

**CHAIRMAN'S STATEMENT**  
**JEREMY SINCLAIR**

It is forty years since the start of Saatchi & Saatchi and fifteen since the formation of M&C Saatchi. We were delighted that so many shareholders, staff, former staff, clients, former clients and friends could come to the Saatchi Gallery in September to help us celebrate. You are all part of the Saatchistory.

What has changed in that time? What is the same?

The biggest change is time itself. What used to take days, now takes moments.

Information is instant. Communication is similarly quick. And because it can be, everything is urgent.

The most important constant is the power of words and pictures to move hearts and minds.

Great ideas are still rare.

Great talent is still hard to come by.

The joy of finding a perfect solution to a problem that defies resolution is as exciting and explosive as ever.

And the great power of Simplicity still reigns over us all.

You may know that one of our favourite clients, the Conservative Party, returned to us during the year. One fact might be of interest: In constituencies where we advertised, there was a 6.14% swing from Labour to the Conservatives, compared to 4.6% in those constituencies where there was no advertising. That's 33.5% higher.

Financially, last year was the year of recovery.

Headline PBT went from £10.3m in 2009 to £13.3m in 2010. Revenue grew at 21% – the fastest rate since we first went public. And if we strip out the effect of lower interest earnings, the Group returned to the profit levels of 2008. The financial crisis cost us a year of growth.

The effect is that headline EPS is up 24% and the headline operating profit margin is up from 10.0% to 10.6%.

The stars of 2010 who should be mentioned are: M&C Saatchi Italy, which is our first ever start-up to break even in its first year. Clear had a great year with good recovery in the UK and healthy growth in Asia and the US. The Asia Pacific region overall did well with a 59% increase in profit.

Creatively the advertising network had its best year for years, with the work for Dixons becoming the most awarded press campaign in the world according to the Gunn Report.

2011 has started well and we are confident that the improvements of 2010 will be built on.

There have been some important changes in the Group's management:

James Osmond and Steven Melford are now CEO and Chairman respectively at Clear.

Simon Davis has moved up to be CEO of Walker Media, Sean Healy takes Simon's place as MD.

Lisa Thomas has become CEO of our London operations in Golden Square. Dave Whittle becomes managing director of M&C Saatchi in Australia.

All are well deserved promotions which give the Board great confidence for the next 40 years.