



NEXT15

Preliminary results 2011

October 18th 2011

Highlights

Client review

Strategic update

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2011 highlights

- Organic* revenue growth of **11%** despite volatile financial markets
- New clients GE, Nokia, Disney Consumer Products, Broadcom, OpenTable, Zynga, Informatica, Solazyme, Lytro
- US remains strong with revenue up **21%**, representing 52% of group revenue
- Over **75%** of new business includes digital initiatives
- Acquisitions in Investor Relations and Digital broaden growth base
- Board and company now designed for next phase of growth

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

Financial headlines

Another strong year of record revenue and adjusted profit

- Revenue **up 19%** to £86.0m (2010: £72.3m)
- Adjusted PBT **up 27%** to £8.4m (2010: £6.6m)
- EBITDA **up 27%** to £10.7m (2010: £8.4m)
- Diluted adjusted EPS **up 16%** to 8.74p (2010: 7.53p)
- Dividend **up 11%** to 2.05p (2010: 1.85p)
- Net debt of £1.6m

Well-managed growth

Item / £m	FY 2011	FY 2006
Revenues	86.0	56.0
Adjusted PBT	8.4	4.4
EBITDA	10.7	5.3
Diluted adj EPS (p)	8.7	5.0
Dividend (p)	2.05	1.37
Net debt	1.6	1.4

Compared with 2006 : -

- Revenues have grown by over 50%
- Adjusted PBT has almost doubled
- EBITDA has doubled
- Diluted adjusted EPS increased by 75%
- Dividend increased by 50%
- Net debt has remained the same

The last five years has seen a step change in the group's scale and profitability without excessive leverage

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Sector focus

Quoted PR group	Largest client group	% of group revenues	Organic growth
Next Fifteen	Technology	69%	11.0% ⁽¹⁾
Next Fifteen	Technology	69%	11.0% ⁽²⁾
Huntsworth	Pharma and healthcare	36%	1.6% ⁽³⁾
Chime	Governments/ public bodies	21%	-5.0% ⁽⁴⁾

Notes: (1) 12m to July 2011, (2) 6m to July 2011, (3) 6m to June 2011, (4) PR division, 6m to June 2011

- Organic growth now includes key digital business, Beyond
- Relative to its peers, Next Fifteen has benefited from its digital performance and resilient tech markets
- ...and avoided weaker Government/ public sector clients

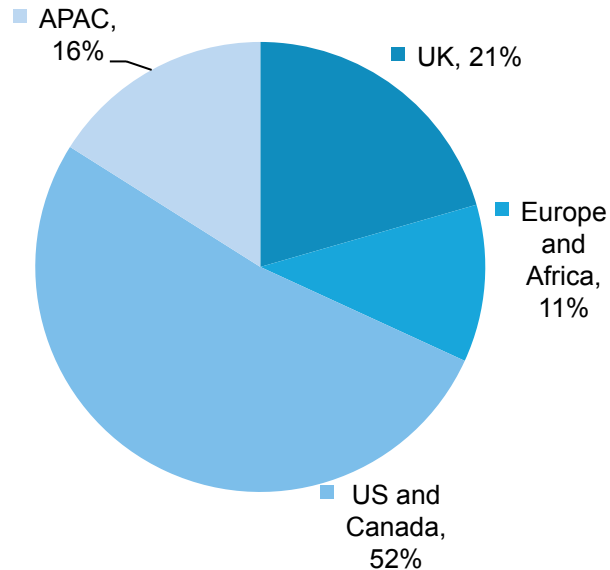
Key clients, material relationships



- Next Fifteen's top 10 clients represented 30% of group revenue in FY 2011 (2010: 32%)
- 2 are non-tech clients
- Half of top 10 clients held for more than 5 years
- 17 clients generated revenues over £1m per annum in FY 2011 (was 13 in 2010)

