

Monday, 29 January 2018

TOP 10 GAINERS		
Share Name	Closing price	% change
EOH HOLDINGS LTD	7340	12.98
OCTODEC INVESTMENTS LTD	1960	9.50
MASSMART HOLDINGS LTD	15861	9.27
LEWIS GROUP LTD	4400	8.51
AFROCENTRIC INVESTMENT CORPO	575	8.08
BID CORP LTD	28107	7.74
CASHBUILD LTD	46000	7.44
CLICKS GROUP LTD	17839	7.14
RMB HOLDINGS LTD	8889	7.10
CITY LODGE HOTELS LTD	17100	6.88
TOP 10 LOSERS		
Share Name	Closing price	% change
PAN AFRICAN RESOURCES PLC	125	-24.70
SIBANYE GOLD LTD	1141	-16.10
SUPER GROUP LTD	3880	-15.63
FORTRESS REIT LTD-B	1548	-14.95
CONSOLIDATED INFRASTRUCTURE	400	-11.70
LONMIN PLC	1100	-11.36
IMPERIAL HOLDINGS LTD	25200	-10.89
RESILIENT REIT LTD	6850	-10.16
MURRAY & ROBERTS HOLDINGS	1055	-9.91
ANGLOGOLD ASHANTI LTD	11267	-9.28
GLOBAL EQUITY INDICES		
Indices	% Change	Points
Dow Jones	0.43	25,310
S & P 500	0.59	2,747
Nasdaq	1.12	7,337
FTSE 100	-0.69	7,244
Nikkei 225	0.79	21,893
Hang Seng	2.46	31,267
S & P ASX 200	1.62	6,000
COMMODITIES*		
Name	% Change	Price
Gold	-1.35	\$1,328.71
Platinum	-0.86	\$996.76
Brent Crude Oil	3.81	\$67.31
CURRENCIES*		
Indices	% Change	Price
\$/R	0.32	R 11.56
£/R	1.09	R 16.15
€/R	1.32	R 14.21

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## COMMENTS FOR TOP 40 STOCK MOVEMENTS

Local market participants digested a number of corporate results last week, as companies reported their performance back to stakeholders. Retail stocks increased by 0.9% for the week with Massmart leading gains. The firm's FY results beat estimates. Resource stocks closed in the red as several miners reported results that were not well received by the market. Further, gold stocks suffered losses in line with a declining gold price that reached a low of \$1326.01/oz. on Friday.

Banking stocks rallied to a 1-month high as CPI declined to its lowest level since March 2015, down to 4.4% in January 2018, from 4.7% in December 2017. Banks also benefitted from the market-wide rally in stocks on the back of Finance Minister Malusi Gigaba's budget speech. The Minister increased a number of taxes as expected. VAT increased by 1%, the Estate duty rate increased to 25% while the donations tax rate increased to 25%. Property stocks fell by 0.15% with Resilient, and companies in its stable, tumbling as the embattled REIT issued a cautionary in which it said that it would commence negotiations with trustees of and other lenders to the Siyakha Education Trusts regarding all loans to the trusts and their underlying collateral.

## KEY EVENTS & COMPANY RESULTS

### Spur Corporation Limited

#### Total franchised restaurant sales decline

Spur cited difficult economic and trading conditions during the period in most major markets in which the group operates for its performance for the 6 months to December 2017. Total franchised restaurant sales from continuing operations across the local and international operations declined by 2.6% to R3.7 billion. Diluted HEPS from continuing operations was 11.7% lower at 100.87 cents. On the positive side there was significant growth from RocoMamas and The Hussar Grill. RocoMamas increased sales by 37.5% while The Hussar Grill grew sales by 24.1%. In addition, the group's founder and executive chairman Allen Ambor is set to retire from the company and the board with effect from 1 March 2019 after 51 years of service.

