

**22 July 2015**

**For immediate release**

**DFS Furniture plc  
Pre-Close Trading Update**

**STRONG MOMENTUM CONTINUES**

DFS Furniture plc (the "Group"), the clear market leading retailer of upholstered furniture in the United Kingdom, today provides an update on trading for its financial year ending 1 August 2015. Unless otherwise stated, financial information relates to the period to 18 July 2015.

**Strong trading momentum continues through second half year**

Gross sales for the Group for the financial year to date are up 7% on the prior year.

The Group has continued to deliver a good performance through the second half, with gross sales for the period to date up 4% compared to the comparator period. This slight reduction in growth rate in the second half reflects the more demanding comparatives and the extra trading week last year.

Sofa Workshop and Dwell have both continued their recovery in performance since acquisition by the Group and have made a positive contribution to sales growth, contributing c. 1% point to Group growth both in the second half and full year to date. However, due to their scale and stage of turnaround, their profit contribution to the Group is limited.

Given the strength of second half trading to date, the Board expects the Group will deliver a record performance for the full year with underlying results within the current range of market expectations.

Free cashflow remains robust with net debt expected to be less than 2x underlying EBITDA at the financial year end. The Board looks forward to announcing DFS's first dividend as a public company in October, in line with the policy stated at the time of the IPO.

**Strategy delivering results**

The results being delivered by the Group reflect the implementation of DFS's proven growth strategy, building on its established market leadership to further broaden product and brand appeal without compromising quality and value. The Group's growth initiatives include a measured programme of store expansion and retail space release in the UK and overseas, continued development of its omnichannel proposition and constant enhancement of the product range, to build on the Group's established success in extending its appeal to more customers.

As part of this strategy, DFS opened its first store outside of the UK and Ireland at Cruquius in The Netherlands in November 2014. DFS's arrival in the country has generated very positive customer feedback, particularly in terms of range breadth, interest free credit availability and customer service proposition, all of which are reflected in an encouraging trading performance. The Board has accordingly decided to expand the DFS presence in The Netherlands and the Group is aiming to open two further stores in the coming year. This investment in future growth is expected to lead to an increase in operating costs net of incremental revenue in The Netherlands of £2–3 million in the financial year 2015/16.

### **Senior management change**

Jon Massey (66) has informed the Group that he wishes to retire from full-time executive employment in his current position as Chief Operating Officer in Autumn 2015. The Board is delighted that Jon intends to remain in an advisory capacity to the Group and would like to record its sincere appreciation of his 27 years' distinguished service to DFS.

### **Outlook**

With positive trends in UK disposable income and consumer confidence currently continuing, and the Group well-positioned relative to its competitors, the Board is confident that the business is in a strong position to sustain its track record of gross sales growth and market share capture in 2015/16, albeit against the comparators of the current financial year.

Overall the business enjoys excellent prospects to deliver long-term profitable growth, strong cash generation and a progressive dividend policy as one of the UK's best-known brands, a major British manufacturer and the country's leading retailer of upholstered furniture.

The Group expects to release its preliminary results announcement on 8 October 2015.

### **Enquiries**

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### **Notes**

1. Financial year 2013/14 ("FY2014") was a 53 week year; the current financial year (financial year 2015/16, ("FY2015")) is a 52 week year. The financial information in this announcement relates to the first 50 weeks of FY2015 and the first 51 weeks of FY2014.
2. Gross sales represents amounts payable by customers for goods and services and includes VAT.

## **About DFS Furniture plc**

DFS is the clear market 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.