

DFS GROUP

Capital Markets Day

MARCH 2022



dwell

sofology



THE SOFA DELIVERY CO

Introducing

Tim Stacey & Mike Schmidt



dfs

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THE SOFA DELIVERY CO



CAPITAL MARKETS DAY

Welcome

11:00 - 11:20

Welcome & Introduction

Tim Stacey & Mike Schmidt

Travel to stores

11:35 - 13:05

DFS & Sofology Store Visit

Nick Smith & Emma Dinnis

Travel & Lunch

14:05 - 14:25

Introduction to Platforms

Tim Stacey & Jo Shawcroft

14:30 - 15:25

Breakout Sessions: Home & Data

Nick Smith & Russell Harte

15:30 - 16:00

Recap, Financial Ambition, Q&A

Tim Stacey & Mike Schmidt



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Introduction

OVERVIEW

Company overview & investment highlights

CONTEXT

Market context, our Integrated Retail business model & why this wins

STRATEGY

From '3x3' to new 'Pillars & Platforms' strategy

FINANCIALS

The underlying fundamentals, the new £1.4bn ambition plus growth & capital returns



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OVERVIEW

Company Snapshot

1969

Company Founded

5,800

colleagues

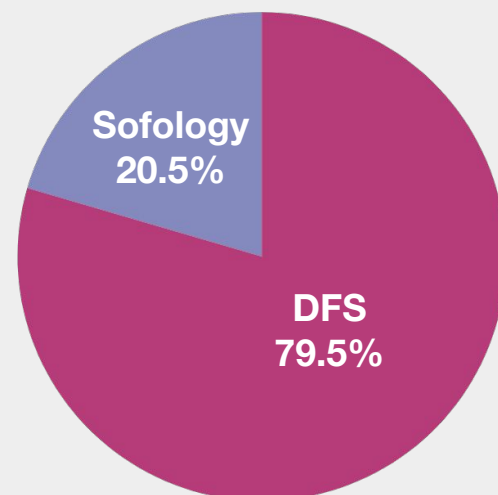
Excluding Sodelco,
Male **56.5%**; Female = **43.5%**

A balanced team/workforce
across age & tenure

Best Companies Index Retail
Sector: **Sofology #2; DFS #7**

>1000 colleagues
participating in SAYE scheme

2021 Revenues



+17.4% Y-o-2Y Revenue Growth

+2% market share increase

+33.1% Y-o-2Y uPBTA Growth

£123m L18M free cash flow

Our exclusive brand partners & ranges

HALOLUXE



A collection aimed to make the ordinary extraordinary and the everyday more desirable.

joules



A contemporary British brand brought to life as a range of gorgeous sofas.

COUNTRY LIVING



Timeless design and luxurious comfort for anyone whose heart is firmly in the country.

HouseBeautiful



Sophisticated style meets superb comfort in this versatile range, crafted for modern family living.

FRENCH CONNECTION



Streamlined and sleek the perfect choice for a contemporary, urban look.

PLATINUM COLLECTION



Make a statement with a sofa. Make it feel effortless, indulgent even.

dfsVEGAN



A game changer. A range of sofas that are 100% animal free.

SIVOON



A leading voice in the next wave of furniture design.

GRANDDESIGNS



Sofas made from recycled plastics and sustainable materials

Good Housekeeping



Combining comfort with contemporary looks and clever storage plus, the latest technology.

BOX IT



A stylish sofa delivered in a box. Perfect for small spaces - easy self assembly.

storeaway



A new range of luxury, modular corner sofas with hidden functions and technology.

Sofables



The new seating range you can rearrange, for every occasion.

dwell



Specialising in stylish contemporary furniture and home accessories.

THE CHAIR EDIT.



A stunning range to give any space the wow factor.

ICONICA



Beautifully handcrafted designer furniture, this sleek ultra-modern collection redefines

So Simple...



Sofa-shopping made super-easy. Three simple steps. Choose your style, size and colour.

