

# next

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## **NEXT PLC RESULTS**

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HALF YEAR ENDED JULY 2007

# Income Statement

next

£m	2007	2006	
Revenue	<u>1,538.0</u>	<u>1,510.5</u>	+ 1.8%
Operating profit	212.7	191.7	
Interest	<u>(14.5)</u>	<u>(12.8)</u>	+ 13.3%
Profit before tax	198.2	178.9	+ 10.8%
Taxation	<u>(56.5)</u>	<u>(54.9)</u>	
Profit after tax	<u>141.7</u>	<u>124.0</u>	
EPS	65.2p	53.3p	+ 22.3%

# Income Statement

next

£m	2007	2006	
Revenue	<u>1,538.0</u>	<u>1,510.5</u>	
Operating profit	212.7	191.7	
Interest			
Profit before tax	<div>Tax Rate 28.5%</div>	<div>Tax Rate 30.7%</div>	+ 10.8%
Taxation	<u>(56.5)</u>	<u>(54.9)</u>	
Profit after tax	<u>141.7</u>	<u>124.0</u>	+ 14.3%
EPS	65.2p	53.3p	

# Balance Sheet

next

£m	2007	2006	
Fixed assets	584	537	
Goodwill	36	36	
Stocks	308	339	- 9%
Debtors	560	519	
Creditors	(836)	(668)	
Pension deficit	(28)	(85)	
Contingent buybacks	(93)	(113)	
Net borrowings	(618)	(660)	
Net liabilities	<u>(87)</u>	<u>(95)</u>	

# Balance Sheet

next

£m	2007	2006	
Fixed assets	584	537	
Goodwill	36	36	
Stocks	308	339	
Debtors	560	519	+ 8%
Creditors			
Pension deficit			
Contingent buybacks			
Net borrowings			
Net liabilities			

Directory Debtors		
July 2006	£382m	
July 2007	£393m	+2.9%
Sales		+3.5%

# Balance Sheet

next

£m	2007	2006
Fixed assets	584	537
Goodwill	36	36
Stocks	308	339
Debtors	560	519

## Creditors

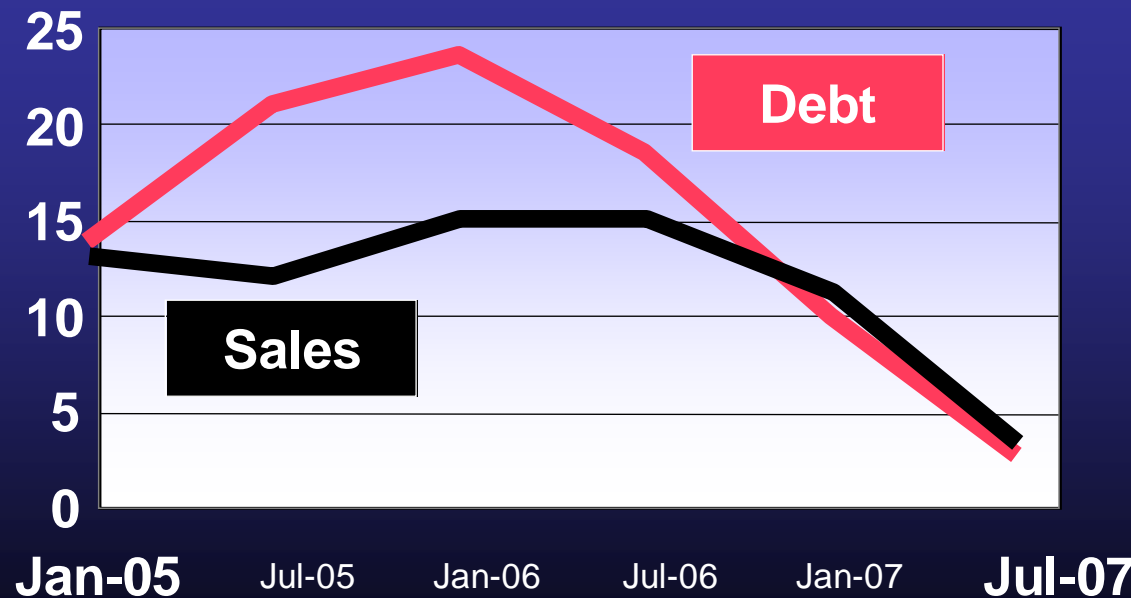
Pension deficit

Contingent buybacks

Net borrowings

Net liabilities

## Debt Growth



# Balance Sheet

next

£m	2007	2006	
<b>Fixed assets</b>	<b>584</b>	537	
<b>Goodwill</b>	<b>36</b>	36	
<b>Stocks</b>	<b>308</b>	339	
<b>Debtors</b>	<b>560</b>	519	
<b>Creditors</b>	<b>(836)</b>	(668)	<b>+ 25%</b>
<b>Pension deficit</b>			
<b>Contingent buybacks</b>			
<b>Net borrowings</b>			
<b>Net liabilities</b>			
	Share buyback	<b>(46)</b>	
	Capital contribution	<b>(38)</b>	
	Tax	<b>(55)</b>	
	Other	<b>(29)</b>	
	<b>July 07</b>	<b>(836)</b>	

