

# DFS FURNITURE

09:30 11 Jul 2019

## DFS Furniture on track to meet full-year estimates but shares drop on cautious outlook

DFS Furniture Plc (LON:DFS) said it was on track to meet its profit expectations for the year but said it remains "mindful" of the challenges facing retailers.

In a trading update for the year ended June 30, the furniture retailer reported a 7% increase in underlying gross sales.

The company said like-for-like gross sales grew across all its brands with online sales up 17%.

READ: DFS dips as it predicts "particularly challenging" market for 2019 Sofology, the furniture business that DFS bought at the end of 2017, achieved strong like-for-like gross sales growth with profitability in line with expectations, the group said.

DFS continues to expect full-year underlying profit before tax to be "slightly above" £50mIn, compared to £38.3mIn in 2018.

### Cautious outlook

However, the company warned: "Despite a solid trading performance, we remain mindful of the risk that the volatile political and economic backdrop may further impact on already low consumer confidence levels."

DFS also pointed out that the first half of the 2018/2019 financial year was boosted by extra demand from purchases deferred from earlier periods.

The firm added: "Whilst weak trading environments make it harder to achieve significant levels of revenue growth, our omnichannel consumer offer, showroom sales densities, scale of operations and portfolio of well-recognised brands provide some resilience.

"We also believe that we can continue to drive profit benefits and synergies from our previous capital investments and acquisitions."

DFS also announced that interim chief financial officer Mike Schmidt will take up the role on a permanent basis with immediate effect.

Shares fell 1.47% to 234p in morning trading.

### Peel Hunt maintains 'buy' rating

Peel Hunt maintained its rating at 'buy' and target price at 275p, saying it thinks the trading update is "pleasing in every respect, with core DFS especially impressive in our view, boosted by continued online progress".

"Yes, the weather and backdrop have been very helpful in the last few months (wet and cool and World Cup football-less) but an acceleration in group bricks and mortar like-for-like on the first half (when it was a pretty good 3.6%) is the

### 1 Year Share Price Graph



### Share Information

<b>Code:</b>	DFS
<b>Listing:</b>	LSE
<b>Sector:</b>	Retail
<b>Website:</b>	<a href="http://www.dfs.co.uk">www.dfs.co.uk</a>

### Company Synopsis:

*We know a thing or two about sofas. That's because we've been making high quality, comfy and stylish sofas for over 45 years, many right here in the UK. Those decades of experience and expertise mean that today we're proud to bring you the biggest range of sofas in the country, along with unbeatable quality, and service that's second to none.*

[action@proactiveinvestors.com](mailto:action@proactiveinvestors.com)

stuff of decent market share gain," the broker said.

"Sofology has continued in double digit like-for-like as the advertising campaign boosts awareness, and if it wasn't for the unpredictable and worrying macro situation, we would be even more upbeat.

"For now we stick with forecasts and the price target but today's statement is testament to the fact that is this an absolute core holding."

Proactive Investors facilitate the largest global investor network across 4 continents in 4 languages. With a team of analysts, journalists & professional investors Proactive produce independent coverage on 1000's of companies across every sector for private investors, private client brokers, fund managers and international investor communities.

Contact us +44 (0)207 989 0813 [action@proactiveinvestors.com](mailto:action@proactiveinvestors.com)

### No investment advice

The Company is a publisher. You understand and agree that no content published on the Site constitutes a recommendation that any particular security, portfolio of securities, transaction, or investment strategy is suitable or advisable for any specific person. You understand that the Content on the Site is provided for information purposes only, and none of the information contained on the Site constitutes an offer, solicitation or recommendation to buy or sell a security. You understand that the Company receives either monetary or securities compensation for our services. We stand to benefit from any volume which any Content on the Site may generate.

You further understand that none of the information providers or their affiliates will advise you personally concerning the nature, potential, advisability, value, suitability or profitability of any particular security, portfolio of securities, transaction, investment, investment strategy, or other matter.

You understand that the Site may contain opinions from time to time with regard to securities mentioned in other products, including Company-related products, and that those opinions may be different from those obtained by using another product related to the Company. You understand and agree that contributors may write about securities in which they or their firms have a position, and that they may trade such securities for their own account. In cases where the position is held at the time of publication and such position is known to the Company, appropriate disclosure is made. However, you understand and agree that at the time of any transaction that you make, one or more contributors may have a position in the securities written about. You understand that price and other data is supplied by sources believed to be reliable, that the calculations herein are made using such data, and that neither such data nor such calculations are guaranteed by these sources, the Company, the information providers or any other person or entity, and may not be complete or accurate.

From time to time, reference may be made in our marketing materials to prior articles and opinions we have published. These references may be selective, may reference only a portion of an article or recommendation, and are likely not to be current. As markets change continuously, previously published information and data may not be current and should not be relied upon.

The Site does not, and is not intended to, provide investment, tax, accounting, legal or insurance advice, and is not and should not be construed as providing any of the foregoing. You should consult an attorney or other relevant professional regarding your specific legal, tax, investment or other needs as tailored to your specific situation.