SECOND INTERIM RESULTS 2014

7TH OCT, 2014

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AGENDA

- EXECUTIVE SUMMARY
- FINANCIAL REVIEW
- BUSINESS UPDATE
- OUTLOOK

EXECUTIVE SUMMARY – RECORD RESULTS

FINANCIAL RESULTS 12M TO JULY

- Revenue up 6% to £101.5m, 5% organic growth led by US
- EBITDA up 26% to £12.6m
- Adjusted pre tax profits up 36% to £10.5m
- Diluted adjusted EPS up 49% to 10.0p
- Total dividend up 18% to 3.0p
- Net debt £1.4m, after £4.4m of acquisition related payments

FINANCIAL RESULTS 6M TO JULY

- Revenue up 6% to £52.2m, 7% organic growth
- Adjusted pre tax profits of £5.4m

CORPORATE PROGRESS

- Continued strength in US, UK returning to growth
- Significant new clients wins: GoPro, DropBox and BT
- Integration of Text and Bite in APAC and EMEA underway
- New San Francisco co location opportunity
- New global banking facility on improved terms agreed
- Acquisition of Story, a content advertising agency for $6.6m

➢ Client budgets continue to move towards us

➢ Current trading is encouraging

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NEW BUSINESS UPDATE

Region	Wins in 6m to July 2014	Losses
US	Airbnb, Amazon Web Services, Actifio, Assembled Brands, Couchbase, Coupons.com, Godiva, GOED, GoPro, Here, Jive, Lyft, Mercedes Benz, Project E, Rent the Runway, Technicolor SA, Vantage, We-Vibe	Avaya, Lithium, Foursquare
UK	Avanade, BAE Systems Applied Intelligence, BT, CSC, Palo Alto Networks, Tata, Virtus Holdco	Barclays, Carlsberg
APAC	Dropbox	
EMEA	Eniro, Outbrain, Palo Alto Networks, Parallels, Pure Storage, Virtus Holdco, Vodacom	Razor

- Dropbox is a new global client for Text 100
- Agent3 showing impressive pitch conversion rates with clients of scale
- Digital capabilities of Outcast and M Booth reflected in new client activity
- Recent acquisitions, Republic Publishing has moved with its client Nokia to work with Microsoft

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CLIENT REVENUE ANALYSIS

£101.5
MILLION GROUP REVENUES IN FY JUL 2014

23%
TOP 10 CLIENTS AS % GROUP REVENUES 2014 (22.8% IN 2013)

