

# DEBENHAMS

www.debenhams.com

18 September 2007

## Debenhams plc

### Trading Update

Debenhams plc, the leading department stores group, today releases a trading update for the 52 weeks ended 1 September 2007.

Sales for the 52 weeks ended 1 September increased by 5.1% compared to the prior year. Although we experienced some inevitable disruption from the acceleration of our refurbishment programme, in the second half like-for-like sales maintained the trend of the first half, resulting in a 5% decline over the full year. Two stores were impacted by a refit during the first half compared to 19 during the second.

The focus on ensuring that stock is in good shape for the start of the new season has resulted in terminal stocks making up 3.3% of the total at the year end (2006: 3.3%). The importance of ensuring a clean inventory position as new season merchandise arrives has, as expected, required increased markdown. This, along with investment in selected product pricing, means that in line with market consensus gross margin will show a full year decline. This is expected to be in the region of 0.9%.

For the year Debenhams expects to report profit before taxation and exceptional items in line with market expectations<sup>1</sup>.

Two new department stores and four new Desire stores have been opened over the past year. As at 18 September 2007, Debenhams store portfolio consists of 133 department stores and nine Desire stores trading from 10.3 million square feet of prime space across the UK and Republic of Ireland. In addition, Debenhams continues to expand its global presence with 34 international stores, an increase of four from last year.

#### **Rob Templeman, Chief Executive, said:**

“Macro economic factors suggest that the retail environment will be more challenging in the short term, nonetheless we believe that the actions we have implemented across the business position us well for the new financial year.

“We have focused on delivering greater value to our customers, improving still further our quality and design content. We have invested selectively in price. This has proved effective, particularly in menswear where we have seen improving momentum in our market share.

“The investment in our store portfolio and store opening programme remains on track. Overall we are confident that the improvements being made to our stores and to our visual merchandising, the product developments outlined above and our recently launched marketing campaign will ensure that the company has a strong platform from which to build.”

Debenhams will report its preliminary results for the 52 weeks ended 1 September at 7:00am on 23 October 2007.

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<sup>1</sup> Exceptional items comprise those associated with the Roches acquisition and the assignment of the lease on the Jervis Street store in Dublin as announced on 27 June 2007.

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A conference call will be held today at 9:30am on 0845 2450319 (UK) or +44 1452 568048 (overseas), conference ID 13108994. A replay of the call will be available for seven days on 0845 2455205 (UK) or +44 1452 550000 (overseas), PIN 13108994#.

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High resolution images are available for media to view and download free of charge from [www.prshots.com/Debenhams](http://www.prshots.com/Debenhams).

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. Any such forward-looking statements are subject to various risks and uncertainties, including: Debenhams' ability to accurately predict customer preferences and demands; the effectiveness of Debenhams' brand awareness and marketing programmes; the occurrence of weak sales during peak selling seasons or extreme or unseasonal weather conditions; competitive factors in the highly competitive retail industry; Debenhams' ability to successfully implement its new store rollout and department store refurbishment/modernization strategy; Debenhams' ability to maintain its relationships with certain designers and its significant concession partner; and currency fluctuations and currency risk.

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Additional risk factors that you may want to consider are: Debenhams' ability to retain key management and personnel; disruptions or other adverse events affecting Debenhams' relationship with its major suppliers or its store card provider; factors outside Debenhams' control, such as changes in the financial or equity markets, adverse economic conditions or a downturn in the retail industry, or damage or interruptions due to operational disruption, natural disaster, war or terrorist activity; and work stoppages; slowdowns or strikes.

### Notes to Editors:

Debenhams is a leading department stores group with a strong presence in key product categories, such as womenswear, menswear, homeware and health and beauty.

Debenhams has a total of 133 department stores in the UK and Republic Ireland, and a further 9 Desire by Debenhams stores, which are a new small store concept featuring a mix of women's fashion, accessories, lingerie and cosmetics. Debenhams has a further 34 international franchise stores in 15 different countries.

Debenhams is the second largest department store chain in the UK.

Designers at Debenhams include Ted Baker, Nigel Cabourn, Jasper Conran, Theo Fennell, Pearce Fionda, Frost French, Betty Jackson, Ben de Lisi, Julien Macdonald, John Richmond, John Rocha and Matthew Williamson.