



# STAGWELL

TRANSFORMING MARKETING

*Investor Presentation*

OCTOBER | 2023

# DISCLAIMER

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;
- 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;
- inflation and actions taken by central banks to counter inflation;
- 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 that complement and expand the Company's business capabilities;
- the Company's ability to develop products incorporating new technologies, including augmented reality, artificial intelligence, and virtual reality, and realize benefits from such products;
- an inability to realize expected benefits of the combination of the Company's business with the business of MDC Partners Inc. ("MDC");
- adverse tax consequences in connection with the combination of MDC and Stagwell Marketing Group LLC and its direct and indirect subsidiaries (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 unremediated 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 and the additional risk factors outlined in more detail in the Company's filings with the SEC, including the Company's Annual Report on Form 10-K for the year ended December 31, 2022.

# DISCLAIMER

## **Forward-Looking Statements**

This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). The Company’s representatives may also make forward-looking statements orally or in writing from time to time. Statements that are not historical facts, including, but not limited to, statements about the Company’s beliefs and expectations, future financial performance, growth targets, market opportunity and future prospects, business and economic trends, potential acquisitions, and estimates of amounts for redeemable noncontrolling interests and deferred acquisition consideration, constitute forward-looking statements. Forward-looking statements, which are generally denoted by words such as “anticipate,” “assume,” “believe,” “continue,” “could,” “create,” “estimate,” “expect,” “focus,” “forecast,” “foresee,” “future,” “guidance,” “intend,” “look,” “may,” “opportunity,” “outlook,” “plan,” “possible,” “potential,” “predict,” “project,” “should,” “target,” “will,” “would” or the negative of such terms or other variations thereof and terms of similar substance used in connection with any discussion of current plans, estimates and projections, are subject to change based on a number of factors, including those outlined in this section.

Forward-looking statements in this presentation are based on certain key expectations and assumptions made by the Company. Although the management of the Company believes that the expectations and assumptions on which such forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because the Company can give no assurance that they will prove to be correct. The material assumptions upon which such forward-looking statements are based include, among others, assumptions with respect to general business, economic and market conditions, the competitive environment, anticipated and unanticipated tax consequences and anticipated and unanticipated costs.

These forward-looking 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. These forward-looking statements are subject to various risks and uncertainties, many of which are outside the Company’s control. Therefore, you should not place undue reliance on such statements. 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.

# STAGWELL

## *At A Glance*

**\$2.7B**

FY22 GAAP REVENUE

**57%**

Digital in FY22

**\$451M**

FY22 ADJ. EBITDA

**~\$270M**

FY22 FREE CASH FLOW

**4,000+**

BLUE-CHIP CUSTOMERS

**\$1.3T**

ADDRESSABLE MARKET



**Mark Penn**  
Chairman & CEO



***“Stagwell is a holistic, technology-first, enterprise services company** owing to its combination of ad agency creative and technology enterprise.*

*We differentiate ourselves in the marketplace through synergistic integration of technology and data with creative ad solutions to drive out-sized market share growth”*

