Business Times
TOP 100 COMPANIES
November 3 2013 | www.timeslive.co.za

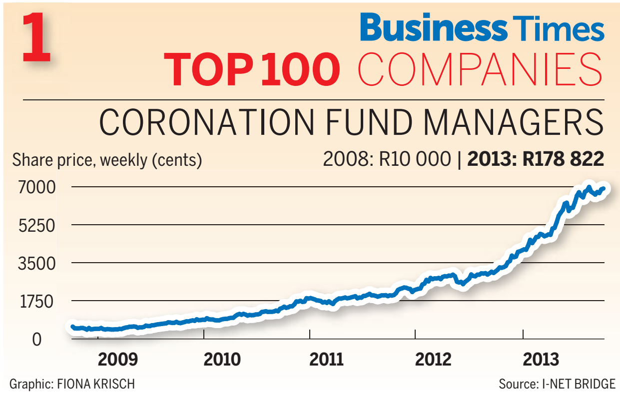
TOP COMPANY: CORONATION FUND MANAGERS

King of superior returns

Winner only as good as underlying investments

TSHEPO MASHEGO

FOCUSED: Coronation chief executive Anton Pillay



THE best-performing stock on the JSE over the past five years, Coronation Fund Managers, is currently valued higher than its intrinsic value, making it an unattractive investment, according to Karl Leinberger, the asset manager's chief investment officer.

"My opinion is that it's not a good investment. People are forgetting that this is a cyclical business and industry and that alpha [market outperformance] is lumpy.

"The market is probably putting a very high rating on cyclically high earnings. We actually think our share price is higher than the value we would attribute to the underlying company."

This frankness indicates the kind of objective and straight-talking culture and investment process that has made Coronation one of the best investment houses in South Africa and the best-performing listed company on the JSE in the five years from October 2008 to the end of September 2013.

In that period, the company's share price rose by a compound annual growth rate of 78%. This puts Coronation in elite company — the 10 baggers, or companies whose share price has gone up 10 times.

This compares to a pedestrian return for the All Share Index Total Return (total return ALSI is calculated assuming that dividends are reinvested) of 113.52% in the same five-year period.

Not only has Coronation achieved the holy grail of investment returns, it has done it in record time.

Anton Pillay, its chief executive since February, attributes the group's success to a laser beam-like focus on its key business objective of outperforming the market and ensuring that clients get superior returns on the money they entrust to Coronation. "I think it's fair to say we don't have asset-gathering as a business objective.

"Our key objective is to outperform the market for our clients.

"It really is on the back of this outperformance that we've been able to attract some of the inflows in the retail market, which is growing substantially as an industry," Pillay said.

In the 12 months to June, South Africa's unit trust industry attracted record inflows.

The second quarter of 2013 attracted net inflows of R49-billion, just beaten by the record-breaking R63-billion achieved in the third quarter of 2012, according to data from CIS, which tracks the unit trust industry.

It is this ability to attract an ever-increasing proportion of capital inflows that have made the company such a winner in the industry.

Pillay is a dyed-in-the-wool investment professional with an array of qualifications behind his name, including an Advanced Management Program certificate from Harvard University.

However, it has been a case of more of the same since Pillay took over from outgoing CEO Hugo Nelson. The share price has gone up by 56% since he has been in charge.

An analyst at one of Coronation's competitors, who preferred not to be named, explained that the asset management industry could easily generate outsized returns if inflows poured in.

"This is an industry with largely fixed costs, so the cost base does not increase much when new business comes in. In the case of Coronation, the company is attracting a lot of inflows and gaining market share, which is why you're seeing earnings explode like they are."

> We put a lot of work into our stock picks and our asset allocation

It is the snowballing effect.

Leinberger said the company's performance was based on the performance of its underlying investments.

"Over the past five years, some of our best-performing stocks have been Mondi, Naspers, Famous Brands, Trencor and Woolworths.

"However, our performance was more broad-based than that — we had the top-performing fixed income and property funds, and our emerging-market fund is one of the top two or three globally in that period. We put a lot of work into our stock picks and our asset allocation."

This is corroborated by Profile Data, which shows that Coronation had no fewer than five funds in the top 25 performers for the past five years ended September 2013. Coronation had the second-best-performing unit trust over the past five years to the end of September 2013 — the Coronation Industrial Fund — returning a compound annual return of 26.19%.

Leinberger said sound investment was a question of judgment — which, ironically, would count against the company.

"This is what we do all the time for potential investments all over the world.

"We look at a company like Coronation, look at what we think its mid-cycle earnings are, and even if we put a high rating on that earnings stream we just don't get value at the current share price."

Instead of giving one's money to wealth managers to manage, it seems the best investment strategy is to actually own one.

New contender arrives for 2013

LUCKY BIYASE

Track record drives MiX Telematics to fourth

THERE have been minor changes in the top 10 rankings from last year. Retail provided some mixed results. Woolworths has fared well, moving up to third position this year from eighth last year, and the technology sector was quite buoyant.

Woolworths has had a great financial year. Turnover was up 21.3% and return on equity hit a high of 49.7%, said Makwe Masilela, an analyst at BP Bernstein.

The results were aided by the performance of Country Road (Australia) and the food division.

"The Woolworths food division has been ahead of the market since September 2011 and the profit was up 18% before tax. The results were better than expected, unlike Shoprite, which missed analysts' estimates," Masilela said.

"Woolworths is a great business with better-than-anticipated results and perhaps a realisation that the top end of the market is less prone to the cycles that impact on the middle-income consumers," said Sasha Naryshkine, equities analyst at Vestact.

"Woolworths has made great strides in improving the high-margin part of its business — the clothing part," Masilela added.

According to Masilela, the great performance by MiX Telematics is owing to the company seeking a secondary listing in the US and being valued much higher by foreign asset managers.

"The shares were placed at $16 for 25 shares in the company, which is equivalent to 64 US cents a share, and at an exchange rate of R10 to the dollar that is equivalent to R6.40 a share. This resulted in the share moving from R3.20 to more than R6 over the period July 12 2013 to August 14," he said.

Assore has dropped out of the top ten as the mining sector worldwide, except the oil sector, has been under pressure. Rising input costs and a drop in revenue has hurt it.

TOP 100 COMPANIES OVER FIVE YEARS

	Share name	Open (cents)	Close (cents)	Final value (R)	Compound annual growth rate
1	Coronation Fund Managers	561	6 860	178 822	**78.03%**
2	EOH Holdings	770	7 137	105 880	**60.31%**
3	Woolworths Holdings	1 148	7 419	85 279	**53.52%**
4	Mix Telematics	90	588	78 119	**50.85%**
5	Famous Brands	1 545	10 000	78 026	**50.82%**
6	Mr Price Group	2 191	13 905	76 270	**50.13%**
7	Pinnacle Technology Holdings	355	2 290	75 947	**50.00%**
8	Brimstone Investment Corp - N	400	1 365	72 399	**48.58%**
9	Capitec Bank Holdings	3 155	20 100	71 790	**48.32%**
10	Aspen Pharmacare Holdings	4 140	26 275	65 389	**45.58%**
11	Metair Investments	650	3 300	60 498	**43.33%**
12	Naspers - N	15 975	92 844	60 064	**43.13%**
13	Spur Corporation *	700	3 099	58 054	**42.16%**
14	Metrofile Holdings *	94	505	57 148	**41.71%**
15	Howden Africa	905	4 100	57 080	**41.68%**
16	PSG Group	1 600	8 167	56 997	**41.63%**
17	Oceana Group	2 101	8 424	52 815	**39.49%**
18	Compagnie Fin Richemont	3 650	10 094	51 684	**38.89%**
19	Mondi plc	3 839	17 009	51 061	**38.55%**
20	Anglovaal Industries	1 547	5 985	50 242	**38.11%**
21	Pan African Resources plc	65	270	47 532	**36.58%**
22	Ellies Holdings	160	720	47 171	**36.38%**
23	Invicta	2 650	9 647	45 596	**35.45%**
24	Mediclinic International	1 900	7 428	44 031	**34.51%**
25	Italtile	265	800	43 614	**34.25%**
26	Imperial Holdings	6 180	21 800	42 101	**33.31%**
27	Clicks Group	1 550	5 475	41 105	**32.67%**
28	Assore	12 160	43 580	40 153	**32.05%**
29	Discovery	2 270	8 108	39 396	**31.55%**
30	Pioneer Foods Group	2 450	8 750	39 290	**31.48%**
31	Shoprite Holdings	4 778	16 540	38 939	**31.24%**
32	Trencor	2 275	6 900	38 932	**31.24%**
33	Kumba Iron Ore	18 201	46 400	37 810	**30.47%**
34	Truworths International	2 979	9 000	36 423	**29.50%**
35	Remgro	18 500	19 400	36 365	**29.46%**
36	SABMiller plc	15 856	51 339	36 223	**29.36%**
37	RMB Holdings	2 480	4 615	35 177	**28.60%**
38	Resilient Property Income Fund	2 150	5 372	34 638	**28.21%**
39	Netcare	838	2 400	33 644	**27.46%**
40	Cashbuild	5 400	14 945	33 137	**27.08%**
41	Brait SE	1 670	4 275	33 090	**27.04%**
42	Sanlam	1 800	4 686	32 347	**26.46%**
43	Afrimat	425	1 110	32 244	**26.38%**
44	The Foschini Group	4 035	10 406	31 965	**26.16%**
45	Kagiso Media	1 101	2 770	31 935	**26.14%**
46	Omnia Holdings	7 000	20 199	31 599	**25.87%**
47	Distell Group	4 850	12 882	31 555	**25.84%**
48	Zeder Investment	161	448	31 052	**25.43%**
49	Old Mutual plc *	1 303	3 042	30 729	**25.17%**
50	MMI Holdings *	1 171	2 440	30 438	**24.93%**
51	FirstRand	1 644	3 350	29 755	**24.37%**
52	Spar Group	4 999	12 120	29 650	**24.28%**
53	Capital Property Fund	520	1 058	29 589	**24.23%**
54	ELB Group	1 400	3 500	29 322	**24.00%**
55	Clientèle Life Assurance	600	1 325	29 063	**23.79%**
56	Bidvest Group	10 300	25 170	29 055	**23.78%**
57	Value Group	280	640	28 588	**23.38%**
58	Datatec	2 520	5 949	27 738	**22.64%**
59	Santam	9 050	18 700	27 736	**22.63%**
60	Vukile Property Fund	945	1 677	27 637	**22.55%**
61	SA Corporate Real Estate	233	400	27 194	**22.15%**
62	Tiger Brands	13 600	29 911	26 583	**21.60%**
63	Nampak	1 472	3 121	26 346	**21.38%**
64	Steinhoff International	1 660	3 575	26 158	**21.21%**
65	Kap Industrial Holdings *	160	370	25 811	**20.88%**
66	Growthpoint Properties	1 375	2 465	25 754	**20.83%**
67	Hyprop Investments	3 970	7 335	25 685	**20.76%**
68	Foord Compass	625	941	25 641	**20.72%**
69	Massmart Holdings	7 650	16 812	25 581	**20.67%**
70	Acucap Properties	2 599	4 486	25 528	**20.62%**
71	Country Bird Holdings	157	330	25 273	**20.37%**
72	Hosken Consolidated Inv.	5 575	13 121	24 411	**19.54%**
73	Nedbank Group	10 299	20 450	24 250	**19.38%**
74	Redefine Properties	620	975	24 232	**19.37%**
75	Combined Motor Holdings	670	1 350	23 654	**18.79%**
76	Premium Properties	1 140	1 798	23 259	**18.39%**
77	Adcock Ingram Holdings	3 370	6 855	23 242	**18.37%**
78	Emira Property Fund	995	1 472	22 911	**18.03%**
79	Exxaro Resources	8 625	16 450	22 588	**17.70%**
80	Liberty Holdings	7 034	11 700	22 423	**17.53%**
81	Bowler Metcalf	450	815	22 379	**17.48%**
82	Grand Parade Investments	283	399	22 083	**17.17%**
83	Hospitality Property Fund - A	1 173	1 660	21 816	**16.88%**
84	AECI	6 250	11 950	21 792	**16.86%**
85	Lewis Group	4 030	6 533	21 680	**16.74%**
86	Delta EMD	890	720	21 468	**16.51%**
87	MTN Group	11 100	19 600	21 289	**16.31%**
88	Fountainhead Prop Trust	566	787	20 802	**15.78%**
89	Sycom Property Fund	1 830	2 593	20 700	**15.66%**
90	City Lodge Hotels	7 150	12 170	20 432	**15.36%**
91	Advtech	390	655	20 280	**15.19%**
92	ARB Holdings	295	490	19 999	**14.87%**
93	Phumelela Gaming & Leisure	1 030	1 500	19 915	**14.77%**
94	BHP Billiton plc	17 850	29 749	19 606	**14.41%**
95	Uranium One Inc	1 775	2 750	19 335	**14.10%**
96	Tsogo Sun Holdings	1 580	2 550	18 961	**13.65%**
97	Tongaat Hulett	7 200	12 007	18 808	**13.47%**
98	Hudaco Industries	7 000	9 999	18 696	**13.33%**
99	Octodec Investments	1 566	1 935	18 696	**13.33%**
100	JSE	5 600	8 600	18 589	**13.20%**

