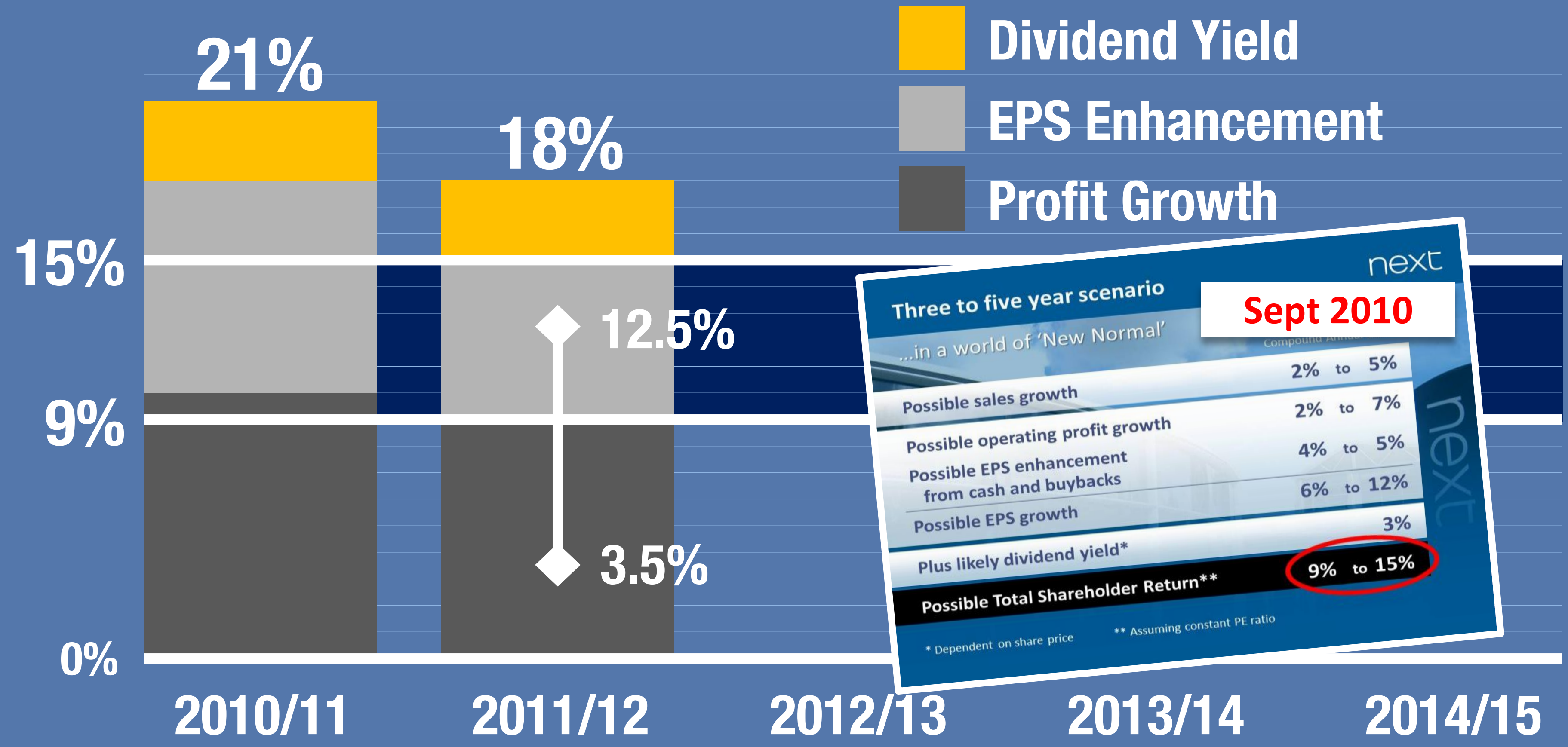

next
January 2012

Income Statement (exc Ventura)

next

£m	2012	2011	VAT exc	VAT inc
Revenue	3,441	3,298	+ 4.3%	+ 5.6%
Operating profit	598	567	+ 5.6%	
Interest	(28)	(24)		
Profit before tax	570	543	+ 5.0%	
Taxation	(143)	(150)		
Profit after tax	427	393	+ 8.7%	
EPS (underlying)	255.4p	221.9p	+ 15.1%	
Dividend per share	90p	78p	+ 15.4%	

Long Term TSR Assuming dividend at 3% and constant PE ratio



Balance Sheet

next

£m	2012	Exc Ventura 2011	Inc Ventura 2011
Fixed assets	589	588	599
Goodwill	46	47	47
Stocks	372	368	368
Debtors	699	608	645
Creditors	(877)	(866)	(906)
Pension surplus	35	56	56
Derivatives	21	2	2
Buyback / ESOT commitment	(87)*	(49)	(49)
Net debt	(575)	(530)	(530)
Net assets	223	224	232

* Only £23m completed

Balance Sheet

next

£m	2012	2011	
Fixed assets	589	588	
Goodwill	46	47	
Stocks	372	368	+1%
Debtors	**699**	**608**	**+15%**

