



Wetherspoon profits up as restaurant trade hits tough times Free 231224

### Description



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## Pub chain JD Wetherspoon is weathering tough times in the restaurant trade, according to boss Tim Martin.

He says there has been a backlash against “trendy-type, restaurant-type” chains which are now seeing higher costs and tough competition.

Wetherspoon is “technically” facing the same pressures, but “we seem to be doing quite well”, he told the BBC.

But although half-year sales and profits rose more than expected, external, future trading would be tougher, he said.

The group posted a 36.1% rise in pre-tax profit to £54.3m in the 26 weeks to 28 January, with revenue rising 3.6% to £830.4m.

However, higher costs for the remainder of the financial year mean he is wary about the future.

“The company anticipates higher costs in the second half of the financial year, in areas including pay, taxes and utilities,” he said.

“In view of these additional costs, and our expectation that growth in like-for-like sales will be lower in the next six months, the company remains cautious about the second half of the year.”

Sugar tax

The casual food trade has seen a wave of closures and restructuring, with Prezzo, Jamie’s Italian, Byron and Carluccio’s among chains to hit trouble.

Mr Martin said: “I think that a lot of trendy-type, restaurant-type companies have all opened up at around the same time in the last 10 years, pay huge rents and the glitter has worn off a bit and they’ve suffered a backlash from customers.

“In the more prosaic world of Greggs or McDonald’s or Starbucks, I think things are going reasonably well.”

Tim Martin

He took a swipe at the sugar tax on fizzy drinks coming into force next month, something chef Jamie Oliver has campaigned for.

The higher taxes Wetherspoon faces included “Jamie Oliver’s sugar tax, which he got us to pay but couldn’t pay himself”.

It had already cost his company about £3m, he said. “So, it’s an era of rising taxes for pub and restaurant companies, which makes life more difficult.”

Analysts agreed that Wetherspoon could face tougher trading for the remainder of the year.

Richard Hunter, head of markets at Interactive Investor, said Mr Martin's "guarded outlook" was "somewhat troubling" despite Wetherspoon being "a rare success story on the UK High Street".

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