

press release

11 May 2011

Sainsbury's and ITV exceed expectations

- The Share Centre currently lists ITV as a 'buy' for the patient investor
- The Share Centre list Sainsbury's as a 'hold' preferring Tesco

As two FTSE 100 companies, ITV and Sainsbury's announce results this morning, The Share Centre's investment advisers explain what they mean for investors.

Nick Raynor takes a closer look at ITV: "ITV has not had the best start since regaining its position within the FSTE 100 in March and these better than expected Q1 figures will hopefully be the start of better things to come. Revenues for the quarter were up 11% to £500m and advertising rates outperformed the market at 12%.

"It is worth investors noting that this is a tough comparative year for ITV as last year's World Cup brought in strong figures for the broadcaster. This year will demonstrate how the TV advertising market is cyclical and dependent on one off events.

"We believe ITV may benefit the patient investor in the longer term, especially in anticipation of the 2012 Olympics. We recommend those interested in the sector take a forward look approach for events that may have an affect on their advertising revenue."

Also, Graham Spooner gives his opinion on Sainsbury's: "This morning's results from Sainsbury's exceeded market expectations. Total sales for the year rose 7.1%, with its performance strongly uplifted by the retailer's non-food sales which grew at a rate more than three times that of grocery sales across the market.

“Weekly customer transactions reached an all-time high of 21m and sees the supermarket grow its market share. However, the company has joined several retailers by stating the outlook remains uncertain for the industry.

“Investors may be interested by the healthy 6.3% increase in its dividend to 15.1p for the full year. For us Sainsbury’s is solid enough, however we remain cautious and continue to list it as a ‘hold’. Our preferred play within the sector is Tesco due to its attractive international earnings, good cash flow and the potential for sustainable growth.”

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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 SIPPs are also available.

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