

M&C SAATCHI GROUP

INTERIM RESULTS

Six Months Ended
30 June 2021

21 September 2021

A KEY TURNING POINT

Return to growth

Eliminating equity dilution

Data and digital expertise deepened

Central power and control strengthened

Simplification programme extended

H1 2021 PERFORMANCE

Headline profit before tax of £10.5 million

LFL revenue growth 21%

Operating profit margin up 6.4pts to 10.5%

Net cash of £31.8million, up from £22.4 million at 30 June 2020

Decision taken to settle all current and future put options in cash

Strong client retention and new business performance across all geographies and specialist divisions

RESULTS

H1 2021 RESULTS

Strong first half

Ahead of management's expectations

Rapid recovery from 2020

Surpassed H1 2019 outcome

New strategy is working

	<u>2021</u>	<u>2020</u>	<u>Movement</u>		<u>LFL*</u>
	£m	£m	£m	%	%
Net revenue	118.1	103.4	14.7	14.2%	21.0%
Operating profit	12.4	4.2	8.1	191.2%	114.3%
Profit before tax	10.5	2.0	8.5	420.0%	202.8%
Earnings	4.0	0.7	3.3	507.1%	

* Like-for-like growth excluding effect of acquisitions in 2021 and disposals in 2020.

CMD – 5 YEAR TARGETS

**NET REVENUE
GROWTH**

6% CAGR

**OPERATING
PROFIT GROWTH**

25%+ CAGR

**OPERATING PROFIT
MARGIN – YEAR 5**

18%

H1 2021: KEY RATIOS

Rapid YOY turnaround

Revenue growth ahead
of holding company
peer group

Operating leverage
driving rapid margin
growth

	<u>2021</u>	<u>2020</u>
Headline net revenue change	14.2%	14.4%
Operating margin	10.5%	4.1%
Effective tax rate	36.2%	36.9%
Basic EPS	3.32p	0.60p
Diluted EPS	3.11p	0.56p
EBITDA	16.7	10.3

H1 2021: SEGMENTAL REVENUE

	Reported			LFL		
	2021 £m	2020 £m	2021 vs 2020 Movement	2021 £m	2020 £m	2021 vs 2020 Movement
Connected Creativity	61.6	60.4	2.0%	59.0	52.6	12.1%
Media	15.0	11.2	33.7%	15.0	11.3	32.5%
Global and Social Issues	14.7	10.4	41.7%	14.7	10.4	41.5%
Brand, Experience & Innovation	15.2	13.5	12.6%	15.2	13.2	15.3%
Passion Marketing	11.6	7.9	46.3%	11.6	7.9	46.3%
	<u>118.1</u>	<u>103.4</u>	<u>14.2%</u>	<u>115.5</u>	<u>95.4</u>	<u>21.0%</u>

	Reported			LFL		
	2021 £m	2020 £m	2021 vs 2020 Movement	2021 £m	2020 £m	2021 vs 2020 Movement
UK	50.8	36.8	38.1%	50.8	36.7	38.4%
Europe	7.4	13.0	(43.0%)	7.4	7.7	(3.3%)
Middle East & Africa	10.1	7.7	31.8%	10.1	7.2	40.1%
Asia & Australia	30.9	26.4	17.1%	29.1	26.1	11.6%
Americas	18.8	19.5	(3.8%)	18.0	17.7	1.7%
Group total	<u>118.1</u>	<u>103.4</u>	<u>14.2%</u>	<u>115.5</u>	<u>95.4</u>	<u>21.0%</u>

Strong first half

Specialist divisions introduced from 2021

These are now the primary focus for management reporting

Connected Creativity (LFL)

- 51% of Group Revenue
- 33% of total Operating Profit
- 13% Operating Profit Margin

Total of other 4 divisions (LFL)

- 49% of Group Revenue
- 67% of Group Operating Profit
- 27% Operating Profit Margin

