



next

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**Half Year End Statement**

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July 2010

# Income Statement

next

£m	2010	2009	
Revenue	<u>1,587</u>	<u>1,512</u>	+ 5%
Operating profit	226	200	+ 13%
Interest	<u>(13)</u>	<u>(14)</u>	
Profit before tax	213	186	+ 15%
Taxation	<u>(58)</u>	<u>(54)</u>	
Profit after tax	<u>155</u>	<u>132</u>	
EPS	84.5p	68.2p	+ 24%

# Balance Sheet

next

£m	2010	2009
<b>Fixed assets</b>	<b>588</b>	600
<b>Goodwill</b>	<b>47</b>	55
<b>Stocks</b>	<b>312</b>	326
<b>Debtors</b>	<b>601</b>	573
<b>Creditors</b>	<b>(850)</b>	(822)
<b>Pension fund deficit</b>	<b>(15)</b>	(56)
<b>Derivatives</b>	<b>(32)</b>	(39)
<b>Buyback commitments</b>	<b>(71)</b>	-
<b>Net debt</b>	<b>(494)</b>	(514)
<b>Net assets</b>	<b>86</b>	123

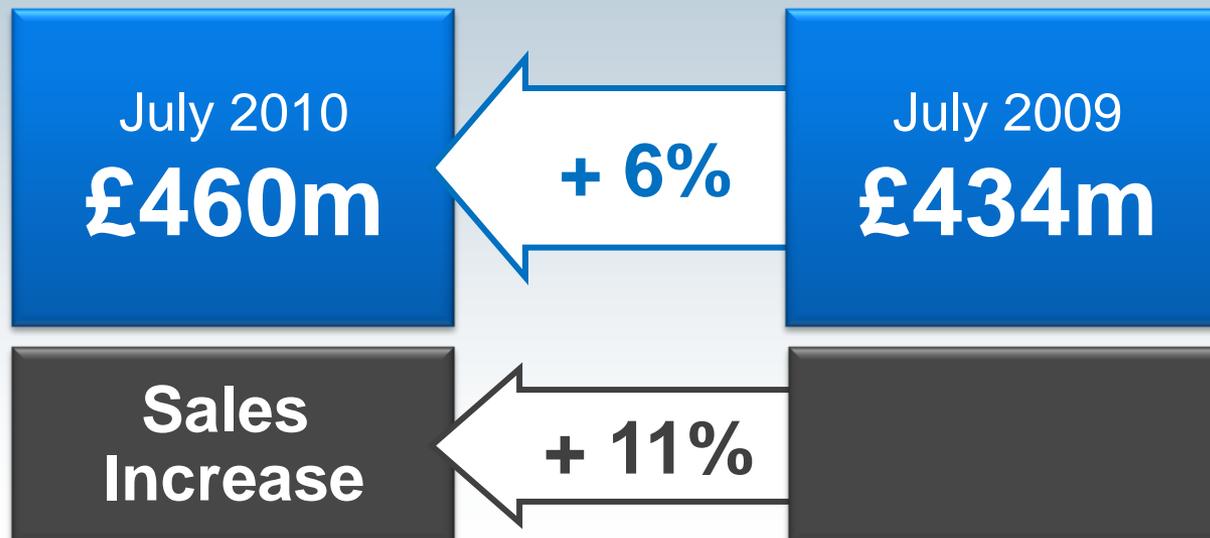
- 4%

# Balance Sheet

next

£m	2010	2009	
Fixed assets	588	600	
Goodwill	47	55	
Stocks	312	326	
<b>Debtors</b>	<b>601</b>	<b>573</b>	<b>+ 5%</b>

