



next

NEXT PLC RESULTS

HALF YEAR ENDED JULY 2008

Income Statement

next

£m	2008	2007	
Revenue	<u>1,501.0</u>	<u>1,538.0</u>	-2.4%
Operating profit	197.9	212.7	-6.9%
Interest	<u>(24.4)</u>	<u>(14.5)</u>	
Profit before tax	173.5	198.2	-12.4%
Taxation	<u>(50.3)</u>	<u>(56.5)</u>	
Profit after tax	<u>123.2</u>	<u>141.7</u>	
EPS	63.4p	65.2p	

Income Statement

next

£m

2008

2007

Revenue

1,501.0

1,538.0

Operating profit

197.9

212.7

Interest

Tax rate
29.0%

Tax rate
28.5%

Profit before tax

Taxation

(50.3)

(56.5)

Profit after tax

123.2

141.7

EPS

63.4p

65.2p

-2.8%

Balance Sheet

next

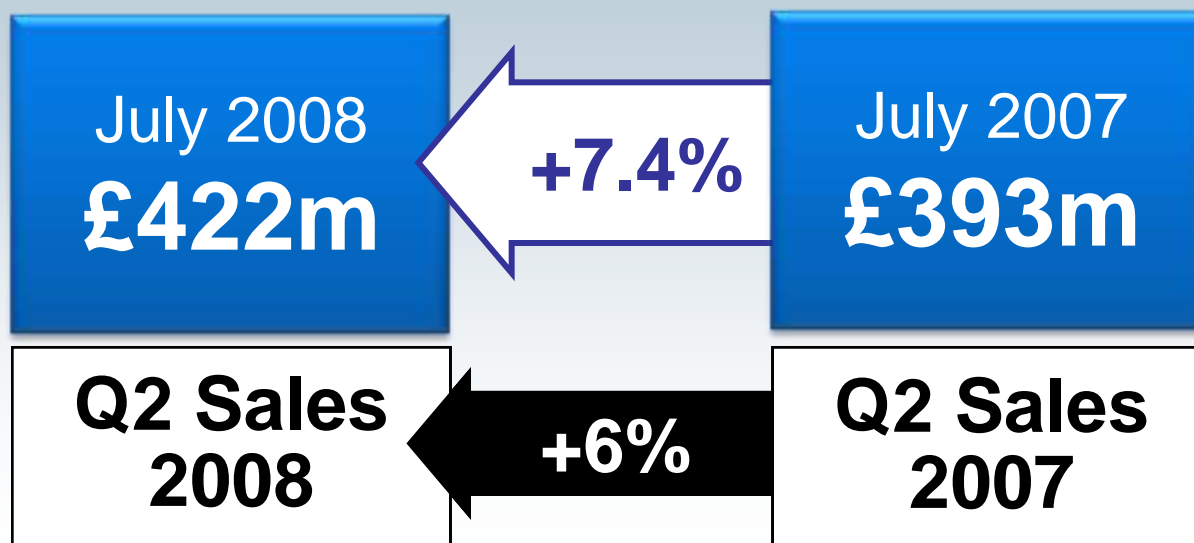
£m	2008	2007	
Fixed assets	636	584	
Goodwill	38	36	
Stocks	291	308	-5.5%
Debtors	573	560	+2.3%
Creditors	(765)	(786)	
Pension fund deficit	(75)	(28)	
Contingent buybacks	(3)	(143)	
Net debt	(755)	(618)	
Net (liabilities)/assets	(60)	(87)	

Balance Sheet

next

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Fixed assets	636	584	
Goodwill	38	36	
Stocks	291	308	
Debtors	573	560	+2.3%

Directory Debtors



Balance Sheet

next

Peak 2008(e)
July 2008
Jan 2009(e)