### Woolworths Holdings Limited

#### David Jones weighs on Woolworths

The company's unaudited results showed that Group sales increased by 2.5%, however, it made a loss of R4 860 million for the period. David Jones' sales for the 26 weeks were down 3.3% y/y. HEPS and adjusted diluted HEPS, which exclude the impairment, as well as last year's A\$172.6 million profit on disposal of the David Jones Market Street property, decreased by 15.0% and 8.8% respectively. Investors also saw their dividends decline as the company reported an interim dividend of 108.5 cps. This is 18.4% lower y/y. The company's share price has increased steadily since November, this is in line with the retail index. The increase was partly on the back of increased seasonally adjusted retail trade sales of 4% m/m in November 2017.

### Assore Limited

#### Positive results from principal investment, Assmang

Headline earnings for the 6 months to 31 December 2017 increased by 11.8% y/y to R2.4 billion. Assmang Proprietary Limited headline earnings were 21.7% higher than 2016, while headline earnings from the rest of the group's operations were 9.3% lower than 2016. The company realised increased sales volumes of iron ore in both the export and local markets.

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Further, there was a 10% increase in Manganese ore, a 17% increase in manganese alloys and a 8% increase in chrome ore. Based on the level of earnings for the period, the board has declared an interim dividend of 1000 cents per share (2017: 600 cents), which will be paid to shareholders on 19 March 2018.

### **Bid Corporation Limited**

#### **Foodservice group emphasises growth in results**

The company's continuing trading profit increased by 8.9% y/y as it highlighted its focus on growth opportunities in its results for the half year ended 31 December 2017. The European segment had the greatest improvement in trading profit, with a 32.9% y/y increase. However the Australasia region (in absolute value) contributed the most trading profit. HEPS from the foodservice businesses increased by 8.6% to 640 cents per share with basic EPS from the foodservice businesses increasing by 9.4% to 644.5 cents per share. In July 2017, 70% of Pier 7 Foods, a small foodservice business based in Munich was acquired incorporating five locations within Germany and one in Austria. In addition, a niche Portuguese horeca business was also acquired and integrated into Bidfood Iberia. Horeca is an abbreviation used in Europe for the food service industry and combines the first two letters of the words: hotel, restaurant, café.

### **Adcock Ingram Holdings Limited**

#### **Health care provider improves operational performance**

The company increased its turnover by 7.4% which was mainly driven by a realised average price increase of 5.2%. This resulted in headline earnings for the period under review of R320.4 million This translated into HEPS from continuing operations of 192.6 cents, an increase of 33%. The cash generated from operations amounted to R455.9 million (Dec 2016: R367.6 million) after working capital increased by R85.7 million. The board has declared an interim dividend of 86 cents per share for the period out of income reserves, representing an improvement of 37%.

### **NEPI Rockcastle plc**

#### **Maiden results for the merged company**

NEPI Rockcastle reported net operating income of EUR267 million in 2017 (including EUR35 million reported by Rockcastle for the first half of the year), representing the income from properties acquired and developments finalised in 2017 only from their effective date. The company also reported an occupancy of 96.5%, slightly lower than 2016 due to new acquisitions and extensions. The company's loan to value ratio of 26% was below the group's target of 35%. In addition, the total pay-out for the year is 48.26 euro cents per share. This is 17.10% higher than the 2016 pro-forma distribution of 41.21 euro cents per share published in the NEPI Rockcastle Prospectus.

### **Imperial Holdings Limited**

#### **Market reacts negatively to Imperial's results**

The company's stock price slumped 9.87% on the day of the results release, despite it reporting an 11% increase in revenue while operating profit rose by 5%. The Motus business showed the greatest improvement in revenue. Motus is an integrated motor vehicle group, which made acquisitions of Pentagon in the UK and SWT in Australia. These acquisitions contributed positively to revenue, but at lower margins. The group's net debt to equity ratio improved from 98% in December 2016 to 80%. The firm declared an interim cash dividend of 323 cents per share. The company's CEO also said that a further announcement about the unbundling of its logistics and vehicle business would come by June or early July this year.

