

MORNING NEWS CALL

REUTERS

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EARNINGS ROUNDUP



TOP NEWS

- **Toymaker Hasbro's quarterly revenue, profit top estimates**

Toymaker Hasbro topped Wall Street estimates for profit and revenue in the second quarter as it emerged from the worst effects of last year's Toys 'R' Us bankruptcy, sending its shares up nearly 7 percent in premarket trading.

- **Blackstone wins EU approval to buy Thomson Reuters unit**

U.S. private equity firm Blackstone Group has secured EU antitrust approval to acquire a majority stake in Thomson Reuters' Financial and Risk unit, the European Commission said.

- **Halliburton revenue beats on higher North America rig count**

Oilfield services provider Halliburton's quarterly revenue rose 24 percent to beat analysts' estimates as higher oil prices encouraged U.S. oil and gas producers to put more rigs to work.

- **Buyout firm Apollo to buy LifePoint Health in \$5.6 billion deal**

Private equity firm Apollo Global Management will buy LifePoint Health in a deal valued at about \$5.6 billion, the U.S. hospital operator said.

- **KKR-led consortium to buy Taiwanese chemicals firm LCY for \$1.56 billion**

A consortium led by KKR & Co agreed to acquire Taipei-listed LCY Chemical in a \$1.56 billion stock deal, the companies said on Sunday, marking it the U.S. private equity firm's first deal in the island in more than a decade.

BEFORE THE BELL

Wall Street indexes were set to open lower as U.S.-China trade tensions escalated after President Donald Trump threatened to impose tariffs on all \$500 billion of U.S. imports from China. **European stocks** declined weighed by Fiat and Ryanair. Japan's **Nikkei** ended lower on speculation that the Bank of Japan could wind back its exchange-traded fund purchases, while the Japanese yen rallied. **Oil** rose as tensions worsened between Iran and the **U.S.** **Gold** prices were down. Alphabet is scheduled to report quarterly results after markets close.

STOCKS TO WATCH

Results

- **Halliburton Company** (HAL). The oilfield services provider's quarterly revenue jumped 24 percent as higher oil prices encouraged U.S. oil and gas producers to put more rigs to work. The company's revenue rose to \$6.15 billion from \$4.96 billion. Net profit attributable to Halliburton rose to \$511 million, or 58 cents per share, in the second quarter ended, from \$28 million, or 3 cents per share, a year earlier. The company took a charge of \$262 million in the year-ago quarter.

- **Hasbro Inc** (HAS). The toymaker topped Wall Street estimates for profit and revenue in the second quarter as it emerged from the worst effects of last year's Toys 'R' Us bankruptcy. "We are focused on moving beyond the near-term disruption of losing a major



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customer, with a clear path forward including new retailer activations to meet the consumer demand made available by the Toys 'R' Us departure," Chief Executive Officer Brian Goldner said in a statement. Net earnings fell to \$60.3 million, or 48 cents per share, in the second quarter ended from \$67.7 million, or 53 cents per share, a year earlier. Analysts had expected earnings of 29 cents per share. The company's revenue fell 7 percent to \$904.5 million in the quarter, but was nearly half the drop that analysts were expecting. Analysts on an average were estimating revenue of \$833.1 million.

- **Koninklijke Philips N.V.**(PHG). Temporary problems in China led to disappointing second quarter sales at healthcare technology company but sales growth is expected to strengthen in the second half of the year, it said. Philips reported a 4 percent increase in comparable sales last quarter to 4.29 billion euros. That was the bottom end of the company's targeted range and below the average of 4.9 percent predicted in a Reuters poll, as sales of personal healthcare products declined in China. Philips maintained its full year forecast of "mid single digit" growth for the personal health division, whose products range from toothbrushes to machines to relieve sleep apnea. Sales of the division rose 2 percent in the second quarter.

- **Ryanair Holdings plc** (RYAAY). The company warned investors of more strikes and weaker ticket prices this summer, pushing its shares down sharply, as it heads into the worst week of stoppages it has faced in more than three decades of flying. Ryanair said it was on course to hit its annual profit target despite the disruption but fraught relations with staff and pressure on fares took their toll. In financial results for the three months to June 30, Ryanair saw profit fall 20 percent from the same period last year on higher staff and fuel costs, and weaker fares. But its profit of 319 million euros was ahead of the average estimate in a company poll of analysts of 305 million euros. Revenues for optional extras like pre-assigned seating and priority boarding grew 25 percent in the quarter, helping to offset a fall of 4 percent in average fares.

Deals Of The Day

- **Apollo Global Management LLC** (APO) & **LifePoint Health Inc** (LPNT). The private equity firm will buy LifePoint Health in a deal valued at about \$5.6 billion, the U.S. hospital operator said. LifePoint shareholders will receive \$65 per share in cash, a premium of 35.7 percent to the stock's Friday closing price.

KKR & Co Inc (KKR). A consortium led by the private equity firm signed an agreement to acquire Taipei-listed LCY Chemical in a stock deal that values the firm at \$1.56 billion, the companies said on Sunday. KKR, leading a consortium of investors including LCY's employees and family members of its founders, will pay T\$56 per share, representing a 17.3 percent premium to LCY's closing price on July 20. Upon completion, KKR will hold a majority and controlling interest in LCY.

