



STAGWELL

TRANSFORMING MARKETING

Fourth Quarter & Full Year 2021

EARNINGS PRESENTATION

MARCH 8 | 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. 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;
- 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, 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: 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 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.

FINANCIAL OUTLOOK

Full-Year 2022

18% - 22%

Net Revenue Growth

13% - 17%

Net Revenue Growth Ex-Advocacy

\$450M - \$480M

Adjusted EBITDA

~30%

Free Cash Flow Growth

FOURTH QUARTER HIGHLIGHTS

NET DEBT: \$1,060M | LTM ADJ. EBITDA: \$378M | NET DEBT RATIO: 2.8X

Robust Revenue Growth

+21% y/y 4Q PF Organic Net Revenue Growth Ex-advocacy

+11% with Advocacy despite lapping 2020 Presidential election

\$75M 4Q Net New Business

Strong Margins & FCF

19.9% 4Q Adjusted EBITDA Margin (on net revenue)

+31% y/y 4Q PF Adjusted EBITDA growth ex-Advocacy

-5% y/y 4Q PF Adjusted EBITDA in an off-cycle election year

Digital Strength

+32% y/y 4Q PF Organic Net Revenue Growth Ex-advocacy

Broad-based; led by Consumer Insights & Strategy (+44% y/y)

53% of 4Q net revenue from digital capabilities

Strategic M&A



INSTRUMENT

Significant Investments Executing Against Plan

Expanding global footprint & investing behind digital platforms

Certainty around Instrument DAC & aligned incentives

SUMMARY PRO FORMA COMBINED FINANCIALS

	<i>Three Months Ended</i>		<i>Twelve Months Ended</i>	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Net Revenue	\$ 519,692	\$ 470,615	\$ 1,926,814	\$ 1,655,986
Billable Costs	92,235	170,615	297,529	431,039
Revenue	611,927	641,230	2,224,343	2,087,025
Billable Costs	92,235	170,615	297,529	431,039
Staff costs	330,637	280,022	1,237,721	1,037,975
Administrative costs	60,344	64,136	221,877	230,435
Unbillable and other costs, net	25,137	17,261	89,184	71,549
Adjusted EBITDA	103,574	109,196	378,032	316,027
Stock-based compensation	21,568	3,331	80,525	11,189
Depreciation and amortization	31,381	20,655	96,135	77,930
Deferred acquisition consideration	9,265	44,899	36,154	46,684
Impairment and other losses	1,314	77,240	17,115	96,399
Other items, net	6,132	28,068	45,872	42,927
Operating income (loss)	\$ 33,914	\$ (64,997)	\$ 102,231	\$ 40,898
<i>Pro Forma adjusted EBITDA margin</i>	<i>19.9%</i>	<i>23.2%</i>	<i>19.6%</i>	<i>19.1%</i>

EX-ADVOCACY NET REVENUE & ADJUSTED EBITDA

\$ in Millions

Q4

	<i>Net Revenue</i>			<i>Adjusted EBITDA</i>		
	2021	2020	% Change	2021	2020	% Change
Total	520	471	10.4%	104	109	-5.1%
Advocacy	35	68	-48.0%	12		-69.5%
Total Ex Advocacy	484	402	20.2%	92	70	31.2%

**FULL
YEAR**

	<i>Net Revenue</i>			<i>Adjusted EBITDA</i>		
	2021	2020		2021	2020	
Total	1,927	1,656	16.4%	378	316	19.6%
Advocacy	124	154	-19.6%	36	74	-51.6%
Total Ex Advocacy	1,803	1,502	20.0%	342	242	41.4%

