

# M&C SAATCHI PLC

INTERIM RESULTS

SIX MONTHS ENDED  
30 JUNE 2016

22 September 2016

**M&C Saatchi PLC**  
**Interim results for the six months ended 30 June 2016**

22 September 2016

*Strong revenue and earnings growth*

<b>Financial Highlights 2016</b>		<b>Growth versus 2015</b>
Revenue	£100.2m	+ 15% (2015: £87.5m)
Revenue in constant currencies		+ 14%
Like-for-like revenue		+ 6%
Operating Profit	£11.3m	+ 22% (2015: £9.3m)
Profit Before Tax	£11.4m	+ 19% (2015: £9.6m)
Earnings	£7.7m	+ 22% (2015: £6.3m)
EPS	10.71p	+ 20% (2015: 8.96p)
Dividend	1.85p	+ 15% (2015: 1.61p)

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 mostly very well:
  - UK: like-for-like revenues down 1%
  - Europe: like-for-like revenues up 12%
  - Middle East and Africa: like-for-like revenues up 19%
  - Asia and Australasia: like-for-like revenues up 5%
  - Americas: like-for-like revenues up 27%, constant currency revenues were up 93%
- Net borrowing of £8.5m following equity investments in New York
- Interim dividend increased 15% to 1.85p

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

“Momentum across the Group remains strong, producing positive revenue and earnings growth over the first six months of 2016.

“We are well positioned and see significant opportunities from our breadth of offer in the fastest growing segments.

“The second half has started well with trading in line with expectations. We continue with the proven strategy.”

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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 and acquired intangibles, 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; profit/loss on disposal of associates; and income statement impact of put option accounting (whether accounted under IFRS2 or IAS39). See Note 4 for reconciliation between the Group's statutory results and the headline results.

### Like-for-like

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

### 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 2016 compared with the unaudited consolidated income statement for the same period in 2015.

# SUMMARY OF RESULTS

The first six months of 2016 saw strong revenue momentum and earnings growth. Actual revenues grew by 15%, with constant currency revenues increasing 14%, whilst we increased like-for-like revenues 6%. We returned a headline operating margin of 11.3%, up from 10.6% in 2015. The headline profit before tax advanced 19% to £11.4m and headline net earnings rose 22%.

## UK

We posted a small decrease in UK revenues of 1%, with our CRM and mobile operations returning good increases. In addition, M&C Saatchi PR and our Sport & Entertainment division as well as our research operation The Source all performed strongly. However, this growth was offset by the impact of 2015 client losses within the advertising agency.

We experienced a favourable run of account wins across our group of businesses in the first half, including Ageas, Alibaba, the Department of Work and Pensions, E.ON, the Home Office, Open University, Rail Delivery Group and further work for Royal Mail.

The UK headline operating profit was 10% down on 2015 but included restructuring costs of £660k in the advertising agency unit, which if discounted meant operating profit actually grew 2% on 2015. The headline operating margin decreased to 13.0% compared with 2015's 14.2%, but if the restructuring costs are excluded then the margin came in at 14.7%. These margins exclude the impact of Group recharges. We are also finalising the previously announced sale of 30% of the advertising agency to a new management team following our proven owner-driver model. We are confident that this new team will provide a platform for growth next year.

## Europe

We made further positive progress in Europe with like-for-like revenues up 12%. Headline operating profit was up 51%, with a headline operating margin of 16.2% (2015: 12.7%). Our Stockholm office kept up its very good new business record and won the TV and broadband supplier Com Hem. Both Germany and Italy maintained their strong performance, with Italy winning E.ON. In France, advertising remained sluggish but our agency was appointed by YouTube and Google and continues to grow through diversification. Our associate in Spain continues to tick up after a challenging few years.

## Middle East and Africa

Like-for-like revenues in the Middle East and Africa were up 19%, with a slow start as last year but a stronger second half anticipated. In South Africa we lost Edgars but quickly won Sun International. Our Abu Dhabi and Dubai offices are both growing steadily, as is our Tel Aviv office. Overall with the slow start, the operating profit off a low base was up 33% and the headline operating margin increased to 7.9% from 6.8% in 2015.