# Cash Flow

next

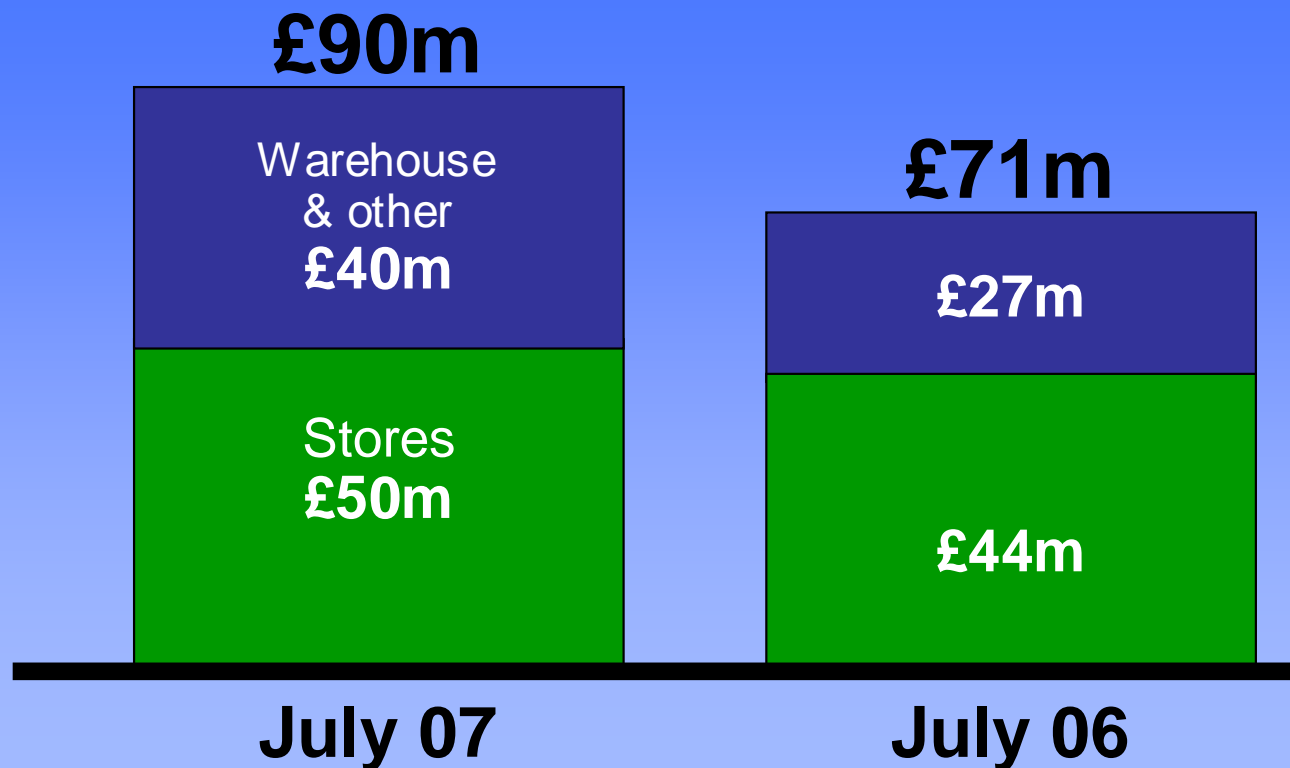
£m	2007	2006
<b>Profit before tax</b>	<b>198</b>	179
<b>Depreciation / Disposals</b>	<b>53</b>	50
<b>Capital expenditure</b>	<b>(90)</b>	(71)
<b>Working capital / Other</b>	<b>31</b>	(46)
<b>Dividends paid</b>	<b>(74)</b>	(70)
<b>Tax paid</b>	<b>(47)</b>	(59)
<b>Share buybacks</b>	<b>(245)</b>	(279)
<b>Net cash flow</b>	<b>(174)</b>	(296)
<b>Operational cash flow</b>	<b>71</b>	(17)



# Cash Flow

next

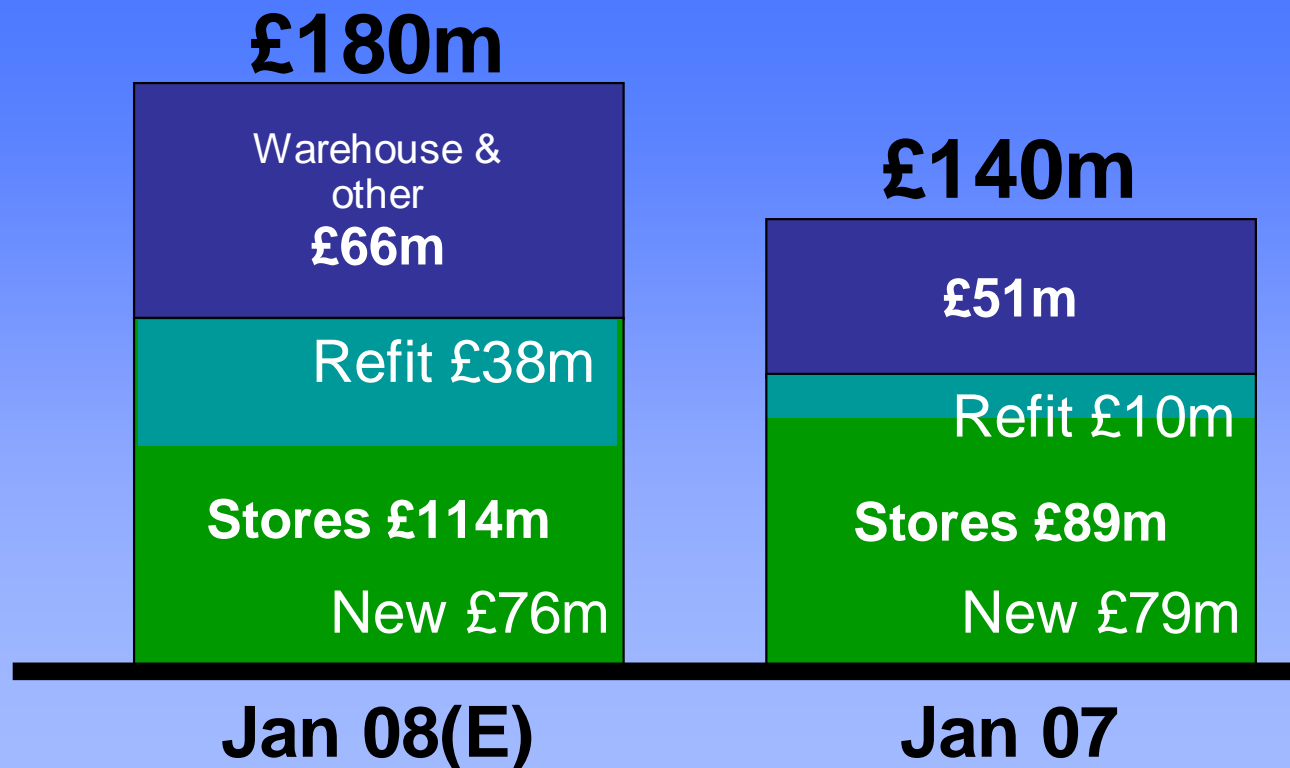
£m	2007	2006
Profit before tax	198	179
Depreciation / Disposals	53	50
Capital expenditure	(90)	(71)



