



Dunelm
mill



PRELIMINARY RESULTS

53 weeks to 04 July 2009

Geoff Cooper

Chairman

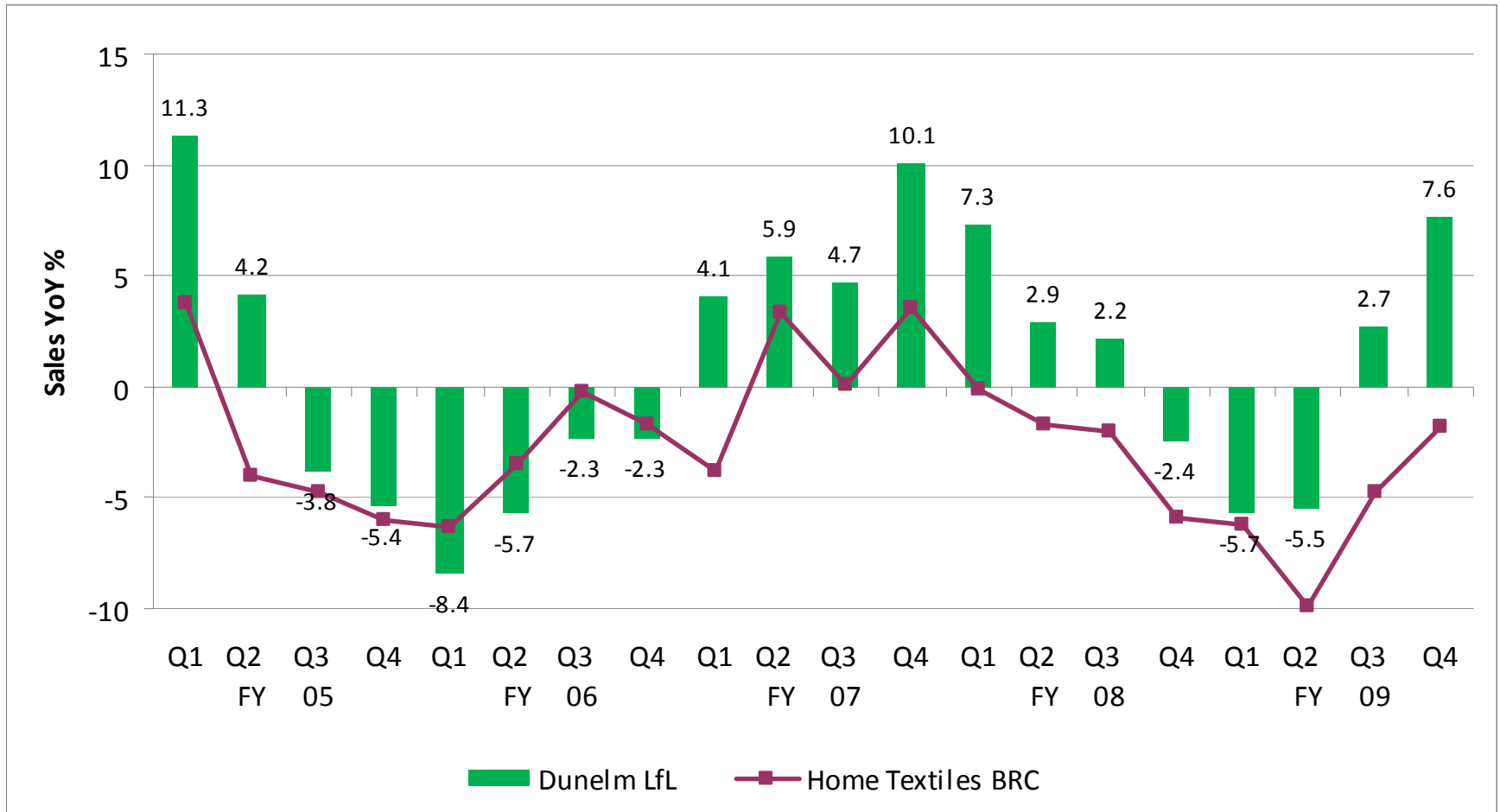
David Stead

Finance Director

Financial highlights FY 09 – 52 week basis

	FY09	FY08	Year on year change
Sales	£417.0m	£391.8m	+6.3%
LFL Sales growth	-0.5%	+2.5%	
Gross margin	45.8%	44.6%	+120bps
Operating profit	£51.6m	£49.4m	+4.5%
Profit before tax	£52.5m	£49.1m	+6.9%
EPS (fully diluted)	18.3p	16.6p	+10.2%