## **Asia and Australasia**

In Asia and Australasia, like-for-like revenues increased 5% in the period. Our Australian offices are doing very well and following their win of Woolworths in February without a pitch, have since won BBQ Galore, eBay and Menulog.

Otherwise, our associate in China, aeiou, continues to perform favourably and impress network clients. Malaysia is still excelling and won the KLIA account. Singapore is developing positively and picked up some Shell business. Japan has continued to underperform and we have therefore reduced our holding to 10%.

The headline regional operating margin was 11.9% (2015: 12.0%), with the headline operating profit ahead 4% on the same period last year.

## **Americas**

Constant currency revenues increased 93%, with like-for-like up 27%. There was an excellent 95% increase in operating profit to £3.4m and a headline operating margin of 17.1% (2015: 17.3%). Mobile are doing exceptionally well and building a strong client base across the US. The SS+K relationship in New York is thriving. In the light of this outstanding growth, we increased our shareholding in SS+K from 33% to 51% in March. In March, we also acquired 51% of MCD Partners in New York and Chicago to develop our US CRM offer. They are working very positively with LIDA and building a good relationship.

Our office in Los Angeles lost the UGG account but has since been converting new business including some Reebok and BMW. Macro-economic factors in Brazil have materially slowed the advertising market there and trading is currently tough.

## **Outlook**

Momentum across the Group remains strong, producing positive revenue and earnings growth over the first six months of 2016. We have not seen any impact as a result of the Brexit decision, other than a positive foreign currency impact. We are well positioned and see significant opportunities from our breadth of offer in the fastest growing segments. The second half has started well with trading in line with expectations. We continue with the proven strategy.

**M&G SAATCHI PLC**  
**UNAUDITED CONSOLIDATED INCOME STATEMENT**  
**ENDED 30 JUNE 2016**

		Six months ended 30 June 2016	Six months ended 30 June 2015	Year ended 31 December 2015
	Note	£000	£000	£000
<b>BILLINGS</b>		217,222	182,340	375,107
<b>REVENUE</b>	4	<b>100,219</b>	<b>87,568</b>	178,928
Operating costs		(93,180)	(79,242)	(164,221)
<b>OPERATING PROFIT</b>	<b>4</b>	<b>7,039</b>	<b>8,326</b>	14,707
Share of results of associates		405	541	2,017
Finance income	6	3,797	154	299
Finance costs	7	(512)	(618)	(4,477)
<b>PROFIT BEFORE TAXATION</b>	<b>4</b>	<b>10,729</b>	<b>8,403</b>	12,546
Taxation on profits	8	(1,667)	(1,980)	(3,386)
<b>PROFIT FOR THE FINANCIAL PERIOD</b>		<b>9,062</b>	<b>6,423</b>	9,160
Profit attributable to:				
Equity shareholders of the Group	4	8,094	5,203	6,474
Non controlling interest		968	1,220	2,686
		<b>9,062</b>	<b>6,423</b>	9,160
<b>EARNINGS PER SHARE</b>	4			
Basic		11.24p	7.36p	9.08p
Diluted		11.20p	7.36p	9.04p

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

**M&C SAATCHI PLC**  
**UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**ENDED 30 JUNE 2016**

	Six months ended 30 June 2016 £000	Six months ended 30 June 2015 £000	Year ended 31 December 2015 £000
<b>Profit for the period</b>	<b>9,062</b>	<b>6,423</b>	9,160
<b>Other comprehensive income:</b>			
Exchange differences on translating foreign operations	1,791	(1,738)	(1,316)
Total other comprehensive income for the period net of tax	1,791	(1,738)	(1,316)
<b>Total comprehensive income for the period</b>	<b>10,853</b>	<b>4,685</b>	7,844
<b>Total comprehensive income attributable to:</b>			
Equity shareholders of the Group	9,885	3,465	5,158
Non controlling interests	968	1,220	2,686
	<b>10,853</b>	<b>4,685</b>	7,844

