Vodafone Group plc

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Vodafone and ITV at the top of Tuesday's agenda

All the talk about Vodafone Group plc (LON:VOD) at the start of the year was doom and gloom about whether it could, and should, maintain its dividend payout while completing its €18.4bn acquisition of European cable assets.

With debt at almost €27bn, new chief executive Nick Read bit the bullet and chopped the payout in May and Vodafone's share price, which had already been on the slide before he took charge, duly sank to its lowest in over 16 years.

But the shares have picked up strongly since then, with news that the company has pinched Virgin Media's mobile virtual network operator contract from BT Group PLC (LON:BT.A) adding to the stock's buoyancy.

Read has also been making progress in efforts to trim debt, such as via plan to spin-off mobile towers and the sale of the New Zealand business, as well as lowering future investment requirements via network sharing deals such as those in Italy and Spain.

But Vodafone's shares trade no higher now than they did in 1998, noted Russ Mould at AJ Bell, "so there is still a lot of work to be done".

Ahead of the FTSE 100-listed firm's half-year results on Tuesday, management has guided for "low single-digit" growth in underlying adjusted profits (EBITDA) compared to last year's €14.1bn and flat free-cashflow of at least €5.4bn before spectrum costs, which were around €1bn a year ago.

Analysts consensus points to second-quarter service revenues up 0.2% after falls of 0.7% and 0.2% in the preceding two quarters, while EBITDA is expected to rise by around 1.5% to just over €7bn.

After last year's dividend cut to nine euro cents, analysts are forecasting the full-year number will be pretty flat, implying a cut to the interim figure from last year of 4.84 euro cents a share.

Price: 154.38

Market Cap: £41.33 billion

1 Year Share Price Graph

Share Information

Code:		VOD
Listing:		LSE
52 week	**High**	**Low**
	169.46	**1.6912**
Sector:		**Telecoms**
Website:		**www.vodafone.com**

Company Synopsis:
Vodafone Group PLC is a mobile telecommunications company, with a significant presence in Europe, the Middle East, Africa, Asia Pacific and the United States. .

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Mould said investors should look out for any colour on the launch of 5G services in the UK, put back from the summer, and on the Liberty cable acquisition that made Germany Vodafone's largest market.

Christmas critical for ITV as BritBox takes on Netflix
A third-quarter trading update from ITV will reveal whether the challenges of the first half of the year have continued into the second and if any weakness has been offset by its dominance of the UK TV advertising market.

The blue-chip broadcaster's management is guiding for broadly flat advertising revenues for the quarter, anywhere between +1% to -1%, compared to a 5% decline in the first half.

Outlook for the all-important fourth quarter, which includes the Christmas period, will also be watched closely in addition to any early indicators of consumer uptake for ITV's BritBox streaming platform, which it is running as part of a

90%-owned joint venture with the BBC.

The group's attempt to take on Netflix and other streaming giants were given a boost this week after reports emerged that Channel 4 will also be throwing its weight behind the platform, providing even more content to attract subscribers.

Analysts at UBS are expecting ITV to report revenue of £710mln for the third quarter, a 6% increase year-on-year, while revenue from ITV Studios - the company's content production arm - are expected to rise 15% to £241mln.

Sector woes are worries for Land Securities
Real estate groups will be in the spotlight on Tuesday, with Land Securities Group PLC (LON:LAND) due to report its half-year results.

REITS are looking jittery this season after a recent profit warning from retail landlord Intu Properties PLC (LON:INTU) which said like-for-like rents are falling this year due to high street shops going bust.

Company voluntary arrangements (CVAs), the controversial measure employed by troubled companies to redraw contracts in a bid to stay afloat, gave Intu particular grief, and have the potential to hit profits at LandSec.

Swiss bank UBS says the firm, alongside its rival British Land, will be looking to sell out of retail with disposals set to continue.

Shareholders, meanwhile, will be looking to discover whether LandSec has been protected from the retail weakness by its office portfolio staying resilient, and might be reassured by updates from its £3bn development pipeline.

Hot data drives Experian
Credit data giant Experian PLC (LON:EXPN) will be sharing its own financial data, with expectations high that it can continue the organic growth trends of recent years in the latest half-year results.

