



# Interim results 2011

April 5<sup>th</sup> 2011

# Agenda

- Highlights
- Client review
- Industry update
- Financials
- Summary
- Appendices

# Highlights

- Organic\* growth of 7%
- The US, 53% of revenues, is the engine of this growth driven by : -
  - an improving US economy; and,
  - early returns from the group's digital investment and initiatives
- Acquisitions of Blueshirt and Type 3 performing well
- Digital investments begin to show returns
- Integrated approach to clients with strong digital component

*\*Organic growth compares H12011 with H12010 and excludes acquisitions and changes in foreign exchange rates*

# Financial headlines

- Revenue: £40.8m up by 19% (2010: £34.2m)
- Headline profit: £3.69m up by 62% (2010: £2.28m)
- PBT: £2.49m up by 19% (2010: £2.08m)
- EBITDA: £4.5m up by 26% (2010: £3.6m)
- Diluted adjusted EPS: 3.63p up by 36% (2010: 2.66p)
- Interim dividend: 0.515p up by 8.4% (2010: 0.475p)

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# Sector focus

Quoted PR group	Largest client group	% of group revenues	Organic growth calendar 2010
Next Fifteen	Technology	73%	7.0% <sup>(1)</sup>
Next Fifteen	Technology	73%	3.2% <sup>(2)</sup>
Huntsworth	Pharma and healthcare	36%	- 0.7% <sup>(3)</sup>
Chime	Governments/ public bodies	21%	0.0% <sup>(4)</sup>

Notes: (1) 6m to January 2011, (2) 12m to January 2011, (3) calendar 2010, (4) PR division, calendar 2010

- PR agencies are impacted by the health of the industries they serve
- Next Fifteen has benefited from an active technology sector worldwide
- Next Fifteen is based in the geography of its key client group

# Key clients, material relationships



Microsoft



EMC<sup>2</sup>

lenovo

YAHOO!

facebook



NXP

salesforce.com



vmware

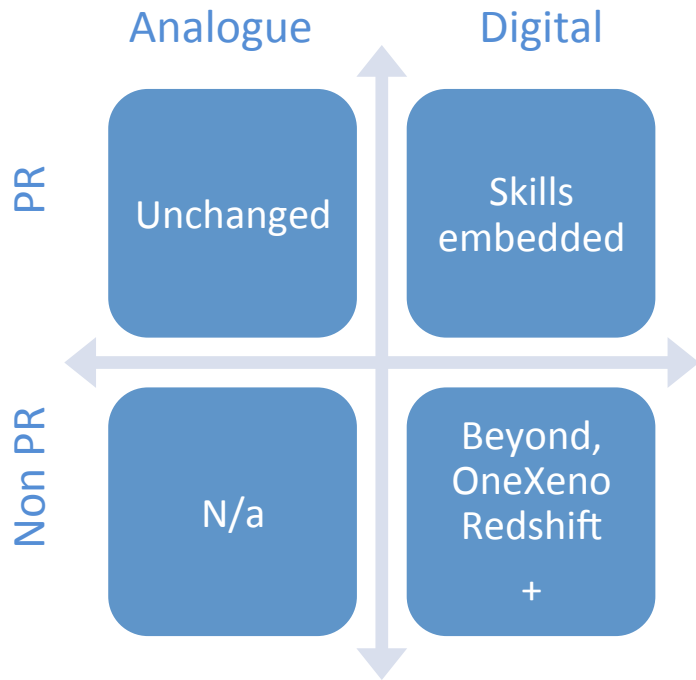


- Next Fifteen's top 10 clients represent 31% of group revenue in H1 2011
- 2 are non tech clients
- More than half top 10 clients held for more than 5 years
- 17 clients generating revenues over £1m per annum (was 13 in 2010 H1)

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# The Next Fifteen digital approach



## Philosophy

- Group-wide digital skills in PR embedded in the agencies
- Beyond, OneXeno, Redshift provide specialist (digital, non PR) expertise
- Learn from our clients and spread best practice

## Objective

- Add higher-value services across group,
- Address faster growth markets, and
- Thereby improve organic growth

## General

- ✓ Not limit ourselves, in terms of clients, projects or remuneration, to that of PR in analogue media
- ✓ Become more relevant to clients and ultimately redefine the group

# PR industry update

## Search

Search results for 'iPad' showing various product listings, news articles, and local information. Key results include 'Buy from FTS - Buy New Apple iPad at Low Prices', 'Free Delivery of Collet at Store', '95% Off New Apple iPad', and 'Apple iPad 16GB sold for £25.99'.

