

Wednesday, 4 April 2018

TOP 10 GAINERS		
Share Name	Closing price	% change
MURRAY & ROBERTS HOLDINGS	1380	43.90
ASCENDIS HEALTH LTD	991	14.57
STADIO HOLDINGS PTY LTD	574	11.03
BRITISH AMERICAN TOBACCO PLC	69655	9.31
REINET INVESTMENTS SCA	23000	9.25
PPC LTD	785	9.03
AFROCENTRIC INVESTMENT CORPO	639	8.67
NETCARE LTD	2800	8.53
GRINDROD LTD	1376	7.00
STEINHOFF INTERNATIONAL H NV	330	6.80
TOP 10 LOSERS		
Share Name	Closing price	% change
GREENBAY PROPERTIES LTD	100	-21.26
RESILIENT REIT LTD	5000	-12.97
NASPERS LTD-N SHS	289184	-12.37
NEPI ROCKCASTLE PLC	11500	-11.92
NET 1 UEPS TECHNOLOGIES INC	11299	-11.03
NORTHAM PLATINUM LTD	3634	-10.65
ASSORE LTD	29200	-10.02
FORTRESS REIT LTD-B	1190	-9.92
DATATEC LTD	2080	-9.57
REBOSIS PROPERTY FUND LTD	859	-8.81
GLOBAL EQUITY INDICES		
Indices	% Change	Points
Dow Jones	0.47	23 644
S & P 500	-0.25	2 582
Nasdaq	-1.75	6 870
FTSE 100	1.50	7 057
Nikkei 225	-0.12	21 292
Hang Seng	-0.88	30 041
S & P ASX 200	-1.18	5 752
COMMODITIES*		
Name	% Change	Price
Gold	-0.37	\$1 340.06
Platinum	-0.93	\$935.00
Brent Crude Oil	-2.52	\$67.77
CURRENCIES*		
Indices	% Change	Price
\$ / R	-1.34	R 11.83
£ / R	-0.67	R 16.63
€ / R	-0.64	R 14.57

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## COMMENTS FOR TOP 40 STOCK MOVEMENTS

The local market ended the week firmer on the last trading day of the quarter, with both the All-share index and the Top 40 up by 1.30% and 1.36% respectively after overall weekly losses of 1.25% and 3.41% respectively. The all share ended the quarter 6.77% weaker, this being its worst performance since September 2011. The positive close on Thursday provided some much needed relief after the markets saw heavy sell offs in prior sessions. The Rand weakened by 1.30%, eventually closing at R11.84 against the Dollar on Thursday. Most major indices traded in the green supported by positive trades for a majority of the blue-chip stocks. Mediclinic and Shoprite were amongst the biggest gainers on the Top 40 index with gains of 5.97% and 2.75% respectively.

Resources index gained 2.46% however financials and industrials struggled throughout the week with the indices eventually losing 1.88% and 0.70% respectively. Financials traded under pressure for the greater part of the week due to the weaker Rand, with First Rand, Barclays Africa and Nedbank all down 3.1%, 3.44% and 2.51% respectively.

There was positive news for local consumers as the SARB decided to cut the repo rate by 25 basis points which was in line with expectations. This effectively brings repo rate down to 6.5% per annum with prime lending rate down to 10% per annum.

## KEY EVENTS & COMPANY RESULTS

### Nampak Limited

#### Trading Update

The group traded under significant pressure as the share price was down 9.79% at market close on Thursday after releasing a trading update. This decline was despite increased production for the 5 month period ended 28 Feb 2018. The group attributes the decline to the strengthening Rand which has adverse effects for the translation of earnings in Africa territories. The trading update included a breakdown of cash balances Nampak holds in various countries, along with any indication of intentions to bring back money to SA operations.

Cash balances in Nigeria fell to R586m as at 28 Feb 2018 from R828m which was reported at the group's financial year end in September, this decrease is a result of the successful extraction of cash amounting to R567m during the five months. Other country's cash balances showed material growth, including Angolan balance, growing from R2.2b at September year-end to R2.6b for the period and Zimbabwe's cash balance also increased from R645m to R841m for the five month period ended 28 Feb 2018.

