

Capitec directors see value in bank's share price

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Three Capitec directors have invested about R9m so far this year in buying the banking group's shares. This could be a sign that former CEO Riaan Stassen, finance director André du Plessis and non-executive director Gerrit "Boel" Pretorius see value in the stock after it has come off the record levels it reached just before the end of last year.



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"I think the stock has been oversold. It was R610, then there was some political instability. The R610 (level) I believed was too high, but the current valuation offers good value and for that reason, I will buy," Stassen said.

So far this year, Capitec directors' dealings show Stassen acquired shares worth R4.6m at levels between R452 and R485 per share. Du Plessis invested about R2.5m, buying Capitec shares at between R455 and R520.

"We spent less on the December holidays and so we had free cash," Du Plessis joked.

"The share was about R600; we were quite happy with that," he said.

"Clearly, with the levels where the share price is now, we are still very much in the market.

"But nobody knows where the market is going."

Pretorius bought shares worth about R1.8m at prices between R450 and about R459 per share.

The Capitec share price has come off its record high reached in November last year, when it peaked at R615.

On 26 January the stock closed 3% down to R437 per share.

Capitec was the best-performing share price in the banking sector last year. It rose about 58%, while the banking index fell 16.3%. However, this year Capitec is down about 19%, underperforming the banking index, which is down about 7%.

Du Plessis said the fact that the share was down should give investors an opportunity to see some value.

When Capitec listed in 2002 its share traded at just less than R1 at some point. The Stellenbosch-based company was officially established in March 2001 and now has more than 6.7-million banking clients and about 11,000 employees.

Banking shares were hard-hit last month, when Nhlanhla Nene was fired as finance minister and replaced by an unknown MP, Desmond van Rooyen.

After a market outcry, President Jacob Zuma reviewed his decision and appointed Finance Minister Pravin Gordhan.

However, the markets have continued to suffer this year on the back of slowing growth in China and a decline in commodity prices.

Source: Business Day

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