

Control Instruments Group Limited

serving niche markets in the automotive and transportation industries worldwide



Interim results
For the six months
ended 30 June 2006
Cape Town
24 August 2006

- **Results**
- **Acquisitions**
- **Business Overview**
- **Conclusion**

Interim Results - in Accordance with IFRS

	6 MTHS ENDED 30/06/06 Rm	6 MTHS ENDED 30/06/05 Rm	VAR %	12 MTHS ENDED 31/12/05 Rm
Revenue	333.6	176.0	90	395.1
Operating profit	43.6	18.5	136	30.0
Profit before tax	37.9	15.8	140	25.5
Net profit	29.6	14.5	105	20.7
Shares in issue (000) (excluding treasury shares)	95 623	66 600	44	78 956
Weighted average number of shares in issue (000)	90 190	65 780	37	69 687
EPS (cents)	32.8	22.0	49	29.7
Headline earnings	15.7	14.6	7	19.7
HEPS (cents)	17.4	22.2	(22)	28.3

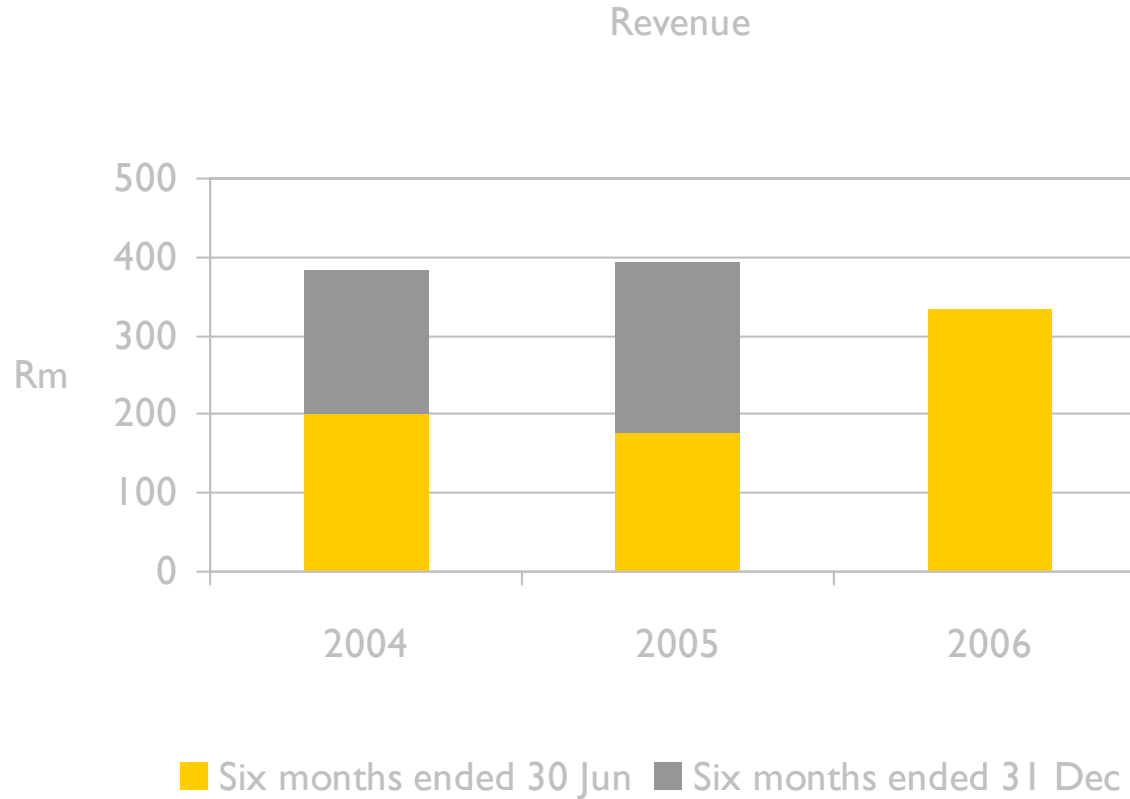
Interim Results - Normalised

	6 MTHS ENDED 30/06/06 Rm	6 MTHS ENDED 30/06/05 Rm	VAR %	12 MTHS ENDED 31/12/05 Rm
Revenue	333.6	176.0	90	395.1
Expenses	104.7	68.1	54	141.6
Normalised operating profit	35.1	18.9	85	36.7
Finance costs	(7.5)	(2.7)	176	(7.4)
Normalised PBT	27.6	16.2	70	29.1
Normalised EPS before tax (cents)	30.6	24.7	24	41.8