GEORGE CLARKE at sofology



Great design inspiration from George Clarke

PALOMA HOME at sofology



Innovative new collection & collaboration

THE SUSTAINABLE EDIT



A collection focusing on sustainability

dfs

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sofology



THE SOFA DELIVERY CO

OVERVIEW

Investment Highlights



Three key themes running through today:

New £1.4bn revenue ambition

Strong competitive advantage

Growth & capital returns

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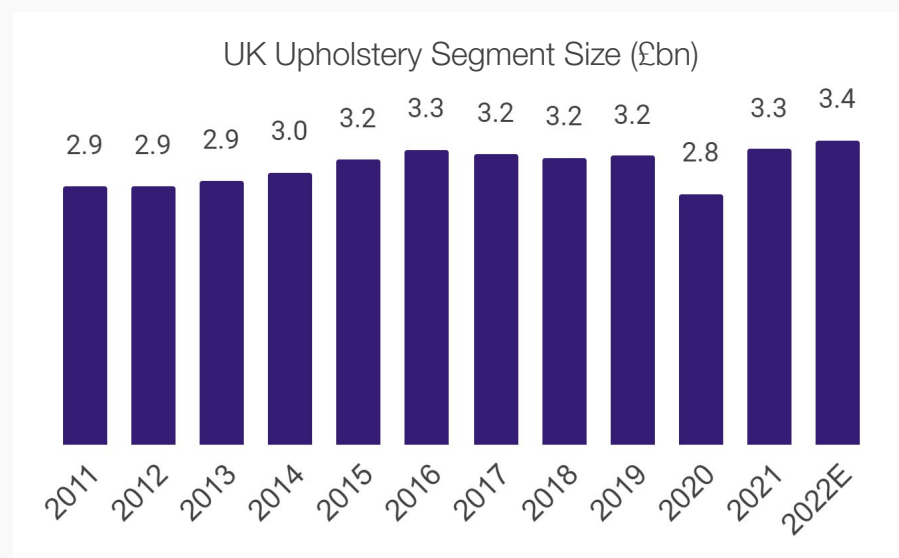
The underlying fundamentals, the new £1.4bn ambition plus growth & capital returns



Strong core market

Sector Size

**Consistent sector growth:
CAGR c.3.3%**



Key Customer Dynamics

**Replacement cycle and
more spend on home:**

Vast majority of purchase
for renovation/redecoration
(vs house move)

82.3%

Replenishment cycle

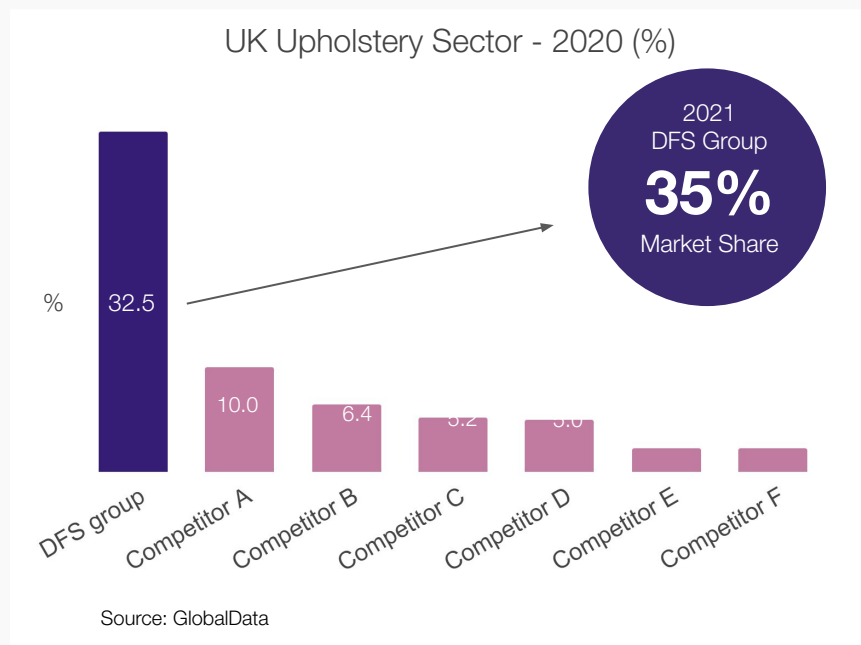
6.8 years

Expenditure on Home
Y-o-2Y

+16%

Our leading position

Leading sector share...

