



STAGWELL

TRANSFORMING MARKETING

Second Quarter 2022

EARNINGS PRESENTATION

AUGUST 4 | 2022

FORWARD LOOKING INFORMATION & 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.

Some of the factors that could materially and adversely affect our business, financial condition, results of operations and cash flows 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;
- the continued impact of the coronavirus pandemic ("COVID-19"), and evolving strains of COVID-19 on the economy and demand for the Company's 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 Company's ability to attract new clients and retain existing clients;
- the impact of a 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 compete in the markets in which it operates;
- the Company's ability to achieve its 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 Company's ability to manage its growth effectively, including the successful completion and integration of acquisitions which complement and expand the Company's business capabilities;
- the Company's material weaknesses in internal control over financial reporting and its ability to establish and maintain an effective system of internal control over financial reporting;
- the Company's ability to protect client data from security incidents or cyberattacks;
- economic disruptions resulting from war and other geopolitical tensions (such as the ongoing military conflict between Russia and Ukraine), terrorist activities and natural disasters;
- stock price volatility; and
- foreign currency fluctuations.

Investors should carefully consider these risk factors, other risk factors described herein, and the additional risk factors outlined in more detail in our 2021 Form 10-K, filed with the Securities and Exchange Commission (the "SEC") on March 17, 2022, and accessible on the SEC's website at www.sec.gov, under the caption "Risk Factors," and in the Company's other SEC filings.

DEFINITIONS OF NON-GAAP FINANCIAL MEASURES

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: 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 Revenue: "Organic revenue growth" and "organic revenue decline" refer to the positive or negative results, respectively, of subtracting both the foreign exchange and acquisition (disposition) components from total 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.

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

Adjusted EBITDA: 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.

Free Cash Flow: 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.

Net Debt: defined as bonds plus revolver balance less cash.

Net Leverage Ratio: defined as Net Debt divided by Last-Twelve-Months Adjusted EBITDA.

Included in this earnings presentation are tables reconciling reported Stagwell Inc. results to arrive at certain of these non-GAAP financial measures.

FINANCIAL OUTLOOK

Reiterating Full-Year 2022 Outlook

18% - 22%

Organic Net Revenue Growth

13% - 17%

Organic Net Revenue Growth Ex-Advocacy

\$450M - \$480M

Adjusted EBITDA

(excludes any contribution from acquisitions completed in 2022)

~30%

Free Cash Flow Growth

SECOND QUARTER HIGHLIGHTS

NET DEBT: \$1,305M | LTM ADJ. EBITDA: \$416M | NET DEBT RATIO: 3.1X

Strong GROWTH & MARGINS

16% Total & Organic Net Revenue Growth

On top of 29% organic growth in 2Q21; 45% two-year stack

20% adjusted EBITDA margin on Net Revenue

Increasing DIGITAL MIX

57% of Net Revenue from digital capabilities

62% of adjusted EBITDA from digital capabilities¹

+28% Digital organic Net Revenue growth

Winning BIGGER

Expanding our client relationships

Top 25 clients averaged \$6M in 2Q net revenue

An increase of 30% versus the prior year period

Strategic Investments

Focused on software and data revenue

Investing in the Stagwell Marketing Cloud capabilities

Enhancing advocacy data and technology offering

SUMMARY PRO FORMA COMBINED FINANCIALS

	<i>Three Months Ended,</i>		<i>Six Months Ended,</i>	
<i>\$ in Thousands</i>	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Net Revenue	\$ 556,316	\$ 480,211	\$ 1,082,953	\$ 908,992
Billable Costs	116,597	74,954	232,863	135,000
Revenue	\$ 672,913	\$ 555,165	\$ 1,315,816	\$ 1,043,992
Billable Costs	116,597	74,954	232,863	135,000
Staff costs	349,468	312,568	690,106	593,734
Administrative costs	66,349	53,717	122,643	105,621
Unbillable and other costs, net	29,180	15,390	57,473	35,335
Adjusted EBITDA	\$ 111,319	\$ 98,536	\$ 212,731	\$ 174,302
Stock-based compensation	13,131	6,938	21,152	4,975
Depreciation and amortization	32,231	18,385	63,435	37,512
Deferred acquisition consideration	13,472	7,710	15,369	23,331
Impairment and other losses	2,266	-	2,823	875
Other items, net	1,887	8,428	6,960	16,853
Operating income (loss)	\$ 48,332	\$ 57,075	\$ 102,992	\$ 90,756
<i>Pro Forma adjusted EBITDA margin (on net revenue)</i>	20.0%	20.5%	19.6%	19.2%