BALANCE SHEET

Strong cash conversion, disciplined cash management and new credit facility

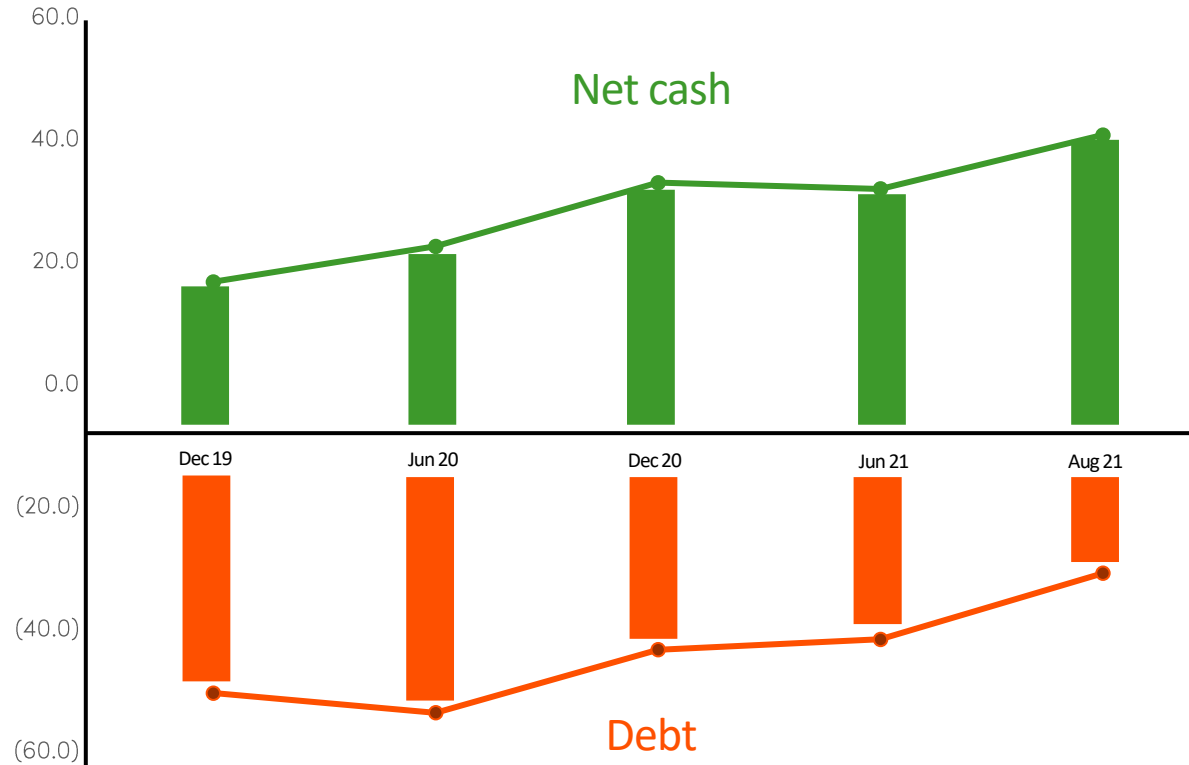
Consistent increase in cash

Net cash > £40m in Aug 21 and total cash > £71m

Reduction in debt to £31m

New larger 3 year £47m banking RCF with NatWest and Barclays

Liquidity headroom of £59m in August



Strong cash position opens up options for use of capital

ELIMINATING SHAREHOLDER DILUTION

Settling put options in cash

All current and future put options expected to be settled with cash

Non-dilution will improve EPS

Expected to remove a major overhang

Significant cash available + strong cash flow expected to continue

- Est. cash liability for remainder of 2021 of £9m max + £27m for 2022-25

Issuing shares @ current share price is dilutive

- Liability = 19% of company's equity to be issued / 24m shares

FULL YEAR OUTLOOK

H1 momentum has continued into H2

Full year PBT expected to be substantially ahead of consensus

Balance sheet strength allows cash settlement of put options

STRATEGIC UPDATE

CONNECTED

LOCAL

GLOBAL

A creative company
that connects specialist
expertise through data
and technology to deliver
meaningful change.

