

## Final Results – Solid outcome, clear direction of travel

### 1 Year Chart



Next 15 Group PLC is a research client of H2 Radnor Ltd.

**MiFID II – this research is deemed to be a minor, non-monetary benefit.**

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These final results show a group made up of many moving parts. Net, net, the numbers were either in-line (revenue) or ahead (EBIT and net debt) of our expectations. Perhaps most importantly, the positive organic growth and margin expansion delivered by the Track 1 businesses shows the strategic focus unveiled at the January CMD fully in action. With further cost efficiencies still to come and a solid start to the new financial year, we see the balance of FY27 earnings risk now looking positive.

However, overhanging the robust operational and financial outcome is the lack of any clear resolution to the Mach49 arbitration. The market is clearly looking to this, as well as news-flow on potential disposals, being an important near-term catalyst. In the meantime, the underlying valuation opportunity remains significant at a FY1 PE of 5.8x and yield of 6.5%.

- **Good final results** that were either in-line (revenue) or ahead (EBIT and net debt) of our expectations. The organic growth and margin expansion delivered by the Track 1 businesses, despite headwinds across a number of clients, shows the core of the group is tracking well.
- **Clarity around strategic direction and portfolio composition:** The January CMD clearly articulated how Next 15 will evolve over the coming years. More than just a strategic focus on data, tech and AI, this shows a more unified group looking to narrow and deepen its focus on the structural themes that are now becoming increasingly apparent. The classification of the group into Track 1, Track 2 and Track 3 businesses will allow investors to properly assess the progress being made as well as highlighting the potential for material value release as potential disposals come to fruition.
- **Valuation catalysts:** Next 15 has already demonstrated good earnings resilience but we see potential disposals and resolution of the Mach49 arbitration as the clearest near-term catalysts. Proof that Next 15 will be an AI winner is likely to take longer to deliver but we believe management have made a strong case and are shaping their strategy accordingly
- **Estimates:** We have updated our estimates. On a like for like basis (ie adjusting for FY26 disposals) our core organic growth and margin estimates are broadly unchanged. This reflects the in-line tone of the outlook commentary. The headline changes to our estimates reflect the impact of disposals and a higher net interest charge for FY27E.

January, £m	Revenue	PBT adj	EPS (p)	Div (p)	Net Cash	PE x	Yield %
FY 2025A	479.2	68.0	47.5	15.4	-38.4	5.2	6.2
FY 2026A	448.8	63.4	44.7	15.4	-35.6	5.5	6.2
FY 2027E	443.9	62.0	42.1	16.0	-49.5	5.8	6.5
FY 2028E	461.9	67.0	45.6	16.3	-18.8	5.4	6.6
FY 2029E	475.2	70.1	47.7	17.0	15.0	5.2	6.9

## Final Results – Year ended January 2026 – Key points

Next Fifteen has reported final results for the year ended January 2026. Compared to our original expectations, these results are **in-line** for revenue; **ahead** for operating profit (£67.6m vs estimate of £66.4m) and **materially better** for net debt (£35.6m vs our estimate of £50.5m).

Our original estimates only captured a portion of the disposals made in the period so this outperformance is slightly more pronounced on a like for like operating basis. The key headlines are as follows:

- Net revenue declined **-6.3%** overall to **£448.8m**, which breaks down into
  - FY25 revenue included £11.3m from in year disposals
  - Organic revenue decline -£20.1m (-4.3%)
    - Track 1 businesses **growth** +£10.2m (+3.9%)
    - Track 2 and 3 **decline** -£30.3m (-14.6%)
  - Acquisition contribution +£8.6m (+1.9%)
  - FX headwind -£7.6m (-1.6%)
- Adjusted EBITA down **-8.6%** to **£67.6m**, with EBITA margins holding above 15% at 15.1% (FY25: 15.4%)
- Adjusted PBT down **-6.8%** to **£63.4m** (FY25: £68.0m), largely driven by lower net debt benefiting net interest
- Mach49 has been fully discontinued and has been removed from the continuing operations disclosure. The reported statutory loss from discontinued operations was £14.9m in FY26 compared to a statutory profit of £18.8m in FY25.
- There are a number of adjusting items bridging Adjusted PBT to statutory reported PBT. These include a £3.2m loss on disposals; a £16.4m charge for Mach49 exceptional legal and advisory costs; a £15.4m intangible impairment charge; a £27.5m charge for the accounting treatment of acquisitions and £12.9m of costs relating to operational restructuring and transaction costs.
- Statutory reported loss before tax of -£13.4m (FY25: +£34.1m).
- Fully diluted, adjusted EPS decreased **-6.5%** to **44.4p**.
- Full year dividend unchanged at 15.35p, reflecting the solidity of both the balance sheet and the near-term trading outlook.
- Full year net debt was held steady at £35.6m (FY25: £38.4m) and came in **materially better** than our initial estimate of £50.5m. This was driven by a very strong working capital performance (an inflow of £43.8m compared to an outflow of £7.0m in FY25), driving operating cashflow of £79.4m. Overall, acquisition related cash outflows were £29.1m, a material improvement on the £59.5m reported in FY25.

These are the first full year results for the new CEO, Sam Knights and CFO, Mickey Kalifa and it is encouraging to see that much of the narrative around the internal execution as well as the overall trading resilience has remained consistent with the interim results commentary and the January CMD.

- **Margins continue to prove resilient.** Although full year EBITA margins have shown a small decrease vs FY25 (15.1% vs 15.4%), the fact that these have been held above 15% in what remains a challenging trading environment is significant. Compared to others in the peer group, this margin resilience is a standout feature for Next Fifteen.

