

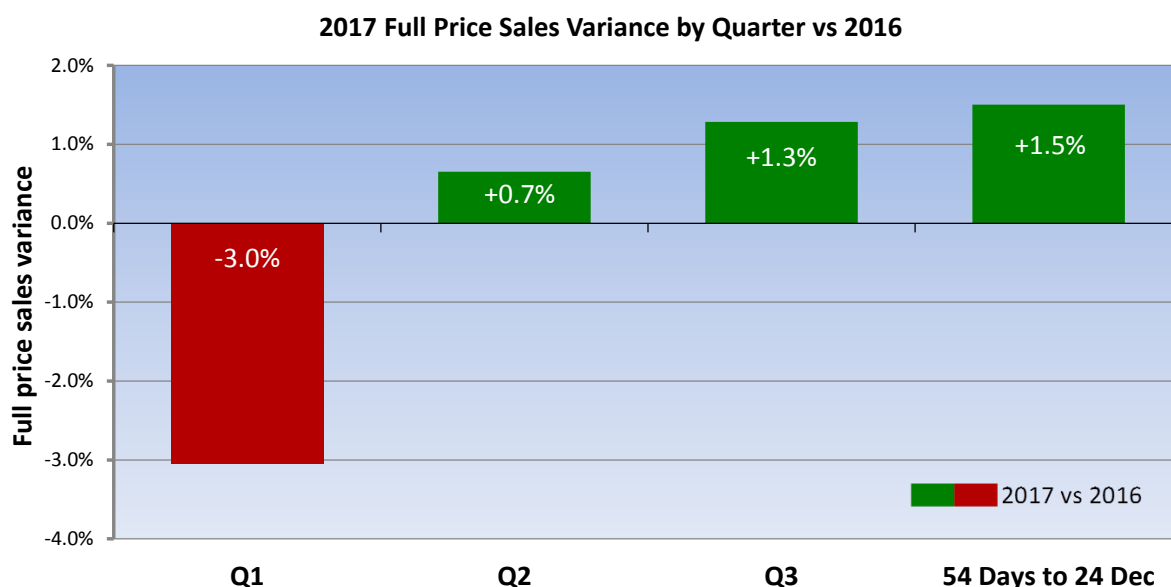
Trading Statement – 3 January 2018

SALES FOR THE YEAR TO 24 DECEMBER 2017

Full price sales in the 54 days from Wednesday 1 November to Sunday 24 December were up +1.5% on last year; an improvement on our November guidance which was -0.3%. The table below sets out the sales performance in Retail stores and Online for the Christmas trading period and the year to date. Both channels experienced an improvement in sales, with our Online business performing particularly well. We believe part of this improvement has been down to much colder weather leading up to Christmas.

Full Price Sales (VAT exclusive)	54 days to 24 Dec	Year to 24 Dec
Retail	- 6.1%	- 7.2%
Online	+13.6%	+10.4%
Brand Total	+1.5%	+ 0.2%
<i>Of which sales from new space</i>	<i>1.1%</i>	<i>1.3%</i>

The bar graph below shows the year on year full price sales variance by quarter.



End-of-Season Sale

Stock for our end-of-season Sale (including the stock we put into our Black Friday event) was well controlled and down -6% on last year. Clearance rates are in line with our expectations and are consistent with the profit guidance we gave in November.

Full Price Sales and Profit Guidance for the Current Year

Better than expected full price sales means that we are marginally upgrading our profit guidance. Our central guidance for Group profit increases by £8m to £725m and our profit guidance range is now £718m to £732m. Where we fall within this range will depend on our sales in January.

The table below sets out our latest central guidance for the full year to January 2018.

Full Year Estimate Year to January 2018 (52 week basis)	New Central Guidance	Previous Central Guidance
Total full price sales versus 2016/17 (inc currency gain)	+0.3%	- 0.3%
Group profit before tax	£725m	£717m
Group profit before tax versus 2016/17	- 8.3%	- 9.3%
Earnings Per Share growth versus 2016/17	- 5.7%	- 6.8%

OUTLOOK FOR SALES, PROFIT, CASH FLOW AND EPS IN THE YEAR AHEAD

Sales

Many of the challenges we faced last year look set to continue into the year ahead. Subdued consumer demand driven by a decline in real income, the increase in experiential spending at the expense of clothing, and inflation in our cost prices remain challenges for 2018. However, we believe that some of these headwinds will ease as we move through the year; we already know that cost price inflation will reduce to 2% in the first half and believe it will disappear in the second half.

We are budgeting for full price sales next year to grow by between -2% and +4%. The mid-point of +1% represents a modest improvement on this year's anticipated growth of +0.3%.

Profit

It is very early to be issuing profit guidance for the year ahead, but if sales do grow at +1% we estimate that Group profit would be around £705m. This is marginally down on the current year as we expect operational costs to continue to grow faster than sales.

Cash Flow and EPS

We estimate that at our central guidance of £705m Group profit we will generate around £300m of surplus cash. Surplus cash is cash flow after capital expenditure, interest, tax and ordinary dividends but before financing any increase in Directory debtors (which we would fund through long-term bonds and bank facilities). It is our intention to distribute this surplus cash to shareholders by way of share buybacks, subject to market conditions. As at 1 January's share price of £45.25 a £300m buyback would retire 4.7% of the Company's share capital and on a full year basis boost Earnings Per Share by a similar amount. We will see some of this enhancement in the year ahead and at our central guidance, Earnings Per Share would move forward by +1.1%.

Our central guidance for sales, profits and Earnings Per Share is set out in the table below.

Full Year Estimate Year to January 2019 (52 week basis)	Central Guidance
Total full price sales versus 2017/18	+1.0%
Group profit before tax	£705m
Group profit before tax versus 2017/18	- 2.8%
Earnings Per Share growth versus 2017/18	+1.1%

We are scheduled to announce our results for the full year on Friday 23 March 2018, when we will give more detailed guidance on sales, costs, profit and cash flow for the year ahead.

Forward Looking Statements

Certain statements in this Trading Update are forward looking statements. These statements may contain the words “anticipate”, “believe”, “intend”, “aim”, “expects”, “will”, or words of similar meaning. By their nature, forward looking statements involve risks, uncertainties or assumptions that could cause actual results or events to differ materially from those expressed or implied by those statements. As such, undue reliance should not be placed on forward looking statements. Except as required by applicable law or regulation, NEXT plc disclaims any obligation or undertaking to update these statements to reflect events occurring after the date these statements were published.