companywatch
financial analytics

The Top 20

Industry Insights
Retail

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Introduction

The retail sector in the UK is a dynamic and ever-evolving landscape, characterised by changing consumer behaviours, the growth of online shopping, and challenging economic conditions. Despite these factors, the UK retail market demonstrates resilience and a cautiously optimistic outlook for gradual recovery.

In this whitepaper, we have conducted a comprehensive industry-wide analysis of the market. We have examined the broader dynamics influencing retail performance, including key trends and challenges shaping the sector. Our research encompasses various factors that are driving change and innovation across the retail landscape. Despite ongoing economic pressures and evolving consumer behaviours, the sector demonstrates resilience.

We have further analysed the current top 20 retail companies in the UK, ranking them based on their sales and profit figures. This breakdown aims to offer detailed insight into the performance of leading retailers, highlighting their strategic strengths and areas for improvement. The focused analysis complements the broader industry overview, offering actionable insights for stakeholders seeking to understand market dynamics and competitive strategies among top performers.

Mapping Industry Risk: Key Insights

Markus Kuger - Consultant Economist

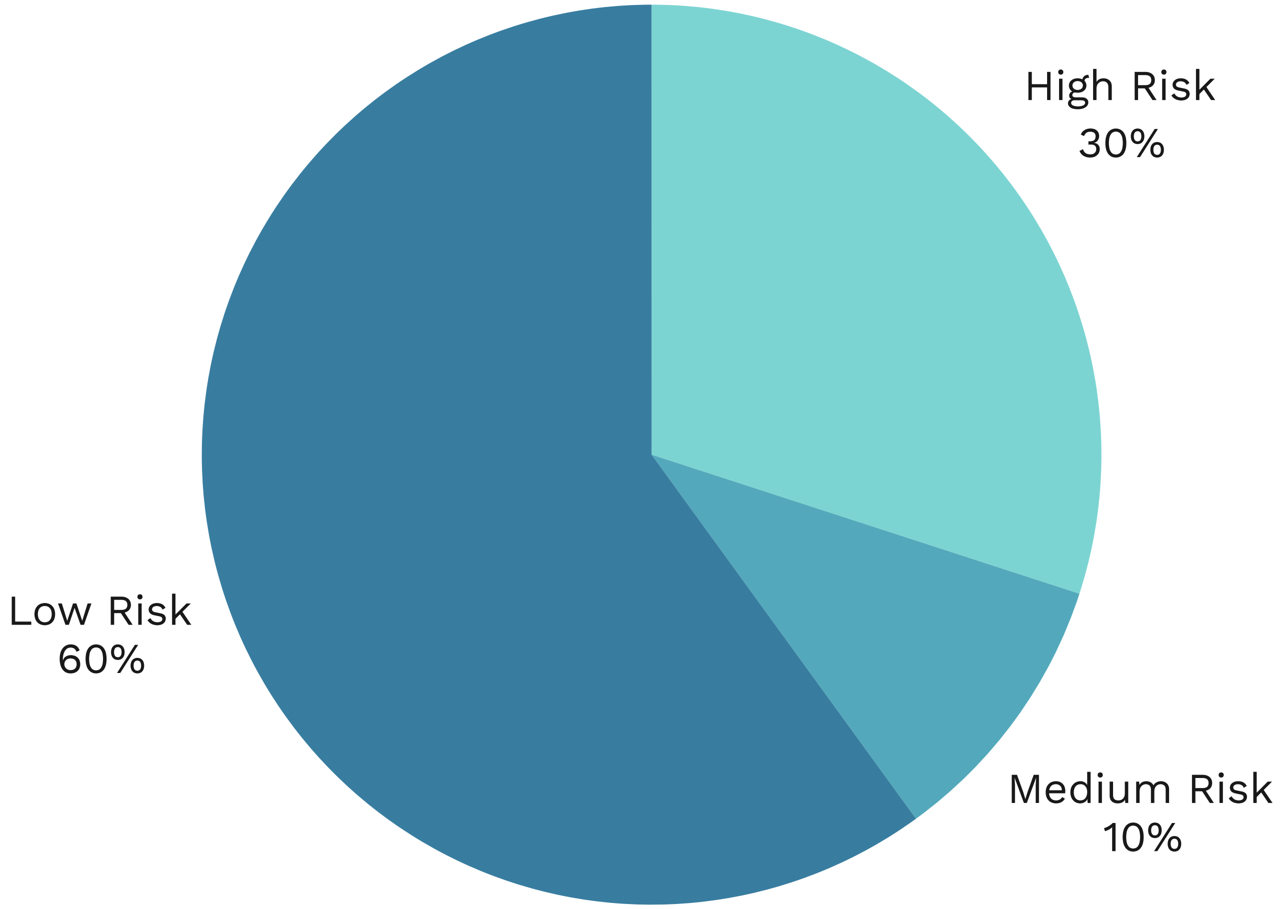
After having been the lead economist of a global business information provider in the UK, Markus works as a freelance economist, advising on economic developments and political affairs.

