Good progress in 2012

- Strong performance in challenging markets
- Increases in GTV, like-for-like sales, PBT and EPS
- Gaining market share in key product categories
- Modernised 18 stores and opened 2 new stores in UK
- Growing online at over twice rate of market
- Momentum in international businesses
- Continuing to invest in the Debenhams team
- Ongoing cash generation and clear uses of cash
Basis of preparation

– Prior year comparison
  • *P&L items 52 weeks to 1 September 2012 vs. 52 weeks to 27 August 2011 unless otherwise stated*
  • *Cash flow items 52 weeks to 1 September 2012 vs. 53 weeks to 3 September 2011 unless otherwise stated*
  • *Balance sheet 1 September 2012 vs. 3 September 2011*

– Segmental analysis
  • *UK: UK stores, online sales to UK customers*
  • *International: owned stores in Denmark (Magasin du Nord) and Republic of Ireland, international franchise stores, online sales to customers outside UK*
Strong performance

Group gross transaction value  +2.6%
Group LFL sales excluding VAT  +1.6%
Group LFL sales including VAT  +2.3%
Gross margin  -30bps
Profit before tax  +4.2%
Net debt reduction  £15.0m
Earnings per share  +14.0%
Dividend per share  +10.0%

Note: 52 weeks to 1 September 2012 vs. 52 weeks to 27 August 2011  
except net debt 1 September 2012 vs. 3 September 2011
A consistent track record

Gross transaction value

Profit before tax

Earnings per share

Net debt

Note: 2011 GTV, PBT and EPS for 52 weeks to 27 August 2011, 2011 net debt as at 3 September 2011
Clearer alignment of segmental analysis

<table>
<thead>
<tr>
<th></th>
<th>FY 12</th>
<th></th>
<th>FY 11¹</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>UK</td>
<td>Int’l</td>
<td>Group</td>
</tr>
<tr>
<td>No. of stores</td>
<td>154</td>
<td>85</td>
<td>239</td>
</tr>
<tr>
<td>GTV (£m)</td>
<td>2,204.6</td>
<td>503.4</td>
<td>2,708.0</td>
</tr>
<tr>
<td>EBITDA (£m)</td>
<td>224.8</td>
<td>42.0</td>
<td>266.8</td>
</tr>
<tr>
<td>Operating profit (£m)</td>
<td>144.3</td>
<td>30.7</td>
<td>175.0</td>
</tr>
</tbody>
</table>

¹52 weeks to 27 August 2011
### Trading results

<table>
<thead>
<tr>
<th></th>
<th>FY 12 (£m)</th>
<th>Variance vs. FY 11*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>UK</td>
<td>Int’l</td>
</tr>
<tr>
<td>Gross transaction value</td>
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</tr>
<tr>
<td>Operating profit</td>
<td>144.3</td>
<td>30.7</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>

*52 weeks to 1 September 2012 vs. 52 weeks to 27 August 2011*
Gross margin and own bought mix

Product mix
Concession mix

**FY 12 vs. FY 11 (bps)**
- (10)
- (20)
- (30)

Note: 52 weeks to 27 August 2011
Online performing strongly

<table>
<thead>
<tr>
<th>Year</th>
<th>GTV (£m)</th>
<th>% Group GTV</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>55.1</td>
<td>2.4</td>
</tr>
<tr>
<td>2010</td>
<td>104.1</td>
<td>4.1</td>
</tr>
<tr>
<td>2011</td>
<td>179.2</td>
<td>6.8</td>
</tr>
<tr>
<td>2012</td>
<td>250.6</td>
<td>9.3</td>
</tr>
</tbody>
</table>

1. 52 weeks to 1 September 2012 vs. 52 weeks to 27 August 2011
2. 52 weeks to 27 August 2011

Online GTV
Online GTV growth\(^1\)
Online EBITDA growth\(^1\)

£250.6m
+39.8%
+30.9%
International franchise stores growing

GTV
GTV growth\(^1\)
EBITDA growth\(^1\)

