

Joules shares drop after speculation that rescue talks with Next could be in trouble

Shares in Joules were down 10 per cent at one point this morning following speculation about whether or not a deal to sell part of the business to Next will go through.

It followed media reports that a potential deal was faltering after the two fashion retailers failed to reach agreement over terms.

Sky News suggested [Next](#) had not received enough financial detail to make a formal proposal and said there were doubts that Next would be prepared to proceed with a deal at 33p-a-share or more – Joules' valuation when the talks were first revealed. Shares in the company were around 23p today.

[Back on August 9](#), it was announced that Next – also based in Leicestershire – was interested in taking a £15 million stake in Joules and offering use of its online and distribution service Total Platform which provides support for everything from website services to warehousing, distribution and till systems.

But just over a week ago Joules shares dropped a third after it issued a profit warning on news the heatwave, coupled with the cost-of-living crisis, had caused a drop in sales of staples such as [jackets, raincoats, knitwear and wellies](#).

Today, in response to recent reporting, Joules said: “Further to the announcement on 19 August 2022, the group continues positive discussions with Next Group Plc about both adopting its Total Platform services to support its long-term growth plans and a potential equity investment.

“There can be no certainty that these discussions will lead to any agreement, and further announcements in this regard will be made if and when appropriate.”

Russ Mould, investment director at online stockbroker AJ Bell said things were looking tough for the country casuals retailer.

He said: “Posh wellies seller Joules’ latest update – effectively decrying media reports that an agreement with Next for the larger retailer to invest in the business was breaking down – shows the desperation of its situation.

“Businesses like Joules, which are neither luxury brands nor bargain basement propositions and sell discretionary items, look particularly vulnerable against a highly squeezed consumer backdrop.”

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