

## press release

19 May 2009

### Where now for income seeking investors?

- The Share Centre identifies ten shares offering good dividends for shareholders

Following the announcement earlier in the week that M&S has cut its dividend for the first time in nine years, investors are asking the question “are my dividends safe and where should I look for a solid dividend?” The Share Centre has identified a number of investment opportunities for income seekers.

Commenting on current investment opportunities, Nick Raynor, investment adviser at The Share Centre said: “The past year has been one of turmoil for income seeking investors as historically favoured sectors such as banking have either seen an aggressive cut or a complete erosion in dividends as the credit crunch took effect.

“However, there are still some great opportunities for those wishing to generate income from their investments. In particular investors should be looking out for companies that are traditionally defensive, coupled with an ability to expand operations around the world.”

Raynor identifies 10 companies currently offering good dividends:

- [National Grid](#)
- [Northumbrian](#)
- [British American Tobacco](#)
- [Centrica](#)
- [BP](#)
- [GlaxoSmithKline](#)
- [Vodafone](#)
- [Scottish & Southern Energy](#)
- [Rexam](#)
- [RSA Insurance](#)

#### **National Grid**

Currently trading at 589p and is offering a yield of 5.7%.

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National Grid said in recent statements that it intends on growing its dividend payments by at least 8 per cent this year and is due to progress at the same level until 2012. Long-term we feel that this is a solid performer, income and growth seekers can expect long term and stable dividend payments from a good solid company.

## **Northumbrian Water**

Currently trading at 243p and offering a yield of 4.8%

The last trading update from Northumbrian Water reported a 1% (£4m) fall in revenue. Considering the performance of other water companies in the utilities sector this is not bad. From a cash position the company is financially sound, currently sitting on a cash pile of £371m with a further £75m available through draw downs. With this in mind we expect the dividend to remain secure, and a possible rise should not be ruled out.

## **British American Tobacco (BAT)**

Currently trading at 1656p and offering a yield of 4.2%.

BAT's defensive nature has helped to keep the company buoyant in a choppy market. Last year pre-tax profits rose from £3.1billion to £3.7 billion, therefore the likelihood of BAT cutting their dividend is minimal due increasing profits. BAT also has a reasonable dividend cover of 1.76, therefore suitable for income seekers and the risk averse.

## **Centrica**

Currently trading at 245p and offering a yield of 5.5%.

As well as being the biggest provider of gas in the UK, Centrica now generates a quarter of revenues in the US, which could protect it from the group's exposure to the volatile commodity market. Last year Centrica's full year dividend was 12.2 pence per share.

## **British petroleum (BP)**

Currently trading at 500p and offering a yield of 7.5%.

For those wanting exposure to the oil sector, we believe BP is the best bet. Dependency on oil is unlikely to reduce and BP's profits remain strong. BP has a high level of reserves, and as a financially strong company it has plenty of cash available to purchase additional reserves should the need arise.

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## **GlaxoSmithKline (GSK)**

Currently trading at 1050p and offering a yield of 5.2%.

Despite the company's share price dropping around 20% so far this year, we believe GSK's defensive nature will stand the company in good stead throughout 2009.

GSK has a significant pipeline of drugs either at late stage testing or due for release very soon. It is suitable for investors seeking income and growth.

## **Vodafone**

Currently trading at 116p and offering a yield of 6.6%.

Vodafone continues to be a favourite of The Share Centre. Vodafone recently announced a strong set of full-year figures, after the weaker pound helped boost the value of overseas sales. Due to the increase in profit, Vodafone has an attractive dividend and growth prospects.

## **Scottish and Southern Energy**

Currently trading at 1135p and offering a yield of 5.1%.

In these volatile times a well managed utility has many attractions for investors seeking a safer haven. Scottish and Southern pays consistent dividends to shareholders and is attractive for those looking for steady growth and a reasonable income. Due to the companies steady and solid earnings figures, the management has set its sights on improving performance of its assets and pushing up the dividend further.

## **Rexam**

Currently trading at 298p and offering a yield of 6.8%.

Rexam is one of the world's leading packaging companies, specialising in beverage cans and bottles. There has been a promise for a long hot summer, something Rexam can look forward to and will be hoping that this will give the company a boost. The dividend looks as if it will remain unchanged and stands at well over 6 per cent.

## **RSA Insurance**

Currently trading at 129p and offering a yield of 5.5%.

Now that the reconstruction of RSA is finally complete, shareholders will hope that chief executive, Andy Haste shows as much flair for increasing profits as he did stemming losses. This signs are good so far with a refocusing on new markets and a hefty dividend increase.

Recent figures were solid but not exciting, however there has been no news of any cut in the dividend and so for those looking for an income this should remain a favorite.

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## Note to editors:

\* Figures from 15/05/09

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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](http://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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