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## UK Broker Upgrades / Downgrades

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| Code                      | Company                         | Broker                  | Recomm. From | Recomm. To     | Price From | Price To |
|---------------------------|---------------------------------|-------------------------|--------------|----------------|------------|----------|
| <b>Upgrades</b>           |                                 |                         |              |                |            |          |
| BVIC                      | Britvic Plc                     | JP Morgan Cazenove      | Neutral      | Overweight     |            |          |
| DRX                       | Drax Group Plc                  | Barclays Capital        | Equal weight | Overweight     |            |          |
| EVR                       | Evraz Plc                       | JP Morgan Cazenove      | Neutral      | Neutral        | 400        | 405      |
| FRES                      | Fresnillo Plc                   | JP Morgan Cazenove      | Neutral      | Neutral        | 550        | 600      |
| SSE                       | SSE Plc                         | Barclays Capital        | Equal weight | Overweight     |            |          |
| SSPG                      | SSP Group Plc                   | Citigroup               | Buy          | Buy            | 720        | 740      |
| TALK                      | TalkTalk Telecom Group Plc      | HSBC                    | Reduce       | Hold           |            |          |
| <b>Downgrades</b>         |                                 |                         |              |                |            |          |
| AVST                      | Avast Plc                       | Credit Suisse           | Outperform   | Outperform     | 540        | 480      |
| BT.A                      | BT Group Plc                    | JP Morgan Cazenove      | Overweight   | Overweight     | 260        | 240      |
| DGE                       | Diageo Plc                      | Credit Suisse           | Outperform   | Outperform     | 3630       | 3550     |
| LSE                       | London Stock Exchange Group Plc | Keefe, Bruyette & Woods | Outperform   | Market Perform |            |          |
| MCS                       | McCarthy & Stone Plc            | Jefferies International | Buy          | Hold           |            |          |
| <b>Initiate/Reiterate</b> |                                 |                         |              |                |            |          |
| AA.                       | AA Plc                          | Peel Hunt               | Buy          | Buy            | 160        | 160      |
| ASHM                      | Ashmore Group Plc               | Peel Hunt               | Add          | Add            | 600        | 600      |
| AZN                       | AstraZeneca Plc                 | JP Morgan Cazenove      | Overweight   | Overweight     | 8500       | 8500     |
| BAB                       | Babcock International Group Plc | Peel Hunt               | Add          | Add            | 668        | 668      |
| BAKK                      | Bakkavor Group Plc              | Peel Hunt               | Buy          | Buy            | 190        | 190      |
| BDEV                      | Barratt Developments Plc        | Peel Hunt               | Hold         | Hold           | 805        | 805      |
| BEZ                       | Beazley Plc                     | Goldman Sachs           |              | Neutral        |            | 555      |
| BEZ                       | Beazley Plc                     | Peel Hunt               | Reduce       | Reduce         | 450        | 450      |
| BWY                       | Bellway Plc                     | Peel Hunt               | Add          | Add            | 4330       | 4330     |
| CPG                       | Compass Group Plc               | Deutsche Bank           |              | Hold           |            | 1850     |
| CVSG                      | CVS Group Plc                   | Peel Hunt               | Buy          | Buy            | 1150       | 1150     |
| DCC                       | DCC Plc                         | Peel Hunt               | Buy          | Buy            | 7241       | 7241     |
| DGE                       | Diageo Plc                      | JP Morgan Cazenove      | Underweight  | Underweight    | 2800       | 2800     |
| DGE                       | Diageo Plc                      | Citigroup               | Buy          | Buy            | 3600       | 3600     |
| DNLM                      | Dunelm Group Plc                | Peel Hunt               | Buy          | Buy            | 1250       | 1250     |
| DOM                       | Domino's Pizza Group Plc        | Peel Hunt               | Buy          | Buy            | 340        | 340      |
| FDEV                      | Frontier Developments Plc       | Peel Hunt               | Buy          | Buy            | 1500       | 1500     |
| HSX                       | Hiscox Ltd                      | Goldman Sachs           |              | Buy            |            | 1590     |
| ICP                       | Intermediate Capital Group Plc  | Citigroup               |              | Buy            |            | 1966     |
| LRE                       | Lancashire Holdings Ltd         | Goldman Sachs           |              | Buy            |            | 860      |
| LRE                       | Lancashire Holdings Ltd         | Peel Hunt               | Hold         | Hold           | 730        | 730      |
| MCB                       | Mcbride Plc                     | Peel Hunt               | Hold         | Hold           | 60         | 60       |

