

4 February 2016

For immediate release

**DFS Furniture plc (the “Group”)  
Half Year Trading Update**

**PERFORMANCE ON TRACK**

- Good sales growth and cash generation continue
- Strategic initiatives remain on track
- Retirement of Finance Director and succession for new CFO
- Expectations for full-year financial performance remain unchanged

**Sustained sound financial performance**

The Group has maintained good sales growth through the first half of the current financial year, reflecting a healthy furniture market environment and the success of our strategic initiatives. Gross sales growth in the 26 weeks to 30 January 2016 measured relative to the comparable 26 week period in the prior year was 7%. This continues the trend reported in previous periods, with gross sales in the 12 months to 30 January 2016 up 5% relative to the prior year.

Sofa Workshop, Dwell and DFS Netherlands have all contributed encouragingly to overall Group sales growth. Given this progress, we have continued to invest operationally to support the future growth of these businesses, resulting in an increase in operating costs in line with our expectations. The Group's first half margins will also reflect our normal seasonality.

Free cashflow remains robust and our gearing ratio at the half year will be similar to the previous financial year end at c. 1.8x net debt / EBITDA, after the payment of both the interim and full year dividend, together amounting to £19.8m in December 2015. Our continued strong cash generation will underpin the announcement of a progressive interim dividend, in line with the policy stated at the IPO last year.

**Strategy delivering results**

The results reflect the continued implementation of a proven growth strategy, building on the Group's established market leadership to further broaden product and brand appeal. The Group's growth initiatives include a measured programme of store expansion and retail space release in the UK and overseas; continued development of its omnichannel proposition; and constant enhancement of the product range, building on the Group's established success in extending its appeal to more customers.

**Succession Management**

Bill Barnes, Finance Director, has decided to retire in the summer after almost 13 years with the Group. Nicola Bancroft, who is currently Commercial Finance Director, will become Chief Financial Officer and an executive director from 1 August 2016. Bill and Nicola have worked closely together for over three years and will complete a smooth handover of responsibilities over the next six months.

## Outlook

Given broadly stable general macro-economic trends in the UK and all strategic initiatives on track, the Board believes that the Group is in a strong position to sustain its record of sales growth, market share capture and cash generation.

Based on the trading performance over the first half, our expectations for the Group's financial performance in the full year remain unchanged.

Overall the Group enjoys excellent prospects to deliver long-term profitable growth, strong cash generation and a progressive dividend policy as one of the UK's best-known brands, a major British manufacturer and the country's leading retailer of upholstered furniture.

The Group expects to release its half year results announcement on 23 March 2016. Further details of expected financial reporting dates have today been published on the Group's corporate website ([www.dfscorporate.co.uk](http://www.dfscorporate.co.uk)).

## Enquiries

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## Notes

1. There are no details requiring disclosure in respect of Nicola Bancroft under listing rule 9.6.13 (1) to (6) of the UK Listing Authority.
2. Gross sales growth in the 26 weeks to 30 January 2016 has been measured relative to the 26 week period ending 31 January 2015.
3. Gross sales over the last 12 months refer to the 52 weeks to 30 January 2016. It has been measured relative to the 53 weeks ending 31 January 2015 with no adjustment made for the shorter trading period in the current year.
4. Gross sales represents amounts payable by customers for goods and services and includes VAT.

## About DFS Furniture plc

DFS is the clear market leading retailer of upholstered furniture in the United Kingdom. We design, manufacture, sell and deliver to our customers an extensive range of upholstered furniture products. The business operates a retail network of upholstered furniture stores in the United Kingdom and Europe, together with an online channel. These have been established and developed gradually over more than 45 years of operating history. We attract customers to our stores and website through our substantial and continued investment in nationwide marketing activities and our reputation for high quality products and service, breadth of product ranges and price points and best-in-class consumer financing options.