

Monday, 28 November 2016

TOP 10 GAINERS		
Share Name	Closing price	% change
LEWIS GROUP LTD	3500	17.10
BARLOWORLD LTD	10247	16.46
TRADEHOLD LTD	2350	14.63
ANGLO AMERICAN PLC	21815	12.74
GRINDROD LTD	1369	11.85
KUMBA IRON ORE LTD	17186	10.13
SOUTH32 LTD	2975	8.89
AFRICAN RAINBOW MINERALS LTD	11050	8.71
TIGER BRANDS LTD	40315	8.43
GLENCORE PLC	5020	8.26

TOP 10 LOSERS		
Share Name	Closing price	% change
CHOPPIES ENTERPRISES LTD	315	-14.86
ARCELORMITTAL SOUTH AFRICA	1045	-10.84
PPC LTD	555	-9.61
ROYAL BAFOKENG PLATINUM LTD	3650	-9.34
NAMPAK LTD	1595	-9.32
OCTODEC INVESTMENTS LTD	2050	-8.48
HARMONY GOLD MINING CO LTD	3189	-8.26
SIBANYE GOLD LTD	3073	-7.69
ACCELERATE PROPERTY FUND LTD	615	-6.82
IMPALA PLATINUM HOLDINGS LTD	4706	-6.81

GLOBAL EQUITY INDICES		
Indices	% Change	Points
Dow Jones	1.31	19 152
S & P 500	1.20	2 213
Nasdaq	1.22	5 399
FTSE 100	0.96	6 841
Nikkei 225	0.91	3 048
Hang Seng	2.90	18 381
S & P ASX 200	2.77	5 508

COMMODITIES*		
Name	% Change	Price
Gold	-2.01	\$1 183.56
Platinum	-1.49	\$908.25
Brent Crude Oil	0.81	\$47.24

CURRENCIES*		
Indices	% Change	Price
\$/R	2.00	R 13.97
£/R	1.88	R 17.47
€/R	1.76	R 14.87

Updated: 08:00 28/11/2016

## COMMENTS FOR TOP 40 STOCK MOVEMENTS

The JSE edged slightly higher last week, despite the possibility of a rate cut and US holidays constraining trading throughout the week. The All Share closed the week 0.14% higher, while the TOP 40 finished 0.02% lower.

The SARB kept repo rates unchanged at 7% and the prime lending rate at 10.5%. This marks the 3rd MPC meeting where rates were kept constant, a unanimous decision informed by the banks expectation that inflation levels will remain moderately to the upside of 3% to 6% target range. The bank believes that the Rand will remain sensitive to changes in the stance of US monetary policy and to the sovereign ratings announcements. The SARBs economic growth forecasts remain unchanged at 0.4% for 2016, and 1.2% and 1.6% for the next two years.

Rating agencies Fitch and Moody's kept their respective ratings of South Africa's sovereign debt unchanged. Fitch changed its outlook to negative from stable, and both agencies have warned that political risks could hurt growth. South Africa is likely to continue to attract foreign portfolio inflows given that two of the three rating agencies have affirmed the countries investment-grade credit rating. S&P is scheduled to release their review on the 2nd of December. The agency has the worst rating assigned to SA credit (in foreign currency) of BBB-, with a negative outlook. This is one level above "junk".

Gold fell 2.01%, marking a 3rd consecutive weekly decline as investors sold on factors including expectations of a U.S interest rate hike. Brent closed slightly higher, although trade was limited because of the US holiday, and due to uncertainty about a planned oil production cut. The Organization of the Petroleum Exporting Countries (OPEC) is due to meet on Nov 30 to coordinate a cut, potentially together with non-OPEC member Russia.

## KEY EVENTS & COMPANY RESULTS

### NASPERS LIMITED

#### Condensed consolidated interim report for the six months ended 30 September 2016

Group revenue declined marginally by 1% to US\$2.96 billion (2015:US\$2.98 billion). This is largely as a result of currency translations and disposals concluded in the first six months of the year.

Trading profit increased by 21% to US\$1.5 billion, spurred by the groups share of Tencent's trading profit, as well as a contraction in the losses of Etail assets and increased profitability in Allegro.

The group's share of equity-accounted results increased 44% year on year to US\$912 million and includes once-off gains of US\$206 million and impairment losses of US\$145 million. Once-off gains relate primarily to dilutions of Tencent's interest in certain of its associates, and gains arising on disposals of other investees and impairment losses relate to write-downs by Tencent of certain

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of its investments.

Core headline earnings for the period increased by 31% to US\$914 million (2015: US\$696 million), and core HEPS increased by 25% to 212 US cents (2015: 169 US cents). The contribution of core headline earnings by associates and joint ventures was up by 47% to US\$1.1 billion after adjusting for non recurring items.

Consolidated development spend increased 38% (42%) year on year to US\$387m as new growth initiatives were pursued. This includes Letgo and ShowMax, development spend on the two initiatives totalled US\$188 million. However, development spend across the rest of the portfolio declined by US\$40 million, as the ecommerce businesses, particularly classifieds, increased scale and profitability.

## **TIGER BRANDS LIMITED**

### **Audited results and dividend declaration for the year ended 30 September 2016**

Turnover increased by 10.6% to R31.68 billion (2015: R28.67 billion), this is on the back of increased domestic sales volumes. Operating income before accounting charges increased by 5% to R4.2 billion. The impact of high inflation in raw materials saw operating margin before accounting charges decline to 13.4% from 14.1%. Profit before tax from continuing operations increased by 10% to R4.5 billion (2015: R4.1 billion). This is after an impairment charge of R335 million related primarily in goodwill and other intangible assets in the Personal Care business.