Graphic: FIONA KRISCH Source: I-NET BRIDGE

* denotes where a dividend due at period end has been accrued.

PREVIOUS WINNERS

2012	Capitec Bank
2011	Assore
2010	Capitec Bank
2009	Basil Read
2008	Basil Read
2007	Distribution & Warehousing Network
2006	Mittal Steel SA
2005	Grindrod
2004	Grindrod
2003	Mvelaphanda Resources
2002	Mvelaphanda Resources
2001	East Daggafontein
2000	Dimension Data
1999	Adcorp Holdings
1998	Profurn
1997	Nu-World
1996	Dimension Data
1995	Q Data
1994	Ellerine
1993	Investec
1992	Investec
1991	Investec
1990	M & A Investment Corp.
1989	M & A Investment Corp.
1988	National Bolt
1987	Waltons
1986	Waltons
1985	Metair Investments
1984	Metair Investments
1983	Toyota SA
1982	Toyota SA
1981	Toyota SA
1980	Gold Fields of SA
1979	Otis Elevator Co.
1978	Metro Cash & Carry
1977	Metro Cash & Carry
1976	Metro Cash & Carry

Graphic: FIONA KRISCH Source: I-NET BRIDGE

THE ROYALS

Companies which were in the top 20 over the last three years.

- Coronation Fund Managers
- Capitec Bank Holdings
- EOH Holdings
- Woolworths Holdings
- Famous Brands
- Mr Price Group
- Pinnacle Technology Holdings
- Howden Africa Holdings
- Oceana Group

Graphic: FIONA KRISCH Source: I-NET BRIDGE

How we calculate the Top 100 Companies

THE Top 100 Companies awards acknowledge those listed companies that have earned the most for their shareholders.

The share-price performance of every company listed on the JSE — which forms the basis of this research — is calculated using a hypothetical investment of R10 000 in each share over a period of five years, from October 1 2008 to the end of September 2013.

The winner is the company that earns the most for its shareholders over that period, after taking into account normal and special dividends and bonus shares reinvested.

Where there is an unbundling, the proceeds from the unbundled company are treated as a special dividend.

Apart from being an accurate measurement of shareholder fortunes, the share price plus the amount of income returned to shareholders is an indicator of the soundness of a company's operations — if one accepts that share-price performance is generally an accurate barometer.

We exclude suspended companies (although they may be included in other tables and data), preference shares, loan instruments and derivatives.

If prices declined at the end of September as companies went ex-dividend, we have accrued the dividend.

Companies with a secondary listing on the JSE are included.

In previous years we excluded companies that did not meet the minimum value traded — R10-million a year. However, since 2011, we increased the minimum value to R20-million because of higher trading volumes over the years and to exclude penny stocks.

This qualification does not apply to the Top 100 one-year and 10-year tables, which have a minimum value traded threshold of R10-million.

We have also included a Top 40 table to show the performance of the blue-chip companies in the JSE's Top 40 index.

All calculations were carried out by I-Net Bridge, a financial services company.

LIFETIME ACHIEVER: CYRIL RAMAPHOSA

Servant of the people

Trade unionist turned businessman now focused on national growth plan

TINA WEAVIND

CYRIL Ramaphosa's charm, charisma and good humour have served South Africa well, not least during the prickly negotiations that helped ring in the country's democracy and a globally awe-inspiring constitution.

But his experience in negotiating agreements under difficult circumstances is likely to be tested to its limits with the contentious National Development Plan (NDP).

Ramaphosa established himself as a leader early in his life, primarily as an activist in a series of Christian organisations in Soweto.

In 1974, at the age of 22, he was arrested and kept in solitary confinement for 11 months.

"It was one of my most defining moments," he said.

Later, he got a teaching post at a local school. He did not make it into the classroom. The day he was meant to start was June 16 1976, the day black pupils staged a protest that saw about 200 children shot dead. Ramaphosa's involvement in that uprising saw him detained again, this time for six months.

On his release, Ramaphosa completed his law degree and joined the Council of Unions of South Africa as a legal adviser. "I decided the best way to use my degree was for the benefit of South Africa's brutalised and debased mineworkers."

In 1982, the National Union of Mineworkers (NUM) was formed and Ramaphosa was its first secretary. "It was the best nine years of my life," he said.

He built the NUM into the biggest trade union on the continent, taking it from 6 000 to 300 000 workers.

It was perhaps the first truly definitive role that Ramaphosa took on as what he terms "a servant of the people". Being of service is a creed he takes in earnest, and asked what values he had tried to instil in his own children and South Africa's young leaders, he said it was to "use what you have — especially privilege — to improve the lives of others".

Ramaphosa is regularly accused by labour unions of having sold out to join the opposing ranks of business, enriching himself in the process. But he responded that although he might have taken up leadership positions in different sectors of society, he had always done this for the benefit of South Africa and South Africans.

> Marikana revealed the fault lines in our society

Ramaphosa left the NUM to join the ANC as secretary-general in 1991. He served under Nelson Mandela and other struggle icons to shape the new South Africa and the constitution.

In 1997, Ramaphosa said, Mandela suggested he leave politics and continue his service to the country in the sphere of business.

NATION BUILDER: National Planning Commission deputy chairman Cyril Ramaphosa is optimistic about the future of South Africa Picture: JEREMY GLYN

However, it is no secret that Ramaphosa was Mandela's first choice to succeed him as president. But when it became clear that Thabo Mbeki would take the position, there was likely a recognition that two bulls is one too many in a kraal.

Ramaphosa was asked to join the Black Economic Empowerment Commission to define the parameters of the new laws and how best to ensure that the economic benefits of business would include black people for the first time. "These were not small contributions — the implementation of BEE was a journey of transformation," he said.

In 2001, Ramaphosa started Millennium Consolidated Investments, later known as the Shanduka Group, a black-owned investment holding company with interests in a range of listed and unlisted companies.

The company fulfilled at least part of the BEE requirements of the companies it was invested in and committed hundreds of millions of rands to building schools and supporting a variety of social investment projects.

Ramaphosa became a sought-after member of the boards of both listed and unlisted companies. But although his presence ensured the companies' commitment to empowerment, his soaring wealth — Forbes estimated it last year at about R6.6-billion — only confirmed to labour organisations that he was no longer on their side.

At the 2012 ANC elective conference in Mangaung, Ramaphosa was elected deputy president of the ANC, second in command to Jacob Zuma. He said he put himself forward largely on the assumption that the inclusive NDP would be adopted as the new long-term growth path for South Africa.

His position as deputy chairman of the National Planning Commission and as one of the architects and proponents of the 17-year plan was a way he felt he could serve South Africa. But almost as soon as the plan was open to scrutiny, trade union federation Cosatu and the South African Communist Party objected to various "pro-business" elements. Business, however, was thrilled and wanted it implemented as soon as possible.

Labour said it would not back the ANC if the plan went ahead in its current form. Business said the world would not back South Africa if the promised plan was not adopted immediately.

Ramaphosa said the reports of controversy around the plan were exaggerated. He said it has been broadly accepted by many parts of society and "where there are disagreements, we will get consensus". Parts of the plan are already in progress, for example, the building of a dam and buses to fulfil part of the new transport plans.

But all the difficulties he might have faced in successfully implementing the NDP have been compounded exponentially by the events in Marikana last year. Once he had been elected to the ANC, Ramaphosa began systematically resigning from his numerous executive positions to avoid any conflicts of interest. But he was still on the board of mining company Lonmin in August last year when 44 people were killed during a strike by mineworkers employed at the North West mine.

> Use what you have — especially privilege — to improve the lives of others

During the long-running commission of inquiry into the tragedy, it emerged that, in the first days of the violent strike, in which 10 people died, Ramaphosa had urged that action be taken to quell the protests. Days later, 34 miners were shot dead and nearly 100 more injured.

Although Ramaphosa cannot comment on the accusations that he is partially responsible for the tragedy because it is sub judice, he said there were important lessons to be learned. "It revealed the fault lines in our society. We need to reflect on how workers could be living in such terrible conditions under our watch — how they were so deprived from an earning point of view."

Despite all South Africa's complications, Ramaphosa is optimistic about the future. "We have a country to build," he said.

And it is hard to believe he will not try to do it single-handedly if the rest of us do not help.

