

# Market Preview

01:48 04 Aug 2016

## Day Ahead: Bookies and financial stocks under starter's orders

Bookies and financial stocks will be in the spotlight on Thursday.

Bookmaker Ladbrokes PLC (LON:LAD) may have more to say on progress in its takeover of rival Coral when it reports half-year results.

Broker Peel Hunt said the bookie appears to be close to announcing the completion of the deal, which has received approval from the Competition & Markets Authority subject to the sale of up to 400 betting shops.

Peel Hunt said in a note: "The integration of the two companies is a key investment issue but the upcoming interim results are significant. This will be the only opportunity the chief executive has to demonstrate that his strategic plan for standalone Ladbrokes has been a success.

"If he can show the Ladbrokes online business is turning round under his stewardship, investors will be more confident of the prospects for the combined businesses."

The broker is forecasting first half pre-tax earnings before interest of £40m.

Peel Hunt added: "We expect a positive spin on current trading, resulting from a strong finish to Euro 2016 from a bookmaking perspective."

RSA Insurance (LON:RSA), once a takeover target for Swiss insurer Zurich until the latter withdrew its interest, is tipped to turn in an improved first-half operating result of £307m against £259m last year.

Nick Johnson at Numis Securities said: "Given that the recent strategic priority has been to improve underwriting performance we do not expect significant growth in premium income and this may be a metric where RSA outperforms expectations.

"The current cost reduction program aims to achieve savings of £350m by 2018 and we would be surprised if there was any change to this target."

London Stock Exchange Group PLC (LON:LSE) is expected to report an 8% rise in total income to £765m for the first half, with an 11% rise in adjusted pre-tax profit to £307m.

Analysts will be interested in any further comments from the exchange about its planned merger with Germany's Deutsche Boerse.

Jonathan Goslin at Numis said: "Whilst we see the obvious benefits from a merger with DB (namely cost and revenue synergies), we remain mindful of the challenges that would need to be overcome for it to complete (competition authorities, different business structures, national pride).

"We therefore maintain our 'hold' recommendation as we believe the shares are up with events and we are fully aware of the long list of failed M&A deals within this sector."

### Share Information

#### MarketTopic Synopsis:

*Market Preview is published daily before trading kicks off, giving investors a roundup of macroeconomic and corporate news that is likely to move the markets along with the expected opening level of the major indices.*

[action@proactiveinvestors.com](mailto:action@proactiveinvestors.com)

Proactive Investors facilitate the largest global investor network across 4 continents in 4 languages. With a team of analysts, journalists & professional investors Proactive produce independent coverage on 1000's of companies across every sector for private investors, private client brokers, fund managers and international investor communities.

Contact us +44 (0)207 989 0813 [action@proactiveinvestors.com](mailto:action@proactiveinvestors.com)

### No investment advice

Proactive Investors is a publisher and is not registered with or authorised by the Financial Conduct Authority (FCA). You understand and agree that no content published constitutes a recommendation that any particular security, portfolio of securities, transaction, or investment strategy is suitable or advisable for any specific person. You further understand that none of the information providers or their affiliates will advise you personally concerning the nature, potential, advisability, value or suitability of any particular security, portfolio of securities, transaction, investment strategy, or other matter.

You understand that the Site may contain opinions from time to time with regard to securities mentioned in other products, including company related products, and that those opinions may be different from those obtained by using another product related to the Company. You understand and agree that contributors may write about securities in which they or their firms have a position, and that they may trade such securities for their own account. In cases where the position is held at the time of publication and such position is known to the Company, appropriate disclosure is made. However, you understand and agree that at the time of any transaction that you make, one or more contributors may have a position in the securities written about. You understand that price and other data is supplied by sources believed to be reliable, that the calculations herein are made using such data, and that neither such data nor such calculations are guaranteed by these sources, the Company, the information providers or any other person or entity, and may not be complete or accurate.

From time to time, reference may be made in our marketing materials to prior articles and opinions we have published. These references may be selective, may reference only a portion of an article or recommendation, and are likely not to be current. As markets change continuously, previously published information and data may not be current and should not be relied upon.