

## **Daily Stock Market Review – 24 August 2017**

**Edward Rizzo**

Director

Rizzo, Farrugia & Co (Stockbrokers) Limited

### **MSE Share Index posts 3-day negative streak**

The **MSE Share Index** drifted lower for the third consecutive day as it shed a further 0.13% to a new 10-day low of 4,660.110 points, largely reflecting the drop in the share prices of BOV (-0.5%), MIA (-0.1%) and PG (-0.7%) which outweighed the gain in Malta Properties. Trading volumes continued to ease as only €0.1 million worth of shares changed hands today.

Amongst the large companies by capitalisation, four deals totalling 9,600 shares forced the equity of **Bank of Valletta plc** 0.5% lower back to the €2.13 level whilst **Malta International Airport plc** slipped by a minimal 0.1% to the €4.17 level across 4,003 shares.

**PG plc** retreated by 0.7% from its all-time high of €1.40 to the €1.39 level on two deals totalling 5,285 shares.

On the other hand, **Malta Properties Company plc** gained 0.6% to regain the €0.533 level across 50,000 shares.

Meanwhile, FIMBank, HSBC and RS2 closed the day unchanged. In the banking sector, a single deal of 29,612 shares left the equity of **FIMBank plc** at the USD0.75 level whilst **HSBC Bank Malta plc** maintained the €1.901 level on light volumes totalling 2,079 shares.

**RS2 Software plc** also finished flat today at the €1.78 level after recovering from an intra-day low of €1.75 (-1.7%) across a total of 6,646 shares. Yesterday, the IT Group published its 2017 interim financial results for the six-month period ended 30 June 2017. RS2 generated an EBITDA of €6.48 million (representing a 23.8% increase over the comparable period last year) and a net profit of €1.51 million (+9.1%) reflecting the growing income from service fees and managed services. The Group also reiterated its strategy of expanding internationally.

Between yesterday evening and this morning, three other companies issued their respective interim results. However, no trading activity took place in each of these equities during today's trading session. **Medserv plc** reported a pre-tax loss of €2.9 million compared to a pre-tax profit of €0.28 million in the first half of 2016, largely reflecting the difficult operating environment for oil and gas related companies worldwide. Nonetheless, Medserv noted that it is expecting substantial revenue growth for the years 2018 to 2020. This forecast is based on contracted works related to drilling projects and workover programs as well as the penetration to two new geographic markets by 2018.

**International Hotel Investments plc** registered an EBITDA of €27 million (including the consolidation of the Corinthia London Hotel) and a pre-tax loss of €2.3 million. The hotel chain operator noted that the general business outlook for its hotels and catering business remains positive with year-on-year growth forecasted in both turnover and operating profits. Looking ahead, IHI noted that its hotel management arm remains very active as it expects to conclude other hotel management agreements this year, including in the United States and Germany.

**Lombard Bank Malta plc** also published its 2017 interim financial results as at 30 June 2017. The Bank registered a 7.6% increase in pre-tax profits to €4.7 million, largely reflecting improved operating income and a notable decline in impairment allowances which was only partially offset by increase in operational expenses and the non-reoccurrence of the one off-gain registered in 2016. Looking ahead, Lombard expressed its confidence that the current momentum of business growth will deliver a strong earnings performance for the rest of this current financial year ending 31 December 2017.

On the bond market, the **RF MGS Index** erased some of yesterday's decline as it rebounded by 0.05% to 1,130.189 points. Euro zone sovereign yields edged lower today amid a political stand-off in the US related to the debt ceiling which might lead to a government shutdown.

[www.rizzofarrugia.com](http://www.rizzofarrugia.com)



*Stock markets are volatile and subject to fluctuations which cannot be reasonably foreseen. Past performance is not necessarily indicative of future results.*