

Income Statement

next

£m	July 2017	July 2016		Brand Full Price
Total sales	<u>1,914</u>	<u>1,957</u>	- 2.2%	- 1.2%
Operating profit	325	360	- 9.8%	
Interest	<u>(16)</u>	<u>(18)</u>	+ £2m	
Profit before tax	309	342	- 9.5%	
Taxation	<u>(57)</u>	<u>(69)</u>		
Profit after tax	<u>252</u>	<u>273</u>	- 7.8%	
EPS (underlying)	176.9p	188.6p	- 6.2%	
Ordinary dividends per share	53.0p	53.0p		

Cash Flow

next

£m	July 2017	July 2016
Profit before tax	309	342
Depreciation / disposals	63	59
Capital expenditure	(54)	(77)
Working capital / other	(14)	(70)
Tax paid	(48)	(71)
ESOT	(25)	(15)
Cash flow before distribution	<u>231</u>	<u>168</u>

Cash Flow

next

£m

July 2017

July 2016

Capital expenditure

(54)

(77)

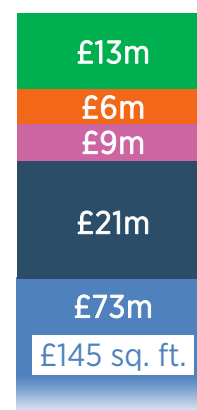
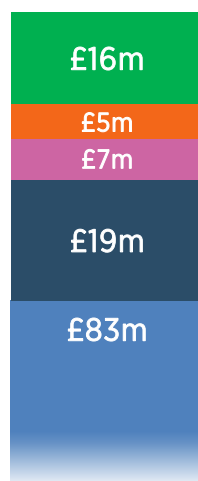
Jan 2018 (e)
£130m

Jan 2018 (e)
£122m

Stated at
March 2017

Latest
estimate

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



£145 sq. ft.

Cash Flow

next

£m	July 2017	July 2016
Profit before tax	309	342
Depreciation / disposals	63	59
Capital expenditure	(54)	(77)
Working capital / other	(14)	(70)
Tax paid	(48)	(71)
ESOT	(25)	(15)
Special dividends paid	(64)	(88)
Share buybacks	0	(176)
Net cash flow	<u>167</u>	<u>(96)</u>

Balance Sheet

next

£m	July 2017	July 2016
Fixed assets and investments	572	560
Goodwill and intangibles	43	43
Stock	493	491
Debtors	1,126	1,077
Creditors / derivatives	(964)	(854)
Dividends payable	(213)	(150)
Pension surplus / (deficit)	65	(35)
Net debt	(692)	(946)
Net assets	<u>430</u>	<u>186</u>

Balance Sheet

next

£m	July 2017	July 2016	
Fixed assets and investments	572	560	
Goodwill and intangibles	43	43	
Stock	493	491	+ 0.3%
Debtors	1,126	1,077	+ £49m

**Directory
debtors**

July 2017
£997m

+ 5%

July 2016
£953m

+ £44m

**Credit
sales**

July 2017

+ 1%

July 2016

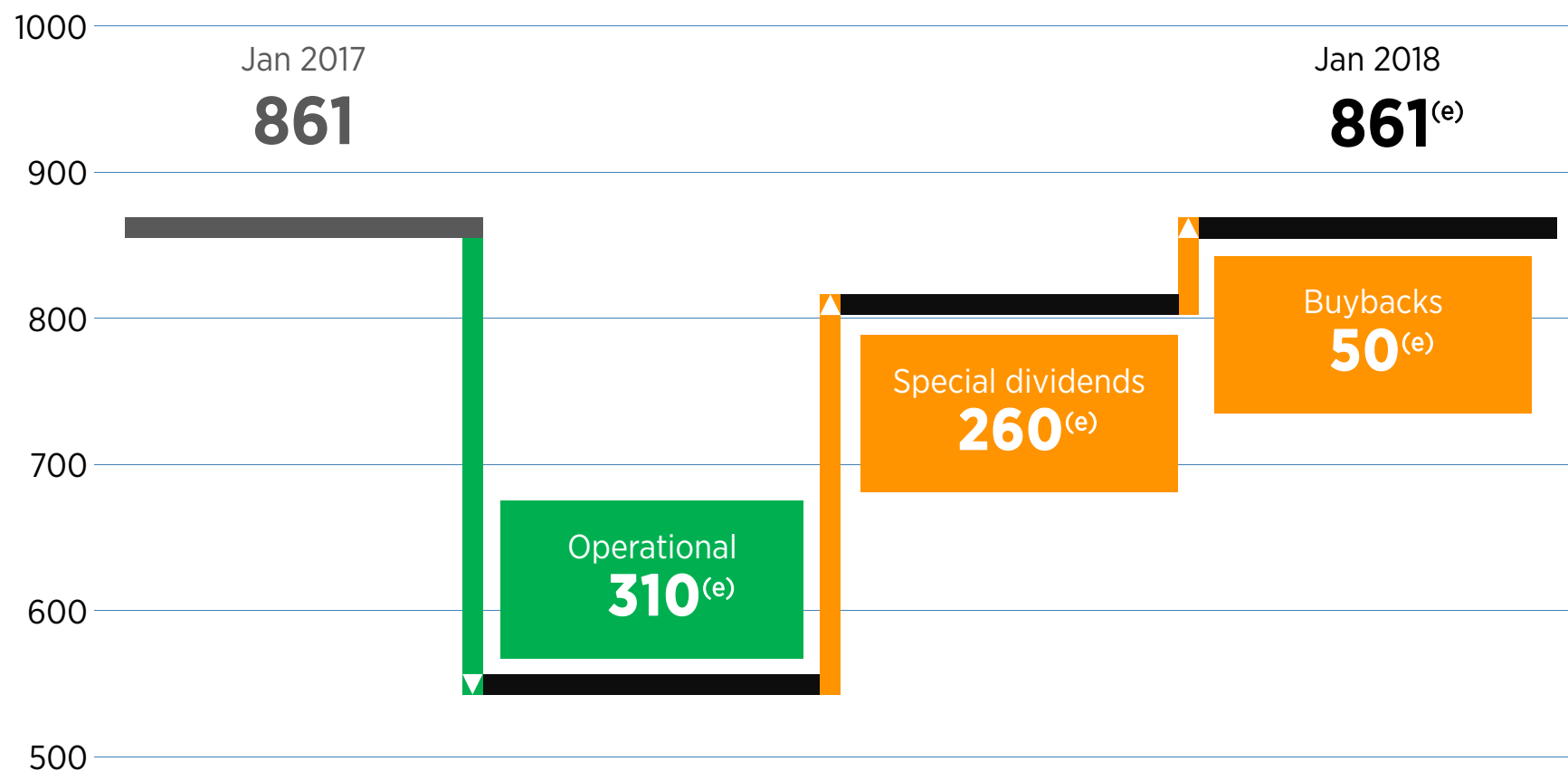
Balance Sheet

next

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Dividends payable	(213)	(150)
Pension surplus / (deficit)	65	(35)
Net debt	(692)	(946)
Net assets	430	186

Full Year Debt and Cash Flow (£m)

next



Retail



Retail : Sales Analysis

next

£m	July 2017	July 2016		Full Price
Total sales	993	1,084	- 8.3%	- 7.7%
Operating profit	90	134		

Sales from new space **+ 2.5%**

Performance of new space

	Sales v target	Payback (months)	Store profit
Extensions & refits	- 7%	46.6	22%
New & resites	- 3%	24.9	23%
All*	- 5%	28.6	23%

