



next

JANUARY 2017

Income Statement

next

£m	52 weeks 2017	52 weeks 2016		Brand	Brand Full Price
Total sales	4,137	<u>4,150</u>	- 0.3%	0.0%	- 1.3%
Operating profit	828	852	- 2.8%		
Interest	(38)	<u>(31)</u>			
Profit before tax	790	821	- 3.8%		
Taxation	(155)	<u>(166)</u>			
Profit after tax	635	<u>655</u>	- 3.0%		
EPS (underlying)	441.3p	442.5p	- 0.3%		
Ordinary dividends per share	158p	158p			

Cash Flow

next

£m	52 weeks 2017	53 weeks 2016
Profit before tax	790	836
Depreciation / disposals	119	118
Capital expenditure	(161)	(151)
Working capital / other	(85)	(210)
Tax paid	(151)	(153)
ESOT	(21)	(56)
Cash flow before distribution	<u>491</u>	<u>384</u>

£m

52 weeks
2017

53 weeks
2016

Capital expenditure

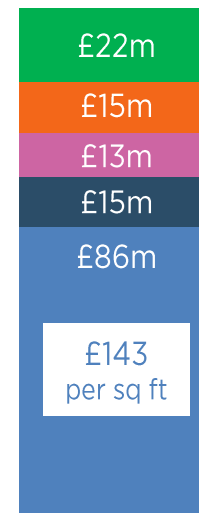
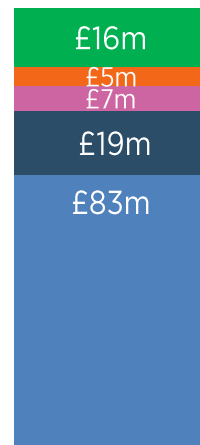
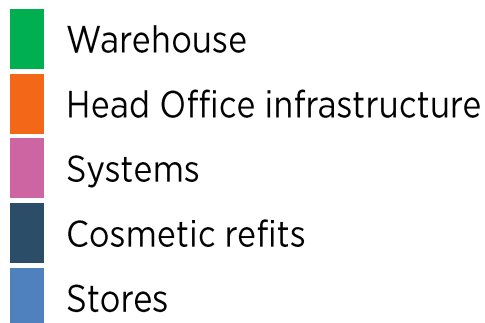
(161)

(151)

Jan 2018(e)
£130m

Jan 2017
£161m

Jan 2016
£151m



Cash Flow

next

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Profit before tax	790	836
Depreciation / disposals	119	118
Capital expenditure	(161)	(151)
Working capital / other	(85)	(210)
Tax paid	(151)	(153)
ESOT	(21)	(56)
Ordinary dividends	(226)	(227)
Special dividends / buybacks	(276)	(492)
Net cash flow	<u>(11)</u>	<u>(335)</u>

Balance Sheet

next

£m	2017	2016
Fixed assets and investments	581	539
Goodwill and intangibles	43	44
Stock	451	486
Debtors	1,126	1,050
Creditors / derivatives	(893)	(915)
Dividends payable	0	(88)
Pension surplus	63	46
Net debt	(861)	(850)
Net assets	<u>510</u>	<u>312</u>

Balance Sheet

next

£m	2017	2016	
Fixed assets and investments	581	539	
Goodwill and intangibles	43	44	
Stock	451	486	- 7%
Debtors	1,126	1,050	+ £76m