Directory Debtors

Jan 2012
£574m

+ 15%

Jan 2011
£500m

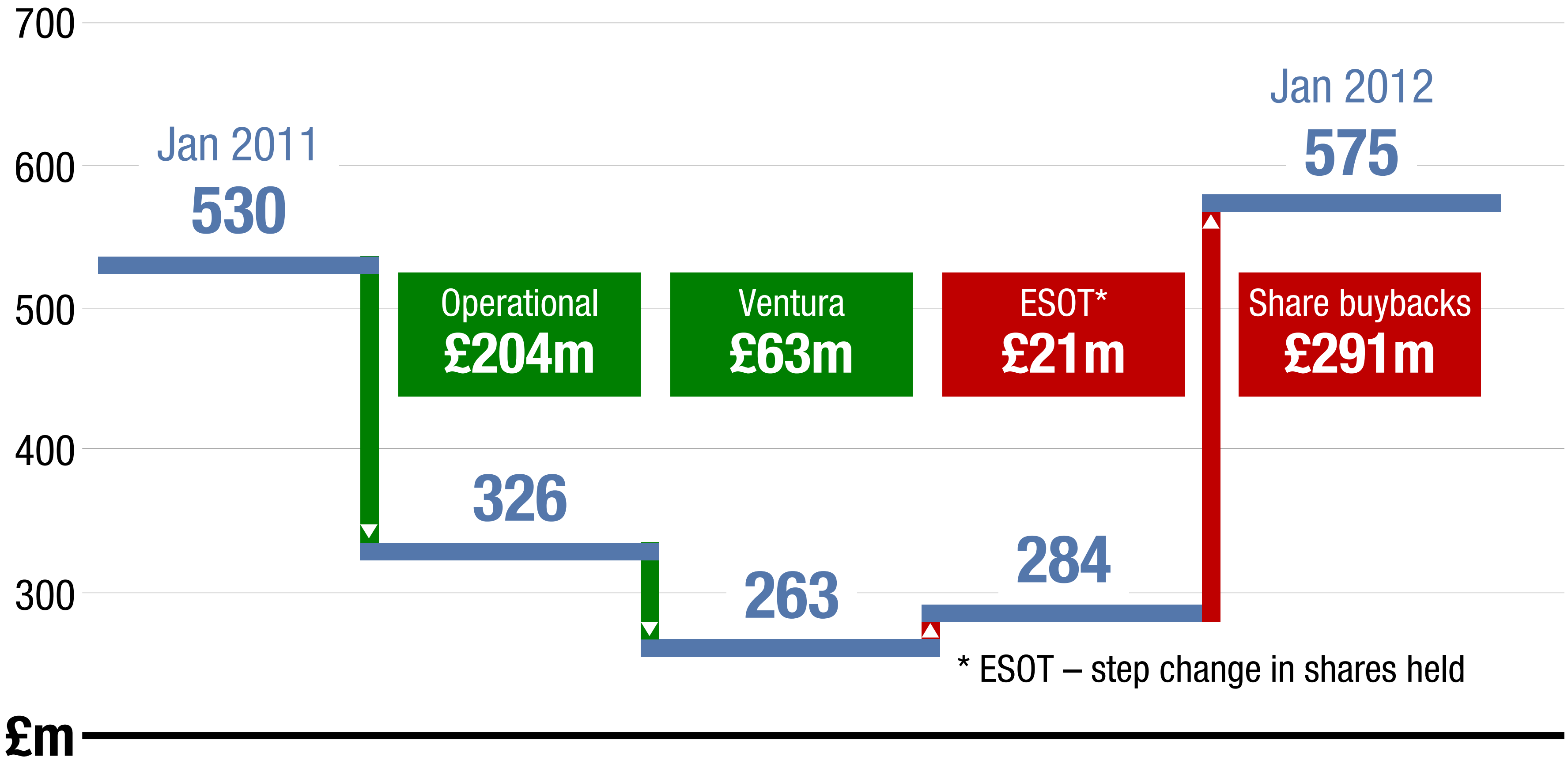
Credit Sales Increase

Jan 2012

+ 15%

Jul 2011

Net Debt and Cash Flow



Cash Flow

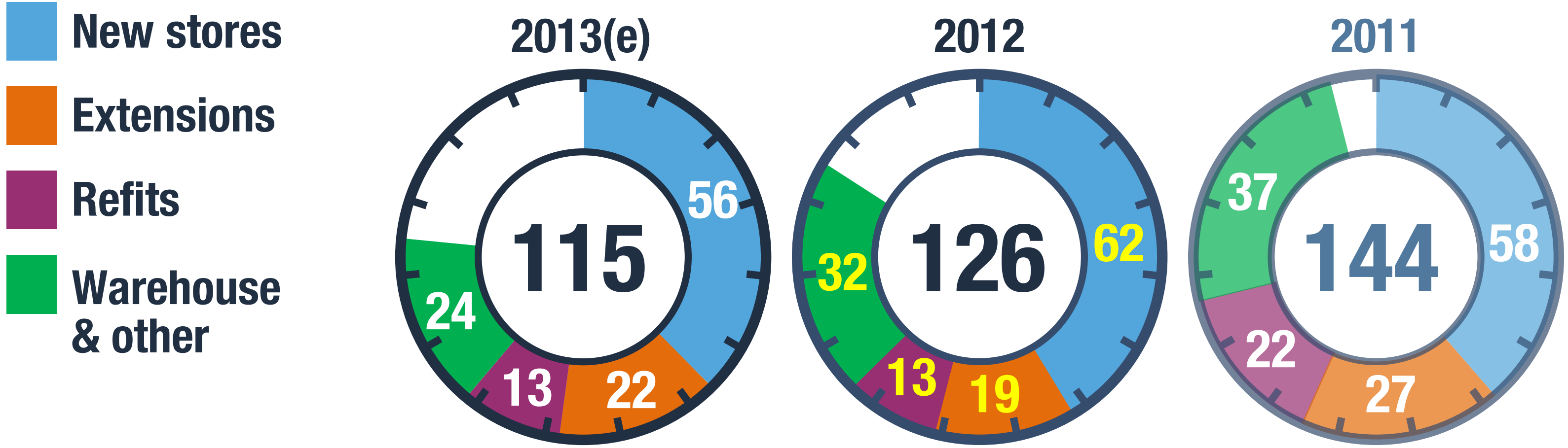
next

£m	2012	2011
Profit before tax	582	551
Depreciation / impairment	128	130
Capital expenditure	(126)	(144)
Ventura sale	63	-
Working capital / other	(122)	(133)
Pension	-	(40)
Dividends paid	(135)	(130)
Tax paid	(144)	(142)
Share buybacks	(291)	(222)
Net cash flow	(45)	(130)

Cash Flow

next

£m	2012	2011
Profit before tax	582	551
Depreciation / impairment	128	130
Capital expenditure	(126)	(144)



Shares in issue

next

	Gross	Net of ESOT
Jan 2011	181m	175m
Jan 2012	169m	163m
Year on year	- 6.9%	- 6.7%
Jan 2013(e)	162m	156m
Year on year	- 4.2%	- 4.1%

Retail

Retail : Sales Analysis

next

£m	2012	2011	
Revenue (statutory sales)	**2,191.4**	2,222.1	- 1.4%
Operating profit	**323.7**	328.8	

Sales from new space

Average space growth	6.6%
Sales growth from net space	4.3%
Return on space	65%

Retail Space Expansion

next

	Stores	Sq. Ft. 000's	
Jan 2011	525	6,073	
New	12	177	
Closed	(15)	(83)	
Re-sites (9)	-	71	
Extensions (18)	-	34	
Home stand alone	14	203	
Jan 2012	536	6,475	+ 6.6%

Retail Space Expansion

next

New store performance

	Sales v Target	Payback (months)	Store profit
Mainline	+ 8%	18	22%
Home	+ 1%	23	19%
Total	**+ 6%**	**20**	**21%**

Retail : Profit Analysis

next

£m	2012	2011	
Revenue (statutory sales)	**2,191.4**	2,222.1	- 1.4%
Operating profit	**323.7**	328.8	- 1.6%
% to revenue	14.8%	14.8%	

Margin Movement

Bought in gross margin	+ 0.3%
Markdowns	+ 0.4%
Branch payroll	+ 0.3%
Occupancy	– 0.4%
Warehouse and distribution	– 0.3%
Central overheads	– 0.3%

Directory


Open
Open in New Page
Save Image
Copy
http://www.next.co.uk/women
Sign up for sale offers and style news
Men
Mother's Day Flowers
Join the conversation...
next OFFERS

Directory : Sales Analysis

£m	2012	2011	
Revenue (statutory sales)	1,088.7	935.5	+ 16.4%
Operating profit	262.6	221.9	

Sales analysis	Vat Exc
UK full price	+ 8.4%
International online	+ 2.4%
UK offers tab	+ 2.5%
Increased end of season sale	+ 3.1%
Total sales	+ 16.4%

Directory : Sales Analysis

next

£m	2012	2011	
Revenue (statutory sales)	**1,088.7**	935.5	+ 16.4%
Operating profit	**262.6**	221.9	

Sales drivers

			Contribution to customer growth
Credit	2,557	2,464	+ 3.4%
Cash	438	267	+ 6.2%
Active customers (000's)	2,995	2,731	+ 9.6%
Printed pages	4,180	4,084	+ 2%

Directory : Profit Analysis

next

£m	2012	2011	
Revenue (statutory sales)	**1,088.7**	935.5	+ 16.4%
Operating profit	**262.6**	221.9	+ 18.3%
% to revenue	24.1%	23.7%	

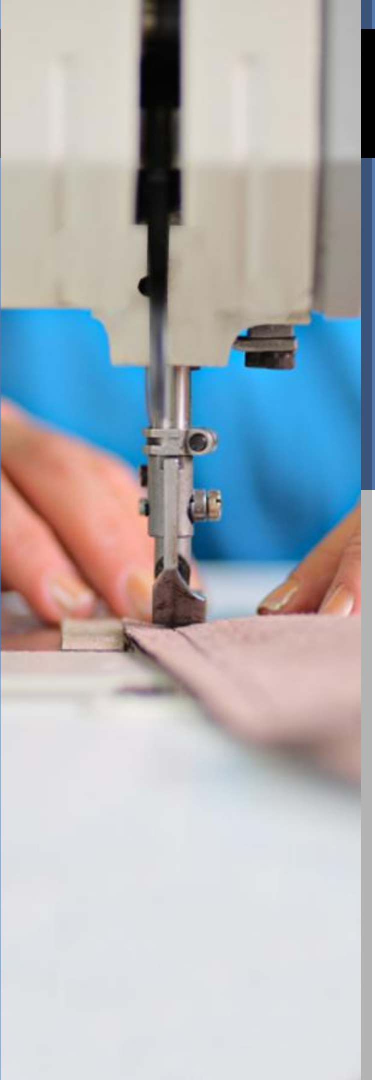
Margin movement

Bought in gross margin	+ 0.6%
Markdowns	+ 0.2%
Bad debt reduction	+ 0.4%
Service charge	– 0.9%
Warehouse & distribution	– 0.7%
Marketing & other	+ 0.8%