£88.7m
+17.2%
+13.6%

<table>
<thead>
<tr>
<th>Year</th>
<th>GTV (£m)</th>
<th>No. of stores</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>63.3</td>
<td>52</td>
</tr>
<tr>
<td>2010</td>
<td>66.1</td>
<td>60</td>
</tr>
<tr>
<td>2011(^2)</td>
<td>75.7</td>
<td>64</td>
</tr>
<tr>
<td>2012</td>
<td>88.7</td>
<td>68</td>
</tr>
</tbody>
</table>

\(^1\) 52 weeks to 1 September 2012 vs. 52 weeks to 27 August 2011
\(^2\) 52 weeks to 27 August 2011
## Growing space

<table>
<thead>
<tr>
<th></th>
<th>Owned space (k sq ft)</th>
<th>UK owned</th>
<th>Int’l owned</th>
<th>Int’l franchise</th>
<th>Group</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>End of FY11</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>12,443</td>
<td>152</td>
<td>17</td>
<td>64</td>
<td>233</td>
</tr>
<tr>
<td>• Newbury opening</td>
<td>53</td>
<td>1</td>
<td></td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>• Dumfries opening</td>
<td>25</td>
<td>1</td>
<td></td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>• Franchise openings</td>
<td></td>
<td></td>
<td></td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>• Franchise closures</td>
<td></td>
<td></td>
<td></td>
<td>-3</td>
<td>-3</td>
</tr>
<tr>
<td><strong>End of FY12</strong></td>
<td>12,521</td>
<td>154</td>
<td>17</td>
<td>68</td>
<td>239</td>
</tr>
<tr>
<td>• Chesterfield opening</td>
<td>45</td>
<td>1</td>
<td></td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>• Lichfield opening</td>
<td>27</td>
<td>1</td>
<td></td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>• Franchise openings</td>
<td></td>
<td></td>
<td></td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td><strong>End of FY13</strong></td>
<td>12,593</td>
<td>156</td>
<td>17</td>
<td>75</td>
<td>248</td>
</tr>
</tbody>
</table>
Close management of costs

<table>
<thead>
<tr>
<th></th>
<th>FY 12</th>
<th>FY 11*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Store payroll</td>
<td>£285.2m</td>
<td>£292.9m</td>
</tr>
<tr>
<td>% to sales</td>
<td>10.5%</td>
<td>10.9%</td>
</tr>
<tr>
<td>Store rent</td>
<td>£184.0m</td>
<td>£187.7m</td>
</tr>
<tr>
<td>% to sales</td>
<td>6.8%</td>
<td>7.0%</td>
</tr>
<tr>
<td>Warehousing &amp; distribution</td>
<td>£81.0m</td>
<td>£70.2m</td>
</tr>
<tr>
<td>% to sales</td>
<td>3.0%</td>
<td>2.6%</td>
</tr>
</tbody>
</table>

- Other costs: ratio to GTV increased by 20bps

*53 weeks to 3 September 2011
### Balance sheet strength

<table>
<thead>
<tr>
<th></th>
<th>£m</th>
<th>FY 12</th>
<th>FY 11</th>
<th>Variance*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-current assets</td>
<td></td>
<td>1,632</td>
<td>1,595</td>
<td>37</td>
</tr>
<tr>
<td>Stock</td>
<td></td>
<td>332</td>
<td>321</td>
<td>11</td>
</tr>
<tr>
<td>Other working capital</td>
<td></td>
<td>(450)</td>
<td>(417)</td>
<td>(33)</td>
</tr>
<tr>
<td>Net debt</td>
<td></td>
<td>(369)</td>
<td>(384)</td>
<td>15</td>
</tr>
<tr>
<td>Liabilities and charges</td>
<td></td>
<td>(484)</td>
<td>(455)</td>
<td>(29)</td>
</tr>
<tr>
<td><strong>Shareholders’ funds</strong></td>
<td></td>
<td><strong>661</strong></td>
<td><strong>660</strong></td>
<td><strong>1</strong></td>
</tr>
</tbody>
</table>

