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| **Logo2010_JPM_Cazenove_Small** |  | **CEEMEA Equity Research**  **1 July 2014** |
| **Top Stories**    [**SA apparel retailers**](http://emaillink.jpmorgan.com/t/AQ/AAUm1Q/AApL0w/UXnzCA/jA/AEM2EQ/AQ/yavZ)*(Stephen Carrott)*  **Store-credit offering attractive value on a 12-18m view**  We update our views on the pure-play SA apparel retailers, focusing on EPS quality and growth. We continue to consider MPC to be best in class, but maintain our Neutral recommendation on valuation (31% premium to EM discretionary retailers). We maintain our Overweight recommendations on Foschini and Truworths, as we continue to expect a gradual credit-cycle improvement. Truworths looks particularly attractive vs. Foschini given that it is trading at an extreme level vs. its historical relative PE trading range.  ▲[**Russian Transportation**](http://emaillink.jpmorgan.com/t/AQ/AAUm1Q/AApL0w/UXnzCA/jA/AEM2Eg/AQ/3I6i)*(Sergey V Arinin)*  **Aeroflot u/g to OW on traffic stabilization and less consumer risk; Globaltrans is still our top-pick**  Transport stocks underperformed the market over the last month. We believe that weak macro data has contributed to the underperformance. However, we believe that the nascent signs of macro stabilization should be supportive for the sector. We upgrade Aeroflot to Overweight on a better outlook for traffic (even though we see risks to international yields). Globaltrans remains our top-pick on free cash flow generation and low leverage, although we have noticed deterioration in gondola rates. We also update our Global Ports model for IFRS 11 implementation and new capex guidance. |  | [***Send me your feedback!***](http://emaillink.jpmorgan.com/t/AQ/AAUm1Q/AApL0w/UXnzCA/jA/ADmmmQ/AQ/4Du5)  [CEEMEA Stock Guide](http://emaillink.jpmorgan.com/t/AQ/AAUm1Q/AApL0w/UXnzCA/jA/AEM2FQ/AQ/rY8d)  [**GLOBAL Stock Guide**](http://emaillink.jpmorgan.com/t/AQ/AAUm1Q/AApL0w/UXnzCA/jA/AEM2Fg/AQ/e2hG)  [**Emerging Markets Research on J.P. Morgan Markets**](http://emaillink.jpmorgan.com/t/AQ/AAUm1Q/AApL0w/UXnzCA/jA/ACBaXA/AQ/qDm8)  [**Link to Other FTMs page**](http://emaillink.jpmorgan.com/t/AQ/AAUm1Q/AApL0w/UXnzCA/jA/ACBaXQ/AQ/hFu0)  [**Global Equity Coverage Universe**](http://emaillink.jpmorgan.com/t/AQ/AAUm1Q/AApL0w/UXnzCA/jA/ACBaXg/AQ/i6DW)  [**Link to J.P. Morgan Markets page**](http://emaillink.jpmorgan.com/t/AQ/AAUm1Q/AApL0w/UXnzCA/jA/ABPpLw/AQ/23lc)  [**Key Rating, Price Target & EPS Changes**](#_Appendix_3) |

