

Monday, 05 March 2018

| TOP 10 GAINERS               |               |            |
|------------------------------|---------------|------------|
| Share Name                   | Closing price | % change   |
| ASCENDIS HEALTH LTD          | 1404          | 20.62      |
| BALWIN PROPERTIES PTY LTD    | 595           | 15.53      |
| HARMONY GOLD MINING CO LTD   | 2597          | 10.98      |
| ASSORE LTD                   | 34610         | 9.80       |
| ECHO POLSKA PROPERTIES NV    | 1610          | 7.33       |
| METAIR INVESTMENTS LTD       | 2355          | 7.05       |
| TEXTON PROPERTY FUND LTD     | 630           | 6.96       |
| PEREGRINE HOLDINGS LTD       | 2265          | 6.94       |
| CLOVER INDUSTRIES LTD        | 1634          | 6.90       |
| MONDI LTD                    | 31817         | 5.42       |
| TOP 10 LOSERS                |               |            |
| Share Name                   | Closing price | % change   |
| STEINHOFF INTERNATIONAL H NV | 411           | -22.16     |
| CURRO HOLDINGS LTD           | 3251          | -14.67     |
| STADIO HOLDINGS PTY LTD      | 603           | -11.71     |
| ARCELORMITTAL SOUTH AFRICA   | 285           | -10.66     |
| SA CORPORATE REAL ESTATE LTD | 484           | -9.53      |
| LEWIS GROUP LTD              | 3997          | -9.16      |
| EXXARO RESOURCES LTD         | 12861         | -9.11      |
| RESILIENT REIT LTD           | 6254          | -8.70      |
| NAMPAK LTD                   | 1524          | -7.75      |
| CONSOLIDATED INFRASTRUCTURE  | 370           | -7.50      |
| GLOBAL EQUITY INDICES        |               |            |
| Indices                      | % Change      | Points     |
| Dow Jones                    | -3.98         | 24 303     |
| S & P 500                    | -3.31         | 2 657      |
| Nasdaq                       | -2.44         | 7 158      |
| FTSE 100                     | -2.32         | 7 076      |
| Nikkei 225                   | -3.25         | 21 182     |
| Hang Seng                    | -2.19         | 30 583     |
| S & P ASX 200                | -1.18         | 5 929      |
| COMMODITIES*                 |               |            |
| Name                         | % Change      | Price      |
| Gold                         | -0.65         | \$1 320.02 |
| Platinum                     | -3.30         | \$963.91   |
| Brent Crude Oil              | -4.95         | \$63.72    |
| CURRENCIES*                  |               |            |
| Indices                      | % Change      | Price      |
| \$/R                         | -3.58         | R 11.99    |
| £/R                          | -2.24         | R 16.52    |
| €/R                          | -3.68         | R 14.76    |

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## COMMENTS FOR TOP 40 STOCK MOVEMENTS

South African markets ended the week lower in line with global markets, as the fear of possible trade war weighed on equity markets. The All-Share Index was down 1.65% for the week, whilst the Top 40 was down 1.78%. The Rand was weaker against major currencies on Friday, despite the Dollar losing ground to the Euro on concern of a possible trade war. Numerous local political issues together with heightened expectations of US interest rates hikes, weighed on the rand, including the threat of the expropriation of land without compensation. The rand was at R11.97 to the dollar down 3.47% for the five-days. It was trading at R14.74 against the euro, down 3.36%.

Gold and property shares were the star performers, with retailers also providing some support to the market. Gold miners gained at the back of the weaker rand and higher metal prices. Harmony Gold gained 10.98% for the week. On the property side, Hyprop rose 2.27% to R112, after it reported a rise in its interim dividend of 8.3% on Friday. There was little respite for stocks in the Resilient stable, with Resilient itself losing 2.27% to R62.54 and Nepi Rockcastle losing 0.8% to R116. The retail sector was weighed by Steinhoff losses, which plummeted 22.16% for the five-day to a record low of R4.11. It released a quarterly trading statement earlier in the week, with the group's retail revenue growth down 5%.

