

# Boohoo blames cost of living crisis for slowdown in global sales as outlook darkens

Boohoo has warned of a focus on “cost efficiencies” ahead as part of efforts to navigate a slowdown in sales globally due to surging inflation.

The online fashion retailer cut its full-year outlook while publishing results for the first half of its financial year to 31 August, saying it now expected revenue to fall over the 12-month trading period.

It had previously guided low single digit revenue growth for 2022-23.

Boohoo said it was expecting sales to decline at a similar rate witnessed during the first half.

## [Cost of living latest](#)

Sales in its core UK market during the six months were 4% down on the same period last year, softening throughout the second quarter as consumer budgets were squeezed by the [cost of living crisis](#), the company said.

International sales were 17% lower.

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Revenue fell by 10% to £882.4m.

The company said it reflected not only weaker than expected consumer demand, but also a significant increase in product returns and increased delivery times for goods sold in overseas markets.

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It reported a 58% fall in first-half core earnings to £35.5m as a result, adding that its margin would fall to between 3% and 5% for the full year under the profit metric, compared to a previously guided 4% to 7%.

The company said it was looking to save costs through a renewed focus on operational efficiency.

This would include bolstering efforts to source goods from European, rather than Asian, shores, warehouse automation and general cost-cutting.

It is understood, however, that there are no plans for job cuts among Boohoo's workforce, which number around 7,000.

Boohoo, which sells clothing, shoes, accessories and beauty products aimed at 16 to 40-year olds, said of the outlook: "As a result of the impact that the macro-economic and consumer

backdrop has had on the group's revenues in the first half, our expectation is for a similar rate of revenue decline to persist over the remainder of the financial year if these conditions continue."

It added: "It is the board's view that by focusing near term on optimising its operations, the group will be well-positioned to improve future profitability and financial performance through self-help via delivery of key projects and cost efficiencies."

Its sales warning chimes with similar alerts from rivals ASOS and Primark.

Shares, down 70% in the year to date, opened more than 3% lower but soon tumbled 9% to their weakest for seven years.

Derren Nathan, Head of Research at Hargreaves Lansdown, said of Boohoo's update: "'Investors may well be crying into their cornflakes after a read of boohoo's interims today.

"Profits are being squeezed both at the top line and through higher costs and this looks set to continue."