## Content

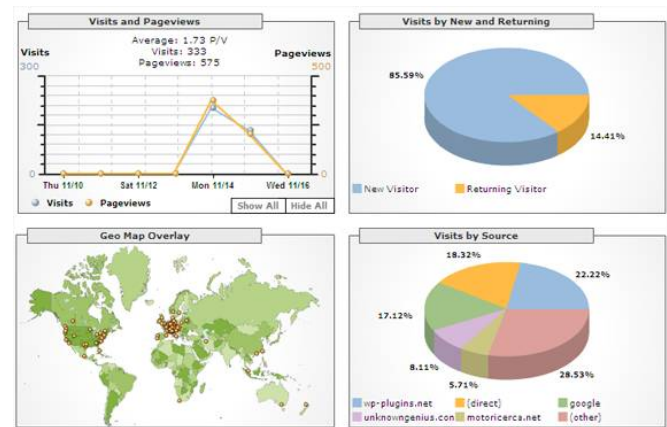
AD BLITZ website interface showing a grid of video thumbnails for Super Bowl commercials. The header includes the text 'WATCH, VOTE & SHARE YOUR FAVORITE 2010 SUPER BOWL COMMERCIALS.' and a call to action 'CLICK ON A VIDEO BELOW: VOTE FOR YOUR FAVORITE COMMERCIALS'.



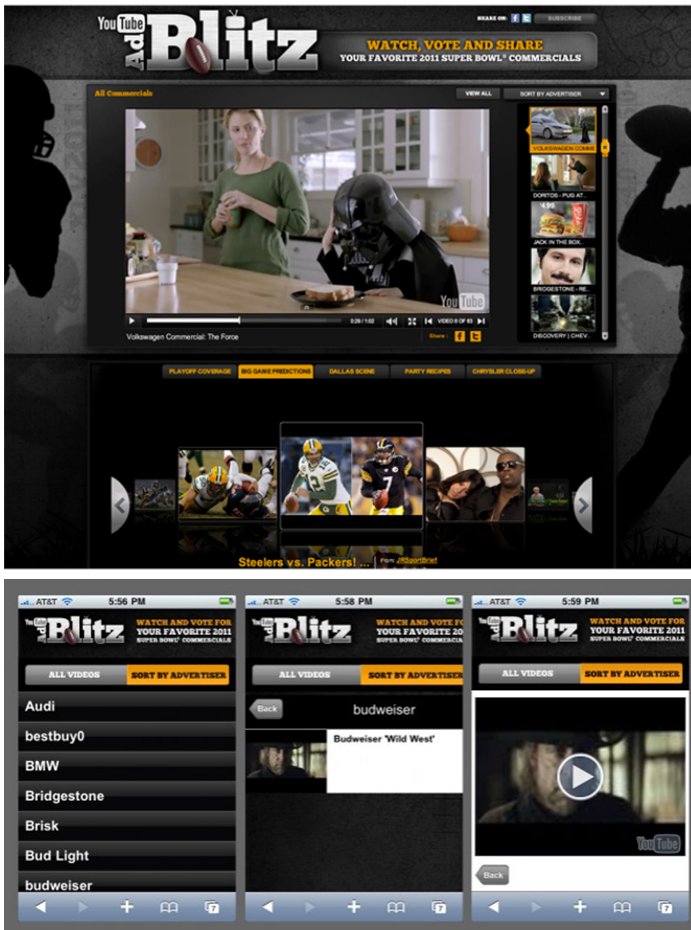
## Community

Screenshot of the IBM Facebook community page. The page shows the IBM logo, a search bar, and a description of the community's goal: 'Our goal is to make this Community Page the best collection of shared knowledge on this topic.' It also features a 'Description' section about IBM's history and a 'Related Posts by Friends' section.

