

A woman with dark hair is reclining on a dark wicker chair. She is wearing a light blue button-down shirt, which is open at the collar and tied at the waist, revealing a dark and light patterned bikini top. She is also wearing denim shorts with a dark belt. Her right arm is raised, holding a pair of gold-rimmed sunglasses. Her left arm is also raised, with her hand behind her head. She is looking directly at the camera with a slight smile. The background is a lush garden with green foliage and clusters of pink and red flowers. The scene is brightly lit, suggesting a sunny day.

next

JANUARY  
2014

# Income Statement

next

£m (underlying)	2014	2013		Full Price
Revenue	<u>3,740</u>	<u>3,548</u>	+ 5.4%	+ 6.7%
Operating profit	723	650	+ 11.2%	
Interest	<u>(28)</u>	<u>(28)</u>		
Profit before tax	695	622		
Taxation	<u>(142)</u>	<u>(149)</u>		
Profit after tax	<u>553</u>	<u>473</u>	+ 16.9%	
EPS (underlying)	366.1p	297.7p	+ 23%	
Dividend per share	129p	105p	+ 23%	

# Cash Flow

next

£m	2014	2013
Profit before tax (underlying)	695	622
Depreciation / disposals	134	127
Capital expenditure	(105)	(82)
Working capital / other	(80)	33
Dividends paid	(165)	(148)
Tax paid	(152)	(148)
ESOT	(55)	(80)
Share buybacks	(296)	(242)
Net cash flow	<u>(24)</u>	<u>82</u>

# Cash Flow

next

£m

2014

2013

Profit before tax (underlying)

695

622

Depreciation / disposals

134

127

## Capital expenditure

Full Year

Jan 2015(e)  
£115m

£105m

£82m

Warehouse & other

£38m

£22m

Refurbishments

£5m

£13m

New & extended

£72m

£70m

£21m

£10m

£51m



# Cash Flow

next

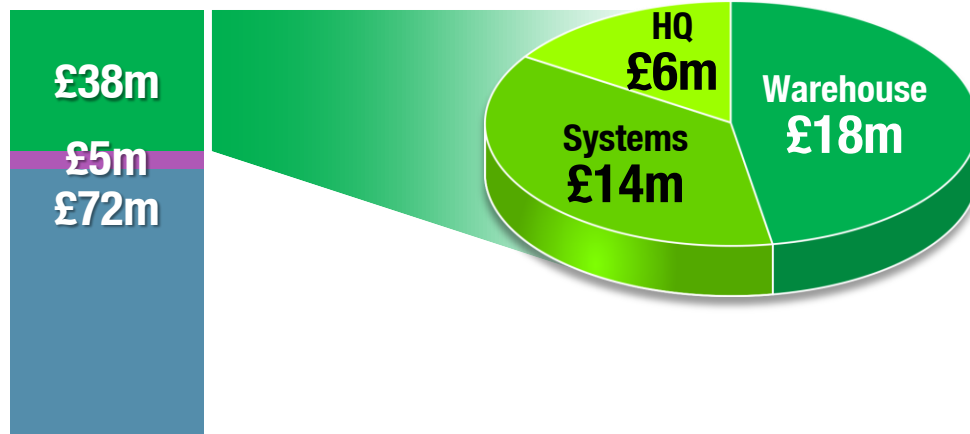
£m	2014	2013
Profit before tax (underlying)	695	622
Depreciation / disposals	134	127

## Capital expenditure

### Full Year

Jan 2015(e)  
**£115m**

- Warehouse & other
- Refurbishments
- New & extended



# Balance Sheet

next

£m	2014	2013
Fixed assets	517	545
Goodwill and intangibles	44	45
Stock	386	332
Debtors	808	718
Creditors	(869)	(859)
Dividend payable	(74)	-
Pension surplus	70	66
Derivatives	(21)	17
Buyback / ESOT commitment	(58)	(85)
Net debt	(517)	(493)
Net assets	<u>286</u>	<u>286</u>

# Balance Sheet

next

£m	2014	2013	
Fixed assets	517	545	
Goodwill and intangibles	44	45	
Stock	386	332	+ 16.2%
Debtors	808	718	+ 12.5%

