



Investec year end results presentation 2004



Summary of results

Snapshot of results - UK GAAP

	31 Mar 2004	31 Mar 2003	% Change
Operating profit before goodwill amortisation and exceptional items (£'000)	132 139	85 762	54.1
Earnings before goodwill amortisation and exceptional items (£'000)	106 082	89 668	18.3
EPS before goodwill amortisation and exceptional items (pence)	103.7	96.1	7.9
Headline EPS (pence)	103.4	89.6	15.4

Restatement to the weighted average number of shares in issue (“wanos”)

Historically, shares that were not entitled to dividends were not included in the wanos. In order to match the wanos to the group’s pro rata share of income associated with such schemes the wanos has been increased by the weighted number of shares vested, notwithstanding no dividend is payable.

	31 Mar 2004	31 Mar 2003
Number of shares – previous basis (million)	97.3	90.9
Number of shares – revised basis (million)	102.3	93.3
EPS – previous basis (pence)	109.0	98.7

Snapshot of results - UK GAAP

	31 Mar 2004	31 Mar 2003	% Change
Dividends per share (pence)	58	54	7.4
Return on average equity shareholders' funds (%)	16.0	13.1	-
Return on average tangible equity NAV (%)	27.5	26.0	-
Cost to income ratio (%)	72.7	80.0	-
Total assets under administration (£ million)	47 805	40 559	17.9

Summary of the year

- Leaner, more focused organisation and improved market environment benefited most of Investec's businesses.
 - Strong performances from the group's Investment Banking and Private Banking operations.
 - Profitability of the UK operations was restored with the Treasury and Specialised Finance activities performing particularly well.
 - Eliminated the losses from the US operations.
 - Weaker performance from the SA Treasury and Specialised Finance activities but significant improvement in second half of the year.

Summary of the year

- Investec Limited concluded the empowerment shareholding transaction.
- Investec was recognised by BusinessMap as the “Most Progressive Established Company of the Year” for its black empowerment and transformation initiatives in SA.

Summary of the year

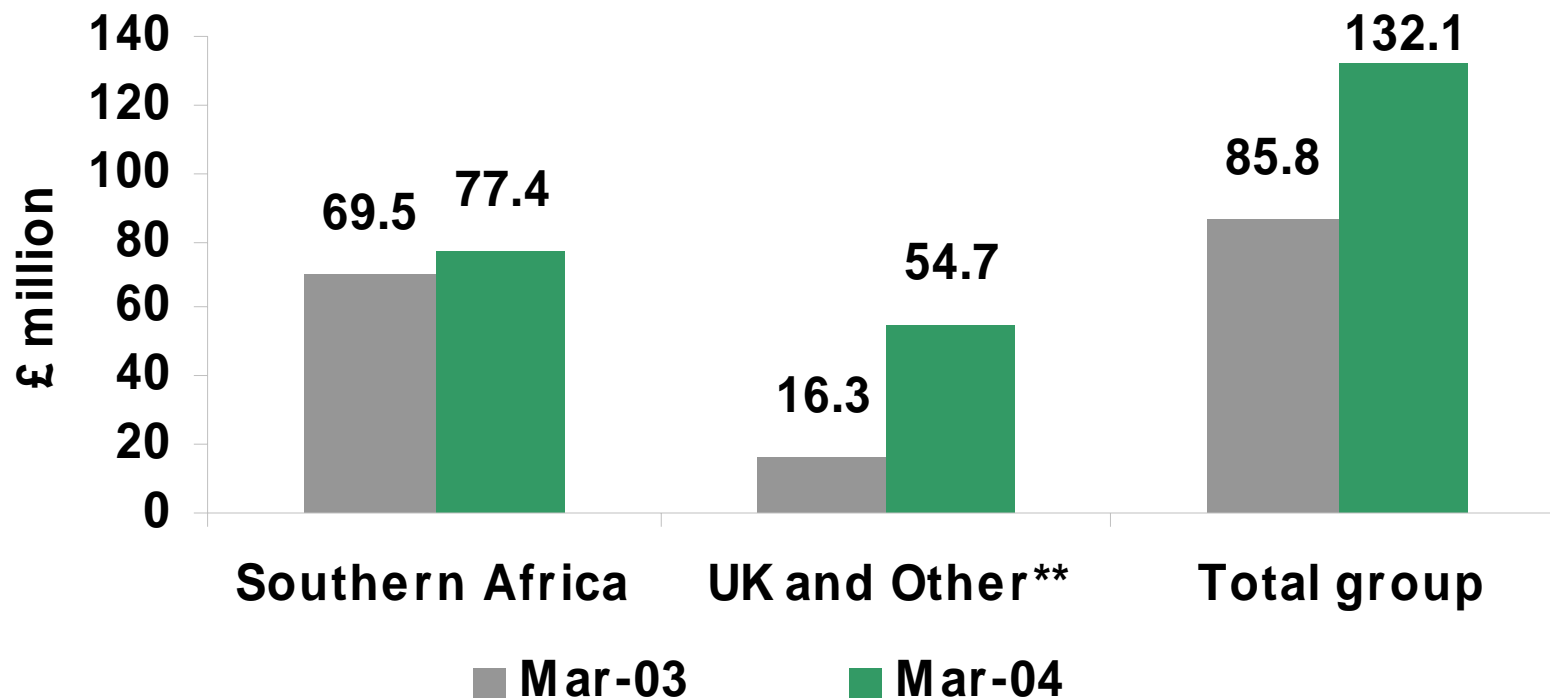
- Improved the capital structure:
 - Successfully placed a £200 million 12-year subordinated note in the UK market to a well-diversified range of investors.
 - Issued R1.5 billion (£127.5 million) non-cumulative, non-redeemable and non-participating preference shares.



