

A woman with long brown hair is sitting on a wicker chair in a cafe. She is wearing a black turtleneck sweater and a light-colored skirt with a dark grid pattern. She is leaning her head on her right hand and looking towards the camera. In the foreground, there is a small round table with a white cup of coffee on it. The background shows more wicker chairs and tables, and a window with a view of the outside.

next | **JULY** 2015

Income Statement

next

£m	July 2015	July 2014		Full Price
Total sales	<u>1,907</u>	<u>1,856</u>	+ 2.7%	+ 3.5%
Operating profit	362	339	+ 6.7%	
Interest	<u>(15)</u>	<u>(15)</u>		
Profit before tax	347	324	+ 7.1%	
Taxation	<u>(70)</u>	<u>(66)</u>		
Profit after tax	<u>277</u>	<u>258</u>		
EPS	187.1p	173.3p	+ 8.0%	
Ordinary interim dividend	53.0p	50.0p	+ 6.0%	

Cash Flow

next

£m	July 2015	July 2014
Profit before tax	347	324
Depreciation / disposals	57	57
Capital expenditure	(81)	(54)
Working capital / other	(84)	(16)
Tax paid	(70)	(75)
ESOT	(40)	(36)
Cash flow before distribution	<u>129</u>	<u>200</u>

Cash Flow

next

£m

July 2015

July 2014

Capital expenditure

(81)

(54)

Full Year

Jan 2016(e)

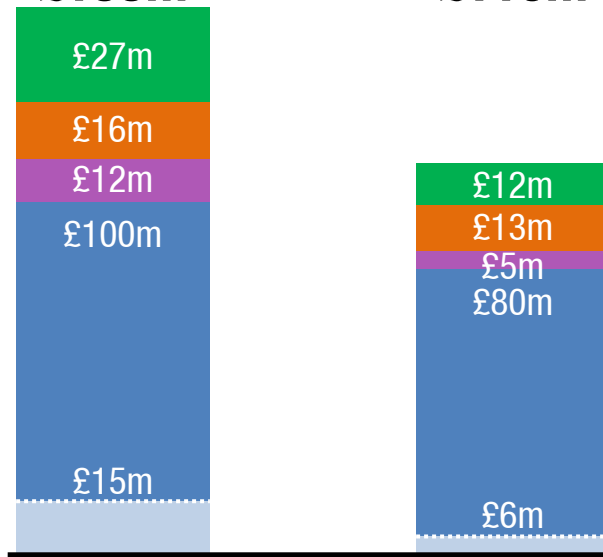
£155m

Jan 2015

£110m

- Warehouse
- Head Office infrastructure
- Systems
- Stores
- Cosmetic Refits

Store systems 6
General IT 6



Cash Flow

next

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Profit before tax	347	324
Depreciation / disposals	57	57
Capital expenditure	(81)	(54)
Working capital / other	(84)	(16)
Tax paid	(70)	(75)
ESOT	(40)	(36)
Special dividends paid	(163)	(149)
Share buybacks	-	(105)
Net cash flow	<u>(34)</u>	<u>(54)</u>

Balance Sheet

next

£m	July 2015	July 2014
Fixed assets & investments	530	513
Goodwill and intangibles	44	44
Stock	451	428
Debtors	926	780
Creditors	(896)	(867)
Dividends payable	(237)	(212)
Pension surplus	37	69
Buyback commitment	-	(62)
Net debt	(549)	(571)
Net assets	<u>306</u>	<u>122</u>

Balance Sheet

next

£m	July 2015	July 2014	
Fixed assets & investments	530	513	
Goodwill and intangibles	44	44	
Stock	451	428	
Debtors	926	780	+ 18.6%

Directory
debtors

July 2015

£790m

+21%

July 2014

£655m

Credit sales
increase

July 2015

+2%

July 2014

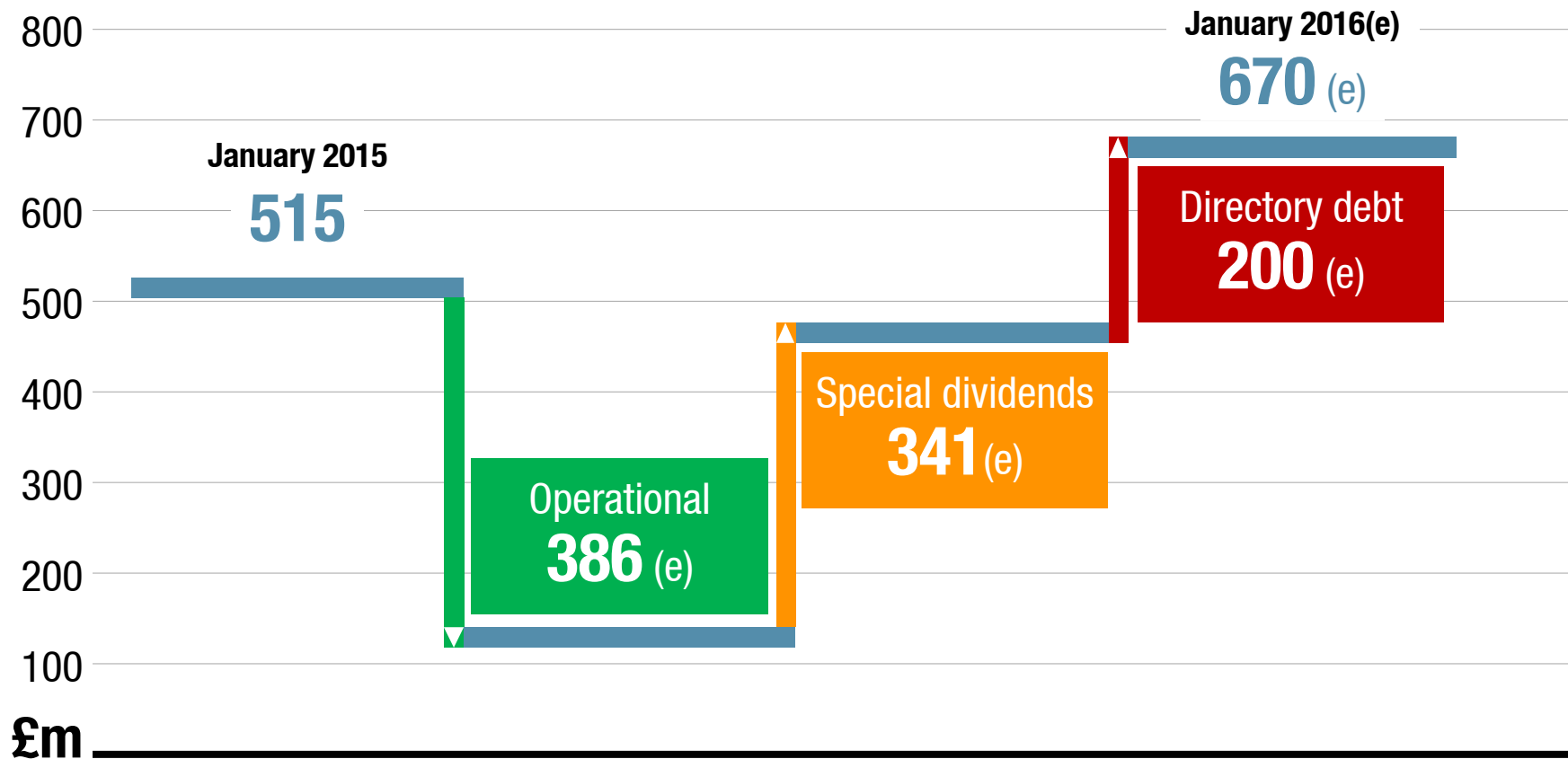
Balance Sheet

next

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Full Year Debt and Cash Flow

