

## press release

12 September 2011

### Sugar operations drive Associated British Foods' profits

- Associated British Foods expects 52 week performance similar to last year
  - Sugar operations see continued improvements
- The Share Centre continues to recommend investors 'buy' Associated British Foods

**As Associated British Foods (ABF) reports figures in line with expectations for the second half of the financial year Nick Raynor, investment adviser at The Share Centre, explains what this means for investors.**

"Headlines today mainly focus on the performance of ABF's retail chain Primark and although its sales figures were up by 13% compared to last year there is far more to the company that investors should focus on. The company has high international exposure and it was its overall global performance that was behind our decision to upgrade ABF to a 'buy' not so long ago.

"Continued improvements to ABF's sugar operations have been the main driver behind the business. The lack of UK export sales and low sales in South Africa were compensated for by strong performance in China and Spain.

"Positive figures were also seen in the grocery business with revenues and profits expected to be ahead of last year. Although there was a strong UK performance, trading in Australia was weaker than expected. Again brands that investors don't necessarily associate with ABF, such as Twinings and Ovaltine, offset the weaker elements of the business.

"Primark's margins remain under strain however this squeeze is to be expected during the sale period. We expect the retailer's figures to improve in the coming months and it could benefit from the weaker UK economy.

“We continue to recommend investors ‘buy’ ABF. The company’s global diversity is one of the main attractions for investors and they will be pleased to see overseas business driving performance. ABF has also held up reasonable will in these volatile markets.”

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The bases and levels of taxation relating to ISAs, CTFs and SIPP 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 are also available.

The Share Centre's Advice team provides comment on market sectors, individual shares and funds 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](#). The Share Centre blog is also available at <http://blog.share.com>.

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