

Monday, 29 January 2018

TOP 10 GAINERS		
Share Name	Closing price	% change
LEWIS GROUP LTD	3210	33.20
NIVEUS INVESTMENTS LTD	1199	21.48
BIDVEST GROUP LTD	24622	18.25
MR PRICE GROUP LTD	28475	12.89
EOH HOLDINGS LTD	6889	11.36
TELKOM SA SOC LTD	5301	11.13
VODACOM GROUP LTD	16300	10.03
IMPERIAL HOLDINGS LTD	27900	9.84
PSG GROUP LTD	27700	9.27
FIRSTRAND LTD	7025	8.97
TOP 10 LOSERS		
Share Name	Closing price	% change
ASSORE LTD	34147	-16.10
AFROCENTRIC INVESTMENT CORPO	525	-16.00
NOVUS HOLDINGS LTD	505	-15.83
EXXARO RESOURCES LTD	14300	-9.24
CONSOLIDATED INFRASTRUCTURE	360	-7.22
SAPPI LIMITED	8370	-6.63
AFRICAN RAINBOW MINERALS LTD	12428	-6.48
NORTHAM PLATINUM LTD	4929	-5.94
DATATEC LTD	3117	-5.83
PAN AFRICAN RESOURCES PLC	221	-5.56
GLOBAL EQUITY INDICES		
Indices	% Change	Points
Dow Jones	2.09	26 617
S & P 500	2.23	2 873
Nasdaq	2.31	7 506
FTSE 100	-0.84	7 666
Nikkei 225	-0.74	23 632
Hang Seng	2.79	33 154
S & P ASX 200	0.59	6 050
COMMODITIES*		
Name	% Change	Price
Gold	1.30	\$1 349.12
Platinum	-0.15	\$1 011.65
Brent Crude Oil	2.78	\$70.52
CURRENCIES*		
Indices	% Change	Price
\$ / R	2.91	R 11.85
£ / R	0.52	R 16.77
€ / R	1.01	R 14.75

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## COMMENTS FOR TOP 40 STOCK MOVEMENTS

The All Share closed 1.12% buoyed by a stellar performance from retailers. Lewis led the sector up 33.20% after releasing a trading update, while Mr. Price and Truworths also rose by 12.89% and 8.74%, respectively. Retailers closed 5.70% higher for the week. Financials rose 4.37% as the rand strengthened against the dollar. FirstRand was the best performing financial stock rallying by 8.97%. Resource focuses felt the brunt of the rand's strength as they weakened by 1.45%. Further, CPI figures were released during the week and they showed that CPI quickened to 4.7% y/y in December from 4.6% y/y in November. Core inflation which excludes the prices of food, non-alcoholic beverages, petrol and energy fell to 4.2% y/y in December from 4.4% y/y in November.

## KEY EVENTS & COMPANY RESULTS

### Resilient Reit Limited

#### Condensed unaudited consolidated interim financial statements for the six months ended 31 December 2017

The company released results early due to rumours in the market that they (amongst other property counters) may be the subject of a Viceroy report. The company reported comparable retail sales growth of 5.3% in South Africa for the 6 months ended December 2017. The six months like-on-like retail sales growth in Forum Coimbra and Forum Viseu (both in Portugal) was 5.2% and 1.1%, respectively. In Nigeria, retail sales grew in Naira, however, they were negatively affected by the strength of the Rand. The board approved an interim dividend of 306.46 cents.

### Datatec Limited

#### Trading statement

The ICT company provided the market with a trading update in which it said it expects underlying EPS to be at least 20% lower than the 11 US cents reported in FY17. It also expects HEPS to be at least 20% US cents lower than the 2 US cents reported in FY17. EPS is expected to be at least 20% higher than the 1.4 US cents reported in FY17. The stock fell to an intraday low of R3 after the release of the results and had a poor showing for the week, falling by 5.83%.

### AVI Limited

#### Voluntary trading update and statement for the six months ended 31 December 2017

The group's share price rose by 2.12% on Tuesday on the back of its trading update and trading statement. Group revenue rose by 2.3% with the impact of selling price increases during the prior financial year partially offset by declines in sales volumes in some key categories. The consolidated gross profit margin improved, with the accumulated pressure on imported costs eased by improved exchange rates compared to the prior year. Consolidated HEPS for the 6 months ended 31 December 2017 is expected to increase by between 7% and 8%. Consolidated EPS for the same period is expected to increase by between 6% and 7%.

### Sasol Limited

#### Trading statement for the six months ended 31 December 2017

Sasol's HEPS for the period under consideration is expected to increase by between 12% and 17% compared to the 2017 financial half year. Core HEPS is expected to increase by between 1% and 6% compared to the prior period. EPS for the same period is expected to decrease by between 20% and 25%. The EPS was impacted negatively by a partial impairment of the Canadian shale gas assets of R2,8 billion.

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The average Brent crude oil prices spot prices have moved closer to the US\$70/bbl. mark (since December 2017), which if sustained at these levels are expected to positively impact the firm's results during the second half of the 2018 financial year. The firm also mentioned that they're making progress with the LCCP project in Lake Charles and as at 31 December 2017 capital expenditure amounted to US\$8,8 billion.

### **Lewis Group**

#### **Trading Update For the Third Quarter and Nine Months Ended December 2017**

The retailer, led by Johan Enslin, reported improved merchandise sales of 9.8% q/q. They were up 9.8% for the 9 months. Revenue increased by 0.7%, however, fell by 1.7% for the 9 months. The fall in 9 month revenue was as a result of a decline in other revenue. Other revenue declined due to lower credit sales in prior years and the impact of the National Credit Act's affordability assessment regulations. Other revenue makes up a significant portion of total revenue for the firm.

