



## 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



dwell

sofology





# Recap & Financial Ambition

Tim Stacey & Mike Schmidt



dfs

dwell

sofology

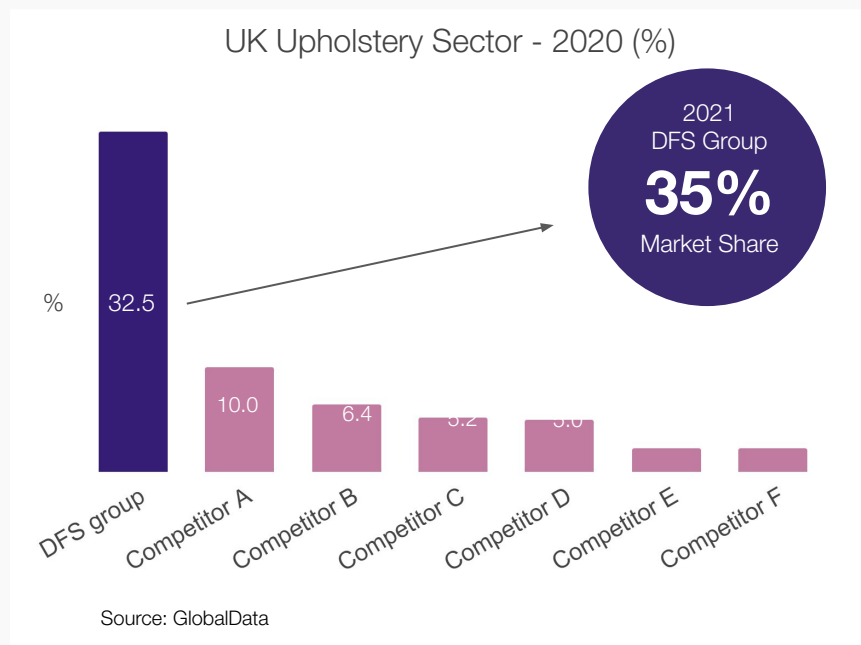


THE SOFA DELIVERY CO.



