# Asda faces significant crisis as sales decline under new ownership



Allan Leighton, the executive chairman of Asda, has conveyed that the supermarket chain is grappling with a significant crisis, revealing that there is no immediate remedy as the company's sales continue to diminish following its acquisition by private equity four years ago. During a recent announcement, Leighton stated that profits for the current financial year are projected to be "materially" lower, prompting plans to invest millions into a strategic turnaround initiative.

The profit warning has had a notable impact on Asda's listed competitors, with shares in Tesco dropping by 8.7 per cent and Sainsbury's declining by 7.8 per cent. Asda’s ongoing challenges are compounded by the prolonged vacancy of its chief executive role, which has been unoccupied since 2021. Leighton emphasised that there is no urgency to fill the position as he embarks on a rescue strategy for the firm.

Asda, which was sold by US retail giant Walmart to billionaire siblings Mohsin and Zuber Issa and private equity firm TDR Capital for £6.8 billion, has found itself burdened with considerable debt and experiencing a decline in market share. There is rising concern that Asda may soon lose its status as the UK's third-largest supermarket to the German discount retailer Aldi.

Leighton, who rejoined Asda last year after previously leading the company from 1996 to 2001, noted that Asda's sales performance over the past year had been "disappointing." The supermarket’s revenue fell by 0.8 per cent to £21.7 billion in 2024. He clarified that there is no active recruitment process for a new chief executive, addressing speculation over the difficulty in attracting candidates to the role. Leighton stated, "I could have a new boss 'tomorrow'," revealing that the company has received interest from "five or six" potential candidates.

Leighton acknowledged the complexity of the current situation, asserting, "While regaining customers' trust will take time, we will undertake a substantive and well backed programme of investment in price, availability and the shopping experience to deliver this." In terms of financial health, Asda reported adjusted earnings before tax and other costs of £1.14 billion for the previous year, marking a 5.8 per cent increase compared to 2023. The company concluded the fiscal year with net debt amounting to £3.8 billion and around £800,000 in cash reserves on its balance sheet.

Source: [Noah Wire Services](https://www.noahwire.com)

## References

* <https://www.telegraph.co.uk/business/2025/03/14/asda-is-struggling-boss-admits-slashes-profit-forecast/> - This article supports the claim that Asda is struggling, with its chairman Allan Leighton admitting the supermarket's profits will tumble due to significant investments in store improvements.
* <https://www.grocerygazette.co.uk/2025/03/14/asda-sales-decline-profits/> - This article corroborates Asda's financial situation, including a decline in sales and a warning of softer profits due to investments in price and shopping experience.
* <https://www.bloomberg.com/news/articles/2021-02-16/walmart-sells-asda-to-issa-brothers-and-tdr-capital-for-6-8-billion> - This article confirms Asda's acquisition by Mohsin and Zuber Issa and private equity firm TDR Capital for £6.8 billion, highlighting the significant financial changes Asda has faced.
* <https://www.reuters.com/business/retail-consumer/asda-owner-eg-group-looks-reduce-debt-after-uk-supermarket-acquisition-2021-02-16/> - This article discusses the financial implications of Asda's acquisition and the efforts to manage debt, which aligns with Asda's current financial challenges.
* <https://www.theguardian.com/business/2024/12/31/asda-tesco-sainsburys-supermarket-sales> - This article provides context on the UK supermarket market, including sales trends and market share shifts among major retailers like Asda, Tesco, and Sainsbury's.