Kingfisher: Credit Suisse lends support to B&Q retailer, but cuts its forecasts and price target

Investment bank Credit Suisse was one of the first to offer support to B&Q owner Kingfisher (LON:KGF), whose stock tanked 7% after its first-quarter figures failed to pass muster in the City.

The 0.6% decline in underlying revenues was mainly the result of a lacklustre showing in France, where it remains cautious on the outlook.

CS blamed the disruption caused by bringing in new product lines and technology had been greater than expected.

It noted the One Kingfisher turnaround strategy had borne fruit in its first phase (and is on track to meet its goals in the second phase).

However, it has cut its like-for-like sales forecasts to "account for the greater disruption through the rest of the year".

In France, it expects revenues to recede 2.7%, while the UK will be flat (versus a previous projection of 1.5% underlying growth).

This, CS said, lead it to cut its current-year pre-tax profit forecast of £42mln to £800mln, which gives earnings per share of 26.8p (down from 28.2p).

The price target has been tweaked down 20p a share to 410p, though CS remains positive on the stock with an outperform recommendation.

In early afternoon trading the stock was changing hands for 334.95p, down 24.2p.
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