



# Interim results FY25

11 February 2025





# Interim results FY25

**1** Introduction

---

**2** Financial review

---

**3** Unlocking our full potential

---

**4** Q&A







# Introduction

Nick Wilkinson  
CEO



# Highlights

**+2.4%**

Total sales  
growth

**+30bps**

Market share  
growth<sup>1</sup>

**+4.3%**

Active customers  
growth<sup>2</sup>

**+10bps**

Gross margin  
growth

**£123m**

FY24 H1: £123m

Profit before  
tax

**£169m**

FY24 H1: £91m

Free cash  
flow<sup>3</sup>

**16.5p**

FY24: 16.0p

Interim dividend per  
share

**35.0p**

Special dividend  
per share

<sup>1</sup> GlobalData UK combined homewares and furniture markets, excluding kitchen cabinetry and bathroom furniture, for the period January 2024 to December 2024. Market share for 2024 was 7.8%, prior year comparative restated from 7.6% to 7.5%

<sup>2</sup> Year-on-year growth in unique active customers who have transacted at least once in the 12 months to December 2024. Management estimates using Barclays data

<sup>3</sup> Free cash flow is defined as net cash generated from operating activities less capex (net of disposals), net interest paid (including leases) and loan transaction costs, and repayment of principal element of lease liabilities. A reconciliation of operating profit to free cash flow is included on slide 13. Free cash flow in the half included a timing benefit of £88m due to a payment in transit which cleared on the first working day of H2





# Driving good growth and returns

- **Maintaining our customer focus**
  - Relentless focus on value and relevance amidst ongoing consumer caution
  - Harnessing insight and data to better understand and serve a growing range of customer missions
- **Playing to our strengths as a differentiated specialist**
  - Elevating our product through design, in keeping with trends
  - Increasing ease and convenience across channels, to connect to more customers
- **Taking a disciplined approach to cost headwinds**
  - Targeted investment in technology and processes to drive productivity opportunities
  - Confident in our ability to mitigate headwinds through multiple levers

**Significant opportunities for a well-resourced, disciplined market leader, with a winning and advantaged business model**





A modern living room interior featuring two orange velvet armchairs with white knotted cushions. A large, light-colored marble coffee table sits in the center. The room has patterned beige curtains and a large window with a black frame. A gold-colored chandelier hangs from the ceiling. On the left, a dark side table holds a lamp with a white shade and a small wooden object. On the right, a tall floor lamp with multiple gold-colored shades stands next to a green plant. Two abstract art pieces are mounted on the wall.

# Financial review

Karen Witts  
CFO



# Financial summary

	H1 FY25	H1 FY24	YoY
<b>Sales</b>	<b>£893.7m</b>	<b>£872.5m</b>	<b>+2.4%</b>
Gross margin	52.8%	52.7%	+10 bps
Operating costs % sales	38.6%	38.1%	+50 bps
<b>Profit before tax</b>	<b>£123.2m</b>	<b>£123.0m</b>	<b>+0.2%</b>
Diluted earnings per share	45.0p	44.6p	+0.9%

	H1 FY25	H1 FY24	YoY
Free cash flow <sup>1</sup>	£168.5m	£91.1m	+£77.4m
Net cash <sup>2</sup>	£57.1m	£6.2m	+£50.9m
Interim dividend	16.5p	16.0p	+3.1%
Special dividend	35.0p	35.0p	n/a

<sup>1</sup> Free cash flow is defined as net cash generated from operating activities less capex (net of disposals), net interest paid (including leases) and loan transaction costs, and repayment of principal element of lease liabilities. A reconciliation of operating profit to free cash flow is included on slide 13.

Free cash flow in the half included a timing benefit of £88m due to a payment in transit which cleared on the first working day of H2