# Our leading position

## Leading sector share...

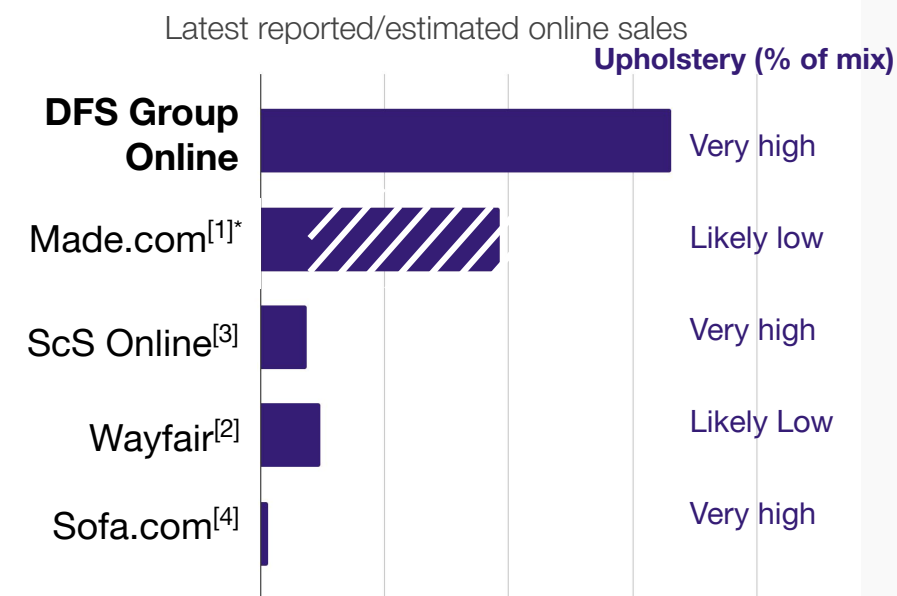


### Commentary:

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

# 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



## 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



RECAP & FINANCIAL AMBITION

# 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

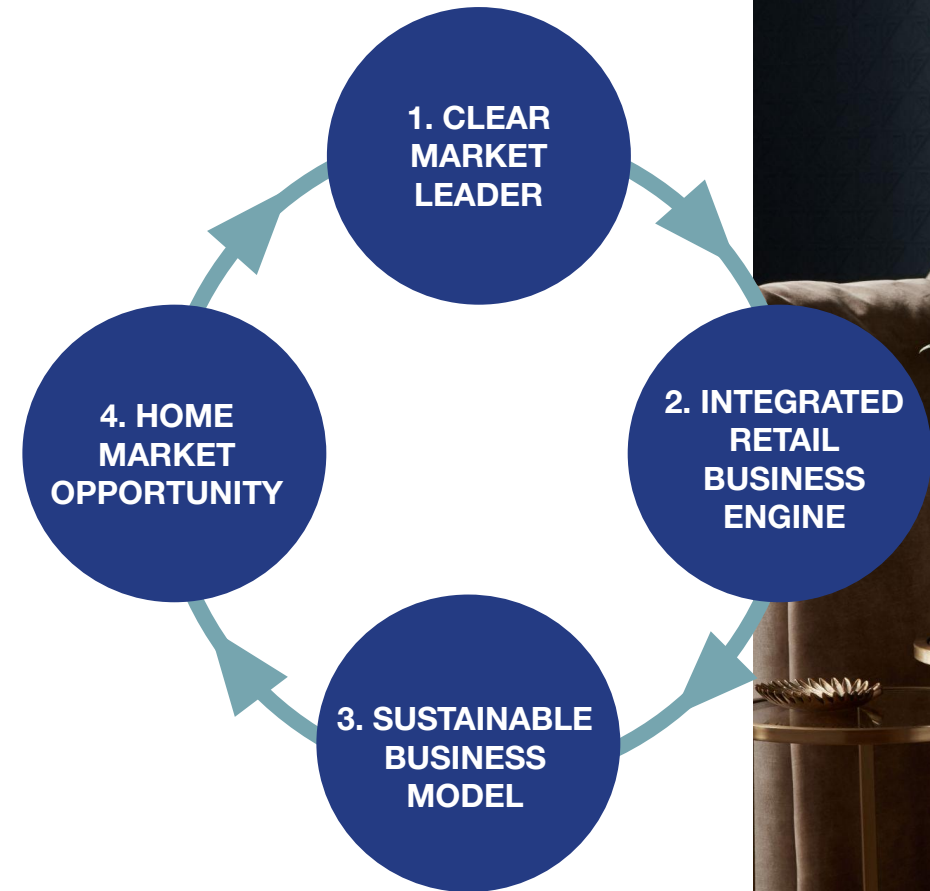
ESG

# A flywheel for growth

**New £1.4bn revenue ambition**

**Strong competitive advantage**

**Growth & capital returns**

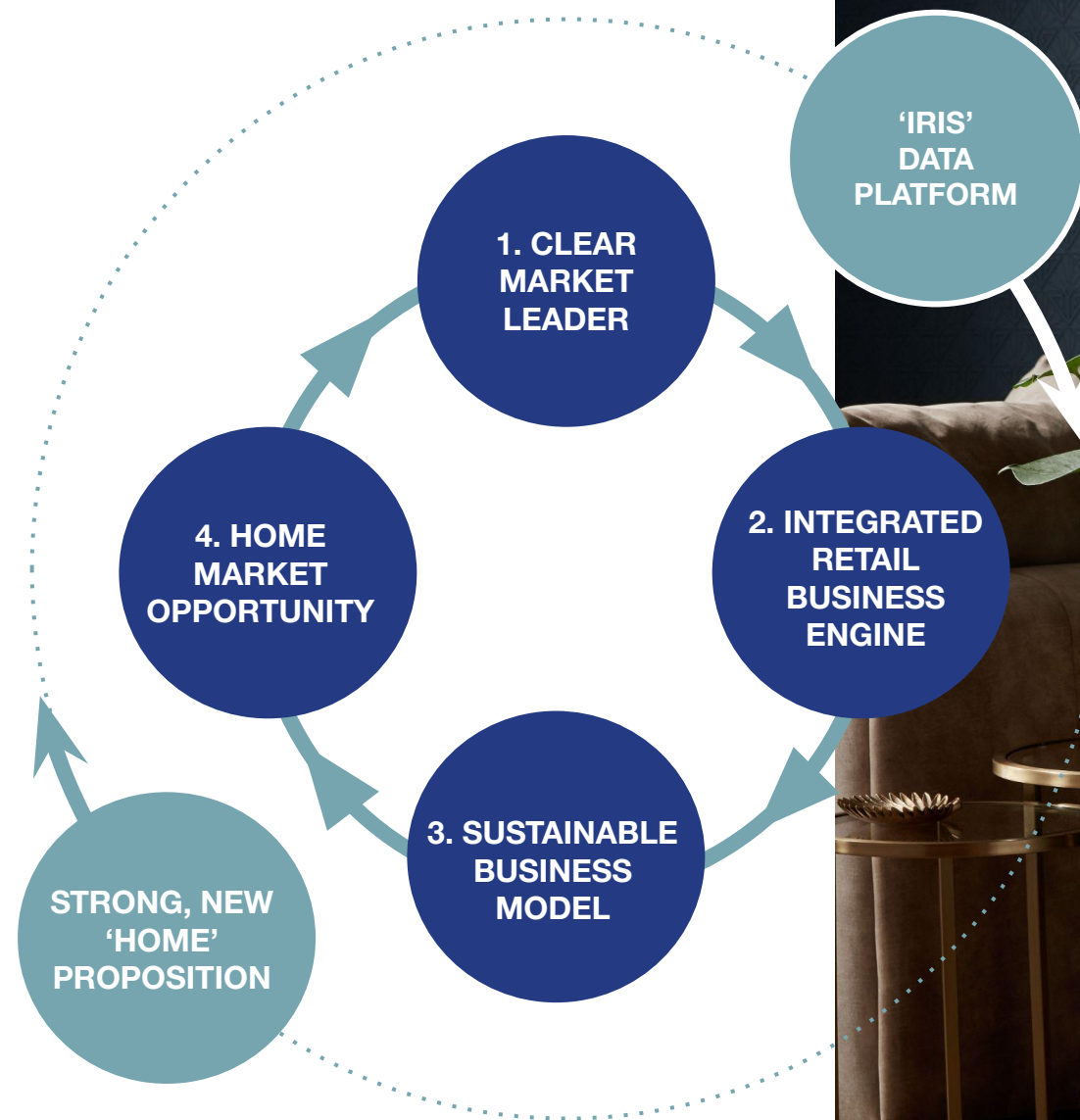