BUSINESS LEADER: MICHAEL JORDAAN

Cycles of success keep him in saddle

Bank riddle was no problem for our man of the moment

LONI PRINSLOO

MATURING NICELY: Michael Jordaan is now closer to the things he loves

AFTER spending a decade at the helm of FNB and doing the weekly 2 800km return commute between Johannesburg and Stellenbosch, Michael Jordaan can now cycle from his wine-farm home to his new job as chairman of Mxit.

Jordaan said during the years of commuting to Johannesburg and back, his wife, Rose, kept the family together and looked after their joint passion, the Bartinney wine farm in Stellenbosch.

"The worst part of my years of commuting was how quickly my three daughters grew up and that I was not always there for the school play or hockey game. Now, any time I spend with them feels like quality time."

But the years spent as the tech-savvy captain of FNB cemented Jordaan's reputation as one of South Africa's most innovative leaders and earned him the respect of his peers, who elected him 2013 Sunday Times Business Leader of the Year.

Jordaan's career at FNB was characterised by digital innovation in the banking sector — he launched South Africa's first banking app and banking solutions such as eWallet and eBucks.

Jordaan believes his biggest career achievement to date was the recognition FNB got, as the most innovative bank in the world, at the BAI-Finacle Global Banking Innovation awards in the US last year.

Under his leadership, the bank's client numbers shot up from about 5.2-million in 2006 to 7.5-million in 2013 — an increase of 44%.

"I always wanted to be a banker, even though I had little insight into what that meant. I love numbers and I started playing the stock market in primary school. I had read widely on finance and banking before university and loved the intellectual leverage inherent in banking," said Jordaan.

His career at FNB's parent company, Rand Merchant Bank (RMB), started with a riddle in a newspaper that read: "Archie and Ben were professional golfers and keen rivals. One day during a game they had each scored 30 when Ben hit a bad shot. Archie immediately added 10 to his own score. Archie then hit a good shot and he had won the game. Why?"

> He had all the attributes to be successful: intelligent and able to think laterally

The riddle intrigued Jordaan, who sent in his application with the answer that Archie and Ben were playing tennis.

The 26-year-old Jordaan was interviewed by Paul Harris, one of the three co-founders of RMB. He later became Harris's personal assistant before he was promoted to FNB CEO at the age of 34.

Jordaan described Harris and the two other founders of RMB as business role models in everything from strategy to governance and entrepreneurship.

Harris recalled that he thought Jordaan was "too good to be true and would intimidate us normal okes at RMB. He had all the attributes to be successful: intelligent and able to think laterally, academic depth, a doctor in economics, charm and people skills.

"In the end, he fitted in well and his natural charm and leadership qualities came through."

After Jordaan's success in launching eBucks, he gravitated to FNB, where he headed the largest loss-making division at the time — home loans — and turned it around.

"When we had to choose the new CEO of FNB, Michael was the obvious choice. It was ballsy of our board to select Michael as a young 34-year-old, and to us this award by the Sunday Times shows that big companies can be ballsy and that it can pay off," said Harris.

Harris is a big shareholder in Jordaan's new project, Mxit.

According to Jordaan's more recent tweets, he has been spending a lot of time at Google's head office in California.

"The plan is to rejuvenate the Mxit brand, launch Mxit smartphone chat applications and expand fast to the rest of Africa and India.

"Few people realise that Mxit has more than seven million customers, who spend an average of 90 minutes a day on the service. I particularly like the good work it is doing in education — for example, the maths syllabus for Grades 10 to 12 is available free via feature phones," said Jordaan.

He emphasised that South Africa's biggest challenge in the long run was education.

The silver lining, he said, was that there were many well-meaning South Africans who wished to lift the standard of education.

Recent announcements by the education authorities, unions and private sector could also serve to kick-start improvements.

Jordaan said his daughters, Lauren, Juliette and Jeane, inspired him to work hard to make South Africa great for future generations.

Harris thinks that Jordaan is endowed with more emotional intelligence than anyone he has met.

That being the case, Jordaan said his best advice to his daughters would be to work hard, be kind and take more calculated risks.

"Take pleasure from giving," he said.

EOH

Catapulting to second position

MOYAGABO MAAKE

GOOD YEAR: Asher Bohbot, chief executive of EOH, says the motto 'Systems make it possible, people make it happen' has worked for the company Picture: JAMES OATWAY

INFORMATION and communications technology services supplier EOH has leapt five places in the Top 100 Companies rankings from last year, dislodging retailer Mr Price from second spot.

EOH's 60.31% compound annual return to shareholders over five years has almost doubled from last year's analysis (35.7%), showing what a good past year the company has had.

Five years ago, EOH's revenue was just more than R1-billion. This year it brought in more than R5-billion.

Majority shareholder PSG, which bought EOH shares five years ago, has directly experienced the surge in investor returns.

Jan Mouton, manager of the PSG Flexible Fund, said: "We are very happy with the performance of EOH.

"The first shares we bought at 546c are now worth around 7 200c — more than a 10-bagger."

PSG was so pleased with EOH's performance that it increased its initial number of shares — 700 000 bought amid the global financial crisis — to almost six million by July 2012. "We like [EOH's CEO] Asher Bohbot's business philosophy and how EOH has boosted organic growth in the business with acquisitions," said Mouton.

"The share price growth of EOH added a good contribution to the performance of our unit trust funds."

Much of EOH's success is attributed to its work in the public sector, its biggest contributor to revenue at 25%.

The rest comes from the financial services, telecommunications, mining and manufacturing and retail sectors.

Bohbot said not much had changed in the company's strategy since he started the business — then named Enterprise Outsourcing Holdings — with his first client, manufacturing company PG Bison, a former employer.

He believes that the first element of success is people, something EOH mentions in its slogan plastered in annual reports, the signage on its delivery vehicles and the board in its reception area: "Systems make it possible. People make it happen."

EOH's acquisitions, which the company identified as a contributor to growth in the last financial year, have tended to be "small" and were used mainly to tap into the targets' employee base.

On its target list were Stanley Security, a security equipment specialist bought for R83.2-million; Dental Information Systems Holdings, a healthcare business process outsourcing service provider, at R138.1-million; and a number of smaller businesses at a collective R220-million.

"Typically, acquisitions are more about groups of people," said Bohbot. "That's why we don't publicise them [much]."

The second element was building long-term relationships with customers. In fact, PG Bison is still one of the company's clients.

"We do things right the first time," Bohbot said. This was the company's third element of success, he said.

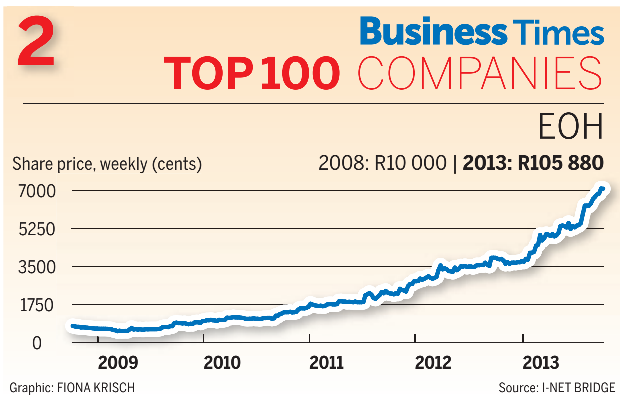
Perhaps the biggest factor in its success in clinching deals in the public sector is its black economic empowerment rating, which at level two is the highest of its peers on the JSE.

The company has spent more than R40-million on its transformation efforts, but instead of the mega-deals characterising the black economic empowerment concept, EOH has focused on corporate social investment, enterprise development and job-creation initiatives.

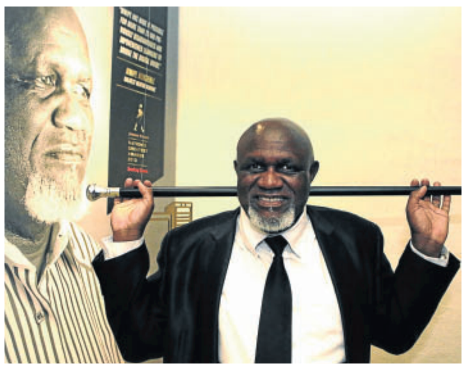
It works with schools to train and develop maths and science teachers — crucial skills if students want to enter the IT field.

Five black-owned information technology companies have gone through its enterprise development programme, for which EOH invested in the technology and capital side. It also provided financial support.

More than 600 trainees have signed up to EOH's year-long internship programme and 1 000 previous graduates have been placed with some of the company's clients.



LOCAL HEROES


EDUCATION IS THE KEY: Mmipe Mokgehle, winner of the Greatest Mentor award, reached out to impoverished pupils in Limpopo


SKY'S THE LIMIT: Johannesburg pilot and aeroplane designer Mike Blyth scooped the Greatest Entrepreneur award


SEA CHANGE: Lesley Rochat, who walked away with the Greatest Challenger award, is a leading figure in marine conservation


BRIGHT IDEAS: Sir Stuart Ntlathi, winner of the Greatest Inventor award, has a passion for innovation


PEOPLE PERSON: James Louw was honoured for his work in Cape Town's Mitchells Plain with the Greatest Community Leader award


PROMOTING HEALTHCARE: Dr Andrew Ross won the Greatest Individual award for empowering rural youths


LIFE-CHANGER: Sibongile Shabalala, Greatest Hero winner, started a school for the mentally challenged

Pictures: RAYMOND PRESTON

The Nation's Greatest have been chosen

They'll get exposure they need for work they do

JOHNNIE Walker and the Sunday Times launched the Nation's Greatest awards this year to honour inspiring and well-deserving individuals publicly and give them the exposure they need for the work they do.

The first-ever winners of the Nation's Greatest competition were announced at an elegant ceremony on October 8.

A panel of seven judges was appointed to select the winners. From more than 360 people nominated, they whittled the list down to 22 selected finalists in four different categories.

Judging coordinator Patti McDonald said: "We were looking to recognise ordinary people who do extraordinary things, using their individual worth — financial or intellectual — to help others.

"These are South Africans who never give up, and with spirit and tenacity they relate to the problems of our society in various areas."

The judges were Ayanda Mbanga, deputy group CEO of Saatchi & Saatchi South Africa; David Shapiro, deputy chairman of Sasfin Securities; Patti McDonald, former education publisher of Times Media; poet, author, TV presenter, actress and producer Lebo Mashile; radio DJ and TV personality Anele Mdoda; editor-at-large of Times Media Ray Hartley; and CEO and co-founder of the Awethu Project, Yusuf Randera-Rees.

The Greatest Mentor shortlist was: Stewart Banner, Dean Benjamin, Mmipe Mokgehle and Roderick Lim Banda.

Winner: Mmipe Mokgehle

Mmipe Mokgehle has made it possible for 49 schools in Limpopo to receive 21 computers and a printer each.

Mokgehle had 490 teachers trained in computer literacy. These computers are used by more than 25 000 impoverished students.