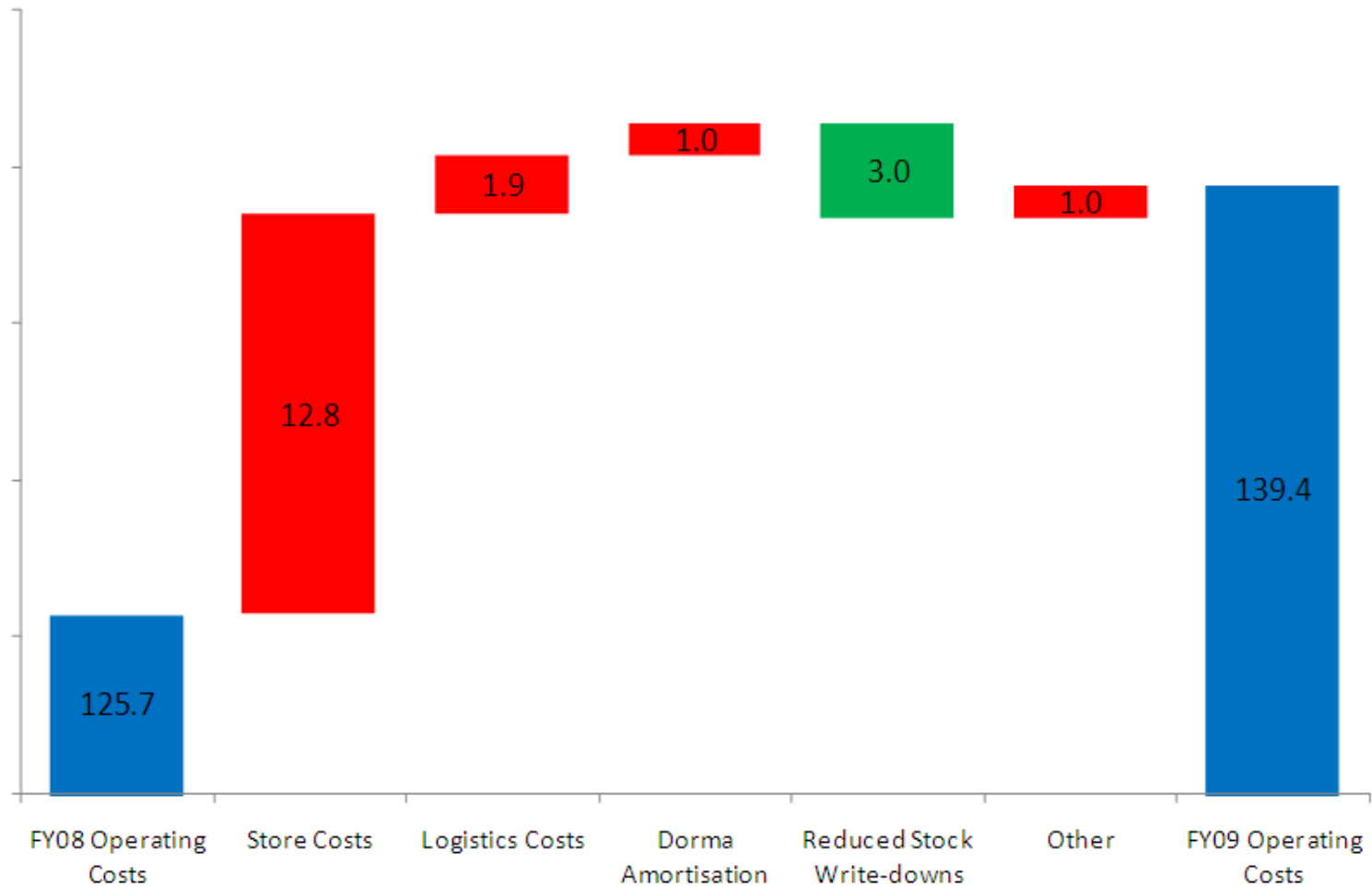
Like-for-like sales trend



Margin analysis – 52 week basis

	FY09	FY08
Gross margin	45.8%	44.6%
Staff costs	(13.4%)	(13.1%)
Property rents	(5.1%)	(4.9%)
Depreciation / amortisation	(2.5%)	(2.4%)
Other costs	(12.4%)	(11.6%)
Operating margin	12.4%	12.6%

