next plc

TRADING STATEMENT

4 JANUARY 2012

Vat Exclusive Sales Performance 1 August to 24 December

NEXT Brand sales were up 3.1%, in line with the full year guidance range given in November of between 2.5% and 4.0%. The strong performance of NEXT Directory continued to compensate for slightly disappointing NEXT Retail store sales.

The table below sets out our performance for 1 August to 24 December and the year to date.

Sales Vat Ex	01 Aug to 24 Dec	Year to date
NEXT Retail	-2.7%	-2.2%
NEXT Directory	+16.9%	+16.0%
NEXT Brand	**+3.1%**	**+3.2%**

Total stock for our End of Season Sale was up +10% on last year. The Sale has gone well and we expect final clearance rates to be slightly ahead of last year and our budget.

Outlook for Full Year Profits

We did not discount our products in the run up to Christmas and maintained operating margins. We continue to expect full year profit before tax on continuing business (see note) to be in line with our previous guidance. We are now narrowing our guidance range to £7m either side of £565m. This figure would represent an increase in profit of +4.0% on last year. NEXT's main financial objective is the delivery of sustainable long term growth in earnings per share, which have been further enhanced through cash generation and share buybacks. At a profit of £565m our EPS would be +11.3% ahead of last year.

Analysis and Outlook for 2012

Despite a good final week before Christmas, November and December sales were disappointing given that snow adversely impacted sales in 2010. A number of factors have subdued sales in the final quarter and it is hard to judge to what extent warm winter weather and higher levels of competitor discounting masked the deeper, longer lasting, economic effects. There are positives and negatives for the consumer, these are summarised in the table below:

Positives 2012	Negatives 2012
The inflationary squeeze on consumers seems likely to ease in Q2, with CPI dropping to levels close to average wage growth.	Continuing difficulties in the Eurozone and its adverse effects on business confidence and the UK banking sector.
Last year's VAT increase annualised January 1st, removing a drag on sales.	Continuing credit squeeze on businesses and consumers.
Our own selling prices will be stable year on year, with zero inflation on like for like product.	Weaker UK employment numbers (which to some extent result from the above two effects).

Given the level of uncertainty around next year, we will continue with our five point approach to managing the business through a difficult consumer environment:

- Setting realistic and conservative sales **budgets**
- Controlling **costs**
- Opening profitable **new space** where we achieve excellent returns on capital invested
- Growing our **NEXT Directory** online business, both in the UK and overseas
- Returning surplus cash to shareholders through share **buybacks** in order to boost earnings per share.

On this basis our internal budgets for the year ahead show modest growth in overall NEXT Brand sales with profit before tax only slightly up on this year. We anticipate that NEXT will generate in the order of £200m of surplus cash after capital investment, tax and dividends which we intend to return to shareholders through share buybacks.

We will give more detailed guidance with our full year results, which we intend to announce on Thursday 22 March.

Ends

Note

During the year we sold Ventura and reported an exceptional profit of £38m. The profit on continuing business referred to in this statement excludes the operating and exceptional profits of Ventura in both years. Growth in earnings per share excludes the exceptional profit but includes operating profits up to the date of sale.