

FINANCIAL

GROWTH PLAN

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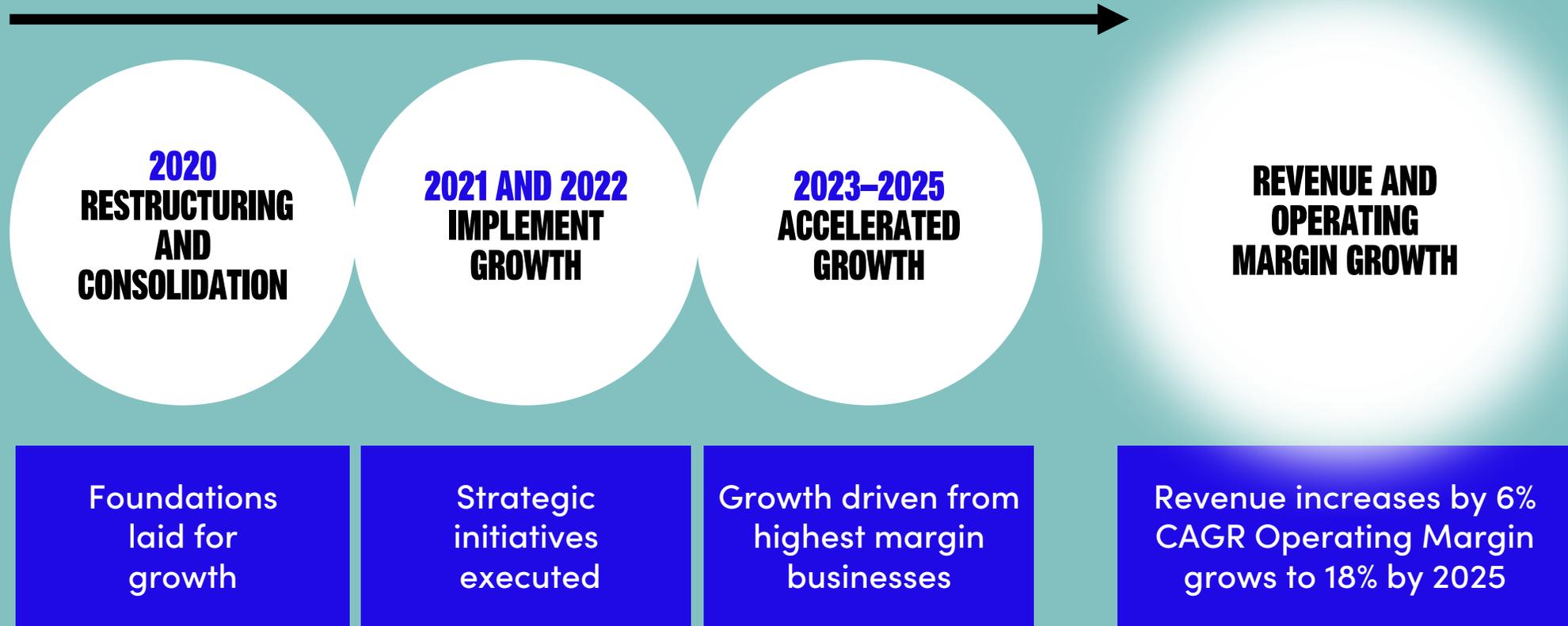
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GROWTH DEVELOPMENT



OVERVIEW

2020 TO 2025

- Accelerating organic long term growth plan
- Progressively higher Revenue (and operational efficiencies) over the next 5 years
- Driving significant Operating Profit Margin improvements

*LFL – excluding companies closed/divested in 2020

**NET REVENUE
GROWTH***

6% CAGR

**OPERATING
PROFIT GROWTH***

25%+ CAGR

**OPERATING PROFIT
MARGIN – YEAR 5**

18%

THE BENEFITS FROM STRUCTURAL CHANGES

Solid platform on which to grow having addressed recent historical matters

ACCOUNTING

New financial systems, controls and organisation

INCENTIVE MODEL

Management equity model being re-aligned

- Dilutive equity arrangements minimised
- New incentive model for start-ups and New LTIP structure for execs