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|------|-----------------------------|---------------------|------------------|------------------|------------|----------|
| OCDO | Ocado Group Plc             | Peel Hunt           | Buy              | Buy              | 1700       | 1700     |
| PDL  | Petra Diamonds Ltd          | Peel Hunt           | Buy              | Buy              | 18         | 18       |
| POLY | Polymetal International Plc | Berenberg           | Buy              | Buy              | 1420       | 1420     |
| PRV  | Porvair Plc                 | Peel Hunt           | Buy              | Buy              | 600        | 600      |
| RDSB | Royal Dutch Shell 'B'       | RBC Capital Markets | Sector Performer | Sector Performer | 2600       | 2600     |
| RDW  | Redrow Plc                  | Peel Hunt           | Buy              | Buy              | 925        | 925      |
| RM.  | RM Plc                      | Peel Hunt           | Buy              | Buy              | 330        | 330      |
| SGRO | Segro Plc                   | Peel Hunt           | Hold             | Hold             | 900        | 900      |
| SMP  | St Modwen Properties Plc    | Peel Hunt           | Hold             | Hold             | 450        | 450      |
| TOWN | Town Centre Securities Plc  | Peel Hunt           | Buy              | Buy              | 240        | 240      |
| TPK  | Travis Perkins Plc          | JP Morgan Cazenove  | Neutral          | Neutral          | 1430       | 1430     |
| UTG  | Unite Group Plc             | Peel Hunt           | Buy              | Buy              | 1200       | 1200     |
| YOU  | YouGov Plc                  | Berenberg           | Buy              | Buy              | 700        | 700      |

## Key UK Corporate Snapshots Today

**ADM Energy Plc (ADME.L)** Announced that the company has entered into a non-binding memorandum of understanding with Trafigura Pte Ltd, a market leader in the global commodities industry whose core business is the physical trading of oil and petroleum products and metals and minerals, to develop investment opportunities in the African energy sector. Under the terms of the MOU, it is the intention of ADM and Trafigura to create a strategic alliance where ADM will act as the sponsor for investment opportunities in the African energy sector which will be presented to Trafigura for consideration as a trading counterparty, or financing provider.

**Arden Partners Plc (ARDN.L)** Announced, in its preliminary results for the year ended 31 October 2019, that revenues fell to £6.6 million from £7.4 million. Loss before tax stood at £2.6 million. The basic loss per share was 8.9p.

**Avacta Group Plc (AVCT.L)** Announced that it has signed a collaboration and license agreement with AffyXell Therapeutics, the recently established joint venture with Daewoong Pharmaceutical to develop Affimer proteins to be used by AffyXell for the generation of new cell and gene therapies. Under the terms of the collaboration and license agreement, the company's research and development costs associated with generation of the Affimer proteins will be funded by AffyXell. In addition, it will retain the rights to commercialise the Affimer proteins outside of the field of cell therapies.

**Beowulf Mining Plc (BEM.L)** Announced, in its management update, that the Board would meet in Stockholm on 12 February 2020 to discuss the continuing and unacceptable delays in getting a decision from The Government of Sweden on the Company's application for an Exploitation Concession for Kallak. Moreover, the board is already in receipt of a paper detailing options, prepared by the Company's lawyers, and actively considering ring-fencing funds for legal action.

**Burford Capital Limited (BUR.L)** Announced, in its trading update, that cash returns remained robust and increased slightly with the balance sheet core litigation finance portfolio producing 93% roic and 31% irr (2018: 85% and 30%, respectively) since inception. Burford again deployed \$1.1 billion to investments in the year, which continues to build the portfolio for future expected returns. Balance sheet net realised gains and unrealised gains for 2019 are expected to be lower than in 2018. Had January's events occurred in December, Burford's 2019 results would have been materially higher as Burford would have been obliged to take a meaningful portion of those future expected profits into income immediately.