## Data

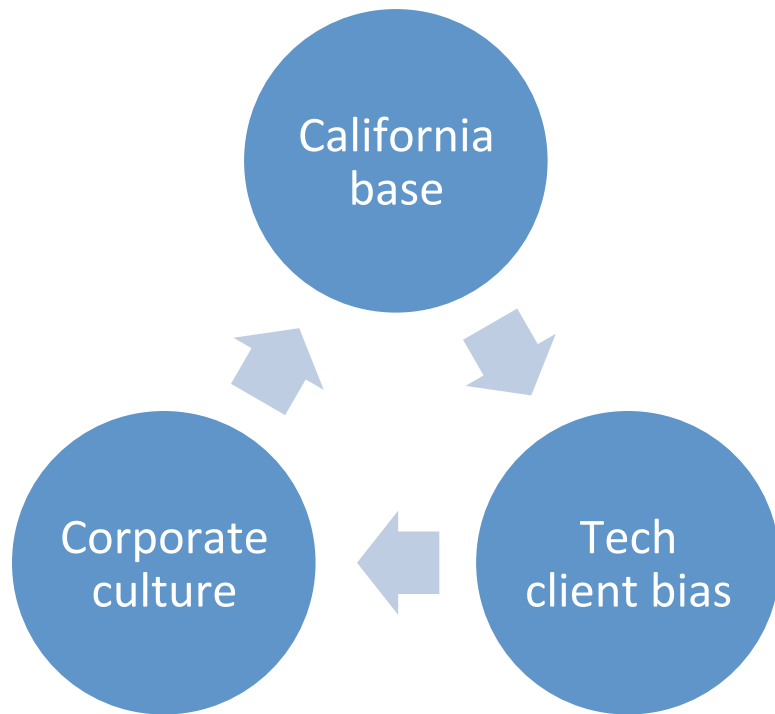


# Next Fifteen digital impact now



- Beyond designed a custom video gallery for viewing the ads on web , mobile, and GoogleTV
- Consumers could vote on their favorite ad, they were then automatically ranked by “most votes”
- There were 55.7MM Video Views within the first two days with 10% of those coming in from mobile
- This was the first ever YouTube campaign built two work across web, mobile and TV

# Next Fifteen's digital advantage



- California is home to more internet businesses of scale than anywhere else in the world
- Next Fifteen's tech client base have been early adopters of the internet and social media from a marketing perspective....
- ...and digital is already boosting client yields in US
- Our corporate culture is led by our clients and is more technology than PR

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# Income statement

	FY 11 H1	FY 10 H1	Growth
	£m	£m	%
Billings	50.1	42.7	17
<b>Revenue</b>	<b>40.8</b>	<b>34.2</b>	<b>19</b>
Adj Operating profit	3.9	2.5	58
Adj Operating margin	9.6%	7.2%	
<b>Profit before tax</b>	<b>2.5</b>	<b>2.1</b>	<b>19</b>
<b>Adjusted Profit</b>	<b>3.7</b>	<b>2.3</b>	<b>62</b>
Tax	(0.7)	(0.6)	
Retained profit	1.7	1.5	
Dividend	0.515p	0.475p	8
<b>Basic EPS</b>	<b>2.79p</b>	<b>2.58p</b>	<b>8</b>
<b>Diluted adjusted EPS</b>	<b>3.63p</b>	<b>2.66p</b>	<b>36</b>

# Balance sheet

	FY 11 H1	FY 10 H1
	£m	£m
Intangible assets	34.1	27.8
Office equipment	2.6	2.0
Other non-current assets	2.7	2.3
Current assets	31.8	28.3
Non-current liabilities	(9.8)	(13.0)
Current liabilities	(33.8)	(20.9)
<b>Net Assets</b>	<b>27.7</b>	<b>26.4</b>
Share Capital	1.4	1.4
Reserves	25.1	25.2
Own shares	(0.7)	(1.2)
Minorities	1.9	1.0
<b>Total Equity</b>	<b>27.7</b>	<b>26.4</b>
Net debt	2.7	1.4

