

CHAIRMAN'S STATEMENT

The year to January 2013 was another good year for NEXT. Underlying earnings per share before exceptional gains grew by 16.6% to 297.7p and we propose to increase our full year dividend to 105p. This is the fourth consecutive year that our earnings per share and dividend have grown by over 15%, at a time when the UK economy has continued to struggle for growth.

NEXT Directory, our online and catalogue business, continued to grow and its sales increased by 9.5%. The growth differential between NEXT Directory and NEXT Retail, where sales were level, narrowed. The two businesses continue to work well together and support each other in many ways. For example, over 20% of Directory sales are delivered through our stores and over 60% of the returns come back that way. Both businesses increased their operating margins during the year and the Group's underlying profit before tax rose by 9.0% to £622m.

Cash flow was particularly strong, helped by the timing of capital expenditure and stock intake at the year end. We continued with share buybacks, buying 7.5 million shares at an average price of £32.13. During the year we returned £390m to shareholders through share buybacks and dividends.

Our share price again performed well during 2012, in both absolute and relative terms. Over the last two financial years the share price has risen by over 100%.

As ever, our success is built on the stability and effectiveness of our management across the Group. They performed well in challenging economic conditions. I would like to thank them and all the NEXT employees for their outstanding contribution during the year.

We anticipate another challenging year ahead, with little if any growth in the UK retail economy. In these circumstances we again aim to achieve growth by investing in the Brand, improving our products, controlling costs and returning cash to our shareholders.



John Barton
Chairman