

# A0 World 'cautiously optimistic' as cost-cutting boosts profits

A0 World has said it is "cautiously optimistic" as the online electricals retailer revealed that moves to slash costs have helped the firm's profits surpass expectations.

Last year, the Bolton-based company closed its loss-making [German](#) business and launched actions designed to save at least £30 million a year by 2023-24, including axing a raft of senior and middle management jobs.

In November, the firm posted widened losses after it was hit by sliding sales and the impact of labour shortages and supply chain disruption.

On Tuesday, the retailer told investors that sales slipped again over the latest quarter as it failed to keep up with pandemic-boosted levels.

A0 said revenues dropped by 17.2% over the three months to December 31, compared with the same period last year.

## Read More

- [Missing couple and baby spotted in Essex](#)
- [Possible sightings of mother missing with partner and new baby](#)
- [CCTV image released in search for missing couple with newborn baby](#)
- SPONSORED

[How a tech-loving Londoner is freshening up your daily Grind](#)

The actions taken by the business to reduce costs and improve margins, as described in our interim results in November, are gaining traction and profitability is now running ahead of our previous expectations

It said the sales slump was in line with the board's expectations.

Meanwhile, it said it now expects to deliver adjusted earnings of between £30 million and £40 million as it benefits from reduced costs.

The company said it was on track to deliver earnings at the top of a £20 million to £30 million range in its previous trading update.

In a statement, the firm said: "The actions taken by the business to reduce costs and improve margins, as described in our interim results in November, are gaining traction and profitability is now running ahead of our previous expectations.

"We remain cautiously optimistic and yet mindful of the continuing macroeconomic uncertainty and tough consumer environment whilst also taking into account both the extent to which these and inflationary pressures can impact our contract assets."

Elsewhere, competitor Marks Electrical told its investors on Tuesday that it saw sales jump by a third over the past three months despite "tough" economic conditions.

The online retailer said revenues grew by 33.4% to £29.8 million over the quarter to December 31, compared with the same period last year.

It said sales growth accelerated over the period as it was boosted by strong sales over energy-efficient laundry appliances, televisions and fridges.

Mark Smithson, chief executive officer of Marks, said: “I am proud of the entire team at Marks Electrical for delivering a record quarterly performance, with year-on-year growth of 33.4% against a tough economic backdrop.

“This further demonstrates the resilience of our business model and the attractiveness of our market-leading customer offering, which more people are discovering up and down the country.”