



11 July 2019

DFS FURNITURE plc (“DFS” and the “Group”)

PERIOD END TRADING UPDATE & CFO APPOINTMENT

Good strategic progress and profit in line with expectations

DFS, the UK’s leading retailer of upholstered furniture, provides the following update for the trading period.

- Good underlying Group gross sales growth of 7%*
- Like-for-like gross sales growth across all brands with strong online growth of 17%*
- Strategic transformation making encouraging progress; Sofology and our omni-channel initiatives performing well
- Underlying profit before tax* expected to be slightly above £50m, relative to £38.3m in the prior year
- Appointment of Mike Schmidt as Chief Financial Officer

*52 week period to 30 June 2019 compared to the 52 week period to 28 July 2018

Solid trading performance

On an underlying basis (adjusted to include the acquisition of Sofology on a pro forma basis) gross sales grew by 7%*. Reported gross sales growth was 14%*. We expect to deliver underlying profit before tax slightly above £50m for the 52 weeks to 30 June 2019, relative to £38.3m in the 52 weeks ending 28 July 2018, in line with our expectations.

We are particularly pleased that all Group brands have recorded year-on-year LFL gross sales growth in the 26 weeks to 30 June 2019, albeit, in part assisted by the weak comparator period in the prior year.

Cash generation has also been solid in the financial period, leading as expected to a lower average closing monthly net debt over the last 6 months. Reported net debt at the end of June 2019 will however be higher than the end of July 2018 given normal trading seasonality.

Strategic Progress

We are pleased with the progress being made with our strategic transformation. In particular our omni-channel initiatives are performing well with strong online growth of 17%*.

The Sofology brand has continued to perform very well achieving strong LFL gross sales growth with profitability in line with our expectations and the brand is well positioned for the future.

We continue to drive forward on all other elements of our strategy and will provide detail on the progress being made in our final results.

Outlook

Despite a solid trading performance, we remain mindful of the risk that the volatile political and economic backdrop may further impact on already low consumer confidence levels. Our progress in the near term will inevitably be somewhat dependent on this backdrop. In addition, as previously noted, the first half of our 2018/2019 financial year benefitted from additional demand from purchases deferred from earlier periods.

Whilst weak trading environments make it harder to achieve significant levels of revenue growth, our omnichannel consumer offer, showroom sales densities, scale of operations and portfolio of well-recognised brands provide some resilience. We also believe that we can continue to drive profit benefits and synergies from our previous capital investments and acquisitions.

We are executing our strategy of transforming our business to lead sofa retailing in the digital age. We believe the market will return to historical long-term growth rates in due course and that as clear market leader we are well-positioned to benefit, delivering strong levels of cash generation and attractive shareholder returns in the long term.

Appointment of Chief Financial Officer

We are pleased to announce the appointment of Mike Schmidt (currently Interim Chief Financial Officer) as Chief Financial Officer and as an Executive Director with immediate effect, following a rigorous selection process. A brief biography is included below.

There is no information regarding Mr Schmidt that is required to be disclosed under paragraph 9.6.13R of the Listing Rules of the UK Listing Authority.

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Mike Schmidt Biography

Mike Schmidt joined DFS in March 2014. Prior to his appointment as Interim CFO, Mike served as DFS's Chief Development Officer with responsibility for property, strategic development and investor relations activities. He led the acquisition of Sofology in 2017 and more recently has also served as Chair of Sofa Workshop and Dwell.

Prior to joining DFS Mike previously spent 13 years working for a number of leading investment banks including UBS and Citi, where he gained experience advising a wide range of consumer-facing companies.

Mike has a MA (Hons) in Economics and Management from Cambridge University.

About DFS Furniture plc

The Group 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 showrooms in the United Kingdom and Europe, together with an online channel, trading through four leading brands. The Group has been established and developed gradually over 50 years of operating history. We attract customers to our showrooms 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.