2021 GAAP CONSOLIDATED OPERATING PERFORMANCE

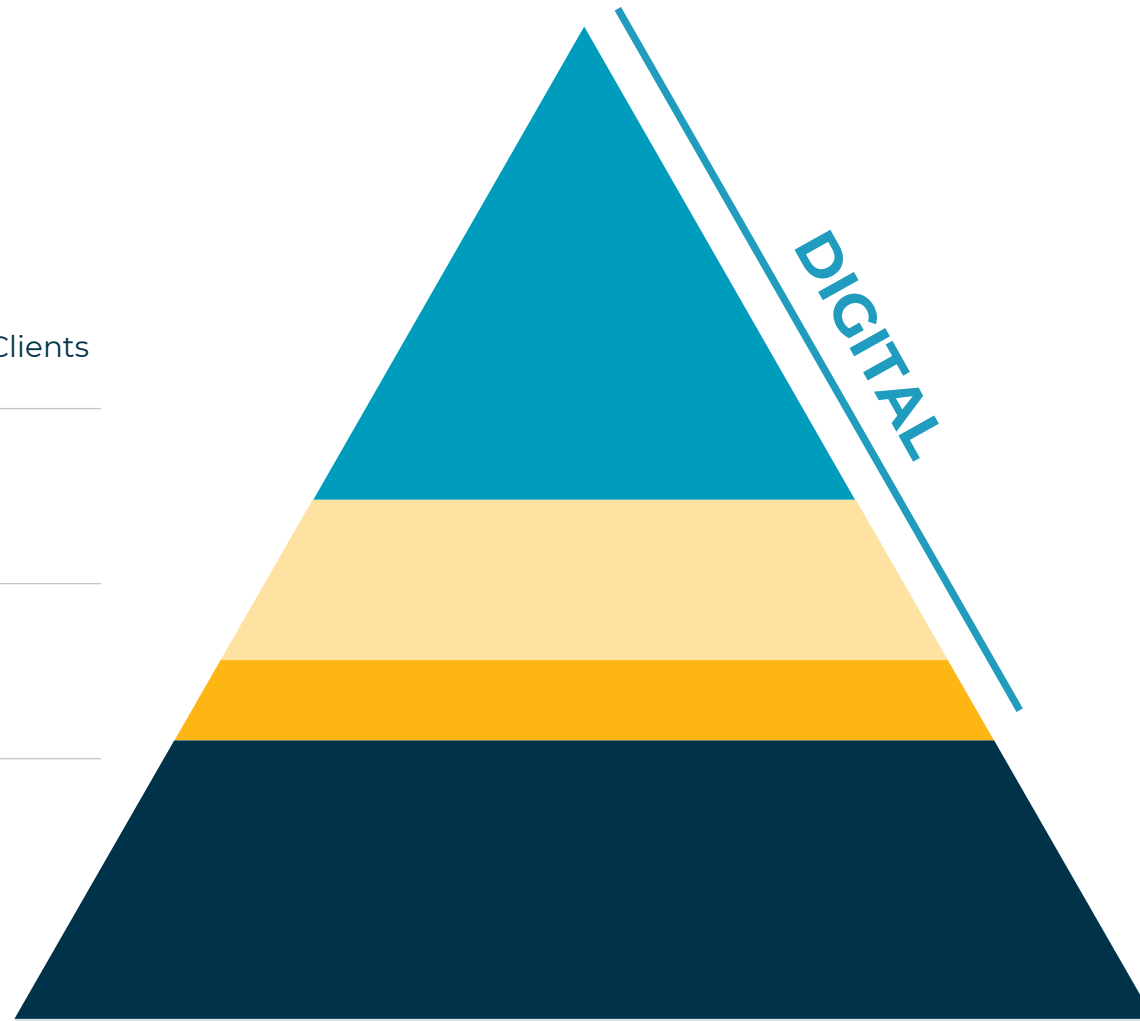
	<i>Three Months Ended, Dec 31</i>		<i>Twelve Months Ended, Dec 31</i>	
	2021	2020	2021	2020
Revenue	611,927	313,062	1,469,363	888,032
Cost of services	348,000	198,524	906,856	571,588
Office & general expenses	197,318	64,498	424,038	191,679
Depreciation & amortization	31,381	11,187	77,503	41,025
Impairment & other losses	1,314	-	16,240	-
Total operating expenses	578,013	274,209	1,424,637	804,292
Operating income (Loss)	33,914	38,853	44,726	83,740
Interest expense, net	(16,697)	(1,558)	(31,894)	(6,223)
Foreign exchange, net	(1,377)	(1,515)	(3,332)	(721)
Gain on sale of business and other, net	3,252	(404)	50,058	544
Other income (expenses)	(14,822)	(3,477)	14,832	(6,400)
Income tax expense	14,193	2,726	23,398	5,937
Income before equity in earnings of non-consolidated affiliates	4,899	32,650	36,160	71,403
Equity in (income) losses of non-consolidated affiliates	(165)	51	(240)	58
Net income	4,734	32,701	35,920	71,461
Net (income) loss attributable to non-controlling and redeemable non-controlling interests	(3,897)	(10,469)	(14,884)	(15,105)
Net income attributable to Stagwell Inc. common shareholders	837	22,232	21,036	56,356

