



Results presentation for the year ended 28 February 2011

20 May 2011

- The year at a glance Jacques de Villiers

- Group financial results Pieter Swart

- Divisional overview: Jacques de Villiers
 - Cellular Towers
 - Power Lines
 - Equipment Shelters

- Strategy and Goals Jacques de Villiers

- Prospects Jacques de Villiers

- Questions

The year at a glance

- Although the results were still depressed, ACTOWERS saw an improvement in the 2H2011 as a result of the implementation of certain turnaround strategies
- The results for the year ended 28 February 2011 were mainly impacted by:
 - Low volumes and low revenue
 - Strong Rand against US Dollar
 - Steel imports from China and India at below cost
 - Completion of low margin / loss-making historic cellular and fibre optic projects
 - Margin pressure on projects as a result of competitive environment 1H2011
 - Large goodwill impairment relating to JK Shelters
- Positive developments in 2H2011:
 - Profitable cellular contracts
 - Established in the Power Lines Division with Eskom and successfully secured several contracts since March 2010

Feedback on turnaround strategy

Strategy	Action taken / to be taken	Status
<p>Management changes</p>	<ul style="list-style-type: none"> • Replaced JK Shelters management • New qualified project managers appointed to oversee installation contracts in Africa • New Quality Manager and SHE Manager appointed • Revisit incentive scheme to motivate and retain qualified staff • The Group will be appointing an Independent Non-Executive Chairman • Various changes made during the year: <ul style="list-style-type: none"> • Chris Kruger – Non-Executive Director (previous Chairman and CEO) • Mitesh Patel – Independent Non-Executive Chairman • Jacques de Villiers – CEO (previous FD) • Pieter Swart – FD • Seth Radebe – Independent Non-Executive Director • Nick van der Mescht – Operations Director 	<ul style="list-style-type: none"> • Done • Done / Ongoing • Done • In progress • Done

Feedback on turnaround strategy (continued)

Strategy	Action taken / to be taken	Status
Operational issues	<ul style="list-style-type: none"> • Retrench staff in manufacturing plant • Cost-cutting drive remains a focus area • Strict cash management a priority • Centralised tender assessment and approval process to reduce potential customer and country risk • Better qualified operational staff and project managers – more support • Policies, procedures and risk measurement during tender process more rigorous 	<ul style="list-style-type: none"> • Done • Ongoing • Ongoing • Done • Done / Ongoing • Implemented
Turnaround of ACTOWERS (with the assistance of turnaround strategist)	<ul style="list-style-type: none"> • Evaluate core business • Business plan and model for each Division • Assess viability of each Division <ul style="list-style-type: none"> • Fibre Optics division closed • Funding requirements for the Power Lines Division to enable it to tender for larger power line contracts 	<ul style="list-style-type: none"> • Done • Done • Done • Done • Secured R99m IDC funding

Feedback on turnaround strategy (continued)

Strategy	Action taken / to be taken	Status
Turnaround of ACTOWERS (with the assistance of turnaround strategist)	<ul style="list-style-type: none"> • Change in core business – focus on Power Lines business • Focused sales and marketing plan for each division – dedicated sales team • Address operational inefficiencies on contracts • Forming complimentary management teams – ensuring necessary skills for each division • Linking management incentives to budgets and company / divisional performance 	<ul style="list-style-type: none"> • Done • Appointed David v Staden • Done • Done • Done/Ongoing



