



## The road ahead



Fundamental calls | January 2013

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- **SAP:** Sappi
- **OML/SLM:** Old Mutual; Sanlam
- Property shares:
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  - **RIN:** Redefine International
- **SOL:** Sasol
- **VIL:** Village Main Reef



# Mustek chart – last 12 months



# MST fundamentals



- Offer to minorities 2010: R5.55
- Good turnover growth nearing R4bn
- Increase in efficiency: own building; R100m
- Expanding product range, not just Mecer
- Sold Comztech non-profitable operation for R44m
- EPS for the 1<sup>st</sup> half 2012: 13c/share
- EPS for the 1<sup>st</sup> half 2013: 36c/share, up 180%
- Expected NAV: R8.05/share

# Mustek

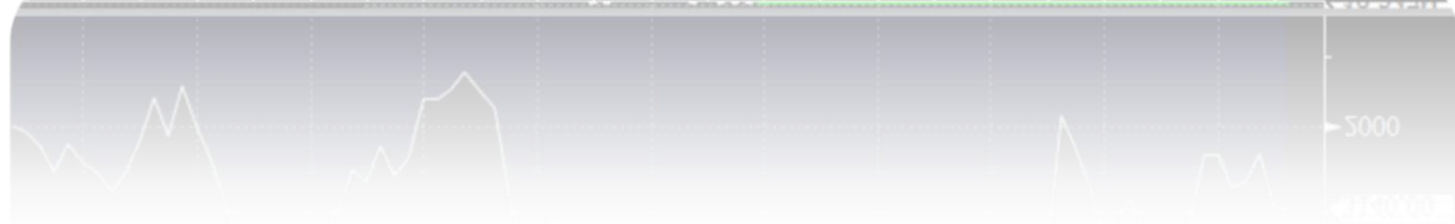
| Year | EPS  | NAV    |
|------|------|--------|
| 2007 | 55 c | R 4.67 |
| 2008 | 74 c | R 4.97 |
| 2009 | 49 c | R 5.27 |
| 2010 | 58 c | R 5.94 |
| 2011 | 89 c | R 6.33 |
| 2012 | 70 c | R 6.96 |
| 2013 | 90 c | R 8.05 |



**MECER**



# Sappi chart – since 1990



# SAP fundamentals



- Reducing debt from \$2.1bn to \$1.9bn
- Closing down non-profitable operations
- Focus on profitability
  - Chemical cellulose to increase from 20% to 35% of revenue
- Timber: one of the best performing commodities 2012
- Manages 560,000 ha plantations
  - Of which they own 370,000 ha plantations in SA
  - Compare this to the Kruger National Park at 2m ha

# Old Mutual vs Sanlam – 5yr chart



OML is 73 years older than SLM –  
Old Mutual was established in **1845**,  
long before Sanlam started out in **1918**



# OML/SLM comparison: 2011 to 2012



- **EPS** forecast 2012: **265c**
- **Embedded value** forecast for 2012: **R32**
- **Funds** managed **R360bn**
- **Mkt cap**:
  - OML: R127bn
  - Nedbank stake R50bn
  - Value OML at **R77bn**



- **EPS** forecast 2012: **305c**
- **Embedded value** forecast for 2012: **R36**
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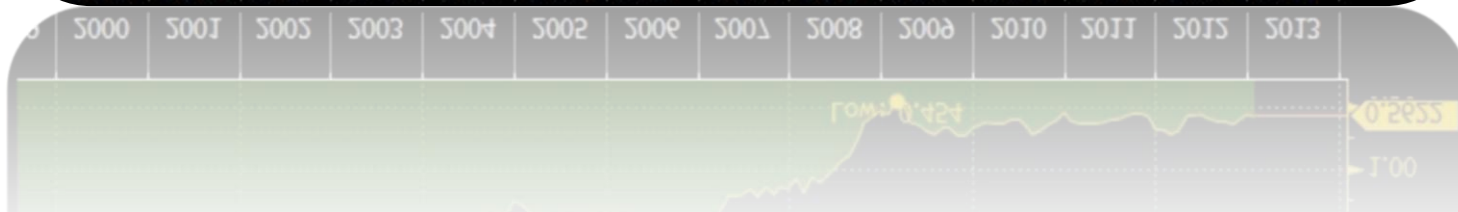
## What does this mean?