# Cash Flow

next

£m	2007	2006
Profit before tax	198	179
Depreciation / Disposals	53	50
Capital expenditure	(90)	(71)



# Cash Flow

next

£m	2007	2006
Profit before tax	198	179
Depreciation / Disposals	53	50
Capital expenditure	(90)	(71)
Working capital / Other	31	(46)
Dividends paid	Directory Debtors	29
Tax paid	ESOT	25
Share buybacks	Pension	13
Net cash flow	Other	10
	Change	<u>77</u>

# Cash Flow

next

£m	2007	2006
Profit before tax	198	179
Depreciation / Disposals	53	50
Capital expenditure	(90)	(71)
Working capital / Other	31	(46)
Dividends paid	(74)	(70)
Tax paid	(47)	(59)
Share buybacks	(245)	(279)
Net cash flow	<u>(174)</u>	<u>(296)</u>
Operational cash flow	71	(17)

# Share buybacks

next

	Shares (m)		£m
Shares January 2007	227.0		
Purchased Feb-July	(14.0)	6.2%	295
Purchased to 11 Sep	(2.4)	1.0%	48
Committed (contingent)	(2.1)	1.0%	45
Total	<u>(18.5)</u>	8.2%	<u>388</u>
Reduced Share Capital	<u>208.5</u>		

next

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# FINANCIAL PERFORMANCE

---

HALF YEAR ENDED JULY 2007

# Retail

# next



# Retail : Sales Analysis

next

## RETAIL

DIRECTORY

OVERSEAS

SOURCING

VENTURA

OTHER

£m

2007

2006

Revenue

1,028.7

1,029.7

- 0.1%

Operating profit

112.5

111.1

+ 1.3%

% to revenue

10.9%

10.8%



## Retail Sales Analysis

- Net sales from new space + 4.7%
- Underlying mainline LFL - 3.6%
- Next Clearance impact - 1.2%

**Total Sales**

- 0.1%



# Retail : Profit Analysis

next

## RETAIL

DIRECTORY

OVERSEAS

SOURCING

VENTURA

OTHER

£m

2007

2006

Revenue

1,028.7

1,029.7

- 0.1%

Operating profit

112.5

111.1

+ 1.3%

% to revenue

10.9%

10.8%



## Retail Margin Movement

- Achieved gross margin + 2.3%
- Bought in margin + 1.4%
- VAT provision release + 0.4%
- Fabric stock provision + 0.4%
- Markdowns / other + 0.1%

# Retail : Profit Analysis

next

## RETAIL

DIRECTORY

OVERSEAS

SOURCING

VENTURA

OTHER

£m

2007

2006

Revenue

1,028.7

1,029.7

- 0.1%

Operating profit

112.5

111.1

+ 1.3%

% to revenue

10.9%

10.8%



## Retail Margin Movement

- Achieved gross margin + 2.3%
- Branch payroll - 0.4%
- Occupancy - 1.0%
- Central overheads - 0.8%