## Directory Debtors



# Cash Flow

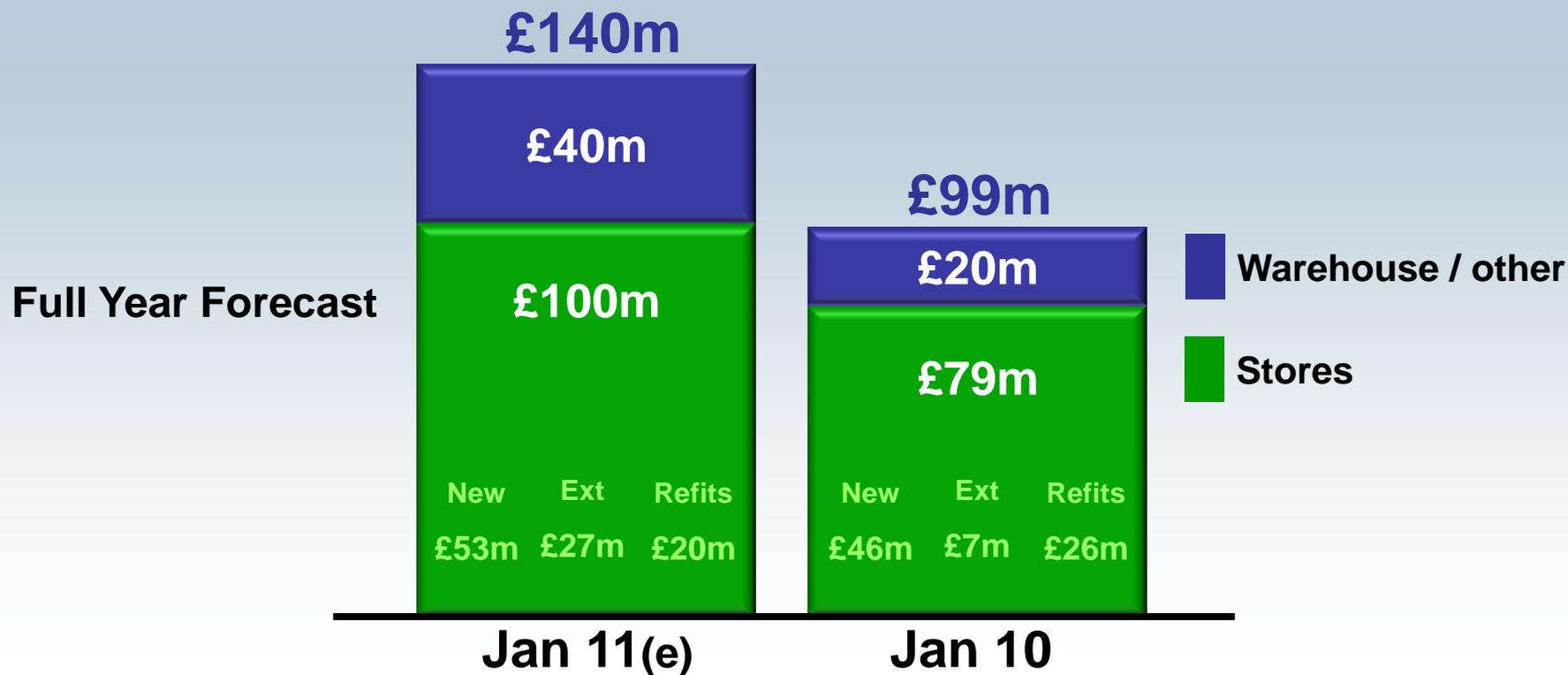
next

£m	2010	2009
<b>Profit before tax</b>	<b>213</b>	185
<b>Depreciation / impairment</b>	<b>64</b>	62
<b>Capital expenditure</b>	<b>(69)</b>	(46)
<b>Working capital / other</b>	<b>10</b>	28
<b>Dividends paid</b>	<b>(85)</b>	(71)
<b>Tax paid</b>	<b>(70)</b>	(44)
<b>Share buybacks</b>	<b>(157)</b>	-
<b>Net cash flow</b>	<b>(94)</b>	114

# Cash Flow

next

£m	2010	2009
Profit before tax	213	185
Depreciation / impairment	64	62
<b>Capital expenditure</b>	<b>(69)</b>	<b>(46)</b>





**Retail**

# Retail : Sales Analysis

next



£m	2010	2009	
Revenue (Stat Sales)	<b>1,026.2</b>	1,004.3	+ 2.2%
Operating profit	<b>122.9</b>	112.3	+ 9.4%
% to revenue	<b>12.0%</b>	11.2%	

## Sales Analysis

26 week comparative	+ 1.3%
Timing of 53 <sup>rd</sup> week	+ 0.9%
Reported sales	<u>+ 2.2%</u>



# Retail : Profit Analysis

next



£m	2010	2009	
Revenue (Stat Sales)	<b>1,026.2</b>	1,004.3	+ 2.2%
Operating profit	<b>122.9</b>	112.3	+ 9.4%
% to revenue	<b>12.0%</b>	11.2%	

## Margin Movement

Bought in gross margin	+ 0.7%
Markdowns	- 0.3%
Achieved gross margin	<u>+ 0.4%</u>

# Retail : Profit Analysis

next



£m	2010	2009	
Revenue (Stat Sales)	<b>1,026.2</b>	1,004.3	+ 2.2%
Operating profit	<b>122.9</b>	112.3	+ 9.4%
% to revenue	<b>12.0%</b>	11.2%	

## Margin Movement

Achieved gross margin	+ 0.4%
Occupancy	- 0.1%
Branch payroll	0.0%
Warehouse & distribution	0.0%
Central overheads	+ 0.5%

