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RESEARCH REPORT

JANUARY 2023

SA Macroeconomy & Equities outlook 2023

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The objective of the 2023 outlook report is to provide a top-down analysis of the key drivers and risks in the SA economy and how these will affect SA equities. Ultimately, the report aims to provide guidance to investors in navigating the macroeconomic environment as well as recommending selected equities in the following sectors: banks, food producers, food retailers, healthcare & pharmaceuticals, construction & building materials, and mining.

Outlook of SA macroeconomic environment

Politically, this year will see a transition from ANC internal party to external national elections. That simple statement does not convey the mad race to see what actors in the political economy can achieve going into the 2024 elections. This will challenge some prior momentum seen in 2022 (such as around energy and climate mitigation moving in the right direction), and in general we expect a marked step up in political noise masking a still slow but steady progression in reforms underneath. State owned entities will remain in focus as Eskom undergoes a leadership transition and all manner of distractions from what it should be doing (becoming a forward-looking grid operator) and Transnet will collapse much more rapidly operationally and financially, with serious consequences for many South African companies.

The economy itself will see inflation come off in H2 but remain slightly higher than consensus, and we do not see rate cuts this year. We are more optimistic on growth despite more records being broken on loadshedding, given the scale of energy investment coming. Government finances will slip back slightly from the relatively positive position revealed in last October's medium-term budget policy statement, but still vs history remain relatively benign – in much the same way the shift from surpluses to a small deficit this year in the current account could be labelled. The real question in investors' minds will be the post-2024 outcomes (both politically and for policy) and while baselines and market pricing may well firm slightly, we don't foresee the surprises in 2023 that will really create certainty on what to expect in 2024.

With events coming at us thick and fast into end 2022, a president practically resigning and then not, the resignation of Eskom CEO Andre de Ruyter, the president's strengthening through an ANC conference, 2023 can't be any more dramatic, can it?

Of course, it can.

Overarching thoughts

Taking a brief step back. A while back (end 2021 or start 2022 say), 2023 looked like it would be a relatively dull year – one of mean reversion, reforms progressing (if slowly), a chance to bed in a second Ramaphosa term, with loadshedding intensifying but with a credible end in sight just about keeping business sentiment above water, and a world economy that was recovering with high but moderating inflation. There was going to be space to look at SA's deep problems and their solutions whilst the election looked interesting but the risks around the ANC's vote share baseline (a high 40%) was relatively low.

Now, however, things have changed quite markedly. This year will have more loadshedding, higher inflation and stickiness, combined with political nightmare of tariff hikes and a messier internal ANC political dynamic despite the same likely election performance outcome (and an even weaker Zuma faction). There are now a much wider range of possibilities a year out in the 2024 elections.

There are some broad underlying currents. Firstly, the recovery post Covid has been weak (even if better than expected in 2022) and leaves gaping inequality and social unrest risk unresolved. Secondly, the ANC's capacity to panic is being underestimated in the face of loadshedding, which can create all manner of noise and contestation (and in some cases delays to reform and action). We should also be cautious not to underestimate the ANC's panic into the 2024 elections which might finally stir not so much action (which in things like energy is contested) but spending and conspiracy theories.

All this can be summarised as 2023 being an even nosier year than 2024, though through this we think continual lines of (slow) reform and progress on the Just Energy Transition are possible even if contested, because these are inevitable. They are inevitable because things going wrong (like Transnet) will eventually hit rock bottom and require fixing just to prevent social upheaval because of trade disruption. Or inevitable because the logic of least cost and reliable electricity (in the case of renewables plus battery) simply make most sense. In this way we are more optimistic than consensus (or the SARB and others) on some economic fronts.

High level forecast

Below is a broad forecast summary of the numbers we see in the outlook. The narrative and detail are in the text below.

Figure 1: Forecast

Indicator	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Long run
GDP % yoy	1.9	1.3	0.7	1.2	1.5	0.3	-6.3	5.5	2.4	1.7	2.0	2.2	1.9
CPI Headline % yoy	6.1	4.6	6.3	5.3	4.6	4.1	3.3	4.6	6.9	5.7	5.3	4.7	3.6
CPI Core % yoy	5.6	5.4	5.6	4.8	4.2	4.1	3.4	3.1	4.3	4.7	4.6	4.4	3.5
Unemployment %	25.1	25.4	26.7	27.5	27.1	28.7	29.2	34.3	33.5	33.0	32.4	32.0	30.0
Current account %	-4.1	-4.3	-2.7	-2.4	-3.0	-2.6	1.3	3.8	0.2	-0.8	-1.6	-2.1	-1.9
Policy rate %	5.75	6.25	7.00	6.75	6.75	6.50	3.50	3.75	7.00	7.50	7.50	7.00	5.50
SAGB 10y	8.0	9.8	8.9	8.7	8.6	9.0	8.8	9.8	10.8	10.6	10.2	9.9	8.5
USDZAR	11.6	15.5	13.7	12.4	14.4	14.0	14.7	15.9	17.0	18.0	18.8	19.0	
Indicator	**2014/15**	**2015/16**	**2016/17**	**2017/18**	**2018/19**	**2019/20**	**2020/21**	**2021/22**	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**Long run**
Gross debt % GDP	46.5	48.9	50.5	53.0	51.5	57.4	70.7	69.5	71.4	71.9	72.0	72.3	80.0
Primary fiscal % GDP	-1.3	-0.9	-0.4	-0.9	-0.9	-2.5	-5.7	-0.9	-0.8	0.4	0.5	0.5	-0.1

Source: Intellidex, NT, StatsSA

Detailed themes

Below we examine the key themes in more depth. We see a broad-based range of key events this year:

- In **politics** we see a Ramaphosa-led post-elective conference ANC with a split (but majority pro-Ramaphosa) top-six and a messy, less-pro-Ramaphosa NEC that proves a distraction but doesn't totally derail government business of reform or fully control social security changes. Instead, it is emboldened ministers like Gwede Mantashe who create problems in government;
- A major **cabinet reshuffle** in Q1 that had originally planned to separate energy and minerals from DMRE, probably looks more complex and messier in this environment, even as it tries to shrink a few cabinet posts. The probability is now skewing that DMRE stays together and remains under Mantashe (depending on the elective conference outcome in part);
- Wider politics is skewed by the ANC making the **SRD** grant permanent and linking it to CPI, offset by higher taxes – including VAT – though this is broadly in market/analyst frameworks already and so the shock will be more limited. A wider basic income grant (BIG) will be kicked further to the long grass;
- We see political distractions aplenty from the president's **Phala Phala** scandal – timetabling of which is very hard but should mainly fall in H1. We see the SARB fining Ramaphosa for forex control breaches in Q1 which will set off all manner of further noise, and the National Prosecuting Authority to possibly report on its investigations in late Q1 or Q2;
- We do not see the **President exit** next year – with other ANC leaders like deputy president Paul Mashatile rather making him a scapegoat in 2024 for the party falling below 50% in the elections and then trying to take over. That said the probability of Ramaphosa leaving in 2023 of his own accord, under pressure from a new vote of no confidence from Parliament and further revelations that mean his story slowly unravels – is still quite high we think at 40%;
- We have significant worries in 2023 that **mafia forces** will become uncontrollable as some businesses during 2022 paid them 30% cuts following extortion demands. We expect to see them more around the country, and as private sector energy investment picks up so they will derail them. The government has no plan here with policing ineffective, while the private sector is (rightly) cautious about using lethal force. We think there is a growing awareness of the issue, and it will become a dominant theme in 2023;
- Broadly we see **fiscal** policy as relatively contained – slipping on inflation, next year (not this), uplifts to public wage assumptions (currently set for an impossible nominal flat this year), and creeping spending pressures. A weaker President with NT still holding the line perhaps makes us think there are downside risks to the budget balance, but we struggle to pencil these into the baseline still;
- **Eskom** will start down a path under a new CEO (with political and board backing) of targeting EAF=75% without the resources or capacity to achieve this, which will create a distraction and

destabilise Eskom unbundling, the Just Energy Transition Partnership and transmission grid build focus that is required;

- **Transnet** will implode operationally and financially – it has already applied to NT for a ZAR45bn bailout knowing what is coming (we see it getting some of this end next fiscal year), as its 2021/22 asset revaluations and book fiddling on liquidity catch up with it. The Presidency's Operation Vulindlela will make progress on reforms but not fast enough or targeted at stabilising the entity – and will be challenged continually politically and ideologically making it a rocky ride;
- **Loadshedding** will intensify but initially sabotage will ebb briefly under a new CEO, but offset by the degradation of the underlying fleet. We expect around 7-8TWh of loadshedding this year. There will not be sufficient new capacity to support growth yet (from improved energy security);
- There will be **continued reform** only where there is space for it to slip through, water infrastructure and visas may still be able to make progress.

Macro outlook

Our baseline macro scenario is characterised by continued reforms at a slow but steady pace (with the political space to do so), but long lags until they are felt in terms of competitiveness and output. We see them partially offset by negative reforms in other areas (principally interventionist industrial policy and master plans that favour incumbents).

