



2011	IFRS	E'000	IFRS	E'000	IFRS	E'000
105,163	91,175	77,287	73,9	63	47	
86,035	72,328	65,394	63	47		
59,699	49,757	43,792	3,850	(692)		
8,017	6,508					



# NEXT15

## Interims 2012

April 24<sup>th</sup> 2012

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# 2012 interim highlights

- Revenue growth of 11% of which 4% organic\*
- New business: Foursquare, Yelp, GE, Nokia, Telefonica
- Trading conditions:
  - US business performing well;
  - APAC continues to grow;
  - UK performing well outside consumer; and,
  - Mainland Europe remains challenging
- Business transition progressing; some bumps but good trajectory
- Attracting major brands and higher level relationships through digital

*\*Organic growth excludes the impact of currency and acquisitions.*

# Financial headlines

Another set of encouraging results

- Revenue **up 11%** to £45.3m (2011: £40.8m)
- EBITDA **up 13%** to £5.1m (2011: £4.5m)
- Adjusted PBT **up 15%** to £4.3m (2011: £3.7m)
- Adjusted diluted EPS **up 12%** to 4.35p (2011: 3.89p)
- Dividend **up 10%** to 0.565p (2011: 0.515p)
  
- Net debt of £4.4m (2011: £2.7m)
- Earn out obligations of £12.6m (FY 2011: £15.3m)

# Key client update: H1 2012

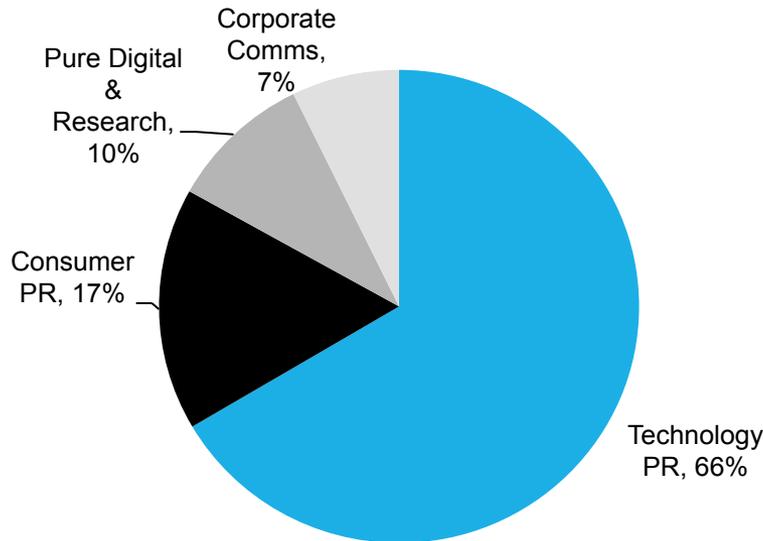
Region	Losses	Wins	Pure digital
US	HP JC Penney Salesforce Visa	Angie's List AVG Foursquare, GE Internet Society Nicira, Nokia Sony Digital Camera Yelp	EMI Esurance Informatica Novartis NXP Salesforce
UK	Boots HP	Nokia	Daily Mail, Groupon, Mozilla Playtex
APAC	HP	Adobe Amazon Kindle Dyson, Infosys Nokia	
EMEA		Creative Labs, Lithium, Telefonica*, TNT	Philips, <i>A European Government</i>

- Pure digital clients here are all new to the group with exception of Salesforce and NXP

