M&C SAATCHI GROUP

2020 RESULTS PRESENTATION

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2020 RESULTS SUMMARY

Resilient and agile performance in challenging environment

- Headline PBT of £8.3M - ahead of expectations
- Strong client retention and new business performance
- Swift implementation of transformation and restructuring strategy
- Business simplification: number of operating units reduced by 34%
- Driving digital growth across all five divisions

01 2020 RESULTS
02 CURRENT TRADING
03 STRATEGY UPDATE

2020: HEADLINE NUMBERS

Stronger than expected performance with underlying margin improvement

	2020	2019	Movement	
	£m	£m	£m	%
Net revenue	225.4	256.4	(31.0)	(12.1%)
Operating profit	12.0	19.5	(7.5)	(38.5%)
Profit before tax	8.3	17.2	(8.8)	(51.5%)
Taxation	(3.3)	(5.3)	2.0	(37.8%)
Profit after tax	5.0	11.9	(6.8)	(57.6%)
Minority interest	(3.4)	(4.9)	1.5	(30.6%)
Profit for period	1.6	7.0	(5.4)	(77.0%)
Basic EPS	1.52p	7.70p	(6.18)p	(80.3%)
Dividend	0.00p	2.45p	(2.45)p	(100.0%)

Operating Profit Margin

- 2020 stated: 5.3%
- Moves to 7.5%+ if exclude losses from entities that were disposed of/divested
- Current run rate: 10%+

2020: REGIONAL BREAKDOWN

Stronger than expected performance

Resilient Year

- Streamlining / exiting loss-making operations
- Turnaround of loss-making operations
- Growth in profit and operating margin in largest entity

£m	UK	Europe	Middle East & Africa	Asia & Australia	Americas	Central costs	Group total
Net revenue	88.9	28.4	15.6	57.9	34.6	-	225.4
vs 2019 (*reported rates*)	(13.8%)	(6.8%)	(6.2%)	(10.2%)	(16.9%)	0.0%	(12.1%)
Operating profit	16.4	1.5	0.7	2.2	2.5	(11.3)	12.0
vs 2019 (*reported rates*)	21.2%	(50.9%)	(55.4%)	(60.5%)	(19.3%)	53.7%	(38.5%)
Operating margin	18.4%	5.2%	4.3%	3.9%	7.2%	-	5.3%
2019 margin	13.1%	9.9%	9.1%	8.8%	7.5%	-	7.6%
Share of associates	-	-	-	(0.0)	(0.1)	-	(0.1)
Net interest	(1.1)	(0.1)	(0.4)	(0.4)	(0.9)	(0.7)	(3.5)
Profit before tax	15.3	1.3	0.3	1.8	1.5	(12.0)	8.3
Tax rate	20%	54%	98%	59%	25%	19%	39.6%
Profit after tax	12.3	0.6	0.0	0.8	1.2	(9.8)	5.0
Non-controlling interest	(2.7)	(0.2)	0.1	(0.2)	(0.4)		(3.4)
Profit for period	9.6	0.4	0.1	0.6	0.8	(9.8)	1.6

BUSINESS TRANSFORMATION & RESTRUCTURING

Multiple initiatives to mitigate challenges and expand underlying operating margin

- **Operating cost reduction vs 2019 of £24m or 10%**
  - Rightsizing, foundations in place for further margin improvement
- **Disposals, divestments and office closures**
  - 20 entities were either closed, merged or our interest divested; programme continued in 2021 to deliver 34% reduction
- **Review and reduction of global property portfolio to accommodate a more flexible working environment**
  - Real estate in London, New York, Sydney, and Singapore, surplus to requirements and being marketed
  - Impairment of £2.7m against leases (largely in London)
- **Investment in structural repositioning**
  - New talent, capabilities and business processes including enhanced central functions
  - Major staff restructuring programmes (Exceptional costs of £2.6m)
- **Utilisation of government support**
  - UK furlough repaid in 2021

STRONG BALANCE SHEET

Solid cash conversion, disciplined cash management and new bank financing

	2020	2019
	£m	£m
Total Cash	76.3	69.0
Borrowings	(43.3)	(52.4)
Net Cash	33.0	16.6

