# Adnams warns of brewing crisis amid rising costs and lack of government support



Struggling brewer Adnams has voiced strong concerns over the lack of support for the hospitality sector from the Government, emphasising that businesses like theirs are receiving "no positive support whatsoever" amidst a severely challenging economic landscape. Simon Townsend, the interim chair of the company, highlighted the multiple headwinds facing hospitality firms this year, which include unpredictable economic growth, rising employment costs, and waning consumer confidence. These challenges come on the heels of budgetary measures introduced by Chancellor Rachel Reeves, which involved an increase in employers’ National Insurance Contributions and the national minimum wage, alongside a suite of tax hikes.

According to Townsend, businesses such as Adnams, which plays a pivotal role as an employer and community pillar, are grappling with an "unsustainable" debt burden. The brewery's debt, while reduced from £15.9 million to £15.3 million over the past year, still poses significant financial strain. The company is now resorting to asset sales in a bid to lessen its borrowings after reportedly dismissing an opportunity to sell the business in earlier negotiations.

Despite a modest recovery in sales—a 3% increase to £68.1 million—the overall financial position remains precarious. Adnams has reported narrowed losses of £2.7 million for the year ending December 31, compared to £4 million the year prior. However, sales of its products in retail outlets, including its well-known Southwold Bitter and Double Ghost pale ale, have suffered due to ongoing tough trading conditions on the High Street.

The brewery's struggles are emblematic of broader industry pressures, with many pub operators calling for urgent Government intervention. They advocate for measures such as a VAT cut on food and drinks in hospitality venues, alongside reforms to the business rates system to ensure fair competition with online giants. Unfortunately, despite these calls, the Government's response has been lacklustre, fuelling fears of job losses and venue closures.

The impact of these financial challenges has resulted in significant changes at the leadership level, with Adnams recently appointing Jenny Hanlon as its first female chief executive in over 150 years, following the departure of previous CEO Andy Wood. Hanlon now faces the daunting task of steering the company through its financial difficulties while capitalising on the strong brand recognition of its flagship beers.

In a bid to navigate the turbulent waters ahead, Adnams is currently in the process of exploring funding options, having appointed financial advisers Alvarez & Marsal to seek potential capital injections or the sale of freehold assets. This strategic move follows significant market value drops and operational losses that have plagued the company, underscoring an urgent need to bolster its resilience against economic shocks and heightened inflationary pressures. The situation remains fluid, with the brewery potentially optimistic about restoring its footing through these changes and community-focused strategies.

Amidst these developments, the brewery remains committed to its founding values of quality, innovation, and sustainability, as it seeks to not only adapt but thrive in a fiercely competitive market, underscoring the importance of support from both the community and government stakeholders.

## Reference Map:

* Paragraph 1 – [[1]](https://www.dailymail.co.uk/money/markets/article-14762139/Labour-offering-no-positive-support-whatsoever-says-brewer-Adnams-amid-mounting-debt-pile-fears.html?ns_mchannel=rss&ns_campaign=1490&ito=1490), [[4]](https://www.thegrocer.co.uk/finance/suffolk-brewer-adnams-appoints-advisors-after-losses-mount/688141.article)
* Paragraph 2 – [[1]](https://www.dailymail.co.uk/money/markets/article-14762139/Labour-offering-no-positive-support-whatsoever-says-brewer-Adnams-amid-mounting-debt-pile-fears.html?ns_mchannel=rss&ns_campaign=1490&ito=1490), [[2]](https://www.bbc.co.uk/news/articles/c0jjdg19nj4o), [[5]](https://www.bbc.co.uk/news/uk-england-suffolk-68283199)
* Paragraph 3 – [[3]](https://www.theguardian.com/business/2024/feb/12/adnams-calls-in-advisers-to-seek-funds-to-save-152-year-old-suffolk-brewer), [[6]](https://www.bbc.co.uk/news/articles/cv22yerermzo)
* Paragraph 4 – [[1]](https://www.dailymail.co.uk/money/markets/article-14762139/Labour-offering-no-positive-support-whatsoever-says-brewer-Adnams-amid-mounting-debt-pile-fears.html?ns_mchannel=rss&ns_campaign=1490&ito=1490), [[3]](https://www.theguardian.com/business/2024/feb/12/adnams-calls-in-advisers-to-seek-funds-to-save-152-year-old-suffolk-brewer)

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## Bibliography

1. <https://www.dailymail.co.uk/money/markets/article-14762139/Labour-offering-no-positive-support-whatsoever-says-brewer-Adnams-amid-mounting-debt-pile-fears.html?ns_mchannel=rss&ns_campaign=1490&ito=1490> - Please view link - unable to able to access data
2. <https://www.bbc.co.uk/news/articles/c0jjdg19nj4o> - Adnams Brewery, a 152-year-old company based in Southwold, Suffolk, reported operating losses of £2.5 million in 2023, attributing the downturn to increased costs. CEO Andy Wood stated that the company would undergo further changes to position itself for growth. Despite the losses, sales rose by £66.3 million, marking the third consecutive year of growth since the pandemic. The company is exploring options to secure its financial future amid inflationary pressures.
3. <https://www.theguardian.com/business/2024/feb/12/adnams-calls-in-advisers-to-seek-funds-to-save-152-year-old-suffolk-brewer> - Adnams Brewery has appointed Alvarez & Marsal to explore funding options as it seeks to secure its financial future. The 152-year-old Suffolk-based company is considering private capital injections and the sale of some of its freehold assets. The move follows a significant drop in market value over the past year and operating losses in the first half of the year. The company aims to build greater resilience and reduce susceptibility to economic shocks.
4. <https://www.thegrocer.co.uk/finance/suffolk-brewer-adnams-appoints-advisors-after-losses-mount/688141.article> - Adnams Brewery has appointed financial advisors to explore funding options amid mounting losses. The company reported a £2.4 million operating loss in the first half of the year, with revenues flat at around £30 million. Chairman Jonathan Adnams cited continued pressure on input prices and reduced demand as contributing factors. The brewery, founded in 1890, produces a range of ales and operates 45 managed inns and tied properties.
5. <https://www.bbc.co.uk/news/uk-england-suffolk-68283199> - Adnams Brewery is exploring options to secure its financial future, including accepting a fresh injection of capital or selling some of its freehold assets. The 152-year-old company faces inflationary pressures due to increased energy and material costs. In the six months to 30 June, the firm recorded after-tax losses of £2.4 million. Chair Jonathan Adnams emphasized the importance of staying true to the company's values of quality, innovation, and sustainability.
6. <https://www.bbc.co.uk/news/articles/cv22yerermzo> - Jonathan Adnams, chairman of the historic Adnams Brewery, is set to step down, marking the end of the family's representation on the company's board. The family remains a major shareholder. The brewery has made progress in its search for fundraising after announcing in February it was looking for financial backing to support future growth plans. The company has secured interest from multiple parties and is evaluating proposals to determine the best long-term value.
7. <https://www.bbc.com/news/uk-england-suffolk-59818723> - Andy Wood, CEO of Adnams Brewery, stated that the hospitality sector lost about 50% of its Christmas trade amid concerns over the Omicron variant. He described the industry's situation as the 'economic equivalent of long Covid' and urged the government to provide clarity and consistency to rebuild consumer confidence. The brewery, based in Southwold, Suffolk, owns 50 pubs and hotels and supplies many others.