

M&C SAATCHI PLC

INTERIM RESULTS

SIX MONTHS ENDED
30 JUNE 2015

10 September 2015

M&C Saatchi PLC
Interim results for the six months ended 30 June 2015

10 September 2015

Strong revenue momentum and earnings growth

Financial Highlights 2015		Growth versus 2014
Revenue	£87.5m	+ 6% (2014: £82.6m)
Revenue in constant currencies		+ 9%
Operating Profit	£9.3m	+ 16% (2014: £8.0m)
Profit Before Tax	£9.6m	+ 13% (2014: £8.5m)
Earnings	£6.4m	+ 25% (2014: £5.1m)
EPS	8.96p	+ 13% (2014: 7.96p)
Dividend	1.61p	+ 15% (2014: 1.40p)

The highlights are headline results, see note on next page for definition.

Operational Highlights

- Successful first half with strong revenue momentum and earnings growth
- Global Network performed well:
 - UK: revenues up 9%
 - Europe: like-for-like revenues up 12%
 - Middle East and Africa: like-for-like revenues up 3%
 - Asia and Australasia: like-for-like revenues up 6%
 - Americas: like-for-like revenues up 19%
- Balance sheet maintained with net cash of £1.6m
- Interim dividend increased 15% to 1.61p

Commenting on the results, David Kershaw, Chief Executive, said:

“M&C Saatchi has made good headway over the first six months of 2015. We produced positive revenue momentum and earnings growth.

“This stems from new business wins and continuing widening of our business offering.

“Looking ahead, we are confident that we will continue to make progress in the full year and beyond. The strategy is consistent and continues to deliver.”

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Notes to Editors Headline results

The term headline is not a defined term in IFRS. The items that are excluded from headline results are the amortisation or impairment of intangible assets (including goodwill, but excluding software) acquired in business combinations, changes to deferred and contingent consideration and other acquisition related charges taken to the income statement; impairment of investment in associate; and fair value gains and losses on liabilities caused by our put and call option agreements (whether accounted under IFRS2 or IFRS39).

Like-for-like

The like-for-like revenue comparisons referred to in this report are stated after excluding the impact of foreign currency movements.

Periods compared

This report comments on the unaudited consolidated income statement of M&C Saatchi plc (the “Group”) for the six months to 30 June 2015 compared with unaudited consolidated income statement for the same period in 2014.

SUMMARY OF RESULTS

The first six months of 2015 saw strong revenue momentum and earnings growth. Like-for-like revenues increased 9% and we returned a headline operating margin of 10.6%, up from 9.7% in 2014. The headline profit before tax advanced 13% to £9.6m and headline net earnings rose 25%.

UK

We posted a good revenue increase in the UK of 9%, with our CRM and mobile operations continuing to do particularly well. In addition, M&C Saatchi PR and our Sport & Entertainment division as well as our research operation The Source all performed strongly. We experienced a favourable run of account wins across our group of businesses in the first half, including Airbus, Carnival, Oxfam, some adult health projects for Public Health England, Royal Mail, sofa.com, Pernod Ricard's Passport Scotch and Unilever's Toni & Guy. We are rolling out LIDA, our CRM agency together with M&C Saatchi PR internationally, which follows successful roll-outs in recent years of our Mobile and Sport & Entertainment operations. In addition, we have started a new shopper agency, to help clients drive purchase conversion. As ever, we retained a careful watch on costs to support margins. This resulted in a headline operating margin of 14.2% (2014: 14.7%, both margins exclude the impact of Group recharges). The UK headline operating profit improved 5% on 2014.

Europe

We made further notable progress in Europe with like-for-like revenues up 12%. Headline operating profit was up 8%, with a headline operating margin of 12.7%. Our Stockholm office has maintained its strong new business performance and significantly won EON in June. Both Germany and Italy again produced excellent results, with Italy winning Becks, ING and Unicredit. Our Swiss office continues to do well and has started a pharmaceutical marketing business, which has already won clients. In France, advertising remained sluggish but our agency benefited from positive digital and PR contributions. In July, we acquired a minority stake in INSPI(RED) and formed M&C Saatchi Istanbul. Our associate in Spain fared a bit better compared with recent years, winning the state train operator RENFE as well as some assignments from Google.

