

next

January 2020



Income Statement

next

£m	2020	2019	Brand Full Price + 4.0%	Estimate at Jan 2019 + 1.7%
Total sales	<u>4,362</u>	<u>4,221</u>	+ 3.3%	
Operating profit	<u>772</u>	<u>762</u>	+ 1.3%	Excluding property + 2.6%
Interest	<u>(43)</u>	<u>(39)</u>		
Profit before tax	<u>729</u>	<u>723</u>	+ 0.8%	
Taxation	<u>(135)</u>	<u>(133)</u>		
Profit after tax	<u>594</u>	<u>590</u>		
EPS (underlying)	<u>459.8p</u>	<u>435.3p</u>	+ 5.6%	

The financial information presented excludes IFRS 16

Cash Flow

next

£m	2020	2019	Change in cash
Profit before tax	729	723	+ 6
Depreciation / disposals	125	123	
Capital expenditure	(139)	(129)	
Working capital / other	(52)	(80)	
Tax paid	(138)	(144)	
ESOT	(27)	(46)	
Cash flow before distribution	498	447	+ 51

The financial information presented excludes IFRS 16

Cash Flow

next

£m	2020	2019	Change in cash
Profit before tax	729	723	+ 6
Depreciation / disposals	125	123	
Capital expenditure	(139)	(129)	- 10
Working capital / other	(52)	(80)	
Tax paid	(138)	(144)	
ESOT	(27)	(46)	
Cash flow before distribution	<u>498</u>	<u>447</u>	+ 51

The financial information presented excludes IFRS 16

£m

2020

2019

Change
in cash

Capital expenditure

(139)

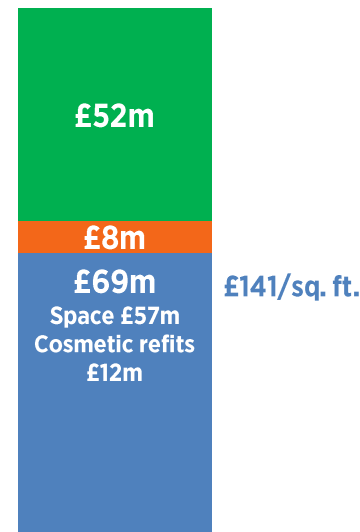
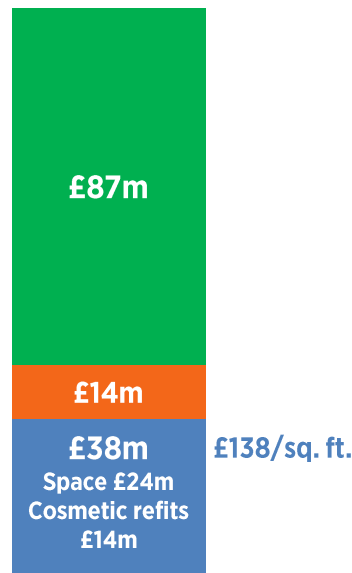
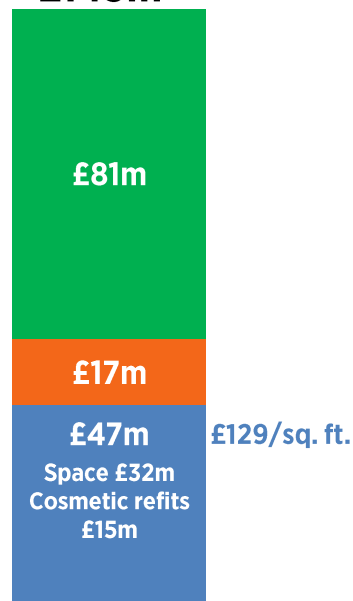
(129)

- 10

Jan 2021^(e)
£145m*

Jan 2020
£139m

Jan 2019
£129m



* Pre-coronavirus

Cash Flow

next

£m

2020

2019

Change
in cash

Capital expenditure

(139)

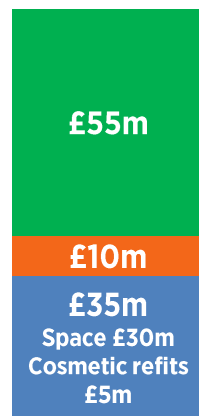
(129)

- 10

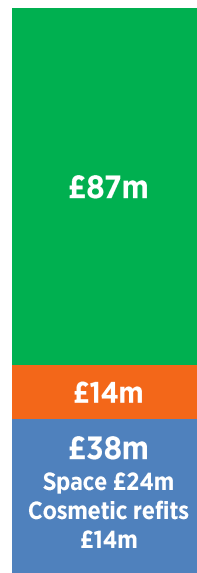
Jan 2021^(e)
£100m*

Jan 2020
£139m

Jan 2019
£129m



£129/sq. ft.



£138/sq. ft.



£141/sq. ft.

* Post-coronavirus

Cash Flow

next

£m	2020	2019	Change in cash
Profit before tax	729		
Depreciation / disposals	125		
Capital expenditure	(139)		
Working capital / other	(52)	(80)	+ 28
Tax paid	(138)	(144)	
ESOT	(27)	(46)	
Cash flow before distribution	<u>498</u>	<u>447</u>	+ 51

nextpay receivables + 63

Lower landlord incentives - 16

Payment timing/other - 19

Cash Flow

next

£m	2020	2019	Change in cash
Profit before tax	729	723	+ 6
Depreciation / disposals	125	123	
Capital expenditure	(139)	(129)	- 10
Working capital / other	(52)	(80)	+ 28
Tax paid	(138)	(144)	
ESOT	(27)	(46)	+ 19
Ordinary dividends	(214)	(216)	
Buybacks	<div>Avg. price £55.83</div> (300)	(325)	+ 25
Net cash flow	<u>(16)</u>	<u>(94)</u>	+ 78

Balance Sheet

next

£m	2020	2019
Fixed assets and investments	584	570
Goodwill and intangibles	44	43
Stock	552	526
Debtors / receivables	1,368	1,340
Creditors / derivatives	(956)	(954)
Pension surplus	133	125
Net debt	(1,112)	(1,096)
Net assets	<u>613</u>	<u>554</u>

The financial information presented excludes IFRS 16

Balance Sheet

next

£m	2020	2019	
Fixed assets and investments	584	570	
Goodwill and intangibles	44	43	
Stock	552	526	+ 4.8%
Debtors / receivables	1,368	1,340	+ £28m

Online
receivables

Jan 2020
£1,234m

+ 2.2%

Jan 2019
£1,207m

+ £27m

Full year
credit sales

12 months to
Jan 2020

+ 3.5%

Jan 2019

Payments
+ 7.6%

Balance Sheet

next

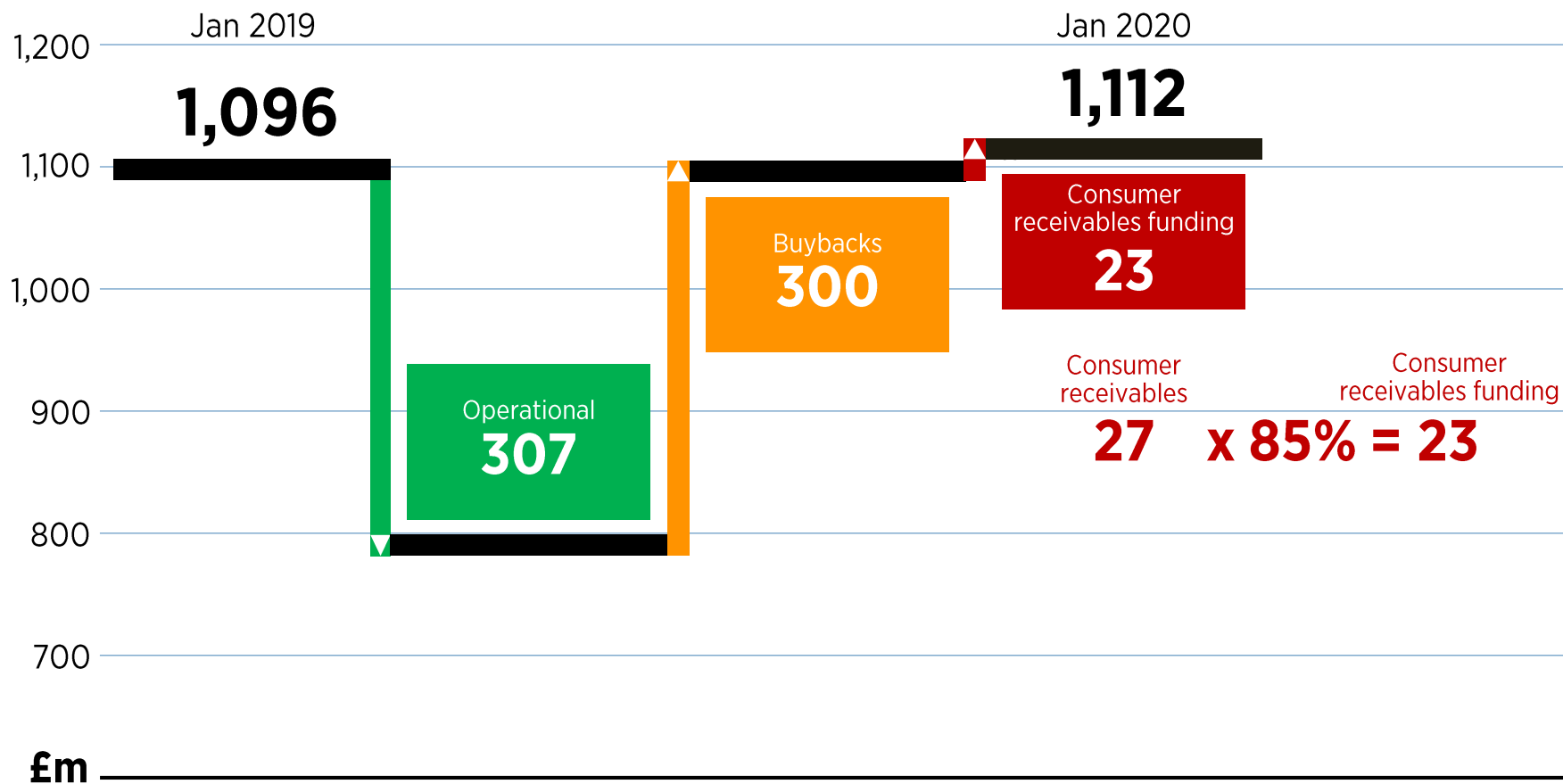
£m	2020	2019
Fixed assets and investments	584	570
Goodwill and intangibles	44	43
Stock	552	526
Debtors / receivables	1,368	1,340
Creditors / derivatives	(956)	(954)
Pension surplus	133	125
Net debt	(1,112)	(1,096)
Net assets	<u>613</u>	<u>554</u>

The financial information presented excludes IFRS 16

Full Year Debt and Cash Flow

Jan 2019 to Jan 2020

next



A man with dark hair, wearing a dark grey suit, white shirt, and a red patterned tie, is holding a black smartphone in his right hand. He is looking slightly to the right with a neutral expression. The background is a light, textured wall with soft shadows.

