

Dixons Carphone Plc

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UBS trims target, estimates for Dixons Carphone amid indications of weak sales of Apple's iPhone 8

UBS has trimmed its target price and estimates for Dixons Carphone Plc (LON:DC) ahead of the electronics products retailer's interims, due next week, amid indications of weaker sales of Apple Inc's (NYSE:AAPL) new iPhone 8 model.

A tough first half has already been flagged up by Dixons Carphone along with its profit warning in August, especially given the timing of one-off gains last year for comparatives.

READ: Dixons Carphone plunges as it warns on profits with UK mobile phone business hit by weak demand

In a note today, UBS's analysts said it is forecasting the FTSE 250 listed firm to report first half pre-tax profit of £67m next Wednesday, down over 50% year-on-year, with weaker Phone 8 sales likely to have depressed Dixons Carphone's second quarter sales.

The Swiss bank's analysts also trimmed their second half pre-tax profit estimate by £20m, taking the full year forecast down to £370m, to reflect the possibility that some handset demand will spill over into next year as the split launch of the Apple 8 and X phones has been unhelpful.

They said: "The iPhone X has been more popular than the 8 but our work shows that there have been stock shortages in Apple stores. Although the waiting time is now falling, this could have had an impact on DC's Q3 as well."

READ: Dixons Carphone shares fall after RBC cuts rating and target price on UK mobile concerns

The analysts pointed out, however, that sales over the Black Friday, Christmas and Boxing Day Sale peak periods remain significant swing factors, and investors will be very keen to hear how current trading is going next week.

UBS retained a 'buy' rating on Dixons Carphone shares but cut its target price to 220p from 230p, albeit with the stock currently changing hands at 165.1p.

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Share Information

Code: DC

Listing: LSE

Sector: General Retailers

Website: www.dixonscarphonegroup.com

Company Synopsis:

Dixons Carphone plc is Europe's leading specialist electrical and telecommunications retailer and services company, employing over 40,000 people in 14 countries. It sells over £10bn worth of products and services every year, online and in its c. 3,000 stores.

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