FTSE Investor Update

Wednesday 23rd November 2022

Regency
RESEARCH

Flutter Entertainment (FLTR)

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US sports betting and online gaming market to rise to $40.5bn by 2030

Paddy Power owner, **Flutter Entertainment (FLTR)** did a good job of whipping up investor excitement at its Capital Markets Day last week.

Flutter told investors that it expects the overall value of the US sports betting and online gaming market to rise to $40.5bn by 2030 from $9bn currently.

"We do believe that we'll be on that high end of the range – five times," Fanduel CEO, Amy Howe commented, adding that Fanduel was *"incredibly confident"* of turning a profit for the first time in 2023.

Full-year revenue guidance for Fanduel has been upgraded to between to $2.95bn – $3.2bn.

Flutter CEO, Peter Jackson, commented:

"The US market represents the single biggest opportunity in our sector today and we are proud to own FanDuel, the premier asset within this market".

"The superior economics that FanDuel enjoys as the market leader, represents an enormous value creation opportunity for the Group as our US business continues to grow."

FLTR Daily Candle Chart

Aviva reiterates share buyback plans

In a Q3 trading update released earlier this month, **Aviva (AV.)** reiterated plans to start a share buyback programme following a strong performance.

The UK insurance giant reported a 10% rise in general insurance gross written premiums in the first nine months to $7.2bn.

The value of new business in Aviva's UK and Ireland life division surged 46% over the same period to £466m.

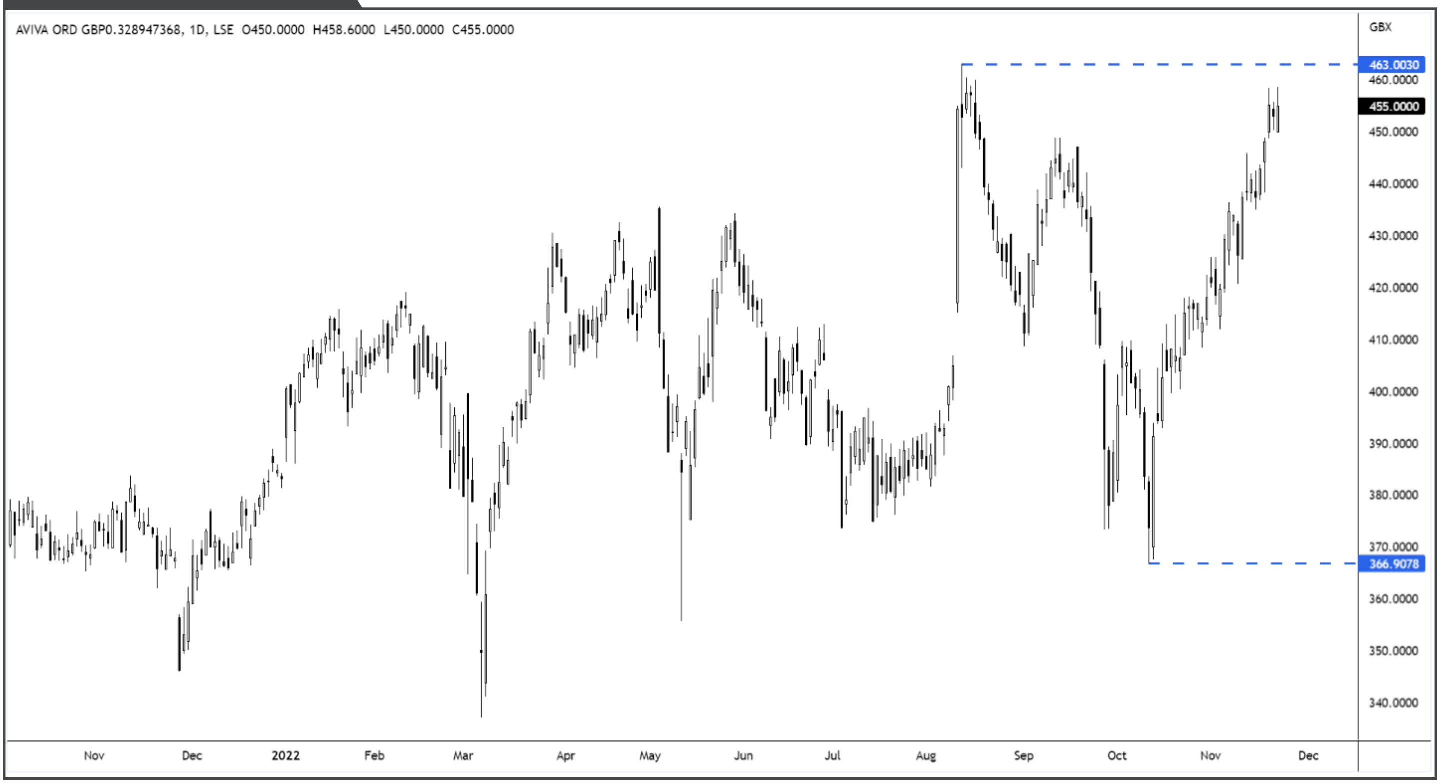
Aviva's solvency ratio, a key measure of capital strength, came in at 223%, which it said was well above the top end of its target range, and its dividend guidance remained unchanged.

