

Trading Statement 5 January 2011

Outlook for Profits and Earnings Per Share

Despite very challenging trading conditions in the run up to Christmas, Next plc confirms that its profit forecast for the year ending January 2011 remains within the guidance issued in September and November.

We now estimate that full year profit before tax will be in the range of £540m to £555m and is in line with current market expectations. This would represent an increase of between 7% and 10% on last year. Earnings per share have been enhanced through cash generation and share buybacks. Assuming profits fall within the above range, EPS will be between 15% and 18% ahead of last year.

Sales Performance 1 August to 24 December

Total Next Brand sales (excluding VAT) were up 0.2%, just within our +0% to +3% guidance.

Retail sales were down 3.1% and Directory finished the season up 8.7%.

Retail sales were significantly affected by extreme weather conditions and increased competitor discounting on the high street before Christmas. We estimate that we lost £22m of full price sales as a result of the snow (representing 2.2% of the season's total sales) leaving like for like sales down 6.1%. Retail sales were also somewhat affected by limited stock availability on best-selling lines in the run up to Christmas.

New Retail space has continued to perform well and we have been particularly pleased with our 9 new Home stand alone stores.

Directory initially benefited from the adverse weather conditions with people ordering from home rather than braving the cold. However, in the immediate run up to Christmas the fear of failed deliveries reduced demand. Overall we believe the effect of weather on Directory was neutral.

The End of Season Sale started well and clearance rates are in line with our expectations.

Outlook for 2011

The outlook for 2011 is uncertain. The impact of Government cuts on consumer spending is still unclear and we have yet to fully understand the impact of rising retail selling prices on overall demand. We reconfirm that our own prices will be increasing by circa 8% as a result of higher input costs and the rise in VAT. Our best guess is that price rises will moderately suppress like for like sales, though we believe this will be offset by the addition of profitable new Retail space and continued growth of Directory's online business.

We will give more detailed guidance for sales and profits for the year ahead with our full year results, which we anticipate announcing on Thursday 24 March.

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