GROUP STRUCTURE

Rationalisation

- Office closures
- New group structure – specialisms and geographies

Increased centralised control of business functions

RESTRUCTURING AND IMPACT ON OPERATING LEVERAGE

Restructuring initiatives in 2019 and 2020 started to yield results

Headline Operating costs reduced by nearly £30m p.a. in 2020

Restructuring costs

- £3m in staff related costs 2020
- £3m in property-related impairments
- Limited additional spend projected

OPERATING LEVERAGE

Revenue growth from 2021 coupled with controlled cost base = improvements in Operating Margin

OPERATING COST REDUCTIONS

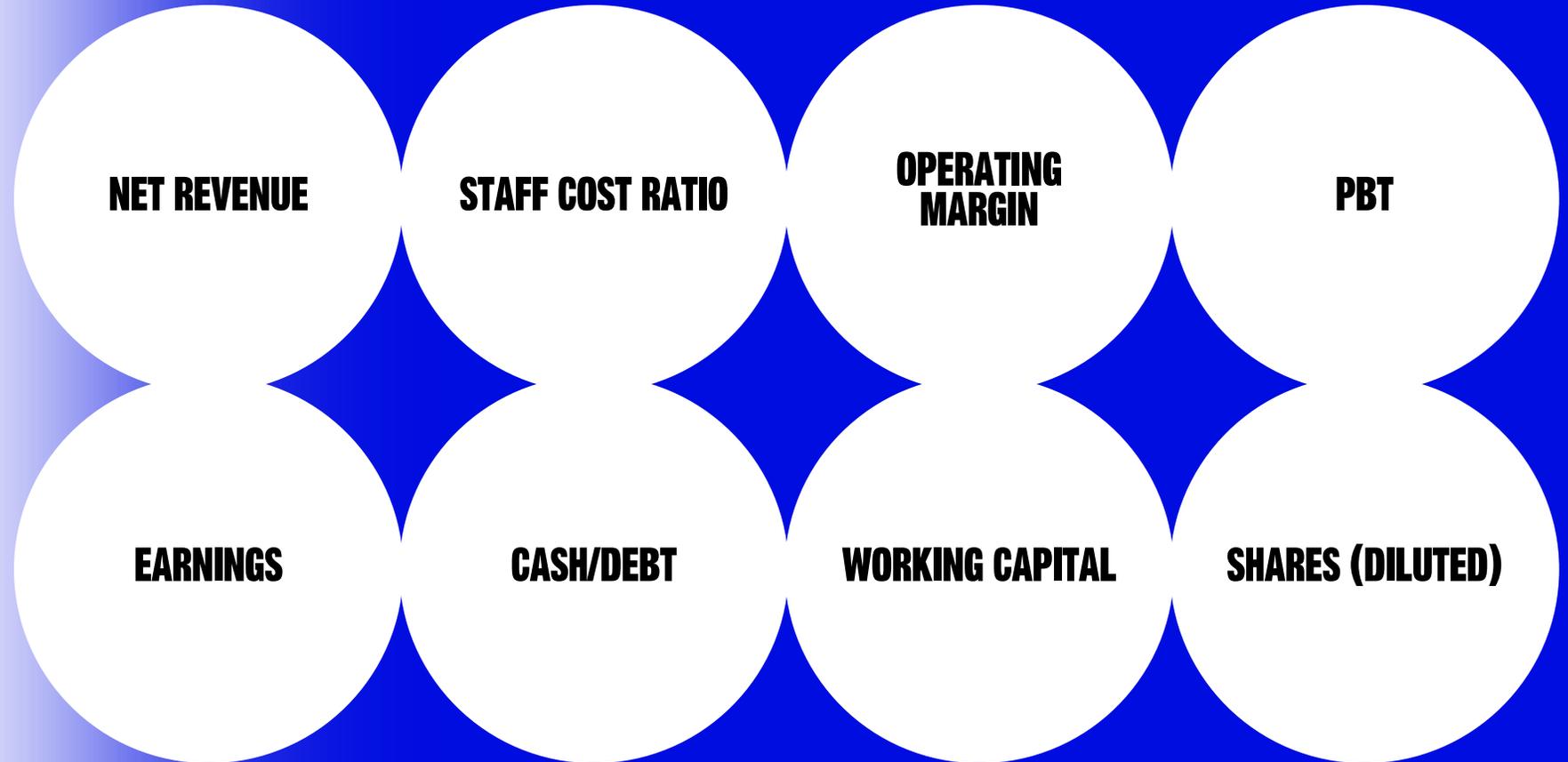
£30m p.a. savings

CLOSURE AND MERGERS

£4m p.a. run-rate savings

IMPROVED FINANCIAL KPIS

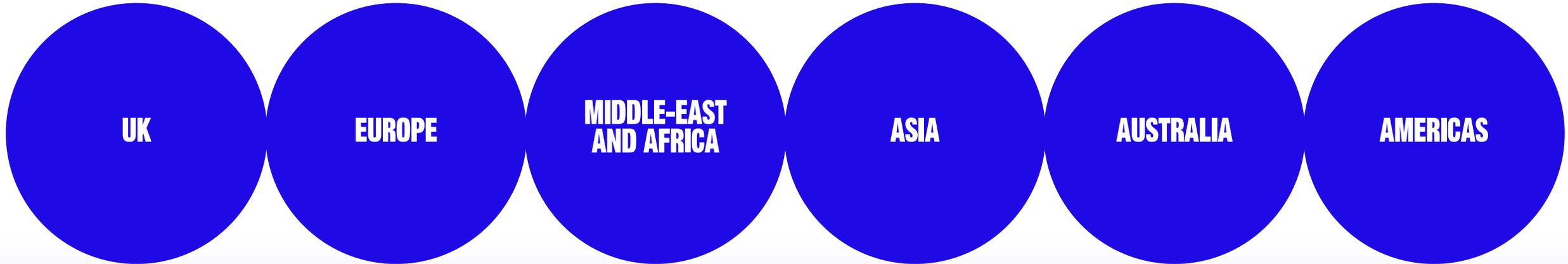
Reviewed and expanded range of internally reported financial KPIs



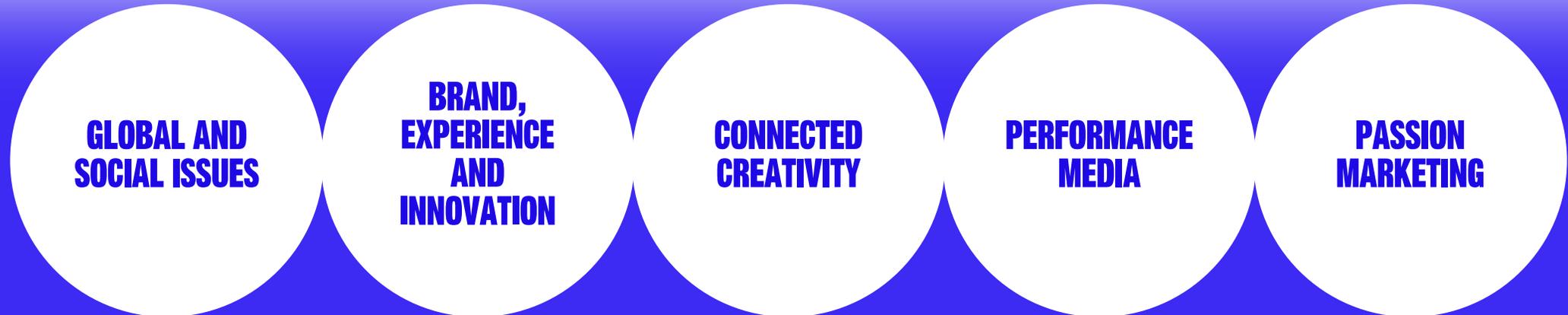
FINANCIAL PLAN

FINANCIAL PLAN

GEOGRAPHY



SPECIALIST DIVISIONS



FINANCIAL PLAN 2:

