

Chairman's Statement

Jeremy Sinclair

The Company has had its best year-on-year growth since floatation in 2004.

Revenues were up 22% to £153.1m.

Headline operating profits went up by 16% to £15.4m.

Headline profit before tax grew by 17% to £15.6m.

Headline earnings per share went up 14% from 12.59p to 14.30p.

This is a good result and a tribute to all the efforts made by our teams around the world. We must also praise our clients who continue to have their faith in advertising and marketing rewarded.

M&C Saatchi Sport & Entertainment is having a particularly good run as we approach the Olympics. M&C Saatchi Mobile also thrived in 2011. Both companies are now putting down roots in New York.

In the UK, Lida excelled by winning O₂. More recently, South Africa and Australia have won major new client pitches.

2011 was the year when our international new business efforts started bearing fruit. Garmin, O₂, Pernod Ricard, Siemens and Vertu were among the clients who gave us international assignments.

For Google, another new client, we created the 'Good to Know' campaign. According to Big Brother Watch, with this campaign, "Google has established itself as the one provider of advice on Internet privacy and security...both Apple and Facebook have been found wanting in this area, but Google have set themselves apart from the pack." So far, the work has appeared in the UK, US and Germany.

2011 also saw the launch of our first book, *Brutal Simplicity of Thought*, published by Random House. A copy is included for your enjoyment. Foreign publishing rights have sold in the US, Japan, Korea and Spain.

This year has got off to a good start with the arrival of Etihad in Abu Dhabi and the Commonwealth Bank in Australia.

During the year we continued our strategy of backing start-ups and only doing deals where our new partners retained a substantial interest, i.e. a 20%+ share in the business. Over the last five, this has led to a 103% increase in our headline EPS. This compares favourably with a sector average of 60% and the FTSE All Share index's 41%.

It seems the nutritionists could be right. Organic is healthier.