

Monday, 5 June 2017

TOP 10 GAINERS		
Share Name	Closing price	% change
TRUSTCO GROUP HOLDINGS LTD	431	9,11
RHODES FOOD GROUP PTY LTD	2455	6,97
MR PRICE GROUP LTD	15700	6,44
TONGAAT HULETT LTD	12246	6,03
FAMOUS BRANDS LTD	13292	5,91
CAPEVIN HOLDINGS LTD	885	5,73
NEW EUROPE PROPERTY INVEST	16300	5,68
DISTELL GROUP LTD	15362	5,59
ROCKCASTLE GLOBAL REAL ESTAT	3470	5,47
TRADEHOLD LTD	1999	5,21
TOP 10 LOSERS		
Share Name	Closing price	% change
LONMIN PLC	1202	-15,94
HARMONY GOLD MINING CO LTD	2443	-12,63
SIBANYE GOLD LTD	1537	-12,22
ASSORE LTD	17700	-11,42
AFRICAN RAINBOW MINERALS LTD	7556	-8,49
BRAIT SE	7859	-8,08
PPC LTD	562	-7,87
SPAR GROUP LIMITED/THE	16077	-7,60
METAIR INVESTMENTS LTD	2000	-6,98
BLUE LABEL TELECOMS LTD	1499	-6,89
GLOBAL EQUITY INDICES		
Indices	% Change	Points
Dow Jones	0,59	21 206
S & P 500	0,99	2 439
Nasdaq	1,62	6 306
FTSE 100	0,40	7 548
Nikkei 225	2,67	20 208
Hang Seng	0,88	25 866
S & P ASX 200	0,56	5 739
COMMODITIES*		
Name	% Change	Price
Gold	0,97	\$1 280,40
Platinum	-0,46	\$950,68
Brent Crude Oil	-3,91	\$50,58
CURRENCIES*		
Indices	% Change	Price
\$ / R	0,93	R 12,85
£ / R	0,73	R 16,53
€ / R	0,05	R 14,47

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## COMMENTS FOR TOP 40 STOCK MOVEMENTS

The All Share ended 2.05% lower on the week, with mining shares, industrials, as well as financials falling sharply before stabilising on Friday. Mining shares declined due to a drop in commodity prices. Iron ore and Brent crude hovered around \$58 a tonne and \$49 a barrel respectively late on Friday. The relatively stronger rand (which had strengthened to R12.77/\$ from R12.96/\$) magnified the moves. Big industrial stocks came off, partly due to a firmer currency and some profit taking in select stocks such as Naspers. Fitch has affirmed SA's long term foreign and local currency debt ratings of BB+ with a stable outlook, while S&P has reaffirmed SA's credit rating at BB+ with a negative outlook. The S&P announced on Friday after market close, and this will likely affect the banking stocks this week. The unemployment rate increased to 27.7% in the first quarter of 2017 from 26.5% in the previous period. It is the highest jobless rate since the first quarter of 2004 as unemployment rose faster than employment and more people joined the labour force.

## KEY EVENTS & COMPANY RESULTS

### Famous Brands Ltd

#### Provisional summarised results for the year ended 28 February 2017

Revenue for the period grew by 33% to R5.7bn (2016: R4.3bn). This includes 20 weeks of turnover contribution from the GBK business which was acquired with effect from 7 October 2016. Operating profit before non-operational items increased 18% to R938m (2016: R792m). The operating margin before non-operational items declined to 16.4% (2016: 18.4%) due to a higher percentage of joint venture entities and company-owned restaurants in the system; the incorporation of high-volume lower-margin manufacturing business; and continued investment in resources to enhance operational capabilities. In South Africa, revenue increased 15% to R781m. Operating profit rose by 10% to R427m (2016: R389m), while the operating margin declined to 54.7% (2016: 57.1%). System-wide sales grew 11.5%. HEPS before non-operational items and additional interest costs were up 13% to 613c. FBR's shareholders will not receive a dividend for its 2017 financial year as it digests a string of acquisitions.

### Tongaat Hulett Ltd

#### Audited results for the year ended 31 March 2017

TON reported a 39.8% increase in operating profit to R2.3bn. This reflected an improvement in sugar revenue and operating profit under difficult conditions. The South African operations produced operating profit of R390m (2016: loss of R85m). Revenue for the year amounted to R17.9bn, and operating cash flow was R3.17bn. Headline earning per share (HEPS) which strips out certain one-off items rose to 852.7c from 588c the previous year. The group declared a final dividend of 200cps (2016:60cps) bringing the annual dividend to 300cps. The early season estimate for the total sugar production in 2017/2018 was 1.17m-1.2m tonnes. Its share closed 2.16% higher on the day, on the back of these results.