## Directory Debtors

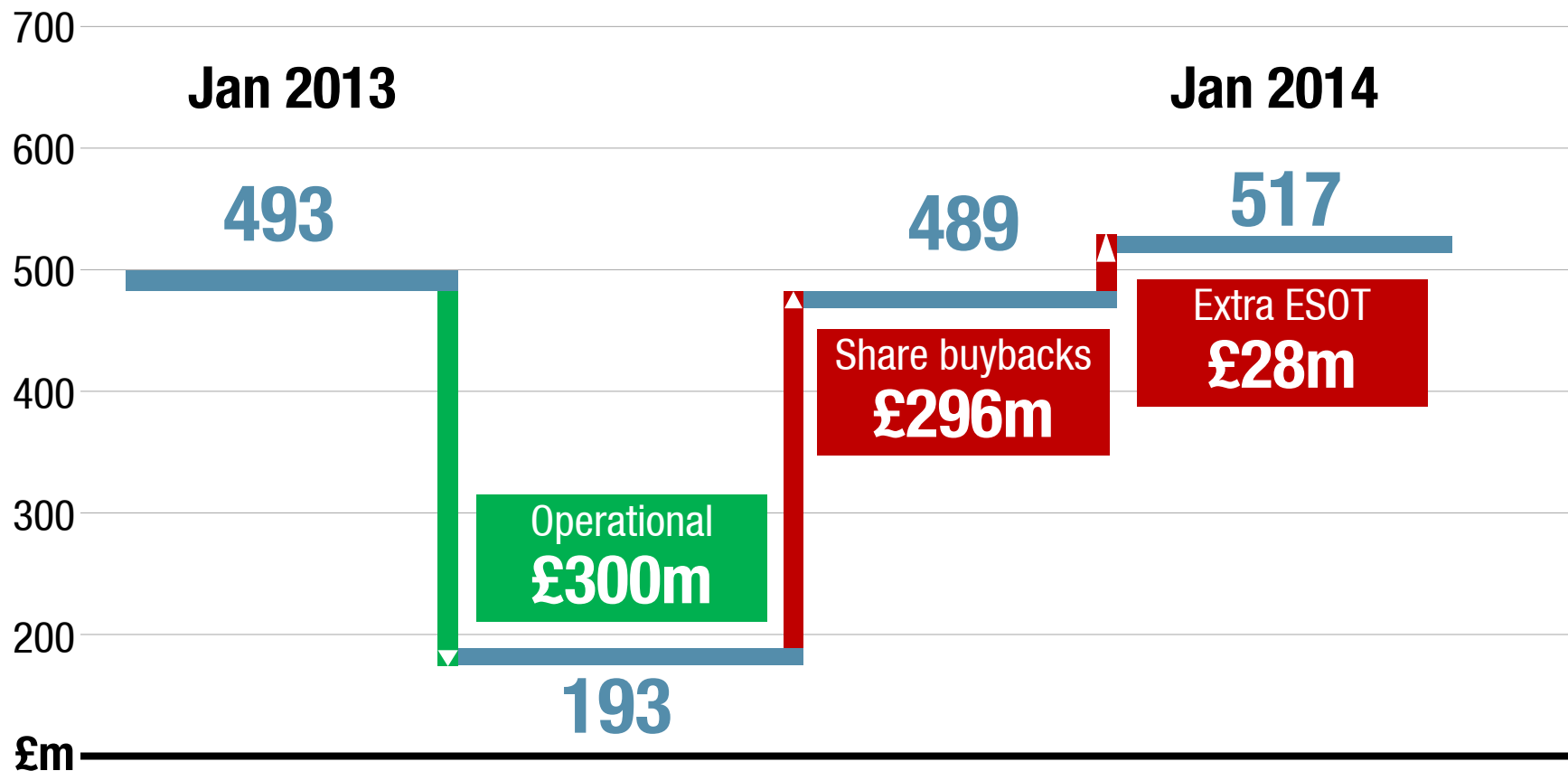


## Credit Sales Increase



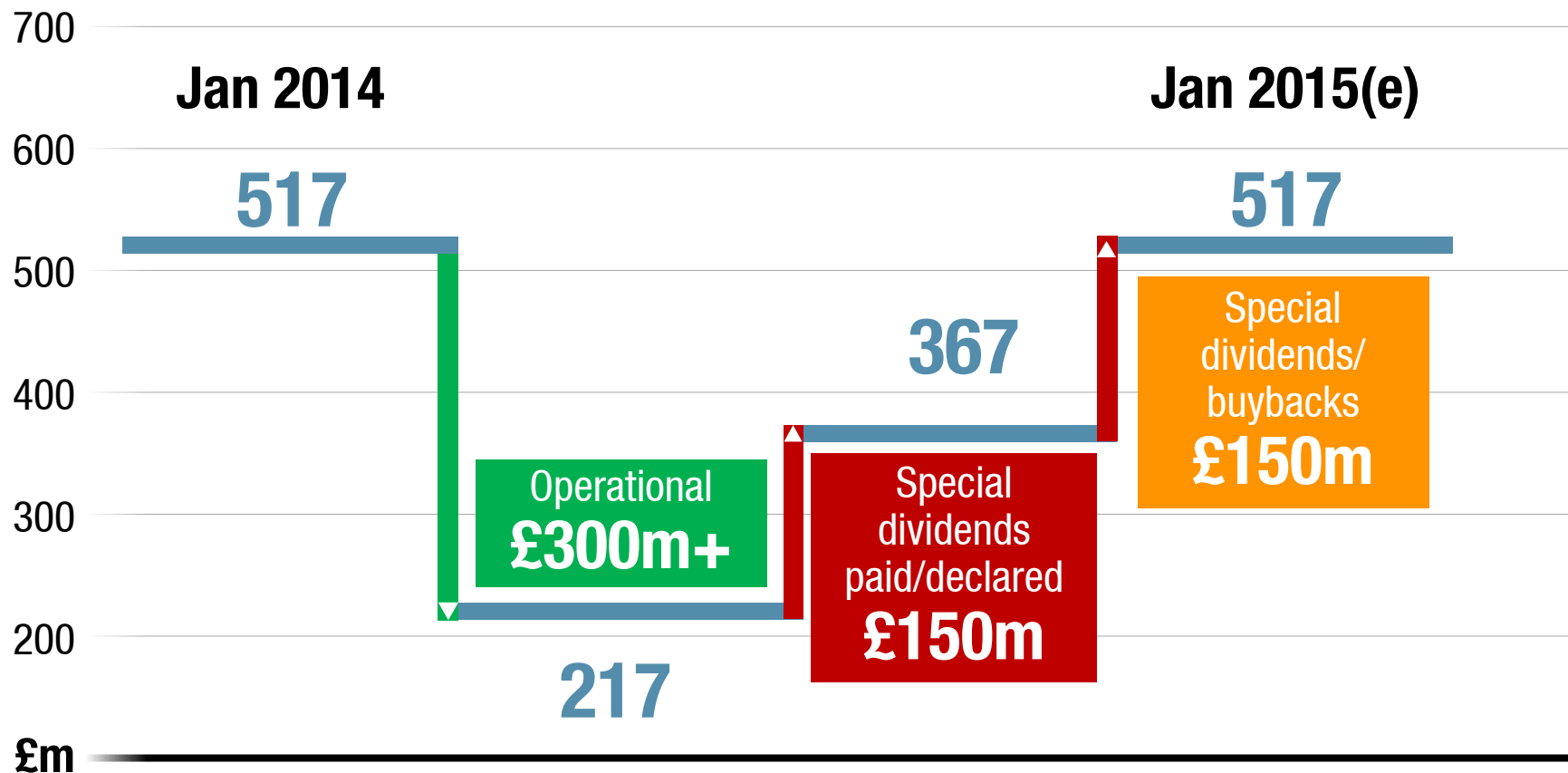
# Full Year Debt, Cash Flow and Buybacks