REVENUE GROWTH OVER NEXT 5 YEARS

	% FY20 REVENUE	2020 - 25 CAGR
UK	38%	5%
Europe	8%	4%
ME&A	7%	4%
Asia	7%	13%
Australia	23%	4%
Americas	17%	8%

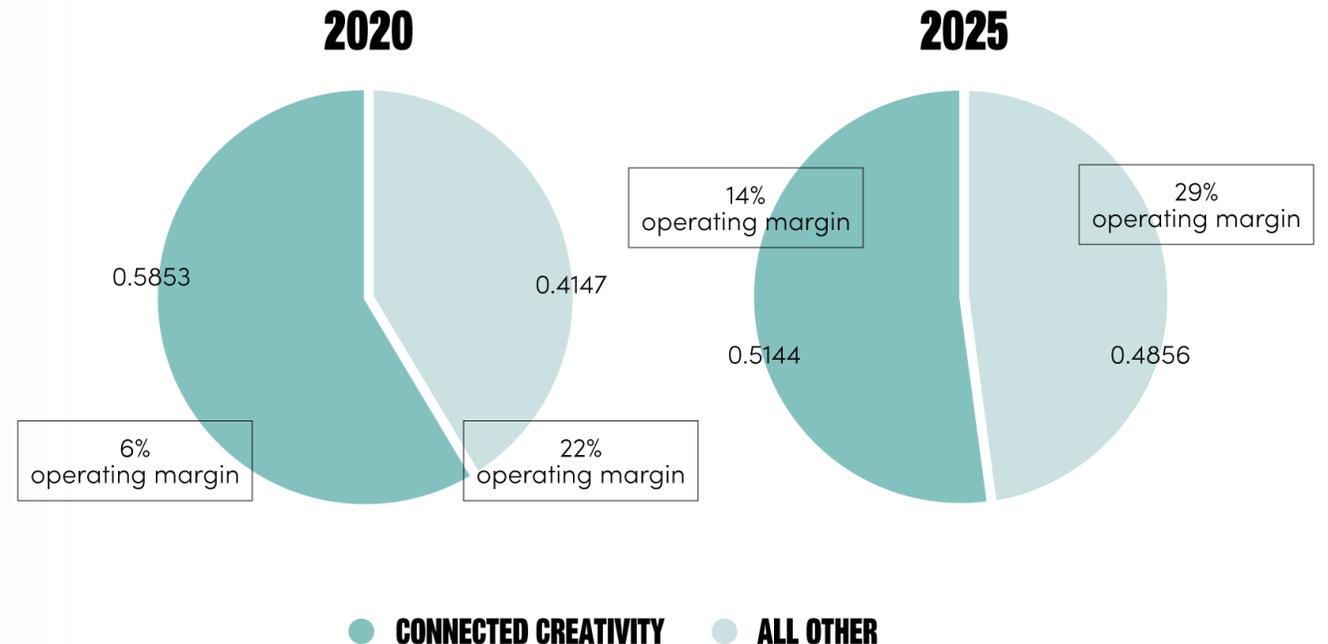
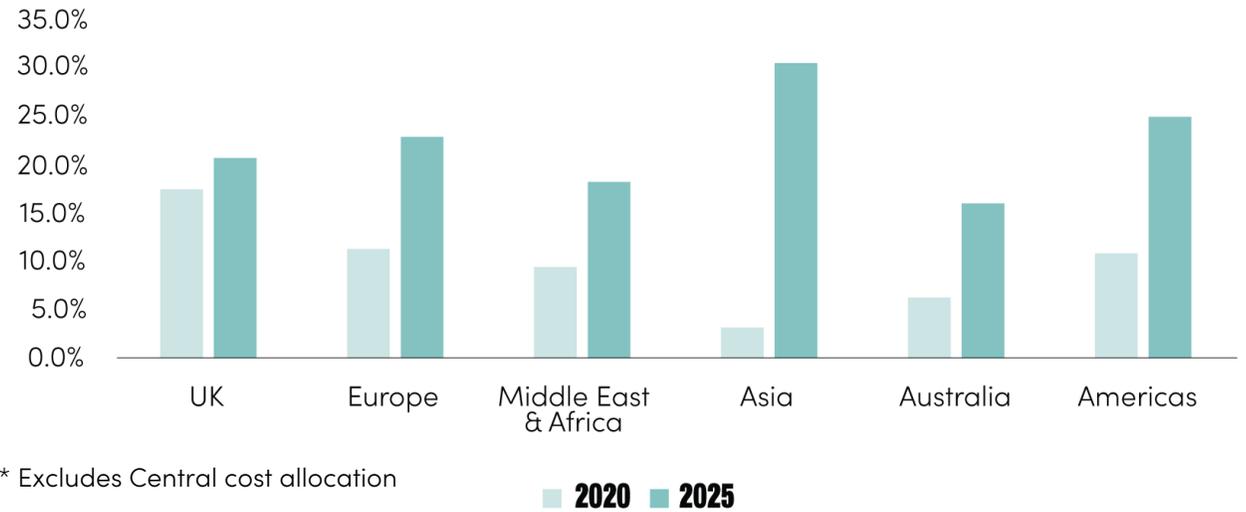
	% FY20 REVENUE	2020 - 25 CAGR
Global & Social Issues	14%	3%
Connected Creativity	59%	3%
Passion Marketing	9%	11%
Media	11%	11%
Brand, Experience & Innovation	8%	13%