**Directory
debtors**

Jan 2017
£1bn

+ 8%

Jan 2016
£932m

+ £70m

**Credit
sales**

Jan 2017

- 2%

Jan 2016

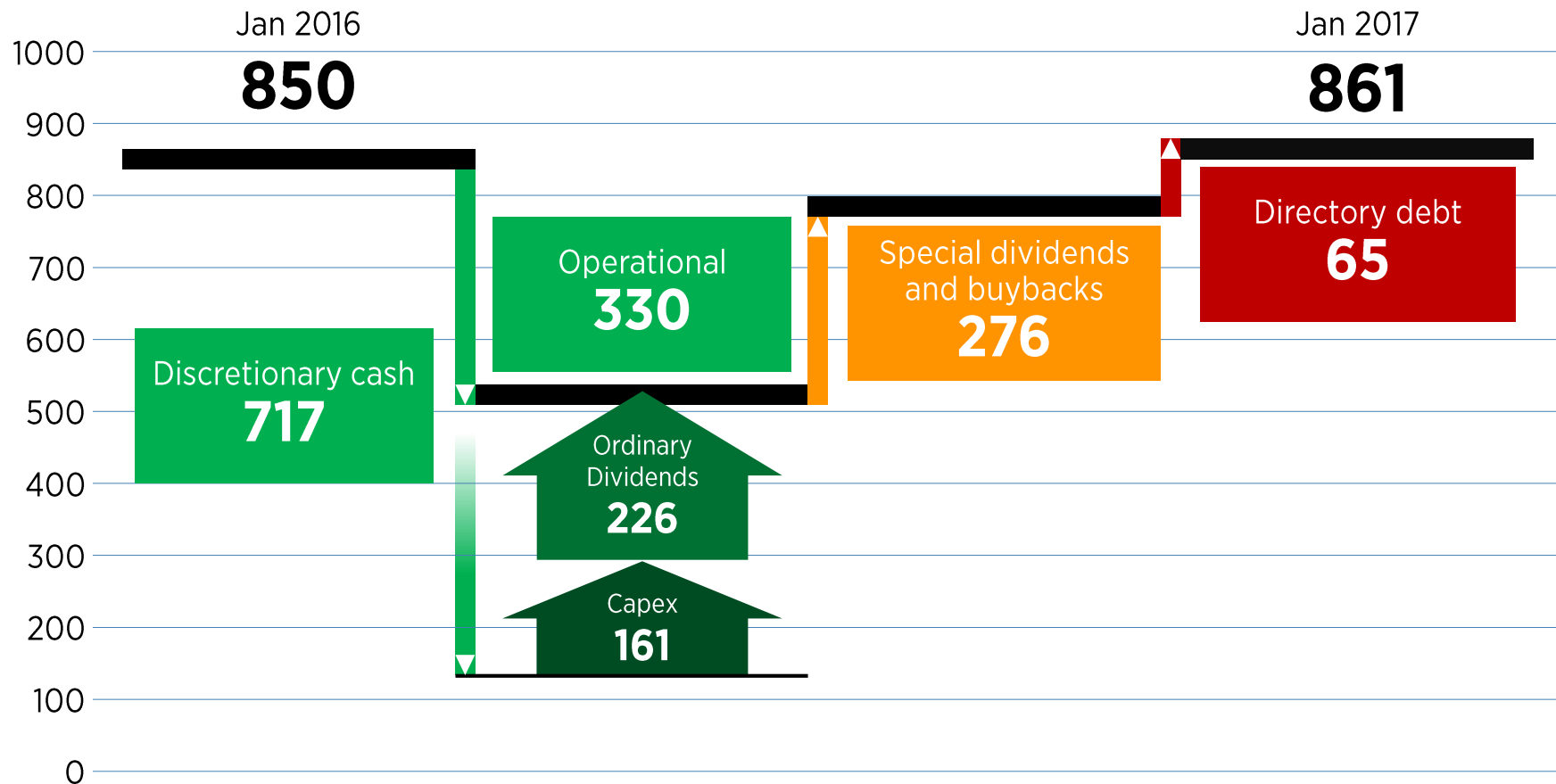
Balance Sheet

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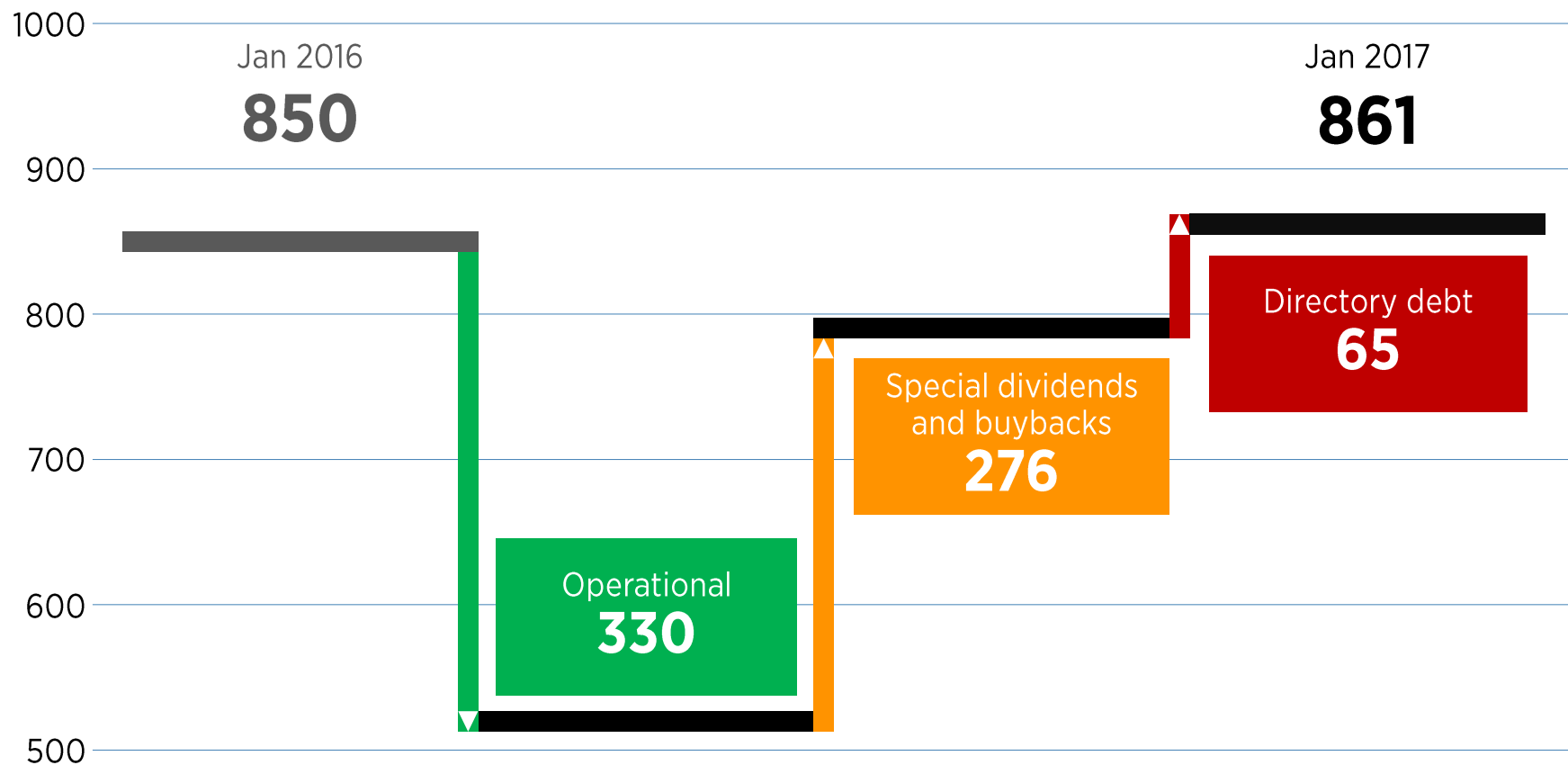
Full Year Debt and Cash Flow (£m)

next



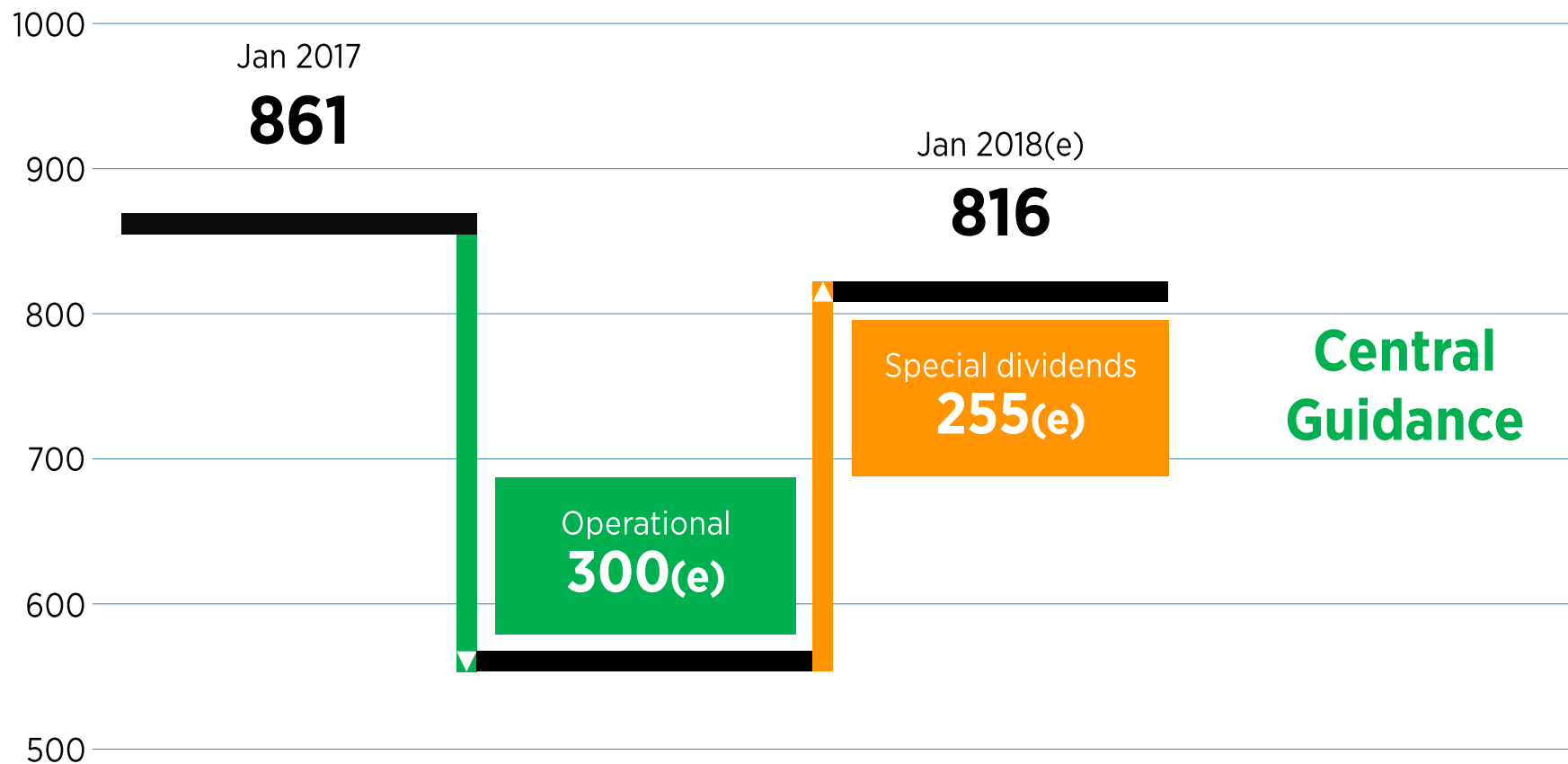
Full Year Debt and Cash Flow (£m)

next



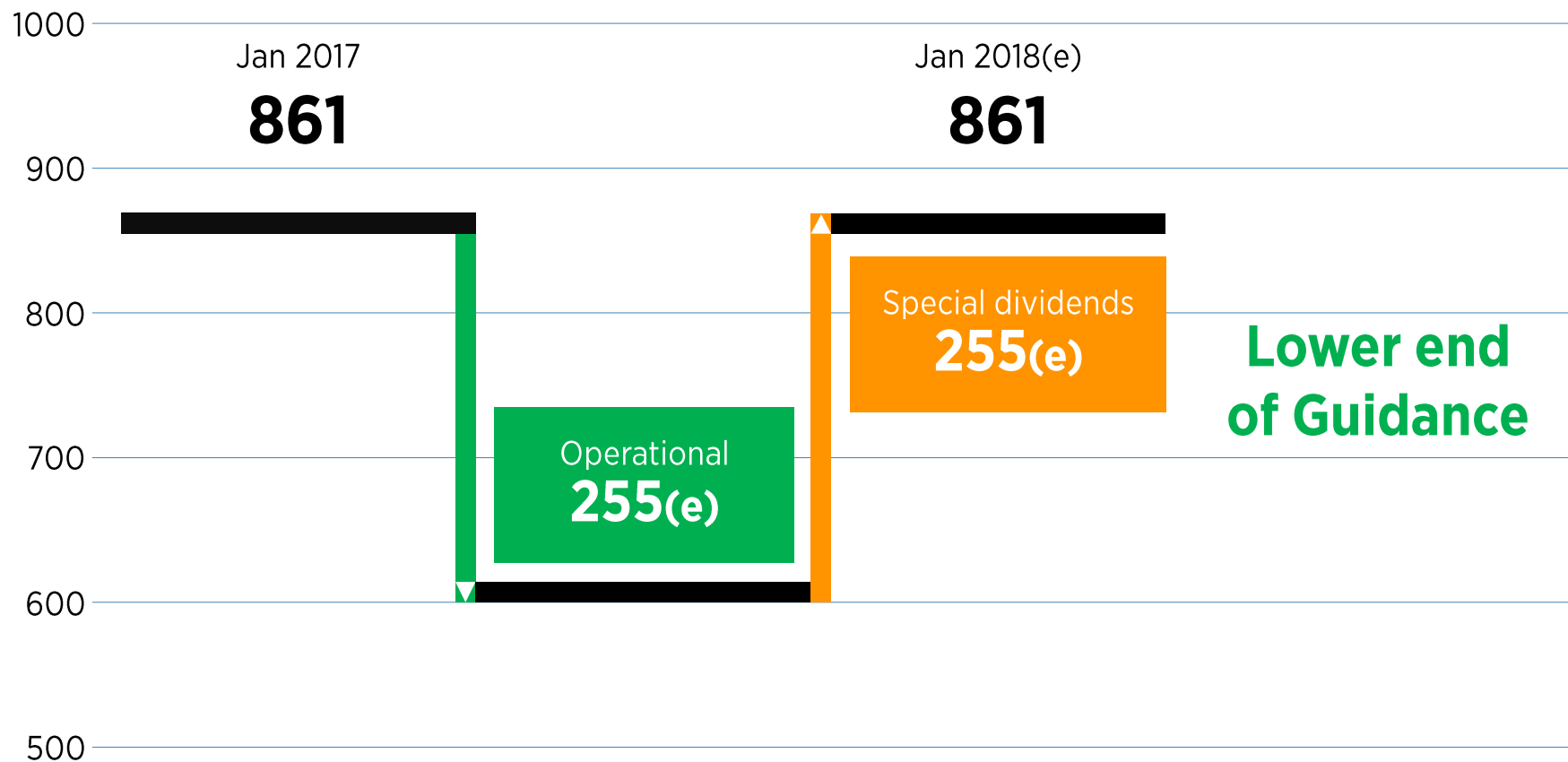
Full Year Debt and Cash Flow (£m) Jan 2017 to Jan 2018(e)