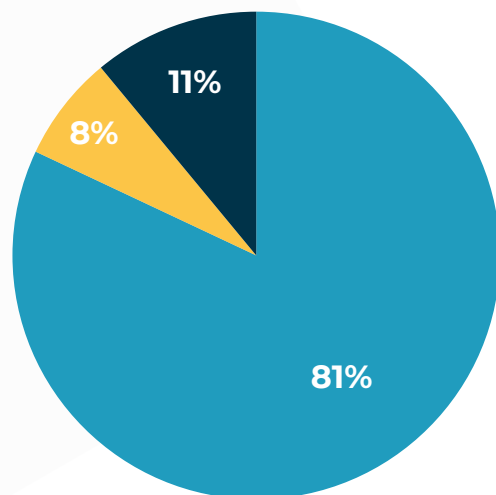
PRO FORMA NET REVENUE

	<i>Three Months Ended, June 30, 2022</i>		<i>Six Months Ended, June 30, 2022</i>	
<i>\$ in Thousands</i>	Net Revenue	Change	Net Revenue	Change
2021 Net Revenue	\$ 480,211		\$ 908,992	
Organic revenue	76,735	16.0%	178,114	19.6%
Acquisitions (divestitures), net	5,988	1.2%	4,939	0.5%
Foreign currency	(6,618)	-1.4%	(9,092)	-1.0%
Total Change	\$ 76,105	15.8%	\$ 173,961	19.1%
2022 Net Revenue	\$ 556,316		\$ 1,082,953	