We believe this been driven by a combination of factors. Internal efficiencies and cost savings are clearly an important factor. We discuss the portfolio simplification strategy below, but from a cost perspective the reduction in the number of standalone business units in the portfolio provides the opportunity to secure structural cost savings, particularly from the group central overhead and also the eradication of duplicated costs. Overall, Next Fifteen have identified and secured £26m of total operational cost efficiencies, £11m of which have been delivered in FY26. Looking at central costs alone, these came in at £16.6m for FY26, a £3.2m (16%) improvement on the £19.8m reported in FY24.

The progress made in improving the efficiency of the group can also be seen in the margin performance across the various segments.

- **Data & Research / Marketing & Communications** - Despite reporting revenue declines (-9.7% and -9.9% respectively), both of these segments delivered margin improvements (+180 basis points and +40 basis points respectively).
- **Retail Media / Digital Transformation.** Both of these segments delivered strong revenue growth (+8.1% and +62.9% respectively). It has been well flagged that Retail Media is re-investing heavily into future growth and saw margins decline -710 basis points to 18.2% as a result. Digital Transformation, despite significant revenue growth, held margins steady at 14.1%, suggesting good management of internal capacity and utilisation.
- **Creative Services**, a segment mostly comprising Track 2 business, was the only segment to record both revenue (-30.7%) and margin (-50 basis point) declines.

When looked at through the lens of the Track 1 and Track 2 classification unveiled at the January CMD, we can see a clear distinction between the two groupings.

- **Track 1** businesses delivered +3.9% organic revenue growth and an overall +30 basis point margin improvement to 18.4%.
- **Track 2** businesses delivered -15.0% organic revenue decline and a -250 basis point decline in margins to 20.1%
- **Balance sheet strength.** The fully year net debt position of £35.6m, came in materially better than our estimate of £50.5m. This was driven primarily by a

very significant working capital inflow of £43.8, compared to a £7.0m working capital outflow in FY25. Post working capital cash conversion was a more than healthy 117%.

The working capital improvement reinforces our view that we are past the period of peak client stress. The payment environment remains tough, and payment cycles remain extended, but they have clearly stabilised which has allowed internal working capital efficiency initiatives to bear fruit. However, sustaining a cash conversion in excess of 100% is unrealistic and we would expect a degree of unwind in FY27, which is reflected in our updated estimates.

More broadly, the Next 15 balance sheet continues to look in good shape, and far better than implied by the share price. There has been a substantial reduction in the value of future earn out commitments, which now stands at £12.8m excluding Mach49, which remains provided for at £66.5m.

Based on our current estimate of FY27E EBITDA of £76.4m and our FY27E net debt estimate of £49.5m, this implies a headline Net Debt / EBITDA multiple of **0.6x**.

- On a realistic worst-case basis, which assumes the disputed Mach49 earn out is paid in full (£66.5m) in FY27E, then we estimate FY27E Net Debt / EBITDA would be **1.5x**.

The group £175m RCF is currently £118.3m undrawn and runs to December 2027. The RCF will then reduce to £155m until December 2028. The current covenant Net Debt / EBITDA limit is 2.5x, so the group enjoys significant headroom even in a realistic worse-case scenario.

It is also worth bearing in mind that this does not assume any further material disposals. Given recent news-flow and the progress already made with portfolio simplification, we would expect further disposals. As guided at the January CMD, further paydown of the RCF would be a priority for disposal proceeds.

- **Current Trading and Outlook:** Overall, the tone of the outlook statement can be characterised as cautiously optimistic and FY27E consensus expectations have been re-affirmed. A number of the Track 1 businesses are trading well (Transform in particular) and the group is seeing the tangible benefits of portfolio simplification coming through. As yet, no specific pressures arising from the Middle East conflict have been experienced. The fact that we are still only four months into FY27 is a very understandable caveat.

More broadly, the key client themes of Tech client softness being offset by strength in Public Sector and Consumer facing clients remain in place.

## **Capital Markets Day**

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Next Fifteen held a Capital Markets Day in January (the webcast and presentation can be accessed at this [link](#)), which provided the new management team the first opportunity to clearly set out the Group's market context, opportunity, strategy as well as updated financial guidance in detail. The Capital Markets Day also contained presentations by the core individual business units that drilled down into their specific opportunities and capabilities.

## **Restoring strategic clarity following a challenging period**

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The last two years have been challenging for Next 15. The cyclical and structural weaknesses in certain end markets have been a trading headwind for many of the group businesses. This has been exacerbated by the issues at Mach49, resulting in the closure of that business and the ongoing uncertainty around the potential gains / liabilities relating to historic and future earn-out payments. The Capital Markets Day was intended to draw a line in the sand with the focus of the new management team clearly forward rather than backward looking.

Although the direction of travel of the group strategy and the new management approach was already clear from the earlier H1 results, the Capital Markets Day was the first opportunity for the new management team to take a step back and explain this evolving strategy and the implications for the group in fuller detail and set this against the industry and market backdrop in which the group is operating.

We believe the CMD was a significant step forward in terms of strategic clarity, as well as transparency. Perhaps more importantly, the CMD clearly identified the strategic growth drivers that the group will be aligning itself behind and the capabilities that already exist within the group to take advantage of these growth drivers.

There is also no doubt that this future Next 15 will look and feel different from the past. Not just in terms of the group composition but in areas such as financial reporting, future group wide incentive plans and management structure and style.

Underpinning this is the move away from the previous loosely federated group structure towards one where the group centre plays a stronger role as a hub for innovation, development resource sharing and intra-group collaboration. Although Next 15 will not integrate fully, the smaller number of key component parts will be more closely aligned than they have in the past. The role of the central senior executive team has been clearly defined within this new group framework.