next



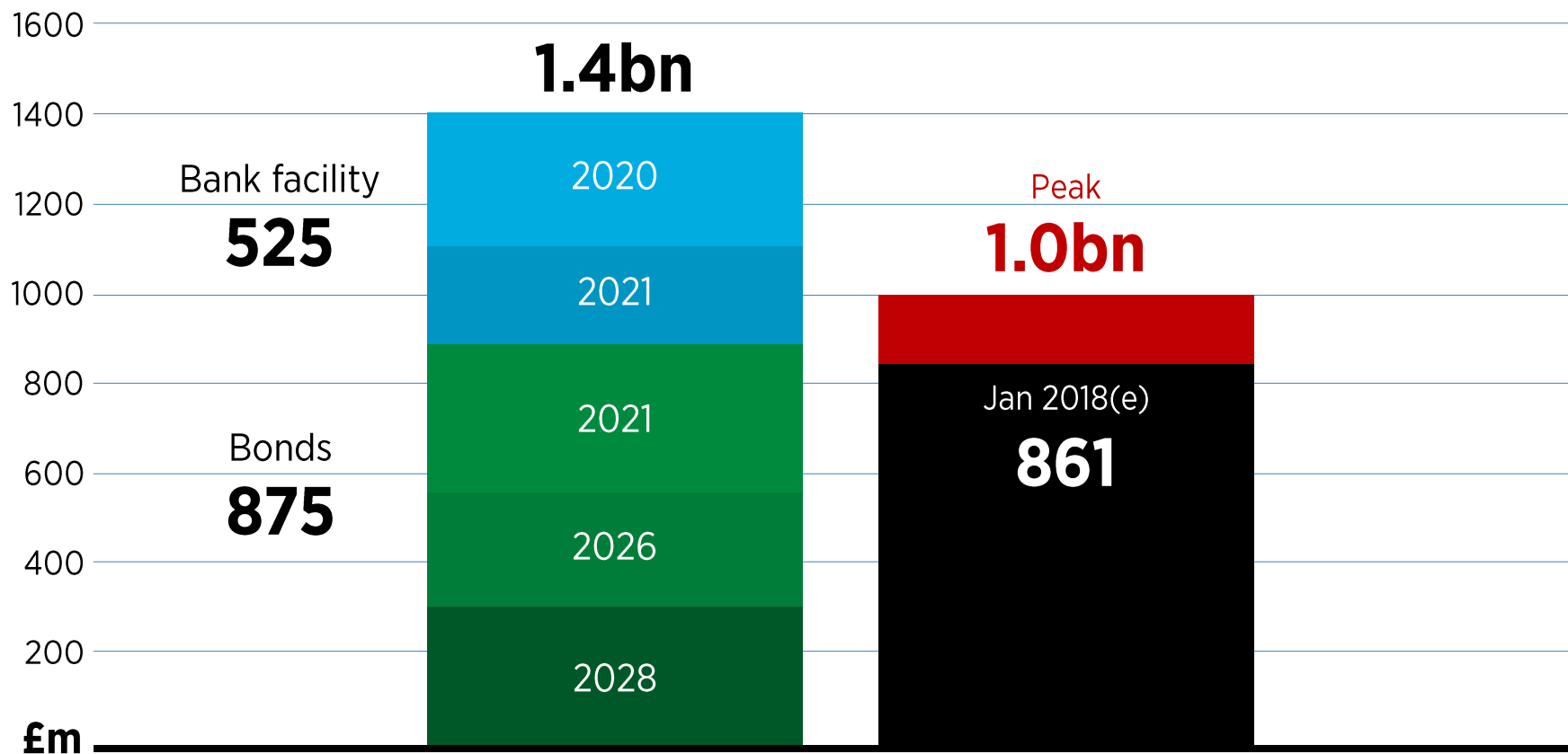
Full Year Debt and Cash Flow (£m) Jan 2017 to Jan 2018(e)

next



Funding Requirements (£m)

next





Retail

Basingstoke Festival Place Opened January 2017

£m	2017	2016		Underlying Full Price
Total sales	2,305	2,374	- 2.9%	- 4.6%
Operating profit	339	402		

Sales from new space	+ 2.5%	
Increase in sq. ft.	+ 330k	+ 4.3%
Total stores	- 2	

New store performance

Sales v target	Payback (months)	Store profit
- 3%	24	23%

Forecast for stores opened or extended in the last 12 months

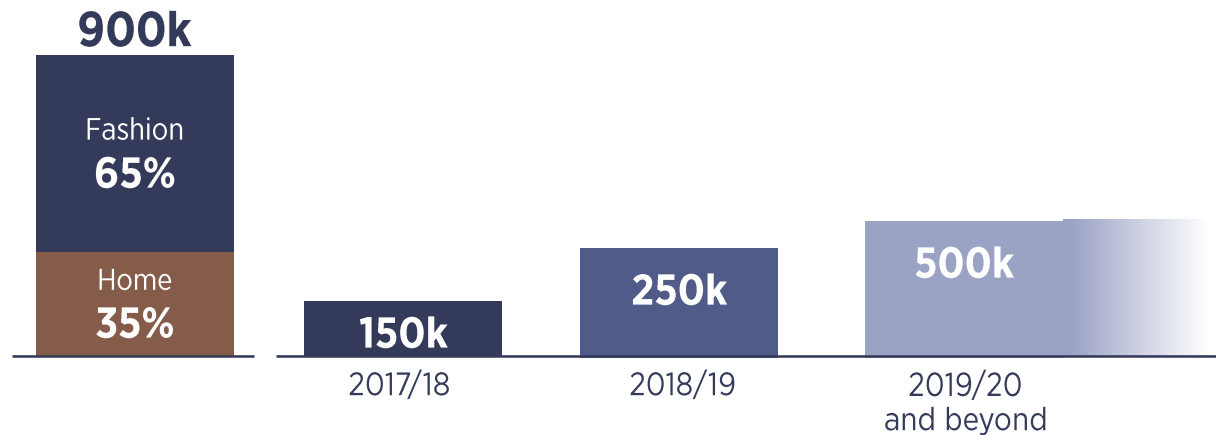
52 WEEKS
COMPARISON

Retail : Sales Analysis

next

£m	2017	2016		Underlying Full Price
Total sales	2,305	2,374	- 2.9%	- 4.6%
Operating profit	339	402		

Space pipeline sq. ft. (e)



52 WEEKS
COMPARISON

Retail : Profit Analysis

next

£m	2017	2016		Underlying Full Price
Total sales	2,305	2,374	- 2.9%	- 4.6%
Operating profit	339	402	- 15.8%	
% to sales	14.7%	16.9%		

Margin movement

Bought-in gross margin + 0.1%

Markdown - 1.0%

Achieved gross margin

- 0.9%

Sale stock **+ 17%**

Markdown sales **+ 13%**

Retail : Profit Analysis

next

£m	2017	2016		Underlying Full Price
Total sales	2,305	2,374	- 2.9%	- 4.6%
Operating profit	339	402	- 15.8%	
% to sales	14.7%	16.9%		

Margin movement

Achieved gross margin	- 0.9%
Store payroll	0.0%
Store occupancy	- 1.1%
Warehousing and distribution	- 0.3%
Central overheads	+0.1%

Margin movement
- 2.2%

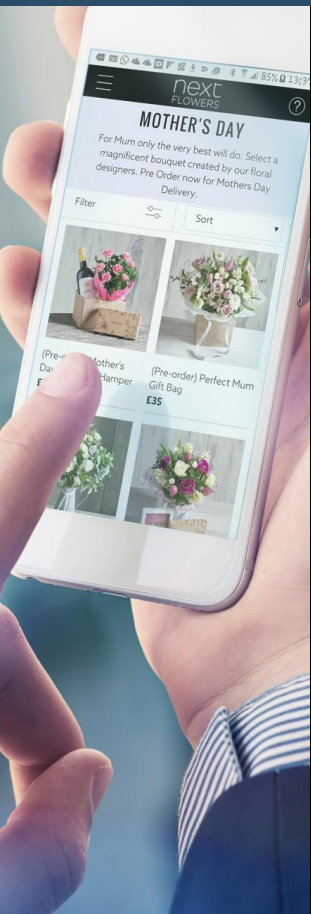


Directory

52 WEEKS
COMPARISON

Directory : Sales Analysis

next



£m	2017	2016		Underlying Full Price
Total sales	1,728	1,659	+ 4.2%	+ 3.6%
Operating profit	444	405		