Shares in the company have doubled over the past three and a half years to hit an all-time high of 2,641p in early September, but have dropped off 10% since.

For the full year and beyond Experian has guided for continued strong growth, with underlying profits (EBITA) to grow "ahead of" revenue, as North America continues to dominate with almost two-thirds of revenues and also the lion's share of profits.

UBS forecasts Experian's first-half profit margins continue to expand in its B2B business, but this will be offset by continued investment in B2C hurting margins there, giving adjusted profit before tax of US$617mln and earnings per share of 49.8 cents.

City broker Shore Capital expects UK and Ireland to show "stability", with Experian's B2B growth metrics at mid-single digit levels and stronger growth in consumer activities emerging, while core data activities in South America "continue to stabilise" and interest in new services such as 'Ascend' data analytics "appears to remain strong".

ShoreCap's positivity on the stock is based on its view of the company as a sector leader amid the "continuing data services-based revolution permeating commerce".

On the dawn of the '5G' data revolution, the broker said, "it is difficult to envisage a slow-down in the compounding growth being delivered in the 'data' industry".

All TalkTalk?
Talktalk Telecom Group PLC (LON:TALK) is due to report first-half results after enjoying strong demand for fibre broadband in the first few months of its financial year.

The company, which operates in a highly competitive market up against larger rivals BT Group, Virgin Media and Sky, said in July that revenue rose 1.3% in the first quarter with on-net revenue up 2.6%, as 70% of new customers took fibre in the three months to the end of June.

Management reiterated full-year guidance of strong underlying earnings (EBITDA) growth, underpinned by "accelerated fibre penetration" and cost reduction plans.

The analyst consensus is expecting underlying revenues of £389mln in the second quarter, implying flat growth.

First-half EBITDA is expected to be up 9% to £110mln including costs from the FibreNation joint venture that was set up a year ago, with the City number crunchers pencilling in £258mln for the full year.

Analysts at UBS noted that these figures are on an IAS17 accounting basis and TalkTalk is switching to IFRS16, for which there was not yet a consensus estimate.

"There will be no commentary on net adds, but we think TalkTalk is seeing continued moderate losses in its broadband base in a competitive UK market," the UBS analysts added, expecting a confirmation of guidance.

Discounting key at B&M European Value
Shareholders will be watching B&M European Value Retail's (LON:BME) half-year results to see whether steep discounting can keep attracting customers as it heads into the holiday season.

The FTSE 250-listed retailer, which sells everything from tonic water to carpet cleaner, heralded record Easter sales this year with revenues surging 21% higher amid plans to open 45 new stores a year, at a time when other high street shops are going bust.

Weakening consumer confidence continues to batter retailers, with Mothercare going into administration last week following the collapse of LK Bennett and Toys'R'Us earlier this year.

But Canadian bank RBC noted in a sector report that discounting attracted customers to B&M during the financial crisis and that the bargain store "has managed to hold onto them ever since".

The variety store has a "runway growth path" ahead for at least the next half-decade or more, according to analysts at broker Shore Capital, who said that B&M's current £3.7bn market valuation doesn't fully reflect this yet as they initiated coverage of the stock with 'buy' rating and a target price of 376p.

Significant events expected for Tuesday 12 November:
Interims: Vodafone Group plc (LON:VOD), ITV (LON:ITV), Land Securities Group PLC (LON:LAND), B&M European Value Retail SA (LON:BME), DCC PLC (LON:DCC), Electrocomponents (LON:ECM), Experian PLC (LON:EXPN), Premier Foods PLC (LON:PFD), Adept Technology Group PLC (LON:ADT), Aveva Group PLC (LON:AVV) Gear4music (Holdings) PLC (LON:G4M), Oxford Instruments plc (LON:OXIG)

Trading statements: Aggreko (LON:AGK), Meggitt PLC (LON:MGGT), Arrow Global Group PLC (LON:ARW), Assura PLC (LON:AGR), Gamesys Group PLC (LON:GYS)

AGMs: BHP Group PLC (LON:BHP), Craneware (LON:CRW), Galliford Try (LON:GFRD), Pacific Horizon (LON:PHI), Surface Transforms (LON:SCE)

Economic announcements: UK labour market, EU ZEW economic sentiment

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