Electricity is the most obvious example of a delayed impact reform, where successful liberalisation of the electricity supply industry will eventually solve loadshedding (we see a substantive end to loadshedding around end-2028 only, given transmission constraints) based in part on IPP Office procurement but mainly private new build generation investments (large utility scale of the order of 4-5GW per year over time, but also, importantly, recent 1GW/year of roof top solar on SMMEs and households rising to 2.5GW/year). Before then, loadshedding will become more intensive. The outcomes will be largely dependent on transmission grid investment speeds to allow this new capacity on grid. Ports concessioning and third-party rail access will be similar positive reforms undertaken now which will boost competitiveness of the country in the medium run only once they are completed. This could be at least five to seven years away and so we see severe export constraints meaning that SA has little exposure to any global recovery upside.

In most "normal" economic cycles in emerging markets peers where there is a strong reform momentum, we would expect there to be a unleashing of positive business sentiment that would create substantial demand for credit and as firms look to invest ahead of new reforms to gain market share. However, this does not happen in our baseline because of the distrust economic agents have about the general political economy backdrop and disappointment stemming from previous reform promises that were then delayed (e.g. spectrum auctions, digital migration). Nevertheless, there will be a tipping point when reforms lead to real improvements in economic capacity and efficiency, and business pessimism is won over. This is a key pivot that affects our scenarios - why and how animal spirits emerge, and sentiment turns.

- **GDP growth** is expected to be 1.7% in 2023, a few ticks above the SARB's projection (consensus a touch higher at 1.6%). We expect growth to pick up to 2.0% in 2024 and 2.2% in 2025 as investment and reform make some marginal difference, before falling back to long run average:
    - Our view incorporates record levels of loadshedding this year offsetting a faster recovery base effect from Covid and the July 2022 unrest. We see consumption as less susceptible to loadshedding, so provides key support for the growth outlook, offset by weak investment and weak volumes of exports. Underlying recovery in construction and investment remains very weak, with the latter having ticked up marginally at 14.3%GDP in Q2. Over the medium run, both the IMF and SARB forecast growth to be around 1.4-1.5% only and even incorporate some view of reforms occurring. Our forecast is at 1.9% as we are marginally more positive on energy investment, which will support 2023-2024 especially.
- National Debt-to-GDP is rising slower than was expected one to two years ago given decent revenues from mining (terms of trade boon) and thanks to stronger nominal GDP (again on prices of output from mining) and given wage restraint. We see debt levels slowly rise from 69.5% at the end of the last fiscal year to around 72.3%GDP at the end of the 2025/26 fiscal year. There are upside risks to this from spending pressures;
    - The longer-term dynamics will depend on the relative pace of social security spending (basic income grant, etc) vs the pace of structural reforms into growth (and so revenue). It's still hard to see this ratio stabilise in the medium run given that we are unlikely to reach a primary deficit. The recently announced Eskom debt swap to state balance sheet will result in a jump in the deficit by around 5ppGDP in the coming period.
- **Inflation** was at 7.4% last June – the highest reading since May 2009 (8%) when the economy faced the headwind of currency depreciation during the global financial crisis. We see inflation averaging 5.7% and 5.3% in this and the coming year. Overall, we see only a very slow recovery of headline inflation to the centre of the target well into next year. Medium run inflation should be about target (which itself will be cut);
    - The non-core inflation components of food and oil are higher and will remain sticky, even as oil prices come down. Fuel and food prices, which have soared globally due to the war in Ukraine, continue to be the major drivers of price pressures. Fuel prices have not fallen significantly since mid-year as diesel price rises offset more muted petrol falls. Indeed, we are some way above the SARB in our non-core forecast which is driven by long run electricity price trajectories being higher and also food;
    - Core inflation is still moderate and is expected to broadly peak early this year at only just above 5.0% but risks are to the upside as petrol feeds into other underlying prices. Wage growth remains muted which has mitigated wider second

round effects. The impact of high non-core into expectations and onwards into core remains a concern.

- A record **current account surplus** occurred in 2021 of +3.8%GDP. We see it print around -0.8% this year after +0.2%GDP last year with the positive metals price shock fading albeit slowly. Long run we see a deficit of about -1.9%GDP which is low vs history;
    - While there is a lack of consensus on the extent and speed of moving back into a deficit vs history, we are in a very different place thanks both to import compression, stronger export growth and metals prices. Intellidex only expects a small deficit in long run and from 2024. This is supportive for ZAR and offsets a weaker capital flows picture elsewhere in the balance of payments. Volumes however haven't supported given Transnet and logistics constraints.
- We see **unemployment** slowly declining from a peak of 34.3% in 2021, though the World bank sees it more likely to remain flat at or just above the recent peak given demographics and a lack of labour intensity in the recovery. We think "true" unemployment is currently 42% (which factors in those who exited the workforce during Covid and have not yet returned) and shows that the underlying dynamics in the labour market will remain more complex. With shocks to the economy, however, onwards into inequality and potential for social unrest remains important ahead of 2024;
- Views on the **ZAR** diverge between the markets forward pricing and consensus which is broadly flat. We see ZAR on the backfoot given political uncertainty and SA's growth though ok in its own historical context, lagging a rebound in the global economy, while the current surpluses seen in the last few years turn to a small deficit and means there is minimal flows backstop. We think USDZAR could end 2023 at 18.0 (vs spot at 17.9).
    - Overall, considering FOMC is hiking rates and removing liquidity support, the ZAR has been resilient. SA remains a "least bad" option for emerging markets investors compared to the likes of Turkey, Russia etc. However there have been large outflows despite the better macro picture given SA liquidity and high relative exposure to date. The move from a current account surplus to a deficit will contribute to some weakening in the currency. That said, a small deficit combined with a steep yield curve should provide support.
- The **MPC** should hike one last time by 50bp in January (though there is a risk of another 25bp in March depending on what developed market central banks are doing, or of only 25bp in January if a recent mix of data is treated more favourably), however with CPI falling back sharply in H2 (with risks it's a bit stickier for longer) and interest rates at neutral, we think that the SARB can keep rates unchanged for the rest of the year and through much of 2023. We expect some members of the MPC to start to communicate about a lower target they are looking to (3% rather than 4.5% as the middle of the 3-6% range) which may confuse the market as we don't see a change of formal target arousing NT to action. We think extreme surprises on inflation or monetary policy are unlikely given the MPC has a relatively narrow range of views here;

- We see the end of the hiking cycle being at around the neutral rate of 7.50% repo. The SARB has not laid out conditions for when they will cut and this will be hard with implicit target change. Equally we think that at neutral cuts are very hard to pencil in unless risk premia is falling (i.e. neutral real) which we don't see in the forecast horizon;
- Speculation will grow into year-end about succession. We see Deputy Governor Tshazibana as the frontrunner currently.

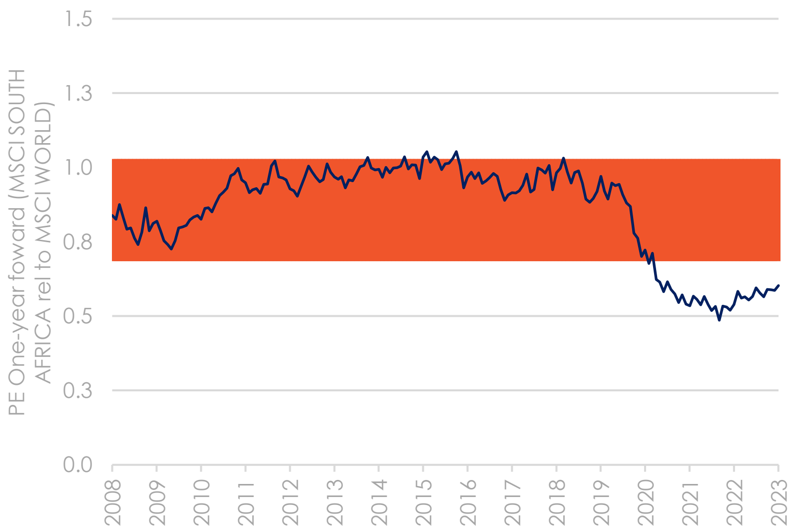
There are certainly risks to both sides in 2023 from this messy but, overall, relatively benign baseline we've outlined above.

Overall SA Equities strategy

Ultimately, we believe equities strategies for 2023 should be focused on companies with solid fundamentals, which will show more resilience. Strong balance sheets with minimal debt, efficient allocation of capital, solid cash generation from operations and sustainable dividend policies – these will be the benchmarks of companies likely to outperform.

As indicated in figure 2 below, the MSCI South Africa index appears undervalued compared to the MSCI World Index at 0.6x, on a PE basis, which would typically make it attractive for international investors. SA equites have a one year forward PE of 9.1x compared to 15.1x for the MSCI World Index. However, as mentioned above, the political environment and uncertain policy environment tends to overshadow the quality of SA equities. Given the subdued growth environment in the SA economy, with added pressure from the ongoing loadshedding, companies have had to adjust business models to contend with challenges in the market.

