



Dunelm
mill



INTERIM RESULTS

26 weeks to 27 December 2008

Geoff Cooper

Chairman

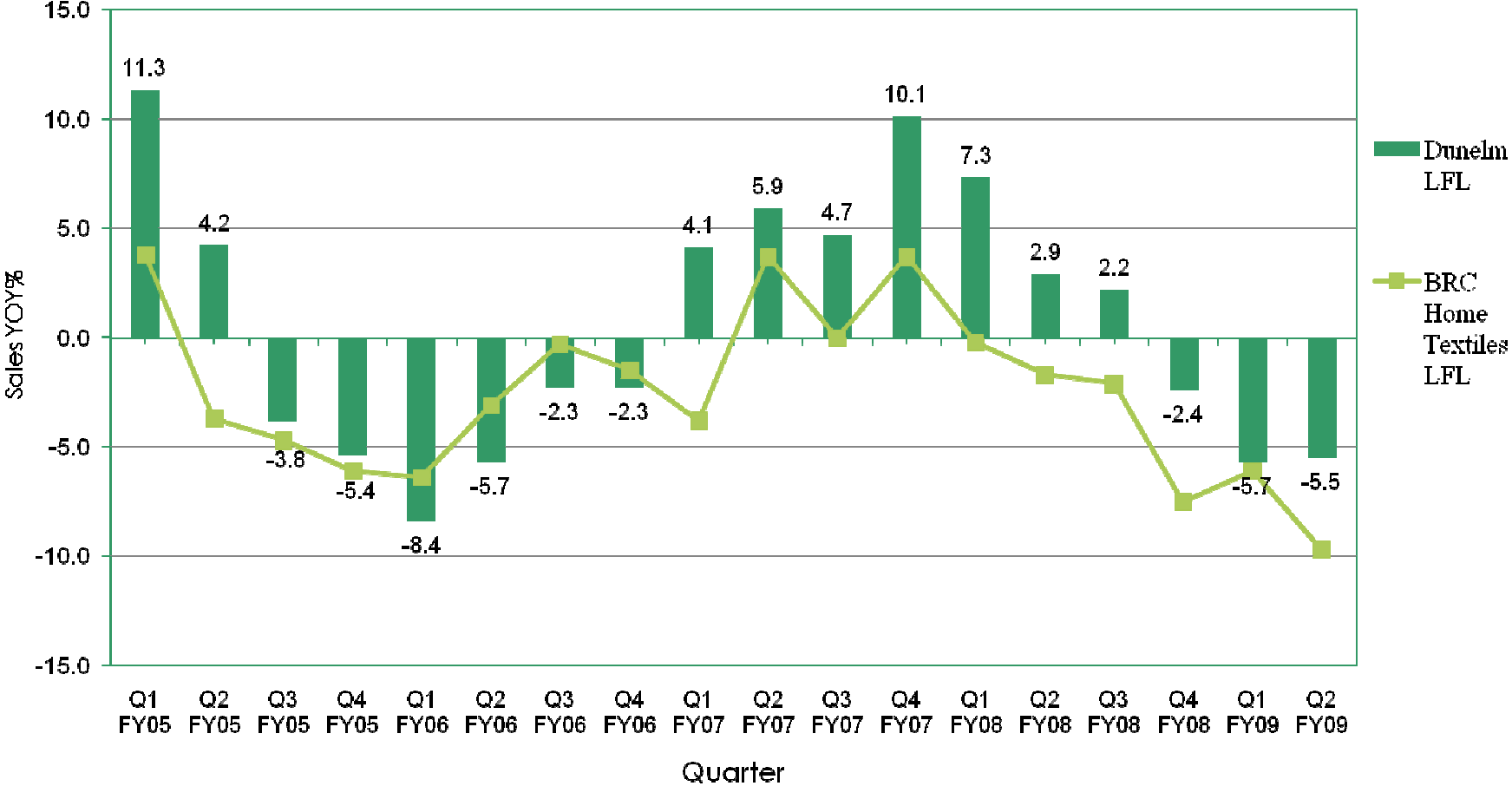
David Stead

Finance Director

Financial highlights FY09

	FY09 H1	FY08 H1	
Sales	£201.8m	£197.4m	+ 2.3%
LFL Sales growth	-5.6%	4.9%	
Gross margin	45.9%	44.9%	+ 100 bps
Operating profit	£26.1m	£27.6m	- 5.4%
Profit Before Tax	£27.3m	£27.2m	+ 0.2%
EPS (fully diluted)	9.5p	9.2p	+ 3.3%
Net cash from operations	£48.1m	£39.7m	+ 21.1%
Daily average net debt	£0.1m	£7.8m	
Interim dividend	2.0p	2.0p	

