Business Times TOP 100 COMPANIES

NOVEMBER 1 2015

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Cover: MATTHYS MOSS
Picture: DAVE ESTMENT (JSE)

THIS YEAR'S TOP COMPANY

Fortress Income Fund B Page 3

Lifetime Achiever & Business Leader of the Year

Pages 4 & 5

Saluting top-earning companies

Awards recognise those that have created most value

THE Top 100 Companies awards acknowledge those listed companies that have created the most wealth and value for shareholders.

The share price performance of every company listed on the JSE — which forms the basis of this research — is calculated using a hypothetical initial investment of R10 000 in each share over a period of five years, from September 1 2010 to August 31 2015.

The winner is the company that has earned the most for shareholders over that period, after taking into account normal and special dividends — these, along with bonus shares, are deemed to have been reinvested when declared.

Where there has been 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 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 August as companies went ex-dividend, we have accrued the dividend.

In previous years, we excluded companies that did not meet a threshold of minimum value traded of R10-million per year.

However, since 2011, we have increased the minimum value to R20-million because of higher trading volumes over the years and to exclude distortion from extreme movements in penny stocks.

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

We have also included a Top 40 index table to show the performance of the JSE's blue-chip companies and their relative performance over five years.

Calculations were done by financial services company I-Net BFA.

TOP 100 COMPANIES OVER FIVE YEARS

	Share name	Open (cents)	Close (cents)	**Final value (R)	Compound annual growth rate		Share name	Open (cents)	Close (cents)	**Final value (R)	Compound annual growth rate
1	Fortress Income Fund - B	250	3 200	153 630	**72.70%**	51	Old Mutual Plc	1 709	3 973	30 357	**24.87%**
2	Trustco Group Holdings	28	350	143 780	**70.43%**	52	Clientèle Life Assurance	800	1 890	30 270	**24.80%**
3	EOH Holdings	1 234	15 850	139 402	**69.38%**	53	Vodacom Group	6 235	14 149	30 245	**24.78%**
4	Taste Holdings	55	425	84 004	**53.06%**	54	Mustek	350	900	29 965	**24.54%**
5	Coronation Fund Managers	1 251	7 386	79 744	**51.47%**	55	ELB Group	1 200	3 150	29 438	**24.10%**
6	Afrimat	320	2 038	74 386	**49.38%**	56	Remgro	10 298	25 298	28 455	**23.26%**
7	Brait SE	2 150	14 518	71 693	**48.28%**	57	Distell Group	6 800	16 760	28 378	**23.20%**
8	Capital & Counties Properties Plc	1 345	9 120	70 439	**47.76%**	58	Capital Property Fund	786	1 560	28 078	**22.93%**
9	PSG Group	3 075	19 800	69 271	**47.27%**	59	Pinnacle Holdings	480	1 200	27 094	**22.06%**
10	Onelogix Group	97	530	65 273	**45.53%**	60	Clicks Group	3 850	9 154	26 933	**21.91%**
11	Mondi Plc*	5 499	30 425	63 910	**44.92%**	61	Bidvest Group	13 750	31 890	26 851	**21.84%**
12	Naspers - N	30 500	171 900	57 917	**42.09%**	62	Spar Group	8 419	19 000	26 654	**21.66%**
13	New Europe Prop Inv Plc	3 050	13 649	57 875	**42.07%**	63	Invicta Holdings	3 185	5 598	25 979	**21.04%**
14	Conduit Capital	52	255	57 864	**42.06%**	64	Brimstone Investment Corp - N	589	1 350	25 731	**20.81%**
15	Super Group	590	3 309	56 085	**41.18%**	65	The Foschini Group	7 145	14 990	25 401	**20.50%**
16	Cons Infrastructure Group	600	3 270	54 500	**40.37%**	66	Advtech	570	1 228	25 338	**20.44%**
17	Mr Price Group	5 090	23 864	53 892	**40.06%**	67	Mix Telematics	140	319	25 119	**20.23%**
18	Cashbuild	7 000	31 280	52 522	**39.34%**	68	Sephaku Holdings	360	730	25 071	**20.18%**
19	Resilient Property Income Fund*	2 985	11 200	50 779	**38.40%**	69	Reinet Investments SCA*	1 130	2 775	24 904	**20.02%**
20	Pioneer Foods	4 351	19 900	50 167	**38.07%**	70	Sa Corporate Real Estate Fund	311	510	24 741	**19.86%**
21	Steinhoff International Holdings	1 905	7 946	48 160	**36.94%**	71	Datatec	3 501	7 500	24 707	**19.83%**
22	Famous Brands	3 355	13 720	47 365	**36.49%**	72	ARB Holdings	289	600	24 677	**19.80%**
23	Woolworths Holdings	2 545	9 950	46 202	**35.81%**	73	Phumelela Gaming and Leisure	971	1 838	24 555	**19.68%**
24	Mediclinic International	2 496	10 654	46 015	**35.70%**	74	Santam	11 314	21 300	24 396	**19.53%**
25	Anglovaal Industries	2 525	8 100	41 585	**32.98%**	75	JSE	6 870	13 765	24 250	**19.38%**
26	Aspen Pharmacare Holdings	8 618	34 251	41 420	**32.87%**	76	Blue Label Telecoms	480	1 017	24 100	**19.23%**
27	Discovery	3 557	13 401	40 996	**32.60%**	77	MMI Holdings	1 600	2 811	23 809	**18.95%**
28	Capitec Bank Holdings	13 410	48 285	40 015	**31.96%**	78	Investec Plc	5 510	10 928	23 788	**18.92%**
29	Metair Investments	1 000	3 280	39 583	**31.67%**	79	Liberty Holdings*	7 085	12 880	23 568	**18.70%**
30	Afrocentric Investment Corp	145	475	39 273	**31.47%**	80	Transpaco	1 105	2 020	23 014	**18.14%**
31	Zeder Investments	210	778	39 164	**31.39%**	81	Barloworld	4 294	8 520	22 290	**17.39%**
32	Oceana Group	3 098	9 680	38 433	**30.90%**	82	Redefine Properties	777	1 148	22 117	**17.20%**
33	FirstRand	2 014	5 291	37 797	**30.46%**	83	Tradehold	960	2 100	22 110	**17.20%**
34	Italtile	370	1 150	36 924	**29.86%**	84	City Lodge Hotels	7 500	14 200	22 090	**17.18%**
35	Spur Corporation	1 175	3 500	36 180	**29.33%**	85	Growthpoint Properties	1 695	2 616	22 015	**17.10%**
36	RMB Holdings	3 429	6 715	36 169	**29.32%**	86	Pan African Resources Plc	89	153	21 014	**16.01%**
37	Net 1 UEPS Technologies Inc	8 000	28 868	36 085	**29.26%**	87	Imperial Holdings	10 579	18 450	21 006	**16.00%**
38	Grand Parade Investments	235	551	35 304	**28.70%**	88	Nampak	1 799	3 086	20 646	**15.60%**
39	Metrofile Holdings	145	458	35 072	**28.53%**	89	Hosken Consolidated Inv	7 485	14 102	20 560	**15.51%**
40	Peregrine Holdings	1 100	2 900	34 805	**28.33%**	90	Astral Foods	11 000	17 795	20 524	**15.47%**
41	Howden Africa Holdings	975	3 000	34 802	**28.33%**	91	Vukile Property Fund	1 340	1 830	20 446	**15.38%**
42	Compagnie Fin Richemont	2 955	9 886	34 674	**28.23%**	92	Telkom SA	3 380	6 350	20 250	**15.16%**
43	Life Healthcare Group	1 330	3 806	34 585	**28.17%**	93	Octodec Investments	1 755	2 425	20 236	**15.14%**
44	Netcare	1 340	3 986	34 096	**27.80%**	94	Intu Properties Plc	3 882	6 550	20 226	**15.13%**
45	Kap Industrial Holdings	215	634	33 722	**27.52%**	95	Emira Property Fund	1 330	1 758	20 064	**14.94%**
46	British American Tobacco Plc	25 779	70 145	32 586	**26.65%**	96	Hudaco Industries	6 999	11 300	20 048	**14.92%**
47	Sanlam	2 413	6 379	31 478	**25.78%**	97	Combined Motor Holdings	1 148	1 800	19 829	**14.67%**
48	Hyprop Investments	5 331	12 400	31 358	**25.68%**	98	Nedbank Group	14 340	23 598	19 685	**14.51%**
49	SABMiller Plc	21 793	61 550	31 062	**25.44%**	99	Shoprite Holdings	9 150	16 237	19 624	**14.43%**
50	Omnia Holdings	5 882	16 499	30 637	**25.10%**	100	Sycom Property Fund	2 210	3 100	19 548	**14.35%**

Graphic: RUBY-GAY MARTIN Source: I-NET BFA * Indicates where dividends have been accrued where applicable. ** Current value of R10 000 invested in 2010

PREVIOUS WINNERS

2014	Coronation Fund Managers
2013	Coronation Fund Managers
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: RUBY-GAY MARTIN Source: I-NET BFA

THE ROYALS

Companies that have been in the top 20 over the last three years.

- Coronation Fund Managers
- EOH Holdings
- Mondi
- Mr Price Group
- Naspers

Graphic: RUBY-GAY MARTIN Source: I-NET BFA

> There's very little doubt that Christo Wiese — retail tycoon and serial risk-taker — is hands-down the most adventurous and intriguing character in the local investment arena. And he has made loads of money to boot **— Marc Hasenfuss, P4**

> In the last 12 months Wiese has had a hand in a wide variety of deals, worth cumulatively many billions of rands. This flurry of activity seems to confirm that the legendary investor — now 76 — is not close to contemplating retirement **— Marc Hasenfuss, P5**

> A quick glance at the list of the Top 100 Companies firmly lays to rest any thought that Johannesburg might still be a mining town. There is not one mining company among them **— Ann Crotty, P3**

TOP TEN

Joburg riches now lie above ground

Property-related investment makes its way up JSE ranks

ANN CROTTY

A QUICK glance at the list of this year's Top 100 Companies firmly lays to rest any thought that Johannesburg might still be a mining town.

There is not one mining company among them.

