

**17 January 2025**

**Immediate release**

**DFS Furniture plc (“DFS” and the “Group”)**

**Trading Update**

**Improved performance driven by market share gains, lower operating costs and gross margin improvement**

DFS Furniture plc, the market leading retailer of living room and upholstered furniture in the United Kingdom, today announces a trading update for the twenty six week financial reporting period to 29 December 2024, together with an update on recent trading.

**Summary:**

- H1 Group PBT(A)<sup>1</sup> expected to be c£16-17m, up c+£7-8m year on year
- Group order intake up +10.1% YoY<sup>2</sup> notwithstanding a weak market backdrop, supported by successful implementation of growth initiatives and higher than expected market share gains for both brands, with Sofology’s improved order intake growth trajectory continuing +19.1% YoY<sup>2</sup>
- Gross delivered sales expected to be up +1.4% YoY, with order bank closing higher YoY, driven by continued Red Sea shipping delays and order intake strengthening through the period
- Profit increase driven by the higher sales, operating cost savings and gross margin improvement more than offsetting current inflationary increases
- Net bank debt at the end of the period down to £117m with leverage<sup>3</sup> improving to 1.7x compared to 2.5x at previous financial year end
- The important Winter Sale trading period has started in line with our expectations

**Outlook:**

- The Group continues to expect full year growth in profits and cash flow with FY25 PBT expected to be in-line with current consensus
- Profit delivery now expected to be weighted to the first half driven by:
  - A cautious view on market demand in H2 based on UK economic performance post budget
  - Gains from competitor disruption in H1 expected to partially reverse in H2
  - An increase in operational costs in H2 due to the rises in national insurance contributions, the national living wage and higher than anticipated interest rates alongside our investment to drive future growth

The Group will announce its interim results for the period ending 29 December 2024 on 13 March 2025.

**Comment from Tim Stacey, Group Chief Executive**

“While the market remains relatively subdued, we are continuing to deliver on our self help initiatives having strengthened our position as the clear market leader, improved our gross margin and reduced our operating costs, all of which have helped us to deliver year on year profit growth.

We remain focused on executing our plan, and are cautiously optimistic despite the increased inflationary pressures and less positive market outlook for 2025. Looking forward, we are confident that the Group is well positioned to drive attractive returns for shareholders as the market recovers and we remain focused on delivering our 8% PBT medium-term target.”

<sup>1</sup> *PBT(A): Underlying profit before tax and brand amortisation. Reported PBT (stated after deducting non underlying charges and brand amortisation) is expected to be in the range of £15-16m*

<sup>2</sup> *Order intake growth measured using the most comparable 25 weeks of each trading period (FY25 H1: 25 weeks ending 22 Dec, FY24 H1: 25 weeks ending 24 Dec) to avoid the distorting impact caused by a different number of winter sale trading days in each trading period. All other YoY growth figures are calculated using the full 26 weeks in the current and prior year periods*

<sup>3</sup> *Banking covenant IAS17 definition*

<sup>4</sup> *Company compiled market consensus PBT(A) of £22.7m*

## **Enquiries:**

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## **About DFS Furniture plc**

The Group is the clear market-leading retailer of living room furniture in the United Kingdom. Our Group purpose is to bring great design and comfort into every home, in an affordable, responsible and sustainable manner. We operate an integrated physical and digital retail network of living room furniture showrooms and web sites in the United Kingdom and Republic of Ireland, trading through our leading brands, DFS and Sofology. We attract customers through our targeted and national marketing activities and our reputation for high quality products and service, breadth of product offer and favourable consumer financing options. We fulfil orders for our exclusive product ranges through our own UK finished goods factories, and through manufacturing partners located in the UK, Europe and Far East, and delivered with care through our expert final-mile delivery service "The Sofa Delivery Company Limited".