<sup>2</sup> Excluding lease liabilities

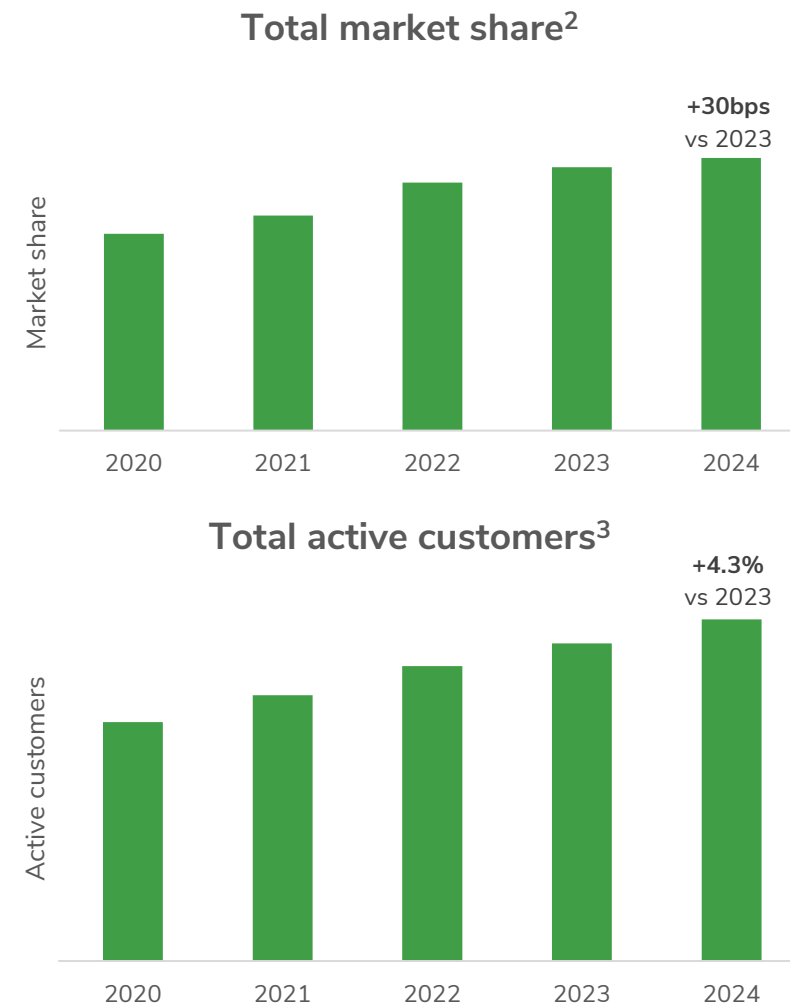




# Sales, customers and market share growth

	H1 FY25	H1 FY24	YoY
Total sales	£893.7m	£872.5m	+2.4%
Digital % total sales <sup>1</sup>	39%	36%	+3ppts
	2024	2023	YoY
Market share <sup>2</sup>	7.8%	7.5%	+30bps
Active customer growth <sup>3</sup>			+4.3%

- Sales growth driven by volume, against a challenging backdrop with volatile week to week trading
- Digital participation up 3ppts, with continued improvements to the proposition and Click & Collect performing strongly
- Market share gains of 30bps year-on-year
- Continued growth in customer numbers, up 4.3%
  - Growth across all geographical, age and income cohorts up to £100k



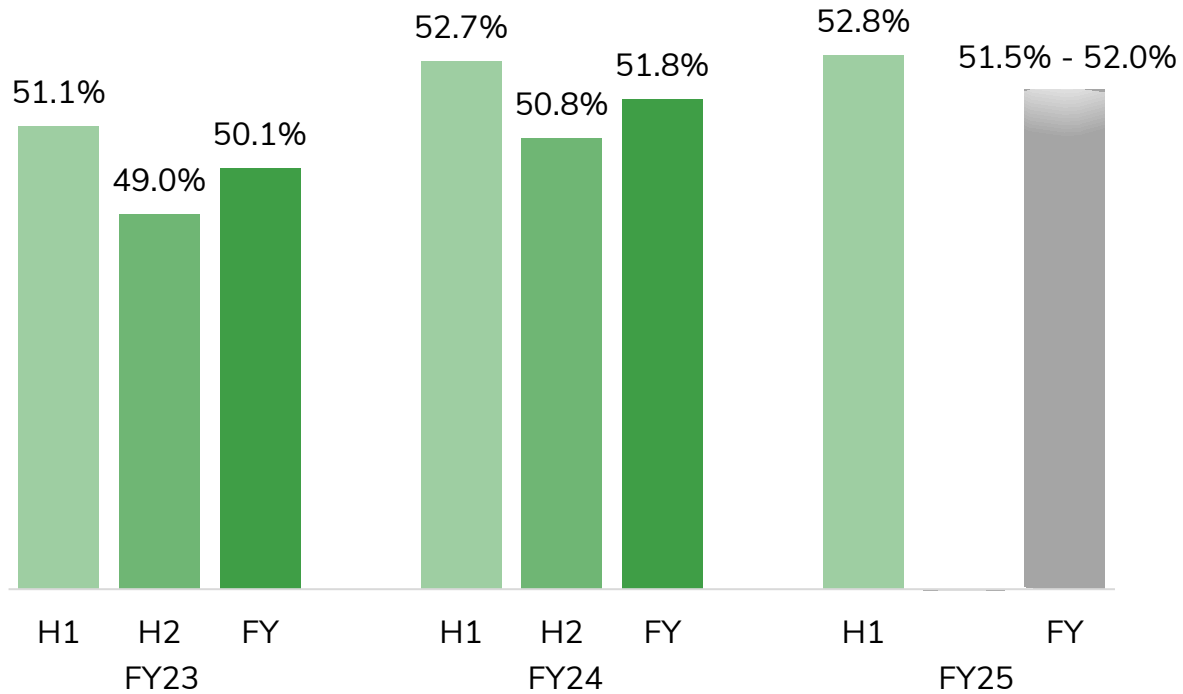
<sup>1</sup> Digital includes home delivery, Click & Collect and tablet-based sales in store

<sup>2</sup> GlobalData UK combined homewares and furniture markets, excluding kitchen cabinetry and bathroom furniture, for the period January 2024 to December 2024. Prior year comparative restated from 7.6% to 7.5%

