

Monday, 12 February 2018

TOP 10 GAINERS		
Share Name	Closing price	% change
CONSOLIDATED INFRASTRUCTURE	450	21.95
ASCENDIS HEALTH LTD	1137	13.70
PPC LTD	775	8.39
GREENBAY PROPERTIES LTD	180	7.78
FORTRESS REIT LTD-B	2687	7.48
INVESTEC LTD	9951	6.56
INVESTEC PLC	10000	6.28
REDEFINE PROPERTIES LTD	1088	5.12
HARMONY GOLD MINING CO LTD	2076	4.32
NEPI ROCKCASTLE PLC	13900	4.19

TOP 10 LOSERS		
Share Name	Closing price	% change
IMPALA PLATINUM HOLDINGS LTD	2933	-14.61
NET 1 UEPS TECHNOLOGIES INC	12500	-14.38
BLUE LABEL TELECOMS LTD	1126	-14.31
TRENCOR LTD	4300	-12.23
AFROCENTRIC INVESTMENT CORPO	520	-11.86
NORTHAM PLATINUM LTD	4285	-11.78
ANGLO AMERICAN PLATINUM LTD	31500	-11.32
DATATEC LTD	2675	-10.54
CAPITEC BANK HOLDINGS LTD	83132	-10.06
GOLD FIELDS LTD	4642	-10.04

GLOBAL EQUITY INDICES		
Indices	% Change	Points
Dow Jones	-5.21	24 191
S & P 500	-5.16	2 620
Nasdaq	-5.06	6 874
FTSE 100	-4.72	7 092
Nikkei 225	-8.13	21 383
Hang Seng	-9.49	29 507
S & P ASX 200	-4.63	5 838

COMMODITIES*		
Name	% Change	Price
Gold	-1.26	\$1 316.65
Platinum	-2.60	\$965.42
Brent Crude Oil	-8.44	\$62.79

CURRENCIES*		
Indices	% Change	Price
\$ / R	0.79	R 11.99
£ / R	2.88	R 16.59
€ / R	2.56	R 14.69

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## COMMENTS FOR TOP 40 STOCK MOVEMENTS

The All Share slumped to its lowest level this year amid the global equity sell off that has seen international equity markets reeling. The sell-off is broadly seen as a market correction after equity markets have rallied for a considerable amount of since time last year. The All share lost 4.7% with the local bourse not recovering from Tuesday's sell-off. Resources declined by 6.53% with commodity prices under pressure. Gold, platinum and copper all fell over the week. Goldfields was the worst performer on the index as it also released a gloomy trading statement on Thursday. Financials fell by 0.55% with Capitec still under pressure as it continued to deal with aftershocks of the Viceroy report. Retail stocks also closed in the red as they fell 0.23%.

The rand reached a high of R11.88/\$ on Wednesday but depreciated later in the week as the ANC continued to struggle to remove President Jacob Zuma from office. The president is said to be in the discussions with current ANC president Cyril Ramaphosa about terms of an exit. The state of the nation address was postponed last week with speaker of parliament Baleka Mbete saying that it would be in "best interests of Parliament and the country".

## KEY EVENTS & COMPANY RESULTS

### Resilient Reit Limited

#### Property Reit release comment on anonymous report and late cautionary

The company released a late announcement on the JSE stock exchange news service (sens) on Friday in which it confirmed that there has been a damaging report circulating in the investor community about the company. They also confirmed that it was 360ne asset management that wrote it and that the money manager has a large short position on Resilient and various other companies in its stable. The company also mentioned that the report's publication allows it to respond to its contents and a further announcement regarding the matter is expected today.

### Kumba Iron Ore Limited

#### Trading statement for the year ended 31 December 2017

The company advised shareholders that headline earnings for the period are likely to increase to between R9 300 million and R9 985 million, with HEPS likely to increase by between 7% and 15% compared to the previous comparable period. This is on the back of improved operational performance as well as an increase in export iron ore prices. Basic earnings for the period are expected to increase to between R11 795 million and R12 660 million, with EPS expected to increase by between 37% and 47%. Further, the company has made an impairment reversal relating to Sishen mine of R4.8 billion (R2.6 billion net of tax and non-controlling interest) which will be included in basic earnings but excluded from headline earnings.