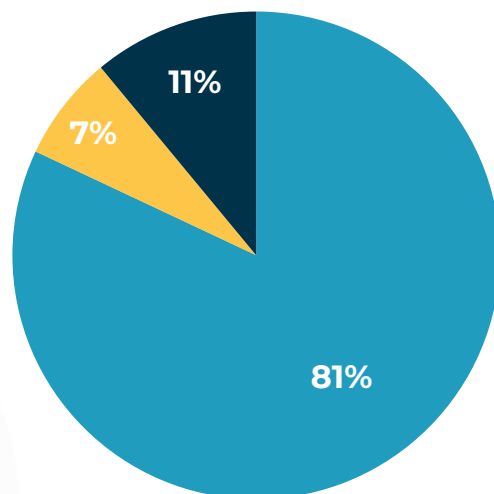
2Q NET REVENUE BY GEOGRAPHY

% OF NET
REVENUE

2Q



YTD

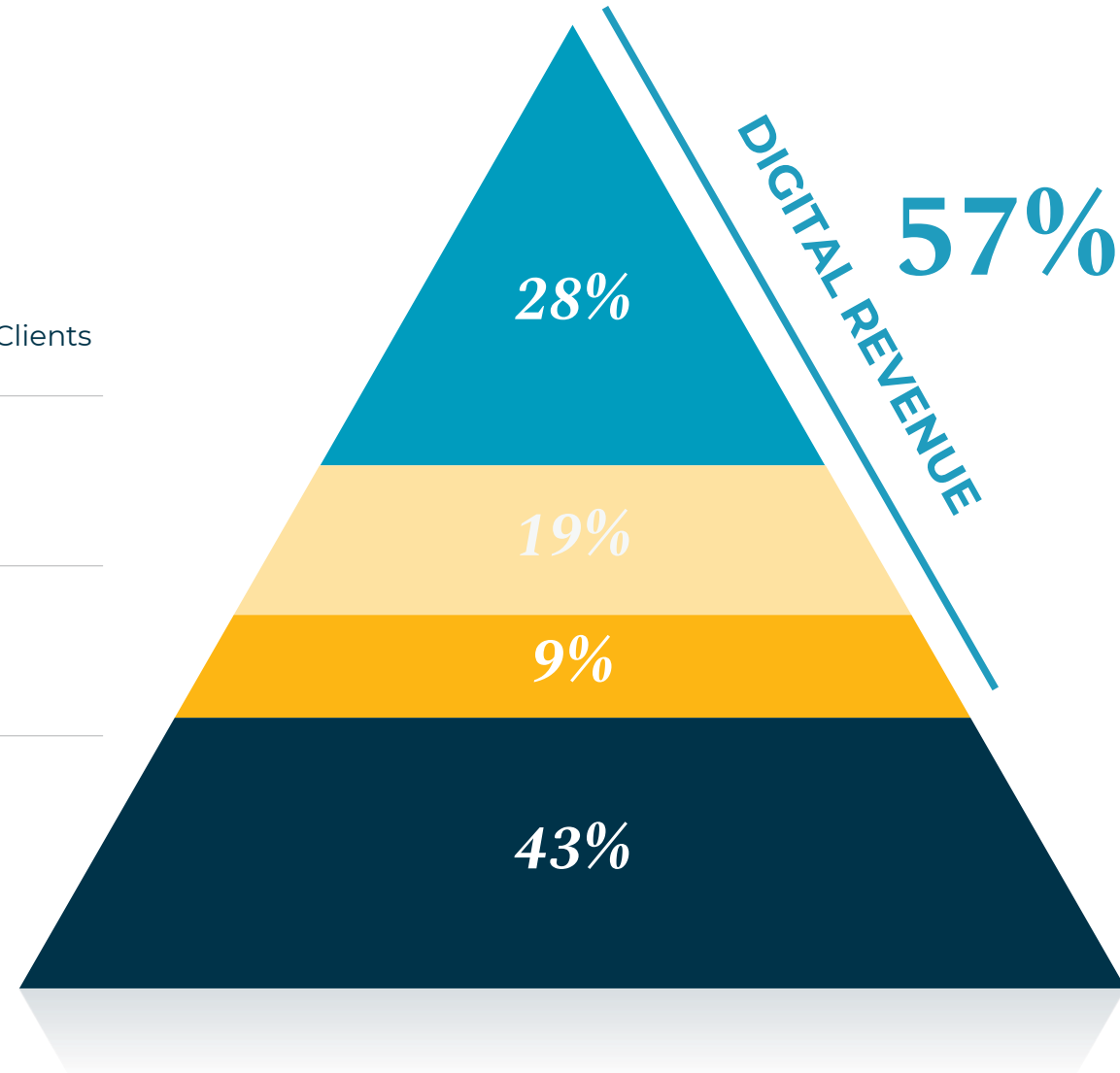


Organic Growth Y/Y

Geography	2Q22	YTD
United States	14%	18%
United Kingdom	33%	41%
Other	22%	17%
TOTAL	16%	20%

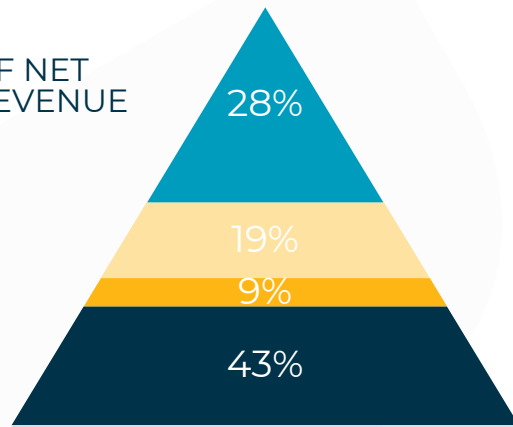
2Q NET REVENUE MIX BY PRINCIPAL CAPABILITY

- 1 Digital Transformation**
Building & Designing Digital Experiences for Clients
- 2 Performance Media & Data**
Addressable on a Global Scale
- 3 Consumer Insights & Strategy**
Tracking Across Consumer Journey
- 4 Creativity & Communications**
Blue-Chip Customer Base

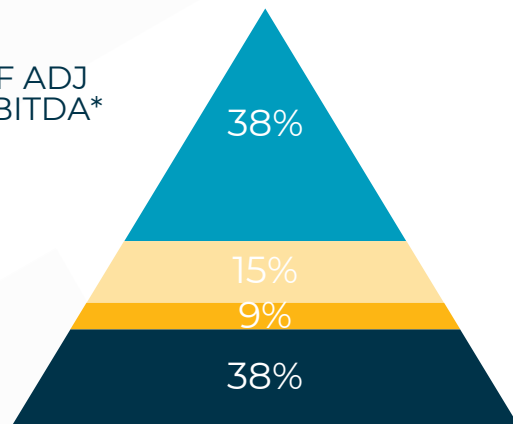


2Q YEAR-OVER-YEAR GROWTH BY CAPABILITY

% OF NET REVENUE



% OF ADJ EBITDA*



Principal Capability

	Organic Net Revenue Growth	Net Revenue Growth	Adjusted EBITDA* Growth
Digital Transformation	37%	36%	27%
Performance Media & Data	17%	27%	58%
Consumer Insights & Strategy	27%	26%	18%
Creativity & Communications	4%	1%	(8%)
TOTAL	16%	16%	13%
TOTAL EX-ADVOCACY	15%	15%	11%