Geographic overview

Operating profit* by geography

(UK GAAP)

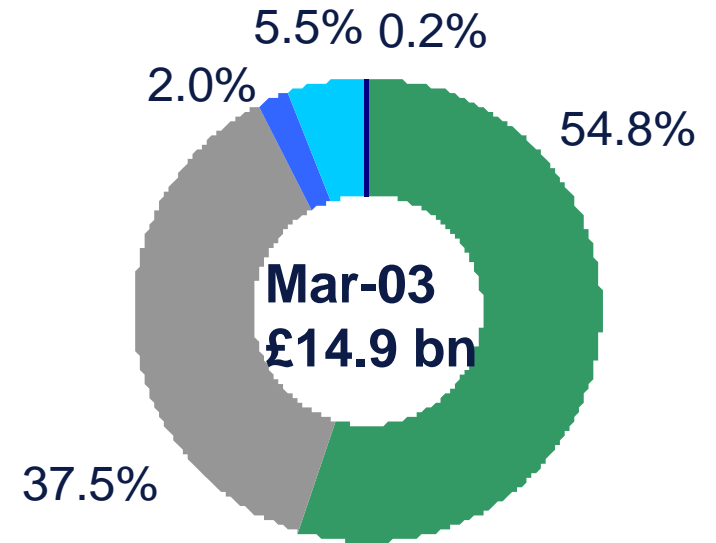
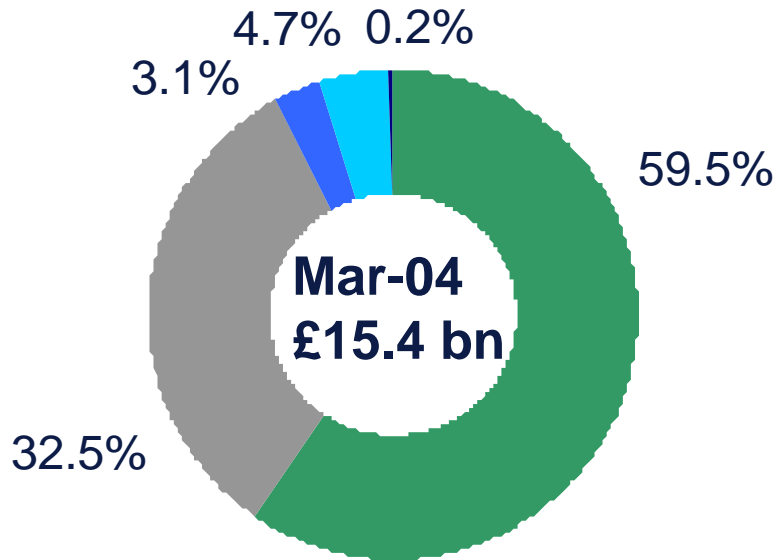


**Before taxation, exceptional items and amortisation of goodwill*

***Including Europe, Australia, Israel, US and Discontinued Operations*

Assets by geography

(UK GAAP)



■ Southern Africa and Other

■ UK and Europe

■ Australia

■ Israel

■ US

Southern Africa

- **Mixed performances from the SA businesses:**
 - Operating profit before exceptional items and amortisation of goodwill increased 11.4% to £77.4 million.
 - Consistently good performance from the **Private Banking** operation.
 - Strong performance from the **Investment Banking** division.
 - Weak performance from the **Treasury and Specialised Finance** division although improved in second half of the year.
 - Solid performance from the **Property** division.
 - Considerable decline in the earnings from the **Assurance Activities** and **Central Funding** division.

UK and Europe

- **Commendable turnaround in UK performance:**
 - Operating profit before exceptional items and amortisation of goodwill increased 71.7% to £38.7 million.
 - Strong results from **Private Banking** and the **Treasury and Specialised Finance** operations.
 - Improved performance from the **Investment Banking** activities which benefited from a reduced cost base and increased corporate activity.
 - Solid performance from **Carr Sheppards Crosthwaite**.
 - Decline in earnings from **Central Funding**.

Australia

- **Strong performance from the Australian business which experienced solid activity levels.**
 - Operating profit before exceptional items and amortisation of goodwill increased 62.5% to £9.6 million.
 - The business is well on the way to meeting its mission to be a successful specialised partner of choice in the creation of distinct value in select niche activities.
 - In October 2003, Investec Bank (Australia) received the favourable long-term deposit and issuer rating of Baa2 from Moody's enabling the group to enhance its funding base.

Israel

- Operating profit before exceptional items and amortisation of goodwill increased 69.3% to £5.9 million despite performance reported in nominal terms being weakened by negative inflation.
- The Israeli operation benefited from the cost cutting initiatives taken in the previous period and the improved economic and financial environment.
- Assets under management increased by 104% to NIS20.2 billion (£2.4 billion) from NIS9.9 billion (£1.3 billion).

US

- Operating profit before exceptional items and amortisation of goodwill of £0.4 million.
- The heavily reduced ongoing operations in the US, consisting of several fixed income trading operations and a small equities trading desk supporting Investec Israel's clients.
- The fundamental restructuring of the US business was completed and, with the exception of run-off related activities, all other businesses in Investec USA and Investec Inc. ceased operating as of 31 May 2003.



Divisional review

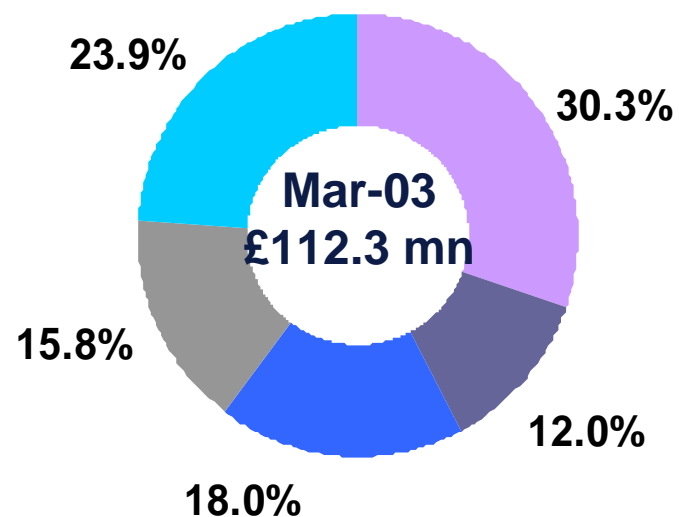
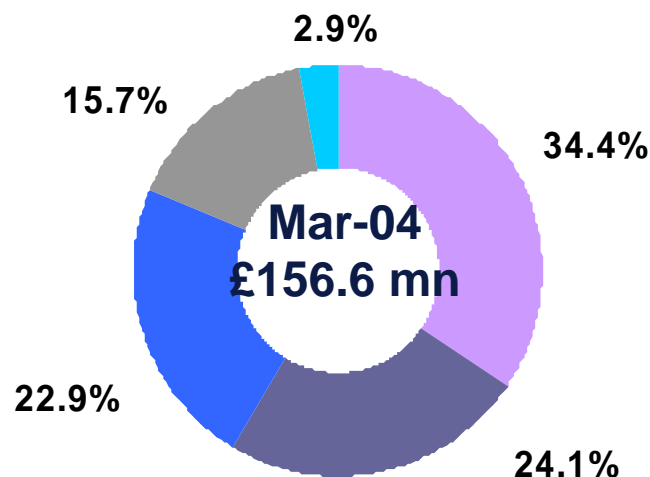
Operating profit* by business