<sup>3</sup> Year-on-year growth in unique active customers who have transacted at least once in the 12 months to December 2024. Management estimates using Barclays data  
Interim results FY25



# Strong gross margin



- Strong gross margin of 52.8% in the first half, +10bps year-on-year
- Well controlled input costs, continued operational grip
- Maintained value proposition across all value tiers, whilst applying promotional discipline





# Cost grip in an inflationary environment



- Volume-driven variable costs added £7m
- Continued inflationary headwinds due to sustained high wage inflation across operational areas
- Investment includes manufacturing and store operations in Made-to-Measure and ongoing investment in stores
- Productivity savings included store scheduling optimisation and improved efficiency of performance marketing

	H1 FY25	H1 FY24	YoY
Sales, marketing & distribution costs	£272.8m	£261.0m	+4.5%
Tech and support costs	£72.1m	£71.6m	+0.7%
<b>Total operating costs</b>	<b>£344.9m</b>	<b>£332.6m</b>	<b>+3.7%</b>
<b>Total sales</b>	<b>£893.7m</b>	<b>£872.5m</b>	<b>+2.4%</b>
Operating costs % sales	38.6%	38.1%	+50 bps



# Approach to sustaining stable PBT margins

- Track record of maintaining PBT margins through a period of significant cost inflation
- Generate further operational leverage through our scale and capabilities
- Cost mitigation focused on continuous improvement alongside targeted longer-term productivity opportunities
- Continue to prioritise our value proposition, carefully managing our 'good, better, best' range architecture
- Broadly stable PBT margin expected going forward



# PBT, interest, tax and EPS

	H1 FY25	H1 FY24
Financial income and expenses	(£5.4m)	(£3.9m)
<b>Profit before tax</b>	<b>£123.2m</b>	<b>£123.0m</b>
Tax	(£31.6m)	(£32.3m)
Effective tax rate	25.6%	26.3%
<b>Profit after tax</b>	<b>£91.6m</b>	<b>£90.7m</b>
Basic earnings per share	45.2p	44.9p
Diluted earnings per share	45.0p	44.6p

- PBT of £123.2m, +0.2% year-on-year
- Effective tax rate normalised to 25.6%, 0.7ppts lower than H1 FY24
  - In line with our guidance of 50-100bps ahead of the headline rate
  - H1 FY24 rate was elevated due to a one-off deferred tax adjustment
- Diluted EPS increased by 0.9% reflecting the lower effective tax rate





# Strong cash generation

	H1 FY25	H1 FY24
Operating profit	£128.6m	£126.9m
Depreciation & amortisation <sup>1</sup>	£40.9m	£40.4m
Working capital inflow / (outflow)	£93.6m	(£3.0m)
Share-based payments expense	£1.5m	£2.6m
Tax paid	(£25.5m)	(£24.7m)
<b>Net cash generated from operating activities</b>	<b>£239.1m</b>	<b>£142.2m</b>
Capex & business combination	(£39.0m)	(£19.8m)
Net interest and loan transaction costs <sup>2</sup>	(£1.7m)	(£2.6m)
Interest on lease liabilities	(£3.5m)	(£3.0m)
Repayment of principal element of lease liabilities	(£26.4m)	(£25.7m)
<b>Free cash flow</b>	<b>£168.5m</b>	<b>£91.1m</b>
<b>Net cash<sup>3</sup></b>	<b>£57.1m</b>	<b>£6.2m</b>
Memo: net cash / (debt) <sup>3</sup> excluding timing adjustment	(£31.0m)	£6.2m
Memo: dividends paid	(£55.7m)	(£54.5m)

