DNLM XLON Dunelm Group plc

First Quarter Trading Statement · RNS 0181Z · 15 October 2026

Dunelm holds FY27 profit view as Q1 sales rise 1.1% after hot-weather start

Share price	800p
Market cap	£1.61bn
52-week range	707p - 1,173p
Shares in issue	201.6m
12-month change	-28.0%

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SUMMARY

Dunelm's first-quarter trading statement today showed sales up 1.1% to £433m in the 13 weeks to 26 September 2026, with store-enabled like-for-like sales down 0.8%. Trading fell about 3% in the first six weeks of exceptionally warm weather, then grew about 4% in the final seven. Gross margin rose 10bps, helped by currency. Expectations for FY27 adjusted profit before tax are unchanged and broadly in line with FY26, but first-half profit is now expected to be lower than last year, so the second half has to make up the gap. At 800p in today's trading, the shares sit a little over ten times FY26 earnings of 76.8p. Last year's flat £211m pre-tax profit shows how much of the gross-profit gain rising costs absorbed, and the 14 January 2027 update covering peak trading is the next real test.

KEY FIGURES

FIGURE	VALUE	PERIOD	CHANGE
Q1 total sales	£433m	13 weeks to 26 September 2026	+1.1% year on year
Store-enabled like-for-like sales growth	-0.8%	Q1 FY27	vs +2.2% in Q1 FY26
Digital share of total sales	41%	Q1 FY27	+1ppt
Q2 FY26 total sales growth (next quarter's comparative)	+1.6%	Q2 FY26	Like-for-like (0.1%)
FY26 statutory profit before tax	£211m	52 weeks to 27 June 2026	Prior £211m
H1 FY26 statutory profit before tax	£114m	H1 FY26	Prior £123m
FY26 free cash flow	£155m	FY26	Prior £127m
Net debt	£94.6m	FY26	Prior £102m
FY26 total ordinary dividend	45.5p	FY26	Prior 44.5p, plus 25.0p special paid in April
FY26 statutory EPS	76.8p	FY26	Prior 76.8p

Sources: Q1 Trading Update RNS, 15 Oct 2026; Q1 Trading Update RNS quarterly analysis, 15 Oct 2026; Preliminary Results, 8 Sep 2026; Interim Results, 10 Feb 2026

THE ANNOUNCEMENT

- Q1 FY27 total sales rose 1.1% to £433m against a strong prior-year comparative of +6.2%. Store-enabled like-for-like sales, which cover comparable stores including tablet and Click & Collect orders, fell 0.8%.
- Sales were down about 3% in the first six weeks during exceptionally warm weather, then grew about 4% in the final seven weeks. Made to Measure grew at double digits and Cook and Dine performed well late in the quarter.
- Gross margin rose 10bps year on year, benefiting from a currency tailwind. Digital sales were 41% of the total, up 1 percentage point.
- FY27 adjusted PBT expectations are unchanged and broadly in line with FY26. Benefits of the plan are weighted to the second half, so first-half adjusted PBT is expected to be lower than last year.
- Five store renewals are complete, two new store openings are expected in the first half, Doncaster is getting a larger refit after a strong result at St. Albans, and RFID stock tagging is live in a small number of stores. The second-quarter update is due on 14 January 2027.

AGAINST GUIDANCE

The full-year profit view is reiterated, not changed: FY27 adjusted PBT (52-week statutory PBT excluding adjusting items) is expected to be broadly in line with FY26, whose statutory PBT was £211m. The new element is the explicit warning that first-half adjusted PBT will be below last year. FY26 followed a similar shape, with H1 PBT falling to £114m from £123m before the full year finished flat, and management delivered that year in line with guidance after steering in April to the lower end of consensus. The adjusted FY27 measure needs reconciling with FY26's statutory figure before the two are treated as directly comparable.

BULL CASE

- The quarter improved as it went on, from about -3% in the first six weeks to about +4% in the last seven, and the second quarter faces a much easier comparative (+1.6% total, -0.1% like-for-like in Q2 FY26) than Q1 did (+6.2%).
- The business is cash-generative with modest debt: FY26 free cash flow was £155m against net debt of £94.6m, and there is no defined-benefit pension. At 800p in today's trading the shares are a little over ten times FY26 EPS of 76.8p.
- Management delivered FY26 profit in line with guidance through a weak-first-half, stronger-second-half pattern, which lends weight to the unchanged FY27 view. Directors bought shares in September, including 10,000 by Chair Alison Brittain at £7.3229 and 7,781 by the chief executive at £7.9267.
- Early evidence from the Winning Hearts & Homes plan is positive in places: double-digit Made to Measure growth, encouraging uplifts from five store renewals and strong sales growth at the refitted St. Albans store.

BEAR CASE

- The full-year number depends on a second-half recovery, since first-half profit is already expected to fall. That recovery has to come against a backdrop of a 4.97% two-year gilt yield, CPIH inflation of 3.30% and Brent crude at $105.5 a barrel, up 25.3% over three months.
- Margin support is thin. A 10bps gross-margin gain on £433m of sales is worth about £0.4m of gross profit, and it relied partly on a currency tailwind that could reverse for an importer of homewares.
- Costs have been absorbing growth: in FY26 gross profit rose to £959m from £928m, but net operating costs rose to £734m from £706m and pre-tax profit stayed at £211m. The plan adds c.£125m of extra capex over three years and £30m-£40m of non-recurring spending before the c.£100m of cost savings targeted by FY29 arrive.
- Rising cash demands could squeeze shareholder returns: the 45.5p ordinary dividend and the 25.0p special dividend together take much of a £155m free cash flow year, leaving less room once the extra investment comes through.

WHAT TO WATCH

- The Q2 trading update on 14 January 2027: whether sales growth near the late-Q1 rate of 4% held through peak trading, with positive like-for-like sales and gross margin held without relying on currency.
- Any change in wording on FY27 adjusted PBT in January, and the size of the first-half profit fall against last year's £114m once interim results are published.
- Evidence at the interims that cost savings are outpacing reinvestment and one-off costs, so that operating cost growth runs below gross-profit growth.
- The AGM on 10 November 2026, and progress on the two first-half store openings and further renewals.

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