

next

July 2021

IFRS 16
and 2 year comparisons



next

July 2021

*“In battle, nothing is ever
as good or as bad as the
first excited reports would
have it.”*

Field Marshal Viscount William Slim



Income Statement IFRS 16

next

£m	July 2021	July 2019	Var
Total sales	2,216	2,059	+ 8%
Full price sales			
		Online	+ 55%
		Retail	- 40%
			<hr/>
			+ 9%

Total sales are not presented on a statutory basis.

Income Statement IFRS 16

next

£m	July 2021		July 2019	Var
Total sales	2,216		2,059	+ 8%
Full price sales (LFL weeks)	During lockdown	Post lockdown	-4% open stores LFL	
Online	+ 70%	+ 46%		
Retail	n/a	- 8%		
Brand	- 9%	+ 18%		

Total sales are not presented on a statutory basis.

Post lockdown = stores in England open from 12th April.

Income Statement IFRS 16

next

£m	July 2021	July 2019	Var
Total sales	<u>2,216</u>	<u>2,059</u>	+ 8%
Operating profit	393	380	+ 3%
Net external interest	(19)	(21)	
Lease interest	(27)	(32)	
Interest	(46)	(53)	

Total sales are not presented on a statutory basis. July 2019 has been restated to reflect IFRS 16

Income Statement IFRS 16

next

£m	July 2021	July 2019	Var
Total sales	<u>2,216</u>	<u>2,059</u>	+ 8%
Operating profit	393	380	+ 3%
Interest	<u>(46)</u>	<u>(53)</u>	
Profit before tax	347	327	+ 6%
Tax charge	<u>(57)</u>	<u>(60)</u>	
Profit after tax	<u>290</u>	<u>267</u>	+ 8%
EPS	226.8p	204.4p	+ 11%

Total sales are not presented on a statutory basis. July 2019 has been restated to reflect IFRS 16

Cash Flow IFRS 16

next

£m	July 2021	July 2019	Var
Profit before tax	347	327	+ 20m
Depreciation and impairment	56	61	
Capital expenditure	(77)	(65)	- 12m
Working capital / other	4	(35)	
Tax paid	(63)	(70)	
ESOT	(73)	(35)	- 38m
Cash flow before distribution	194	183	+ 11m
Buybacks	0	(280)	
Net cash flow	194	(97)	

The cash flow statement is not presented on a statutory basis. July 2019 has been restated to reflect IFRS 16

Cash Flow IFRS 16

next

£m	July 2021	July 2019	Var
Profit before tax	347	327	
Depreciation and impairment	56	61	
Capital expenditure	(77)	(65)	
Working capital / other	4	(35)	+ 39m
+	Stock and supplier payments	54m	
	Sale of Elmsall 3 land	22m	
	Future repayment of business rates	21m	
	Creditors: VAT, staff incentives	30m	
-	Customer receivables	- 45m	
	Reiss investment (including loan)	- 43m	

The cash flow statement is not presented on a statutory basis. July 2019 has been restated to reflect IFRS 16

Balance Sheet IFRS 16

next

£m	July 2021	July 2019	Var
Fixed assets and investments	551	575	
Goodwill and intangibles	74	45	
Stock	572	584	- 2%
Debtors / other receivables	1,170	1,254	Stock in UK - 12%
Other creditors / derivatives	(692)	(627)	
Pension surplus	133	142	NEXT stock in UK - 18%
Dividends payable	0	(140)	
Net debt (excluding lease debt)	(416)	(1,193)	
Right-of-use assets	678	917	
Lease debt	(1,133)	(1,331)	
Net assets	937	226	

The balance sheet is not presented on a statutory basis. July 2019 has been restated to reflect IFRS 16

Balance Sheet IFRS 16

next

£m	July 2021	July 2019	Var
Fixed assets and investments	551	575	
Goodwill and intangibles	74	45	
Stock	572	584	
Debtors / other receivables	1,170	1,254	- 84m
Customer receivables	<div> <div>July 2021 £1.1bn</div> <div>-11%</div> <div>July 2019 £1.2bn</div> </div>		- 134m
Credit sales		+ 13%	
Accelerated payments / other		- 22%	
Additional provision		- 2%	
		- 11%	

The balance sheet is not presented on a statutory basis. July 2019 has been restated to reflect IFRS 16

Balance Sheet IFRS 16

next

£m	July 2021	July 2019	Var
Fixed assets and investments	551	575	
Goodwill and intangibles	74	45	
Stock	572	584	
Debtors / other receivables	1,170	1,254	Sept 2021 110p
Other creditors / derivatives	(692)	(627)	Special dividend
Pension surplus	133	142	
▶ Dividends payable	0	(140)	= £140m
Net debt (excluding lease debt)	(416)	(1,193)	
Right-of-use assets	678	917	
Lease debt	(1,133)	(1,331)	
Net assets	937	226	

The balance sheet is not presented on a statutory basis. July 2019 has been restated to reflect IFRS 16

Balance Sheet IFRS 16

next

£m	July 2021	July 2019	Var
Fixed assets and investments	551	575	
Goodwill and intangibles	74	45	
Stock	572	584	
Debtors / other receivables	1,170	1,254	
Other creditors / derivatives	(692)	(627)	
Pension surplus	133	142	
Dividends payable	0	(140)	
Net debt (excluding lease debt)	(416)	(1,193)	
Right-of-use assets	678	917	- 239m
Lease debt	(1,133)	(1,331)	+ 198m
Net assets	<u>937</u>	<u>226</u>	

The balance sheet is not presented on a statutory basis. July 2019 has been restated to reflect IFRS 16



DIVISIONAL ANALYSIS

Online

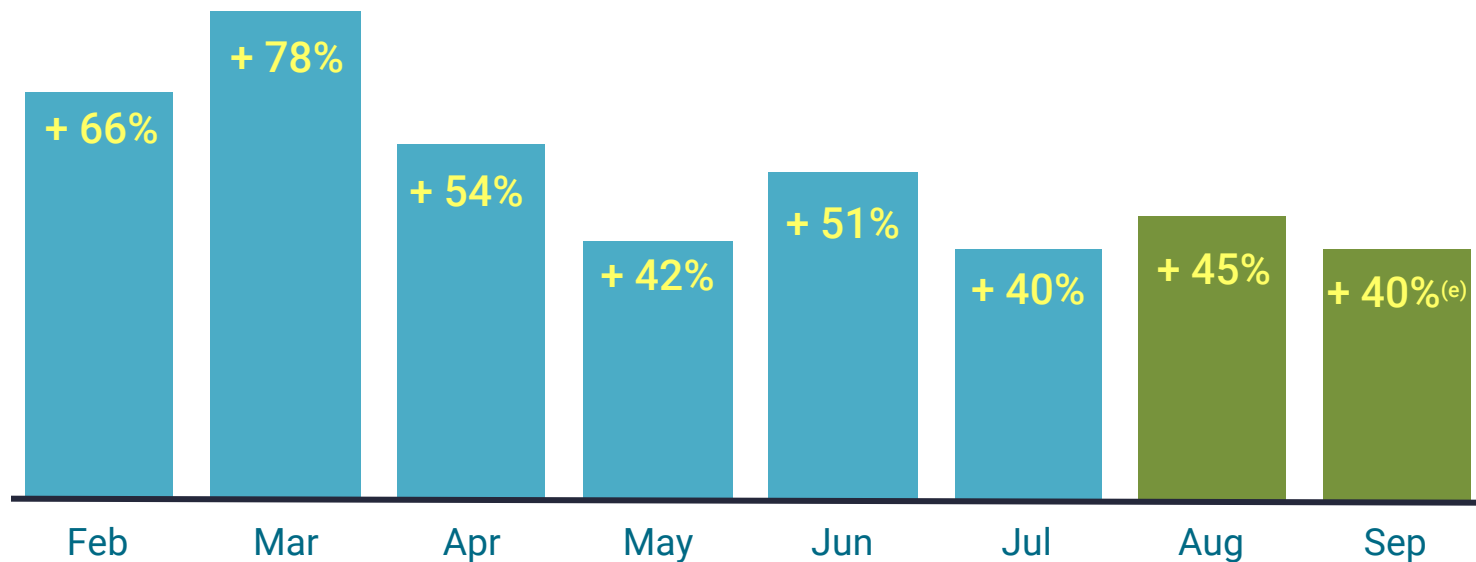
Online | Sales Analysis

next

£m	July 2021	July 2019	Var	Full Price
----	-----------	-----------	-----	------------

Total sales	1,522	1,005	+ 52%	+ 55%
-------------	-------	-------	-------	-------

Full price sales 2021 v 2019 (LFL weeks)



Phasing

Division

Customer type

Online | Sales Analysis

next

£m	July 2021	July 2019	Var	Full Price
----	-----------	-----------	-----	------------

Total sales	1,522	1,005	+ 52%	+ 55%
-------------	-------	-------	-------	-------

Full price sales 2021 v 2019

By division

H1

NEXT Brand UK

+ 46%

LABEL UK

+ 70%

UK total

+ 53%

Overseas

+ 62%

Online total

+ 55%

By product category

→ Home + 121%

→ Kids + 62%

→ Adult fashion + 28%

Phasing

Division

Customer type

Online | Sales Analysis

next

£m

July 2021

July 2019

Var

Full Price

Total sales

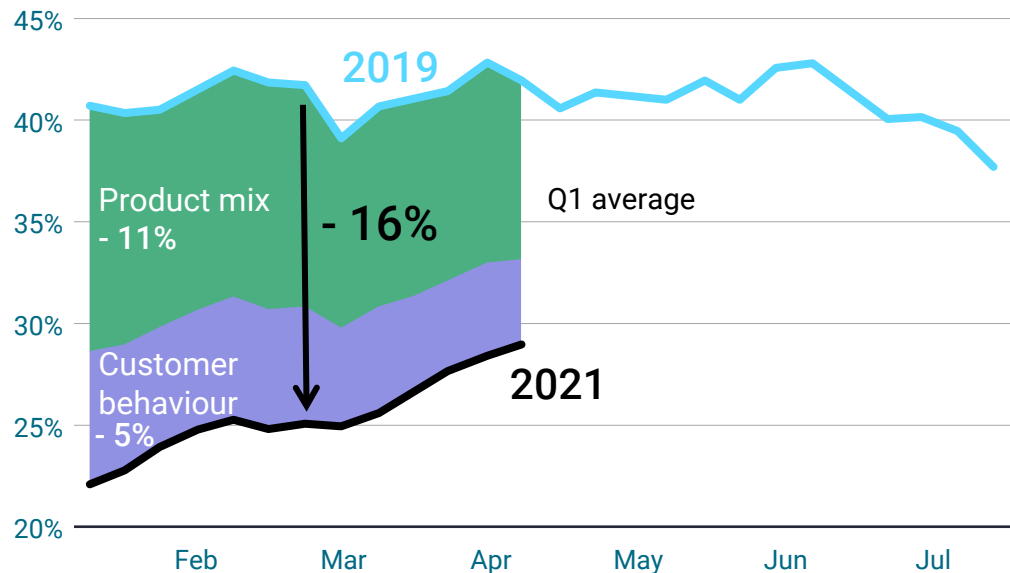
1,522

1,005

+ 52%

+ 55%

Full price returns rate %



H1

NEXT Brand UK + 46%

LABEL UK + 70%

UK total + 53%

Overseas + 62%

Online total + 55%

Phasing

Division

Customer type

Online | Sales Analysis

next

£m

July 2021

July 2019

Var

Full Price

Total sales

1,522

1,005

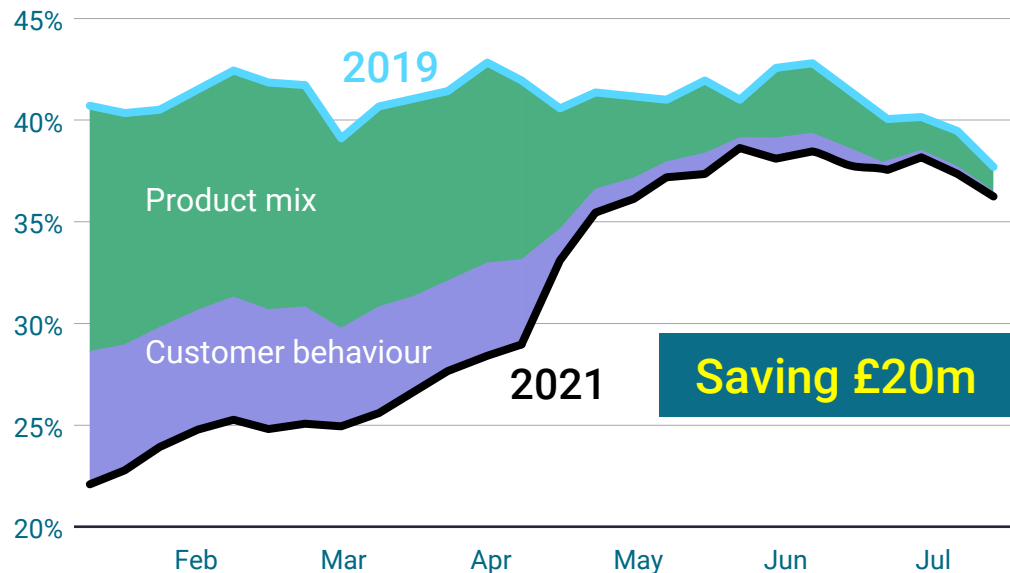
+ 52%

+ 55%

Full price returns rate %

Dispatches

+ 34%



H1

NEXT Brand UK + 46%

LABEL UK + 70%

UK total + 53%

Overseas + 62%

Online total + 55%

Phasing

Division

Customer type

Saving £20m

Online | Sales Analysis

next

£m	July 2021	July 2019	Var	Full Price
----	-----------	-----------	-----	------------