Interim Results - IFRS Impact

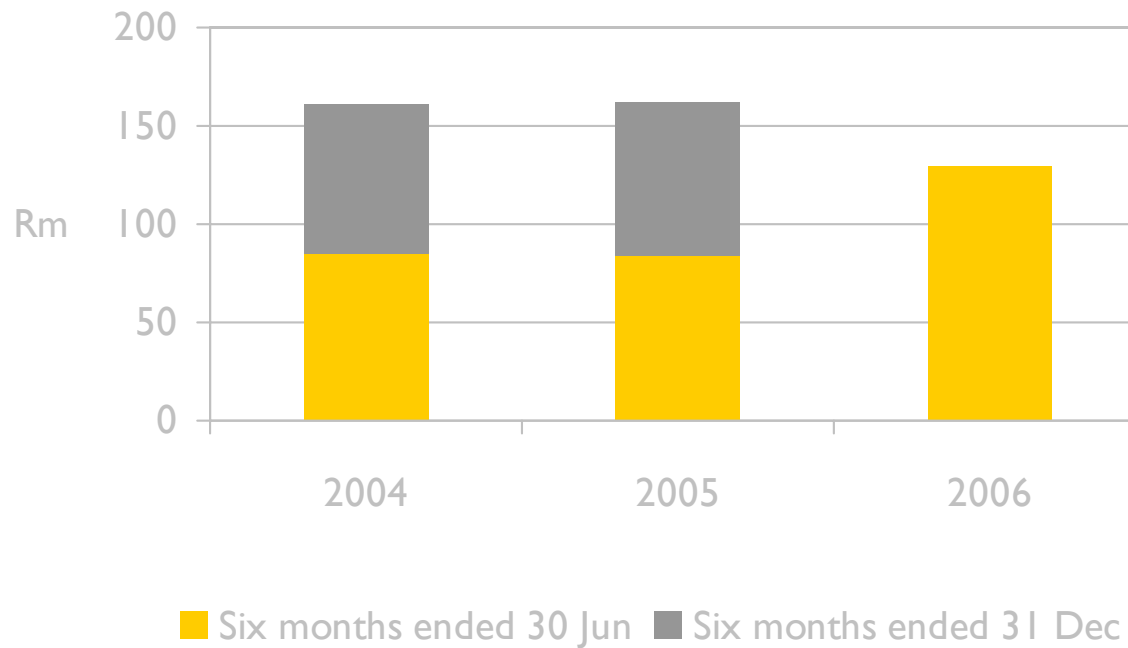
	6 MTHS ENDED 30/06/06 Rm	6 MTHS ENDED 30/06/05 Rm	VAR %	12 MTHS ENDED 31/12/05 Rm
Normalised operating profit	35.1	18.9	85	36.5
<i>IFRS 3: Business Combinations</i>				
Negative goodwill	14.2	-		3.0
Amortisation on intangible assets created on acquisition	(0.3)	-		(0.2)
<i>IFRS 2: Share-based payment expense</i>	(2.7)	(0.4)		(3.8)
Net profit from joint ventures before tax	(2.7)	-		(3.9)
Impairment	-	-		(1.6)
Operating profit	43.6	18.5	136	30.0

Interim Results - Normalised Revenue



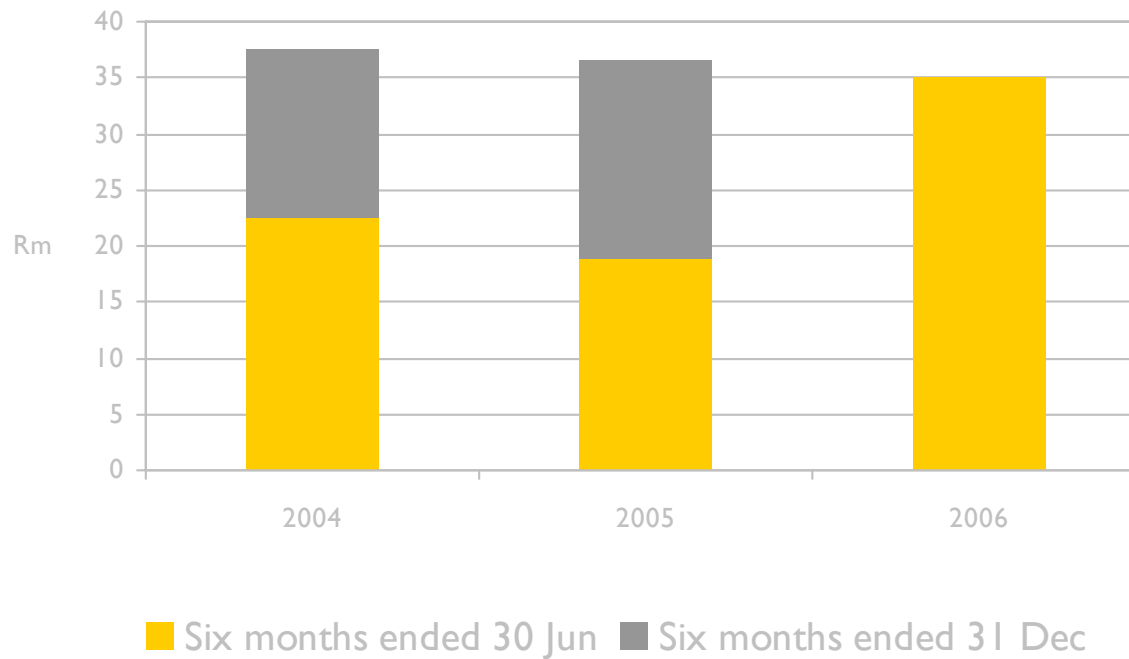
Interim Results - Normalised Gross Profit