Based on the movements in the Top 100, it would be no exaggeration to suggest Johannesburg is becoming a property town.

Property-related investment companies, or real-estate investment trusts, have been making their way steadily up the ranks of the top 100 performers rather like some little-noticed army on the march.

That march, which started several years ago, has resulted in the market capitalisation of the property sector steadily edging ahead of not just the mining sector but of retail and healthcare, too.

Listed real-estate investment trusts, which pay out at least 75% of their distributable profit to shareholders each year, now account for just under 6% of the JSE's total market capitalisation.

But despite this steady growth, it seems the large pension funds remain unimpressed.

On average they are investing just 3% of their funds under management into the real-estate trusts. Coronation Fund Managers is the significant exception with a 10% exposure.

Pension funds may have to sit up and take better notice. This year, for the first time, a property company features as the JSE's top performer over five years.

Fortress Income Fund's B share, little known to traditional investors more focused on industrials, financials and mining stocks, is the latest top-ranked performer.

> Fortress B shares began to soar towards the end of 2014

Over the past five years this entity, which was first listed in 2009, has generated annualised returns of 72.7% for its shareholders.

For traditional equity investors, the name of the entity may smack of the dullness of a bond investment combined with the blandness of a property stock, but that name camouflages an exciting mix of property assets and a compelling, although not unique, capital structure.

MAN OF PROPERTY: Mark Stevens, the CEO of Fortress Picture: RUSSELL ROBERTS

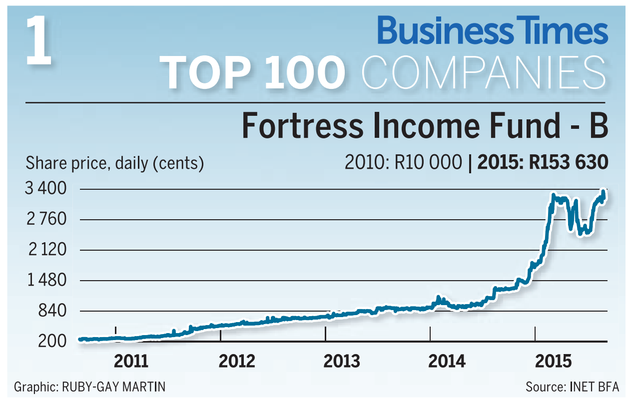
The Fortress Income Fund has a portfolio worth just over R20-billion with direct property investments accounting for around R7.5-billion of that and investment in other property-related equities accounting for the remaining R12.8-billion.

Just over 80% of the direct properties consist of retail assets in the form of shopping malls in mining towns and commuter transport nodes, with a 75% exposure to large national tenants.

CEO Mark Stevens acknowledged that as leases are renewed in a weaker trading environment, there will be pressure on rental income, but he said much of this pressure would be countered by the group's increasingly valuable exposure to international property.

This exposure comes in the form of its equity investment in New Europe Property Investments and Rockcastle Global Real Estate. Like Fortress, New Europe and Rockcastle are part of the Resilient stable, and New Europe itself is ranked 13th on the Top 100 Companies table.

Rockcastle, listed in Mauritius for several years but relatively new to the JSE, manages properties in Poland and Zambia.



After five years of steady price appreciation, Fortress Income Fund B shares began to soar towards the end of calendar 2014 — from R13 a year ago, they are now trading around R33.

Stevens attributes the increase to investor sentiment around the rand's depreciation and the company's offshore exposure.

The pending acquisition of Capital Property Fund has also helped.

The share split between Fortress Income A and B shares is unusual. Stevens likens the A shares to bonds — investors have a preferential claim to the income distribution of the fund but the distribution's growth is capped at the lower of 5% or CPI.

The remainder of the earnings are distributed to B shareholders, who score the most for holding the "riskier" of the two assets.

TOP TEN

Desert blooms for Namibia's Trustco Group

LUCKY BIYASE

WHILE everybody is complaining about restrictive trading conditions in the market, Trustco Group Holdings CEO Quinton van Rooyen is a happy man and more bullish than ever.

"Currently, we're doing great. We're busy integrating a new acquisition in the investments segments as well as focusing a lot of attention on the bank.

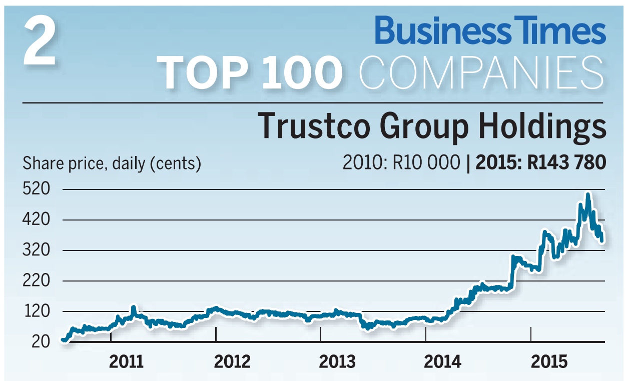
"Positioning for future growth in short-term insurance and life products is also one of our key target areas for the near term. The future looks bright here at Trustco," Van Rooyen said.

He noted that the share price performance of the Namibian diversified service company seemed to be an outlier.

"Business opportunities in Namibia remain plentiful, and we intend to seize them wherever and whenever they are offered," Van Rooyen said.

He admitted that the business had not progressed without facing hurdles.

BULLISH: Trustco Group Holdings CEO Quinton van Rooyen. The company's performance has been buoyed by property development in Namibia Picture: RUSSELL ROBERTS



Trustco's expansion into the resources sector with the acquisition of an alluvial diamond mine and local diamond polishing factory brought its own challenges and opportunities.

"As a related party I had no vote on the board or as a shareholder, but the minority shareholders voted overwhelmingly in favour of the acquisition.

"I believe that we managed to equip ourselves sufficiently in a short space of time to tackle this endeavour, and the board can be commended for their foresight throughout," he said.

Van Rooyen's focus in the short term is the company's core insurance business as well as the investments business, which is currently driven by the property market.

"In the long term, we will remain primarily an insurer, with these investments providing sustainable above-average returns for the insurance book," he said.

> Namibia is a place of abundant investment opportunities

Thriving property development in Namibia contributed greatly to the company's phenomenal showing.

Over the past five years to September Trustco has rewarded shareholders with 70.43% annualised returns. A R10 000 investment in Trustco five years ago would now be worth nearly R140 000.

The company started in 1992 as a property developer and it retained its keen interest in land.

"As they say: buy low, sell high — we've done that. One of our industrial developments was bought in 2004 when the markets were in the doldrums and we remained patient by sitting on this investment until 2011 when the markets started to recover," Van Rooyen said.

"Then we really saw some great benefits coming from this strategy. Our other property developments are done with this same forward-thinking plan in mind."

Trustco currently has 57.4ha of residential land in development, and 23.7ha industrial.

In total the company still has 4 200ha in the pipeline and is developing phase six of 19 phases of the largest approved private residential estate in Namibia.

Trustco will remain open-minded on future acquisitions.

The company listed on the JSE Africa board at the height of the international financial meltdown in 2009 and its stock took a drubbing. Van Rooyen said while the company's stock may have taken a whack initially, its business models were sound, and performance in core areas was not an issue.

"Since capital markets were ruinously expensive during that time, we were fortunate to have direct foreign investors that recognised the opportunities we were presenting and supported us during the tough times." Investors and staff who acquired shares in the company during that time are now smiling, Van Rooyen said.

Operating in post-independence Namibia had benefited the company's fortunes. "Namibia is a place of abundant business and investment opportunities, a country of contrasts and untapped investment potential.

"We enjoy the support of Namibians and have managed to attract more than 3 000 Namibian shareholders who are enjoying the ride with us."

LIFETIME ACHIEVER

KEEN EYE: Christo Wiese, chairman of Pepkor and Shoprite Holdings, at home in Clifton, Cape Town Picture: RUVAN BOSHOFF

Multibillionaire Wiese ‘addicted’ to doing a deal

Adventurous investor always keen to hear new ideas

MARC HASENFUSS

IT is possible to argue the toss about which business personality is the best investor in South Africa.

There are so many inspiring “zero to hero” stories, ranging from Anton Rupert to Donald Gordon and, more recently, Brian Joffe, Markus Jooste and Jannie Mouton.

But there’s little doubt that Christo Wiese — retail tycoon and serial risk-taker — is hands-down the most adventurous and intriguing in the local investment arena.

And he has made loads of money to boot, the latest estimates suggesting his fortune might soon threaten the R100-billion level.

Wiese has always been a little different from the JSE’s other “heavy hitters”. The Joffes, Ruperts, Moutons and Joostes have largely contained their investments to one of a few vehicles.

On the other hand, Wiese — who could easily have retired on his first big investment in low-cost fashion retailer Pep Stores — invests freely through any number of vehicles.

At the time of writing, Wiese remained a significant minority shareholder in supermarket giant Shoprite and furniture behemoth Steinhoff International as well as holding influence at investment giant Brait, industrial supplies specialist Invicta, property hybrid Tradehold, mining conglomerate Pallinghurst Resources, niche real estate player Texton Property and newly formed investment hub Stellar Capital Partners.

Past investments have included unlisted fashion retailing conglomerate Pepkor, liquor group KWV, investment house PSG, vehicle tracking firm DigiCore, Boland Bank (later part of the BoE constellation), Ocean Diamond Mining, fluorspar miner Sallies, gold miner GoldOne, and Monex, which developed Century City and the Canal Walk shopping centre.

Although he has shown no inclination to do this, if Wiese “institutionalised” his various investments into a single entity, it would certainly rival some of the biggest investment counters on the JSE.

He does appear to be tidying up, or at least rearranging his major investments, but a close associate of Wiese reckons the chances of consolidating the investment portfolio and closing up shop to new investments is highly unlikely.

“Christo is addicted to doing deals. At any time of the week you will see people waiting outside his door for meetings. He is always keen to hear out people with new ideas.”

Another acquaintance believes Wiese “feeds off the energy of dealmaking and relishes the challenge of negotiations”.

> He feeds off the energy of dealmaking and relishes negotiations

These sentiments were recently echoed at an investment presentation by longtime Shoprite CEO Whitey Basson, who remarked: “Christo loves deals and hates walking away from them.”