Total sales	1,522	1,005	+ 52%	+ 55%
-------------	-------	-------	-------	-------

Full price sales analysis

By customer type	H1
------------------	----

UK credit	+ 34%
-----------	-------

UK cash	+ 125%
---------	--------

Overseas	+ 62%	NEXTdirect.com	+ 49%
----------	-------	----------------	-------

Online total	+ 55%	Aggregators	+ 210%
--------------	-------	-------------	--------

Phasing

Division

Customer type

Online | Sales Analysis

next

£m	July 2021	July 2019	Var	Full Price
----	-----------	-----------	-----	------------

Total sales	1,522	1,005	+ 52%	+ 55%
-------------	-------	-------	-------	-------

Full price sales analysis

By customer type

H1

UK credit

+ 34%

UK cash

+ 125%

NEXTdirect.com

+ 49%

Online total

Spend per
customer *

July 2021
v 2019

£256

+ 25%

£88

+ 22%

£148

+ 3%

£157

+ 7%

* Spend per customer is for online transactions

Phasing

Division

Customer type

Online | Sales Analysis

next

£m	July 2021	July 2019	Var	Full Price
----	-----------	-----------	-----	------------

Total sales	1,522	1,005	+ 52%	+ 55%
-------------	-------	-------	-------	-------

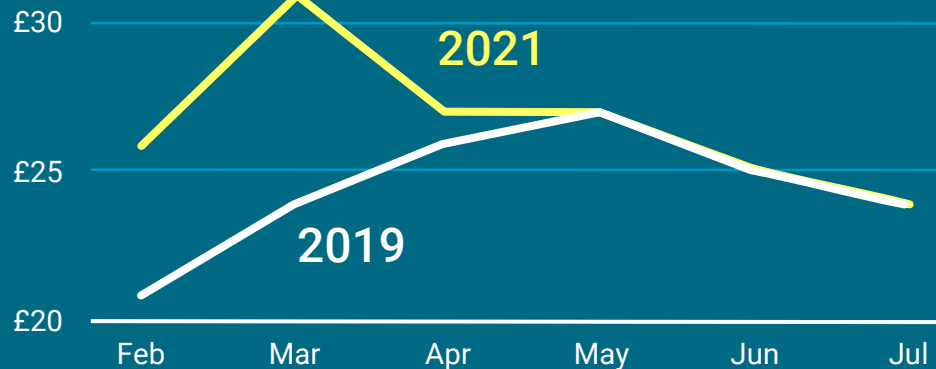
Full price sales analysis

By customer type

UK credit

UK cash

UK spend per customer



Spend per customer is for online transactions


Phasing

Division

Customer type

Online | Profit Analysis

next



£m	July 2021	July 2019	Var	Full Price
Total sales	1,522	1,005	+ 52%	+ 55%
Operating profit	318	183	+ 74%	
% to sales	20.9%	18.2%	+ 2.7%	
Freight costs	- 0.4%			
LABEL participation	- 0.7%			
NEXT product mix	- 0.3%			
Bought-in gross margin	- 1.4%			

July 2019 has been restated to reflect IFRS 16

Online | Profit Analysis

next



	July 2021	July 2019	Var
Total sales	1,522	1,005	
Operating profit	318	183	
% to sales	20.9%	18.2%	+ 2.7%
Bought-in gross margin	- 1.4%		
Surplus	+ 1.0%		
Achieved gross margin	- 0.4%		
		Stock for sale	+ 12%
		Markdown sales	+ 10%

July 2019 has been restated to reflect IFRS 16

Online | Profit Analysis

next



	July 2021	July 2019	Var
Total sales	1,522	1,005	
Operating profit	318	183	
% to sales	20.9%	18.2%	+ 2.7%
Achieved gross margin	- 0.4%		
Catalogues & photography	+ 1.9%		
Warehouse & distribution	+ 0.6%		
		Lower Online returns rate	+ 1.3%
		Overseas surcharges	- 0.8%
		Fixed cost leverage	+ 0.1%

July 2019 has been restated to reflect IFRS 16



	July 2021	July 2019	Var
Total sales	1,522	1,005	
Operating profit	318	183	
% to sales	20.9%	18.2%	+ 2.7%
Achieved gross margin	- 0.4%		
Catalogues & photography	+ 1.9%		
Warehouse & distribution	+ 0.6%		
Systems	+ 0.4%		
Central costs	+ 0.2%		
Total margin movement	+ 2.7%		

FY guidance

2021/22 margin
20%(e)

July 2019 has been restated to reflect IFRS 16



DIVISIONAL ANALYSIS

NEXT Finance

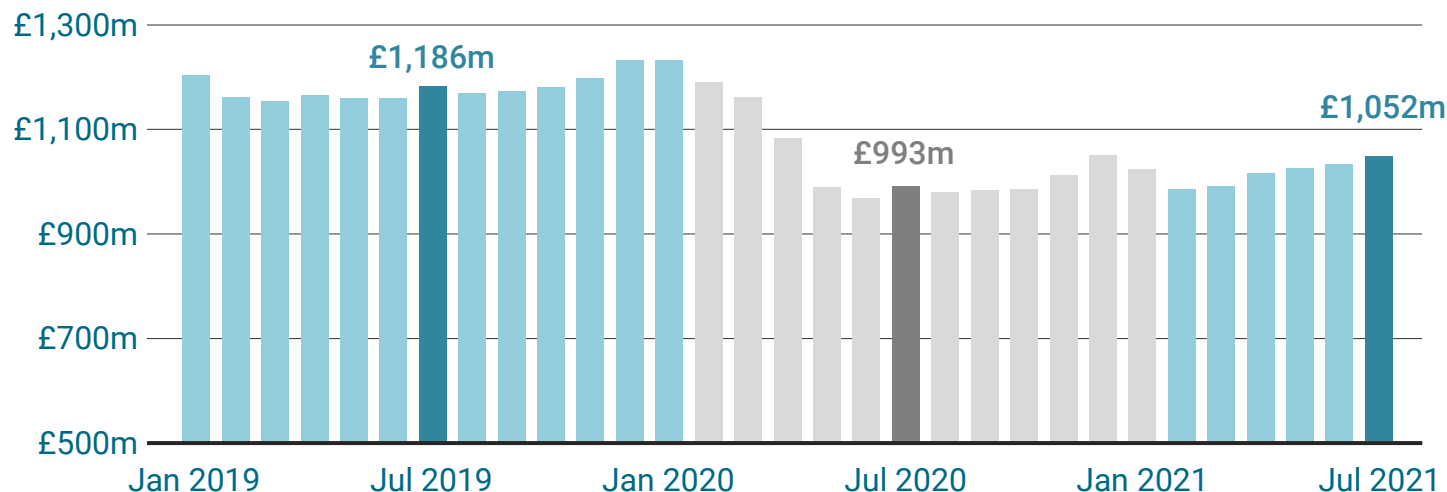
NEXT Finance | Key Drivers of Sales and Profit

next



£m	July 2021	July 2019	Var
Credit sales*	939	833	+ 13%
Avg. customer receivables	1,020	1,167	- 13%

Monthly closing customer receivables balance



* Includes Online and Retail sales paid on a NEXT credit account plus interest income

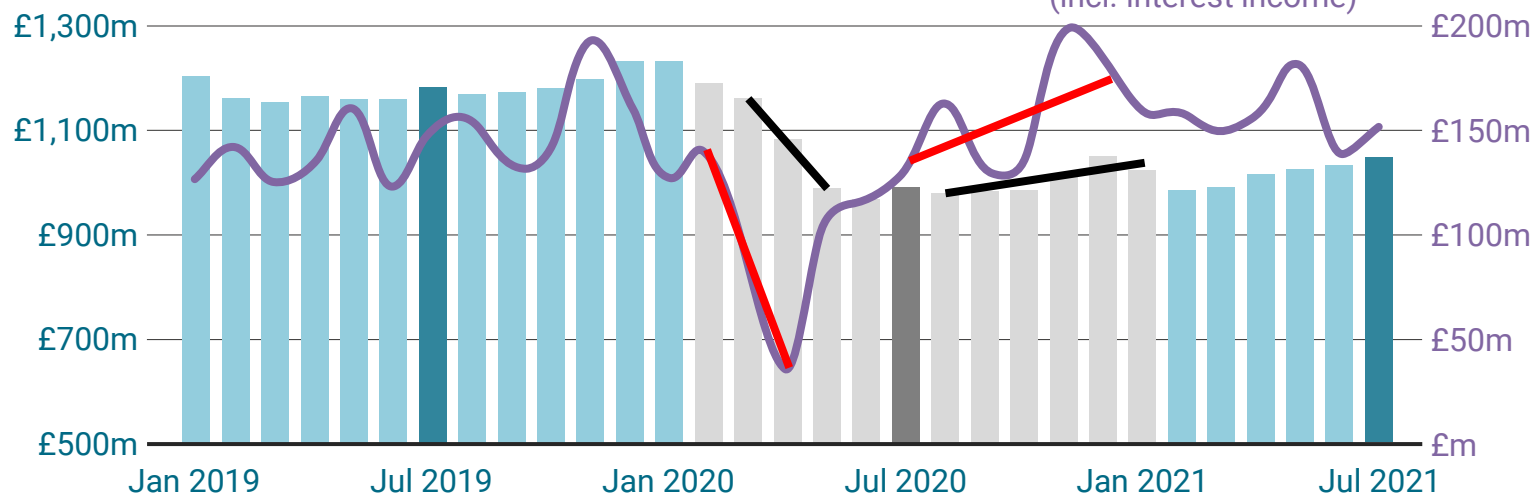
NEXT Finance | Key Drivers of Sales and Profit

next



£m	July 2021	July 2019	Var
Credit sales*	939	833	+ 13%
Avg. customer receivables	1,020	1,167	- 13%

Monthly closing customer receivables balance



* Includes Online and Retail sales paid on a NEXT credit account plus interest income

NEXT Finance | Income Statement

next



£m	July 2021	July 2019	Var
Credit sales*	939	833	+ 13%
Avg. customer receivables	1,020	1,167	- 13%
Interest income	119	134	
Bad debt charge	(17)	(19)	
Overheads	(21)	(21)	
Profit before cost of funding	81	94	
Cost of funding	(16)	(18)	
Net profit	66	76	- 13%
ROCE (after cost of funding)	12.9%	13.0%	

Includes Online and Retail sales paid on a NEXT credit account plus interest income
Rounding differences are not adjusted in the table

