



next PLC

(LON: NXT) 2Q17 Update: FY17 Guidance Narrowed on Improving Sales

- British fashion retailer Next reported an increase in total full-price sales of 0.7% in 2Q17, with Next Retail full-price sales declining by 7.4% year over year, while Next Directory sales increased by 11.4%. Sales from new retail space accounted for a full-price sales increase of 1.5%.
- Following the improvement in 2Q17 sales, Next narrowed its FY17 revenue and profit guidance. The company now expects total full-price sales growth of the Next Brand to be between (3.0)% and +0.5%. Next expects FY17 profit before tax (PBT) in the range of £680 million to £740 million, equating to negative year-over-year growth of between 13.9% and 6.4%.

2Q17 Update

British fashion retailer Next reported a 0.7% increase in total full-price sales for the second quarter ended July 29, 2017. Next Retail (in-store) full-price sales declined by 7.4% year over year, while those for Next Directory (online and catalog) increased by 11.4%. Sales from new retail space accounted for a full-price sales increase of 1.5%. Total sales including markdowns fell by 2.1% year over year. Each of these figures was an improvement over 1Q17, when total full-price sales were down 3.0%.

For the first half of 2017, Next Retail sales were down 7.7% and Next Directory sales were up 7.4%, yielding a total full-price sales decline of 1.2%.

Outlook

The company stated that the increase in full-price sales was due to the much warmer weather and, to a lesser degree, lower markdown sales in the end-of-season sale period.

Following the improvement in 2Q17 sales, Next narrowed its FY17 revenue and profit guidance. The company now expects total full-price sales growth of the Next Brand to be between (3.0)% and +0.5%. The company expects FY17 PBT in the range of £680 million to £740 million, equating to negative year-over-year growth of between 13.9% and 6.4%.

FY17 revenue consensus estimates stand at £4,087 million, implying an annual year-over-year decline of 1.2%. Consensus expects PBT of £713 million, implying a year-over-year decline of 9.7%. The FY17 consensus EPS estimate stands at 398 pence, implying a year-over-year decline of 7.8%.



FLASH REPORT

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