Wiese’s dealmaking acumen has seen him famously getting the better of SABMiller in the acquisition by Shoprite of struggling retailer OK Bazaars in the late ’90s.

The retail chain was bought for R1, but Shoprite ultimately scored R1-billion in net assets — including securing a claim of R300-million from SABMiller.

Around the same time, Wiese also outmanoeuvred Remgro-aligned diamond miner Trans Hex in a bid to snag control of Ocean Diamond Mining — an investment he subsequently sold for a small fortune.

Of course, there have been rough patches for Wiese. Former prime minister PW Botha’s Rubicon — which crunched the rand — saw Pepkor squeezed on the wrong side of the sudden currency fluctuation.

Wiese’s financial services empire and property player Monex never panned out as envisaged, and there was a costly dalliance with luckless fluorspar miner Sallies. But a seemingly unflappable Wiese pushed through these setbacks.

Another interesting facet to Wiese’s investing style is that he does not run or manage the companies he invests in, preferring to leave the day-to-day operations to management that he trusts.

That’s not to say Wiese is aloof or passive. An executive at a Wiese-aligned company noted: “He takes a keen interest in seeing his investment working out successfully. Having a hard-boiled dealmaker as a big shareholder keeps management on its toes, and ensures that Christo rarely does second-rate deals.”

Fellow investors are also in awe of Wiese’s ability to gear up for investments by leveraging off his valuable retail holdings. This way, he has reportedly borrowed large sums to make new investments — although he has countered that his gearing was considerably more conservative than that of Warren Buffett’s Berkshire Hathaway.

BUSINESS LEADER OF THE YEAR

A magic year of dealmaking

MARC HASENFUSS

CHRISTO Wiese's year in dealmaking probably trumps a lifetime of transactions for most professional investors.

In the past 12 months, Wiese had a hand in a wide variety of deals — worth cumulatively many billions of rands.

This confirms that the legendary investor, now 76, is not close to retirement.

The big deals were mostly executed in investment company Brait, in which Wiese is a prime mover. But some of the smaller transactions might prove significant as Wiese's work-in-progress investments start panning out.

NOVEMBER 2014

Wiese — via his well-known nominee company Titan — sells his 57% stake in cash-pumping fashion retailing conglomerate Pepkor to Steinhoff International. At the same time, Brait also sells its 37% stake in Pepkor to Steinhoff.

Tradehold, the hybrid property company controlled by Wiese, hikes its stakes in UK-based financial services company Reward and real-estate-owner Moorgarth to 100% and 95% respectively.

DECEMBER 2014

Invicta, the industrial supplies conglomerate, acquires SA Tool for an undisclosed sum.

JANUARY 2015

Invicta announces a rights offer, underwritten by Wiese, to raise R2.25-billion.

APRIL

Cash-flush Brait acquires an 80% stake in health and fitness chain Virgin Active for around R14-billion.

Stellar Capital Partners, a newly constituted investment company in which Wiese holds influence, buys a strategic stake in asset management and financial services business Cadiz.

MAY

Brait acquires a 90% stake in UK-based fashion chain New Look for around R16-billion.

Tradehold enters a joint venture agreement with JSE-listed Texton Property Fund. Texton and Tradehold subsidiary Moorgarth — via a special purpose vehicle called Inception — acquire the Broad Street Mall in England, for around R600-million.

JUNE

Wiese, via the Luna Group, snatches an 8.6% stake in Texton.

JULY

Stellar acquires 26.25% of acquisitive industrial supplies and services group Torre Industries. The stake is subsequently pushed up to 34.58%.

AUGUST

Stellar cashes in R209-million after selling its significant minority shareholding in vehicle tracking and fleet management firm Digicore to US-based Novatel Wireless.

SEPTEMBER

Invicta's mainstay subsidiary, Bearing Man, acquires industrial gearbox unit assembler Hansen SA.

Stellar sells Goliath Gold Mining to GoldOne Africa.

OCTOBER

Brait sells its 200 million Steinhoff shares — received in part settlement for the Pepkor transaction — for R16-billion. The proceeds are used to settle Brait's R14.2-billion debt obligations.

In a separate transaction, Brait increases its stake in UK-based supermarket group Iceland Foods to 57% in a R3.4-billion deal.

Wiese — via the Lunar Group — increases his holding in Texton to 16.78% after underwriting a rights issue.

Stellar buys out minority shareholders in Cadiz, which will be delisted from the JSE.

Speculation is rife that Wiese's next big move via Brait could be a tilt at a well-known retail chain in the UK.

But investors would do well to watch Wiese's smaller investments.

Invicta has long been subject to speculation that it will expand its existing global footprint in the Far East — a move that has been linked to a secondary listing on an international bourse.

Wiese's interests in Texton and Tradehold — which also owns financial services interests in UK-based Reward and local structuring specialist Mettle — could see some re-arrangement, possibly the merger of Tradehold's UK property interests under Moorgarth with Texton's UK interests.

Stellar Capital is Wiese's "anything can happen" company with industrial interests in Torre and Tellumat mixed with a penchant for financial services.

The question on everybody's lips, however, is whether Wiese will ever entertain an offer for his stake in Africa's biggest supermarket chain Shoprite.

There are perennial murmurings that Steinhoff may be a very willing buyer.

VAST NETWORK: Christo Wiese, business leader of the year Picture: HETTY ZANTMAN

TOP TEN

EOH goes on shopping spree, again

ASHA SPECKMAN

Acquisition of rail technology company the third this year

EAGER to grow EOH further, CEO Asher Bohbot struck again by picking up a new company in railway automation and technology in Africa this month.

The purchase of Mehleketo Resourcing is the latest in a shopping spree of at least three new acquisitions announced since February this year.

More than 20 businesses have been bought by EOH over the past five years and the annual buying trend is unlikely to slow down soon, according to company management.

But although EOH has revved up its acquisition counter, it had to settle for third place on the Sunday Times Top 100 index after it was beaten to second place by Namibia-based Trustco Holdings this year.

EOH had held second place for the past two years.

Investors in EOH, however, are unlikely to feel disappointed. An investor who sank R10 000 into the company five years ago when its share price was R12.34, and had reinvested all dividends over the period, would have gained 69.38% a year, or a total return of R139 402 on their initial investment by August 31 this year. The share price then was just over R158.

The company listed in 1998. By now, investors have become accustomed to frequent acquisitions. Its share price has been climbing at over 60% on a compound annual growth rate, reflecting market faith in the strategy.

If there ever was pressure on EOH management to maintain the momentum, it's not showing. "There's no pressure," Bohbot said.

He said that the EOH appetite for acquisitions was driven rather by the need to bolster know-how in key growth areas.

> Rail as infrastructure is prerequisite to economic development

"We see ourselves as a technology and knowledge services organisation," Bohbot said.

Mehleketo, a company with R300-million annual turnover that provides solutions for the design, building and management of state-of-the-art operational nerve centres for the rail industry, will boost EOH's capacity to deliver automation technology and attract a slice of the growing infrastructure spend on the continent.

"There's no question that rail as infrastructure is a prerequisite to any economic development in Africa," Bohbot said.

In June this year, EOH announced the purchase of stakes of between 49% and 80% in Twenty Third Century Systems, a pan-African information technology application and business solutions provider and its subsidiaries.

In February, it bought Construction Computer Software, which provides solutions for the construction and mining sectors.

Bohbot is expecting these new additions to contribute 10% to 15% of revenue in the 2016 financial year.

Providing technology for water purification technology and the energy and transport sectors are other areas of potential growth for the company.

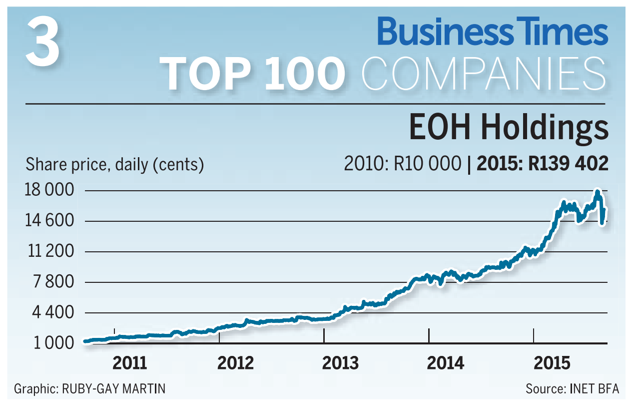
Last month, EOH chief financial officer John King said the company would also seek to augment its business process outsourcing division, particularly in processing claims and in property management.

Byron Lotter, portfolio manager at Vestact, said recently: "There are still lots of buying opportunities out there. They are also not confined to just South Africa. As for the ICT sector, even though the economy is not hot, I believe IT services will continue to grow."

The company, which Bohbot founded 17 years ago, has begun to market its intellectual property for construction and public sector solutions in Dubai, Portugal, the UK, Europe and South America.

It is also selling software solutions for banking and retail. This would contribute about 10% to the business, said Bohbot.

NO PRESSURE: EOH CEO Asher Bohbot says his taste for acquisition is driven by the need to bolster know-how in key growth areas . Picture: ROBERT TSHABALALA.



TOP TEN

It's a pizza cake with Domino's and Starbucks in the bag

PALESA VUYOLWETHU TSHANDU

TASTE Holdings, the multifranchise specialist, will reap the rewards of reputable global franchises when it adds Starbucks and Domino's Pizza to its expanding foreign portfolio.

Taste Holdings makes its debut in the Top 100 Companies rankings this year because in its previous trading history it did not consistently meet the annual threshold of R20-million value traded.

The company's debut at No 4 indicates the rewards shareholders who backed the company in the past five years have received.

An investment of R10 000 in the 55c Taste stock in September 2010 would have brought an impressive total return of just over R84 000 for the investor by August 31 this year.

The listed South African franchise management group will shed two of its existing pizza franchises — Scooters Pizza and St Elmo's — to convert these to Domino's Pizza outlets in an effort to drive growth and access key markets.

Taste Holdings has immediately leapfrogged food franchise rival Famous Brands — which now occupies 22nd position after a solid run of several years in the top 10.