### Clover Industries Ltd

#### Trading statement on 29 May 2017

HEPS are expected to be between 50% and 65% lower than the previous reporting period. Accordingly, Earning per share (EPS) is expected to be between 83.6c and

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111.6c compared to 185.9c in 2016. The share price dropped 7% in intraday trade after this statement, valuing the company at about R3bn.

### **Nampak Ltd**

#### **Unaudited group results and ordinary dividend announcement for the half year ended 31 March 2017**

NPK delivered good results in spite of a challenging trading environment. HEPS for the six months rose to 113.1c from 105.2c a year earlier. Group operating profit rose 30% to R1.1bn, while group revenue of R9.3bn was down 1%, impacted by a 10% stronger average ZAR/USD exchange rate. Revenue from domestic operations increased by 3% while sales in the rest of Africa rose 5% to R2.9bn. The UK business recorded a trading loss of R39m due to a slow economic growth. The group has decided not to declare an interim dividend, in light of reviewing its dividend policy to deal with economic conditions. NPK shares climbed 15% to R21.85, a level last seen in August 2016.

### **Mr Price Group Ltd**

#### **Results for the year ended 1 April 2017**

MRP posted a 12% drop in full year earnings, the first drop in annual profit since 2001, as consumers struggle in a sluggish economy. Diluted HEPS fell to 887.9c in the year to end March, from 1012.9c the previous year. Total revenue increased 0.7% to R19.8bn, with retail sales decreasing 0.5% to R18.6bn. Local online sales continued to perform well and were 13% higher. Sales growth in the fourth quarter was impacted by the Easter school holidays, which were in March in 2016 and in April in 2017. Cash sales constituted 83.3% of total sales. Credit sales were 3.1% lower, however initiatives introduced as a result of the new credit regulations gained traction in the second half of the year. New accounts opened in the second half of the year increased by 26.5% and sales to new credit customers were up 36.4%. Selling price inflation was 10.7% and unit sales were 10.7% lower. The annual dividend was maintained at 667cps with a final dividend of 438.8cps, up 4.7%.

### **The Spar Group Ltd**

#### **Unaudited interim results for the six months ended 31 March 2017**

SPP's revenue grew 14% to R48.4bn and attributable profit was up 10% to R908m. South Africa contributed 88% of the group's revenue, followed by 15% from Ireland. Turnover was up 12.6% to R47.4bn, with 31.4% of total turnover generated in foreign currency. HEPS declined marginally by 0.9% to 475.5c, from 480c in the previous period, fundamentally due to the higher weighted average number of shares issued in April to partly fund the foreign acquisitions, as well as settling the BBBEE share schemes in August 2016. The board approved an interim dividend of 240cps out of income reserves.

### **PPC Ltd**

#### **Trading statement**

Group EBITDA is forecasted to contract by 10% to 15%, while net profit attributable to shareholders is expected to decline by 85% to 95%. Basic HEPS and EPS are both expected to decline between 85% and 95%.

## **GLOBAL AND WORLD MARKET DEVELOPMENTS**

US stocks rose for the second consecutive week, bringing the Dow Jones, the S&P 500, and the Nasdaq Composite to new highs. Stocks gained as the jobs report changed the outlook for rate increases in 2017. The May jobs report was the main focus for the week with an increase of 138k jobs. The report was below market expectations of 185k and below the previous month's report of 174k, signalling that the Fed might be less aggressive with interest rate hikes for the remainder of the year. Weekly jobless claims rose more than projected in the latest week, hitting a five week high of 248k. Oil prices were down on the week on the back of crude oil inventories which fell by 6.4m barrels to a total of 509.9m barrels. Eurozone stocks posted gains for the week. European Central Bank President Mario Draghi's continued support for maintaining his quantitative easing policy pressured the euro but lacked lasting impact. In addition, Eurozone bonds were maintained as annual inflation declined to 1.4% in May. The inflation was below expectations of a 1.5% increase and following a final reading of a 1.9% advance in April. The main contributors were energy, followed by food, alcohol and tobacco. In Asia, Japan's Nikkei pushed over the 20 000 point level for the first time since 2015. China's manufacturing sector activity held steady in May for the second straight month, defying expectations that it would slip following better than expected economic growth early this year. The official manufacturing PMI was 51.2 in May, unchanged from April. Retail sales in Japan rose 3.2% YoY in April from a 2.1% gain in March and beating market estimates of a 2.3% rise. It was the sixth straight month of increase in retail sales and the fastest since April 2015, as sales went up for most categories: petroleum products (11.9%), motor vehicles (6%), food and beverages (1.5%) and machinery and equipment (4.1%).

**THE WEEK AHEAD****Earnings releases for JSE listed companies**

<b>Company</b>	<b>Date</b>
Telkom SA SOC Ltd (TKG)	5-Jun-17
Redefine Properties International Ltd (RIN)	5-Jun-17
PPC Ltd (PPC)	7-Jun-17

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