

# INTERIM MANAGEMENT STATEMENT

## Interim management statement

### **SALES FOR THE 14 WEEKS TO 1 NOVEMBER 2008**

Sales for the fourteen week period to 1 November 2008 were in line with guidance given at the time of our interim results in September. No change to that guidance is being given. At that time we indicated that our annual profits would be in line with market expectations and this remains the case.

The combined total sales for Next Retail and Next Directory for the period were up 0.9%.

Next Retail sales were up 0.3% on last year. Like for like sales in the 334 stores that were unaffected by new openings were down -4.4%. Tighter control of Spring Summer stock resulted in fewer markdown sales in August, so full price sales performance was marginally better than total sales.

Next Directory sales were up +2.1% on last year.

### **OUTLOOK FOR THIS YEAR AND 2009**

There is no change to our September guidance on full year gross margins, costs or operating margins for Retail and Directory. Cash flow remains as expected and, subject to the important run up to Christmas, year end net debt will be in the region of £670m. This includes the £17m cost of acquiring the Lipsy clothing business at the end of September as previously announced. We are still budgeting for Autumn Winter 2008 Retail like for like sales to be in the range -4% to -7% and Directory sales to be in the range 0% to +2%

The outlook for consumer demand in 2009 is mixed. On the up-side, lower interest rates and falling fuel and food bills are likely to increase the amount available for discretionary spending at some point during the year. On the down-side, rising unemployment will reduce earnings and falling house prices may encourage people to save more. On balance we therefore expect negative like for likes to continue throughout next year, though not necessarily at any worse rate than the current year.

As stated in our interim results, we expect upward pressure on input prices throughout 2009. In Spring Summer 2009 the effects will be marginal. We anticipate much greater pressure in Autumn Winter 2009 as a result of recent dollar strength against the pound.

### **CHRISTMAS TRADING STATEMENT**

We intend to issue a sales update for the period to 24 December 2008 on or around Tuesday 6 January 2009.

END