

NEXT15

INTERIM RESULTS – SEPTEMBER 25TH, 2018

FINANCIAL SUMMARY

- Net revenue up **14%** to £106.8m (2017: £93.5m), up **19%** on a constant currency basis
- Organic* revenue growth of **8.7%** (UK organic growth of 14.9%)
- Adjusted** EBITDA up **22%** to £17.7m (2017: £14.5m)
- Adjusted operating profit up **25%** to £15.4m (2017: £12.3m)
- Adjusted operating profit margin up to **14.4%** from 13.2%
- Adjusted pre tax profits up **26%** to £15.1m (2017: £12.0m)
- Diluted earnings per share increased by **25%** to 14.2p
- Interim dividend up **20%** to 2.16p (2017: 1.8p)

*Excludes the impact of currency changes, acquisitions and disposals

** Excludes the impact of acquisition related costs including share based payment charges, amortisation and certain other non-recurring items

CORPORATE PROGRESS

- UK investments include the acquisitions of Bandwidth and Technical
- UK revenues grew 56.4% to £40.0m with margin up to 23.7% thanks to acquisitions and operational improvements
- EMEA revenues grew 11.4% to £4.2m with margins improving to 14.9%
- US delivered organic revenue growth of 7.0%, margins declined modestly to 16.9% due to Beyond onboarding signature client and client losses at Text 100
- Key client wins including Waze, Capital One, AIG and Diageo

DATA-DRIVEN, TECHNOLOGY ENABLED

- **Our customers are asking different things of us**; anticipation of customer behaviour, measurement and alignment to business goals, multiple optimisation of spend, technology as a (Creative) service
- **We are operating in a disrupted industry** – advertising no longer king, fundamental reskilling of industry towards technology (voice, ML, cloud, mobile, video...), idea-led agencies not sufficient
- **But there is more change to come** – autogenerated content new normal, digital experience of a product/service is everything, constant business redesign critical

OUR STRATEGIES

- Work with and partner with, the companies disrupting our industry FB, Google, MSFT, Amazon
- Build and buy technology-enabled content and data businesses
- Develop higher level consulting organization able to deliver end-to-end solutions
- Leverage US assets and partnerships

MERGER OF TEXT 100 AND BITE

- Recently announced the merger of Text 100 and Bite businesses in the US and the UK, having previously merged the two businesses in APAC and the rest of Europe
- New agency will be created under a new brand and will be headed by Bite CEO, Helena Maus
- Following these actions we expect operating margins in the US to improve in the second half of financial year

BRANDWIDTH

- UK based digital innovation agency acquired in February 2018
- Clients include Toyota, Royal Caribbean, Citroen, Kia and Vodafone
- Brings significant digital skills to the Group and exciting voice technology capabilities
- Initial consideration of £6.2m based on a multiple of 5.5 on the adjusted EBIT with further consideration payable based on future performance

TECHNICAL

- A specialist technical content and digital marketing business focused on the industrial engineering sector acquired in July 2018 which now trades as Publitek
- Clients include National Instruments, HIMA and Atlas Copco and services them from offices in the UK, Germany and Singapore
- Initial consideration of £2.2m with deferred consideration of £0.6m payable in April 2020.
- Maximum total expected consideration of £3.6m represents a 5x multiple on Technical's average adjusted EBIT performance over the last 3 years ending 31 March 2018

OUR AGENCIES

- **Corporate & political:**

vrge



The
Blueshirt
Group

- **Consumer:**

M BOOTH

- **Technology:**

TEXT100 **bite**[®]

The **OutCast** Agency

Comms & digital content –
56%

MORAR HIPI

Circleresearch
The **B2B** experts

MIG



Data and research – 8%

- **Creative:**

Brandwidth[™]

ELVIS

ODD

- **Design:**

beyond

- **B2B Marketing:**



velocity[®]



encore



Technology – 36%

INCOME STATEMENT – ADJ. RESULTS

| £M | H1 2019 | H1 2018 | GROWTH % |
|------------------|---------|---------|----------|
| Net revenue | 106.8 | 93.5 | 14% |
| EBITDA | 17.7 | 14.5 | 22% |
| Operating profit | 15.4 | 12.3 | 25% |
| Operating margin | 14.4% | 13.2% | |
| PBT | 15.1 | 12.0 | 26% |
| Tax | (3.0) | (2.4) | |
| Minorities | (0.3) | (0.3) | |
| Retained profit | 11.8 | 9.3 | 27% |
| Diluted EPS | 14.2 | 11.4 | 25% |
| Dividend | 2.16 | 1.8 | 20% |

