# Johnstons of Elgin reports £305,000 pre-tax loss amid luxury market downturn and plans 60 job cuts



One of Moray’s most historic employers, Johnstons of Elgin, has reported a pre-tax loss of £305,000, a stark contrast to the £4.6 million profit recorded last year. This downturn has emerged amid what the company describes as a “challenging year” for the global luxury sector. Founded in 1797, Johnstons has been a cornerstone of Elgin’s economy for more than 225 years, producing high-end cashmere and woollen garments. The company has seen annual sales decline by 6%, totalling £94.2 million this year, down from £100 million in the previous year.

The recent filing of accounts highlights an unexpected drop in demand, compelling Johnstons to undertake significant restructuring of its operations. The luxury market turmoil has not only impacted sales but also led to increased overhead costs, particularly in wages. In response to these shifts, Johnstons announced plans to cut over 60 jobs at its Elgin mill—a decision that was foreshadowed in September when the company first acknowledged the need to streamline its workforce to adjust to changing market conditions.

Despite these difficulties, there are some positive developments within the company. Its retail segment has thrived, recording a turnover increase of 4% through enhanced online sales and increased customer traffic to its flagship stores, including a new outlet in London’s prestigious Burlington Arcade. Managing Director Johanna Wallace noted that initial expectations for continued growth quickly gave way to a market downturn that revealed operational inefficiencies. In the company’s strategic report, she remarked on the time it took to respond effectively to the sudden changes, which contributed to the challenges faced in the mills.

As Johnstons navigates this difficult period, the outlook for the luxury market remains cautious. The company expects growth to stabilise, albeit at a slower rate than in recent years. Wallace further emphasised the importance of maintaining investment in capacity to align with future demands from both private label clients and the Johnstons brand. Chief Executive Chris Gaffney reiterated this sentiment by outlining a commitment to long-term strategies that involve investing £4.7 million in capital projects designed to expand production capacity and modernise machinery at the Elgin and Hawick mills.

Although the immediate future has presented considerable challenges—marked by an unexpected decline in forecasted volumes—the company remains focused on its strengths. Gaffney highlighted a £5.4 million improvement in cash flow, attributing this to rigorous control over working capital. He expressed optimism that the company’s cost structure is now adequately aligned with more conservative market forecasts for 2025, aiming for a return to profitability within the year.

Johnstons of Elgin takes pride in its production processes, which emphasise the craftsmanship of its workforce, with all products made in Scotland. The firm currently employs 1,185 staff, predominantly based in Elgin, and remains a significant cultural and economic entity in the region. Following a period of robust growth post-pandemic, the company is bracing itself for a return to more normal market conditions and remains poised to leverage its uniquely integrated supply chains to achieve future success.

## Reference Map:

* Paragraph 1 – [[1]](https://www.pressandjournal.co.uk/fp/business/local/6765739/johnstons-of-elgin-loss/), [[2]](https://www.scottishfinancialnews.com/articles/johnstons-of-elgin-faces-job-cuts-despite-record-sales)
* Paragraph 2 – [[1]](https://www.pressandjournal.co.uk/fp/business/local/6765739/johnstons-of-elgin-loss/), [[3]](https://www.pressandjournal.co.uk/fp/business/local/6572904/johnstons-of-elgin-to-cut-jobs-due-to-slow-sales/), [[4]](https://www.bbc.co.uk/news/articles/cd05mk4n7d9o)
* Paragraph 3 – [[1]](https://www.pressandjournal.co.uk/fp/business/local/6765739/johnstons-of-elgin-loss/), [[5]](https://www.northern-scot.co.uk/news/dozens-of-jobs-to-be-axed-at-johnstons-of-elgin-360174/), [[6]](https://news.stv.tv/north/scots-luxury-textile-firm-worn-by-royal-family-puts-60-jobs-at-risk-at-mill-in-moray)
* Paragraph 4 – [[1]](https://www.pressandjournal.co.uk/fp/business/local/6765739/johnstons-of-elgin-loss/), [[7]](https://www.thenational.scot/news/24561481.elgin-historic-scottish-textile-firm-cut-around-60-jobs/)

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

## Bibliography

1. <https://www.pressandjournal.co.uk/fp/business/local/6765739/johnstons-of-elgin-loss/> - Please view link - unable to able to access data
2. <https://www.scottishfinancialnews.com/articles/johnstons-of-elgin-faces-job-cuts-despite-record-sales> - Johnstons of Elgin, a family-owned Scottish textiles company, announced plans to cut over 60 jobs at its Moray mill due to a slowdown in the luxury goods market. Despite reporting £100 million in sales last year, a 20% increase, the company anticipates lower sales in 2024 and 2025 due to global economic uncertainty and shifting consumer behaviour. The company employs around 750 people at its Elgin mill, with no plans to reduce the workforce at its Hawick mill.
3. <https://www.pressandjournal.co.uk/fp/business/local/6572904/johnstons-of-elgin-to-cut-jobs-due-to-slow-sales/> - Johnstons of Elgin, a renowned luxury retailer, plans to reduce its workforce by 60 full-time equivalent roles at its Elgin mill in response to anticipated slow sales in 2024. The company, which has been operating for over 220 years in Moray, specialises in cashmere clothing and accessories. Despite a 20% increase in sales last year, the company expects a decline in 2024 due to global economic uncertainty and changes in consumer behaviour.
4. <https://www.bbc.co.uk/news/articles/cd05mk4n7d9o> - Johnstons of Elgin, a leading Scottish textile firm, announced that about 60 jobs are at risk at its Moray mill. The company, founded in 1797, produces woollen garments at mills in Elgin and Hawick. Despite reporting £100 million in sales last year, a 20% increase, the company cited a slowdown in the market due to global economic uncertainty and changes in consumer behaviour. There are no plans to reduce the workforce at the Hawick mill.
5. <https://www.northern-scot.co.uk/news/dozens-of-jobs-to-be-axed-at-johnstons-of-elgin-360174/> - Johnstons of Elgin, a historic Scottish textile firm, plans to cut around 60 jobs at its Moray mill due to a reduction in sales. The company, which has been at the heart of its community for over two centuries, employs about 750 people at the Elgin mill. The decision follows an unexpected decline in sales, with the company revising its future projections for 2025 downward. There are no plans to reduce the workforce at the Hawick mill.
6. <https://news.stv.tv/north/scots-luxury-textile-firm-worn-by-royal-family-puts-60-jobs-at-risk-at-mill-in-moray> - Johnstons of Elgin, a historic Scottish textile firm known for supplying items to the Royal Family, has announced 60 jobs are at risk at its Moray mill. The company, which dates back over 226 years, received a Royal Warrant this year to create high-end tweeds, knitwear, and woven accessories for King Charles and family. The decision follows a slowdown in the luxury goods market, with the company expecting sales in 2024 to be lower than last year.
7. <https://www.thenational.scot/news/24561481.elgin-historic-scottish-textile-firm-cut-around-60-jobs/> - Johnstons of Elgin, a historic Scottish textile firm, is to cut around 60 jobs at its Moray mill due to a slump in sales. The company, founded in 1797, employs about 750 people at the Elgin mill. The decision follows a slowdown in the market, with the company revising its future projections for 2025 downward. There are no plans for redundancies at the Hawick mill site in the Scottish Borders.