He also arranged a computer literary outreach programme through which more than 3 000 unemployed youths and teachers have received training. All the teachers got jobs because of their new skills.

"I don't do what I do for a prize," said Mokgehle.

The Greatest Entrepreneur/Professional shortlist was: Mbongiseni Ephraim Ndlovu, Grace Makumbi, Mike Blyth and John Tungay

Winner: Mike Blyth

Mike Blyth is renowned in the local and international aviation industries as a world-class pilot, as well as founder and part-owner of The Airplane Factory.

"His company employs more than 100 people and exports to other countries. He's an example of a great entrepreneur who has taken his passion into the world of invention and job creation," said McDonald.

The factory designs and manufactures a light sport aircraft called the Sling and employs more than 100 staffers.

The Greatest Challenger shortlist was: Mike Blyth, Terrence Parkin and Lesley Rochat.

Mike Blyth was unanimously moved into the category of Greatest Entrepreneur/Professional.

Winner: Lesley Rochat

Lesley Rochat is the founder and executive director of AfriOceans, a nonprofit organisation that is leading marine and shark conservation and environmental education in South Africa. She was recently selected as a finalist for South Africa's Most Influential Women in Business and Government awards.

Through her talents as a writer, inspirational speaker, filmmaker and photographer, Rochat has inspired people worldwide.

The Greatest Inventor shortlist was: Sir Stuart Ntlathi, Wendy Ferguson and Lundi Ndzuta.

Winner: Sir Stuart Ntlathi

Sir Stuart Ntlathi is an inspirational young South African who is at the forefront of innovation, invention and technology.

The 25-year-old has invented a 15-in-1 microwave oven, an electronic vuvuzela and an automatic shoe polisher. He is also the innovator and the founder (at 13) of the Stuart Ntlathi Science, Engineering & Technology Institute. He will embark on a journey to space in 2014 with Sir Richard Branson's Virgin Galactic.

The Greatest Community Leaders shortlist was: Chantel Meiring, Koketso Moeti, Sifiso Msomi, Jans Rautenbach, Sue van der Linde, Amukelani Mayimele and James Louw.

Winner: James Louw

James Louw hails from and works in the community of Mitchells Plain in Cape Town. He founded the Jireh Community Project in October 1989 and employs 30 staff. This project has reached out to the township of 1.5 million people and, with few resources, has trained thousands in sewing, computer training and youth development.

McDonald said: "The project encompasses all ages and addresses the issues of sexual stereotypes."

Jireh Centre in Portlands is a beehive of activity, including Jireh Educare for 300 children; Scarlet, a young mothers' programme; Sons of Fathers, a programme organising events for men living with purpose; youth development for unemployed youth; and the Seniors Upliftment and Compassionate Services.

The Greatest Individual shortlist was: Monique Strydom, Dr Andrew Ross, Kethelo Xulu and Zane Wilson.

Winner: Dr Andrew Ross

Dr Andrew Ross is a principal specialist in family medicine at the University of KwaZulu-Natal.

He previously worked as a medical superintendent at Mosvold Hospital in rural northern KwaZulu-Natal.

Because of the persistent challenge of a shortage of qualified healthcare staff, Ross decided to invest in local youths. He pleaded with traditional and religious leaders in the community to get each household to donate R1 to send four pupils who had passed matric and met university requirements to study optometry, physiotherapy, pharmacy and medicine.

On completion of their training, these young healthcare professionals are expected to work in their local hospital.

The initiative met much resistance at the beginning, but since then this nonprofit organisation, the Umthombo Youth Development Foundation, has produced 135 healthcare professionals and concurrently supports 192 rural students.

"The real heroes are the students we support. They have taken the opportunities and made it happen," said Ross.

The Greatest Hero shortlist was: Dr Ridwan Mia, Sibongile Shabalala, Lyn Croote and Kim Williams.

Dr Ridwan Mia had received the Presidential Order of the Baobab in Silver, so he remained on the shortlist of nominees but was not a candidate.

Winner: Sibongile Shabalala

Shabalala, using her own funds, started the Ithubelihle Special School in Ladysmith for mentally challenged children and young adults in 2007. She was propelled by her inability to find a proper education facility for her own son, who has learning disabilities.

The school began with two pupils and has grown to 70, some of whom have developed the ability to speak, play instruments, read, write and use computers. "It's a life-changing experience to be recognised in such a big way," said Shabalala.

Other nominees commended by the judges were:

- John Tungay, who personally financed and built the Drakensberg Boys' Choir School (which opened in 1967) by selling all his assets;
- Koketso Moeti, who founded Operation Rooigrond, a community initiative that provides skills development opportunities for young people in Rooigrond informal settlement;
- Jans Rautenbach, who has played an integral part in the transformation of a farm school, called UCC Primary School, which feeds 120 children each day;
- 80-year-old Stewart Banner, who built the Hout Bay Cycling (Development) Club, which takes young men (12 to 18 years old) from impoverished townships in Hout Bay and brings them together through cycling; and
- Sifiso Msomi, whose various community projects in Amatikwe, Inanda, near Durban, include mentoring Youth In Action and starting a computer laboratory.

CSI AWARD

EYES RIGHT: Dr Magome Masike examines a pupil during one of Nedbank's corporate social investment programmes that focus on healthcare as part of a multipronged strategy to improve education

ASSISTANCE: Kone Gugushe from Nedbank with the Graduate Development Association's Thamsanqa Maqubela and Thulani Sibeko from Nedbank

DRIVING CHANGE: The Nedbank mobile clinic takes health care to communities that do not usually have access to facilities when and where they're needed

SA's priorities direct CSI focus

Winner puts its money where the mouths are

LUCKY BIYASE

NEDBANK, the 2013 Corporate Social Investment award winner, casts its CSI net far wider than the nearly 60% it spends on education.

Other CSI initiatives include the Nedbank Eyethu Community Trust (about R11-million), the Nedbank Private Wealth Foundation (R7-million), Nedbank Business Units (R11.3-million) and the Nedbank External Bursary Fund (R14.7-million).

"We have a strong focus on education and training as well as skills development, because these are priorities in this country," said the divisional executive of corporate social responsibility at Nedbank, Kone Gugushe.

"Linked with that is healthcare, particularly for learners, because in order to have a proper teaching and learning environment, sound health plays a pivotal role."

Last year, the bank channelled more than R42-million through its Nedbank Foundation, and its Affinity Programme disbursed another R21-million.

Gugushe said the bank had partnered with the departments of health and education in North West to provide essential services such optometric, dental and other basic healthcare to pupils.

Staff also play a role in the bank's CSI, she said.

"Every year, thousands of staff members contribute to voluntary programmes such as the Nedbank Local Hero Programme, for which they nominate a charitable cause that receives R15 000 and they provide their expertise to this cause for free.

"We also have a programme called Team and Angel Tree in which our staff members collectively assist charities over a certain period and sponsor and hand-deliver gifts to those in the care of bank-supported charities."

Nedbank also helps charitable organisations such as Childline, Johannesburg Child Welfare, Nkosi's Haven and Lebone's Children's Village. It has pumped a total of R1.35-million into these organisations.

Through its Nedbank Private Wealth Charitable Foundation, 27 registered children's homes are afforded an opportunity to apply for funding for their operational costs.

Nedbank also prioritises skills development.

"This includes programmes in the fields of hospitality, wine-making, electrical engineering, plumbing, carpentry and furniture-making.

"Small enterprise development programmes are pursued through skills development institutions like Holding Hands, the Inchanga Further Education and Training Institution, the Furniture Technology Centre, Siyasiza Trust and the National Institute for the Deaf and Readucate," Gugushe said.

The bank has also helped more than 6 000 underprivileged children through its back-to-school campaign since 2011.

This year, Nedbank has donated more than R2.5-million to provide 2 000 pupils with basic resources, and its staff and the public added R500 000.

The bank's tertiary education bursary funding totals nearly R15-million and it also supports academics in their bid to find jobs.

In this endeavour, Nedbank is joining hands with the likes of the South African Graduate Development Association to address various initiatives that aim to reduce unemployment.

Nedbank and the other partners of the association have made a significant collective commitment to contribute to the more than R58-million that will be managed by the association over the next two years.

"One avenue of support is internship programmes, which allow employers to test graduates 'on the job' before hiring them formally," Gugushe said.

"This year, through a private-public partnership, we have invested in the Prestigious Internship Programme, which has already assisted 64 graduates in obtaining work .

"The 64 interns are currently contracted to work in the offices of the Department of Public Works as junior consultants, where they are gaining invaluable experience that is enhancing their lives and careers while providing much needed capacity to the department."

TOP 10 CSI COMPANIES

1	Nedbank Group
2	Group Five
3	PPC
4	Tongaat Hulett
5	Omnia Holdings
6	Phumelela Gaming & Leisure
7	The Foschini Group
8	Sun International
9	EOH
10	Evraz Highveld Steel & Vanadium

Graphic: FIONA KRISCH Source: WHO OWNS WHOM

CSI AWARD

Making it sustainable

Enterprise and socioeconomic development are key

ANDREW MCGREGOR

THE introduction to the Broad-based Black Economic Empowerment Act on the website of the Department of Trade and Industry states that its objective is to enhance the economic participation of black people in the South African economy.

The Who Owns Whom interpretation of that objective for the purposes of its research behind the corporate social investment (CSI) award is for black South Africans to gain a sustainable position in the country's means of production.

The research looked only at the enterprise development and socioeconomic development spend components of the act's scorecard and how companies achieved the required spend. There is an argument that such spending is another tax, but the significant difference to other taxes is that the company has control over how it is spent.

In our view, the company's approach to such spending should be "selfish" — the spend should be a sustainable benefit to company stakeholders with the objective of protecting the company's own sustainability. Stakeholders were identified as employees and families, future employees (industry training), suppliers, customers and communities that had a geographical proximity to the company operations.

Socioeconomic development initiatives regarded as giving people a foothold in the means of production were education and training at all levels and community projects that create a stable learning environment, particularly for early childhood development. Appropriate enterprise development projects were those that provided financial and other support to small black suppliers and customers with the objective of becoming big suppliers and customers.

The recently gazetted revised BEE codes emphasise the development of black suppliers by combining educational development and preferential procurement, which make up 40% of the scorecard. They give a 50%+-owned black business an automatic level 2 rating and a 100% black-owned business a level 1 rating.

The codes try to deal with local manufacturers losing tenders to black-owned import agents by introducing a "value-add" measure for local content, although this objective is achieved far more effectively by a company with a policy of growing sustainable suppliers.

Our research show that some of the most successful and longest-running initiatives have been those supporting small-scale black farmers.

Tongaat Hulett, which was placed fourth this year, established Operation Vuselela in 1970 to create and sustain small cane-growers. This initiative supports more than 2 000 households. Fifth-placed Omnia assists small farmers with the supply of agrochemicals and advice.

