Playing games with names

Perspectives: March 19th, 2020

It is important to pay attention to what companies choose to call themselves, particularly when and why they change their names and stock market tickers. During the internet bubble years of the late 1990's it became fashionable for companies to rename themselves in such a way as to imply they were also part of 'the internet of things'. In extreme cases companies had virtually nothing to do with the internet, but a mere name change served to propel the share price higher. No one bothered with checking up on the facts.

The best and oldest documented company naming case study I know of was the stock market listing during the spectacular South Sea Stock Bubble in 1720 of a company named '*A company for carrying out an undertaking of great advantage, but nobody to know what it is*'

Yes, I am afraid that is a true story and one of my personal all-time favorites.

On February 24th, 2020, **Sibanye Stillwater** announced their stock ticker will change from SGL to SSW on the JSE and from SBGL to SBSW on the NYSE. Looking at the accompanying announcement it is clear to me they wanted to be more closely associated with being a platinum group metals business as opposed to a gold business. It was implemented almost to the day the share price had reached its highest point of R49 per share, on February 19th. Also, of interest from a fundamental point of view is that it was then priced at 6 times book value, which happens to be the same level at which Amplats peaked at on six distinct occasions during the past 40 years.

With the world economy in turmoil platinum group metal prices have plummeted since late February, and so has Sibanye Stillwater's share price, falling by 66% to below R17 per share.

I wonder if they may regret not wanting to be seen and thought of as a gold business now.

Our work continues…

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