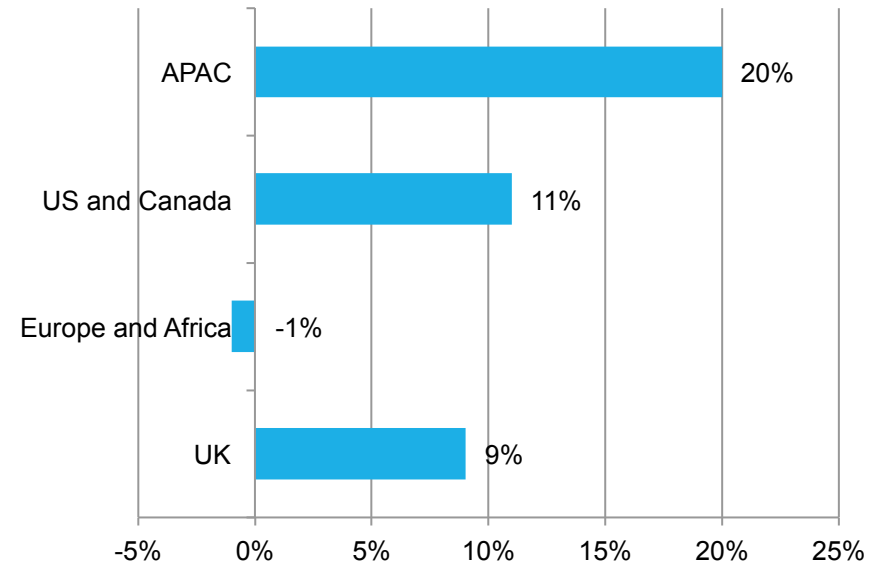
Positioned for growth

Revenue contribution by geography 2011



- North America and APAC now account for 68% of the group by revenue, growing at over 11%

Organic growth* rate by geography 2011



*Organic growth excludes the impact of currencies and acquisitions

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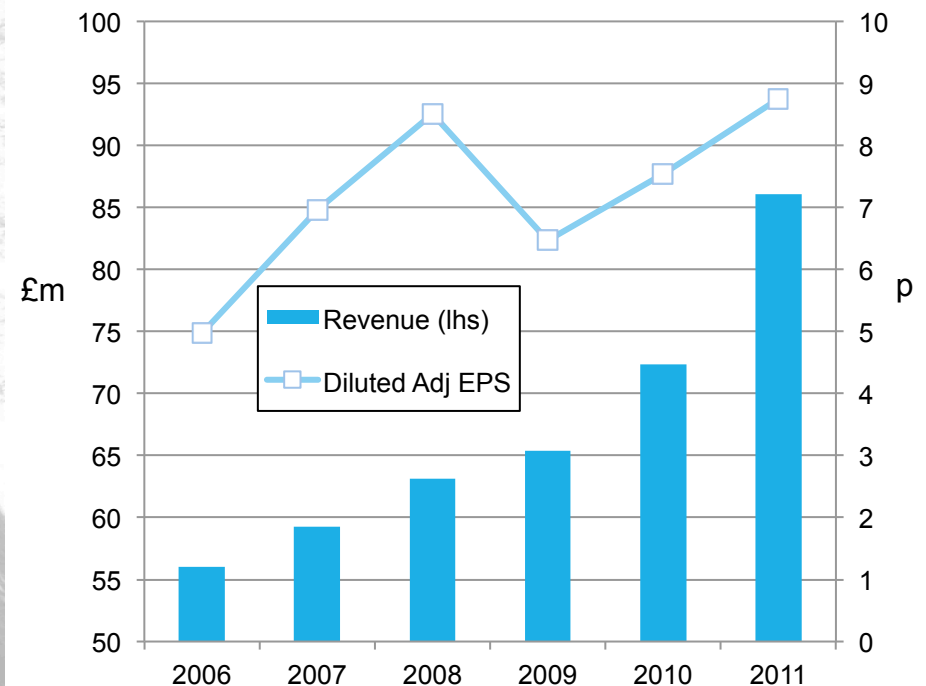
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Strategy

- To lead and capitalise on the change from analogue persuasion to digital influence
- To apply this expertise in fast growth sectors and geographies
- To continuously evolve higher value services and become more relevant to clients
- To generate attractive returns for all stakeholders

