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

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Trading Statement – 3 August 2017

SALES FOR THE 26 WEEKS TO 29 JULY 2017

Full Price Sales Performance

Full price sales in the second quarter were up +0.7% on last year. The table below sets out the sales performance by quarter for Retail and Directory. *Year to date* full price sales are down -1.2% just ahead of the mid-point of our full year guidance range given in May. Directory had a particularly good second quarter with sales up +11.4%, which was driven by strong sales in both the UK and overseas.

Full Price Sales (VAT exclusive)	First Quarter to 29 April	Second Quarter to 29 July	Year to Date
Retail	- 8.1%	- 7.4%	- 7.7%
Directory	+3.3%	+11.4%	+7.4%
Brand Total	- 3.0%	+0.7%	- 1.2%
<i>Of which sales from new space</i>	<i>1.6%</i>	<i>1.5%</i>	<i>1.5%</i>

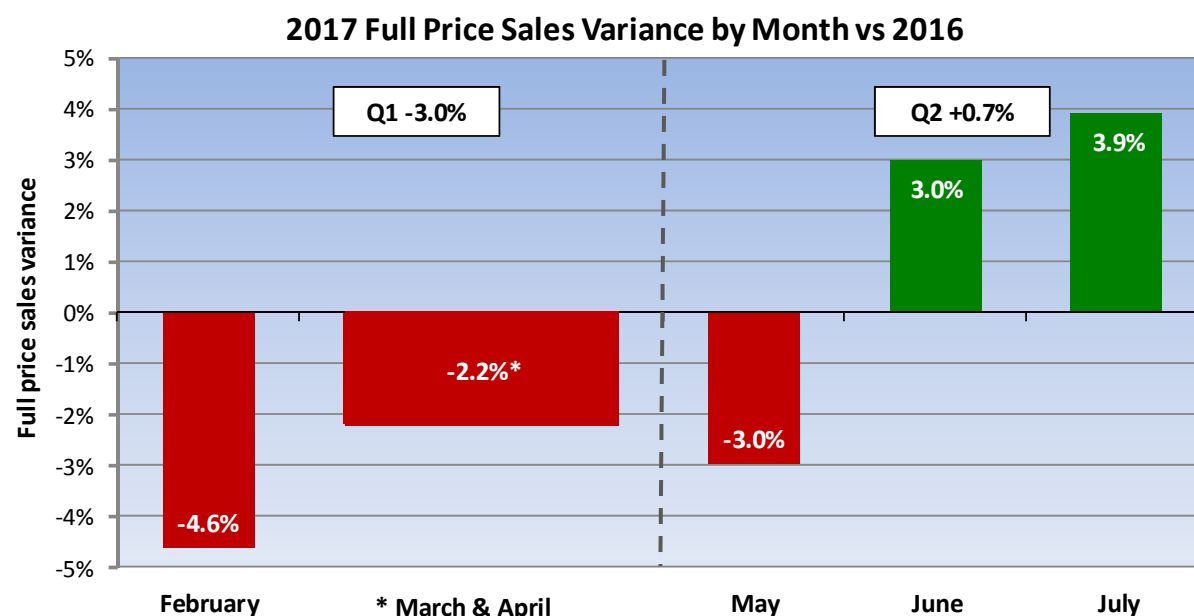
Total Sales Including Markdown Sales

We went into the end-of-season Sale in July with -5% less stock and markdown sales are down -14%. This meant that statutory total sales, including markdown sales, were down -2.1% in the quarter and down -2.3% in the first half. The statutory total sales are understated as a result of a delay in the timing of Directory end-of-season Sale despatches. Adjusting for this distortion, underlying total sales in the second quarter were down -1.6% and down -2.0% in the first half.

TRADING PATTERNS & SALES OUTLOOK FOR THE REST OF THE YEAR

Full Price Sales to Date

The bar graph below shows the year on year percentage full price sales variance by month. During the second quarter June and July sales have been better than expected. We believe there has been some improvement in our product ranges and our online functionality during this period. However, we believe most of the increase in full price sales is due to the much warmer weather and, to a lesser degree, lower markdown sales in the end-of-season Sale.



*March and April have been added together to account for the change in the timing of Easter

Outlook for Second Half Sales

In the current consumer environment we remain cautious and are budgeting for second half full price sales to be down -1.2%, which is in line with our performance in the first half.

PROFIT GUIDANCE FOR THE YEAR

We have narrowed our sales guidance range for the full year to -3.0% to +0.5%. This is a small improvement to the mid-point of our previous full price sales guidance. However, the improvement in full price sales has been offset with lower clearance rates during our end-of-season Sale and the assumption we will experience a similar deterioration in our January Sale. This has resulted in our central profit guidance remaining unchanged.

Full Year Estimate	New Guidance		Previous Guidance	
	Lower	Upper	Lower	Upper
Year to January 2018				
Total full price sales vs 2016/17 (inc currency gain)	- 3.0%	+0.5%	- 3.5%	+0.5%
Group profit before tax	£680m	£740m	£680m	£740m
Change in profit before tax versus 2016/17	-13.9%	- 6.4%	- 13.9%	- 6.4%

We will update our guidance when we announce our first half results on Thursday 14 September.

CASH FLOW, SPECIAL DIVIDENDS AND SHARE BUYBACKS

In our January 2017 trading statement we advised that we intended to distribute surplus cash to shareholders by way of four quarterly special dividends of 45p each. This is still our intention, subject to our full year sales and profits falling within our guidance range. To date we have paid two special dividends of 45p per share on 2 May and 1 August 2017.

The Board has decided to declare a third special dividend of 45p per share to be paid on 1 November 2017 to shareholders registered at the close of business on 6 October 2017. Shares will trade ex-dividend from 5 October 2017.

We now have greater visibility of our full year cash flow and at the mid-point of our guidance range expect to generate £307m of surplus cash (cash flow after deducting interest, tax, capital expenditure and ordinary dividends) in the current year. After making four quarterly special dividends, to the value of £257m, we will be left with surplus cash of around £50m. It remains our policy to distribute surplus cash to shareholders through special dividends or share buybacks. In deciding between the two methods of distribution the Board will take account of the longer term outlook for the business, market conditions and the prevailing share price.

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.