



# STAGWELL

TRANSFORMING MARKETING

GROWTH DRIVERS

NOVEMBER | 2021

# FORWARD LOOKING STATEMENTS & OTHER INFORMATION

This presentation contains forward-looking statements. Statements in this presentation that are not historical facts, including without limitation the information under the heading "Financial Outlook" and statements about the Company's beliefs and expectations, earnings (loss) guidance, recent business and economic trends, potential acquisitions, and estimates of amounts for redeemable noncontrolling interests and deferred acquisition consideration, constitute forward-looking statements. Words such as "estimates", "expects", "contemplates", "will", "anticipates", "projects", "plans", "intends", "believes", "forecasts", "may", "should", and variations of such words or similar expressions are intended to identify forward-looking statements. These statements are based on current plans, estimates and projections, and are subject to change based on a number of factors, including those outlined in this section. Forward-looking statements speak only as of the date they are made, and the Company undertakes no obligation to update publicly any of them in light of new information or future events, if any. Forward-looking statements involve inherent risks and uncertainties. A number of important factors could cause actual results to differ materially from those contained in any forward-looking statements. Such risk factors include, but are not limited to, the following:

- risks associated with international, national and regional unfavorable economic conditions that could affect the Company or its clients, including as a result of the novel coronavirus pandemic ("COVID-19");
- the effects of the outbreak of COVID-19, including the measures to reduce its spread, and the impact on the economy and demand for our services, which may precipitate or exacerbate other risks and uncertainties;
- an inability to realize expected benefits of the combination of the Company's business with the business of MDC (the "Business Combination" and, together with the related transactions, the "Transactions");
- adverse tax consequences in connection with the Transactions for the Company, its operations and its shareholders, that may differ from the expectations of the Company, including that future changes in tax law, potential increases to corporate tax rates in the United States and disagreements with the tax authorities on the Company's determination of value and computations of its attributes may result in increased tax costs;
- the occurrence of material Canadian federal income tax (including material "emigration tax") as a result of the Transactions;
- the impact of uncertainty associated with the Transactions on the Company's businesses;
- direct or indirect costs associated with the Transactions, which could be greater than expected;
- risks associated with severe effects of international, national and regional economic conditions;
- the Company's ability to attract new clients and retain existing clients;
- reduction in client spending and changes in client advertising, marketing and corporate communications requirements;
- financial failure of the Company's clients;
- the Company's ability to retain and attract key employees;
- the Company's ability to achieve the full amount of its stated cost saving initiatives;
- the Company's implementation of strategic initiatives;
- the Company's ability to remain in compliance with its debt agreements and the Company's ability to finance its contingent payment obligations when due and payable, including but not limited to those relating to redeemable noncontrolling interests and deferred acquisition consideration;
- the successful completion and integration of acquisitions which complement and expand the Company's business capabilities; and
- foreign currency fluctuations.

Investors should carefully consider these risk factors and the additional risk factors outlined in more detail under the caption "Risk Factors" in Exhibit 99.2 to our Current Report on Form 8-K, filed with the Securities and Exchange Commission (the "SEC") on August 10, 2021, and accessible on the SEC's website at [www.sec.gov](http://www.sec.gov), and in the Company's other SEC filings.

# FORWARD LOOKING STATEMENTS & OTHER INFORMATION

## Non-GAAP Financial Measures

In addition to its reported results, Stagwell Inc has included in this presentation certain financial results that the Securities and Exchange Commission (SEC) defines as "non-GAAP Financial Measures." Management believes that such non-GAAP financial measures, when read in conjunction with the Company's reported results, can provide useful supplemental information for investors analyzing period to period comparisons of the Company's results. Such non-GAAP financial measures include the following:

**Pro Forma Results:** Unless otherwise noted, financial results are presented on a Pro Forma basis giving effect to the combination as if it was completed on January 1, 2019. The Pro Forma amounts presented for each period were prepared by combining the historical standalone statements of operations for each of legacy MDC and SMG. The unaudited pro forma results are provided for illustrative purposes only and do not purport to represent what the actual consolidated results of operations or consolidated financial condition would have been had the combination actually occurred on the date indicated, nor do they purport to project the future consolidated results of operations or consolidated financial condition for any future period or as of any future date. The Company has excluded a quantitative reconciliation of adjusted Pro Forma EBITDA to net income under the "unreasonable efforts" exception in Item 10(e)(1)(i)(B) of Regulation S-K.

