



Debenhams Plc
Preliminary Results
2006/07



Chris Woodhouse

Finance Director

Results Highlights

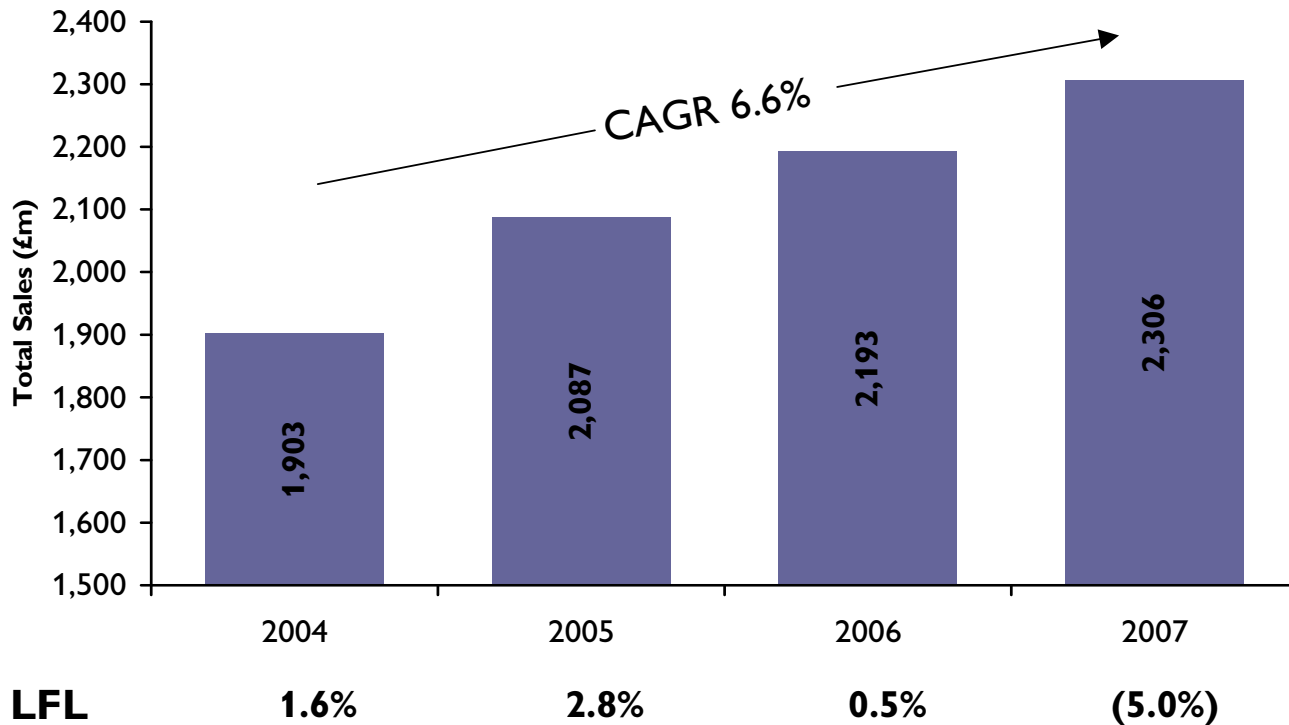
Gross transaction value	+5.1%
Like-for-like sales	- 5.0%
Gross margin %	- 90 bps
Profit before exceptional items ^(a)	£131.4m
Net debt	£(1,017)m
Underlying earnings per share	11.9p
Proposed final dividend	3.8p

Note ^(a) After adding back £3.9m of capitalised bank fees.

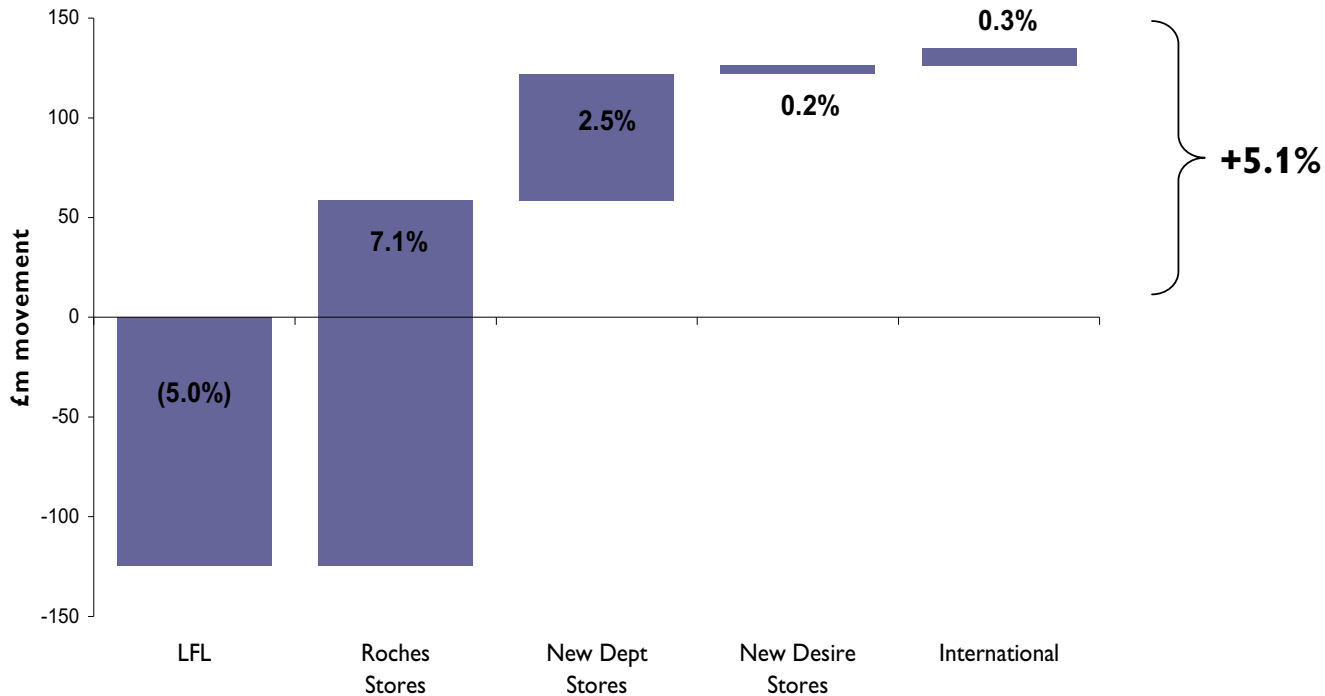
Trading Results 2007

£m	2007	2006	% <i>Change</i>
Gross transaction value	2,305.6	2,192.9	+ 5.1
Operating profit	194.1	238.2	- 18.5
Interest	(66.6)	(125.4)	
Profit before tax and exceptionals	127.5	112.8	+ 13.0
Exceptional items	(14.3)	(50.7)	
Taxation	(34.2)	(18.4)	
Profit after tax	79.0	43.7	+ 80.8
Basic earnings per share	9.3p	7.4p	

