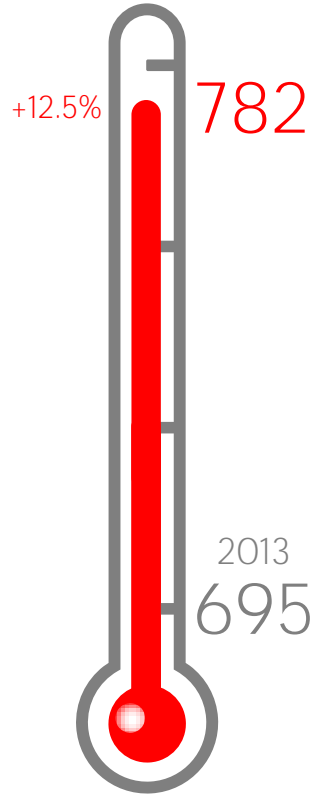




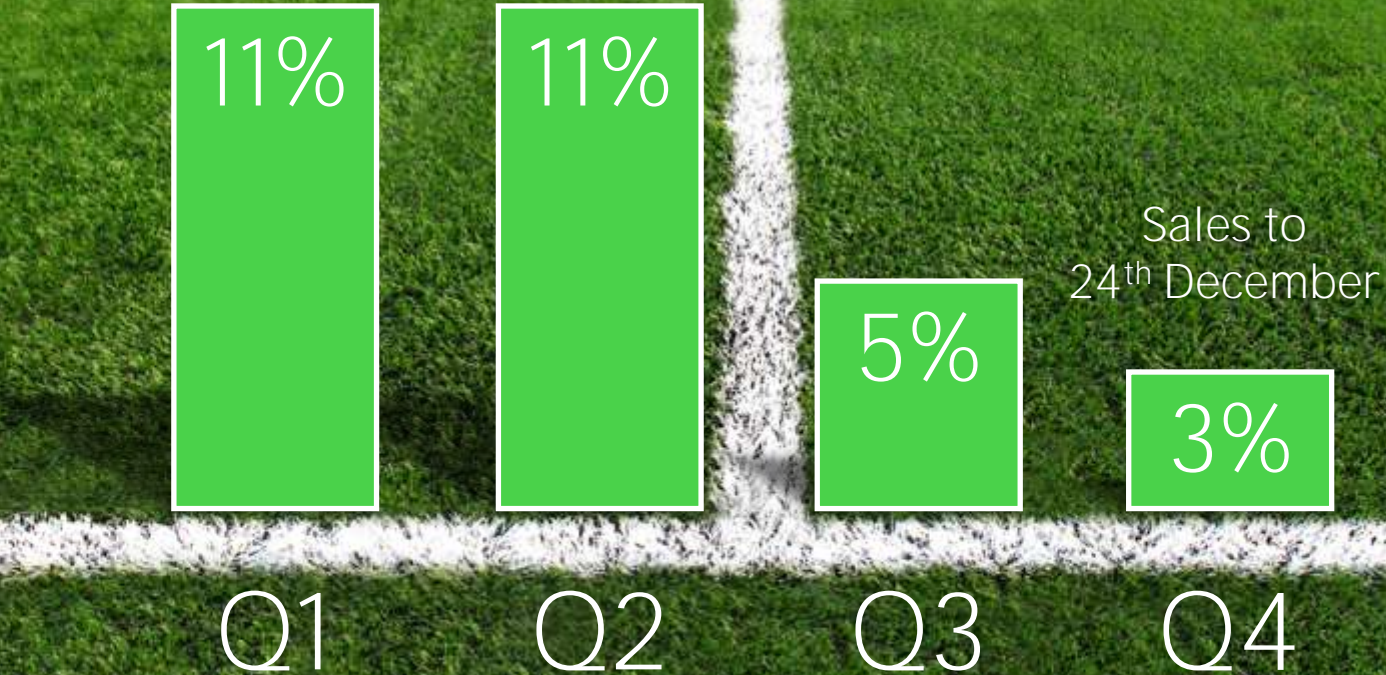
next | **JANUARY** 2015

PROFIT £M

JAN



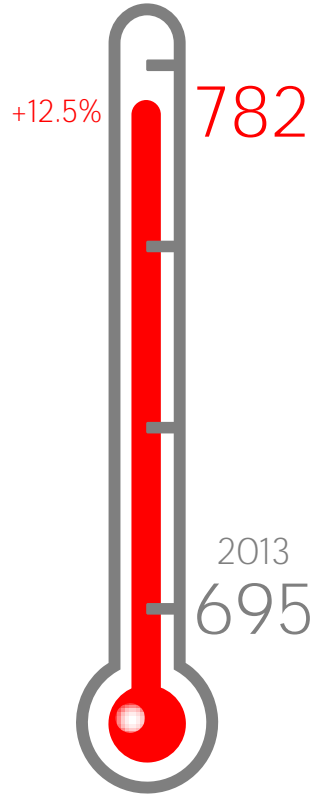
## Quarterly Brand Sales Growth



Compared with same weeks in previous year

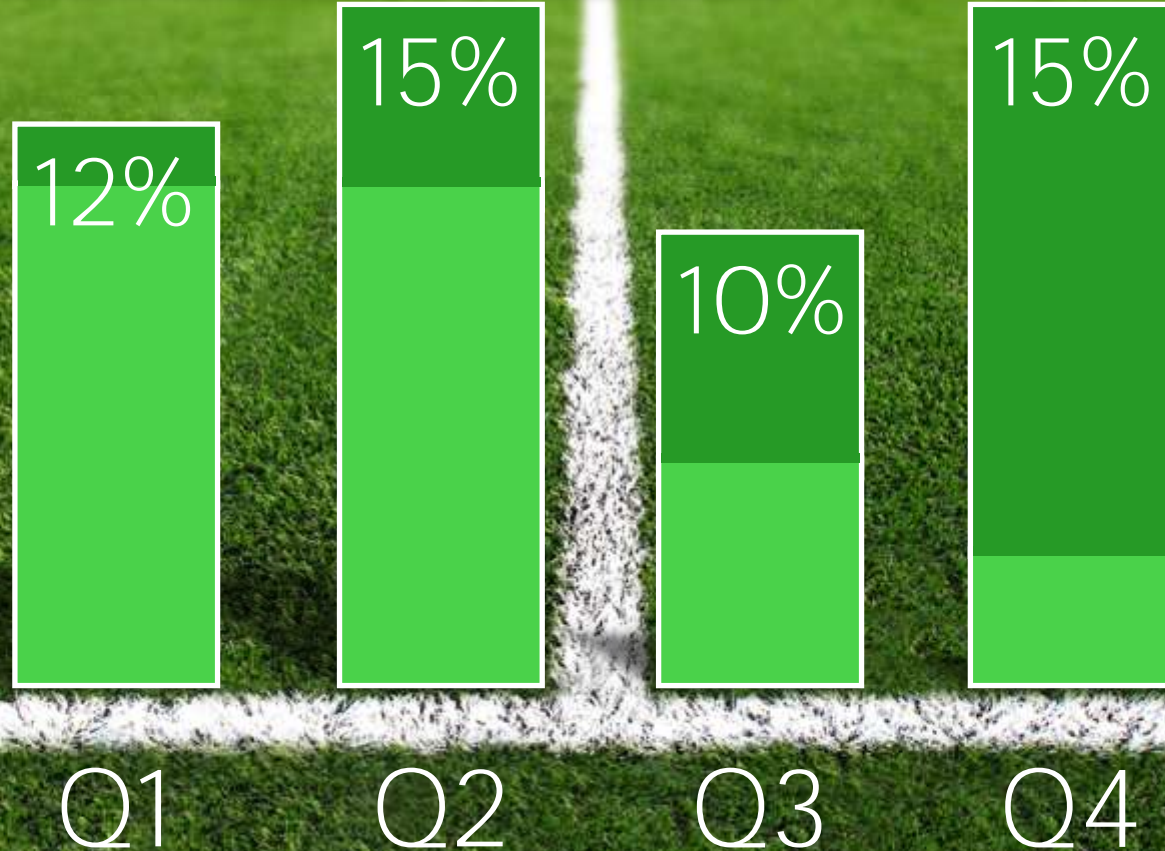


PROFIT £M  
**JAN**



## 2014 Sales v Two Years Ago

Sales to  
24<sup>th</sup> December



Compared with same weeks in previous year

# Income Statement

next

£m	2015	2014	
Total sales	<u>4,028</u>	<u>3,758</u>	+ 7.2%
Operating profit	<u>812</u>	723	+ 12.3% <b>+11.1%</b>
Interest	<u>(30)</u>	<u>(28)</u>	Ex. currency
Profit before tax (underlying)	<u>782</u>	695	
Taxation	<u>(160)</u>	<u>(142)</u>	
Profit after tax	<u>622</u>	<u>553</u>	+ 12.5%
EPS (underlying)	<b>419.8p</b>	366.1p	+ 14.7%
Ordinary dividends per share	<b>150p</b>	129p	

# Cash Flow

next

£m	2015	2014
<b>Profit before tax</b> <small>(underlying)</small>	<b>782</b>	695
<b>Depreciation / disposals</b>	<b>117</b>	134
<b>Capital expenditure</b>	<b>(110)</b>	(105)
<b>Working capital / other</b>	<b>(27)</b>	(80)
<b>Tax paid</b>	<b>(153)</b>	(152)
<b>ESOT</b>	<b>(35)</b>	(55)
<b>Cash returned to shareholders</b>	<b>(572)</b>	(461)
<b>Net cash flow</b>	<b><u>2</u></b>	<u>(24)</u>

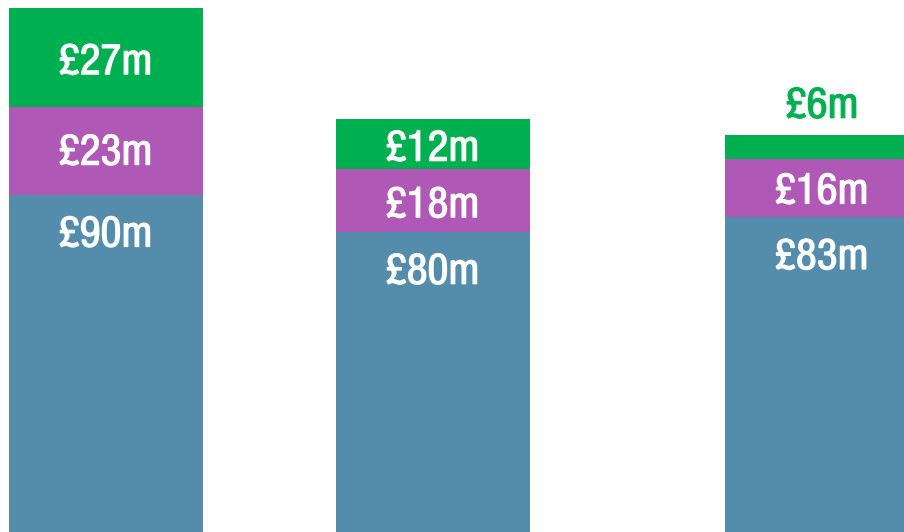
# Cash Flow

next

£m	2016	2015	2014
Profit before tax <small>(underlying)</small>		782	695
Depreciation / disposals		117	134
Capital expenditure	(140)	(110)	(105)