Retail Overseas

£m	2012	2011	
Wholly owned	17.6	17.4	+ 1%
Franchise income	58.7	49.9	+ 18%
Total revenue	76.3	67.3	+ 13%

Wholly owned	17.6	17.4	+ 1%
Partner sales	141.4	129.4	+ 9%
Retail sales	159.0	146.8	+ 8%
Operating profit	7.9	5.8	+ 37%



Sourcing

next

£m	2012	2011	
Intra-group sales	**511.5**	505.7	+ 1%
Operating profit	**21.1**	26.7	- 21%

- Commission £2.3m lower
- Stock write-off £3m
- Profit forecast 2012/13(e) £25m

Other

£m	2012	2011
Lipsy	1.3	1.0
Property	5.6	2.3
Unrealised FX	(1.1)	2.2
Associates	1.5	1.8
Pension credit	6.7	1.2
Group / share incentives	(30.6)	(24.9)
	(16.6)	(16.4)


next
The Year Ahead

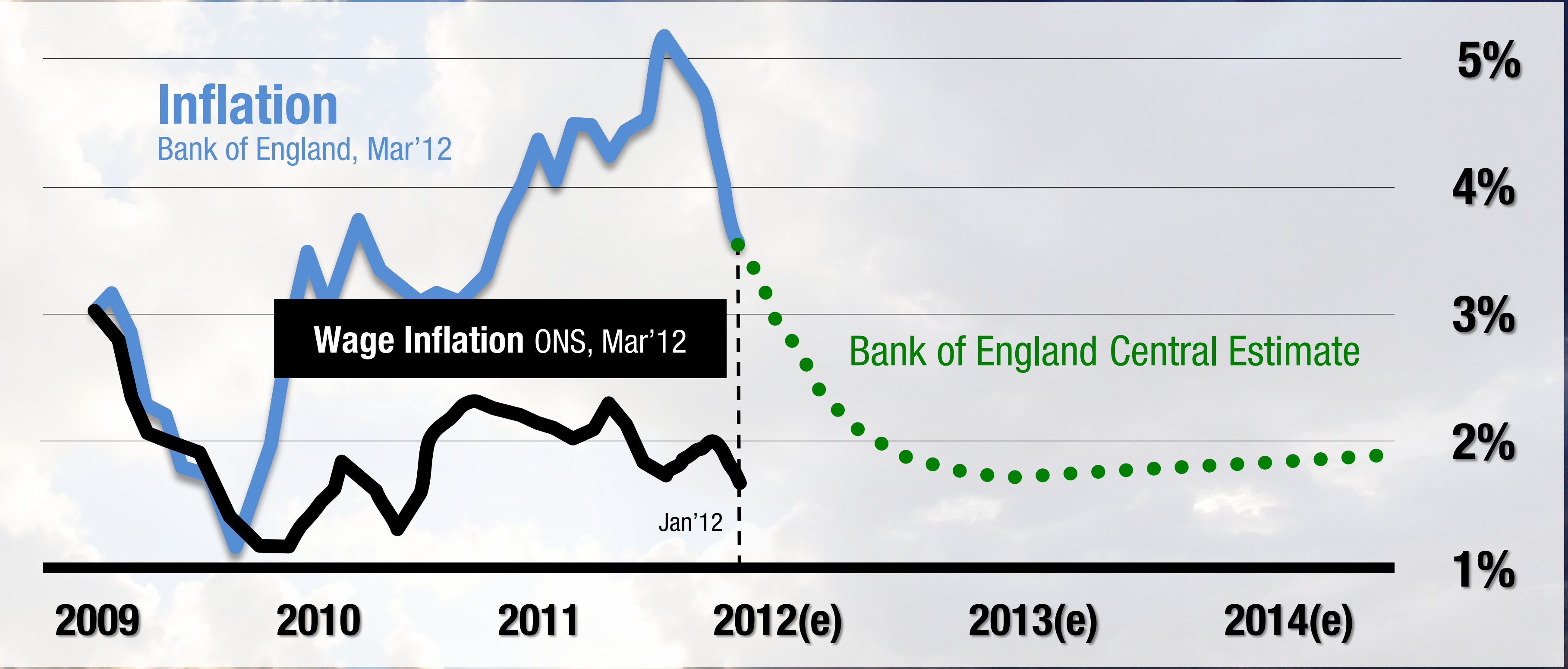
Best Guess....

Another Challenging Year

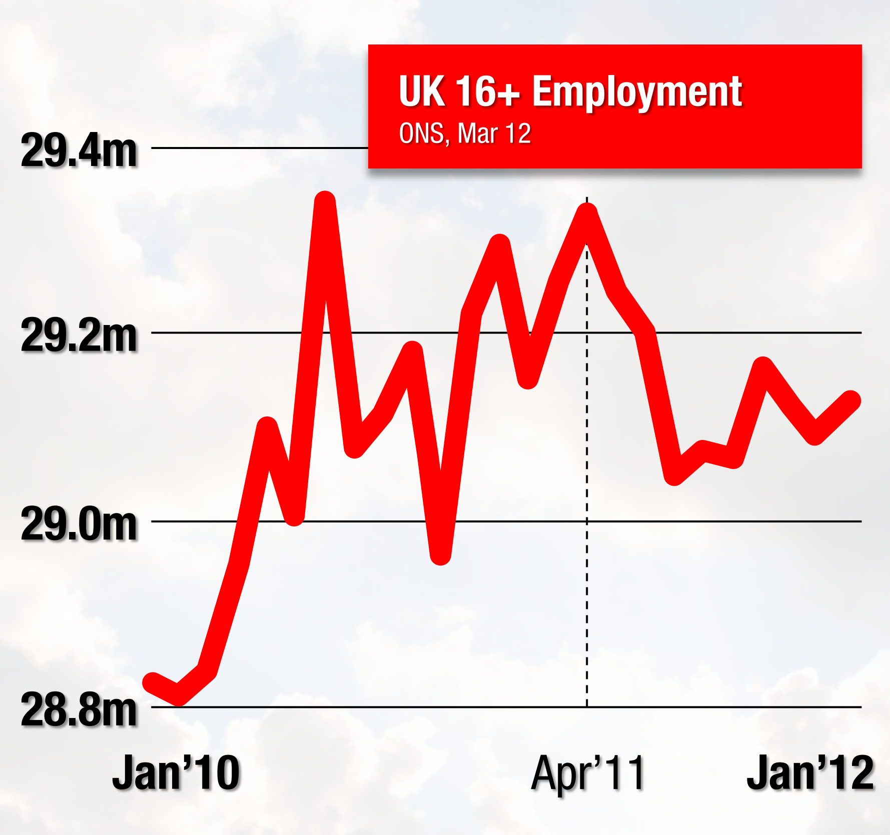
Consumer inflation	Eurozone ‘crisis’
VAT effect	Credit squeeze
Stable input prices	Employment stalling?

