Dunelm doubles sales amid home improvements boom

Britain‘s home improvement boom is outlasting the end of lockdown, helping Dunelm achieve a tidy set of results.

The homewares retailer said sales in the 13 weeks to June 26 were up over 100% year-on-year to £380.1 million – a 43.9% rise compared to the same period pre-pandemic in 2019. Full year sales were up just over 26% to £1.3 billion.

Executives now expect full-year pre-tax profits to come in slightly ahead of consensus at £158 million.

The firm said in-store sales on reopening in April were buoyed by “pent up demand”, while online sales – up 111% in the six months to end December – rose less sharply by 38% year-on-year in the quarter. Its click and collect offering now represents around a quarter of digital sales, the company said.

Sales growth came across a “broad range” of categories, including dining furniture and decoration lines, and bosses highlighted a commitment to two new distribution centres, both set to open next year.

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Dunelm CEO, Nick Wilkinson, said the firm's investment in digital helped deliver strong growth, and that bosses plan to invest further in growth ambitions.

Bosses said they expect continued appetite for property owners to improve and refresh their homes, and will continue focus on improving firm productivity to mitigate pressures from labour shortages and cost price inflation.

They said: "We will increase investment levels in FY22 to enable our growth ambitions, investing in our digital and data capabilities, store experience and commercial capabilities, as well as in our supply chain."

Interactive investor analyst, Keith Bowman, pointed out that Dunelm's share price has more than doubled from the pandemic market lows seen last March. "This has already priced in much of the good news," he said.

But Bowman added that "a forecast dividend yield in the region of 2.2% is not to be dismissed in the current ultra-low interest rate environment".

Shares fell by 3% on Wednesday morning.