**Drax Group Plc (DRX.L)** Announced that it has provisionally secured agreements to provide a total of 2,562MW of capacity (de-rated 2,333MW) from its existing gas, pumped storage and hydro assets. The agreements are for the delivery period October 2022 to September 2023, at a price of £6.44/kW and are worth £15 million in that period. These are in addition to existing agreements which extend to September 2022. A new-build CCGT at Damhead Creek and four new-build Open Cycle Gas Turbine projects participated in the auction but exited above the clearing price and did not accept agreements.

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| <b>Ebiquity Plc (EBQ.L)</b>                           | Announced that it has entered into a conditional share purchase agreement to acquire the remaining minority stake in its Italian subsidiary Ebiquity Italy Media Advisor S.r.l ("Ebiquity Italy"), with the total consideration expected to be €3.4 million. As part of the transaction, Ebiquity will acquire the remaining 49% currently held by the subsidiary's founders, CEO Arcangelo DiNieri (36.75%) and the General Manager Maria Gabrielli (12.25%) (the "Founders"), who will retire from executive roles in the business but will remain advisers to the business to ensure a smooth transition. Giulia Biesuz, previously Media Client Service Director, will succeed Arcangelo becoming Managing Director of the subsidiary following the transaction. The transaction is expected to complete in April 2020.   |
| <b>FireAngel Safety Technology Group Plc (FA..L)</b>  | Announced, in its trading update for the year ended 31 December 2019, that sales for the year are expected to be up 20.0%. at approximately £45.5 million (2018: £37.6 million) and the underlying operating loss <sup>1</sup> , before the impact of the change to straight line amortisation, previously described in the company's interim results announcement released on 24 September 2019 is expected to be approximately £2.9 million (2018: underlying operating loss of £2.0 million), in line with market expectations. Underlying operating loss for the Year, before the impact of the change to straight line amortisation of approximately £2.9 million, is before exceptional charges of approximately £5.3 million (further details of which are set out below) and a share-based payments charge of £37,000 (2018: underlying operating loss of £2.0 million is stated before exceptional charges of £3.7 million and a share-based payments charge of £0.1 million). |
| <b>Future Plc (FUTR.L)</b>                            | Announced, in its trading update for the period of four months ended 31 January 2020, that the it has recorded strong organic revenue growth which together with improved conversion of higher margin revenues, in both eCommerce and digital display advertising is benefitting the Group's trading results. Additionally, cash position remains ahead of the Board's expectations.  |
| <b>GCP Infrastructure Investments Limited (GCP.L)</b> | Announced the publication of its investor report, which is available at <a href="http://www.graviscapital.com/funds/gcp-infra/literature">www.graviscapital.com/funds/gcp-infra/literature</a> < <a href="http://www.graviscapital.com/funds/gcp-infra/literature">http://www.graviscapital.com/funds/gcp-infra/literature</a> > .  |
| <b>Hummingbird Resources Plc (HUM.L)</b>              | Announced that its 2020 guidance and a 5-year Rolling Mine Plan at its Yanfolila Gold Mine based on its updated open pit Reserves, announced on 17 December 2019. The company's guidance for the calendar year to 31 December 2020 is to pour 110,000 to 125,000 ounces of gold and an AISC on gold dore sold of \$850 to \$895 based on spot gold price of \$1,350 and a diesel price of \$0.70 per litre at site.   |
| <b>IG Group Holdings Plc (IGG.L)</b>                  | Announced that Robert Michael (Mike) McTighe commences his role as Chairman of the company today. Additionally, the board of the company has agreed to appoint Mike McTighe as Chairman of the Nomination Committee and as a member of the Remuneration Committee with immediate effect.  |
| <b>Imperial Brands Plc (IMB.L)</b>                    | Announced that Stefan Bomhard will join the Board as Chief Executive Officer (CEO), effective at a date to be announced. Alison has stepped down as CEO and as a board Director with immediate effect.  |
| <b>Integumen Plc (SKIN.L)</b>                         | Announced that it has entered into a commercial and AI development partnership with Acumen Software (Pty) Ltd of South Africa. The cooperative alliance has been established to create a combined offering of Acumen's integrated mobile asset and management software platform with RinoDrive's data analytics, data refining capabilities and RAWTestTM AI real-time water monitoring service. This new offering will be rolled-out to their respective strategic business partners that extend across Asia, North and South America, and Australia.  |
| <b>Investec Plc (INVP.L)</b>                          | Announced the disclosures made with respect to Basel III quarterly disclosure requirements. Further, capital disclosures are prepared based on Investec Limited and Investec Bank Limited's Foundation Internal Ratings Based (FIRB) approach for calculating regulatory capital with effective from 1 April 2019.  |
| <b>IronRidge Resources Limited (IRR.L)</b>            | Announced that multiple additional high-grade and broad gold intersections have been returned from remaining drilling assay results received for the first phase exploration programme completed at the Zaranou Gold Project in Côte d'Ivoire. The license borders with Ghana and is along strike from significant operating gold mines including Chirano, Bibiani and Ahafo. All drill intersections are open along strike and down-dip, continuing to highlight the significant gold mineralisation potential within the Zaranou target. A total of seven AC traverses with selected deeper RC holes and a single RC hole section in Line 8 were drilled for the maiden drill programme.  |