+ −

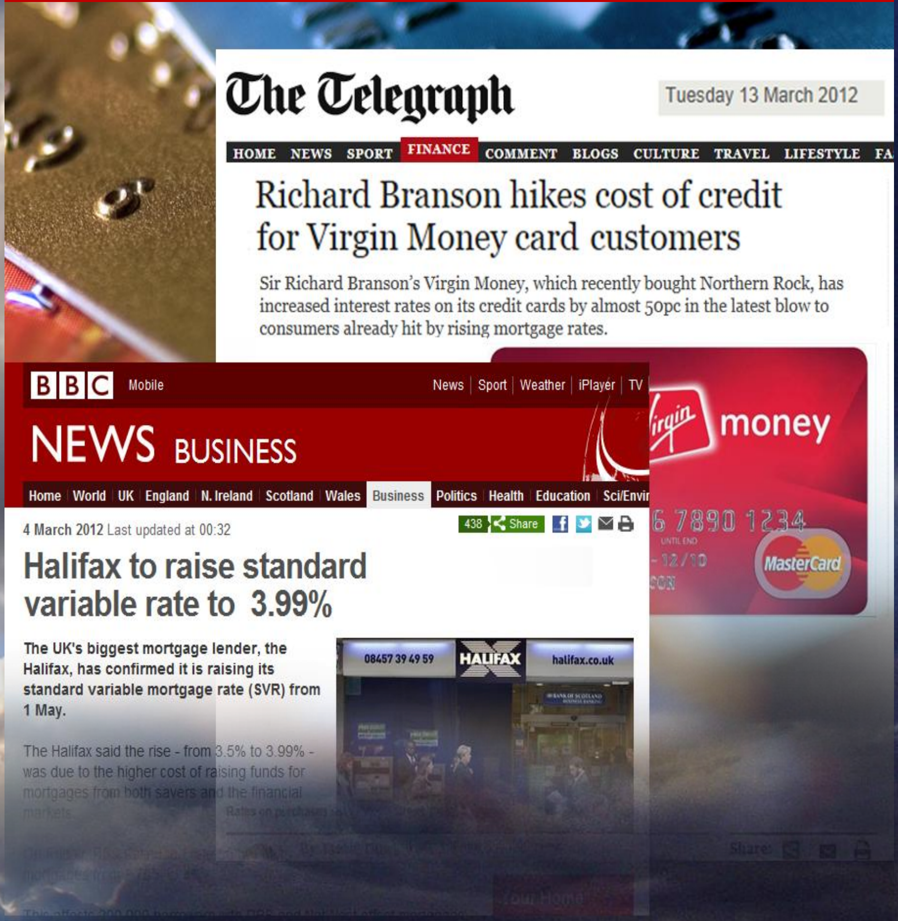
Consumer inflation



Employment stalling?



Credit squeeze



Managing for a Challenging Season

1. Set Realistic Targets	SS12 Total Retail sales - 3% to 0%
2. Control Costs	
3. Grow Retail Space	Sales from new space circa 4%
4. Develop Directory	SS12 Directory sales + 9% to + 12%
5. Share Buybacks	SS12 Brand sales + 1% to + 4%

Grow Retail Space

	Jan 12	Jan 13(e)	Jan 14(e)	
No. of projects	53	30	20	30
Sq. ft. (000s)	402	300	300	450
Annualised turnover	£103m	£70m	£65m	£95m
Home	£48m	£30m		
Retail	£55m	£40m		

Profitable Growth

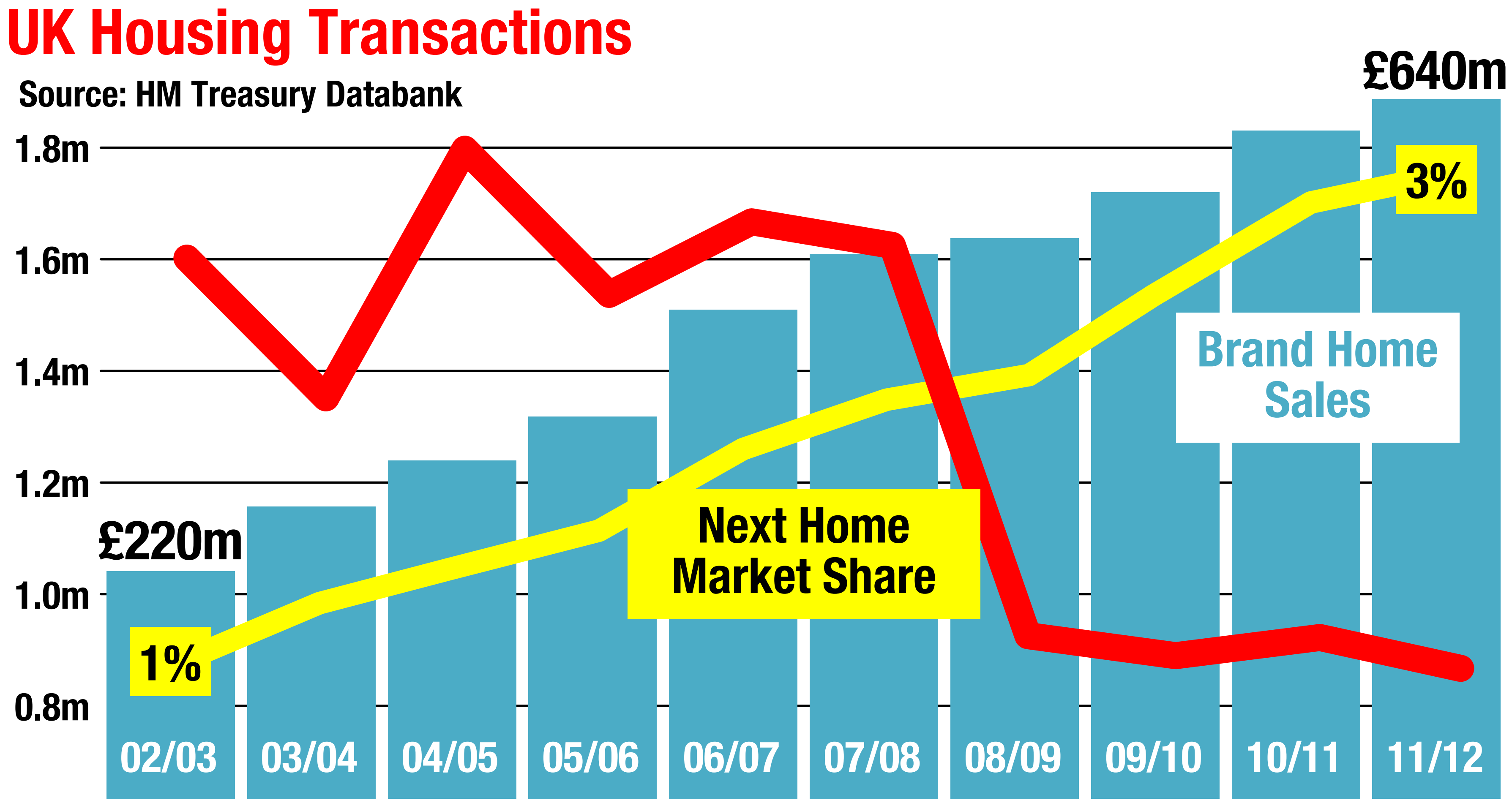
Profitable Portfolio

Number of stores	42
NBC %	21%
Payback (months)	20

Example

Great Deals

Shopfit cost	£7.2m
Landlord contribution	£3.5m
Rent per sq. ft.	£25


UK Housing Transactions
Source: HM Treasury Databank
1.8m
1.6m
1.4m
1.2m
1.0m
0.8m
£220m
£640m
1%
3%
Next Home Market Share
Brand Home Sales
02/03
03/04
04/05
05/06
06/07
07/08
08/09
09/10
10/11
11/12

Home – improving the ranges

More newness

	Ph1	Ph3
SS12	45%	20%
SS11	35%	12%

Better quality

More design

Shoreham


next
HOME
AND GARDEN
HOME
DECORATING
DIY
GARDEN
STARBUCKS COFFEE
next

Shoreham-type Wish List

Customers See One Brand

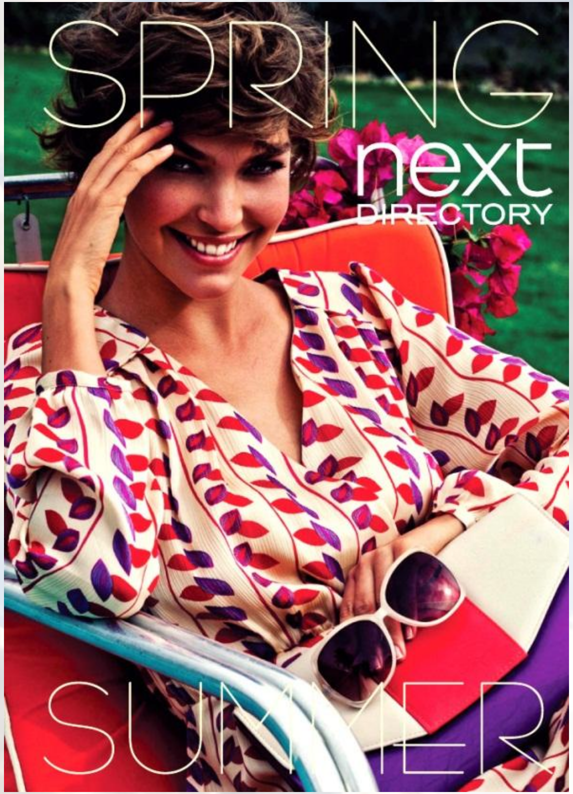
Directory Returns	59% of all returns	£440m
Directory Collections	20% of all parcels	£350m
Directory Recruitment	20% through store	

