

Monday, 17 September 2018

TOP 10 GAINERS		
Share Name	Closing price	% change
Net 1 UEPS Technologies Inc	9694	21,10
Lonmin PLC	878	9,07
Investec Ltd	10329	8,60
Investec PLC	10330	8,28
South32 Ltd	4093	7,85
AfroCentric Investment Corp Ltd	525	7,36
Oceana Group Ltd	8643	6,05
ArcelorMittal South Africa Ltd	340	4,94
Lewis Group Ltd	3060	4,76
Trustco Group Holdings Ltd	1298	4,26
TOP 10 LOSERS		
Share Name	Closing price	% change
Aspen Pharmacare Holdings Ltd	19083	-28,54
Balwin Properties Ltd	334	-10,70
Trencor Ltd	3232	-10,22
Ascendis Health Ltd	1071	-9,24
Distell Group Holdings Ltd	11861	-8,76
Raubex Group Ltd	1996	-7,34
Adcock Ingram Holdings Ltd	6382	-7,18
Northam Platinum Ltd	3680	-7,05
Accelerate Property Fund Ltd	456	-6,94
Nampak Ltd	1532	-6,64
GLOBAL EQUITY INDICES		
Indices	% Change	Points
Dow Jones	0,92	26 155
S & P 500	1,16	2 905
Nasdaq	1,36	8 010
FTSE 100	0,36	7 304
Nikkei 225	3,53	23 095
Hang Seng	1,16	27 286
S & P ASX 200	0,35	6 165
COMMODITIES*		
Name	% Change	Price
Gold	-0,17	\$1 194,85
Platinum	1,74	\$795,85
Brent Crude Oil	1,64	\$78,09
CURRENCIES*		
Indices	% Change	Price
\$ / R	2,04	R 14,93
£ / R	0,87	R 19,52
€ / R	1,38	R 17,36

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COMMENTS FOR TOP 40 STOCK MOVEMENTS

The JSE began the week on the back foot as markets opened lower with losses extending through to the greater part of the week. Naspers' rally on Thursday helped the index break the losing streak however this was not enough to translate into positive weekly gains as the index eventually made a loss of 0.85%. This is the third consecutive week of reported losses. JSE had looked to economic data for direction as only a handful of corporates on the broader index were set to release their results. However the mixed economic figures and disappointing corporate results left local markets in the red.

Business confidence indicators from RMB and SACCI showed a drop in SA business confidence with both indicators down 1 and 4.2 points respectively. SA Commerce, Chambers and Industry reported that only three of the thirteen sub indices improved over the period while five deteriorated and the other five remained unchanged. The negative moves were attributable to low export levels coupled with the weaker currency over the period.

The rand made a recovery last week as global environment pressures eased on emerging market currencies. Moody's upbeat assessment of the South African economy also helped boost sentiment as the rating agency announced that it expects the country's economic growth to pick up.

KEY EVENTS & COMPANY RESULTS

AVI LIMITED

Results for the year ended 30 June 2018

The fast moving consumer good group saw surprising revenue growth despite the declining consumer demand environment. The group is home to some of the country's leading brands including Five Roses, Freshpack, House of Coffees, Bakers, Willards, I&J as well as beauty and care products such as Yardley and Lenthéric. Due to the nature of the sector as well as the constrained consumer environment the group faced immense challenges and aggressive competition. Despite this, they managed to report a revenue growth of 1.9% bringing their total revenue for the period to R13,44bn while operating profit grew to by 7% to R2,55bn. The group attributes the profit growth to their on-going efforts in procurement cost reduction as well as improved factory efficiencies, selling and administrative costs were also tightly managed throughout the period and improvements due to the restructuring from the previous financial year further benefited the group. HEPS grew inline with profits, up 7% to 543.1 per share while a final normal dividend of 435 cents was declared, this is a 7.4% growth from the previous period. A special dividend of 250 cents per share was also declared.