\* H2 2012

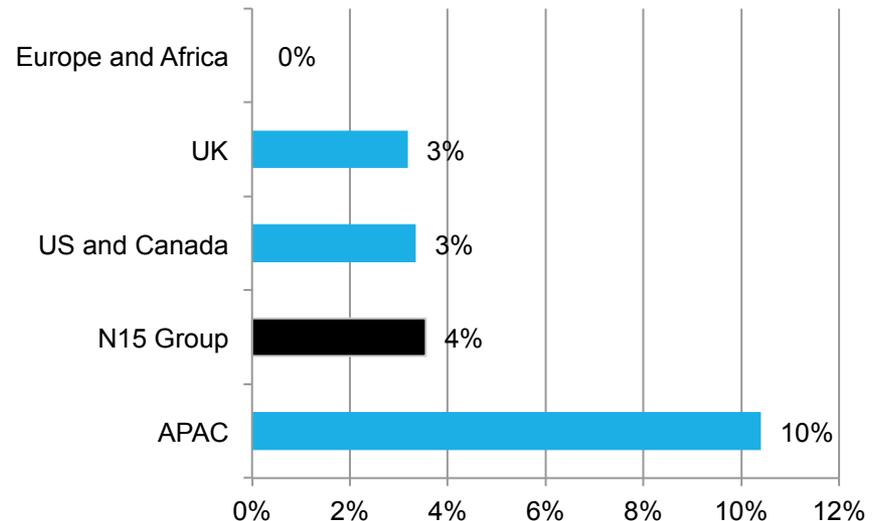
# Growth map H1 2012

Revenue contribution by division interim s 2012



- Pure Digital and Research segment has doubled in relative scale compared to the interims 2011

Organic growth\* rate by geography interims 2012



- US and Canada plus APAC still 68% of the group

*\*Organic growth excludes the impact of currency and acquisitions.*

Highlights

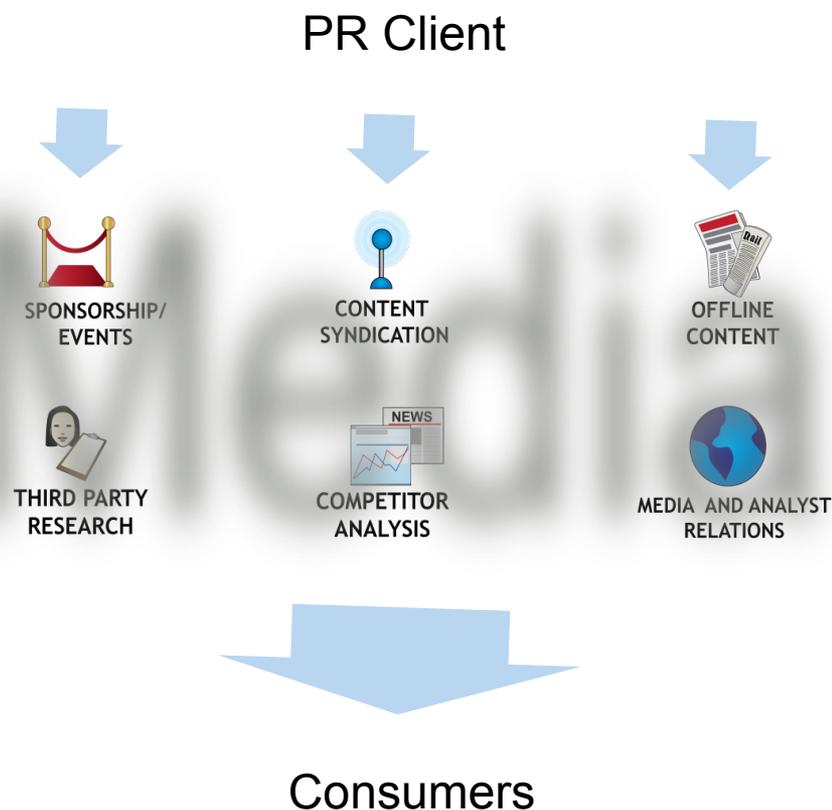
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# Old Next Fifteen: how we used to work



- Pre digital, our services were defined by 3<sup>rd</sup> party media
- This offered limited measurement and a client/consumer relationship which was indirect and one-way
- PR services were internationally scalable with effort
- Success was based on how much 3<sup>rd</sup> party content we could influence rather than value for client
- Rewards were retainer-based and driven by use of time and materials
- In FY 2010, 95% of revenues generated from this model