£825m
£755m
£650m

Net debt

£150m

2010 Bank

£295m

2013 Bank

£300m

2013 Bond

£250m

2016 Bond

Facilities

Cash Flow

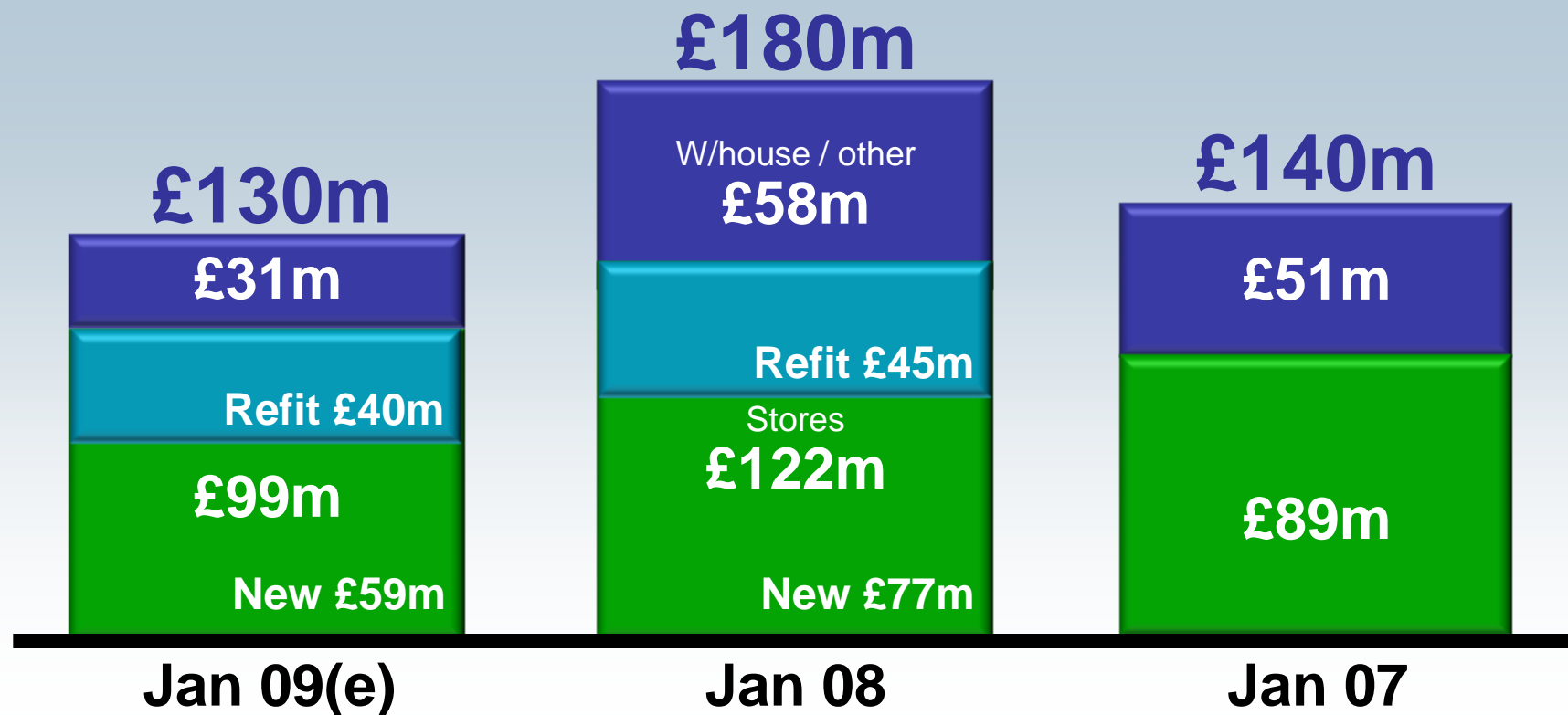
next

£m	2008	2007
Profit before tax	173	198
Depreciation / Disposals	60	53
Capital expenditure	(82)	(90)
Working capital / Other	21	31
Dividends paid	(72)	(74)
Tax paid	(63)	(47)
Share buybacks	(52)	(245)
Net cash flow	(15)	(174)