## **Strategic focus on Data, Technology and AI**

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Sitting at the heart of the group strategy is the recognition that the markets and customers served by Next 15 businesses are being transformed by the ever-increasing pace of change in the deployment and use of data, technology and AI. To a certain extent, Next 15 was always well positioned with a number of businesses that were either early adopters or innovators in the use of data and technology to deliver their client solutions. However, this was not uniform across the group and the evolving strategy and portfolio composition acknowledges this reality.

It is also important to understand that this emphasis on data, technology and AI does not appear to be a generic "everything must be AI" response. Underpinning the group strategic thinking is that the use of AI, in itself, does not necessarily create lasting competitive advantage. Instead, proprietary / exclusive data; the insights stemming from this data and helping clients on how they can best leverage these insights into their business are the real keys to building, or protecting, value in an AI dominated world. We believe this take on what AI really brings to the table and what it does not (acceleration and scale of delivery rather than raw service substitution), could mark Next Fifteen out from many of its peers. It is also clear now how this emphasis has shaped management thinking around the composition of the group.

One of the key aspects of the Capital Markets Day was the illustration of the existing data, tech and AI capabilities that have already been built up within the group and are live with clients. Examples included:

- Significant proprietary data assets in business such as **Savanta** (Brandvue brand tracking database across 4,000 brands and 14 geographic markets) and **SMG** (the Plan Apps product tracks > £1bn of consumer spend data across the vast majority of FMCG brands in the UK).
- Existing AI client solutions including:
  - **Savanta** (Synthetic Personas – AI consumer panels that are highly configurable and fast to deploy)
  - **Pretzl** (JourneyLab – modelling out the customer brand journey)
  - **SMG** (Smart Planning & Agentic Media Buying)
  - **M Booth** (GenIQ – optimising corporate content for LLM usage)
  - **Transform** (numerous public sector AI implementation projects)

We believe that recent share price volatility, linked to the broader AI driven sell off across a range of SaaS and professional service sectors in the US and UK, still suggests that the market has not fully understood the nuance of Next 15's positioning. Yes, Next 15 will become an increasingly AI sensitive story, but it was already well embarked on this journey and has real world experience of how client behaviours and expectations are evolving. However, our belief is that the core of the ongoing Next 15 will be under exposed to the commoditised and process heavy aspects of the marketing industry that are most likely to be disrupted by AI. As long as the strategic focus remains on those areas where the customer proposition is underpinned by proprietary and exclusive data, we see Next 15 as a net AI beneficiary.

## Group simplification, portfolio composition and management approach

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This is one of the areas where the new management team have already hit the ground running with the Mach49 discontinuation, a number of small disposals and the merger of the B2B focused agencies into a new entity, Pretzl. The net effect has been to reduce the number of portfolio businesses from 22 to 11, a reduction of 50%. Critically though, the Capital Markets Day presentation went a lot further in defining what future simplification could look like and how the group portfolio is likely to evolve.











The purpose here is two-fold; firstly, to reduce the overall complexity of the group and thereby reducing costs and inefficiencies and secondly, to assess how well suited the current subsidiary businesses are to the data, technology and AI structural drivers that are now dominating end markets. The Capital Markets Day provided a lot of colour around this review process and the resulting classification of businesses into either Track 1 or Track 2, with the latter businesses most likely to be deemed non-core and subject to potential disposal.

**Simplification.** One of the key challenges facing the new management team has been around the scale and complexity of the group. Whilst the "old" Next Fifteen reported under four primary segments, the reality was a group comprised of 22 distinct subsidiaries operating within a relatively loose federated structure. The new management team have been at pains to acknowledge that this looser structure does offer a number of significant advantages, not least around protecting the entrepreneurial character that has been a key Next 15 attribute for such a long time.

Next 15 is a group built largely as a result of M&A. A big part of the historic acquisition pitch to potential vendors was the proposition that Next 15 ownership would de-risk the next stage of business growth whilst allowing vendor management to still participate in the upside. Allowing subsidiary business to operate in mostly autonomous silos was an important feature of this model. The attractions of this pitch enabled Next 15 to acquire high growth businesses at relatively attractive valuation multiples (between 2015 and 2025, the blended acquisition EBIT multiple for Next 15 was less than 8x).

The challenge facing the new management team is that with 22 distinct businesses, broadly aligned but operating autonomously, had this process gone too far and were the structural disadvantages outweighing the commercial benefits? The actions taken since the new management took the reins and the clear messaging from the Capital Markets Day all point to a middle path being taken between the two extremes of loose federation and full integration.

Figure 1: Next 15’s new operating segments

Operating Segments	Businesses
Retail Media	
Data & Research	Savanta: 
Digital Transformation	Transform
Marketing & Comms	     
Creative Services	 

