Next Fifteen Interim Results

April 21st 2009

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Results summary

Next Fifteen is a specialist public relations group with global operations

- 10% revenue growth to £33.5m (2008: £30.4m)
- 15% headline profit growth to £3.5m (2008: £3.1m)
- Adjusted earnings rose 11% to 4.47p (2008: 4.01p)
- Interim dividend maintained at 0.45p
- One-off costs impact profits by £2.1m in H1
- Client wins include: Intuit, Skype and SanDisk

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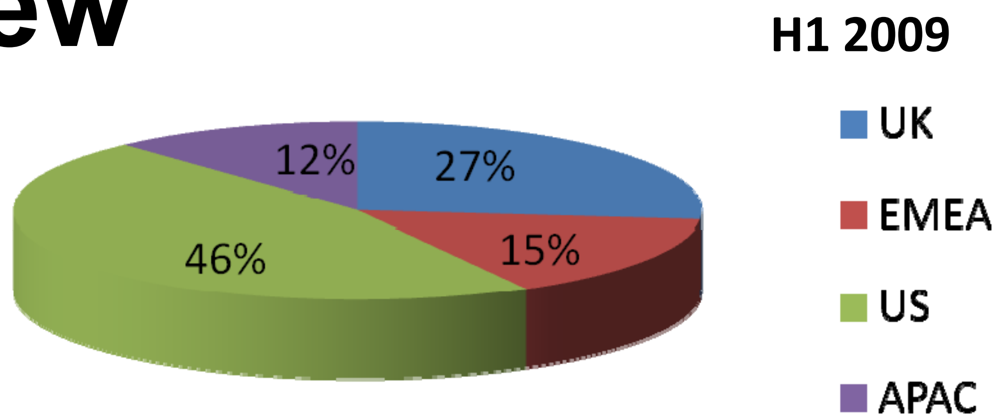
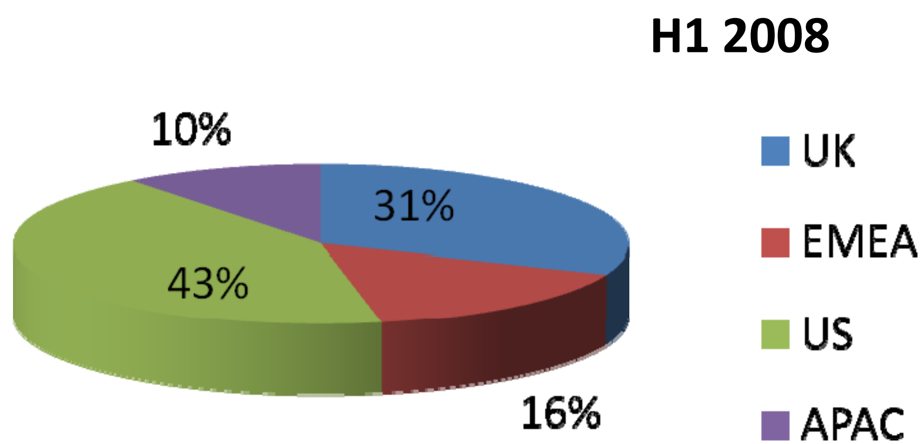
Trading update

- Group experienced budget reductions from several clients in January. Trading has since improved but H2 revenue expected to be 10% below H1.
- Cost base adjustments made include:
  - Headcount reduction of 12% across the Group
  - Operating expenses reduced by more than £0.5m

Geographic revenue review

- US grew 19%
- EMEA grew 7%
- APAC grew 23%
- UK declined 6%
- Our structure:
  - 6 PR agencies
  - 2 research coys
  - 18 countries
  - 10 offices in US
  - 5 offices in UK
  - 12 offices in APAC
  - 10 offices in EMEA





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Operational review

- Consolidate Bite and Inferno businesses to increase competitiveness
- Proactively react to aggressive market
- Improve flexibility of business model
- Invest now for future growth

Brand consolidation

- Merging Bite and Inferno operations in UK
- Strengthens executive team
- Expands specialist capabilities
- Increases operational efficiency
- Accelerates growth and enhances market position

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Invest now for growth

- Increased investment in social media capabilities
- Expanding research business
- Acquisitions anticipated in APAC/US to expand reach of existing businesses