Figure 2: MSCI South Africa relative to the MSCI World Index - Fwd PE



Source: Refinitiv, Intellidex

Sectoral allocation and top picks

Our analysis considers both sector-level issues and company-specific issues. In the table below we show which sectors we believe should be overweight, and then which companies within those sectors are the best picks.

Figure 3: Sector allocation and top picks

Sector	Stance	Top picks	
		Strategic	Tactical
SA Banks	Equalweight	Standard Bank (SBK)	Firstrand (FSR); Nedbank (NED)
SA Food Producers	Equalweight	Tiger Brands (TBS); AVI Limited (AVI)	Oceana (OCE); Libstar (LBR); RFG Holdings (RFG)
SA Food Retailers	Overweight	Shoprite (SHP)	Woolworths (WHL)
SA Pharmaceutical & Healthcare	Equalweight	Dis-chem (DCP); Clicks (CLS); Netcare (NTC)	
SA Construction and Building materials	Underweight	Afrimat (AFT)	Raubex (RBX)
SA Mining	Equalweight	Kumba Iron Ore (KIO);Exxaro (EXX); African Rainbow Minerals (ARI)	

Source: Intellidex,

Within our coverage, we are **overweight** (i.e., we think returns will be higher than the index) **food retailers with Shoprite (SHP) as our top strategic pick while we also pick Woolworths (WHL) as our tactical pick in the sector**.

We take an equalweight stance (i.e., we expect returns to be in line with the index) on following sectors: Banks, Food Producers, Pharmaceuticals & Healthcare and Mining. As indicated in figure 3, **strategic long-term picks** in these sectors include Standard Bank (SBK), Tiger Brands (TBS), AVI Limited (AVI), Dis-chem (DCP), Clicks (CLS), Netcare (NTC), Kumba Iron Ore (KIO), Exxaro (EXX) and African Rainbow Minerals (ARI). Based on factors such as recovery in earnings and restructured business models, we believe that stocks such as FirstRand (FSR), Nedbank (NED), Oceana (OCE) and Raubex (RBX) should be considered in 2023 by investors from a **tactical point of view,** i.e. short-term investment opportunities**.**

Given challenges in the construction and building materials sector, we are underweight the sector. Despite this, we believe stocks such as Afrimat (AFT) and Raubex (RBX) should be considered for strategic and tactical investment purposes, respectively.

In the section below we provide more insights on the above-mentioned sectors and our picks for 2023.

SA Banks

Most of the sector released the additional bad debt provisions they had made in the face of Covid in 2022, however this was offset by higher provisions at a portfolio level due to increased stress on consumers. Despite higher inflation and rates, sector credit quality remains well managed, with credit ratios within long term ranges. With the post-pandemic recovery having largely fully played out, banks will have to dig deeper to find green shoots outside of current high demand for off-grid energy solutions. That said, banks will still benefit from the endowment impact (the profit banks can earn from higher interest rates) throughout 2023 until interest rates normalise in 2024. Despite having rerated in 2022, banks are still trading at discounts to long-term averages both on price:earnings and price:book. As such, we think there may still be some value and upside in the banks.

For an SA macro play, we think FirstRand (FSR) is best positioned given the large the contribution of FNB. FirstRand has underperformed recently after miss-timing the risk cycle and holding back volumes growth. It is now shifting that stance and we expect it has higher growth room than the other banks. Standard Bank is the most diversified and may be more defensive in the event of further downside risks to SA growth. We think Absa's (ABG) strong recent performance may have some momentum but likely into the first half of 2023, thereafter the high base becomes challenging. Nedbank (NED) has the benefit of being able to play catchup with the peers, and as such may be a value pick for investors.

In 2022, the banking sector rebounded fully from the impact of the pandemic, with the sector achieving earnings that were ahead of 2019 pre-pandemic levels. The following dynamics played out during the year:

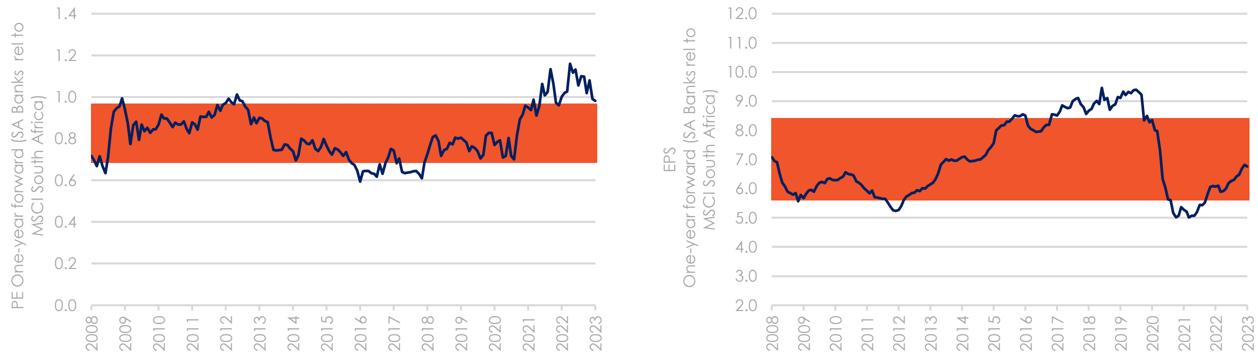
- There was a significant upside surprise to inflation, which came in higher and faster than anticipated.
- A quick interest rate rise cycle ensued, which resulted in interest rates rising to pre-pandemic levels
- In corporate and investment banking, corporate loan growth rebounded, underpinned by increased investment in alternative energy sources. Not only did banks play a fund project in the Renewable Energy Independent Power Producers programme, but they also assisted companies to fund off-grid energy solutions
- In retail banking, vehicle and asset finance picked up significantly and was the fastest growing retail product in 2022. Mortgage loans were also surprisingly resilient despite the higher rates, however there were fewer first-time home buyers in the market. Despite pressure on household incomes, unsecured lending picked up growth.
- The endowment impact, which reflects the additions to interest earnings from higher rates, started coming through and underpinned net interest income (NII).
- Increased activity as well as lower insurance claims boosted non-interest revenue (NIR) throughout the sector. Some banks benefitted from market volatility as trading revenue continued to grow strongly. The economic recovery also benefitted the various private equity franchises with gains being realised during the period.
- Industry loan growth of 8.14% at the end of November is now the highest level since 2016. This growth came from both retail and CIB, however growth has been stronger (double digits) in CIB due to a lower base in 2021.

- Banks have now reported healthy return on equity (ROE), with most exceeding the cost of equity, and strong profit growth while keeping credit loss ratios within the through-the cycle-range.

In 2022, the banks index outperformed the all-share index, on a share price return basis, as the sector rerated on the back of strong earnings growth. The sector has also traded to a premium to the MSCI SA index throughout most of 2022. We think ROE a is still a key driver of the relative valuation in the bank sector.

Banks that deliver ROE that exceeds the cost of equity currently trade at a premium to NAV. The entire sector is currently trading at a premium to NAV. The average P/B of the big 4 is currently 1.5x. The average PE of the sector (excl. Capitec) is 8x, with Nedbank having the lowest and FirstRand and Capitec having the highest.

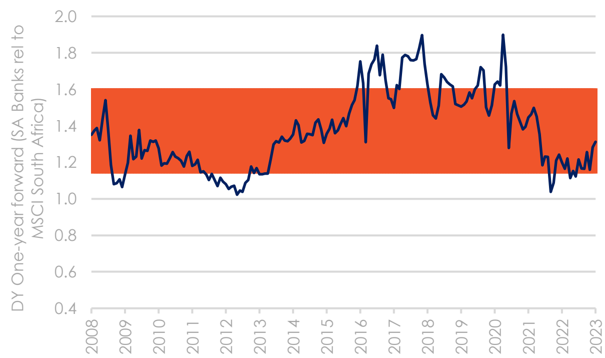
Figure 4: SA Banks relative to MSCI South Africa – Fwd PE (LHS) & Fwd EPS (RHS)



Source: Refinitiv, Intellidex

The sector still has an attractive dividend yield profile with forward yields ranging from 2-7%. This makes banks' yield higher than the market as seen by their premium to the MSCI SA yield. Banks have guided for pay-out ratios to remain at the top end of guided range, which will make the sector appealing for income funds.

Figure 5: SA Banks relative to MSCI South Africa – Fwd Dividend Yield



Source: Refinitiv, Intellidex

The most recent book growth rate seems at odds with the tough macro-outlook. However, banks that are more diversified can tap into pockets of growth, as seen with the sudden pickup in corporate loan growth amid subdued demand in 2021.

