

NEXT

July 2023

1 year comparisons

Current year rounding differences are not adjusted,
prior year numbers are as previously presented.



Income Statement

NEXT

£m	July 2023	July 2022	Var
Total sales	2,638	2,504	+ 5.4%
		Online	+ 4.1%
		Retail	+ 0.9%
		Finance	+ 7.1%
Full price sales exc. TP & consolidated investments			+ 3.2%

Not presented on a statutory basis.

July 2022 total sales have been restated to show NEXT income from TP sales instead of GTV.

Income Statement

NEXT

£m	July 2023	July 2022	Var	Full Price
Total sales	<u>2,638</u>	<u>2,504</u>	+ 5.4%	+ 3.2%
Operating profit	456	434		
Lease interest	<u>(23)</u>	<u>(23)</u>		
▶ Operating profit after lease interest	433	411	+ 5.4%	
Operating profit %	16.4%	16.4%		

Not presented on a statutory basis.

July 2022 total sales have been restated to show NEXT income from TP sales instead of GTV.

Income Statement

NEXT

£m	July 2023	July 2022	Var	Full Price
Total sales	<u>2,638</u>	<u>2,504</u>	+ 5.4%	+ 3.2%
Operating profit	456	434		
Lease interest	(23)	(23)		
Financing interest	<u>(13)</u>	<u>(10)</u>		
Interest	<u>(37)</u>	<u>(33)</u>		
▶ Profit before tax	420	401	+ 4.8%	
▶ Tax charge	(98)	(72)		
Effective tax rate	23.3%	18%		
Corporation Tax rate changed to 25% in April 2023				

Not presented on a statutory basis.

July 2022 total sales have been restated to show NEXT income from TP sales instead of GTV.

Income Statement

NEXT

£m	July 2023	July 2022	Var	Full Price
Total sales	<u>2,638</u>	<u>2,504</u>	+ 5.4%	+ 3.2%
Operating profit	456	434		
Lease interest	(23)	(23)		
Financing interest	(13)	(10)		
Interest	<u>(37)</u>	<u>(33)</u>		
Profit before tax	420	401	+ 4.8%	
Tax charge	<u>(98)</u>	<u>(72)</u>		
▶ Profit after tax	<u>322</u>	<u>329</u>	- 2.0%	
▶ EPS	264.5p	262.3p	+ 0.8%	

Not presented on a statutory basis.

July 2022 total sales have been restated to show NEXT income from TP sales instead of GTV.

Cash Flow

NEXT

£m	July 2023	July 2022
Profit before tax	420	401
Depreciation and impairment	62	57
Capital expenditure	(84)	(107)
Working capital / other	2	(174)
Tax paid	(90)	(70)
ESOT	(42)	(77)
Surplus cash	268	30
Investments	(9)	(64)
Buybacks	(167)	(228)
Net cash flow	92	(262)

The cash flow statement is not presented on a statutory basis.

NEXT

July 2023

July 2022

Var

(84)

(107)

↓ 23m

Technology

Warehouse

£206m

£184m

£31m

£29m

£124m

£36m

£53m

£117m

£170m^(e)

£46m^(e)

£53m^(e)

£71m^(e)

Jan
2022

Jan
2023

Jan 2024^(e)

NEXT

July 2023

July 2022

Var

Capital expenditure

(84)

(107)

↓ 23m

Technology

Warehouse

Total spend
~ £200m^(e)

Elmsall 3

Additional capacity
~ £1bn sales

Elmsall 3

£30m

Jan
2021

£71m

Jan
2022

£77m

Jan
2023

£27m^(e)

Jan 2024^(e)Feb 2020 to
Jan 2024^(e)

£m	July 2023	July 2022	Var
Capital expenditure	(84)	(107)	↓ 23m

Elmsall 3 operating costs

£m	Annualised ^(e)
Occupancy	- 26
Management, maintenance, etc.	- 6
Total cost increases	- 32
E3 savings	+ 32
Other warehouse net savings	+ 15
Estimated efficiency savings	+ 47

Total spend
~ £200m^(e)

Elmsall 3

Feb 2020 to
Jan 2024^(e)

Cash Flow | E3 Capex

NEXT

£m	July 2023	July 2022	Var
Capital expenditure	(84)	(107)	↓ 23m

Elmsall 3 operating costs

£m	22/23	23/24 ^(e)	24/25 ^(e)	25/26 ^(e)	Annualised ^(e)
Total cost increases	- 5	- 15	- 12	-	- 32
E3 and other efficiency savings	0	+ 16	+ 17	+ 14	+ 47
Net cost / savings	- 5	+ 1	+ 5	+ 14	+ 15

Cash Flow

NEXT

£m	July 2023	July 2022	Var
Profit before tax	420	401	
Depreciation and impairment	62	57	
Capital expenditure	(84)	(107)	
▶ Working capital / other	2	(174)	↓ 176m
	Stock		↓ 126m
	2021 staff incentives - paid 2022		↓ 53m

The cash flow statement is not presented on a statutory basis.

Cash Flow

NEXT

£m	July 2023	July 2022	Var
Profit before tax	420	401	
Depreciation and impairment	62	57	
Capital expenditure	(84)	(107)	
Working capital / other	2	(174)	
Tax paid	(90)	(70)	
▶ ESOT	(42)	(77)	↓ 35m
Surplus cash	268	30	
Investments	(9)	(64)	
▶ Buybacks	£67.85 (167)	£63.85 (228)	↓ 61m
Net cash flow	92	(262)	

The cash flow statement is not presented on a statutory basis.

Balance Sheet

NEXT

£m	July 2023	July 2022	Var
Fixed and intangible assets	757	644	
Goodwill and investments	175	158	
Stock	716	805	
Debtors / other receivables	1,355	1,318	
Other creditors / derivatives	(814)	(738)	
Pension surplus	131	191	
Dividends payable	(168)	(157)	
Net debt (exc. lease debt)	(706)	(862)	
Right-of-use assets	639	648	
Lease debt	(982)	(1,066)	
Net assets	1,104	941	

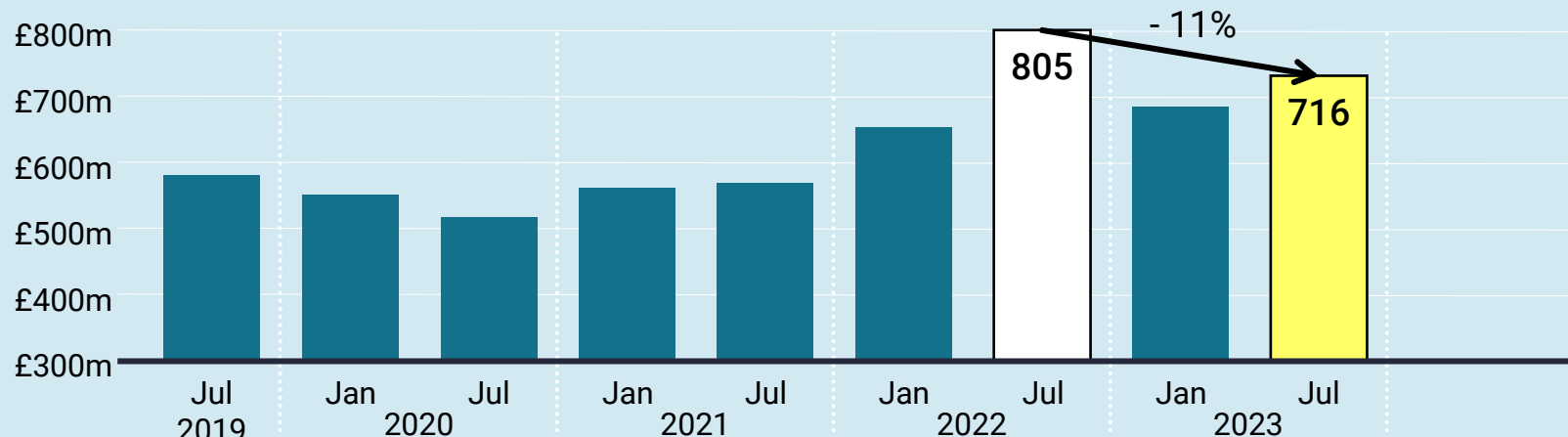
The balance sheet is not presented on a statutory basis.