PRO FORMA NET REVENUE

	<i>Three Months Ended, Dec 31, 2021</i>		<i>Twelve Months Ended, Dec 31, 2021</i>	
	Revenue	Change	Revenue	Change
December 31, 2020	470,615		1,655,986	
Organic revenue	53,180	11.3%	240,191	14.5%
Acquisitions (divestitures), net	(4,640)	-1.0%	15,159	0.9%
Foreign currency	537	0.1%	15,478	0.9%
Total Change	49,077	10.4%	270,828	16.4%
December 31, 2021	519,692		1,926,814	

INTRODUCING “PRINCIPAL CAPABILITIES”

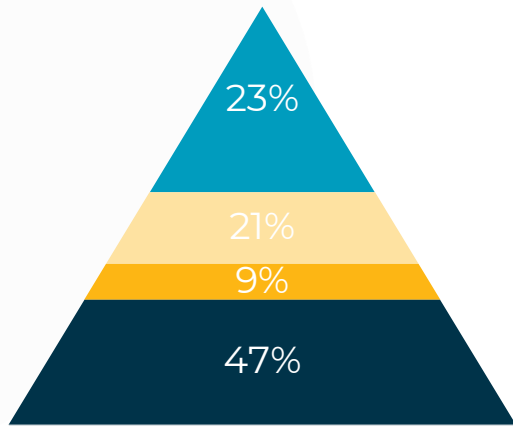
- 1 Digital Transformation**
Building & Designing Digital Experiences for Clients
- 2 Performance Media & Data**
Addressable on a Global Scale
- 3 Consumer Insights & Strategy**
Tracking Across Consumer Journey
- 4 Creativity & Communications**
Blue-Chip Customer Base