**Net Revenue:** GAAP Revenue adjusted to exclude certain third-party direct costs when the Company acts as principal for the services rendered in the client arrangement

**Organic Net Revenue:** "Organic net revenue growth" and "organic net revenue decline" refer to the positive or negative results, respectively, of subtracting both the foreign exchange and acquisition (disposition) components from total net revenue growth. The acquisition (disposition) component is calculated by aggregating prior period revenue for any acquired businesses, less the prior period revenue of any businesses that were disposed of during the current period. The organic revenue growth (decline) component reflects the constant currency impact of (a) the change in revenue of the partner firms that the Company has held throughout each of the comparable periods presented, and (b) "non-GAAP acquisitions (dispositions), net". Non-GAAP acquisitions (dispositions), net consists of (i) for acquisitions during the current year, the revenue effect from such acquisition as if the acquisition had been owned during the equivalent period in the prior year and (ii) for acquisitions during the previous year, the revenue effect from such acquisitions as if they had been owned during that entire year (or same period as the current reportable period), taking into account their respective pre-acquisition revenues for the applicable periods, and (iii) for dispositions, the revenue effect from such disposition as if they had been disposed of during the equivalent period in the prior year.

**Adjusted EBITDA:** Adjusted EBITDA is defined as Net income excluding non-operating income or expense to achieve operating income, plus depreciation and amortization, stock-based compensation, deferred acquisition consideration adjustments, and other items. Other items include restructuring costs, acquisition-related expenses, and non-recurring items.

**Pro Forma Free Cash Flow:** Pro Forma Free Cash Flow is a non-GAAP measure defined as Adjusted EBITDA less capital expenditures, change in net working capital, cash taxes, interest, and distributions to minority interests, but excludes contingent M&A payments.

**Financial Guidance:** The Company provides guidance on a non-GAAP basis as it cannot predict certain elements which are included in reported GAAP results.

**Net New Business:** Estimate of annualized revenue for new wins less annualized revenue for losses incurred in the period.