# Retail : Space Expansion

next



	Stores	Sq Ft (k)
Jan 2010	517	5,763
<b>New Mainline</b>	<b>3</b>	<b>22</b>
<b>New Home</b>	<b>5</b>	<b>63</b>
<b>Re-sites (3)</b>	<b>-</b>	<b>19</b>
<b>Extensions (21)</b>	<b>-</b>	<b>28</b>
<b>Closed</b>	<b>(3)</b>	<b>(11)</b>
<b>SS10 Additions</b>	<b>5</b>	<b>121</b>

<b>New Store Performance</b>	<b>Mainline</b>	<b>Home</b>	<b>Total</b>
<b>Sales vs target</b>	<b>Level</b>	<b>+ 31%</b>	<b>+ 12%</b>
<b>Payback (months)</b>	<b>17</b>	<b>15</b>	<b>16</b>
<b>Net branch contribution</b>	<b>19%</b>	<b>20%</b>	<b>19%</b>

# Retail : Space Expansion

next



	Stores	Sq Ft (k)
Jan 2010	517	5,763
SS10 Additions	5	121
AW10 Additions (e)	9	215
<b>2010/11 Increase (e)</b>	<b>14</b>	<b>336</b>

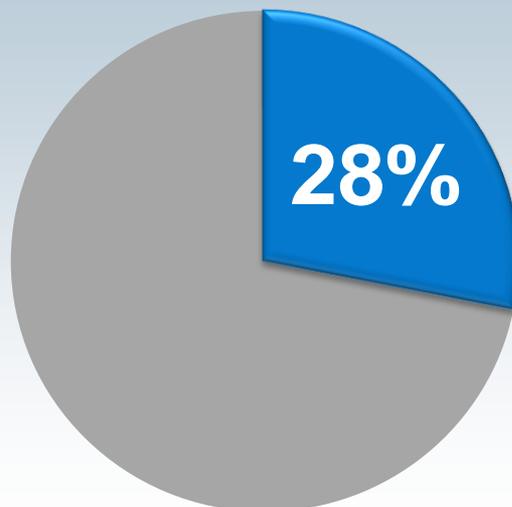


# Directory



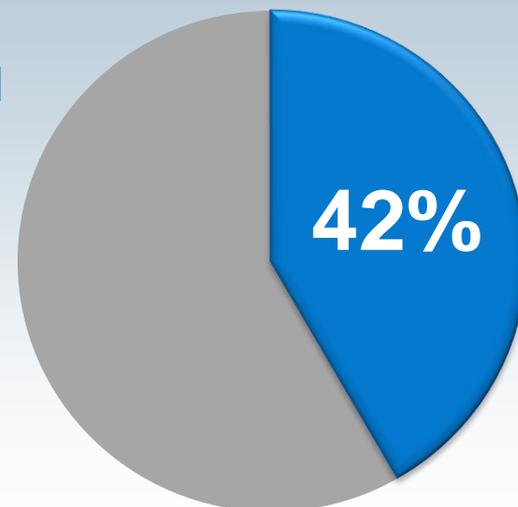
£m	2010	2009	
Revenue	422.8	386.2	+ 9.5%
Operating profit	101.3	83.3	+ 21.5%
% to revenue	24.0%	21.6%	

### Directory Sales



As a %  
of Brand

### Directory Profit





£m	2010	2009	
Revenue	422.8	386.2	+ 9.5%
Operating profit	101.3	83.3	+ 21.5%
% to revenue	24.0%	21.6%	

## Sales Analysis

Trading statement + 7.8%

Timing of 53<sup>rd</sup> week + 1.7%

Total Sales + 9.5%

# Directory : Sales Analysis

next



£m	2010	2009	
Revenue	422.8	386.2	+ 9.5%
Operating profit	101.3	83.3	+ 21.5%
% to revenue	24.0%	21.6%	

## Sales Drivers

	2010	2009	
Active customers	2.65m	2.39m	+ 11.2%
Printed pages	2,026	1,998	+ 1.4%



£m	2010	2009	
Revenue	422.8	386.2	+ 9.5%
Operating profit	101.3	83.3	+ 21.5%
% to revenue	24.0%	21.6%	

## Margin Movement

Bought in gross margin	+ 1.3%
Markdowns	- 0.1%
Achieved gross margin	<u>+ 1.2%</u>



£m	2010	2009	
Revenue	422.8	386.2	+ 9.5%
Operating profit	101.3	83.3	+ 21.5%
% to revenue	24.0%	21.6%	

## Margin Movement

Achieved gross margin	+ 1.2%
Bad debt reduction	+ 0.2%
Service charge	- 0.8%
Warehouse & distribution	+ 1.0%
Marketing & book creation	+ 0.4%
Central overheads	+ 0.4%

