



next

JANUARY

2016

Income Statement (52 weeks)

next

£m	2016	2015		Brand Full Price
Total sales	<u>4,150</u>	<u>4,028</u>	+ 3.0%	+ 3.9%
Operating profit	852	812	+ 4.9%	
Interest	<u>(31)</u>	<u>(30)</u>		
Profit before tax	821	782	+ 5.0%	
Taxation	<u>(166)</u>	<u>(160)</u>		
Profit after tax	<u>655</u>	<u>622</u>		
EPS (underlying)	442.5p	419.8p	+ 5.4%	
Ordinary dividends per share	158p	150p	+ 5.3%	

Cash Flow (53 weeks)

next

£m		2016	2015
Profit before tax (underlying)	53 weeks	836	782
Depreciation / disposals		118	117
Capital expenditure		(151)	(110)
Working capital / other		(210)	(27)
Tax paid		(153)	(153)
ESOT		(56)	(35)
Cash flow before distribution		<u>384</u>	<u>574</u>

Cash Flow (53 weeks)

next

£m

2016

2015

Capital expenditure

(151)

(110)

Jan 2017(e)

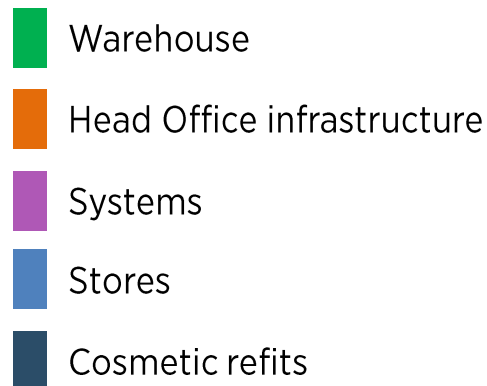
£148m

Jan 2016

£151m

Jan 2015

£110m



£143
per sq ft

+ 4%

£137
per sq ft

New 'Doncaster 3' Furniture Warehouse

next

Capital

Jan 2016 **£12m**

Jan 2017(e) **£19m**

Total **£31m**

Additional Capacity

50%

Additional Annual Cost

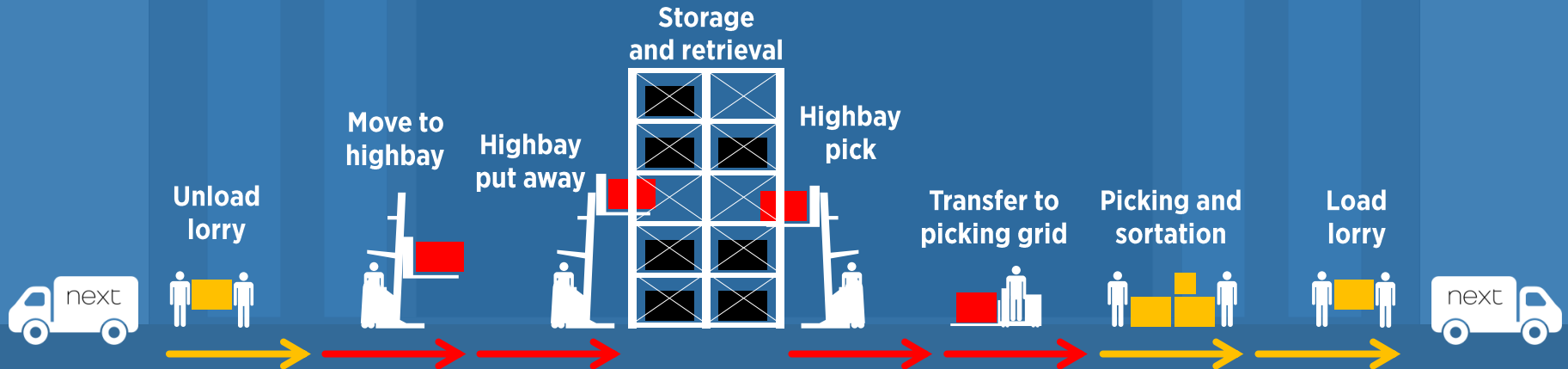
£8.8m

Current Warehousing '7 Step' Handling

next

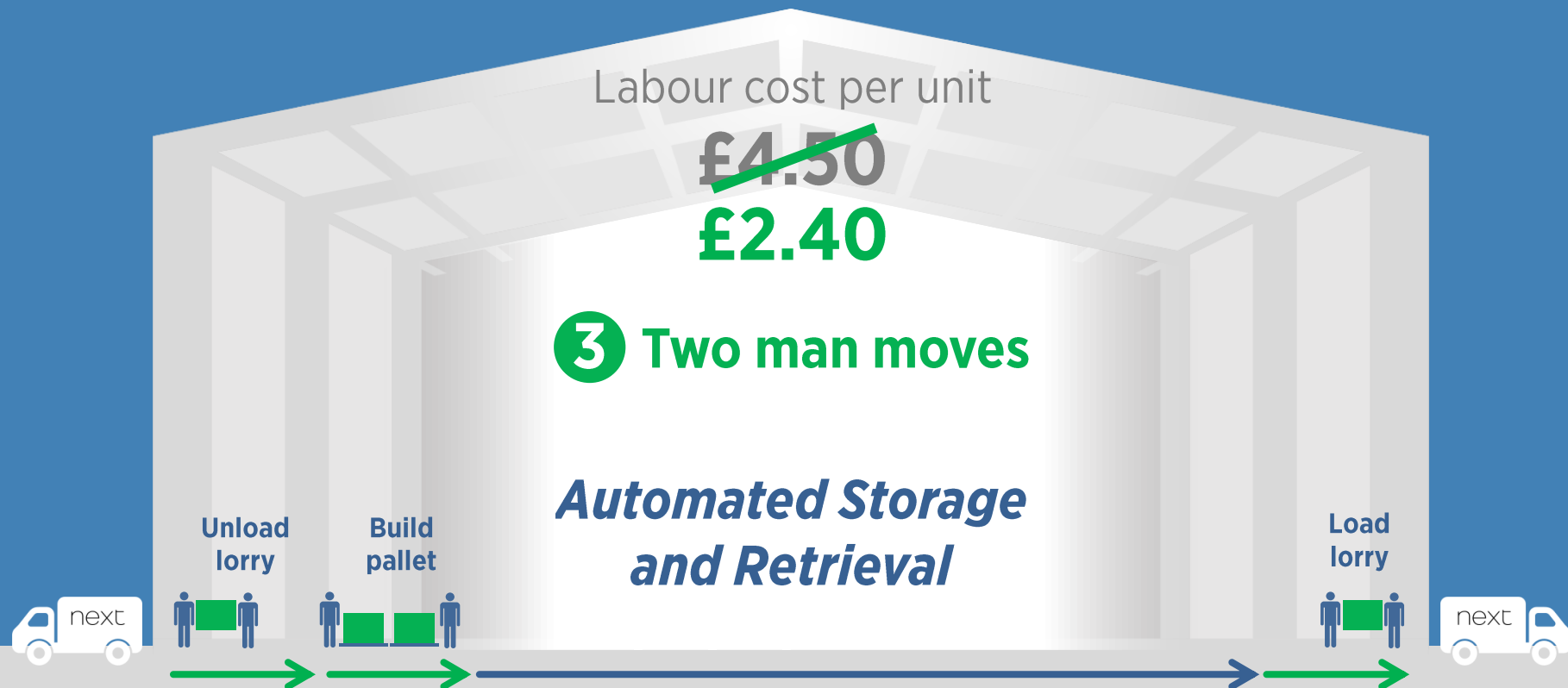
Labour cost per unit
£4.50

3 Two man moves **4** Forklift moves



New 'Doncaster 3' Handling

next



New 'Doncaster 3' Furniture Warehouse

next

Capital

£31m

Additional Capacity

50%

Additional Annual Cost

£8.8m

(£5.3m)
Saving

New 'Doncaster 3' Furniture Warehouse

next

Additional Annual Cost

£3.5m

Jan 2016

£1.3m

Jan 2017(e)

£5.1m

Jan 2018(e)

£3.5m

Year on Year
change

+ £3.8m

(£1.6m)

Cash Flow (53 weeks)

next

£m	2016	2015
Profit before tax (underlying)	836	782
Depreciation / disposals	118	117
Capital expenditure	(151)	(110)
Working capital / other	(210)	(27)
Tax paid	(153)	(153)
ESOT	(56)	(35)
Ordinary dividends	(227)	(211)
Special dividends / buybacks	(341)	(361)
Share buybacks brought forward	(151)	0
Net cash flow	<u>(335)</u>	<u>2</u>

Balance Sheet

next

£m	2016	2015
Fixed assets & investments	539	518
Goodwill and intangibles	44	44
Stock	486	417
Debtors	1,050	844
Creditors / derivatives	(915)	(849)
Dividends payable	(88)	(74)
Pension surplus	46	38
Buyback commitment	-	(101)
Net debt	(850)	(515)
Net assets	<u>312</u>	<u>322</u>

Balance Sheet

next

£m	2016	2015	
Fixed assets & investments	539	518	
Goodwill and intangibles	44	44	
Stock	486	417	+ 17%
Debtors	1,050	844	+ 24%

Directory
debtors

Jan 2016
£932m

+31%

Jan 2015
£712m

Credit sales
increase

Jan 2016

+2%

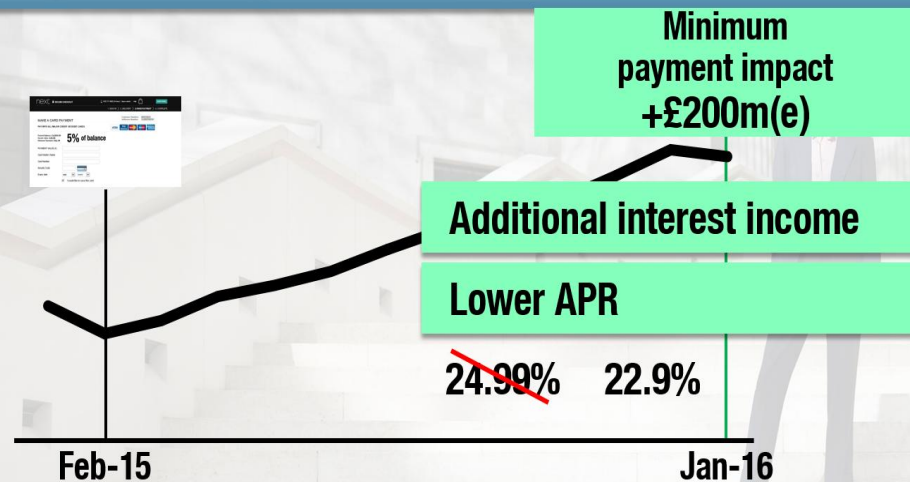
Jan 2015

Balance Sheet

£m	2016
Fixed assets & investments	539
Goodwill and intangibles	44
Stock	486
Debtors	1,050