<sup>1</sup> Including impairment and loss on disposal

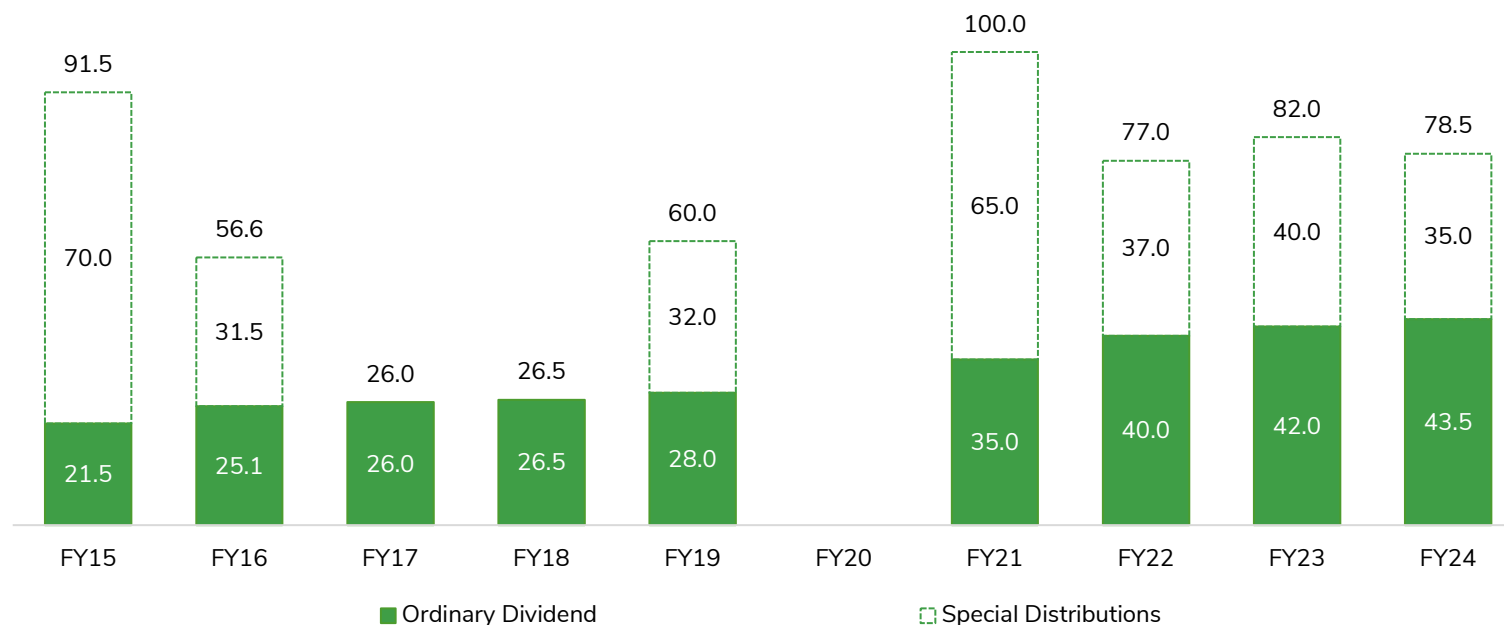
<sup>2</sup> Excluding interest on lease liabilities

<sup>3</sup> Excluding lease liabilities

- Free cash flow £169m (FY24 H1: £91m), including £88m timing benefit which reversed on the first working day of H2 (also reflected in working capital)
- Inventory well controlled
- £39m capex includes £22m tenanted freehold purchase and £11m on existing store estate
- Free cash flow conversion 63% (FY24 H1: 72%) excluding timing benefit, below last year principally due to higher capex

# Continued attractive returns

Dividend history (pence per share)



## Capital and dividend policies

- Target average net debt between 0.2× and 0.6× the last 12 months' EBITDA<sup>1</sup>
- Ordinary dividend cover<sup>2</sup> of between 1.75× and 2.25× earnings per share during the financial year to which the dividend relates
- Return surplus cash if net debt consistently falls below the minimum target of 0.2× EBITDA

<sup>1</sup> EBITDA defined as operating profit plus depreciation and amortisation of property, plant and equipment and intangible assets plus loss on disposal and impairment of property, plant and equipment and intangible assets plus depreciation on right-of-use assets

<sup>2</sup> Dividend cover is calculated as earnings per share divided by the total ordinary dividend relating to the financial year

<sup>3</sup> Net cash in the half included a timing benefit of £88m due to a payment in transit which cleared on the first working day of H2

- Capital light business model returns surplus cash to shareholders after prioritising investment in the business
- Progressive interim dividend of 16.5p, +3% year-on-year
- Board declared special dividend of 35.0p, reflecting strength of the underlying business
- Excluding timing benefit<sup>3</sup> and after payment of committed dividends, net debt : EBITDA in line with targeted leverage range



# FY25 guidance

- Environment remains challenging with volatile weekly trading patterns
- FY25 gross margin to continue to be strong, now expected between 51.5% and 52.0%
- Further acquisition in Greater London in legals; completion would result in FY25 capex of £60m – £70m, above previous guidance
- Expect a small working capital inflow for the full year
- Full year effective tax rate normalised at 50 – 100bps above the headline rate
- FY25 PBT expectations unchanged, and in line with consensus<sup>1</sup>

<sup>1</sup> Company compiled average of analysts' expectations for FY25 PBT is £209m, with a range of £204m to £214m





# Unlocking our full potential

Nick Wilkinson  
CEO







# Dunelm

The Home of Homes

# Unlocking our full potential as The Home of Homes

- **Building the Home of Homes**, the UK's most trusted and valuable brand for homewares and furniture
- **Interconnected focus areas** give structure to our initiatives and investment priorities
- **Significant category headroom** to increase awareness, consideration and conversion
- **Growing our system** allows us to attract more customers and grow share of wallet
- **10% market share milestone** in the medium term





## Bathroom textiles



- Choice extends through nine value tiers from £4 'good' to £24 'best' for a bath towel
- Quality upgrade to new & improved Egyptian cotton 'better' range
- Introducing highest ever GSM towels and extending 'good' tier

## Window dressing



- Curtains and blinds choice extends from ready-mades to bespoke Made-to-Measure
- Extending colour choice in 'Luna' range of curtains and blinds, co-ordinating across other textile categories
- Simplified tracks & poles range re-balances 'good, better, best' hierarchy, allowing introduction of new 'best' metal finishes