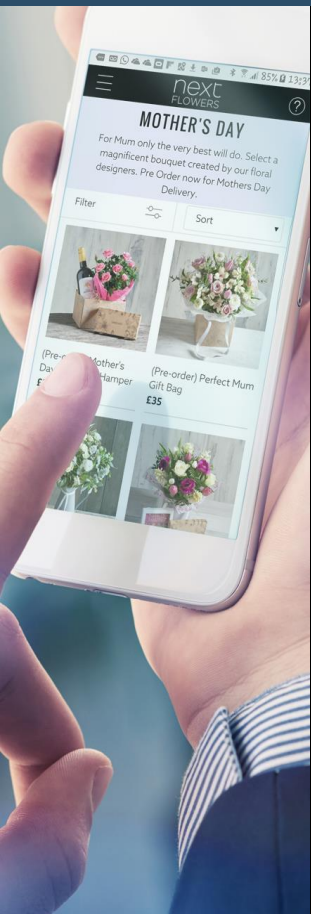
Full price sales analysis

	Increase on last year	
NEXT Directory UK	- £19m	- 1.8%
Label	+ £34m	+ 18.9%
Directory UK total	+ £15m	+ 1.2%

52 WEEKS
COMPARISON

Directory : Sales Analysis

next



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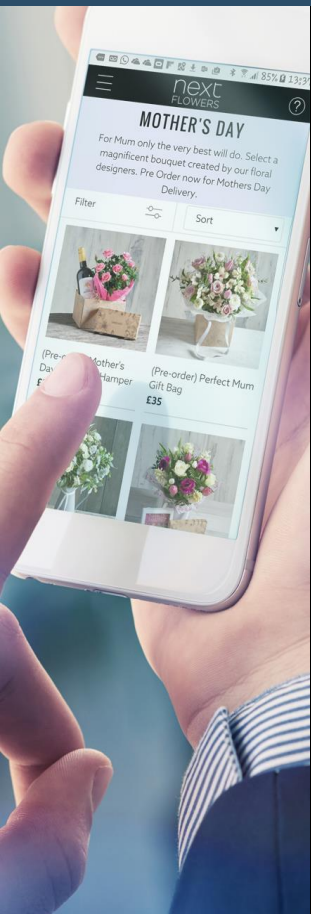
Full price sales analysis

	Increase on last year		Avg. customers
Directory UK total	+ £15m	+ 1.2%	+ 2.6%
Directory overseas	+ £36m	+ 18.5%	+ 11.3%
Directory total	<u>+ £51m</u>	<u>+ 3.6%</u>	<u>+ 4.0%</u>

52 WEEKS
COMPARISON

Directory : Sales Analysis

next



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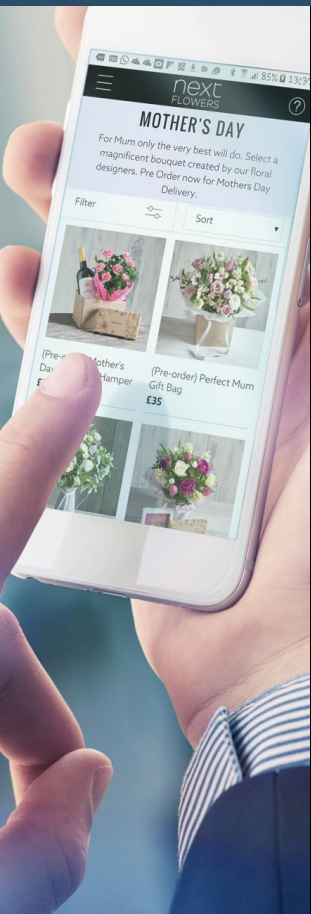
Full price sales analysis

	Increase on last year		Avg. customers
UK credit	- £18m	- 1.7%	- 3.0%
UK cash	+ £33m	+ 16.9%	+ 14.3%
Directory UK total	+ £15m	+ 1.2%	+ 2.6%

52 WEEKS
COMPARISON

Directory : Profit Analysis

next



£m	2017	2016		Underlying Full Price
Total sales	1,728	1,659	+ 4.2%	+ 3.6%
Operating profit	444	405	+ 9.6%	
% to sales	25.7%	24.4%		

Margin movement

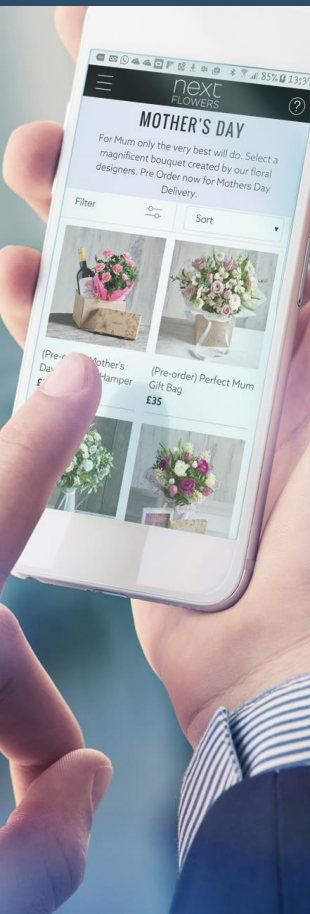
Bought-in gross margin - 0.3%

Markdown - 0.1%

Achieved gross margin - 0.4%

Sale stock **+ 5%**

Markdown sales **+ 5%**



£m	2017	2016		Underlying Full Price
Total sales	1,728	1,659	+ 4.2%	+ 3.6%
Operating profit	444	405	+ 9.6%	
% to sales	25.7%	24.4%		

Margin movement

Achieved gross margin	- 0.4%
Interest income	+ 1.0%
Warehouse and distribution	+ 0.6%
Marketing and catalogues	+ 0.1%
Margin movement	+ 1.3%

Outlook



Sales Guidance | 2017/18(e)

