

06:00 19 Nov 2019

EasyJet aims for steady landing, Melrose looking to improve

Later in the evening, Boris Johnson and Jeremy Corbyn will go head-to-head in the ITV party leaders debate, but in the early hours investors will be debating the merits of a smattering of company announcements.

Budget airline easyJet PLC (LON:EZJ) was confident its full-year profit will land at the higher end of its guidance when it put out a trading update last month.

With costs rising 12% on last year, the FTSE 250-listed firm's annual profit before tax is expected to touch down between £420m and £430m.

That would represent a 25%-27% decline from the £578m PBT a year ago but in the upper half of the £400m-£440m target issued by the airline's management, above the £417m analyst consensus.

Investors will mostly be looking for an update on the 2020 outlook, which was missing from the group's last update.

There will also be interest in any progress in the airline's "self-help initiatives" to help offset rising costs, as well as any more detail on the 18 new airport slots the company purchased earlier this month that were left vacant by the collapse of Thomas Cook.

Melrose making tracks

Meanwhile, Melrose Industries PLC (LON:MRO) will provide an update on their latest and biggest ever project, the turnaround of engineer GKN after gaining control via a hostile takeover a year and a half ago.

In the first half of 2019 GKN's three main divisions were said to be on track to meet targets, with adjusted and statutory revenues both doubling.

Referring to the group's 'buy, improve, sell' maxim, Melrose chairman Justin Dowley said the results showed "the initial fruits of the 'improve' stage of Melrose's ownership".

The Aerospace arm was accelerating in the first six months of the year, with organic revenue growth of 7%, which offset headwinds affecting the automotive sector and thus also dragging the group's Driveline business's revenue down 7%.

Although broker Peel Hunt said quarterly updates are traditionally low key affairs for the company, market sentiment is being driven higher by the "very robust" auto profit margin of 7.6% despite the revenue decline of 7% and the better than expected strength of the balance sheet, where 2.3x leverage at the half year.

"If these trends have continued through Q3, then the stock can kick on...The catalyst for the next stage of the re-rating is a disposal, which would take the leverage debate off the table and generate a cash return to investors."

Big Yellow surprise?

Peel Hunt also took a look at Big Yellow Group PLC (LON:BYG), with the share price performance of the self-storage

Price: 1478.88

Market Cap: £58.87 m

1 Year Share Price Graph



Share Information

Code: EZJ

Listing: LSE

| | | |
|----------------|-------------|------------|
| 52 week | High | Low |
| | 1557.5 | 840 |

Sector: Leisure, gaming and gambling

Website: www.easyjet.com

Company Synopsis:

EasyJet is engaged in the provision of a low-cost airline service on short-haul and medium-haul point-to-point routes principally within Europe.

action@proactiveinvestors.com

operators continuing unabated around 30% this year.

"Big Yellow experienced a period of reduced activity around the last Brexit date and it will interesting to see whether the same occurred in the run up to 31 October," the broker said.

Peel analysts think forward-looking returns are slowing and yet still the storage companies trade on "the highest respective P/E multiples we've seen for a number of years".

With half-year results due on Tuesday, the analysts said the first-quarter trading showed revenue broadly in line with forecasts "and we aren't expecting any surprises".

Tuesday 19 November

Finals: easyJet PLC (LON:EZJ)

Interims: AO World PLC (LON:AO.), Big Yellow Group PLC (LON:BYG), CML Microsystems Plc (LON:CML), Halma PLC (LON:HLMA), Homeserve PLC (LON:HSV), Palace Capital (LON:PCA), Scapa Group PLC (LON:SCPA), SRT Marine Systems PLC (LON:SRT), Telecom Plus PLC (LON:TEP), Trifast PLC (LON:TRI)

Trading statements: Melrose Industries PLC (LON:MRO), Equiniti Group PLC (LON:EQN), Keller Group PLC (LON:KLR), Polypipe Group PLC (LON:PLP)

Economic announcements: US housing data

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

No investment advice

The Company is a publisher. You understand and agree that no content published on the Site constitutes a recommendation that any particular security, portfolio of securities, transaction, or investment strategy is suitable or advisable for any specific person. You understand that the Content on the Site is provided for information purposes only, and none of the information contained on the Site constitutes an offer, solicitation or recommendation to buy or sell a security. You understand that the Company receives either monetary or securities compensation for our services. We stand to benefit from any volume which any Content on the Site may generate.

You further understand that none of the information providers or their affiliates will advise you personally concerning the nature, potential, advisability, value, suitability or profitability of any particular security, portfolio of securities, transaction, investment, 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.

The Site does not, and is not intended to, provide investment, tax, accounting, legal or insurance advice, and is not and should not be construed as providing any of the foregoing. You should consult an attorney or other relevant professional regarding your specific legal, tax, investment or other needs as tailored to your specific situation.