

Monday, 22 May 2017

TOP 10 GAINERS		
Share Name	Closing price	% change
STEINHOFF INTERNATIONAL H NV	7338	8.39
GROUP FIVE LTD	1840	8.24
GOLD FIELDS LTD	5134	6.94
VODACOM GROUP LTD	16239	6.49
BALWIN PROPERTIES PTY LTD	725	5.84
ANGLO AMERICAN PLC	18873	4.95
BHP BILLITON PLC	21049	4.78
DIS-CHEM PHARMACIES PTY LTD	2610	4.40
AFRIMAT LTD	2922	4.17
ARCELORMITTAL SOUTH AFRICA	782	4.13

TOP 10 LOSERS		
Share Name	Closing price	% change
LONMIN PLC	1762	-12.99
FAMOUS BRANDS LTD	13100	-11.49
TRENCOR LTD	3431	-9.09
SIBANYE GOLD LTD	2654	-7.72
BRIMSTONE INVESTMENT - N SHS	1350	-6.90
CONSOLIDATED INFRASTRUCTURE	1536	-6.68
EOH HOLDINGS LTD	12600	-6.11
SUN INTERNATIONAL LTD	6586	-5.95
BLUE LABEL TELECOMS LTD	1534	-5.89
NET 1 UEPS TECHNOLOGIES INC	12623	-5.80

GLOBAL EQUITY INDICES		
Indices	% Change	Points
Dow Jones	-0.44	20,805
S & P 500	-0.38	2,382
Nasdaq	-0.61	6,084
FTSE 100	0.48	7,471
Nikkei 225	-0.91	19,690
Hang Seng	0.16	25,412
S & P ASX 200	-1.09	5,775

COMMODITIES*		
Name	% Change	Price
Gold	1.77	\$1,252.66
Platinum	0.76	\$936.47
Brent Crude Oil	4.42	\$54.11

CURRENCIES*		
Indices	% Change	Price
\$ / R	-0.27	R 13.22
£ / R	-1.11	R 17.19
€ / R	-2.22	R 14.80

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COMMENTS FOR TOP 40 STOCK MOVEMENTS

The All Share ended the week higher firming 0.67%, powered by the Industrial 25 index which came within striking distance of its record high. The rand also staged a strong come back on Friday, hitting highs of R13.21/\$ from lows of R13.59/\$ earlier in the week. Steinhoff gained 8.39% in a rally that translated into a gain of R27bn in market value. The rally came in as the group announced a proposal to separately list its African retail assets on the JSE. Diversified miners firmed together with commodity prices. Brent crude crossed the \$53 a barrel level for the first time in four weeks on optimism that OPEC would extend supply cuts when the oil group meets this week. South African retail sales increased by 0.8% on an annual basis, beating expectations of a 0.7% increase and recovering from a revised 1.6% drop the previous period. Sales rose the most for food, beverages and tobacco.

KEY EVENTS & COMPANY RESULTS

Vodacom Group Limited

Annual results for the year ended March 2017

Group service revenue was up 2.3% and group revenue firmed 1.5%, normalised for the effects of foreign currency translation. South Africa service revenue increased 5.6%, aided by strong customer net additions of close to 3m. International operations' service revenue declined 5.6%, impacted by currency volatility and customer registration processes. Group data revenue was up 16.4%, supported by VOD's strategy of data network investment and device migration. Group EBITDA grew 2.9% to R31.2bn, up 7.1% excluding foreign currency translation impacts, with margins improving to 38.4%. Group capital expenditure amounted to R11,3bn, with a focus on data expansion and information technology. Headline earnings per share (HEPS) was up 4.5% to 923c. A final dividend of 435cps was declared, taking the total dividend to 830cps for the year. Vodacom stood out as the best performer in the Industrial 25 index after also announcing a deal to acquire a 35% stake in Kenyan mobile operator Safaricom, amounting to R35bn. This transaction will likely dilute Vodacom's SA business to 80% in SOTP from 92%, according to analysts. Vodacom missed group revenues/EBITDA expectations. EPS and DPS were broadly in line, as was SA service revenue.

Tongaat Hulett Limited

Trading Statement

Tongaat Hulett's operating profit for the year is expected to increase by 40% to approximately R2,3bn (2016: R1,6bn). Headline earnings are expected to be approximately R982m, compared to the R679m earned in the previous year, an increase of 45%. The results include an improvement in sugar revenue and operating profit. The starch operations were negatively impacted by maize costs that traded at import parity levels as a result of the past season's drought.

Lewis Group Limited

Trading Statement

HEPS are expected to be between 435c and 373c, between 30% and 40% lower than the 621.7c last year. EPS are expected to be between 455c and 368c, between 58% and 66% lower than the 1 082.6c for last year. The group remains strongly cash generative with low gearing at 2.9% compared to 25.5% the previous year.

Netcare Limited

Unaudited interim group results for the six month ended 31 March 2017

NTC suffered a tough first half and faces uncertainty in both SA and the UK. SA

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revenue increased 2.3% to R9.2bn. UK revenue was up 3.2% to £458m. However group revenue was down 10.1% to R16.9bn. Adjusted HEPS was down 11.4% to 80.6c. The group kept its interim dividend at 38cps with debt at R6.7bn, fractionally lower year on year. Cash flows dropped nearly 18%. Operating profit in the UK slumped 55% to £6m for the six months to March with the profit margin narrowing to 5.2% from 7.2% previously. The fall is primarily due to the increase in rental costs. NTC expects economic pressures and medical scheme interventions to weigh on demand. In the UK, management expects the ongoing constraints faced by the NHS to result in further growth in NHS-funded patients being treated in private facilities and in the Self-pay market.