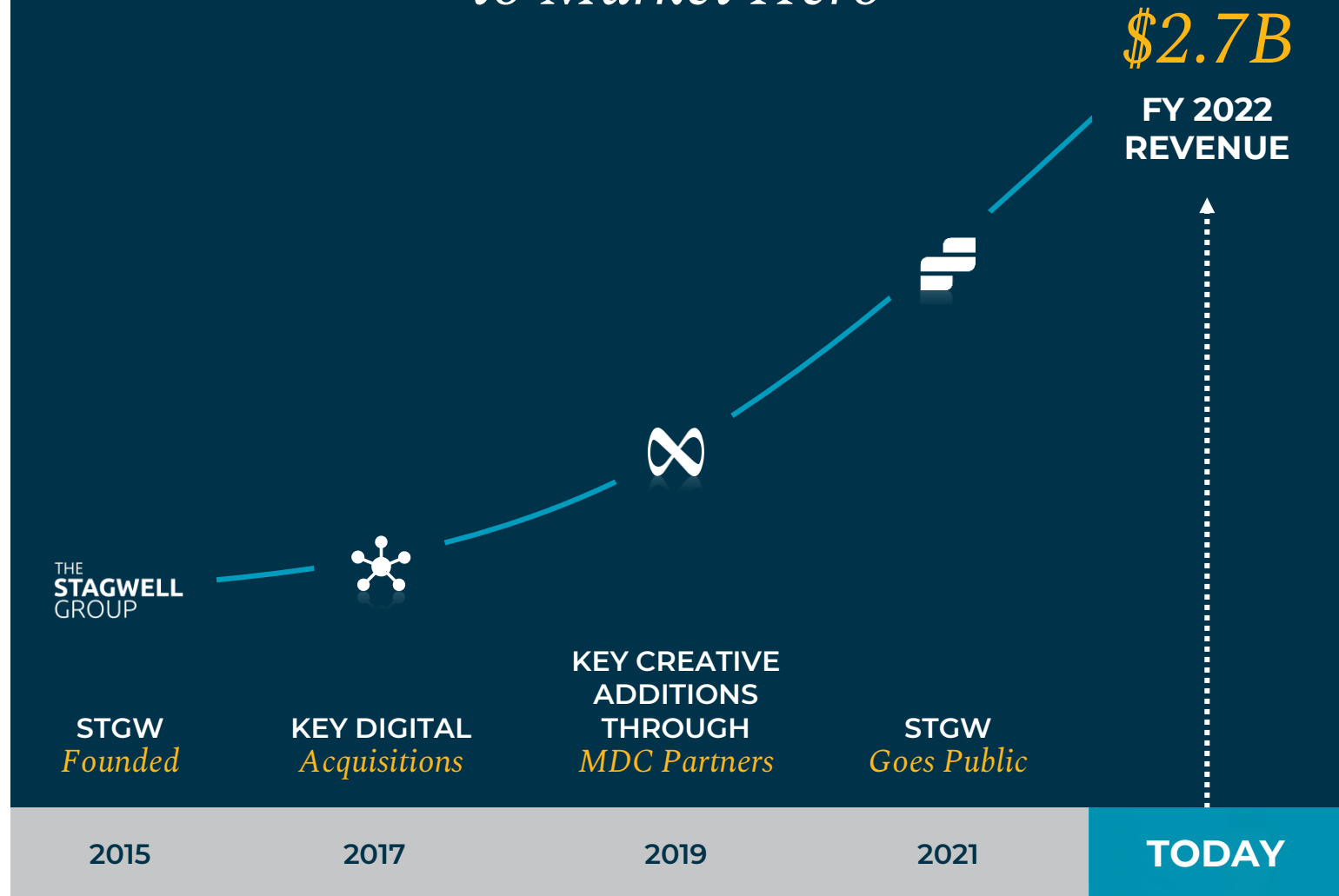
# STAGWELL

## Story

Founded in late 2015 with a vision for a new digital-first marketing company, **Stagwell has grown to become the first Marketing Services company in 40+ years to reach competitive scale**

Driven by visionary leadership from **Mark Penn**, a committed partner in **Steve Ballmer**, a best-in-class accretive acquisition approach, and renowned capabilities in Creative & Digital services,  
**We are just getting started**

## FROM ZERO to Market Hero



# VISIONARY LEADERSHIP

## *From An Industry Veteran*



**Mark Penn**

Chairman & CEO

*A Record of Vision & Accomplishment*

In 2015, Mark believed that the marketing industry was ripe for disruption, needing a new kind of marketing company

**FOUNDED** an innovative polling company in 1975

**SERVED** as an advisor to multiple world leaders, including Bill Clinton & Prime Minister Tony Blair

**TURNED AROUND** Burson-Marsteller, a global PR and public affairs firm, tripling profits

**ADVISED** major global companies from Ford to Intel

**IDENTIFIED** Soccer Moms, and wrote two best-selling books (*Microtrends*)

**LED** strategy and advertising at Microsoft as EVP & Chief Strategy Officer

**FOUNDED** Stagwell with Steve Ballmer



**Steve Ballmer**

Former CEO, Microsoft  
First Investor, Stagwell



*"I have known Mark for many, many years. At Microsoft, he did some critical work for us, and worked directly for me on some path-breaking advertising and other campaigns."*

***A lot of people make a lot of promises, but Mark is someone who just gets things done, it's just the kind of person that he is."***