Balance Sheet

NEXT

£m	July 2023	July 2022	Var
Fixed and intangible assets	757	644	
Goodwill and investments	175	158	
Stock	716	805	- 89m

6 monthly stock balance



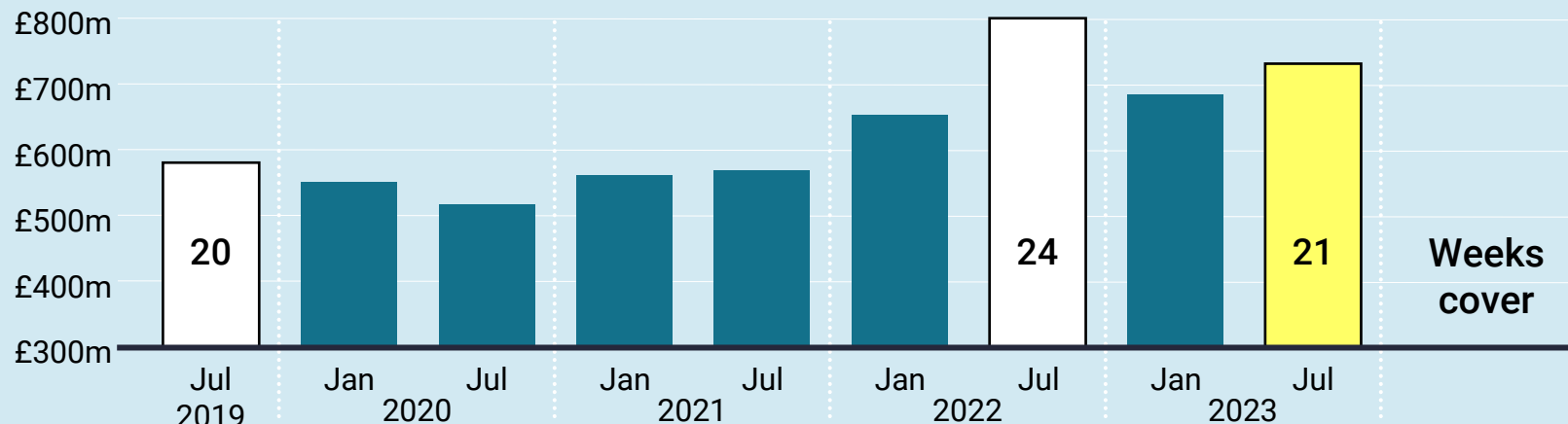
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Balance Sheet

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6 monthly stock balance



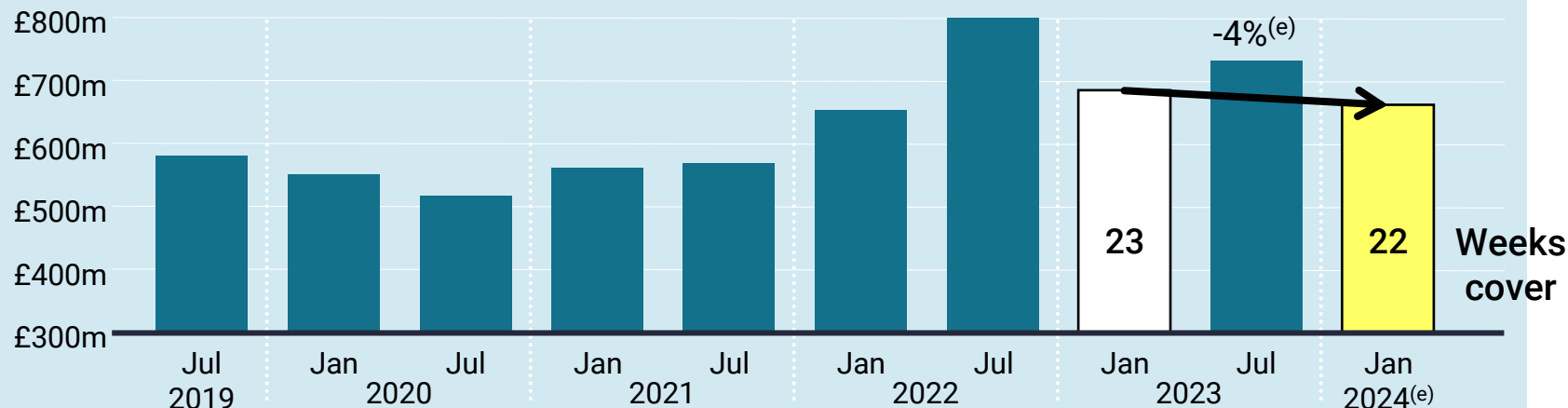
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Balance Sheet

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6 monthly stock balance



The balance sheet is not presented on a statutory basis.

Balance Sheet

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Fixed and intangible assets	757	644	
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Stock	716	805	
Debtors / other receivables	1,355	1,318	+ 37m

Customer receivables

July 2023
£1,223m

+ 3.5%

July 2022
£1,182m

+ 41m

Credit sales

6 months to
July 23

Flat

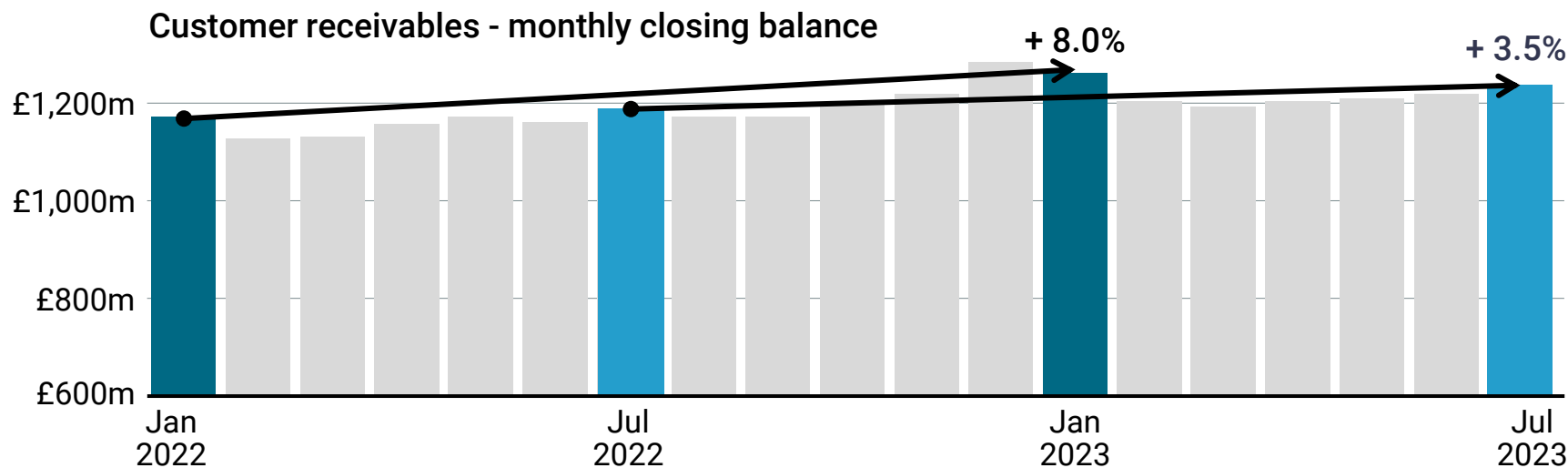
6 months to
July 22

The balance sheet is not presented on a statutory basis.

Balance Sheet

NEXT

£m	July 2023	July 2022	Var
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Stock	716	805	
Debtors / other receivables	1,355	1,318	+ 37m

