

Monday, 21 May 2018

TOP 10 GAINERS		
Share Name	Closing price	% change
DATATEC LTD	2350	23.23
ASCENDIS HEALTH LTD	1139	14.24
SUN INTERNATIONAL LTD	6950	13.35
STEINHOFF INTERNATIONAL H NV	180	12.50
SAPPI LIMITED	8952	10.98
TRENCOR LTD	3624	9.78
ROYAL BAFOKENG PLATINUM LTD	2469	9.25
LIBERTY TWO DEGREES	760	7.95
MONDI PLC	35498	7.08
EXXARO RESOURCES LTD	12550	6.90

TOP 10 LOSERS		
Share Name	Closing price	% change
ASTRAL FOODS LTD	27505	-10.70
IMPERIAL HOLDINGS LTD	20479	-10.16
STANDARD BANK GROUP LTD	19799	-9.49
BIDVEST GROUP LTD	21895	-9.37
ARCELMITTAL SOUTH AFRICA	254	-8.96
BARCLAYS AFRICA GROUP LTD	16450	-8.63
LEWIS GROUP LTD	4100	-8.52
THE FOSCHINI GROUP LTD	19344	-8.32
TRUWORTHS INTERNATIONAL LTD	8900	-8.25
FIRSTSTRAND LTD	6100	-7.79

GLOBAL EQUITY INDICES		
Indices	% Change	Points
Dow Jones	-0.47	24 715
S & P 500	-0.54	2 713
Nasdaq	-0.66	7 354
FTSE 100	0.70	7 779
Nikkei 225	0.69	23 024
Hang Seng	-0.32	31 440
S & P ASX 200	-0.85	6 083

COMMODITIES*		
Name	% Change	Price
Gold	-1.91	\$1 288.43
Platinum	-2.93	\$883.71
Brent Crude Oil	1.09	\$79.08

CURRENCIES*		
Indices	% Change	Price
\$ / R	-3.46	R 12.77
£ / R	-2.59	R 17.16
€ / R	-2.03	R 15.01

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COMMENTS FOR TOP 40 STOCK MOVEMENTS

The All Share followed global markets lower shedding 1.06% for the week. Financials were the worst hit, down 5.55% for the week as the rand significantly weakened against the greenback, down 3.53% for the week. Barclays led the losses with the company facing management problems and the rand weakness adding to the woes. Industrials also finished lower, down 1.6% for the week, with South African exposed diversified industrials dragging the index lower, with rand-hedges paring some of the losses. Resources ended the week in the green, with weakly gains of 4.77% boosted by diversified miners, despite Glencore's pull-back on Friday on the back of corruption allegations in the DRC. Sasol had a good week, up 6.75% boosted by the higher Brent Crude price as the US looks to intensify sanctions against Iran.

The South African unemployment number for the first quarter came in at 26.7%, lower than market expectations of a 26.9% increase, showing signs of an improving labour market. Retail sales for March y/y came in at 4.8%, higher than market expectations of a 4.7% increase.

KEY EVENTS & COMPANY RESULTS

Vodacom Group Limited

Annual results for the year ended 31 March 2018

Group revenue grew by 6.3% to R86.4bn compared to the prior period and service revenue grew by 3.4% to R70.6bn compared to R68.3bn in the prior period. EPS share grew by 3.5% to 947 cents compared to 915 cents in the prior period. HEPS was unchanged at 923 cents compared to the prior period, due to the dilution from the issue of 233.5 million shares. In South African operations, revenue surged by 8.1% to R70bn boosted by smart device sales, service revenue increased by 4.9% to R54.6bn supported by strong customer additions, which resulted in higher contribution from data revenue and growth in enterprise services. Data revenue was up 12.8% to R23.4bn supported by improving customer data usage and the introduction of more contract plans. The international operation's service revenue grew by 0.3%, which was heavily impacted by the stronger rand. However, there was pleasing growth in key strategic areas including M-Pesa. A gross final dividend of 425 cents was declared.

Telkom SOC Limited

Trading statement

HEPS and basic EPS are expected to decrease by between 15% and 25% compared to the prior period, due to a significant increase in the effective tax rate and higher labour costs driven by both inflationary and market related adjustments. Basic EPS is expected to be between 628 cents and 554.1 cents lower compared to 738.8 cents in the prior period. HEPS is expected to be between 611.1 cents and 541.1 cents lower compared to 721.1 cents in the prior period.

Famous Brands Limited

Further trading update

HEPS is expected to be between 405 cents and 327 cents lower compared to 428 cents in the prior period and basic EPS is expected to be between 23 cents and 19 cents lower compared to 414 cents in the prior period, resulting in a decrease of 94% to 96%. The results were heavily impacted by impairments in intangible assets and property, plant and equipment.