Growth in revenue and diluted adjusted EPS between 2006 and 2011



New board members

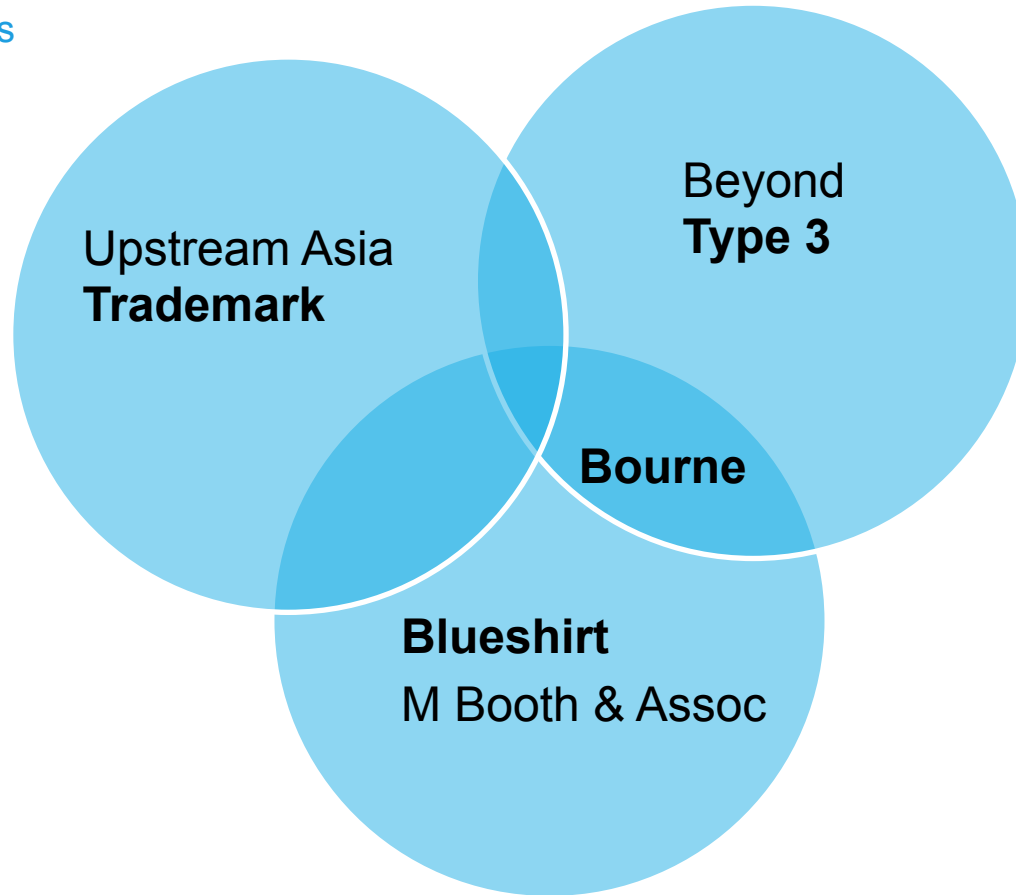
- **Richard Eyre** (Ch) - Internet Advertising Bureau, ex-RDF, Pearson Television, ITV, Capital Radio and Bartle Bogle Hegarty
- **Alicia Lesniak** (NED) – Channel 4, ex-Aegis, WPP, BBDO
- **Margit Wennmachers** (NED) – Andreesen Horowitz (Silicon Valley VC), ex-Outcast Agency and Blanc & Otus

A balance of experience to help the group grow in the digital communications era

Business development

Fast growth regions

Digital products and services



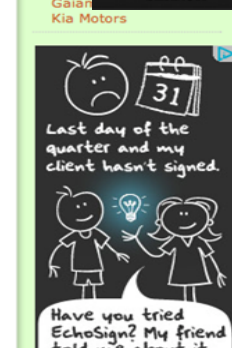
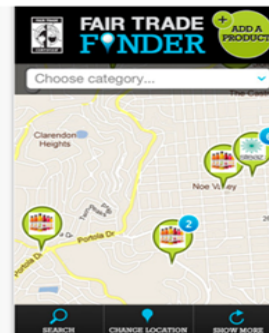
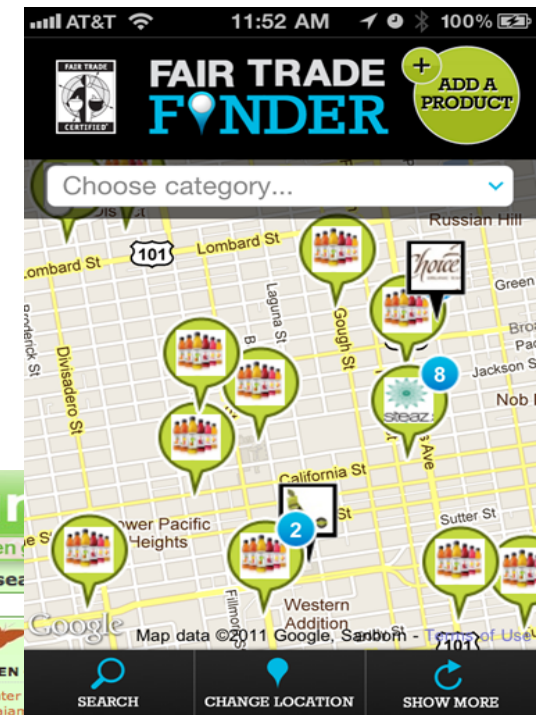
Consumer/non tech PR agencies