next



# Full Year Debt, Cash Flow and Buybacks

next





**ERR:**

**Return required**

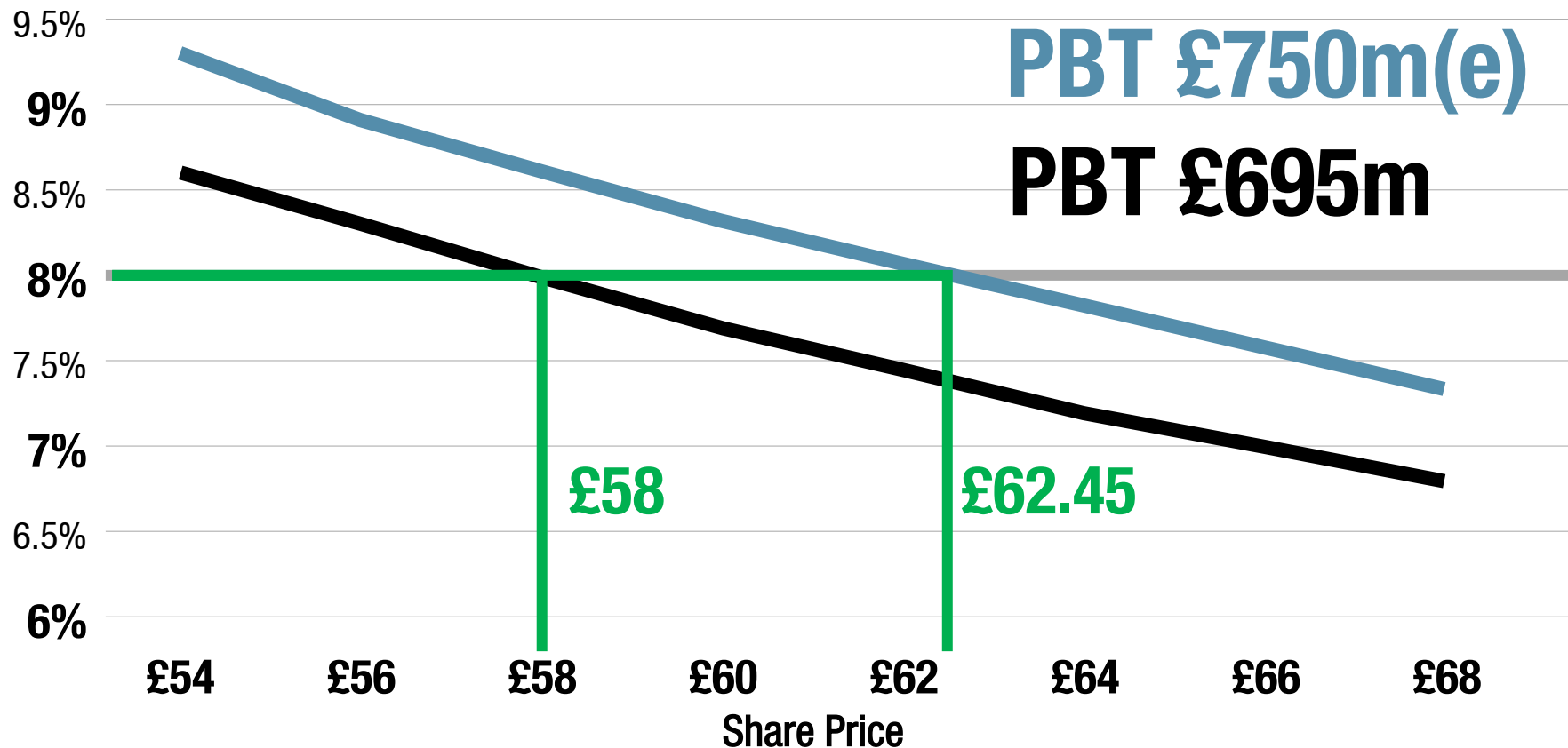
from an **alternative investment**

to produce the same **earnings enhancement**

as the **proposed buyback.**

# Equivalent Rate of Return (ERR)

next



# Retail

Camberley





# Retail : Sales Analysis

next

£m	2014	2013	Total	Full Price	Markdown
Revenue (statutory sales)	2,227.6	2,190.9	+ 1.7%	+ 3%	- 11%
Operating profit	347.7	331.1			

## Sales from new space

Average net space growth (sq. ft.)	4.2%
Sales growth from net space	3.1%
Return on space	72%



# Retail : Profit Analysis

next

£m	2014	2013	
<b>Revenue</b> (statutory sales)	<b>2,227.6</b>	2,190.9	+ 1.7%
<b>Operating profit</b>	<b>347.7</b>	331.1	+ 5.0%
% to revenue	<b>15.6%</b>	15.1%	

Full Price  
**+ 3%**

Markdown  
**- 11%**

## Margin movement

Markdown	+ 0.8%
Bought-in gross margin	+ 0.0%
Freight, fabric & stock loss	+ 0.5%
Achieved gross margin	<u>+ 1.3%</u>

Lower  
stock  
for Sale

**-15%**







# Retail : Profit Analysis

next

£m	2014	2013	
<b>Revenue</b> (statutory sales)	<b>2,227.6</b>	2,190.9	+ 1.7%
<b>Operating profit</b>	<b>347.7</b>	331.1	+ 5.0%
% to revenue	<b>15.6%</b>	15.1%	

## Margin movement

Achieved gross margin	+ 1.3%
Store payroll	+ 0.1%
Store occupancy	- 0.7%
Other overheads	- 0.2%
Margin movement	<u>+ 0.5%</u>

A woman with long brown hair is sitting on a light-colored couch, looking at a tablet computer. She is wearing a white t-shirt and dark blue jeans. The background is a bright, out-of-focus interior space. A white rectangular box with a thin grey border is overlaid on the right side of the image, containing the word "Directory" in a large, bold, black sans-serif font.

# Directory



# Directory : Sales Analysis

next

£m	2014	2013	Total	Full Price	Markdown
<b>Revenue</b> (statutory sales)	<b>1,341.0</b>	1,192.6	+ 12.4%	<b>+ 14%</b>	<b>0%</b>
<b>Operating profit</b>	<b>358.5</b>	302.1			

## Sales analysis

UK

+ 8.5%

International

+ 3.9%

Sales growth

+ 12.4%

Contribution to growth



# Directory : Sales Analysis

next

£m	2014	2013	
<b>Revenue</b> (statutory sales)	<b>1,341.0</b>	1,192.6	+ 12.4%
<b>Operating profit</b>	<b>358.5</b>	302.1	

## Sales drivers

		Increase on last year	Contribution to customer growth
UK credit	2,800k	+ 100k	3%
UK cash	630k	+ 140k	4%
International	270k	+ 120k	4%
Active customers	<u>3.7m</u>	<u>+ 360k</u>	<u>+ 11%</u>



# Directory : Profit Analysis

next

£m	2014	2013	
<b>Revenue</b> (statutory sales)	<b>1,341.0</b>	1,192.6	+ 12.4%
<b>Operating profit</b>	<b>358.5</b>	302.1	+ 18.7%
% to revenue	<b>26.7%</b>	25.3%	