## Elevated design



- Elevation through design built on deep capabilities established over time
- Extending popular furniture designs into complementary sub-categories and bolder fabric selections

## Bolder collaborations



- Sophie Robinson x Dunelm collaboration launched for SS25
- Elevating collaboration with Natural History Museum and extending William Morris range



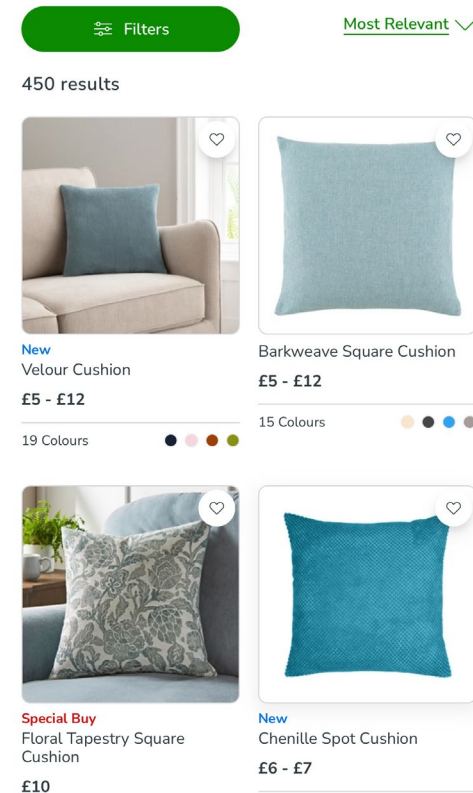
# Better channel experiences (1/2)



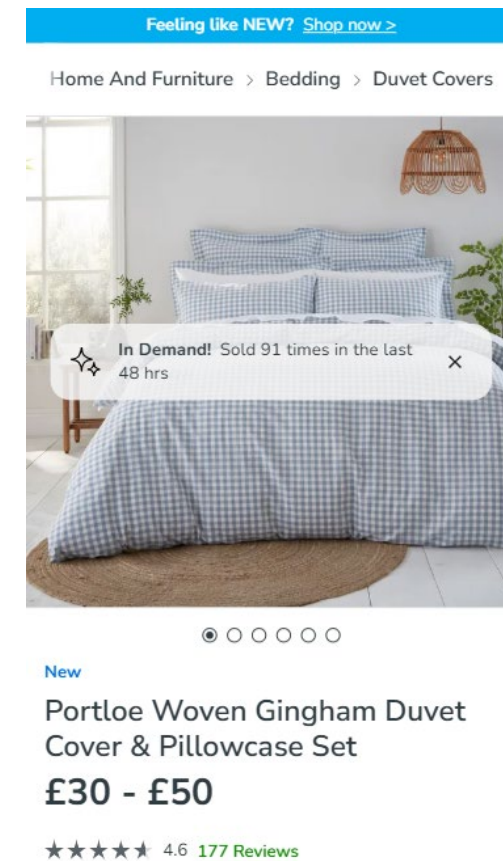
- Differentiated products fuel our digital channels, and make personalisation meaningful
- Continual optimisation and experimentation has a significant aggregate impact
- Own and partner capabilities advance our proposition:
  - AI tooling for search, browse and recommendations: 60% of customers seeing bespoke product ideas
  - Social proofing capability: introduced and seeing improvement in add to basket rates
  - Ease of shopping and delivery / collection: significant opportunities and rigorous testing
- App development progressing well with launch this summer

## Better search

### Soft blue cushions



## Social proofing



# Better channel experiences (2/2)



- Westfield: a different format, optimised to build awareness and consideration
  - Inspiring through collections and coordination
  - Highlighting quality at every price point
  - Early results encouraging for reaching new customers and cross-channel shopping
- London is a significant opportunity, where we will be leveraging our total retail system
- H2 openings a mixture of sizes, addressing large and small towns, and infill in densely populated areas





# Acquisition of Home Focus

- A heritage soft furnishings retailer with 13 small stores in high-quality locations across Ireland
- Opportunity to connect with more customers in c.£1bn<sup>1</sup> Ireland homewares market
- Pleased with quality of the business and early trading
- Selection of Dunelm best-sellers introduced ahead of peak trading
- Roadmap to raise the bar on customer offer and operations
- In time, introducing a more comprehensive digital proposition creates the ability to sell online beyond the UK

<sup>1</sup>GlobalData homewares market for Ireland (June 2024)



# Expanding our Click & Collect proposition



## Better customer journey

**CLICK & COLLECT**  
BUY ONLINE, COLLECT IN-STORE

**COLLECTION POINT**  
Here to collect an order?  
Check in using the link in your 'ready to collect' email

**PLEASE WAIT HERE**  
We will bring your order to you

Need some help?  
Please speak to a Dunelm colleague

- Click & Collect channel combines store-stocked lines plus centrally-fulfilled items
- Range of centrally-fulfilled stock increased, with multiple suppliers onboarded
- Customers now see a better 'one stop shop' basket, c.75% (by value) of eligible product available to collect

