

Trading Statement

Wednesday 3 August 2011

First Half Sales

Sales (VAT exclusive) 26 weeks to 30 July 2011

Retail total	-1.7%
Directory total	+15.1%
NEXT Brand total	+3.2%
<i>Of which net sales from new space +1.7%</i>	

Total NEXT Brand sales for the first half were up 3.2% (VAT exclusive) against last year. This figure is comfortably within the guidance range of +1.5% to +4% given in our last statement in May. NEXT Retail sales were -1.7% down on last year, with new space performing in line with its appraised targets. NEXT Directory sales were up 15.1% on last year. The Directory figure is somewhat flattered by an increased allocation of Sale stock to Directory, full price sales for Directory were up 13.3%.

End of Season Sale

Overall stock for the End of Season Sale was up 7%, broadly in line with the 5% increase in VAT inclusive sales (sales to customers). Clearance rates have been in line with our expectations and marginally ahead of last year.

Full Year Profit Guidance and the Impact of Ventura Sale

Our internal full year profit forecast remains in line with previous guidance, before adjusting for the sale of Ventura and its exceptional gain of £36m. Ventura delivered profits of £3m up to the date of sale compared with £8m for the full year last year. The use of the £65m Ventura sale proceeds to buy back NEXT shares means that the sale will be broadly neutral to Earning Per Share.

We continue to expect to buy back £225m of shares in the current year, of which we have already purchased or committed to purchase £213m.

The tables below summarise our profit guidance for the full year. This first table gives our full year PBT guidance **including** the exceptional gain on the sale of Ventura.

FULL YEAR ESTIMATES – INCLUDING EXCEPTIONAL GAIN	
PBT guidance given in May	£535m to £585m
Exceptional gain on sale of Ventura	+£36m
Profit adjustment for sale of Ventura	- £5m
Current PBT guidance including Ventura exceptional gain and profit adjustment	£566m to £616m

This second table gives our full year guidance on continuing business **excluding** Ventura. It includes the benefit to EPS of share buybacks and the 1% reduction in the rate of UK Corporation Tax.

FULL YEAR ESTIMATES - CONTINUING BUSINESS	
Current PBT guidance excluding Ventura	£527m to £577m
Implied PBT growth excluding Ventura	- 3.0% to +6.2%
Basic EPS range assuming £225m of share buybacks	230p to 250p
Growth on last year's basic EPS (last year 221.9p as reported)	+3.7% to +12.7%

Outlook for Input Prices

We expect the cost price inflation experienced in the first half of 2011 to continue into the second half at broadly the same rate of +8%.

2012 looks like it will be a more benign year for cost price inflation. The combination of a sharp reduction in cotton prices, an easing of manufacturing capacity constraints in the Far East and the annualising of this year's VAT increase all mean that selling prices are unlikely to rise further for Spring 2012.

Interim Results

We intend to release our Interim Results for the 26 weeks to 30 July on Wednesday 14 September.

ENDS