Markus researches macro and microeconomic as well as political developments, and presents outcomes as actionable insights.

Company Watch's proprietary data for March 2025 shows that a sizeable portion of the UK retail sector continues to exhibit financial weakness. Out of the 141,182 active retail companies in our database, 62,899 are currently in the Warning Area, defined as having an average Health Score (H-Score®) of 25 or less. While this is equivalent to a high 41% of the active retail business universe, it is down from 44% (62,102 out of 140,738 retail businesses) recorded in November 2024.

As expected, a poor H-Score® is correlated with companies' assets. While only 21% of companies with assets of more than £1m are in the Warning Area, 57% of companies with assets less than £25,000 have an H-Score® of 25 or lower and are at risk of financial distress.

Furthermore, the number of Zombie companies in the British retail industry has risen very marginally in absolute terms (by 11 to 19,061). Zombies are companies that earn just enough money to continue operating and re-pay the interest on their debt. As such, these companies have a negative balance sheet of at least £20,000.



However, as the number of active businesses has also increased, risk levels have fallen in relative terms. In March 2025, 13% of all retailers in the UK were Zombie companies, down from 14% in November 2024. Meanwhile, the proportion of British retailers operating with negative working capital (most prevalent amongst larger corporations) stood at 16% in March 2025, unchanged in relative terms against November, but up by 435 in absolute figures. The November 2024 to March 2025 period has also seen sizeable movements in retailers' total assets, total borrowing, net worth and working capital. Total assets dropped by around £50,000 billion (or 23%), almost entirely driven by companies with assets of more than £1 million. Total borrowing also fell (by 21%) as larger corporations (accounting for more than 95% of borrowing) scaled back.

Problematically, the sector's aggregated net worth (-30%) and working capital (-18%) also decreased between November and March, again driven by developments in large retailers with assets of more than £1 million. Positively, the sector's average H-Score® has developed favourably over the past five months, rising from 37 in November to now 40.

Also encouragingly, the UK retail sector moved into growth territory in 2024, according to data from the Office for National Statistics (ONS). Following two years of contraction during the cost-of-living crisis, retail sales increased by 0.7% in volume terms (value terms are distorted by elevated inflation in 2022-23).

However, despite the upturn, retail sales are still 2.5% below their pre-Covid volumes, highlighting underlying issues.

Equally problematically, the important food sector continues to see subdued demand. ONS data shows that food sales volumes have been falling since August 2021 when measured by year on year (y/y) changes of the three-month moving average. Monthly data shows that y/y food sales have fallen in real terms in 10 out of the past 12 months, with August 2024 and January 2025 being the only outliers.

Also worryingly, overall retail sales growth seems to have peaked already and is now on a downward trajectory again. The important fourth quarter of the year (also dubbed Golden Quarter as it contains Black Friday and Christmas) was largely disappointing as well. After having been negative for more than two years, retail sales growth accelerated from 0.1% y/y in the three months to July, to 1.9% in the July-October period. Since then, it has moved lower to 1.4% in November-January.

This disappointing development is in line with the performance of the UK Consumer Confidence Indicator, produced by NIQ. After having improved to a multi-year high of -13 points in September (thereby still standing below the neutral zero-points line), the index has dropped to -20 points before falling to an even lower -22 in early 2025. British households have become increasingly pessimistic about the macroeconomic outlook for the 12 months ahead; the corresponding sub-index has dropped from -21 points in January 2024 to -34 points a year later.

Top 20 Retail Companies in the UK

The UK's top 20 retail companies paint a vivid picture of the current market, each showcasing distinct strategies for growth, revenue, and overall financial health.

This section identifies the 20 main players in the market currently, and presents key performance metrics of these leading retailers, offering a detailed picture of their market standing.

Sales Change Over Time (%)

Calculating the Top 20: Key Factors

H-Score®

The H-Score® is a metric developed by Company Watch to assess the overall financial health of a business. It scores companies on a scale of 0-100, with lower scores indicating higher financial risk.

PoD®

The Probability of Distress (PoD®) is a financial risk assessment tool developed by Company Watch that predicts the likelihood of a company experiencing financial distress within a specific timeframe.