*“PR – the poor relation of the marketing services sector”*

# Next 15 now: circle of engagement

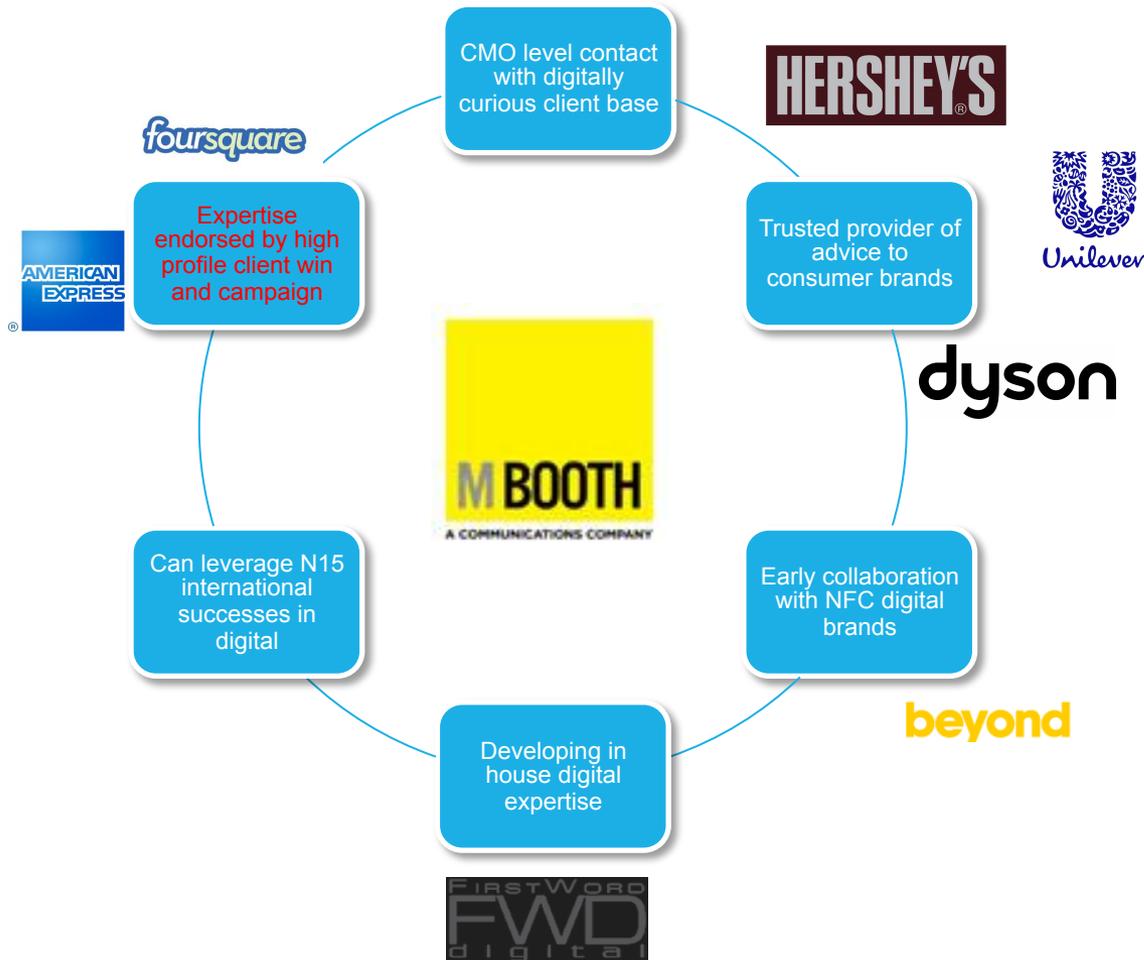
- Media has become a component rather than THE component of client comms
- Digital enables a direct, two-way, relationship with consumers
- Group now offers a range of disciplines, not just traditional PR
- Digital services designed as opportunities to drive engagement
- Expertise is highly scalable
- In FY 2012, > 50% of revenues generated from these engagement-based digital services



