

M&C SAATCHI GROUP

MEANINGFUL CHANGE

M&C SAATCHI GROUP CAPITAL MARKETS EVENT

Thursday 28th January 2021
Summary

**STRONG BUSINESS
PERFORMANCE
AND FOUNDATIONS
TO BUILD ON**

**ENHANCED BY
RESTRUCTURING
AND GROWTH
INITIATIVES**

**DELIVERING
LONG-TERM REVENUE
AND PROFIT
GROWTH**

TRADING UPDATE

- Q4 2020 trading ahead of expectations
- Year end cash significantly ahead of expectations
- FY20 results expected to be ahead of expectations
- Covid-19 uncertainties remain for 2021
- Operational progress & closure of loss-making business will drive Y-on-Y growth

DRAWING A LINE

- 2019/20 internal challenges addressed
- New Board
- New senior leadership team
- Accounting strengthened, Group structure rationalised and incentives realigned
- New strategic focus

BUILDING FROM STRENGTH

- Globally recognised brand
- Exceptional people and talent
- Strong and committed client base – 95% retention rates

INDUSTRY RE-SET

- Deep, fundamental and complex disruption, driven by technological, economic and social change
- Macro challenges for marketers:
 - Technology acceleration
 - Re-set of spending patterns
 - Sustainability: the new consumer battleground
 - Consumers hold greater power
- M&C Saatchi will help clients **Navigate** complex change, **Create** new opportunities through technology and creativity and **Lead Meaningful Change**

A CLEAR MISSION

- Shift from a federation of siloed, local operations to a connected digital global organisation
- A creative company connecting specialist expertise through data and technology
- To deliver Meaningful Change for all stakeholders

ENHANCED BUSINESS MODEL

- Significant and growing total addressable markets
- New customer focused operating structure to address changing client needs whilst improving operational efficiency
- **Simplified** operational structure – 5 core verticals of highly relevant and linked ‘Specialist’ divisions
- **Connected** and **Fuelled** by Technology, Data, Digital Innovation and Sustainability to amplify growth
- Supported by **strengthened** and efficient central functions
- Meeting clear and growing client needs, building on areas of strength to deliver a differentiated end-to-end capability

FINANCIAL HIGHLIGHTS

- £30m pa of cost savings initiated in 2020 for a cost of c£3m
- 2 defined phases of development over next 5 years
- 2025 Revenue and Profit targets:
 - Net revenue growth of 6% CAGR
 - Operating profit growth of > 25% CAGR
- Strong operational leverage and tight cost control
- Improved margins projected for all Regions and Specialist Divisions
- Generating operating margin growth of 20% CAGR and a Group operating margin target of 18% by 2025
- Strong Free Cash Flow
- Limited additional investment anticipated resulting in further balance sheet strength

THANK YOU

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