

Monday, 4 December 2017

TOP 10 GAINERS		
Share Name	Closing price	% change
CONSOLIDATED INFRASTRUCTURE	399	28.71
ASCENDIS HEALTH LTD	1750	16.59
ARCELORMITTAL SOUTH AFRICA	530	10.42
NEDBANK GROUP LTD	23431	10.27
TRUWORTHS INTERNATIONAL LTD	8408	10.05
IMPERIAL HOLDINGS LTD	23400	9.97
SUN INTERNATIONAL LTD	5631	9.51
PIONEER FOODS GROUP LTD	13094	9.12
CURRO HOLDINGS LTD	4200	8.95
MEDICLINIC INTERNATIONAL PLC	10390	8.67
TOP 10 LOSERS		
Share Name	Closing price	% change
NET 1 UEPS TECHNOLOGIES INC	15138	-15.90
IMPALA PLATINUM HOLDINGS LTD	3925	-12.78
ASSORE LTD	28926	-9.40
LONMIN PLC	1151	-8.29
GLENCORE PLC	6229	-7.80
SOUTH32 LTD	3322	-6.58
ANGLO AMERICAN PLC	25405	-6.28
BHP BILLITON PLC	24764	-6.18
NASPERS LTD-N SHS	353162	-6.10
SANDOWN CAPITAL PTY LTD	368	-5.64
GLOBAL EQUITY INDICES		
Indices	% Change	Points
Dow Jones	2.86	24,232
S & P 500	1.53	2,642
Nasdaq	-0.60	6,848
FTSE 100	-1.47	7,300
Nikkei 225	1.19	22,819
Hang Seng	-2.65	29,074
S & P ASX 200	0.12	5,990
COMMODITIES*		
Name	% Change	Price
Gold	-0.60	\$1,280.62
Platinum	-0.22	\$939.99
Brent Crude Oil	0.41	\$63.73
CURRENCIES*		
Indices	% Change	Price
\$ / R	3.06	R 13.74
£ / R	2.02	R 18.51
€ / R	3.39	R 16.34

Updated:19:18 03/12/2017

## COMMENTS FOR TOP 40 STOCK MOVEMENTS

Local markets closed in the red as Naspers shares declined by 6.1% on the back of Tencent's poor performance in the week. Tencent followed the trend of other tech stocks globally as investors moved away from tech to companies that were most likely to benefit from the proposed U.S tax bill. Recently, Multichoice (a Naspers subsidiary) has had allegations of corruption levelled against it. The board of Naspers issued a statement on Friday to address the issue, to little stock market reaction.

The Rand strengthened over the course of the week touching highs of R13.56/\$. A reason mooted for the Rand strength has been traders covering their short-positions. Financials traded higher as a result. The FINI index gained 2.57% for the week with the Nedbank Group leading the index, up 10.27% for the same period. Retailers also benefitted from the stronger Rand, rising by 4.95%. They were led by Truworths, rising by 10.05% for the week. The stock has rebounded after it hit a year's low of R68.30 on November 15.

The trade data released on Thursday, didn't have much effect on the Rand despite the data surprising on the positive side. The country recorded a trade surplus for October, while most economists expected a deficit. The country's budget deficit, however, deteriorated. The budget gap widened to R34.8 billion in October, from a R3.5 billion gap in September.

## KEY EVENTS & COMPANY RESULTS

### Barclays Africa Limited

#### Further reduction by Barclays PLC of its shareholding in Barclays Africa to 14.9% and section 122 notice

Barclays PLC announced a further reduction in their shareholding in Barclays Africa. This takes their shareholding in Barclays Africa to 14.9%. On 1 June 2017, shareholders were advised that Barclays had reduced its total interest in Barclays Africa to 23.4% from 50.1%, in which 1.5% would be contributed by Barclays to a broad-based black economic empowerment scheme at a future date and 7.0% would be taken up by the Public Investment Corporation SOC Limited on a deferred completion. The 1.5% stake was transferred to the interim B-BBEE structure on the 4th of September and the 7% was transferred on Thursday, the 30 of November 2017.