Cash Flow

next

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Cash Flow

next

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Dividends paid	(72)	(74)
Tax paid	(63)	(47)
Share buybacks	(52)	(245)
Net cash flow	<u>(15)</u>	<u>(174)</u>
Operational cash flow	37	71

next

Retail



Retail : Sales Analysis

next



£m	2008	2007	
Revenue	996.4	1,028.7	- 3.1%
Operating profit	107.6	112.5	- 4.4%
% to revenue	10.8%	10.9%	

Sales Analysis

- Net sales from new space
- Underlying LFL

Total Sales

Full Price

Total

+ 4.0%

+ 4.2%

- 6.0%

- 7.3%

- 2.0%

- 3.1%

Retail : Profit Analysis

next



£m	2008	2007	
Revenue	996.4	1,028.7	- 3.1%
Operating profit	107.6	112.5	- 4.4%
% to revenue	10.8%	10.9%	

Margin Movement

▪ Achieved gross margin	+ 2.8%
Bought in margin	+ 1.0%
Markdowns	+ 1.8%

Retail : Profit Analysis

next



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Revenue	996.4	1,028.7	- 3.1%
Operating profit	107.6	112.5	- 4.4%
% to revenue	10.8%	10.9%	

Margin Movement

- Achieved gross margin + 2.8%
- Branch payroll 0.0%
- Occupancy - 2.2%
- Warehouse & distribution - 0.3%
- Overheads / other - 0.4%

(0.6%)

+

0.3%

Retail : Space Expansion

next



	Stores	Sq Ft (000's)	
July 2007	488	4,947	
January 2008	502	5,201	
New	12	83	
Re-sites (5)		39	
Closed	(8)	(17)	
July 2008	506	5,306	+ 7.2%

Forecast

- Net Branch Contribution 18%
- Payback 16 months
- Sales vs Target + 3.9%
- New Space for 2008 330k Sq Ft

Retail : UK Mainline Stores

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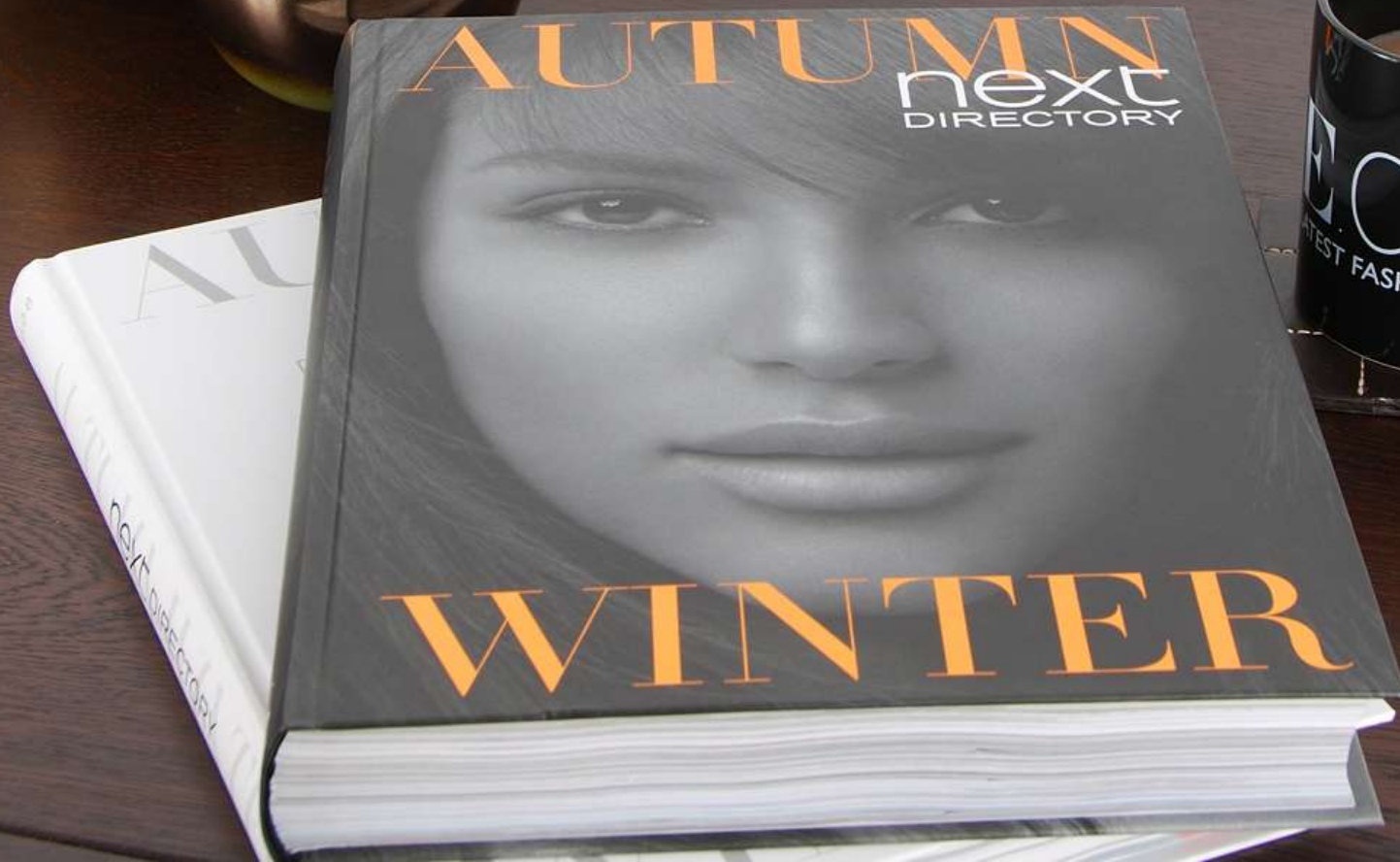
Net Branch Profit	No. of stores
> 20%	311
> 15%	93
> 10%	36
> 5%	15
> 0%	2
< 0%	1
Total	458

