

# NEXT15

INTERIM RESULTS – SEPTEMBER 29<sup>TH</sup>, 2020

# COVID & POST COVID

- Impact

- Group's strength in B2B tech and digitally native product offerings have insulated the Group from Covid impact
- Covid has accelerated digital and ROI-based shift in spend away from traditional ad spend
- ABM, Lead gen, certain data products, content marketing, agile dev and thought leadership in high demand

- Opportunity

- Use health of balance sheet to increase pace of acquisitions while maintaining low gearing
- Use growth in innovation consulting to drive growth in tech, data and brand
- New hybrid working model
- Investment in new software product solutions to customer challenges (Palladium, Planning Inc, Agent3)
- Embedded use of data in every business

- Learnings

- Being purpose-driven matters
- This is the time to make meaningful improvements to the business
- DE&I investments
- Targeted reductions in carbon footprint
- Select businesses moving to B Corp
- Internal focus is crucial to excellent customer delivery

# FINANCIAL SUMMARY

- Net revenue up **6%** to £126.2m (2019: £118.7m)
- Adjusted\* operating profit up **21%** to £21.2m (2019: £17.5m)
- Adjusted operating profit margin up to **16.8%** from 14.7%
- Adjusted pre tax profits up **20%** to £20.7m (2019: £17.2m)
- Diluted earnings per share increased by **14%** to 17.4p (2019: 15.2p)
- Net cash inflow from operations increased to **£31.5m** (2019: £19.3m)
- Organic\*\* revenue decline of **6.6%**
- Net debt of **£5.0m** (2019: £3.6m)

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\* Excludes the impact of acquisition related costs including share based payment charges, amortisation and certain other non-recurring items

\*\* Excludes the impact of currency changes, acquisitions and disposals

# CORPORATE PROGRESS

- Data and analytics now account for 19% of net revenues
- Key client wins include Mont Blanc, EY Global Consulting and Block One
- Investments include the acquisitions of CRE in July and Mach49 in August
- Review of property portfolio in light of significant movement to more flexible working environment post pandemic has led to on-going net annualised P&L benefits of £2.8m and £10.9m one-off impairment (details on slide 12)
- B2B agencies, such as Agent3 and Activate benefitted from clients' focus on short term revenue generation at the expense of long-term brand building and the fall-off in the live events industry
- B2C agencies seeing encouraging signs of a recovery of revenue having suffered from immediate Covid-19 related client deferrals
- Dividend payments expected to resume in 2021