"When we look anywhere else in the world, we see that in the long run, it's the large, reputable, admired brands that win the day, and we have that with the brands we've got across food and jewellery," said Taste Holdings CEO Carlo Gonzaga.

The value of the stock soared with the announcement of the acquisition of licensing rights of multinational coffee house Starbucks in July this year.

Gonzaga said the Starbucks, Domino's and Arthur Kaplan brands represented the biggest growth opportunities in the business, mentioning that in the luxury goods business "revenue is evenly split between NWJ and Arthur Kaplan".

"We license brands within our store, we don't advertise ourselves as Rolex, so people look at the Arthur Kaplan brand but they don't realise that it is the largest retailer of those brands in Southern Africa," he said.

With a market capitalisation of R1.07-billion, the diversified management company owns food outlets Maxi's, The Fish & Chip Co, Zebra's Chicken, and the jewellery division.

Devin Shutte, CEO of MyWealth Investment, said Taste was looking to raise R226-million for Starbucks and Arthur Kaplan stores by way of a rights offer.

The group is expected to list 75 million new shares at R3 per share.

Despite the dilution, the rights issue was likely to be perceived positively by the market, as it would allow Taste to fast-track store rollouts of recognised and "arguably well-received" brands, Shutte said.

He added that the group had an "aggressive" strategy of bringing very high-profile, desirable brands into South Africa and the surrounding countries to generate revenue.

Gonzaga said Taste had earmarked R140-million of the R226-million rights issue to go towards Starbucks, and the balance of R86-million would be used in the Arthur Kaplan business.

"It's also the last equity that we plan on raising," said Gonzaga, adding: "In the future, we plan on funding the Starbucks roll-out through regenerated funds and debt."

On the African expansion plans, Gonzaga said the company would focus largely on South Africa.

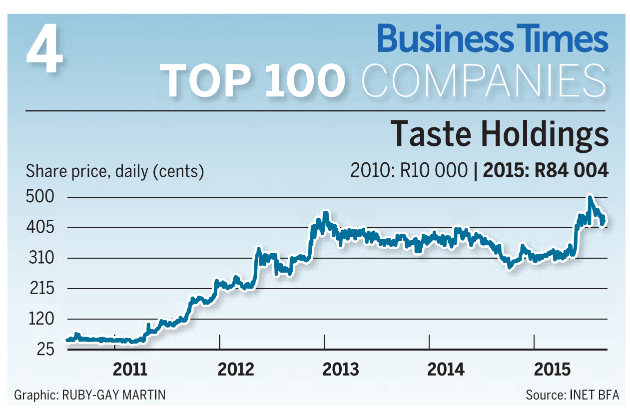
"Countries outside of our borders represent great potential, but they also require quite a deep understanding of investment in those markets," he said.

"We are quite focused on Africa below the equator, but we are also clear that the opportunity we have is in South Africa and it will be that way in the next couple of years."

Taste's interim results this month reported core revenue growth of 51% to R455.9-million while net tangible asset value per share increased to 95.2c.

"We would like to be known as a great custodian of the world's best brands and we've been given the opportunity, so it's up to us to execute," said Gonzaga.

NEW OFFERING: Taste Holdings CEO Carlo Gonzaga, right, says that, globally, the big brands win Picture: TYRONE ARTHUR



TOP TEN

Coro's crown is slipping a little

Company drops from one to five as respect, awe fade

ANN CROTTY

IT has been a tough year for Coronation Fund Managers. The share price reached a record high of R115 on December 31 2014 but the start of trade in 2015 marked the beginning of a steady decline in the share down to the current level of R68.

It's an indication of the company's outstanding performance in the previous four years that Coronation has been able to secure fifth position in this year's Top 100 table, down from the number one slot last year.

But the awe and respect with which Coronation has been regarded for much of its 22-year history appears to be fading.

Increasingly, the investment community is talking of its slipping crown and suggesting it may be too big to sustain the sort of growth record it has notched up so far.

The fallout from the collapse of African Bank, in which it had a 22% stake, last year dragged into this year and continued to damage the company's returns and reputation.

The very public spat with activist shareholders at its annual general meeting in January drew much unwelcome attention to its unusual and extremely generous remuneration structure.

> More damaging was the reduction in performance fees from the high level

On a broader perspective, and affecting all fund managers, there was also the significant weakness in investor sentiment, in part due to the sustained sluggish economic growth but largely because of investor skittishness ahead of an expected lifting of US interest rates.

In May, Coronation released its results for the six months to end-March, which, although not unexpected, seemed to shock the market.

At that stage, Coronation was still the largest manager of long-term retail assets in South Africa with a 15.2% market share.

During the six-month period, retail inflows plateaued but Coronation managed to attract net retail inflows of just over R8-billion. On the institutional side, there were net outflows of R0.5-billion.

More damaging was the reduction in performance fees from the high level achieved in the previous comparable period.

This saw Coronation's revenue down 6% and diluted headline earnings 10% lower. The results ensured there was no relief from the downward pressure on the share price.

While its size appears to have been a positive influence in the years of growth, now analysts say it not only makes it more difficult for Coronation to "move the needle" but also makes it difficult to get out of a stock ahead of an anticipated weakness.

The frothy valuations that have been given to Anchor and Sygnia suggest investors regard these relative newcomers as pretenders to Coronation's throne.

Even Rand Merchant Insurance — hardly a fledgling entity — is moving in on Coronation's traditional patch. In what could be a major shake-up of the industry, RMI announced it was targeting the hold that Coronation, Investec and Allan Gray — often referred to as the CIA — have over the market.

RMI has established a new asset management business, RMI Investment Managers, which is taking minority equity stakes in a number of boutique asset managers.

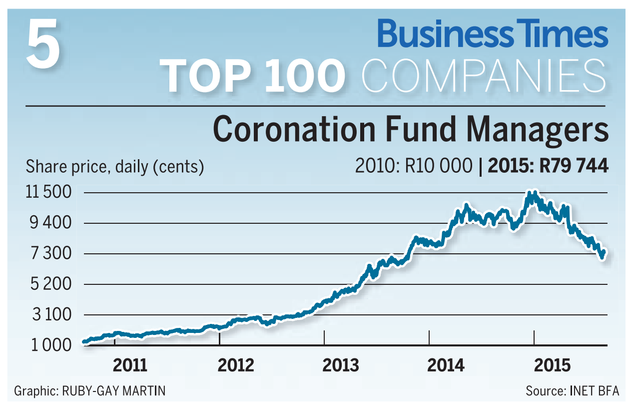
It wants to help them bulk up to a size that will enable them to attract stronger inflows but not get to a size where they are too big "to move the needle".

Unless it is able to make significant moves into offshore markets, it is difficult to see how Coronation can recover its former earnings glory.

Its well-earned blue-chip status will guarantee it a position among the ranks of the top performers, but just not at the very top.

This of course has implications for the very generous remuneration system so far enjoyed by the company's top managers that was the subject of much debate at this year's AGM.

DECLINE: Anton Pillay, CE of Coronation Fund Managers Picture: HETTY ZANTMAN



TOP TEN

Afrimat is a success story in tough market

ANDRIES MAHLANGU

AFRIMAT is punching above its weight — and its efforts have not gone unnoticed.

In the past five years, the minerals and construction materials supplier has, for the most part, lifted its headline earnings by about 20% each year — a remarkable feat in a sector hit by weak market conditions and low investor confidence.

Appearing for the second consecutive year in the top 10 of the Top 100 Companies rankings, the small-cap company occupies sixth position.

If you had invested R10 000 in the company in September 2010, the returns would have been R74 386 by the end of the review period, August 31 this year. In the same period, the JSE construction and materials index lost 43%.

CEO Andries van Heerden, referring to the company's inclusion in the top 10, said: "The one word to sum up our feeling is that of gratefulness. We are feeling blessed.

"We are trying to diversify the business into a portfolio that will see each component contribute to the bottom line."

The strategy to beef up the industrial minerals business through several acquisitions has paid off handsomely, with the company achieving a compound annual growth rate of 21.55% in headline earnings per share over the past five years.

The acquired entities are Glen Douglas, The Clinker Group, Infrasors and, more recently, Cape Lime.

Momentum SP Reid Securities analyst Sibonginkosi Nyanga said: "Afrimat has evolved from a pure construction company to niche markets." He added that management had the ability to turn the acquired businesses into cash-generative assets.

The company consists of a mining and aggregates division, which is the biggest contributor to profit growth, and a concrete-based products unit.

Of the company's short- to medium-term prospects, Van Heerden said it was counting on national and provincial road infrastructure spending, which is projected to increase to R44.7-billion in 2017 from R10-billion in 2006.

The South African National Roads Agency, which maintains the national road network, is one of Afrimat's clients.

The company also hopes to expand into the rest of Africa.

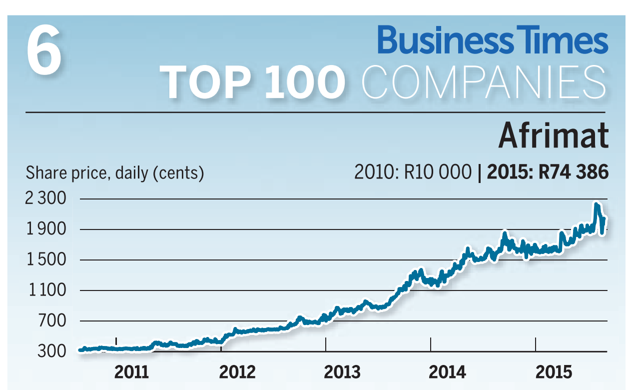
From a lowly R3.13 a share in 2010, investors have pushed up the stock to R20, leaving Afrimat with a market value of R3-billion and a share price that grew an average of nearly 50% a year.

But Vunani Securities analyst Anthony Clark was more cautious, noting that the share had limited upside potential, unless Afrimat produced blockbuster earnings in the 2016 financial year. Afrimat trades on a price-to-earnings ratio of 16.5 times.

Either way, Afrimat has been a success story in a tough market.

Headline earnings per share in the 2015 financial year were up 24% from last year, and the total dividend rose to R53-million from R40.1-million.

