

Magnet owner Nobia restructures with closure of two factories and 92 redundancies

The North East operation of kitchens retailer Magnet has remained unscathed in a group-wide shake up which has closed its Dewsbury and Grays factory locations.

In a restructuring of its UK business, Magnet operator Nobia said it needed to address underperformance in its 'Projects' business, which includes the sale of kitchens to public and private sector organisations. In total 92 people have been made redundant in the move.

It is part of a plan announced earlier this year by Sweden-based Nobia which aims to improve operating profit by £23.8m (SEK 300m) within 18 months. Changes to its UK business were said to be an important part of the programme, which includes a withdrawal from parts of the UK project sales division which have made insufficient profit, closure of the two manufacturing sites and discretionary spending reductions.

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In fourth quarter 2022 results, Nobia said UK-wide sales were up 5% organically, mainly driven by customers spending more on kitchens. However costs – including marketing spending ahead of the trade autumn campaign and winter sales period – weighed on the firm, meaning the UK operation was loss making.

At the time, Nobia president and CEO Jon Sintorn said: "Our restructuring, the UK transformation plan and the completion of our new factory are some initiatives that will enhance our

competitiveness and provide resilience, which is especially important with the current macro development. To provide further profit protection, key focus areas are maintaining a strong pricing discipline, supply chain operational efficiency and leveraging our scale to improve sourcing efficiency.”

In a capital markets update Nobia said the UK had enjoyed a strong market before Brexit made a “large impact”. Since then the group said it had seen poor development, owing also to the pandemic and steep inflation.

A spokesperson from Magnet said: “At Magnet we are undertaking a programme of efficiency and restructuring measures to increase our agility, adapt to market conditions and deliver on the long-term strategy of repositioning the brand and enhancing the store experience. Regrettably, this has resulted in 68 redundancies from the closure of the factory at Dewsbury and a further 24 from the closure of Grays manufacturing. Currently, there has been no impact on the operations at Darlington.”

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