M&C SAATCHI GROUP

SILOED

MARKET DYNAMICS

RENEWED BELIEF IN MARKETING

72% CMO's 'importance increased'
Forecast growth to record level
+10.2%

DIGITAL GROWTH OVER INDEXING

Global spend +17%
Performance spend +33%

CLIENTS SEEKING CONNECTED SOLUTIONS ACROSS LANDSCAPE

30% new business opportunities demand full range of capabilities

ACCELERATION OF CLIENT DEMAND FOR ESG CREDENTIALS & CONSULTING

100% demand on RFIs in 2021
84% of clients put ESG within top 5 criteria

UNPRECEDENTED WAR FOR TALENT REQUIRING STRONG BRANDS WITH PURPOSE

41% are considering leaving current job; 54% of under 25s
70% want to work for a company with a strong environmental agenda

STRATEGY IMPLEMENTATION

CENTRAL POWER & CONTROL

ESG commitments
Net zero by 2025 across operations
Signed to SBTi
Attracting underrepresented talent
through global Open House program

Key global appointments

Chief Strategy Officer
Chief People Officer
Group Treasury Officer
Chair of UK Group

Connected revenue growth

ExCo fully operational
Incentives aligned to new strategy

DIGITAL AND DATA ACCELERATION

High level data consultancy successfully
launched

Blueprint developed for embedded data
services, launched across test markets for
rollout in Q1

SaaS
MVP developed for SME marketing
services

Digital ventures launch in Q4 (Digital
product and service innovation)

NEW BUSINESS WINS

Insight & Data Analytics

WORLD'S LARGEST ONLINE
MARKETPLACE



National
Trust



United Nations



BACARDI



Moët Hennessy

Ballantine's

GLOBAL
SPORTING
FRANCHISE



Ladbrokes



HEALTH-ADE
KOMBUCHA

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Chief People Officer
Group Treasury Officer
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SIMPLIFICATION

Internal

Investment in single global platforms for
business development, HR, Finance

Continued rationalisation of operational
and legal entities

External

Strengthening single M&C Saatchi view,
i.e., 'one face' with multiple disciplines

Investment in global client delivery
platforms

FOCUS FOR GROWTH

GEOGRAPHY

USA

SECTOR

Tech Disruptors

PURPOSE

People & Planet

DIVISIONAL UPDATE

CONNECTED CREATIVITY

The application of marketing science and creativity to solve complex problems.

BRAND, EXPERIENCE & INNOVATION

Transformative digital experience, design and innovation.

PERFORMANCE MEDIA

Connecting brands with today's connected customers.

PASSION MARKETING

Connecting brands direct to consumers through their passions.

GLOBAL & SOCIAL ISSUES

Driving critical global and social change. Protecting the planet, transforming lives for the better.

CONNECTED
CREATIVITY

Uber

GORILLAS

GENESIS
GENESIS

FRANKLIN TEMPLETON
INVESTMENTS

GREAT
UK

PERFORMANCE
MEDIA

SOUNDCLOUD

skillz
eSports for Everyone

MPL MOBILE
PREMIER
LEAGUE

The
Weather
Company
An IBM Business

Beam SUNTORY

PASSION
MARKETING

SONOS

Discord

WHOOOP®

Heineken®

adidas

GLOBAL & SOCIAL
ISSUES

Home Office

UN CLIMATE
CHANGE
CONFERENCE
UK 2021
IN PARTNERSHIP WITH ITALY

unicef

BILL & MELINDA
GATES foundation

THE
GLOBAL
FUND

BRAND, EXPERIENCE,
AND INNOVATION

TikTok

Lyca
Mobile

Disney

PEPSICO

Mondelēz
International

CONNECTED CREATIVITY

Uber

GORILLAS

GENESIS
GENESIS

FRANKLIN TEMPLETON
INVESTMENTS

GREAT
UNITED KINGDOM

PERFORMANCE MEDIA

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Mobile

Disney

PEPSICO

Mondelēz
International

MORE CONNECTED

Paid, Owned & Earned



**CONNECTED
CREATIVITY**

Sponsorship



**PASSION
MARKETING**

Social Purpose



**GLOBAL & SOCIAL
ISSUES**

Brand Refresh



**BRAND, EXPERIENCE &
INNOVATION**

MORE GLOBAL

'Get into Uber mode'