£m	2010	2009	
Revenue	30.8	30.0	+ 2.5%
Operating profit	2.3	3.1	- 26.6%
% to revenue	7.5%	10.4%	

- LFL sales - 5.8%
- Gross sales - 0.8%
- Impairment charge of £0.5m
- Full year profit estimate £6m vs £1m LY



## Shop Worldwide:

Please select your Country:

-  United Kingdom
-  United States of America
-  Argentina
-  Austria
-  Belgium
-  Bulgaria
-  Chile
-  Czech Republ
-  Denmark
-  Deutschland
-  Estonia
-  Finland
-  France
-  France
-  Gibraltar
-  Hungary
-  Israel
-  Italy
-  Latvia
-  Lithuania
-  Luxembourg
-  Mexico
-  Netherlands
-  New Zealand
-  Norway
-  Peru
-  Poland
-  Portugal
-  Rep. of Ireland
-  Romania
-  Slovakia
-  Slovenia
-  South Africa
-  Spain
-  Siveden
-  Switzerland
-  Taiwan
-  Turkey
-  Venezuela

 British Forces Post Office (BFPO)

WELCOME TO  
**next**

*Discover our exciting **new** collection  
of beautifully designed, quality clothing*



nextdirect.com

2010

2009

Revenue £m\*

2.3

0.6

▪ Profitability circa 20%

\*Excluding Eire



£m	2010	2009	
Intra-group sales	218.6	250.3	- 12.5%
Operating profit	12.5	16.2	- 22.6%

- Increasingly competitive market
- Lowered commission rate
- 2010/11(e) profits circa £30m



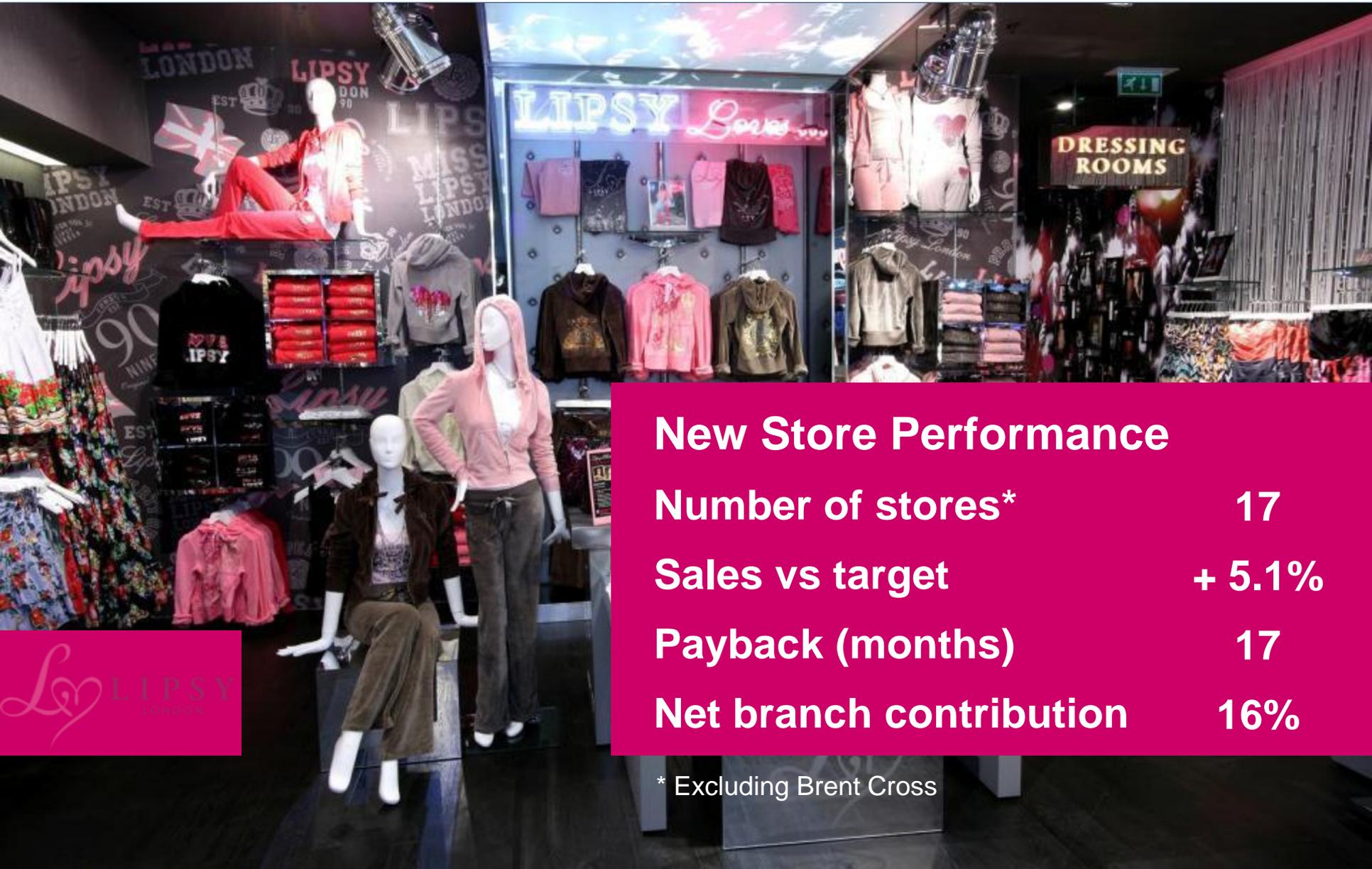
£m	2010	2009	
Revenue	75.5	72.2	+ 4.6%
Operating profit	3.1	2.1	+ 47.3%
% to revenue	4.1%	2.9%	