Change in Directory Debtors

next



Directory debtors

Jan 2016
£932m

+31%

Jan 2015
£712m

Credit sales increase

Jan 2016

+2%

Jan 2015

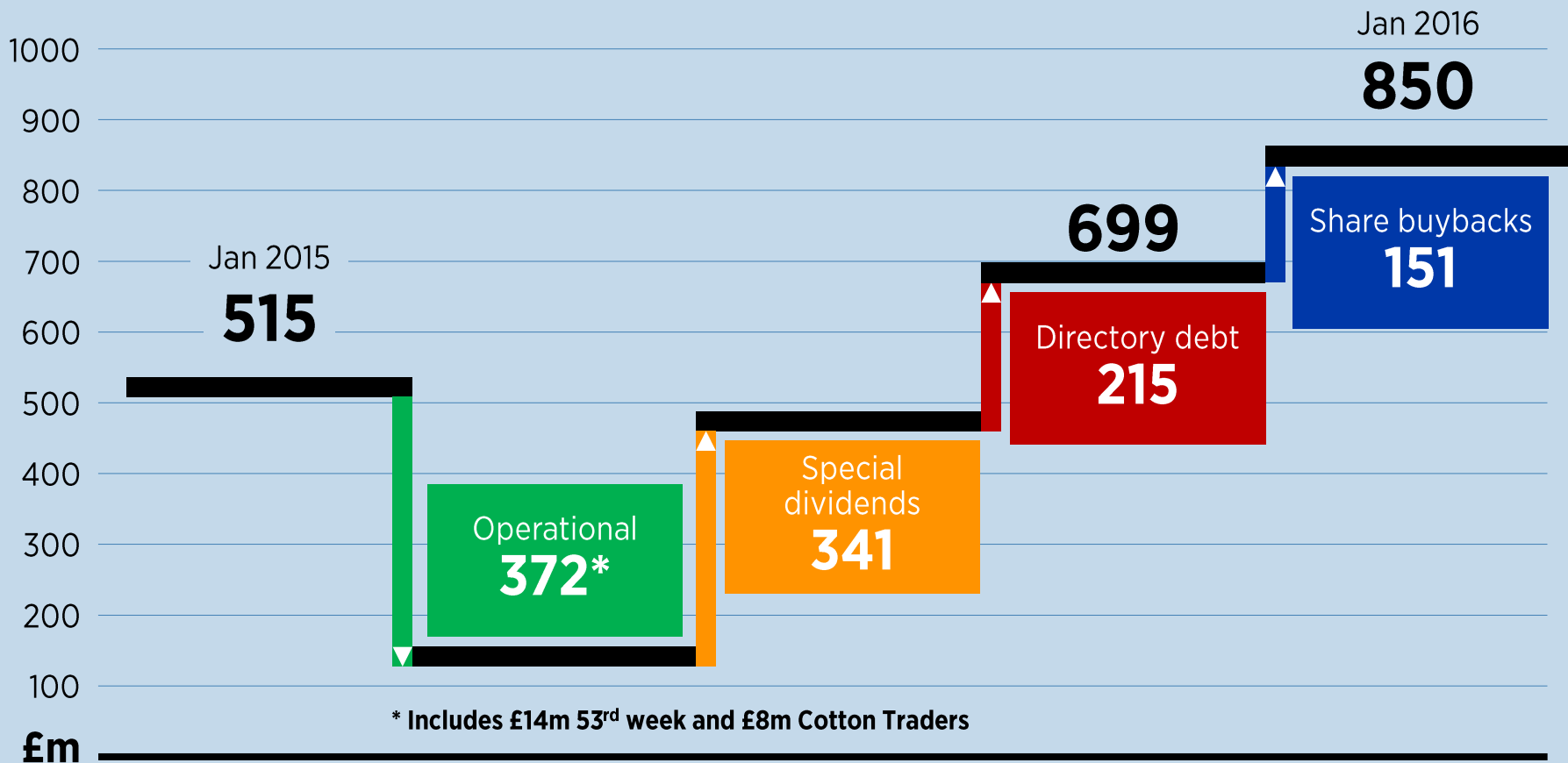
Balance Sheet

next

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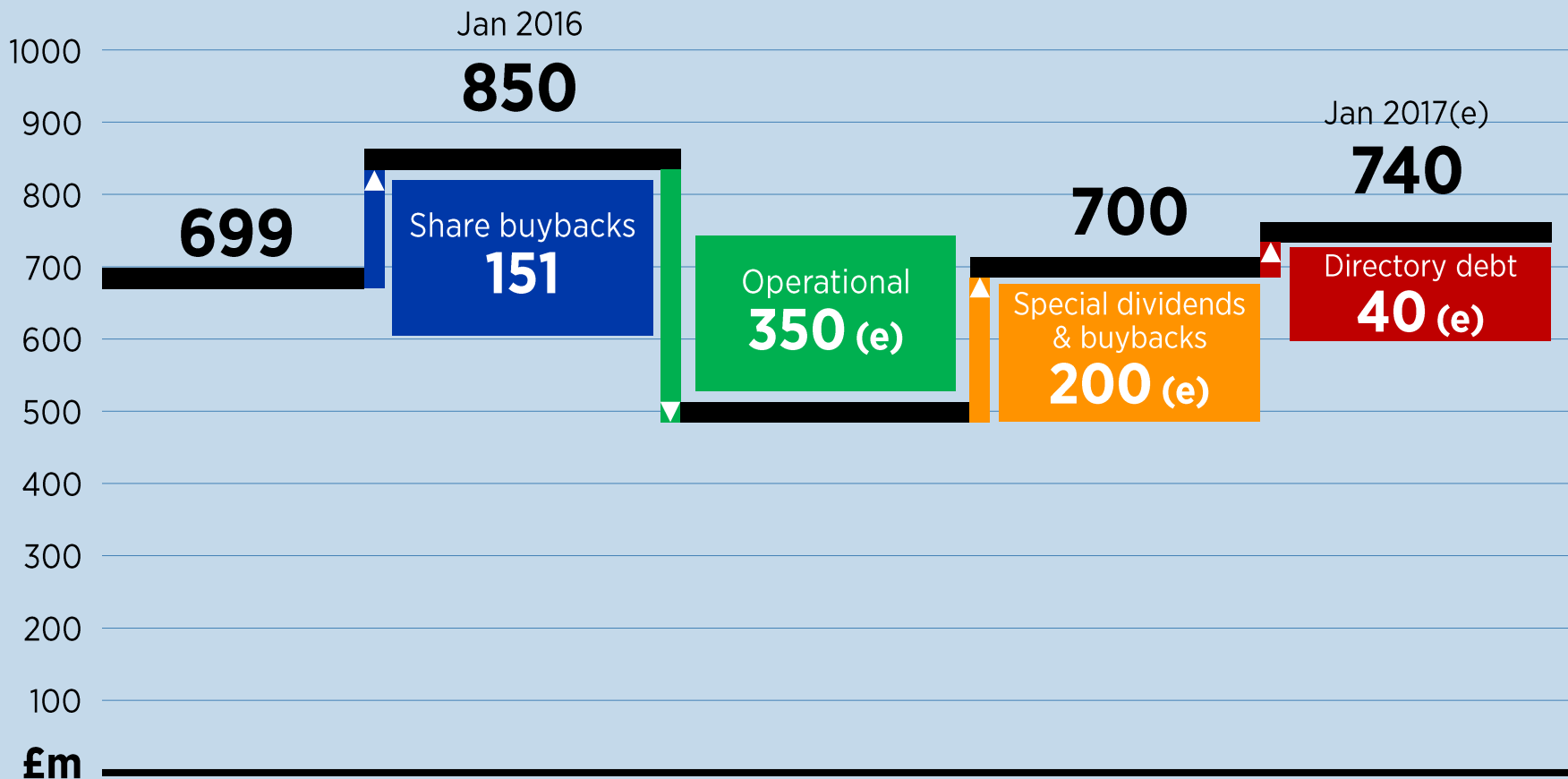
Full Year Debt and Cash Flow

