

press release

4 May 2011

Disappointing figures for Next and Legal & General

- Next's in store sales fall by 3%
- Consumers' shopping trends mean online and directory sales are the key to Next's success
- The Share Centre lists Legal & General as a 'hold', preferring Aviva in the sector

Nick Raynor, investment adviser at The Share Centre, takes a look at two FSTE 100 companies reporting today and outlines what their results mean for investors.

“**Next's** results certainly show the positive effect of the Royal Wedding and the warmer weather, with sales figures increasing by 5.2% from the same period last year. As a result the high-street retailer has raised its full year pre-tax profit guidance to between £535-585m from £520-570m. With figures better than expected and shares reacting well in early trading the outlook appears positive on the surface.

“However, excluding online and directory sales, the stores have suffered a 3% decrease over the period. It appears that the on going consumer trend of internet shopping may mean Next see a continued increase in internet sales rather than the traditional browsing and impulse buying that appears in store.

“Investors may want to take advantage of the rise in share price as it nears an all-time high and take profits. This remains a weak 'hold' for us at the moment as we expect the company to experience some woolly figures with rises in cotton prices and transportation imminent.”

Commenting on Legal & General, Raynor added: “Disappointing results were issued this morning as one of the UK’s biggest insurers failed to reach analyst expectations despite a 12% increase in first quarter sales.

“The company’s growth has been fuelled by new business sales as the demand for savings products increases. Consumers appear to be saving now in the build up to an increase in interest rates and to improve their financial situation going into retirement.

“The company appears to be generating plenty of cash however these uninspiring figures won’t excite investors. We continue to list Legal & General as a ‘hold’ for investors to take advantage of the 4% dividend. However, Aviva is our preferred play within the sector as it offers attractions for both income and growth seekers.”

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For further information please contact:

The Share Centre

Rebecca Kempzell

PR Executive

01296 439 426

Rebecca.kempzell@share.co.uk

Stephanie Reynolds

PR Manager

01296 439 256

Stephanie.reynolds@share.co.uk

Lansons Communications

Inez de Koning / Lucy Willatt / Lisa Grando

0207 294 3623 / 020 7566 9717/ 0207 294 3669

Inezd@lansons.com / lucyw@lansons.com / Lisag@lansons.com

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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.

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