ADJUSTMENTS BREAKDOWN

| £M | H1 2019 | H1 2018 |
|---|---------|---------|
| Adjusted pre tax profits | 15.1 | 12.0 |
| Restructuring | (0.2) | (0.4) |
| Deal costs | (0.3) | (0.1) |
| Share based payments | (0.6) | (1.5) |
| Unwinding of discount and change in estimate of earnout liabilities | 0.1 | (1.6) |
| Amortisation of acquired intangibles | (3.8) | (3.2) |
| Reported profit before tax | 10.3 | 5.2 |

REGIONAL BREAKDOWN

| Regions | Revenue H1 2019 £M | Organic growth | Operating Profit £M | Margin H1 2019 | Margin H1 2018 | Comments |
|--------------|--------------------------|-------------------|---------------------------|-------------------|-------------------|--|
| US | 55.8 | 7.0% | 9.4 | 16.9% | 18.1% | Beyond onboarding signature client and client losses at Text 100 |
| UK | 40.0 | 14.9% | 9.5 | 23.7% | 20.2% | Strong performance and acquisitions |
| APAC | 6.8 | 0.2% | 0.5 | 7.6% | 8.5% | |
| EMEA | 4.2 | 9.0% | 0.6 | 14.9% | 7.6% | Impressive improvement in revenue and profitability |
| HEAD OFFICE | - | - | (4.6) | - | - | |
| Total | 106.8 | 8.7% | 15.4 | 14.4% | 13.2% | |

CASH FLOW STATEMENT

| £M | H1 2019 | H1 2018 |
|-----------------------------------|---------|---------|
| Inflow from op activities | 17.9 | 14.5 |
| Working capital | (7.0) | (8.4) |
| Net inflow from operations | 10.9 | 6.1 |
| Tax | (3.1) | (1.9) |
| Net capex | (4.6) | (2.0) |
| Acquisitions | (15.5) | (10.0) |
| Net interest and dividends paid | (1.3) | (1.3) |
| Exchange gain on net debt | (0.4) | (0.3) |
| (Increase) / Decrease in net debt | (14.0) | (9.4) |
| Net debt closing | 25.6 | 20.8 |

CASH COMMITMENTS

31 July 18
£M

| | |
|--------------|-------------|
| H2 2019 | 1.7 |
| FY 2020 | 3.2 |
| FY 2021 | 8.8 |
| FY 2022 | 0.7 |
| FY 2023 | 2.7 |
| Total | 17.1 |

CONCLUSION

Summary of the results:

- Net revenue up 14% to £106.8m
 - Organic revenue growth of 8.7%
 - Adjusted EBITDA up 22% at £17.7m
 - Adjusted pre tax profits up 26% to £15.1m
 - Dividend up 20% to 2.16p
 - Adjusted EPS increase of 25% to 14.2p
- Encouraging recent trading and prospects for the second half remain good
 - Group is confident it will meet its expectations for the full year

APPENDICES

MANAGEMENT TEAM



Richard Eyre CBE
(Chairman)

Richard joined in 2011, he is also Chairman of the Internet Advertising Bureau. Prior to this he was Chairman of inter alia RDF Media, GCap and I Play. He was also a director of the Guardian Media Group, Chairman of the Eden Project, CEO of the ITV Network and CEO of Capital Radio.



Tim Dyson
(CEO)

Tim joined the group in 1984 and became the global CEO in 1992. An early advocate of digital communications, he set up the group's first US business in Seattle in 1995. Tim has been instrumental in all of Next 15's M&A activities. He is on the board of a number of emerging tech companies.