GRATEFUL: Andries van Heerden, CEO of Afrimat, seen here presenting the group's results in 2013 Picture: BUSINESS DAY



TOP TEN

Wiese's Brait comes in at No 7 in Top 100

Strategy of moving money out of the country pays off

THEKISO ANTHONY LEFIFI

CHRISTO Wiese, who is Brait's largest shareholder and South Africa's richest person, once had almost £680 000 (about R1.4-million at today's rate) seized by British authorities while he was carrying the money in eurozone countries in 2009.

This was probably a sign of business strategy to come for his investments.

Wiese fought for his confiscated funds and won them back. But he has not stopped moving "his" money out of South Africa to Europe — at least via Brait, ranked seventh in the Top 100 Companies.

The investment company has been the top performer over five years in the JSE's Top 40 Index, returning on average 48.3% per year to shareholders.

It outpaced JSE giants such as Naspers, parent company M-Net, Media24 and MultiChoice, which grew by 42% annually.

Discovery achieved a compound annual growth rate of 32.6% over the same period and Sanlam 25.7%.

Brait has been externalising its funds extensively in recent months.

The company shed its Pepkor stake through a deal that saw Steinhoff raise R18.2-billion in equity to acquire 92.3% of the retail group from investment vehicles controlled by Wiese. The deal also guaranteed Wiese a seat on Steinhoff's board.

Steinhoff is currently preparing to list on Frankfurt's bourse and will eventually become an externalised company.

Brait, which is now based in Luxembourg, has already been externalised and under John Gnodde's leadership sees no acquisition prospects in South Africa or the entire African continent.

Gnodde and Wiese seem happier to be in established markets, despite the likelihood of lower returns, than to go for higher-risk assets, according to some analysts.

Brait's market capitalisation grew to nearly R79-billion in the financial year ending March 2015 from just R2-billion in 2011.

Its share price has surged by 93% through the course of this year alone.

Had you invested R10 000 in Brait on September 1 2010, your investment would have been worth over R71 000 by August 31 this year.

> Brait sees no acquisition prospects in South Africa or the entire continent

Gnodde said four years ago Brait moved away from a private equity model to that of a longer-term investment holding company.

"This allows Brait to build stronger businesses on a more sustainable basis. Importantly, Brait's core investment skill, developed over the past 25 years with a strong focus on capital allocation, has been retained," Gnodde said.

His key themes in assessing an acquisition are that it should have a solid track record demonstrating strong earnings growth and high cash-flow generation; a proven, aligned and experienced management team; and a clear and coherent market strategy.

It should also be market leader in its home country, to provide a solid base from which to drive expansion.

Gnodde said the investment company required that the business case could exceed Brait's hefty internal benchmark return of 25% per year.

According to Gnodde, the Pepkor deal closes Brait's first chapter since the July 2011 change in business model from private equity house to long-term investment holding company.

The majority of the capital raised in March 2015 was used to acquire controlling stakes in two unlisted businesses: New Look, for which it paid R14.1-billion for 90% of the company, and Virgin Active, for which it paid R12.3-billion for an 80% stake.

Gnodde says Brait has significant long-term growth plans for its portfolio, whether it be the roll-out of new stores in New Look in its prioritised markets, opening new gyms for Virgin Active globally or introducing new products for Premier Foods.

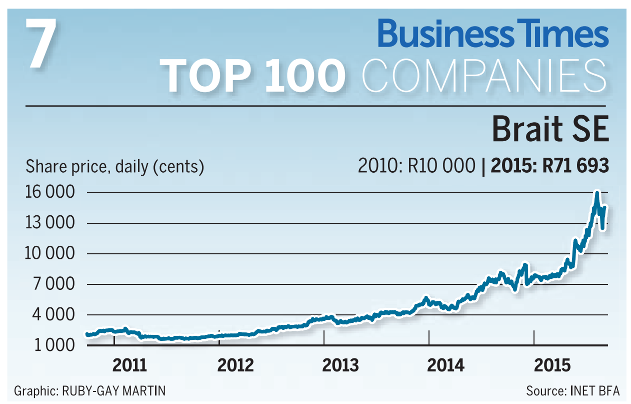
Wiese said although Virgin Active is seen as a UK company, more than 60% of its pre-tax earnings are generated in South Africa — similarly with New Look, which has 70% of its store portfolio in the UK.

"Growth opportunities will be outside the European Union," Wiese said.

Gnodde said the ongoing challenge in managing the investment portfolio was to dig out pockets of sustainable growth.

"Brait will continue digging out exceptional investment opportunities for its portfolio and is excited about the prospects for its current portfolio of investments given their global positioning, performance track records and unique growth opportunities."

BROAD VISION: John Gnodde, chief executive of Brait, is excited about finding exceptional investment opportunities



Graphic: RUBY-GAY MARTIN
Source: INET BFA

TOP TEN

Capital gains in London boom

Prices soar as brands supplant locals

BRENDAN PEACOCK

AS THE owner of two important property assets in London, at Earls Court and Covent Garden, Capital & Counties Properties has benefited from the incredible surge in property prices in the UK's capital.

As central London increasingly becomes home to the world's dollar-billionaire set, the world's leading brands are also moving into town to sell wares to the well-heeled.

Earls Court is preparing for demolition of the long-standing convention site to make way for residential property; in Covent Garden, commercial tenants such as Apple, Chanel and Balthazar are clamouring for attention from the high street.

Since the 2008 financial downturn, London house prices have shot up more than 46% above their pre-crisis peaks, at an average price of more than £525 000, according to the UK's Office for National Statistics. That is R10.9-million for an average London pad.

While locals are either moving further out of town or struggling to meet rental obligations, London has become the world's most expensive city for companies to rent residential and office space, says a survey by estate agency group Savills.

The UK's Telegraph newspaper headlines recently screamed, "Exodus of home buyers from London".

Quite clearly, the UK capital's property market would appear to be overheated, driving Capital & Counties to deliver an annualised total return to shareholders over the past five years of 47.8%.

If an investor had put R10 000 into Capco five years ago, that initial investment would be worth just shy of R70 500 as of the beginning of September.

Could the company — and the UK property market — sustain such momentum?

According to the company, shareholders in Capco have enjoyed market-leading returns over the past five years even while the company has sought to reposition the property it owns in London, such as the "iconic" Covent Garden estate.

"Covent Garden lacked a vision to match its potential. Our strategy was to establish a tenant mix that was relevant to the modern consumer and create an environment that would allow retailers and customers to thrive. Through these efforts, we have reinforced Covent Garden as a leading global destination," the company said.

Over at Earls Court, Capco decided the exhibitions business was not being used to its capacity — an ongoing problem for all facilities of this type — and went through a land-planning process to create a more valuable development scheme.

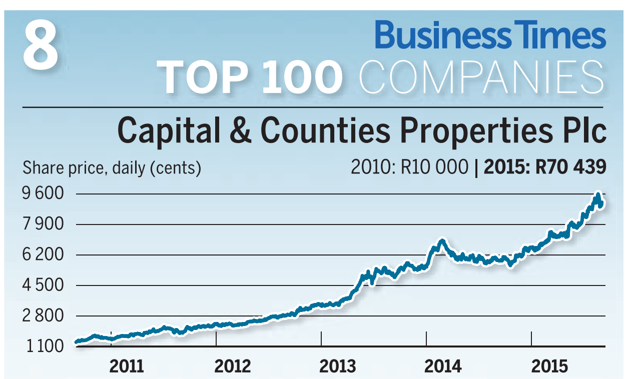
"Lillie Square was our first residential development in the Earls Court master-plan area. Phase one of that scheme is sold, underpinned by the strength of our location and the quality of our development," the company said.

The company intends to maintain a "clear focus on London" and said it had a long-term vision for its residential and retail developments: "At Covent Garden, we have invested close to £500-million to create one of the largest managed estates in London and we will continue to invest, provided assets meet our internal expected returns.

"At Earls Court, we continue to make small but important acquisitions around the master-plan area. Our development focus is [now] on phase one of Lillie Square, where construction is on track and sales of phase two have recently begun."

Capco has a relatively low level of gearing by industry standards, and the company talked up its "robust" balance sheet with a "conservative loan-to-value ratio of 12% and a weighted cost of debt of 3.3%".

This means the company has more room to innovate at its prime London sites, and remains optimistic that demand for these areas will remain strong: "London's population is expected to grow by two million by 2031. To thrive, London needs more places for people to live, work and enjoy. Covent Garden and Earls Court are two of London's greatest addresses and well placed to succeed," the company said.



Graphic: RUBY-GAY MARTIN Source: INET BFA

MARKET-LEADING RETURNS: Ian Hawksworth, CEO of Capital & Counties Properties

TOP TEN

Getting fired scrubbed the slate clean

THEKISO ANTHONY LEFIFI

PSG GROUP would not be around today had Jannie Mouton's friends and business partners not fired him from Senekal, Mouton & Kitshoff, a stockbroking company he co-founded with R50 000 lent to him by his mother and his late wife.

In fact, had "the boere Buffett" not been let go, Capitec, Zeder and Curro Holdings would arguably not be what they are today.

Piet Mouton, Jannie's son and CEO of the group, concurs with that.

He said being fired allowed his father to start with a clean slate.

Had you invested R10 000 in the group five years ago instead of spending it on Soccer World Cup tickets or a plasma screen, your investment by the beginning of September this year — thanks to a reinvigorated and entrepreneurial Jannie — would be worth almost R70 000. Not bad for a company that was not even in the top 10 in last year's Top 100 rankings.

Jannie, now PSG Group's chairman, points out in the company's annual report that had you invested R10 000 in November 1995 when he launched the company, today the investment would be worth more than R280-million.

"The same investment in the JSE All Share index over this period would be worth R1.7-million today," Jannie says before adding: "We are proud of this achievement."

This year, PSG Group is ranked ninth — up 14 places from the previous year's 23rd spot.

The share price has been growing at 47.27% annually for five years.

Over the latest five-year period, the share price surged a staggering 560.8%, outpacing the JSE All Share index, which increased by 75% over the same period.

Year to date, the PSG share price has jumped by 90.6%, trading at R244 a share — a milestone for a company that turns 20 this month.