# Where are we in our transition ?

	Was	Now	The future
<i>Objective</i>	➤ World's best specialist PR agency		➤ World's best digital marcom group
<i>Strategy and business development</i>	<ul style="list-style-type: none"> <li>▪ Small acquisitions to broaden sector and geogs</li> <li>▪ Organic investment in new sectors eg corporate</li> </ul>	<ul style="list-style-type: none"> <li>▪ Small acquisitions within digital comms</li> <li>▪ Organic investment in digital comms</li> <li>▪ Digital knowledge transfer throughout group - repositioning of certain NFC brands</li> <li>▪ Social media lead</li> </ul>	<ul style="list-style-type: none"> <li>▪ Continued organic investment</li> <li>▪ Scale digital brands internationally</li> <li>▪ Use digital first in new sectors and geographies</li> </ul>
<i>Product and client contact</i>	<ul style="list-style-type: none"> <li>▪ PR / retainers 'output' oriented</li> <li>▪ PRO level client contact</li> </ul>	<ul style="list-style-type: none"> <li>▪ PR clients exposed to digital ideas – digital key part of pitch</li> <li>▪ CMO level contact</li> </ul>	<ul style="list-style-type: none"> <li>▪ Digital Comms/ 'outcome' oriented</li> <li>▪ CMO level client contact + budget</li> </ul>
<i>Targets</i>	<ul style="list-style-type: none"> <li>✓ Pan regional clients</li> <li>✓ Large retainers</li> <li>✓ Market share in tech</li> </ul>	<ul style="list-style-type: none"> <li>✓ Digital brands leading on new pricing and CMO contact</li> <li>✓ US consumer PR leading on transition</li> <li>✓ 100 s/w developers on staff &amp; non PR briefs</li> </ul>	<p><i>Objectives:</i>  <i>client yield expansion,</i>  <i>sustained organic revenue growth and margin gains</i></p>

# Transition case study



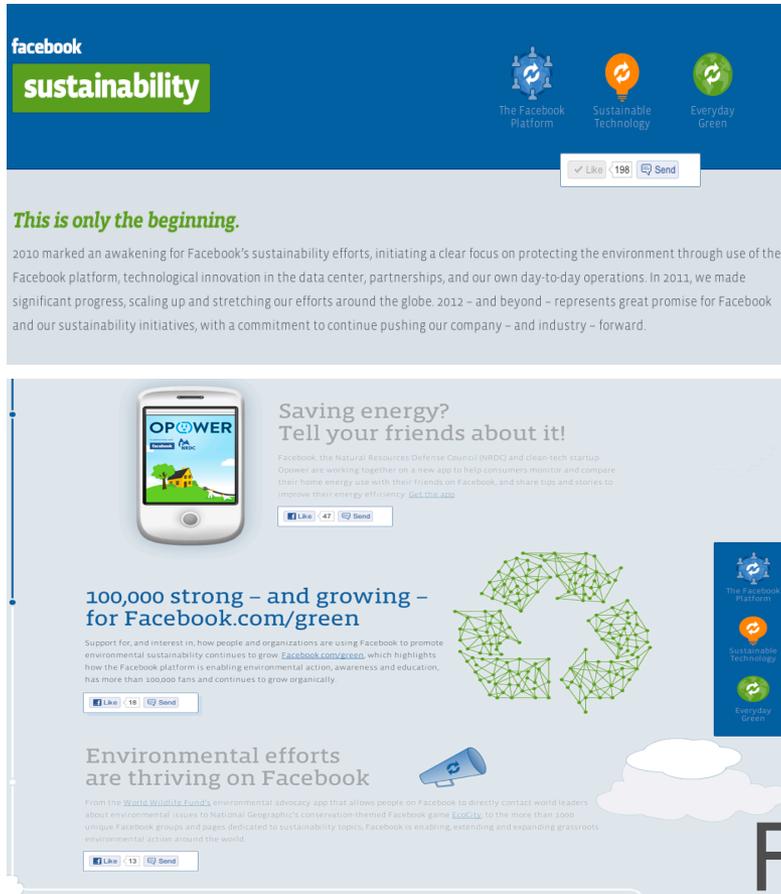
- Established US consumer PR agency, M Booth & Associates
- 32% organic revenue growth in last two years
- Early collaboration with Beyond has led to development of in house digital expertise
- Recent digital work and big client wins include : Foursquare and award winning work for AMEX as part of integrated core agency team