UK GAAP (£ million)	31 Mar 2004	31 Mar 2003
Private Client Activities	53.9	34.0
Investment Banking	37.7	13.5
Treasury and Specialised Finance	35.8	20.2
Asset Management	24.6	17.7
Assurance	4.5	26.9
Group and Other Services	(24.4)	(9.8)
Discontinued Operations	-	(16.7)
Total group	132.1	85.8

**Before taxation, exceptional items and amortisation of goodwill*

Operating profit* by business

(UK GAAP)



**Excluding Discontinued Operations and Other Activities and before taxation, exceptional items and amortisation of goodwill*

Group Services and Other - operating profit*

UK GAAP (£'000)	31 Mar 2004	31 Mar 2003
International Trade Finance	2 725	978
Property Worldwide	10 125	5 413
US Continuing businesses	178	970
UK Traded Endowments	(3 279)	(8 945)
	9 749	(1 584)
Central Funding	(8 463)	7 161
Central Costs	(25 726)	(15 414)
Total	(24 440)	(9 837)

**Before taxation, exceptional items and amortisation of goodwill*

Central Funding

UK GAAP (£'000)	31 Mar 2004	31 Mar 2003
Net interest income (excl. interest on sub debt and debentures)	10 989	21 749
Return on shareholders funds in long term assurance	24 122	15 551
Other income	13 276	6 558
	48 387	43 858
Interest paid on sub-debt and debentures	(45 105)	(25 090)
Admin expenses and depreciation	(8 828)	(11 103)
Provision for bad and doubtful debts	(2 917)	(504)
Operating (loss)/profit before exceptional items and goodwill amortisation	(8 463)	7 161

Private Client Activities

- The **Private Banking** operations performed particularly well with solid loan portfolio growth:
 - UK: £1 062 million (Mar 03: £925 million) - up 14.7%.
 - SA: R22.5 billion (Mar 03: R17.8 billion) – up 26.4%.
 - Australia: A\$543 million (Mar 03: A\$422 million) – up 28.7%.

Private Client Activities

- Improved performance from **Private Client Portfolio Management and Stockbroking**:
 - Carr Sheppards Crosthwaite improved performance with net inflows of £360 million. Funds under management increased 25.5% to £5.9 billion (March 03: £4.7 billion).
 - Poor stock market volumes in SA restricted the performance of Investec Securities. Funds under management increased 17.2% to R30.0 billion (March 03: R25.6 billion).

Investment Banking

- The **SA** business benefited from a significant improvement in the performance of its direct investment and private equity portfolios.
- In the **UK**, a major turnaround was achieved as a result of improved stock market conditions and a reduced cost base.
- Investec Wentworth in **Australia** performed well benefiting from the upturn in M&A activity with a strong deal pipeline.

Investment Banking statistics

	Number of transactions		Value of transactions	
	Mar 2004	Mar 2003	Mar 2004	Mar 2003
South Africa				
Corporate finance	93	55	R20.0 bn	R56.0 bn
Sponsor broker	82	45	R17.5 bn	R57.8 bn
UK and Europe				
M&A	18	13	£960 mn	£826 mn
Fund raising	13	10	£173.6 mn	£449 mn*
Australia				
M&A	15	20	A\$2.7 bn	A\$2.5 bn

**Included the Telkom capital raising to the value of £323 million*

Treasury and Specialised Finance

Banking Activities:

- **UK:** Strong growth with several transactions concluded.
- **SA:** Performance was subdued by the general slow down in infrastructural finance and the margin squeeze, although there was good growth in structured finance fees.

Trading Activities:

- **UK:** Benefited from a renewed focus on higher margin, less capital intensive transactions and customer flows.
- **SA:** Weak performance from the currency and interest rates desks.

Asset Management

Solid performance from a resilient SA business:

- Strong franchise developing in specialist products.
- SA business generated net inflows of R4.4 billion excluding the structural outflows from the Fedsure book.
- The investment administration function was outsourced during the period.

Strong growth in the UK:

- Retail business grew assets under management by 68.8%, with net inflows of £284 million.
- UK Institutional business continued to penetrate the pension market and is experiencing a shift towards the higher fee paying business.

Asset Management – investment performance

- Excellent SA **specialist** investment performance
(Plexus award for best mutual fund company and dominating specialist surveys)
- SA **balanced** investment performance
 - Long term (13 years) Excellent, second since inception
 - Medium term (3-5 years) Not yet out of the woods
 - Short term (1 year) Improving (above median)
- Strong **three year** investment performance in the UK
 - UK equities 1st quartile over 3 years
 - Global equities 1st quartile over 3 years
 - Global fixed income 1st quartile over 3 years
 - UK balanced 1st quartile over 3 years

Asset Management – funds under management

(£ million)	31 Mar 2004	31 Mar 2003	% Change
Institutional	14 930	12 478	19.7
Retail	5 638	4 350	29.6
	20 568	16 828	22.2
South Africa	12 255	9 330	31.4
UK and Other	8 313	7 498	10.9
	20 568	16 828	22.2