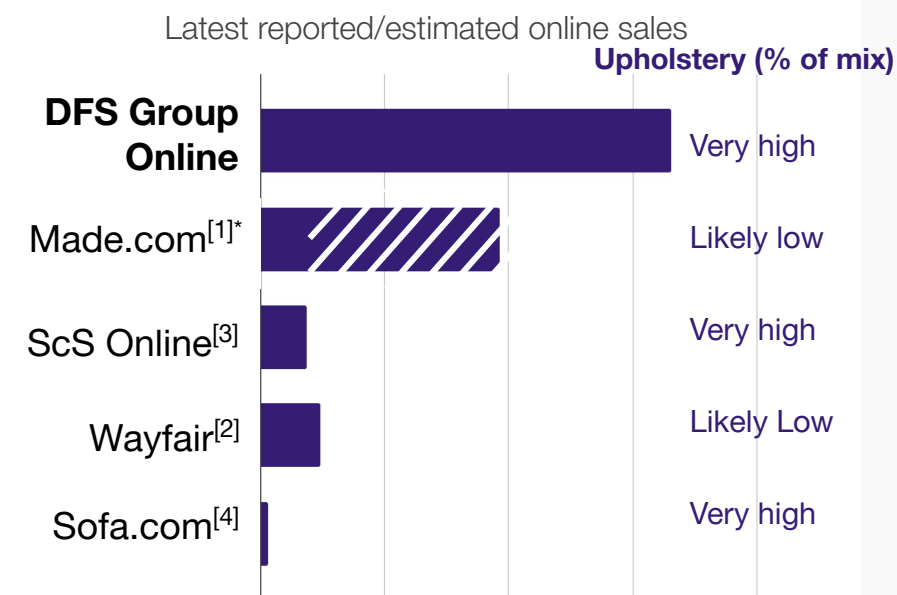


Commentary:

DFS Group holding 2/3rds of total shed sector share

DFS gained c.50% Harveys sector share

...including leading online



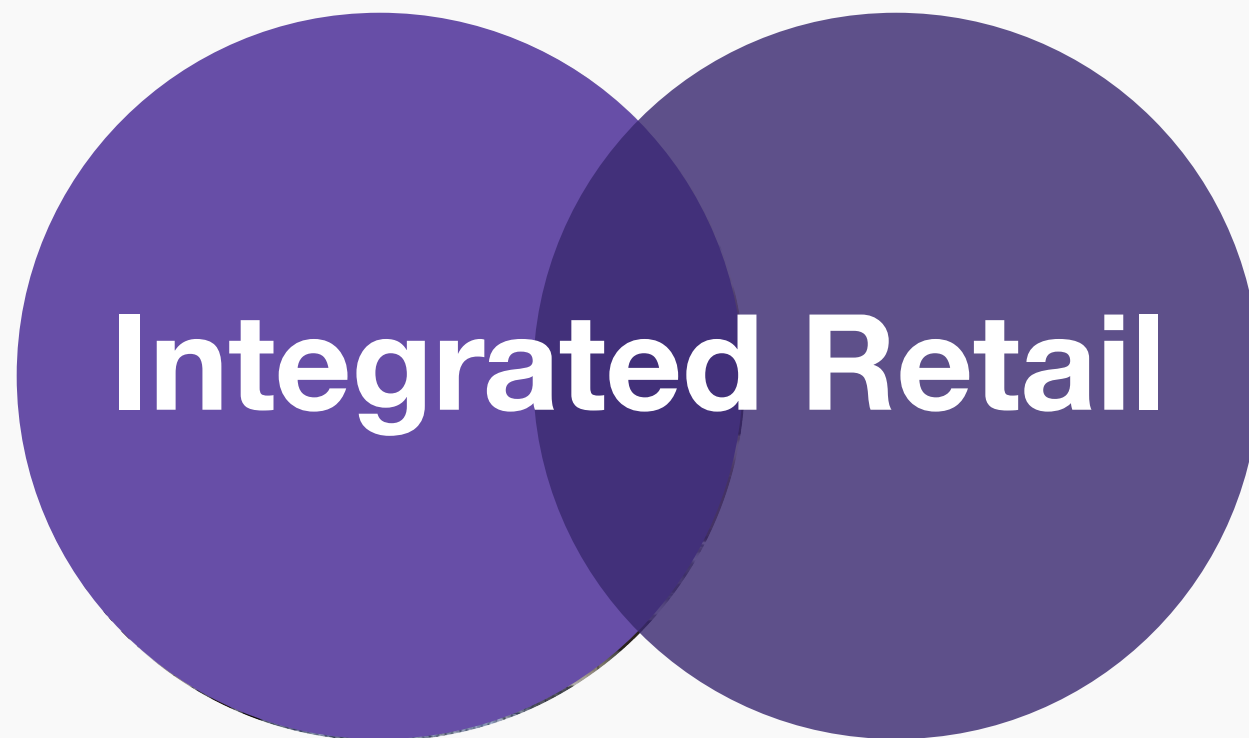
Source: [1] Prelims disclosure UK sales only [2] DFS Proprietary Sector Survey 3,000 sample Aug 2021, [3] Annual report disclosure [4] Google trends report March 2022

