



JD Wetherspoon warns wage costs are likely to hit profits Free 231224

Description



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The pub chain JD Wetherspoon has warned that full-year profits are likely to be “towards the lower end” of analyst’s expectations.

The company, which spends almost a quarter of its revenue on wages, blamed rising labour costs caused by a rise in the minimum wage.

The company also said profit margins are falling due to rising competition and investments in its pubs.

Wetherspoon’s share price plunged 7% following the announcement.

The latest profit alert comes after Wetherspoon warned in November that staff costs could see annual profits drop slightly compared to the previous year.

From April, workers aged over 25 will receive a minimum of £7.20 per hour as part of the National Living Wage.

Improved Christmas

Wetherspoon said it saw improved trading in its Christmas quarter with like-for-like sales up 3.3% in the 12 weeks to 17 January.

In the first 25 weeks of its half-year up to 17 January, like-for-like sales in pubs are up 2.8%.

In a statement JD Wetherspoon chairman, Tim Martin said: “Like-for-like sales have improved in the second quarter so far. However, as indicated in our November trading update, increased labour costs will be an important factor in the outcome for this financial year.

“Our current view is profits for this year are likely to be towards the lower end of analysts’ expectations.”

The company intends to open 10 to 15 pubs in the current financial year.

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1. All
2. Weatherspoons
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4. Business
5. Business News
6. News
7. UK
8. Christmas

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1. Pubs and bars
2. Christmas
3. Supermarkets
4. Profits
5. Wage
6. JD Wetherspoons
7. Pubs
8. JD Wetherspoon
9. Bars
10. Sale
11. Tim Martin
12. Wetherspoons
13. King

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