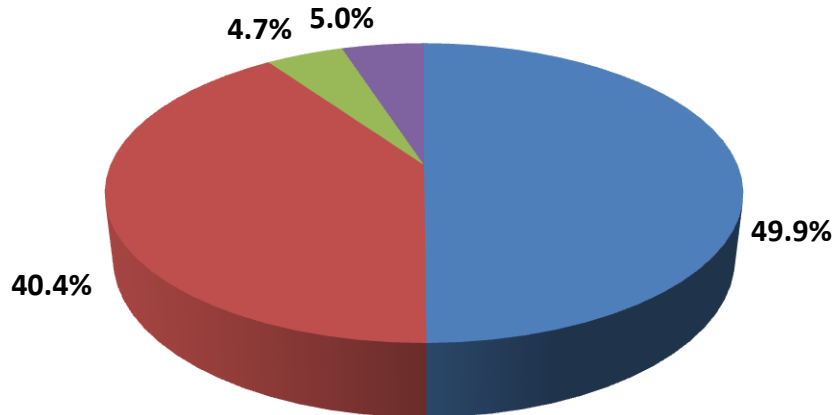
Group financial results

Pieter Swart, FD

Statement of comprehensive income

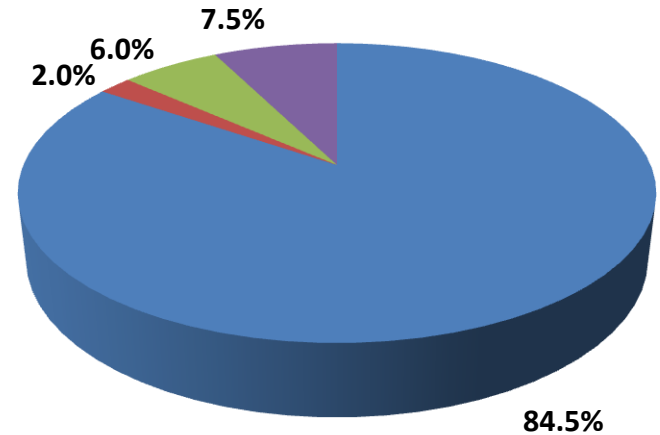
R'000	Change %	12 months 28 February 2011	12 months 28 February 2010
Revenue	(11.1)	202 128	227 390
Gross (loss)/profit	nm	(11 635)	2 951
<i>Gross profit margin (%)</i>		<i>nm</i>	<i>1.3%</i>