**M&C SAATCHI PLC**  
**UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AT 30 JUNE 2016**

	<b>30 June 2016</b>	<b>30 June 2015</b>	<b>31 December 2015</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>NON CURRENT ASSETS</b>			
Intangible assets	47,546	28,382	28,286
Investments in associates	18,473	22,095	24,811
Plant and equipment	9,619	7,801	8,197
Deferred tax assets	2,609	1,770	1,476
Other non current assets	7,600	7,792	8,349
	<b>85,847</b>	<b>67,840</b>	<b>71,119</b>
<b>CURRENT ASSETS</b>			
Trade and other receivables	105,673	74,303	87,692
Current tax assets	2,199	32	844
Cash and cash equivalents	29,269	26,104	32,344
	<b>137,141</b>	<b>100,439</b>	<b>120,880</b>
<b>CURRENT LIABILITIES</b>			
Bank overdraft	(2,796)	(151)	(98)
Trade and other payables	(103,277)	(74,894)	(94,533)
Current tax liabilities	(2,885)	(801)	(1,204)
Other financial liabilities	(25)	(125)	(3,155)
Deferred and contingent consideration	–	–	(1,792)
Minority shareholder put options liabilities	(15,594)	(15,566)	(16,738)
	<b>(124,577)</b>	<b>(91,537)</b>	<b>(117,520)</b>
<b>NET CURRENT ASSETS</b>	<b>12,564</b>	<b>8,902</b>	<b>3,360</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>98,411</b>	<b>76,742</b>	<b>74,479</b>
<b>NON CURRENT LIABILITIES</b>			
Deferred tax liabilities	(36)	(254)	(30)
Other financial liabilities	(34,958)	(24,389)	(23,594)
Minority shareholder put options liabilities	(13,698)	(7,303)	(7,626)
Other non current liabilities	(1,630)	(1,049)	(1,208)
	<b>(50,322)</b>	<b>(32,995)</b>	<b>(32,458)</b>
<b>NET ASSETS</b>	<b>48,089</b>	<b>43,747</b>	<b>42,021</b>



**M&C SAATCHI PLC**  
**UNAUDITED CONSOLIDATED BALANCE SHEET (CONTINUED)**  
**AT 30 JUNE 2016**

	<b>30 June 2016</b>	<b>30 June 2015</b>	<b>31 December 2015</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>EQUITY</b>			
Share capital	737	725	727
Share premium	20,332	19,727	17,338
Merger reserve	31,592	29,335	31,592
Treasury reserve	(792)	(792)	(792)
Minority interest put option reserve	(22,379)	(14,041)	(12,595)
Non controlling interest acquired	(9,990)	(9,068)	(9,233)
Foreign exchange reserve	(193)	(2,406)	(1,984)
Retained earnings	23,412	14,949	12,673
<b>TOTAL SHAREHOLDERS FUNDS</b>	<b>42,719</b>	<b>38,429</b>	<b>37,726</b>
<b>NON CONTROLLING INTERESTS</b>	<b>5,370</b>	<b>5,318</b>	<b>4,295</b>
<b>TOTAL EQUITY</b>	<b>48,089</b>	<b>43,747</b>	<b>42,021</b>