next



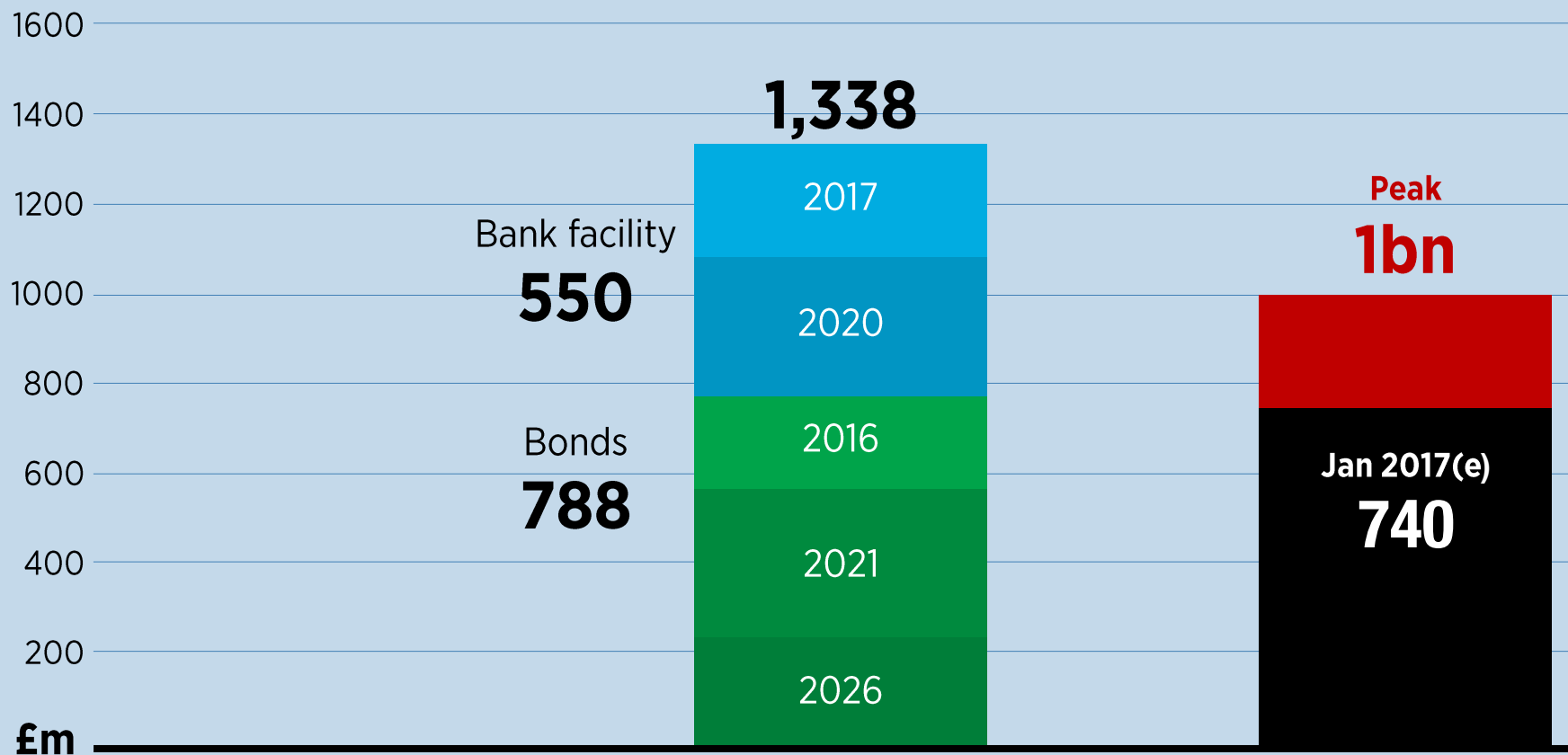
Full Year Debt and Cash Flow

next



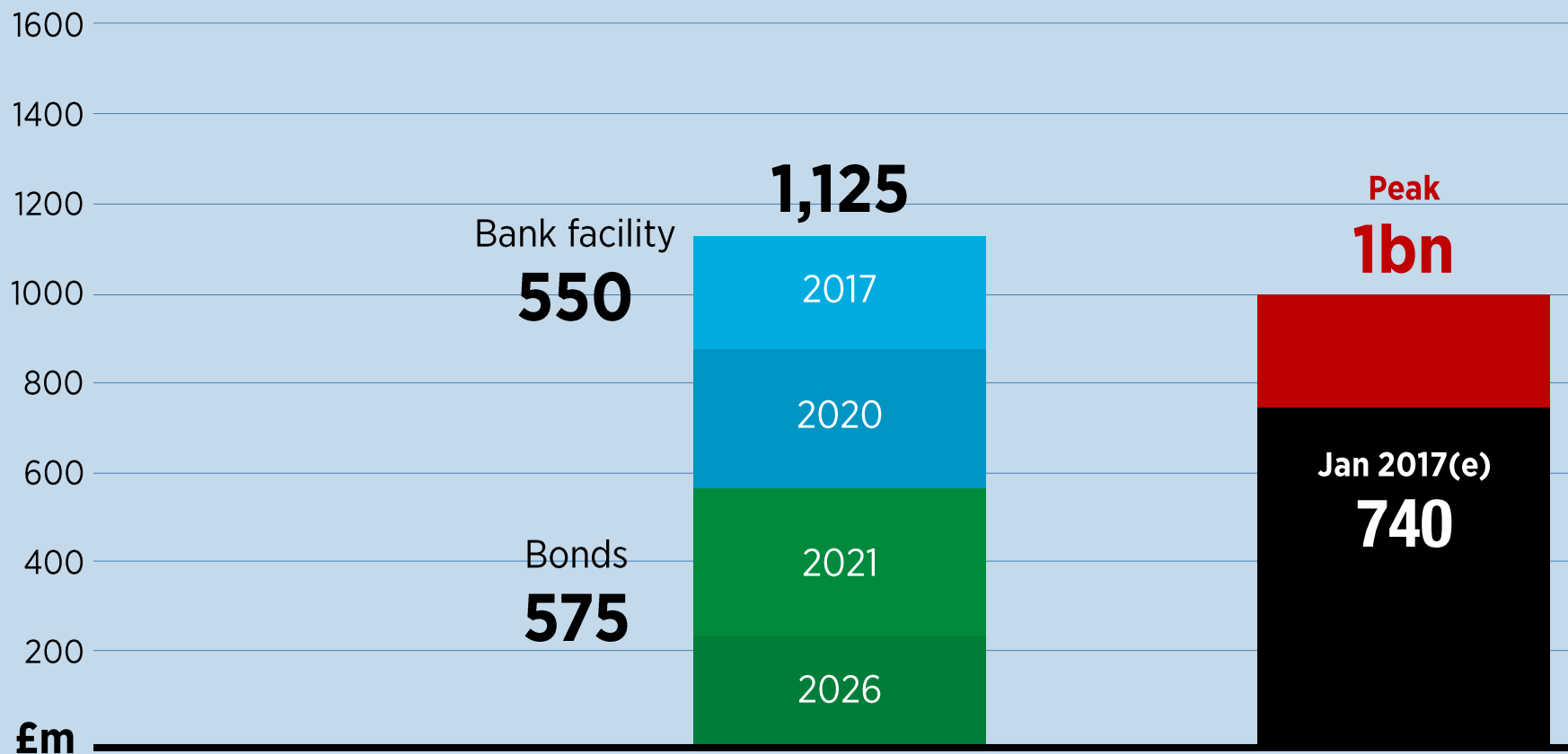
Funding Requirements

next



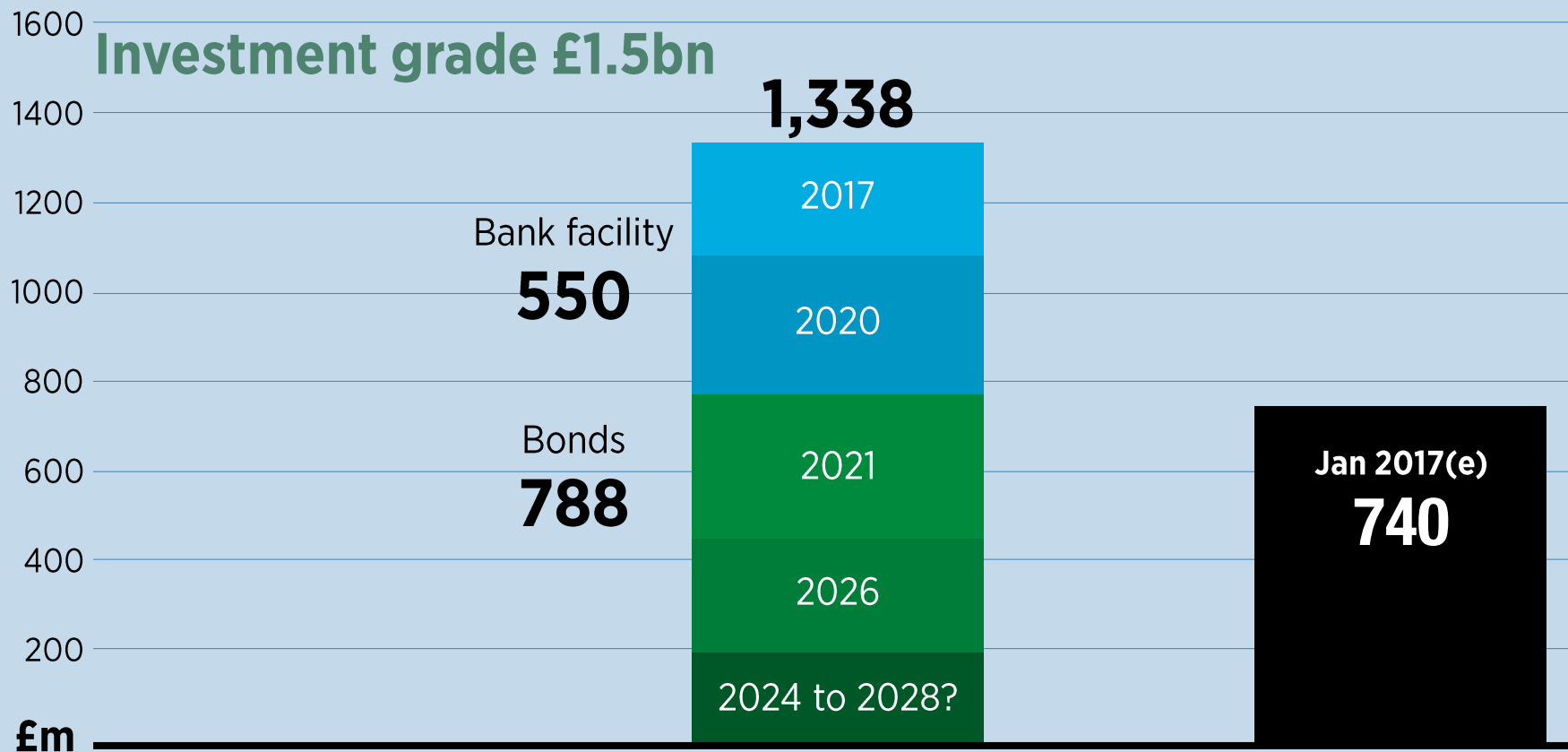
Funding Requirements

next



Funding Requirements

next



RETAIL

NORWICH LONGWATER

Opened August 2015



Retail : Sales Analysis

next



£m	2016	2015		Full Price
Total sales	2,374	2,348	+ 1.1%	+ 2.2%
Operating profit	402	384		

Sales from new space

Sales growth from net space

+ 2.4%

Average net space growth (sq. ft.)


+ 3.7%

Return
on space

= **64%**

Retail : Sales Analysis

next



£m	2016	2015	
Total sales	2,374	2,348	+ 1.1%
Operating profit	402	384	


New store performance

Sales v target	Payback (months)	Store profit
0%	22	18%

Forecast for stores opened or extended in the last 12 months

Retail : Sales Analysis

next



£m	2016	2015	
Total sales	2,374	2,348	+ 1.1%
Operating profit	402	384	

Full year space

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

New (8 re-sites)	21
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Extensions	14
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Closed (11 re-sites)	- 20
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Stores Jan 2016	540	+ 275k sq. ft.	+ 3.7%
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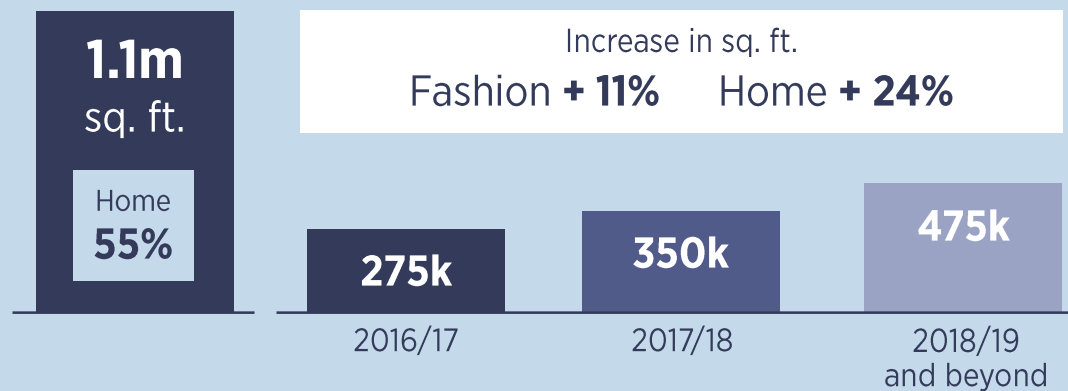
Retail : Sales Analysis

next




£m	2016	2015	
Total sales	2,374	2,348	+ 1.1%
Operating profit	402	384	

Space pipeline (e)



Retail : Profit Analysis

next



£m	2016	2015	
Total sales	2,374	2,348	+ 1.1%
Operating profit	402	384	+ 4.8%
% to sales	16.9%	16.3%	

Margin movement

Bought-in gross margin + 0.4%

Markdown + 0.1%

Achieved gross margin + 0.5%

Sale stock **- 6%**

Markdown sales **- 8%**

Retail : Profit Analysis

next



£m	2016	2015	
Total sales	2,374	2,348	+ 1.1%
Operating profit	402	384	+ 4.8%
% to sales	16.9%	16.3%	

Margin movement

Achieved gross margin	+ 0.5%
Store payroll	+ 0.0%
Store occupancy	+ 0.0%
Warehousing and distribution	- 0.1%
Central overheads	+ 0.2%
Margin movement	+ 0.6%



DIRECTORY

Directory : Sales Analysis

next



£m	2016	2015	Total		Full Price	
Total sales	1,659	1,541	+£118m	+7.7%	+£87m	+6.5%
Operating profit	405	377				

Full price sales analysis

	Increase on last year	
	£	%
NEXT Directory UK	+ £24m	+ 2%
Label	+ £31m	+ 21%
Directory UK total	+ £55m	+ 5%