EPS from continuing operations increased by 4% to 2 007 cents (2015: 1 930 cents), whilst HEPS from continuing operations was up 2% to 2 130 cents (2015: 2 091 cents).

Tiger Brands announced chairman Andre Parker was stepping down and will be replaced by Khotso Mokhele, who has been a director of Tiger Brands since 2007. The group intends to establish a strong and profitable growth trend in the rest of Africa. The company has declared a final dividend of 702 cents per share (2015: 611 cents) for the year ended 30 September 2016. This, together with the interim dividend of 363 cents per share, brings the total dividend for the year to 1 065 cents. This is an increase of 12% on last year's total dividend of 950 cents.

## **NETCARE LIMITED**

### **Summarised Audited Group Results for the year ended 30 September 2016**

Group revenue increased by 12.1% to R37.8 billion (2015: R33.7 billion), the increase in revenue was boosted by a currency conversion gain of R2.24 billion, while full year profits declined by 57% due to a derivative adjustment of R1.99 billion.

Group EBITDA increased by 11.2% to R5.54 billion (2015: R4.98 billion), currency conversion gains contributed R149 million to the increase in EBITDA, and operating profit improved by 11.3% to R4.15 billion (2015: R3.73 billion). Net financial expenses decreased by 7.3% to R433 million (2015: R467 million), taxation expense increased to R966 million (2015: R936 million), and Normalised profit after taxation rose 19.1% to R2.91 billion (2015: R2.44 billion). Revenue derived from South Africa increased by 9.7% to R18.96 billion (2015: R17.30 billion). EBITDA from South Africa increased by 5% to R4.15 billion (2015: R3.95 billion) with margins of 21.9% (2015: 22.8%).

The group announced that it intends on acquiring Akeso Clinics, a chain of psychiatric health facilities, for R1.3 billion. Akeso is a chain of 12 South African clinics and provides specialised treatment for eating disorders, post-natal depression, addiction and other psychiatric disorders. The acquisition will be earnings neutral in the first year but will contribute to profits thereafter.

The group expects demand for private healthcare in SA to remain resilient and is planning for capital expenditure in 2017 to be approximately R1.7 billion. This is expected to cover the construction of 49 new beds, as well as the finalisation of the relocation of Netcare CBMH.

The group declared a dividend of 57 cents per share which was declared from income reserves which will result in a net dividend of 48.45 cents per share

## REUNERT LIMITED

### Audited preliminary summarised consolidated results and cash dividend declaration for the year ended September 2016

Revenue from continuing operations increased by 2.5% to R8.5 billion (2015: R8.3 billion). Revenue growth was driven by a 93.2% increase in the Applied Electronics segment of the group, while growth in the Electric Engineering division remained stagnant at R4.1 billion. Revenue from the ITC division declined by 2.9%.

Operating profits increased by 12.7% to R1.315 billion (2015: R1.167 billion). The increase in operating profit is a result of improved margins, as well as large export orders in the Applied Electronics division, and satisfactory sales in the Electrical Engineering segment.

Normalised HEPS from continuing operations increased by 17% to 662 cents (2015: 568 cents)

## BARLOWORLD LIMITED

### Preliminary audited year-end results for the 12 months to 30 September 2016

Revenue increased by 6% to R66.5 billion and operating profit by 4% to R4.14 billion. Profit before non-operating and capital items was up 14% to R2 693 million, however net profit for the year was negatively impacted by the significant decrease in income from associates primarily due to the temporary cessation of mining activity by a customer in the DRC. HEPS increased by 3% to 838 cents. HEPS declined by 9% (excluding the impact of the prior year B-BBEE charge) compared to the adjusted prior year HEPS of 926 cents, mainly as a result of the impact of reduced associate earnings.

The Group Chief Executive highlighted an increase in operating profit growth in Logistics, derived from contract awards and expansion into new business segments". He added that as a result of positive cash generation, there are improvements in the groups balance sheet and it is well placed to capitalize on organic and acquisitive growth opportunities as they arise.

## GLOBAL AND WORLD MARKET DEVELOPMENTS

Strong economic results released during the week add credence to the call for a rate hike when the US Federal Reserve holds its December meeting. The results include durable goods orders (up 4.8% in October), an increase in existing home sales (nine-and-a-half year high) and a rise in the manufacturing purchasing managers' index. The S&P 500 Index, Dow Jones Industrial Average, Nasdaq Composite Index and the Russell 2000 Index all reached record highs during the week. US President-elect Donald Trump vowed to withdraw the US from the multilateral trade deal the Trans-Pacific Partnership. The UK Economy grew by 0.5% in Q3 on a QoQ basis, the increase was driven by a net trade balance, as well as improved business and consumer spending. Japanese core consumer prices fell for the eighth straight month in October, declining 0.4% YoY. The decline in prices suggests that efforts by the Bank of Japan to lift the economy out of its deflationary spiral are ineffective. Mario Draghi will testify before the European Parliament committees on Monday, 28 November. US Q3 preliminary GDP is set to be released on Tuesday, 29 November. The Eurozone consumer price index will be released on Wednesday, 30 November. Global manufacturing purchasing managers' indices are reported on Thursday, December 1. The US releases its November employment report on Friday, 2 December.

## THE WEEK AHEAD

### Key Earnings and releases for JSE listed companies

Company	Date
Sygnia	2016/11/29
Rockcastle	2016/11/30
Omnia	2016/11/30
Anglo Gold Ashanti	2016/11/30
KAP	2016/11/30

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