Financial headlines

Group gross transaction value
Group LFL sales excluding VAT
Gross margin
Profit before tax
Net debt/EBITDA
Earnings per share
Dividend per share

+2.5%
+2.0%
Flat
-2.7%
1.4x
+4.1%
3.4p
Resilient track record

Gross transaction value (£m)

Profit before tax (£m)

Earnings per share (p)

Net debt (£m)

Notes: PBT stated before exceptional items
GTV and PBT stated on a 52 week basis
## Summary trading results

<table>
<thead>
<tr>
<th></th>
<th>FY 13 (£m)</th>
<th>Variance vs. FY 12</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>UK</td>
<td>Int’l</td>
</tr>
<tr>
<td>Gross transaction value</td>
<td>2,254.8</td>
<td>522.0</td>
</tr>
<tr>
<td>EBITDA</td>
<td>224.0</td>
<td>38.8</td>
</tr>
<tr>
<td>Including: IAS19 pension credit</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating profit</td>
<td>139.8</td>
<td>28.2</td>
</tr>
<tr>
<td>Interest</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit before tax</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit after tax</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Earnings per share (pence)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividend per share (pence)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Contribution to sales growth

<table>
<thead>
<tr>
<th></th>
<th>GTV +2.5%</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK stores</td>
<td>-2.7%</td>
</tr>
<tr>
<td>UK online</td>
<td>+4.1%</td>
</tr>
<tr>
<td>UK space</td>
<td>+0.4%</td>
</tr>
<tr>
<td>International</td>
<td>+0.7%</td>
</tr>
</tbody>
</table>
Gross margin and own bought mix

Gross margin

FY 13 vs. FY 12 (bps)
Flat
Online growing well ahead of the market

- Online GTV: £366.3m
- Online GTV growth: +46.2%
- Underlying online EBITDA growth: +69.5%

- Medium-term online sales target: £600 million
- Online market share +70bps to 3.6% (source: Kantar, 24 weeks to 1 September 2013)

Note: All numbers stated on 52 week basis
## Close management of costs

<table>
<thead>
<tr>
<th></th>
<th>FY 13</th>
<th>FY 12</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>UK</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Store costs</td>
<td>£585.9m</td>
<td>£576.7m</td>
<td>+1.6%</td>
</tr>
<tr>
<td>Online costs</td>
<td>£83.5m</td>
<td>£62.3m</td>
<td>-270bps</td>
</tr>
<tr>
<td>% to online sales</td>
<td>23.9%</td>
<td>26.6%</td>
<td></td>
</tr>
<tr>
<td>Other costs</td>
<td></td>
<td></td>
<td>+1.5%</td>
</tr>
<tr>
<td><strong>International</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Store costs</td>
<td>£131.1m</td>
<td>£125.1m</td>
<td>+4.8%</td>
</tr>
<tr>
<td>Other costs</td>
<td></td>
<td></td>
<td>+2.9%</td>
</tr>
</tbody>
</table>
## Interest and taxation

<table>
<thead>
<tr>
<th>Interest</th>
<th>£m</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Underlying</td>
<td>15.4</td>
<td></td>
</tr>
<tr>
<td>IAS 23 adjustments</td>
<td>(1.4)</td>
<td></td>
</tr>
<tr>
<td>P&amp;L interest</td>
<td>14.0</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Taxation</th>
<th>£m</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK rate</td>
<td>36.3</td>
<td>23.6%</td>
</tr>
<tr>
<td>Overseas tax rate</td>
<td>0.5</td>
<td>0.3%</td>
</tr>
<tr>
<td>Prior period adjustments</td>
<td>(9.1)</td>
<td>(5.9)%</td>
</tr>
<tr>
<td>Recognition of tax losses</td>
<td>(4.7)</td>
<td>(3.1)%</td>
</tr>
<tr>
<td>Effect on deferred tax for change in corporation tax rate</td>
<td>1.6</td>
<td>1.0%</td>
</tr>
<tr>
<td>Other</td>
<td>1.5</td>
<td>1.0%</td>
</tr>
<tr>
<td></td>
<td>26.1</td>
<td>16.9%</td>
</tr>
</tbody>
</table>
Order of priorities for cash

