Kingfisher drops as first-quarter like-for-like sales fall 0.6%, hit by weak trading in France

Kingfisher PLC (LON:KGF) shares drop as the DIY stores group reports a 0.6% decline in first-quarter like-for-like sales, hit by weak trading in France where the firm remains cautious.

In a trading update for the quarter to April 30, the FTSE 100-listed firm said its like-for-like sales fell by 5.5% in France, but were up 3.5% in the UK and Ireland.

The firm - which trades as B&Q and Screwfix in the UK and Castorama and Brico Depot in France - said its total group sales for the first quarter were £2.86bn, up 5% from £2.72bn in the same period a year earlier at reported currency, but down 0.9% on a constant currency basis.

READ: Kingfisher turnaround plan on track; but warns on France outlook

Approaching lunchtime, Kingfisher remained the top FTSE 100 faller, shedding over 6.3%, or 22.7p to 336.5p.

Neil Wilson, senior market analyst at ETX Capital, said: "Same old story for Kingfisher with today's Q1 trading update showing a strong performance in the UK offset by some weaker performance in France.

He added: " Overall LFL sales for Kingfisher were 0.6% lower, which is down to the soggy French business and the disruptive effects of Veronique Laury's turnaround strategy."

Meanwhile, in an initial note to clients, analysts at Credit Suisse said the like-for-like sales decline was far worse than their forecast of a 1.3% increase "due to greater disruption from the Unified Range introduction and IT conversion than expected."

The analysts cut their current year pre-tax profit forecast for Kingfisher by 5% to £800mln, down from £842mln previously, leading them to reduce their target price to 410p from 430p, although they retain an "outperform" rating on the stock.

Strong performance in Screwfix and Poland continues

Screwfix again saw the strongest growth, with like-for-like sales up 12.6% in the first quarter, while B&Q sales only increased by 0.5% held by store closures and the group's restructuring plans.

Véronique Laury, Kingfisher's chief executive officer, said: "Strong performance in Screwfix and Poland continues, though performance in France remains weak.

"In addition, we are experiencing some business disruption given the volume of change, as we clear old ranges, remerchandise new ranges and continue the roll out of our unified IT platform."
"However," she added, "we are on track to deliver our Year 2 strategic milestones. Early customer reaction to our new ranges is encouraging, especially in France where our new unique bathroom ranges are launching first."

-- Adds further analyst comment, updates share price --

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