

THIS STATEMENT CONTAINS INSIDE INFORMATION

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

Trading Update

DFS, the UK’s leading retailer of upholstered furniture, provides the following update on current trading.

In our half year results announcement on 30 March 2017, we highlighted the expectation of a softer market environment in the second half of our financial year. The trading environment has however recently weakened beyond our expectation, with significant declines in store footfall leading to a material reduction in customer orders. We believe these demand effects are market-wide, in line with industry indicators, and are linked to customer uncertainty regarding the general election and the uncertain macroeconomic environment. As stated previously, the upholstery market does see short-term demand fluctuations from time-to-time, within an overall historical trend of long-term growth.

Driven by these short-term revenue effects, we therefore now anticipate EBITDA over the full year to be lower than market expectations for the current year, and in the range of £82m-£87m.

Notwithstanding this, we have maintained our investment in the business and we are confident that we will outperform the market over the longer term, driven by our scale, business model and proven growth levers. We believe our expectations for the next financial year are realistic based on consumer confidence remaining broadly in line with current levels, given its consequent impact on upholstery demand. We expect continued strong cash generation that has allowed the recent announcement of a £20m special dividend in addition to our ordinary dividend.

A further trading update will be given on 10 August 2017, following the completion of the Group’s financial year.

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