



# next

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## Half Year End Statement

---

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

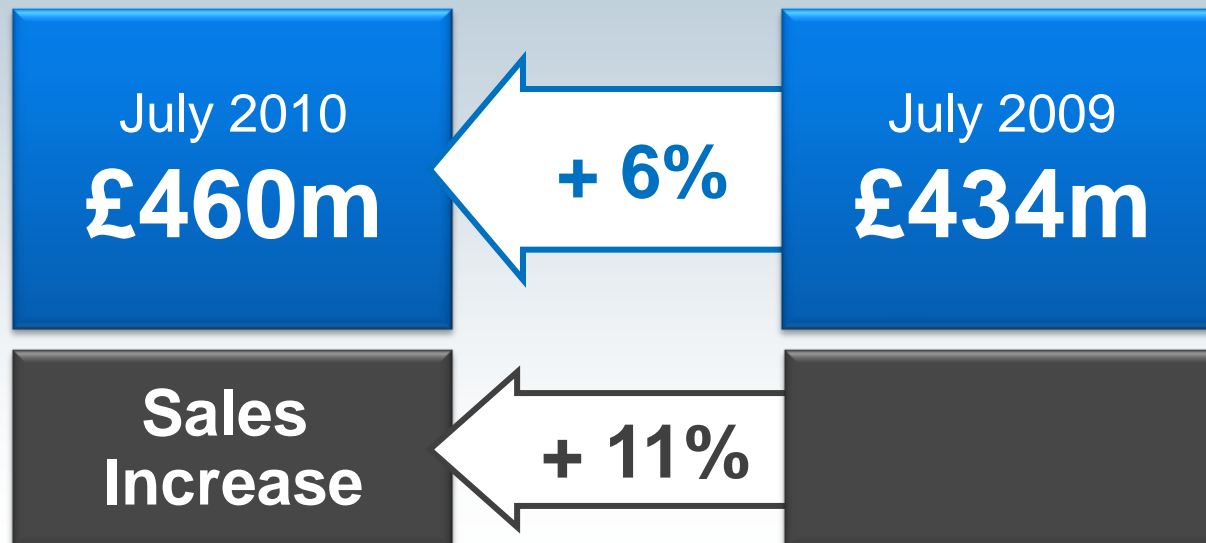
- 4%

# Balance Sheet

next

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

## Directory Debtors



# Cash Flow

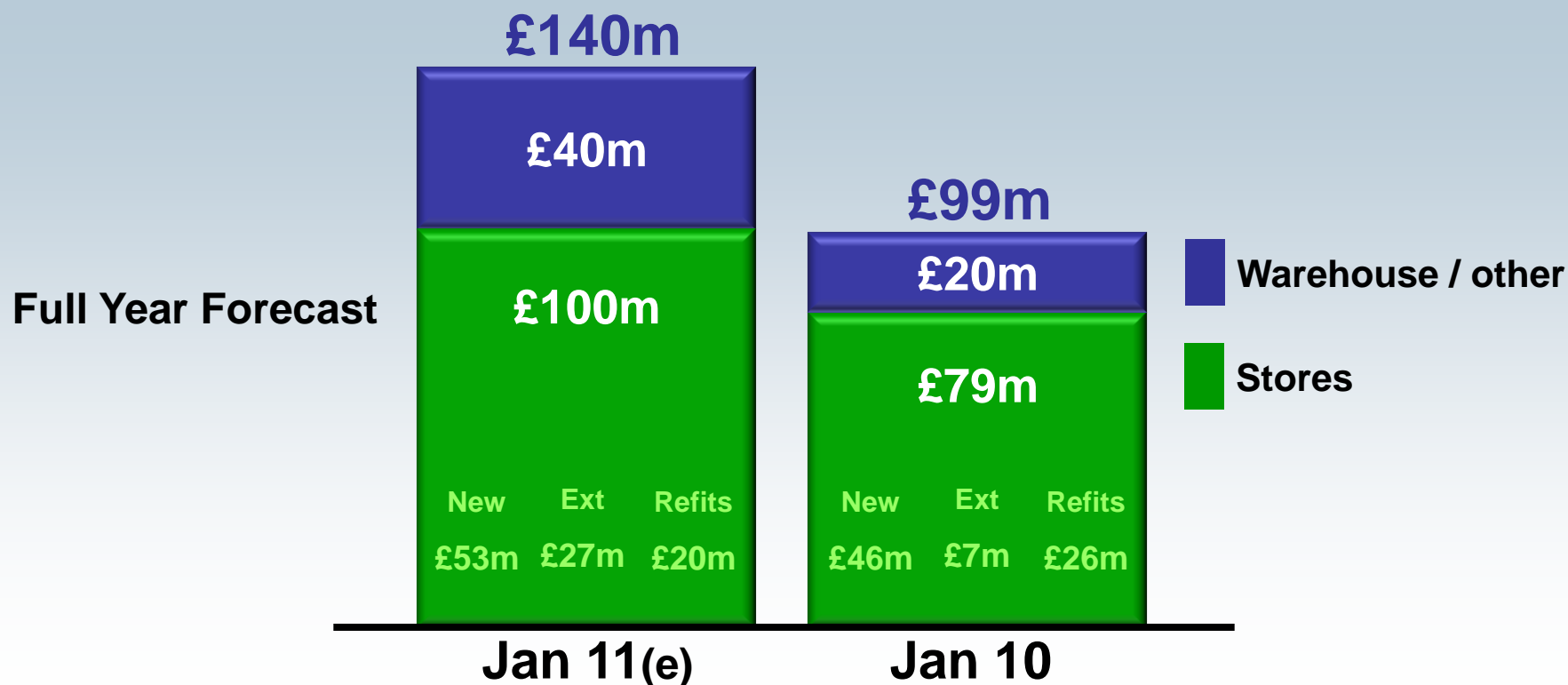
next

£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

+ 2.2%



# 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)	1,026.2	1,004.3	+ 2.2%
Operating profit	122.9	112.3	+ 9.4%
