

Everyone's a winner for red hot chocolate specialist

Quoted Cambridge Cluster company Hotel Chocolat is gorging on success after a set of tasty results you could have picked with your eyes shut!

Full year revenues of £165 million to June 27 were 21 per cent ahead year-on-year and 24 per cent up on 2019 – the last financial year before the full impact of Covid took its toll. And the company is building on that success by head hunting 250 additional staff.

Shareholders found the sweet spot and tucked in to send the UK stock 11p a share higher to 385p.

There may be lots of soft centres in a typical box but that doesn't extend to the boardroom where results are being driven ever harder. Since the previous trading update in May, group trading has remained strong. With all channels open, group sales for the 10 weeks from April 19, 2021 to June 27 grew 34 per cent compared to the same period in 2019, and 63 per cent compared to the same period in 2020 when all physical locations were closed.

Having grown the UK customer database by 66 per cent to three million in the 18 months since December 2019, digital and subscription sales are now a substantially larger proportion of the group's total revenue and have remained so after full store channel reopening.

The US is gobbling up the product with sales increased by 62 per cent on the prior year with over 75 per cent of sales achieved directly through the group's US website.

In Japan, the Group's joint-venture partnership grew sales by 277 per cent on the prior year, achieving over 50 per cent

data capture from new customers.

The company adds that UK store performance since the reopening on 12 April has been encouraging. Strong trading in smaller cities and market towns has largely offset lower footfall in commuter and tourist locations.

Following the end of the first lockdown in July 2020, sales from stores progressively increased from July to October and the board anticipates a similar improvement in the coming months.

Thirty per cent of the UK store estate has already been renegotiated to lower rents, either in the form of a lower fixed amount, or a reduced variable percent of sales. The remaining 70 per cent of the estate has a lease event due in the next 24 months.

Having raised £22m of new equity in March 2020, the group has invested the capital in service for future growth through a range of innovations.

The UK chocolate factory footprint has been increased in preparation for three new production lines which are all on-track for commissioning in FY22.

Hotel Chocolat is introducing a fourth truffle-making line; a second Velvetiser flake line for its home-drinks subscriptions; an enlarged 'bean-to-bar' chocolate facility for super-premium fine cacao products and a new range of Vegan chocolate.

It has also expanded its UK distribution centre expanded from 113,000 sq ft to 207,000 sq ft.

The board now anticipates underlying pre-tax profit will be higher than its previous expectations. Preliminary results are scheduled for September 28. The group says it remains well capitalised with cash in hand and access to a £25m CLBILS

revolving credit facility with Lloyds Bank, that expires December 2021. To date, the group has made no drawings against the facility.

Angus Thirlwell, co-founder and CEO said: “The growth avenues ahead of us have never been better in Hotel Chocolat’s history. The strategies we put in place two years ago are now delivering accelerated growth.

“Our goal of becoming the most tech-activated chocolate brand is moving forward in leaps and bounds and is already helping to power our major achievements and future growth.

“Indeed, this year we expect more than 50 per cent of our sales to come from digital, partners and subscription-continuity models, reflecting how Hotel Chocolat is growing and evolving.

“Our brand-building stores will continue to play a pivotal role in our digital-led business, with an unrivalled ability to introduce new customers to our brand.

“I am particularly excited by what we have achieved so far in the US and Japan, two of the three largest economies in the world. We have great growth opportunities there for Hotel Chocolat and strong teams in place to drive and support it.

“We are proud to be making our chocolate in the UK and will be creating over 250 new roles this year as we grow our team, from designers and data gurus to engineers and apprentices.”