



18 January 2024
Dunelm Group plc

Second quarter and first half trading update

Continued sales growth and strong gross margin performance

Dunelm Group plc (“Dunelm” or “the Group”), the UK’s leading homewares retailer, updates on trading for the 26-week period ended 30 December 2023.

	Q2	Q2 YoY	H1	H1 YoY
Total sales	£483m	+1.0%	£872m	+4.5%
Digital % total sales¹	37%	+2ppts	36%	+2ppts

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

Highlights

- Strong sales growth in the first half, with total sales increasing by 4.5% to £872m, driven by volume
- Continued sales growth in Q2 in a challenging market, with total sales increasing by 1.0% against very strong comparatives (underlying Q2 growth was 14% last year²) and the digital sales mix up 2ppts to 37%
- Increased gross margin by 160bps in the first half, while offering outstanding value
- Opened three new stores during the second quarter, taking the total to 183, and remain on track to achieve our full year store opening plans
- Our PBT expectations for the full year are in line with market expectations³

² Total growth of 18% in Q2 FY23 benefitted from the timing of our Winter Sale. Underlying growth in Q2 FY23 was 14%

³ Company compiled consensus average of analysts’ expectations for FY24 PBT is £202m, with a range of £199m to £207m

Continued sales growth against a strong comparative period

We are pleased to report strong sales growth of 4.5% during the first half, with 1.0% growth delivered in Q2, driven by volume, against a particularly strong comparative period when sales grew by 14% on an underlying basis. We are confident that we are continuing to gain share⁴ in a market which has been characterised by volatile week-to-week trading patterns, particularly through Q2, reflecting the ongoing pressures on consumers’ discretionary spend.

Customers continued to be attracted to the choice and value we consistently offer across our ranges. We were particularly pleased with sales in our cook and dine category, which benefitted from

improved ranges as we have developed our product mastery, and strong sell through of our Christmas products.

⁴ We will report market share as usual using GlobalData at our Interim results in February

Gross margin

We delivered sales growth whilst also achieving significant improvements in gross margin, evidencing our ability to offer outstanding value alongside disciplined promotional activity. Gross margin in H1 was 160bps higher than FY23, benefitting from improvements in freight rates, which were slightly better than expected. We expect headwinds in the second half, however we remain comfortable with our guidance for a year-on-year gross margin increase of c.100bps.

Strategic and operational update

During the quarter, we made further strategic progress. The opening of three new stores in Q2 saw us extend our total retail system to 183 stores, and we have now opened a total of four stores so far this financial year, in a variety of formats and sizes. We are delighted by the enthusiastic response from our local communities to these new stores and are on track with our store opening plans for the full year.

We also continued with our plans to improve the customer proposition across our total retail system. We increased choice through expanding ranges across our categories, and continued to optimise dunelm.com, which performed well during our busiest trading weeks, with improvements to both site speed and customer experience.

We launched our 'Home of Homes' brand platform with our marketing campaign which ran until November. This Christmas, our community-focused 'Delivering Joy' initiative continued to go from strength to strength, with our colleagues and customers donating over 125,000 gifts to local good causes, twice as many as last year.

Outlook

Growth in the first half was driven by customer demand for our consistent, outstanding value proposition. Whilst we are conscious that the outlook for consumer spending remains unpredictable and market conditions volatile, we are confident that we can deliver further market share gains and retain our tight operational grip on costs. Our expectations for full year PBT are in line with market expectations⁵.

⁵ Company compiled consensus average of analysts' expectations for FY24 PBT is £202m, with a range of £199m to £207m

Nick Wilkinson, Chief Executive Officer, commented:

"The breadth of our range and outstanding value of our proposition continues to be well received by customers, resulting in a strong sales performance for the first half despite a tough market backdrop.

"Consumers remain under pressure and are actively seeking true value at all price points. Our customer offer and positioning as the 'Home of Homes' resonates particularly well in this environment, and we are confident we have continued to gain market share. At the same time, our strong operational grip continues to help us navigate the difficult environment and manage our margins.

“Supporting our communities remains at the heart of Dunelm and I would like to thank all our colleagues and customers for making our recent Delivering Joy campaign our biggest ever, donating an incredible 125,000 gifts to local good causes during the Christmas period.

“Looking ahead, we remain excited about the compelling opportunity for growth for our business. We have continued to execute at pace on our strategic plans, opening four new stores over the first half of the year, whilst continuing to expand our ranges and improve our digital offer. Our new Spring collections look fantastic in store and are being really well received by customers as we reach the end of our Winter Sale, leaving us well placed to make further progress in the months ahead.”

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Next scheduled event:

Dunelm will make its interim results announcement on 14 February 2024. There will be an in-person presentation for analysts and institutional investors in the morning at 9.30am, hosted at Peel Hunt LLP, 100 Liverpool Street, London, EC2M 2AT, as well as a webcast and conference call with a facility for Q&A. For details, please contact christian.harte@mhpgroup.com. A copy of the presentation will be made available at <https://corporate.dunelm.com>

Quarterly analysis:

	52 weeks to 29 June 2024						
	Q1	Q2	H1	Q3	Q4	H2	FY
Total sales	£389.6m	£482.9m	£872.5m				
Total sales growth	+9.2%	+1.0%	+4.5%				
Digital % total sales	35%	37%	36%				

	52 weeks to 1 July 2023						
	Q1	Q2	H1	Q3	Q4	H2	FY
Total sales	£356.7m	£478.3m	£835.0m	£423.3m	£380.5m	£803.8m	£1,638.8m
Total sales growth	-8.3%	+17.6%	+5.0%	+6.1%	+6.1%	+6.1%	+5.5%
Digital % total sales	33%	35%	34%	36%	39%	37%	36%

Notes to Editors

Dunelm is the UK's market leader in homewares with a purpose 'to help create the joy of truly feeling at home, now and for generations to come'. Its specialist customer proposition offers value, quality, choice and style across a growing range of products, spanning multiple homewares and furniture categories and including services such as Made to Measure window treatments.

The business was founded in 1979 by the Adderley family, beginning as a curtains stall on Leicester market before expanding its store footprint. The business has grown to 183 stores across the UK and has developed a successful online offer through dunelm.com which includes home delivery and Click & Collect options. 152 stores now include *Pausa* coffee shops, where customers can enjoy a range of hot and cold food and drinks.

From its textiles heritage in areas such as bedding, curtains, cushions, quilts and pillows, Dunelm has built a comprehensive offer as 'The Home of Homes' including furniture, kitchenware, dining, lighting, outdoor, decoration and DIY. The business predominantly sells specialist own-brand products sourced from long-term, committed suppliers.

Dunelm 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 the business has returned over £1bn in distributions to shareholders in the last ten years⁶.

⁶ Ordinary dividends plus special dividends plus special distributions