

Rowan Dartington

Weekly Corporate and Economic Calendars

20.11.2017



Rowan
Dartington

Corporate Calendar

| Date | | | | | | |
|------------|------------------------------|---------------------|-------------------------------|---------------------|------------------------|-----------------------|
| 20/11/2017 | Mitie Group | <i>Interims</i> | William Hill | <i>Announcement</i> | | |
| 21/11/2017 | Compass Group | <i>Finals</i> | EasyJet | <i>Finals</i> | Utilitywise | <i>Finals</i> |
| | Babcock International | <i>Interims</i> | Halma | <i>Interims</i> | Johnson Matthey | <i>Interims</i> |
| | Scapa | <i>Interims</i> | Aggreko | <i>Announcement</i> | Dunelm | <i>AGM</i> |
| 22/11/2017 | Thomas Cook Group | <i>Finals</i> | Hill & Smith | <i>Announcement</i> | Galliford Try | <i>Announcement</i> |
| 23/11/2017 | Severn Trent | <i>Interims</i> | Ex-Dividend | | | |
| | Centrica | <i>Announcement</i> | River & Mercantile | St Ives | National Grid | Young & Co |
| | Menzies | <i>Announcement</i> | Carnival | Vodafone | | |
| | Rotork | <i>Announcement</i> | | | | |
| 24/11/2017 | Petra Diamonds | <i>AGM</i> | Dunelm | <i>Announcement</i> | | |

Economic Calendar

| Date | Time | | Actual | Forecast | Previous |
|------------|-------|---|--------|----------|----------|
| 20/11/2017 | 15:00 | USD Leading Index (OCT) | - | 0.6% | -0.2% |
| 21/11/2017 | 09:30 | GBP Public Finances (PSNCR) (Pounds) (OCT) | - | - | 11.2b |
| | 15:00 | USD Existing Home Sales (MoM) (OCT) | - | 0.2% | 0.7% |
| 22/11/2017 | 13:30 | USD Initial Jobless Claims (NOV 18) | - | 240k | 249k |
| | 12:30 | GBP U.K. Chancellor Presents Budget to Parliament | - | - | - |
| | 13:30 | USD Durable Goods Orders (OCT P) | - | 0.3% | 2.0% |
| | 15:00 | EUR Euro-Zone Consumer Confidence (NOV A) | - | -0.9 | -1 |
| | 15:30 | USD DOE U.S Crude Oil Inventories (NOV 17) | - | - | 1854k |
| 23/11/2017 | 09:00 | EUR Markt Eurozone Manufacturing PMI (NOV P) | - | 58.2 | 58.5 |
| | 09:00 | EUR Markit Eurozone Services PMI (NOV P) | - | 55.2 | 55 |
| | 09:00 | EUR Markit Eurozone Composite PMI (NOV P) | - | 55.9 | 56 |
| | 09:30 | GBP Gross Domestic Product (YoY) (3Q P) | - | 1.5% | 1.5% |
| 24/11/2017 | 00:30 | JPY Nikkei Japan PMI Manufacturing (NOV P) | - | - | 52.8 |
| | 09:30 | GBP BBA Loans for House Purchase (OCT) | - | 40850 | 41584 |
| | 14:45 | USD Markit US Manufacturing PMI (NOV P) | - | 55 | 54.6 |

Source: Dailyfx

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Stock Focus

RSA Insurance (RSA.L)

Buy

GVQ = 10 (3+4+3)

Risk 3

RSA has recently had to downgrade 2017 pre-tax profit numbers by c.10% due to larger than expected claims from US/Caribbean hurricane costs and from UK Household (mainly burst pipes in-house, driven by growth in extensions and on-suite bedrooms). The hurricane costs are estimated to be £50m and could rise to £70m but no more than this as a result of reinsurance.

In the 3Q'17 Trading Update on 2nd November, the Group stated that Insurance and financial market conditions are similar to the first half (apart from one-off hurricane claims). Earnings have not been downgraded for 2018 because the 2017 claims costs are unlikely to be repeated. In addition, premium rates are rising in Household Insurance and are likely to rise in Catastrophe Insurance as a result of the escalation in costs. Other contributors to the 2018 profit rise will be continued improvements in underwriting, further cost savings and £14m lower interest charge in 2018 compared to 2017.

The shares are valued on a 12/18 P/E of 11.8x, a 30% discount to the Market. The stock is likely to yield a high 4.6% for 2018– the Group has a dividend policy of a base of 40-50% of EPS, but is likely to pay a small special dividend on top considering the stable earnings outlook (around 85% of RSA's insurance policies are renewed) and strong balance sheet. The Group has a good management team, is strongly cash generative, and has high market shares—Number 2 in UK Household and 1 of 4 main players in Scandinavia. These qualities slightly outweigh the negative that most of RSA's insurance markets are very competitive.

Share price - 606.5p (3pm)

FY'18 P/E - 11.8x

Market Cap - £6.2bn

FY'18 Yield - 4.6%