# Retail : Space Expansion

next

## RETAIL

DIRECTORY

OVERSEAS

SOURCING

VENTURA

OTHER

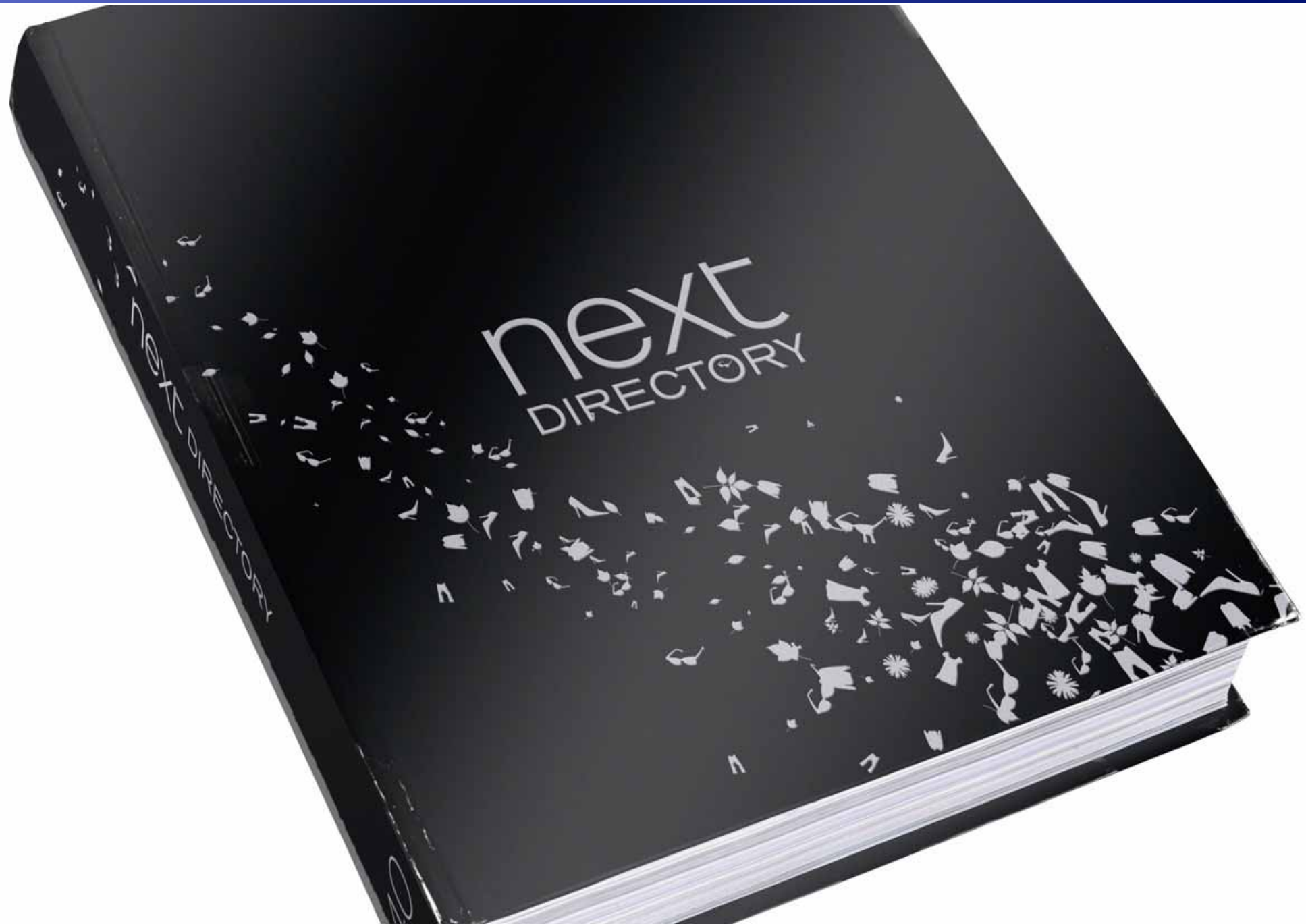
	Stores	Sq ft (000's)	
January 2007	480	4,823	
New	11	100	
Re-sites (6)		34	
Closed	(3)	(10)	
July 2007	488	4,947	+ 2.6%



Sales vs Target	+ 2.1%
Forecast payback	17 months
New space for 2007(E)	420k sq ft
AW07 new HOME stores	2 Stores

# Directory

next



# Directory : Sales Analysis

next

RETAIL

DIRECTORY

OVERSEAS

SOURCING

VENTURA

OTHER

£m

2007

2006

Revenue

371.8

359.4

+ 3.5%

Operating profit

73.8

59.6

+ 23.6%

% to revenue

19.8%

16.6%

Sales Drivers

2007

2006

▪ Active customers

2.16m

2.14m

+ 0.9%

▪ Printed pages

1,684

1,476

+ 14.1%



# Directory : Profit Analysis

next

RETAIL

DIRECTORY

OVERSEAS

SOURCING

VENTURA

OTHER

£m

2007

2006

Revenue

371.8

359.4

+ 3.5%

Operating profit

73.8

59.6

+ 23.6%

% to revenue

19.8%

16.6%

## Directory Margin Movement

▪ Achieved gross margin	+ 0.6%
Bought in margin	+ 1.6%
Markdowns and slippage	- 1.0%



# Directory : Profit Analysis

next

RETAIL

DIRECTORY

OVERSEAS

SOURCING

VENTURA

OTHER

£m

2007

2006

Revenue

371.8

359.4

+ 3.5%

Operating profit

73.8

59.6

+ 23.6%

% to revenue

19.8%

16.6%

## Directory Margin Movement

- Achieved gross margin + 0.6%
- Service charge + 0.9%
- Bad debt + 3.3%
- Central overheads - 1.6%





Overseas

next





# Overseas

next

RETAIL
DIRECTORY
OVERSEAS
SOURCING
VENTURA
OTHER

£m	2007	2006	
Revenue	25.3	22.0	+ 15.0%
Operating profit	3.4	2.5	+ 34.5%
% to revenue	13.2%	11.3%	

- Franchise partner sales +25%
- Profit now more in line with sales

# Overseas : Expansion plans

next

RETAIL

DIRECTORY

OVERSEAS

SOURCING

VENTURA

OTHER

## Existing Territories

	2008	AW07	SS07	AW06
Middle East	63	55	54	52
Japan & other Far East	37	37	37	38
Russia	20	15	14	13
Czech / Slovakia / Hungary	14	11	11	9
Turkey	7	7	5	5
Rest of Europe	12	11	10	10
India	9	7	3	2

## New Territories

Ukraine / Poland / Romania	9	6	5	-
China / Hong Kong	6	2	1	-
Greece / Netherlands / Sweden	4	-	-	-
Macau / Malaysia / Taiwan	3	1	-	-
Jordan / Egypt	2	2	1	-
Pakistan	2	2	1	-

<b>Total</b>	<b>188</b>	<b>156</b>	<b>142</b>	<b>129</b>
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# Sourcing

next

RETAIL

DIRECTORY

OVERSEAS

SOURCING

VENTURA

OTHER

£m

2007

2006

Total revenue

282.9

307.9

- 8.1%

Operating profit

16.4

15.6

+ 5.2%

- Dollar Sales +0.5%

- Profits up due to action on costs



RETAIL
DIRECTORY
OVERSEAS
SOURCING
VENTURA
OTHER

£m	2007	2006	
Revenue	104.6	92.7	+ 12.8%
Operating profit	11.0	9.7	+ 13.4%
% to revenue	10.5%	10.5%	