TextScore®

TextScore® is a unique financial risk assessment tool developed by Company Watch that uses advanced machine learning techniques to analyse the text in financial reports of publicly listed and large private UK companies.

Combined Score

The H-Score® and TextScore® are weighted together to create a Combined Score, which is considered one of the most accurate predictors of company distress in the market. The exact weighting is determined by the industry sector in which the company operates.

Risk Rating

The Risk Rating places a company into one of ten risk categories, with 1 indicating the lowest Probability of Distress (PoD®) and 10 the highest. Each successive step in the Risk Rating scale indicates a doubling of the degree of risk.

High Risk

Companies with a H-Score of 25 or less fall into the ‘Warning Area’ and are showing similar traits to companies that have previously entered financial distress.

Low Risk

Companies with scores between 26-100 are considered to have lower risk.

By Sales: Top 20 Retail Companies in the UK

Rank	Company Name	H-Score®	TextScore®	PoD® (%)	Risk Rating	Annual Sales (m)
1	Tesco PLC	48	46	4.00	5	69,546
2	J Sainsbury PLC	40	N/A	5.60	6	34,406
3	Marks & Spencer Group PLC	78	N/A	0.75	2	12,962
4	John Lewis Partnership PLC	69	28	1.40	3	10,390
5	Travis Perkins PLC	59	54	2.40	4	4,723
6	WD FF Limited	10	44	23.50	9	4,200
7	Ocado Group PLC	43	47	4.90	6	3,086
8	Asos PLC	10	68	23.30	9	2,906
9	THG PLC	11	27	22.60	9	1,868
10	Wickes Group PLC	47	37	4.20	5	1,600
11	Pets At Home Group PLC	28	N/A	8.80	7	1,578
12	AO World PLC	32	N/A	7.70	7	1,024
13	Farmfoods Limited	70	35	1.30	3	1,018
14	DFS Furniture PLC	12	N/A	21.60	9	987
15	Wren Kitchens Limited	85	10	0.36	1	967
16	Hill & Smith PLC	96	48	0.03	1	845
17	Headlam Group PLC	19	15	14.10	8	585
18	Superdry PLC	0	7	43.50	10	489
19	SGN Limited	61	59	2.10	4	468
20	Card Factory PLC	60	23	2.30	4	468