- **Syntel Inc** (SYNT). French technology services company Atos agreed to acquire the company in an all-cash transaction valued at about \$3.57 billion, including net debt, the companies said on Sunday. Atos will pay \$41 per share, which represents a premium of 4.78 percent to Syntel's closing price of \$39.13 on Friday. The deal, which is subject to regulatory approval, was unanimously approved by Syntel's board of directors, the companies said in a joint statement. Syntel Chief Executive Rakesh Khanna will become a member of Atos' executive committee. Syntel is expected on Thursday to report second-quarter revenue of \$249.7 million and earnings per diluted share of \$0.49, the company said.

Moves

- **Fiat Chrysler Automobiles N.V.** (FCAU). The company's new boss Mike Manley faces the task of executing his predecessor's plan to boost production of SUVs and catch up on electric cars to keep the world's seventh-largest carmaker competitive in the absence of a merger. Jeep division head Manley was named on Saturday to succeed Chief Executive Sergio Marchionne, one of the auto industry's most tenacious and respected leaders, who fell seriously ill after suffering complications following surgery.

In Other News

- **Alibaba Group Holding Limited** (BABA). The company and Tencent are involved in talks to buy a minority stake in advertising giant WPP's Chinese unit, Sky News reported on Saturday, citing unidentified sources. Sky News said the firms, along with China Media Capital Holdings (CMC), were in early-stage discussions about buying roughly 20 percent of WPP China in a deal that would value the business between \$2 billion and \$2.5 billion. The China deal, which could take several months to conclude, would see WPP pool its Chinese agency operations into a new holding company and retain majority ownership and control, Sky News said. The report said the deal had been brewing since before Sorrell left, and that Quarta went with co-chief operating officer Andrew Scott to China this month to continue talks.

- **Amazon.com Inc** (AMZN). Big companies in the United States from Amazon.com to Toyota Motor and Alcoa are working to counter the effect of the Trump administration's trade policies and to head off new tariffs. Companies are attempting to avoid any confrontation with U.S. President Donald Trump but want to exert as much influence as they can to dissuade him from tearing up trade agreements or introducing tariffs on a wide swath of imports. Amazon is discussing industry-wide advertising campaigns and more extensive gov-

ernment lobbying, a person familiar with the matter told Reuters on condition of anonymity.

- **Blackstone Group L.P.** (BX). The private equity firm has secured EU antitrust approval to acquire a majority stake in Thomson Reuters' Financial and Risk unit, the European Commission said. Blackstone is making its biggest bet since the financial crisis with the \$20 billion deal which pits co-founder Stephen Schwarzman against fellow billionaire and former New York Mayor Michael Bloomberg. The EU enforcer said it did not see any competition concerns despite the overlaps between the two companies. "The proposed transaction would raise no competition concerns given the limited market shares of the companies, the fact that a number of competitors will remain in the market post-transaction, and the fact that Blackstone accounts for only a minimal share of the demand for Thomson Reuters F&R's products," it said.
- **CBS Corp** (CBS). The company's next voyage into the "Star Trek" universe will come in the form of a four-part series of 10-to-15-minute episodes released starting this fall on the CBS All Access streaming service, the network said on Friday. "Star Trek: Short Treks" will be released monthly, and each episode will tell a separate, closed-ended story, CBS said in a statement. The network announced the series at San Diego Comic-Con, a convention for fans of science fiction and pop culture. CBS said "The Office" actor Rainn Wilson will play con artist Harry Mudd in one episode. Another installment will focus on a man who finds himself the only human on board a deserted ship.
- **Esterline Technologies Corp** (ESL). The aerospace parts maker is exploring a potential sale, two people familiar with the matter said on Friday. Earlier on Friday, the Wall Street Journal reported that the company was exploring a sale, adding that the process was at an early stage and there was no guarantee of a deal. Any deal would add to a spate of consolidation in the industry, as companies look to deploy accrued cash at the same time as defense spending kicks up and firms search for more ways to grow capacity.
- **Mondelez Global LLC** (MDLZ). The company has voluntarily begun recalling some Ritz Cracker sandwiches and Ritz Bits products over concern that they may include an ingredient tainted with Salmonella. The company said in a statement on Saturday that it has not received any complaints of illness, and that it issued the recall as a precautionary measure. The concern is over the ingredient whey powder, which one of Mondelez's suppliers has recalled due to "the potential presence of Salmonella," according to Mondelez. The recall extends to more than a dozen types of Ritz cracker sandwich and Ritz Bits products sold in the United States, including Puerto Rico and the U.S. Virgin Islands.
- **Papa John's International Inc** (PZZA). The company on Sunday adopted a shareholder rights plan, or a "poison pill", with a 15 percent trigger to deter existing stockholders from amassing a controlling stake in the company. The company also declared a dividend of one right for each outstanding common share. The rights plan expires on July 22, 2019 and the record date for dividend distribution is Aug. 2, the company said in a statement. The pizza chain's former chief executive and founder, John Schnatter and his affiliates and associates who currently beneficially own common shares in excess of 30 percent have been grandfathered under the Rights Plan, the company said.
- **Tesla Inc** (TSLA) Shares of the company fell more after a report that the electric car maker has turned to some suppliers for a refund of previously made payments in a bid to turn a profit. Tesla has asked some suppliers to refund money paid by the electric car maker since 2016, the Wall Street Journal reported on Sunday citing a memo. The memo, which the paper said was sent by a global supply manager, described the request as essential to Tesla's continued operation and characterized it as an investment in the car company to continue the long-term growth between both players.
- **Total S.A.** (TOT). Around 40 rig workers started a 24-hour strike on the Alwyn, Elgin and Dunbar oil and gas platforms in the British North Sea, Britain's largest labour union said, but any supply disruption was expected to be mitigated by using oil in storage. The strike began at 0500 GMT. Unite the Union and the oil major, which operates the platforms, earlier failed to agree over work shifts and pay, a union spokesman said. A Total spokeswoman confirmed that industrial action had gone ahead "despite the new proposals that were made by the company". "However, we're pleased to be able to continue discussions with staff at the Shetland Gas Plant and remain committed to further consultation and open dialogue with offshore staff," the spokeswoman said.