*Figure 6: SA Banks ranking table**

Ticker	Company name	Price	Target Price	Gain/ -Loss	Total Gain/ -Loss (incl. DY)	Fwd EY	Fwd DY	Curr PE	Fwd PE	EPS_0	EPS_{+1}	EPS_{+2}	EPS_{+3}	Earnings profile		
SBK	Standard Bank Group Ltd	170.00	**195.33**	14.9%	20.9%	11.7%	6.0%	9.5	8.6	17.88	19.85	22.13	24.46	11.0%	11.5%	10.5%
FSR	FirstRand Ltd	64.05	**71.94**	12.3%	17.7%	10.0%	5.3%	10.9	10.0	5.85	6.38	6.93	7.63	9.1%	8.6%	10.1%
NED	Nedbank Group Ltd	219.00	**251.83**	15.0%	22.0%	12.9%	7.0%	9.1	7.8	24.10	28.25	32.71	35.68	17.2%	15.8%	9.1%
ABG	Absa Group Ltd	197.78	**220.63**	11.6%	17.2%	13.2%	5.7%	8.1	7.6	24.41	26.07	28.57	30.73	6.8%	9.6%	7.6%
CPI	Capitec Bank Holdings Ltd	1851.39	**2002.00**	8.1%	10.2%	4.5%	2.1%	25.4	22.1	73.00	83.91	98.62	118.97	14.9%	17.5%	20.6%

*Source: Refinitiv, Intellidex, *consensus estimates used for all stocks*

With the economy expected to face extreme loadshedding in 2023, we expect the demand for financing for energy solutions to be sustained throughout the year. Retail lending will likely cool off, as vehicle demand also falls. There will be continued earnings momentum well into the first half on the back of higher interest rates and average loan book balances.

SA Food Producers

In the context of slowing real GDP growth and pressure on earnings growth, we recommend a neutral stance on Food Producers. Our strategic long-term recommendations are Tiger Brands (TBS) and AVI Limited (AVI) while we believe Oceana (OCE), Libstar (LBR)and RFG Holdings (RFG) present tactical investment opportunities in the short-term.

Tiger Brands (TBS) remains the largest food producer in SA with a long-term strategy underpinned by defensive branded products, which account for the bulk of revenue and profit. The group is also exploring opportunities in private labels with product innovations supported by R1.6bn in capex planned for FY23 and continued focus on cost-savings and efficiencies.

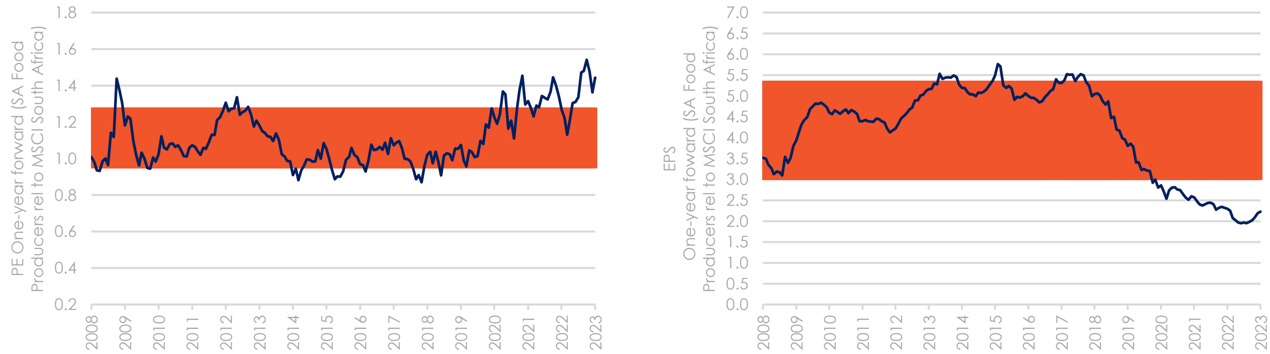
For AVI Limited (AVI), brand strength remains at the core of the group's premiums and underpins its competitive advantage. As at FY22, AVI had the highest operating margin in the SA food producers' sector at 18.4% compared to its peers, namely, Oceana (15.3%), Sea Harvest (14.9%), Tiger Brands (10.1%), RFG Holdings (7.9%), Astral Foods (7.4%) and Libstar at 6.0%. AVI should continue to achieve higher margins supported by its food businesses and complemented by recovery in the fashion brands.

Diversified food producers should continue to benefit from broad product portfolios offering variety across all LSM groups. However, persistent inflation resulting in pressure on disposable incomes and ultimately subdued consumer demand, will likely continue to restrict growth and profitability for both food producers and retailers.

It is against this backdrop that during 2023 competition among food producers and among food retailers will remain intense. Strategies will likely be focused on increased efforts in competitive pricing, promotional activity and product innovations to support top-line growth and protect (or even grow) market share. Undoubtedly, operational costs will increase further in the prevailing inflationary environment and will be exacerbated by the ongoing power disruptions. Therefore, we expect increased cost-savings initiatives (procurement, distribution, marketing) to protect margins and support earnings growth.

Historically over a 15-year period, the JSE Food Producers Index has traded at an average PE of 13.2x compared to 12.1x for the MSCI South Africa. Despite challenges in the local economy, the JSE Food Producers Index appears to be 1.4x overvalued relative to the MSCI South Africa Index, on a PE basis. This is at a forward PE multiple of 8.7x for the MSCI South Africa Index compared to JSE Food producer's sector PE of 12.6x.

Figure 7: SA Food Producers relative to MSCI South Africa – Fwd PE (LHS) & Fwd EPS (RHS)



Source: Refinitiv, Intellidex

Earnings downgrades since 2017 come as little surprise given weakening consumer demand in recent years reaching a record low level in 2022 as indicated above.

Figure 8: SA Food Producers relative to MSCI South Africa – Fwd Dividend Yield

Source: Refinitiv, Intellidex

Tiger Brands (TBS) is trading on a forward P/E of 12.0x, which is at a slight discount to its long-term average P/E of 12.6x and **we expect a 3-yr compounded annual growth rate (CAGR) of 12.2% in earnings growth (above consensus estimates of CAGR 5.5%).** With a strong balance sheet and being a consistent dividend payer at a yield of around 4.5%, the stock should be included in strategic long-term portfolios. We revise our target price upwards to R233.65 expecting a total return of 14.4% (dividends included).

*Figure 9: SA Food Producers Ranking Table**

Company name	Price	Target Price	Gain/ -Loss	Total Gain/ -Loss (incl. DY)	Fwd EY	Fwd DY	Curr PE	Fwd PE	EPS_0	EPS_{+1}	EPS_{+2}	EPS_{+3}	Earnings profile		
AVI Ltd	76.23	**86.25**	13.1%	19.2%	7.6%	6.1%	14.4	13.1	5.31	5.81	6.28	6.92	9.3%	8.1%	10.2%
Tiger Brands Ltd	212.74	**233.65**	9.8%	14.4%	8.4%	4.6%	12.5	12.0	17.02	17.78	18.36	24.06	4.4%	3.3%	31.1%
Astral Foods Ltd	156.00	**183.90**	17.9%	26.7%	13.4%	8.9%	5.7	7.5	27.55	20.86	21.06	23.15	-24.3%	1.0%	9.9%
Oceana Group Ltd	67.94	**72.20**	6.3%	11.4%	11.9%	5.1%	11.2	8.4	6.06	8.12	8.61	9.17	33.9%	6.0%	6.6%
RFG Holdings Ltd	12.01	**14.22**	18.4%	22.2%	7.1%	3.8%	19.7	14.0	0.61	0.86	1.07	1.22	40.7%	24.2%	14.6%
Libstar Holdings Ltd	6.24	**7.05**	13.0%	17.0%	13.9%	4.0%	8.9	7.2	0.70	0.87	0.96	1.16	23.4%	9.9%	21.5%
RCL Foods Ltd	11.00	**12.08**	9.8%	13.9%	10.6%	4.1%	9.2	9.4	1.19	1.17	1.30	N/A	-1.7%	11.1%	N/A
Sea Harvest Group Ltd	10.99	**15.50**	41.0%	50.2%	13.3%	9.2%	8.0	7.5	1.37	1.46	1.65	1.85	6.6%	13.0%	12.1%

*Source: Refinitiv, Intellidex, *consensus estimates used for RFG, RCL and SHG*

We believe that **AVI Limited's (AVI)** forward P/E of 13.3x (a premium to the industry average of 10.1x), is justified as AVI remains a top-quality business with a dividend yield of 6.0%. **We expect a 3-yr CAGR of 9.2% in earnings growth (above consensus estimates of CAGR 6.4%)** Our target price of R86.25 reflects a total return (incl. dividends) of 19.2% and we believe this stock should be included in strategic long-term portfolios.

