Debenhams plc, the leading department stores group, today announces its interim management statement for the 19 weeks to 8 January 2011.

Group gross transaction value for the 19 weeks increased by 4.2%. Group like-for-like sales increased by 0.3% including VAT and decreased by 1.3% excluding VAT. Investment in the multi-channel model continues to deliver strong growth with Debenhams Direct and the instore ordering service recording a sales increase of 88.5% during the period. Magasin du Nord continued to trade well with like-for-like sales up 11.5% on a Danish kroner basis (up 5.5% on a sterling basis).

Debenhams has continued to gain market share. In the most recently available data which covers the 24 weeks to 31 October 2010, total market share increased by 10 basis points with men’s clothing and children’s clothing increasing by 30 basis points and 20 basis points respectively. Encouragingly, women’s clothing market share increased by 10 basis points during this period, the first gain since the 2009 space moves (source: Kantar Worldpanel Fashion 24 weeks market share data to 31 October 2010 vs. 2009*).

Group gross margin is ahead of last year for the 19 week period. This is largely the result of the ongoing strategy to improve the participation of own bought merchandise and our continuing focus on margin management. Stocks remain firmly under control and it is anticipated that terminal stocks will be at an all-time low level at the end of the first half.

The Group has continued to invest in the business in terms of new stores, store refits and increasing multi-channel access points. A new department store opened in Bath in September. Two further stores are scheduled to open over the remainder of the financial year: a department store in Wakefield and a Desire store in Fareham. Store refits were completed in Leeds City Centre, Merryhill, Milton Keynes, Portsmouth and Romford during the period. A further 4-6 refits will commence in the second half of the financial year. One new franchise store has opened in Yerevan, Armenia and our medium-term target remains 100 stores.

New multi-channel developments launched in the period include a Debenhams app for the iPhone and an online video format called Debenhams TV as well as self-service kiosks which will improve availability and ranging for instore customers.
In October 2010, Debenhams announced that Jonathan Saunders, Preen, Jonathan Kelsey and Roksanda Ilincic will be joining Designers at Debenhams in a new format called Edition which will launch in February 2011. Edition will bring the fashion industry’s emerging talent to Debenhams’ customers.

On 30 November 2010, the Group repaid £150 million of debt cancelling its existing £806 million bank facility and drawing the £650 million forward start facility negotiated in July 2010. The new facility includes a £400 million revolving credit facility that enhances the Group’s ability to manage working capital efficiently and minimise interest costs of borrowings held alongside surplus cash. The Group will further benefit from the lower fees payable under the smaller facility.

Rob Templeman, Chief Executive of Debenhams, said:

“The performance of our business year-to-date has been pleasing, especially given the widespread disruption in December caused by bad weather which undoubtedly impacted Group like-for-like sales by 2.5-3.0% over the 19 week period. We have made good progress in terms of both gross margin and market share and I am particularly pleased that our market share in women’s clothing has begun to demonstrate growth.

“Looking forward, we are cautious about the robustness of consumer sentiment for the remainder of the financial year. Despite this, we have a clear strategy of self-help initiatives which focus on gross margin management, driving market share and growth through expansion and investment which we believe will enable Debenhams to continue to make progress over the coming months.”

*Clothing includes underwear, nightwear & hosiery

- Ends -

A conference call for shareholders and analysts will be held today at 9:00am UK time. To join this call, please dial +44 (0) 20 3140 0820 (UK/Europe) or +1 718 705 7514 (US). A recording of the call will be available for seven days on +44 (0) 20 3140 0698 (UK/Europe) or +1 877 846 3918 (US), replay code 375424#.

Statements made in this announcement that look forward in time or that express management’s beliefs, expectations or estimates regarding future occurrences and prospects are “forward-looking statements” within the meaning of the United States federal securities laws. These forward-looking statements reflect Debenhams’ current expectations concerning future events and actual results may differ materially from current expectations or historical results.
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Notes to Editors

Debenhams is an iconic British department store group which was established over 200 years ago. Debenhams has a strong presence in key product categories including womenswear, menswear, childrenswear, home and health and beauty and offers its customers a unique and differentiated mix of exclusive own bought brands including Designers at Debenhams, international brands and concessions.

Debenhams has a total of 167 stores in the UK, the Republic of Ireland and Denmark. Debenhams also has 61 international franchise stores in 24 countries and an online store, www.debenhams.com, through which much of the Debenhams range is available.