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Photographs: <http://www.nextplc.co.uk/media/image-gallery/campaign-images>

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Trading Statement – 31 July 2019

SUMMARY

- Q2 full price sales up +4.0% on last year
- Full year full price sales guidance increased from +1.7% to +3.6%
- Full year profit guidance increased by £10m to £725m (+0.3% on last year)
- Earnings Per Share guidance increased from +3.4% to +5.2% on last year

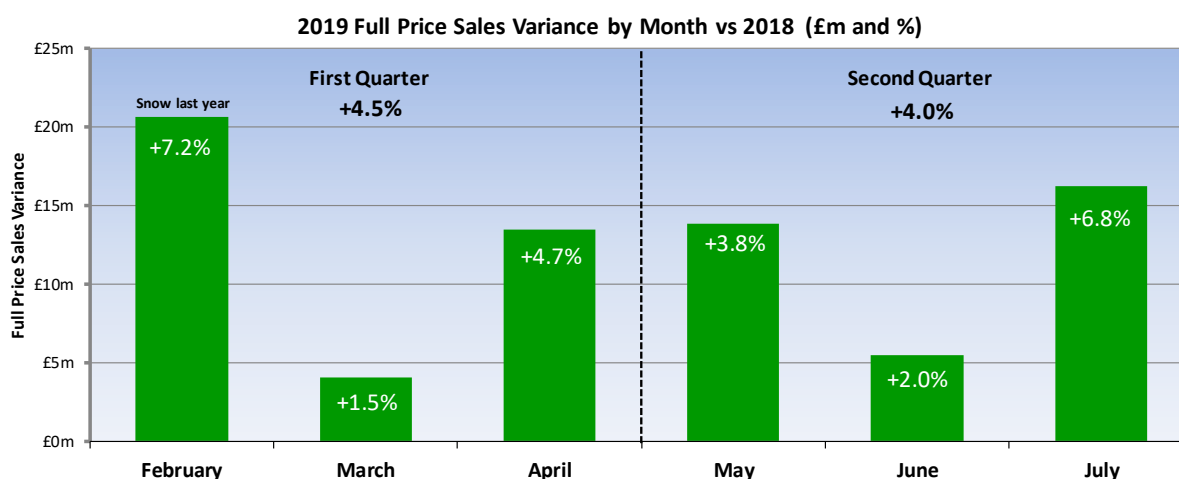
SALES FOR THE 26 WEEKS TO 27 JULY 2019

Full price sales in the first half were up +4.3% on last year. Total sales, including markdown sales, were up +3.8%. The table below sets out the full price sales growth by business divisions: Retail stores, Online and Finance interest income, by quarter and for the first half.

Full price sales (VAT exclusive)	First Quarter to 27 April	Second Quarter to 27 July	First Half to 27 July
Retail	- 3.6%	- 4.2%	- 3.9%
Online	+11.8%	+12.0%	+11.9%
Product full price sales	+4.0%	+3.7%	+3.8%
Finance interest income	+11.4%	+8.3%	+9.9%
Total full price sales including interest income	+4.5%	+4.0%	+4.3%

Second Quarter Analysis – 13 weeks to 27 July

Full price sales in the second quarter have been better than we anticipated and were up +4.0% on last year. This was 4.5% better than the guidance of -0.5% given in our May Trading Statement. A closer examination of the quarter's performance by month (set out in the chart below) shows that full price sales during May and June combined were up +3.0%; July was particularly strong and up +6.8% on last year. However, some of July's over-performance in full price sales came as a result of lower markdown sales in our end-of-season Sale. We believe that the sales performance in May/June is a better guide to underlying growth and we have used this number as the basis for our second half guidance (see below).



End-of-Season Sale

We went into the end-of-season Sale on 6 July, with surplus stock down -1% on last year. Clearance rates to date (the percentage of Sale items that have been sold) are -2% lower than expected. As a result, we have adjusted our guidance to assume a similar reduction in Sale clearance rates in the second half.

SALES, PROFIT AND EPS GUIDANCE FOR THE FULL YEAR

Following the better than anticipated sales performance in the second quarter, we are increasing our full price sales guidance for the second half from +1.7% to +3.0%, in line with our full price sales growth in May and June.

The table below sets out our revised central guidance for full price sales, Group profit and Earnings Per Share growth for the year to January 2020. For completeness, our previous guidance is also shown.

The increase in our full price sales guidance is £70m and, after accounting for associated costs, is expected to add £20m to profit. Lower clearance rates to date, along with anticipated lower clearance rates in the second half, are forecast to cost an additional £10m. As a result, we are increasing our guidance for full year Group profit by £10m to £725m, marginally up on last year. We now expect Earnings Per Share to grow by +5.2%.

Full year estimate to January 2020	Full Year Central Guidance	Previous Full Year Central Guidance
Retail sales vs. 2018/19	- 5.1%	- 8.5%
Online sales vs. 2018/19	+11.8%	+11.0%
Finance interest income vs. 2018/19	+8.1%	+9.9%
Total full price sales versus 2018/19	+3.6%	+1.7%
Group profit before tax ¹	£725m	£715m
Group profit before tax vs. 2018/19	+0.3%	- 1.1%
Earnings Per Share growth vs. 2018/19²	+5.2%	+3.4%

SHARE BUYBACKS

We maintain our guidance to return £300m of surplus cash³ to shareholders, by way of share buybacks. To date we have purchased £280m.

INTERIM RESULTS

We are scheduled to announce our results for the first half of the year on Thursday 19 September 2019.

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.

¹ This profit estimate excludes the impact of the transition to IFRS 16 ‘Leases’.

² £280m of shares were purchased in the first half of the year and we are assuming that a further £20m are purchased in the second half of the year, with a future share purchase price of £56.16.

³ Surplus cash is cash flow after capital expenditure, interest, tax and ordinary dividends but before financing any increase in Online debtors.