DIVISIONAL ANALYSIS

Online



£m	2020	2019		Full Price
Total sales	2,147	1,919	+ 11.9%	+ 11.9%
Operating profit	400	353		



Full price sales analysis

Increase on last year

NEXT Brand UK	+ £41m	+ 4.2%
LABEL	+ £78m	+ 21.9%
UK total	+ £119m	+ 8.9%



£m	2020	2019		Full Price
Total sales	2,147	1,919	+ 11.9%	+ 11.9%
Operating profit	400	353		



Full price sales analysis

Increase on last year

UK total	+ £119m	+ 8.9%
Overseas	+ £82m	+ 23.3%
Total	<u>+ £201m</u>	<u>+ 11.9%</u>



£m	2020	2019		Full Price
Total sales	2,147	1,919	+ 11.9%	+ 11.9%
Operating profit	400	353		



Customer growth

	Full price sales	Average customers
UK total	+ 8.9%	+ 9.9%
Overseas	+ 23.3%	+ 22.1%
Total	<u>+ 11.9%</u>	<u>+ 12.5%</u>



£m	2020	2019		Full Price
Total sales	2,147	1,919	+ 11.9%	+ 11.9%
Operating profit	400	353		



Customer growth

	Full price sales	Average customers
UK credit	+ 5.1%	+ 2.3%
UK cash	+ 24.9%	+ 21.4%
UK total	+ 8.9%	+ 9.9%



£m	2020	2019		Full Price
Total sales	2,147	1,919	+ 11.9%	+ 11.9%
Operating profit	400	353	+ 13.3%	
% to sales	18.6%	18.4%		

Margin movement

Bought-in gross margin	- 0.2%
Markdown	+ 0.2%
Achieved gross margin	<u>+ 0.0%</u>



£m	2020	2019		Full Price
Total sales	2,147	1,919	+ 11.9%	+ 11.9%
Operating profit	400	353	+ 13.3%	
% to sales	18.6%	18.4%		

Achieved gross margin	+ 0.0%
Warehouse & distribution	- 0.6%
Catalogues & photography	+ 1.2%
Marketing & systems	- 0.5%
Central costs	+ 0.1%
Margin movement	+ 0.2%

Warehouse & distribution

International	- 0.3%
Cost of living	- 0.1%
Operational costs	- 0.2%

DIVISIONAL ANALYSIS

Retail

Bicester Opened 26th February 2020



Retail | Profit Analysis

next



£m	2020	2019		Full Price
Total sales	1,852	1,955	- 5.3%	- 4.3%
Operating profit	164	212	- 22.8%	
% to sales	8.9%	10.9%		

Margin movement

Bought-in gross margin + 0.3%

Markdown - 0.2%

Stock loss - 0.1%

Achieved gross margin + 0.0%

Retail | Profit Analysis

next



£m	2020	2019		Full Price
Total sales	1,852	1,955	- 5.3%	- 4.3%
Operating profit	164	212	- 22.8%	
% to sales	8.9%	10.9%		

Achieved gross margin + 0.0%

Store payroll - 0.1%

Store occupancy - 1.1%

Warehousing & distribution - 0.4%

Central costs - 0.4%

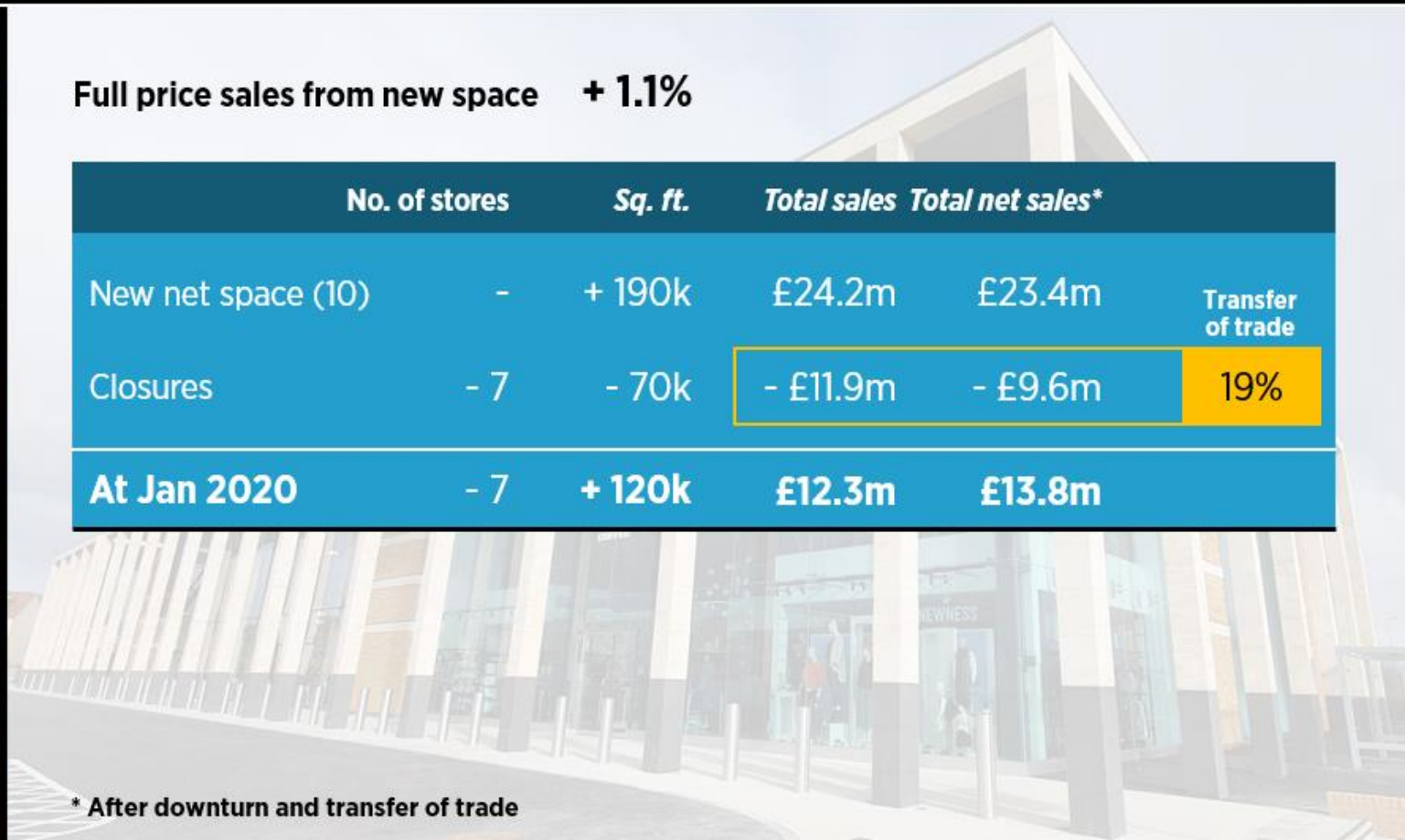
Margin movement - 2.0%



Full price sales from new space **+ 1.1%**

	No. of stores	Sq. ft.	Total sales	Total net sales*	
New net space (10)	-	+ 190k	£24.2m	£23.4m	Transfer of trade
Closures	- 7	- 70k	- £11.9m	- £9.6m	19%
At Jan 2020	- 7	+ 120k	£12.3m	£13.8m	

* After downturn and transfer of trade

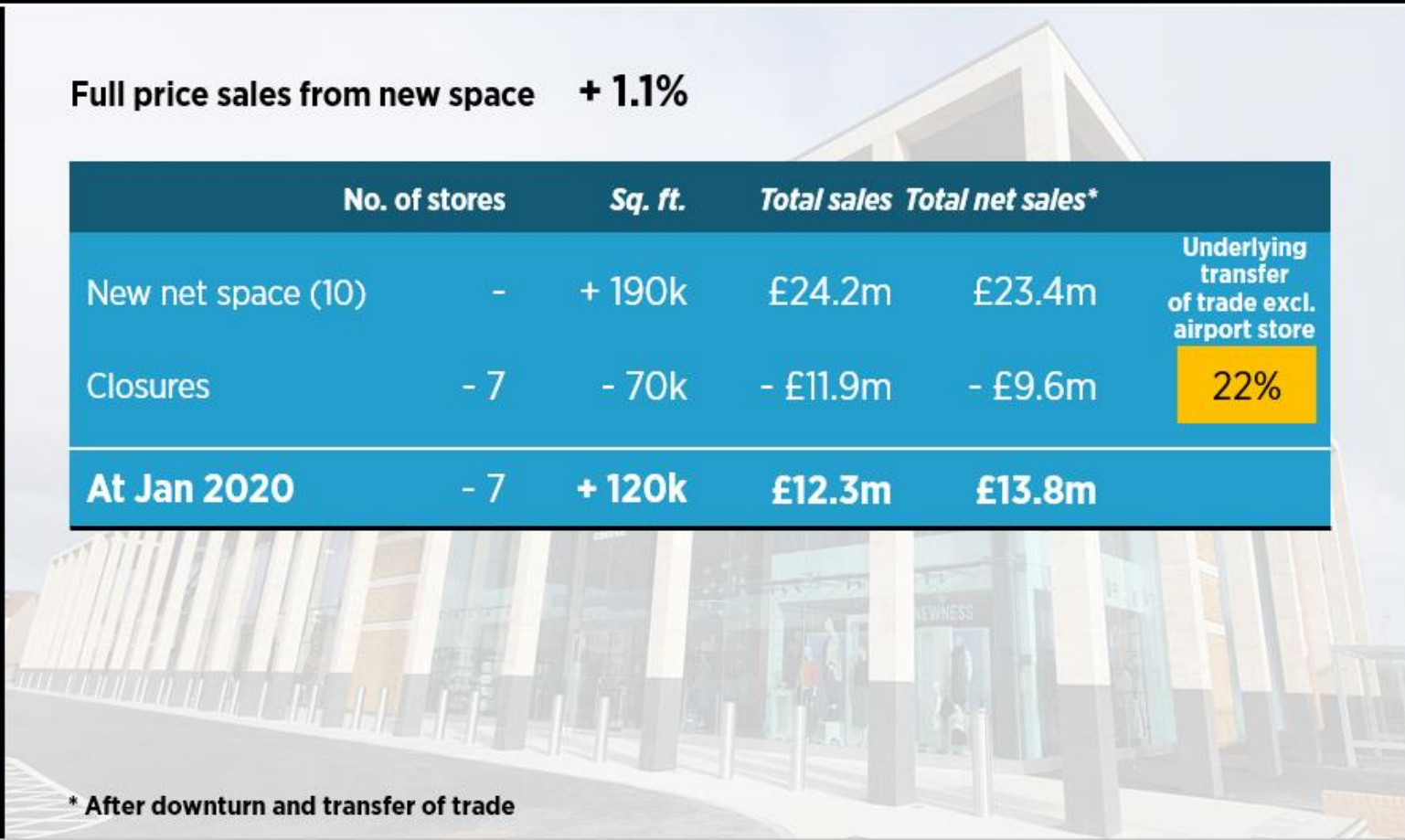




Full price sales from new space **+ 1.1%**

	No. of stores	Sq. ft.	Total sales	Total net sales*	
New net space (10)	-	+ 190k	£24.2m	£23.4m	Underlying transfer of trade excl. airport store 22%
Closures	- 7	- 70k	- £11.9m	- £9.6m	
At Jan 2020	- 7	+ 120k	£12.3m	£13.8m	

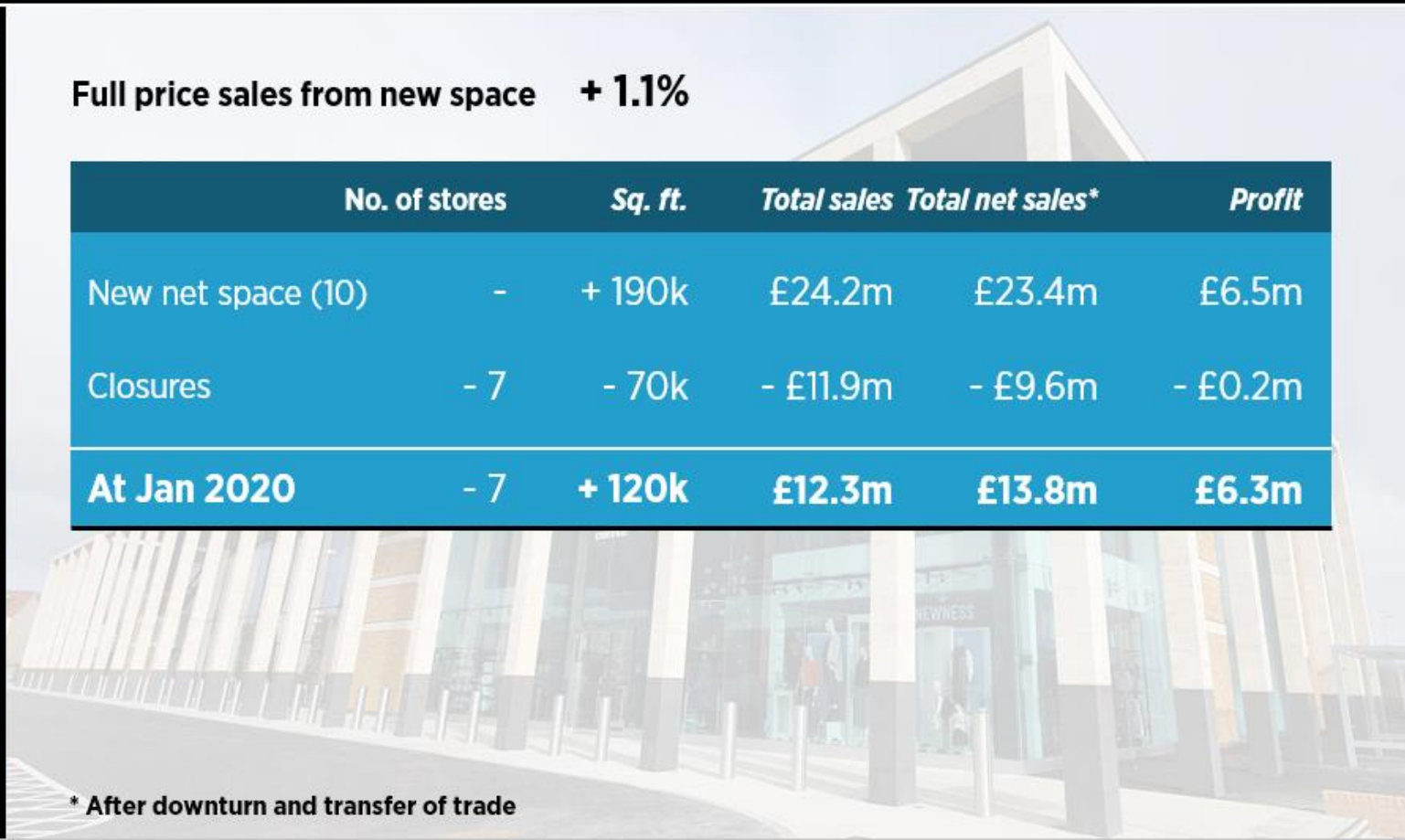
* After downturn and transfer of trade





Full price sales from new space **+ 1.1%**

	No. of stores	Sq. ft.	Total sales	Total net sales*	Profit
New net space (10)	-	+ 190k	£24.2m	£23.4m	£6.5m
Closures	- 7	- 70k	- £11.9m	- £9.6m	- £0.2m
At Jan 2020	- 7	+ 120k	£12.3m	£13.8m	£6.3m



