

press release

4 December 2012

Next tones down its expectations for 2012

- Directory sales continue to drive growth for the retailer
- Store sales continue to slip
- The Share Centre continues to recommend investors 'hold' Next

As fashion retailer Next reports Q4 results Sheridan Admans, investment research manager at The Share Centre, explains what they mean for investors.

"This morning Next released Q4 results that didn't raise any surprises. Directory sales, which were up 16% year to date, continue to drive the growth of the company and compensate for slipping sales at its retail stores. Although the retailer was surprisingly upbeat about its outlook for 2012 in November, it toned down expectations to 'modest sales growth'.

"Looking ahead, cotton prices have started to fall and as a major input cost for Next this should help to improve profit margins. Next generates reasonable levels of cash which means it is in a position to continue share buy backs and expects to do so. This, along with the way Next manages its costs, its online sales growth and its fashion range, means the retailer is highly regarded by analysts.

"There is an expectation by economists and the Bank of England that inflation should start to slip back to a lower level in the second half of 2012, partly due to the 2011 VAT increase being removed. This should help consumers make their earnings go further.

"In the longer term Next has to tackle the threat of super and hyper-markets taking market share as well as addressing the fall in sales at its high street stores.

"Although we currently see some growth left in the share price, it is not sufficient enough to warrant a 'buy' recommendation. The share price is close to a 12 month high and, despite the potential for some relief on consumers' spending power in the later part of 2012, concerns remain over other

drags on sentiment that could impact the consumer. These concerns include the continued problems in the Euro Zone, weaker unemployment numbers and the continued squeeze on consumers' ability to get credit and their desire to access credit. For now we continue to recommend investors 'hold' Next."

---Ends---

Note to editors:

The Share Centre is now on Facebook and Twitter.



Join us on Facebook



Follow us on Twitter

For further information please contact:

The Share Centre

Rebecca Kempzell

PR Executive

01296 439 426

Rebecca.kempzell@share.co.uk

Stephanie Reynolds

PR Manager

01296 439 256

Stephanie.reynolds@share.co.uk

Lansons Communications

Chantal Heckford / Lisa Grando / Sarah Waterson

0207 294 3630 / 0207 294 3669 / 0207 294 3649

Chantalh@lansons.com / Lisag@lansons.com / SarahW@lansons.com

To view all our press releases and more from our investment advisers please go to blog.share.com

Risk Warnings:

Investing in general, and the products and services mentioned above may not be suitable for all: if in doubt, individuals should seek independent financial advice. The value of investments and the income from them can go down as well as up and investors may not get back their original investment. Past performance is not a reliable indicator of future performance.

The bases and levels of taxation relating to ISAs, CTFs and SIPP's are subject to change and the value of these tax allowances may depend upon the circumstances of the individual.

About The Share Centre:

The Share Centre was established in 1990 to provide value-for-money share services for private investors. Its range of services includes buying and selling shares (by Internet, telephone and post)

and a comprehensive share administration and safe custody service. Tax-efficient investment 'wrappers' including ISAs, CTFs and SIPPs are also available.

The Share Centre's Advice team provides comment on market sectors, individual shares and funds on www.share.com. Access is available to customers and registered users of the site. Registration is free. To understand how our Advice team arrive at their views please read our [Investment Research Policy](#). The Share Centre blog is also available at <http://blog.share.com>.

In addition, account customers can receive individual telephone advice on UK-listed shares and on funds traded via the CoFunds trading platform.

The Share Centre Limited is a member of the London Stock Exchange and is authorised and regulated by the Financial Services Authority under reference 146768.

Registered in England No. 2461949. Registered office: Oxford House, Oxford Road, Aylesbury, Bucks. HP21 8SZ.