

Mulberry swings to loss as UK sales take hit amid economic woes

Luxury handbag maker [Mulberry](#) has swung to a half-year loss as it revealed sales tumbling by 10% across the UK as the economic uncertainty and cost crisis knocked shopper confidence.

The group reported a pre-tax loss of £3.8 million for the six months to October 1 against profits of £10.2 million a year ago.

This came despite the group raising prices twice, in March and September, to offset its soaring costs and energy bills.

Results a year earlier were boosted by business rates relief support as well as profits on the sale of a shop lease in [Paris](#), but even with these stripped out, Mulberry sank to an underlying £2.8 million half-year loss from profits of £4.5 million.

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Mulberry saw UK retail sales drop 10% to £34.1 million, with trading in the second quarter particularly impacted by the “more challenging macro-economic environment”.

Online UK sales also fell 24% as customers switched back to shops.

It fared better in [China](#), where sales rose 6% despite Covid-19 restrictions, helping limit the decline in overall group revenues to 1%.

Mulberry said trading improved in the eight weeks to November 26, though it warned over ongoing cost and economic pressures.

The group said: “The wider macro-economic environment continues to present some uncertainty, in particular with regards inflationary pressures.

“As a business we are managing inflationary challenges through various measures.”

It said price rises were made to “ensure we make no compromises on the quality of our product” and protect profitability in the face of rocketing inflation.

Mulberry’s boss is also leading a strategy refresh, including better integrating online and shop offerings, driving sales internationally and in Asia Pacific particularly and also moving away from the franchise model to full ownership of stores.

Chief executive Thierry Andretta said: “We are confident in our ability to execute our strategy and to continue to invest across the group for our future growth, in spite of the challenging economic and geopolitical backdrop.”

“We are well placed for the festive trading period,” he added.