February 2011 Revenue



■ Cellular Towers ■ Power Lines
■ Equipment Shelters ■ Fibre Optics

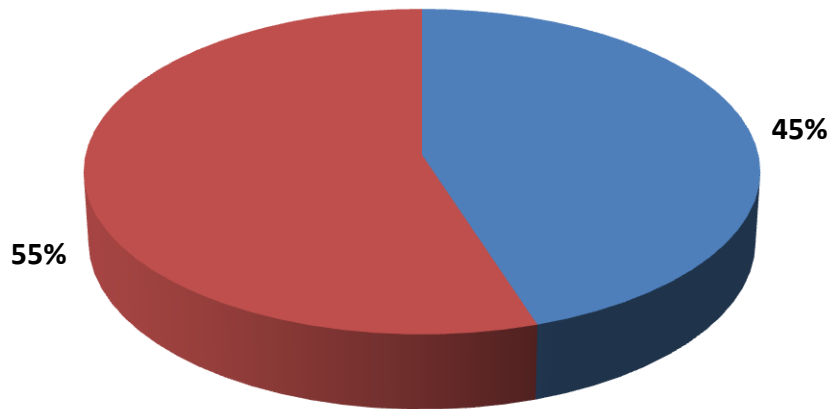
February 2010 Revenue



■ Cellular Towers ■ Power Lines
■ Equipment Shelters ■ Fibre Optics

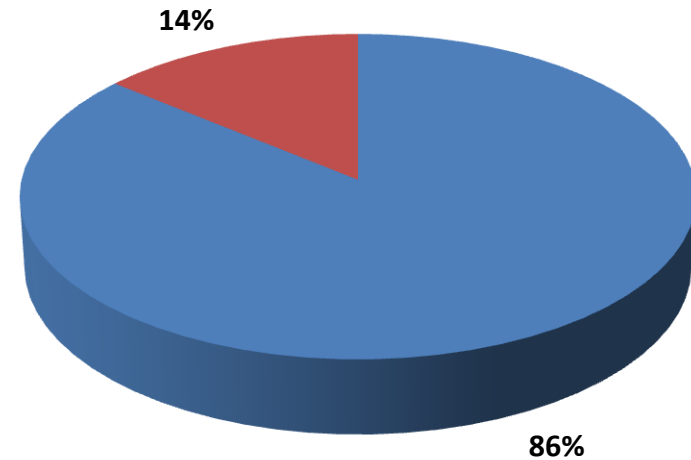
Geographic revenue split

February 2011 Revenue



■ International ■ South Africa

February 2010 Revenue



■ International ■ South Africa

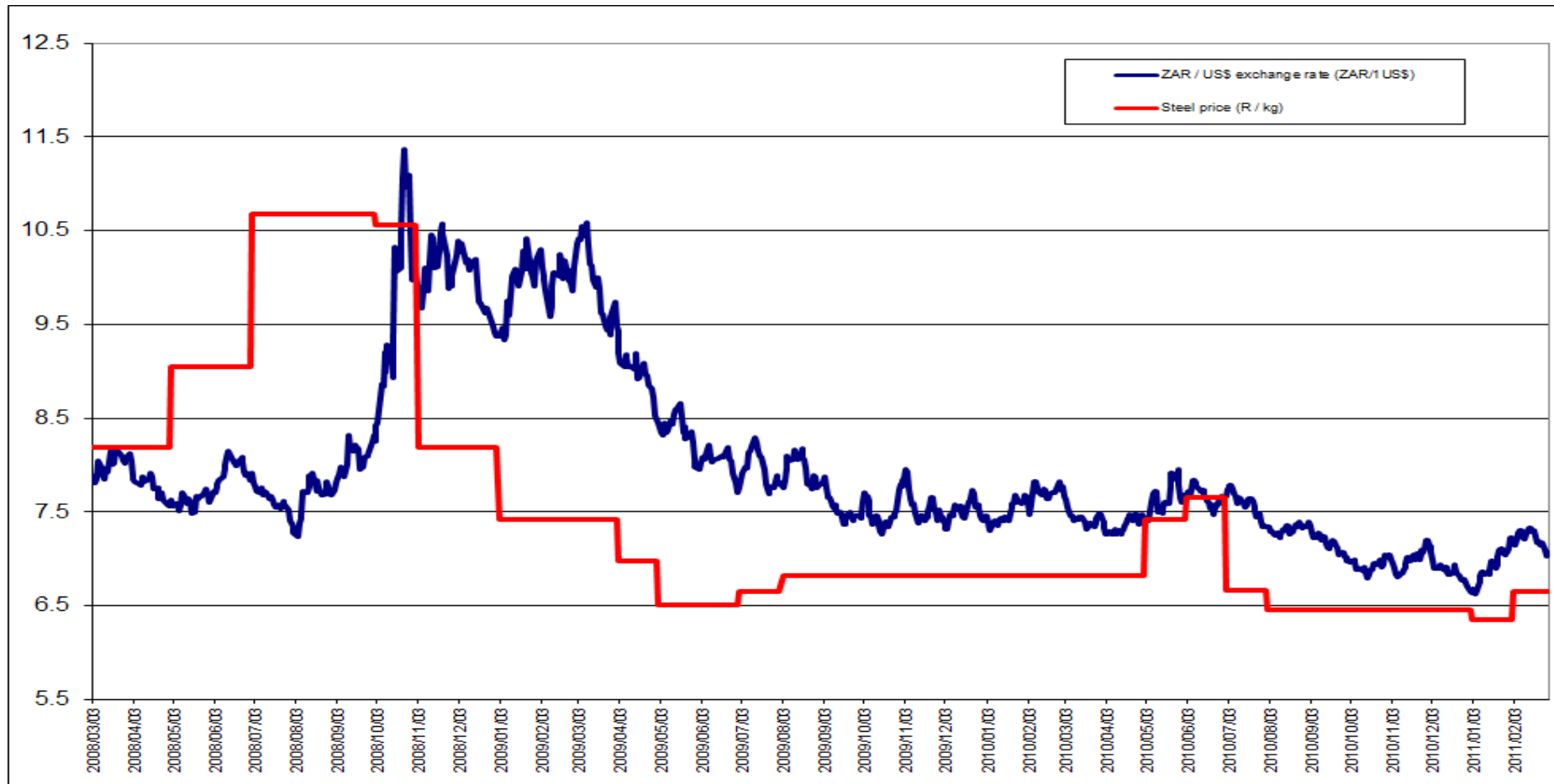


Reasons for financial performance

- Reasons for the decline in revenue:
 - Lack of quality contracts in the Cellular Towers and Equipment Shelters Divisions
 - Lower volume through-put in factory in 1H2011
 - Rand strength against the US Dollar (28 Feb 2010: R7.67:US\$ vs 28 Feb 2011: R7.07:US\$)

- Reasons for the gross loss:
 - Prevailing strong Rand
 - Factory fixed costs, unsupported by volume through-put from the Cellular Towers and Equipment Shelters Divisions
 - High cost structures on low-revenue cellular tower installations in Africa and fibre optic contracts 1H2011
 - Overruns on cellular tower installation and fibre optic contracts

R/US\$ and steel price movement



Statement of comprehensive income

R'000	12 months 28 February 2011	12 months 28 February 2010
Revenue	202 128	227 390
Gross (loss)/profit	(11 635)	2 951
Trading loss	(86 137)	(64 186)
Loss on forex	(7 499)	(25 489)
Profit on sale of fixed assets	118	174
Income from equity investment	-	278
Impairment of goodwill/investment	(23 743)	(11 194)
Operating loss	(117 261)	(100 417)

28 Feb 2010 = R7.67 / US\$
 31 Aug 2010 = R7.34 / US\$
 28 Feb 2011 = R7.07 / US\$

The impairment of goodwill relates to a further fair value adjustment to the net asset value of JK Shelters and the R59 property

Statement of comprehensive income

R'000	12 months 28 February 2011	12 months 28 February 2010
