

Friday, 21<sup>st</sup> September 2018

## Morning Round Up

### Ryanair AGM reassures shareholders

Having attended yesterday's AGM we remain confident in management's ability into the future. Both Chairman, David Bonderman, and Independent Non Executive Director, Kyran McLaughlin, were re-elected despite concerns over the extent of their tenures. Emer Daly and Roisin Brennan were welcomed as new members to the board. Profit guidance remains unchanged, with M'OL projecting a 10% fall in earnings this year due to the combination of higher fuel and labour costs. Management was confident in the progress being made with unions. It expects union agreements to be fully signed by Christmas, noting progress in Germany and Spain. M'OL was keen to highlight that media and certain members of various unions have exaggerated the significance in the disagreements, citing their openness for local contracts across countries. M'OL confirmed strike action is likely in the short term as it will not bow to proposals that will jeopardise its business model. Again management flagged the risk of a hard Brexit. Despite the broadly positive morning the stock fell 2% yesterday. This is likely to have been driven by M'OL's comments regarding his own future as CEO. Although he told reporters of his enjoyment running the company he was unsure if he would like to remain as CEO in five years time adding the possibility of moving to a 12 month contract. We maintain our Outperform rating and continue to advise clients to pick up the stock at these levels. Patience is required from investors in the short term.

### Salzburg Summit ends with little progress

The EU leaders summit in Salzburg concluded yesterday after a difficult two days of negotiating. May leaves the Austrian city having achieved very little as the [positive tones](#) from earlier in the week have soured. May again ruled out a sea border and promised to issue "our own" solution shortly, however, she did recognise the importance of not having border points and checks on the Island of Ireland. European Council President, Donald Tusk, dubbed the October leaders' summit (provisionally set for 17<sup>th</sup>-18<sup>th</sup> of October) the moment of truth for Brexit where there must be "maximum progress". Macron finished the summit by calling brexiteers "liars" and warned that "Brexit shows us one thing: it's not that easy to exit European Union.". The increasingly negative outlook should have caused the pound to weaken as the summit progressed, however, likely due to strong UK data it held ground in the low £0.88 up until Thursday. The expected weakening began late in Thursday's session and continued into Friday, crossing above £0.89. Brexits next test will be the Conservative Party Conference at the end of this month. May would have been hoping to have had the EU largely on board with her Chequers deal going into the conference. The current state of affairs leaving her in a much weaker position and open to challenge from the Brexiteer.

### Applegreen posts solid half year results

Applegreen released its results for the first half of the year this morning however shares remain suspended with the acquisition of Welcome Break ongoing. The performance for the first half of the year was broadly positive despite the severe weather conditions in March. Revenue increased by 27% to €854.9m, and Adj Ebitda increased by 17% to €19.4m, however profit before tax was flat at €10.1m. Like for like sales grew by 3.5% from the same period last year while acquisitions in 2017 further added to growth. The estate grew by 26 sites to 368 sites in total with 7 new sites in the Republic of Ireland, 15 in the UK and 4 in the US. CEO, Bob Etchingham, cited performance as "robust notwithstanding the difficult trading conditions caused by the exceptional weather in March". Since the 30th of June it has added 4 stand alone sites as well as completing the acquisitions of a 7 site group based in in South Carolina and a network of 43 Petrol Filling Station sites in Florida. These were solid results however the acquisition of Welcome Break will drive performance once trading reopens.

Source: Bloomberg, CF Research September 2018

### Key Upcoming Events

21/09/2018 European and US PMI  
26/09/2018 Fed Interest Rate Decision  
30/09/2018 Conservative Party Conference

### Market View

US markets have continued to push forward with the S&P 500 and the Dow reaching all time highs yesterday evening. European markets have opened up strongly this morning buoyed by the possibility of reduced tariffs on exports to China. Sterling has held up relatively well (EUR/USD 0.89) despite the EU criticising May's Brexit plan and the failure regarding the back stop agreement. Dollar weakness has continued with EUR/USD now trading at 1.178. The US 10 year yield remains close to four month highs at 3.07%. Prior to OPEC meeting this weekend oil continues to post gains.

### Market Moves

	Value	Change	% Change	% Change YTD
Dow Jones	26657	251.22	0.95%	7.84%
S&P	2931	22.80	0.78%	9.62%
Nasdaq	8028	78.19	0.98%	16.29%

Nikkei	23870	195.00	0.82%	4.85%
Hang Seng	27909	431.30	1.57%	-6.72%

Brent Oil	78.88	0.18	0.23%	17.96%
WTI Oil	70.45	0.13	0.18%	16.60%
Gold	1211	3.54	0.29%	-7.07%

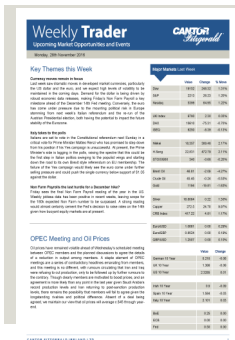
€/\$	1.1798	0.00	0.18%	-1.72%
€/£	0.8907	0.00	0.34%	0.30%
£/\$	1.3246	0.00	-0.14%	-1.98%

	Yield	Change
German 10 Year	0.48	0.01
UK 10 Year	1.595	0.01
US 10 Year	3.0795	0.02

Irish 10 Year	0.972	0.01
Spain 10 Year	1.513	0.00
Italy 10 Year	2.87	-0.0130

Source: Bloomberg, CF Research September 2018

# Cantor Publications & Resources



## Weekly Trader

On Mondays, we release our weekly note in which we provide a view on equity markets for the coming days, and highlight a number of equities which we believe provide exposure to the important themes unfolding in the markets. Our in-house Investment Committee meets on a weekly basis to craft this strategy, thereby allowing clients to dynamically position portfolios to take advantage of the most up to date market developments.

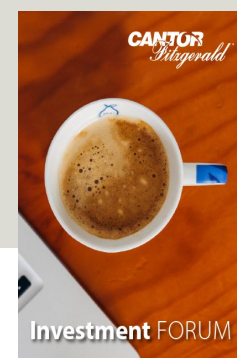
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Each month our Private Client and Research departments collaborate to issue a publication which highlights the performance of our flagship products, funds and our Core Portfolio, including the Green Effects fund, most recent private equity deals and structured product investment opportunities.

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## Investment Forum

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## Regulatory Information

### Issuer Descriptions: (Source: Bloomberg)

Ryanair: Ryanair Holdings plc provides low fare passenger airline services to destinations in Europe.

Applegreen: Applegreen operates service stations in Ireland, the UK and US.

### Historical Recommendation:

Ryanair: Ryanair was added to the Core Portfolio at inception in and have had an Outperform recommendation since then

Applegreen: We have initiated cover on Applegreen at Market Perform on the 14/08/17.

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