Debenhams plc today announces a trading update for the 26 weeks to 2 March 2013.

The strong sales momentum reported on 8 January 2013, with Group like-for-like sales up 2.9% for the first 18 weeks of the half, initially continued at a similar level with Debenhams making further market share gains in key categories*.

In the latter part of January, however, the UK business was severely disrupted by the snow which fell across the country. Whilst Group like-for-like sales grew by c.3% for the 26 weeks, during the snow-affected period of 14-27 January UK like-for-like sales were down by c.10%.

To recover sales lost due to snow, we introduced additional promotional events in February focused on Valentine’s Day, half-term and the month end. Although these events did drive some incremental sales they did not fully recover those lost in January. Further, the sales generated were mainly in lower margin clearance lines which means that gross margin for the first half will be c.20 basis points lower than last year. Therefore, gross margin for the year is now more likely to be flat than the 10 basis points increase previously guided to.

As a consequence of the action taken, terminal stock at the end of the half will be in line with the long-term average of around 3%.

The result of this short but heavy period of disruption is that we now believe profit before tax for the first half of the financial year will be around £120 million.

Outlook for second half

We enter the second half with a strong spring/summer collection and stocks at planned levels. Having undertaken a detailed review of our forecasts for the second half of the year, we believe that they are robust and that we will continue to grow sales as expected.

Full year guidance on costs, capex, dividends and the share buyback programme are unchanged.

Michael Sharp, Chief Executive of Debenhams, said:

“Whilst the impact of the snow on the outcome for the first half is disappointing, it is now behind us and sales volumes have recovered. We are confident in our spring/summer ranges and that we can grow sales in the second half. Our strategy to build a leading international, multi-channel brand remains on track and we continue to focus on the four pillars of the strategy and investing in our business for long-term, sustainable growth.”

Debenhams will report its results for the 26 weeks to 2 March 2013 on 18 April 2013.

*Sources: Kantar Worldpanel Fashion 24 weeks to 20 January 2013 vs. 2012, NPD January 2013

Note: all numbers are provisional pending the full closing of accounts for the 26 weeks ended 2 March 2013.

- Ends -
A conference call for analysts and investors will be held today at 8:00am UK time. To join this call, please dial +44 (0) 20 3426 2886 or +1 347 329 1282. A recording will be available for seven days on +44 (0)20  3426 2807 or +1 866 535 8030, PIN 637488#.

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High resolution images are available for media to view and download free of charge from www.prshots.com/Debenhams.

Notes to Editors

Debenhams is a leading international, multi-channel brand with a proud British heritage which trades out of 245 stores across 29 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 five market share in womenswear and menswear and a top ten share in childrenswear. It leads the market in premium health and beauty.

Debenhams is available online in 67 countries and is the eleventh biggest UK online retailer by traffic volume. In March 2012 Debenhams was awarded “Multi-channel 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 Donna Air, Ted Baker, Jeff Banks, Jasper Conran, Erickson Beamon, FrostFrench, Henry Holland, Roksanda Ilincic, Betty Jackson, Jonathan Kelsey, Carol Lake, Ben de Lisi, Markus Lupfer, Julien Macdonald, Jane Packer, Jenny Packham, Pearce Fionda, Preen, Janet Reger, John Rocha, Jonathan Saunders, Marios Schwab, 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.