b>	<b>240.5</b>	<b>(3.1%)</b>	<b>248.2</b>
<b>Inventories</b>	<b>146.7</b>	<b>(22.7%)</b>	<b>189.8</b>
<b>Trade receivables</b>	<b>124.0</b>	<b>(29.2%)</b>	<b>175.2</b>
<b>Cash resources</b>	<b>58.8</b>	<b>100.0%</b>	<b>-</b>
<b>Other assets</b>	<b>354.3</b>	<b>1.2%</b>	<b>350.0</b>
<b>Intangible assets</b>	<b>(346.4)</b>	<b>(1.0%)</b>	<b>(349.8)</b>
<b>Tangible assets</b>	<b>577.8</b>	<b>(5.8%)</b>	<b>613.4</b>
<b>Term loans</b>	<b>(138.4)</b>	<b>21.5%</b>	<b>(176.2)</b>
<b>Deferred taxation</b>	<b>(26.8)</b>	<b>9.2%</b>	<b>(29.5)</b>
<b>Current liabilities</b>	<b>(63.3)</b>	<b>32.0%</b>	<b>(93.1)</b>
<b>Bank overdraft</b>	<b>-</b>	<b>100.0%</b>	<b>(6.2)</b>
<b>Net tangible assets</b>	<b>349.3</b>	<b>13.3%</b>	<b>308.4</b>
<b>Equity</b>	<b>689.8</b>	<b>4.8%</b>	<b>658.1</b>
<b>Tangible net asset value per share</b>	<b>223.4</b>	<b>13.3%</b>	<b>197.2</b>
<b>NAV per share</b>	<b>441.1</b>	<b>4.8%</b>	<b>420.8</b>
<b>Debt :equity ratio</b>	<b>20.1%</b>	<b>25.1%</b>	<b>26.8%</b>







# SOEW Business overview

- Production volumes up
- Market demand down
- Selling price and margin pressures
- De-stocking
- Copper supply problems
- Cost management
- Improved working capital
- Cash generation
- Capital investment
- Growth in export into Africa

# SOEW financial performance

	2009 Rm		2008 Rm
<b>Before adjusting for intergroup costs</b>			
Net revenues	591.9	(20.9%)	748.0
Gross profit	47.0	(61.1%)	120.9
EBITDA	28.5	(70.6%)	97.0
Operating profit	20.3	(77.3%)	89.4
NPAT	15.7	(75.2%)	63.2
Gross profit margin	7.9%	(50.9%)	16.2%
Operating profit margin	3.4%	(71.7%)	12.0%

# SOEW investment in working capital

	31 Dec 09 Days		31 Dec 08 Days
Inventories	40.7 	(14.4%)	35.6
Trade receivables	43.7 	22.3%	56.2
Trade payables	(14.2) 	(71.1%)	(8.3)
Net investment	<hr/> 70.2 	15.9%	<hr/> 83.5
Cash generated by operations	R 80.1	22.5%	R 65.4
Capital expenditure	(R 10.2)	16.3%	(R 12.2)