## Full Year

- Warehouse
- Systems & Infrastructure
- Stores



# Cash Flow

next

£m	2015	2014
<b>Profit before tax</b> (underlying)	<b>782</b>	695
<b>Depreciation / disposals</b>	<b>117</b>	134
<b>Capital expenditure</b>	<b>(110)</b>	(105)
<b>Working capital / other</b>		
Ordinary dividends	(211)	(165)
<b>Tax paid</b>	<b>(138)</b>	(296)
<b>ESOT</b>	<b>(223)</b>	-
<b>Cash returned to shareholders</b>	<b>(572)</b>	(461)
<b>Net cash flow</b>	<b><u>2</u></b>	<u>(24)</u>

# Balance Sheet

next

£m	2015	2014
Fixed assets & investments	518	517
Goodwill and intangibles	44	44
Stock	417	386
Debtors	844	808
Creditors	(911)	(869)
Dividend payable	(74)	(74)
Pension surplus	38	70
Derivatives	62	(21)
Share buybacks	(101)	(58)
Net debt	(515)	(517)
Net assets	<u>322</u>	<u>286</u>



# Balance Sheet

next

£m	2015	2014	
Fixed assets & investments	518	517	
Goodwill and intangibles	44	44	
Stock	417	386	
Debtors	844	808	+ 4.5 %

Directory  
debtors

Jan 2015

£712m

+4.4%

Jan 2014

£682m

Credit sales  
increase

Jan 2015

+4.5%

Jan 2014

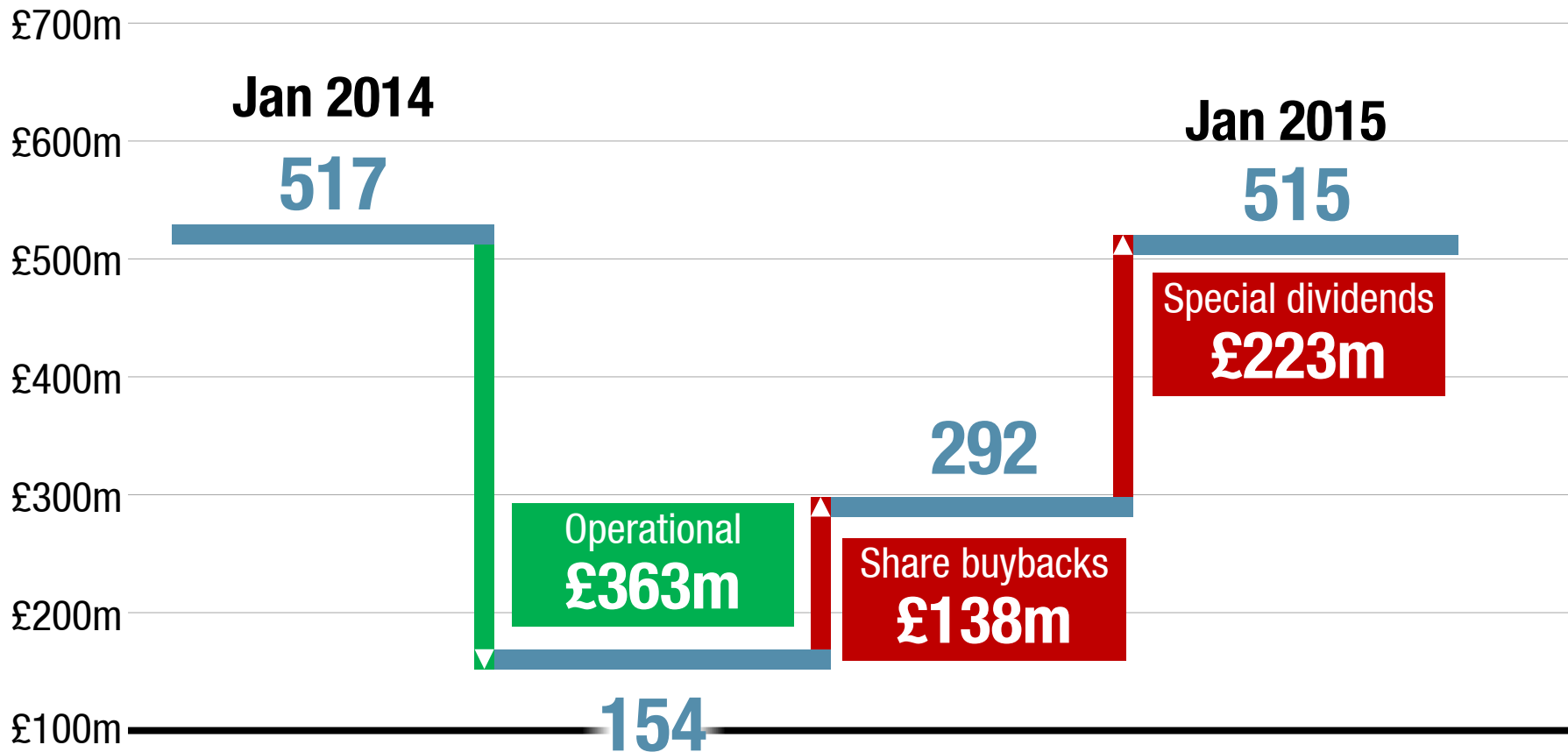
# Balance Sheet

next

£m	2015	2014
Fixed assets & investments	518	517
Goodwill and intangibles	44	44
Stock	417	386
Debtors	844	808
Creditors	(911)	(869)
Dividend payable	(74)	(74)
Pension surplus	38	70
Derivatives	62	(21)
Share buybacks	(101)	(58)
Net debt	(515)	(517)
Net assets	322	286

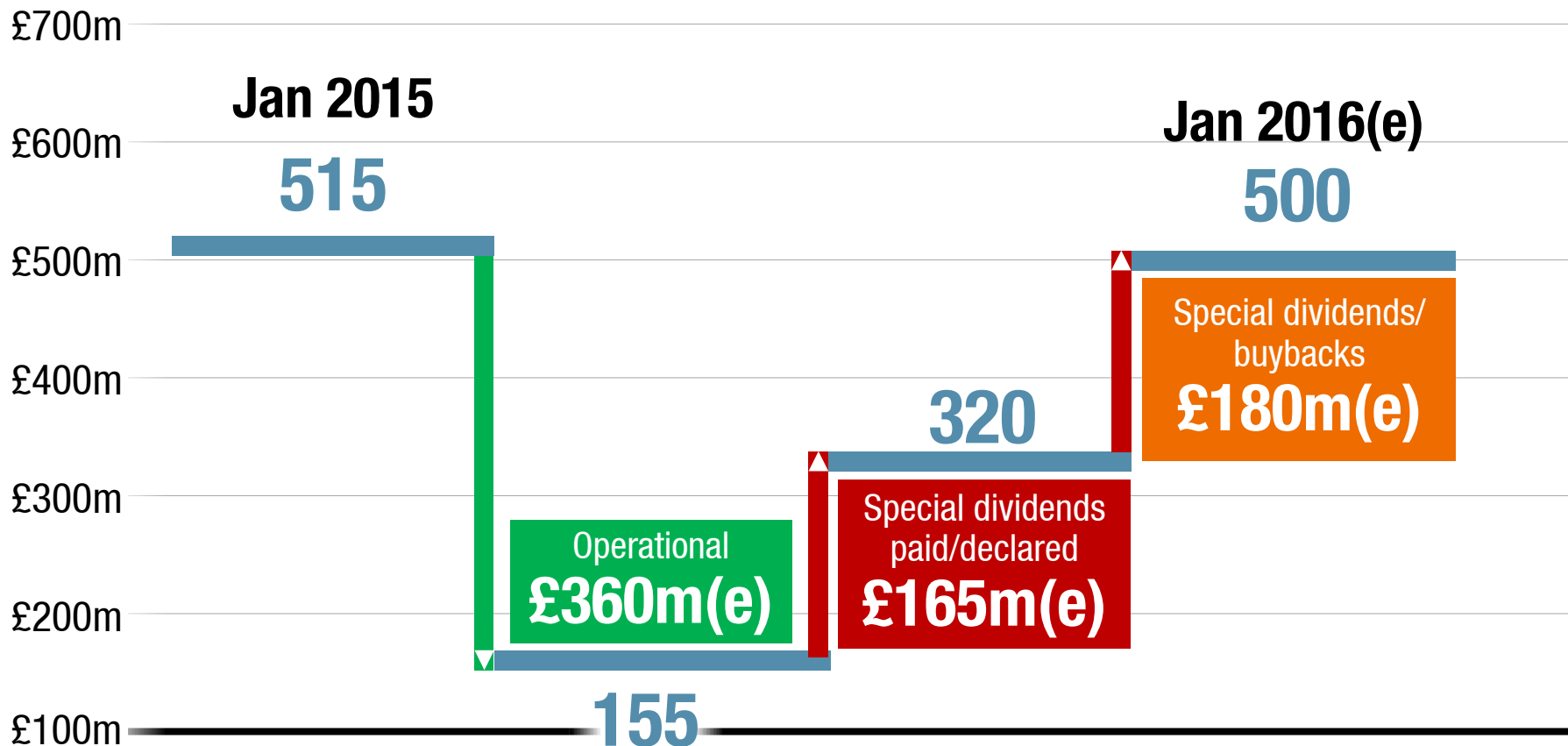
# Full Year Debt, Cash Flow and Buybacks

next



# Full Year Debt, Cash Flow and Buybacks

next



# Retail







# Retail : Sales Analysis

next

£m	2015	2014	
Total sales	2,348	2,240	+ 4.8%
Operating profit	384	348	

## Sales from new space

Sales growth from net space + 3.4%

Sales growth from existing stores + 1.4%

+ 4.8%

# Retail : Sales Analysis

next

£m	2015	2014	
Total sales	2,348	2,240	+ 4.8%
Operating profit	384	348	

## Sales from new space

Sales growth from net space

Average net space growth (sq. ft.)

+ 3.4%  
+ 4.3%

Return  
on space

= 78%

# Retail : Sales Analysis

next

£m	2015	2014	
Total sales	2,348	2,240	+ 4.8%
Operating profit	384	348	

## Store movement

Stores Jan 2014	541
-----------------	-----

New and resites	20
-----------------	----

Extensions	7
------------	---

Closed	-22
--------	-----

Stores Jan 2015	539	+330k sq. ft.
-----------------	-----	---------------

# Retail : Sales Analysis

next

£m	2015	2014	
Total sales	2,348	2,240	+ 4.8%
Operating profit	384	348	

## Store performance

Sales v target

**+10%**

Payback (months)

**20**

Store profit

**20%**

Forecast for stores opened or extended in the last 12 months

# Retail : Profit Analysis

next

£m	2015	2014	
Total sales	2,348	2,240	+ 4.8%
Operating profit	384	348	+ 10.4%
% to sales	16.3%	15.5%	

## Margin movement

Markdown	- 0.4%
Bought-in gross margin	+ 0.5%
Achieved gross margin	<u>+ 0.1%</u>

Sale stock	+ 13%
------------	-------

Markdown sales	+ 9%
----------------	------



# Retail : Profit Analysis

next

£m	2015	2014	
Total sales	2,348	2,240	+ 4.8%
Operating profit	384	348	+ 10.4%
% to sales	16.3%	15.5%	

## Margin movement

Achieved gross margin	+ 0.1%
Store payroll	- 0.3%
Store occupancy	+ 1.1%
Central overheads	- 0.1%
Margin movement	<u>+ 0.8%</u>

# Directory

A man in a dark blue suit, light blue shirt, and light blue tie is walking across a crosswalk on a city street. He is looking down and to his left. In the background, there is a dark green pickup truck parked on the street, several other cars, palm trees, and buildings. A sign on the right side of the street reads "MAY USE FULL LANE" with a bicycle icon.



