

Sainsbury profits to slump as it accuses rivals of ramping up prices

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[AINSBURY](#)'S today accused rivals of ramping up food [prices](#), exacerbating the cost-of-living crisis as [inflation](#) bites hard on family finances.

The grocer recorded profit for the year of £730 million, but said that could fall by up to £100 million next year as it keeps the cost of [essentials](#) such as bread, milk and potatoes as low as it can to aid struggling [customers](#).

It can do so, say analysts, because it has very little debt compared to private equity owned rivals such as Asda and Morrisons, and has a long running cost cutting programme across the business that has seen it close cafes, Argos stores and specialist fish and deli counters.

Chief executive Simon Roberts said: "Customers are watching every penny and pound. It is tough out there. The cost of living is on everyone's mind and we will stand shoulder to shoulder with them."

On food inflation he said: "We are inflating behind the market, our direct competitors are inflating ahead of the market."

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The shares tumbled 8p to 231p as the City noted the lower profit forecasts. Sainsbury expects to make profit next time of between £630 million and £690 million.

Unilever and Whitbread both also warned today on inflation.

In particular, Unilever, the consumer goods giant behind everything from Dove soap to Hellmann's mayonnaise, is raising prices rapidly.

The FTSE 100 giant said today it had increased its prices by 5.4% in Europe over the last three months. Around the world, prices rose by 8.3% in the first quarter, accelerating from 4.9% in the final three months of 2021.

While industry figures show Aldi and Lidl gaining market share, Sainsbury's argues that is precisely because prices are going up. So people might be spending less money at Sainsbury's, but they are buying more actual items there.

Roberts added: "We have been able to drive more investment into lowering food prices funded by our comprehensive cost savings plans.

As a result, we continue to inflate behind competitors on the products customers buy most often. Last week we announced the next bold phase of investment, lowering prices across 150 of our highest volume fresh products."

Roberts notes that staff pay has also gone up, to a minimum of £10 an hour and £11 an hour in London. There are 189,000 staff in all, 22,000 in London.

Sainsbury is paying a dividend of 13.1p, up 24% on a year ago. Overall sales rose 2.9% to £29.9 billion.

Neil Shah at Edison said: "The group is one year into its plan to put food back at the heart of its business, and these cost saving strategies will provide crucial funds which can be re-invested to ensure that prices remain low against macroeconomic headwinds. Investors will keep a close eye on whether this can help the group to retain customers – who will themselves be on high alert for any meaningful impact on the everyday cost of a supermarket shop."