

ARGENT

SALIENT INFORMATION

Twelve Month Forecast Return	65.2%
Time Adjusted Valuation (cps)	2,636
Valuation (cps)	2,679
Twelve Month Target Price (cps)	3,098
Share Price (cps)	1,875
Valuation (R000's)	2,384,812
Forward Price Earning Multiple	8.6
Forward Dividend Yield	3.4%

VALUE DRIVER FORECASTS

Turnover Growth Rate	17.5%
EBITA Margin	18.4%
Cash Tax Rate	25.6%
Fixed Capital Investment	25.0%
Working Capital Investment	20.0%
WACC	12.0%
Residual Growth Rate	5.9%
Valuation Method	Generic

RATIO ANALYSIS & OTHER STATISTICS

for the year ended 31 Mar

	FY2008	FY2009	FY2010	FY2011	FY2012
HEPS (cps)	219	267	319	380	452
HEPS growth	22.7%	21.8%	19.7%	19.2%	18.9%
Forward price earnings multiple	8.6	7.0	5.9	4.9	4.1
DPS (cps)	64	78	94	112	133
Forward dividend yield	3.4%	4.2%	5.0%	6.0%	7.1%
Dividend Cover	3.4	3.4	3.4	3.4	3.4
Free cash flow (cps)	116	136	160	188	221
Dividends: free cash flow	55.5%	57.5%	58.6%	59.4%	60.2%
Cash conversion ratio	51.0%	51.0%	51.0%	51.0%	51.0%
Fixed assets: revenue	29.9%	29.2%	28.5%	28.0%	27.6%
Goodwill: revenue	7.8%	6.6%	5.7%	4.8%	4.1%
Net working capital: revenue	23.6%	23.1%	22.6%	22.2%	21.9%
Net invested capital: revenue	61.3%	58.9%	56.8%	55.0%	53.6%
Depreciation	16,363	19,227	22,591	26,545	31,190
Capex	71,420	83,918	98,604	115,859	136,135
Capex: depreciation	4.4	4.4	4.4	4.4	4.4
Growth of invested capital (R000's)	99,102	116,445	136,822	160,766	188,901
Growth of invested capital %	12.3%	12.8%	13.4%	13.9%	14.3%
Investment ratio	49.0%	49.0%	49.0%	49.0%	49.0%
NOPAT	202,396	237,816	279,433	328,334	385,793
Opening invested capital	807,354	906,456	1,022,900	1,159,723	1,320,489
ROIC	25.1%	26.2%	27.3%	28.3%	29.2%
WACC	12.0%	12.0%	12.0%	12.0%	12.0%
Spread	13.0%	14.2%	15.3%	16.3%	17.2%
Shareholder value created / (destroyed) (cps)	118	145	176	212	255
NAV (cps)	934	1,122	1,347	1,615	1,935
ROE	23.4%	23.8%	23.7%	23.5%	23.4%
Gearing	10.0%	3.2%	0.0%	0.0%	0.0%



INCOME STATEMENT	FY2008	FY2009	FY2010	FY2011	FY2012
<i>for the year ended 31 Mar</i>	R000's	R000's	R000's	R000's	R000's
Revenue	1,478,662	1,737,428	2,041,478	2,398,737	2,818,516
Operating costs	(1,206,588)	(1,417,741)	(1,665,846)	(1,957,369)	(2,299,909)
Operating profit	272,074	319,687	375,632	441,368	518,607
Interest (paid) / received	(10,190)	(675)	6,128	13,792	22,796
Other income including associates	0	0	0	0	0
Profit before tax	261,884	319,012	381,760	455,159	541,403
Taxation	(67,068)	(81,698)	(97,768)	(116,566)	(138,652)
Profit after tax	194,816	237,314	283,992	338,594	402,750
Minorities	0	0	0	0	0
Attributable income	194,816	237,314	283,992	338,594	402,750
Distribution to shareholders	(57,299)	(69,798)	(83,527)	(99,586)	(118,456)
Retained income for the year	137,517	167,515	200,465	239,007	284,294
HEPS (cps)	219	267	319	380	452
DPS (cps)	64	78	94	112	133
Reconciliation between headline earnings & attributable earnings					
Attributable income	194,816	237,314	283,992	338,594	402,750
Add goodwill amortization	0	0	0	0	0
Headline earnings	194,816	237,314	283,992	338,594	402,750

BALANCE SHEET	FY2008	FY2009	FY2010	FY2011	FY2012
<i>for the year ended 31 Mar</i>	R000's	R000's	R000's	R000's	R000's
Fixed assets	441,850	506,541	582,554	671,868	776,813
Goodwill	115,395	115,395	115,395	115,395	115,395
Net working capital	349,211	400,964	461,774	533,226	617,182
Net invested capital	906,456	1,022,900	1,159,723	1,320,489	1,509,390
Excess cash	0	0	31,756	109,996	205,390
Investments & associates	56,260	56,260	56,260	56,260	56,260
Deferred tax asset	0	0	0	0	0
Intangible assets	0	0	0	0	0
Total investor funds	962,716	1,079,161	1,247,739	1,486,746	1,771,041
Shareholders interest	832,719	1,000,235	1,200,700	1,439,707	1,724,002
Minorities	0	0	0	0	0
Deferred tax liability	47,039	47,039	47,039	47,039	47,039
Long & short-term interest bearing debt	82,958	31,887	0	0	0
Fixed income obligation	0	0	0	0	0
Non-interest bearing liabilities	0	0	0	0	0
Total investor funds	962,716	1,079,161	1,247,739	1,486,746	1,771,041



VALUATION	FY2008	FY2009	FY2010	FY2011	FY2012
<i>for the year ended 31 Mar</i>	R000's	R000's	R000's	R000's	R000's
Turnover	1,478,662	1,737,428	2,041,478	2,398,737	2,818,516
EBITA	272,074	319,687	375,632	441,368	518,607
Cash Taxes on EBITA	(69,678)	(81,871)	(96,199)	(113,034)	(132,814)
NOPAT	202,396	237,816	279,433	328,334	385,793
Net investment	(99,102)	(116,445)	(136,822)	(160,766)	(188,901)
Fixed capital investment	(55,057)	(64,691)	(76,012)	(89,315)	(104,945)
Working capital investment	(44,045)	(51,753)	(60,810)	(71,452)	(83,956)
Free cash flow	103,294	121,371	142,611	167,568	196,892
Discount rate	89.26%	79.67%	71.11%	63.47%	56.65%
Net present value of free cash flow	92,197	96,694	101,409	106,355	111,541
Five year value of net present value of free cash flow	92,197	188,891	290,300	396,655	508,196
Residual value (79.26% of operational value)					1,941,729
Operational value					2,449,925
Cash & marketable securities					56,260
Debt & minorities					(121,373)
Equity value					2,384,812
Shares in issue (000's)					89,033
Valuation per share (cps)					2,679
Time Adjusted Valuation (cps)					2,636



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