Fosse Park West, Leicester
Opened April 2021



DIVISIONAL ANALYSIS

Retail

Retail | Sales and Profit Analysis

next



£m

July 2021

July 2019

Var

Total sales

540

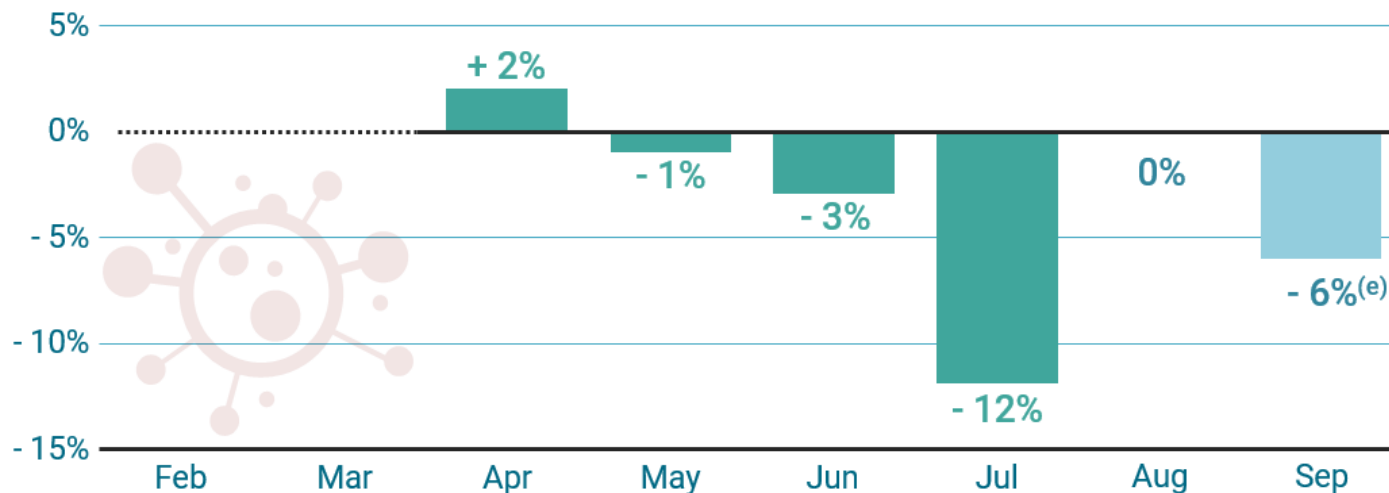
874

- 38%

LFL full price sales (for the LFL weeks stores were open)

- 4%

By month



Retail | Sales and Profit Analysis

next



£m

July 2021

July 2019

Var

Total sales

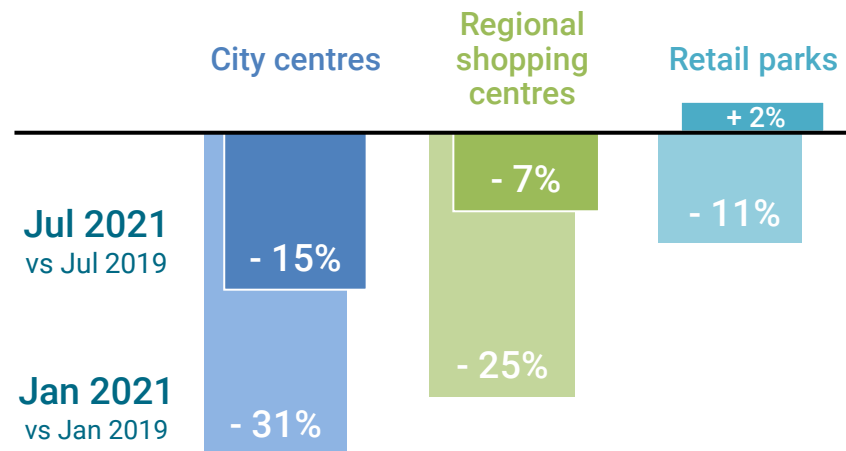
540

874

- 38%

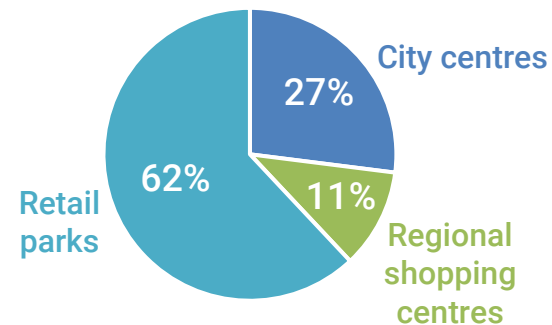
LFL full price sales (for the LFL weeks stores were open)

By store type



Participation % by sales

Year to Jan 2020



Retail | Sales and Profit Analysis

next



£m	July 2021	July 2019
Total sales	540	874
▶ Operating (loss)/profit	(18)	91
▶ Operating (loss)/profit including lease interest	(39)	61

FY guidance
including lease interest

2021/22^(e)
£60m

July 2019 has been restated to reflect IFRS 16

Focus on rent payable

	2021 ^(e) annualised	2019 annualised	Var
Gross rent, rates and service charge payable	£308m	£347m	- 11%

FY 2021^(e) rent reductions

No. of stores	Rent reduction	Weighted average term	Annualised saving
73	- 52%	3.0 years	£11.5m

Including 28 flexible rents...

...of which 15 are Total Occupancy (TOC) deals

Annualised saving includes rates and service charge.

Focus on rent payable

	2021 ^(e) annualised	2019 annualised	Var
Gross rent, rates and service charge payable	£308m	£347m	- 11%

TOC deal example

Turnover
(VAT ex.)

