

**Company analysis report**

**Retail Industry**

**J Sainsbury Plc and Tesco Plc**

**Portfolio Task 1: Aims and Background**

**Module Name: Project -Finance and Investment**

Contents

[**Introduction** 3](#_Toc161912229)

[**Aim** 3](#_Toc161912230)

[**Brief Of J Sainsbury Plc** 3](#_Toc161912231)

[**Brief Of Tesco Plc** 4](#_Toc161912232)

[**References** 5](#_Toc161912233)

# **Introduction**

The retail sector is one of the most important industries that drive economic growth and revenue, as it constitutes the center of the country's trade by linking companies and customers around the world. Due to the geometric growth with a constant doubling in size every fifteen years, retail is set to be the main driver of the significant growth in the nearby future through demand increase and investment inflow (Seidu, 2021). This report introduces a detailed picture of the retail industry, particularly highlighting companies such as Tesco PLC and J Sainsbury. The reports start with a PESTEL analysis of the macroeconomic and industrial environment of Tesco PLC and J Sainsbury, including the valuation estimate. According to strategic assessment, the report advises recommendation for Tesco PLC amd J Sainsbury's shares, although the latter is supplemented with details provided in this article which should be considered before taking a final decision.

# **Aim**

Estimating a company's price is becoming one of the most crucial aspects of the financial industry as the world economy shifts. Key approaches to valuation that are widely used, including free cash flow, rely a lot on historical financial data. However, the goal of the current study is to improve the income approach and focus it by gathering relevant accounting and contextual information for valuation reasons. The retail industry is given careful consideration, and this paper fully analyzes firms like Tesco Plc and Sainsbury's. It comprises using the PEST model to evaluate the macroeconomic aspects of the sector and Porter's Five Forces model to analyze market competition. Subsequently, every company is subjected to a unique assessment about its profile, strategy and analysis, and financial analysis as demonstrated by ratio. Ultimately, the report is intended to serve as a resource for investors who will be making short- to medium-term decisions in the retail industry.

# **Brief Of J Sainsbury Plc**

J Sainsbury's, also known as John James Sainsbury Limited, is a British multinational grocery and retail company with over 150 years of experience. The company operates multiple stores across the UK, offering a wide range of products including groceries, clothes, home goods, and financial services (Xiao, 2021). Sainsbury's is known for its high-quality, affordable, and innovative products. The company's mission is to create a sustainable society by minimizing food waste, introducing healthier options, and minimizing environmental impact. Sainsbury's has expanded online development and delivery services, focusing on customer satisfaction and community engagement. In fiscal year 2022, the company's revenue increased to £ 29,895 million from £ 29,048 million (Annual report, 2022).

# **Brief Of Tesco Plc**

Tesco is a multinational retailer with its head office in the UK and the second largest retailer in the world. Founded in 1919, TESCO has grown into one of the biggest supermarket chains globally, with its presence in many countries, especially in Europe and Asia. To offer more options, the company has groceries, clothing, electronics, and financial services among other product ranges (Chen, 2022). This caters for the needs of millions of customers. The company achieved its success through its dedication to customer satisfaction, innovations, and mastering strategic acquisitions. Tesco also puts a keen interest on sustainability and community engagement activities. Though the market is challenging, and Tesco remains a giant in the retail sector, the organization has been able to change with the times and satisfy the needs of present consumers.

# **References**

Seidu, R.D., Young, B.E., Madanayake, U.H. and Clark, H., 2021. The UK retail industry and its effect on construction sectors. Journal of Emerging Trends in Economics and Management Sciences, 12(1), pp.27-33.

Xiao, B., Chen, Q. and Yu, Z., 2021, April. Research on the Investment Value of Sainsbury’s. In 2021 6th International Conference on Social Sciences and Economic Development (ICSSED 2021) (pp. 108-115). Atlantis Press.

J Sainsbury Annual report, 2022. <https://www.annualreports.com/HostedData/Annual> Reports/PDF/LSE\_GB0767628\_2022.pdf

Chen, J.J., 2022. Tesco Plc. In International Cases of Corporate Governance (pp. 27-44). Singapore: Springer Nature Singapore.