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Outlook

- Revenues in line with FY08
- APAC still showing good organic growth
- Margin focus maintained
- Focus also on cash
- One or more acquisitions likely in next six months

Financials

David Dewhurst
Finance Director

Financial headlines

- Revenue growth continues with 73% of revenue in non-sterling markets
- Measures taken to reduce cost base to protect margins
- Net debt of only £0.8m with no significant earn-out payments left from past acquistions
- Renewed acquisition facilities provide ability to continue to explore opportunities

Income statement

	H1 09	H1 08	Growth
	£m	£m	%
Billings	39.4	35.7	10.4
Revenue	**33.5**	**30.4**	**10.0**
Adj Operating profit	3.6	3.1	14.0
Adj Operating margin	10.6%	10.2%	3.6
Adjusted PBT	**3.5**	**3.1**	**15.2**
PBT	**1.4**	**2.0**	**(28.2)**
Tax	(0.5)	(0.6)	
Retained profit	0.9	1.4	
Dividend	0.45p	0.45p	
Adjusted EPS	**4.47p**	**4.01p**	**11.5**
EBITDA	3.56	3.74	

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Performance indicators

	H1 09	H1 08
• Staff cost to revenue %	66.8	67.1
• Adjusted profit before tax margin %	10.6	10.1
• Net cash from operating activities £m	1.6	2.2
• Adjusted profit by region £m		
– US	3.3	2.6
– UK	1.5	1.3
– EMEA	0.7	0.4
– APAC	0.5	0.3
– Head office	(2.4)	(1.5)

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Other metrics

- 33% of clients are international, representing 66% of total revenue
- 82% of revenue from retained client relationships
- Top 10 clients represent 33% revenue, 8 of whom > 4 years; 4 > 8 years
- US market provides 46% of Group revenue and delivers 55% of the profit

One-off costs

- Forex hedging placed ahead of August 08 generated losses of £1.2m in H1 and expect £2.2m for full year, at current dollar and euro rates
- Fair value cost of interest rate hedge on dollar acquisition borrowings of £0.4m
- Expected cost of headcount reductions is £0.9m for full year after £0.6m in H1
- Expected cost of office closures and brand consolidation is £0.6m for full year after £0.1m in H1

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EPS and tax

- Basic EPS down to 1.71p from 2.52p following one-off reorganisation costs and fair value movements but adjusted number up 11.5% to 4.47p.
- Average number of shares in issue increased 3.36% following shares issued for Lexis acquisition and employee share incentives
- Tax rate risen to 35.5% this year following impact of forex contract losses. Expected to return to 30% next year

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Balance sheet

	H1 09	H1 08	YE 08
	£m	£m	£m
Intangible assets	19.2	14.1	15.5
Office equipment	2.6	2.3	2.4
Other non-current assets	2.9	3.2	2.3
Current assets	24.8	22.0	25.9
Non-current liabilities	(6.6)	(6.2)	(5.9)
Current liabilities	(16.9)	(18.1)	(20.6)
Net Assets	**25.9**	**17.3**	**19.6**
Share Capital	1.4	1.3	1.3
Reserves	25.7	16.4	19.3
Own shares	(1.2)	(0.7)	(1.2)
Total Equity	**25.9**	**17.3**	**19.6**
Net (debt)/ cash	(0.8)	0.4	3.4

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Cash flow

	H1 09	H1 08	YE 08
	£m	£m	£m
Inflow from operating activities	3.7	4.0	8.3
Working capital items	(1.4)	(1.2)	1.3
Net inflow from operations	2.3	2.8	9.6
Taxation	(0.8)	(0.6)	(1.1)
Net capital expenditure	(0.3)	(0.9)	(1.9)
Acquisitions	(4.4)	(0.8)	(0.8)
Own shares	(0.1)	-	(0.4)
Interest	(0.2)	(0.2)	(0.2)
Dividends	-	-	(0.8)
Financing – bank loan	(0.5)	-	(0.3)
- hire purchase	(0.2)	(0.1)	(0.2)
(Decrease)/increase in cash	**(4.3)**	**0.2**	**3.5**

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Summary

- Group produced good H1 results
- Experienced drop in revenue as new client budgets were put in place in 2009
- Have taken action to protect margins
- Strong balance sheet
- Anticipate small acquisitions in next six months