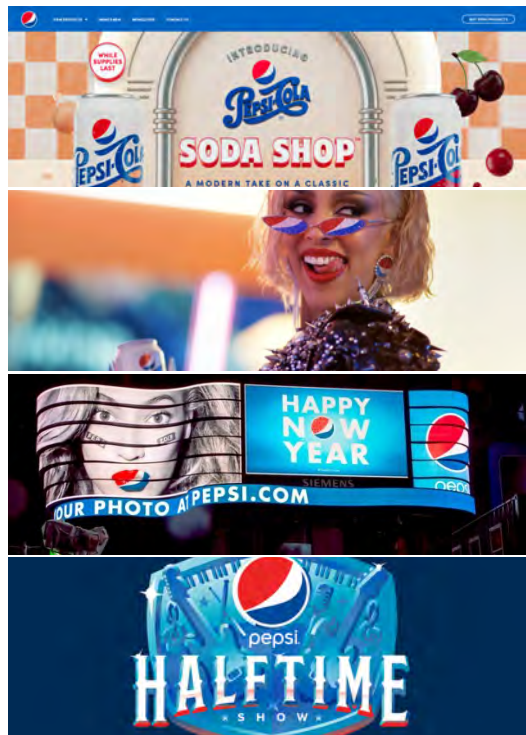
GALE



# THREE CRITICAL TRENDS

4

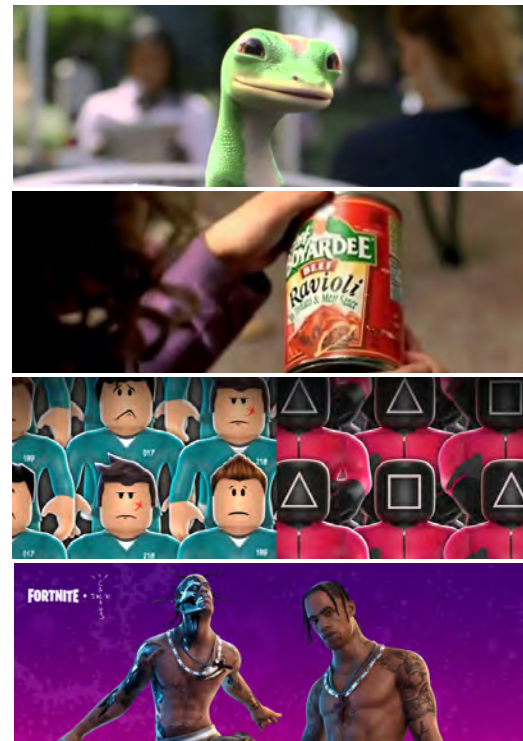
## 1. Consumers do not think in media silos



## 2. Must the strategy right, will get the creative right



## 3. This is not your Mom and Dads media world



# CONSULTANCY CREATIVE MEDIA

A **Business Agency** founded in 2014, we bring business strategy to brand storytelling and activate it across every channel.