# Directory : Sales Analysis

next

£m	2015	2014	
Total sales	1,541	1,374	+ 12.1%
Operating profit	377	359	

## Sales analysis

## Contribution to growth

NEXT Directory UK

+ 5.7%

Label

+ 1.9%

NEXT Directory Overseas

+ 4.5%

Sales growth

+ 12.1%



# Directory : Sales Analysis

next

£m	2015	2014	
Total sales	1,541	1,374	+ 12.1%
Operating profit	377	359	

## Customer growth

	2015	2014	
UK credit	2,700k	2,800k	- 3%
UK cash	900k	600k	+ 42%
Overseas	500k	300k	+ 85%
Active customers	<u>4.1m</u>	<u>3.7m</u>	<u>+ 11%</u>





# Directory : Profit Analysis

next

£m	2015	2014	
Total sales	1,541	1,374	+ 12.1%
Operating profit	377	359	+ 5.1%
% to sales	24.5%	26.1%	

## Margin movement

Markdown	- 0.4%
Bought-in gross margin	- 0.1%
Stock write offs	- 0.3%
Achieved gross margin	<u>- 0.8%</u>

Sale stock

+ 25%

Markdown sales

+ 21%





# Directory : Profit Analysis

next

£m	2015	2014	
Total sales	1,541	1,374	+ 12.1%
Operating profit	377	359	+ 5.1%
% to sales	24.5%	26.1%	

## Margin movement

Achieved gross margin	- 0.8%
Interest income	- 0.4%
Bad debt	+ 0.3%
Creation and print	- 0.3%
Warehouse and distribution	- 0.3%
Central overheads	- 0.1%
Margin movement	<u>- 1.6%</u>

# Central Costs and Other Activities

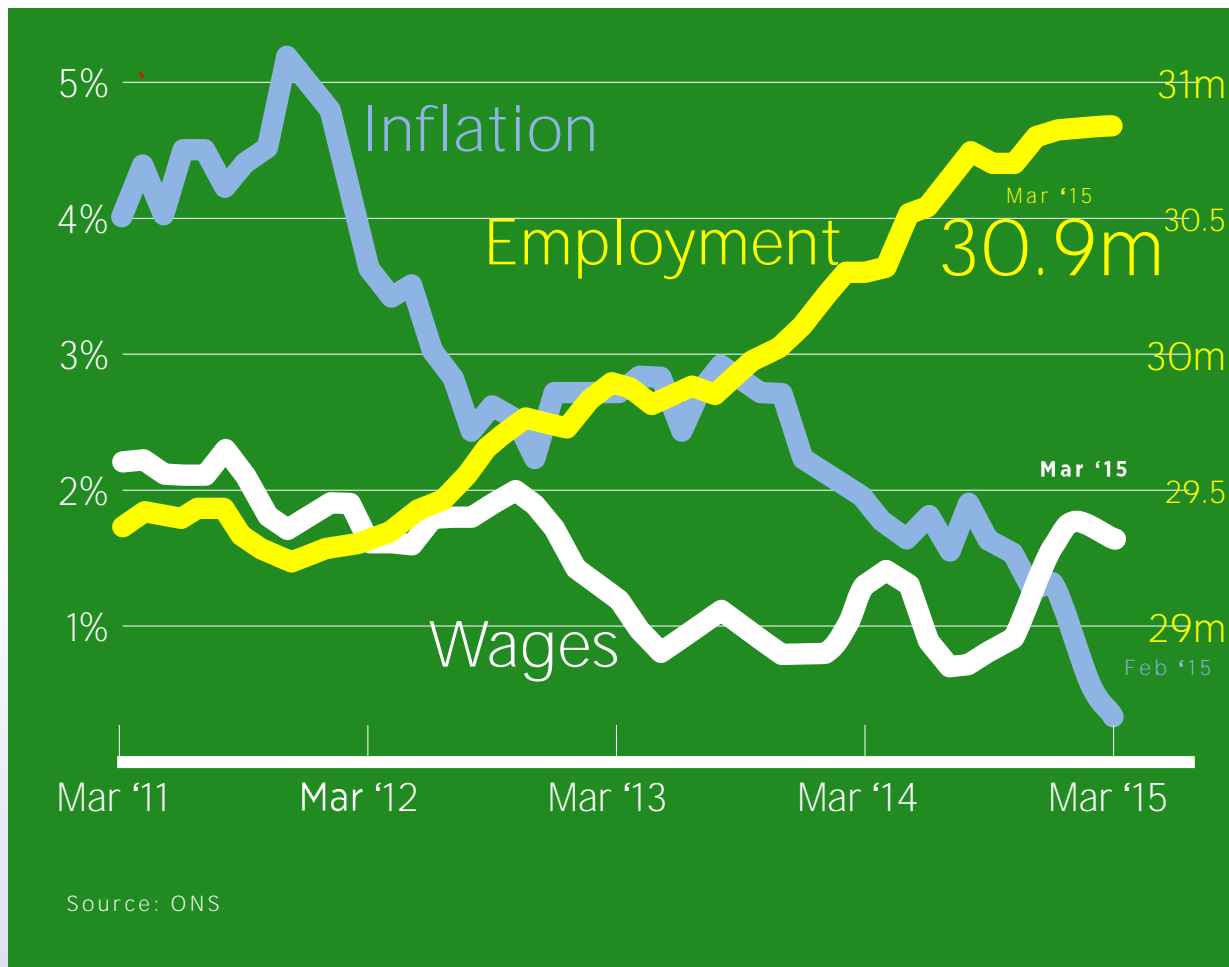
next

£m	2015	2014	
Unrealised foreign exchange	9	(6)	+ 15
Next Sourcing	41	34	+ 7
Central costs	(23)	(31)	+ 7
Property management	7	2	+ 5

# 2015 Outlook

---





UK IMPROVING

Inflation



Wages



Employment

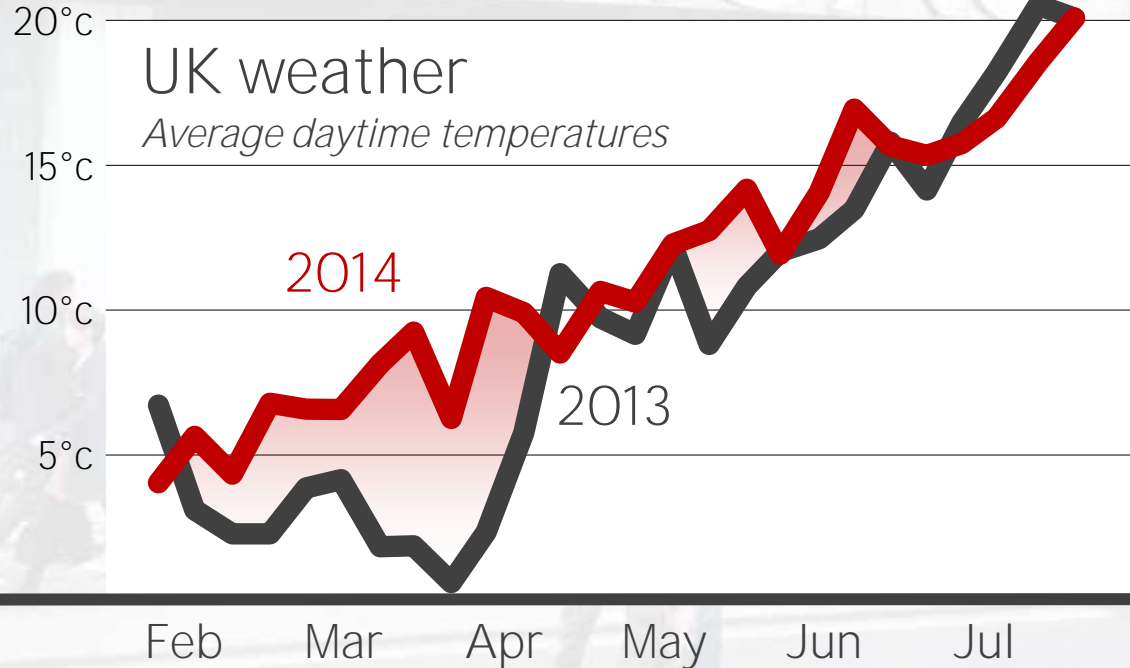


# Tough comparatives!

S&S 14

11%

11%



UK IMPROVING



TOUGH  
COMPARATIVES



# Tough comparatives!

S&S 14

11%

11%

Ranges 5/5

UK weather



UK IMPROVING



TOUGH  
COMPARATIVES

# A&W 15 Opportunity?

S&S 14

11%

11%

A&W 14

5%

3%



UK IMPROVING



TOUGH  
COMPARATIVES



POLITICAL  
UNCERTAINTY



POLITICAL  
UNCERTAINTY



TOUGH  
COMPARATIVES



UK IMPROVING

# 2015/16(e) Full Price Sales

Spring & Summer  
0% to +3%

Autumn & Winter  
+3.5% to +7.5%



POLITICAL  
UNCERTAINTY



TOUGH  
COMPARATIVES



UK IMPROVING

2015/16(e) Full Price Sales

+1.5% to +5.5%

+3.5%

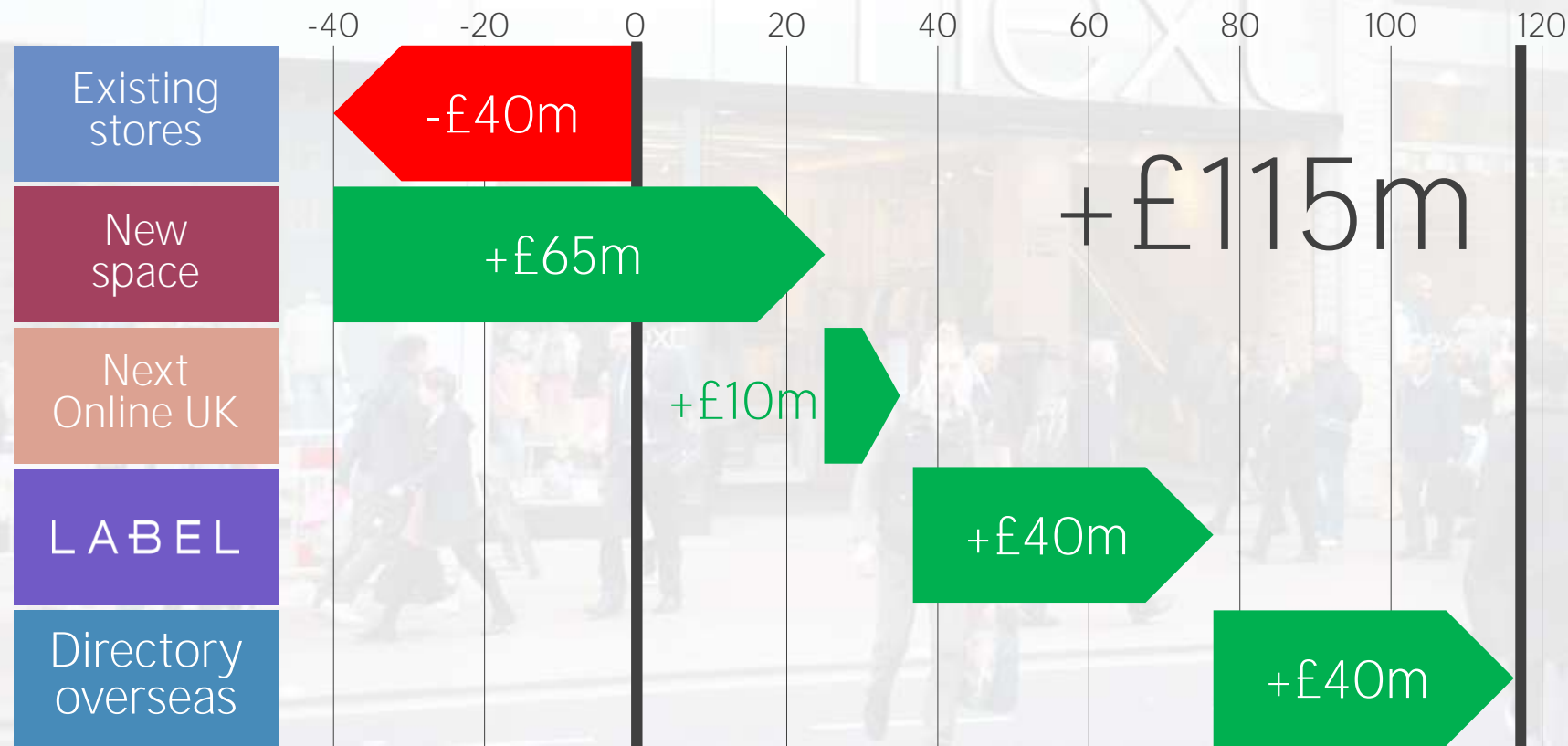
Midpoint

# 2015/16 Full Price Sales Drivers

If full price sales are +3.5%...