Full Price  
**+ 14%**

Markdown  
**0%**

## Margin movement

Markdown	+ 1.8%
Bought-in gross margin	+ 0.2%
Freight, fabric and stock loss	+ 0.2%
Achieved gross margin	<u>+ 2.2%</u>

Lower stock for Sale

**-9%**





# Directory : Profit Analysis

next

£m	2014	2013	
<b>Revenue</b> (statutory sales)	<b>1,341.0</b>	1,192.6	+ 12.4%
<b>Operating profit</b>	<b>358.5</b>	302.1	+ 18.7%
% to revenue	<b>26.7%</b>	25.3%	

## Margin movement

Achieved gross margin	+ 2.2%
Catalogue production	+ 0.2%
Warehouse and distribution	- 0.5%
Service charge and bad debt	- 0.4%
Central overheads	- 0.1%
Margin movement	<u>+ 1.4%</u>

# NEXT PLC Objectives

## Operational

**Develop the Next brand**

**Grow retail space**

**Develop our online business**

**Improve service**

**Control costs**

## Financial

To deliver:

**Long term,**

**Sustainable** growth in

**Total Shareholder Returns**

**= EPS growth + dividend yield**

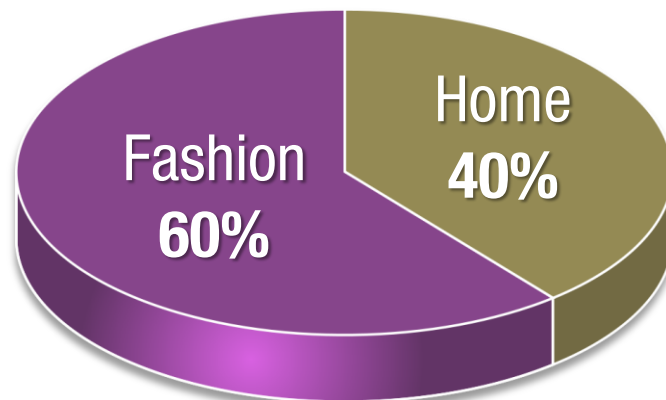
Ipswich

# Retail Space



<b>Stores Jan 2013</b>		<b>540</b>
<b>New</b>		<b>11</b>
<b>Resites</b>	<b>8</b>	
<b>Extensions</b>	<b>13</b>	
<b>Closed</b>		<b>-10</b>
<b>Stores Jan 2014</b>		<b>541</b>

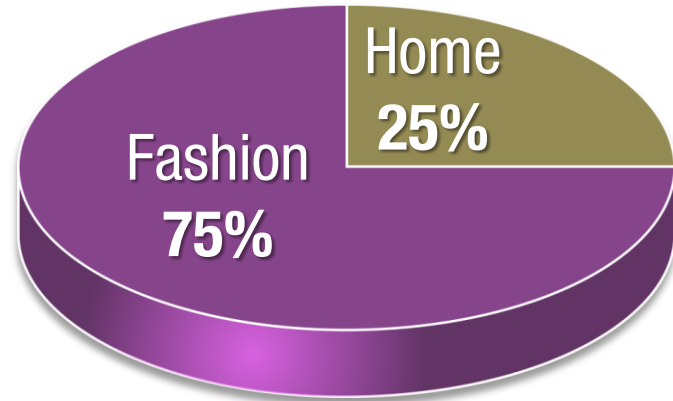
2013/14 sq. ft.  
**+280,000**





<b>Stores Jan 2013</b>		<b>540</b>
<b>New</b>		<b>11</b>
<b>Resites</b>	<b>8</b>	
<b>Extensions</b>	<b>13</b>	
<b>Closed</b>		<b>-10</b>
<b>Stores Jan 2014</b>		<b>541</b>

Total sq. ft.  
**7,000,000**



## New space performance \*

	Sales v target	Payback (months)	Store profit %	Company avg. store profit %
<b>Fashion</b>	+ 4.4%	19	22%	23%
<b>Large Home format</b>	+ 3.5%	22	21%	20%
<b>Total</b>	<b>+ 4.3%</b>	<b>19</b>	<b>22%</b>	<b>23%</b>

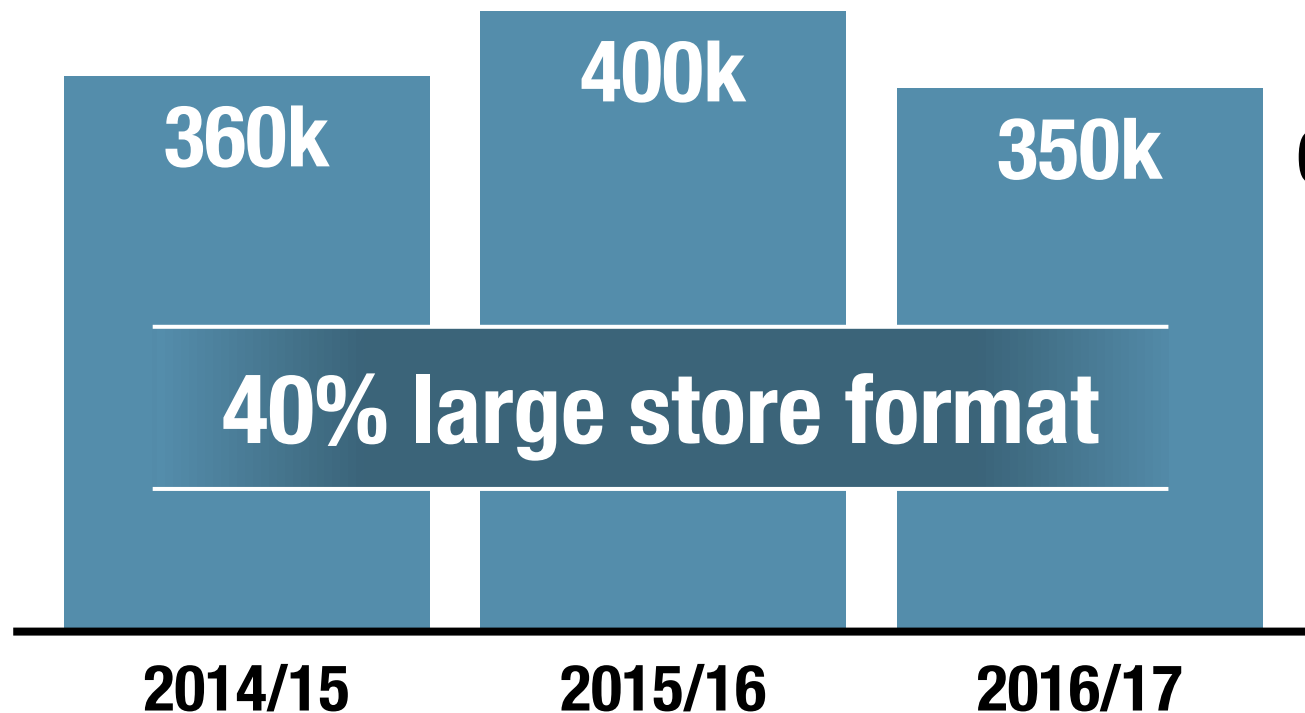
\* Forecast for stores opened or extended in the last 12 months