Middle East and Africa

Like-for-like revenues in the Middle East and Africa were up 3%, with a slow start but a stronger second half anticipated. We see good full-year growth in both Cape Town and Johannesburg; key wins to date include some Continental Tyres projects and significantly Nando's. Our Abu Dhabi office is steadily building revenues beyond Etihad and won projects from new clients. In January, we acquired a majority stake in Ben-Natan Golan Advertising in Tel Aviv, Israel, forming a new agency M&C Saatchi Tel Aviv. With our associate in Beirut and our office in Abu Dhabi, we now potentially have a strong presence in the region. Overall with the slow start, the operating profit off a low base was down 41% and headline operating margin fell from 12.0% to 6.8%.

Asia and Australasia

In Asia and Australasia, like-for-like revenue increased 6% in the period. Australian revenues were up following their excellent new business run in 2014. Our associate in China continues to impress and work well. Malaysia made another very good contribution and won the global relaunch of Malaysian Airlines. Singapore picked up some more Government work for the Ministry of Health. The headline regional operating margin was up from 11.5% to 12.0%, with operating profit up 3%.

Americas

In the Americas our like-for-like revenues were up 19%. Our SS+K associate relationship in New York has started very well. They won the international account of J W Marriott with network support as well as the Comcast account. We are now looking to further bolster our presence in New York and are considering CRM acquisition possibilities. Our office in Los Angeles made valuable progress, extending its offering into digital content for the entertainment sector and social media through the addition of the Heavenspot team. In February, we upgraded our Sao Paulo presence, replicating the investment approach we took in China. We took a 25% investment in Santa Clara, a high quality independent agency who will be a powerful addition to our network. Overall, the operating profit increased from £0.6m to an impressive £1.7m with the operating margin up from 7.7% to 17.3%.

Outlook

M&C Saatchi has made good headway over the first six months of 2015. We produced positive revenue momentum and earnings growth. This stems from new business wins and continuing widening of our business offering. Looking ahead, we are confident that we will continue to make progress in the full year and beyond. The strategy is consistent and continues to deliver.

M&C SAATCHI PLC
UNAUDITED CONSOLIDATED INCOME STATEMENT
ENDED 30 JUNE 2015

		Six months ended 30 June 2015	Six months ended 30 June 2014	Year ended 31 December 2014
	Note	£000	£000	£000
BILLINGS		182,340	158,614	333,302
REVENUE	4	87,568	82,616	169,373
Operating costs		(79,242)	(74,980)	(163,720)
OPERATING PROFIT	4	8,326	7,636	5,653
Share of results of associates		541	573	1,350
Finance income	6	154	5,386	316
Finance costs	7	(618)	(193)	(1,087)
PROFIT BEFORE TAXATION	4	8,403	13,402	6,232
Taxation on profits	8	(1,980)	(2,331)	(4,293)
PROFIT FOR THE FINANCIAL PERIOD		6,423	11,071	1,939
Profit attributable to:				
Equity shareholders of the Group	4	5,203	10,065	(155)
Non controlling interest		1,220	1,006	2,094
		6,423	11,071	1,939
EARNINGS PER SHARE	4			
Basic		7.36p	15.76p	(0.24)p
Diluted		7.36p	14.89p	(0.24)p

Reconciliation of the above numbers to the Headline numbers, discussed in the front of this report, can be found in note 4 page 16 to 18.

M&C SAATCHI PLC
UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
ENDED 30 JUNE 2015

	Six months ended 30 June 2015 £000	Six months ended 30 June 2014 £000	Year ended 31 December 2014 £000
Profit for the period	6,423	11,071	1,939
Other comprehensive income:			
Exchange differences on translating foreign operations	(1,738)	(343)	(1,212)
Total other comprehensive income for the period net of tax	(1,738)	(343)	(1,212)
Total comprehensive income for the period	4,685	10,728	727
Total comprehensive income attributable to:			
Equity shareholders of the Group	3,465	9,722	(1,367)
Non controlling interests	1,220	1,006	2,094
	4,685	10,728	727

