



20 April 2023
Dunelm Group plc

Third quarter trading update

Strong trading with expectations unchanged

Dunelm Group plc ("Dunelm" or "the Group"), the UK's leading homewares retailer, updates on trading for the 13-week period ended 1 April 2023.

	Q3			Year-to-date		
	FY23	FY22	YoY	FY23	FY22	YoY
Total sales	£423m	£399m	+6%	£1,258m	£1,195m	+5%
Digital % total sales¹	36%	35%	+1ppts	35%	34%	+1ppts

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

Highlights

- Customers continue to respond well to our proposition, with broad based growth across our categories, both in stores and online
- Strong Q3 sales of £423m, up 6%, or c.10% after adjusting for the timing of the Winter Sale²
- FY23 PBT expectations remain unchanged, and in line with current analysts' consensus³

² Due to the 53rd week at the end of FY22, six days of the Winter Sale fell into Q2 this year (the Sale began in Q3 last year)

³ The current company compiled consensus average of analysts' expectations for FY23 PBT is £185m, with a range of £171m to £198m

A good Winter Sale and strong start from new spring lines

Total sales of £423m in Q3 increased by 6% compared to the same period last year. As reported previously, the timing of the Winter Sale benefitted the sales growth rate in Q2 by c.4ppts, and negatively impacted the underlying growth rate in Q3 by the same amount².

Our Winter Sale resonated particularly well with our savvy home-loving customers, who took advantage of exceptional quality and value across our categories and price points. We also saw a good response to our newly introduced designs this spring as we refreshed our core product ranges and added to our Conscious Choice range of sustainably-focussed lines, complemented by relevant seasonal items such as garden decorations and window dressings.

Our total retail system, comprising both our store estate and online offer, is serving us well, with strong growth in both channels. The new stores we have opened this year, which include both larger

and smaller formats, continue to perform ahead of our expectations. Our investment in digitalising the business is also delivering strong returns, with digital sales making up 36% of total sales in the quarter, 1ppt higher than the same period last year.

Gross margin

We continue to maintain a tight operational grip on gross margin, which in Q3 was consistent with our expectations; 30bps lower than last year, including a tailwind of c.50bps from the timing of the Winter Sale.

Whilst the outlook for input costs and retail pricing remains dynamic, our tight grip enables us to remain focussed on offering our customers exceptional value for money. We continue to expect gross margin for the full year to be c.50%, with a lower gross margin in the second half due to our two Sale events.

Summary and outlook

We performed well during Q3, with strong trading throughout the period, including a successful Winter Sale, and good demand for our new collections for spring and summer. Whilst the consumer outlook remains unpredictable, we remain focussed on strengthening our customer offer to provide unbeatable choice and value for every space, style and budget.

Our expectations for FY23 are unchanged from the Interim results announcement in February, and therefore we expect PBT for the full year to be in line with current market expectations³.

Nick Wilkinson, Chief Executive Officer, commented:

“We are seeing strong momentum in the business as customers continue to appreciate the quality and value across the Dunelm range, despite a challenging trading backdrop. This was apparent through our successful Winter Sale and the positive launch of our new ranges for spring and summer as customers look forward to longer days and outdoor living.

“As we continue to seize the many opportunities we see, we are investing for the long term and making good progress against our plans, which include the ongoing development and extension of our product ranges, building our customer data platform and optimising our marketing channels. These plans give us good confidence for ongoing success.

“Our core values continue to guide the business and during the quarter we passed the £1m milestone in funds raised for our charity partner, Mind. I am particularly proud of our colleagues’ efforts to support our communities at such an important time.”

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Next scheduled event:

Dunelm will release its fourth quarter trading update on 20 July 2023.

Quarterly analysis:

	52 weeks to 1 July 2023						
	Q1	Q2	H1	Q3	Q4	H2	FY
Total sales	£356.7m	£478.3m	£835.0m	£423.3m			
Total sales growth	-8.3%	17.6%	5.0%	6.1%			
Digital % total sales	33%	35%	34%	36%			

	53 weeks to 2 July 2022						
	Q1	Q2	H1	Q3	Q4	H2	FY
Total sales	£388.8m	£406.8m	£795.6m	£399.0m	£386.7m	£785.7m	£1,581.4m
Total sales growth	8.3%	12.9%	10.6%	68.6%	1.7%	27.4%	18.4%
Digital % total sales	33%	33%	33%	35%	37%	36%	35%

Notes to Editors

Dunelm is the UK's market leader in homewares, with a specialist offering for customers across multiple categories via its 179 predominantly out-of-town superstores and website, dunelm.com.

The business was founded in 1979 as a market stall, selling ready-made curtains. The first shop was opened in Leicester in 1984, with the first superstore opening in 1991. With a vision to become the 1st Choice for Home, Dunelm offers quality, value and style throughout its extensive product range, alongside services such as Home Delivery, Click & Collect and Made to Measure window treatments. From its textiles heritage in areas such as bedding, curtains, cushions, quilts and pillows, Dunelm has broadened its range into categories including furniture, kitchenware, dining, lighting, outdoor, craft and decoration. Its c.60,000 product lines include specialist own brands and labels such as Dorma and Fogarty, sourced from long-term committed suppliers.

Dunelm's purpose is *'To help create the joy of truly feeling at home, now and for generations to come'*. It has an ambitious 'Pathway to Zero' strategy designed to drive its approach to climate change, with a focus on reducing carbon emissions and developing a circular economy mindset. In 2022 Dunelm launched 'Conscious Choice', a collection of products which help its customers make more thoughtful decisions through products that last longer and are made from more sustainable materials.

The business is headquartered in Leicester and employs over 11,000 colleagues. It has been listed on the London Stock Exchange since October 2006 (DNLM.L) and has a current market capitalisation of approximately £2.3bn.