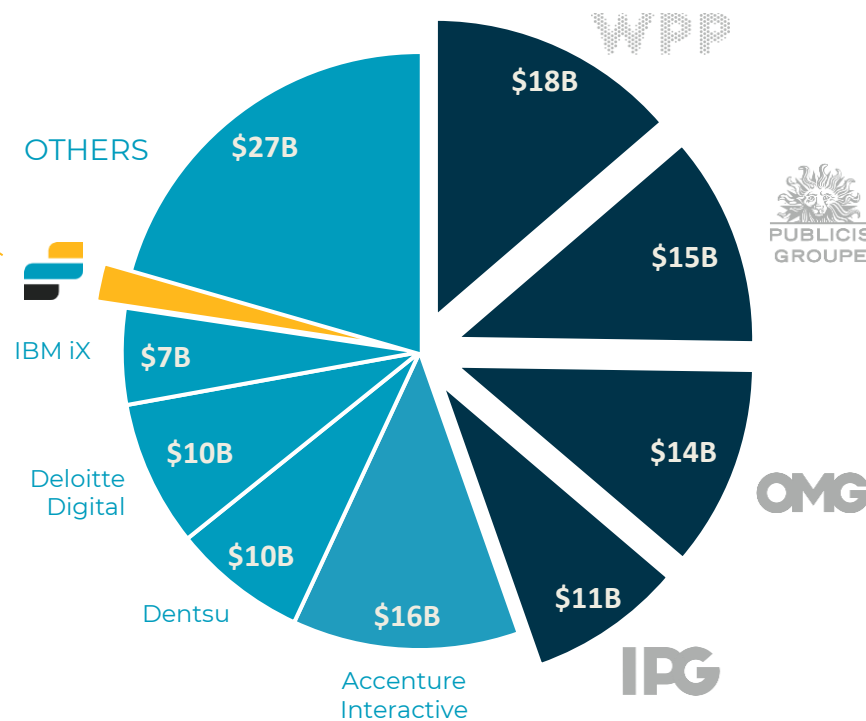
# THE LEGACY ADVERTISING MARKET

## *Is Ripe For Disruption*

**\$2.7B**

Stagwell represents only 2% of the global advertising and marketing services market

Ample room to continue taking market share



**~\$60B**

spent with the top 4 legacy holding companies<sup>1</sup>

**~\$130B**

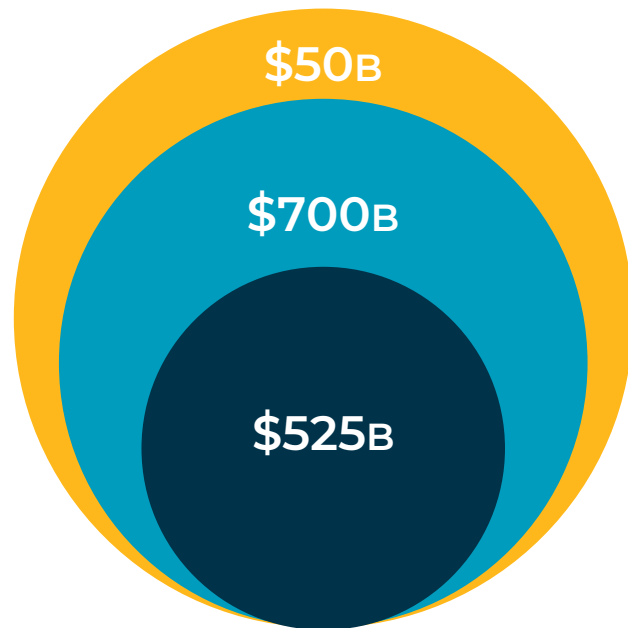
spent on advertising & marketing services with the Top 25 industry providers in 2022

<sup>1</sup> Top 4 legacy holding companies: WPP, Omnicom, Publicis, IPG in 2022  
Source; Company filings and AdAge Agency Report 2023

# STAGWELL UNIQUELY POSITIONED

## *To Capture Share As New Markets Emerge & Mature*

**\$1.3T** TOTAL ADDRESSABLE  
NEW MARKETS IN **2026**



### ARTIFICIAL INTELLIGENCE

Delivering proprietary AI-enabled tools and services, developed in-house by **Stagwell Marketing Cloud**, to help marketers increase performance and productivity across their business.



### DIGITAL TRANSFORMATION

Helping brands revolutionize their approach to the customer, by **developing transformational experiences and systems**, that deliver tangible returns on investment and foster deeper customer relationships.



### DIGITAL MARKETING SERVICES

Gaining market share versus incumbent players driven by a combination of **digital-first capabilities**, designed to capitalize on changing customer behavior, and **award-winning creative agencies**.