1. Invest in business to support the four pillars of the strategy
2. Grow dividend in line with earnings at 3x cover
3. Move towards 1x net debt/EBITDA over medium-term
4. Return surplus cash to shareholders through long-term share buyback programme
### Highly cash generative

<table>
<thead>
<tr>
<th></th>
<th>FY 13</th>
<th>FY 12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating profit</td>
<td>168.0</td>
<td>175.0</td>
</tr>
<tr>
<td>Depreciation &amp; amortisation*</td>
<td>94.8</td>
<td>91.8</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>262.8</td>
<td>266.8</td>
</tr>
<tr>
<td>Working capital</td>
<td>(21.7)</td>
<td>(7.1)</td>
</tr>
<tr>
<td>Capital expenditure</td>
<td>(133.3)</td>
<td>(118.6)</td>
</tr>
<tr>
<td>Cash flow before financing &amp; taxation</td>
<td>107.8</td>
<td>141.1</td>
</tr>
</tbody>
</table>

*Depreciation includes profit/loss on disposal of fixed assets
Tight stock management

Stock value

Headline increase
- New stores: +0.5%
- Online expansion: +5.6%
- International: +2.3%
- Department store mix: -0.7%

Terminal stock at year end: 3.1%

Unit density*

<table>
<thead>
<tr>
<th>Year</th>
<th>Stores</th>
<th>Online</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 10</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY 11</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY 12</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY 13</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Excludes Magasin
Capital investment to support the four pillars of the strategy

FY13

- New UK stores: 23%
- UK store modernisations: 9%
- UK maintenance: 5%
- International: 7%
- Other: 6%
- Group systems: 4%
- Group warehouse: 4%
- Head office move: 1%

£133.3m

FY14 guidance

- New UK stores: 15%
- UK store modernisations: 10%
- UK maintenance: 5%
- International: 30%
- Other: 15%
- Group systems: 20%
- Group warehouse: 10%
- Head office move: 5%

c.£135m
<table>
<thead>
<tr>
<th>Uses of cash and reduction in net debt</th>
<th>£m</th>
<th>FY 13</th>
<th>FY 12</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flow before financing &amp; taxation</strong></td>
<td></td>
<td>107.8</td>
<td>141.1</td>
</tr>
<tr>
<td><strong>Uses of cash</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Taxation</td>
<td>(</td>
<td>(29.3)</td>
<td>(44.6)</td>
</tr>
<tr>
<td>• Financing</td>
<td>(</td>
<td>(12.5)</td>
<td>(13.6)</td>
</tr>
<tr>
<td>• Dividends paid</td>
<td>(</td>
<td>(41.4)</td>
<td>(38.5)</td>
</tr>
<tr>
<td>• Share buyback</td>
<td>(</td>
<td>(25.1)</td>
<td>(20.1)</td>
</tr>
<tr>
<td><strong>Cash flow</strong></td>
<td></td>
<td>(0.5)</td>
<td>24.3</td>
</tr>
<tr>
<td><strong>Other lease/non-cash movements</strong></td>
<td></td>
<td>(2.8)</td>
<td>(9.3)</td>
</tr>
<tr>
<td><strong>Change in net debt</strong></td>
<td></td>
<td>(3.3)</td>
<td>15.0</td>
</tr>
<tr>
<td><strong>Opening net debt</strong></td>
<td></td>
<td>368.7</td>
<td>383.7</td>
</tr>
<tr>
<td><strong>Closing net debt</strong></td>
<td></td>
<td>372.0</td>
<td>368.7</td>
</tr>
<tr>
<td><strong>Leverage net debt/EBITDA</strong></td>
<td></td>
<td>1.4x</td>
<td>1.4x</td>
</tr>
</tbody>
</table>
## Guidance for 2014