Source: Next 15 Capital Markets Day presentation

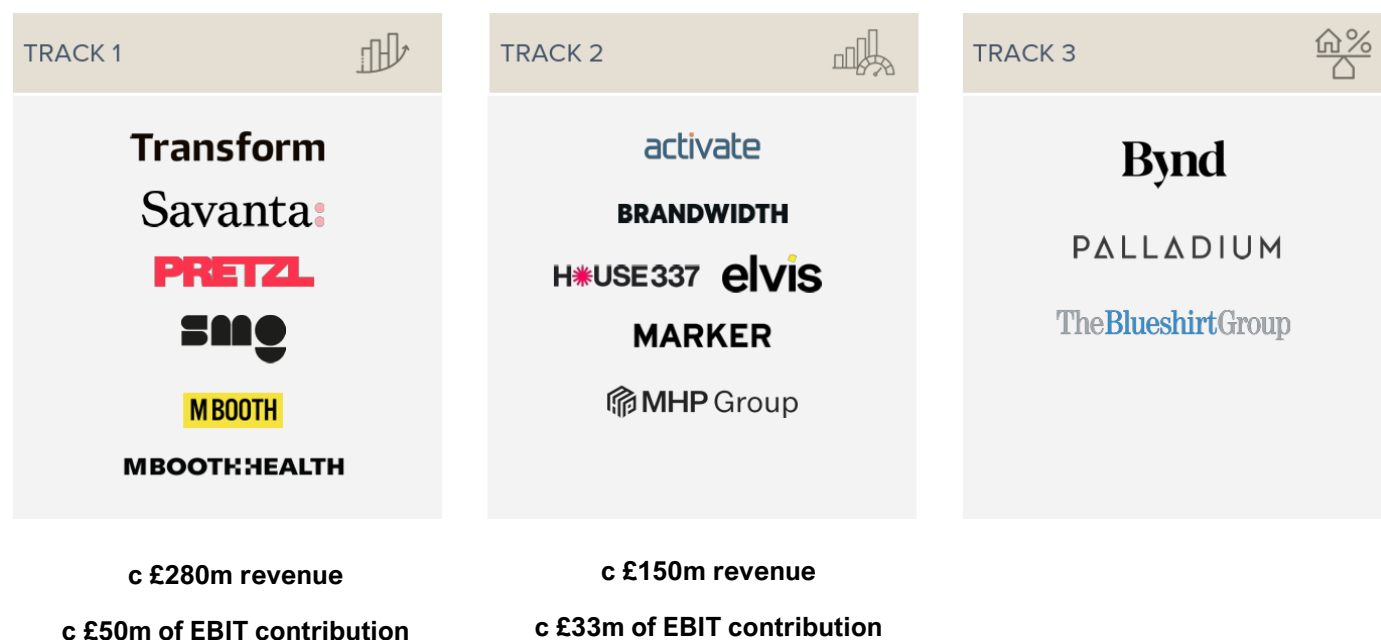
The reporting segments of the group have now been re-organised to better reflect this simplification and also the commercial nature of the work being undertaken. It is notable that two of these segments; Retail Media (SMG) and Digital Transformation (Transform) are made up of single businesses. The Data & Research segment is dominated by Savanta but also includes Plinc, both already closely aligned and soon to be merged. It is only in the Marketing & Communications and Creative Service segments where we now see multiple business units. It is also within these last two segments where investors should expect to see further simplification and potential disposals.

**Track 1 vs Track 2 classification.** Underpinning the simplification theme has been, in essence, a detailed and ongoing strategic review of the Next 15 portfolio. Management have been looking at the portfolio through the lenses of “capabilities” (data, tech and AI alignment), “categories” (attractiveness of customer / end market segment) and “commercials” (growth and margin potential and cashflow dynamics).

The net result is a headline three way segmentation.

- **Track 1** businesses are those that meet or surpass all the criteria. These are the businesses where the primary investment focus will lie.
- **Track 2** business meet some of the criteria but not all. These business are fundamentally healthy and profitable but they do not offer the same capabilities and positioning as Track 1 businesses. These business will remain under review and it is clear that any future business disposals will come from this pool.
- **Track 3** business have already been disposed in year.

Figure 2: Next 15’s portfolio classification



Source: Next 15 Capital Markets Day presentation, h2Radnor

**Intra Group Collaboration and a new role for the Next 15 centre.** Two of the more powerful slides in the Capital Markets Day presentation (slide 66 and 67, link to CMD presentation [here](#)) illustrated how the core businesses within Next 15 will be able to leverage off each via the central Next 15 platform and then an indicative timeline of how this will deploy over the next two years. These are complicated slides but they give examples of how business specific data sets and client tools could be utilised in other parts of the group. Examples included:

- **SMG.** Technology crossover / sharing opportunity with Pretzl (JourneyLab), Savanta (consumer data points & Synthetic Personas) and M Booth (GenIQ for AI optimisation for brands).
- **Savanta.** Synthetic Persona relevance for SMG and M Booth, public sector data for Transform and BrandVue tracking data for SMG.
- **M Booth.** GenIQ opportunity for SMG
- **Pretzl.** JourneyLab relevance for SMG and Savanta.

Interestingly, the consulting, design, implementation and data mesh skills within Transform were highlighted as being particularly relevant for the internal deployment of the central resource and collaboration hub for Next 15 itself.

This is not the first time that Next 15 has talked about intra group collaboration but this is the first time that it has been backed by a substantive shift in the structure and the simplification of the group portfolio and a greater focus on innovation and tech investment at the central rather than subsidiary level. On top of this, the group has committed to a realignment of incentive structures that will be less subsidiary business specific and more exposed to group metrics and performance. The full detail here is still forthcoming but we believe the commitment to this shift will be welcomed by investors.

## Financial ambitions and capital allocation priorities

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The Capital Markets Day outlined a medium term (> 3 years) ambition to grow the core revenue and operating base of the group (defined as the Track 1 businesses) by 50%. If successfully delivered, this would take the starting Track 1 revenue position of c. £280m to a target range of **£400m - £430m**.

In profit terms, the group anticipates the Track 1 starting EBIT of c.£50m growing to **£75m - £80m**, net of the associated investment spend.

Critically, the majority of this revenue growth will be delivered from existing capabilities and geographic expansion for segments such as Retail Media.