# SOEW financial position

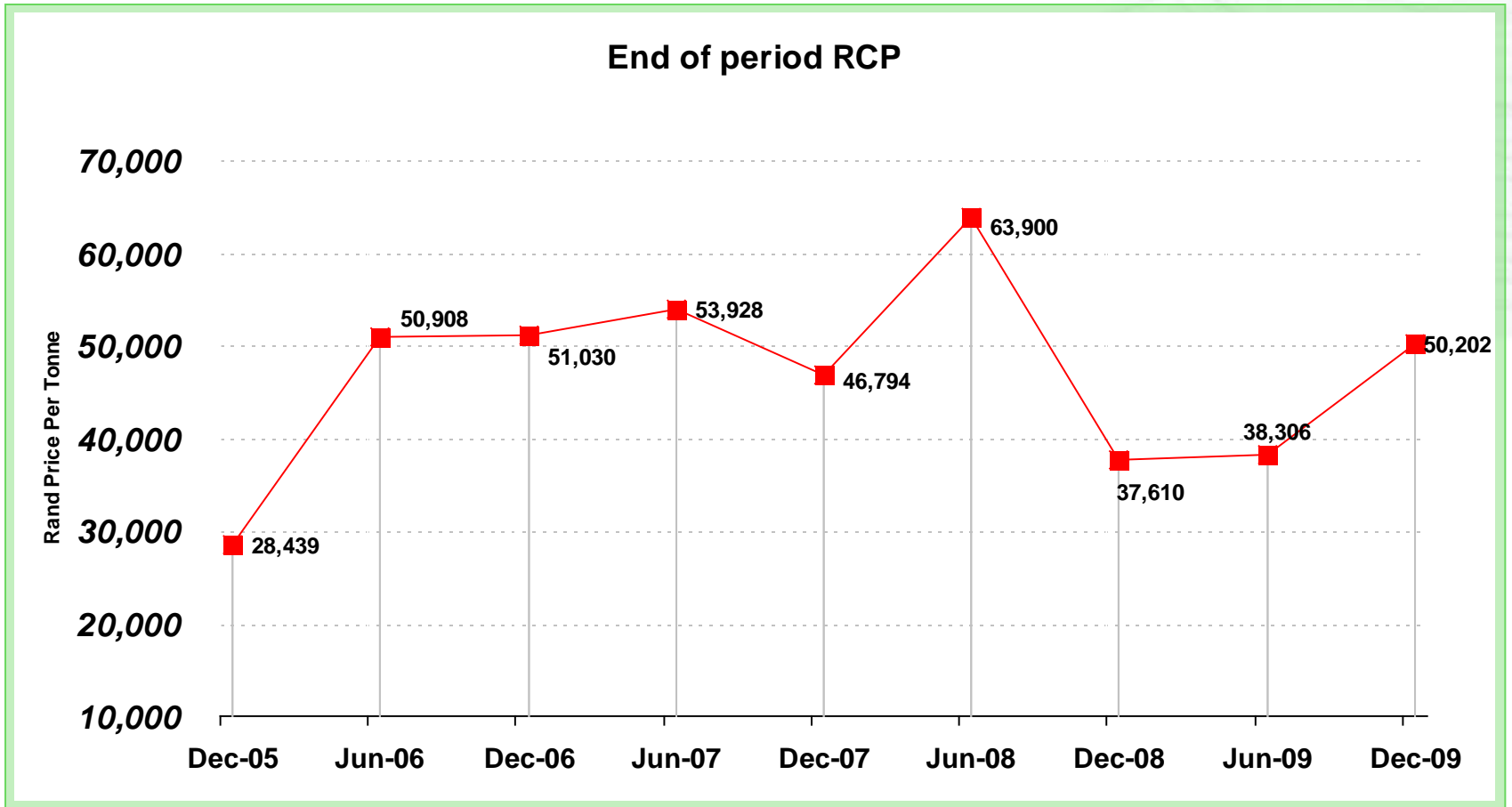
	2009 Rm		2008 Rm
Accounts receivable	70.8	(38.5%)	115.2
Inventories	60.8	(0.6%)	61.1
Cash resources	24.8	100.0%	-
Other	111.3	33.3%	83.5
<b>Total assets</b>	<b>267.7</b>	<b>3.0%</b>	<b>259.8</b>
Term loans	(8.0)	49.0%	(15.7)
Group loans	(1.6)	0.0%	(1.6)
Deffered taxation	(9.2)	(10.8%)	(8.3)
Current liabilities	(23.8)	(40.8%)	(16.9)
Bank overdraft	-	100.0%	(8.0)
<b>NET tangible asset</b>	<b>225.1</b>	<b>7.5%</b>	<b>209.3</b>
Equity	225.1	7.5%	209.3
NAV per share	144.0	7.5%	133.9

