

AGM update – Trading in line with expectations

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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The Next 15 AGM update is reassuring, with overall trading in-line with expectations. We do not expect market estimates to show any material change and we leave our FY27E estimates unchanged in response. The group has re-iterated its expectation to deliver like for like growth in both revenue and profitability in FY27 (excluding any further Track 2 disposals).

The public sector digital transformation business, Transform, remains the stand out performer in the group portfolio and was recently appointed as lead delivery partner for the DEFRA ADMS+ programme. The partial sale of the Track 2 business, Elvis, is in line with the portfolio simplification strategy, although we do not see any material financial impact.

There is no further update on the Mach49 arbitration, although we note that the company is not in control of the timeline for this process. Next 15 have re-iterated their position regarding the non payment of the outstanding earn out and their own counter claim.

The reassuring tone of the AGM update underpins confidence in the FY27 outturn. Against this backdrop, the shares continue to offer good value with a FY1 PE of 6.2x and a dividend yield of 6.2%. Next Fifteen continues to trade at a discount (-11%) to the Agency peer group despite a more stable earnings outlook and a clear strategic plan already in play.

- In Line Update:** Trading for the first four months of FY27 is in-line with full year expectations with the company reiterating their expectation that FY27 will deliver like for like revenue and profit growth. The Digital Transformation business continues to be the strongest performer in the group portfolio as it leverages strong structural demand within the UK public sector. We are leaving our FY27E estimates unchanged following today's update.
- Portfolio simplification:** Although the Elvis disposal is not material from a financial perspective, it marks the continuation of the portfolio simplification strategy. NFG has committed to further progress here which represents a significant store of value that is not currently reflected in the share price.
- Valuation catalysts:** Next 15 has already demonstrated good earnings resilience but we see further Track 2 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

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	5.5	5.9
FY 2026A	448.8	63.4	44.7	15.4	-35.6	5.8	5.9
FY 2027E	443.9	62.0	42.1	16.0	-49.5	6.2	6.2
FY 2028E	461.9	67.0	45.6	16.3	-18.8	5.7	6.3
FY 2029E	475.2	70.1	47.7	17.0	15.0	5.5	6.6

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Price (p): 260 p
Market Cap: 262 m
EV: 312 m

PROFIT & LOSS

Year to 31 January, £m	FY24	FY25	FY26	FY27e	FY28e	FY29e
Retail Media	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
Group Net Revenue	481.7	479.2	448.8	443.9	461.9	475.2
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)
EBITA - Adjusted	80.4	74.0	67.6	66.0	71.5	73.8
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)
PBT - Adjusted	77.3	68.0	63.4	62.0	67.0	70.1
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)
PBT - IFRS	39.7	31.6	(13.4)	29.5	47.5	50.6
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
Adj EPS (p), diluted	42.9	47.5	44.7	42.1	45.6	47.7
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
Cash from Ops	70.1	88.3	79.4	48.7	81.5	82.4
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)
Free Cashflow	(28.4)	0.9	29.1	14.1	55.2	57.7
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)
Net Cashflow	(43.3)	(15.3)	(4.8)	(10.2)	30.7	33.8
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
Total Fixed Assets	377.8	348.4	288.6	282.0	271.6	260.5
Net Working Capital	(49.5)	(42.2)	(44.2)	(28.3)	(29.9)	(30.1)
Capital Employed	328.4	306.2	244.4	253.7	241.7	230.4
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
Net Assets	156.2	181.2	131.9	189.9	219.3	243.9

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%
abrdrn	3.8%
JPMorgan AM	3.4%
Total	55.9%

Announcements

Date	Event
July 2026	AGM update
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

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	6.1x	5.5x	5.8x	6.2x	5.7x
EV/EBITDA	2.3x	2.5x	4.0x	4.1x	3.9x
Div Yield	5.9%	5.9%	5.9%	6.2%	6.3%
FCF Yield	-9.1%	0.3%	9.3%	4.5%	17.7%
EPS growth	-46.6%	10.8%	-5.9%	-5.8%	8.2%
DPS growth	5.1%	0.0%	0.0%	4.2%	1.8%

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