Normalised Gross Profit



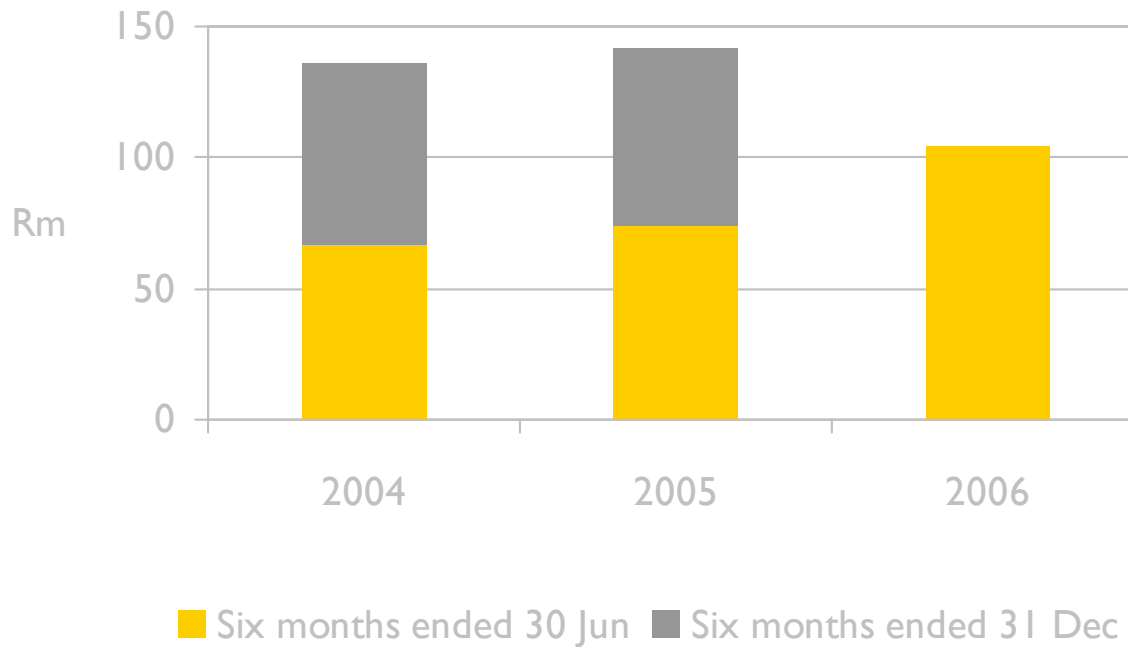
Interim Results - Normalised Operating Profit

Normalised Operating Profit



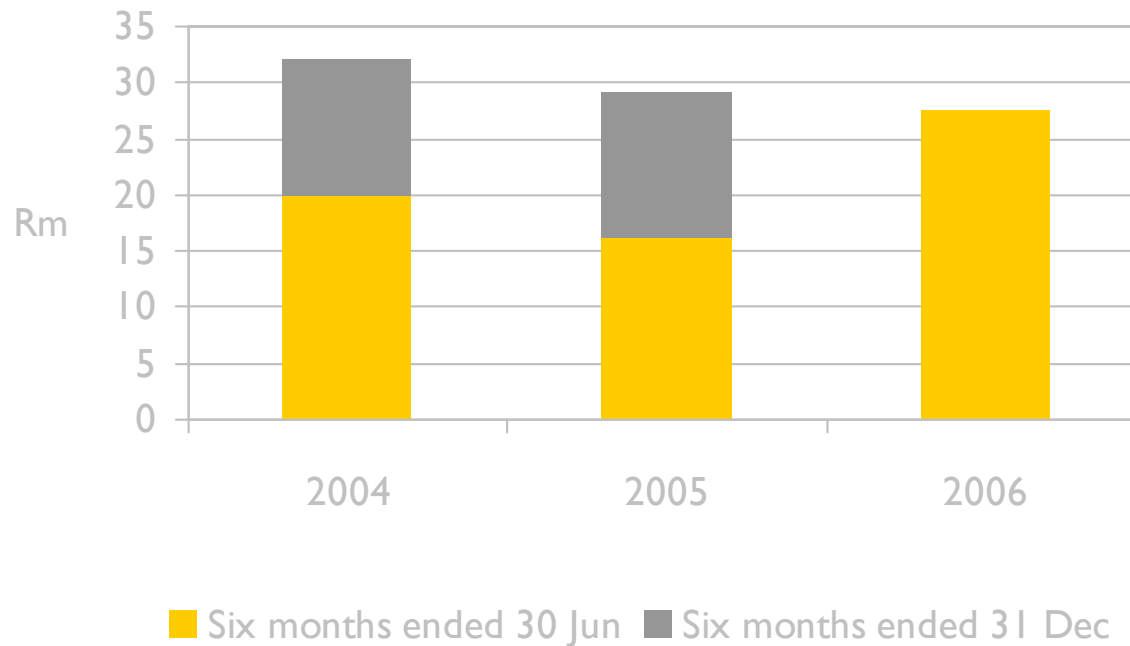
Interim Results - Normalised Expenses

Normalised Expenses



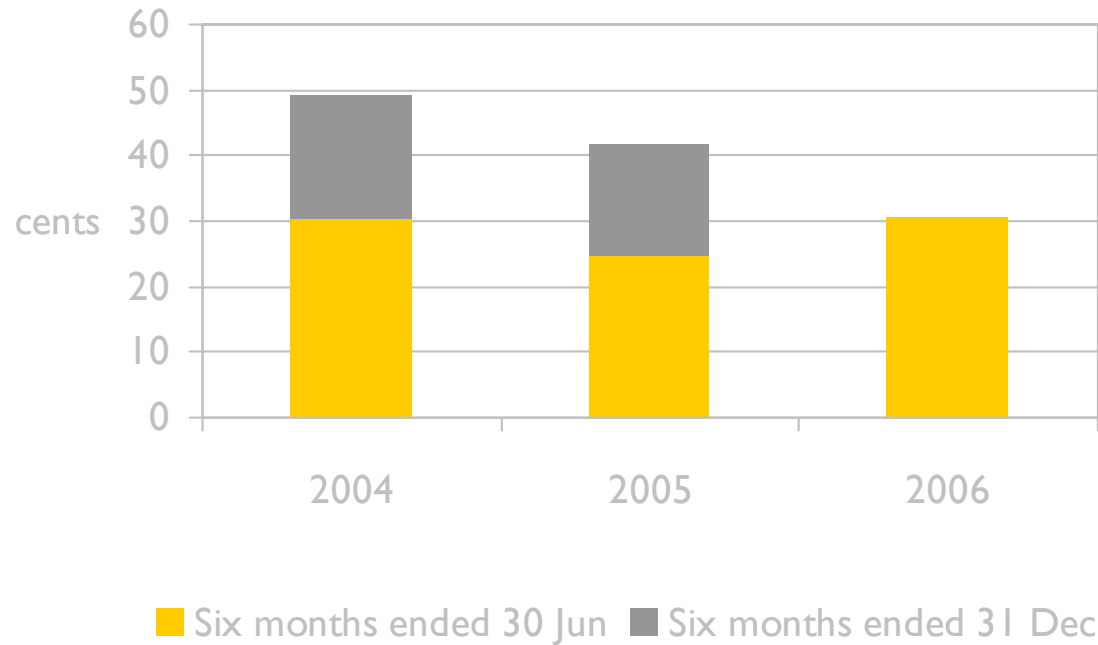
Interim Results - Normalised Profit Before Tax