# A flywheel for growth

**New £1.4bn revenue ambition**

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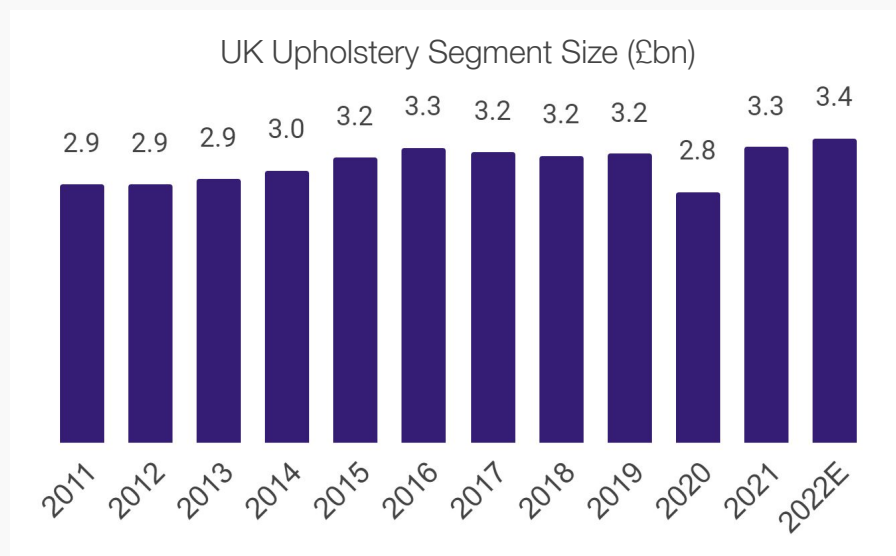




# Strong core market

## Market Size

**Consistent market 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%**



# Strong competitive advantage: gaining share

## DFS LFL Stores

- Integrated retail: 5%+ LFL gain from refit programme
- c.25 showrooms per annum
- Exclusive product ranges, backed by brands