Revenue	202 128	227 390
Gross (loss)/profit	(11 635)	2 951
Trading loss	(86 137)	(64 186)
Operating loss	(117 261)	(100 417)
- Depreciation and amortisation	(7 786)	(6 038)
Loss before interest and tax	(125 047)	(106 455)
- Net interest received	2 633	13 123
Loss before taxation	(122 413)	(93 332)
- Taxation (paid) / received	(10 686)	1 069
Loss for the period	(133 100)	(92 263)
Basic loss per share (cents)	(37.4)	(25,9)
Headline loss per share (cents)	(30.8)	(22,9)

Major loss elements

R'000	12 months 28 February 2011
Loss after taxation on Cellular Towers	(66 297)
Provision for bad debts and bad debts written off	(17 624)
Loss after taxation on Fibre Optics	(18 857)
Loss after taxation on Equipment Shelters	(9 707)
Impairment of goodwill on JK Shelters	(22 032)
Foreign exchange losses	(7 500)
Total loss elements	(142 017)

Normalised results

R'000	Normalised 28 February 2011	Reported 28 February 2011
Revenue	206 321	202 128
Gross (loss)/profit	(8 014)	(11 635)
Trading loss	(64 890)	(86 137)
Operating loss	(64 772)	(117 261)
Depreciation and amortisation	(7 785)	(7 786)
Loss before interest and tax	(72 557)	(125 047)
Net interest rec/(pd)	(1 169)	2 633
Loss before taxation	(73 717)	(122 413)

- Excluding IFRS adjustments on revenue and COS

- Excluding bad debts and bad debt provision

- Excluding forex gain and impairment of goodwill

- Excluding IFRS adjustments on interest paid and interest received & SARS Interest and penalties

Normalised results (continued)

R'000	Normalised 1H 2011	Normalised 2H 2011
Revenue	104 596	101 725
Gross (loss)/profit	(21 434)	13 420
Trading loss	(51 264)	(13 626)
Operating loss	(51 264)	(13 508)
Depreciation and amortisation	(3 041)	(4 744)
Loss before interest and tax	(54 305)	(18 252)
Net interest rec/(pd)	(767)	(393)
Loss before taxation	(55 072)	(18 645)