£1.6m

Before

After

Rent

£200k

Rates

£124k

Service charge

£88k

£412k

£230k

- 44%

3 years

% of turnover

14%





Estimated Impact of Lockdown

Estimated Impact of Lockdown

Full price

Sales lost

Sales gained in rebound

Net sales lost

Retail

- £250m

+ £20m

- £230m

Estimated Impact of Lockdown

Full price

Retail

UK Online

Net sales lost / gained

- £230m

+ £155m 67%

Full price margin

- £125m

54% + £60m 39%

Rates relief

+ £20m

-

Recharges & cost savings

+ £19m

- £14m

Lower customer returns

-

+ £20m

Effect of lockdown on profit

- £86m

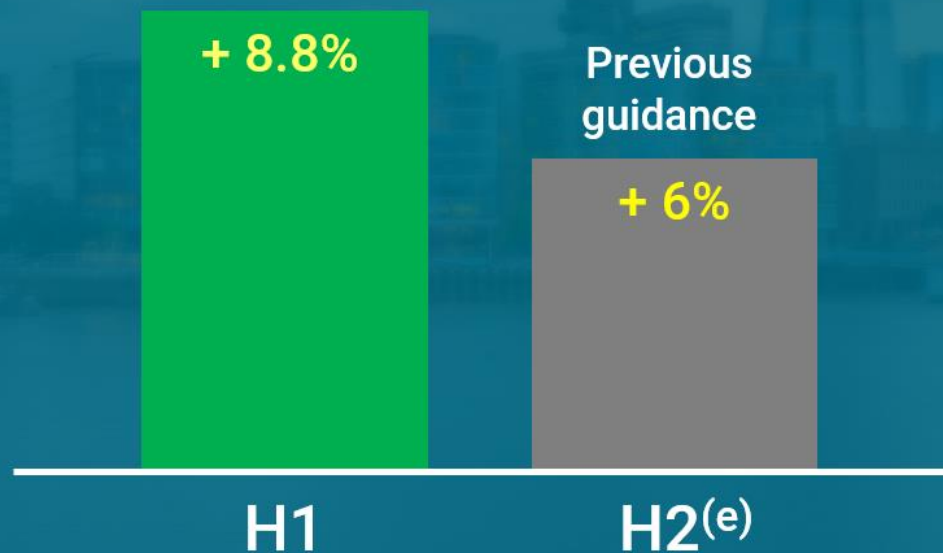
+ £66m

- £20m



NEXT PLC

2021/22 Outlook



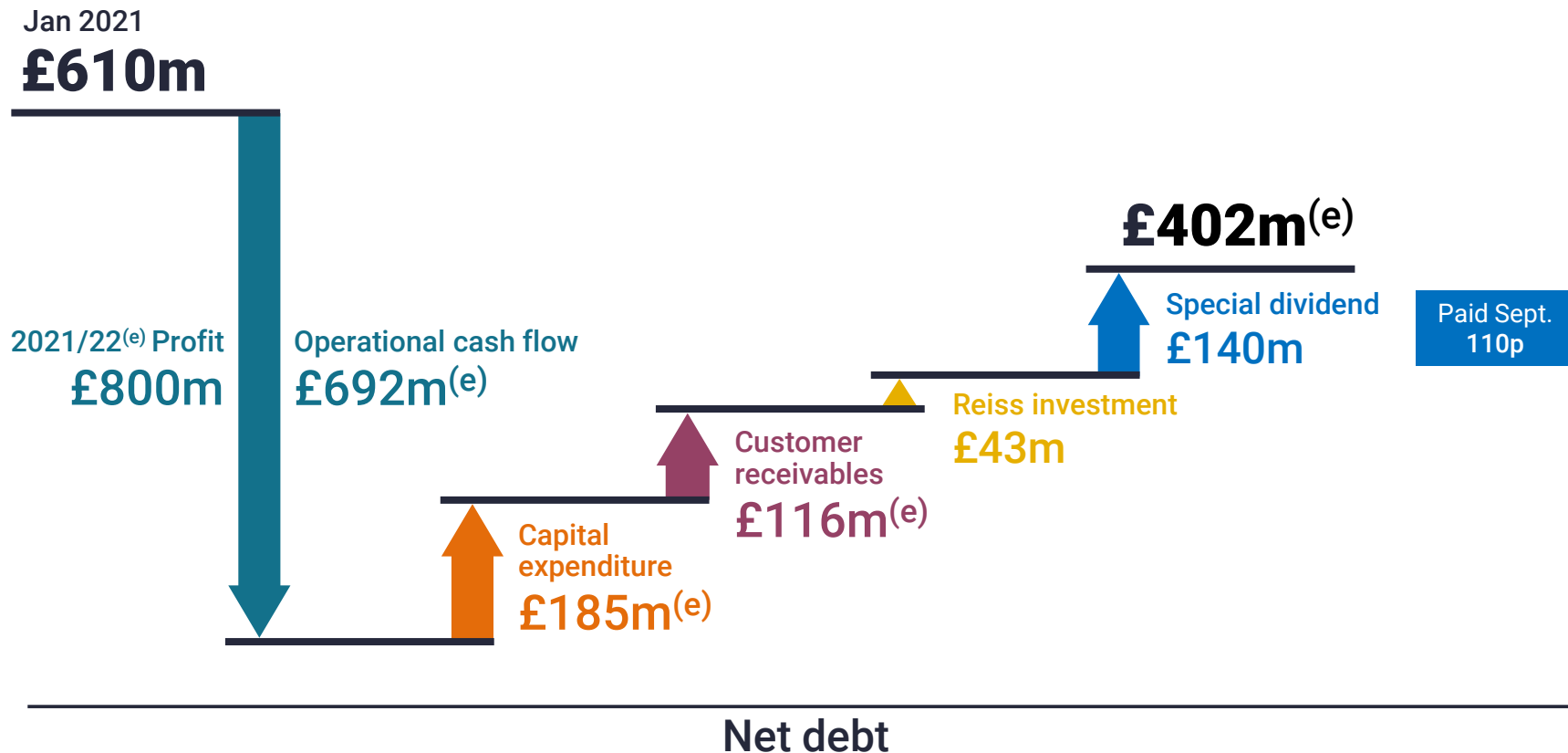


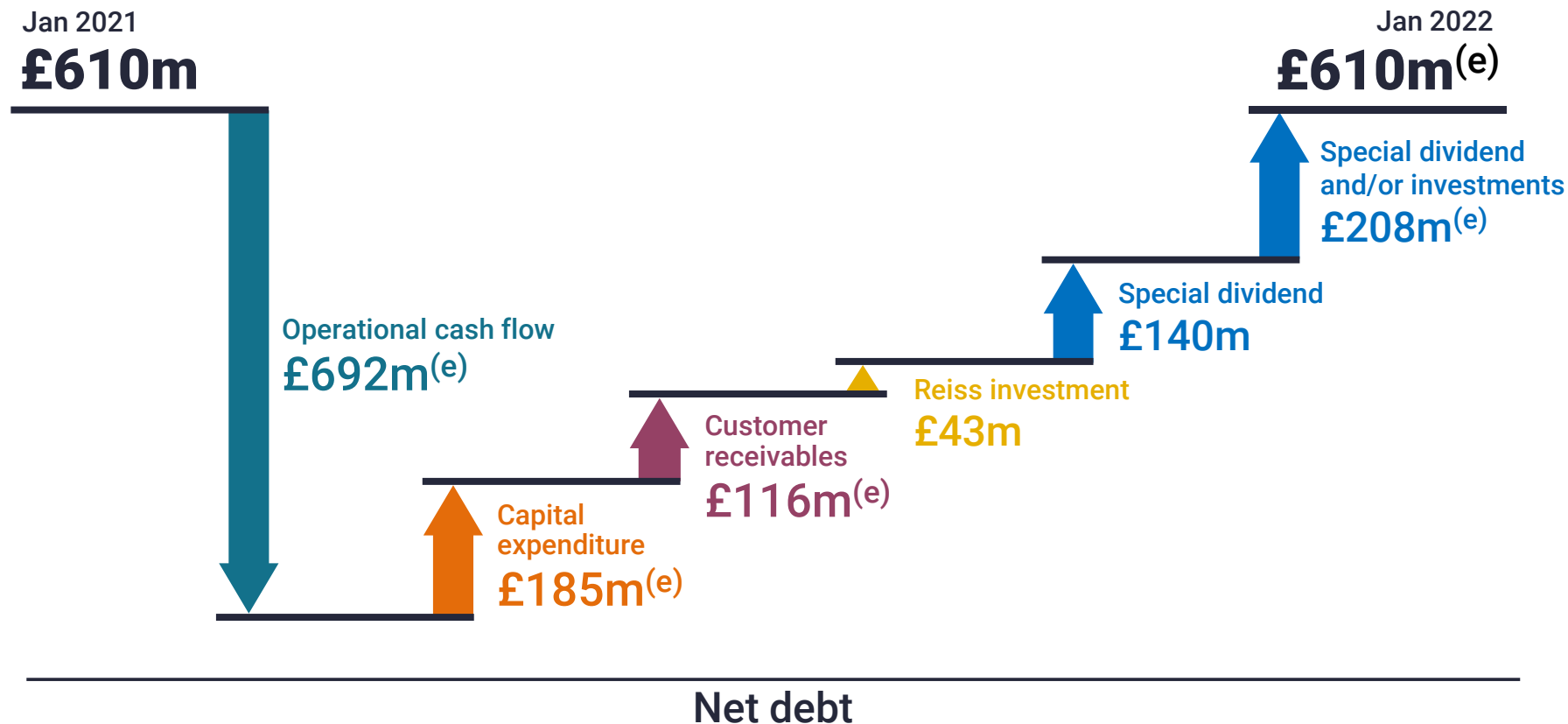
	2021/22 v 2019/20	£ Var
Retail	- 25%	- £410m
Online	+ 44%	+ £840m
Finance	- 8%	- £20m
	<hr/>	<hr/>
	+ 11%	+ £410m
	<hr/>	<hr/>
	FY ^(e)	





Numbers are stated on an IFRS 16 basis





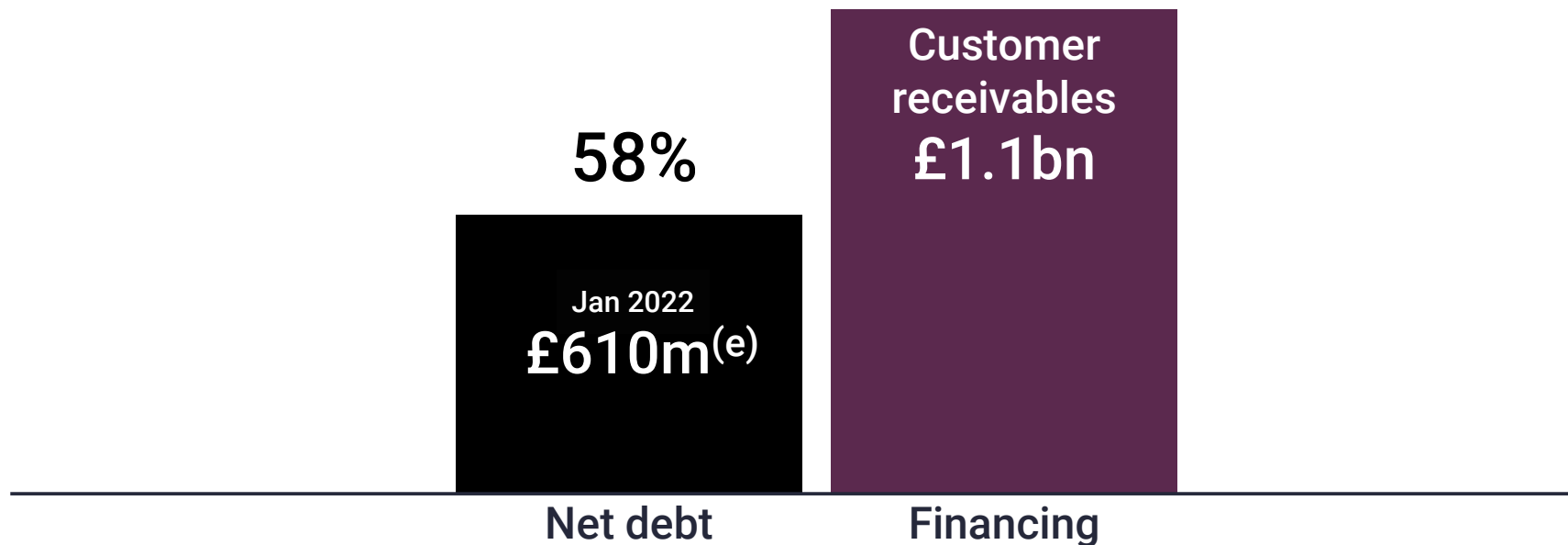
58%

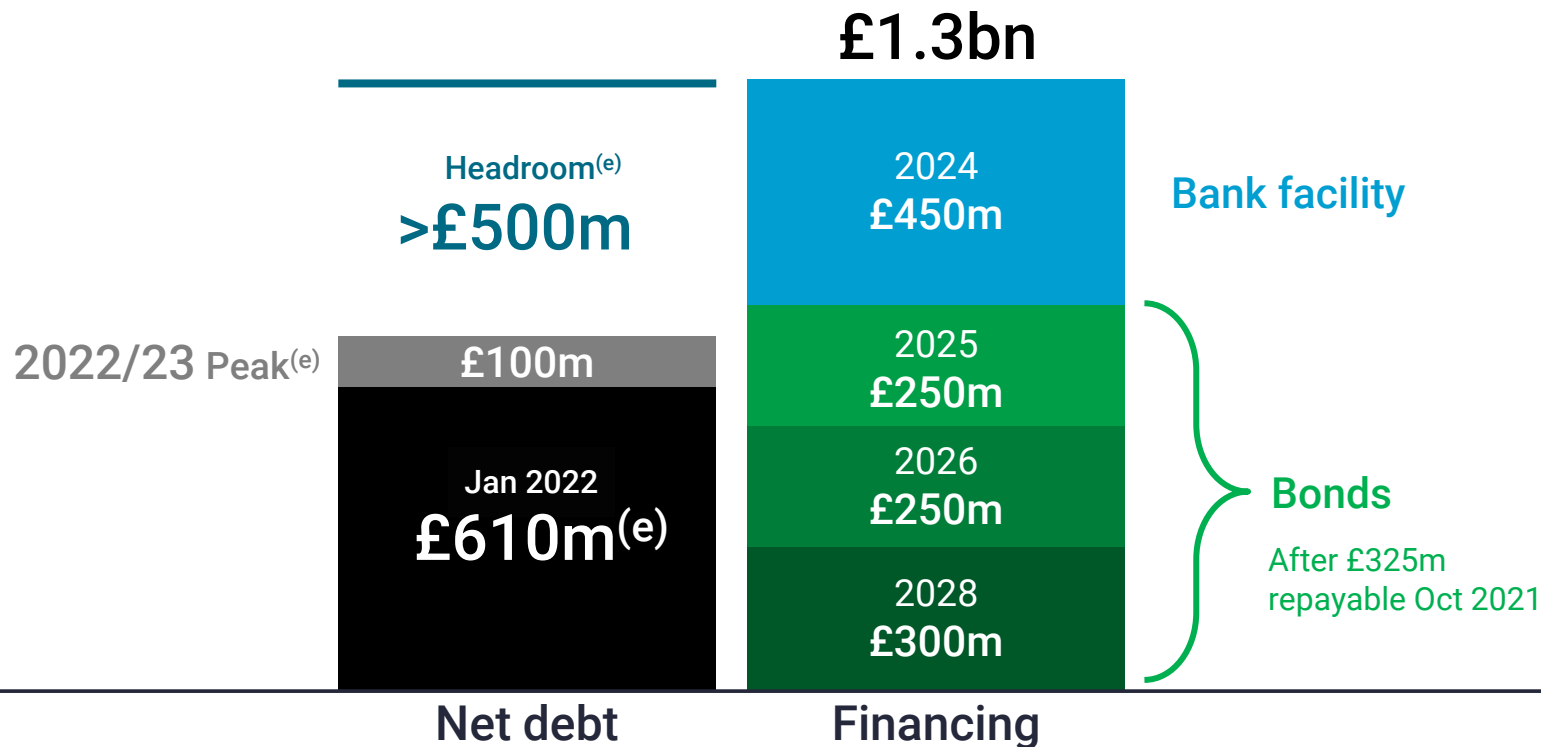
Jan 2022
£610m^(e)

Customer
receivables
£1.1bn

Net debt

Financing







The Journey



The Journey

Jan 2017

Jan 2019

July 2021



...at this time of significant uncertainty,
we feel that the decision to buy back
shares is best left to shareholders
themselves.