2014/15  
~ £3.5bn

2015/16(e)  
£3.6bn



# Existing Stores | Service Improvements

Existing  
stores



# Existing Stores | Service Improvements

June '13





# Existing Stores | Service Improvements

June '13

'Outstanding' or 'Very good'

Retailer 1

Retailer 2

Retailer 3

Retailer 4

Retailer 5

Next

46%  
6th

Better contracts  
Higher pay rates  
New bonus scheme  
Recruit for attitude  
New appraisals  
Shift Marketplace  
Peak time staffing

1

2

3

4

5

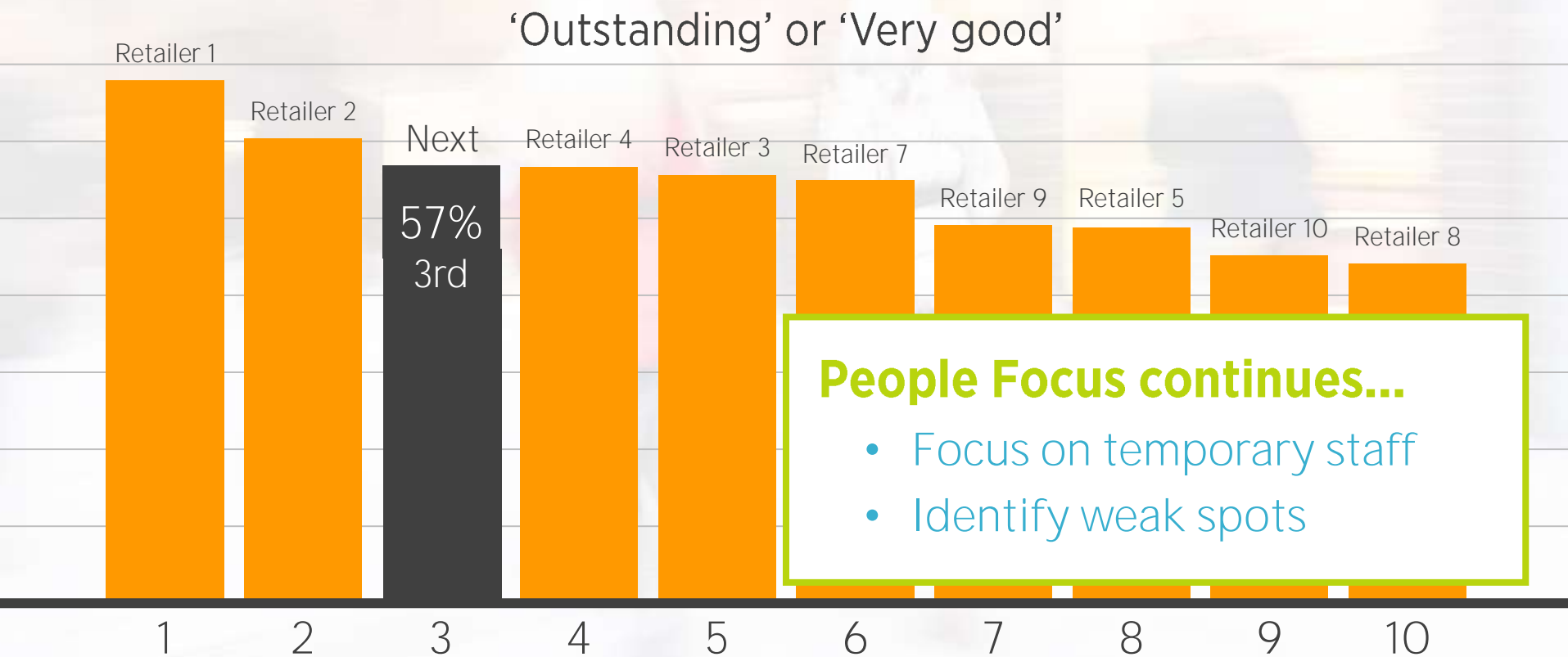
6

7

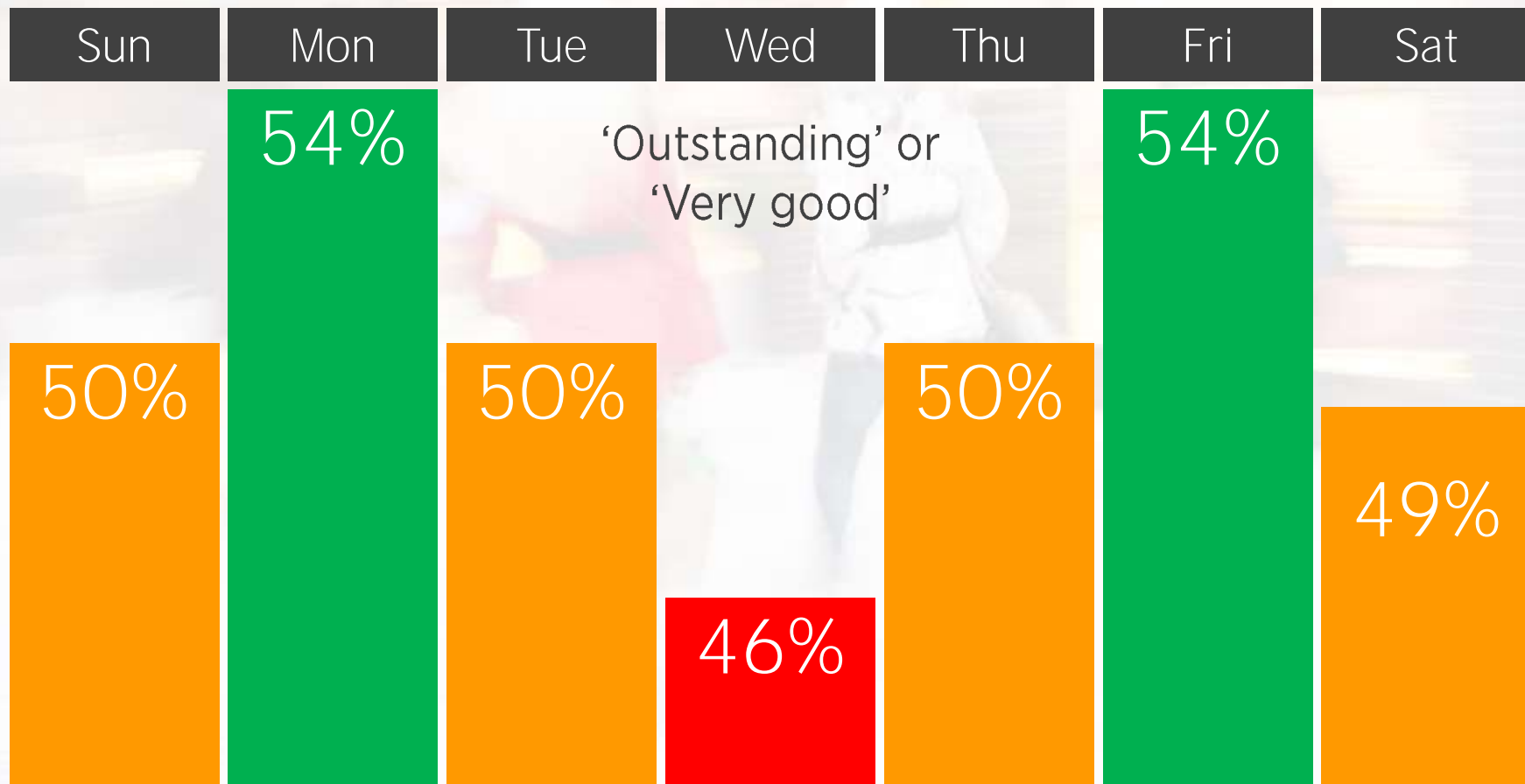
8

9

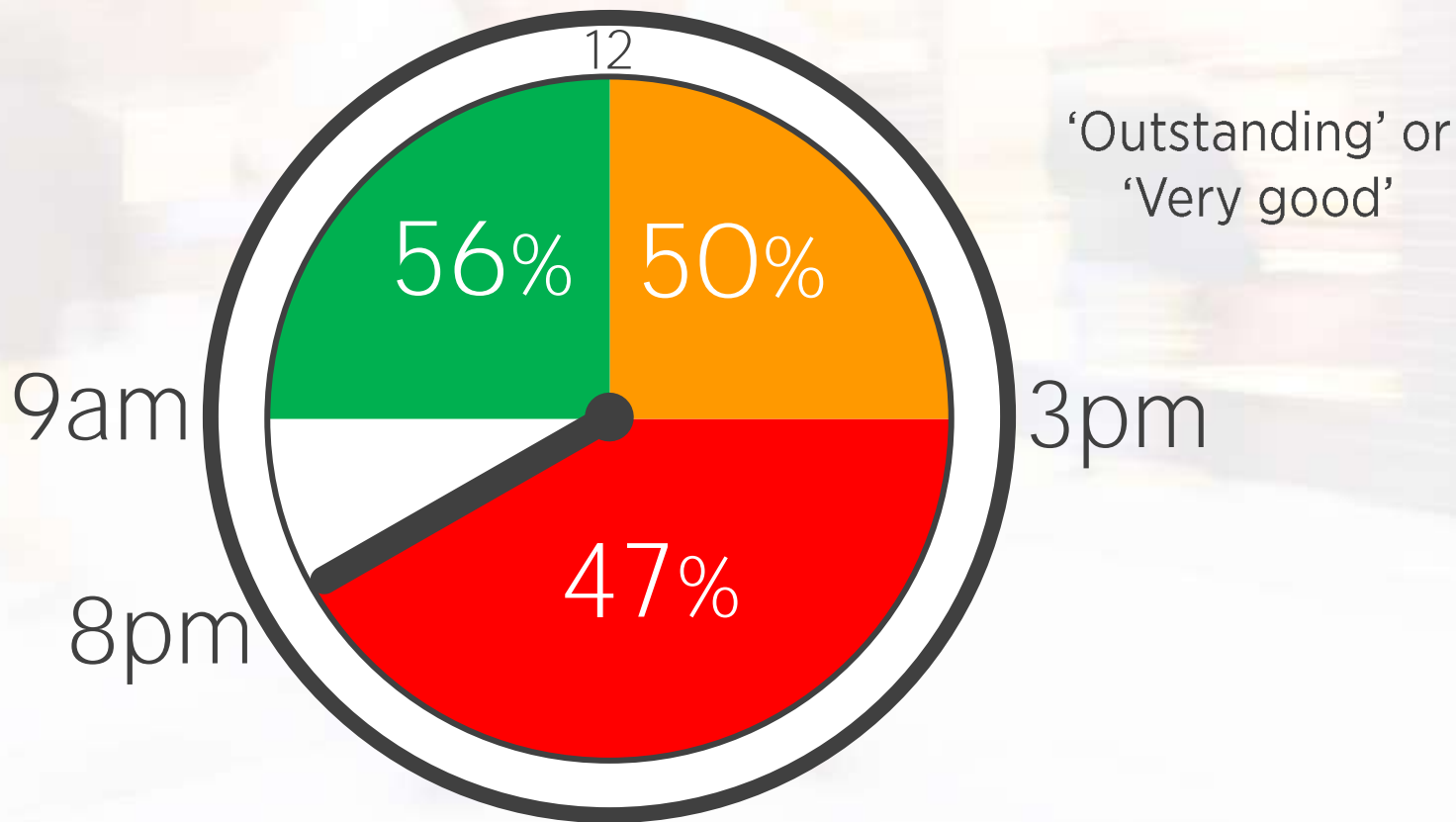
10



# Customer Rating Score | By Day of the Week



# Customer Rating Score | By Time of Day



# The Long View

2007/8 to 2014/15

New  
space

## The Long View 2007/8 to 2014/15



# The Long View

2007/8 to 2014/15

New  
space

Stores	Jan 2008	502
--------	----------	-----

New & resites	179
---------------	-----

Extensions	82
------------	----

Total New	261
-----------	-----

Jan 2015	539
----------	-----

= 48%

# The Long View

2007/8 to 2014/15

New  
space

Sq. ft. (k)	Jan 2008	5,201
-------------	----------	-------

New & resites	2,645
---------------	-------

Extensions (gross)	1,789
--------------------	-------

Total New	4,434
-----------	-------