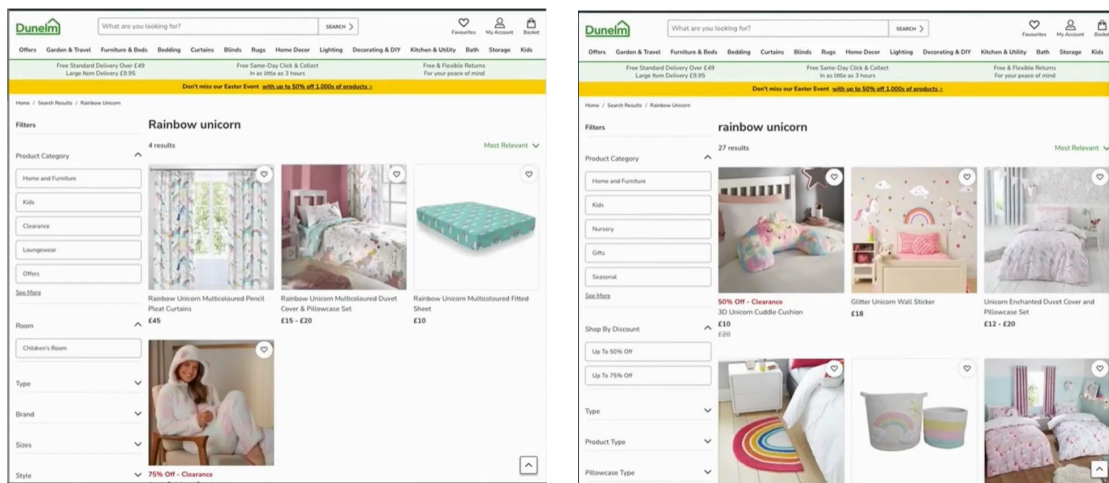
## Opportunity for efficiencies



- Self-service Click & Collect now available, and being further developed
- Greater order volumes create opportunity to drive further store efficiencies
- Logistics optimisation for centrally-fulfilled stock



## Performance marketing



- Optimising performance marketing across more of the funnel and more channels
- AI search improving online conversion, and efficiency of spend
- Experimentation capability well established, and now extending into personalised, multi-channel incentives

## Self-serve checkouts



- Successful trial in three stores, being extended to some of our largest stores
- Optimised for customer experience, colleague productivity and loss prevention
- Roll out to more than 100 stores by end FY26, improving configuration through learnings

# Summary and outlook

- Good performance in a challenging environment, with profits broadly flat year-on-year
- High-quality sales growth underpinned by increased volumes, customer numbers and market share
- Disciplined approach to pricing whilst maintaining outstanding value, and now expect FY gross margin to be in the upper half of previously guided range
- Encouraged by early trading in the second half
- Expectations for FY25 PBT are unchanged and in line with consensus<sup>1</sup>
- Confident in our advantaged business model, progressing with strategic plans as we move towards 10% market share milestone

<sup>1</sup> Company compiled average of analysts' expectations for FY25 PBT is £209m, with a range of £204m to £214m.





A vibrant outdoor dining area set up on a wooden deck. A white table is covered with a pink floral tablecloth and is set with plates, glasses, and vases of flowers. Two chairs with red and white checkered cushions are positioned next to the table. A large, patterned umbrella with a red fringe stands behind the table. Numerous colorful paper lanterns in shades of red, blue, and purple hang from the branches of a large tree above the deck. The background shows a lush green landscape with rolling hills.

**Q&A**



# Appendix





# Income statement

	H1 FY25	H1 FY24	YoY
Revenue	£893.7m	£872.5m	£21.2m
Cost of sales	(£421.8m)	(£413.0m)	(£8.8m)
<b>Gross profit</b>	<b>£471.9m</b>	<b>£459.5m</b>	<b>£12.4m</b>
Gross margin %	52.8%	52.7%	+10 bps
Operating income	£1.6m	-	£1.6m
Operating costs	(£344.9m)	(£332.6m)	(£12.3m)
<b>Operating profit</b>	<b>£128.6m</b>	<b>£126.9m</b>	<b>£1.7m</b>
Financial income	£0.6m	£1.2m	(£0.6m)
Financial expenses	(£6.0m)	(£5.1m)	(£0.9m)
<b>Profit before tax</b>	<b>£123.2m</b>	<b>£123.0m</b>	<b>£0.2m</b>
PBT margin %	13.8%	14.1%	(30) bps
Taxation	(£31.6m)	(£32.3m)	£0.7m
<b>Profit after tax</b>	<b>£91.6m</b>	<b>£90.7m</b>	<b>£0.9m</b>
Effective tax rate	25.6%	26.3%	(70) bps
Basic earnings per share	45.2p	44.9p	0.3p
Diluted earnings per share	45.0p	44.6p	0.4p