Sales

In constant currency

- 4.5%

- 1.5%

+ 1.5%

Sterling

- 3.5%

- 0.5%

+ 2.5%

UK Consumer Trends

More on
Experience

Less on
Stuff



UK Consumer Trends

Entertainment
spend grew by

8%



Pub
spend grew by

10%



Restaurant
spend grew by

11%

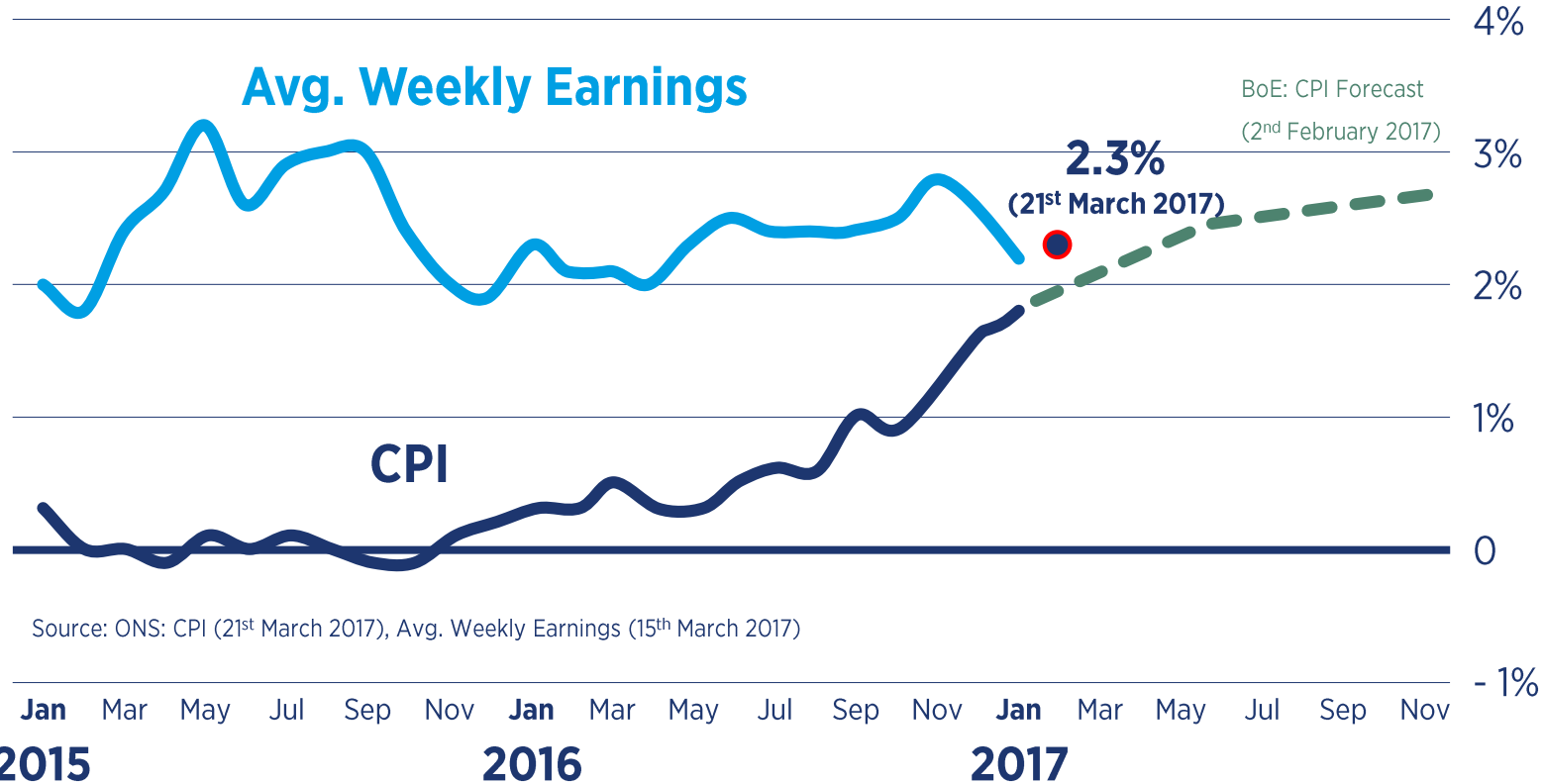


High Street
Clothing
spend fell by

- 0.3%



CPI and UK Average Weekly Earnings





Avg. Weekly
Earnings



SS

AW

Price Rises

Currency rates \$

Avg. Selling Price

2016

2017

2017

1.54

- 10%

1.39

4%

1.47

- 14%

1.26

< 5%



Avg. Weekly
Earnings



Margin Impact

Additional profit
from overseas

£22m

Non-product
overseas costs

(£2m)

Lower profit on
sourcing

(£6m)

Margin surrender

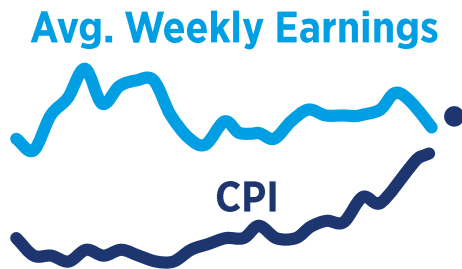
(£14m)

£0m

Clothing Market



Consumer Squeeze



Price Rises

< 5%



Cost Increases | 2017/18(e)

Cost Increases | 2017/18(e)

National Living Wage	£4m
General wage inflation	£8m
Wage inflation	£12m

Cost Increases | 2017/18(e)

Wage inflation **£12m**

Taxes **£9m**

Investment (online) **£11m**

Other increases **£4m**

£36m

Profit Scenario | 2017/18(e)

*If... full price sales
are - 0.5% (midpoint)*

2017/18(e)
£730m

2016/17
£790m

Cost
increases

£36m

Retail LFL

£75m

Cost
savings

£26m

£12m

New
space

£13m

Directory

THE PLAN

Product

Online

Stores



Product

Online

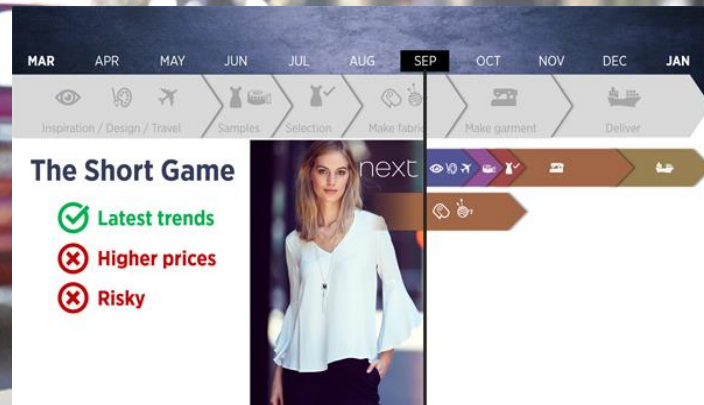
Stores

THE PLAN



Product

Rapid Development



OCTOBER

Sample Design



3 MONTHS

Co-ordinated ranges

Balanced ranges

Considered product

JAN/FEB

Final selection



SUPERNATURE

Autumn Winter 16

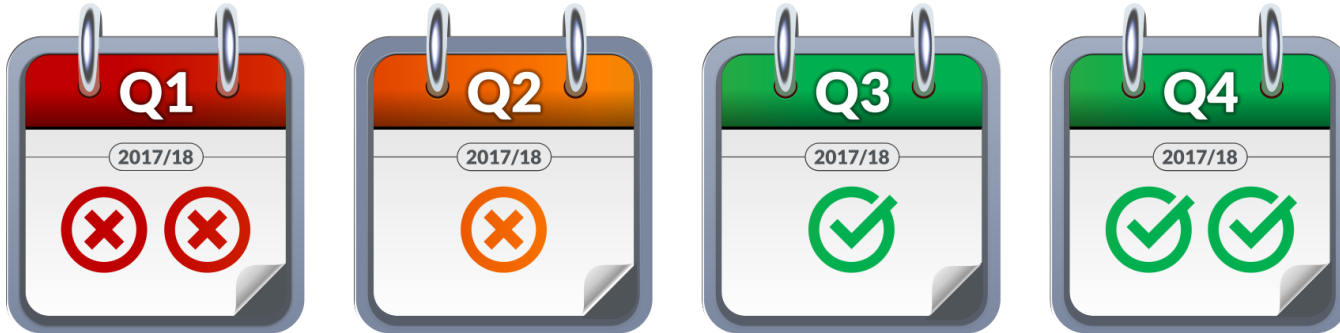


Rapid Development



Unintended consequences

- Heartland product
- Easy to wear
- 'Power Programs' at mid price points



Product

Online

Stores

THE PLAN

Online Development

Transforming our eCommerce & Digital Marketing



DELIVERED

Improved stock availability ☑

2015

65%

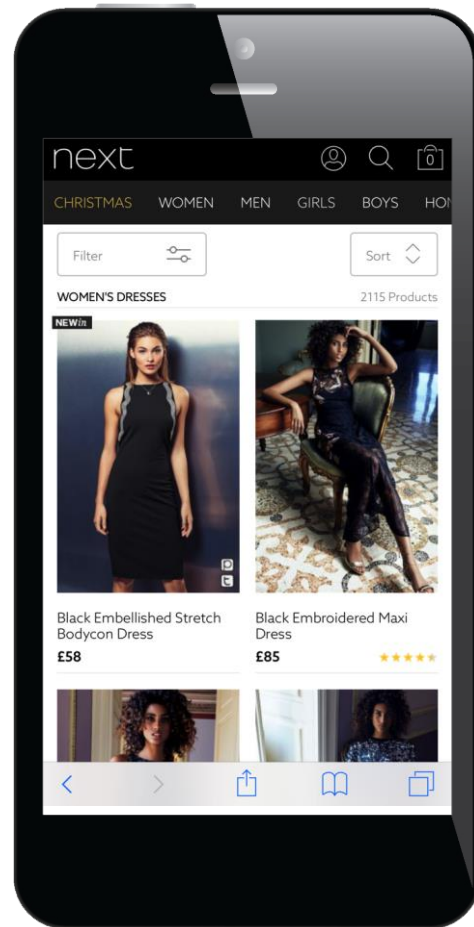
2016

70%

DELIVERED

Roll out UK mobile site

Improved stock availability 

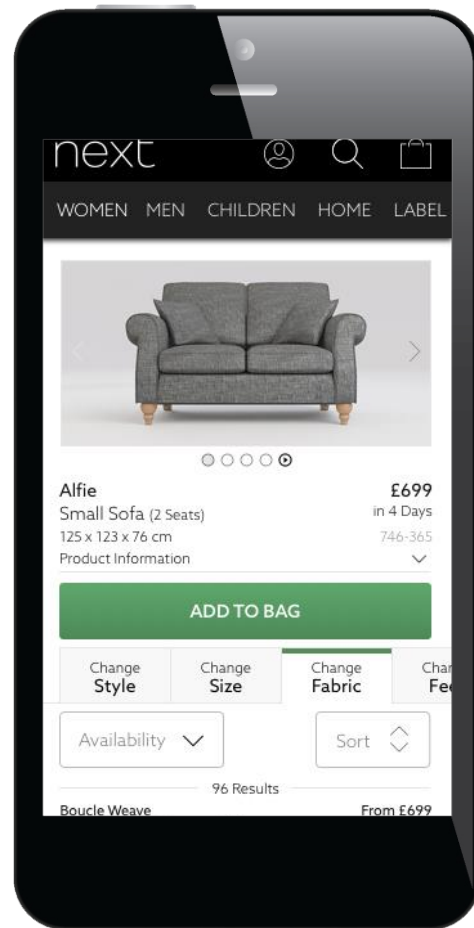


DELIVERED

Sofas on mobile site ✓

Roll out UK mobile site ✓

Improved stock availability ✓



THE PLAN

Stores

Online

Product

DELIVERED

More new lines,
more often ✓

Sofas on mobile site ✓

Roll out UK mobile site ✓

Improved stock availability ✓

next

Search

My Account | Quickshop | Help | Store Locator

WOMEN LINGERIE MEN GIRLS BOYS SHOES HOME & FURNITURE BRANDS LIPSY & CO FLOWERS CLEARANCE

Back Home Women's New In

2296 PRODUCTS Clear All

☒ New In (2296)
☐ In Stock (2289) ? Clear

CATEGORY

- ☐ Dresses (415)
- ☐ T-Shirts (208)
- ☐ Bags (142)
- ☐ Shirts (100)
- ☐ Sandals (87)
- ☐ Bras (85)
- ☐ Jackets (84)
- ☐ Shoes (84)