# INTEGRATED PLATFORM

## *For The Modern Marketer*

### **Stagwell Marketing Cloud Group**

SaaS and DaaS Tools for the In-House Marketer

### **Digital Transformation**

Building Digital Platforms & Consumer Experiences

### **Performance Media & Data**

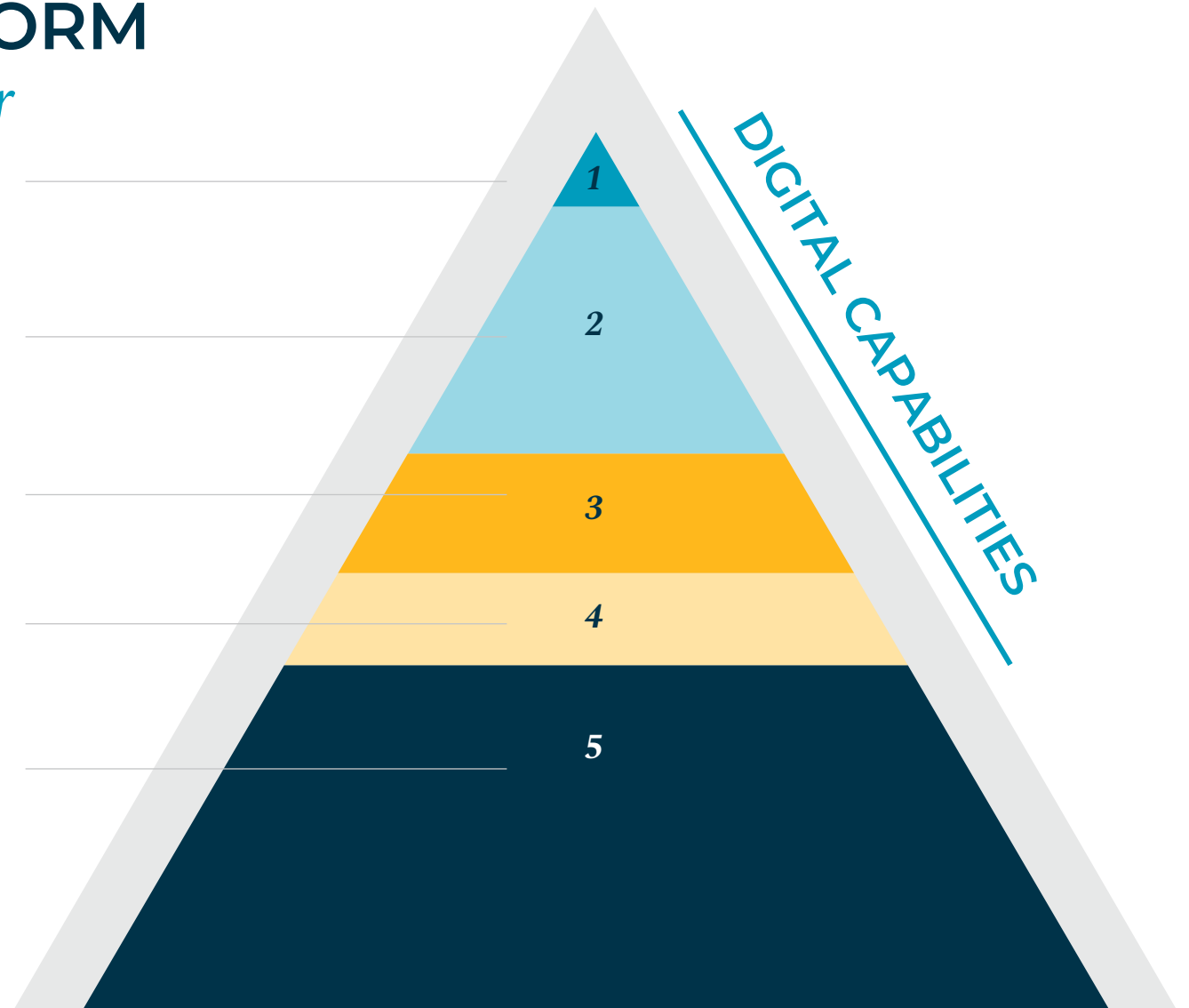
Integrated Omnichannel Media, Data & E-Commerce