* Forecast for stores opened or extended in the last 12 months

Birmingham Bullring Before

next



Birmingham Bullring After

next



Birmingham Bullring | Cosmetic Spend

next

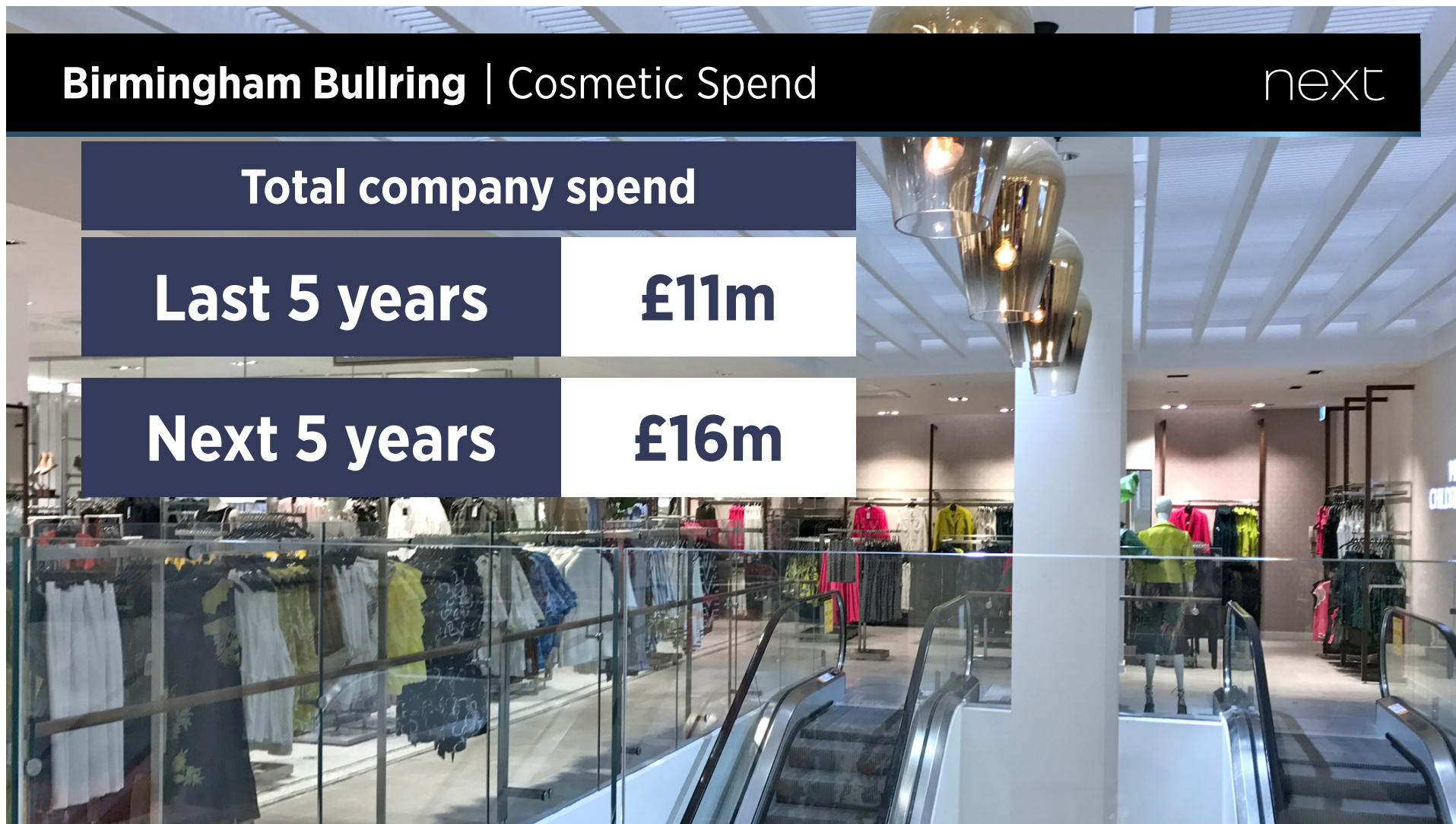
Total company spend

Last 5 years

£11m

Next 5 years

£16m



Retail : Store Openings and Closures

next

	Stores	Sq. ft. 000's
January 2017	538	7,978
New / resites (12)	20	345
Extensions (4), resite (1)		18
Closed (13), resites (15)	(28)	(278)
January 2018	530	8,063^(e)
	- 8	+ 85^(e)

Retail : Store Openings and Closures

next

	Stores	NBC
Closed	13	£2.9m
Lease end	10	£1.9m
Sublet	2	£0.2m
Redevelopment	1	£0.8m

Retail : Store Openings and Closures

next



Retail : Profit Analysis

next

£m	July 2017	July 2016		Full Price
Total sales	993	1,084	- 8.3%	- 7.7%
Operating profit	90	134	- 33%	
% to sales	9.0%	12.4%		

Margin movement

Bought-in gross margin - 0.1%

Markdown - 0.5%

Achieved gross margin - 0.6%

Sale stock - 6%

Markdown sales - 14%

Retail : Profit Analysis

next

£m	July 2017	July 2016		Full Price
Total sales	993	1,084	- 8.3%	- 7.7%
Operating profit	90	134	- 33%	
% to sales	9.0%	12.4%		

Achieved gross margin	- 0.6%
Store payroll	+ 0.2%
Store occupancy	- 2.2%
Warehousing and distribution	- 0.3%
Central overheads	- 0.5%
Margin movement	- 3.4%

Full year
margin circa

11.8%^(e)

Last year

14.7%

A close-up photograph of a person's hands holding a silver smartphone. The person is wearing a light-colored sweater. In the background, a blurred train is visible on tracks, suggesting a public transit setting. The word "Directory" is overlaid in white text on the left side of the image.

Directory

Directory : Sales Analysis

next

£m	July 2017	July 2016		Full Price
Total sales	868	821	+ 5.7%	+ 7.4%
Operating profit	217	204		

Full price sales analysis

	Increase on last year		Q1	Q2
NEXT Directory UK	- £21m	- 4%	- 7%	- 1%
LABEL	+ £40m	+ 41%	+ 31%	+ 50%
Directory UK total	+ £19m	+ 3%	- 1%	+ 7%



Directory : Sales Analysis

next

£m	July 2017	July 2016		Full Price
Total sales	868	821	+ 5.7%	+ 7.4%
Operating profit	217	204		

Full price sales analysis

	Increase on last year		Avg. customers
Directory UK total	+ £19m	+ 3%	+ 3%
Directory overseas	+ £34m	+ 31% *	+ 6%
Directory total	+ £53m	+ 7%	+ 4%

* Directory overseas at constant currency +13%



Directory : Sales Analysis

next

£m	July 2017	July 2016		Full Price
Total sales	868	821	+ 5.7%	+ 7.4%
Operating profit	217	204		

Full price sales analysis

	Increase on last year		Avg. customers
UK credit	+ £17m	+ 3%	0%
UK cash	+ £2m	+ 2%	+ 11%
Directory UK total	+ £19m	+ 3%	+ 3%



Directory : Profit Analysis

next

£m	July 2017	July 2016		Full Price
Total sales	868	821	+ 5.7%	+ 7.4%
Operating profit	217	204	+ 6.3%	
% to sales	25.0%	24.9%		

Margin movement

Bought-in gross margin - 0.8%

Markdown + 0.2%

Achieved gross margin - 0.6%

Sale stock + 1%

Markdown sales - 4%



Directory : Profit Analysis

next

£m	July 2017	July 2016		Full Price
Total sales	868	821	+ 5.7%	+ 7.4%
Operating profit	217	204	+ 6.3%	
% to sales	25.0%	24.9%		

Achieved gross margin	- 0.6%
Interest income	- 0.2%
Warehouse and distribution	+ 0.3%
Photography and catalogues	+ 0.4%
Systems and marketing	- 0.4%
Central overheads	+ 0.6%
Margin movement	+ 0.1%

Full year
margin circa

25%^(e)



- Retail Profitability
- Directory Modernisation
- Consumer Environment

OUTLOOK

Retail

An asset or a liability?



Hull Kingswood

Retail

An asset ...YES

- Declining in financial value
- Increasing value to Directory



Hull Kingswood

Retail Store Portfolio Stress Test*

RESULTS PRESENTATION
23 MARCH 2017

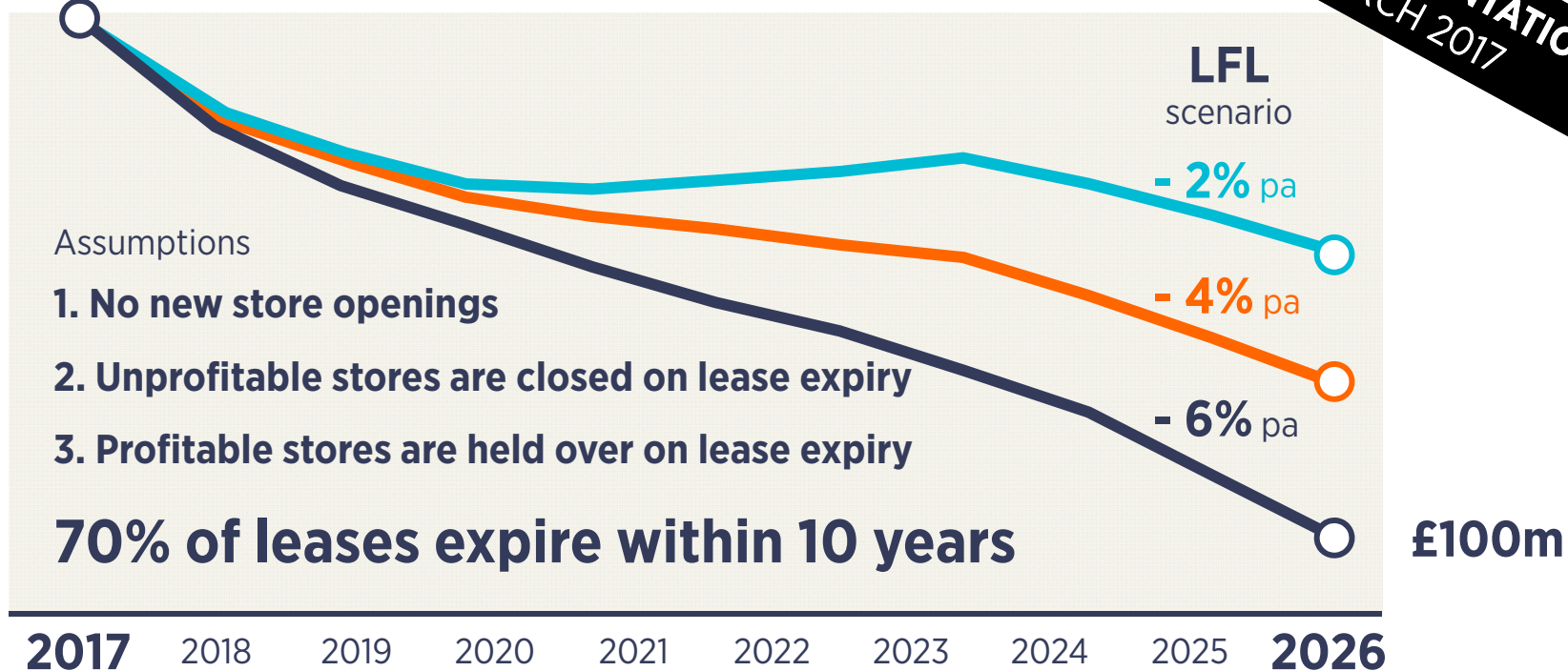
Branch contribution

20%

Assumptions

1. No new store openings
2. Unprofitable stores are closed on lease expiry
3. Profitable stores are held over on lease expiry