* After downturn and transfer of trade



2021^(e) Full price sales from new space + 0.5%

	No. of stores	Sq. ft.	Total sales	Total net sales*	Profit
At Jan 2020	- 7	+ 120k	£12.3m	£13.8m	£6.3m
New net space (7)	- 1	+ 55k	£14.4m	£12.2m	Transfer of trade to breakeven
Closures	- 14	- 125k	- £22.2m	- £17.6m	21%
At Jan 2021 ^(e)	- 15	- 70k	- £7.8m	- £5.4m	

* After downturn and transfer of trade

* All information in respect of Jan 21 are pre-coronavirus



2021^(e) Full price sales from new space **+ 0.5%**

	No. of stores	Sq. ft.	Total sales	Total net sales*	Profit
At Jan 2020	- 7	+ 120k	£12.3m	£13.8m	£6.3m
New net space (7)	- 1	+ 55k	£14.4m	£12.2m	£4.0m
Closures	- 14	- 125k	- £22.2m	- £17.6m	£0.0m
At Jan 2021 ^(e)	- 15	- 70k	- £7.8m	- £5.4m	£4.0m

* After downturn and transfer of trade

* All information in respect of Jan 21 are pre-coronavirus



2019/20	2020/21 ^(e)
Lease renewals	44
Average rent reduction*	- 30%
Term	3.6 years
Average profit	24%

* Includes amortisation of unspent capital contributions or rent free periods over the lease length

* All information in respect of Jan 21 are pre-coronavirus

Including short term leases (less than 2 years)

2019/20		2020/21 ^(e)	Annualised impact
Lease renewals	44	53	Rent reduction £7.5m
Average rent reduction*	- 30%	- 40%	
Term	3.6 years	3.9 years	
Average profit	24%	26%	

* Includes amortisation of unspent capital contributions or rent free periods over the lease length

* All information in respect of Jan 21 are pre-coronavirus





DIVISIONAL ANALYSIS

NEXT Finance

NEXT Finance | Sales and Profit Analysis

next

£m

2020

2019

No. of average customers (000s)

2,582

2,524

+ 2.3%

Sales per customer

£677

£669

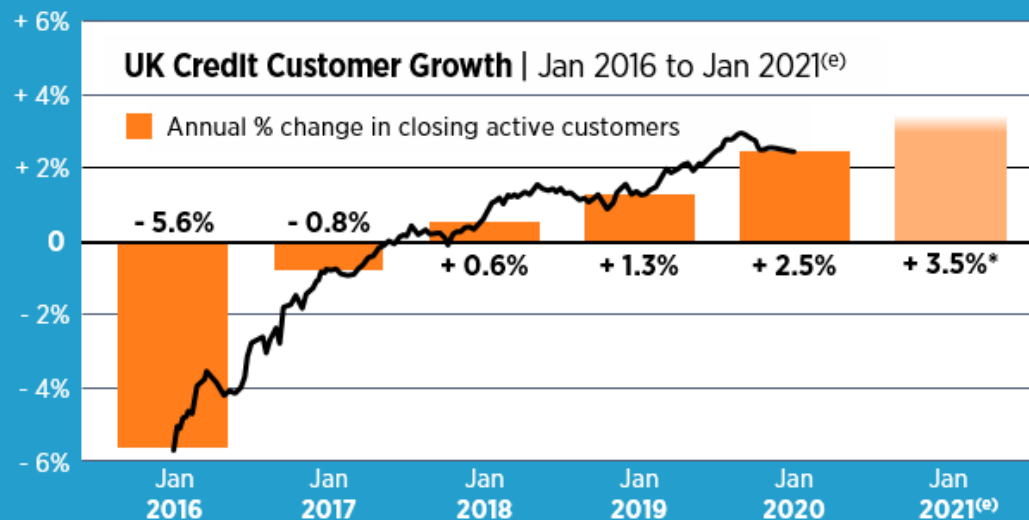
+ 1.2%

Credit sales

1,748

1,689

+ 3.5%



* Pre-coronavirus

NEXT Finance | Sales and Profit Analysis

next



£m	2020	2019	
<i>Credit sales</i>	1,748	1,689	+ 3.5%
<i>Avg. nextpay net receivables</i>	1,185	1,140	+ 4.0%
Interest income	269	250	+ 7.3%



NEXT Finance | Sales and Profit Analysis

next

£m	2020	2019	
<i>Credit sales</i>	1,748	1,689	+ 3.5%
<i>Avg. nextpay net receivables</i>	1,185	1,140	+ 4.0%
Interest income	269	250	+ 7.3%
Bad debt charge	(43)	(52)	- 16.9%
Prior year overprovision release	(3)	3	
Underlying bad debt charge	(46)	(49)	
Bad debt charge % of credit sales	2.7%	2.9%	



NEXT Finance | Sales and Profit Analysis

next

£m	2020	2019	
<i>Credit sales</i>	1,748	1,689	+ 3.5%
<i>Avg. nextpay net receivables</i>	1,185	1,140	+ 4.0%
Direct costs	(18)	(16)	+ 11.6%
Recharges	(25)	(21)	+ 17.5%
Overheads	(43)	(37)	+ 15.0%



NEXT Finance | Sales and Profit Analysis

next

£m	2020	2019	
<i>Credit sales</i>	1,748	1,689	+ 3.5%
<i>Avg. nextpay net receivables</i>	1,185	1,140	+ 4.0%
Interest income	269	250	+ 7.3%
Bad debt charge	(43)	(52)	- 16.9%
Overheads	(43)	(37)	+ 15.0%
Cost of funding	(36)	(34)*	+ 6.4%

* Cost of funding has been restated for January 2019 to reflect the new debt to equity ratio



NEXT Finance | Sales and Profit Analysis

next

£m	2020	2019	
<i>Credit sales</i>	1,748	1,689	+ 3.5%
<i>Avg. nextpay net receivables</i>	1,185	1,140	+ 4.0%
Debt funding %	x 85%	x 85%	
nextpay receivables funded by debt	1,008	969	
Annual interest rate %	3.6%	3.5%	+ 2.3%
Cost of funding	(36)	(34)*	+ 6.4%

* Cost of funding has been restated for January 2019 to reflect the new debt to equity ratio



NEXT Finance | Sales and Profit Analysis

next

£m	2020	2019	
<i>Credit sales</i>	1,748	1,689	+ 3.5%
<i>Avg. nextpay net receivables</i>	1,185	1,140	+ 4.0%
Interest income	269	250	+ 7.3%
Bad debt charge	(43)	(52)	- 16.9%
Overheads	(43)	(37)	+ 15.0%
Cost of funding	(36)	(34)*	+ 6.4%
Profit	147	127	+ 15.3%
Avg. nextpay receivables	1,185	1,140	
Annual return on capital employed**	12.4%	11.2%	

* Cost of funding has been restated for January 2019 to reflect the new debt to equity ratio ** Figures include cost of funding



Guidance | 2020/21^(e)

Full year full price sales

+ 3%

Profit before tax

£734m

Trading statement, 3rd January 2020

Base Case Guidance | 2020/21^(e)

