



Debenhams signs new £113 million logistics contract with DHL

Leading department store confirms partnership with DHL until 2012

- **Initiatives bring substantial savings on costs and CO₂**
- **120 million products handled per year for UK and Ireland stores**
- **500-750 deliveries per week to 157 stores**

Bonn, January 18, 2010: DHL Supply Chain, the world's leading logistics services provider, has signed a new contract worth £113.2 million (approx. 123.3 million Euros) with Debenhams, extending its 12-year partnership with the famous department store until 2012. The three-year agreement sees DHL's specialist fashion unit continue to develop and provide all Debenhams' warehouse and distribution services to 157 stores across UK and Ireland.

DHL operates all three of Debenhams' UK distribution centers, providing a full array of transport and warehouse services; including supplier collections, store deliveries, outbase and cross dock operations. In response to the challenges in the retail market, Debenhams, working with DHL, has undergone a two year cost improvement program delivered through internal process reviews, operational developments and streamlining including advancements in the warehouse picking operations that have provided business growth benefits. The developments have delivered significant year-on-year cost reductions through which Debenhams has managed to cut the cost per unit by more than ten per cent since 2006/2007, whilst absorbing inflationary pressures in large spend areas such as fuel and energy.

In addition to the cost improvements, there have been significant environmental benefits for the department store. The introduction of super cube trailers* and double deck trailers** has reduced kilometers traveled in Debenhams' supply chain by 792,000 kilometers and fuel burnt by 203,000 liters, all this despite delivering to an ever increasing store base. Since 2006 DHL has introduced vehicles compliant with the Euro 5 standard*** and has reduced CO₂ emissions by 517 tonnes year on year.



Paul Leggett, Head of Logistics for Debenhams, says, 'One of the other key changes in recent years has been the evolution of an advanced warehouse solution that now better allows DHL to focus its resources on moving Debenhams high priority product lines more swiftly through the supply chain. This in turn has helped us become more agile with our promotional activity and supported the large transition to more own bought product that occurred this year.'

DHL has also taken over the operation of three off-site stock rooms, allowing DHL to develop new services, demonstrating its effectiveness and added value in elements of the supply chain that are normally not considered part of traditional retail logistics.

Paul Richardson, Managing Director, DHL Supply Chain Fashion UK, adds, 'Our partnership with Debenhams has a history spanning more than a decade and in this time we have worked together to provide the most efficient solution in a demanding and dynamic business. The achievements of this partnership contributed to Debenhams' recent commitment, which reflects the strength of the solution and creates exciting opportunities for both companies.'

DHL now manages over 120 million units annually which spans Debenhams' diverse range of products across several market segments including fashion, beauty, home wares, linen and jewelry.

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Notes to editors

*Super Cube Trailers have been designed with a lower floor base and higher roof to create a 4750mm or 15' 7" overall height trailer, compared with the average 3950mm or 13' overall standard height trailer. This increases the cubic loading capacity from 76 cubic meters of load space on a standard trailer to 109 cubic meters of load space on a super cube trailer an increase of approx 43 per cent.

**Double Deck trailers design include a full length internal lifting deck which allows retailers to utilize the top half of the trailer space, increasing cubic loading capacity from a standard trailer of 76 cubic meters of load space to 112 cubic meters of load space on a double deck trailer an increase of approx 47 per cent.

***Trailers Euro 5 is a European Union emissions regulation introduced in 2009.

DHL – The Logistics company for the world

DHL is the global market leader in the logistics industry and "The Logistics company for the world". DHL commits its expertise in international express, air and ocean freight, road and rail transportation, contract logistics and international mail services to its customers. A global network composed of more than 220 countries and territories and about 300,000 employees worldwide offers customers superior service quality and local knowledge to satisfy their supply chain requirements. DHL accepts its social responsibility by supporting climate protection, disaster management and education.

DHL is part of Deutsche Post DHL. The Group generated revenue of more than 54 billion euros in 2008.