* Upholstery % represented by unstriped portion of bar chart estimated from DFS Proprietary Sector Survey 3000 August 2021

New online retailers continue to grow but DFS is the unquestioned leader overall

CONTEXT

Our winning model



Our winning Integrated Retail model

Best Experience

Biggest range + the critical 'sit test': over 85% of DFS customers visit a store before buying

Best New Formats

Post store refit, 58% of consumers said store was better than the competition (pre-refit = c.46%)

Best Retail Estate

More stores in more locations. Plus, if people visit our stores, 57% more likely to purchase

Best Sales Teams

Nearly 9 in 10 people would recommend DFS having purchased within a DFS store



Our winning Integrated Retail model

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Best Online Brand Strength

'DFS' is searched for 2.3x more than the term 'Sofas'
87% of store customers research online before coming instore

Best Range

UK's largest sofa range, more bays & choice than any retailer (3,600+ online skus. Next biggest with 752)

Best enhanced technology

World's largest collection of AR-enhanced products within furniture category

Best Ecommerce Platform

Europe's first implementation of HCL Commerce v9

Our winning Integrated Retail model

We believe the winning combination is both physical & digital...



...with market leading brands leveraging data, marketing, finance, manufacturing and logistics platforms to drive future growth and optimise further efficiencies

This is what we mean by **Integrated Retail**

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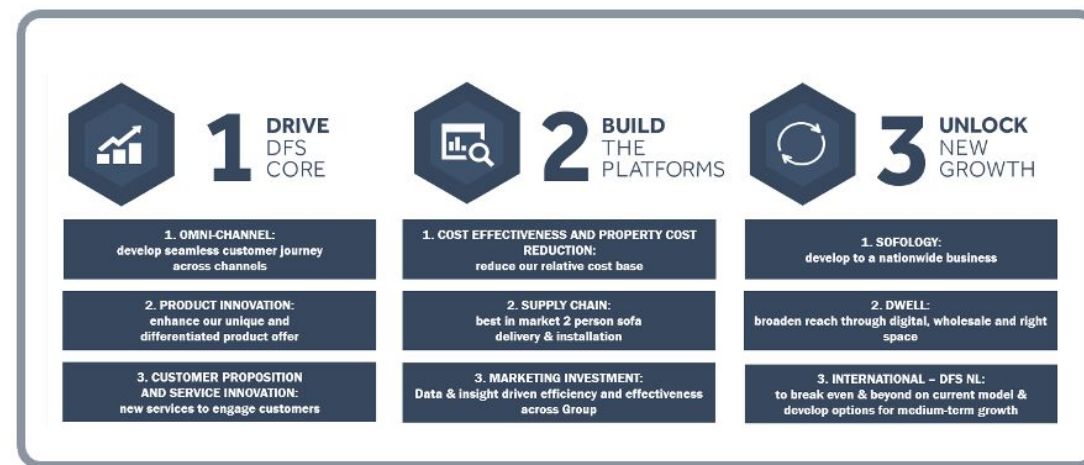
Looking Back...