### Naspers Limited

#### Condensed consolidated interim report for the six months ended 30 September 2017

On a consolidated basis, group revenue increased 5% due to accelerating e-commerce growth, the latter growing revenue 33% in local currency and adjusted for acquisitions and disposals. Consolidated trading profit improved by 56% to US\$70m. Tencent's revenues grew 57% y/y to RMB106.2bn. Media24's revenue were also positive growing 11% y/y to US\$315m, while trading profit grew 75%.

The firm has indicated that it plans to expand its online food-delivery footprint. The CFO mentioned that the company sees "food delivery as a particularly good opportunity, and is seeking more deals in the industry."

Net interest expense on borrowings were down 27% to US\$54m due to lower utilisation of credit facilities, the impact of the proceeds from the Allegro disposal, and the 4.85% coupon achieved by the group on the US\$1bn bond issued in July 2017.

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The share price of the company increased marginally by 0.77% on the day of the results release, with most of the key aspects of the results in line with analyst expectations.

### **Kaap Agri Limited**

#### **Summarised consolidated financial statements for the year ended 30 September 2017 and dividend declaration**

Income from the trading division increased by 6.3%, with operating profit before tax increasing by 14.1%. Capital expenditure of R201.6 million was incurred during the year spent on capacity expansion, replacement assets and acquisition of business operations. Interest received grew by 16.4%, as a result of increased credit sales and a higher average debtors book. Interest paid increased by 41.6% due to higher average borrowings during the year. A gross final dividend of 82.60 cents per share has been approved and declared by the board, which represents a 21.5% increase on the previous year.

### **Nampak Limited**

#### **Summarised consolidated financial results for the year ended 30 September 2017**

Group revenue was 2% down while trading profit has increased by 3%. Revenue growth was affected by disappointing performance in the plastics and paper division, and was also limited by the strengthening of the average value of the rand against foreign currencies. The group benefitted from a strong performance by the metals division which improved trading profit by 32% to R1.7 billion and the trading margin to 15.0%. HEPS increased by 15% to 123.8 cents per share. The group's financial position strengthened with net gearing improving to 45% from 49% in 2016. Further, Net debt to EBITDA improved to 1.6 times from 1.7 times in 2016.

### **Ascendis Health Limited**

#### **Acquisition of 100% of Kyron Laboratories Proprietary Limited**

Ascendis advised shareholders that the company had entered into an agreement to acquire, directly or indirectly, the entire issued share capital and loan accounts of Kyron Laboratories Proprietary Limited for R396.4 million upfront, plus a performance-based deferred portion from Nixsim Proprietary Limited. The firm cited that the proposed transaction is a strategic fit for Ascendis Animal Health as the business covers complementary therapeutic areas.

### **Omnia Holdings Limited**

#### **Unaudited results for the six months ended 30 September 2017**

The diversified chemicals group experienced a 3% y/y decline in revenue. The poorer performance can be attributed to the agriculture division which had lower sales as a result of the later start to the 2017/2018 summer planting season. However, the group still managed to deliver a 19% improvement in operating profit. This increase in profit resulted in HEPS which increased by 31%. The board declared an interim gross cash dividend of 200 cents per ordinary share which was 25% higher y/y.

### **Vukile Property Fund Limited**

#### **Unaudited condensed consolidated interim results for the six months ended 30 September 2017**

The group's net profit from property operations, exclusive of straight-line rental accruals, has decreased by 14.5% over the comparable period, primarily as a result of the sale of the Sovereign portfolio and the redeployment of the proceeds into Spain. However, the group's net profit available for distribution grew by 10% y/y. The firm declared a dividend of 72.65 cents per share which is 7.4% higher as compared to the previous period. The company expects full-year earnings to be in line with the growth achieved in the first half and dividends are expected to grow by between 7% and 8% for the full-year.