Directory : Sales Analysis

next



£m	2016	2015	Full Price	
Total sales	1,659	1,541	+ £87m	+ 6.5%
Operating profit	405	377		

Full price sales analysis	Increase on last year		Customers
	£	%	
Directory UK total	+ £55m	+ 5%	+ 5%
Directory overseas	+ £32m	+ 20%*	+ 54%
Directory total	<u>+ £87m</u>	<u>+ 6.5%</u>	<u>+ 11%</u>

* Directory overseas (constant currency) +41%

Directory : Sales Analysis

next



£m	2016	2015	Full Price	
Total sales	1,659	1,541	+ £87m	+ 6.5%
Operating profit	405	377		

Full price sales analysis	Increase on last year		Customers
	£	%	
UK credit	+ £13m	+ 1%	- 4%
UK cash	+ £42m	+ 31%	+ 35%
Directory UK total	+ £55m	+ 5%	+ 5%

Directory : Profit Analysis

next



£m	2016	2015	
Total sales	1,659	1,541	+ 7.7%
Operating profit	405	377	+ 7.5%
% to sales	24.4%	24.5%	

Margin movement

Bought-in gross margin	+ 0.4%
Markdown	- 0.2%

Achieved gross margin	+ 0.2%
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Sale stock	+ 12%
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Markdown sales	+ 9%
----------------	-------------

Directory : Profit Analysis

next



£m	2016	2015	
Total sales	1,659	1,541	+ 7.7%
Operating profit	405	377	+ 7.5%
% to sales	24.4%	24.5%	

Margin movement

Achieved gross margin	+ 0.2%
Interest income	+ 0.6%
Bad debt	- 0.5%
Warehouse and distribution	- 0.5%
Marketing and catalogues	+ 0.1%

Margin movement	- 0.1%
------------------------	---------------

A blurred background image of a rainy city street. In the foreground, a woman with long red hair walks away from the camera, holding a bright red umbrella. To her right, a man in a dark blue jacket and light-colored trousers walks towards the camera, holding a dark blue umbrella. In the center, a cyclist wearing a grey jacket and blue jeans is riding a blue bicycle. The background shows blurred buildings and other pedestrians, creating a sense of motion and a busy urban environment.

OUTLOOK

Referendum

UK Economy

Referendum

next

Short term, consumer concerns?

Short term, currency rates?

Longer term effects?



Short term, currency rates?

Currency Costing Rates US\$/£

1.65

SS
2015

1.60

AW
2015

- 7%
1.54

SS
2016

- 8%
1.47

AW
2016

- 8%
1.41
?

SS
2017



UK Real Earnings Growth | 2014 to 2016

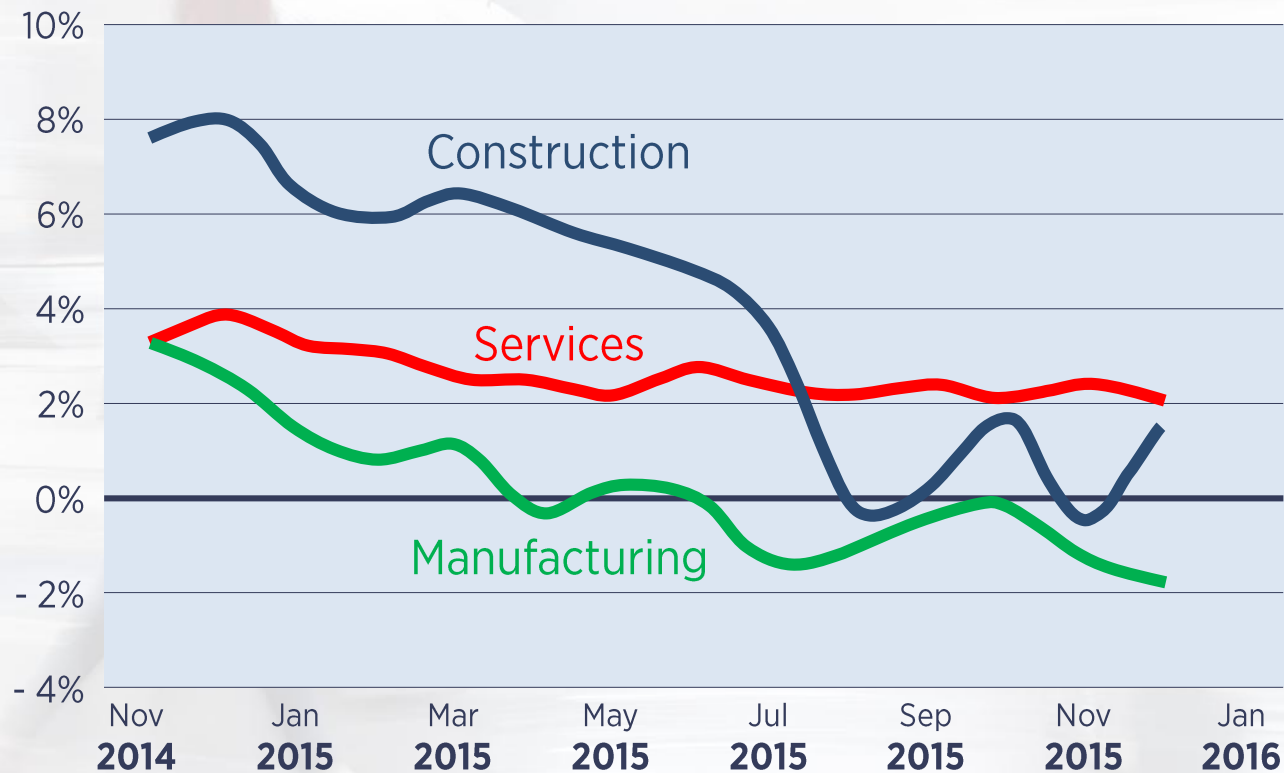
next



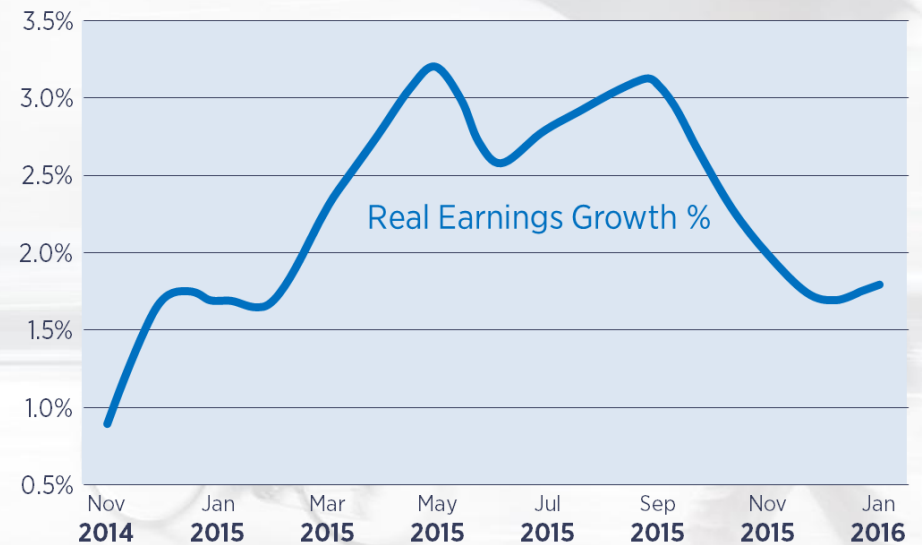
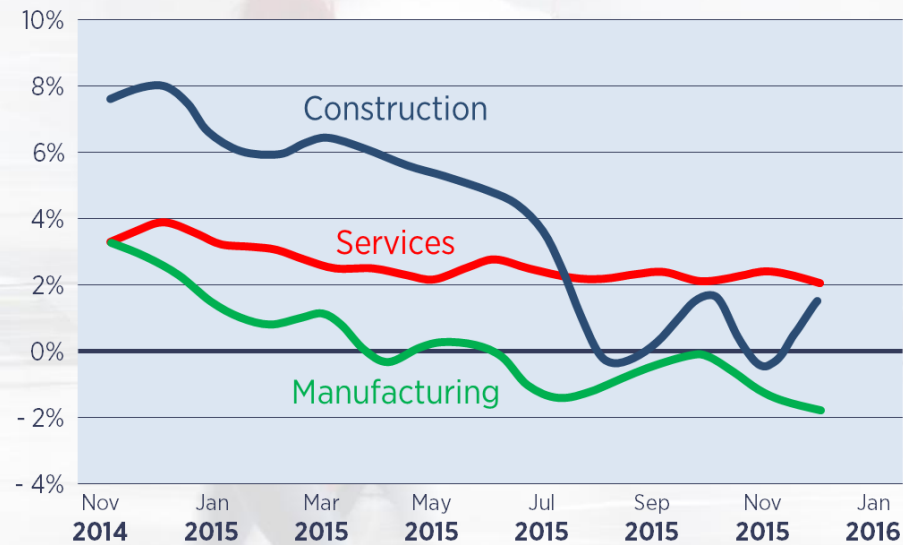
Growth in Real Earnings (Earnings growth less CPI) Source: ONS

