

Monday, 13 August 2018

TOP 10 GAINERS		
Share Name	Closing price	% change
ArcelorMittal South Africa Ltd	469	17.54
EOH Holdings Ltd	4775	15.59
Ascendis Health Ltd	1169	11.87
Peregrine Holdings Ltd	2150	9.58
Fortress REIT Ltd	1563	8.24
Mondi PLC	38989	8.20
Trustco Group Holdings Ltd	890	7.75
Pan African Resources PLC	140	7.69
Assore Ltd	30000	7.67
African Oxygen Ltd	3130	7.56
TOP 10 LOSERS		
Share Name	Closing price	% change
Impala Platinum Holdings Ltd	1797	-9.65
Lewis Group Ltd	2731	-8.97
MTN Group Ltd	10200	-7.81
Steinhoff International Holdings NV	222	-7.50
Balwin Properties Ltd	421	-7.47
Clientele Ltd	1855	-7.25
Imperial Holdings Ltd	20088	-6.19
Alexander Forbes Group Holdings Ltd	485	-5.27
JSE Ltd	15500	-5.22
DataTec Ltd	2340	-5.19
GLOBAL EQUITY INDICES		
Indices	% Change	Points
Dow Jones	-0.58	25 315
S & P 500	-0.18	2 835
Nasdaq	0.53	7 853
FTSE 100	0.03	7 662
Nikkei 225	-1.01	22 298
Hang Seng	2.49	28 367
S & P ASX 200	0.70	6 278
COMMODITIES*		
Name	% Change	Price
Gold	0.06	\$1 215.61
Platinum	0.38	\$834.17
Brent Crude Oil	-0.29	\$73.00
CURRENCIES*		
Indices	% Change	Price
\$ / R	-5.15	R 14.05
£ / R	-3.45	R 17.94
€ / R	-3.99	R 16.05

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COMMENTS FOR TOP 40 STOCK MOVEMENTS

The All Share had a positive week, with the index gaining 2.18%, boosted by resources and industrials. The weak rand supported resource stocks and rand hedges. The slump in the Turkish Lira put pressure on emerging market currencies, as investors were moving their money into safe heaven assets. The rand declined 2.41% against the dollar. Financials lagged the market, with the index shedding 1.81% for the week on the back of a weaker rand against the greenback. Industrials had weekly gains of 3.20% with Naspers contributing the most. Resources had a stellar week, posting weekly gains of 4.3% supported by higher commodity prices.

South African manufacturing production y/y for June came in at 0.7%, which was below market expectations of a 2.2% increase. The m/m number came in at 0.3%, which was slightly lower than market expectations of 0.4% increase. The SACCI business confidence for July came in at 94.7 points, which was better than the 93.7 points recorded in the prior period. The print is showing positive signs of improving business sentiment, despite disappointing GDP and unemployment numbers.

KEY EVENTS & COMPANY RESULTS

Nedbank Group Limited

Financial unaudited consolidated interim financial results for six months ended 30 June 2018

The group's basic EPS grew by 26.2% to 1379 cents compared to 1093 cents reported in the comparable period and headline earnings grew by 27%, boosted by associate income from ETI. Managed operations delivered positive earnings growth from a higher base, translating into HEPS growing by 26.3% to 1361 cents. Group ROE (excluding goodwill) came in at 18.4%, which is still below the company's target. Non-interest revenue increased by 4.3% to R12.24bn reflecting the negative impact of IFRS 9 and 15 as well as weaker business and consumer confidence levels in the second quarter. Net interest income increased by 3.4% to R14bn compared R13.55bn in the comparable period. Corporate and Investment banking earnings grew by 2.6% to R3.29bn compared to R3.21bn in the comparable period. An interim dividend of 695 cents per share has been declared.