# Digital case study 1

The screenshot shows the YouTube channel page for Pink Floyd's 'THE GREATEST GIG IN THE SKY'. The page layout includes a header with the YouTube logo and navigation links (Search, Browse, TV Shows, Upload, Create Account, Sign In). The main content area features a central world map with a heatmap overlay, highlighting viewer density in North America. A callout box for North America shows '2.6k Channel comments'. A video player is embedded in the center, displaying a paused video at 23:19. The page also includes a social feed at the bottom with tweets and comments related to the event.

YouTube : Pink Floyd. OVERVIEW: This YouTube channel gives fans the opportunity to join this concert every hour, on the hour to watch unreleased live performance of Dark Side of the Moon. The performance, coupled with original Pink Floyd screen films, exclusive footage, and real-time social feeds. The channel received 120,000 views in two day showing – Sept 2011

# Digital case study 2



facebook  
**sustainability**

The Facebook Platform Sustainable Technology Everyday Green

✓ Like 198 Send

**This is only the beginning.**

2010 marked an awakening for Facebook's sustainability efforts, initiating a clear focus on protecting the environment through use of the Facebook platform, technological innovation in the data center, partnerships, and our own day-to-day operations. In 2011, we made significant progress, scaling up and stretching our efforts around the globe. 2012 – and beyond – represents great promise for Facebook and our sustainability initiatives, with a commitment to continue pushing our company – and industry – forward.

**Saving energy? Tell your friends about it!**

Facebook, the Natural Resources Defense Council (NRDC) and clean tech startup Opower are working together on a new app to help consumers monitor and compare their home energy use with their friends on Facebook, and share tips and stories to improve their energy efficiency. [Get the app](#)

✓ Like 47 Send

**100,000 strong – and growing – for Facebook.com/green**

Support for, and interest in, how people and organizations are using Facebook to promote environmental sustainability continues to grow. Facebook.com/green, which highlights how the Facebook platform is enabling environmental action, awareness and education, has more than 100,000 fans and continues to grow organically.

✓ Like 18 Send

**Environmental efforts are thriving on Facebook**

From the [World Wildlife Fund's](#) environmental advocacy app that allows people on Facebook to directly contact world leaders about environmental issues to National Geographic's conservation-themed Facebook game [EcoCity](#), to the more than 1,000 unique Facebook groups and pages dedicated to sustainability topics, Facebook is enabling, extending and expanding grassroots environmental action around the world.

✓ Like 13 Send



**Sustainable Technology**

Facebook has made innovation a priority – investing in advances in sustainable technology, and sharing best practices for developing and maintaining sustainable infrastructure.

**Open source hardware becomes a reality with the Open Compute Project**

In 2011, Facebook launched the [Open Compute Project](#) (OCP) and formed the Open Compute Foundation. OCP opens up the specifications and design documents for energy efficient servers and data centers.

✓ Like 11 Send

**Facebook joins The Green Grid**

In 2010, Facebook joined [The Green Grid](#), a leading global consortium of data center users, policy makers, technology providers, facility architects and utility companies that help push the boundaries of energy efficiency in the data center.

