

Wickes reveals profits fall amid fading DIY demand

Retailer [Wickes](#) has become the latest DIY firm to reveal slumping profits and trading under pressure as the pandemic boom in home improvement fades.

The group, which also trades as a builders' merchant, posted a 38.4% slump in pre-tax profits to £40.3 million for 2022 and cautioned that sales have also started 2023 on the backfoot.

On an underlying basis, pre-tax profits dropped 11.3% to £75.4 million.

It notched up record revenues of £1.6 billion, up 1.8% on 2021, but saw its core like-for-like sales ease back 2%, with the group suffering steep declines at the start of the year as trade eased back from the surging demand seen during the pandemic.

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Wickes added that core sales in the first 11 weeks of 2023 remained “moderately behind” a year ago as DIY demand continues to “normalise”.

It comes after rival, B&Q owner [Kingfisher](#) revealed earlier this week that annual profits fell by more than a fifth and warned it expects an even steeper decline in 2023.

The sector has seen profits plummet from their pandemic highs when people stuck at home were investing in their living spaces, while costs have also eaten into bottom line earnings.

Wickes said 2022 “proved to be a challenging year for the market, driven by well-documented challenges facing the consumer”.

“The need to combat rising inflation has seen UK and global interest rates rise and, as a result, house price inflation and transaction volumes are now starting to moderate,” it said.

It said it expects the “softer economic environment” to continue throughout 2023.

[David Wood](#), chief executive of Wickes, added: “Like all businesses we remain watchful of the external consumer environment.

“However, we have the right strategy and a compelling offer for customers, and look to the future with confidence.”

Wickes believes the sector is still a “large and attractive market”, boosted by households looking to boost energy efficiency of their properties, as well as hybrid working increasing time spent at home.

Wickes had seen core sales rebound at the end of last year as homeowners rushed to buy energy-savings products, such as loft insulation and draught excluders, to help cut heating and

power bills.

But it said it was forced to put up prices by 13% in 2022 – 15% in the first half and 10% in the final six months – as timber and cement costs in particular soared.

It has seen material prices rise more slowly recently thanks to falls in the cost of timber, with inflation easing back to 9% in the three months to the end of December.

Wholesale energy prices are also falling, but it still expects its gas and electricity bill to be around £10 million higher in 2023, including costs from switching to fully renewable energy, and is putting in place cost-saving plans to offset the rise.