# Pipeline Sq. Ft. 2014 - 2016

next

Net of closures



Current guidance

**1.1m**

# 2014/15 Large Store Openings

next

**York**  
April



**Hedge End**  
August



**Maidstone**  
December



2006

£127/sq. ft.

@ 2013 prices

£149/sq. ft

Uniform lighting

Tiled ceiling

Monotone walls

Dull fixtures

Bland floor





2013/14

£141/sq. ft.

Concrete

Real marble

Natural light

Parquet flooring







2013/14

£141/sq. ft.

Concrete Mosaic Stone Wood

Better  
by design





# Product

*Better  
by design*







GREAT  
DESIGN

AT THE

RIGHT TIME

*Better  
by design*

# 10 Year Average Temperature

next

4°

12°

Phase  
1

Phase  
2

Phase  
3

Phase  
4

Phase  
5



**Spring/Summer**

16°

8°

Phase  
1

Phase  
2

Phase  
3

Phase  
4



**Autumn/Winter**

*Better  
by design*

# More appropriate stock More change/newness



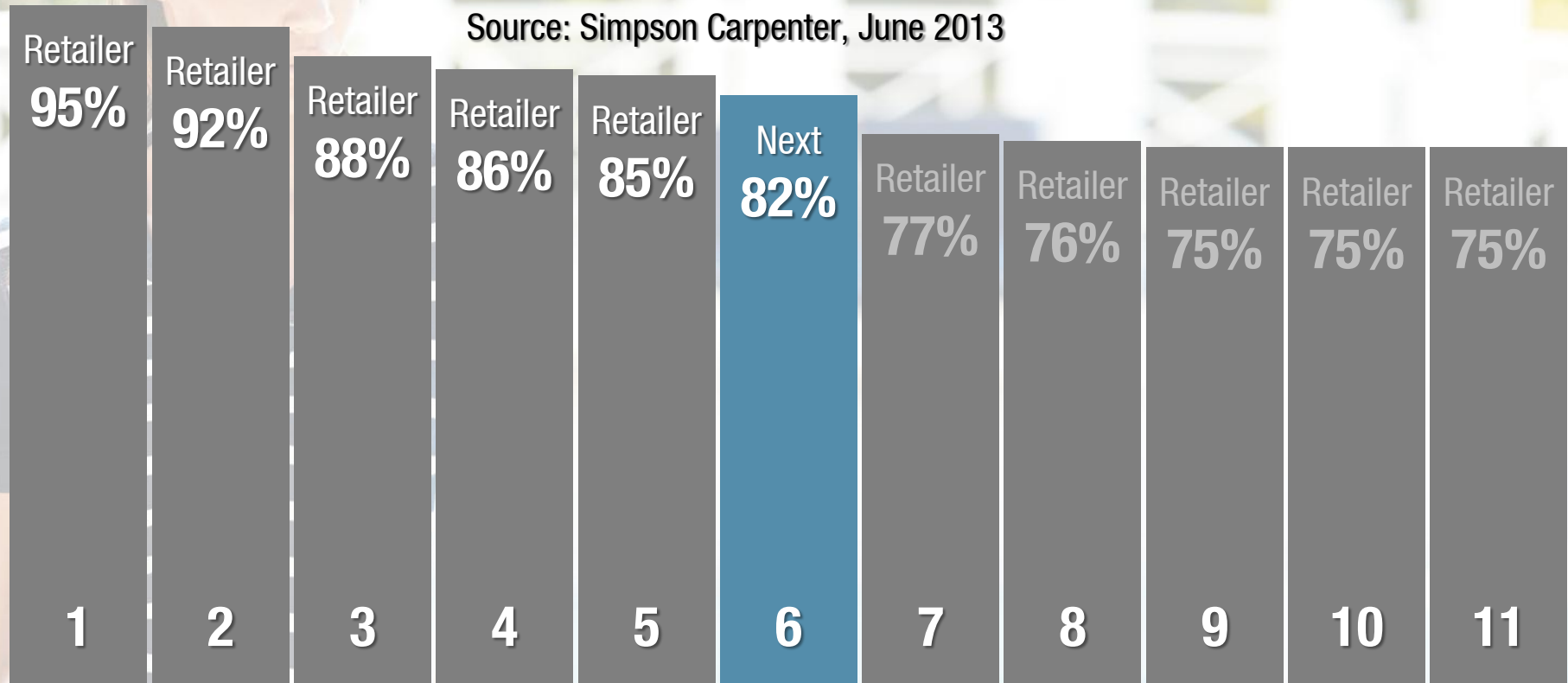
A woman with long brown hair tied back, wearing a navy blue and white horizontally striped short-sleeved polo shirt, stands on a pool deck. She is looking off to the side with a slight smile. In the background, there is a white lattice fence, blue lounge chairs, and a swimming pool. The scene is bright and sunny.

