

23 December 2014

DFS FURNITURE HOLDINGS plc
Results for the 13 weeks ended 1 November 2014

CONTINUED STRONG MOMENTUM

FINANCIAL HIGHLIGHTS:

- **Continued momentum in sales and EBITDA in the new year**
- **Group gross sales up 15.3% to £197.0m** (2013: £170.8m) including acquisitions
- **Underlying DFS gross sales up 10.4%**
- **Group underlying EBITDA up 53.7% to £10.3m** (2013: £6.7m)
- **Strong cash generation continues:** cash balances £33.0m (2013: £20.0m) after payment of £20.0m dividend

OPERATIONAL HIGHLIGHTS:

- **Store opening programme on track:** two new UK stores opened in first quarter and three more added in second quarter
- **First Continental European store opened** in The Netherlands
- **Customer Distribution Centre concept now operating successfully in three regions,** releasing additional profitable selling space
- **Sofa Workshop and Dwell acquisitions consolidated,** strengthening portfolio of complementary, aspirational brands
- **Appointment of Gwyn Burr** as a non-executive director

DFS Chief Executive Officer Ian Filby said:

"I am very pleased to report another strong quarterly performance, building on the momentum established in the second half of our last financial year. Our results aggregated for the last four quarters, covering the period ended 1 November 2014, represent a record twelve months for DFS.

“Group gross sales in the quarter grew by 15.3% to £197.0 million (2013: £170.8 million), including an £8.4 million contribution from the Sofa Workshop and Dwell brands, which were consolidated into the Group from 1 August 2014. The underlying increase in gross sales for DFS alone was 10.4%. Group underlying EBITDA increased by 53.7% to £10.3 million (2013: £6.7 million) after adding back non-recurring exceptional expenses, and costs related to our international expansion, of £1.7 million (2013: nil). There was no net effect on underlying EBITDA from our acquisitions. The prior year results, originally reported under UK GAAP, have been restated to reflect our adoption of IFRS accounting principles.

“Our key financial measure of cash generation remained very strong, delivering Group cash balances at the end of the quarter of £33.0 million (2013: £20.0 million) after the payment of a £20.0 million dividend to our shareholders during the quarter. The consistency of our cash flow means that we are well placed to provide further cash returns to stakeholders in the future.

“We have continued to make very good progress in the implementation of our strategy, which is to broaden our appeal, enhance our service and make our products more accessible to our customers than ever before through a measured programme of store expansion, continued development of our multichannel proposition and constant enhancement of our product range.

“We reached the milestone of 100 stores in the UK and Ireland earlier in 2014. New stores opened at York and Ayr during the quarter and we have subsequently opened stores at Basingstoke, Oxford and Carrickmines (Dublin), the latter being our third store in the Republic of Ireland. We also took our first step into Continental Europe with the opening of a new store at Cruquius in The Netherlands in early November. All these new stores are trading encouragingly and we will continue to expand our UK retail portfolio at an average rate of three to five stores a year and plan to further develop our international presence.

“Our new website, launched in Autumn 2013 to ensure ease and efficiency for the growing number of customers who access our online channel through tablets and mobile phones, has continued to deliver strong results. This has made an important contribution to our excellent performance in the quarter and is a great asset for the future as we continue to strengthen our position as the market leader for online upholstered furniture sales.

“We are pleased that our market leading Interest Free Credit offer has recently been recognised as the ‘Best Buy’ in the home furnishings market by the independent financial researcher Defaqto, who commended us for the transparency and fairness of our proposition. We are committed to providing all our customers with a range of simple and flexible payment options that allow them to pay for their sofa in a way that best suits their needs.

“Our Customer Distribution Centre concept, already operating successfully in South East and North West England, has been extended into Scotland and now covers 11 stores. The initiative enhances our customers’ experience and generates additional profitable sales by creating more selling space in our existing stores through the pooling of their warehouse and distribution operations.

“The consolidation of the Sofa Workshop and Dwell brands into the Group from 1 August 2014, following the investment in these businesses last year, develops further our established partnerships with these complementary, aspirational brands and builds on the success we have achieved with our exclusive ranges of high quality sofas handcrafted in the UK under brands such as Country Living, House Beautiful and French Connection.

“I am delighted to announce the appointment of Gwyn Burr to our board as an additional non-executive director. Gwyn’s extensive retail experience includes former senior executive roles at Asda and as Customer Service & Colleague Director of J Sainsbury plc. She is currently a non-executive director of JUST EAT plc, Hammerson, Sainsbury’s Bank, Wembley Stadium, Metro AG and the Financial Ombudsman Service. We look forward to benefiting from her expertise in developing our business and enhancing our corporate governance.

“We are now entering one of the most important trading periods of our year with our best ever range and an award-winning Interest Free Credit proposition, sold through our expanded store portfolio and enhanced website by the most capable and enthusiastic team in UK furniture retailing. I am confident that we can build on the strong performance of the first quarter and that DFS continues to enjoy excellent prospects for long term profitable growth as one of the UK’s best-known brands, a major British manufacturer and the country’s leading retailer of upholstered furniture.”

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About DFS Furniture Holdings

DFS is the leading retailer of upholstered furniture in the United Kingdom. We design, manufacture, sell and deliver to our customers an extensive range of upholstered furniture products. The business operates a retail network of upholstered furniture stores in the United Kingdom and Europe, together with an online channel. These have been established and developed gradually over more than 45 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.