Like-for-like sales by quarter

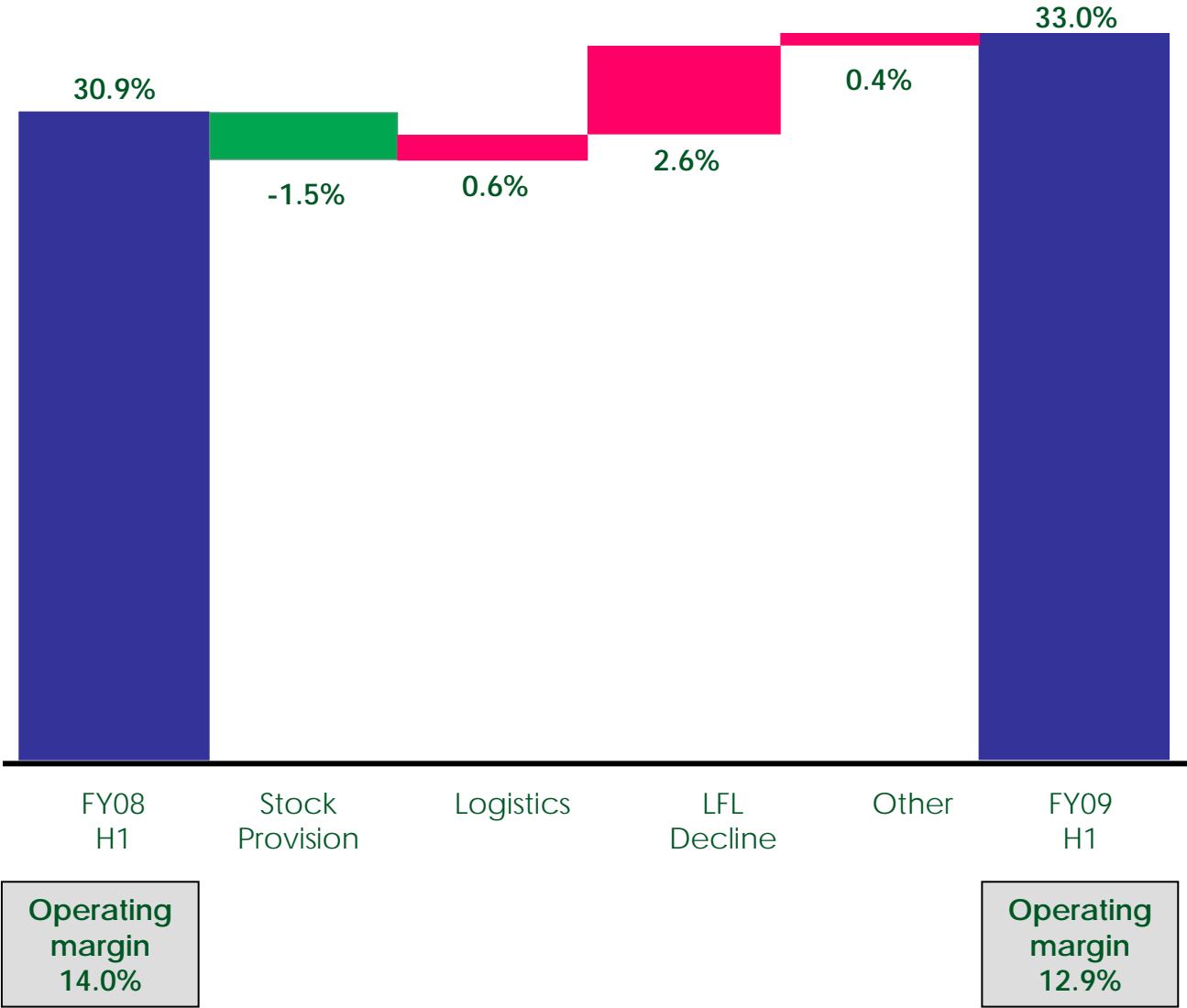


Gross margin up by 100 bps

- Consistent trading strategy
- Increased proportion of special buys
- Cost price increases passed on to customers
- Further pressure on COGS