CEO Amanda Blanc commented:

"Aviva's capital and liquidity position is strong, and our high-quality asset portfolio has performed well during the recent period of extreme market volatility" - referring to turmoil in the UK government bond market in late September.

"We are on track to deliver our financial targets and trading momentum is building."

AV. Daily Candle Chart



Auto Trader cautious on outlook

Auto Trader (AUTO) said its *"outlook for future years is necessarily more uncertain"* as operating profit dropped 2%.

The online car marketplace saw operating profit margins fall 10%, but FY23 operating profit margin is still expected to be in-line with expectations.

Auto Trader also said it expects new car registrations to recover from current 30-year low.

The average number of retailer forecourts in the period was up 2% to 14,161 and Average Revenue Per Retailer (ARPR) per month was up £205 to £2,404 on average per month.

Nathan Coe, Chief Executive Officer of Auto Trader, said:

"Our first half results demonstrate the strength of our position with car buyers and the depth of partnership we are building with customers. Achieving this in a period impacted by high levels of economic uncertainty is a credit to both our people and customers, and provides confidence in navigating the rest of the year.

"Longer-term we are well placed to grow as we further develop the core Auto Trader business, extend it to enable car buyers to complete more of their purchase online, and provide the industry-leading data and technology platform for our customers."

AUTO Daily Candle Chart

ME Group sees FY profit to be ahead of expectations

ME Group International (MEGP) released a bullish trading update last week in which it upped previously revised profit outlook.

The instant-service equipment group said strong first-half performance had continued throughout the second half, with *"strong consumer demand for all the Group's services"*.

However, trading in Asian markets continued to remain more subdued due to pandemic restrictions remaining in place for longer than in the Group's other operating regions.

ME Group expect full-year financial performance to be ahead of its previously revised expectations.

Revenue is now expected to approximately be between £256m and £262m (previously management expectations were £257m). Adjusted earnings (EBITDA) is expected to be between £82m and £85m (previously £79m to £84m). And adjusted profit before tax is expected to be in the range of £52m to £54m (previously £47m and £50m).

MEGP Daily Candle Chart

Centrica rises after FY profit outlook upgrade

Centrica's (CNA) share price has enjoyed a strong run higher this month after a strong trading update and clarity of windfall taxes.

The British Gas owner said full-year adjusted earnings per share (EPS) would be at the top end of analysts' expectations of 15.1p to 26p.

Centrica also announced a share buyback of up to 5% of its shares and said volumes from electricity generation and gas production activities have remained strong.

The stock was also given a boost from last week's UK Budget statement after Jeremy Hunt provided clarity over the windfall tax to be levied on energy suppliers.

Mr Hunt said the levy would be increased to 35% from its current rate of 25%. It would also apply to electricity generators with a levy of 45% being applied from January 1st.

CNA Daily Candle Chart

Vodafone (VOD)

Vodafone cuts outlook as economic woes mount

Vodafone (VOD) was forced to cut its earnings outlook on Tuesday due to higher energy costs and weaker performance in key markets like Germany, Italy, and Spain.

The telecom giant cut its cashflow forecast by about $208m to $5.3bn. Vodafone also said its adjusted core earnings would be lower than an earlier target of up to around $16.1bn.

Chief Executive Nick Read commented:

"We are taking a number of steps to mitigate the economic backdrop of high energy costs and rising inflation. These include taking pricing action across Europe, whilst at the same time supporting our most vulnerable customers and driving energy efficiency measures across the business. We are also announcing today a new cost savings target of €1+ billion focused on streamlining and further simplifying the Group".

The shares gapped lower on the news and prices have broken below support. Whilst this is frustrating, we added Vodafone to our list of open positions due to its market-beating income and stable levels of cash generation. For this reason, we remain happy to hold the stock for the long-term.

VOD Daily Candle Chart