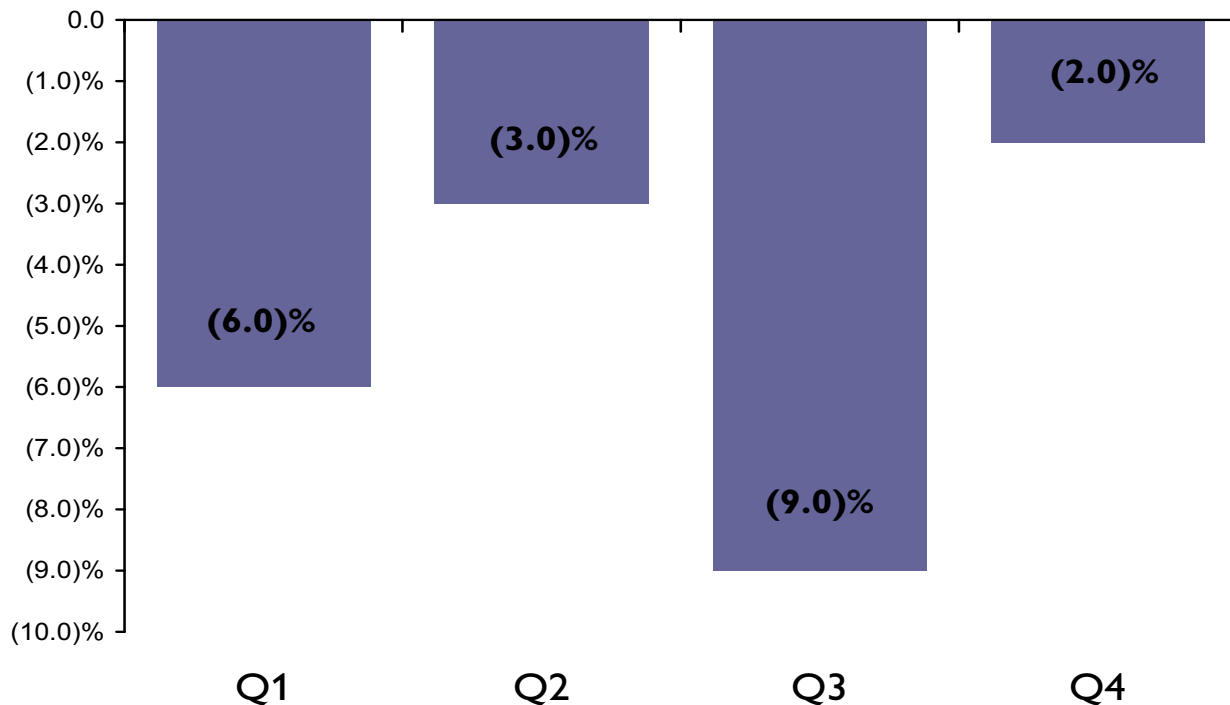
Sales Growth History



Sales Growth 2007



Quarterly LFL Performance



Gross Margin Movement 2007

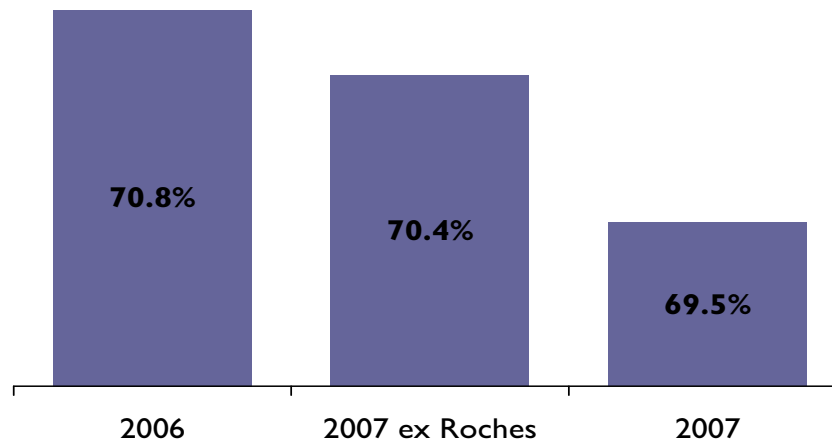
Gross margin fall

	bps
Improved intake margin	+40
Clearance	- 40
Lower pricing	- 30
Product mix	- 60
Total	- 90

Improved intake margin offset by

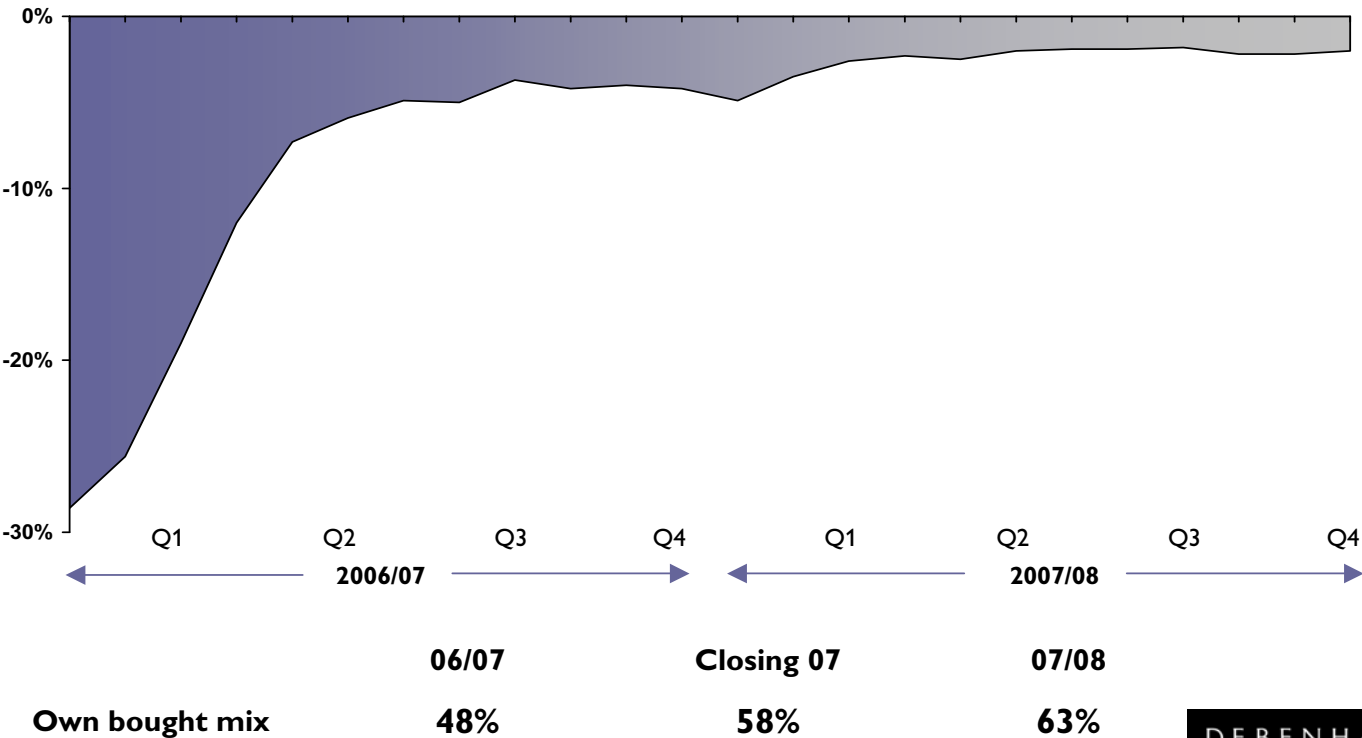
- Increased clearance to maintain clean opening stock position for 2007/08
- New lower pricing across clothing
- Mix away from menswear to lower margin health and beauty & concession lines

