DFS XLON DFS Furniture PLC

AGM Trading Statement · RNS 0076D · 13 November 2026

DFS says sofa demand softened further and widens its range of FY27 profit outcomes

Share price	134p
Market cap	£316m
52-week range	113p - 202.3p
Shares in issue	236.0m
12-month change	-15.5%

Ticker Data API, as at 12 Nov 2026, 16:29

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SUMMARY

DFS Furniture's AGM trading statement today said upholstery demand weakened further in the seven weeks after its 24 September results, which had reported order intake down 2.5% over the first 12 weeks of FY27. No updated order figure or profit range was given. The company said full-year profit expectations now carry a wider range of potential outcomes, and it did not restate September's expectation of moderate profit growth. Lloyds banking data shows DFS and Sofology still outperforming 14 specialist upholstery rivals, and the fifth mezzanine (Leeds Birstall) is trading in line. FY26 was a strong year, with statutory pre-tax profit rising to £43.7m and net bank debt falling to £69.0m. Profit still amounts to only a thin slice of £1,057.5m of revenue, so peak-season trading, reported on 21 January 2027, matters a great deal.

KEY FIGURES

FIGURE	VALUE	PERIOD	CHANGE
Group order intake, first 12 weeks of FY27	-2.5%	12 weeks to late September 2026	year on year, in line with company expectations
Order intake, second half of FY26	-4.4%	H2 FY26	down from +2.3% in H1 FY26
Revenue	£1,057.5m	FY26 (52 weeks to 28 June 2026)	+2.6% on FY25
Statutory pre-tax profit	£43.7m	FY26	up from £32.9m in FY25
Gross margin	58.1%	FY26	up from 56.5%
Net bank debt	£69.0m	28 June 2026	down from £107m; bank leverage 0.9x from 1.4x
Statutory EPS	15.1p	FY26	up from 10.5p
Lease liabilities	£653m	30 June 2024	
Market capitalisation	£316m	at 134.00p, 13 Nov 2026	
Man Wah Holdings stake	10.18%	disclosed 23 Sep 2026	up from 9.117987%

Sources: AGM Trading Statement RNS, 13 Nov 2026; Trading update, 16 Jul 2026; Preliminary Results RNS, 24 Sep 2026; Debt and maturities, FY24 annual report; Price & Valuation data; Holding(s) in Company RNS, 23 Sep 2026

THE ANNOUNCEMENT

- Upholstery market demand softened further over the seven weeks following the 12 weeks to late September, when Group order intake was -2.5% year on year. DFS gave no order figure for the full 19 weeks to 8 November 2026.
- Full-year profit expectations "naturally carry a wider range of potential outcomes", citing fluctuating footfall, fragile consumer confidence and the early stage of the financial year. The September expectation of moderate FY27 profit growth was neither withdrawn nor repeated.
- DFS is investing in targeted commercial initiatives to drive conversion through Black Friday and the Winter Sale, while keeping tight control of costs. Chief Executive Tim Stacey framed the aim as driving cash margins.
- The fifth mezzanine, at the DFS Leeds Birstall showroom, opened in October and is trading in line with expectations. The company presents mezzanines as a low-risk route into non-upholstery Home products.
- The next update is the half-year trading statement on 21 January 2027.

AGAINST GUIDANCE

On 24 September 2026 DFS said disciplined cost management positioned it to deliver moderate profit growth in FY27, and reaffirmed medium-term targets of £1.4bn revenue and an 8% pre-tax profit margin. No profit range was given on 13 November and the moderate-growth expectation was not repeated, replaced by wording about a wider range of outcomes. This is not a formal downgrade, but management's short-term guidance has a good record (FY26 underlying pre-tax profit of £44.9m landed inside the upgraded £43-50m range), so the change of wording carries weight. Ticker's earnings surprise model, an estimate, had put the chances of an in-line, ahead or below outcome at close to even before the statement.

BULL CASE

- FY26 showed management can turn weak orders into higher profit: with H2 order intake down 4.4%, statutory pre-tax profit still rose to £43.7m, gross margin widened to 58.1% and net bank debt fell £38.0m to £69.0m, allowing a 3.0p dividend.
- Lloyds data across 14 specialist upholstery retailers shows DFS and Sofology gaining ground in a falling market, which leaves the group well placed if demand recovers.
- At 134p on 13 November the shares stood under nine times FY26 statutory EPS of 15.1p and about a third below the 52-week high of 202.25p, so a good deal of disappointment is already in the price.
- Man Wah Holdings has lifted its stake through repeated disclosures to 10.18%, and the mezzanine programme offers a low-capital route into non-upholstery Home products.

BEAR CASE

- Margins are thin. Statutory pre-tax profit of £43.7m on £1,057.5m of revenue leaves little room, and a modest revenue shortfall or margin given away in Black Friday and Winter Sale promotions could erase FY27 profit growth. FY24 is the precedent: revenue fell to £987m and the group made a £1.7m pre-tax loss, followed by restructuring and a temporary covenant widening in September 2024.
- Net bank debt understates fixed obligations. Lease liabilities were £653m at FY24, and showroom rents do not fall with footfall. FY25 current liabilities of £331m against current assets of £88.7m suggest reliance on customer deposits and supplier credit, which can unwind as orders shrink.
- The shares are not cheap on assets: FY25 equity of £252m sits below the £316m market value. The £1.4bn and 8% medium-term targets compare with FY26 delivery of £1,057.5m, and five mezzanines are too few to close that gap soon.
- Household finances offer little relief, with CPIH inflation at 3.60% in September and Bank Rate at 4.00% on 10 November. FIL cut its holding to 4.7169% in October, so not every large shareholder has been adding.

WHAT TO WATCH

- The half-year trading statement on 21 January 2027: whether it gives order intake for the period including Black Friday and the Winter Sale, how that compares with the -2.5% first-quarter figure, and whether moderate FY27 profit growth is restated or formally cut.
- Gross margin against FY26's 58.1%, which will show how much the commercial initiatives cost in discounting.
- Cash and working capital at the half year: net bank debt against £69.0m, bank leverage against 0.9x, and any disclosure of covenant headroom or lease-adjusted fixed-charge cover.
- Further holding notifications from Man Wah Holdings, now at 10.18%, and any statement of its intentions.

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