*1 September 2012 vs. 3 September 2011
Tight stock management

Headline increase
- New stores
  + 0.4%
- Online expansion
  + 1.9%
- Space optimisation
  + 1.1%

Year end terminal stock
  2.6%

Stock value

Unit density
Units/sq ft

2009 2010 2011 2012

Stores Online

1 September 2012 vs. 3 September 2011
2 Excludes Magasin
Priorities for cash

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

<table>
<thead>
<tr>
<th></th>
<th>FY 12</th>
<th>FY 11¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating profit</td>
<td>175.0</td>
<td>182.1</td>
</tr>
<tr>
<td>Depreciation²</td>
<td>82.6</td>
<td>81.6</td>
</tr>
<tr>
<td>Amortisation</td>
<td>9.2</td>
<td>8.5</td>
</tr>
<tr>
<td>EBITDA</td>
<td>266.8</td>
<td>272.2</td>
</tr>
<tr>
<td>Working capital</td>
<td>(7.1)</td>
<td>(22.6)</td>
</tr>
<tr>
<td>Proceeds from sale of fixed assets</td>
<td>-</td>
<td>5.0</td>
</tr>
<tr>
<td>Capital expenditure</td>
<td>(118.6)</td>
<td>(114.0)</td>
</tr>
<tr>
<td>Cash flow before financing &amp; taxation</td>
<td>141.1</td>
<td>140.6</td>
</tr>
</tbody>
</table>

¹53 weeks to 3 September 2011, excluding impact of Lloyds sale and leaseback
²Includes profit/loss on disposal of fixed assets and investments
Increased but disciplined capital investment

**FY 12**
- £119m
- New UK stores: 21%
- UK store modernisations: 9%
- UK maintenance: 23%
- International: 27%
- Group systems: 9%
- Group warehouse: 5%
- Head office move: 6%
- Other: 4%

**FY 13 guidance**
- £135m
- New UK stores: 20%
- UK store modernisations: 9%
- UK maintenance: 15%
- International: 10%
- Group systems: 8%
- Group warehouse: 5%
- Head office move: 4%
- Other: 10%
## Uses of cash and reduction in net debt

<table>
<thead>
<tr>
<th></th>
<th>FY 12</th>
<th>FY 11*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>£m</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Cash flow before financing &amp; taxation</strong></td>
<td>141.1</td>
<td>140.6</td>
</tr>
<tr>
<td><strong>Uses of cash</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Taxation</td>
<td>(44.6)</td>
<td>(48.6)</td>
</tr>
<tr>
<td>• Financing</td>
<td>(13.6)</td>
<td>(25.6)</td>
</tr>
<tr>
<td>• Dividends paid</td>
<td>(38.5)</td>
<td>(12.9)</td>
</tr>
<tr>
<td>• Share buyback</td>
<td>(20.1)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Cash flow</strong></td>
<td>24.3</td>
<td>53.5</td>
</tr>
<tr>
<td>Lease transactions</td>
<td>(4.0)</td>
<td>79.3</td>
</tr>
<tr>
<td>Other non-cash movements</td>
<td>(5.3)</td>
<td>0.3</td>
</tr>
<tr>
<td><strong>Change in net debt</strong></td>
<td>15.0</td>
<td>133.1</td>
</tr>
<tr>
<td><strong>Opening net debt</strong></td>
<td>(383.7)</td>
<td>(516.8)</td>
</tr>
<tr>
<td><strong>Closing net debt</strong></td>
<td>(368.7)</td>
<td>(383.7)</td>
</tr>
<tr>
<td><strong>Leverage net debt/EBITDA</strong></td>
<td>1.4x</td>
<td>1.4x</td>
</tr>
</tbody>
</table>

*53 weeks to 3 September 2011
Preliminary guidance for 2013

Gross margin

Costs
• Store payroll
• Store rent
• Warehousing & distribution
• Other costs

% to sales improve by 20bps
% to sales maintained
% to sales deteriorate by 20bps
% to sales maintained