Financial performance

Salient Balance Sheet features

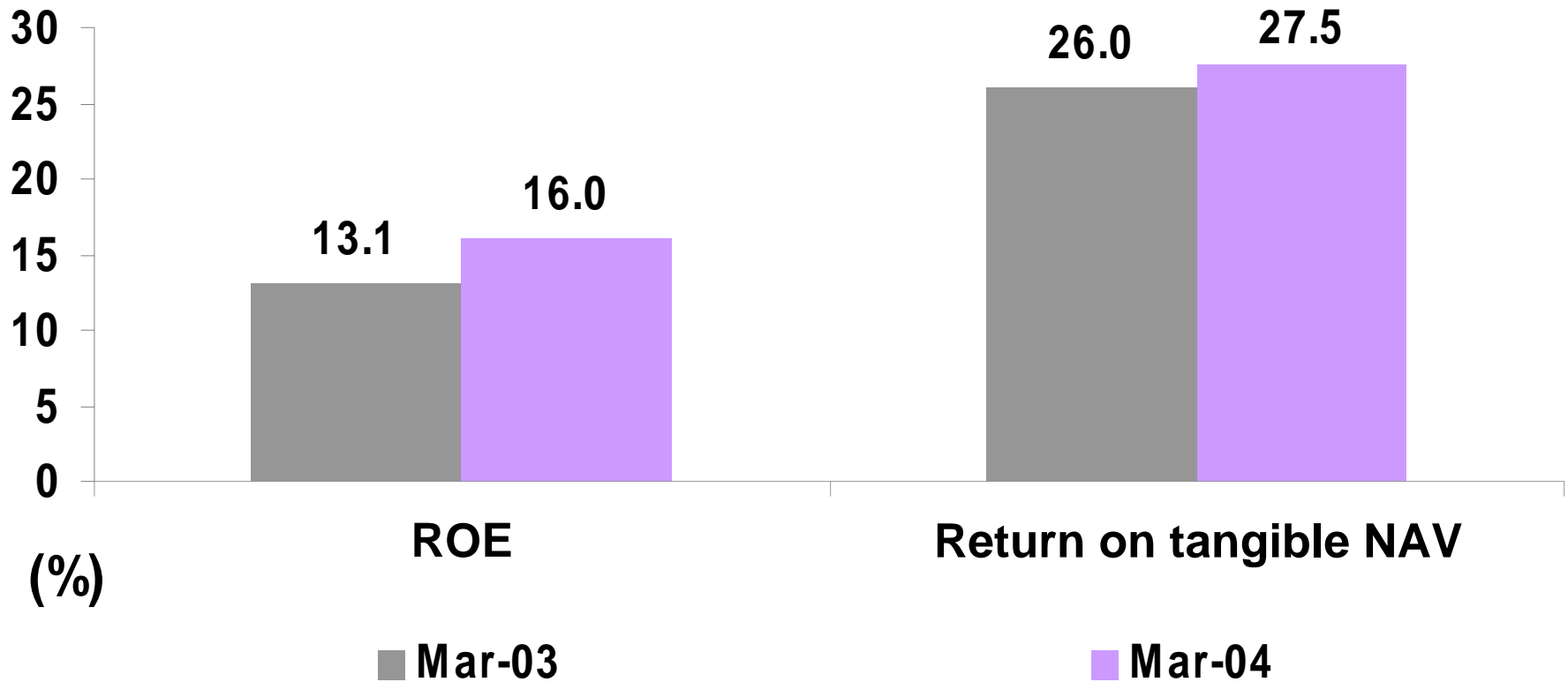
UK GAAP (£ million)	31 Mar 2004	31 Mar 2003	% Change
Total assets (including core loans and advances)	15 361	14 914	3.0
Core loans and advances	5 060	3 909	29.4
Total liabilities	14 015	13 956	0.4
Total capital resources	1 346	958	40.5
Shareholders' funds	809	640	26.4

Income Statement

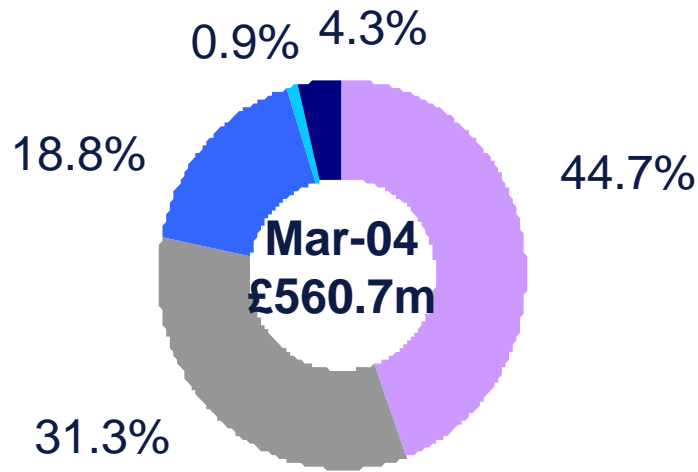
UK GAAP (£'000)	31 Mar 2004	31 Mar 2003	% Change
Net interest income	105 663	110 701	(4.6)
Net non-interest income	455 070	408 566	11.4
Operating income	560 733	519 267	8.0
Administrative expenses	(395 188)	(400 780)	(1.4)
Depreciation	(12 448)	(14 417)	(13.7)
Bad debt provision	(20 958)	(18 308)	14.5
Operating profit before goodwill amortisation	132 139	85 762	54.1

Return

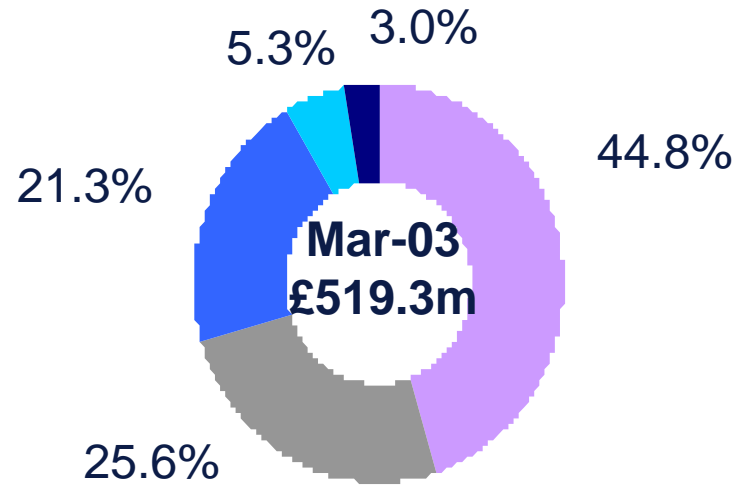
(UK GAAP)



Quality of earnings



Annuity Income /
Total Income: 67.8%



Annuity Income /
Total Income: 69.1%

Annuity Income

- Net annuity fees and commissions
- Net interest income
- Return on shareholders funds in the long-term assurance business

Other Income

- Dealing profits, dividend income, other operating income, deal fees and commissions
- Income from long term assurance business

