

Monday, 16 October 2017

TOP 10 GAINERS		
Share Name	Closing price	% change
STADIO HOLDINGS PTY LTD	680	46.70
ARCELORMITTAL SOUTH AFRICA	545	16.20
DIS-CHEM PHARMACIES PTY LTD	3250	12.07
JSE LTD	13400	11.67
RAUBEX GROUP LTD	2080	10.52
KUMBA IRON ORE LTD	25390	9.09
MASSMART HOLDINGS LTD	11610	8.62
MMI HOLDINGS LTD	1947	8.59
MPACT LTD	2679	8.42
TRUWORTHS INTERNATIONAL LTD	7941	8.34
TOP 10 LOSERS		
Share Name	Closing price	% change
MONDI LTD	33651	-11.26
MONDI PLC	33814	-10.59
FAMOUS BRANDS LTD	10559	-10.52
GOLD FIELDS LTD	5407	-6.78
SUPER GROUP LTD	4065	-5.20
ASCENDIS HEALTH LTD	1925	-4.94
NORTHAM PLATINUM LTD	4608	-4.81
SAPPI LIMITED	9142	-4.72
ANGLOGOLD ASHANTI LTD	12453	-4.59
SPUR CORP LTD	2800	-4.27
GLOBAL EQUITY INDICES		
Indices	% Change	Points
Dow Jones	0.43	22,872
S & P 500	0.15	2,553
Nasdaq	0.24	6,606
FTSE 100	0.17	7,535
Nikkei 225	2.55	21,155
Hang Seng	0.06	28,476
S & P ASX 200	1.81	5,814
COMMODITIES*		
Name	% Change	Price
Gold	2.13	\$1,303.82
Platinum	3.23	\$945.79
Brent Crude Oil	2.79	\$57.17
CURRENCIES*		
Indices	% Change	Price
\$ / R	3.62	R 13.27
£ / R	1.70	R 17.63
€ / R	2.79	R 15.68

Updated:11:18 10/14/2017

## COMMENTS FOR TOP 40 STOCK MOVEMENTS

The All Share followed global markets higher, gaining 1.13% for the week. The rand significantly strengthened against the dollar in the week, moving from lows of R13.74 to R13.26 against the greenback, gaining 3.62% for the week. Financials and general retailers ended the week in the green as they received support from rand strength, they had weekly gains of 3.33% and 5.86% respectively. Resources slid 1.87% for the week, mostly affected by the rand despite commodity prices trading higher for the week and Industrials had weekly gains of 1.32%.

Manufacturing production y/y for August came in at 1.5%, beating market expectations of a decline of 0.1% and the m/m number came in at 0.3% compared to a contraction of 0.1% expected by the market, showing a gradual improvement in the manufacturing sector. Mining production y/y for August grew by 6.9% beating market expectations of 0.5%, while the m/m for August also beat market expectations of 0.2%, growing by 5.3%.

## KEY EVENTS & COMPANY RESULTS

### Famous Brands Limited

#### Trading statement

Basic EPS is expected to decrease by between 154 cents and 188 cents (52%-61% lower) vs the 391 cents reported in the comparable period. HEPS is expected to decrease by between 153 cents and 187 cents (54%-63% lower). The results were significantly affected by an operating loss incurred by the Gourmet Burger Kitchen business in the period. Exacerbating the weak operating performance is the fact that the acquisition was debt financed. Consequently, finance costs sky rocketed from R8m in the prior comparable period to R138m in the current period. Analysts had been split on the UK acquisition. Some cited that it was a rand-hedge and it diversified the company's revenue stream away from the weak South African consumer environment while others highlighted that the company was paying a premium for the exposure, was on the hook for meaningful capex given the owner-managed model and was exposing itself to the over-traded UK burger market. The latter view is more strongly supported by the latest trading statement.

### Dis-chem Pharmacies Limited

#### Trading statement

EPS and HEPS are expected to increase by between 45.7 cents and 47.3 cents (34.8%- 39.5% higher) compared to 33.9 cents in the comparable period. The company has been gaining market share from independent pharmacies, driving the robust operating performance. The company continues in its aggressive roll-out of new stores with an objective of a 200 store footprint over the next five years. The share price has continually increased from a listing price of R21 to around R32.

### Mondi Limited

#### Trading update

The Underlying operating profit for the third quarter of 2017 increased by 8% to €245m compared to €227m in the comparable period. The group benefited from higher average selling prices, which were partly offset by higher costs and negative currency effects. The company has been operating under sub-optimal production capacity as they have shut down some mills for maintenance. This had an estimated impact of €30m on operating profit during this quarter. The impact of planned maintenance shuts on operating profit for 2017 is estimated to be around €90m.

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## PSG Group Limited

### Unaudited results for the six months ended 31 August 2017

HEPS decreased by 22.9% to 362.6 cents compared to 470.5 cents in the comparable period and attributable EPS declined to 19.1% to 386.4 cents compared to 477.8 cents in the comparable period. Earnings were mainly affected by Zeder's lower contribution and by the unrealised losses incurred on the Dipeo's investment portfolio. Recently, the group has made a R62m investment into PSG Alpha, which is an early-stage investment portfolio. The investment portfolio has concluded an agreement to obtain a 50% interest in Evergreen Lifestyle, a provider of retirement living, for R675m. The group is currently has a cash surplus of R1.2bn available for further investments. An interim gross dividend of 138 cents was declared.

## GLOBAL MARKETS

Global markets continued their bullish trend with the US markets once again reaching record highs. The S&P 500 gained 0.15% for the week as investors continue to digest third quarter earnings and President Trump's tax plan boost market confidence around more robust earnings growth going forward. The US CPI y/y for September increased by 2.2%, missing market expectations of 2.3% and following a 1.9% increase in the previous month. Still, it was the highest inflation print since April, as hurricane-related production disruptions at oil refineries in the Gulf Coast boosted energy prices. On a monthly basis, US CPI rose 0.5%, the most since January. The inflation number was below the FED's target, though gradually increasing, prompting investors to slightly reduce the odds of another interest rate hike in December to a 76.7% probability. The US and South Korean navies have began a joint drill involving 40 warships, amid ongoing geopolitical tensions with North Korea. The UK economy is showing signs of strength despite increasing uncertainty around Brexit. UK industrial production y/y for August increased by 1.6%, beating market expectations of 0.9% and following a gain of 0.4% in the previous month. UK manufacturing production y/y for August increased by 2.8%, beating market expectations of 1.9%. The FTSE had weekly gains 0.17% even though Diversified miners were softer and the DAX had weekly gains of 0.28%. This week traders will be watching political developments in Germany as German Chancellor Angela Merkel heads into talks to form a national government. The German economy continue to show strength as the y/y industrial production for August increased by 4.7%, beating market expectations of 2.9%. Exports and imports on a monthly basis increased by 3.1% and 1.2% respectively, both beating market expectations of 1.1% and 0.5% respectively. The Nikkei had weekly gains of 2.55% as the market continues to follow global markets higher.

## THE WEEK AHEAD

### Earnings releases for JSE listed companies

Company	Date
Calgro M3 Holdings Limited (CGR)	16-Oct-17
Pick 'n Pay Stores Limited (PIK)	17-Oct-17
Value Group Limited (VLE)	18-Oct-17
Adcorp Holdings Limited (ADR)	19-Oct-17
Dis-Chem Pharmacies Limited (DCP)	20-Oct-17

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