### Harmony Gold Mining Company Limited

#### Trading statement for the 6 months ended 31 December 2017

Harmony Gold's improved operational performance, as announced in January, has resulted in better headline earnings expectations by the company. It expects HEPS to be between 40% and 60% higher than the prior comparable period. EPS are expected to decrease to between 35% and 55% lower than the previous comparable period. Earnings for the six months ended 31 December 2017 are expected to be lower than the previous comparable period, mainly due to the once-off gain on

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bargain purchase of R848 million recorded on the acquisition of full ownership of Hidden Valley that was recognised in the comparative period.

### **Steinhoff Africa Retail Limited**

#### **Trading Update For The Three Months Ended 31 December 2017**

STAR achieved revenue growth of 15.5% to R18.4 billion during the period under consideration. The Pep and Ackermans brands in aggregate reported 6.3% revenue growth and 1.9% like-for-like sales growth. Performance was affected by deflation as a result of the strengthened Rand. This resulted in lower prices that were passed on to consumers. The furniture, consumer electronics and appliances brands reported revenue growth of 12.1% and like-for-like sales growth of 7.4%.

The building materials and DIY business revenue and like-for-like sales declined by 5.1% and 3.4%, respectively. The speciality fashion and footwear businesses reported revenue growth of 19.9% and like-for-like sales growth of 12.5%. The share price of the firm had been trending upward since listing, however, it suffered heavily due to the Steinhoff debacle, which claimed the scalp of Steinhoff Retail Africa CEO Ben la Grange. There has been a recovery this year, however, it's yet to reach levels prior to the saga.

### **Pioneer Food Group**

#### **Trading Update For The 3 Months Ended 31 December 2017**

The Group increased total volumes by 5.2%, however, Group turnover has decreased by 2.4% largely due to sales price deflation in soft commodities. This deflation affected the firm's selling price. The Group's South African business experienced a 5.2% revenue decline, with the company again citing sales price deflation in soft commodities. Revenue from the group's International business, including South African exports, grew by 19.5%. The Group's short-term strategy remains focused on restoring the health of the core portfolio and delivering a recovery on what it deemed to be a weak 2017 performance.

### **Liberty Holdings Limited**

#### **Trading Statement for the year ended 31 December 2017**

The company advised shareholders that normalised heps are expected to be between 1% to 15% higher than the previous period. Further, basic EPS and HEPS are expected to be between 40% to 55% higher than the comparative period. Liberty Holdings' final results will be released on the 2nd of March 2018. The stock slumped to R124 by Friday's close, down 7.16%. The stock was also the worst performing insurance company as indicated by it propping up the FTSE/JSE Africa Life Insurance/Assurance Index.

### **SPAR Group**

#### **Trading update: 17 weeks to 27 January 2018**

The international retailer increased sales by 7.0% as compared to the same period for 2017. Group sales for the local business increased by 7.9%, which were positively impacted by the recognition of the newly acquired S.Buys pharmaceutical business in the period. The festive season benefitted the Irish business with an increased turnover increasing by 4.7% (Euro currency terms). In Rand terms the business reported sales growth 11.1%. The Swiss business sales declined 3.9% in Swiss franc currency terms and 5.6% in Rand terms.

### **Sappi Limited**

#### **First quarter results for the period ended December 2017**

The company's share price fell to a low of R78.48 after the release of their quarterly results. EBITDA excluding special items as well as the profit for the period declined. The profit was impacted by a US\$19 million non-cash income statement charge following the lowering of the corporate income tax rate in the United States and its impact on the deferred tax asset. EPS excluding special items fell to 14 US cents. Net cash utilised for the quarter was US\$14 million, down 17.65% compared to cash generated in the equivalent quarter last year. In addition, net debt of US\$1,349 million was marginally higher at the end of the equivalent quarter last year as a result of the increased capital expenditure over the past year as well as a stronger Euro which impacted the translation of Euro debt into US Dollar for reporting purposes.