Customers See One Brand

Retail store portfolio

Profitability	% of turnover
> 20%	73%
> 15%	90%
> 10%	97%
> 5%	99%
> 0%	99.7%

Develop Directory



UK service improvements

International expansion

Infrastructure

UK service improvements

Within 24 months

Sunday Deliveries

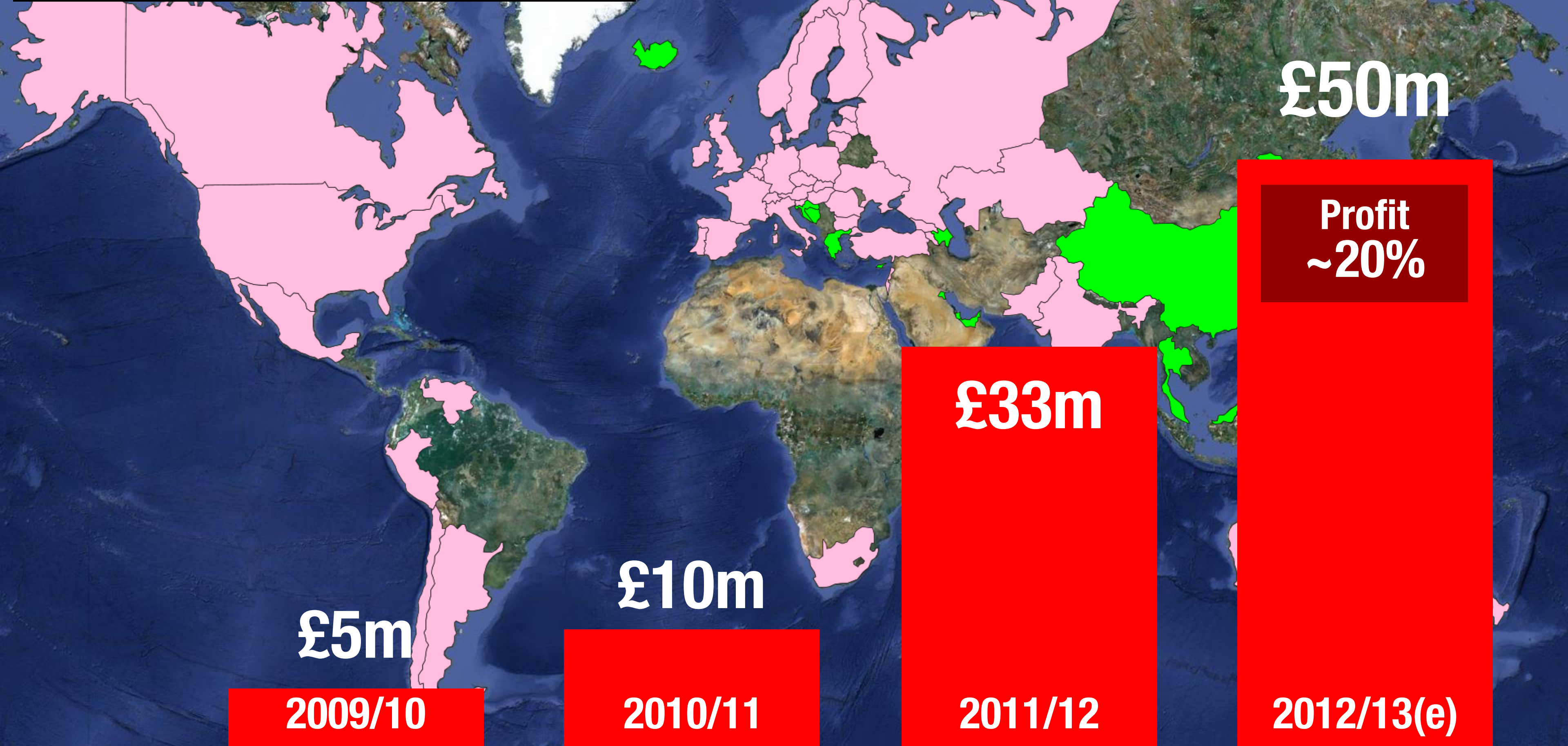
Evening Deliveries

10pm Cutoff

80% of the UK

Same Day Deliveries

International Turnover

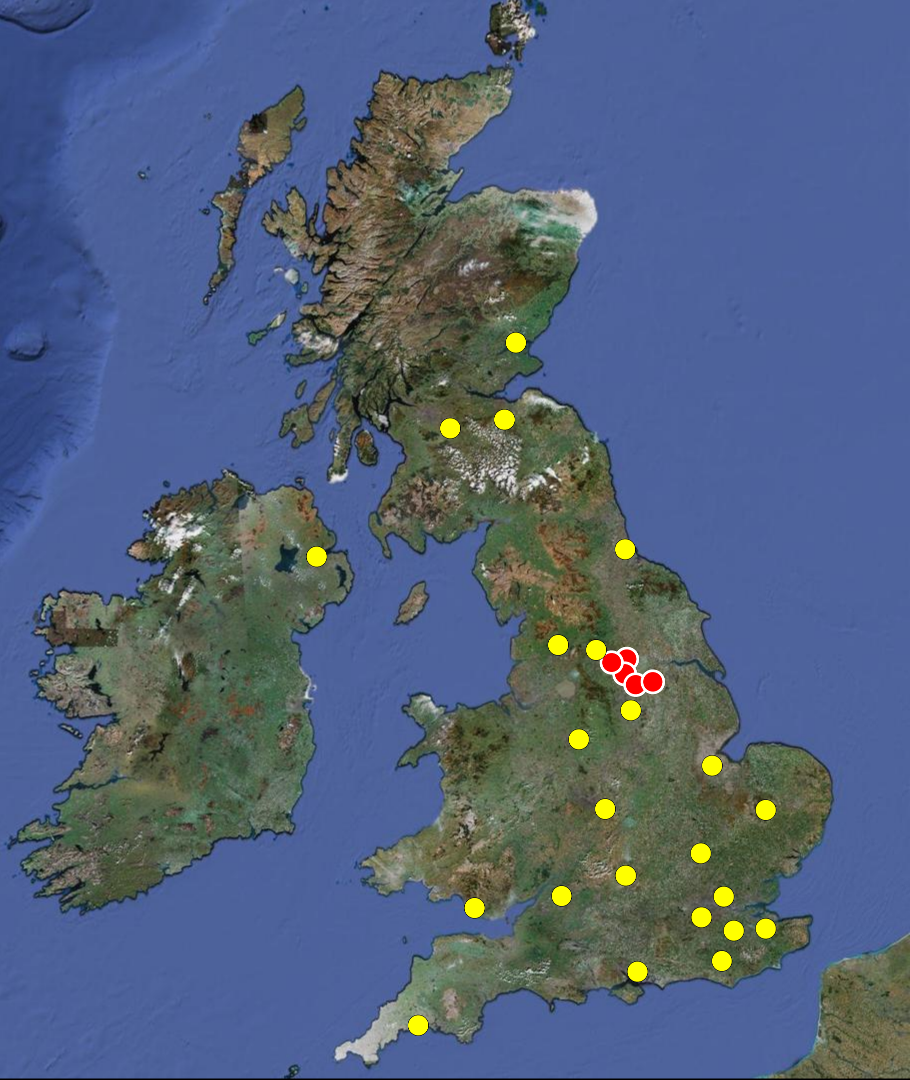