next

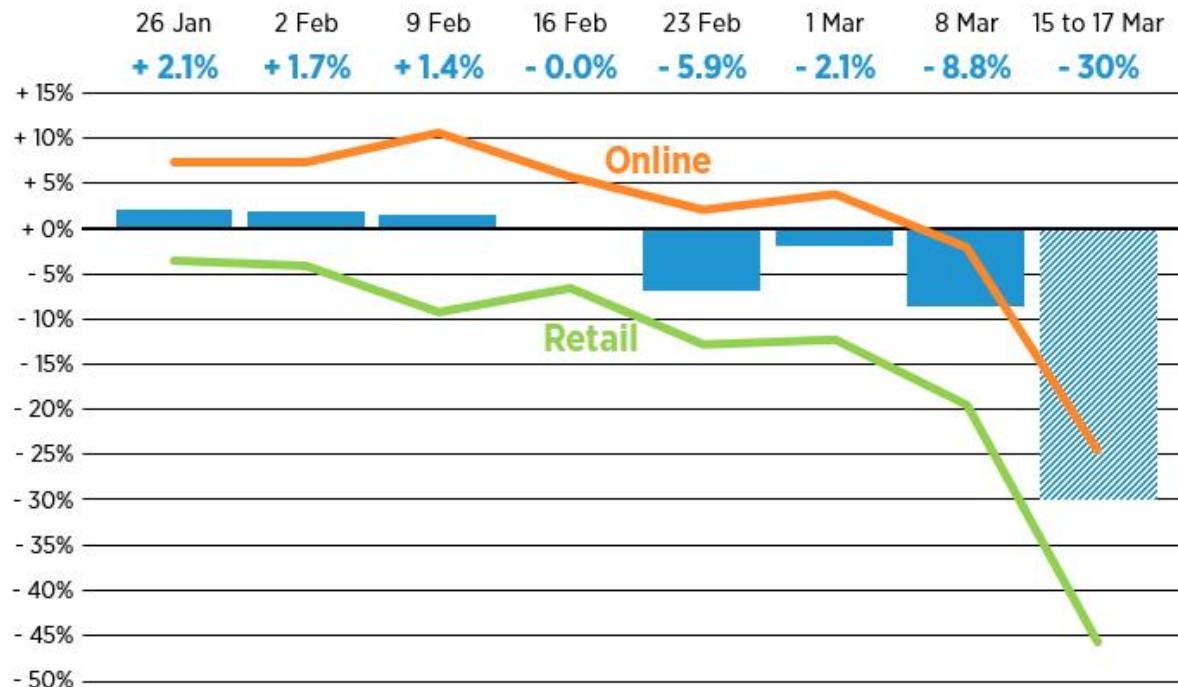
Full year full price sales

+ 3%

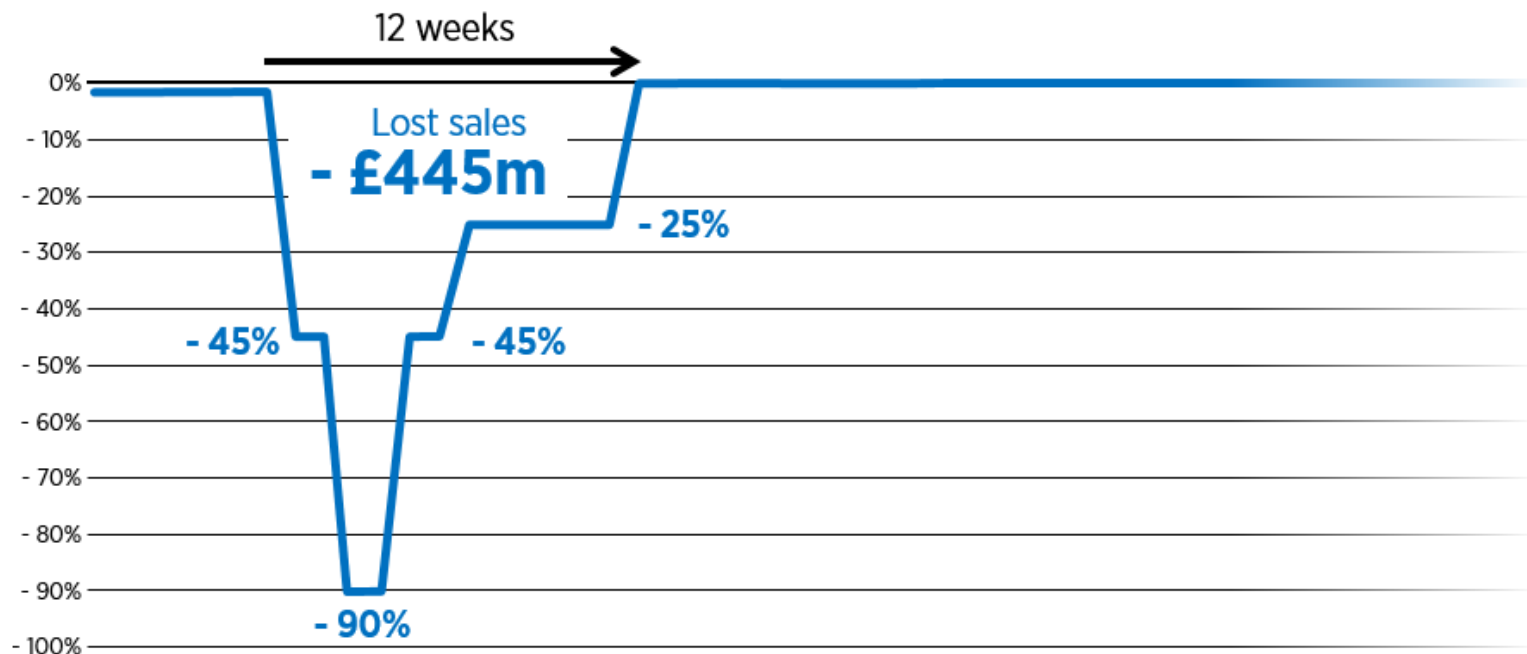
Profit before tax

£734m

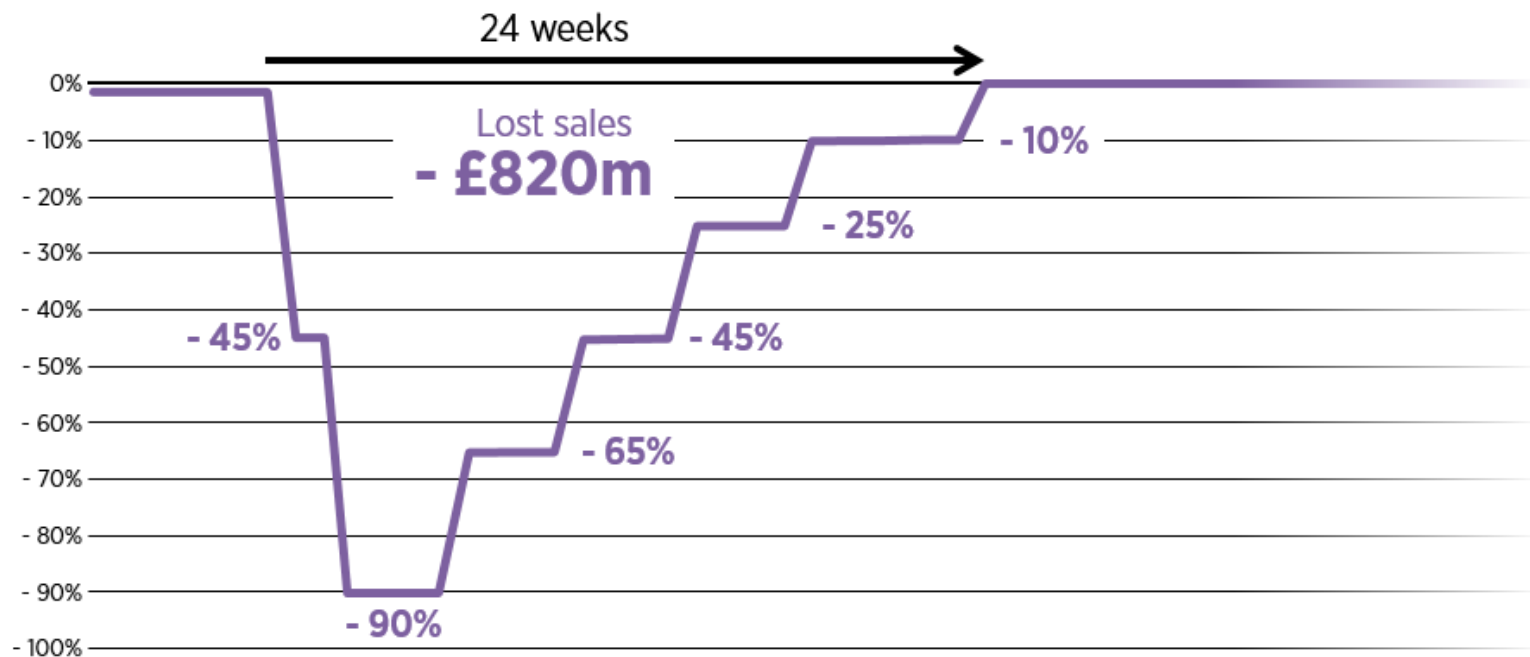
Year to date | Weekly variance vs 2019/20



If annual sales decline at - 10%



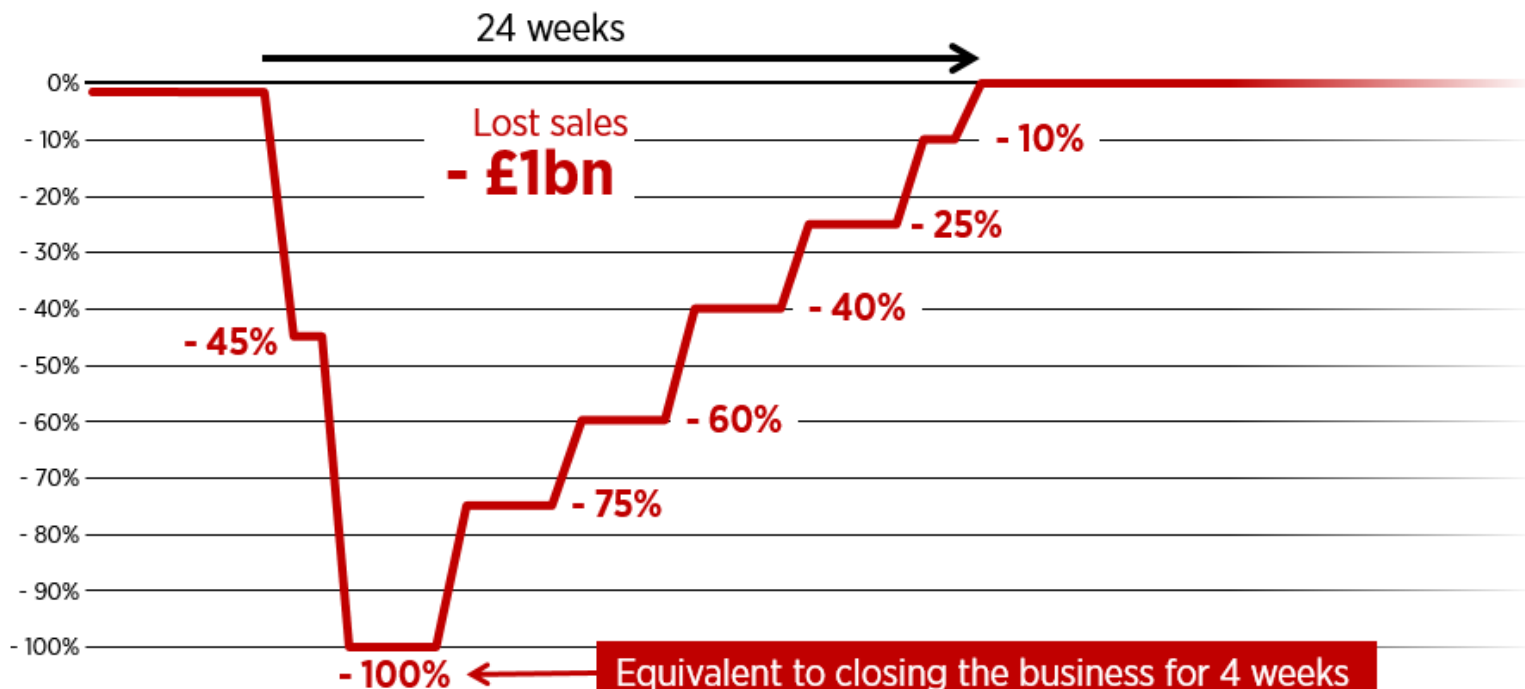
If annual sales decline at - 20%



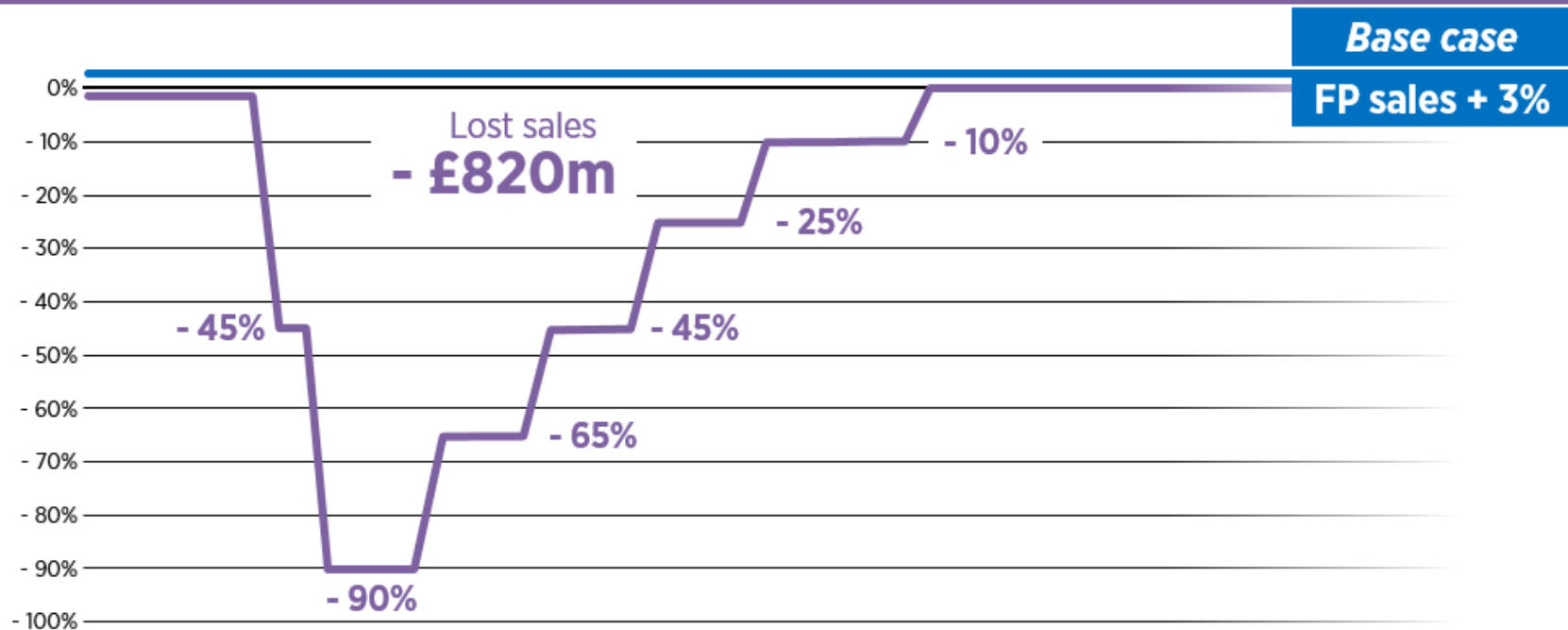
'What if...?' full price sales scenarios