% to revenue	12.0%	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
New Mainline	3	22
New Home	5	63
Re-sites (3)	-	19
Extensions (21)	-	28
Closed	(3)	(11)
SS10 Additions	5	121

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

# Retail : Space Expansion

next



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

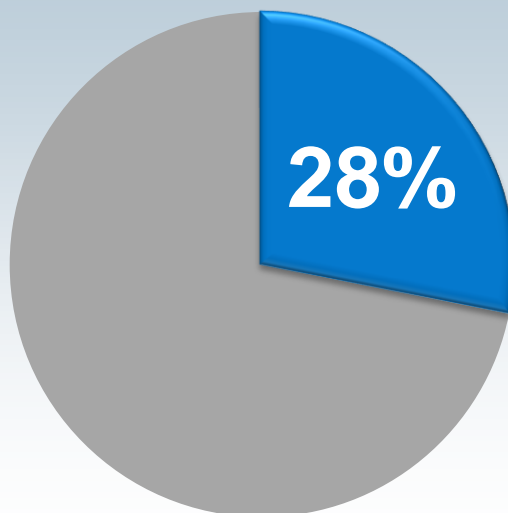


# Directory

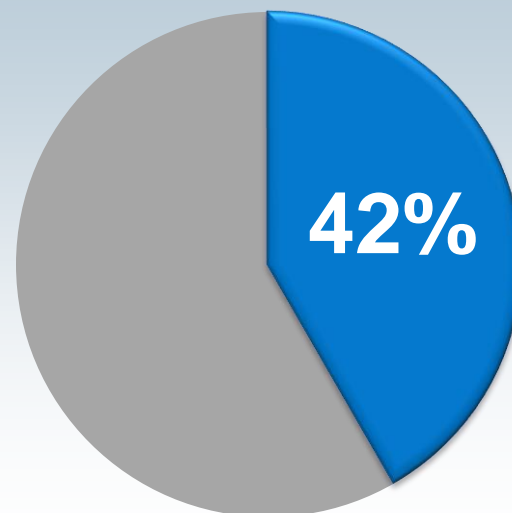



£m	2010	2009	
Revenue	422.8	386.2	+ 9.5%
Operating profit	101.3	83.3	+ 21.5%
% to revenue	24.0%	21.6%	