# Cash flow

	FY 11 H1 £m	FY 10 H1 £m
Inflow from operating activities	4.9	3.7
Working capital items	0.3	(0.8)
Net inflow from operations	5.2	2.9
Taxation	(1.8)	(0.7)
Net capital expenditure	(1.0)	(0.5)
Acquisitions	(4.3)	(4.4)
Own shares	0.1	-
Interest	(0.2)	(0.2)
Minority dividends	(0.1)	(0.1)
Financing – bank loan	2.8	1.8
- hire purchase	(0.1)	(0.1)
<b>Increase/(decrease) in cash</b>	<b>0.6</b>	<b>(1.3)</b>



# Acquisition finance

- Net debt is £2.7m at 31 January 2011
- Expected contingent consideration payable in next 12m is £3.5m
- Expected consideration payable 2012-2014 is £8.8m
- £5m increased bank facilities negotiated to 2014, taking facility to £16m

# M&A – adding value

M Booth key data	Changes in first 18m of NFC ownership
Staff	+22%
Clients over \$0.5m	From 6 to 8
Revenues	+28%
EBIT margin	From <15% to >20%

- M Booth & Associates acquired for estimated \$15.25m (incl performance related payments) in August 2009
- A New York- based consumer PR agency, it is Next Fifteen's largest acquisition to date
- Strong gains in revenues and margins after first 18m of ownership
- New client gains from active intra group collaboration (especially Beyond in digital)

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# Summary

## **H1 2011 in review**

- Results ahead of expectations in another record year
- 7% organic growth boosted by digital activities and US
- Adding value to key acquisitions in digital and outside tech base

## **Outlook**

- US market recovery continues to outpace UK/ Europe
- Tech sector remains resilient
- Digital pipeline is encouraging

# Appendix

# Next Fifteen – investor snapshot

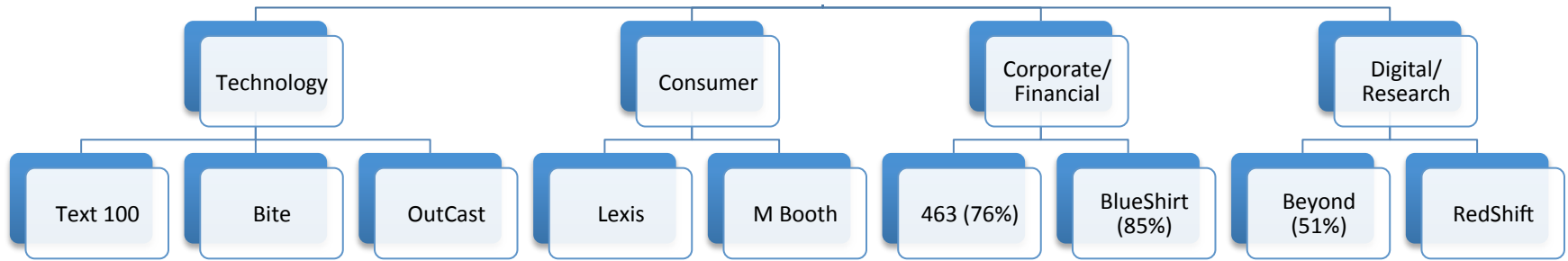
- Tech focus with consumer practice
- CEO based in San Francisco, 48 offices in 19 countries
- 5 distinct PR brands (Bite, Text 100, Outcast, M Booth, Lexis)
- Other businesses in Investor relations, Policy communications, Digital and Research
- Top 10 clients account for 31% of revenue
- Good levels of organic revenue growth supplemented with acquisitions
- Respected management team

# Recent trading history

Item	2007	2008	2009	2010
Revenue	£59.3m	£63.1m	£65.4m	£72.3m
Adjusted profit before tax	£5.58m	£6.58m	£5.25m	£6.61m
Adjusted profit before tax margin %	9.4%	10.4%	8.0%	9.1%
EBITDA	£7.2m	£7.4m	£5.5m	£8.4m
Net cash from operating activities	£5.2m	£8.5m	£4.8m	£5.1m
Diluted adjusted EPS	6.98p	8.51p	6.46p	7.53p
Dividend per share	1.5p	1.7p	1.7p	1.85p