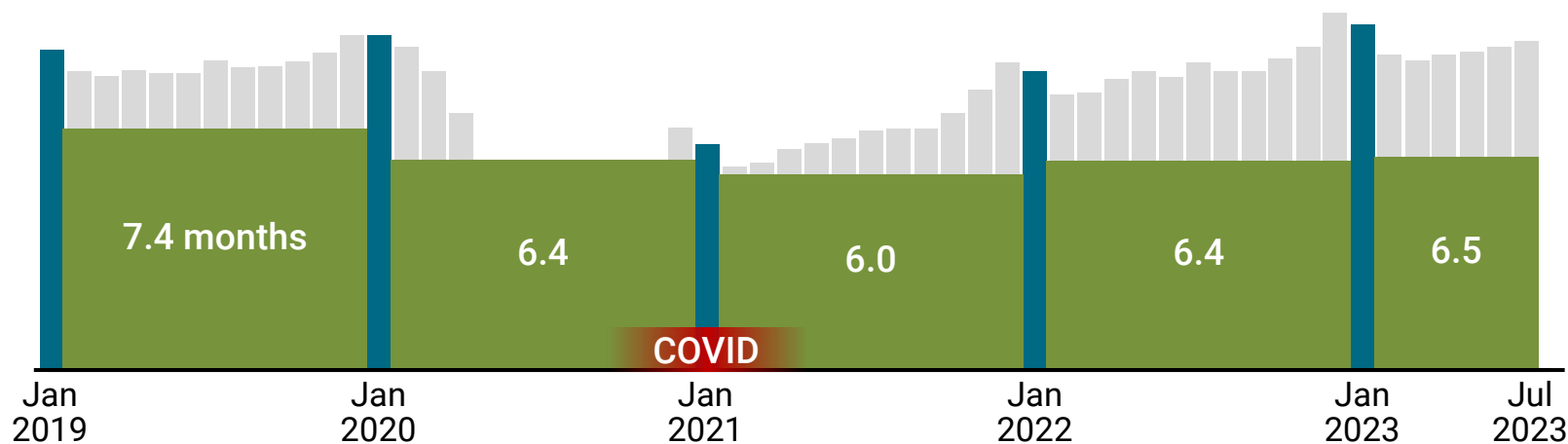


Balance Sheet

NEXT

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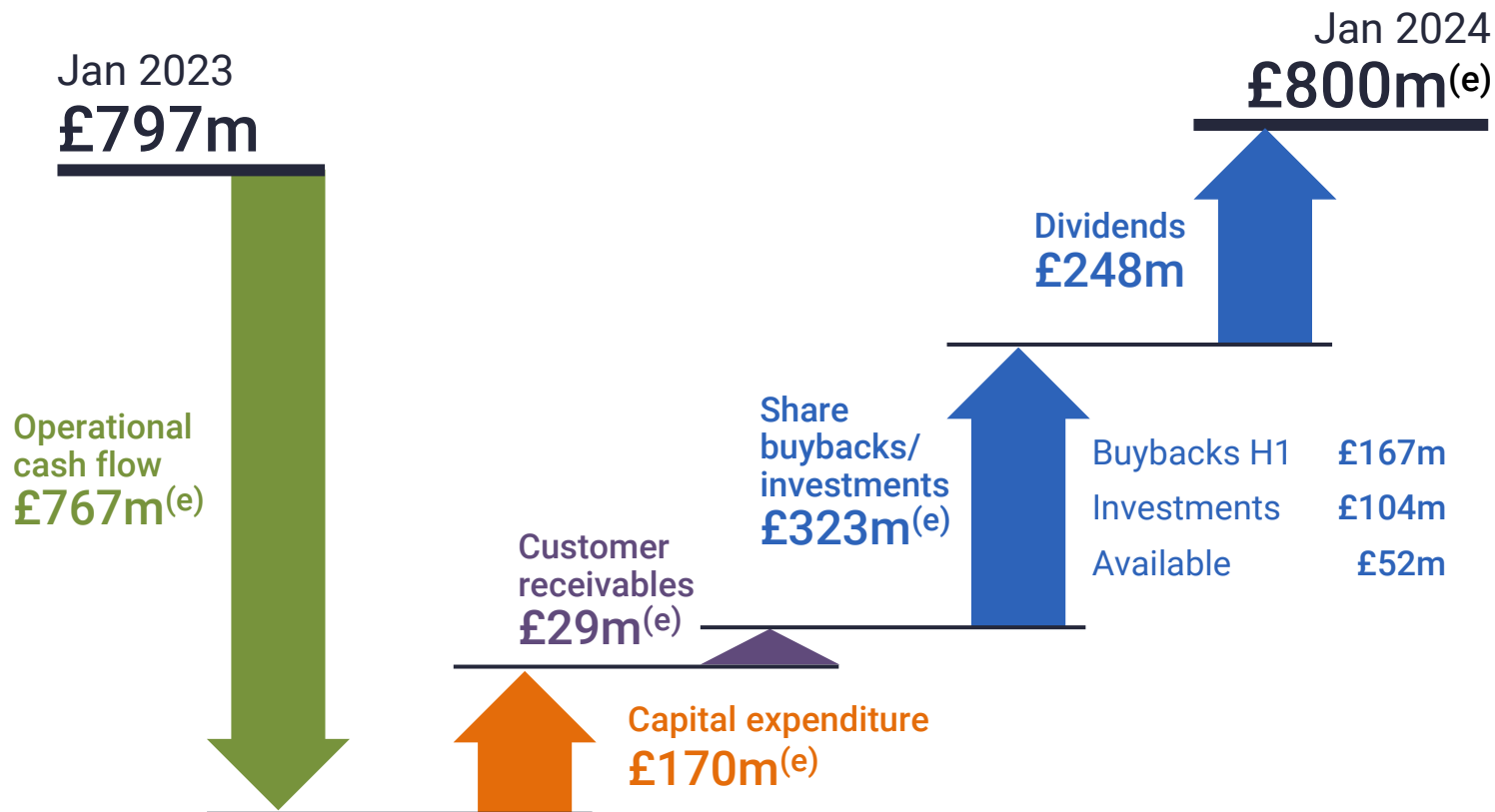
Average pay off time



Balance Sheet

NEXT

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Stock	716	805	
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Other creditors / derivatives	(814)	(738)	
Pension surplus	131	191	
Dividends payable	(168)	(157)	
 Net debt (exc. lease debt)	(706)	(862)	 156m
Right-of-use assets	639	648	
Lease debt	(982)	(1,066)	
Net assets	<u>1,104</u>	<u>941</u>	



A woman with long brown hair is sitting on a concrete sidewalk, leaning back on her right arm. She is wearing a dark green, long-sleeved jumpsuit with a V-neckline, a gold zipper, and a matching belt with a gold buckle. She is also wearing white sneakers with green and red accents. The background shows a sunny outdoor setting with trees and bushes.

DIVISIONAL ANALYSIS

Retail

Retail | Sales and Profit Analysis

NEXT

£m

July 2023

July 2022

Var

Total sales

885

880

+ 0.5%

Full price sales

+ 0.9%

Like-for-like full price sales

+ 2.9%

Store closures

No. of
stores

Total turnover
(VAT inc.)

Location not viable

6

£9m

Re-development

2

£5m

Unacceptable terms

3

£17m

Total closed stores

11

£31m



Retail | Sales and Profit Analysis

NEXT

£m

July 2023

July 2022

Var

Total sales

885

880

+ 0.5%

Full price sales

+ 0.9%

Like-for-like full price sales

+ 2.9%

Like-for-like FP sales by store type

Fashion and Home

6%

4%

2%

0%

+ 4.9%

+ 5.1%

+ 1.8%

City centre

Regional shopping
centres

Retail parks



Retail | Sales and Profit Analysis

NEXT

£m

July 2023

July 2022

Var

Total sales

885

880

+ 0.5%

Full price sales

+ 0.9%

Like-for-like full price sales

+ 2.9%

Like-for-like FP sales by store type

Fashion only

6%

+ 5.6%

4%

+ 5.1%

2%

+ 3.2%

0%

City centre

Regional shopping
centres

Retail parks



Retail | Sales and Profit Analysis

NEXT



£m	July 2023	July 2022	Var
Total sales	885	880	+ 0.5%
Operating profit	101	101	+ 0.6%
Lease interest charge	(17)	(19)	- 6.1%
Operating profit inc. lease interest	84	82	+ 2.0%

Retail | Sales and Profit Analysis

NEXT

£m	July 2023	July 2022	Var
Total sales	885	880	+ 0.5%
Operating profit inc. lease interest	84	82	
% to sales	9.5%	9.3%	
Bought-in gross margin	+ 1.0%		
Freight as a % of cost of goods *	3%	9%	
* NEXT products (Retail and Online)			

Retail | Sales and Profit Analysis

NEXT



£m	July 2023	July 2022	Var
Total sales	885	880	+ 0.5%
Operating profit inc. lease interest	84	82	
% to sales	9.5%	9.3%	
Bought-in gross margin	+ 1.0%		v LY
Markdown & other	+ 1.3%		- 28%
Achieved margin	+ 2.3%		+ 5%

Surplus stock
Cash recovery*

* Markdown sales divided by full price selling value of stock for sale

A woman with short brown hair and sunglasses is wearing a dark blue polo shirt and matching trousers. She has a black bag slung over her shoulder. The background is a blurred outdoor setting.

£m	July 2023	July 2022	Var
Total sales	885	880	+ 0.5%
Operating profit inc. lease interest	84	82	
% to sales	9.5%	9.3%	
Achieved margin	+ 2.3%		
Payroll	- 0.9%		
Warehousing & distribution	+ 0.1%		
		Wage & fuel inflation	- 0.4%
		Operational efficiencies	+ 0.3%
		Higher selling prices	+ 0.2%

July 2023

July 2022

Var

Total sales

885

880

+ 0.5%

Operating profit

84

82

inc. lease interest

% to sales

9.5%

9.3%

Achieved margin

+ 2.3%

Payroll

- 0.9%

- Wage & fuel inflation

- 0.4%

- Operational efficiencies

+ 0.3%

Warehousing & distribution

+ 0.1%

- Higher selling prices

+ 0.2%

Retail | Sales and Profit Analysis

NEXT



£m	July 2023	July 2022	Var
Total sales	885	880	+ 0.5%
Operating profit inc. lease interest	84	82	
% to sales	9.5%	9.3%	
Achieved margin	+ 2.3%		
Payroll	- 0.9%		
Warehousing & distribution	+ 0.1%		
Central costs & staff incentives	- 1.4%		
		Technology	- 0.4%
		Staff incentives	- 0.7%
		Inflationary costs	- 0.3%

Retail | Sales and Profit Analysis


NEXT



£m	July 2023	July 2022	Var
Total sales	885	880	+ 0.5%
Operating profit inc. lease interest	84	82	
% to sales	9.5%	9.3%	
Achieved margin	+ 2.3%		
Payroll	- 0.9%		
Warehousing & distribution	+ 0.1%		
Central costs & staff incentives	- 1.4%		
Store occupancy	+ 0.1%		
		Energy & other	- 1.5%
		Fully depreciated assets	+ 0.8%
		Lower lease costs & rates	+ 0.8%

Retail | Sales and Profit Analysis

NEXT



£m	July 2023	July 2022	Var
Total sales	885	880	+ 0.5%
Operating profit inc. lease interest	84	82	
% to sales	9.5%	9.3%	

Store occupancy - rent reductions full year 2023/24^(e)