8

Offices

GLOBAL

Studio Model

512

Number of People

**Ad  
Age** A-List &  
Creativity  
Awards

Data and Analytics  
Agency of the Year

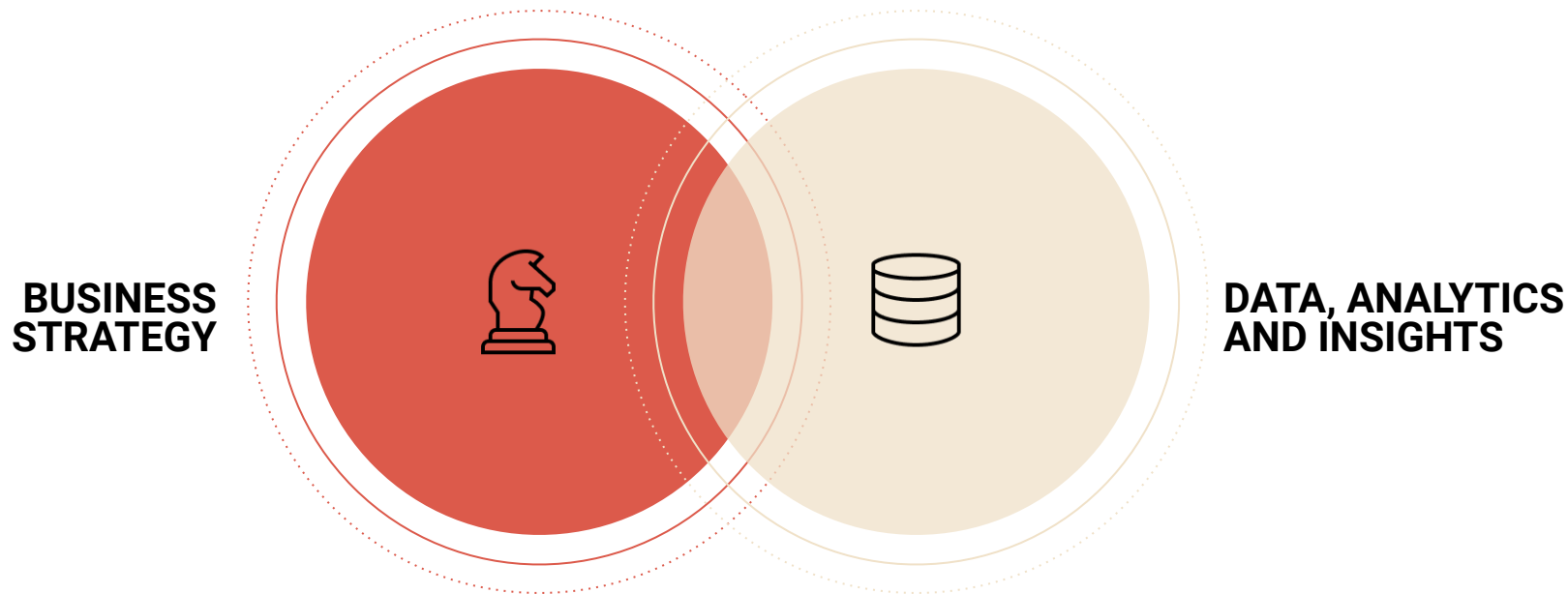
GALE



# AT ITS CORE, WHAT IS GALE?

BUSINESS AGENCY

6



# AT ITS CORE, WHAT IS GALE?

## BUSINESS AGENCY



### BUSINESS STRATEGY

A business advisor has a **deep understanding of their client's business**. Can provide advisor guidance around a client's business

This is not just about marketing, and not just about communications

Examples:

- Business case for a global loyalty program
- Pricing models for new product introduction
- ZBB, Org design, Partner selection
- Product innovation



### DATA, ANALYTICS AND INSIGHTS

With a SaaS data layer GALE brings **insights and recommendations that have indisputable data backing**. This allows for a test-driven approach to all recommendations

The GALE data layer can be used for stand-alone insights or integrated to provide real-time data triggers

Examples:

- Identify customer preferences between products to allow for customized communications
- Assess the LTV of customers to inform the reinvestment rate to drive to maximum LTV
- Building acquisition audiences, integrating into paid and owned environments to drive storytelling