View All

COLOUR

- ☐ Blue (483)
- ☐ Black (455)
- ☐ White (322)
- ☐ Pink (290)
- ☐ Grey (169)
- ☐ Cream (127)
- ☐ Green (121)
- ☐ Silver (87)

+ View More

SIZE

- ☐ 30A (1)
- ☐ 6R (40)


WOMEN'S NEW IN

Sort By Most Popular

What's NEW


NEW FROM NEXT NEW FROM BRANDS

NEW In




Nude Velvet Wrap Dress
£65

NEW In




Blush Floral Maxi Dress
£55 ★★★★★

NEW In




Stripe Double Breasted Blazer
£75


NEW In



NEW In



NEW In



THE PLAN

Product

Online

Stores

DELIVERED

Flowers site live

More new lines, more often 

Sofas on mobile site 

Roll out UK mobile site 

Improved stock availability 

next | FLOWERS

FLOWERS

PLANTS

GIFT CARDS

WINES

GARDEN PLANTS

GIFT EXPERIENCES

Help & F

0333 777 80

National Call Rate

FREE DELIVERY ON ALL FLOWERS AND PLANTS | ORDER BY 8PM FOR NEXT DAY DELIVERY ON MOST LINES

SPRING COLLECTION

Order from our spring flowers and plants collection for next day delivery if ordered before 8pm*

SHOP ALL FLOWERS AND PLANTS



SPRING FLOWERS



Spring Bouquet with Vase
£30

SPRING PLANTS



Pink Azalea in Ceramic
£24

MOST POPULAR



Berry Burst Gift Bag
£30

MOTHERS DAY PREVIEW



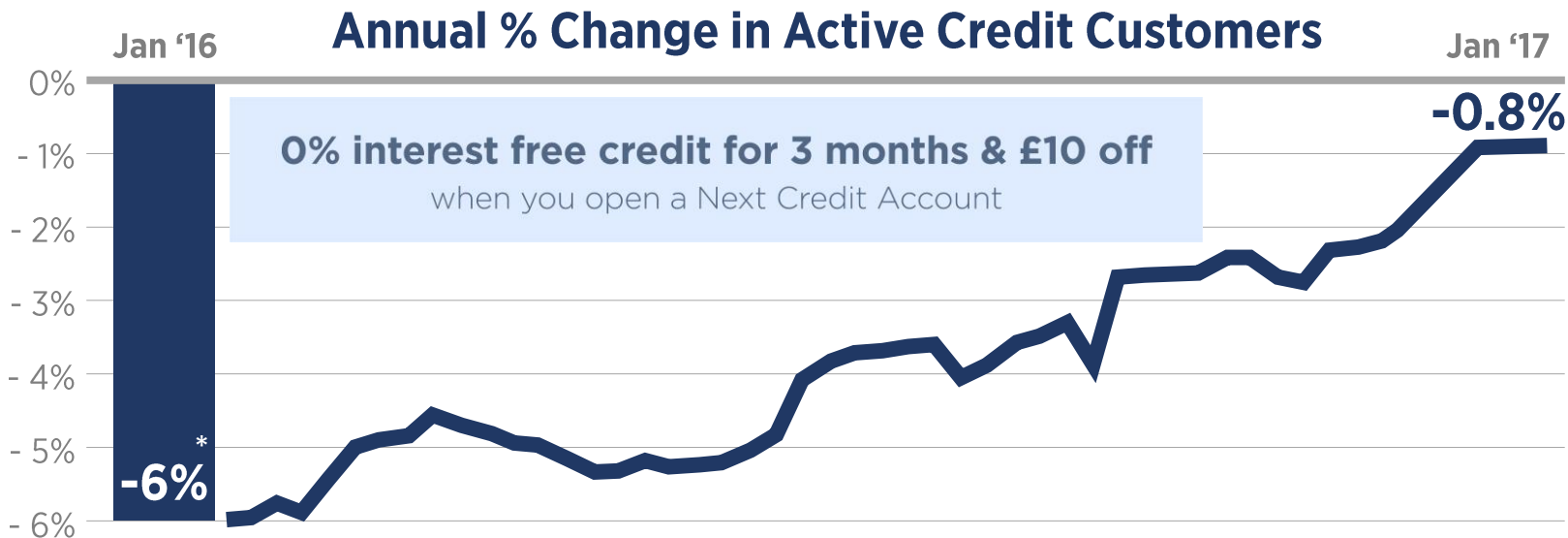
Mums Scented Spring Bouquet
£35

March Bouquet Of The Month

£30



WHY CHOOSE NEXT FLOWERS ?



Promoting credit accounts ✓

Flowers site live ✓

More new lines, more often ✓

Sofas on mobile site ✓

Roll out UK mobile site ✓

Improved stock availability ✓

Product

Online

Stores

THE PLAN


Online Development

Transforming our eCommerce & Digital Marketing

2017



2007



get more from Next - upgrade today to the
NEXT ACCOUNT

Discover the **Next Flexible Account...** and get the best out of Next!

From spreading your payments to free returns*...upgrade today and enjoy the many benefits that come with a Next Account.

It's so simple to upgrade and there is no set up fee. Just submit your details below and we'll upgrade your account straight away.**

* Please note it may take up to 3 days to convert your account.
** Terms & Conditions apply.

Product

Online


Stores

THE PLAN

2017

nextpay

Have it now. Pay later.



get more from Next - upgrade today to the
NEXT ACCOUNT

Discover the [Next Flexible Account...](#) and get the best out of Next!

From spreading your payments to free returns*...upgrade today and enjoy the many benefits that come with a Next Account.

It's so simple to upgrade and there is no set up fee. Just submit your details below and we'll upgrade your account straight away.**

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** Terms & Conditions apply.

online

stores

nextunlimited

Unlimited next day delivery for a whole year.
All for just £20 a year.



THE PLAN

Intelligent Recommendations

Search Next

next

Anna | £GBP | 0 £0.00

WOMEN

MEN

GIRLS

BOYS

HOME & FURNITURE

LABEL

LIPSY & CO

FLOWERS

CLEARANCE

Home / Womens / Dresses

2 Left

NEXT
**BLACK FLORAL VELVET
BODYCON DRESS**

£48 707-175

Fit: Regular

Size: 12 [Size Chart](#)

Only a few left in stock

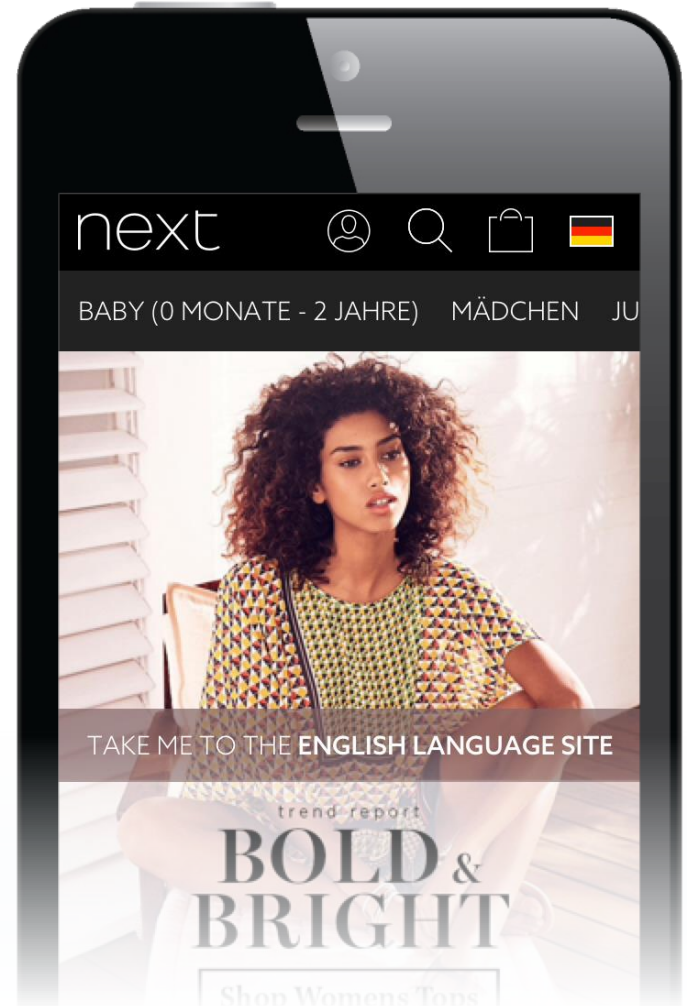
Share Add to Wishlist

Description: Centre back neck to hem 34.5"/88cm. Machine washable. 91% Polyester, 9% Elastane.