Cost bridge FY08 to FY09 – 52 week basis



Re-classification of costs for future reporting

	FY09	FY08	FY07
Gross margin – old basis	45.8%	44.6%	44.0%
Movement on stock provisions	(0.9%)	(1.5%)	(0.6%)
Gross margin – new basis	44.9%	43.1%	43.4%
Other costs – old basis	(12.4%)	(11.6%)	(11.4%)
Movement on stock provisions	0.9%	1.5%	0.6%
Other costs – new basis	(11.5%)	(10.1%)	(10.8%)

Impact of week 53

	52 weeks	Week 53	Full year
Sales	£417.1m	£6.7m	£423.8m
Operating Profit	£51.6m	£1.0m	£52.6m
EPS (fully diluted)	18.3p	0.3p	18.6p

Profit after Tax - 53 week basis

(£m)	FY09	FY08	
Operating Profit	52.6	49.4	
Financial Items			
- Interest receivable	0.5	1.1	
- Loan and other interest payable	(0.6)	(1.3)	
- Foreign exchange gain/(loss)	1.0	(0.1)	
Profit Before Tax	53.5	49.1	
Tax	(15.9)	(15.4)	Effective rate 29.7% in FY09
Profit After Tax	37.6	33.7	
EPS (fully diluted)	18.6p	16.6p	
Dividend	6.0p	5.5p	Dividend cover 3.1x

Working capital movement – 53 week basis

(£m)		Key Drivers
Inventory reduction	2.8	10% reduction in LFL stores
Debtors reduction	0.9	Week 53 effect
Creditors increase	11.1	Week 53 effect; lease incentives
Overall reduction	14.8	

Operating cash generation – 53 week basis

(£m)	FY09	FY08
Operating Profit	52.6	49.4
Depreciation and amortisation	10.6	9.5
Other non-cash movements	0.9	-
Working capital movement	14.8	0.7
Net interest	(0.3)	(0.5)
Tax paid	(11.2)	(14.1)
Net cash from operations	67.4	45.0

Capital investment – 53 week basis

(£m)	FY09	FY08
Major transactions		
Freehold investment	6.9	5.4
Dorma acquisition	5.0	-
On-going investments		
New store fit-outs	8.5	10.0
Refits and other store investments	3.8	1.0
IT investment (including Web)	1.6	1.5
Other	0.1	0.1
Total	25.9	18.0

- Two major freehold investments in FY09, one in FY08
- 6 new stores fitted out in FY09, 8 in FY08
- Other store investments include six refits completed in FY09, one in FY08

Net cash generation – 53 week basis

(£m)	FY09	FY08
Net cash from operations	67.4	45.0
Capital expenditure	(25.9)	(18.0)
Dividends paid	(11.0)	(10.0)
Other	0.7	(1.5)
Change in net cash	31.2	15.5
Year end net cash/(debt)	24.0	(7.2)
Daily average net cash/(debt)	12.2	(0.8)