M&C SAATCHI PLC
UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2015

	30 June 2015	30 June 2014	31 December 2014
	£000	£000	£000
NON CURRENT ASSETS			
Intangible assets	28,382	35,086	29,142
Investments in associates	22,095	13,619	18,731
Plant and equipment	7,801	7,575	8,409
Deferred tax assets	1,770	1,352	1,515
Other non current assets	7,792	5,540	5,899
	67,840	63,172	63,696
CURRENT ASSETS			
Trade and other receivables	74,303	65,932	71,043
Current tax assets	32	822	318
Cash and cash equivalents	26,104	20,056	23,446
	100,439	86,810	94,807
CURRENT LIABILITIES			
Bank overdraft	(151)	(111)	(125)
Trade and other payables	(74,894)	(63,069)	(75,995)
Current tax liabilities	(801)	(2,617)	(1,995)
Other financial liabilities	(125)	(14)	(22)
Deferred and contingent consideration	–	(215)	–
Minority shareholder put options liabilities	(15,566)	(12,862)	(15,835)
	(91,537)	(78,888)	(93,972)
NET CURRENT ASSETS / (LIABILITIES)	8,902	7,922	835
TOTAL ASSETS LESS CURRENT LIABILITIES	76,742	71,094	64,531
NON CURRENT LIABILITIES			
Deferred tax liabilities	(254)	(439)	(422)
Other financial liabilities	(24,389)	(10,349)	(18,226)
Minority shareholder put options liabilities	(7,303)	(14,361)	(8,708)
Other non current liabilities	(1,049)	(947)	(1,303)
	(32,995)	(26,096)	(28,659)
NET ASSETS	43,747	44,998	35,872

M&C SAATCHI PLC
UNAUDITED CONSOLIDATED BALANCE SHEET (CONTINUED)
AT 30 JUNE 2015

	30 June 2015	30 June 2014	31 December 2014
	£000	£000	£000
EQUITY			
Share capital	725	647	683
Share premium	19,727	16,402	16,807
Merger reserve	29,335	22,405	27,689
Treasury reserve	(792)	(792)	(792)
Minority interest put option reserve	(14,041)	(15,594)	(13,070)
Non controlling interest acquired	(9,068)	(2,540)	(7,882)
Foreign exchange reserve	(2,406)	201	(668)
Retained earnings	14,949	21,898	9,639
TOTAL SHAREHOLDERS FUNDS	38,429	42,627	32,406
NON CONTROLLING INTERESTS	5,318	2,371	3,466
TOTAL EQUITY	43,747	44,998	35,872

M&C SAATCHI PLC
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
SIX MONTHS ENDED 30 JUNE 2015

	Share Capital £000	Share premium £000	Merger reserve £000	Treasury reserve £000	MI put option reserve £000	Non controlling interest acquired £000	Foreign exchange reserves £000	Retained earnings £000	Subtotal £000	Non controlling interest in equity £000	Total £000
At 1 January 2015	683	16,807	27,689	(792)	(13,070)	(7,882)	(668)	9,639	32,406	3,466	35,872
Reserve movement for six months ending 30 June 2015											
Exercise of put options	12	2,612	1,646	–	1,201	(1,201)	–	(48)	4,222	36	4,258
Issue of put options	–	–	–	–	(2,214)	–	–	–	(2,214)	1,805	(409)
Disposal of a subsidiary	–	–	–	–	–	–	–	(72)	(72)	181	109
Exchange rate movements	–	–	–	–	42	15	–	–	57	(110)	(53)
Share option exercise	30	308	–	–	–	–	–	(3)	335	(338)	(3)
Share option charge	–	–	–	–	–	–	–	230	230	–	230
Dividends	–	–	–	–	–	–	–	–	–	(942)	(942)
Total transactions with owners	42	2,920	1,646	–	(971)	(1,186)	–	107	2,558	632	3,190
Total comprehensive income for year	–	–	–	–	–	–	(1,738)	5,203	3,465	1,220	4,685
At 30 June 2015	725	19,727	29,335	(792)	(14,041)	(9,068)	(2,406)	14,949	38,429	5,318	43,747

M&C SAATCHI PLC
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
SIX MONTHS ENDED 30 JUNE 2015