2Q EX-ADVOCACY NET REVENUE & ADJUSTED EBITDA

\$ in Millions

NET REVENUE

	<i>Three Months Ended,</i>		<i>% Change</i>
	JUNE 30, 2022	JUNE 30, 2021	
Total Net Revenue	\$556	\$480	15.8%
Advocacy Net Revenue	41	31	33.7%
Ex Advocacy Net Revenue	\$515	\$449	14.6%

ADJ. EBITDA

	<i>Three Months Ended,</i>		<i>% Change</i>
	JUNE 30, 2022	JUNE 30, 2021	
Total Adj. EBITDA	\$111	\$99	13.0%
Advocacy Adj. EBITDA	13	10	26.7%
Ex Advocacy Adj. EBITDA	\$99	\$89	11.4%

Net New Business

2Q **\$31M**

LTM **\$224M**

Ave. Net Revenue

2Q **\$6M**
AT TOP 25 CLIENTS

Notable Business **WINS & EXPANSIONS**

Johnson+Johnson

 Microsoft

Lenovo



CHASE 


TikTok

MAYO
CLINIC



THOMSON
REUTERS®

 GoodRx



100% ACQUISITION

100% ACQUISITION

Business

Omnichannel content creation and adaptation production company based in Kyiv, Ukraine with additional offices in Toronto and Amsterdam. PEP Group is an established provider of design, creative, production and asset management for leading brands including Kimberly-Clark, Colgate-Palmolive, Pepsico and Church & Dwight.

Apollo is a real-time, AI-powered SaaS platform that uncovers consumer, creative and contextual insights for scaled modern marketing. Apollo was initially incubated within Anomaly and solves a crucial gap in the marketing services ecosystem by bringing insights closer to creative and content strategy. Apollo notable clients include Carhartt, E&J Gallo Winery, Bermuda Tourism and MoMa.

Rationale

The acquisition bolsters Stagwell's multilingual media and content production capabilities across its global network. By acquiring PEP Group, Stagwell is doubling down on scaled content offerings that empower global brands to connect meaningfully with consumers, anywhere. The acquisition also enhance Locaria's proprietary workflow technologies Locate, a cloud-based content delivery platform, and Prism, a dedicated client-review portal.

The acquisition enriches Stagwell's data and insights unification tool, Consumer Understanding and Engagement (CUE), by automating workstreams to translate insights into effective campaigns. Where most data tools are focused on media targeting and activation, Apollo provides rich datasets that inform campaigns from end to end, across brand strategy, messaging, content strategy, and media.

WE HAVE OUR FINANCIAL HOUSE *in order*



Refinanced Bonds, Securing \$1.1BN in financing

- › Fixed interest rate of 5.625%
in rising interest rate environment
- › 8 years to maturity in 2029,
providing financial flexibility



Secured \$500M Revolving Credit Facility

with flexible terms, 5-year maturity



Moody's upgraded Stagwell's corporate family rating (CFR) to B1 from B2 in July 2022

EXPANDING *our global footprint*

INDIA ▾ NEWS SITES ▾

ET HRWorld
SOUTH-EAST ASIA

NEWS HRTECH TRENDS TALENT WORKPLACE ENGAGE ▾ EVENTS

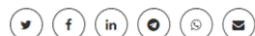
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Stagwell (STGW) accelerates Asia-Pacific Growth with the opening of new global Office in Singapore

Singapore will serve as a key geographic hub to anchor the network's international client engagements and connect local teams with Stagwell's platform of best-in-class modern marketing services.

ETHRWorld • November 19, 2021, 11:59 IST



Seeking Alpha^α

Symbols, authors, keywords

Stagwell to open office in Brazil

Apr. 13, 2022 10:03 AM ET | Stagwell Inc. (STGW) | By: Deepa Sarvaiya, SA News Editor

- Stagwell (NASDAQ:STGW) opens of a new global office in Brazil to accelerate the company's growth in Latin America and drive collaboration across its local agencies and affiliate partners.
- This is company's second international office opened in 2002 after the launch of office in Singapore in January.
- Vinicius Reis will lead the office as President, Stagwell Brazil, alongside CCO & Partner CPB Brazil Andre Kassu and CCO & Partner CPB Brazil Marcos Medeiros.
- The company agencies in Brazil include global travel media firm Ink, communications network Allison+Partners, CP+B Brazil, YML, Locaria, and Code & Theory.
- "Our agencies and partners across Latin America represent the best in modern marketing expertise. With Stagwell Brazil, we have the opportunity to drive region-wide collaboration in service of our clients." said Mark Penn, Chairman and CEO
- **Now Read:** Stagwell's locaria expands multilingual content production through acquisition of PEP group