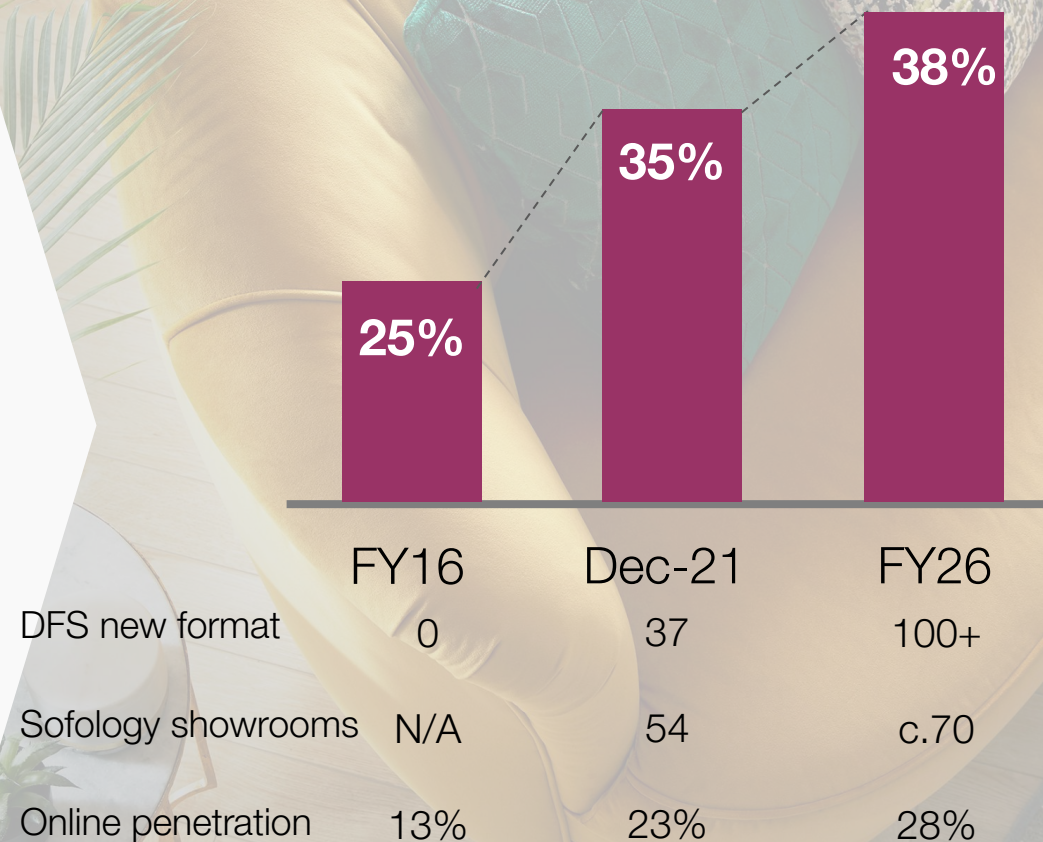
## Sofology

- 6 showrooms opened in H1-22, 1 more in 2H-22
- Ongoing, 4 showrooms p.a., avg £4m revenue/store

## Integrated Retail/Online

- Integrated retail: increasing online penetration
- Higher group market share online