70% of leases expire within 10 years



* Mainline stores excluding clearance stores

Store Portfolio | 10 Year Stress Test

next

£515m

LFL
scenario
- 6% pa

Forecast
overheads

£230m

£100m

2017

2018

2019

2020

2021

2022

2023

2024

2025

2026

* Mainline stores excluding clearance stores

Store Portfolio | Overheads 10 Year Projection

next

2017/18

£230m

Sales
over 10 years

- 57% pa

LFL
scenario

- 6% pa

Marketing

£40m

Warehousing

£50m

Distribution

£60m

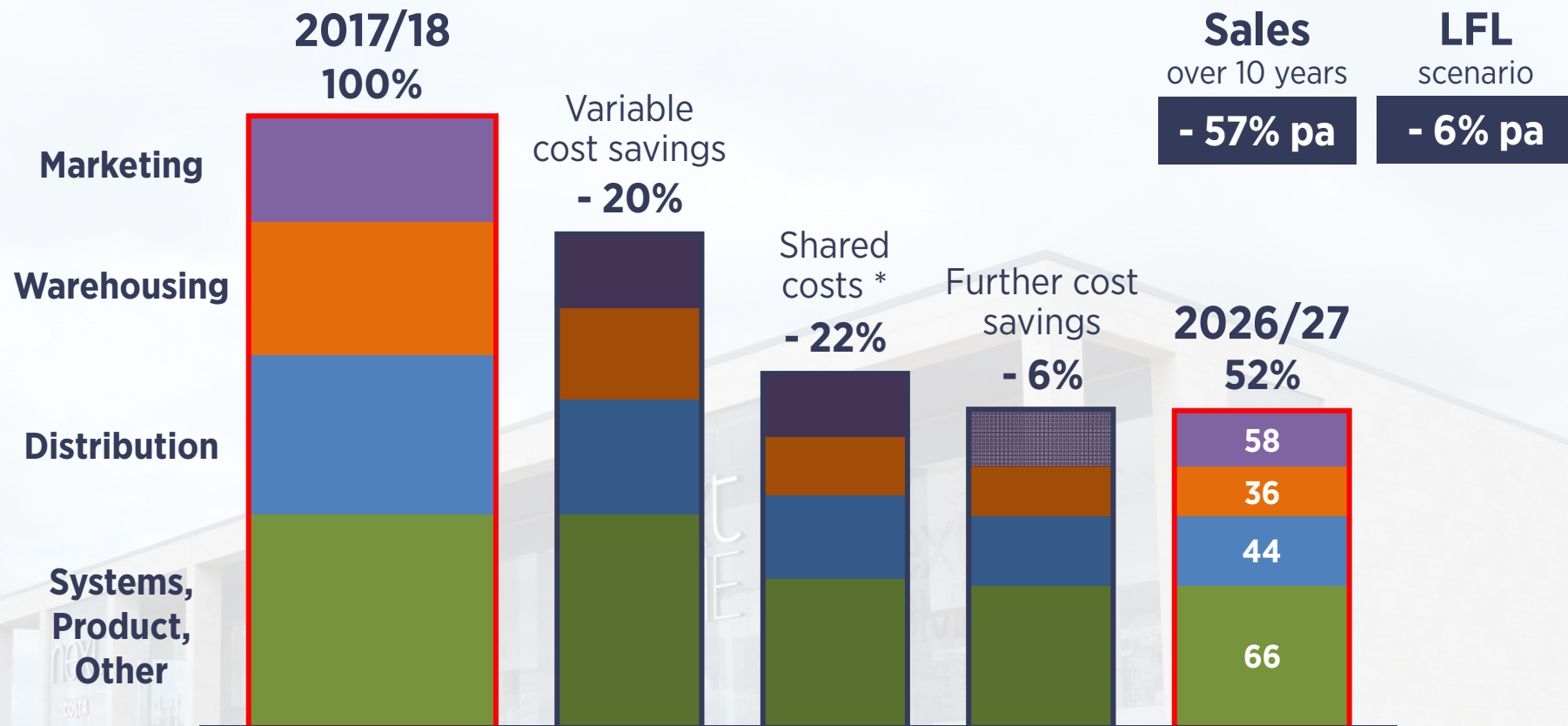
Systems,
Product,
Other

£80m



Store Portfolio | Overheads 10 Year Projection (Indexed)

