

HD UK Market Talk Roundup: Shares Losing**WC** 1,647 words**PD** 10 December 2014**ET** 22:59**SN** Dow Jones Institutional News**SC** DJDN**LA** English**CY** Copyright © 2014, Dow Jones & Company, Inc.**LP**

Stocks on the fall in the UK today. Compiled by Dow Jones Newswires Markets Desk, markets.eu@dowjones.com

1159 GMT BG Group is expected to deliver robust production growth next year for the first time in 10 years as output ramps up in Australia and Brazil, says Deutsche Bank in a note. "Several years into the capital build and 2015 will in our view be the year when things finally start to come together operationally for BG," Deutsche says. Falling capex and strong underlying growth in operating cash flow should lessen financial risk. Also, BG's appeal as a merger target is seen supporting the share price at current levels with upside expected as investors start to see the production coming in, the report adds. Deutsche has a buy recommendation. Shares are 1.1% lower at 889p. (Selina.williams@wsj.com)

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1144 GMT Numis ups its target on Micro Focus International to 1220p from 1180p, but lowers its rating on the business software group to hold from add following a strong share price performance. First-half profit announced earlier Wednesday was ahead of Numis's expectations, but following the **acquisition** of Attachmate, the shares are likely to "pause for breath while we wait for more insight on the opportunity" the **purchase** offers. Shares are down 4.7% at 1078p. (rory.gallivan@wsj.com)

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1139 GMT [Dow Jones]--With BP facing legal challenges from its 2010 Deepwater Horizon disaster and political challenges from its ownership **stake** in Russia's state-controlled OAO Rosneft, the **company** has focused on its dividends to keep investors from fleeing. In a presentation to investors today, exploration-and-production chief Lamar McKay spoke of BP pursuing "a progressive dividend policy." But that could require BP--which has already sold more than \$40 **billion** in assets since 2010--to carry out "further divestments to cover the dividend next year," Santander analyst Jason Kenney said today. And that could be risky, he said, since low **oil** prices could make it hard to sell properties at a high enough price to make it worth giving up production. Shares fall 0.3% to 404.65p. (justin.scheck@wsj.com)

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1135 GMT Numis cuts PZ Cussons target price to 317p from 386p, after the British soap maker revealed a 4% fall in 1H operating profits due to devaluation of the Nigerian Naira and unrest in the country. Nigeria makes up 30% of the **firm's** annual revenue. The broker says the 1H trading update was not too bad overall, but ongoing problems in Nigeria risks further downgrades. Numis also cuts its FY15 adjusted pretax profit forecast to GBP109M, from GBP118.9M, and retains a hold recommendation. Shares are trading 0.8% lower at 313p, off earlier lows. (tapan.panchal@wsj.com)

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1132 GMT BG Group's **sale** of its QCLNG pipeline assets for \$5 **billion** is better than expected and positive for the stock agree analysts. This is despite the fact that the \$2.7 **billion** post tax gain on the completion of the **sale** will be partly offset by an around \$2 **billion** writedown of the remaining QCLNG assets, say analysts. "The price demonstrates the value from selling non-core infrastructure assets," says Bernstein in a note to clients. Adds that the cash coming in from the pipeline **sale** can be used to reduce debt and develop core **oil** and gas production assets. Has an outperform rating. BG shares are 1.2% lower at 888p. (Selina.williams@wsj.com)

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1121 GMT [Dow Jones]--PZ Cussons PLC (PZC.LN) may not be able to achieve a similar level of earnings as last year, CFO Brandon Leigh says. He blames devaluation of the Nigerian naira for fall in FY15 earnings. Nigeria makes up 30% of the soap manufacturer's annual revenue. Mr. Leigh says the **firm** is undertaking a cost-reduction program to offset the challenges in Nigeria. PZ Cussons expects GBP5M to GBP10M in FY15 cost savings. Shares trading 1.5% lower at 311P. (tapan.panchal@wsj.com)
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1040 GMT Shares in Gulf Marine Services are down 36% since the end of September, much worse than its U.K. peers, note analysts at Canaccord Genuity. They say over the same time-frame GMS has secured a series of major awards. Given the number of recent awards, the brokerage has comprehensively re-modelled GMS. "Our updated NAV for GMS is 168p...At our target price 180p, the stock would trade at just 10.2/7.3x 2015/16E P/E (against a current sector average of 9x): ratings that are underpinned by a robust backlog for both years. We therefore remain conviction buyers." Shares are 1.5% lower at 100p. (nick.cawley@wsj.com)