Risk-off sentiment affected banks and financials, despite the investors warming to Nedbank's upbeat annual results, as market participants looked past rising losses from its African activities. Financials were down 0.95%, with Nedbank reporting gains of 0.34% to R294. Capitec lost 3.4% to R840.24, followed by First Rand down 2.98% to R73.80. Industrials were down 2.21%. Naspers was 1.37% lower on retreating Asian markets, with Tencent falling 2% on the Hang Seng on Friday.

## KEY EVENTS & COMPANY RESULTS

### MTN Group Limited

#### Trading statement for the year ended 31 December 2017

The group expects, headline earnings per share (HEPS) of between 170 cents per share (cps) and 190cps and basic earnings per share (EPS) of between 235cps and 255cps. HEPS were impacted by a numerous once-off and non-cash items totalling 483cps. The results were also impacted by the stronger rand and weaker currencies in the foreign entities. This compares with a headline loss per share of 77cps and attributable loss per share of 144cps for the prior financial year. The negative performance in the comparable period was mainly due to the non-recurring costs, including those related to the Nigerian regulatory fine and losses on MTN's 51% equity interest in the Nigerian tower company.

### Ascendis Health Limited

#### Interim Results for the six months ended 31 December 2017

The group reported a revenue increase of 27% to R4.0 billion (H1 2017: R3.1 billion) for the six months ended 31 December 2017. This was mainly driven by the strong performance of the group's international operations, which grew revenue by 50% (H1 2017: 41%) to R1.9 billion. The group has expanded its operations to Spain, Cyprus, Hungary, Romania and Australia. Gross margin strengthened by 160 basis points to 44.2%. This was driven by the acquisitions of Sun Wave Pharma, Cipla Vet and Cipla Agrimed in June 2017. Operating profit for the six months increased by 28% to R602 million. Normalised headline earnings increased by 20% to R353 million, with normalised HEPS 7% higher at 75.8 cents. EPS was up 24% to 52.8 cents. No interim dividend was declared. The cash retained will be utilised to settle debt obligations.

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## **Nedbank Group Limited**

### **Preliminary audited results for the year ended 31 December 2017**

The group reported headline earnings of R11.8 billion, up 2.8%, despite a nearly threefold increase in headline losses contributed by its rest of Africa division. The headline loss grew to R 810 million from R287 million in 2016. The bulk of the rest of Africa division comprise of investment in struggling Ecobank Transnational Incorporated. The retail and business banking (RBB) division contributed 58% to the group's income and 45% of its headline earnings. The client base in the RBB division grew by 1.6% to R7.5 million. Corporate investment banking (CIB) and wealth divisions, were impacted the most by the challenging operating environment. The wealth division reported 8% income growth to R4.4 billion. CIB loans and advances decreased by 3.8% to R356 billion due to a combination of unexpected early repayments and managed spelldowns. Demand for new loans was weak as a result of muted client capital expenditure in a competitive market in the subdued economic climate. CIB division contributed only 28% to the group's total income. A final dividend of 675 cents was declared. The total dividend per share increased by 7.1% to 1 285 cents for the year.

## **Mondi Limited**

### **Full year results for the year ended 31 December 2017**

The group reported a 7% increase in revenue to €7,09 billion. Excluding the impact of acquisitions, revenue was up 4%, due to higher average selling prices across all businesses. Underlying operating profit was up 4% to €1,01 billion. This was also due to higher selling prices and marginally higher volumes. Basic earnings went up by 8% to 149.5 euro cps (2016: 137.8 cps). Ordinary dividend of 62.0 euro cps was declared, up 9%. In addition, recommended special dividend of 100.0 euro cps was declared. In February 2017 the group acquired Excelsior Technologies, to support the development of Consumer Packaging. In December 2017 the group signed an agreement to acquire Powerflute, an integrated pulp and paper mill in Kuopio (Finland). On the group's outlook, management said they expect ongoing good demand and an upward momentum in pricing across key product segments in Packaging Paper and Fibre Packaging. But they also expect continued pressure on the cost base across the group, a consequence of the turn in the commodity price cycle.

