

# **NEXT15**

TECHNOLOGY DRIVEN MARKETING  
INTERIM RESULTS – SEPT 2016

Next Fifteen Interims – SEPT 27 2016

# FINANCIAL SUMMARY

- Revenue up **30.3%** to £80.5m (2015: £61.8m)
- Organic\* revenue growth of **12.8%** (US organic revenue growth **17.2%**)
- Headline\*\* EBITDA up **50.6%** to £12.8m (2015: £8.5m)
- Headline operating profit margin up to **13.8%** from 11.7%
- Headline pre tax profits up **47.2%** to £10.6m (2015: £7.2m)
- Interim dividends up **25%** to 1.5p (2015: 1.2p)
- Net debt of £12.2m (2015: £8.9m)

---

\*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

- US continues to drive growth with **organic growth of 17.2%** and total growth of 27% to £50.7m (2015: £39.9m)
- UK revenues grew **56%** to £20m (2015: £12.8m) with margin up to **17.8%** (2015: 11.5%) thanks to acquisitions and operational improvements
- UK portfolio action within last 12m – ODD, Morar / Redshift, Publitek and Twogether. Investment in Phrasee
- APAC delivered **organic growth of 6.6%** and saw margins improve to 13.5% (13.2% in 2015)
- EMEA delivered **4% organic growth** having declined 9% in same period last year.
- Key client wins in the period include Tesco, Softbank and Johnson & Johnson

# DRIVERS

- Embed technology into our work
- Work with high growth companies
- Focus on key geographies
- Acquisitions with US growth potential
- Simple incentive schemes

# PUBLITEK

- A digital content marketing agency that specialises in semiconductor and electronics markets
- Delivering strong operating margins thanks to innovative business model for content creation/delivery
- Expanding to the US market in October 2016
- Delivered profits of £1.1m in H1, since acquisition.

# PINNACLE

- Opportunity to acquire a complementary business to Publitek, which will be managed as one business
- Brings succession plan and strengthens overall management team
- In the 12 months to June 2016 EBIT was £1.2m
- Acquisition values business at £6.8m
- Initial consideration of £4.4m
- Further consideration due in 2019 and 2021
- The Publitek earnout will be aligned with Pinnacle resulting in an early payment to Publitek of £1.7m

# FINANCIAL REVIEW

# INCOME STATEMENT - HEADLINE RESULTS

£M	H1 2017	H1 2016	GROWTH %
Revenue	80.5	61.8	30.3%
EBITDA	12.8	8.5	50.6%
Operating profit	11.1	7.2	54.2%
<i>Operating margin</i>	13.8%	11.7%	
PBT	10.6	7.2	47.2%
Tax	(2.3)	(1.6)	
Minorities	(0.2)	(0.4)	
Retained Profit	8.1	5.2	55.8%
Diluted EPS	10.5	7.3	43.8%
Interim dividend	1.5	1.2	25.0%



# REGIONAL BREAKDOWN

	Revenue H1 2017 £M	Operating Profit £M	Margin H1 2017	Margin H1 2016	Organic Growth	Margin comments
US	50.7	10.1	20.0%	20.9%	17.2%	Continued doubled digit organic growth and 20%+ margins
UK	20.0	3.6	17.8%	11.5%	2.9%	Significant margin improvement driven by acquisitions and operational improvements
APAC	6.5	0.9	13.5%	13.2%	6.6%	Continued improvements from rationalization of brands
EMEA	3.3	0.2	4.8%	(3.5)%	4.0%	Return to profit and organic growth
<b>Total</b>	<b>80.5</b>	<b>11.1</b>	<b>13.8%</b>	<b>11.7%</b>	<b>12.8%</b>	

# CASH FLOW STATEMENT

£M	H1 2017	H1 2016
Inflow from op activities	11.9	8.6
Working capital	3.5	0.1
<hr/>		
Net inflow from operations	15.4	8.7
Tax	(0.7)	(1.3)
Net capex	(6.8)	(3.0)
Acquisitions	(12.6)	(8.1)
Share placings	-	4.3
Other financing activities	(1.0)	(0.7)
Exchange gain on cash held	0.1	(0.3)
<hr/>		
Increase in net debt	(5.6)	(0.4)
Net debt	12.2	8.9
<hr/>		
Net debt as a % of EBITDA (for prior 12 month period)	51.9%	53.3%
<hr/>		

# CASH COMMITMENTS

	31 Jul 16 £M	Payments £M	Revised Publitek & Pinnacle	27 Sep 16 £M
FY 2017	2.7	(0.5)		2.2
FY 2018	5.0			5.0
FY 2019	3.5			3.5
FY 2020	4.0		0.6	4.6
FY 2021	1.6			1.6
FY 2022	5.1		0.7	5.8
<b>Total</b>	<b>21.9</b>	<b>(0.5)</b>	<b>1.3</b>	<b>22.7</b>

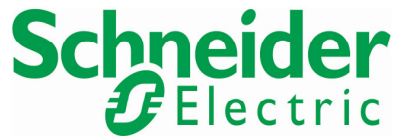
# CONCLUSION

## summary of the results

- Revenue up **30.3%** to £80.5m
- Organic growth of **12.8%**
- Headline EBITDA up **50.6%** to £12.8m
- Headline operating profit margin up to **13.8%**
- Headline pre tax profits up **47.2%** to £10.6m
- Dividends up **25%** to 1.5p
- Net debt of £12.2m

- **Strong start** to new financial year helped by recent investments
- Selective acquisition and investment projects
- Dividend progress to be maintained
- Beneficiary of Brexit, naturally hedged as 82% of profits are generated outside UK & EMEA.

# APPENDICES



Data as at Jul 2016

# 2017 ADJUSTMENTS BREAKDOWN

£M	H1 2017	H1 2016
Adjusted pre tax profits	10.6	7.2
Deal costs	(0.2)	(0.2)
Share based payments	(1.9)	(1.1)
Unwinding of discount and change in estimate of earnout liabilities	(2.0)	(0.5)
Amortisation of acquired intangibles	(2.3)	(1.2)
Reported profit before tax	4.2	4.2

# OUR 5YR GROWTH 2011 – 2016

73%

REVENUE GROWTH

117%

INCREASE IN EBITDA

GOOGLE/  
ALPHABET

10% OF GROUP REVENUE

130%

DILUTED EPS GROWTH

49%

INCREASE IN EBITDA  
PER STAFF

35%

INCREASE IN NUMBER OF  
CLIENTS WITH FEES GREATER  
THAN \$1M

46%

INCREASE IN HEADCOUNT

29%

INCREASE IN AVERAGE CLIENT  
YIELD

*12 months to July 2016 vs 12 months to Jul 2011 except where stated,*