UK Output Growth | 2014 to 2016

next



Source: HM Treasury Pocket Databank



**Strength in consumer
spending looks *very* unlikely**

- 1% to + 4%

MID POINT +1.5%

UK Spending Trends

Groceries

- 1%



- £243m

Clothing

+ 4%



+ £661m

+£4.2bn

Travel, recreation
and going out*

+ 8%



* Includes restaurants,
meals out, holidays

MARY
QUEEN OF SHOPS

TRINNY &
SUSANNAH

*How to Look
Good Naked*



VHF
UHF



ON-VOL

BRIGHT

COLOR

TINT

CONTRAST

RICHARD E. GRANT'S
**HOTEL
SECRETS**



MasterChef

Strictly Come Dancing



RICHARD E. GRANT'S
**HOTEL
SECRETS**











Strictly Come Dancing



Product Opportunities

Eveningwear

MON	TUE	WED	THU	FRI	SAT	SUN
DAY						
EVENING						

MON	TUE	WED	THU	FRI	SAT	SUN
DAY						
EVENING						

Priorities for 2016/17

next

Directory stock availability

Upgrading Directory

Retail space

Cost Control



Stock Availability AW15 | vs AW14



AW15 Sales by Publication | v AW14

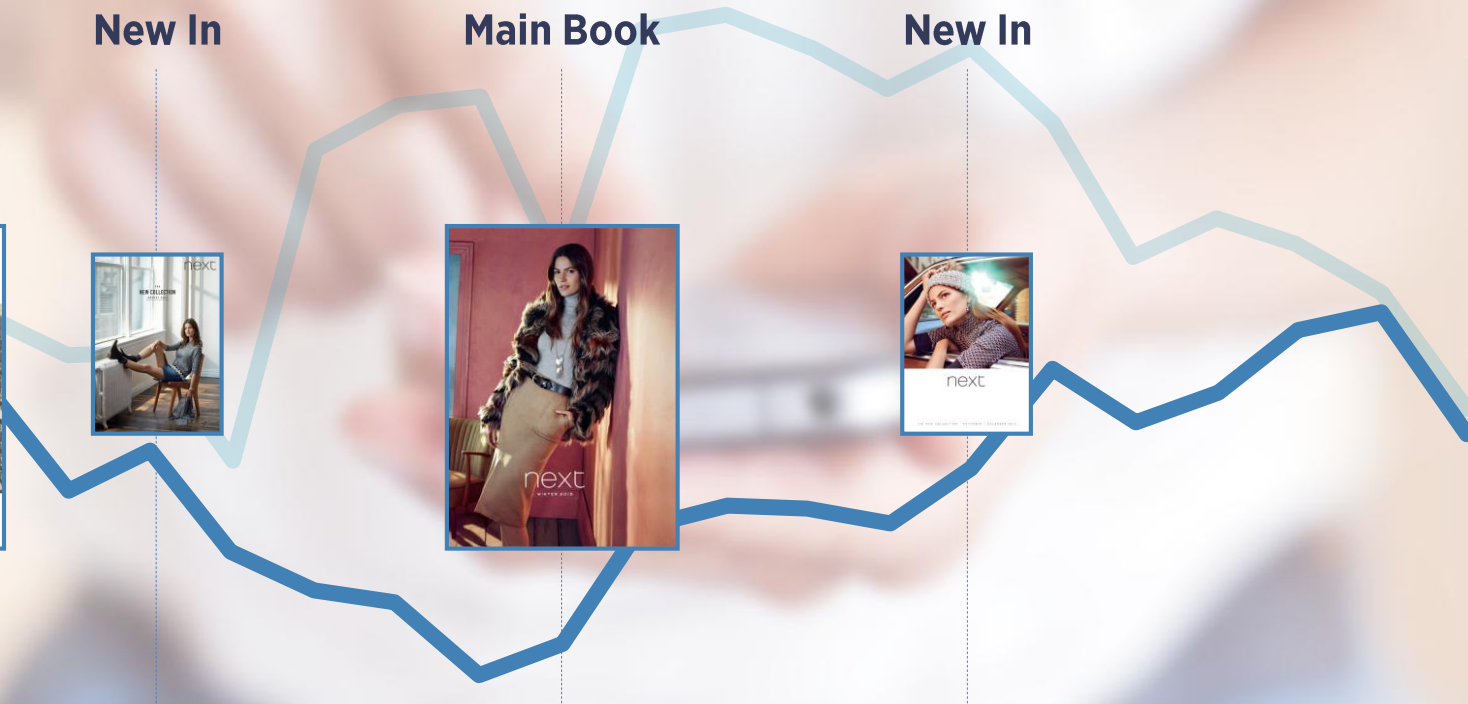
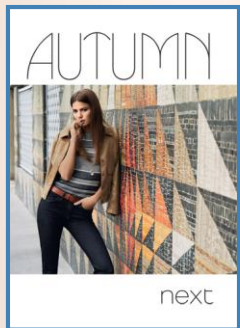
next

**Autumn
Main Book**

**Autumn
New In**

**Winter
Main Book**

**Winter
New In**



- **More initial stock in Spring and Summer**
 - **New merchandise system from Autumn**
-

User Interface

Credit



Books & Marketing

Delivery

2010

95%

buy on desktop



95%

of orders on account



89%

take main book



87%

of orders to home



2015

37%

buy on desktop



95%

84%

of orders on account



95%

53%

take main book



89%

87%

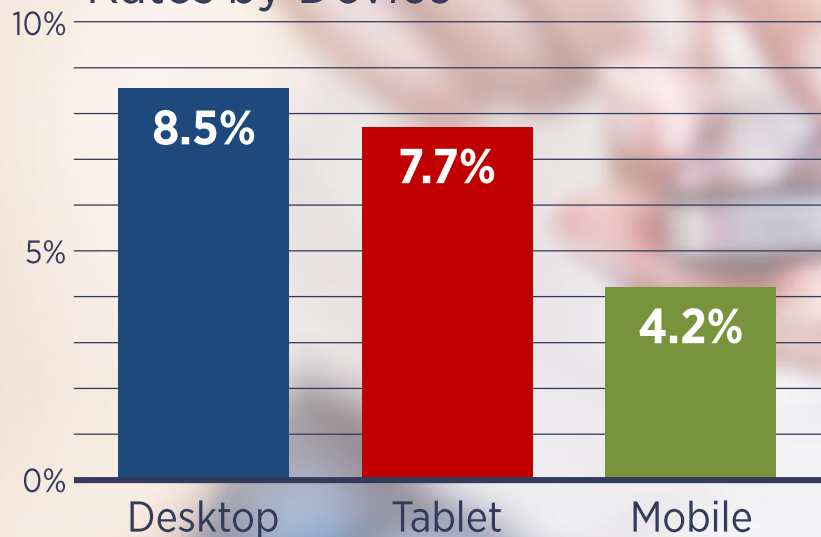
45%

of orders to home

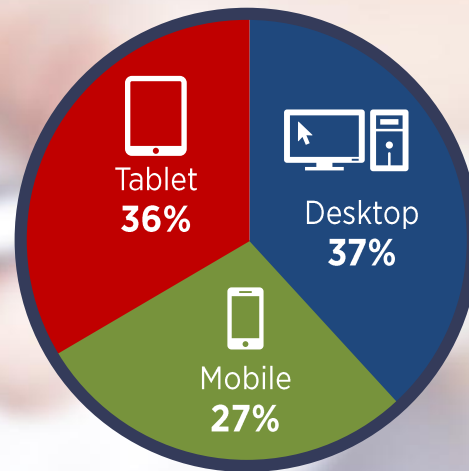


Mobile v Desktop

Directory Sales Conversion Rates by Device

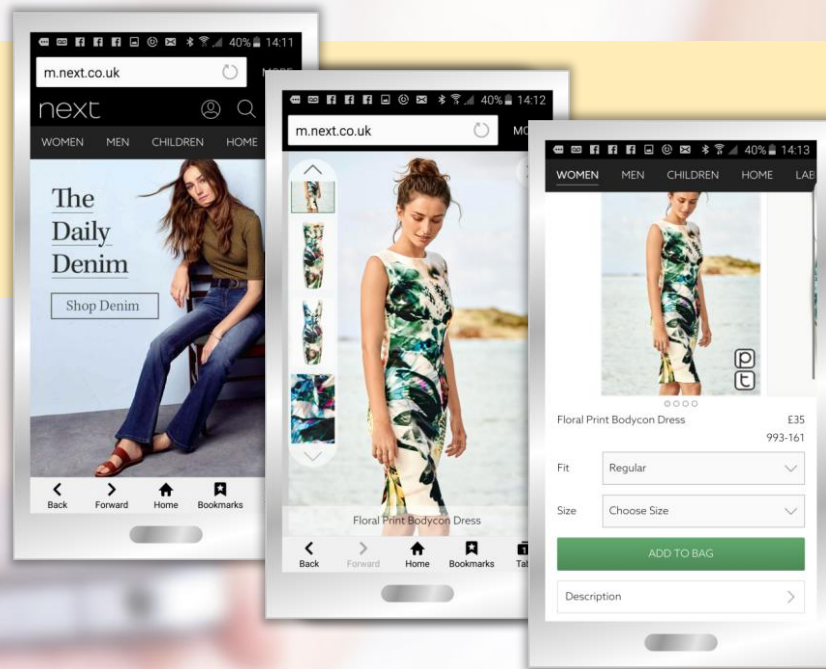
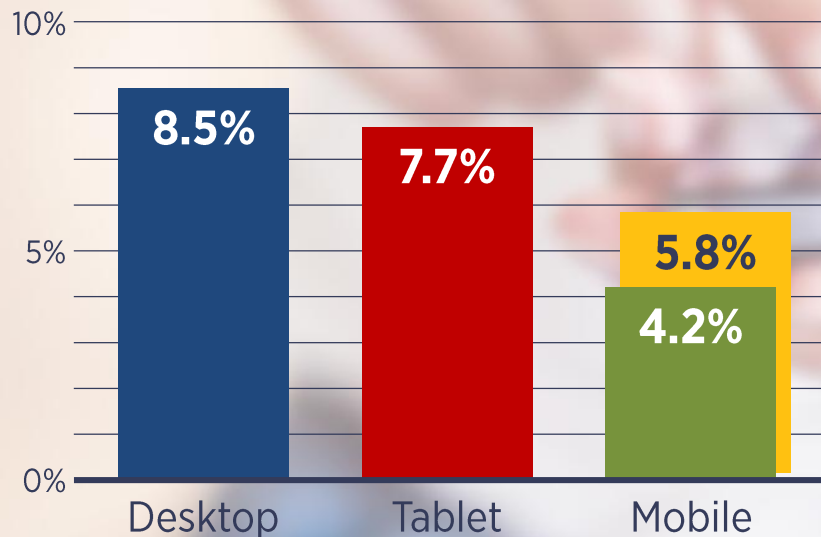


Directory Sales by Device



Mobile v Desktop

Directory Sales Conversion Rates by Device

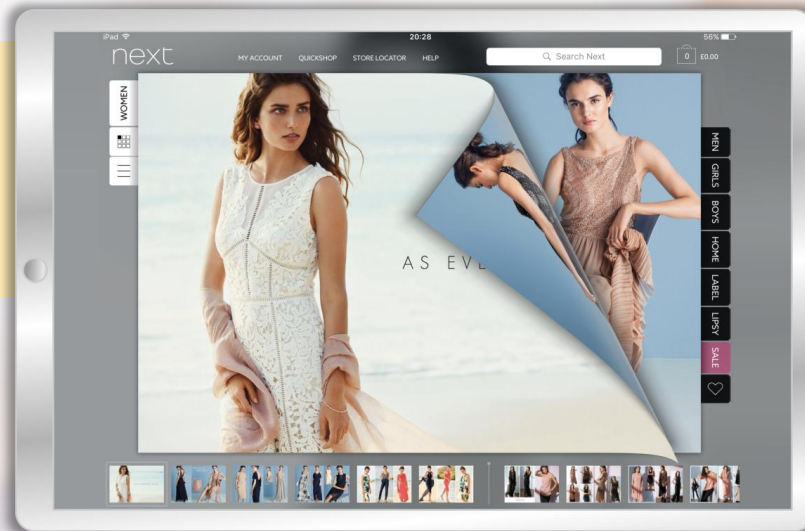
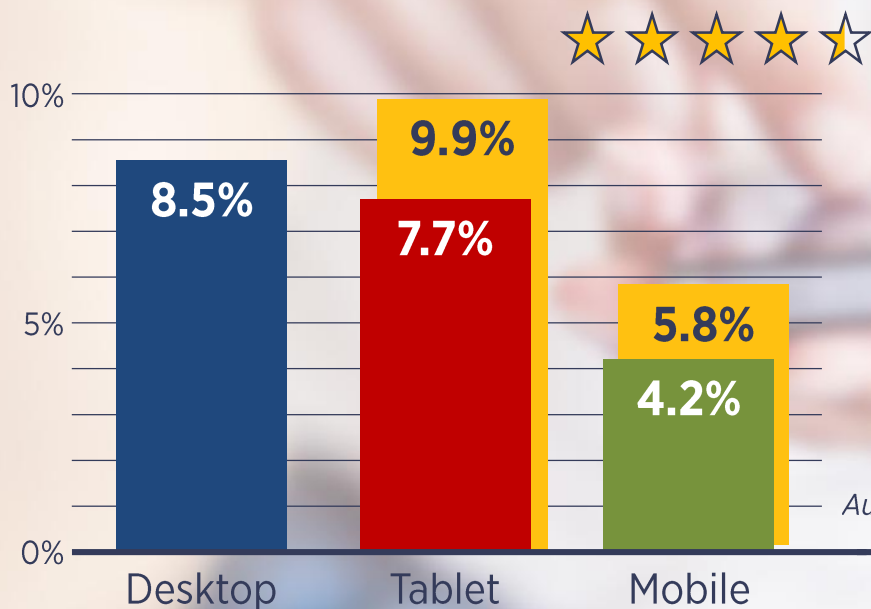