Number of stores	Weighted average term	Occupancy saving	Annualised cash saving
73	4.2 years	- 28%	£7.3m

Retail | Sales and Profit Analysis

NEXT

£m	July 2023	July 2022	Var
Total sales	885	880	+ 0.5%
Operating profit inc. lease interest	84	82	
▶ % to sales	9.5%	9.3%	
▶ Retail full year margin	10.6%(e)	11.0%	- 0.4%





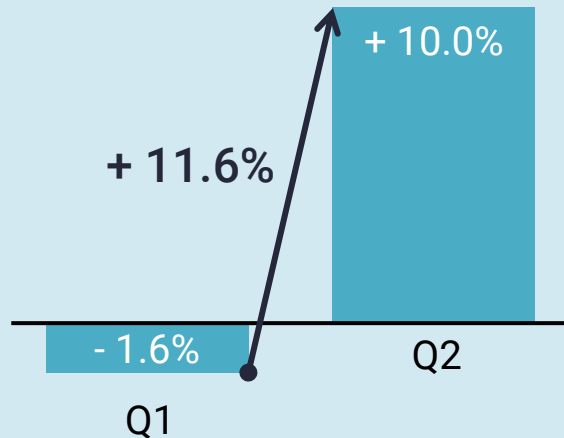
DIVISIONAL ANALYSIS

Online

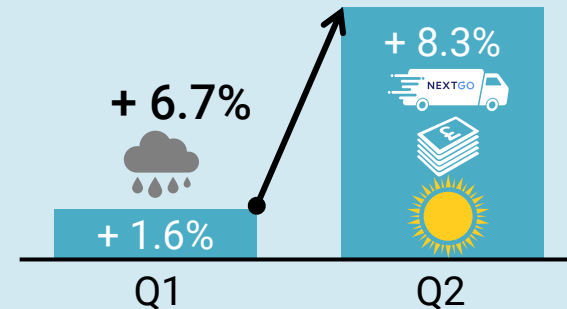
£m	July 2023	July 2022	Var	Full Price
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Total sales	1,498	1,427	+ 5.0%	+ 4.1%
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Full price sales



Total sales





£m	July 2023	July 2022	Var
Total sales	1,498	1,427	+ 5.0%

Full price sales 2023 vs 2022

H1

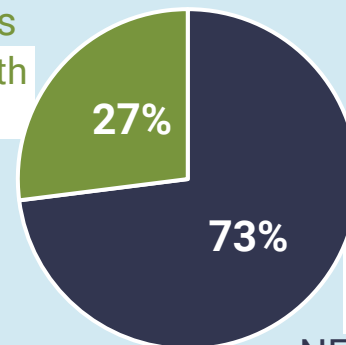
UK total	- 0.1%
Overseas*	+ 18.0%
Total FP sales	+ 4.1%

* Constant currency + 15%

Overseas sales participation 2023

Aggregators

1 year growth
+ 43%



1 year growth
+ 11%

NEXTdirect.com

Online | Profit Analysis

NEXT

£m	July 2023	July 2022	Var
Total sales	1,498	1,427	+ 5.0%
Operating profit	246	221	+ 11.1%
Lease interest charge	(6)	(5)	+ 17.3%
Operating profit inc. lease interest	240	216	+ 11.0%

July 2022 margins have been restated to include the cost of lease interest.

Online | Profit Analysis

NEXT

£m	July 2023	July 2022	Var
Total sales	1,498	1,427	+ 5.0%
Operating profit inc. lease interest	240	216	+ 11.0%
% to sales	16.0%	15.1%	
Bought-in gross margin	+ 1.0%	Lower freight costs Overseas prices net of duty	+ 0.6% + 0.4%
Markdown & clearance	+ 1.5%	Surplus stock v. LY	- 14%
Achieved gross margin	+ 2.5%	Cash recovery* v. LY	+ 0.3%

July 2022 margins have been restated to include the cost of lease interest.

* Markdown sales divided by full price selling value of stock for sale

Online | Profit Analysis

NEXT

£m	July 2023	July 2022	Var
Total sales	1,498	1,427	+ 5.0%
Operating profit inc. lease interest	240	216	+ 11.0%
% to sales	16.0%	15.1%	
Achieved gross margin	+ 2.5%	<div>Higher selling prices (less parcels) + 1.1%</div> <div>Overseas parcel rates + 0.4%</div> <div>Wage & fuel inflation - 1.0%</div> <div>Increased overheads - 0.4%</div>	
Warehousing & distribution	+ 0.1%		
Marketing	- 0.3%		
Technology	- 0.4%		
Central costs	- 1.0%	Staff incentives & inflationary costs	
Total margin movement	+ 0.9%		

July 2022 margins have been restated to include the cost of lease interest.

Online | Margin Analysis by Division

NEXT

£m	July 2023	July 2022	Var
% to sales	16.0%	15.1%	+ 0.9%
Margin by Online division			
NEXT Brand UK	19.2%	20.5%	- 1.3%
LABEL UK	13.0%	12.9%	+ 0.1%
Overseas	14.3%	7.3%	+ 7.0%

July 2022 margins have been restated to include the cost of lease interest.

Online | Margin Analysis by Division

NEXT

£m	July 2023	July 2022	Var
% to sales	16.0%	15.1%	0.9%
Margin by Online division			
NEXT Brand UK	19.2%	20.5%	- 1.3%
LABEL UK	13.0%	12.9%	+ 0.1%
Overseas	14.3%	7.3%	+ 7.0%
	Bought-in margin (prices)		+ 1.4%
	Markdown		+ 1.5%
	Distribution		+ 4.4%
	Marketing, technology & other		- 0.3%

July 2022 margins have been restated to include the cost of lease interest.

Online | Margin Analysis by Division

NEXT

£m	July 2023	July 2022	Var
▶ % to sales	16.0%	15.1%	+ 0.9%
▶ Online full year margin	15.5%(e)	15.2%	+ 0.3%

July 2022 margins have been restated to include the cost of lease interest.

DIVISIONAL ANALYSIS

Total Platform & Investments

Full Year



Joules

JoJo Maman Bébé

REISS

MADE.COM

LAURA
ASHLEY

VICTORIA'S
SECRET

Total Platform | Sales Analysis

NEXT

£m	FY 2023 ^(e)	FY 2022	Var
Sales on client websites (GTV)	161.8	110.3	+ 47%
Commission income	33.9	21.2	+ 60%
Cost plus income	13.1	7.7	+ 70%
▶ NEXT income	47.0	28.9	+ 63%
Recharges	7.6	7.6	
▶ NEXT income inc. recharges	54.6	36.5	+ 49%

Excludes discontinued clients.

Like-for-like sales on client websites (GTV) FY2023 ^(e) £125.5m, up + 20%



Total Platform | Profit Analysis

NEXT

£m	FY 2023 ^(e)	FY 2022	Var
Sales on client websites (GTV)	161.8	110.3	+ 47%
Commission income	33.9	21.2	
Cost plus income	13.1	7.7	
NEXT income	47.0	28.9	+ 63%
▶ Total Platform service profit	10.3	5.4	+ 91%
Margin % on NEXT income	22.0%	18.7%	

$$\frac{10.3}{47.0} = 22.0\%$$

Excludes discontinued clients.



Total Platform | Profit Analysis

NEXT

£m	FY 2023 ^(e)	FY 2022	Var
Sales on client websites (GTV)	161.8	110.3	+ 47%
Commission income	33.9 +	21.2	
Cost plus income	13.1	7.7	
NEXT income	47.0	28.9	+ 63%
▶ Total Platform service profit	10.3	5.4	
Margin % on GTV and cost plus income	5.9%	4.6%	

$$\frac{10.3}{161.8 + 13.1} = 5.9\%$$

Excludes discontinued clients.



Total Platform | Profit Analysis

NEXT



£m	FY 2023 ^(e)	FY 2022	Var
Total Platform service profit	10.3	5.4	
▶ Equity profit	17.7	16.8	+ 6%
Other clients	25.1	19.8	+ 27%
Joules	(7.4)	(3.0)	
▶ Total profit	28.1	22.2	+ 26%
Total profit exc. brand amortisation	35.8	26.0	+ 38%

Excludes discontinued clients.

Total profit including discontinued clients FY2023 ^(e) £28.0m and FY2022 was £21.8m.