The Journey

Jan 2017

Jan 2019

July 2021



15 year stress test
£12bn

The Journey

Jan 2017



Jan 2019



July 2021

DECREASING

Retail Threat

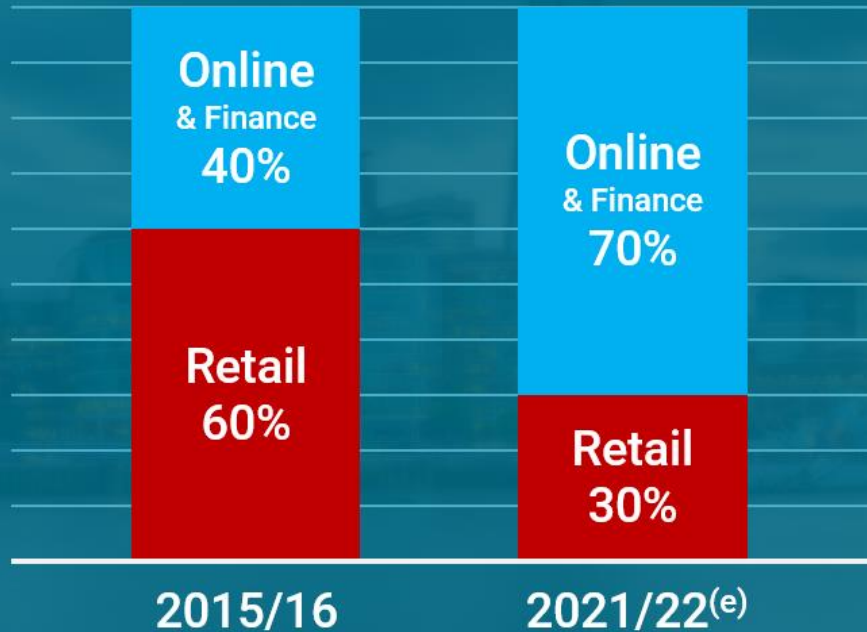
Online Opportunities

INCREASING

July 2021



Sales Participation



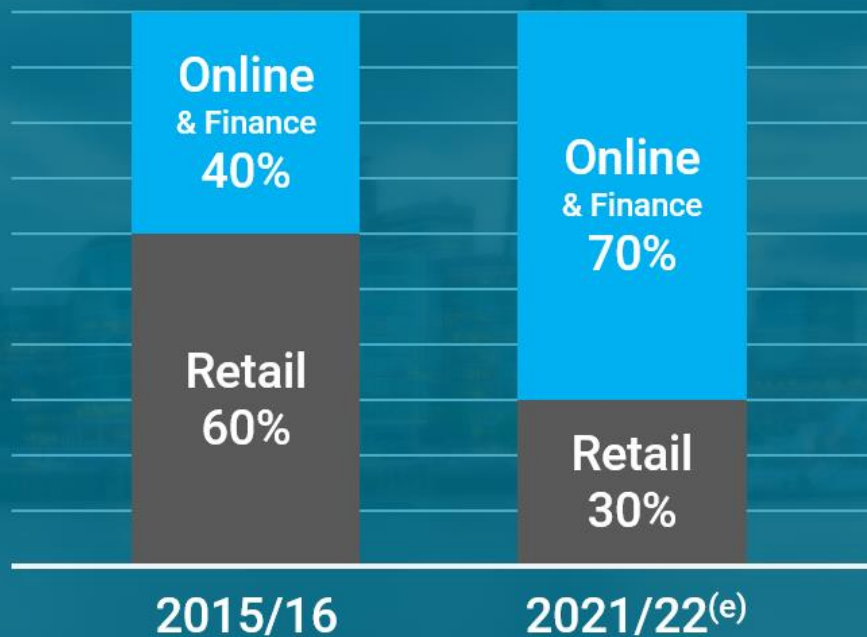
July 2021

Online
Opportunities

↑
INCREASING

Four areas
of focus

Sales Participation

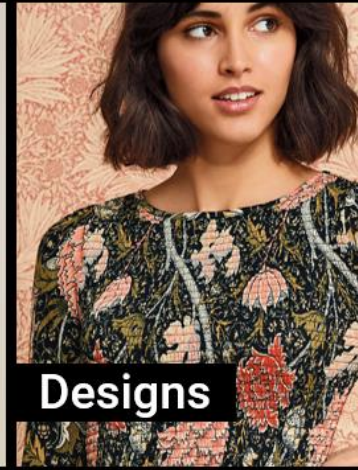
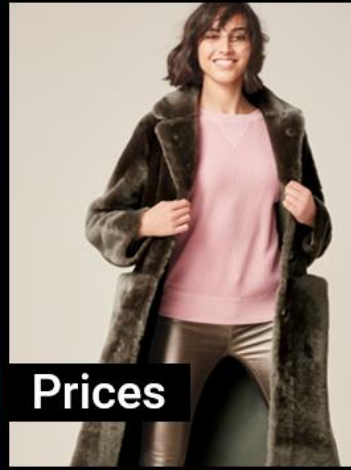
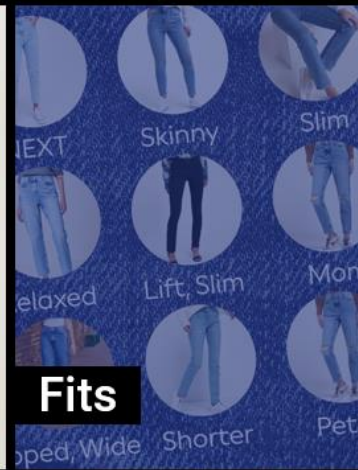
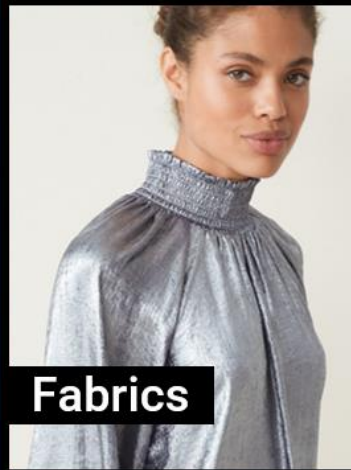
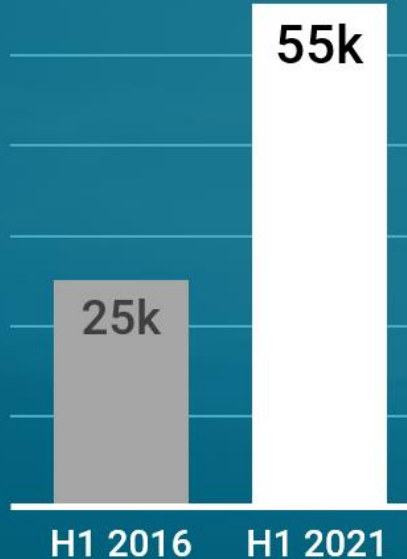


Online Opportunities

▶ NEXT Product Choice

Options growth

+ 120%



Online Opportunities

NEXT Product Choice

▶ LABEL Product

Full price sales



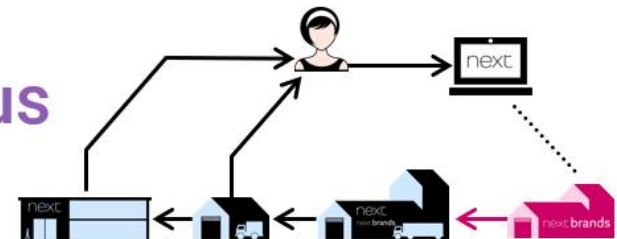
320+ New Brands

in the last two years



Platform Plus

48 hours



Online Opportunities

NEXT Product Choice

LABEL Product

▶ Customer Growth

Jan 2021

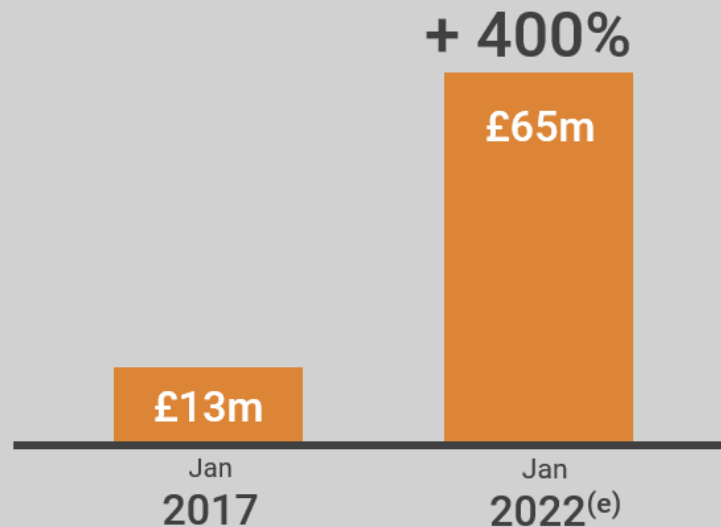
8.4m customers

+ 40% v 2 years

+ 73% v 5 years

Online Marketing

Digital



Online Opportunities

NEXT Product Choice

LABEL Product

Customer Growth

Jan 2021

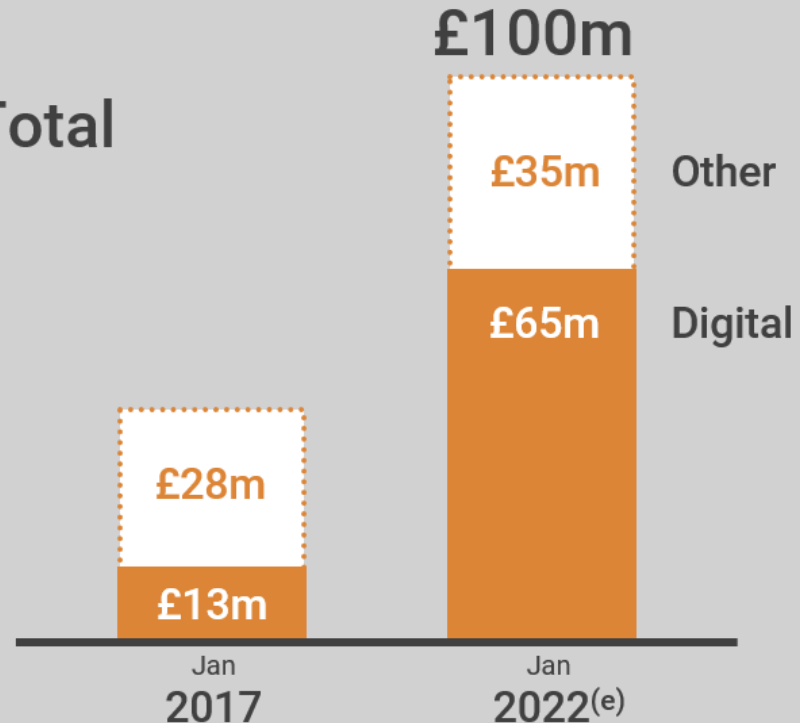
8.4m customers

+ 40% v 2 years

+ 73% v 5 years

Online Marketing

Total



Online Opportunities

NEXT Product Choice

LABEL Product

Customer Growth

Jan 2021

8.4m customers

+ 40% v 2 years

+ 73% v 5 years

Collaborative Marketing



DELIVERED BY
next

back to fun

Shop now



Online Opportunities

2021/22^(e)

NEXT Product Choice

LABEL Product

Customer Growth

Total Platform

Gross sales*	£50m
--------------	------

TP profit	£3m	6%
-----------	-----	----

Equity profit	£7m
---------------	-----

£10m

CP
CHILDSPLAY
CLOTHING

LIVE

LAURA
ASHLEY

LIVE

VS
VICTORIA'S
SECRET

LIVE

AUBIN



LIVE

REISS

Spring
2022

GAP

Summer
2022

* Excludes retail sales in Victoria's Secret stores

Online Opportunities

NEXT Product Choice

LABEL Product

Customer Growth

Total Platform

Tough Questions

Are lockdown **customers**
here to stay?

Can our **warehouses** cope?

Is our **technology** ready?

Are lockdown **customers** here to stay?

Customer Retention



Are lockdown **customers** here to stay?

Customer Retention



Are lockdown **customers** here to stay?

Jan 2018

Jan 2019

Jan 2020

Jan 2021

Jan 2022

806k

~ 9 months

Remain active

147k
18%

Q4 recruits

1.4m

~ 9 months

275k
19%

Spend per
customer

£83

£102

+ 23%

Are lockdown **customers** here to stay?

Jan 2018

Jan 2019

Jan 2020

Jan 2021

Jan 2022

436k

~ 18 months

80k
18%

Q1 recruits

369k

~ 18 months

85k
23%

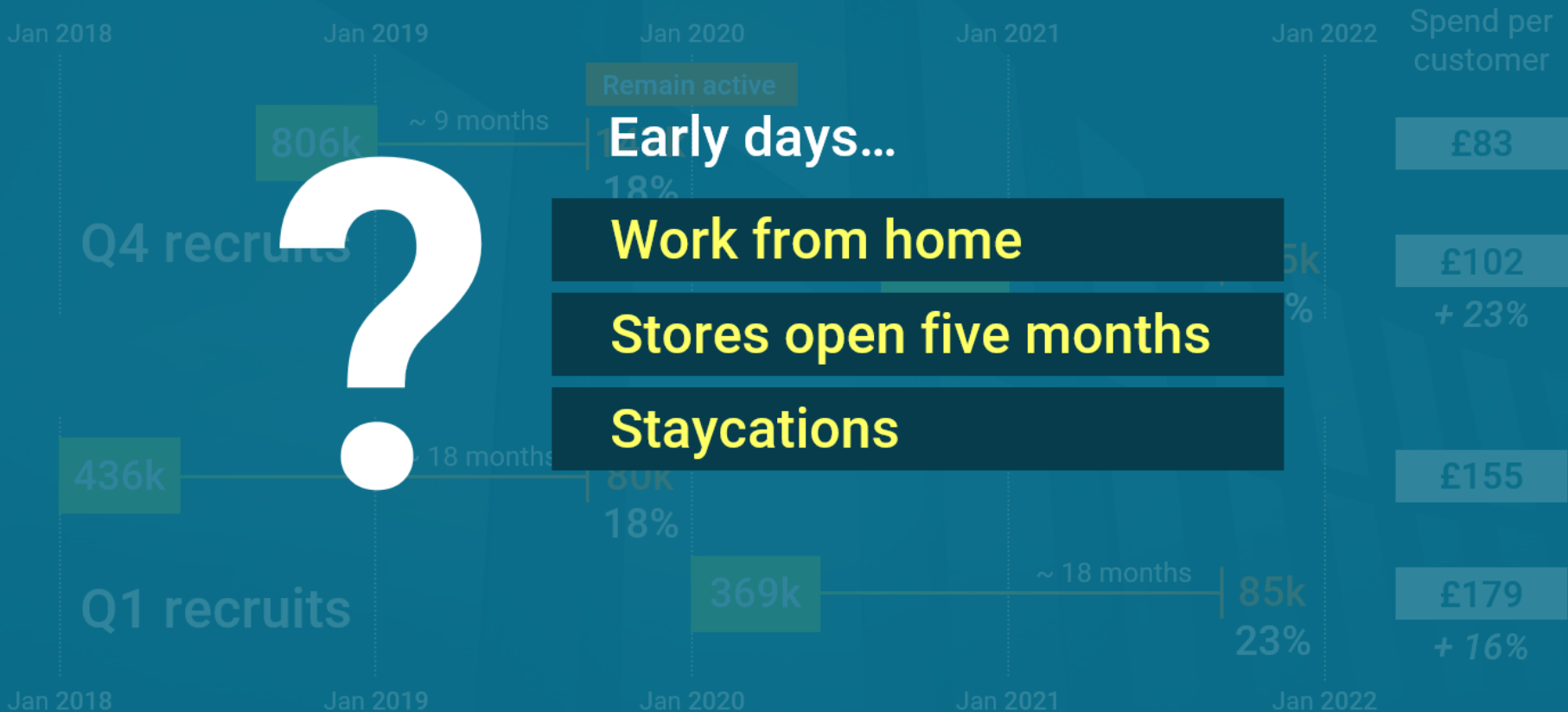
£155

£179

+ 16%



Are lockdown **customers** here to stay?