next



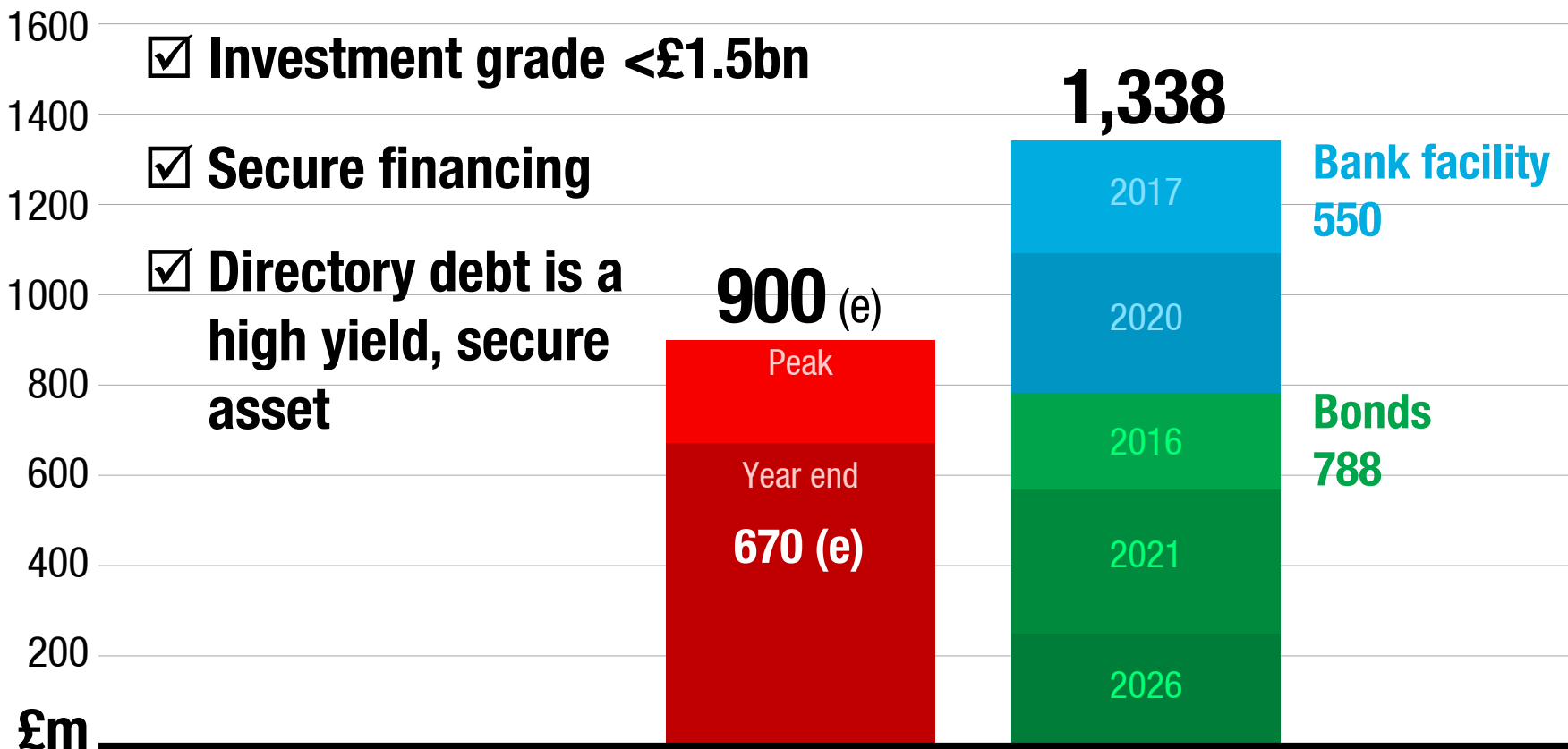
Funding Requirements

next

☑ Investment grade <£1.5bn

☑ Secure financing

☑ Directory debt is a high yield, secure asset



Retail

High Wycombe

Opened July 2015



Retail : Sales Analysis

next

£m	July 2015	July 2014		Full Price
Total sales	1,083	1,081	+ 0.2%	+ 0.8%
Operating profit	161	152		

Sales from new space

Sales growth from net space

Average net space growth (sq. ft.)

$$\frac{+ 2.2\%}{+ 3.6\%}$$

Return
on space
= 61%

Retail : Sales Analysis

next



£m	July 2015	July 2014	
Total sales	1,083	1,081	+ 0.2%
Operating profit	161	152	

New store performance

Sales v target

+10%

Payback (months)

18

Store profit

24%

Forecast for stores opened or extended in the last 12 months

Retail : Sales Analysis

next



£m	July 2015	July 2014	
Total sales	1,083	1,081	+ 0.2%
Operating profit	161	152	

Full year space

Stores Jan 2015

539

New (8 re-sites)

22

Extensions 13

Closed (11 re-sites)

- 19

Stores Jan 2016(e)

542

+ 293k sq. ft. + 4.0%

Retail : Profit Analysis

next

£m	July 2015	July 2014	
Total sales	1,083	1,081	+ 0.2%
Operating profit	161	152	+ 5.7%
% to sales	14.9%	14.1%	

Margin movement

Bought-in gross margin + 0.8%

Markdown + 0.2%

Achieved gross margin + 1.0%

Retail : Profit Analysis

next

£m	July 2015	July 2014	
Total sales	1,083	1,081	+ 0.2%
Operating profit	161	152	+ 5.7%
% to sales	14.9%	14.1%	

Margin movement

Achieved gross margin	+ 1.0%
Store payroll	- 0.2%
Store occupancy	- 0.1%
Warehousing and distribution	- 0.2%
Central overheads	+ 0.3%
Margin movement	<u>+ 0.8%</u>

Directory





Directory : Sales Analysis

next

£m	July 2015	July 2014		
Total sales	767	709	+ £58m	+ 8.2%
Operating profit	184	172		

Sales analysis

	Increase on last year	
	£	%
NEXT Directory UK	+ £19m	+ 3.3%
Label	+ £22m	+ 30.5%
Directory UK total	+ £41m	+ 6.3%



Directory : Sales Analysis

next

£m	July 2015	July 2014		
Total sales	767	709	+ £58m	+ 8.2%
Operating profit	184	172		

Sales analysis

	Increase on last year		Customers
	£	%	
Directory UK total	+ £41m	+ 6.3%	+ 7%
NEXT Directory overseas	+ £17m	+ 24.1%	+ 65%
Directory total	<u>+ £58m</u>	<u>+ 8.2%</u>	<u>+ 13%</u>



Directory : Profit Analysis

next

£m	July 2015	July 2014	
Total sales	767	709	+ 8.2%
Operating profit	184	172	+ 7.0%
% to sales	24.0%	24.3%	

Margin movement

Bought-in gross margin	+ 0.5%
Markdown	- 0.5%
Achieved gross margin	<u>0.0%</u>

Sale stock	+ 22%
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Markdown sales	0%
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Markdown sales to date	+ 18%
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Directory : Profit Analysis

next

£m	July 2015	July 2014	
Total sales	767	709	+ 8.2%
Operating profit	184	172	+ 7.0%
% to sales	24.0%	24.3%	

Margin movement

Achieved gross margin	0.0%
Interest income	- 0.2%
Bad debt	+ 0.1%
Marketing costs	+ 0.4%
Warehouse and distribution	- 0.9%
Central overheads	+ 0.3%
Margin movement	<u>- 0.3%</u>

Focus

Directory Credit

Retail Wages



UK Customer Analysis

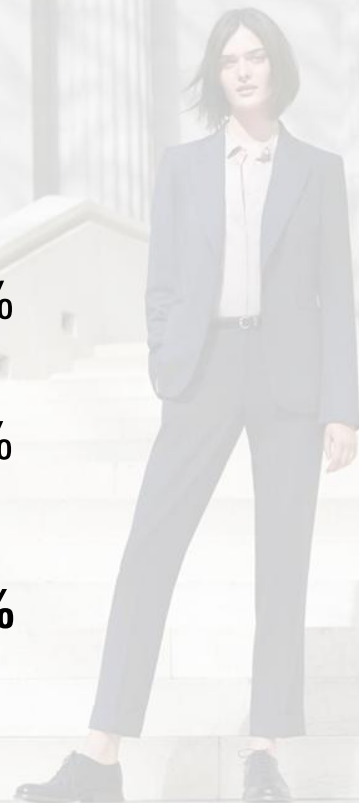
next

	July 2015	July 2014
Cash customers	1.14m	0.81m
Credit customers	2.66m	2.74m
Total UK customers	3.80m	3.55m