Total Platform | Profit Analysis

NEXT

£m	FY 2023 ^(e)	FY 2022	Var
Total Platform service profit	10.3	5.4	

Cum. TOTAL ROCE

CAPITAL

- Equity
- + Debt
- + TP capex
- Recovered capital
 - PAT
 - Brand amortisation

TY

RETURN

- PBT
- + TP depreciation
- + Brand amortisation
- + Interest received

TOTAL ROCE

$$\frac{\text{RETURN}}{\text{CAPITAL}} = 25\%$$

EQUITY ONLY ROCE

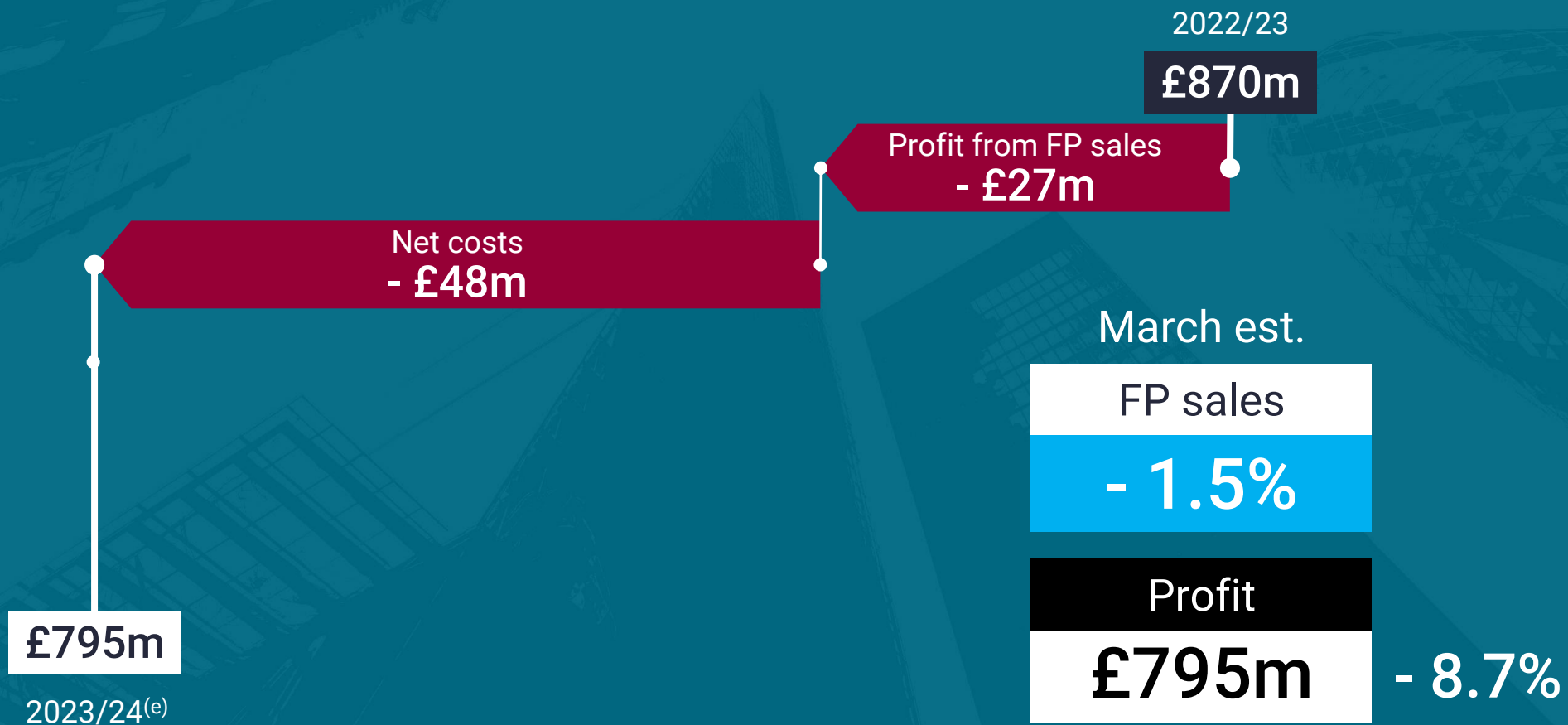
$$= 20\%$$



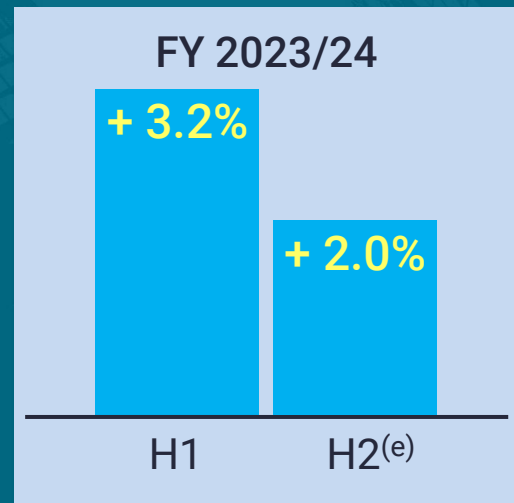
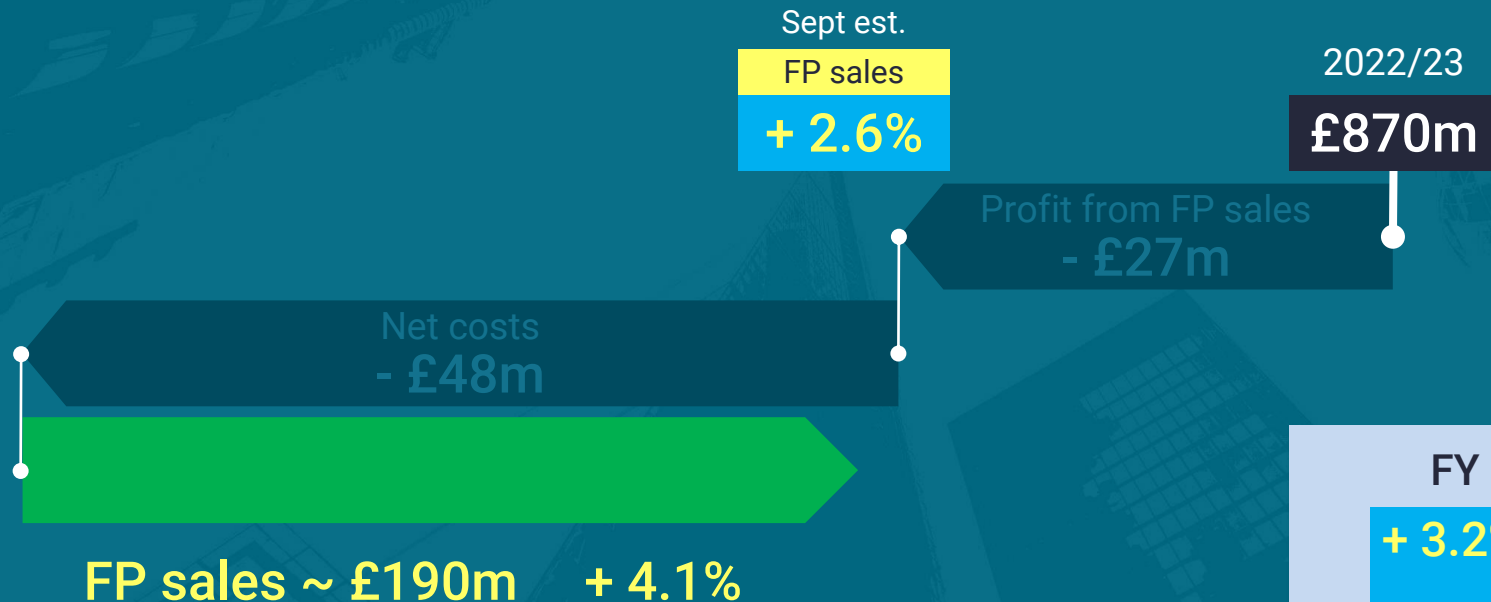
NEXT plc

2023/24 Full Year Outlook

2023/24^(e) Full Year Profit Guidance



2023/24^(e) Full Year Profit Guidance



2023/24^(e) Full Year Profit Guidance

Sept est.

