

Builders' merchant JT Dove books substantial profit despite challenging market

Bosses at building supplies company JT Dove say 2024 has so far been positive despite a dip in operating profits last year.

The historic Newburn-based business published accounts for 2023 in which operating profits fell from £6.5m to £4.02m while revenue remained broadly flat at £94.5m. Managing director Michael Young said 2023 had been a good year despite some sizeable challenges posed by waning demand and high inflation.

Profitability at the 367-strong firm, which specialises in stocking timber and plumbing materials, was still well above where it has been for much of the last decade, with JT Dove's workforce set to benefit from the earnings via the employee benefit trust which has owned the builders' merchant company since the mid-1950s.

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Writing in a review of the business accompanying the accounts, Mr Young said: "2023 was another good year for the company. It succeeded in achieving budget, despite the considerable challenges of reduced volume demand across the builders' merchant marketplace and a level of cost inflation that ran in excess of product inflation. Industry data consistently indicated that the company's sales volumes exceeded industry benchmarks.

“The company continued to invest in its premises, infrastructure and a staff base focussed on the delivery of consistent high-quality service to customers. Issues relating to the availability of stock, which had been a feature of recent years, largely dissipated and the company was able to consolidate its strong inventory position. Turnover reduced by only 3% during the year to £94.5m (2022: £94.8m). Operating profit, a key measure of performance, reduced by 38.6% to £4.0m (2022: £6.6m). At the year end, net assets were £27.4m (2022: £25.0m).”

JT Dove was established in Newcastle in 1869 as one of the city’s earliest merchants. In 1954 Herbert Dove put the company into Trust, in a model similar to the John Lewis Partnership. The business now runs more than 20 branches across the North East and into Scotland, and two years ago merged with Sunderland-based timber merchants, Nordstrom.

The UK construction sector has been hit by inflation and lower demand due to rising interest rates over the last 18 months. But there have been signs of some recovery in the sector, and data last week showed that it was growing at the fastest rate for two years.