

Tuesday, 26 September 2017

TOP 10 GAINERS		
Share Name	Closing price	% change
ASTRAL FOODS LTD	16634	13.16
SUPER GROUP LTD	4373	6.66
NET 1 UEPS TECHNOLOGIES INC	13490	6.50
CAXTON AND CTP PUBLISHERS AN	1330	5.56
RAND MERCHANT INVESTMENT HOL	4160	5.18
CAPEVIN HOLDINGS LTD	888	4.96
WILSON BAYLY HOLMES-OVCON	14600	4.84
MTN GROUP LTD	12687	4.47
SOUTH32 LTD	3374	4.46
BRIMSTONE INVESTMENT - N SHS	1274	4.34

TOP 10 LOSERS		
Share Name	Closing price	% change
SIBANYE-STILLWATER	1530	-14.53
NIVEUS INVESTMENTS LTD	3802	-11.58
HARMONY GOLD MINING CO LTD	2442	-11.20
TEXTON PROPERTY FUND LTD	693	-9.65
RHODES FOOD GROUP PTY LTD	1832	-8.40
NAMPAK LTD	1936	-6.56
PICK N PAY STORES LTD	5720	-6.47
LONMIN PLC	1282	-6.42
NOVUS HOLDINGS LTD	614	-6.26
LIBERTY TWO DEGREES	884	-5.86

GLOBAL EQUITY INDICES		
Indices	% Change	Points
Dow Jones	0.29	22,333
S & P 500	-0.06	2,499
Nasdaq	-0.49	6,417
FTSE 100	1.35	7,313
Nikkei 225	2.47	20,296
Hang Seng	0.26	27,881
S & P ASX 200	-0.23	5,682

COMMODITIES*		
Name	% Change	Price
Gold	-1.86	\$1,295.60
Platinum	-3.40	\$936.08
Brent Crude Oil	2.03	\$56.75

CURRENCIES*		
Indices	% Change	Price
\$/R	-0.41	R 13.21
£/R	0.26	R 17.85
€/R	-0.57	R 15.81

Updated: 17:40 22/09/2017

COMMENTS FOR TOP 40 STOCK MOVEMENTS

The local markets ended the week softer on Friday amid risk-off sentiment sparked by tension on the Korean peninsula. The All Share Index closed 0.05% lower on Friday, but was up 0.35% for the week, whilst The Top 40 gained 0.03% on the day, with an overall weekly gain of 0.59%. The rand was firmer on Friday, tracking the Euro, as geopolitical tension put pressure on the dollar. The Rand was trading 0.64% lower at R13.21 against the US Dollar on Friday. The local currency had been under pressure for most of the week around expectations of the US rate hike and SA rate cut. The decision from the South African Reserve Bank to leave the interest rates unchanged on Thursday also lifted the Rand, as it had supported in-flows into the bond market with investors already pricing the expectation of the repo rate cut. The repo rate was left unchanged at 6.75%. SA bonds were however slightly weaker on Friday in risk-off trade following the Reserve Bank's interest rate decision. The benchmark R186 was bid at 8.46% from 8.44%.

Gold recovered from a four-week low on Friday as investors sought a safe haven from geopolitical uncertainty caused by rising tensions between North Korea and the US. Gold had been under pressure since Thursday, after the US Federal Reserve signalled it would unwind its balance sheet next month. Gold was trading at \$1309.25 gaining 0.14% for the week. Financials were up 1.54% for the week at the back of a relatively stronger Rand. RMI Holdings was leading the gains up 5.18% for the week. Resources Index traded 0.41% lower due to a worse outlook for industrial metals. Sibanye lost 14.53% for the week followed by Harmony Gold down 11.20%. Industrials marginally lost 0.01% on Friday, but with a weekly gain of 0.38%.

KEY EVENTS & COMPANY RESULTS

EOH Holdings Limited

Reviewed Condensed Consolidated Results for the Year Ended 31 July 2017

The group reported a 16% increase in headline earnings per share (HEPS) to R8.32 a share. Revenue went up by 21% to R15.490 billion, while operating profit was up 29% to R1.79 billion. Operating margins increased to 11.5%, from 10.8%. Growth was from across the business units. The largest contributor to revenue was the information technology services business unit, which rose 21% to R5.2bn which translated into R552m profit. 90% of the group's revenue is generated from South Africa. The ICT on IT services spend in South Africa is growing at 5.6% per annum (internationally at 4.2% per annum). The growth drivers in this division have been and remain transformational outsourcing, ERP upgrades and re-implementation, digital transformation, cloud, application development, Internet of Things, big data and analytics. The group declared a dividend of R2.15 up 16%.

Remgro Limited

Audited summary consolidated results for the year ended 30 June 2017 and cash dividend declaration

Headline earnings increased by 40.0% from R5.874 million to R8.221 million, while HEPS increased by 32.7% from 1 119.6 cents to 1 485.5 cents for the year ended 30 June 2017. The difference in the increase between headline earnings and HEPS is attributed to the impact of once-off transaction costs incurred with the Mediclinic International Limited rights issue and Al Noor Hospitals Group Plc transaction amounting to R788 million, as well as a negative fair value adjustment of R730 million, relating to the increase in value of the bondholders' exchange option of the bonds. The year under review also included a positive fair-value adjustment of R687m. Excluding these items, headline earnings increased by 1.9% from R7 392

