

Monday, 29 May 2017

TOP 10 GAINERS		
Share Name	Closing price	% change
CORONATION FUND MANAGERS LTD	7090	13.60
ASPEN PHARMACARE HOLDINGS LT	29501	7.67
AFROCENTRIC INVESTMENT CORPO	613	7.36
DIS-CHEM PHARMACIES PTY LTD	2795	7.09
NEDBANK GROUP LTD	22612	6.13
SHOPRITE HOLDINGS LTD	21112	5.88
METAIR INVESTMENTS LTD	2150	5.44
STANDARD BANK GROUP LTD	15335	5.31
LIBERTY HOLDINGS LTD	11297	5.00
BLUE LABEL TELECOMS LTD	1610	4.95
TOP 10 LOSERS		
Share Name	Closing price	% change
LONMIN PLC	1430	-18.84
IMPALA PLATINUM HOLDINGS LTD	3700	-13.93
MEDICLINIC INTERNATIONAL PLC	13350	-11.55
ROYAL BAFOKENG PLATINUM LTD	2930	-10.45
PIONEER FOODS GROUP LTD	14415	-9.91
HARMONY GOLD MINING CO LTD	2796	-8.75
DATATEC LTD	5199	-7.98
ANGLO AMERICAN PLC	17378	-7.92
ANGLO AMERICAN PLATINUM LTD	29350	-6.72
GLENORE PLC	4796	-6.22
GLOBAL EQUITY INDICES		
Indices	% Change	Points
Dow Jones	1.32	21,080
S & P 500	1.43	2,416
Nasdaq	2.08	6,210
FTSE 100	1.03	7,548
Nikkei 225	0.49	19,687
Hang Seng	1.84	25,639
S & P ASX 200	0.42	5,752
COMMODITIES*		
Name	% Change	Price
Gold	0.86	\$1,266.76
Platinum	2.22	\$960.57
Brent Crude Oil	-2.72	\$52.15
CURRENCIES*		
Indices	% Change	Price
\$ / R	2.71	R 12.88
£ / R	4.67	R 16.48
€ / R	3.06	R 14.39

Updated: 12:45 28/05/2017

COMMENTS FOR TOP 40 STOCK MOVEMENTS

Local markets closed the week lower as Rand strength drove resources lower and hurt a number of Rand hedge stocks. Two major news stories that affected the Rand this week was the news that there may be talks of the removal of Jacob Zuma in the ANC NEC meeting over the weekend and the effects of dollar weakness on the back of the U.S Fed minutes released on Wednesday. Industrial stocks and retailers also came off this week, falling by 0.09% and 1.72%, respectively.

CPI figures released this week showed that CPI slowed to 5.3% in April from 6.1% in March below Bloomberg economist estimates. This news, together with the Fed minutes released on Wednesday, was Rand positive. The repo rate, remained unchanged as expected, with the Reserve Bank governor adding that the outlook for economic growth had deteriorated.

KEY EVENTS & COMPANY RESULTS

Pioneer Food Group

Unaudited condensed consolidated interim financial statements for the six months ended 31 March 2017

The group's revenue increased marginally, but profitability fell as compared to the same period last year. Operating profit and overall profit for the period each declined by at least 50%. Operating profit was impacted by an increase in the cost of goods sold.

The poor profitability contributed to a lower basic earnings per (EPS) and adjusted headline earnings per share (HEPS) which fell by 56% and 47%, respectively. Bloomberg estimates for EPS were 309 cents. The group's gross interim dividend is the same as the previous comparable period at 105 cents. Pioneer's stock price fell 4.38% on the day, on the back of the statement.

Coronation Fund Managers Ltd

Reviewed interim results for the six months ended 31 March 2017

The firm's assets under management decreased by R34.6 billion with R30 billion of the outflow coming from their institutional business. Their revenue declined by 6%, however, the net profit margin improved slightly by 1.32%. Basic EPS and HEPS declined by 4.87% and 3.92%, respectively. The group declared a gross dividend of 220 cents per share which represents almost 100% (99.86%) of HEPS. The company's leverage hardly changed with the ratio of total liabilities to total assets decreasing by only 0.39%. The firm's share price rose by 5.71% on the day with the EPS and net income figure beating Bloomberg estimates.