## Directory Sales



## 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%

# Directory : Profit 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%	

## Margin Movement

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

# Directory : Profit 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%	

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

 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

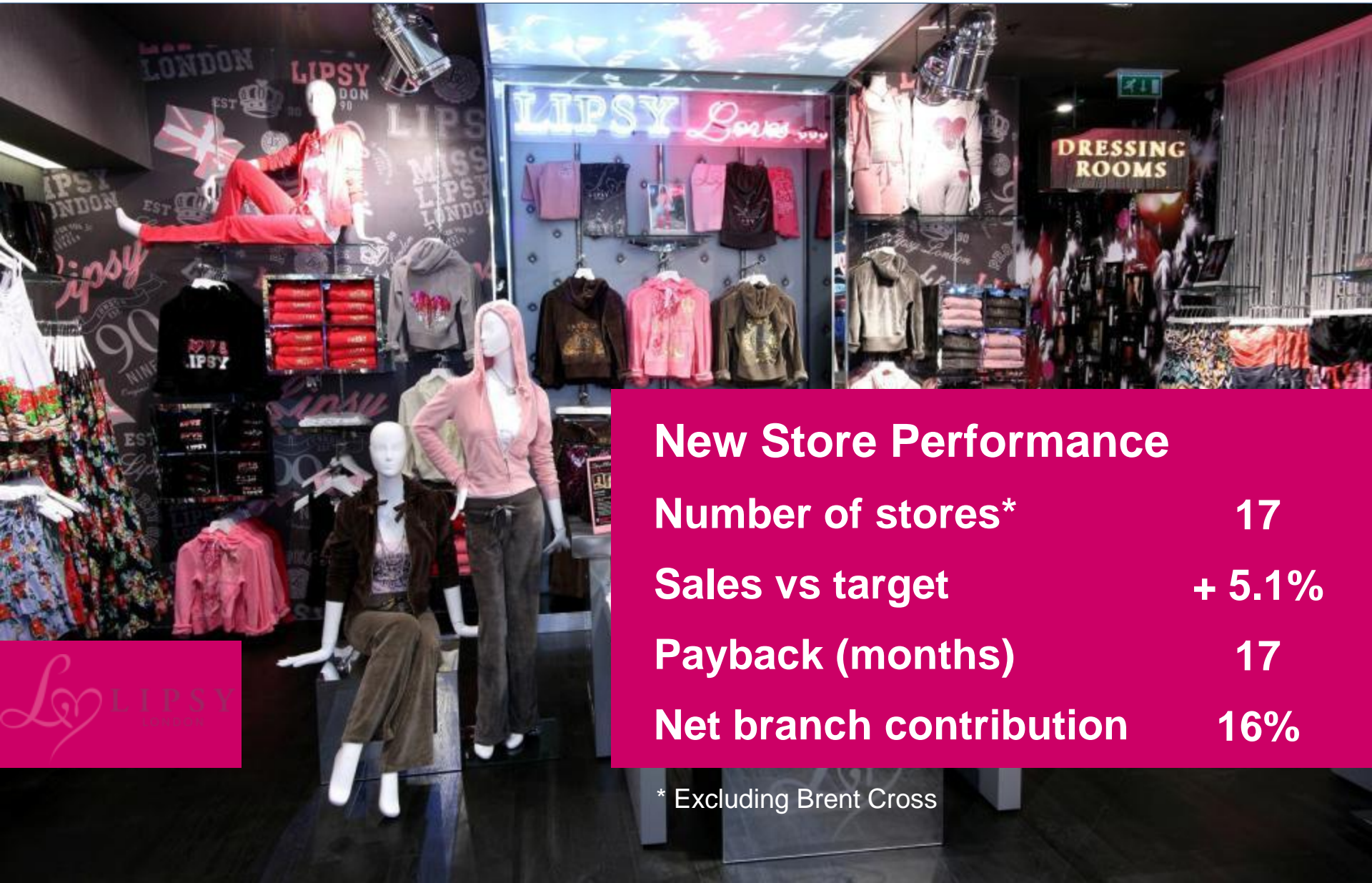


£m	2010	2009	
Revenue	18.9	11.4	+ 66.3%
Operating profit	0.3	(0.9)	

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

# Lipsy


# next



## 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>

A woman with long, dark, wavy hair is sitting on a set of wide, light-colored stone steps. She is wearing a black quilted leather jacket over a black top and a skirt with a dark, intricate paisley or floral pattern. She is looking directly at the camera with a slight smile. The background is a blurred stone wall.

# **Full Year Sales and Profit Estimates**

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

next

Total Brand (VAT ex)	0%	to	+ 3%
----------------------	----	----	------

Total Retail (VAT ex)	- 1.5%	to	+ 1.5%
-----------------------	--------	----	--------

LFL Retail (VAT ex)**	- 4.5%	to	- 1.5%
-----------------------	--------	----	--------

Directory (VAT ex)	+ 4%	to	+ 8%
--------------------	------	----	------

\* All sales shown against the comparative 26 week period last year

\*\* Like for like sales excluding direct sales

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

next

<b>Total Brand (VAT ex)*</b>	<b>0%</b>	<b>to</b>	<b>+ 3%</b>
------------------------------	-----------	-----------	-------------

<b>FY PBT (e)</b>	<b>£535m</b>	<b>to</b>	<b>£560m</b>
-------------------	--------------	-----------	--------------

<b>FY PBT growth (e)</b>	<b>+ 6%</b>	<b>to</b>	<b>+ 11%</b>
--------------------------	-------------	-----------	--------------

<b>EPS growth (e)</b>	<b>13%</b>	<b>to</b>	<b>18%</b>
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\* On the comparative 26 week period last year