- Strong conversion of operating profit to cash
- Transformed treasury and centralised cash management function
- New 3 year £47m banking revolving credit facility with NatWest and Barclays
- Net cash position continues to be healthy in 2021

POTENTIAL TO TRANSFORM SHAREHOLDER VALUE

Cash purchase of minorities included in capital allocation considerations

Minimising Dilution

Current Projection 19.4%

Potential Projection 4.6%

Reducing Minority Interests

Currently: 68% of PAT

5 Yr Projection: 12% of PAT

Capital Allocation Priorities

- Organic Growth /
- Working Capital
- Minority Interests
- Dividend Payment
- Balance sheet parameters

Outstanding 2021-2025 Put Options*

Settled with shares (@135p share price) = 19.4% dilution

Settled with cash = 4.6% dilution

Decision to be taken post AGM

*Estimated put option liability for 2021 = £12.6m (@135p share price) assuming £5m to be settled with cash.

01 2020 RESULTS

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CURRENT TRADING

Positive underlying business trends and strategic initiatives delivering growth

- Strong revenue and PBT growth in first 5 months of 2021
- Headline operating margin for first 5 months > 10%
- PBT for 1st 6 months expected to be > £10m (H1 2020: £2m)
- Strong performance across all divisions, driven by new business, and more positive market backdrop
- Continued balance sheet strength with Net Cash of £32m at 31 May 2021

Full year 2021

- Revenue, PBT and Earnings expected to be ahead of consensus expectations
- Strength of H1 performance may not be fully matched in H2