**M&C SAATCHI PLC**  
**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)**  
**SIX MONTHS ENDED 30 JUNE 2016**

<b>2016 Half year</b>	<b>Share Capital £000</b>	<b>Share premium £000</b>	<b>Merger reserve £000</b>	<b>Treasury reserve £000</b>	<b>MI put option reserve £000</b>	<b>Non controlling interest acquired £000</b>	<b>Foreign exchange reserves £000</b>	<b>Retained earnings £000</b>	<b>Subtotal £000</b>	<b>Non controlling interest in equity £000</b>	<b>Total £000</b>
<b>At 1 January 2016</b>	<b>727</b>	<b>17,338</b>	<b>31,592</b>	<b>(792)</b>	<b>(12,595)</b>	<b>(9,233)</b>	<b>(1,984)</b>	<b>12,673</b>	<b>37,726</b>	<b>4,295</b>	<b>42,021</b>
<b>Reserve movement for six months ending 30 June 2016</b>											
Exercise of put options	10	2,994	–	–	551	(502)	–	(6)	<b>3,047</b>	(17)	<b>3,030</b>
Acquisitions	–	–	–	–	(10,248)	–	–	–	<b>(10,248)</b>	1,797	<b>(8,451)</b>
Exchange rate movements	–	–	–	–	(87)	(255)	–	–	<b>(342)</b>	(367)	<b>(709)</b>
Issue of shares to minorities	–	–	–	–	–	–	–	–	–	31	<b>31</b>
Share option charge	–	–	–	–	–	–	–	2,651	<b>2,651</b>	–	<b>2,651</b>
Dividends	–	–	–	–	–	–	–	–	–	(1,337)	<b>(1,337)</b>
<b>Total transactions with owners</b>	<b>10</b>	<b>2,994</b>	<b>–</b>	<b>–</b>	<b>(9,784)</b>	<b>(757)</b>	<b>–</b>	<b>2,645</b>	<b>(4,892)</b>	<b>107</b>	<b>(4,785)</b>
<b>Total comprehensive income for year</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1,791</b>	<b>8,094</b>	<b>9,885</b>	<b>968</b>	<b>10,853</b>
<b>At 30 June 2016</b>	<b>737</b>	<b>20,332</b>	<b>31,592</b>	<b>(792)</b>	<b>(22,379)</b>	<b>(9,990)</b>	<b>(193)</b>	<b>23,412</b>	<b>42,719</b>	<b>5,370</b>	<b>48,089</b>

**M&C SAATCHI PLC**  
**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)**  
**SIX MONTHS ENDED 30 JUNE 2016**

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

**M&C SAATCHI PLC**  
**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**SIX MONTHS ENDED 30 JUNE 2016**

2015 Year	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 year ending 31 December 2015											
Acquisition	–	–	–	–	–	–	–	–	–	161	161
Exercise of put options	13	224	3,903	–	1,274	(1,274)	–	(48)	4,092	24	4,116
Office closure	–	–	–	–	–	–	–	(158)	(158)	158	–
Exchange rate movements	–	–	–	–	39	(77)	–	–	(38)	(121)	(159)
Issue of shares to minorities	–	–	–	–	–	–	–	–	–	1,850	1,850
Issue of minority put options	–	–	–	–	(2,190)	–	–	–	(2,190)	–	(2,190)
Reclassification of minority put options	–	–	–	–	1,352	–	–	306	1,658	–	1,658
Option exercise	31	307	–	–	–	–	–	(3)	335	(338)	(3)
Share option charge	–	–	–	–	–	–	–	1,125	1,125	–	1,125
Dividends	–	–	–	–	–	–	–	(4,662)	(4,662)	(3,591)	(8,253)
Total transactions with owners	44	531	3,903	–	475	(1,351)	–	(3,440)	162	(1,857)	(1,695)
Total comprehensive income for the year	–	–	–	–	–	–	(1,316)	6,474	5,158	2,686	7,844
At 1 December 2015	727	17,338	31,592	(792)	(12,595)	(9,233)	(1,984)	12,673	37,726	4,295	42,021