	Share Capital £000	Share premium £000	Merger reserve £000	Treasury reserve £000	MI put option reserve £000	Non controlling interest acquired £000	Foreign exchange reserves £000	Retained earnings £000	Subtotal £000	Non controlling interest in equity £000	Total £000
At 1 January 2014	690	16,402	16,736	(792)	(16,587)	(1,532)	544	33,070	48,531	2,293	50,824
Reserve movement for six months ending 30 June 2014											
Exercise of put options	20	–	5,669	–	1,008	(1,008)	–	–	5,689	(9)	5,680
Share buy back	(63)	–	–	–	–	–	–	(21,414)	(21,477)	–	(21,477)
Exchange rate movements	–	–	–	–	(15)	–	–	–	(15)	(10)	(25)
Share option charge	–	–	–	–	–	–	–	177	177	–	177
Total transactions with owners	(43)	–	5,669	–	993	(1,008)	–	(21,237)	(15,626)	(19)	(15,645)
Dividends	–	–	–	–	–	–	–	–	–	(909)	(909)
Total comprehensive income for year	–	–	–	–	–	–	(343)	10,065	9,722	1,006	10,728
At 30 June 2014	647	16,402	22,405	(792)	(15,594)	(2,540)	201	21,898	42,627	2,371	44,998

M&C SAATCHI PLC
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
SIX MONTHS ENDED 30 JUNE 2015

	Share Capital £000	Share premium £000	Merger reserve £000	Treasury reserve £000	MI put option reserve £000	Non controlling interest acquired £000	Foreign exchange reserves £000	Retained earnings £000	Subtotal £000	Non controlling interest in equity £000	Total £000
At 1 January 2014	690	16,402	16,736	(792)	(16,587)	(1,532)	544	33,070	48,531	2,293	50,824
Reserve movement for year ending 31 December 2014											
Acquisition	–	–	–	–	(1,653)	–	–	–	(1,653)	5	(1,648)
Exercise of put options	47	–	13,011	–	5,151	(4,791)	–	–	13,419	(429)	12,990
Deletion of right of equity	–	–	–	–	–	(1,559)	–	–	(1,559)	1,559	–
Exchange rate movements	–	–	–	–	19	–	–	–	19	(121)	(102)
Tender offer	(63)	–	–	–	–	–	–	(21,451)	(21,514)	–	(21,514)
Merger reserve release on impairments	–	–	(2,058)	–	–	–	–	2,058	–	–	–
Option exercise	8	405	–	–	–	–	–	(413)	–	–	–
Share option charge	–	–	–	–	–	–	–	200	200	–	200
Dividends	–	–	–	–	–	–	–	(3,670)	(3,670)	(1,935)	(5,605)
Total transactions with owners	(7)	405	10,953	–	3,517	(6,350)	–	(23,276)	(14,758)	(921)	(15,679)
Total comprehensive income for the year	–	–	–	–	–	–	(1,212)	(155)	(1,367)	2,094	727
At 1 December 2014	683	16,807	27,689	(792)	(13,070)	(7,882)	(668)	9,639	32,406	3,466	35,872

M&C SAATCHI PLC
UNAUDITED CONSOLIDATED CASH FLOW STATEMENT
SIX MONTHS ENDED 30 JUNE 2015

	Notes	Six months ended 30 June 2015 £000	Six months ended 30 June 2014 £000	Year Ended 31 December 2014 £000
Revenue		87,568	82,616	169,373
Operating cost		(79,242)	(74,980)	(163,720)
Operating Profit		8,326	7,636	5,653
Adjustments for:				
Depreciation of plant and equipment		1,120	1,065	2,055
Losses on sale of plant and equipment		9	137	198
Loss on disposal of a subsidiary		85	–	76
Loss on acquisition of a subsidiary		–	–	813
Profit on disposal of associate		(142)	–	–
Amortisation on acquired intangible assets		684	370	1,445
Impairment of goodwill		–	–	5,573
Amortisation of capitalised software intangible assets		50	59	120
Equity settled share based payment expenses		230	177	200
Operating cash flow before movements in working capital and provisions		10,362	9,444	16,133
Increase in trade and other receivables		(9,182)	(3,494)	(8,690)
Decrease in trade and other payables		4,569	(989)	8,676
Cash generated from operations		5,749	4,961	16,119
Tax paid		(2,081)	(3,066)	(5,332)
Net cash inflow from operating activities		3,668	1,895	10,787
Investing activities				
Acquisitions net of cash acquired	10	(564)	(1,374)	(2,244)
Acquisitions of associates	10	(3,349)	–	(5,084)
Acquisition of investments		(335)	(224)	(1,187)
Proceeds from sale of associate		97	–	–
Proceeds from sale of plant and equipment		–	30	70
Purchase of plant and equipment		(638)	(1,504)	(3,350)
Purchase of capitalised software		(5)	(24)	(77)
Dividend from associates		76	82	660
Interest earned		154	31	307
Net cash consumed by investing activities		(4,564)	(2,983)	(10,905)
Net cash consumed by operating and investing activities		(896)	(1,088)	(118)