International Delivery

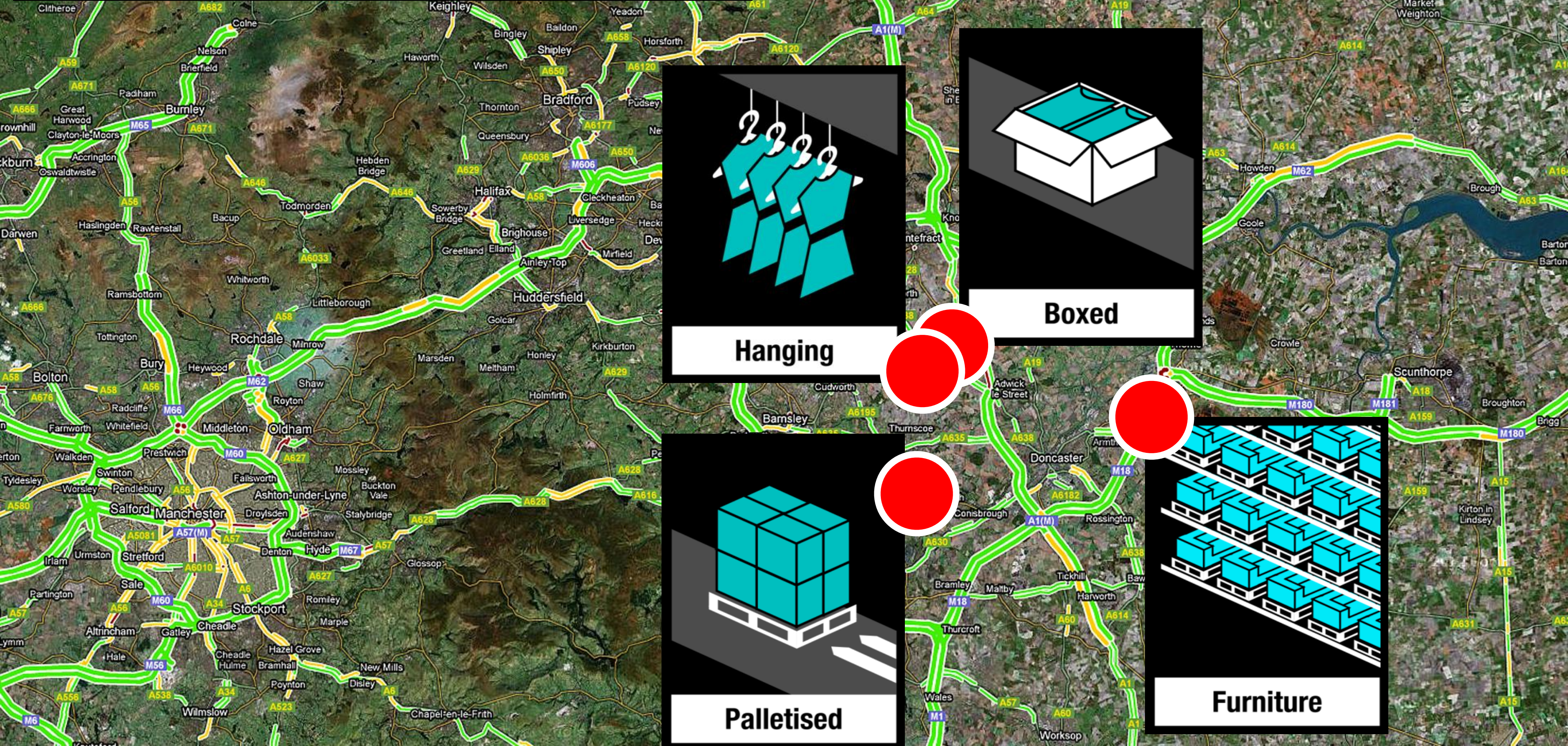
Warehousing & Distribution

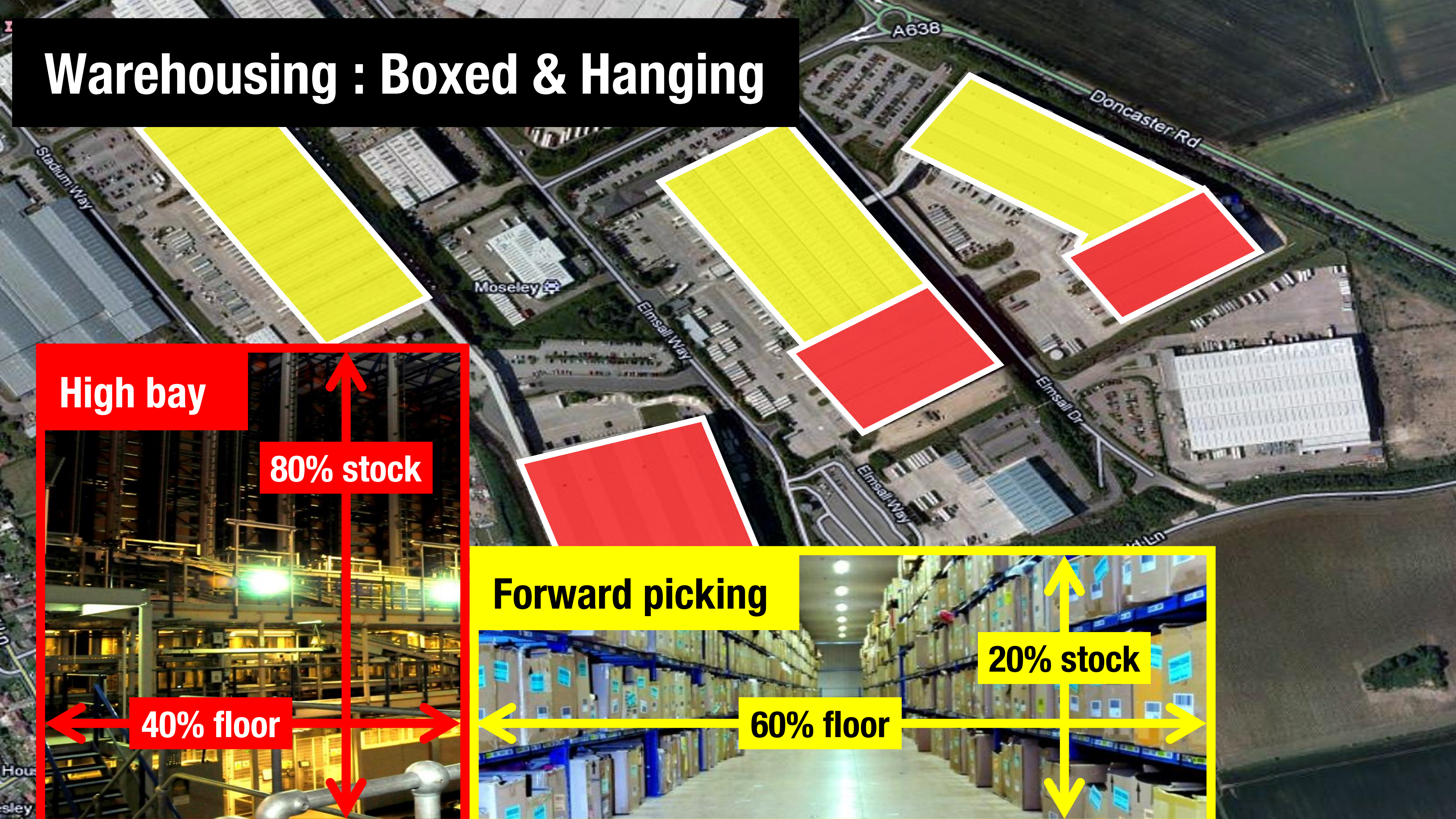
Directory Delivery Network

- 5 warehouses
- 23 depots
- 536 stores
- 7,500+ couriers

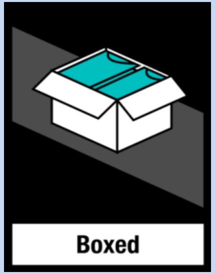


Warehousing & Distribution




Warehousing : Boxed & Hanging
A638
Doncaster Rd
Stadium Way
Moseley
Elmsall Way
Elmsall Dr
Elmsall Way
High bay
80% stock
40% floor
Forward picking
20% stock
60% floor