The table below provides guidance for 2014, highlighting changes in sales, margins, and costs compared to 2013. Key points include:

### Drivers of sales & margins
- **Online sales**
- **Store modernisations**
- **International**

### UK costs
- **Store costs**: £585.9m, 2% to 4%
- **Online costs**: £83.5m, -150bps to -250bps
- **% online sales**: 23.9%, -150bps to -250bps
- **Other costs**: Underlying cost growth 2% to 4%

### International costs
- **Store costs**: £131.1m, 2% to 4%
- **Online costs**: £4.9m, +400bps to +600bps
- **% online sales**: 29.3%
- **Other costs**: +2% to +5%

### Other costs
- **Interest**: Net interest slightly higher than 2013 (before IAS 23) c.20%
- **Taxation**: c.20%
- **Share buyback**: £15m to date, further guidance to be provided on next part of programme after peak trading
2013 headlines

- Pleased with performance in difficult trading conditions
- Strategic progress across 4 pillars
- Market share gains demonstrate competitiveness of our offer
- Prudent investment for long-term sustainable growth
A leading international, multi-channel brand

The four pillars of the strategy

1. Focusing on UK retail
2. Delivering a compelling customer proposition
3. Increasing availability and choice through multi-channel
4. Expanding the brand internationally
Focusing on UK retail

The changing role of stores

Managing the store portfolio

The opportunity for new stores
The changing role of stores

Physical point of sale

Collection and return point

Unlocking multi-channel sales
Managing the store portfolio

- 91% are in largest 250 UK shopping locations

- Benefits of lease portfolio and anchor tenant status
  - Developers’ contributions to capex
  - Significantly lower rent per sq ft than multiple retailers

- Optimising space across the portfolio
  - Increased space allocated to Click & Collect
  - Relocating stockroom space from high density, undersized stores and offshore stockrooms into low density, oversized stores
  - Allocating more space to food offer
  - Low rents make us attractive to concessions and third party brands
Improving the quality of the portfolio

- **Store modernisations**
  - *Good financial returns*
    - Year 1 sales uplift: c.6%
    - IRR: c.15%
  - **12 completed in 2013**
  - **Remaining modernisations will be completed in next 2 years**

- **Improving store standards**
  - *Model store programme well-established*

---

**Chart:**

2010
- 30 stores (New in last 5 yrs)
- 63 stores (Awaiting modernisation)
- 56 stores (Modernised & Invested core)

Today
- 14 stores (New in last 5 yrs)
- 19 stores (Awaiting modernisation)
- 44 stores (Modernised)
- 79 stores (Invested core)
Oxford Street update

- Transformation into international flagship store on plan
- New 7th floor of trading space
- Launch in December 2013
- Phased reveal of architectural façade completed by February 2014
- Capex £25m, £115/sq ft
- Expected return on investment: c.8%
- Sales disruption in line with expectations
The opportunity for new stores: Chesterfield

- Opened September 2012
- 45,000 sq ft
- Capex
  - Gross capex £4.7 million
  - Developers’ contribution £2.0 million
- Year 1 incremental sales: £9m
- Return on investment: 43%
- Expected payback: 2 years 9 months
New store pipeline

- Current UK store portfolio: 156
- Strong financial returns from robust analysis of opportunities
  - Ave. return on investment c.40% from 37 stores opened in past 7 years
- New store pipeline of 16 stores over next 4 years
- Favourable deals negotiated
  - Ave. lease 19 years
  - Ave. rent c.£10/sq ft
  - Developers contribution 50-100% of capex
- New stores are sized and configured to meet the changing role of stores in a multi-channel world
Delivering a compelling customer proposition

Brand and product strategy

Improving own brand sales density in womenswear

Communicating the proposition
Brand and product strategy: our competitive strength

- Unique portfolio of brands
  - Exclusivity and differentiation, especially Designers at Debenhams
  - Own brands provide:
    - Higher margins
    - Greater control and visibility of supply chain
    - Protection from online price comparisons
  - Complementary international and concession brands