25 CLIENTS
GENERATING > $1M IN 12M TO JUL 2014

+9%
INCREASE IN AVERAGE CLIENT YIELD 2014 VS 2013

78%
GROUP REVENUES FROM UK AND US CLIENTS

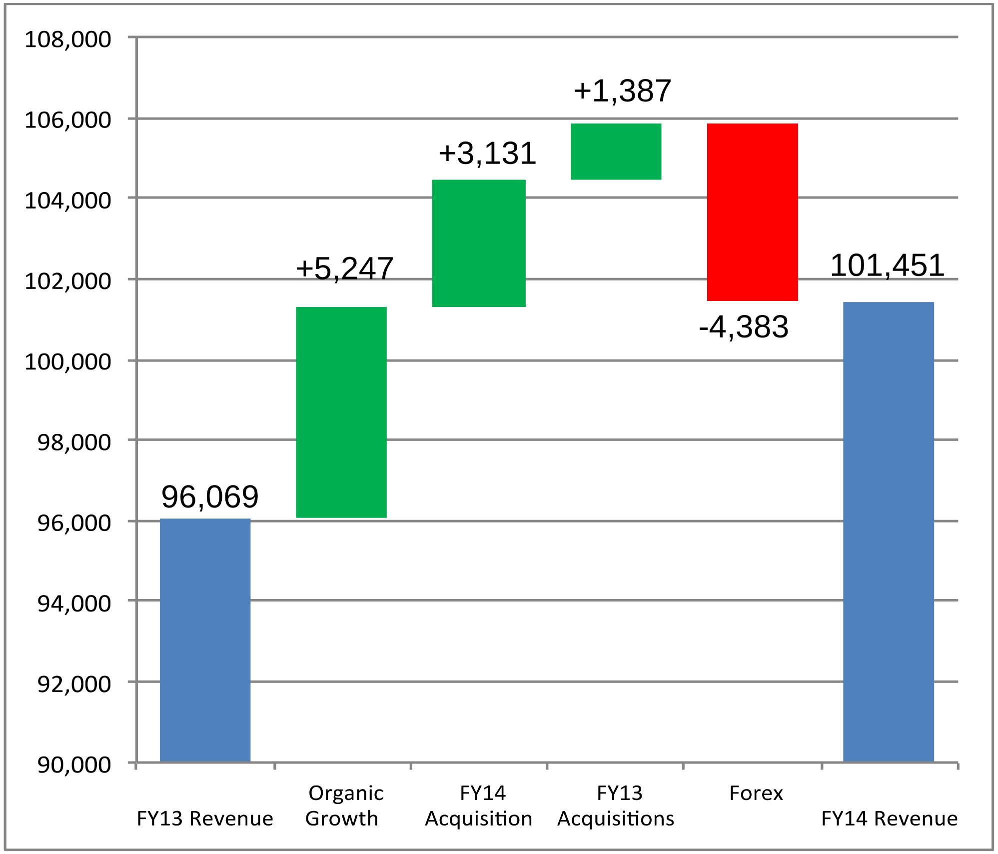
7
TOP 10 CLIENTS IN 2013 REMAIN IN TOP 10 IN 2014

+67%
INCREASE IN SPEND FROM INTERNET NAMES IN TOP 10 (GOOGLE, FACEBOOK AND AMAZON)

13YRS
LENGTH OF CLIENT RELATIONSHIP WITH LARGEST CLIENT, IBM

REVENUE BRIDGE 12M TO JUL 2014

REVENUE PROGRESSION (£'000S) : FY 2013 – 2014



- Growth of 6% in the period driven by 5% organic gains
- US business grew by 9% in the period or 12% organic
- £3.1m from a full contribution of 2014's acquisitions, £4.5m in total
- Reported growth would have been over 10% ex FX movements….
- …and organic growth would have accounted for more than half of revenue gains on this basis

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CONTINUED ORGANIC GROWTH

GROWTH ON PRIOR FINANCIAL YEAR	6M TO JAN 2013	6M TO JUL 2013	6M TO JAN 2014	6M TO JUL 2014
Next 15 group organic revenue growth	2.2%	2.3%	4.2%	**6.7%**
US region organic revenue growth	4.9%	13.3%	13.1%	**11.2%**

- Growth has improved in each successive 6m period
- US (57% of revenues) remains the key driver
- Recent gains are more broadly based

SIMPLIFICATION OF THE GROUP

- APAC AND EMEA
  - Merged operations between Text 100 and Bite
  - Designed to create scale
  - Will improve operational efficiency
  - Refocuses Bite
  - Restructuring costs of 75k in the period plus £0.75m in 6m to Jan 2015

- SAN FRANCISCO
  - Single location for 7 local Next 15 business brands
  - Double rent through P&L during transition but rent free period means no cash impact
  - Savings over next five years to be quantified in full year results Jan 2015

FINANCIAL REVIEW

INCOME STATEMENT

£M	FY 2013	FY 2014	GROWTH %
Billings	113.4	120.0	
Revenue	**96.1**	**101.5**	**+6%**
Adj EBITDA	**10.0**	**12.6**	**+26%**
Adj. operating profit	8.2	10.8	
Operating margin	8.5%	10.6%	
Adj PBT	**7.7**	**10.5**	**+36%**
Tax	(2.9)	(3.1)	
Minorities	(0.4)	(0.7)	
Retained profit	4.4	6.7	
Diluted EPS	**6.7p**	**10.0p**	**+49%**
Dividend	**2.55p**	**3.00p**	**+18%**