next

If annual sales decline at - 25%



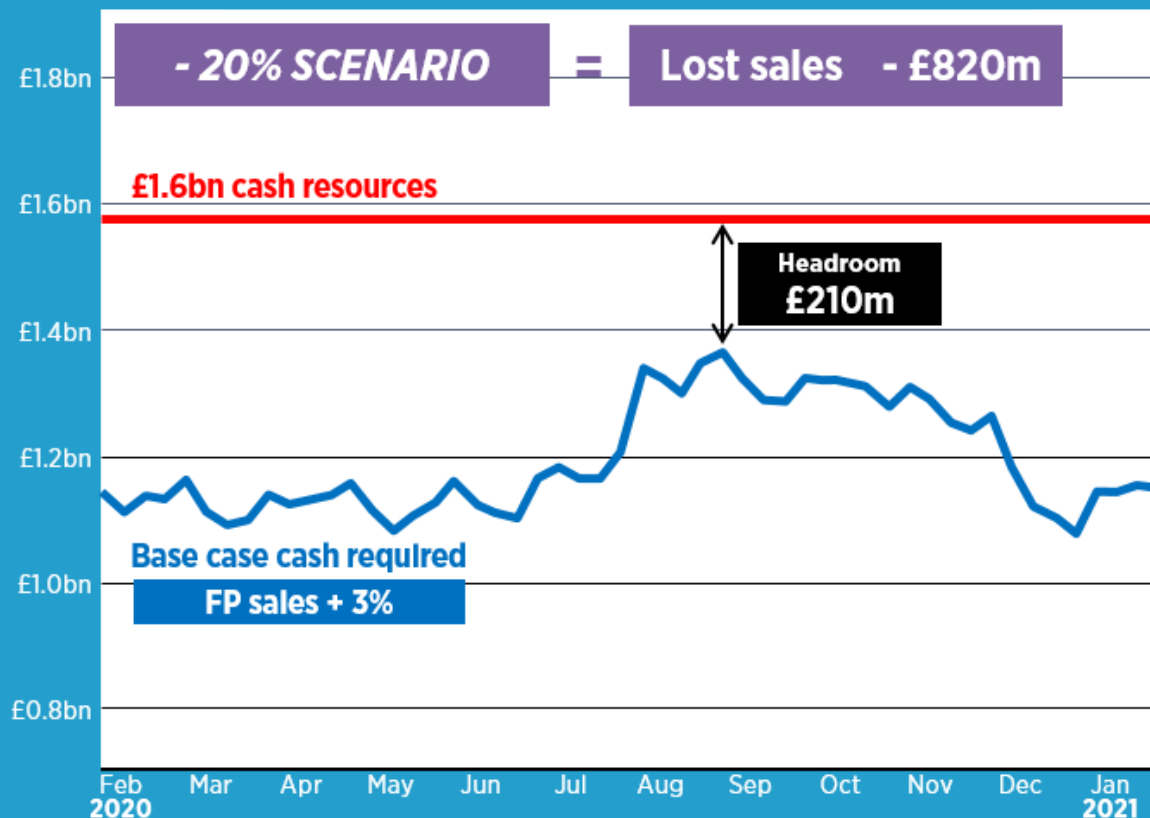
If annual sales decline at - 20%



Stress Test | If annual sales decline at - 20%

next

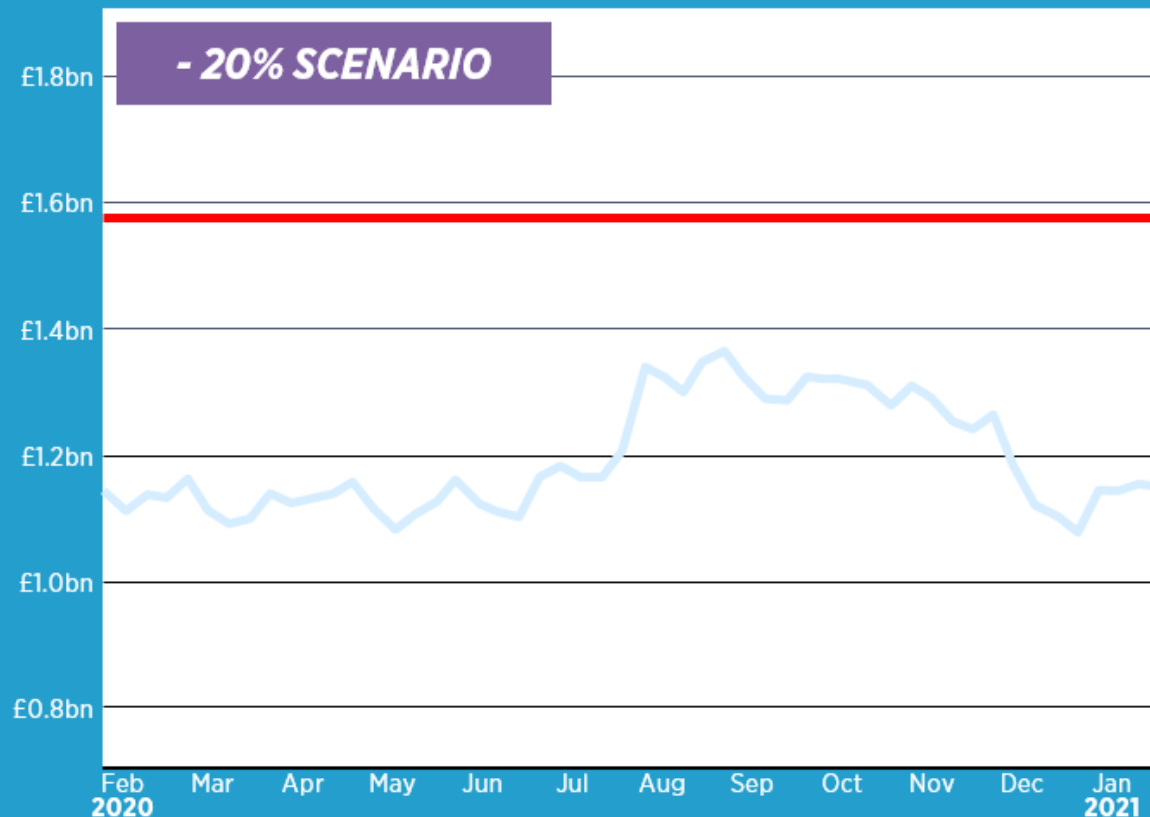
Full year debt and cash flow



Stress Test | If annual sales decline at – 20%

next

Full year debt and cash flow



Cash cost

Lost sales

- £820m

Markdown sales

£0m

Cost savings

+ £80m

NEXT wages

+ £25m

Third party

+ £25m

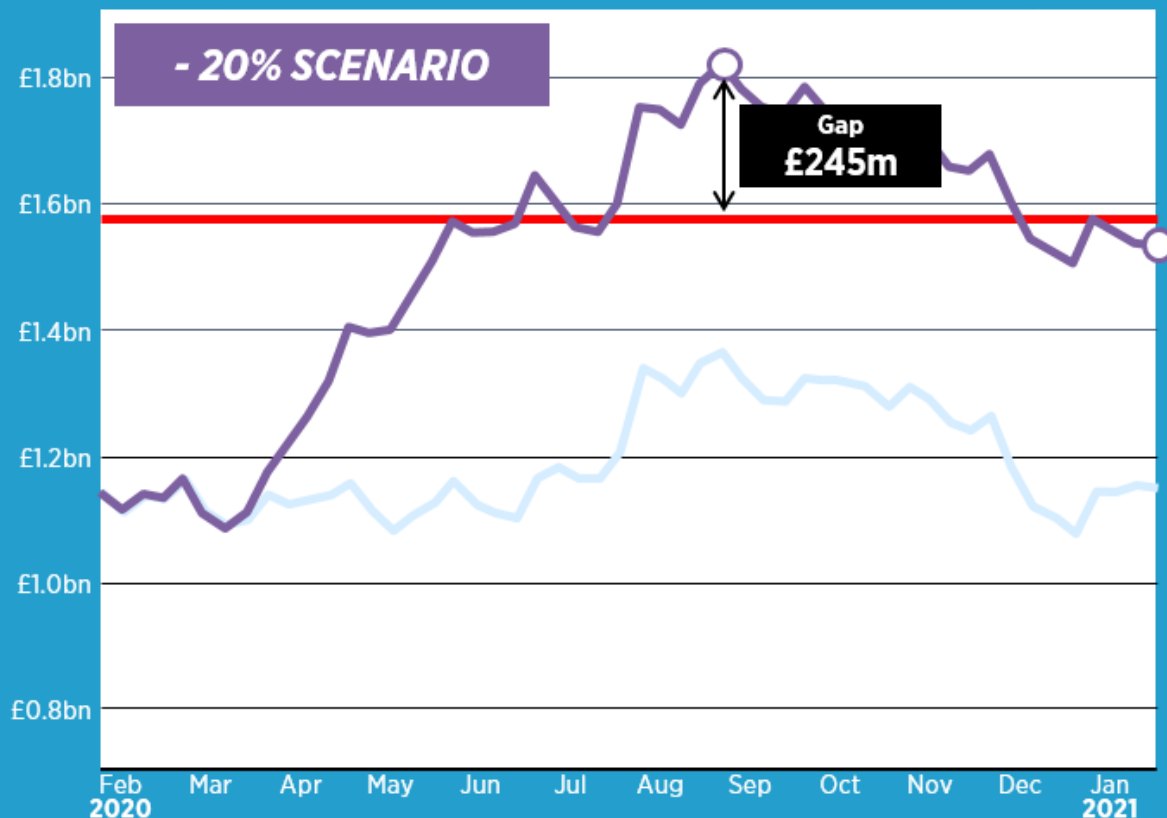
Other

+ £30m

Stress Test | If annual sales decline at - 20%

next

Full year debt and cash flow

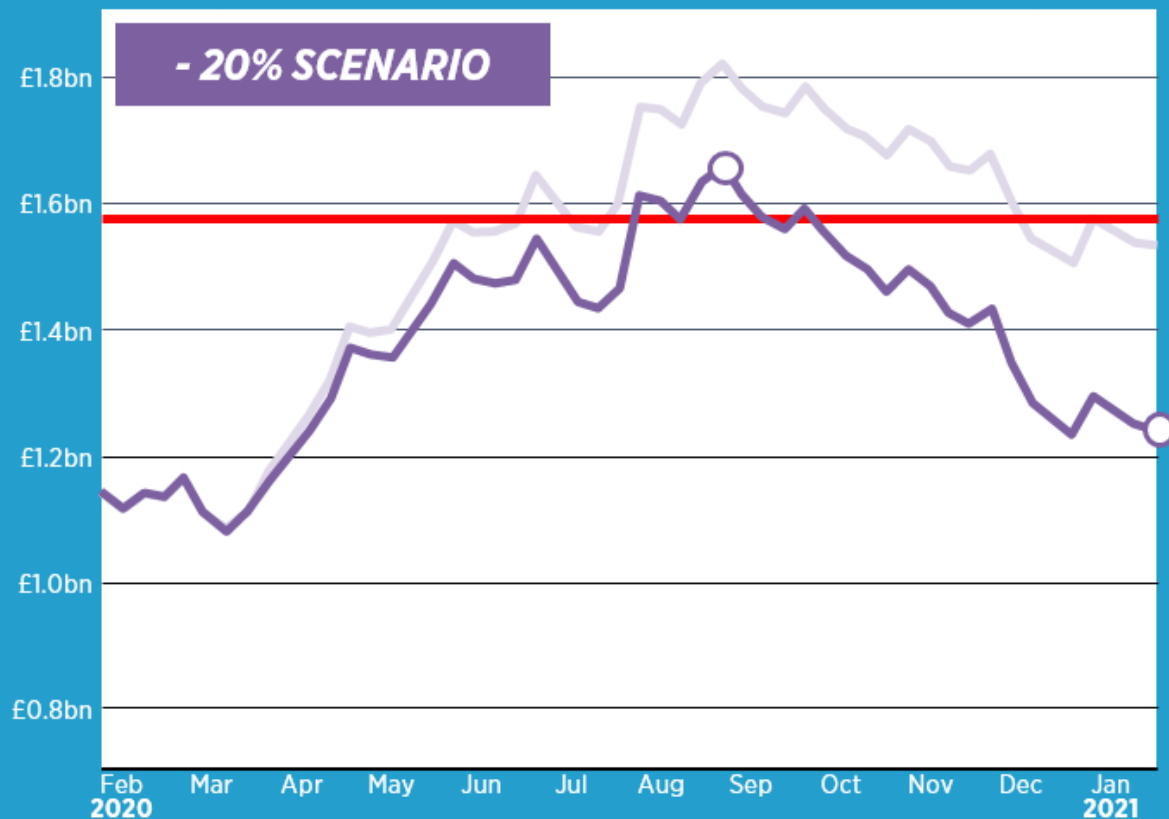


Cash cost	
Lost sales	- £820m
Markdown sales	£0m
Cost savings	+ £80m
Stock	+ £50m
Less lending	+ £120m
Tax and rates	+ £180m
Net cash cost	- £390m

Stress Test | If annual sales decline at - 20%

next

Full year debt and cash flow



Mitigation (cash saved)