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| <b>Knights Group Holdings Plc (KGH.L)</b>      | Announced that it has acquired the entire issued share capital of Simon Leighton Limited, Arthur Chapman Limited and Bob Agnew Limited being the corporate shareholders of Croftons Solicitors LLP, a specialist housing, regeneration and commercial real estate law firm in Manchester. Separately, the company announced that it has issued 869,983 new ordinary shares of 0.2 pence in Knights. Numis Securities Limited has exercised its warrant rights over 706,897 ordinary shares in the Company of 0.2 pence each that have been in place since IPO in June 2018 and which represent 0.94% of the company's enlarged share capital.   |
| <b>Marlowe Plc (MRL.L)</b>                     | Announced that it has acquired Eurosafe U.K. Group Limited for an enterprise value of £2.5 million. For the year to 31 March 2019, Eurosafe generated revenues of £3.4 million.   |
| <b>NAHL Group Plc (NAH.L)</b>                  | Announced, in its trading statement for the year ended 31 December 2019, that the UK property market contracted further and the group's Residential Property division made a small loss. The Personal Injury (PI) division faced competitive pressures and continued panel volatility during the period. This resulted in a higher cost of generating new claims and impacted total volumes and placement, resulting in fewer claims being passed through to the group's ABS structures. The group's Critical Care division traded well in 2019 and the Board expects this to continue into 2020. Despite the difficult backdrop for the UK property market, the board expects its Residential Property division to grow, albeit from a smaller base. |
| <b>Pennant International Group Plc (PEN.L)</b> | Announced, in its trading update in respect of its financial year ending 31 December 2019, that revenue stood at £20 million and net debt stood at £2.2 million during the period. It invested over £3 million in freehold property. Separately, it announced that Pennant Australasia Pty Ltd, the company's wholly-owned Australian subsidiary has been awarded a contract for the supply of Pennant training aids and associated services for aviation technician training for the Australian Defence Force at a new training facility in Nowra, Australia. The company also received an order valued at £1.5 million for the provision of additional training aids to the Middle East.  |
| <b>President Energy Plc (PPC.L)</b>            | Announced, in its trading update, that the group reported a turnover of approximately \$41 million (2018 - \$47 million) with average price realisation in Argentina 19% less in 2019 than in 2018. The current year has got off to a good and profitable start with January showing a material improvement from H2 2019. The company is cautiously optimistic that the macro environment in Argentina has calmed and that we may well see beneficial developments during the year. The company repeats its guidance for 2020 of average production in excess of 4,000 boepd.   |
| <b>Safestay Plc (SSTY.L)</b>                   | Announced, in its trading statement for the period of 12 months ending 31 December 2019, that revenues rose £18.3 million with like for like revenues up 7%. Additionally, 43% growth recorded in F&B revenues representing 14% of total revenues. Separately, the integration of the new hostels acquired in 2019 is proceeding well with the investment made over the last three years in centralised IT and booking systems.   |
| <b>SIG Plc (SHI.L)</b>                         | Announced that on 31 January 2020 it completed the sale of its Air Handling Division to France Air Management SA for an enterprise value of £187.0 million on a cash free, debt free basis. The net proceeds received by SIG were £151.9 million, exclusive of the repayment of debt owed to SIG by the Air Handling Division of £34.3 million. The net proceeds are subject to customary post-completion adjustment for actual levels of cash, debt and working capital in the Air Handling Division at completion.  |
| <b>SpaceandPeople Plc (SAL.L)</b>              | Announced, in its pre-close trading update ahead of its preliminary results for the year ended 31 December 2019, that trading during the final quarter of 2019 was stronger than anticipated in the promotions divisions, however, was subdued in the retail divisions. As a result, overall revenue at £7.7 million for the year was lower than expected, but due to lower direct costs, gross profit and profit before taxation were broadly in line with market expectations. It also announced that a multi-year agreement has been signed with Abellio to provide commercialisation activity in the Greater Anglia and West Midlands rail regions.   |
| <b>Starcom Plc (STAR.L)</b>                    | Announced, in its trading update, that the company expects its audited results for the year ended 31 December 2019 in early March 2020. The company's preliminary unaudited accounts for 2019 show an improvement over the previous year and in line with current market expectations: revenues are significantly higher at around \$6.8 million, an increase of 14% (2018: \$5.99 million) and gross margin remained stable at 41% (2018: 40%). Subject to final audit, Adjusted EBITDA* for the year is expected to be approximately \$300,000 (2018: Adjusted EBITDA loss of \$8,000). The board considers   |