	Six months ended 30 June 2015 £000	Six months ended 30 June 2014 £000	Year Ended 31 December 2014 £000
Net cash consumed by operating and investing activities	(896)	(1,088)	(118)
Dividends paid to equity holders of the Company	–	–	(3,670)
Purchase of own shares	–	(21,477)	(21,514)
Dividends paid to non controlling interest	(1,912)	(909)	(1,935)
Issue of own shares	497	–	1
Repayment of finance leases	(17)	(22)	(61)
Inception of bank loans	6,451	10,022	17,913
Repayment of bank loans	(293)	–	–
Interest paid	(378)	(187)	(532)
Net cash generated / (consumed) from financing activities	4,348	(12,573)	(9,798)
Net increase / (decrease) in cash and cash equivalents	3,452	(13,661)	(9,916)
Cash and cash equivalents at the beginning of the period	23,321	33,587	33,587
Effect of exchange rate changes	(820)	19	(350)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	25,953	19,945	23,321

M&C SAATCHI PLC**UNAUDITED NOTES TO THE INTERIM STATEMENTS****SIX MONTHS ENDED 30 JUNE 2015****1. GENERAL INFORMATION**

The Company is a public limited company incorporated and domiciled in the UK. The address of its registered office is 36 Golden Square, London W1F 9EE.

The Company has its primary listing on the AIM market of the London Stock Exchange.

This consolidated half-yearly financial information was approved for issue on 9 September 2015.

These results do not constitute the Group's statutory accounts. The information presented in relation to 31 December 2014 is extracted from the statutory financial statements for the year then ended and which have been delivered to the Registrar of Companies. The auditor's report on the statutory financial statements for the year ended 31 December 2014 was unqualified, did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their report(s) and did not contain statements under Section 498 (2) or (3) of the Companies Act 2006.

2. BASIS OF PREPARATION

This consolidated half-yearly financial information for the half-year ended 30 June 2015 has been prepared in accordance with the AIM Rules for companies. The half-yearly consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2014.

3. ACCOUNTING POLICIES

The financial information in these interim results is that of the holding company and all of its subsidiaries (the Group). It has been prepared in accordance with the recognition and measurement requirements of International Financial Reporting Standards as adopted for use in the EU (IFRSs). The accounting policies applied by the Group in this financial information are the same as those applied by the Group in its financial statements for the year ended 31 December 2014 and which will form the basis of the 2015 financial statements.

M&C SAATCHI PLC**UNAUDITED NOTES TO THE INTERIM STATEMENTS****SIX MONTHS ENDED 30 JUNE 2015****4. EARNINGS PER SHARE AND RECONCILIATION BETWEEN HEADLINE AND STATUTORY RESULTS**

The analysis below provides a reconciliation between the Group's statutory results and the headline results.

Six Months to 30 June 2015	Reported results £000	Amortisation of acquired intangibles £000	Profit on disposal of an associate £000	Loss on disposal of subsidiary £000	Contingent acquisition cost classified as expense £000	Fair value adjustments to minority put option liabilities £000	Headline results £000
Revenue	87,568	–	–	–	–	–	87,568
Operating profit	8,326	684	(142)	85	142	200	9,295
Share of results of associates & JV	541	–	–	–	–	–	541
Finance income	154	–	–	–	–	–	154
Finance cost	(618)	–	–	–	–	238	(380)
Profit before taxation	8,403	684	(142)	85	142	438	9,610
Taxation	(1,980)	(124)	71	–	–	–	(2,033)
Profit for the year	6,423	560	(71)	85	142	438	7,577
Non controlling interests	(1,220)	(27)	–	–	–	–	(1,247)
Profit attributable to equity holders of the Group	5,203	533	(71)	85	142	438	6,330
BASIC AND DILUTED EARNINGS PER SHARE*							
Weighted average number of shares (Thousands)	70,677						70,677
Basic and diluted EPS*	7.36p						8.96p

* At 30 June 2015 there are no dilutive options, so basic and diluted EPS are the same.

