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**THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF ARTICLE 7 OF REGULATION (EU) NO 596/2014 ("MAR"). UPON THE PUBLICATION OF THIS ANNOUNCEMENT, THE INSIDE INFORMATION IS NOW CONSIDERED TO BE IN THE PUBLIC DOMAIN FOR THE PURPOSES OF MAR.**

**FOR IMMEDIATE RELEASE**

**29 April 2022**

**M&C Saatchi plc**

**("M&C Saatchi" or the "Company")**

**Issue of Profit Forecasts**

Further to the Company's trading update announcement on 21 January 2022 and the announcement of the Company's final results for the year ended 31 December 2021 ("FY21") announced separately today (the "Results Announcement"), the Company is pleased to announce M&C Saatchi's projections for the years ending 31 December 2022 ("FY22") and 2023 ("FY23").

The Company has delivered continued record performance in FY21 as demonstrated by seven consecutive positive trading updates since January 2021, and as detailed in the Results Announcement where the Company has reported headline profit before tax of £27.3m, ahead of its expectations and over a 200% increase on the prior year.

Taking into account the robust financial performance delivered in 2021 and the strong momentum in 2022 so far, M&C Saatchi is now forecasting headline profit before tax in the region of:

- £31 million in FY22; and
- £41 million in FY23

These forecasts evidence the future potential of the business, comprising expected revenue growth from existing clients and new client wins, coupled with further simplification under the accelerated Company strategy. Further details are set out in the appendix to this announcement.

The Company remains highly confident in its ability to create material value for its shareholders.

For further information please call:

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## Appendix

### Part A: M&C Saatchi Profit Forecasts

The directors of the Company other than Vin Murria (the “Independent Directors”) note that the following statement in this announcement constitutes profit forecasts for FY22 and FY23 pursuant to Rule 28.1 of the City Code on Takeovers and Mergers (the “Code”):

Taking into account the robust financial performance delivered in 2021 and the strong momentum in 2022 so far, M&C Saatchi is now forecasting headline profit before tax in the region of:

- £31 million in FY22; and
- £41 million in FY23

(the “FY22 Profit Forecast” and “FY23 Profit Forecast”).

Set out below is the basis of preparation in respect of the FY22 Profit Forecast and FY23 Profit Forecast, together with the assumptions on which they are based.

#### Basis of preparation

The M&C Saatchi Independent Directors prepared the FY22 Profit Forecast and FY23 Profit Forecast on the basis of the management accounts for FY21, a detailed forecast for the period to 31 December 2022 and, in the case of the FY23 Profit Forecast, M&C Saatchi's five-year business plan for the period to 31 December 2026. The FY22 Profit Forecast and FY23 Profit Forecast exclude any ongoing or expected transaction costs applicable to any AdvancedAdvT Limited's (“AdvT”) offer, any other associated accounting impacts as a direct result of any AdvT offer or any disruption or impact as a direct result of any AdvT offer.

#### Assumptions

The FY22 Profit Forecast and FY23 Profit Forecast are based on the assumptions listed below:

**(i) Factors outside the influence of the Independent Directors:**

- There will be no material changes to existing prevailing macroeconomic or political conditions in any of the markets and regions in which M&C Saatchi operates due to any impact of the ongoing Ukraine-Russia crisis.
- There will be no material changes to the conditions of the markets and regions in which M&C Saatchi operates or in relation to customer demand or the behaviour of competitors in those markets and regions.
- Interest rates, inflation, foreign exchange and tax rates in the markets and regions in which M&C Saatchi operates will remain materially unchanged from the prevailing expectations.
- There will be no significant further increase in global economic uncertainty as a result of the Covid-19 pandemic.
- There will be no material adverse events that will have a significant impact on M&C Saatchi's financial performance (such as a natural disaster, an act of terrorism or change in political regime) which results in significant disruption to M&C Saatchi's business.
- There will be no business disruptions that materially affect M&C Saatchi or its key customers as a result of a cyberattack and/or technological issues or supply chain disruptions.
- There will be no material changes in legislation or regulatory requirements impacting M&C Saatchi's operations or on its accounting policies.
- There will be no material litigation in relation to any of M&C Saatchi's operations.