How does this calibrate against the current group financials? It is important to note that our current estimates do not assume any further disposals. We believe this is the prudent approach as the timing of potential disposals remains unclear.

FY26 revenue, segment contribution and group EBIT can be seen below. We have split this between Track 1 and Track 2 businesses as per the Capital Markets Day disclosure. We have further adjusted FY26 numbers to exclude our estimate of the revenue and EBIT contribution from businesses already disposed in FY26. This therefore represents our assumption on the like for like baseline for FY27.

We have then built a rough picture of what the group could look like if we assume the disposal of all the Track 2 businesses. We have not made a specific assumption about the level of proceeds received, nor the timing of any disposals, but for illustrative purposes we have applied a range of realistic potential exit EBITA multiples in order to give sense of potential scale of the value inherent within the Track 2 businesses.

**Figure 3: Medium term ambition and potential disposal outcomes**

<b>Current Position - adjusted for disposals</b>			
	Track 1	Track 2	FY26
Revenue	273.4	155.4	428.8
Segment Contribution	50.0	32.2	82.2
Central Cost			(16.6)
Group EBITA			65.6

<b>Medium Term Ambition</b>			
	Track 1	Track 2	
Revenue	408.4	-	408.4
Segment Contribution	77.5	-	77.5
Central Cost			(16.2)
Group EBITA			61.3

<b>Exit multiple</b>			
5x		161.2	
7x		225.7	
10x		322.5	
Current Net Debt		(35.6)	
Mach49 provision		(69.0)	
		(104.6)	
Surplus Capital			<u>% N15 market cap</u>
5x		56.6	23%
7x		121.1	50%
10x		217.8	90%

Source: h2Radnor

- Although the headline group EBIT picture feels likely to be flat to marginally down over this time horizon, this is driven primarily by the potential disposals of the Track 2 businesses and the loss of that contribution. Clearly the timing of disposals here will have a material impact on specific year on year variances. Underlying this headline picture, the growth ambition for the Track 1 core represents a significant acceleration in underlying growth compared to the group historic average (mid single digit organic growth increasing to mid teens).
- Our sense is that margin assumptions feel conservative. The key initial strategic focus is clearly around top line growth. However, we do not believe that this

assumes either price deflation or higher costs. Instead we see this as a recognition that revenue and service models are evolving fast.

- The absolute level of EBIT progression also does not assume the future deployment of disposal proceeds and the impact this could have in terms of either M&A contribution and / or share buybacks for example. From an EV perspective, we can see a very substantial positive shift in the capital structure. This also ignores the fact that deleveraging the balance sheet alone would increase PBT by an additional c.£4m per annum in saved interest costs and that would be before the impact of either M&A or capital returns. Both of these potential outcomes would be materially positive catalysts to future earnings growth.

Notwithstanding our speculation around future capital outcomes, Next 15 did use the Capital Markets Day to provide a more formal update on its capital allocation priorities. The two key priorities are balance sheet strengthening and the funding of future organic growth investment spend. With the high probability of future disposals, these proceeds will be used to deleverage the balance sheet and ensure any potential Mach49 future liability is fully covered. The likely extent of any disposal proceeds will also cover the anticipated investment needs of the group without recourse to external funding. Sitting below these priorities are the potential for highly targeted M&A and returns of surplus capital to shareholders.

## Update to h2Radnor estimates

In Figure 4 below, we show the key headline revisions to our estimates. We have recut our estimates to show the new segmental reporting format first unveiled at the Capital Markets Day.

**Figure 4:** Revisions to h2Radnor estimates

	2026A	Previous 2027E	New 2027E	Change, %
Retail Media	45.1		48.3	
Data & Research	50.0		51.5	
Digital Transformation	59.1		68.0	
Marketing & Communications	237.8		237.8	
Creative Services	56.8		38.4	
<b>Revenue</b>	<b>448.8</b>	<b>462.2</b>	<b>443.9</b>	<b>- 4%</b>
Retail Media	8.2		8.3	
Data & Research	7.3		7.2	
Digital Transformation	8.3		9.5	
Marketing & Communications	53.8		52.4	
Creative Services	6.6		5.0	
Central Overhead	-16.6	-14.8	-16.4	
<b>EBITA</b>	<b>67.6</b>	<b>69.7</b>	<b>66.0</b>	<b>- 5%</b>
- margin %	15.1%	15.1%	14.9%	
<b>Adj. PBT</b>	<b>63.4</b>	<b>67.8</b>	<b>62.0</b>	<b>- 9%</b>
<b>Adj. EPS (p)</b>	<b>44.7</b>	<b>47.1</b>	<b>42.1</b>	<b>- 11%</b>
Dividend (p)	15.4	15.7	16.0	+ 2%
<b>Net Cash (Debt)</b>	<b>-35.6</b>	<b>-19.7</b>	<b>-49.5</b>	