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CURRENT
AFFILIATE
PARTNERS



Country	City	Affiliates	Capability	HoldCo
USA	New York	Anchor Worldwide	Content	Anchor Worldwide
Colombia	Bogota	AntPack	Content	Anchor Worldwide
Australia	Sydney	Beyond Media Global	Content & Performance Media	Beyond Media Global
China	Shanghai	Beyond Media Global	Content & Performance Media	Beyond Media Global
China	Shenzhen	Beyond Media Global	Content & Performance Media	Beyond Media Global
Hong Kong	Hong Kong	Beyond Media Global	Content & Performance Media	Beyond Media Global

Zuentipo

GRUPO GARNIER

Talon

OPG
ORIENT PLANET GROUP

SERVICEPLAN

STAGWELL

SHOWING UP *on the biggest stages*



Transformative Takeaways from Stagwell @ CES 2022

presented by STAGWELL

CES looked was different this year.

Of course, it featured bigger-than-ever screens, oddball gadgets, and flying cars, albeit fewer than normal. But the hybrid nature and growing scope of the show proved in real time how tech is transforming the way we *actually* live our lives - and how marketers and brand builders should adapt to meet consumers where they are.

[Stagwell](#) has rounded up the must-know takeaways from CES 2022. Take a look at what they're watching below.

Want to know more about the technology at CES 2022? Jump to the end of this email for information on a complimentary Virtual Floor Tour led by Stagwell experts for you and your team.



SXSW 2022

The 5 Trends you need to know from SXSW 2022

After a two-year delay, brands were back on the ground in Austin last week to celebrate SXSW 2022. From the future of the NFTs and Web3, to the transformative power of digital audio, Stagwell's experts share the five trends at the intersection of technology, innovation, and culture that every brand marketer should plug into.



Three Quick Things

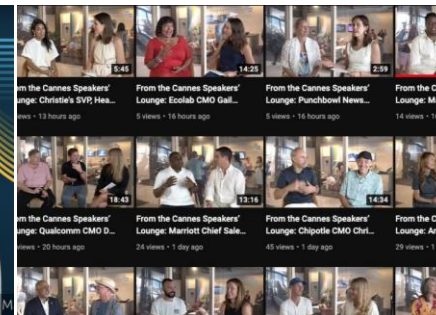
from Cannes Lions 2022

powered by STAGWELL

Bonjour from the south of France! Stagwell is your behind-the-scenes pass to the best of Cannes Lions. Each day, we'll send you three quick takes on the biggest conversations at the Palais and bring you backstage to the Speakers' Lounge with leading marketers. Want more? Follow along [on LinkedIn](#).

Sun's out, budgets out. We saw creative and media snuggle closer together to make the art of adland really perform on the Creative Effectiveness track. Agencies are CMOs' best friends when they can tie the results of a headline-grabbing activation to every dollar spent.

Go Deeper: [3 Things to Know When Creating Branded Entertainment](#)



Appendix

GAAP CONSOLIDATED OPERATING PERFORMANCE

\$ and Shares in Thousands	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Revenue	\$ 672,913	\$ 209,560	\$ 1,315,816	\$ 390,802
Cost of services	424,661	122,074	836,631	234,073
Office & general expenses	165,423	52,674	309,935	104,952
Depreciation & amortization	32,231	10,381	63,435	21,331
Impairment & other losses	2,266	-	2,823	-
Total operating expenses	\$ 624,581	\$ 185,129	\$ 1,212,824	\$ 360,356
Operating income (Loss)	\$ 48,332	\$ 24,431	\$ 102,992	\$ 30,446
Interest expense, net	(18,151)	(1,935)	(36,880)	(3,286)
Foreign exchange, net	70	(385)	(236)	(1,062)
Other, net	(121)	(101)	35	1,184
Other income (expenses)	\$ (18,202)	\$ (2,421)	\$ (37,081)	\$ (3,164)
Income tax expense	5,421	3,348	8,610	4,021
Income before equity in earnings of non-consolidated affiliates	\$ 24,709	\$ 18,662	\$ 57,301	\$ 23,261
Equity in income of non-consolidated affiliates	(190)	(3)	840	1
Net income	\$ 24,519	\$ 18,659	\$ 58,141	\$ 23,262
Net (income) loss attributable to non-controlling & redeemable non-controlling interests	(14,056)	(1,314)	(35,003)	(1,552)
Net income attributable to Stagwell Inc. common shareholders	\$ 10,463	\$ 17,345	\$ 23,138	\$ 21,710
<u>Earnings Per Share</u>				
Basic	\$ 0.08	N/A	\$ 0.19	N/A
Diluted	\$ 0.08	N/A	\$ 0.18	N/A
<u>Weighted Average Number of Shares Outstanding</u>				
Basic	126,425	N/A	124,367	N/A
Diluted	296,414	N/A	298,843	N/A