Jan 2015	7,373
----------	-------

= 60%



# The Long View

2007/8 to 2014/15

Jan 2008

Jan 2015

Sq. ft. (k)

5,201

7,373

+42%

New  
space

Sales

£2,255m

£2,348m

+4%

Store profitability

21.4%

23.7%

Profit and cost over VAT inclusive sales

# The Long View

2007/8 to 2014/15

Jan 2008

Jan 2015

Sq. ft. (k)

5,201

7,373

New  
space

Wages

11.3%

10.9%

Rent, rates & dep'n

10.8%

12.7%

Markdown & shrinkage

8.7%

5.0%

Store profitability

21.4%

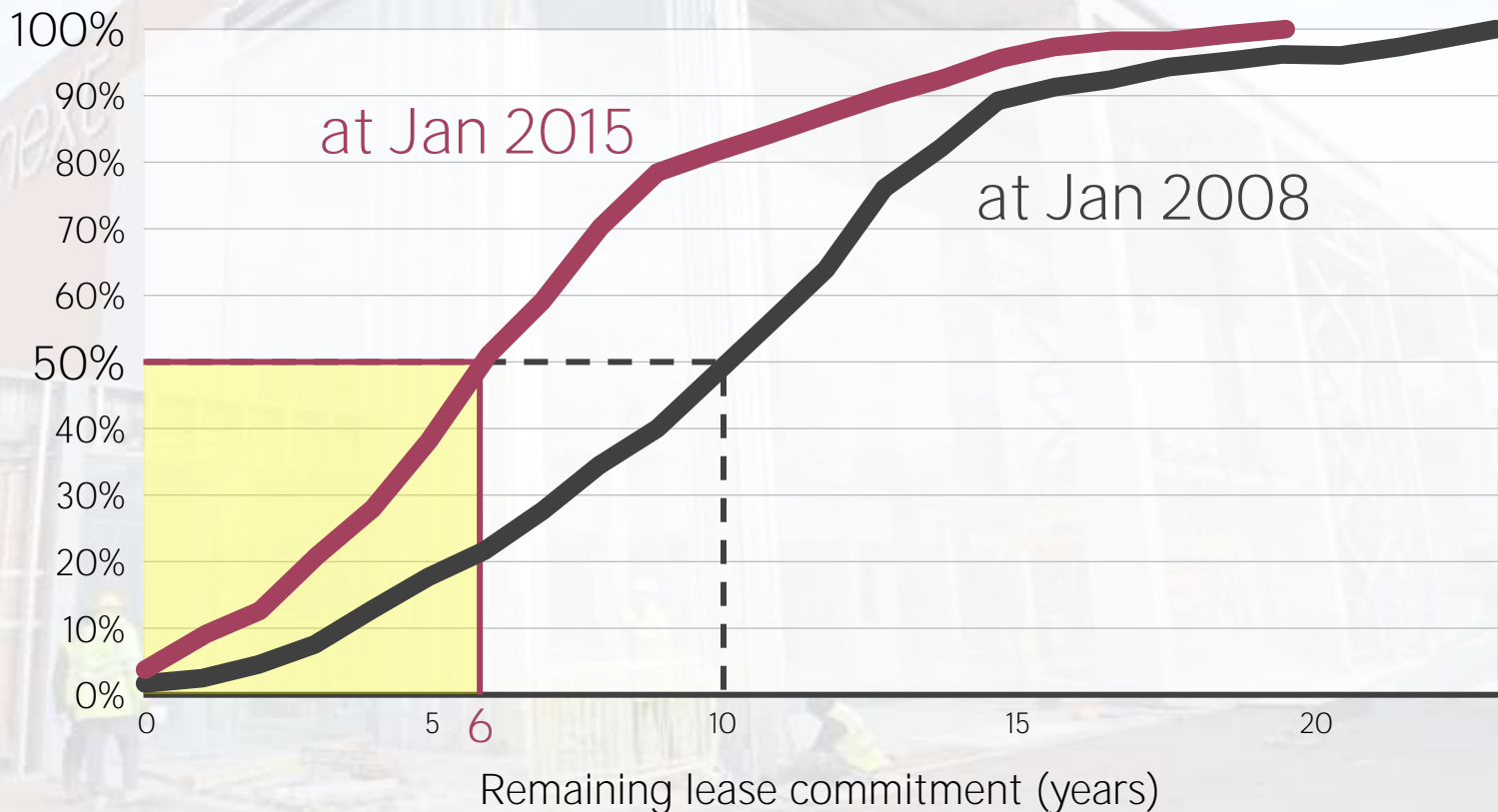
23.7%

Profit and cost over VAT inclusive sales

# Store Lease Profile

Lease expiries by rental value

New  
space



Maidstone

New  
space

Changing perceptions





Maidstone



Maidstone





# The Long View

2007/8 to 2014/15

New  
space

Total sq. ft.  
**+42%**

Replaced sq. ft.  
**+60%**

Retail profit  
**+20%**



# Directory UK


1 The Credit Business

2 Service Improvements

NEXT  
Online UK



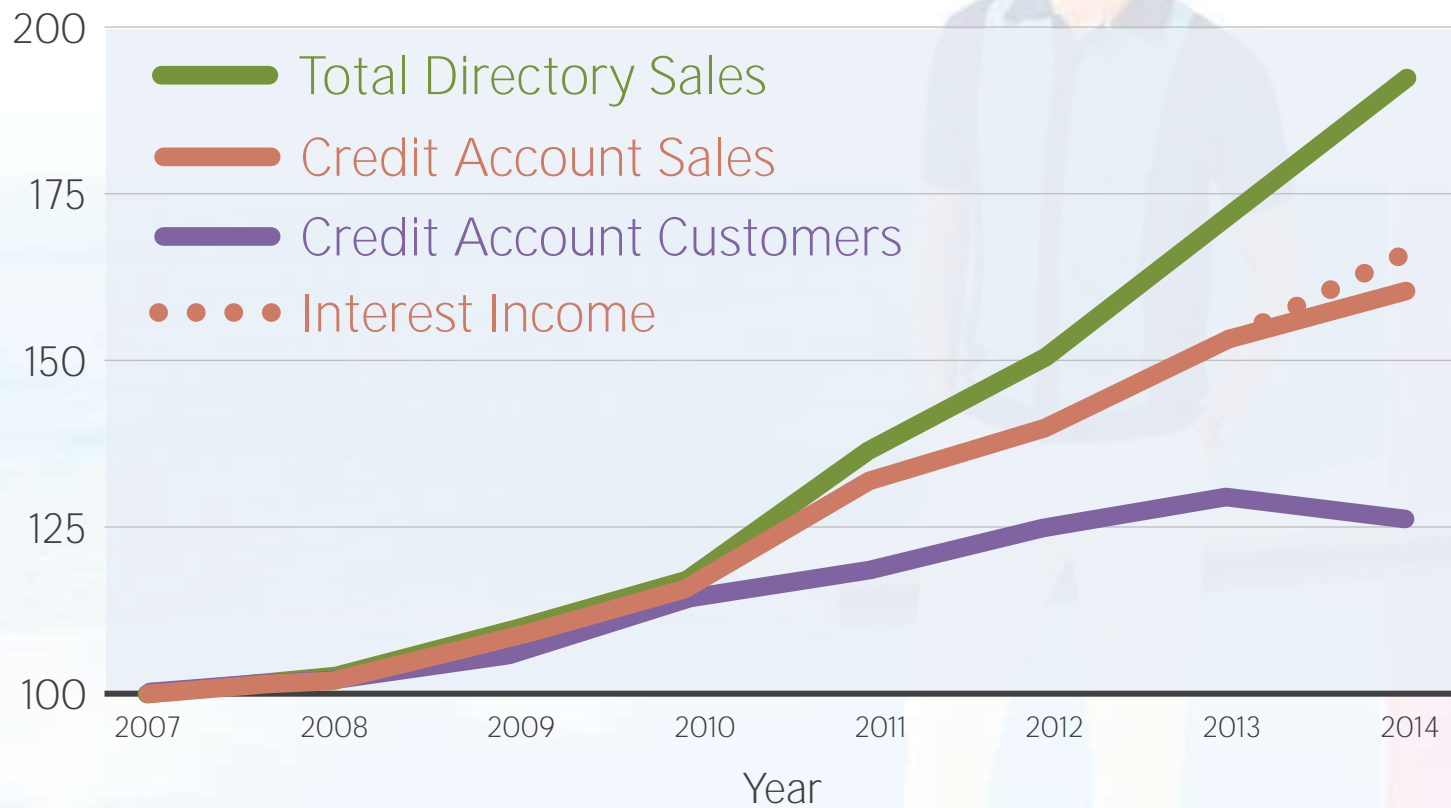
# The Credit Business - Relative sales



Directory : Sales Analysis				next
£m	2015	2014		
Total sales	1,541	1,374	+ 12.1%	
Operating profit	377	359		
Customer growth				
	2015	2014		
UK credit	2,700k	2,800k	- 3%	
UK cash	900k	600k	+ 42%	
Overseas	500k	300k	+ 85%	
Active customers	<u>4.1m</u>	<u>3.7m</u>	<u>+ 11%</u>	

