



20 July 2023
Dunelm Group plc

Q4 and full year trading update

Continued robust sales, profit expected to be slightly ahead of current market expectations

Dunelm Group plc ("Dunelm" or "the Group"), the UK's leading homewares retailer, updates on trading for the 13-week period ended 1 July 2023 and for the full year.

	Full year FY23	YoY ²	Q4 FY23	YoY ²
Total sales	£1,639m	+6%	£381m	+6%
Digital % total sales¹	36%	+1ppts	39%	+2ppts

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

² For statutory purposes, FY22 included a 53rd week. YoY growths are presented on a comparable 13/52 week basis

Highlights

- Continuing robust growth in Q4, with sales of £381m
- Strong full year sales growth of 6%, in a challenging consumer environment
- FY23 profit before tax expected to be slightly ahead of current market expectations³

³ The current company compiled average of analysts' expectations for FY23 PBT is £188m

Continued sales momentum and a strong Summer Sale

Q4 FY23

We continued to see good sales momentum in the fourth quarter, with robust sales growth of 6% and total sales of £381m. Digital sales made up 39% of total sales in the quarter, 2ppts higher than FY22.

We remain, as ever, focussed on offering our customers a great choice of products and outstanding value across all our ranges and price points. During the quarter our customers were able to take advantage of great offers during our Summer Sale, and we reduced prices on over 1,000 lines. We are pleased that in the quarter we saw particularly strong volume growth.

Our product offer continued to resonate strongly with customers throughout the quarter, with cooler weather driving sales of our bedding and rugs ranges, while our Summer Living collections, in particular garden furniture and decorations, performed well in the warmer weather towards the end of the period.

FY23

Total sales of £1,639m for the full year were 6% higher than FY22, on a comparable 52-week basis. Compared to FY19 (the last full year before any impact from Covid) total sales are nearly 50% higher and digital sales now make up 36% of total sales (FY19: 20%). Dunelm is now a bigger and better business with a significantly improved customer proposition and more customers engaging with our brand.

Profit expected to be slightly ahead of market expectations

Gross margin for the full year is expected to be in line with our guidance of c.50%.

We expect profit before tax for the full year to be slightly ahead of current analysts' consensus of £188m. This performance reflects our continued robust sales performance, strong commercial disciplines and tight operational grip on costs.

Summary and outlook

We achieved another strong performance in FY23 against a backdrop of increasing input cost prices for much of the year and high general inflation. We continued to offer outstanding value across our broad range of product categories, from everyday necessities to rewarding essentials as well as more considered purchases. Our tight operational grip delivered gross margin in line with our expectations with profit before tax expected to be slightly ahead of analysts' consensus.

We see very significant headroom to deliver further profitable growth, seizing the opportunity to raise the bar further on our customer offer, especially in terms of value. We will therefore continue to invest in digitalising and developing our business to improve both our customer offer and to make our operations more efficient. Our next new store in South East London, our 180th, will open shortly, increasing the reach of our total retail system and bringing our offer to more communities.

We are pleased with trading so far in the new financial year. Whilst the consumer outlook remains uncertain, we will keep focussing on delivering outstanding value and relevance to our customers. We will continue to invest thoughtfully for the future and are excited by the opportunities ahead to achieve further market share gains.

Nick Wilkinson, Chief Executive Officer, commented:

"The breadth and relevance of our product offer has continued to resonate with our home-loving customers over the last quarter of the year. This has been reflected in our strong financial performance despite the challenging broader consumer backdrop.

"Against this backdrop, our commitment to value is stronger than ever. During the quarter we lowered prices on over 1,000 lines, and our customers were also able to take advantage of great offers in our Summer Sale.

"We have a strong business model, with committed colleagues and suppliers, who strive every day to improve our customer proposition. We continue to focus on further strengthening our product mastery, developing our stores, enhancing our digital channels, and building out our marketing ecosystem, in order to create an even better experience for our customers. With these improvements

to our customer proposition and business capabilities we see a compelling opportunity for sustainable and profitable growth and are confident about the future.”

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Next scheduled event:

Dunelm will make its preliminary results announcement on 20 September 2023.

Quarterly analysis:

	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%

	52 weeks to 25 June 2022						
	Q1	Q2	H1	Q3	Q4 ⁴	H2 ⁴	FY ⁴
Total sales	£388.8m	£406.8m	£795.6m	£399.0m	£358.5m	£757.5m	£1,553.1m
Total sales growth	8.3%	12.9%	10.6%	68.6%	-5.7%	22.8%	16.2%
Digital % total sales	33%	33%	33%	35%	37%	36%	35%

⁴ FY22 results shown on a comparable 52-week basis. On a 53-week basis, Q4 sales were £386.7m and full year sales were £1,581.4m.

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.65,000 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'. It has an ambitious 'Pathway to Zero' strategy designed to drive its approach to climate change, with a focus on reducing carbon emissions and developing a circular economy mindset. In 2022 Dunelm launched 'Conscious Choice', a collection of products which help its customers make more thoughtful decisions through products that last longer and are made from more sustainable materials.

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 £2.3bn.