Santova's results come out better than I anticipated…

I'd expected muted earnings growth of 5%-10% from Santova for the year. But it ended up beating my expectation.

The company posted headline earnings per share of 39.89c, compared to 34.58c in 2016.

That's a 15.35% improvement in profits.

On a net profit before tax basis, the company grew profits to R88 million, compared to R66.7 million in 2016. That's 31.90% growth.

In South Africa Santova saw 19% growth for the year, with the entire Africa on 12% growth. It's best performing regions were Asia Pacific (102%), Hong Kong (740%), Australia (56.70%) and Europe (49%).

The strong rand in the past six months was a slight negative for the company. But following SA's debt downgrade the rand has weakened. I expect further rand weakness from here, and Santova will benefit from that.

The company is paying a 6.25cps dividend. You can choose to receive the dividend in the form of shares, rather than cash. That's my choice, because you receive the shares without having to pay brokerage for buying more. You will receive 1.972 shares per 100 shares you own. That means, if you bought R15,000 worth of shares, you will receive around 92 shares in dividend form.

Choosing to receive the shares, instead of cash, also means you don't need to pay dividend withholding tax at 20% now, but rather capital gains tax upon sale of the shares. **Buy below 340c.**

Source: RED HOT PENNY SHARES