Last year's first- and third-placed companies, Sappi and Mondi, also have mature initiatives supporting the small black timber-growers who supply their factories.

Group Five, whose supplier development programme provides capacity-build and joint-venture partnerships to suppliers, moved from fifth place last year to second place in 2013. PPC has a dedicated fund, established in 2008, to provide financial and mentoring support to black-owned suppliers that is not limited to South Africa, but also supports suppliers in Botswana and Zimbabwe.

The socioeconomic development initiatives of both Foschini and Nedbank include matching the contributions made by staff to charities, thus actively engaging staff members, and Nedbank extends that offer to clients.

Corporate social responsibility is a trend not unique to South Africa, but the legislated codes have forced local management to align this objective with medium- to long-term company strategy.

Some do this more effectively than others, of course. In our interaction with companies, it is clear that considerable intellectual debate has been devoted to the subject and there is likely to be an increasing demand for the skills and experience required for this role.

The scoring model developed to rate companies' initiatives for the Top 100 Companies CSI award played down the "feel-good" factor in favour of sustainable strategies that assisted previously excluded stakeholders to gain a foothold in the means of production in South Africa.

● *McGregor is MD of Who Owns Whom*

NOT A TAX: Andrew McGregor

TOP TEN

Woolies aims big down south

Retailer grows footprint and product lines in SA

CONFIDENT: Ian Moir, CEO of Woolworths, has welcomed competition in South Africa's clothing retail sector from global brands such as Topshop and Zara, saying it is good for business Picture: HETTY ZANTMAN

JANA MARAIS

IAN Moir, who joined Woolworths as CEO from its Australian subsidiary Country Road in 2010, is on a mission: to build a big southern hemisphere retail powerhouse.

"There are no big players in the southern hemisphere and I think there is a real opportunity to build such a business and capitalise on economies of scale," he said.

It is notoriously difficult for clothing retailers to operate successfully on both sides of the equator, because most companies struggle to deal with two different seasons at the same time.

Country Road suffered losses for 13 years in the US before it threw in the towel.

This is one of the reasons Moir is not too concerned about the increasing presence of international brands like Topshop setting up in South Africa.

"The only clothing retailer I know that operates in both hemispheres successfully is Zara.

"It took a long time to establish its business and it has invested hugely in design centres and capabilities in South America," Moir said.

Zara is therefore far more likely to be successful locally, "though pricing will always be difficult because of the 45% import duty on clothing", he said.

The increased competition is good for Woolies, because it forces the company to be "as fashionable, as good and as on-trend as the best in the world. It has really helped us to focus and improve our fashionability."

Woolies has made huge changes to be fast to market with new trends and is building its own in-store brands to appeal to a broad range of shoppers, from young fashionistas to its older, more traditional customer base.

In South Africa, the group's food business has shown phenomenal growth, which has been driven by a focus on innovation, quality and freshness.

Moir has also emphasised a shift to building bigger stores, adding more product lines and bulk items and increasing promotional activity around month end.

The retailer is adding new stores and increasing sales per square metre in existing stores, stealing market share from its competitors.

"We see an opportunity to be a big business in food retail. We've seen a great response from customers — they're spending more money with us. It is a very exciting environment in our business," Moir said.

It has been paying off. This year, Woolworths is placed third in the Top 100 Companies rankings, up from number eight last year, reflecting growth in its share price from R11.48 to R74.19.

An investment of R10 000 in Woolworths five years ago would have been worth R85 279 at the end of September 2013.

Expanding its food business outside South Africa is challenging given the distribution and cold-chain requirements to ensure the quality and freshness Woolworths customers expect.

It stocks some long-life and frozen products in stores outside South Africa, but for now the focus in food is on exploiting opportunities locally, Moir said.

After South Africa, Botswana and Namibia make up the biggest part of Woolies' business in sub-Saharan Africa, an area in which Moir sees scope for further growth.

"We're showing growth in clothing in all markets except Nigeria. The African business will become more meaningful to the group.

"We have to make sure we get the right real estate and grow with the market. The real game for us is getting into all these countries in sub-Saharan Africa."

In Nigeria, the cost of doing business — including rentals and labour — was high and there was also the challenge of seasonal differences, he said.

"It is very difficult to do business in Nigeria, and it is inordinately difficult if you are a business operating with the highest degree of integrity.

> In the past five years, our focus has been on the big things

"Getting stuff through customs can be impossible — things like fixtures and fittings, not just stock."

Woolworths also has a small presence in the Middle East, where it operates a handful of stores through joint ventures.

Given its focus on the southern hemisphere, it seems unlikely that these businesses will remain part of the group for long.

"In the past five years, our focus has really been on the big things. We've really grown the business in the areas where we can have the biggest impact.

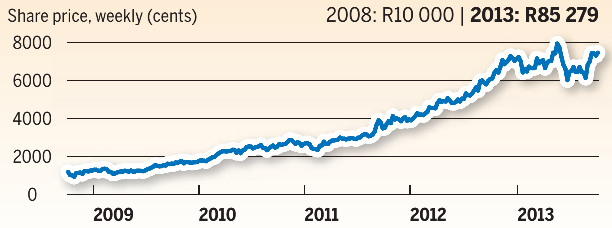
"The Middle East is perhaps something of the past. We will consider exiting, but we will need to talk to our partners about it. We have taken no decisions yet and no discussions have started," Moir said.

3

Business Times TOP 100 COMPANIES

WOOLWORTHS

Share price, weekly (cents) 2008: R10 000 | 2013: R85 279



Graphic: FIONA KRISCH Source: I-NET BRIDGE

TOP TEN

Tracking it into the big time

Mobile location services company rockets into fourth place

LONI PRINSLOO

BIG BUCKS: MiX Telematics CEO Stefan Joselowitz, centre, celebrates the company's initial public offering on the New York Stock Exchange in August. MiX Telematics received a R650-million cash injection when it listed

THE dangers of speeding trucks and the inconvenience of stolen cars are realities South Africans have to deal with frequently.

A runaway truck in Pinetown recently wiped out four fully laden taxis and two cars, killing 23 people.

On average, 180 cars are stolen every day in South Africa.

As depressing as it may be, incidents like these are playing their part in growing the share prices and market support of telematics companies not only in South Africa, but across the globe.

Telematics systems are generally used in vehicles. With rapidly improving technologies, these systems are able to report on just about any vehicle information or driver behaviour.

Stefan Joselowitz, founder and CEO of MiX Telematics, said telematics was an exciting space. Service solutions can be applied to tackle real-life problems and improve efficiencies.

"By capturing, monitoring and analysing data, we are able to track your vehicle, improve fleet efficiencies that lead to fuel savings, lower insurance costs and [provide] many other benefits," he said. "We also provide training to drivers to ensure that our roads become a little safer."

> We managed to save 7% in fuel and landed the contract for 3 000 buses

A first-time placer in the Sunday Times Top 100 Companies because it only listed in 2007, MiX Telematics finds itself in fourth place.

MiX has generated compound annual growth of 50.85% over the past five years, which means if you bought R10 000 shares (at 90c each) five years ago, you would now have R78 119 (R5.88 a share).

By comparison, the JSE's All Share total return index could only deliver compound annual growth of 16.8% over the past five years.

During the last year, MiX Telematics has done exceptionally well, boasting growth of 173.5%. Its share price grew from R2.21 to R5.88. The company also received a noteworthy cash injection of R650-million when it listed on the New York Stock Exchange in August.

The Americans have fallen hard for the South Africa-born MiX Telematics and its unique business model, which features a stable revenue line owing to subscriptions, top- and bottom-line growth and an impressive geographical footprint.

Joselowitz, who dabbled in the restaurant game as a young businessman, said during the early days of cellular networks he envisaged that demand would grow for mobile location services. He started working on the business model for MiX Telematics in 1995.

For the next decade, MiX Telematics and its flagship product range called Matrix competed with telematics companies such as Altech Netstar and Tracker.

In 2007, the company listed on the JSE and made the decision to expand its global footprint aggressively. Whereas rival companies such as Tracker and Netstar were heavily invested in growing their brands locally, MiX Telematics expanded its operations into 112 different countries.

Joselowitz said one of the company's first big international successes was the contract it landed for the red double-decker buses that operate in London.

"We got the contract by offering them a trial for 50 buses. The deal was that if our systems could save them 4% in fuel due to better efficiencies, we could roll out our systems to their other buses. We managed to save them 7% in fuel and landed the contract for 3 000 buses."

That was five years ago. Today, the company has close to 380 000 vehicles under subscriptions, boasting 29% growth in subscriptions from just a year earlier.

Only 10 other companies worldwide manage more than 300 000 telematics subscriptions. But this is just the tip of the iceberg.

According to Joselowitz, the world market constitutes 300 million vehicles, of which only 4% are equipped with commercial telematics systems.

Joselowitz said there were significant opportunities for consolidation in the industry and that the company's recent cash injection of R650-million positioned it favourably to grab hold of opportunities that should arise.

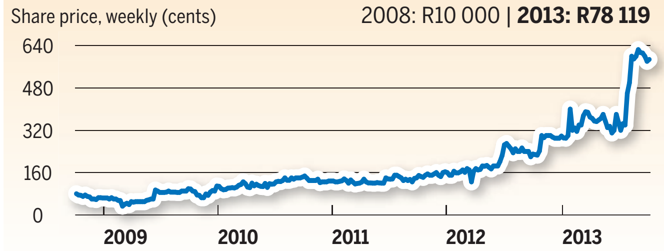
MiX Telematics expects revenue for the 2014 financial year to grow by up to 11% to between R1.26-billion and R1.29-billion, driven by strong customer demand in a substantial market that has not been penetrated to its full extent.

4 Business Times TOP 100 COMPANIES

MIX TELEMATICS

Share price, weekly (cents)

2008: R10 000 | 2013: R78 119



Graphic: FIONA KRISCH Source: I-NET BRIDGE

TOP TEN

Famous for being true to its core

Franchisor is single-minded about its focus on brands

COMPETITIVE: Famous Brands CEO Kevin Hedderwick says hard work drives the company's results Picture: JEREMY GLYN

ADELE SHEVEL

WHEREAS other food service companies may concentrate on a single brand, Famous Brands competes across a wide range of offerings from quick-service restaurants slinging burgers, pizzas, breakfast and coffee to niche casual and café dining.

Playing in such a broad range of categories means catering to a wide range of incomes, and Famous Brands has continued to unlock value for shareholders since listing as Steers Holdings in 1994.

An investment of R10 000 in shares five years ago would be worth R78 026 today.

Chief executive Kevin Hedderwick, together with the founding family and management team, has transformed the company in many ways.

A share price of about R1.48 and a market cap of less than R100-million in 2000 have been nurtured into a share price touching R100 and a market cap of R10-billion today.