Own bought mix



Roches Integration

Margin rate differentials - Roches v Total company

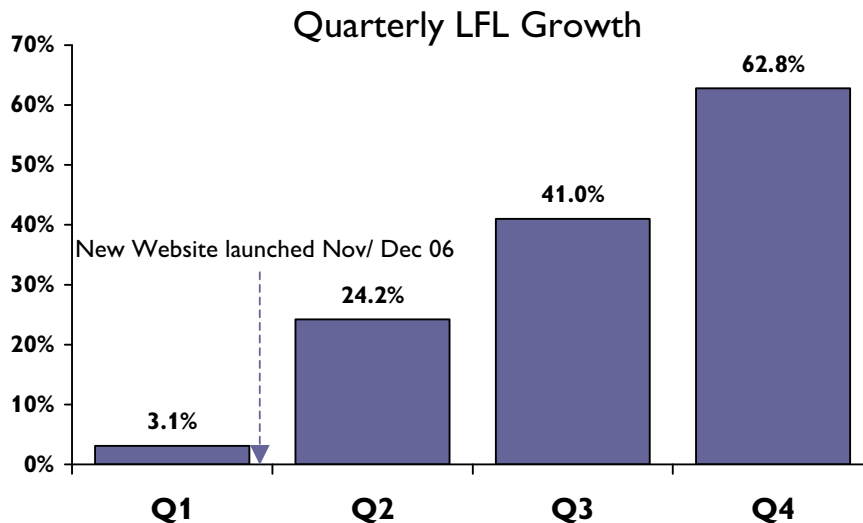


Roches Operating Performance

£m	FY 07
Gross transaction value	153.4
Gross margin	58.2
<i>Gross margin rate</i>	37.9%
Costs	(55.5)
EBITDA	<hr/> 2.7
Depreciation	(3.1)
Operating loss	<hr/> (0.4) <hr/>

Direct Highlights

Gross transaction value	£26.1m
Sales growth	+31.7%
Gross margin	+ 160 bps
EBITDA	+ 92.0%



Store Costs

£m	<u>FY 07</u>	<u>FY 07</u> (Ex Roches)	<u>FY 06</u>
Payroll	<u>236.3</u>	<u>214.8</u>	<u>209.0</u>
% to sales	10.2%	10.0%	9.5%
Store rent UK GAAP	123.0	108.9	101.2
IFRS adjustment	14.5	14.5	15.4
Total store rent	<u>137.5</u>	<u>123.4</u>	<u>116.6</u>
% to sales	6.0%	5.7%	5.3%
Energy	<u>25.6</u>	<u>23.7</u>	<u>16.6</u>
% to sales	1.1%	1.1%	0.8%

Warehouse and Distribution

£m	<u>2007</u>	<u>2006</u>	<u>Change</u>
Labour	16.3	22.7	6.4
Property	12.8	13.3	0.5
Transport	17.1	17.0	(0.1)
Total distribution	<u>46.2</u>	<u>53.0</u>	<u>6.8</u>
% to Sales	2.0%	2.4%	0.4%

Portfolio KPIs – Space 2007

		<u>Sq Ft. (k)</u>	<u>Dept Stores</u>	<u>Desires</u>	<u>Total</u>
2006 Close		9,474	122	4	126
<u>Dept stores openings</u>	•Roches acquisition	575	9		
	•Llandudno	46	1		
	•Wigan *	22	-		
	•Warrington	80	1		
<u>Desire store openings</u>	•Birmingham Fort	13		1	
	•Kirkaldy	13		1	
	•Merthyr	14		1	
	•Altrincham	15		1	
	•Walton-on-Thames	14		1	
2007 Close		10,266	133	9	142

* Resite (incremental space)

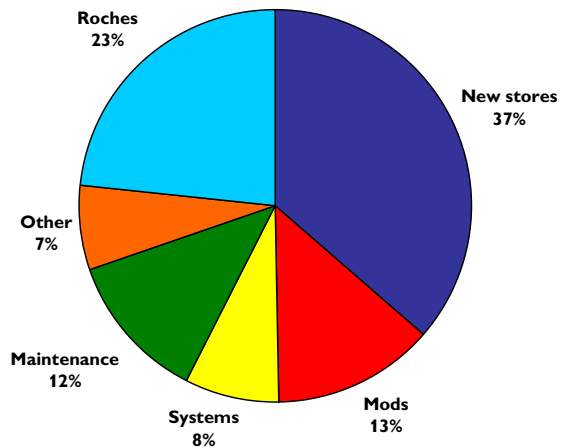
Portfolio KPIs – Space 2008

		<u>Sq Ft. (k)</u>	<u>Dept Stores</u>	<u>Desires</u>	<u>Total</u>
2007 Close		10,266	133	9	142
<u>Dept store openings</u>	•Derby *	17	-		
	•Bangor *	30	-		
	•Exeter *	31	-		
	•Glasgow Silverburn	80	1		
	•Ashford	60	1		
	•Blackpool	65	1		
	•Liverpool	125	1		
	•Welwyn	20	1		
	•Llanelli	22	1		
<u>Desire store openings</u>	•Ballymena	14		1	
<u>Closures</u>	•Jervis Street	(90)	(1)		
2008 Close		10,640	138	10	148

* Resite (incremental space)

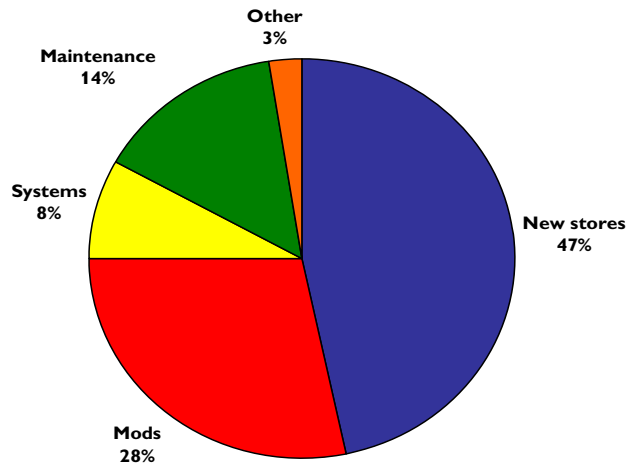
Capital Additions

2007



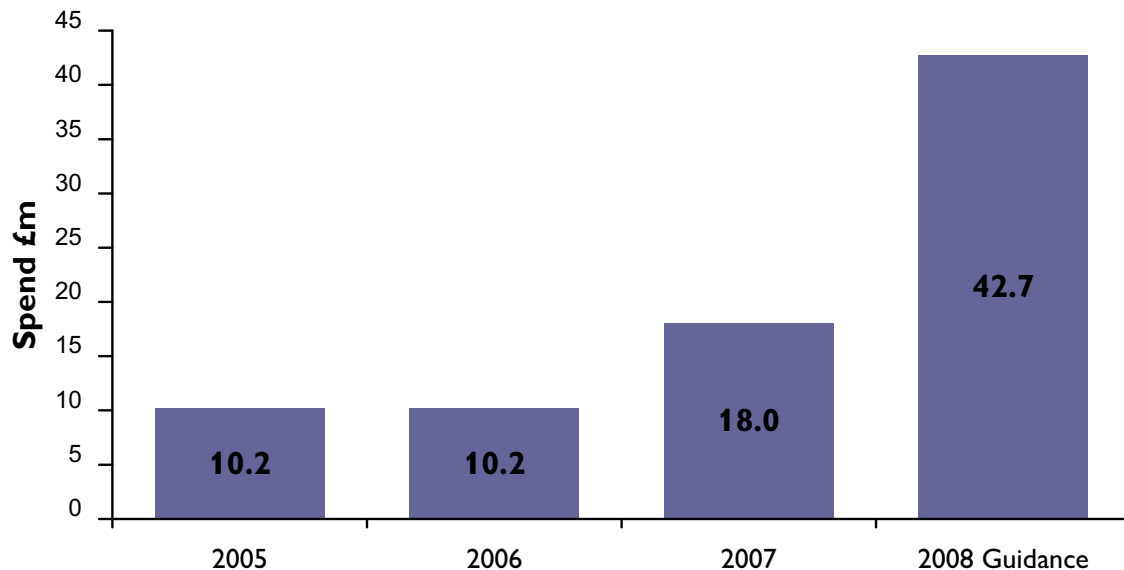
£136.6m

2008 Guidance



£150m

Refit Programme



£ per sq ft

6.3

6.7

10.4

15.3

Balance Sheet – Highlights

£m	2007	2006	Movement
Fixed assets	1,690	1,557	133
Stock	245	208	37
Other working capital	(403)	(337)	(66)
Net debt	(1,017)	(1,096)	79
Liabilities and charges	(352)	(279)	(73)
Shareholders' funds	163	53	110
Fixed charge cover	2.3 x	2.5 x	0.2 x
Net debt / EBITDA	3.5 x	3.1 x	0.4 x
Pension surplus	£87.3m	£13.8m	£73.5m

