

press release

20 December 2011

Share of the week from The Share Centre

Sheridan Admans, investment research manager at The Share Centre, picks the UK's number one broadband service provider BT as this week's share of the week, here's why:

"Despite poor returns in 2010 and 2009 BT has consistently delivered strong returns on equity and capital and believes it is focused on key business priorities going forward.

"BT's forward P/E looks undemanding for a fairly defensive regulated utility. Its cash flow generation looks strong and the stock has an attractive yield of almost 4% for those seeking an income.

"The company has accelerated the roll out of its fibre programme to cover two-thirds of the UK by 2014 - a year earlier than planned. This should increase the competitiveness of BT's broadband services. The business is also investing to expand its operations in Asia and Latin America where it sees strong potential for further growth.

"BT set a strategic plan in motion in 2010 that covered five priorities; Broadband, 'Brand for Business' for UK SMEs, BT Global Services 'Global Leader' in managed network services, the Wholesaler of choice in the UK and overseas and Best network provider in the UK. Figures are certainly demonstrating BT's ability to achieve these ambitions in its Global Services and Openreach segments of the business.

"General global growth risk is the main issue facing BT strategy at present. Other on going risks include potential supply chain, compliance, regulatory, pension and major contract issues.

"We recommend BT as a 'buy' as the business maintains appeal for both growth and income seeking investors."

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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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