

# WHSmith takes Omicron hit but bosses 'confident' of recovery

WHSmith has revealed sales at its stores remain below pre-pandemic levels while those at travel locations, including airports and train stations, fell in the final month of 2021 as the Omicron variant of Covid spread.

Bosses said high street stores have seen improvements compared with 2019 levels, although these fell in the first two weeks of January.

Chief executive Carl Cowling said the Swindon-headquartered company was "well placed" for the summer trading period and the "ongoing recovery" in the sector.

"Looking ahead, although we are seeing a small impact from the Omicron variant, we anticipate a resumption in the recovery of our travel markets over the coming months," he said.

WHSmith has been hit heavily by various lockdowns and restrictions, along with the collapse of the travel market.

The company revealed that revenues in its travel division in September 2021 were only at 73% of 2019 levels, rising to a high of 94% in November before dropping back to 83% in December and the first two weeks of January.

Split out by location, its hospital sites performed the strongest, while at its air and rail sites recovery was tempered by the Omicron variant.

Airport stores, for example, were trading at just 42% of 2019 levels in September, rising to 71% by November, then falling to just 58% at the start of January.

Rail was more consistent, with sales at 74% of 2019 levels in October and November, before falling back to just 69% in December.

Despite the difficulties, the retailer opened 16 [new InMotion tech stores in airports](#) including Heathrow, Manchester and Edinburgh, with 14 new sites due in time for the summer holidays. A pharmacy format was also opened at Euston station in London.

There was better news in WHSmith's high street stores, with sales hitting 90% of 2019 revenues in December – beating sales figures in September, October and November. However, this fell back to 87% in the first two weeks of January.

The company did not give details on why sales have remained below pre-pandemic levels for the past four months, only revealing that online businesses “performed strongly” and the Christmas period ended “with a clean stock position”.

Its North American travel business held up better than the UK, with increased passenger numbers during the festive period, with bosses highlighting its Las Vegas sites in particular.

WHSmith added: “We have seen a small impact from the Omicron variant in January but, as elsewhere, we believe this will be short term.”

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The news comes as the retailer faces a revolt from investors after it was announced Mr Cowling would receive a £550,000 bonus despite WHSmith reportedly not repaying the money it received under the government's furlough scheme.

According to Sky News, which first reported the story, three of the main proxy advisers which issue guidance to City shareholders ahead of annual meetings are opposing the bonus.

A significant proportion of investors are reportedly expected to vote against WHSmith's remuneration report and pay policy at the retailer's AGM on Wednesday (January 20).

A WHSmith spokesman defended its policy on executive pay, telling Sky News: "Despite being among the businesses hardest hit by the pandemic, WHSmith has emerged in a strong position and anticipates a return to profit in 2022.

"This is as a result of the hard work of all our people, led by our executive directors.

“The remuneration arrangements published in our annual report and accounts are consistent with the remuneration policy which over 98% of shareholders supported in 2019 and come alongside the award of bonuses to approximately 1,750 colleagues across our stores and head office to recognise their exceptional efforts through the pandemic.”

The row comes as Henry Staunton, WHSmith’s chairman, prepares to step down.

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