# SOEW productivity analysis

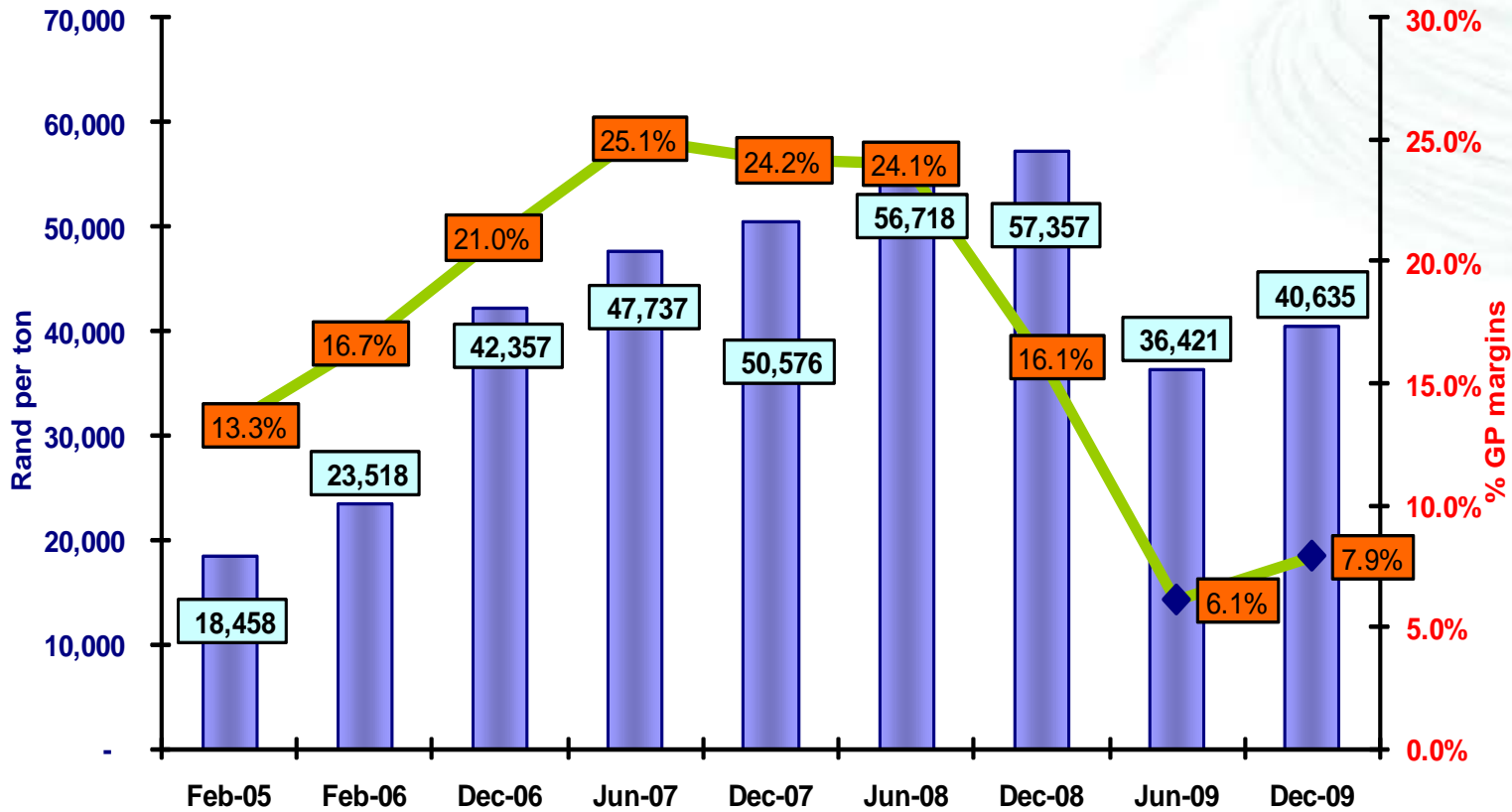
	2009	2008
Revenue (millions)	R 591.9	R 748.0
% Growth	<b>(20.9%)</b>	<b>11.1%</b>
Production capacity utilised	85.7%	86.4%
Production volumes (Tonnes)	16,033	13,901
% Volume growth	<b>15.3%</b>	<b>2.9%</b>
Moving average copper price	R 40,635	R 57,357
% increase	<b>(29.2%)</b>	<b>13.9%</b>