By Profit: Top 20 Retail Companies in the UK

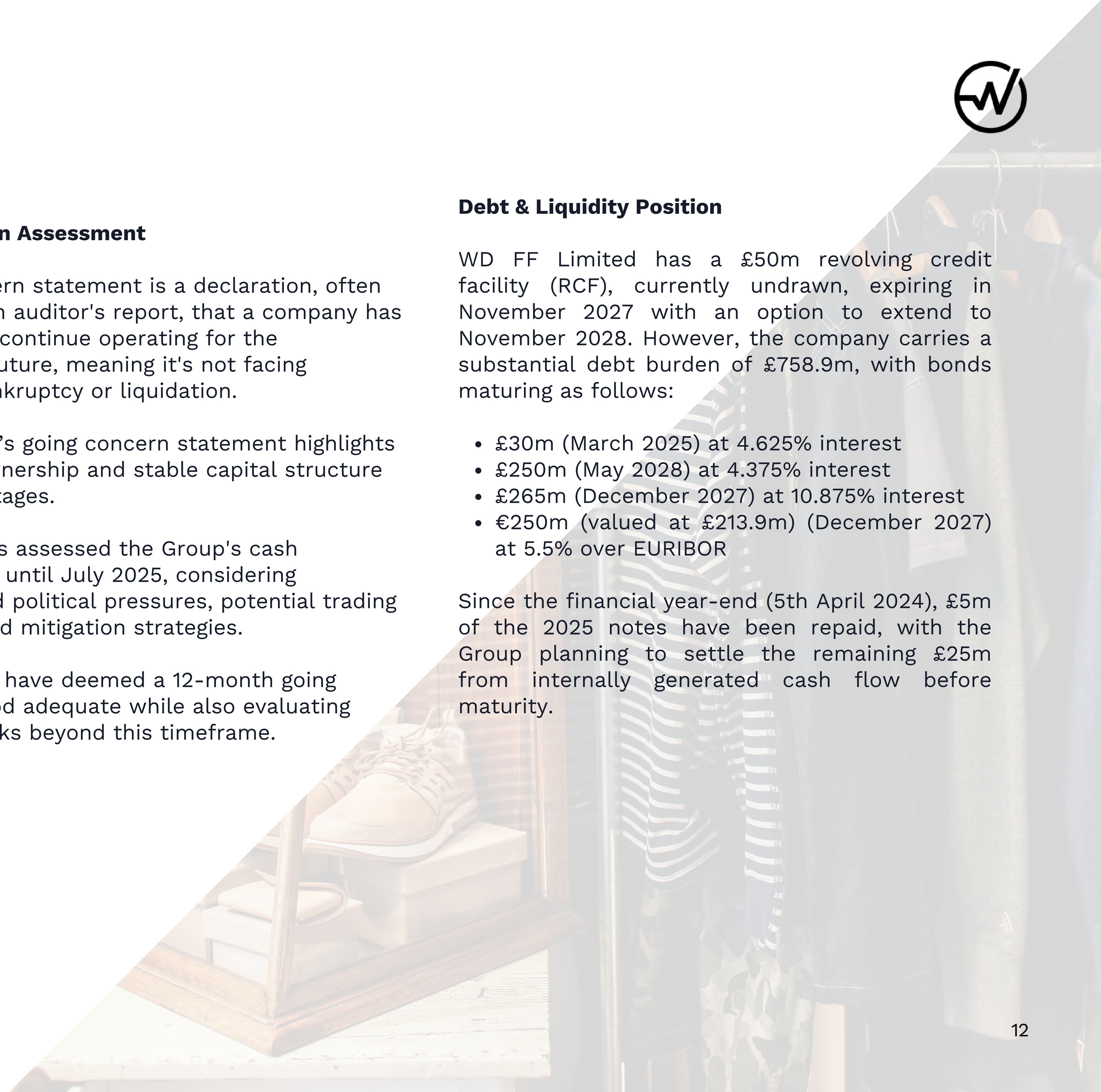
Rank	Company Name	H-Score®	TextScore®	PoD® (%)	Risk Rating	Profit Before Tax (m)
1	Tesco PLC	48	46	4.00	5	2,784
2	Marks & Spencer Group PLC	78	N/A	0.75	2	784
3	J Sainsbury PLC	40	N/A	5.60	6	514
4	Hill & Smith PLC	96	48	0.03	1	116
5	Pets At Home Group PLC	28	N/A	8.80	7	102
6	Wren Kitchens Limited	85	10	0.36	1	75
7	Wickes Group PLC	47	37	4.20	5	46
8	AO World PLC	32	N/A	7.70	7	32
9	Travis Perkins PLC	59	54	2.40	4	31
10	Card Factory PLC	60	23	2.30	4	28
11	Farmfoods Limited	70	35	1.30	3	23
12	SGN Limited	61	59	2.10	4	23
13	DFS Furniture PLC	12	N/A	21.60	9	-2
14	WD FF Limited	10	44	23.50	9	-6
15	Headlam Group PLC	19	15	14.10	8	-41
16	John Lewis Partnership PLC	69	28	1.40	3	-60
17	Superdry PLC	0	7	43.50	10	-65
18	THG PLC	11	27	22.60	9	-236
19	Ocado Group PLC	43	47	4.90	6	-308
20	Asos PLC	10	68	23.30	9	-379

Deep Dive: An Analysis of Key Players in the Top 20

The top 20 retail companies in the UK offer a compelling insight into the nation's retail environment. Each organisation demonstrates a unique narrative of expansion, revenue generation, and financial performance.

The following section provides an in-depth examination of several key players, highlighting the implications of their individual performance metrics.

WD FF LIMITED



Overview

WD FF Limited, a private limited company with share capital, operates as the holding company for Iceland Foods, a major UK grocery retailer.

Established in 1970 and based in Deeside, Flintshire, the company remains unquoted on the stock market. Despite generating significant revenue, it has consistently reported negative net income, signalling ongoing profitability challenges.

Despite achieving sales of £4.2bn, WD FF Limited has fallen into our Warning Area due to sustained losses since March 2021. In March 2023, its losses reached a whopping £6m.

Additionally, the company has reported a negative working capital position, raising concerns about its liquidity and financial stability.

Going Concern Assessment

A going concern statement is a declaration, often included in an auditor's report, that a company has the ability to continue operating for the foreseeable future, meaning it's not facing imminent bankruptcy or liquidation.

The company's going concern statement highlights its private ownership and stable capital structure as key advantages.

The Board has assessed the Group's cash requirements until July 2025, considering economic and political pressures, potential trading outcomes, and mitigation strategies.

The directors have deemed a 12-month going concern period adequate while also evaluating significant risks beyond this timeframe.