- Expected full year profits of £23m
- Prospecting for warehouse/distribution clients

# Other

next

RETAIL

DIRECTORY

OVERSEAS

SOURCING

VENTURA

OTHER

£m	2007	2006
Property	2.2	3.0
Associates	0.5	0.7
Pensions	(0.5)	(2.8)
Other	(4.3)	(3.1)
Total	<u>(2.1)</u>	<u>(2.2)</u>

- Pensions full year expected £(1)m
- Last full year £(0.8)m



# Current Trade

next



**Next Brand** - 2.9%

**Retail total sales** - 2.9%

**Mainline LFL** - 4.8%

**Directory** - 2.9%

**Consumer environment worsening**

**Ranges, shops, marketing improved**

**Budgeting Retail LFL -1% to -3.5%**

**Current P&L forecasts in line with market**



# next

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## **PRIORITIES FOR AW07**

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Managing Directory  
Revitalising the Brand



# Managing Directory

## Customer recruitment to slow

- Increasing competition online
- Worsening consumer environment



# Managing Directory

## Customer recruitment to slow

- Increasing competition online
- Worsening consumer environment
- Tighter control of new accounts

## Next won't chase unprofitable sales

## Focus on new product

- Expand Home business
- Leverage clicks & infrastructure

Category	AW Page Growth
Womens	+ 10%
Mens	+ 3%
Childrens	+ 8%
Home	+ 40%
Total	+ 18%

# Managing Directory

## Customer recruitment to slow

- Increasing competition online
- Worsening consumer environment
- Tighter control of new accounts