### **Clicks**

#### **Trading Update for 20 Weeks to 14 January 2018**

The group's turnover rose by 11.3% with the Clicks chain managing to increase its sales by 14.2%. Comparable store sales growth was 7.5%. The group's selling price inflation was 4.2% for the period. UPD, the group's pharmaceutical wholesale and distribution business, increased turnover by 11.6% while selling price inflation averaged 6.2% for the period. The stock jumped to a day's high of R17.89 on the update's release, before dipping lower and then closing at R17.49 (0.77% above its opening price).

### **Lonmin Plc**

#### **2017 Final Results Announcement**

Lonmin's revenue increased by 4.29% y/y driven higher by PGM prices. However, the Group's EBITDA fell by 65.22% y/y and this contributed to an operating loss of \$1079 million. Net cash of \$103 million at 30 September 2017 was down 40.46% y/y, however it increased from \$49 million at the end of the 1st quarter. The firm also reduced mining production from the Generation 1 shafts by 15.6% in line with our strategy to remove high cost production in a low price environment. Further, a post year-end a covenant waiver was agreed with the lenders conditional on the completion of the acquisition of the Group by Sibanye-Stillwater. After the Group's year end Sibanye-Stillwater made an offer to buy the Group which was unanimously recommended by the Board of Lonmin Plc.

### **Lonmin Plc**

#### **First Quarter 2018 Production Report and Business Update**

##### **Production report**

The company reported an increased refined production of platinum ounces. Production increased by 17.7% versus the first quarter of 2017. The Marikana mining operations, including Pandora produced 2.4 million tonnes during the quarter, up 2.4% on the comparative period. Underground milling production in the quarter of 2.5 million tonnes was 3.0% higher than in the previous period. The firm also reported a fatality free 1st quarter with the twelve-month rolling LTIFR to 31 December 2017 improving by 5.3% to 4.28 per million man hours.

##### **Business and Operating Environment Update**

As part of the firm's operational review the firm identified cost reduction initiatives to reduce annual overhead costs by a minimum of R500 million by the end of 30 September 2018. The higher production and metal prices in the quarter and management of working capital initiatives resulted in historical Q1 cash burn of around \$120 million being contained to \$40 million.

### **Compagnie Financiere Richemont SA Group**

#### **Richemont announces intention to launch voluntary public tender offer for YOOX Net-A-Porter Group ordinary shares**

The Swiss-based luxury goods company announced their intention to buy all the issued shares of YOOX NET-A-PORTER GROUP S.p.A, an Italian online retail company. Each YNAP shareholder will receive €38.00 per share. YNAP has waived the standstill obligation included in the shareholder agreement which would've prevented Richemont and all its affiliates from purchasing any further ordinary shares of YNAP, except in certain circumstances. YOOX NET-A-PORTER GROUP mentioned that Richemont's rationale for the investment is to build on YNAP's solid track record of growth. They also said that Richemont aims to provide additional resources that further strengthen and accelerate YNAP's long-term leadership in online luxury.

## **GLOBAL AND WORLD MARKET DEVELOPMENTS**

U.S markets ended the week higher for a second consecutive week. The S&P closed 2.23% higher, the Nasdaq was up 2.31% higher while the DOW gained 2.09%. The dollar was in firm focus during the course of the week as comments by President Donald Trump and other members of his administration made conflicting statements. Steve Mnuchin endorsed a weaker dollar on Wednes-

day which sent the dollar to lows of \$1.24/€. The greenback rebounded on Thursday after President Donald Trump said that Mnuchin's comments were taken out of context. U.S treasury yields rose on Friday after the release of U.S GDP data. The yield on the benchmark 10-year Treasury note rose as high as 2.647% with investors selling government bonds. U.S GDP rose by 2.6% (annualized) in the 4th quarter, however this represented a slower GDP growth rate from the 3rd quarter GDP of 3.2% (annualized).

In Europe, most major bourses closed lower in a week that saw the ECB decide to keep rates unchanged. The FTSE 100 closed 0.84% lower, the German DAX declined by 0.7% while the pan-European STOXX 600 fell marginally by 0.08%. The Euro rose against the dollar on Thursday as investors were unconvinced by the ECB President's statement that the recent volatility in the exchange rate was a "source of uncertainty." This uncertainty might be perceived as mild by market participants which are expecting monetary policy tightening in the future. UK GDP data was also released on Thursday. GDP grew by 0.5% in the fourth quarter after an expansion of 0.4% in the previous quarter. The data boosted the pound which hit a high of \$1.43 on the day.

Most Asian markets rallied over the course of the week. The Shanghai composite rose by 2.01% with Hengdian Entertainment rising the most, up by 23.20%. The Hang Seng rose to a record on Friday and ended the week up 2.79% led up by banks. In Japan, Chiyoda Corp rose by an impressive 23.54%. The stock's rise was on the back of analysts upgrading the stock to a target price of ¥721.25, reflecting the biggest weekly change in target price by any stock on the Nikkei. The index, however, closed 0.74% lower.

## THE WEEK AHEAD

### Earnings releases for JSE listed companies

Company	Date
Tower Property Fund Ltd	30-Jan-2018
ArcelorMittal South Africa Ltd	31-Jan-2018
Avior Capital Markets Pty Ltd	31-Jan-2018
Mix Telematics Ltd	01-Fe-2018
Stellar Capital Partners Ltd	01-Feb-2018
Hudaco Industries Ltd	02-Feb-2018
Winhold Ltd	02-Feb-2018
Heriot Reit Ltd	02-Feb-2018

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