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the progress made in 2019 provides a solid start to 2020 and that it indicates a promising growth trajectory for Starcom for this year and next.

## **Tritax Big Box REIT Plc (BBOX.L)**

Announced, in its trading update, that the group reported an unaudited total portfolio value, comprising Investment assets and development assets, (the "Portfolio") of £3.94 billion as at 31 December 2019 (30 June 2019: £3.85 billion), including all forward funded development commitments along with 58 investment assets let or pre-let to 40 institutional quality tenants with contracted annual rental income of £166.6 million as at 31 December 2019. The company continues to target an average yield on cost of 6-8% across its entire portfolio of development assets, well above the group's current portfolio valuation yield of 4.5% at the year end. During 2019, the company completed five pre-let forward funded developments totalling 4.3 million sq ft, along with three Tritax Symmetry developments totalling 0.4 million sq ft. The company continues to target an aggregate dividend of 6.85p per share for the year ended 31 December 2019 (of which 5.1375p per share has already been paid for the nine months ended 30 September 2019). The company intends to maintain its progressive dividend policy during 2020.

## **Watchstone Group Plc (WTG.L)**

Announced that its Canadian subsidiary, Quindell Services Inc. has now received the final change of control consent in respect of its agreement to sell its wholly owned subsidiary PT Healthcare Solutions Corp. and other subsidiaries forming its Canadian Healthcare services business to 11628542 Canada Inc. a wholly owned subsidiary of LM Holdings Corp. Further, completion of the transaction is expected to take place on or about 7 February 2020 pursuant to the terms of the purchase agreement.

## **Wentworth Resources Plc (WEN.L)**

Announced, in its operational update, that full year average production from Mnazi Bay for 2019 was 70.29 MMscf/d (gross). Additionally, the MB-2 flowline repairs were completed and the well was returned to production on 21 December 2019, also the MB-4 was recompleted to include access to the Lower Mnazi Bay sands, which has increased the production potential of the well by c. 15 MMscf/d. Separately, the NPV10 after tax for the 2P reserves at 31 December 2019 is \$118.6 million net to Wentworth, compared to \$128.7 million for 2018. Moreover, the company increased its cash position by \$4.0 million and made total debt repayments of \$7.3 million (including interest), while returning \$1.0 million to shareholders through its maiden interim dividend.

## **Yellow Cake Plc (YCA.L)**

Announced, in its quarterly operating update, that estimated net asset value at 31 December 2019 was £2.11 per share or \$245.3 million, consisting of 9,616,385 lbs of U3O8 valued at a spot price of \$25.00/ lb, a derivative financial liability of \$2.7 million and other net assets of \$7.6 million. Value of U3O8 held by Yellow Cake decreased over the quarter from \$246.7 million to \$240.4 million. Total increase in value of U3O8 held by Yellow Cake of 15.3% to \$240.4 million relative to the aggregate acquisition cost of \$208.6 million. As at close on 31 January 2020, the company's share price was £1.87 per share, which represents a 10% discount to the above estimated net asset value of £2.07 per share.



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## Risk Warning & Disclaimer

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