OUR VISION

To lead **sofa** retailing in the digital age

OUR STRATEGY

2018-21: Realising the new 'base'



STRATEGY

Today...

OUR VISION

To lead **furniture**
retailing in the
digital age

"PILLARS & PLATFORMS"

GROUP
STRATEGY

dfs

sofology

HOME

Sourcing & Manufacturing Platform

Technology & Data Platform

Logistics Platform

People & Culture Platform

ESG

Substantial 'Home' opportunity

Rationale

i) Market adjacency & attractiveness

ii) Existing customer appeal/opportunity

iii) Leverages group platforms



c.£5bn market opportunity*:
Beds & Mattresses £3bn pa
Dining £0.6bn pa
Living Room £1.3bn pa
 ...building on core £3bn pa
 upholstery market

Ambition

To drive revenues from
 c.£40m currently to
£135m by FY26
 (c.4% market share*)
 with **incremental**
PBT of £16m

*GFK derived data 2019 (last stable year data available). Gross Sales.

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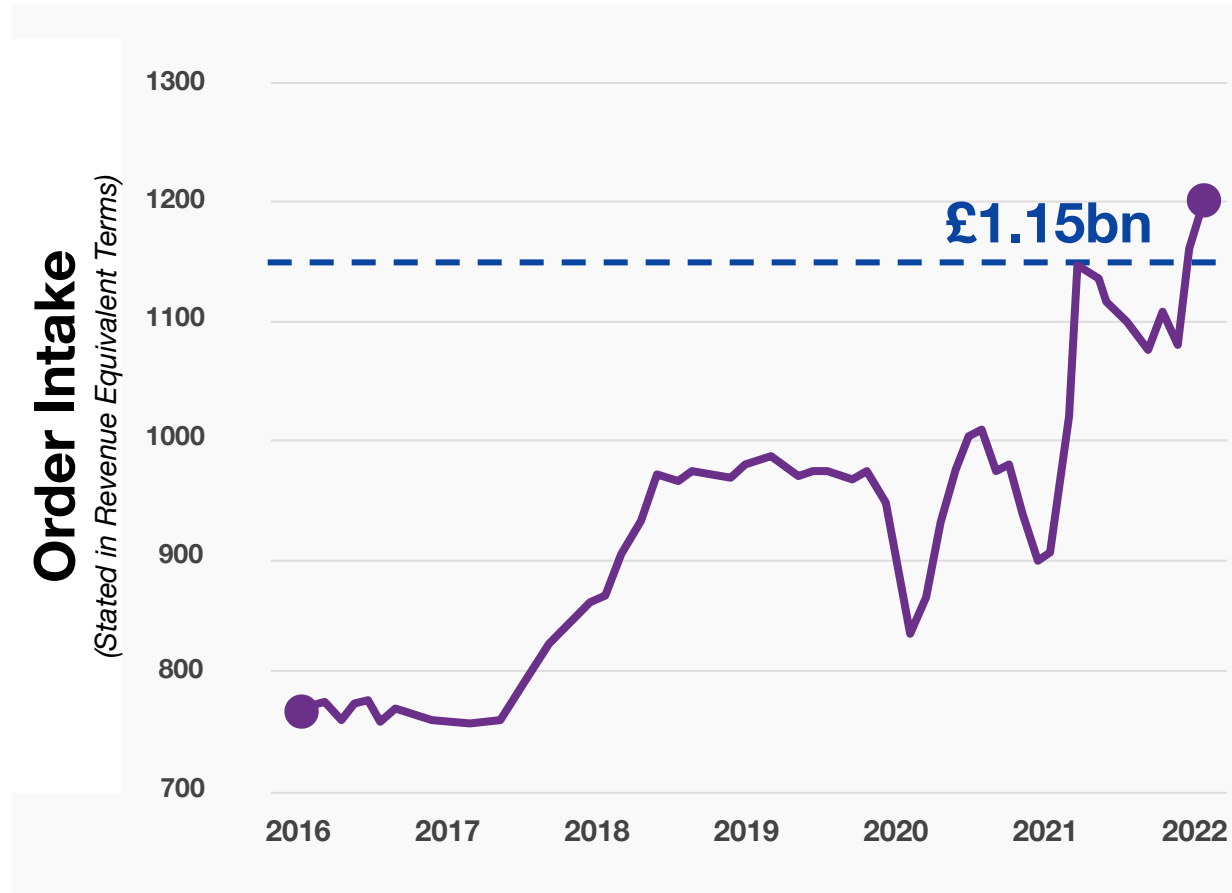
New £1.4bn revenue ambition