# Service



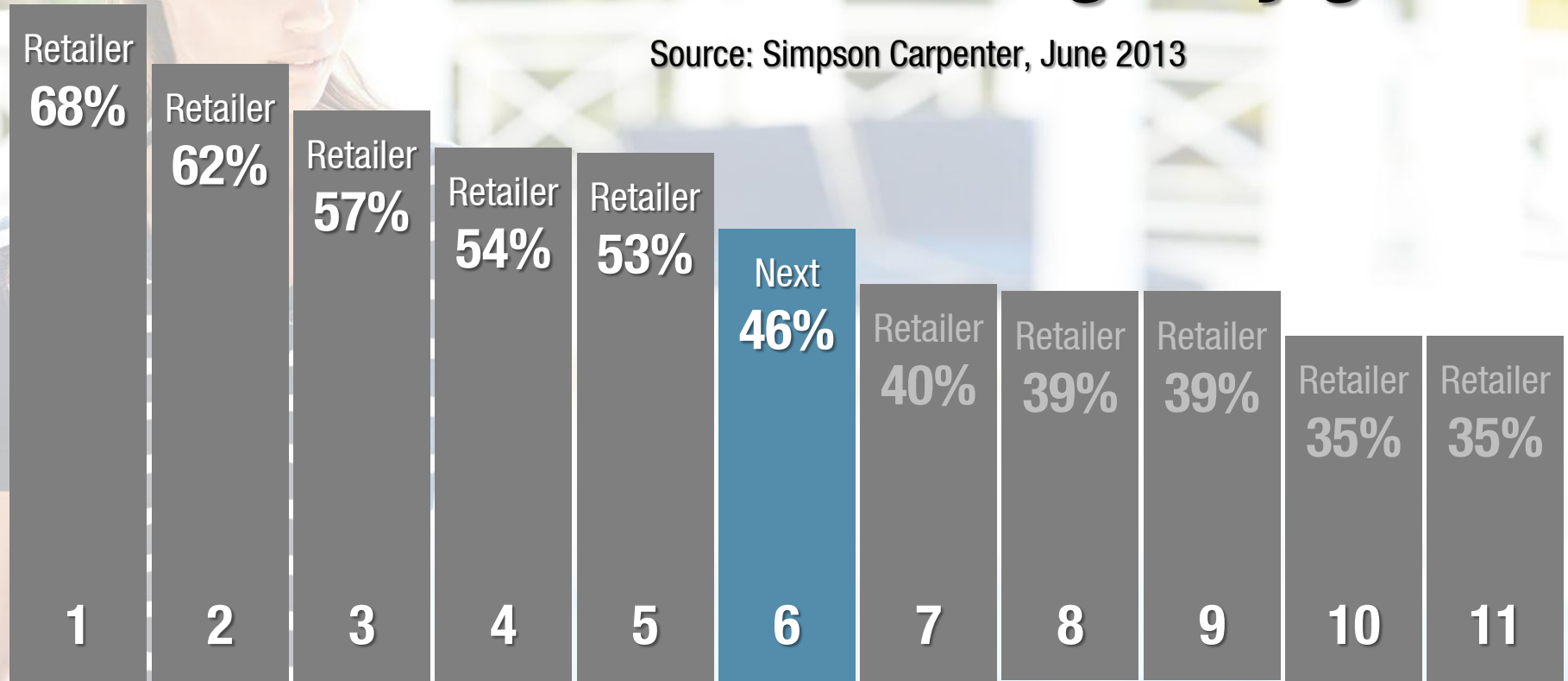
# % rating service 'outstanding/very good/good'

Source: Simpson Carpenter, June 2013



# % rating service 'outstanding/very good'

Source: Simpson Carpenter, June 2013





# Change For Better Service

**New Recruitment Process**

**Four Star Appraisal System**

**Shift Market Place**

RECRUIT FOR **ATTITUDE**  
TRAIN FOR **SKILL**

**STAR**  
RATINGS



A woman with long brown hair is sitting on a white, geometric, lattice-like structure. She is wearing a short-sleeved top with a purple and white floral pattern, blue jeans with a small tear on the right knee, and silver and black sandals. She is looking towards the camera with her left hand resting on her head. The background shows a body of water and a bright, sunny sky.

# Online

## International

2011/12

2012/13

2013/14

2014/15(e)

£33m

£54m

£101m

£150m+

**Profit  
Margin**

**£7m**  
21%

**£10m**  
19%





**£18m**  
18%

**£27m**  
18%

## 28 price reductions

 Austria	 Kazakhstan	 Qatar
 Belgium	 Kuwait	 Russia
 Chile	 Luxembourg	 Singapore
 Czech Republic	 Malaysia	 South Africa
 France	 Mexico	 Spain
 Germany	 Netherlands	 Sweden
 Gibraltar	 New Zealand	 Thailand
 Hong Kong	 Norway	 UAE
 India	 Pakistan	
 Japan	 Poland	

## 5 currency conversions

 Hong Kong	HK\$
 Israel	ILS
 Kazakhstan	KZT
 South Africa	ZAR
 Taiwan	NT\$

## 1 new language

 Taiwan	Traditional Chinese
--	---------------------



## 1 new payment type



## 11 new territories

-  Azerbaijan
-  Belarus
-  Brazil
-  China
-  Cyprus
-  Egypt
-  Lebanon
-  Libya
-  Malta
-  Oman
-  Saudi Arabia

## 11 currency conversions

- |   |             |      |
|---|-------------|------|
|  | Bulgaria    | BGN  |
|  | Croatia     | HRK  |
|  | Denmark     | DKK  |
|  | India       | INR  |
|  | Lithuania   | LTL  |
|  | Qatar       | QAR  |
|  | Romania     | ROL  |
|  | Singapore   | SG\$ |
|  | Switzerland | SFR  |
|  | Turkey      | TRL  |
|  | UAE         | AED  |

## 6 new languages

- Arabic
- French
- Hebrew
- Polish
- Mainland Chinese
- Spanish

## 5 price reductions

-  Belgium
-  Luxembourg
-  Netherlands
-  Slovakia
-  Switzerland

## 2 new payment types

**Klarna**

**PayPal**



# Outlook

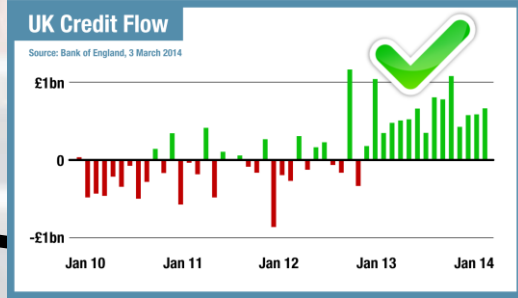
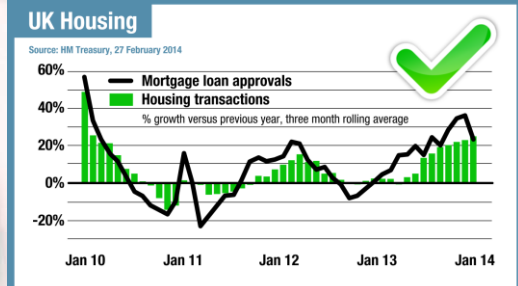
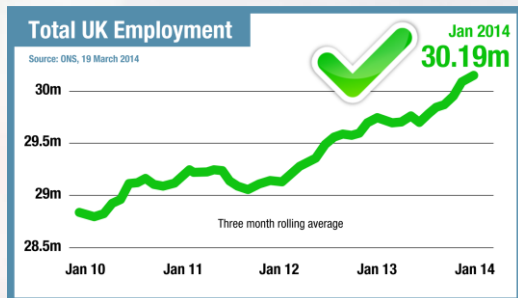
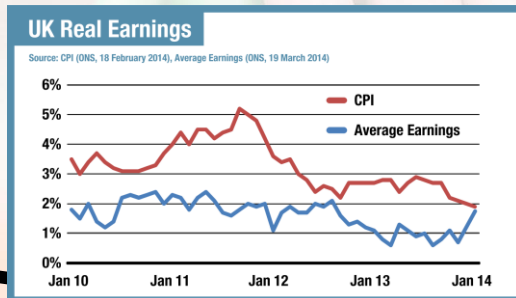
- **The Economy**
- **Full Year Sales & Profit**