Normalised Profit Before Tax



Interim Results - Normalised EPS Before Tax (cents)

Normalised EPS Before Tax (cents)



Shares in Issue

	NUMBER
At 1 January 2005	84 268 426
Issued for cash: Sept 2005 (R4.50 per share)	12 250 000
	<hr/>
	96 518 426
Issued for Sagercy deal: Feb 2006 (R6.00 per share)	16 667 000
	<hr/>
	113 185 426
Delisted and cancelled (23 June 2006)	(8 148 672)
	<hr/>
Shares in issue after delisting and cancellation	105 036 754
Less Treasury shares	
Control Instruments Share Incentive Scheme	9 413 746
	<hr/>
Total shares in issue	95 623 008
	<hr/>

Balance Sheet

R 000	Fixed assets	Intangible assets	Inventory	Trade debtors	Borrowings	Deferred tax liabilities	Trade creditors and provisions
Opening balance 1 July 2005	89 699	31 469	38 860	61 852	28 724	8 156	81 973
Dana	18 687	22 668	37 127	22 074	75 000	6 361	16 716
Sagency	16 432	78 898	7 011	11 743	50 000	2 921	873
Tripmaster	886	57 450	2 516	10 229	14 824	18 760	8 531
Group change	11 215	12 008	13 107	53 509	(27 943)	4 722	25 432
Closing balance	136 919	202 493	98 621	159 407	140 605	40 920	133 525

Percentage Revenue by Major Business Areas

OEM

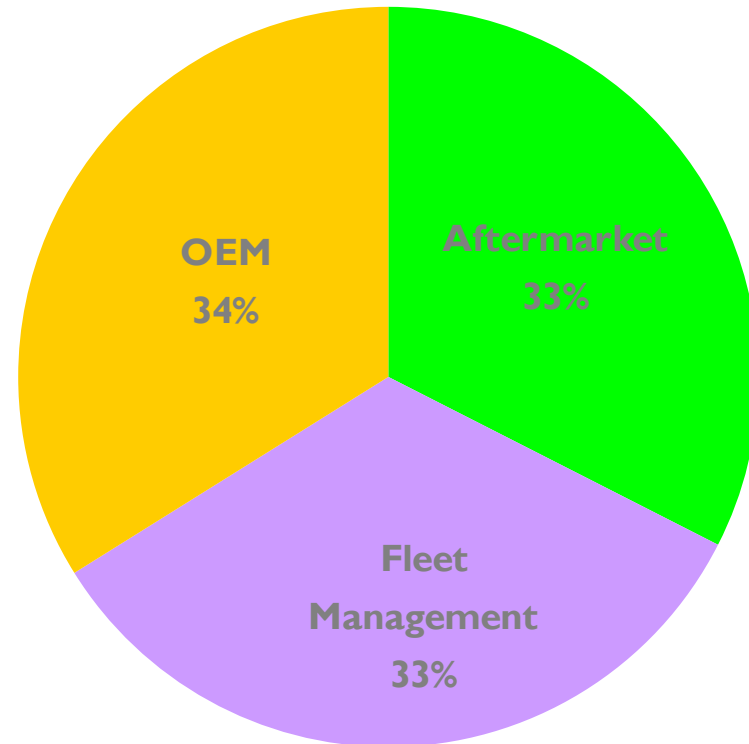
Global supplier of niche products to OEM industry