- Strong revenue performance led by US and return to growth in UK
- Sustained margin recovery on 2013
- Tax rate of 29.5%
- Minorities will increase as new agencies continue to grow
- Dividend increase reflects management confidence in future

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ADJUSTMENTS TO PRE TAX PROFITS

£M	FY 2013	FY 2014
Adjusted pre tax profits	**7.7**	**10.5**
Goodwill write-off	(1.9)	(7.0)
Amortisation of intangibles	(1.4)	(1.5)
Share based payments	(0.6)	(0.1)
Acquisition obligation accounting	(0.5)	(1.6)
Restructuring	(0.8)	(1.4)
Bite Fraud	(0.5)	-
Interest hedge	0.1	0.1
Reported profit before tax	**2.1**	**(1.0)**

- Goodwill impairment stems from balance sheet review
- £1.4m charges for UK/ EMEA restructuring
- £1.3m charges in next 6m given San Francisco co location (£0.55) and APAC restructuring (£0.75m)

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REGIONAL PERFORMANCE

£M	REV FY 2014	GROWTH ACTUAL	H1 2014 ORGANIC	H2 2014 ORGANIC	2014 OP PROFIT	MARGIN 2014	
US / Canada	57.3	9%	13%	11%	13.6	24%	*continued strength*
UK	21.9	15%	(7)%	4%	1.5	7%	*improving*
Asia Pacific	12.6	(10)%	1%	(2)%	0.6	5%	*stabilising*
EMEA	9.6	(9)%	(13)%	(1)%	0.2	3%	*stabilising*
Head office					(5.2)		
Total	**101.5**	**6%**	**4%**	**7%**	**10.8**	**10.6%**	

- 7% organic growth for the group as a whole in 6m to Jul 2014, up from 4% in 6m to Jan
- UK returned to organic growth in 6m to Jul 2014, APAC and EMEA being stabilised

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CASH FLOW STATEMENT

£M	FY 2013	FY 2014
Inflow from op activities	9.2	11.7
Working capital	2.0	0.7
Net inflow from operations	**11.2**	**12.4**
Tax	(2.7)	(2.0)
Net capex	(1.8)	(2.3)
Acquisitions	(3.2)	(4.4)
Own shares	(0.1)	0.1
Interest	(0.4)	(0.5)
Dividend payments	(1.9)	(2.0)
Exchange loss on cash held	0.1	(0.9)
Increase in net debt	**(1.2)**	**(0.4)**
Net debt	1.8	1.4

- Inflow from operating activities up 27%
- Further improvements in working capital
- Capex reflects new Bermondsey St office
- $3m spend on new San Francisco office in current period
- Net debt of £1.4m after net £4.4m spend on acquisitions

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BALANCE SHEET

£M	FY 2013	FY 2014
Intangible assets	41.4	34.8
Non-current assets	8.1	8.5
Current assets	37.6	43.0
Non-current liabilities	(18.5)	(8.0)
Current liabilities	(30.4)	(47.2)
Net assets	**38.2**	**31.1**
Share capital	1.5	1.5
Reserves	34.5	28.7
Minorities	2.2	0.9
Total equity	**38.2**	**31.1**
Net debt	1.8	1.4

- Includes present value of estimated future earn out commitments (equity and cash) of £11.7m compared with undiscounted total of £13.9m

- Banking facilities renewed with HSBC

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CONTINGENT CONSIDERATION

PROSPECTIVE CASH COMMITMENTS: 2015 ONWARDS

CASH COMMITMENTS	£M
FY 2015 (Jan)	4.9
FY 2016	2.5
FY 2017 and later	5.0

- These figures show undiscounted estimates, assuming that shares are issued in those acquisitions where they form part of the consideration
- Cash can be substituted for share consideration at Next 15's discretion. This could add a further £1.5m cash consideration over the next five years
- Total cash commitments of £12.4m in FY 2015 and beyond and total commitments of £13.9m.