Contact Details

Derick Meintjes
Email: Derickm@legae.co.za
Tel: +27 11 722 7330

Private Clients Enquiries
Email: privateclients@legae.co.za
Tel: +27 11 722 7343

million to R7 534 million, while HEPS decreased by 3.4% from 1 409.0 cents to 1 361.3 cents. The contribution from consumer products amounted to R1 354 million (2016: R1 605 million), down 15.6%. RCL Foods' contribution decreased by 34.3% to R424 million (2016: R645 million). This was mainly due to the chicken business which was impacted by a massive oversupply in the local market. RMI Holdings increased contribution in the insurance division 17.2% to R1 041 million (2016: R888 million). On a normalised basis, RMI Holdings reported an increase of 16.4% in earnings mainly due to OUTsurance and Discovery, which achieved earnings growth of 25.7% and 8.2% respectively. Industrial earnings decreased to R224 million (2016: R291 million). The decrease is mainly due to a lower refining margin. Grindrod which is within infrastructure reported a loss amounted to R48 million (2016: a loss of R45 million). The increased loss is mainly due to the underperformance of the rail assembly businesses resulting from a lack in demand for locomotives, continued uncertainty in the mining sector and low levels of activity in Southern Africa. The group's intrinsic net asset value per share decreased by 17.9% from R306.44 at 30 June 2016 to R251.48 at 30 June 2017 mainly due to a 40.4% drop in the market value of the Mediclinic investment, as well as the dilutive effect of the rights issue. The group declared total gross dividend per share of 495 cents, compared to 460 cents for the year ended 30 June 2016 down 8%.

Discovery Limited

Voluntary trading statement for the year ended 30 June 2017

The group reported gross inflows under management of R115 061 million up 10%. The appreciation of the rand over the period had a negative impact of 6% on gross income of the group. Normalised profit from operations increased by 10% to R7 048 million. In constant currency terms, core new business annualised premium income grew by 22% to R17 871 million. Discovery Life's new business was up 17% and Discovery Health was up 18%. Discovery was exposed to the fall in the pound. And in rand, the new business of Vitality Health fell by 16% and Vitality Life fell by 20%, though they were flat in constant currency. Discovery Health Medical Scheme has a 55% market share and it added 43,000 new lives in the previous year. During the financial year, Discovery Health's normalised operating profit increased by 11% to R2 505 million; new business annualised premium income increased by 18% to R6 109 million (excluding take-on of new closed schemes); and lives under management reached 3.39 million. In addition, DHMS announced a highly competitive contribution increase of 7.9%, and ended the 2016 calendar year with a total surplus in excess of R1.3 billion. Discovery Invest saw a solid performance during the period. Operating profit grew 12% to R744 million and assets under administration grew by 14% to R69.5 billion, with 76% of linked funds in Discovery Funds. Despite a challenging market, New business growth was up 3%. Discovery Insure performance exceeded expectation. Gross written premium increased by 32% to R2.1 billion, driven by new business annualised premium income growth of 19%, to R895 million.

GLOBAL AND WORLD MARKET DEVELOPMENTS

Global markets ended the week softer and cautiously following the tension between North Korea and the US and the keynote speech by the UK Prime Minister Theresa May. In the US the S&P 500 was down 0.35% on Friday, with an overall weekly loss of 0.41%. The NASDAQ was also down 1.64% for the week. Apple Inc. shares suffered their worst week for months, with lower demands compared to previous year. The dollar continued to retreat following a midweek advance that came after the Federal Reserve adopted a slightly more hawkish policy stance than expected. Oil prices were steady on Friday, as investors waited to see whether an extension to output cuts by big producers will be extended beyond March 2018. Oil prices have gained more than 15% in the past three months to trade above \$56 a barrel. On Friday, Brent was trading at \$56.75 with a weekly gain of 2.03%. Gold recovered from a four-week low on Friday but is still trading below \$1300, as investors sought a safe haven from geopolitical uncertainty caused by rising tensions between North Korea and the US. Gold was trading at \$1295.60, with an overall weekly loss of 1.86%. The Federal Reserve's indication on Wednesday of one more rate increase by December might continue to restrain gold. The market-based the odds of a December rate hike to about 70%, while the yield on the policy-sensitive two-year Treasury note jumped five basis points immediately after the Federal Reserve statement to 1.45%, the highest level in almost in a 10 years. It was back to 1.44% on Friday and it was up 6bp for the week. The 10-year yield was down 2 basis points on Friday at 2.26%. The Euro was slightly stronger against the dollar trading at \$1.1942. The Euro was supported by the latest Purchasing Managers' Index, which indicated that the economy is healthy. Sterling weakened as participants said Theresa May's speech had delivered relatively little insight. The pound was down 0.4% against the dollar trading at \$1.3527, while the euro gained 0.4% to £0.8827. Sterling's weakness helped push the UK's FTSE 100 equity index up 0.6% on Friday, meanwhile European Stoxx 600 edged up just 0.1%.

THE WEEK AHEAD

Earnings releases for JSE listed companies

Company	Date
Capitec Bank Holdings Limited (CPI)	27-Sept-17
Choppies Enterprises Limited (CHP)	27-Sept-17
Holdsport Limited (HSP)	29-Sept-17
Trencor Limited (TRE)	29-Sept-17

Disclaimer:

Legae Securities (Pty) Ltd is a member of the JSE Limited and all investment management services as provided are regulated by the provisions of the Securities Services Act, No 36 of 2004 or any replacement act or acts and that all dealings are subject to the Rules, Directives, practice and usage of the JSE Ltd. This information is not advice as defined and contemplated in the Financial Advisory and Intermediary Services Act, 37 of 2002, as amended. Past investment returns are not indicative of future returns. Legae Securities (Pty) Ltd shall not be liable for any actions taken by any person based on the correctness of this information.