thesharecentre:

press release

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Marston's flying high while Tui Travel stay grounded – according to The Share Centre

- Continued improvement throughout 2010 see Marston's listed as a buy
- The Share Centre currently lists Tui Travel as a 'hold' for long term investors

Nick Raynor, investment adviser at The Share Centre, comments on Marston's growth in profits and what this means for investors.

"Marston's reinforced our 'buy' recommendation today, reporting an increase in revenues by 0.9% from the previous year to £650.7m, with pre-tax profits climbing to £73.5m from £70.3m. This latest set of results flagged a clear continuation in improvement from the brewer, and growth in summer sales ensured that it remained on track in meeting market expectations.

"Brewers are starting to show some signs of stability and resurgence in turnover and Marston's is no exception. An upsurge in premium ale coupled with increasing food sales has also provided a vital boost, and management are set to focus on gearing the product to being family friendly and increasing the importance of food. The group is also promoting a new business model for tenanted pubs, which incentivise publicans.

"This is a higher risk recovery stock with an attractive yield which has been swimming against the tide of economic and sector concerns up until now. Only last year, Marston's raised £176 million through a discounted rights issue which has secured the company's short-term future at least. Despite the funds raised, the management will remain focused on reducing its debt level in the future.

"Investors will need to stay patient – whilst still a 'buy', the outlook remains cautious for this company - particularly with the VAT increase in January set to ensure prices rise."

Commenting on TUI Travel's prospects, Raynor continued:

"TUI Travel produced a good set of figures this year, with an increase in underlying pre-tax profit during the year to September - growing 4% to £337m including the impact of closing European airspace as a result of volcanic ash. This increase in profit was driven by integration synergies, the recovery of scheduled flying losses in Germany and the strategic venture in Canada, partially offset by weaker trading.

"However, back on home soil the UK proved to be dragging behind it's international counterparts and is only just coming back with positive trends, which is why we're still listing it as a 'hold'. We do expect these trends to continue into winter 2010/11 and into next summer.

"Since July TUI Travel have seen a sustained improvement in demand and recent trading for future seasons remains positive in most markets. Despite TUI Travel being recommended as a 'hold', we think that the company is a good 'buy' for those investors looking for a short-term play. Given the continued economic uncertainty and nature of the travel sector, a short-term play is most attractive to investors currently."

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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 SIPPs are also available.

The Share Centre's Advice team provides comment on market sectors, individual shares and funds 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.