DIVIDENDS

- Our dividends for the six month period to end July 2014 are being paid in two parts (1.3p special and 1.0p normal dividend) given our plan to change the year end to January
- The normal dividend has been set as a better guide for the scale of the continuing first half payment for our new year end
- The special dividend payment makes total dividends payments for the year to July 2014 comparable with prior periods.
- In future we expect the ratio of interim to final dividend payments to be broadly one third/ two thirds having regard to the group's earnings and other cash requirements.

TOTAL FULL YEAR DIVIDEND	P PER SHARE
FY 2014 (JAN)	2.55
FY 2014 (JUL)	3.00
FY 2015 (JAN)	Not less than: 3.25

ON GOING IMPROVEMENTS TO OPERATIONS

Done

- Improved monthly management reporting
- Key hires in treasury, procurement, internal audit and MIS, Bite UK and EMEA
- New banking and accounting arrangements agreed
- New financial year end to Jan to improve visibility
- Balance sheet and impairment review

Doing

- New finance system selected with Autumn roll out
- UK back office simplified
- San Francisco co location project
- APAC brand alignment

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BUSINESS UPDATE

THE NEXT FIVE YEARS - BACKGROUND

Next 15 Group strategy session – Sept 2014

- 37% of companies say digital will account for more than 75% of their marketing spend
- Roughly one third of projects use analytics and analytics spend set to rise from 7.1% to 12.2% in next 3 years
- Technology awareness was identified by more than half of CMO's as top competency to improve

Source: Accenture CMO survey 2014

LANDSCAPE AND POSITIONING

- Analytics is a top priority for marketing – death of 'gut feel'
- Earned media is still very valuable if not more valuable
- Technology playing a larger role in creating marketing solutions

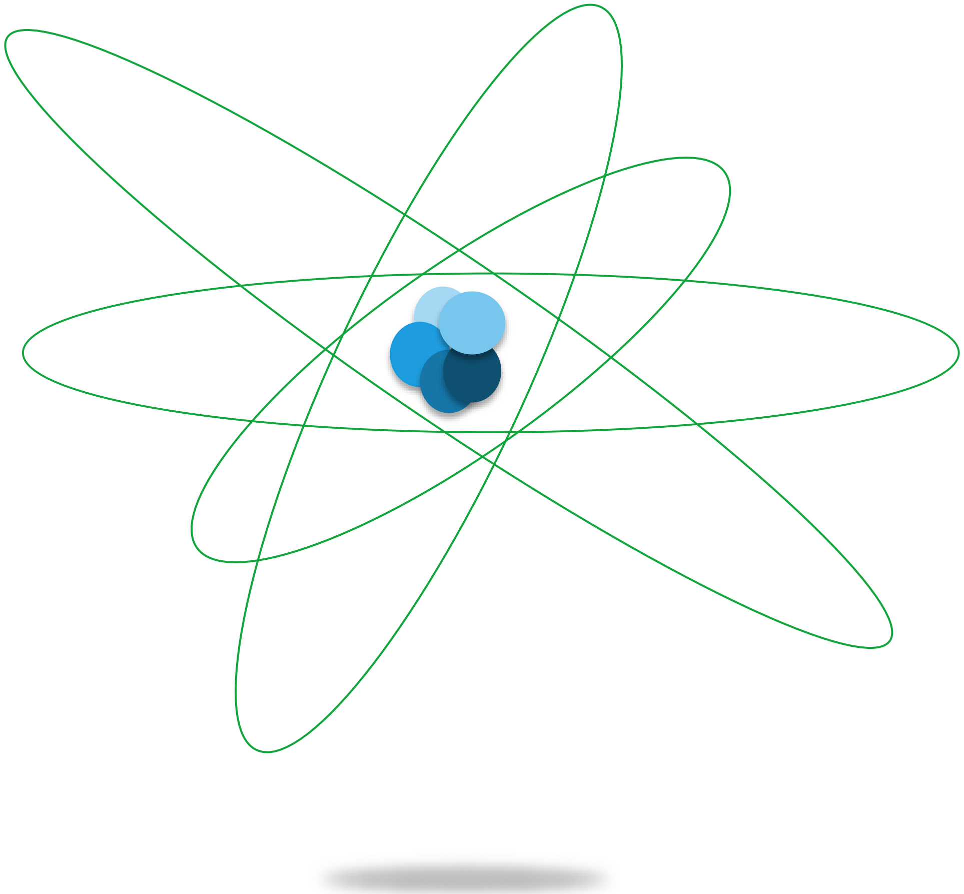
➢ Our focus on digital is well placed with budgets moving towards us but paid media still dominates the budgetary landscape