## Next won't chase unprofitable sales

## Focus new product

- Leverage clicks & infrastructure
- Expand Home Business
- The Brand Directory



# Managing Directory

Younger

Non-competing

Opportunity to recruit to Directory

**MENS  
BRANDS**

**WOMENS  
BRANDS**



Revitalising The Brand

next

Exciting

Beautifully designed

Excellent quality



Priorities for AW07

next

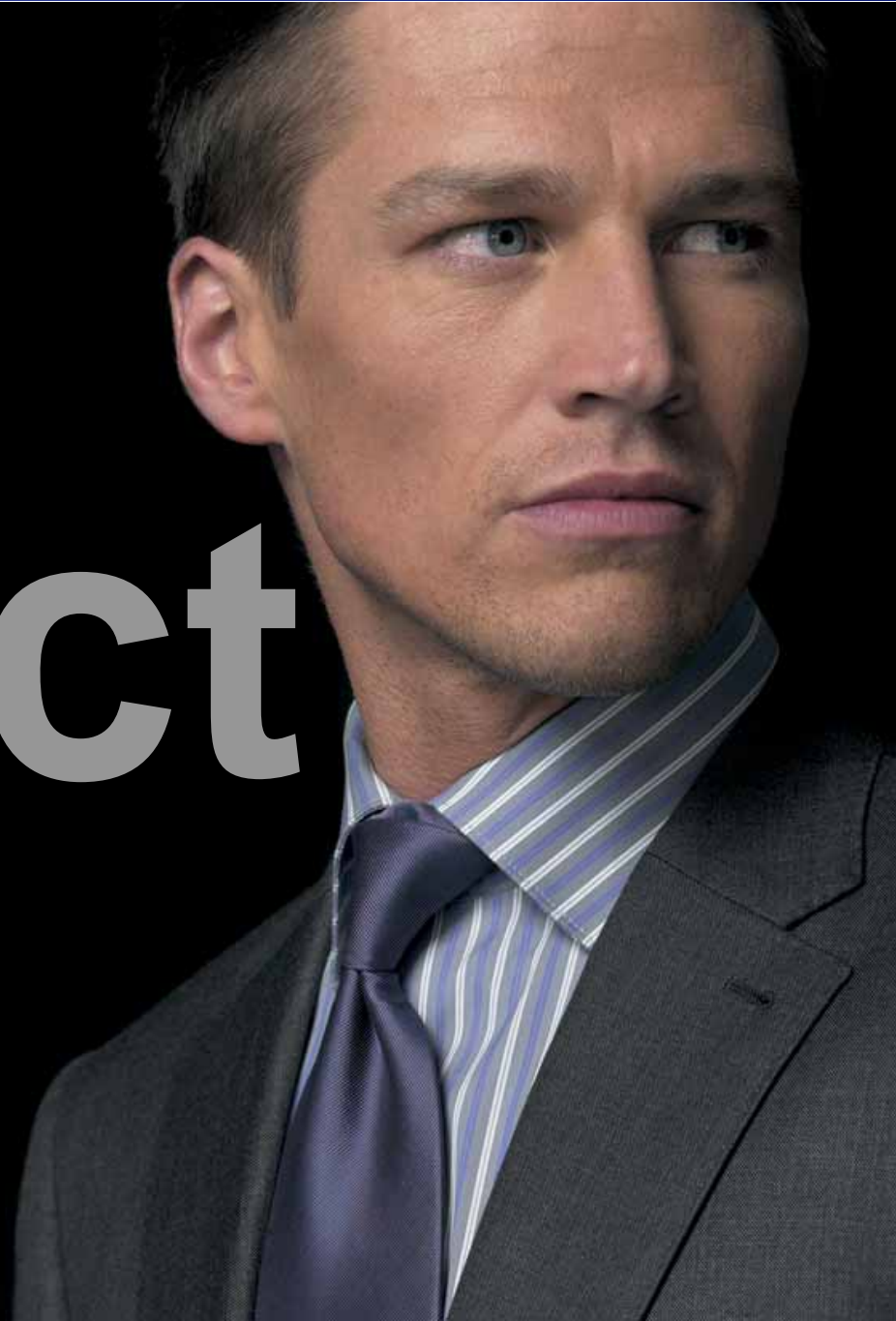


Product  
Marketing  
Shop fit

Product

next

Product



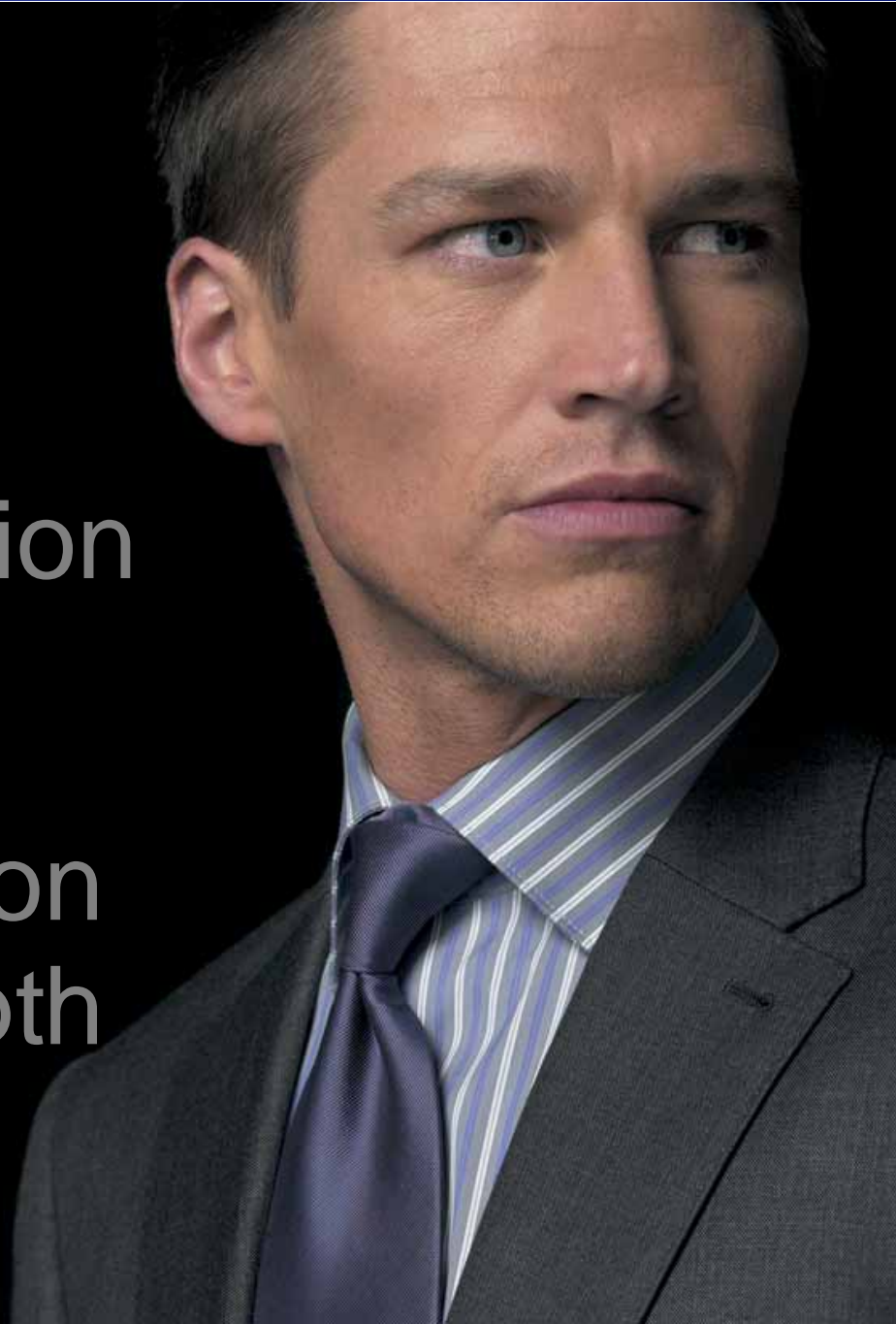
Product

next

# More newness

Newness *not* high fashion

Back new trends....  
with conviction  
in depth





Product

next

# Percentage Womenswear **newness**

	2007	2006	% Inc.
August	76%	60%	+27%
October	52%	36%	+44%



Product

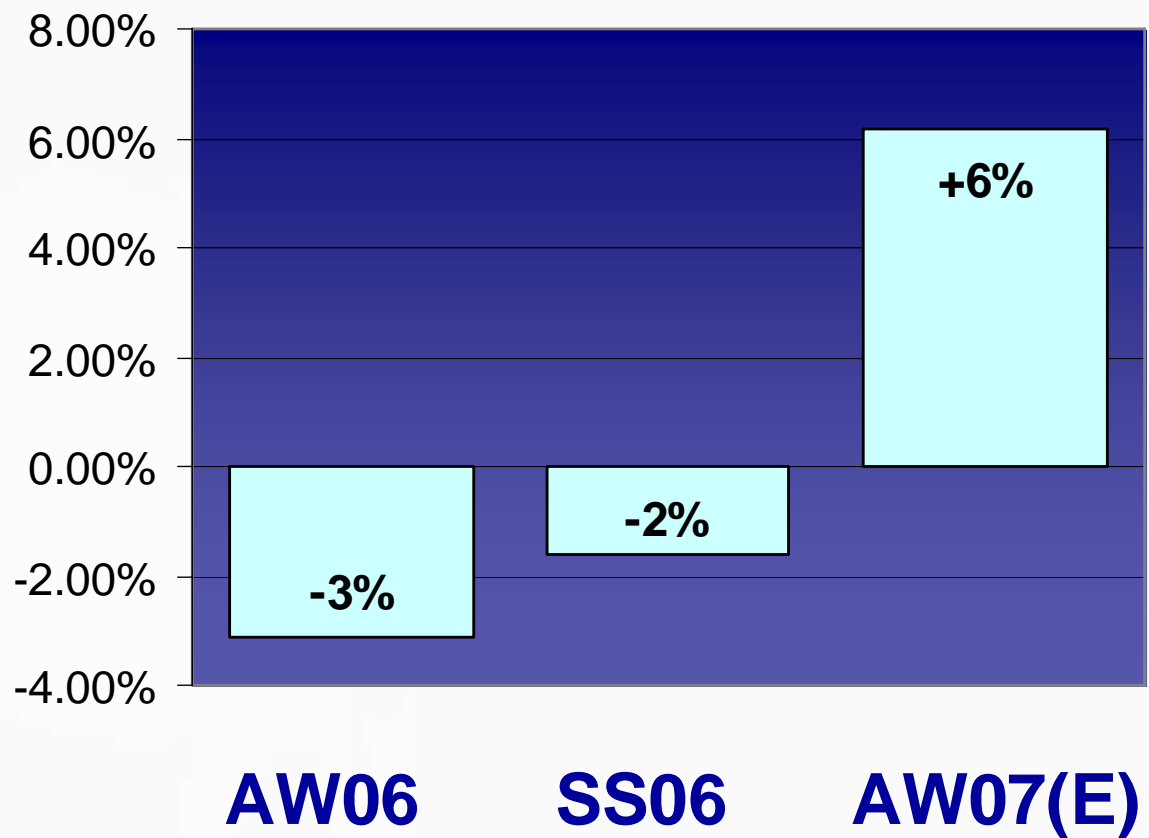
next



More on  
**quality**

Less on  
