next plc

INTERIM MANAGEMENT STATEMENT
Wednesday 4 May 2011

SALES FOR THE 13 WEEKS TO 30 APRIL 2011

Sales (VAT exclusive) for the 13 week period to 30 April 2011 were:

Retail total	+ 0.9%
Directory total	+14.8%
NEXT Brand total	**+5.2%**
Of which net sales from new space + 2.1%	

Next Brand sales (VAT ex) in the first quarter were up 5.2%. This was significantly better than expected and compares to guidance for the half year given in March of between -0.5% and +2.5%.

We estimate that at least 2.5% of the over-performance came as a result of exceptionally warm weather over Easter and spending in anticipation of the Royal Wedding Bank Holiday. We believe these factors have encouraged consumers to bring forward summer purchases and we do not expect the current levels of growth to continue into the second quarter. We now expect total Next Brand sales for the first half to be in the range +1.5% to +4%.

In Retail the improved sales were also as a result of better ranges and improved stock availability on best-selling lines, particularly in our Womenswear division. Directory sales have been very strong driven by improved delivery service, more aggressive marketing and better stock availability.

Gross margins and costs remain well controlled and in line with internal budgets.

OUTLOOK

Despite the strength in recent sales, we remain cautious for the full year given that there has not been a significant change in the underlying economic environment. The combined effects of the public sector deficit cuts and continued inflation in essential commodities are all likely to restrain growth in consumer spending generally. In addition the ongoing effects of increases in our own selling prices are also likely to moderate demand for our products. We continue to expect that price increases will be marginally higher in the second half than in the first, at around 8%.

On the plus side, we are up against softer comparative numbers in the final quarter. Last year this important period was adversely affected by snow, and we would hope this extreme weather does not recur in the year ahead. In addition there is every chance that inflationary pressure on the consumer will ease towards the end of the year, as commodity price increases begin to annualise.

FULL YEAR GUIDANCE

We estimate that total Next Brand sales for the full year will be in the range of +1% to +4%. This would give a profit before tax range of £535m to £585m. This range is around £15m ahead of the scenario we gave in March, and is somewhat ahead of market expectations.

We continue to expect to buy back in the region of £160m of shares from surplus cash flows in the current year, of which we have already spent £90m buying 4.3m shares. We estimate the combined effects of share buybacks and cash generation will be to move EPS forward by 6% more than the growth in profit.

The table below sets out our current guidance in comparison to the scenario we gave in March.

FULL YEAR ESTIMATES	March Scenario		**May Guidance**	
Brand sales (VAT exclusive)	-0.5%	+2.5%	**+1.0%**	**+4.0%**
Group profit before tax	£520m	£570m	**£535m**	**£585m**
Profit before tax growth	-5.5%	+3.5%	**-3.0%**	**+6.1%**
Share buyback estimate	£160m	£160m	**£160m**	**£160m**
Estimated growth in basic EPS	-0.5%	+8.5%	**+3.0%**	**+12.5%**

END

NOTES FOR EDITORS

As is our practice, sales figures are quoted after deducting VAT. In most years this makes no difference, however this year VAT rates are again higher than last year. Consequently VAT inclusive sales (e.g. the cash taken in NEXT Retail stores and sales through the NEXT Directory) have grown by more than the sales retained by the business (i.e. after VAT has been deducted). This is important, as the VAT exclusive sales give a slightly less positive view of the general consumer environment than actually experienced. VAT inclusive sales were approximately 1.5% higher than VAT exclusive sales.

We have consciously avoided direct reference to like for like sales, because the calculation of this number as a measure of underlying consumer spending is distorted by two significant factors. Firstly, the distortion caused by VAT reduces the number by 1.5% as explained above. Secondly, most retailers include their online sales in their like for like sales number, we historically have not. So depending on which definition we choose the reported like for like figure for the first quarter could be between -3.0% (VAT exclusive and excluding online) and +5.4% (VAT inclusive and including online).