Mobile Site

March 2016

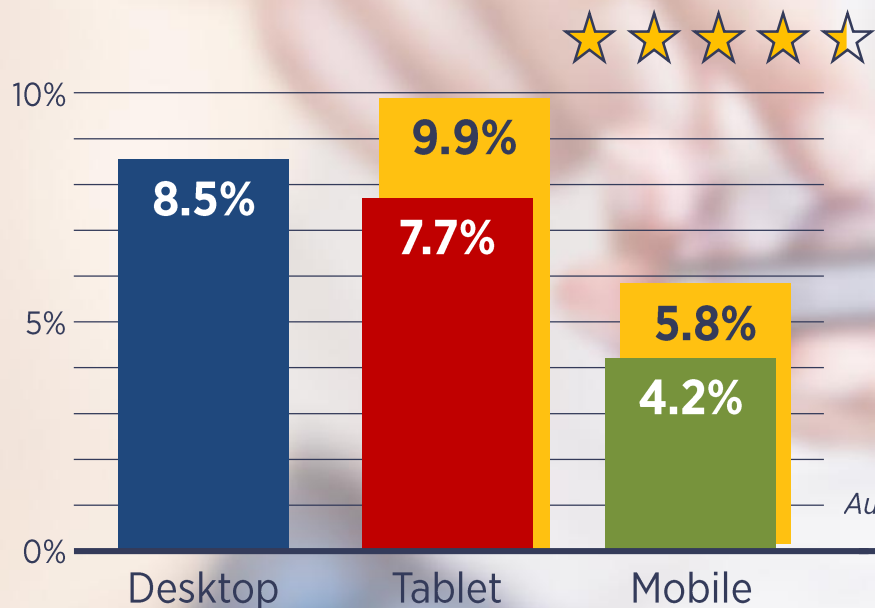
Mobile v Desktop

Directory Sales Conversion Rates by Device



Mobile v Desktop

Directory Sales Conversion Rates by Device



2015

37%

buy on desktop



84%

of orders on account



53%

take main book



45%

of orders to home





2010

2.7m
UK customers

2.4m
receive
main books

4,100
pages per
customer



3.8m
UK customers

2.0m
receive
main books

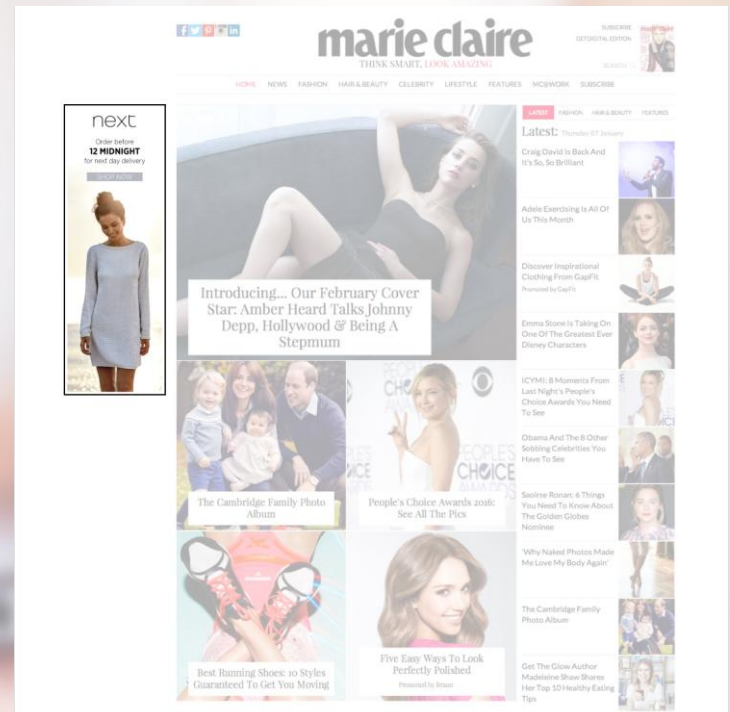
7,000
pages per
customer

2015

Fewer main books... **more pages per customer**

£8m

- Online advertising
- Personalisation
- Emails



Better targeting in 2016/17

2015

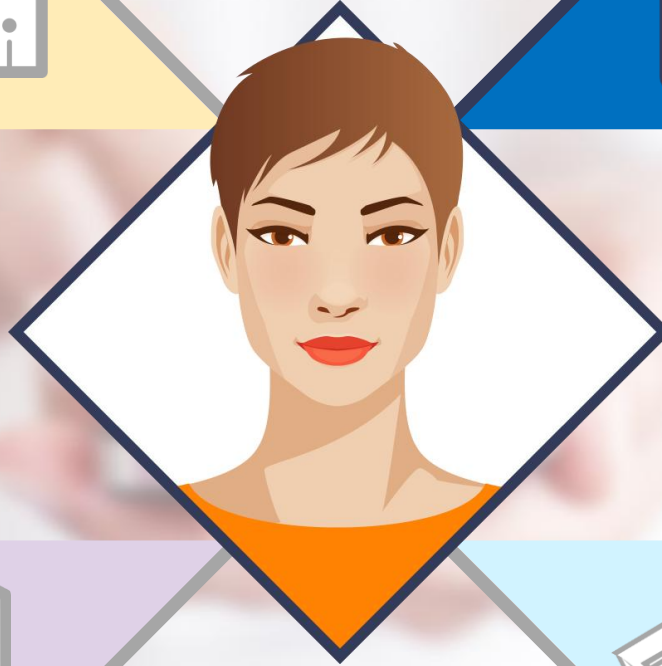
37%

buy on desktop



84%

of orders on account



53%

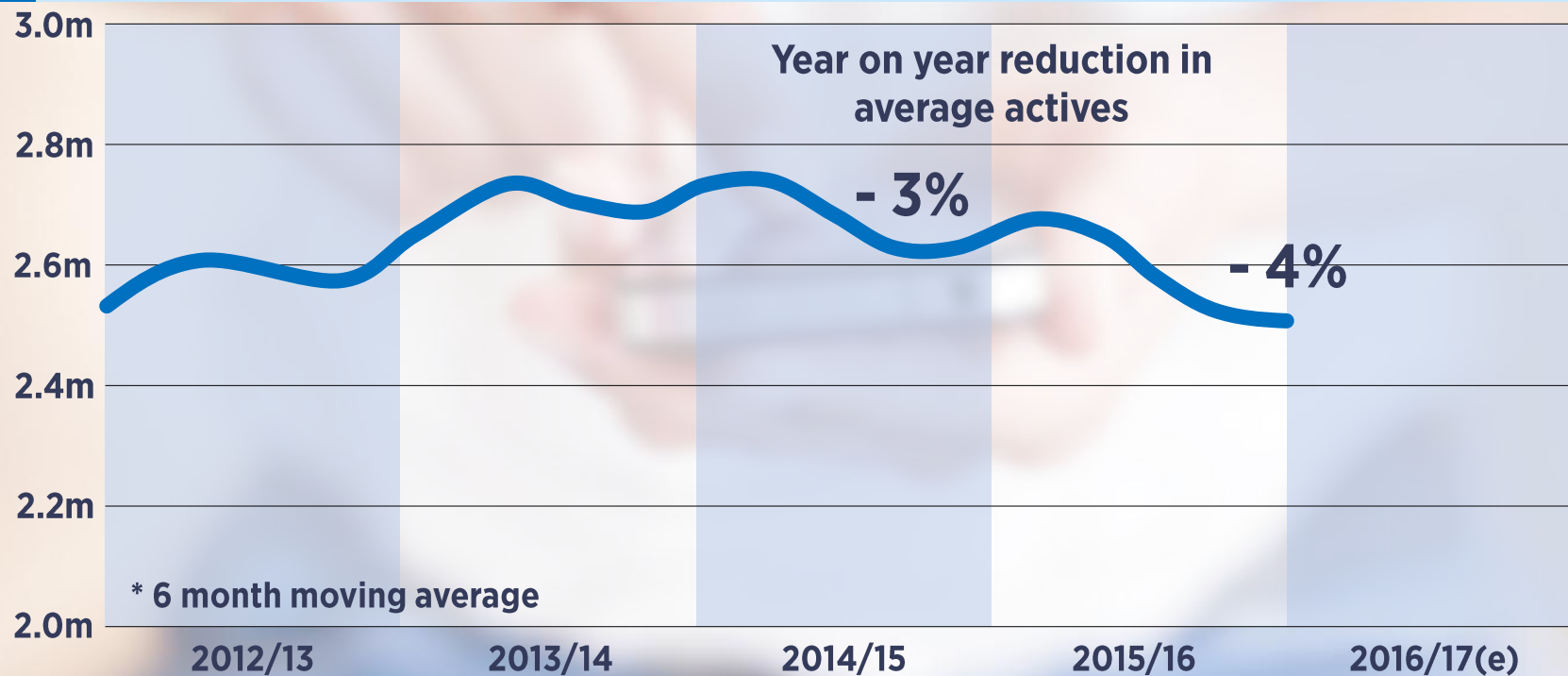
take main book



45%

of orders to home

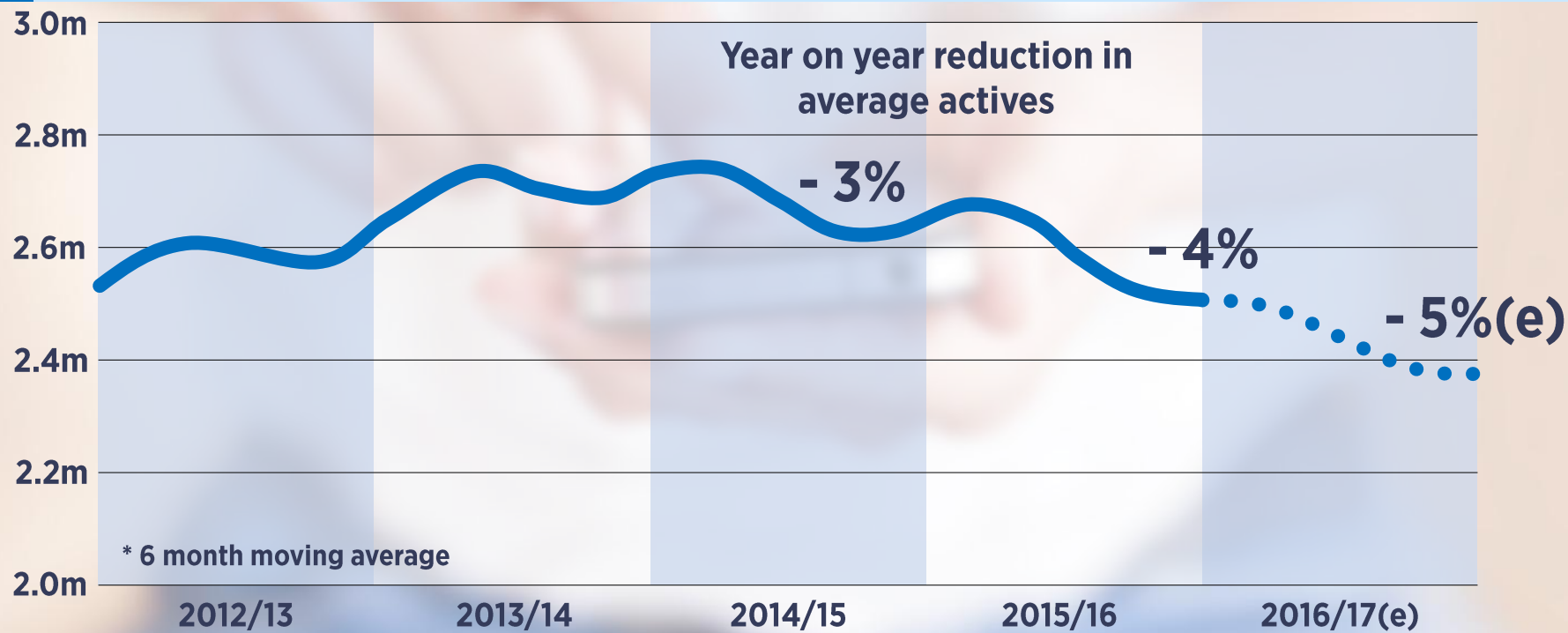
UK Credit Customers* | 2012 to 2016(e)



