Next to unveil higher sales and profits despite consumer spending pressure

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ext is set to unveil higher sales and profits as the high street giant hopes to shrug off concerns over consumer spending.

The retailer is among high street brands seeking to grow amid a challenging backdrop of continued cost inflation and under-pressure shoppers who have seen household bills soar.

Next will reveal on Wednesday how it performed over the year to January.

Investors are expecting the company to reveal that sales grew by around 6.9% to £4.6 billion over the year.

It is also predicted to show that pre-tax profits rose 4.5% to £860 million, having increased its projection from £840 million set in November.

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Investors and analysts will be keen to hear how trading has performed during the start of the new financial year as the cost-of-living crisis continues to bite.

In January, chief executive Lord Simon Wolfson said prices were set to peak at about 8% in the spring but will ease back afterwards to “no more than” 6% in the second half.

Shareholders will be hoping higher pricing has not impacted demand from shoppers in recent weeks.

Aarin Chiekrie, equity analyst at Hargreaves Lansdown, said: “While these numbers are commendable, given the challenging environment for retailers, it’s important not to lose sight of the challenges ahead.

“To cope with rising costs, Next is raising prices.

“With the group set to pass on 6-8% cost inflation, there is a question mark over whether consumers can stomach these hikes.”

In the previous update, Next appeared more cautious over the current financial year.

Bosses steered guidance towards a potential 8% drop in profits to £795 million, due to cost increases of over £100 million relating to wages and utility bills.

Easing wholesale energy prices could help support profitability but the overall performance will still be largely driven by how strong demand from shoppers is over the year.

Lord Wolfson will be keen to reassure investors that sales have been robust so far.