

**Date:** Embargoed until 07.00hrs, Wednesday 1 November 2017

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**Photographs:** <http://press.next.co.uk/media/company-images/campaignimages.aspx>

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## Trading Statement – 1 November 2017

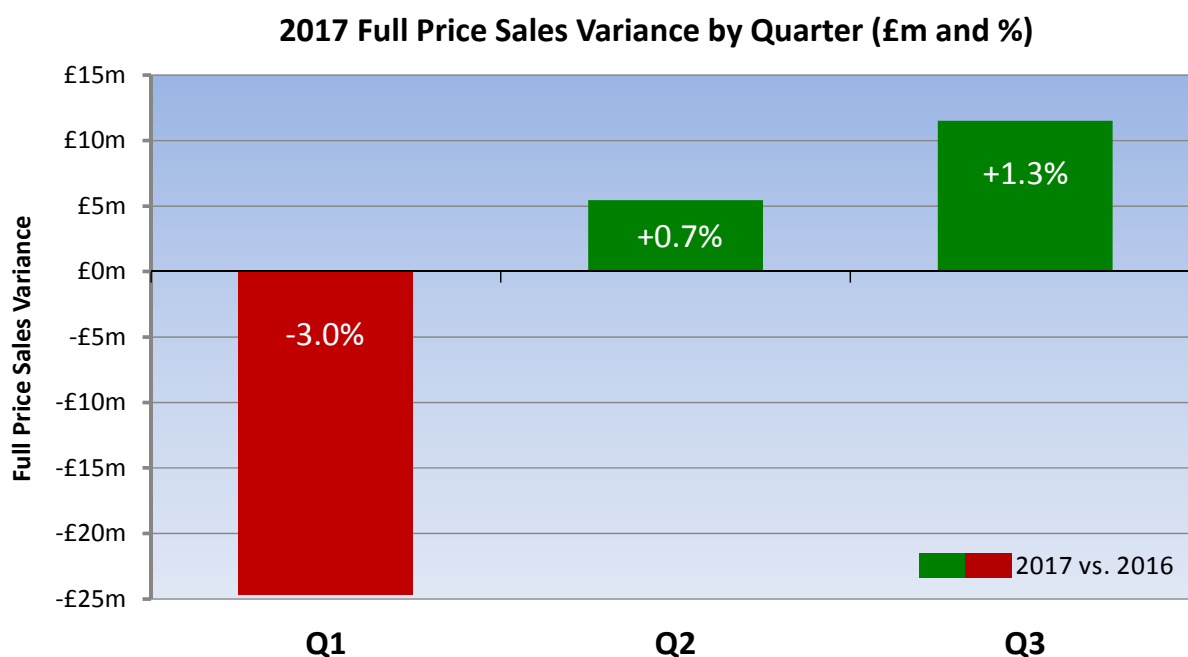
### SALES FOR THE YEAR TO 29 OCTOBER 2017

#### Full Price Sales for the Third Quarter and Year to Date

Full price sales in the third quarter were up +1.3% on last year. The table below sets out the sales performance for Retail and Directory for the third quarter and for the year to date. Year to date full price sales are down -0.3%, in line with our central guidance for the full year.

Full Price Sales (VAT exclusive)	Third Quarter to 29 Oct	Year to Date
Retail	- 7.7%	- 7.7%
Directory	+13.2%	+9.4%
<b>Brand Total</b>	<b>+1.3%</b>	<b>- 0.3%</b>
<i>Of which sales from new space</i>	<i>1.2%</i>	<i>1.4%</i>