Lonmin Plc

Second quarter 2017 production report

Lonmin's share price plummeted nearly 12% to close at R17.91 on Monday (15 March 2017) after a reported drop in production and higher costs. LON incurred a \$146m impairment in a difficult first half year. The agreements governing Lonmin's debt demands that its tangible net worth does not fall below \$1.1bn. At the end of March, the net worth of the group was \$1.4bn after the \$146m impairment. The group is in the process of shutting down some of its old mines to focus on the newer shafts. A \$214m loss was reported for the six months, compared to a \$6m loss the previous period, while revenue fell \$29m to \$486m. Analysts flagged the potential breach of the covenant as a concern, as well as the losses incurred in the first half of the year in which refined platinum sales fell 15% to 307 000oz because of production setbacks at its main K3 mine and phasing out of production from old, high-cost shafts.

Dis-Chem Pharmacies Limited

Provisional renewed annual condensed consolidated results

The group reaffirmed plans to open 200 stores in the next five years after making strong market gains across all categories in the year to February. The good performance is primarily due to a maturing store base, good margin management and 11 new stores being added to the group. Group turnover increased by 14.7% to R17.3bn from the prior year. Retail turnover increased by 15.3% from the prior year with like-for-like turnover increasing by 9.1%. Product inflation was estimated at 6.5% for the year, which is in line with SA inflation. Wholesale turnover increased by 22.2% from the prior year. The dispensary business, which made up 36% of total revenue, increased market share from 19.6% to 21.4%, while personal care and beauty, which accounted for 27% of turnover, pushed market share to 15% (from 12.4% last year). The biggest gain by Dis-Chem was in the healthcare and nutrition niche, where market share was estimated to have grown from 38% to 43%. A gross final cash dividend of 7.4cps, in respect of the year ended 28 February 2017 has been declared.

Investec Limited

Unaudited combined consolidated financial results for the year ended 31 March 2017

Investec plc's share price climbed 1.7% on Thursday to R104.79, its highest in 2017, as the group reported full-year revenue above £2bn for the first time. It also announced plans to offer life insurance products to South Africans later in 2017. For the year to March 2017, Investec grew operating income 17.7% to £2.2bn, helped by an 11% appreciation of the average rand-sterling exchange rate. Operating profit increased 8% on a currency-neutral basis to £599.1m, supported by strong profit growth in its specialist bank, which contributes more than 50% to group earnings. Despite suffering outflows of £600m, Investec Asset Management posted record operating profit of £663m, boosted by currency and market movements. The board proposes a final dividend of 13pps equating to a full year dividend of 23pps. Investec plc has considerably outperformed peers in the JSE banks index in 2017, climbing 15.5% relative to the index's 7% decline.

GLOBAL AND WORLD MARKET DEVELOPMENTS

Global markets ended the week mostly in the red with the S&P ASX 200 leading the losses. News on Donald Trump and political uncertainty in the US has been dominating the markets and despite the US being the epicentre of the news this week, Wall Street was the least affected of the big markets, falling 0.38% over the week. Eurozone shares were down more than 1%, while China nailed a solid gain. Australia took one of the biggest hammerings, although a big part of that was a retreat in the banks. The financial sector was down 3.6%. Stocks of crude oil in the US fell by 1.75m barrels in the week ended May 12, 2017, following a 5.25m decrease in the previous period and compared to market expectations of a 2.36m decline. Gasoline stocks went down by 0.41m, compared to expectations of a 0.73m decrease. OPEC and other oil producers are on course to agree an extension of supply cuts at a meeting on Thursday, with Saudi Arabia saying most participants are on board with the plan to rein in on a global supply glut. The Saudi Minister stated that extending the supply cuts by a further nine months until next March, and adding one or two small producers to the pact, should reduce oil inventories to their five year average. Initial jobless claims fell by 22k to 1898k in the week ended 13 May. Claims fell for the third week, hitting the lowest since February. In Europe, the British economy advanced 0.3% in the three months to March, easing from 0.7% growth the previous period. The data was dragged down by consumer focused industries as prices increased more than spending. Unemployment hit its lowest level at 4.6% in the three months to April, the lowest level since 1975, meaning that there are currently 1.54m people out of work. Hong Kong's benchmark index rose to its highest intraday level in more than a year and a half on Monday (15 May 2017). The rise to the 24 461 level was spurred in part by a 2.8% rise in telecoms stocks, as well as respective climbs of 1.9% and 1.6% in the information technology and energy seg-

ments. A 15.7% gain by China Shenhua, the mainland's largest coal producer, helped to drive the rise, as was a 2.2% climb from Tencent Holdings.

THE WEEK AHEAD

Earnings releases for JSE listed companies

Company	Date
Pioneer Foods Group Ltd (PFG)	22-May-17
Harmony Gold Mining Co Ltd (HAR)	23-May-17
Rhodes Food Group Ltd (RFG)	23-May-17
Coronation Fund Managers (CML)	23-May-17
Tsogo Sun Holdings Ltd (TSH)	24-May-17
Lewis Group Ltd (LEW)	24-May-17
Foschini Group (TFG)	25-May-17
Quantum Foods Holdings Ltd (QFH)	25-May-17
Tiger Brands Ltd (TBS)	25-May-17

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