➢ We could gain more advantage from our brand scale and combined expertise

THE NEXT FIVE YEARS - CONCLUSIONS

MISSION

- *Create a new type of integrated marketing group.*
- *One that rotates around the technology of marketing: data, insight, analytics, apps, content platforms and of course content itself*
- *Our agencies, each specialists in their field, will be 'open source' but most importantly, they will be the best at what they do*



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STRATEGIES – FOCUS AND BRANDS

THE NEXT FIVE YEARS

STRATEGIES

- Obsessive focus on:
  - ✓ insight & analytics
  - ✓ content and technology
- Simplify the business model wherever possible
- Make each of the agencies best in class and easy to integrate with

RECENT ACTIVITY IN NEXT 15 BRANDS	FURTHER OPPORTUNITY
Insight & analytics Developing staff competencies and key hires	✓ Planners ✓ Insight technologies ✓ Agency/ IP M&A
Content Acquisition of Republic Publishing, Content & Motion	✓ Content strategy ✓ Visual Story telling ✓ Automated content (bots etc)
Technology Acquisition of Continuous Insight for Agent3, software development projects for Beyond	✓ Marketing automation ✓ Development skills

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INSIGHT AND ANALYTICS

ANALYTICS

- *The facility to gather and process multi-source data and opinion*

- *To then research the live relationships between a client and its customers*

- *AND then the ability to interpret this to add value to a marketing brief*

INSIGHT

- Increasingly seen as a 'must have' agency competence by digital literate CMO's
- Valuable in its own right, it is also an opportunity to add value to our existing marketing relationships/ or improve pitch activity and a platform for our digital solutions
- Thus far the strategy has been to build staff resource and competencies within our brands
- Next step to look at specialised agency/ IP M&A

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CONTENT – STORY WORLDWIDE

- Story Worldwide is a successful US-based content advertising agency. It applies established storytelling techniques and talent to marketing and communications
- In October, Next 15 acquired Story's assets for $6.6m in cash, including $0.5m working capital.
- Going forward, management has 50% conditional interest under new performance-based incentive scheme
- Key clients include: Unilever, Beech-Nut, Trulia, Toyota, Holland American line, Conagra
- Story employs 100 people. It generated revenues of $10m and EBITDA of $0.7m in the 8m period to end August 2014.
- EPS enhancing contribution in its first year of consolidation before operational efficiencies

"STORY WORLDWIDE IS THE WORLD'S FIRST POST-ADVERTISING AGENCY – IT CONNECTS BRANDS TO CUSTOMERS BY TELLING ENGAGING AND ENTERTAINING STORIES THAT AUDIENCES ACTUALLY WANT TO HEAR."

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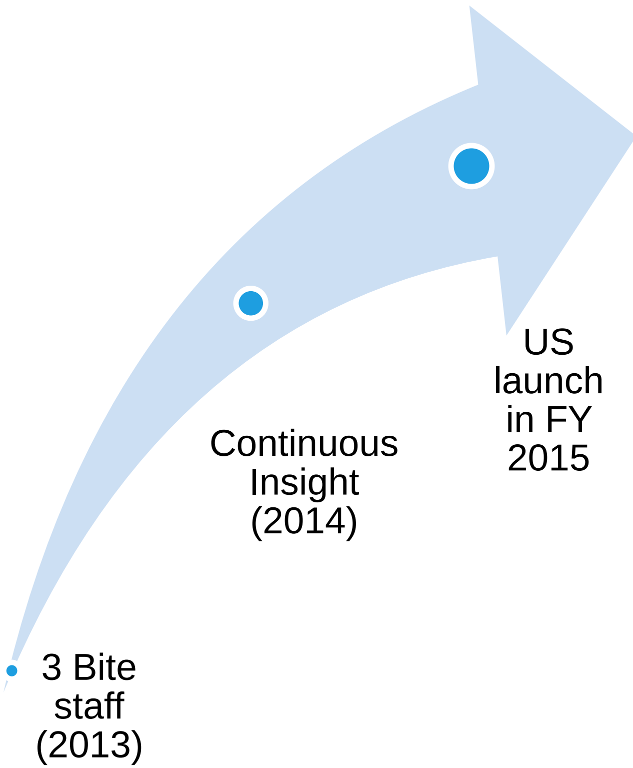
TECHNOLOGY – agent^{3} update