FP sales

+ 2.6%

2022/23

£870m

Profit from FP sales
- £27m

Net costs
- £48m

Net profit from FP sales
+ £45m

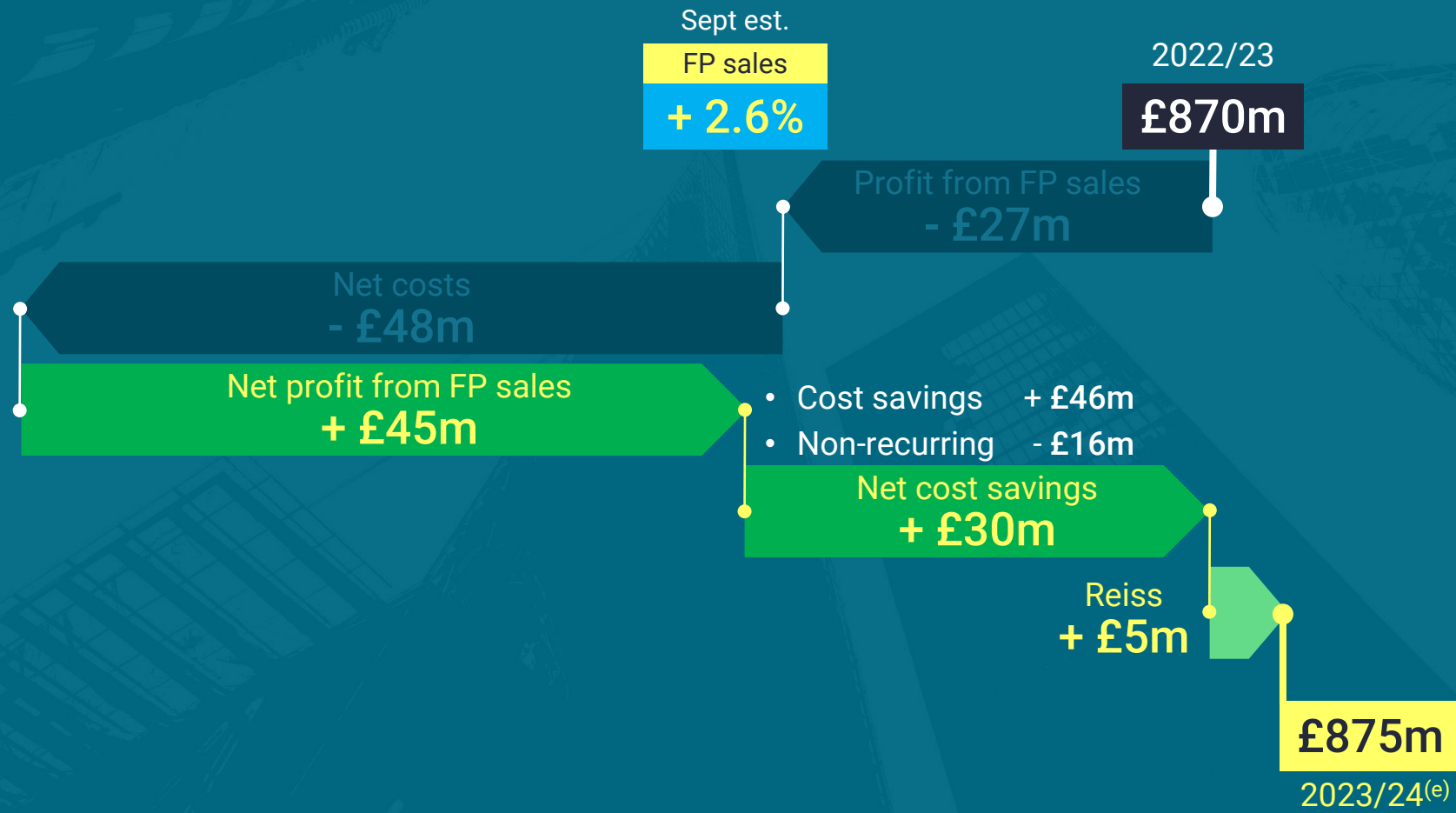
Margin
24%

Cost savings
+ £46m

- Profit from FP sales + £68m
- Staff incentives - £23m

- Freight £16m
- Warehouse £16m
- Markdown £10m
- Energy & other £4m

2023/24^(e) Full Year Profit Guidance



2023/24^(e) Full Year Profit Guidance

	Sept est.	
FP sales	+ 2.6%	
Profit	£875m	+ 0.5%
Pre-tax EPS	723.9p	+ 3.2%
Post-tax EPS	552.9p	- 3.6%

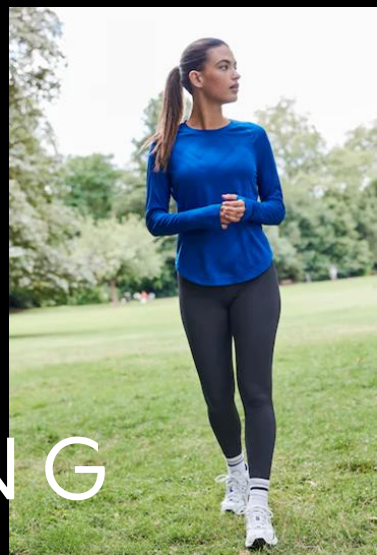
Our Business Priorities

Product

Service

Costs

New business



BETTER *by* DESIGN

NEWNESS *is* EVERYTHING

LICENCES



MADE.COM



WHOLLY OWNED BRANDS

BRANDS



JASPER CONRAN



joules

COLLABORATIONS



Product

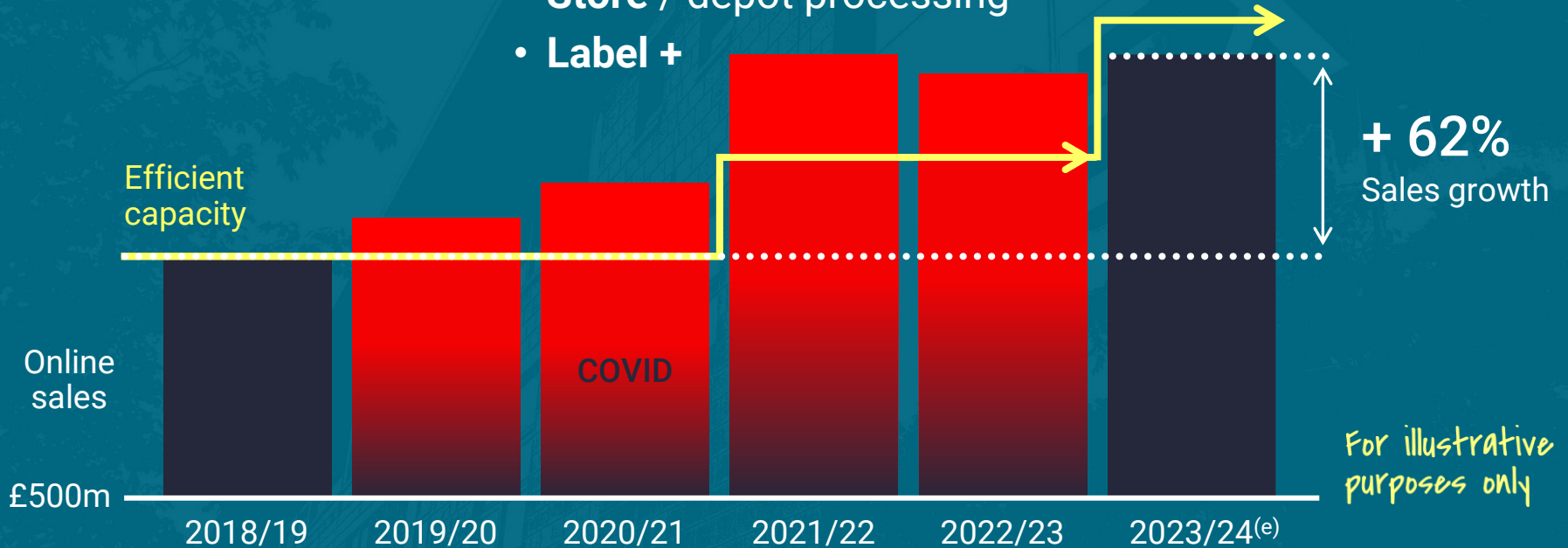
Service

Costs

New business

Service Levels Under Pressure

- More stock in **bulk storage**
- Extending **returns** queue
- **Store** / depot processing
- **Label +**



Service Levels Improving



	LY	TY	Var %	Customer contacts
Items fulfilled from store stock (June)	9%	5%	- 44%	- 24%
Items delivered later than promised (June)	11%	6%	- 45%	
Sale orders delivered > 14 days (July)	24%	3%	- 88%	
Collation - avg. items per parcel (June)	1.94	2.11	+ 9%	