- Key acquisitions since Aug 2009 categorised into 3 types, driven by strategy
- Names in bold were acquired over the last 12 months
- £6.1m* spend in FY2011
- £11.6m* spend in the last 26 months

**includes earnout payments for acquisitions in prior periods*

Digital impact now

- Digital now included in 75% of new business initiatives
- Digital competence is key pitch criteria
- Recent work includes multi platform content for Fair Trade client





- **New Next 15 agency** helping businesses use mobile as a marketing channel
- **Mobile now a primary platform for marketing** to customers and communities, changing consumer brand preference and behaviour:
 - Smartphone + tablet sales now exceed PC sales for first time
 - 50% of new internet connections now from mobile
 - Mobile marketing spend growing at least 40% CAGR to 2015
 - Uniquely complex, competitive and dynamic market that requires specialist insight and approach to marketing
- **Animo's mobile marketing offering** combines deep consumer insight research, mobile industry knowledge and digital execution
- **Core team** led by MD Hugo Brailsford, ex-Weber Shandwick EMEA Head of Mobile, with 12-year agency mobile experience including Microsoft and Samsung, plus Next 15 digital and research insight experts
- **Launching 18th October 2011, www.animoagency.com**

Targets for 2013

Item	By 2013	FY 2011
Revenues from APAC	20%	15%
Revenues from outside technology PR base	40%	31%
New healthcare business	To be acquired or created	n/a
Operating profit margins pre Head Office costs	17.5%	14.8%
Revenue scale	£110m incl. £20m from acquisitions	£86m incl. £4m from FY2011 acquisitions

- We have made good progress against the growth targets set out at the end of FY 2010
- Further work to do on margin improvement

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Income statement

£m	FY 2011	FY 2010	Growth/ %
Billings	105.2	91.2	15
Revenue	86.0	72.3	19
Operating profit	8.0	6.5	23
Adjusted PBT	8.4	6.6	27
Tax	(2.3)	(1.6)	
Retained profit	5.3	3.7	
Basic EPS	9.1p	6.8p	35
Diluted adj EPS	8.7p	7.5p	16
Dividend	2.05p	1.85p	11

Cash flow

£m	FY 2011	FY 2010
Inflow from op activities	11.1	8.9
Working capital	0.3	(2.3)
Net inflow from ops	11.4	6.6
Tax	(2.6)	(1.5)
Net capex	(2.0)	(1.5)
Acquisitions	(6.0)	(4.0)
Own shares	0.1	0.1
Interest	(0.4)	(0.4)
Dividends	(1.0)	(0.9)
Minorities	(0.1)	(0.3)
Financing	1.7	1.9
Increase in cash	1.1	0.1
Net debt	1.6	0.9

Balance sheet

£m	FY 2011	FY 2010
Intangible assets	37.9	27.1
Non-current assets	6.4	4.8
Current assets	34.8	29.5
Non-current liabilities	(20.7)	(8.6)
Current liabilities	(26.1)	(25.2)
Net assets	32.3	27.6
Share capital	1.4	1.4
Reserves	28.1	26.1
Own shares	(0.5)	(0.9)
Minorities	3.3	1.0
Total equity	32.3	27.6
Net debt	1.6	0.9

← Includes present value of estimated future earnout commitments (equity and cash) of £15.3m