**price**

## Average Selling Price %Var





## Average Selling Price %Var

No price *increases*

Maintained price starters

Change from mix

Introduced *Signature*



Product

next

*Signature* next  
SIGNATURE

3% Womens Clothing AW07

More in Spring Summer '08



Product

next



*Signature*  
ASP £75

next

ASP £45



# Marketing

next



**Press &  
Billboard**

**Windows**

**In store**

**Television**





# Press and Billboards

Press 06  
£0.6m

Press 07  
£1.7m





# Press and Billboards

Press 06  
£0.6m

Press 07  
£1.7m

Outdoor 06  
£0.8m

Outdoor 07  
£1.5m



# Windows 2006 - £1.3m





# Windows 2007 - £2.7m





# Instore 2006 - £1.1m





# Instore 2007 - £3.6m



# Television





# Shop fit

next

## Distinctive entrance feature



Shop fit

next



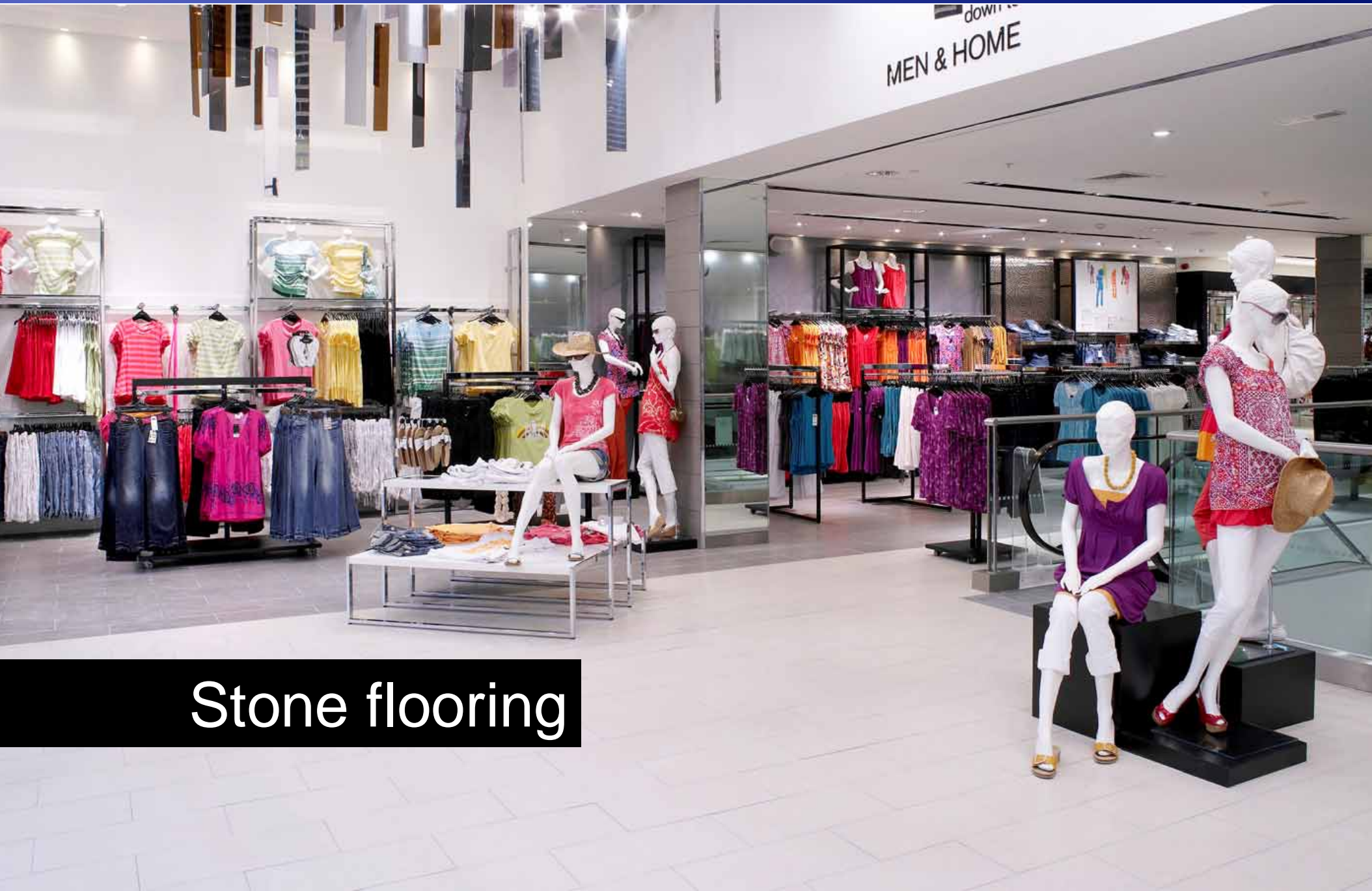
Full height windows