Optimised boxed picking process



£25 million

AUTO SORTER

AUTO SORTER

AUTO SORTER

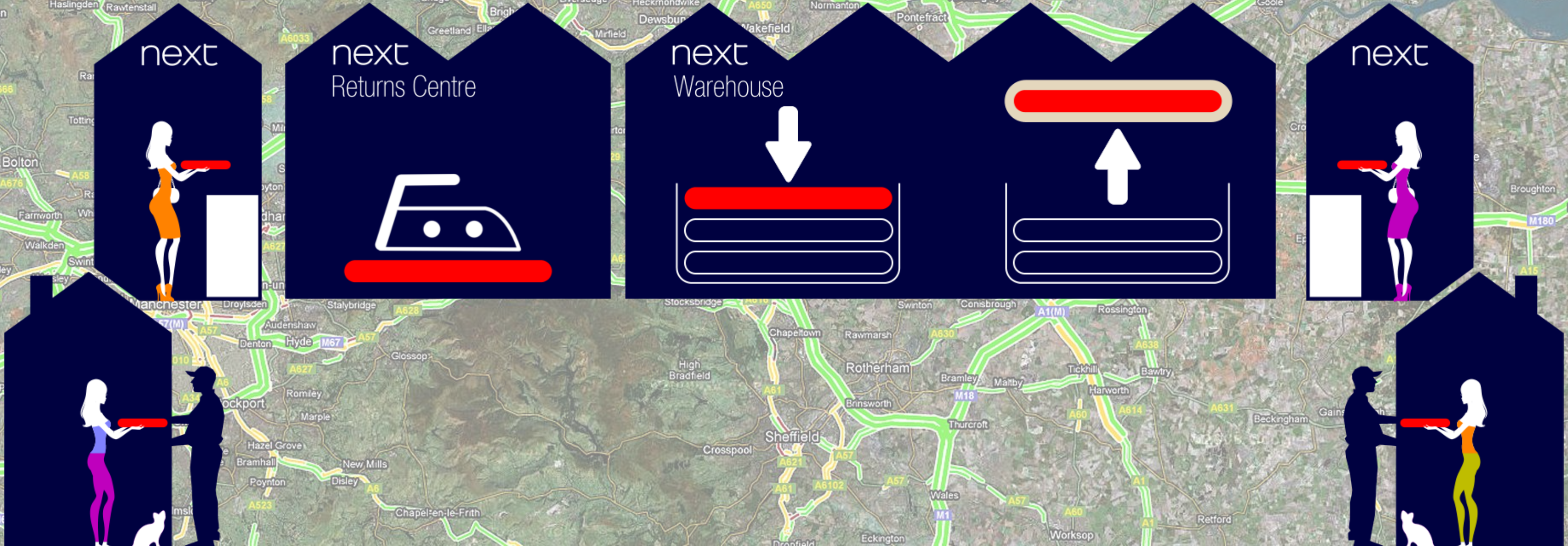
AUTO SORTER

Peak pick capacity 800k units/day

Warehousing : Returns

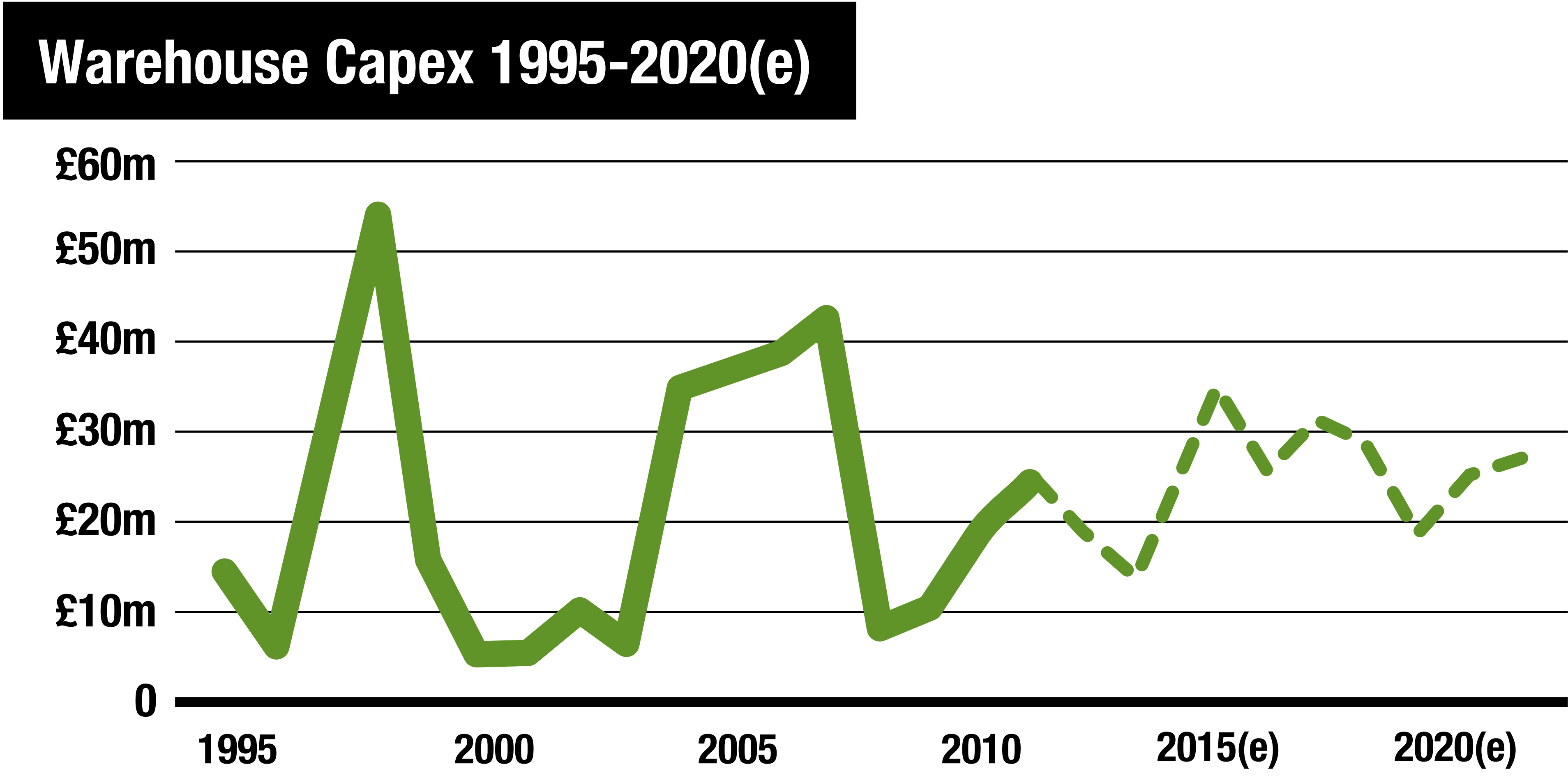
6-7 day turnaround

Return	Refurbish and Put Away	Pick and Pack	Deliver
3-4 days	1 day	1 day	1 day



Warehouse capacity

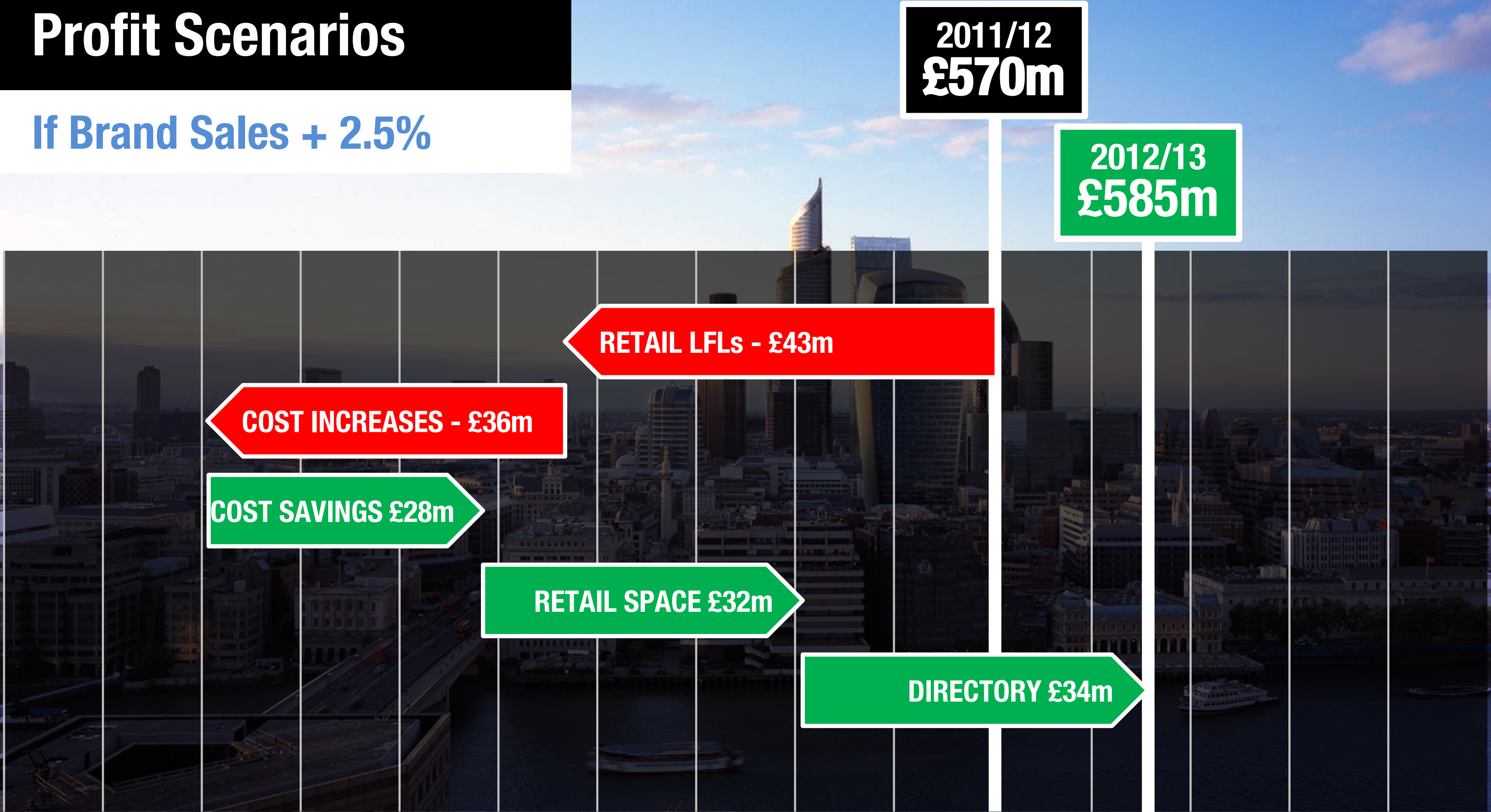
	Boxed	Hanging	Palletised	Returns	Total
Operating sq. ft.	2.3m	1.2m	2.0m	0.3m	5.8m
Storage (units)	45m	6m	27m	-	78m
Investment	£152m	£59m	£51m	£8m	£270m
% of capacity	74%	58%	43%	76%	


Warehouse Capex 1995-2020(e)
£60m
£50m
£40m
£30m
£20m
£10m
0
1995
2000
2005
2010
2015(e)
2020(e)

Outlook for full year sales and profit

Profit Scenarios

If Brand Sales + 2.5%



