

press release

25 March 2009

Back to “Basics” consumers boost Sainsbury’s sales

- January sales of cheaper “Basics” range were up 60% year-on-year
- The Share Centre points investors to better opportunities within the retail sector

The grocery wars continued this morning as Sainsbury’s announced healthy fourth quarter sales. **Graham Spooner, investment adviser at retail stockbroker The Share Centre** explains why despite an increase in like-for-like sales, he feels there are better long-term opportunities within the retail sector for investors.

“This morning, Sainsbury’s said shoppers looking for cheaper deals helped it post healthy fourth quarter sales. In fact, its ‘Switch and Save’ campaign, which launched in January, helped drive a 60 per cent year-on-year rise in like-for-like sales of its cheaper “Basics” range of goods.

“Competition in the sector is going to remain fierce during 2009, but Sainsbury’s results are encouraging. Investors should be pleased that Sainsbury is appearing to connect with consumers in recession times. Furthermore, despite lagging behind competitor Morrison in the like-for-like sales race, Sainsbury’s non-food sales maintained strong growth, in particular its Tu clothing range.

“Yesterday, shares in Sainsbury rose 10 pence ahead of the results, but this morning it dropped back by 6 pence to 324 pence. Nevertheless investors will be pleased with the results and the 3.7 per cent dividend on offer. We are advising investors with shares in Sainsbury to hold. However, for those looking for long-term investment in the retail sector, we feel better opportunities could be had with long-term market leader, Tesco. “

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Risk Warnings:

Investing in general, and the products and services mentioned above, may not be suitable for all: if in doubt, individuals should seek independent financial advice. The value of investments and the income from them can go down as well as up and investors may not get back their original investment.

The bases and levels of taxation relating to ISAs, CTFs and SIPP's are subject to change and the value of these tax allowances may depend upon the circumstances of the individual.

About The Share Centre:

The Share Centre was established in 1990 to provide value-for-money share services for private investors. Its range of services includes buying and selling shares (by Internet, telephone and post) and a comprehensive share administration and safe custody service. Tax-efficient investment 'wrappers' including ISAs, CTFs and SIPP's are also available.

The Share Centre's Advice team provides comment on market sectors and individual shares, including all of the post-privatisation/demutualization companies, on www.share.com. Access is available to customers and registered users of the site. Registration is free. To understand how our Advice team arrive at their views please read our [Investment Research Policy](#).

In addition, account customers can receive individual telephone advice on UK-listed shares and on funds traded via the CoFunds trading platform.

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