**M&C SAATCHI PLC**  
**UNAUDITED CONSOLIDATED CASH FLOW STATEMENT**  
**SIX MONTHS ENDED 30 JUNE 2016**

	Notes	Six months ended 30 June 2016 £000	Six months ended 30 June 2015 £000	Year Ended 31 December 2015 £000
<b>Revenue</b>		100,219	87,568	178,928
<b>Operating cost</b>		(93,180)	(79,242)	(164,221)
<b>Operating Profit</b>		<b>7,039</b>	<b>8,326</b>	14,707
<b>Adjustments for:</b>				
Depreciation of plant and equipment		1,159	1,120	2,128
Losses on sale of plant and equipment		36	9	36
Losses on sale of software intangibles		–	–	12
Profit on disposal of associate		–	(142)	(217)
Amortisation on acquired intangible assets		1,638	684	1,940
Impairment of goodwill		–	–	889
Amortisation of capitalised software intangible assets		60	50	98
Equity settled share based payment expenses		2,651	315	1,125
<b>Operating cash flow before movements in working capital and provisions</b>		<b>12,583</b>	<b>10,362</b>	20,718
Increase in trade and other receivables		(1,449)	(9,182)	(17,192)
(Increase)/Decrease in trade and other payables		(8,781)	4,569	18,018
Cash generated from operations		<b>2,353</b>	<b>5,749</b>	21,544
Tax paid		(2,901)	(2,081)	(5,326)
<b>Net cash (outflow)/inflow from operating activities</b>		<b>(548)</b>	<b>3,668</b>	16,218
<b>Investing activities</b>				
Acquisitions net of cash acquired	10	(11,033)	(564)	(79)
Acquisitions of associates	10	–	(3,349)	(3,765)
Acquisition of investments		(581)	(335)	(1,366)
Disposal of associates		–	97	325
Proceeds from sale of plant and equipment		8	–	7
Purchase of intangibles		–	–	(327)
Purchase of plant and equipment		(1,495)	(638)	(1,970)
Purchase of capitalised software		(156)	(5)	(158)
Dividend from associates		–	76	1,173
Interest earned		169	154	299
<b>Net cash consumed by investing activities</b>		<b>(13,088)</b>	<b>(4,564)</b>	(5,861)
<b>Net cash consumed by operating and investing activities</b>		<b>(13,636)</b>	<b>(896)</b>	10,357

	Six months ended 30 June 2016 £000	Six months ended 30 June 2015 £000	Year Ended 31 December 2015 £000
<b>Net cash consumed by operating and investing activities</b>	<b>(13,636)</b>	<b>(896)</b>	<b>10,357</b>
Dividends paid to equity holders of the Company	–	–	(4,662)
Dividends paid to non controlling interest	(1,337)	(1,912)	(3,591)
Issue of own shares	–	497	–
Issue of shares to minorities	–	–	15
Repayment of finance leases	(21)	(17)	(31)
(Repayment) / inception of invoice discounting	(3,130)	–	3,130
Inception of bank loans	10,646	6,451	6,349
Repayment of bank loans	–	(293)	(968)
Interest paid	(510)	(378)	(771)
<b>Net cash generated / (consumed) from financing activities</b>	<b>5,648</b>	<b>4,348</b>	<b>(529)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(7,988)</b>	<b>3,452</b>	<b>9,828</b>
Cash and cash equivalents at the beginning of the period	32,246	23,321	23,321
Effect of exchange rate changes	2,215	(820)	(903)
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>26,473</b>	<b>25,953</b>	<b>32,246</b>

**M&C SAATCHI PLC****UNAUDITED NOTES TO THE INTERIM STATEMENTS****SIX MONTHS ENDED 30 JUNE 2016****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 22 September 2016.

These results do not constitute the Group's statutory accounts. The information presented in relation to 31 December 2015 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 2015 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 2016 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 2015.

**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 2015 and which will form the basis of the 2016 financial statements.

**M&C SAATCHI PLC****UNAUDITED NOTES TO THE INTERIM STATEMENTS****SIX MONTHS ENDED 30 JUNE 2016****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.

<b>Six Months to 30 June 2016</b>	<b>Reported results £000</b>	<b>Amortisation of acquired intangibles £000</b>	<b>Fair value adjustments to minority put option liabilities £000</b>	<b>Headline results £000</b>
Revenue	100,219	–	–	100,219
Operating profit	7,039	1,637	2,651	11,327
Share of results of associates & JV	405	–	–	405
Finance income	3,797	–	(3,628)	169
Finance cost	(512)	–	–	(512)
<b>Profit before taxation</b>	<b>10,729</b>	<b>1,637</b>	<b>(977)</b>	<b>11,389</b>
Taxation	(1,667)	(645)	–	(2,312)
<b>Profit for the year</b>	<b>9,062</b>	<b>992</b>	<b>(977)</b>	<b>9,077</b>
Non controlling interests	(968)	(403)	–	(1,371)
<b>Profit attributable to equity holders of the Group</b>	<b>8,094</b>	<b>589</b>	<b>(977)</b>	<b>7,706</b>

