

Strong recovery for Barbour but firm warns of challenges ahead

Waxed jacket fashion brand Barbour has hailed a strong recovery from the pandemic but warned of a raft of challenges that are squeezing margins.

The South Shields business – whose jackets are loved by everyone from royalty and celebrities to farmers and outdoor enthusiasts – has issued accounts for the year ended April 30 showing a 31.5% boost in turnover, from £218.0m to £286.6m. Operating profit rose from £36.1m to £40.3m but the company's operating margin decreased slightly to 14.1%.

In the accounts, chair Dame Margaret Barbour highlighted how the company had recovered strongly from the severe lockdowns and impacts of Covid-19, demonstrating the “strength and resilience” of its brands. But she said the uncertainty and economic challenges presented by the global pandemic remained strong, presenting numerous challenges to margins across all channels and markets.

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Within the business review, Dame Margaret said: “With uncertainty across global markets very high and competition for volatile demand remaining high, navigating profitably has been a challenge, with cost pressures intense and growing throughout the year.

“While operating profit increased by £4.2m, including exceptional income of £5.2m, the underlying profit remains heavily impacted by both the Covid-19 pandemic and Brexit, as cost and pricing pressures remain relentless across all markets globally. We are investing heavily in multiple areas

to maintain service to our customers, in these uniquely difficult circumstances.

“Now more than ever our focus on overhead cost control is crucial, while we strive to deliver improved customer service complemented by engaging consumer campaigns building on the trust and brand equity we have with our consumers and their valued choices.”

Following publication of the accounts, managing director Steve Buck said investment remains a priority for the business..

He said: “Despite the current global challenges, we are confident in our long term growth strategy and have continued to invest in our people, systems and our service. South Shields has been home to the brand since 1894 and supporting and investing in the skills of our talented North East workforce remains paramount.

“During 2021/22, we invested significantly to protect customer service from the severe interruption and turmoil across the global supply chain as markets rebalanced supply and demand post Covid-19. In response to an increased demand by our customers for ecommerce and the requirement for structural changes to mitigate the negative impact of Brexit, we have invested further in technology and our digital capabilities.”

The financial year also saw Barbour mark a centenary of re-waxing, a service that was launched by Malcolm Barbour, the second generation of the family in 1921, while also making donations through its foundation.

The Wax for Life campaign introduced during the year also continued to go from strength to strength, expanding services in the South Shields factory, as well as rolling out Wax for Life stations with key global partners, encouraging customers to extend the life of their wax products to minimise their impact on the environment.

Mr Buck added: “The Barbour Foundation which supports charitable causes, health and scientific research programmes and women’s groups, primarily in the North East, receives its generous funding from the shareholders dividend. Since its inception The Foundation has donated over £27m to charitable causes and as well as supporting vital research work with organisations such as Newcastle University, also donated monies and products to the Red Cross to support their Ukraine appeal.

“The fiscal year 2022/23 will see some extraordinary challenges for our business with higher inflation, the cost of living crisis and market contractions but we remain confident that if we continue to remain financially prudent, invest intelligently and strategically for the future in our products, people and brands, we will navigate through these difficult times in a strong position.”

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