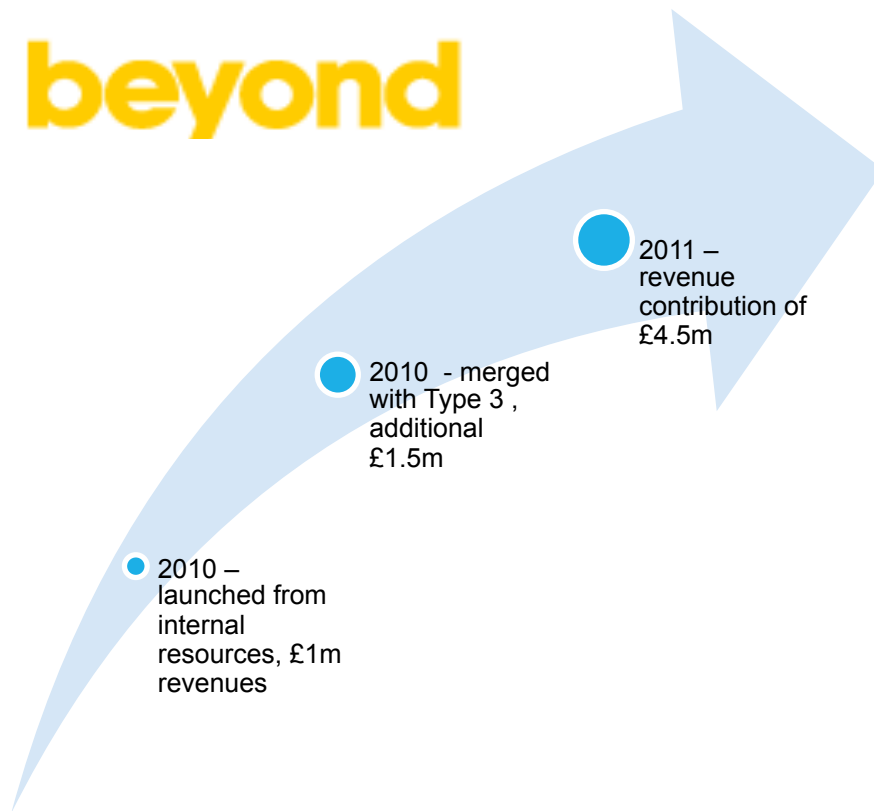
Segmental Revenue and Adj Operating Profit

£m	Revenue	%	Operating Profit	%
Technology PR	59.3	68.9	8.0	63.1
Consumer PR	16.1	18.7	2.9	22.6
Digital/Research	5.6	6.5	0.7	5.3
Corporate Communications	5.0	5.8	1.1	9.0
Head Office			(3.9)	
	86.0	100	8.8	100

Geographic Revenue and Adj Operating Profit

£m	Revenue	%	Operating Profit	%
US and Canada	45.1	52.5	8.7	68.3
UK	18.0	20.9	2.9	23.1
EMEA	9.7	11.3	0.9	6.7
APAC	13.2	15.3	0.2	1.9
Head Office			(3.9)	
	86.0	100	8.8	100

M&A example – creating value



- Beyond created by combining existing Next 15 consulting resources and an analytics business owned by Text 100
- In FY 2010 these businesses had revenue of £1m. In August 2010, Type 3 was acquired with a revenue run rate of £1.4m
- By combining these activities within a newly created digital agency called Beyond, the business achieved revenue of £4.5m in FY 2011.
- Run rate was over £5m p.a in Q4
- Client list includes Google, You Tube and Apple

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FY 2011 in review

- Results in line with expectations in a sluggish global economy
- Another year of strong organic revenue growth at 11% for the full year
- Double digit growth in diluted EPS and dividends
- Balance sheet remains robust
- Board and company now designed for next phase of growth

Outlook

- H2/ H1 encouraging in terms of organic growth, good start to FY 2012
- Tech sector remains relatively resilient but tech client is not immune
- Digital pipeline is encouraging
- Taking cautious line on currencies given \$ and Euro exposure
- Revenue scale now over 50% bigger than 5 years ago...but real digital impact remains prospective