# MACH49 ACQUISITION

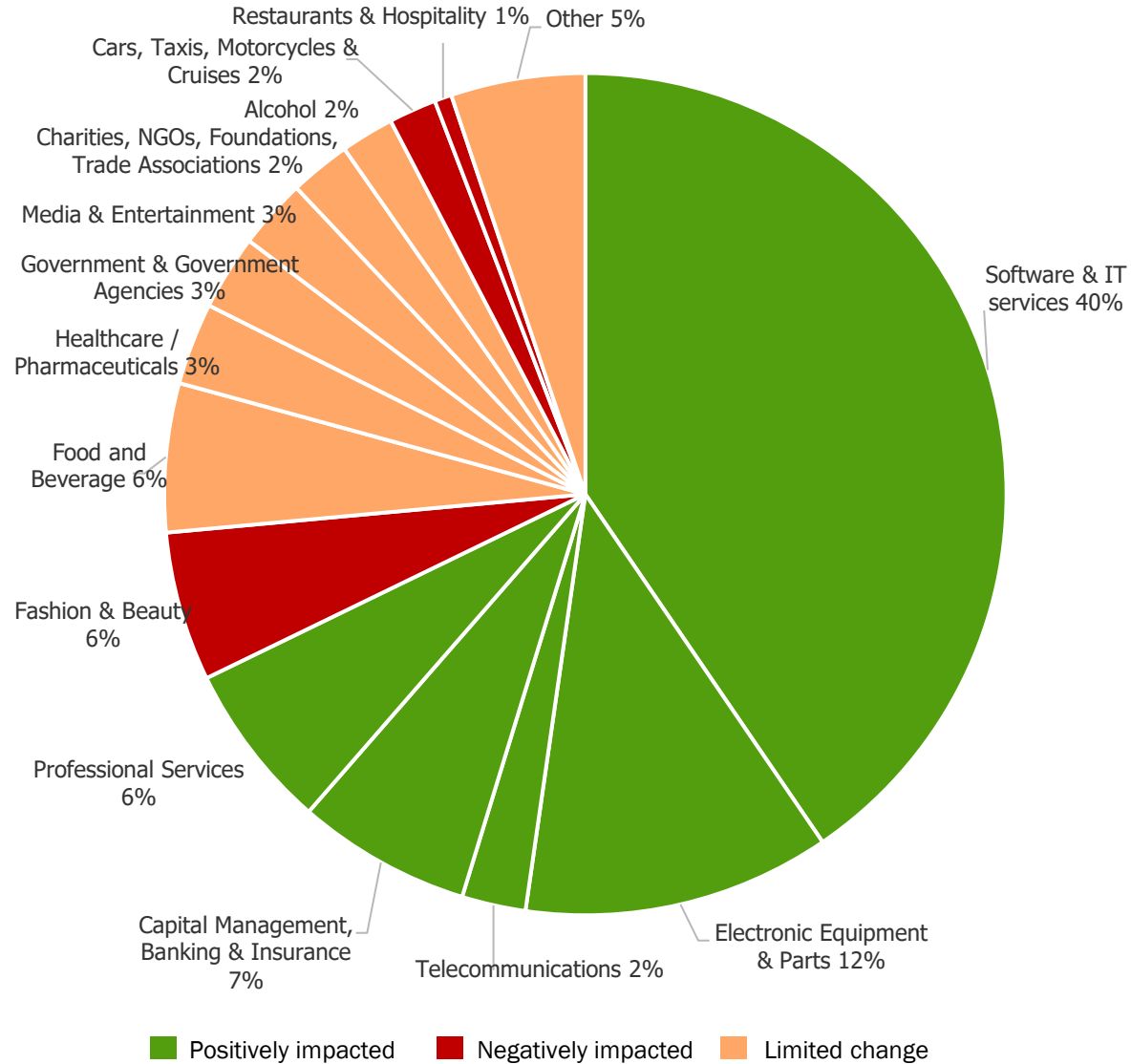
- Silicon Valley-based growth incubator for global businesses acquired in August 2020
- Becomes cornerstone of previously announced plan to create \$100m revenue innovation business
- Annual net revenues of approximately \$13m
- Clients include Schneider Electric, Pernod Ricard, TDK and Stanley Black and Decker

# CRE ACQUISITION

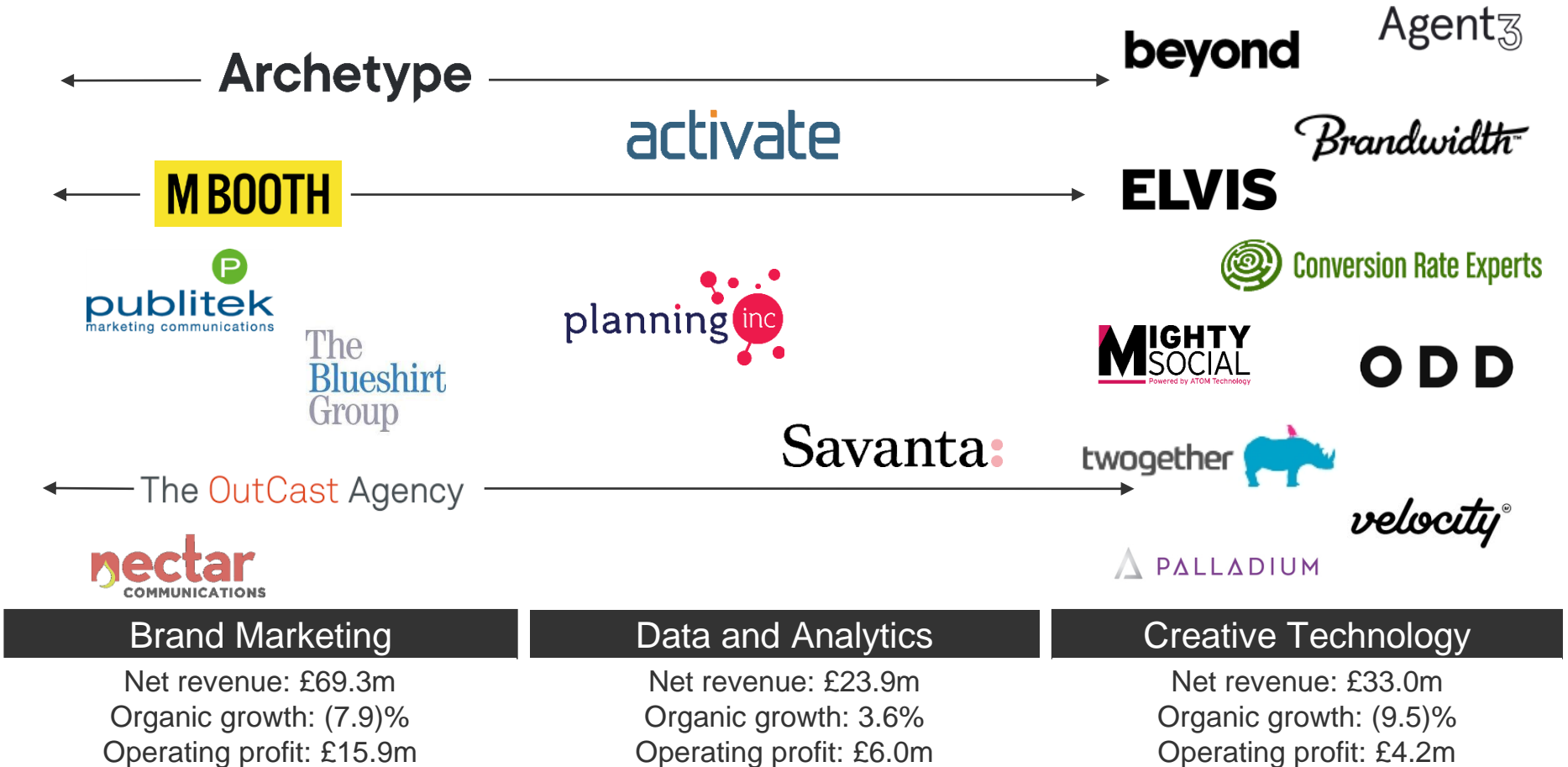
- Web optimisation (content and asset design) agency acquired in July 2020
- Opportunity to embed them into a large percentage of agency briefs
- Annual net revenues of approximately £3.6m
- Current and previous clients include Facebook, Google and Jamf

