

Daily Stock Market Review – 27 November 2017

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MSE Equity Price Index extends declines

The **MSE Equity Price Index** opened the week in negative territory as it extended last Friday's decline of 1.34% by a further 0.21% to a fresh thirteen-month low of 4,410.647 points. Trading activity was spread across twelve equities – seven drifted lower, three shares posted gains whilst **Malita Investments plc** (30,000 shares) and **Simonds Farsons Cisk plc** (25,250 shares) retained the €0.751 and €8.76 levels respectively. Volumes increased notably as they surged to a near four-week high of €0.72 million mainly reflecting heightened trading activity in Farsons.

The equity of **RS2 Software plc** extended its recent downward trend as it slipped by a further 1.5% to a fresh six-month low of €1.50 on volumes totalling 69,083 shares. This afternoon, RS2 issued a very detailed Interim Directors' Statement explaining the Group's current and prospective international expansion strategy. RS2 made reference to the new offices in Asia and the US as these are now fully operational and working to support the core team in Malta in terms of development and project delivery. The Group managed to form an alliance with a large corporation that provides 42% of the global travel market to offer their client processing services and consolidation of their business. Moreover, RS2 revealed that it is working on securing multi-million Euro processing deals for its managed services company in different regions. These deals could be closed by end of Q1 and Q2 2018. Meanwhile, the Group is in advanced stages of completing the implementation for customers in Canada and Columbia (translating these businesses into recurring income starting in 2018) and also completed a significant licence implementation project of one of its largest clients in the UK in July 2017. In addition, during Q3 2017, RS2 concluded an agreement with a Middle Eastern company, which provides online credit card processing and online payments, for a licence sale and its subsequent implementation. Overall, RS2 is expecting revenues for the current financial year ending 31 December 2017 to remain stable and comparable to 2016. Furthermore, the Group is expecting to maintain, and possibly marginally improve its profitability, over 2016. In conclusion, the Group noted that its sales pipeline across the different regions and across the two business lines remains very healthy and conducive to successfully implementing the Group's expansion strategy.

Also among the large companies by market capitalisation, **HSBC Bank Malta plc** lost 0.5% to the €1.851 level across 11,449 shares and **GO plc** retreated to the €3.50 level (-0.4%) on eight deals totalling 12,670 shares.

Medserv plc dropped by 4.6% to a new 2017 low of €1.15 albeit on a single deal of just 2,782 shares. Last week, the company issued an Interim Directors' Statement whereby it noted that earnings for the second half of the current financial year ending 31 December 2017 are lower than forecasted. However, the projected growth for the period between 2018 and 2020 remains strong based on drilling projects as well as workover programs already contracted and expected to come to fruition in the coming three years. Furthermore, the Medserv Group is aiming to penetrate two new geographic markets by 2018.

The equities of **GlobalCapital plc** and **FIMBank plc** also posted notable declines today. GlobalCapital plunged 8.2% to the €0.312 level across 30,235 shares and FIMBank lost 2.4% to the USD0.615 level on two deals totalling 17,209 shares.

In the property segment, **Malta Properties Company plc** drifted 3.8% lower to a fresh 23-month low of €0.481 across 82,260 shares.

Meanwhile, **Bank of Valletta plc** (99,343 shares) and **Malta International Airport plc** (13,008) advanced by 0.8% and 1.1% to regain the €1.80 and €4.65 levels respectively.

Mapfre Middlesea plc climbed by a minimal 0.1% to the €1.781 level on trivial volumes.

This morning, **PG plc** announced that its Board of Directors is scheduled to meet on Monday 4 December 2017 to consider the declaration of an interim dividend to all shareholders as at close of trading on Wednesday 29 November 2017. The interim dividend will be paid on Monday 11 December 2017. Moreover, the company's Board of Directors is also scheduled to meet on Wednesday 20 December 2017 to approve the interim financial statements for the six-month period ended 31 October 2017.

The **RF MGS Index** trended higher for the first time in three days as it rebounded by 0.1% to 1,128.420 points. Euro zone sovereign yields eased today despite positive developments in Germany on increased chances that Chancellor Angela Merkel might form another "grand coalition" with the Social Democrats, thus possibly breaking the current political deadlock.

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