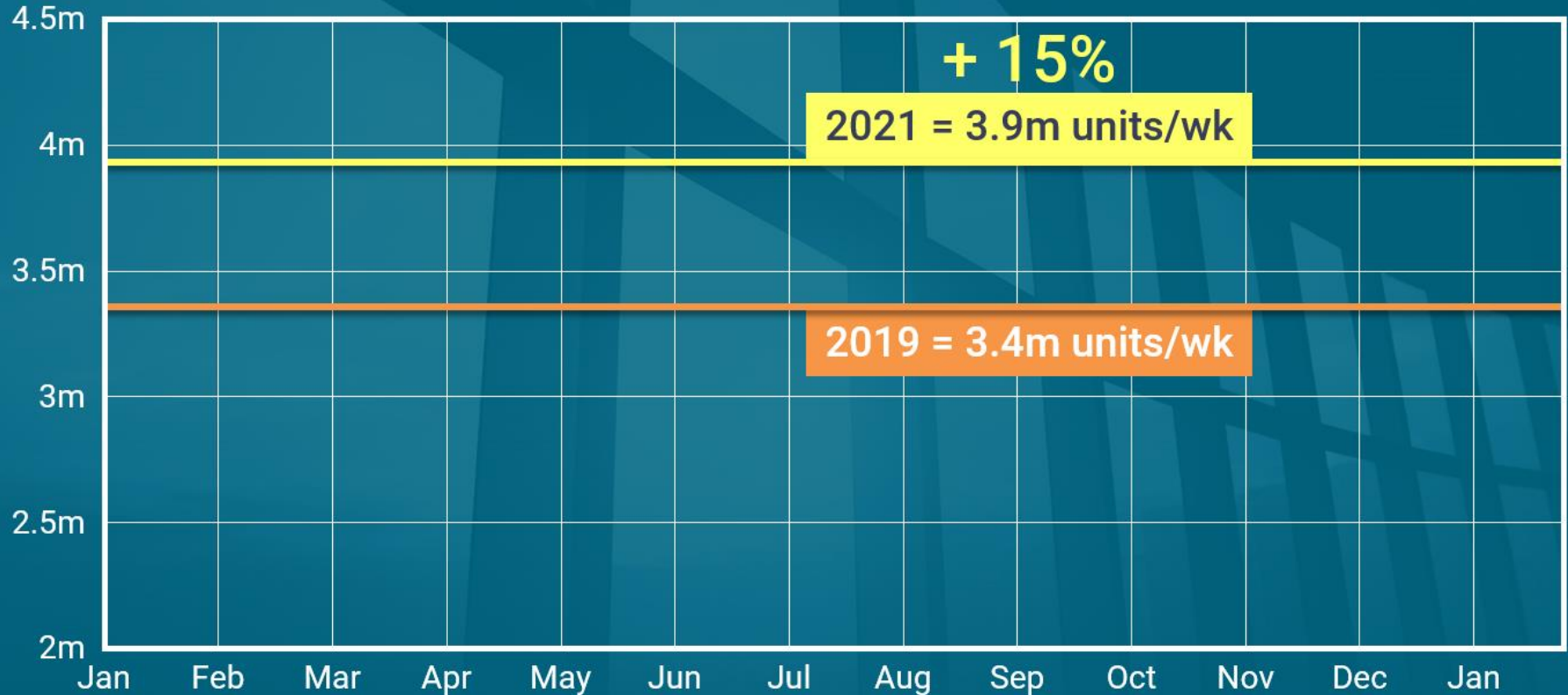




Can our **warehouses** cope?

Can our **warehouses** cope?

Weekly Picking Capacity



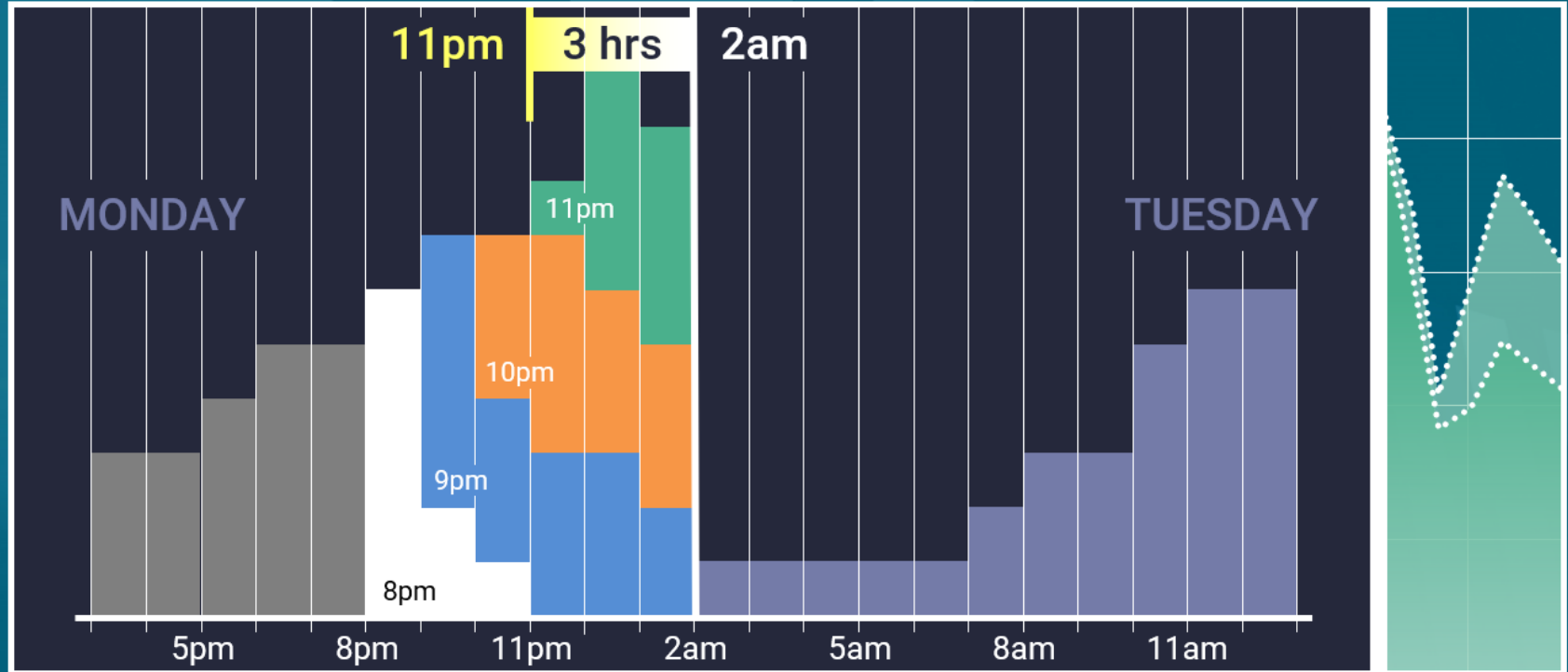
Can our **warehouses** cope?

Weekly Picking Capacity 2021/22(e)



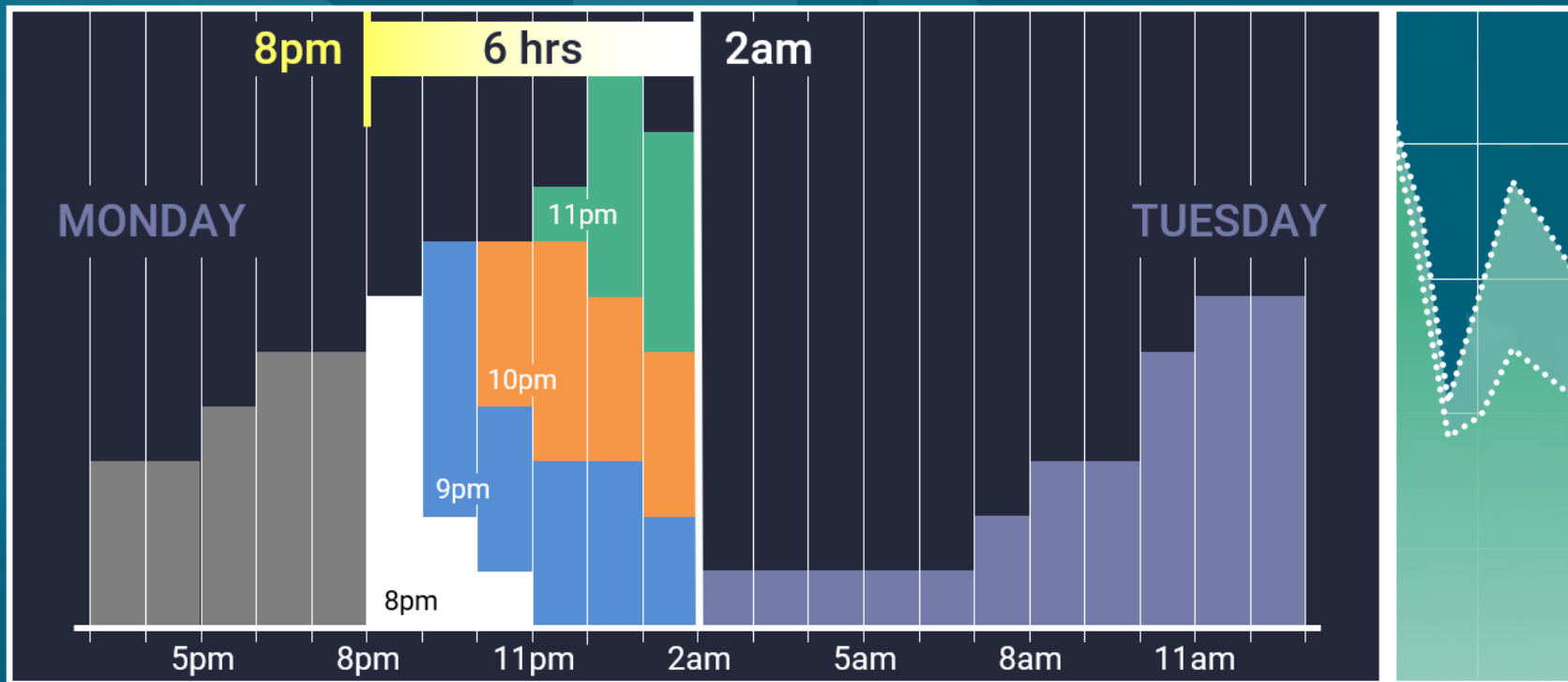
Can our **warehouses** cope?