# AT ITS CORE, WHAT IS GALE?

ROADMAP TO A FULLY INTEGRATED AGENCY



## Business Strategy



BRAND STRATEGY



BRAND CREATIVE



COMMUNICATIONS STRATEGY



ADDRESSABLE CREATIVE



PRODUCTION



DESIGN STUDIO



OWNED MEDIA



PUBLISHER COLLABORATION



EARNED MEDIA



PAID MEDIA



ENTERPRISE TECHNOLOGY



PARTNER SYSTEMS INTEGRATION



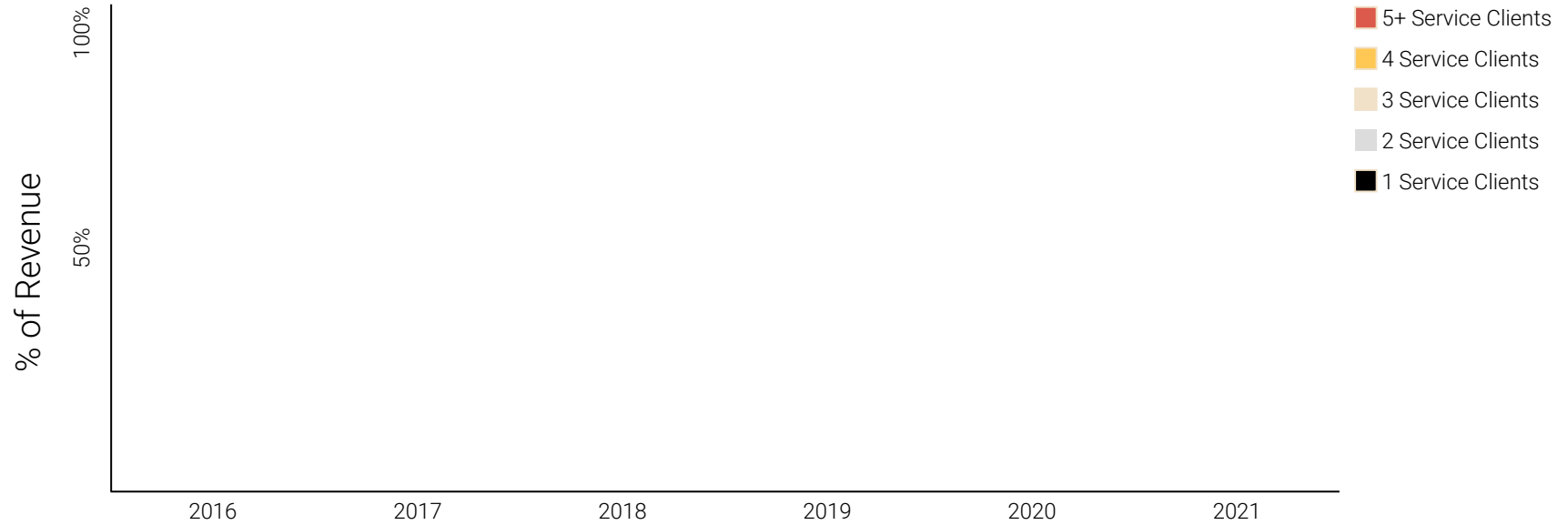
## SaaS GALE Data Layer

**All** of the capabilities you need, but, more importantly, you pick **just** the capabilities you need.

# CLIENTS ARE BUYING MORE INTEGRATED SERVICES

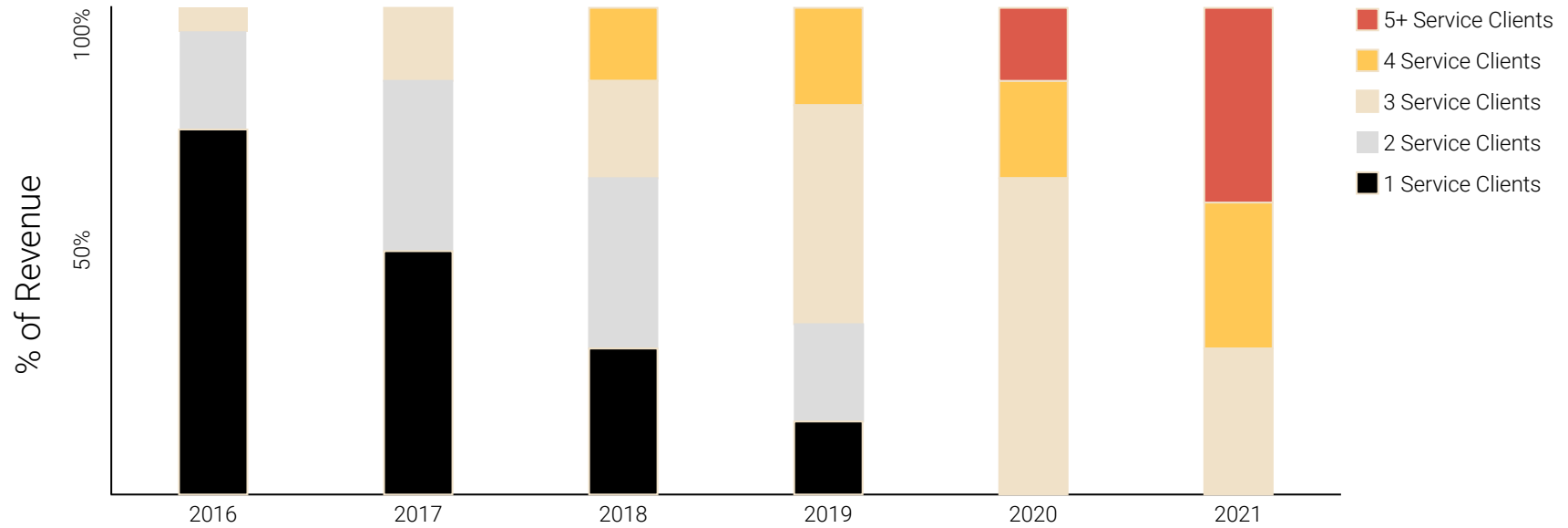
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Revenue based on the Number of Services Provided to a Client



