



16 January 2025
Dunelm Group plc

Second quarter and first half trading update

Solid sales growth and strong gross margin in a challenging environment

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

	Q2	Q2 YoY	H1	H1 YoY
Total sales	£490m	+1.6%	£894m	+2.4%
Digital % total sales¹	40%	+3ppts	39%	+3ppts

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

Highlights

- Solid sales growth of 2.4% to £894m for the first half
- Sales growth of 1.6% in Q2 in a challenging market, with digital participation up 3ppts to 40%
- Gross margin increased 10bps year-on-year in H1; strong operational grip maintained on input costs alongside exceptional customer value
- Progress against our strategic goals, with meaningful improvements to our online customer experience, our first inner London store and 13 small stores acquired in Ireland. Anticipate opening five new superstores in the second half of FY25
- Against the market backdrop and ongoing cost challenges facing our sector, PBT for FY25 is still expected to be within the range of market expectations²

² Company compiled consensus average of analysts' expectations for FY25 PBT is £213m, with a range of £207m to £217m

Continued sales growth in a challenging market

Total sales of £894m in the first half were up 2.4%, with 1.6% sales growth delivered in the second quarter. We are pleased with this solid performance in a market which remained volatile. We believe that we have again gained market share³, demonstrating the value, relevance and choice we continue to offer our customers.

Digital participation was up 3ppts to 39% in the first half, as customers continued to respond well to the ongoing improvements we are making to our digital experience. Click and Collect sales grew strongly as we further increased the breadth of our ranges and the proportion of products available to be collected in stores.

Our furniture categories performed particularly well, from our sofa collections through to smaller items such as dining chairs and coffee tables. Our growing range of products at outstanding price points, with attractive delivery options, continues to improve our proposition and resonate well with customers.

³ We will report market share as usual using GlobalData at our Interim Results on 11 February 2025

Gross margin

Gross margin remains well controlled, with strong operational grip driving a 10bps year-on-year improvement. Retail prices were broadly stable in the period, as we retained discipline both on promotional activity and across our 'good, better, best' value tiers. We now expect full year gross margin to be in the upper half of our guided range of 51 - 52%.

Strategic and operational update

Throughout the quarter, we continued to drive progress against each of our strategic pillars: elevating our product offer; connecting with more customers; and harnessing our operational capabilities. These pillars are interconnected and provide structure for our long-term priorities and investment plans.

In the quarter, we acquired Homefocus Group Limited in Ireland, giving us a platform in a new geography through an existing footprint of 13 small stores, where we are already selling Dunelm products. We have also brought Dunelm to inner London for the first time, opening our Westfield London store ahead of the Christmas 'peak' trading period. We are learning from these new ventures and are excited about the opportunities they provide.

We also remain focussed on the opening of new UK superstores, and anticipate opening five in the second half.

Finally, we are mindful of the impact of the Autumn Budget announcement on our business, suppliers and customers. As a large employer, with over 11,500 colleagues, we have previously highlighted the impact of ongoing wage inflation. Whilst the National Living Wage increase was largely anticipated, the increase in employer National Insurance Contributions is an additional cost headwind. Initiatives to drive productivity across the business are underway, and as these initiatives mature, we anticipate mitigating the upward pressure on costs over the medium term.

Summary and outlook

We delivered a solid performance in the first half, with sales and volume growth alongside a stronger gross margin. We have continued to make progress against our strategic priorities, investing both for now, and the longer-term. Given this performance against the current market backdrop, and ongoing cost challenges for our sector, we still expect PBT to be within the range of market expectations⁴ for FY25.

As a market leader, looking ahead we believe that this environment, though challenging, creates more opportunities for us to continue to raise the bar on our customer proposition and reach our next market share milestone of 10% in the medium term.

⁴ Company compiled consensus average of analysts' expectations for FY25 PBT is £213m, with a range of £207m to £217m

Nick Wilkinson, Chief Executive Officer, commented:

"We're pleased with our performance in the first half; we are growing sales and volume, with customers again responding well to the value and choice we offer across our ranges.

"At the same time, we've made significant strategic progress across multiple initiatives which are helping us to improve our attractive, specialist offer and continue to gain market share. We have taken our first steps outside the UK with the acquisition of 13 stores in Ireland, opened our first inner London store in Westfield, and made further improvements to our online customer experience which is contributing to continued strong digital growth.

"As we move into the second half of FY25, we have successfully launched our Winter Sale which is being well received by customers seeking amazing value across a wide choice of relevant products for the colder months. As we navigate this challenging environment, we see even more opportunities to harness our unique business model, raise the bar on our proposition and fulfil our ambitions as The Home of Homes."

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Next scheduled event:

Dunelm will make its interim results announcement on 11 February 2025. 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 hugo.harris@mhpgroup.com. A copy of the presentation will be made available at <https://corporate.dunelm.com>

Quarterly analysis:

	52 weeks to 28 June 2025						
	Q1	Q2	H1	Q3	Q4	H2	FY
Total sales	£403.2m	£490.5m	£893.7m				
Total sales growth	+3.5%	+1.6%	+2.4%				
Digital % total sales	37%	40%	39%				

	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 198 stores across the UK and Ireland and has developed a successful online offer through dunelm.com which includes home delivery and Click & Collect options. 155 UK 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 IPO⁵.

⁵ Ordinary dividends plus special distributions

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