UK Credit Customers | 2012 to 2016(e)



UK Credit Customers* | 2012 to 2016(e)



2015

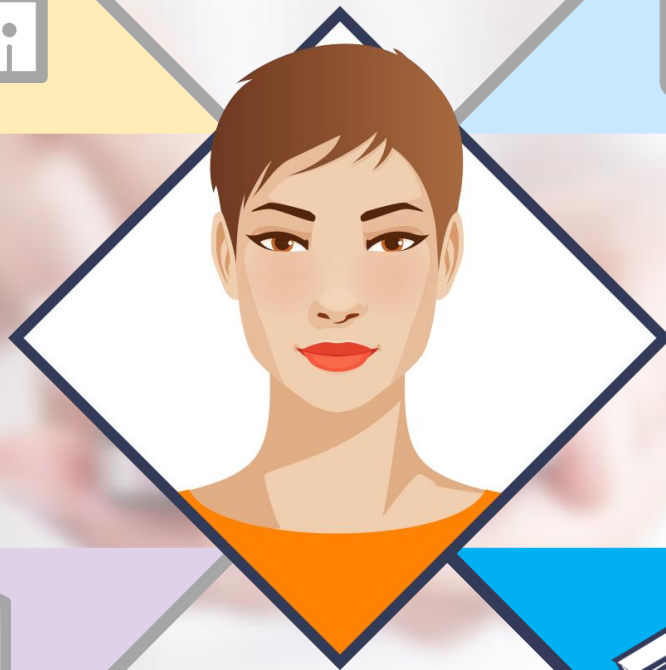
37%

buy on desktop



84%

of orders on account



53%

Take main book



45%

of orders to home



Parcel shops

circa 5,000 from September 2016



Tighter time slots

from 2017

Improving the NEXT delivery offer

User Interface

Credit



Books & Marketing

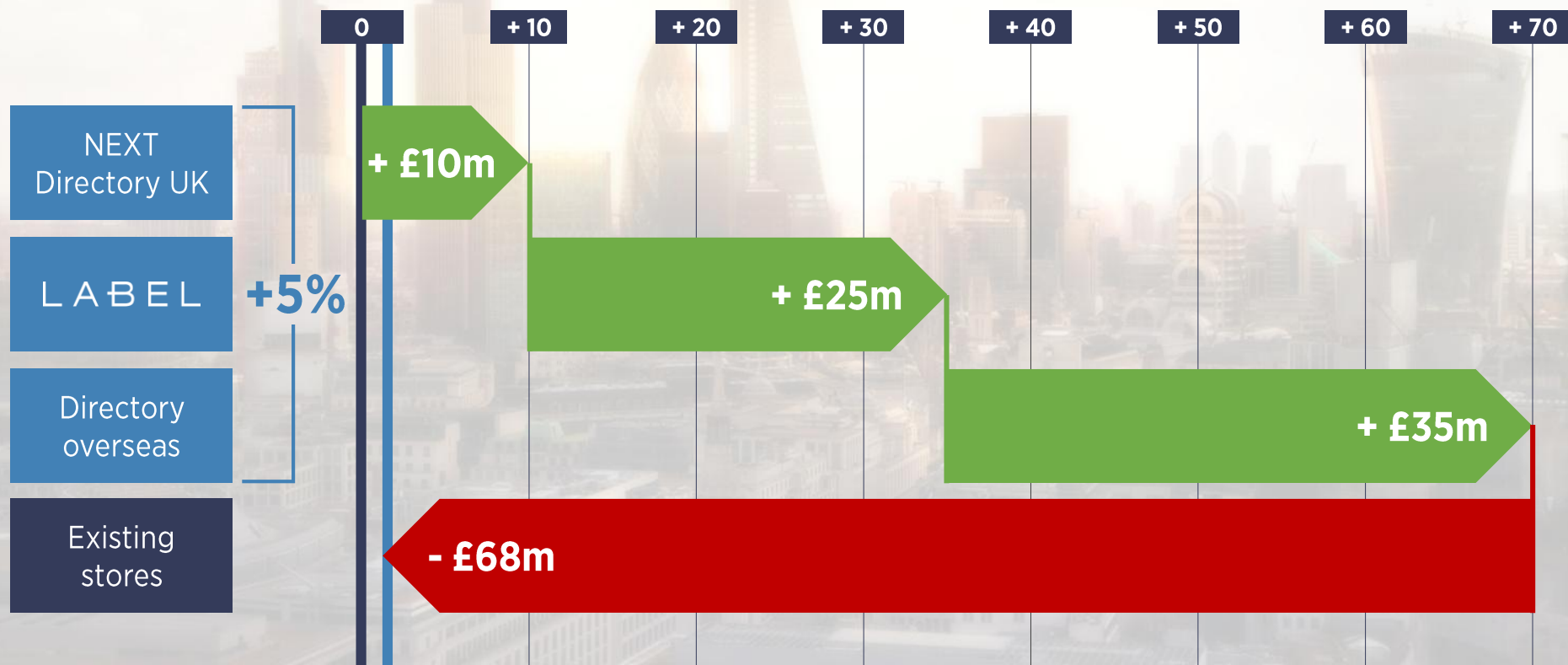
Delivery

Full Price Sales Drivers | 2016/17(e)

next

2015/16
£3.5bn

If full price sales are **+ 1.5%** mid point guidance

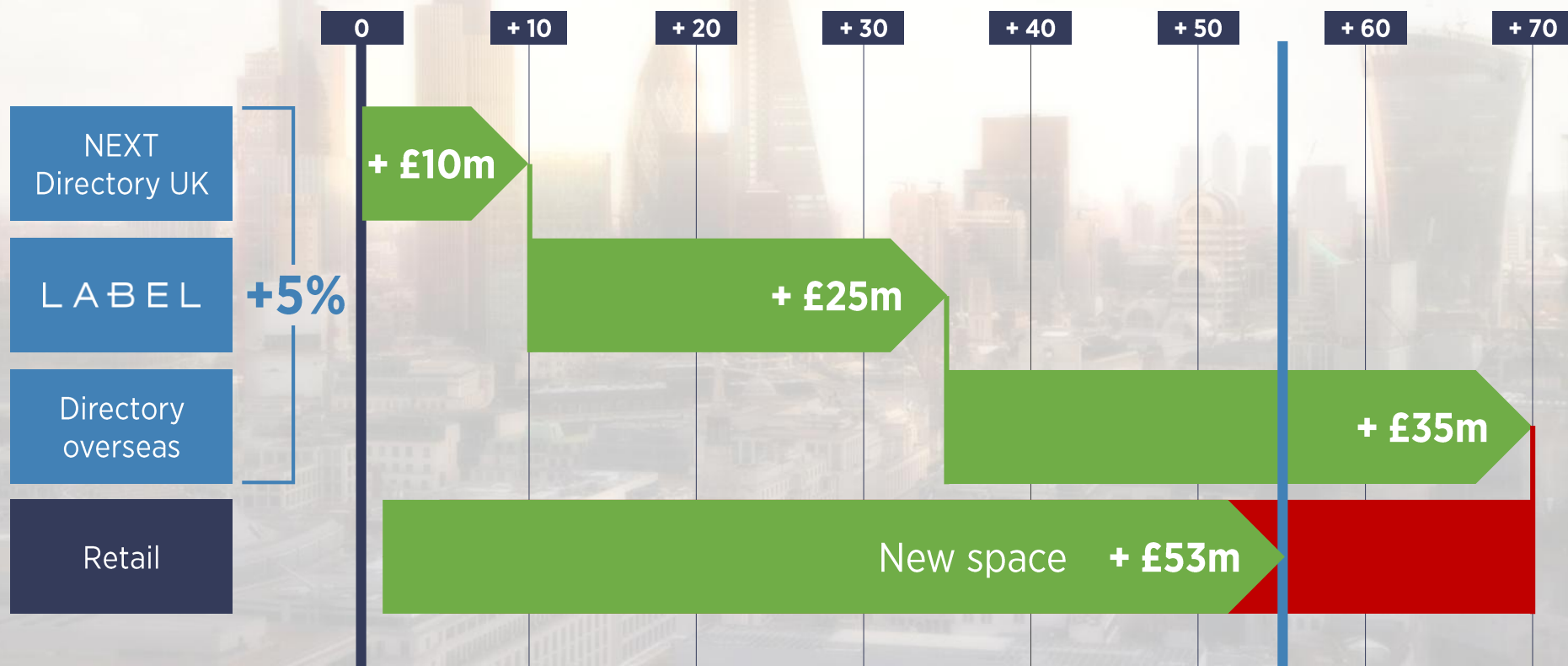


Full Price Sales Drivers | 2016/17(e)