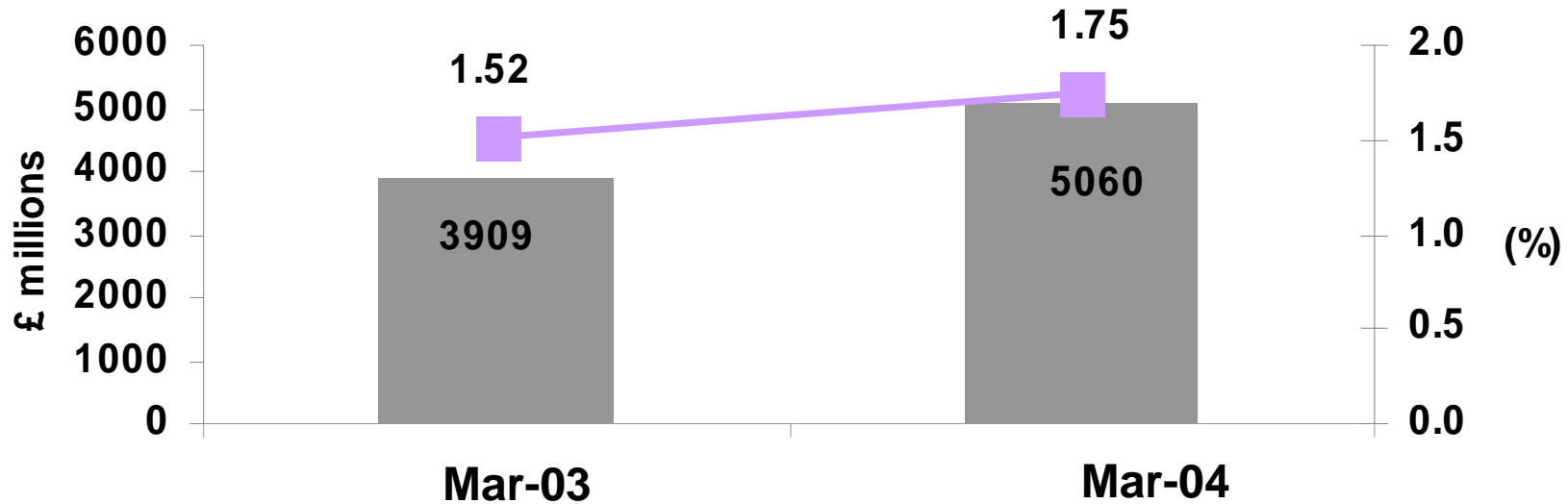
Quality of earnings

UK GAAP (£'000)	31 Mar 2004	31 Mar 2003	% Change
Net interest income	105 663	110 701	(4.6)
Fees and commissions receivable	318 373	276 191	15.3
Dealing profits	91 015	57 668	57.8
Income from long-term assurance business	5 082	27 779	(81.7)
Investment activities	40 600	46 928	(13.5)
- Dividend income	3 450	3 597	(4.1)
- Return on shareholders' funds in the long-term assurance business	24 122	15 551	55.1
- Other operating income	13 028	27 780	(53.1)
Operating income	560 733	519 267	8.0

Amortisation of goodwill

- The charge for goodwill amortisation and impairment decreased significantly from £122.3 million to £50.6 million.
- The prior year figure included £49.6 million relating to additional impairments of the business acquired from Fedsure Holdings Limited.
- Included in the current period is an amount of £8.1 million relating to an impairment of the Traded Endowments business acquired through Fedsure.

