



10 August 2017

For immediate release

**DFS FURNITURE plc  
POST-CLOSE TRADING UPDATE**

**STRATEGIC PROGRESS MAINTAINED IN CHALLENGING MARKET**

DFS Furniture plc (the "Group"), the market leading retailer of living room furniture in the United Kingdom, today provides an update on trading for its financial year ended 29 July 2017.

**Results reflect weaker trading environment in second half**

As announced in June, revenue in the second half has been weaker than we expected owing to significant declines in store footfall and customer orders across April, May and June. We believe this to be an industry-wide issue, resulting from the uncertain economic environment and unexpected general election, exacerbated by warm weather in May and June. Our summer sale, however, started satisfactorily in July, consistent with trends we have seen in offline and online sector indicators.

Overall, Group revenues for the second half were 4% lower than the prior year, following an increase of 7% in the first half, to deliver growth of 1% over the year as a whole. Consequently, EBITDA for the year will be at the low end of the £82-£87m range previously given, with revenue impacts being partly offset by cost flexibility and the early benefits of operating efficiency initiatives.

**Strategic progress maintained**

We continue to make good progress in the implementation of our growth strategy in all key areas:

*Broadening our appeal to customers.* Since the beginning of our new financial year we have announced the acquisition, subject to regulatory approval, of Sofology, a distinctive and complementary business, with a network of 37 stores in the UK and a strong technology-led omnichannel proposition. We have also announced an exciting new exclusive brand partnership with the UK lifestyle brand Joules, to manufacture and sell their first sofa collection, with roll-out to stores beginning in late 2017.

*UK and Republic of Ireland DFS store roll-out.* We have maintained our programme of opening new 10-15,000 sq. ft. DFS stores in the UK and Republic of Ireland with Ashford opening in April 2017. Our pipeline for the new financial year includes new stores in Wednesbury, Rugby and Haverfordwest, together with the refurbishment and relaunch of the DFS store in Croydon. We also plan to open a further store in our smaller format of around 5,000 sq. ft.

*Omnichannel.* Our online business has maintained its strong momentum and market leadership, with the DFS website continuing to attract over 40% of all UK upholstery segment web traffic, and seeing good increases in visitor numbers during the year.

*Retail space optimisation.* Our Customer Distribution Centre (“CDC”) conversion programme is proceeding to plan, and will be completed early in the current financial year to give us a total of 19 CDCs in the UK. Using the released space in our stores, we plan to open a further five Dwell and five Sofa Workshop co-located stores over the next six months.

*International expansion.* Following two new store openings in The Netherlands during the year, we now have five stores in the country, and plan to add a sixth at Eindhoven shortly. We will also begin national test marketing and our operating profit investment in The Netherlands remains in line with our previous guidance.

### **Positive long-term prospects despite a currently very challenging market**

While the UK furniture market is currently very challenging with the outlook still uncertain, we remain focused on our growth strategy to deliver substantial long-term returns for our shareholders. Although revenue growth is likely to be harder to achieve in the short term than in the recent past, we have identified opportunities to drive operating efficiencies and product margin growth. As announced on 3 August 2017, our refinancing on more favourable terms will also deliver an annual saving of approximately £1m in the cost of the Group’s debt financing.

We intend to maintain our plans for growth investment, and are confident that this will allow us to continue to outperform the market over the longer term. DFS has historically capitalised on adverse market conditions to build our position in the UK market for living room furniture, leveraging our fundamental strengths in store sales intensities, scale of operations, flexible cost base and vertically integrated business model.

The Board therefore continues to believe that the Group enjoys excellent long-term prospects to deliver profitable growth, strong cash generation and attractive shareholder returns as one of the UK’s best-known brands, a major British manufacturer and the country’s leading retailer of living room furniture.

The Group expects to announce its preliminary results on 5 October 2017.

#### **Enquiries**

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#### **About DFS Furniture plc**

DFS is the clear market leading retailer of living room furniture in the United Kingdom. We design, manufacture, sell and deliver to our customers an extensive range of furniture products. The business operates a retail network of living room furniture stores in the United Kingdom and Europe, together with an online channel. These have been established and developed gradually over 48 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 favourable consumer financing options.