- Revolving loan facility of £40m in place until September 2011

Will Adderley

Chief Executive

Our growth strategy

Open more superstores

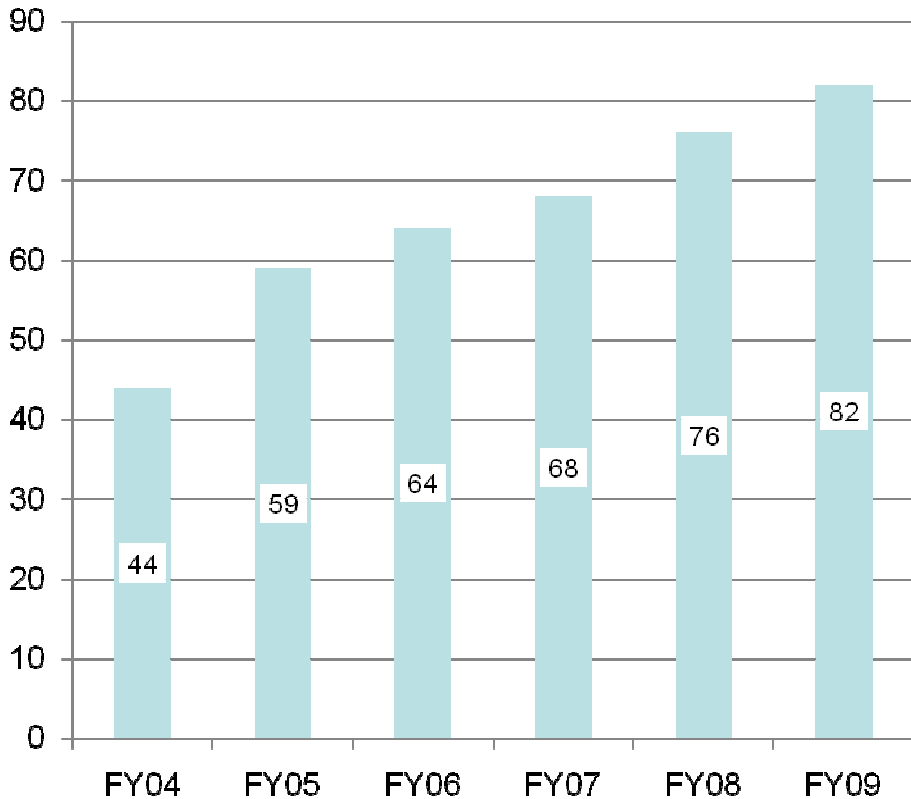
Further develop specialist position

Grow Dunelm Direct

Exploit strengthened infrastructure

More superstores – portfolio history

Number of Superstores



	Superstores	High Streets
Start of year	76	13
New openings	5	-
Relocations	1	(1)
End of year	82	12

More superstores

- 6 new superstores opened in FY09
 - strong trading in all stores
- Norwich, Londonderry, Broadstairs opened since year end
- 3 further openings anticipated by December 2009
- 6 more stores legally committed

Medium term target of
150+ superstores



Dunelm

NOW OPEN mill



Dunelm
mill
NOW OPEN

Sale
NOW ON!

New store economics

Investment		Return
Fit-out	£1.2m	Profit neutral within six months of opening, on average
Working capital	£0.5m	DCF payback 28 months from opening, on average
Pre-opening costs	£0.2m	
	£1.9m	

Current superstore portfolio



Further successful openings across the UK

Specialist position – Simply Value for Money



Simply Value...
...for money



Specialist position – offer development

- New departments
 - arts & crafts
 - laundry & cleaning
- New services
 - delivery & fitting
 - home consultation
- Great offers
 - increased special buys
 - Miss It Miss Out



Specialist position - Dorma

- Royal warrants transferred
- Logo refined
- New ranges launched
- New marketing and PR strategy
- Dorma 'shop-in-shop'





DORMA

DORMA

ESTABLISHED 1977



Dorma - commercial analysis

- Reduced cost of goods on Dorma product
- Increased margin from existing Dunelm customers (trading up)
- Increased sales and margin from new customers
 - Dorma ranges
 - other items in basket
- Increased Web sales (Dorma micro-site)
- Licensing income
 - UK
 - Overseas

Dorma acquisition will create significant long term value

Specialist position – Store refits

- Six refits completed in FY09
- Substantial improvements to internal and external appearance
- Approximate cost £0.5m per store
- 5-10 refits per year going forwards





FANTASTIC
20% OFF
Main up charges
on all Cotton Bed Linens,
Sheets & Accessories

Simply Value...
Assorted Checks
From £2.99/m

DUNELM
Simply Value For Money

Extra 20% OFF
on all Bed Linens



Custom Made Service

Fast Track Service

Custom Made Service

Gwasanaeth Gwneud Ar Ardeib

Step 1 Choose a fabric

Gris 1 Dewiswch ffabrig

Step 2 Select a style

Gris 2 Dewiswch steil

Step 3 We'll do the rest

Gris 3 Fe wnawn ni'r gweddill

Need help with your measuring & fitting?
Angen help gyda'r mesur a'ch gosod?

Please ask about our 'Dresses at Home' services
Gofynnwch am wasanaethau cerbydau Dueddi

sunelm
at home

Dunelm Direct – re-launch

- New platform will go live imminently
- 7,000 products loaded onto new site
- Benefits:
 - better images
 - easier navigation
 - easier 'check-out'
 - search engine optimisation
- Further developments planned



New Site Features

Welcome to our new improved online store, featuring: **Ratings & Reviews**, **Wish List**, **easier navigation**, a **zoom feature** on all products and don't miss the **virtual tour** of our new Londonderry store.

100% WOOD 100% Style

Take a look at our new range of solid wood living, dining and bedroom furniture, we love it...



1 2 3

FURNITURE EVENT

BEST buy

Bar stools (also available in Natural) was £39.99 now £19.99

Solid Oak Dining Table was £199.99 now £149.99

Louis Chair was £99.99 now £49.99

50% OFF selected products

50% OFF selected products

50% OFF selected products

50% OFF selected products

Miss it Miss out!

This months recommended buys miss them and miss out!