- Positive start to the year
- New clients added
- Growth in sales and profit for the full year
- 2010/11(e) profits circa £7m vs £6m LY



£m	<b>2010</b>	2009	
<b>Revenue</b>	<b>18.9</b>	11.4	+ 66.3%
<b>Operating profit</b>	<b>0.3</b>	(0.9)	

	SS10	Year (e)
<b>Trading profit</b>	1.1	3.6
<b>Amortisation</b>	(0.4)	(0.9)
<b>Deferred performance payment</b>	(0.4)	(1.3)
<b>Operating profit</b>	<u>0.3</u>	<u>1.4</u>



## New Store Performance

Number of stores*	17
Sales vs target	+ 5.1%
Payback (months)	17
Net branch contribution	16%

\* Excluding Brent Cross





£m	2010	2009
Property	1.3	0.1
Associates	0.5	0.5
Group / Options / FX	<u>(18.5)</u>	<u>(17.2)</u>
Total	<u>(16.7)</u>	<u>(16.6)</u>



# Full Year Sales and Profit Estimates



# Brand Sales Outlook for 2<sup>nd</sup> Half

next

**Total Brand (VAT ex)\***                      **0%**    to    **+ 3%**

**FY PBT (e)**                                      **£535m**    to    **£560m**

**FY PBT growth (e)**                              **+ 6%**    to    **+ 11%**

**EPS growth (e)**                                      **13%**    to    **18%**

\* On the comparative 26 week period last year

**Pricing**

**Consumer Environment**

**Opportunities for Growth**

**Creating Financial Value**

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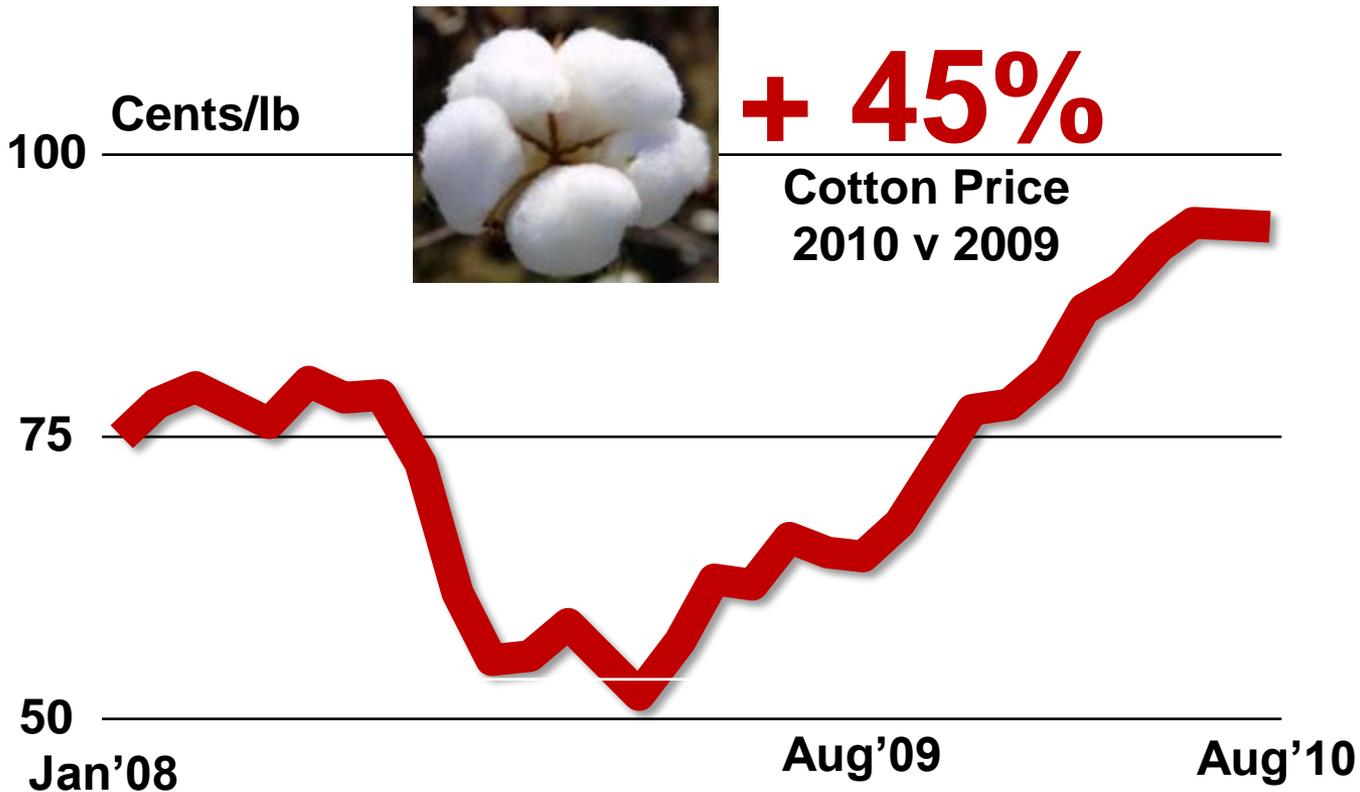
**Outlook**