+ 40%

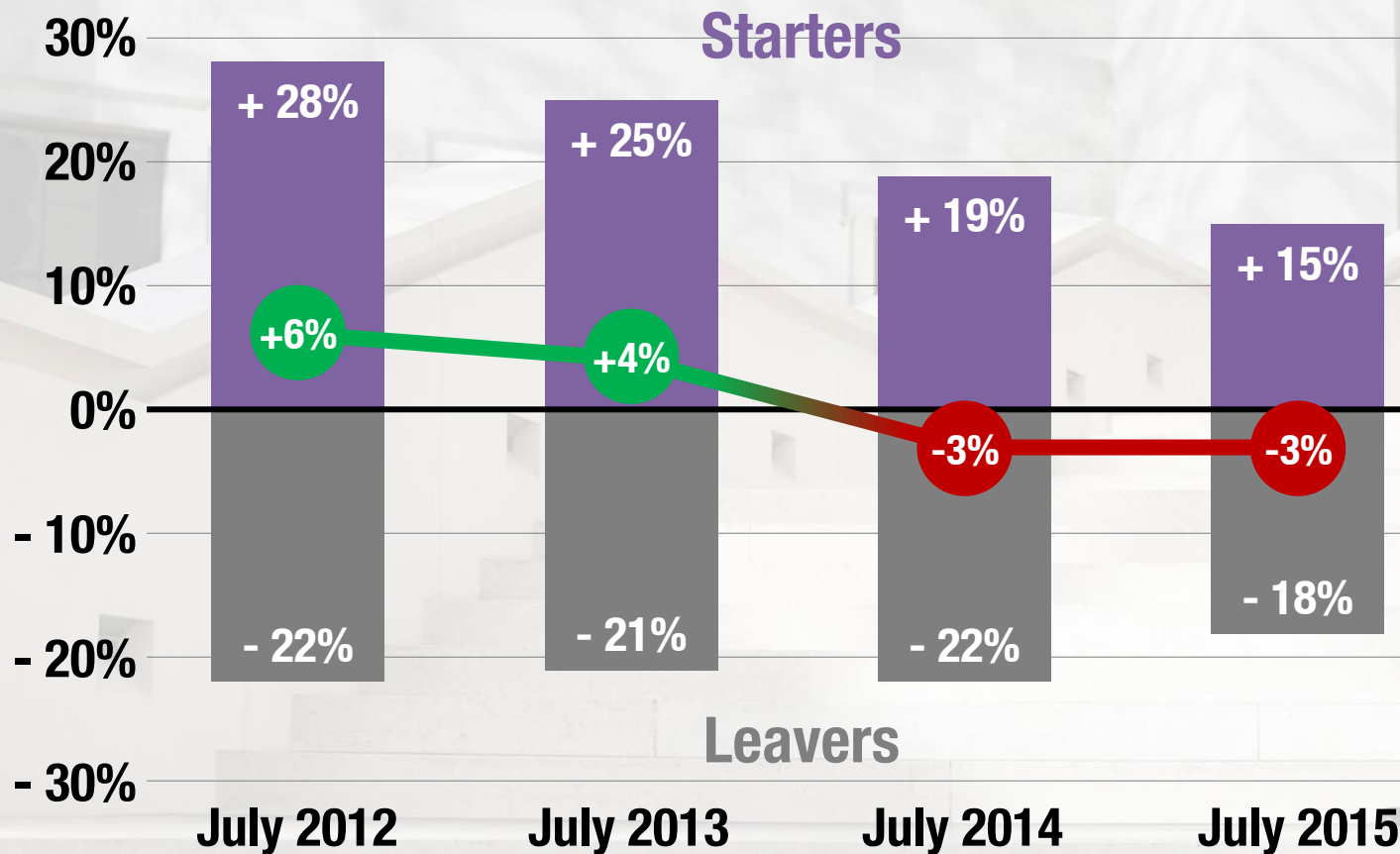
- 3%

+ 7%



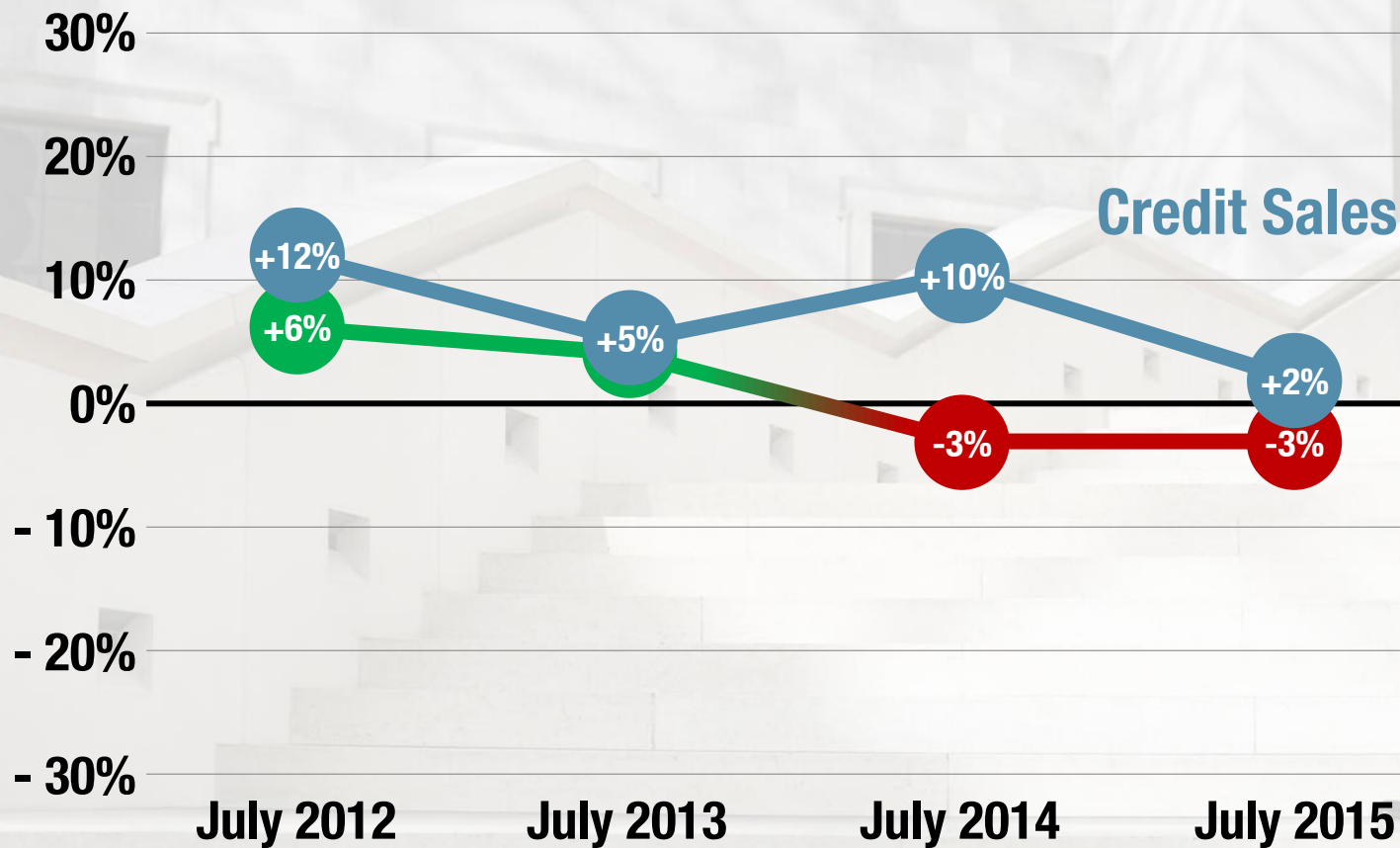
Credit Starters and Leavers

next



Credit Starters and Leavers

next



Promoting Credit

next

next SECURE CHECKOUT

TAKE PAYMENT > 4. COMPLETE

next ACCOUNT

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

DELIVERY OPTIONS

☒ Home Delivery £3.99 TOMORROW Wednesday 17th July To 1234 Next Road, En...

☐ Store Collection FREE Delivered on Friday 18th July (From Leicester Fosse Park... SS8 4G1) ☐ I'm Not in a Hurry (Collect in 3-4 Days)

YOUR ORDER

Show Your Order

Pay on Account

OR

Pay Now

£60.00 £3.99

Shop More

COMPLETE

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

Pay on Account

Pay Now

£60.00 £3.99

Credit take up from 7% to 14%

...but still not enough

Greater Flexibility

next

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

PAY WITH ALL MAJOR CREDIT OR DEBIT CARDS

Customer Number:
Selfserve Number:

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

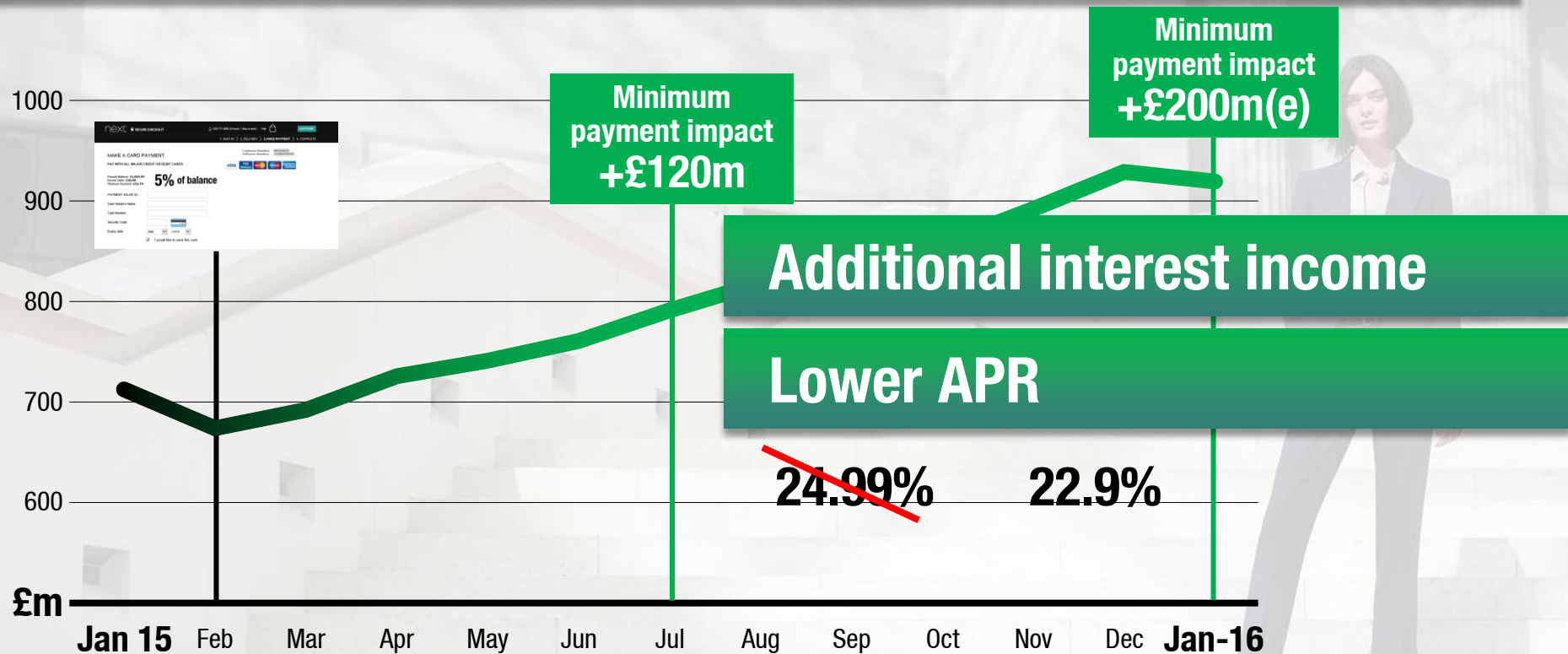
Expiry date MM YY YY

☒ I would like to save this card

‘More like a credit card,
less like home shopping’

Change in Directory Debtors

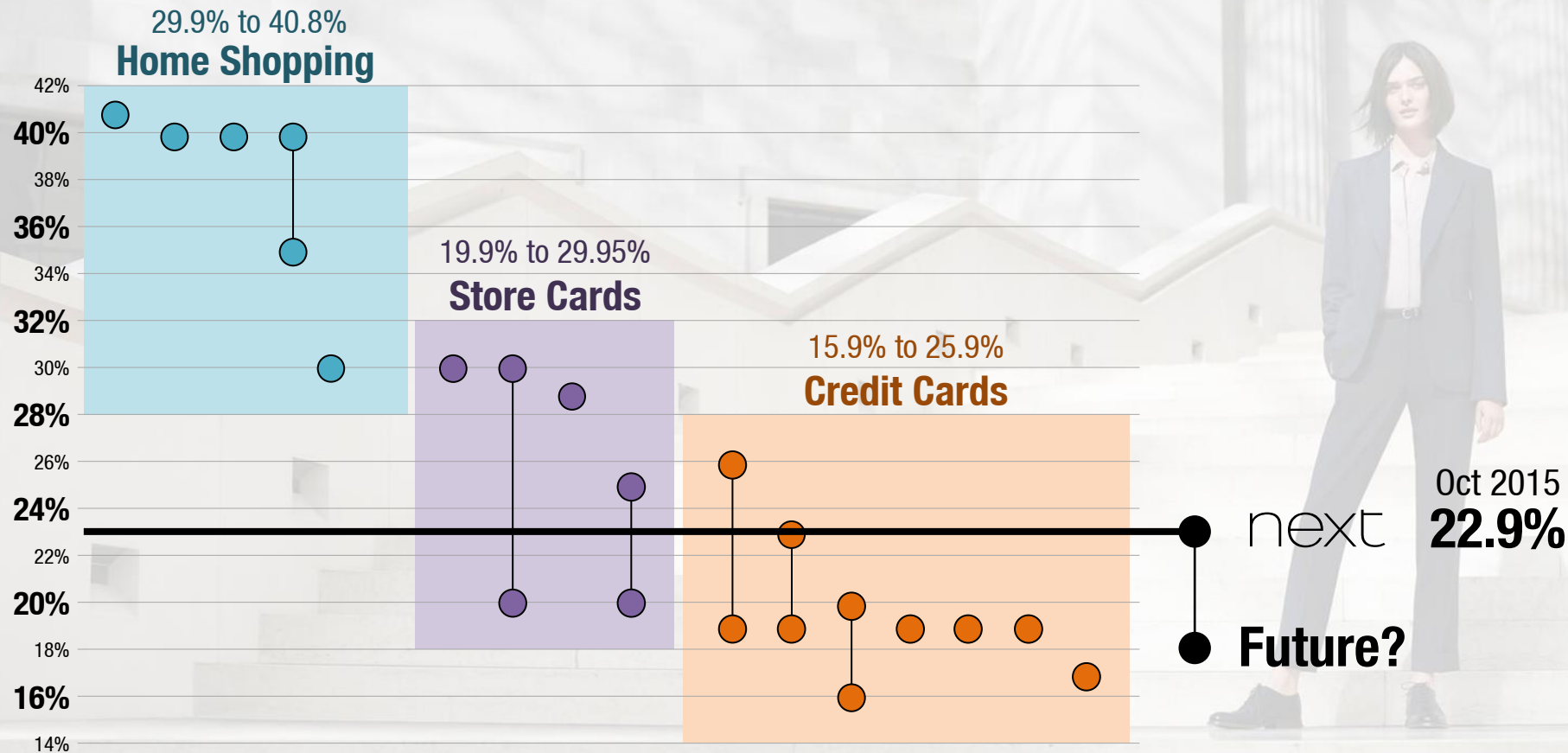
next



APR Tracker Competitor Benchmarking

July 2015

next



	Annualised (e)	2015/16 (e)
Average increase in balance	£200m	£96m
Additional interest income	£50m	£22m
Additional bad debt provision (6.5%)	(£13m)	(£13m)
Cost of funding (4%)	(£8m)	(£4m)
Sub total	£29m	£5m
APR reduction to 22.9%	(£19m)	(£4m)
Net effect	£10m	£1m