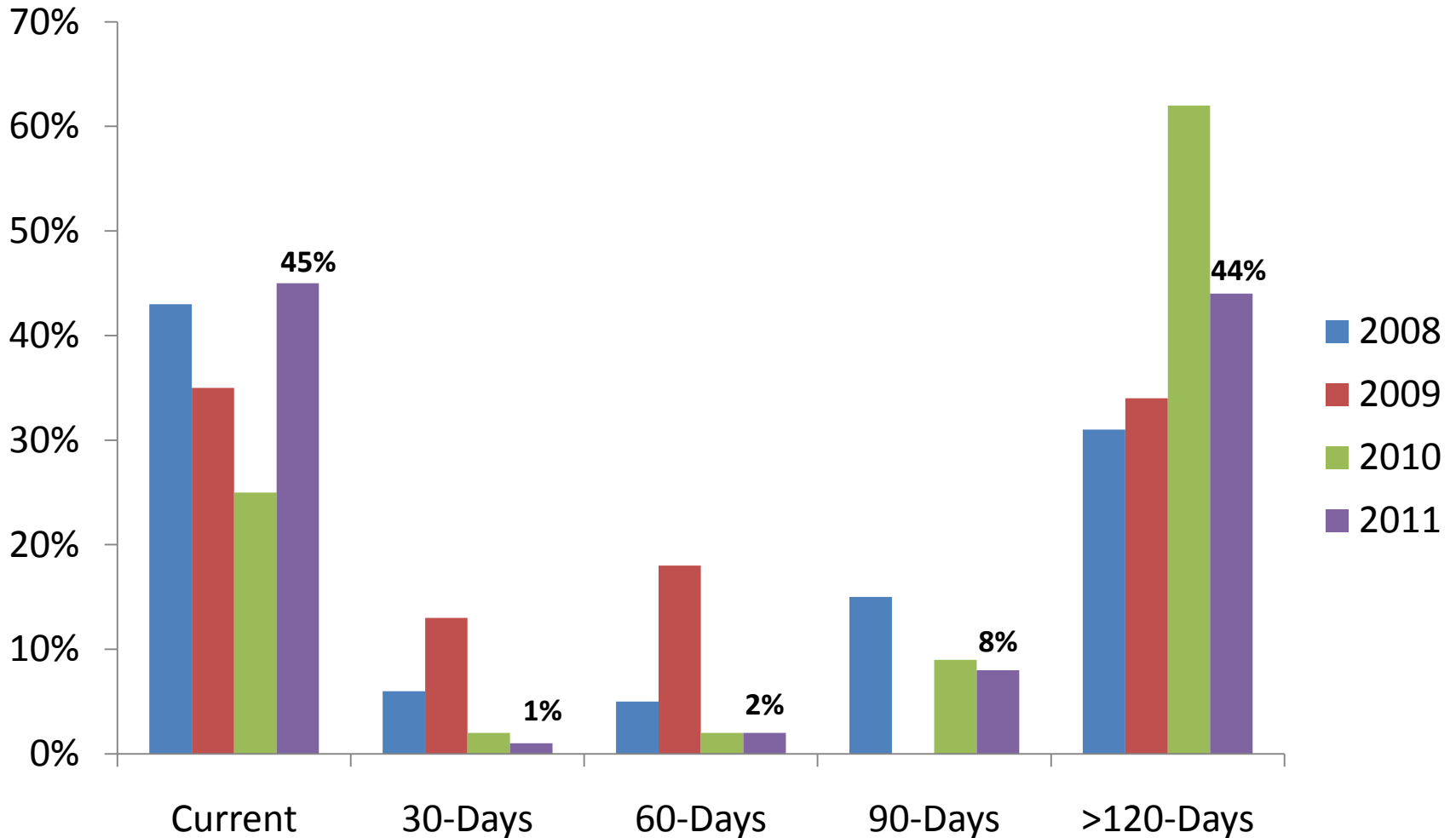
Statement of financial position

R'000	Change %	28 February 2011	28 February 2010
Shareholders' equity	(49.3)	140 495	276 999
Non-current liabilities	(17.8)	19 970	24 286
Current liabilities	8.6	40 097	36 926
Total equity and liabilities	(40.7)	200 562	338 211