- Agent^{3} delivers dedicated software/ consultancy services to improve a client's sales as well as marketing activities
- Built from an internal team, it acquired continuous insight in Feb 2014, a data insight platform
- Annualised revenue of circa £3m in 2014, already profitable in second year of plan
- Key clients include SAP, BT, CSC, Nokia, Sony, Tata – high continuous retainer element
- Strong interest from US has accelerated plan for US launch

✓ Next 15 has incubated its first software business with a combination of internal and external resources and attractive returns

OUTLOOK

CONCLUSION

SUMMARY OF THE RESULTS

- US continues to deliver strong organic gains
- UK returning to growth
- APAC rationalised
- Balance sheet and cashflow generations remain strong

TRADING OUTLOOK

- Current trading remains strong in US, improving in UK and stable in EMEA and APAC
- Encouraging new client pipeline – client budgets continue to move towards us
- Integration and co location initiatives to yield cost efficiencies
- Story acquisition to yield positive contribution before operating efficiencies
- Selective further M&A opportunities
- Cautious view on FX exposure
- Current trading in line with management expectations

APPENDIX

NEXT 15 – A DIGITAL COMMUNICATIONS GROUP

£102 MILLION REVENUES (A)	**1,197** STAFF WORLDWIDE (A)	**16** COUNTRIES	**12** BRANDS
57% REVENUES FROM US (A)	**70^{+}%** OF REVENUES FROM TECH CLIENTS	**LONDON** HEAD OFFICE **SAN FRANCISCO** OPERATIONAL CENTRE	**9.2%** CAGR REVS 2009-14 (A)

Notes – (A) Full year to July 2014

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KEY CLIENTS

THE DIGITAL UPGRADE OPPORTUNITY

Adapt and grow

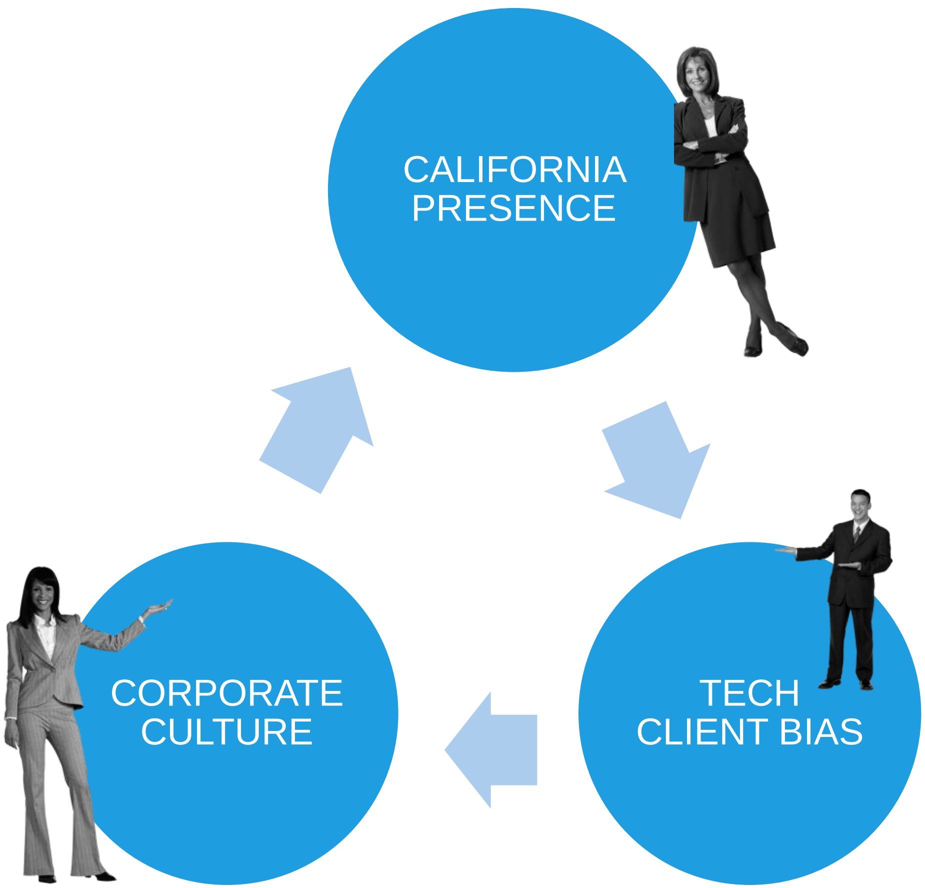
	Non Digital	*Digital*
PR	Traditional PR services	Social & earned media, content creation and marketing
Non PR		Creative, software services, mobile, natural search optimisation, analytics, data, marketing technology