AFTERMARKET

Sub-Saharan distributor of leading branded automotive aftermarket products

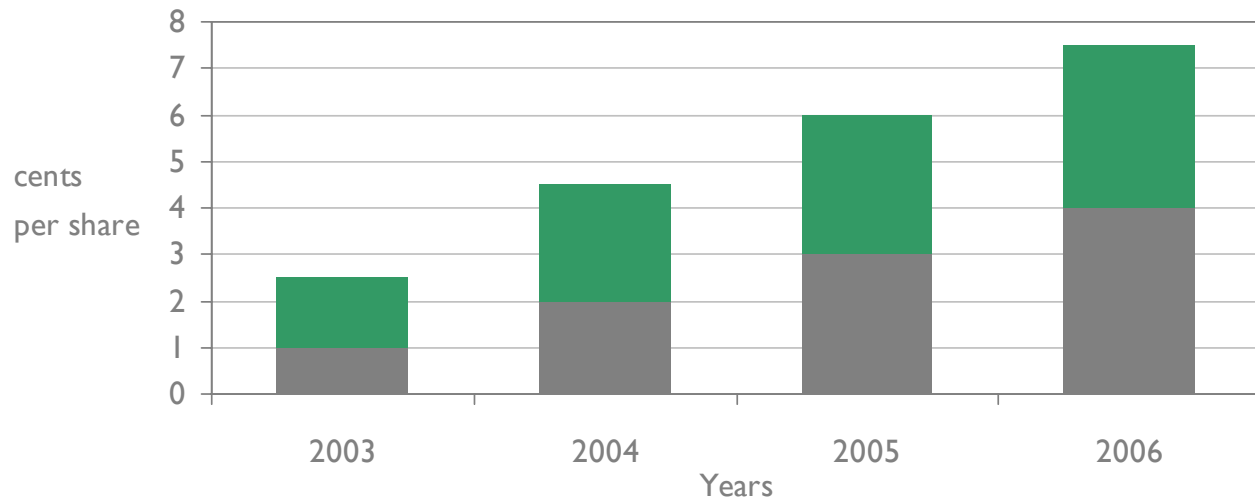
FLEET MANAGEMENT

Global supplier of fleet management products and systems



Dividends Paid

	2003 cents	2004 cents	2005 cents	2006 cents
Final previous year	1.0	2.0	3.0	4.0
Interim current year	1.5	2.5	3.0	3.5
Total	2.5	4.5	6.0	7.5



- Results
- **Acquisitions**
- Business Overview
- Conclusion

DANA

- **Fully integrated into CI Automotive**
- **Management team rationalised**
- **New managing director appointed and in place**
- **Major head count reduction and cost saving programme in progress**
- **Cape Town branch opened**
- **Sales levels increased**

SAGERCY

- **Acquisition effective from 1 March 2006**
- **Currently consolidating all Group's plastics operations into Sagercy premises - will generate significant savings**
- **Management team fully integrated into CI Shurlok**
- **Regional office opened in Port Elizabeth**
- **New facility opening in East London**
- **Capacity at Uitenhage and Port Elizabeth plants being increased**
- **Significant new orders signed**

TRIPMASTER

- **Acquisition effective from 1 March 2006**
- **Introduced Control Instruments' FM products into Tripmaster range**
- **Significant orders for CI FM products received**
- **New COO appointed**
- **Sales ahead of expectations**

Acquisitions - Snapshot (as presented in March 2006)

EXCLUDES

- Growth expected in 2006
- Synergies and efficiencies
- Additional interest costs of funding acquisitions

	YEAR END	PURCHASE PRICE Net of cash Rm	TURNOVER Rm	PBT Rm
Dana	31 Dec 2004	75	110	14
Tripmaster	31 Dec 2005	21	55	2
Sagency	30 Jun 2005	100	94	20
		196	259	36
CI Group	31 Dec 2005		395	27
TOTAL		196	654	63

Dana: SA GAAP; historical; audited; 9 months (3 months in CI Group)

Tripmaster: 51% acquired; 100% turnover and PBT; US GAAP; unaudited

Sagency: SA GAAP; historical; audited

CI Group: IFRS; audited; includes Group and related charges

Acquisitions - Snapshot (as presented in March 2006)

EXCLUDES

- Growth expected in 2006
- Synergies and efficiencies
- Additional interest costs of funding acquisitions

	YEAR END	PURCHASE PRICE Net of cash Rm	TURNOVER Rm	PBT Rm
Dana	31 Dec 2004	75	110	14
Tripmaster	31 Dec 2005	21	55	2
Sagercy	30 Jun 2005	100	94	20
		196	259	36
CI Group	31 Dec 2005		395	27
TOTAL		196	654	63

CI GROUP INTERIM RESULTS FOR SIX MONTHS ENDED 30 JUNE 2006

Revenue

Normalised profit before
finance costs and tax

334

35

Acquisitions Pending - AFTERMARKET

GABRIEL

- Finance with borrowings
- Competition Board and Reserve Bank approvals pending
- Gabriel results per acquisition announcement dated 20 June 2006:

	12 MTHS ENDED 30/09/05 Rm
Revenue	296
Profit after tax	3
Non-recurring royalties included in PAT	13

Business Overview

- Results
- Acquisitions
- **Business overview**
- Conclusion

- **Structure of local OEM automotive industry changing dramatically**
- **Most growth coming out of low-end imports**
 - Means local suppliers to automotive industry are not benefiting to extent originally anticipated

NAACAM report:

- | Production and sales | <u>Annual growth</u>
<u>2003/2005</u> |
|-----------------------------|--|
| – Total domestic production | 5.6% |
| – Total car imports | 59.7% |
| – Total car market | 27.5% |
- **Local component content in vehicles**
 - Share of total component/sub-component usage 28%
 - Share of ex-factory price 18%

- **Local manufacturers focussing on one or two global platforms, for example:**
 - BMW 3 series
 - Mercedes C class
 - VW Golf / Polo
 - Toyota Corolla and IMV
- **Positioning as a supplier, therefore critical**

CI FOCUS: LOCAL

- **Local OEMs still have to meet local content requirements**
- **Local production based on competitive advantages**
 - Lower transportation costs
 - Lower infrastructure costs
 - Raw material sourced at globally competitive prices

CI FOCUS: INTERNATIONAL

- **Global niche markets**
- **Cost competitive engineering**
- **Cost effective low volume manufacturing**
- **Development of UK business**
 - Good prospects
 - Business in pipeline
 - Formed strong working relationship with Pi Technologies (leading UK automotive electronic design house)

LOCAL FLEET MANAGEMENT MARKET

- **Overall market growing rapidly**
- **Market splitting into two distinct segments**
 - Full Functionality Fleet Management (FFFM)
 - Low Functionality (low cost) Fleet Management
- **Vehicle Tracking companies (Tracker, Netstar, Matrix, ...) moving into low functionality fleet management**