Packing Volumes



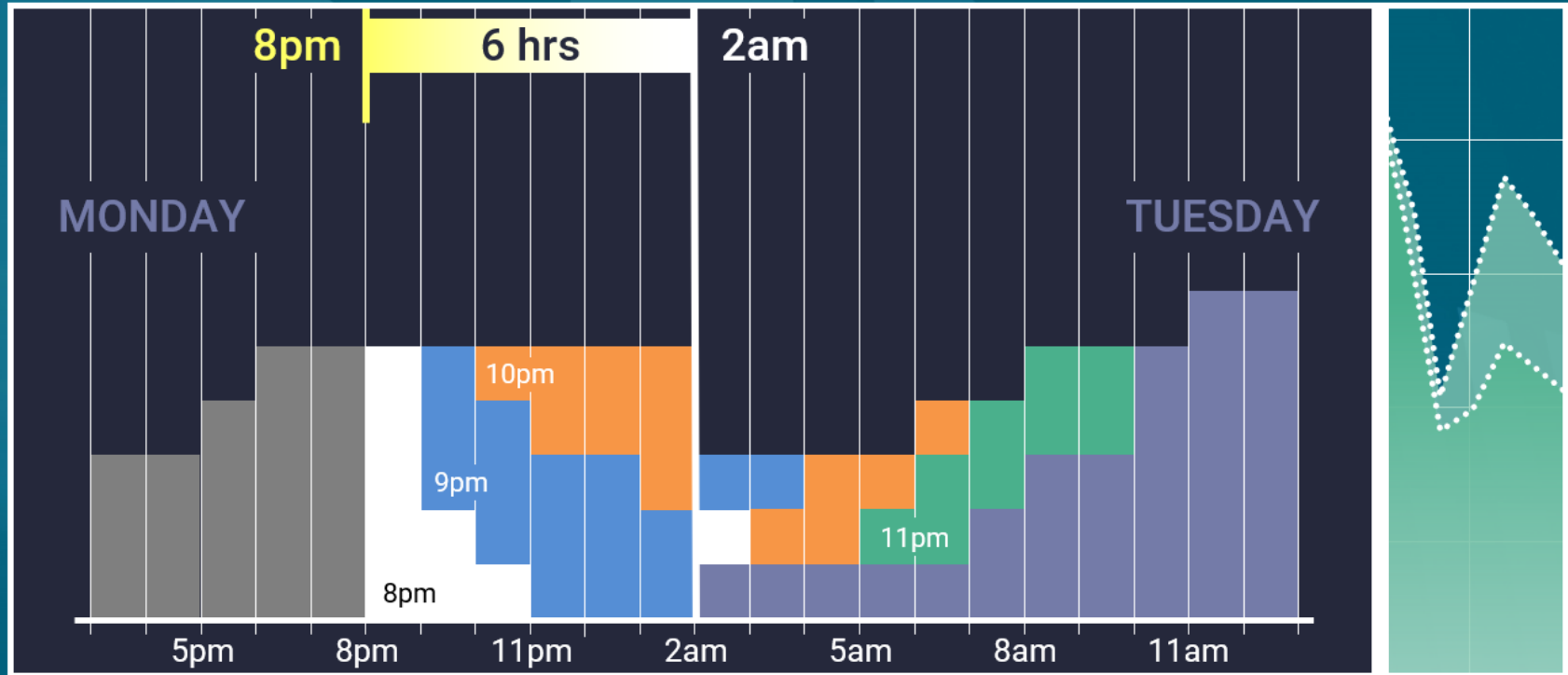
Can our **warehouses** cope?

Packing Volumes



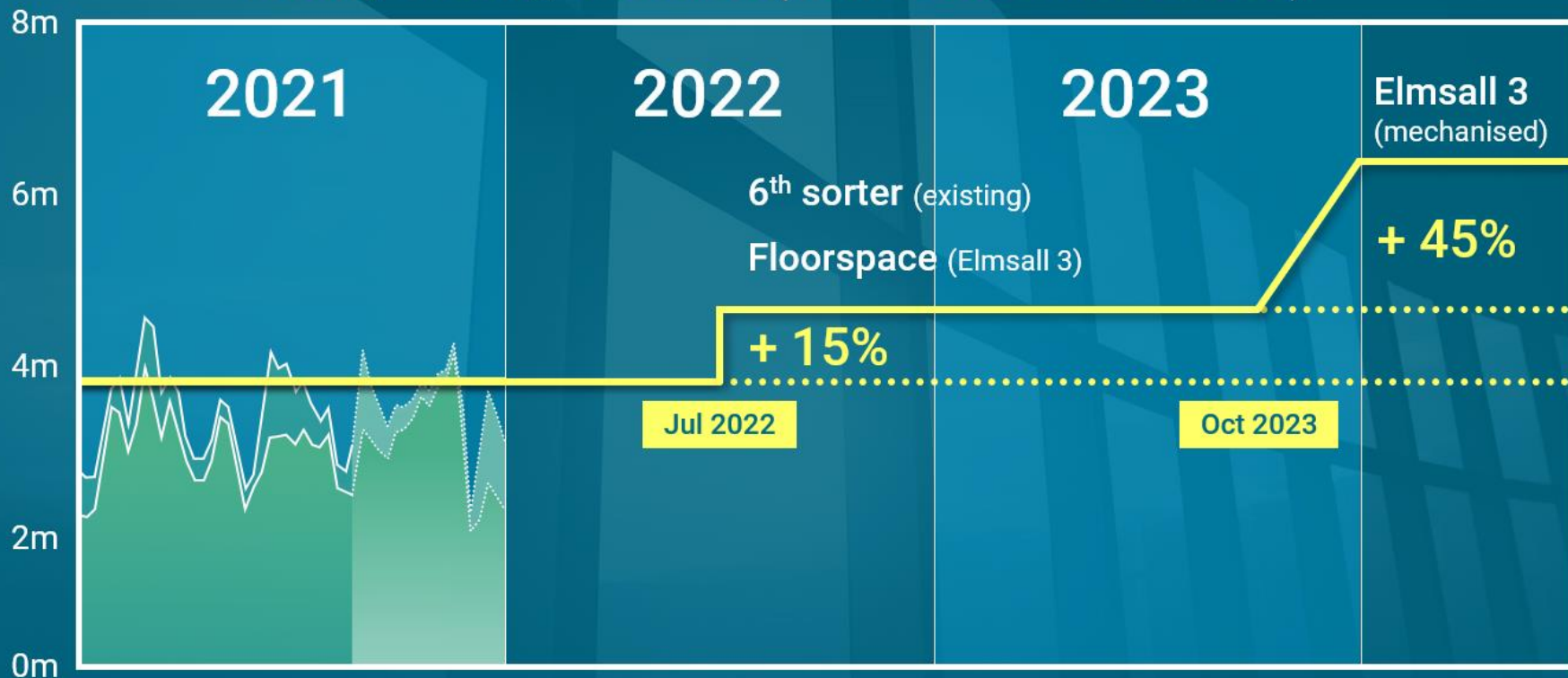
Can our **warehouses** cope?

Packing Volumes



Can our **warehouses** cope?

Weekly Picking Volumes (Main Boxed Warehouse)





An aerial photograph of an industrial construction site. In the foreground, a large, light blue 3D model of a warehouse is shown, with a dark blue rectangular box overlaid on its side containing the text 'Phase 1 + 45%'. To the left of this model, another dark blue box contains the text 'Elmsall 3'. Behind the blue model, three red 3D models of different building footprints are visible, outlined in red. The background shows a mix of green fields, residential housing, and other industrial buildings under a hazy sky.

Elmsall 3

Phase 1 + 45%



Phase 1
& Phase 2 + 90%

18 months lead time

Elmsall 3

Elmsall 4?



Is our **technology** ready?

Is our **technology** ready?

The Need to Modernise

Function rich ✓

Resilient ✓

Secure ✓

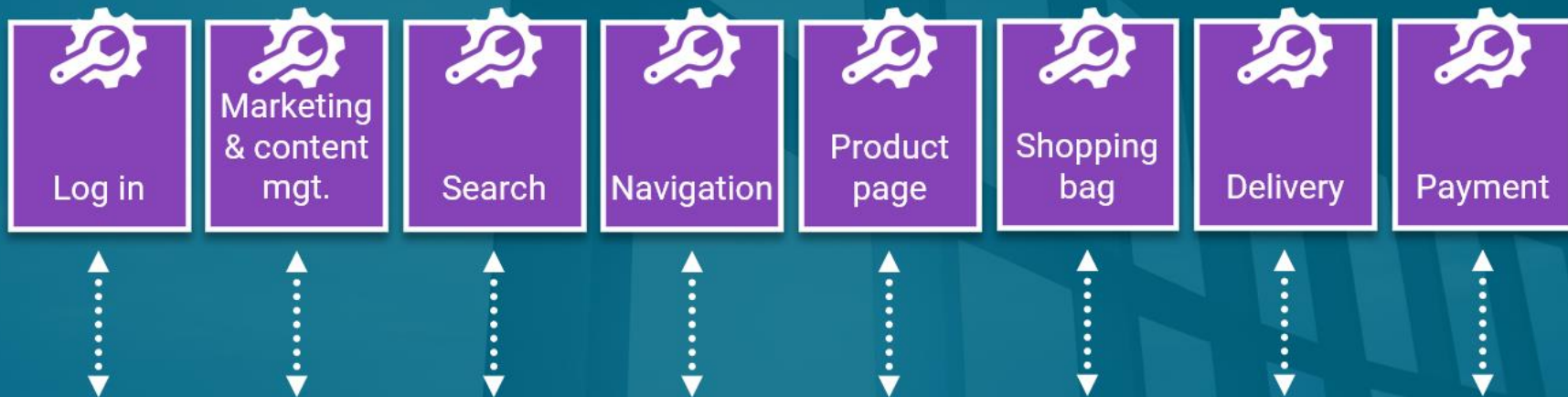


but... Monolithic ✗

e.g. E-Commerce system

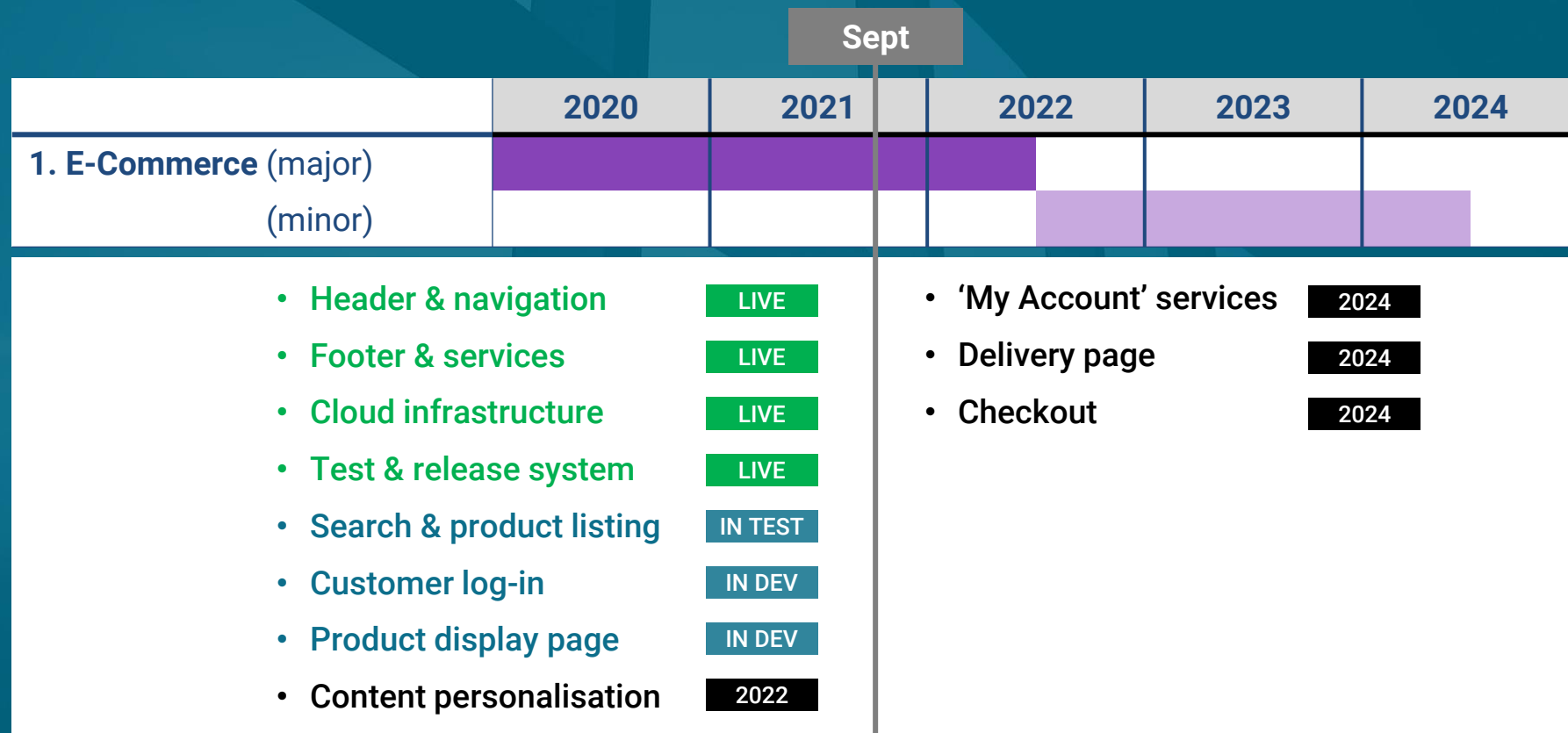
Is our **technology** ready?