Non-current assets	(17.0)	61 144	73 667
Current assets	(47.3)	139 418	264 544
Total assets	(40.7)	200 562	338 211
NAV per share (cents)	(49.3)	37.9	74.8
NTAV per share (cents)	(44.9)	37.9	68.8

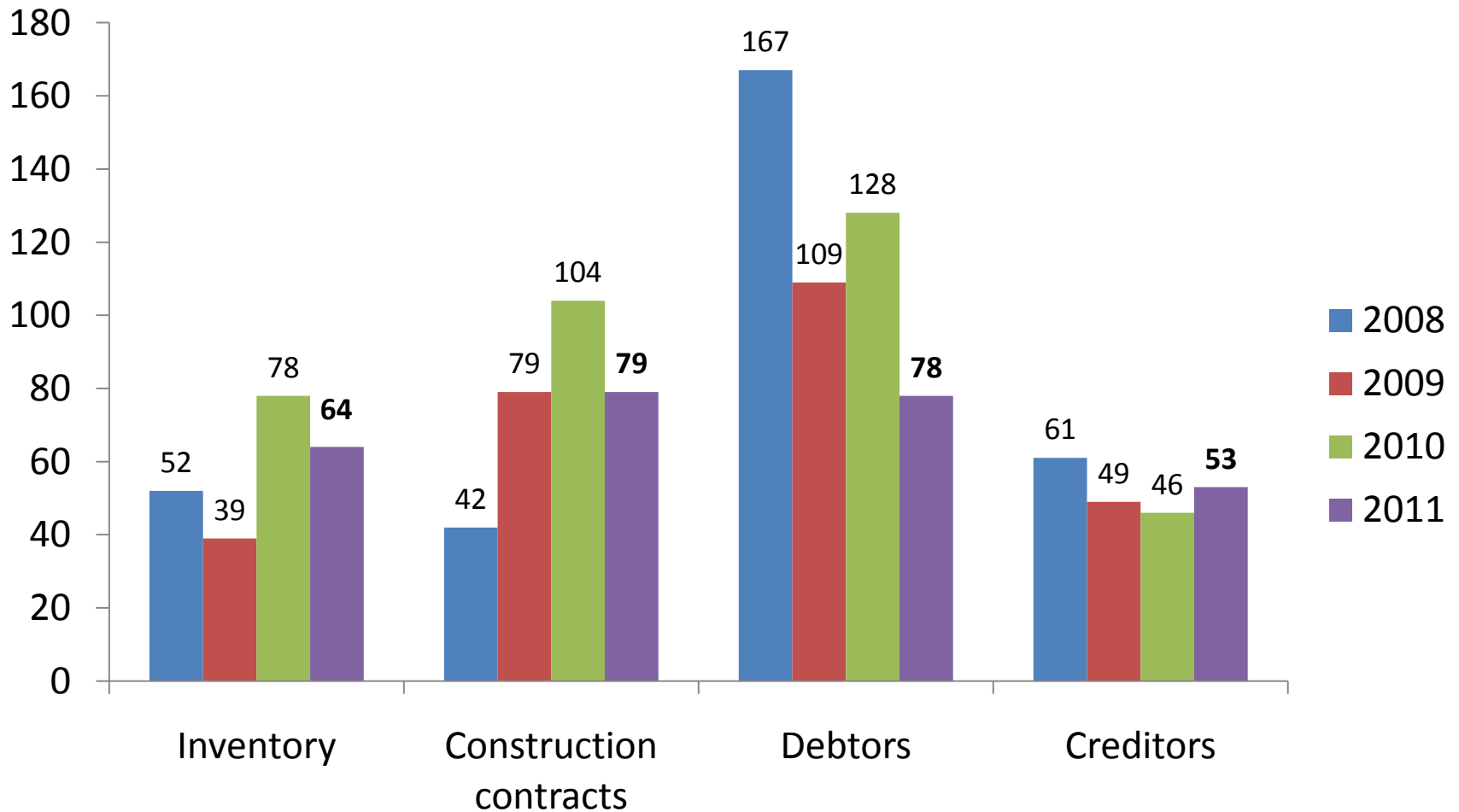
- Impairment of goodwill on JK Shelters – R22m
- Additional capex for power line contracts