Operating costs as % of sales



Profit after tax

(£m)	FY09 H1	FY08 H1	
Operating Profit	26.1	27.6	-5.4%
Financial Items			
- Interest receivable	0.4	0.6	
- Loan and other interest payable	(0.6)	(0.9)	
- Foreign exchange gain/ (loss)	1.4	(0.1)	
Profit Before Tax	27.3	27.2	+0.2%
Tax	(8.1)	(8.6)	
Profit After Tax	19.2	18.6	+2.7%

Excellent cash conversion

(£m)	FY09 H1	FY08 H1	
Operating profit	26.1	27.6	- 5.4%
Depreciation and amortisation	5.6	4.8	
Other non-cash movements	0.9	-	
Working capital change	20.0	14.7	
Net interest paid	(0.4)	(0.5)	
Tax paid	(4.1)	(6.9)	
Net cash from operations	48.1	39.7	+ 21.2%

Investment in growth

Capex (£m)	FY09 H1	FY08 H1
Freehold investment	-	5.4
New store fit-outs	3.9	6.6
Refits and other store investment	2.0	1.0
Non-store investment	0.4	0.1
Acquisition of Dorma brand	5.1	-
Total	11.4	13.1

Movement in net debt

(£m)	FY09 H1	FY08 H1
Net cash from operations	48.1	39.7
Capital expenditure	(11.4)	(13.1)
Dividend paid	(7.0)	(6.0)
Other	0.9	0.3
Reduction in net debt	30.6	20.9
Average net debt over the period	0.1	7.8
Period end net cash / (debt)	23.4	(1.8)

FY09 – Guidance on technical issues

- 53 week reporting period
 - operating profit benefit c.£2.0m

- Amortisation charges
 - major IT investment fully amortised by April 2009
 - Dorma intangible amortised at £1m per annum

Will Adderley

Chief Executive

Our growth strategy

Open more superstores

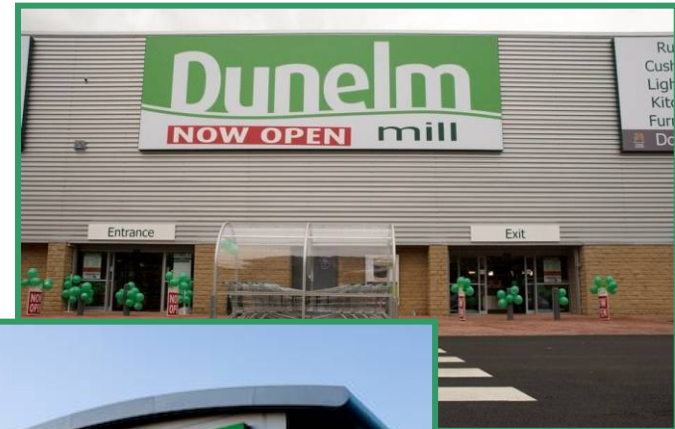
Further develop specialist position

Grow Dunelm Direct

Exploit strengthened infrastructure

More superstores

- 3 new superstores opened in H1
 - Huddersfield,
 - Newtownabbey and
 - Plymouth
 - strong trading in all stores
- New Worcester store opens 26th February
- 9 more stores legally committed (2 to open this FY)
- Significant increase in opportunities under negotiation
- Still committed to medium term target of 150+ superstores



New stores



Plenty of further opportunities!

Specialist position – Dorma exploitation



Specialist position – other innovations

- Refined fabrics offer
- New categories
 - Laundry & cleaning
 - Crafts
- Web kiosk



Specialist position – Store environment

- Five refits completed to date
- Substantial improvements to internal and external appearance
- Better use of space
- Approximate cost £0.5m per store
- Some sales uplifts achieved
- Programme will continue



Dunelm Direct

- www.dunelm-mill.com
- Available product lines now over 11,000
- Strong operational performance over peak trading period
- New technology platform under way

