

30 June 2011

DEBENHAMS PLC INTERIM MANAGEMENT STATEMENT

Debenhams plc, the leading department stores group, today announces its interim management statement which covers the 43 weeks to 25 June 2011.

We have seen a good trading performance in the second half to date as detailed in the table below and have been particularly pleased with the sales trends that we have experienced over the past two months.

	Second half to date	43 weeks
Group gross transaction value ⁱ	+2.9%	+3.1%
Like-for-like sales inc VAT	+3.0%	+1.1%
Like-for-like sales exc VAT	+1.5%	-0.4%

Strong growth has continued in the non-store elements of the business. Online, instore ordering and mobile sales were up by 77.0% (excluding VAT) over the previous year for the 43 week period. Magasin du Nord also traded well and in line with our expectations, which has been pleasing considering a strong comparator for last year. Magasin's like-for-like sales are up 6.2% on a Danish kroner basis and up 2.9% on a sterling basis year-to-date.

Although there is cost pressure on our supply chain, we are managing input inflation well by taking action such as the realignment of range architecture. Cash margin remains our key focus and in the second half of the year our approach has been to invest some gross margin in driving top line growth, resulting in higher like-for-like sales. Looking ahead, we will continue to focus on a trading strategy that drives the most cash profit and as a result of this strategy gross margin for the full year is expected to be broadly neutral. Overall, we believe that the profit before tax outturn for the year will be in line with our expectations.

Debenhams continues to be strongly cash generative. Guidance for year end net debt remains c£400 million.

We are pleased with the performance of the recent additions to our own bought product ranges, including Principles by Ben de Lisi and H! by Henry Holland. Edition, the latest Designers at Debenhams concept featuring Jonathan Saunders, Preen and Jonathan Kelsey, has been very well received. The first collection from the fourth designer in the Edition portfolio Roksanda Ilincic arrives in September whilst Roksanda's occasionwear collection has just launched in store. Health and beauty has again seen strong trading, both in stores and online where a number of new brands have been added during the period. Stock levels remain firmly under control across the business.

Three new stores have been opened in the year to date, including two in the second half. These comprise two new department stores in Bath (September 2010) and Wakefield (May 2011) and one small format store in Fareham (June 2011). Despite the inevitable disruption to sales, our commitment to improving the shopping experience for all our customers has continued with six store refits currently underway, adding to the five completed during the first half of the year. We expect to refit 20 stores next year.

Improved ranging, availability and convenience for our customers through expansion of multi-channel access points continues to be a significant part of our strategy. Self-service customer order points are in the process of being rolled out to all stores and are particularly beneficial in smaller stores through augmenting the instore range. The iPhone app has recently passed 500,000 downloads and has already recorded its first £1 million of sales; recently launched Nokia and Android apps are also showing good growth in downloads. The Beauty Club app is proving extremely popular with both existing and new members of the Beauty Club loyalty scheme.

Rob Templeman, Chief Executive of Debenhams, said:

“We are continuing to make progress despite significant headwinds in the sector and are pleased with the performance of the business in the year so far. Looking forward, we remain cautious about the consumer environment and will continue to focus on growing cash margin through our self-help strategy of investing in our store portfolio, developing a seamless multi-channel business and managing our supply chain effectively.”

- Ends -

There will be a conference call for investors and analysts today at 9:00am UK time. To join the call, please dial +44 (0) 20 3140 0820 or +1 718 705 7514. A recording of the call will be available for seven days on +44 (0) 20 3140 0698 or +1 877 846 3918, PIN 377627#.

Debenhams will issue a trading update covering the 53 weeks to 2 September 2011 on Tuesday 20 September. Final results will be announced on Thursday 20 October 2011.

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.

Enquiries

Investors and analysts

Debenhams plc

Lisa Williams, Investor Relations

020 7408 3304, 07908 483841

Press

Financial Dynamics

Jonathon Brill

020 7269 7170

Caroline Stewart

020 7269 7227

Notes to Editors

Debenhams is an iconic British department store group which was established over 200 years ago. Debenhams has a strong presence in key product categories including womenswear, menswear, childrenswear, home and health & beauty and offers its customers a unique and differentiated mix of exclusive own bought brands including Designers at Debenhams, international brands and concessions.

Debenhams has 169 stores in the UK, the Republic of Ireland and Denmark as well as 64 international franchise stores in 25 countries. Debenhams products are also available online at www.debenhams.com and www.debenhams.ie and through iPhone, Android and Nokia apps.

Designers at Debenhams include Ted Baker, Jeff Banks, Jasper Conran, Erickson Beamon, FrostFrench, Henry Holland, Roksanda Ilincic, Betty Jackson, Jonathan Kelsey, Ben de Lisi, Julien Macdonald, Melissa Odabash, Jane Packer, Pearce Fionda, Preen, Janet Reger, John Rocha, Jonathan Saunders, Lisa Stickley, Eric Van Peterson and Matthew Williamson.

ⁱ Gross transaction value: Revenue (excluding VAT) on a gross basis before adjusting for concessions, consignments and staff discounts.