TOTAL REVENUE 6% CAGR

FINANCIAL PLAN 3: ACCELERATING OPERATING MARGIN IMPROVEMENTS

- Increasing Operating Margin (across all regions and specialisms)
- Total Group Operating margin (including Central costs) grows from 7% in 2020 to 18% within 5 years (LFL basis)
- Strategy is focused on growing high margin businesses
- Operating leverage effect driving the increase in margin

OPERATING MARGIN*



COST OF DELIVERING STRATEGY – CAPITAL REQUIREMENTS

- Business is self-funding
- Delivers immediate sustainable growth and increased free cashflow
- No external capital requirement
 - Investment in organic start-ups of £2m p.a.
 - Organic growth with no M&A required to achieve goals

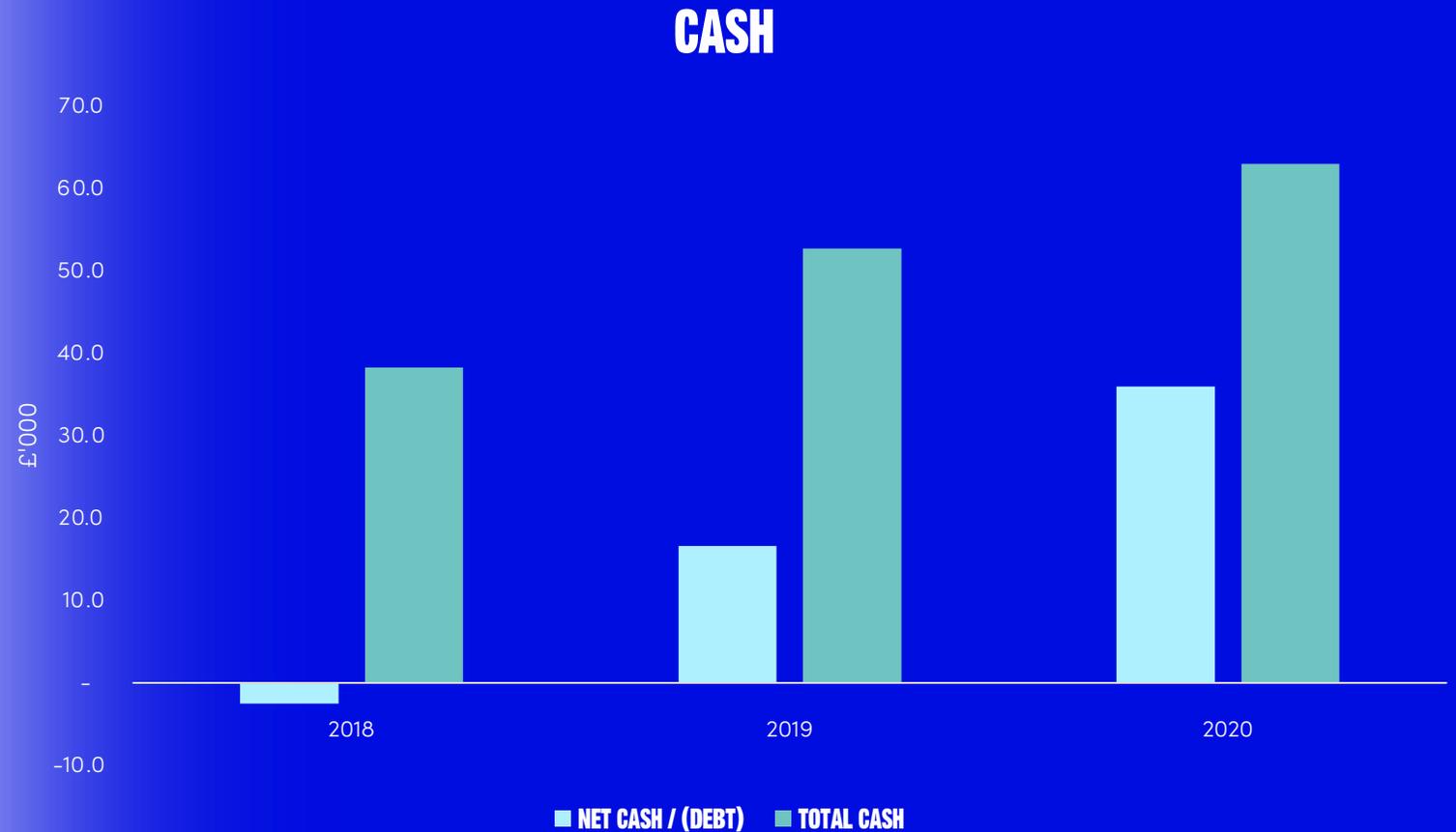
CASH AND DEBT

Substantial improvements in Group's cash position in 2020

Net Cash of £33m at 31 Dec 2020

DESPITE COVID-19 GROUP HAS VERY STRONG BALANCE SHEET

- Transformation of Group cash management and treasury
- Focus on conversion of Earnings to Cash directly and generating positive working capital
- Plans for further improvement, including cash pooling
- Will maintain debt (RCF) at £30m-£40m



MINORITY SHAREHOLDINGS – PLAN FOR MANAGEMENT INCENTIVES