- Trade debtors – R46m (Feb 2010: R88m)
- Construction contracts – R38m (Feb 2010: R63m)

Debtors' age analysis

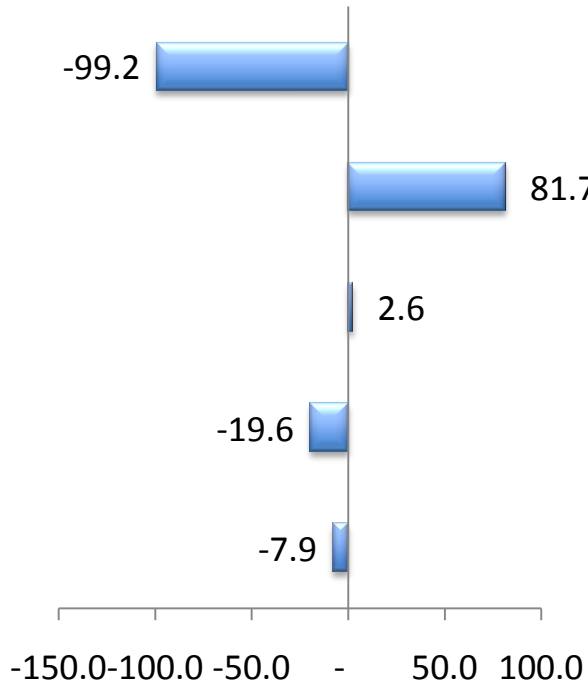


Working capital days



Cash flow movements

28 February 2011
R'million



(42.4)

60.5

18.1

Cash utilised by operations

Working capital movements

Net interest received

Investing activities

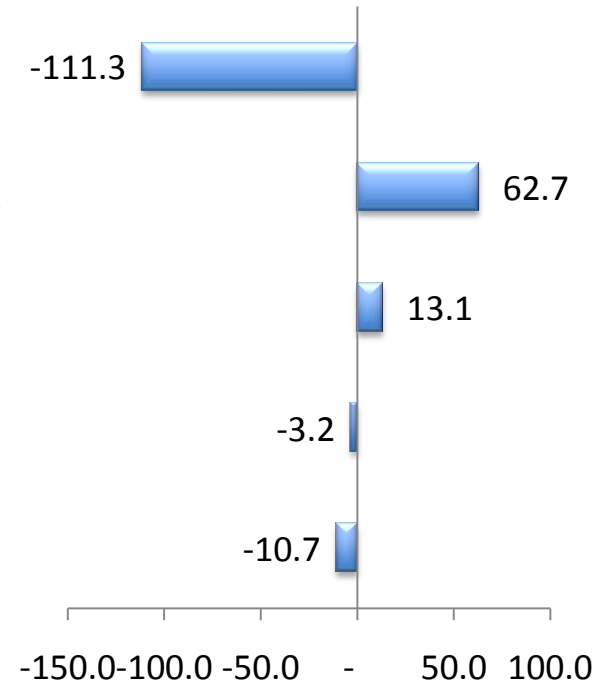
Financing activities

Net decrease in cash

Cash - beginning of the year

Cash - end of the year

28 February 2010
R'million



(49.4)