### **Consumer Insights & Strategy**

Tracking Across the Consumer Journey

### **Creativity & Communications**

Blue-Chip Customer Base



# BLUE-CHIP CUSTOMER BASE

*Demonstrated Ability To Land & Expand*

## \$360M

REVENUE FROM TOP 10 CUSTOMERS<sup>1</sup>



## 80%

CLIENT RETENTION  
YEAR-OVER-YEAR<sup>2</sup>

## 11%

GROWTH IN AVERAGE  
RELATIONSHIP  
TOP 10 CUSTOMERS<sup>3</sup>

## 4K+

BLUE CHIP  
CUSTOMERS

<sup>1</sup> As of May 30, 2023

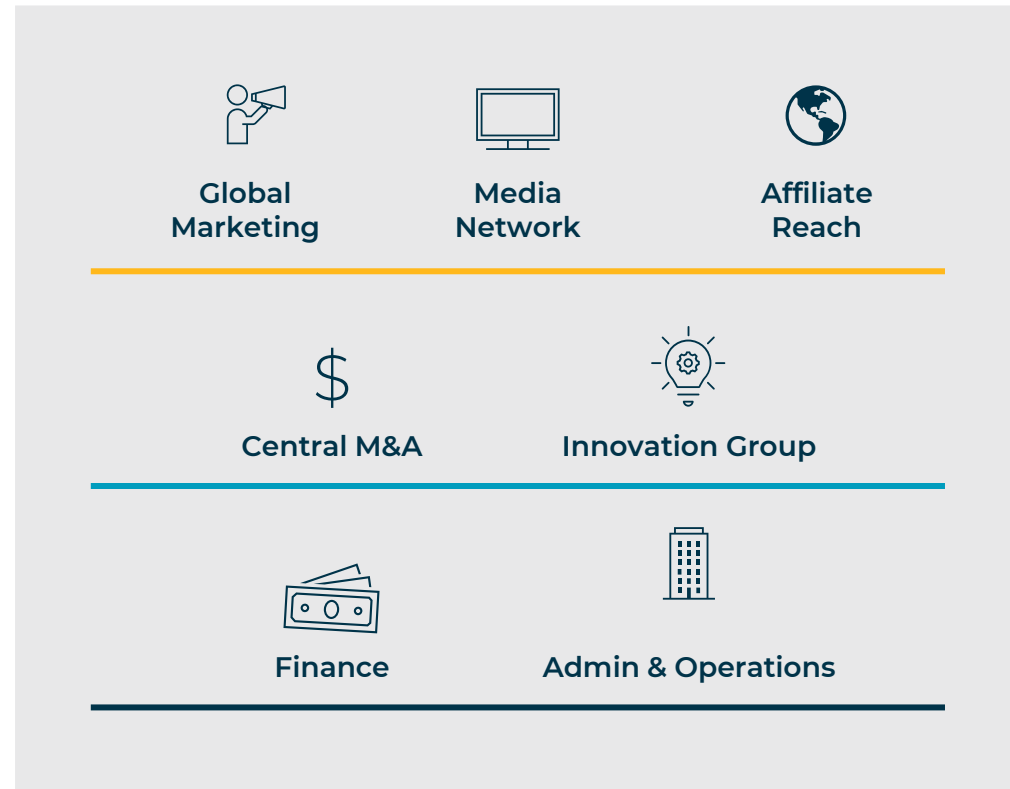
<sup>2</sup> Client relationships over \$100K in revenue (representing 95% of revenue), over past two years

<sup>3</sup> Year over Year growth of revenue for the LTM period ending May 30, 2023 versus the LTM period ending May 30, 2022

# STRATEGIC VALUE-ADDED *Investment Platform*

Unified & engaged corporate  
team delivering value-added  
shared services driving both  
revenue & cost synergies

Incentives to collaborate and  
drive overall network growth



*Client  
Services*

*Growth  
Investment*

*Shared  
Services*

# STAGWELL'S ACQUISITION STRATEGY

*Systematically expanding our digital & global footprint*

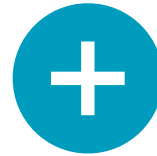
INCREASING OUR  
DIGITAL REVENUE MIX

57%  
↓  
**65%**

## FOCUS AREAS

**Digital Transformation:** Platform design, optimization, and analytics with a focus on cloud, AI, and Web3 technologies

**Digital Media:** Leveraging emerging media trends and production capabilities to engage tomorrow's consumer



GROWING OUR REVENUE FROM  
OUTSIDE OF NORTH AMERICA

20%  
↓  
**40%**

**Increasing our global footprint**  
to win the largest \$25M+ global contracts



# STAGWELL MARKETING CLOUD

## *SaaS & DaaS Tools For The In-House Marketer*

Building complementary software solutions leveraging the domain expertise and distribution channels already in place at Stagwell