**(ii) Factors within the influence of the Independent Directors**

- There will be no material change to the present management of M&C Saatchi, other than as already announced.
- There will be no material change to the accelerated strategy of M&C Saatchi
- The core strategy of connected revenue growth, driven by a team dedicated to this line of revenue, will drive increased new global business.
- M&C Saatchi intends to initiate phase II of its global cost savings programme which is expected to generate savings in both FY22 and FY23; the scale of its contribution to headline profit before tax in FY22 and FY23 is dependent on the programme commencing no later than June 2022.
- There will be no material adverse change in M&C Saatchi's ability to maintain customer and partner relationships.
- There will be no material acquisitions or disposals.
- There will be no material strategic investments over and above those currently planned.
- There will be no material change in the dividend or capital policies of M&C Saatchi outside of what has previously been publicly announced.
- There will be no loss of client contracts unless a contract is due to terminate in the period.
- All long-term clients will be retained and will continue to generate revenues in line with their budgets, retainers, historical trends and past behaviours.
- M&C Saatchi will continue to generate a portion of its annual net revenues from new clients, consistent with prior years.
- Both net revenue and headline PBT margin are assumed to grow in FY22 and FY23. In particular:
  - In FY22 and FY23, the Independent Directors have assumed net revenue growth based upon divisional analysis and forecasting including expected new and existing client wins. The Independent Directors' view of annual net revenue growth in FY22 and FY23 is further supported by M&C Saatchi's robust financial performance and growth in 2021, broader macro forecasts, including the GroupM forecast growth for the global advertising market as a whole and the forecast revenue growth of its closest listed peers.
  - Excluding the impact of the phase II of the global cost saving programme (see below), the Independent Directors have forecast growth in profit before tax margins in FY22 and FY23 partly driven by efficiency savings and increased operational leverage.

### **Independent Directors' Confirmation and Reports**

The FY22 Profit Forecast and FY23 Profit Forecast constitute profit forecasts under Rule 28.1(a) of the Code.

#### **(i) FY22 Profit Forecast**

BDO LLP ("BDO"), as reporting accountant to M&C Saatchi, and Numis Securities Limited and Liberum Capital Limited, as financial advisers to M&C Saatchi, have each provided a report in respect of the FY22 Profit Forecast as required under Rule 28.1(a) of the Code. Copies of these reports are included in Part B and C respectively of this Appendix. Each of BDO, Numis and Liberum has given and has not withdrawn its consent to the inclusion of its report in the form and context in which it is included.

#### **(ii) FY23 Profit Forecast**

The FY23 Profit Forecast constitutes a profit forecast under Rule 28.1(a) of the Code. However, in accordance with Rule 28.2 of the Code, the Takeover Panel has granted M&C Saatchi a dispensation from the requirement to include reports from reporting accountants and its financial advisers in relation to the FY23 Profit Forecast because it is for a financial period ending more than 15 months from the date of this Announcement, which is the date on which it is first published.

The Independent Directors confirm that the FY23 Profit Forecast has been properly compiled on the basis of the assumptions set out above and has been prepared on a basis consistent with M&C Saatchi's accounting policies used in M&C Saatchi's audited financial statements for the year ended 31 December 2021 and in accordance with IFRS.

**Part B**

**Accountant's Report on Profit Forecast**



BDO LLP  
55 Baker Street  
London  
W1U 7EU

The Independent Directors  
M&C Saatchi Plc  
36 Golden Square  
London  
W1F 9EE

29 April 2022

Numis Securities Limited  
45 Gresham Street  
London  
EC2V 7BF

Liberum Capital Limited  
Ropemaker Place  
Level 12  
25 Ropemaker Street  
London

Dear Sir or Madam

We report on the forecast of headline profit before tax of M&C Saatchi Plc (the "Company") and its subsidiaries (together the "Group") for the year ending 31 December 2022 (the "FY22 Profit Forecast"). The FY22 Profit Forecast, and the material assumptions upon which it is based, are set out in Part A of the appendix of the "Issue of Profit Forecasts" announcement (the "Announcement").

**Opinion**

In our opinion, the FY22 Profit Forecast has been properly compiled on the basis stated and the basis of accounting used is consistent with the Company's accounting policies.

The FY22 Profit Forecast has been made in the context of the disclosures in Part A of the appendix to this announcement setting out the principal assumptions supporting the FY22 Profit Forecast.

This report is required by Rule 28.1(a)(i) of the City Code on Takeovers and Mergers (the “Takeover Code”) and is given for the purpose of complying with that requirement and for no other purpose.

### **Responsibilities**

It is the responsibility of the independent directors of the Company (the “Independent Directors”) to prepare the FY22 Profit Forecast in accordance with the requirements of Rule 28 of the Takeover Code.

It is our responsibility to form an opinion, as required by Rule 28.1(a)(i) of the Takeover Code, as to the proper compilation of the FY22 Profit Forecast and to report that opinion to you as to whether the FY22 Profit Forecast has been properly compiled on the basis stated and the basis of accounting used is consistent with the Company’s accounting policies.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and to the shareholders of the Company, to the fullest extent permitted by the law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Rule 23.2 of the Takeover Code, consenting to its inclusion in the Announcement.