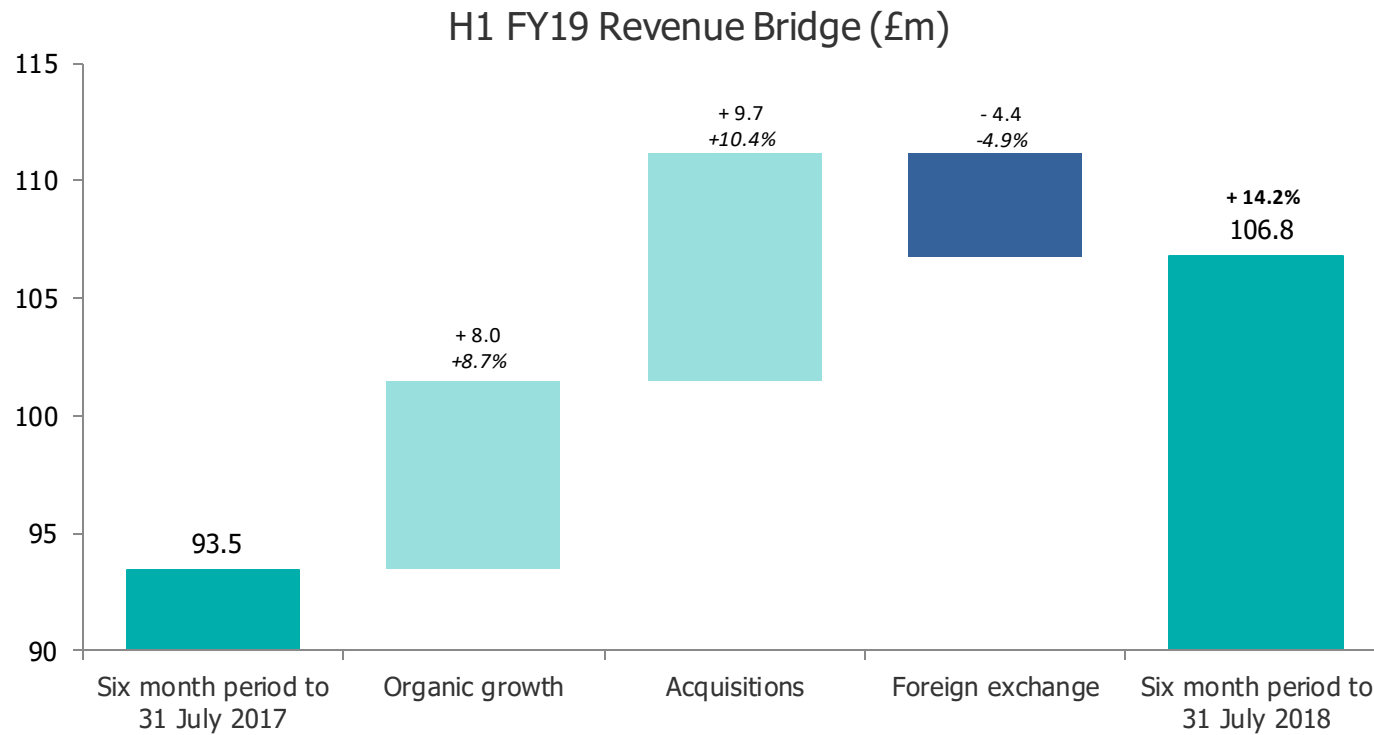
Peter Harris
(CFO)

Peter was appointed CFO in 2013. He is also a NED at Communis. Prior to this, Peter was Interim CFO at Centaur Media and Bell Pottinger. He was CFO at the Engine Group and 19 Entertainment as well as Group Finance Director at Capital Radio.

TOP 20 CUSTOMERS



H1 2019 REVENUE BRIDGE



CLIENT ANALYSIS H1 FY19

£54,000

REVENUE PER EMPLOYEE

47

CLIENTS GENERATING OVER
\$0.5M IN REVENUES H1 2019

35%

SHARE OF GROUP REVENUES
FROM TOP 20 CLIENTS

21%

INCREASE IN
CLIENT NUMBERS
(INCL ACQ)

14

TOP 20 CLIENTS IN H1 2019
IN TOP 20 CLIENTS H1 2018

90%

REVENUES
GENERATED IN US
AND UK

BALANCE SHEET SUMMARY

| £M | 31 July 2018 | 31 January 2018 |
|-------------------------|--------------|-----------------|
| Intangible assets | 102.2 | 94.8 |
| Non-current assets | 28.0 | 25.3 |
| Current assets | 87.3 | 74.6 |
| Non-current liabilities | (62.7) | (58.8) |
| Current liabilities | (69.3) | (59.6) |
| Net assets | 85.5 | 76.3 |
| Share capital | 2.0 | 1.9 |
| Reserves | 85.1 | 75.0 |
| Minorities | (1.6) | (0.6) |
| Total equity | 85.5 | 76.3 |
| Net debt | 25.6 | 11.6 |