The screenshot shows the Dunelm Direct website homepage. At the top, there is a navigation bar with the Dunelm mill logo, a customer hot line (0845 1 65 65 65), a store locator, an email sign-up button, and a search bar. Below the navigation bar, there is a main promotional banner for 'NEW Spring Collections have arrived!' with a 'WIN a fabulous Room Makeover worth £500!' offer. The banner features images of light blue curtains and a red cushion. Below the banner, there are four product tiles: 'Diamante Duck Egg Lined Curtains' (From £29.99), 'Red Flowerbomb Cushion' (£4.99), 'Plush Wine Shaggy Rug' (From £39.99), and 'Poppy Dinnerware Range' (From £1.29). On the right side, there is a 'best buys...' list with nine items, including a Brabantia 30Ltr container (£64.89), a Reeded Table Lamp (£16.99), Mexican Pine Nest Of Tables (£49.99), a Non Iron Fitted Sheet-Double (£8.99), Carlton Curtain Poles 120cm (£27.99), Faux Silk Pendant (£12.99), Amy Duvet Cover-King (£32.99), Circles Duvet Cover-Double (£24.99), and Rose Deco Throw-170x225cm (£23.99). A 'YOUR BASKET' section at the top right shows 'Items: 0 | Delivery: £0.00' and 'Total: £0.00'. A 'VAT SAVING' badge is visible in the bottom left corner of the page.

Infrastructure

- Stoke warehouse performing well
 - increasing volume of promotional merchandise
- Continuing improvements in IT infrastructure and applications
- Stable and motivated management team

Current trading – 8 weeks to 21 February

- Like-for-like sales + 4.4 %
- Total sales + 8.9 %
- Gross margin gains maintained (+ 100 bps)

Outlook

- Cost of goods
- Competitors
- Dunelm trading strategy
- Property pipeline



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Appendices

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Key facts

- Leading UK out-of-town specialist homewares retailer
- Philosophy of “Simply value for money”
- 92 stores, of which 79 are OOT superstores*
- Average superstore selling area of 28,000 sq ft
- Approximately 20,000 regular lines in a superstore – unrivalled choice
- Experienced management team, entrepreneurial culture

Two types of merchandise



Core ranges
<ul style="list-style-type: none">• Extensive range of homewares• Depth and choice• Strong availability• Specialist knowledge
80% of sales

Special buys
<ul style="list-style-type: none">• Frequently changing (“when it’s gone it’s gone”)• Powerful displays• Core homewares and other products• “Treasure-hunt” atmosphere
20% of sales



“Simply value for money”
<ul style="list-style-type: none">• Strength of price/quality equation at all levels
100% of sales



Strong balance sheet

(£m)	27 Dec 08	29 Dec 07
Total non-current assets	85.0	80.4
Inventories	70.9	59.7
Receivables	12.8	12.5
Cash	32.4	18.2
Total assets	201.1	170.8
Current liabilities	(94.1)	(74.7)
Non-current liabilities	(9.3)	(20.0)
Net assets	97.7	76.1
Share capital	2.0	2.0
Share premium	0.3	0.3
Retained earnings	95.4	73.8
Total equity	97.7	76.1

Directors' CVs

Geoff Cooper (54), Non-Executive Chairman. Geoff joined the Board in November 2004. He is a qualified accountant with substantial experience of major retail organisations having been Finance Director of Gateway (now Somerfield plc) and Finance Director and then Deputy Chief Executive of Alliance UniChem plc. He is currently Chief Executive of Travis Perkins plc, having been appointed to that role in February 2005.

Marion Sears (46), Senior Independent Non-Executive Director. Marion joined the group in July 2004 and has an extensive background in corporate finance having worked with a number of major financial institutions including Robert Fleming and JP Morgan. She is a non-executive director of Zetar Plc and is a member of PricewaterhouseCoopers' Advisory Panel.

Simon Emeny (43), Independent Non-Executive Director. Simon joined the Board in June 2007. He has been a Director of Fuller, Smith and Turner PLC since 1998. In his role as Managing Director, Fullers Inns, he leads the retail business which encompasses the group's managed pubs, tenanted pubs and hotels. He joined Fuller, Smith and Turner in 1996 from Bass PLC, where he progressed through various senior management roles including strategic planning.

Will Adderley (36), Chief Executive. Will joined the business full-time in 1993 having gained a degree in Industrial Economics from Nottingham University. He has worked in and is familiar with all major areas of the business and took over the running of the Group from his father in 1996.

David Stead (50), Finance Director. David joined Dunelm in 2003 from The Boots Group PLC where he had been Finance Director of Boots The Chemists, having held executive appointments with Boots from 1990. From 1991 to 1997 he was Finance Director of Boots Healthcare International, Boots' global healthcare brand business. Prior to that he held executive roles in mergers and acquisitions and corporate strategy. His early career was with KPMG (at that time Thomson McLintock) where he trained and qualified as a chartered accountant.