# Shop fit

next



Stone flooring



# Shop fit

next



New lighting treatments



New and varied centre floor equipment



# Shop fit

next

## Feature walls





# Shop fit

next

## New Shoe Departments





# Shop fit

next



## Menswear

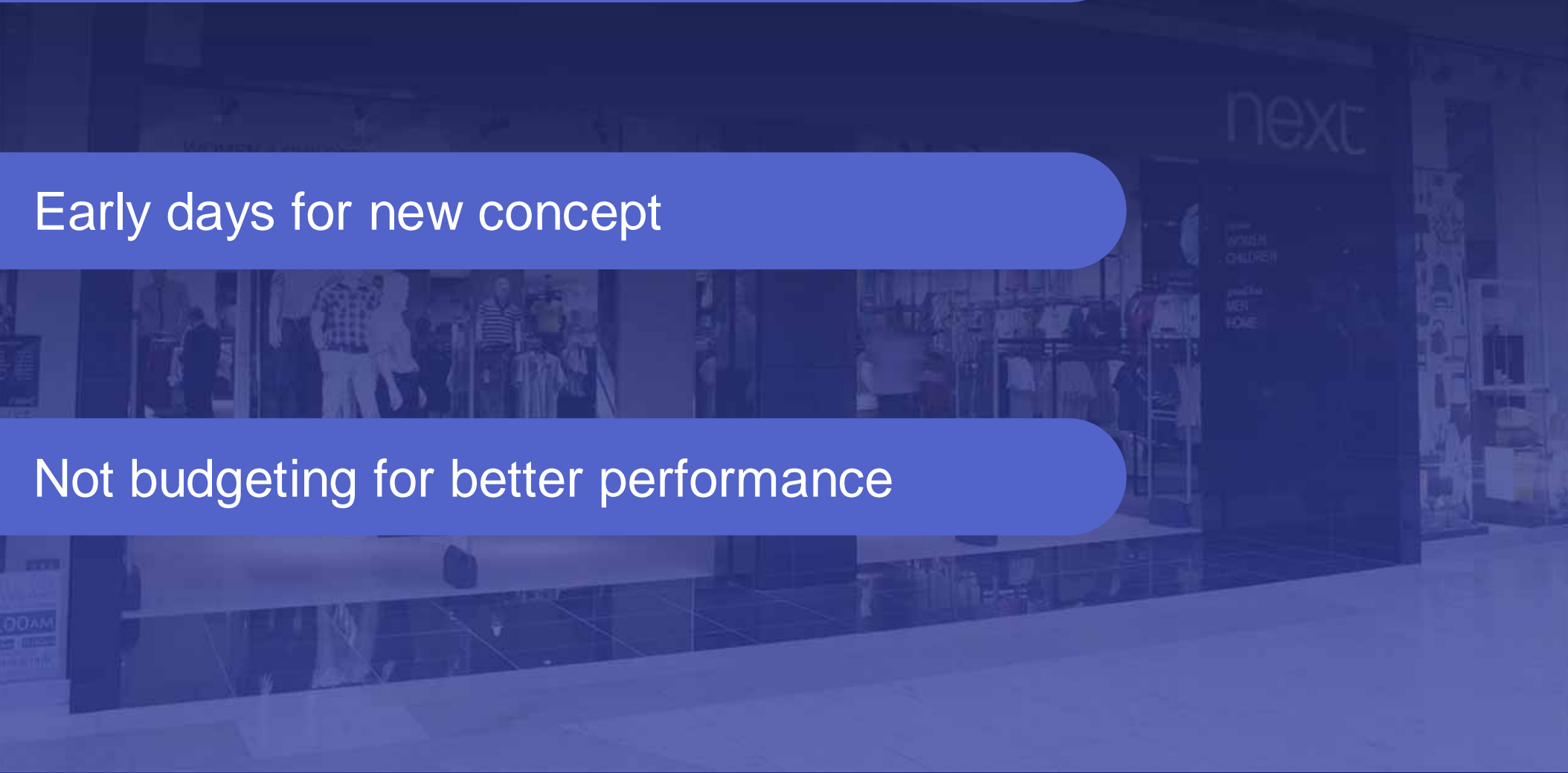
# Shop fit: Sales performance

next

Portfolio + 5% improved performance

Early days for new concept

Not budgeting for better performance



# Shop fit: Sales performance

next

Sq ft '000	New	Refits	Redec.	Total
SS07	163	231	264	658
AW07	369	386	581	1,336
<b>Total</b>	<b>532</b>	<b>617</b>	<b>845</b>	<b>1,994</b>
% of portfolio	10%	12%	16%	38%
% of turnover	9%	16%	19%	44%
Cost/sq ft	£143	£60	£4	

# next

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## **NEXT PLC RESULTS**

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HALF YEAR ENDED JULY 2007