Product

Service

Costs

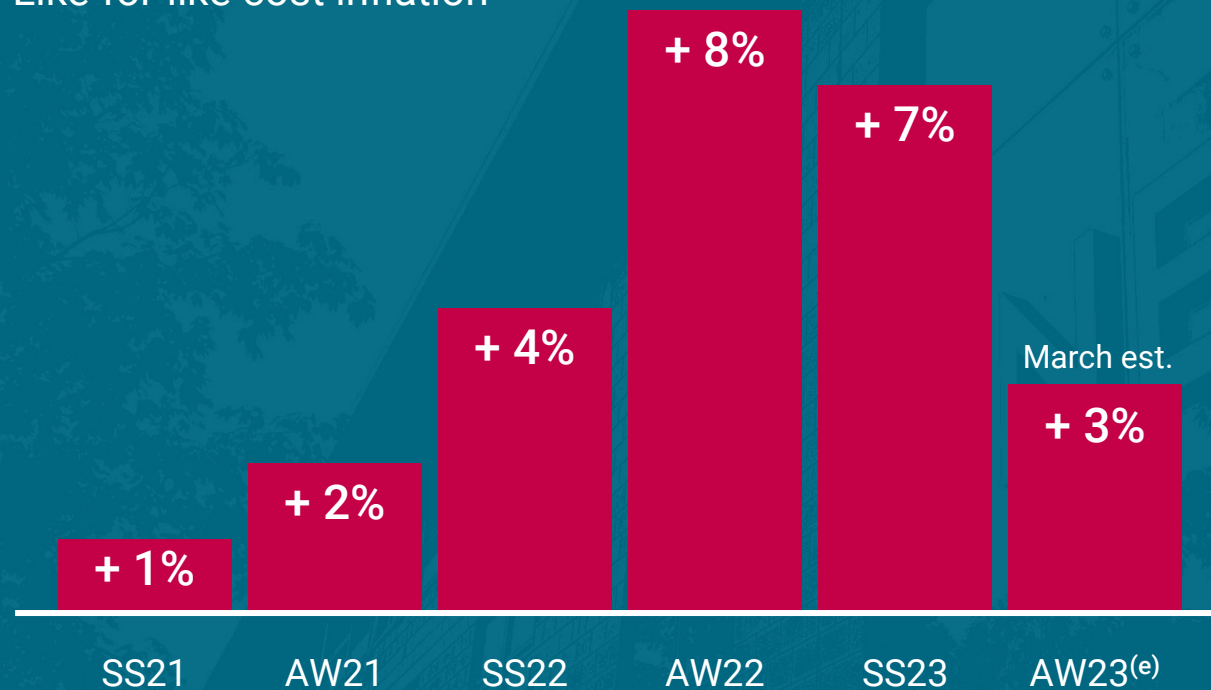
New business

Cost of Goods

Operating Costs

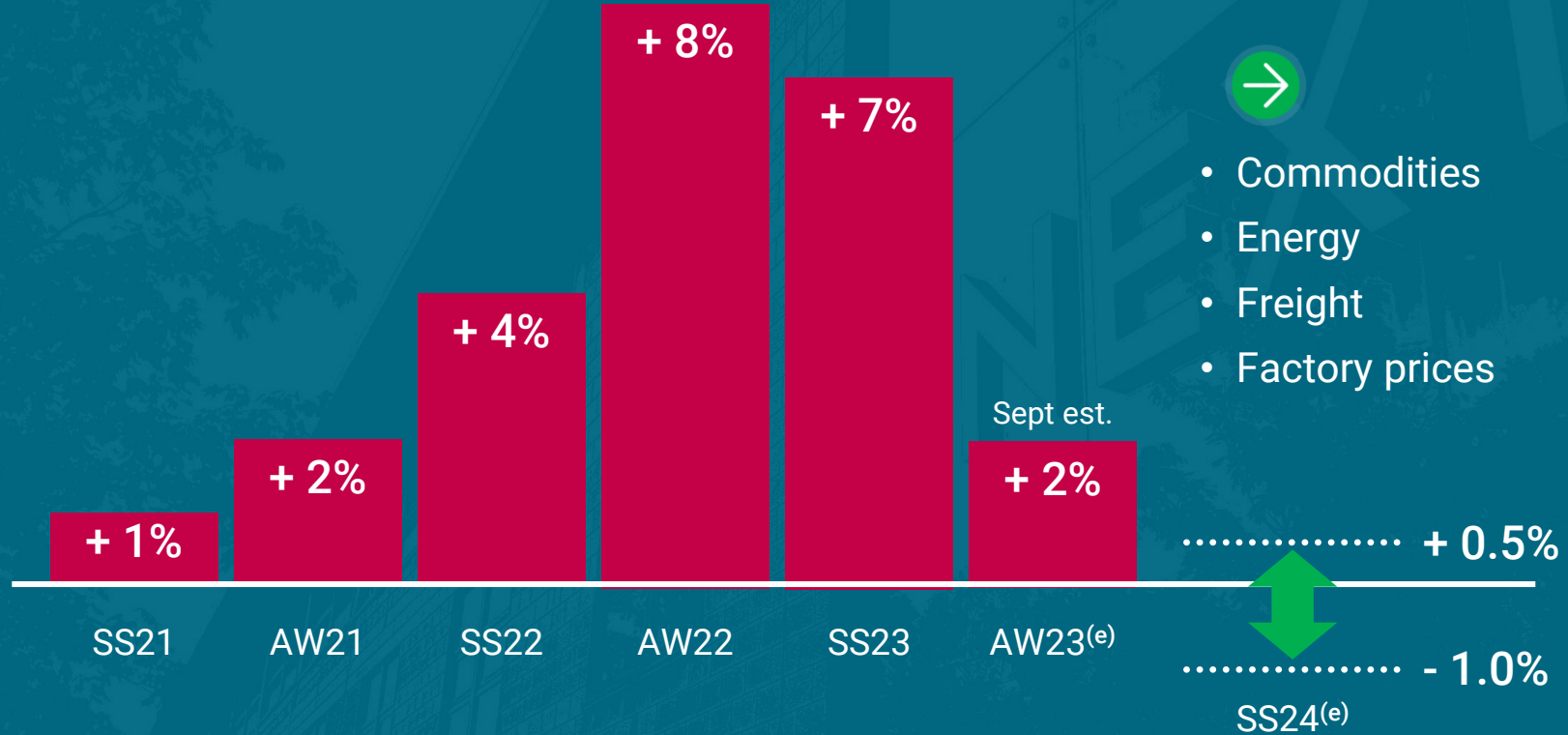
Cost of Goods

Like-for-like cost inflation








Cost of Goods

Like-for-like cost inflation



Overall Cost Impact - 2024/25

	2023	2024
Cost of Goods		
Wages	 	

Overall Cost Impact

Wages

Labour market easing



Stores



Logistics



Technology

SS22

9

8

13%

SS23

17

11

6%

Applicants per vacancy

Vacancies

Overall Cost Impact - 2024/25

Tailwinds

2023

2024

Cost of Goods



Wages

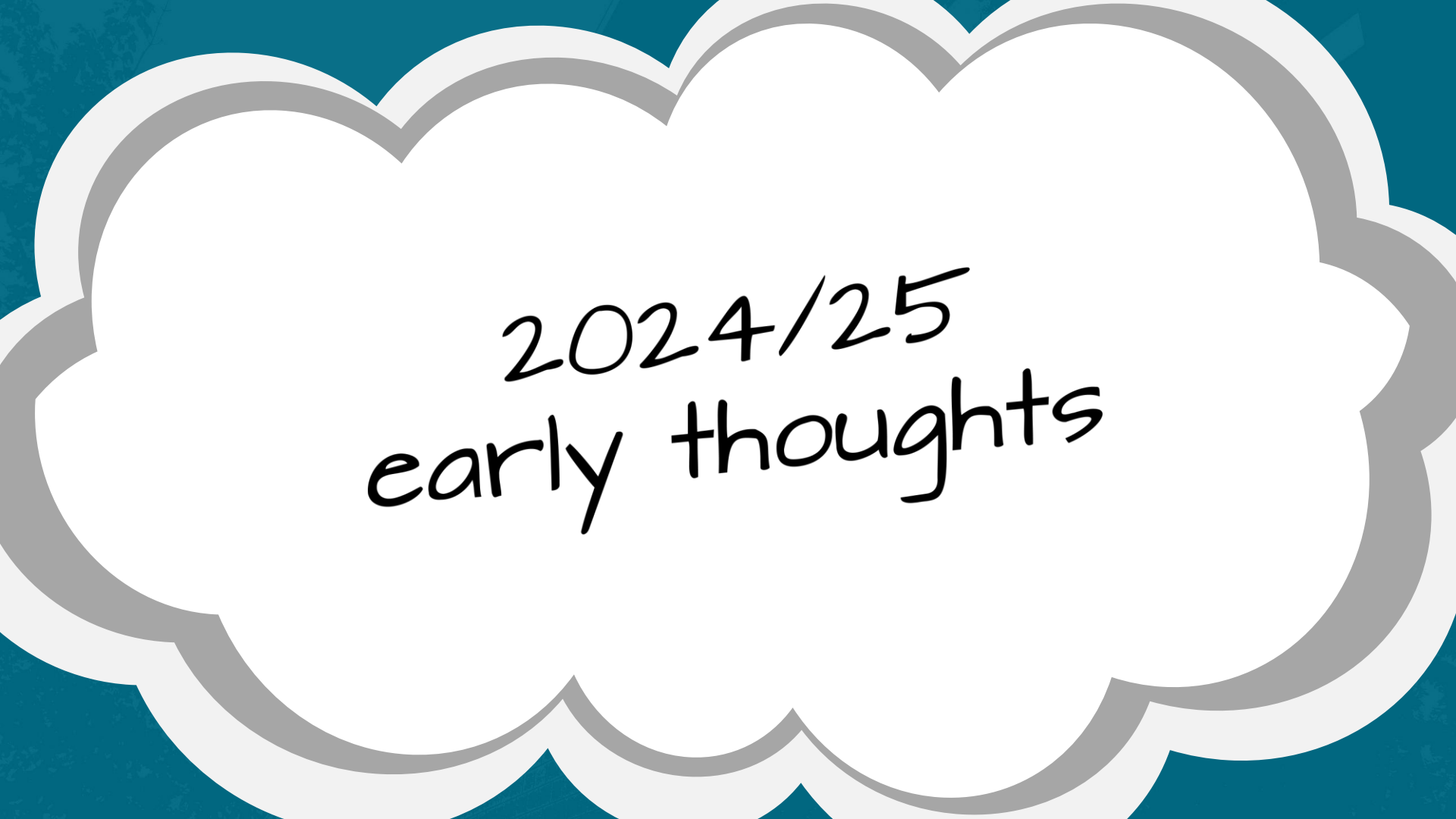


Warehousing occupancy



Technology





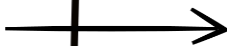
2024/25
early thoughts

not guidance

2024/25
early thoughts

To achieve...