ASPEN PHARMACARE HOLDINGS LIMITED

Group financial results for the year ended 30 June 2018, announcement of Nutritionals Business disposal and retraction of cautionary announcement

Aspen took a heavy knock on the back of their results release last Wednesday which was in conjunction with a retraction of a cautionary announcement previously released on the 11th of Sep 2018 where the pharmaceutical group had advised its intentions to divest of its nutritional business. The group can indeed confirm that the an agreement has been reached. Aspen will be selling its Nutritionals Business to Lactalis Group for a fully funded cash consideration of R12,9bn which is just shy of EUR740mil. Investors were unimpressed with this transaction price as many had anticipated a consideration upwards of EUR1bn. This announcement coupled with the group's uninspired results sent the share price tumbling a staggering 17% on the day of the announcement. The group's revenue improved by 3% to R42,6bn for the period with a Normalised Headline Earnings Per Share growth of 10% to 1605 cents per share. The growth was underpinned by strong operating cash flows boosted by currency rate translation in the 2nd half of the period due to the weakened rand. The group is confident that they are uniquely positioned to lead growth

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in commercial pharmaceuticals and that the pending transaction will take them a step closer towards shaping them into an enterprise solely focused on its portfolio of value branded pharmaceuticals. The board has declared a dividend of 252 cents per share which will be paid from income reserves. The board has assured investors that they are in the opinion that the group will be able to satisfy its solvency and liquidity requirements subsequent to the payment of the abovementioned dividend.

IMPALA PLATINUM HOLDINGS LIMITED

Reviewed results six months ended 30 June 2018

This financial year end was key for the group as it embraced key strategies which were aimed at aligning themselves to the evolving economic and geopolitical landscape in both South Africa and Zimbabwe. The group was pleased to announce increased production levels across all their operating segments with production in rhodium, platinum and palladium all increasing by 9.9%, 6.4% and 5.2% respectively. The improved production helped boost gross profit by R2.1bn erasing last year’s losses of over half a billion rand. The group’s strategic advances towards eliminating loss making production plants remains their top priority and as such will be aggressively implemented as demonstrated by their announcement of the dramatic restructuring decisions at their Marula and Rustenburg operations. The group made another headline loss per share of 171 cents which was a further decrease from the previous periods 137 cents headline loss per share, as such no dividends were declared for the period.

GLOBAL MARKET DEVELOPMENTS

Treasury secretary Steven Mnuchin lead new rounds of trade negotiations with China last week as trade war tensions had escalated on the back of Trump administration threatening to levy a further 25% tariff on Chinese imports. These fresh negotiations helped stabilise US markets, eventually helping them end the week off in the green. Industrials and transportation outperformed on the broader index however all three major indices made good gains for the week. NASDAQ lead gains, up 1.36% followed by S&P and Dow up 1.16% and 0.92% respectively. Apples product range release made headlines with the stock benefitting from the upturn in improved technology and the ground-breaking announcement of their new watch which will be focused on monitoring its wearer’s health, a first of its kind, the stock rallied for the week.

Easing trade tensions between US and China gave European markets a much needed reprieve, most major European indices reported gains last week with auto and mining stocks being the best performers. The Bank of England and The Central European Bank met last week to discuss Eurozone interest rates. As expected the banks kept short term interest rates unchanged however analysts cautioned against Mario Draghi’s post meeting remarks which signalled a more hawkish stance. Italian stocks rallied as their political woes ease with the Italian government making a commitment to submit its revised draft budget to the European Commission by mid-October for review.

In Asian markets, the Nikkei continued its rally with the index gaining another 3.53% last week, making this its fourth week of consecutive gains. Japanese stock gains last week were largely boosted by the yen to the dollar drop as exporters capitalised on the local currency’s weakness by pushing large volumes of exports through. Chinese economic data released last week still indicated signs of weakened growth for the economy. This dampened investor sentiment with the benchmark Shanghai Composite Index losing another 0.8% making this its third-straight week of losses. Renewed trade war negotiations however provided some reprieve for the Hang Seng as the index recorded a 1.16% gain for the week

THE WEEK AHEAD

EARNINGS RELEASES FOR JSE LISTED COMPANIES

Company	Date
Remgro Ltd	19-Sep-18
Pan African Resources PLC	19-Sep-18

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