Source: h2Radnor

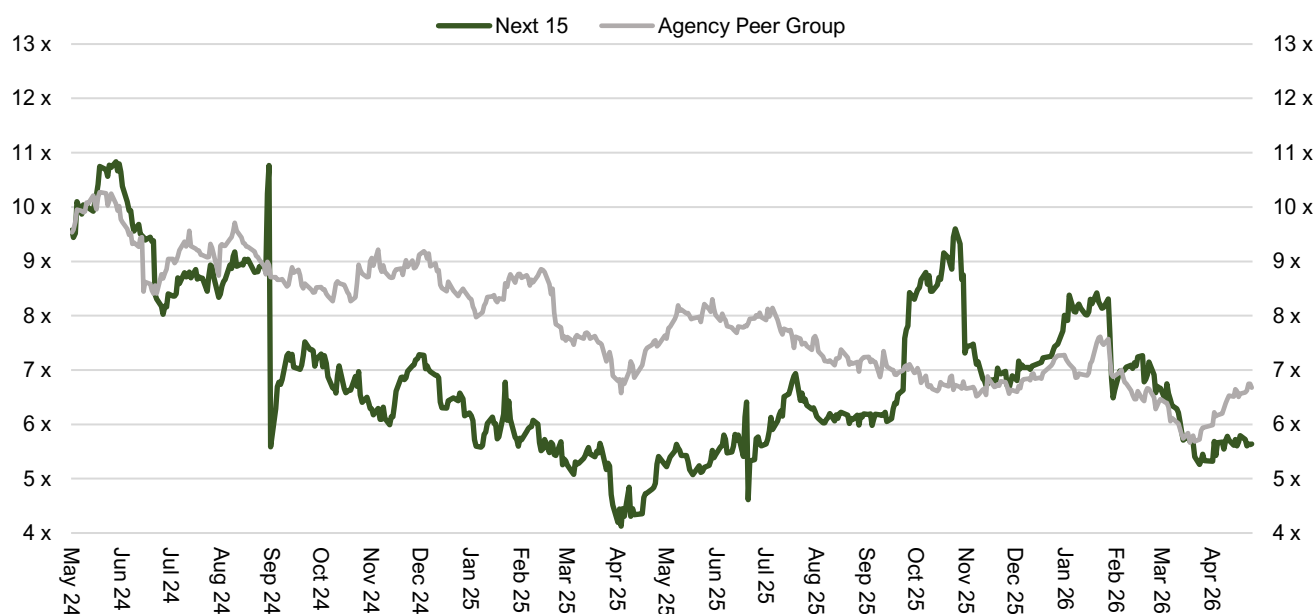
- The primary revisions to our FY27E estimates are driven by the full, annualised impact of FY26 disposals. However, the single largest delta is the higher FY27E net debt estimate, driving a higher net interest cost estimate of -£4.0m (vs our previous estimate of -£1.9m).
- More broadly, we have left our underlying assumptions around organic growth and margin direction broadly unchanged for the core businesses, reflecting the tone of the in-line trading update.
- For FY27E the biggest revenue and EBITA impact comes from the FY26 disposals. In effect we have assumed these disposals (on a fully annualised basis) represent c.£20m of revenue and c.£2m of EBITA. Rebasing FY26 accordingly, suggests underlying +2% like for like revenue and EBITA growth in FY27E.
- We have not assumed any further disposals at this stage, although it is likely that further disposals will be made.
- The main impacts on our net debt estimate are 1) higher level of exceptional cost relating primarily to the ongoing Mach49 arbitration and investigations, and 2) working capital movements (we expect a negative year in FY27E following the strong inflow in FY26). As a result, we have increased our FY27E net debt estimate to £49.5m, leading to a £3.1m higher net interest cost than previously modelled.

## Implications for the Next 15 valuation

Based on our current estimates, Next 15 trades on a FY1 PE multiple of 5.8x and an FY2 PE of 5.4x. The prospective dividend yield is 6.5%. Although the PE multiple has recovered from the April 2025 lows, 5.8x still represents a significant discount to historic averages.

In Figure 5 below, we show the evolution of the Next 15 forward PE multiple over the last two years and compare this to the Agency peer group.

**Figure 5:** Next 15 Forward PE multiple vs Agency Peers



Source: h2Radnor, FactSet

Notwithstanding the tricky trading environment and the newsflow around Mach49 and management changes, we viewed the Next 15 valuation from earlier in 2025 as anomalous in the extreme. A sub 5x PE and a free cashflow yield in excess of 20% was unsustainable. To a degree this has corrected, but we still see a significant opportunity in the current share price.

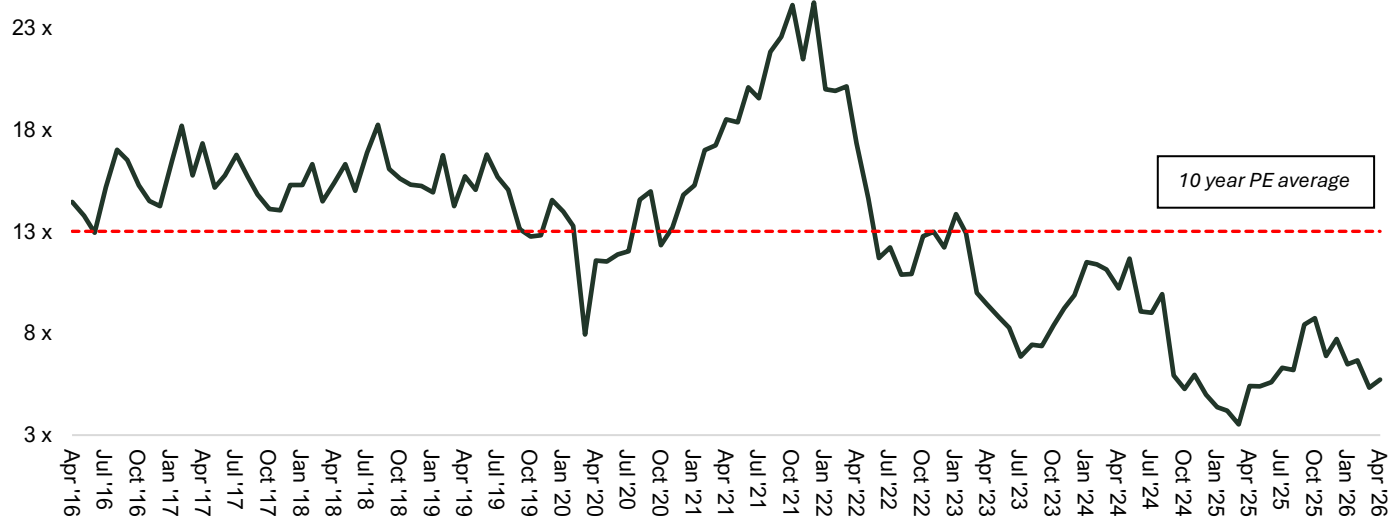
We had previously highlighted that a clear stabilisation in the Next Fifteen earnings momentum would be needed in order to provide a catalyst moment for the shares. We largely believe Next 15 has delivered against this earnings stability point. We have now had two consecutive trading outlook points which have painted an in-line and broadly stable outlook. Notwithstanding the impacts from disposals, we believe Next 15 has shown a more resilient earnings picture than any of its main UK peers.