UK Mainline Branch Profitability

- Only one store negative (but still cash positive)
- 311 stores making over 20%

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Directory



Directory : Sales Analysis

next




£m	2008	2007	
Revenue	379.9	371.8	+ 2.2%
Operating profit	78.4	73.8	+ 6.3%
% to revenue	20.6%	19.8%	

Sales Drivers	2008	2007	
▪ Active customers	2.19m	2.16m	+ 1.5%
▪ Printed pages	1,976	1,686	+ 17.2%

Directory : Profit Analysis

next




£m	2008	2007	
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% to revenue	20.6%	19.8%	

Margin Movement

▪ Achieved gross margin	- 0.7%
Bought in margin	- 0.1%
Markdowns	- 0.6%

Directory : Profit Analysis


next



£m	2008	2007	
Revenue	379.9	371.8	+ 2.2%
Operating profit	78.4	73.8	+ 6.3%
% to revenue	20.6%	19.8%	

Margin Movement

- Achieved gross margin - 0.7%
- Bad debt + 1.9%
- Book creation - 0.5%
- Warehouse & distribution - 0.3%
- Other + 0.4%




£m	2008	2007	
Revenue	29.5	25.3	+ 16.6%
Operating profit	3.4	3.4	+ 2.4%
% to revenue	11.6%	13.2%	

- Strong underlying Franchise performance
- Setup costs
 - China £400k
 - Czech £100k



£m	2008	2007	
Intra-group sales	238.2	280.4	- 15.0%
Operating profit	10.4	16.4	- 36.6%

- Brand bought less stock
- Early shipments pre Feb' 08
- Reorganisation costs of £700k



£m	2008	2007	
Revenue	87.5	104.6	- 16.3%
Operating profit	3.5	11.0	- 68.0%
% to revenue	4.0%	10.5%	

- Client cut backs
- Reduced margins
- Second half profit similar to first

£m	2008	2007
Property	1.9	2.2
Associates	0.2	0.5
Pensions	0.6	(0.5)
Other	(2.3)	(4.3)
Total	<u>0.4</u>	<u>(2.1)</u>





