



19 January 2023
Dunelm Group plc

Second quarter trading update

Strong performance reflects broad appeal of our customer offer

Dunelm Group plc ("Dunelm" or "the Group"), the UK's leading homewares retailer, updates on trading for the 13-week period ended 31 December 2022 and for the first half of FY23.

	Q2			H1		
	FY23	YoY	3YoY ²	FY23	YoY	3YoY ²
Total sales	£478m	+18%	+48%	£835m	+5%	+43%
Digital % total sales¹	35%	+2ppts	+14ppts	34%	+1ppts	+14ppts

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

²3YoY represents performance against the comparable period in FY20 (pre-pandemic)

Highlights

- Customers continue to respond well to our proposition, with Q2 sales 18% higher year-on-year and 48% higher than FY20 (pre-pandemic)
- Strong growth both in stores and online, with good demand across our categories
- FY23 guidance remains unchanged from our Preliminary results in September and ahead of current market expectations

A period of strong sales growth

Total sales of £478m in Q2 were 18% higher than the same period last year and up 48% compared to three years ago, pre-pandemic. This performance reflects a strong quarter in which our Autumn and Winter product ranges proved particularly popular with customers. We saw broad based growth across our categories and our Christmas offer sold well. Customers seeking ways to mitigate higher heating costs found outstanding value in our 'Winter Warm' assortment, as well as in products such as heated indoor airers.

We saw growth both in stores and online, with digital sales making up 35% of total sales in the quarter, 2ppts higher than the same period last year. Digital sales growth was particularly strong in the late Autumn and run-up to Christmas.

The timing of our Winter Sale provided a benefit of c.4ppts to the sales growth rate in the quarter, an impact which will reverse in Q3³.

³ 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)

Gross margin

As expected, gross margin of 51.1% for H1 was 170bps lower than last year, including a modest headwind of c.30bps from the timing of our Winter Sale. We have a good level of visibility on input costs for the remainder of FY23 and our guidance for full year margin of c.50% remains unchanged from our September Preliminary results, with gross margin in H2 anticipated to be lower than H1 due to the two Sale events in the second half of the year.

Summary and outlook

We are pleased with recent trading and our focus remains on continuing to offer outstanding choice and value across our broad range of categories. Consumers are still adapting to the inflationary environment and our product offering, which includes many everyday essential items, is resonating with new and existing customers.

Our guidance for FY23 is unchanged from the Preliminary results announcement in September, and therefore we expect PBT for the full year to be above current market expectations⁴.

⁴ In September 2022, the company compiled consensus average of analysts' expectations for FY23 PBT was £178m, with a range of £130m to £193m. The current company compiled consensus average of analysts' expectations for FY23 PBT is £172m, with a range of £131m to £186m

Nick Wilkinson, Chief Executive Officer, commented:

“We have delivered another strong performance and the relevance of Dunelm’s value offering has really come to the fore. Customers have enjoyed shopping our ‘Winter Warm’ ranges as they find innovative ways to manage rising heating costs. Our Christmas assortment also proved popular as customers prepared their homes for the festive period.

“It is a difficult time for many people in our communities, so we were delighted to significantly grow our ‘delivering joy’ campaign this year, resulting in over 60,000 Christmas gifts being donated by customers and colleagues to local causes.

“We are deeply conscious of the challenges which everyone is facing and remain focussed on making every pound count across our entire offer, so customers can feel confident in receiving outstanding value whatever their budget or taste.”

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Next scheduled event:

Dunelm will make its interim results announcement on 15 February 2023. 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 pauline.guenot@mhpgroup.com. A copy of the presentation will be made available at <https://corporate.dunelm.com>

Quarterly analysis:

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

	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.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 £2.1bn.