NEXT  
Online UK

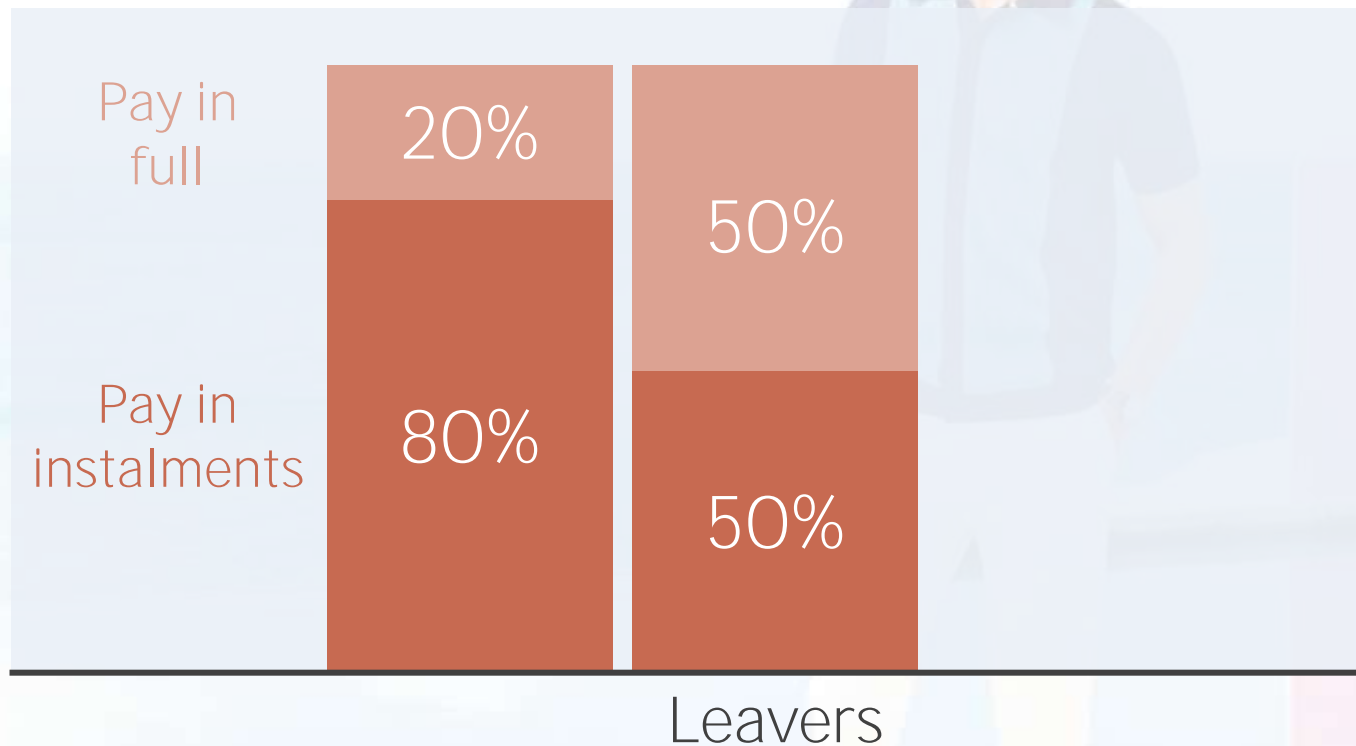
# The Credit Business - Relative sales



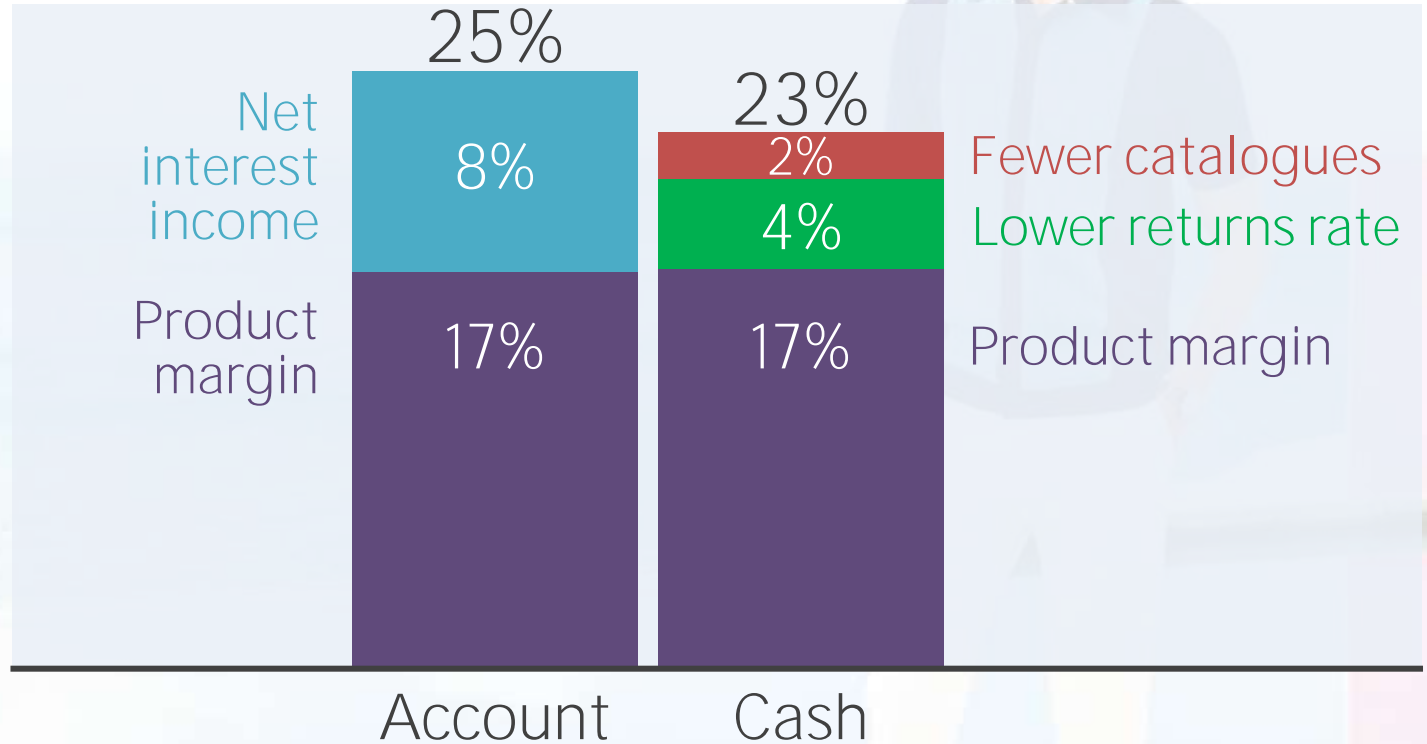
NEXT  
Online UK

# Credit Account Usage

NEXT  
Online UK



# Customer Profitability Account v Cash

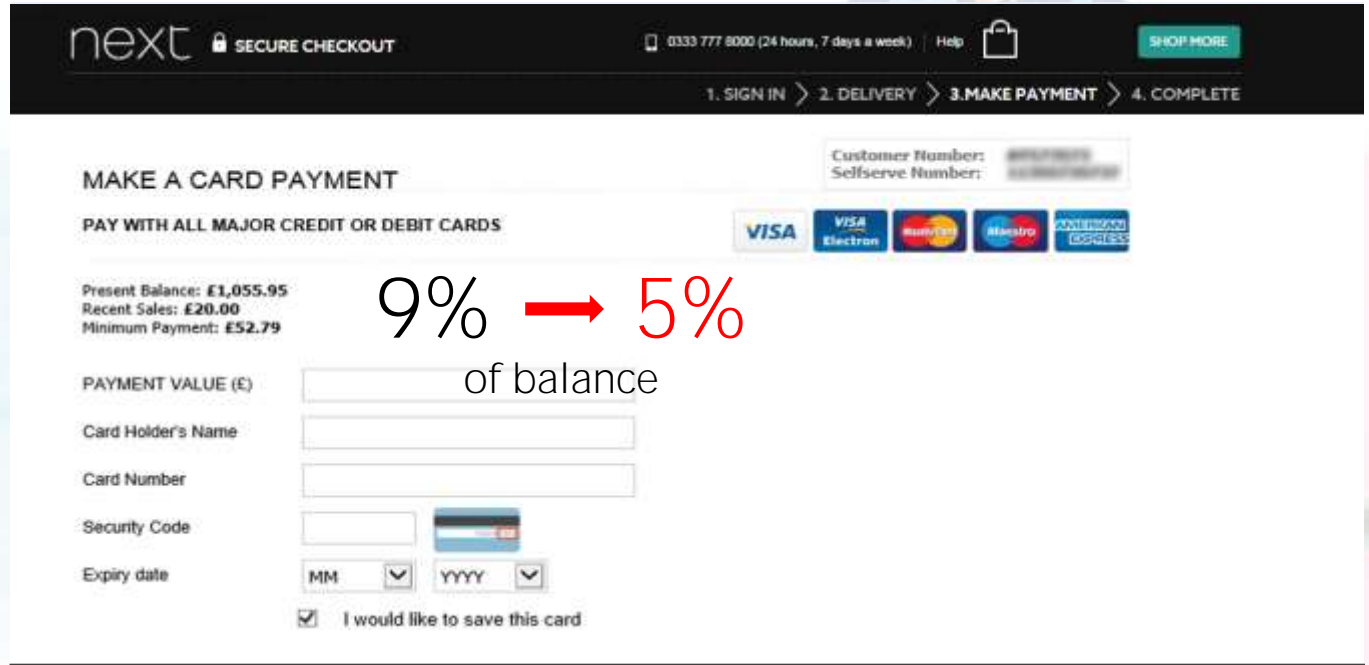


NEXT  
Online UK


# Customer Profitability Account v Cash


## Mitigation...

NEXT  
Online UK





The image shows a screenshot of the Next Secure Checkout page. At the top, there's a navigation bar with the Next logo, a secure checkout icon, a phone number (0333 777 8000), a help link, a shopping bag icon, and a 'SHOP MORE' button. Below this is a progress bar showing four steps: 1. SIGN IN, 2. DELIVERY, 3. MAKE PAYMENT (current step), and 4. COMPLETE. The main content area is titled 'MAKE A CARD PAYMENT' and includes a sub-header 'PAY WITH ALL MAJOR CREDIT OR DEBIT CARDS'. It displays account information: 'Present Balance: £1,055.95', 'Recent Sales: £20.00', and 'Minimum Payment: £52.79'. To the right of this information, there's a large red arrow pointing from '9%' to '5%', with the text 'of balance' below it. Below the account information are input fields for 'PAYMENT VALUE (£)', 'Card Holder's Name', 'Card Number', 'Security Code', and 'Expiry date' (with MM and YYYY dropdowns). At the bottom, there's a checkbox labeled 'I would like to save this card' which is checked. On the right side of the page, there are links for 'Customer Number' and 'Selfserve Number', and a row of logos for VISA, VISA Electron, Mastercard, Maestro, and AMERICAN EXPRESS.

next  SECURE CHECKOUT

0333 777 8000 (24 hours, 7 days a week) | Help  [SHOP MORE](#)

1. SIGN IN > 2. DELIVERY > 3. MAKE PAYMENT > 4. COMPLETE

**MAKE A CARD PAYMENT**

CUSTOMER NUMBER:   
SELF-SERVE NUMBER: 

**PAY WITH ALL MAJOR CREDIT OR DEBIT CARDS**

VISA VISA Electron Mastercard Maestro AMERICAN EXPRESS


Present Balance: £1,055.95  
Recent Sales: £20.00  
Minimum Payment: £52.79

9% → 5%  
of balance

PAYMENT VALUE (£)

Card Holder's Name

Card Number

Security Code  

Expiry date  MM  YYYY

☒ I would like to save this card

# Customer Profitability Account v Cash

NEXT  
Online UK

The screenshot shows the Next UK checkout process. At the top, the 'next' logo is followed by 'SECURE CHECKOUT' and a progress bar indicating '3. MAKE PAYMENT' and '4. COMPLETE'. Below this, the 'DELIVERY OPTIONS' section shows 'Home Delivery £3.99' and 'Store Collection FREE'. The 'YOUR ORDER' section displays the 'Sub Total' and a 'Show Your Order' link. The payment section offers two options: 'Pay on Account' (highlighted with a red circle) and 'Pay Now'. A callout box for the 'next ACCOUNT' states: 'Apply for a Next Credit Account today by selecting Pay on Account.' The order summary on the right shows a 'Sub Total' of £60.00, 'Delivery' of £3.99, and a 'TOTAL' of £63.99. At the bottom, there are links to 'Redeem a Gift Card' and 'Redeem an eVoucher'.

next **SECURE CHECKOUT** **3. MAKE PAYMENT** > **4. COMPLETE** [Help](#) [SHOP MORE](#)

DELIVERY OPTIONS

- ☒ Home Delivery £3.99
- ☐ Store Collection FREE

YOUR ORDER

Sub Total

next ACCOUNT

Apply for a Next Credit Account today by selecting Pay on Account.

