Debenhams plc, the leading international, multi-channel brand, today announces a trading update for the 52 weeks to 1 September 2012 ahead of its full year results on 25 October 2012.

Key highlights

- Strong like-for-like sales growth and progression throughout the year in challenging markets
- Modernised stores performing well
- Market share gains in womenswear and other key categories
- Online sales up 40%
- Good growth in international businesses
- Profit before tax for year expected to be ahead of last year*, in line with current market expectations
- Further debt reduction, initial £20m share buy-back completed by year end

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

Michael Sharp, Chief Executive of Debenhams, said:

“I am delighted with our strong performance and the progress we have made in 2012. To deliver like-for-like sales growth in these extremely challenging market conditions is highly creditable and we achieved this result by relentlessly focusing on our customers.

“This performance is clear confirmation that our strategy to build a leading international, multi-channel brand is beginning to work. It is also evidence of the calibre of the team charged with delivering this strategy and I would like to offer my sincere thanks for the hard work of all 30,000 employees during the year. We do not anticipate a significant change in the economic environment in the near future but we expect to continue to make progress in 2013.”

Strong sales performance

<table>
<thead>
<tr>
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<th>10 weeks</th>
<th>26 weeks</th>
<th>52 weeks</th>
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<tbody>
<tr>
<td></td>
<td>24 June 2012 to 1 Sept 2012</td>
<td>4 March 2012 to 1 Sept 2012</td>
<td>4 Sept 2011 to 1 Sept 2012</td>
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<tr>
<td>Group gross transaction value</td>
<td>+4.4%</td>
<td>+4.1%</td>
<td>+2.6%</td>
</tr>
<tr>
<td>Group LFL sales – inc VAT</td>
<td>+3.8%</td>
<td>+3.3%</td>
<td>+2.3%</td>
</tr>
<tr>
<td>Group LFL sales – exc VAT</td>
<td>+3.7%</td>
<td>+3.3%</td>
<td>+1.6%</td>
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Sales performance across the Group has been strong for the 52 weeks to 1 September 2012. We achieved consistent progression in like-for-like sales driven by a number of components of the four pillars of our strategy, including:
1. **Focusing on UK retail**
   - Good performance from modernised stores. Stores modernised for one year are achieving a sales uplift of c.6% during the first year; stores completed for two years are achieving a further uplift c.1.5% during the second year.
   - The performance of uninvested core stores has improved following the introduction of the programme to reinforce good basic retailing.

2. **Delivering a compelling customer proposition**
   - We have grown or maintained market share in all key categories. Womenswear share increased in very difficult season, up by 20 basis points in 12 weeks to 5 August 2012 (source: Kantar Worldpanel Fashion market share data to 5 August 2012 vs. 2011).
   - Improvements to marketing activities under our “Life Made Fabulous” theme and increased marketing spend are driving sales and improving perceptions about the brand.

3. **Increasing availability and choice through multi-channel**
   - Online sales grew ahead of the market, up by 40% in the 52 week period compared with c.13% for the market (source: Kantar 52 weeks to 5 August 2012 vs. 2011).
   - Visits to debenhams.com have increased by over 50%, driven in part by extremely strong growth in mobile channels (up 27%).

4. **Expanding the brand internationally**
   - Another strong performance from Magasin du Nord; 52 week like-for-like sales up 4.6% in DKK, 1.6% in GBP.
   - Good sales growth in international franchise stores; 6 new stores opened.
   - International online progressed well; delivery network expanded to 67 countries; German website launched.

**Well managed margins and costs**

Gross margin for the 52 weeks to 1 September 2012 is expected to be in line with guidance of 30 basis points lower than last year, largely due to a weather-related sales mix change towards health and beauty as well as higher concession sales resulting from our moves to add choice.

We continue to invest in key areas of the business which will help to deliver sustainable, long-term sales growth whilst maintaining our strong cost discipline overall. These areas include product development in buying and merchandising, marketing, customer analytics and activities to support the rapidly growing multi-channel business.

**Anticipated outcome for the year in line with market expectations**

Taking into account the foregoing like-for-like sales performance and guidance for gross margin and costs, we anticipate that profit before tax for the 52 weeks to 1 September 2012 will be ahead of last year* and in line with current market expectations.

*52 weeks to 27 August 2011 vs. 52 weeks to 1 September 2012
Financial position stable

There has been no significant change to Debenhams’ financial position since the interim results were announced on 19 April 2012. The business remains highly cash generative. In April 2012 we announced the commencement of a long-term share buyback programme. The initial tranche of £20 million was completed in August 2012. Year-end net debt after the buyback is expected to be around £15 million lower than last year at c.£370 million. Guidance on the next tranche of the share buyback will be provided with the full year results on 25 October 2012.

- Ends -

Debenhams will announce its final results for 52 weeks to 1 September 2012 on Thursday 25 October 2012.

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Notes to Editors
Debenhams is leading international, multi-channel brand with a proud British heritage which trades out of 240 stores across 28 countries. Debenhams gives its customers around the world a unique, differentiated and exclusive mix of own brands, international brands and concessions.

In the UK, Debenhams has a top four market share in womenswear and menswear and a top ten share in childrenswear. It leads the market in premium health and beauty.

Debenhams is the eleventh biggest UK online retailer by traffic volume and in March 2012 was awarded “Multichannel Retailer of the Year” at the Oracle Retail Week Awards.

Debenhams has been investing in British design for 20 years through its exclusive Designers at Debenhams portfolio of brands. Current designers include Ted Baker, Jeff Banks, Jasper Conran, Erickson Beamon, FrostFrench, Henry Holland, Roksanda Ilincic, Betty Jackson, Jonathan Kelsey, Carol Lake, Ben de Lisi, Julien Macdonald, Melissa Odabash, Jane Packer, Jenny Packham, Pearce Fionda, Preen, Janet Reger, John Rocha, Jonathan Saunders, Lisa Stickley, Yukari Sweeney, Ashley Thomas, Eric Van Peterson and Matthew Williamson.

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. Neither the content of the Company’s website nor the content of any website accessible from hyperlinks on the Company’s website (or any other website) is (or is deemed to be) incorporated into or forms (or is deemed to form) part of this announcement.