Interest

In line with 2012

Effective taxation rate

In line with 2012

Capital investment

£135m

Share buyback

Up to £40m over next 12 months
## Strong performance

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group gross transaction value</td>
<td>+2.6%</td>
</tr>
<tr>
<td>Group LFL sales excluding VAT</td>
<td>+1.6%</td>
</tr>
<tr>
<td>Group LFL sales including VAT</td>
<td>+2.3%</td>
</tr>
<tr>
<td>Gross margin</td>
<td>-30bps</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>+4.2%</td>
</tr>
<tr>
<td>Net debt reduction</td>
<td>£15.0m</td>
</tr>
<tr>
<td>Earnings per share</td>
<td>+14.0%</td>
</tr>
<tr>
<td>Dividend per share</td>
<td>+10.0%</td>
</tr>
</tbody>
</table>

Note: 52 weeks to 1 September 2012 vs. 52 weeks to 27 August 2011 except net debt 1 September 2012 vs. 3 September 2011
DEBENHAMS

A leading international, multi-channel brand
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

Improve uninvested core stores

Accelerate store modernisations

Open new stores
Improve uninvested core stores

2012 progress

- Improved performance of uninvested core stores as a result of focusing on retail basics, adding choice and raising product presentation standards

Future growth drivers

- Maintain focus to drive further improvement in performance and raise standards ahead of modernisation
Accelerate store modernisations

2012 progress
- Completed 18 modernisations
  • 11.4% of total space

Future growth drivers
- Continued strong financial returns
  • Sales uplift: year 1 c6%, year 2 c1.5%
  • Return on investment: c15%
- Modernise remaining 30 uninvested core stores by Xmas 2014
- Establish Oxford Street as flagship
- Ongoing modernisation programme
Accelerate store modernisations

Oxford Street
Accelerate store modernisations

Oxford Street
Accelerate store modernisations

Oxford Street

A branded environment that redefines Debenhams in our Oxford Street flagship and beyond, creating a vibrant and relevant concept for the future

- Personality
  celebrating what makes us unique
- Theatre
  enticing and entertaining
- Fashionability
  a confident and informed editor
- Change of pace
  expecting the unexpected, a reason to keep shopping
- Quality of materials
  adding value through materials and detail
Open new stores

2012 progress
- Opened Newbury and Dumfries

Future growth drivers
- Potential £1bn additional sales from up to 70 new stores
- Strong financial returns generated by new stores
  - c40% return on investment on 35 stores opened over past 5 years
- Pipeline
  - Chesterfield opened September 2012, Lichfield due March 2013
  - Further 16 stores expected to open between 2014 and 2017
  - Estimated sales of over £150m, trading space 845,000 sq ft
  - Further 25 stores in discussion
Delivering a compelling customer proposition

Brand and product strategy

Instore execution

Communicating the proposition

Life made fabulous
Brand and product strategy

2012 progress
- Strategy driving market share gains in key categories

<table>
<thead>
<tr>
<th>Category</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total clothing</td>
<td>↑</td>
</tr>
<tr>
<td>Womenswear</td>
<td>↑</td>
</tr>
<tr>
<td>Menswear</td>
<td>↑</td>
</tr>
<tr>
<td>Childrenswear</td>
<td>↔</td>
</tr>
<tr>
<td>Health &amp; beauty</td>
<td>↑</td>
</tr>
<tr>
<td>Home &amp; furniture</td>
<td>↑</td>
</tr>
</tbody>
</table>
Brand and product strategy

Future growth drivers

- Invest in differentiated own brand strategy
  - *Proven record in developing and building own brand*
- Increasing own bought sales densities
  - *Trials in Red Herring, Principles by Ben de Lisi, footwear*
  - *End-to-end investment: buying & merchandising ➔ supply chain ➔ marketing ➔ instore execution*
Brand and product strategy

Future growth drivers

– Growing non-clothing categories
  • Beauty, accessories, footwear, home & furniture, gifting
  • Opportunity for Designers at Debenhams to emulate luxury brands

– Newness
  • 2013 launches:
    Marios Schwab for Edition
    Donna & Markus in childrenswear
Instore execution