- Dunelm Product 1
- Dunelm Product 2
- Dunelm Product 3
- Dunelm Product 4

Miss it Miss out!

BEST buy

Savanah comforter was £0.00 now £0.00

NEW

fogarty

New Fogarty Range
13.5 tog Quilt
£16.99

DORMA

Love you Home with our range of Dorma fragrances & home essence

16 pc dinner set £12.99

STUDENT ESSENTIALS

Get sorted for university
Product name, description and price £0.00

Win £500

RECOMMENDED

Ratings & Reviews
Join our panel of experts, rate the products you've purchased

email me

Newsletter
Sign up and receive news of our latest arrivals & much more...

In store tour

Virtual in store tour
Take a look at our new and exciting Worcester store

FREE

Collect in store for free
Order online and collect from your nearest store

Next Day Delivery

Order before noon (mon - thurs) & receive your purchase the next working day*

£5.95

International Delivery

Call our sales line on **0845 1 65 65 65** for our international delivery service

Dunelm Direct – Dorma website

- Site to be launched imminently
- The authority for Dorma products
- Access to Dorma designs sold within Dunelm and designs distributed through 3rd parties





SEARCH

DUVETS & PILLOWS | BED LINEN | CURTAINS | MATS & RUGS | ACCESSORIES



Alhambra Set
Lorem ipsum dolor sit amet...
£79.99



NEW Site Features

Delve to our new site to see why we're made home shopping for the finest bedding so easy, with product that were right in to your chosen items

- See your chosen product from different angles
- Online wish list and share with a friend functionality
- Coordinates beautifully with suggestions

READ ON

NEW Brand New Ranges

Subtle required - Lorem ipsum dolor sit amet



Brand New ranges to choose from, including Contemporary new bedroom designs & Signature Bedroom Furniture View now

Beautifully Soft Towels

Subtle required - Lorem ipsum dolor sit amet



Beautifully Soft & Super absorbent towels in a range of styles from the hotel to a soft other palette to elegantly feed in delicate prints. View now

Dining In is the New Going Out

Our new range of tableware will add an elegant or contemporary style to your table, whenever the occasion



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NEW Gorgeous Home Fragrances

Available in Candles, Pot Pourri, Reed Diffusers and a Room Spray in a range of delicious scents



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Email Sign Up

To receive 'Offers for You' email newsletters that include Dorma style ideas for bedding, home furnishings and much much more, simply sign here

SIGN UP NOW

Exploiting our infrastructure

- **Continuing IT developments**
 - gift card launch
 - improving stock management
 - simplifying store operations
- **Warehouse expansion**
 - store growth increases pressure at Stoke
 - additional space at Stoke in 2010
- **New head office**
 - local site under consideration
 - possible occupation in 2011
- **Management team**
 - increasing depth of management

Current trading – 10 weeks to 12th September

- Sales performance

	This Year	Last Year
Total	+26.5%	+3.1%
LFL	+16.1%	-5.7%

- Gross margin increase +180 bps
- New store pipeline remains strong

FY10 performance considerations

H1

- Weak comparatives (-5.6% LFL)
- Positive calendar effect (+2.5%)
- Sales growth contribution from new space estimated at over 10%



Indications are for strong H1

H2

- Strong comparatives (+5.0% LFL)
- Negative calendar effect (-2.5%)
- VAT increase from January
- Political and economic uncertainties
 - Unemployment
 - Public spending
 - Election



Indications are for challenging H2



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mill



PRELIMINARY RESULTS

53 weeks to 04 July 2009

Appendices



Key facts

- Leading UK out-of-town specialist homewares retailer
- Philosophy of “Simply value for money”
- 97 stores*, of which 85 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

* As at September 2009

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



Directors' CVs

Geoff Cooper, 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, 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.

Simon Emeny, 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.

Nick Wharton, Independent Non-Executive Director . Nick joined the Board in August 2009. He is Finance Director of Halfords Group plc, following a successful earlier career with a variety of retail businesses.

Will Adderley, 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, 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.

Strong balance sheet

(£m)	4th July 09	28th June 08
Total non-current assets	94.7	79.3
Inventories	57.9	60.7
Receivables	10.7	11.6
Cash	24.0	2.8
Total assets	187.3	154.4
Current liabilities	(74.4)	(58.4)
Non-current liabilities	(0.1)	(10.6)
Net assets	112.8	85.4
Share capital	2.0	2.0
Share premium	0.3	0.3
Retained earnings	110.5	83.1
Total equity	112.8	85.4