Nightmare continues for Eve Sleep investors as sales soften

U
nder-pressure mattress seller Eve Sleep has seen nearly half of its already tiny market value be wiped out after saying that it is losing customers compared to last year and sales are failing to spring back.

The retailer said that the orders it had directly from customers in July and August were down 14% in the UK and Ireland, and 16% in France, compared to the year before.

The market remains “highly promotional” – meaning that companies are offering discounts – Eve said on Tuesday. Shares fell by more than 46% on the news.

“Having had a very strong start to the year, with January ahead of plan, it became clear over February and March that a combination of the war in Ukraine, falling consumer confidence, and increasing inflation were affecting the homewares market significantly,” Eve said.

It has caused Eve to slash costs. Board members have taken “substantial salary reductions,” it said, a restructuring of its team, and “cost savings across all overheads in the business”.

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Overhead costs – those costs that are not directly related to production and include rent, utilities and salaries – will be nearly a third lower in the fourth quarter of the year compared to the first three months of 2022.

Eve Sleep’s problems are far from new. Less than five years ago its value on the London Stock Exchange was at a market value of £175 million.

But by Tuesday that had dropped to £1.1 million – after a more than 99% fall in the share price.

Bosses hope that a more streamlined version of the business could attract some outside investment which could save the troubled company.

“We are doing everything possible to manage the business through these incredibly difficult times, whilst speaking with potential investors and strategic partners to secure fresh investment aiming to put Eve on a more secure and sustainable footing,” said chief executive Cheryl Calverley.

“The business has been streamlined dramatically, with cash preservation our absolute focus.”

She added: “Truly unprecedentedly appalling market conditions have stopped 2022 being the transformative year that it was intended to be despite a very bright start and our focus is now on navigating the current storm through to calmer waters with a much more efficient business.”