# Group Structure

nextfifteen  
communications group



global public relations  
TEXT100

The OutCast Agency

bite

lexis

M BOOTH  
& ASSOCI  
ATES, INC.  
PUBLIC RELATIONS COUNSEL

463  
COMMUNICATIONS

The Blueshirt Group

beyond

redshift  
research

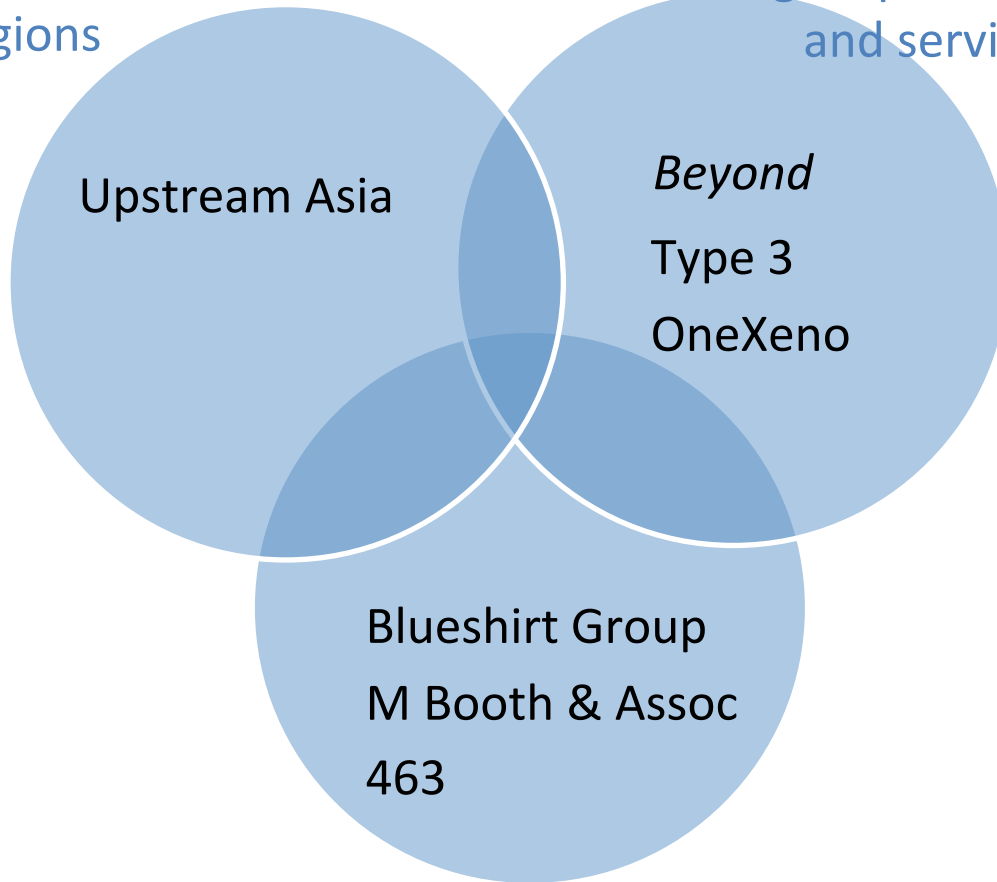
nextfifteen  
communications group



# Business development

Fast growth regions

Digital products and services



Consumer/non tech agencies

- Acquisitions from Q409 categorised into 3 types – common objective to boost growth
- Names in bold are in the last 6 months
- Names in italics are new brands from internal resources
- £4.3m spend in the period
- £10.6m spend in the last 24 months

# Performance indicators

	<b>FY 11 H1</b>	<b>FY 10 H1</b>
• Staff cost to revenue (%)	68.9	69.5
• Adjusted profit before tax margin (%)	9.1	6.7
• Net cash from operating activities (£m)	4.9	3.7
• EBITDA (£m)	4.5	3.6
• Operating profit by segment (£m)		
– Technology PR	3.9	3.5
– Consumer PR	1.5	1.1
– Digital/Research consultancy	0.3	0.1
– Corporate Communications	0.3	0.3

# EPS & dilution

- 6.2m shares (11% of shares in issue) held as incentive shares to employees currently expected to vest following the improved trading performance
- 2.5m shares expected to be issued as contingent consideration on acquisitions
- The dilution impact is 13.8%.

# Office locations

## US and Canada

San Francisco

New York

Washington

Boston

Rochester

Los Angeles

Toronto

## 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

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