FLEET MANAGEMENT: Product Feature Comparison

	Vehicle tracking	Driver performance	Vehicle utilisation	Fuel mgmnt	Risk mgmnt	True speed	Driver safety
CI FM Communicator	✓	✓	✓	✓	✓	✓	✓
Skytrax Fleet	✓	✓	✓	✓	✗	✗	✗
Digicore C-Track Solo	✓	✓	✓	✗	✗	✗	✗
Orchid	✓	✓	✗	✗	✗	✗	✗
Netstar Vigil	✓	✗	✓	✓	✗	✗	✗
Skytrax Lite	✓	✗	✗	✗	✗	✗	✗
Digicore C-Track Secure	✓	✗	✗	✗	✗	✗	✗

FLEET MANAGEMENT: Value Added Service Comparison

	Vehicle recovery	Web access	Software development kits	Online fleet dashboard	Targeted reports via e-mail	Fleet consulting service	SAIA and VESA approved	Fixed monthly fee
CI OmniBridge	✓	✓	✓	✓	✓	✓	✓	✓
Skytrax	✓	✓	✓	✗	✗	✗	✗	✗
Orchid	✓	✓	✗	✗	✗	✗	✗	✗
Netstar	✓	✓	✗	✗	✗	✗	✗	✗
Digicore	✓	✗	✗	✗	✗	✗	✗	✗

GLOBAL FLEET MANAGEMENT MARKET

- **Well defined vertical market segments in Full Functionality FM market, i.e.:**
 - Health and safety
 - Productivity / cost saving
 - Security / asset management
- **Inordinately large number of players in every region focused on Low Functionality FM market**
 - Low barriers to entry
 - Players tend to be local rather than national / global
 - Difficult to get to critical and sustainable mass

CI FOCUSED ON

- **Full Functionality Fleet Management (FFFM)**
 - In South Africa
 - Worldwide through Tripmaster and SiemensVDO
- **In excess of 250 000 units sold and operating worldwide in more than 43 countries (on every continent)**
- **Able to do global deals with major multi-nationals and large national companies**
- **CI global offering primarily:**
 - Health and safety
 - Productivity / cost management

GLOBAL DEALS

- Schlumberger
- Chevron Texaco
- BP (Georgia, Brazil, South Africa to date)
- Shell

REGIONAL DEALS

- Autocarriers
- Bakers Transport
- Clover/Imperial
- Ekurhuleni
- Heineken
- Jhb City Council / SuperGroup FleetAfrica
- Lobtrans (South Africa, Botswana)
- Macsteel
- MAN
- Manline
- Mobil
- MTN
- North Wales Police (UK)
- Parmalat
- Scania
- Scottish Newcastle (UK)
- Shoprite
- Simba
- Western Cape Gov.
- Exel logistics (UK)

Business Overview: FLEET MANAGEMENT

- **Bureau continues to grow**
- **Major technical upgrade in progress**
- **New UK based servers introduced for European service**
- **New COO appointed**

FLEET MANAGEMENT - Global Presence



• **North America**

- Canada
- Mexico
- USA

• **South America**

- Argentina
- Brazil
- Chile
- Colombia
- Venezuela
- Peru

• **Europe**

- Austria
- Belgium
- Croatia
- Czech Republic
- Denmark
- France
- Germany
- Hungary
- Italy
- Kazakhstan
- Netherlands
- Norway
- Poland
- Portugal
- Romania
- Russia
- Slovakia
- Spain
- Sweden
- Switzerland
- Turkey
- United Kingdom

Africa

- South Africa
- Namibia
- Botswana
- Angola
- Sierra Leone
- Ethiopia
- Mozambique
- Zambia
- Kenya
- Sudan
- Central African Republic
- Algeria
- Uganda
- Morocco
- Tunisia
- Libya
- Ivory Coast
- Mali
- Senegal
- Nigeria
- Ghana
- Gabon
- Cameroon
- Chad
- DRC
- Madagascar
- Mauritius
- Tanzania
- Guinea
- Egypt