5% *

* % return

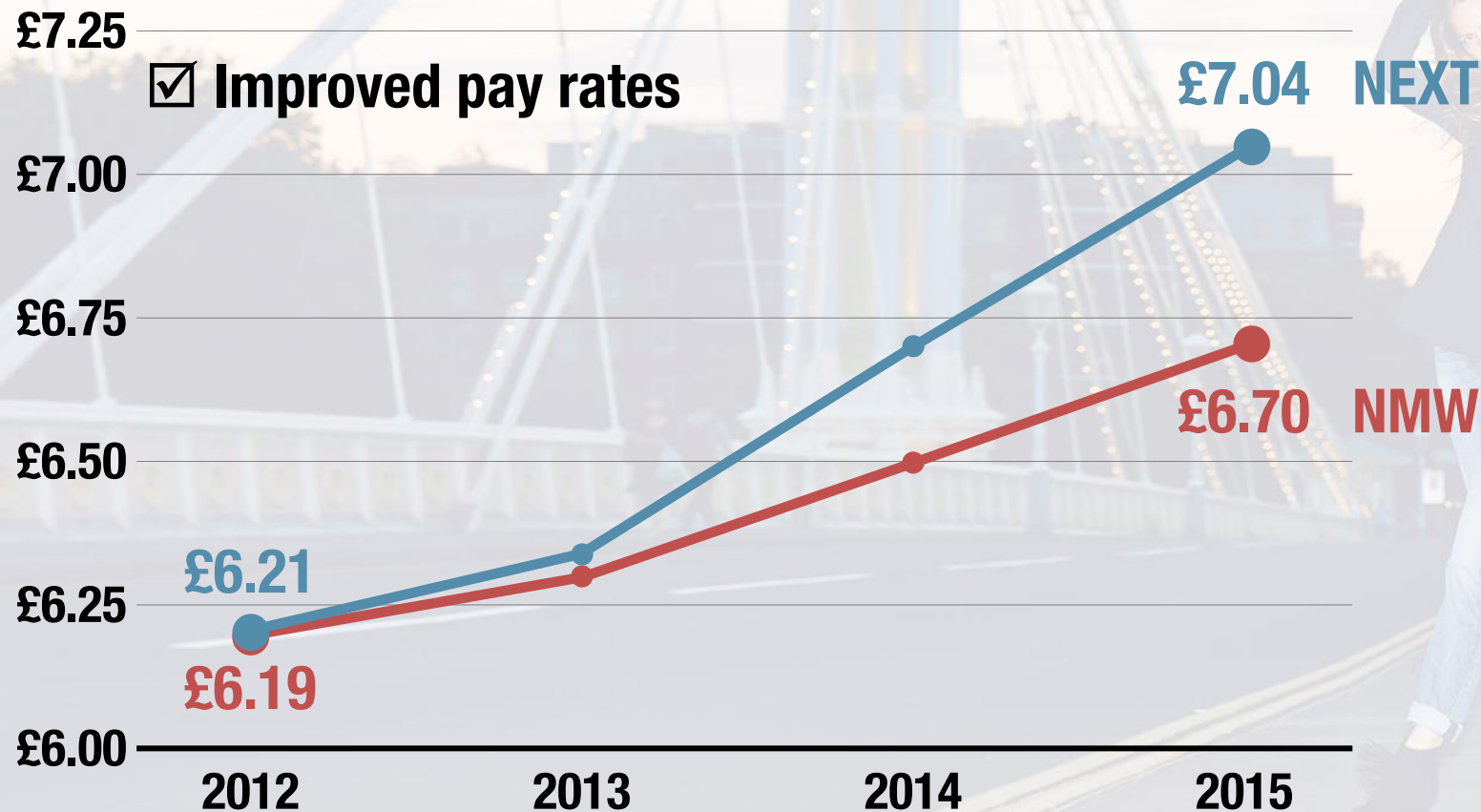


Retail Wages



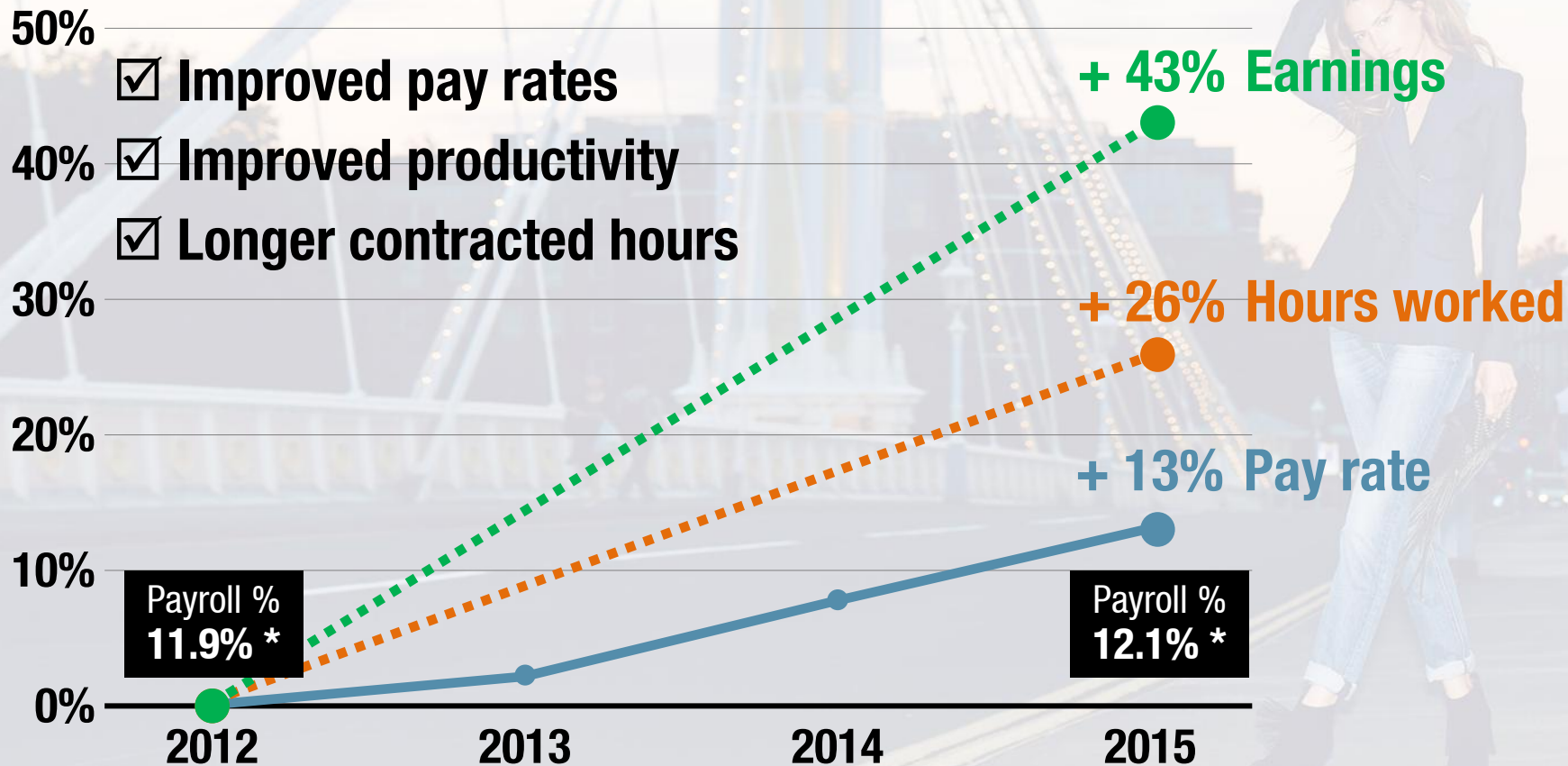
Retail Wages

next



Indexed Earnings Growth

next



* % of payroll over VAT ex. sales

Living Wage Premium

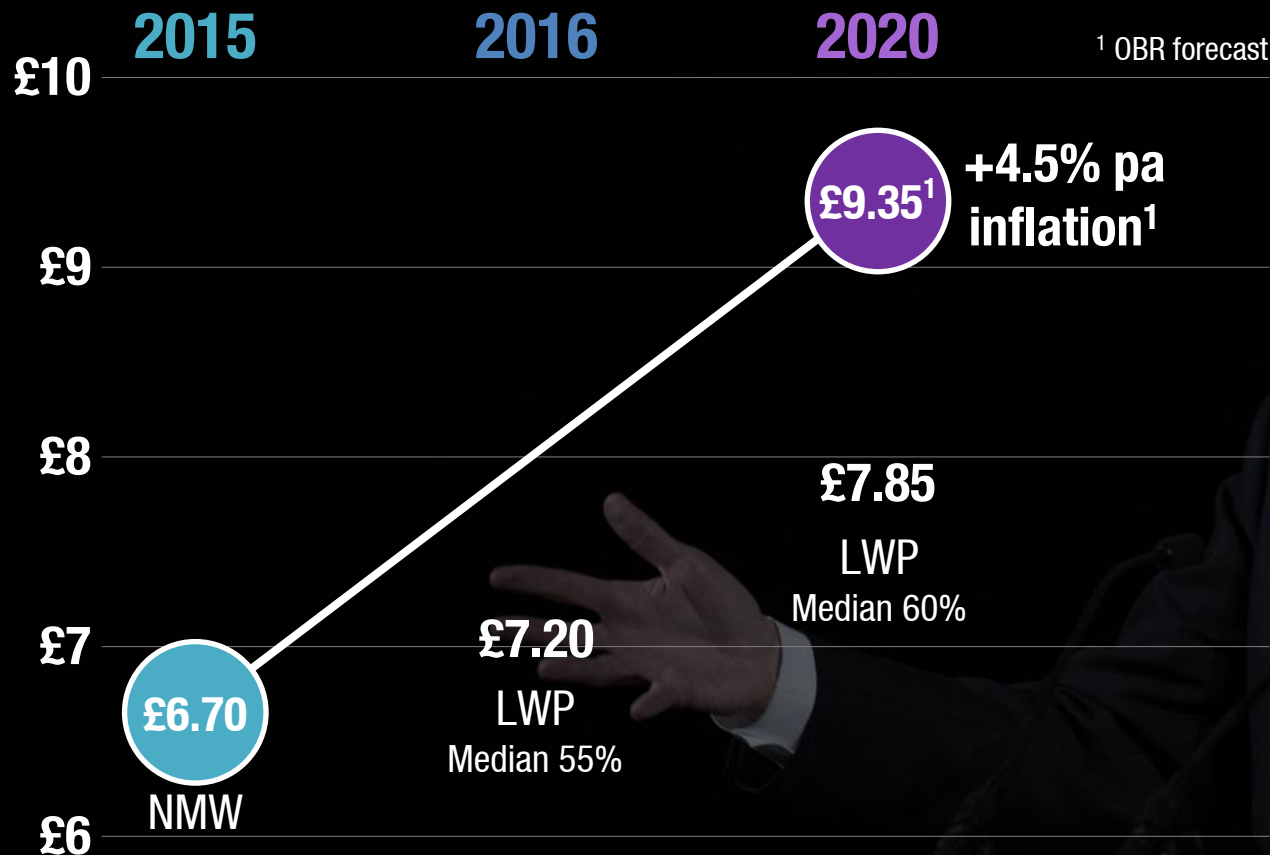
“...reaching 60% of median earnings by 2020.”

“...set to reach £9 by 2020.”