### DIGITAL SERVICES

#### Digital Transformation

Building Digital Platforms &  
Consumer Experiences

#### Consumer Insights & Strategy

Tracking Across the Consumer Journey

#### Creativity & Communications

Blue-Chip Customer Base

#### Performance Media & Data

Integrated Omnichannel Media,  
Data & E-Commerce

### TECHNOLOGY

#### SMC Advanced Media Platforms

Proprietary & Premium  
Owned Media Channels

#### SMC Media Studio

Platform for In-House Media  
Planners & Buyers

#### SMC Real-Time Research

Suite of Solutions for Market Researchers

#### SMC Comms Tech

AI-Driven Platform for  
Modern Communicators

### SMC PRODUCT SPOTLIGHTS



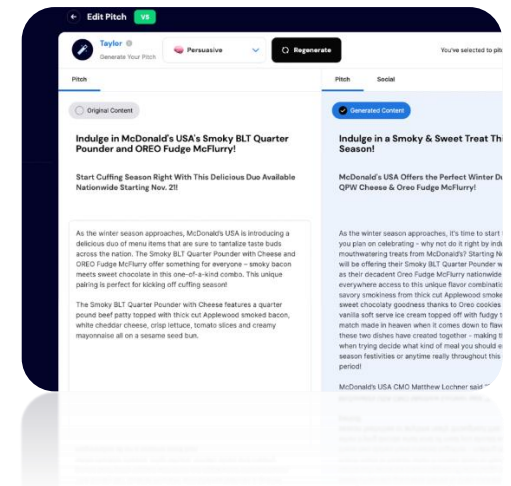
#### Augmented Reality

Bringing a whole new level of stadium entertainment and fan engagement to sports and entertainment through shared AR



#### Artificial Intelligence

Revolutionizing the PR process through AI, saving PR professionals from millions of tedious working hours



**ADDING**  
*it all up*

**OPPORTUNITY  
TO GROW TO  
\$4 BILLION+  
AND BEYOND**

OF GAAP REVENUE THROUGH  
COMBINATION OF ORGANIC, NEW  
REVENUE STREAMS & ACQUISITIONS

## Potential Equation for Success\* (\$M)

**10-12% long-term organic growth target driven by:**

- ▶ 10-20% Digital Transformation
- ▶ 5-15% Performance Media & Data
- ▶ 5-15% Research & Strategy ~\$3,500
- ▶ 3-7% Creativity & Communications

**+ Stagwell Marketing Cloud ~\$75**

**+ M&A Growth \$450**

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**= TOTAL \$4,000+**



# PROVEN LEADERSHIP TEAM

## *Primed To Deliver*



**Mark Penn**  
Chairman  
& CEO

**FOUNDER & POLLSTER** Founded **Penn and Schoen** in 1975 with his Harvard roommate Doug Schoen

**GROWER** Under Penn's leadership, firm expanded to 200+ people with offices around the world.

**ADVISOR** Served key **corporate** (Texaco, AT&T, Microsoft, Ford, Merck, etc.) & **political** (President Clinton's pollster for six years, advisor to Hillary Clinton & Tony Blair) clients

**SELLER** Penn & his partners sold PSB to WPP in November 2001 after growing it from a mom-and-pop political polling firm to \$80M+ in revenue

**GLOBAL CEO** Served as CEO of **Burson-Marsteller** from 2006 – 2012, running a global PR and public affairs firm with an 80+ market footprint and tripling profits

**CLIENT & CREATOR** Asked by Steve Ballmer to join **Microsoft** & revitalize Bing in 2012; rose to EVP & Chief Strategy Officer running Microsoft's \$2 billion advertising budget

**PORTFOLIO BUILDER & PUBLIC COMPANY CEO** Launched **Stagwell** Group in 2015; invested in **MDC** in 2019 & assumed role of Chairman & CEO

### CORPORATE LEADERSHIP



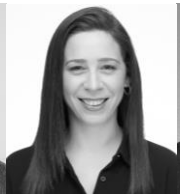
**Jay Leveton**  
President  
22 Yrs Industry  
Experience  
8 Yrs at Stagwell