Balance Sheet – Stock

	%
Headline growth	<u>18%</u>
New stores	10%
Earlier intake of Autumn Winter	2%
Lower prices	2%
International and Direct	1%
Other	3%
	<u>18%</u>

Operating Cash Flow

£m	2007	2006
Reported operating profit	194.1	238.2
Depreciation (a)	88.2	85.9
Amortisation	7.0	5.1
EBITDA	289.3	329.2
Working capital including pensions	65.5	0.6
Capital – change in work in progress	(39.9)	1.8
– spend	(96.5)	(88.5)
Net capital expenditure	(136.4)	(86.7)
Operating cash flow before exceptionals,	218.4	243.1
Financing & taxation		
Net debt (b)	1,017	1,096

Note:

(a) Includes loss on disposal of fixed assets

(b) Net Debt includes £12m (2006: £16m) of capitalised debt flow

Taxation and Dividend

£m	2007	2006	2008 Guidance
Profit and loss rate	30.2%	29.6%	29.1%
Cash rate	27.3%	28.0% ^(a)	31.0%
Dividend per share	6.3p	2.4p	

(a) Adjusted for pension contributions and share options



Rob Templeman
Chief Executive

Review 2006/07 – Key Issues

Weaker clothing sales

- Menswear
 - Range
 - Price architecture
- Womenswear
 - Reliance on outerwear
 - Stock availability

Competitive Arena

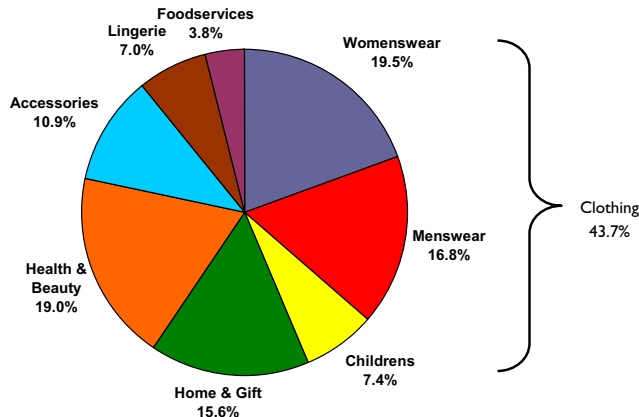
- Pricing
- Marketing

Core Stores

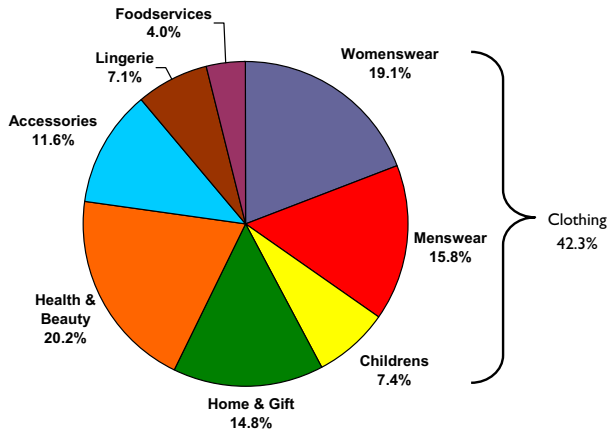


Product Participation

Own Bought Sales by Product Category 2005/06



Own Bought Sales by Product Category 2006/07



Own Bought Sales Mix



Drive 2007/08 – Actions Taken

Improved product offer

- Design
- Quality
- Visual merchandising

Price architecture

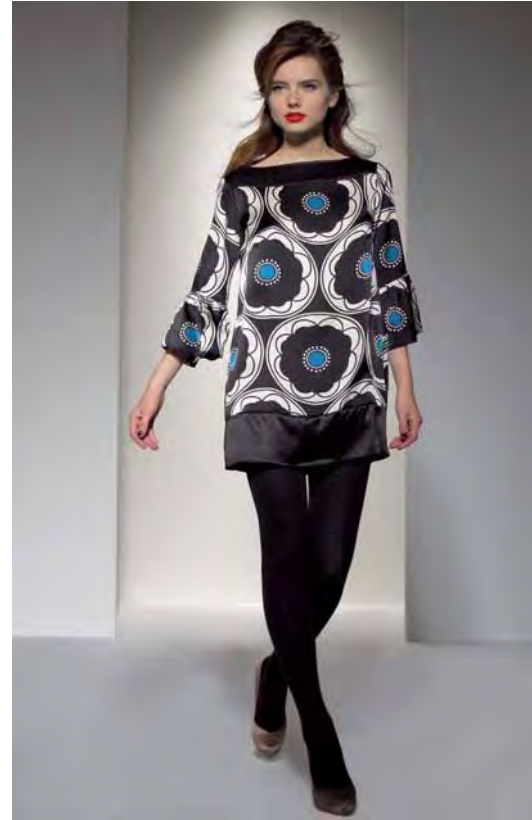
- Raising quality and design standards
- Price realignment

Marketing

- New campaign launched
- Review of media strategy

Core stores

- Refurbishment programme accelerated



Improved Product Offer

Greater focus on products at the front end

- Improving and raising the style bar with Designers at Debenhams
- Enhancing design and quality perceptions

Improving the visual merchandising

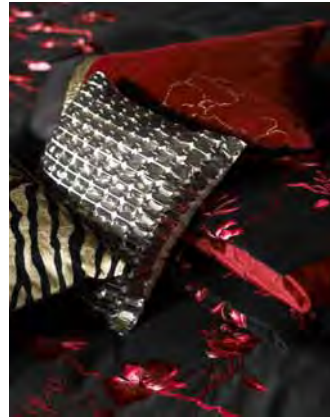
- Designers displayed in a more premium way
- Fast fashion displayed as trend statements
- Core lines displayed by category with authority

Consolidation of some brands

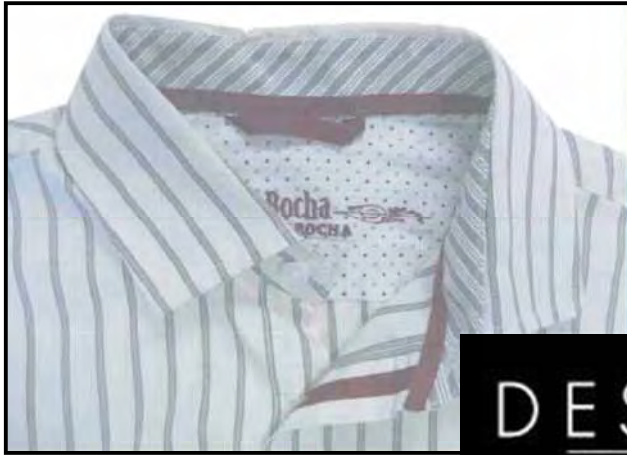
- Creating destination areas
- Removing duplication
- Widening the target audience