Rhodes Food Group Holdings Limited

Reviewed condensed consolidated interim results for the six months ended 2 April

Growth in the regional segment contributed to the 8.2% increase in group turnover. However, international turnover fell 20.7% on account of the appreciation of the Rand against the group's basket of trading currencies in the period. Group operating margin increased by 30 bps driven by the increased turnover. EPS increased by 6.07% while diluted HEPS increased by 7.98% as compared to the previous period. The EPS figure beat Bloomberg estimates (semi-annual), but the share price fell 4.81% on the day despite the seemingly positive results.

Lewis Group Limited

Final audited results for the year ended 31 March 2017

The retailer saw a 3.3% decline in revenue in the period due to a decline in other

Contact Details

Derick Meintjes
Email: Derickm@legae.co.za
Tel: +27 11 722 7330

Private Clients Enquiries
Email: privateclients@legae.co.za
Tel: +27 11 722 7343

revenue. The firm's operating margin fell to 10.1% as a result of a combination of lower revenue and higher operating and debtor costs. EPS fell by 62.72% y/y. However, the previous year's figure included a once-off capital gain of R495.6 million as a result of the group realising a large portion of the investment portfolio with Monarch Insurance Company Limited, the group's insurer. The board has also resolved to implement a share buyback programme pursuant to the decision made by shareholders at the annual general meeting on 21 October 2016. Furthermore, the EPS figure surprised on the negative side as it missed Bloomberg analyst estimates. The firm's share price fell by 1.45% in line with the retail index which declined by 2.88% on the day of the results release.

Hosken Consolidated Investments Limited

Reviewed provisional consolidated results for the year ended 31 March 2017

The investment holdings company reported improved top line growth which helped to spur an EBITDA increase of 14.5% y/y and an improvement of the bottom line. Headline earnings increased 2% while HEPS increased 38.1% y/y. The branded products and manufacturing segment accounted for the greatest proportion of revenue while short-term liquidity declined, which can be deduced from a negative change in the current ratio (ratio of current assets to current liabilities) y/y. The consolidated statement of changes in equity reflects an increased balance in share capital at the end of the year with the value of acquisitions of subsidiaries contributing to the increase. Hosken's share price increased marginally by 0.14% on the day of the results release.

Tsogo Sun Holdings Limited

Reviewed condensed consolidated financial results for the year ended 31 March 2017

The group, for the first time, achieved an Ebitdar of over R5 billion and income of over R13 billion which was driven by a 2% growth in gaming win, 11% growth in rooms revenue, 6% growth in food and beverage revenue, a strong 235% growth in property rental income as well as a 20% growth in other revenue. This growth in income helped the firm to grow basic and diluted adjusted HEPS by 6% to 207.6 cents. Adjusted HEPS and income surprised on the negative side when compared to Bloomberg analyst estimates. Actual income figures also came in below previous company guidance. Cash generated from operations for the year improved by 9% while cash flows utilised for investment activities was R2.6 billion, consisting mainly of maintenance capital expenditure as well as acquisitions and investments made by the group. The share price of Tsogo Sun fell by 1.02% on the day of the results release.

Vukile Property Fund Limited

Summarised audited results for the year ended 31 March 2017

The property company announced that they had transformed into a retail-property REIT following a number of transactions the firm had effected in the reporting period. The group's net profit after tax was R1.5 billion (March 2016: R1.6 billion) with the current results reflecting a loss of control of Synergy Income Fund Limited (Synergy) of R277 million. Vukile bought Synergy's R2.5 billion retail portfolio in exchange for the bulk of Vukile's office and industrial portfolio for a similar value. Dividends per share increased y/y despite a fall in earnings. Dividends per share were up 7.1% while earnings fell 5.5%. The firm's gearing ratio has declined by 22% y/y with Global Credit Rating Company (Pty) Ltd recently affirming an "A" corporate rating with a positive outlook and an "AA+" (RSA) rating on Vukile's senior secured bonds. Vukile's share price rose 2.01% on the day of the results release.

Arrowhead Properties Limited

Unaudited condensed consolidated interim results for the six months ended 31 March 2017

The firm's revenue improved by a substantial 29% due to the Gemgrow transaction concluded during the period as well as Indluplace's acquisition of residential property worth R30,2 million. (Arrowhead held a 59.7% interest in Indluplace Properties Limited as at 31 March 2017). Revenue also improved on account of escalations to existing leases. The firm also mentions that over the last 18 months it has seen the effects of higher cost of equity, cost of debt and a deterioration in general economic sentiment (due to political uncertainty). This has impacted the firm's ability to fill vacant space, renew leases and has heightened competition between property owners for the existing pool of tenants. Arrowhead Properties' share price rose 1.01% on the day of the results release.