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OUTLOOK

HALF YEAR ENDED JULY 2008

The Economy

next

Economic gloom deepens as public borrowing hits

Fears rise of £1,000-a-year

House prices predicted to fall by 20% in next two years

No reason for economic improvement

Consumer environment set to remain tough

Retail LFL Budget -4% to -7%

Directory Budget 0% to +2%

No 'magic bullet' for home loan crisis

fuel long summer of discontent

Profit warnings surge amid gloom

David Smith
Economics Editor

THE heavily-awaited Treasury
circulated review of the
economy, published in the
last Finance, will disappoint

officials said there was no
"magic bullet" that would
revive the beleaguered
markets on which the lenders
relied before the credit crisis.
The bank of the worldwide
housing boom is largely responsible
for a 50% drop in mortgage
lending in the past year.

review on how the market
should address these issues.
The House of Commons
has warned that its
members are facing a
dreaded downturn in activity
and that many of the 300,000
jobs in the industry are at risk.
Without early action, it says,
unemployment will drop to its
highest level since the war and the

speculation
that would
agencies,
be pitched
into a

ANALYSTS are braced for a grim week
of UK economic news, which will further
unsettle the markets and underline the
dilemma the Bank of England is facing,
writes David Smith.
Today, accountants Ernst & Young

would need to lower expectations if
conditions did not improve.
Keith McGregor, restructuring
at Ernst & Young, said: "It is still
the ripples from the credit crisis
spread far beyond the financial

have to move in order
"change the psychology" of



Retail est. Margin Movement

next

	1 st Half	Full Year Est.
Achieved Margin	+2.8%	<i>Less</i>
Branch Payroll	0.0%	<i>~ Same</i>
Occupancy	-2.2%	<i>~ Same</i>
Warehouse & Dist.	-0.3%	<i>~ Same</i>
Total Retail	-0.1%	<i>circa -1%</i>

Directory est. Margin Movement

next

	1st Half	Full Year Est.
Bad debt	+1.9%	<i>Lower gain</i>
Achieved Margin	-0.7%	<i>~ Same</i>
Warehouse & Dist.	-0.3%	<i>~ Same</i>
Book creation	-0.5%	<i>~ Same</i>
Total Directory	+0.8%	<i>circa 0%</i>



next

INVESTING IN THE BRAND

PRODUCT

STORE DESIGN

MARKETING

Product

next

Backed newness and fashion

Colour

Lace

Ruffles

Paisley

60's

Tartan



Backed newness and fashion

Womenswear new lines:

Oct' 07	347
---------	-----

Oct' 08	432
---------	-----

+24%



Product

next

Quality and design

Fabric

Detail

Fit



Quality and design

Av. Selling Price	SS08	AW08
Womens	+6%	+8%
Mens	+4%	+1%
Childrens	+5%	+6%



Product

next

Signature

next
SIGNATURE

circa **5%** of Womenswear





next

**INVESTING
IN THE BRAND**

STORE DESIGN

Sq Ft '000	New	Refits	Redec'	Total
2008 Actual	500	600	800	1,900
2009(e)	400	1,000	700	2,100
Total	900	1,600	1,500	4,000
% of portfolio	17%	29%	23%	69%
% of turnover	15%	33%	26%	74%