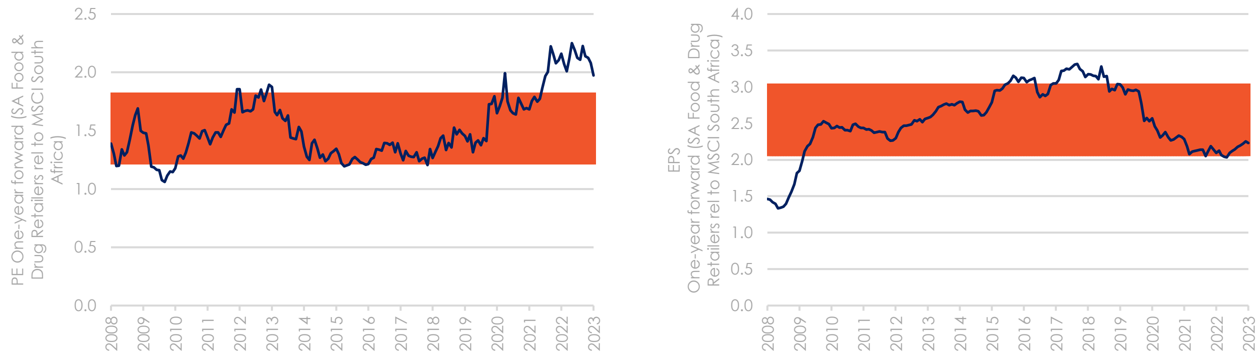
SA Food Retailers

Among retailers, we recommend Woolworths (WHL) on a tactical basis and Shoprite (SHP) on a strategic (long-term) basis. Despite subdued growth in the local economy in recent years, SA retailers have proven to be agile by adapting strategies to contend with challenging trading conditions. Such strategies include enhancing convenience shopping, implementing loyalty programmes and stocking private labels (house brands). Furthermore, food retailers tend to have more pricing power, compared to producers. A decline in producer inflation would benefit food retailers with improved margins. For this reason, we recommend that investors adopt a prudent investment strategy over the medium term by going overweight food retailers, given the defensive nature of the sector.

Shoprite (SHP) remains the leader in food retailer market in SA with a fundamentally solid, cash-generative business supported by a strong balance sheet. The retailer is set to enhance its leading position having been given the greenlight to acquire certain Massmart supermarkets, wholesalers, and liquor stores. In terms of innovation, Shoprite has been successful with CheckersSixty60 benefiting from the advent of online shopping and reflecting the retailer's ability to adjust to cater for everchanging consumer preferences.

Woolworths (WHL) finally decided to dispose David Jones by March 2023, which we believe bodes well for the retailer as it will now focus on its core business in SA and Southern Africa. As part of its turnaround strategy, the retailer intends to invest R8bn over the next three years to expand its food business further into the liquor, pet and wellness markets.

Figure 10: SA Food & Drug retailers relative to MSCI South Africa – Fwd PE (LHS) & Fwd EPS (RHS)

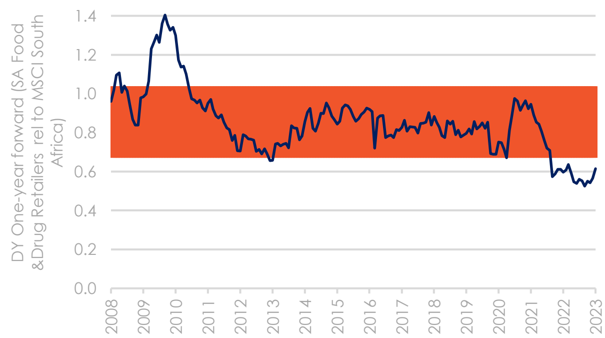


Source: Refinitiv, Intellidex

Historically over a 15-year period, the JSE Food & Drug Retailers Index has had an average PE of 18.0x compared to 12.1x for the MSCI South Africa. SA food retailers appear to be 2.0x overvalued relative to the MSCI South Africa Index on a PE basis. The comparison holds on a forward basis, with a forward PE of 18.1x for the food retailers, at a significant premium to the MSCI SA Index, which has a forward PE of 9.1x.

Despite this, relative earnings growth has been declining over the same period, from around 3.2x in 2018 to 2.0x in 2022, relative to the MSCI South Africa index. This suggests that food & drug retailers' relative rating should be declining. The falling relative rating shows the sector's higher exposure to the SA economy and inflationary pressures, exacerbated by the impact of covid-19.

Figure 11: SA Food retailers relative to MSCI South Africa – Fwd Dividend Yield



Source: Refinitiv, Intellidex

Similarly, the relative dividend yield has been trending downwards particularly since 2021 (following a somewhat over-compensated recovery from 2020) to levels lower that its long-term average of around 0.8 of the wider index. The ranking table below shows the relative analysis of major key food retailers in the SA market.

*Figure 12: SA Food retailers ranking table**

Ticker	Company name	Price	Target Price	Gain/ -Loss	Total Gain/ -Loss (incl. DY)	Fwd EY	Fwd DY	Curr PE	Fwd PE	EPS_0	EPS_{+1}	EPS_{+2}	EPS_{+3}	Earnings profile		
SHP	Shoprite Holdings Ltd	243.21	**264.00**	8.5%	11.0%	5.0%	2.5%	22.6	20.0	10.76	12.16	13.49	14.83	13.0%	10.9%	9.9%
SPP	SPAR Group Ltd	132.00	**176.29**	33.6%	36.6%	9.7%	3.0%	11.4	10.3	11.60	12.83	14.41	15.55	10.6%	12.3%	7.9%
PIK	Pick N Pay Store Ltd	61.59	**70.64**	14.7%	18.4%	4.8%	3.7%	23.4	20.9	2.63	2.95	3.68	4.60	12.1%	24.9%	25.0%
WHL	Woolworths Holdings Ltd	75.26	**69.17**	-8.1%	-5.0%	6.7%	3.1%	18.9	15.0	3.99	5.03	5.35	5.76	26.0%	6.4%	7.7%

*Source: Refinitiv, *consensus estimates used for all stocks*

Both Spar (SPP) and Woolworths (WHL) look attractive trading at a discount on forward PEs of 10.3x and 15.0x, respectively, compared to Shoprite (SHP) and Pick n Pay, as indicated in figure 12 above. However, even though **Shoprite (SHP)** appears to be fully priced at a forward PE of 20.0x, we believe this reflects its top-quality status and consistent dividend payer with a yield of 2.5%. **Woolworths (WHL)** typically caters for higher LSM customers and is well known for quality products compared to its peers. Trading at forward PE of 15.0x and with dividend yield of 3.3% makes it more tactically attractive compared to SHP and PIK.

SA Pharmaceuticals and Healthcare

The section below reflects on our views of the pharmaceutical and healthcare sub-sectors.

Pharmaceutical: Equity strategy

The broader sector is defensive as pharmaceutical goods and healthcare are necessities. However, SA's stagflationary environment and high unemployment are affecting consumer affordability. As such, we recommend investors go EQUAL-WEIGHT on the sector.

Based on our forecasts Dis-Chem (DCP) appears to be undervalued, however, it has high debt having made acquisitions in recent years. We derive a target price of R35.98 with upside of 19.1% (including a forward dividend yield of 1.4%). The company is more expensive compared to Clicks (CLS) as it has a PE of 30.8x with a lower dividend yield. Clicks has a defensive business with about 80% of revenue derived from baby products, pharmaceuticals and essentials. The company displayed pricing power by passing on inflation of 4% to customers while still achieving 4% higher volumes. The convenient nature of Clicks' stores sets it apart from rivals. We derive a target price of R312.78, with upside of 14.2% (including a dividend yield of 2.3%).

Healthcare: Equity strategy

In healthcare, we compare peers Netcare (NTC) and Life Healthcare (LHC). Netcare is more exposed to acute hospital care in SA and generated 97% of revenue from acute hospital and related services in FY22. Given SA's low economic growth prospects, we think Netcare's strategy of internal investment during weak economic conditions is prudent as its less capital intensive than aggressively expanding its hospital network. As such, Netcare is our pick in the sector, with a target price of R16.58 which reflects potential upside of 9.2%. This includes a dividend yield of 3.0%. Acute hospital and related services (in SA) at Life contributed 66% to group revenue in FY22. Its

international segment (29% of revenue) is dominated by Life's Alliance Medical Group, a leading provider of diagnostic imaging services across the UK and Europe. As such, LHC is a potential strategic long-term holding provided that global economic growth rebounds and real public health spending in the UK and EU recovers. However, tough economic conditions in its main market will affect its short-term performance. Our target price of R19.16 expects a 5.4% total return (including a 1.9% dividend yield).