next

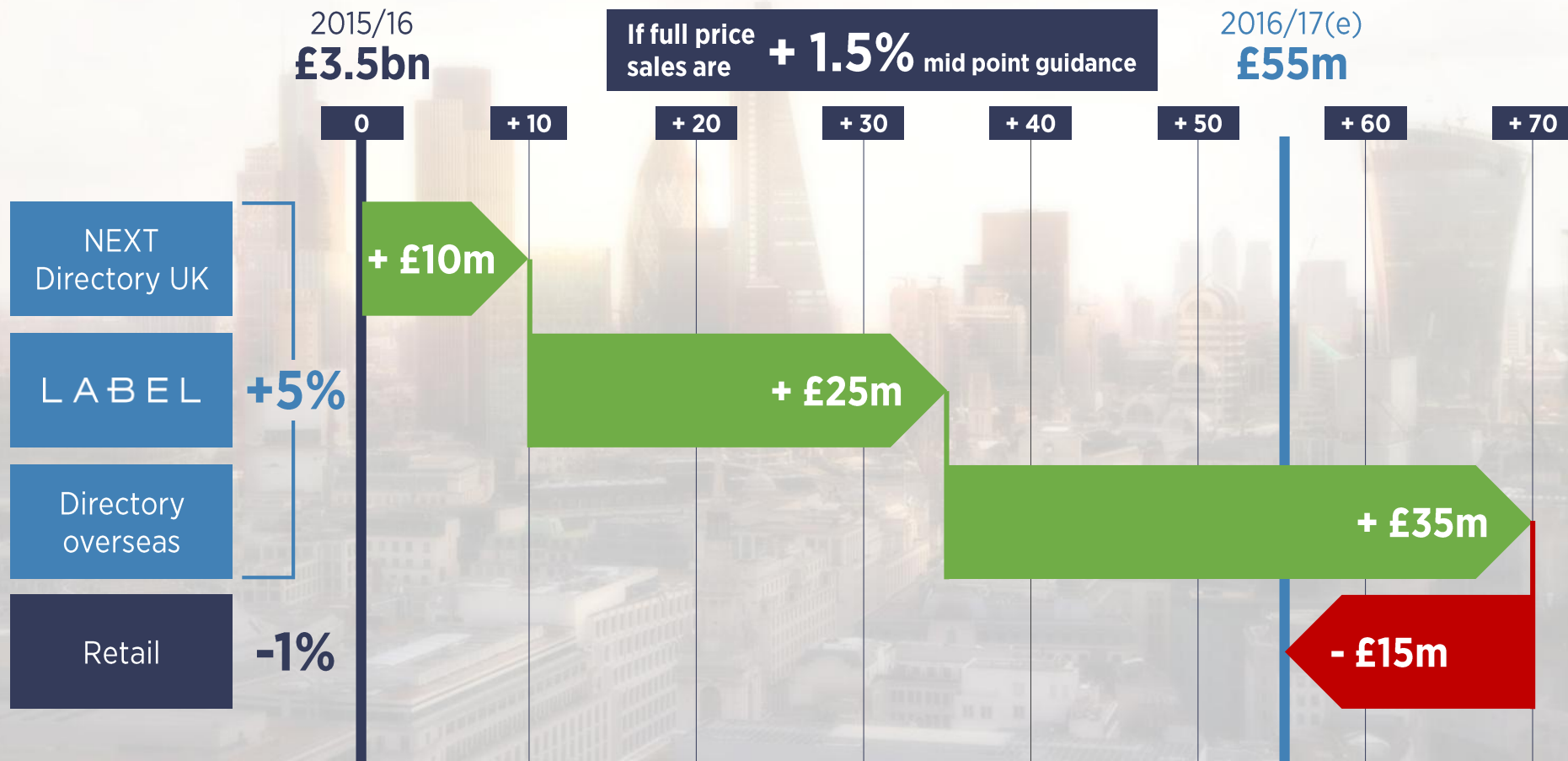
2015/16
£3.5bn

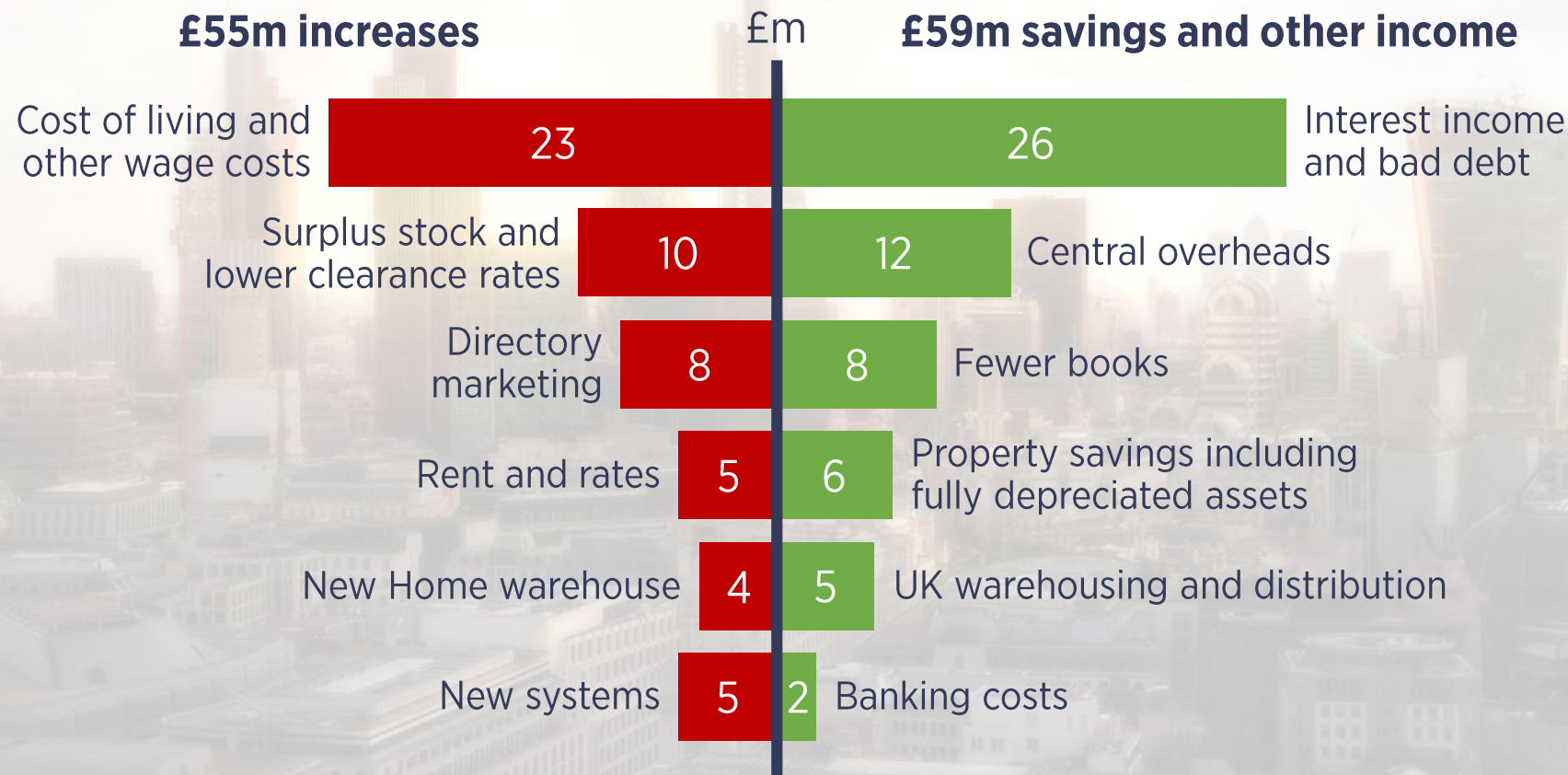
If full price
sales are **+ 1.5%** mid point guidance



Full Price Sales Drivers | 2016/17(e)

next





Mid Point Profit Scenario | 2016/17(e)

next

If full price sales are **+ 1.5%**

2016/17(e)
£821m 0%

740

760

780

800

820

Cost increases
- £55m

Retail LFL
- £30m

Cost savings
£59m

New space
£12m

Directory
£14m

Full year Brand full price sales

- 1% to + 4%

Profit before tax

£784m to £858m

Growth in profit

- 4.5% to + 4.5%

Ordinary dividend yield*

2.3%

Special dividend yield / buybacks*

circa 3.0%

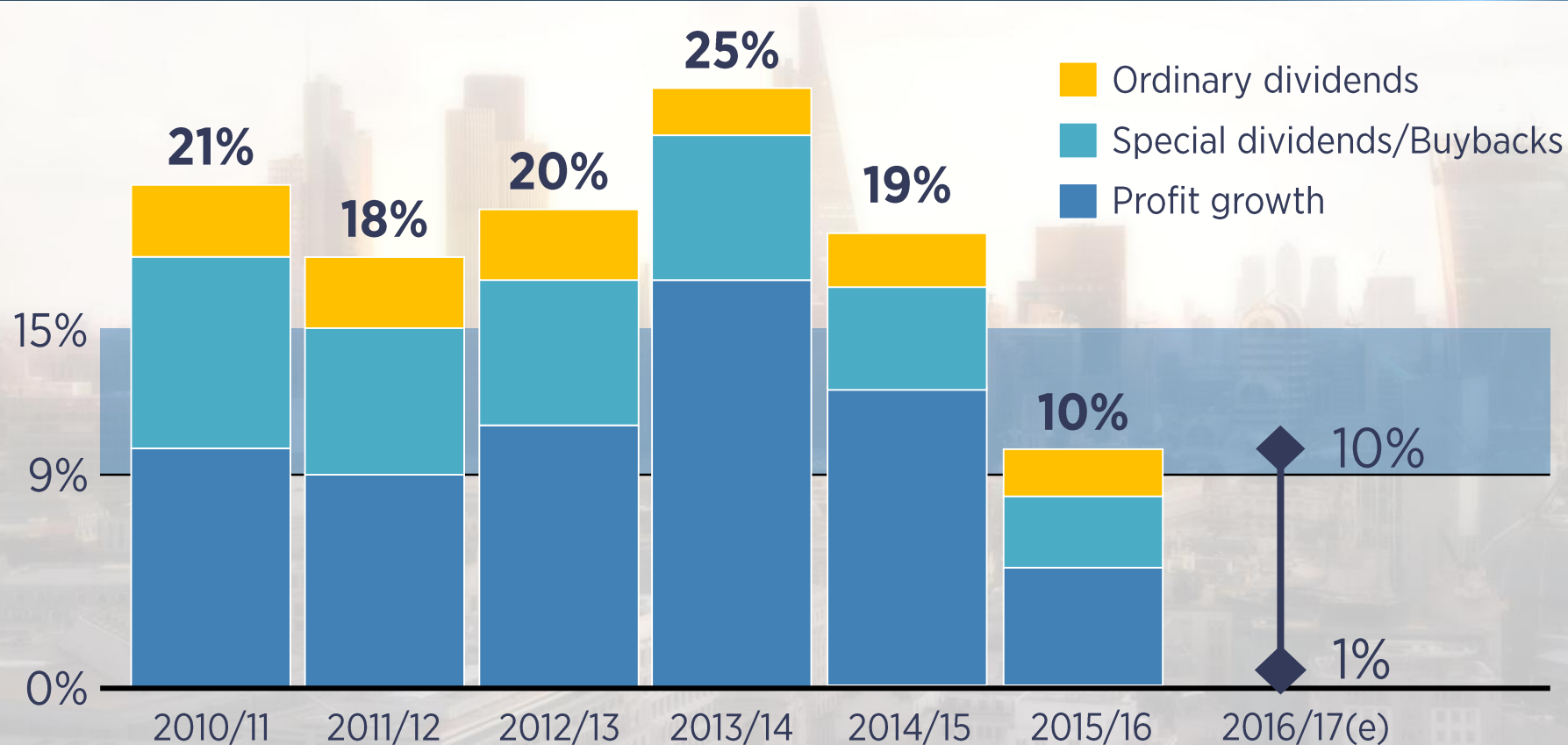
TSR underlying (at constant PE ratio)

1% to 10%

* Based on a share price of £67.66

Long Term TSR *Assuming constant PE ratio*

next





next

JANUARY

2016