Strong competitive advantage

Growth & capital returns

INVESTMENT HIGHLIGHTS

£1.15bn foundation



**Order Intake:
+7.2% CAGR
growth over
5 years**

Strong competitive advantage: gaining share

DFS

- 19 new stores opened
- £26.1m invested in store refits from FY16 to H1 FY22

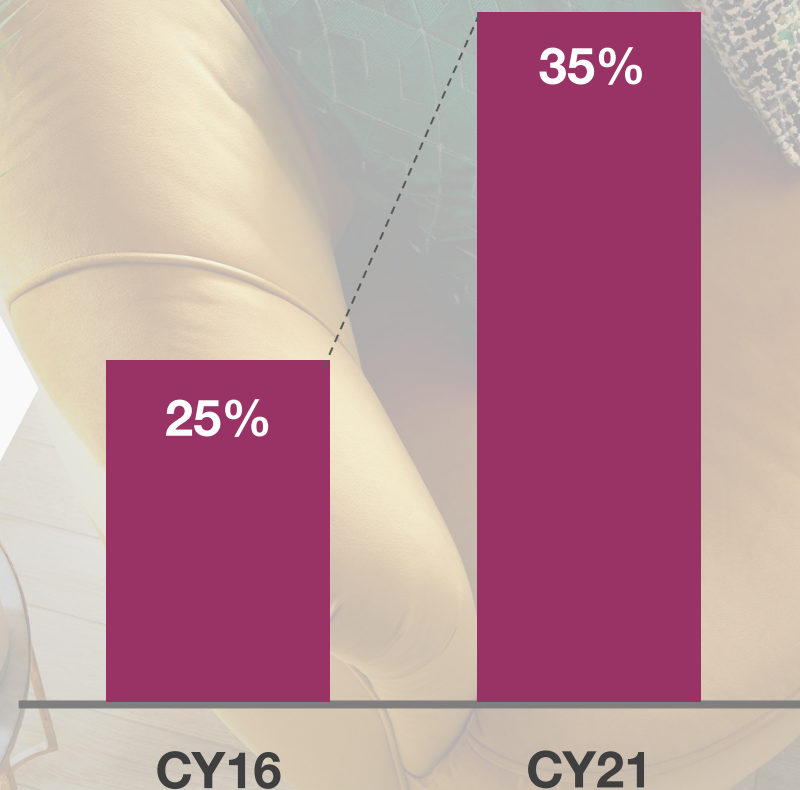
Sofology

- Invested £12.7m in 17 new stores since acquisition

Integrated Retail/Online

- £41.4m online investment from FY16 to H1 FY22
- Online sales are 343% larger than FY16

