

S&P places Casino's debt on creditwatch negative

Written by Administrator

Sunday, 17 January 2016 12:02 -



Thomson ReutersA shopping basket is seen inside a Casino shop in NicePARIS (Reuters) - Standard & Poor's has placed the debt of French retailer Casino on credit watch, with negative implications, citing weakness in Brazil, high debt and a complex ownership structure.

The credit rating agency said in a report it had placed Casino's long-term 'BBB-' and short-term 'A3' debt ratings on credit watch, saying it may lower the long-term ratings "by no more than two notches".

"Notwithstanding management's plans to sell assets to reduce debt at the Casino level, the group's profitability will continue to be fairly weak for an extended period of time and its debt levels, primarily located at the French operations, too high," S&P said.

With its long-term debt rating already at the last wrung in the scale before junk status, a downgrade would cut it to non-investment grade, which would mean some big institutional investors would not be able to hold its debt.

The warning from S & P comes as another blow for Casino, which has been in the crosshairs of Muddy Waters since December when the research and investment firm said the retailer was "dangerously leveraged", used financial engineering to mask a deteriorating core business, and was only managed for the short-term.

Muddy Waters had put a value of 6.91 euros on Casino shares, prompting the worst slide in Casino's stock in seen years. The stock closed at 40 euros on Jan. 15.

(Reporting by Dominique Vidalon; Editing by Leigh Thomas)

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