### **Sibanye Stillwater**

#### **Operating update for the six months and year ended 31 December 2017**

Sibanye Stillwater reported gold production for the period that was 43600 kg higher than guidance of between 42000 kg and 43000 kg reported in the 3rd quarter. The South African PGM attributable production was approximately 1.19M 4Eoz for the period. This is 4% higher than the upper range guidance of 1.15M 4Eoz. The PGM production in the U.S was approximately 282 600 2Eoz. All-in sustaining cost (AISC) for the year is expected to be approximately R483 000/kg which is better than guidance of between R485 000/kg and R495 000/kg, due to increased in production in the 2nd half of the year. The mining company's stock

slumped 3.05% on the day in line with other gold counters, despite the positive operating update.

### Sea Harvest Group Limited

#### Trading statement

The company expects to report an EPS of between 110 cents and 124 cents and this represents an increase of between 28% and 44% to the EPS reported in the Pre-listing Statement. While basic HEPS is expected to be between 99 cents and 113 cents, representing an increase of between 74% and 98%. The firm cites strong market demand for Cape Hake globally and enhanced performance from the investments made in the Saldanha Bay processing plants as reasons for the improved performance. The maiden financial results, since listing, are expected to be released on 6 March 2018.

### Naspers Limited

#### Naspers takes aim at Investec

The local giant asked Investec to pull an analyst report which it deemed to contain errors and has damaged the company and its shareholders. The analysts say that they believe in its current form "Naspers deserves a 30% discount on all of its assets". They cite that shareholder dilution is the biggest driver of the discount. Investec and the analysts have not made any comment publicly. Naspers has declined by 13.91% YTD, this is after being the best performing stock on the TOP 40 last year.

## GLOBAL AND WORLD MARKET DEVELOPMENTS

The U.S markets slumped to their lowest level in a month as major global equity markets fell significantly. The Dow, S&P and Nasdaq all closed more than 5% lower for the week. On Tuesday, the Dow Closed 1171 points lower as it entered correction territory. A correction is a price reversal, usually negative, of at least 10% in a stock, bond, commodity or index to adjust for an over-valuation. Suggestions have been that fears about the Fed raising rates faster than expected to combat rising inflation has been the cause of the stock market rout. Bond prices have also come under pressure while bond yields have risen.

European markets weren't spared as markets in the U.K, Germany and France dropped. The FTSE 100 fell 4.72% for the week, as the BoE decided to keep interest rates on hold. It did, however, say it was likely to raise rates as it lifted its economic growth forecast. The German Dax fell 5.3%, this is despite the Christian Democratic Union (CDU), Christian Social Union (CSU) and German Social Democrats (SPD) on Wednesday reaching an agreement on the outlines of a new grand coalition. Angel Merkel is set to remain chancellor, while the foreign and finance ministers posts are set to be taken up by SPD members.

Asian markets suffered heavy losses in the week as the Hang Seng and Nikkei sank 9.49% and 8.13%, respectively. Tencent, the most valuable company on the Hang Seng, decreased by 9.95%. The company is set to invest 3 billion yuan in Shanda Games a move that will boost Tencent's lead in the local video game market. Further, on Friday news was released that SoftBank Group Corp, Yahoo Japan Corp and Aeon Co Ltd plan to launch an online retail business. The online business is set to sell products including food, clothes and everyday goods.

## THE WEEK AHEAD

### Earnings releases for JSE listed companies

Company	Date
KAP Industrial Holdings Ltd (KAP)	12-Feb-18
Jasco Electronics Holdings Ltd (JSC)	12-Feb-18
Comair Ltd (COM)	13-Feb-18
Tower Property Fund Ltd (TWR)	13-Feb-18
Emira Property Fund Ltd (EMI)	14-Feb-18
Sun International Ltd (SUI)	15-Feb-18
City Lodge Hotels Ltd (CLH)	15-Feb-18
African Energy Partners Ltd (AEY)	15-Feb-18
DRD Gold Ltd (DRD)	15-Feb-18

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