# Balance sheet

	H1 FY25 28 December 2024	H1 FY24 30 December 2023	FY24 29 June 2024
Right-of-use assets	£218.8m	£222.7m	£222.9m
Other non-current assets	£211.2m	£185.1m	£186.2m
Inventories	£228.5m	£231.5m	£223.0m
Cash	£57.1m	£56.2m	£23.4m
Other current assets	£38.7m	£25.6m	£26.5m
<b>Total assets</b>	<b>£754.3m</b>	<b>£721.1m</b>	<b>£682.0m</b>
Lease liabilities	(£244.4m)	(£248.9m)	(£249.6m)
Bank loans	-	(£47.7m)	(£77.0m)
Other current liabilities	(£320.7m)	(£241.7m)	(£211.4m)
Other non-current liabilities	(£5.5m)	(£7.8m)	(£6.1m)
<b>Total liabilities</b>	<b>(£570.6m)</b>	<b>(£546.1m)</b>	<b>(£544.1m)</b>
<b>Net assets</b>	<b>£183.7m</b>	<b>£175.0m</b>	<b>£137.9m</b>
Hedging reserve	£1.3m	(£7.9m)	(£3.8m)
Share capital/share premium/other reserves	£46.9m	£46.9m	£46.9m
Retained earnings	£135.5m	£136.0m	£94.8m
<b>Total equity</b>	<b>£183.7m</b>	<b>£175.0m</b>	<b>£137.9m</b>





# 5-year financial summary

	FY20	FY21	FY22	FY23	FY24	H1 FY24	H1 FY25
	(52 weeks)	(52 weeks)	(53 weeks)	(52 weeks)	(52 weeks)		
Total sales	£1,057.9m	£1,336.2m	£1,581.4m	£1,638.8m	£1,706.5m	£872.5m	£893.7m
Total sales growth	(3.9%)	26.3%	18.4%	3.6%	4.1%	4.5%	2.4%
Gross margin %	50.3%	51.6%	51.2%	50.1%	51.8%	52.7%	52.8%
Profit before tax	£109.1m	£157.8m	£212.8m	£192.7m	£205.4m	£123.0m	£123.2m
Free cash flow <sup>1</sup>	£174.7m	£108.5m	£153.0m	£160.4m	£132.2m	£91.1m	£168.5m
Net cash / (debt) <sup>2</sup>	£45.4m	£128.6m	(£23.8m)	(£30.7m)	£55.6m	£6.2m	£57.1m
Diluted EPS	42.9p	62.9p	83.6p	75.0p	74.4p	44.6p	45.0p
Dividends paid	£106.0m	£24.3m	£282.1m	£163.3m	£157.6m	£54.5m	£55.7m

<sup>1</sup> Free cash flow is defined as net cash generated from operating activities less capex (net of disposals), net interest paid (including leases) and loan transaction costs, and repayment of principal element of lease liabilities. A reconciliation of operating profit to free cash flow is included on slide 13. Free cash flow in the half included a timing benefit of £88m due to a payment in transit which cleared on the first working day of H2

<sup>2</sup> Excluding lease liabilities. Definition updated in December 2021 to exclude unamortised debt issue costs. The new definition has been applied prospectively from FY21

# 10-year dividend history

	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Ordinary dividend <small>per share</small>										
Interim	6.0p	6.5p	7.0p	7.5p	-	12.0p	14.0p	15.0p	16.0p	16.5p
Final	19.1p	19.5p	19.5p	20.5p	-	23.0p	26.0p	27.0p	27.5p	n/a
<b>Total</b>	<b>25.1p</b>	<b>26.0p</b>	<b>26.5p</b>	<b>28.0p</b>	<b>-</b>	<b>35.0p</b>	<b>40.0p</b>	<b>42.0p</b>	<b>43.5p</b>	<b>n/a</b>
Special Dividends <small>per share</small>	31.5p	-	-	32.0p	-	65.0p	37.0p	40.0p	35.0p	35.0p
<b>Total <small>per share</small></b>	<b>56.6p</b>	<b>26.0p</b>	<b>26.5p</b>	<b>60.0p</b>	<b>-</b>	<b>100.0p</b>	<b>77.0p</b>	<b>82.0p</b>	<b>78.5p</b>	<b>n/a</b>
Ordinary dividend cover <sup>1</sup>	2.0x	1.4x	1.4x	1.8x	-	1.8x	2.1x	1.8x	1.7x	n/a