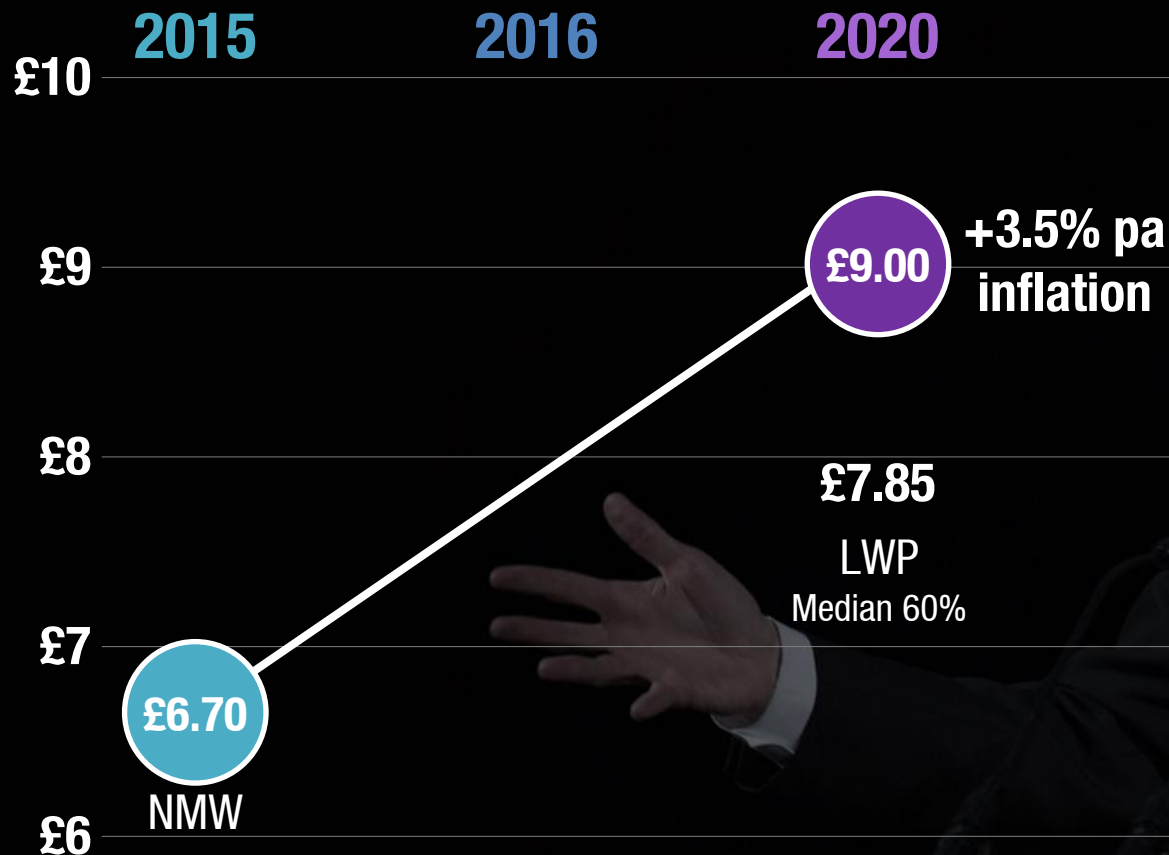
Living Wage Premium (LWP)

next



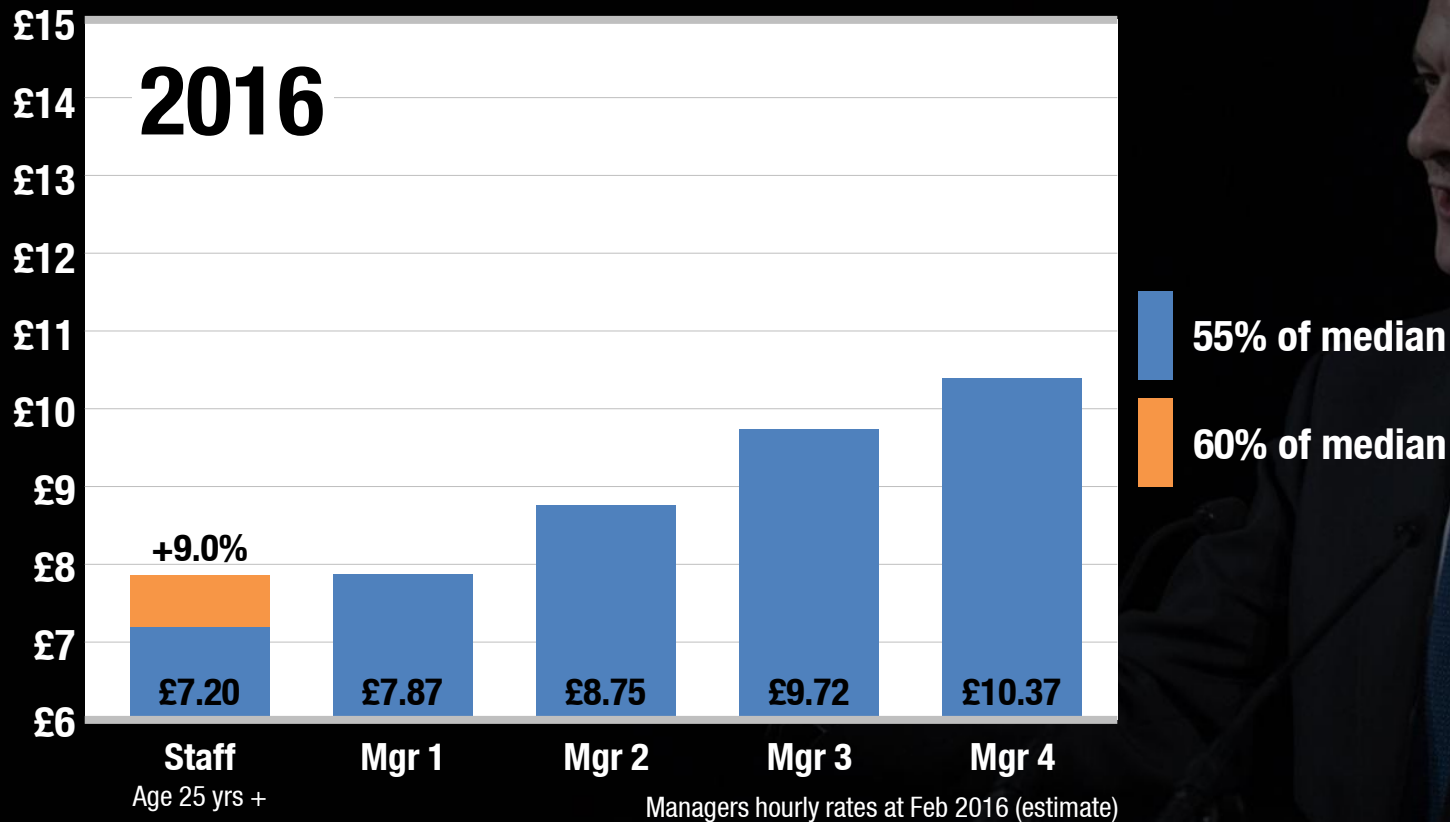
Living Wage Premium (LWP)