Modular Development



Communication layer

Is our **technology** ready?



Is our **technology** ready?

	Sept				
	2020	2021	2022	2023	2024
1. E-Commerce (major)					
(minor)					
2. HR & Payroll					
3. Big Data & Analytics					
4. Buying & Merchandising					
5. Finance & Accounting					
6. Payment Processing					
7. Warehousing					>>
8. Contact Centres & CRM					

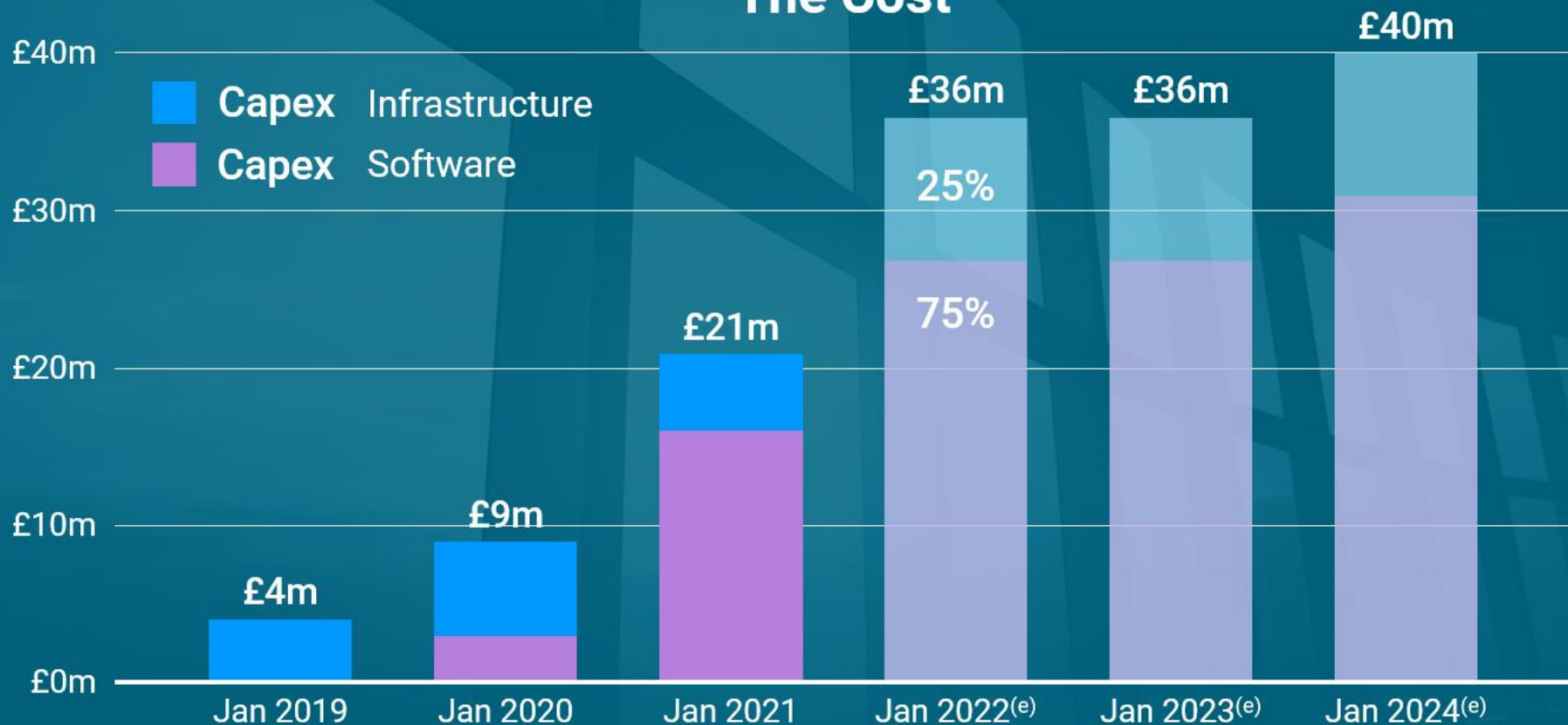
MODERNISE

+

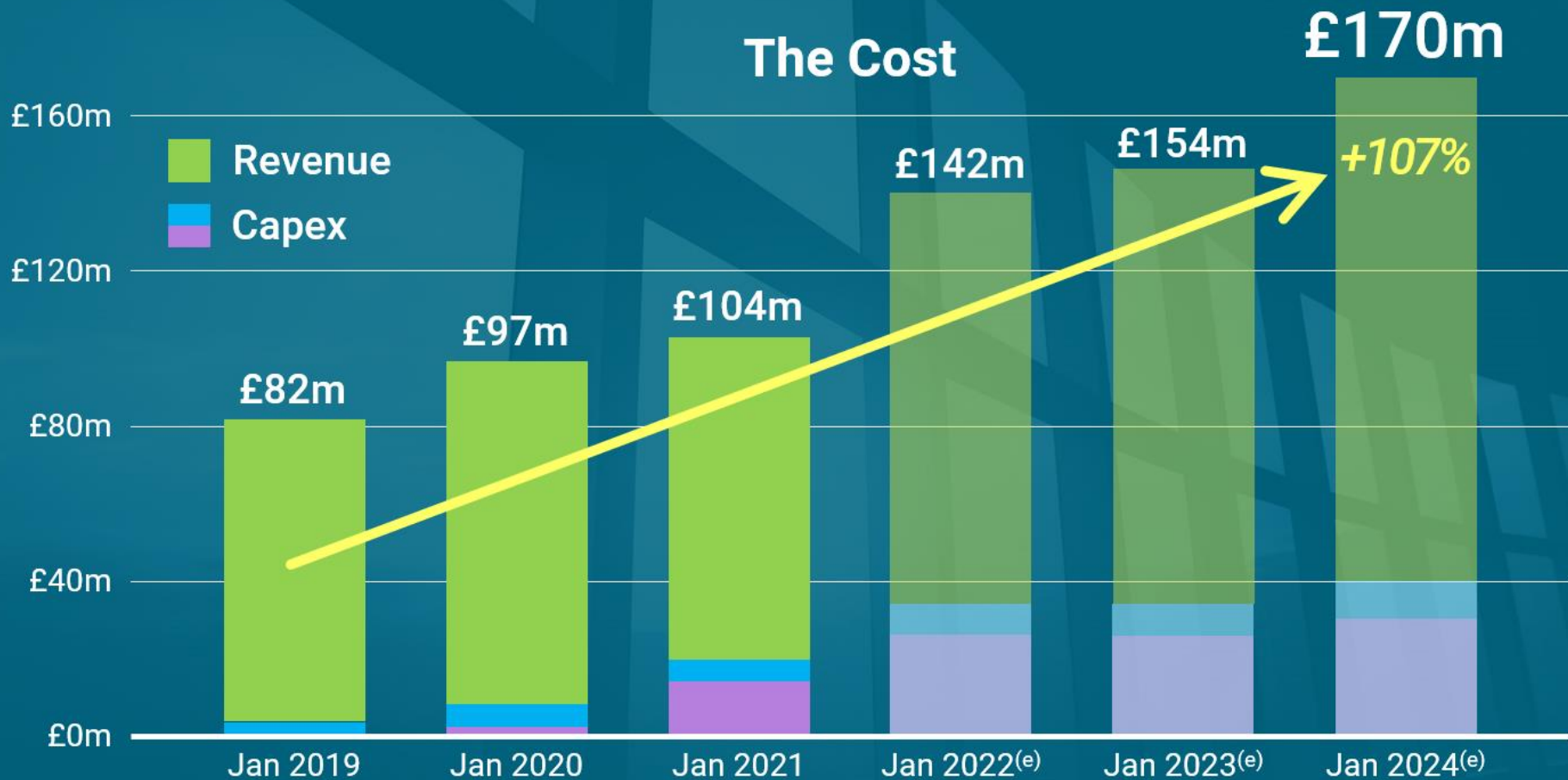
DEVELOP

Is our **technology** ready?

The Cost

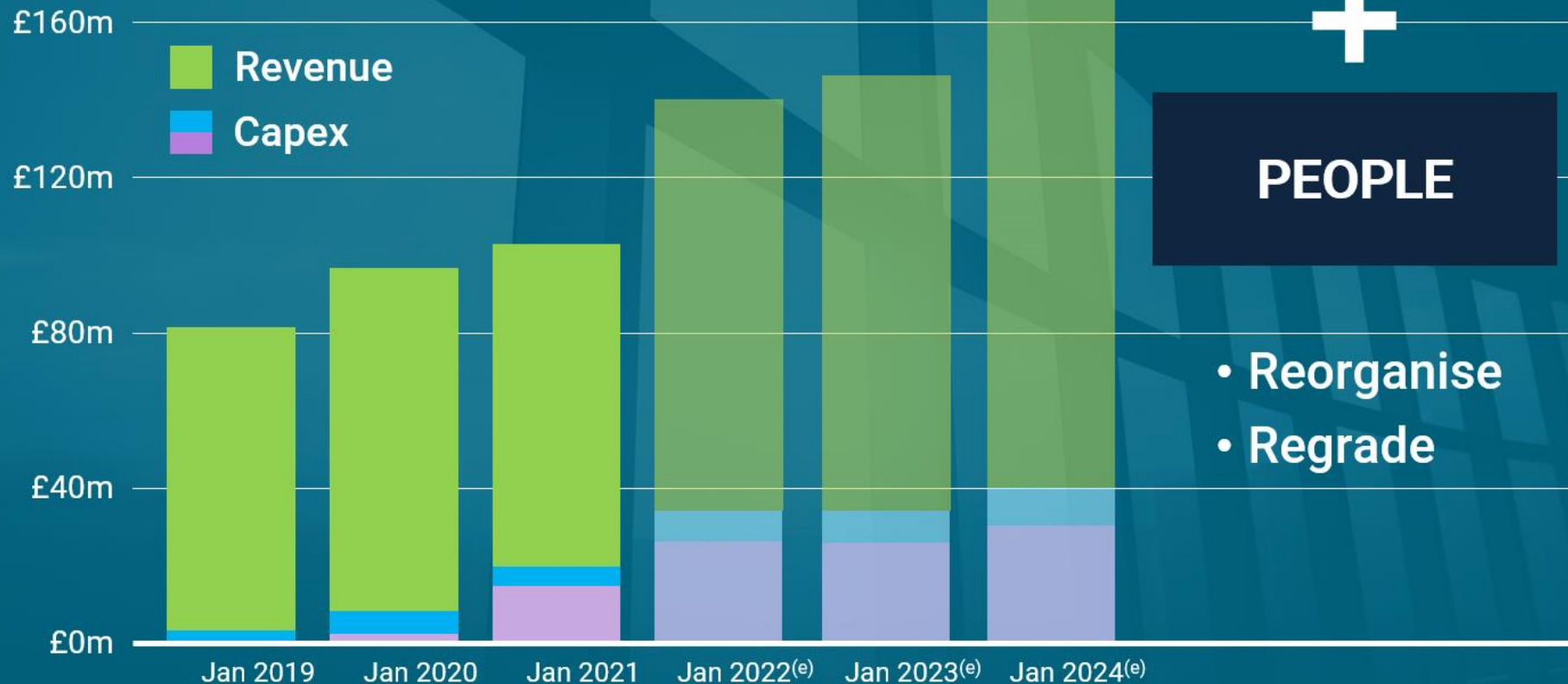


Is our **technology** ready?



Is our **technology** ready?

The Cost



A person is silhouetted against a bright blue sky with scattered white clouds while climbing a dark, craggy rock face. The climber is positioned in the center-left of the frame, reaching up with one hand and holding a rope that extends down towards the bottom right. The rock face is on the left side of the image, and the sky occupies the right side.

Challenges & Uncertainties

Are lockdown **customers**
here to stay?

Can our **warehouses** cope?

Is our **technology** ready?

Online Opportunities

NEXT Product Choice

LABEL Product

Customer Growth

Total Platform