

9 October 2014

DFS FURNITURE HOLDINGS plc
Full year results for the 53 weeks ended 2 August 2014

SUSTAINED STRONG PERFORMANCE IN SECOND HALF

FINANCIAL HIGHLIGHTS:

- **Continued momentum in sales and EBITDA throughout second half**
- **Second half gross sales up 6.6%: annual gross sales £827.0m** (2013: £804.3m)
- **Second half adjusted EBITDA up 8.1%: full year adjusted EBITDA £81.4m** (2013: £84.6m)
- **Strong cash generation continues:** year-end cash balances £53.8m (2013: £38.0m) after payment of £20.0m dividend

OPERATIONAL HIGHLIGHTS:

- **New brand partnerships performing well**, strengthening appeal to more aspirational customers; gross sales orders of exclusive branded upholstery of over £60m in the year
- **Store opening programme on track:** three new stores opened in the year reaching the significant milestone of 100 stores in the UK and Ireland; first store in Continental Europe to open late 2014
- **New website delivering good results**, consolidating market leader position in online upholstered furniture sales
- **Customer Distribution Centre concept now operating successfully in two regions**, creating additional profitable sales and cost efficiencies in nine stores
- **Appointment of Luke Mayhew** as a non-executive director

DFS Chief Executive Officer Ian Filby said:

"I am pleased to report continued momentum in our second half results. As we anticipated in our third quarter report, the significantly improved trading that began with the launch of our Winter Sale in December continued through to the end of the financial year. Gross sales in the second half grew by 6.6%, delivering a 2.8% increase in gross sales to £827.0 million (2013: £804.3 million) for the year as a whole. Adjusted EBITDA in the second half also showed a satisfactory increase of 8.1%, making up the majority of the shortfall reported in the first half. Full year adjusted EBITDA was £81.4 million (2013: £84.6 million) after adding back non-recurring exceptional legal and professional expenses of £2.4 million.

"Our key financial measure of cash generation remained very strong, delivering cash balances at the year-end of £53.8 million (2013: £38.0 million) after the payment of a £20.0 million dividend to our shareholders during the first quarter. The consistent strength of our cash flow means that we are well placed to provide further cash returns to stakeholders.

“During the year we have made good progress in the implementation of our strategy, which seeks to build on DFS’s well-established strengths as one of the UK’s best-known brands, a major British manufacturer and the country’s leading retailer of upholstered furniture.

“Our strategy remains focused on broadening our appeal, enhancing our service and making our products more accessible to our customers than ever before. This has been achieved by opening 25 additional DFS stores over the last four years, combined with continued expansion of our multichannel offer and enhancements to our product range. Following three new store openings at Aintree, Ipswich and Torquay during the first half, we reached the significant milestone of 100 DFS stores in the UK and Ireland. We plan to continue our retail expansion at the rate of three to five new stores per year, and have three new UK stores at York, Ayr and Basingstoke scheduled to open in the early part of the current financial year. We also plan to launch our first trial of the DFS concept in Continental Europe with the opening of a new store at Cruquius in The Netherlands later in 2014.

“During Autumn 2013 we launched our new website designed to ensure ease and efficiency for the growing number of customers who access our online channel through tablets and mobile phones. This has delivered strong results, contributing to our improved performance in the second half and further strengthening our position as the market leader for online upholstered furniture sales.

“We have continued to extend our product range and develop our offer for more aspirational customers through our brand partnerships with Sofa Workshop and Dwell. Both these businesses are now wholly owned by DFS Furniture Holdings and their results will be consolidated from the beginning of our 2014/15 financial year. The partnerships with these complementary brands build on the success we have already achieved with our exclusive ranges of high quality sofas handcrafted in the UK under brands such as Country Living, House Beautiful and French Connection, which achieved more than £60 million of gross sales orders in the year.

“Following a successful trial in South East England we extended our Customer Distribution Centre concept into the North West during the second half. Pooling our stores’ warehouse and distribution operations in this way has created additional selling space in existing stores, allowing us to sell an extended range of products and reducing the cost of our warehouse space. This concept has now proven its ability to create additional sales profitably and has improved our customers’ experience. We will consider further extending the concept across our national estate over the next few years.

“I am delighted to announce the appointment of Luke Mayhew to our board as a non-executive director. Luke was formerly Managing Director of John Lewis and Chairman of Pets at Home and the British Retail Consortium. He has been a non-executive director at IHG, Brambles and WH Smith. He is a trustee of BBC Children in Need. He will bring a wealth of experience which will be important in both guiding our growth strategy and enhancing our corporate governance.

“The improved trading momentum of the second half has continued in the current year to date, and we remain confident that DFS has excellent prospects to deliver long term profitable growth and total shareholder return as the UK market leader in upholstered furniture.”

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About DFS Furniture Holdings plc

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 across the United Kingdom and Republic of Ireland, together with an online channel. These have been established and developed gradually over more than 40 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.