

Creating value for our stakeholders

Our resources and relationships

People

We employ around 26,000 colleagues in the UK, the Republic of Ireland, Denmark and in our sourcing offices in Hong Kong and Bangladesh. They support our own-operated stores in the UK and Europe and our digital operations, and serve around 19 million customers

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Expertise and insight

We recruit and train experts in design, buying and merchandising, supported by excellent creative, marketing, logistics, financial and administrative functions. Our customer insight unit provides us with valuable feedback on our customers' spending habits and their view of our offer

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Channels

We have 182 stores across major retail locations in the UK, the Republic of Ireland and Denmark. We also have franchised stores across a number of international markets, particularly in the Middle East. We have a flagship digital store in the UK and a localised online service in a number of overseas markets. Our UK website is one of the top online UK retail destinations with over 300 million visits each year

→ Read more on pages 6 and 7

Suppliers and partners

We have a well-established network of more than 1,000 suppliers, as well as concession, logistics and franchise partners, who provide us with high quality product, logistical support and local market expertise in locations where we trade with a partner

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Finance

We have a strong balance sheet, with flexible financing provision through a £320 million financing facility and a £200 million bond, which are available until 2020 and 2021 respectively. These resources are more than adequate to provide working capital and support our capital spending programme including investment in our strategic priorities.

→ Read more on pages 38 and 39

How we create value today

Innovation and culture

We are developing a culture that puts our customers first, enabling product creation and development in an inspiring environment, supported by data-informed decision-making

Developing and managing brands

Approximately half our sales come from our own or exclusive brands. We use the insight from 19 million customers to inform brand development, and to edit and curate the choice of products and brands we sell

Serving our customers

We have worked hard to make shopping easier and more fun for our customers: reducing colleague tasks; equipping them with technology and data; and giving them more time in front of customers

Creating inspiring places to shop

We are reducing clutter in our stores, reducing stock options and improving visual merchandising. We have continued to upgrade our digital presentation for mobile display, to improve conversion

Leveraging partnerships

We continue to strengthen our relationships with third parties to broaden our reach. This includes accessing new customers both in the UK and overseas through partners for our own brands, and working with service providers to exploit growth categories, such as food and beauty services in our stores

The value we create

We create value for our stakeholders and our business by carefully managing the use of, and the return on, our resources and relationships

Gross transaction value

£2.9bn

EBITDA*

£157.3m

Underlying EPS*

2.2p

Digital sales growth

12.3%

Return on capital**

9.4%

Direct employment

c26,000

* Before exceptional charges.

** Lease-adjusted.

Our value creation is underpinned by

Risk management

A systematic approach to managing risk to ensure strategic goals are met

→ Read more on pages 30 and 31

Governance

A governance framework designed to safeguard long-term shareholder value

→ Read more on pages 46 to 51

What we do

We aim to make shopping confidence-boosting, sociable and fun for our customers, through our 240 department store destinations and online in more than 90 countries. We give our customers around the world a unique, differentiated and exclusive mix of own brands, international brands and concessions.

The value we share

By running a profitable, sustainable, responsible business, we create value which is used to strengthen our financial position, invested to enable growth and shared with all of our stakeholders

Customers

We invest in our stores and integrated digital offer (2018 capex of £143.5 million in order to provide our customers with an inspiring environment and a convenient customer journey

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Shareholders

We have paid a dividend (2018: £35.6 million) although the board has decided not to pay a final dividend to retain cash in the business and reduce debt at this time

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Colleagues

We invest in training and support for our colleagues in order to enable them to create and manage brands and to serve our customers well

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Suppliers

We source globally from more than 1,000 suppliers adopting ethical trading principles. We have increased our business through direct sourcing operations in Hong Kong and Bangladesh

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Communities

We raised £1.3 million through Group activities in 2018 to support charitable giving and community involvement

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Environment

We seek to operate our stores, logistics and sourcing operations in a way that minimises the use of energy and resources

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Sustainability

Introducing "doing our bit", Debenhams' new approach to CSR

→ [Read more on pages 20 to 27](#)

How we aim to maximise value through our strategy



📍 Destination

By making Debenhams more of a Destination, especially for Beauty and beauty services; Fashion and accessories; and Food and events, we will grow "Social Shopping" and increase frequency of visits

📱 Digital

By using mobile to integrate our channels and become the primary means of interacting with our customers, we will increase loyalty and personalisation and broaden our reach

★ Different

By being different in how we create and manage our brands and product, we will increase innovation and differentiation, building the desirability and value of our brands

🔍 Underpinned by Simplify & Focus

By simplifying our operations and processes and focusing on doing fewer things better, we will increase the efficiency of our business

→ [Read more on pages 10 to 17](#)

Culture

Taking a customer first approach, fostering innovative thinking underpinned by data

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