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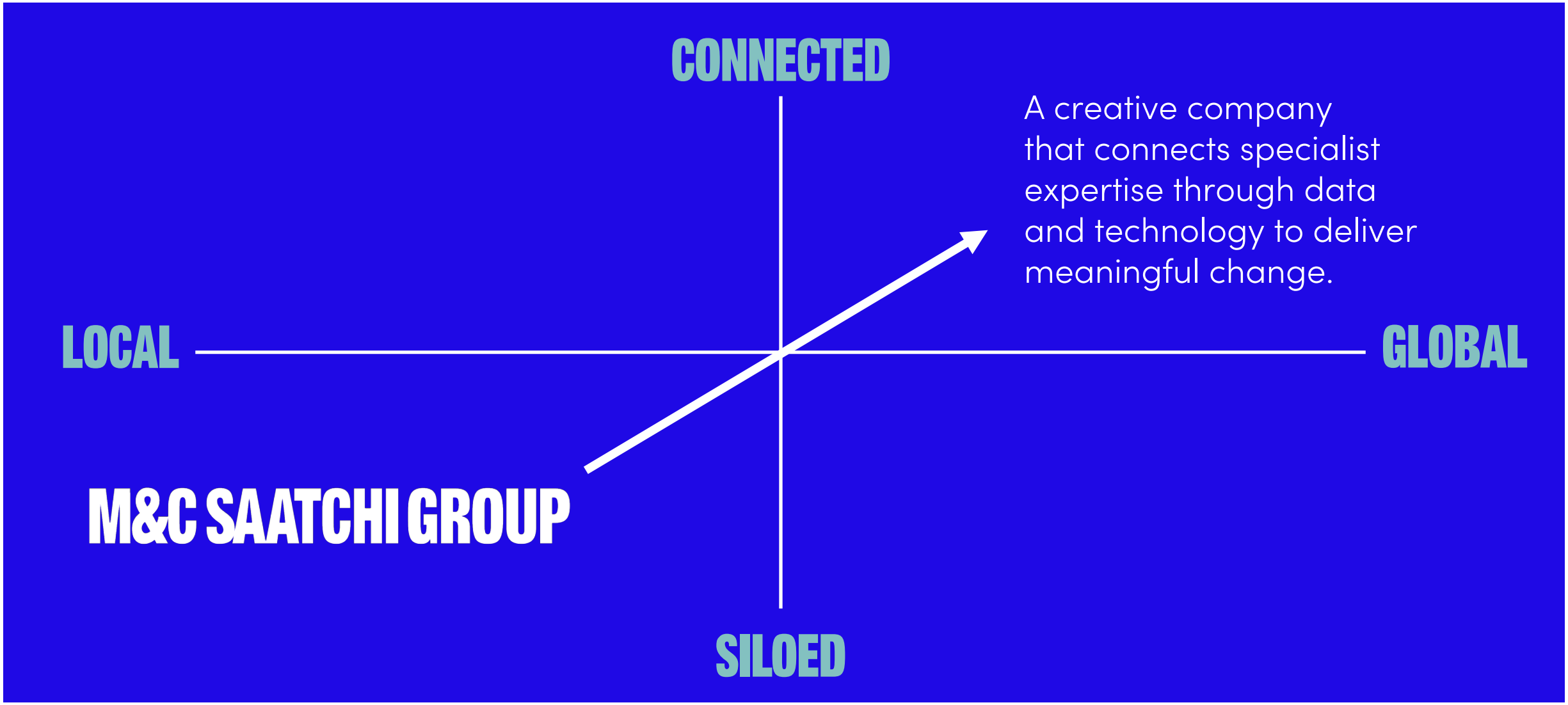
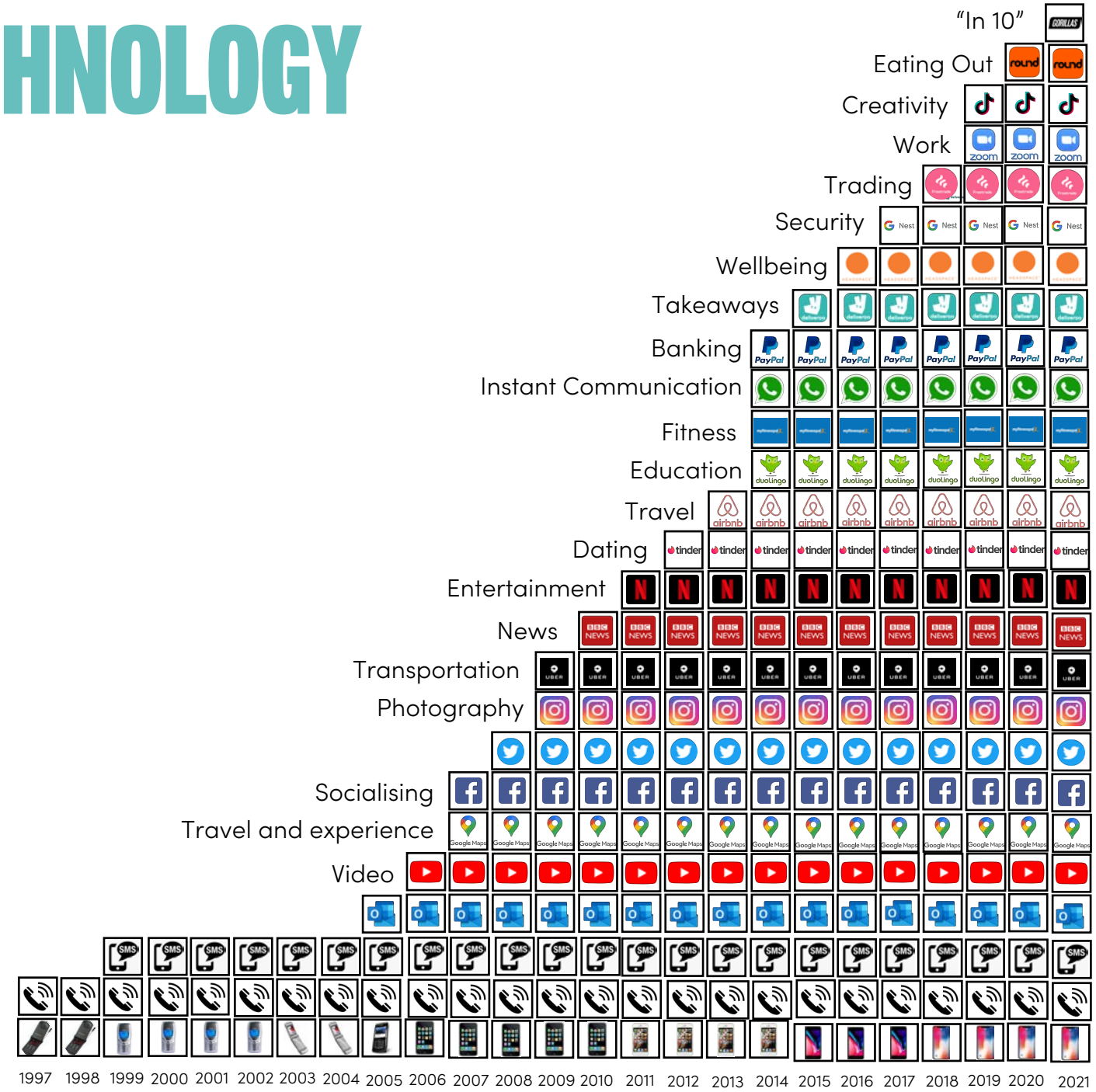
STRATEGY


