

Record revenue at Topps Tiles helps it cope with rising energy costs

Topps Tiles, the specialist retailer that makes over 60% of its sales from professionals in the building trade, has reported a second consecutive year of record revenue with trading ahead of pre-pandemic levels.

The recovery in demand has helped the heavy gas user, which sells its kiln-fired tiles from over 300 stores nationwide, cope with cost inflation.

It said: "Wider cost pressures impacted our overheads including our own gas bill rising substantially," adding: "Our response across the year has been to increase the prices of tiles to pass on this inflation to our customers on a pound-for-pound basis, which has protected gross profits but impacted the gross margin percentage."

Revenue rose over 8% to almost £250 million. Gross profit rose almost 4% to over £135 million

Adjusted profit before tax rose 4% to almost £16 million, a figure which "excludes the impact of items which are either one-off in nature or fluctuate significantly from year to year". Unadjusted profit before tax fell by over a fifth to just under £11 million.

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Topps also said the war in Ukraine “impacted the tile industry”, with the country an “important source of clay for tile manufacturers based in European markets,” although it was able to manage the situation via “strong supplier relationships”.

Trading in the early part of its new financial year was “robust”, although it said it was “mindful of the macroeconomic headwinds which will impact both UK consumers and businesses in the year ahead,” at a time of rising interest rates and a looming recession. Topps is the biggest retailer of its kind in the UK and says the market for tiles, adhesives and grouting in the country is worth “slightly over £1 billion. It has targets to account for one pound in every five spent in its market by 2025.

Shares in the Leicestershire-based company rose 2% to 41p.