Debt & Liquidity Position

WD FF Limited has a £50m revolving credit facility (RCF), currently undrawn, expiring in November 2027 with an option to extend to November 2028. However, the company carries a substantial debt burden of £758.9m, with bonds maturing as follows:

- £30m (March 2025) at 4.625% interest
- £250m (May 2028) at 4.375% interest
- £265m (December 2027) at 10.875% interest
- €250m (valued at £213.9m) (December 2027) at 5.5% over EURIBOR

Since the financial year-end (5th April 2024), £5m of the 2025 notes have been repaid, with the Group planning to settle the remaining £25m from internally generated cash flow before maturity.

ASOS PLC

Overview

ASOS PLC, a prominent player in the global fashion industry, caters to fashion-loving 20-somethings with a vast customer base spanning over 200 countries.

Headquartered in London, ASOS is a publicly traded company with a strong online retail presence. Over the past five years, ASOS has experienced significant fluctuations in its financial performance, reflecting the dynamic nature of the retail sector.

Its operating margin dropped from a positive 4.86% in 2021 to a negative -11.42% in 2024, highlighting increased operating costs and declining sales efficiency. Similarly, its pre-tax margin has deteriorated, indicating challenges in maintaining profitability amidst rising costs and competitive pressures.

ASOS reported a loss of £379m in September 2024, a sharp increase compared to the £32m loss in August 2022. This decline has dragged the H-Score® down to 10.

As of September 2024, the company's debt stood at £689m.

Post-Balance Sheet Events

On 5th September 2024, ASOS announced the sale of the Topshop and Topman brands to a subsidiary of Heartland A/S, along with a refinancing program.

This program involved the repurchase of £173.4m of convertible bonds due in 2026 and the exchange of £253m into new convertible bonds due in 2028.

As a result of these transactions, ASOS' net debt position is expected to reduce by approximately £130m.

SUPERDRY PLC

Overview

Superdry PLC, a public limited company with share capital, specialises in the design, production, and sale of clothing and accessories.

Based in Cheltenham, Gloucestershire, the company has been operational since 2003.

However, it has consistently struggled to maintain profitability, with net income showing a downward trend. This culminated in a net loss of £67.7 million for the period ending 27th April 2024.

Liquidity & Financial Position

Superdry plc's liquidity ratios indicate potential financial distress. The current ratio has remained below 1.0 in recent years, suggesting difficulties in covering short-term liabilities. The acid-test ratio, which excludes inventory, has also been persistently low, reflecting the company's reliance on inventory sales to meet short-term obligations.

Furthermore, the company's financial position has deteriorated over the last two years, now operating with negative working capital and negative net worth, raising concerns about its solvency.

Post-Balance Sheet Events & Restructuring

To address its financial challenges, Superdry plc has undertaken significant restructuring measures:

Restructuring plan (C-Retail Limited): On 16th April 2024, the Group announced a restructuring plan for its subsidiary, C-Retail Limited, aimed at reorganising its UK property estate and retail cost base under Part 26A of the Companies Act 2006. This plan was sanctioned by the Court on 17th June 2024.

Delisting & equity raise: The company delisted from the London Stock Exchange on 15th July 2024, and simultaneously raised £10m through the issuance of 200 million new ordinary shares at 5 pence each.

Debt refinancing: On 17th June 2024, amendments were made to the company's asset-backed lending facilities with Bantry Bay and Hilco, extending them to June 2027. An additional £20m funding was secured from Hilco to support peak season trading, with interest rates now ranging from 11.5% to 12.5% plus the Bank of England base rate.

Leadership changes: Following the delisting, the previous Board of Directors stepped down on 15th July 2024, and a new Board was appointed to oversee the company's strategic direction.

Conclusion

Looking ahead, the outlook for the sector remains challenging. Macroeconomic conditions in the UK are clouded by geopolitical headwinds, increasing inflation rates and high precautionary savings amongst British households (currently twice as high as before Covid). At the same time, retailers' operating costs will rise as a consequence of the incoming changes, announced in last year's Autumn Budget. Higher national insurance contributions and an almost 7% minimum wage increase will inflate the industry's cost base while the gradual phasing out of business rate relief will also take its toll on profit margins. Even without the higher minimum wage, retailers already had to deal with substantial pay rises last year. In the twelve months to November 2024, sectoral wages went up by around 8% y/y, the third-highest increase out of 24 sectors analysed by the ONS.

As a consequence, an increase in the number of retail sector insolvencies in 2025 seems possible, if not likely. Last year, the industry recorded 1,921 company bankruptcies in England and Wales, according to data from the government's Insolvency Service. Representing 8% of total business failures, this was the first annual decrease in bankruptcies in three years. Worryingly, despite the improvement in 2024, the number of retail sector insolvencies still stands 47% above the (pre-Covid) 2019 reading.

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