Affinity with and awareness of total Uber Product set: Drive, Eats, Cornershop, Flash

A KEY TURNING POINT

Return to growth

Eliminating equity dilution

Data and digital expertise deepened

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Simplification programme extended

M&C SAATCHI GROUP

THANK YOU

21 September 2021

APPENDICES

H1 2021: REGIONAL SEGMENT

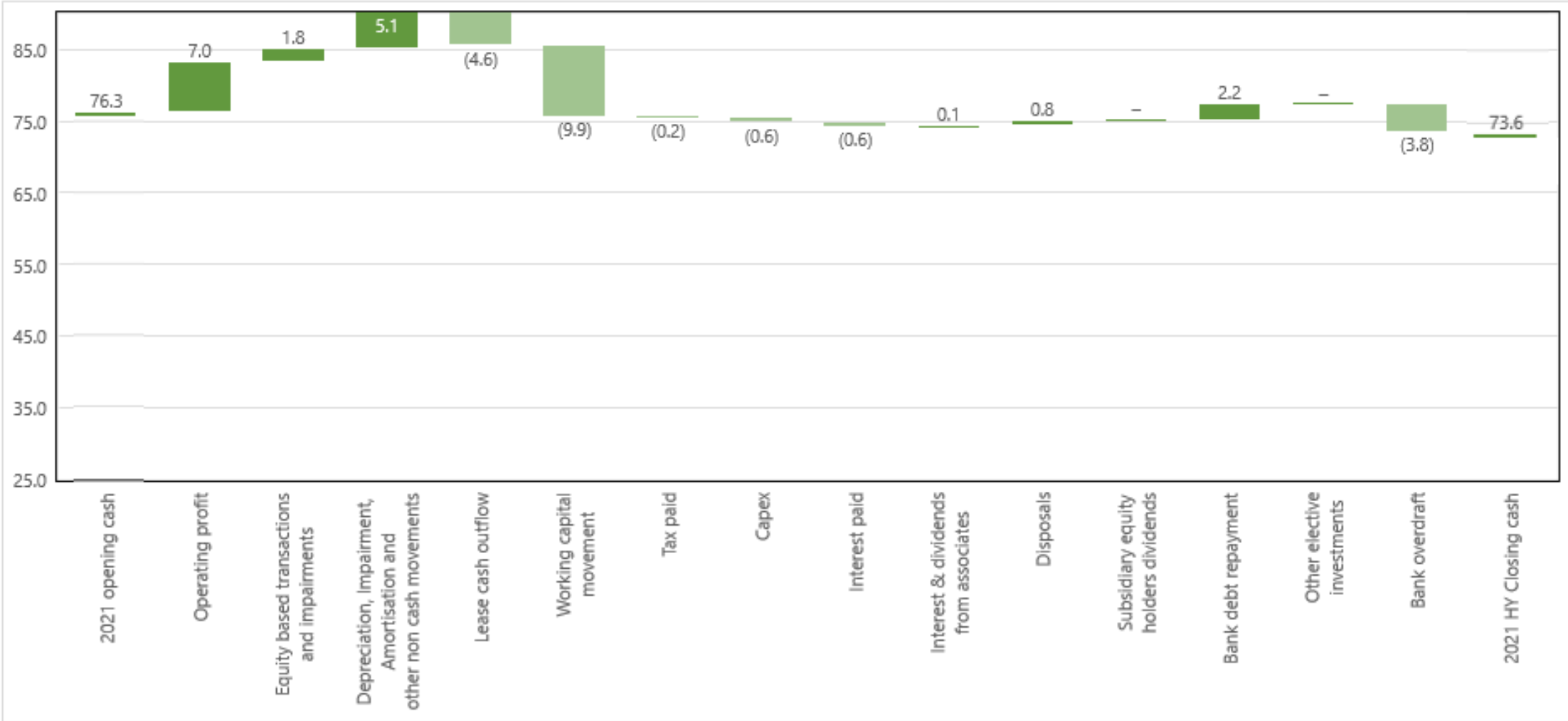
Stronger performance across all regions

£m	Middle					Central costs	Group total
	UK	Europe	East & Africa	Asia & Australia	Americas		
Net revenue	50.8	7.4	10.1	30.9	18.8	-	118.1
vs 2020 (<i>reported rates</i>)	38.1%	(43.0%)	31.8%	17.1%	(3.8%)		14.2%
Operating profit	11.9	0.9	2.1	0.5	3.0	(6.0)	12.4
vs 2020 (<i>reported rates</i>)	250.9%	197.7%	944.5%	(49.3%)	40.5%	122.9%	187.3%
Operating margin	23.5%	12.1%	20.6%	1.6%	15.7%	-	10.5%
2020 margin	9.2%	2.5%	2.1%	3.6%	11.0%		4.1%
Share of associates	0.6	-	-	(0.6)	(0.0)	-	0.0
Net interest	(0.6)	(0.0)	(0.2)	(0.1)	(0.5)	(0.5)	(1.9)
Profit before tax	12.0	0.9	1.9	(0.2)	2.4	(6.6)	10.5
Tax rate	17%	53%	17%	-944%	27%	18%	36.2%
Profit after tax	9.9	0.4	1.6	(1.6)	1.8	(5.4)	6.7
Non-controlling interest	(1.7)	(0.1)	(0.7)	0.1	(0.3)		(2.7)
Profit for period	8.2	0.3	0.9	(1.5)	1.5	(5.4)	4.0

Regional segment now complemented with divisional segment

All regions (excl. Europe) growing on LFL basis

CASHFLOW WATERFALL



PEOPLE & PLANET: ESG COMMITMENTS

	THE WAY WE WORK	THE WORK WE DO
Headline:	<i>We will be a net-zero emissions company by 2030, in our own operations and in the production of the content we create for our clients.</i>	<i>We will reorientate our business to deliver climate action, using our expertise to drive behaviour change that cuts carbon emissions</i>