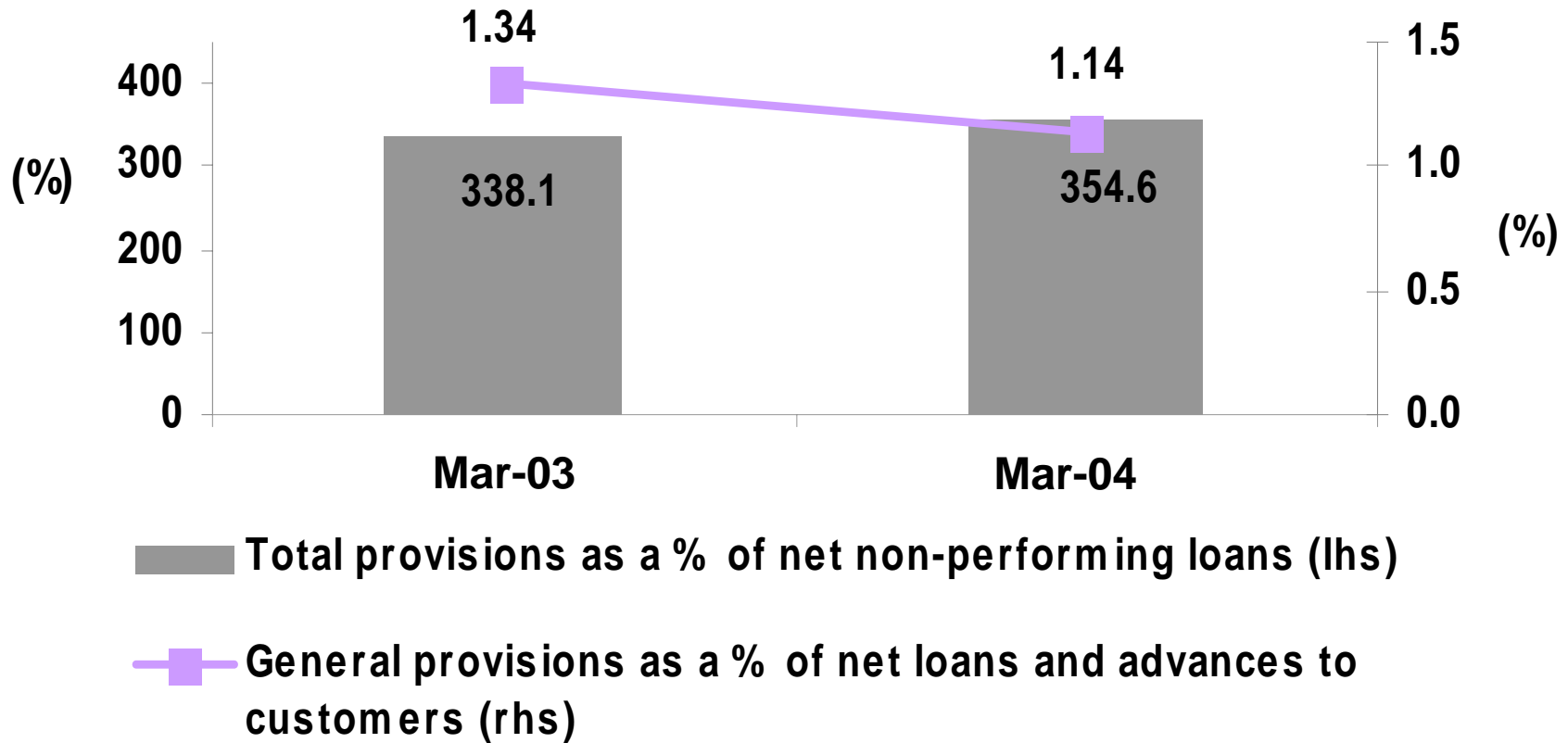
Asset Quality



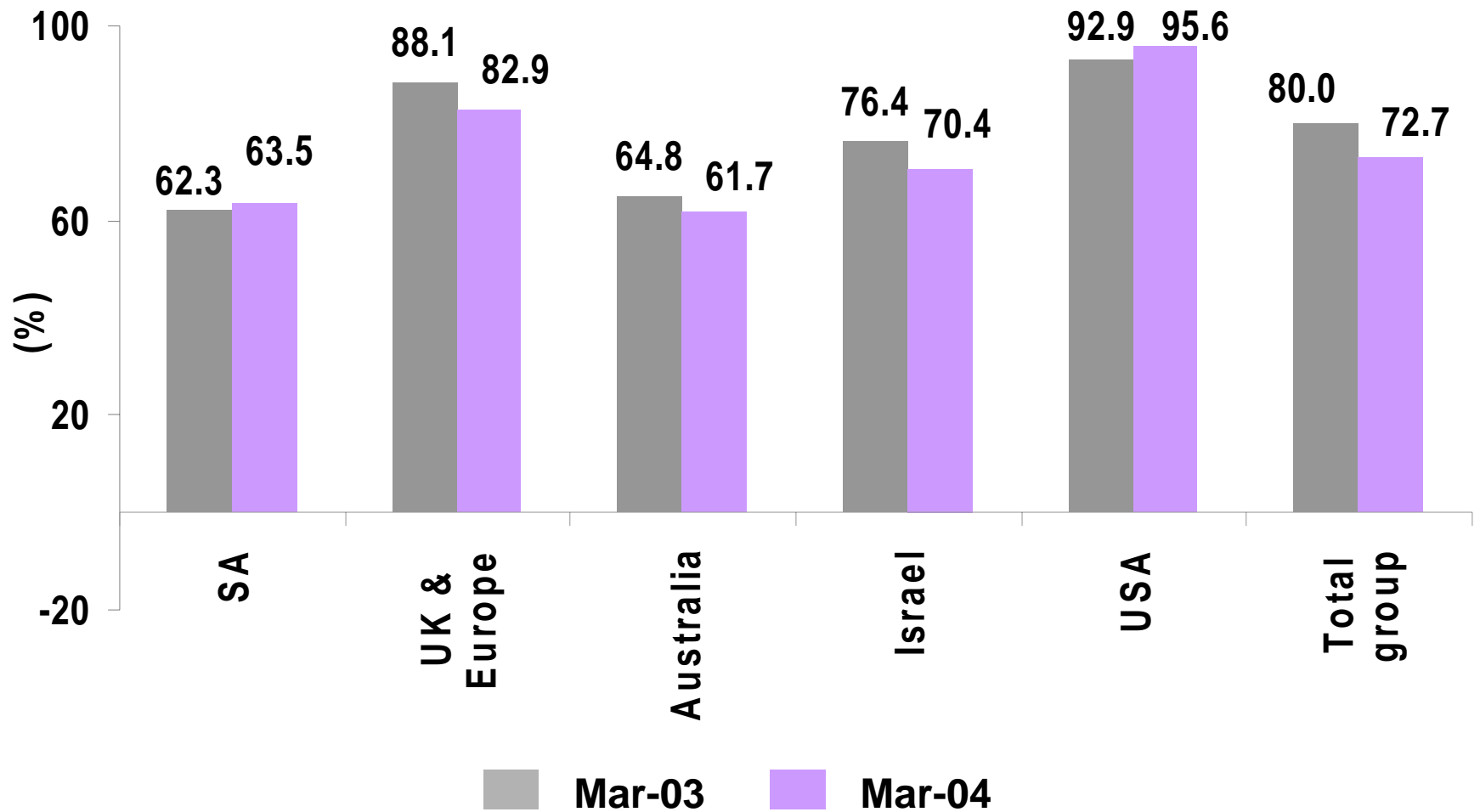
■ Total core loans and advances to customers (lhs)

—■ Gross non-performing loans as % of core loans and advances to customers (rhs)

Asset Quality



Cost to income



Administrative expenses

UK GAAP (£'000)	31 Mar 2004	31 Mar 2003	% Change
Staff costs	265 234	265 437	(0.1)
Premises (excl. depreciation)	26 248	22 303	17.7
Equipment (excl. depreciation)	22 838	25 569	(41.6)
Business expenses	65 924	74 628	(11.7)
Marketing expenses	14 944	12 843	16.4
Administrative expenses	395 188	400 780	(1.4)

Taxation

- The operational effective tax rate of the group (excluding the tax effect on exceptional items) increased from 6.3% to 21.6%.

Effective tax rate (%)	31 Mar 2004	31 Mar 2003
Southern Africa	21.0	14.3
UK and Europe	16.3	(60.7)
Australia	29.4	41.4
Israel	58.7	12.2
Total group	21.6	6.3

Exceptional items

- Losses on termination of the group's operations in the US amounting to £5.1 million.
- Profit of £13.7 million on disposal of group operations largely relating to the sale of the companies, 100 Grayston Drive Property (Pty) Limited and Block E Power Station Properties (Pty) Limited, at market value.

Capital adequacy

	31 Mar 2004	31 Mar 2003
Consolidated under SARB rules		
Investec Limited	15.1%	12.2%
Investec Bank Limited	19.9%	21.0%
Consolidated under FSA rules		
Investec plc	17.3%	14.2%
Investec Bank UK	19.3%	22.2%

Employees

UK GAAP	31 Mar 2004	31 Mar 2003	% Change
SA and Other	2 627	2 897	(9.3)
UK and Europe	1 431	1 509	(5.2)
Australia	112	103	8.7
USA	75	131	(42.8)
Israel	213	234	(9.0)
Total number of employees	4 458	4 874	(8.5)



Outlook

The **past year**

- The operational health of the group's activities is sound with significant measures taken to address the non-performing elements of the business, and through the vigilant management of costs.

The **past year**

- The group is now leaner and more focused and in a better position to deal with external market and economic conditions which remain uncertain.

What are we?

- The group recently undertook a significant internal process which resulted in a revision of the mission statement:

“Investec strives to be a distinctive specialist banking group driven by commitment to our core philosophies and values.”

Why can we compete?

UK, Australia and other:

- Niche specialist bank.
- Concentrate on high net worth and entrepreneurial corporates with ability to punch above our weight where expertise and skill is available internally.
- Avoid businesses where it is difficult to get scale.

South Africa:

- Full service specialist bank targeting:
 - High net worth client.
 - Corporates (medium to large).
 - Parastatals.
 - Institutions.
 - Government.

Investec positioning

SA Corporate Finance

- Dealmakers Magazine Survey for 2003:
 - 1st in M&A by volume.
 - 2nd in General Corporate Finance by volume and value.
- Ernst & Young Survey for 2003:
 - 1st in M&A for highest value.
 - 2nd in M&A for highest volume.

UK Investment Banking and Securities

- UK Small Mid-Cap Survey for 2003:
 - 1st for “Most improved product and service”.
 - 3rd for “Aggregated research team”.

Investec positioning

Private Client Activities

- SA Private Bank
 - Ranked number one private bank for the fourth consecutive year in the PriceWaterhouseCoopers SA Banking Survey (2003).
 - Ranked Best Private Bank in South Africa by Euromoney (2004).
- Carr Sheppards Crosthwaite
 - Commendation in the Super Affluent category by Euromoney (2004).