ABSA Group Limited

Unaudited condensed interim financial results for the period ended 30 June 2018

Diluted HEPS, which includes R1.4bn separation costs decreased by 4% to 877.8 cents compared to 917.3 cents in the comparable period and on a normalized basis, headline earnings grew by 3% to R8.04bn from R7.8bn. The group's ROE fell to 13.9% from 16.2%, largely due to the higher capital base from the Barclays PLC separation. ROA declined to 1.26% from 1.38% in the comparable period. Group net interest income grew by 3% and non-interest income grew by 5%, helping total revenue to increase by 3%. Cost to income ratio increased to 59% compared to 56.4%, reported in the comparable period. Credit impairments fell by 9% to R3.4bn, resulting in a 0.83% credit loss ratio compared to 0.93% posted in the comparable period. The South African retail banking segment saw transactional and deposit earnings fall by 9% to R1.056bn, largely due to significantly higher credit impairments. An interim dividend of 490 cents was declared.

MTN Group Limited

Reviewed condensed consolidated financial results for the six months ended 30 June 2018

The group's basic EPS decreased by 19.7% to 244 cents from 304 cents in the comparable period and HEPS declined by 6.9% to 215 cents compared to 231

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cents in the comparable period, negatively impacted by the contribution from associates and joint ventures service revenue increased by 10.2% boosted by robust voice revenue growth and the continued expansion of data and digital revenue. Data revenue increased by 26.7% due to continued improvements in the quality and capacity of data networks, after the company committed R11.46bn in capital expenditure. Digital revenue grew by 7.6%, underpinned by the greater uptake of MTN Money, but negatively by lower VAS revenue. The South African business improved profitability on strong consumer business, supported by CVM initiatives. However, growth in service revenue was below market expectations on the slow turnaround in the enterprise business. The Nigerian business performed ahead of expectations, with double-digit growth in voice revenue accelerated service revenue growth and further widening of the EBITDA margin. The company has declared an interim dividend of 175 cents per share.

Exxaro Resources Limited

Trading statement for the six month period ended 30 June 2018

Attributable EPS is expected to increase by between 41% and 54% compared to 852 cents per share reported in the comparable period. HEPS is expected to increase by between 32% and 44% compared to 882 cents per share reported in the comparable period. The coal business benefited from higher volumes and selling prices, which boosted earnings.

GLOBAL MARKETS

US markets ended the week mixed as trade tensions continue to take centre stage, dampening sentiment. The S&P 500 recorded a new record high midweek, boosted by technology and internet stocks. Positive second quarter earnings gave the market momentum earlier in the week. The latest FactSet data on earnings on the S&P 500 indicate that 2018 second quarter earnings have grown by 24.6% compared to the comparable period. Second quarter earnings are well above estimates, but roughly in line with first quarter earnings, which was the best showing in nearly eight years. The S&P 500 shed 0.2% for the week, while the Nasdaq finished the week higher by 0.5%. Shares in electric carmaker Tesla jumped on Tuesday after CEO Elon Musk tweeted that he had arranged financing and was considering taking the company private, in what would be the largest leverage buyout in history. The stock later gave up those gains in the week, as investors questioned whether the deal will go through.

Most European markets ended the week lower amid fresh trade war angst and ramifications of Turkey's currency on European banks. Mixed corporate earnings also weighed on the markets. European banks led the losses as the Eurozone chief watchdog raised concerns about some European banks' exposure to Turkey, in light of the Lira's drastic fall this year. Later in the week news came out that the US President Donald Trump is considering doubling metal tariffs on Turkey. The UK FTSE has weekly gains of 0.03% and the German DAX had weekly losses of 1.75%.

Asian equities were also mixed. Japan's economy rebounded in the second quarter, boosted by solid household and business spending. The economy grew by 1.9% on an annualised basis for the second quarter, avoiding a technical recession. On a quarterly basis, GDP expanded by 0.5%, which was better than market expectations of a 0.3% increase. The Nikkei was down 1.01% for the week and the Hang Seng has weekly gains of 2.49%.

THE WEEK AHEAD

Earnings releases for JSE listed companies

Company	Date
KAP Industrial Holdings Ltd	13-Aug-18
Sappi Ltd	13-Aug-18
Curro Holdings Ltd	14-Aug-18
Gold Fields Ltd	16-Aug-18
Exxaro Resources Ltd	16-Aug-18
Standard Bank Group Ltd	16-Aug-18
City Lodge Hotels Ltd	16-Aug-18
Truworths International Ltd	16-Aug-18
Resilient REIT Ltd	17-Aug-18

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