### **Super Group**

#### **Acquisitions bolster Super Group's performance**

The group reported improved revenue, however this was largely on the back of acquisitions. Revenue also increased as a result of the inclusion of Essex Auto Group and the Western Cape dealerships for the period as well as an excellent performance by SG Coal. The firm's operating cash flow increased by 19.3% for the period, mainly due to a combination of the acquisition of SMC and the inclusion of the Western Cape dealerships and Motiva for the full period. The increase in net finance costs of 36% is attributable to the funding of a number of acquisitions as well as the funding of the working capital and the properties acquired with SMC. The company's share price fell 7.89% on the back of these results.

## Curro Holdings Limited

### Curro schools registers more students

In its audited summary results for the year ended 31 December 2017, the independent school provider reported a 22% increase in revenue. The increase is in part on the back of the 8% improvement in the number of learners. The Meridian group of schools put a slight damper on Group revenue as learner numbers dropped by 1% y/y. Headline earnings increased by 24% while HEPS increased by 17%. During 2017, R1.136 billion was invested in the schools business with the group planning to invest up to R2.3 billion in 2018. Education stocks have been out of favour on the JSE in the past few months. YTD Curro Holdings is down 10.14%, Advtech is down 3.56% while Stadio Holdings is down 15.16%.

## Anglo American Platinum Limited

### Miner benefits from increased production and PGM price increases

The miner released financial results for the year ended 31 December 2017 in which it improved net sales by 6% y/y for the period as platinum, palladium and chrome sales volumes improved due to increased production at the new chrome plant at Amandelbult. Anglo American Platinum also benefitted from improved PGM price increases over the period, except platinum which averaged a lower price in this period than in the 2016 financial year. Trade working capital has been actively managed down from R13.3 billion at the beginning of 2016 to R6.3 billion as at 31 December 2017. This represents a working capital cycle of 26 days. The working capital cycle is a measure of how much time it takes a business to turn its net current assets and current liabilities into cash. Further, the company is less leveraged as it reduced its net debt by 75.34% and this was supported by cash generated from operations of R11.2 billion.

## GLOBAL AND WORLD MARKET DEVELOPMENTS

U.S markets ended the week higher in a week shortened by the President's day holiday on Monday. The S&P closed 0.59% higher, the Nasdaq was up 1.12% while the DOW gained 0.43%. The FOMC met last week and members said that they had revised upward the economic projections they made at the previous meeting in December. This points to higher interest rates in future. Interestingly, the dollar fell on the minutes, but strengthened overall for the week against the euro and the pound.

In Europe, most major bourses closed higher in a week where the Business Insider revealed that the EU is looking for an "association agreement" with post-Brexit Britain. In Germany, Daimler AG fell 2.72% on Monday after a report by German newspaper Bild am Sonntag said that U.S. investigators probing the Mercedes-Benz parent found that its cars were equipped with software which may have helped them to pass diesel emissions tests.

In Asia, the Hang Seng and Nikkei ended in the green closing 0.97% and 0.72% higher on Friday, respectively. HSBC released Q4 earnings that missed results. It also warned that it could pay at least \$1.5bn in penalties over alleged tax evasion and money laundering at its Swiss private bank. Major political developments over the weekend are that China's Communist Party has proposed amending the country's constitution to allow President Xi Jinping to serve a third term in office. The proposed amendment will have to be ratified by China's National People's Congress in March.

## THE WEEK AHEAD

### Earnings releases for JSE listed companies

Company	Date
Sasol Ltd	26-Fe-2018
RCL Foods Ltd	26-Fe-2018
Shoprite Holdings Ltd	26-Fe-2018
Bidvest Group Ltd	26-Fe-2018
MAS Real Estate Inc.	26-Fe-2018
Attacq Ltd	27-Fe-2018
AECI Ltd	27-Fe-2018

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