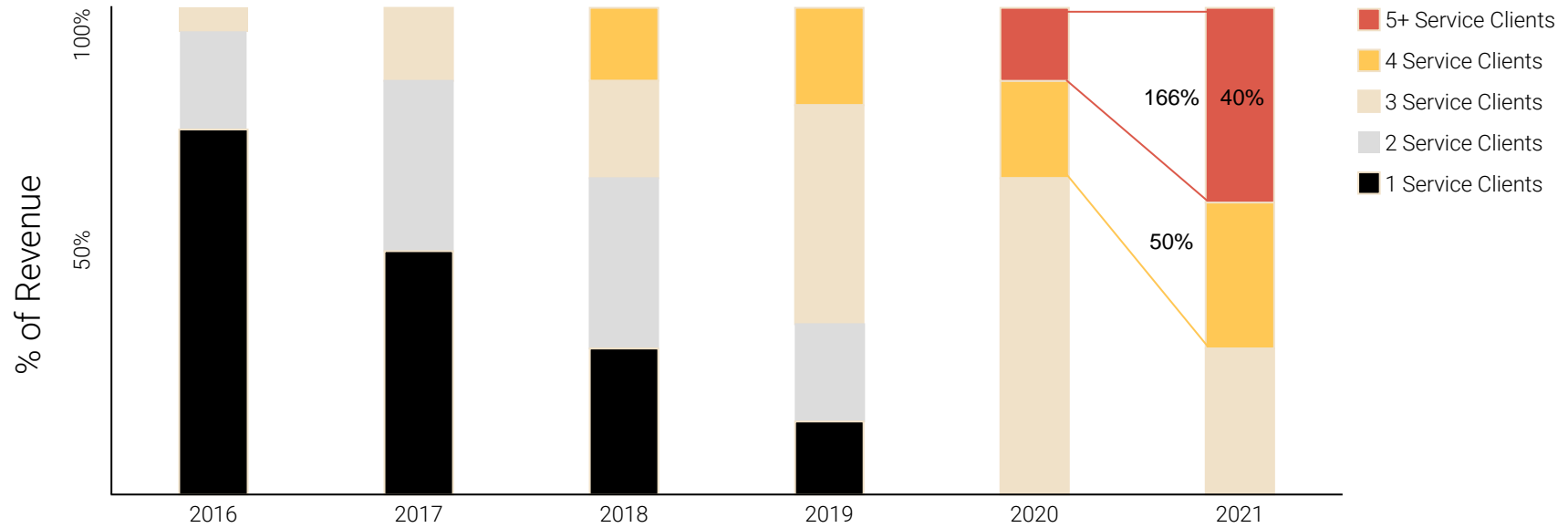
# CLIENTS ARE BUYING MORE INTEGRATED SERVICES

Revenue based on the Number of Services Provided to a Client



# CLIENTS ARE BUYING MORE INTEGRATED SERVICES

Revenue based on the Number of Services Provided to a Client



# WHY WE ARE GROWING

13

**The Drum**

Marketing can change the world.