Treasury and Specialised Finance

- SA Foreign Exchange
 - Leading forex service provider in the niche banks category for the fourth year running (PMR Golden Arrow Awards – 2004).

Investec positioning

Asset Management

- Global Investor's Firm to Watch 2004.
- Runner-up, European specialist manager of the year, Financial News.
- Best all rounder over the last three years, Professional Adviser.
- Financial Adviser/LIA five star service award.
- SA fund manager of the year, Plexus.
- Best large manager over one, three and five years, Standard & Poors (SA).
- ACI and Personal Finance Raging Bull awards management company of the year.

Where to from here?

Thinking about our future, the following four questions arise:

People

- How do we build and retain distinctive human talent?

Role in society

- How can integrity and morality in business practices act as a source of distinction?

Values

- What are the values that will make us truly distinctive?

Success

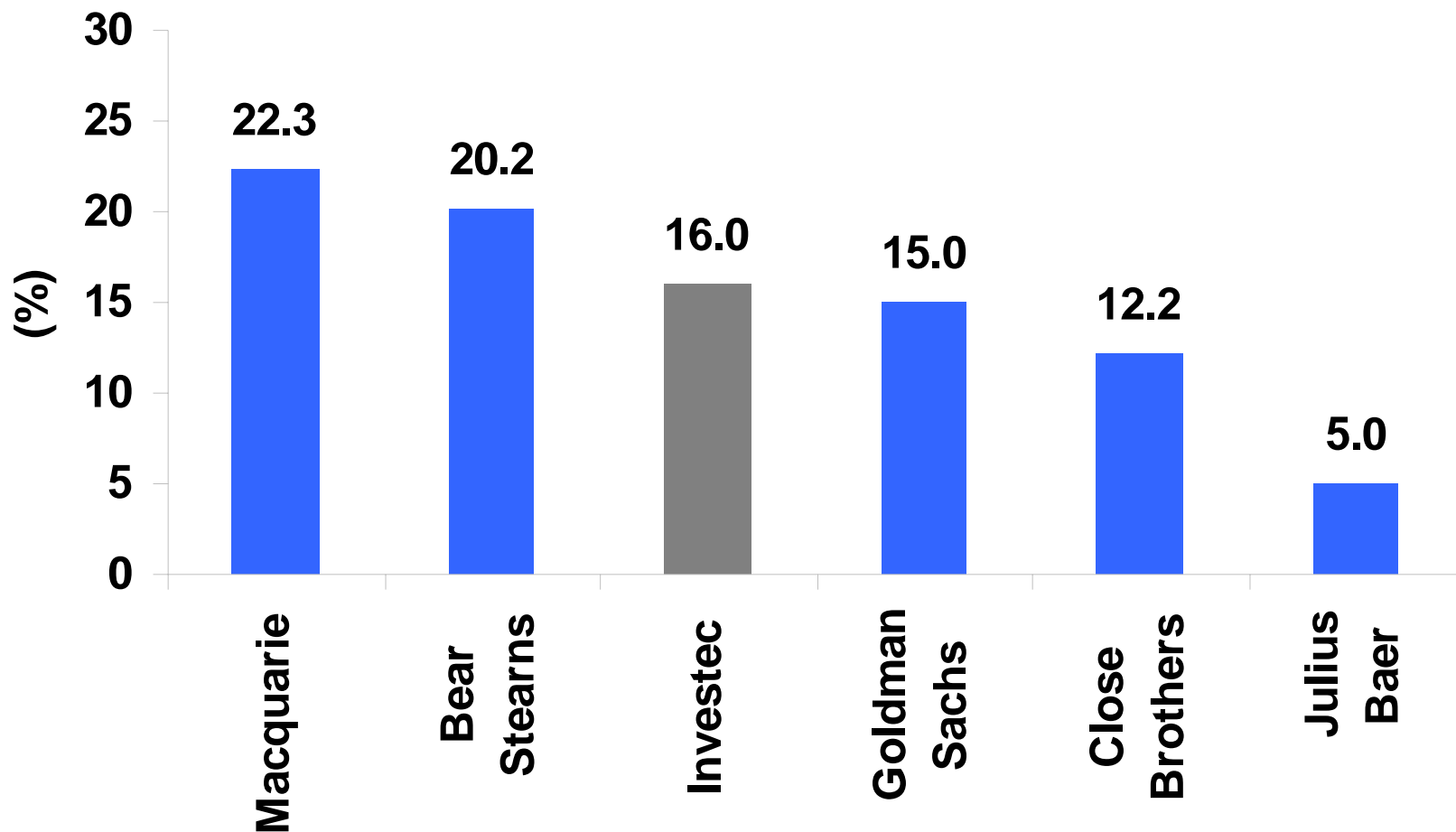
- What will define success and delivery of distinctive results?

Distinctive results

Rewarding stakeholders:

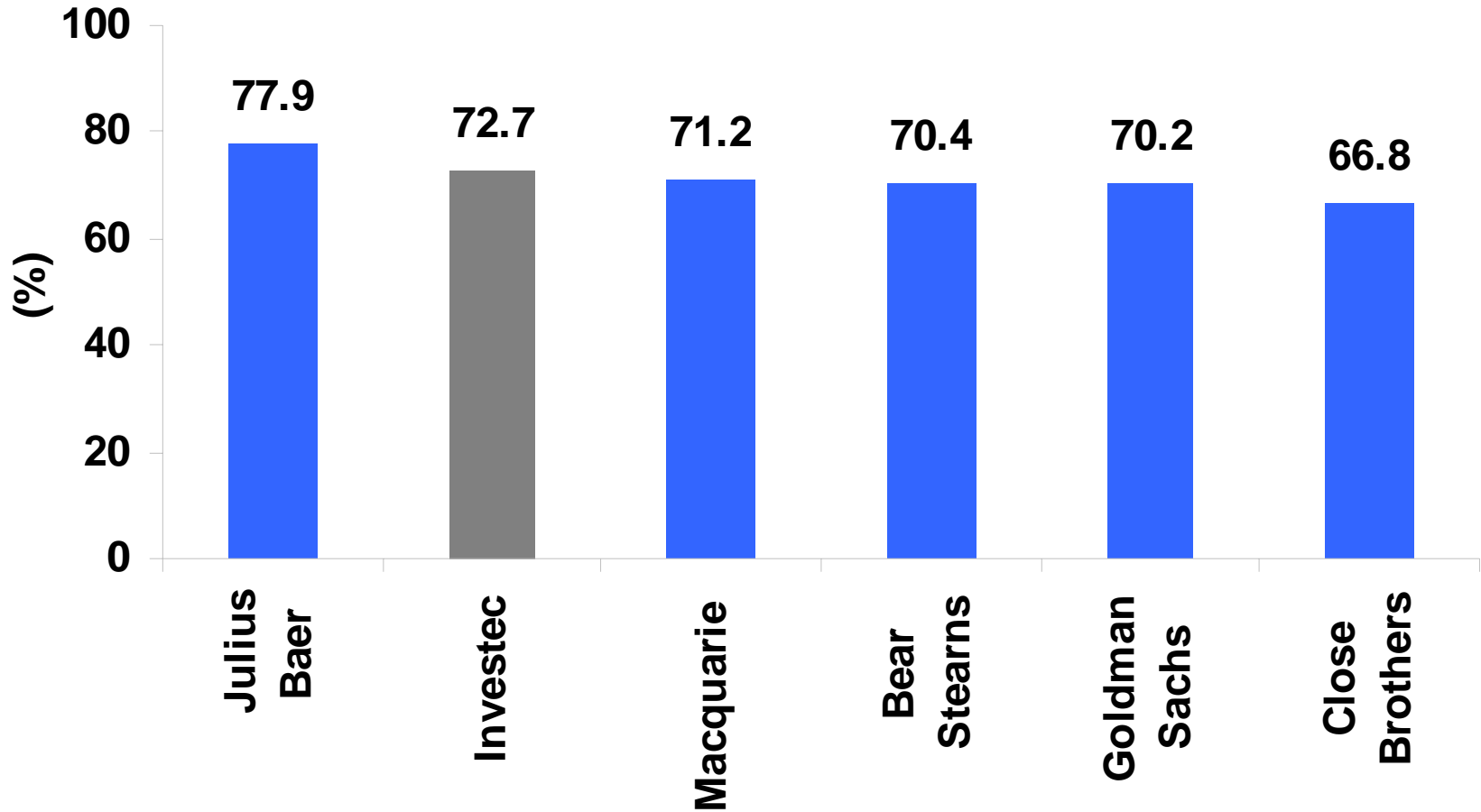
- ROE in excess of 20%.
- Cost to income ratio of less than 65%.
- Long term growth (inflation + 10%).
- Building sustainable business model.

ROE – peer comparatives



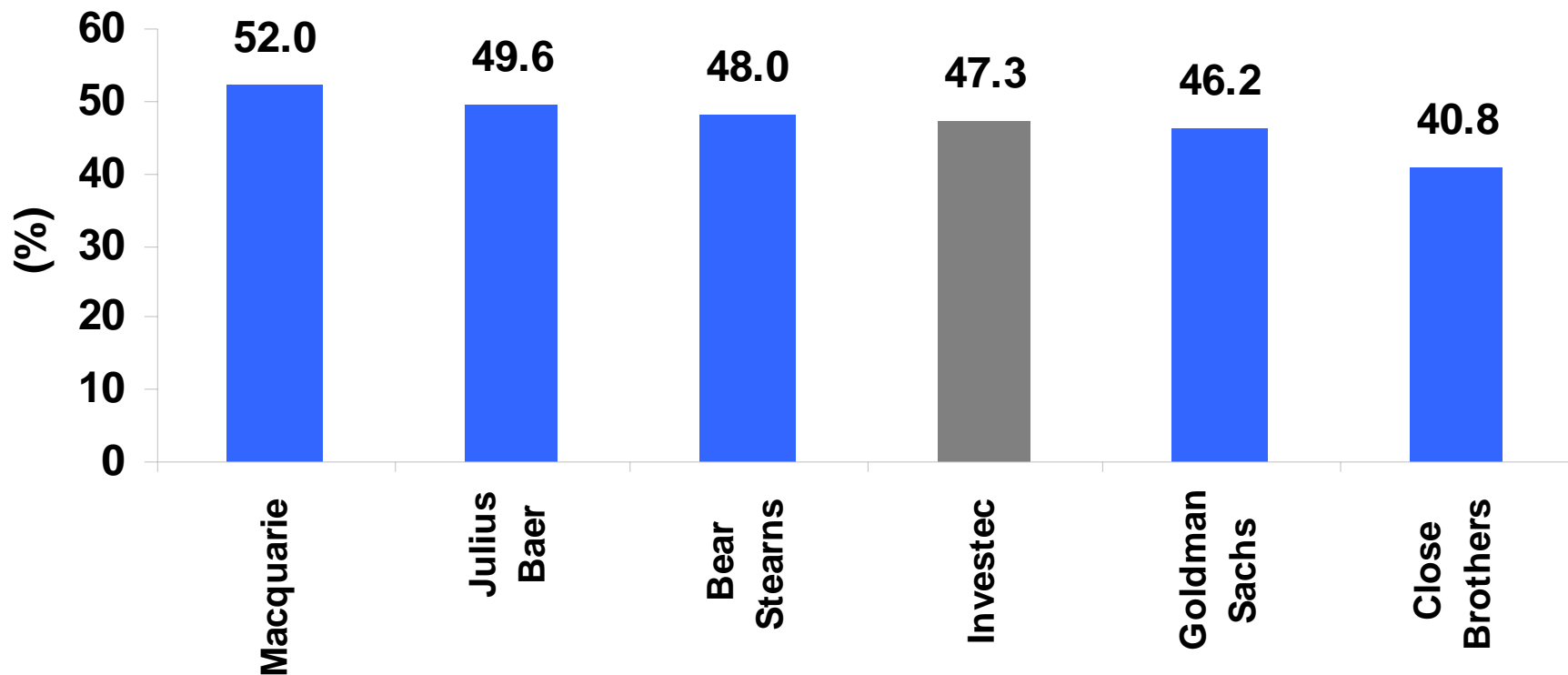
Source: Most recent statutory accounts

Cost to **income** – peer comparatives



Source: Most recent statutory accounts

Staff costs to operating income – peer comparatives



Source: Most recent statutory accounts

Strategic focus

- Remain entrepreneurial.
- Ensure all offerings are distinctive.
- Get maximum leverage off a moderate cost base.
- Increase client focus and revenue generation.
- Organic rather than acquisitive growth.

Strategic focus

- Strategy in our industry is not about a 5-year plan, but rather like a video game. What is important is having the right people and culture that can identify and take advantage of the opportunities in a volatile and ever changing environment.

Strategic focus

- “The only constant in our business is that everything is changing. We have to take advantage of change and not let it take advantage of us. We have to be ahead of the game.”

Michael S. Dell, Chairman and CEO, Dell Computer Corporation



Questions



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