Commitments	<ol style="list-style-type: none"> 1. We will set a science-based emissions reduction target to do our part to limit global warming to 1.5°C. 2. By 2025 we will be Net Zero across our own operations (scope 1 and 2). 3. By 2030 we will be Net Zero across both our operations and value chain. 	<ol style="list-style-type: none"> 1. We will build climate literate teams, training our staff to understand the latest climate science and the levers we can use to create impact within existing briefs. 2. Going forward year on year we will growth the % of revenue from planet positive* campaigns. 3. We will offer our creative skills to charities and other organisations that support our Planet Action ambition to drive behaviour change.
Targets	<ul style="list-style-type: none"> • We will measure and report each year on the emissions associated with our own operations, and a screening analysis of our value chain (scope 3). • By 2022 we will work with at least one client to produce our first Net Zero (production) campaign. • By 2023, 100% of campaigns will include a Climate Dashboard that shows the GHG footprint of production. 	<ul style="list-style-type: none"> • By 2022 all of our people, across our whole business, will be trained on climate science and the potential for impact. • In 2022 we will publish guidance on how we measure the Planet Impact of our work and start reporting on the income we derive from campaigns that clearly support our Planet Ambition. • Each year we will provide Probono services to charities and other organisations in support our Planet & People Action ambition up to a minimum value of £5 million a year.

* Planet positive: campaigns promoting products or services with lower impacts and/or behaviours which reduce impact on the planet.