# Rand Copper Price



# GP margins vs. moving average RCP



# SOEW Outlook

- Adapted to changed market conditions
- Capitalise on available capacity
- Maintain market share
- Grow export markets in Africa
- Control costs
- Working capital management
- Manage Copper supply
- Take advantage of market improvement



LIGHTING AND ELECTRICAL





# Radiant business overview

- Management changes
- Reduced inventory holding
- Growth in export market
- Maintained market share
- Volumes down
- Completed bulk of capital expansions
- Growth in the electrical accessories product line
- Rand/Dollar exchange rate
- Margin pressure



# Radiant financial performance

	2009 Rm		2008 Rm
<b>Before adjusting for intergroup costs</b>			
<b>Net revenues</b>	<b>366.0</b>	<b>(5.8%)</b>	<b>388.6</b>
<b>Gross profit</b>	<b>160.6</b>	<b>(13.2%)</b>	<b>185.1</b>
<b>EBITDA</b>	<b>41.0</b>	<b>(45.8%)</b>	<b>75.7</b>
<b>Operating profit</b>	<b>35.0</b>	<b>(50.3%)</b>	<b>70.4</b>
<b>NPAT</b>	<b>22.2</b>	<b>(50.0%)</b>	<b>44.4</b>
<b>Operating profit margin</b>	<b>9.6%</b>	<b>(47.0%)</b>	<b>18.1%</b>



# Radiant financial position

	2009 Rm		2008 Rm
Accounts receivable	52.9	(3.6%)	54.9
Inventories	85.9	(33.3%)	128.7
Cash resources	31.5	1755.5%	1.7
Other assets	114.9	(11.2%)	129.3
<b>Goodwill</b>	<b>(23.0)</b>	0.0%	<b>(23.0)</b>
<b>Tangible assets</b>	<b>262.2</b>	<b>(10.1%)</b>	<b>291.6</b>
<b>Term loans</b>	<b>(45.0)</b>	27.4%	<b>(62.0)</b>
<b>Group loans</b>	<b>0.0</b>	100.0%	<b>(7.5)</b>
<b>Current liabilities</b>	<b>(50.3)</b>	35.1%	<b>(77.5)</b>
<b>NET tangible assets</b>	<b>166.9</b>	15.4%	<b>144.7</b>
<b>Equity</b>	<b>189.9</b>	13.2%	<b>167.7</b>



# Radiant investment in working capital

	31 Dec 09 Days		31 Dec 08 Days
Inventories	152.6	33.9%	230.7
Trade receivables	52.7	(2.3%)	51.5
Trade payables	(89.1)	(31.9%)	(130.9)
Net investment	<u>116.2</u>	<u>23.2%</u>	<u>151.3</u>
Cash flow from operations	R 63.4	(17.7%)	R 77.1
Capital Expenditure	(5.6)	(60.3%)	(14.1)





## Radiant outlook

- Bedding down changes
- Implement stock management system
- Upgrading showrooms
- Retail and electrical accessories market
- Continue to seek new growth opportunities – markets / products
- Marketing initiative
- Improve quality
- LED Market
- Cash flow and working capital management is a key objective

# Group strategy

- Well positioned for eventual market recovery
- Market share and volume increase
- Drive growth in the export market
- Continue to manage costs
- Reduce debt levels
- Capital investment – improve efficiencies



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