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

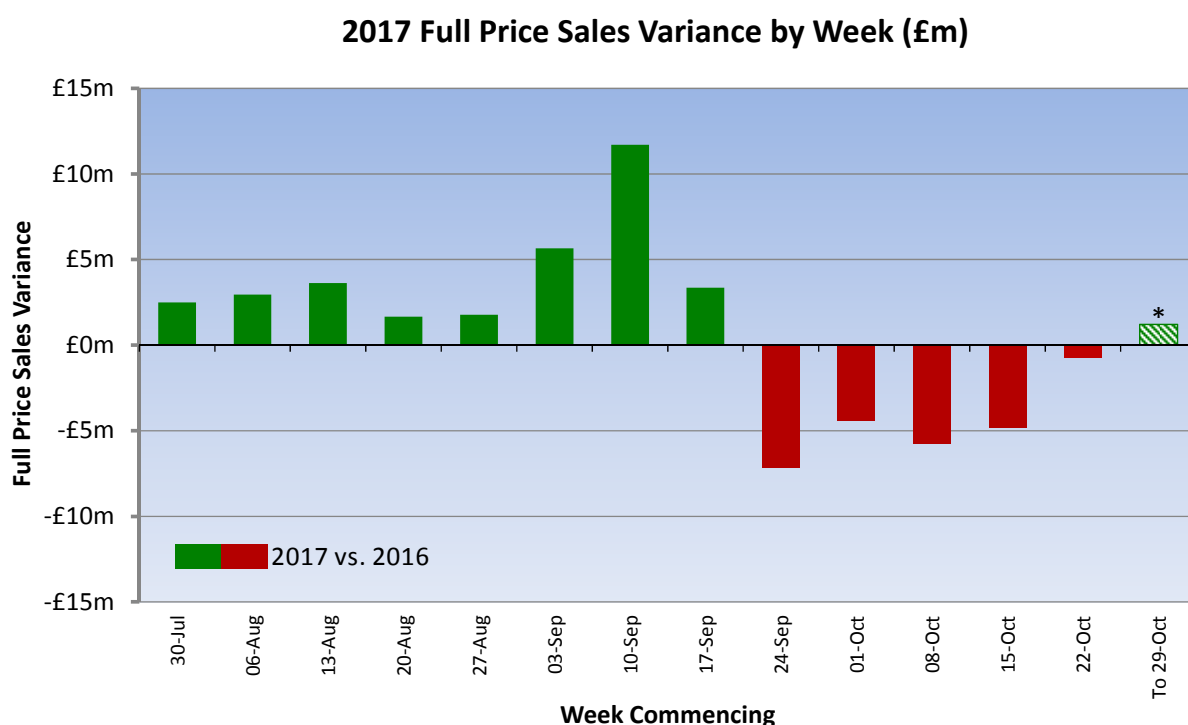


### Total Sales Including Markdown Sales

We explained in our August Trading Statement that clearance rates in our Summer end-of-season Sale were lower than last year. In line with our budget and previous guidance, this trend has continued into the third quarter, both in the mid-season Sale and our clearance operation. As a result total sales, including markdown sales, were up +0.8% for the third quarter and are down -1.2% for the year to date.

### Third Quarter Trading Patterns

The bar graph below shows the year on year full price sales variance by week. It can be seen that sales performance has remained extremely volatile and is highly dependent on the seasonality of the weather. In August and September sales were significantly up on last year, as cooler temperatures improved sales of warmer weight stock. The change in sales trend came at precisely the same time UK temperatures became warmer than last year.



### FULL PRICE SALES AND PROFIT GUIDANCE FOR THE FULL YEAR

Week by week sales volatility makes it very hard to determine any underlying sales trend. We believe the most reliable guide to sales for the balance of the year are the full price sales for the year to date, which are down -0.3%. This number is at the mid-point of the sales guidance we gave in September and so we are maintaining the central profit guidance we issued at that time, albeit we are narrowing the range.

\* This is a part week and only includes Directory sales for Saturday 28 and Sunday 29 October and Retail sales for Sunday 29 October.

The table below sets out our new full price sales and profit guidance ranges.

Full Year Estimate Year to January 2018	New guidance		Previous guidance	
	Lower	Upper	Lower	Upper
Total full price sales growth vs 2016/17 (inc currency gain)	- 1.75%	+1.25%	- 2.0%	+1.5%
Group profit before tax	£692m	£742m	£687m	£747m
Change in profit before tax versus 2016/17	- 12.4%	- 6.1%	- 13.1%	- 5.5%
Earnings Per Share versus 2016/17	- 10.0%	- 3.5%	- 10.9%	- 3.1%

## Note on Fourth Quarter Sales Forecast

The guidance above implies that our fourth quarter will be down -0.3% and this may seem pessimistic compared with our performance in the third quarter (up +1.3%), particularly as we believe that our product ranges have continued to improve. However, as we highlighted in September, the third quarter last year was very weak, down -3.5% on 2015, whereas the Christmas trading period was only down -0.4%. So the comparative numbers are much more demanding in the last quarter.

## CASH FLOW AND SPECIAL DIVIDENDS

Our operational cash flow remains broadly in line with the guidance we issued in September. By the end of this week, we will have paid three special dividends of 45p per share on 2 May, 1 August and 1 November. In line with our previous guidance, the Board has decided to declare a fourth special dividend of 45p per share to be paid on 25 January 2018 to shareholders registered at the close of business on 5 January 2018. Shares will trade ex-dividend from 4 January 2018.

In September we indicated that the company would generate surplus operational cash flow of around £50m over and above that which we distribute as special dividends and, subject to market conditions, we would return this balance to shareholders through buybacks. Since then we have bought back 476,453 shares valued at £25m. We intend to return the balancing £25m through share buybacks before the end of the financial year, again subject to market conditions.

## CHRISTMAS TRADING STATEMENT

We intend to issue our usual update for the period to 24 December 2017 on Wednesday 3 January 2018.

### *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.