**Pricing**

**Consumer Environment**

**Opportunities for Growth**

**Creating Financial Value**

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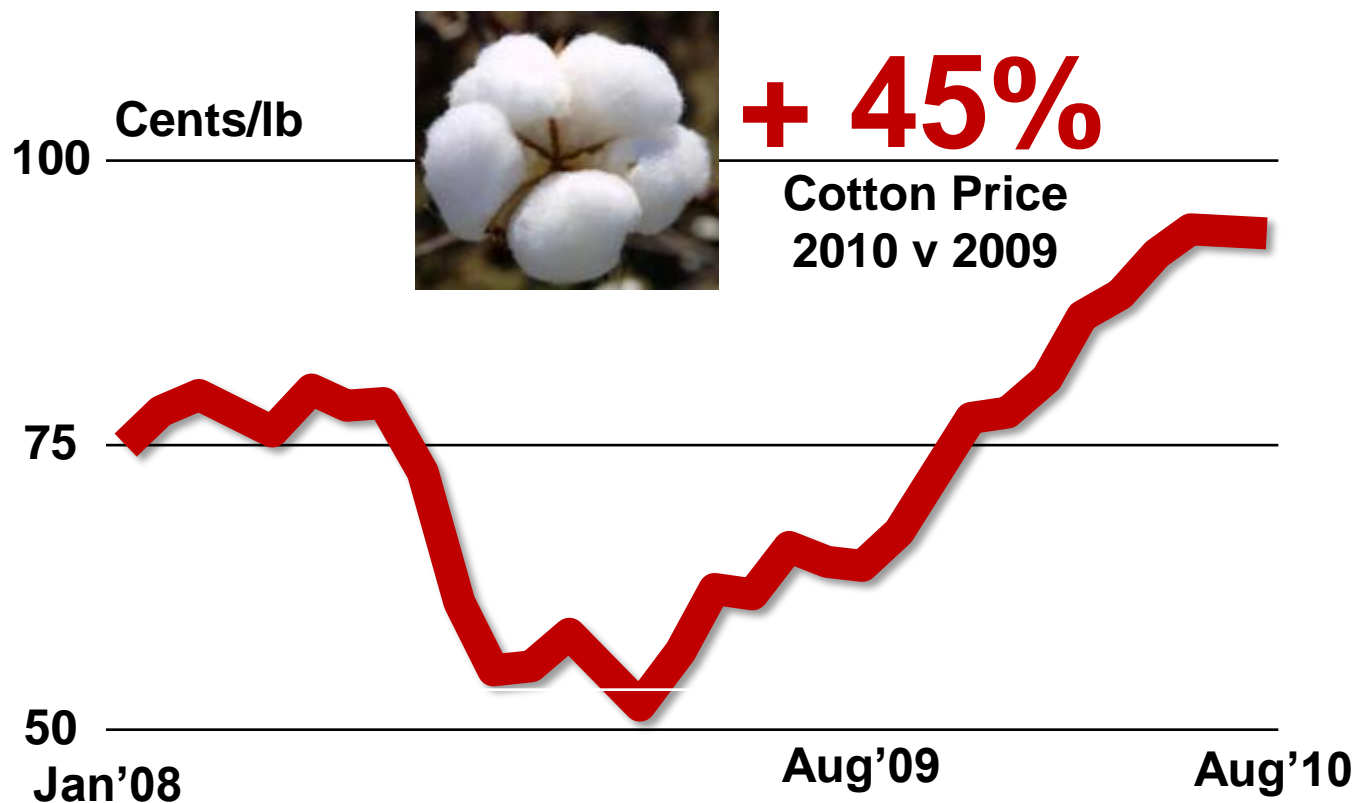
# **Outlook**

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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**