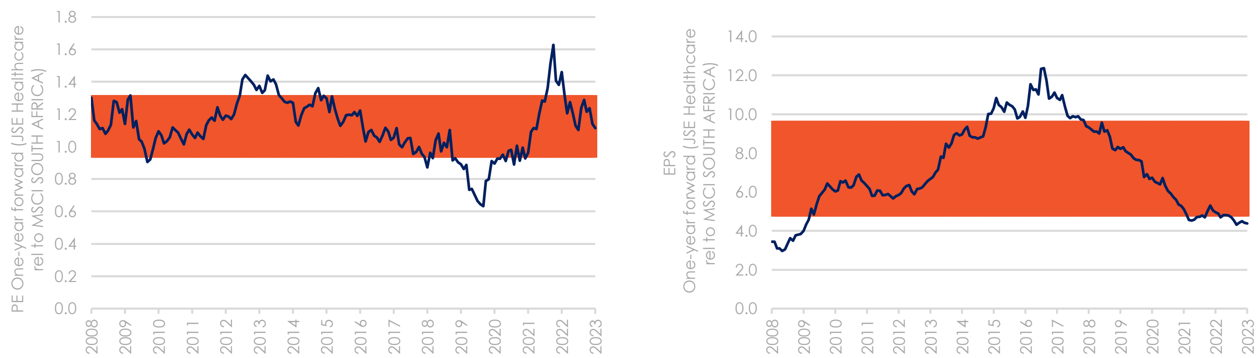
Formal sector employment, which includes benefits and increases medical scheme membership, has been flat to declining. Specifically, data from Stats SA indicate that formal sector employment shrunk 1% annually over the last five years to 10.8-milllion workers (to end Q3 2022) from 11.4-million in Q3 2017. This reflects the weak economic conditions in which the unemployment rate soared to 35.3% in Q4 2021 before stabilising to 32.9% in Q3 2022.

Difficult economic conditions have led to a change in consumer behaviour. Data from the Council for Medical Schemes indicate that the number of beneficiaries on a comprehensive plan – which offers the most benefits on a medical scheme – slumped 40% to just 2.6-million people in 2020 from 4.3-million in 2013. This coincided with the significant adoption of affordable alternative plans. Subsequently, 71% of SA's 8.89-million medical scheme beneficiaries were covered with non-comprehensive options in 2020, from 51% of the 8.82-million covered in 2013.

We believe that this magnitude of down-trading and the tough economic backdrop overall reflects the effect of SA's downward economic trajectory on consumer disposable incomes. However, there is a slight positive: the down-trading combined with increased adoption of affordable plans indicates the relatively defensive nature of healthcare as a sector.

From a sectoral valuation perspective, the healthcare and pharmaceuticals sector appears to be slightly overvalued (graph – LHS), trading at a forward PE ratio of approximately 1.1x the broader market (MSCI SA Index). The forward PE chart also illustrates the significant decline in earnings caused by the pandemic (2020), which led to a spike in the sector's forward PE multiple relative to the overall market. Earnings recovered in 2021-2022, leading to a subsequent reversion in the forward PE.

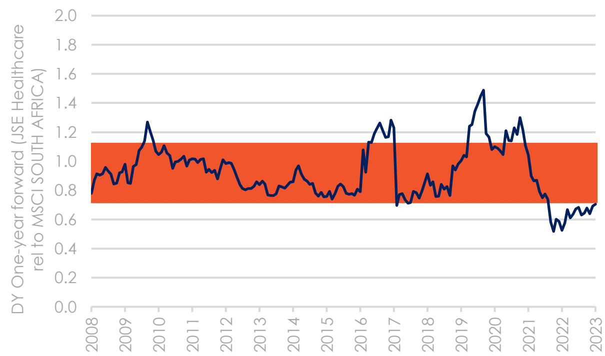
Figure 13: SA Healthcare & Pharmaceuticals relative to MSCI South Africa – Fwd PE (LHS) & Fwd EPS (RHS)



Source: Refinitiv, Intellidex

Given the range within which relative earnings has traded historically, (graph – RHS) earnings are seemingly at low levels last seen in 2009-2010, which is relatively attractive. However, and as is always the case, company specific drivers are important in considering the prospects for strong earnings and potential shareholder returns.

Figure 14: SA Healthcare & Pharmaceuticals relative to MSCI South Africa – Fwd Dividend Yield



Source: Refinitiv, Intellidex

The dividend yield for the industry was hampered by the uncertainty surrounding the pandemic, which led to several companies withholding dividends. Despite this, the sector is defensive and as such, we expect dividends to recover over the medium-long term.

Figure 15: SA Healthcare & Pharmaceuticals ranking table*

Ticker	Company name	Price	Target Price	Gain/ -Loss	Total Gain/ -Loss (incl. DY)	Fwd EY	Fwd DY	Curr PE	Fwd PE	EPS_0	EPS_{+1}	EPS_{+2}	EPS_{+3}	Earnings profile		
NTC	Netcare Ltd	14.82	**16.58**	11.9%	15.2%	5.0%	3.4%	22.1	19.8	0.67	0.75	0.85	0.95	11.6%	13.6%	12.3%
LHC	Life Healthcare Group Ltd	17.26	**19.16**	11.0%	13.3%	7.5%	2.3%	16.3	13.4	1.06	1.29	1.37	1.46	21.6%	6.2%	6.8%
APN	Aspen Pharmaceutical Holdings Ltd	145.47	**176.20**	21.1%	23.4%	10.4%	2.2%	10.0	9.7	14.61	15.07	17.06	19.08	3.1%	13.2%	11.8%
AIP	Adcock Ingram Holdings Ltd	50.00	**52.50**	5.0%	9.3%	9.3%	4.3%	10.0	10.7	5.02	4.67	4.96	N/A	-7.1%	6.3%	N/A
DCP	Dis-Chem Ltd	29.46	**35.98**	22.1%	23.8%	3.2%	1.6%	29.8	31.0	0.99	0.95	1.46	1.88	-4.0%	53.7%	28.8%
CLS	Clicks Group Ltd	272.56	**312.78**	14.8%	17.1%	5.1%	2.3%	26.4	19.5	10.33	14.00	16.50	19.50	35.5%	17.9%	18.2%

*Source: Refinitiv, Intellidex, *consensus estimates used for APN and AIP*

For Netcare (NTC) we expect a 3-yr compounded annual growth rate (CAGR) of 12.5% in earnings (more conservative compared to consensus estimates of CAGR 35.3%). **With regards to Life Healthcare (LHC),** we expect a 3-yr CAGR of 11.3% in earnings, also more conservative relative to consensus estimates of CAGR 22.5%. **We are however more optimistic (compared to consensus) in our estimates for a 3-yr CAGR in earnings for Dis-chem (DCP) at 23.8% (vs consensus at 17.8%) and Clicks (CLS) at 23.6% (vs consensus at 8.2%).**

SA Construction and Building Materials

The construction sector continues to operate in challenging conditions. Even though we are cautiously optimistic on the overall long-term prospects, we think investors are best being underweight the sector over the short-medium term. Declining confidence in both civils and building activity, slow implementation of key infrastructure projects and other sector specific factors has resulted in the JSE Construction Index being amongst the worst performers (a trend which pre-existed covid-19) in SA equities in recent years. Despite this, we believe that Raubex (RBX) and Afrimat (AFT) offer good returns on a short and long-term basis, respectively.

Our tactical pick in the construction sector is Raubex Group (RBX) which has an order book of R16.4bn as it continues to diversify earnings with growth from other African markets and Australia. Underpinning this is a solid balance sheet with a net cash position. From a strategic perspective, we recommend Afrimat (AFT) as we believe the group's diversification strategy bodes well for future growth. The recent recovery in iron ore prices will benefit its bulk commodities segment which accounts for about 54% of group revenue and around 64% of operating profit. Afrimat's acquisitive strategy complements its organic competitive advantages which include having an extensive geographic presence across the country; providing unique construction materials; and having a structural cost advantage through efficiencies.

From a forward-looking perspective for the construction sector for 2023, our growth base case is -1.1%, with the upside of this being 0.5%, and the downside at -3.8%. These scenarios all lag our GDP forecasts for the period, given the challenges facing the sector, as discussed in the macro-outlook section. Such factors include oversupply in the cement industry and weak consumer confidence affecting players such as PPC and Cashbuild. In addition to the prevailing inflationary pressures in the macroeconomic environment which are restricting margins, the "construction mafia" has wreaked havoc in the broader building and civil construction sector. Despite this, tailwinds include growing private sector activity in both non-residential and residential projects. However, infrastructure spending by government is needed to cement the sector's prospects and structurally alter SA's economic growth path.

For Raubex (RBX), we anticipate average earnings growth of 20.7% over the next 3 years and a forward dividend yield of 4.6%. The stock is trading on a forward PE of 7.5x at around 12% discount to its long-term PE of 8.5x. Our target price of R41.40 reflects a total return of 57.9% (dividend inclusive), hence our recommendation as a tactical investment in the short-term.