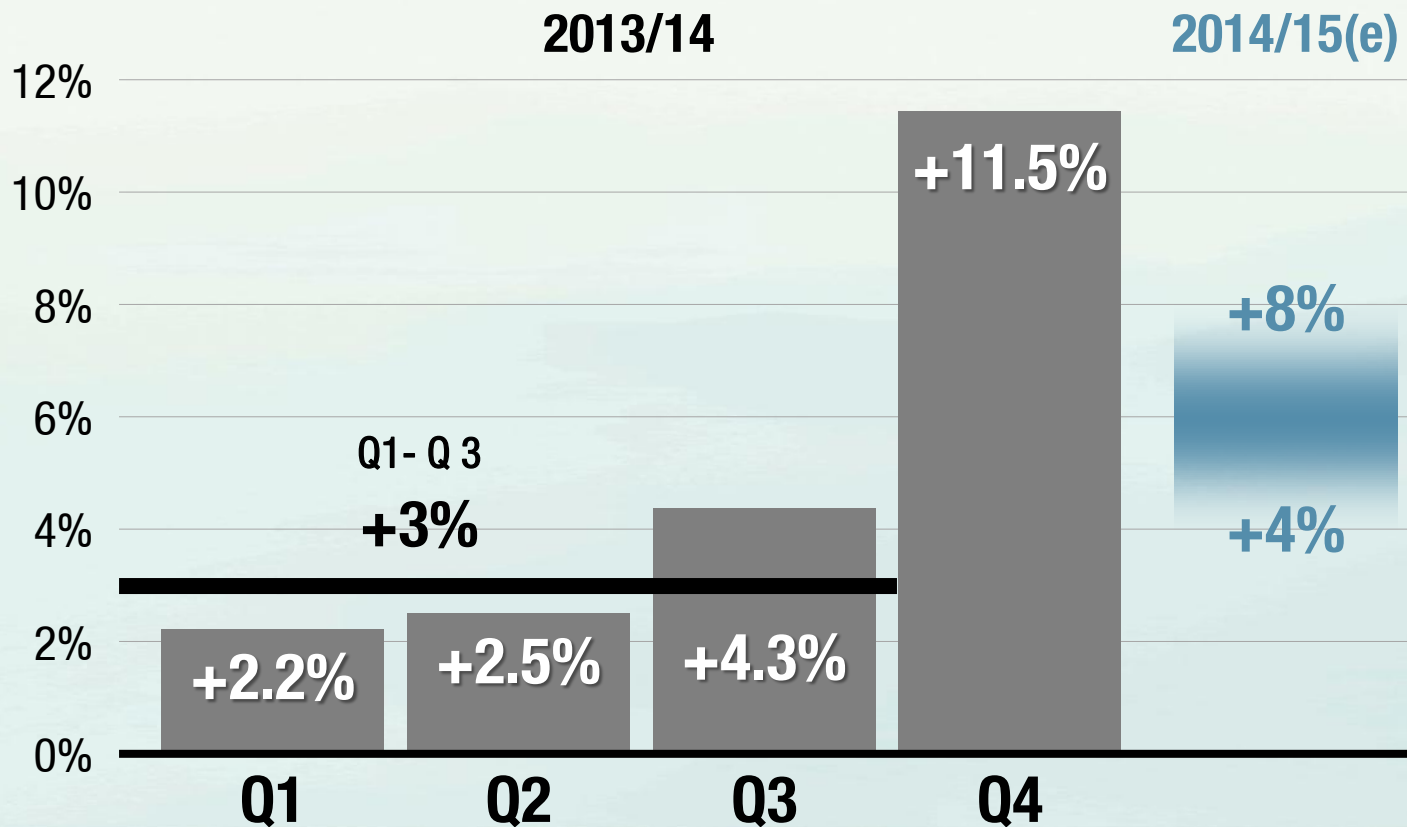
# Economy improving... but risks remain

- Credit sustainable?
- Housing bubble?
- Interest rates?