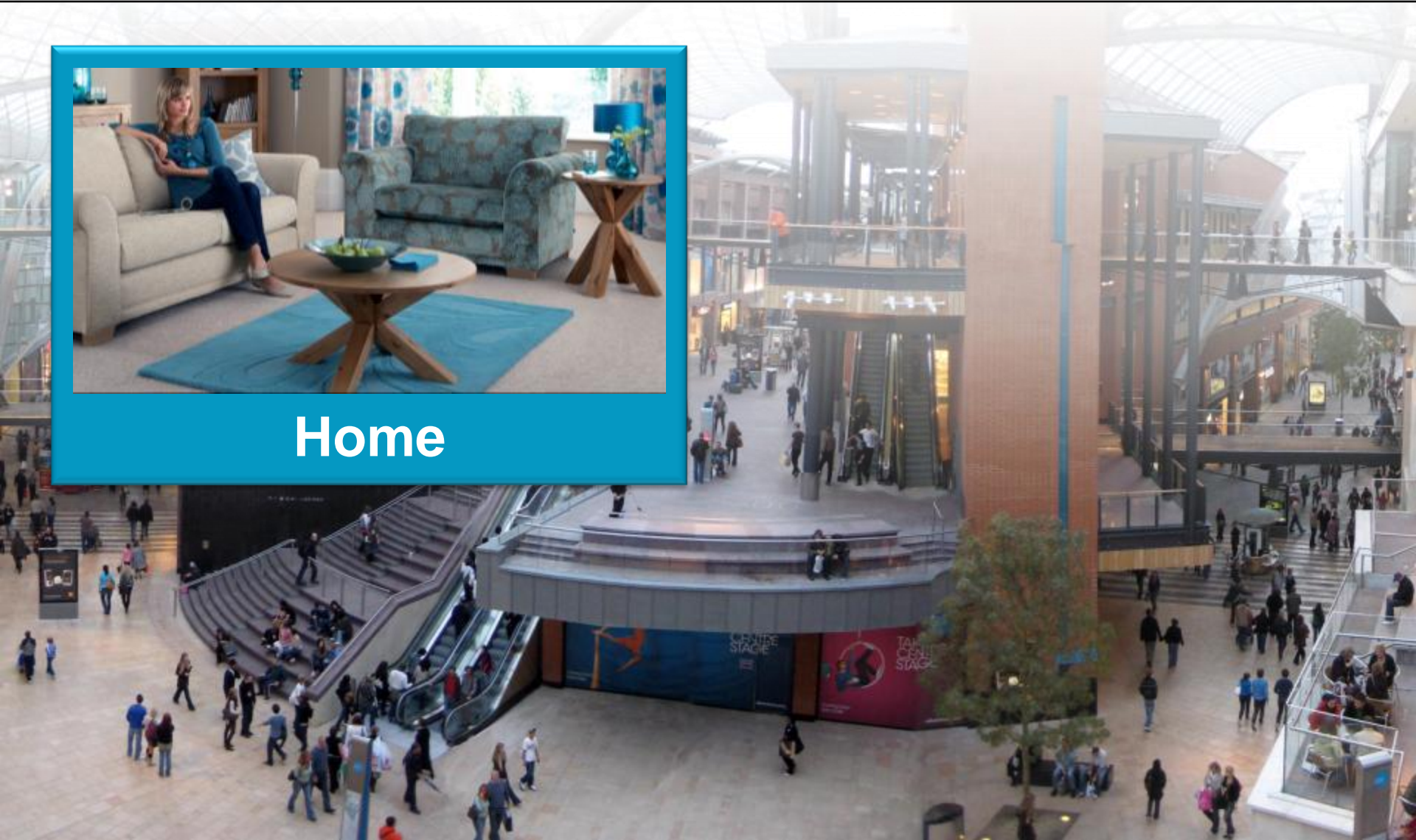
**Economy Growing**

**“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

nextHOME

next  
HOME

# 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

coles

mfi

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



# SS10 Recruitment

next



## Recruitment taking a step forward



*Lingerie Special*  
**A VERY  
PRIVATE  
AFFAIR**

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

**1024 PIXELS**

Flowers & Wine Giftcards Art 2 Order Gift List & Weddings Prescription Glasses Next Photos & Video Next Jewellery Next Home & Furniture Next Electricals Next Go

Request A Directory



Womens



Girls - New In



Boys - New In





Zoom

Video



View Collection



Next Day Delivery

Home



## Camel Peacoat

738-279-X46 | More Info

Petite sizes 6 - 16 length 24"/61cm

Regular sizes 6 - 20 length 26"/66cm



Select

Regular (738-279-X46)

Select Size

--

£45

Add To Bag



## Faux Leather Trim Wide Leg Jeans

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

--

£40

Add To Bag



## Black Padlock Bag

738-820-X46 | More Info



Read Customer Review (1)

30 x 35 x 16cm.

£30

Add To Bag



## Soft Leather Buckle Work Boots (Tan)

732-637-X46 | More Info



Read Customer Review (2)

Available in Regular and Wide Fit.

£85



OLDER GIRLS

YOUNGER GIRLS

NEW BORN GIRLS

## Older Girls

Shop this fantastic range of new arrivals for older girls at [next.co.uk](http://next.co.uk) today.