next



* Assuming Brand sales are flat

Store Portfolio | 10 Year Stress Test

next

£515m

Sales
over 10 years
- 57% pa

LFL
scenario
- 6% pa

£230m

£120m

£100m

2017

2018

2019

2020

2021

2022

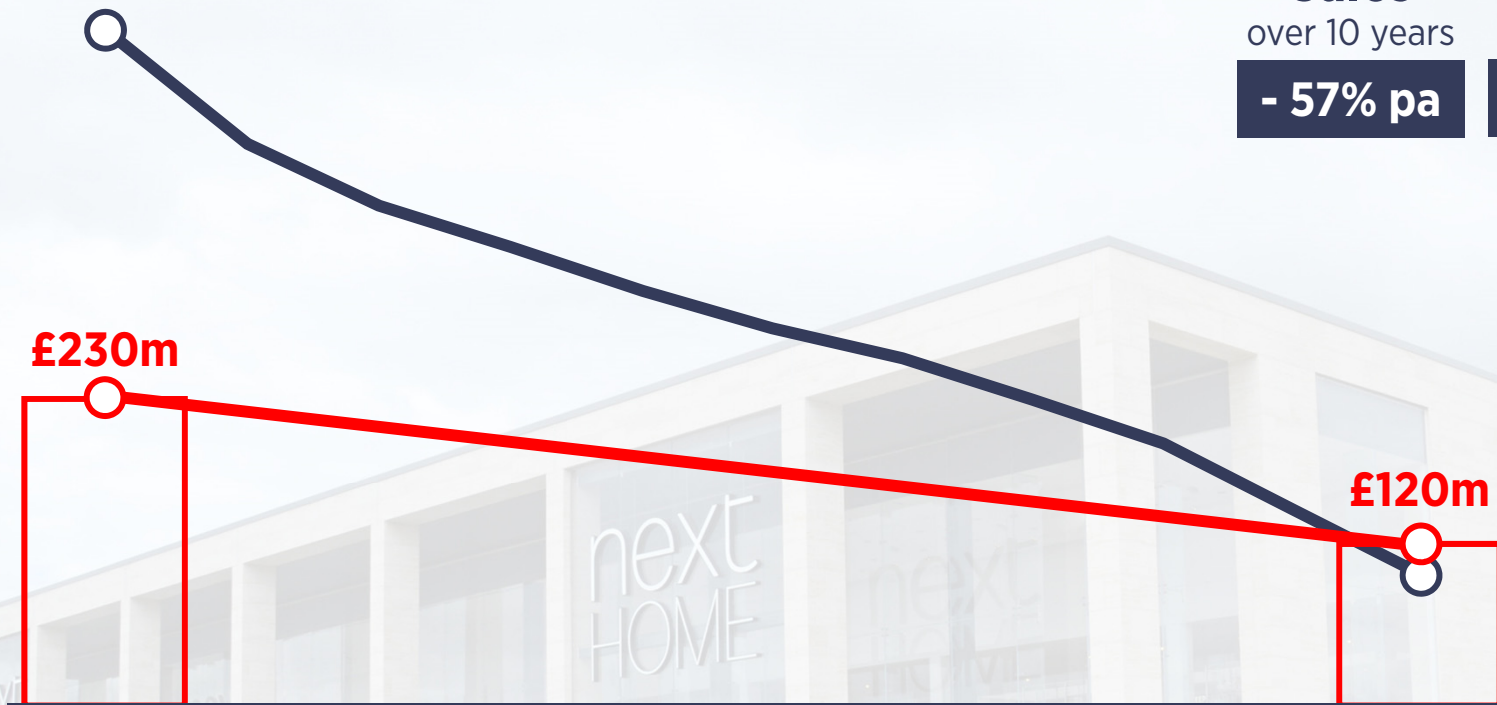
2023

2024

2025

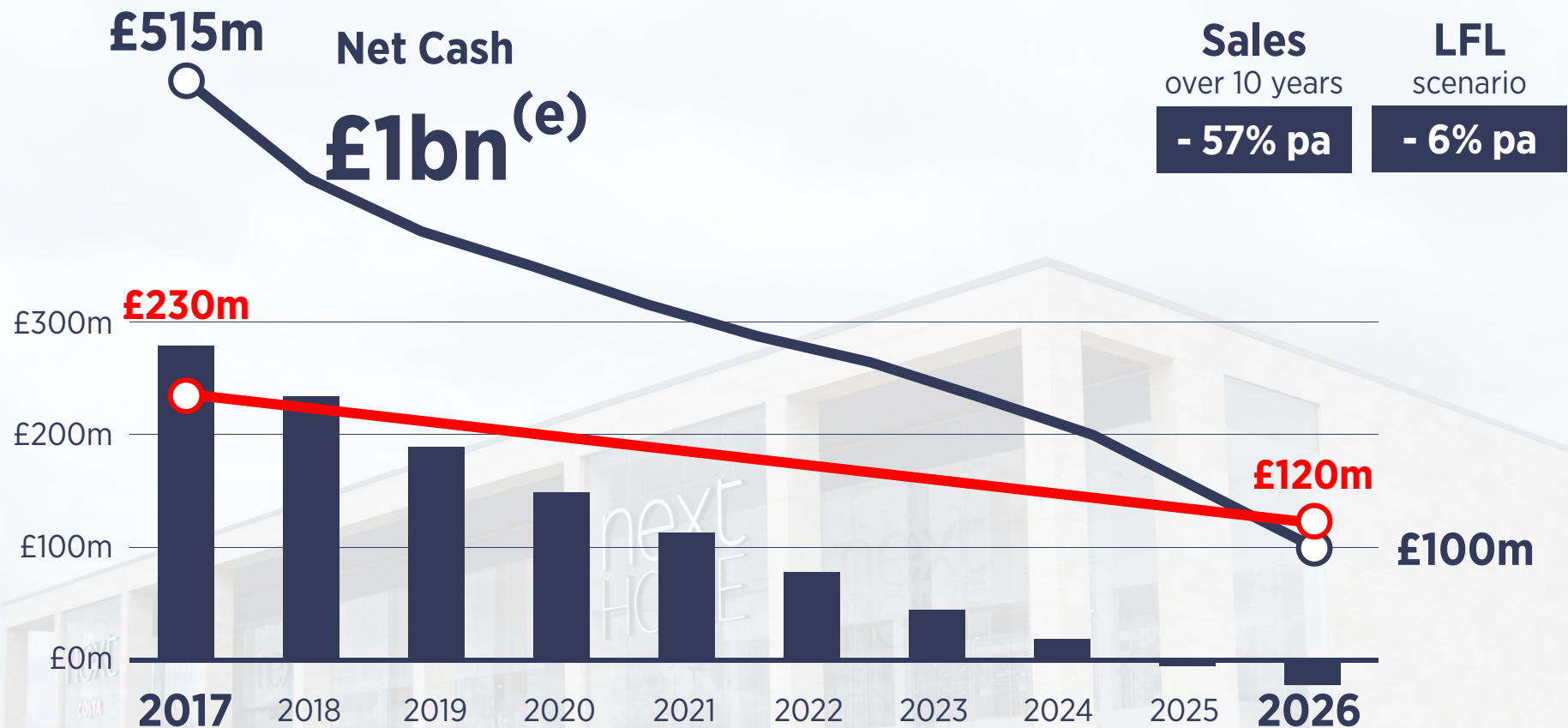
2026

* Mainline stores excluding clearance stores



Store Portfolio | 10 Year Stress Test

next



* Mainline stores excluding clearance stores

Store Portfolio | 10 Year Stress Test

next

Net Cash
£1bn^(e) to **£2bn^(e)**

LFL
scenario

- 2% pa

Excludes new store openings

Excludes rental reduction

Sales

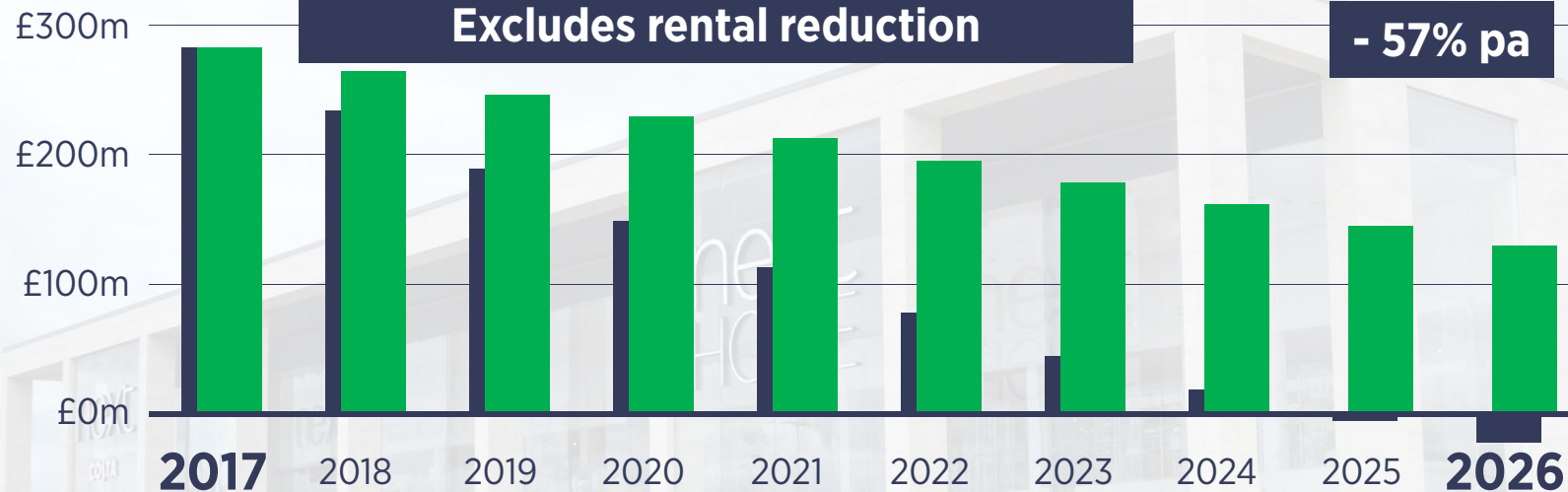
over 10 years

- 57% pa

LFL

scenario

- 6% pa



* Mainline stores excluding clearance stores

New Store | 10 Year Example

next



Rent Renewals | Opportunities

next

8 renewals in SS17



Coleraine



Hanley



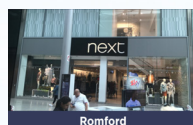
Guildford



Scunthorpe



Kirkcaldy



Romford



Windsor



Bournemouth

Rent

Before

£2.9m

After

£2.2m

Net rent to sales

9.5% → 7.0%

next
HOME

Rent Renewals | Opportunities

next

8 renewals in SS17



Coleraine



Hanley



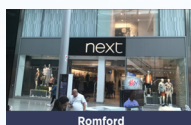
Guildford



Scunthorpe



Kirkcaldy



Romford



Windsor



Bournemouth

Rent

Concession

Before

£2.9m

After

£2.2m

- £175k

£2.0m

Net rent to sales

9.5% → 6.5%

Average lease length
7 years

Average profit
23%

Concession

CAFÉ



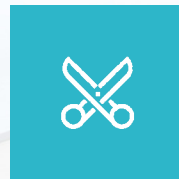
STATIONERY



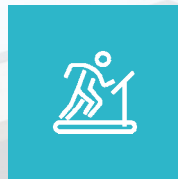
PROSECCO BAR



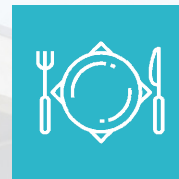
HAIRDRESSER



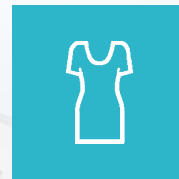
GYM



RESTAURANT



LIPSY & CO.