The business model founded on entrepreneurship and joint ownership

A standard new Management incentive structure being agreed (limiting dilution)

Estimated max number of Shares to be issued to settle existing option liabilities:

Minority shareholders will continue to be a component of the Group



	2021 – 1ST TRANCHE	2021 – 2ND TRANCHE	2022	2023	2024	2025
No. of shares to be issued (m) *	6	13	9	1	2	1

* Assumes (i) settlement of existing schemes (ii) £1 share price and (iii) exercised in accordance with contractual schedule (not deferred)

TRADING UPDATE AND 2021 OUTLOOK

2020 TRADING UPDATE

Trading ahead of expectations
with a stronger than expected Q4

Year-end cash significantly ahead of expectations

Divestment of loss-making companies,
exceptional restructuring costs as a result of
Covid-19, impairment of right-of-use property
assets

2021 OUTLOOK

Uncertainty going into 2021 with
Covid-19 lock-down

Elimination of loss-making businesses in
2020 increases Operating Profits in 2021

Well positioned for margin improvements as
a result of rationalisation and cost savings

FINANCIAL PLAN SUMMARY

**RESILIENT
AND ROBUST**

**RESTRUCTURING
AND GROWTH
INITIATIVES**

**LONG-TERM
REVENUE AND
PROFIT GROWTH**

FINANCIAL GROWTH PLAN