✓ Like 9 Send

FACEBOOK

As part of preparing for its IPO, Facebook wanted to communicate its sustainability initiatives, which we helped bring to life with this INTERACTIVE infographic that allows you to **share different sections** of their green story through Facebook.

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# Income statement

£m	H1 FY 2012	H1 FY 2011	Growth/ %
Billings	53.8	50.1	8
<b>Revenue</b>	<b>45.3</b>	<b>40.8</b>	<b>11</b>
Adj Operating profit	4.5	3.9	9
<b>Adjusted PBT</b>	<b>4.3</b>	<b>3.7</b>	<b>15</b>
PBT	2.7	2.5	7
Tax	(0.8)	(0.8)	
Retained profit	1.9	1.7	7
<b>EBITDA</b>	<b>5.1</b>	<b>4.5</b>	<b>13</b>
Basic EPS	2.82p	2.79p	1
<b>Diluted adj EPS</b>	<b>4.35p</b>	<b>3.89p</b>	<b>12</b>
Dividend	0.565p	0.515p	10

# Cash flow

£m	HY 2012	HY 2011
Inflow from op activities	5.3	4.9
Working capital	(0.4)	0.3
<b>Net inflow from operations</b>	<b>4.9</b>	<b>5.2</b>
Tax	(1.5)	(1.8)
Net capex	(0.4)	(1.0)
Acquisitions	(5.4)	(4.2)
Own shares	-	0.1
Interest	(0.2)	(0.2)
Dividends	-	-
Minorities	(0.2)	(0.1)
Financing	2.7	2.7
<b>(Dec)/increase in cash</b>	<b>(0.1)</b>	<b>0.7</b>
Net debt	4.4	2.7

- Net inflow from operations represents 130% of Operating profit.
- Acquisition payments predominantly in H1,
- Dividends fall in H2.

# Balance sheet

£m	HY 2012	HY 2011	FY 2011
Intangible assets	40.4	34.2	37.9
Non-current assets	6.2	5.3	6.4
Current assets	34.4	31.8	34.8
Non-current liabilities	(23.1)	(9.8)	(20.7)
Current liabilities	(22.4)	(33.8)	(26.1)
<b>Net assets</b>	<b>35.4</b>	<b>27.7</b>	<b>32.3</b>
Share capital	1.4	1.4	1.4
Reserves	30.4	24.9	28.1
Own shares	-	(0.5)	(0.5)
Minorities	3.6	1.9	3.3
<b>Total equity</b>	<b>35.4</b>	<b>27.7</b>	<b>32.3</b>
Net debt	4.4	2.7	1.6

Includes present value of estimated future earn out commitments (equity and cash) of £12.6m



# Segmental Revenue and Adj Operating Profit

£m	Revenue	%	Operating Profit	%
Technology PR	30.1	66.5	4.4	65.2
Consumer PR	7.5	16.6	1.1	17.4
Pure Digital & Research	4.4	9.7	0.4	6.6
Corporate Communications	3.2	7.2	0.7	10.8
Head Office			(2.2)	
	45.3	100	4.5	100

# Geographic Revenue and Adj Operating Profit

£m	Revenue	%	Operating Profit	%
US and Canada	23.5	51.8	4.7	69.8
UK	9.4	20.8	1.5	22.4
EMEA	5.3	11.7	0.3	4.2
APAC	7.1	15.7	0.2	3.6
Head Office			(2.2)	
	45.3	100	4.5	100

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## Interim 2012 in review

- 4% organic revenue growth in a mixed global recovery
- Full year profits before restructuring anticipated to be modestly ahead of management expectations
- Digital transition progressing, some bumps which are being addressed
- 10% dividend growth reflects management continuing confidence in future returns

## Outlook

- New business pipeline is encouraging, especially digital services
- Currency impact remains a factor, mainly £/\$
- Continued organic investment in digital