The group's acquisitive strategy has paid off, finding brands that are best in their class and that resonate with consumers and overlaying the Famous Brands business model to extract synergies across franchising, logistics and manufacturing.

The group manufactures and delivers a wide range of products to its franchisees.

So how does the company, which has been the leading branded food service franchisor for years with brands icons, such as Steers, Debonairs Pizza, Wimpy and Mugg & Bean, keep differentiating its offering and attracting customers in this notoriously difficult industry at a time when discretionary spend is under pressure?

"The results we continue to churn out disguise how tough it really is. We are having to work a lot harder to achieve growth in revenue and profits," Hedderwick said.

"The branded food space is fiercely competitive and a common theme across the industry is margin pressure. Another trend is menu cannibalisation, where brands that were about seafood are now offering breakfast. And everybody wants to sell coffee. It's almost a case among certain brands that 'anything will do' just to get people through the front door."

In contrast, Hedderwick said Famous Brands had remained true to its core, single-mindedly focusing on what each one of its brands stands for.

"We will not be distracted for the sake of driving short-term turnover."

He said what the company had proven, along with some of its major competitors, is that value is not just about price. "Innovation, quality and service count too, a good example of which is our Steers brand. Do these things right and the consumer will find you."

At the other end of the value equation is Vovo Telo and Tashas. "Both are remarkable products in terms of positioning and continue to defy any recessionary talk," said Hedderwick.

Of the total 2 180 restaurants in the group, 1 902 are in South Africa and 101 in the UK. There are three in the Middle East and 173 in the rest of Africa, which is becoming increasingly important.

"Africa revs our engine and has done so for a long time. We have been quietly trading there for 15 years and paid our school fees."

Hedderwick sees turnover from Africa contributing between 20% and 25% to the group in the next five years.

Famous Brands continues to be acquisitive. So far in this calendar year it has bought a 51% stake in the Turn 'n Tender and The Bread Basket brands in South Africa.

It also launched a pilot Debonairs Pizza restaurant in Mumbai and opened the first Steers restaurant in Clapham, London.

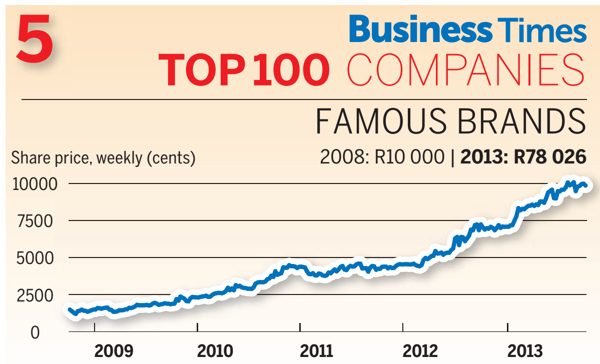
Last month, the group concluded a transaction in Nigeria that puts space between itself and the competitors in Africa by acquiring a 49% stake in UAC Restaurants. It houses the flagship Mr Bigg's brand, the largest food franchise brand in Africa north of South Africa's border.

Some 25 000 pieces of chicken are sold in Mr Bigg's restaurants daily and about 635 million meat pies have been sold by the brand since its inception in 1973.

The local market is more competitive than ever. Spur has expanded beyond its domain into pizza through Panarottis and DoRego's. Taste Holdings is growing rapidly with St Elmo's, Scooters Pizza, Maxi's and the Fish & Chip Co. Then there are the global behemoths such as KFC and McDonald's, and Burger King's arrival this year has added new flavour to the mix.

The economy is tough, but Hedderwick pointed out that the food service business in emerging markets tended to grow at twice the rate of GDP.

According to Hedderwick, there is growth in the number of double-income families who are cash-rich and time-poor when GDP increases. This brings greater demand for convenience. "Saturation is not something we even contemplate," he said.



Graphic: FIONA KRISCH Source: I-NET BRIDGE

WORST 25 OVER FIVE YEARS

	Share name	Open (cents)	Close (cents)	Final value (R)	Compound annual growth rate
1	Sentula Mining	860	73	849	-38.94%
2	Eastern Platinum	706	66	935	-37.75%
3	Gijima Group	1 280	100	938	-37.71%
4	Coal of Africa	1 290	139	1 078	-35.95%
5	Buildmax	2 280	285	1 250	-34.02%
6	ConvergeNet Holdings	111	13	1 251	-34.01%
7	Evraz Highveld Steel & Vanadium	13 098	1 780	1 533	-31.28%
8	Lonmin plc	27 215	5 209	1 941	-27.95%
9	Witwatersrand Cons Gold	4 000	850	2 125	-26.64%
10	Keaton Energy Holdings	800	195	2 438	-24.59%
11	ArcelorMittal SA	15 400	3 535	2 485	-24.31%
12	Aquarius Platinum	3 604	860	2 517	-24.11%
13	Jubilee Platinum plc	339	92	2 714	-22.96%
14	Digicore Holdings	610	155	2 816	-22.39%
15	Pallinghurst Resources	850	244	2 871	-22.09%
16	Wesizwe Platinum	269	80	2 974	-21.54%
17	Murray & Roberts Holdings	9 651	2 750	3 097	-20.90%
18	Sappi	8 215	2 525	3 237	-20.20%
19	Hulamin	1 730	560	3 279	-19.99%
20	Metmar	530	145	3 411	-19.36%
21	Esorfranki	550	181	3 592	-18.52%
22	Chemical Specialities	100	36	3 600	-18.48%
23	Protech Khuthele Holdings	155	55	3 743	-17.84%
24	Harmony Gold Mining Company	7 801	3 465	4 606	-14.36%
25	Basil Read Holdings	2 450	879	4 682	-14.08

Graphic: FIONA KRISCH Source: I-NET BRIDGE

TOP TEN

Mr Price won't lose its shirt online

Marriage of price and value a sure winner

ADELE SHEVEL

MR PRICE'S growth trajectory mirrors that of the most successful model globally — one that marries fashion with value.

The company entrenched itself as an apparel discounter and evolved into a low-cost provider of cutting-edge fashion. It started off targeting high LSMs and had little penetration into lower LSMs until it strategically included them in both marketing and store location about eight years ago.

The expansive target market wants fashion items but is still cost-conscious across the board, so growth in Mr Price Group continues to be stellar.

If you had invested R10 000 in its share five years ago, you would be sitting on R76 270 today.

Higher-income shoppers now comprise about 45% of the retailer's total customer base and its value format is well suited to weather the tough trading environment, in which Mr Price continues to benefit from consumers trading down.

Low credit sales buffer it against rising debtor impairments. Mr Price runs just more than 80% cash sales and has the lowest credit sales ratio among its clothing peers at 21.4%.

"In the last downturn it saw quite a significant trade-down and retained a large proportion of those customers," said Roger Tejwani, consumer analyst at Noah Capital Markets.

Mr Price Group CEO Stuart Bird believes the trick is balancing incoming trends with merchandise that has sold well historically. If you just follow history, you keep doing the same thing, but if you push the new trends excessively, the degree of risk rises exponentially. The key is to balance what is still relevant with the new.

Much of the group's success is attributable to its merchant teams and merchandise process — the people tasked with deciding and procuring the merchandise and the methods they use.

It does not rest on its laurels and innovates continuously.

Tejwani said the group was undertaking several supply-chain initiatives, including sourcing more directly to lower lead times, increasing locally purchased units and collaborating more closely with 10 suppliers representing 60% of the order book to improve reaction time, quality and pricing.

Mr Price is also diversifying some supply away from China, although it will remain a key source for the foreseeable future.

Historically, China had been a significant source, but now the company is moving into areas such as Mauritius, Bangladesh and India. Spreading the sourcing brings better negotiating power.

Africa is increasingly on the radar. Bird said Africa's expected growth would ensure a significant expansion of the middle class "to whom our fashion-value offer will appeal". He sees it as a medium- to longer-term play, but he wants the company to be on the ground establishing the brand.

Mr Price initially went beyond its neighbours into Africa through franchise operations, and the plan is to acquire the franchise operations over time and bring them into the corporate fold.

Mr Price's initial corporate-owned stores in Nigeria and Ghana performed well, achieving double-digit operating margins within the first year. Analysts say this is probably the best model for Africa because the stores are predominantly cash-based with low price points.

Africa has been performing fairly well. Although it contributes a small part to Mr Price's bottom line, the retailer appears to be the only listed South African fashion retailer trading well in Nigeria, according to Tejwani.

The group has also been at the forefront of the online space. It has opened up beyond South Africa with an initial focus on Australia, New Zealand and the UK, but has delivered into 70 other countries.

Online conversion rates are running ahead of international benchmarks and it could turn a profit this year.

Online selling will enable Mr Price to strengthen relationships with its target customers, who are tech-savvy. The retailer is particularly geared to mobile e-commerce because more South Africans access the internet from their phones than their desktops.

Mr Price also continues to cut back on unproductive space, as it has done over the past three years.

Meanwhile, the environment is more competitive than ever. Mr Price plays in a more value-focused space, where its most relevant competition is Cotton On, which is growing aggressively, and parts of Edcon such as Jet.

H&M, which is set to enter South Africa over the next year, will be a direct competitor, and the George brand from Asda is coming into South Africa through Walmart.

JP Morgan earlier this year said Mr Price was its top South African retail pick despite the demanding price-to-earnings ratio. It said Mr Price was best positioned of the South African retailers to maintain 20% earnings-a-share growth owing to a compelling value proposition in terms of its price-point versus fashionability, aiming at a population growth demographic sweet spot, and margin expansion opportunities.

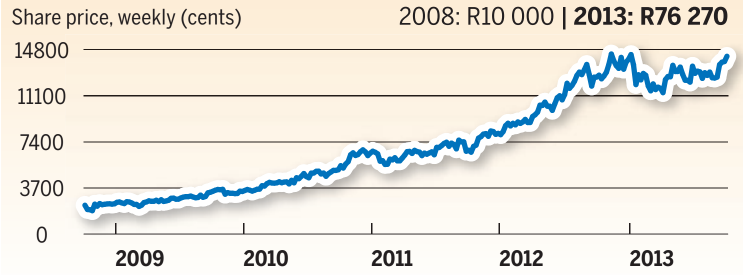
So does Bird think the group is past the crest of its sales growth? "No, not at all."