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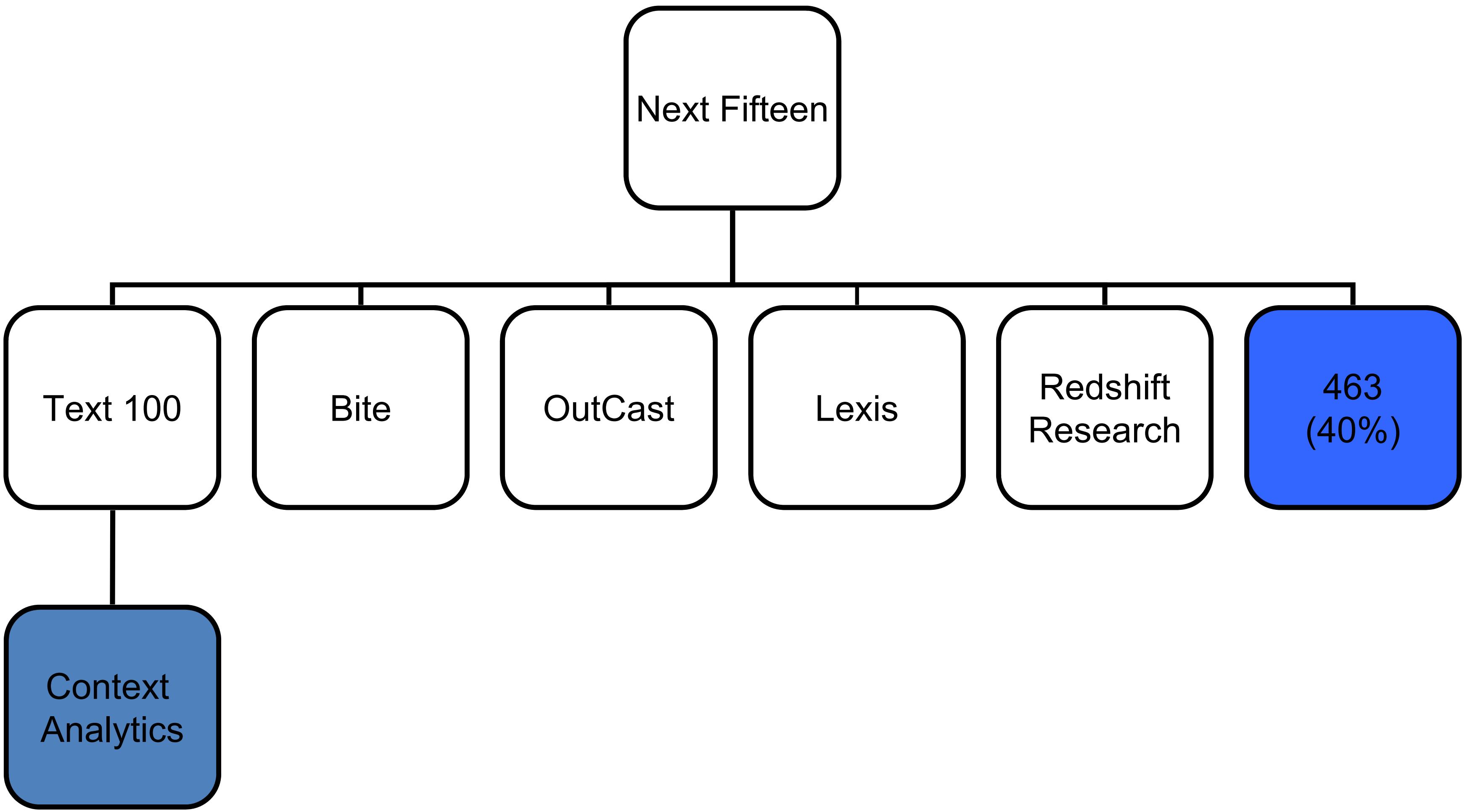
Group structure



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Global reach

North America

San Francisco
New York
Boston
Rochester
Los Angeles
Toronto
Washington

EMEA

London
Paris
Munich
Milan
Madrid
Stockholm
Amsterdam
Copenhagen
Oslo
Helsinki*
Johannesburg

APAC

Tokyo
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