# APPENDIX

# Next Fifteen – investor snapshot

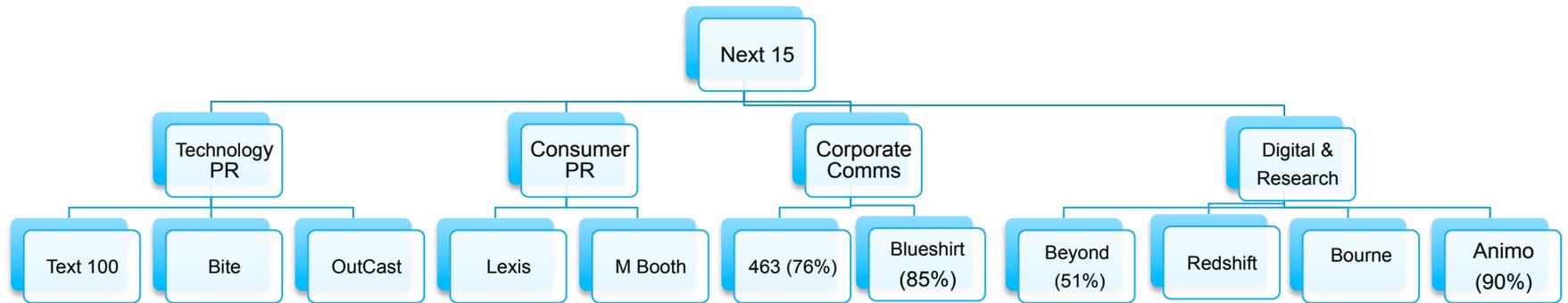
- **What we do** – Provide PR and communications services designed to enable progressive brands to influence buyer behaviour using digital channels.
  - **Our belief** – Digital has become the most important channel for influencing buyer behaviour but is still in its relative infancy as an industry
  - **Growth beyond Technology PR** - Current revenue split: Tech PR 66%, Consumer PR 17%, Pure digital & Research consultancy 10% and corporate communications 7%.
  - **Global network, based in US** - Strong base in San Francisco with global network of 51 offices in 18 countries. More than 50% of revenue and profit from US and less than 21% from UK.
  - **Material client relationships** - Top 10 clients account for circa 28% of revenue, but none more than 6%, 17 clients generated more than £1m of revenue in FY11.
  - **Both organic and acquisitive growth** - Group revenue increased by over 50% since 2006, driven by both good levels of organic growth and acquisitions.
  - **Modest gearing** – Net debt of £4.4m at 31 January 2012.
  - **Respected management team** – Long-serving, experienced team based in US and UK.
- ✓ *A digital communications group advantaged by its technology client base, US exposure and culture, poised for step change in growth and scale*

# Key clients, material relationships



- Next Fifteen's top 10 clients represent around 28% of group revenue in first half FY12 (FY11: 30%)
- Half of top 10 clients held for more than 5 years
- 17 clients generated revenues over £1m per annum in FY11

# Group Structure



global public relations

TEXT100

The OutCast Agency

bite



The Blueshirt Group



beyond

bourne

animo

# Recent trading history

Item	2008	2009	2010	2011
Revenue	£63.1m	£65.4m	£72.3m	£86.0m
Adjusted profit before tax	£6.58m	£5.25m	£6.61m	£8.39m
Adjusted profit before tax margin %	10.4%	8.0%	9.1%	9.8%
EBITDA	£7.4m	£5.5m	£8.4m	£10.7m
Net cash from operating activities	£8.5m	£4.8m	£5.1m	£8.8m
Adjusted diluted EPS	8.51p	6.46p	7.53p	8.74p
Dividend per share	1.7p	1.7p	1.85p	2.05p

# Contingent consideration and minority interests

## Prospective cash commitments : 2013 – 2016

Cash commitments	£m
FY 2013	1.7
FY 2014	3.8
FY 2015	4.5
FY 2016 and beyond	7.5

- The 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 discretion. This could add a further £3.6m cash consideration over the next six years.