# COVID-19 IMPACT

- Sectors negatively impacted: Retail, Auto, Fashion/Beauty, Hospitality and travel
- Sectors positively impacted: B2B software, in particular cloud-based
- Service areas negatively impacted: Events, SMB programs,
- Service areas positively impacted: CX/DX, ABM, Lead gen, Content marketing



# OUR AGENCIES





# FINANCIALS

# INCOME STATEMENT – ADJ. RESULTS

£M	H1 2021	H1 2020	GROWTH %
Net revenue	126.2	118.7	6%
Operating profit	21.2	17.5	21%
Operating margin	16.8%	14.7%	
PBT	20.7	17.2	20%
Tax	(4.1)	(3.4)	
Minorities	(0.3)	(0.3)	
Retained profit	16.3	13.5	21%
Diluted EPS (p)	17.4	15.2	14%

# ADJUSTMENTS BREAKDOWN

£M	H1 2021	H1 2020
Adjusted pre tax profits	20.7	17.2
Restructuring	(2.0)	(2.1)
Property impairment	(10.9)	-
Deal costs	(0.2)	(0.3)
Share based payments	(0.2)	-
Employment related acquisition payments	(1.7)	(2.8)
Unwinding of discount and change in estimate of earnout liabilities	(1.8)	(3.7)
Amortisation of acquired intangibles	(7.3)	(5.4)
Reported (loss)/profit before tax	(3.4)	2.9

# PROPERTY IMPAIRMENT DETAIL

Location	Impairment £M	FY21 expected net saving £M	FY22 expected net saving £M
LONDON	2.1	0.4	0.6
NEW YORK	4.7	0.7	1.2
SAN FRANCISCO	4.1	0.4	1.0
<b>Total</b>	<b>10.9</b>	<b>1.5</b>	<b>2.8</b>

# OPERATIONAL BREAKDOWN

Operation	Net revenue H1 2021 £M	Organic growth/(decline)	Operating Profit £M	Margin H1 2021	Margin H1 2020
BRAND MARKETING	69.3	(7.9%)	15.9	22.9%	20.5%
DATA AND ANALYTICS	23.9	3.6%	6.0	25.0%	27.5%
CREATIVE TECHNOLOGY	33.0	(9.5%)	4.1	12.6%	9.6%
HEAD OFFICE	-	-	(4.8)	-	-
<b>Total</b>	<b>126.2</b>	<b>(6.6%)</b>	<b>21.2</b>	<b>16.8%</b>	<b>14.7%</b>