**Pay on Account**

OR

**Pay Now**

next ACCOUNT

Apply for a Next Credit Account today by selecting Pay on Account

**Pay on Account**

OR

**Pay Now**

Sub Total £60.00  
Delivery £3.99  
**TOTAL £63.99**

next **Redeem a Gift Card**

**Redeem an eVoucher**



# Customer Profitability Account v Cash

NEXT  
Online UK

- Flexible payments
- Try before you buy
- VIP Sale priority

# UK Next Day Delivery Offer

Next  
Online UK

Deliver to Store



10pm

MAR  
2014

Order cut off

Deliver to Home



10pm

# UK Next Day Delivery Offer

NEXT  
Online UK

Deliver to Store



Midnight

AUG  
2015

Order cut off

Deliver to Home



Midnight

# UK Directory Orders by Time of Day

Average % of total orders per day

10pm to midnight

9%

8pm to 10pm

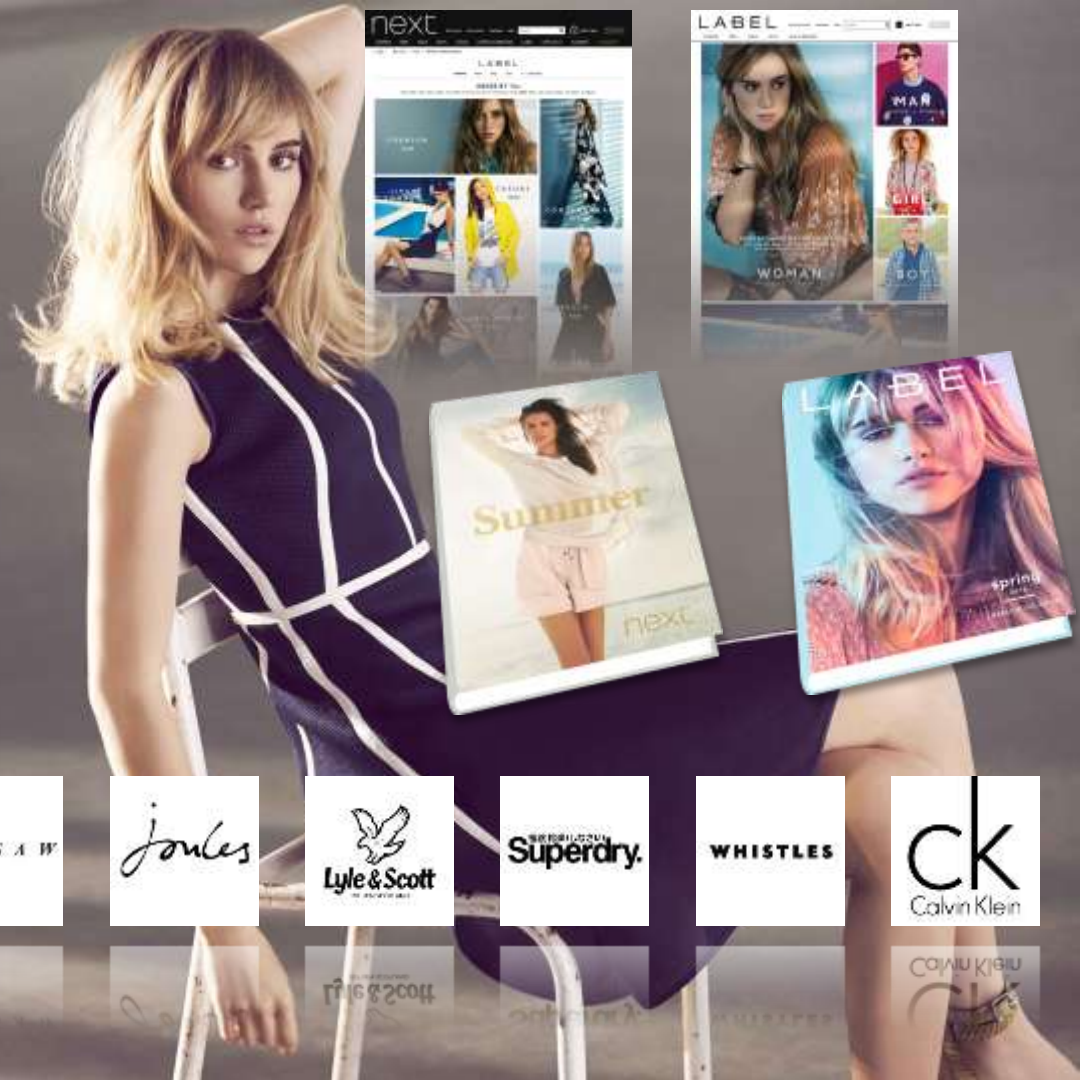
21%

Next  
Online UK



# L A B E L

Premium brands  
*with*  
NEXT delivery service  
*and*  
NEXT reach



L A B E L

L.K.Bennett  
London

**BOSS**  
HUGO BOSS

J I G S A W

joules

  
Lyle & Scott  
THE SCOTCH WEATHER

superdry

WHISTLES

ck  
Calvin Klein

# LABEL

Total  
online sales

2012/13  
£81m

2013/14  
£89m

2014/15  
£110m

2015/16(e)  
£150m

+

LABEL

Profit %

11%

19%

14%

15%

Excluding interest income

# LABEL

A&W14 Trial

Orders per customer\*



NEXT

£315

£324 +3%

Brands

£65

£70 +8%

LABEL

£380

£394 +4%

\* Trial conducted with a sample group





L A B E L

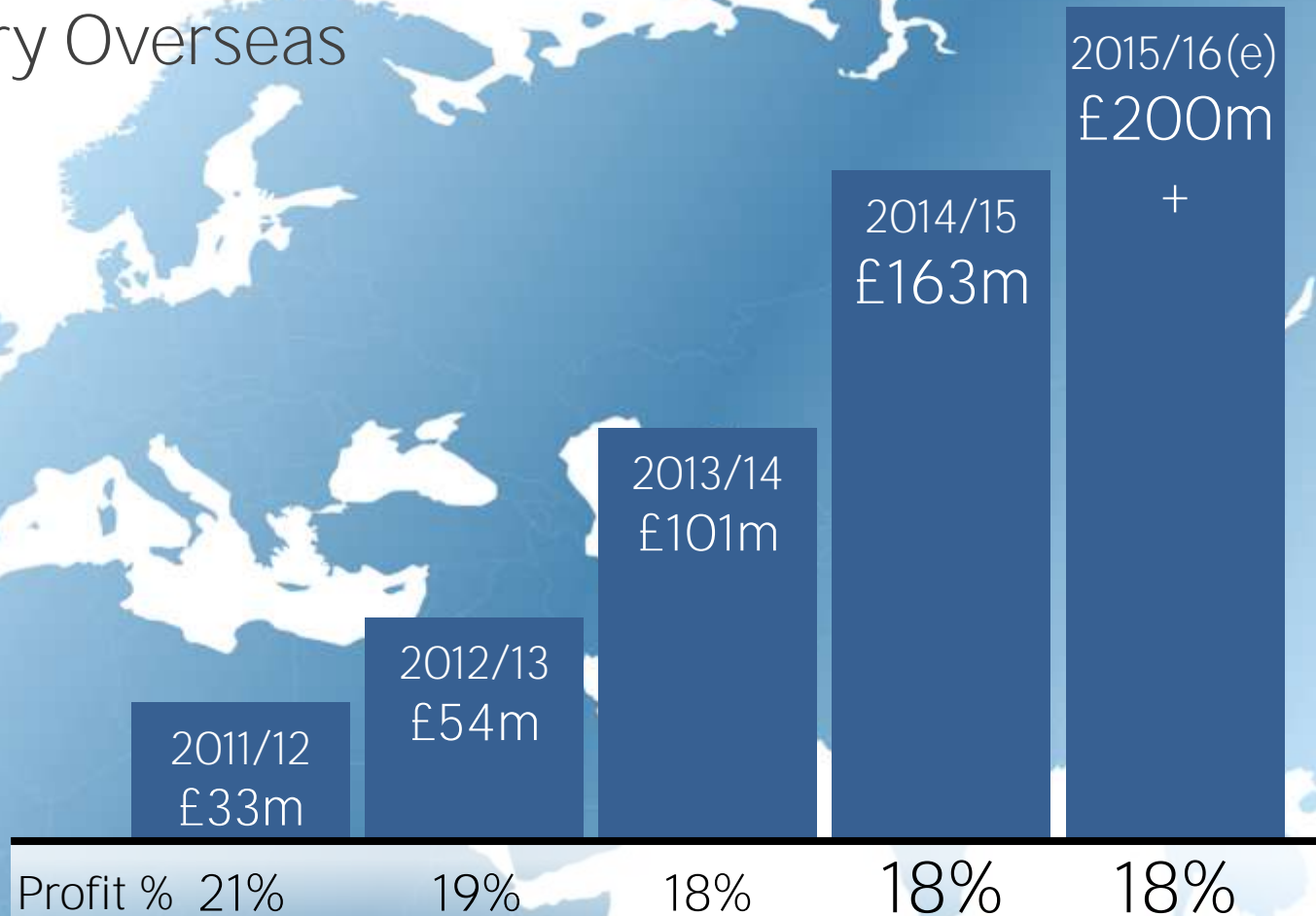
~50% of orders  
are picked up in store

L A B E L



# Directory Overseas

Directory  
overseas



# Worldwide Distribution

## Russia Hub

Belfast Hub

Elmsall

Moscow

8-12  
days

Returns  
£18

1-2  
days

Returns  
£3

4-5  
days

1-2  
days

£2.5m investment

Directory  
overseas



# Worldwide Distribution

Belfast Hub

Elmsall

Moscow

Russia  
March '14 v March '15

RUB

Currency  
-40%

RUB Prices  
+43%

RUB Sales  
+45%

Directory  
overseas

# Worldwide Distribution

Belfast Hub