Rent Renewals | Opportunities

next

Concession



Estimated annual
profit share

£300k

Gino
D'ACAMPO

Two restaurant trial





Increasing Value to Directory

Edinburgh Straiton

Increasing Value to Directory

next

>50%

of Directory orders
(by volume) are
picked up from store

80%

of Directory returns
are returned via our
store network

15%

of new
Directory customers
opened an account via
our store network

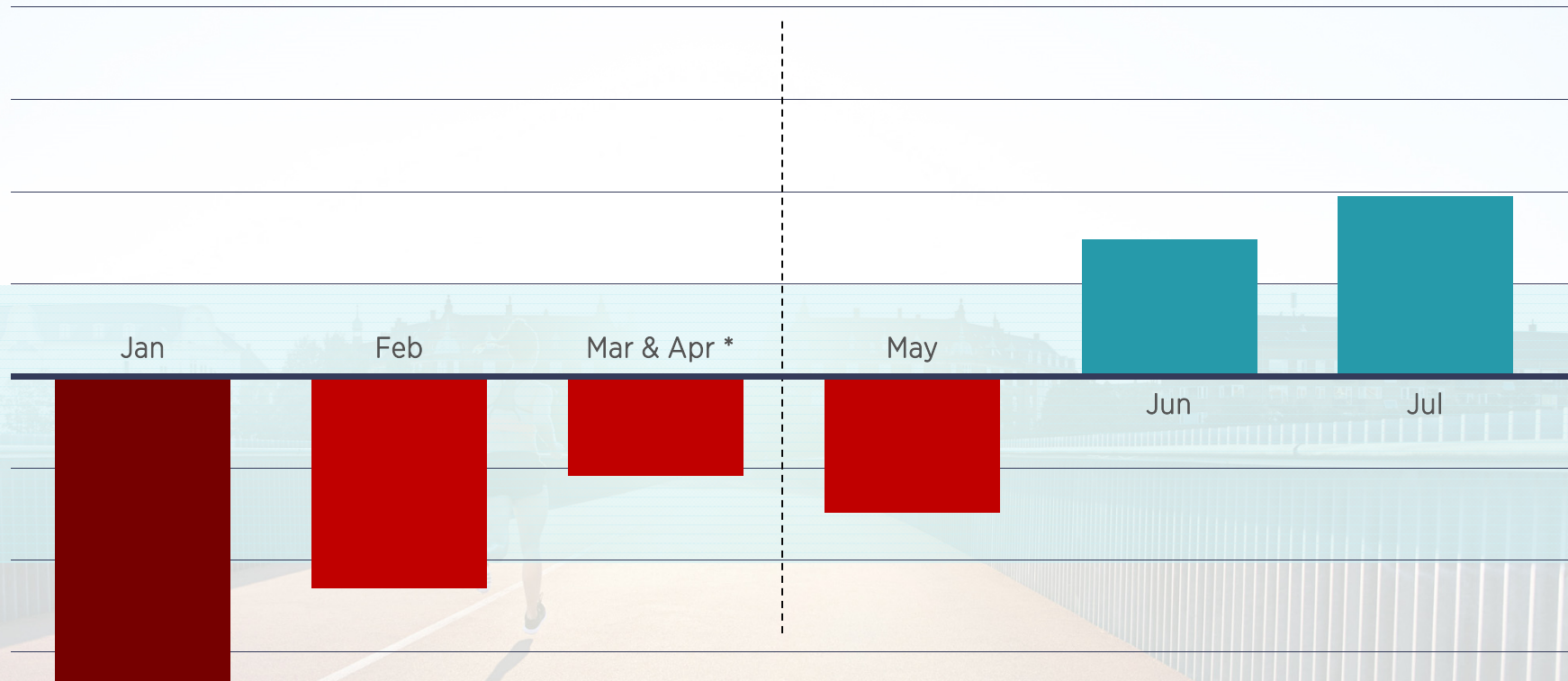


Directory Modernisation



SS17 Brand Full Price Sales Variance vs 2016

next

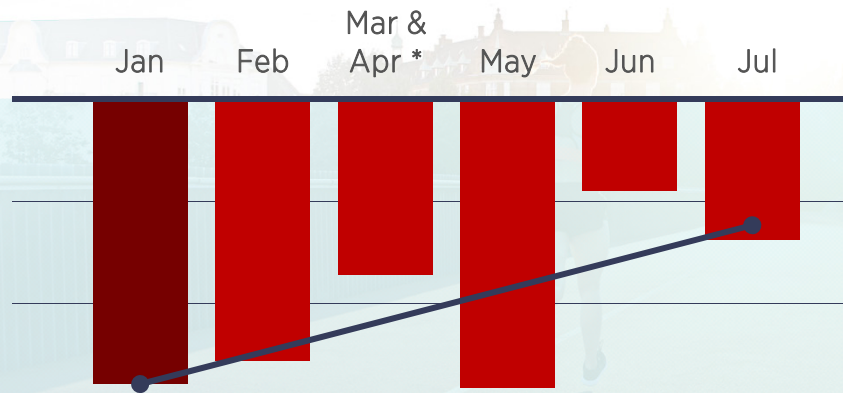


* March and April have been added together to account for the change in timing of Easter

SS17 Brand Full Price Sales Variance vs 2016

next

Retail



Directory



—●— Growth trend line

* March and April have been added together to account for the change in timing of Easter

Directory Modernisation | Investment

next

Software

Web Merchandising System **WMS**

Analytics and Segmentation **SAS**

Content Management System **CMS**

Data Management Platform **DMP**

Security and Testing **SEC**

New Credit Platform **NCP**

£5.5m

Directory Modernisation | Investment

next

Software

WMS

SAS

CMS

DMP

SEC

NCP

People

New heads

Development and Testing 51

Data and Marketing 21

Content design 19

UX design 10

Security and other 20

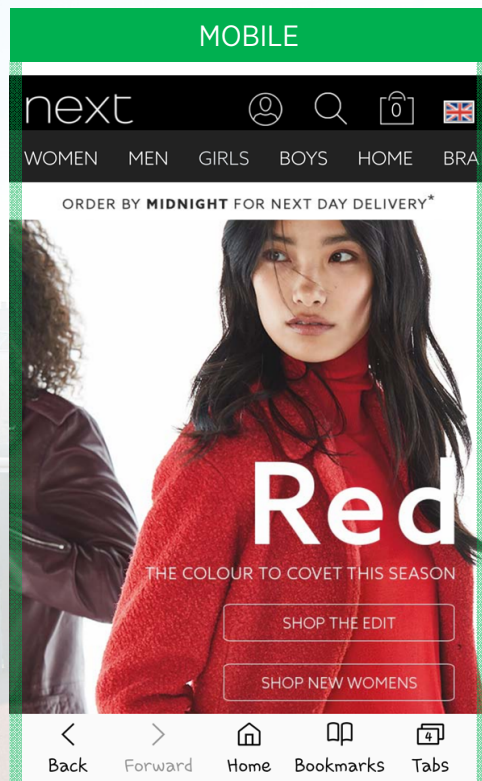
121

£5.5m
Software

£6.5m
People

£12.0m
Total

Mobile



Jan 2016 July 2017

Orders Pn	27%	38%
Conversion rate	4.2%	5.3% + 26%

MOBILE

NEXT UNLIMITED

next unlimited 

Unlimited standard **next day home delivery**, for just **£20** a year*

[FIND OUT MORE](#)

*Exceptions, terms and conditions apply. Minimum order value £10 per order. Excludes Precise Home Delivery. Next day delivery is subject to stock, courier availability and courier area.

[SHOW ME MORE](#)



nextunlimited

Unlimited next day delivery for a whole year.
All for just £20 a year.

Next Unlimited

Unlimited deliveries to home for £20 per year

£5m cost

>10%

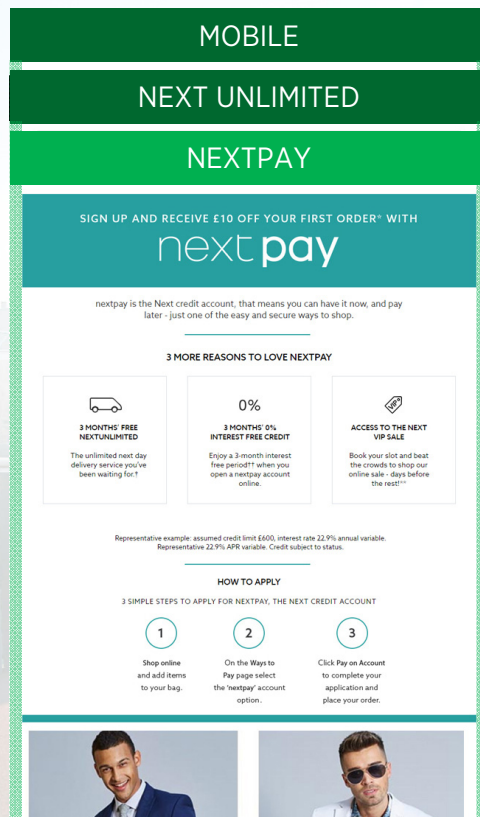
of all orders delivered free to home

>50%

of all orders delivered free to store

>60%

FREE DELIVERY

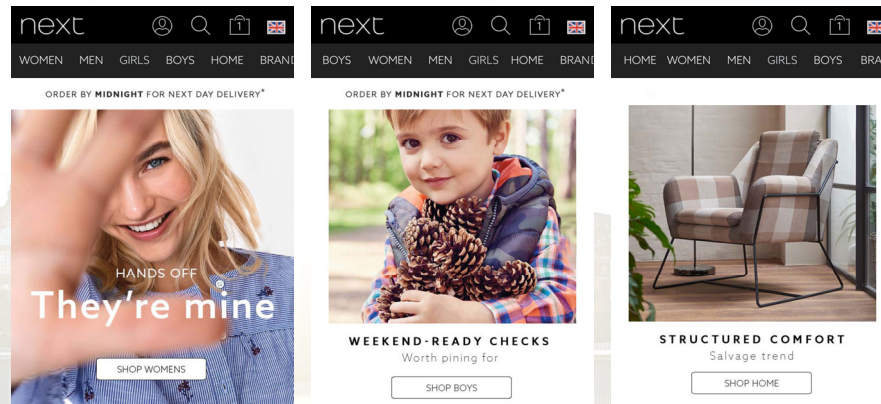
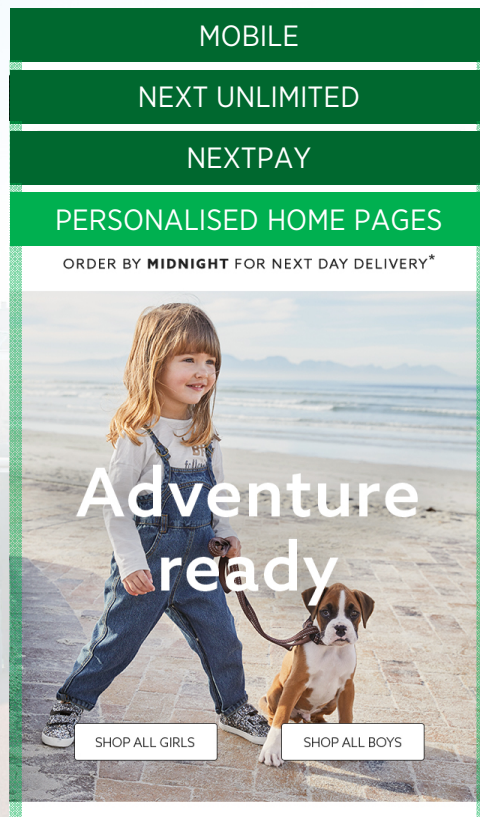