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1038 GMT [Dow Jones]--Investec cuts PZ Cussons PLC (PZC.LN) target price to 350P, from 386P, after the British soap and shampoo manufacturer revealed a 4% fall in 1H operating profits due to devaluation of Nigerian Naira and unrest in the country. Nigeria makes up 30% of the **firm's** annual revenue. The broker says a more difficult Nigerian market plus some pre-existing currency headwinds and disposals will likely prevent PZ Cussons from delivering profit growth in FY15. Investec retains hold, while it awaits further clarity around Nigeria. Shares trading 0.8% lower at 313P. (tapan.panchal@wsj.com)

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1036 GMT [Dow Jones]--With the support of a third shareholder in Songbird (SBD.LN), which controls London's Canary Wharf, hostile bidders Qatar Investment Authority and Brookfield (BPY) lay claim to 31.6% of Songbird's free float. The stock is tied up by QIA, Simon Glick (who reportedly opposes a deal), **China** Investment Corp., and Morgan Stanley--recruiting every minority shareholder wouldn't take the bidders across the line. Still, incremental progress could shift the balance of power among the big guys. QIA and Brookfield have crossed the threshold above which **China**, with its 15.8%, could swing a vote. To reach the level at which 8.5% shareholder Morgan Stanley could do so, they need roughly another 30% of the minority shareholders. Songbird shares unchanged. (ed.ballard@wsj.com; @edmballard)

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1019 GMT Anglo American needs to realize some of its divestments early in 2015 to assuage investor concerns that credit agencies might lower Anglo's credit rating next year, says Patrick Jones of Nomura. Anglo's net debt is forecast to peak at \$13.5 **billion**-\$14 **billion** next year, post proceeds from the Lafarge Tarmac JV **sale**, while commodity prices are forecast to remain weak. It plans to raise \$3 **billion**-\$4 **billion** by end 2016 from divestments but the sales need to happen more quickly to alleviate a

tight balance sheet, Mr. Jones says. Anglo is looking to sell platinum assets in South Africa, **copper** assets in South America, and **coal** assets in Australia and South Africa. Nomura has a neutral rating, 1400p target price. (alex.macdonald@wsj.com)

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1014 GMT Anglo American PLC is delivering on its operational promises and has significant operational upside as additional areas for improvement have been identified, says Jefferies. But "while management has clearly made progress, it has not been enough to completely neutralize the ill effects of ongoing commodity price weakness," it notes. "We are concerned that the sector--and Anglo shares--has further to fall. It is too early to buy" Anglo shares Jefferies says, even though the stock is cheaper than any of the other big five globally diversified miners on a P/E and EV/Ebitda multiple. Jefferies has a hold rating and 1250p target price on the stock. Anglo American shares are 0.3% lower at 1220p.(alex.macdonald@wsj.com)

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0955 GMT [Dow Jones]--Anglo American's (AAL.LN) honeymoon is over, says Barclays. A year ago, the miner set a target of reaching 15% ROCE in 2016. It is currently delivering a 6% to 8% ROCE given the recent slump in commodity prices and set to generate a 12% ROCE in 2016 based on price forecasts for that year. The initial ROCE target "is looking a lot less likely even with some of the operational improvements the **company** can point to," says Barclays. "This leaves the stock looking vulnerable, especially given not all the new guidance was positive." Anglo's investor day led the bank to downgrade its 2015 EPS by 2% to \$1.97 and upgrade its 2016 EPS forecast by 2% to \$2.54, but overall the bank's forecast remains intact. Barclays has an equal weight rating and a 1,550p target price on Anglo. Anglo down 0.2% at 1,221p. (alex.macdonald@wsj.com)

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