



marketplace

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SANTOVA

Buy

Sell

Hold

By Simon Brown

A tiny player expands impressively

Recent results show growth across all regions. Much of this growth was organic and even the South African division managed to increase the bottom line.

The company is also generating more cash thanks largely to the offshore operations and it now has just over R120m cash on hand, up 175% from the previous period. The market cap is only some R650m, so just under a fifth in hard cash. As cash was rising, Santova's debt was falling, with the debt-to-equity ratio falling by more than half. So all round a good set of numbers for this micro-cap stock, but the market was not interested as the stock remains stuck at around 400c. This is of no concern to me; at some point the market will wake up and start bidding the share higher. That said, it might take a while for this to happen. We all love to see stocks we own moving up, but sometimes they remain static and we need to be patient. I have been adding to my position at around 400c.

The writer owns shares in Santova

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From the previous period