nextpay

+ 0.2%



Personalised home pages



~1% increase in sales

Offered to 40% of customers

MOBILE

NEXT UNLIMITED

NEXTPAY

PERSONALISED HOME PAGES

INTELLIGENT RECOMMENDATIONS

Intelligent recommendations

You may also like



£58

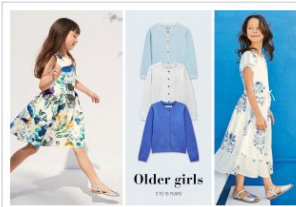
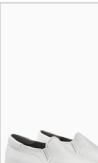


£62



£98

Style with



Featured within Older Girls 3yrs-16 yrs >



White/Blue Maxi Dress (3-16yrs)

★★★★★ (3)

£20 - £26

461-958

Size

Choose Size



ADD TO YOUR BAG

100% Cotton.

YOU MAY ALSO LIKE



£26 - £30



£16 - £21



£32 - £38



£30 - £36

STYLE WITH



Peep Toe Sandals (Older Girls)

★★★★★ (2)

£19 - £25

999-697

Colour

Silver



Size

Choose Size



ADD TO YOUR BAG

READ MORE

Bags across devices

MOBILE

NEXT UNLIMITED

NEXTPAY

PERSONALISED HOME PAGES


INTELLIGENT RECOMMENDATIONS

BAGS ACROSS DEVICES

Bag (1 item)

Order Value (Excluding delivery)£32.00

CHECKOUT



Red Fluted Rib Dress

£32.00

192-063

Size:

8

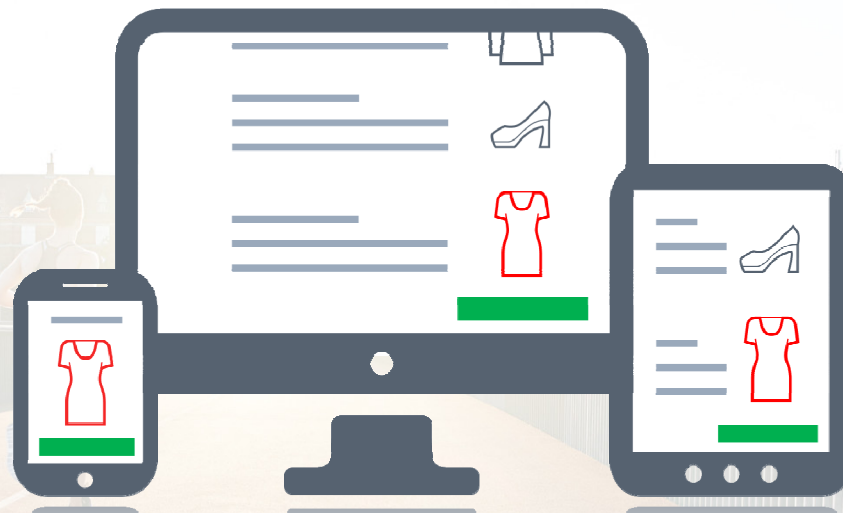
Qty:

1

[Remove](#)

[Save For Later](#)

[Done](#)



Abandoned basket reminders

~ 2% fewer abandoned baskets

MOBILE

NEXT UNLIMITED

NEXTPAY

PERSONALISED HOME PAGES

INTELLIGENT RECOMMENDATIONS

BAGS ACROSS DEVICES

ABANDONED BASKET REMINDERS

next

[WOMENS](#) [LINGERIE](#) [MENS](#) [GIRLS](#) [BOYS](#) [HOME](#) [BRANDS](#) [BE INSPIRED](#)

P S S T...
REMEMBER US?

[VIEW YOUR BASKET](#)

Hey Brenda, we're in your basket waiting to be taken home. Snap us up before we're gone!



Pink Rose Textured Print Slip
Size 20 R

Directory Modernisation

next

MOBILE

NEXT UNLIMITED

NEXTPAY

PERSONALISED HOME PAGES

INTELLIGENT RECOMMENDATIONS

BAGS ACROSS DEVICES

ABANDONED BASKET REMINDERS

Next UK



Overseas



next

WOMENS LINGERIE MENS GIRLS BOYS HOME BRANDS BE INSPIRED

P S S T...
REMEMBER US?

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Pink Rose Textured Print Slip
Size 20 R

MOBILE

NEXT UNLIMITED

NEXTPAY

PERSONALISED HOME PAGES

INTELLIGENT RECOMMENDATIONS

BAGS ACROSS DEVICES

ABANDONED BASKET REMINDERS

next

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Pink Rose Textured Print Slip
Size 20 R
...

Coming soon...

Fast checkout

Fast registration

Targeted emails

Targeted ads

FAST CHECKOUT

FAST REGISTRATION

TARGETED EMAILS

TARGETED ADS

THE NEW
SUMMER
COLLECTION
HAS ARRIVED

next



[Login](#) [Register](#) [Subscribe](#)

The Telegraph

ALL SECTIONS

Lifestyle | **Fashion**

More ▾

FASHION

Directory Modernisation | Future developments

next

Coming soon...

New search engine

MOBILE

NEXT UNLIMITED

NEXTPAY

PERSONALISED HOME PAGES

INTELLIGENT RECOMMENDATIONS

BAGS ACROSS DEVICES

ABANDONED BASKET REMINDERS

next

WOMENS LINGERIE MENS GIRLS BOYS HOME BRANDS BE INSPIRED

P S S T...
REMEMBER US?

[VIEW YOUR BASKET](#)

Hey Brenda, we're in your basket waiting to be taken home. Snap us up before we're gone!



Pink Rose Textured Print Slip
Size 20 R

FAST CHECKOUT

FAST REGISTRATION

TARGETED EMAILS

TARGETED ADS

NEW SEARCH ENGINE

Filter



Sort



SHOWING RESULTS FOR **RED DRESS**

220 Products

NEW in



Red Tea Dress

NEW in



Berry Colourblock
Elated Rib Dress

Consumer Environment

OUTLOOK

‘More experience, less stuff’

next

Entertainment
spend grew by

9.4%



Pub
spend grew by

9.2%



Restaurant
spend grew by

12.4%



On the
High Street

**Womens
Clothing**

spend fell by

- 2.3%



Source: Barclaycard August 2017 Report UK

CPI and UK Average Weekly Earnings

next

Avg. weekly earnings

ONS, 13th September 2017

CPI

ONS, 12th September 2017

CPI forecast

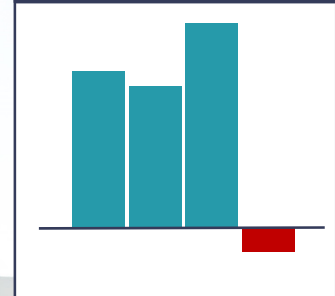
BoE, 3rd August 2017

UK Employment

+ 1.2%

ONS "UK Labour Market Release", 13th September

Sectorial Shift



Jan
2015

Jan
2016

Jan
2017

Jan
2018

4%
3%
2%
1%
0

Average Selling Price Increases

next

Currency rates \$

LY

TY

+/-

ASP annual
increase

SS17

1.54

1.39

- 10%

+ 4%

AW17

1.47

1.26

- 14%

+ 4%

SS18

1.39

1.26

- 9%

+ 2%^(e)

AW18

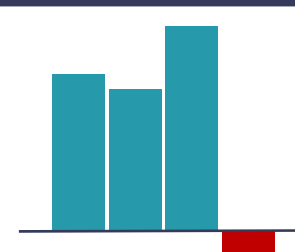
1.26

1.29^(e)

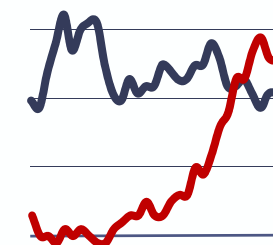
+ 2%

Flat^(e)