next



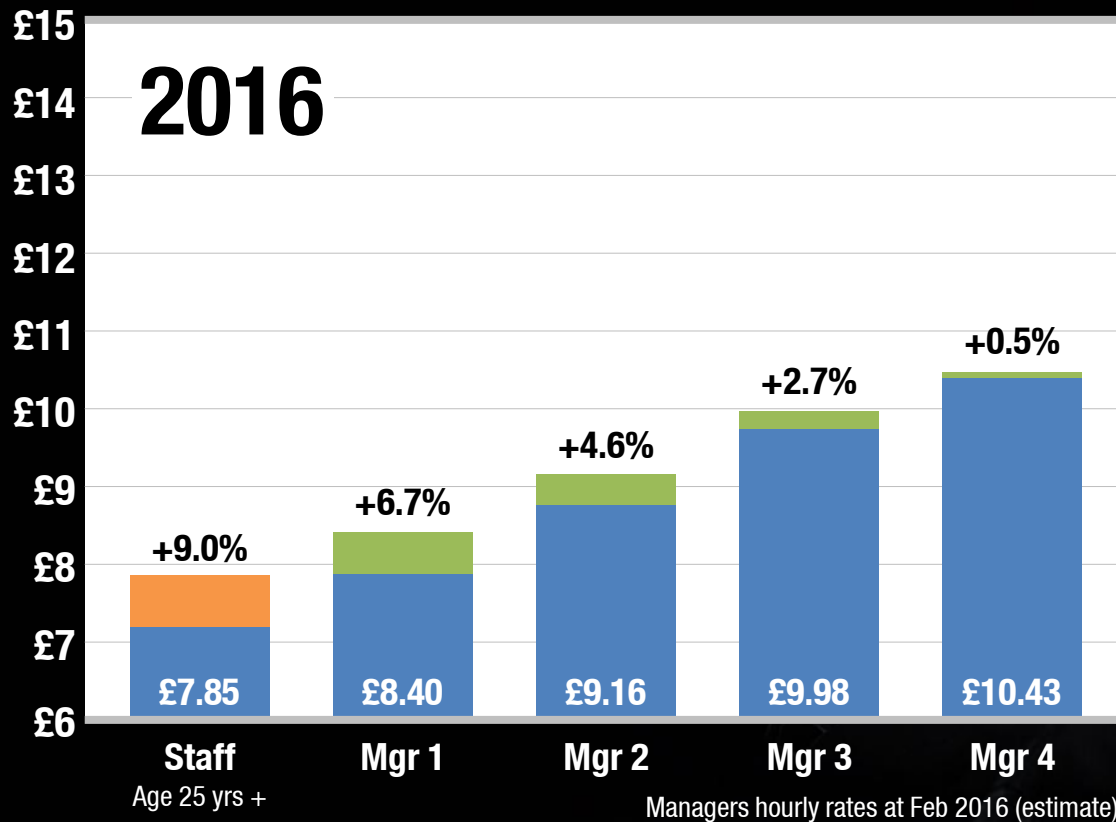
Impact on NEXT Rates of Pay

next



Impact on NEXT Rates of Pay

next



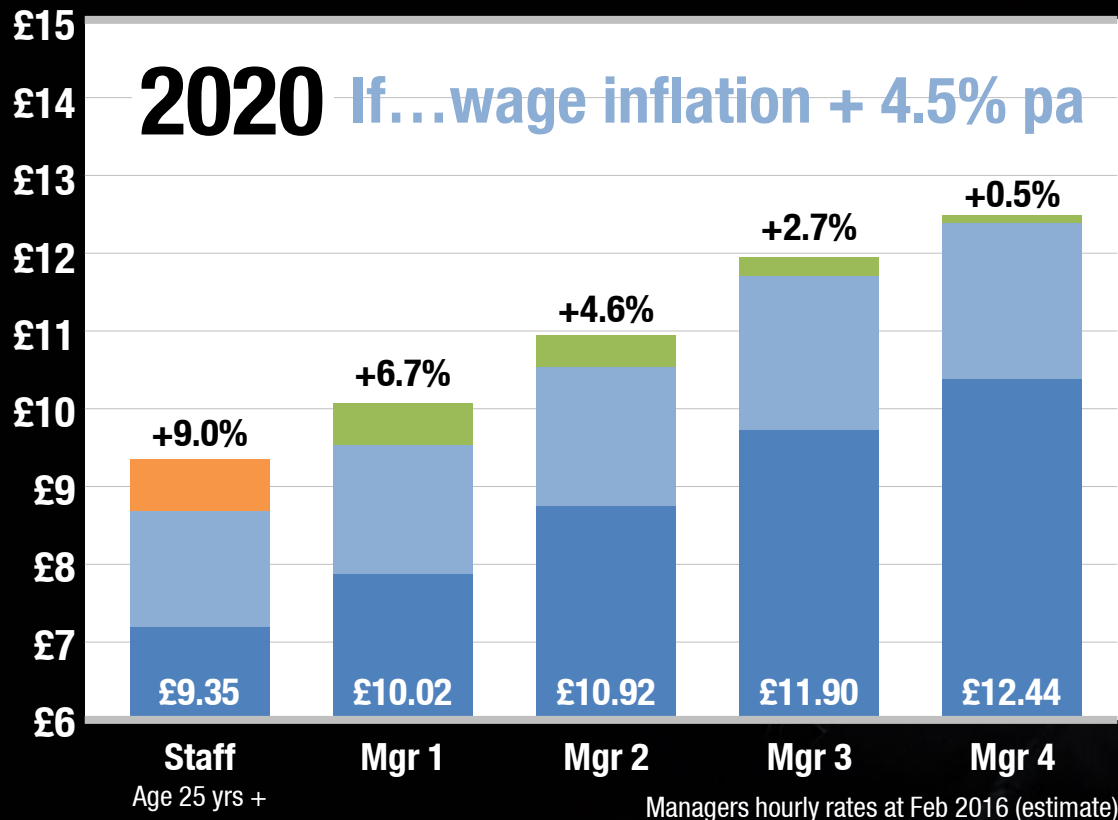
60% of median **£11m**

Knock on **£16m**

Cost of impact £27m

Impact on NEXT Rates of Pay

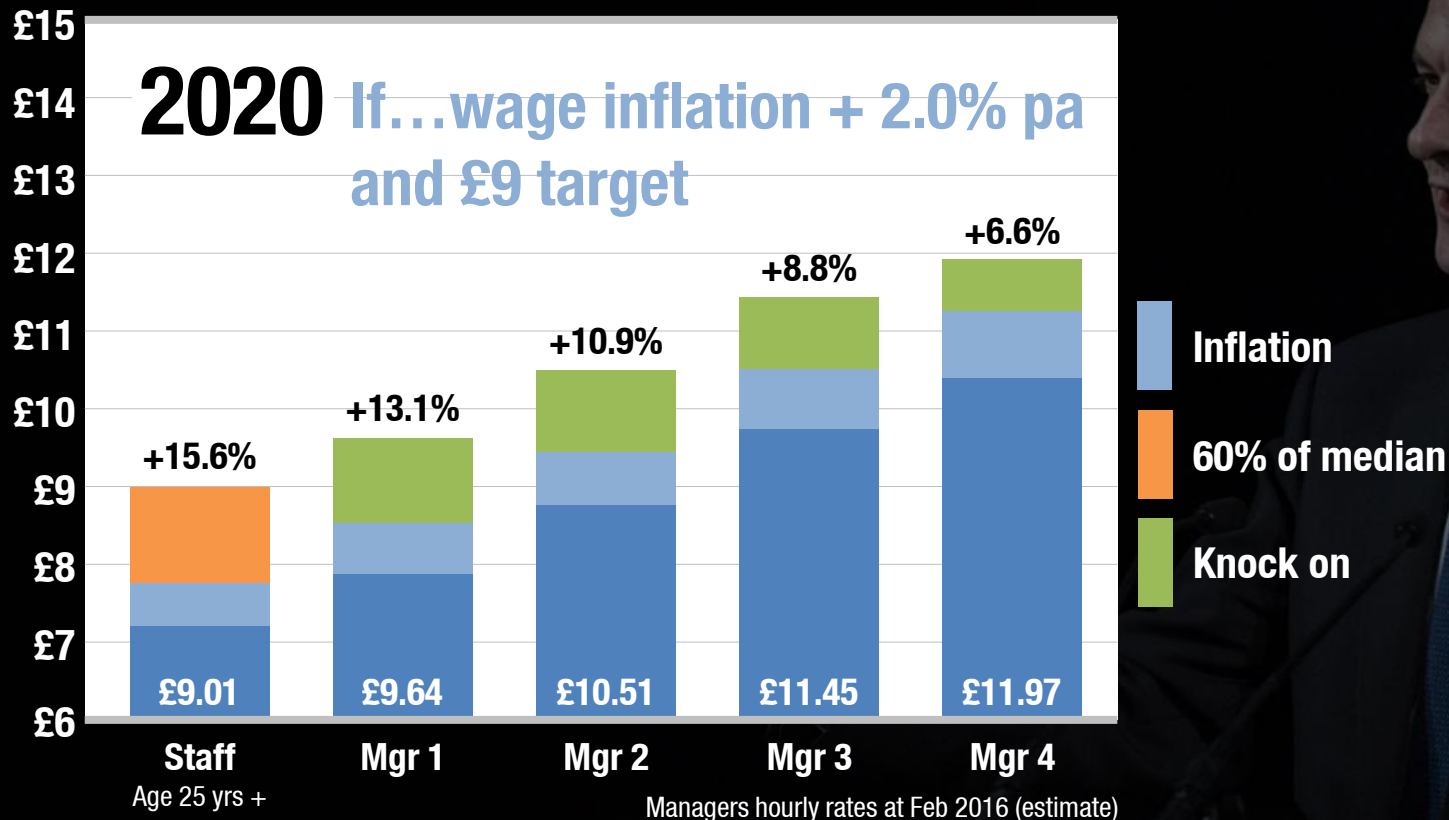
next



60% of median **£11m**
Knock on **£16m**
Inflation **£120m**
Cost of impact £147m
Prices + 6%?