Mediclinic International plc

2017 full year results and proposed final cash dividend

Group revenue grew by 30% while underlying EBITDA grew by 17%. The Middle East operations' revenue increased by 72% y/y, however, this also reflects the addition of Al Noor's operations. Abu Dhabi inpatient and outpatient volumes were down 12% and 14% (as compared to the previous year) due to unforeseen changes in the regulatory environment among other factors. Regulatory changes relate to the introduction of a co-payment on local "Thiqa" insurance card holders in Abu Dhabi. Basic earnings per share increased 5.08% y/y while the total dividend per share remained unchanged. The group improved cash flows from operating activities by 32% with net debt increasing 9%, but the debt-to-equity ratio remained unchanged at 0.4. Med clinic's share price fell 7.28% on the day of the results release, despite beating Bloomberg analyst estimates on revenue and EBITDA.

Tiger Brands Limited

Unaudited group results and dividend declaration for the six months ended 31 March 2017

Group turnover increased by 7% while operating income from continuing operations increased by 10%. Turnover growth was driven by pricing despite overall volumes declining by 3%. HEPS from continuing operations are up 7%. The disposal of East African Tiger Brands Industries Plc (EATBI) has been concluded with an effective date of 4 April 2017, while the disposal of Tiger Brands (E.A.) Limited has significantly progressed. The share price of the food manufacturer fell 1.8% on the day of results release.

The Foschini Group Limited

Reviewed preliminary condensed consolidated financial statements for the year ended 31 March 2017

Group turnover increased by 11.6% with cash turnover growth of 18.5% while credit turnover growth was much lower at 2.3%. The fashion retailer cites affordability regulations that have caused a reduction in new account openings. HEPS excluding acquisition costs are up 4.1% with dividends for the year totalling 720 cents per share (up 4.2%). Net bad debt has declined by 5.4% and free cash flow has doubled to R1.3 billion. The group share price fell 5.79% on the day of the results release.

Brait SE

Trading statement: year ended 31 March 2017

The firm advised shareholders that Net Asset Value per share (NAV) for the financial year ended 31 March 2017 is expected to be between 4.1% and 6.7% lower than the most recently reported NAV of R82.45 and between 42.0% and 43.5% lower than the previous financial year. The share price dropped by only 0.52% on the day of the results release.

GLOBAL AND WORLD MARKET DEVELOPMENTS

Most global stock markets ended the week higher as they shrugged off the political turmoil that roiled markets previously. Donald Trump's budget proposal released on Tuesday mainly revealed increases in defense expenditure, while there were decreases to the expenditure of the department of State and international aid and the environmental protection agency. Social welfare programmes also received budgetary cuts. U.S markets increased marginally on the budget news and the modest movement in U.S stock indices reflects that investors found no major surprises in the budget proposal. Terror attacks in the U.K on the same day may have shocked the world, but they had no major stock market impact on U.S and European markets. FOMC minutes released on Wednesday saw U.S treasury yields slipping with the minutes pointing to a hike in June and Fed officials also indicating that they wanted to see clear evidence of clear U.S economic growth before continuing to raise rates. Friday saw most U.S markets eke out returns as the S&P 500 and the Nasdaq composite extended their winning streak to seven sessions ahead closure of U.S markets on Monday due to Memorial Day.

OPEC's oil meeting was firmly in focus on Thursday. OPEC members and non-member oil producing countries led by Russia decided to extend cuts in oil output by 9 months to March 2018. Oil prices fell by nearly 5% as the market had been hoping oil producers could deepen the cuts. OPEC's decision hurt stocks in Japan and Australia on Friday, with energy producers dropping the most.

THE WEEK AHEAD

Earnings releases for Top 40 listed companies

Company	Date
Famous Brands Ltd (FBR)	29-May-17
Tongaat Hulett Ltd (TON)	29-May-17
Nampak Ltd (NPK)	30-May-17
Reunert Ltd (RLO)	30-May-17
SPAR Group Ltd (SPP)	31-May-17

Disclaimer:

Legae Securities (Pty) Ltd is a member of the JSE Limited and all investment management services as provided are regulated by the provisions of the Securities Services Act, No 36 of 2004 or any replacement act or acts and that all dealings are subject to the Rules, Directives, practice and usage of the JSE Ltd. This information is not advice as defined and contemplated in the Financial Advisory and Intermediary Services Act, 37 of 2002, as amended. Past investment returns are not indicative of future returns. Legae Securities (Pty) Ltd shall not be liable for any actions taken by any person based on the correctness of this information.