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# Outlook for Pricing 2011

next



# Outlook for Pricing 2011

next

Increasing commodity prices

Overseas wage inflation

Capacity tightening

VAT increases

New sources

Better negotiation

**Average price increase + 5% to + 8%**

**The choice...**

**an 8% price rise**

**or c£60m profit hit**

## The question...

**Will**

**an 8% price rise**

**result  
in**

**a 9% revenue fall**

**?**

**i.e.**

**15% of units**

**?**

**Price Inflation**

**Deficit Reduction**

**Consumer Credit**

**Stable**

**Employment Rate**

**Low Interest Rates**

**Economy Growing**

**“Several years of low LFL growth”**

# Opportunities for Growth



Home



# Home - A Significant Business

next

Home  
19%

Forecast Annual Turnover

£620m

Home Growth - New Space and New Products

# Home Stand Alone Statistics

next

As at July 2010

No. of stores	23	Company Average
Avg. sales/sq. ft.	£271	£444
Avg. rent/sq. ft.*	£18	£31
NBC	18%	
Payback	16 mths	

\* Measured on net trading sq. ft.

next  
HOME

next HOME

next  
HOME

0%  
Bank of America

# Expansion of Product Ranges

next

£93m

FURNITURE | STATIONERY | CUSHIONS  
 BEDDING | LIGHTS | HALL & MIRRORS  
 UPHOLSTERY | KITCHEN | BATHROOM  
 CURTAIN & ACCS | RUGS | STORAGE  
 ACCESSORIES | BATHROOM TEXTILES  
 WALL COVERINGS | FRESH FLOWERS

2000/01

£363m

SMALL DOMESTIC APPLIANCES  
 TELECOMS | DIGITAL PHOTO & ART  
 AUDIO & VISION | KIDS HARD GOODS  
 MOTHER & BABY | BEAUTY ELECTRICS  
 HOME FITNESS | IRONS & VACUUMS  
 FURNITURE | STATIONERY | CUSHIONS  
 BEDDING | LIGHTS | HALL & MIRRORS  
 UPHOLSTERY | KITCHEN | BATHROOM  
 CURTAIN & ACCS | RUGS | STORAGE  
 ACCESSORIES | BATHROOM TEXTILES  
 WALL COVERINGS | FRESH FLOWERS

2005/06

£620m(e)

GARDEN & OUTDOOR FURNITURE  
 FITTED KITCHEN | HOME FRAGRANCE  
 VIDEO GAME SYSTEMS | CHRISTMAS  
 LARGE DOMESTIC APPLIANCES | TOYS  
 FITTED BEDROOM | FOODS & GIFTS  
 FITTED BATHROOM | HOME OFFICE  
 SMALL DOMESTIC APPLIANCES  
 TELECOMS | DIGITAL PHOTO & ART  
 AUDIO & VISION | KIDS HARD GOODS  
 MOTHER & BABY | BEAUTY ELECTRICS  
 HOME FITNESS | IRONS & VACUUMS  
 FURNITURE | STATIONERY | CUSHIONS  
 BEDDING | LIGHTS | HALL & MIRRORS  
 UPHOLSTERY | KITCHEN | BATHROOM  
 CURTAIN & ACCS | RUGS | STORAGE  
 ACCESSORIES | BATHROOM TEXTILES  
 WALL COVERINGS | FRESH FLOWERS