# Office locations

## US

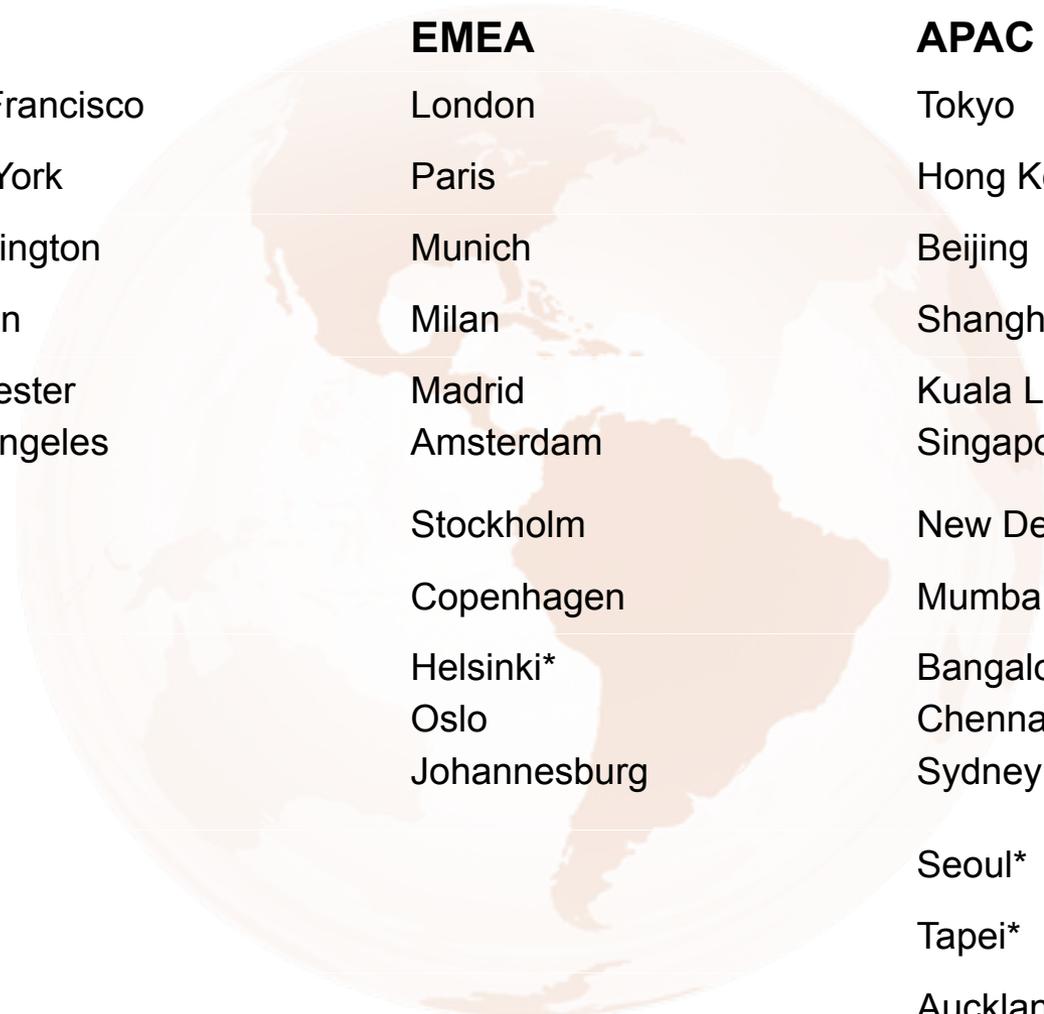
San Francisco  
New York  
Washington  
Boston  
Rochester  
Los Angeles

## EMEA

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

## APAC

Tokyo  
Hong Kong  
Beijing  
Shanghai  
Kuala Lumpur  
Singapore  
New Delhi  
Mumbai  
Bangalore  
Chennai  
Sydney  
Seoul\*  
Tapei\*  
Auckland\*



\* Licensed partners

**END**