## **GLOBAL MARKET DEVELOPMENTS**

US stocks ended the week lower, as investors' risk appetite was curbed by the Donald Trump's announcement of introducing heavy tariffs on steel and aluminium. The news prompted a widespread sell-off in US equities, on the back of fears that global growth may be negatively impacted. The S&P 500 was down 0.89% to 2,653.7, with most major sectors in the red except for telecoms, utilities and consumer non-cyclicals, which had small gains. Tech stocks retreated in a sign of the general risk-averse mood, with the sector down 1.14%. The Dow Jones Industrial Average was down 1.35% on Friday to 24,277.29 and the Nasdaq Composite lost 1.07% to 7,104. US steel stocks posted losses, as worries of global retaliation shook sentiments. US Steel Corp dropped more than 5%, AK Steel shed 3.5% and ArcelorMittal declined by 2%. The dollar also ended lower, with the dollar index off 0.36% to 89.995. US consumer prices increased in January, its largest gain in 12 months, boosting the view that price pressures will accelerate this year. Personal consumption expenditures price index, rose 0.4%. That was the biggest increase since September and followed a 0.1% gain in December. Inflation is expected to breach its target this year as a tightening labor market boosts wage growth. The Federal Reserve has forecast three rate hikes in 2018, but economists expect that will be revised up when the central bank publishes its projections at the end of the March 20-21 policy meeting.

Asians stocks also reacted negatively to US steel and aluminium tariffs. The announcement resulted in steel and aluminium manufacturers in Asia tumbling with Japan's Kobe Steel slipping 3.8% while JFE Holdings fell 3.5% and Japan Steel Works was down 3.9%. In South Korea, Posco shed 3.6% and Hyundai Steel fell by 3%. Tokyo's Topix index fell by 2% on Friday, posting a two-week low with falls across all sectors. The industrials segment and consumer discretionary stocks both fell 2.1%. Hong Kong's Hang Seng was down 2.19% for the week, at a two-week low. Information technology stocks shed 2% and financials were off 1.9% on Friday. China's CSI 300 of Shenzhen and Shanghai-listed companies fell by 1%. Earlier in the week China's official gauge of manufacturing activity suffered its largest fall since 2011 in February. The Manufacturing Purchasing Managers' index published by China's National Bureau of Statistics on Wednesday dropped to 50.3, down a point from January. In Sydney the S&P/ASX 200 finished 0.9% lower to a near two-week low as Financials slipped 0.7% and Materials were down 0.9%. European markets ended the week in the red. Germany's Dax 30, was under more pressure than its peers, as it is EU's largest steel exporter and it accounts for about 4% of US steel imports. It is the major steel exporter to the US. The index was down 2.46% on Friday, with a weekly loss of 4.74%. ThyssenKrupp, Germany's largest listed steelmaker, was down 1.7%. Volkswagen suffered the biggest single decline on the index, down 2.2%. The FTSE 100 index was down 2.46% for the week, after UK Prime Minister Theresa May admitted that Brexit would reduce access to EU markets.

**THE WEEK AHEAD**
**Earnings releases for JSE listed companies**

| Company                                 | Date      |
|---|-----------|
| Capitec Bank Holdings Ltd               | 05-Mar-18 |
| Astral Foods Ltd                        | 05-Mar-18 |
| Texton Property Fund Ltd                | 05-Mar-18 |
| Royal Bafokeng Platinum Ltd             | 06-Mar-18 |
| FirstRand Ltd                           | 06-Mar-18 |
| Cashbuild Ltd                           | 06-Mar-18 |
| African Rainbow Capital Investments Ltd | 06-Mar-18 |
| MMI Holdings Ltd/South Africa           | 07-Mar-18 |
| Capevin Holdings Ltd                    | 07-Mar-18 |
| Mpact Ltd                               | 07-Mar-18 |
| RMB Holdings Ltd                        | 07-Mar-18 |
| Clover Industries Ltd                   | 07-Mar-18 |
| Brimstone Investment Corp Ltd           | 07-Mar-18 |
| Aspen Pharmacare Holdings Ltd           | 08-Mar-18 |
| MTN Group Ltd                           | 08-Mar-18 |
| Exxaro Resources Ltd                    | 08-Mar-18 |
| Sun International Ltd/South Africa      | 08-Mar-18 |
| Standard Bank Group Ltd                 | 08-Mar-18 |
| Capital & Regional PLC                  | 08-Mar-18 |
| Stadio Holdings Ltd                     | 09-Mar-18 |
| Sanlam Ltd                              | 09-Mar-18 |
| Echo Polska Properties NV               | 09-Mar-18 |

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