

18 July 2024
Dunelm Group plc

Q4 and full year trading update

Strong final quarter, PBT slightly ahead of expectations

Dunelm Group plc ("Dunelm" or "the Group"), the UK's leading homewares retailer, updates on trading for the 13-week period ended 29 June 2024 and for the full year.

	Full year FY24	YoY	Q4 FY24	YoY
Total sales	£1,706m	+4%	£399m	+5%
Digital % total sales¹	37%	+1ppts	40%	+1ppts

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

Highlights

- Q4 sales growth of 5%, with good performance from both store and digital channels
- Total sales growth of 4% for the full year, driven by volume
- Full-year gross margin expected to be 170bps up year-on-year, benefiting from net freight tailwinds
- New store opening programme on track with six new stores opened in FY24, including one relocation
- FY24 PBT expected to be slightly ahead of current market expectations²

² Company compiled consensus average of analysts' expectations for FY24 PBT is £200m

Continued volume-driven growth and a strong Summer Sale

Q4 FY24

We are pleased to report strong sales growth in the final quarter of FY24, with total sales up 5% to £399m. Sales growth continued to be driven by increased volumes. We saw growth in both store and digital channels, with digital participation up 1ppt to 40%.

We remain focussed on offering outstanding value and quality to our customers, and believe that we have continued to gain market share against a backdrop of ongoing macro volatility and subdued consumer sentiment.

We had a good summer sale period in June, with customers finding the attractive offers they were looking for, as well as buying full priced lines, and responding well to our new products.

Aside from outdoor furniture, which saw softer sales due to the extended period of cooler weather, sales growth was fairly consistent across our categories in the quarter, demonstrating our broad customer appeal and the relevance of our product ranges.

FY24 full year

Total sales of £1,706m grew by 4% versus FY23. Against a challenging consumer environment, we have driven top line growth through volume, leveraging the strength of our proposition by focussing on value, choice and relevance across our growing product range, which resonates with customers.

PBT expected to be slightly ahead of market expectations

Gross margin is now expected to be c.170bps higher than the prior year. Lower year-on-year freight rates have continued to be a tailwind, with the impact of surcharges mitigated. Margins were also strong through the summer sale period, with both full price and discounted margins strengthening year-on-year.

Profit before tax is therefore expected to be slightly ahead of current market expectations for FY24, with Company compiled consensus at £200m. This performance reflects our inherent resilience and agility in another challenging year.

Strategic and operational update

Throughout the year we focused on further building our brand and customer offer as the 'Home of Homes', using our specialist skills and knowledge to best serve our customers, both in terms of expanding the breadth and depth of our product offering, and by developing our channels and overall customer journey.

In the quarter we opened a new store in Brighton and relocated our Edinburgh store to a better site, taking our total store openings to six for the full year. The new stores were a mixture of superstores and smaller format stores, and we are encouraged by their early performance.

We have continued to invest in our digital platform, further developing and enhancing the customer experience. Improvements in the quarter included introducing 'back in stock' notifications and increasing the number of products available for Click & Collect.

We remain focused on developing our operational capability, and in the quarter opened a new depot in Barnsley, replacing our existing facility with additional capacity to better serve our Home Delivery Network.

Summary and outlook

We are pleased with our performance in the final quarter and across the year as a whole. We have effectively managed uncertain market conditions whilst retaining our focus on, and commitment to, our customers - offering outstanding value, continuously elevating our product offer, and further developing the proposition. This has resulted in volume-driven sales growth, alongside increased gross margin and PBT.

Whilst there are indicators that the consumer outlook is set to improve, the impact and timing on our markets remains unpredictable. However, we remain confident in our ability to deliver further market share gains over the medium term. We are excited by the opportunities ahead, with our confidence underpinned by our commitment to long-term investment in our product, customer proposition and business capabilities, to ensure sustainable growth.

Nick Wilkinson, Chief Executive Officer, commented:

"We delivered another strong performance in Q4, with continued volume-driven sales growth across both store and digital channels. Amidst ongoing consumer caution, our unrelenting focus on value and choice means the Dunelm proposition has continued to resonate with customers, and we saw both full-priced and discounted lines trade well during our summer sale period.

"Throughout the year, we grew sales and continued to exercise tight cost control in an environment of high inflation. Our strong gross margin performance means we now expect our FY24 profit before tax to be slightly ahead of expectations.

"Going into FY25, we have a significant opportunity ahead of us. We are finding quality sites for new stores, and are increasingly confident in our smaller format stores. We are also continuing to invest in both our digital offer and wider operations to support further market share gains. However, we will need to maintain strong operational grip given ongoing wage inflation. Notwithstanding the continuing uncertainty in our markets, we're both excited and confident in our plans."

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Next scheduled event:

Dunelm will make its preliminary results announcement on 11 September 2024. There will be an in-person presentation for analysts and institutional investors 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 hugo.harris@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	£434.5m	£399.5m	£834.0m	£1,706.5m
Total sales growth	+9.2%	+1.0%	+4.5%	+2.6%	+5.0%	+3.8%	+4.1%
Digital % total sales	35%	37%	36%	37%	40%	39%	37%

	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 184 stores across the UK and has developed a successful online offer through dunelm.com which includes home delivery and Click & Collect options. 154 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 years³.

³ Ordinary dividends plus special dividends plus special distributions

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