

## **THIS STATEMENT CONTAINS INSIDE INFORMATION**

### **DFS FURNITURE plc**

#### **PERIOD END TRADING UPDATE**

#### **FY23 profit within previously guided range Group achieves record market share**

DFS, (“DFS” and “the Group”), the market leading retailer of living room and upholstered furniture in the United Kingdom, announces the following update for the 52 week period to 25 June 2023 (“FY23”).

#### **FY23 Highlights:**

- Record market share of 38%, underpinned by the Group’s leading brands, scale and well invested integrated retail proposition
- Underlying profit before tax and brand amortisation for FY23 in line with previous guidance at slightly above £30m despite the market being significantly worse than expected
- Gross margin rate continuing to improve, supported by freight costs returning to pre-pandemic levels and effective cost control
- Consumer demand continues to be impacted by the macroeconomic environment; market volumes down by c.15%-20% across FY23
- Expect to continue to outperform a declining market in FY24 and grow market share delivering low single digit £m profit growth

#### **FY23 trading performance delivered strong market share gains in a weak market**

The Group has a track record of growing market share in all trading environments. This has continued through FY23, with market share increasing to 38%. Gross sales increased by 15% compared to the comparative\* pre pandemic period (FY19), down 4% year on year.

The well-publicised global macro-economic challenges impacted overall market volumes, which were down c.15-20% year-on-year. However, an improving gross margin rate and good cost control supported an estimated underlying profit before tax and brand amortisation of just over £30m.

#### **Outlook for FY24**

Trading at the start of the year has been consistent with the Board's expectations. We currently expect market volumes to decline by mid-single digits for the full year, however, the economic outlook remains uncertain. To that end the business has been prudent in its planning, is taking actions to maximise operating cashflow through continuous margin improvement, delivering cost savings and reducing capital expenditure. Despite the ongoing pressure on market volumes, we expect underlying profit in FY24 to be slightly above FY23 levels, supported by the Group’s leading brands, scale and well invested integrated retail proposition.

#### **Longer term view**

When the market recovers, given our increased market share, the operating leverage within the business and our negative working capital cycle, we are well positioned and remain confident in delivering our long-term targets of £1.4bn of revenue, an 8% profit before tax margin and 75% post tax free cash conversion driving strong returns for our shareholders.

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

“I would like to take this opportunity to thank every one of our colleagues and partners for their commitment, hard work and dedication as we trade through the increasingly challenging market conditions.

We are in the strongest position we have ever been as a Group in terms of market share, and when the market recovers, we will be well placed to deliver our strategy and grow our earnings and cash flows towards our longer term plan”

The Group will report its FY23 results on 21 September 2023.

*\*Pro forma unaudited 52 week period to 30 June 2019. Excludes International and Sofa Workshop given the closure of these operations.*

### **DFS (enquiries via Teneo)**

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