

Monday, 12 June 2017

TOP 10 GAINERS		
Share Name	Closing price	% change
DATATEC LTD	5779	12.52
SIBANYE GOLD LTD	1702	10.74
ASSORE LTD	19331	9.21
ANGLOGOLD ASHANTI LTD	15595	8.26
KUMBA IRON ORE LTD	15800	7.85
SOUTH32 LTD	2640	6.58
NORTHAM PLATINUM LTD	4587	6.18
TRENCOR LTD	3595	5.58
REBOSIS PROPERTY FUND LTD	1164	5.34
ANGLO AMERICAN PLC	17797	5.31
TOP 10 LOSERS		
Share Name	Closing price	% change
BRAIT SE	6675	-15.07
ARCELORMITTAL SOUTH AFRICA	619	-14.03
TELKOM SA SOC LTD	6800	-10.51
MMI HOLDINGS LTD	2009	-8.68
STEINHOFF INTERNATIONAL H NV	6605	-7.88
SUN INTERNATIONAL LTD	6000	-7.69
BIDVEST GROUP LTD	16100	-7.38
CHOPPIES ENTERPRISES LTD	312	-6.87
KAP INDUSTRIAL HOLDINGS LTD	840	-5.83
PICK N PAY STORES LTD	5680	-5.73
GLOBAL EQUITY INDICES		
Indices	% Change	Points
Dow Jones	0.39	21,290
S & P 500	0.25	2,445
Nasdaq	0.53	6,339
FTSE 100	-0.43	7,515
Nikkei 225	-0.81	20,013
Hang Seng	0.41	26,030
S & P ASX 200	-1.91	5,678
COMMODITIES*		
Name	% Change	Price
Gold	-0.97	\$1,266.70
Platinum	-1.36	\$941.44
Brent Crude Oil	-3.76	\$48.07
CURRENCIES*		
Indices	% Change	Price
\$ / R	-0.50	R 12.88
£ / R	0.73	R 16.40
€ / R	0.30	R 14.41

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## COMMENTS FOR TOP 40 STOCK MOVEMENTS

The All Share Index ended the week 1.27% lower, with Datatec being the best performer up 12.52% and Brait SE being the worst performer as New Look reported full-year losses. Resources were 1.22% up for the week, with Sibanye Gold up 10.74% for the week, leading the group after credit rating agencies endorsed the company's business model and the new acquisition. Sasol was the worst performer in the resources, down 4.49% for the week. The financial index was down 2.4% for the week, with Capitec being the best performer up 0.95% and Investec the worst performer down 5.02%. The index was heavily weighed down by the bearish GDP numbers.

South Africa has slipped into a recession after GDP declined by 0.7% during the first quarter of 2017 after contracting by 0.3% in the fourth quarter of 2016. Economic activity declined over a range of sectors, including construction, manufacturing and transport. Only mining and agriculture contributed positively to GDP. The government will find it even more difficult to tackle unemployment and in raising revenue through taxes when output growth is negative. Moody's has downgraded South Africa's foreign and local currency debt one level to the lowest investment grade Baa2. They have kept the outlook negative and have cited weakening institutions, reduced growth prospects reflecting policy uncertainty and continued erosion of fiscal strength due to rising public debt and contingent liabilities.

## KEY EVENTS & COMPANY RESULTS

### Steinhoff International Holdings NV

#### Interim results for the six months ended 31 March 2017

Group revenue surged by 48% to €10.17bn compared to €6.89bn prior. Operating profit increased by 13% to €903m compared to €797m prior. Organic revenue (excluding acquisitions) rose by 7%. The group's revenue was slightly below analyst consensus of €10.85bn and the U.S. mattress firm underperformed the rest of the business with a €48m rebranding cost. The share priced shed 7.88% for the week and ended the trading session at R66.05 (09/06/2017).