SLM should be trading **15%** higher than OML –  
SLM is currently trading **70%** higher than OML

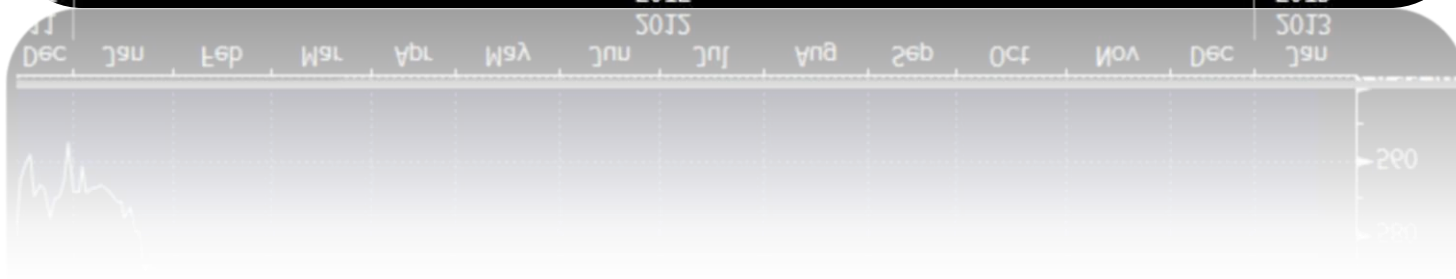
# Sanlam trading at a premium

| Year        | Embedded value | Trading price end of year | Difference in cents | Premium or (discount) |
|-------------|----------------|---------------------------|---------------------|-----------------------|
| <b>2008</b> | 2213           | <b>1700</b>               | -513                | <b>-23%</b>           |
| <b>2009</b> | 2473           | <b>2300</b>               | -173                | <b>-7%</b>            |
| <b>2010</b> | 2818           | <b>2770</b>               | -48                 | <b>-2%</b>            |
| <b>2011</b> | 3150           | <b>2990</b>               | -160                | <b>-5%</b>            |
| <b>2012</b> | 3550           | <b>4600</b>               | 1050                | <b>30%</b>            |

# Spread chart: OML/SLM all history



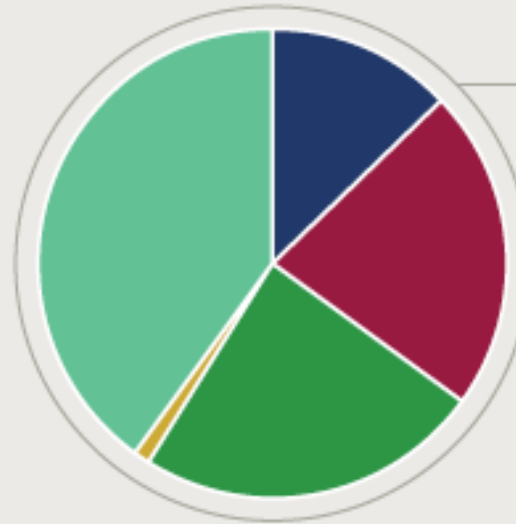
# Arrowhead A – all history



# Arrowhead

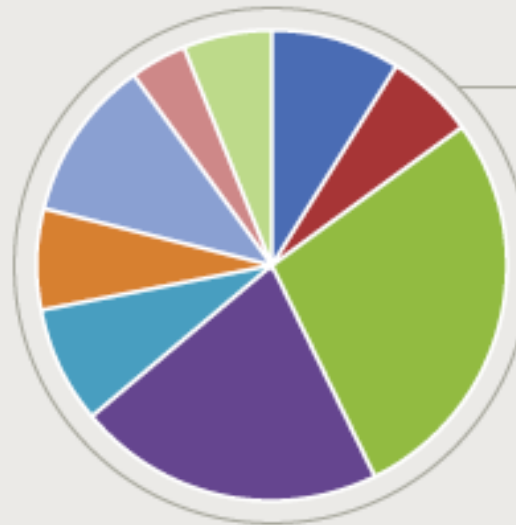
Local portfolio of  
98 properties:

Sectoral profile by gross rentals (% of revenue)



| Key        | %   |
|------------|-----|
| Industrial | 13% |
| Mixed Uses | 22% |
| Offices    | 24% |
| Other      | 1%  |
| Retail     | 40% |

Geographical profile by rentable area (% of rentable area)



| Key           | %   |
|---------------|-----|
| Eastern Cape  | 9%  |
| Free state    | 6%  |
| Gauteng       | 28% |
| KwaZulu-Natal | 21% |
| Limpopo       | 8%  |
| Mpumalanga    | 7%  |
| North West    | 11% |
| Northern Cape | 4%  |
| Western Cape  | 6%  |

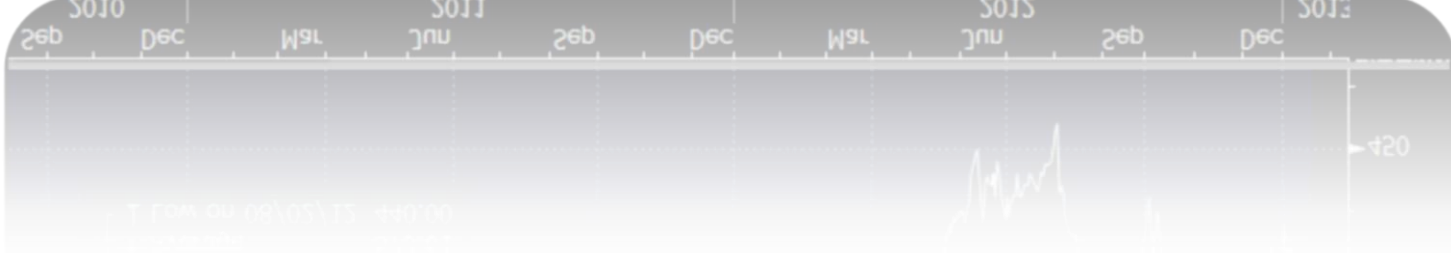
# AWA fundamentals



- 2 shares: AWA & AWB
- Starting yield of [current price R7]: 8%
- Expected distribution 2013: **60** c/share
- Expected distribution 2014: **63** c/share
- Expected distribution 2015: **70** c/share



# Redefine international – all history





# RIN fundamentals



- Higher risk – more recently listed
- Higher yield – currently around 11%
- Rand hedge – international properties
- Portfolio includes UK, Jersey, Switzerland, Germany, Netherlands, Australia
- We will wait for the next set of results to confirm our position sizing

# Sasol 5yr chart



# SOL view

sasol  
*reaching new frontiers*



- All resources are cyclical
- Sasol products being used daily
- Generates large cash flows
- Cheap vs the rest of the sector
  - See PE ratio's below:

| AGL  | BIL  | KIO  | ARI  | SOL        |
|------|------|------|------|------------|
| 11.2 | 11.1 | 12.0 | 12.1 | <b>8.7</b> |

# Village Main Reef



**VILLAGE**  
MAIN  
REEF

# VIL

- Village recently bought back around 3% of its own shares – keep this one on the radar

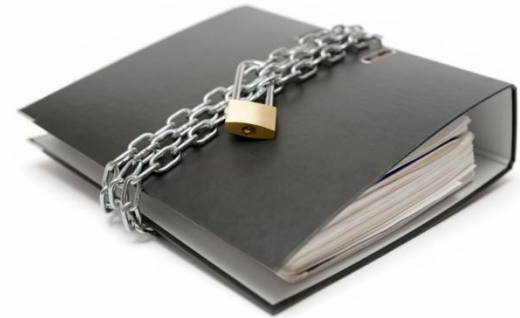


Village Main Reef Ltd is a mining company. The Company holds a controlling interest in the Lesego **Platinum** Ltd exploration project and the antimony and gold producing, Consolidated Murchison mine.

Village also owns the **gold** producing Buffelsfontein and Tau Lekoa mines. It has a small investment in First **Uranium** Corp, a uranium and gold producer.

# Sources

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- [www.villagemainreef.co.za](http://www.villagemainreef.co.za)



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