



INVESTMENT INSIGHTS

David Carte | 11 January 2010 00:49

JSE's unlikely best and worst performers in 2009

Zuma and Mandela put a rocket under Cenmag.

JOHANNESBURG - Cenmag (JSE:CMG), a company that winds electric motors and by management's admission should not have been listed, was the top performing share on the JSE (JSE:JSE) in 2009.

Shareholders who stayed aboard this unlikely prospect scored a capital gain of 669% in the year.

The spurt in the share price is not unconnected with the company's new identity - and more specifically its new bosses, Chairman Khulubuse Zuma, nephew of the president and Zondwa Mandela, grandson of Madiba. They have Malaysian backers and funders standing by with hundreds of millions. At this stage it is not known how the shareholdings break down between the South Africans and the Malaysians, one of whom Raja Dato Zainal Alam Shah is a promoter of Al-Rajhi Banking Corp.

Cenmag's directors took the winding and electrical businesses in a MBO, leaving Cenmag as a cash shell. The cash shell's first acquisitions were something of a puzzle and did not appear that rational. First they bought Zambian hardwood timber businesses, then Zambian tourist interests. Latterly it acquired the Orkney and East Rand gold mines of Pamodzi Gold (JSE:PZG) from the creditors for R210m, promising R150m of a capex. They also purchased 60% of DRDGOLD's (JSE:DRD) Blyvoor for R390m.

Still, the new-look company has made a positive first impression. The top men say politics is the last thing on their minds but they are well connected.

Most of these purchases were funded by debt. We have not yet seen a set of financials of the company in its new state.

Thanks partly to PSG's mandatory offer of 1.57 PSG per Capitec, **Capitec** (JSE:CPI) produced a capital gain on the year of 169%, which made it the second best performer.

Indeed, Jannie Mouton's implied endorsement of the fast growing micro financier caused the share price to outstrip PSG's (JSE:PSG). This replay of African Bank has not put a foot wrong, so unlike **Blue Financial Services (JSE:BFS)** and **African Dawn (JSE:ADW)**, two other highly rated micro financiers that crashed back to earth and found themselves among the year's worst losing up to 90% of their value.

Cipla (JSE:CMP) and Aspen (JSE:APN) were two established drug companies that came to the fore in 2009. Combined Motor Holdings (JSE:CMH) made a strong recovery on the strength of earnings that impressed the market in the worst motor downturn in years.

In previous surveys of this kind, penny stocks have often excelled. Not in 2009. Only six of the top 30 were priced at less than a rand at the beginning of the year. Penny stocks litter the bottom of the table.

If you look at companies that produced 25% plus last year, you will notice a lot of quality. Unfortunately some quality companies such as Barloworld (JSE:BAWP), disappointed. Tiger Brands (JSE:TBS) returned 20% excluding dividends, which was something of a recovery after last year's setbacks.

Some 255 counters of 370 gave positive return, which means nearly a third gave no return at all. This was surprising in a year in which the JSE Alsi index gave an average return of 29% in one of the JSE's best years - in spite of the financial crisis.

One could say the returns were that positive partly **because** of the crisis, which led to many shares crashing, then recovering spectacularly.

Platinum shares were the most obvious cases in point - After Cenmag, Capitec and Eastern Resources (JSE:EPS), platinum and platinum exploration shares were prominent at the top of the table.

Even the best quality construction stocks came off the boil last year as the market anticipated a cooldown in infrastructure spending after 2010. Most of the construction firms report that they are maintaining order books with new work but at lower margins thanks to hotter competition.

Several companies came close to bankruptcy during the year and had to be bailed out by bankers, among them Super Group (JSE:SPG) and AG Industries (JSE:AGI). At one stage all seemed lost for Metorex (JSE:MTX) but the big resources bounce has done much to restore confidence and to enable it to achieve a capital gain of 119%.

Best Cut (JSE:BCH) was suspended by the JSE after the KwaZulu-Natal High Court granted a provisional application for the liquidation of the fledgling meat company.

At the bottom of the table are a number of small fry that should not have been listed. A number are resource exploration companies whose dreams have not come to fruition.

Some, such as Eureka (JSE:EUR), have been delisted. Decillion (JSE:DEC), Alwyn Smit's high-tech financial services company, didn't quite die with a whimper but it was suspended by the JSE for its late financials. This came after Smit made a vigorous defence on *Moneyweb* of his history with the company he founded.

