

Plus500

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Liberum slashes target for client Plus500 but remains bullish after profit warning, however Peel Hunt is less enthused

City broker Liberum has slashed its target price for CFD trading platform and client Plus500 Ltd (LON:PLUS) to 1,760p from 2,800p after the firm warned on 2019 profits on Tuesday. However, analysts remained bullish on the year ahead.

In a note to clients, the broker said despite the cut to guidance, it believed the company's forecast was "cautious" given a positive mix for average revenue per user (ARPU), an Elective Professional Client (EPC) programme that was raising ARPU, increased reactivations, a dramatic fall in user churn, and a "high level" of marketing spend.

Analysts also retained their 'buy' rating on the stock, saying the "high professional revenues, richer-mix of customers and lower churn will lead to a higher rating over time".

The firm said profits for 2019 would be "materially lower than current market expectations" as tighter European regulations affected revenues more than expected and the firm spent more on marketing to try and attract new customers.

Non-corporate broker less impressed?

Despite the positive outlook from its house broker, others were less optimistic as Peel Hunt placed the company 'under review' from an 'add' rating and 1,650p price target.

In its own note, the broker said that while the new regulations were likely to cause "a degree of market dislocation" the real surprise had been the profit warning as 2019 revenues were now expected to be "significantly lower" than their own forecasts.

Analysts added that the revenue from client losses in the fourth quarter "highlights the lack of visibility" in the firm's earnings forecasts.

In lunchtime trading, Plus500 shares were down 32% at 1,107p.

-- Adds Peel Hunt note information, clarifies client status at Liberum and updates share price --

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Price: £7.67

Market Cap: £859.86 m

1 Year Share Price Graph



Share Information

Code: PLUS

Listing: AIM

52 week High Low
1668 399.7

Sector: Investments and investor services

Website: www.plus500.co.uk

Company Synopsis:

Plus500 is a leading provider of Contracts for Difference (CFD's), delivering trading facilities on shares, forex, commodities and indices, alongside innovative trading technology. Plus500 is owned by Plus500UK Ltd. A UK based company with its main offices located in the city of London. The company is authorised and regulated by the Financial Services Authority (FSA) to offer Contracts For Difference (CFD).

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