The Directors believe that the headline results and headline earnings per share provide additional useful information on the underlying performance. The headline result is used for internal performance management, calculating the value of subsidiary convertible shares and minority interest put options. The term headline is not a defined term in IFRS.

The items that are excluded from headline results are the amortisation or impairment of intangible assets (including goodwill, but excluding software) acquired in business combinations, changes to deferred and contingent consideration and other acquisition related charges taken to the income statement; impairment of investment in associate; and fair value gains and losses on liabilities caused by our put and call option agreements (whether accounted under IFRS2 or IAS39).

M&C SAATCHI PLC**UNAUDITED NOTES TO THE INTERIM STATEMENTS****SIX MONTHS ENDED 30 JUNE 2015**

Six months to 30 June 2014	Reported results £000	Amortisation of acquired intangibles £000	Fair value adjustments to minority put option liabilities £000	Headline results £000
Revenue	82,616	–	–	82,616
Operating profit	7,636	370	–	8,006
Share of results of associates & JV	573	–	–	573
Finance income	5,386	–	(5,270)	116
Finance cost	(193)	–	–	(193)
Profit before taxation	13,402	370	(5,270)	8,502
Taxation	(2,331)	(78)	–	(2,409)
Profit for the year	11,071	292	(5,270)	6,093
Non controlling interests	(1,006)	–	–	(1,006)
Profit attributable to equity holders of the Group	10,065	292	(5,270)	5,087

BASIC EARNINGS PER SHARE

Weighted average number of shares (Thousands)	63,882			63,882
Basic EPS	15.76p			7.96p

DILUTED EARNINGS PER SHARE

Weighted average number of shares (Thousands) as above	63,882			63,882
Add				
– LTIP	55			55
– 2012 LTIP	230			230
– New LTIP	2,322			2,322
– UK Growth shares	641			641
– Dilutive put options	472			472
Total	67,602			67,602
Diluted earnings per share	14.89p			7.52p

M&C SAATCHI PLC**UNAUDITED NOTES TO THE INTERIM STATEMENTS****SIX MONTHS ENDED 30 JUNE 2015**

Year ended 31 December 2014	Reported results £000	Amortisation of acquired intangibles £000	Acquisition of remaining shares in loss making associate £000	Impairment of Goodwill £000	Contingent acquisition cost classified as expense £000	Fair value adjustments to minority put option liabilities £000	Headline results £000
Revenue	169,373	–	–	–	–	–	169,373
Operating profit	5,653	1,445	813	5,649**	2,465	–	16,025
Share of results of associates & JV	1,350	–	–	–	–	–	1,350
Finance income	316	–	–	–	–	–	316
Finance cost	(1,087)	–	–	–	–	539	(548)
Profit before taxation	6,232	1,445	813	5,649	2,465	539	17,143
Taxation	(4,293)	(391)	–	–	–	–	(4,684)
Profit for the year	1,939	1,054	813	5,649	2,465	539	12,459
Non controlling interests	(2,094)	–	–	–	–	–	(2,094)
(Loss) / profit attributable to equity holders of the Group	(155)	1,054	813	5,649	2,465	539	10,365

BASIC EARNINGS PER SHARE

Weighted average number of shares (Thousands)	65,285						65,285
Basic EPS	(0.24)p						15.88p

DILUTED EARNINGS PER SHARE

Weighted average number of shares (Thousands) as above	65,285						65,285
Add							
– LTIP	55						55
– 2012 LTIP	230						230
– New LTIP	2,772						2,772
Total	68,342						68,342
Diluted earnings per share***	(0.24)p						15.17p

**Of the £5,649k, £76k relates to a loss on disposal of an Indian subsidiary and £5,573k relates to impairment of goodwill.

