Dixons Retail PLC

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City analysts hail Dixons, Carphone merger as profits soar

City analysts have hailed Dixons' (LON:DXNS) final results ahead of its mega-merger with Carphone Warehouse (LON:CPW) - a union that received EU clearance yesterday.

Richard Hunter, head of equities at Hargreaves Lansdown, described the Dixon numbers today as "sparkling".

The group beat forecasts with a 76% rise in annual profit to £166.2 million against £94.5 million last year on sales up by 3% to £7.218bn, and said the trading outlook was good.

Meanwhile, Carphone Warehouse also reported pre-tax profits of £67mln in the year to 29 March, up from £3mln a year earlier, sending its shares higher.

The merger, unveiled last month, creates a new group called Dixons Carphone. It will have almost 3,000 stores, 45,000 staff, and further down the line, could "converge" certain products.

"With its imminent partner also posting strong numbers today and with a similarly bullish outlook, the future looks bright for Dixons Carphone," said Hunter.

"Dixons' own share price has had a good run, having risen 21% over the last year, as compared to a 14% hike for the wider FTSE250.

"The market consensus shows confidence in this merger of equals, coming in at a strong buy for Dixons and a buy for Carphone."

Cantor Fitzgerald's Freddie George also noted in a note about Dixons: "We believe the deal will be beneficial to Dixons and retain our BUY recommendation and TP of 60p."

Dixons shares eased back slightly Thursday to 48.01p.

Share Information

Code:	DXNS
Listing:	LSE
Sector:	**Retail**
Website:	**www.dsgiplc.com**

Company Synopsis:
Dixons Retaill is the parent company of a group of retail brands selling high technology consumer electronics, personal computers, domestic appliances, photographic equipment, communication products, and related financial and after-sales services.

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