

DEBENHAMS

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DEBENHAMS PLC : TRADING UPDATE

Debenhams plc , the leading international, multi-channel brand, today announces a trading update for the 52 weeks to 31 August 2013 ahead of its full year results on 24 October 2013.

Highlights

- Growth in gross transaction value and like-for-like sales over the year including good progress in the last 10 weeks
- Ongoing gains in market share in clothing and non-clothing categories, including womenswear and beauty
- Online sales up 46.2% with 50bps increase in online market share
- Oxford Street flagship transformation on time and on budget
- Modernised stores performing well, 12 completed during the year
- Good international performance in the second half, especially from Magasin du Nord
- Profit before tax anticipated to be in line with current market expectations

Michael Sharp, Chief Executive of Debenhams, said:

“I am pleased with our performance in the final quarter of the year. We have succeeded in growing both like-for-like sales and market share in a competitive market where consumers’ disposable income remains under pressure. I am particularly pleased with the growth of our online business.

“While the return to more seasonal weather conditions over the summer has been helpful, the main factor behind this performance has been the relentless focus of everyone at Debenhams on implementing the four pillars of our strategy to create a leading international, multi-channel brand. I’d like to thank all our employees for their hard work over the past year. Looking forward, we are confident in our strategy but are not expecting any rapid recovery in consumer sentiment and the marketplace remains highly competitive.”

Positive sales performance – strategy on track

	10 weeks 23 June 2013 to 31 August 2013	26 weeks 2 March 2013 to 31 August 2013	52 weeks 2 September 2012 to 31 August 2013
Group gross transaction value	+2.1%	+1.4%	+2.5%
Group like-for-like sales	+1.9%	+0.8%	+2.0%

Gross transaction value and like-for-like sales for the Group have grown during the year. This has been driven by progress made in the four pillars of our strategy to build a leading international, multi-channel brand.

1. *Focusing on UK retail*

- The stores modernised during 2012 and the first half of 2013 performed well.
- The Oxford Street project is on schedule with disruption to store trading in line with guidance.
- New stores opened during the year in Chesterfield and Lichfield performed ahead of their internal expectations.

2. *Delivering a compelling customer proposition*

- We have grown or maintained market share in all key categories, particularly in the latter part of the year with total clothing/footwear/accessories share up by 30 basis points in the 12 weeks to 4 August 2013 (source: Kantar Worldpanel Fashion).
- Customers' demands for product newness and innovation are being met through new brands such as Hammond & Co. by Patrick Grant, our first new Designers at Debenhams menswear brand for ten years, Todd Lynn who has joined Edition in womenswear, Top Hat by Stephen Jones in women's accessories and Donna & Markus by designer Markus Lupfer in childrenswear.
- We continue to drive sales and improve brand perceptions under the "Life Made Fabulous" campaign.

3. *Increasing availability and choice through multi-channel*

- Online sales continued to grow well ahead of the market with sales up by 46.2% for the 52 weeks compared with 14.4%* for the market.
- Online market share increased by 50 basis points to 3.7%*.
- We continue to see significant growth in mobile, with visits up 72% and revenue up 128% during the year.

*Source: Kantar Worldpanel Fashion 24 weeks to 4 August 2013 vs. 2012

4. *Expanding the brand internationally*

- Franchise stores performed well in the second half of the year following the closure of a number of stores in the first half of the year.
- Magasin du Nord delivered a strong sales performance with like-for-like sales up 7.2% in DKK and 6.0% in GBP for the 52 weeks.
- International online continued to grow quickly, albeit from a small base.

Margin, costs and stock in line with guidance

Gross margin for the 52 weeks to 31 August 2013 is expected to be flat, in line with guidance, reflecting a good recovery in the second half following a decline of 20 basis points in the first half.

Operating costs are also expected to be in line with guidance provided in the interim management statement on 27 June 2013.

Terminal stock at the end of the year will be in line with the long-term average of c.3%.

Anticipated outcome for the year in line with market expectations

We anticipate that profit before tax for the year will be in line with current market expectations.

- Ends -

Debenhams is holding a capital markets event for analysts and investors focusing on the third pillar of the strategy, multi-channel, on Thursday 3 October 2013.

The final results for the 52 weeks to 31 August 2013 will be announced on Thursday 24 October 2013. A presentation for analysts and investors will be held at 9:00am on that day at Nomura International, 1 Angel Lane, London EC4R 3AB.

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High resolution images are available for media to view and download free of charge from www.prshots.com/Debenhams. Follow us on twitter at @IRDebenhams and @Debenhams.

Notes to editors

Debenhams is a leading international, multi-channel brand with a proud British heritage which trades out of 236 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 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 the tenth biggest UK online retailer by traffic volume and in March 2013 was awarded "International Growth Initiative of the Year" and "Retail Technology Initiative of the Year for Endless Aisle" 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 Abigail Ahern, Jeff Banks, Jasper Conran, FrostFrench, Patrick Grant, Henry Holland, Roksanda Ilincic, Betty Jackson, Ben de Lisi, Markus Lupfer, Todd Lynn, Julien Macdonald, Jane Packer, Jenny Packham, Pearce Fionda, Stephen Jones, Preen, Janet Reger, John Rocha, Jonathan Saunders, Marios Schwab, 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.