- Broad mix of categories
  - Width of choice
  - Resilience from balance of clothing and non-clothing
  - Choice amplified online

FY13 sales by brand type

FY13 sales by product category
Ongoing market share gains

Key drivers of share growth

- **Womenswear**
  - Casualwear, dresses, swimwear, handbags

- **Menswear**
  - Formalwear, casualwear, shoes

- **Childrenswear**
  - Jeans & trousers, dresses, shoes

- **Beauty**
  - Store modernisations, Beauty Club

- **Home**
  - Online growth, furniture

---

*Total fashion comprises total clothing, footwear and accessories*

Sources: Total fashion/womenswear/menswear/childrenswear – Kantar Worldpanel Fashion 24 weeks to 1 September 2013, Beauty – NPD 52 weeks to August 2013, Homeware GfK EPOS panel 52 weeks to September 2013
Improving own brand sales density in womenswear

- Results for SS13
  - Principles and Red Herring performed 15% better in sales density than womenswear concessions
  - Return on investment c.25%

- Product development investment successful
  - Buying & merchandising headcount doubled on Principles and Red Herring to allow more focus on product type and end use
  - Next steps: assessing opportunities in other brands

- Staffing trials less conclusive
  - Trials in 16 stores to replicate concession staffing model
  - Next steps: continue until Jan 2014 then review again
Communicating the proposition

- A better understanding of customers
  - Single customer view now operational
  - Relevant content
  - Cross-category prompts
  - Multi-channel incentives

- “Life made fabulous”
  - Campaign refreshed for AW13
  - Brand awareness continues at all time high
  - Building on success of 2012 Christmas brand campaign
Increasing availability and choice through multi-channel

More choice, made easy to choose and easy to get

More ways to browse, discover and buy

Shopping experiences that recognise, reward & put customers in control
More choice, made easy to choose and easy to get

- **Amplified choice**
  - Unique brands and Designers at Debenhams collections
  - Categories with propensity to sell online
  - Additional categories not sold in store

- **Easy searching and browsing**

- **Better availability through better analytics**
  - Focus on inventory efficiency
  - Endless Aisle
  - Developments to single view of stock
More ways to browse, discover and buy

- **Mobile**
  - Tablet visits +200%, mobile visits +70%
  - Well-established, award winning apps
    - More than 6m downloads
  - Further opportunities to optimise the mobile relationship instore

- **Instore ordering**
  - Rolling out new look, more visible order points
  - New application with improved navigation and usability
Shopping experiences that recognise, reward and put customers in control

- **Click & Collect**
  - *Stronger presence being rolled out instore*
  - *Further service enhancements under development*
  - *Cost effective fulfilment*

- **Home delivery**
  - *Next day service now available*
  - *Higher recovery of fulfilment costs*
  - *Reducing fulfilment cost per unit*
Expanding the brand internationally

International franchise stores

Owned international assets

International online
International franchise stores

- 62 stores in 24 countries at year end
- 2014 openings
  - 3 already opened
  - 7 more scheduled
- Further 17 stores contracted to open over next 3 years
- Over 50 further stores in discussion
- On target for 150 stores
- Shipping direct has now commenced to Middle East
Owned international assets

- Magasin du Nord
  - Strong trading in 2013
  - Improvements to Kongens Nytorv, Rodovre, Lyngby stores
  - Increasing own brand penetration
  - Growing key categories
  - Exploring opportunities to expand brand in Scandinavia

- Market conditions in Republic of Ireland remain challenging
International online

- Sales target £100m
- Delivering to 66 countries outside UK
- Good response to Magasin website; now leveraging UK experience to develop multi-channel
- Multi-channel driving Republic of Ireland growth
- Assessing lessons from German website
- Exploring multi-channel model with larger franchise partners
Outlook and summary

- Household incomes remain under pressure
- We remain cautious about the strength and pace of any consumer recovery
- Expect the marketplace to remain highly competitive
- Confident we are in best possible shape to meet these challenges