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Omicron hits sales at Primark but margins improve

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Same-store sales at Primark remained 11 per cent below pre-pandemic levels in the final third of 2021 as the rapid spread of the Omicron coronavirus variant hampered recovery in Europe.

However, profit margins were stronger as the effect of a weaker US dollar on purchases of stock from Asia and increased efficiency offset the impact of additional costs elsewhere.

For the 16 weeks to January 8, total sales at the value fashion retailer were up 32 per cent year on year at £2.67bn, reflecting widespread store closures in the same period the previous year. Primark does not sell clothing online so lockdowns had a particularly marked effect on its business.

However, total sales remained 5 per cent below the same period in 2019/20 despite new store openings.

“It is difficult to predict future trading conditions with certainty, but we have seen encouraging improvement in footfall in the UK and Ireland as the disruption from Omicron reduces,” parent company Associated British Foods said in a statement.

Elsewhere, the group reported “an escalation in the cost of energy, logistics and commodities” and said that this would result in reduced profit margins at its grocery and ingredients businesses in the first half. However, it did not change its guidance for the full year.