

TESCO



© Ben Chapman - www.benandelaine.co.uk





Introduction

Tesco is one of the world's leading international retailers. Since the company first used the trading name of Tesco, in the mid 1920s, the group has expanded into different formats, different markets and different sectors.

The principal activity of the group is food retailing, with over 2,000 stores worldwide. However, now Tesco also sell clothing, electrical appliances and offer many more services, such as car/home insurance, mobile phones and Internet services.

Tesco has a long term strategy for growth, based on four key parts: growth in the Core UK business, to expand by growing internationally, to be as strong in non-food as in food and to follow customers into new retailing services.



Share Price Information 07-02-2006

Current - 326.50p

Change -1.25p

Last close - 325.50p

Market capital – 2,563,870,000

Shares in issue – 7,844,490,000

52 week high - 335.75p

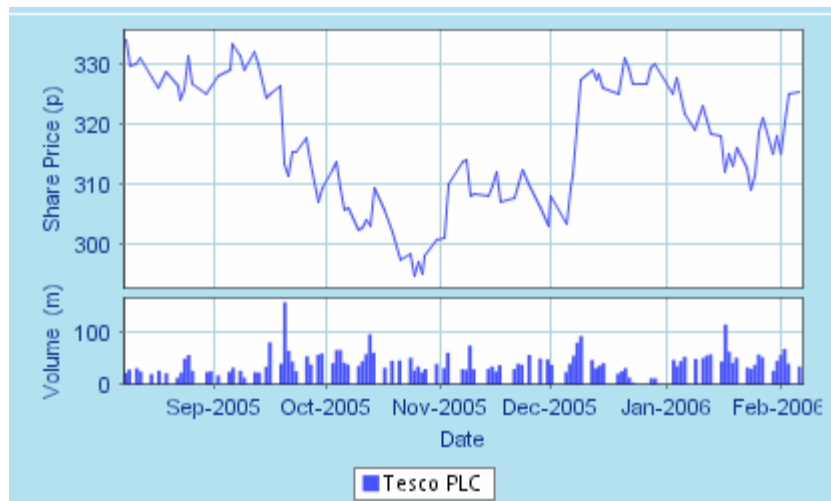
52 week low – 294.75

Day volume - 25,737,61352



Performance

The chart shows the Tesco share price over the last six months. As you can see the price is consistently around the 300p mark. In December the share price increased dramatically after being quite low for a few months. This was due to it being Christmas time and Tesco experiencing a 10% increase in sales. Online business at Christmas was extremely popular, with more than a million orders being placed on Tesco.com within the 4 weeks up to Christmas.



A chart to show the Tesco share price over the last 6 months.



....Performance continued

Group Sales (£m) – 37,070 (+10.5%)

Profit before tax (£m) – 2,029 (+22.6%)

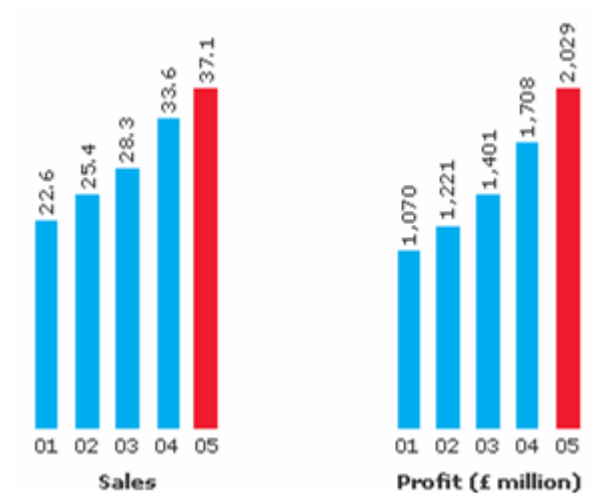
Earnings per share (p) – 18.30

Dividend per share (p) – 7.56

Return on capital employed – 11.5%

Price/earnings ratio – 17.73

Dividend yield – 2.58%



This chart shows Tesco's sales and profits for the last 5 years. As you can see, they have seen a steady increase over that period.



Analysis

It is clear from the figures above how well Tesco are performing. Their profit has seen a 22.6% increase on the previous years figures, which is a dramatic increase.

The dividend per share of 7.56p is relatively high compared with other firms and this means Tesco is a good short term investment as you get a healthy return.

The price/earnings ratio of 17.73 shows how many more times the earnings of a business, someone would be willing to pay for it. 17.73 is quite high and shows that the stock exchange believes Tesco can perform well in the future.