Profit Scenarios

Brand Sales + 1% to + 4%

Brand Outlook for 2012/13 - Estimate

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If...

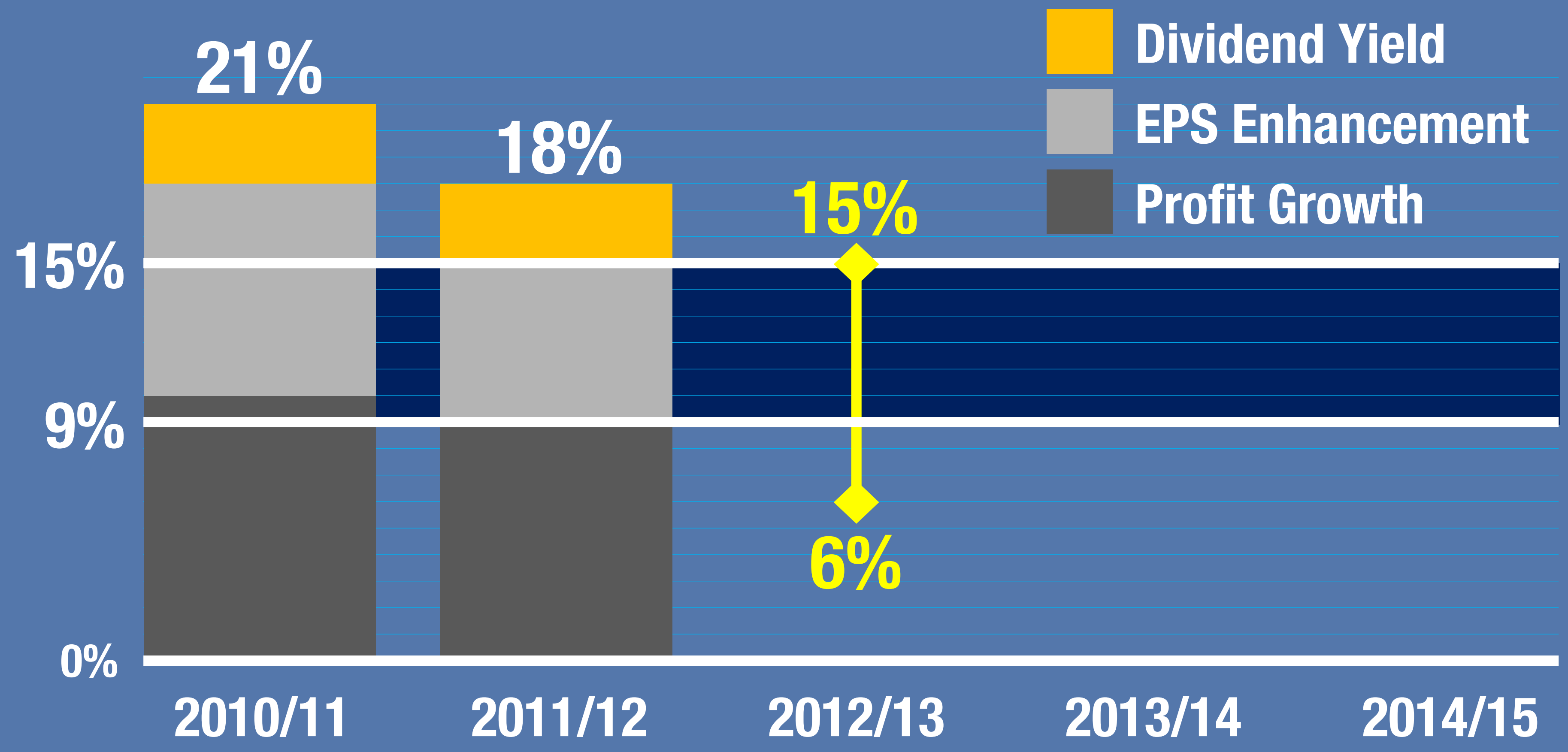
Full Year Brand Sales	+ 1%	to	+ 4%

Then...

Profit before tax	£560m	to	£610m
Variance to last year	- 2%	to	+ 7%
Buyback enhancement + 5%			
Growth in EPS	+ 3%	to	+ 12%
Dividend yield + 3%			
TSR (Assuming constant PE ratio)	+ 6%	to	+ 15%

Long Term TSR Assuming dividend at 3% and constant PE ratio

next



In summary

- Another challenging year
- Opportunities for growth
- Further buybacks
- Continued EPS growth


next
January 2012


next


next


next


next


FARM
STER
SALE
next


next


next


next


next


next


next


next
TOUGH
ENOUGH
TO WEAR
PINK!


next


next


next


next