# CASH FLOW STATEMENT

£M	H1 2021	H1 2020
Inflow from op activities	25.8	20.7
Working capital	8.7	1.6
Net inflow from operations	34.5	22.3
Tax	(3.0)	(3.0)
Net capex	(2.1)	(2.7)
Acquisitions	(18.4)	(4.2)
Net interest and dividends paid	(1.1)	(5.6)
Net repayment of lease liabilities	(5.8)	(5.3)
Exchange gain on net debt	0.2	0.1
Decrease in net debt	4.3	1.6
Net debt closing	5.0	3.6

# ESTIMATED FUTURE CASH PAYMENTS

	31 Jul 2020 £M	31 Jan 2020 £M
FY 2021	1.3	16.3
FY 2022	9.3	8.5
FY 2023	10.0	9.6
FY 2024	6.5	6.8
FY 2025	6.5	5.7
FY 2026	1.9	2.0
<b>Total</b>	<b>35.5</b>	<b>48.9</b>

# CURRENT TRADING & OUTLOOK

- Group remains optimistic about trading as we enter second half of the financial year
- Taking into account the continued good performance across the business and the property related savings, we are confident of modestly exceeding market expectations for the year
- Continue to tightly manage our cost base and conserve cash
- Dividend payments expected to resume in 2021



# APPENDICES

# MANAGEMENT TEAM



**Richard Eyre CBE**  
(Chairman)

Richard was appointed in 2011 and has 43 years' experience across the media and marketing industries, including time as CEO of ITV Network LTD and CEO of Capital Radio plc. He was a board member at the Guardian Media Group plc, Grant Thornton LLP and Results International LLP. He is Chairman of the UK Internet Advertising Bureau and the Media Trust.

In 2013, he was awarded the Mackintosh Medal for outstanding personal and public service to advertising and in 2014 was awarded a CBE for services to advertising and the media.



**Tim Dyson**  
(CEO)

Tim joined the Group in 1984 and became CEO in 1992. As an early pioneer of tech PR, he worked on major corporate and product campaigns with such companies as Cisco, Microsoft, IBM, Sun and Intel. Tim moved from London to set up the Group's first US business and is now based in Palo Alto.

Tim has served on advisory boards of a number of emerging technology companies. Tim was named an Emerging Power Player by PR Week US and was also recognised on the Holmes Report's In2's Innovator 25, which recognises individuals who have contributed ideas that set the bar for the industry.



**Peter Harris**  
(CFO)

Peter joined the Group as its CFO in 2013. Peter's financial experience spans 30 years and he has extensive media experience.

From July 2013 until December 2018, he was a Non-Executive Director of Communisis plc and Chairman of its Audit Committee. He was previously the Interim FD at Centaur Media plc, Interim CFO of Bell Pottinger LLP, CFO of the Engine Group, and CFO of 19 Entertainment. Prior to that, he was Group FD of Capital Radio plc.

# TOP 20 CUSTOMERS



# OUR BUSINESS

Brand Strategy  
Content Marketing  
Public Relations  
Financial Comms  
Corporate Comms

Lead Generation  
Market Research  
Brand Tracking  
Data Science  
Campaign Analysis

App Development  
Software Platforms  
Community Management  
Digital Strategy  
Innovation Consulting

Brand Marketing (55%)

Data and Analytics (19%)

Creative Technology (26%)