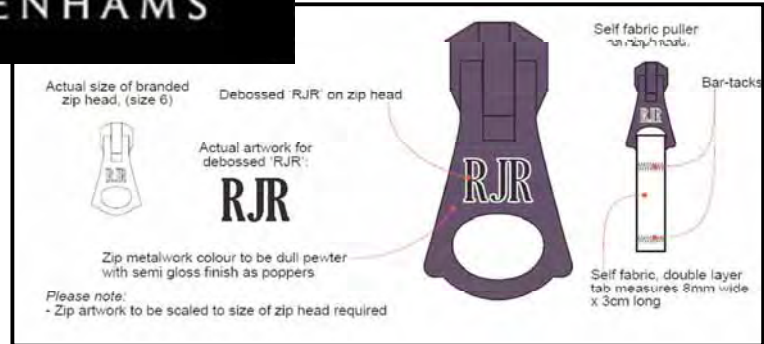
Focus On Product Design And Quality



Enhanced Design Details



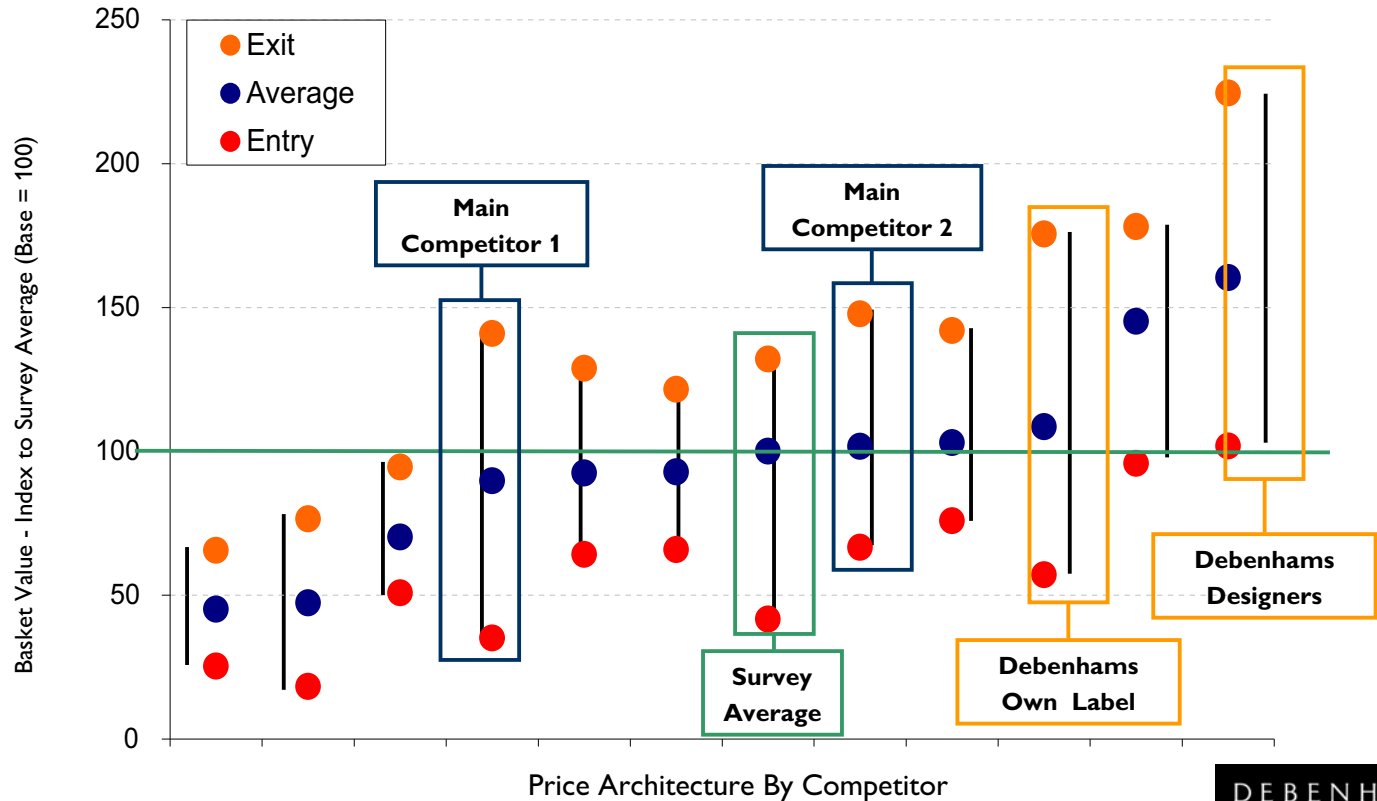
DESIGNERS
AT DEBENHAMS



DEBENHAMS
STYLING THE NATION

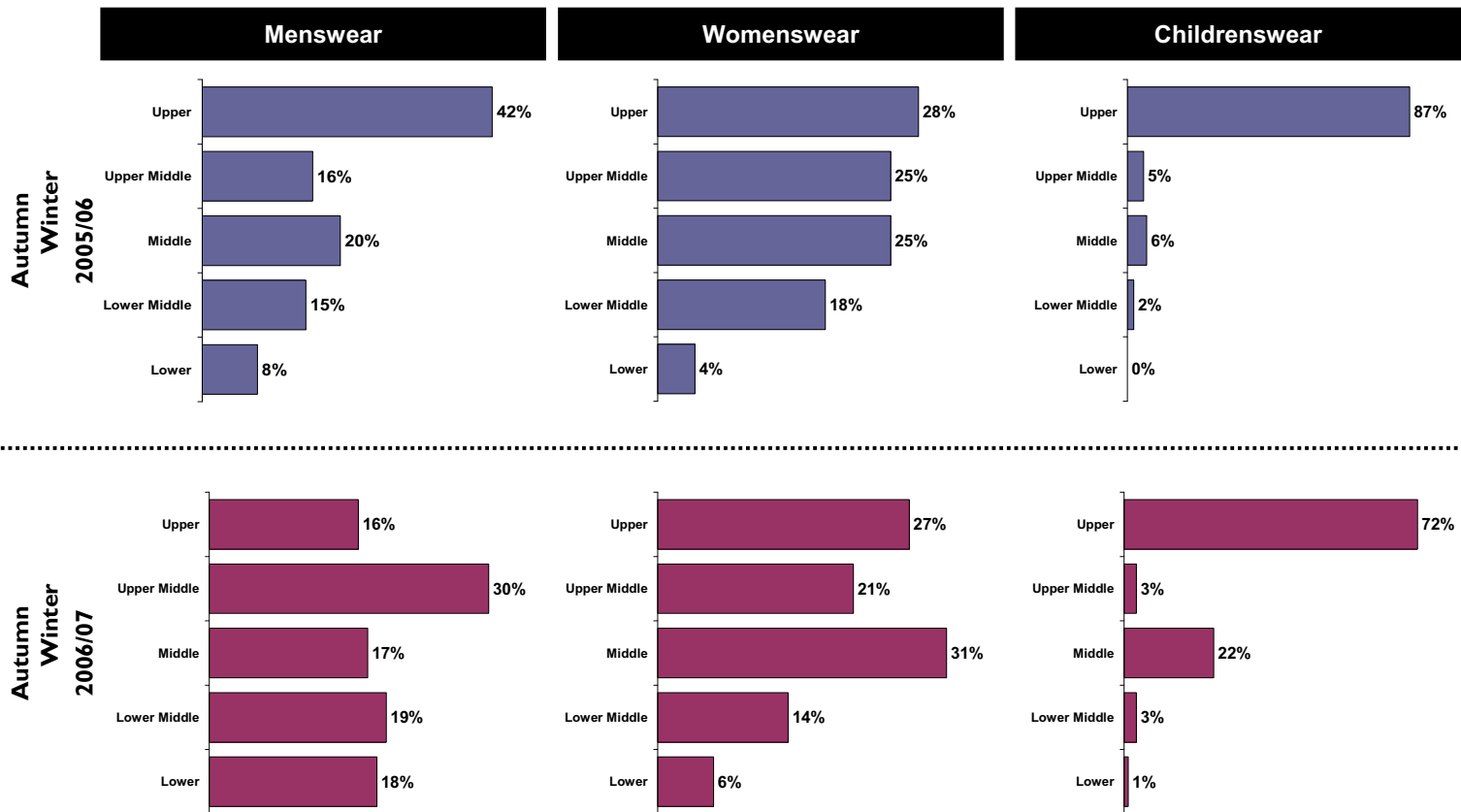
Price Architecture – Key Issues

Menswear Price Survey - March 2007



Source: Retail Map

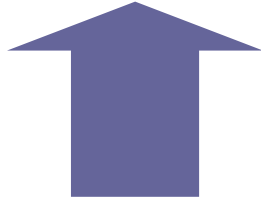
Price Architecture – Price Realignment



Impact On Margin Dynamics

2006/07 Impact

Intake Margin



Product Mix



Markdown



Concession Mix



2007/08 Assumptions

- Improve price points
- Investment in quality and design
- Currency gains
- Direct sourcing
- Stronger clothing sales
- Improvement in menswear
- Lower prices
- Faster rate of sale
- Less promotions
- RF price change management
- Shorter supply chain
- Higher participation from own bought
- Roches stores

Investment In Retail Technology

£6 million investment in RF technology

- Leading edge suite
- Infrastructure now in all stores
- Improving the customer experience

Price change management

- Greater clarity of pricing
- Less promotional signage
- Faster sell through on markdown products
- More hours to invest in customer service

Other developments

- Mobile office
- Work planner
- Stock availability management



Marketing

New premium campaign launched

- New “Club” creative
- Conveys range, choice, quality & value

Review of media strategy

- Increased mix of premium advertising
- Targeted coverage in press and online
- Increased frequency of advertising

Improved the Store Card

- Rewarding loyal customers for higher spend
- Enhanced benefits
- Better communication to customers





DEBENHAMS

STYLING THE NATION

2007

WETHERBY WOMEN'S ASSOCIATION

AUTUMN

FETE

2007

Club members wear **RED HERRING**
Exclusive to Debenhams

Left to right:
2 in 1 Poncho Coat £30, Jolly 44's
Checked Quilted Jacket £50, Skinny Jeans £30,
Turned Out A Pink Coat £20
Biker Jacket £35, Trousers £25, Red Beaded Top £25,
Squall Print Tunic £30, Long Cashmere Cardigan £40,
Faded Pink £25,
Embellished Blouse £25, High Waisted Trousers £25
Find out more about the clubs and shop online at
www.debenhams.com/clubs
or call 08445 616161

DEBENHAMS
STYLING THE NATION

CHALFONT ST. GILES FENCING CLUB

Club members' outfits
Exclusive to Debenhams

Left to right:

JOHN BY JOHN RICHMOND Silver Lurex Stripe Knit Top £30

J BY JASPER CONRAN Luxurious Double Breasted Belted Jacquard Coat £180

STAR BY JULIA MACDONALD Feather Jersey Tunic with Sequin Sparkle Stripes £60

BUTTERFLY BY MATTHEW WILLIAMSON MoleSkin Military Style Coat £90, Skinny Jeans £40

J TAYLOR Wool Blend Revere Collar Coat with Mock Croc Belt £120

JOHN BY JOHN RICHMOND Luxurious Soft Leather Fitted Ribbed Jacket £180, Slim Fit Flared Skirt £40

Find out more about the clubs and shop online at
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or call 08445 616161

DEBENHAMS
STYLING THE NATION

BIGGLESWADE HOT AIR BALLOON CLUB