Group Sofa Market Share: 2016-21



Growth & capital returns

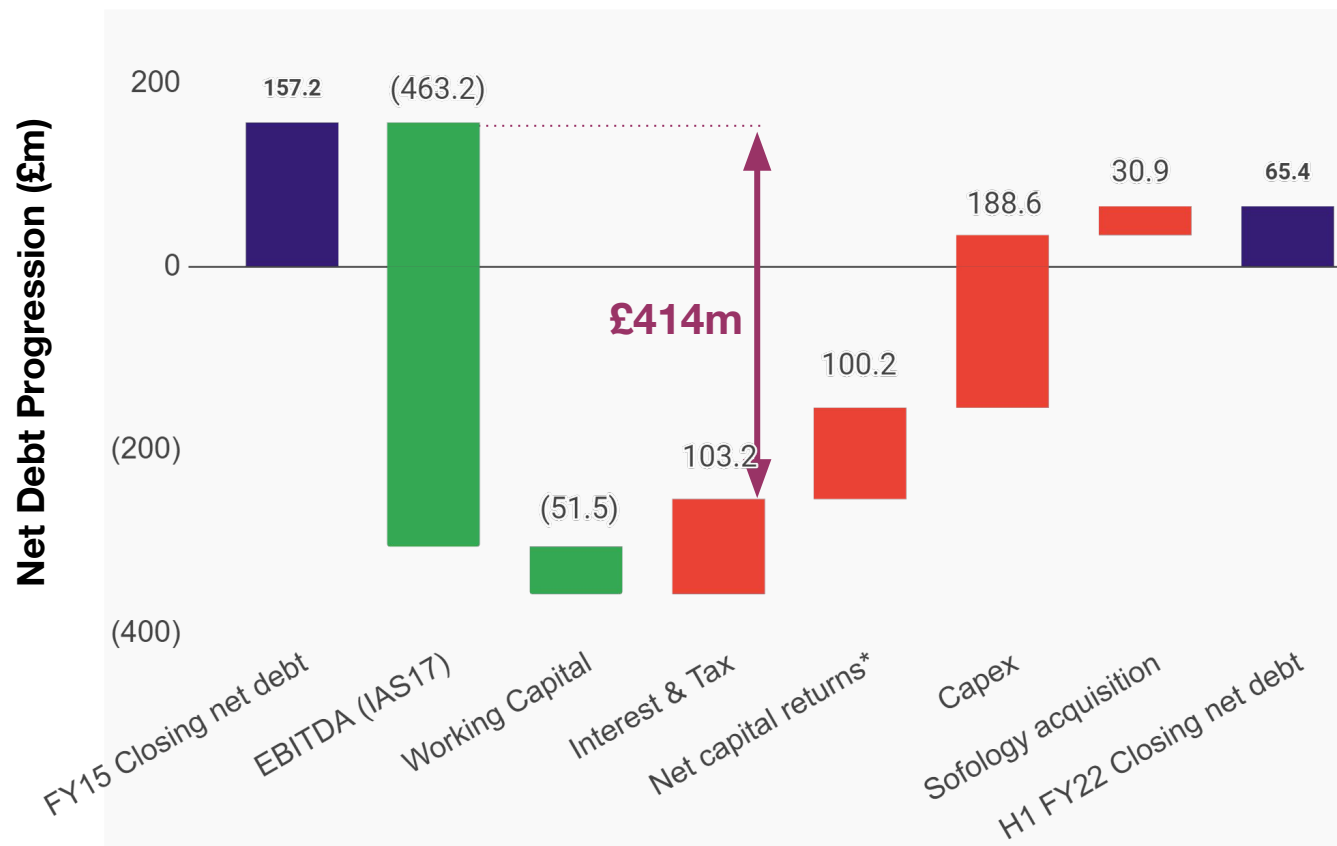
	FY15-FY17 average	Today's underlying base
Revenues	£0.74bn	£1.15bn
Profit before tax	£42m	£85m
PBT Margin	5.6%	7%+

**Delivered
Earnings Growth:**

>£40m

**sustainable
PBT growth**

Growth & capital returns



* Net Capital returns consist of both ordinary and special dividends net of the £64m equity placing.

5.1%
Average annual net
free cash yield since IPO

7% annual revenue
CAGR

>2x growth in
PBT

A flywheel for growth

New £1.4bn revenue ambition

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