So what is holding back the share price? We see three primary points.

- 1) **Material disposal proceeds have yet to crystallise.** As we have already discussed, successful disposals of Track 2 businesses could deliver material value, which would transform the capital structure of the group, not least through the complete deleveraging of the balance sheet and fully underwriting any residual Mach49 risk, before any further deployment of capital to boost earnings through M&A or capital returns to shareholders.

- 2) **The full implications of the AI revolution remain unclear.** The market clearly understands AI is transformational but the jury is out on who the winners and losers will be. Next 15 management have laid out their stall clearly but ultimately, only time and performance will show whether this proves to be the correct strategy. Our sense is that grounding an AI strategy in data is the right way forward in order to protect and ultimately grow value.
- 3) **The final Mach49 outcome remains unknown.** Although the outstanding earn-out has been provided for in the balance sheet and the company remains confident in the strength of its legal position, the ongoing uncertainty remains sufficient to give many investors a moment's pause. For those investors willing to bear that risk, the current valuation remains highly attractive.

Figure 6: Long term evolution of Next 15's FY1 PE multiple



Source: FactSet, h2Radnor

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Price (p): 246 p  
Market Cap: 248 m  
EV: 297 m

**PROFIT & LOSS**

Year to 31 January, £m	FY24	FY25	FY26	FY27e	FY28e	FY29e
<b>Retail Media</b>	27.5	41.7	45.1	48.3	52.1	55.3
Data & Research	57.5	55.4	50.0	51.5	53.1	54.6
Digital Transformation	34.9	36.3	59.1	68.0	73.4	77.1
Marketing & Communications	273.8	263.8	237.8	237.8	244.9	249.8
Creative Services	88.0	82.0	56.8	38.4	38.4	38.4
<b>Group Net Revenue</b>	<b>481.7</b>	<b>479.2</b>	<b>448.8</b>	<b>443.9</b>	<b>461.9</b>	<b>475.2</b>
Retail Media	8.9	10.5	8.2	8.3	9.1	9.7
Data & Research	10.4	7.0	7.3	7.2	7.7	8.0
Digital Transformation	5.6	5.2	8.3	9.5	10.6	11.2
Marketing & Communications	65.4	58.6	53.8	52.4	54.9	56.2
Creative Services	10.0	10.0	6.6	5.0	5.4	5.4
Head Office	(19.8)	(17.3)	(16.6)	(16.4)	(16.2)	(16.6)
<b>EBITA - Adjusted</b>	<b>80.4</b>	<b>74.0</b>	<b>67.6</b>	<b>66.0</b>	<b>71.5</b>	<b>73.8</b>
EBITA - Margin	16.7%	15.4%	15.1%	14.9%	15.5%	15.5%
Net Bank Interest	(3.1)	(6.0)	(4.3)	(4.0)	(4.5)	(3.7)
<b>PBT - Adjusted</b>	<b>77.3</b>	<b>68.0</b>	<b>63.4</b>	<b>62.0</b>	<b>67.0</b>	<b>70.1</b>
Non Operating Items	(45.1)	(49.1)	(68.3)	(29.0)	(19.0)	(19.0)
Other Financial Items	7.5	12.7	(8.4)	(3.5)	(0.5)	(0.5)
<b>PBT - IFRS</b>	<b>39.7</b>	<b>31.6</b>	<b>(13.4)</b>	<b>29.5</b>	<b>47.5</b>	<b>50.6</b>
Tax	(26.4)	(12.0)	(1.5)	(8.0)	(12.8)	(13.7)
Tax - Adjusted	(31.1)	(17.0)	(15.3)	(16.1)	(17.4)	(18.2)
Tax rate - Adjusted	40.2%	25.0%	24.2%	26.0%	26.0%	26.0%
Minority interests	1.0	1.5	0.5	0.8	0.8	0.8
Discontinued Net Income		18.9	(14.9)			
No. shares m	99.2	100.4	100.9	100.9	100.9	100.9
No. shares m, diluted	105.2	104.2	106.4	107.0	107.0	107.0
IFRS EPS (p)	12.3	39.3	(30.0)	20.6	33.6	35.8
<b>Adj EPS (p), diluted</b>	<b>42.9</b>	<b>47.5</b>	<b>44.7</b>	<b>42.1</b>	<b>45.6</b>	<b>47.7</b>
Total DPS (p)	15.4	15.4	15.4	16.0	16.3	17.0