Club members wear MAINE NEW ENGLAND
Exclusive to Debenhams

Left to right:
Flannel lined Merino Wool Jacket £40, Cotton-Knitwear £15
Luxury cord "Wintersville" Blazer £85, Supersoft Pure Lamb'swool Knitwear £30
Waterproof "Hawthornside" Jacket £55, Soft Woolens "Tonge" Scarf £14
Vintage Leather "Willowbridge" Jacket £160, Pure Lamb's Wool Design Knitwear £40
Luxury Stretch Cord trousers £20
Chunky Supersoft Wool Blend Knitwear £40
Luxury Cord Wool Lined "Pymbrook" Jacket £65, Dark Wash Denim jeans £30

Find out more about the clubs and shop online at
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DEBENHAMS
STYLING THE NATION

HASTINGS LADIES KICKBOXING CLUB

Club members' bags
Exclusive to Debenhams

Left to right:

- STAR BY JULIEN MACDONALD Embellished White Faux Fur Bag £45
- JANE ASPER CONRAN Post Carded Women's Lock Bag £65
- JOHN BY JOHN RICHMOND Black Suede Slinky Chain Mail Bag £60
- BETTY JACKSON BLACK Caramel Leopard Print Leather Bag £110
- RED HERRING Super-sized Soft Black Patent Bag £25
- RED HERRING Mimicred Silver Faux Snake Bag £25

Find out more about the clubs and shop online at
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 or call 08445 616161

DEBENHAMS
STYLING THE NATION

[illegible][illegible][illegible]

The Pimlico Arts Club

Club members wear **BUTTERFLY** BY MATTHEW WILLIAMSON
Exclusive to Designers at Debenhams

Left to right: Jersey Dress, Knitted Dress £20-£22
Knitted Dress, Knitted Dress £12-£14
Knitted Dress, Knitted Dress £12-£14
Knitted Dress, Knitted Dress £12-£14
Knitted Dress, Knitted Dress £12-£14
Knitted Dress, Knitted Dress £12-£14
Knitted Dress, Knitted Dress £12-£14

Find out more about the club and shop online at
www.debenhams.com/clubs
or call 08445 616161

DEBENHAMS
STYLING THE NATION

Exclusive to Designers at Debenhams

Knit the Right Jersey Knit Fabric and Knitted Dress 120-122

117 Newbury Park Road, Newbury, Berkshire RG13 2AT. Tel: 01357 531111. Fax: 01357 531112. Email: info@newbury-park.co.uk

124-125

Chapman	Alfred Packer	Elliott	Symposium	E30-E35
Chester	William F. Floyd	Ford	James H. Grier	E36-E39

Journal of Interpersonal Violence 27(10) 1919-1935
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DOI: 10.1177/0886260512468151

Cotton: First Spin (12) (13) (14) (15) (16)

102

Find out more about the clubs and shop online at www.footballclub.co.uk

everhamms.com/clubs

or call 08445 616161

39

Little Orton Silk and Lace Society

Club members' lingerie Exclusive to Debenhams

Left to right:

PRESENCE Embellished Lace Bra with Encrusted Crystal Detail £16, Matching Thong £4.

REGER BY JANET REGER Exotic Animal Print Silk Balcony Bra with Metallic Lace Trim £35.

Matching Thong £20, Matching Silk Kimono £60.

REGER BY JANET REGER Gold Silk Bra with Hand Finished Black Sequin Embroidery Trim £22.

Matching Thong £8.

J BY JASPER CONRAN Emerald Green Chantrelle Silk Bra With Velvet Trim £20, Matching Thong £8.