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Short Name	Price: 2009/01/02	Price: 2009/12/31	Change
CENMAG HLDGS LTD	52	400	669%
CAPITEC BANK HOL	2900	7887	172%
AFRICAN EAGLE RE	25	62	148%
EASTERN PLATINUM	281	679	142%
JUBILEE PLATINUM	152	362	138%
NORTHAM PLATINUM	2129	4804	126%
CIPLA MEDPRO SOU	225	495	120%
ISA HOLDINGS LTD	20	44	120%
METOREX LTD	220	481	119%
ASPEN PHARMACARE	3390	7360	117%
1TIME HOLDINGS L	50	105	110%
MVELAPHANDA RES	2421	4900	102%
PAN AFRICAN RESO	46	93	102%
LABAT AFRICA LTD	3	6	100%
MAZOR GROUP LTD	158	316	100%
COMBINED MOTOR	400	785	96%
BRIMSTONE INV-N	400	780	95%
GUJIMA AST GROUP	49	94	92%
MASONITE AFRICA	2100	4000	90%
CORONAT	465	875	88%
WITWATERSRAND	4100	7600	85%
COAL OF AFRICA L	655	1213	85%
KUMBA IRON ORE L	16499	30500	85%
CADIZ HOLDINGS	170	314	85%
NASPERS LTD-N	16368	30000	83%
LONMIN PLC	12817	23200	81%
BRIMSTONE INVEST	450	810	80%
STEINHOFF INTL	1159	2077	79%
HOSKEN CONS INV	4000	7124	78%
AQUARIUS PLATINU	2715	4798	77%
AFRIMAT LTD	180	317	76%
MUTUAL & FED INS	1295	2274	76%
CULLINAN HLDGS	40	70	75%
ANOORAQ RESOURCE	390	670	72%
CIC HOLDINGS LTD	74	127	72%
OLD MUTUAL PLC	775	1318	70%
MIX TELEMATICS	64	108	69%
METROFILE	80	135	69%
DATACENTRIX HOLD	285	480	68%
BRAIT SA	1250	2100	68%
PSG GROUP LTD	1310	2200	68%
INDEQUITY GROUP	70	117	67%
DATATEC LTD	1610	2685	67%
MYRIAD MEDICAL H	59	98	66%
CLICKS GROUP LTD	1650	2725	65%
JSE LTD	3705	6028	63%
NETCARE LTD	850	1380	62%
TRANSPACO LTD	510	820	61%
DIMENSION DATA	556	885	59%
PALABORA MINING	6700	10595	58%
COMAIR LTD	190	300	58%
COUNTRY BIRD HOL	225	355	58%
MERAFE RESOURCES	89	140	57%
TASTE HOLDINGS L	28	44	57%
SOVEREIGN FOOD	520	815	57%
SASFIN HOLDINGS	2500	3900	56%
TONGAAT HULETT	6350	9889	56%
EOH HOLDINGS LTD	640	995	55%
CONTROL INSTRUMT	42	65	55%
FAMOUS BRANDS LT	1500	2310	54%
VERIMARK HOLDING	28	43	54%
URANIUM ONE INC	1380	2115	53%
BOWLER METCALF	440	670	52%
AFRICAN RAINBOW	11540	17377	51%
WILLIAM TELL HOL	60	90	50%
PIONEER FOODS LT	2640	3950	50%
ILIAD AFRICA LTD	655	980	50%
TRANS HEX GROUP	265	390	47%
CERAMIC INDUSTR	7900	11600	47%
IMPERIAL HLDGS	6050	8835	46%
ALEXANDER FORBES	536	779	45%
ASSORE LTD	48500	70300	45%
ANGLO PLATINUM	54700	79250	45%
CASHBUILD LTD	5200	7500	44%
DIALOGUE GROUP H	16	23	44%
IMPALA PLATINUM	14127	20299	44%
KAP INTERNATIONA	175	250	43%
ANGLO AMER PLC	22389	31949	43%
COMPU-CLEARING	200	285	42%
MVELAPHANDA GROU	495	705	42%
ELB GROUP LTD	844	1200	42%
EXXARO RESOURCES	7350	10450	42%
SPUR CORP LTD	740	1051	42%
U LOVO SUGAR LTD	2277	3222	42%

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by **Jamo** on January 11 2010, 09:09
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Trivial analysis

What about dividends and other payments to shareholders? More tangible and most certainly a part of annual return.

by **FT** on January 11 2010, 09:18
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