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Jessops losses narrow

Cuts costs and lowers prices

by Verity Burns published on 30 January 2009

Financial results posted by Jessops have shown the company has managed to narrow its losses seen earlier in 2008.

Following some rather drastic price cuts, the camera retailer managed to pull its like-for like sales up over Christmas, and has continued, with revenue up 3.8% in the 8 weeks to 25 January.

Revenue had fallen 23% to £250 million in 2008, which caused Jessops to severely lower its prices.

The average camera previously sold by the company was much higher than the market average - £228.98 compared with £132.95. As the economic downturn worsened, Jessops was forced to bring in a range of cameras for less than £100, as consumers opted for cheaper models. Half of the market now falls into this price range.

Although this move helped boost sales, gross profit margins have come down 4.2%.

However a cut in operating costs by 23% has led to a pretax loss for the year of £49.8 million, down from £69.7 million.

Jessops has said it expects another "fundamental restructuring" of its debt this year, in a hope to reclassify its long-term borrowings into short-term.

Jessops currently has debts of £57.4 million, with HSBC holding warrants over 15% of its shares in exchange for extended banking facilities until 2011.