2010/11

Proposed stand alone

**MAT**                      **£3.5m**

**Sq. Ft.**                    **13,000**

**To Let**

# Home Relocation Example

Falkirk Retail Park

**Existing**

next

TESCO

maplin

glaxo

mfi

LCAL

JB

BANANTYNES  
Health Club

# Home Relocation Example

## Falkirk Retail Park

Sq. ft.	Current	Proposed	% Increase
Womenswear	3,500	4,700	36%
Menswear inc. Sports	2,300	3,700	66%
Childrenswear	1,800	3,000	59%
Home	2,600	13,100	406%
<b>Total</b>	<b>10,200</b>	<b>24,500</b>	<b>141%</b>

Inc. Sq. Ft.

**14.3k**

Inc. MAT

**£3m**

Inc. NBC

**18%**

# Home Extension Example

Lincoln Valentine Retail Park

£405/Sq. ft.

£679/Sq. ft.



Store Appraisal	Sq. ft.	MAT	NBC	NBC %
Existing Store	12,100	£8.2m	£2.3m	28%
Extended Store	27,400	£11.1m	£2.8m	25%
Incremental	15,300	£2.9m	£453k	16%

# Opportunities for Growth



**Directory**

# SS10 Recruitment

next



## Recruitment taking a step forward

 Search

- Women
- Men
- Girls
- Boys
- Shoes
- Branded
- Sports
- Home & Furniture
- Electricals
- Flowers & Wine
- Offers



*Lingerie Special*

# A VERY PRIVATE AFFAIR

Make the best of your assets in our gorgeous new lingerie collection

# 1024 PIXELS

### Request A Directory

Request the *Autumn Winter 2010* next Directory

### Womens



### Girls - New In



### Boys - New In






Search

- Women
- Men
- Girls
- Boys
- Shoes
- Branded
- Sports
- Home & Furniture
- Electricals
- Flowers & Wine
- Offers

Home / Women's Clothing / Tailored Looks / La Resistance / Page 5 / Camel Peacoat

« Back To The Collection

Zoom

Video



View Collection



Next Day Delivery

Home



**Camel Peacoat**

£45

738-279-X46 | More Info  
Petite sizes 6 - 16 length 24"/61cm  
Regular sizes 6 - 20 length 26"/66cm



Select

Select Size

Add To Bag



**Faux Leather Trim Wide Leg Jeans**

£40

725-076-X46 | More Info  
★★★★☆ Read Customer Review (2)  
Regular sizes 6R - 22R to fit inside leg 29"/74cm  
Long sizes 8L - 22L to fit inside leg 31"/79cm  
Extra Long sizes 8XL - 18XL to fit inside leg 33"/84cm

Select Size

Add To Bag



**Black Padlock Bag**

£30

738-820-X46 | More Info  
★★★★★ Read Customer Review (1)  
30 x 35 x 16cm.

Add To Bag



**Soft Leather Buckle Work Boots (Tan)**

£85

732-637-X46 | More Info  
★★★★☆ Read Customer Review (2)  
Available in Regular and Wide Fit.

Dress  
From  
£14

OLDER GIRLS

YOUNGER GIRLS

NEW BORN GIRLS

## Older Girls

Shop this fantastic range of new arrivals for older girls at next.co.uk today.



### Leather Strap Boots (Grey)

From £37  
[More Info](#)



### Lace Back Boots (Grey)

From £25  
[More Info](#)

