NEXT15

INTERIM RESULTS – SEPTEMBER 26TH, 2017

FINANCIAL SUMMARY

- Revenue up 16% to £93.5m (2016: £80.5m)
- Organic* revenue growth of 2%
- Adjusted** EBITDA up 13% to £14.5m (2016: £12.8m)
- Adjusted pre tax profits up 13% to £12.0m (2016: £10.6m)
- Interim dividend up 20% to 1.8p per share (2016: 1.5p)
- Net debt of £20.8m (2016: £12.2m)
- August and September trading back to high single digit organic growth which is expected to continue for the rest of the year

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*Excludes the impact of currency changes and acquisitions

**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 Velocity, Circle, Elvis and Charterhouse
- UK revenues grew 27.9% to £25.5m with margin up to 20.2% thanks to acquisitions and operational improvements
- US revenues grew 12.5% to £57.0m with margin of 18.1% the result of the investment in taking some of our UK agencies to the US
- EMEA delivered organic growth of 4.4% with margins improving to 7.6%
- Investment in talent, infrastructure and technology in APAC
- Key client wins include LG Electronics, Grubhub, Marvell and NTT Data

DRIVERS OF OUR GROWTH

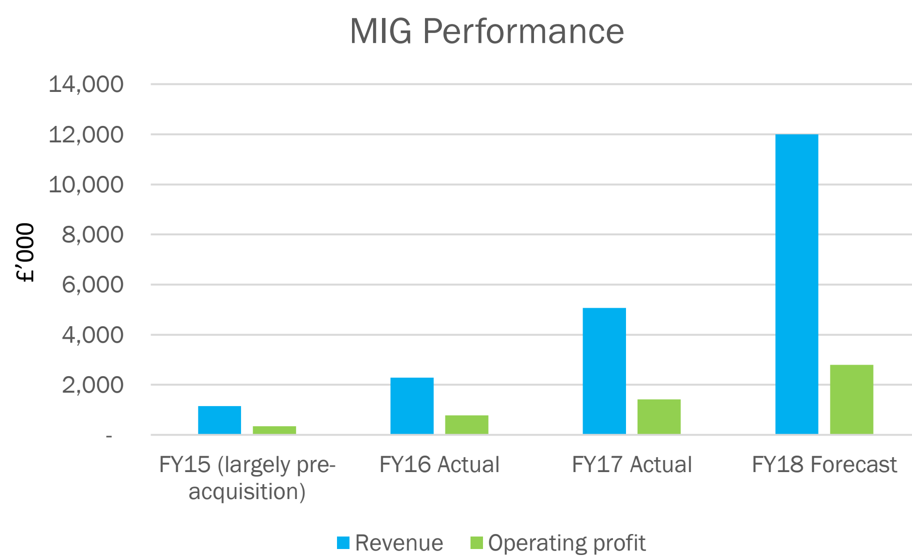
Working with high growth clients	facebook Alphabet amazon.com
UK acquisitions with US growth potential	publitek marketing communications twogether MIG ODD encore
Expanded and modernised service offerings	Data, content & technology
Focus on key geographies	US and UK first
Simple incentive schemes	Agency centric equity schemes

WHY ARE WE DIFFERENT?

- Our core belief is that marketing is increasingly becoming a technology driven activity
- CEO based in Silicon Valley
- No traditional advertising or media buying
- Portfolio of entrepreneurial businesses encouraged to behave like shareholders rather than employees
- Focus on working with industry leading businesses and disruptors

MIG CASE STUDY

- Next 15 acquired Morar (MIG), a research consultancy business, in December 2014.
- Since acquisition MIG has grown from a £1m revenue business to a £12m revenue business, an annualised growth rate of 80% whilst maintaining margins above 23%.
- This growth has been obtained via organic growth, such as the launch of Viga, a data collection consultancy, and the opening of an office in San Francisco, as well as corporate activity.
- Acquisitions to the MIG Group include HPI, a B2C market research consultancy, in November 2016 and Circle Research, a B2B market research consultancy in July 2017. Today we announce the acquisition by MIG of Charterhouse, which broadens their scope to the financial services sector.



CIRCLE

- A B2B market research consultancy acquired under MIG in July
- Clients include Vodafone, Samsung and BSI
- Enhances B2B research presence for MIG and brings in further leadership talent
- Revenue of £2.2m and EBITDA of £1.0m in last financial year
- Paid £3.0m initially for the business, based on 4x EBITDA valuation
- Further consideration payable based on future performance

CHARTERHOUSE

- Acquisition announced today
- UK based market research consultancy with clients including Barclays, Royal Bank of Scotland, Lloyds and HSBC
- Complimentary to Circle acquisition; access to financial services key management through the Business Banking Survey
- Revenue of £1.4m and EBITDA of £0.6m for last financial year
- Initial consideration of £1.8m for business based on 4x EBITDA valuation
- Further consideration payable based on future performance