INSIGHT

[Mortgage, Groupon and card debt: how the bottom half bolsters US economy](#)

By almost every measure, the U.S. economy is booming. But a look behind the headlines of roaring job growth and consumer spending reveals how the boom continues in large part by the poorer half of Americans fleecing their savings and piling up debt.

ANALYSTS' RECOMMENDATION

- **Amneal Pharmaceuticals Inc** (AMRX). Morgan Stanley starts with overweight rating expecting strong execution and new product pipeline contributions to drive outperformance.

- **BJ's Wholesale Club Holdings Inc** (BJ). Morgan Stanley starts with equal-weight rating saying the company could deliver top and bottom line upside over the next 12 months.
- **Celanese Corp** (CE). RBC raises target price to \$136 from \$134 saying strong cash flow generation/deployment should more than offset near-term risks such as tariffs.
- **MercadoLibre Inc** (MELI). Cowen and Company cuts price target to \$330 from \$349 ahead of the second-quarter results given the recent operating challenges.
- **State Street Corp** (STT). Deutsche Bank cuts price target to \$102 from \$115 to incorporate the Charles River Development acquisition.

ECONOMIC EVENTS *(All timings in U.S. Eastern Time)*

0830 **National Activity Index** for June: Prior -0.15

1000 **Existing home sales** for June: Expected 5.44 mln; Prior 5.43 mln

1000 **Existing home sales percentage change** for June: Expected 0.5 pct; Prior -0.4 pct

COMPANIES REPORTING RESULTS

Alphabet Inc (GOOGL). Expected Q2 earnings of \$9.68 per share

Cadence Design Systems Inc (CDNS). Expected Q2 earnings of 40 cents per share

Illinois Tool Works Inc (ITW). Expected Q2 earnings of \$1.97 per share

Whirlpool Corp (WHR). Expected Q2 earnings of \$3.69 per share

Zions Bancorp (ZION). Expected Q2 earnings of 92 cents per share

CORPORATE EVENTS *(All timings in U.S. Eastern Time)*

0800 **Old National Bancorp** (ONB). Q2 earnings conference call

0830 **Hasbro Inc** (HAS). Q2 earnings conference call

0900 **Halliburton Co** (HAL). Q2 earnings conference call

0930 **Lennox International Inc** (LII). Q2 earnings conference call

1000 **Illinois Tool Works Inc** (ITW). Q2 earnings conference call

1100 **Community Bank System Inc** (CBU). Q2 earnings conference call

1100 **Lincoln Electric Holdings Inc** (LECO). Q2 earnings conference call

1100 **Opus Bank** (OPB). Q2 earnings conference call

1300 **Cadence Bancorp** (CADE). Q2 earnings conference call

1400 **Bank of Hawaii Corp** (BOH). Q2 earnings conference call

1630 **Alphabet Inc** (GOOGL). Q2 earnings conference call

1700 **Cadence Design Systems Inc** (CDNS). Q2 earnings conference call

1700 **Heartland Financial USA Inc** (HTLF). Q2 earnings conference call

1700 **Merit Medical Systems Inc** (MMSI). Q2 earnings conference call

1700 **Moelis & Co** (MC). Q2 earnings conference call

1730 **Zions Bancorp** (ZION). Q2 earnings conference call

EXDIVIDENDS

There are no major exdivs for the day.

(All analysts' estimates are according to Thomson Reuters I/B/E/S)

PICTURE OF THE DAY



President Donald Trump and First Lady Melania Trump speak with Colonel Rebecca Sonkiss after disembarking from Air Force One upon arrival at Joint Base Andrews in Maryland, U.S., July 22. REUTERS/Mary F. Calvert

(Compiled by Shradha Singh and Benny Thomas in Bengaluru)

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