*** There is no dilutive effect of losses

M&C SAATCHI PLC**UNAUDITED NOTES TO THE INTERIM STATEMENTS****SIX MONTHS ENDED 30 JUNE 2015****5. SEGMENTAL INFORMATION**

This segmental information is reconciled to the statutory results in Note 4.

Six months to 30 June 2015	UK £000	Europe £000	Middle East and Africa £000	Asia and Australasia £000	Americas £000	Total £000
Revenue	41,111	10,427	4,076	21,930	10,024	87,568
Operating profit excluding Group costs	5,837	1,327	278	2,621	1,731	11,794
Group costs	(2,281)	(36)	-	(161)	(21)	(2,499)
Operating profit	3,556	1,291	278	2,460	1,710	9,295
Share of results of associates and JV	347	(6)	-	78	122	541
Financial income and cost	(267)	(23)	(2)	47	19	(226)
Profit before taxation	3,636	1,262	276	2,585	1,851	9,610
Taxation	(500)	(387)	(47)	(779)	(320)	(2,033)
Profit for the period	3,136	875	229	1,806	1,531	7,577
Non controlling interests	(538)	(185)	(82)	(235)	(207)	(1,247)
Profit attributable to equity shareholders of the Group	2,598	690	147	1,571	1,324	6,330
HEADLINE BASIC EPS						8.96p
Non cash costs included in operating profit:						
Depreciation & Amortisation of software	(653)	(119)	(94)	(131)	(123)	(1,119)
Share option charges	(30)	-	-	-	-	(30)
OFFICE LOCATION	London	Paris Berlin Madrid Geneva Milan Moscow Stockholm	Abu Dhabi Beirut Cape Town Johannesburg Tel Aviv	Sydney Melbourne New Delhi Kuala Lumpur Hong Kong Beijing Shanghai Tokyo Singapore	Los Angeles São Paulo New York San Francisco	

M&C SAATCHI PLC
UNAUDITED NOTES TO THE INTERIM STATEMENTS
SIX MONTHS ENDED 30 JUNE 2015

Six months to 30 June 2014	UK £000	Europe £000	Middle East and Africa £000	Asia and Australasia £000	Americas £000	Total £000
Revenue	37,821	10,372	3,934	22,134	8,355	82,616
Operating profit excluding Group costs	5,566	1,231	473	2,541	647	10,458
Group costs	(2,235)	(36)	-	(165)	(16)	(2,452)
Operating profit	3,331	1,195	473	2,376	631	8,006
Share of results of associates and JV	430	(17)	-	160	-	573
Financial income and cost	(67)	(24)	9	19	(14)	(77)
Profit before taxation	3,694	1,154	482	2,555	617	8,502
Taxation	(879)	(355)	(124)	(813)	(238)	(2,409)
Profit for the period	2,815	799	358	1,742	379	6,093
Non controlling interests	(475)	(211)	(173)	(437)	290	(1,006)
Profit attributable to equity shareholders of the Group	2,340	588	185	1,305	669	5,087
HEADLINE BASIC EPS						7.96p
Non cash costs included in operating profit:						
Depreciation & Amortisation of software	(676)	(136)	(98)	(176)	(38)	(1,124)
Share option charges	(177)	-	-	-	-	(177)
OFFICE LOCATION	London	Paris Berlin Madrid Geneva Milan Moscow Stockholm	Abu Dhabi Beirut Cape Town Johannesburg	Sydney Melbourne New Delhi Kuala Lumpur Hong Kong Beijing Shanghai Tokyo Singapore	Los Angeles São Paulo New York San Francisco	