Sectorial Shift



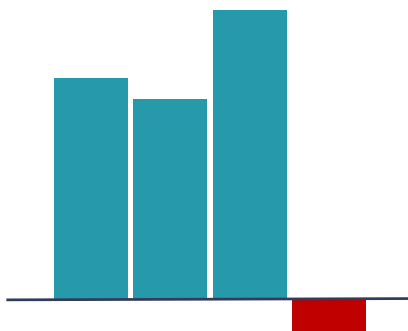
Average Earnings



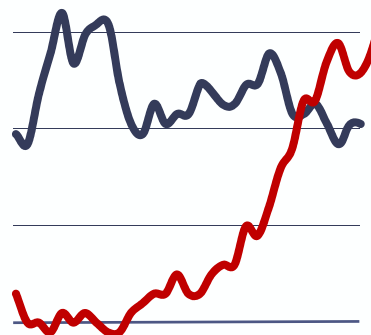
General Environment

next

Sectorial Shift



Average Earnings



Next Pricing

2017/18

+ 4%

Next Ranges

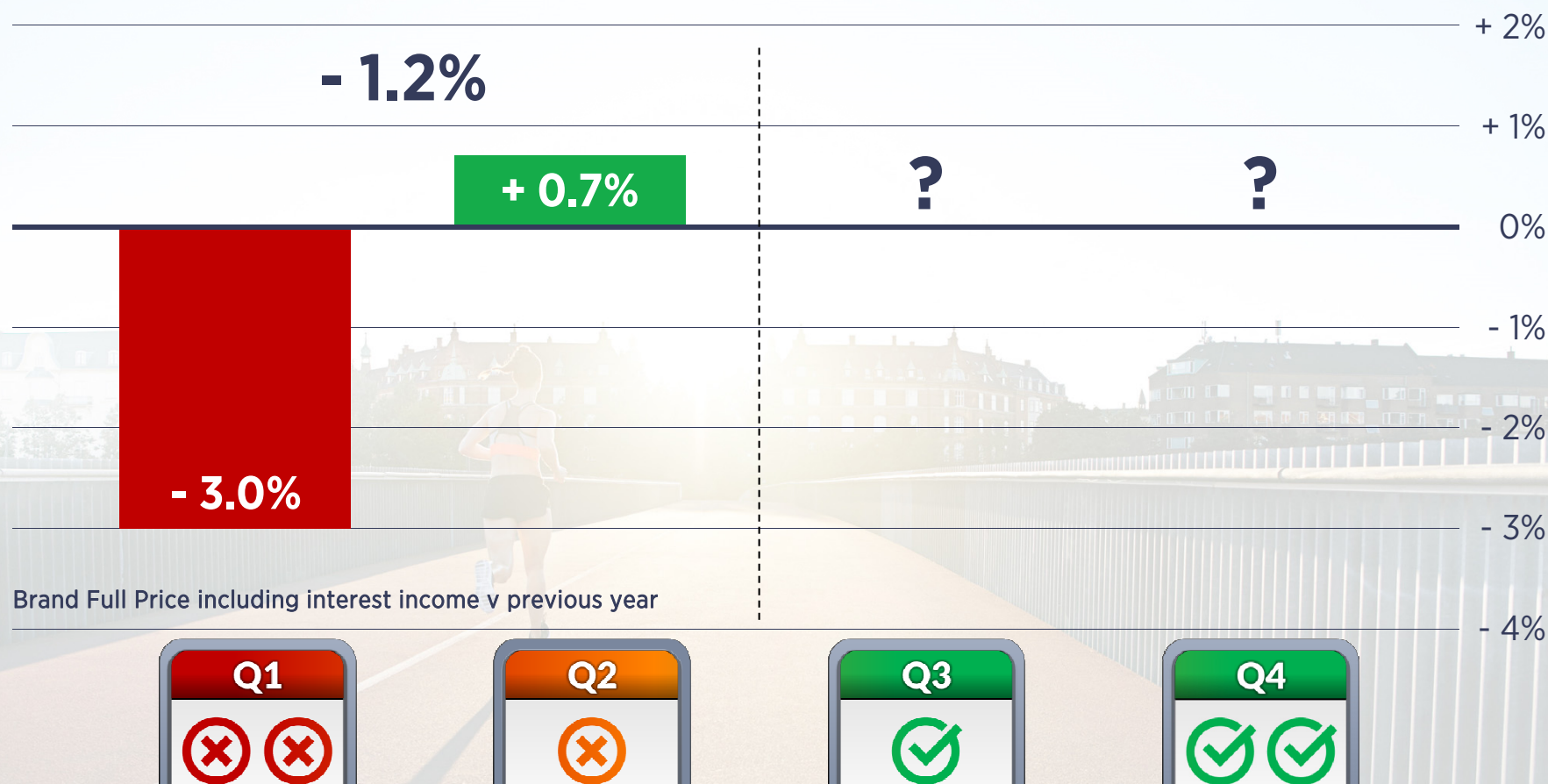
- Heartland product
- Easy to wear
- 'Power Programs' at mid price points



RESULTS PRESENTATION
23 MARCH 2017

Sales Outlook | 2017/18^(e)

next



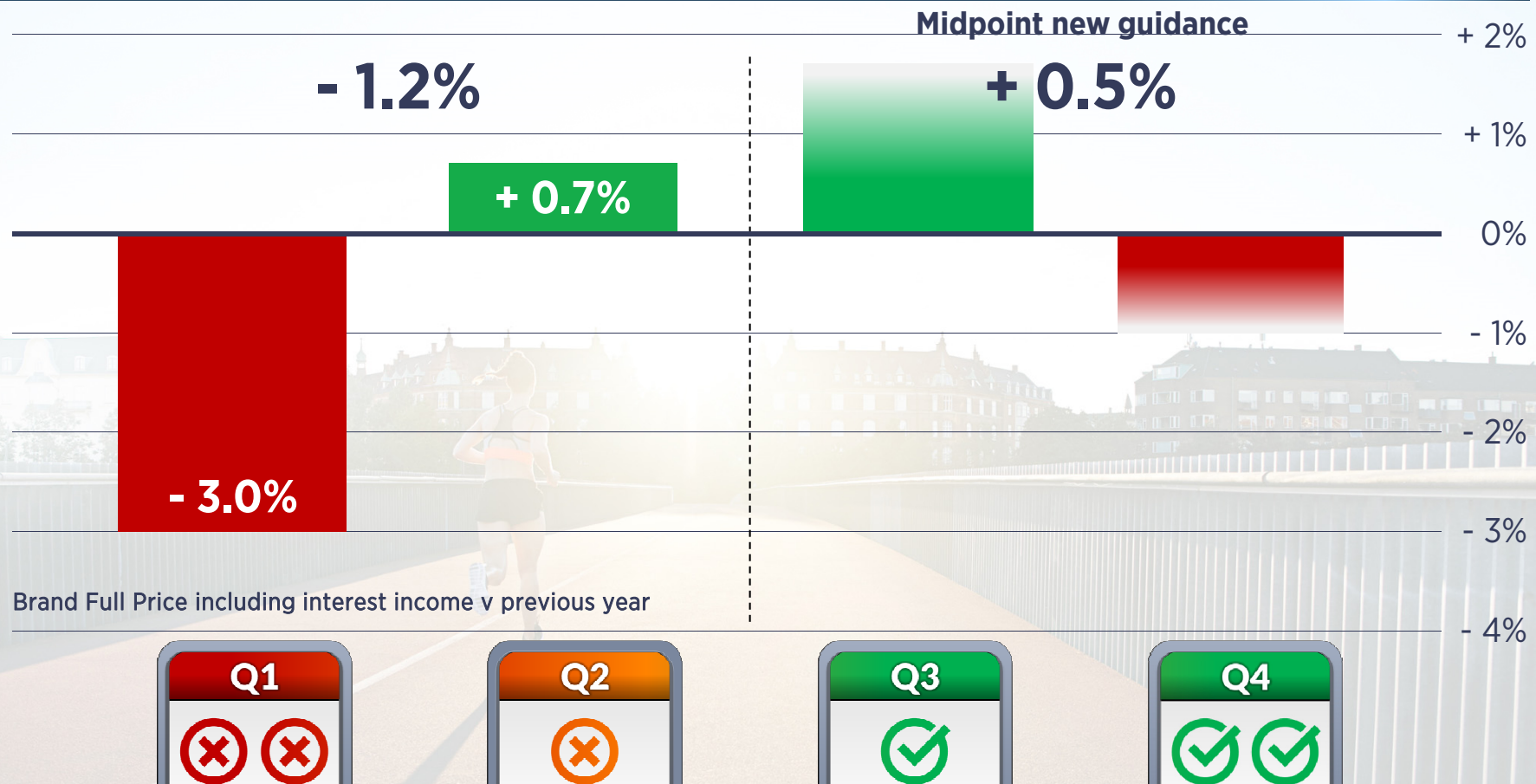
Sales Outlook | 2017/18^(e)