Store Design

next

White City

Opens 30th October 2008



Store Design

next



Leicester Highcross

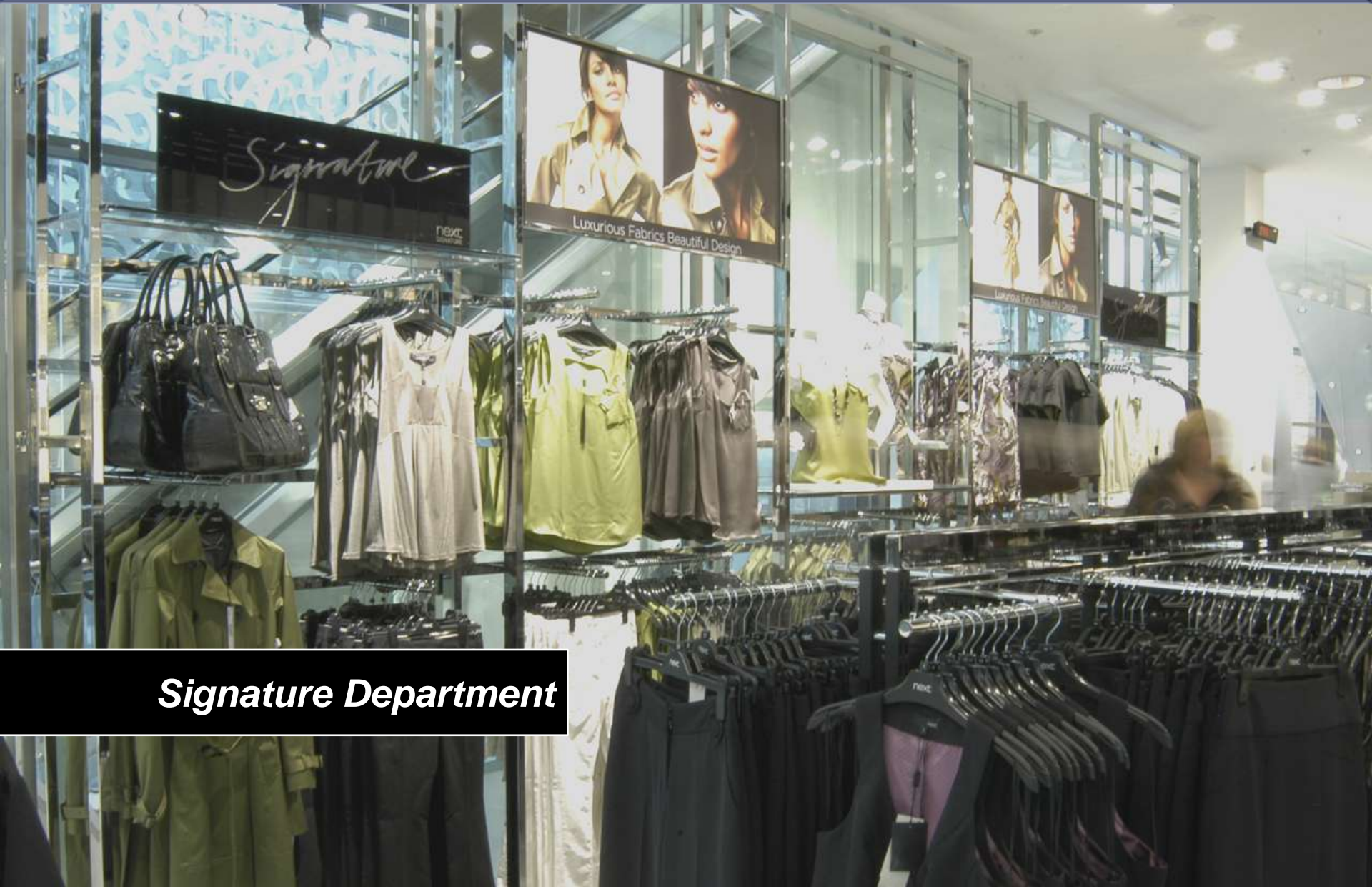
Store Design

next



Store Design

next



Signature Department

Store Design

next

Concrete Walls



New displays

Store Design

next



Store Design

next

Exposed Brickwork



next
this floor
CHILDREN
upper mall
WOMEN
HOME
mezzanine
MEN



A woman with long dark hair, wearing a light purple sleeveless top with a large bow at the neck and a grey skirt, is posing against a blurred background. She is looking towards the camera with a slight smile. The text 'next' is overlaid on the right side of the image.

next

**INVESTING
IN THE BRAND**

MARKETING

Marketing

next



Marketing

next

next



Marketing

next

New TV Ad Sept 2008

392 TVRs

Avg. view = 5 times



Marketing

next



+70% v LY





next