August Year end

Buybacks / ESOT

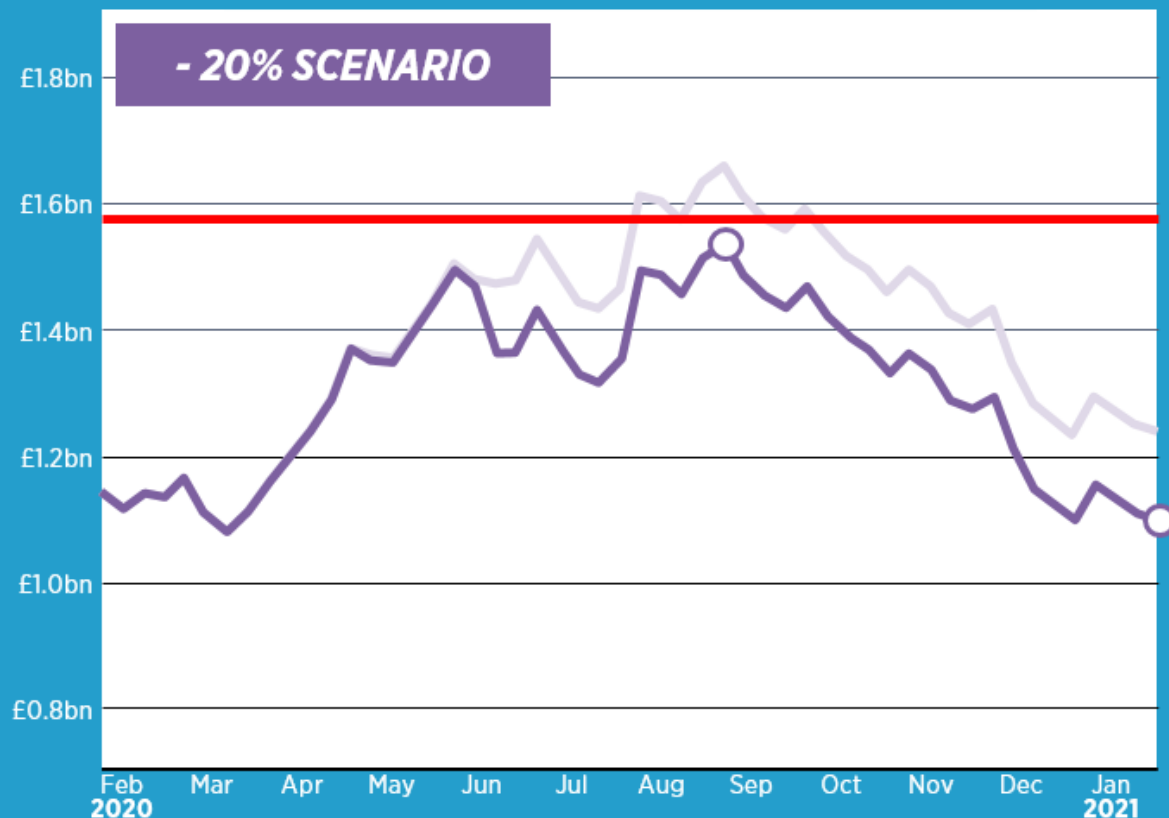
£165m

£300m

Stress Test | If annual sales decline at – 20%

next

Full year debt and cash flow



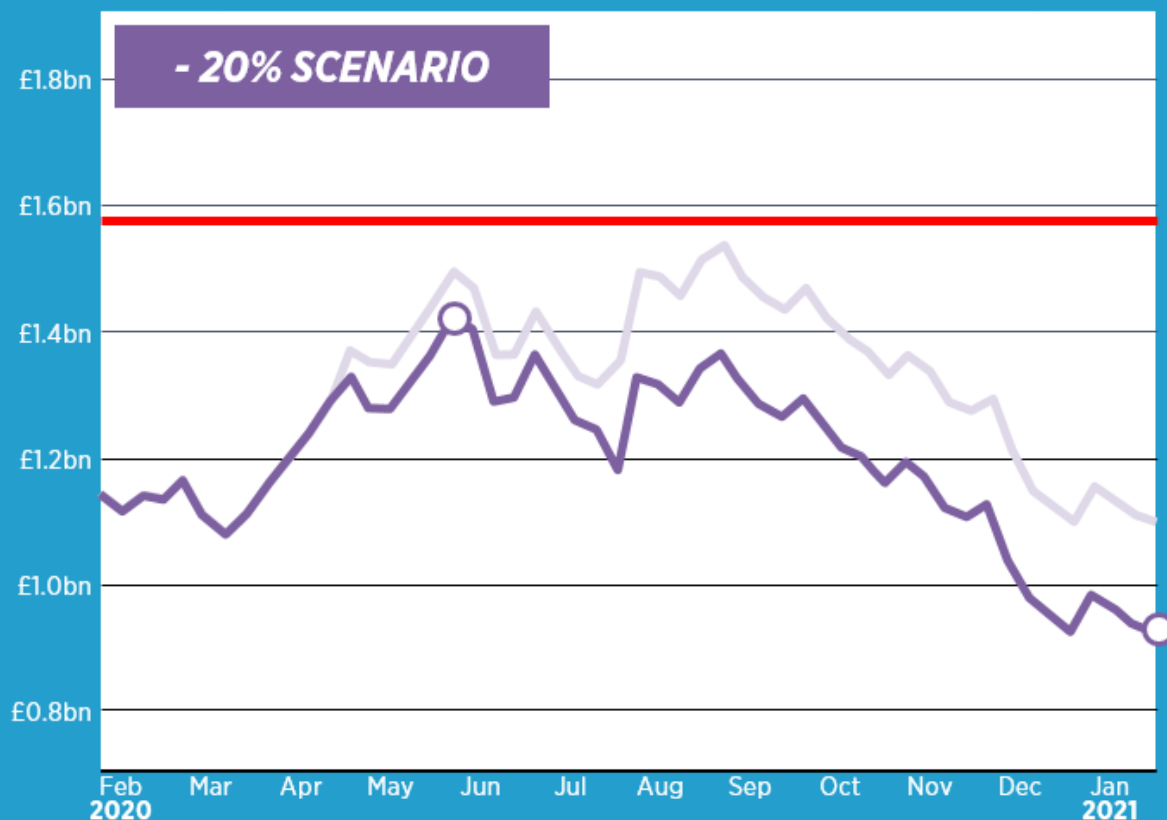
Mitigation (cash saved)

	August	Year end
Buybacks / ESOT	£165m	£300m
CAPEX	£20m	£45m
Leasebacks	£100m	£100m

Stress Test | If annual sales decline at - 20%

next

Full year debt and cash flow



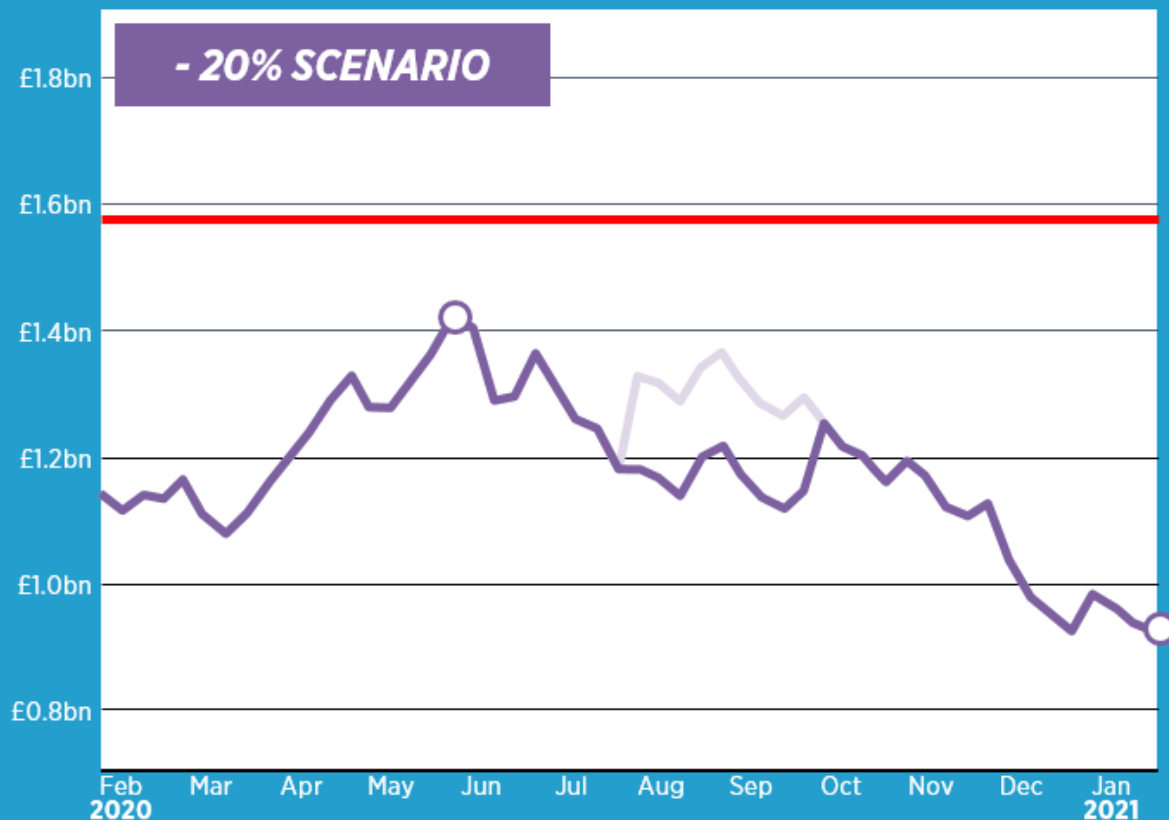
Mitigation (cash saved)

	August	Year end
Buybacks / ESOT	£165m	£300m
CAPEX	£20m	£45m
Leasebacks	£100m	£100m
Securitise & ESOT	£170m	£170m

Stress Test | If annual sales decline at - 20%

next

Full year debt and cash flow



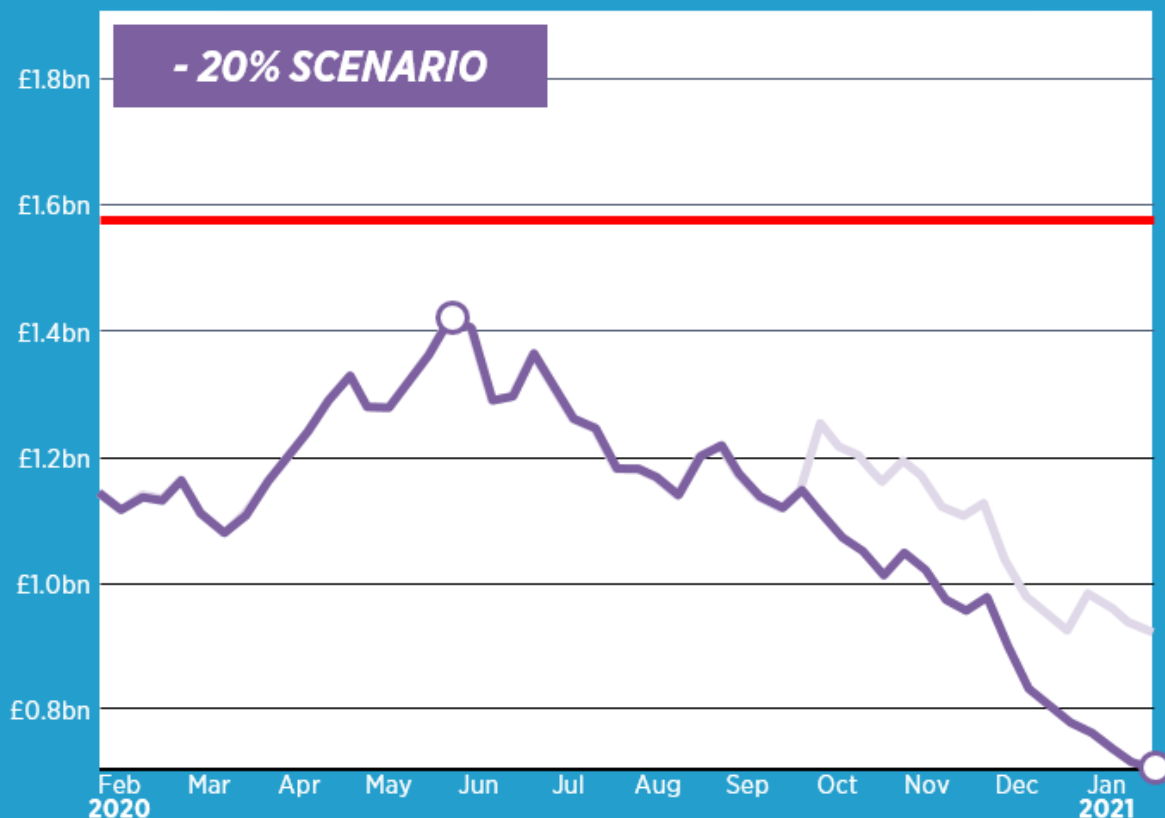
Mitigation (cash saved)

	August	Year end
Buybacks / ESOT	£165m	£300m
CAPEX	£20m	£45m
Leasebacks	£100m	£100m
Securitise & ESOT	£170m	£170m
Delay final dividend	£145m	£0m

