

press release

13 December 2011

Share of the week from The Share Centre

Sheridan Admans, investment research manager at The Share Centre, picks the world's largest contract caterer, Compass Group, as his share of the week. Here's why:

"Compass is a fairly defensive business as almost 50% of its operations are in healthcare, education and defence. This is attractive for investors as it is likely to be less susceptible to economic downturns. The group could also benefit from companies turning to outsourcing catering in order to cut costs in these uncertain times.

"The forecast PE ratio for Compass is slightly higher than the sector average forecast, which would normally mean the stock is a little overvalued. However, we believe this premium is testament to the group's successful turnaround strategy, organic revenue generation and acquisition approach to building a world leading brand.

"We have high hopes for Compass going into its next financial year and expect acquisitions to continue, although possibly at a slower pace. Even after 27 acquisitions during the last year the business looks financially sound and the cash flow remains strong.

"Investors will also benefit from the 10.3% increase in full year dividend and the announcement of a £500m share buyback programme should help to support the share price. Going forward we expect Compass to focus on organic revenue growth and look to improve its balance sheet. Strong growth in America and emerging market operations saw revenues increase by 9.2%. We expect this performance to continue and maintain our 'buy' recommendation."

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The bases and levels of taxation relating to ISAs, CTFs and SIPP's 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's 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](#). The Share Centre blog is also available at <http://blog.share.com>.

In addition, account customers can receive individual telephone advice on UK-listed shares and on funds traded via the CoFunds trading platform.

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