109.9

60.5



Divisional overview

Jacques de Villiers, CEO

R'000	Change %	12 months 28 February 2011	2H2011	1H2011	12 months 28 February 2010
Revenue	(47.5)	100 932	35 568	65 364	192 157
Trading loss	39.2	(65 646)	(7 691)	(57 955)	(47 545)
LBIT	(8.3)	(79 066)	(13 340)	(65 726)	(86 181)

Performance:

- Since 2008 economic crisis, the cellular landscape has changed significantly
- Overruns on contracts – addressed by appointing new qualified project managers
- Completed loss making cellular contracts in DRC, Angola and completing in Chad
- Being more selective and risk averse lead to lower revenue
- Focusing on opportunities in the South African cellular market and stable African countries

R'000	Change %	12 months 28 February 2011	2H2011	1H2011	12 months 28 February 2010
Revenue	1 694.8	81 752	57 281	24 471	4 555
Trading profit/(loss)	294.8	7 115	5 503	1 612	(3 653)
<i>Trading margin</i>		8.7%	9.6%	6.6%	<i>nm</i>
PBIT	199.1	5 548	4 635	913	(5 600)

Performance:

- Revenue growth testimony of establishing credentials in the power lines industry, specifically with Eskom
- Trading margin impacted by below average margin on Komati-Ash project and head office overheads allocated to this Division
- Since March 2010, awarded several contracts – total value R168 million

R'000	Change %	12 months 28 February 2011	2H2011	1H2011	12 months 28 February 2010
Revenue	(30.8)	9 429	6 550	2 879	13 635
Trading loss	(2.0)	(9 551)	(2 113)	(7 438)	(9 742)
LBIT	(5.6)	(10 509)	(1 357)	(9 152)	(11 127)

Performance:

- Low demand for shelter products mirrored demand for cellular towers
- Change in demand for smaller equipment shelters
- Low revenue base compared to cost structure
- Impairment of goodwill (R22 million) on JK Shelters – total write off of goodwill
- The prospects and future for this division are uncertain, but we do not expect the same level of losses

R'000	Change %	12 months 28 February 2011	2H2011	1H2011	12 months 28 February 2010
Revenue	(30.8)	10 015	(10)	10 025	17 043
Trading loss	(2.0)	(18 875)	(3 493)	(15 382)	(3 546)
LBIT	(5.6)	(18 988)	(3 546)	(15 442)	(3 547)

Performance:

- Completed existing loss-making projects
- Division closed

Strategy and goals

- **Creating wealth for shareholders and stakeholders**
 - Becoming profitable and achieving budgets and targets from 2012 onwards
 - Restoring confidence with shareholders and investors
 - Insure that the company is adequately funded – optimal capital structure
- **Become the preferred employer in Power Lines and GSM industries**
 - Create value for key management
 - Retain key skills, personnel and creating strong complimentary teams
- **Become one of the leading Power Lines companies in Southern Africa**
 - Successfully win a R150m+ power line order
 - Successfully complete existing projects
- **Restore Cellular Towers Division as 2nd core business**
 - Return to profitability
 - Be very selective on contracts, countries and customers
 - Be a low cost and flexible division
 - Focussing more on South Africa and stable African countries

Outlook for 2012 is looking more positive as turnaround strategies are starting to bear fruit

- **Cellular Towers**

- Increase in demand – new clients and operators
- Focusing on South Africa and stable SADC and African countries

- **Manufacturing**

- Increase in orders and demand

- **Power Lines**

- Eskom's roll-out plan for transmission is well documented up to 2020 – huge demand
- Funding secured to equip this division and fund these contracts
- Well placed on several big tenders

- **Recapitalisation** of ACTOWERS being considered:
 - Gearing – moving to a higher geared position
 - Cheaper source of funding
 - Less risk
 - Working capital required for larger Power Lines contracts
 - Reducing the short term funding requirement for contracts
 - Reduce pressure on cash flow in short term

ACTOWERS - turning the corner and striving to become reliable in all aspects of its business



Questions

**Thank you for your participation
and should you have any further questions,**

please contact

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