BALANCING ACT: Stuart Bird, Mr Price Group CEO, says the trick is to balance new trends with what is still relevant Picture: THULI DLAMINI

6 Business Times TOP 100 COMPANIES

MR PRICE GROUP

2008: R10 000 | **2013: R76 270**



Graphic: FIONA KRISCH Source: I-NET BRIDGE

TOP-40 INDEX COMPANIES OVER FIVE YEARS

	Share name	Open (cents)	Close (cents)	Final value (R)	Compound annual growth rate
1	Woolworths Holdings	1 148	7 419	85 279	**53.52**
2	Aspen Pharmacare Holdings	4 140	26 275	65 389	**45.58**
3	Naspers - N	15 975	92 844	60 064	**43.13**
4	Compagnie Fin Richemont	3 650	10 094	51 684	**38.89**
5	Mondi plc	3 839	17 009	51 061	**38.55**
6	Mediclinic International	1 900	7 428	44 031	**34.51**
7	Imperial Holdings	6 180	21 800	42 101	**33.31**
8	Assore	12 160	43 580	40 153	**32.05**
9	Discovery	2 270	8 108	39 396	**31.55**
10	Shoprite Holdings	4 778	16 540	38 939	**31.24**
11	Kumba Iron Ore	18 201	46 400	37 810	**30.47**
12	Truworths International	2 979	9 000	36 423	**29.50**
13	Remgro	18 500	19 400	36 365	**29.46**
14	SABMiller plc	15 856	51 339	36 223	**29.36**
15	RMB Holdings	2 480	4 615	35 177	**28.6**
16	Sanlam	1 800	4 686	32 347	**26.46**
17	Old Mutual plc *	1 303	3 042	30 729	**25.17**
18	FirstRand	1 644	3 350	29 755	**24.37**
19	Bidvest Group	10 300	25 170	29 055	**23.78**
20	Tiger Brands - Ordinary	13 600	29 911	26 583	**21.60**
21	Steinhoff International	1 660	3 575	26 158	**21.21**
22	Growthpoint Properties	1 375	2 465	25 754	**20.83**
23	Massmart Holdings	7 650	16 812	25 581	**20.67**
24	Nedbank Group	10 299	20 450	24 250	**19.38**
25	Exxaro Resources	8 625	16 450	22 588	**17.70**
26	MTN Group	11 100	19 600	21 289	**16.31**
27	BHP Billiton plc	17 850	29 749	19 606	**14.41**
28	Sasol Limited	33 200	47 893	17 397	**11.71**
29	Investec plc	4 575	6 511	17 345	**11.64**
30	Investec Limited	4 701	6 597	17 047	**11.26**
31	Barclays Africa Group	10 810	14 740	16 947	**11.13**
32	Standard Bank Group	8 781	11 988	16 585	**10.65**
33	African Rainbow Minerals	16 150	19 701	13 504	**6.19**
34	Anglo American plc	26 900	24 649	9 808	**-0.39**
35	Impala Platinum Holdings	16 575	12 387	8 184	**-3.93**
36	AngloGold Ashanti	19 100	13 442	7 283	**-6.14**
37	Gold Fields	8 120	4 609	7 076	**-6.68**
38	Intu Properties plc	13 501	5 234	6 067	**-9.51**
39	Anglo American Platinum	76 505	43 619	5 832	**-10.22**

Graphic: FIONA KRISCH Source: I-NET BRIDGE
* denotes where a dividend has been accrued.
Vodacom has not been listed for 5 years on the JSE.

TOP TEN

MOYAGABO MAAKE

Pinnacle's all about size

Smaller acquisitions lend weight to a firm trajectory

STEADY: Pinnacle CEO Arnold Fourie Picture: KATHERINE MUICK-MERE

SMALLER acquisitions with more value. That is how Arnold Fourie, CEO of Pinnacle Technology Holdings, sums up the ingredients that moved the company two places up on the Top 100 Companies rankings from its position last year.

Unlike previous years, when it bought out its empowerment shareholders and purchased hardware giants such as Axiz — subsequently merged with WorkGroup to create AxizWorkgroup — the last year has been quiet on the acquisition front: just four entities were on Pinnacle's shopping list.

Fourie said two of them, JAG Engineering and Mordrac, were financially distressed and unable to keep up with their debt obligations.

Best known for its Proline range of computers, Pinnacle is also an information and communications technology (ICT) distributor through subsidiaries Pinnacle Africa and AxizWorkgroup. It also has a financial services arm, Centrafin, and owns project management and services companies Infrasol and Merqu Communications.

The company believes that JAG and Mordrac hold considerable promise for the group once "adequately funded and restructured".

There was also the highly publicised June purchase of almost 35% of ICT provider Datacentrix, which listed on the JSE in 1998 and has since, it said, grown at a compound annual rate of 31%. Its revenue for the year to February was just shy of the R2-billion mark.

The deal — 29.79% of which is valued at R237-million and was bought directly from two private equity companies, with the rest involving buying shares on the open market — is being weighed up by the competition authorities.

Fourie said Pinnacle was working towards a larger representation in the services sector, which the Datacentrix purchase neatly served on a platter.

In its latest set of results, the target company showed that its services divisions accounted for more than half its profit after tax.

"Datacentrix is one of the top five brands in the services sector," said Fourie.

But would Datacentrix's exposure to the public sector, although making up less of its revenue stream, not hurt Pinnacle's bottom line?

"Most departments actually pay very well. There are problems — they tend to overspend their budgets — but our experience with them was good overall," said Fourie.

This optimism belies the fact that Pinnacle's latest set of results shows that Infrasol battled to grow as much as it did last year, owing to some projects that did not materialise in time.

Fourie admitted that these were government contracts that had fallen through, mainly because of Pinnacle's pricing. Despite this loss, the group's pre-tax profits were at a comfortable R453-million, something that delighted 36One Asset Management, one of its largest shareholders.

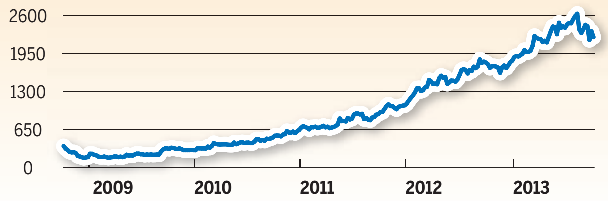
Daniel Isaacs, an equity analyst at 36One, said it had been steadily increasing its shareholding in Pinnacle because "the company grew revenue, controlled expenses, added brands and maintained a good return on equity".

"We were also very comfortable with the quality of management," said Isaacs. "Pinnacle has been a decent contributor to our funds' performance since we began taking a position. The results to June were in line with our expectations [and] we back management to take the business from strength to strength."

7 Business Times TOP 100 COMPANIES

PINNACLE TECHNOLOGY

Share price, weekly (cents) 2008: R10 000 | **2013: R75 947**



Graphic: FIONA KRISCH Source: I-NET BRIDGE

TOP TEN

Big jump to spot in the top 10

There's fire at Brimstone as shareholders get grip

THEKISO ANTHONY LEFIFI

BRIMSTONE has joined a number of huge companies that have surged to a top spot in the 2013 Top 100 Companies rankings.

The black-controlled and black-managed investment company has risen to eighth spot from the 22nd position last year. Brimstone's co-founder and chairman, Fred Robertson, said the company's performance was "not too bad".

Brimstone has been growing at 48.6% a year in the last five years.

The company's shares are tightly held by investors who have been with the company for more than 17 years.

Robertson said there was nothing much he could do about that fact. "If I place more shares in the market, who do I place them with? Do I dilute my empowerment credentials or place them with other asset managers?"

He said investors had to keep trying to get their hands on the shares when they became free, but analysts said this was almost impossible.

Brimstone controls 0.74% of Nedbank, 0.35% of Old Mutual, 12.5% of Taste Holdings, 0.95% of Tiger Brands and 5.05% of Life Healthcare, among others.

Brimstone's management prefers to invest in companies that are profitable and pay dividends, and avoids companies that are involved in gambling or liquor.

"We want to be profitable, empowering and have a positive social impact," said Robertson. The group also has a bias towards defensive stocks.

Brimstone controls 16.8% of the Oceana group and 58.1% of Sea Harvest. Both are fishing companies, but they service different ends of the market. Sea Harvest, the producer of salmon and kingklip, focuses on the high-income market, and the Oceana Group, producer of Lucky Star, services consumers in the lower end of the market.

Robertson conceded that the merger between the two companies made sense and would reduce the duplication of resources, but he doubted that the competition authorities would allow the move.

Most of the companies Brimstone invests in are listed on the local bourse. So why would anyone go through a third party such as Brimstone?

Robertson believes some people do not like the hassle of going through the JSE for every individual share.

Brimstone was the answer for them, he said.

However, Vestact Asset Management's founder and partner, Sasha Naryshkine, said he begged to differ.

According to Naryshkine, Brimstone's edge lies in giving investors exposure to companies they cannot access, such as Afena Capital, an investment asset manager of which Brimstone owns more than a quarter. Afena is not listed on the JSE.

Brimstone has been criticised for holding on to the House of Monatic, a struggling suit manufacturer — seemingly another morally grounded business decision.

THE LONG-TERM PICTURE: Fred Robertson, CEO of Brimstone Investment Company Picture: HETTY ZANTMAN

Robertson is adamant that it creates employment for the people in the Western Cape. "Capitalists cannot keep on thinking of just making short-term profits. It has to be about sustainable profits and a dividend income over the long term. Crude capitalism must be on the way out," he said.

Brimstone proudly invests in companies in which it can add value and can work with the management to achieve defined goals.

> We want to be profitable and have a positive social impact

However, the owner of the Queenspark chain, Rex Trueform Clothing, in which Brimstone has a 33% stake, has been giving Brimstone a headache.

"We are not happy with what is happening and we have told [them] that," Robertson said.

Rex Trueform is controlled by the Shub Family through an N-share, an ordinary share structure as well as through a pyramid holding company, African & Overseas Enterprises.

Brimstone had a showdown with Rex Trueform's management at the recent annual general meeting and in a show of unhappiness it voted against some of the resolutions.

"They want to control the company with just a 6% holding," Robertson said.

He believes this has to be reviewed.

He said Brimstone took responsibility for ensuring that the companies it invests in do not abuse it or its other shareholders.

He expects the issues to be resolved over time.

Brimstone recently posted what it termed "satisfactory" interim results for the six months to June. Headline earnings of R153.9-million were down from the R478.7-million reported in the comparative period last year, and basic headline earnings a share commensurately decreased to 61.7 cents a share from 194.6 cents a share.

Brimstone's CEO, Mustaq Brey, said the profit for the period was affected by a decrease in the fair value adjustments of underlying investments and challenging conditions in the insurance underwriting market, which were partially mitigated by improved profitability at Sea Harvest.

The group declared no dividend.

TOP TEN

SA's youngest lender takes a tumble

THEKISO ANTHONY LEFIFI

AFTER three years of being a fierce contender for the most coveted position in the Sunday Times Top 100 Companies awards, Capitec has taken a tumble to ninth position.

Much has changed for the erstwhile darling of the investment community. In the recent past, South Africa's youngest bank has battled against an avalanche of negative press.

To add to its woes, Riaan Stassen, head of the group since the bank's inception, could not have chosen a worse time to announce his retirement. Stassen said it was unfortunate that he was leaving when the news about the unsecured loans market was sour — he believes the nosedive from the top position is owed to the increased negative press.

