



20 October 2022
Dunelm Group plc

First quarter trading update

Robust trading and unchanged expectations in a challenging environment

Dunelm Group plc ("Dunelm" or "the Group"), the UK's leading homewares retailer, updates on trading for the 13-week period ended 1 October 2022.

	Q1		
	FY23	YoY	3YoY²
Total sales	£357m	-8%	+36%
Digital % total sales¹	33%	+0ppts	+14ppts

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

² 3YoY represents performance against the comparable period in FY20 (pre-pandemic)

Highlights

- Robust trading performance in line with expectations, with Q1 sales -8% year on year, against a very strong comparative period, and 36% higher than the same period in FY20 (pre-pandemic)
- Continuing to offer customers outstanding value at all price points, whilst maintaining tight operational grip across the business
- FY23 guidance remains unchanged despite the challenging macroeconomic environment

Continued robust sales performance

We were pleased with our trading performance in Q1, in a challenging environment. Sales of £357m were down 8% year on year, as expected, given the very strong comparative period, with Q1 last year benefitting from pent up demand and our rescheduled Summer Sale. Compared to FY20 (pre-pandemic), total sales grew by 36%, in line with the 3YoY growth rates seen in the latter part of FY22. This performance demonstrates the strength of our business model against a challenging external backdrop, and we continue to be sharply focused on offering outstanding value to our customers.

Digital sales made up 33% of total sales in the quarter, in line with the same period last year, and we are continuing to see robust sales from our total retail system across our categories, including a very good response from customers to our seasonal ranges such as 'Winter Warm'.

Gross margin

As expected, gross margin was 130bps lower than last year, reflecting more normal patterns of customer behaviour. We are focused on maintaining tight operational grip and remain confident of delivering a full year gross margin of c.50%, in line with previous guidance.

Outlook

The macroeconomic environment remains challenging, and our primary focus is on continuing to offer outstanding value and choice to all our customers, across our broad range of homewares products. We have a strong business model; our focus on mitigating external headwinds whilst making decisions for the long-term is helping us to navigate the current inflationary challenges. Whilst exchange rate movements have been particularly volatile in recent weeks, we are very well hedged for the remainder of FY23. We are confident in the resilience of our business and our guidance for FY23 is unchanged from the Preliminary Results announcement last month.

Nick Wilkinson, Chief Executive Officer, commented:

“It has been another robust quarter for Dunelm against a very strong comparative period, which illustrates the strength and resilience of our business model and the appeal of our market-leading offer.

“Dunelm has emerged from the last two years as a bigger, better business, with total sales up 36% against the same period pre-Covid. We have benefitted from the commitment, expertise and adaptability of our colleagues and supplier partners - the same qualities that are serving the business as we navigate the current inflationary challenges.

“As we enter what will clearly be a challenging winter for consumers, our absolute focus remains on making every pound count for everyone, through a tight grip on operations. We will continue to offer outstanding value at all price points, so our customers can make their own choices around adapting to the economic backdrop. This focus on value has seen Dunelm successfully navigate previous periods of economic uncertainty.

“The landscape is a demanding one, but we feel both energised and confident in our ability to grow market share as the 1st choice for UK homelovers.”

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Next scheduled event:

Dunelm will make its second quarter results announcement on 19 January 2023.

Quarterly analysis:

	52 weeks to 1 July 2023						
	Q1	Q2	H1	Q3	Q4	H2	FY
Total sales	£356.7m						
Total sales growth	-8.3%						
Digital % total sales	33%						

	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 177 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.50,000 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'*. 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 £1.7bn.