

## press release

31 October 2011

Share of the week from The Share Centre

**Sheridan Admans, investment research manager at The Share Centre, picks supermarket giant Tesco as his share of the week. Here's why;**

"The group CEO has admitted there have been problems with a few areas of the business including banking, the U.S Fresh n Easy convenience stores and its non-food products. However, action has taken place to both reduce the problems suffered and provide a resolution.

"Remodelling is taking shape and this, along with the introduction of a loyalty card, has seen the Fresh n Easy brand losses start to slow in the US. In order to improve the non-food products new ranges have been introduced in the UK, display optimisation is being implemented and stores are carrying less stock.

"Tesco's strong growth potential, from areas such as its online business and Central Europe and Asian operations, is attractive for investors. The group has set up a new UK Board to focus on the core business. Given the economic headwinds Tesco is better placed than most UK retailers as the food and banking area of the business have defensive qualities. Tesco's regional diversification means it can benefit from the growth potential from its overseas operations.

"Over the last 10 years Tesco's has displayed stability, with management delivering consistently strong numbers in relation to its sector. Going forward we can't see anything in its management that would upset future performance expectations.

"General consumer weakness is likely to continue to impact some parts of the business; however Tesco is attempting to address these issues. It has introduced its 'Price Drop' campaign in an effort to win and retain customers in these troubled times.

“We continue to recommend investors ‘buy’ Tesco. Although the crisis in Europe is likely to keep some downward pressure on the price, the management and fundamentals of the business remain sound. The dividend is reasonably attractive and with a 10 year annualised growth rate of 5.4% it has attractions at its current valuation.”

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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.

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