Figure 16: SA Construction & Building Materials ranking table*

Ticker	Company	Closed Price	Target price	Gain/ -Loss	Total Gain/ (incl. Div) -Loss	Fwd EY	Fwd DY	Curr PE	Fwd PE	EPS_0	EPS_{+1}	EPS_{+2}	EPS_{+3}	Earnings profile		
WBO	Wilson Bayly-Homes Ovcon	92.25	**98.51**	6.8%	9.6%	13.9%	2.8%	7.1	7.2	13.03	12.79	13.01	13.20	-1.8%	1.7%	1.5%
RBX	Raubex	27.00	**41.40**	53.3%	57.9%	13.3%	4.6%	9.1	7.5	2.97	3.58	4.26	5.14	20.7%	18.8%	20.9%
MUR	Murray & Roberts	2.80	**9.80**	250.0%	250.0%	29.6%	0.0%	9.0	3.4	0.31	0.83	2.22	3.38	167.7%	167.5%	52.3%
AEG	Aveng	15.27	**19.74**	29.3%	29.3%	23.6%	0.0%	9.7	4.2	1.58	3.60	4.30	5.00	127.8%	19.4%	16.3%
CSB	Cashbuild	190.11	**202.00**	6.3%	6.3%	10.0%	0.0%	9.9	10.0	19.29	18.94	19.51	20.10	-1.8%	3.0%	3.0%
PPC	PPC Ltd	2.17	**2.46**	13.4%	13.4%	6.2%	0.0%	-43.4	16.2	-0.05	0.13	0.19	0.28	-368.0%	39.6%	47.6%
CGR	Calgro M3	2.95	**3.34**	13.2%	13.2%	41.7%	0.0%	2.7	2.4	1.09	1.23	1.56	1.97	12.8%	26.8%	26.3%
AFT	Afrimat	54.47	**58.81**	8.0%	11.1%	10.5%	3.1%	10.0	9.6	5.43	5.70	6.34	6.63	5.0%	11.2%	4.6%

*Source: Refinitiv, Intellidex, *consensus estimates used for AEG and MUR*

With regards to Afrimat (AFT), growth will be supported by a strong balance sheet with a net cash position and with a forward dividend yield of 3.1%. Our revised target price of R58.81 reflects a total return of 11.1% (dividend inclusive). On a PE basis, the stock is trading at value at a forward 9.6x multiple relative to its historical value of 9.4x.

SA Mining

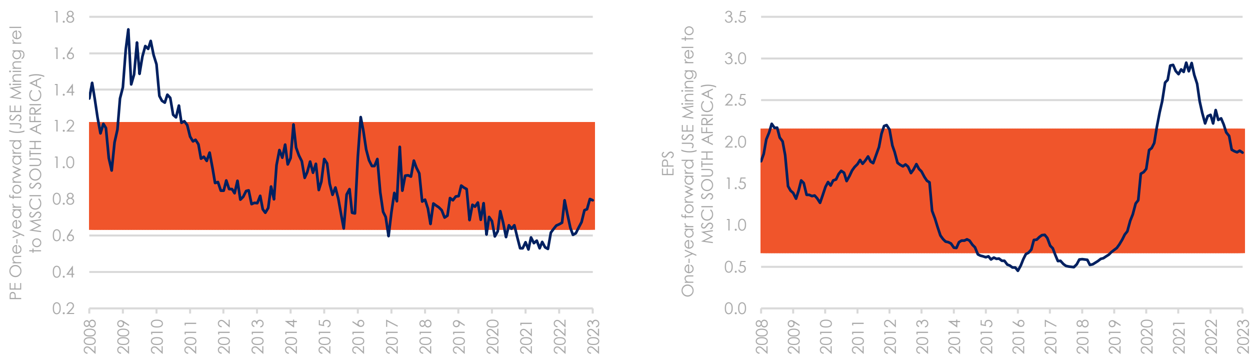
Over the long term, miners should benefit from global demand for green commodities, which is expected to cost around $130-trillion by 2050 with platinum group metals (PGM) anticipated to benefit from increased fuel cell and electrolyser production, as well as industrial metals like manganese and nickel. A conducive government policy and regulatory environment in SA will be very important in support of such growth.

However, cost pressures are expected to remain above inflation, ultimately affecting profitability and margins over the short-medium term and the likely reason for recent downwards in earnings growth and dividends. For this reason, we recommend equalweight as an investment strategy on SA miners in the short-term.

Challenges in the global supply chain, with the increased prices, will necessitate supply-side investment in terms of production. While SA will benefit from increased demand due to the nature of it being a resource-based economy, improvement in the route-to-market infrastructure (railways, roads, bridges etc.) will be critical in determining the extent of that benefit – policy from government will also be key.

The mining sector in South Africa experienced solid growth in the last 12-18 months with commodities such as gold, iron ore and platinum trending upwards from 2H 2020 through 2021. The Ukraine/Russia conflict added further pressure on global supply chains, which were gradually recovering from the effects of the Covid-19 pandemic. This resulted in further elevation in prices in early 2022.

Figure 17: SA Mining relative to MSCI South Africa – Fwd PE (LHS) & Fwd EPS (RHS)



Source: Refinitiv, Intellidex

Over the period Jan '08-Jan '23, the JSE Mining Index has traded at an average PE of 11.2x compared to 12.1x for MSCI South Africa. Interestingly as indicated in figure 17, the sector appears to be undervalued relative to the MSCI South Africa index, on a PE basis. This is at a forward PE of 7.4x for the miners, at a discount compared to the MSCI SA Index at a forward PE of 9.1x.

Figure 18: SA Mining relative to MSCI South Africa – Fwd Dividend Yield

Source: Refinitiv, Intellidex

From a forward-looking perspective for the mining sector for 2023, our base case is -9.5%, with upside of -5.3%, and the downside at -12.8%. These scenarios all lag our GDP forecasts for the period, given the decline in prices in recent months in 2022 in the prevailing inflationary environment.

Despite this, stocks such as Kumba Iron Ore (KIO), Exxaro (EXX) and African Rainbow Minerals (ARI) should be strategically held in portfolios offering dividend yields of 11.5%, 12.8% and 10.6%, respectively.

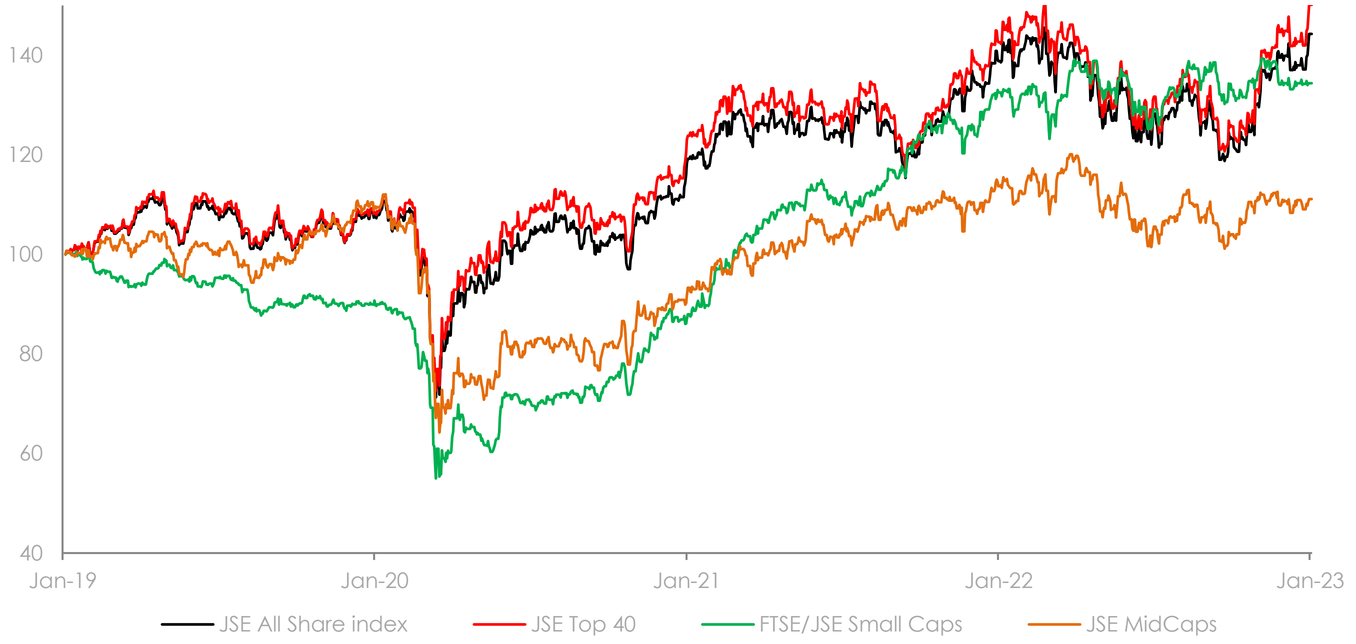
Figure 19:SA Mining ranking table*

Ticker	Company name	Price	Target Price	Gain/ -Loss	Total Gain/ -Loss (incl DY)	Fwd EY	Fwd DY	Curr PE	Fwd PE	EPS_0	EPS_{+1}	EPS_{+2}	EPS_{+3}	Earnings profile		
KIO	Kumba Iron Ore Ltd	513.17	**412.86**	-19.5%	-8.0%	10.4%	11.5%	5.0	9.6	103.65	53.41	55.78	47.44	-48.5%	4.4%	-15.0%
EXX	Exxaro Resources Ltd	216.15	**214.76**	-0.6%	12.2%	30.5%	12.8%	4.0	3.3	53.87	66.02	70.29	54.51	22.6%	6.5%	-22.4%
AMS	Anglo American Platinum Ltd	1328.07	**1386.22**	4.4%	11.2%	13.7%	6.8%	5.9	7.3	225.35	181.68	171.85	150.91	-19.4%	-5.4%	-12.2%
IMP	Impala Platinum Holdings Ltd	214.30	**235.43**	9.9%	17.2%	17.8%	7.4%	5.6	5.6	38.53	38.15	35.35	30.03	-1.0%	-7.3%	-15.0%
ARI	African Rainbow Minerals Ltd	303.39	**290.00**	-4.4%	6.1%	23.4%	10.6%	5.1	4.3	59.88	70.91	63.69	51.11	18.4%	-10.2%	-19.8%
SSW	Sibanye Stillwater Ltd	48.53	**316.25**	551.7%	558.4%	16.9%	6.7%	3.8	5.9	12.72	8.20	10.19	9.07	-35.6%	24.3%	-11.0%
TGA	Thungela Resources Ltd	239.71	**325.64**	35.8%	68.4%	59.4%	32.5%	N/A	1.7	N/A	142.48	104.32	48.94	N/A	-26.8%	-53.1%
NPH	Northam Platinum Holdings Ltd	181.72	**233.71**	28.6%	28.6%	21.4%	0.0%	6.0	4.7	30.49	38.82	40.36	33.81	27.3%	4.0%	-16.2%

