

13 December 2024

**PORTMEIRION GROUP PLC**  
**('the Group')**

**Trading update**

Portmeirion Group PLC, the owner, designer, manufacturer and omni-channel retailer of leading homeware brands in global markets, provides an update on its trading position ahead of its year end on 31 December 2024.

**Summary**

- FY24 revenue now expected to be circa £90 million and accordingly profit before tax is expected to be £1.0 million. This is below market expectations due to:
  - supply delays in key Christmas period following previously flagged supply chain disruption from Asia and recent shipping disruption into the US due to port strikes;
  - continued destocking in South Korea; and
  - challenging and unpredictable market conditions, exacerbated in recent months by uncertainty in the lead up to significant political events in some of our key markets.
- Despite short term challenges, the Group remains confident in the medium-term outlook.

**Trading update**

Markets have remained challenging and unpredictable during the second half of the year. For the reasons set out below the Group now expects sales for the year to be below market expectations at circa £90 million, which reflects second half sales down 7% on a like for like basis. As a result, profit before tax is expected to be £1.0 million for the full year.

With the Group's strong second half sales and profit weighting, Q4 is always a key trading period. Both the UK and US markets have been impacted by political and macroeconomic developments, which have been further compounded by ongoing supply chain and shipping disruption into the US delaying product deliveries in time for key holiday sales periods. This has led to, in some cases, order withdrawal and lower replenishment orders, coupled with increased costs. Whilst consumer demand and pull through in both regions were up across the key Thanksgiving / Black Friday holiday period, overall sales and replenishment across October and November 2024 were below the Group's expectations.

We expect overall sales in our US division to be down 6% in 2024, but net profitability to be higher as a result of a lower cost base and the work undertaken earlier in the year to improve gross margins (notwithstanding the increase in container shipping and remedial air freight costs). We see potential for further increases in US market gross margins in 2025 aided by easing of supply chain disruptions.

As previously reported, sales in the Group's South Korean region have been impacted by weak consumer confidence and continued destocking. Whilst higher stock levels of existing ranges have dissipated somewhat, the market remains challenging as consumers continue to deal with higher inflationary pressures, interest rates and weaker currency. As a result, the Group's South Korea sales are taking longer to recover than anticipated and in the second half of 2024 are now expected to be down 13% on last year (H1 2024 down

60%)

Sales in our home fragrance division, Wax Lyrical, have continued to grow strongly driven by new listing wins in the Grocery channel and we expect FY sales to be up over 25% on 2023 with improved levels of profitability.

Excluding South Korea, Group sales are expected to be down in H2 by 6% and full year sales to be down circa 3% on the prior year at constant currency.

## Outlook

Whilst the Group expects the near-term market outlook to remain uncertain, in the US we are encouraged by the growing consumer demand for our Spode ranges and given the work we have already started to build further contingency into production and supply chain timings, sales are therefore expected to rebound in 2025. We see good potential in the medium and long term for growth driven by the progress we have made in expanding our online and physical store distribution channels.

In Korea, we have taken action to reduce over stocks through simplifying our routes to market, have accelerated new product launches to reinvigorate short term distributor orders and are confident that sales will continue to grow strongly on online platforms. As a result of actions we are taking we are expecting an improvement in 2025.

Our Wax Lyrical business has good growth momentum following the new strategic focus on the Grocery channel, supported by a strong product proposition and excellent service levels. We expect this momentum to continue.

## Mike Raybould, Chief Executive, commented:

*"Consumer confidence and spending levels remain challenging across our key markets of the US, Asia and UK. In South Korea, we have made progress in reducing high stock levels, but weak consumer and retailer confidence continue to impact trading in this region. Amidst challenging macroeconomic conditions we are encouraged by ongoing growth in online platforms with online data showing our ranges are retaining their strong market share position.*

*We took action at the start of the year to reduce our overhead base by circa £4 million (circa 10%) which will give us a leaner cost base from which to grow profits as consumer markets improve. The impact of lower sales in South Korea and the resulting lower utilisation of our UK tableware factory has had an adverse impact on 2024 profitability, excluding which, overall Group net profitability would be significantly up on 2023.*

*We are also pleased to see the ongoing improved performance in our Wax Lyrical division. We are excited about the medium and long term opportunity across our portfolio to grow sales in ROW international sales markets and believe the market share gains and new listings won in the US over the last 3 years will allow sales in these markets to rebound as consumer confidence returns.*

*We believe in the strength of the underlying consumer demand for our brands and the opportunity to further leverage them across all markets. Demand for our Spode brand continues to grow across key markets, including the US, reflecting the focus on new product, expanding distribution of our well known 'Spode Christmas Tree' range and online marketing. We are delighted with the success of our recent 'Blue & White Christmas' campaign featuring Jack Kinsey, a local interior designer, whose Instagram reels have already amassed over 8 million views since launch a few weeks ago. Spode sales are already up over 35% over pre Covid levels and we see great opportunity for strong future growth over the coming years.*

*Whilst we expect the near-term market outlook to remain uncertain, we continue to focus on what we can control and are confident we can further strengthen our business model and ability to maintain and grow market share across our key markets."*

Notes: This announcement contains inside information for the purposes of the retained UK version of the EU Market Abuse Regulation (EU) 596/2014 ("UK MAR").

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**NOTES TO EDITOR:**

Portmeirion Group PLC is a leading, omni-channel British ceramics manufacturer and retailer of leading homeware brands.

Based in Stoke-on-Trent, United Kingdom, the Group owns six unrivalled heritage and contemporary brands, with 750+ years of collective heritage; Portmeirion, Spode, Royal Worcester, Pimpernel, Wax Lyrical and Nambé.

The Group serves markets across the world, with global demand driven by diversified international markets including the key geographies of the US, UK and South Korea.

Portmeirion Group has a proven capital-light, well developed and self-funded growth strategy focused on building a wider customer base and growing the sales footprint of its brands, through:

- Building and growing international sales markets
- Developing online sales channels in core markets
- Designing and launching new product to widen appeal and take market share
- Leveraging brands and extensive product ranges

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