APPENDIX

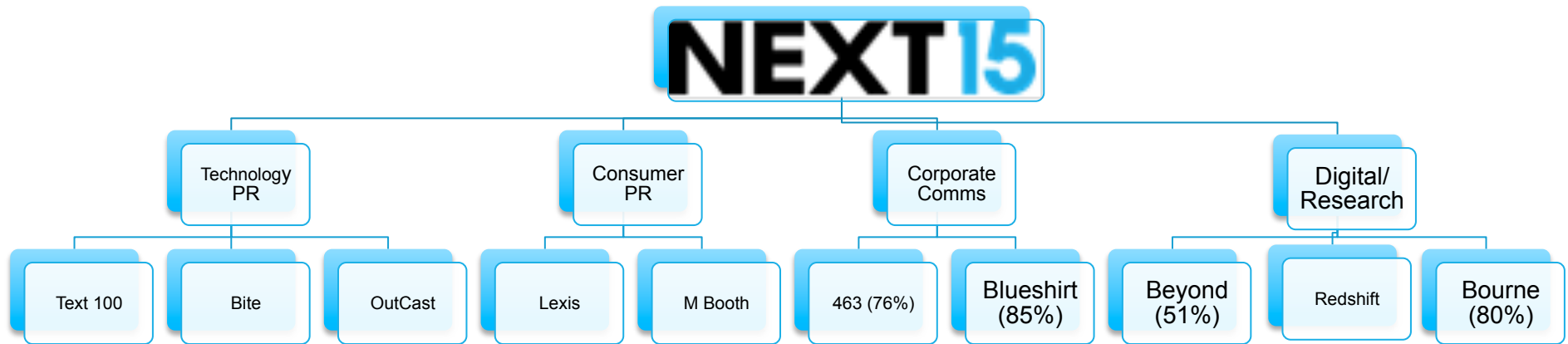
Next Fifteen – investor snapshot

- Digital communications group – more than just PR
- Current revenue split: Technology PR 69%, Consumer PR 19%, Digital & Research consultancy 6% and Corporate Communications 6%
- Strong base in San Francisco but global with 48 offices in 18 countries
- More than 50% of revenue and profit from US
- 21% revenue from UK, 15% from APAC and 11% from EMEA
- Top 10 clients account for around 30% of revenue, but none more than 5%
- Good levels of organic revenue growth supplemented with acquisitions
- Respected management team
- Business was a 2-person start-up in 1981
- New Non-Executive Board to help with growth ambitions

Recent trading history

	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

Group Structure



global public relations
TEXT100

The **OutCast** Agency

bite

lexis

M BOOTH
A COMMUNICATIONS COMPANY

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COMMUNICATIONS

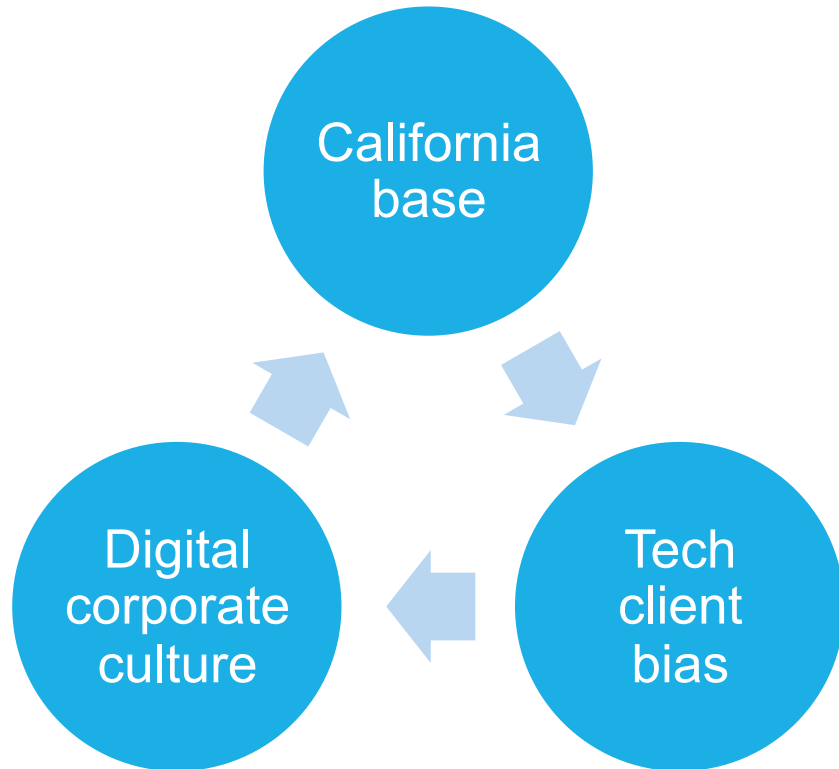
The **Blueshirt** Group

redshift
research

beyond

bourne

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

Performance indicators

	FY 11	FY 10
• Staff cost to revenue (%)	69.4	68.8
• Adjusted profit before tax margin (%)	9.8	9.1
• Net cash from operating activities (£m)	8.8	5.1
• EBITDA (£m)	10.7	8.4
• Operating profit by segment (£m)		
– Technology PR	8.0	8.1
– Consumer PR	2.9	2.4
– Corporate Communications	1.1	0.5
– Digital / Research consultancy	0.7	0.1
–		

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
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