

Business confidence up despite disappointing factory output

THE GOOD ...

● SOUTH African business confidence improved at its fastest pace in 16 years in the first quarter of 2010, led by better sentiment among car dealers.

But the quarterly confidence index, sponsored by Rand Merchant Bank and the Bureau for Economic Research, remained well below 50 at 43 points, meaning most businesses are still negative about current economic conditions.

The index jumped 15 points compared with the previous quarter, adding to a recovery seen towards the end of 2009, when the economy pulled out of its first recession in nearly two decades.

● Sanlam lifted 2009 profit thanks to better returns on equity investments and as it built up new customers while existing clients kept their insurance policies. Sanlam, one of the biggest asset managers in the country, reported that normalised headline earnings per share for the year to end-December jumped 133%. (See page 4)

● Industrial group Imperial Holdings has bought a 25.4% stake in vehicle tracking firm MiX Telematics.

Imperial, whose activities cover auto retailing, rental and logistics, said the deal would enhance the relationship it already has with MiX Telematics, whose operations also include fleet management.

MiX Telematics, which owns the third-largest vehicle tracking supplier Matrix, already provides services to

Imperial's 250 vehicle dealerships.

● Optimum Coal Holdings, a majority black-owned mining and exploration company, said it would list on the JSE on March 29, seeking to raise R1.6-billion. Optimum said it planned to use the cash to repay debt incurred after it bought a majority stake in the Koorfontein Mines from Sentula Mining, and to fund more acquisitions.

● Consumer goods firm AVI posted a 9% rise in first-half headline earnings per share from continuing operations, and declared an interim dividend of 39 cents, showing an 8.3% increase.

● Private hospitals group Life Healthcare plans to launch an initial public offering on the JSE within nine months. Mvelaphanda Group and Brimstone each hold 22% in Life Healthcare.

● Foreign investors were net buyers of South African stocks in the week ending March 5, purchasing R1.411-billion worth of equities, according to data released by the JSE. Foreigners were also net buyers of South African bonds during the week.

● JP Morgan has set a higher share price target for Anglo Platinum.

It said it was "overweight" on Angloplat, a unit of Anglo American, and set a new price of R995 from its previous R960 a share.

THE BAD ...

● SOUTH Africa's manufacturing output grew 3.7% year on year in January, disappointing analysts who had expected a sharper rise.

Compared with December, factory production fell by a seasonally adjusted 0.6%, Statistics South Africa said.

"That's a disappointing number, I even had a higher forecast than the market consensus," Elize Kruger, economist at KADD Capital, said.

● Old Mutual said it would sell its life unit and list its funds operation in the US as part of a strategic overhaul, disappointing investors who had hoped for a more far-reaching shake-up.

Old Mutual said it would also quit some markets altogether as it refocused on its most profitable businesses.

The company reported a 2009 adjusted pre-tax operating profit of £1.17-billion, up from £1.14-billion the previous year. (See page 4)

● Sasol reported a 51% drop in first-half earnings, hit by a strong rand and lower crude oil prices.

"Taking into account . . . the continuing challenging economic conditions and our assumptions in respect of crude oil and product prices, tight refining margins as well as the stronger rand/US dollar exchange rate, we remain cautious in our outlook for the full year compared with 2009," it said. (See page 6)

● FirstRand expects business volumes to remain subdued after posting lower

first-half profit as bad debts continue to hurt its corporate unit.

The banking group said diluted headline earnings per share for the six months to end-December fell 2% to 85.3 cents from 87.3 cents a year ago.

● Stock exchange operator JSE Ltd has called off a deal to buy a stake in the Mauritius bourse due to local regulatory concerns, it said.

The JSE reported a slip in headline earnings per share to 456.1 cents from 456.9 cents in 2008.

● Metropolitan Holdings posted lower 2009 profit after more consumers defaulted or cancelled life insurance policies and the value of its investment assets dropped.

The country's fourth-biggest insurer said diluted core headline earnings per share for the year to end-December fell 7% to 141 cents from 151 cents in 2008.

● MTN aims to add 20 million new users in 2010 after 2009 earnings were depressed by currency movements despite strong growth in key markets in Nigeria and Iran. MTN said adjusted headline earnings per share for the year to end-December dropped by 16.6% to 754.3 cents.

"Movements in exchange rates in the year had a substantially negative impact on the group's financial results," said Phuthuma Nhleko, who will step down as MTN CEO and group president in March 2011. (See page 5)