Google

Beiersdorf

amazon.com



vmware



IBM

Argos

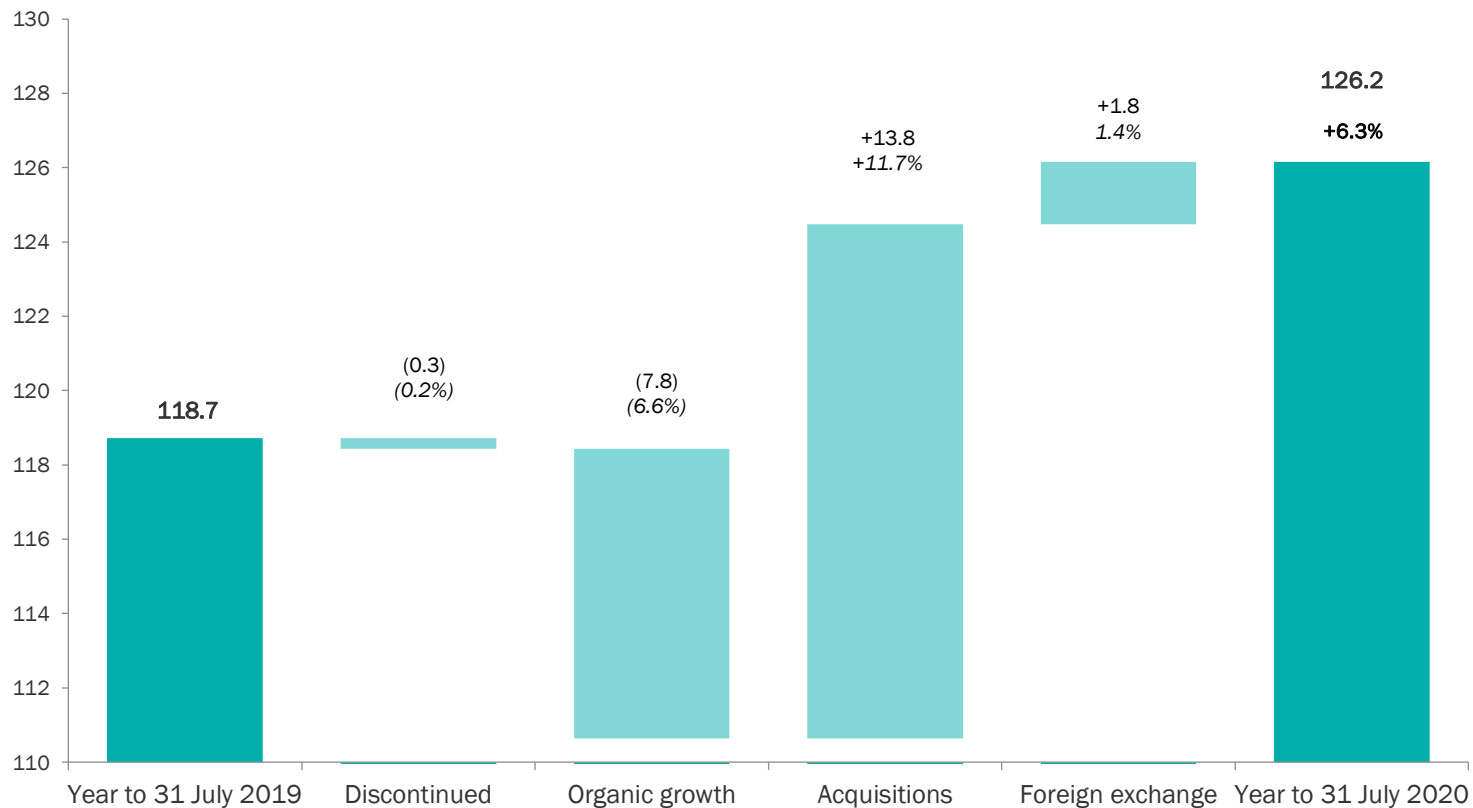
Google

TESCO



Lenovo

# H1 2021 REVENUE BRIDGE



# CLIENT ANALYSIS H1 FY21

£66k

REVENUE PER EMPLOYEE

(H1 FY20 - £60k)

63

CLIENTS GENERATING OVER  
\$0.5M IN NET REVENUES H1 2021

(H1 FY20 – 58)

33%

SHARE OF GROUP NET  
REVENUES FROM TOP 20  
CLIENTS

(H1 FY20 – 31%)

0%

CHANGE IN  
CLIENT NUMBERS

(H1 FY20 – 20% INCREASE)

12

TOP 20 CLIENTS IN H1 2021 IN  
TOP 20 CLIENTS H1 2020

91%

NET REVENUES  
GENERATED IN US  
AND UK

(H1 FY20 – 90%)

# REGIONAL BREAKDOWN

Regions	Net revenue H1 2021 £M	Organic (decline)/ growth	Operating Profit £M	Margin H1 2021	Margin H1 2020
US	68.7	(2.6%)	15.0	21.9%	18.8%
UK	46.8	(11.9%)	9.0	19.1%	19.4%
APAC	6.5	(6.2%)	1.1	17.7%	11.8%
EMEA	4.2	(3.3%)	0.9	20.5%	17.2%
HEAD OFFICE	-	-	(4.8)	-	-
<b>Total</b>	<b>126.2</b>	<b>(6.6%)</b>	<b>21.2</b>	<b>16.8%</b>	<b>14.7%</b>

# BALANCE SHEET SUMMARY

£M	31 July 2020	31 July 2019
Intangible assets	157.3	132.3
Non-current assets	54.7	72.1
Current assets	100.8	99.1
Non-current liabilities	(97.7)	(92.6)
Current liabilities	(99.6)	(100.0)
Net assets	115.5	110.9
Share capital	2.3	2.1
Reserves	113.6	109.5
Minorities	(0.4)	(0.7)
Total equity	115.5	110.9
Net debt	5.0	3.6