*Source: Refinitiv, Intellidex, *consensus estimates used for all stocks*

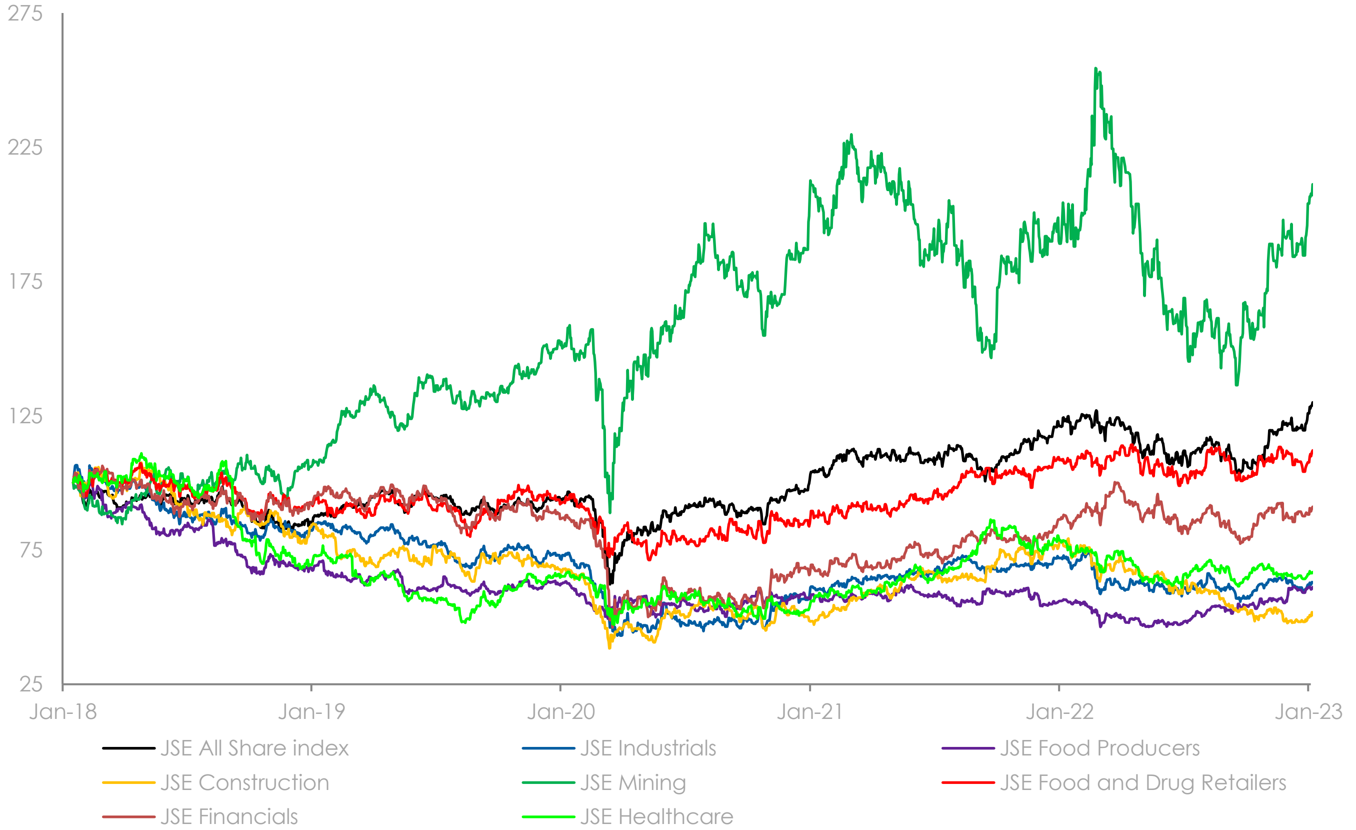
Appendices

Appendix 1: JSE indices Jan 2019-Jan 2023 – Top 40 consistently outperforming since 2020…



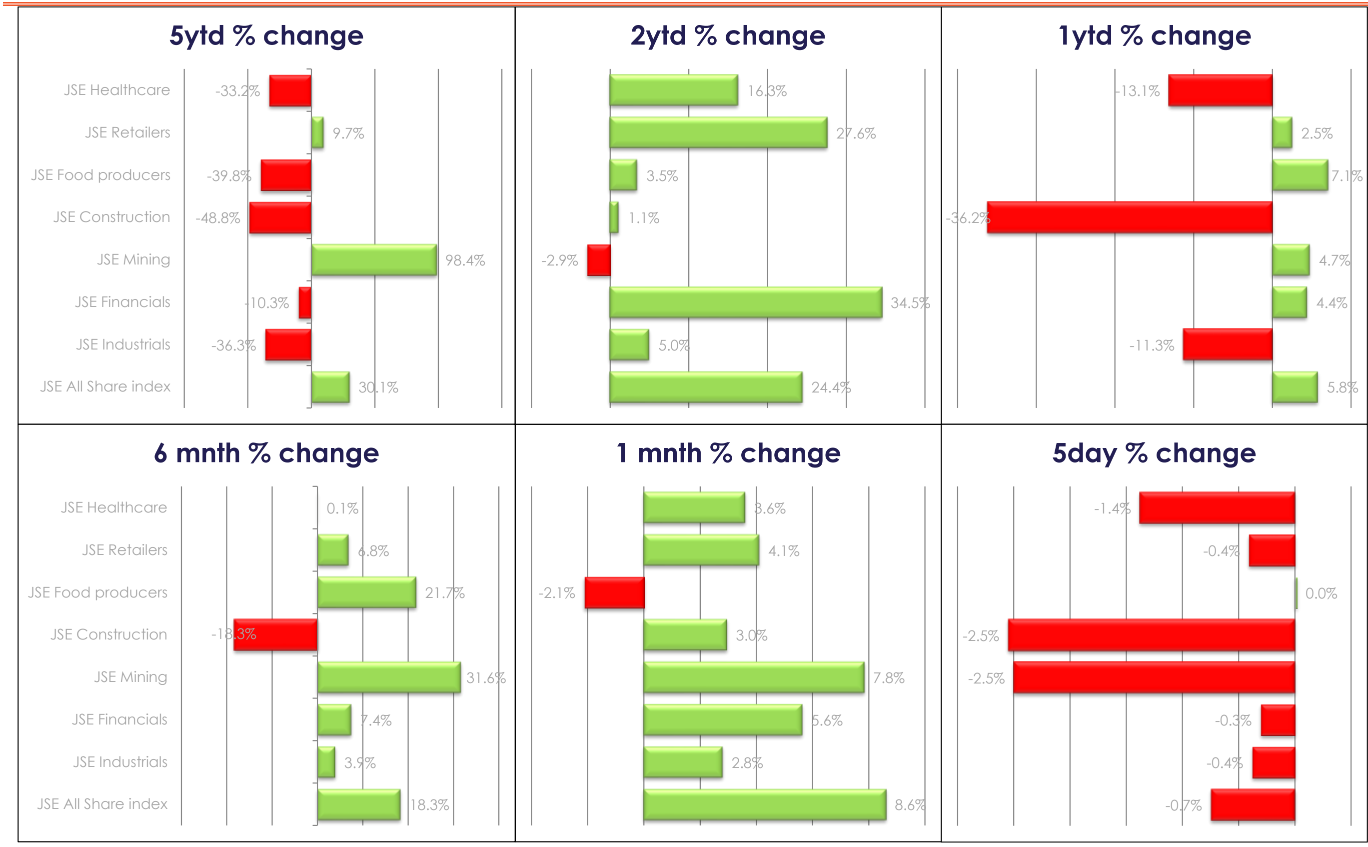
Source: Refinitiv, Intellidex

Appendix 2: JSE Sector performance – Mining has benefitted the most supply chain disruptions



Source: Refinitiv, Intellidex

Appendix 3: Key JSE sector performance vs JSE All share



Source: Refinitiv, Intellidex

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