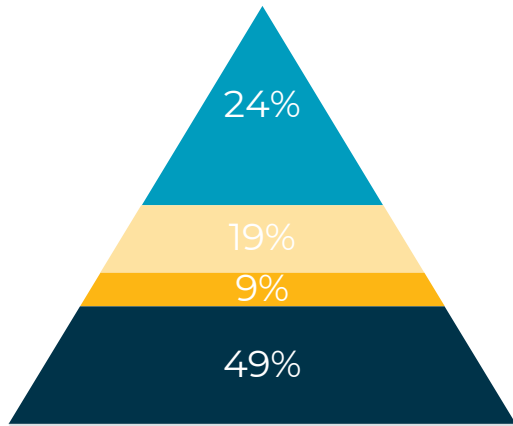
NET REVENUE BY PRINCIPAL CAPABILITY

% OF NET REVENUE

4Q



PF FY 2021



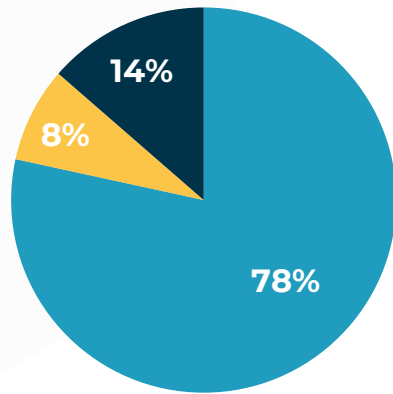
Organic Growth Y/Y

<i>Principal Capability</i>	<i>4Q</i>	<i>PF FY 2021</i>
Digital Transformation	(2%)	25%
Performance Media & Data	31%	11%
Consumer Insights & Strategy	44%	46%
Creativity & Communications	7%	7%
TOTAL	11%	15%
TOTAL EX-ADVOCACY	21%	18%

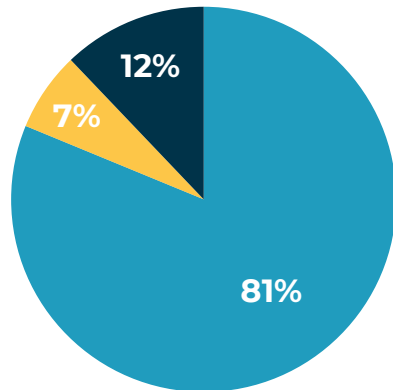
NET REVENUE BY GEOGRAPHY

% OF NET REVENUE

4Q



PF FY 2021



Organic Growth Y/Y

<i>Geography</i>	<i>4Q</i>	<i>PF FY 2021</i>
United States	7%	14%
United Kingdom	70%	34%
Other	13%	12%
TOTAL	11%	15%
TOTAL EX-ADVOCACY	21%	18%