Profit
Flat



FP sales
+ 1%

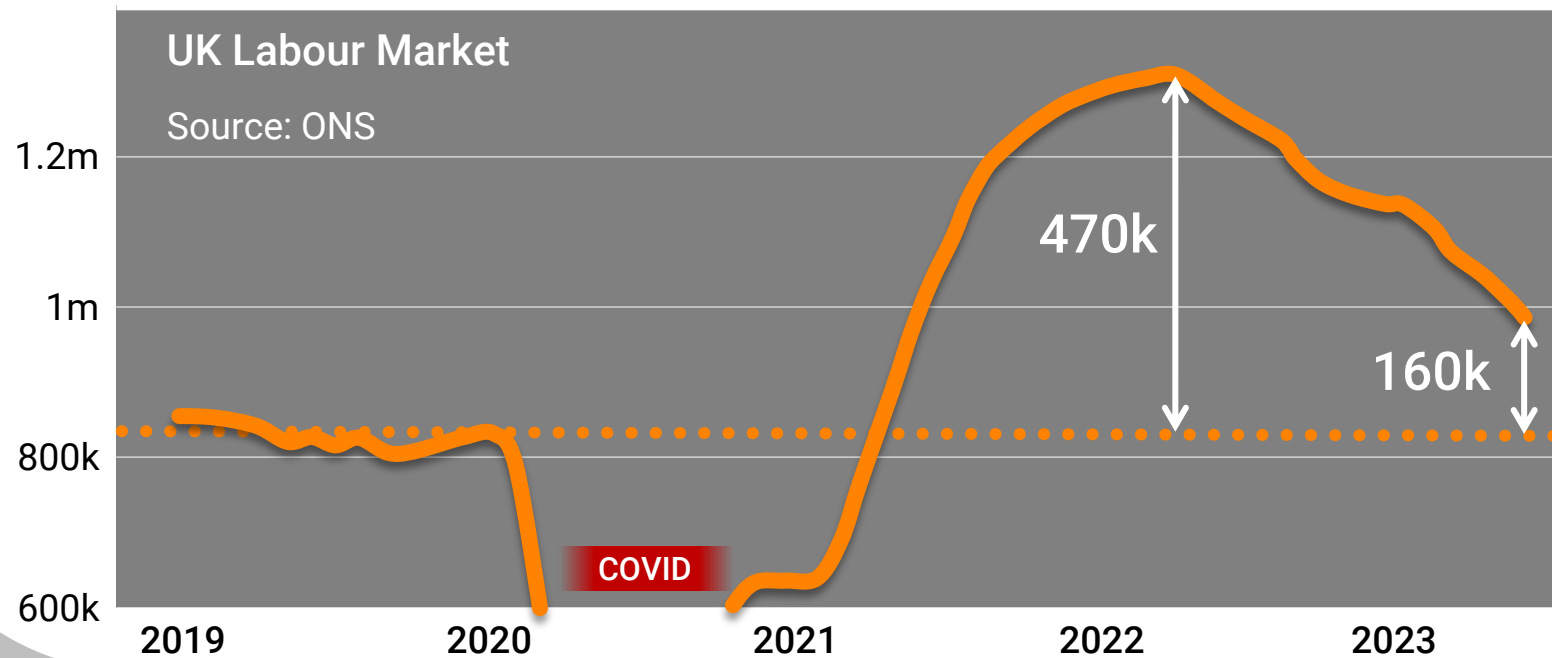
This time last year...

Profit
Flat



FP sales
+ 3%

Vacancies



Product

Service

Costs

New business

Total Platform

Total Platform

Technology

Faster & Cheaper

DEVELOPMENT TIME

Launch date

Dev. hours

Months

Joules

Oct 2023

20%

4

Made

July 2023

24%

4

JoJo Maman Bébé

May 2023

36%

8

Reiss

Feb 2022

100%

11

Total Platform

Technology

DEVELOPMENT TIME

Launch date

Dev. hours

Months

Joules

Oct 2023

20%

4

“Necessity is the mother of invention”



Total **Enterprise** Platform

Product Management systems

Finance

Payroll & HR

Connectivity & comms.

Website

Warehouse & Distribution

Contact centre

Retail systems

Digital marketing



Product Management systems

Finance

Payroll & HR

Connectivity & comms.

Website

Warehouse & Distribution

Contact centre

Retail systems

Digital marketing

Contracting
Imports and exports
Branch allocations



Product Management systems

Finance

Payroll & HR

Connectivity & comms.

Website

Warehouse & Distribution

Contact centre

Retail systems

Digital marketing



Management accounts

Sales ledger

Accounts payable

Cash management

Payroll processing

HR services



Product Management systems

Finance

Payroll & HR

Connectivity & comms.

Website

Warehouse & Distribution

Contact centre

Retail systems

Digital marketing

Emails

IT security

Server infrastructure



joules

Product Management systems

Finance

Payroll & HR

Connectivity & comms.

Website

Warehouse & Distribution

Contact centre

Retail systems

Digital marketing

TP

TP

TEP savings
> £4m^(e)/pa

TP savings
~£6m^(e)/pa

Product Management systems

Finance

Payroll & HR

Connectivity & comms.

Website

Warehouse & Distribution

Contact centre

Retail systems

Digital marketing



- Operational synergies
- People synergies
- Better systems

Product Management systems

Finance

Payroll & HR

Connectivity & comms.

Website

Warehouse & Distribution

Contact centre

Retail systems

Digital marketing



Product Management systems

Finance

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Warehouse & Distribution

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Retail systems

Digital marketing



Downside...
corporate lock-in



Downside... corporate lock-in

Q.

Where does it leave
management and partners?

A.



Alternative exit route

Management shares with put option

- Performance hurdles
- Length of service hurdle
- Phased - no 'cliff edge'



Alternative exit route

Management shares with put option

$$\begin{array}{ccccccc} \text{€} & & \times & & \text{PE} & & \times & & \% \\ \text{Post tax} & & & & \text{NEXT plc} & & & & \text{Discount} \\ \text{profit} & & & & \text{Price Earnings ratio} & & & & \end{array}$$

Company Value Calculation



Alternative exit route

Management shares with put option

Company Value Calculation

$$\begin{array}{ccccc} \text{€10m} & \times & 13 & \times & 70\% \\ \text{Post tax} & & \text{NEXT plc} & & \text{Discount} \\ \text{profit} & & \text{Price Earnings ratio} & & \text{(30\% discount)} \\ \hline & & \text{€91m} & & \end{array}$$

Management 5% = €4.5m



Alternative exit route

$$\begin{array}{ccccc} \text{€10m} & \times & 13 & \times & 70\% \\ \text{Post tax} & & \text{NEXT plc} & & \text{Discount} \\ \text{profit} & & \text{Price Earnings ratio} & & \text{(30\% discount)} \\ \hline & & \text{€91m} & & \end{array}$$

Advantages

- Commensurate with value
- ALWAYS earnings enhancing
- Payable in NEXT shares *

Founders & PE route to exit

- Interest rates up
- PE exits down

* Subject to statutory and listing rules

Evolving...



Service provider



Service provider



Skin in the game



Service provider



M&A tool





Managing the 'Corporate Blob'



Shared infrastructure

Financial clout

Expertise

Big company infrastructure and resources.

Arcadia

Arcadia retail group collapses into administration

Philip Green's group becomes highest-profile retail victim of pandemic, putting 11,000 jobs at risk

sears

Sears, the store that changed America, declares bankruptcy

STOREHOUSE_{PLC}

What now for department stores?

Mosaic Fashions

Mosaic firms into administration

Mosaic, which owns some of the most famous brands on the UK High Street, has gone into administration, with debts of about £400m.

But most of the group, including Oasis, Karen Millen, Warehouse and Coast have been immediately sold to Mosaic's main creditor -

A new firm owned by Kaupthing and former Mosaic bosses has been formed.

The rise and fall of a British giant

February 13, 1968

British Shoe Corporation, the shoe division of Sears, used to be the UK's biggest seller of shoes, with

To give a more tangible idea of scale, British Shoe used to own Freeman Hardy Willis, Saxone, Trueform, Bertie, Dolcis, Manfield, Curtess, Roland Cartier, Shoe Express, Shoe City and Shoe Connection.

As soon as its head office in Leicester is wound down later this year, British Shoe will cease to exist, marking the end of an empire which consisted at one time of more than 2500 shops. The ruins of that empire contain a cautionary tale, illustrating clearly how not to use or abuse design.

**BRITISH
SHOE
CORPORATION**

Managing the 'Corporate Blob'



Shared infrastructure

Financial clout

Expertise

Big company infrastructure
and resources.



Agility

Innovation

Motivation

Small-company common sense,
speed and decision making.

T= P Managing the corporate blob

DO...

Product Management systems

Finance

Payroll & HR

Connectivity & comms.

Website

Warehouse & Distribution

Contact centre

Retail systems

Digital marketing

but with...

Management
risk / reward
structure

$$\begin{array}{ccccc} \text{£} & \times & \text{PE} & \times & \% \\ \text{Post tax} & & \text{NEXT plc} & & \text{Discount} \\ \text{profit} & & \text{Price Earnings ratio} & & \end{array}$$

and DON'T...

- Share data
- Impose supplier base
- Impose quality standards
- Impose people
- Impose culture

