



**CONTROL  
INSTRUMENTS**

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GROUP LIMITED

INTERIM RESULTS

SIX MONTHS ENDED 30 JUNE 2007

PRESENTATION - 27 SEPTEMBER 2007

# AGENDA

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- Strategy
- Fleet and vehicle management
- Automotive components and products
- Conclusion
  
- TeliMatrix



# STRATEGY 2004

## CREATE SHAREHOLDER WEALTH

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- Increase critical mass of business units
  - “Get Big or Get Out”
  - Reduce dependency on any one area of business
- Globalise the businesses
- Increase development of products in which the Group owns the Intellectual Property

**Acquisitions and investments  
made since 2005 - in pursuit of  
this strategy**

# RESULTS OF STRATEGY 2004

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- Globalisation and accelerated growth of the Group created two distinct businesses
  - Fleet and vehicle management
  - Automotive components and products
- Very different businesses with different growth rates and investment profiles



# FLEET AND VEHICLE MANAGEMENT

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	%	2007 Rm	2006 Rm
Revenue	48	122.6	82.7
Operating profit	116	30.4	14.1

**Underlying value in  
fleet and vehicle management business  
greater than  
Control Instruments' value**

# TELIMATRIX TRANSACTION

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- Sold fleet and vehicle management businesses to TeliMatrix
- Receive 320 million shares in TeliMatrix (50%)
- List TeliMatrix on JSE - 12 November 2007
- Unbundle approx. 280 million shares
- Two TeliMatrix shares per Control Instruments share
- Place approx. 40 million shares to reduce debt
- Estimated value of transaction to Control Instruments shareholders
  - Approximately R750 million
  - Equates to R5.38 per share

# AUTOMOTIVE COMPONENTS AND PRODUCTS

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	%	2007 Rm	2006 Rm
Revenue	76	442.5	250.9
Gross profit	78	127.3	71.7
Operating profit	(12)	9.7	11.0



# AUTOMOTIVE COMPONENTS AND PRODUCTS

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- Ongoing turmoil in global and local OEM markets
  - Very difficult trading conditions in first six months
- Significant orders cancelled by major OEMs early in new year
  - Ford, JLR, Daimler Chrysler
- By March 2007, apparent situation not going to improve in short-term
  - New model launches delayed
  - Vehicle models phased-out early
  - Significant downward price pressure on suppliers
  - Increased input costs
  - Labour disruptions

# AUTOMOTIVE COMPONENTS AND PRODUCTS

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- Responded rapidly and aggressively
  - Cost reduction programmes
    - Staff reductions at all levels - locally and internationally
  - Rationalised and consolidated engineering and development globally
  - Minimum criteria for new business contracts
  - Operations now better positioned to compete in changing OEM environment
- Accelerated consolidation of four separate distribution functions into one new facility in City Deep, Johannesburg
  - Fully operational in first half 2008

# RESULTS

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- Overall below our expectations
- Automotive components and products
  - Poor market conditions in the local and international OEM industry
  - Aggressive response and resizing
- Fleet management and vehicle telematics (CI OmniBridge)
  - Good results
  - Strong growth
- TeliMatrix transaction unlocks significant value for shareholders

# DIVIDENDS

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	2004 cents	2005 cents	2006 cents	2007 cents
• Final previous year	2.0	3.0	4.0	-
• Interim current year	2.5	3.0	3.5	3.5
• TeliMatrix shares				400.0
• Total	4.5	6.0	7.5	403.5

# CONTROL INSTRUMENTS GOING FORWARD

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- Automotive components and products business
- Critical mass
- World-class engineering teams
- World-class manufacturing facilities
- Strong brands
  - Gabriel, VDO, Echlin, Warn, Shurlok
- Significant cost reductions
- Low gearing
- Improving industry outlook
- Anticipated turnover 2008 = R1 billion

# CONTROL INSTRUMENTS GOING FORWARD

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- Strategy
  - Increased operational focus
  - Increased international focus
  - Reduce dependence on direct OEM business
- Continued focus on creation of shareholder wealth





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[www.ci.co.za](http://www.ci.co.za)

## SHARES IN ISSUE

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		Number
• At 1 January 2007		109 436 754
• 30 May 2007		
– Vendor placement	R6.00 per share	15 000 000
– Issued for cash	R6.00 per share	15 000 000
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		139 436 754
• Less Treasury shares		
– Control Instruments Share Incentive Scheme		3 460 771
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• Total shares in issue		<hr/> <u>135 975 983</u>