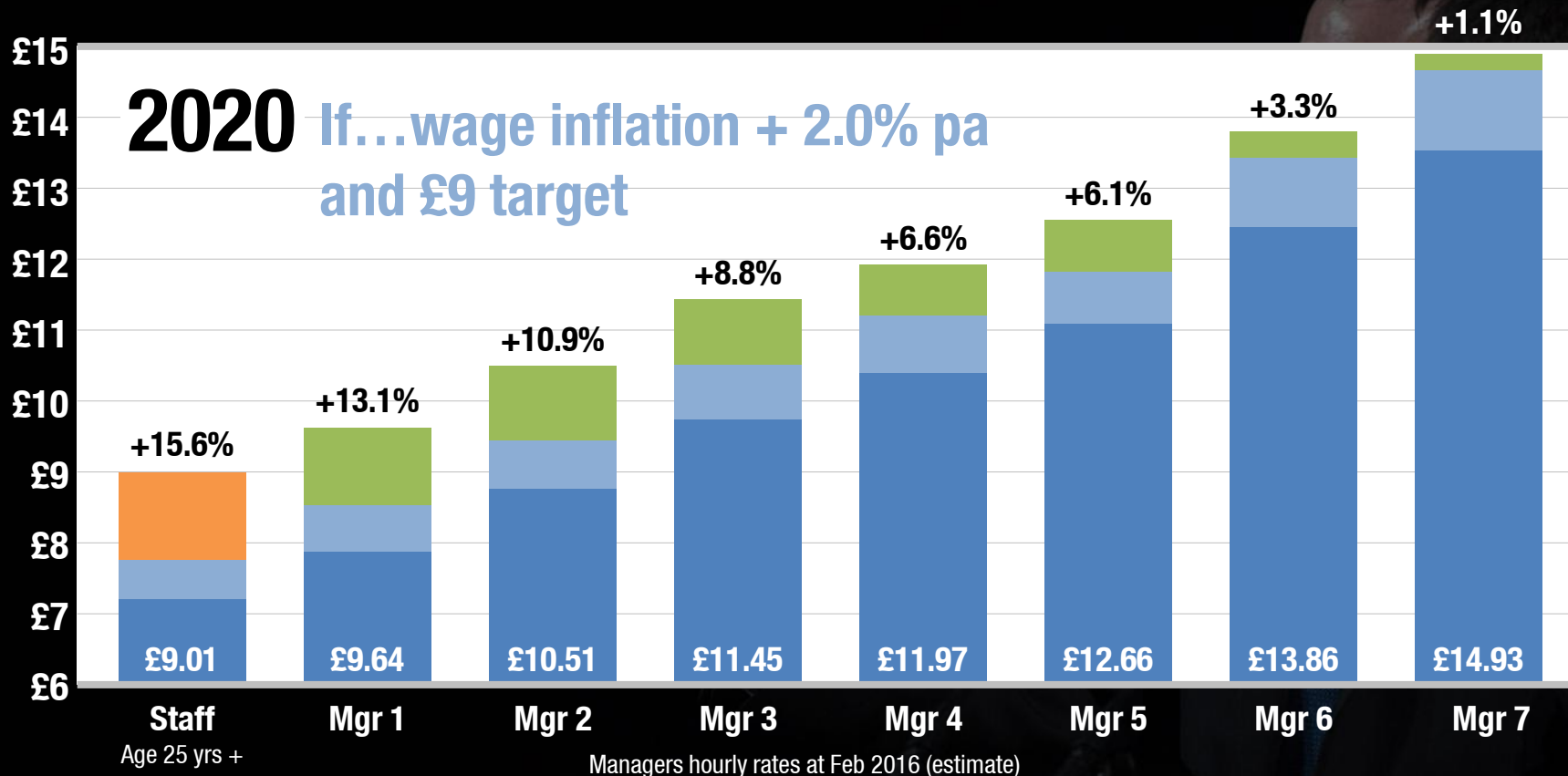
Impact on NEXT Rates of Pay

next



Impact on NEXT Rates of Pay

next





**2015/16(e) Full Year
Full Price Sales
+ 3.5% to + 6.0%**

2015/16(e) Sales and Profit Guidance

next

2nd Half

+ 3.5% to + 7.5%

+ 5.5%

Midpoint

2015/16(e) Sales and Profit Guidance

next

v two years ago
+ 16%

+ 3.5%

1st Half

v two years ago
+ 10%

+ 5.5%
Midpoint

2nd Half

Full Year Full Price Sales
+ £160m

+ 3.5%

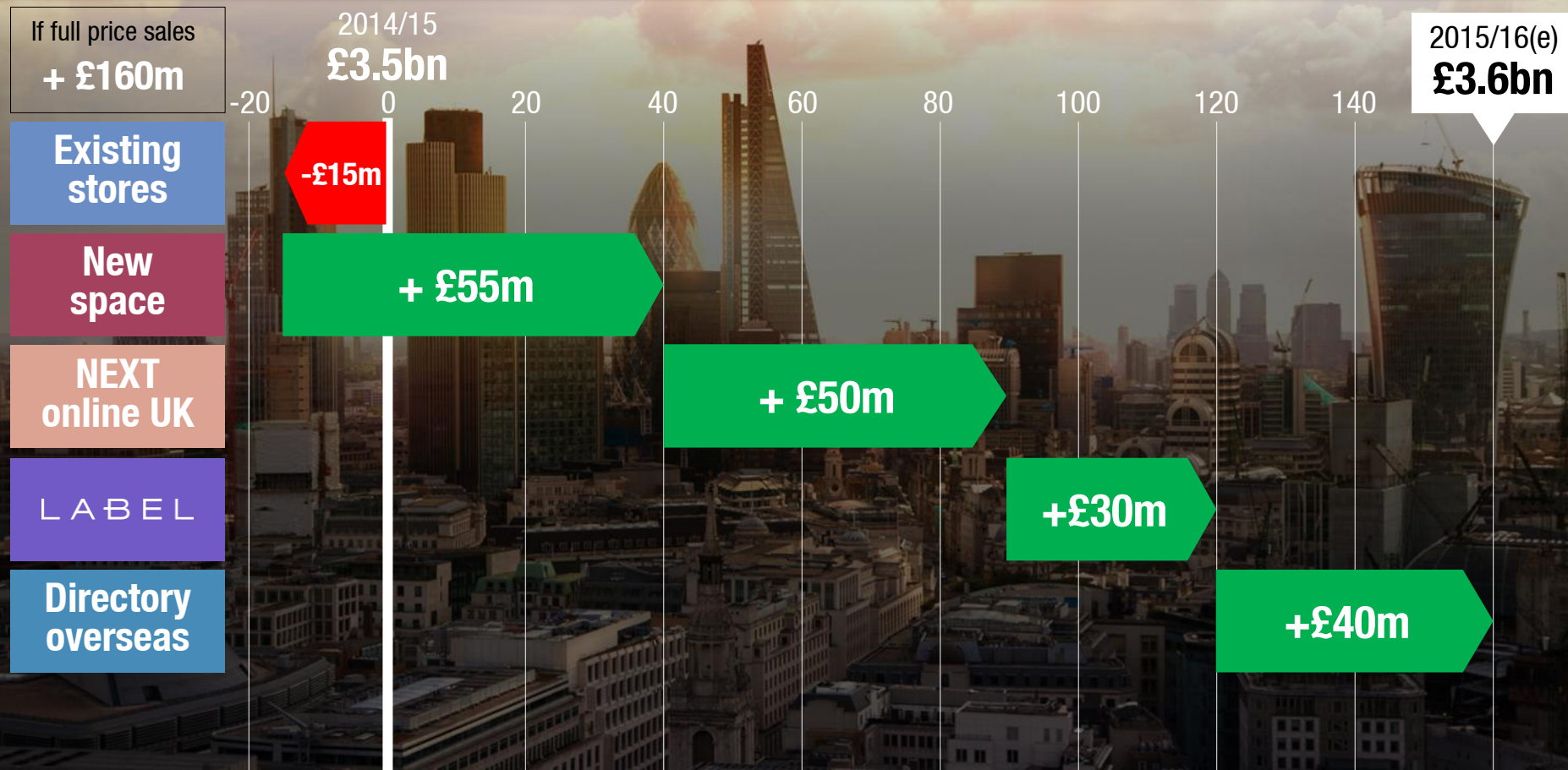
1st Half

+ 5.5%
Midpoint

2nd Half

2015/16(e) Full Price Sales Drivers

next



Sales and Profit Guidance 2015/16(e)

next

Full year Brand full price sales

+ 3.5%

to

+ 6.0%

Profit before tax (52 weeks)

£805m

to

£845m

Growth in profit

+ 2.9%

to

+ 8.0%

Ordinary dividend yield*

2.2%

Special dividend yield / buybacks*

3.3%

TSR underlying (at constant PE ratio)

8.4%

to

13.5%

* Based on a share price of £72.33

A woman with long brown hair is sitting on a wicker chair in a cafe. She is wearing a black turtleneck sweater and a light-colored skirt with a dark grid pattern. She is leaning her head on her right hand and looking towards the camera. In the foreground, there is a small round table with a white cup of coffee on it. The background shows more wicker chairs and tables, and a window with a menu board.

next | **JULY** 2015