International on Mobile

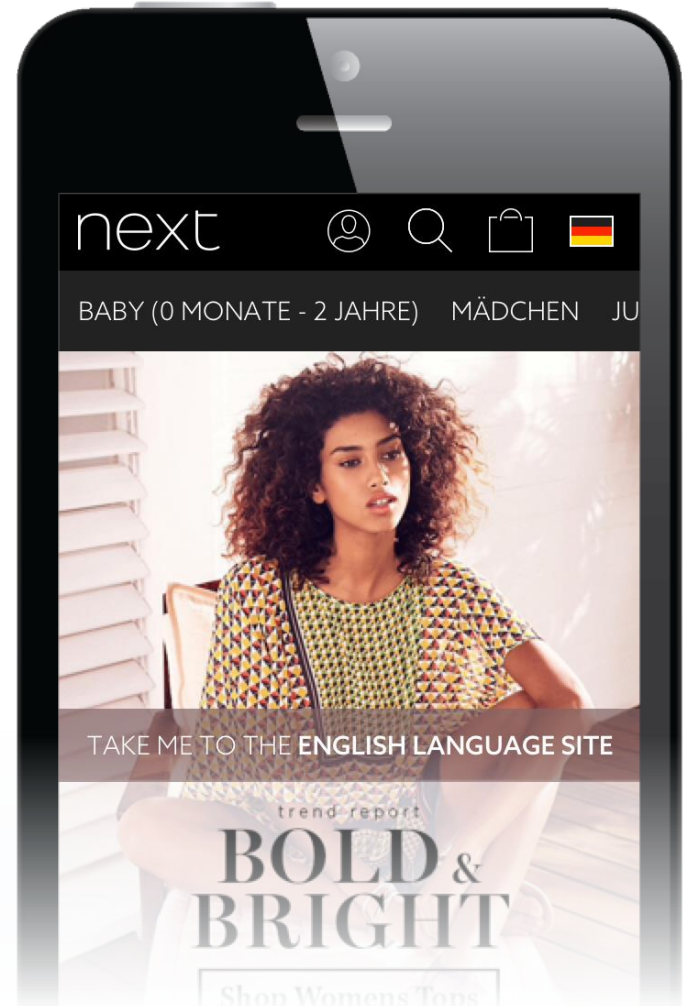
- Australia
- China
- Eire
- Germany
- Hong Kong
- Israel
- Japan
- Russia
- Saudi Arabia
- UAE
- Ukraine
- USA

~70% of turnover



Mobile site redesign

1. Home page look and feel
2. Improved search
3. Improved Directory look book
4. Improved selling pages
5. Faster registration
6. Faster checkout



Product

Online

Stores

1. Home page look and feel
2. Improved search
3. Improved Directory look book
4. Improved selling pages

5. Faster registration

CURRENTLY

3 PAGES

5 SCREENS

Drop out rates

11%

2%

1%

Register 1 of 3

YOUR SECURITY DETAILS

First Name

Last Name

Date Of Birth

DD MM YYYY

Contact Number

INCENTIVE PROMOTION CODE?

Enter the 10 digit promotion code here to redeem your offer.

Your Promotion Code

Optional

CONTINUE - STEP 2

nexta

Register 2 of 3

REGISTER - BILLING ADDRESS

Your delivery address must be the same as the billing address of your credit card.

House No. Or Name

Postcode

CONTINUE - STEP 3

Search by Street BPO

Please note you must be a UK resident to register with Next.

nexta

Register 3 of 3

Would you like to be sent a Next Directory?

☐ Yes, I would like a FREE Next Directory with my first Directory absolutely FREE. BY selecting to receive the Next Directory you agree that we may send you, at our discretion, further Directories usually in January and July each year at a charge of £3.75 per publication. We will notify you before we send any chargeable publications giving you the chance to cancel. You also agree to receive supplementary Directories and 'New In' publications at no additional charge.

☐ Tick this box if you DO NOT wish to receive sale and other information relating to Next

By Clicking 'Continue' below you agree to the [Next Terms and Conditions](#) and [Cookie Use policy](#)

CONTINUE

Next Directory is a trading name of Next Retail Limited which is a subsidiary of Next Holdings Limited. We may contact you for marketing purposes by mail, telephone or email with relevant offers from the following Next group companies: Next Retail Limited and Lippy Limited. Next Holding Limited will not share your information with companies outside the group for marketing purposes.

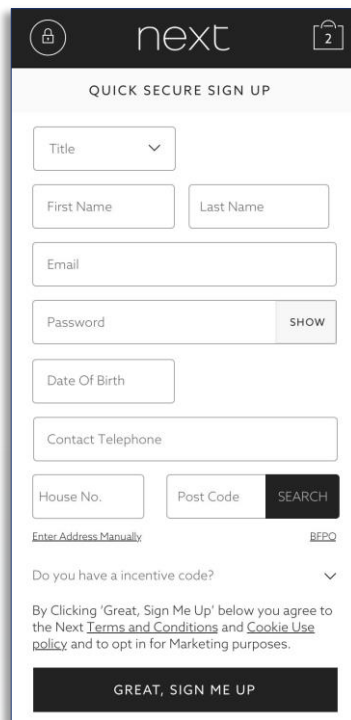
Please refer to the [Next Security & Privacy Policy](#) for further details.

1. Home page look and feel
2. Improved search
3. Improved Directory look book
4. Improved selling pages

5. Faster registration

TO

1 PAGE



next

QUICK SECURE SIGN UP

Title

First Name Last Name

Email

Password SHOW

Date Of Birth

Contact Telephone

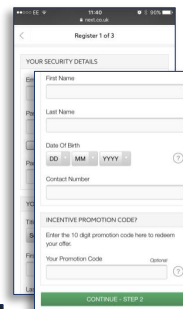
House No. Post Code SEARCH

[Enter Address Manually](#) [BEPQ](#)

Do you have an incentive code?

By Clicking 'Great, Sign Me Up' below you agree to the Next [Terms and Conditions](#) and [Cookie Use policy](#) and to opt in for Marketing purposes.

GREAT, SIGN ME UP



next

Register 1 of 3

YOUR SECURITY DETAILS

First Name

Last Name

Date Of Birth

ID MM YYYY

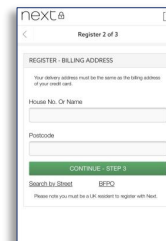
Contact Number

INCENTIVE PROMOTION CODE?

Enter the 10 digit promotion code here to redeem your offer.

Your Promotion Code

CONTINUE - STEP 2



next

Register 2 of 3

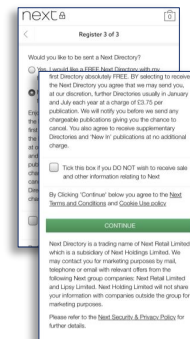
REGISTER - BILLING ADDRESS

Your details entered must be the same as the billing address of your web site.

House No. Or Name

Postcode

CONTINUE - STEP 3



next

Register 3 of 3

Would you like to be part of a Next Directory?

☐ Yes, I would like a FREE Next Directory with the Next Directory about my FREE. By selecting to receive the Next Directory you agree that we may send you, at our discretion, further Directories usually in January and July each year at a charge of £3.75 per publication. We will notify you before we send any chargeable publications giving you the chance to cancel. You also agree to receive supplementary Directories and News in publications at no additional charge.

☐ Tick this box if you DO NOT wish to receive sales and other information relating to Next.

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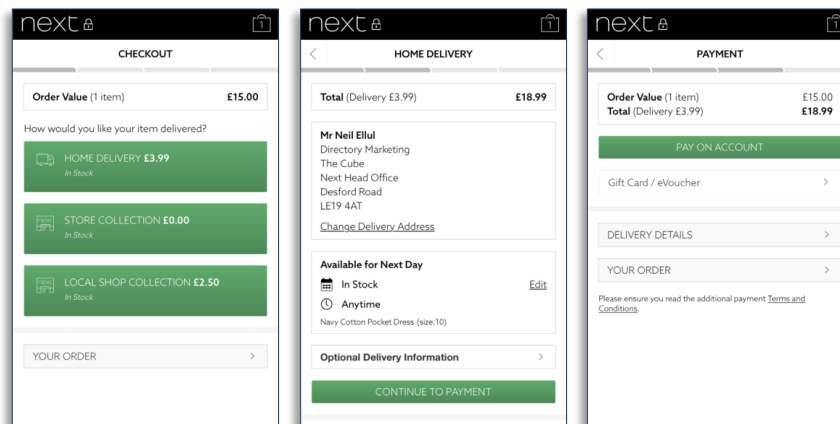
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2. Improved search
3. Improved Directory look book
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5. Faster registration