# Brand Sales Growth

next



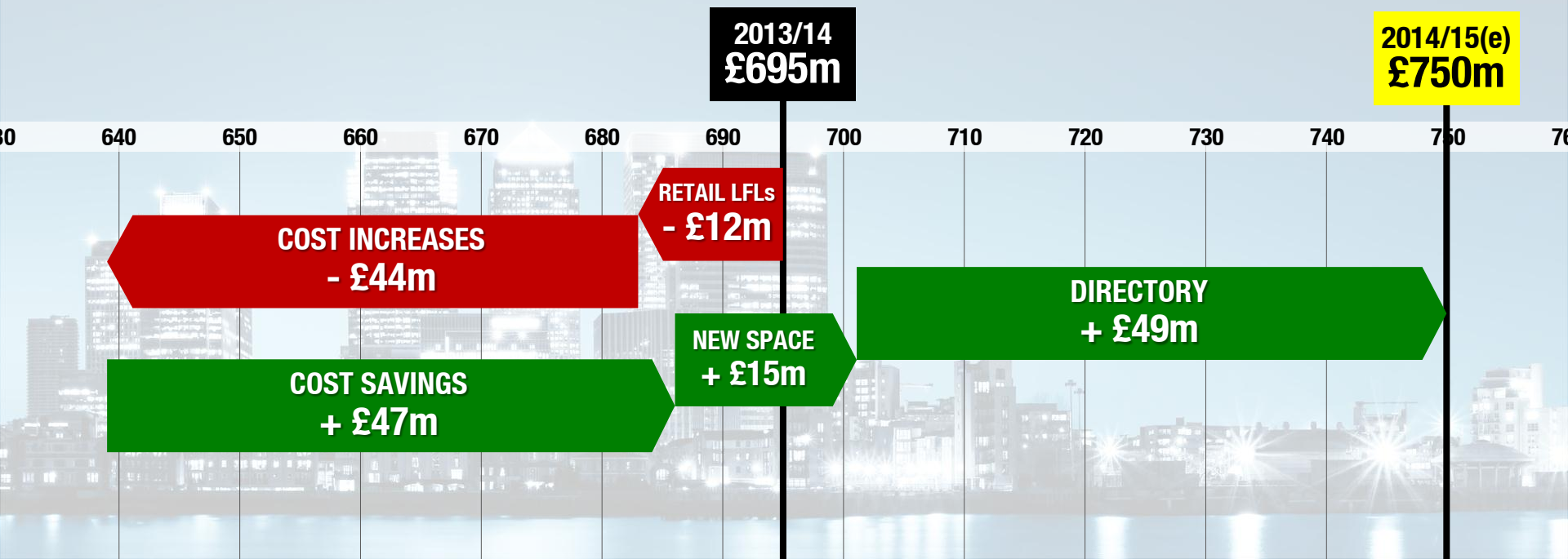
# Sales and Profit Guidance 2014/15

next

If...

Full Year Brand Sales

Mid Point + 6%



# Sales and Profit Guidance 2014/15

next

If...

Full Year Brand Sales

+ 4%

to

+ 8%

Then...

**Profit before tax**

**£730m**

to

**£770m**

Growth in profit and EPS

+ 5%

to

+ 11%

Ordinary dividend yield\* ~ +2%

Special dividend yield\* ~ +3%

TSR underlying (at constant PE ratio)

+ 10%

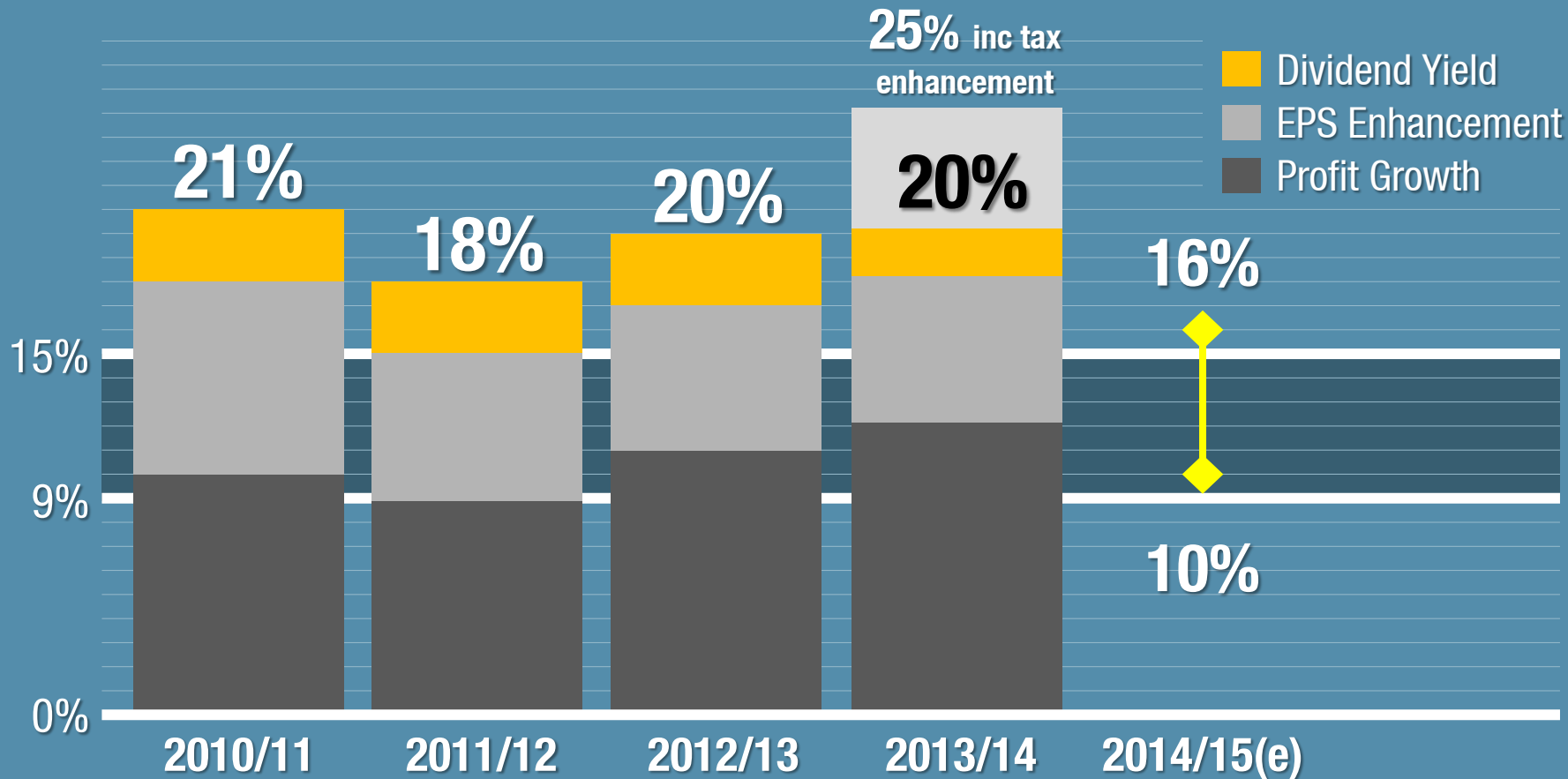
to

+ 16%

\* Based on a share price of £65

# Long Term TSR Assuming constant PE ratio

next





A woman with dark hair is lying back on a dark wicker chair. She is wearing a light blue button-down shirt, which is open at the collar and tied in a knot at the waist, revealing a striped bikini top. She is also wearing denim shorts with a dark belt. Her right arm is raised, holding a pair of gold-rimmed sunglasses. Her left arm is also raised, with her hand behind her head. She is looking towards the camera with a slight smile. The background is a lush garden with green foliage and clusters of pink and red flowers. The scene is brightly lit, suggesting a sunny day.

next

JANUARY  
2014



next





next



next





next



next





next





next





next