M&C SAATCHI PLC**UNAUDITED NOTES TO THE INTERIM STATEMENTS****SIX MONTHS ENDED 30 JUNE 2015**

Year ended 31 December 2014	UK £000	Europe £000	Middle East and Africa £000	Asia and Australasia £000	Americas £000	Total £000
Revenue	79,144	21,092	8,004	44,173	16,960	169,373
Operating profit excluding Group costs	11,757	2,892	1,027	5,064	445	21,185
Group costs	(4,710)	(72)	-	(331)	(47)	(5,160)
Operating profit	7,047	2,820	1,027	4,733	398	16,025
Share of results of associates and JV	1,074	(19)	-	224	71	1,350
Financial income and cost	(146)	(54)	(11)	58	(79)	(232)
Profit before taxation	7,975	2,747	1,016	5,015	390	17,143
Taxation	(1,593)	(954)	(271)	(1,652)	(214)	(4,684)
Profit for the year	6,382	1,793	745	3,363	176	12,459
Non controlling interests	(1,276)	(406)	(354)	(533)	475	(2,094)
Profit attributable to equity shareholders of the Group	5,106	1,387	391	2,830	651	10,365
HEADLINE BASIC EPS						15.88p
Non cash costs included in operating profit:						
Depreciation & Amortisation of software	(1,128)	(286)	(210)	(297)	(254)	(2,175)
Share option charges	(200)	-	-	-	-	(200)
OFFICE LOCATION	London	Paris Berlin Madrid Geneva Milan Moscow Stockholm	Abu Dhabi Beirut Cape Town Johannesburg	Sydney Melbourne New Delhi Kuala Lumpur Hong Kong Beijing Shanghai Tokyo Singapore	Los Angeles São Paulo New York San Francisco	

M&C SAATCHI PLC**UNAUDITED NOTES TO THE INTERIM STATEMENTS
SIX MONTHS ENDED 30 JUNE 2015****6. FINANCE INCOME**

	Six months ended 30 June 2015 £000	Six months ended 30 June 2014 £000	Year ended 31 December 2013 £000
Bank interest receivable	98	99	256
Other interest receivable	56	17	60
Total finance income	154	116	316
Fair value adjustments to minority shareholder put option liabilities	-	5,270	-
Total	154	5,386	316

7. FINANCE COSTS

	Six months ended 30 June 2015 £000	Six months ended 30 June 2014 £000	Year ended 31 December 2014 £000
Finance costs			
Bank interest payable	(366)	(189)	(541)
Other interest payable	(14)	(4)	(7)
Total interest payable	(380)	(193)	(548)
Fair value adjustments to minority shareholder put option liabilities	(238)	-	(539)
Total	(618)	(193)	(1,087)

M&C SAATCHI PLC**UNAUDITED NOTES TO THE INTERIM STATEMENTS****SIX MONTHS ENDED 30 JUNE 2015****8. TAXATION**

Income tax expenses are recognised based on management's estimate of the average annual headline income tax expected for the full financial year.

The estimated headline effective annual tax rate (excluding associates) used for the period to 30 June 2015 is 21.2% (30 June 2014: 28.3%). The decrease in the headline tax rate is due to reduced losses in subsidiaries that we were investing in, and the reduced UK tax rate.

The estimated effective annual tax rate for the period to 30 June 2015 is 17.4% (30 June 2014: 132.1%). The difference between the headline and statutory tax rates is caused by a difference in the profit before tax due to the impact of fair value adjustments to minority shareholder put option liabilities that have no effect on the tax charge.

9. DIVIDENDS

	Six months ended 30 June 2015 £000	Six months ended 30 June 2014 £000	Year ended 31 December 2014 £000
2013 final dividend 4.24p (2012: 3.85p)	-	-	2,723
2014 interim dividend 1.40p (2013: 1.21p)	-	-	947
	-	-	3,670

The directors propose an interim dividend of 1.61p per share (2014: 1.40p per share) payable on 13 November 2015 to shareholders who are on the register at 30 October 2015. This interim dividend, amounting to £1,158k (2014: £947k) has not been recognised as a liability in this half-yearly financial report.

M&C SAATCHI PLC**UNAUDITED NOTES TO THE INTERIM STATEMENTS****SIX MONTHS ENDED 30 JUNE 2015****10. CASH CONSUMED BY ACQUISITIONS**

	Six months ended 30 June 2015 £000	Six months ended 30 June 2014 £000	Year ended 31 December 2014 £000
Acquisitions			
Initial cash consideration paid	(577)	(1,232)	(2,284)
Cash and cash equivalents acquired	13	(142)	83
Cash lost on nominal value disposal	-	-	(43)
	(564)	(1,374)	(2,244)
Purchase of associates	(3,349)	-	(5,084)
	(3,914)	(1,374)	(7,328)