Is he abandoning his Titanic, as rumoured by investors and analysts after the announcement? He is adamant this is not the case, but industry insiders are not convinced.

Matthew Warren, head of financial and partner at First Avenue Asset Management, summed up the interim results thus: "The credit tide has turned and it's going to get ugly."

At an analysts' meeting, Capitec's management was apparently reluctant to discuss the 70% surge in credit losses, which most believe is owing to the bank's decision to award huge loans over extended periods of time. Warren said that this decision would come back to haunt the bank.

He expects the next set of results to be "much worse".

But Stassen rubbished this claim and the notion that he was jumping ship.

He said that, as an executive director, he would still be involved with the group.

"I have a quite substantial personal investment in the bank," he added.

Stassen is Capitec's seventh-largest shareholder.

The value of loans advanced came down by 26% to R9.5-billion as the bank implemented more stringent credit criteria over the period to address the conditions in the credit market.

Loan revenue, however, still increased by 38% to R4.9-billion as the book continued to grow.

Gross loans and advances grew to R32.6-billion from R24.7-billion.

Arrears increased from R1-billion in the previous period to R1.8-billion, up 67%.

Capitec's ratio of arrears to gross loans and advances increased from 4.4% to 5.5% whereas African Bank was pushing above 30% — highlighting a serious disconnect between the balance sheets of the two unsecured loans providers.

Cadence Capital's equity analyst, Warren Riley, said the figures looked dubious.

"Either they have reinvented the wheel or the reloading of their book to longer-dated loans is masking the deterioration."

OUT: Riaan Stassen has quit as CE of Capitec Picture: TREVOR SAMSON

Capitec differs from African Bank in that it is a transactional bank and the latter is not.

Stassen also said his bank had a "richer database" than African Bank because it banks its own clients.

Warren is doubtful that Capitec will sustain its growth.

However, Stassen retorted: "If the economic conditions return to normality, the growth potential will definitely be there."

Stassen is baffled by the negative sentiment around unsecured lending. As far as he is concerned, the segment is quite critical to the South African market.

He said he also disagreed with the views of Moody's on the unsecured lending sector, saying the rating agency was trying to compare the South African sector with those of developed markets.

The problem, he thinks, is that the apartheid regime skewed access to the financial sector.

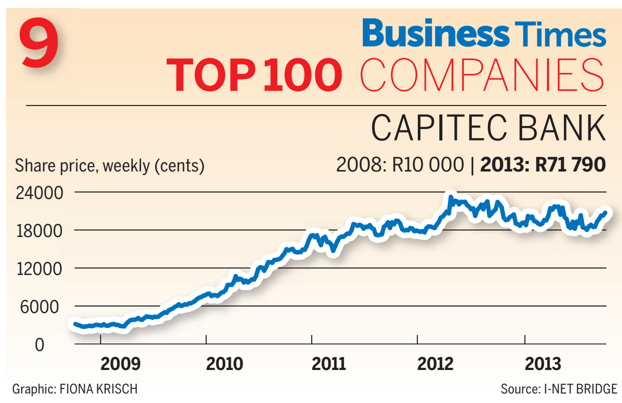
The National Credit Act is trying to rectify some of those mistakes.

Stassen claims not to be naive to the high levels of indebtedness among South Africans.

"We threaded quite carefully from two-year loans to 84-month loans.

"That gave us a good understanding of the underlying asset quality.

"I do not share the fear that there is a credit bubble looming or that we are steering a sinking ship," he said.



TOP TEN

New deals ensure growth

Durban manufacturer enters Asia and Russia

JANA MARAIS

GENERIC medicines manufacturer Aspen Pharmacare, which has grown from a small business in a two-bedroom house in Durban to operations in more than 150 countries in 15 years, is expanding its footprint in Asia and central and eastern Europe.

Three major deals announced this year with Nestlé and drug manufacturers GlaxoSmithKline (GSK) and MSD will expand its global coverage and product offering and will contribute to Aspen's strong growth prospects for the next few years, deputy CEO Gus Attridge said.

Aspen's performance since Attridge and his friend Stephen Saad, now CEO, cofounded the business in 1997 with start-up capital of R50-million has already been impressive.

Today, Aspen is the ninth-largest generic drugs manufacturer in the world and produces nearly 20 billion tablets a year in South Africa, Australia, Kenya, Tanzania, Brazil, Mexico and Germany.

One in four scripts dispensed in South Africa is for an Aspen-distributed product.

Its compound returns to shareholders totalled 45.6% a year over the past five years.

This makes it the 10th-best performing share on the JSE over the period and illustrates the group's ability to execute acquisitions successfully.

> Aspen has been working hard to expand its business

"Acquisitions provide opportunities to accelerate strategy implementation, but we have always made acquisitions with a plan in mind to grow organically from the enlarged business," Attridge said.

This month, Aspen finalised the acquisition of the active pharmaceutical ingredient-manufacturing operation from MSD, known as Merck & Co, in the US and Canada.

The transaction is part of a bigger R10-billion deal that includes the option to buy a portfolio of 11 branded finished dosage-form products, such as hormones and peptides, from MSD.

Last month, it announced a £700-million deal (R11.1-billion) with GSK for the rights to two of its off-patent blood-clotting medicines — Arixtra and Fraxiparine — in all markets except India, China, Pakistan and Indonesia, as well as a factory in France, as part of the deal.

This allows GSK, which bought a strategic equity stake in Aspen in 2009, to focus on its primary objective of researching and developing new innovative medicines under patent, which are typically faster growing and more profitable than generic medicines.

Aspen also signed a $215-million (R2.1-billion) agreement with Nestlé in April that gave it exclusive rights for a number of nutritional products for infants and toddlers in Australia and Southern Africa.

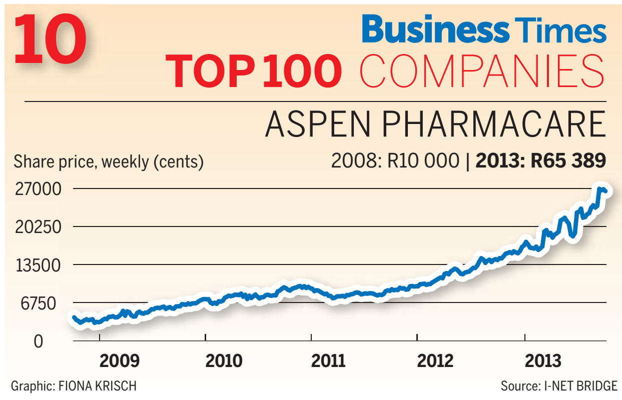
The new purchases would help Aspen, which has been working hard to expand its business in Latin America and Asia, to enter markets in Russia, other countries in the Commonwealth of Independent States and Central and Eastern Europe, Attridge said.

"Collectively, these are the regions we expect to provide growth into the medium term. Aspen is also well positioned in sub-Saharan Africa and we expect this to be a market with long-term growth potential."

Aspen continues to see room for growth in South Africa, where it is the largest supplier of pharmaceuticals in both the private and public sectors.

The deals with GSK and MSD will also give Aspen increased exposure to the anti-coagulent market — medicines that prevent blood-clotting and a market estimated to be worth $11.2-billion worldwide by 2015, according to Global Industry Analysts Inc — and the women's health sectors.

MOVING UP: Gus Attridge, deputy group chief executive at Aspen Pharmacare, which is now among the 10 largest generic drugs makers in the world Picture: ROBERT TSHABALALA



INVESTMENT

Three banks drop out of Top 100

TINA WEAVIND

ALTHOUGH vastly different fundamentals have driven down earnings in various sectors, the hangover of the economic downturn is evident in companies with major property investments.

However, there are also companies that use the economic reality to their advantage and make their way up the ranks.

Of the three banks that have fallen out of the top 100 placing — Investec (No 107), Barclays Africa Group (No 112) and Standard Bank (No 115) — two have seen profits fall partly as a result of their heavy reliance on property for income.

Investec went to the UK, Ireland and Australia more than a decade ago and bought expensive property at the top of the market.

The bank got hit hard when the market fell through the floor in 2008 and the effects have dragged profits down and hurt shareholder value.

A five-year bet on Investec with an initial lump sum of R10 000 would have seen you walk away with an underwhelming return of R17 345.

Property has also been a factor in the drop in earnings at Barclays Africa.

Before 2008, the bank formerly known as Absa did a roaring trade in the lucrative mortgage bonds. But defaults soared as the crisis infected all economic sectors and the bank was forced to complete a series of profit-destroying write-downs.

Johann Stoltz of Afrifocus said Absa's reluctance to get into the profitable unsecured lending space had also kept its profits down in a space where other banks found some buoyancy.

Standard Bank's tumble has not been driven by property investments.

According to Wayne McCurrie, head portfolio manager at Momentum Asset Management, it has had more to do with cycles than inherent flaws in the business.

FirstRand (in 51st position), which has grown its profits in leaps in recent years, has snatched away a lot of the market share that Standard Bank had until about five years ago.

A R10 000 investment in Standard Bank in 2008 would have given you back R16 585 in 2013.

In the commodity space, some of the companies that appear low down on the list are still the best of the bunch. Many — particularly those in platinum mining — present negative returns in the period as a result of slowing growth in countries such as China and Brazil.

BHP Billiton might have fallen from No 69 to No 94 in a year, but Matt Brenzel, fund manager at Cadiz Asset Management, said the diversified mining company had stellar assets and good performance compared with Anglo American, another diversified company that does not appear on this year's list.

A R10 000 bet on BHP Billiton would have ended at R19 606 after five years.

DRD Gold (No 110) has managed to grow profits while other gold miners reel under the weight of soaring labour costs, coupled with the debilitating cost of being forced to go to increasingly deep levels to get the gold.

What works in DRD's favour is that it extracts gold from the waste product left behind from old mines, so mining is essentially opencast, making it not only cheaper but also safer.

Copper-mining company Palabora is also benefiting from previously mined material. Magnetite ore, which is extracted in the copper-mining process, is essentially low-grade iron ore.

With the demand for iron ore having retained a relatively strong market, Brenzel said Palamin was simply loading up trucks with its previously discarded rocks and raking in a profit.

As an outsider coming in at No 120, Blue Label Telecoms is one company that could be making its way up instead of down the ranks. It makes prepaid products available in various emerging markets.

If you had bet R10 000 on Blue Label in 2008, you would have walked away with just R5 295 extra.

But that might change soon: plans are afoot to get into a raft of aligned products, including sporting event tickets, for which five-year deals have been signed with Cricket South Africa and Blue Bulls Rugby.

TOUGH TIMES: Maria Ramos, CEO or Barclays subsidiary Absa, who oversaw write-downs that destroyed profits. Absa's reluctance to get into unsecured lending also kept its profits down Picture: REUTERS

Not for Sale to Persons Under the Age of 18. Drink Responsibly.