

CONTINUING SUCCESS?

The article SUCCESS BREEDS SUCCESS on page 22 of the last Newsletter featured the companies with consistent eps growth. It showed their superior performance during the three years of bear market. But what is their future? Will the 38 qualifiers persist? Who will drop out and who will join them during the passage of time?

Since that study of August 2003, Amersham, in its final year before being bought by General Electric, did have a small fall in eps and so would have been relegated to the 9 out of 10 category.

The forecasts of Henry Boot's 2003 eps is still a fall. We have to wait for the results in April?

The average share price increase (mid March 04) since the December 1999 for the companies with 10 years uninterrupted growth is 55% while the FTSE100 has fallen 35% and the FTSE 250 is near its original level. The "9 out of 10" companies, (one year reduction made up in the following year), have an average increase of 41%.

Possible joiners are those with broker's consensus forecast which suggest the achievement of 10 yrs consistency:-

Aggregate Industries, Cobham, Taylor Nelson Sofreys & Watermark - all expecting to report in March 2004.

In the 9 out of 10 categories, forecasts for both Cadbury Schweppes and Misys are predicting they will drop out.

Taking the companies with a 10 year unblemished record their average statistics are:-

Prospective eps growth 10.3; Prospective PER 14.0; Prospective dividend 2.6%; Margin 19%; PEG 1.84 (high due to two with over 5); Cash flow/eps 1.23; Gearing 49%; Beta 0.86.

The business of more than half is confined to the UK.