PSG Group's market capitalisation has grown from R4.2-billion by the end of 2010 to R54-billion by the end of March this year, its financial year-end.

Return on equity over the same period swelled from 13.7% to 19.06%. And the combined market capitalisation of companies PSG Group has interests in is around R130-billion.

On the back of this performance, Jannie views his sudden firing at SMK as a "blessing in disguise".

Thanks to his zeal to get up from defeat, Jannie is the 48th richest person in Africa, according to Forbes magazine.

Piet reckons his father will continue to work until the day he dies. "It [PSG Group] is his baby," Piet said.

The group's one regret is selling EOH, this year's third-ranked company.

Piet said at the time that management did not understand the company but now he views it as an "excellent quality company".

Jannie said PSG undoubtedly has a quality asset portfolio and "I am confident we will continue to yield above-average returns in future".

Looking at the sum of the parts within PSG Group, PSG's share continues to trade at a premium to the group's net asset value, which can probably be explained by shareholders' implicit faith in management's eye for deals.

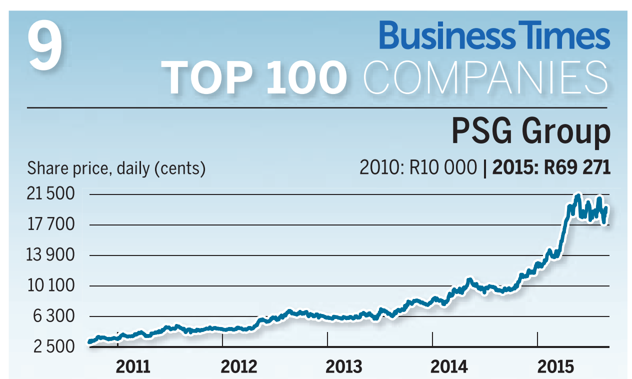
As Jean Pierre Verster of 36One Asset Management pointed out, buying all the underlying counters would provide shareholders with 95% of the net asset value of PSG Group at a significant discount to its share price.

Verster said the market's application of an "aggressive and optimistic" premium indicated expectation of corporate action — unbundling or separate listing of one or more parts of the PSG group's private equity investments.

The group also benefits from the hefty management fees it charges Zeder Investments.

However Jannie and his team decide to crystallise further value, holders of the share have so far continued to benefit from the unflagging optimism of those who buy in at these levels.

LIKE FATHER, LIKE SON: Piet Mouton, CEO of PSG Picture: HETTY ZANTMAN



Graphic: RUBY-GAY MARTIN Source: INET BFA

TOP TEN

Niche logistics forge path to the top

GOOD THING GOING: Ian Lourens says the success of his business lies in its people Picture: RUSSELL ROBERTS

LAST YEAR'S WINNERS: Sanlam CEO Johan van Zyl (business leader 2014), Laurie Dippenaar (lifetime achiever 2014), Coronation Fund Managers CEO Anton Pillay (2014 top company), Trevor Manuel (2014 special award) and Telkom chief marketing officer Enzo Scarcella (CSI award 2014 – Telkom) Picture: JEREMY GLYN

OneLogix dominates niche logistics services market

LONI PRINSLOO

"TALK to anyone in a pub and they will have a great idea, but the people that can actually make money from those ideas are few and far between," says OneLogix CEO Ian Lourens.

He co-founded the only logistics company to make it into the top 10 of the Sunday Times Top 100 Companies this year.

It has been a tough year for most South African companies, with economic growth contracting to an estimated 1.3% for 2015 and global commodity prices free-falling, making it especially difficult for logistics companies to make a buck.

Lourens says margins at OneLogix have also been under pressure, but the acquisition-hungry company's secret was to move things that most other people were not moving.

"Anyone can buy a bakkie and courier stuff, but not a lot of people have the capability and fleet to transport massive cranes or chemicals, for instance. That is a different game."

OneLogix provides niche logistics services and has been in business for more than 20 years.

Its brands include Vehicle Delivery Services, Commercial Vehicle Delivery Services, OneLogix Projex, OneLogix Projex Cargo Solutions, Madison, OneLogix Linehaul, United Bulk, Atlas 360, DriveRisk, Jackson, Buffelshoek Transport and QSA.

While most South African companies have been struggling to recover since the global recession hit in 2009, OneLogix has seen its share price skyrocket from 97c in August 2010 to around R5 a share currently.

If an investor had been clever enough to put R10 000 into OneLogix five years ago, it would have grown by an annual average rate of 45.5% a year to R65 000 by August 31.

OneLogix listed 15 years ago, in 2000, at about R1 a share. The company was born out of a marriage of PostNet, co-founded by Lourens, and another business, Vehicle Delivery Services, established by Neville Bester.

Over the decade that followed, the business performance was flat, with a slight spike during the boom years in 2007 and 2008. The company listed on the AltX board in 2004 and graduated to the JSE main board in 2013.

The business has seen significant growth during the past five years, largely driven by acquisitions of other businesses, as well as starting another three of its own.

The company comprises 13 businesses that range from abnormal load transportation, to moving chemicals in tankers, to the branding of trucks, and one of its most recent acquisitions was in logistics services software.

> Not one of our team has left us since the business started

"I have always been an entrepreneur, and I like to partner with businesses built by other entrepreneurs," says Lourens, who started his first business in 1979, supplying equipment to mining houses.

Lourens believes most companies reach a "glass ceiling" at some point.

"We provide a platform for such companies. We take care of their human resources needs, administration, IT, their drivers' needs, and the entrepreneurs get an opportunity to focus on the original business again," says Lourens.

Essentially this gives the businesses OneLogix acquires a chance to relaunch into a new growth phase.

Lourens says the company would look to expand the business further in the coming year through potential further acquisitions, as well as expanding in Africa.

It employs about 2 000 people and operates in Namibia, Botswana, the Democratic Republic of Congo, Malawi, Mozambique, Zambia and Zimbabwe.

"We have been in Africa for decades, and we know how to operate there. Currently, about 20% of our business comes from South and East Africa, but we would like to increase that."

Lourens says the biggest secret to his success has been getting the right people into the business.

"The people make the business. From our drivers to our management team. Not one of those on our management team has left us since the business started."

Whether Lourens meets his next business partner in the pub or in the bush, where he likes to spend holidays, he looks to have a good thing going — with Adrian Saville, chief strategist at Citadel, listing OneLogix as one of his top 10 stocks going into the next 10 years.

10 Business Times TOP 100 COMPANIES

OneLogix Group

2010: R10 000 | 2015: R65 273

Graphic: RUBY-GAY MARTIN Source: INET BFA

TOP TEN ROUNDUP

Property pays off for half of the top 10

Exposure to listed property a trend among high performers

LONI PRINSLOO

INVESTORS in listed property companies have been smiling all the way to the bank as the sector went on an unprecedented run supported by a favourable interest rate environment during the past five years.

The South African government has been hesitant to increase interest rates since the global recession, in an effort to try to stimulate economic growth in the country.

This has fuelled the bull run in the country's property market, as well as other sectors supported by consumer spending, such as the food and retail sectors.

As the South African economy slows through 2015 and 2016, momentum in these sectors is likely to change.

Half of the companies in the top 10 on this year's Top 100 Companies list have exposure to the listed property sector.

The top-performing share in terms of share price growth, Fortress Income Fund B, was the largest listed property company to hit the JSE's main board on debut in 2009, with a market capitalisation of R1.8-billion.

The compound annual growth of this company's share price has been close to 73% a year, which means if one invested R10 000 in this company five years ago, you would now have more than a R150 000 in the bank.

The number two company on the Top 100 list, Trustco Group Holdings, also has exposure to the property sector, although through property development.

Coronation Fund Managers, in the number five position, invests in the listed property sector, and so do Brait at number seven and Capital & Counties at number eight.

GOOD VIEW: Listed property companies have kept shareholders happy in a favourable interest-rate environment Picture: CAPITAL & COUNTIES

Last year there were no listed property companies that made it into the top 10.

The newly appointed chief investment officer at Cannon Asset Managers, Andrew Dittberner, said that in the past decade, and especially the past five years, supportive interest rates had bolstered the sector.

He warned that the listed property sector was overvalued and investors should not expect the same returns to continue — although opportunities "remain for investors with the ability to stock-pick".

The JSE South African listed property index has grown in value by more than 650% over the past five years.

Sesfikile Capital fund manager Kundayi Munzara said the sector offered a 7% yield and around 8% to 9% distribution growth for the next two years.

> No listed property on last year's top 10 list

This is against bond yields above 8% and a weakening consumer environment.

"Broadly, we expect the sector to deliver total returns of 9% to 11% per year on a three-to-five-year view for any medium-term investor.

"Although this is moderate compared to the 20%-plus returns we have seen in the last five years, this is a decent return which should outperform bonds and cash over this period," said Munzara.

Besides the companies in the listed property sector, EOH, an information technology services company, has managed to take a spot in the top 10 for the past four years, but its resilience, too, will be tested through a tough 2016.

The company came in at number three this year, having placed second last year.

Coronation Fund Managers fell from the top spot last year to number five this year and construction company Afrimat slipped from number five to sixth.

Coming in at number four is the food and jewellery franchising company Taste Holdings, that most recently acquired the Starbucks coffee brand in South Africa, a new entrant into the top 10.

Rounding off the top 10 best-performing companies for the Top 100 Companies rankings is diversified investment group PSG at number nine and specialised logistics company OneLogix at number 10, which may be pushed to maintain such a lofty position in a difficult macroeconomic environment.

WORST PERFORMERS

Heavy metals sinking to the bottom

ANDRIES MAHLANGU

RESOURCE and construction shares remain a sore point for many investors in 2015.

Save for a handful of stocks, the two sectors have massively underperformed the JSE All Share index over the past five years.

Underscoring the extent of the underperformance has been the progressive downgrading of some of these companies from their coveted spots.

Kumba Iron Ore is the latest among the major mining companies to lose its top-40 blue-chip status, having lost 72% of its market value in the five years to August 2015.

Similarly, the road has been bumpy for the construction sector where the erstwhile market darlings such as Aveng and Murray & Roberts are languishing in the lowly rated small-cap market, where some institutional investors and tracker funds cannot invest.

