

# Tesco PLC

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## Retail winners & losers: Tesco, Home Retail, B&M, Asos...

Investors heaved a sigh of relief on Thursday after Tesco (LON:TSCO) came out with an upbeat - yes, you read it right, upbeat - trading statement.

The chain, which has been floundering under the weight of an accounting gaffe and competition from price-cutters, reported its first group like-for-like sales increase for more than four years.

Shares in the group, which have fallen from a high in the last five years of 420p in May 2011, rose nearly 4% on Thursday to 164.55p.

Former chief executive Philip Clarke quit following poor results and Tesco caused shockwaves in the City when it emerged that it had misstated profits by £326m.

At a press conference some years ago at the London headquarters of investment bank Nomura overlooking the Thames, your correspondent recalls Clarke musing about the merits of moving Tesco's head office to the City from its long-time home in Cheshunt, Hertfordshire. He eventually added: "No, I think we'll stay where we are."

But his successor, Dave Lewis, has wasted no time reversing that decision as part of his turnaround plan for the retail super-tanker.

Lewis has announced plans to cut costs with measures including closing the Cheshunt base and revamping the supermarket's pricing strategy.

It has reduced voucher promotional offers and multi-buys in favour of cutting prices on a range of basic groceries.

The group said that approach had paid off with group like-for-like sales in the 19 weeks to January 9 rising 0.4%.

Group like-for-like sales in the six weeks to January 9 gained 2.1%. Within that, UK like-for-like sales increased 1.3% and international like-for-likes lifted 4.1%.

Lewis said: "Our Christmas performance was strong, benefiting from lower prices. There is plenty more to do, but we are making good progress."

Retail analysts at Shore Capital said: "We believe Tesco has delivered a good and very encouraging update that is justifiably pleasing for the management team to our minds."

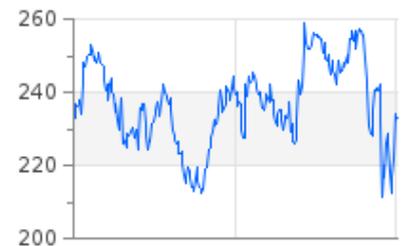
There was also good news for Tesco's former boss Terry Leahy as discounter B&M European Value Retail (LON:BME), where he is a director, boosted sales revenue nearly a quarter in the run-up to Christmas.

Quarterly like-for-like sales fell 0.7% due to mild weather reducing demand for cold-weather products, but overall sales

**Price:** 233.1

**Market Cap:** £22.83 billion

### 1 Year Share Price Graph



April 2019 September 2019 March 2020

### Share Information

**Code:** TSCO

**Listing:** LSE

**52 week High Low**  
332.67 203.7

**Sector:** Retail

**Website:** [www.tesco.com](http://www.tesco.com)

### Company Synopsis:

*Tesco - the leading supermarket in Britain With small grocery stores under the Tesco Metro brand name, big supermarkets outside cities (Tesco Extra) and 24-hour stores.*

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benefited from new shop openings.

Home Retail (LON:HOME) was also a winner as it announced the £340m sale of its Homebase DIY chain to Australia's Wesfarmers. Shares rose 2.4% to 153p.

At the other end of the scale, clothing retailers Asos (LON:ASOS) and Supergroup (LON:SGP) were out of favour after their own post-Christmas updates.

Shares in Supergroup were off after the coat and tops retailer unveiled 1.2% growth in like-for-like revenues, versus 12.4% a year ago.

AIM-listed Asos was once a stock market darling whose shares hit 7050p in February 2014.

But it slipped 1.8% to 3122p on Thursday as it boosted total retail sales in the four months to December by 27%, but sacrificed about 0.4 percentage points in gross profit margin.

Among other share risers following trading updates were upmarket fashion house Burberry (LON:BRBY), JD Sports Fashion (LON:JD.) and men's outfitter Moss Bros (LON:MSB).

In negative territory were newsagent and convenience store group McColl's Retail (LON:MCLS), baby goods retailer Mothercare (LON:MTC) and Primark owner Associated British Foods.(LON:ABF).

So, after nearly a fortnight of festive updates, there are still more winners than losers, which should lift the spirits of investors in the sector.

Steve Clayton, head of equity research at broker Hargreaves Lansdown, said: "After an unpredictable Christmas, the outlook for the remainder of 2016 looks good for retailers."

But there's still time for that to change, with more updates next week from the likes of Pets at Home, WH Smith and Halfords.

Winners

Morrisons

Debenhams

Boohoo.com

AO World

Ted Baker

Shoe Zone

Game Digital

Tesco

Home Retail

Burberry

JD Sports Fashion

Moss Bros

Losers

Marks & Spencer

Greggs

Sainsbury's

Dunelm

Supergroup

Asos

McColl's Retail

Mothercare

Poundland (LON:PLND)

Associated British Foods

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