**Frank Lanuto**  
CFO  
30 Yrs Industry  
Experience  
4 Yrs at Stagwell



**Jason Reid**  
CIO  
18 Yrs Industry  
Experience  
8 Yrs at Stagwell



**Beth Sidhu**  
Chief Brand &  
Communications  
Officer  
18 Yrs Industry  
Experience  
8 Yrs at Stagwell



**Ryan Linder**  
CMO  
23 Yrs Industry  
Experience  
5 Yrs at Stagwell



**Stephanie Howley**  
CPO  
14 Yrs Industry  
Experience  
2 Yrs at Stagwell



**Ryan Greene**  
COO  
19 Yrs Industry  
Experience  
8 Yrs at Stagwell



**Julia Hammond**  
President  
Stagwell Global  
21 Yrs Industry  
Experience  
3 Yrs at Stagwell



**Ray Day**  
Vice Chair  
35 Yrs Industry  
Experience  
4 Yrs at Stagwell

### BUSINESS LEADERSHIP



Carl Johnson  
Anomaly



Kara Place  
Instrument



Brad Simms  
GALE



Maggie Malek  
MMI



Justin Lewis  
Constellation



James Townsend  
Brand  
Performance  
Network



David DeMuth  
Doner



Evie Shutt  
72andSunny



Christine Fruechte  
Colle McVoy



Dan Gardner  
Code and  
Theory



Toby Southgate  
F&B



Krista Webster  
Veritas

# STAGWELL IS UNDER-APPRECIATED

*Stock Price Doesn't Reflect How Stagwell Is Disrupting Marketing Landscape*

## UNDER-VALUED

*On Virtually All Metrics  
(P/S, EV/EBITDA, P/E)*



*Industry-leading*

NET REVENUE GROWTH



*Best-in-Class*

ADJ. EBITDA MARGIN



*Efficient*

CONVERSION OF EBITDA TO FCF



*Sustainable*

LEVERAGE POSITION



# Appendix

# GAAP CONSOLIDATED OPERATING PERFORMANCE

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2022	2021	2022	2021
<i>\$ and Shares in Thousands</i>				
<b>Revenue</b>	<b>\$ 708,185</b>	<b>\$ 611,927</b>	<b>\$ 2,687,792</b>	<b>\$ 1,469,363</b>
Cost of services	419,811	348,000	1,673,576	906,856
Office & general expenses	172,415	197,318	601,536	424,038
Depreciation & amortization	35,631	31,381	131,273	77,503
Impairment & other losses	94,145	1,314	122,179	16,240
<b>Total operating expenses</b>	<b>\$ 722,002</b>	<b>\$ 578,013</b>	<b>\$ 2,528,564</b>	<b>\$ 1,424,637</b>
<b>Operating income (Loss)</b>	<b>\$ (13,817)</b>	<b>\$ 33,914</b>	<b>\$ 159,228</b>	<b>\$ 44,726</b>
Interest expense, net	(19,510)	(16,697)	(76,062)	(31,894)
Foreign exchange, net	1,557	(1,377)	(2,606)	(3,332)
Other, net	(7,241)	3,252	(7,059)	50,058
<b>Other income (expenses)</b>	<b>\$ (25,194)</b>	<b>\$ (14,822)</b>	<b>\$ (85,727)</b>	<b>\$ 14,832</b>
Income tax expense (benefit)	(12,570)	14,193	7,580	23,398
<b>Income (loss) before equity in earnings of non-consolidated affiliates</b>	<b>\$ (26,441)</b>	<b>\$ 4,899</b>	<b>\$ 65,921</b>	<b>\$ 36,160</b>
Equity in income (loss) of non-consolidated affiliates	(1,132)	(165)	(79)	(240)
<b>Net income (loss)</b>	<b>\$ (27,573)</b>	<b>\$ 4,734</b>	<b>\$ 65,842</b>	<b>\$ 35,920</b>
Net income (loss) attributable to non-controlling & redeemable non-controlling interests	21,095	(3,897)	(38,573)	(14,884)
<b>Net income (loss) attributable to Stagwell Inc. common shareholders</b>	<b>\$ (6,478)</b>	<b>\$ 837</b>	<b>\$ 27,269</b>	<b>\$ 21,036</b>
<b>Earnings Per Share</b>				
Basic	\$ (0.05)	\$ 0.01	\$ 0.22	\$ (0.04)
Diluted	\$ (0.05)	\$ 0.01	\$ 0.17	\$ (0.04)
<b>Weighted Average Number of Shares Outstanding</b>				
Basic	122,927	99,615	124,262	90,426
Diluted	122,927	104,066	296,596	90,426