If you had invested R10 000 in Harmony Gold five years ago, your total return would have shrunk to R1 557 as of September 1.

If you had done the same in Aveng, your capital would have been reduced to R1 386.

But the steepest drop is from Lonmin, where only R407 would be left of the R10 000 initial investment.

Collective market capitalisation for the top 35 mining companies has declined to R414-billion as at June 2015, from R675-billion a year ago, according to a recent research conducted by PwC.

SUNSET INDUSTRY: Lonmin has massively underperformed Picture: KEVIN SUTHERLAND

The consultancy cited the drop in commodity prices and increased cost pressures as some of the key factors weighing on the industry.

It's a theme that has been in place since at least the 2008 global financial crisis and has had knock-on effects in the construction sector as miners moved to cut back on capital expenditure.

Excess capacity and sluggish demand in commodities such as copper and iron ore have added to the mix of lower profits, or losses, in some mining companies.

> Commodity prices will stay weak in medium term

"We are still of the view that global growth remains unsynchronised, and that commodity prices will remain weak in the medium term," Obsidian Capital analyst Richard Simpson said.

Holding a contrasting view are Capital Economics analysts, who argue a bounce in some industrial commodities is due in the coming months.

WORST 10 PERFORMERS OVER FIVE YEARS

	Share name	Open (cents)	Close (cents)	Final value (R)	Compound annual growth rate
1	Lonmin Plc	17 900	719	407	**-47.29%**
2	Aquarius Platinum	3 345	195	599	**-43.05%**
3	Coal of Africa	900	70	778	**-39.99%**
4	Sentula Mining	245	24	980	**-37.16%**
5	ArcelorMittal SA	8 250	996	1 241	**-34.12%**
6	Aveng	3 800	481	1 386	**-32.65%**
7	Harmony Gold Mining	7 469	1 128	1 557	**-31.06%**
8	Eastern Platinum	7 800	1 348	1 728	**-29.61%**
9	Keaton Energy Holdings	480	91	1 896	**-28.29%**
10	Esor	230	32	1 926	**-28.07%**

Graphic: RUBY-GAY MARTIN Source: I-NET BFA

"The responses of producers to the previous slump in prices will start to constrain supply. The pace at which this will happen will vary — much sooner, for example, in the case of crude oil than iron ore, where there is still ample low-cost supply."

Although declining in its long-standing influence on the domestic share market, which is now dominated by industrial stocks such as SABMiller and British American Tobacco, South Africa still generates significant foreign exchange earnings from the mining sector.

Meanwhile, Aspen Pharmacare has slipped down to 26th position in this year's rankings from eighth last year, as some investors trimmed their positions in the highly rated pharmaceutical stock.

Still, you would have pocketed about R41 420 had you invested R10 000 in the company five years ago.

Absa's head of private client asset management, wealth and investment management, Craig Pheiffer, said while Aspen was operating effectively across its chosen emerging markets, the weakness of EM currencies in the uncertain global environment, together with the company's levels of dollar-denominated debt, made it vulnerable.

Invicta Holdings has also slid markedly from last year's seventh position to 63rd in 2015. Invicta operates in the cyclical mining, agricultural and construction sectors.

INVESTMENTS

Sometimes hindsight is the best filter

The top 10 shares that got away from the fund managers

GUESSING GAME: David Shapiro, deputy chairman of Sasfin Securities Picture: JEREMY GLYN

ASHA SPECKMAN

IT is tough for retail investors to find a needle in a haystack, but surely investment professionals who handle our retirement funds get it right more often than not.

A comparison of this year's Top 100 Companies — based on share price performance and total returns over the past five years — with the underlying holdings of the best-performing unit trusts over the same period makes for interesting reading.

EOH, the third-best performer this year which has delivered an annualised total return of nearly 70% for shareholders over five years, continues to mystify fund managers — including David Shapiro, portfolio manager and deputy chairman of Sasfin Securities.

He is one of many who just never picked it.

"I missed EOH. It's a very good business. It's one that I probably should have had," Shapiro said recently.

But like many fund managers, for Shapiro the complex web of diverse businesses and the residue of a constantly multiplying acquisition trail result in a difficult company to understand.

> You wonder when they are going to run out of runway

"I've got great respect for them but a lot of growth has been built on acquisitions. So, you wonder when they are going to run out of runway or shoulder room," he said.

Sasfin's R400-million MET Equity A fund is the fourth-best performing unit trust over five years from October 2010 to September this year, under the South African general equity asset class, according to data provided by Morningstar.

Other contenders in this category include top performer Mazi Capital Prime Equity A1 unit trust, Harvard House BCI Equity, Imara MET Equity, and Foord Equity R.

Harvard House, through its BCI Equity fund valued at R125-million, owns stakes in EOH, Coronation and PSG Group. But they recently shed some of the shares, obviously deciding that momentum has now subsided.

"We have lightened our holdings in these companies recently due to excessive valuations, slowing economic growth in South Africa and concern for general market de-rating," Michael Porter, chief investment officer at Harvard House Investment Management, said.

EOH, Coronation and PSG Group are high-quality companies with solid prospects, Porter said.

"Of course hindsight is perfect, but we have a clearly defined investment philosophy that emphasises the importance of dividends to the total return achieved.

"Some of the companies in this year's Top 10 would not automatically fall into our universe of stocks."

Similarly, Malungelo Zilimbola, founder and chief investment officer of Mazi Capital, targets companies with "sustainable business models and great management teams".

The Mazi Capital Prime Equity A1 fund, which has delivered an annualised return of 21.02% and a cumulative return of 159.54% over the past five years, owns stakes in Fortress Income Fund B, Afrimat and PSG.

The Foord equity fund has shed some of the counters in the Top 10 list but many had contributed to the fund's previous performance and had been in the portfolio for more than five years.

Global equity and property funds have been popular with South African investors over the past five years, boosted by the weaker rand against the dollar, which contributed about 90% of offshore returns when it was converted to local currency, according to a fund manager who declined to be named.

Porter of Harvard House said global "property funds have demonstrated their ability to generate inflation-beating income growth", while local property companies had also diversified aggressively offshore.

> Some of the companies would not fall into our universe

Some funds may have lost out on growth because "most general equity funds have exposure to resource stocks, which have performed poorly for many years — although up sharply this month — due to a slowdown in China and falling commodity prices", said Chris Botha, director for fund management at Imara Asset Management South Africa.

This could change: "Better prospects in China and a reduction in oversupply in commodities — mainly metals and iron ore — could see the situation reverse with commodity stocks outperforming in due course."

Botha said value funds had continued to buy resource stocks because they appeared undervalued, "but it is in our opinion a classical 'value-trap' ".

Imara's MET Equity Fund has delivered cumulative returns of 128.48% over the past five years, making it the third-best performer in its category.

It has holdings in Afrimat, EOH, PSG and Capital & Counties, based on qualitative metrics such as management, sustainable free cash flow generation, innovation and high barriers to entry.

STAR PERFORMERS OVER FIVE YEARS

Peer group percentile	Fund name	Start date	Return annualised (%)	Return accumulative (%)
1	Mazi Capital Prime Equity A1	04/08/2010	21.02	**159.54**
2	Harvard House BCI Equity	29/09/2006	18.83	**136.99**
3	Imara MET Equity	21/05/2008	17.97	**128.48**
4	Sasfin MET Equity A	31/10/2005	17.93	**128.09**
5	Foord Equity R	30/08/2002	17.75	**126.37**

Graphic: MATTHYS MOSS Source: MORNINGSTAR SA

LEADERSHIP INSIGHT

LEADING THE WAY: Johan van Zyl, outgoing CEO of Sanlam, believes there is no one-size-fits-all approach to leadership. Gone are the days where you're always in front; sometimes it's about good support rather than good leadership, he says
Picture: RUSSELL ROBERTS

Being in for long haul is what counts

BRENDAN PEACOCK

The business leader of the year should have staying power, says last year's winner, Johan van Zyl

LAST year's business leader of the year, outgoing Sanlam CEO Johan van Zyl, took some time to reflect on what he and his fellow executives are looking for when they cast their votes.

The answer is that this award is intended to recognise long-term impact.

Rolling with momentum is not enough. "I know what I look for in others, and that's what they've done with the cards they've been dealt.

"Often people start with a great company and they do very well but haven't actually achieved anything," Van Zyl said.

It's not about quick wins. He believes every winner of this award has been able to play situations, build the business and turn it into a sustainable and profitable entity.

"It's not a quick issue of one year — it's about a three- to five-year approach."

Van Zyl agreed with the view that modern corporate governance incentivises the maximisation of short-term profit. So do better leaders resist the temptation to operate on that basis?

"Yes, it's a long-term game. You can do things that make you look good for the year, but in the longer term that may not enhance the business. I come from a different background — a university with a longer time horizon of 10 to 15 years.

"I've often found the business time horizon to be very short — often six months of results and even quarterly results."

Working towards quarterly figures "doesn't mean a thing", he said.

"It's about the sustainability of your business model. I've seen people who consistently win this award have that long-term time horizon in mind. They have more staying power and really build a sustainable business over a longer period."

There is no one-size-fits-all approach to leadership, however.

"Some people focus on people, some focus on opportunity, some focus on the bottom line. Others have a mix. My own view comes from having been fortunate enough to run a very complex business with a range of vastly different functions, so I had to be eclectic in my style.

"What works in one business may kill another division if you apply it there. Some people you have to support, some you have to guide much harder. Some you have

> I know what I look for in others, and that's what they've done with the cards they've been dealt

to tell what to do, some you have to rein back. It's all determined by circumstances."

Looking back on his 12 years at Sanlam, the challenges he faced and how he handled them, Van Zyl said the environment when he started was vastly different from the environment when he left.

"It's actually very much a horses for courses approach. I think I would describe my own style as fairly eclectic. If things work, leave them. Focus your time on those areas where you can make an impact and a difference."

He thinks modern business leadership is becoming more adaptive.

"Gone are the days of being just one type of leader where you're always in front. There are times to do this, but now you can also stand back and let things go when you have good people there — and it becomes about good support rather than good leadership."