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| **Recommendation Changes**  ▲[**Aeroflot**](http://emaillink.jpmorgan.com/t/AQ/AAUm1Q/AApL0w/UXnzCA/jA/AEM2Eg/AQ/3I6i) **(AFLT RX – Overweight)**  *(Sergey V Arinin)*  Russian Transportation: Aeroflot u/g to OW on traffic stabilization and less consumer risk; Globaltrans is still our top-pick  **Price Target and Estimate Changes**  [**Aeroflot**](http://emaillink.jpmorgan.com/t/AQ/AAUm1Q/AApL0w/UXnzCA/jA/AEM2Eg/AQ/3I6i) **(AFLT RX – Overweight)**  *(Sergey V Arinin)*  Russian Transportation: Aeroflot u/g to OW on traffic stabilization and less consumer risk; Globaltrans is still our top-pick  [**Foschini**](http://emaillink.jpmorgan.com/t/AQ/AAUm1Q/AApL0w/UXnzCA/jA/AEM2EQ/AQ/yavZ) **(TFG SJ – Overweight)**  *(Stephen Carrott)*  SA apparel retailers: Store-credit offering attractive value on a 12-18m view  [**Global Ports**](http://emaillink.jpmorgan.com/t/AQ/AAUm1Q/AApL0w/UXnzCA/jA/AEM2Eg/AQ/3I6i) **(GLPR LI – Neutral)**  *(Sergey V Arinin)*  Russian Transportation: Aeroflot u/g to OW on traffic stabilization and less consumer risk; Globaltrans is still our top-pick  [**Globaltrans**](http://emaillink.jpmorgan.com/t/AQ/AAUm1Q/AApL0w/UXnzCA/jA/AEM2Eg/AQ/3I6i) **(GLTR LI – Overweight)**  *(Sergey V Arinin)*  Russian Transportation: Aeroflot u/g to OW on traffic stabilization and less consumer risk; Globaltrans is still our top-pick  [**Medi-Clinic**](http://emaillink.jpmorgan.com/t/AQ/AAUm1Q/AApL0w/UXnzCA/jA/AEM2KA/AQ/3g-v) **(MDC SJ – Overweight)**  *(Alex Comer)*  Alpine Shopping - Still the right hospitals for the wrong Macro  [**Mr Price**](http://emaillink.jpmorgan.com/t/AQ/AAUm1Q/AApL0w/UXnzCA/jA/AEM2EQ/AQ/yavZ) **(MPC SJ – Neutral)**  *(Stephen Carrott)*  SA apparel retailers: Store-credit offering attractive value on a 12-18m view |  | **Price Target and Estimate Changes, *continued***  [**Truworths**](http://emaillink.jpmorgan.com/t/AQ/AAUm1Q/AApL0w/UXnzCA/jA/AEM2EQ/AQ/yavZ) **(TRU SJ – Overweight)**  *(Stephen Carrott)*  SA apparel retailers: Store-credit offering attractive value on a 12-18m view  **Results and Company Views**  [**NCSP**](http://emaillink.jpmorgan.com/t/AQ/AAUm1Q/AApL0w/UXnzCA/jA/AEM2Eg/AQ/3I6i) **(NCSP LI – Neutral)**  *(Sergey V Arinin)*  Russian Transportation: Aeroflot u/g to OW on traffic stabilization and less consumer risk; Globaltrans is still our top-pick  **Strategy**  [**Global Developed Markets Strategy Dashboards**](http://emaillink.jpmorgan.com/t/AQ/AAUm1Q/AApL0w/UXnzCA/jA/AEM2LA/AQ/37o2)  *(Adrian Mowat)*  Key economic and equity market data for developed markets  **Economics**  [**Middle East and North Africa Today**](http://emaillink.jpmorgan.com/t/AQ/AAUm1Q/AApL0w/UXnzCA/jA/AEM2LQ/AQ/H6gv)  *(Brahim Razgallah)*  [**Turkey**](http://emaillink.jpmorgan.com/t/AQ/AAUm1Q/AApL0w/UXnzCA/jA/AEM2Lw/AQ/phVD)  *(Yarkin Cebeci)*  external rebalancing continued at high speed in May  **Sector Research**  [**J.P. Morgan Platinum Week**](http://emaillink.jpmorgan.com/t/AQ/AAUm1Q/AApL0w/UXnzCA/jA/AEM2MA/AQ/-Ju0)  *(Steve Shepherd)*  News, Earnings & Valuation Metrics & Commodity price trends (featuring monthly global auto stats update)  [**Potash Round-up**](http://emaillink.jpmorgan.com/t/AQ/AAUm1Q/AApL0w/UXnzCA/jA/AEM2MQ/AQ/8NAa)  *(Roman M Gorokhov)*  Birds Eye View (June 23 - June 27) |

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| Appendix | | |
| Key Rating, Price Target & EPS Changes | | |
| Rating Changes   |  |  |  |  | | --- | --- | --- | --- | | **Company** |  | **New Rating** | **Old Rating** | | **Increases** |  |  |  | | Aeroflot |  | OW | N |     Price Target Changes   |  |  |  |  | | --- | --- | --- | --- | |  |  | **Price Target** | | | **Company** | **Rating** | **New** | **Old** | | **Increases** |  |  |  | | Aeroflot | OW | R 82.92 | R 72.42 | | Global Ports | N | $10.07 | $9.04 | | Medi-Clinic | OW | R 8,900 | R 7,900 | | Mr Price | N | R 18,800 | R 16,700 | | Foschini | OW | R 13,100 | R 11,700 | | Truworths | OW | R 8,900 | R 8,200 | | **Decreases** |  |  |  | | Globaltrans | OW | $14.20 | $14.52 |   Source: J.P. Morgan estimates. |  | J.P. Morgan EPS Estimate Changes   |  |  |  | | --- | --- | --- | | **Company** | **Current FY** | **Next FY** | | **Increases** |  |  | | Aeroflot | +11.7% | +9.3% | | Global Ports | +2.2% | +6.1% | | Mr Price | +1.2% | +1.5% | | **Decreases** |  |  | | Foschini | -5.0% | -2.1% | | Globaltrans | -8.8% | -10.0% | | Medi-Clinic | -8.2% | -7.9% | |

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