Stress Test | If annual sales decline at – 20%

next

Full year debt and cash flow



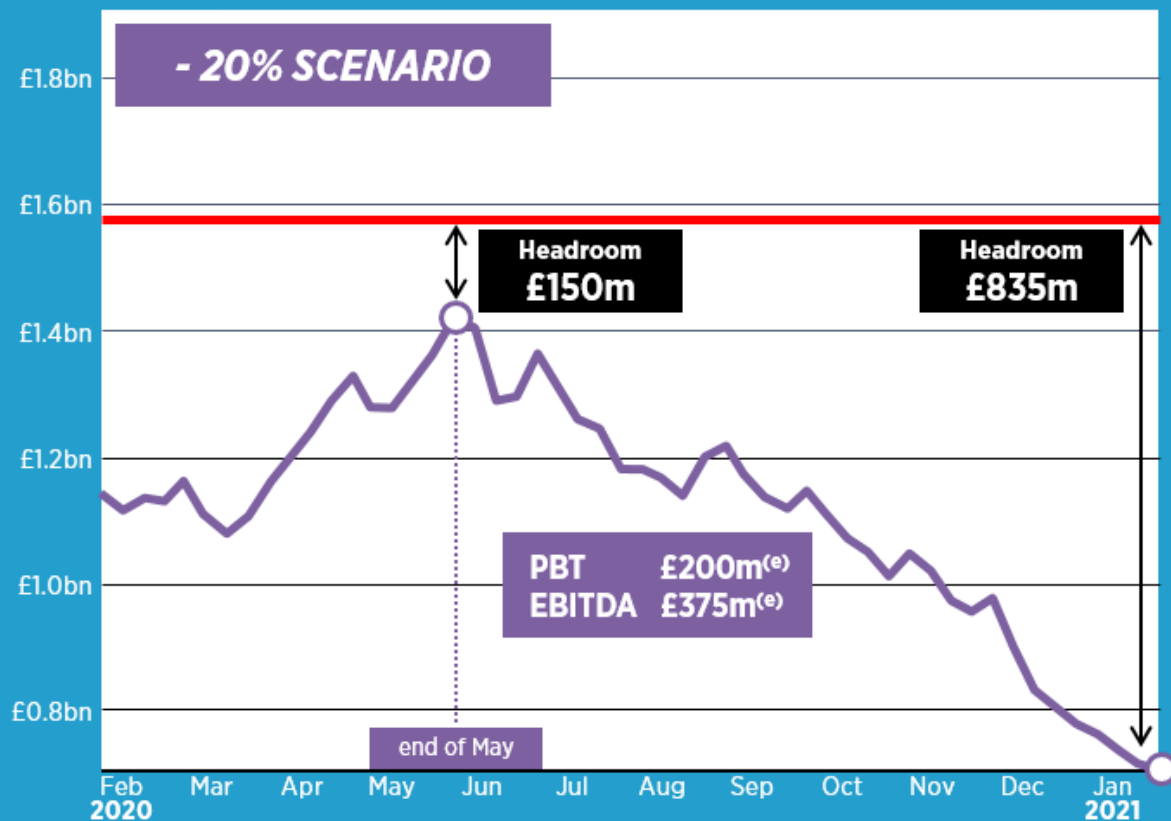
Mitigation (cash saved)

	August	Year end
Buybacks / ESOT	£165m	£300m
CAPEX	£20m	£45m
Leasebacks	£100m	£100m
Securitise & ESOT	£170m	£170m
Suspend all dividends	£145m	£220m

Stress Test | If annual sales decline at - 20%

next

Full year debt and cash flow



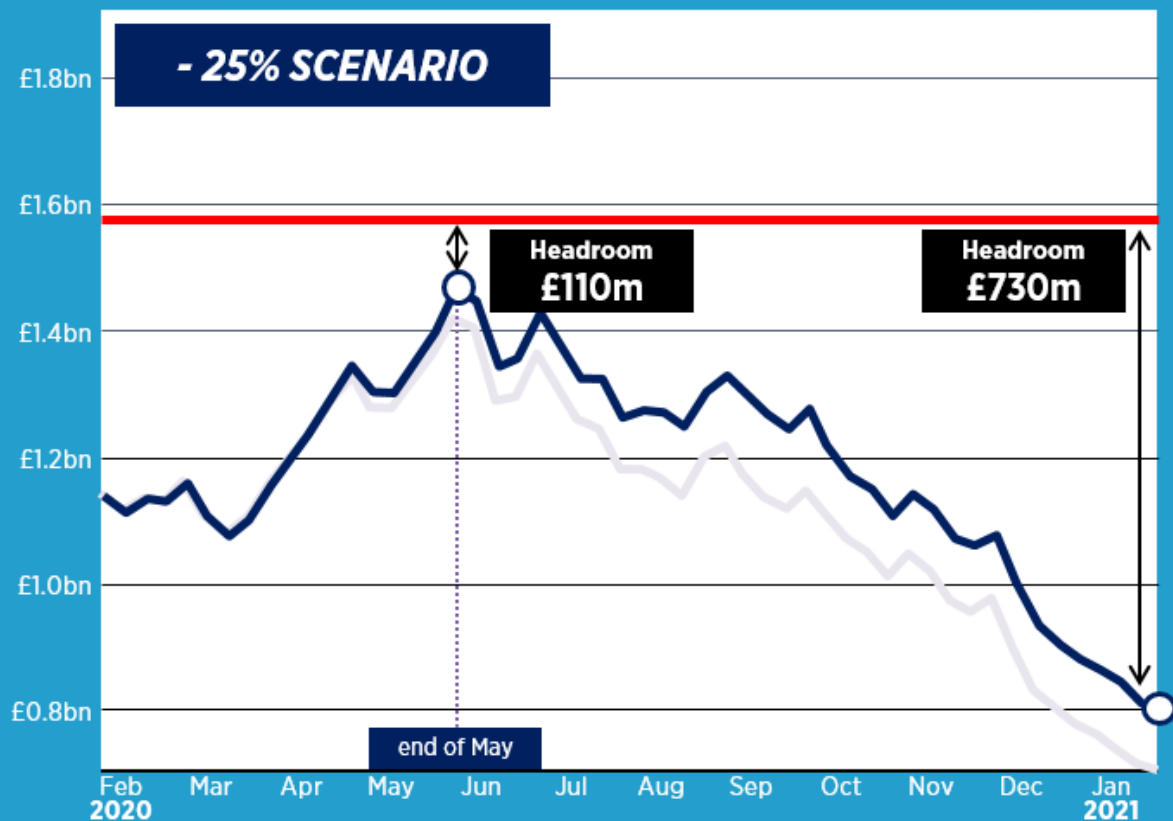
Mitigation (cash saved)

	August	Year end
Buybacks / ESOT	£165m	£300m
CAPEX	£20m	£45m
Leasebacks	£100m	£100m
Securitise & ESOT	£170m	£170m
Suspend all dividends	£145m	£220m
Total cash saved		£835m

Stress Test | If annual sales decline at - 25%

next

Full year debt and cash flow



Mitigation (cash saved)

	August	Year end
Buybacks / ESOT	£165m	£300m
CAPEX	£20m	£45m
Leasebacks	£100m	£100m
Securitise & ESOT	£170m	£170m
Suspend all dividends	£145m	£220m
Total cash saved		£835m

But this will pass...