## Group Sofa Market Share: 2016-21



# 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.



# Maintaining investment for the future

## Showrooms

£0.7m per new showroom

£0.3m per refit

Average 5 year refit cycle

## Supply Chain & Sourcing

c. £6m annual maintenance spend

Home capability - one-off: £6m

Net manufacturing investment: £15m

£10m p.a. on leased assets

## Online & Tech

Capex: c.1% of revenues

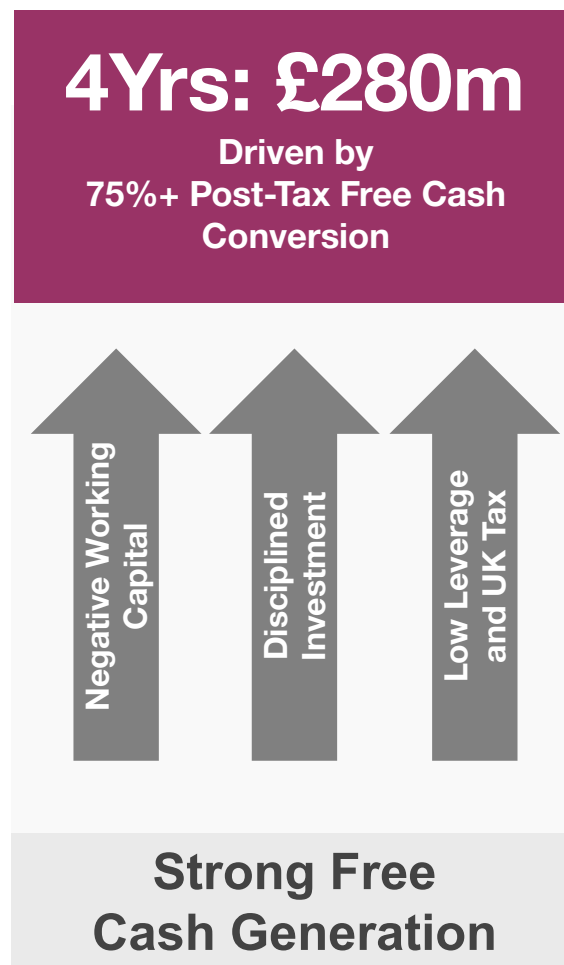
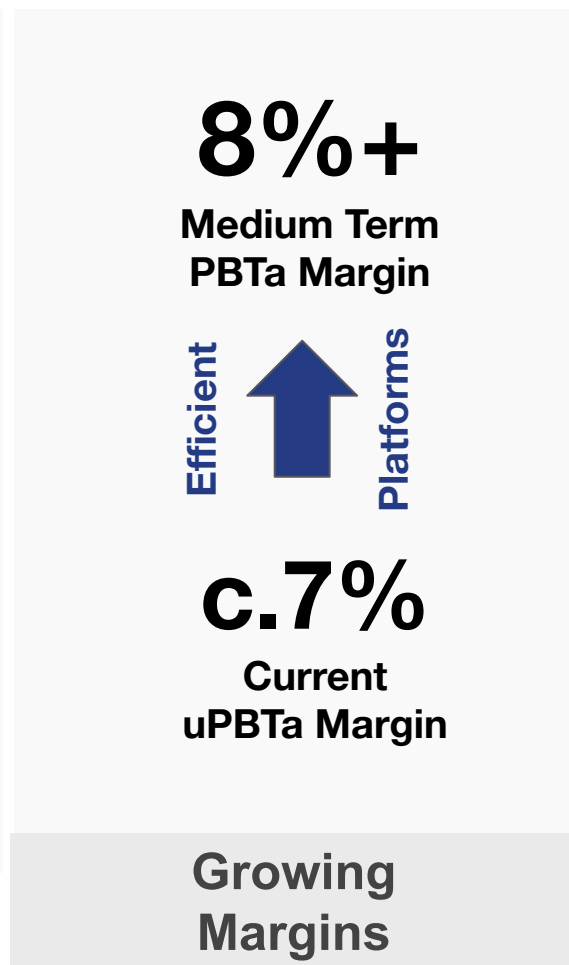
## Other

£5m ongoing, largely maintenance

**Average annual cash  
capex spend of  
c. £40m**

A scale of investment other specialists can't match, underpinned by short paybacks & regular post-investment reviews

# Our Financial Ambition





# Capital Distribution Policy

**£280m+ target for free cash generation**

**Resilient but efficient capital structure  
with leverage of 0.5x – 1.0x**

Invest to grow the  
business where attractive  
returns are available

**1**

Stable or growing ordinary  
dividend based upon  
40-50% payout of underlying  
free cashflow generation

**2**

Surplus capital available to  
return to shareholders  
through buybacks or  
special dividends