In fact, Van Zyl said, when the business has a tailwind, that's when it's best to be cautious.

"When the wind is from the front, get out of the trenches and show real leadership in what needs to be done. It comes down to circumstances, people and where you are in the cycle."

If leaders don't adapt, cyclical behaviour and herd mentality can dominate.

"You get what happened in the resources sector, where everyone fell into the same trap. Everybody runs too hard, new people get appointed, fired and reappointed. It doesn't work."

What does recognition of avoiding the traps mean to a business leader?

"I've had other awards, but this award means being selected and elected by your peers — that's the pinnacle of what one can achieve. These are the people in the trenches with you, they know what you're up against.

"If they say 'Well done', it means a lot. Looking back on my career, on the one or two things that meant a lot, this is one of them. These are not external adjudicators."

A final thought on the relationship between leadership ability and shareholder returns: "There should be and is a direct relationship — the input and the output. We will see this increasingly. The good leaders create something worthwhile with impact and that's sustainable. To my mind this distinguishes the more successful leaders from the also-rans.

"You can put someone who can fix things in a business and they'll make it work — nothing is too big a job. And then you can put them elsewhere in a new situation and they'll make it work as well. It's about having the composite skills."

TOP-40 INDEX COMPANIES OVER FIVE YEARS

	Share name	Open (cents)	Close (cents)	Return from R10 000	Compound annual growth rate
1	Brait SE	2 150	14 518	71 693	**48.28%**
2	Capital & Counties Properties Plc	1 345	9 120	70 439	**47.76%**
3	Mondi Plc *	5 499	30 425	63 910	**44.92%**
4	Mondi Ltd *	6 918	30 751	61 452	**43.78%**
5	Naspers - N	30 500	171 900	57 917	**42.09%**
6	Mr Price Group	5 090	23 864	53 892	**40.06%**
7	Steinhoff International Holdings	1 905	7 946	48 160	**36.94%**
8	Woolworths Holdings	2 545	9 950	46 202	**35.81%**
9	Mediclinic International	2 496	10 654	46 015	**35.70%**
10	Aspen Pharmacare Holdings	8 618	34 251	41 420	**32.87%**
11	Discovery	3 557	13 401	40 996	**32.60%**
12	Capitec Bank Holdings	13 410	48 285	40 015	**31.96%**
13	FirstRand	2 014	5 291	37 797	**30.46%**
14	RMB Holdings	3 429	6 715	36 169	**29.32%**
15	Compagnie Fin Richemont	2 955	9 886	34 674	**28.23%**
16	Netcare	1 340	3 986	34 096	**27.80%**
17	British American Tobacco Plc	25 779	70 145	32 586	**26.65%**
18	Sanlam	2 413	6 379	31 478	**25.78%**
19	SABMiller Plc	21 793	61 550	31 062	**25.44%**
20	Old Mutual Plc	1 709	3 973	30 357	**24.87%**
21	Vodacom Group	6 235	14 149	30 245	**24.78%**
22	Remgro	10 298	25 298	28 455	**23.26%**
23	Bidvest Group	13 750	31 890	26 851	**21.84%**
24	Reinet Investments SCA	1 130	2 775	24 904	**20.02%**
25	MMI Holdings	1 600	2 811	23 809	**18.95%**
26	Investec Plc	5 510	10 928	23 788	**18.92%**
27	Investec Ltd	5 700	10 792	22 682	**17.80%**
28	Growthpoint Properties	1 695	2 616	22 015	**17.10%**
29	Intu Properties Plc	3 882	6 550	20 226	**15.13%**
30	Nedbank Group	14 340	23 598	19 685	**14.51%**
31	Shoprite Holdings	9 150	16 237	19 624	**14.43%**
32	Tiger Brands - Ordinary	18 000	29 980	19 231	**13.97%**
33	MTN Group	12 382	17 697	18 348	**12.91%**
34	Sasol	28 910	42 491	17 643	**12.02%**
35	Barclays Africa Group	12 699	17 376	17 370	**11.68%**
36	Standard Bank Group	10 695	14 612	16 417	**10.42%**
37	BHP Billiton Plc	21 510	22 592	13 375	**5.99%**
38	Anglo American Plc	27 680	14 685	5 994	**-9.73%**
39	Anglo American Platinum	64 800	32 019	5 055	**-12.75%**
40	Kumba Iron Ore	35 199	9 034	3 634	**-18.33%**
41	AngloGold Ashanti	30 840	10 679	3 562	**-18.65%**

Graphic: RUBY-GAY MARTIN Source: I-NET BFA * Denotes where a dividend has been accrued.

HOW WE CELEBRATED LAST YEAR


PAINTING THE TOWN RED: Yu-Fang Wen and Jayendra Naidoo, J&J Group

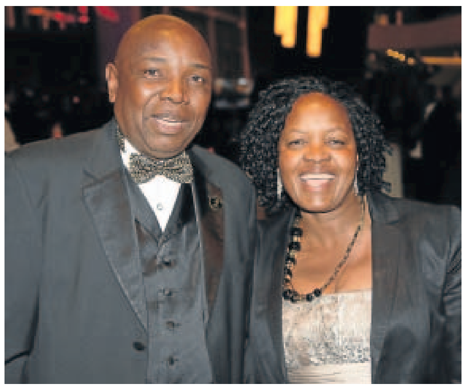

SUIT AND TIED: Sylvester Mofokeng and Brian Finch, Times Media


POWER COUPLE: Trevor Manuel and Maria Ramos, Barclays Africa Group


FINE COMPANY: Dorian Wharton-Hood and Hilmari Viljoen


WELL-SUITED: Bheki and Thembisa Sibiya, Bulelani Ngcuka, Laurence and Daniel Rapp, and Dumisani Tabata at last year's Sunday Times Top 100 Companies awards in Sandton


VISION IN BLUE: Sunday Times editor Phylicia Oppelt with Trevor Manuel


IN SYNC: David and Sema Moshapalo, Strategic Partners Group


DRINKING A TOAST: Gabu Tugwana and Vanessa Watkins-Tugwana, City of Johannesburg


TOUCH OF GLAMOUR: Themba and Shirley Gamedze, and Temba and Bongiwe Mvusi, Sanlam


MOVERS AND SHAKERS: Wendy Lucas-Bull of Peotona Group Holdings, and Brand Pretorius, retired CE of McCarthy

2016 PREVIEW

Efficiency the key, with no turnaround on horizon

Tech firms offering cost-cutting services will thrive

LUTHO MTONGANA

THE year 2016 will be no easy year for any South African business. Some sectors might have it slightly easier than others but the next year does not promise anything more than a continued slow-growth environment.

Instead of waiting for a global economic turnaround, companies need to find ways to mitigate costs.

According to the South African Reserve Bank, GDP growth is forecast to be 1.5% this year and between 1.6% and 2.1% in the next two years, with the resources sector lagging behind.

Technology-centric companies were picking up momentum despite global economic factors, not because they were immune but because "companies need to efficiently come through and live in a new world that is highly technology-centric and, if they don't, they certainly fall behind quite quickly", Michele Santangelo, an analyst at Vunani Private Clients, said.

"When the economy gets tougher, people are looking for efficiency and they try to look for the edge, and technology allows you to bring your costs down, you become more efficient and provide better services to your customers so there's still lots of opportunity in that technology space," Santangelo said.

According to him, companies such as Adapt IT, EOH Holdings and Naspers will continue accelerating into 2016 because they provide simple technology that advises you about your financial situation without needing a financial adviser, and as long as these companies continue to provide the services that other enterprises — small, medium or large — need, they will be in demand come 2016.

"Whether it's accounting services, a website or a client-related system, they all need these products to become more relevant today," Santangelo said.

The retail sector should continue delivering mediocre growth, as demonstrated by Shoprite's slow 6.7% rise in turnover compared to a turnover of 12.3% from the previous year's interim results.

The two types of expansion, an expansion into Africa or developing counties and expansion into developed countries, have been the way forward for retailers.

Many retailers are leaning towards expansion into developed countries due to the risk in African countries, with low commodity prices for a continent highly dependent on commodity sales.

Retailers are looking for UK and US currency, moving away from

> When the economy gets tougher, people are looking for efficiency

non-rand earnings, Wayne McCurrie, an analyst at Momentum, said.

"Steinhoff has been very effective in Europe, and the medical companies as well. Brait and Woolworths seem to be doing quite well abroad. Everyone wants non-rand earnings when the rand is collapsing," McCurrie said.

However, with a declining rand, a strengthening dollar and a possible interest rate hike from the US Federal Reserve, 36ONE Asset Management analyst Jean Pierre Verster said commodity-based companies had been feeling the pinch this year and had lagged behind on the JSE.

Lonmin, Aveng, Harmony Gold, ArcelorMittal and Aquarius Platinum were some of the biggest underperformers.

"Lonmin needs a capital injection, Aveng is unsustainable, Harmony is constrained in capital and ArcelorMittal is asking government for tariff increases to protect itself from China's cheap materials. Aquarius Platinum won't exist soon, so we'll see what happens with the Sibanye shares," Verster said.

The main problems with the bottom-ranked companies, apart from the global outlook, was that they had in common debt and operational performance issues, as well as previous leadership and management blunders that had cost the businesses a lot in the long run, he said.

McCurrie said the mining shares were high-risk at the moment and only a "risk-taking investor" might consider buying some resource shares. He thought Bidvest was a good company to invest in come 2016.

McCurrie and Santangelo commended Capitec Bank for its acceleration on the JSE, saying the bank's business strategy of cheap and basic services attracted a lot of consumers, especially with bank customers starting to become concerned about fees and paying for services they did not need.

Capitec had come forward with good transactional banking products and gained a lot more clients when African Bank collapsed.

McCurrie said, however, that Capitec's efforts to compete with the "big four" banks would slow down its share price.

"The share price will still do well next year but not as well as this year. As the business gets bigger it becomes more difficult to grow profits more strongly, and to keep customers growing one has to keep increasing the product range. As the bank matures it will have less ability to outperform the big banks."

McCurrie said although he was sure the economy would pick up again, he was not sure whether 2016 was the year that would happen.