FLOOZIE BY FROSTFRENCH Floral Print Bra with Ribbon Trim £14, Matching Thong £5.

Find out more about the clubs and shop online at

www.debenhams.com/clubs

or call 08445 616161

DEBENHAMS
STYLING THE NATION

STOKE NEWINGTON SURF CLUB

Club members wear MANTARA
New and exclusive to Debenhams

Left to right:

Heavy Duty Utility Jacket £55 Bright Stripes Cotton Shirt £30
Slub Cotton Zip Neck Sweat £30 Utility Zip Off Cargo Trousers £30
Vintage Laundered Cotton Zip Up Sweat £35 Crew Neck T-Shirt £8
Plaid Printed Cotton Canvas Belted Shorts £35
Fine Stripe Cotton Grandad Shirt £28
Pleated Linen Cable Knit Cardigan £55
Quilt Linen Funnel Neck Jacket £45 Vintage Sandblasted Jeans £25
Vintage Laundered Linen Hoodie £45 Cotton Polo Shirt £25

Find out more about the club and shop online at
www.debenhams.com/clubs
or call 08445 616161

Mantara proudly supports



Mantara
Conservation
Society

DEBENHAMS
STYLING THE NATION

The Bagshot Ballroom Dancing Club

Club members' outfits Exclusive to Debenhams

Left to right:
STAR BY JULIEN MACDONALD Limited Edition Sequin Gown £350
DEBUT Satin Halter Neck Gown £90
DEBUT Jewelled T-Bar Dress £80
PEARCE II FIONDA Limited Edition Geometric Crystal Encrusted Gown £250
STAR BY JULIEN MACDONALD Silk Satin Hand Beaded Gown £160
DEBUT Jacquard Soot Prom Dress £100
STAR BY JULIEN MACDONALD Evening Dress with Gold Bead Trim £140
KARL JACKSON AND J BY JASPER CONRAN Dinner Suits from £159 - £279

Find out more about the clubs and shop online at:
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or call 08445 616161

Christmas
DEBENHAMS
STYLING THE NATION

The Isleworth Ice Queens Club

Club members' outfits
Exclusive to Debenhams

Left to right
STAR BY JULIEN MACDONALD Rainbow Sequin Jumpsuits £90
STAR BY JULIEN MACDONALD Cobalt and Maroon Ankleband Shift Dress £80
RED HERRING Sequin Sequin Dress £30
RED HERRING Silver Sequin Sequin Dress £30
STAR BY JULIEN MACDONALD Sequin Zebra Stripes Top £60
J JEANS BY JASPER CONRAN All Over Sequin Pink Dress £60
RED HERRING Silver Sequin Tunic Dress £35

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Christmas
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STYLING THE NATION

The Burnley Boy Racers Club

Kid members' outfits Exclusive to Debenhams

Left to right:

Rugby Top £10-£11, Jeans £10-£12

Hooded Stripe Zip Trunk Knitwear £26-£28, Applique Logo Top £14-£16

Cinch Back Jeans £16-£18

Applique Car Logo Sweat £18-£20, Cut and Sew Striped Jeans £16-£18

Smart Jeans with Stripe Back £14-£16

Hooded Stripe Knitwear £16-£18, Jeans with Stripe Back £16-£20

Layered Polo Set £18-£20, Smart Jeans £12-£14

Find out more about the clubs and shop online at

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Christmas
DEBENHAMS
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The Little Dalby Princesses Club



Club members' outfits
Exclusive to Debenhams

Left to right:

RED HERRING Plain Prom Party Dress £24-£28

TIGERLILY Pink Party Dress £30-£32

TIGERLILY Net and Jersey Skirt £14-£16, Mock Wrap Top £10-£12

RED HERRING Print Prom Party Dress £26-£30

TIGERLILY Party Dress £30-£32

Find out more about the clubs and shop online at

www.debenhams.com/clubs

or call 08445 616161

Christmas
DEBENHAMS
STYLING THE NATION

The Julien Macdonald Appreciation Society

Club members wear **JULIEN MACDONALD**
One of twenty designers at Debenhams

Left to right:
Limited Edition Sequin Gown £350
Circus Style Jersey Dress with Sequin Neckline £45
Silver Sequin Cascade Cocktail Dress £200
Dazzling Rainbow Sequin Dress £90
Silk Satin Hand Beaded Gold Goddess Dress £160

Find out more about the clubs and shop online at
www.debenhams.com/clubs
or call 08445 616161

Christmas
DEBENHAMS
- STYLING THE NATION

Department Stores – Accelerating Refurbishments

Elements of the Desire shop fit

- Improved fixtures, branding and graphics

Focus on visual merchandising

- Distinguishing designers, fast fashion and core products

Capital expenditure focused on

- Sales Uplift and ROIC
- Customer perception

Average cost of £15 per square foot driving strong financial returns

- Uxbridge cost £9 per square foot
- 10% Sales Uplift

Store Portfolio			
	06/07	07/08	08/09
New stores*	20	20	20
Ex-Allders	8	8	8
Ex-Roches	9	9	9
Refurbished stores	26	55	85
Core stores	70	41	11
Desire	9	9	9
Total	142	142	142