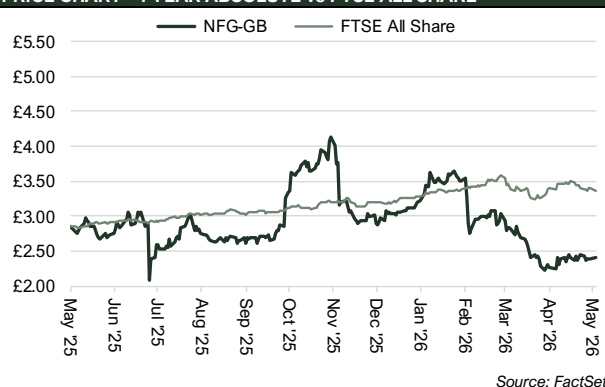
**CASH FLOW**

Year to 31 January, £m	FY24	FY25	FY26	FY27e	FY28e	FY29e
Net Profit: (add back)	13.3	41.0	(29.8)	21.6	34.7	36.9
Depreciation & Amortisation	36.6	36.8	42.7	26.4	26.4	26.4
Net Finance costs	4.2	6.8	4.8	4.6	5.0	4.2
Tax	26.4	12.0	1.5	8.0	12.8	13.7
Working Capital	(10.7)	(7.0)	43.8	(12.8)	1.6	0.3
Other	0.2	(1.3)	16.3	1.0	1.0	1.0
<b>Cash from Ops</b>	<b>70.1</b>	<b>88.3</b>	<b>79.4</b>	<b>48.7</b>	<b>81.5</b>	<b>82.4</b>
Cash Tax	(25.4)	(20.7)	(12.4)	(13.0)	(14.1)	(14.7)
Tangible Capex	(3.7)	(2.2)	(1.8)	(3.0)	(3.0)	(3.0)
Intangible Capex	(3.4)	(5.0)	(7.1)	(7.0)	(6.0)	(6.0)
Acquisitions & Inv.	(65.9)	(59.5)	(29.1)	(11.6)	(3.2)	(1.0)
<b>Free Cashflow</b>	<b>(28.4)</b>	<b>0.9</b>	<b>29.1</b>	<b>14.1</b>	<b>55.2</b>	<b>57.7</b>
Dividends	(16.1)	(16.4)	(16.3)	(15.5)	(16.2)	(16.4)
Financing	1.1	0.2	(17.5)	(8.8)	(8.3)	(7.5)
<b>Net Cashflow</b>	<b>(43.3)</b>	<b>(15.3)</b>	<b>(4.8)</b>	<b>(10.2)</b>	<b>30.7</b>	<b>33.8</b>
Net Cash (Debt)	(1.4)	(38.4)	(35.6)	(49.5)	(18.8)	15.0

**BALANCE SHEET**

Year to 31 January, £m	FY24	FY25	FY26	FY27e	FY28e	FY29e
Intangibles	279.3	270.5	215.1	208.7	198.4	187.4
P,P+E	10.1	7.6	5.2	5.1	5.0	4.9
Tax Asset & Other	88.4	70.3	68.2	68.2	68.2	68.2
<b>Total Fixed Assets</b>	<b>377.8</b>	<b>348.4</b>	<b>288.6</b>	<b>282.0</b>	<b>271.6</b>	<b>260.5</b>
Net Working Capital	(49.5)	(42.2)	(44.2)	(28.3)	(29.9)	(30.1)
<b>Capital Employed</b>	<b>328.4</b>	<b>306.2</b>	<b>244.4</b>	<b>253.7</b>	<b>241.7</b>	<b>230.4</b>
Earn Out Liabilities	(170.8)	(86.6)	(76.8)	(14.3)	(3.7)	(1.5)
Net Funds	(1.4)	(38.4)	(35.6)	(49.5)	(18.8)	15.0
<b>Net Assets</b>	<b>156.2</b>	<b>181.2</b>	<b>131.9</b>	<b>189.9</b>	<b>219.3</b>	<b>243.9</b>

**PRICE CHART - 1 YEAR ABSOLUTE vs FTSE ALL SHARE**



**SHAREHOLDERS**

	% of ord. Share capital
Octopus Investments	11.0%
Aviva Investors	10.6%
Liontrust Investment Partners	10.2%
Slater Investments	6.3%
Directors	5.5%
Janus Henderson	5.1%
abrdn	3.8%
JPMorgan AM	3.4%
<b>Total</b>	<b>55.9%</b>

**Announcements**

Date	Event
May 2026	Final results
January 2026	Capital Markets Day
September 2025	H1 results
June 2025	AGM update & Mach49 investigation
April 2025	Final results
January 2025	Trading update
September 2024	Trading update
June 2024	AGM update
April 2024	Final results

**RATIOS**

	FY24	FY25	FY26	FY27e	FY28e
RoE	28.9%	27.3%	36.1%	23.7%	22.3%
RoCE	24.5%	24.2%	27.7%	26.0%	29.6%
Asset Turnover (x)	0.8x	0.7x	0.6x	0.6x	0.6x
NWC % Revenue	10.3%	8.8%	9.9%	6.4%	6.5%
Op Cash % EBITA	87.1%	119.3%	117.3%	73.8%	113.9%

**VALUATION**

Fiscal	FY24	FY25	FY26	FY27e	FY28e
P/E	5.7x	5.2x	5.5x	5.8x	5.4x
EV/EBITDA	2.2x	2.4x	3.9x	3.9x	3.7x
Div Yield	6.2%	6.2%	6.2%	6.5%	6.6%
FCF Yield	-9.5%	0.3%	9.8%	4.7%	18.6%
EPS growth	-46.6%	10.8%	-5.9%	-5.8%	8.2%
DPS growth	5.1%	0.0%	0.0%	4.2%	1.8%

## REGULATORY DISCLOSURES

H2 Radnor Ltd is authorised and regulated by the Financial Conduct Authority.

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