### PPC Limited

#### Audited preliminary summarised financial statements for year ended 31 March 2017

HEPS declined by 93% to 7 cents and normalised EPS decreased by 29% to 47 cents. The results were impacted by an unexpected S+P downgrade which resulted in increased finance costs, with the interest charge increasing by 30% to R741m compared to R572m before the downgrade. Group revenue increased by 5% to R9.6bn, while EBITDA decreased by 13% to R2.1bn.

### MMI Holdings Limited

#### Operational update for nine months ended 31 March 2017

Core earnings growth has improved from -5% at interim stage to -3% after nine months, supported by improved underwriting results. Recurring premium new business is up 8%, while single premium new business decreased by 14%. Overall new business volumes declined by 6% on a present value of new business premiums. International business increased by 3% y/y. Recurring premium is up 11% and single premium is down 17% in the international business segment, with Namibia contributing positively to this business segment. The share shed 8.68% at the end of the week and the share is currently trading at R20.09 (09/06/2017)

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### Datatec Limited

#### Sale of business units in North and Latin America

The company has agreed to sell the North and Latin America operations of its Westcon-Comstor business to Synnex for up to \$800m and \$30m to acquire 10% stake in Weston International. The transaction is expected to close in the 3<sup>rd</sup> Quarter of 2017. The share surged by 12.52% for the week and the share price was at R57.79 (09/06/2017).

### Telkom SA SOC Limited

#### Group provisional annual results for the year ended 31 March 2017

HEPS increased by 12.4% to 731.4 cents and operating revenue is up by 9.8% to R41bn. Net revenue is up by 7.9% to R31bn, boosted by BCX and the mobile business. Data revenue increased by 5.8% to R12.15bn and mobile service revenue is up by 38.4% to R3.5bn. The board declared a final dividend of 290.75 cents per share. This follows an interim dividend of 131.24 cents per share taking the annual dividend in respect of the financial year to 421.99 cents per share. The consensus target price is R72.41 and the company slightly missed the consensus revenue estimate of R42bn. The share shed 8.68% in the week and the share is currently trading at R68 (09/06/2017).

### Sanlam Limited

#### Operational update June 2017

Normalised EPS surged by 9% compared to the first quarter of 2016 financial year. A relatively good investment market performance in 2017 assisted in achieving investment returns on the capital base. New business volumes were down 4% to R71bn, due to a decline in lump-sum inflows at Glacier, Sanlam investments and Sanlam private wealth. Overall new business sales declined by 10% in Sanlam personal finance affected by a decline in discretionary single premium business as investor risk aversion remain high due to uncertainty in the political and economic environments. Sanlam emerging markets increased overall new business growth by 20%, supported by structural growth which more than offset the negative impact of a stronger rand. The share shed 1.56% for the week and the share is currently trading at R67.02 (09/06/2017).

## GLOBAL AND WORLD MARKET DEVELOPMENTS

European indices ended the week in positive territory, with the DAX up 0.8% and the CAC up 0.67%. The FTSE maintained gains throughout Friday, ending the day up 1.04%. The index was supported by a fall in Sterling which boosted conglomerates with earnings in dollars. British banks suffered from the election outcome, with Lloyds Bank and Royal Bank of Scotland both down by more than 2.4% and 1% respectively at the end of Friday. During the week, most of our attention was focused on the British election and the ECB policy decision. The election saw the Conservative Party failing to secure a majority vote with Brexit negotiations 10 days away. Theresa May is in talks with the Democratic Unionist Party, to create a coalition which will give her party enough votes to govern the country. The European Central Bank (ECB) left interest rates unchanged. The ECB president stated that the risks to growth were broadly balanced and that there was a recovery in investment supported by very favourable financing conditions and improvements in corporate profitability. The bank is prepared to increase its asset purchase programme if the economic outlook is less favourable in achieving its inflation path.

## THE WEEK AHEAD

Ansysis Limited	12-Jun-17
Alexander Forbes Group Holdings Limited	12-Jun-17
Stora-Age Property REIT Limited	13-Jun-17
Peregrine Holdings Limited	14-Jun-17
RBA Holdings Limited	15-Jun-17
Avior Capital Markets Holdings Limited	15-Mar-17

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