Dunelm shares rise as retailer sees good third quarter sales performance

Dunelm Group PLC (LON:DNLM) shares rose on Thursday as the homewares retailer reported a rise in third-quarter revenue driven by strong online growth, despite a ‘challenging consumer backdrop’.

The FTSE-250 listed firm said its total revenue rose by 5.1% to £268.2mln, while total like-for-like revenue grew by 4.6% for the 13 weeks to 31 March 2018, “continuing the growth trend seen in the first half”.

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The group said organic online growth through its Dunelm.com site increased by 35.7% to £29.4mln in the third-quarter.

Dunelm added that its gross margin was approximately 15 basis points (bps) lower than the comparable period a year earlier, while core margins were down 95bps due to a one-off phasing benefit last year although that was largely offset by improved year-on-year product margins at Worldstores.

The firm said it expects gross margin in the final quarter to improve significantly year-on-year and expects its second half margins overall to be broadly in line with first half margins.

Nick Wilkinson, Dunelm’s chief executive commented: “We’ve seen a good sales performance over the quarter, despite a challenging consumer backdrop.”

He added: “As a result, our expectations for the full year remain unchanged.”

In early morning trading, Dunelm’s shares were up 10.3% to 578p.
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