- The internet is redefining PR from the poor relation of marketing services to the objective experts of digital media
- Plus trusted adviser status with key clients offers chance to redefine and extend areas of influence (including digital creative, mobile, social networking, content marketing)

- Starting point as ‘poor relation of marketing services’ means

✓ Higher client revenue yield
✓ Higher margin, higher ROI services
✓ More client leverage : PRO to CMO

OUR COMPARATIVE ADVANTAGE



- Our California presence gives us preferred insight into the direction of digital markets
- Next 15's tech client base have been early adopters of the internet and social media….
- …and we have developed special relationships with key digital brands
- Our corporate culture is entrepreneurial and we have a track record of creating new brands to meet and/or develop client demands

➢ OUR GROWTH PLAN AIMS TO LEVERAGE THESE ADVANTAGES

5 YEAR GROWTH TRACK RECORD (YEARS TO JUL)

FY GROWTH %	2009	2010	2011	2012	2013	2014
Next 15 organic	4	8	11	1	2	5
Actual Revs	65.4	72.3	86.0	91.6	96.1	101.5
Rev per share (1)	124	133	157	161	163	168

Notes: (1) Revenue per share is a measure of £ revenue generated per weighted average shares in issue during the year

- Organic growth has remained positive during financial recession
- 2013/14 showing expansion after low point in FY 2012, led by US
- CAGR Full Year 2009 – 2014 of 9.2%

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PROGRESS AGAINST M/TERM OBJECTIVES

KPI GROWTH

Improve organic growth after FY 2014

- Organic growth now 5% from low of 1% in 2013, organic growth of 7% in 6m to July 2014

KPI MARGIN

Improve group margins after FY 2014

- Adjusted op profit margin of 10.6% (2013: 10.1%)
- Simplification plan to underpin further margin gains across the group

KPI % DIGITAL

Increase pure and hybrid digital % revenues

- Improving but becoming outdated measure as all agencies adopt some form of digital activity

NEW YEAR END – UNAUDITED COMPARATIVE DATA

£M Y/END JAN	FY 2014	H1 2014	H1 2015	GROWTH H1/H1 %
Revenue	98.7	49.4	52.2	+6%
Adj EBITDA	10.6	4.5	6.4	+42%
Adj PBT	8.3	3.2	5.4	+69%
Diluted EPS	7.4p	2.5p	5.1p	+101%
Dividends	2.6p	1.9p	2.3p (1.0+1.3p)	+19%

APPROXIMATE IR CALENDAR 2014/15

DATE	EVENT
5 December 2014	Payment date for 6m dividends to Jul 2014
Jan 2015	Financial year end 2015 and trading update
April 2015	Preliminary results for the 18m period to end Jan 2015
June 2015	AGM 2015 and trading update

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