Evolution

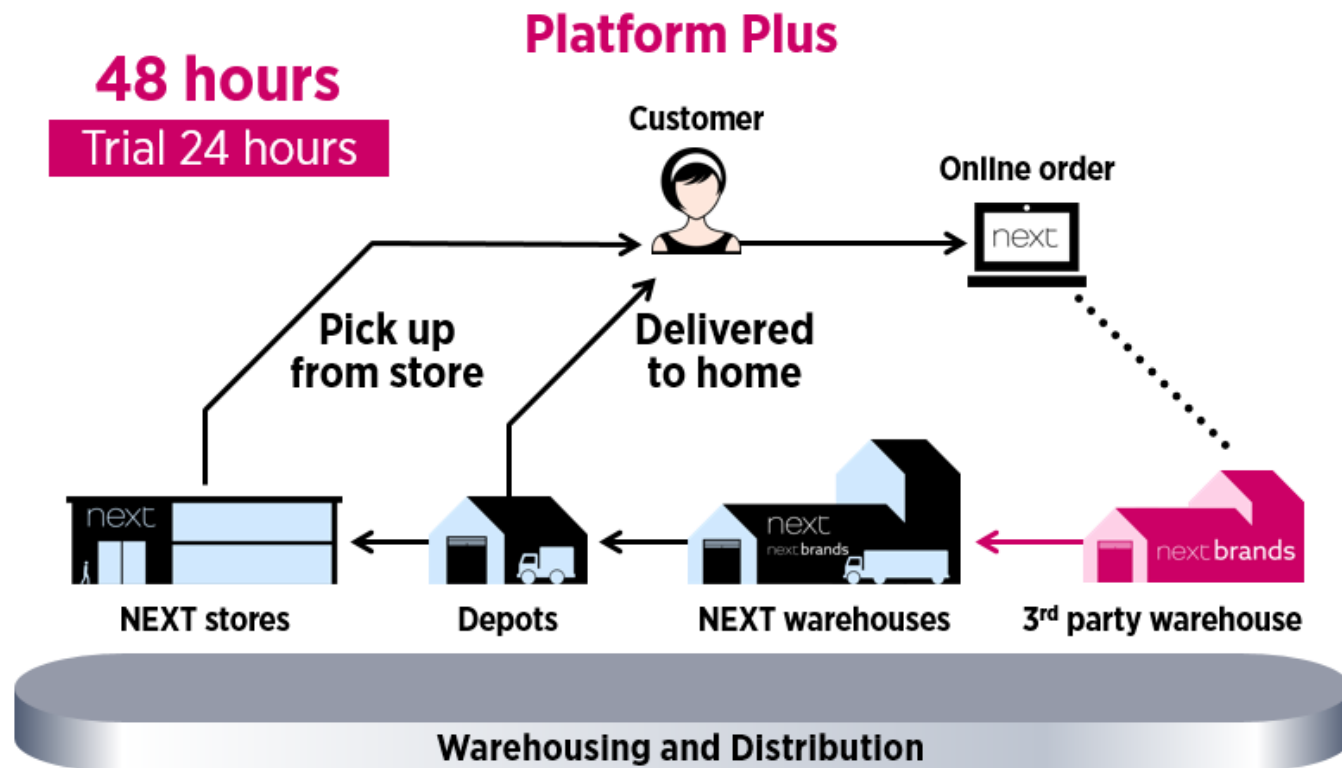


Evolution



Platform Plus

Evolution



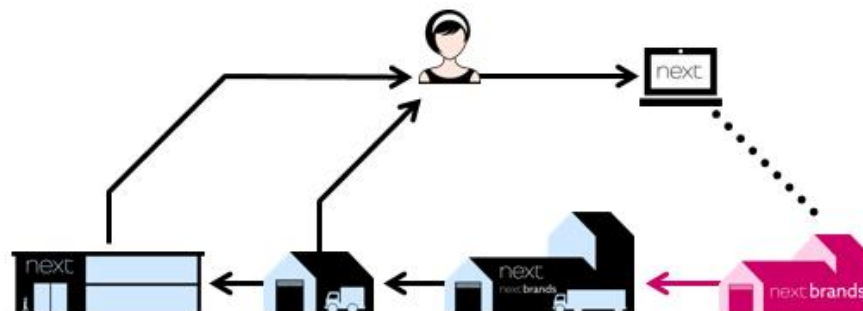
Evolution



Platform Plus



	Number of brands	Full price sales
2019/20	11	£7m
2020/21 ^(e)	36	£18m*



* Pre-coronavirus

Evolution



Platform Plus



	Number of brands	Full price sales
2019/20	87	£32m
2020/21 ^(e)	142	£50m*

Including direct despatch



* Pre-coronavirus

Evolution

Warehousing

Distribution

Website

Online marketing

Customer service

Customer credit

International sites

Website Development

Evolution

Warehousing

Distribution

Website

Online marketing

Customer service

Customer credit

International sites

Site modernisation

£12m

2.5 year capital
investment

Website

Evolution

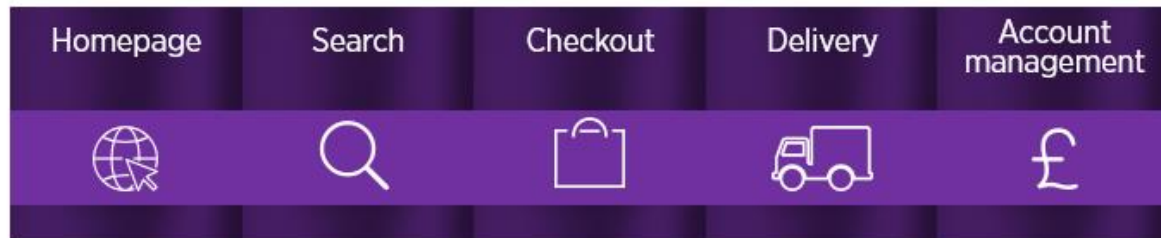


Too many dependencies



Illustrative model

Evolution

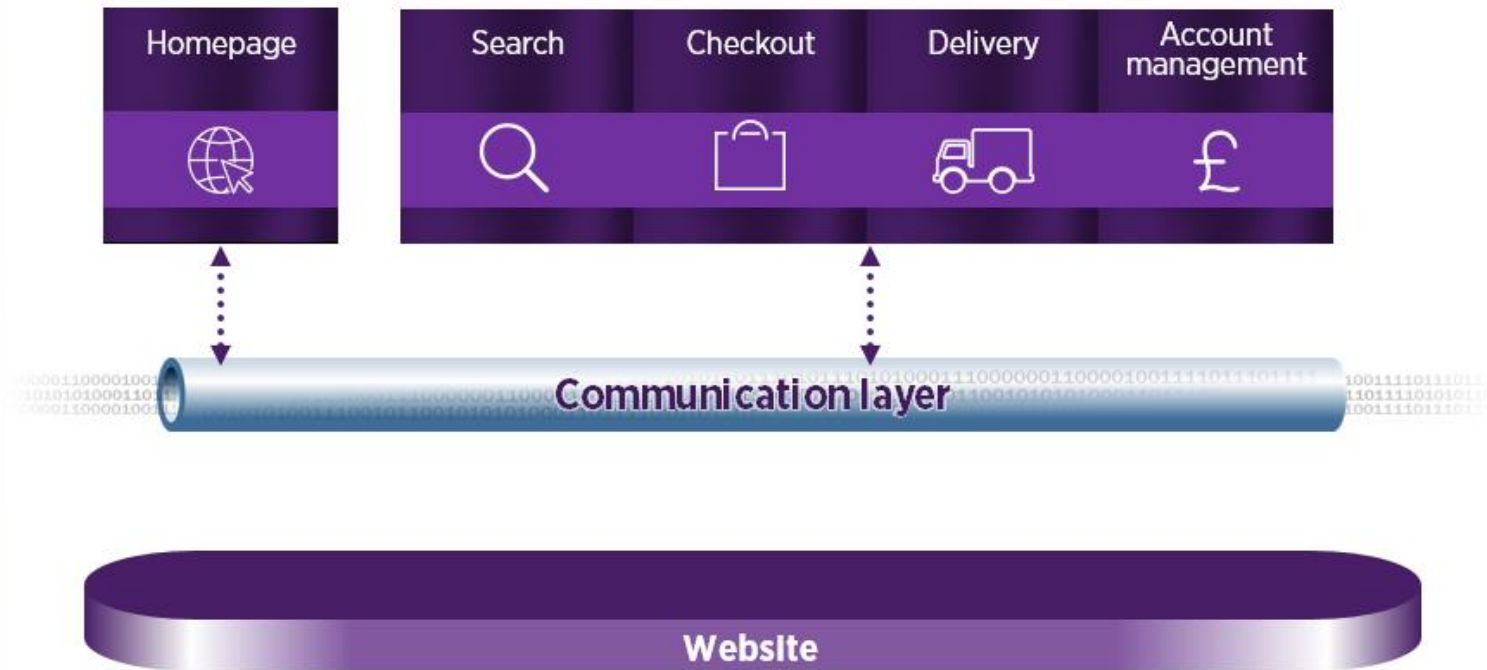


Illustrative model

Evolution



Modular development



Illustrative model

Evolution



Modular development

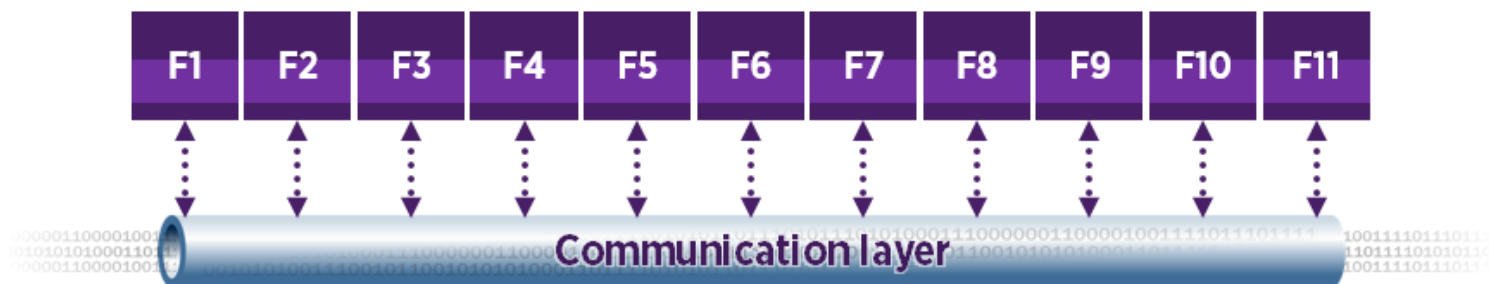


Illustrative model

Evolution



Modular development



✓ Easier to modify

✓ Higher performance

✓ More robust

✓ Scalable and repeatable



Website

Illustrative model

Evolution



TOTAL Platform

Evolution



Evolution



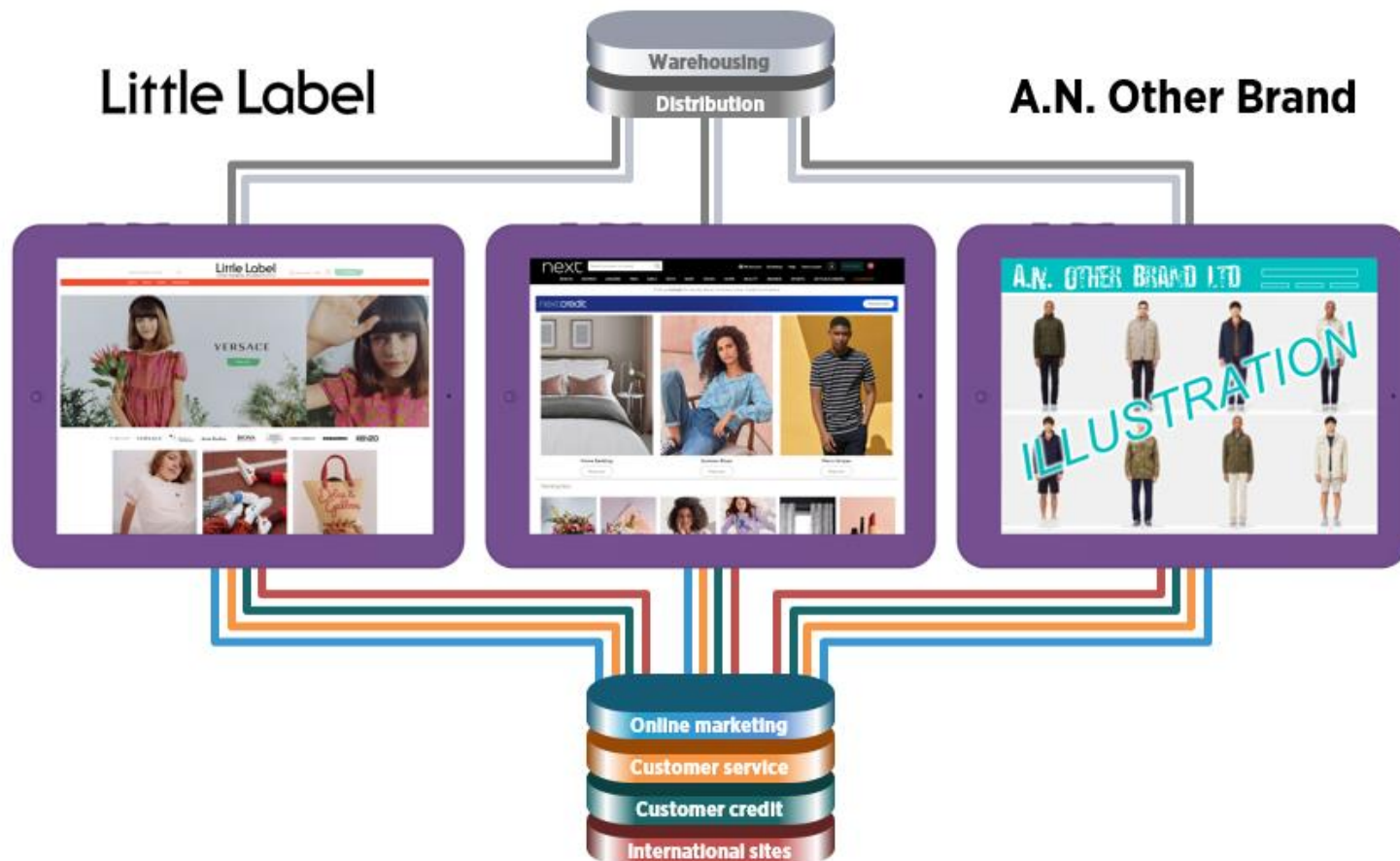
Little Label

Warehousing

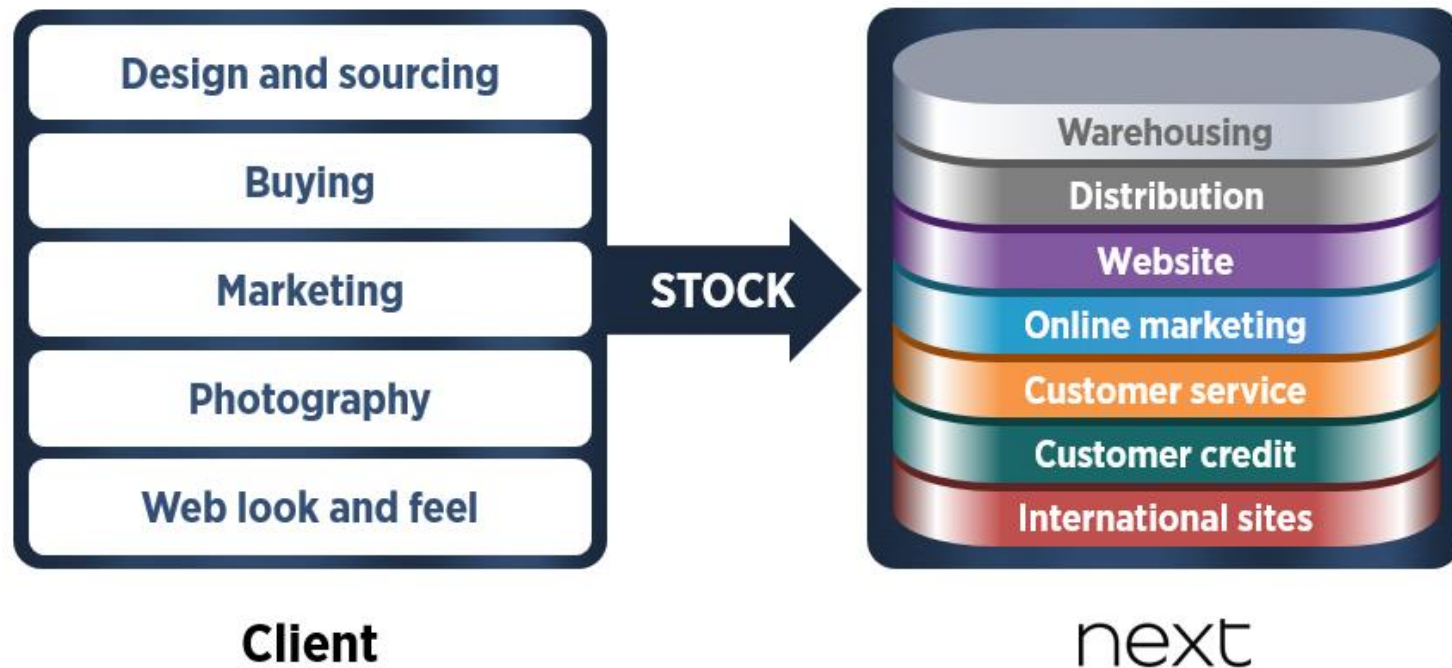
Distribution

A.N. Other Brand

Evolution



Evolution



⊗ Not outsourcing

⊗ Not a joint venture

Long term commission contract

✓ Capex free

✓ No systems investment

✓ Variable cost base



STOCK



Client

next

Evolution

Evolution



Licensed Brands

Evolution



Design ethos

Prints

Inspiration



baker
BY TED BAKER



next

Quality

Sourcing

Manufacturing

Evolution



Childrenswear



baker
BY TED BAKER



OASIS

Swimwear



Mens Formal



joules

Home Textiles



scion
LIVING

Evolution



baker
BY TED BAKER

OASIS

Jones

scion
LIVING

Annualised
sales

£20m(e)*

Bought in
margin

circa NEXT

Stock risk

with NEXT

* Pre-coronavirus

Product sourcing

Evolution



Product sourcing

The NEXT Platform

next



**1st choice for clothing
and homeware**



**Most profitable 3rd party
route to market**



**Service that we and our
partner brands are proud of**



next

Summary



next

Facing unprecedented challenges

Financially resilient

**Focused on developing
our business**