**BASIC EARNINGS PER SHARE**

Weighted average number of shares (Thousands)	71,982	71,982
<b>Basic EPS</b>	<b>11.24p</b>	<b>10.71p</b>

**DILUTED EARNINGS PER SHARE**

Weighted average number of shares (Thousands) as above	71,982	71,982
Add		
– Conditional shares	300	300
<b>Total</b>	<b>72,282</b>	<b>72,282</b>
Diluted earnings per share	11.20p	10.66p

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 and acquired intangibles, 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; profit/loss on disposal of associates; and income statement impact of put option accounting (whether accounted under IFRS2 or IAS39).



**M&C SAATCHI PLC****UNAUDITED NOTES TO THE INTERIM STATEMENTS****SIX MONTHS ENDED 30 JUNE 2016**

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	<b>87,568</b>	-	-	-	-	-	<b>87,568</b>
Operating profit	<b>8,326</b>	684	(142)	85	142	200	<b>9,295</b>
Share of results of associates & JV	541	-	-	-	-	-	541
Finance income	154	-	-	-	-	-	154
Finance cost	(618)	-	-	-	-	238	(380)
<b>Profit before taxation</b>	<b>8,403</b>	684	(142)	85	142	438	<b>9,610</b>
Taxation	(1,980)	(124)	71	-	-	-	(2,033)
<b>Profit for the year</b>	<b>6,423</b>	560	(71)	85	142	438	<b>7,577</b>
Non controlling interests	(1,220)	(27)	-	-	-	-	(1,247)
<b>Profit attributable to equity holders of the Group</b>	<b>5,203</b>	<b>533</b>	<b>(71)</b>	<b>85</b>	<b>142</b>	<b>438</b>	<b>6,330</b>
<b>BASIC AND DILUTED EARNINGS PER SHARE*</b>							
Weighted average number of shares (Thousands)	<b>70,677</b>						<b>70,677</b>
<b>Basic and diluted EPS*</b>	<b>7.36p</b>						<b>8.96p</b>

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

**M&C SAATCHI PLC****UNAUDITED NOTES TO THE INTERIM STATEMENTS****SIX MONTHS ENDED 30 JUNE 2016**

Year ended 31 December 2015	Reported results £000	Amortisation of acquired intangibles £000	Sale of associate £000	Impairment of Goodwill £000	Contingent acquisition cost classified as expense £000	Put option accounting £000	Headline results £000
Revenue	178,928	–	–	–	–	–	178,928
Operating profit	14,707	1,940	(217)	889	134	1,125	18,578
Share of results of associates & JV	2,017	–	–	–	–	–	2,017
Finance income	299	–	–	–	–	–	299
Finance cost	(4,477)	–	–	–	–	3,706	(771)
Profit before taxation	12,546	1,940	(217)	889	134	4,831	20,123
Taxation	(3,386)	(541)	71	–	–	–	(3,856)
Profit for the year	9,160	1,399	(146)	889	134	4,831	16,267
Non controlling interests	(2,686)	(162)	–	(178)	–	–	(3,026)
Profit attributable to equity holders of the Group	6,474	1,237	(146)	711	134	4,831	13,241

**BASIC EARNINGS PER SHARE**

Weighted average number of shares (Thousands)	71,319						71,319
Basic EPS	9.08p						18.57p

**DILUTED EARNINGS PER SHARE**

Weighted average number of shares (Thousands) as above	71,319						71,319
Add							
– Conditional shares	300						300
Total	71,619						71,619
Diluted earnings per share	9.04p						18.49p

**M&C SAATCHI PLC****UNAUDITED NOTES TO THE INTERIM STATEMENTS****SIX MONTHS ENDED 30 JUNE 2016****5. SEGMENTAL INFORMATION**