Mondi Limited

Trading update

The group's underlying operating profit for the first quarter rose by 15% to €295

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million compared to €279 million in the comparable period, supported by higher average selling prices and profit improvement initiatives. Like-for-like sales were stable with growth in packaging paper and lower volumes in uncoated fine paper due to extended maintenance shutdowns. Costs were generally higher than the comparable period driven higher by key input costs. The packaging paper market remained robust with good demand and limited industry capacity additions continuing to support pricing. The cask kraft paper market remains tight, with constrained supply growth.

Investec Limited

Unaudited combined financial results for the year ended 31 March 2018

Basic EPS increased by 0.8% 51.2 pence compared to 50.8 pence reported in the prior period. The asset management business' operating profit grew by 8% to £178 million compared to £164.8 million in the prior period due to higher average funds under management arising from strong net inflows of £5.4 billion. Earnings in South Africa were negatively impacted by lower fees charged. Total funds under management amounted to £103.9 billion compared to £95.3 billion in the prior period. Specialist banking operating profit increased by 4.3% to £474 million compared to £454.4 billion in the prior period. The SA business reported an increase of 6.9% supported by sound corporate and private client activity as well as an increase in associate earnings from the IEP group. Core loans and advances rose 8.7% to R256.7 billion compared to 236.2 billion in the prior period. The credit loss ratio on average core loans and advances amounted to 0.28%, remaining flat at the lower end of its long term average, despite the business reporting an increase in impairments. The UK business reported a 9.3% decrease in operating profit due to a decrease in non-interest revenue and impairments marginally increasing. Trading income declined by 12.5% to £138.2 million compared to £158 million in the prior period as a result of lower volatility, relative to the elevated levels experienced in the prior period following the Brexit vote as well as losses incurred in South Africa on Steinhoff. A dividend of 24 pence per share was declared.

Sappi Limited

Second quarter results for the period ended 31 March 2018

Profit for the period grew by 15.9% to \$102 million compared to \$88 million in the prior period. Special items in the quarter related to the profit on sale of the corporate office building in South Africa. Basic EPS rose by 18.75% to 19 cents compared to 16 cents in the prior period. Demand for dissolving wood pulp remained strong and pricing improved during the quarter. Viscose staple fibre prices remained under pressure due to the commitment of significant additional capacity in China, despite higher prices for competing textiles. Demand for kraft pulp continued to be strong. The European business had a good quarter, despite the negative impact of a stronger euro on export sales prices. The South African business experienced higher packaging sales volumes and sale price increases for various packaging and paper grades. The company managed to complete the acquisition of the Cham speciality paper business.

Netcare Limited

Unaudited interim results for the period ended 31 March 2018

Revenue increased by 8.2% to R9.97bn compared to R9.21bn in the comparable period. Adjusted HEPS from continuing operations grew by 8.5% to 87.7 cents compared to 80.8 cents in the comparable period, supported by an increase in the number of patient days. The company acquired Akeso, which provides an important national network in the mental healthcare sector and have made a decision to exit the UK business. An interim dividend of 44 cents per share was declared.

GLOBAL MARKETS

Global markets ended the week mixed, with the US markets finishing in the red as investors were concerned about US-China trade war tensions and the prospect of increasing US interest rates after the US posted strong economic data. This comes despite a strong week in the energy sector as the US looks to intensify sanctions against Iran, which has brought about a uptick in the Brent Crude price. Most of the economic data releases were positive, with manufacturing activity coming in stronger than expected and overall industrial production grew more than expected in April. The solid economic data pushed the yield on the benchmark 10-year treasury note up to 3.12% during the week, to its highest level in seven years. The Dow and S&P 500 shed 0.47% and 0.54% for the week, respectively.

European equities were relatively volatile but ended the week higher. The UK FTSE 100 and German DAX had weekly gains of 0.7% and 0.59%, respectively. Italian stocks were in the spotlight amid political uncertainty about the details and policy measures being considered by the populist party the Five Star Movement and by the far-right League party. The two populist parties are reported to have agreed on a governing contract at the end of week, that included plans to increase fiscal spending and tax cuts but there has been no talks of Italy leaving the European Union.

Asian markets ended the week mixed with the Hang Seng declining 0.29% for the week and the Nikkei posting weekly gains of 0.71%, posting its eight positive week in a row. The yen, which lost ground against the US dollar as bond yields increased offered support to the index. The markets looked for clues around the US-China trade war talks as the Chinese government sent a delegation to the US to iron out an agreement with regard to reducing the trade surplus.

THE WEEK AHEAD

Earnings releases for JSE listed companies

Company	Date
Barloworld Limited	21-May-18
Pioneer Foods Group Limited	21-May-18
Coronation Fund Managers Limited	22-May-18
Rhodes Food Group	22-May-18
Reinet Investments SCA	23-May-18
Hosken Consolidated Investment Ltd	23-May-18
Tsogo Sun Holdings Limited	23-May-18
Tiger Brands Limited	24-May-18
Famous Brands Limited	24-May-18
Foschini Group Limited	24-May-18
Mediclinic International Plc	24-May-18

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