Elmsall

Moscow

## Russia

March '14 v March '15

## GBP

Currency  
-40%

£ prices  
-7%

£ sales  
-5%

Profitability

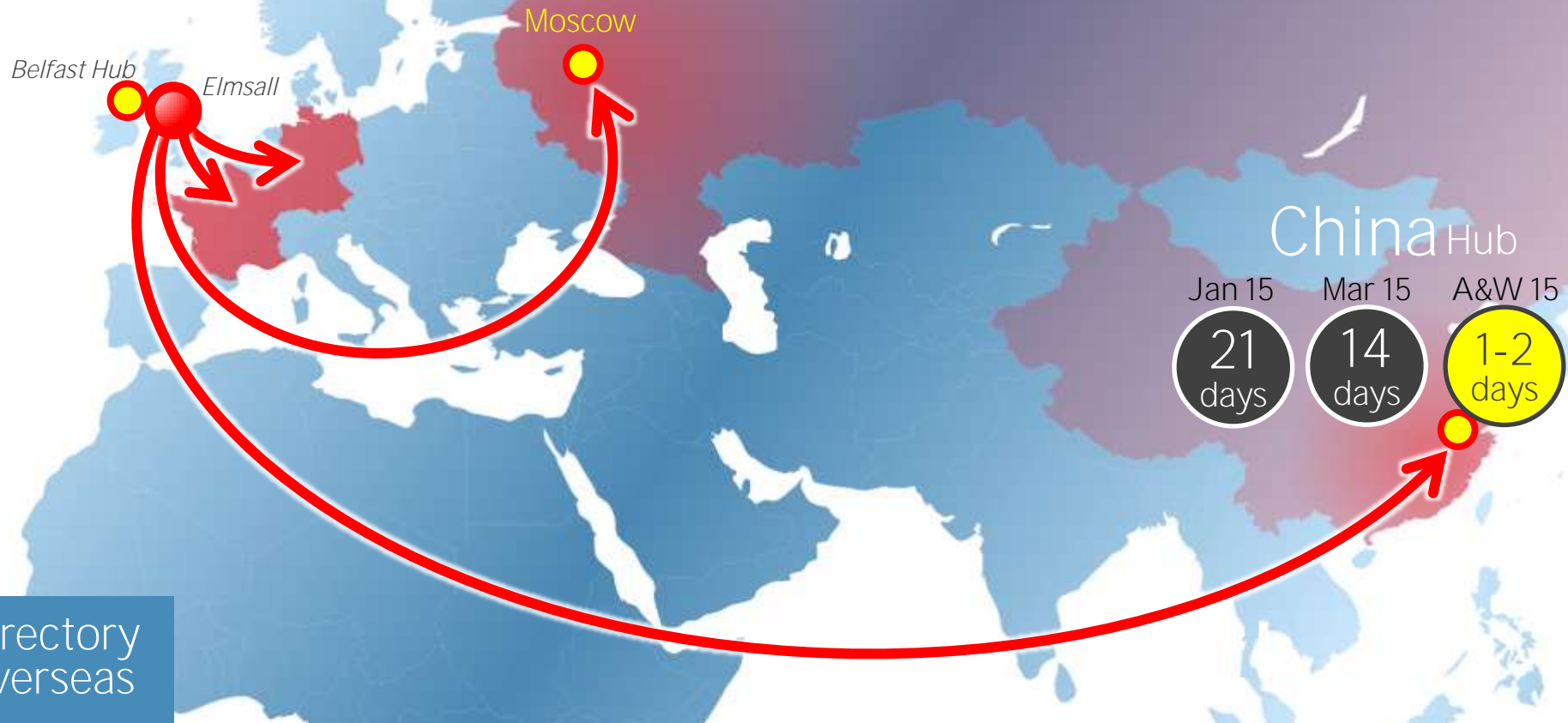
9%  
2015/16(e)


18%  
2014/15

Directory  
overseas



# Worldwide Distribution

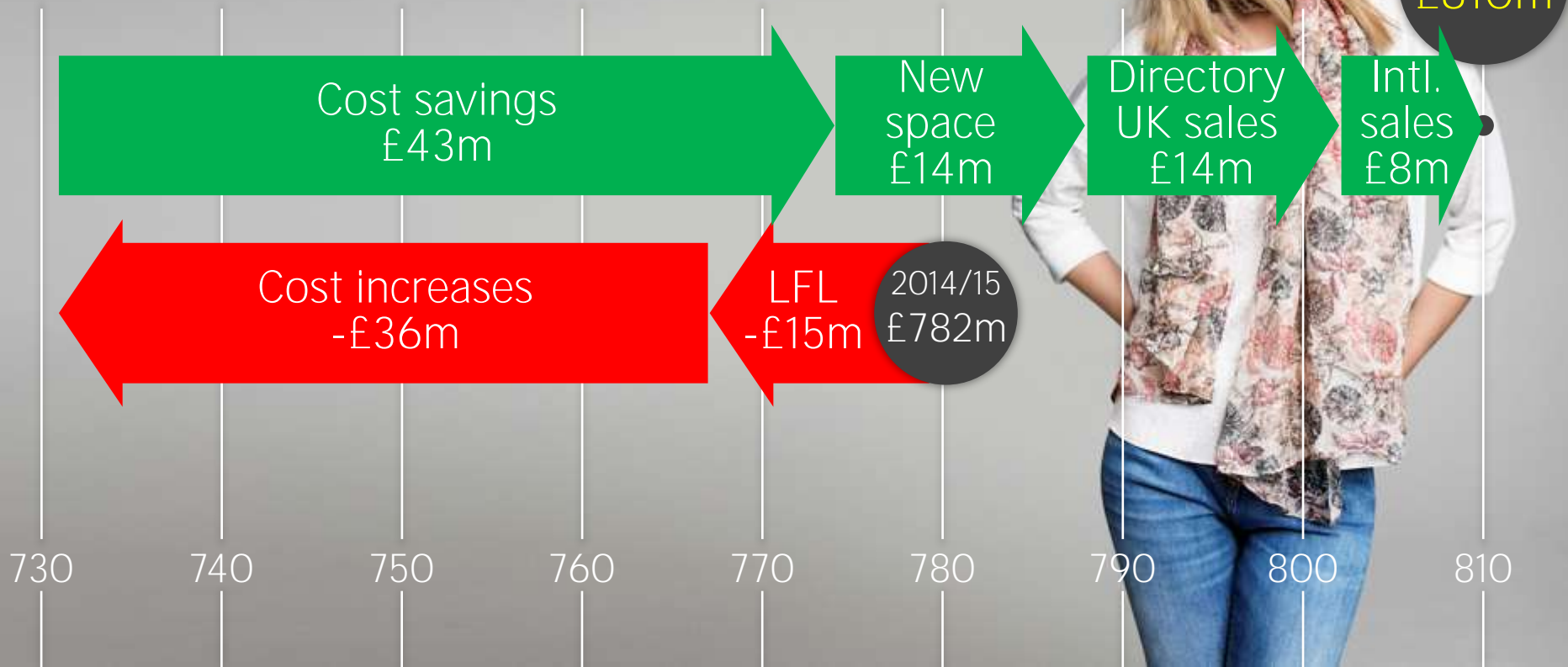


A man with dark, wavy hair is sitting on a concrete ledge next to a body of water. He is wearing a navy blue and beige horizontally striped sweater, blue jeans, and dark brown leather shoes. He is looking down and to his left with a thoughtful expression. A small stack of books is on the ledge next to him. The background shows a cobblestone path and a metal railing.

2015/16(e)  
Sales and Profit



# +3.5% Sales Growth | Profit Scenario



# Sales and Profit Guidance 2015/16(e)

Full year Brand sales

+1.5%

to

+5.5%

Profit before tax

£785m

to

£835m

Growth in profit

+0.4%

to

+6.7%

Ordinary dividend yield\*

2.1%

Special dividend yield / buybacks\*

3.3%

TSR underlying (at constant PE ratio)

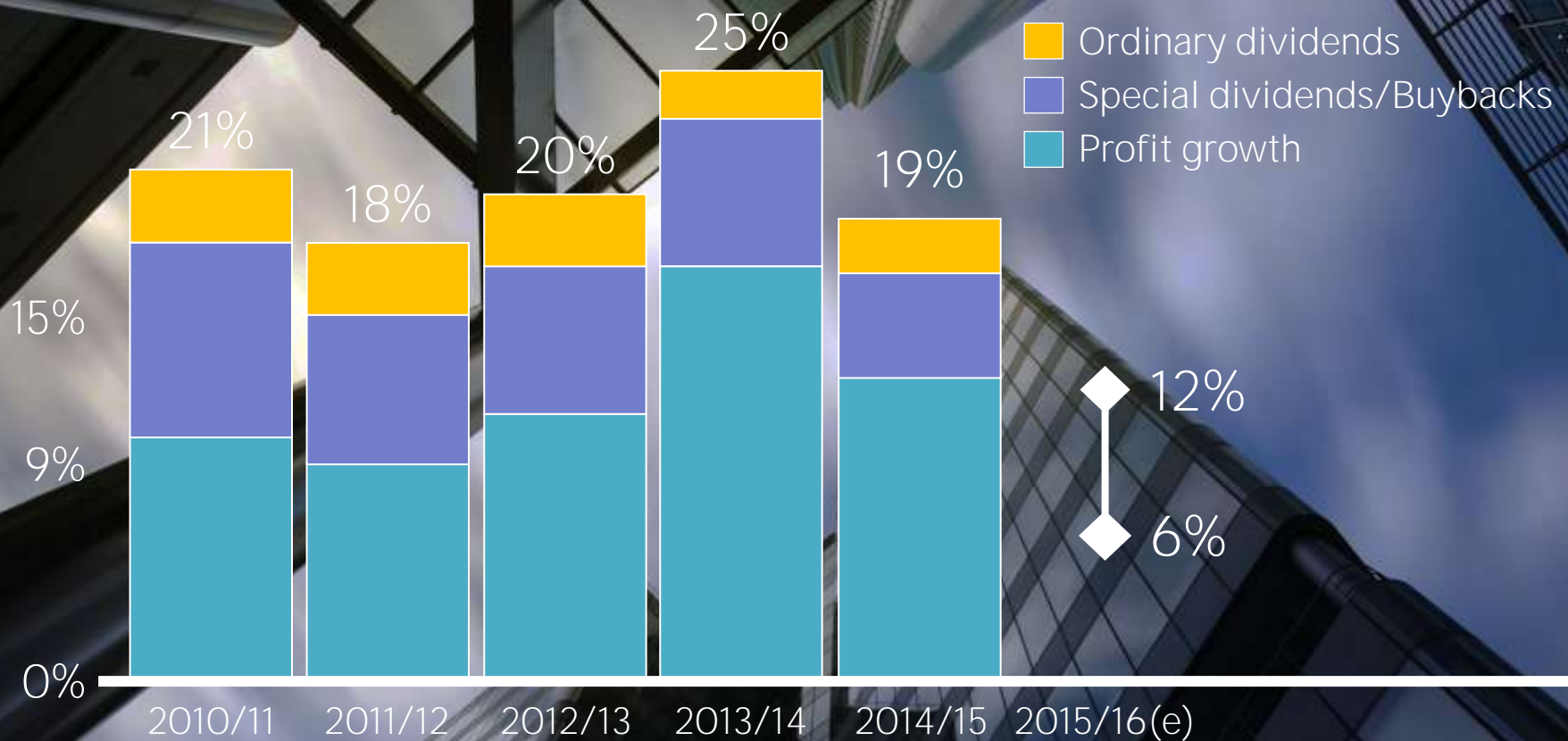
5.8%

to

12.1%

\* Based on a share price of £72.33

# Long Term TSR Assuming constant PE ratio







next | **JANUARY** 2015

next





next



A photograph of three young boys on a sandy beach. Two boys stand in the background, one wearing a white shirt with a blue floral pattern and grey trousers, the other wearing a light blue denim jacket over a white shirt and light green shorts. A third boy is in the foreground, crouching down, wearing a white t-shirt and grey shorts. The background features a turquoise ocean and a bright blue sky with white clouds.

next



A woman with dark, wavy hair is sitting on a beach. She is wearing a black leather jacket over a white t-shirt and a black skirt with a white geometric pattern. She is looking off to the side with a serious expression. The background shows the ocean and a cloudy sky.

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