

Primark to open 10 shops before Christmas amid 'encouraging' sales

Primark will open 10 new shops before Christmas as it continues with its expansion plan, the budget fashion retailer's owner Associated British Foods (ABF) said.

The announcement comes after ABF held firm on its trading guidance for the year ahead of its annual general meeting on Friday.

Michael McLintock, chairman of the business, maintained its forecasts despite warning the company expects "further significant input cost inflation" over the current financial year.

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However, the firm said cost volatility has "diminished" since its previous update.

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Mr McLintock added: “For the full year, we continue to expect significant growth in sales for the group, and adjusted operating profit and adjusted earnings per share to be lower than the previous financial year.”

ABF also told shareholders on Friday that trading at Primark so far this financial year has been “encouraging” despite increased pressure on household budgets.

It said Primark is “on track” to open 27 new shops this financial year, with 10 to open in the run up to Christmas.

Meanwhile, the firm, which also owns grocery brands like Twinings and Patak’s, said profits in its food business are expected to be higher than last year.

[RBC](#) equity analyst Richard Chamberlain said: “We expect a strong recovery in sales given ongoing good recovery trends for store-based retailing, but margins are likely to be impacted by currency and other inflation pressures, and as Primark appears to be investing more in improving the convenience of its offer.

“On the food side of the business we expect grocery and ingredients margins to be pressured by higher input costs from energy, logistics and commodities, but sugar should see improved profitability, helped by firmer [European](#) and world sugar prices, albeit this remains a volatile business.”

[Shares](#) in the company were down 0.3% at 1,649.9p in early trading.