CONNECTED
A creative company that connects specialist expertise through data and technology to deliver meaningful change.
LOCAL
GLOBAL
M&C SAATCHI GROUP
SILOED

LIVING IN TECHNOLOGY



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IRREVERSIBLE TRENDS

Deepening of digital

Dependency not just time spent

Modern creativity in a digital world

Darwinian D to C

Strong brand to survive & relevant, actionable CX to thrive

Platforms & Precision

Sustainability Anxiety

Increasingly core to the Marketing agenda

Increasingly complex

Specialists in planet, people and brands

SPECIALIST DIVISIONS

- CONNECTED CREATIVITY
- BRAND, EXPERIENCE & INNOVATION
- GLOBAL & SOCIAL ISSUES
- PASSION MARKETING
- PERFORMANCE MEDIA

Growth drivers across all divisions

- Data Analytics
- Automation
- Personalisation
- CX

CONNECTED CREATIVITY

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

70% of success of digital ad campaigns accounted for by creative quality

Data driven personalization drives 5-8 x more ROI

Sources: Google Media Lab, eConsultancy

census 2021

PUBLIC SECTOR DIGITAL TRANSFORMATION

- ✓ Data analytics for insight into key hard to reach audiences
- ✓ Tech partnership with Admation
- ✓ Distribution of digital assets at speed and scale across Facebook, Twitter, Snapchat, digital display, online video and search
- ✓ Real time customisation in response to completion data by region and audience
- ✓ Influencer mapping to identity key community voices in 19 priority groups
- ✓ Website design, build and management for discrete audiences
- ✓ Built and managed the digital help centre using AI technology, operating on Facebook and Twitter, responding to 250,000 requests
- ✓ **Results: 97% completion rate exceeding targets**

LEXUS

TRANSFORMATION FROM TRADITIONAL CAR BRAND TO MOBILITY EXPERIENCE PROVIDER

- ✓ Propensity modelling to drive growth
- ✓ Customer data predictive analytics
- ✓ Developed mobility as a service (MAAS) strategy
- ✓ Customer experience app development (Encore)
- ✓ Integration of communications with Salesforce for hyper-targeted personalized content
- ✓ Data driven customer lifecycle management
- ✓ Built a single customer view to empower dealers via connected data
- ✓ **Results: Outperforming market with 17% growth**

BRAND, EXPERIENCE & INNOVATION

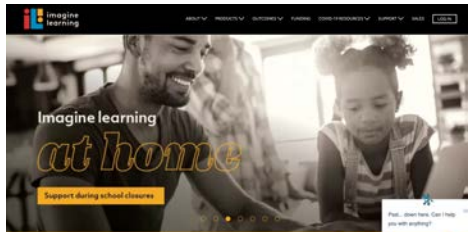
Transformative digital experience, design and innovation.

55% of companies expect than in 3 years, more than half of revenue to come from products & services that do not exist today.

CX CAGR 18% 2021-2028

imagine learning

EDTECH DIGITAL EXPERIENCE TRANSFORMATION. BRAND DESIGN AND ARCHITECTURE, ENTERPRISE LEVEL WEBSITE DESIGN AND UX.