* Opened in past 4 years, excludes future pipeline

Uxbridge Refurbishment



Uxbridge Refurbishment



Uxbridge Refurbishment



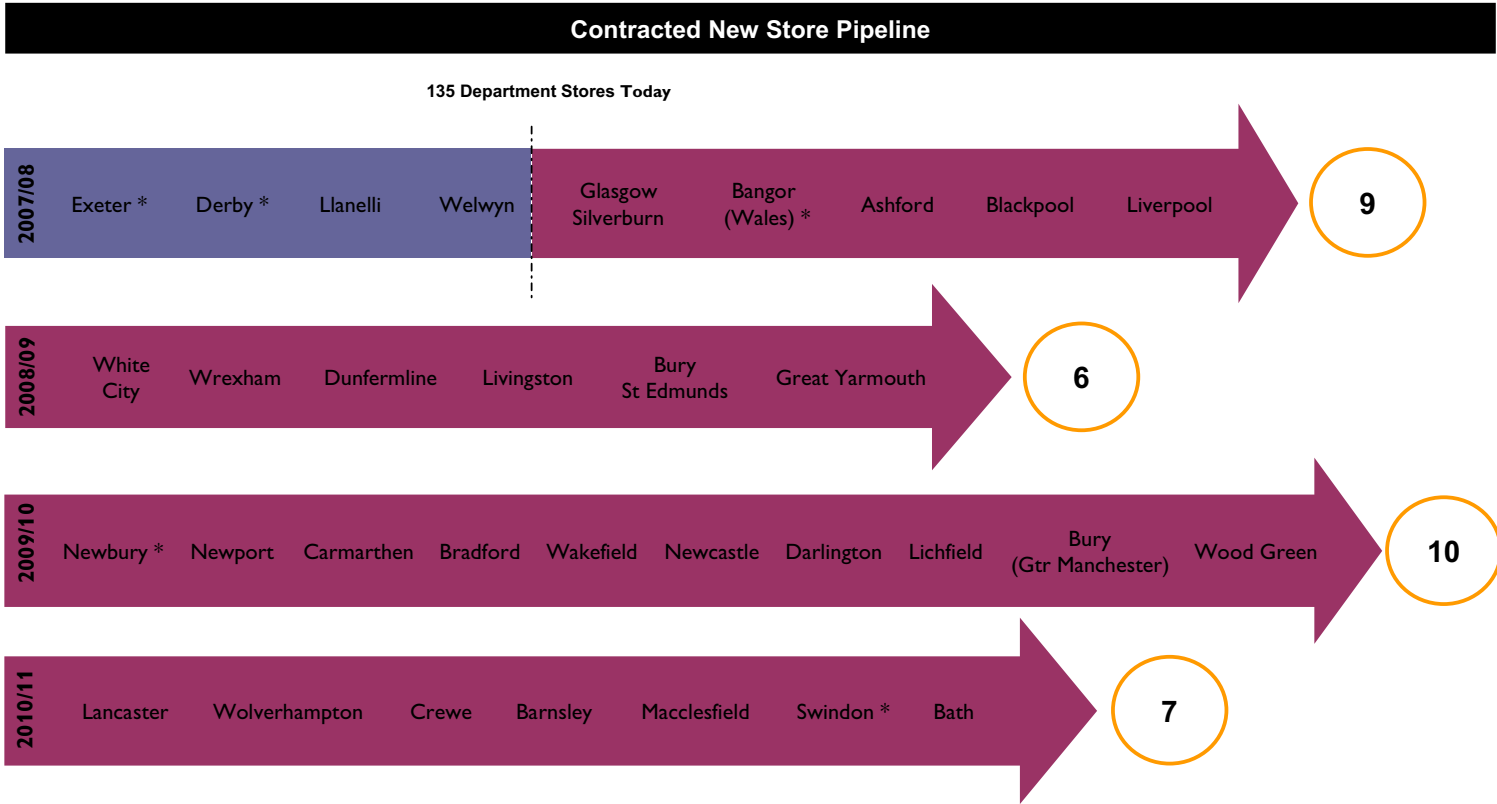
Uxbridge Refurbishment



Uxbridge Refurbishment



Strategic Growth Drivers – New Department Stores



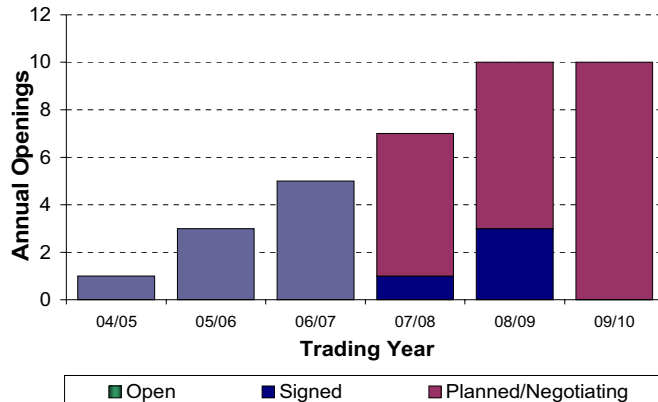
* Re-sites

Strategic Growth Drivers – Desire

A unique concept with capacity for c.100 stores

- Sales densities and gross margin higher than department stores
- High own bought mix
- EBITDA margin in line with department stores
- Successful childrenswear introduction
- Trial menswear

Desire Roll Out



DEBENHAMS
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Strategic Growth Drivers – International

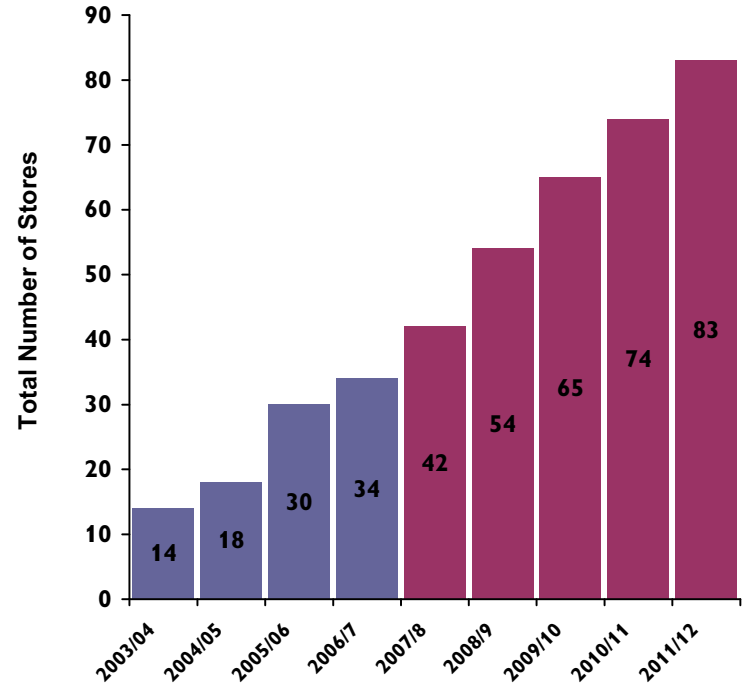
Now 36 stores in 16 countries trading over 1.5 million square foot

Significant growth opportunity with a strong opening programme

New markets entered in Russia, Romania, Jordan and India

Significant opportunity to roll out different format stores internationally

International Store Growth



Strategic Growth Drivers – Internet

The online sector is expected to account for nearly 10% of retail spend in 2011

- Clothing predicted to be one of the fastest growing categories

New platform fully launched

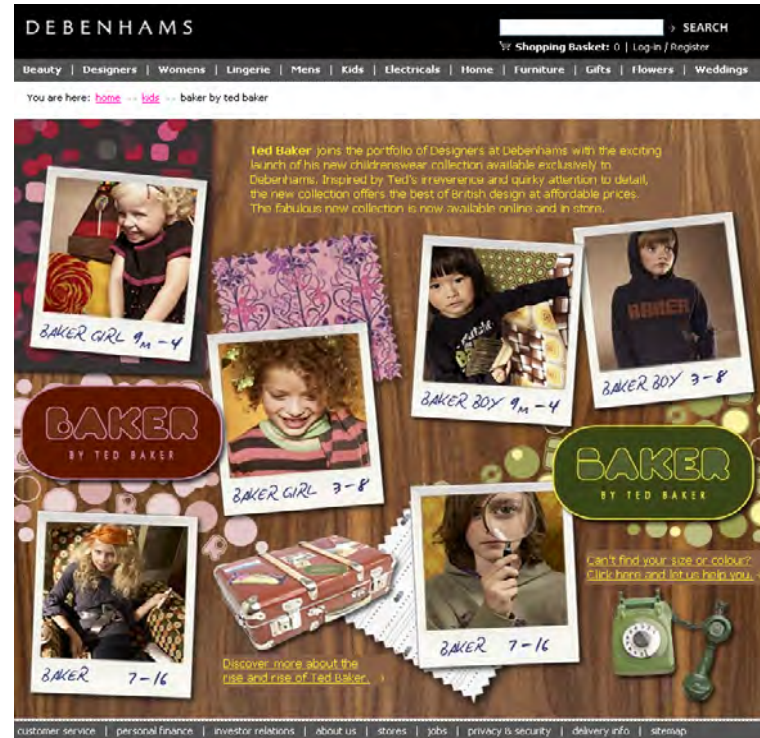
- £30m sales 2006/07
- Second half sales up 51% and visits up 44% vs last year

Marketing potential

- Micro sites
- Advertising and product research

New product launches

- Premium cosmetic houses
- Electricals
- Wine & champagne



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Summary

Product

- Focus on Product Design and Quality
- Price Realignment

Marketing

- New premium campaign
- Increased frequency of advertising

Department Stores

- Accelerated refurbishment programme
- Roches fully ranged with Debenhams merchandise

New Stores

- Strong pipeline of new space across all formats

Internet

- Improved performance following launch of new site

Current Trading

7 Weeks to 20th October 2007

- Total sales growth of +3.9%
- Like-for-like sales⁽¹⁾ +2.1%
- Gross margin up year on year
- Market share improving

Note

(1) Excluding the 9 Roches stores for both years