next



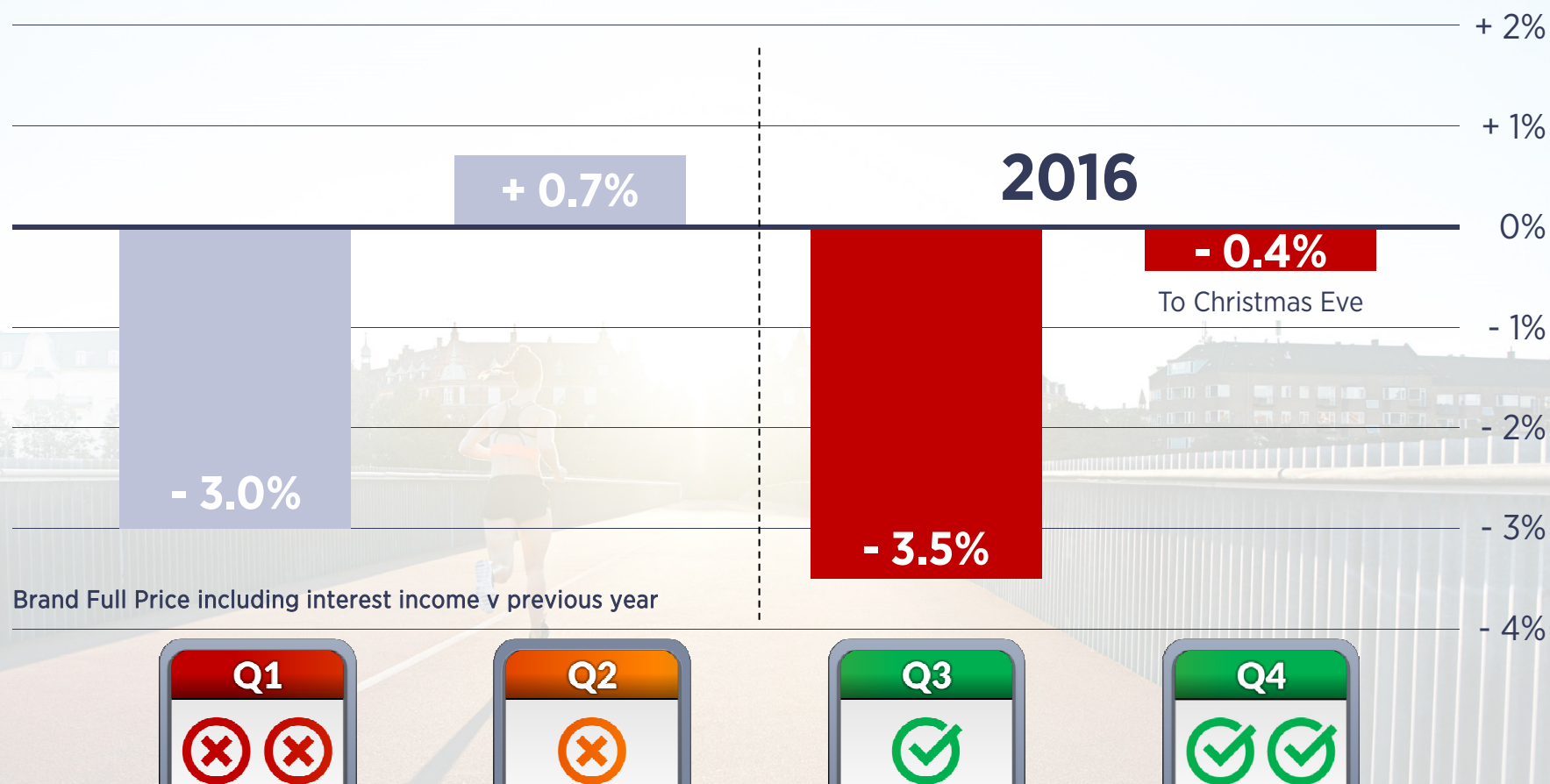
Sales Outlook | 2017/18^(e)

next



Sales Outlook | 2017/18^(e)

next





next

J U L Y 2 0 1 7

The UK economy
remains challenging

Our stores
are an asset

Encouraging signs
in Directory

Sales

- 3.5%

- 1.5%

+ 0.5%

Trading statement, May 2017

Sales

- 2.0%

- 0.3%

+ 1.5%

Current guidance

Profit Scenario | 2017/18^(e)

next

If FP sales are - **0.3%**

2017/18^(e)
£736m

2016/17
£790m

Cost increases
£29m

LFL sales
£90m

New space

Cost savings
£31m

£9m

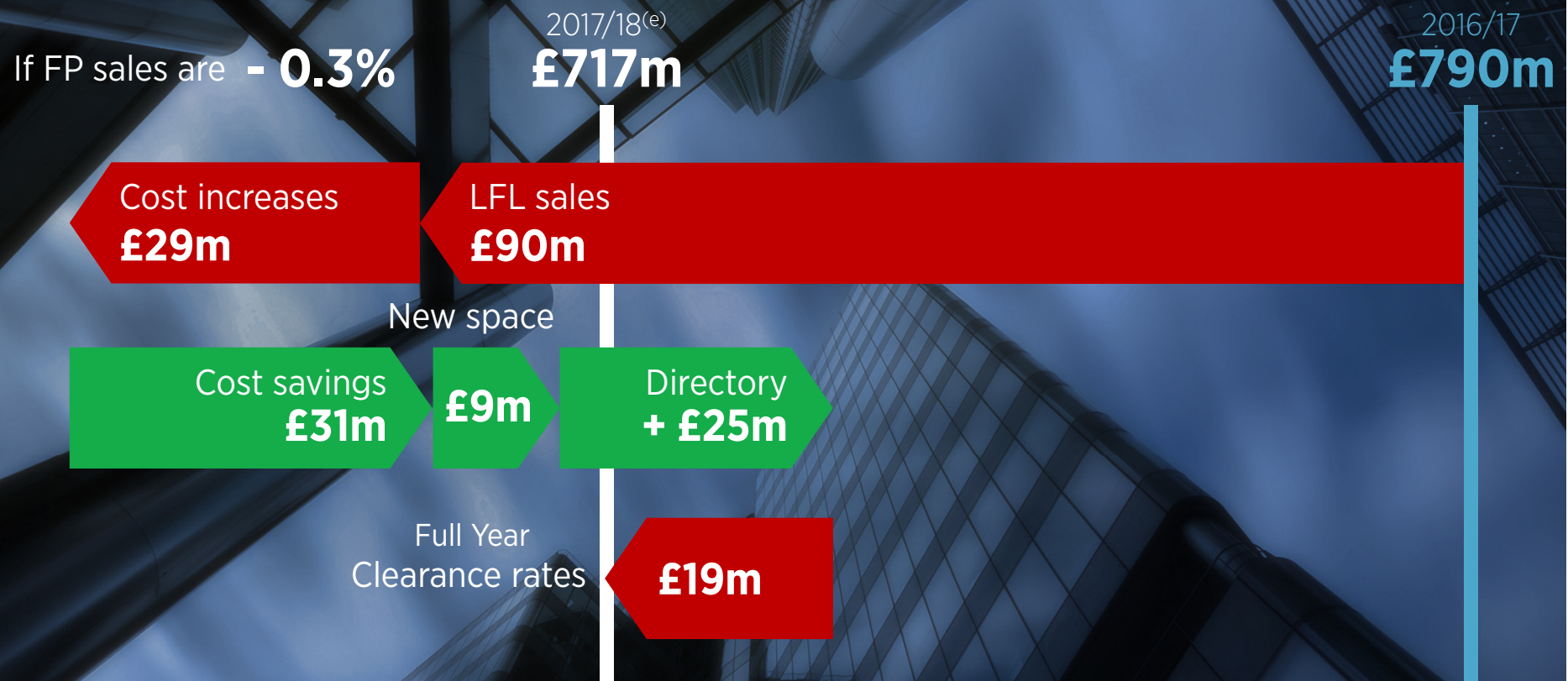
Directory
+ £25m

Spring Summer
Clearance rates

£11m

Profit Scenario | 2017/18^(e)

next



Sales and Profit Guidance | 2017/18(e)

next

Full year Brand full price sales

- 2.0%

to

+ 1.5%

Profit before tax

£687m

to

£747m

Growth in profit

- 13.1%

to

- 5.5%

Growth in EPS

- 10.9%

to

- 3.1%

Ordinary dividend yield*

4.1%

Special dividend yield*

4.7%

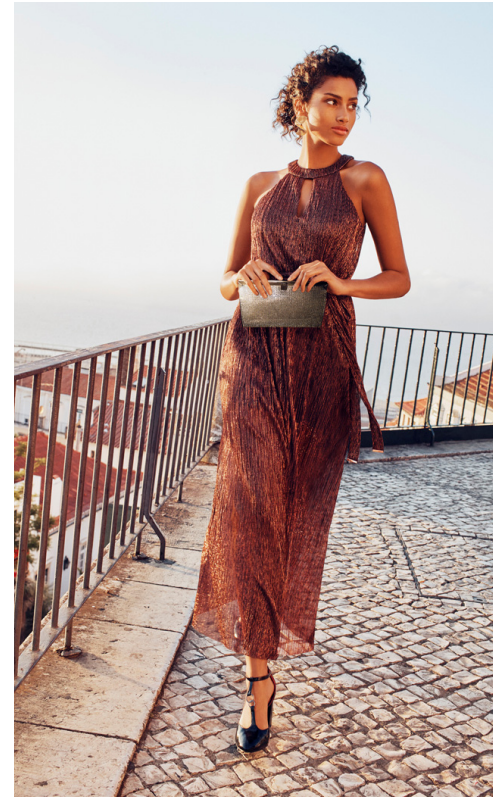
TSR underlying (at constant PE ratio)

- 2.1%

to

+ 5.7%

* Based on a share price of £38.64, the average share price during February 2017



next



next



next