VELOCITY

- A UK based content marketing agency with primarily multi-national technology clients, such as Sprint, Xerox and Informatica, acquired in July
- 70% of revenue from US based clients
- Significant growth potential in US
- Revenue of £5.2m and adjusted PBT of £1.4m for last financial year
- Paid £5.9m which represents a valuation of 6x EBITDA for the business and £1.8m for the net assets
- Further consideration payable based on future performance

ELVIS

- UK based integrated digital agency focused on consumer brands acquired in September
- Clients include Cadbury, Honda, Stella Artois and Kenco
- Opportunity to partner with other Next 15 agencies as well as expand geographical footprint
- Consideration of £5.5m with £0.5m deferred, representing 5.5x adjusted EBITDA of £1m on revenue of £5.3m

INCOME STATEMENT – ADJ. RESULTS

£M	H1 2018	H1 2017	GROWTH %
Revenue	**93.5**	**80.5**	**16%**
EBITDA	14.5	12.8	13%
Operating profit	12.3	11.1	11%
Operating margin	*13.2%*	*13.8%*	
PBT	**12.0**	**10.6**	**13%**
Tax	(2.4)	(2.3)	
Minorities	(0.3)	(0.2)	
Retained Profit	9.3	8.1	15%
Diluted EPS	**11.4**	**10.5**	**9%**
Dividend	1.8	1.5	20%

ADJUSTMENTS BREAKDOWN

£M	H1 2018	H1 2017
Adjusted pre tax profits	**12.0**	**10.6**
Restructuring	(0.4)	-
Deal costs	(0.1)	(0.2)
Share based payments	(1.5)	(1.9)
Unwinding of discount and change in estimate of earnout liabilities	(1.6)	(2.0)
Amortisation of acquired intangibles	(3.2)	(2.3)
Reported profit before tax	**5.2**	**4.2**

REGIONAL BREAKDOWN

Regions	Revenue H1 2018 £M	Organic growth	Operating Profit £M	Margin H1 2018	Margin H1 2017	Comments
US	57.0	1.5%	10.3	18.1%	20.0%	Uncertain political environment and strong trading in comparable period
UK	25.6	3.5%	5.2	20.2%	17.8%	Operational improvement and acquisitions
APAC	7.1	(0.8%)	0.6	8.5%	13.5%	Investment in talent, infrastructure and technology made. Timing of client activity
EMEA	3.8	4.4%	0.3	7.6%	4.8%	Continued improvement in revenue and profitability
HEAD OFFICE	-	-	(4.1)	-	-	
Total	**93.5**	**1.9%**	**12.3**	**13.2%**	**13.8%**	

CASH FLOW STATEMENT

£M	H1 2018	H1 2017
Inflow from op activities	14.5	11.9
Working capital	(8.4)	3.5
Net inflow from operations	6.1	15.4
Tax	(1.9)	(0.7)
Net capex	(2.0)	(6.8)
Acquisitions	(10.0)	(12.6)
Net interest and dividends paid	(1.3)	(1.0)
Exchange (loss) / gain on cash held	(0.3)	0.1
Increase in net debt	(9.4)	(5.6)
Net debt closing	20.8	12.2

CASH COMMITMENTS

	31 July 17 £M
H2 2018	0.7
FY 2019	4.4
FY 2020	6.3
FY 2021	5.0
FY 2022	5.1
FY 2023	3.5
Total	**25.0**

CONCLUSION

Summary of the results

- Revenue up 16% to £93.5m
- Organic growth of 2%
- Adjusted EBITDA up 13% at £14.5m
- Adjusted pre tax profits up 13% to £12.0m
- Dividend up 20% to 1.8p
- Net debt of £20.8m

- August and September trading at high single digit organic growth
- Group is well placed to 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 Communisis. 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.

TODAY

INSIGHT:

MIG GLOBAL INCORPORATING:

MORAR

CIRCLE

VIGA

CHARTERHOUSE

CONTENT:

BITE

BLUESHIRT GROUP

M BOOTH

OUTCAST

TEXT 100

VRGE

PUBLITEK

ODD

TECHNOLOGY:

AGENT3

BEYOND

CONNECTIONS MEDIA

ENCORE

TWOGETHER

VELOCITY

ELVIS

TOP 20 CUSTOMERS

For the year to 31 July 2017

CLIENT ANALYSIS H1 2018

44	**34%**
CLIENTS GENERATING OVER $0.5M IN REVENUES H1 2018	SHARE OF REVENUES FROM TOP 20 CLIENTS
15	**88%**
TOP 20 CLIENTS IN H1 2018 IN TOP 20 CLIENTS H1 2017	REVENUES GENERATED IN US AND UK

6 months to July 2017 except where stated

BALANCE SHEET SUMMARY

£M	31 July 2017	31 January 2017
Intangible assets	91.9	80.0
Non-current assets	27.2	27.5
Current assets	72.3	64.8
Non-current liabilities	(62.2)	(54.2)
Current liabilities	(57.0)	(49.6)
Net assets	72.2	68.5
Share capital	1.8	1.8
Reserves	70.1	65.8
Minorities	0.3	0.9
Total equity	72.2	68.5
Net debt	20.8	11.4