NET INCOME & DILUTED EARNINGS PER SHARE DETAIL

\$ and Shares in Thousands

	Three Months Ended, June 30, 2022	Six Months Ended, June 30, 2022
<u>Numerator (Basic)</u>		
Net income	\$ 24,519	\$ 58,141
Net income attributable to Class C shareholders	(14,020)	(31,741)
Net income attributable to other equity interest holders	(36)	(3,262)
Net income attributable to noncontrolling interests	\$ (14,056)	\$ (35,003)
Net income attributable to Stagwell Inc. common shareholders	\$ 10,463	\$ 23,138
<u>Denominator (Basic)</u>		
Basic – weighted average number of common shares outstanding	126,425	124,367
Earnings Per Share - Basic	\$0.08	\$0.19
<u>Numerator (Diluted)</u>		
Net income attributable to Stagwell Inc. common shareholders	\$ 10,463	\$ 23,138
Net income attributable to Stagwell Media	14,020	31,741
Net income for diluted earnings per share calculation	\$ 24,483	\$ 54,879
<u>Denominator (Diluted)</u>		
Basic – weighted average number of common shares outstanding	126,425	124,367
Dilutive Shares:		
Stock appreciation rights	1,966	1,941
Restricted share and restricted unit awards	3,212	4,959
Class C shares	164,811	167,576
Diluted – weighted average number of common shares outstanding	296,414	298,843
Earnings Per Share – Diluted	\$ 0.08	\$ 0.18

LIQUIDITY

\$ in Millions

Available Liquidity *(as of 6/30/22)*

Commitment Under Credit Facility	\$ 500
Drawn	298
Undrawn Letters of Credit	24
Undrawn Commitments Under Facility	\$ 178
Total Cash & Cash Equivalents	93
Total Available Liquidity	\$ 271

PRO FORMA CAPITAL STRUCTURE

Net Debt & Debt-Like (\$M, as of 6/30/22)

Revolving Credit Facility	\$ 298
Bonds	1,100
NCI ¹	29
DAC	197
RNCI & Other ²	80
Less: Cash	93
TOTAL NET DEBT & DEBT-LIKE	\$ 1,611

Pro Forma Common Equity (Thousands, as of 7/29/22)

Class A & B	132,136
Class C	164,427
Awards Out.	5,029
FULLY DILUTED	301,592

GLOBAL NETWORK

Stagwell's Affiliate Network Significantly Expands Our Global Footprint



North America

- Canada
- USA
- Mexico

Europe

- Austria
- Belgium
- Bulgaria
- Italy
- Latvia
- Romania
- Slovak Republic
- Slovenia
- Switzerland
- Turkey
- Ukraine
- France
- Germany
- Netherlands
- Poland
- Spain
- Sweden
- United Kingdom

Latin America

- Argentina
- Aruba
- Bolivia
- Brazil
- Curacao
- Colombia
- Costa Rica
- Dominican
- Ecuador
- El Salvador
- Guatemala
- Honduras
- Jamaica
- Nicaragua
- Panama
- Peru
- Republic
- Uruguay
- Venezuela

Middle East & Africa

- Algeria
- Bahrain
- Egypt
- Jordan
- Kuwait
- Lebanon
- Libya
- Morocco
- Nigeria
- Oman
- Saudi Arabia
- South Africa
- Tunisia
- United Arab Emirates

Asia Pacific

- Australia
- China
- Hong Kong
- India
- Indonesia
- Japan
- Malaysia
- Philippines
- Taiwan
- Thailand
- Singapore
- South Korea

Stagwell +Affiliates

COUNTRIES

34

69

EMPLOYEES

~13K

~24K

Note: As of June 30, 2022.

Thank You

Contact Us:

IR@StagwellGlobal.com