• **Middle East**

- Israel
- Lebanon
- Saudi Arabia

• **Asia**

- China
- India
- Malaysia
- Singapore

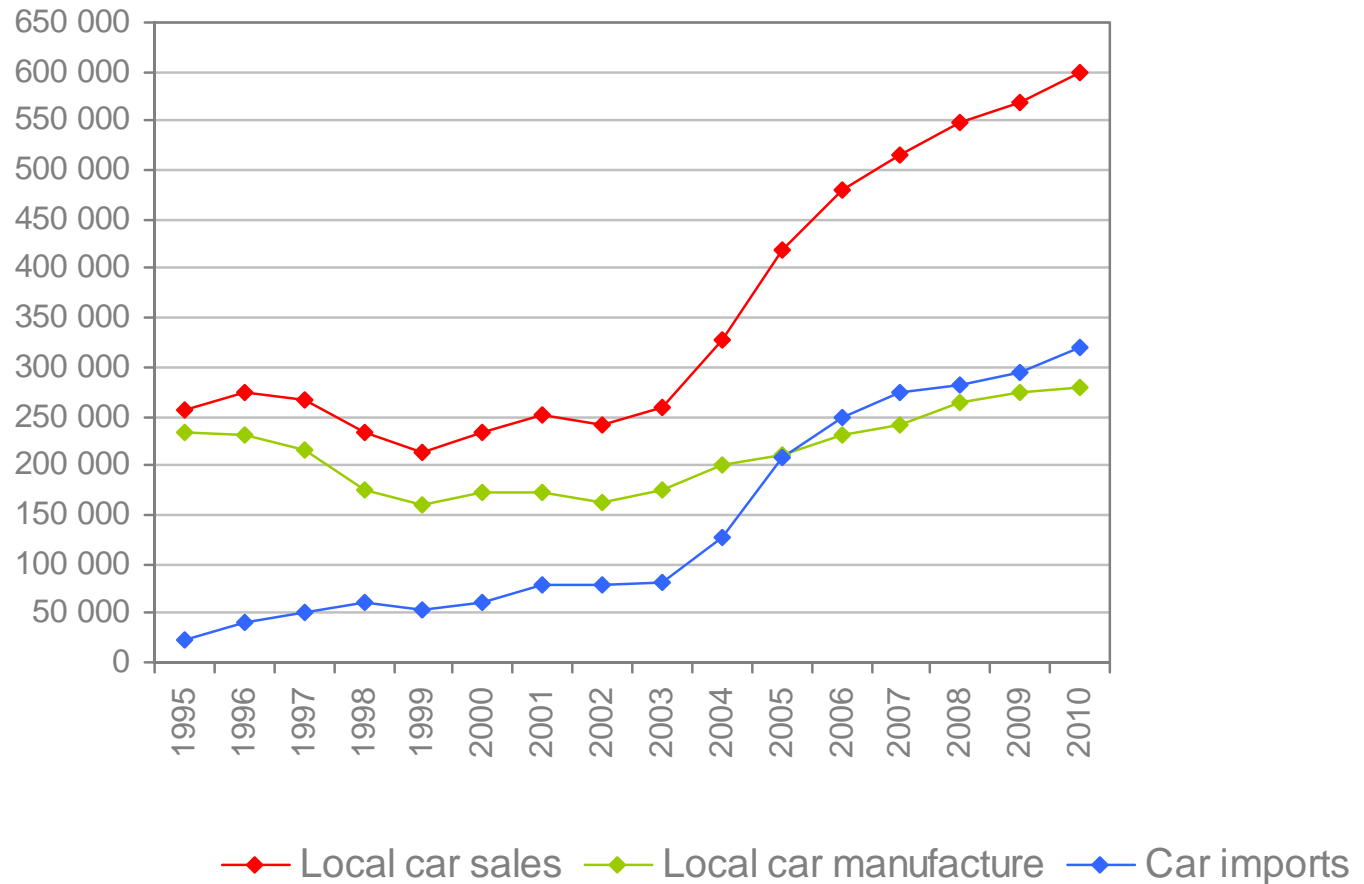
• **Australia**

• **New Zealand**

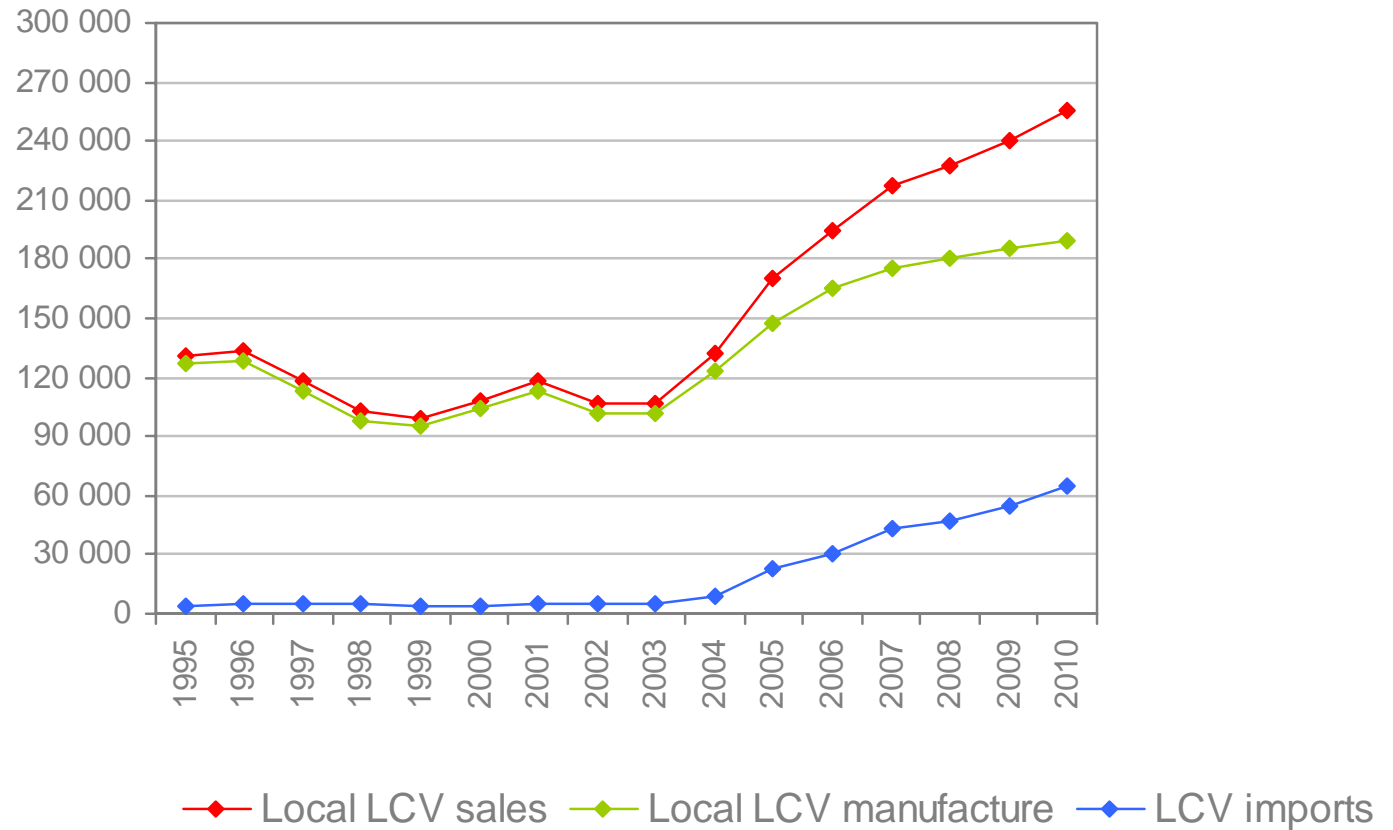
Business Overview: AFTERMARKET

- **SA vehicle pool building up rapidly since 2003**

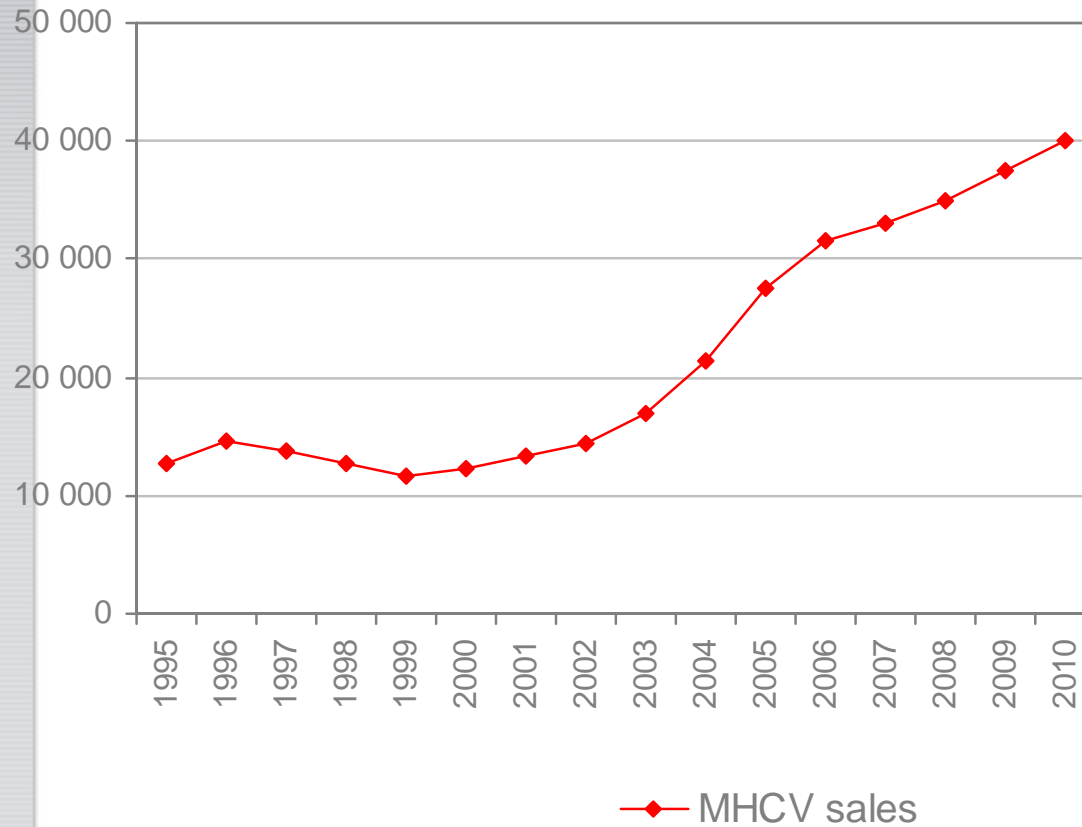
Passenger Vehicle Sales: 1995 - 2010



Light Commercial Vehicles: 1995-2010



Medium and Heavy Commercial Vehicles: 1995 - 2010



Business Overview: AFTERMARKET

- **Most vehicles carry 12 - 36 months warranty**
- **Replacement parts market lags new sales by 24 - 48 months**
- **CI Aftermarket strategically well placed to share in a growing replacement parts market**



Conclusion

- Results
- Acquisitions
- Business Overview
- **Conclusion**

- **CI Group Limited**
 - Richard Bruyns Non-executive director
(previously MD Kohler)
 - Richard Machanick Group Human Resources Executive
(previously HR director at Bell Equipment)
- **CI Automotive**
 - Conrad Schmidt Managing director
(previously MD BMW Ireland)

Strengthening the Team

- **CI OmniBridge**
 - Gert Pretorius COO Bureau and Africa
(previously COO Debis Fleet Management)
 - Rory McWilliams Financial director
(previously FD Oceana)
 - Chris Hines COO Tripmaster
(previously SVP GE Financial Services, USA)

- **Rated 60th most empowered company in South Africa**
 - Financial Mail Top Empowerment Companies March 2006
 - 200 entries
- **Striving for ongoing improvement**

- **CI Strategy decision in 2004**
 - “Get Big or Get Out”
 - Globalise
 - Reduce dependency on any one area of business
- **Clearly in process of getting big, globalising and changing the risk profile**
- **2007 financial target unchanged**
 - R150 million profit before
 - taking into account Group and related charges
 - tax

R150 million profit before

- **Group and related charges**
- **Tax**

www.control-instruments.com

serving niche markets in the automotive and transportation industries worldwide

