

Profits slump for custom sofa seller DFS despite market share gains

Sofa retailer DFS saw half year pre-tax profits fall 16% amid a slowdown in consumer spending brought on by cost-of-living pressures.

The Doncaster-based retailer has downgraded expectations for full year profits to between £30-£35m, at the lower end of its forecasts. Investors were told the furniture seller made underlying pre-tax profits of £7.1m in the six months to Christmas, down from £23.3m in the same period the year before.

DFS said it had still managed to increase market share by about two percentage points in a depressed upholstery market where cost inflations increased throughout 2022 compared to pre-pandemic levels. The firm also said it had a plan in place to return to historical gross margin levels.

Read more: [Stelrad CEO urges Government to take more action to help decarbonise homes](#)

Tim Stacey, group chief executive officer, said: “I’m pleased to report that the group has extended its long track record of achieving market share gains in a challenging market to what are now record levels. We expect our profit for the year to be between £30m-£35m in line with external expectations.

“The share gains have gone some way to alleviating the impact of the weaker market we have observed in 2022 overall. Those gains built throughout the period with the group delivering strong order intake growth in the second quarter. The order intake momentum has continued through the important winter sale period.

“Profit margins have reduced over the last year due to a combination of significant cost increases and our commercial strategy to ensure that we continued to offer great value for customers in an environment where consumer discretionary spend was under pressure.

“We have however improved our gross margins in the first half of this year from H2 of FY22 and further still in the second half to date through product innovation and selected retail price increases. Cost headwinds are reducing and in some cases reversing and we expect our upward gross margin trajectory to continue as we execute our margin build back plan.”

READ NEXT:

- [Steep drop in profits for Harworth Group as it sees downturn in the market](#)
- [Cinema and leisure joy for Grimsby as £20m funding signed off as part of Budget](#)
- [Marketing agency gearing up for expansion at home and abroad](#)
- [Read more Yorkshire & Humber business news here](#)