

9 June 2022

## **THIS STATEMENT CONTAINS INSIDE INFORMATION**

### **DFS Furniture plc**

#### **Slowing market-wide demand observed in Quarter 4**

Ahead of its financial year end on 26 June 2022, DFS Furniture plc ("DFS" or "the Group"), the UK's leading retailer of living room furniture, provides the following update on recent trading through to 5 June 2022.

#### **Recent trading overview**

The third quarter of our financial year (ending on 27 March 2022), saw double digit growth in the volume of orders taken across the Group relative to a FY19 pre-pandemic comparative period. This volume growth was achieved despite offsetting significant cost inflation through mitigation and retail price increases.

Moving into the fourth quarter the UK furniture market has seen a change in demand patterns with recent data from Barclaycard suggesting a c. 2.1% reduction in transactions in April<sup>1</sup> relative to pre-pandemic periods. We have seen a similar change in order volumes across our Group.

This reduction in transaction volumes comes despite evidence of the Group maintaining its recent market share gains based on our proprietary data.

While we have increased our weekly production and delivered revenues progressively over Half 2, to record levels in the fourth quarter, the ongoing Covid linked supply-chain disruption, combined with lower order intake since April has led to lower levels of production and deliveries relative to our previous expectations.

#### **FY22 outlook**

Subject to any variations in the rate of deliveries of the final weeks, we now expect UK & ROI full year revenues of approximately £1,150-1,160m and underlying profit before tax and brand amortisation of £57-£62m, which compares to pre-pandemic FY19 pro forma 52 week revenues of £996.2m and profit before tax of £50.2m.

Following payment of the recent £25m special dividend and the ongoing share repurchases, we expect to close the year with a net bank debt position of less than £100m, in line with the upper end of our 0.5x-1.0x target leverage range. The Group remains in a strong financial position with significant available headroom under our £215m bank facility.

## FY23 outlook

We now expect to close the financial year with an order bank that is elevated by c. £30m or c. 2.5% of annual revenues relative to pre-pandemic levels, which will provide some resilience going into our 2023 Financial Year ("FY23").

It is difficult to forecast consumer behaviour over the next twelve months, but should the trends observed in April and May continue across FY23, this would broadly balance the volume benefit from the elevated opening order bank. Following the growth of the Group in volume terms relative to pre-pandemic levels, we also believe that we have the opportunity to drive further cost efficiencies from our scale.

However, our trading history shows that the Group has gained market share during periods of furniture market decline, and we believe that we will remain well-positioned against the market, given our scale, brand strength and our integrated retail strategy.

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## 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 an integrated physical and digital retail network of furniture showrooms and web sites in the United Kingdom and Republic of Ireland, trading through our leading brands. The Group has been established and developed gradually over 50 years of operating history. We attract customers 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.

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<sup>1</sup> Source: Barclays debit card and Barclaycard credit card transactions in the UK. Percentage difference between total transactions in the period 26th March to 22nd April 2022 and total transactions in the period 30th March 2019 to 26th April 2019. See: <https://www.barclayscorporate.com/content/dam/barclayscorporate-com/documents/insights/Industry-expertise-22/UK-Consumer-Spending-Report-April-22.pdf>

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