6. Faster checkout

CURRENTLY

3 PAGES



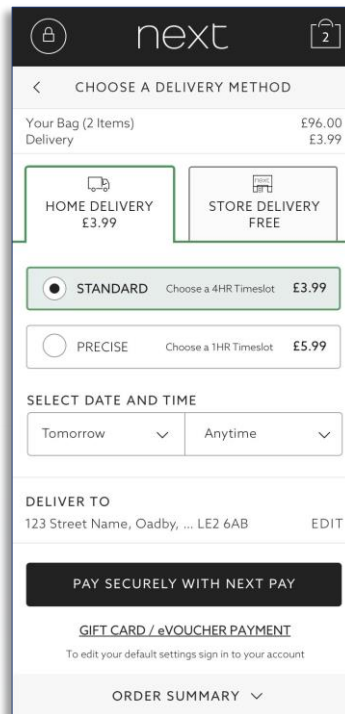
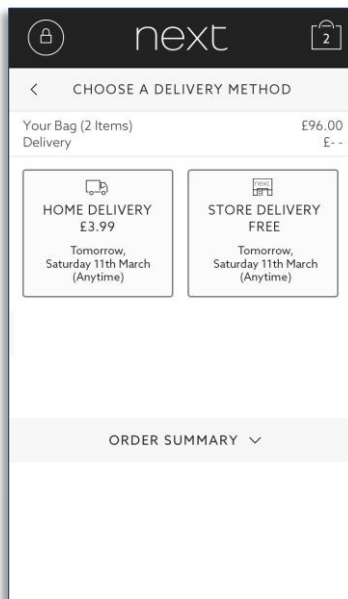
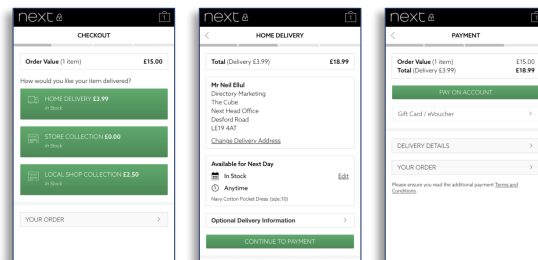
1. Home page look and feel
2. Improved search
3. Improved Directory look book
4. Improved selling pages
5. Faster registration

6. Faster checkout

TO

2 PAGES

NEW
credit customer



1. Home page look and feel
2. Improved search
3. Improved Directory look book
4. Improved selling pages
5. Faster registration

6. Faster checkout

TO

1 PAGE

EXISTING
credit customer

next

CHOOSE A DELIVERY METHOD

Your Bag (2 Items) £96.00
Delivery £3.99

HOME DELIVERY £3.99
STORE DELIVERY FREE

STANDARD Choose a 4HR Timeslot £3.99
PRECISE Choose a 1HR Timeslot £5.99

SELECT DATE AND TIME
Tomorrow Anytime

DELIVER TO
123 Street Name, Oadby, ... LE2 6AB EDIT

PAY SECURELY WITH NEXT PAY

GIFT CARD / eVOUCHER PAYMENT
To edit your default settings sign in to your account

ORDER SUMMARY

next

CHECKOUT

Order Value (1 item) £15.00

How would you like your item delivered?

HOME DELIVERY £3.99
STORE COLLECTION £5.00
LOCAL SHOP COLLECTION £3.00

YOUR ORDER

next

HOME DELIVERY

Total (Delivery £3.99) £18.99

My Next Email
Directory Marketing
The Cube
Next Head Office
Deodard Road
LE19 4AT
Change Delivery Address

Available for Next Day
In Stock
Anytime
New Cotton Poshie Dress (see 10)

Optional Delivery Information

CONTINUE TO PAYMENT

next

PAYMENT

Order Value (1 item) £15.00
Total (Delivery £3.99) £18.99

PAY ON ACCOUNT

Gift Card / eVoucher

DELIVERY DETAILS

YOUR ORDER

Please ensure you read the additional payment Terms and Conditions

2016 

Mobile site

Sofas on mobile

More new lines

Flowers site

Credit promotions

Major Projects Timeline

March

nextpay

Next Unlimited

April

Intelligent recommendations

July

Home page redesign

Improved selling page

Fast registration

August

Touch ID sign in (apps)

Abandoned baskets

September

12 x International mobile sites live

November

Fast checkout

December

Improved search

Jan

Feb

Mar

Apr

May

Jun

Jul

Aug

Sep

Oct

Nov

Dec

Jan

2017

2018

Product

Online

stores

THE PLAN

Continued Space Growth

Hull

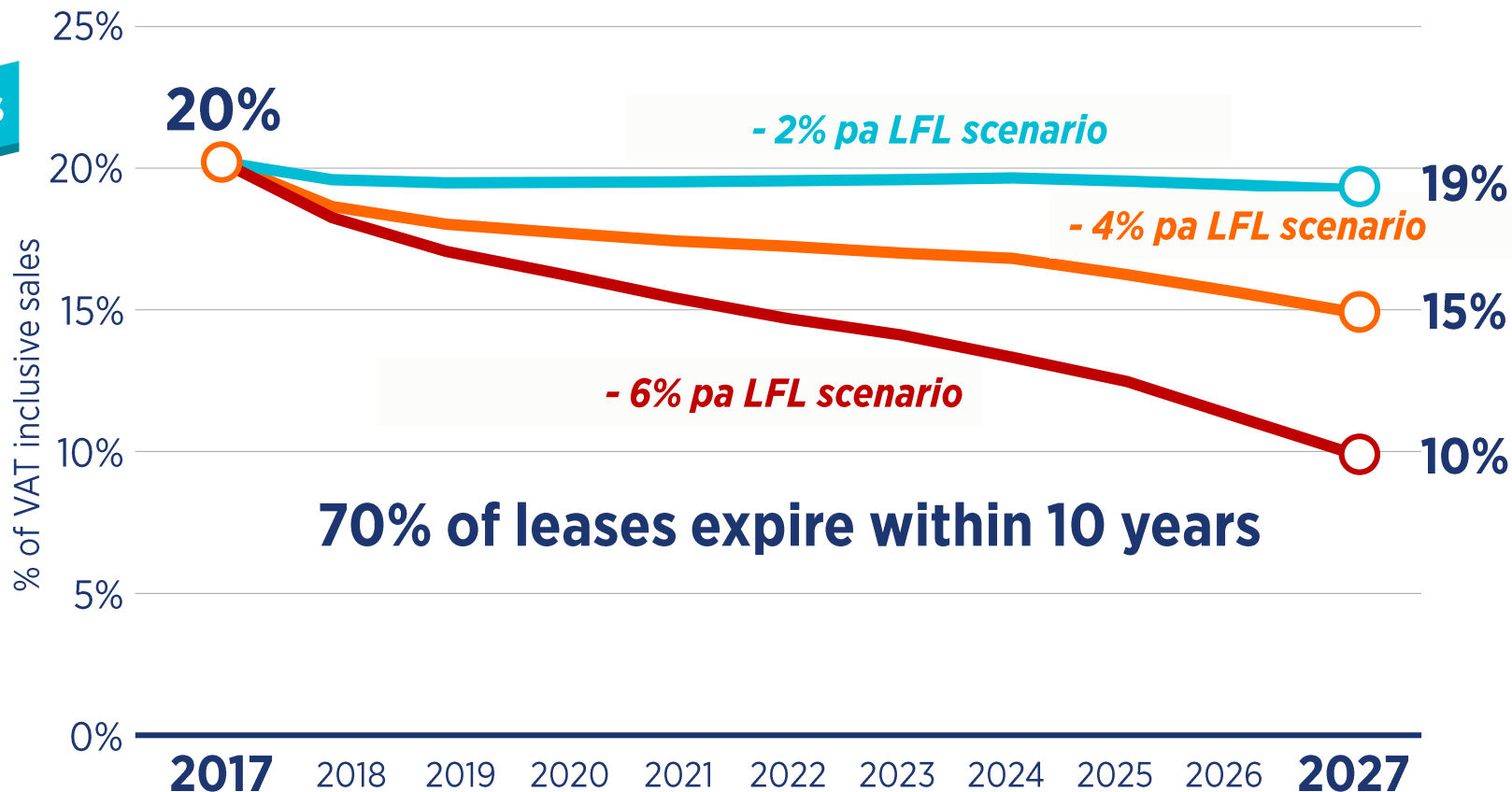
Taking on new space **Is it sensible?**

How vulnerable is
our store portfolio from
negative LFL sales?

Retail Store Portfolio Stress Test



Retail Store Portfolio Stress Test



THE PLAN

Product

Online

stores

More exciting places to shop...

Manchester Arndale

Product

Online

stores

THE PLAN

Large Format

Shoreham

next
HOME
AND GARDEN

HOME
DECORATING
DIY



STARBUCKS COFFEE



2011
Shoreham

THE PLAN

Product

Online

stores

Large Format

32 stores

£95m profit

Hull

2017



THE PLAN

Product
Online

stores

Coffee shop

In 112 stores

£5.5m income

2017



Sales and Profit Guidance | 2017/18(e)

next

Full year Brand full price sales

- 3.5%

to

+ 2.5%

Profit before tax

£680m

to

£780m

Growth in profit

- 13.9%

to

- 1.3%

Growth in EPS

- 12.4%

to

+ 0.5%

Ordinary dividend yield*

4.1%

Special dividend yield*

4.7%

TSR underlying (at constant PE ratio)

- 3.6%

to

+ 9.3%

* Based on a share price of £38.65, the average share price during February 2017

NEXT Share Price

next



next







next