- Improving standards of visual merchandising and product presentation
  - Define model standards for each season
  - Cascade through estate
  - Ensure stores are equipped to deliver
  - Reward excellence
- Making visual implementation a core competence for retail
  - Regional visual teams
  - Central creative teams
Communicating the proposition

2012 progress

- Driving sales
  - Focusing on customer mindset around key calendar events
  - Increased spend on TV
  - Digital and social media

- Changing perceptions
  - Greater recognition for exclusive brands
  - More engaging
  - More fashionable
  - Better value
Communicating the proposition

Future growth drivers

- Further investment
  - *First full Christmas campaign for 6 years*
- Single view of the customer
- Customer loyalty
  - *Further Beauty Club investment*
  - *Storecard and new credit card with loyalty points*
Increasing availability and choice through multi-channel

More choice and better availability

More ways to shop

Improving the customer experience
Strong growth in multi-channel

- Online sales up 39.8% in FY 12
- 11th biggest online retailer by traffic volume
  (source: IMRG/Experian Hitwise Hot Shops List)
- 3.4% online market share
  (source: Kantar 24 weeks to 2 September 2012)
- Increasing medium-term online sales target from £500m to £600m
More choice and better availability

2012 progress
- Strong growth in non-clothing categories
- Introduction of store-based fulfilment system Endless Aisle
  - Reinforces role of stores in multi-channel offer

Future growth drivers
- Further developments in Endless Aisle
- Online product strategy
  - Widen choice across brands and categories
- Investment in delivery infrastructure
  - Shorter delivery promise and better range of delivery options
More ways to shop

2012 progress
- Strong growth from mobile
  - Visits up 200%, 27% of all visits now through mobile
  - iPad is fastest growing channel, visits up over 500%
- Free wi-fi available in all stores from May 2012
- Kiosks on every floor of every store

Future growth drivers
- Continued development of mobile strategy
  - Increasing conversion
  - Device-specific content
  - App usage instore
- Expansion of home catalogue
Improving the customer experience

2012 progress
- New customer contact centre
- Refund policy updated

Future growth drivers
- Encouraging multi-channel shopping
  • Cross-shopping vouchers
  • Increasing multi-channel visibility in all channels
  • Credit stores with local online sales
- Visual merchandising
  • Further investment in photography and visual merchandising
  • Dedicated online creative team
Expanding the brand internationally

International franchise stores

Owned international assets

International online
International franchise stores

2012 progress
- 7 new stores opened including market entry in Pakistan and Russia
- 68 stores in 25 countries at year end

Future growth drivers
- Increase 5 year store target from 130 to 150
  - 7 new stores in 2013 (3 already open)
  - Further 14 stores contracted to open between 2014 and 2016
  - Another 50+ stores in discussion
- International logistics
  - Shipping direct from suppliers to franchise partners
Owned international assets

2012 progress
- Good performance from Magasin du Nord
  - *LFL sales up 4.6% in local currency*
- Republic of Ireland stabilising

Future growth drivers
- Magasin sales and margin expansion
  - *Increasing own bought mix from Magasin branded products and Debenhams own brands*
  - *Conversion of concessions to consignment*
International online

2012 progress
- Learning lessons from German website
- Delivery expanded from 7 to 66 countries

Future growth drivers
- Country specific websites in major markets
- Further expansion of delivery network to 30 more countries
- Multi-channel development in franchise countries
Summary: medium-term objectives

- Potential for up to £1bn additional sales from 70 new UK stores
- On track to complete remaining 30 modernisations by Christmas 2014
- Grow Designers at Debenhams sales to £750m
- Raising medium-term online sales target from £500m to £600m, includes £100m from international
- Increasing target number of franchise stores from 130 to 150
- Share buyback over next 12 months of up to £40m
Outlook

– Consumer confidence unchanged as customers become acclimatised to new economic reality
– Customers are still willing to spend on great products that offer true value
– Expect to make progress during 2013 by focusing on relentless execution of 4 pillars
– Committed to investing in key areas to deliver long-term sustainable growth and increased shareholder value