### **Basis of preparation of the FY22 Profit Forecast**

The FY22 Profit Forecast has been prepared on the basis stated in Part A of the appendix of the Announcement.

The FY22 Profit Forecast is required to be presented on a basis consistent with the accounting policies of the Group.

### **Basis of opinion**

We conducted our work in accordance with Standards for Investment Reporting issued by the Financial Reporting Council of the United Kingdom. We are independent in accordance with the Financial Reporting Council’s Ethical Standard as applied to Investment Circular Reporting Engagements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our work included considering whether the FY22 Profit Forecast has been accurately computed based upon the disclosed assumptions and the accounting policies of the Group. Whilst the assumptions upon which the FY22 Profit Forecast are based are solely the responsibility of the Independent Directors, we considered whether anything came to our attention to indicate that any of the assumptions adopted by the Independent Directors which, in our opinion, are necessary for a proper understanding of the FY22 Profit Forecast have not been disclosed and whether any material assumption made by the Independent Directors appears to us to be unrealistic.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the FY22 Profit Forecast has been properly compiled on the basis stated.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions outside the United Kingdom and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Since the FY22 Profit Forecast and the assumptions on which it is based relate to the future and may therefore be affected by unforeseen events, we express no opinion as to whether the actual profits achieved will correspond to those shown in the FY22 Profit Forecast and the differences may be material.

Yours faithfully

BDO LLP

Chartered Accountants

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

## Part C

### Report from Numis Securities Limited and Liberum Capital Limited

The Board of Independent Directors (the "**Independent Directors**")

M&C Saatchi plc

36 Golden Square

London

W1F 9EE

29 April 2022

### Report on the profit forecast of M&C Saatchi plc (M&C Saatchi)

Dear Independent Directors,

We refer to the profit forecast comprising a forecast of headline profit before tax of M&C Saatchi for the year ended 31 December 2022 (the "FY22 Profit Forecast"), for which the Independent Directors are solely responsible under Rule 28.3 of the City Code on Takeovers and Mergers (the "City Code"). The FY22 Profit Forecast and the basis on which it is prepared, are set out in Part A of the appendix to the announcement entitled "Issue of Profit Forecasts" (the "Announcement").

We have discussed the FY22 Profit Forecast (including the bases and assumptions on which they are made), with the Independent Directors and those employees of M&C Saatchi who prepared the FY22 Profit Forecast as well as BDO LLP in their role as reporting accountants in respect of the FY22 Profit Forecast. The FY22 Profit Forecast is subject to uncertainty and our work did not involve an independent examination, or verification, of any of the financial or other information underlying the FY22 Profit Forecast.

We have relied upon the accuracy and completeness of all the financial and other information provided to us by or on behalf of M&C Saatchi, or otherwise discussed with or reviewed by us in connection with the FY22 Profit Forecast, and we have assumed such accuracy and completeness for the purposes of providing this letter. You have confirmed to us that all information relevant to the FY22 Profit Forecast has been disclosed to us. We do not express any view as to the achievability of the FY22 Profit Forecast, whether on the basis identified by the Independent Directors in the disclosures in Part A of the appendix to the Announcement, or otherwise.

We have also reviewed the work carried out by BDO LLP on the FY22 Profit Forecast and have discussed with them the opinion addressed to you and us on this matter and which is set out in Part B of the appendix to the Announcement.

On the basis of the foregoing, we consider that the FY22 Profit Forecast, for which you as the Independent Directors are solely responsible, has been prepared with due care and consideration.

This letter is provided to you solely having regard to the requirements of, and in connection with, Rule 28.1(a)(ii) of the City Code and for no other purpose. We accept no responsibility to M&C Saatchi, its shareholders or to any person other than the Independent Directors in respect of the contents of this letter. Each of Numis Securities Limited and Liberum Capital Limited are acting exclusively as financial adviser to M&C Saatchi and no one else. No person other than the Independent Directors can rely on

the contents of, or the work undertaken in connection with, this letter, and to the fullest extent permitted by law, we exclude and disclaim all liability (whether in contract, tort or otherwise) to any other person, in respect of this letter, its contents or the work undertaken in connection with this letter or any of the results or conclusions that may be derived from this letter or any written or oral information provided in connection with this letter, and any such liability is expressly disclaimed except to the extent that such liability cannot be excluded by law.

Yours faithfully,

For and on behalf of

Numis Securities Limited

For and on behalf of

Liberum Capital Limited