

Dunelm Group

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Dunelm Group shares slump as profits fall on tight margins; CFO departs

Dunelm Group PLC (LON:DNLM) shares dropped 9% in morning trading today after the homewares retailer saw a squeeze on margins pull back its full-year profits although sales rose. The firm also revealed that its chief financial officer is to quit.

The FTSE 250-listed group saw its full-year pre-tax profit fall to £60m, down from £65.2m a year earlier, although its like-for-like sales rose by 6% to £469m and total online sales jumped 18.5% to £545m.

READ: Dunelm sees total second quarter like-for-like sales grow by 3.4%, boosted by strong online sales

Commenting on the numbers, Neil Wilson, senior market analyst at ETX Capital said it is becoming increasingly clear that Dunelm's margins "are taking a battering as it seeks to maintain sales growth and market share."

He added: "It's proving to be a very tough market out there - we've seen several retailers in the sector fail in recent months and margins are coming under pressure across the board. Consumer spending is softer of course, but the decline in property market activity is key - the less people move home the less they spend on new furnishings."

Wilson concluded: "In the first half, as was pretty well flagged in the last two updates, revenues grew well but margins are taking a beating thanks to the inclusion of sales from the lower margin Worldstores as well some heavy discounting."

CFO departure surprises

In a separate statement, Dunelm announced the departure of its chief financial officer Keith Down, saying he will step down in June to take up a role closer to his family home.

The company said the search for Down's successor is underway, and his predecessor David Stead has agreed to become interim CFO during any transitional period, in the event that the new appointee is unable to start before Down leaves.

In early morning trading, Dunelm's shares were down 9% at 588p.

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Price: 864p

Market Cap: £1744.76M

1 Year Share Price Graph



Share Information

Code: DNLM

Listing: LSE

52 week **High** **Low**
920.00p 460.60p

Sector: General Retailers

Website: www.dunelm-mill.com

Company Synopsis:

Dunelm Group plc is a specialist out-of-town homewares retailer providing a range of products to a customer base, under the brand name Dunelm Mill.

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