Net New Business

Q4 2021	\$75M
H2 2021	\$139M

Large Contract Wins

Q4 2021	3
FY 2021	8

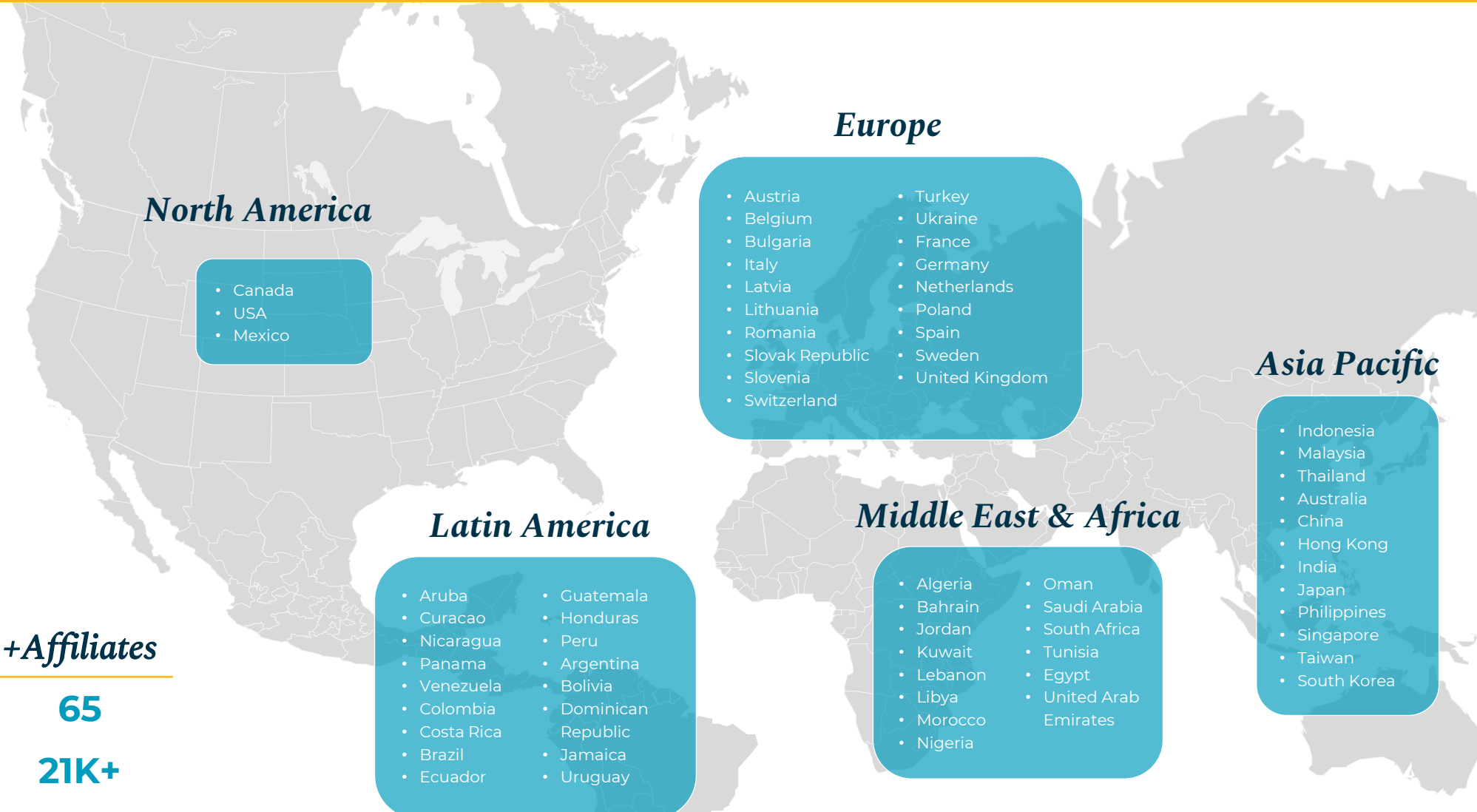
Notable Logo EXPANSIONS



Notable Logo ADDITIONS



Stagwell's Affiliate Network Significantly Expands Our Global Footprint



	<i>Stagwell</i>	<i>+Affiliates</i>
COUNTRIES	34	65
EMPLOYEES	10K+	21K+

Note: As of March 8, 2022.

INSTRUMENT



Transaction

49% ACQUISITION (REMAINING STAKE)

100% ACQUISITION

Business

Leading digital brand and experience innovation company that is one of Stagwell's fastest growing Digital Transformation companies (30% annual growth in each of the past two years). Founded in Portland, Oregon, Instrument employs over 400 people working on clients including Nike, Google, Salesforce and Epic Games.

The UK's second largest independent media agency with deep expertise in communications planning, media planning (brand, social & performance led), and media buying. Goodstuff was recently awarded the prestigious "Media Agency of the Year" at Campaign Magazine UK's Agency of the Year Awards 2021.

Rationale

Stagwell's predecessor company, MDC Partners, had acquired 51% of Instrument in 2018. Investment fully aligns Stagwell with one of its fastest-growing businesses, provides for easier-to-scale digital operations and creates greater certainty for investors through full-ownership. With this deal, all previous uncapped earn-out deals have now been restructured.

Provides key traditional media buying and planning capabilities in the UK and Europe to complement Assembly's strong existing digital and performance marketing capabilities allowing Stagwell to provide our clients with full-funnel, omnichannel media excellence in the region.

Available Liquidity (as of 12/31/21)

Commitment Under Credit Facility	\$500.0
Drawn	\$110.2
Undrawn Letters of Credit	\$24.3
Undrawn Commitments Under Facility	\$365.5
Total Cash & Cash Equivalents	\$184.0
Total Available Liquidity	\$549.5

YEAR-END PRO FORMA CAPITAL STRUCTURE

Net Debt & Debt-Like (\$M) as of 12/31/21

Revolving Credit Facility	\$110
Bonds	\$1,100
NCI ¹	\$33
RNCI	\$43
DAC	\$227
Less: Cash	\$184
TOTAL NET DEBT & DEBT-LIKE	\$1,329

Pro Forma Common Equity (Thousands)

