

PR 88/08
7.00am, Thursday, 23 October 2008

DSG INTERNATIONAL PLC
FIRST HALF TRADING STATEMENT

DSG international plc, one of Europe's leading specialist electrical retailers, is today updating the market on trading for the 24 weeks ended 18 October 2008.

- Total Group sales up 3% in sterling and like for like sales down 7%.
- Gross margins across the Group were down 0.7% year on year, primarily as a result of increased hardware mix, such as vision, and managing stock to the appropriate level in a depressed market.
- Consumer confidence has significantly deteriorated across Europe, particularly in more discretionary areas, in recent weeks.
- As a result the Group is further focusing on cash, cutting costs, improving margins and reducing stock.
- The Group is also cutting capital expenditure by approximately £30 million this year with reductions focused on lower returning areas of lesser priority.

The Group's Renewal and Transformation plans are progressing well with early results exceeding expectations, offering confidence for the future. This programme improves the shopping trip for customers, widens ranges and gives better service. It also simplifies the business to make it easier for colleagues to deliver for customers.

Sales	24 Weeks ended 18 October 2008	
	Total growth	Like for like growth
UK & Ireland		
UK & Ireland Electricals	(5)%	(7)%
UK Computing	(10)%	(11)%
Nordics	+1%	(6)%
Other International		
Southern Europe	(3)%	(10)%
Central Europe	(6)%	n/a
e-commerce	+9%	+9%
Total Group	+3%	(7)%

Further progress around the renewal and transformation plan:-

- Initial performance of new format stores ahead of expectations
 - ◆ 7 Currys and 4 Currys.digital new format stores opening before Peak.
 - ◆ 40 new format PC World stores to open by mid November.
- Large format store programme on track
 - ◆ Currys Megastore, the UK's largest specialist electrical store at 55,000 ft² successfully opened at J9 near Birmingham.
 - ◆ Three new large format stores are now operational across the Nordics and all are trading strongly.
- Continued progress in enhancing service offering in the UK
 - ◆ 10,000 colleagues now through the first stage of the new in-store service programme.
 - ◆ Now offering next day delivery, with 3 hour time slots, 7.00am to 10.00pm, for large electricals.
- The Italian turnaround plan continues to show good progress in a tough market. Total sales were impacted by the store closure programme which is ahead of plan. New trial stores are performing ahead of expectations with better stock availability, ranges improved and positive customer feedback.

John Browett, Chief Executive, commented:

"The trading environment continues to be tough. We are very focused on managing through this by reducing costs and improving our cash position. Alongside this we are progressing our Renewal and Transformation programme as it is delivering for customers and generating returns ahead of initial targets."

— Ends —

For further information

David Lloyd-Seed,	Group Director of Communications, DSGi	01727 205065
Mark Webb,	Head of Media Relations, DSGi	01727 205019

Information on DSG international plc is available at <http://www.dsgiplc.com>

NOTES:

- 1) The change in total sales for the Group is in sterling and excludes discontinued operations. All other figures are in local currency.
- 2) Like for like sales are calculated based on stores that have been open for a full financial year both at the commencement and end of the financial period. Customer support agreement sales are excluded from all UK like for like calculations to remove the distorting effect of the introduction of pay as you go customer support agreements. Operations that are subject to closure have sales excluded as of the announcement date.
- 3) UK & Ireland Electricals comprises Currys, Currys.digital and Dixons Tax Free as well as the operations in Ireland.
- 4) UK Computing comprises PC World, DSGi Business and The TechGuys. Like for like sales are for PC World only.
- 5) Nordic comprises the Elkjøp group which now includes PC City in Sweden.
- 6) Southern Europe comprises Greece (Kotsovolos and Electro World), Italy (UniEuro and PC City Italy), Spain (PC City Spain), Turkey (Electro World) and PC City France which was discontinued in 2007.
- 7) Central Europe comprises Electro World in Poland, Czech Republic and Hungary. These are excluded from like for like comparisons as the number of stores trading are insufficient for a meaningful like for like comparison to be made.
- 8) e-commerce division comprises Dixons.co.uk and PIXmania.
- 9) Gross margins for the Group now include the e-commerce division.
- 10) Movements in the financial position, including levels of borrowings, of the Group since the last Annual Report are reflective of the trading performance outlined above. Other than this, there have been no significant changes in financial position.
- 11) Certain statements made in this announcement are forward looking statements. Such statements are based on current expectations and are subject to a number of risks and uncertainties that could cause actual results to differ materially from any expected future events or results referred to in these forward looking statements. Unless otherwise required by applicable law, regulation or accounting standard, we do not undertake any obligation to update or revise any forward looking statements, whether as a result of new information, future developments or otherwise.