# RECONCILIATION OF GAAP NET INCOME TO ADJ. EBITDA & FCF

*Full Year Ended December 31,*

<i>\$ in Thousands</i>	<b>2022</b>	<b>2021</b>
<b>Net Income</b>	<b>\$ 65,842</b>	<b>35,920</b>
Net income attributable to noncontrolling & redeemable noncontrolling interests	(38,573)	(14,884)
Net income attributable to Stagwell Inc. common shareholders	27,269	21,036
Non-operating items <sup>(1)</sup>	131,959	23,690
Operating income	159,228	44,726
Depreciation and amortization	131,273	77,503
Impairment and other losses	122,179	16,240
Stock-based compensation	33,152	75,032
Deferred acquisition consideration	(13,405)	18,721
Other items, net	18,691	21,430
<b>Adjusted EBITDA</b>	<b>\$ 451,118</b>	<b>\$ 253,652</b>
Cash interest paid	(70,935)	
Capital expenditures and software spend <sup>(2)</sup>	(34,912)	
Minority interest distributions	(13,408)	
Cash taxes paid	(72,064)	
Changes in working capital	9,867	
<b>Free Cash Flow</b>	<b>\$ 269,646</b>	

# RECONCILIATION OF COMBINED NET REVENUE GROWTH TO COMBINED ORGANIC NET REVENUE GROWTH

		COMPONENTS OF CHANGE				CHANGE		
<i>\$ In thousands, except percentages</i>	<i>Net Revenue - Year Ended December 31, 2021</i>	<i>Foreign Currency</i>	<i>Net Acquisitions (Divestitures)</i>	<i>Organic</i>	<i>Total Change</i>	<i>Net Revenue – Year Ended December 31, 2022</i>	<i>Organic</i>	<i>Total</i>
<b>Integrated Agencies Network</b>	\$ 1,142,636	\$ (8,327)	\$ 2,838	\$ 110,221	\$ 104,732	\$ 1,247,368	9.6 %	9.2 %
<b>Brand Performance Network</b>	543,376	(12,305)	38,434	98,377	124,506	667,882	18.1 %	22.9 %
<b>Communications Network</b>	214,829	(970)	2,682	70,400	72,112	286,941	32.8 %	33.6 %
<b>All Other</b>	25,973	(835)	(4,633)	(543)	(6,011)	19,962	(2.1)%	(23.1)%
<b>Total</b>	<b>\$ 1,926,814</b>	<b>\$ (22,437)</b>	<b>\$ 39,321</b>	<b>\$ 278,455</b>	<b>\$ 295,339</b>	<b>\$ 2,222,153</b>	<b>14.5 %</b>	<b>15.3 %</b>

# CAPITAL STRUCTURE

## *Net Debt & Debt-Like* (\$M, as of 6/30/2023)

Revolving Credit Facility	\$ 402
Bonds	1,100
NCI <sup>1</sup>	26
DAC <sup>2</sup>	114
RNCI <sup>3</sup>	47
Less: Investments <sup>4</sup>	19
Less: Cash	105
<b>TOTAL NET DEBT &amp; DEBT-LIKE</b>	<b>\$ 1,565</b>

## *Share Count*<sup>5</sup> (Thousands, as of 8/4/2023)

Class A	116,451
Class C (equal voting & economic rights to Class A)	151,649
Share-based awards <sup>6</sup>	701
<b>DILUTED</b>	<b>268,801</b>

Note: Share count assumes full conversion of Class C shares to Class A on a one-to-one basis. Numbers may not foot due to rounding.

1. Excludes non-controlling interest of Stagwell Class C shareholders to reflect NCI balance pro forma for full conversion of Class C shares to Class A.

2. A portion of the DAC will be paid with approximately 4.6m shares assuming conversion as of 6/30/23.

3. Includes redeemable non-controlling interest and obligations in connection with profit interests held by employees.

4. Non-consolidated investments

5. Share Count does not include unvested stock grants, unsettled SARs or portion of DAC to be settled in stock. Pro Forma total share count as of 8/4/2023 would be 116.5m Class A shares, 151.6 Class C shares, 4.6m shares to settle DAC and 7.6m share-based awards, for a total of 280.4m shares outstanding.

6. Estimated shares to be issued upon the exercise of settled SAR awards using treasury method.

# Thank You