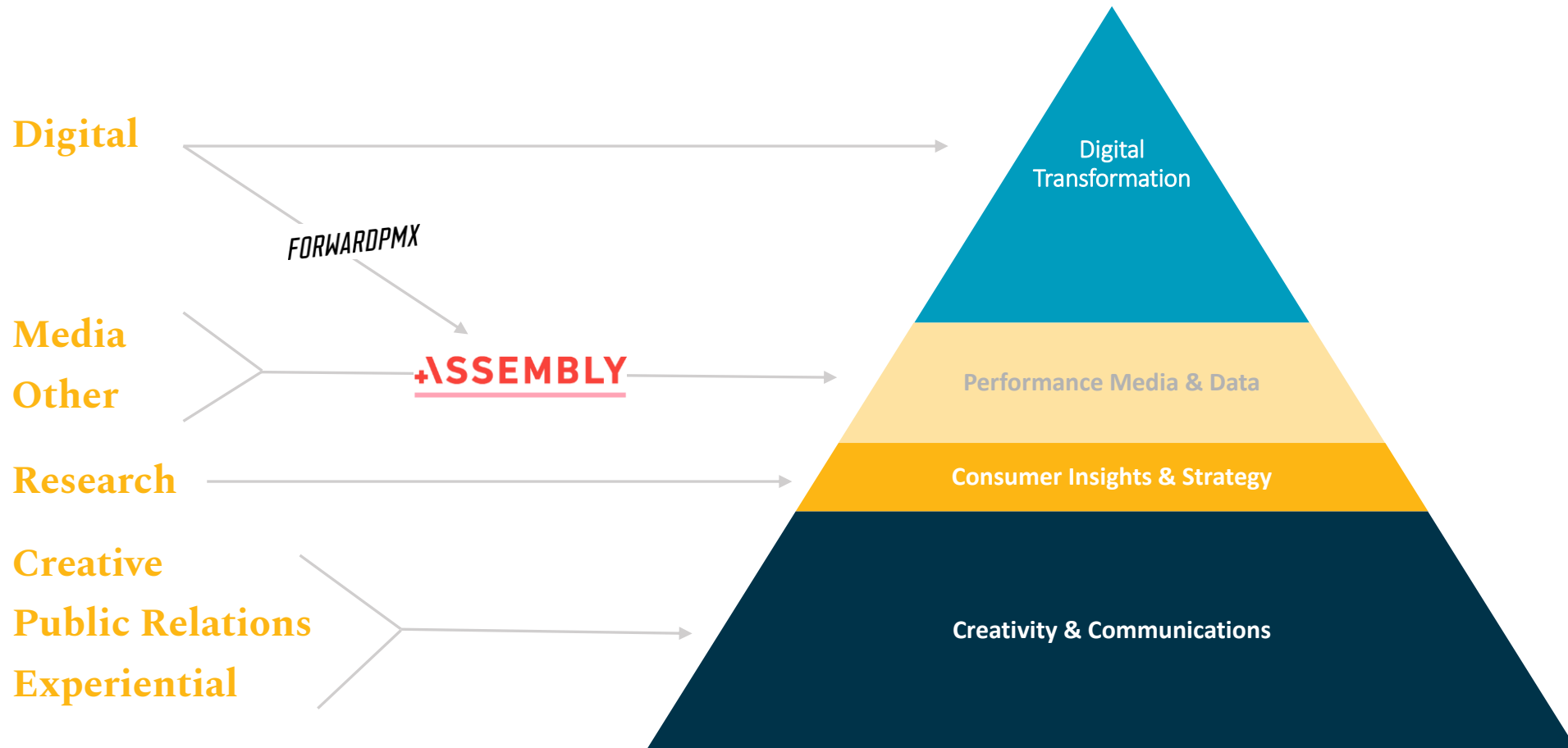
Class A & B	132,005
Class C	164,815
Awards Out.	2,859
FULLY DILUTED	299,678

Appendix

MAPPING OUR NEW PRINCIPAL CAPABILITIES

Legacy Lines of Business

New Principal Capabilities



Thank You

Contact Us:

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