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Wetherspoon Warns Profit Will Miss Forecasts

The pub chain said higher labor and operating costs are squeezing margins despite rising sales.

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Wetherspoon said on Wednesday that sales continued to rise in the 13 weeks through April 26, but it warned that higher labor and operating costs would leave annual profit slightly below earlier expectations.

The pub chain, one of Britain’s largest, said like-for-like sales increased 3.4% in the period, while total sales rose 4.1%. The company said the gains reflected steady trading across its estate, helped by demand for food and drinks in its pubs and hotels.

But the company also said it now expects net debt to end the financial year at between £740 million and £760 million, a sign that cash generation remains under pressure as it continues to face elevated costs. Wetherspoon said wage inflation, utility bills and other expenses were weighing on margins, even as revenue improved.

The update matters for Britain’s on-trade sector, where pubs and bars have been trying to balance stronger customer traffic with higher costs for staff, energy and supplies. For suppliers of beer, wine and spirits, Wetherspoon’s trading pattern is closely watched because of its scale and its role as a major buyer in the U.K. hospitality market.

The company said profit for the full year would come in slightly below previous forecasts because of those cost pressures. It did not give a new profit figure in the update.

Wetherspoon has spent recent years working through a period of higher borrowing and tighter margins after the pandemic disrupted hospitality trading and left many operators with heavier debt loads. The latest figures suggest demand has held up, but not enough to fully offset the rise in expenses.

The chain operates hundreds of pubs across the U.K. and Ireland and is known for its low-price positioning, which can help attract customers when household budgets are tight. That strategy can also limit how much of rising costs can be passed on to consumers without affecting sales.

The company’s shares were expected to be watched closely by investors looking for signs of whether Britain’s pub trade is stabilizing or still being squeezed by inflation in wages and other inputs.