**3**

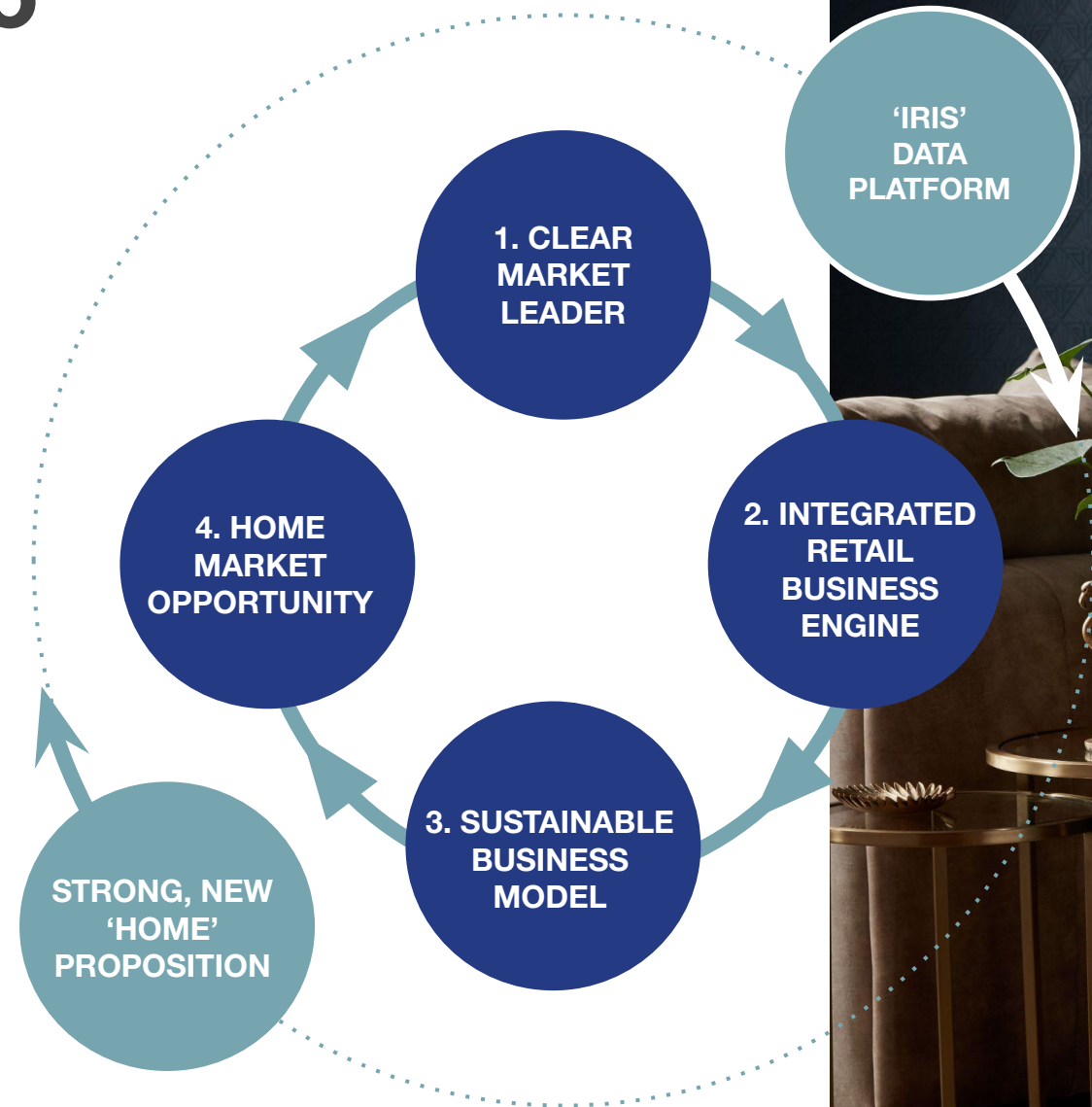
**Immediate implementation of a 10p/£25m Special Dividend and  
c.£25m buyback in addition to our 11.2p LTM ordinary dividend**

# Looking ahead: 2022-26

**A new £1.4bn revenue ambition**

**Sustainable Profit Margin of 8%+**

**4 year cash generation £280m**





The image features a collection of decorative pillows on a green fabric background. A large white circle is centered over the pillows, containing the text "Thank you". The pillows include a solid green one, a pink one with a white feather design, a dark blue one with a colorful bird and pink peonies, and a blue one with a tiger and floral patterns. The text "Thank you" is written in a bold, black, sans-serif font within the white circle.

**Thank you**