



next plc NEXT [LON: NXT] 3Q17 TRADING RESULTS: SOFT SALES TREND

- British fashion retailer Next reported 3Q17 revenues for the three months ending October 31, 2016. Next Retail full-price sales declined 5.9% and Next Directory full-price sales were flat. Next Total brand full-price sales declined 3.5%, of which sales from newly opened space contributed 1.3%.
- The 3Q17 sales decline can be attributed to subdued full-price sales in August and difficult sales comparisons against strong monthly sales in September 2015. Sales in October 2016 improved, as sales comparisons from last year became less challenging.
- Following 3Q17 results, the company has narrowed its guidance ranges for FY17 sales, profit before tax (PBT) and earnings per share (EPS). The company forecasts total full-price sales growth for the Next Brand to be between the range of (1.75)% and +1.25%. The mid-point of the revised sales range is slightly lower than the previous sales guidance. Reflecting better-than-expected cost savings, Next forecasts FY17 PBT to fall in the range of (4.4)% to +0.5% year over year to €785–825 million. FY17 EPS growth is expected to fall between (1.3)% and +3.7%.

3Q17 RESULTS

British fashion retailer Next reported 3Q17 revenues for the three months ending October 31, 2016. Next Retail full-price sales declined 5.9% in the quarter, while Next Directory full-price sales were flat. Next Directory includes catalog and online sales. 3Q17 Next Total brand full-price sales declined 3.5%, of which sales from newly opened space contributed 1.3%.

The 3Q17 sales decline can be attributed to a full-price sales decline of 7.0% in August following a large end-of-season sale in July 2016. In September 2016, monthly full-price sales declined 5.1% year over year, due to difficult sales comparisons against strong monthly sales in September 2015. October 2016 sales showed an improved trend of 1.3% growth year over year, as monthly sales comparisons from 2015 became less challenging.

9M17 RESULTS

Total sales for 9M17 including markdowns increased a slight 0.4% year over year and total Next Brand full-price sales for the period declined 1.5% year over year. New store sales contributed 1.4%. Markdown sales posted stronger growth than full-price sales, due to a large end-of-season sale in July 2016.

In detail, Next Retail full-price sales for 9M17 declined 4.7% year over year, while Next Directory full-price sales increased 3.2%.

GUIDANCE

Following 3Q17 results, Next has narrowed its guidance ranges for FY17 sales, PBT and EPS. The company forecasts total full-price sales growth for the Next Brand in the range of (1.75)% to +1.25%. The mid-point of the revised sales range is slightly lower than the previous sales guidance. Reflecting better-than-expected cost savings, Next forecasts FY17 PBT will fall in the range of (4.4)% to +0.5% year over year to €785–825 million. FY17 EPS growth is expected to fall between (1.3)% and +3.7%.



FLASH REPORT

FY17 revenue consensus estimates stand at £4,188.8 million, implying year-over-year growth of 0.3%. Consensus expects PBT of £802.4 million for FY17, implying a year-over-year decline of 2.3%, and EPS of 442 pence, implying a year-over-year increase of 1.6%.



FLASH REPORT

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