

press release

30 January 2012

The forward look from The Share Centre

Sheridan Admans, investment research manager at The Share Centre, gives his thoughts on what to expect from companies announcing results w/c 30 January 2012.

■ Tuesday

Babcock (Trading update)

The last update painted an improving picture, with an attractive pipeline of potential contracts. Investors will be hoping that this can be rubber stamped, possibly with news of more contract wins. Any comments on the future defence policy, an important part of the group's business, will also be worth noting

We currently list Babcock as a BUY

ARM Holdings (Q4 interim results)

ARM Holdings' technology is used in more than 95% of the world's mobile handsets and over a quarter of all electronic devices. However, Intel is attempting to challenge ARM's monopoly by recently signing up Motorola and Lenovo to use its chips in their hand held devices. Admittedly, both Motorola and Lenovo only command about 4% of global market share, however the switch from the older style mobile phones to the smart phone is still in its early stages. Smart phones are experiencing about 27% global penetration, so still a great deal to play for.

Analysts expect licence growth to be a little slower in 2012 as there seems to be no obvious catalyst to drive significant growth in the markets. We are also anticipating a continued slow down in consumers' spending, at least for the first half of 2012, as companies' IT departments hold back on spending.

ARM Holdings has strong cash flow and royalty pipeline, however it is trading on a forecast P/E multiple of 52 times next year's earnings. So for now we recommend investors wait for some weakness in the price before buying.

We currently list ARM as a SELL

Other companies reporting today include Vedanta(Q3 production report) – BUY, Xstrata (full year production report) – HOLD, National Grid (interim management statement) – HOLD

■ Wednesday

ICAP (trading update)

The company's share price has been falling steadily over the last 12 months and shows no signs of abating. A decline in trading volumes and general uncertainty in the financial sector has hit confidence in the group. It will be interesting to see if the company is able to hint at some light at the end of the tunnel. The market will also be looking for signs that activity levels are set to pick up.

We currently list ICAP as a HOLD

Other companies reporting today include Antofagasta (Q4 production report) - SELL, Imperial Tobacco (interim management statement) - HOLD, United Utilities (Q4 production report) – BUY

■ **Thursday**

AstraZeneca (final results)

Updates on developing drugs are always the first thing investors look for. Other issues such as US healthcare reforms, patents on existing drugs and European price cuts will also be of interest. There has also recently been news on joint ventures in Asia. We expect specific financial guidance for the year ahead and shareholders may focus on the company's dividend policy and share buyback program

We currently list AstraZeneca as a HOLD

Compass Group (interim management trading statement)

Compass rival Sodexo reported better than expected results in early January, which has raised expectations on Compass' results. We anticipate Compass to report good figures as demand for catering services in the global market still looks good.

We expect Compass to continue on the acquisition trail in 2012, continuing to focus on strengthening its balance sheet as well as focusing on organic revenue growth in its existing operations.

We currently list Compass Group as a BUY

■ **Friday**

Companies reporting today include BT (Q3 results) – BUY

Economic Diary

Economic announcements for the w/c 30 January 2012

PMIs for UK manufacturing, construction and services, January – CIPS/Markit

Last month the PMI covering UK manufacturing rose, but at 49.6 was still consistent with contraction. The PMI covering construction saw a strong improvement, hitting 53.2, and the business activity index for the services rose to 54, a five month high. Any score over 50 is considered to suggest growth. The weighted average for the three indices in December was 53.2, from 51.2 in November. Overall, the indices suggested mild growth for the UK during the final quarter of last year, whereas the initial estimate from the ONS pointed to a 0.2% contraction in GDP. But did the indices continue to improve in January?

US Employment Situation, January 2012 – BLS

Last month the US employment situation report was encouraging. There was a 200,000 increase in non-farm employment during the month, and the US unemployment rate fell to 8.7%, a three year low. This was better than expected. The consensus is for a more modest increase in January, but will the report provide another surprise on the upside?

Other economic announcements include:

30 January

- US Personal Income, December – BEA

31 January

- US Consumer Confidence Index, January – Conference Board
- Lending to Individuals, December 2011 – BLS

the**share**centre:

- Sectoral Breakdown of Aggregate M4 and M4 Lending, December 2011 – BLS
- EU Unemployment, December – Eurostat

1 February

- Manufacturing ISM Report On Business, January – ISM
- Flash Estimate Euro area inflation, January – Eurostat
- National Population Projections , 2010-based extra migration variants – ONS
- Markit Eurozone Manufacturing PMI, January – Markit
- UK PMI manufacturing, January – CIPS/Markit

2 February

- US Productivity and Costs, fourth Quarter 2011 – BLS
- Foreign Direct Investment, 2010 MA4 – ONS
- UK PMI construction, January – CIPS/Markit

3 February

- US Employment Situation, January 2012 – BLS
- Non-Manufacturing ISM Report On Business, January – ISM
- Insolvency Statistics, Quarter 4, 2011 – ONS
- Markit Eurozone services and composite PMI – January
- UK PMI services, January – CIPS/Markit

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Note to editors:

Please note that the dates stated in this article are indicative and could be subject to change which is beyond our control.

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For further information please contact:

The Share Centre

Rebecca Kempzell

PR Executive

01296 439 426

Rebecca.kempzell@share.co.uk

Stephanie Reynolds

PR Manager

01296 439 256

Stephanie.reynolds@share.co.uk

Lansons Communications

Chantal Heckford / Lisa Grando / Sarah Waterson

0207 294 3630 / 0207 294 3669 / 0207 294 3649

Chantalh@lansons.com / Lisag@lansons.com / SarahW@lansons.com

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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.

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