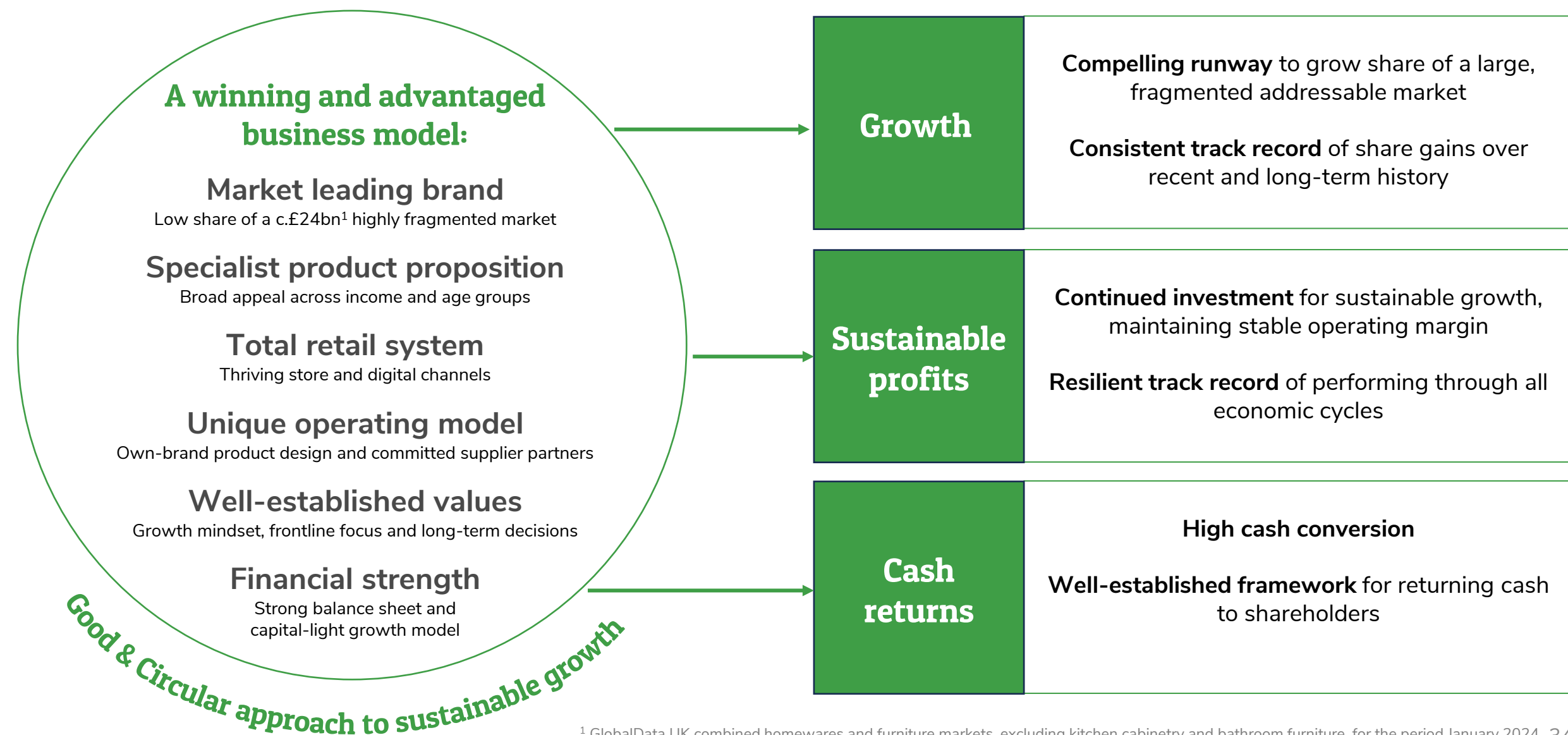
<sup>1</sup> Dividend cover is calculated as earnings per share divided by the total ordinary dividend relating to the financial year



# ESG highlights

<b>Our Home the Planet</b>	<ul style="list-style-type: none"> <li>Continuing to develop our Dunelm Circularity strategy and training commercial teams on circular design principles and how to implement within existing design processes</li> <li>Continuing to purchase 100% renewable electricity and installing solar PVs across our stores and sites where viable, with four sites planned for FY25</li> <li>Replacing gas-fired heating with electric heating run on renewable electricity, with plans to switch seven sites in FY25</li> </ul>
<b>Our Home in Communities</b>	<ul style="list-style-type: none"> <li>In our fifth year of Delivering Joy, we donated a record-breaking 270,000 gifts supporting over 1,800 local causes</li> <li>Our in-store textile takeback remains popular with customers, collecting over 610 tonnes of textiles in FY25 H1, and ongoing online textile takeback trial, in partnership with The Salvation Army</li> <li>Celebrating one year of our charity partnership with Age UK, approaching £1m raised</li> </ul>
<b>A Home for our People</b>	<ul style="list-style-type: none"> <li>Continued to improve our colleague development programmes, including launching our 'Coach to Success' for our store Team Leaders and Deputies and we are expanding our 'Reach' programme (for colleagues from underrepresented ethnic groups) to a more senior level</li> <li>Celebrated Women in Tech Week in October through virtual and in-person events, organised by the Dunelm Women in Tech (WIT) working group</li> <li>Direct feedback with colleagues via online tool to measure engagement in periodic surveys and pulse questionnaires</li> </ul>
<b>Governance and Protecting Our Business</b>	<ul style="list-style-type: none"> <li>Code compliant Board, comprising Chair plus four independent and four non-independent Directors</li> <li>Diverse gender, nationality, background and experience – 33% female include Chair and CFO</li> <li>The Board continue to receive regular updates on ESG matters and is responsible for the Good and Circular approach to sustainability</li> </ul>

# Investment proposition



<sup>1</sup> GlobalData UK combined homewares and furniture markets, excluding kitchen cabinetry and bathroom furniture, for the period January 2024 to December 2024 34





Thank you