- ✓ UX strategy consulting – single user ID, simplified from many
- ✓ Information architecture design including multi-device navigation user interface
- ✓ Atomic design organisms to develop effective user interface
- ✓ Scaled content workflow management
- ✓ Interactive prototyping
- ✓ Content Management System model and development planning

OPTUS

360 DEGREE DELIVERY THROUGH THE FUNNEL; FROM BRAND DESIGN TO E-COMMERCE

- ✓ Built dedicated in-house agency powered by technology
- ✓ Transforming retail marketing through automation
- ✓ Delivering personalization at speed via AdZu tech stack
- ✓ Touchpoint analytics to optimise effectiveness

Sources: BCG, Grandview Research

GLOBAL & SOCIAL ISSUES

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

150 Million pushed into extreme poverty in 2021

1 in 4 young people living in fragile states by 2030**

THE GLOBAL FUND 20 YEARS OF IMPACT

01-12 NOV 2021
GLASGOW
COP26

- The world's leading marketing communications company specialising in global and social issues
- Working with national governments, foundations, NGOs, the private sector and international organisations including the UN, NATO and the EU
- Leading comms for UN Climate Change Conference (COP26)
- Helping tackle extremism in all its forms for the UK government; 'Building a stronger Britain together'
- Established O2's new environmental platform: 'O2 vs CO2'
- Leading behaviour change communications reaching over 240 million people in Asia and Africa to help stop the spread of COVID-19
- Leading Gates Foundation on data driven responsiveness in global health

Sources: World Bank, Elsevier

PASSION MARKETING

Connecting brands direct to consumers through their passions

23% CAGR in virtual events to 2027

$94bm to $405bn

72% of companies to extend influencer marketing by 2022

- ✓ Data analytics to identify connections between brands and consumer passions
- ✓ Pivot from physical events to interactive, virtual events
- ✓ Helping brands capitalize on growth of esports eg. Virgin Media and activating EGX
- ✓ Live stream sponsorship activity, via social platforms and first party apps for brands including McDonald's, Heineken and KIA
- ✓ Launch of new capability in hyper-passions via M&C Saatchi Fabric
- ✓ Management of Influencer talent pool across You Tube and Instagram
- ✓ Consultancy to optimise brand fit with influencer selection
- ✓ Advisors to YouTube to find the next generation of Influencers

Sources: Gartner, Insider Intelligence

PERFORMANCE MEDIA

Connecting brands with today's connected customers

17% CAGR global internet advertising 2020-2027

75% companies lack confidence in addressing loss of Cookies

- ✓ Proprietary Planning framework for connected media, "Action Planning"
- ✓ Dynamic cross channel media buying optimized to business metrics
- ✓ Holistic, near real time reporting through enterprise class technology platform
- ✓ Significant traction in emerging industry sectors: Med-tech, Ed-tech, Fin-tech
- ✓ Business partner to leading digital businesses
- ✓ Lead partner to test media innovations: Lyft, Roku, Dataseat,

TAILORED TECH STACK TO DELIVER STRATEGY, PLANNING AND BUYING OF ALL DIGITAL MEDIA ACROSS SOUTHEAST ASIA. CABS, FOOD DELIVERY, FINANCE.

- ✓ Hyper-targeting across Self Attributing Networks including Google and Facebook and through DSPs such as theTradeDesk to drive efficiency
- ✓ Dynamic creative optimization – Machine learning to A/B test across thousands of creative executions
- ✓ Advanced AI driven data aggregation and reporting
- ✓ Track and attribute customer conversion through AppsFlyer
- ✓ Fraud detection Analytics in order to ensure efficient media spend through sources of inventory
- ✓ Brand safety delivered via IAS (Integral Ad Science).

Sources: Allied Market Research, IBM

STRONG NEW BUSINESS

CONNECTED CREATIVITY

origin

TikTok

BURBERRY

GENESIS

Polaroid

census 2021

Department of Health & Social Care

BRAND, EXPERIENCE & INNOVATION

TikTok

McCain

BARCLAYS

NFL

Campbell's

imagine learning

GLOBAL & SOCIAL ISSUES

Home Office

care

The Global Fund

unicef

ISA INTERNATIONAL SOLAR ALLIANCE

GLASGOW COP26

PASSION MARKETING

SONOS

Woolworths

Telkom

KIA

Dettol

PERFORMANCE MEDIA

MPL MOBILE PREMIER LEAGUE

beIN SPORTS

The Weather Channel

tinder

Grab

SUMMARY

Business Transformation Continues

- ✓ Investing in high growth, high margin sectors
- ✓ Digital focus
- ✓ Further simplification
- ✓ Addressing dilution
- ✓ Resourcing for the new era