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

<b>Six months to 30 June 2016</b>	<b>UK £000</b>	<b>Europe £000</b>	<b>Middle East and Africa £000</b>	<b>Asia and Australasia £000</b>	<b>Americas £000</b>	<b>Total £000</b>	
<b>Revenue</b>	<b>40,595</b>	<b>12,371</b>	<b>4,725</b>	<b>22,787</b>	<b>19,741</b>	<b>100,219</b>	
Operating profit excluding Group costs	5,270	1,999	371	2,720	3,378	13,738	
Group costs	(2,188)	(44)	-	(160)	(19)	(2,411)	
<b>Operating profit</b>	<b>3,082</b>	<b>1,955</b>	<b>371</b>	<b>2,560</b>	<b>3,359</b>	<b>11,327</b>	
Share of results of associates and JV	425	20	-	25	(65)	405	
Financial income and cost	(142)	(22)	23	38	(240)	(343)	
<b>Profit before taxation</b>	<b>3,365</b>	<b>1,953</b>	<b>394</b>	<b>2,623</b>	<b>3,054</b>	<b>11,389</b>	
Taxation	(685)	(661)	(211)	(722)	(33)	(2,312)	
Profit for the period	2,680	1,292	183	1,901	3,021	9,077	
Non controlling interests	(404)	(294)	(61)	(326)	(286)	(1,371)	
<b>Profit attributable to equity shareholders of the Group</b>	<b>2,276</b>	<b>998</b>	<b>122</b>	<b>1,575</b>	<b>2,735</b>	<b>7,706</b>	
HEADLINE BASIC EPS						10.71p	
Non cash costs included in headline operating profit:							
Depreciation & Amortisation of software	(633)	(86)	(77)	(168)	(255)	(1,175)	
Share option charges	-	-	-	-	-	-	
OFFICE LOCATION	London	Paris Berlin Madrid Geneva Milan Moscow Stockholm	Abu Dhabi Dubai Beirut Istanbul Cape Town Johannesburg Tel Aviv	Sydney Melbourne New Delhi Kuala Lumpur Hong Kong Shanghai Tokyo Singapore Bangkok	Los Angeles São Paulo New York San Francisco Chicago		

**M&C SAATCHI PLC**
**UNAUDITED NOTES TO THE INTERIM STATEMENTS**
**SIX MONTHS ENDED 30 JUNE 2016**

Six months to 30 June 2015	UK £000	Europe £000	Middle East and Africa £000	Asia and Australasia £000	Americas £000	Total £000
<b>Revenue</b>	<b>41,111</b>	<b>10,427</b>	<b>4,076</b>	<b>21,930</b>	<b>10,024</b>	<b>87,568</b>
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)
<b>Operating profit</b>	<b>3,556</b>	<b>1,291</b>	<b>278</b>	<b>2,460</b>	<b>1,710</b>	<b>9,295</b>
Share of results of associates and JV	347	(6)	-	78	122	541
Financial income and cost	(267)	(23)	(2)	47	19	(226)
<b>Profit before taxation</b>	<b>3,636</b>	<b>1,262</b>	<b>276</b>	<b>2,585</b>	<b>1,851</b>	<b>9,610</b>
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
<b>HEADLINE BASIC EPS</b>						<b>8.96p</b>
Non cash costs included in headline operating profit:						
Depreciation & Amortisation of software	(703)	(119)	(94)	(131)	(123)	(1,170)
Share option charges	(30)	-	-	-	-	(30)
<b>OFFICE LOCATION</b>	London	Paris Berlin Madrid Geneva Milan Moscow Stockholm	Abu Dhabi Beirut Istanbul Cape Town Johannesburg Tel Aviv	Sydney Melbourne New Delhi Kuala Lumpur Hong Kong Shanghai Tokyo Singapore Bangkok	Los Angeles São Paulo New York San Francisco	

