Hornby shares slump as sales ‘behind budget’ amid cost-of-living pressure

M
odel train maker Hornby has warned that sales are “behind budget” due to pressure on consumer finances amid rocketing living costs.

Shares in the company slid in early trading on Tuesday as a result.

The London-listed firm blamed “the challenging consumer economic climate” as it said that the performance over the three months to December 31 will “impact” its full-year performance.

The firm added: “We remain cautious in our outlook for the full year and beyond due to a high level of uncertainty around the impact of several factors on our sales, such as inflation and mortgage costs for consumers, but with employment expected to remain high we are hopeful that the confidence in consumer spending remains.”

Sales at Hornby continue to grow with a stream of new products in the pipeline.

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Hornby highlighted that group sales over the third quarter were ahead of the same period last year.

It added that cumulative group sales for the year so far are up 6% against the previous financial year.

“This has been driven by better availability of stock, price increases, and investment in e-commerce platforms and digital media,” the company told shareholders.

Hornby added that its order book remains “strong” ahead of product releases for the new year.

It has also recorded a significant increase in direct-to-consumer sales, which are up 44% against the same period last year.

The group said it is forecasting a “modest” underlying pre-tax loss for the year to March.

Lyndon Davies, executive chairman, said: “Sales at Hornby continue to grow with a stream of new products in the pipeline.

“We look forward to the continued growth in direct relationships with our customers.”

Hornby shares were 20% lower at 23.2p on Tuesday morning.