### Group Five

#### Trading Update

The share price fell by 5% as the market reacted to a trading update released by the group late Thursday afternoon. Shareholders have been warned to expect an interim headline loss per share of about R7.79, this figure is nearly double that of the R4.19 headline loss which the group had previously anticipated to report at its interim results, due for release mid-April. This is a result of expected losses of R371m due to problems completing its Kpone power station in Ghana. The construction group also faces penalties of \$62.5m for missing the project's deadlines, they hope to reduce these penalties by claiming against its subcontractors which it believes it is legally entitled to. The group said it has managed to secure a R650m loan to alleviate the pressure on its free cash resources.

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## Netcare Limited

### Update on first half of 2018 financial year and UK related matters

Netcare stock received a big boost, jumping by 4.01% to close at R28 after the private healthcare provider announced its intentions to dispose of its interests in General Healthcare Group in a process that will see it exiting the UK market. The company attributes the disposal largely to rental agreement issues in the UK, additional announcements will be made as and when appropriate. However Netcare assures stakeholders that the UK operations are ring-fenced and any debt obligations will have no recourse to their South African operations. The finalisation of Netcare's acquisition of Akeso Clinics which specialises in the care of adolescents, people with psychiatric disorders; and recovering drug addicts, will enable the group to expand its mental health offering and contribute to its future growth.

Regarding performance, there has been an overall improvement in y/y activity in H1 of the financial year, with increased full-week occupancy and revenue per patient, however there will be minimal movements in EBITDA margins as they are expected to remain broadly flat due to the costs incurred with the Akeso acquisition as well as UK advisory fees. Netcare 911 has been restructured and losses from the division have been curtailed for this trading period. Primary Care division opened up three new clinics and EBITDA margins are expected to improve against the margin of 12.9% compared to the same period in 2017 for this business segment.

### GLOBAL AND WORLD MARKET DEVELOPMENTS

US markets had a dismal week with 2 of the 3 major indices declining. The tech focused Nasdaq fell the most, finishing in the red with a negative 1.75% performance for the week and negative 2.77% for the quarter. Amazon was one of the biggest losers on the index, it lost 5.2% after U.S President Donald Trump seemed to take aim at the online retail giant. S&P 100 fell lower at 0.25% for the week while the Dow yielded a positive performance of 0.47% for the week. The Dow and S&P 100 fell 5.13% and 4.84% for the quarter respectively. Concerns about trade wars are still lingering after China said it will slap tariffs on approximately 130 US goods which range from pork to fruits, this is in retaliation to Trump's administration tariffs on steel and aluminum imports. These trade-war worries are believed to have contributed to losses for equity markets worldwide last month.

The FTSE 100 fell 0.6% led by losses in the industrial sector with only basic materials showing gains. The index wrapped up trading with a 0.2% gain after overall slide of 8.2% for the quarter. Meanwhile, the pound was modestly higher ahead of the release of data that should show how British manufacturing activity is faring. The UK's equity market has had a poor start to the year which is true for equity markets worldwide and expectations do not foresee any improvement either as it looks set to be the slowest growing economy among its peers. The new transition deal between UK and the European Union removes some uncertainty around Brexit but provides no relief for the stained UK equity markets.

Japanese stocks led the way in the Asian market gains, climbing higher following a rally on Wall Street. The further easing of tensions in North Korea has contributed to investor sentiment in the markets. Despite the initial gain in equities trading in Japan, the Nikkei fell 0.22% for the week and a total of 6.52% for the first quarter. The Hang Seng fared better with losses totaling only 0.02% for the first quarter. Tencent price continues to slide having lost 3.14% for the week however overall confidence in Asian markets remains high with good growth prospects.

### THE WEEK AHEAD

#### Earnings releases for JSE listed companies

Company	Date
Consolidated Infrastructure Group Ltd	5-Apr-18
Zeder Investments Ltd	9-Apr-18

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