

# DEBENHAMS

www.debenhams.com

18 September 2006

## Debenhams plc

### Pre-Close Trading Update

Debenhams plc, the leading department stores group, today releases a pre-close trading update for the 52 weeks ended 2<sup>nd</sup> September 2006.

Following Debenhams' successful Initial Public Offering on the London Stock Exchange in May 2006, the company has continued to deliver its strategy of store expansion and organic growth through product and store development.

Sales for the 52 weeks ended 2<sup>nd</sup> September increased by 6.6% compared to the 52 weeks ended 3<sup>rd</sup> September 2005. Like-for-like sales have risen by 0.5% compared to the equivalent period last year.

As expected, gross margins continue to improve; this together with encouraging sales growth and continued cost focus means that Debenhams expects to report that profit before taxation and exceptional items is in line with the Board's expectations at the time of the IPO.

At IPO, Debenhams had a contracted new store opening pipeline of 21 stores. Since then two new department stores have opened in Doncaster and Workington. A further six contracts have been signed, to create a current total pipeline of 25 new department stores.

In August, Debenhams agreed to acquire nine stores in the Republic of Ireland from Roches Stores. This transaction has now been approved by the Irish Competition Authority and the stores will be converted to the Debenhams fascia and trading format during the course of the current financial year.

The number of Desire by Debenhams smaller format stores, has also increased from three stores trading at the time of the IPO to five now. Contracts have been signed to open a further three Desire stores.

As at 18<sup>th</sup> September 2006, Debenhams store portfolio, including the stores acquired from Roches, consists of 131 department stores and five Desire stores trading from 10.1 million square feet of prime space across the UK and Republic of Ireland. In addition, Debenhams continues to expand its global presence with 30 international stores trading, an increase of 11 from last year.

### **Rob Templeman, Chief Executive, said:**

"We are pleased with our performance and remain well placed as we enter the new financial year. Although, as widely reported, the retail market was challenging in the early part of the summer, there are signs that trading conditions are improving. We continue to successfully manage our stocks and remain confident that the rigorous

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delivery of our strategy, together with our store expansion programme, will continue to drive the growth potential of Debenhams.”

Debenhams will be reporting its preliminary results for the 52 weeks ended 2 September at 7am on October 24, 2006, including a presentation for analysts at 9.30am at the City Presentation Centre, 4 Chiswell Street, London, EC1Y 4UP.

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High resolution images are available for media to view and download free of charge from [www.prshots.com/Debenhams](http://www.prshots.com/Debenhams) and [www.vismedia.co.uk](http://www.vismedia.co.uk)

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. Any such forward-looking statements are subject to various risks and uncertainties, including: Debenhams' ability to accurately predict customer preferences and demands; the effectiveness of Debenhams' brand awareness and marketing programmes; the occurrence of weak sales during peak selling seasons or extreme or unseasonal weather conditions; competitive factors in the highly competitive retail industry; Debenhams' ability to successfully implement its new store rollout and department store refurbishment/modernization strategy; Debenhams' ability to maintain its relationships with certain designers and its significant concession partner; and currency fluctuations and currency risk.

\* \* \*

Additional risk factors that you may want to consider are: Debenhams' ability to retain key management and personnel; disruptions or other adverse events affecting Debenhams' relationship with its major suppliers or its store card provider; factors outside Debenhams' control, such as changes in the financial or equity markets, adverse economic conditions or a downturn in the retail industry, or damage or interruptions due to operational disruption, natural disaster, war or terrorist activity; and work stoppages; slowdowns or strikes.

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## **Notes to Editors:**

Debenhams is a leading department stores group with a strong presence in key product categories, such as womenswear, menswear, homeware and health and beauty.

Debenhams has a total of 131 department stores in the UK and Republic Ireland, and a further five Desire by Debenhams stores, which are a new small store concept featuring a mix of women's fashion, accessories, lingerie and cosmetics. Debenhams has a further 30 international franchise stores in 14 different countries.

Debenhams is the second largest department store chain in the UK.

Designers at Debenhams include Nigel Cabourn, Jasper Conran, Theo Fennell, Pearce Fionda, Frost French, Betty Jackson, Ben de Lisi, Julien Macdonald, John Richmond, John Rocha and Matthew Williamson.

Debenhams plc was listed on the London Stock Exchange in May 2006.