Joules defies retail malaise as 'British countryside' brand enjoys strong UK and international growth

Joules Group PLC (LON:JOUL) is continuing to defy the retail sector malaise as the posh welly seller reported a strong rise in annual profits and cash generation, but only a small increase to the dividend.

Underlying profit before tax of £15.5mln and earnings per share of 14.1p in the 52 weeks to 26 May were both up 19% on the previous year, driven by a 17% rise in revenue to £218mln.

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Joules, which trumpets a brand "rooted in the British countryside", saw its gross profit margin shrink 90 basis points but this was as expected and still remains hefty at 54.8%, while statutory PBT, which includes the impact of share-based compensation plans, was up 15% to £12.9mln.

Like-for-like revenue growth came in at around 13%, while international sales swelled 40% at constant currencies to represent 16.1% of group revenue and e-commerce growth of 58% to represent around half of direct revenue.

Net cash of £5.8mln compared to a flat performance for cash in the prior year, while the total dividend was nudged up to 2.1p per share from 2p a year ago.

Appeal of the brand
"These results in a challenging retail sector reflect the strength and appeal of the Joules brand, the flexibility of our 'Total Retail' model, and the success of our carefully managed product extension strategy," said chief executive Colin Porter.

Porter, who has announced his retirement and will be replaced by new CEO Nick Jones in early September, said he was "pleased" with the group’s performance in the early stages of the new financial year, with trading in line with expectations.

"Looking ahead, whilst the consumer retail environment is anticipated to remain challenging, particularly in the UK, the board and I believe that Joules remains well-positioned for continued success both in the UK and our target international markets."

Broker Peel Hunt said it was a strong result, with adjusted PBT slightly ahead of its upgraded forecast.
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