

Fin 24

Big spike in newly listed share

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Cape Town - For a company that did not attract a single trade on its first day on the JSE, newly listed RGT Smart has certainly created quite a speculative flurry of late. The share, which was offered at 10c in a private offer earlier this month, has kicked as high as 32c on Monday in smallish volumes - probably on the back of speculation around a possible acquisition. On Tuesday the company issued a cautionary announcement around a potential BEE deal, which seemed to have a calming effect on trading. RGT Smart shares have since drifted down to 20c. On debut last week the Port Elizabeth based company, which specialises in data capturing and research for the automotive sector, was bid at 10c with no offers in sight. While RGT Smart is not a stock that many professional traders follow, one market watcher ventured that the share spike may be fuelled by speculation that the company was set to make an earnings enhancing acquisition.

The market watcher noted: "It really seems to be the case of a few investors getting worked up about a possible deal. But it's been a big price spike, relatively speaking, and one wonder whether a few punters got carried away." At the current share price, RGT Smart has effectively doubled its market capitalisation from R44m at listing to R88m. While the latest cautionary suggests an empowerment deal has priority, the chances of RGT Smart making an acquisition still look reasonable. Last week RGT Smart CEO Paul de Vantier told Fin24.com that the company was looking at acquisitions that "could have a dramatic impact on the company's numbers." He said RGT Smart was currently in early stage discussions around opportunities that could add to the company's range of 'intelligence based consulting' services.