



24 October 2024
Dunelm Group plc

First quarter trading update

Robust sales and volume growth

Dunelm Group plc ("Dunelm" or "the Group"), the UK's leading homewares retailer, updates on trading for the 13-week period ended 28 September 2024.

	Q1 FY25	YoY
Total sales	£403m	+3.5%
Digital % total sales¹	37%	+2ppts

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

Highlights

- Robust performance with total sales increasing 3.5% to £403m
- Sales growth driven by volume and delivered against a strong prior year comparative
- Continued to offer outstanding value to customers, whilst increasing gross margin by 20bps year-on-year
- Good progress made against our strategic priorities, with our first inner London store opening in Westfield London in H1, and AI-driven online search now live

Continued volume-driven sales growth

We are pleased to report a robust sales performance in the first quarter, with total sales increasing by 3.5% against a strong prior year comparative, driven by increased volumes. Our digital sales growth was strong, up 2ppts as a proportion of total sales to 37%, as we continue to improve our online offer. Despite some positive lead consumer indicators, we are still seeing volatile trading conditions. Nevertheless, we believe that we continued to gain market share in the quarter.

Sales growth was broad-based across our categories, reflecting the continued relevance of our wide-ranging customer proposition. Our sofa collections performed especially well, with customers enjoying our curated and colourful ranges, whilst heritage categories such as bedding also proved popular. We also delivered our biggest student campaign yet, where a more stylish assortment and an attractive student discount is bringing The Home of Homes to younger consumers.

Gross margin

Gross margin in the quarter increased by 20bps year-on-year, with prices broadly stable. As we guided at our FY24 results in September, we continue to expect gross margin for FY25 to be between 51% and 52%.

Strategic progress

We made good strategic progress in the first quarter and remain focused on our longer-term priorities: elevating our product offer; connecting with more customers; and harnessing our operational capabilities.

In product, we are seeing positive results from the initial investments we have made in our made-to-measure capabilities, where we have started to take greater end-to-end control of the supply chain. We are pleased that the increased choice and capability in this area has driven significant sales growth in the first quarter.

We are making good progress in connecting with more customers across our total retail system. We are excited that we will be opening our first inner London store in Westfield London before the end of the calendar year, bringing our unique and specialist proposition to a smaller store format, in a high-footfall location. We remain on track with our plans to open five to ten new superstores this year, broadly split between smaller and larger sites.

We also continue to improve our digital shopping experience and have recently implemented a new AI-led product discovery function, in partnership with Google, which enhances the customer search functionality on dunelm.com.

Operationally, we have further improved our Click & Collect proposition, with over half of SKUs on dunelm.com now available for collection in store supported by a more efficient customer collection process. Alongside the growth we are

available for collection in-store, supported by a more efficient customer collection process. Alongside the growth we are seeing in Click & Collect sales, we see benefits across the total retail system with a strong level of incremental store purchases alongside collection.

Summary and outlook

We are pleased with our performance in the first quarter. We have continued to grow sales and volumes as we deliver outstanding value, and our product ranges are resonating with customers. We move into Q2 with a strong product offer for customers as they equip their homes for the colder months, supported by our latest 'Easing into Autumn' brand campaign.

We are excited about the progress we are making against our priorities, and have confidence in our plans to reach our next market share milestone of 10% in the medium term.

Nick Wilkinson, Chief Executive Officer, commented:

"We have delivered robust sales growth over the first quarter, offering a wide range of products for the home, at outstanding value, and this continues to resonate with new and existing customers. As ever, relevance is central to our offer and we were delighted by the success of our largest student campaign yet, which was well received by customers seeking out bright and stylish designs.

"We continue to make good progress against our strategic plans. Later this year, we will bring our specialist proposition to inner London for the first time, opening at Westfield London. We're excited about this and our wider opening programme, with five to ten new superstores planned per year over the medium term.

"Whilst we are yet to see meaningful change in underlying consumer sentiment in our markets, we remain focused on our plans. We believe we have continued to gain market share and, with continued strategic progress, remain confident in our ability to reach our next market share milestone of 10% in the medium term."

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Next scheduled event:

Dunelm will release its second quarter trading update on 16 January 2025.

Quarterly analysis:

	52 weeks to 28 June 2025						
	Q1	Q2	H1	Q3	Q4	H2	FY
Total sales	£403.2m						
Total sales growth	+3.5%						
Digital % total sales	37%						

	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%

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.85,000 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 184 stores across the UK and has developed a successful online offer through dunelm.com which includes home delivery and Click & Collect options. 155 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 c.11,500 colleagues. It has been listed on the London Stock

Exchange since October 2006 (DNLM.L) and the business has returned c.£1.5bn in distributions to shareholders since IPO³.

³ Ordinary dividends plus special distributions

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