### Search By...

- Shoes
- Tops
- Knitwear
- Coats & Jackets
- Jeans
- Trousers
- Schoolwear



SIGN UP FOR OUR NEXT NEWSLETTER AND EXCLUSIVE OFFERS

Go



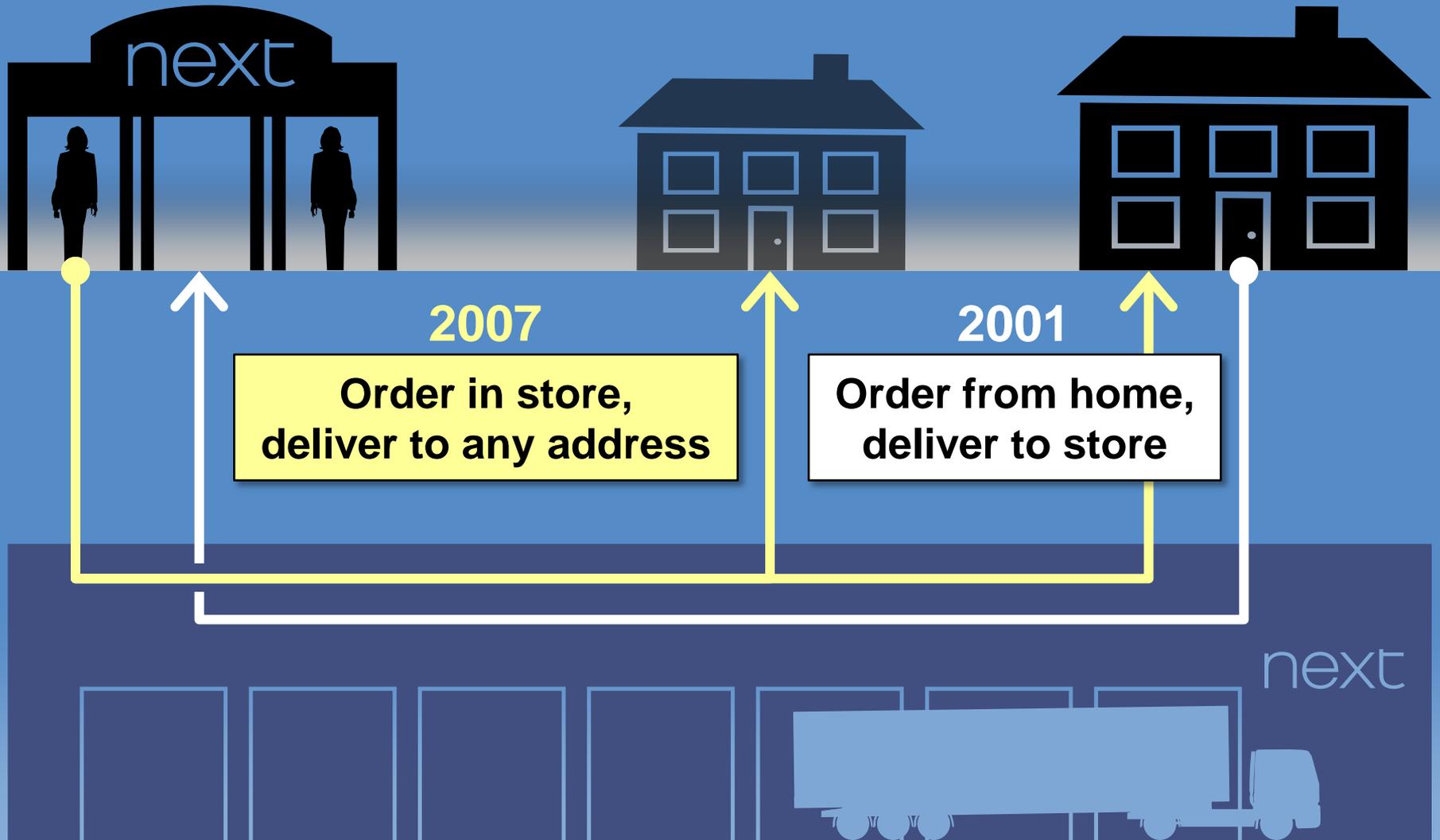
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# Delivery Service

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# Retail and Directory Delivery Options

next



# Retail and Directory Delivery Options

next



2<sup>nd</sup> Half  
2010

Order from home,  
deliver to  
alternative  
address



next



# Order cut off times for next day delivery **next**

**Oct 10**

**2010**

**2009**

**2008**



**9pm**

**7pm**

**6pm**

**5pm**

next

**Creating  
Financial Value**



# Three to Five Year Scenario

next

...in a World of 'New Normal'

Compound Annual Growth

<b>Possible sales growth</b>	<b>2%</b>	<b>to</b>	<b>5%</b>
<b>Possible operating profit growth</b>	<b>2%</b>	<b>to</b>	<b>7%</b>
<b>Possible EPS enhancement from cash and buybacks</b>	<b>4%</b>	<b>to</b>	<b>5%</b>
<b>Possible EPS growth</b>	<b>6%</b>	<b>to</b>	<b>12%</b>
<b>Plus likely dividend yield*</b>			<b>3%</b>
<b>Possible Total Shareholder Return**</b>	<b>9%</b>	<b>to</b>	<b>15%</b>

\* Dependent on share price

\*\* Assuming constant PE ratio

# next

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## Summary

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# next

**Excellent first half**

**Low LFL environment**

**Avenues of growth**

**Home & Directory**

**Healthy returns possible**





next

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**Half Year End Statement**

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July 2010