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

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Trading Statement

FULL PRICE SALES FOR THE 26 WEEKS TO 28 JULY 2018

Full price sales for the first half were up +4.5% on last year. Sales in our Online business were up +15.5%, driven by the growth in our overseas and third party brands business, along with more modest growth in sales of NEXT branded stock in the UK. Sales in our Retail stores declined by -5.3%.

The table below sets out the full price sales performance for the first half in Retail stores and Online, broken down by quarter.

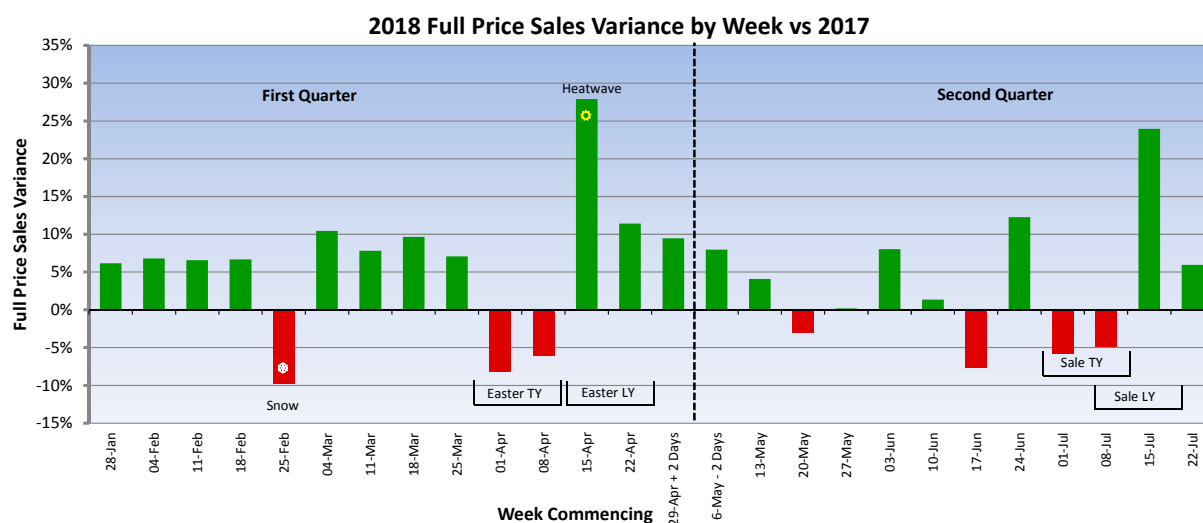
	First Quarter 14 weeks to 7 May	Second Quarter 12 weeks to 28 July	First Half 26 weeks to 28 July
Full Price Sales (VAT exclusive)			
Retail	- 4.8%	- 5.9%	- 5.3%
Online	+18.1%	+12.5%	+15.5%
Brand Total	+6.0%	+2.8%	+4.5%
<i>Of which sales from new space</i>	<i>0.4%</i>	<i>0.4%</i>	<i>0.4%</i>

Second Quarter Analysis – 12 weeks to 28 July

In our May Trading Statement, we issued guidance for full price sales for the rest of the year to be up around +1%. This was lower than our performance in the first quarter, which was flattered by a particularly poor performance in the first quarter of the previous year. Full price sales in the second quarter were up +2.8% on last year and ahead of our guidance. We believe that this over-achievement in sales was due to the prolonged period of exceptionally warm weather, which greatly assisted the sales of summer weight product. It is almost certain that some of these sales have been pulled forward from August, so we are maintaining our sales and profit guidance for the year to January 2019.

Weekly Sales Analysis

The graph below sets out the weekly full price sales variance to last year. As can be seen, weekly sales patterns have been volatile and year on year comparisons were distorted by the movement of our end-of-season Sale in July, making it difficult to identify an underlying sales trend.



End-of-Season Sale

As planned, we went into the end-of-season Sale on 7 July, which was one week earlier than last year. Surplus stock in the first half has been well controlled and, as planned, we went into the Sale with around -20% less stock than last year. Clearance rates to date are better than expected and have added approximately £4m to profit, however, this has largely been offset by higher warehouse and distribution costs. Markdown sales combined with full price sales growth of +4.5% has resulted in total sales in the first half being up +3.9% on last year.

CASH FLOW, SHARE BUYBACKS AND SALES AND PROFIT GUIDANCE

Our cash flow remains strong and we still expect to generate around £300m of surplus cash after deducting interest, tax, capital expenditure and ordinary dividends but before financing any increase in Online debtors. We intend to fund any increase in our debtor book through long-term bonds and bank facilities.

In our January 2018 Trading Statement, we set out a plan to return £300m of surplus cash to shareholders by way of share buybacks. We have now completed this programme. We expect share buybacks to enhance Earnings Per Share (EPS) by +4.7% in the current year.

For completeness, we have set out below our central guidance for sales, profit and EPS as issued in our May Trading Statement.

Full Year Estimate Year to January 2019	Central Guidance Issued in May
Total full price sales versus 2017/18	+2.2%
Group profit before tax	£717m
Group profit before tax versus 2017/18	- 1.3%
Share buyback enhancement of EPS versus 2017/18	+4.7%
Effect of lower tax rate versus 2017/18	+0.3%
Earnings Per Share growth versus 2017/18	+3.7%

INTERIM RESULTS

We are scheduled to announce our results for the first half of the year on Tuesday 25 September 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.