



19 October 2023
Dunelm Group plc

First quarter trading update

Strong sales growth with margin improvement consistent with guidance

Dunelm Group plc ("Dunelm" or "the Group"), the UK's leading homewares retailer, updates on trading for the 13-week period ended 30 September 2023.

	Q1	YoY
Total sales	£390m	+9%
Digital % total sales¹	35%	+2ppts

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

Highlights

- Strong sales performance, with total sales increasing by 9% to £390m
- On track with our accelerated store roll-out plan of five to ten stores per year for the next two years, with one new store opened in Q1 and a further three expected to open before the end of Q2
- Continuing to offer customers outstanding value while increasing gross margin by 120bps

Delivery against our plans driving strong sales growth

We are pleased to report another strong period of growth in the first quarter, with total sales increasing by 9% to £390m, largely driven by volume. Both our stores and digital channels performed well, with the contribution from digital sales up 2ppts year-on-year to 35%.

As a long-standing specialist with deep product mastery, in a complex consumer environment we were able to carefully manage gross margin whilst continuing to focus on offering outstanding value to our customers.

Growth was broad based across our categories with our new autumn/winter ranges, including new collaborations with Disney and the Natural History Museum, resonating well by offering colour and personality to help customers find joy as they enhance their homes. Our upholstery ranges also performed strongly, with good growth in sofas and sofa beds, where we have added new shapes and colours to our best selling ranges.

Gross margin

We benefited from a net tailwind from freight and foreign exchange rates whilst continuing to offer outstanding value to our customers. We delivered growth in sales volume while improving gross margin by 120bps, consistent with our full year guidance for gross margin to increase by c.100bps year-on-year.

Summary and outlook

We continue to focus on making every pound count, for both our customers and our business, and we are making good progress against the plans we set out in our results announcement in September.

We are seizing the opportunity to amplify our brand and extend our reach, with our new 'Home of Homes' brand marketing campaign, which launched at the end of September. This is our biggest and widest reaching campaign to date, taking the brand to new audiences and showcasing the breadth of our homewares offering.

We continued to strengthen our customer offer, with convenient five-day lead times on most of our upholstery ranges, improving availability in categories such as cabinet furniture and introducing conscious choice options into our Christmas baubles ranges. We also introduced exciting new lines, such as live plants and personalised products.

We are seizing the opportunity to extend and digitalise our total retail system. With one new store opened during the quarter and a further three stores expected to open before the end of Q2, we are on track to achieve our full year target of five to ten new store openings (including relocations).

Whilst the UK economy and consumer outlook remain relatively uncertain, we are well placed to deliver ongoing sustainable growth as consumers continue to enjoy the outstanding value proposition for which we are known.

Nick Wilkinson, Chief Executive Officer, commented:

“Our proposition, which offers an increasingly wide range of homewares products, continues to prove popular with customers, as we delivered another strong sales performance in Q1. We continue to have a laser focus on outstanding value, and customers can now find even more choice with the introduction of new ranges such as live plants.

“We are reaching more and more UK consumers through our expanding store estate, and our latest marketing campaign, which is our biggest to date, showcases the breadth of the Dunelm offer, reinforcing our position as 'The Home of Homes'.

“There remains a significant opportunity for Dunelm to take further market share and we are excited about the progress we are making against our plans, through targeted and thoughtful investment, in order to seize the compelling opportunities ahead of us. We remain very confident about our prospects for continuing to drive sustainable growth.”

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Next scheduled event:

Dunelm will release its second quarter trading update on 18 January 2024.

Quarterly analysis:

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

	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 an extensive range of c.75,000 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 180 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 years².

² Ordinary dividends plus special dividends plus special distributions.