### Leather Strap Boots (Grey)

From £37  
[More Info](#)



### Lace Back Boots (Grey)

From £25  
[More Info](#)

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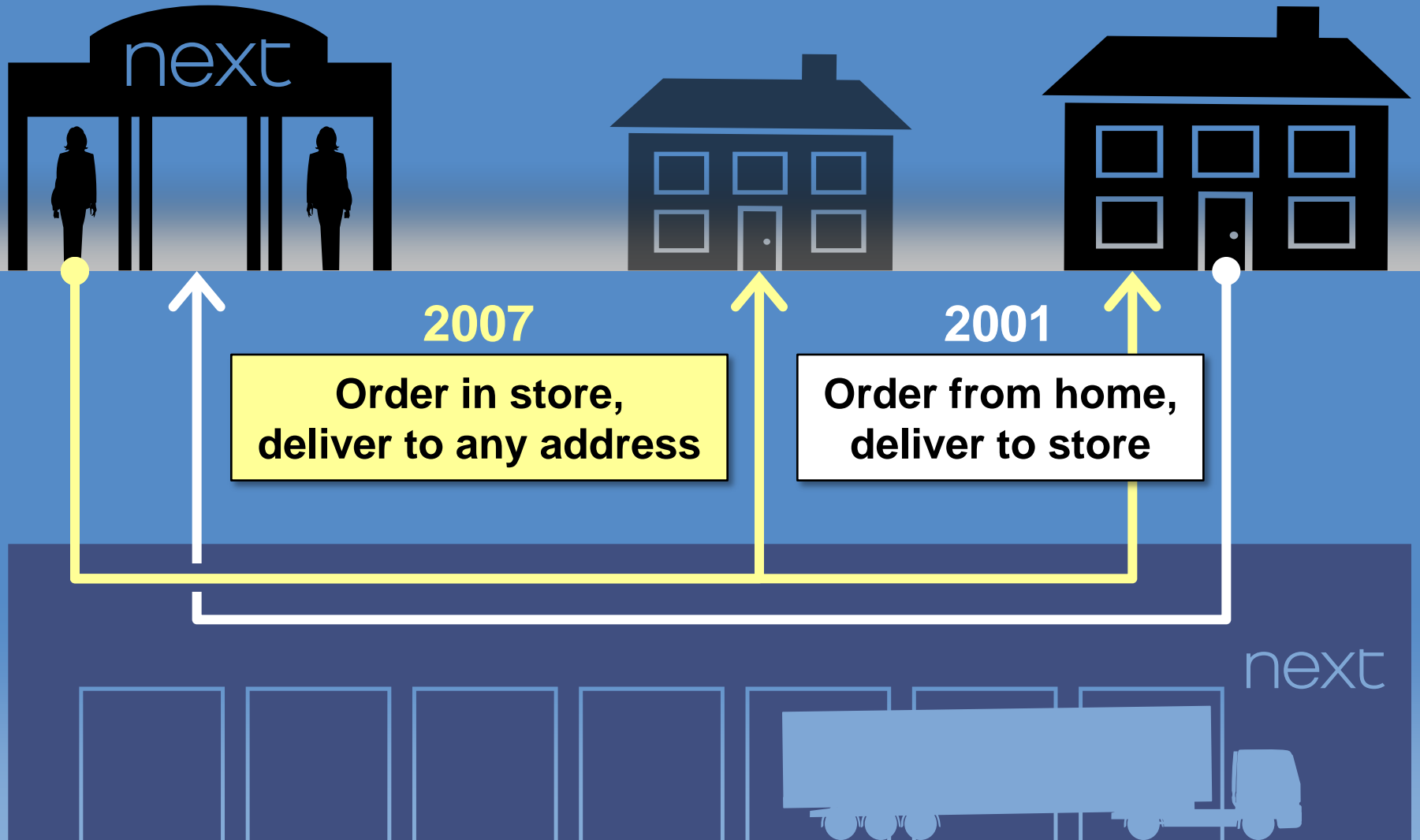
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## Delivery Service

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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

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## **Creating Financial Value**

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# Three to Five Year Scenario

next

...in a World of 'New Normal'

Compound Annual Growth

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

\* 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