**M&C SAATCHI PLC****UNAUDITED NOTES TO THE INTERIM STATEMENTS****SIX MONTHS ENDED 30 JUNE 2016**

<b>Year ended 31 December 2015</b>	<b>UK £000</b>	<b>Europe £000</b>	<b>Middle East and Africa £000</b>	<b>Asia and Australasia £000</b>	<b>Americas £000</b>	<b>Total £000</b>
Revenue	84,159	22,745	8,549	42,103	21,372	178,928
Operating profit excluding Group costs	11,782	3,668	1,049	4,187	3,253	23,939
Group costs	(4,970)	(83)	-	(308)	-	(5,361)
Operating profit	6,812	3,585	1,049	3,879	3,253	18,578
Share of results of associates and JV	809	25	-	325	858	2,017
Financial income and cost	(527)	(60)	(17)	69	63	(472)
Profit before taxation	7,094	3,550	1,032	4,273	4,174	20,123
Taxation	(506)	(1,190)	(268)	(1,209)	(683)	(3,856)
Profit for the year	6,588	2,360	764	3,064	3,491	16,267
Non controlling interests	(1,169)	(658)	(372)	(477)	(350)	(3,026)
Profit attributable to equity shareholders of the Group	5,419	1,702	392	2,587	3,141	13,241
<b>HEADLINE BASIC EPS</b>						<b>18.57p</b>
Non cash costs included in operating profit:						
Depreciation & Amortisation of software	(1,275)	(259)	(161)	(260)	(271)	(2,226)
Share option charges	(5)	-	-	-	-	(5)
<b>OFFICE LOCATION</b>	London	Paris Berlin Madrid Geneva Milan Moscow Stockholm	Abu Dhabi Beirut Istanbul Tel Aviv Cape Town Johannesburg	Sydney Melbourne New Delhi Kuala Lumpur Hong Kong Beijing Shanghai Tokyo Singapore Bangkok	Los Angeles São Paulo New York San Francisco	

**M&C SAATCHI PLC****UNAUDITED NOTES TO THE INTERIM STATEMENTS  
SIX MONTHS ENDED 30 JUNE 2016****6. FINANCE INCOME**

	Six months ended 30 June 2016 £000	Six months ended 30 June 2015 £000	Year ended 31 December 2013 £000
Bank interest receivable	92	98	181
Other interest receivable	77	56	118
<b>Total finance income</b>	<b>169</b>	<b>154</b>	<b>299</b>
Fair value adjustments to minority shareholder put option liabilities	3,628	-	-
<b>Total</b>	<b>3,797</b>	<b>154</b>	<b>299</b>

**7. FINANCE COSTS**

	Six months ended 30 June 2016 £000	Six months ended 30 June 2015 £000	Year ended 31 December 2015 £000
<b>Finance costs</b>			
Bank interest payable	(510)	(366)	(766)
Other interest payable	(2)	(14)	(5)
<b>Total interest payable</b>	<b>(512)</b>	<b>(380)</b>	<b>(771)</b>
Fair value adjustments to minority shareholder put option liabilities	-	(238)	(3,706)
<b>Total</b>	<b>(512)</b>	<b>(618)</b>	<b>(4,477)</b>

**M&C SAATCHI PLC****UNAUDITED NOTES TO THE INTERIM STATEMENTS****SIX MONTHS ENDED 30 JUNE 2016****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 2016 is 21.2% (30 June 2015: 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 2016 is 17.4% (30 June 2015: 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 2016 £000	Six months ended 30 June 2015 £000	Year ended 31 December 2015 £000
2014 final dividend 4.87p (2013: 4.24p)	-	-	3,504
2015 interim dividend 1.61p (2014: 1.40p)	-	-	1,158
	-	-	4,662

The directors propose an interim dividend of 1.85p per share (2015: 1.61p per share) payable on 11 November 2016 to shareholders who are on the register at 28 October 2016. This interim dividend, amounting to £1,351k (2015: £1,158k) 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 2016****10. CASH CONSUMED BY ACQUISITIONS**

	Six months ended 30 June 2016 £000	Six months ended 30 June 2015 £000	Year ended 31 December 2015 £000
<b>Acquisitions</b>			
Initial cash consideration paid	(14,476)	(577)	(346)
Cash and cash equivalents acquired	3,443	13	267
	<b>(11,033)</b>	<b>(564)</b>	<b>(79)</b>
Purchase of associates	-	<b>(3,349)</b>	(3,765)
	<b>(11,033)</b>	<b>(3,914)</b>	<b>(3,844)</b>