### **Invicta Holdings Limited**

#### **Unaudited condensed consolidated results for the six months ended 30 September 2017**

The investment holding and management company improved revenue from continuing operations by 3%. Operating profit increased by 1% y/y, assisted by foreign exchange translation effects. However, the operating profit margin fell by 0.02%. EPS from continuing operations was flat at 242 cents, while HEPS declined by 7%. The board declared a final gross cash dividend of 68.64 cents per ordinary share which is down 4% on the comparative period.

### **Tiger Brands Limited**

#### **Audited group results and dividend declaration for the year ended 30 September 2017**

The consumer goods company increased its revenue by 2% y/y with operating income growth up 11% y/y. Group operating margins increased to 14.8%. The company attributed enhanced operating performance to better pricing strategies through improved procurement and tighter cost control. Cash generated from operations increased by 43% benefiting from improved working capital management. The company also declared a final dividend of 702 cents per share. This brings the total dividend for the period up to

1080 cents, 1% higher than the previous year. The firm's stock price fell by 1.45% on the day of the results' release on the back of the earnings and revenue figures being below analyst estimates.

## GLOBAL AND WORLD MARKET DEVELOPMENTS

The Dow and S&P had another positive run in the week, the indices gained 2.86% and 1.53%, respectively. The Dow had its best week of the year with Verizon Communications Inc. being the best performer on the index. The telecommunications company plans to introduce a wireless competitor to home broadband internet services. U.S stock markets had a blip on Friday as they reacted to former National Security Advisor Michael Flynn deciding to plead guilty to lying to the FBI about his contacts with Russia. Under a plea bargain deal, Flynn admitted that he lied when FBI investigators asked about his conversations last December with Russia's then-ambassador, Sergei Kislyak.

The Nasdaq produced negative returns for investors as a number of tech stocks lost value. U.S investors shifted from tech stocks to companies that were more likely to benefit from the proposed tax reform. The proposed tax reform bill was passed through the Senate early Saturday morning with a 51-49 vote split. There has been some controversy surrounding the bill, with Democrats citing the lack of time they had to read the bill and also that certain parts were handwritten or completely crossed out. The energy sector led among S&P sector gainers as WTI crude and Brent crude both increased in value after OPEC and Russia agreed to prolong production cuts through the end of 2018.

French bank, Societe Generale plans to close 15% of its branch network and cut up to 900 jobs in France by 2020. It had already announced over 2,500 job cuts last year. On Tuesday morning, The Bank of England said that Britain's major banks all passed the Bank of England's annual stress tests for the first time since their introduction in 2014. The bank added that "the UK banking system could continue to support the real economy through a disorderly Brexit." The UK FTSE fell 1.47% for the week, while the broader Pan European Stock 600 fell 0.69%.

In Asia, the China Securities Regulatory Commission issued rules on the registration and inspection process of mutual funds that trade Hong Kong equities via so-called stock connects from the mainland. The Chinese watchdog has been suspending approvals for some mutual funds that plan to allocate at least 80% of their portfolios to Hong Kong-traded stocks. The Hang Seng fell 0.35% on Friday and it also posted its biggest weekly drop of 2017 falling 2.65%. In Japan, the Nikkei firmed by 1.19% for the week while the Chinese Shanghai composite fell 1.08%.

## THE WEEK AHEAD

### Earnings releases for JSE listed companies

Company	Date
Steinhoff Africa Retail Ltd	04-Dec-17
Gemgrow Properties Ltd	04-Dec-17
Alexander Forbes Group Holdings Ltd	04-Dec-17
African Phoenix Investments Ltd	04-Dec-17
Orion Real Estate Ltd	04-Dec-17
Keaton Energy Holdings Ltd	05-Dec-17
BSI Steel Ltd	06-Dec-17
Labat Africa Ltd	06-Dec-17
Indluplace Properties Ltd	06-Dec-17
MICROmega Holdings Ltd	07-Dec-17
Trencor Ltd	08-Dec-17
African Dawn Capital Ltd	08-Dec-17
RBA Holdings Ltd	08-Dec-17
Illovo Sugar Ltd	08-Dec-17

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