Times based on amount of Services Provided to Clients

NEWS

## The view from a digital Manhattan: leaders on the future of agency work

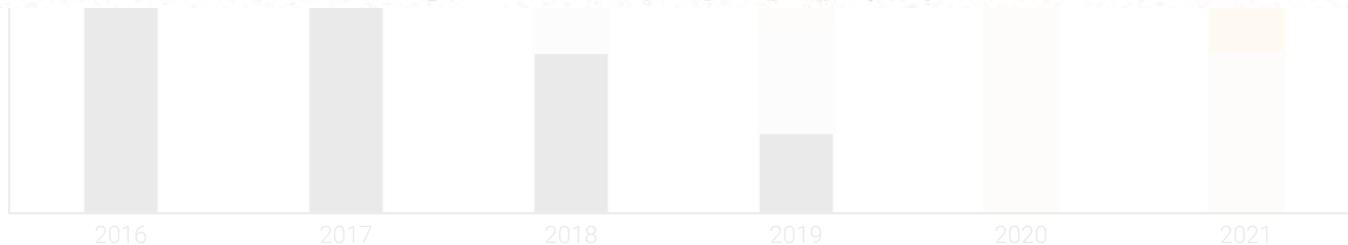
By **Sam Anderson**

October 12, 2021

vice Clients  
vice Clients  
vice Clients  
vice Clients  
vice Clients

% of Revenue

Brad Simms, president and chief executive officer at Gale, agrees: "Integration will be a watchword for agencies in the coming months and years. In some cases, this will see brands consolidating their accounts, integrating a single agency deeper than ever before; in others it will mean





yahoo!

businesswire

## MilkPEP Selects GALE to Lead Marketing Efforts as Americans Increasingly Embrace Milk Consumption



GALE

# GALE

The Milk Processor Education Program (MilkPEP), funded by the nation's milk companies and dedicated to educating consumers and increasing fluid milk consumption, has selected MDC Partners creative media consultancy GALE as its new lead agency. With milk consumption resurging as people largely stayed home and went online in unprecedented numbers last year, MilkPEP set out to choose a new type of brand partner to bring a modern and integrated approach to storytelling and marketing.



### Business Strategy



BRAND STRATEGY



ADDRESSABLE CREATIVE



OWNED MEDIA



PAID MEDIA



BRAND CREATIVE



PRODUCTION



PUBLISHER COLLABORATION



ENTERPRISE TECHNOLOGY



COMMUNICATIONS STRATEGY



DESIGN STUDIO



EARNED MEDIA



PARTNER SYSTEMS INTEGRATION



SaaS GALE Data Layer

GALE

**MILK IS THE ORIGINAL SPORTS DRINK**





EMBASSY OF ROCK AND ROLL

THIS IS HARD ROCK

REST ROOMS



An aerial photograph of a tropical resort at sunset. The sky is a vibrant mix of purple, pink, and blue. The resort features numerous buildings with warm interior lights glowing through the windows. Palm trees are scattered throughout the property, and a long pier extends into the water. The water is calm, reflecting the colors of the sky and the lights of the resort. The overall scene is serene and picturesque.

**BUT SO IS THIS**

# WE BROUGHT TOGETHER A TEAM OF OVER 50 EXPERTS ACROSS ALL GALE DOMAINS

TO DRIVE DEMAND AND  
ENHANCE GUEST  
EXPERIENCE



BRAND IDENTITY



ENTERPRISE  
LOYALTY PLATFORM



WEB PORTAL



MOBILE APP



CUSTOMER RELATIONSHIP  
MANAGEMENT PLATFORM



ENTERPRISE OFFER  
MANAGEMENT  
PLATFORM



MARKETING  
AUTOMATION PLATFORM



ALCHEMY CDP  
AND BI







# WHAT IS NEXT?

PROVEN LEADERSHIP TEAM IN NAVIGATING WHAT CAPABILITIES SHOULD BE BUILT NEXT



## Business Strategy



BRAND STRATEGY



BRAND CREATIVE



COMMUNICATIONS STRATEGY



ADDRESSABLE CREATIVE



PRODUCTION



DESIGN STUDIO



OWNED MEDIA



PUBLISHER COLLABORATION



EARNED MEDIA



PAID MEDIA



ENTERPRISE TECHNOLOGY



PARTNER SYSTEMS INTEGRATION



## SaaS GALE Data Layer

All of the capabilities you need, but, more importantly, you pick **just** the capabilities you need.

Thank you  
Gracias  
Merci  
谢谢  
धन्यवाद

